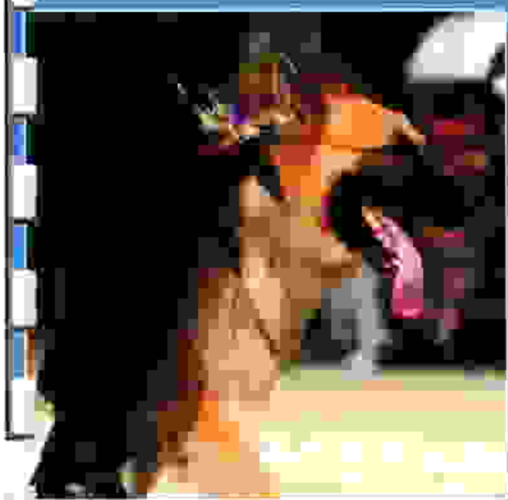

MT. LEBANON
PENNSYLVANIA

Defined Benefit Pension Plans: Police, Firemen, and Employees'

Request for Proposal (RFP) for
Discretionary Management and Advisory Services

May 15, 2015

PFM®
PFM Asset Management LLC

Two Logan Square, Suite 1600 • 18th & Arch Streets • Philadelphia, PA 19103
P: (215) 567-6100 • F: (215) 567-4180 • www.pfm.com

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I. Cover Letter

PFM
The PFM Group
Financial & Investment Advisors

Two Logan Square
Suite 1600
18th & Arch Streets
Philadelphia PA 19103

(215) 567-6100
(215) 567-4180 fax
www pfm com

May 15, 2015

Andrew McCreery
Finance Director
Municipality of Mt. Lebanon
710 Washington Road
Pittsburgh, PA 15228

RE: Proposal for Discretionary Management and Advisory Services for Mt. Lebanon Defined Benefit Pensions Plans: Police, Firemen, and Employees

Dear Andrew:

PFM Asset Management LLC ("PFMAM") appreciates the opportunity to submit a proposal to provide the Municipality of Mt. Lebanon ("Mt. Lebanon") with discretionary investment management services for its Police, Fireman, and Employees' Pension Plans (the "Plans"). PFMAM has had the privilege of working with Mt. Lebanon since 2003, and we hope that we have exceeded your expectations. We are confident that we can continue to be a valuable resource to the Pension Investment Advisory Board (the "PIAB"), and believe that our deep existing knowledge of the Plans ideally positions PFMAM to seamlessly extend our current role as consultant to discretionary manager.

PFMAM is an independent, Pennsylvania-based firm committed to the public sector. Our professionals possess significant expertise with Pennsylvania laws regarding pensions, including Act 44 and Act 600, and understand how to help our vast public pension client base maintain compliance with these requirements. Not only does our discretionary portfolio management structure provide Mt. Lebanon with greater access to managers, streamlined processes, and efficient implementation of portfolio decisions, but it also relieves Mt. Lebanon of the detailed Act 44 requirements for replacing a manager. Many of our public pension clients in Pennsylvania have benefitted from delegating these tasks to PFMAM, as several of these longstanding relationships started as traditional consulting arrangements and later transitioned to discretionary management.

We will continue to offer Mt. Lebanon the following qualifications that we believe distinguish PFMAM:

- **Strong Track Record of Advising Mt. Lebanon.** Since PFMAM was hired in 2003, all of Mt. Lebanon's Plans have produced strong performance, outperforming the benchmark for the trailing three-, five-, seven-, and since-inception periods (as of December 31, 2014).[1] Since inception, the Police, Employees', and Firemen Plans have returned 7.59, 7.65, and 7.57, respectively, versus the benchmark's 7.06. *Please refer to Attachment B for a copy of Mt. Lebanon's latest quarterly performance report for further details regarding the Plans' performance versus their blended benchmarks.* As a traditional consultant to Mt. Lebanon, we believe our investment advice throughout the years has added value to the Plans. As a discretionary manager, we will implement this advice on behalf of Mt. Lebanon, seeking to optimize returns while minimizing risk.

- **Expertise Serving Pennsylvania Pension Plans.** We believe the experience and strong knowledge of PFMAM regarding Pennsylvania public retirement plans is hard to replicate by other firms. PFMAM's professionals and predecessors have advised defined benefit plans in Pennsylvania and assisted their staff in investment-related matters since 1992. We manage and advise more than 40 public pension clients in Pennsylvania representing 74 defined benefit retirement plans (as of March 31, 2015). Pennsylvania-based plans represent more than 80% of our retirement client base.

- **Senior Coverage and High-Quality Service for the Plans.** PFMAM will continue to serve Mt. Lebanon through the same team of experienced, senior professionals who have been working with Mt.

[1] *Since inception date is July 1, 2003.*

Lebanon for many years. Managing Director **Marc Ammaturo** will continue to serve as Engagement Manager, with back-up from Managing Director **John Spagnola** as needed. Together, Mr. Ammaturo and Mr. Spagnola lead PFMAM's multi-asset class practice. Our Investment Research Group is led by Director **Biagio Manieri, Ph.D., CFA**, who formerly served as an investment officer at the Federal Reserve, where he helped manage more than $13 billion in defined benefit and defined contribution plan assets. The Investment Research Group will continue to support the Plans through asset/liability analyses and manager research.

- **In-Depth Knowledge of Mt. Lebanon's Plans.** While most pensions across the country are facing challenges such as pressure to keep costs downs, reduced investment returns, and low funded statuses, Mt. Lebanon's Plans have thrived and continue to be relatively well-funded. PFMAM has worked closely with the PIAB and its actuary to reassess the portfolios' asset allocation, most recently completing an asset/liability analysis in November 2014. As the PIAB considers a more conservative investment approach, PFMAM has the internal research capabilities and understanding of the Plans' cash flows to continue to help the PIAB understand the risks/rewards of changing its equity exposure.

- **GIPS Compliance.** PFMAM has prepared and reported performance in compliance with Global Investment Performance Standards ("GIPS®") since 2003, and our performance track record in discretionary multi-asset class management services spans more than eight years compared competitively to established benchmarks. According to a recent investment outsourcing survey conducted by Pensions & Investments of the largest managers of outsourced assets, PFMAM is recognized as a top-performing outsourced Chief Investment Officer ("OCIO") firm in terms of performance relative to benchmarks. *Please refer to the related article in Attachment G and our multi-asset class portfolio composites in Attachment F.*

- **Center for Retirement Finance.**[2] Being a leader in the Pennsylvania retirement space means that we have the resources for supporting a wide range of pension client needs. The PFM Group, which includes PFMAM, Public Financial Management, Inc., and PFM Swap Advisors LLC, has a dedicated practice of retirement professionals constituting the Center for Retirement Finance. This group provides public employers with a comprehensive set of services to meet their retiree benefit challenges. From benefit design services to funding analysis to asset management, the PFM Group has deep experience delivering tailored and comprehensive retiree benefit recommendations to public employees of all types and sizes.

We enjoy working with Mt. Lebanon, and we hope that you will give serious consideration to continuing our relationship. PFMAM is committed to partnering with Mt. Lebanon by providing our services in a way that best meets your retirement needs. Although we believe that a discretionary approach best serves Mt. Lebanon, we want to assure the PIAB that should it reconsider this approach in the future, PFMAM has the flexibility to resume a traditional consultant role. If you have any questions regarding our proposal response, please feel free to contact me directly at (215) 567-6100 or via email at ammaturom@pfm.com.

Thank you for your review of our proposal.

Sincerely,
PFM Asset Management LLC

Marc Ammaturo
Managing Director

[2] *These services are available to Mt. Lebanon and could be provided as a separate engagement at an additional cost.*

II. RFP Application

II. RFP Application

1. REQUEST FOR PROPOSAL TYPE OF SERVICE AND DUE DATES

Organization: Municipality of Mt. Lebanon, Allegheny County, Pennsylvania
Proposal For: Discretionary Management and Advisory Services
Services Provided For: Mt. Lebanon Defined Benefit Pension Plans: Police, Firemen and Employee's
RFP Notice Date: March 20, 2015
RFP Due Date: May 15, 2015

2. APPLICANT INFORMATION

Company Name and Address: PFM Asset Management LLC ("PFMAM") Two Logan Square, Suite 1600 18th & Arch Streets Philadelphia, PA 19103	**Company's Principal Point of Contact:** Marc Ammaturo, Managing Director
Point of Contact's Phone Number:	(215) 567-6100
Point of Contact's FAX Number:	(215) 567-4180
Point of Contact's E-Mail Address:	ammaturom@pfm.com

3. STATEMENT OF CONFIDENTIALITY ON INFORMATION PROVIDED

All Applicants to this RFP – Be advised that this application and its contents shall be held in a confidential status until the conclusion of the Request for Proposal process, after which, all information provided on this application will become publicly accessible and may be disseminated in accordance with the other previously established policies of the Municipality of Mt. Lebanon and the specific disclosure requirements of Chapter 7-A of Act 205 (Section 15 of Act 44 of 2009), except for information that is considered proprietary in nature and/or otherwise protected by law. Please also be advised that a copy of the successful application and all required disclosure forms will be forwarded to all unsuccessful Applicants and placed onto the municipal website: www.mtlebanon.org.

4. APPLICATION QUESTIONS:

HISTORY AND OWNERSHIP

1) **List your firm's complete name, address, e-mail address, and telephone and fax numbers. Provide a brief history of your firm, the year it was founded, location of its headquarters, and other offices.**

   Name: PFM Asset Management LLC ("PFMAM")

   Corporate Headquarters:

   One Keystone Plaza, Suite 300
   North Front and Market Streets
   Harrisburg, PA 17101
   (717) 232-2723
   (717) 233-6073 fax
   www.pfm.com

II. RFP Application

Local Office and Primary Contact Serving the Municipality of Mt. Lebanon ("Mt. Lebanon"):

Marc Ammaturo, Managing Director
Two Logan Square, Suite 1600
18th and Arch Streets
Philadelphia, PA 19103
ammaturom@pfm.com
(215) 567-6100
(215) 567-4180 fax

Firm History

PFM Asset Management LLC ("PFMAM") is part of the PFM Group, which includes Public Financial Management, Inc. ("PFM")—the nation's leading independent financial advisor in public finance, according to Thomson Reuters. The PFM Group was founded in 1975 to provide independent financial advisory services to the public sector and began providing investment advisory services to public entities in 1980. PFMAM was created in 2001 as the entity through which investment advisory services are provided. In 2003, PFMAM acquired Spagnola-Cosack, Inc., a multi-asset class investment consultant co-founded by Managing Director John Spagnola in 1992, to provide independent investment consulting services. In total, the PFM Group has been providing investment advice for **35 years**.

For the period ended March 31, 2015, PFMAM had $107.1 billion in total assets, including $56.2 billion in discretionary assets under management and $50.9 billion in non-discretionary assets under advisement. Of this discretionary amount, $4.6 billion in assets are specifically in discretionary multi-asset class management programs similar to the one we are proposing for Mt. Lebanon.

Offices

The PFM Group has 39 offices and locations nationwide (as of March 31, 2015), three of which are in Pennsylvania:

- Ann Arbor, MI
- Austin, TX
- Chandler, AZ
- Cincinnati, OH
- Denver, CO
- **Harrisburg, PA**
- Los Angeles, CA
- Miami, FL
- New Orleans, LA
- Orlando, FL
- Princeton, NJ
- Richmond, VA
- St. Louis, MO
- Arlington, VA
- Boston, MA
- Chattanooga, TN
- Cleveland, OH
- Des Moines, IA
- Huntsville, AL
- **Malvern, PA**
- Milwaukee, WI
- New York, NY
- **Philadelphia, PA**
- Providence, RI
- San Francisco, CA
- Tampa Bay (Largo), FL
- Atlanta, GA
- Charlotte, NC
- Chicago, IL
- Dallas, TX
- Fargo, ND
- Long Island, NY
- Memphis, TN
- Minneapolis, MN
- Oakland, CA
- Phoenix, AZ
- Raleigh, NC
- Seattle, WA

2) How long has the firm been acting as a financial advisor/performance monitor for municipal pension funds?

In total, the PFM Group has been providing financial advisory services for 40 years and investment advisory services for 35 years. PFMAM and its predecessors have provided independent investment consulting services to municipal pension funds for 23 years.

II. RFP Application

3) What is the total asset base of the pension funds on which you consult?

We provide investment management and consulting services to more than 190 retirement-related plans totaling $13.4 billion in assets (as of March 31, 2015).[3] Of this amount, $5.2 billion is specifically for defined benefit (pension) funds nation-wide—the majority of which are based in Pennsylvania.

4) Provide a listing of all governmental or municipal pension funds, including amount of assets, for which the firm currently acts as an advisor.

Per your request, lists of PFMAM's governmental or municipal pension funds (as of March 31, 2015) with $15 million or more in assets are provided in the following tables.[4] As indicated in bold within the tables, PFMAM originally provided traditional consulting services to many of our discretionary clients.

The following table lists retirement clients for which we provide discretionary management services (similar to the services we are proposing for Mt. Lebanon).

[redacted]

The following table lists retirement clients for which we provide traditional consulting services (similar to the services we have historically provided to Mt. Lebanon).

[3] *Includes other post-employment benefits ("OPEB") plans, defined benefits plans, and defined contribution plans as of March 31, 2015. Represents both discretionary and consulting assets.*

[4] *These lists do not represent an endorsement of PFMAM or its services. Includes discretionary and non-discretionary multi-asset class clients. A full client list is available upon request.*

[redacted]

5) Describe your level of experience and familiarity with Pennsylvania's Act 600.

We believe the experience and strong knowledge of PFMAM regarding public pension plans is hard to replicate by other firms. Our professionals have advised defined benefit plans and assisted their staff in investment-related matters for more than 20 years and are very familiar with Act 600. Act 600 governs police pensions in all boroughs, towns, and townships employing three or more full-time police officers. We are very familiar with several of the key aspects of Act 600, listed below.

- Normal retirement is 25 years of service and age 50-55.
- The percentage of member contributions ranges from 0% to 8%, with 5% as a default.
- Benefits vest after 12 years.
- Benefits are calculated using 50% of an employee's average salary during the last three to five years.
- There is no portability.

In addition to our knowledge of Act 600, we have extensive experience and familiarity with Pennsylvania laws regarding pensions and have an in-depth understanding of Act 44. Act 44 governs the process for choosing and replacing service providers to police pension and other municipal pension funds in Pennsylvania. Additionally, Act 44 provides guidelines and reporting requirements for political contributions.

Supporting Mt. Lebanon's Compliance with Act 44

An important component of our relationship with Mt. Lebanon has been helping the Pension Investment Advisory Board (the "PIAB") maintain compliance with Act 44 requirements for manager search processes. Since Act 44 was adopted in 2009, we have completed approximately six manager searches for Mt. Lebanon, the most recent of which was in October 2014. Each time the PIAB decided on a manager change, PFMAM followed a strict, formal process of:

- Advertising a Request for Proposal ("RFP") through FinDaily.
- Reviewing, analyzing, and scoring all responses.
- Providing a comprehensive report of our independent recommendations.
- Assisting with compiling decision rationale.

Under a discretionary arrangement, this formal RFP process is eliminated. PFMAM, instead of Mt. Lebanon, would be responsible for the selection of underlying managers, allowing us to implement manager changes more quickly and efficiently to Mt. Lebanon's benefit. Additionally, the Annual Disclosure Form will not be required for separate account money managers under the discretionary model. These changes will save Mt. Lebanon a significant amount of time that can be refocused on strategic oversight of the Police, Fireman, and Employees' Pension Plans (the "Plans").

6) Describe your level of experience in advising clients on 401, 457, and related IRS recognized defined contribution programs.

PFMAM has 23 years of experience in providing consulting services to defined contribution/deferred compensation plans, currently advising on $5.3 billion in these assets (as of March 31, 2015). Among the many services we perform are regular investment reviews, investment policy development, and review of investment policy compliance. However, beyond these fairly typical services, PFMAM provides other defined contribution services that other firms do not: we perform annual plan cost analysis, asset allocation and participant behavioral analysis, and cash flow reviews. We believe these reports can assist plan sponsors in carrying out the duties that allow employees to make the most of their retirement plan savings options. PFMAM has also helped plan sponsors of 403(b), 457(b), 401(k), Union Annuity, and Voluntary Employees Beneficiary Association ("VEBA") plans find new plan providers, assess investment managers, understand the cost of their plan(s), and interpret demographic and behavioral statistics. *Fees for these services are not included in the proposed fee schedule and would be provided separately.*

Our team's experience in vendor management, contract negotiations, and the development of service agreements is informed by both the client and vendor sides of the table, giving us a unique view of the client/vendor relationship. Our team includes tenured staff members who are well-versed in Department of Labor ("DoL"), Securities and Exchange Commission ("SEC"), and Internal Revenue Service ("IRS") regulations, which impact a variety of important issues facing retirement plan sponsors. The leader of PFMAM's investment consulting practice for defined contribution plans, Managing Director Jim Link, CEBS, serves as a Board Member on the Industry Committee for the National Association of Government Defined Contribution Administrators ("NAGDCA"). He is also an advisor to the Government Finance Officers Association ("GFOA") Committee on Retirement and Benefits Administration ("CORBA").

ORGANIZATION

7) Describe the lines(s) of business in your firm, your parent organization, and any affiliated companies.

Lines of Business

Nearly 100% of the firm's revenue is derived from public-sector entities like Mt. Lebanon. We have no high-net-worth or retail clients; instead, we focus solely on the needs of public and other institutional investors. Advising public-sector and other institutional clients is PFMAM's core business, and our services are designed specifically for the type of investment management services required by Mt. Lebanon. We specialize in providing customized investment strategies that meet clients' various time horizons and investment objectives. This principal line of business includes the following services:

II. RFP Application

Investment Management

As an asset manager, PFMAM provides discretionary management for multi-asset class portfolios as well as for individual fixed-income accounts primarily consisting of operating funds and bond proceeds for local governments and other institutional entities. PFMAM manages $56.2 billion in total discretionary assets, including $4.6 billion for discretionary multi-asset class portfolios (as of March 31, 2015).

Investment Consulting

As a non-discretionary consultant, PFMAM provides investment consulting services to public pensions, Taft-Hartley plans, other post-employment benefits ("OPEB") trusts, hospitals and healthcare organizations, endowments/foundations, and similar institutions on the management of their investment programs and their banking relationships. PFMAM advises on $50.9 billion in total non-discretionary assets, including $12.4 billion for non-discretionary multi-asset class portfolios (as of March 31, 2015).

Specialized Services

Related to our primary business, PFMAM offers certain specialized services for our clients' convenience, such as arbitrage rebate compliance, bond proceeds and escrow structuring, and treasury consulting.

Center for Retirement Finance

Additionally, in collaboration with our financial advisory colleagues at PFM, PFMAM provides a series of services that run the gamut from planning to strategy execution in three key areas (illustrated below).[5] Through these value-added services, we provide public employers with recommendations to help ensure that their retirement benefits are sustainable, affordable for the employer and its employees, and aim to provide employees with a secure and dignified retirement.

As an example of the benefit plan and workforce services offered by the Center for Retirement Finance, PFM mediated a successful comprehensive consensus agreement between the City of Lexington, Kentucky (the "City") and its police and fire unions to address an underfunded pension plan. The agreement, adopted into law by the Kentucky Legislature, resulted in maintaining a defined benefit plan, changing cost of living adjustments ("COLAs"), and requiring increased contributions by both employees and the City.[6]

Center for Retirement Finance		
Benefit Plan and Workforce Services	**Financial Management Services**	**Asset Management Services**
▪ Plan sustainability ▪ Plan design strategies ▪ Labor negotiation and arbitration analytics ▪ Legislation support	▪ Funding alternatives ▪ Budget modeling ▪ Debt modeling ▪ Debt issuance advice ▪ Pension risk transfer ▪ Funding plan support ▪ Rating agency support	▪ Trust and governance development ▪ Asset allocation ▪ Asset migration strategy development ▪ Investment policy development ▪ Discretionary asset management (a.k.a. Outsourced CIO)

[5] *Fees for financial advisory services provided through PFM, as well as Benefit Plan and Workforce services, are not included in this proposal and would be negotiated separately based on the scope and complexity of the work.*
[6] *This does not represent an endorsement of PFMAM or PFM their respective services, and is provided for informational purposes only.*

II. RFP Application

Ownership Structure

PFMAM and our affiliates, described below, are indirect wholly-owned subsidiaries of a holding company known as PFM I, LLC. This holding company is owned by the firm's Managing Directors, who set the firm's strategic direction. Individual partners are responsible for specific practice areas and also personally manage specific client engagements.

The affiliates of PFMAM are:

- **PFM** is the leading financial advisor in the country,[7] providing independent financial advisory services as well as management and budget consulting to local, state, and regional governments as well as non-profit clients. PFM is registered with the SEC and the Municipal Securities Rulemaking Board ("MSRB") as a municipal advisor.
- **PFM Financial Services LLC** is responsible for providing the Payment Solutions ("P-Card") program, a simple, easy-to-use purchasing card program designed to save clients time and money.
- **PFM Swap Advisors LLC ("PFMSA")** provides advice on interest rate swaps and related derivatives which may be employed by issuers of municipal securities. PFMSA is registered with the SEC as a municipal advisor and is registered as a Commodity Trading Advisor ("CTA") with the Commodity Futures Trading Commission ("CFTC").

8) Is your firm, its parent or affiliate a registered investment advisor with the SEC under the Investment Advisors Act of 1940?

Yes. PFMAM is a registered investment advisor with the SEC under the Investment Advisers Act of 1940.

9) Within the last five (5) years has your organization or an officer or principal been involved in any business litigation or other legal proceedings relating to your consulting activities? If so provide an explanation and indicate the current status or disposition.

A municipal depositor in a local government investment pool for which PFMAM is the investment advisor/administrator was defrauded by an employee of the local government, who misappropriated funds to her own benefit through the use of drafts payable through funds on deposit in the local government investment pool. That individual was arrested in early 2010 and thereafter was convicted and incarcerated. In October 2012, the affected municipal government sued PFMAM and the local government investment pool to recover the previously discovered losses, claimed to be about $550,000 incurred over nearly 10 years. Discovery only has recently commenced in that litigation and, consequently, there is no clarity as to how the fraud was carried out, the amount of the loss, or whether the procedures of the local depositor facilitated the loss.

10) If your firm, its parent, or affiliate is a broker/dealer, do you trade for client accounts through this broker/dealer?

PFMAM has a limited-purpose wholly owned broker/dealer subsidiary, PFM Fund Distributors, Inc. ("PFMFD"), which is registered with the SEC as a broker/dealer, a member of Financial Industry Regulatory Authority ("FINRA"), and also subject to the rules of the MSRB. PFMFD's only purpose is to serve as the distributor or marketing agent for shares of the local government investment pools and

Ranked by Thomson Reuters for calendar year 2014, based on principal amount and number of transactions.

the registered money market fund advised by PFMAM (together "Pools"). These Pools (with the exception of the registered money market fund) are state-specific pooled investment vehicles mostly for local governments and school districts, and are neither investment options nor are they applicable for the Plans. **We hold no inventory of securities, do not trade for individual client accounts through this broker/dealer, nor do we receive any commissions through this subsidiary.** This subsidiary would have no role in our engagement with Mt. Lebanon.

EMPLOYEES

11) Identify the consultants and other key staff who would be involved in serving our account. Provide biographical data on these individuals.

Name	Role	Expertise
Marc Ammaturo *Managing Director*	Engagement Manager	**19 years in the field** **10 years with PFMAM** Mr. Ammaturo joined PFMAM in 2005 and was promoted to Managing Director in 2012. As co-leader of PFMAM's multi-asset class management practice, Mr. Ammaturo assists in setting the firm's strategy in developing, servicing, and marketing our discretionary multi-asset class management services nation-wide. He also serves on the Multi-Asset Class Investment Committee ("Investment Committee"), which is responsible for the management of more than $4 billion in discretionary assets. In the community, Mr. Ammaturo serves on the Peirce College Board of Trustees ("Peirce"). At Peirce, he is Chairman of the Finance and Investment Committee and is a member of the College's Executive Committee. He also is a member of the Philadelphia Regional Advisory Board for Economics Pennsylvania, a non-profit organization that promotes economic education in the K-12 Classroom. In addition, Mr. Ammaturo was selected by the PFM Group to participate in LEADERSHIP Philadelphia, a non-profit organization that mobilizes the leaders of the private sector to work on behalf of the Philadelphia community. Mr. Ammaturo obtained an MBA in Finance from the University of Maryland's Robert H. Smith School of Business, where he served as an equity analyst for the Mayer Fund, a $1 million university endowment. He also received a B.S. in Accounting from Penn State University. Mr. Ammaturo has completed CFA Level I.
Tyler Braun, CFA *Senior Managing Consultant*	Portfolio Trader	**10 years in the field** **7 years with PFMAM** Mr. Braun conducts portfolio management/trading activities for multi-asset class management clients, and also performs portfolio reviews and asset-liability analysis for current and prospective institutional clients. Mr. Braun obtained a B.A. from Bucknell University in 2005, with a dual major in Economics and Political Science, and an MBA in Finance from Villanova University in 2008. He holds the Chartered Financial Analyst ("CFA") designation and is a member of the CFA Institute and CFA Society in Philadelphia

Name	Role	Expertise
Marie Nasevich *Senior Analyst*	Account Coordinator	**25 years in the field** **15 years with PFMAM** Ms. Nasevich brings more than 25 years of financial services experience to her role at PFMAM as Account Coordinator. She began her career preparing pension valuations for a large insurance company's clientele. Ms. Nasevich then became responsible for the administration and investment oversight of more than 300 small- to medium-sized pension plans. She joined Spagnola-Cosack, Inc. in 1999 (acquired by PFMAM in 2003) and continued to serve as a pension analyst after the firm's acquisition. Ms. Nasevich earned a B.S. in Management Marketing from St. Joseph's University and holds the Certified Financial Planner ("CFP") designation

12) Provide biographies of other key individuals in your firm.

Name	Role	Expertise
John Spagnola *Managing Director*	Back-up Engagement Manager	**31 years in the field** **12 years with PFMAM** Mr. Spagnola co-founded Spagnola-Cosack, Inc., an independent investment consulting firm that was acquired by PFMAM in 2003. His responsibilities include co-leading PFMAM's multi-asset class business with Mr. Ammaturo and overseeing client service, product development, and marketing. His clients include public, self-insurance, Taft-Hartley, corporate, hospital, endowment, and foundation funds. He currently serves on the Board of Directors for Magee Rehabilitation Hospital in Philadelphia, St. Rose of Lima Parish in Philadelphia, and the Greater Philadelphia Chamber of Commerce. He has also taught a course on managing public funds for the Fels Institute of Government at the University of Pennsylvania.
Margaret Belmondo, CIMA® *Senior Managing Consultant*	Client Service Support	**14 years in the field** **4 years with PFMAM** Ms. Belmondo is responsible for managing institutional client relationships for PFMAM's consulting and discretionary management services, with a focus on Pennsylvania clients who are subject to Act 44. Prior to joining PFMAM, she worked for SEI Trust Company where she provided private wealth management services to more than 100 high-net-worth clients. Ms. Belmondo is a Certified Investment Management Analyst ("CIMA").
Jim Link, CEBS *Managing Director, Chief Marketing Officer*	Co-Head of the Center for Retirement Finance Investment Committee Member	**28 years in the field** **9 years with PFMAM** Mr. Link has worked with numerous government employers to rationalize and modernize their retiree benefit plans to be sustainable, affordable, and sufficient. He is a regular instructor at state GFOA conferences and also speaks at various industry conferences and training events. Mr. Link is actively involved in the GFOA as an advisor to the CORBA and

Name	Role	Expertise
		the NAGDCA, serving on the publication committee and currently a Board Member on the Industry Committee. He is a Certified Employee Benefit Specialist ("CEBS").
Biagio Manieri, Ph.D., CFA *Director*	Manager/Fund Research & Due Diligence Chairman of the Investment Committee	**29 years in the field** **3 years with PFMAM** Dr. Manieri, a former investment officer for the Federal Reserve, chairs the Investment Committee. He leads a team of research analysts concentrating on the economy, capital markets, and investment management products in order to assist PFMAM in exploring best-in-class management solutions and attractively priced investment opportunities for its non-profit and public-sector clients. He plays an integral role in determining the macro-level direction for all of PFMAM's discretionary multi-asset class portfolios. Dr. Manieri holds the CFA designation.

Please refer to Appendix H for detailed resumes of all referenced key professionals.

13) Do any of your investment consultants have portfolio management or plan sponsor experience? Please give details.

Yes. As it relates to plan sponsor experience, Mr. Ammaturo, the primary consultant for Mt. Lebanon, serves as the Chairman of the Finance and Investment Committee for Peirce College. Mr. Spagnola, Mt. Lebanon's back-up consultant, serves on the Board of Directors for the Magee Rehabilitation Hospital, St. Rose of Lima Parish, the William Buckley Foundation at Yale University, and the Greater Philadelphia Chamber of Commerce. In these roles, they have experience from the client perspective, and are faced with the same decisions as our plan sponsor clients. Mr. Ammaturo and Mr. Spagnola each have extensive experience servicing public pension plans and are active members of our Investment Committee, which is responsible for all portfolio management decisions related to our discretionary management services. In addition, several of our Investment Committee members have direct portfolio management and/or plan sponsor experience:

- **Committee Chair:** Our Director of Research, Biagio Manieri, Ph.D., CFA, is a former investment officer for the Federal Reserve, where he managed more than $13 billion in defined benefit and defined contribution plan assets.

- **Committee Member:** Marty Margolis is PFMAM's Chief Investment Officer and has 38 years of industry experience. He is an integral part of setting the overall strategy for PFMAM's fixed-income and multi-asset class portfolios, and is also responsible for oversight of client investment policies, credit research, and the management of client portfolios for our fixed-income management business.

- **Committee Member:** Ken Schiebel, CFA is PFMAM's Head of Portfolio Strategies and has 34 years of industry experience. He serves as the firm's lead portfolio strategist and manages research staff who support PFMAM's fixed-income separate account business. Prior to joining PFMAM, Mr. Schiebel served as a portfolio manager for the operating, reserves, and pension fund assets for Aetna Life & Casualty.

As experienced portfolio managers, Mr. Margolis and Mr. Schiebel bring a great deal of insight and expertise to our Investment Committee and play a key role in the management and oversight of our multi-asset class client portfolios.

14) Describe your firm's compensation arrangement for professional staff.

All PFMAM employees, including our investment professionals, are paid a base salary plus a year-end bonus. The annual bonus is dependent upon the profitability of the firm, each business unit's contribution to the overall profitability of the firm, and each individual's contribution to the business unit's success. To encourage the retention of professionals, the firm's compensation plan is intended to recognize and reward excellent performance; however, no PFMAM employee is compensated on a commission or investment transaction-related basis. Performance of client accounts, both qualitative and quantitative, is one element of assessing portfolio manager's individual performance and contribution.

RESEARCH

15) Describe your firm's approach to investment research. Please indicate relationship with researchers/academics outside your firm.

Mt. Lebanon will continue to be supported by PFMAM's Investment Research Group, a dedicated team of specialists who monitor both the markets and investment managers, and frequently interact with the universe of managers monitored. As a result, PFMAM has been able to provide actionable information about potential investment managers throughout the years for Mt. Lebanon's consideration. Although we do reach out to various industry experts and academics for market insight and educational pieces, we do not have any formal relationships with outside firms or consultants. All of our research is conducted internally by our Investment Research Group.

The Investment Research Group is focused on three broad areas of research using industry-leading databases such as Investment Metrics, eVestment Alliance, Morningstar/Ibbotson Associates, Bloomberg, and Hedge Fund Research, Inc. ("HFRI"):

- General market data research for the Investment Committee,
- Service provider and vendor searches, and
- Manager research to find best-in-class managers for each particular asset class.

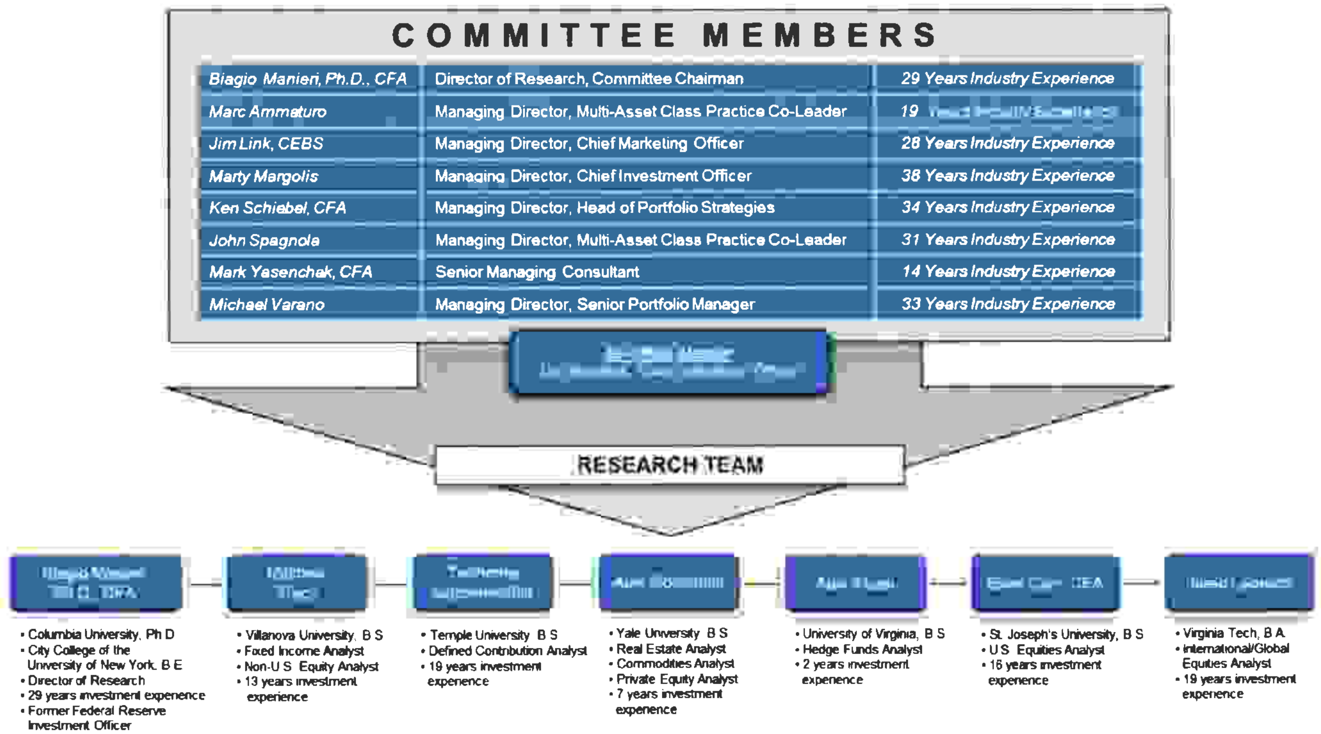
The research analysts are assigned to a specific asset class or search criteria for which they are responsible and report directly to the Director of Research. Both the research analysts and the Director of Research correspond with investment managers and service providers on a regular basis and meet with multiple providers frequently to gain a deep understanding of each provider. In addition, our Investment Research Group internally compiles our Capital Market Assumptions, a key component of our portfolio structuring process. We believe this fundamental understanding helps us make prudent decisions on behalf of our clients and thereby seek to achieve long-term favorable results with lower volatility.

Informed by the findings from our Investment Research Group, the Investment Committee focuses on three primary duties as it pertains to our multi-asset class strategies:

- Asset allocation,
- Investment strategy (including active/passive fund mix), and
- Manager/fund selection and monitoring.

Acting as the investment and portfolio risk oversight team for investment consulting decisions, the Investment Committee convenes formally at least once a month to discuss any changes necessary for our clients' investment portfolios. If a portfolio decision should be made based on the information provided to the Investment Committee, Mt. Lebanon will receive an investment "alert" electronically explaining the investment decision and supporting rationale.

A diagram of the Investment Committee and Investment Research Group follows:



16) Give examples of how your research has been integrated into your products and services.

Through our discretionary consulting services, we are committed to providing our clients with services that are informed by in-depth research and that seek to add value. Our Investment Committee and our Investment Research Group are continuously monitoring both the markets and our investment managers so that we are able to act quickly and take advantage of opportunities seeking to improve our clients' returns. On the following page is a summary of the historical tactical allocation changes we have made to our clients' portfolios, all of which were a direct result of our internal research process.

In addition, on a quarterly basis, we publish articles for our Thought Leadership series, *PFM Perspectives*, which describe our current thoughts on developments in the financial markets and how they relate to our clients' portfolios. For example, Dr. Manieri recently published a three-part series of white papers on the importance of asset allocation, which included a review of various academic studies such as the Brinson, Hood, and Beebower study.[8] We also annually publish our Capital Market Assumptions for intermediate- and long-term returns in a wide range of asset classes to help inform our asset allocation process. *Please refer to Attachment I for a copy of our 2015 Capital Market Assumptions.* Instead of relying on historical returns, our projections are derived from our internal research on the economic fundamentals of the asset classes and constituents, as well as drivers of returns (mainly dividends, real earnings growth, and inflation).

[8] *Brinson, G.P., Hood, L.R., & Beebower, G.L. (1986). Determinants of Portfolio Performance. Financial Analysts Journal, 42 (4), 39 44.*

2008 Financial Crisis	**September 2008:** Reduced Equity exposure to raise cash levels and added Short-Term Bond; underweighted REIT exposure; added Global Bond allocation
2009 Global Equity Recovery; Spreads at Historic Levels; Inflation Concerns	**February 2009:** Added High Yield and Investment-Grade Corporate Fund, reduced Passive Fixed Income **March 2009:** Removed Equity underweight **June 2009:** Added Commodity Investment (when oil dropped to $60 per barrel) **November 2009:** Removed dedicated Investment-Grade Corporate allocation
2010 Recovery Continues; High Equity Correlations; Treasuries Move Lower	**April 2010:** Replaced U S High Yield allocation with Global High Yield **May 2010:** Reduced International Equity allocation **September 2010:** Reduced % of Active vs. Passive Equity Management **October 2010:** Removed International Equity underweight
2011 European Crisis	**March 2011:** Added dedicated Emerging Markets Equity allocation **June 2011:** Increased overall market capitalization within Domestic Equity **December 2011:** Reduced International Equity and increased Domestic Equity
2012 Continued Low Rates	**April 2012:** Removed Short-Term Bond Index, added Emerging Market Debt and High-Quality Corporates, reduced Fixed Income and increased Domestic Equity
2013 Slow Recovery with Potential Rising Interest Rates	**January 2013:** Eliminated Commodities allocation and fully weighted International Equity **May 2013:** Reduced Emerging-Markets Equity allocation; added Floating Rate Bank Loan fund; reduced Core Fixed Income **July 2013:** Removed Emerging-Markets Equity and Debt allocations
2014-2015 Diverging Economic Growth and Valuations	**January 2014:** Removed U S REIT allocation **April 2014:** Re-allocated a portion of International Equity allocation to Domestic Equity **July 2014:** Removed dedicated Small-Cap Equity exposure **October 2014:** Removed dedicated Mid-Cap Equity exposure **January 2015:** Removed Bank Loans exposure and fully weighted International Equity **March 2015:** Added International Small Company Fund

The information presented above is based upon past experience to illustrate particular analysis or decisions in the context of market events and does not describe all portfolio changes. Further information is available upon request.

17) What tools do you use to evaluate managers and the market? Did you develop these tools in-house or purchase them from vendors?

PFMAM utilizes a proprietary investment manager database maintained by our Investment Research Group, which is based on data collected from our ongoing manager meetings and due diligence. We also subscribe to the database of a well-known outside vendor, eVestment Alliance, and have access to Investment Metrics and Morningstar/Ibbotson Associates software platforms. This software allows us to have access to roughly 24,000 investment products. Our Investment Research Group verifies any data received from these vendors by comparing to both our internal data and the conversations we have with the respective investment managers.

In addition, as part of our performance and attribution reporting system, we are able to tap into a database consisting of more than $1.8 trillion in institutional assets to compare our client's portfolios and managers. All of our research is conducted in our Philadelphia office. PFMAM does not employ any outside consultants for the purposes of investment manager research. In addition, we do not accept any fees or remunerations from managers who wish to be included in our database.

18) Describe the educational opportunities provided to your clients' trustees and staff. Describe the qualifications of presenters at recent workshops.

PFMAM offers a comprehensive variety of educational services to clients, with frequency and content determined by both client needs and new research or market conditions. Listed on the following page are many of the forums that we would continue to make available to Mt. Lebanon. Many of the training workshops and other seminars are presented by members of our Investment Committee, which includes four CFA charterholders and averages 28 years of experience.

Our Director of Research and Chair of the Investment Committee, Dr. Manieri, frequently participates in educational opportunities for our clients across the country, including the Palm Beach Chapter of the Florida GFOA; PFMAM's annual economic webinar; a client-specific training seminar in San Antonio, Texas; *Pensions & Investments'* webinar regarding outsourced Chief Investment Officer ("OCIO") services; and the Virginia State Building and Construction Trades Annual Conference, among others. All of these examples are recent and have taken place within the past six months.

In addition, one of our consultants, Margaret Belmondo, CIMA, was a panelist for the recent **Allegheny League of Municipalities** spring conference that took place April 9-12. Outside of PFMAM, keynote speakers have included Jack Bogle, founder and retired Chief Executive Officer ("CEO") of The Vanguard Group, who presented at PFMAM's education symposium in 2013.

- **Client-Specific Training:**
  In-meeting Topics: We typically discuss economic issues and research ideas at each quarterly meeting with the PIAB.
  Client Tailored Education: We will design specific training presentations covering various topics at Mt. Lebanon's request.
  Individual Review: We will meet with new or current PIAB members to inform and educate them regarding the structure of the portfolio and issues being addressed by Mt. Lebanon.

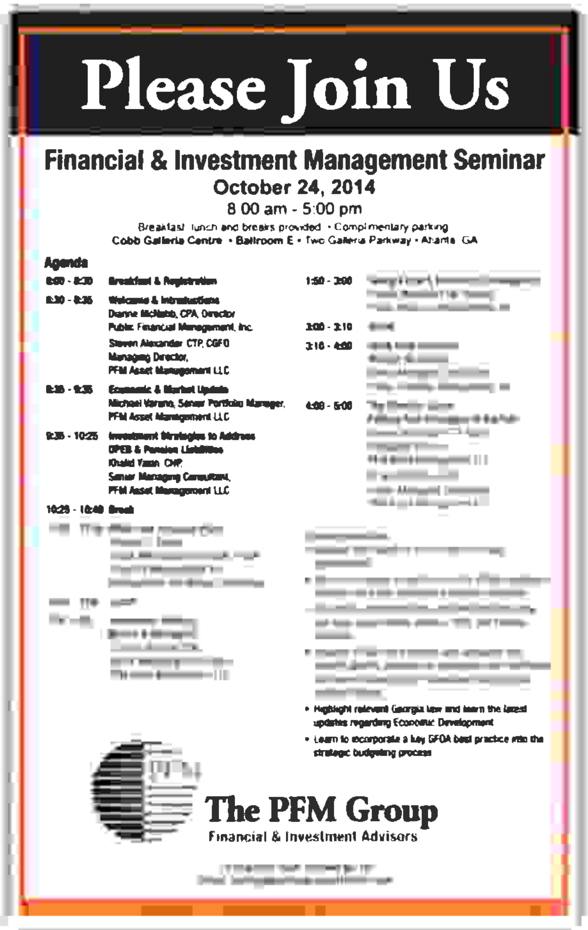
- **Ongoing Publications:**
  Monthly and quarterly market commentaries are published to provide a timely overview of current events impacting the financial markets.
  Our Thought Leadership series, *PFM Perspectives*, describes our current thoughts on developments in the financial markets, and how they relate to our clients' portfolios.
  Our Capital Market Assumptions are published annually to help inform our asset allocation process.

- **Webinars and Conference Calls:** We provide periodic web and telephonic conferences covering a wide variety of investment, public-sector, economic, and other topics.

- **Education Symposiums:** We host an annual client education conference to review the previous year and look at the upcoming year.

- **Off-Site Client Training:** Clients are invited regularly to PFMAM-sponsored educational seminars held at off-site locations. These training events often feature industry subject matter experts on various public, pension, economic, investment, or other finance-related topics. Many of our training sessions also qualify for continuing professional education ("CPE") credits. Shown on the following page are the agendas for two of our recent training seminars.

II. RFP Application



ASSET ALLOCATION & INVESTMENT POLICY

19) What is your firm's investment philosophy and framework for having a deep understanding of asset classes?

Investment Philosophy

Our multi-asset class investment philosophy is very straightforward. PFMAM hires best-in-class managers within a diversified asset allocation that considers both active and passive management options. We believe in operating in a transparent structure that seeks to avoid conflicts of interest, and we employ the precepts of Modern Portfolio Theory (i.e., risk should be commensurate with return) and quantitative rigor to every portfolio we manage.

PFMAM firmly believes that successful investing begins with a consistent, repeatable process that can adapt to changes in the global economy and markets. Our research has shown that the asset allocation decision is the most important factor in determining the performance of the portfolio. A fundamental understanding of asset classes helps mitigate the risk of constantly shifting the portfolio in reaction to daily movements in the markets, which can result in buying high and selling low—the exact opposite of what investors should do. We do not believe recent performance is an indicator of what to expect from various asset classes over long periods of time; instead, we believe macroeconomic data and the drivers of asset class returns (such as dividends, real earnings growth, and inflation) should be the focus, and we develop our internal Capital Market Assumptions as such.

We also believe that a fully diversified portfolio invested by both active and passive managers can offer a balanced approach to realizing long-term return objectives in a cost-effective manner. For actively managed funds, we believe that if the key decision makers articulate an understandable and repeatable investment process, they are more likely to generate consistent results over time. For example, managers that have a risk management process in place and adhere to that process are less likely to make unintended bets, which limit the possible downside for the portfolio.

Approach

As we have demonstrated to Mt. Lebanon throughout the years, PFMAM's investment approach is a solutions-oriented, client-driven process that emphasizes a close working relationship with Mt. Lebanon staff and the PIAB. PFMAM's full range of investment services will continue to provide the PIAB with the tools and resources it needs to oversee the Plans, with the key difference being our ability to implement these decisions as your fiduciary. As such, we will be able to leverage our $4.6 billion discretionary asset base (as of March 31, 2015) to give Mt. Lebanon greater access to managers who may otherwise be unavailable to the Plans. Our approach includes:

- **Active/passive management decisions.** PFMAM believes a combination of active and passive management allows Mt. Lebanon to achieve its investment goals at a lower overall cost. As a result, our Investment Research Group has conducted a significant amount of research into determining the most appropriate asset classes for active and passive management. In general, we recommend passive management in the more efficient asset classes where it is very difficult for active managers to outperform the broad market (e.g., large-cap domestic equities), and we recommend active management in the less efficient asset classes where talented investment managers are rewarded (e.g., emerging-markets equities). This approach to investing helps our clients achieve market returns at a lower cost, while also benefitting from active management in certain asset classes.

- **Investment policy development.** PFMAM has helped hundreds of organizations develop, update, and improve their written investment policies. As we continue our relationship, PFMAM would continue to review Mt. Lebanon's Investment Policy Statement ("IPS") with Mt. Lebanon staff and the PIAB as needed based on the Plans' unique set of objectives and constraints.

- **Diversified asset allocation.** PFMAM maintains strict adherence to a disciplined process that ultimately determines the amounts recommended to be allocated to equities, fixed income, or alternative investments. While other firms may limit their portfolios to core asset classes, PFMAM has the resources and capabilities to carefully diversifv the Plans into non-core asset classes that can help the Plans seek to enhance performance and meet their targeted rates of return.

- **Investment manager decisions.** PFMAM has developed an extensive manager platform based on a best-of-breed process that includes quantitative and qualitative analyses, proprietary scoring models, formal manager reviews, and fee negotiation.

- **Use of separate account managers as well as institutional funds to meet investment mandate objectives.** PFMAM leverages more than 20 years of investment manager research, relationships, and client aggregation to negotiate optimal fees with best-in-class managers.

- **Performance measuring, monitoring, and reporting.** PFMAM monitors each manager's adherence to clients' policy objectives and guidelines. A quarterly performance report shows position weightings for the top holdings as well as sector weightings and peer evaluations.

- **GIPS-compliant investment portfolios.** PFMAM has a longstanding Global Investment Performance Standards ("GIPS®")-compliant track record in providing discretionary multi-asset class management services. Our goal in managing multi-asset class portfolios is to help our clients enhance the performance of their portfolios while carefully controlling and limiting risks. We do this by:

  Setting a long-term strategic allocation in collaboration with our clients;
  Evaluating asset class pricing and relative valuations;
  Overweighting or underweighting asset classes based on valuations and prospects for nearer term performance;
  Determining levels of active and passive management; and
  Making short-term tactical allocations as we deem necessary.

20) What is the firm's process for establishing client objectives and developing the Investment Policy Statement?

As the PIAB has experienced through our current advisory relationship, prior to developing an IPS, we begin each client engagement by reviewing a detailed Portfolio Planning Survey with the PIAB and staff. This survey is designed to facilitate a discussion on various asset classes to determine which should be permitted in the portfolio as well as to develop a discussion regarding risk appetite.

In addition, through a series of questions, the survey helps PFMAM develop a detailed understanding of the client's goals, objectives, cash flow projections, present and future liabilities, annual required contributions, risk tolerance, ability to withstand losses, and view of the economy and the markets. Specific to liability integration, PFMAM reviews the Plans' most recent actuarial assessments and fully considers the assessment's fact pattern with the PIAB and staff.

A typical IPS we help develop contains the following:

- **Background:** Discusses the origination of the Plans' portfolio and identifies the fiduciaries.
- **Purpose:** Documents the Plans' objectives, performance expectations, and investment guidelines. It also establishes the investment time horizon, risk tolerance ranges, and asset allocation.
- **Statement of Objectives:** Documents the goals to pay benefits, grow the amount of assets, assess the amount of liabilities, minimize principal fluctuations, and achieve a long-term rate of return.
- **Investment Guidelines:** Establishes the investment time horizon, diversification parameters, asset allocation targets and ranges, rebalancing philosophy, risk tolerances, and performance expectations.
- **Selection of Investment Managers:** Documents the criteria for selecting investment managers.
- **Guidelines for Portfolio Holdings:** Establishes the criteria for portfolio holdings in equities, fixed income, cash, and other asset classes. It also discusses the use of pooled vehicles and lists prohibited securities.
- **Safekeeping of Assets:** Documents the manner in which assets are held in custody.
- **Control Procedures:** Documents the procedure for reviewing investment objectives, investment performance, the voting of proxies, and the execution of security trades.

21) What measures does your firm have in place in order to comply with the Investment Policy Statement?

As your fiduciary, compliance monitoring will be PFMAM's internal responsibility. PFMAM will use the Charles River Investment Management System ("Charles River"), an industry-leading automated policy compliance and trade order and execution management system, to monitor the Plans' investments. Charles River helps ensure compliance between a client's IPS and a pending trade in a real-time environment. In addition to using Charles River to monitor compliance with Mt. Lebanon's IPS, our monitoring process includes an ongoing qualitative and performance review of the portfolios. Illustrated below, Mt. Lebanon currently receives a compliance report specific to each Plan on a quarterly basis that reviews key parts of the IPS, including prohibited transactions, minimum quality criterion, and concentration of holdings in any sector or individual security. PFMAM will also continue to coordinate with Mt. Lebanon's actuary to help ensure that the asset allocation continues to be appropriate as the actuarial valuation changes.

Investment Policy Compliance Summary

Mt. Lebanon Police Pension Plan

As of December 31, 2014

[illegible]	Description	In Compliance?	Observation/Recommendation
General Fund Guidelines	Individual equity issues not to exceed 5% at market.	Yes	No action needed at this time
	Overall rating of the fixed income assets are "A" or better	Yes	No action needed at this time
	Prohibited transactions must be avoided.	Yes	No action needed at this time
Asset Allocation	No prohibited asset classes.	Yes	No action needed at this time
	Total fund is within specified asset ranges	Yes	No action needed at this time
Overall Fund Performance	Fund performance versus the blended benchmark for the quarter.	[illegible]	Overall portfolio return exceeded the blended index for the quarterly period ending 12/31/14.
	Fund performance versus the blended benchmark for the one-year period	[illegible]	Overall portfolio return lagged the blended index for the one-year period ending 12/31/14.
	Total portfolio performance should exceed the stated actuarial assumption of 7 5% for rolling five-year periods	[illegible]	Total portfolio return exceeded the actuarial assumption on a five-year trailing period
Money Managers	Money managers adhered to established investment guidelines and objectives.	Yes	No action needed at this time
	Money managers on watch list		Stralem Large Cap portfolio should remain on watch list. (Performance, Since 3Q14)
			PNC Small Cap portfolio should remain on watch list. (Personnel, Since 3Q14)
	Money managers on probation		None No action needed at this time.
	Money managers recommended for termination		None No action needed at this time

22) How does your firm compile Capital Market Assumptions and how often are the assumptions updated?

Our Capital Market Assumptions are internally derived by our Investment Research Group and discussed and formally approved by our Investment Committee through a comprehensive and ongoing process. These capital market assumptions are forward-looking and, while incorporating current valuations and economic fundamentals, do not extrapolate current trends and assume that recent returns for various asset classes are reasonable assumptions for the future. They are based on our understanding of the economic fundamentals of various asset classes, current macroeconomic conditions, and asset class valuations. For example, if equities are highly valued, then we cannot simply project expected return based on the economics of equities but need to incorporate a reasonable valuation for equities. We update our capital market assumptions on an annual basis. Given the long-term nature of these assumptions, we do not expect them to meaningfully change from year to year.

We derive both shorter-term assumptions for time periods of five years or less, as well as longer-term assumptions for time periods of 30 years or more.

- For the **shorter-term assumptions (up to five years)**, we consider current economic conditions and forecasts, corporate profit growth expectations, and current valuations.

- For our **longer-term assumptions (30 years or more)**, we use a building block approach and the economics of each asset class. For example, in deriving our long-term assumptions for equities, we project population and productivity growth as well as inflation expectations to derive our forecast for nominal gross domestic product ("GDP") growth. This is used as a proxy for nominal corporate profit growth and stock price appreciation, adjusted for anomalies in valuation. We then incorporate our forecast for dividends to derive our expectations for total return from owning equities. We use similar building block approach to derive our long-term assumptions for other asset classes.

A copy of our 2015 Capital Market Assumptions is included as Attachment I.

23) How does your firm determine the asset allocation structure and appropriate asset mix?

We start with the premise that all portfolios should be fully diversified across a broad range of equity, fixed-income, and alternative investments, based on Mt. Lebanon's objectives and constraints. We will continue to work closely with the PIAB to understand its risk/return objectives in order to help the PIAB maintain an appropriate and prudent investment program, utilizing our state-of-the-art portfolio optimization software to build asset allocations that seek to maximize returns while managing associated risks. Our current relationship with the PIAB already gives us a great understanding of the Plans' investment policies, guidelines, and objectives, which will help us review and, if necessary, recommend updates to the asset allocation with an appropriate structure that is designed to meet the Plans' goals and uses the most optimal vehicles, which will be chosen through an independent manager selection process.

Our primary focus when recommending a portfolio strategy is to design an effective asset allocation using what we assess to be the vehicles that together will produce the best risk/return/cost characteristics. Because our modeling process is based on a thorough understanding of the client, we consider it to be a collaborative effort. Outlined below are the principal steps we use to determine an asset allocation structure and appropriate asset mix:

- **Engaging in a Portfolio Planning Survey:** A detailed Portfolio Planning Survey was completed at the onset of our relationship with Mt. Lebanon to facilitate a discussion about all of the asset classes to determine which should be permitted in the final overall allocation. We gathered information about the Plans' goals, objectives, cash flow projections, risk tolerance, and ability to withstand losses, as well as the view of the economy and the markets.

- **Compiling Capital Market Assumptions:** As previously described, our Capital Market Assumptions are determined by the Investment Committee through a comprehensive and ongoing process. Our assumptions are for intermediate- and long-term returns in a wide range of asset classes and use a wide variety of economic data to assess our expectations for asset classes.

The next steps were completed in collaboration with the PIAB:

- **Determining Asset Allocation Structure:** The information from the Portfolio Planning Survey and the Capital Market Assumptions was used to recommend an asset allocation structure for the Plans. We use a state-of-the-art modeling program from Ibbotson Associates to conduct a detailed asset/liability modeling study. Each model uses the latest historical data on asset class investment returns, volatility, and correlation with other asset classes along with our Capital Market Assumptions to determine an "optimal" portfolio.

- **Interfacing with the Actuary:** In combination, PFMAM, Mt. Lebanon's actuary (Mockenhaupt Benefits Group), and Mt. Lebanon's auditor form a team to provide investment, valuation, and reporting advice for the Plans. As part of that team, we often confer with Mt. Lebanon's actuary and auditors to provide asset class return assumptions, intermediate- and long-term portfolio return expectations, and information related to reporting and disclosure.

- **Selecting an Appropriate Asset Mix:** A series of tests is run on each model to determine the probability of achieving the desired investment objective under different market scenarios. While selecting a strategic asset allocation mix will influence the investment strategy implemented for the Plans, PFMAM will routinely revisit the asset allocation decision as market conditions and the Plans' needs evolve.

Periodic Review of Asset Allocation

In addition to periodically reviewing the strategic asset allocation for its continued appropriateness in meeting the Plans' goals and objectives through asset/liability and asset allocation studies, PFMAM has continued to be proactive in recommending changes geared toward mitigating risks and taking advantage of opportunities to help improve expected performance.

24) Does your firm implement tactical asset allocation moves? If so, how have they contributed to performance?

Yes. We believe that the strategic and tactical asset allocation decisions are the most important sources of investment returns. PFMAM does not believe that trying to time the market will add to returns over time, nor do we believe that security selection (net of all costs) can achieve the market return over time, especially in efficient markets. Strategic asset allocation involves defining which asset classes to include in the portfolio and the long-term allocation to each. Ideally, we want investments that generate a reasonable return and are driven by different factors with low correlations. While strategic asset allocation is the primary driver of investment returns over time, PFMAM does not believe that we should allocate the same percentage to each asset class regardless of valuation. Hence, tactical asset allocation is the temporary deviation from the strategic asset allocation based on current valuation of the various asset classes. From time to time, investment opportunities present themselves to over- or under-weight specific asset classes. If we believe that equities are temporarily cheap and fixed income expensive, we would recommend shifting some assets from fixed income to equities while remaining within the strategic asset allocation ranges defined in the investment policy.

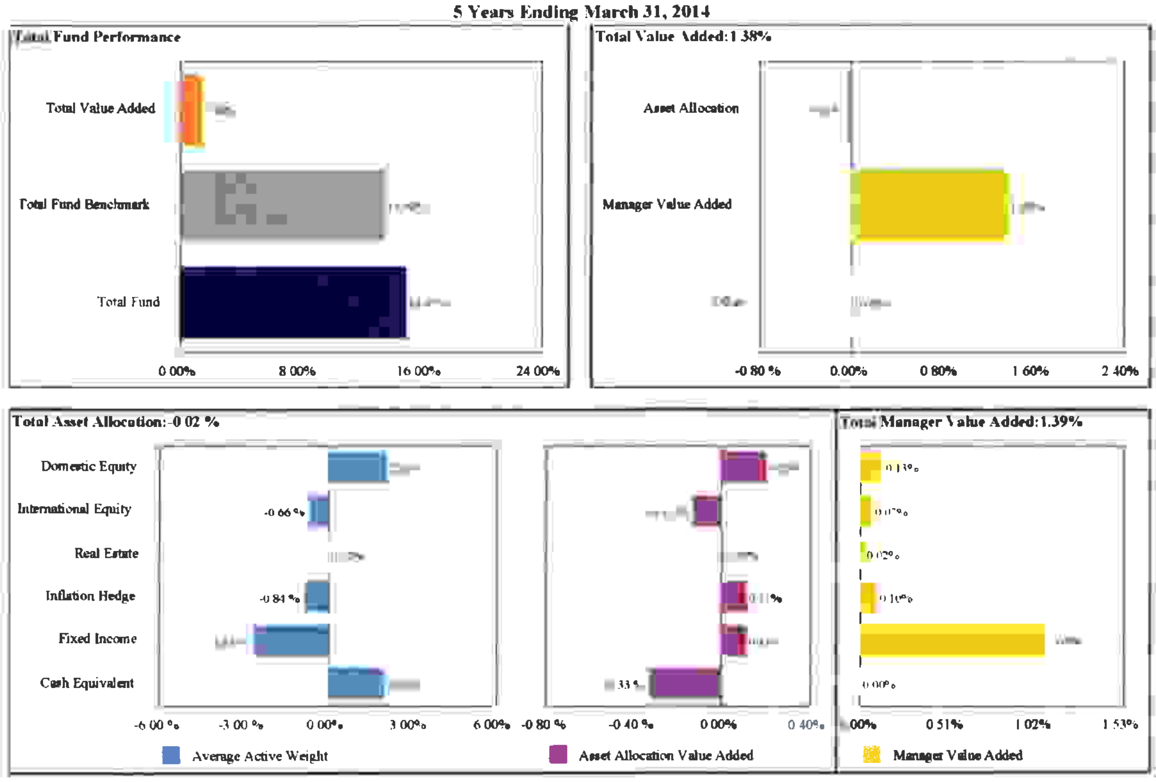
Our approach to tactical asset allocation is based on our philosophy that the analysis of any asset can be reduced to three steps:

- Understanding the economics of the investment.
- Estimating the intrinsic value of the asset.
- Comparing the intrinsic value with the current price

As fundamental investors, we seek to sell assets that are overpriced and buy assets that are undervalued. While it is impossible to consistently guess what prices will do day-to-day, it is possible to reach a conclusion that specific asset classes are seriously over- or underpriced. Implicit in this approach is the view that any asset is a bad investment if the price is too high. By incorporating tactical asset allocation rebalancing, an investor is also enforcing a discipline of buying when valuations are attractive and selling when valuations are high or no longer attractive.

Please refer to our response to Question 16 for a summary of our Investment Committee's tactical asset allocation moves. We believe these decisions have helped PFMAM generate competitive returns relative to benchmarks. *Please see our multi-asset class performance composites in Attachment F for further detail.* Below we have illustrated a total fund attribution report from our sample quarterly performance report for a discretionary client, showing how PFMAM's asset allocation and manager selection decisions add value.

Total Fund Attribution
Sample Client - Multi-Asset Class Management
5 Years Ending March 31, 2014



For illustrative purposes only.

25) How does your firm measure performance?

PFMAM uses the Performance Analysis Reporting and Information System ("PARIS"), a system developed by Investment Metrics, to measure performance in a variety of ways. PFMAM's research analysts formally review manager performance each quarter and correspond with managers regularly. This ongoing interaction creates a consistent flow of information to assess and evaluate a manager, not only at the portfolio level but also as an organization. Information gathered by the Investment Research Group is generally communicated at quarterly meetings; however, if a significant event occurs (e.g., personnel departures), PFMAM will contact Mt. Lebanon and take prudent action immediately as Mt. Lebanon's discretionary advisor.

As previously mentioned, PFMAM prepares and presents performance in compliance with GIPS. Unless otherwise indicated, we will continue to calculate the rate of return performance for the Plans in a manner consistent with GIPS using data provided by the custodial bank, and report such performance on a quarterly basis. In reviewing, compiling, and analyzing manager performance as it relates to the Plans, we will compare the data collected on the managers to established indices and benchmarks. We also periodically review performance of the mutual funds or other investment vehicles in which the Plans are invested.

26) Does your firm interface with actuaries of the municipal clients? If so, in what way?

Yes. We believe it is important to interface with each client's actuary and auditor in order to gain a larger perspective on the client's portfolio. PFMAM has historically worked closely with the PIAB and Mockenhaupt Benefits Group, its actuary, to reassess the portfolios' asset allocation, most recently completing an asset/liability analysis in November 2014.

INVESTMENT MANAGER SEARCH

27) Describe how your firm gathers, verifies, updates, and maintains the data collected on managers.

We believe it is important to examine both the qualitative and quantitative aspects of an investment manager. We use the data from our various third-party vendors (eVestment Alliance, Investment Metrics, Morningstar) to conduct a thorough examination of a manager's risk/return characteristics to validate or discard the perceptions we developed during our qualitative analysis (i.e., manager interviews). Additionally, we continuously compare any data received from these vendors by comparing to both our internal database and the ongoing conversations we have with the respective investment managers. Proprietary questionnaires are used during our meetings with managers and a formal scoring process is used to evaluate these interviews.

Investment manager information is updated through Investment Metrics on a monthly basis and through eVestment Alliance when it is made available by the manager. Our Investment Research Group verifies any data received from these vendors by comparing to both our internal data and the conversations we have with the respective investment managers.

The following table represents a summary of money managers by asset class that are currently maintained in the eVestment Alliance database, which provides our research department with a starting point in the manager search process. In addition to the nearly 14,000 products listed below for eVestment Alliance, PFMAM has access to an additional 10,000 investment products through various other databases (such as our in-house database and those offered through Morningstar/Ibbotson Associates and Investment Metrics), providing us with a total universe of roughly 24,000 investment products.

Asset Class	No. of Active Firms	No. of Active Products
U S Equity	982	3479
U S Real Estate	62	61
U S Fixed Income	433	2003
U S Balanced/Multi-Asset	170	127
Non-U S Diversified Equity	361	738
Emerging Markets Equity	267	493
EAFE Fixed Income	41	27
Emerging Markets Fixed Income	108	257
Global Real Estate	76	87
Global Balanced/Multi-Asset	185	317
Total*	**1837**	**13819**
**Totals do not equal the sum as managers have multiple products*		

As of February 28, 2015

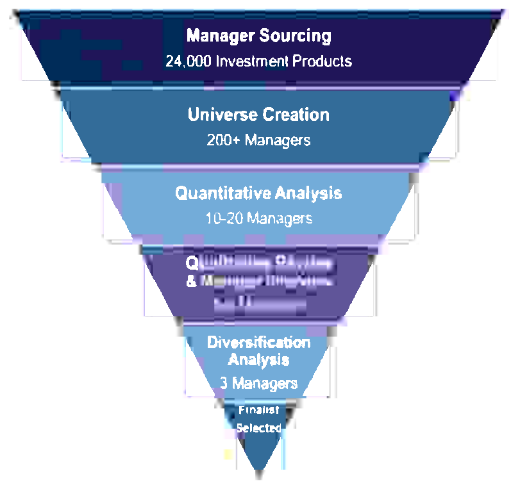
II. RFP Application

28) Do you receive any direct or indirect compensation from investment managers?

No. PFMAM is an independent investment advisor and does not receive any compensation from other entities in connection with any of the services described in this RFP. Our only compensation is the fee paid by our clients for our investment advisory services.

29) Describe the due diligence process utilized in the selection of a money manager.

Upon being hired in 2003, we completed an initial set of 10 manager searches as part of our portfolio restructuring process for Mt. Lebanon. Since then, we have completed approximately 13 additional manager searches for Mt. Lebanon, the most recent of which was in October 2014.



Facilitated by our Investment Research Group and Investment Committee, PFMAM uses a formal due diligence process for evaluating funds, underlying managers, and investment strategies. The following outlines our search process and the criteria used to select managers. We like to think of our process as a funnel, starting at the top with a large universe of possible managers and working our way down to a few well-qualified firms for further examination.

Manager Universe Creation. Starting with the total universe of 24,000 investment products available for investment, we define a smaller universe of managers that correspond to the style mandate for which we are searching. The databases that help us in our search are eVestment Alliance, Morningstar, and a performance and attribution reporting system developed by Investment Metrics. For example, if we are conducting a search for a large-cap value manager, we want to confirm that the managers we are evaluating are actually large-cap value managers. The process we utilize for this is called "style analysis," which examines a manager's return history through statistical analysis to determine which investment style the manager employs. The manager is then added to the appropriate style universe based upon the style analysis as well as PFMAM's own knowledge of managers.

Balanced Research Informs Decisions

Our research analysts consider both quantitative and qualitative data during the initial selection process and while performing ongoing due diligence.

Qualitative Analysis

We employ a full-scale qualitative review to understand the manager's process and to assess whether we believe it is repeatable. We believe that relying simply on historical returns would expose our clients to the pitfall of "chasing returns." We conduct interviews with the manager to learn more about the firm, personnel, and process. PFMAM understands that this is a very dynamic business and that change in this industry is constant. Therefore, we place a premium on having the most up-to-date and complete information on the candidate managers.

Quantitative Analysis

We also examine the volatility of the manager's performance or how consistently those returns were generated in order to determine the answers to the following questions: "Did the manager consistently beat his/her benchmark over a significant period of time?" or "Was performance generated by one or two years of exceptional performance with underperformance in the other years?"

To determine these characteristics, PFMAM examines various performance and risk measures and then selects the top 15 to 20 managers based on alpha, beta, standard deviation, information ratio, and other important quantitative criteria.

Proprietary Scoring Model and Manager Reviews. To formalize the due diligence process, PFMAM writes detailed manager reviews for each manager who has passed the interview process. In addition, managers are assigned scores based on the following qualitative sub-categories:

- *Firm Background:* history/year started/ownership, infrastructure, clients/assets (growth/decline);
- *Investment Team/Management:* experience/education, tenure/turnover, compensation structure;
- *Investment Process:* portfolio characteristics, buy/sell process, style drift, product growth/decline, largest client;
- *Performance:* trailing, calendar, and rolling year performance; up/down market and economic cycle performance; composite quality; and
- *Risk/Volatility:* standard deviation/Sharpe ratio, sector/security limits.

Each of these sub-categories is assigned a score between 1 (best) and 5 (worst). The scores for the sub-categories are then summed to derive a combined total score for the manager. To formalize our process, managers identified through this process are presented by the Investment Research Group to the Investment Committee for vetting and approval.

30) Give an overview of your firm's approach and criteria for placing a manager on a watch list. Under what conditions would a manager be terminated?

Not only is it important to select quality managers, but it is also critical to know when to terminate or replace a manager. PFMAM has a formal monitoring process that requires our Investment Research Group to constantly reevaluate clients' managers and create consistency in why and how managers are recommended for inclusion on our watch list and for termination. Reasons for watch list and eventual termination may include:

- Violation of investment guidelines;
- Deterioration in client/consultant communication;
- Investment style drift;
- Prolonged underperformance;
- Change in ownership;

- Departure of key investment professionals; or
- Change in compensation package.

We use the watch list to make sure that the investment managers have an opportunity to rectify or argue their case to continue to serve our clients. Our objective is to identify organizational problems before they negatively impact client returns. If the firm is addressing the problem in a viable way, additional latitude may be given before termination.

For example, two of Mt. Lebanon's managers, PNC Capital Advisors ("PNC") and Stralem & Company Incorporated ("Stralem"), are currently being monitored by our Investment Research Group for personnel- and performance-related issues, respectively. In September 2014, we sent a manager alert to Mt. Lebanon describing our concern that PNC's Lead Portfolio Manager Gordon Johnson will be retiring in June 2015. While we expect the transition to be seamless due to this advanced notice, our prudent approach was to place PNC on the watch list so that we could monitor the transition closely. Similarly, our ongoing monitoring of Salem revealed that while performance had been strong during times of market downturn, such as the period following the 2007-2008 financial crisis, recent performance has not kept pace. If prolonged, this underperformance could negate past positive returns; therefore, we continue to monitor Stralem closely.

PERFORMANCE REPORTING

31) Describe your firm's performance reporting and evaluation services.

Performance Measurement

PFMAM is focused on providing a high level of reporting to our clients through regular in-person meetings and has devoted a great deal of time and resources to constantly improving our reporting capabilities. We internally measure performance on two levels:

- Client performance at the portfolio level in accordance GIPS.
- Performance of the underlying managers within the portfolio.

To measure **client performance at the portfolio level**, PFMAM uses PARIS, an industry-leading performance measurement and reporting platform developed by Investment Metrics to access a database that consists of roughly 1,500 institutional plan sponsor portfolios with more than $2.3 trillion in combined assets. The universe of plan sponsors is categorized by public, corporate, endowment, foundation, healthcare, and Taft-Hartley plans and can be further segmented by asset size and asset allocation. As a result, we are able to create fully customized peer groups for comparison against our clients' portfolios. For example, we can compare the Plans to a peer universe of public plans with assets more than $100 million and an equity allocation of 50-70%. These peer groups can be used to compare performance, risk statistics, and asset allocation.

To measure the **performance of underlying managers**, we look at the trailing, calendar, and rolling year periods against both a peer universe and a benchmark. Additionally, we review a variety of risk statistics (e.g., alpha, standard deviation, information ratio, up/down market capture, etc.) versus an appropriate benchmark. For equity managers, we review the top holdings and sector weights compared to existing managers in that asset class for the portfolio as well as the benchmark. A returns-based style map can also be used to show manager "drift." For fixed income, we review the sector and quality breakdown of the managers versus the benchmark as well as compare statistics such as duration, maturity and yield.

In addition to these return and risk-based comparisons, our software also allows us to complete a detailed attribution analysis at both the manager and portfolio level. Through this analysis, we are able to determine the overall effect that sector asset allocation and return had on the overall manager/portfolio.

Customized Quarterly Reports

The PIAB will continue to receive a customized quarterly report containing a variety of exhibits, including total plan performance and attribution data versus a customized benchmark, a comparison versus a peer group of other pension plans, and analysis of constituent managers versus appropriate benchmarks and money manager universes. This includes a review of the economy, financial markets, and our investment strategy to provide insight into how the Plans' investments are being managed.

PFMAM will continue to provide as many hard or electronic copies of reports and related materials as needed. We will also continue to provide qualitative inputs on the Plans' managers, reflection of other relevant considerations such as changes in the manager's organization, other portfolio management assignments, and the results of site visits. *Please see Attachment B for an example of the quarterly reports currently provided to the PIAB.*

32) What methods and sources of data do you use in calculating investment performance of a client's portfolio? Do you comply with CFA Institute (formerly AIMR) Global Investment Performance Standards (GIPS) for rate calculation? Do you reconcile your calculated performance with investment managers and custodians? Describe this process.

Calculation of the Plans' total fund performance is based on internally generated portfolio accounting that is reconciled with the transaction and holdings reports provided by the custodian on a monthly basis. In calculating performance, we use the Modified-Dietz time weighted methodology, which attempts to remove the impact that contributions and withdrawals have on total portfolio performance. This method of performance calculation complies with GIPS. *Please refer to Attachment G for the Pensions & Investments article titled "Firms Differ on Value of Performance Reporting," which discusses PFMAM's GIPS-compliant performance reporting.*

PFMAM's Accounting Group reconciles our internal records with U.S. Bank National Association ("U.S. Bank"), Mt. Lebanon's custodian bank, to help ensure accuracy of transactions and account holdings. In doing so, the Accounting Group also compares returns of similarly managed portfolios for reasonableness.

33) How often are performance reports produced and delivered? Include a sample performance evaluation report in the appendix of your response.

Mt. Lebanon will continue to receive a customized quarterly report containing a variety of exhibits, including the following. Peer group and attribution analysis exhibits would be new to Mt. Lebanon's current reports if PFMAM serves in a discretionary role. *Please refer to Attachment C for a sample quarterly performance report for a discretionary client.*

- A return presentation for the Plans and individual managers for the most recent quarterly, fiscal year to date, one-year, three-year, five-year, and 10-year or since inception periods;
- Evaluation of managers in relation to the defined styles for which they were hired (e.g., large-cap value, etc.);
- Comparison of returns and risk characteristics of the managers' various components (e.g., upside and downside capture, etc.) and the total plan to related benchmarks as defined by the IPS;

- Comparison to an appropriate peer group universe of managers with a similar mandate and like characteristics;
- Comparison of the total Plan performance and asset allocation to a peer group universe of similar funds (e.g., public plans); and
- An evaluation of each manager's ability to add value to the investment portfolio.

Marc Ammaturo, or another senior member of the engagement team, will continue to be available to discuss the performance reports with the PIAB on a quarterly or as needed basis.

In addition to the quarterly performance reporting, we can also provide Mt. Lebanon with a monthly summary or "flash" report of the Plans' market value and performance upon request. *Please see Attachment C for a sample monthly flash report.* Mt. Lebanon will also continue to receive a monthly market update and regular alerts anytime changes are made to the portfolio structure or significant events happen in the markets.

Finally, we will continue to support Mt. Lebanon's internal reporting purposes by annually providing the information required to comply with Governmental Accounting Standards Board ("GASB") 40.

a. How many business days after the end of a reporting period are the performance reports available?

Quarterly performance reports are typically available 20-40 days after quarter end, depending on required exhibits.

b. Can the reports be customized?

Yes, each exhibit in the quarterly report can be fully customized to meet Mt. Lebanon's needs. Currently, PFMAM customizes Mt. Lebanon's report to include an Investment Policy Compliance Summary page; a Historical Hybrid Composition page showing the Plans' allocation changes since inception; and a section on rebalancing.

34) Discuss the performance attribution your firm is capable of providing.

Consistency of style is an important issue to PFMAM. The purpose of our performance attribution analysis is to ensure that the manager continues to do what they were hired to do, maintaining the prescribed portfolio and risk level. We utilize industry leading, third-party software systems to monitor portfolio characteristics and performance attribution on a quarterly basis. The systems also plot each equity manager on a "style spectrum." This provides a picture of the total equity portfolio's complementary styles. Each manager's style and capitalization size movement over prior years is graphically presented. Additionally, PFMAM closely monitors each manager's adherence to the policy objectives and guidelines. The quarterly monitoring report shows position weightings for the top holdings as well as sector weightings. Fixed-income quality standards are similarly monitored. Clients are also briefed on adherence to performance objectives and violations of set guidelines.

At the overall portfolio level, PFMAM is able to run portfolio attribution analysis that shows the value added from manager selection and asset allocation decisions (illustrated in our response to Question 24). This will be an important way for Mt. Lebanon to measure the overall success of PFMAM as its discretionary investment advisor. The graphic in our response to Question 24 shows an example of how PFMAM can provide the portfolio attribution at the total fund level, which can be included in our quarterly report.

35) Describe how benchmarks are chosen or developed. Describe your custom benchmark capabilities.

The ultimate selection of a benchmark for our clients' portfolios is dependent upon the outcome of the portfolio planning process and the asset/liability study. The selected asset allocation is linked to the overall return objective and risk tolerance of the stakeholders. Over time, the strategic asset allocation may change, and adjustments may be made due to relative portfolio performance as well as the growth or decline of plan liabilities.

At the total portfolio level, we generally create two benchmarks to compare against total portfolio performance:

- The first is a customized benchmark consisting of underlying benchmarks for each broad asset class, which allows for measurement of our overall asset allocation and manager selection process. We prefer to use asset class benchmarks that capture the broad market for each asset class. Throughout the years, we have worked with Mt. Lebanon to streamline its custom blended benchmark to align with the target allocations as defined in its IPS. As of October 2013, Mt. Lebanon's custom benchmark includes the following individual asset class benchmarks weighted to the IPS targets:

  Russell 3000 Index for domestic equity, which captures large-, mid-, and small-cap U.S. stocks.
  MSCI All-Country World Index ex-US for international equity, which includes both developed and emerging markets.
  FTSE NAREIT Equity REIT Index which captures all market capitalization real estate investment trusts ("REITs").
  Barclays Aggregate Bond Index for fixed income, which reflects the broad core fixed-income sector.
  90 Day U.S. Treasury Bill for cash equivalents.

- The second is a benchmark that considers the actuarial rate of return so that we can monitor the funding ratio of the Plans.

Separately, each manager has a benchmark to provide a method for evaluating each manager's performance. Each benchmark plays an important role in the performance evaluation process, enabling the PIAB to more clearly discern the impact from asset allocation versus manager selection. The following chart is a sampling of index benchmarks used for client portfolios:

Index Benchmarks	
Asset Class	**Index**
Domestic Equity	
All Cap Equity	Russell 3000 Index
Large Cap Equity	S&P 500 Index
Mid Cap Equity	Russell Mid Cap Index
Small Cap Equity	Russell 2000 Index

Index Benchmarks	
Asset Class	**Index**
International Equity	
Non-U.S. Equity	MSCI ACWI ex-US (Net)
Developed International Equity	MSCI EAFE Index (net)
Emerging Markets Equity	MSCI Emerging Markets Index (net)
Alternatives	
Real Estate Investment Trusts ("REITs")	FTSE NAREIT Equity REIT Index
Private Real Estate	NCREIF Property Index
Commodities	DJ-UBS Commodity Index
Private Equity	Cambridge Associates U.S. Private Equity
Hedge Funds	HFRI Fund of Funds Composite Index
Fixed Income	
Investment-Grade Fixed Income	Barclays Capital U.S. Aggregate Bond Index
Intermediate-Term Investment Grade	Barclays Capital U.S. Credit: 5-10 Yr.
Floating Rate Bank Loans	Credit Suisse Leveraged Loan Index
High-Yield Bonds	BofA Merrill Lynch Global HY Constrained (USD)
Emerging Markets Debt	JPM EMBI Global Diversified

CLIENT BASE

36) Enter number of institutional retainer clients in each category:

Distribution By Asset Size*					
Size (Millions)	**Public Pension Funds**	**Endowments/ Foundations**	**Corporate Funds**	**OPEB**	**Other****
0-50	41	21	2	41	39
51-500	13	3	0	12	13
501-1000	2	0	0	1	2
1001-5000	0	0	0	0	3
Over 5000	0	0	0	0	0

**Certain categories may overlap in terms of the client base. Based on fund type per client except corporate, which is based on entity type. As of March 31, 2015. Includes multi-asset class management and consulting.*
***Includes non-governmental pension, operating, and self-insurance funds.*

37) Please provide a representative list of PA Municipal clients similar to ours.

Per your request, the following is a representative list of similar discretionary public pension clients in Pennsylvania (as of March 31, 2015).[9]

[9] *This list is provided for informational purposes only and is not an endorsement or testimonial by these clients. It is not known whether these clients approve or disapprove of PFMAM's services. A full public pension client list is available upon request.*

[redacted]

38) Please provide three (3) current government defined benefit pension plan references in your client base and related contact information (Name, Title, and Phone Number).

[redacted]

ETHICS

39) Does your firm, its principals and affiliates, subscribe to a professional Code of Ethics? Describe how you address conflicts of interest in providing advice to your clients. Please provide a copy of any formal ethics or conflicts of interest policy.

Yes. PFMAM's employees are subject to our internal Code of Ethics. Compliance with the Code of Ethics is a condition of employment for all of our employees. This Code sets out general ethical standards applicable to our employees. Employees are expected to maintain the highest ethical standards, to embody a business culture that supports actions based on what is right rather than on what is expedient, to deal fairly with customers and one another, to protect confidential information, and to seek guidance about ethical questions. More specifically with respect to advisory activities, the Code requires that whenever our personnel acts in a fiduciary capacity, we will endeavor to consistently put the client's interest ahead of the firm's. Our Compliance Group monitors and audits compliance with the requirements set forth in our Code of Ethics. *A copy of PFMAM's Code of Ethics is provided in Attachment J.*

We are keenly aware of conflicts of interest, especially since most of our clients are public entities. PFMAM only provides consulting services to public and other institutional clients. While PFMAM provides fixed-income portfolio management services to clients through individual portfolios, we make no use of proprietary funds in our multi-asset class manager-of-managers approach. PFMAM does not sell its research to outside organizations, does not charge investment managers any direct or indirect fees to be included in our database, and we do not engage in any hard dollar or soft dollar fee arrangements with outside organizations. Our clients are our only source of income, thereby maintaining our 100% independence to make fiduciary decisions in the best interest of our clients. Additionally, we purposely do not provide custodial or safekeeping services, as we believe third-party custody of assets avoids any conflicts of interest and helps maintain transparency in terms of service arrangements. *For additional* *information on PFMAM's conflicts of interest policies and procedures, please see our Form ADV, Parts 2A & 2B provided in Attachment A.*

40) Does your firm carry professional liability or any other relevant insurance? If so, please describe the insurer, the type of insurance coverage, the beneficiary or such coverage, the limits of such coverage, and the deductible amount under coverage. Please provide a current certificate of insurance confirming that such coverage is currently in effect.

Insurance Statement

PFMAM has a complete insurance program, including comprehensive general liability. Our professional liability and fidelity bond coverage totals $15 million and $10 million, respectively. PFMAM also carries a $2 million cyber liability policy. Our Professional Liability policy is a "claims made" policy, and our General Liability policy claims are made by occurrence. *Please refer to Attachment D for our statement of insurance and evidence of coverage.*

Deductibles/SIR

- Professional Liability (E&O): $1,000,000
- Financial Institution Bond: $75,000
- Cyber Liability: $50,000
- General Liability: $0
- Automobile: $250 comprehensive and $500 collision

Insurance Company and AM Best Rating

- Professional Liability (E&O): Indian Harbor Insurance Company (A) and Continental Casualty Company (A)
- Financial Institution Bond: Federal Insurance Company (A++)
- Cyber Liability: Indian Harbor Insurance Company (A)
- General Liability: Great Northern Insurance Company (A++)
- Automobile Liability: Federal Insurance Company
- Excess/Umbrella Liability: Federal Insurance Company
- Workers Compensation and Employers Liability: Pacific Indemnity Company (A++)

41) Is your organization currently aware of any claims or notices of potential claims that have been made or are being made with respect to such policies?

No.

42) Does your firm accept soft dollars as a method of payment for services provided? If so, how do you prevent conflicts of interest? Please list the advantages and disadvantages you see in the use of soft dollars.

No. PFMAM does not accept soft dollars as a method of payment for consulting services. We feel that such arrangements generally create conflicts of interest and believe it is in our clients' best interest to use investment managers whose trading activity and trading costs are minimized. Further, we believe that investment managers should be free to place trades wherever they can find the "best execution" combined with the lowest trading costs; this can only be done with totally unencumbered trading.

43) If hired, will your firm receive any other form of compensation from working with this account that has not yet been revealed? If yes, what is the form of compensation?

No. 100% of our revenue is derived from hard-dollar client fees. We do not have any additional revenue of any kind.

44) Does your firm provide other services that would conflict with unbiased advice, such as providing Actuarial, Brokerage, and Custodial Services? If so, please clarify why this would not be a conflict.

No. PFMAM does not provide actuarial or custodial services. As described in our response to Question 10, PFMAM's subsidiary, PFMFD, is registered with the SEC as a broker/dealer and is a member of FINRA and subject to the rules of the MSRB. The main function of this subsidiary is to act as the distributor and marketing agent for various Pools which are managed by PFMAM. We do not trade for client accounts through this broker/dealer or receive any commissions through this arrangement.

45) Please provide a draft investment advisory services contract for review, as well as information regarding the fiduciary liability insurance and fidelity bonding that your firm would maintain for this account if hired.

A sample agreement is provided in Attachment E and our certificates of insurance are provided in Attachment D.

FEES

46) Please provide a fee proposal for the services outlined in this request. Explain cost breakdown for:

[redacted]

[redacted]

b. Underlying Manager/Fund/ETF fee

[redacted]

All-in Fee Summary
(Based on Market Value of $83 million)

Description	Fee	Explanation
Investment Advisory (PFMAM)	0.200%/$166,000	Flat fee of 20 basis points.
Custodial (U.S. Bank)	0.025%/$20,750	Assumes U.S. Bank is custodian First $100 million = 0.025% Additional costs include: $7.50 per transaction $2.50 per pension check $15 per wire transfer
Underlying Money Manager Expenses (Various)	0.200% - 0.250% $166,000 - $207,500	Estimate based on a range of weighted average expense ratios for a typical public pension plan. Expense ratios may vary depending on manager lineup and asset allocation. Fees are netted out of performance and are not an out-of-pocket expense.
TOTAL ANNUAL FEES	**0.425% - 0.475%** **$352,750 - $394,250**	This represents the total all-in fee. Please note that mutual fund fees are netted out of performance and are not an out-of-pocket expense.

47) Can you quote custody fees, if needed?

Yes. PFMAM does not provide custodian services, but is fully capable of conducting or assisting with a custodian search. For example, in November 2012, Mt. Lebanon was notified by its then-custodian Bank of America that custodial services were no longer being offered for public pension funds. PFMAM provided Mt. Lebanon with a sample RFP as well as a list of our custodial contacts, helping Mt. Lebanon to select a new custodian by March 2013.

Although the PIAB may choose its own custodian, we are able to negotiate a highly competitive fee structure with U.S. Bank. A team of professionals at U.S. Bank will handle all aspects of the transition and ongoing custodial services.

The following is a summary of the primary fees charged by U.S. Bank:

<u>Asset-Based Custodial Fees</u>
First $100 million.................................0.025%
In Excess of $100 million.........................0.015%

<u>Transaction-Based Fees</u>
Trades (per trade)..................................$7.50
Benefit Payments (per check).....................$2.50

48) Are you willing to guarantee your fees for a specific period of time?

Yes. Our proposed fees are valid for the life of the contract.

49) If your firm accepts soft dollars, please describe how this would impact our fees.

PFMAM does not accept soft dollars.

ATTACHMENTS

50) Please provide the following additional attachments:

a. **Form ADV, Part II** – Please see Attachment A
b. **Sample Quarterly Report** – Please see Attachments B and C
c. **Certificates of Insurance** – Please see Attachment D
d. **Sample Agreement** – Please see Attachment E
e. **Composite Performance** – Please see Attachment F

III. Act 44 Standard Disclosure Form

APPENDIX A

ACT 44 DISCLOSURE FORM FOR ENTITIES PROVIDING PROFESSIONAL SERVICES TO THE MT. LEBANON, PENNSYLVANIA PENSION SYSTEM

CHAPTER 7-A OF ACT 44 OF 2009 MANDATES the annual disclosure of certain information by every entity (hereinafter **"Contractor"**) which is a party to a professional services contract with one of the pension funds of Mt. Lebanon, Pennsylvania (hereinafter the "**Requesting Municipality**"). Act 44 disclosure requirements apply to ***Contractors*** who provide professional pension services and receive payment of any kind from the **Requesting Municipality**'s pension fund. The **Requesting Municipality** has determined that your company falls under the requirements of Act 44 and must complete this disclosure form. You are expected to submit this completed form, to the Requesting Municipality below, **by May 15, 2015.** If, for any reason you believe that Act 44 does not require you to complete this disclosure form, please provide a written explanation of your reason(s) **by May 15, 2015**.

RETURN COMPLETED DISCLOSURE TO:

Andrew McCreery
Director of Finance
Mt. Lebanon, PA
710 Washington Road
Pittsburgh, PA 15228

amccreery@mtlebanon.org
412-343-3949

REQUIRED UPDATES:

Where noted, information in this form must be updated in writing as changes occur.

DEFINITIONS FOR DISCLOSURE

TERM:	DEFINITION:
CONTRACTOR	Any person, company, or other entity that receives payments, fees, or any other form of compensation from a municipal pension fund in exchange for rendering professional services for the benefit of the municipal pension fund.
SUBCONTRACTOR OR ADVISOR	Anyone who is paid a fee or receives compensation from a municipal pension system – directly or indirectly from or through a contractor.
AFFILIATED ENTITY	1. A subsidiary or holding company of a lobbying firm or other business entity owned in whole or in part by a lobbying firm; or 2. An organization recognized by the Internal Revenue Service as a tax-exempt organization under section 501(c) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501 (c)) established by a lobbyist or lobbying firm or an affiliated entity.
CONTRIBUTIONS	As defined in section 1621 of the Pennsylvania Election Code
POLITICAL COMMITTEE	As defined in section 1621of the Pennsylvania Election Code
EXECUTIVE LEVEL EMPLOYEE	**Any employee or person or the person's affiliated entity who**: 1. Can affect or influence the outcome of the person's or affiliated entity's actions, policies, or decisions relating to pensions and the conduct of business with a municipality or a municipal pension system; or 2. Is directly involved in the implementation or development policies relating to pensions, investments, contracts or procurement or the conduct of business with a municipality or municipal pension system.
MUNICIPAL PENSION SYSTEM	Any qualifying pension plan, under Pennsylvania state law, for any municipality within the Commonwealth of Pennsylvania; includes the Pennsylvania Municipal Retirement System.
MUNICIPAL PENSION SYSTEM OFFICIALS AND EMPLOYEES; MUNICIPAL OFFICIALS AND EMPLOYEES	**Specifically**, those listed on the next page, *"List of Pension System and Municipal Officials and Employees"*. Note: this list is intended to give the names of the major persons involved with the Municipal Pension System. Where applicable, includes any official or employee of the **Requesting Municipality**, whether listed or not.
PROFESSIONAL SERVICES CONTRACT	A contract to which the municipal pension system is a party that is: (1) for the purchase of professional services including investment services, legal services, real estate services, and other consulting services; and, (2) not subject to a requirement that the lowest bid be accepted.

List of Pension System and Municipal Officials and Employees

Certain requests for information in this form will refer to a **"List of Municipal Officials."** To assist you in preparing your answers, you should consider the following names to be a list of pension system officials and employees. Please note that we did not list every Municipal Official or Employee below, as we assume you will be able to identify these persons as part of your responses below. If you need a comprehensive list of employees, please contact the Municipal Manager. Throughout this Disclosure Form, the below names will be referred to as the ***"List of Municipal Officials."***

<u>Elected Officials</u>

	<u>2014</u>	**<u>2015</u>**
Commission:	**Kristen Linfante, President**	**John Bendel, President**
	John Bendel, Vice President	**Kelly Fraasch, Vice President**
	Steve Silverman	**Steve Silverman**
	David Brumfield	**David Brumfield**
	Kelly Fraasch	**Kristen Linfante**
Treasurer:	**Joseph Senko**	

<u>Appointed Officials</u>

Stephen Feller - Municipal Manager/ Secretary
Philip J. Weis - Solicitor

<u>List of Pension System Officials and Employees</u>

Commission
Municipal Manager, acting as Plan Administrator and Chief Administrative Officer

Pension Investment Advisory Board
Mark Mistretta, Chairman
Christopher McMahon
Mark Patrick Flaherty
Kevin Renne

IDENTIFICATION OF CONTRACTORS & RELATED PERSONNEL

CONTRACTORS: (See **"Definitions"** – page 2) Any entity who currently provides service(s) by means of a Professional Services Contract to the Municipal Pension System of the **Requesting Municipality**, please complete all of the following:

Identify the Municipal Pension System(s) for which you are providing information:

Indicate all that apply with an "X":

X	**Mt. Lebanon, PA Employee's Pension Plan**
X	**Mt. Lebanon, PA Police Officer's Pension Plan**
X	**Mt. Lebanon, PA Firemen's Pension Plan**
	Mt. Lebanon, PA Management Money Purchase Plan

****NOTE**: For all that follow, you may answer the questions / items on a separate sheet of paper and attach it to this Disclosure if the space provided is not sufficient. Please reference each question / item you are responding to by the appropriate number.

1. Please provide the names and titles of all individuals providing professional services to the **Requesting Municipality**'s pension plan(s) identified above. Also include the names and titles of any advisors and subcontractors of the Contractor, identifying them as such. After each name provide a description of the responsibilities of that person with regard to the professional services being provided to each designated pension plan.

   John Spagnola – Managing Director
   Marc Ammaturo – Managing Director
   John Molloy – Managing Director
   Biagio Manieri, Ph.D., CFA – Director of Research
   Mark Yasenchak, CFA – Senior Managing Consultant
   Margaret Belmondo – Senior Managing Consultant
   Tyler Braun, CFA – Senior Managing Consultant
   Teshome Gebremedhin – Senior Managing Consultant
   Matthew Tracy – Senior Analyst
   Alexander Goldsmith – Senior Analyst
   Alexander Abosi – Analyst
   Brian Carr, CFA – Analyst
   Tara O'Malley – Intern/Research Assistant
   Marie Nasevich – Senior Analyst
   Fan Yam – Senior Analyst
   Joseph Federico – Analyst
   Shane Crown - Analyst
   Amy Otten – Analyst
   Stephanie Rogers – Senior Associate

2. Please list the name and title of any ***Affiliated Entity*** and their ***Executive-level Employee(s)*** that require disclosure; after each name, include a brief description of their duties. **(See: Definitions)**

   None

3. Are any of the individuals named in **Item 1 or Item 2** above, a current or former official or employee of the **Requesting Municipality**?

   No

➡ **IF "YES",** provide the name and of the person employed, their position with the municipality, and dates of employment.

N/A

4. Are any of the individuals named in **Item 1 or Item 2** above a current or former registered Federal or State lobbyist?

No

➡ **IF "YES",** provide the name of the individual, specify whether they are a state or federal lobbyist, and the date of their most recent registration /renewal.

N/A

NOTICE: All information provided for items 1- 4 above must be updated as changes occur.

5. Since January 1, 2011, has the ***Contractor*** or an ***Affiliated Entity*** paid compensation to or employed any third party intermediary, agent, or lobbyist that is to directly or indirectly communicate with an official or employee of the ***Municipal Pension System*** of the **Requesting Municipality** OR, any municipal official or employee of the **Requesting Municipality** in connection with any transaction or investment involving the ***Contractor*** and the Municipal Pension System of the **Requesting Municipality?**

This question does not apply to an officer or employee of the ***Contractor*** who is acting within the scope of the firm's standard professional duties on behalf of the firm, including the actual provision of legal, accounting, engineering, real estate, or other professional advice, services, or assistance pursuant to the professional services contract with municipality's pension system.

No

➡ **IF "YES",** identify: **(1)** whom (the third party intermediary, agent, or lobbyist) was paid the compensation or employed by the ***Contractor*** or ***Affiliated Entity*****, (2)** their specific duties to directly or indirectly communicate with an official or employee of the ***Municipal Pension System*** of the **Requesting Municipality** (OR), any municipal official or employee of the **Requesting Municipality, (3)** the official they communicated with, and **(4)** the dates of this service.

N/A

6. **Since January 1, 2011**, has the ***Contractor,*** or any agent, officer, director or employee of the ***Contractor*** solicited a contribution to any municipal officer or candidate for municipal office in the **Requesting Municipality,** or to the political party or political action committee of that official or candidate?

No

➡ **IF "YES",** identify the agent, officer, director or employee who made the solicitation and the municipal officials, candidates, political party or political committee who were solicited (to whom the solicitation was made).

N/A

7. **Since January 1, 2011:** Has the ***Contractor*** or an ***Affiliated Entity*** made any contributions to a municipal official or any candidate for municipal office in the **Requesting Municipality?**

No

➡ **IF "YES",** provide the name and address of the person(s) making the contribution, the contributor's relationship to the Contractor, The name and office or position of the person receiving the contribution , the date of the contribution, and the amount of the contribution.

N/A

8. Does the ***Contractor*** or an ***Affiliated Entity*** have any direct financial, commercial or business relationship with any official identified on the ***List of Municipal Officials*** or any other official of the **Requesting Municipality?**

****<u>NOTE:</u>** A written letter is required from the **Requesting Municipality** acknowledging the relationship and consenting to its existence. The letter must be attached to this disclosure. Contact the **Requesting Municipality** to obtain this letter and attach it to this disclosure before submission.

No

➡ **IF "YES",** identify the individual with whom the relationship exists and give a detailed description of that relationship.

N/A

9. Has the ***Contractor*** or an ***Affiliated Entity*** given any gifts having more than a nominal value to any official, employee or fiduciary (i) of the ***Municipal Pension System*** of the **Requesting Municipality** or (ii) of the **Requesting Municipality**?

No

➡ **IF "YES,"** Provide the name of the person conferring the gift, the person receiving the gift, the office or position of the person receiving the gift, specify what the gift was, and the date conferred.

N/A

10. Disclosure of political contributions in the Commonwealth of Pennsylvania
Applicability: A "yes" response <u>is required</u> and full disclosure is required **<u>ONLY WHEN ALL</u>** of the following applies:
a) The contribution was made within the last 5 years.
b) The contribution was made by an officer, director, executive-level employee or owner of at least 5% of the ***Contractor*** or ***Affiliated Entity.***
c) The amount of the contribution was at least $500 and in the form of:
  1. A single contribution by a person in (b.) above, **<u>OR</u>**
  2. The aggregate of all contributions all persons in (b.) above;
d) The contribution was for
  1. Any candidate for any public office or any person who holds an office in the Commonwealth of Pennsylvania;
  2. The political committee of a candidate for public office or any person that holds an office in the Commonwealth of Pennsylvania.

No

➡ **IF "YES",** provide the name and address of the person(s) making the contribution, the contributor's relationship to the ***Contractor***, The name and office or position of the person receiving the contribution (or the political entity / party receiving the contribution), the date of the contribution, and the amount of the contribution. NOTE: this information must be updated annually.

N/A

11. With respect to your provision of professional services to the Municipal Pension System of the **Requesting Municipality:**
Are you aware of any apparent, potential or actual conflicts of interest with respect to any officer, director or employee of the ***Contractor*** and officials or employees of the **Requesting Municipality?**
NOTE: If, in the future, you become aware of any apparent, potential, or actual conflict of interest, you are expected to update this **Disclosure Form** immediately in writing by:
    - Providing a brief synopsis of the conflict of interest (and);
    - An explanation of the steps taken to address this apparent, potential, or actual conflict of interest.

No

➡ **IF "YES",** Provide a detailed explanation of the circumstances which provide you with a basis to conclude that an apparent, potential, or actual conflict of interest may exist.

N/A

12. To the extent that you believe that **Chapter 7-A of Act 44 of 2009** requires you to disclose any additional information beyond what has been requested above, please provide that information below or on a separate piece of paper.

N/A

Please provide the name(s) and position(s) of the person(s) participating in the completion of this Disclosure. **One of the individuals** identified by the ***Contractor*** in ***Item #1*** above must participate in completing this Disclosure and must sign the below verification attesting to the participation of those individuals named below.

Name: **Marc Ammaturo**	**Name:** **Dana Shanaberger**
Position: **Managing Director**	**Position:** **Compliance Analyst**
Name: **Erica Garthwaite**	**Name:**
Position: **Senior Analyst**	**Position:**
Name:	**Name:**
Position:	**Position:**

PFM Asset Management LLC
FIRM NAME

M. A.
SIGNATURE

Managing Director
TITLE

Marc Ammaturo
PRINTED NAME OF SIGNER

April 30, 2015
DATE

VERIFICATION

I, Marc Ammaturo, hereby state that I am Managing Director for
(Name) (Position)

PFM Asset Management LLC and I am authorized to make this verification.
(Contractor)

I hereby verify that the facts set forth in the foregoing Act 44 Disclosure Form for Entities Providing Professional Services to the Mt. Lebanon, Pennsylvania Pension System are true and correct to the best of my knowledge, information and belief. I also understand that knowingly making material misstatements or omissions in this form could subject the responding Contractor to the penalties in Section 705-A(e) of Act 44.

I understand that false statements herein are made subject to the penalties of 18 P.A.C.S. § 4904 relating to unsworn falsification to authorities.

M. A.

Signature

April 30, 2015

Date

IV. Attachments

A. Form ADV, Parts 2A & 2B

PFM Asset Management LLC

One Keystone Plaza, Suite 300
N. Front & Market Streets
Harrisburg, PA 17101-2044

717-231-6200 phone
717-233-6073 fax

www.pfm.com

3/30/2015

FORM ADV PART 2
BROCHURE

This brochure provides information about the qualifications and business practices of PFM Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at pfmamrequest@pfm.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about PFM Asset Management LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for PFM Asset Management LLC is 122141.

PFM Asset Management LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Notice of Material Changes

There are no "material changes" to the Brochure since our last amendment. We may, at any time, update this Brochure and if we do, we will either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form). If you would like another copy of this Brochure, please download it from the SEC website as indicated above or you may contact our Chief Compliance Officer, Leo Karwejna, at 717-231-6200 or at pfmamrequest@pfm.com.

Table of Contents

Item 4 -Advisory Business

Public Financial Management, Inc. ("PFM, Inc.") was founded in 1975 to provide independent financial advisory services to the public sector. PFM, Inc. began providing investment advisory services to public entities in 1980. In 2001, PFM Asset Management LLC ("PFMAM") was created as the entity through which investment advisory services are provided. Collectively, both PFM, Inc. and PFMAM are referred to as the PFM Group of companies ("the PFM Group").

PFM, Inc., PFMAM and other related businesses within the PFM Group are organized in a holding company structure, and are indirect, wholly owned subsidiaries of the holding company, named PFM I, LLC. On June 30, 2014, PFM Inc., PFMAM and the other operating companies within the PFM Group closed on a transaction which resulted in the PFM Group's senior employees ("Managing Directors") acquiring the equity interests of outside investors in PFM I, LLC, so that all equity interests in PFM I, LLC are now owned by the Managing Directors.

PFMAM is a Delaware limited liability company.

As of December 31, 2014, the amount of client assets we managed on a discretionary basis was $52,977,622,772 and the amount we managed on a nondiscretionary basis was $1,911,028,716. In addition, as of December 31, 2014, we provided investment consulting services with respect to assets in the amount of $48,483,478,869.

We offer the following types of investment advice:

1. Discretionary Advice.

We offer discretionary advisory services for government, nonprofit and other institutional investors who invest in fixed income and multi-asset class strategies. When a client gives us investment discretion, we have the authority to determine, without obtaining specific approval, (1) overall asset allocation, (2) the manager or sub-adviser to be utilized for the portfolio, (3) the specific securities to be bought and sold, (4) the amount of securities to be bought and sold and (5) the broker or dealer through which the securities are bought or sold, These decisions are subject to limitations of state law and any other restrictions in the contract with our client and limitations in our client's written investment policies. Under these types of engagements, we assume day-to-day management responsibility for the assets covered by the investment advisory agreement. Examples of the securities we may recommend include U.S. Treasury securities, Federal Agency securities, high-grade corporate obligations, mortgage and asset backed securities, institutional mutual funds, and money market instruments. We arrange for the purchase and sale of these securities to meet the investment objectives and cash flow requirements of each client.

We manage fixed-income portfolios, often on a total return basis. We also implement liability-driven strategies that seek to generate cash flows from a portfolio of fixed-income securities to match specific liabilities such as bond-funded construction draws or insurance liabilities.

For some of our clients, including trusts, pension plans, endowments, foundations, other post-employment benefits (OPEB) plans or other similar asset pools, we serve as a discretionary manager to invest a client's assets in multiple types of investments. Generally these accounts include a variety of asset classes, which may include domestic equity, international equity, fixed-income, and other alternative asset classes.

We provide multi-asset class investment services in two forms. One form is a wrap fee program known as the Managed Accounts Program (MAP), where we charge a single fee to include investment advisory, third-party custody and administrative services. We are no longer marketing MAP to new clients. The other is a general discretionary form where we unbundle some of the service fees, which allows the client to separately negotiate these fees (for example, custody fees). This form of multi-asset class management is referred to as a fund of funds approach. It may also be described as outsourced CIO, implemented consulting and a variety of other generic terms. In each of these two general forms of management, we work with the client to determine a target asset allocation based on a variety of risk and return characteristics. We then implement the asset allocation, either by buying shares of mutual funds (including ETF's) and/or pooled funds or other investment vehicles (collectively, "Funds"), or by selecting separate account managers who will manage separate accounts of specific asset classes and/or strategies ("Investment Sub-Advisers").

Under the fund of funds approach, we have discretion to make the initial selection of the Funds or Investment Sub-Advisers. We also provide ongoing periodic monitoring services by evaluating the Fund's or the Investment Sub-Adviser's portfolio management philosophy, policies, processes, controls, personnel and investment performance. Clients who hire us give us authority to change, drop or add Funds or Investment Sub-Advisers. The client generally gives the Investment Sub-Advisers both investment and brokerage discretion in managing its portion of the portfolio. We give these clients periodic reports on the investment performance of the various Funds, Investment Sub-Advisers and the portfolio as a whole.

We assist clients in establishing the basis for asset allocation by preparing a written investment strategy. These clients give us authority to re-allocate assets and to change, eliminate or add managers or investments within the scope of the investment strategy.

2. Services to Registered Investment Companies and Local Government Investment Pools

PFMAM currently provides investment advisory and/or administrative services to 14 pooled investment programs across 13 states, as well as to one registered investment company whose series or classes are registered in multiple states. We generally provide administration and transfer agency services and an affiliate generally provides distribution services as described in this document.

3. Nondiscretionary Advice

We also may provide advice on a nondiscretionary basis where we offer clients investment recommendations, subject to their specific approval and further execution instructions. In this case our client makes trades directly or specifically approves our purchase or sale of specific securities, including certificates of deposit and other fixed-rate investments.

4. Consulting Services

We also provide nondiscretionary investment consulting services to:

- public, Taft-Hartley and corporate pension funds;
- hospital endowments and foundations;
- trusts;
- OPEB plans; and
- other similar institutional investors.

These consulting services consist of overseeing a client's portfolio where we have not been given authority to buy or sell securities in the portfolio. We typically begin these services by assessing the client's investment objectives, time horizon and risk tolerance. Using this information, we then propose asset allocation models within the investment guidelines which the client gives us. We may also assist in writing an investment policy which provides details about the objectives, diversification, quality and performance measurement of the portfolio. We also make recommendations on the selection of money managers, pooled trusts or mutual funds to carry out the client's investment strategy. Once our client puts the investment policy into place, we report quarterly to the client on the investment performance. We also report on whether an investment manager chosen follows its particular style, and whether our client's portfolio complies with its investment policy.

We also provide consulting services to OPEB plans and pension plans. These services involve financial reporting, analyzing cash flow implications of different funding strategies, and other matters relating to the OPEB benefits or pension benefits and funding arrangements. Often we perform these services by cooperating with our client's other professional advisors, such as the client's accountant or actuary.

5. Structured Products

We also provide analytical services for designing and procuring portfolios in connection with the current or advance refunding of municipal bonds and the investment of bond proceeds. For these engagements we arrange for purchases of specific securities that are generally government obligations or for structured investments such as forward delivery agreements. On our client's behalf, we arrange these purchases by obtaining bids on a competitive basis or in rare instances by negotiating on behalf of our client.

6. Treasury Consulting Services

We also provide clients with services to assist with the structure and design of third-party banking and custody services, evaluate the services offered by banks, and re-bid banking services. For each client, we conduct a detailed assessment of current banking arrangements. We evaluate the client's needs, analyze existing banking relationships, review how bank services fit into cash management and investment systems, and make specific recommendations to improve certain systems.

7. General Approach to Advisory Services

We tailor our advisory services taking into account following factors:

- the services that the client has requested;
- the client's investment objective;
- the client's investment policy;
- the client's time horizon; and
- risk tolerance.

A client may impose additional restrictions on the types of securities in which we can invest, or on the maturity of securities. We adhere to any investment restrictions provided by the client.

Item 5 - Fees and Compensation

The fees we charge to our advisory clients vary depending upon a number of factors including the types of investments permitted, the personnel providing the advisory services, the particular strategy, the size of portfolio being managed, the relationship with the client, and service requirements associated with the account.

Fees may also differ based on account type (e.g., a commingled, pooled account or a separate individual portfolio account).

Fees are negotiable so one client may be paying a higher fee than another client with similar investment objectives or goals.

1. Discretionary Advice

We generally receive compensation for fixed income separate account management based on a percentage of assets we manage. We receive this compensation after a service is provided, and we bill in arrears on a monthly basis. As a general guideline, we charge the following fees for investment advisory services for fixed income accounts:

Assets Under Management	Annual Rate
First $25,000,000	0.25%
Assets in Excess of $25,000,000	0.15%

Some clients may receive lower fees than this, based on the nature of the mandate or the size of the accounts.

As a general guideline for the multi-asset class management discretionary form, we charge the following fees for investment advisory services:

Assets Under Management	Annual Rate
First $10,000,000	0.45%
Next $10,000,000	0.35%
Next $30,000,000	0.25%
Next $50,000,000	0.20%
Assets in Excess of $100,000,000	0.15%

For multi-asset class discretionary management accounts using index investments only, a 10 basis point discount may be applied to all fee levels below 45 basis points.

For certain accounts, we may charge a minimum fee. However, when a fee for an account, as calculated above, exceeds the minimum fee, the calculated fee applies, rather than the minimum fee.

We use the following fee structure as a general guideline for MAP, which is no longer open to new clients:

Assets Under Management	Annual Rate
First $5,000,000	1.00%
Next $5,000,000	0.85%

Next $10,000,000	0.75%
Assets in Excess of $20,000,000	0.60%

These MAP fees include the following services: asset management, investment advisory and custody. However, the MAP fee does not include front or back-end fees for the mutual or pooled funds we select, any taxes or fees of attorneys, accountants, auditors or other professionals advising the client. A portion of the fee for MAP may be used to compensate the Investment Sub-Advisers

2. Registered Investment Company and Pools

The fees we charge for the investment services we provide to the registered investment company and local government investment pools vary by program. Typically the fee schedule includes various breakpoints depending on asset levels, and may include fee caps or waivers which can be triggered by the overall expense ratio of the pool. We may also receive compensation for providing marketing, administrative and transfer agent services to the registered investment company shareholders and to investors in the local government investment pools.

We generally provide these administrative, transfer agent and marketing services as an integral part of our investment advisory services, and the fees we receive for these services usually may be included as a component of the investment advisory fees we charge.

3. Nondiscretionary Advice

We generally charge fixed fees for these services, depending upon the services that the client requests, and the complexity of the services. We also offer nondiscretionary advice on certificate of deposit investment programs, which are designed to provide clients with a fixed rate to a targeted maturity. Fees typically range up to 0.25% per annum of the cost of the investment purchased by our clients. Under the certificate of deposit programs, we provide clients with the option to set aside moneys in client accounts to be paid to us after we have performed the service.

4. Consulting Services

For full-service investment consulting services where we have not been given authority to buy or sell securities in the portfolio, we generally charge clients either a fixed fee or a fee that is based on a percentage of assets. The fixed fee is based on the size of the portfolio, complexity, and scope of services which our client wants us to perform. As a general guideline, we charge asset-based fees in a range from 0.05% to 0.30% annually, based on the characteristics listed above. From time to time, we charge hourly fees for these types of services.

For consulting services and reports we provide to OPEB plans, we charge a fixed fee generally in the range of $10,000 to $150,000, depending on the specifics of the services we agree to provide.

5. Structured Products

In these types of engagements, we usually charge a fixed fee. The client may pay the fee, or it may instruct the investment contract counterparty or underwriter in writing to pay our fee on the client's behalf. We and our clients agree upon a fee for each one of these engagements and the fee is a function of the size and complexity of the engagement. As a general guideline, the typical fee for investment of municipal bond proceeds in a structured investment, or in a refunding bond escrow structuring and procurement engagement, is less than or equal to .2% of the cost of the portfolio or the sum of the total deposits under the agreement. In limited circumstances, the fee will be higher, often because the portfolio is very small in size.

6. Other Important Information about Our Compensation

Because we tailor our services to the individual needs of a client, we may offer clients more than one of the services mentioned above. In addition, we may also provide services not mentioned above, such as assisting our clients with a one-time purchase or sale of securities. The fees we charge are negotiable and vary depending upon the particular services we perform and the complexity and extent of the work we provide.

We may charge a minimum fee for small accounts, as explained in Item 5 above. Certain of the portfolios of the local government investment pools and short term certificate of deposit purchase programs for which we serve as administrator and/or investment advisor have minimum investment requirements of between approximately $50,000 and $1,000,000. Other than these minimum fee requirements, there are no other requirements for opening or maintaining the account.

All fees are payable to us only after we perform the services; we do not require our clients to pay our fees in advance. Under the majority of our investment advisory engagements, clients authorize us to deduct fees from their investment accounts after they are notified. Under some engagements, we bill the client for our fees. The method of payment of our fees is subject to negotiation, and clients have the ability to choose the method of payment, depending on the type of service. For most of our accounts, we bill monthly in arrears. Under some client contracts, we bill the client quarterly. For some services, we bill the client on a one-time basis only when we complete the service.

For services we provide, other than those under our Managed Accounts Program (MAP), clients are responsible for their own custody and legal fees and taxes, if any. For the services we provide under our MAP, we charge clients a wrap fee. The wrap fee covers fees payable to the portfolio managers of the funds we choose for our MAP and the fee we pay to the custodian for MAP for custodial and administrative services. The portion of the wrap fee paid to portfolio managers of mutual funds generally is in the form of the expense ratios and is deducted automatically by the mutual fund company from the assets invested in the funds. We receive the remainder of the wrap fee, and apply a portion of the fee to pay the custodian pursuant to agreements between the custodian and us. We no longer offer MAP to new clients; a copy of the MAP wrap fee program brochure is available upon request.

We have a wholly-owned subsidiary, PFM Fund Distributors, Inc., which is a broker-dealer under the Securities Exchange Act of 1934. PFM Fund Distributors, Inc. typically serves as exclusive distributor of shares of a registered investment company and local government investment pools (Pooled Funds) for which we serve as investment adviser and/or administrator and we receive fees from this arrangement, as more fully described in Item 10, below.

No supervised person of our affiliated broker-dealer is compensated for the sale of securities.

PFMAM employees are paid a base salary plus a year-end bonus. The annual bonus is dependent upon the profitability of the firm, each group's contribution to the overall profitability of the firm, and each individual's contribution to the group's success. PFMAM personnel may also receive a portion of their bonus based on marketing success. The firm's compensation plan is intended to recognize and reward excellent performance on the part of individuals; however, no PFMAM employee is compensated on a commission or investment transaction-related basis. Managing Directors also have the obligation to buy stock in the PFM Group as part of the bonus process.

Item 6 - Performance-Based Fees and Side-By-Side Management

In rare instances, we enter into advisory agreements under which the client pays us a fee, part of which is performance based. For example, we have entered into agreements where the client pays us all or part of our fee to the extent that the performance of the portfolio we manage exceeds a predetermined benchmark, measured over a designated period of time. We manage both accounts that are charged a performance-based fee and accounts which are charged other fees, typically a percentage of the value of assets managed. To address any concern that we may have an incentive to favor certain investment opportunities for a performance-based account, we follow written procedures designed to allocate trades on an equitable basis considering the investment objectives of the account and without regard to whether an account has a performance-based fee. Accounts with the common objectives and permitted investments should receive a fair allocation of trades over time.

Item 7 - Types of Clients

PFMAM provides investment advisory services to state and local governments and their agencies, local government investment pools, non-profit organizations, pension and OPEB funds, corporations and other institutional clients. For information concerning minimum fee requirements, please see Item 5 above.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Fixed-Income Portfolios – Analysis and Strategy

Overall strategies are developed by the Fixed-Income Investment Committee which considers the macroeconomic and interest rate conditions described below. We use a variety of analyses as well as internal and external data sources and market research. External sources include various news and information sources, books, governmental bulletins, data bases, research prepared by others and publications from rating agencies, unaffiliated broker-dealers and third-party information providers. We also collect information from clients to determine their liquidity requirements, risk tolerances and any other policies or procedures that guide the investment of the client's assets.

Within the investment objectives and other requirements of the particular client, for clients whose objectives are measured by total return or income, our investment approach emphasizes the use of active management strategies that seek to add value while limiting market and credit risk. For liability-driven investment portfolios, such as those funded with bond proceeds and used to pay project costs, we identify securities whose cash flows are expected to meet a draw schedule and we modify the portfolio as the draw schedule changes or as investment opportunities present themselves, although in the latter case the draw schedule is considered when making modifications.

Our Fixed-Income Active Management Process

The following describes our fixed-income investment strategy:

- Disciplined decision making process;
- Duration positioning to manage risk: generally slightly short of relevant benchmarks, policy of no more than +/- 25%, which protects the market value of the portfolio;
- Seeks out relative value through spread analysis, yield curve positioning, sector weightings and duration management; and
- Does not employ market timing or make significant duration bets.

We use top-down analysis to assess macroeconomic conditions including interest rates, the shape of the yield curve, Federal Reserve monetary policy, and current and historical yield spreads between sectors. Top-down analysis is a key element of our duration and sector allocation decision-making process. We believe identifying macro-level trends in these areas is important for adding value, controlling risk, and lowering volatility.

We use a careful bottom-up approach to security selection that seeks to identify those industries and issuers with fundamental characteristics and financial strength that enhances their potential to perform well. We seek to combine fundamentally sound investments into a portfolio that optimizes return potential in consideration of investment guidelines or restrictions.

Lastly, we incorporate low-risk active management techniques designed to enhance our relative value approach. We believe active management can capture market inefficiencies that create opportunities for return enhancement. While we expect that every security we buy will be suitable to hold to maturity, we frequently identify opportunities to swap one investment for another to increase earnings, adjust portfolio duration, improve liquidity, or restructure the portfolio to better meet future needs.

We specialize in managing short and intermediate-term fixed-income assets of governmental entities, so we have tailored our research capabilities and resources to this area of the market. Our portfolio managers and analytical team have access to three major on-line market trading systems, Bloomberg, MarketAxess, and TradeWeb. These systems provide active market quotes, including real-time Bloomberg and TradeWeb securities pricing services. We also have access to news from Dow Jones, the Associated Press, Bloomberg News, and several specialized news services. In addition, we communicate daily with approximately 30 major government securities dealers and receive market information from them that assists us in identifying specific market opportunities. We supplement these external systems and data sources with proprietary trading tools, which we have developed.

After factoring in a conservative posture which ensures that cash flow requirements are met, we will position a portfolio's duration to take advantage of expected interest rate movements: positioning with a shorter bias when we expect rates to rise and longer when we expect rates to fall. We establish a duration (or average maturity) target for the portfolio based on our macro view of the economy and the financial markets, the type of funds, cash-flow analysis and benchmark chosen by our clients. We add value by re-balancing the portfolio to take advantage of market opportunities and in anticipation of interest rate movements. Duration limits are established by our Fixed-Income Investment Committee and may be provided to and evaluated with our clients' staff on a regular basis as a management and oversight tool.

While maintaining the target duration range for a portfolio, we add value through asset allocation strategies which involve sector selection (security type), curve placement (maturity), spread analysis and issue selection (individual issuer). Our overall view of the economy provides the context for selecting maturities which represent the best relative value along the yield curve and the highest potential for enhanced return by "rolling down the curve" and for selecting specific securities within a sector. We think there is a significant opportunity to enhance earnings with a strategy that focuses on the selection of securities based on relative value. Sectors are selected which represent the best relative value based on our sector outlook and historical sector spreads. Investments other than Treasuries are purchased when spreads are wide and avoided or swapped out when spreads are narrow. Our portfolio managers and traders are assigned to specific market sectors in order to monitor products and opportunities and these responsibilities run across all portfolios.

Individual issues are selected based on our assessment of issuer quality and rating, interest rate spread, credit trends, issue structure and liquidity. Portfolios are generally diversified by security type and maturity to avoid a significant investment in a single issuer and to accommodate varying cash flow needs to provide periodic liquidity. We perform extensive proprietary analysis on the yield curve to identify "cheap" areas of the curve, and to evaluate a variety of portfolio structures. Using the results of this analysis, our portfolios are frequently over-weighted in certain maturities, and are structured in either a "bullet", "barbell" or "laddered" construct to provide optimal performance.

Fixed-Income Portfolios – Risk

Our fixed-income strategies, like all investment strategies, involve certain risks. For portfolios whose investments are limited to obligations of the U.S government we believe the risk of default is minimal; for those invested in obligations of Federal agencies, we believe the risk is nearly as low as it is for direct obligations of the U.S. government. Portfolios whose investments include corporate and municipal obligations are subject to the risk that an issuer will fail to pay principal or interest on a timely basis, while those containing mortgage-backed securities are subject to the risk of uncertain timing of principal payments. In order to manage risks we seek to diversify portfolio holdings and we limit our investments in corporate and municipal obligations and in mortgage-backed securities to those that are high grade.

Portfolios are also subject to interest rate risk. This is because the market value of securities changes as interest rates change, with a rise in rates reducing market values and a decline in rates increasing market values. Changes in interest rates affect longer maturity securities more than they affect shorter maturity securities. We manage this risk by varying the duration of portfolios other than those that are liability-driven in accordance with our outlook for interest rates and by managing these portfolios within duration ranges. Nonetheless, investors should expect to experience interest rate volatility in short-term fixed income portfolios and total return volatility which can include unrealized losses in excess of periodic income in intermediate and longer-term portfolios. Although the investment strategies we employ do not involve significant or unusual risk beyond that of the general domestic fixed-income markets, investors need to recognize that investing in securities involves a risk of loss that the investor should be prepared to bear. Past performance is not a guarantee of future returns.

The risk of our top-down strategy is that our macro view of the economy and financial markets is wrong and we position a portfolio's duration or sector allocation in a manner that is not optimal. We seek to manage this risk by limiting variations from duration or maturity targets other than those that are liability-driven and by diversifying holdings among security types. For liability-driven investment portfolios, we seek to minimize market risk by approximately matching portfolio cash flows with expected liabilities.

The risk of our bottom-up strategy is that securities that we include in a portfolio because they are perceived to have relative value may later lose value when compared with other securities. We seek to manage this risk by careful and systematic analysis of relative values by performing credit analysis on issuers of securities we recommend and by diversifying holdings.

Frequent trading of securities can create higher overall transaction costs and these will reduce portfolio income. We do manage portfolios actively and we seek to minimize trading costs by recommending liquid issues that are actively traded in the markets and by utilizing competitive bidding wherever feasible.

Multi-Asset Class Asset Management – Analysis and Strategy

The Multi-Asset Class Investment Committee plays a key role in the investment services delivered to clients by establishing asset allocation targets and approving managers/funds for all discretionary multi-asset class accounts. The Multi-Asset Class Investment Committee provides investment and portfolio risk oversight for investment decisions, and convenes regularly to discuss any changes necessary.

We use a consistent approach to multi-asset class accounts that involves portfolio planning, risk assessment, asset allocation determination, manager selection, and performance reporting. The primary difference between discretionary and nondiscretionary types of accounts relates to who provides direction relating to the allocation of assets to separate account managers and the execution of mutual fund buy and sell transactions. For discretionary accounts, we are authorized to instruct the custodian to rebalance the portfolio, move assets among separate account managers and/or to arrange for the purchase or sale of mutual fund holdings.

We believe that the asset allocation decision is the most important factor in determining the expected investment return between two different portfolios. Therefore, rigorous adherence to a disciplined process is critical in determining the amounts that will ultimately be allocated to equities, fixed income and other investments.

Compiling Capital Market Assumptions

Our Capital Market Assumptions are determined by the Multi-Asset Class Investment Committee through a comprehensive and ongoing process developed by our investment professionals. Our assumptions are for intermediate- and long-term returns in a wide range of asset classes.

- For the intermediate term (five years), our Capital Market Assumptions are derived from our assessment of current economic conditions, including corporate profits, balance sheets, and current valuations for various asset classes.
- Our long-term assumptions (thirty years) are derived using an economic building block approach that projects economic and corporate profit growth, and that takes into consideration the fundamental factors driving long-term real economic growth, and our expectation for inflation, productivity and labor force growth.

The next steps would be completed in collaboration with prospective clients:

Engaging in a Portfolio Planning Survey

We would begin the asset allocation process by reviewing a detailed portfolio planning survey with the prospective client. The survey is designed to facilitate a discussion of all of the asset classes to determine which should be permitted in the final overall allocation.

In addition, through a series of questions, the survey would bring to light information about goals, objectives, cash flow projections, risk tolerance, ability to withstand losses, as well as the view of the economy and the markets. In summary, the portfolio planning survey documents the level of expectations so that everyone understands the goals that have been set for the investment of the assets.

The survey results are updated periodically during an ongoing engagement as client circumstances change.

Determining Asset Allocation Structure

The information from the portfolio planning survey and the Capital Market Assumptions is used to design and keep current an asset allocation plan for the client. We use a modeling program from Ibbotson Associates, along with an internally-built modeling program, which allows us to conduct a more detailed asset/liability modeling study. Each model uses the latest historical data on asset class investment returns, volatility, and correlation with other asset classes along with our Capital Market Assumptions to determine an "optimal" portfolio.

Selecting an Appropriate Asset Mix

A series of tests is run on each model to determine the probability of achieving the desired investment objective under different market scenarios. Existing funding requirements may override the more subjective "tolerance for loss." We use this process, to help inform our clients of the range of possibilities associated with each asset allocation plan, and to identify a plan that best meets the expectations set forth in the portfolio planning survey.

Investment Manager Selection

Our research team is focused on monitoring the investment products included in our client portfolios. The research analysts are assigned to a specific asset class for which they are responsible. Both the research analysts and our Director of Research correspond with investment managers on a regular basis and meet with investment managers routinely to maintain an understanding of each manager's investment process and strategy. As part of the ongoing manager due diligence, the research analysts run a series of risk/return statistics, peer universe analysis, portfolio attribution and style analysis on all of the investment products in our clients' portfolios to ensure they continue to be an appropriate component of the overall portfolio. As a result, our research team is able to provide the clients with valuable information about potential investment managers.

Rebalancing

We evaluate a client's portfolio regularly to determine the need for rebalancing the portfolio based on factors including current allocation targets, perceived assessment of relative value, and changes in Capital Market Assumptions. For multi-asset class portfolios where we have discretion we establish target levels for each asset class in the planning stages along with a minimum /maximum range and may update these as our Capital Markets Assumptions and market conditions change. These parameters are input into the client's investment policy statement and are illustrated in the quarterly reports. We have invested in software that allows our staff to monitor compliance of a client's portfolios.

Ongoing Monitoring

We will monitor a client's asset allocation, as well as the portfolio's money managers/mutual funds on an ongoing basis through detailed analysis and our proprietary manager ranking system. For our discretionary accounts, we place a manager or fund on the watch list as a result of lagging performance, poor risk metrics and/or qualitative issues, among other things. Removal from the watch list is typically based on several quarters of improved performance against peers and an appropriate benchmark or remediation of other issues. If problems endure, probation is a subsequent step in the process of reviewing managers. Ultimately, if the problem persists, our Multi-Asset Class Investment Committee approves a termination recommendation.

We continually evaluate the economy, financial markets, and correlation of asset classes to assess whether a client's asset allocations are appropriate, as well as rebalance the portfolio if necessary. We regularly interview managers and visit their operations to ensure that they remain the most appropriate vehicle for our client's investments. Strategic allocation decisions, rebalancing, and re-evaluating managers are all part of the ongoing monitoring process.

Performance Reporting

We provide performance reporting on a quarterly basis. Each client will receive a report containing its own performance measures allowing the client to review its plan and its investment managers' performance versus the established benchmark, while monitoring cash flows and other financial indicators. The report includes a review of the economy, financial markets, and our investment strategy. We also organize quarterly conference calls/meetings to give a client a better understanding by hearing from the people who are making the asset allocation and investment manager decisions.

Multi-Asset Class Asset Management – Risk

Although the investment strategies we employ do not involve significant or unusual risk beyond that of the general markets for international and domestic equities, fixed income, publicly traded real estate, and other investments we recommend, investors need to recognize that investing in securities involves a risk of loss that an investor should be prepared to bear. In order to manage the risks inherent in these markets, we employ a diversified approach, blending equity, fixed income, and cash based securities, in a manner that is designed to meet the client's risk tolerance, with the objective of reducing the risk of long term losses. Past performance is not a guarantee of future returns.

Investing in cash, fixed income, and equity funds through separate account managers, mutual funds or ETFs involves risk. Each asset class has its own idiosyncratic risk and return characteristics. In modeling portfolios for our clients, we assess the individual characteristics of asset classes, from a historic and forward looking point of view, to optimize the best blend given the client's investment objectives and tolerance for risk. The range of probabilities examines extreme conditions (worst loss, maximum drawdown) over rolling one, five and ten year periods from a historic standpoint (losses for portfolios with heavy allocations of equities can be large in extreme market conditions as evidenced by the global financial crisis of 2008. Portfolios with heavy concentration of equities experienced losses of up to 30% or more during the worst period of peak to trough returns). The analysis also provides a 90% probability analysis of future geometric returns and minimum and maximum investment returns for one, five and ten year periods. Because our clients' investment time horizons typically exceed five years, this form of analysis gives them a context for the range of possibilities of investment returns at the total fund level and the individual asset class level.

A higher overall equity allocation will result in the assumption of a greater degree of risk. The annual standard deviation of returns for equities falls in the 17 – 22% range, and for fixed income in the 5 - 10% range, so clients should expect wide potential volatility of returns from each individual asset class in any one given year.

Consulting Engagements – Analysis Strategy and Risk

For multi-asset class consulting engagements where we do not have discretion, the methods and analysis generally are similar to those for discretionary accounts as described above. However, determining asset allocation, setting an appropriate asset mix and manager selection are the responsibilities of the client, and not us. We generally make recommendations and report the results of reviews at quarterly client meetings and follow client direction with regard to the selection of managers and re-balancing accounts. As directed by the client, managers may include those that are not approved for our discretionary accounts. In cases where a client directs assets to a manager that is not approved, the level of ongoing diligence we perform may be limited and clients acknowledge this in writing. Risk for these accounts is similar to risk for discretionary multi-asset class accounts.

Item 9 - Disciplinary Information

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of our advisory business or the integrity of our management. We do not have any disclosure items of this nature.

Item 10 - Other Financial Industry Activities and Affiliations

Our wholly-owned subsidiary, PFM Fund Distributors, Inc. (PFMFD), is registered as a broker-dealer under the Securities Exchange Act of 1934. Its sole activities are to serve as exclusive distributor to the registered investment company and local government investment pools (Pooled Funds) for which we serve as investment adviser and/or administrator. One of the managers of our company, Martin Margolis, is a registered principal of PFMFD.

If our client invests in a Pooled Fund, we disclose this relationship to the client, through the Form ADV Part 2A and the offering statement for the Pooled Fund. In addition, our investment advisory agreement with the client provides that if we invest client assets in a Pooled Fund, we will not take these assets into account for purposes of calculating our fees under the client's investment advisory agreement.

We serve as administrator and investment adviser to PFM Funds, a diversified, open-end management registered investment company offering money market funds to governmental entities and other institutional investors. We may enter into arrangements with a third party to compensate it for service it provides to us in our role as administrator to PFM Funds, or in PFMFD's role as distributor to PFM Funds. Such compensation payable to the third party is paid out of the fee we receive from the client. We also serve as administrator and/or investment adviser to the following local government investment pools:

- California Asset Management Trust (CAMP);
- Florida Education Investment Trust Fund (FEITF) (adviser and distributor only)*;
- Illinois Trust;
- Massachusetts Finance Development Agency Short-Term Asset Reserve Fund (Mass STAR);
- Michigan Liquid Asset Fund Plus (MILAF+);
- Minnesota Association of Governments Investing for Counties (MAGIC);
- Minnesota School District Liquid Asset Fund Plus (MSDLAF+);
- Missouri Securities Investment Program (MOSIP);
- Nebraska Liquid Asset Fund (NLAF);
- New Jersey Asset & Rebate Management Program (NJ/ARM);
- Pennsylvania Local Government Investment Trust (PLGIT);
- Pennsylvania OPEB Trust (adviser and distributor only);
- TexasTERM Local Government Investment Pool (TexasTERM); and
- Wyoming Government Investment Fund (WGIF).

* As of February 23, 2015, we assumed duties as administrator to FEITF.

PFMFD serves as distributor to all of these pools except for WGIF.

We have no arrangements for direct or indirect compensation with other investment advisers. As a matter of policy and practice, we do not accept any fees, commissions or other forms of compensation from any underlying money managers or other professionals affiliated with our client's account.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Under Rule 204A-1 of the Investment Advisers Act of 1940, our employees are subject to our Code of Ethics (Code). Compliance with the Code is a condition of employment for all of our employees.

This Code sets out general ethical standards applicable to our employees. Employees are expected to maintain the highest ethical standards, embody a business culture that supports actions based on what is right rather than expediency, deal fairly with clients and one another, protect confidential information and seek guidance about ethical questions. More specifically with respect to advisory activities, the Code requires that whenever our personnel act in a fiduciary capacity, we will endeavor to put the client's interest ahead of the firm's. We will disclose actual and potential meaningful conflicts of interest. We will manage actual conflicts in accordance with applicable regulatory and legal standards. If applicable regulatory and legal standards do not permit management of a conflict, we will seek to avoid the conflict. We will not engage in fraudulent, deceptive or manipulative conduct with respect to clients. We will act with appropriate care, skill and diligence.

Our employees are required to know when we are acting as a fiduciary with respect to the work they are doing. If we are acting as a fiduciary, they are expected to comply with all fiduciary standards which apply to us in performing their duties. In addition, they must also put the client's interest ahead of their own personal interest. An employee's fiduciary duty is a personal obligation. While advisory personnel may rely upon subordinates to perform many tasks that are part of their responsibilities, they are personally responsible for fiduciary obligations even if carried out through subordinates.

In general, the Code expresses our recognition of our responsibilities to the public, clients and professional associates. Our Code also contains various reporting, disclosure and approval requirements regarding employees' personal securities transactions. The Code requires that our employees whom we deem to be "Access Persons" must report all personal securities transactions, including transactions in mutual funds advised by us, to our Chief Compliance Officer, or to the person he designates. We prohibit our Access Persons from participating in initial public offerings unless our Chief Compliance Officer gives his approval. We also prohibit our employees from purchasing any municipal securities within 60 days of their issue date, if our affiliate, Public Financial Management, Inc., served as municipal advisor for the bond issue.

You can receive a copy of our Code by contacting us at One Keystone Plaza, Suite 300, North Front & Market Streets, Harrisburg, PA 17101, by calling 717-231-6200 or by emailing pfmamrequest@pfm.com.

On infrequent occasions, our employees may invest in securities that coincidentally we also recommend for purchase or sale in our client accounts. The securities we recommend for purchase and sale within our fixed-income and multi-asset class portfolios are of the type which the Securities and Exchange Commission has expressly recognized as presenting little opportunity for the type of improper trading which compliance with the Code of Ethics reporting requirements is designed to uncover. Further, our employees are subject to our Code of Ethics described above, and because our personnel are acting in a fiduciary capacity, we require our employees to put the client's interests ahead of their individual interests or that of the firm with respect to the purchase and sale of securities.

Item 12 - Brokerage Practices

We generally exercise brokerage discretion as follows: typically, our clients allow us to choose the broker or dealer to execute the trades. In these situations, we deal with brokers and dealers whom we determine to be major market makers for the types of securities purchased or sold. As a matter of policy, we do not recommend, request or require a client to direct us to execute transactions through a specified broker-dealer. If a client provides us with an approved list of brokers and dealers, we place all orders for the purchase or sale of securities for the client's account with those brokers or dealers and this may limit our ability to achieve the most favorable price or execution. Under these circumstances, the client and the broker or dealer determine the commission rates.

The factors that we may consider in selecting or recommending a particular broker or dealer include: the execution, clearance and settlement capabilities of the firm; our knowledge of negotiated commission rates currently available and other current transaction costs; the nature of the portfolio transaction; the size of the transaction; the desired timing of the trade; the activity existing and expected in the market for the particular transaction; confidentiality; the availability of research and research related services provided through such firms (as discussed below); our knowledge of the financial stability of the firm; and our knowledge of actual or apparent operational problems of the firm. Given these factors, our clients may pay transaction costs in excess of that which another firm might have charged for effecting the same transaction.

When we select or recommend a firm that executes orders or is a party to portfolio transactions, relevant factors taken into consideration may also include whether that firm has furnished research and research related products and/or services. We receive a broad range of research services, including information on the economy, industries, groups of securities and individual companies, statistical information, market data, accounting and tax law interpretations, political developments, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and other information which may affect the economy and/or security prices. Research services may be received in the form of written reports, periodicals, investment seminars, software, and electronic access to, and telephone contacts and personal meeting with, security analysts, economists, government representatives, and corporate and industry spokespersons. They also may consist of computer databases. Currently, as a matter of policy, we do not enter into any third party or proprietary soft dollar arrangements where a broker-dealer provides research services in exchange for an expectation of receiving a certain dollar amount of commissions.

From time to time some of these brokers offer us market commentary and data and statistical research reports as to factors which may influence market price movements. We believe that this information improves the quality of our investment and trading decisions for the benefit of all of our clients. We obtain express authorization from our client to consider direct brokerage factors (efficiency of execution and commission) in selecting a broker or dealer, and to consider the furnishing of statistical research and other information services by the broker or dealer. It is possible that the use of any these particular brokerage firms may result from time to time in a less favorable price for a particular transaction than if we canvassed a broader range of brokers. However, we believe that the practice of taking into account the furnishing of market information is reasonable. For fixed-income securities, we seek to minimize the effect, if any, of research on the transaction costs by using competitive bids and offers and involving major market makers wherever feasible, and use electronic trading platforms for a majority of trades to facilitate market access and in an effort to minimize transaction costs.

We have no agreement, understanding or other arrangement, either internal or with brokers and/or dealers, which would influence the allocation of securities transactions among brokers and/or dealers, and we do not utilize soft dollar arrangements other than those activities explicitly authorized under Section 28(e) of the Securities Exchange Act of 1934.

In the fixed-income markets, we may cause securities transactions to be executed for a client's account concurrently with authorizations to purchase or sell the same securities for other accounts we manage. It is our policy to aggregate the purchase or sale of securities for various client accounts in order to achieve efficiency of execution and better pricing. Each client participating in an aggregate transaction will participate at the same price. Where we receive an allocation that is less than our order we normally allocate the securities to the participating client accounts on a pro rata basis in proportion to the size of the orders placed for each account, to the extent that we can. We may increase or decrease the amount of securities allocated to a client if necessary due to factors including avoiding odd lots in a particular security.

Item 13 - Review of Accounts

For our fixed-income accounts, our Fixed-Income Investment Committee meets generally on a monthly basis, or more frequently as necessary to review the overall strategic direction. This investment committee consists of portfolio managers, senior research staff and our chief investment officer.

Shorter-term tactical approaches are presented routinely through a report and analysis prepared and distributed by a sector specialist and may be discussed at a meeting. These reports, normally provided on a weekly basis, highlight interest rate trends and the relative value of different sectors and maturity structures in the market. Ad-hoc strategy discussions take place regularly, or after any significant market moving event, such as sudden changes in financial market conditions, general economic conditions, credit ratings downgrades, and/or the movement of a particular portfolio security through a price support or resistance level.

Our fixed-income portfolio managers and traders also review client portfolios on a daily basis. As part of daily practices, portfolio managers and traders discuss market developments, overall strategies, and the potential impact of pending economic announcements. During these sessions, portfolio managers review portfolios, upcoming maturities, and any expected large transactions.

For our multi-asset class accounts, our Multi-Asset Class Investment Committee meets generally on a monthly basis, or more frequently as necessary to review the overall strategic direction. This investment committee consists of portfolio managers, senior research staff and our chief investment officer.

We monitor the performance of multi-asset class accounts, including our Managed Accounts Program (MAP), on at least a quarterly basis to determine whether the underlying investments selected are performing in line with expectations and are meeting the needs of the individual client. We provide our multi-asset class clients a quarterly analysis of the performance of the underlying funds in which the client's assets are invested and of any reallocation of assets among these underlying funds. At least annually, we will consult with the client to determine whether there are reasons to revise the client's target investment strategy.

Changes in our Capital Market Assumptions, our outlook for asset class valuation, sudden changes in financial market conditions, and general economic conditions may trigger a review of our multi-asset class accounts. Accounts are reviewed by a principal or a portfolio manager in consultation with one of our principals. Normally, we sequence account reviews in a manner that provides for first review of the accounts that have the greatest potential exposure to the effects of the event which triggers the review.

We furnish monthly account summaries to each fixed-income portfolio client with assets under continuous management. The summaries include details of all transactions and holdings at the end of the period. We also provide account summaries on a daily basis on the Internet. We may also provide an investment advice memorandum upon advising and/or completing an order for a buy or sell of securities. Pursuant to our investment advisory agreements, we may also provide quarterly performance and economic reviews for some clients.

The custodian of our multi-asset class portfolio clients, including our MAP clients, provides each client with a monthly statement of account detailing the client's month-end balances and any transactions which occurred during the month. We review such statements monthly to determine whether transactions executed by the custodian are in agreement with any instructions which we or the client provided. In addition, we provide monthly written statements and quarterly performance reports.

Item 14 - Client Referrals and Other Compensation

From time to time, we may enter into arrangements under which we agree to engage a third party to solicit or refer to us potential new investment advisory clients. Under these arrangements, we enter into a written agreement with the third party, describing the third party's activities on our behalf and the amount we agree to pay the third party. The agreement also contains the third party's undertaking to act in manner consistent with our instructions and with the provisions of the Investment Advisers Act of 1940, and to provide the referral with a copy of our Form ADV, Part 2A and Part 2B. If the referral subsequently enters into an investment advisory agreement with us, we pay the solicitor a percentage of our investment advisory fee, which fee arrangement is disclosed to the prospect by the solicitor prior to any contact or meeting with the prospect.

Item 15 - Custody

We do not have custody of client funds or securities.

Item 16 - Investment Discretion

We offer discretionary advisory services with respect to a client's investable assets. When a client gives us investment discretion, we then have the authority to determine, without obtaining their specific approval, (1) overall asset allocation, (2) the manager or sub-adviser to be utilized for the portfolio, (3) the specific securities to be bought and sold, (4) the amount of securities to be bought and sold including overall asset allocation and (5) the broker or dealer through which the securities are bought or sold. These decisions are subject to limitations of state law and any other restrictions in the contract with our client, or in our client's investment policies. Many of our clients have their own investment policies, which usually contain restrictions on the types and credit quality of investments. We agree contractually to follow those guidelines. In addition, many of our clients are subject to state investment statutes, which we comply with as well. Our clients typically grant us discretionary authority in the investment advisory agreement which we enter into with them.

Item 17 - Voting Client Securities

We provide to certain of our clients discretionary investment advice on securities which are mutual funds. These mutual funds send us proxies, which we vote on behalf of these discretionary clients if they have given us the authorization to vote them. We also occasionally receive consent requests. Generally, we arrange for the portfolio manager overseeing the client's investments to be responsible for making all proxy-voting decisions. We seek to vote proxy proposals, consents or resolutions in a manner that serves the best interests of our clients. When reviewing whether a proposed action would be in our client's best interests, we take into account the following factors:

- The impact on the valuation of securities;
- The anticipated costs and benefits associated with the proposal;
- An increase or decrease in costs, particularly management fees, of investment in the securities;
- The effect on liquidity; and
- Customary industry and business practices.

In reviewing proxy issues of the type described below, we will apply the following general principles:

- With respect to an election of directors, we will typically vote in favor of the management-proposed slate of directors, unless there is a proxy contest for seats on the board of a portfolio fund or other important reasons for withholding votes for directors. We may abstain if there is insufficient information about the nominees disclosed in the proxy statement.

- Similarly, we will also generally support management's recommendation for the appointment of auditors, unless there are reasons for us to question the independence or performance of the nominees.

- We will vote in accordance with management's recommendations on issues that are technical and administrative in nature, such as changes to increase the number of directors or to adopt term limits. However, we review and vote on a case-by-case basis any non-routine proposals which are likely to affect the structure and operation of the portfolio company. Examples of these types of proposals include any limitations on shareholder rights, or those which have a material economic effect on the company.

- We will generally vote in favor of proposals that give shareholders a greater vote in the affairs of the company and oppose any measure that seeks to limit those rights.

- We also support proposals promoting transparency and accountability within a company to ensure that the directors fulfill their obligations to shareholders.

- We review proposals that result in an increase of compensation to investment advisors and other service providers of portfolio mutual funds on a case-by-case basis, with particular emphasis on the relative performance of the fund.

- We also review proposals relating to executive compensation plans to ensure that the long-term interests of management and shareholders are properly aligned.

- We generally oppose proposals to give shareholders the right to vote on executive compensation.

These policies are not exhaustive due to the variety of proxy voting issues that we may be required to consider.

With the exception of a client's shareholdings in a registered investment company and certain local government investment pools for which we provide services, a conflict of interest between us, and a client whose investments are managed by us, is unlikely. We are the investment advisor to a registered money market investment company (RIC) and to several local government investment pools (LGIPs). We receive no investment advisory fee from a client for managing client assets which we invest in the RIC or LGIPs. In regard to the voting of securities in the RIC or LGIPs for which we are the investment advisor (or where it would appear that we have an interest), we apply the following principles:

- If the proposal relates to the matters in which the outcome does not directly affect us, we will follow our general voting policies.

- If the proxy proposal relates to a transaction which directly affects us, or otherwise requires a case-by-case determination by us under our voting policies, we will seek the advice either of the managers of the client or of a qualified, independent third party, and we will submit the proxy statement to them. We will then follow the decision of our client's management or the recommendation of the third party in voting the proxy.

We maintain records relating to all proxy voting for five years. We will provide information to any client about how we voted proxies for securities in the client's account. Our Proxy Voting Policy is available upon request by contacting us at One Keystone Plaza, Suite 300, North Front & Market Streets, Harrisburg, PA 17101, by calling 717-231-6200 or by emailing pfmamrequest@pfm.com.

Under certain of our engagements, we do not assume the responsibility for voting proxies on client securities. The clients make arrangements to receive proxies from their custodian. In the event that we receive a proxy and we do not have authority to vote on it, we forward it to our client. Clients may contact the portfolio manager for their account if they have questions about a particular solicitation.

Item 18 - Financial Information

We are not aware of any financial condition that is reasonably likely to impair our ability to carry out our commitments and responsibilities under our client contracts.

PFM ASSET MANAGEMENT LLC

One Keystone Plaza, Suite 300
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Harrisburg, PA 17101-2044
717-231-6200 (phone)
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SEC File No. 801-60449

March 31, 2015

FORM ADV PART 2B
BROCHURE SUPPLEMENT

Marc D. Ammaturo*
Robert H. Cheddar, CFA
Joseph W. Creason
Michael P. Downs, CFA
Matthew R. Eisel, CFA
Christopher Harris, CFA
Biagio Manieri, CFA*
Gregg A. Manjerovic, CFA
Martin P. Margolis
Jeffrey H. Rowe, CFA
Kenneth R. Schiebel, CFA
John S. Spagnola*
Kerri L. Staub
Michael R. Varano
Mark Yasenchak, CFA

This Brochure Supplement provides information about our personnel listed above and supplements the PFM Asset Management LLC brochure. You should have received a copy of that brochure. Please contact our Compliance Department at 717.231.6200, or contact us by emailing pfmamrequest@pfm.com if you did not receive our Firm's brochure or if you have any questions about the contents of this supplement.

** Messrs Ammaturo, Manieri and Spagnola are based in the Firm's Philadelphia, Pennsylvania Office, which is located at: Two Logan Square, 18th & Arch Streets, Suite 1600, Philadelphia, PA 19103; 215.567.6100 (telephone)*

Table of Contents

Educational Background and Business Experience

Item 2

Item 2 of Form ADV, Part 2B asks us to disclose background in education and business for our supervised persons who formulate the various types of investment advice we offer. Most types of our investment advice are provided to you by a team of more than five individuals. We have prepared background information for the team members who have the most responsibility for the advice the team prepares. We have provided the person's name, year of birth, formal education after high school, and business background (including an identification of the specific positions held) for the preceding five years of our supervised persons. Also listed are certain professional designations held by the supervised person. An explanation of the minimum qualifications required for each designation is included so you may better understand the value of the designation.

FIXED INCOME PORTFOLIOS

Robert H. Cheddar, CFA
Year of Birth: 1966

- Formal Education after High School
  - Susquehanna University, Selinsgrove, PA, Bachelor of Science, Business, Graduated 1988
  - Pennsylvania State University, Malvern, PA, MBA, Graduated 2003
- Business Background for the Previous Five Years
  - PFM Asset Management LLC, Harrisburg, PA, Senior Portfolio Manager, 01/2004 – 01/2011; Managing Director, 01/2011 – Present
- Certifications
  - Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

Joseph W. Creason
Year of Birth: 1976

- Formal Education after High School
  - Shippensburg University, Shippensburg, PA, Bachelor of Science, Finance, and Bachelor of Science, Economics, Graduated 2000
- Business Background for the Previous Five Years
  - PFM Asset Management LLC / Public Financial Management Inc., Harrisburg, PA, Portfolio Trader, 07/2000 –07/2009; Portfolio Manager, 07/2009 – Present

Michael P. Downs, CFA
Year of Birth: 1964

- Formal Education after High School
  - The Ohio State University, Columbus, OH, Bachelor of Science, Finance and Accounting, Graduated 1987
  - The Ohio State University, Columbus, OH, Master of Business Administration, Finance, Graduated 1991
- Business Background for the Previous Five Years
  - Hughes Capital Management, Inc., Alexandria, VA, Portfolio Manager, 06/2005 – 02/2014, PFM Asset Management LLC, Harrisburg, PA, Portfolio Manager, 04/2014 – Present
- Certifications
  - Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

Gregg A. Manjerovic, CFA
Year of Birth: 1971

- Formal Education after High School
  - University of Illinois at Chicago, Chicago, IL, Bachelor of Science, Finance/Management, Graduated 1993
  - Illinois Institute of Technology, Chicago, IL, MS, Financial Markets and Technology, Graduated 1999
- Business Background for the Previous Five Years
  - PFM Asset Management LLC / Public Financial Management, Inc., Harrisburg, PA, Fixed Income Portfolio Manager, 07/2001 – Present
- Certifications
  - Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

Martin P. Margolis
Year of Birth: 1944

- Formal Education after High School
  - University of Pennsylvania, Philadelphia, PA, Bachelor of Arts, History, Graduated 1966
  - University of Pennsylvania, Philadelphia, PA, Graduate School, History 1967-1972
- Business Background for the Previous Five Years
  - Public Financial Management, Inc., Harrisburg, PA, Managing Director, 01/1987 – 01/2003; PFM Asset Management LLC, Harrisburg, PA, Managing Director, President, 01/2003 – Present

Jeffrey H. Rowe, CFA
Year of Birth: 1982

- Formal Education after High School
  - Pennsylvania State University, University Park, PA, Bachelor of Science, Finance, and a Minor in Supply Chain and Information Systems Technology, Graduated 2005
- Business Background for the Previous Five Years
  - PFM Asset Management LLC, Harrisburg, PA, Portfolio Trader, 05/2005 – 05/2010; Portfolio Manager, 05/2010 – Present
- Certifications
  - Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

Kenneth R. Schiebel, CFA
Year of Birth: 1959

- Formal Education after High School
  - University of Michigan, Ann Arbor, MI, Bachelor of Arts, Mathematics & Computer Science, Graduated 1981
- Business Background for the Previous Five Years
  - PFM Asset Management LLC / Public Financial Management, Inc., Harrisburg, PA, Managing Director, 01/1994 – Present
- Certifications
  - Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

Kerri L. Staub
Year of Birth: 1983

- Formal Education after High School
  - Pennsylvania State University, Harrisburg, PA, Bachelor of Science, Business Management, Graduated 2006
- Business Background for the Previous Five Years
  - PFM Asset Management LLC, Harrisburg, PA, Portfolio Trader, 06/2007 – 07/2012; Portfolio Manager, 07/2012 – Present

Michael R. Varano
Year of Birth: 1952

- Formal Education after High School
  - Bloomsburg University, Bloomsburg, PA, Bachelor of Science, Business Management & Accounting, Graduated 1974
- Business Background for the Previous Five Years
  - PFM Asset Management LLC / Public Financial Management, Inc., Harrisburg, PA, Managing Director, 01/1987– Present

Multi-Asset Class Management

Marc D. Ammaturo
Year of Birth: 1974
- Formal Education after High School
  - The Pennsylvania State University, State College, PA, Bachelor of Science, Accounting, Graduated 1996
  - Maryland University, College Park, MD, Masters of Business Administration, Finance, Graduated 2004
- Business Background for the Previous Five Years
  - PFM Asset Management LLC, Harrisburg, PA, Research Analyst, 01/2005 - 01/2007; Senior Managing Consultant, 01/2007 - 01/2012; Managing Director, 01/2012 – Present

Biagio Manieri, Ph.D., CFA
Year of Birth: 1960
- Formal Education after High School
  - City College of the City University of New York, New York, NY, Bachelor of Science, Electrical Engineering, Graduated 1983
  - Columbia University, New York, NY, Doctor of Philosophy, International Relations, Graduated 1995
- Business Background for the Previous Five Years
  - PFM Asset Management LLC, Philadelphia, PA, Director of Research, 01/2012 – Present; Federal Reserve System, Investment Officer, 03/2005-01/2012
- Certifications
  - Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

Martin P. Margolis
Year of Birth: 1944
- Formal Education after High School
  - University of Pennsylvania, Philadelphia, PA, Bachelor of Arts, History, Graduated 1966
  - University of Pennsylvania, Philadelphia, PA, Graduate School, History 1967-1972
- Business Background for the Previous Five Years
  - Public Financial Management, Inc., Harrisburg, PA, Managing Director, 01/1987 – 01/2003; PFM Asset Management LLC, Harrisburg, PA, Managing Director, President, 01/2003 – Present

Kenneth R. Schiebel, CFA
Year of Birth: 1959
- Formal Education after High School
  - University of Michigan, Ann Arbor, MI, Bachelor of Arts, Mathematics & Computer Science, Graduated 1981
- Business Background for the Previous Five Years
  - PFM Asset Management LLC / Public Financial Management, Inc., Harrisburg, PA, Managing Director, 01/1994– Present
- Certifications
  - Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

John S. Spagnola
Year of Birth: 1957
- Formal Education after High School
  - Yale University, New Haven, CT, Bachelor of Arts, Political Science, Graduated 1980
- Business Background for the Previous Five Years
  - PFM Asset Management LLC, Philadelphia, PA, Managing Director, 01/2003 – Present

Mark Yasenchak, CFA
Year of Birth: 1978

- Formal Education after High School
  - West Chester University, West Chester, PA, Bachelor of Science, Finance and Economics, Graduated 2001
- Business Background for the Previous Five Years
  - PFM Asset Management LLC, Philadelphia, PA, Senior Managing Consultant, 10/2003 – Present
- Certifications
  - Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

STRUCTURED PRODUCTS

Matthew R. Eisel, CFA
Year of Birth: 1983

- Formal Education after High School
  - University of South Carolina, Bachelor of Science, Entrepreneurial Management, Finance, and Risk Management & Insurance, Graduated 2005
- Business Background for the Previous Five Years
  - PFM Asset Management LLC, Harrisburg, PA, Consultant, 07/2005-07/2009; Senior Managing Consultant, 07/2009-10/2012; Director, 10/2012-01/2015; Managing Director, 02/2015 – Present
- Certifications
  - Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

Christopher M. Harris, CFA
Year of Birth: 1986

- Formal Education after High School
  - Dickinson College, Carlisle, PA, Bachelor of Arts, Economics, Graduated 2008
- Business Background for the Previous Five Years
  - PFM Asset Management LLC, Harrisburg, PA, , Senior Managing Consultant, 06/2008 – Present
- Certifications
  - Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

Martin P. Margolis
Year of Birth: 1944

- Formal Education after High School
  - University of Pennsylvania, Philadelphia, PA, Bachelor of Arts, History, Graduated 1966
  - University of Pennsylvania, Philadelphia, PA, Graduate School, History 1967-1972
- Business Background for the Previous Five Years
  - Public Financial Management, Inc., Harrisburg, PA, Managing Director, 01/1987 – 01/2003; PFM Asset Management LLC, Harrisburg, PA, Managing Director, President, 01/2003 – Present

Kenneth R. Schiebel, CFA
Year of Birth: 1959

- Formal Education after High School
  - University of Michigan, Ann Arbor, MI, Bachelor of Arts, Mathematics & Computer Science, Graduated 1981
- Business Background for the Previous Five Years
  - PFM Asset Management LLC / Public Financial Management, Inc., Harrisburg, PA, Managing Director, 01/1994 – Present
- Certifications
  - Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

Certificates of Deposit/Fixed Term Investments

Robert H. Cheddar, CFA
Year of Birth: 1966

- Formal Education after High School
  - Susquehanna University, Selinsgrove, PA, Bachelor of Science, Business, Graduated 1988
  - Pennsylvania State University, Malvern, PA, MBA, Graduated 2003
- Business Background for the Previous Five Years
  - PFM Asset Management LLC, Harrisburg, PA, Senior Portfolio Manager, 01/2004 – 01/2011; Managing Director, 01/2011 – Present
- Certifications
  - Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

Michael R. Varano
Year of Birth: 1952

- Formal Education after High School
  - Bloomsburg University, Bloomsburg, PA, Bachelor of Science, Business Management & Accounting, Graduated 1974
- Business Background for the Previous Five Years
  - PFM Asset Management LLC / Public Financial Management, Inc., Harrisburg, PA, Managing Director, 01/1987– Present

Summary of Professional Designations

This Summary should assist you with evaluating the professional designations and the minimum requirements that an individual must meet in order to hold this designation.

CFA – Chartered Financial Analyst

This designation is issued by the CFA Institute (www.cfainstitute.org). A candidate must meet one of the following prerequisites in order to participate in the CFA program: 1) Have obtained an undergraduate degree and have 4 years of professional experience involving investment decision-making; or 2) Have 4 years of full-time qualified work experience. The educational requirements that must be completed involve 250 hours of study for each of the 3 levels, and there are 3 course exams. There are no continuing education requirements.

Disciplinary Information

Item 3
If there are legal or disciplinary events material to your evaluation of the supervised person, Item 3 requires us to disclose all material facts regarding those events.

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the supervised person

1 was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;

2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;

3 was found to have been involved in a violation of an investment-related statute or regulation, or

4 was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the supervised person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order

Not applicable. None of the personnel listed in Item 2 above has ever been subject to any such criminal or civil action.

B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which the supervised person

1 was found to have caused an investment-related business to lose its authorization to do business; or

2 was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority

(a) denying, suspending, or revoking the authorization of the supervised person to act in an investment-related business;

(b) barring or suspending the supervised person's association with an investment-related business,

(c) otherwise significantly limiting the supervised person's investment-related activities; or

(d) imposing a civil money penalty of more than $2,500 on the supervised person

Not applicable. None of the personnel listed in Item 2 above has ever been subject to any such administrative proceeding.

C. A self-regulatory organization (SRO) proceeding in which the supervised person

1 was found to have caused an investment-related business to lose its authorization to do business; or

2 was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than $2,500.

Not applicable. None of the personnel listed in Item 2 above has ever been subject to any such proceeding by an SRO.

D. Any other proceeding in which a professional attainment, designation, or license of the supervised person was revoked or suspended because of a violation of rules relating to professional conduct. If the supervised person resigned (or otherwise relinquished his attainment, designation, or license) in anticipation of such a proceeding (and the adviser knows, or should have known, of such resignation or relinquishment), disclose the event.

Not applicable. None of the personnel listed in Item 2 above has ever been subject to any such suspension or revocation.

Other Business Activities

Item 4

A. If the supervised person is actively engaged in any investment-related business or occupation, including if the supervised person is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA"), or an associated person of an FCM, CPO, or CTA, we are required to disclose this fact and describe the business relationship, if any, between the advisory business and the other business.

We have a wholly owned subsidiary, PFM Fund Distributors, Inc. ("PFMFD"), which is a broker-dealer under the Securities Exchange Act of 1934 and a member of the Financial Industry Regulatory Authority ("FINRA"). PFMFD serves as exclusive distributor of shares of a registered investment company and local government investment pools (Pooled Funds) for which we serve as investment adviser and/or administrator and we receive fees from this arrangement. Messrs. Eisel, Harris, Margolis, Schiebel, and Varano are registered representatives of PFMFD.

- *If a relationship between the advisory business and the supervised person's other financial industry activities creates a material conflict of interest with clients, describe the nature of the conflict and generally how you address it.*

If our client invests in a Pooled Fund, we disclose this relationship to the client, through our firm brochure (the Form ADV, Part 2A) and the offering statement for the Pooled Fund. In addition, if we have an investment advisory arrangement with a client to manage a separate account, our investment advisory agreement with the client provides that if we invest client assets in a Pooled Fund, we will not take these assets into account for purposes of calculating our fees for managing the separate account.

- *If the supervised person receives commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service ("trail") fees from the sale of mutual funds, disclose this fact. If this compensation is not cash, explain what type of compensation the supervised person receives. Explain that this practice gives the supervised person an incentive to recommend investment products based on the compensation received, rather than on the client's needs.*

Our PFMFD registered representatives listed in this Brochure Supplement do not receive commissions, bonuses or other compensation directly based on the sale of shares in the Pooled Funds.

B. If the supervised person is actively engaged in any business or occupation for compensation not discussed in response to Item 4.A, above, and the other business activity or activities provide a substantial source of the supervised person's income or involve a substantial amount of the supervised person's time, disclose this fact and describe the nature of that business. If the other business activities represent less than 10 percent of the supervised person's time and income, you may presume that they are not substantial.

None of our supervised persons described in this Brochure Supplement engages in any other business or occupation which provides a substantial source of income or involves a substantial amount of time.

Additional Compensation

Item 5

If someone who is not a client provides an economic benefit to the supervised person for providing advisory services, generally describe the arrangement. For purposes of this Item, economic benefits include sales awards and other prizes, but do not include the supervised person's regular salary. Any bonus that is based, at least in part, on the number or amount of sales, client referrals, or new accounts should be considered an economic benefit, but other regular bonuses should not.

We do not have any arrangements in which someone other than a client provides any economic benefit to our supervised persons for providing advisory services.

Supervision

Item 6
Explain how you supervise the supervised person, including how you monitor the advice the supervised person provides to clients. Provide the name, title and telephone number of the person responsible for supervising the supervised person's advisory activities on behalf of your firm.

Marty Margolis as Chief Investment Officer and President of PFM Asset Management LLC oversees or participates in meetings of the committees which develop investment strategies for the various types of investment advice we offer to our clients. The strategies and advice developed by these committees are then marketed to our clients and prospects by the managing directors of our firm and our additional personnel. As the Chief Investment Officer of the firm, Mr. Margolis does not fall under the supervision of any individual, although he meets regularly with the other managing directors, the Firm's Chief Compliance Officer, and the Board of Directors and officers of the Firm's parent holding company. Mr. Margolis may be reached at 717.231.6200.

B. Mt. Lebanon's Quarterly Performance Report for December 31, 2014

Pension Plans Investment Performance Review
Quarter Ended December 31, 2014

Investment Advisors
Marc Ammaturo, Managing Director
Marie Nasevich, Analyst

PFM Advisors,
a division of PFM Asset Management LLC
Two Logan Square, Suite 1600
18th & Arch Streets
Philadelphia, PA 19103
(215) 567-6100
(215) 567-4180 fax

Markets & Economy

Quarterly Commentary

Fourth Quarter 2014

Multi-Asset Class Management

The Economy

- Economic growth patterns diverged during the quarter, with the U.S. strengthening while other areas of the developed world (such as Europe and Japan) struggled with stagnation.

- Oil prices plummeted as the supply of oil continued to climb on the combination of strong domestic output, slowing demand, and the decision by the Organization of Petroleum Exporting Countries (OPEC) not to reduce the pace of its oil production.

- European markets experienced some turmoil late in the quarter and into the New Year as the parliament in Greece rejected the prime minister's nominee for president and will instead hold general elections in late January 2015.

- The Federal Open Market Committee (FOMC) rephrased its "considerable time" language in its statement released after its December meeting, saying that it would be "patient" when normalizing monetary policy after taking extraordinary steps to support economic recovery after the financial crisis.

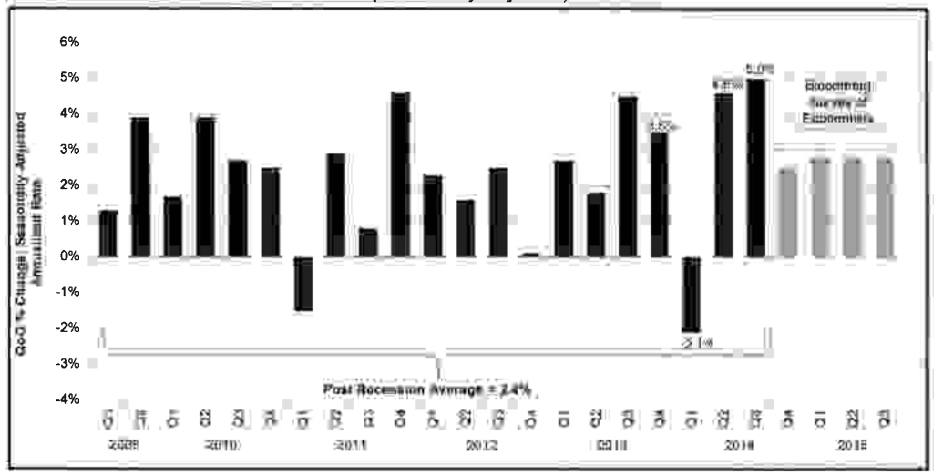
- Third-quarter gross domestic product (GDP) grew at 5%, reflecting increases in personal consumption expenditures, residential and non-residential fixed-income investments, exports, and federal, state, and local government spending.

- The Consumer Price Index, which measures inflation, fell 0.3% in November, marking its largest decline since December 2008. Lower oil prices were a major contributor to the falling prices.

- The U.S. labor market continued to improve, as the unemployment rate fell from 5.9% in September to 5.6% in December.

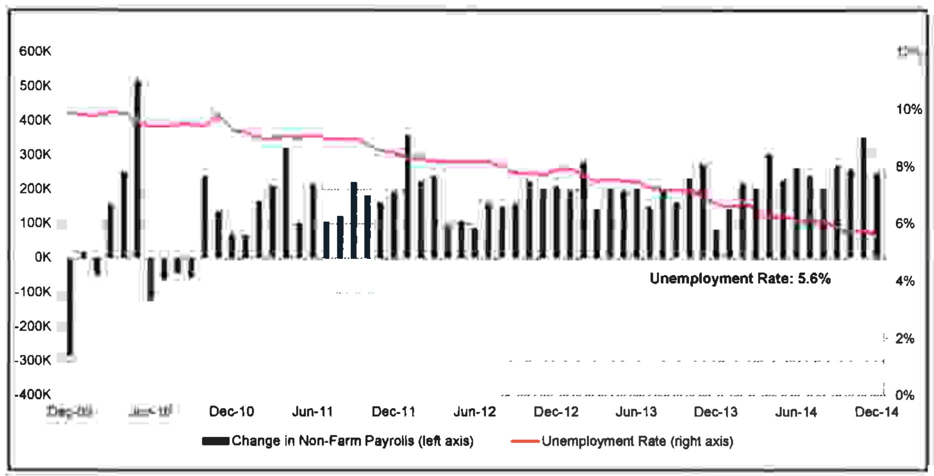
U.S. Real GDP Growth

(Seasonally Adjusted)



Source: Bureau of Economic Analysis Dark blue bars indicate actual numbers; gray bars indicate forecasted estimates.

Change in Nonfarm Payrolls



Source: Bureau of Labor Statistics

Quarterly Commentary

Fourth Quarter 2014

Multi-Asset Class Management

What We're Watching

- Recent economic data and leading economic indicators continue to suggest that the U.S. economy should continue to grow. Economic data out of the euro zone and Japan has been mixed, and we continue to monitor this closely.

- The announcement following the December FOMC meeting indicated that the Federal Reserve (Fed) is likely to be "patient" in raising the federal funds rate; investors anticipate that the increase will begin around mid-2015. Should the Fed act sooner, it could derail the equity market rally and cause extreme turmoil in the bond market as it did in 1994.

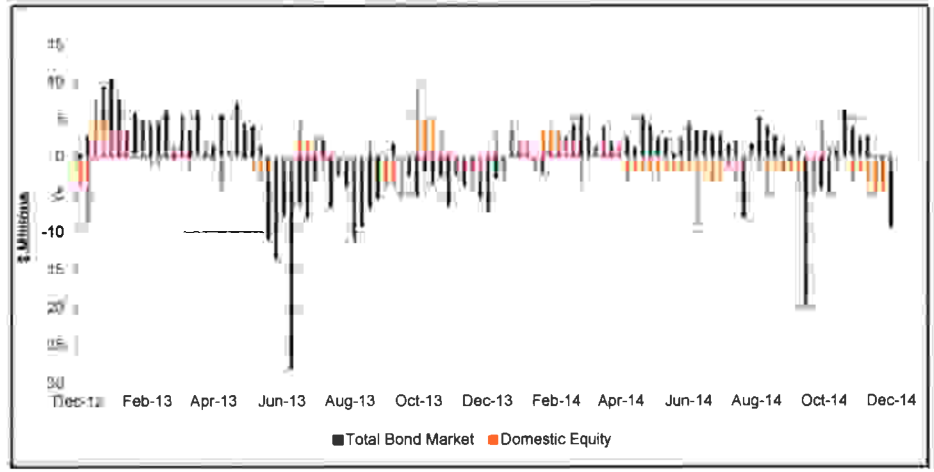
- We remain optimistic about the performance of equity markets and the U.S. economy, as third-quarter GDP came in at a strong 5%. As the Fed begins to normalize interest rates, this has the potential to compress equity valuations.

- The labor market continued to improve during the quarter. We expect the jobs market to continue to make progress in 2015, barring external shocks or monetary and fiscal policy errors.

- In response to the slowdown in the euro-zone economy and inflation that continues to decelerate, the European Central Bank (ECB) is close to expanding its own version of quantitative easing (QE) in early 2015 Greece will hold elections on January 25, the outcome of which will likely have implications for the wider euro zone.

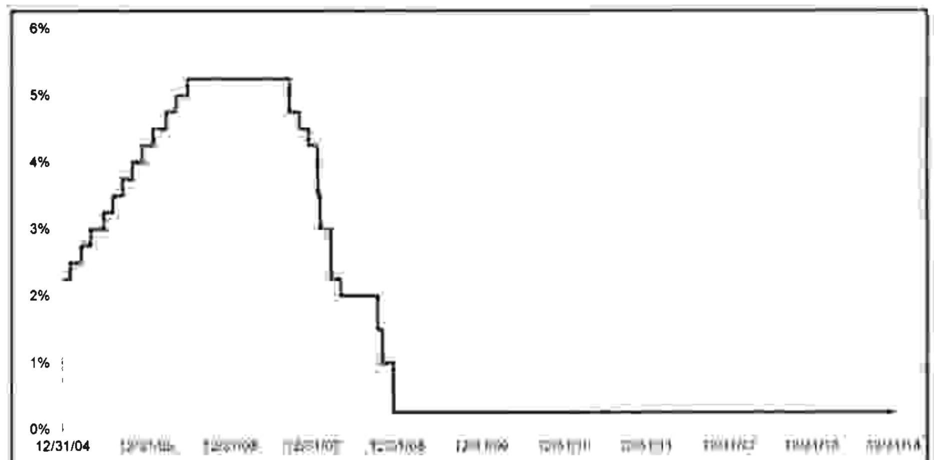
- As a result of two quarters of negative GDP growth in Japan, Prime Minister Shinzo Abe and his administration called for early elections and easily won. The second increase of the consumption tax has been postponed, which should help the Japanese economy. The Japanese government is also set to implement additional stimulus measures.

Weekly Mutual Fund Flows



Source: Bloomberg

Fed Funds Target Rate



Source: Bloomberg

Quarterly Commentary

Fourth Quarter 2014

Multi-Asset Class Management

Market Index Performance

As of December 31, 2014

	Quarter	2014	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
DOMESTIC EQUITY								
Russell 3000 Index	5 24	12 56	12 56	22 61	20 51	15 63	7 54	7 94
Russell 1000 Value Index	4 98	13 45	13 45	22 62	20 89	15 42	6 45	7 30
S&P 500	4 93	13 69	13 69	22 68	20 41	15 45	7 27	7 67
Russell 1000 Growth Index	4 78	13 05	13 05	22 84	20 26	15 81	8 41	8 49
Russell Midcap Value Index	6 05	14 75	14 75	23 75	21 98	17 43	9 14	9 43
Russell Midcap Growth Index	5 84	11 90	11.90	23 25	20 71	16 94	8 59	9 43
Russell 2500 Index	6 77	7 07	7 07	21 02	19 97	16 36	8 86	8 72
Russell 2000 Value Index	9 40	4 22	4 22	18 40	18 29	14 26	7 59	6 89
Russell 2000 Index	9 73	4 89	4 89	20 67	19 21	15 55	8 18	7 77
Russell 2000 Growth Index	10 06	5 60	5 60	23 02	20 14	16 80	8 73	8 54
INTERNATIONAL EQUITY								
MSCI EAFE (net)	-3 57	-4 90	-4 90	8 06	11 06	5 33	-0 47	4 43
MSCI AC World Index (net)	0 41	4.16	4 16	13 10	14 10	9 17	2 72	6 09
MSCI AC World ex USA (Net)	-3 87	-3 87	-3 87	5 28	9 00	4 43	-0 63	5 13
MSCI EM (net)	-4 50	-2 19	-2 19	-2 39	4 05	1 78	-1 34	8 43
ALTERNATIVES								
FTSE NAREIT Equity REIT Index	14 20	30 14	30 14	15 48	16 33	16 88	8 22	8 30
FTSE EPRA/NAREIT Developed Index	8 07	15 89	15 89	9 99	15 89	12 03	3 54	6 90
Bloomberg Commodity Index Total Return	-12 10	-17 01	-17 01	-13 35	-9 43	-5 53	-7 58	-1 86
FIXED INCOME								
Barclays Aggregate	1 79	5 97	5 97	1 89	2 66	4 45	4 77	4 71
Barclays U S Government/Credit	1 82	6 01	6 01	1 74	2 76	4 69	4 81	4 70
Barclays Intermediate U S Gov/Credit	0 89	3 13	3 13	1 11	2 03	3 54	4 00	4 09
Barclays U S Treasury: 1-3 Year	0 19	0 63	0 63	0 50	0 48	1 07	1 82	2 55
Barclays US Corp: High Yield	-1 00	2 45	2 45	4 92	8 43	9 03	8 76	7 74
Credit Suisse Leveraged Loan index	-0 37	2 06	2 06	4 09	5 84	5 83	4 60	4 70
Barclays Global Aggregate Ex USD	-2 99	-3 08	-3 08	-3 08	-0 75	1 38	2 66	2 81
JPM EMBI Global Diversified	-0 55	7 43	7 43	0 89	6 13	7 57	7 37	7 78
CASH EQUIVALENT								
90 Day U S Treasury Bill	0 00	0 04	0 04	0 04	0 06	0 08	0 38	1 50

Source: Investment Metrics. Returns are expressed as percentages Please refer to the last page of this document for important disclosures relating to this material

Quarterly Commentary

Fourth Quarter 2014

Multi-Asset Class Management

U.S. Equity

- U.S. equity markets finished the year with strong performance, with the S&P 500 Index up 4.9% for the final quarter of 2014. In total, the index returned 13.7% for the year, while hitting an all-time high of 2,094 during the month of December.

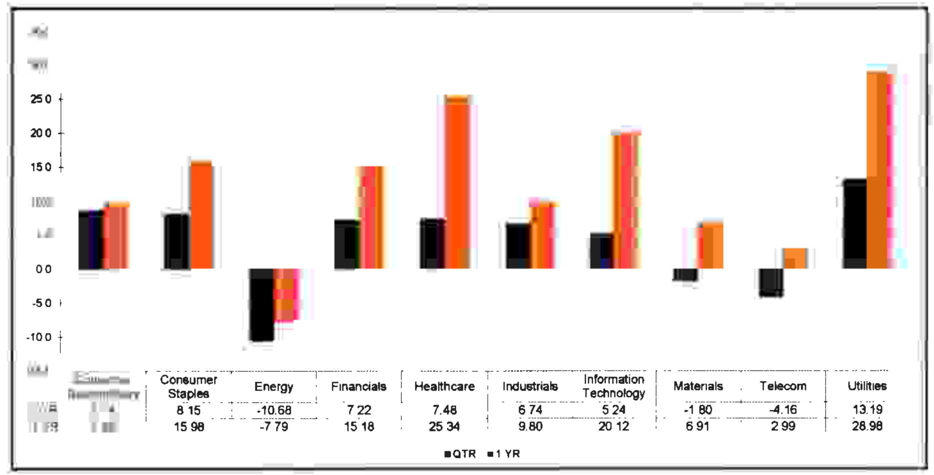
- Small-cap stocks, as measured by the Russell 2000 Index, did particularly well during the quarter, returning 9.7%, which brought 2014 year-to-date performance up to 4.9%. Large-cap stocks, as measured by the Russell 1000 Index, posted a positive return as well, up 4.9% for the quarter and 13.2% for the year.

- Within small caps, growth-oriented stocks (10.1%) outpaced value-oriented stocks (9.4%) this quarter. For large caps, growth-oriented stocks were up 4.8% for the quarter, while value-oriented stocks were up nearly 5%.

- Healthcare and Utilities continued to be the best-performing sectors year to date, with Utilities (29%) finally outpacing Healthcare (25.3%). The worst-performing sector for the year was Energy, which closed the year down 7.8%. In the fourth quarter alone, the Energy sector was down 10.7% due to the precipitous decline in oil and natural gas prices. The negative pressure in oil prices was caused by the sudden oversupply of crude oil and the push for domestic energy self-sustainability.

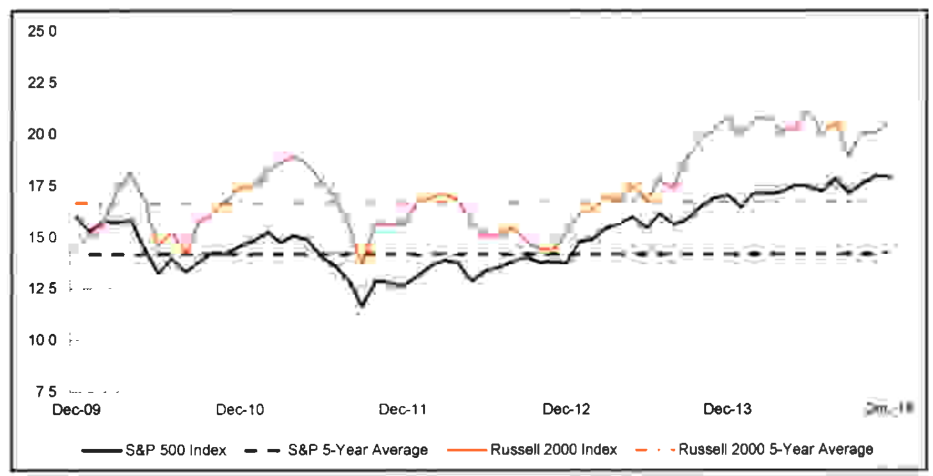
S&P 500 Index Performance by Sector

Quarter and 12 Months Ended December 31, 2014



Source: Standard & Poor's

P/E Ratios of Major Stock Indices*



Source: Bloomberg

**P/E ratios are calculated based on 1-year-forward estimates and adjusted to include only positive earnings results for consistency.*

Quarterly Commentary

Fourth Quarter 2014

Multi-Asset Class Management

Non-U.S. Equity

- Developed markets outside of North America produced a -3.6% return as measured by the MSCI EAFE Index (net $USD). In local currency terms, those markets were positive (1.8%), but returns were weighed down by the strength of the U.S. dollar.

- Norway was the weakest market (-25%) due to sharp declines in oil prices and subsequent weakness in the krone.

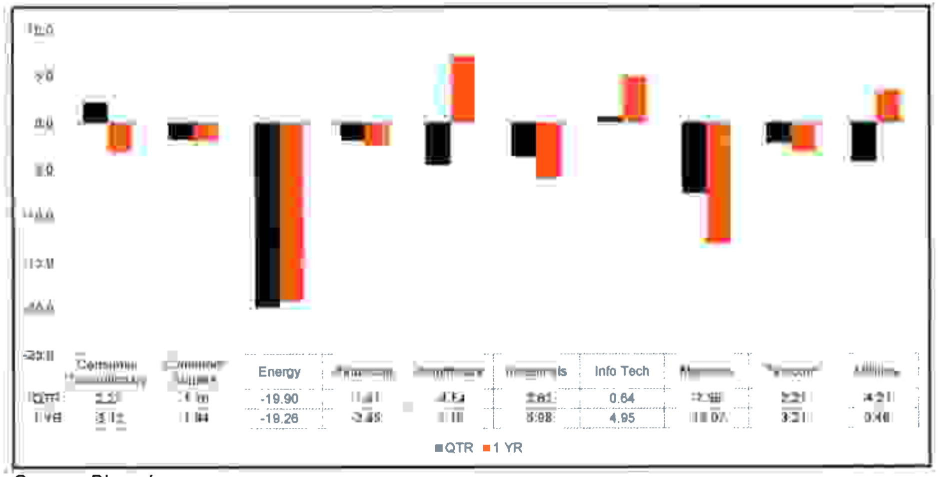
- Japan and the U.K., the largest weighted countries in the MSCI EAFE Index, fell 2.4% and 4.2% for the quarter, respectively.

- Emerging-markets equity, as measured by the MSCI Emerging Markets (EM) Index, fell 4.5% for the quarter. Russia continued to decline, falling 32.9%, due to currency weakness from economic sanctions and the drop in oil prices. There was a wide divergence in Chinese stocks as the MSCI China Index (Hong Kong listed) gained 7.2%, while the MSCI China A 50 Index (Shanghai and Shenzhen markets—not a part of the EM Index) surged 53.9% in the quarter due to central bank liquidity measures and the opening of this market to foreign investors.

- The Energy sector had a very weak return (-19.9%) for the quarter as measured by the MSCI All Country World Index (ACWI) ex-US, which includes stocks in developed and emerging markets. The only positive sectors for the quarter were Consumer Discretionary (2.3%) and Information Technology (0.6%).

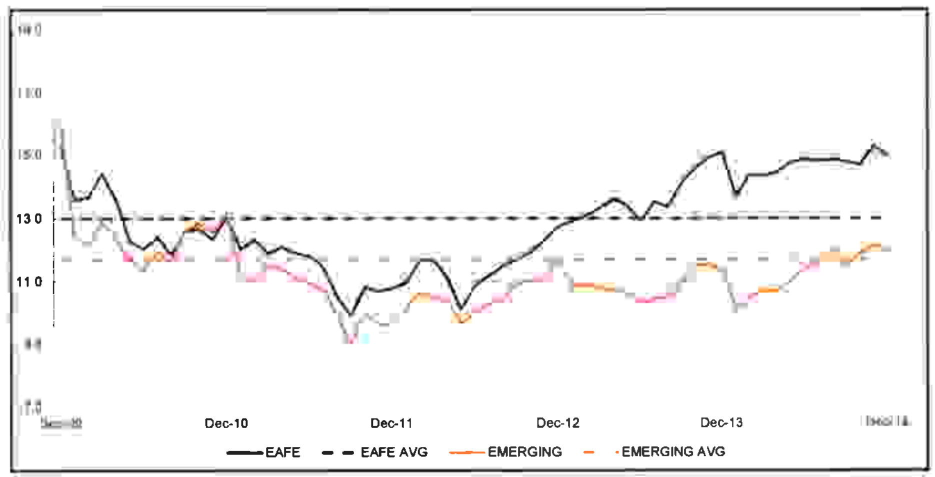
MSCI ACWI ex-US Sectors

Quarter and 12 Months Ended December 31, 2014



Source: Bloomberg

P/E Ratios of MSCI Equity Indices*



Source: Bloomberg

**P/E ratios are calculated based on 1-year-forward estimates and adjusted to include only positive earnings results for consistency.*

PFM

Quarterly Commentary

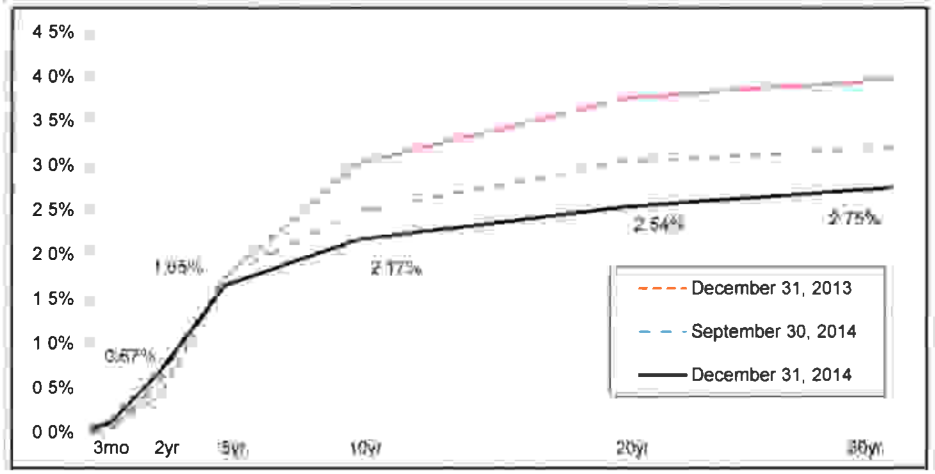
Fourth Quarter 2014

Multi-Asset Class Management

Fixed Income

- Long-term rates continued their decline while rates on the short end of the yield curve had a mild increase. The 10-year U.S. Treasury ended the year at 2.2%, down from 3% at the start of 2014.
- During the quarter, the Barclays Capital U.S. Aggregate Bond Index posted a solid 1.8% return, led by gains in Treasuries but with corporates and mortgages showing similar performance in the belly of the curve.
- Long-term Treasuries, as measured by the Barclays Capital Long U.S. Treasury Index, gained 8.6% for the quarter and finished 2014 up 25.1%.
- Investment-grade corporates gained 1.8% in the fourth quarter, led by strength in utility bonds. The fixed-rate mortgage market also returned 1.8%.
- BBB-rated bonds were the weakest performers of the investment-grade names. High-yield bonds, as measured by the Barclays U.S. High Yield Index, dropped 1% in the quarter as energy names were hurt by low oil prices; of this index, the Energy sector alone lost 10.6% in the quarter. The loan market was also weak for similar reasons, dropping 0.4% in the quarter.
- In the U.S., the market is anticipating an eventual federal funds rate hike, while in Europe, the central bank is making plans for a government bond purchase program. Emerging markets are facing headwinds to paying down U.S.-dollar-denominated debt.

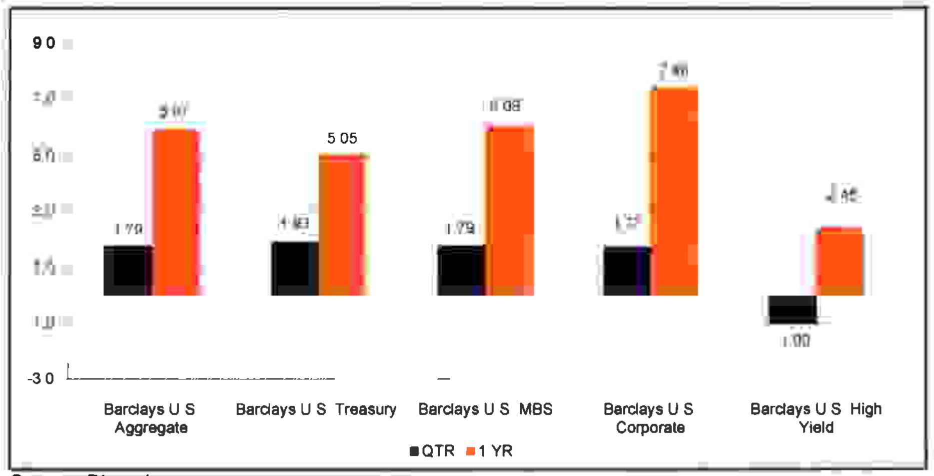
U.S. Treasury Yield Curve



Source: Bloomberg

Returns for Fixed-Income Segments

Quarter and 12 Months Ended December 31, 2014



Source: Bloomberg

PFM

Quarterly Commentary

Fourth Quarter 2014

Multi-Asset Class Management

Alternative Asset Classes

- **U.S. real estate investment trusts (REITs)** gained 14.2% in the fourth quarter, as measured by the FTSE NAREIT Equity REIT Index, as REIT securities recovered after the third quarter's moderate selloff. A strong 9.9% return in October was followed by more modest gains of 2% and 1.9% in November and December, respectively. Lodging, Healthcare, and Apartment REITs led the way, while Office securities were the worst relative performers, although they were still up more than 12%. All sectors were in positive territory for the quarter.

- **Private real estate**, as measured by the NCREIF Index of 7,300 properties nationwide, increased 2.6% during the third quarter of 2014 (fourth-quarter data not yet available). A 1 3% value appreciation supplemented a 1.3% income gain.

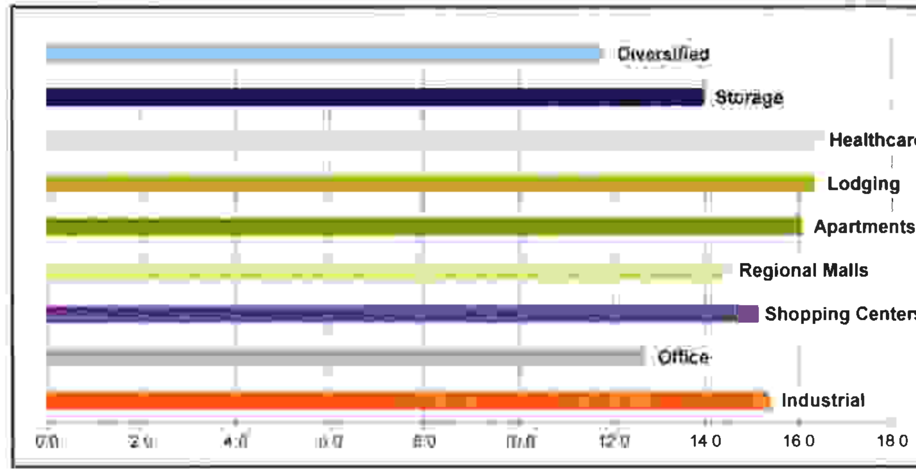
- **Commodities** fell approximately 12.1% as measured by the Bloomberg Commodity Index of 19 raw materials futures. For full-year 2014, the Bloomberg Index was down 17%. Commodity-related equities, as measured by the S&P North American Natural Resources Sector Index, fell 13.9% during the quarter as shares of large integrated oil companies were hit particularly hard by falling energy prices.

- **Hedge funds** had a relatively weak performance during the fourth quarter, as the HFRI Fund Weighted Composite Index returned just 0.7%. Hedge funds finished the year up 3.6%, slightly behind small-cap equities which struggled through most of the year, and also behind fixed income, which had a modest 6% gain for the year.

- **Private equity** fundraising in the third quarter was down relative to the second quarter of 2014 (fourth-quarter data not yet available). According to Preqin, private equity funds raised $73 billion in aggregate in the second quarter, with 127 funds reaching a final close. Venture and Buyout were the two most active sectors, with 58 and 37 funds closing within each sector, respectively, while Real Estate followed with 28 fund closings. North America-focused private equity funds led the way, closing 91 funds representing capital commitments of $33 billion. Europe followed, with 46 funds closing on $25 billion of capital. Uncommitted capital, known as "dry powder," remains at an all-time high of $1.2 trillion.

FTSE NAREIT Sectors

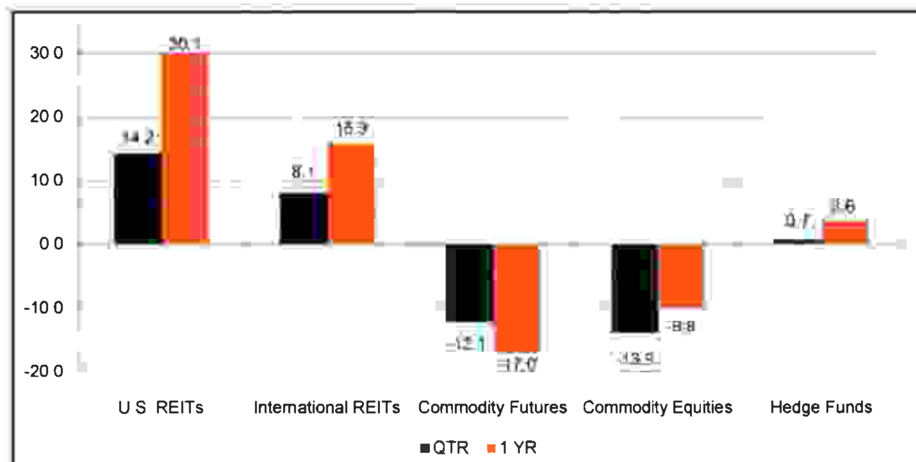
Quarter Ended December 31, 2014



Source: Bloomberg

Returns for Alternative Assets

Quarter and 12 Months Ended December 31, 2014



Sources: Bloomberg and Hedge Fund Research, Inc

Disclosures

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It is not possible to invest directly in an index The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

Plan Performance Summary - Police

Asset Allocation & Performance
Mt. Lebanon Police Pension Plan
As of December 31, 2014

	Allocation		Performance(%)							
	Market Value ($)	%	1 Quarter	2014	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
Total Plan	**44,206,837**	**100.00**	**2.95**	**6.53**	**6.53**	**12.54**	**9.86**	**5.89**	**7.59**	**07/01/2003**
Police Target Policy			*2.45*	*7.30*	*7.30*	*11.58*	*9.41*	*5.11*	*7.06*	*07/01/2003*
Domestic Equity										
Vanguard S&P 500 Index	8,548,578	19.34	4.93	N/A	N/A	N/A	N/A	N/A	4.93	10/01/2014
S&P 500			*4.93*	*13.69*	*13.69*	*20.41*	*15.45*	*7.27*	*4.93*	*10/01/2014*
IM U.S. Large Cap Core Equity (MF) Median			4.49	11.41	11.41	19.30	13.78	6.35	4.49	10/01/2014
Atlanta Capital Large Cap Equity	3,288,924	7.44	9.76	11.87	11.87	N/A	N/A	N/A	11.87	01/01/2014
S&P 500			*4.93*	*13.69*	*13.69*	*20.41*	*15.45*	*7.27*	*13.69*	*01/01/2014*
IM U.S. Large Cap Core Equity (SA+CF) Median			5.09	13.24	13.24	20.56	15.47	7.78	13.24	01/01/2014
Stralem & Company Large Cap Equity Strategy	3,078,268	6.96	2.78	7.00	7.00	13.92	12.20	6.48	6.58	10/01/2007
S&P 500			*4.93*	*13.69*	*13.69*	*20.41*	*15.45*	*7.27*	*6.51*	*10/01/2007*
IM U.S. Large Cap Core Equity (SA+CF) Median			5.09	13.24	13.24	20.56	15.47	7.78	7.15	10/01/2007
PNC Capital	4,411,136	9.98	10.32	N/A	N/A	N/A	N/A	N/A	2.78	07/01/2014
Russell 2000 Index			*9.73*	*4.89*	*4.89*	*19.21*	*15.55*	*8.18*	*1.65*	*07/01/2014*
IM U.S. Small Cap Core Equity (SA+CF) Median			8.64	5.66	5.66	20.54	17.16	9.29	2.26	07/01/2014
International Equity										
Vanguard Total International Stock Index	2,334,323	5.28	-4.22	-4.20	-4.20	9.25	4.36	-0.78	-0.93	10/01/2007
Dodge & Cox International	3,207,310	7.26	-4.66	0.08	0.08	15.23	7.89	2.01	1.85	10/01/2007
Virtus Foreign Opportunities Fund	2,859,080	6.47	-0.64	2.63	2.63	9.24	8.14	0.83	1.32	10/01/2007
MSCI AC World ex USA (Net)			*-3.87*	*-3.87*	*-3.87*	*9.00*	*4.43*	*-0.63*	*-0.70*	*10/01/2007*
IM International Equity (MF) Median			-3.62	-4.49	-4.49	9.63	4.94	-0.64	-0.78	10/01/2007

Returns are net of fees
Returns are expressed as percentages

Asset Allocation & Performance
Mt. Lebanon Police Pension Plan
As of December 31, 2014

	Allocation		Performance(%)							
	Market Value ($)	%	1 Quarter	2014	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
Other Equity										
Voya Real Estate Secs	1,972,134	4.46	13.98	29.77	29.77	15.27	16.53	8.92	12.19	07/01/2003
FTSE NAREIT Equity REIT Index			*14.20*	*30.14*	*30.14*	*16.33*	*16.88*	*8.22*	*11.55*	*07/01/2003*
IM Real Estate Sector (MF) Median			14.11	29.43	29.43	15.27	16.21	7.67	11.02	07/01/2003
Fixed Income										
Garcia Hamilton & Associates	4,307,820	9.74	2.37	7.75	7.75	5.77	5.99	N/A	6.64	06/01/2008
Barclays Aggregate			*1.79*	*5.97*	*5.97*	*2.66*	*4.45*	*4.77*	*4.89*	*06/01/2008*
IM U.S. Broad Market Core Fixed Income (MF) Median			1.35	5.54	5.54	3.09	4.69	4.68	4.95	06/01/2008
Voya Core Plus	4,106,531	9.29	N/A	N/A	N/A	N/A	N/A	N/A	N/A	01/01/2015
Barclays Aggregate			*1.79*	*5.97*	*5.97*	*2.66*	*4.45*	*4.77*	*N/A*	*01/01/2015*
IM U.S. Broad Market Core Fixed Income (MF) Median			1.35	5.54	5.54	3.09	4.69	4.68	N/A	01/01/2015
Templeton Global Fixed	1,591,548	3.60	-1.60	1.97	1.97	6.66	N/A	N/A	6.53	10/01/2011
Citigroup World Government Bond			*-1.49*	*-0.48*	*-0.48*	*-0.97*	*1.67*	*3.07*	*-0.93*	*10/01/2011*
Citigroup Non-U.S. World Government Bond			*-2.91*	*-2.68*	*-2.68*	*-1.94*	*0.85*	*2.62*	*-1.94*	*10/01/2011*
IM Global Fixed Income (MF) Median			-1.05	1.93	1.93	2.61	3.39	4.12	2.56	10/01/2011
Brandywine Global High Yield	1,143,556	2.59	-1.77	1.44	1.44	N/A	N/A	N/A	1.44	01/01/2014
BofA Merrill Lynch Global HY Constrained (USD)			*-2.37*	*-0.09*	*-0.09*	*8.77*	*8.48*	*8.47*	*-0.09*	*01/01/2014*
IM Global High Yield (SA+CF) Median			-2.17	1.57	1.57	8.29	8.32	7.48	1.57	01/01/2014
Babson Capital Floating Rate Income Fund	1,134,968	2.57	-0.33	1.70	1.70	N/A	N/A	N/A	1.70	01/01/2014
Credit Suisse Leveraged Loan index			*-0.37*	*2.06*	*2.06*	*5.84*	*5.83*	*4.60*	*2.06*	*01/01/2014*
IM U.S. Bank Loans (SA+CF) Median			-0.22	1.99	1.99	5.87	6.14	5.16	1.99	01/01/2014
First American Gov't Obligation	2,222,661	5.03	0.00	0.01	0.01	0.01	0.01	0.35	1.51	10/01/2003

Returns are net of fees
Returns are expressed as percentages

Comparative Performance
Mt. Lebanon Police Pension Plan
As of December 31, 2014

	2013	2012	2011	2010	2009	2008	2007
Total Plan	**16.88**	**14.47**	**-1.20**	**13.65**	**23.77**	**-24.64**	**6.66**
Police Target Policy	*15 60*	*12 01*	*0.20*	*12 60*	*21 43*	*-25.55*	*5.42*
Domestic Equity							
Vanguard S&P 500 Index	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S&P 500	*32.39*	*16.00*	*2.11*	*15.06*	*26.46*	*-37.00*	*5.49*
Atlanta Capital Large Cap Equity	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S&P 500	*32.39*	*16.00*	*2.11*	*15.06*	*26.46*	*-37.00*	*5.49*
Stralem & Company Large Cap Equity Strategy	28.78	7.28	8.15	11.21	21.69	-28.26	N/A
S&P 500	*32.39*	*16.00*	*2.11*	*15.06*	*26.46*	*-37 00*	*5.49*
PNC Capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Russell 2000 Index	*38 82*	*16.35*	*-4.18*	*26.85*	*27 17*	*-33.79*	*-1.57*
International Equity							
Vanguard Total International Stock Index	15.14	18.21	-14.52	11.09	36.72	-44.09	N/A
Dodge & Cox International	26.31	21.03	-15.96	13.69	47.46	-46.67	N/A
Virtus Foreign Opportunities Fund	5.69	20.17	0.44	12.96	22.82	-41.66	N/A
MSCI AC World ex USA (Net)	*15.29*	*16.83*	*-13.71*	*11.15*	*41.45*	*-45.53*	*16.65*
Other Equity							
Voya Real Estate Secs	2.09	15.61	9.76	27.83	29.99	-34.89	-16.28
FTSE NAREIT Equity REIT Index	*2 47*	*18.06*	*8.29*	*27.94*	*28.01*	*-37.74*	*-15.70*

Returns are net of fees
Returns are expressed as percentages

Comparative Performance
Mt. Lebanon Police Pension Plan
As of December 31, 2014

	2013	2012	2011	2010	2009	2008	2007
Fixed Income							
Garcia Hamilton & Associates	-0.14	9.96	4.80	7.86	9.92	N/A	N/A
Barclays Aggregate	*-2.02*	*4.21*	*7.84*	*6 54*	*5.93*	*5.24*	*6.97*
Voya Core Plus	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Barclays Aggregate	*-2.02*	*4.21*	*7.84*	*6.54*	*5.93*	*5.24*	*6.97*
Templeton Global Fixed	2.46	16.15	N/A	N/A	N/A	N/A	N/A
Citigroup World Government Bond	*-4.00*	*1.65*	*6.35*	*5.17*	*2 55*	*10.89*	*10.95*
Citigroup Non-U.S. World Government Bond	*-4.56*	*1.50*	*5.17*	*5.21*	*4 36*	*10 10*	*11.47*
Brandywine Global High Yield	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BofA Merrill Lynch Global HY Constrained (USD)	*7.96*	*19.30*	*2.61*	*13.76*	*62.21*	*-27.48*	*3.37*
Babson Capital Floating Rate Income Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Credit Suisse Leveraged Loan index	*6.16*	*9.43*	*1.80*	*9 97*	*44.88*	*-28.75*	*1.87*

Returns are net of fees
Returns are expressed as percentages

Summary Financial Reconciliation
Mt. Lebanon Police Pension Plan
As of December 31, 2014

QTR

	Market Value As of 10/01/2014	Net Flows	Return On Investment	Market Value As of 12/31/2014
Total Plan	[illegible]	[illegible]	[illegible]	[illegible]

YTD

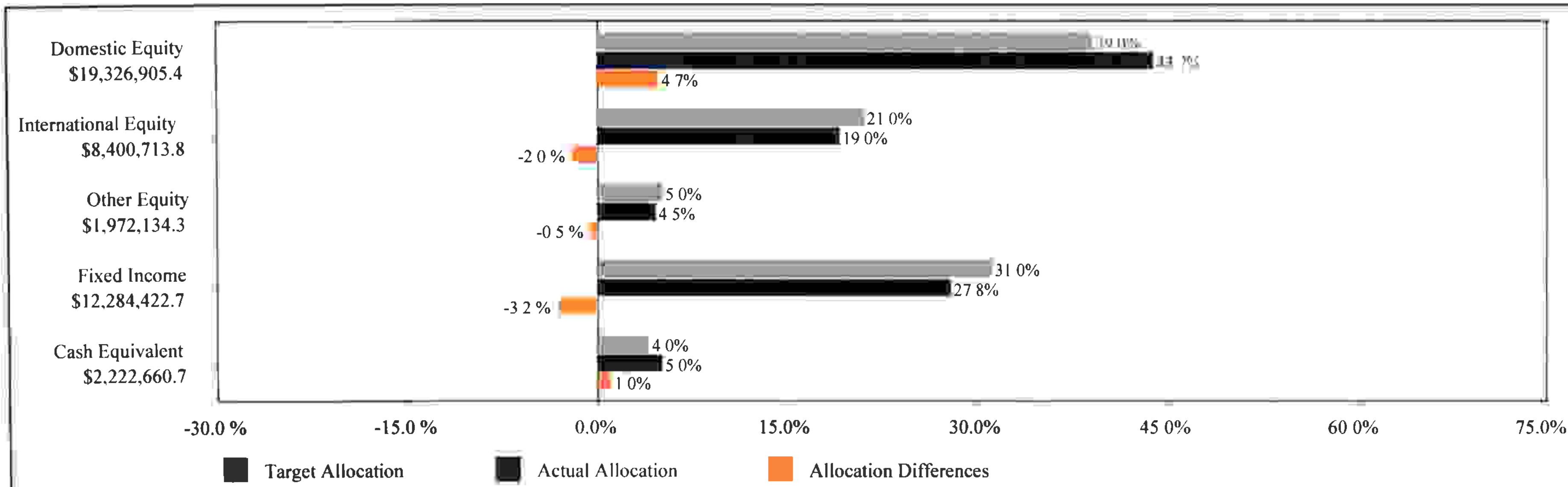
	Market Value As of 01/01/2014	Net Flows	Return On Investment	Market Value As of 12/31/2014
Total Plan	41,698,140	(365,441)	2,874,138	[illegible]

1 Year

	Market Value As of 01/01/2014	Net Flows	Return On Investment	Market Value As of 12/31/2014
Total Plan	41,698,140	(365,441)	2,874,138	[illegible]

Asset Allocation Compliance
Mt. Lebanon Police Pension Plan
As of December 31, 2014

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
Total Plan	100.0	100.0	N/A	N/A	0.0
Domestic Equity	43.7	39.0	34.0	44.0	4.7
International Equity	19.0	21.0	16.0	26.0	-2.0
Other Equity	4.5	5.0	0.0	10.0	-0.5
Fixed Income	27.8	31.0	26.0	36.0	-3.2
Cash Equivalent	5.0	4.0	0.0	10.0	1.0



Investment Policy Compliance Summary

Mt. Lebanon Police Pension Plan

As of December 31, 2014

Policies	Description	In Compliance?	Observation/Recommendation
General Fund Guidelines	Individual equity issues not to exceed 5% at market.	Yes	No action needed at this time.
	Overall rating of the fixed income assets are "A" or better.	Yes	No action needed at this time.
	Prohibited transactions must be avoided.	Yes	No action needed at this time.
Asset Allocation	No prohibited asset classes.	Yes	No action needed at this time.
	Total fund is within specified asset ranges.	Yes	No action needed at this time.
Overall Fund Performance	Fund performance versus the blended benchmark for the quarter.	Yes	Overall portfolio return exceeded the blended index for the quarterly period ending 12/31/14.
	Fund performance versus the blended benchmark for the one-year period.	No	Overall portfolio return lagged the blended index for the one-year period ending 12/31/14.
	Total portfolio performance should exceed the stated actuarial assumption of 7.5% for rolling five-year periods.	Yes	Total portfolio return exceeded the actuarial assumption on a five-year trailing period.
Money Managers	Money managers adhered to established investment guidelines and objectives.	Yes	No action needed at this time.
	Money managers on watch list.		Stralem Large Cap portfolio should remain on watch list. (Performance, Since 3Q14) PNC Small Cap portfolio should remain on watch list. (Personnel, Since 3Q14)
	Money managers on probation.		None. No action needed at this time.
	Money managers recommended for termination.		None. No action needed at this time.

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Historical Hybrid Composition
Mt. Lebanon Police Pension Plan

Allocation Mandate	Weight (%)
Jul-2003	
Policy Index	100.0
Jan-2008	
Dow Jones U.S. Total Stock Market Index	12.0
Russell 1000 Value Index	12.5
Russell 1000 Growth Index	12.5
Russell 2000 Index	2.5
Russell 2500 Index	2.5
MSCI EAFE (net)	18.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	15.5
Barclays Intermediate U.S. Gov/Credit	15.5
90 Day U.S. Treasury Bill	4.0
Jul-2008	
Dow Jones U.S. Total Stock Market Index	11.0
Russell 1000 Value Index	11.5
Russell 1000 Growth Index	11.5
Russell 2000 Index	2.5
Russell 2500 Index	2.5
MSCI EAFE (net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	15.5
Barclays Intermediate U.S. Gov/Credit	15.5
90 Day U.S. Treasury Bill	4.0

Allocation Mandate	Weight (%)
Jan-2010	
Dow Jones U.S. Total Stock Market Index	11.0
Russell 1000 Value Index	11.5
S&P 500	11.5
Russell 2000 Index	2.5
Russell 2500 Index	2.5
MSCI EAFE (net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	15.5
Barclays Intermediate U.S. Gov/Credit	15.5
90 Day U.S. Treasury Bill	4.0
Jun-2010	
Dow Jones U.S. Total Stock Market Index	11.0
Russell 1000 Value Index	6.0
S&P 500	6.0
Russell 1000 Growth Index	6.0
Russell 2500 Index	5.0
Russell 2000 Index	5.0
MSCI EAFE (net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	15.5
Barclays Intermediate U.S. Gov/Credit	15.5
90 Day U.S. Treasury Bill	4.0

PFM

Historical Hybrid Composition
Mt. Lebanon Police Pension Plan

Allocation Mandate	Weight (%)
Oct-2011	
Dow Jones U.S. Total Stock Market Index	11.0
Russell 1000 Value Index	6.0
S&P 500	6.0
Russell 1000 Growth Index	6.0
Russell 2500 Index	5.0
Russell 2000 Index	5.0
MSCI EAFE (net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	12.5
Barclays Intermediate U.S. Gov/Credit	12.5
Citigroup World Government Bond	6.0
90 Day U.S. Treasury Bill	4.0
Apr-2012	
Dow Jones U.S. Total Stock Market Index	11.0
Russell 1000 Value Index	6.0
S&P 500	6.0
Russell 1000 Growth Index	6.0
Russell 2500 Index	5.0
Russell 2000 Index	5.0
MSCI AC World ex USA (Net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	12.5
Barclays Intermediate U.S. Gov/Credit	12.5
Citigroup World Government Bond	6.0
90 Day U.S. Treasury Bill	4.0

Allocation Mandate	Weight (%)
Jul-2013	
Dow Jones U.S. Total Stock Market Index	14.5
S&P 500	7.3
Russell 1000 Growth Index	7.3
Russell 2500 Index	5.0
Russell 2000 Index	5.0
MSCI AC World ex USA (Net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	12.5
Barclays Intermediate U.S. Gov/Credit	12.5
Citigroup World Government Bond	6.0
90 Day U.S. Treasury Bill	4.0
Oct-2013	
Russell 3000 Index	39.0
MSCI AC World ex USA (Net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	31.0
90 Day U.S. Treasury Bill	4.0

Plan Performance Summary - Employees

Asset Allocation & Performance
Mt. Lebanon Employees' Pension Plan
As of December 31, 2014

	Allocation		Performance(%)							
	Market Value ($)	%	1 Quarter	2014	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
Total Plan	**23,576,603**	**100.00**	**3.17**	**6.86**	**6.86**	**12.71**	**9.96**	**6.00**	**7.65**	**07/01/2003**
Employees Target Policy			*2 45*	*7.30*	*7 30*	*11.58*	*9.41*	*5.11*	*7 06*	*07/01/2003*
Domestic Equity										
Vanguard S&P 500 Index	4,865,343	20.64	4.92	N/A	N/A	N/A	N/A	N/A	4.92	10/01/2014
S&P 500			*4 93*	*13 69*	*13 69*	*20 41*	*15 45*	*7.27*	*4.93*	*10/01/2014*
IM U.S. Large Cap Core Equity (MF) Median			4.49	11.41	11.41	19.30	13.78	6.35	4.49	10/01/2014
Atlanta Capital Large Cap Equity	1,599,538	6.78	9.74	11.86	11.86	N/A	N/A	N/A	11.86	01/01/2014
S&P 500			*4.93*	*13 69*	*13 69*	*20 41*	*15 45*	*7.27*	*13.69*	*01/01/2014*
IM U.S. Large Cap Core Equity (SA+CF) Median			5.09	13.24	13.24	20.56	15.47	7.78	13.24	01/01/2014
Stralem & Company Large Cap Equity Strategy	1,654,815	7.02	2.93	7.39	7.39	14.26	12.27	6.67	6.76	10/01/2007
S&P 500			*4 93*	*13.69*	*13.69*	*20.41*	*15.45*	*7.27*	*6.51*	*10/01/2007*
IM U.S. Large Cap Core Equity (SA+CF) Median			5.09	13.24	13.24	20.56	15.47	7.78	7.15	10/01/2007
PNC Capital	2,395,258	10.16	10.32	N/A	N/A	N/A	N/A	N/A	2.78	07/01/2014
Russell 2000 Index			*9.73*	*4 89*	*4.89*	*19.21*	*15.55*	*8.18*	*1 65*	*07/01/2014*
IM U.S. Small Cap Core Equity (SA+CF) Median			8.64	5.66	5.66	20.54	17.16	9.29	2.26	07/01/2014
International Equity										
Vanguard Total International Stock Index	983,304	4.17	-4.22	-4.20	-4.20	9.25	4.36	-0.79	-0.93	10/01/2007
Dodge & Cox International	1,618,478	6.86	-4.66	0.08	0.08	15.23	7.89	2.00	1.84	10/01/2007
Virtus Foreign Opportunities Fund	1,610,305	6.83	-0.64	2.63	2.63	9.24	8.14	0.83	1.32	10/01/2007
MSCI AC World ex USA (Net)			*-3.87*	*-3.87*	*-3.87*	*9 00*	*4.43*	*-0 63*	*-0.70*	*10/01/2007*
IM International Equity (MF) Median			-3.62	-4.49	-4.49	9.63	4.94	-0.64	-0.78	10/01/2007

Returns are net of fees
Returns are expressed as percentages

Asset Allocation & Performance
Mt. Lebanon Employees' Pension Plan
As of December 31, 2014

	Allocation		Performance(%)							
	Market Value ($)	%	1 Quarter	2014	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
Other Equity										
Voya Real Estate Secs	1,310,954	5.56	13.98	29.77	29.77	15.27	16.53	8.92	12.19	07/01/2003
FTSE NAREIT Equity REIT Index			*14.20*	*30.14*	*30.14*	*16 33*	*16.88*	*8.22*	*11.55*	*07/01/2003*
IM Real Estate Sector (MF) Median			14.11	29.43	29.43	15.27	16.21	7.67	11.02	07/01/2003
Fixed Income										
Garcia Hamilton & Associates	2,408,642	10.22	2.46	7.67	7.67	5.81	6.01	N/A	6.69	06/01/2008
Barclays Aggregate			*1.79*	*5.97*	*5.97*	*2 66*	*4.45*	*4.77*	*4.89*	*06/01/2008*
IM U.S. Broad Market Core Fixed Income (MF) Median			1.35	5.54	5.54	3.09	4.69	4.68	4.95	06/01/2008
Voya Core Plus	2,299,095	9.75	N/A	N/A	N/A	N/A	N/A	N/A	N/A	01/01/2015
Barclays Aggregate			*1.79*	*5.97*	*5 97*	*2.66*	*4.45*	*4 77*	*N/A*	*01/01/2015*
IM U.S. Broad Market Core Fixed Income (MF) Median			1.35	5.54	5.54	3.09	4.69	4.68	N/A	01/01/2015
Templeton Global Fixed	938,929	3 98	-1.60	1.97	1.97	6.66	N/A	N/A	6.53	10/01/2011
Citigroup World Government Bond			*-1.49*	*-0.48*	*-0.48*	*-0.97*	*1.67*	*3 07*	*-0.93*	*10/01/2011*
Citigroup Non-U.S World Government Bond			*-2.91*	*-2.68*	*-2.68*	*-1.94*	*0.85*	*2.62*	*-1.94*	*10/01/2011*
IM Global Fixed Income (MF) Median			-1.05	1.93	1.93	2.61	3.39	4.12	2.56	10/01/2011
Brandywine Global High Yield	616,864	2.62	-1.77	1.44	1.44	N/A	N/A	N/A	1.44	01/01/2014
BofA Merrill Lynch Global HY Constrained (USD)			*-2.37*	*-0.09*	*-0.09*	*8.77*	*8.48*	*8.47*	*-0.09*	*01/01/2014*
IM Global High Yield (SA+CF) Median			-2.17	1.57	1.57	8.29	8.32	7.48	1.57	01/01/2014
Babson Capital Floating Rate Income Fund	612,232	2 60	-0.33	1.70	1.70	N/A	N/A	N/A	1.70	01/01/2014
Credit Suisse Leveraged Loan index			*-0.37*	*2.06*	*2.06*	*5 84*	*5.83*	*4.60*	*2 06*	*01/01/2014*
IM U.S. Bank Loans (SA+CF) Median			-0.22	1.99	1.99	5.87	6.14	5.16	1.99	01/01/2014
First American Gov't Obligation	662,848	2.81	0.00	0.01	0.01	0.01	0.01	0.31	1.47	10/01/2003

Returns are net of fees
Returns are expressed as percentages

Comparative Performance
Mt. Lebanon Employees' Pension Plan
As of December 31, 2014

	2013	2012	2011	2010	2009	2008	2007
Total Plan	**16.90**	**14.61**	**-1.13**	**13.58**	**24.14**	**-24.69**	**6.69**
Employees Target Policy	*15 60*	*12.01*	*0.20*	*12.60*	*21.43*	*-25.55*	*5 42*
Domestic Equity							
Vanguard S&P 500 Index	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S&P 500	*32.39*	*16.00*	*2 11*	*15.06*	*26.46*	*-37.00*	*5.49*
Atlanta Capital Large Cap Equity	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S&P 500	*32.39*	*16.00*	*2.11*	*15.06*	*26.46*	*-37.00*	*5.49*
Stralem & Company Large Cap Equity Strategy	28.98	7.68	8.25	10.46	21.90	-27.71	N/A
S&P 500	*32.39*	*16.00*	*2.11*	*15.06*	*26.46*	*-37.00*	*5.49*
PNC Capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Russell 2000 Index	*38.82*	*16.35*	*-4.18*	*26.85*	*27.17*	*-33 79*	*-1.57*
International Equity							
Vanguard Total International Stock Index	15.14	18.21	-14.52	11.09	36.72	-44.10	N/A
Dodge & Cox International	26.31	21.03	15.97	13.69	47.46	-46.69	N/A
Virtus Foreign Opportunities Fund	5.69	20.17	0.44	12.96	22.82	-41.68	N/A
MSCI AC World ex USA (Net)	*15.29*	*16.83*	*-13 71*	*11.15*	*41.45*	*-45.53*	*16.65*
Other Equity							
Voya Real Estate Secs	2.09	15.61	9.76	27.83	29.99	-34.89	-16.28
FTSE NAREIT Equity REIT Index	*2.47*	*18.06*	*8.29*	*27.94*	*28.01*	*-37 74*	*-15.70*

Returns are net of fees
Returns are expressed as percentages

Comparative Performance
Mt. Lebanon Employees' Pension Plan
As of December 31, 2014

	2013	2012	2011	2010	2009	2008	2007
Fixed Income							
Garcia Hamilton & Associates	-0.01	10.02	4.89	7.75	10.26	N/A	N/A
Barclays Aggregate	*-2.02*	*4.21*	*7.84*	*6.54*	*5.93*	*5.24*	*6.97*
Voya Core Plus	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Barclays Aggregate	*-2.02*	*4.21*	*7.84*	*6.54*	*5.93*	*5.24*	*6.97*
Templeton Global Fixed	2.46	16.15	N/A	N/A	N/A	N/A	N/A
Citigroup World Government Bond	*-4.00*	*1.65*	*6.35*	*5.17*	*2.55*	*10.89*	*10.95*
Citigroup Non-U.S. World Government Bond	*-4.56*	*1.50*	*5.17*	*5.21*	*4.36*	*10.10*	*11.47*
Brandywine Global High Yield	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BofA Merrill Lynch Global HY Constrained (USD)	*7.96*	*19.30*	*2.61*	*13.76*	*62.21*	*-27.48*	*3.37*
Babson Capital Floating Rate Income Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Credit Suisse Leveraged Loan index	*6.16*	*9.43*	*1.80*	*9.97*	*44.88*	*-28.75*	*1.87*

Returns are net of fees
Returns are expressed as percentages

Summary Financial Reconciliation
Mt. Lebanon Employees' Pension Plan
As of December 31, 2014

QTR

	Market Value As of 10/01/2014	Net Flows	Return On Investment	Market Value As of 12/31/2014
Total Plan	[illegible]	151,642	[illegible]	23,576,603

YTD

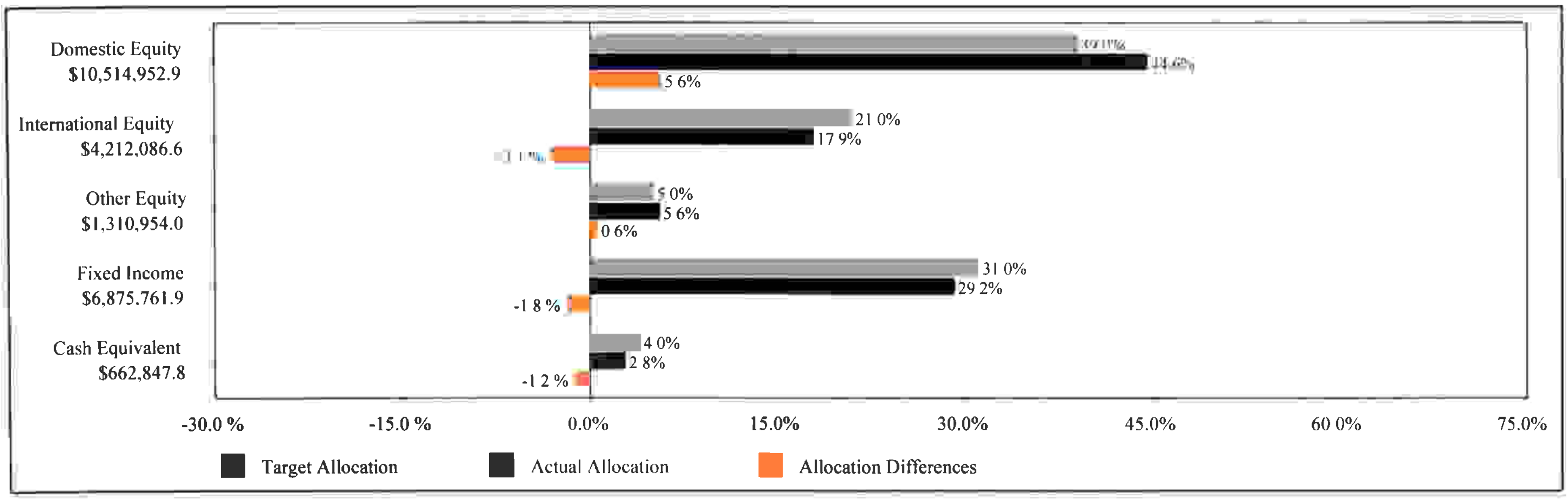
	Market Value As of 01/01/2014	Net Flows	Return On Investment	Market Value As of 12/31/2014
Total Plan	22,515,281	(575,888)	1,637,210	23,576,603

1 Year

	Market Value As of 01/01/2014	Net Flows	Return On Investment	Market Value As of 12/31/2014
Total Plan	22,515,281	(575,888)	1,637,210	23,576,603

Asset Allocation Compliance
Mt. Lebanon Employees' Pension Plan
As of December 31, 2014

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
Total Plan	100.0	100.0	N/A	N/A	0.0
Domestic Equity	44.6	39.0	34.0	44.0	5.6
International Equity	17.9	21.0	16.0	26.0	-3.1
Other Equity	5.6	5.0	0.0	10.0	0.6
Fixed Income	29.2	31.0	26.0	36.0	-1.8
Cash Equivalent	2.8	4.0	0.0	10.0	-1.2



Investment Policy Compliance Summary

Mt. Lebanon Employees' Pension Plan

As of December 31, 2014

Policies	Description	In Compliance?	Observation/Recommendation
General Fund Guidelines	Individual equity issues not to exceed 5% at market.	Yes	No action needed at this time.
	Overall rating of the fixed income assets are "A" or better.	Yes	No action needed at this time.
	Prohibited transactions must be avoided.	Yes	No action needed at this time.
Asset Allocation	No prohibited asset classes.	Yes	No action needed at this time.
	Total fund is within specified asset ranges.	No	Discuss re-balancing at meeting.
Overall Fund Performance	Fund performance versus the blended benchmark for the quarter.	Yes	Overall portfolio return exceeded the blended index for the quarterly period ending 12/31/14.
	Fund performance versus the blended benchmark for the one-year period.	No	Overall portfolio return lagged the blended index for the one-year period ending 12/31/14.
	Total portfolio performance should exceed the stated actuarial assumption of 7.5% for rolling five-year periods.	Yes	Total portfolio return exceeded the actuarial assumption on a five-year trailing period.
Money Managers	Money managers adhered to established investment guidelines and objectives.	Yes	No action needed at this time.
	Money managers on watch list.		Stralem Large Cap portfolio should remain on watch list. (Performance, Since 3Q14) PNC Small Cap portfolio should remain on watch list. (Personnel, Since 3Q14)
	Money managers on probation.		None. No action needed at this time.
	Money managers recommended for termination.		None. No action needed at this time.

PFM

Historical Hybrid Composition
Mt. Lebanon Employees' Pension Plan

Allocation Mandate	Weight (%)
Jul-2003	
Policy Index	100.0
Jan-2008	
Dow Jones U.S. Total Stock Market Index	12.0
Russell 1000 Value Index	12.5
Russell 1000 Growth Index	12.5
Russell 2000 Index	2.5
Russell 2500 Index	2.5
MSCI EAFE (net)	18.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	15.5
Barclays Intermediate U.S. Gov/Credit	15.5
90 Day U.S. Treasury Bill	4.0
Jul-2008	
Dow Jones U.S. Total Stock Market Index	11.0
Russell 1000 Value Index	11.5
Russell 1000 Growth Index	11.5
Russell 2000 Index	2.5
Russell 2500 Index	2.5
MSCI EAFE (net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	15.5
Barclays Intermediate U.S. Gov/Credit	15.5
90 Day U.S. Treasury Bill	4.0

Allocation Mandate	Weight (%)
Jan-2010	
Dow Jones U.S. Total Stock Market Index	11.0
Russell 1000 Value Index	11.5
S&P 500	11.5
Russell 2000 Index	2.5
Russell 2500 Index	2.5
MSCI EAFE (net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	15.5
Barclays Intermediate U.S. Gov/Credit	15.5
90 Day U.S. Treasury Bill	4.0
Jun-2010	
Dow Jones U.S. Total Stock Market Index	11.0
Russell 1000 Value Index	6.0
S&P 500	6.0
Russell 1000 Growth Index	6.0
Russell 2500 Index	5.0
Russell 2000 Index	5.0
MSCI EAFE (net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	15.5
Barclays Intermediate U.S. Gov/Credit	15.5
90 Day U.S. Treasury Bill	4.0

Historical Hybrid Composition
Mt. Lebanon Employees' Pension Plan

Allocation Mandate	Weight (%)
Oct-2011	
Dow Jones U.S. Total Stock Market Index	11.0
Russell 1000 Value Index	6.0
S&P 500	6.0
Russell 1000 Growth Index	6.0
Russell 2500 Index	5.0
Russell 2000 Index	5.0
MSCI EAFE (net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	12.5
Barclays Intermediate U.S. Gov/Credit	12.5
Citigroup World Government Bond	6.0
90 Day U.S. Treasury Bill	4.0
Apr-2012	
Dow Jones U.S. Total Stock Market Index	11.0
Russell 1000 Value Index	6.0
S&P 500	6.0
Russell 1000 Growth Index	6.0
Russell 2500 Index	5.0
Russell 2000 Index	5.0
MSCI AC World ex USA (Net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	12.5
Barclays Intermediate U.S. Gov/Credit	12.5
Citigroup World Government Bond	6.0
90 Day U.S. Treasury Bill	4.0

Allocation Mandate	Weight (%)
Jul-2013	
Dow Jones U.S. Total Stock Market Index	14.5
S&P 500	7.3
Russell 1000 Growth Index	7.3
Russell 2500 Index	5.0
Russell 2000 Index	5.0
MSCI AC World ex USA (Net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	12.5
Barclays Intermediate U.S. Gov/Credit	12.5
Citigroup World Government Bond	6.0
90 Day U.S. Treasury Bill	4.0
Oct-2013	
Russell 3000 Index	39.0
MSCI AC World ex USA (Net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	31.0
90 Day U.S. Treasury Bill	4.0

Plan Performance Summary - Firemen

Asset Allocation & Performance
Mt. Lebanon Firemen Pension Plan
As of December 31, 2014

	Allocation		Performance(%)							
	Market Value ($)	%	1 Quarter	2014	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
Total Plan	**14,216,155**	**100.00**	**3.21**	**6.90**	**6.90**	**12.55**	**9.81**	**5.84**	**7.57**	**07/01/2003**
Firemen Target Policy			*2.45*	*7.30*	*7 30*	*11.58*	*9.41*	*5.11*	*7.06*	*07/01/2003*
Domestic Equity										
Vanguard S&P 500 Index	2,762,075	19.43	4.92	N/A	N/A	N/A	N/A	N/A	4.92	10/01/2014
S&P 500			*4.93*	*13 69*	*13.69*	*20.41*	*15 45*	*7.27*	*4.93*	*10/01/2014*
IM U.S. Large Cap Core Equity (MF) Median			4.49	11.41	11.41	19.30	13.78	6.35	4.49	10/01/2014
Atlanta Capital Large Cap Equity	1,066,479	7.50	9.75	11.85	11.85	N/A	N/A	N/A	11.85	01/01/2014
S&P 500			*4.93*	*13.69*	*13.69*	*20.41*	*15.45*	*7.27*	*13.69*	*01/01/2014*
IM U.S. Large Cap Core Equity (SA+CF) Median			5.09	13.24	13.24	20.56	15.47	7.78	13.24	01/01/2014
Stralem & Company Large Cap Equity Strategy	990,916	6 97	2.83	7.26	7.26	13.85	12.16	6.61	6.70	10/01/2007
S&P 500			*4.93*	*13.69*	*13 69*	*20.41*	*15.45*	*7.27*	*6 51*	*10/01/2007*
IM U.S. Large Cap Core Equity (SA+CF) Median			5.09	13.24	13.24	20.56	15.47	7.78	7.15	10/01/2007
PNC Capital	1,417,666	9.97	10.32	N/A	N/A	N/A	N/A	N/A	2.78	07/01/2014
Russell 2000 Index			*9.73*	*4.89*	*4.89*	*19.21*	*15.55*	*8.18*	*1.65*	*07/01/2014*
IM U.S. Small Cap Core Equity (SA+CF) Median			8.64	5.66	5.66	20.54	17.16	9.29	2.26	07/01/2014
International Equity										
Vanguard Total International Stock Index	532,796	3.75	-4.22	-4.20	-4.20	9.25	4.36	-0.79	-0.93	10/01/2007
Dodge & Cox International	997,859	7.02	-4.66	0.08	0.08	15.23	7.89	2.00	1.84	10/01/2007
Virtus Foreign Opportunities Fund	949,128	6.68	-0.64	2.63	2.63	9.24	8.14	0.83	1.32	10/01/2007
MSCI AC World ex USA (Net)			*-3.87*	*-3.87*	*-3.87*	*9.00*	*4.43*	*-0.63*	*-0.70*	*10/01/2007*
IM International Equity (MF) Median			-3.62	-4.49	-4.49	9.63	4.94	-0.64	-0.78	10/01/2007

Returns are net of fees
Returns are expressed as percentages

PFM

Asset Allocation & Performance
Mt. Lebanon Firemen Pension Plan
As of December 31, 2014

	Allocation		Performance(%)							
	Market Value ($)	%	1 Quarter	2014	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
Other Equity										
Voya Real Estate Secs	745,334	5.24	13.98	29.77	29.77	15.27	16.53	8.92	12.19	07/01/2003
FTSE NAREIT Equity REIT Index			*14.20*	*30.14*	*30.14*	*16.33*	*16 88*	*8 22*	*11.55*	*07/01/2003*
IM Real Estate Sector (MF) Median			14.11	29.43	29.43	15.27	16.21	7.67	11.02	07/01/2003
Fixed Income										
Garcia Hamilton & Associates	1,451,081	10.21	2.45	7.90	7.90	5.90	6.01	N/A	6.63	06/01/2008
Barclays Aggregate			*1.79*	*5.97*	*5.97*	*2.66*	*4 45*	*4.77*	*4.89*	*06/01/2008*
IM U.S. Broad Market Core Fixed Income (MF) Median			1.35	5.54	5.54	3.09	4.69	4.68	4.95	06/01/2008
Voya Core Plus	1,381,146	9.72	N/A	N/A	N/A	N/A	N/A	N/A	N/A	01/01/2015
Barclays Aggregate			*1.79*	*5.97*	*5.97*	*2.66*	*4.45*	*4.77*	*N/A*	*01/01/2015*
IM U.S. Broad Market Core Fixed Income (MF) Median			1.35	5.54	5.54	3.09	4.69	4.68	N/A	01/01/2015
Templeton Global Fixed	578,056	4.07	-1.60	1.97	1.97	6.66	N/A	N/A	6.53	10/01/2011
Citigroup World Government Bond			*-1.49*	*-0.48*	*-0.48*	*-0.97*	*1.67*	*3.07*	*-0.93*	*10/01/2011*
Citigroup Non-U.S. World Government Bond			*-2.91*	*-2.68*	*-2 68*	*-1.94*	*0.85*	*2.62*	*-1.94*	*10/01/2011*
IM Global Fixed Income (MF) Median			-1.05	1.93	1.93	2.61	3.39	4.12	2.56	10/01/2011
Brandywine Global High Yield	364,790	2.57	-1.77	1.44	1.44	N/A	N/A	N/A	1.44	01/01/2014
BofA Merrill Lynch Global HY Constrained (USD)			*-2.37*	*-0.09*	*-0 09*	*8.77*	*8.48*	*8.47*	*-0 09*	*01/01/2014*
IM Global High Yield (SA+CF) Median			-2.17	1.57	1.57	8.29	8.32	7.48	1.57	01/01/2014
Babson Capital Floating Rate Income Fund	362,051	2.55	-0.33	1.70	1.70	N/A	N/A	N/A	1.70	01/01/2014
Credit Suisse Leveraged Loan index			*-0.37*	*2.06*	*2.06*	*5 84*	*5 83*	*4.60*	*2.06*	*01/01/2014*
IM U.S. Bank Loans (SA+CF) Median			-0.22	1.99	1.99	5.87	6.14	5.16	1.99	01/01/2014
First American Gov't Obligation	616,779	4.34	0.00	0.01	0 01	0.01	0.01	0.33	1.53	10/01/2003

Returns are net of fees
Returns are expressed as percentages

Comparative Performance
Mt. Lebanon Firemen Pension Plan
As of December 31, 2014

	2013	2012	2011	2010	2009	2008	2007
Total Plan	**16.51**	**14.46**	**-1.51**	**13.69**	**23.65**	**-24.63**	**6.67**
Firemen Target Policy	*15.60*	*12 01*	*0.20*	*12 60*	*21.43*	*-25.55*	*5.42*
Domestic Equity							
Vanguard S&P 500 Index	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S&P 500	*32.39*	*16.00*	*2.11*	*15.06*	*26.46*	*-37.00*	*5.49*
Atlanta Capital Large Cap Equity	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S&P 500	*32 39*	*16.00*	*2.11*	*15.06*	*26.46*	*-37.00*	*5.49*
Stralem & Company Large Cap Equity Strategy	28.23	7.30	8.35	10.99	21.83	-27.61	N/A
S&P 500	*32.39*	*16.00*	*2.11*	*15.06*	*26.46*	*-37.00*	*5.49*
PNC Capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Russell 2000 Index	*38.82*	*16.35*	*-4.18*	*26.85*	*27 17*	*-33.79*	*-1.57*
International Equity							
Vanguard Total International Stock Index	15.13	18.21	-14.52	11.09	36.72	-44.10	N/A
Dodge & Cox International	26.31	21.03	-15.97	13.69	47.46	-46.69	N/A
Virtus Foreign Opportunities Fund	5.69	20.17	0.44	12.96	22.82	-41.68	N/A
MSCI AC World ex USA (Net)	*15 29*	*16.83*	*-13 71*	*11 15*	*41.45*	*-45.53*	*16.65*
Other Equity							
Voya Real Estate Secs	2.09	15.61	9.76	27.83	29.99	-34.89	-16.28
FTSE NAREIT Equity REIT Index	*2 47*	*18.06*	*8.29*	*27.94*	*28.01*	*-37.74*	*-15.70*

Returns are net of fees
Returns are expressed as percentages

Comparative Performance
Mt. Lebanon Firemen Pension Plan
As of December 31, 2014

	2013	2012	2011	2010	2009	2008	2007
Fixed Income							
Garcia Hamilton & Associates	-0.10	10.18	4.50	7.87	9.76	N/A	N/A
Barclays Aggregate	*-2.02*	*4.21*	*7.84*	*6.54*	*5.93*	*5.24*	*6.97*
Voya Core Plus	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Barclays Aggregate	*-2.02*	*4.21*	*7.84*	*6.54*	*5.93*	*5.24*	*6.97*
Templeton Global Fixed	2.46	16.15	N/A	N/A	N/A	N/A	N/A
Citigroup World Government Bond	*-4.00*	*1.65*	*6.35*	*5 17*	*2.55*	*10 89*	*10.95*
Citigroup Non-U.S. World Government Bond	*-4 56*	*1.50*	*5.17*	*5.21*	*4.36*	*10.10*	*11.47*
Brandywine Global High Yield	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BofA Merrill Lynch Global HY Constrained (USD)	*7.96*	*19 30*	*2.61*	*13 76*	*62.21*	*-27.48*	*3.37*
Babson Capital Floating Rate Income Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Credit Suisse Leveraged Loan index	*6.16*	*9.43*	*1.80*	*9.97*	*44.88*	*-28.75*	*1.87*

Returns are net of fees
Returns are expressed as percentages

Summary Financial Reconciliation
Mt. Lebanon Firemen Pension Plan
As of December 31, 2014

QTR

	Market Value As of 10/01/2014	Net Flows	Return On Investment	Market Value As of 12/31/2014
Total Plan	13,448,342	[illegible]	[illegible]	14,216,155

YTD

	Market Value As of 01/01/2014	Net Flows	Return On Investment	Market Value As of 12/31/2014
Total Plan	[illegible]	[illegible]	[illegible]	14,216,155

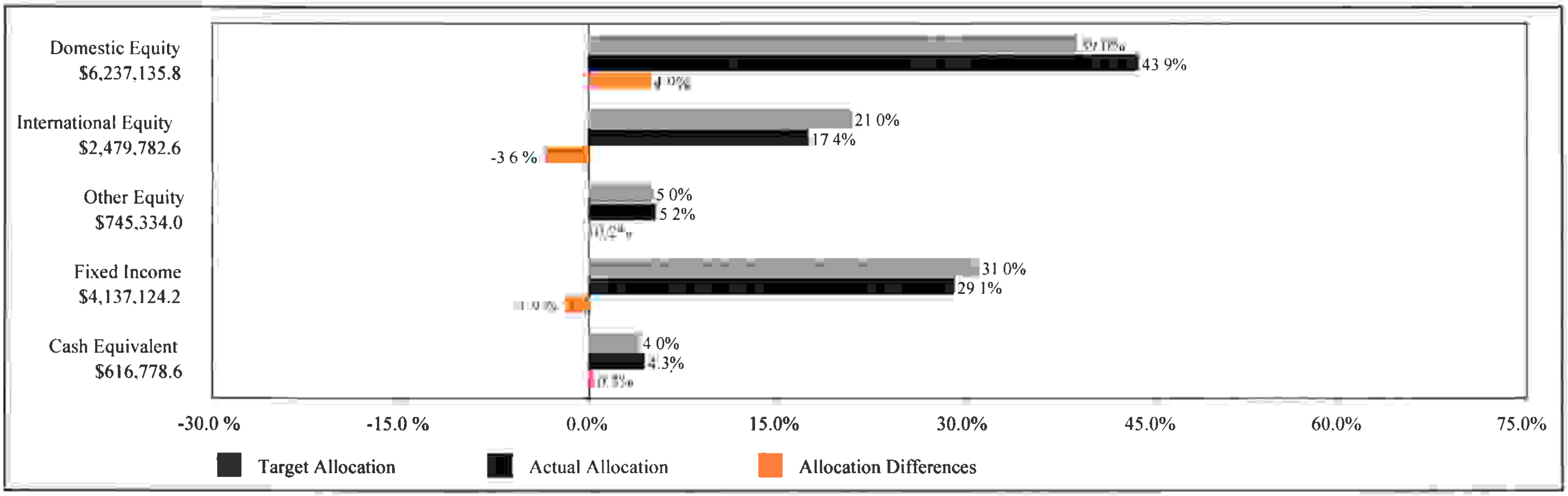
1 Year

	Market Value As of 01/01/2014	Net Flows	Return On Investment	Market Value As of 12/31/2014
Total Plan	[illegible]	[illegible]	[illegible]	14,216,155

PFM

Asset Allocation Compliance
Mt. Lebanon Firemen Pension Plan
As of December 31, 2014

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
Total Plan	100.0	100.0	N/A	N/A	0.0
Domestic Equity	43.9	39.0	34.0	44.0	4.9
International Equity	17.4	21.0	16.0	26.0	-3.6
Other Equity	5.2	5.0	0.0	10.0	0.2
Fixed Income	29.1	31.0	26.0	36.0	-1.9
Cash Equivalent	4.3	4.0	0.0	10.0	0.3



Investment Policy Compliance Summary

Mt. Lebanon Firemen Pension Plan

As of December 31, 2014

Policies	Description	In Compliance?	Observation/Recommendation
General Fund Guidelines	Individual equity issues not to exceed 5% at market.	Yes	No action needed at this time.
	Overall rating of the fixed income assets are "A" or better.	Yes	No action needed at this time.
	Prohibited transactions must be avoided.	Yes	No action needed at this time.
Asset Allocation	No prohibited asset classes.	Yes	No action needed at this time.
	Total fund is within specified asset ranges.	Yes	No action needed at this time.
Overall Fund Performance	Fund performance versus the blended benchmark for the quarter.	Yes	Overall portfolio return exceeded the blended index for the quarterly period ending 12/31/14.
	Fund performance versus the blended benchmark for the one-year period.	No	Overall portfolio return lagged the blended index for the one-year period ending 12/31/14.
	Total portfolio performance should exceed the stated actuarial assumption of 7.5% for rolling five-year periods	Yes	Total portfolio return exceeded the actuarial assumption on a five-year trailing period.
Money Managers	Money managers adhered to established investment guidelines and objectives.	Yes	No action needed at this time.
	Money managers on watch list.		Stralem Large Cap portfolio should remain on watch list. (Performance, Since 3Q14) PNC Small Cap portfolio should remain on watch list. (Personnel, Since 3Q14)
	Money managers on probation.		None. No action needed at this time.
	Money managers recommended for termination		None. No action needed at this time.

Historical Hybrid Composition
Mt. Lebanon Firemen Pension Plan

Allocation Mandate	Weight (%)
Jul-2003	
Policy Index	100.0
Jan-2008	
Dow Jones U.S. Total Stock Market Index	12.0
Russell 1000 Value Index	12.5
Russell 1000 Growth Index	12.5
Russell 2000 Index	2.5
Russell 2500 Index	2.5
MSCI EAFE (net)	18.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	15.5
Barclays Intermediate U.S. Gov/Credit	15.5
90 Day U.S. Treasury Bill	4.0
Jul-2008	
Dow Jones U.S. Total Stock Market Index	11.0
Russell 1000 Value Index	11.5
Russell 1000 Growth Index	11.5
Russell 2000 Index	2.5
Russell 2500 Index	2.5
MSCI EAFE (net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	15.5
Barclays Intermediate U.S. Gov/Credit	15.5
90 Day U.S. Treasury Bill	4.0

Allocation Mandate	Weight (%)
Jan-2010	
Dow Jones U.S. Total Stock Market Index	11.0
Russell 1000 Value Index	11.5
S&P 500	11.5
Russell 2000 Index	2.5
Russell 2500 Index	2.5
MSCI EAFE (net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	15.5
Barclays Intermediate U.S. Gov/Credit	15.5
90 Day U.S. Treasury Bill	4.0
Jun-2010	
Dow Jones U.S. Total Stock Market Index	11.0
Russell 1000 Value Index	6.0
S&P 500	6.0
Russell 1000 Growth Index	6.0
Russell 2500 Index	5.0
Russell 2000 Index	5.0
MSCI EAFE (net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	15.5
Barclays Intermediate U.S. Gov/Credit	15.5
90 Day U.S. Treasury Bill	4.0

Historical Hybrid Composition
Mt. Lebanon Firemen Pension Plan

Allocation Mandate	Weight (%)
Oct-2011	
Dow Jones U.S. Total Stock Market Index	11.0
Russell 1000 Value Index	6.0
S&P 500	6.0
Russell 1000 Growth Index	6.0
Russell 2500 Index	5.0
Russell 2000 Index	5.0
MSCI EAFE (net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	12.5
Barclays Intermediate U.S. Gov/Credit	12.5
Citigroup World Government Bond	6.0
90 Day U.S. Treasury Bill	4.0
Apr-2012	
Dow Jones U.S. Total Stock Market Index	11.0
Russell 1000 Value Index	6.0
S&P 500	6.0
Russell 1000 Growth Index	6.0
Russell 2500 Index	5.0
Russell 2000 Index	5.0
MSCI AC World ex USA (Net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	12.5
Barclays Intermediate U.S. Gov/Credit	12.5
Citigroup World Government Bond	6.0
90 Day U.S. Treasury Bill	4.0

Allocation Mandate	Weight (%)
Jul-2013	
Dow Jones U.S. Total Stock Market Index	14.5
S&P 500	7.3
Russell 1000 Growth Index	7.3
Russell 2500 Index	5.0
Russell 2000 Index	5.0
MSCI AC World ex USA (Net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	12.5
Barclays Intermediate U.S. Gov/Credit	12.5
Citigroup World Government Bond	6.0
90 Day U.S. Treasury Bill	4.0
Oct-2013	
Russell 3000 Index	39.0
MSCI AC World ex USA (Net)	21.0
FTSE NAREIT Equity REIT Index	5.0
Barclays Aggregate	31.0
90 Day U.S. Treasury Bill	4.0

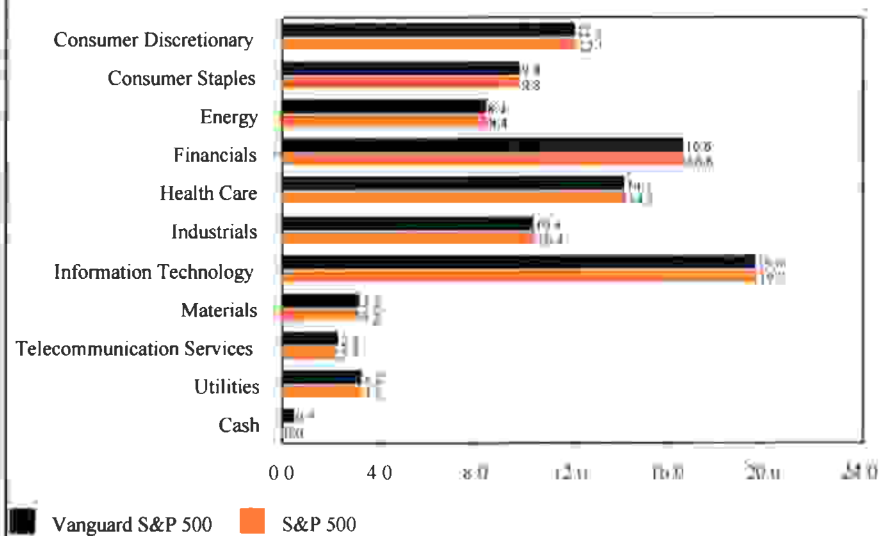
Investment Manager Review

Portfolio Characteristics
Vanguard S&P 500 Index vs. S&P 500 Index
As of December 31, 2014

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($M)	130,782	131,374
Median Mkt. Cap ($M)	18,669	18,669
Price/Earnings ratio	18.78	18.78
Price/Book ratio	3.05	3.05
5 Yr. EPS Growth Rate (%)	15.22	15.12
Current Yield (%)	2.00	2.00
Beta (5 Years, Monthly)	1.00	1.00
Number of Stocks	507	502

Sector Weights (%)



Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Apple Inc	3.53	3.55	-0.02	10.03
Exxon Mobil Corp	2.14	2.15	-0.01	-1.00
Microsoft Corp	2.09	2.10	-0.01	0.83
Johnson & Johnson	1.60	1.60	0.00	-1.26
Wells Fargo & Co	1.41	1.42	-0.01	6.38
General Electric Co	1.38	1.39	-0.01	-0.46
Berkshire Hathaway Inc	1.38	1.50	-0.12	8.69
Procter & Gamble Co (The)	1.34	1.35	-0.01	9.61
JPMorgan Chase & Co	1.28	1.28	0.00	4.59
Chevron Corp	1.16	1.16	0.00	-5.12
% of Portfolio	17.31	17.50		

Ten Best Performers

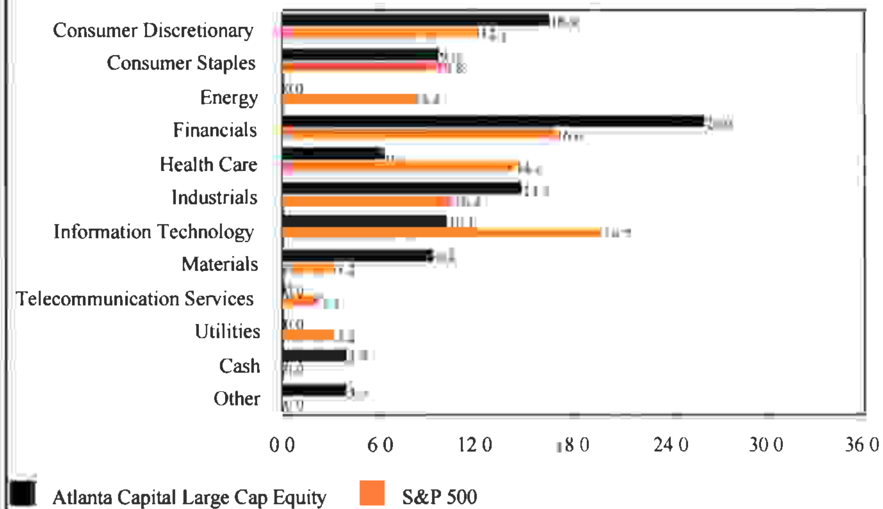
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Staples Inc.	0.06	0.06	0.00	50.76
CarMax Inc	0.08	0.08	0.00	43.34
Delta Air Lines Inc.	0.22	0.23	-0.01	36.36
Whirlpool Corp	0.08	0.08	0.00	33.57
Whole Foods Market Inc	0.10	0.10	0.00	32.30
Electronic Arts Inc.	0.08	0.08	0.00	32.03
Macerich Co (The)	0.06	0.06	0.00	31.92
CareFusion Corp	0.07	0.07	0.00	31.14
Lowe's Cos Inc.	0.37	0.37	0.00	30.57
Limited Brands Inc.	0.12	0.12	0.00	29.78
% of Portfolio	1.24	1.25		

Portfolio Characteristics
Atlanta Capital Large Cap Equity vs. S&P 500
Mt. Lebanon Police Pension Plan
As of December 31, 2014

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($M)	70,299	131,374
Median Mkt. Cap ($M)	19,499	18,669
Price/Earnings ratio	21.98	18.78
Price/Book ratio	3.60	3.05
5 Yr. EPS Growth Rate (%)	14.98	15.12
Current Yield (%)	0.95	2.00
Beta	N/A	1.00
Number of Stocks	29	502

Sector Weights (%)



Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
TJX Companies Inc (The)	6.57	0.26	6.31	16.22
Markel Corp	6.42	0.00	6.42	7.34
Wal-Mart Stores Inc	5.73	0.74	4.99	12.94
Berkshire Hathaway Inc	5.14	1.50	3.64	8.69
Pall Corp	4.45	0.06	4.39	21.37
ANSYS Inc	4.41	0.00	4.41	8.37
Affiliated Managers Group Inc.	4.13	0.06	4.07	5.93
CASH	3.93	0.00	3.93	N/A
Health Care Select Sector SPDR Fund (The)	3.85	0.00	3.85	7.39
U.S. Bancorp	3.69	0.44	3.25	8.04
% of Portfolio	48.32	3.06		

Ten Best Performers

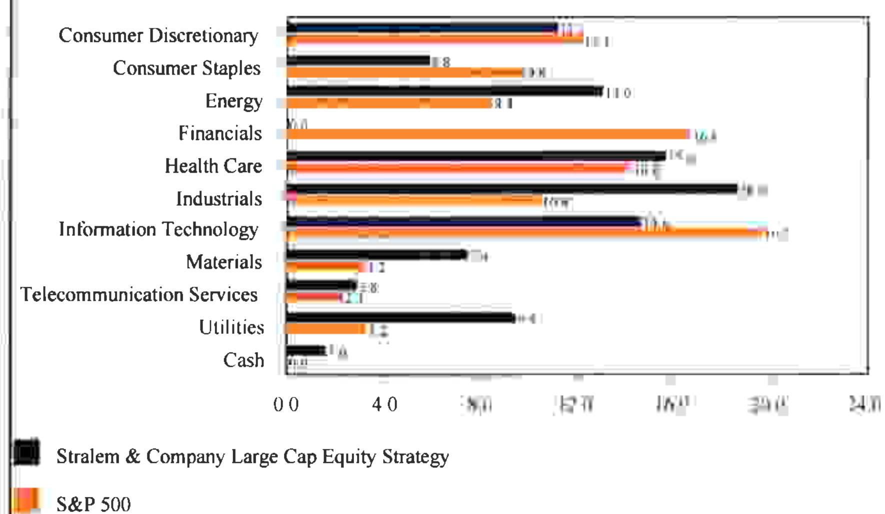
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
O'Reilly Automotive Inc	2.78	0.11	2.67	28.11
Ross Stores Inc	2.92	0.11	2.81	24.99
Pall Corp	4.45	0.06	4.39	21.37
Sherwin-Williams Co (The)	3.16	0.12	3.04	20.39
Oracle Corp	3.67	0.80	2.87	17.84
DENTSPLY International Inc.	3.23	0.04	3.19	16.96
Henry Schein Inc	3.04	0.00	3.04	16.90
TJX Companies Inc (The)	6.57	0.26	6.31	16.22
Home Depot Inc. (The)	2.34	0.76	1.58	14.97
Wal-Mart Stores Inc	5.73	0.74	4.99	12.94
% of Portfolio	37.89	3.00		

Portfolio Characteristics
Stralem & Company Large Cap Equity Strategy vs. S&P 500
Mt. Lebanon Police Pension Plan
As of December 31, 2014

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($M)	119,856	131,374
Median Mkt. Cap ($M)	107,373	18,669
Price/Earnings ratio	20.38	18.78
Price/Book ratio	2.93	3.05
5 Yr. EPS Growth Rate (%)	13.86	15.12
Current Yield (%)	2.25	2.00
Beta (5 Years, Monthly)	0.82	1.00
Number of Stocks	33	502

Sector Weights (%)



Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Visa Inc	4.27	0.70	3.57	23.12
Eaton Corp Plc	3.98	0.18	3.80	8.02
Danaher Corp	3.91	0.29	3.62	12.94
E. I. du Pont de Nemours and Co	3.85	0.37	3.48	3.72
United Technologies Corp	3.74	0.53	3.21	9.50
Starbucks Corp	3.74	0.34	3.40	9.18
Discovery Communications Inc	3.70	0.03	3.67	-8.86
Walt Disney Co (The)	3.68	0.81	2.87	7.12
General Electric Co	3.62	1.39	2.23	-0.46
Dow Chemical Co (The)	3.56	0.28	3.28	-12.23
% of Portfolio	38.05	4.92		

Ten Best Performers

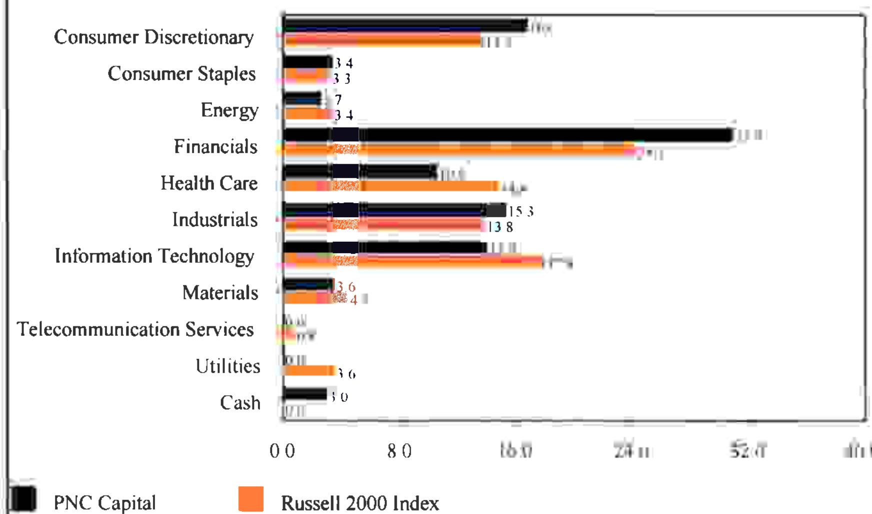
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Visa Inc	4.27	0.70	3.57	23.12
Celgene Corp	2.37	0.49	1.88	18.02
Oracle Corp	2.64	0.80	1.84	17.84
Amgen Inc.	2.59	0.66	1.93	13.83
Southern Co (The)	3.04	0.24	2.80	13.78
Danaher Corp	3.91	0.29	3.62	12.94
Dominion Resources Inc.	3.25	0.25	3.00	12.22
PPL Corp	3.08	0.13	2.95	11.80
United Technologies Corp	3.74	0.53	3.21	9.50
Starbucks Corp	3.74	0.34	3.40	9.18
% of Portfolio	32.63	4.43		

Portfolio Characteristics
PNC Capital vs. Russell 2000 Index
Mt. Lebanon Police Pension Plan
As of December 31, 2014

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($M)	2,675	1,918
Median Mkt. Cap ($M)	2,172	719
Price/Earnings ratio	20.60	21.86
Price/Book ratio	3.13	2.48
5 Yr. EPS Growth Rate (%)	26.65	13.67
Current Yield (%)	0.49	1.29
Beta	N/A	1.00
Number of Stocks	48	2,011

Sector Weights (%)



Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Bank of the Ozarks	4.69	0.17	4.52	20.79
AmTrust Financial Services Inc	4.55	0.10	4.45	41.90
Portfolio Recovery Associates Inc	4.11	0.16	3.95	10.91
Manhattan Associates Inc	3.22	0.17	3.05	21.84
OSI Systems Inc	3.18	0.08	3.10	11.48
Madison Square Garden Co	3.05	0.00	3.05	13.82
CASH	3.01	0.00	3.01	N/A
MWI Veterinary Supply Inc	3.00	0.12	2.88	14.49
EnerSys Inc	2.88	0.16	2.72	5.56
National General Holdings Corp	2.84	0.04	2.80	10.30
% of Portfolio	34.53	1.00		

Ten Best Performers

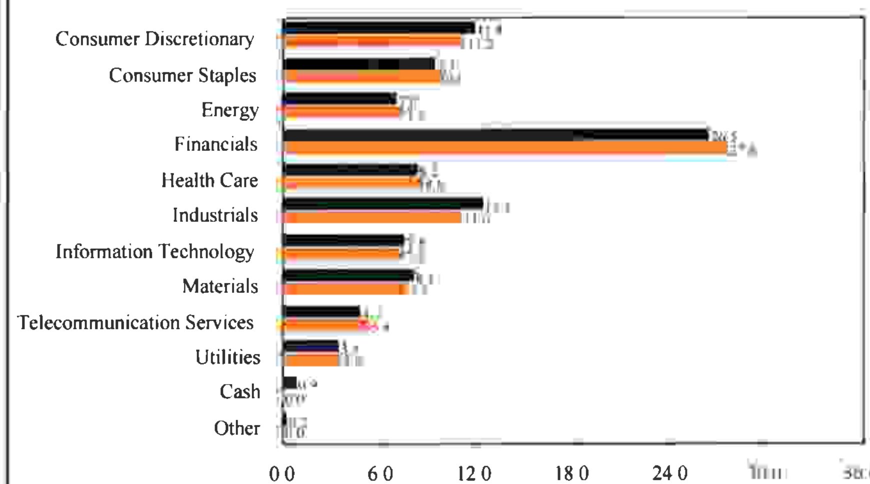
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
AmTrust Financial Services Inc	4.55	0.10	4.45	41.90
American Axle & Manufacturing Holdings Inc	1.72	0.09	1.63	34.70
Boston Beer Co Inc. (The)	1.97	0.14	1.83	30.56
HEICO Corp	2.28	0.23	2.05	29.49
Neogen Corp	2.20	0.10	2.10	25.54
HSN Inc	2.76	0.14	2.62	24.44
Tyler Technologies Inc.	1.80	0.20	1.60	23.80
RLI Corp	2.47	0.12	2.35	21.97
Manhattan Associates Inc	3.22	0.17	3.05	21.84
Drew Industries Inc	1.58	0.07	1.51	21.05
% of Portfolio	24.55	1.36		

Portfolio Characteristics
Vanguard Total International Stock Index vs. MSCI AC World ex USA
As of December 31, 2014

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($M)	47,072	54,792
Median Mkt. Cap ($M)	1,503	6,977
Price/Earnings ratio	15.06	14.89
Price/Book ratio	2.13	2.15
5 Yr. EPS Growth Rate (%)	13.05	12.76
Current Yield (%)	3.04	3.09
Beta (5 Years, Monthly)	1.02	1.00
Number of Stocks	5,773	1,839

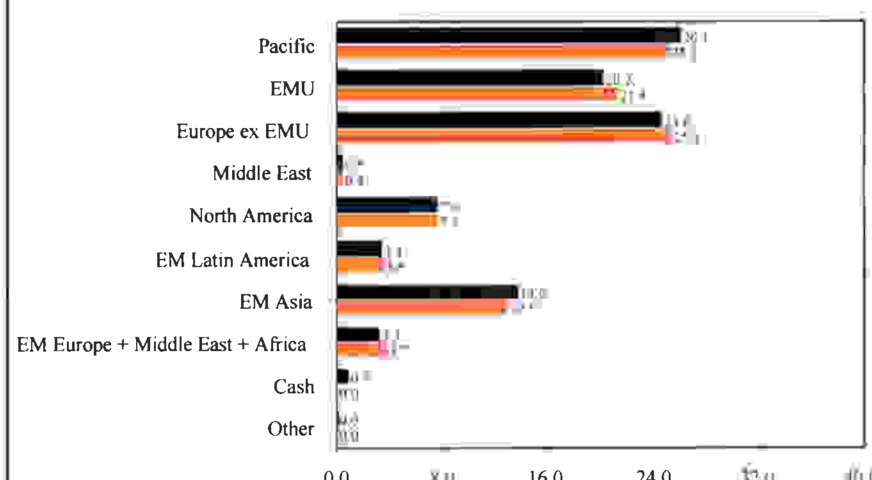
Sector Weights (%)



Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Nestle SA, Cham Und Vevey	1.15	1.35	-0.20	-0.13
Novartis AG	1.06	1.22	-0.16	-1.48
Roche Holding AG	0.94	1.09	-0.15	-8.31
HSBC Holdings PLC	0.89	1.03	-0.14	-5.58
CASH	0.88	0.00	0.88	N/A
Toyota Motor Corp	0.82	0.98	-0.16	6.99
Samsung Electronics Co Ltd	0.60	0.76	-0.16	9.64
Royal Dutch Shell PLC	0.59	0.75	-0.16	-10.97
BP PLC	0.58	0.67	-0.09	-11.56
Commonwealth Bank of Australia	0.56	0.65	-0.09	6.47
% of Portfolio	8.07	8.50		

Region Weights (%)



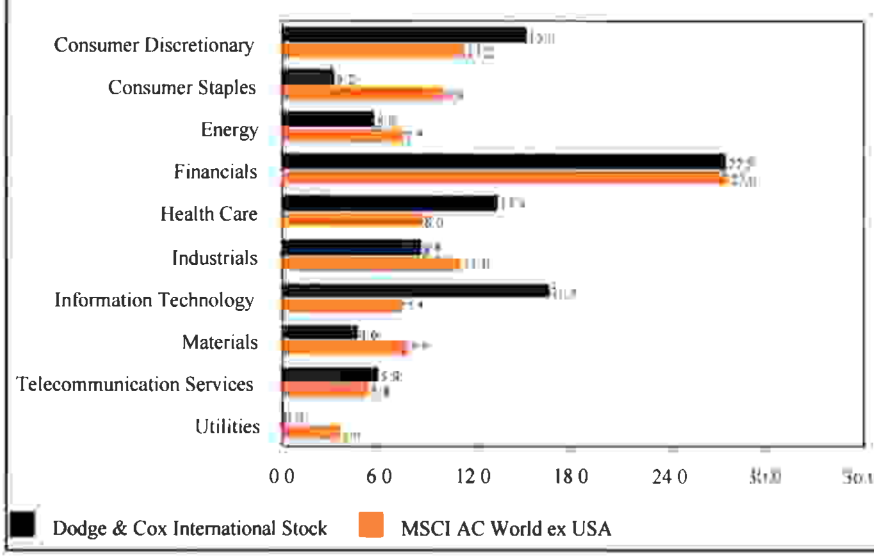
PFM

Portfolio Characteristics
Dodge & Cox International Stock vs. MSCI AC World ex USA
As of December 31, 2014

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($M)	67,578	54,792
Median Mkt. Cap ($M)	29,463	6,977
Price/Earnings ratio	14.85	14.89
Price/Book ratio	2.12	2.15
5 Yr. EPS Growth Rate (%)	7.08	12.76
Current Yield (%)	2.50	3.09
Beta (5 Years, Monthly)	1.06	1.00
Number of Stocks	86	1,839
Debt to Equity	1.39	0.99

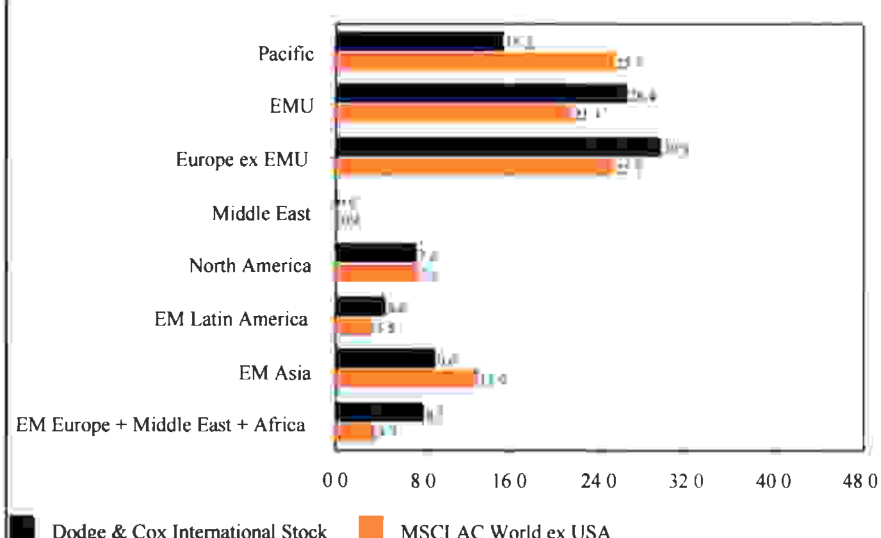
Sector Weights (%)



Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Naspers Ltd	4.02	0.30	3.72	18.96
Roche Holding AG	3.34	1.09	2.25	-8.31
Sanofi	2.91	0.62	2.29	-19.06
Hewlett-Packard Co	2.47	0.00	2.47	13.61
Standard Chartered PLC	2.43	0.21	2.22	-18.78
Novartis AG	2.38	1.22	1.16	-1.56
Schlumberger Ltd	2.37	0.00	2.37	-15.61
Lafarge SA	2.22	0.07	2.15	-2.41
Samsung Electronics Co Ltd	2.21	0.76	1.45	9.64
Credit Suisse Group	2.19	0.22	1.97	-8.87
% of Portfolio	26.54	4.49		

Region Weights (%)

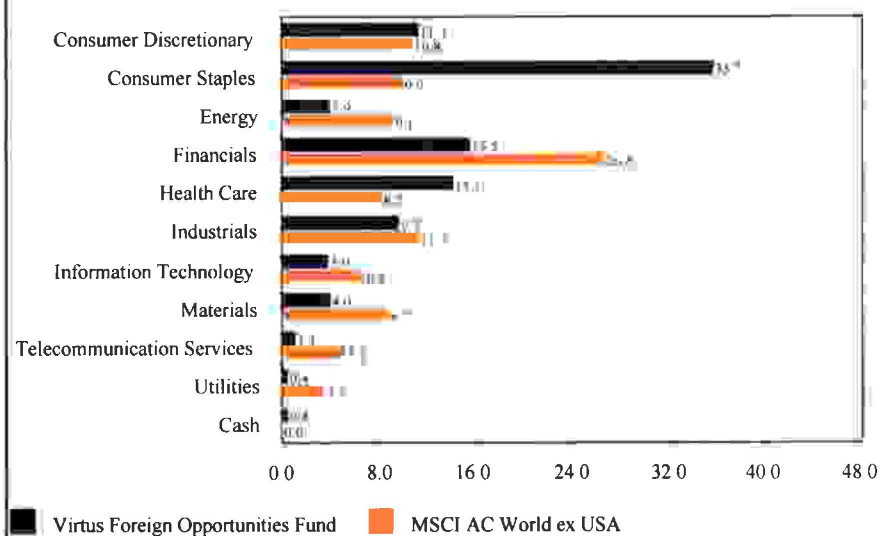


Portfolio Characteristics
Virtus Foreign Opportunities Fund vs. MSCI AC World ex USA
As of March 31, 2014

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($M)	63,005	57,903
Median Mkt. Cap ($M)	29,966	7,097
Price/Earnings ratio	16.53	14.39
Price/Book ratio	3.80	2.05
5 Yr. EPS Growth Rate (%)	11.20	6.51
Current Yield (%)	2.35	3.12
Beta (5 Years, Monthly)	0.70	1.00
Number of Stocks	63	1,824

Sector Weights (%)



Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
British American Tobacco PLC	5.71	0.57	5.14	6.82
Philip Morris International Inc	4.54	0.00	4.54	-4.94
Nestle SA, Cham Und Vevey	4.48	1.33	3.15	2.59
Unilever NV	4.36	0.37	3.99	2.93
UBS AG	4.15	0.41	3.74	8.64
Housing Development Finance Corp Ltd	3.66	0.12	3.54	14.83
Novo Nordisk A/S	3.57	0.50	3.07	26.39
H D F C Bank Ltd	3.27	0.08	3.19	16.09
Sabmiller PLC	2.83	0.26	2.57	-2.79
ITC Ltd	2.78	0.07	2.71	13.17
% of Portfolio	39.35	3.71		

Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Novo Nordisk A/S	3.57	0.50	3.07	26.39
H D F C Bank Ltd	0.01	0.08	-0.07	19.14
Barratt Developments PLC	0.50	0.00	0.50	18.97
Cielo SA	1.05	0.06	0.99	17.48
H D F C Bank Ltd	3.27	0.08	3.19	16.09
Ramsay Health Care Ltd Rhc	1.51	0.03	1.48	16.05
L'Occitane International SA	0.60	0.00	0.60	15.81
Housing Development Finance Corp Ltd	3.66	0.12	3.54	14.83
Grifols S.A.	1.39	0.04	1.35	14.41
Fresnillo PLC	1.46	0.01	1.45	13.88
% of Portfolio	17.02	0.92		

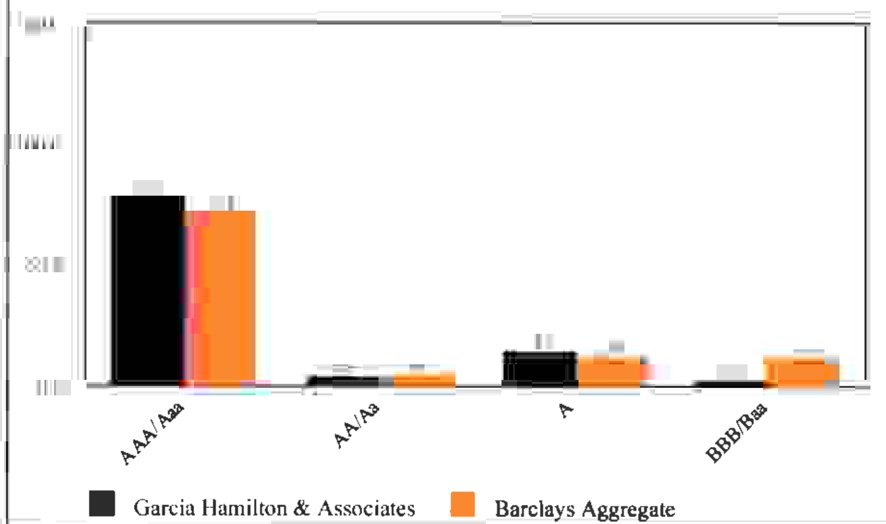
PEM

Portfolio Characteristics
Garcia Hamilton & Associates vs. Barclays Aggregate
Mt. Lebanon Police Pension Plan
As of December 31, 2014

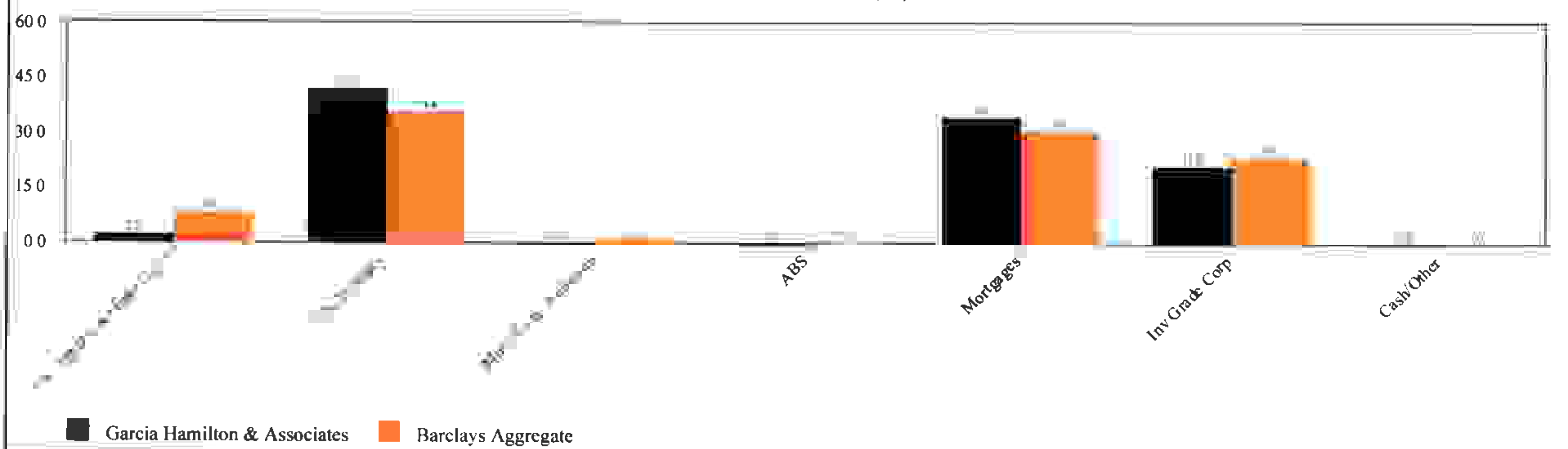
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	5.98	5.55
Yield To Maturity (%)	2.43	2.25
Avg. Maturity	7.70	7.69
Avg Quality	AA	AA
Coupon Rate (%)	4 70	3.28

Credit Quality Distribution (%)



Sector Distribution (%)

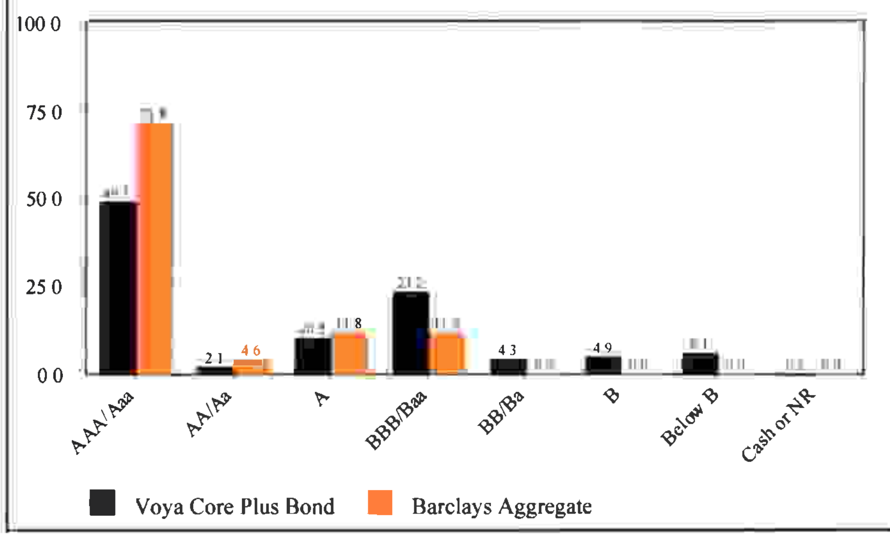


Portfolio Characteristics
Voya Core Plus Bond vs. Barclays Aggregate
Mt. Lebanon Police Pension Plan
As of December 31, 2014

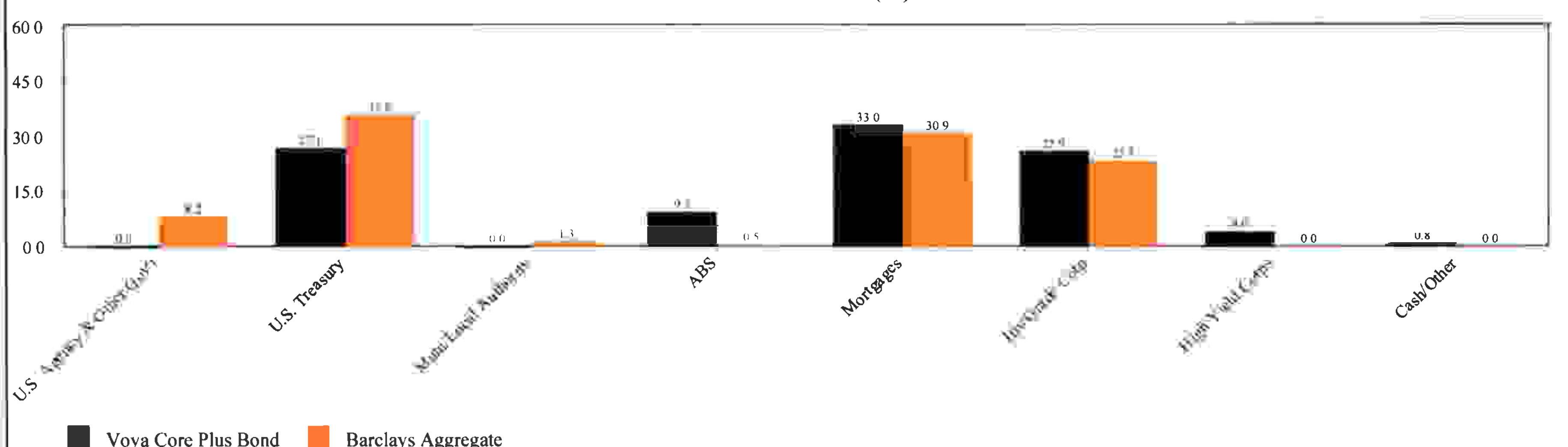
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	4.93	5.55
Yield To Maturity (%)	2.74	2.25
Avg. Maturity	7.85	7.69
Avg. Quality	A	AA
Coupon Rate (%)	3.54	3.28

Credit Quality Distribution (%)



Sector Distribution (%)

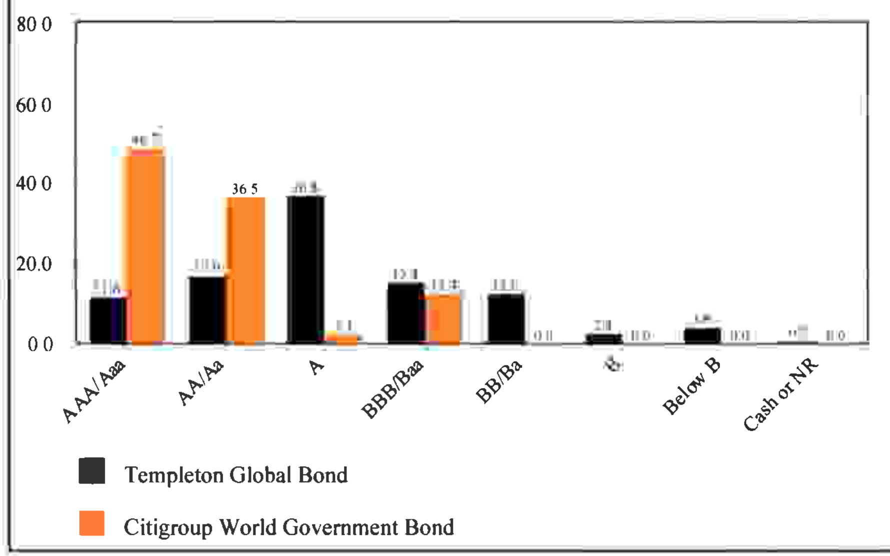


Portfolio Characteristics
Templeton Global Bond vs. Citigroup World Government Bond
As of December 31, 2014

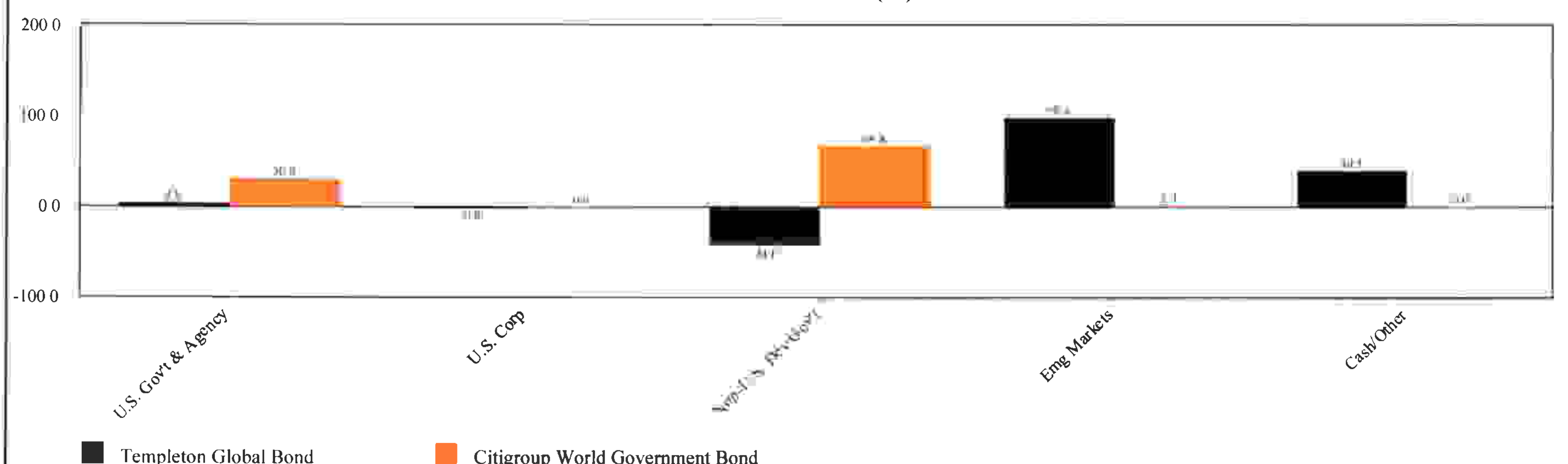
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	1.49	7.34
Yield To Maturity (%)	4.12	1.08
Avg. Maturity	2.77	8.39
Avg. Quality	A	AA
Coupon Rate (%)	4.03	2.57

Credit Quality Distribution (%)



Sector Distribution (%)

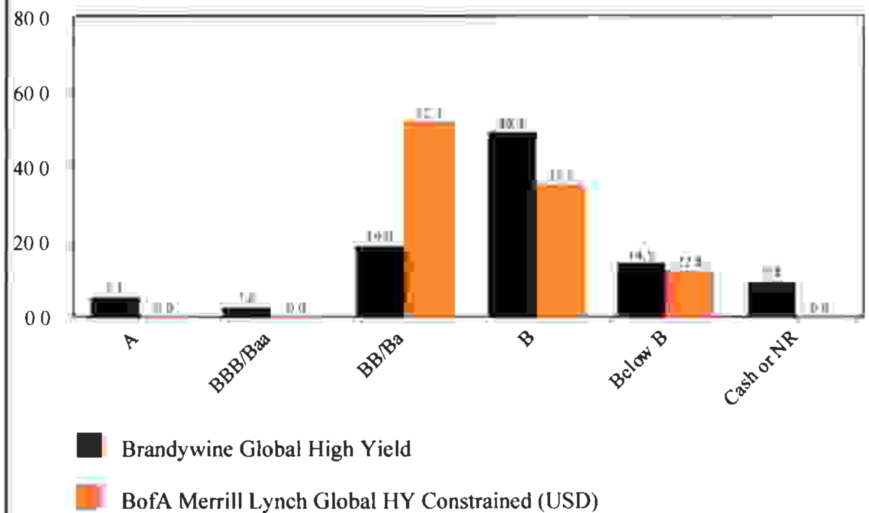


Portfolio Characteristics
Brandywine Global High Yield vs. BofA Merrill Lynch Global HY Constrained (USD)
Mt. Lebanon Police Pension Plan
As of December 31, 2014

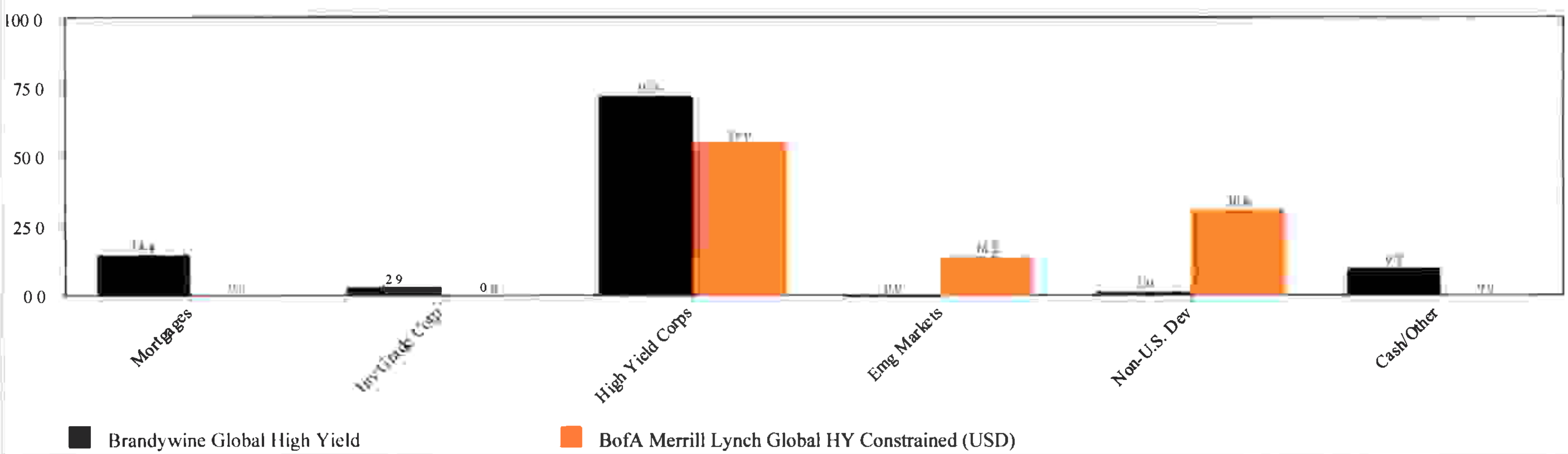
Portfolio Characteristics

	Portfolio	Benchmark
Yield To Maturity (%)	**6.78**	**6.65**
Avg. Maturity	10.66	6.00
Coupon Rate (%)	**6.57**	**6.84**
Effective Duration	3.39	4.56
Avg. Quality	**BB**	**B**

Credit Quality Distribution (%)



Sector Distribution (%)

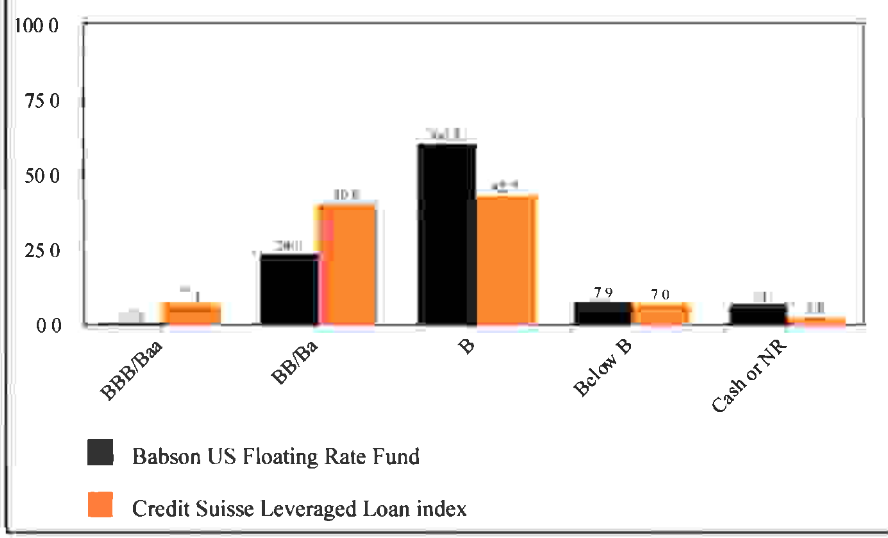


Portfolio Characteristics
Babson US Floating Rate Fund vs. Credit Suisse Leveraged Loan index
Mt. Lebanon Police Pension Plan
As of December 31, 2014

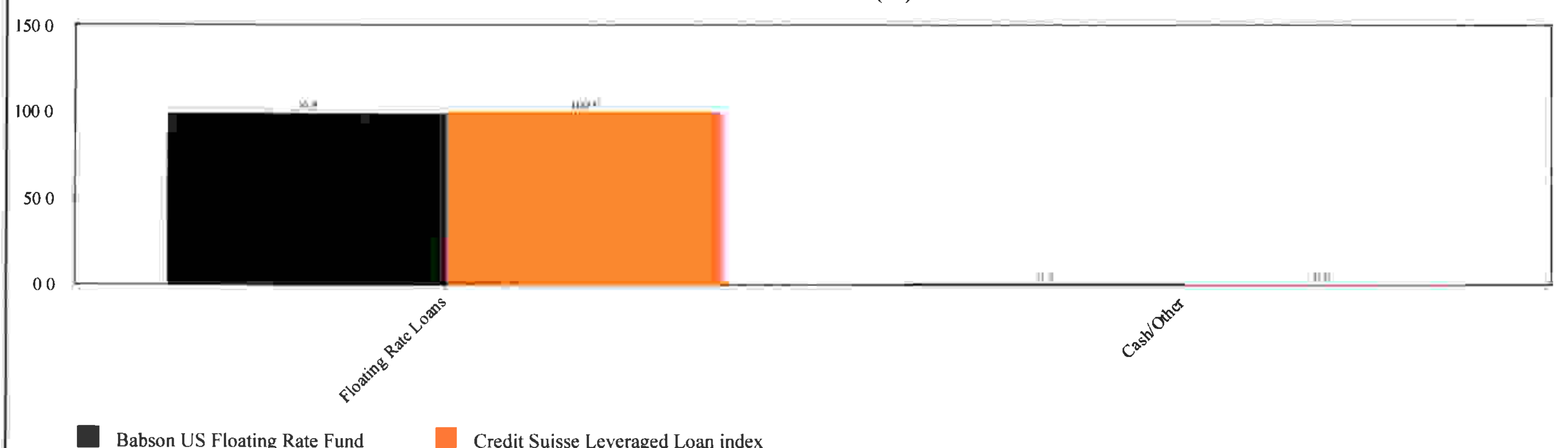
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	0.25	0.25
Yield To Maturity (%)	5.67	5.59
Avg. Maturity	5.43	5.02
Avg. Quality	B	B
Coupon Rate (%)	N/A	4.78

Credit Quality Distribution (%)



Sector Distribution (%)



Re-balancing

Mt. Lebanon Police Pension Plan
Account Rebalancing Worksheet
Periods Ending February 12, 2015

Asset Class/Style	Current Allocation ($)	Current Allocation (%)	Target Allocation (%)	Allocation Difference (%)	Allocation Difference ($)	Rebalancing Action
DOMESTIC EQUITY (34% - 44%)	**$19,653,600**	**44.10%**	**39.00%**	**5.10%**	**$2,271,342**	
VANGUARD - *S&P 500 Index*	$8,693,568	19.51%	14.50%	5.01%	$2,230,934	
ATLANTA CAPITAL - *Large Cap Core*	$3,345,297	7.51%	7.25%	0.26%	$113,980	
STRALEM - *Large Cap Core*	$3,101,382	6.96%	7.25%	-0.29%	($129,936)	
PNC CAPITAL - *Small Cap*	$4,513,353	10.13%	10.00%	0.13%	$56,364	
INTERNATIONAL EQUITY (16% - 26%)	**$8,604,461**	**19.31%**	**21.00%**	**-1.69%**	**($755,217)**	
VANGUARD - *International Equity*	$2,408,842	5.40%	7.00%	-1.60%	($711,050)	
DODGE & COX - *International Equity*	$3,281,952	7.36%	7.00%	0.36%	$162,059	
VIRTUS - *International Equity*	$2,913,666	6.54%	7.00%	-0.46%	($206,226)	
REAL ESTATE (0% - 10%)	**$2,090,109**	**4.69%**	**5.00%**	**-0.31%**	**($138,385)**	
VOYA - *Real Estate*	$2,090,109	4.69%	5.00%	-0.31%	($138,385)	
DOMESTIC FIXED INCOME (26% - 36%)	**$12,344,187**	**27.70%**	**31.00%**	**-3.30%**	**($1,472,480)**	
GARCIA HAMILTON - *Core Fixed Income*	$4,315,665	9.68%	10.50%	-0.82%	($364,174)	
VOYA - *Core Plus Fixed Income*	$4,147,169	9.30%	10.50%	-1.20%	($532,670)	
TEMPLETON - *Global*	$1,595,913	3.58%	4.50%	-0.92%	($409,732)	
BRANDYWINE - *High Yield (01/31/15 value)*	$1,150,472	2.58%	2.75%	-0.17%	($75,200)	
BABSON - *Bank Loan (12/31/14 value)*	$1,134,968	2.55%	2.75%	-0.20%	($90,704)	
CASH AND CASH EQUIVALENT (0% - 10%)	**$1,877,536**	**4.21%**	**4.00%**	**0.21%**	**$94,740**	
FIRST AMERICAN - *Money Market* *	$1,877,536	4.21%	4.00%	0.21%	$94,740	
Total Plan	**$44,569,893**	**100.00%**	**100.00%**	**0.00%**	**$0**	

*Approx $170k in monthly benefit payments

Mt. Lebanon Employees' Pension Plan
Account Rebalancing Worksheet
Periods Ending February 12, 2015

Asset Class/Style	Current Allocation ($)	Current Allocation (%)	Target Allocation (%)	Allocation Difference (%)	Allocation Difference ($)	Rebalancing Action
DOMESTIC EQUITY (34% - 44%)	**$10,692,933**	**44.91%**	**39.00%**	**5.91%**	**$1,407,781**	
VANGUARD - *S&P 500 Index*	$4,947,589	20.78%	14.50%	6.28%	$1,495,417	
ATLANTA CAPITAL - *Large Cap Core*	$1,626,917	6.83%	7.25%	-0.42%	($99,169)	
STRALEM - *Large Cap Core*	$1,668,494	7.01%	7.25%	-0.24%	($57,592)	
PNC CAPITAL - *Small Cap*	$2,449,934	10.29%	10.00%	0.29%	$69,126	
INTERNATIONAL EQUITY (16% - 26%)	**$4,311,887**	**18.11%**	**21.00%**	**-2.89%**	**($687,810)**	
VANGUARD - *International Equity*	$1,014,694	4.26%	7.00%	-2.74%	($651,872)	
DODGE & COX - *International Equity*	$1,656,143	6.96%	7.00%	-0.04%	($10,422)	
VIRTUS - *International Equity*	$1,641,050	6.89%	7.00%	-0.11%	($25,516)	
REAL ESTATE (0% - 10%)	**$1,389,377**	**5.84%**	**5.00%**	**0.84%**	**$198,973**	
VOYA - *Real Estate*	$1,389,377	5.84%	5.00%	0.84%	$198,973	
DOMESTIC FIXED INCOME (26% - 36%)	**$6,907,916**	**29.02%**	**31.00%**	**-1.98%**	**($472,589)**	
GARCIA HAMILTON - *Core Fixed Income*	$2,411,738	10.13%	10.50%	-0.37%	($88,110)	
VOYA - *Core Plus Fixed Income*	$2,321,847	9.75%	10.50%	-0.75%	($178,002)	
TEMPLETON - *Global*	$941,504	3.95%	4.50%	-0.55%	($129,859)	
BRANDYWINE - *High Yield (01/31/15 value)*	$620,595	2.61%	2.75%	-0.14%	($34,127)	
BABSON - *Bank Loan (12/31/14 value)*	$612,232	2.57%	2.75%	-0.18%	($42,490)	
CASH AND CASH EQUIVALENT (0% - 10%)	**$505,968**	**2.13%**	**4.00%**	**-1.87%**	**($446,355)**	
FIRST AMERICAN - *Money Market* *	$505,968	2.13%	4.00%	-1.87%	($446,355)	
Total Plan	**$23,808,082**	**100.00%**	**100.00%**	**0.00%**	**$0**	

*Approx $70k in monthly benefit payments

Mt. Lebanon Firemen Pension Plan
Account Rebalancing Worksheet
Periods Ending February 12, 2015

Asset Class/Style	Current Allocation ($)	Current Allocation (%)	Target Allocation (%)	Allocation Difference (%)	Allocation Difference ($)	Rebalancing Action
DOMESTIC EQUITY (34% - 44%)	**$6,341,921**	**44.15%**	**39.00%**	**5.15%**	**$739,528**	
VANGUARD - *S&P 500 Index*	$2,808,767	19.55%	14.50%	5.05%	$725,826	
ATLANTA CAPITAL - *Large Cap Core*	$1,084,707	7.55%	7.25%	0.30%	$43,236	
STRALEM - *Large Cap Core*	$999,184	6.96%	7.25%	-0.29%	($42,287)	
PNC CAPITAL - *Small Cap*	$1,449,264	10.09%	10.00%	0.09%	$12,753	
INTERNATIONAL EQUITY (16% - 26%)	**$2,538,135**	**17.67%**	**21.00%**	**-3.33%**	**($478,538)**	
VANGUARD - *International Equity*	$549,804	3.83%	7.00%	-3.17%	($455,753)	
DODGE & COX - *International Equity*	$1,021,082	7.11%	7.00%	0.11%	$15,524	
VIRTUS - *International Equity*	$967,249	6.73%	7.00%	-0.27%	($38,309)	
REAL ESTATE (0% - 10%)	**$789,921**	**5.50%**	**5.00%**	**0.50%**	**$71,665**	
VOYA - *Real Estate*	$789,921	5.50%	5.00%	0.50%	$71,665	
DOMESTIC FIXED INCOME (26% - 36%)	**$4,156,359**	**28.93%**	**31.00%**	**-2.07%**	**($296,825)**	
GARCIA HAMILTON - *Core Fixed Income*	$1,452,856	10.11%	10.50%	-0.39%	($55,481)	
VOYA - *Core Plus Fixed Income*	$1,394,814	9.71%	10.50%	-0.79%	($113,523)	
TEMPLETON - *Global*	$579,642	4.04%	4.50%	-0.46%	($66,788)	
BRANDYWINE - *High Yield (01/31/15 value)*	$366,996	2.55%	2.75%	-0.20%	($28,044)	
BABSON - *Bank Loan (12/31/14 value)*	$362,051	2.52%	2.75%	-0.23%	($32,989)	
CASH AND CASH EQUIVALENT (0% - 10%)	**$538,774**	**3.75%**	**4.00%**	**-0.25%**	**($35,830)**	
FIRST AMERICAN - *Money Market* *	$538,774	3.75%	4.00%	-0.25%	($35,830)	
Total Plan	**$14,365,108**	**100.00%**	**100.00%**	**0.00%**	**($0)**	

**Approx $36k in monthly benefit payments

PERFORMANCE EVALUATION AND REPORTING SERVICES INFORMATION DISCLAIMER

PFM Advisors has exercised reasonable professional care in the preparation of this performance report. However, information in this report on market indices and security characteristics, as well as information incorporated in the Market Commentary section, is received from sources external to PFM Advisors.

PFM Advisors relies on the client's custodian for security holdings and market values. Transaction dates reported by the custodian may differ from money manager statements. While efforts are made to ensure the data contained herein is accurate and complete, we disclaim all responsibility for any errors that may occur.

PFM Advisors UPDATE
A Division of PFM Asset Management LLC

Stralem & Company
MONEY MANAGER ALERT
November, 2014

EVENT

Stralem & Company ('Stralem') announced that, since inception of the firm, a top priority has been to structure the business in a way that ensures long-term stability, and with that they are instituting the following new titles, effective November 1, 2014.

SUMMARY

Adam Abelson, Chief Investment Officer – Adam joined Stralem in 1998 and leads the firm's investment strategy and research effort, overseeing the implementation of the U.S. Large Cap Equity Strategy. Adam has been Chair of the Investment Committee since 2006. Adam continues to serve as Vice President of Stralem Equity Fund, is a Director of Stralem Investment Fund (UCITS) and has served on the Board of Director of Stralem & Company since 2011.

Andrea Bauman Lustig, President – Andrea joined Stralem in 2003 and leads the firm's client practice. As President, her role includes leading the day-to-day management of the firm; she also serves as President of the Stralem Equity Fund.

Philippe Labaune, Executive Vice President – Philippe joined Stralem in 1997 and is Head of Trading and Operations for the firm.

Hirschel Abelson, Chairman – Hirschel will continue to be actively engaged in the firm on a daily basis conducting research and analysis on behalf of the strategy. He will continue to serve as a member of the Investment Committee and as an officer of Stralem.

ASSESSMENT

This "next generation' of firm leaders is and has been thoroughly embedded in the firm for over a decade. Hirschel Abelson has guided the investment process and philosophy for decades, but Adam Abelson has led the investment team, as Chair of the Investment Committee, since 2006. The team's interest continues to align with those of their clients since all owners of Stralem, as well as other employees, are invested in the Stralem Large Cap Strategy. Likewise, the ownership structure remains the same with Adam, Andrea & Philippe holding significant ownership interests in the firm.

ACTION ITEM

The Research Group at PFM met with Stralem & Company since this announcement was made and we have discussed these developments internally. We do not believe this announcement will have a material effect on your portfolio. We believe the announcement by Stralem is constructive. Should you have any specific questions or wish to discuss this topic in more detail, please contact us at 215-567-6100.

C. Sample Reports

i. Monthly Market Update

Monthly Market Review

April 2014

U.S. Equity

- U S. equity markets, as measured by the S&P 500 Index, were up 0.7% for the month of April, kicking off the second quarter to a positive start Equity market volatility, as measured by the CBOE Volatility Index (VIX), rose 2.3% during the month despite being up as much as 30% mid-April. The rise in volatility was caused primarily by investors sending valuations downward in certain sectors, namely Biotech and Information Technology (social networking)
- Large-cap stocks again outperformed their small-cap counterparts, particularly in value-oriented stocks, returning 0.9% for the month. Small caps continued to struggle, and were down 3 9% for the month
- The Utilities and Energy sectors fared well in April, as investors continued to seek more defensive names As expected, as a result of this shift, the Consumer Discretionary sector continued to underperform other market sectors in April and year to date

Non-U.S. Equity

- Non-U.S developed-market equities outperformed the S&P 500 Index as the MSCI EAFE Index rose 1.5%.
- Of the countries with the largest weights in the MSCI EAFE Index, the United Kingdom was a strong contributor (+4 5%) while Japan fell 2 6%, performing the worst of the developed nations
- The beginning of April marked the national sales tax increase in Japan from 5% to 8%.
- Performance among sectors in the MSCI All Country World Index (ACWI) ex-US was generally positive, with Energy leading the way with a gain of 5 3%. Consumer Discretionary and Technology stocks were the only sectors in negative territory for the month
- Value-oriented stocks significantly outperformed growth-oriented stocks, while mid-to-large companies beat smaller companies.
- Emerging markets lagged, with the MSCI Emerging Markets Index up only 0.3%
- Russia fell 6.4% amid concerns over disputes along the Ukrainian border and sanctions from Western governments

Fixed Income

- The Barclays Capital U S Aggregate Bond Index gained 0 8% for the month
- The long end of the curve continued to show strength in April as the Barclays Capital Long U.S Treasury Index gained 2%.
- Credit performed well this month, with the Barclays Capital U.S. Corporate Bond Index up 1.2%
- In the below-investment-grade space, both the Barclays Capital U.S. High Yield Index and the Credit Suisse Leveraged Loan Index had gains, but they still lagged investment-grade bonds
- Emerging-markets debt, as measured by the JPMorgan EMBI Global Diversified Index, gained 1 2% in April

Other Asset Classes

- Real estate investment trusts (REITs) experienced their fourth consecutive month of gains, up 3.3% in April, outpacing all other asset classes.
- Healthcare led the way, up 6 9%, following a small loss in March. Regional Malls and Hotels followed with strong performance, respectively. Industrial properties were the lone negative sector this month, down 0.8%
- Commodity futures were up just 2 4% in April for the fourth consecutive month of gains Again, oil was the primary commodity driving price increases.

Items to Watch

- Investors are still waiting for de-escalation in eastern Ukraine as tensions with Russia persist.
- At its April meeting, the Federal Open Market Committee (FOMC) announced another drop in its monthly asset purchase program, now at $45 billion per month Overall, U S. Treasury yields continued to decline for the month.
- REITs, up 13 7% year-to-date, are once again approaching the threshold where they could be considered overvalued relative to the intrinsic value of their underlying property holdings
- With the seemingly endless winter finally drawing to a close, oil prices are expected to be less influenced by the weather and more so by geopolitical concerns, mainly the standoff between Ukraine and Russia

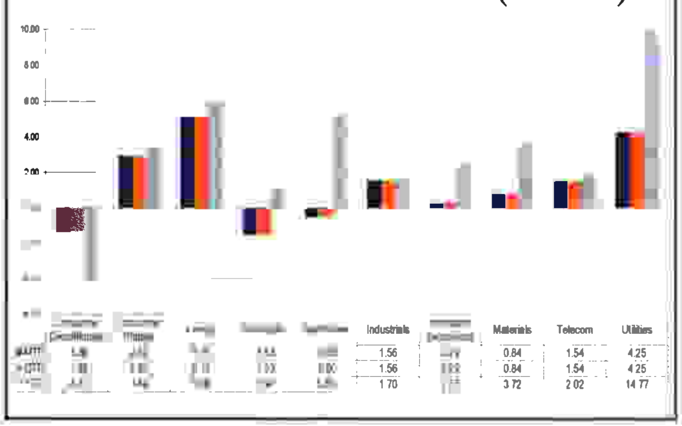
Total Return of Major Indices

Asset Class/Index	MTD	QTD	YTD	1YR
Domestic Equity				
Russell 3000	0.12	0.12	2.10	20.78
S&P 500	0.74	0 74	2 56	20 44
Russell 2000	-3.88	-3.88	-2.80	20.50
International Equity				
MSCI ACWI ex US	1 32	1 32	1 84	9.76
MSCI EAFE	1.45	1 45	2 12	13 35
MSCI Emerging Markets	0.33	0 33	-0 10	-1 84
Fixed Income				
Barclays Aggregate	0.84	0.84	2.70	-0.26
Global	1.13	1.13	3.56	1.62
High Yield	0.63	0.63	3.63	6.30
REIT/Commodities				
FTSE NAREIT Equity	2 99	2 99	11 77	0 01
DJ UBS Commodity	2 44	2.44	9 60	3 17

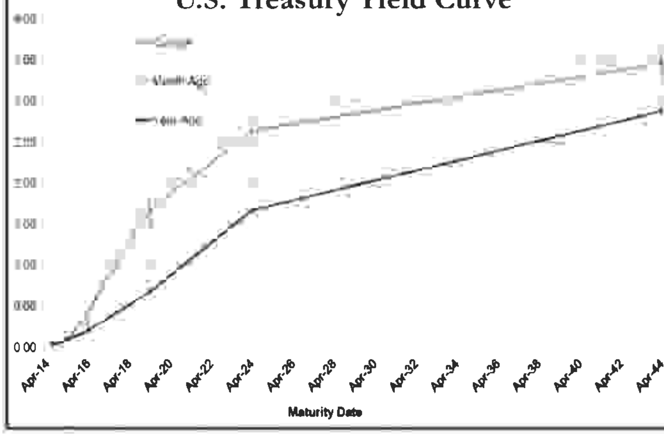
Economic Indicators

	Current	Previous
Domestic		
Unemployment Rate (%)	6 70	6 70
Initial Jobless Claims (4 week avg) (thousands)	320 00	321 00
Leading Economic Indicators	0 80	0 50
Capacity Utilization	79 20	78 80
GDP (annual growth rate)	0 1	2 6
Univ Michigan Consumer Confidence	84 10	80 00
New Home Starts (thousands)	384 00	449 00
Existing Home Sales (millions)	4.59	4 60
Retail Sales (YoY)	2 2	0 8
U.S Durable Goods (MoM)	2 6	2 2
Institute for Supply Management Manufacturing	53 20	51 30
Institute for Supply Management Non-Manufacturing	53 1	51 6
Consumer Price Index	0 2	0 1
Producer Price Index	-0 1	0 4
Developed International		
Market GDP (ann'l rate)*	2 17	1 63
Market Unemployment (%)*	[illegible]	[illegible]

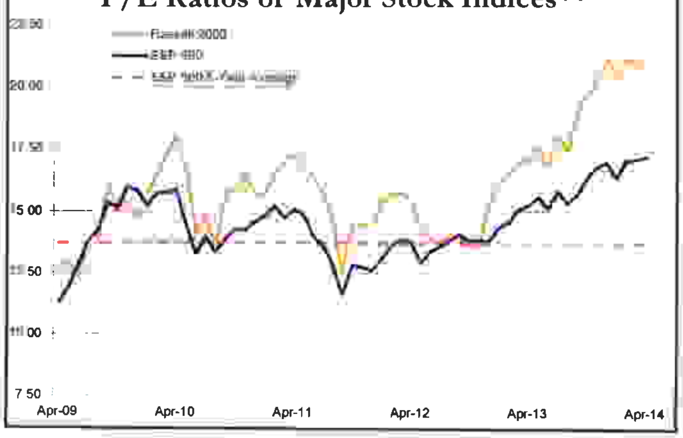
Stock Market Sector Performance (S&P 500)



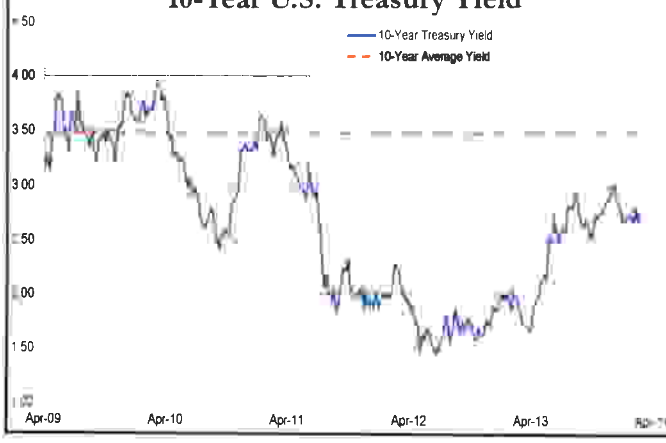
U.S. Treasury Yield Curve



P/E Ratios of Major Stock Indices**



10-Year U.S. Treasury Yield



Source: Bloomberg. Data as of April 30, 2014

**Developed market data is calculated with respect to the weightings in the MSCI World ex-US index*

***P/E ratios are calculated based on 1-year-forward estimates and adjusted to include only positive earnings results for consistency.*

ii. Monthly Flash Report

Asset Allocation & Performance
Sample Client
As of December 31, 2014

	Allocation		Performance(%)								
	Market Value ($)	%	1 Quarter	Year To Date	Jul-2014 To Dec-2014	1 Year	3 Years	5 Years	Since Inception	Inception Date	Expense Ratio
TOTAL FUND - Investment Assets	**53,858,537**	**100.00**	**2.19**	**6.60**	**0.92**	**6.60**	**12.13**	**9.62**	**5.97**	**12/01/2007**	-
Blended Benchmark			*1.90*	*6.90*	*0.74*	*6.90*	*11.17*	*9.19*	*4.80*	*12/01/2007*	-
Domestic Equity											
Vanguard Total Stock Market Index	19,239,816	35.72	5.22	12.56	5.21	12.56	20.49	15.70	18.11	05/01/2012	0.04
Russell 3000 Index			*5.24*	*12.56*	*5.25*	*12.56*	*20.51*	*15.63*	*18.17*	*05/01/2012*	-
Vanguard Dividend Growth	4,079,687	7.57	5.50	11.85	6.93	11.85	17.54	14.64	17.54	01/01/2012	0.31
S&P 500			*4.93*	*13.69*	*6.12*	*13.69*	*20.41*	*15.45*	*20.41*	*01/01/2012*	-
Vanguard S&P 500 Index	3,996,031	7.42	4.92	13.64	6.10	13.64	20.37	15.42	2.43	11/01/2014	0.05
S&P 500			*4.93*	*13.69*	*6.12*	*13.69*	*20.41*	*15.45*	*2.43*	*11/01/2014*	-
International Equity											
Vanguard Developed Markets Index	10,353,079	19.22	-4.10	-5.66	-9.94	-5.66	10.93	5.29	4.99	06/01/2013	0.09
MSCI EAFE (net)			*-3.57*	*-4.90*	*-9.24*	*-4.90*	*11.06*	*5.33*	*5.09*	*06/01/2013*	-
Fixed Income											
Metropolitan West Total Return	6,051,271	11.24	1.57	5.99	1.89	5.99	5.92	6.96	9.07	03/01/2009	0.45
Barclays Aggregate			*1.79*	*5.97*	*1.96*	*5.97*	*2.66*	*4.45*	*5.06*	*03/01/2009*	-
Baird Core Plus	2,432,073	4.52	1.58	6.59	1.69	6.59	4.32	6.11	3.23	05/01/2014	0.30
Barclays Aggregate			*1.79*	*5.97*	*1.96*	*5.97*	*2.66*	*4.45*	*3.18*	*05/01/2014*	-
DoubleLine Core Fixed Income I	1,216,163	2.26	1.28	6.86	1.63	6.86	4.52	N/A	1.91	06/01/2014	0.52
Vanguard Total Bond Market Index	1,182,184	2.19	1.72	5.89	1.90	5.89	2.58	4.37	2.02	06/01/2014	0.08
Barclays Aggregate			*1.79*	*5.97*	*1.96*	*5.97*	*2.66*	*4.45*	*2.02*	*06/01/2014*	-
Vanguard Intermediate-Term Investment Grade	2,097,746	3.89	1.29	5.91	1.28	5.91	4.54	6.34	3.71	05/01/2012	0.10
Barclays U.S. Credit: 5-10 Yr			*1.48*	*7.38*	*1.32*	*7.38*	*5.38*	*6.96*	*4.33*	*05/01/2012*	-
Pacific Life Floating Rate	1,591,836	2.96	-1.45	0.04	-1.91	0.04	5.40	N/A	1.53	06/01/2013	0.86
Credit Suisse Leveraged Loan Index			*-0.37*	*2.06*	*-0.69*	*2.06*	*5.84*	*5.83*	*3.01*	*06/01/2013*	-
AllianceBernstein High Income	1,618,650	3.01	-1.11	3.22	-2.36	3.22	9.26	9.23	7.50	05/01/2012	0.61
BofA Merrill Lynch Global HY Constrained (USD)			*-2.37*	*-0.09*	*-5.61*	*-0.09*	*8.77*	*8.48*	*6.74*	*05/01/2012*	-
First American Government Obligation	-	0.00	0.00	0.01	0.00	0.01	0.01	0.01	1.52	01/01/2004	0.20

Returns are net of mutual fund fees
Returns are expressed as percentages
Blended Benchmark: See historical hybrid composition page for details

iii. Quarterly Performance Report for Discretionary Clients

Sample Client - Multi-Asset Class Management

Investment Performance Review
Fourth Quarter 2014

Investment Advisors
John Smith, CFA, Managing Director
Jane Doe, CFA, Senior Managing Consultant

PFM Asset Management LLC
123 Main Street
City, State 12345
(123) 456-7890
(123) 456-7891 fax

Financial Markets & Investment Strategy Review

PFM

Quarterly Commentary

Fourth Quarter 2014

Multi-Asset Class Management

The Economy

- Economic growth patterns diverged during the quarter, with the U.S. strengthening while other areas of the developed world (such as Europe and Japan) struggled with stagnation.

- Oil prices plummeted as the supply of oil continued to climb on the combination of strong domestic output, slowing demand, and the decision by the Organization of Petroleum Exporting Countries (OPEC) not to reduce the pace of its oil production.

- European markets experienced some turmoil late in the quarter and into the New Year as the parliament in Greece rejected the prime minister's nominee for president and will instead hold general elections in late January 2015

- The Federal Open Market Committee (FOMC) rephrased its "considerable time" language in its statement released after its December meeting, saying that it would be "patient" when normalizing monetary policy after taking extraordinary steps to support economic recovery after the financial crisis.

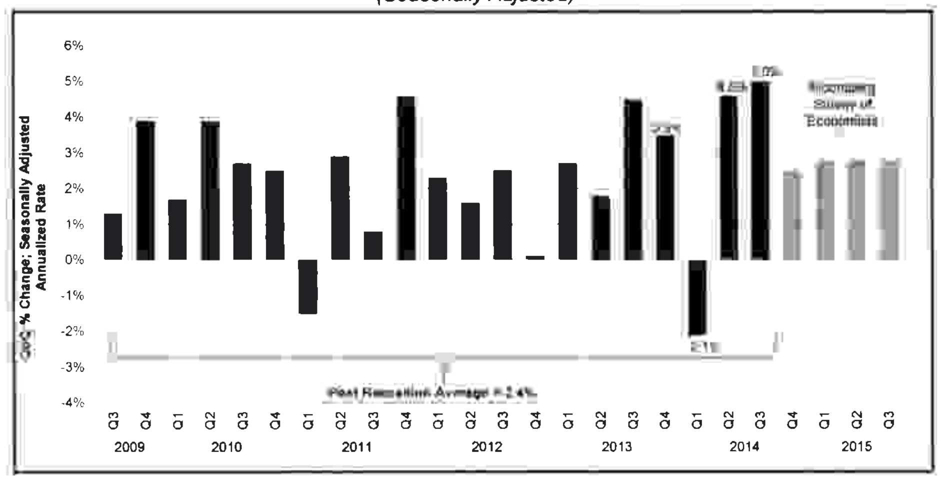
- Third-quarter gross domestic product (GDP) grew at 5%, reflecting increases in personal consumption expenditures, residential and non-residential fixed-income investments, exports, and federal, state, and local government spending.

- The Consumer Price Index, which measures inflation, fell 0.3% in November, marking its largest decline since December 2008. Lower oil prices were a major contributor to the falling prices.

- The U.S. labor market continued to improve, as the unemployment rate fell from 5.9% in September to 5.6% in December.

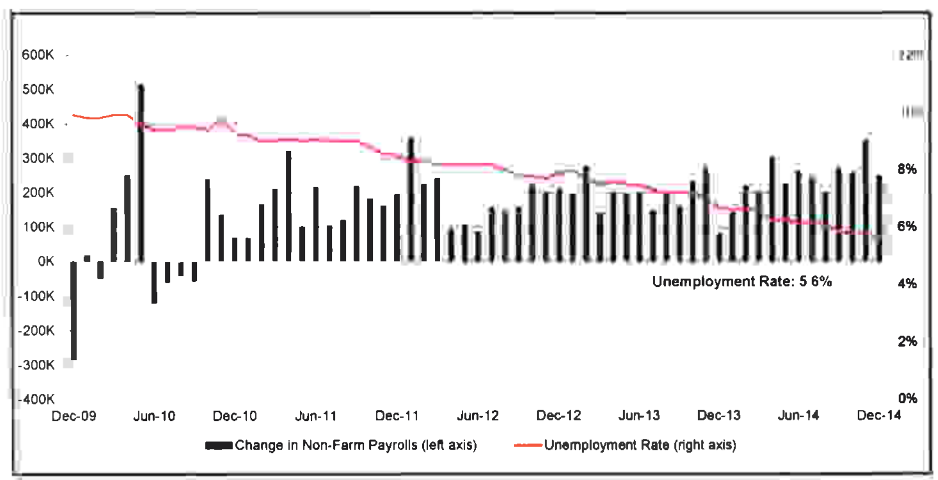
U.S. Real GDP Growth

(Seasonally Adjusted)



Source: Bureau of Economic Analysis Dark blue bars indicate actual numbers; gray bars indicate forecasted estimates

Change in Nonfarm Payrolls



Source: Bureau of Labor Statistics

Quarterly Commentary

Fourth Quarter 2014

Multi-Asset Class Management

What We're Watching

- Recent economic data and leading economic indicators continue to suggest that the U.S. economy should continue to grow. Economic data out of the euro zone and Japan has been mixed, and we continue to monitor this closely.

- The announcement following the December FOMC meeting indicated that the Federal Reserve (Fed) is likely to be "patient" in raising the federal funds rate; investors anticipate that the increase will begin around mid-2015. Should the Fed act sooner, it could derail the equity market rally and cause extreme turmoil in the bond market as it did in 1994.

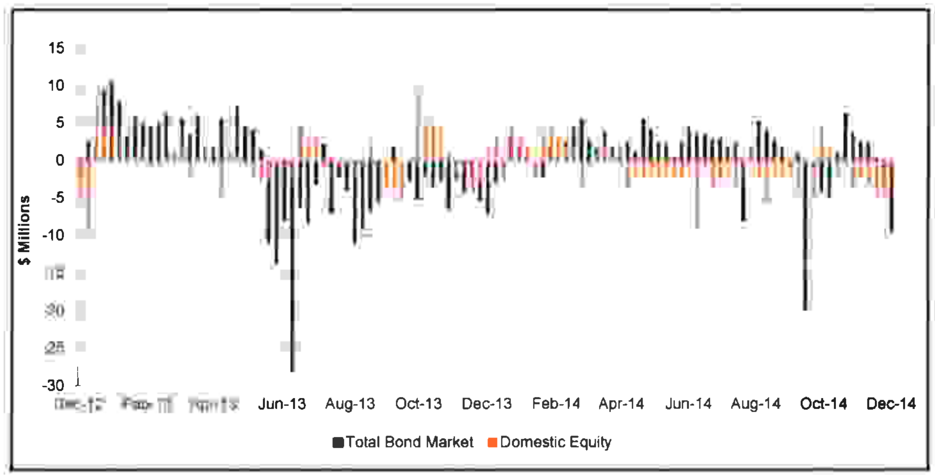
- We remain optimistic about the performance of equity markets and the U.S. economy, as third-quarter GDP came in at a strong 5%. As the Fed begins to normalize interest rates, this has the potential to compress equity valuations.

- The labor market continued to improve during the quarter. We expect the jobs market to continue to make progress in 2015, barring external shocks or monetary and fiscal policy errors.

- In response to the slowdown in the euro-zone economy and inflation that continues to decelerate, the European Central Bank (ECB) is close to expanding its own version of quantitative easing (QE) in early 2015. Greece will hold elections on January 25, the outcome of which will likely have implications for the wider euro zone.

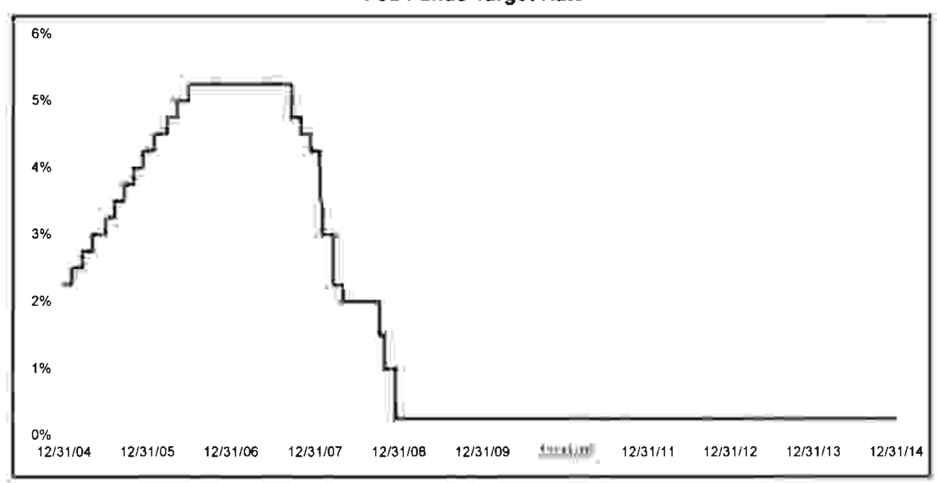
- As a result of two quarters of negative GDP growth in Japan, Prime Minister Shinzo Abe and his administration called for early elections and easily won. The second increase of the consumption tax has been postponed, which should help the Japanese economy. The Japanese government is also set to implement additional stimulus measures.

Weekly Mutual Fund Flows



Source: Bloomberg

Fed Funds Target Rate



Source: Bloomberg

Quarterly Commentary

Fourth Quarter 2014

Multi-Asset Class Management

Market Index Performance

As of December 31, 2014

	1 Quarter	2014	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
DOMESTIC EQUITY								
Russell 3000 Index	5 24	12 56	12 56	22 61	20 51	15 63	7 54	7 94
Russell 1000 Value Index	4 98	13 45	13 45	22 62	20 89	15 42	6 45	7 30
S&P 500	4 93	13 69	13 69	22 68	20 41	15 45	7 27	7 67
Russell 1000 Growth Index	4 78	13 05	13 05	22 84	20 26	15 81	8 41	8 49
Russell Midcap Value Index	6 05	14 75	14 75	23 75	21 98	17 43	9 14	9 43
Russell Midcap Growth Index	5 84	11 90	11 90	23 25	20 71	16 94	8 59	9 43
Russell 2500 Index	6 77	7 07	7 07	21 02	19 97	16 36	8 86	8 72
Russell 2000 Value Index	9 40	4 22	4 22	18 40	18 29	14 26	7 59	6 89
Russell 2000 Index	9 73	4 89	4 89	20 67	19 21	15 55	8 18	7 77
Russell 2000 Growth Index	10 06	5 60	5 60	23 02	20 14	16 80	8 73	8 54
INTERNATIONAL EQUITY								
MSCI EAFE (net)	-3 57	-4 90	-4 90	8 06	11 06	5 33	-0 47	4 43
MSCI AC World Index (net)	0 41	4 16	4 16	13 10	14 10	9 17	2 72	6 09
MSCI AC World ex USA (Net)	-3 87	-3 87	-3 87	5 28	9 00	4 43	-0 63	5 13
MSCI EM (net)	-4 50	-2 19	-2 19	-2 39	4 05	1 78	-1 34	8 43
ALTERNATIVES								
FTSE NAREIT Equity REIT Index	14 20	30 14	30 14	15 48	16 33	16 88	8 22	8 30
FTSE EPRA/NAREIT Developed Index	8 07	15 89	15 89	9 99	15 89	12 03	3 54	6 90
Bloomberg Commodity Index Total Return	-12 10	-17 01	-17.01	-13 35	-9 43	-5 53	-7 58	-1 86
FIXED INCOME								
Barclays Aggregate	1 79	5 97	5 97	1 89	2 66	4 45	4 77	4 71
Barclays U S Government/Credit	1 82	6 01	6 01	1 74	2 76	4 69	4 81	4 70
Barclays Intermediate U S Gov/Credit	0 89	3 13	3 13	1 11	2 03	3 54	4 00	4 09
Barclays U S Treasury: 1-3 Year	0 19	0 63	0 63	0 50	0 48	1 07	1 82	2 55
Barclays US Corp: High Yield	-1 00	2 45	2 45	4 92	8 43	9 03	8 76	7 74
Credit Suisse Leveraged Loan index	-0 37	2 06	2 06	4 09	5 84	5 83	4 60	4 70
Barclays Global Aggregate Ex USD	-2 99	-3 08	-3 08	-3 08	-0 75	1 38	2 66	2 81
JPM EMBI Global Diversified	-0 55	7 43	7 43	0 89	6 13	7 57	7 37	7 78
CASH EQUIVALENT								
90 Day U S Treasury Bill	0 00	0.04	0 04	0 04	0.06	0 08	0 38	1 50

Source: Investment Metrics. Returns are expressed as percentages Please refer to the last page of this document for important disclosures relating to this material

Quarterly Commentary

Fourth Quarter 2014

Multi-Asset Class Management

U.S. Equity

- U.S. equity markets finished the year with strong performance, with the S&P 500 Index up 4.9% for the final quarter of 2014. In total, the index returned 13.7% for the year, while hitting an all-time high of 2,094 during the month of December.

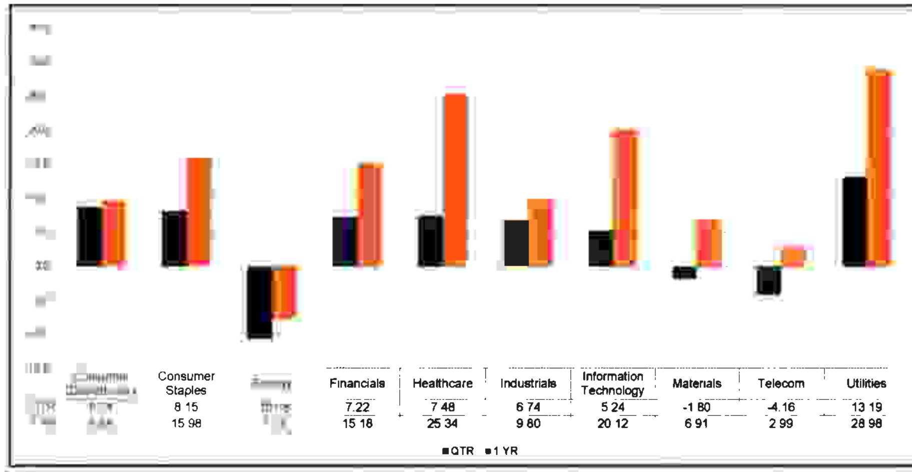
- Small-cap stocks, as measured by the Russell 2000 Index, did particularly well during the quarter, returning 9.7%, which brought 2014 year-to-date performance up to 4.9%. Large-cap stocks, as measured by the Russell 1000 Index, posted a positive return as well, up 4.9% for the quarter and 13.2% for the year

- Within small caps, growth-oriented stocks (10.1%) outpaced value-oriented stocks (9.4%) this quarter. For large caps, growth-oriented stocks were up 4.8% for the quarter, while value-oriented stocks were up nearly 5%.

- Healthcare and Utilities continued to be the best-performing sectors year to date, with Utilities (29%) finally outpacing Healthcare (25.3%). The worst-performing sector for the year was Energy, which closed the year down 7.8%. In the fourth quarter alone, the Energy sector was down 10.7% due to the precipitous decline in oil and natural gas prices. The negative pressure in oil prices was caused by the sudden oversupply of crude oil and the push for domestic energy self-sustainability.

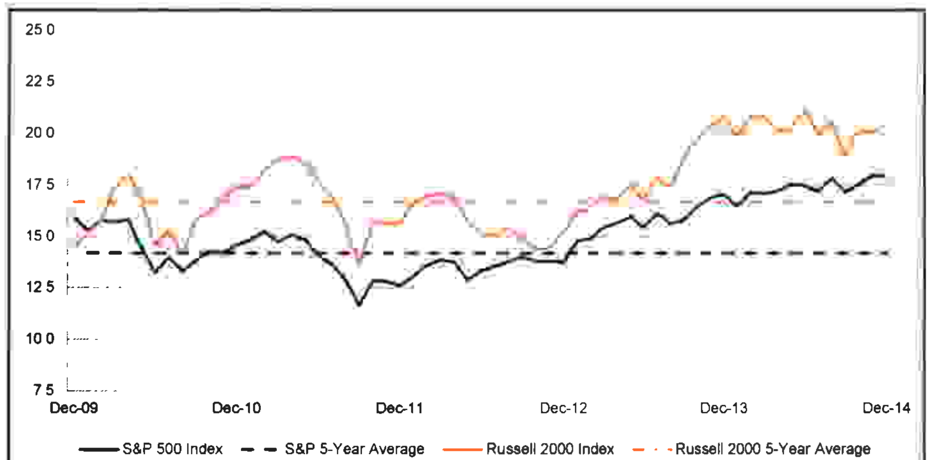
S&P 500 Index Performance by Sector

Quarter and 12 Months Ended December 31, 2014



Source: Standard & Poor's

P/E Ratios of Major Stock Indices*



Source: Bloomberg

**P/E ratios are calculated based on 1-year-forward estimates and adjusted to include only positive earnings results for consistency.*

Quarterly Commentary

Fourth Quarter 2014

Multi-Asset Class Management

Non-U.S. Equity

- Developed markets outside of North America produced a -3.6% return as measured by the MSCI EAFE Index (net $USD). In local currency terms, those markets were positive (1.8%), but returns were weighed down by the strength of the U.S. dollar.

- Norway was the weakest market (-25%) due to sharp declines in oil prices and subsequent weakness in the krone.

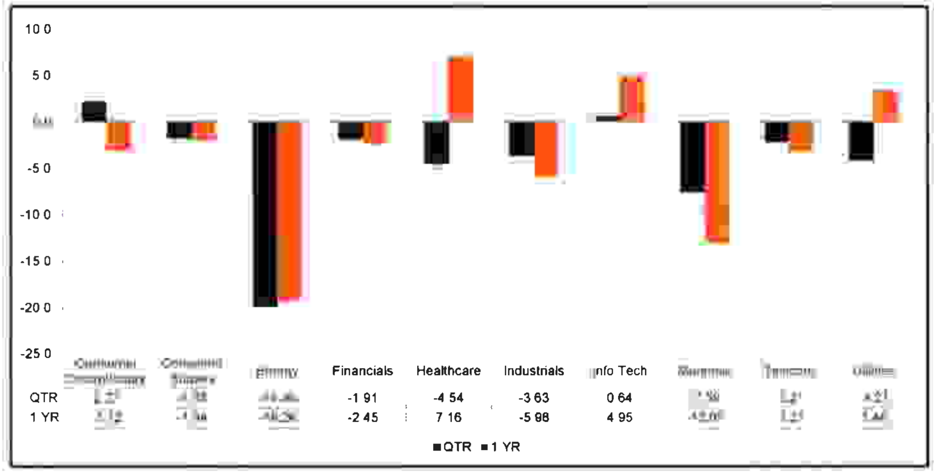
- Japan and the U.K., the largest weighted countries in the MSCI EAFE Index, fell 2.4% and 4.2% for the quarter, respectively

- Emerging-markets equity, as measured by the MSCI Emerging Markets (EM) Index, fell 4.5% for the quarter. Russia continued to decline, falling 32.9%, due to currency weakness from economic sanctions and the drop in oil prices. There was a wide divergence in Chinese stocks as the MSCI China Index (Hong Kong listed) gained 7.2%, while the MSCI China A 50 Index (Shanghai and Shenzhen markets—not a part of the EM Index) surged 53.9% in the quarter due to central bank liquidity measures and the opening of this market to foreign investors.

- The Energy sector had a very weak return (-19.9%) for the quarter as measured by the MSCI All Country World Index (ACWI) ex-US, which includes stocks in developed and emerging markets. The only positive sectors for the quarter were Consumer Discretionary (2.3%) and Information Technology (0.6%).

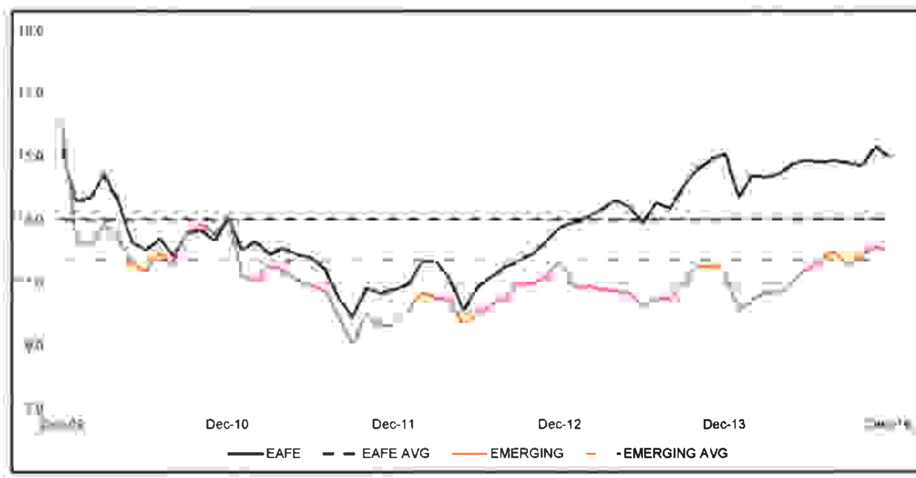
MSCI ACWI ex-US Sectors

Quarter and 12 Months Ended December 31, 2014



Source: Bloomberg

P/E Ratios of MSCI Equity Indices*



Source: Bloomberg

**P/E ratios are calculated based on 1-year-forward estimates and adjusted to include only positive earnings results for consistency.*

Fixed Income

- Long-term rates continued their decline while rates on the short end of the yield curve had a mild increase. The 10-year U.S. Treasury ended the year at 2.2%, down from 3% at the start of 2014.

- During the quarter, the Barclays Capital U.S. Aggregate Bond Index posted a solid 1.8% return, led by gains in Treasuries but with corporates and mortgages showing similar performance in the belly of the curve.

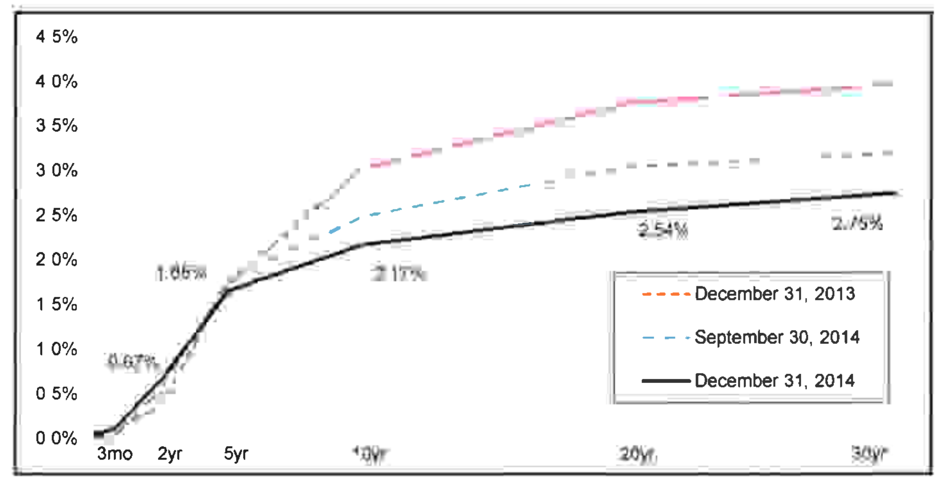
- Long-term Treasuries, as measured by the Barclays Capital Long U.S. Treasury Index, gained 8.6% for the quarter and finished 2014 up 25.1%.

- Investment-grade corporates gained 1.8% in the fourth quarter, led by strength in utility bonds. The fixed-rate mortgage market also returned 1.8%.

- BBB-rated bonds were the weakest performers of the investment-grade names. High-yield bonds, as measured by the Barclays U.S. High Yield Index, dropped 1% in the quarter as energy names were hurt by low oil prices; of this index, the Energy sector alone lost 10.6% in the quarter. The loan market was also weak for similar reasons, dropping 0.4% in the quarter.

- In the U.S., the market is anticipating an eventual federal funds rate hike, while in Europe, the central bank is making plans for a government bond purchase program. Emerging markets are facing headwinds to paying down U.S.-dollar-denominated debt.

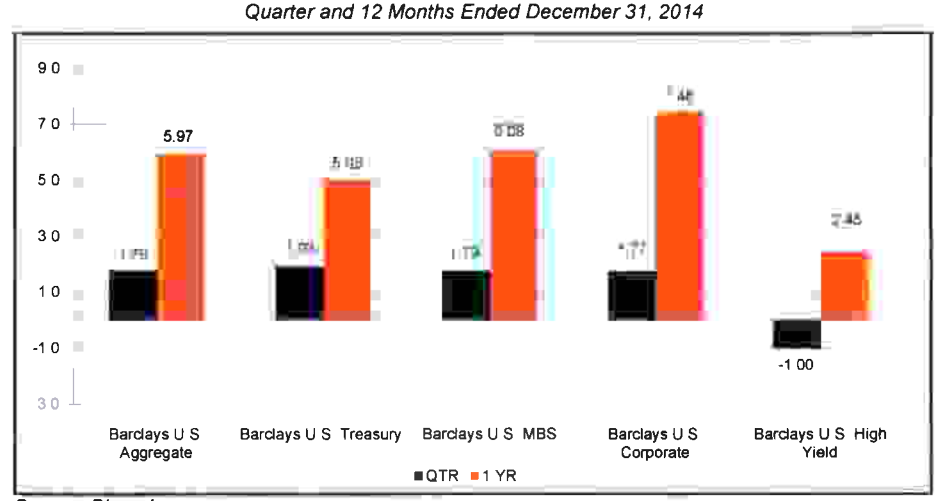
U.S. Treasury Yield Curve



Source: Bloomberg

Returns for Fixed-Income Segments

Quarter and 12 Months Ended December 31, 2014



Source: Bloomberg

Alternative Asset Classes

- **U.S. real estate investment trusts (REITs)** gained 14.2% in the fourth quarter, as measured by the FTSE NAREIT Equity REIT Index, as REIT securities recovered after the third quarter's moderate selloff. A strong 9.9% return in October was followed by more modest gains of 2% and 1.9% in November and December, respectively. Lodging, Healthcare, and Apartment REITs led the way, while Office securities were the worst relative performers, although they were still up more than 12%. All sectors were in positive territory for the quarter.

- **Private real estate**, as measured by the NCREIF Index of 7,300 properties nationwide, increased 2.6% during the third quarter of 2014 (fourth-quarter data not yet available). A 1.3% value appreciation supplemented a 1.3% income gain.

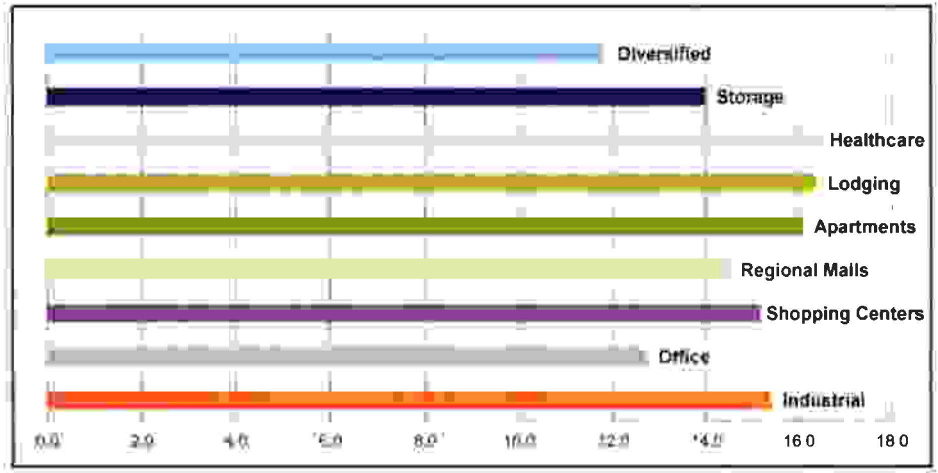
- **Commodities** fell approximately 12.1% as measured by the Bloomberg Commodity Index of 19 raw materials futures. For full-year 2014, the Bloomberg Index was down 17%. Commodity-related equities, as measured by the S&P North American Natural Resources Sector Index, fell 13.9% during the quarter as shares of large integrated oil companies were hit particularly hard by falling energy prices.

- **Hedge funds** had a relatively weak performance during the fourth quarter, as the HFRI Fund Weighted Composite Index returned just 0.7%. Hedge funds finished the year up 3.6%, slightly behind small-cap equities which struggled through most of the year, and also behind fixed income, which had a modest 6% gain for the year.

- **Private equity** fundraising in the third quarter was down relative to the second quarter of 2014 (fourth-quarter data not yet available). According to Preqin, private equity funds raised $73 billion in aggregate in the second quarter, with 127 funds reaching a final close. Venture and Buyout were the two most active sectors, with 58 and 37 funds closing within each sector, respectively, while Real Estate followed with 28 fund closings. North America-focused private equity funds led the way, closing 91 funds representing capital commitments of $33 billion. Europe followed, with 46 funds closing on $25 billion of capital. Uncommitted capital, known as "dry powder," remains at an all-time high of $1.2 trillion.

FTSE NAREIT Sectors

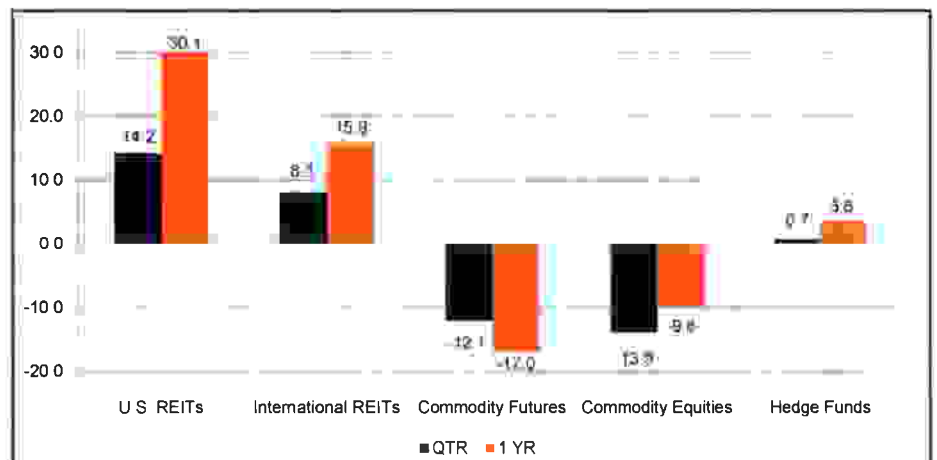
Quarter Ended December 31, 2014



Source: Bloomberg

Returns for Alternative Assets

Quarter and 12 Months Ended December 31, 2014



Sources: Bloomberg and Hedge Fund Research, Inc

PFM

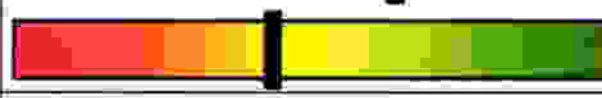
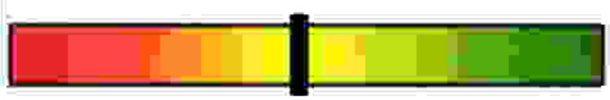
Quarterly Commentary

Fourth Quarter 2014

Multi-Asset Class Management

PFMAM Investment Strategy Overview

For First Quarter 2015

Asset Class	PFMAM Investment Preference	Comments
U.S. Equities		We remain constructive on U S equities driven by continuing improvements in the U.S. economy and fair valuation. Small-cap equity looks less attractive
Large Caps		
Small Caps		
Non-U.S. Equities		We are also constructive on non-U S developed markets due to reasonable/below-average valuation We turned bearish on emerging-markets equity in early 2013 due to deteriorating fundamentals. We are carefully monitoring emerging-markets equity at this time
Developed Markets		
Emerging Markets		
Fixed Income		
Long Duration, Interest-Rate-Sensitive Sectors		We are concerned about long-duration, interest-rate-sensitive fixed income
Credit-Sensitive Sectors		We are constructive on credit-sensitive segments due to an improving economy and low default rates
Core Real Estate		Returns from real estate are expected to be more muted going forward as prices have fully recovered and face headwinds from rising interest rates
Alternatives		Due to rising assets under management and proliferation of hedge funds and private equity funds, the relative performance from alternatives is unlikely to significantly outperform publicly traded markets.
Hedge Funds		
Private Equity		

Please refer to the last page of this document for important disclosures

Disclosures

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It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

Plan Performance Review

Account Reconciliation
Sample Client - Multi-Asset Class Management
As of December 31, 2014

QTR

	Market Value As of 10/01/2014	Net Flows	Return On Investment	Market Value As of 12/31/2014
TOTAL FUND	58,719,770	1,000,000	955,138	60,674,907

YTD

	Market Value As of 01/01/2014	Net Flows	Return On Investment	Market Value As of 12/31/2014
TOTAL FUND	52,232,423	5,436,101	3,006,384	60,674,907

1 Year

	Market Value As of 01/01/2014	Net Flows	Return On Investment	Market Value As of 12/31/2014
TOTAL FUND	52,232,423	5,436,101	3,006,384	60,674,907

PFM

Asset Allocation & Performance
Sample Client - Multi-Asset Class Management
As of December 31, 2014

	Allocation	Performance(%)							
	%	1 Quarter	2014	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
TOTAL FUND	**100.00**	**1.65**	**5.43**	**5.43**	**11.28**	**9.05**	**6.24**	**6.97**	**07/01/2006**
Policy Index		*2.44*	*7.38*	*7.38*	*10.67*	*8.98*	*5.09*	*5.98*	*07/01/2006*
Domestic Equity									
Manager A	29.84	5.24	12.56	12.56	20.49	15.70	7.72	18.11	05/01/2012
Russell 3000 Index		*5.24*	*12.56*	*12.56*	*20.51*	*15.63*	*7.54*	*18.17*	*05/01/2012*
Manager B	6.29	5.50	11.85	11.85	17.54	14.64	8.71	17.54	01/01/2012
S&P 500		*4.93*	*13.69*	*13.69*	*20.41*	*15.45*	*7.27*	*20.41*	*01/01/2012*
Manager C	6.16	4.92	13.64	13.64	20.37	15.42	7.27	2.43	11/01/2014
S&P 500		*4.93*	*13.69*	*13.69*	*20.41*	*15.45*	*7.27*	*2.43*	*11/01/2014*
International Equity									
Manager D	22.46	-4.10	-5.66	-5.66	10.93	5.29	-0.36	4.99	06/01/2013
MSCI EAFE (net)		*-3.57*	*-4.90*	*-4.90*	*11.06*	*5.33*	*-0.47*	*5.09*	*06/01/2013*
Fixed Income									
Manager E	12.25	1.57	5.99	5.99	5.92	6.96	7.15	8.76	02/01/2009
Barclays Aggregate		*1.79*	*5.97*	*5.97*	*2.66*	*4.45*	*4.77*	*4.92*	*02/01/2009*
Manager F	5.06	1.58	6.59	6.59	4.32	6.11	6.20	3.23	05/01/2014
Barclays Aggregate		*1.79*	*5.97*	*5.97*	*2.66*	*4.45*	*4.77*	*3.18*	*05/01/2014*
Manager G	2.52	1.28	6.86	6.86	4.52	N/A	N/A	1.91	06/01/2014
Manager H	2.49	1.72	5.89	5.89	2.58	4.37	4.72	2.02	06/01/2014
Barclays Aggregate		*1.79*	*5.97*	*5.97*	*2.66*	*4.45*	*4.77*	*2.02*	*06/01/2014*
Manager I	4.38	1.27	5.81	5.81	4.43	6.23	5.91	3.60	05/01/2012
Barclays U.S. Credit: 5-10 Yr		*1.48*	*7.38*	*7.38*	*5.38*	*6.96*	*6.83*	*4.33*	*05/01/2012*
Manager J	3.28	-1.38	0.30	0.30	N/A	N/A	N/A	1.78	06/01/2013
Credit Suisse Leveraged Loan Index		*-0.37*	*2.06*	*2.06*	*5.84*	*5.83*	*4.60*	*3.01*	*06/01/2013*
Manager K	3.24	-1.11	3.22	3.22	9.26	9.23	9.16	7.50	05/01/2012
BofA Merrill Lynch Global HY Constrained (USD)		*-2.37*	*-0.09*	*-0.09*	*8.77*	*8.48*	*8.47*	*6.74*	*05/01/2012*
Cash Equivalent									
Manager L	2.05	0.00	0.01	0.01	0.01	0.01	0.38	1.20	07/01/2006

Returns are net of mutual fund fees
Returns are expressed as percentages

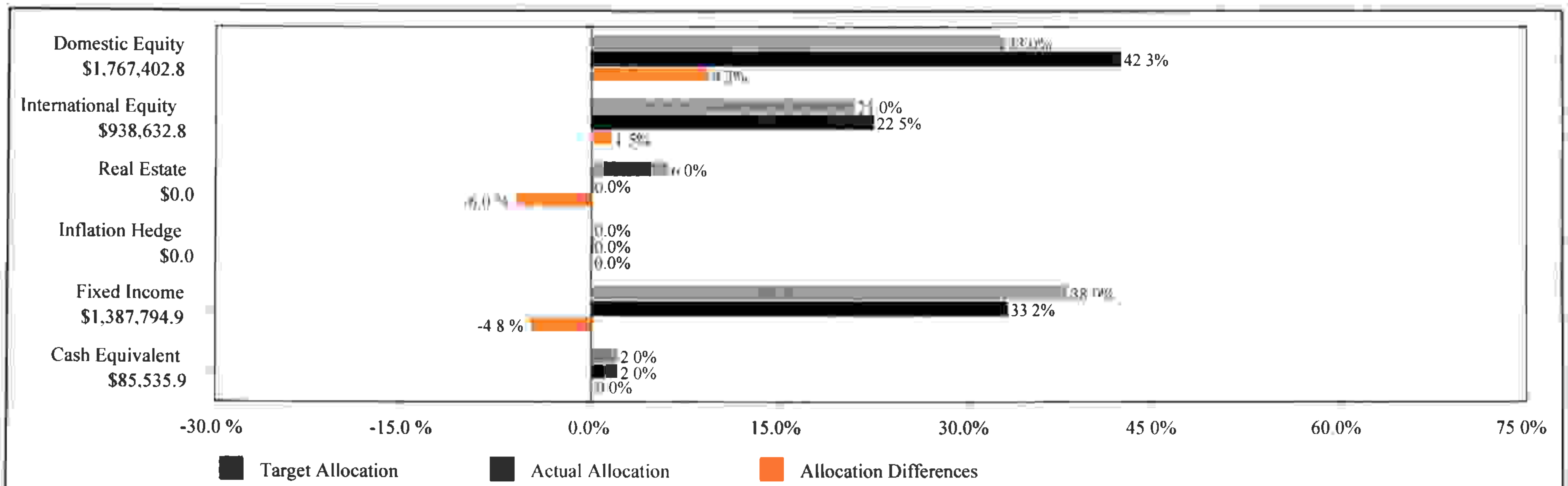
Comparative Performance
Sample Client - Multi-Asset Class Management
As of December 31, 2014

	2013	2012	2011	2010	2009	2008	2007
TOTAL FUND	**15.26**	**13.40**	**-0.64**	**12.63**	**26.40**	**-21.60**	**6.40**
Policy Index	*12.83*	*11.86*	*1.22*	*12.04*	*20 57*	*-23.61*	*5.36*
Domestic Equity							
Manager A	33.52	16.38	1.08	17.26	28.83	-36.99	5.57
Russell 3000 Index	*33.55*	*16.42*	*1.03*	*16.93*	*28 34*	*-37.31*	*5.14*
Manager B	31.53	10.39	9.43	11.42	21.74	-25.57	7.00
Manager C	32.33	15.96	2.08	15.05	26.62	-36.97	5.47
S&P 500	*32.39*	*16.00*	*2 11*	*15.06*	*26.46*	*-37.00*	*5.49*
International Equity							
Manager D	22.06	18.56	-12.51	8.36	28.27	-41.27	11.15
MSCI EAFE (net)	*22.78*	*17.32*	*-12.14*	*7.75*	*31.78*	*-43 38*	*11.17*
Fixed Income							
Manager E	0.50	11.55	5.52	11.66	17.30	-1.27	6.48
Manager F	-1.32	7.95	7.89	9.81	15.36	-1.79	5.99
Manager G	-1.20	8.15	11.45	N/A	N/A	N/A	N/A
Manager H	-2.14	4.15	7.69	6.54	6.04	5.15	7.02
Barclays Aggregate	*-2.02*	*4 21*	*7.84*	*6.54*	*5.93*	*5.24*	*6 97*
Manager I	-1.37	9.14	7.52	10.47	17.73	-6.16	6.14
Barclays U.S. Credit: 5-10 Yr	*-2.05*	*11.26*	*8.21*	*10.54*	*18.96*	*-4.66*	*5 04*
Manager J	6.22	N/A	N/A	N/A	N/A	N/A	N/A
Credit Suisse Leveraged Loan Index	*6 16*	*9 43*	*1 80*	*9.97*	*44.88*	*-28.75*	*1 87*
Manager K	6.61	18.54	2.07	16.80	61.74	-26.55	7.29
BofA Merrill Lynch Global HY Constrained (USD)	*7 96*	*19.30*	*2.61*	*13.76*	*62.21*	*-27.48*	*3.37*
Cash Equivalent							
Manager L	0.01	0.01	0.00	0.02	0.28	2.31	5.06

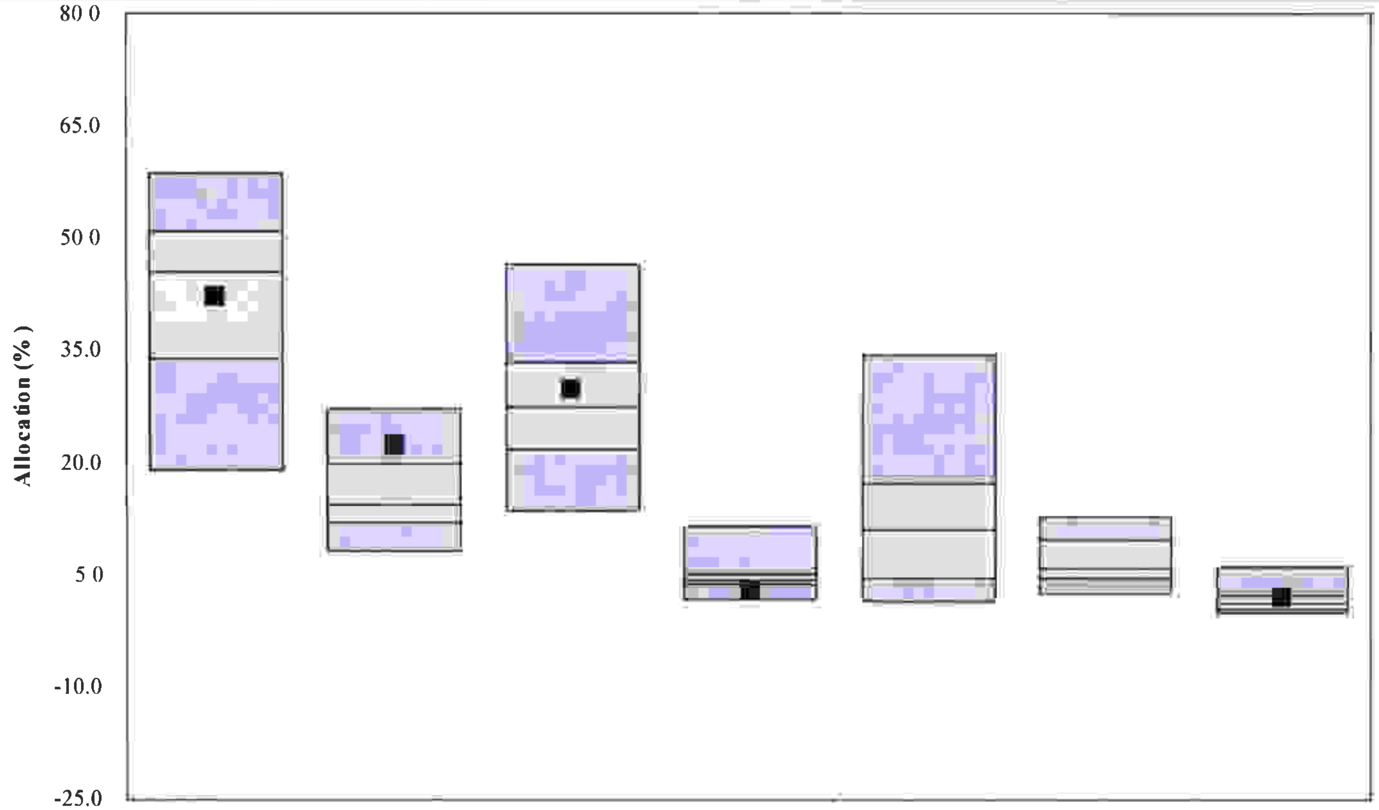
Returns are net of mutual fund fees
Returns are expressed as percentages

Asset Allocation Summary
Sample Client - Multi-Asset Class Management
As of December 31, 2014

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
TOTAL FUND	100.0	100.0	N/A	N/A	0 0
Domestic Equity	42.3	33.0	23.0	43.0	9 3
International Equity	22.5	21.0	11.0	31.0	1 5
Real Estate	0.0	6.0	0.0	12.0	-6 0
Inflation Hedge	0.0	0.0	0.0	10.0	0.0
Fixed Income	33.2	38.0	25.0	65.0	-4 8
Cash Equivalent	2.0	2.0	0.0	20.0	0 0



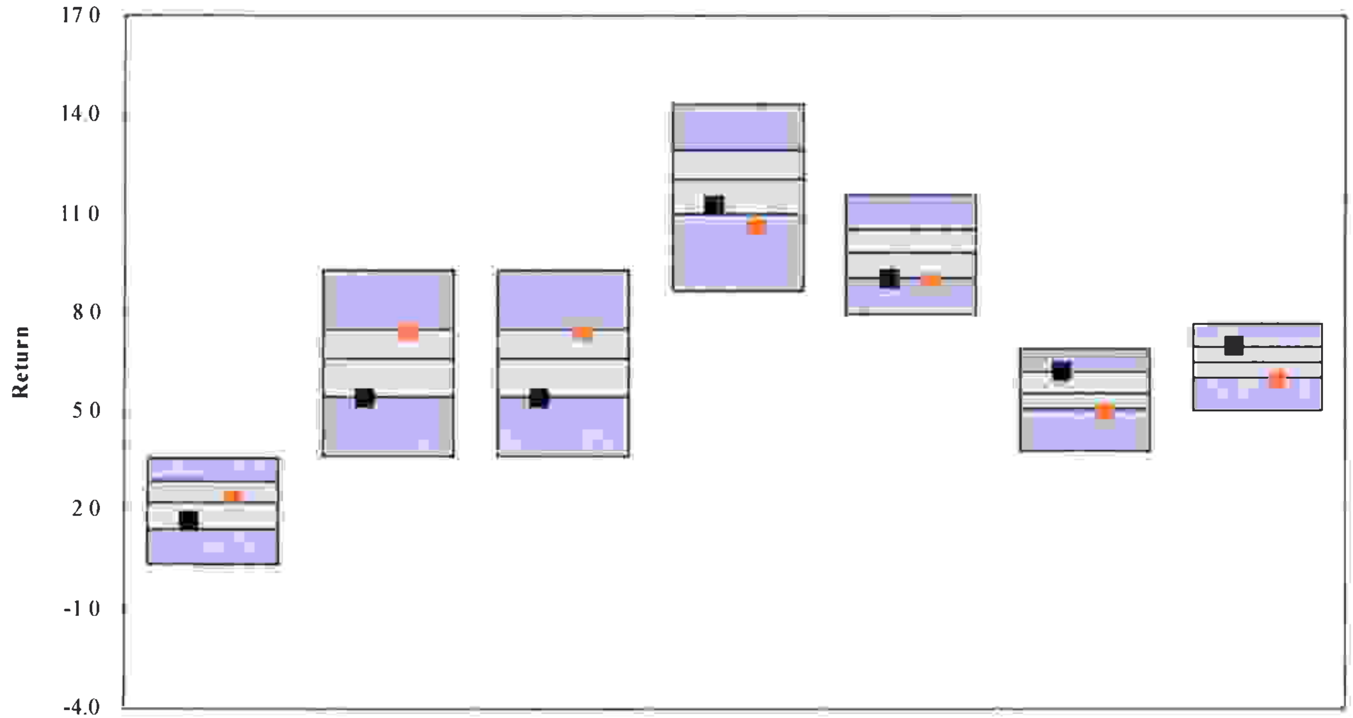
Plan Sponsor TF Asset Allocation
All Public Plans-Total Fund
Sample Client - Multi-Asset Class Management
As of December 31, 2014



	US Equity	Intl. Equity	US Fixed Income	Intl. Fixed Income	Alternative Inv.	Real Estate	Cash
■ Sample Client - Multi-Asset Class Management	42.29 (60)	22.46 (18)	29.97 (41)	3.24 (85)	N/A	N/A	2.05 (29)
5th Percentile	58.83	27.40	46.83	11.62	34.65	13.00	6.14
1st Quartile	51.00	19.80	33.56	5.31	17.37	9.70	2.24
Median	45.56	14.37	27.51	4.53	11.11	6.06	1.19
3rd Quartile	34.01	12.27	21.96	3.88	4.77	4.64	0.59
95th Percentile	19.12	8.26	13.62	1.71	1.55	2.60	0.07
Population	310	293	299	143	98	154	244

Parentheses contain percentile rankings

Plan Sponsor Peer Group Analysis
All Public Plans-Total Fund
Sample Client - Multi-Asset Class Management
As of December 31, 2014

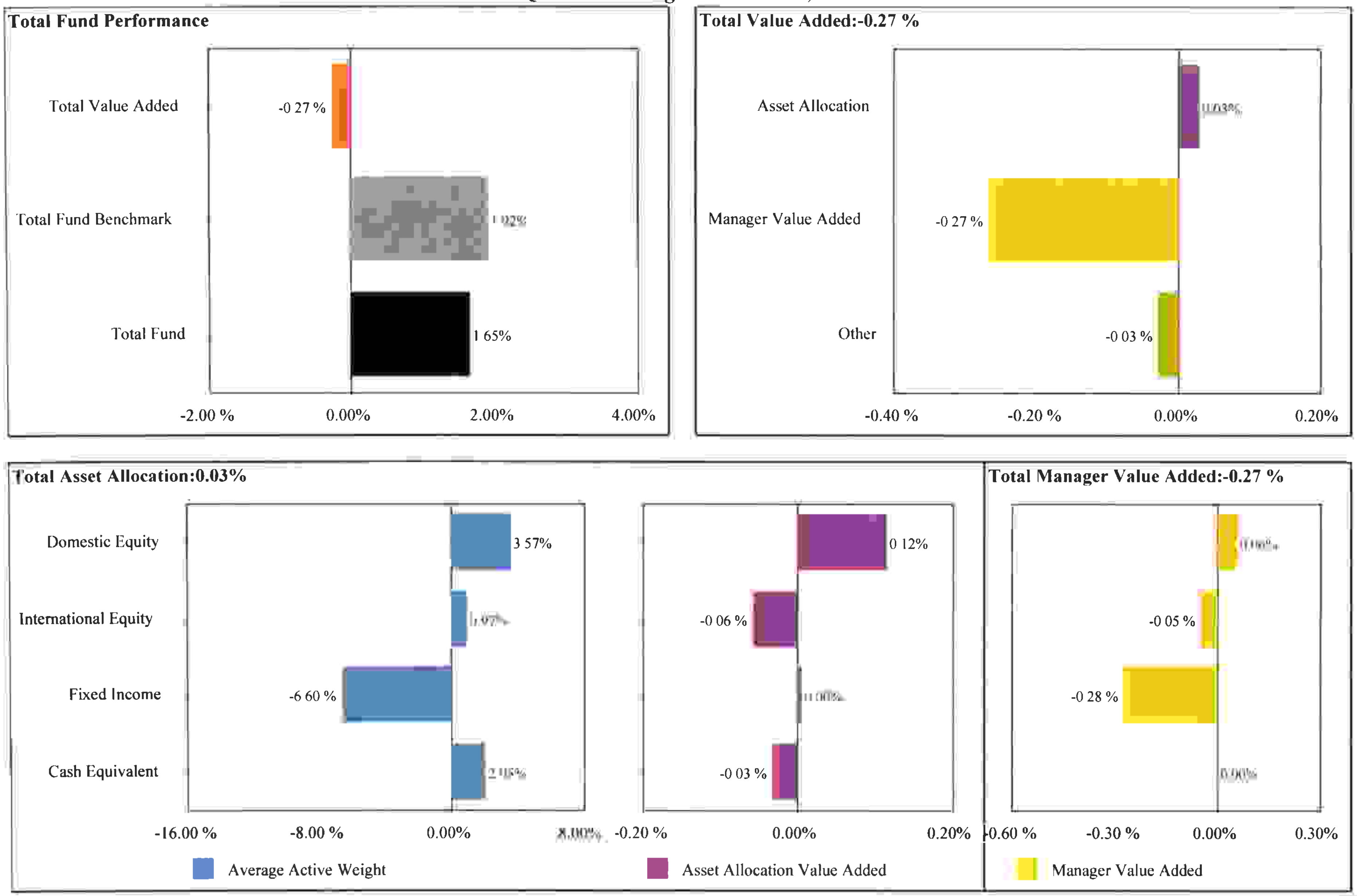


	1 Quarter	2014	1 Year	3 Years	5 Years	7 Years	Jul-2006 To Dec-2014
■ Sample Client - Multi-Asset Class Management	1.65 (70)	5.43 (76)	5.43 (76)	11.28 (70)	9.05 (77)	6.24 (25)	6.97 (27)
● Policy Index	2.44 (41)	7.38 (30)	7.38 (30)	10.67 (83)	8.98 (78)	5.09 (76)	5.98 (80)
5th Percentile	3.60	9.36	9.36	14.36	11.60	6.97	7.71
1st Quartile	2.87	7.52	7.52	12.99	10.56	6.24	7.02
Median	2.26	6.63	6.63	12.11	9.88	5.58	6.53
3rd Quartile	1.46	5.47	5.47	11.03	9.10	5.11	6.08
95th Percentile	0.36	3.65	3.65	8.71	8.02	3.84	5.04
Population	333	327	327	306	286	261	192

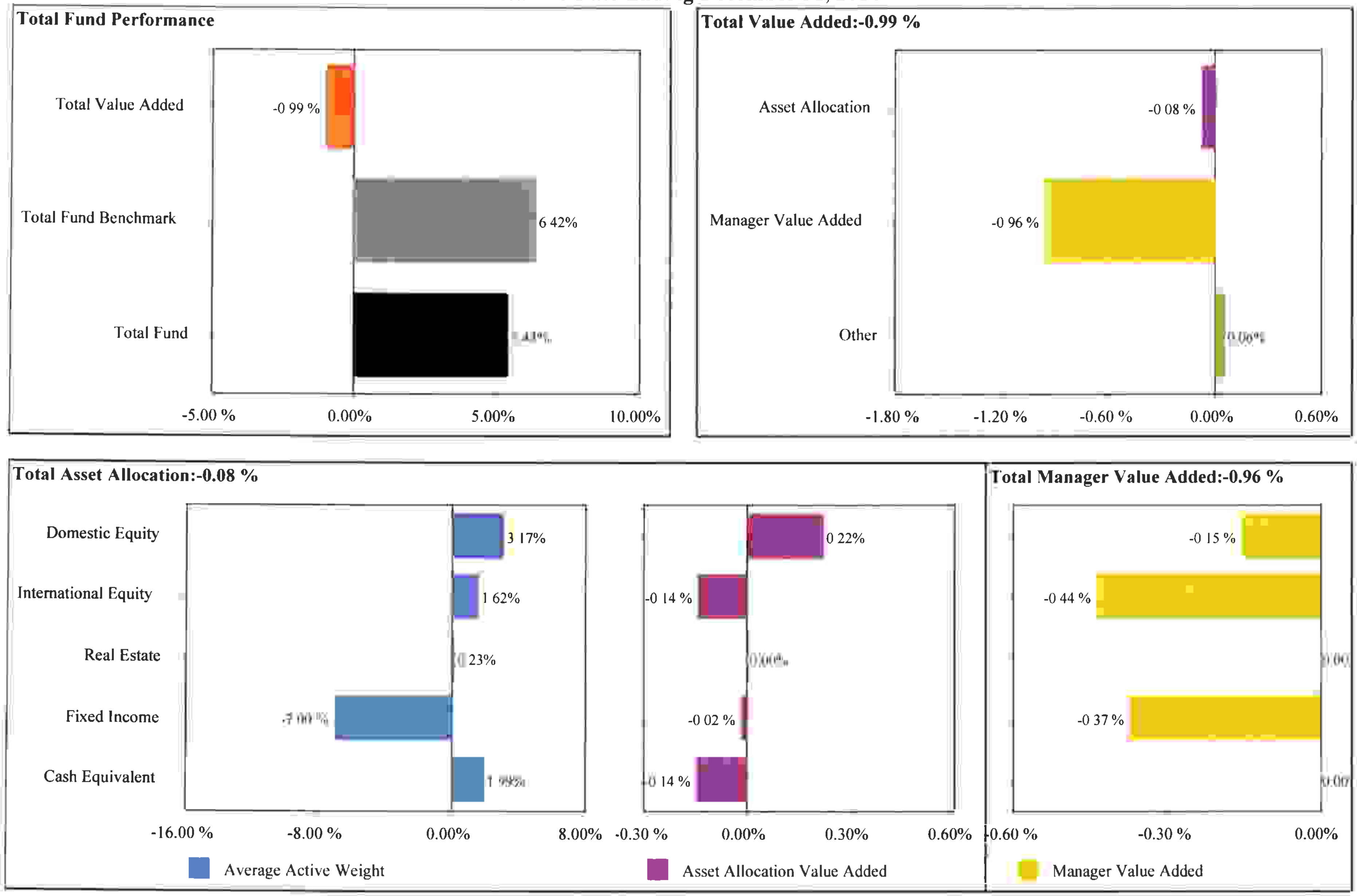
Parentheses contain percentile rankings
Returns are expressed as percentages

PFM

Total Fund Attribution
Sample Client - Multi-Asset Class Management
1 Quarter Ending December 31, 2014

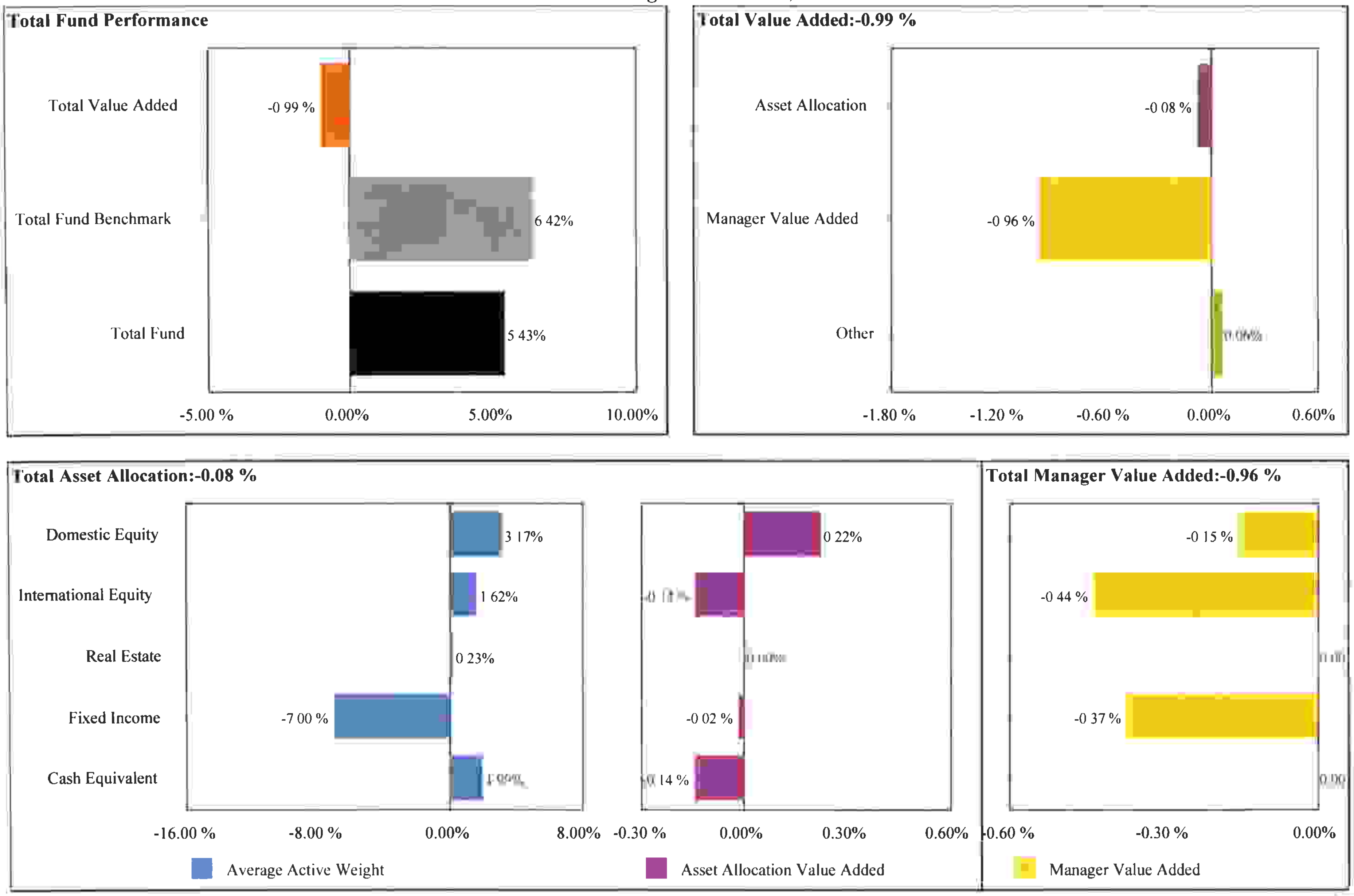


Total Fund Attribution
Sample Client - Multi-Asset Class Management
Year To Date Ending December 31, 2014

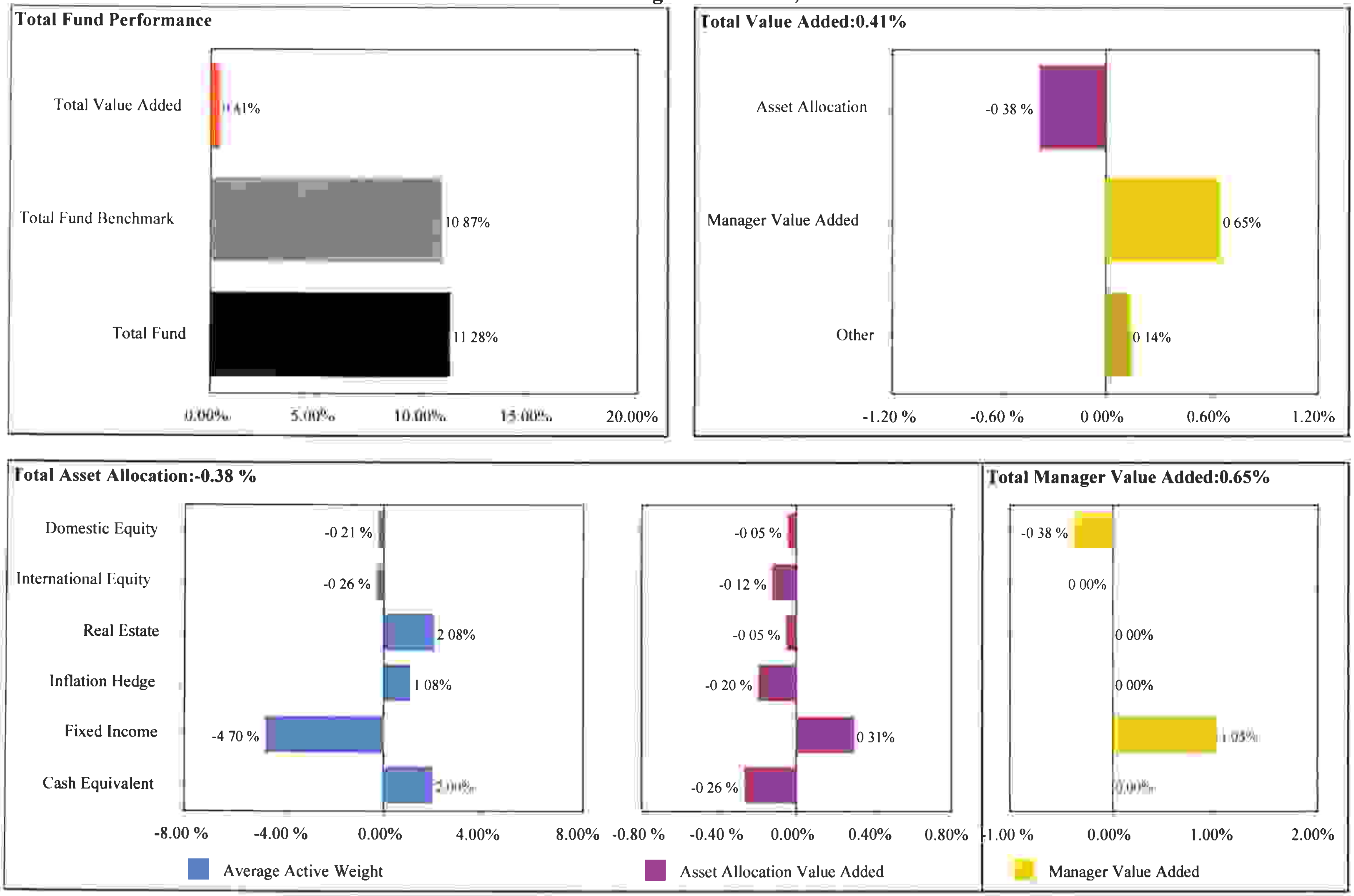


PFM

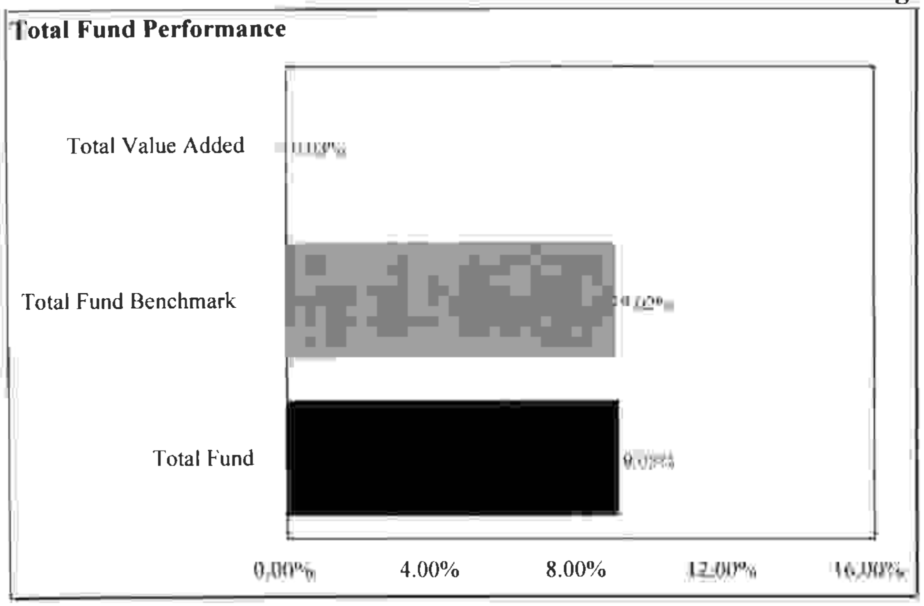
Total Fund Attribution
Sample Client - Multi-Asset Class Management
1 Year Ending December 31, 2014

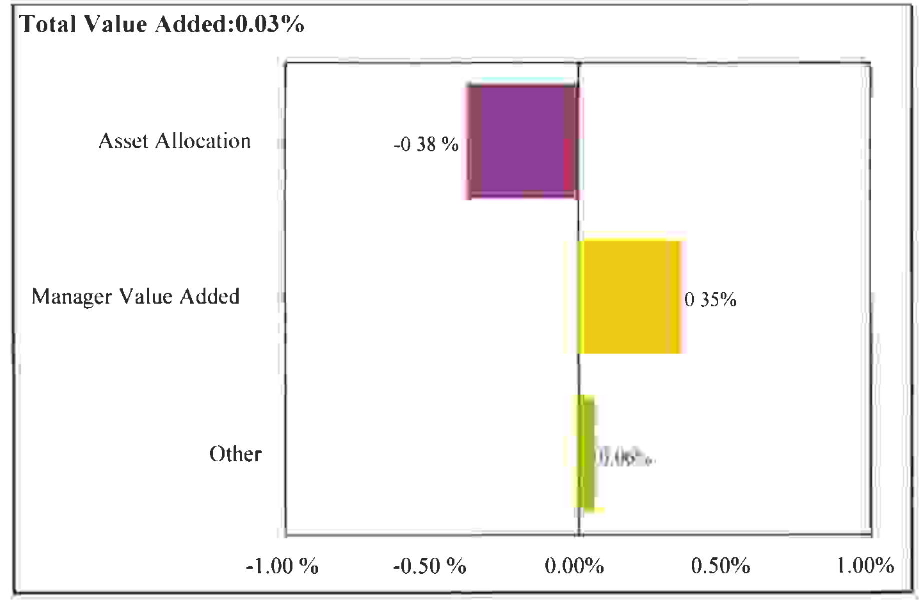


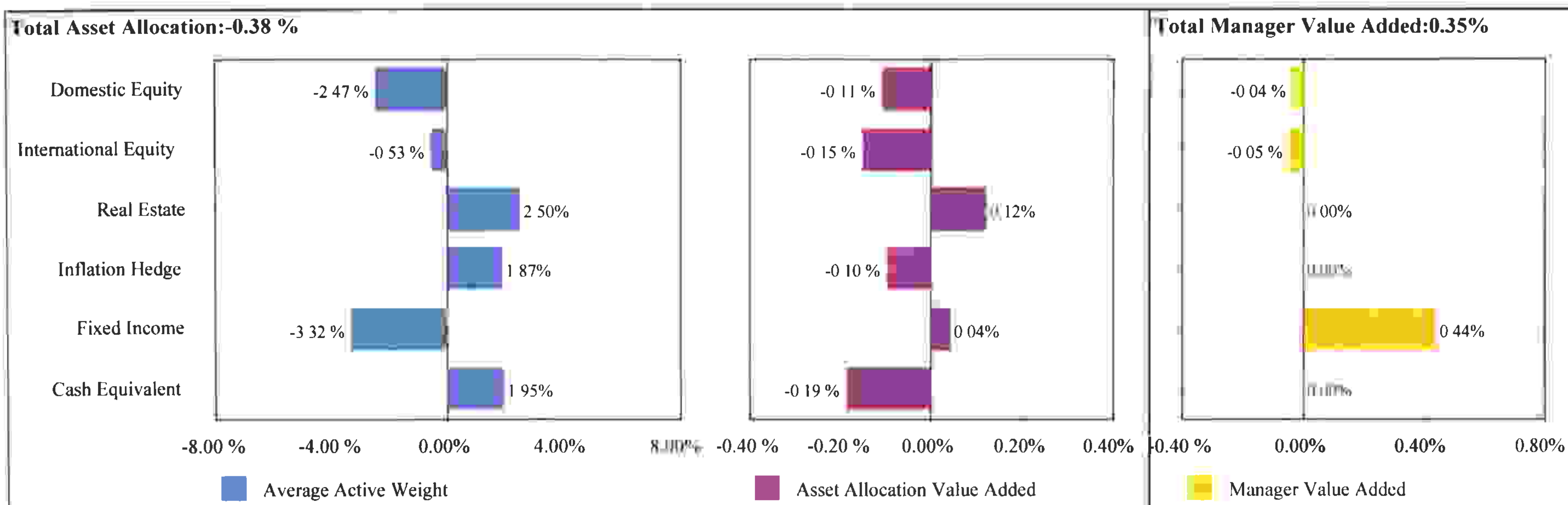
Total Fund Attribution
Sample Client - Multi-Asset Class Management
3 Years Ending December 31, 2014



Total Fund Attribution
Sample Client - Multi-Asset Class Management
5 Years Ending December 31, 2014







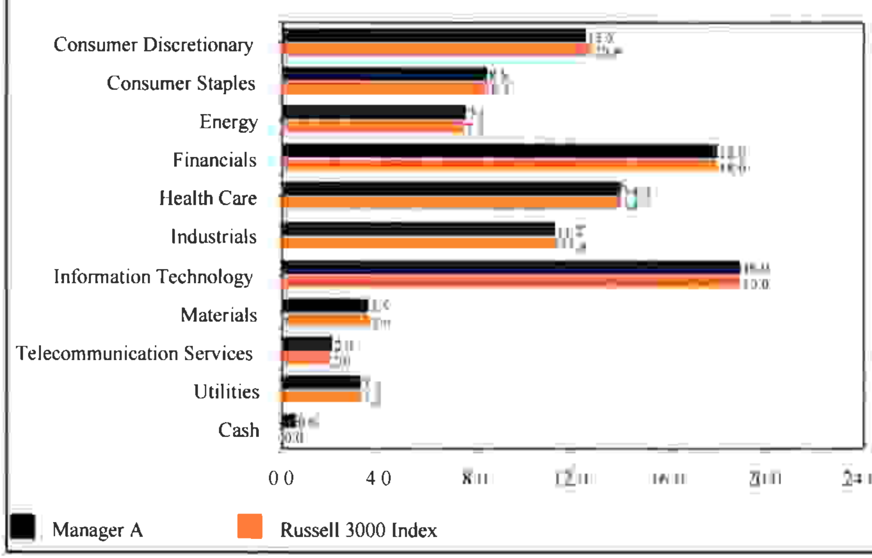
Investment Manager Review

Portfolio Characteristics
Manager A vs. Russell 3000 Index
As of December 31, 2014

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($M)	106,398	107,530
Median Mkt. Cap ($M)	911	1,500
Price/Earnings ratio	19.15	19.12
Price/Book ratio	2.98	2.98
5 Yr. EPS Growth Rate (%)	15.49	15.42
Current Yield (%)	1.86	1.85
Beta (5 Years, Monthly)	1.00	1.00
Number of Stocks	3,778	3,054
Debt to Equity	1.14	1.13

Sector Weights (%)



Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Apple Inc	2.85	2.92	-0.07	10.03
Exxon Mobil Corp	1.72	1.74	-0.02	-1.00
Microsoft Corp	1.52	1.68	-0.16	0.83
Johnson & Johnson	1.29	1.30	-0.01	-1.26
Wells Fargo & Co	1.25	1.15	0.10	6.38
Berkshire Hathaway Inc	1.17	1.20	-0.03	8.69
General Electric Co	1.12	1.11	0.01	-0.46
Procter & Gamble Co (The)	1.08	1.08	0.00	9.61
JPMorgan Chase & Co	1.03	1.04	-0.01	4.59
Chevron Corp	0.93	0.94	-0.01	-5.12
% of Portfolio	13.96	14.16		

Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Forterus Inc	0.00	0.00	0.00	2,710.91
NephroGenex Inc	0.00	0.00	0.00	185.26
OvaScience Inc	0.00	0.00	0.00	166.38
bluebird bio Inc	0.01	0.01	0.00	155.63
Advaxis Inc	0.00	0.00	0.00	138.39
Regulus Therapeutics Inc	0.00	0.00	0.00	134.85
Five Prime Therapeutics Inc	0.00	0.00	0.00	130.18
Alder BioPharmaceuticals Inc	0.00	0.00	0.00	129.42
Cytokinetics Inc	0.00	0.00	0.00	127.56
ITT Educational Services Inc	0.00	0.00	0.00	124.01
% of Portfolio	0.01	0.01		

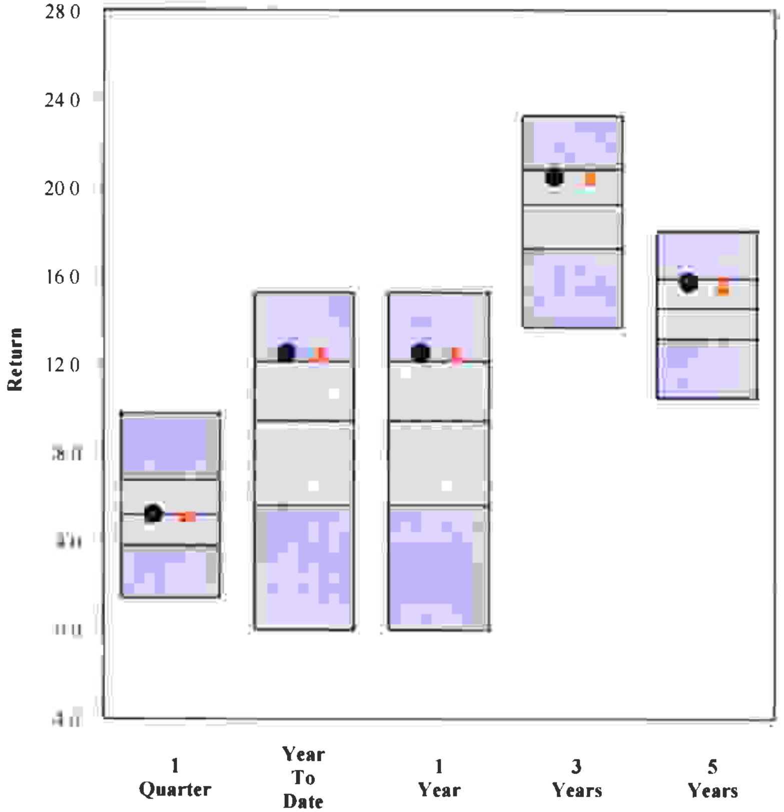
Buy and Hold Sector Attribution
Manager A vs. Russell 3000 Index
1 Quarter Ending December 31, 2014

Buy-and-Hold Portfolio	5.23
Portfolio Trading	0.01
Actual Return	5.24
Benchmark Return	5.24
Actual Active Return	0.00
Stock Selection	0.03
Sector Selection	-0.02
Interaction	0.00
Total Selection	0.00
Portfolio Trading	0.01
Benchmark Trading	0.01
Active Trading Impact	-0.01
Buy & Hold Active Return	0.00

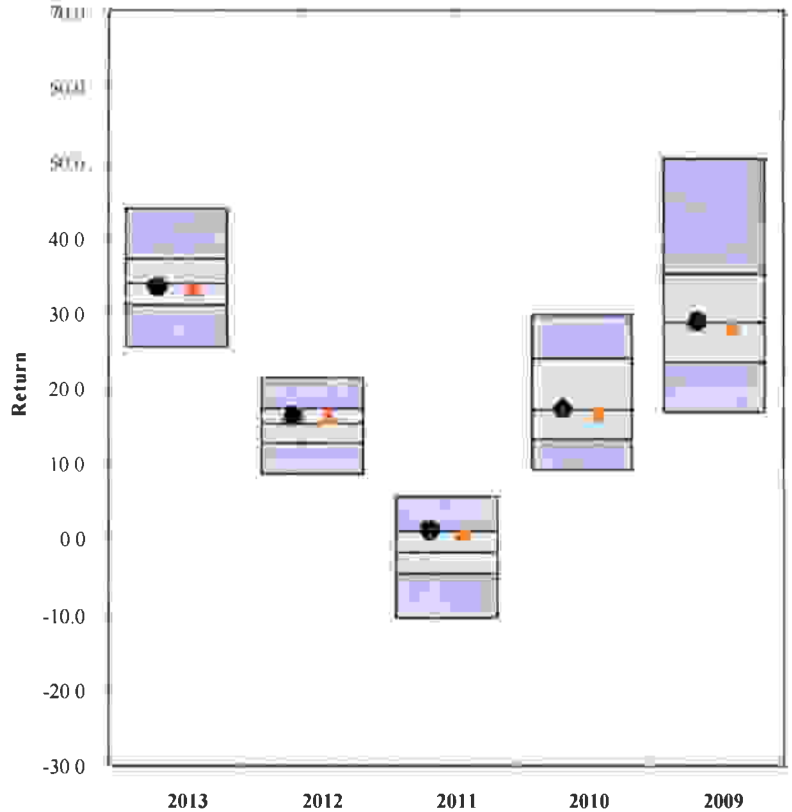
	Allocation-10/01/2014		Performance-1 Quarter Ending December 31, 2014		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Stock	Sector	Interaction	Total
Consumer Discretionary	12.22	12.39	8.88	8.83	0.01	-0.01	0.00	0.00
Consumer Staples	8.28	8.32	8.40	8.42	0.00	0.00	0.00	0.00
Energy	9.05	8.94	-13.12	-13.03	-0.01	-0.02	0.00	-0.03
Financials	17.64	17.47	7.79	7.81	0.00	0.00	0.00	0.00
Health Care	13.60	13.56	8.48	8.51	0.00	0.00	0.00	0.00
Industrials	11.11	11.24	7.04	6.96	0.01	0.00	0.00	0.01
Information Technology	19.01	18.97	5.50	5.39	0.02	0.00	0 00	0.02
Materials	3.82	3.87	-0.74	-0.84	0.00	0.00	0.00	0.01
Telecommunication Services	2.23	2.21	-4.03	-3.99	0.00	0.00	0.00	0.00
Utilities	3.04	3.03	13.09	13.05	0.00	0.00	0.00	0.00
Total	100.00	100.00	5.23	5.23	0.03	-0 02	0.00	0.00

Portfolio Analysis
Manager A
As of December 31, 2014

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



	1 Quarter	Year To Date	1 Year	3 Years	5 Years
● Manager A	5.24 (51)	12.56 (22)	12.56 (22)	20.49 (31)	15.70 (30)
▲ Russell 3000 Index	5.24 (51)	12.56 (22)	12.56 (22)	20.51 (31)	15.63 (31)
Median	5.24	9.48	9.48	19.33	14.63



	2013	2012	2011	2010	2009
● Manager A	33.52 (55)	16.38 (37)	1.08 (26)	17.26 (50)	28.83 (51)
▲ Russell 3000 Index	33.55 (54)	16.42 (36)	1.03 (26)	16.93 (52)	28.34 (54)
Median	34.04	15.46	-1.62	17.10	28.93

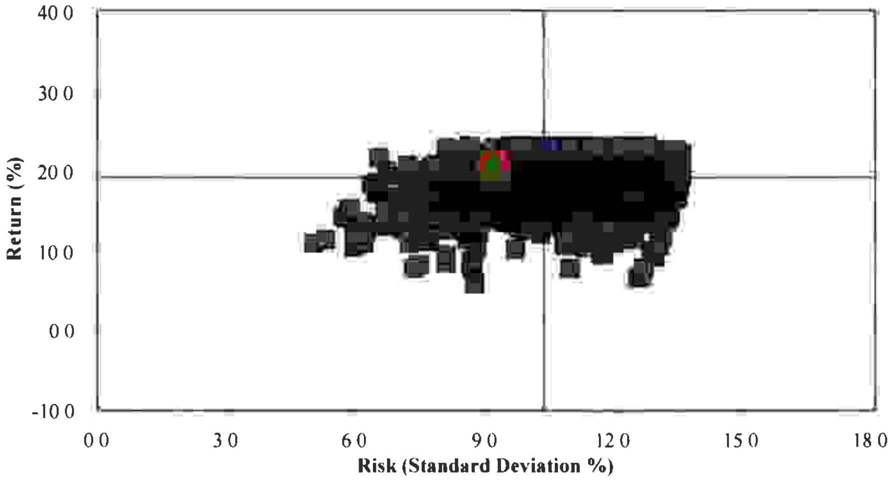
Historical Statistics - 3 Years

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	Treynor Ratio	Active Return	Tracking Error	Information Ratio	R-Squared
Manager A	20.49	9.30	2.06	-0.04	1.00	0.19	-0.01	0.11	-0.13	1.00
Russell 3000 Index	20.51	9.29	2.06	0.00	1.00	0.19	0.00	0.00	N/A	1.00
90 Day U.S. Treasury Bill	0.06	0.02	N/A	0.07	0.00	0.00	-19.18	9.30	-2.06	0.12

PFM

Portfolio Analysis
Manager A
As of December 31, 2014

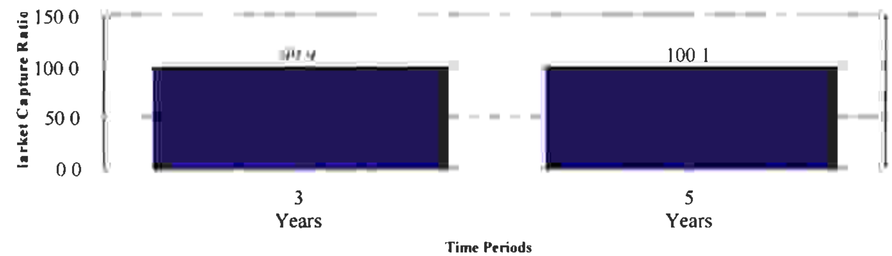
Peer Group Scattergram (01/01/12 to 12/31/14)



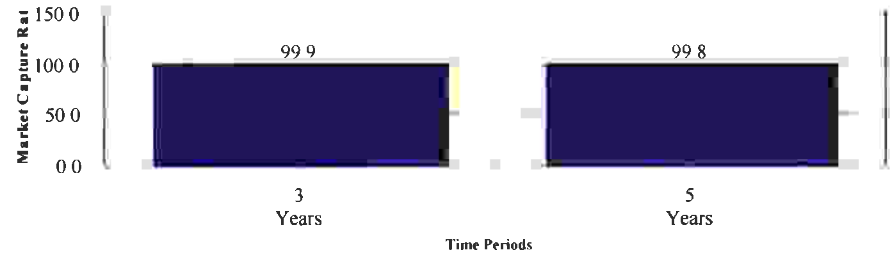
	Return	Standard Deviation
Manager A	20 49	9 25
Russell 3000 Index	20 51	9 24
Median	19 33	10 36

Up Down Market Capture

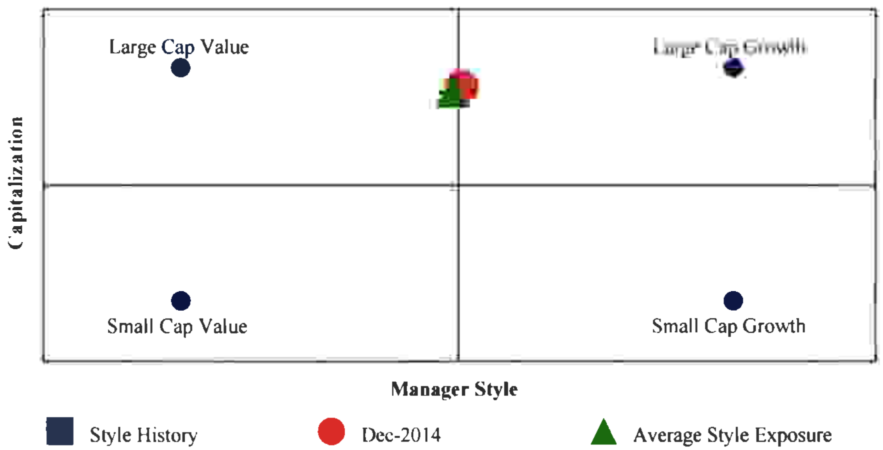
Up Market Capture



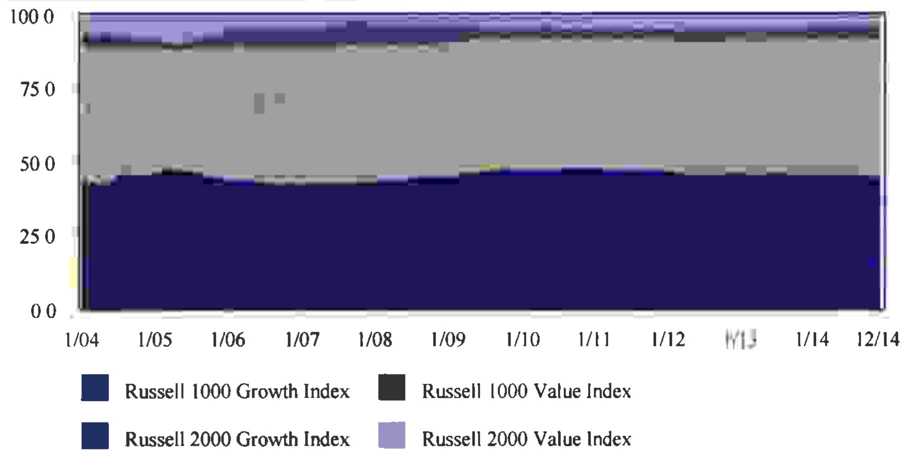
Down Market Capture



Style Map (12/01/00 to 12/31/14)



Style History (12/01/00 to 12/31/14)

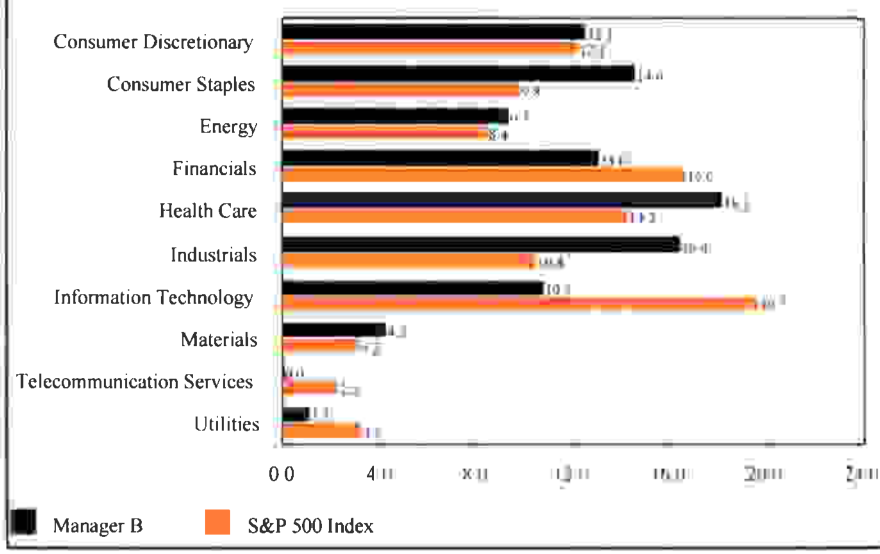


Portfolio Characteristics
Manager B vs. S&P 500 Index
As of December 31, 2014

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($M)	118,091	131,374
Median Mkt. Cap ($M)	71,068	18,669
Price/Earnings ratio	19.28	18.78
Price/Book ratio	3.41	3.05
5 Yr. EPS Growth Rate (%)	11.24	15.12
Current Yield (%)	2.23	2.00
Beta (5 Years, Monthly)	0.81	1.00
Number of Stocks	49	502
Debt to Equity	0.81	1.02

Sector Weights (%)



Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
United Parcel Service Inc	3.17	0.42	2.75	13.81
TJX Companies Inc (The)	2.97	0.26	2.71	16.22
Unitedhealth Group Inc	2.91	0.53	2.38	17.64
Lockheed Martin Corp	2.62	0.28	2.34	6.19
ACE Ltd	2.62	0.21	2.41	10.18
Wal-Mart Stores Inc	2.61	0.74	1.87	12.94
Cardinal Health Inc	2.60	0.15	2.45	8.21
Praxair Inc.	2.59	0.21	2.38	0.94
Accenture PLC	2.55	0.31	2.24	11.30
Nike Inc	2.53	0.37	2.16	8.10
% of Portfolio	27.17	3.48		

Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Lowe's Cos Inc.	2.25	0.37	1.88	30.57
CVS Caremark Corp	1.94	0.61	1.33	21.41
Oracle Corp	2.24	0.80	1.44	17.84
Unitedhealth Group Inc	2.91	0.53	2.38	17.64
Medtronic Inc	2.30	0.39	1.91	17.60
TJX Companies Inc (The)	2.97	0.26	2.71	16.22
Automatic Data Processing Inc.	2.46	0.22	2.24	15.13
Chubb Corp	1.82	0.13	1.69	14.16
Amgen Inc.	1.78	0.66	1.12	13.83
United Parcel Service Inc	3.17	0.42	2.75	13.81
% of Portfolio	23.84	4.39		

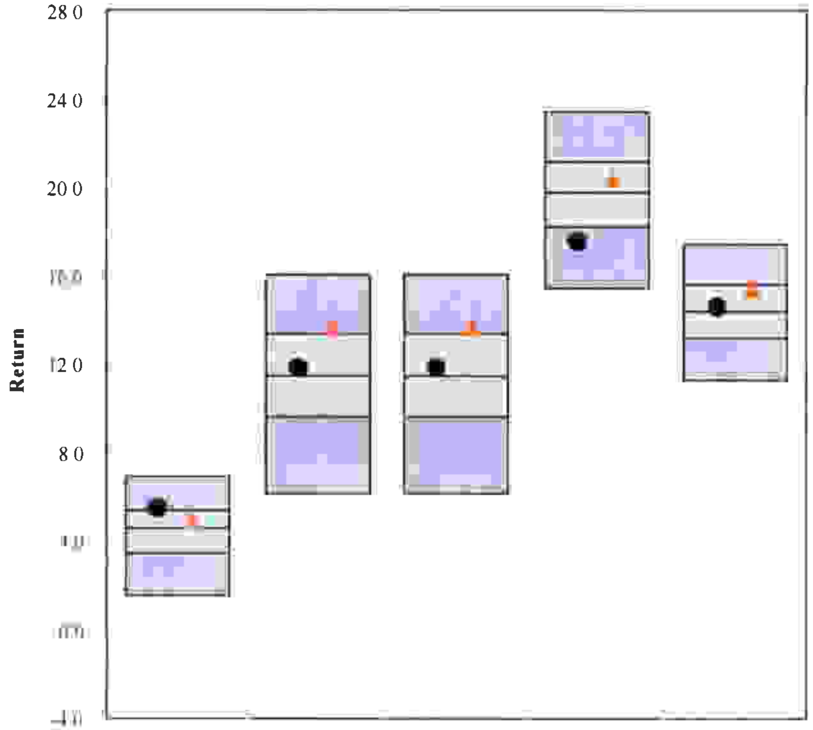
Buy and Hold Sector Attribution
Manager B vs. S&P 500
1 Quarter Ending December 31, 2014

Buy-and-Hold Portfolio	6.21
Portfolio Trading	-0.71
Actual Return	5.50
Benchmark Return	4.93
Actual Active Return	0.57
Stock Selection	1.42
Sector Selection	0.23
Interaction	-0.38
Total Selection	1.27
Portfolio Trading	-0.71
Benchmark Trading	-0.01
Active Trading Impact	-0.71
Buy & Hold Active Return	0.57

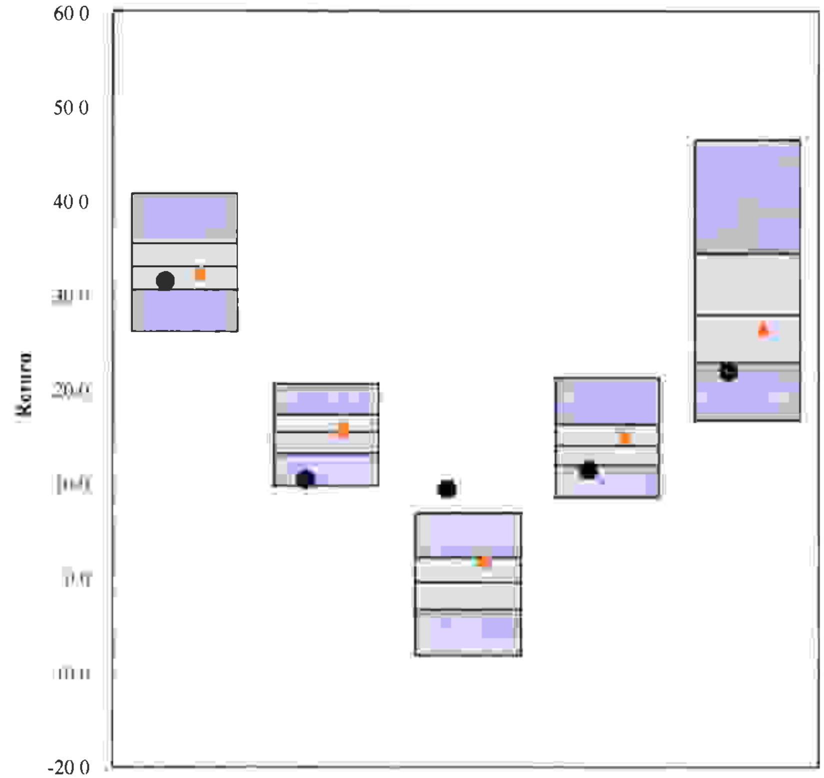
	Allocation-10/01/2014		Performance-1 Quarter Ending December 31, 2014		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Stock	Sector	Interaction	Total
Consumer Discretionary	12.83	11.70	11.35	8.71	0.31	0.04	0.03	0.38
Consumer Staples	14.31	9.55	7.74	8.15	-0.04	0.15	-0.02	0.09
Energy	10.17	9.70	-7.82	-10.82	0.29	-0.08	0.01	0.23
Financials	12.16	16.34	10.01	7.26	0.45	-0.10	-0.11	0.24
Health Care	18.23	13.89	6.03	7.47	-0.20	0.11	-0.06	-0.15
Industrials	16.56	10.28	7.57	6.77	0.08	0.12	0.05	0.25
Information Technology	10.46	19.66	8.38	5.29	0.61	-0.03	-0.28	0.29
Materials	4.23	3.45	-3.05	-1.68	-0.05	-0.05	-0.01	-0.11
Telecommunication Services	0.00	2.43	0.00	-4.46	0.00	0.23	0.00	0.23
Utilities	1.03	3.00	12.22	13.19	-0.03	-0.16	0.02	-0.17
Total	100.00	100.00	6.21	4.94	1.42	0.23	-0.38	1.27

Portfolio Analysis
Manager B
As of December 31, 2014

Peer Group Analysis - IM U.S. Large Cap Equity (SA+CF+MF)



	1 Quarter	Year To Date	1 Year	3 Years	5 Years
● Manager B	5 50 (23)	11 85 (45)	11 85 (45)	17 54 (83)	14 64 (46)
▲ S&P 500 Index	4 93 (40)	13 69 (22)	13 69 (22)	20 41 (40)	15 45 (31)
Median	4 64	11 50	11 50	19 86	14 41



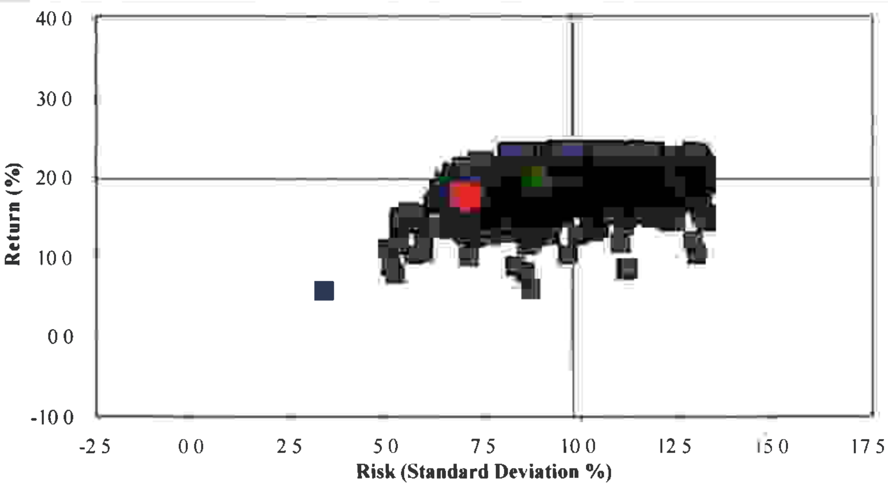
	2013	2012	2011	2010	2009
● Manager B	31 53 (68)	10 39 (93)	9 43 (3)	11 42 (81)	21 74 (80)
▲ S&P 500 Index	32 39 (57)	16 00 (44)	2 11 (27)	15 06 (40)	26 46 (58)
Median	32 97	15 52	-0 49	14 12	27 97

Historical Statistics - 3 Years

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	Treynor Ratio	Active Return	Tracking Error	Information Ratio	R-Squared
Manager B	17.54	8.13	2.03	-0.02	0.87	0.19	-2.52	2.57	-0.98	0.92
S&P 500 Index	20.41	8.97	2.12	0.00	1.00	0.19	0.00	0.00	N/A	1.00
90 Day U.S. Treasury Bill	0.06	0.02	N/A	0.07	0.00	0.00	-19.07	8.98	-2.12	0.13

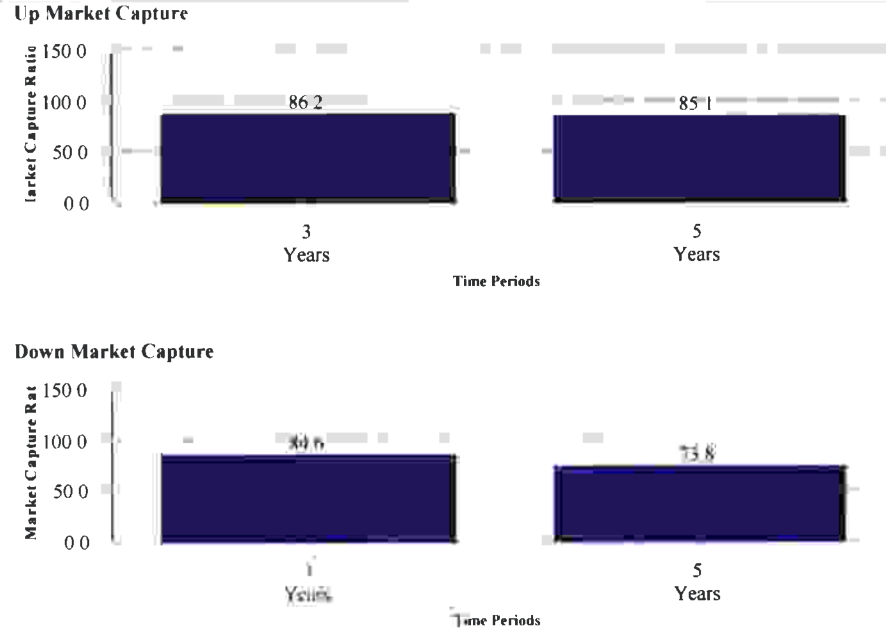
Portfolio Analysis
Manager B
As of December 31, 2014

Peer Group Scattergram (01/01/12 to 12/31/14)

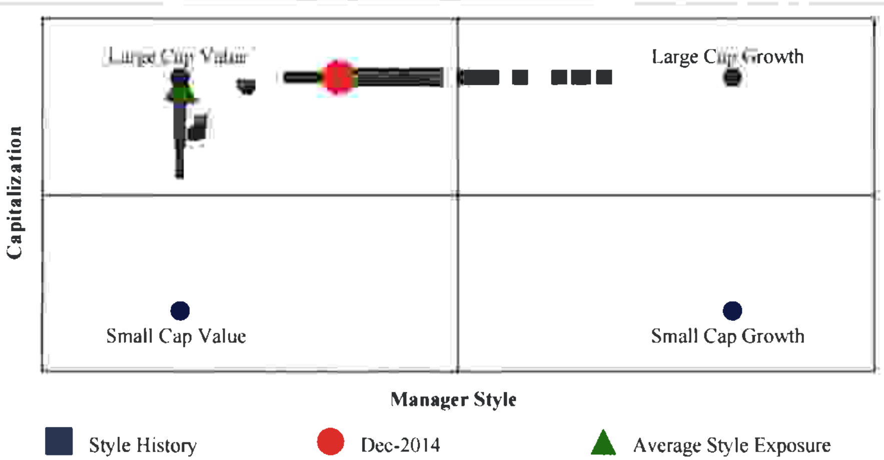


	Return	Standard Deviation
Manager B	17 54	7 10
S&P 500 Index	20 41	8 94
Median	19 86	9 81

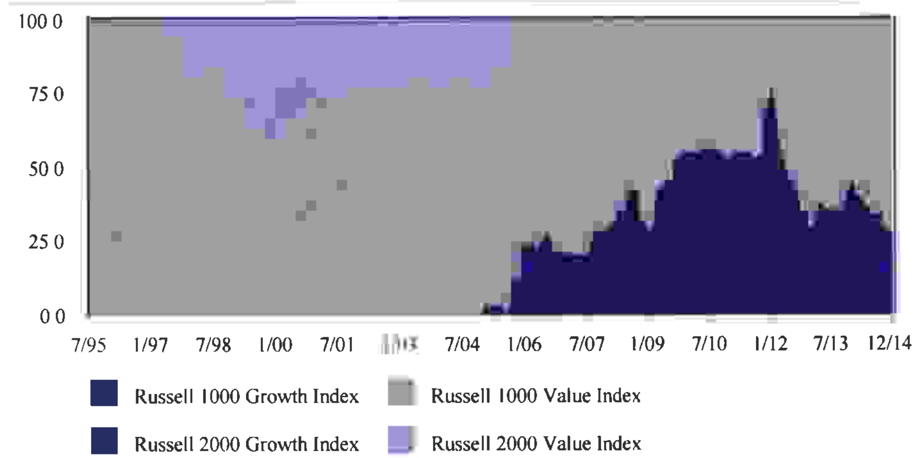
Up Down Market Capture



Style Map (06/01/92 to 12/31/14)



Style History (06/01/92 to 12/31/14)

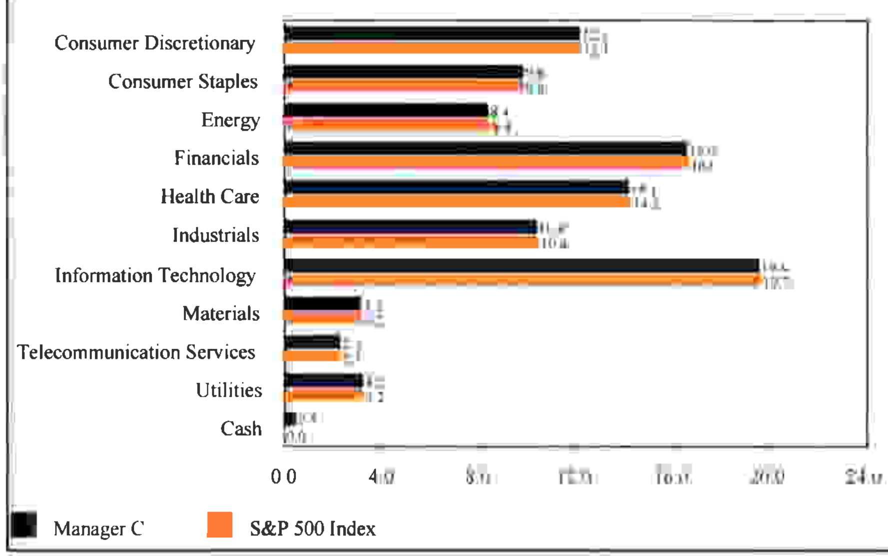


Portfolio Characteristics
Manager C vs. S&P 500 Index
As of December 31, 2014

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($M)	130,782	131,374
Median Mkt. Cap ($M)	18,669	18,669
Price/Earnings ratio	18.78	18.78
Price/Book ratio	3.05	3.05
5 Yr. EPS Growth Rate (%)	15.22	15.12
Current Yield (%)	2.00	2.00
Beta (5 Years, Monthly)	1.00	1.00
Number of Stocks	507	502
Debt to Equity	1.02	1.02

Sector Weights (%)



Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Apple Inc	3.53	3.55	-0.02	10.03
Exxon Mobil Corp	2.14	2.15	-0.01	-1.00
Microsoft Corp	2.09	2.10	-0.01	0.83
Johnson & Johnson	1.60	1.60	0.00	-1.26
Wells Fargo & Co	1.41	1.42	-0.01	6.38
General Electric Co	1.38	1.39	-0.01	-0.46
Berkshire Hathaway Inc	1.38	1.50	-0.12	8.69
Procter & Gamble Co (The)	1.34	1.35	-0.01	9.61
JPMorgan Chase & Co	1.28	1.28	0.00	4.59
Chevron Corp	1.16	1.16	0.00	-5.12
% of Portfolio	17.31	17.50		

Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Staples Inc.	0.06	0.06	0.00	50.76
CarMax Inc	0.08	0.08	0.00	43.34
Delta Air Lines Inc.	0.22	0.23	-0.01	36.36
Whirlpool Corp	0.08	0.08	0.00	33.57
Whole Foods Market Inc	0.10	0.10	0.00	32.30
Electronic Arts Inc.	0.08	0.08	0.00	32.03
Macerich Co (The)	0.06	0.06	0.00	31.92
CareFusion Corp	0.07	0.07	0.00	31.14
Lowe's Cos Inc.	0.37	0.37	0.00	30.57
Limited Brands Inc.	0.12	0.12	0.00	29.78
% of Portfolio	1.24	1.25		

Buy and Hold Sector Attribution
Manager C vs. S&P 500
1 Quarter Ending December 31, 2014

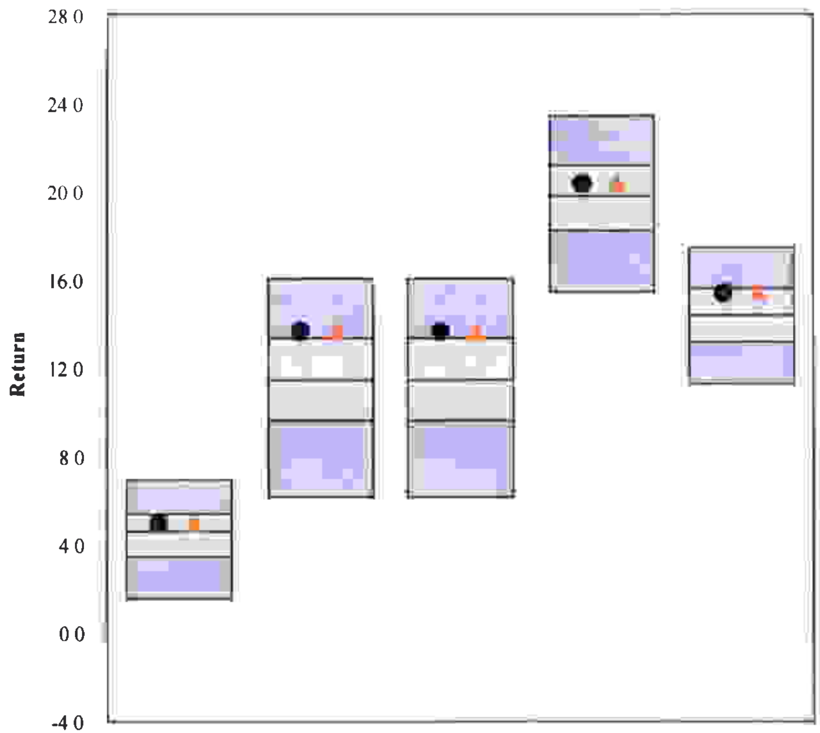
Buy-and-Hold Portfolio	4.94
Portfolio Trading	-0.02
Actual Return	4.92
Benchmark Return	4.93
Actual Active Return	-0.01
Stock Selection	0.00
Sector Selection	0.00
Interaction	0.00
Total Selection	0.00
Portfolio Trading	-0.02
Benchmark Trading	-0.01
Active Trading Impact	-0.01
Buy & Hold Active Return	-0.01

	Allocation-10/01/2014		Performance-1 Quarter Ending December 31, 2014		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Stock	Sector	Interaction	Total
Consumer Discretionary	11.70	11.70	8.71	8.71	0.00	0.00	0.00	0.00
Consumer Staples	9.55	9.55	8.15	8.15	0.00	0.00	0.00	0.00
Energy	9.70	9.70	-10.82	-10.82	0.00	0.00	0.00	0.00
Financials	16.34	16.34	7.26	7.26	0.00	0.00	0.00	0.00
Health Care	13.89	13.89	7.47	7.47	0.00	0.00	0.00	0.00
Industrials	10.28	10.28	6.77	6.77	0.00	0.00	0.00	0.00
Information Technology	19.66	19.66	5.29	5.29	0.00	0.00	0.00	0.00
Materials	3.45	3.45	-1.68	-1.68	0.00	0.00	0.00	0.00
Telecommunication Services	2.43	2.43	-4.46	-4.46	0.00	0.00	0.00	0.00
Utilities	3.00	3.00	13.19	13.19	0.00	0.00	0.00	0.00
Total	100.00	100.00	4.94	4.94	0.00	0.00	0.00	0.00

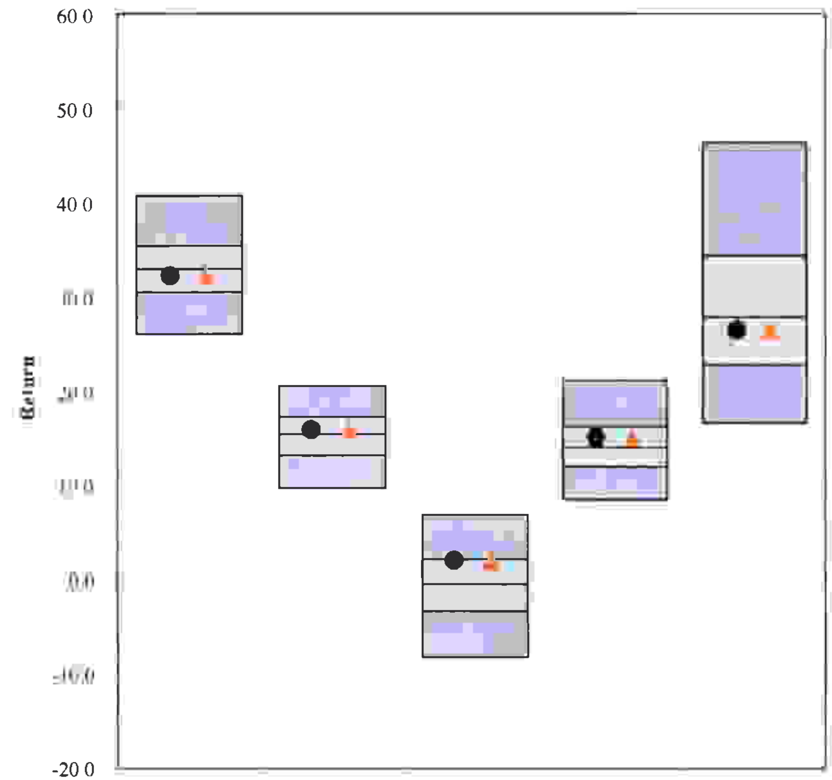
PFM

Portfolio Analysis
Manager C
As of December 31, 2014

Peer Group Analysis - IM U.S. Large Cap Equity (SA+CF+MF)



	1 Quarter	Year To Date	1 Year	3 Years	5 Years
● Manager C	4 92 (40)	13 64 (23)	13 64 (23)	20 37 (41)	15 42 (32)
▲ S&P 500 Index	4 93 (40)	13 69 (22)	13 69 (22)	20 41 (40)	15 45 (31)
Median	4 64	[illegible]	11 50	19 86	14 41



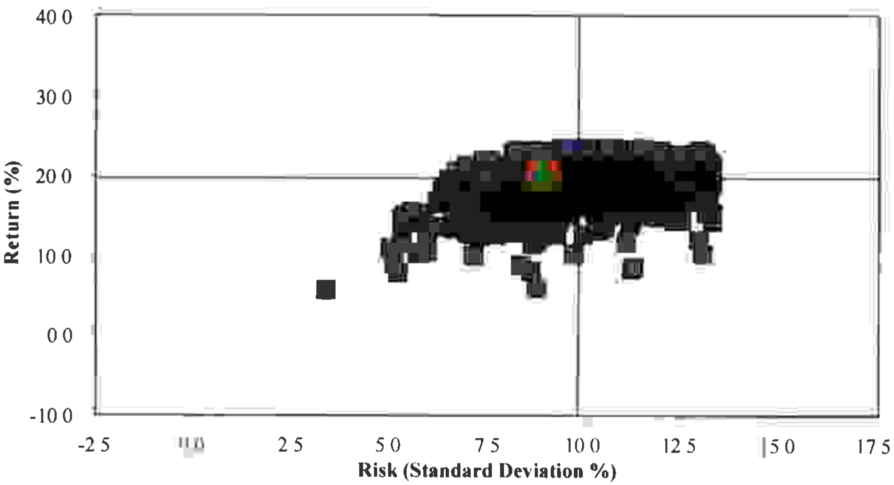
	2013	2012	2011	2010	2009
● Manager C	32 33 (58)	15 96 (44)	2 08 (27)	15 05 (40)	26 62 (57)
▲ S&P 500 Index	32 39 (57)	16 00 (44)	2 11 (27)	15 06 (40)	26 46 (58)
Median	32 97	15 52	-0 49	[illegible]	27 97

Historical Statistics - 3 Years

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	Treynor Ratio	Active Return	Tracking Error	Information Ratio	R-Squared
Manager C	20.37	8.97	2.12	-0.04	1.00	0.19	-0.04	0.01	-3.29	[illegible]
S&P 500 Index	20.41	8.97	2.12	0.00	1.00	0.19	0.00	0.00	N/A	[illegible]
90 Day U.S. Treasury Bill	0.06	0.02	N/A	0.07	0.00	0.00	-19.07	8.98	-2.12	[illegible]

Portfolio Analysis
Manager C
As of December 31, 2014

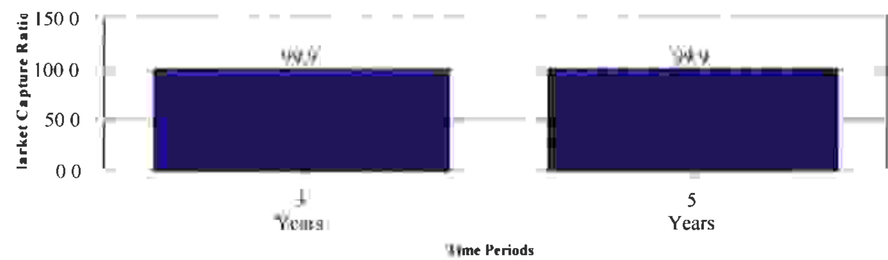
Peer Group Scattergram (01/01/12 to 12/31/14)



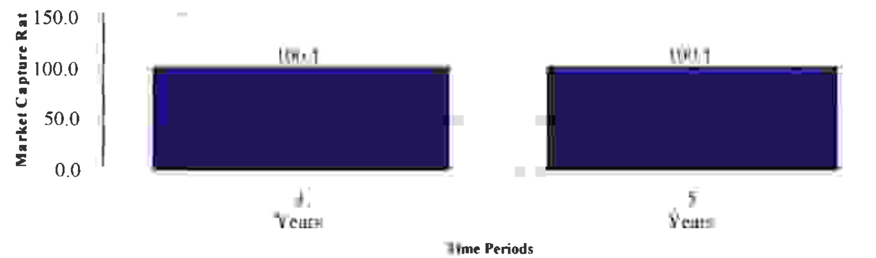
	Return	Standard Deviation
Manager C	20 37	8 93
S&P 500 Index	20 41	8 94
Median	19 86	9 81

Up Down Market Capture

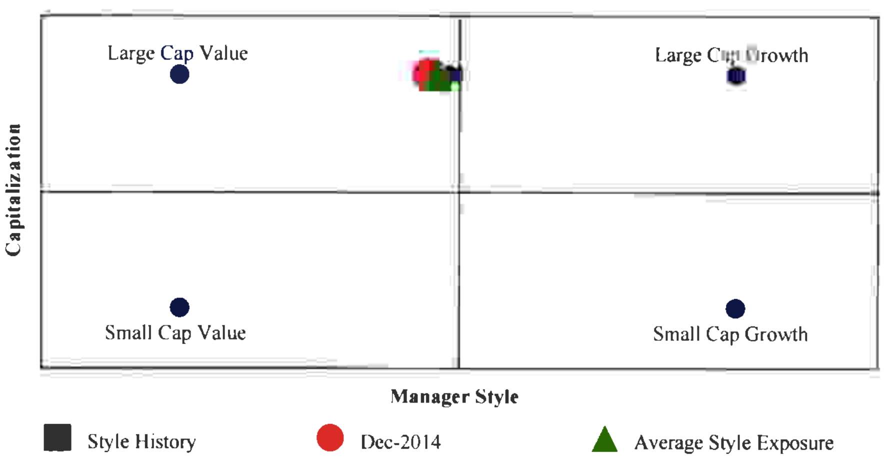
Up Market Capture



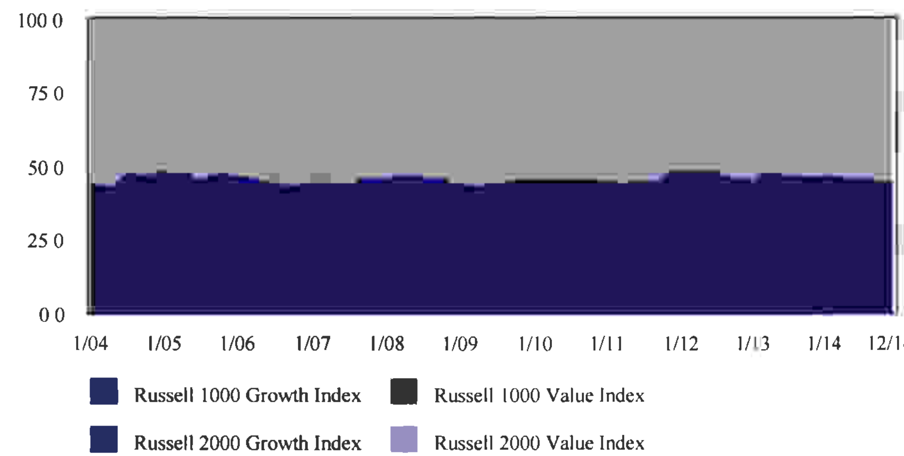
Down Market Capture



Style Map (12/01/00 to 12/31/14)



Style History (12/01/00 to 12/31/14)

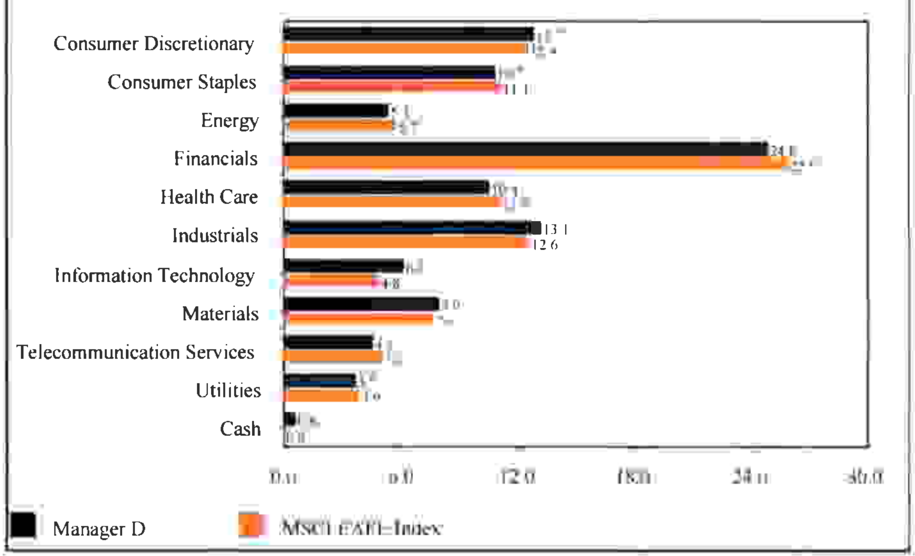


Portfolio Characteristics
Manager D vs. MSCI EAFE Index
As of December 31, 2014

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($M)	57,401	60,779
Median Mkt. Cap ($M)	5,826	8,971
Price/Earnings ratio	15.72	15.94
Price/Book ratio	2.12	2.15
5 Yr. EPS Growth Rate (%)	11.97	11.73
Current Yield (%)	3.11	3.22
Beta (5 Years, Monthly)	1.02	1.00
Number of Stocks	1,399	910
Debt to Equity	0.93	0.96

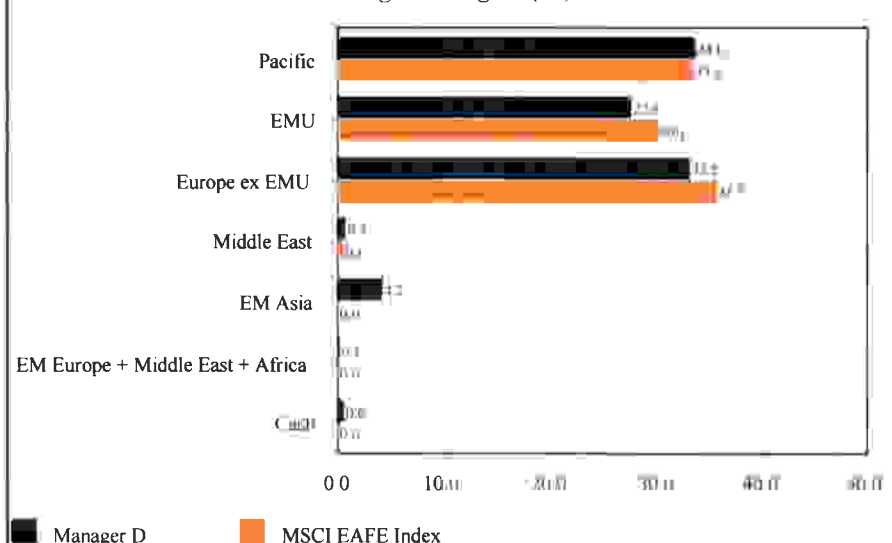
Sector Weights (%)



Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Nestle SA, Cham Und Vevey	1.72	[illegible]	-0.18	-0.13
Novartis AG	1.59	1.72	-0.13	-1.48
Roche Holding AG	1.40	1.53	-0.13	-8.31
HSBC Holdings PLC	1.33	1.46	-0.13	-5.58
Toyota Motor Corp	1.22	1.38	-0.16	6.99
Royal Dutch Shell PLC	0.97	1.06	-0.09	-10.97
BP PLC	0.86	0.95	-0.09	-11.56
Bayer AG	0.83	0.91	-0.08	-2.38
Commonwealth Bank of Australia	0.83	0.91	-0.08	6.47
Banco Santander SA	0.78	0.84	-0.06	-10.02
% of Portfolio	11.53	12.66		

Region Weights (%)



Buy and Hold Sector Attribution
Manager D vs. MSCI EAFE Index
1 Quarter Ending December 31, 2014

Buy-and-Hold Portfolio	-3.59
Portfolio Trading	-0.51
Actual Return	-4.10
Benchmark Return	-3.53
Actual Active Return	-0.57
Stock Selection	-0.16
Sector Selection	0.12
Interaction	0.01
Total Selection	-0.03
Portfolio Trading	-0.51
Benchmark Trading	0.04
Active Trading Impact	-0.54
Buy & Hold Active Return	-0.57

	Allocation-10/01/2014		Performance-1 Quarter Ending December 31, 2014		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Stock	Sector	Interaction	Total
Consumer Discretionary	12.16	11.62	1.98	3.00	-0.12	0.04	-0.01	-0.09
Consumer Staples	10.67	10.92	-1.87	-1.57	-0.03	-0.01	0.00	-0.04
Energy	6.41	6.86	-18.60	-18.97	0.03	0.07	0.00	0.09
Financials	24.75	25.70	-3.38	-3.20	-0.05	0.00	0.00	-0.05
Health Care	10.65	11.24	-5.08	-5.32	0.03	0.01	0.00	0.04
Industrials	13.21	12.50	-3.75	-3.48	-0.03	0.00	0.00	-0.04
Information Technology	5.81	4.67	0.70	-0.48	0.06	0.04	0.01	0.10
Materials	8.07	7.68	-5.15	-5.27	0.01	-0.01	0.00	0.00
Telecommunication Services	4.54	4.93	-0.62	-0.19	-0.02	-0.01	0.00	-0.03
Utilities	3.73	3.88	-4.39	-3.87	-0.02	0.00	0.00	-0.02
Total	100.00	100.00	-3.59	-3.57	-0.16	0.12	0.01	-0.03

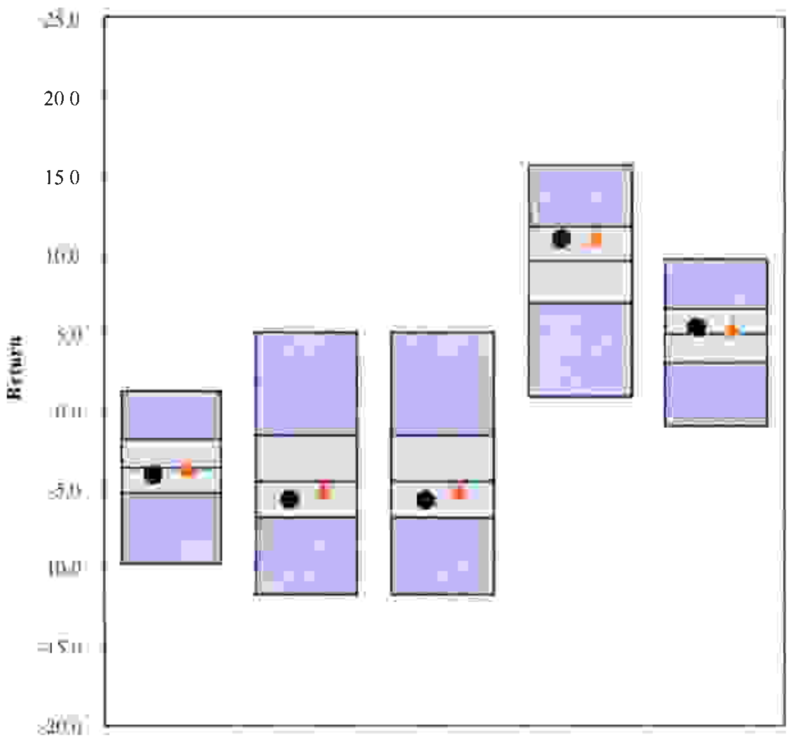
Buy and Hold Region Attribution
Manager D vs. MSCI EAFE Index
1 Quarter Ending December 31, 2014

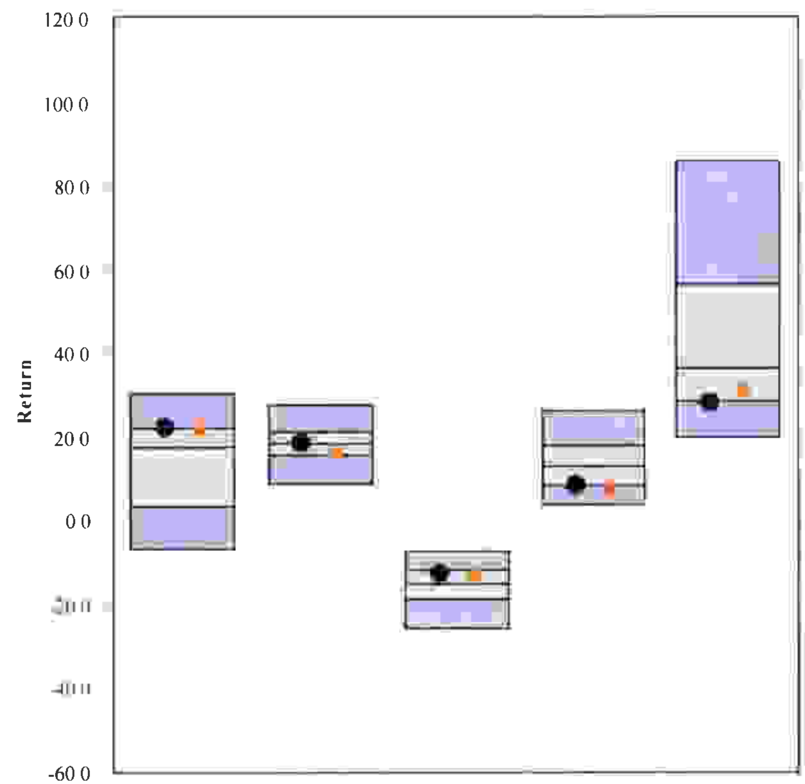
Buy-and-Hold Portfolio	-3.59
Portfolio Trading	-0.51
Actual Return	-4.10
Benchmark Return	-3.53
Actual Active Return	-0.57
Stock Selection	0.13
Region Selection	-0.15
Interaction	-0.01
Total Selection	-0.03
Portfolio Trading	-0.51
Benchmark Trading	0.04
Active Trading Impact	-0.54
Buy & Hold Active Return	-0.57

	Allocation-10/01/2014		Performance-1 Quarter Ending December 31, 2014		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Stock	Region	Interaction	Total
EM Asia	4.35	0.00	-7.36	0.00	0.00	-0.16	0.00	-0.16
EM Europe + Middle East + Africa	0.13	0.00	-25.73	0.00	0.00	-0.03	0.00	-0.03
EMU	27.78	30.33	-4.25	-4.39	0.04	0.02	0.00	0.06
Europe ex EMU	33.77	36.07	-4.14	-4.32	0.06	0.02	0.00	0.08
Middle East	0.63	0.55	-0.27	1.03	-0.01	0.00	0.00	0.00
Pacific	33.34	33.05	-1.98	-2.06	0.03	0.00	0.00	0.03
Total	100.00	100.00	-3.59	-3.57	0.13	-0.15	-0.01	-0.03

Portfolio Analysis
Manager D
As of December 31, 2014

Peer Group Analysis - IM International Equity (MF)





	1 Quarter	Year To Date	1 Year	3 Years	5 Years
● Manager D	-4 10 (61)	-5 66 (62)	-5 66 (62)	10 93 (34)	5 29 (44)
▲ MSCI EAFE (net)	-3 57 (50)	-4 90 (55)	-4 90 (55)	11 06 (33)	5 33 (43)
Median	-3 62	-4 49	-4 49	9 63	4 94

	2013	2012	2011	2010	2009
● Manager D	22 06 (28)	18 56 (51)	-12 51 (30)	8 36 (77)	28 27 (76)
▲ MSCI EAFE (net)	22 78 (23)	17 32 (64)	-12 14 (27)	7 75 (80)	31 78 (64)
Median	17 46	18 60	-14 92	12 97	36 24

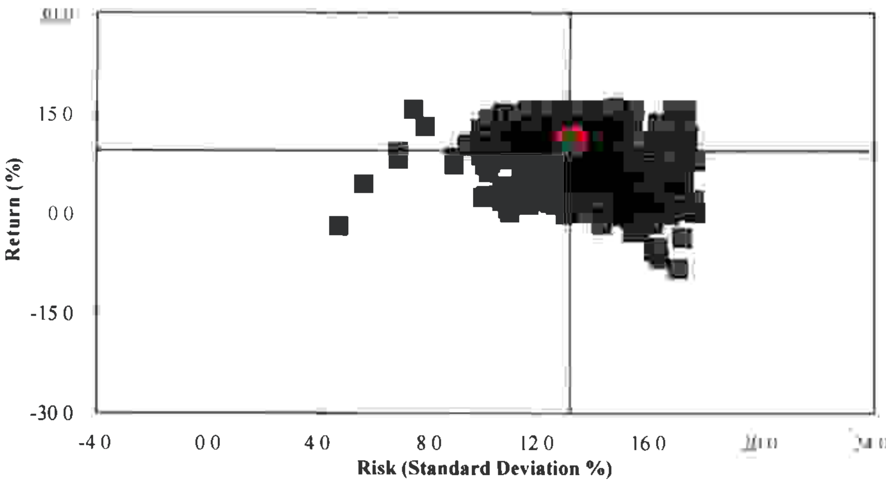
Historical Statistics - 3 Years

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	Treynor Ratio	Active Return	Tracking Error	Information Ratio	R-Squared
Manager D	10 93	13.13	0.86	-0.10	1 00	0 11	-0.10	1.66	-0.06	0.98
MSCI EAFE (net)	11 06	13.03	0.87	0.00	1 00	0 11	0.00	0.00	N/A	1.00
90 Day U.S. Treasury Bill	0 06	0.02	N/A	0.06	0 00	0 00	-11.34	13.03	-0.87	0.04

PFM

Portfolio Analysis
Manager D
As of December 31, 2014

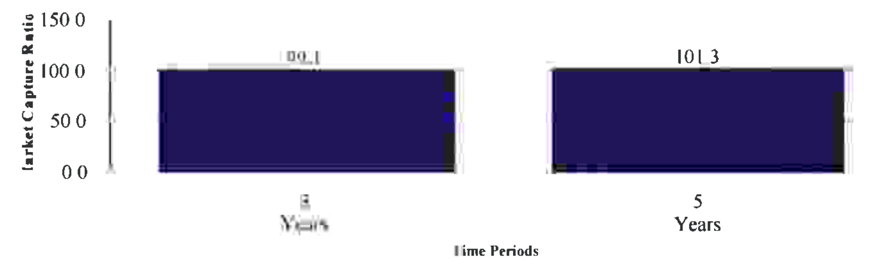
Peer Group Scattergram (01/01/12 to 12/31/14)



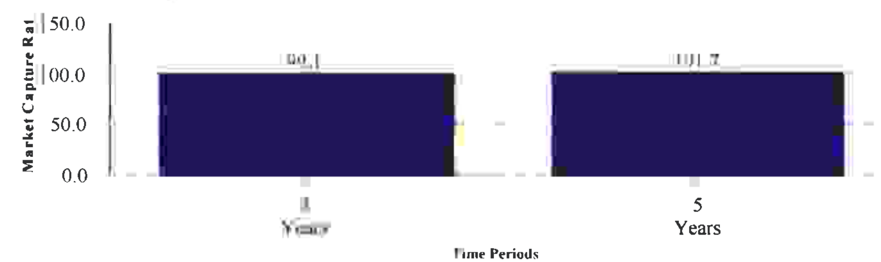
	Return	Standard Deviation
Manager D	10.93	13.13
MSCI EAFE (net)	11.06	13.03
Median	9.63	13.08

Up Down Market Capture

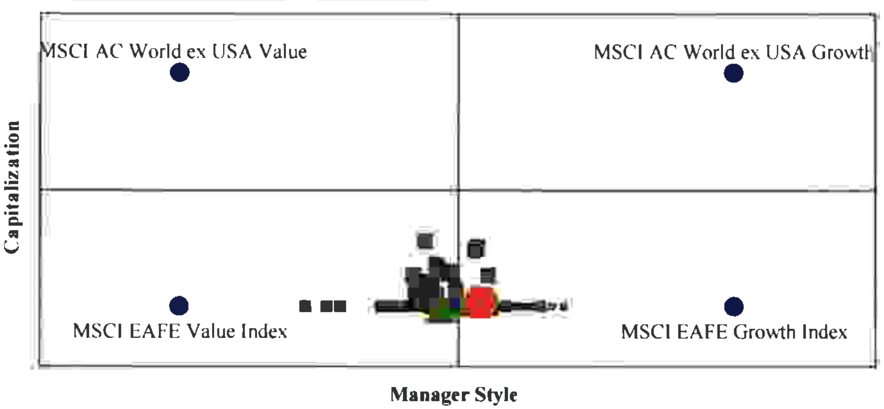
Up Market Capture



Down Market Capture

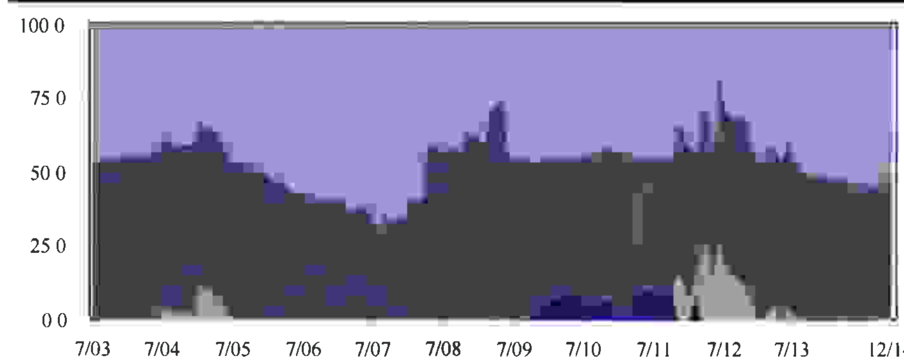


Style Map (06/01/00 to 12/31/14)



Style History | Dec-2014 | Average Style Exposure

Style History (06/01/00 to 12/31/14)



MSCI AC World ex USA Value | MSCI AC World ex USA Growth

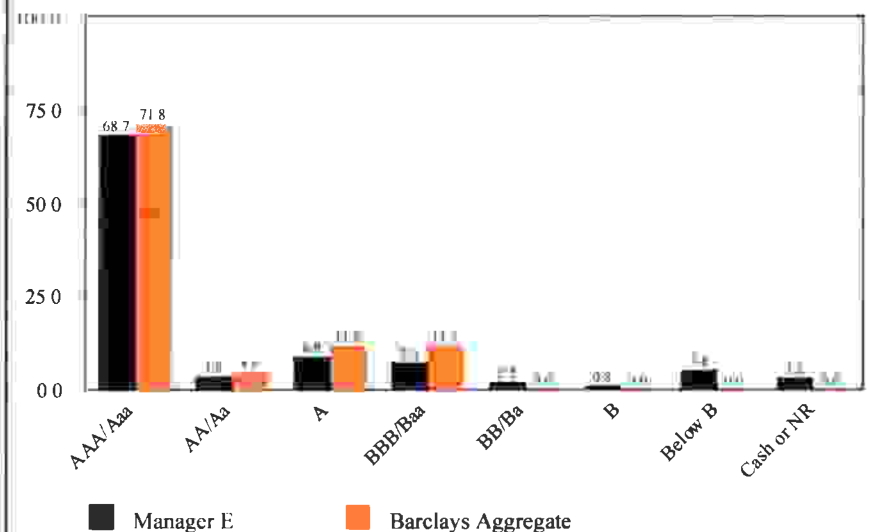
MSCI EAFE Value Index | MSCI EAFE Growth Index

Portfolio Characteristics
Manager E vs. Barclays Aggregate
As of December 31, 2014

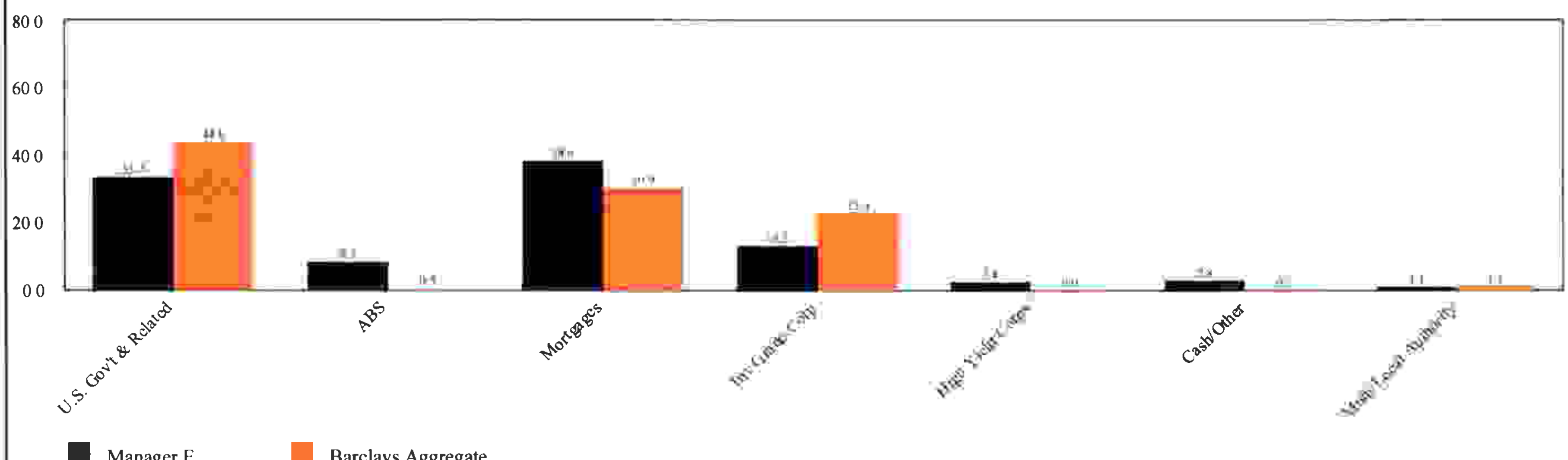
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	4.67	5.55
Yield To Maturity (%)	1.67	2.25
Avg. Maturity	8.58	7.69
Avg. Quality	AA	AA
Coupon Rate (%)	2.47	3.28

Credit Quality Distribution (%)

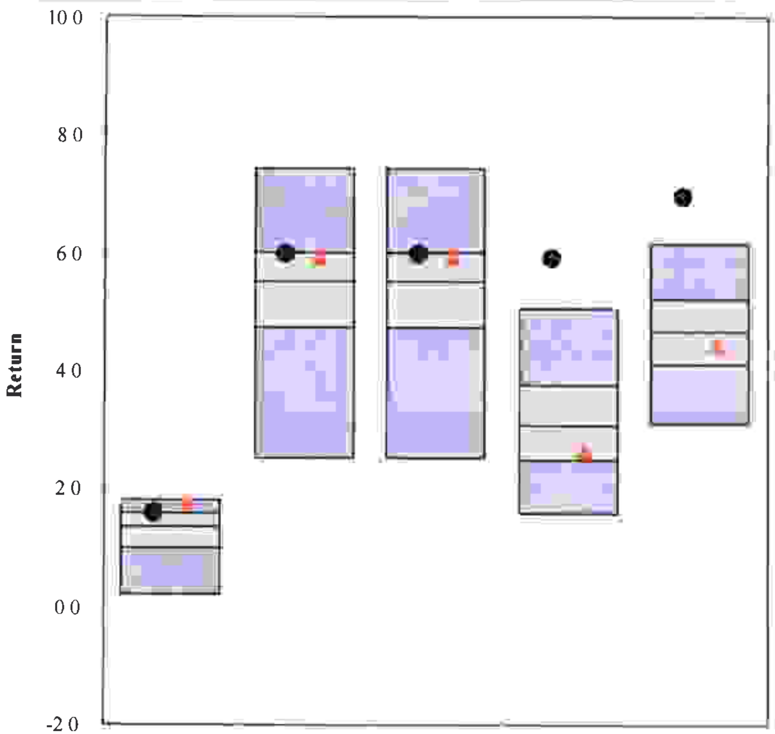


Sector Distribution (%)

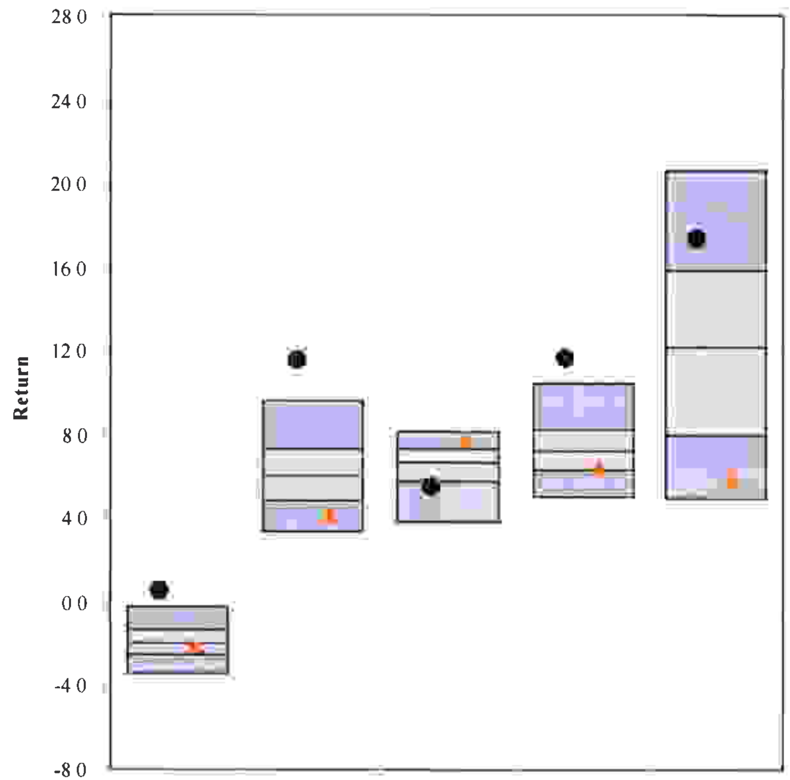


Portfolio Analysis
Manager E
As of December 31, 2014

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



	1 Quarter	Year To Date	1 Year	3 Years	5 Years
● Manager E	1 57 (26)	5 99 (27)	5 99 (27)	5 92 (1)	6 96 (1)
▲ Barclays Aggregate	1 79 (7)	5 97 (27)	5 97 (27)	2 66 (68)	4 45 (60)
Median	1 35	5 54	5 54	3 09	4 69



	2013	2012	2011	2010	2009
● Manager E	0 50 (4)	11 55 (1)	5 52 (81)	11 66 (2)	17 30 (19)
▲ Barclays Aggregate	-2 02 (55)	4 21 (81)	7 84 (11)	6 54 (69)	5 93 (90)
Median	-1 94	6 04	6 66	7 25	12 24

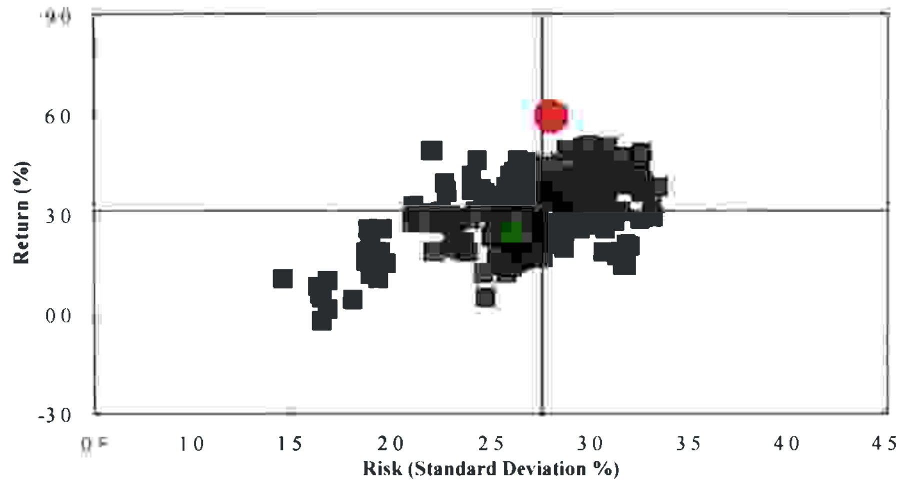
Historical Statistics - 3 Years

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	Treynor Ratio	Active Return	Tracking Error	Information Ratio	R-Squared
Manager E	5.92	2 80	2.05	3.34	0.94	0.06	3.14	1.33	2.35	0.78
Barclays Aggregate	2.66	2 63	0.99	0.00	1.00	0.03	0.00	0.00	N/A	1.00
90 Day U.S. Treasury Bill	0.06	0 02	N/A	0.05	0.00	0.00	-2.61	2.63	-0.99	0.00

PFM

Portfolio Analysis
Manager E
As of December 31, 2014

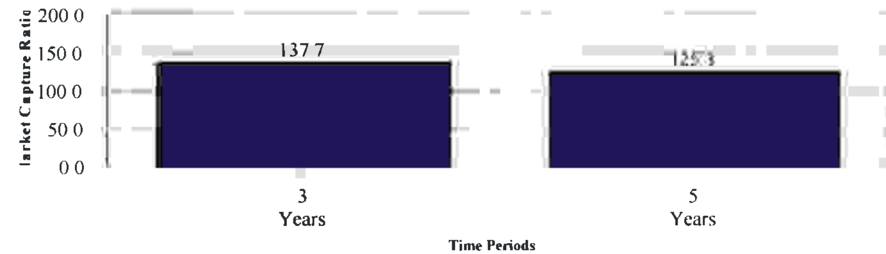
Peer Group Scattergram (01/01/12 to 12/31/14)



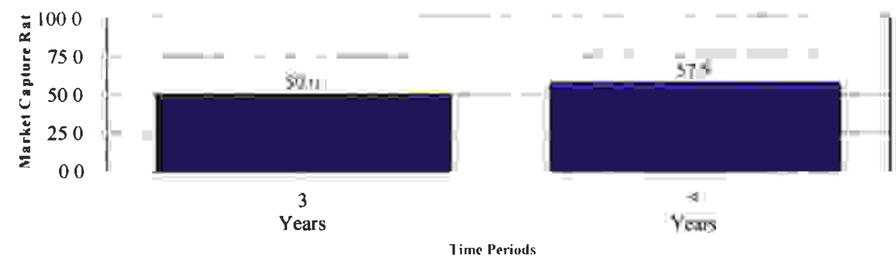
	Return	Standard Deviation
Manager E	5 92	2 80
Barclays Aggregate	2 66	2 63
Median	3 09	2 76

Up Down Market Capture

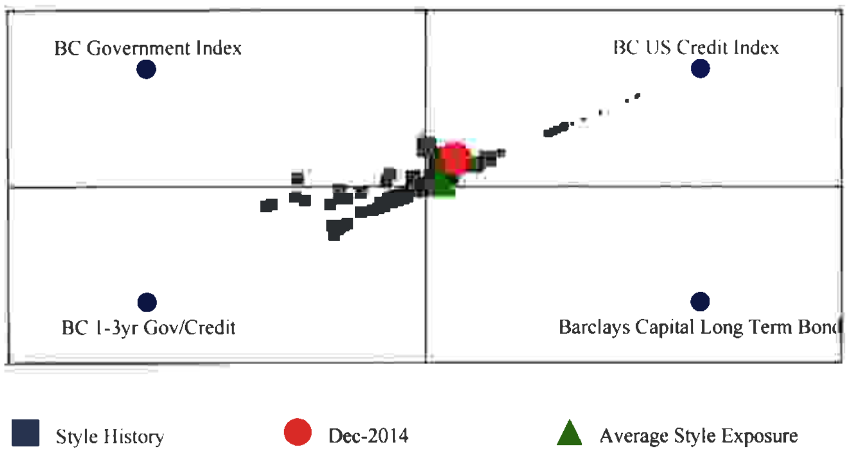
Up Market Capture



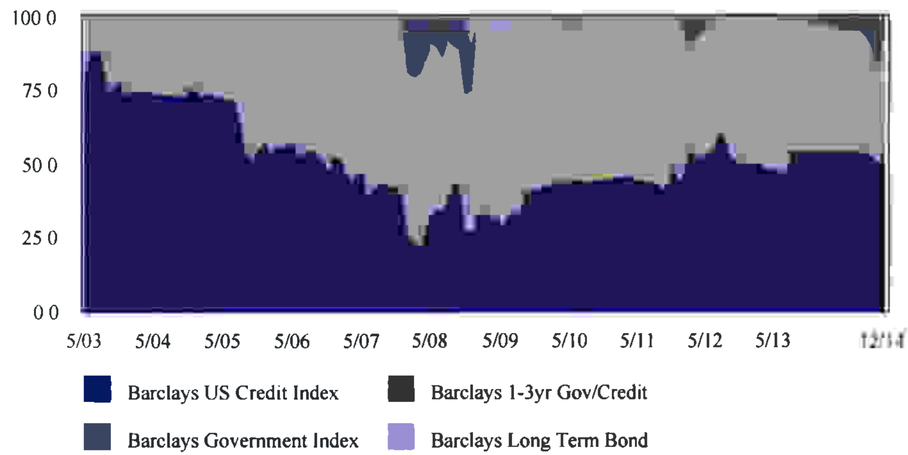
Down Market Capture



Style Map (04/01/00 to 12/31/14)



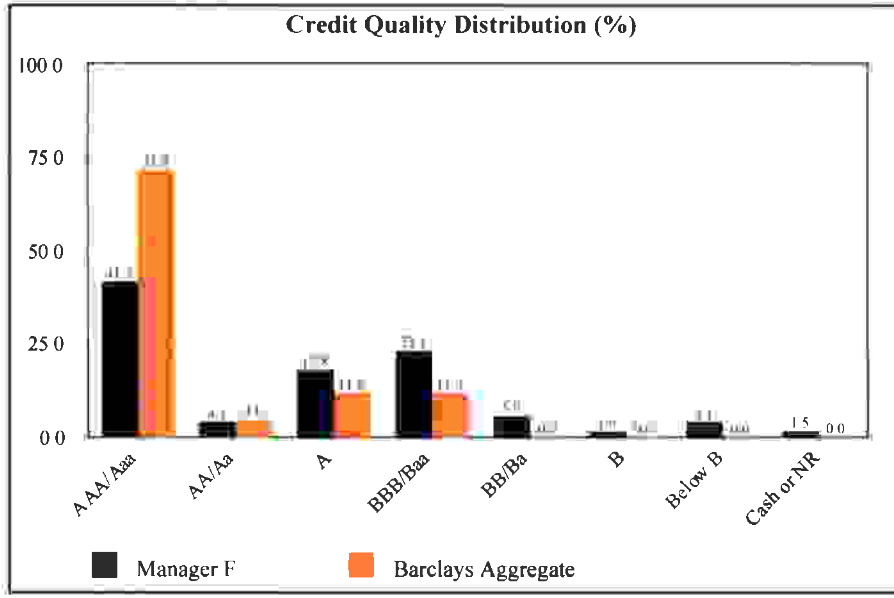
Style History (04/01/00 to 12/31/14)

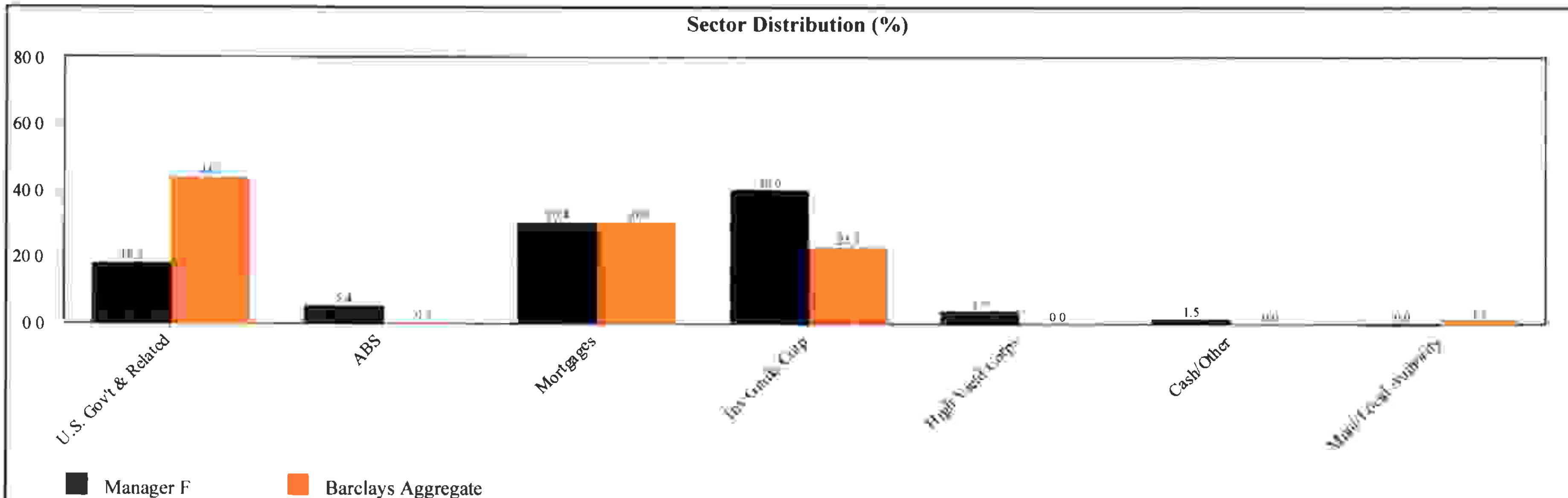


Portfolio Characteristics
Manager F vs. Barclays Aggregate
As of December 31, 2014

Portfolio Characteristics

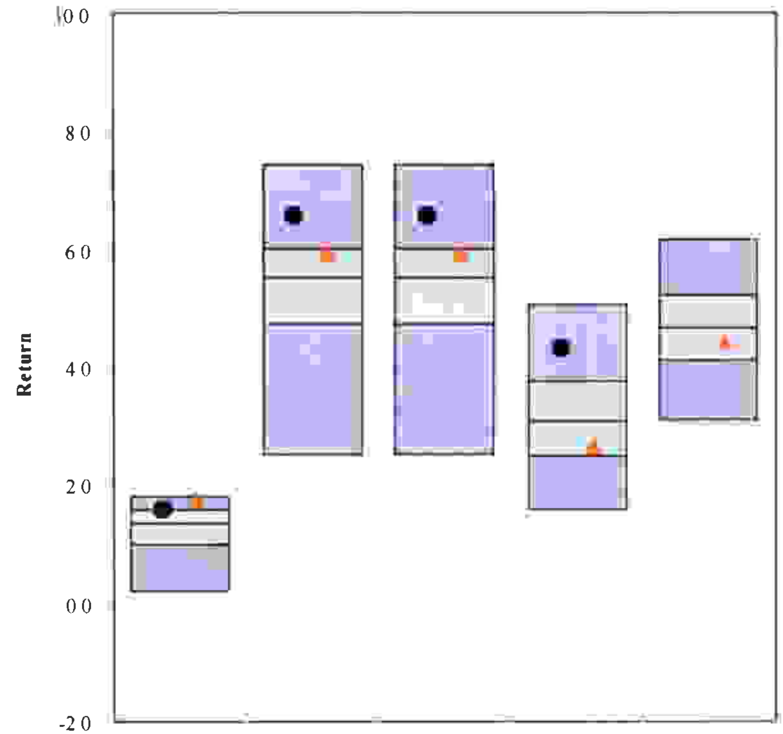
	Portfolio	Benchmark
Effective Duration	5.42	5.55
Yield To Maturity (%)	2.86	2.25
Avg. Maturity	6.90	7.69
Avg. Quality	A	AA
Coupon Rate (%)	4.07	3.28

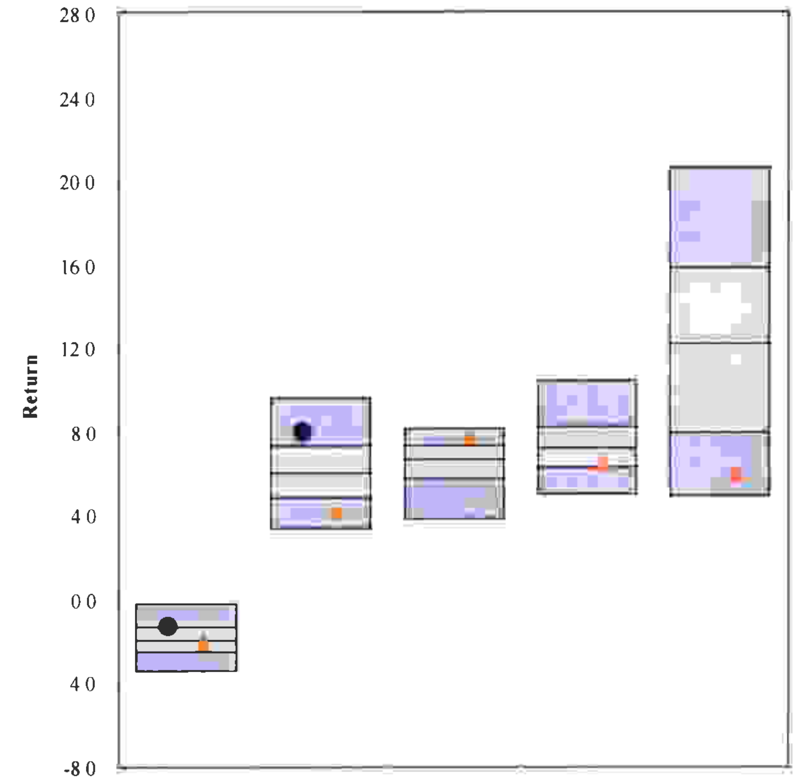




Portfolio Analysis
Manager F
As of December 31, 2014

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





	1 Quarter	Year To Date	1 Year	3 Years	5 Years
● Manager F	1 58 (25)	6 59 (14)	6 59 (14)	4 32 (13)	N/A
▲ Barclays Aggregate	1 79 (7)	5 97 (27)	5 97 (27)	2 66 (68)	4 45 (60)
Median	1 35	5 54	5 54	3 09	4 69

	2013	2012	2011	2010	2009
● Manager F	-1 32 (27)	7 95 (15)	N/A	N/A	N/A
▲ Barclays Aggregate	-2 02 (55)	4 21 (81)	7 84 (11)	6 54 (69)	5 93 (90)
Median	-1 54	6 04	6.66	7 25	13 24

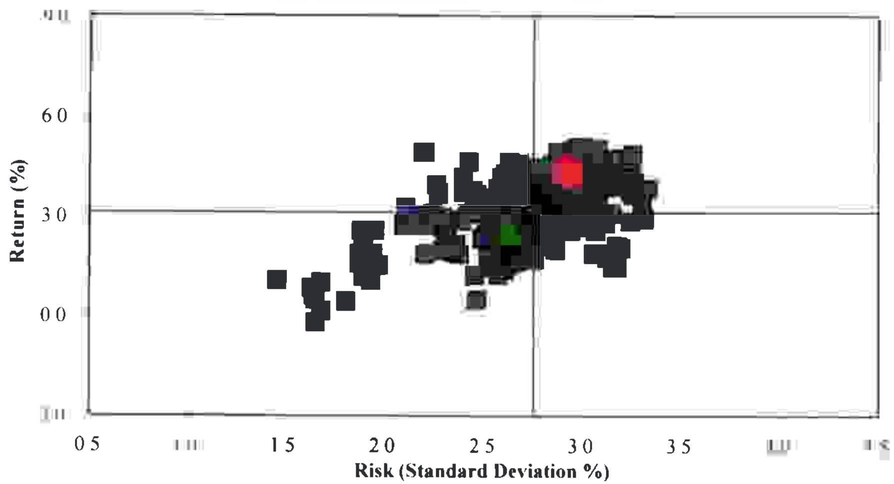
Historical Statistics - 3 Years

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	Treynor Ratio	Active Return	Tracking Error	Information Ratio	R-Squared
Manager F	4 32	2.93	1.44	1.43	1.08	0 04	1.62	0.80	2.02	0.93
Barclays Aggregate	2 66	2.63	0.99	0.00	1.00	0 03	0.00	0.00	N/A	1.00
90 Day U.S. Treasury Bill	0 06	0.02	N/A	0.05	0.00	0 00	-2.61	2.63	-0.99	0.00

PFM

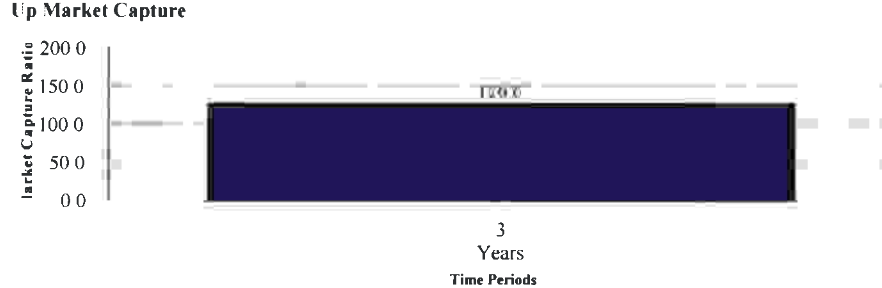
Portfolio Analysis
Manager F
As of December 31, 2014

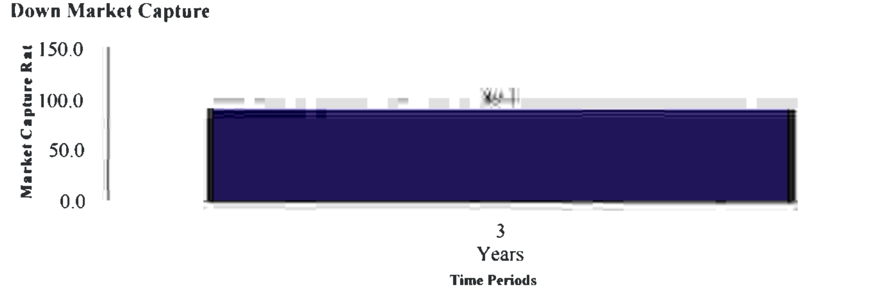
Peer Group Scattergram (01/01/12 to 12/31/14)



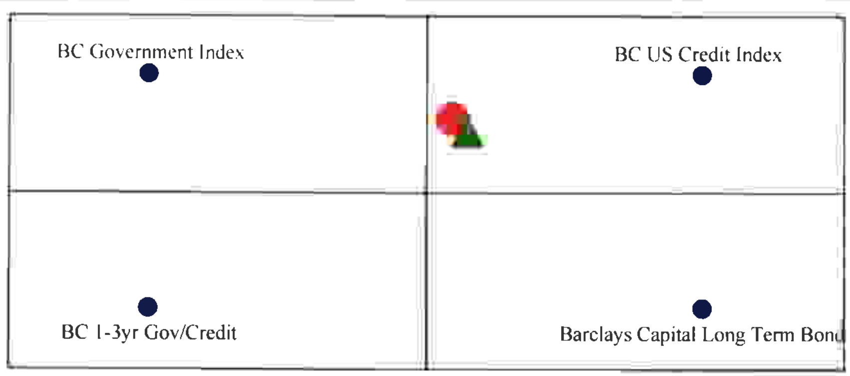
	Return	Standard Deviation
Manager F	4 32	2 93
Barclays Aggregate	2 66	2 63
Median	3 09	2 76

Up Down Market Capture



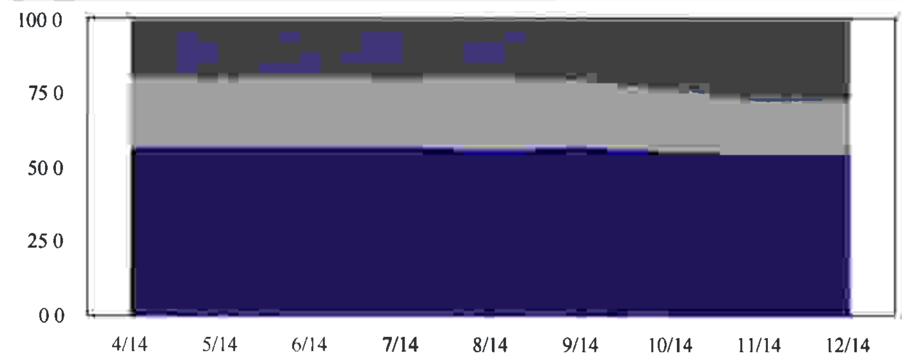


Style Map (03/01/11 to 12/31/14)



Style History Dec-2014 Average Style Exposure

Style History (03/01/11 to 12/31/14)



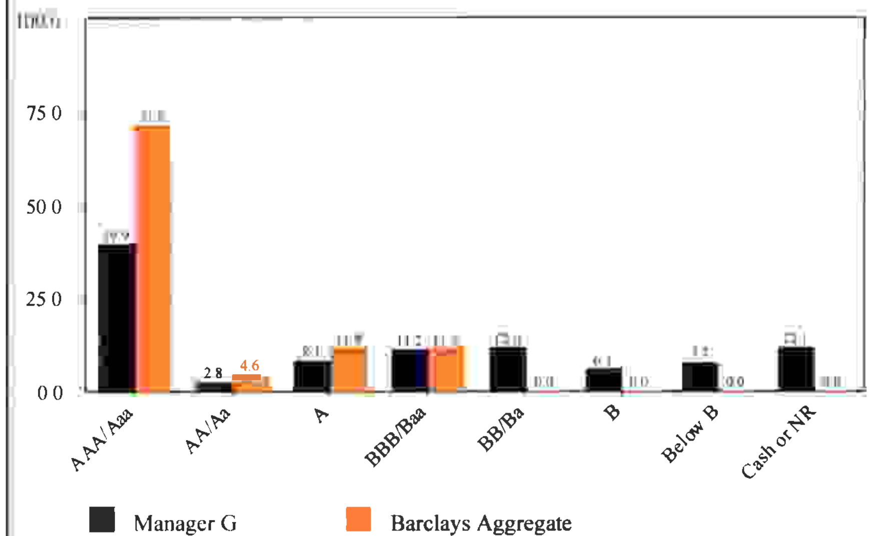
Barclays US Credit Index Barclays 1-3yr Gov/Credit
Barclays Government Index Barclays Long Term Bond

Portfolio Characteristics
Manager G vs. Barclays Aggregate
As of December 31, 2014

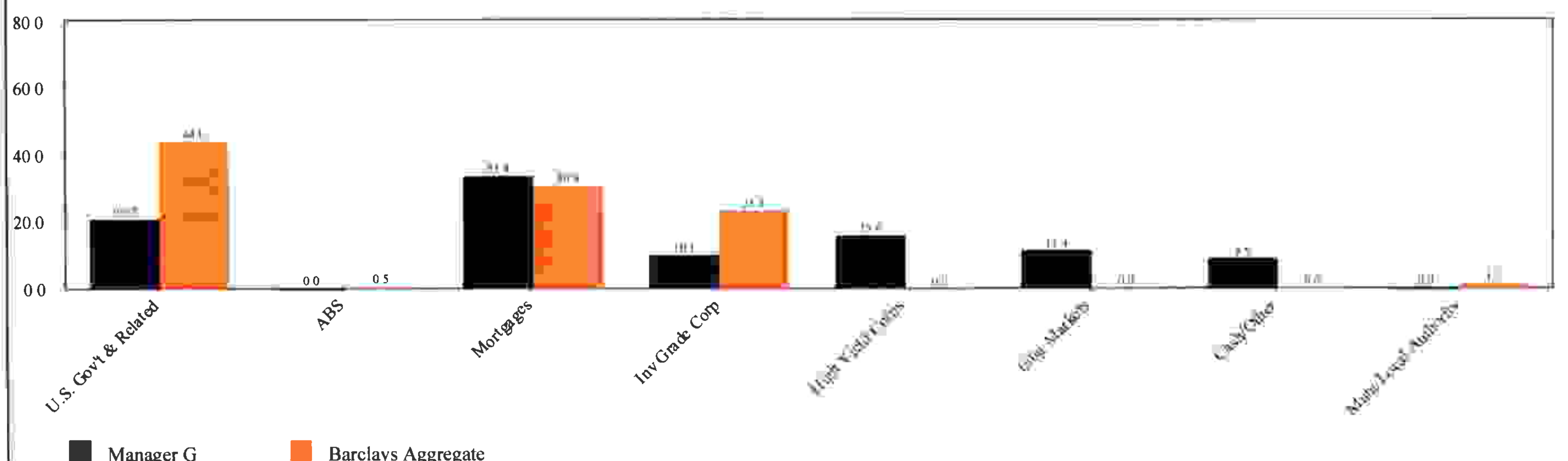
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	4.54	5.55
Yield To Maturity (%)	3.36	2.25
Avg. Maturity	6.82	7.69
Avg. Quality	A	AA
Coupon Rate (%)	3.86	3.28

Credit Quality Distribution (%)

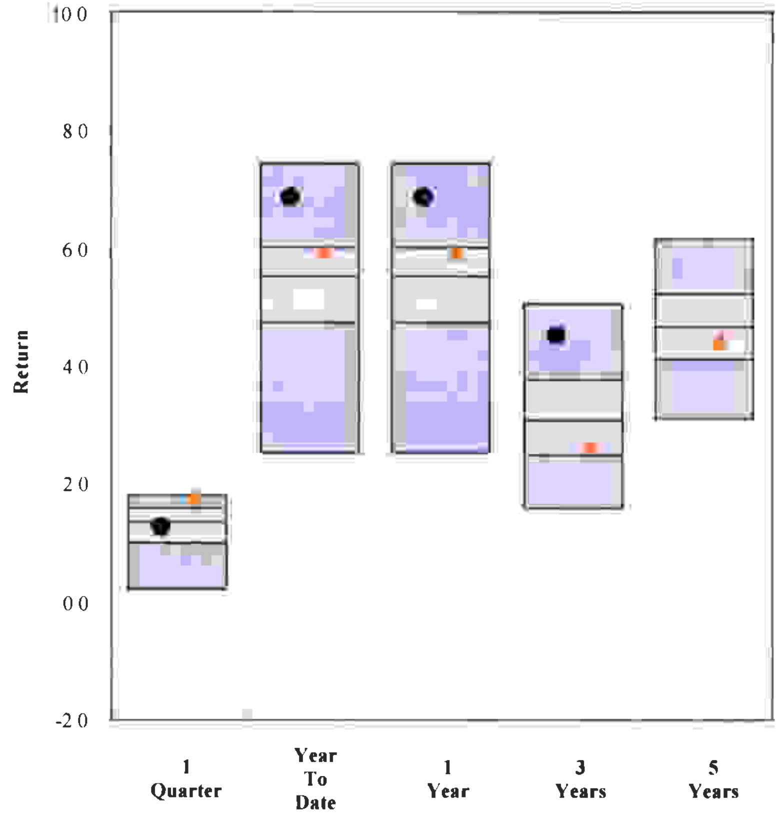


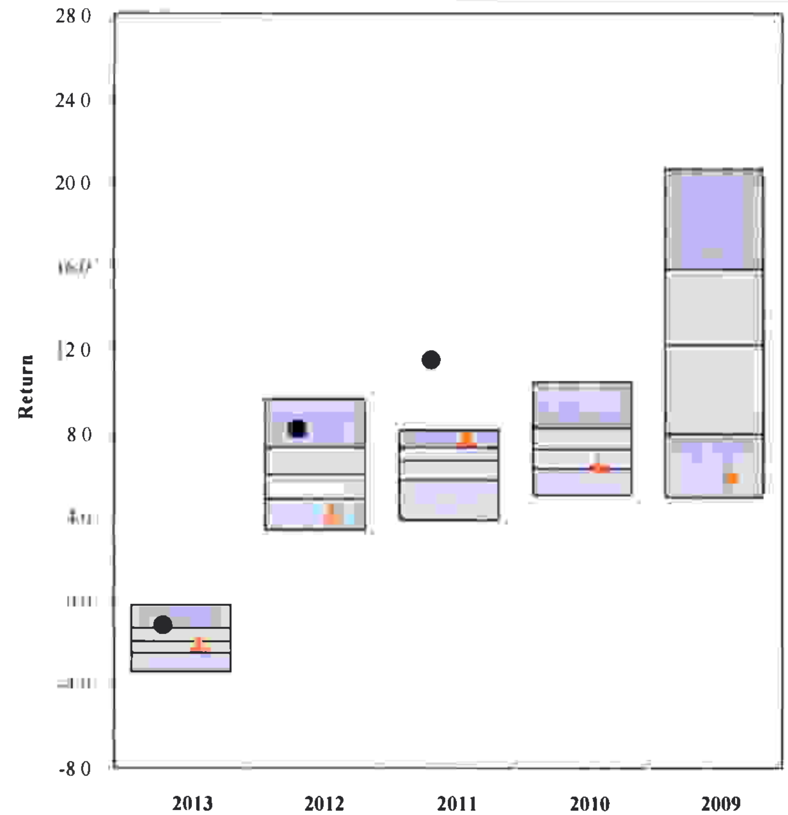
Sector Distribution (%)



Portfolio Analysis
Manager G
As of December 31, 2014

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





	1 Quarter	Year To Date	1 Year	3 Years	5 Years
● Manager G	1 28 (55)	6 86 (10)	6 86 (10)	4 52 (11)	N/A
▲ Barclays Aggregate	1 79 (7)	5 97 (27)	5 97 (27)	2 66 (68)	4 45 (60)
Median	1 35	[illegible]	5 54	3 09	4 69

	2013	2012	2011	2010	2009
● Manager G	-1 20 (22)	8 15 (13)	11 45 (1)	N/A	N/A
▲ Barclays Aggregate	-2 02 (55)	4 21 (81)	7 84 (11)	6 54 (69)	5 93 (90)
Median	[illegible]	6 04	6 66	7 25	12 24

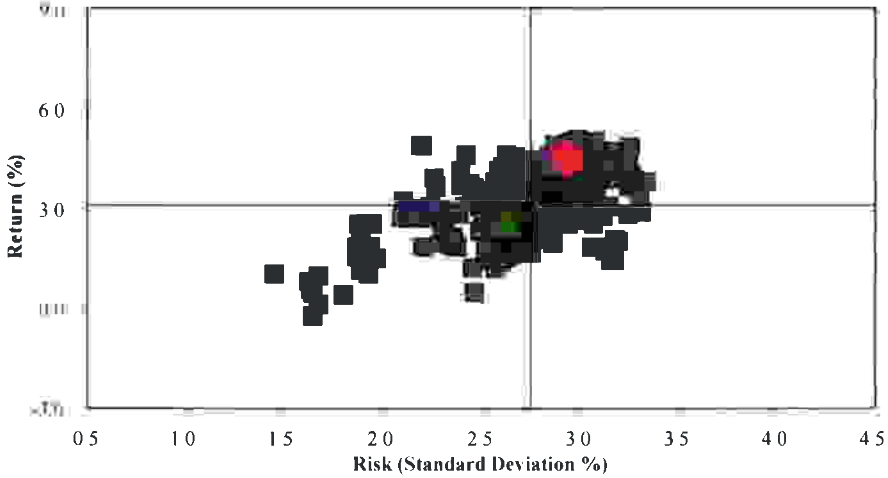
Historical Statistics - 3 Years

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	Treynor Ratio	Active Return	Tracking Error	Information Ratio	R-Squared
Manager G	4.52	2.94	1.50	1.69	1.05	0.04	1.81	1.05	1.73	0.88
Barclays Aggregate	2.66	2.63	0.99	0.00	1.00	0.03	0.00	0.00	N/A	1 00
90 Day U.S. Treasury Bill	0.06	0.02	N/A	0.05	0.00	0.00	-2.61	2.63	-0.99	0.00

PFM

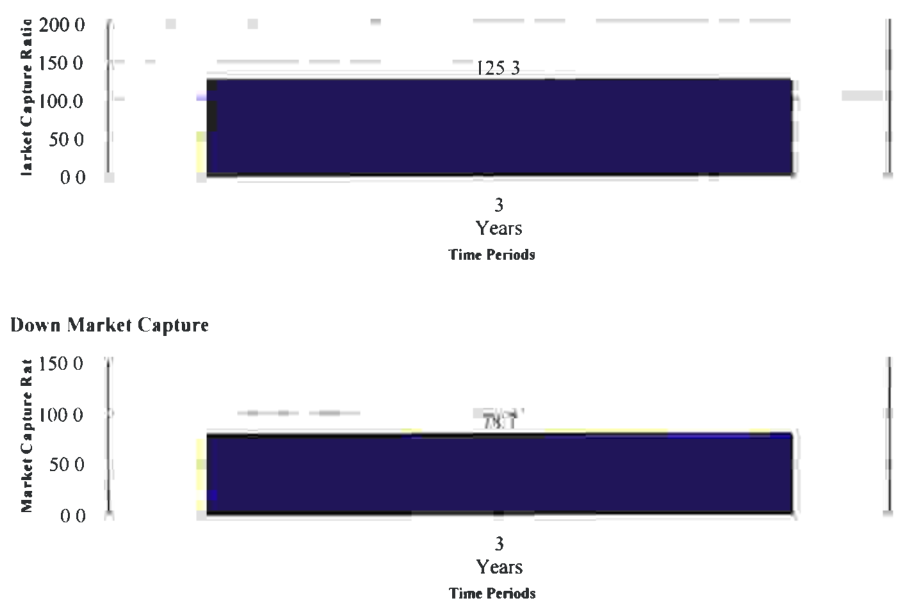
Portfolio Analysis
Manager G
As of December 31, 2014

Peer Group Scattergram (01/01/12 to 12/31/14)

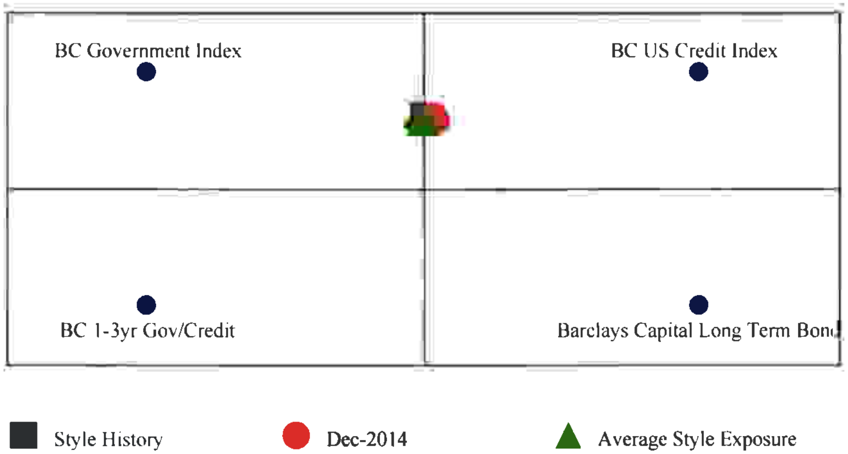


	Return	Standard Deviation
Manager G	4 52	2 94
Barclays Aggregate	2 66	2 63
Median	3 09	2 76

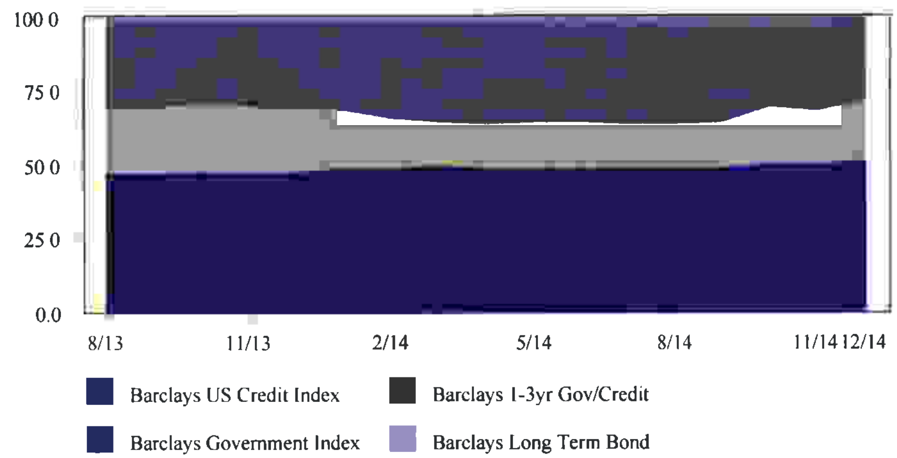
Up Down Market Capture



Style Map (07/01/10 to 12/31/14)



Style History (07/01/10 to 12/31/14)

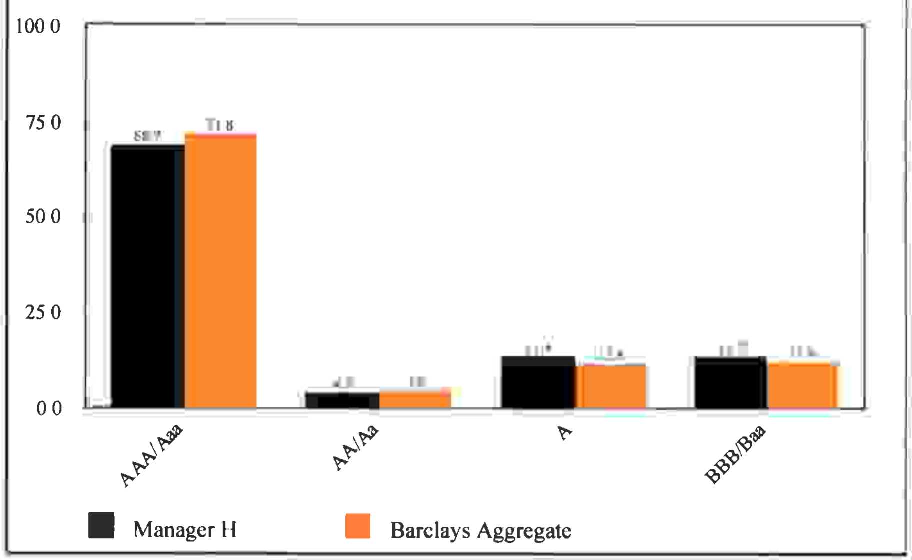


Portfolio Characteristics
Manager H vs. Barclays Aggregate
As of December 31, 2014

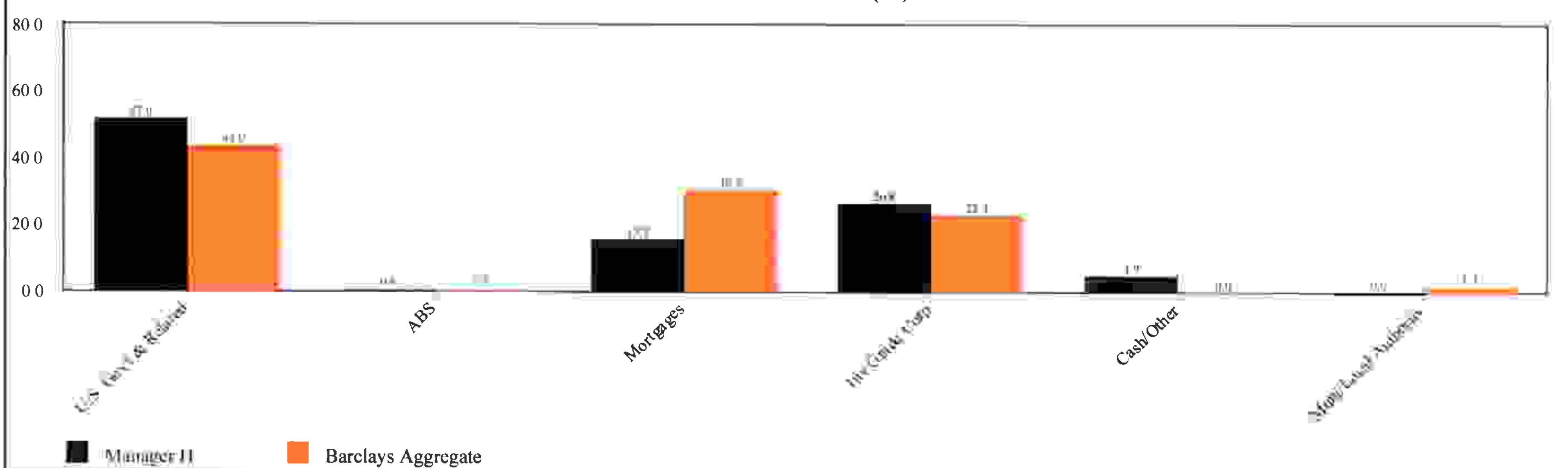
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	5.50	5.55
Yield To Maturity (%)	2.07	2.25
Avg. Maturity	7.50	7.69
Avg. Quality	AA	AA
Coupon Rate (%)	3.33	3.28

Credit Quality Distribution (%)

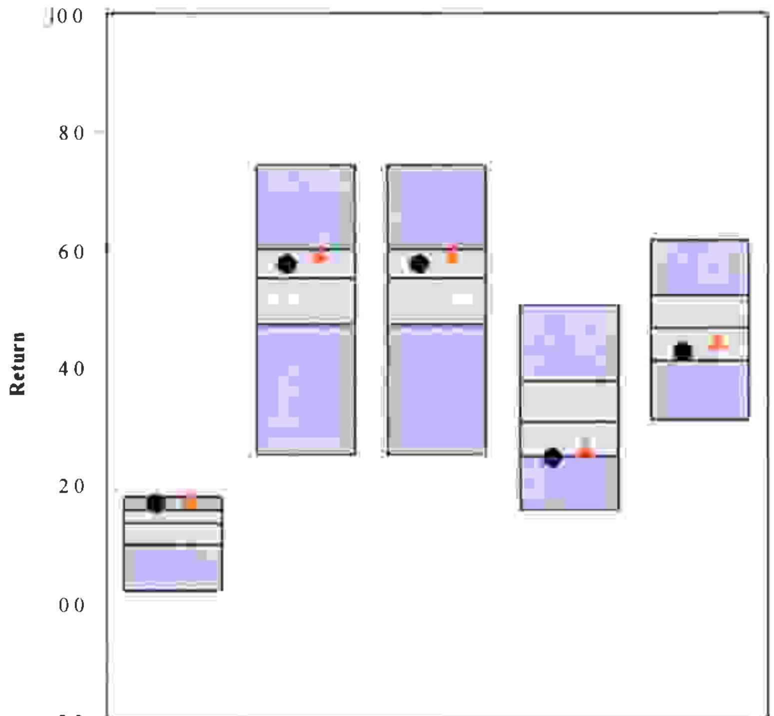


Sector Distribution (%)

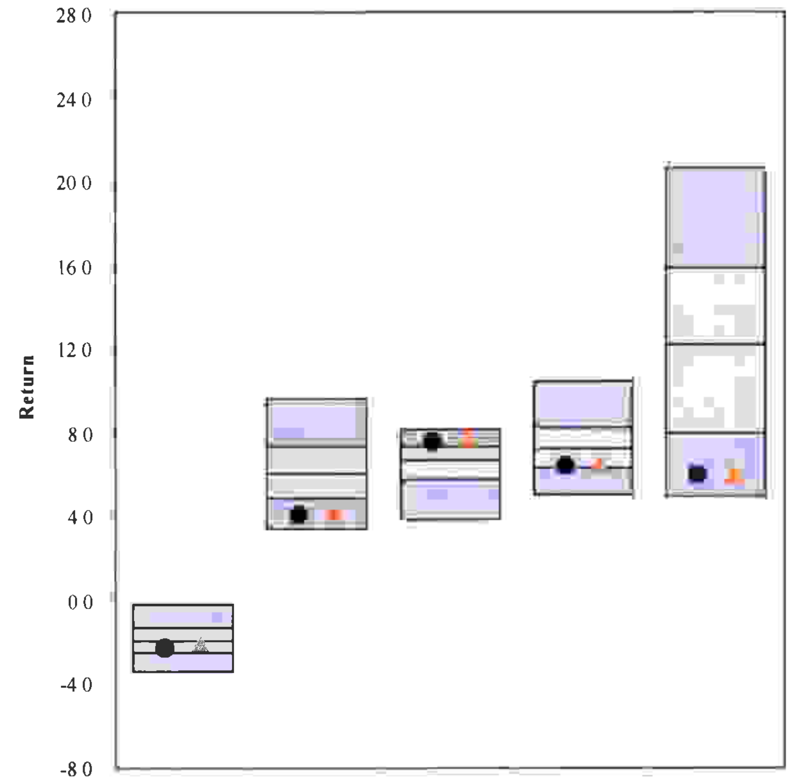


Portfolio Analysis
Manager H
As of December 31, 2014

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



	1 Quarter	Year To Date	1 Year	3 Years	5 Years
● Manager H	1 69 (15)	5 76 (39)	5 76 (39)	2 46 (77)	4 25 (72)
▲ Barclays Aggregate	1 79 (7)	5 97 (27)	5 97 (27)	2 66 (68)	4 45 (60)
Median	1 35	5 54	5 54	3 09	4 69



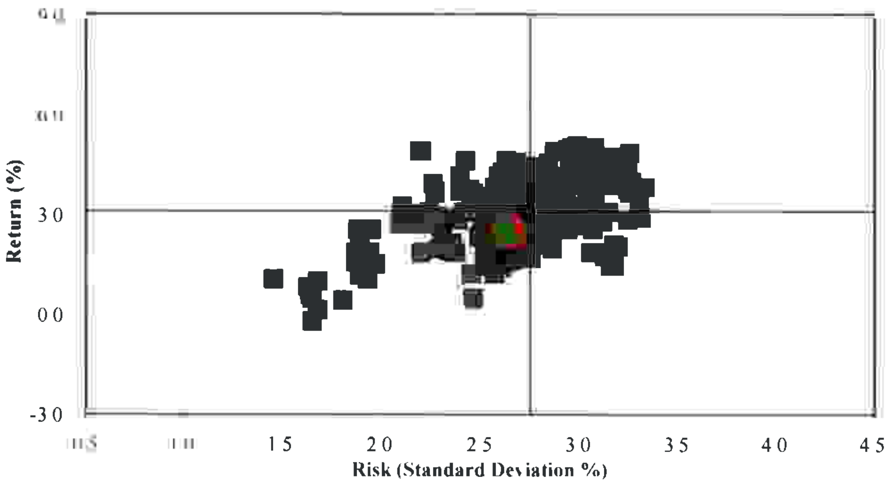
	2013	2012	2011	2010	2009
● Manager H	-2 26 (67)	4 05 (84)	7 56 (19)	6 42 (74)	5 93 (90)
▲ Barclays Aggregate	-2 02 (55)	4 21 (81)	7 84 (11)	6 54 (69)	5 93 (90)
Median	[illegible]	6 04	6 66	7 25	12 24

Historical Statistics - 3 Years

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	Treynor Ratio	Active Return	Tracking Error	Information Ratio	R-Squared
Manager H	2 46	2.66	0.91	-0.22	1.01	0 02	-0.20	0 18	-1 10	1.00
Barclays Aggregate	2 66	2.63	0.99	0.00	1.00	0 03	0.00	0 00	N/A	1.00
90 Day U.S. Treasury Bill	0 06	0.02	N/A	0.05	0.00	0 00	-2.61	2 63	-0.99	0.00

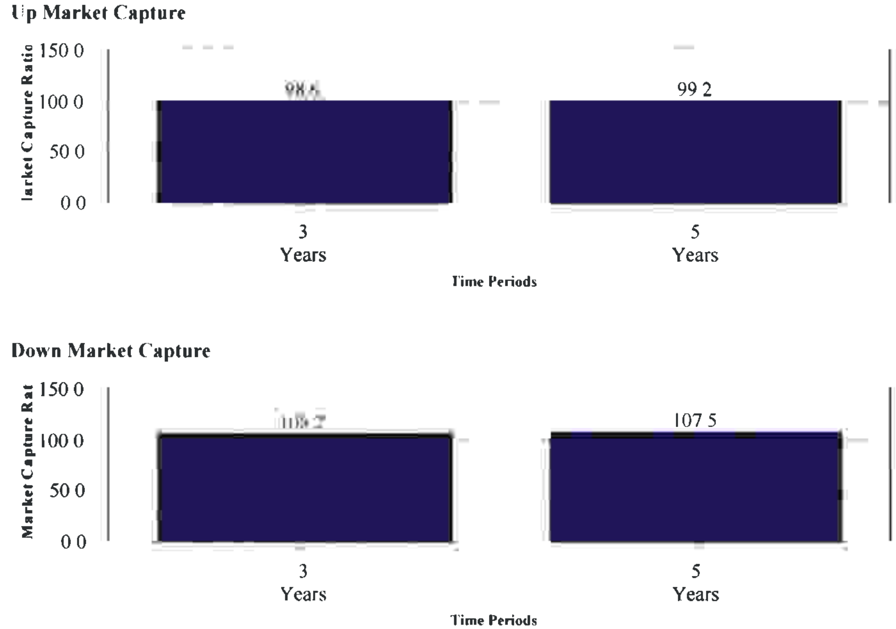
Portfolio Analysis
Manager H
As of December 31, 2014

Peer Group Scattergram (01/01/12 to 12/31/14)

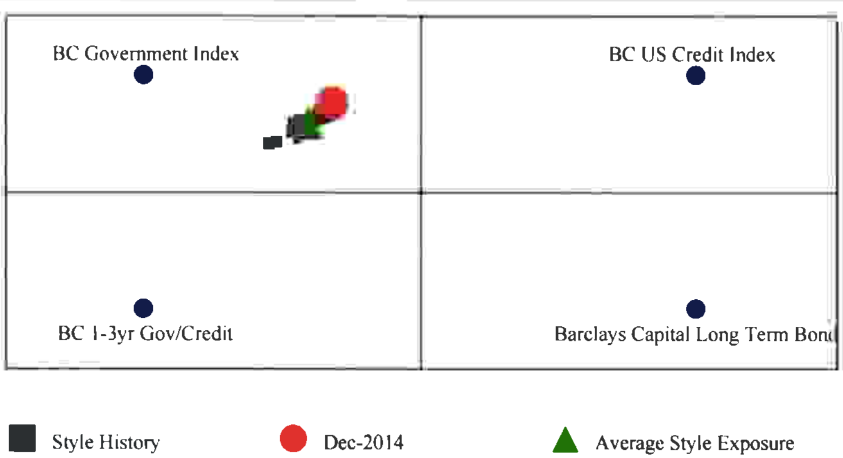


	Return	Standard Deviation
Manager H	2 46	2 66
Barclays Aggregate	2 66	2 63
Median	3 09	2 76

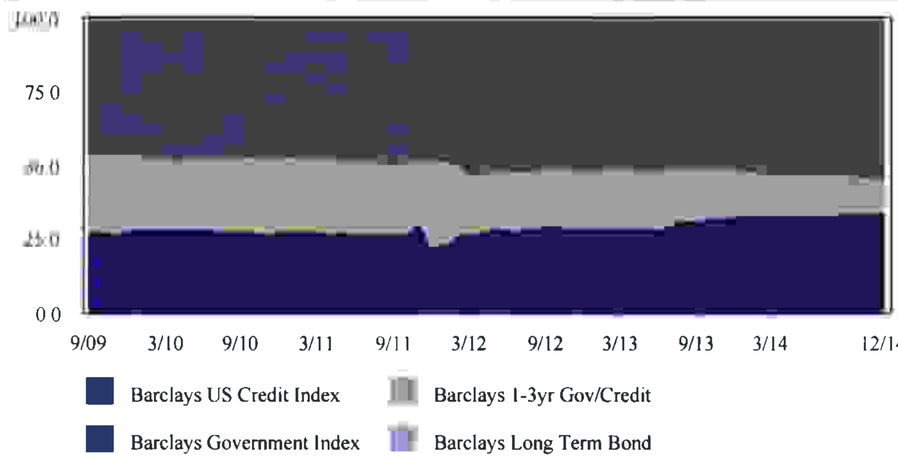
Up Down Market Capture



Style Map (08/01/06 to 12/31/14)



Style History (08/01/06 to 12/31/14)

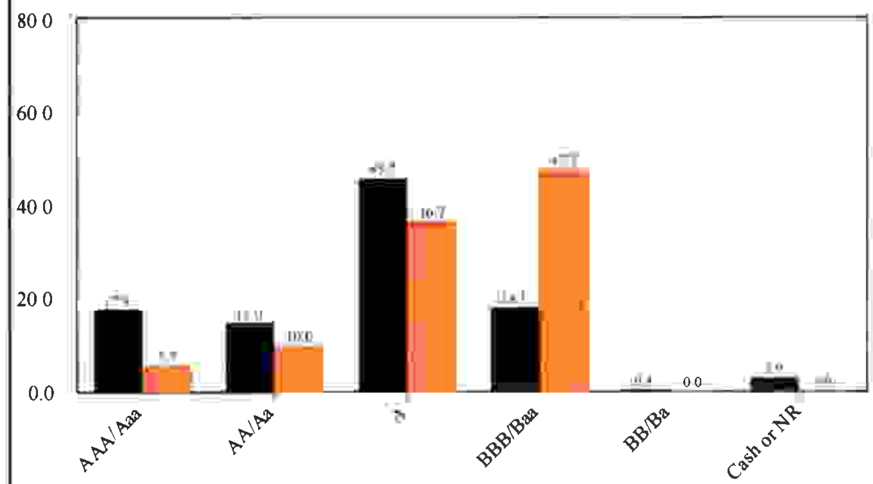


Portfolio Characteristics
Manager I vs. Barclays U.S. Credit: 5-10 Yr
As of December 31, 2014

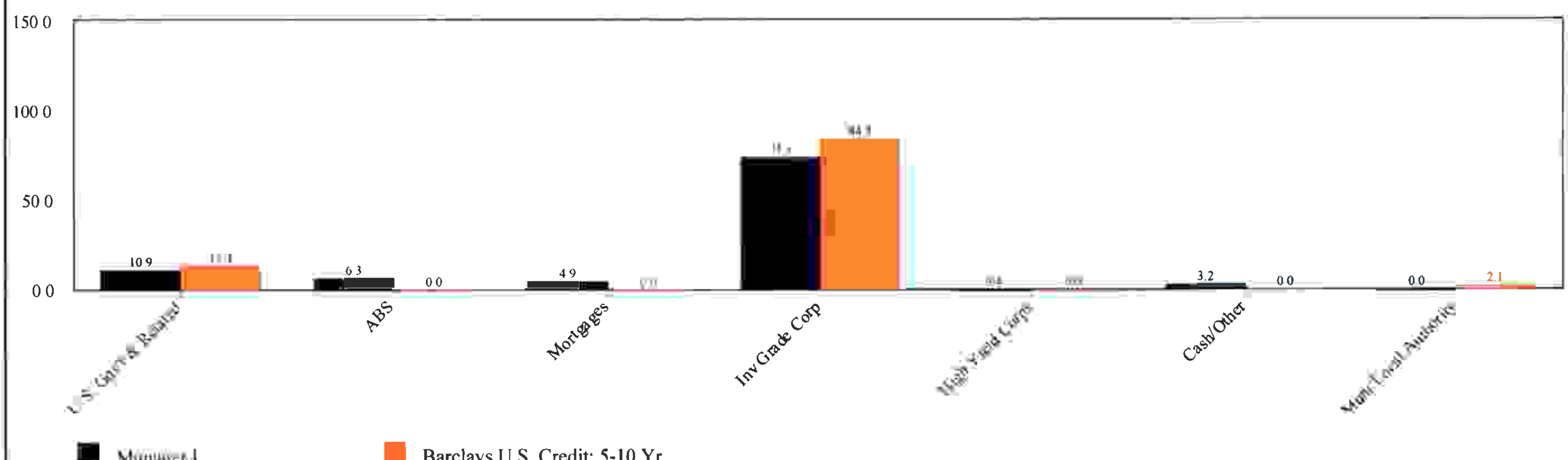
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	5.30	6.40
Yield To Maturity (%)	2.69	3.27
Avg. Maturity	6.20	7.41
Avg. Quality	A	A
Coupon Rate (%)	3.59	4.04

Credit Quality Distribution (%)

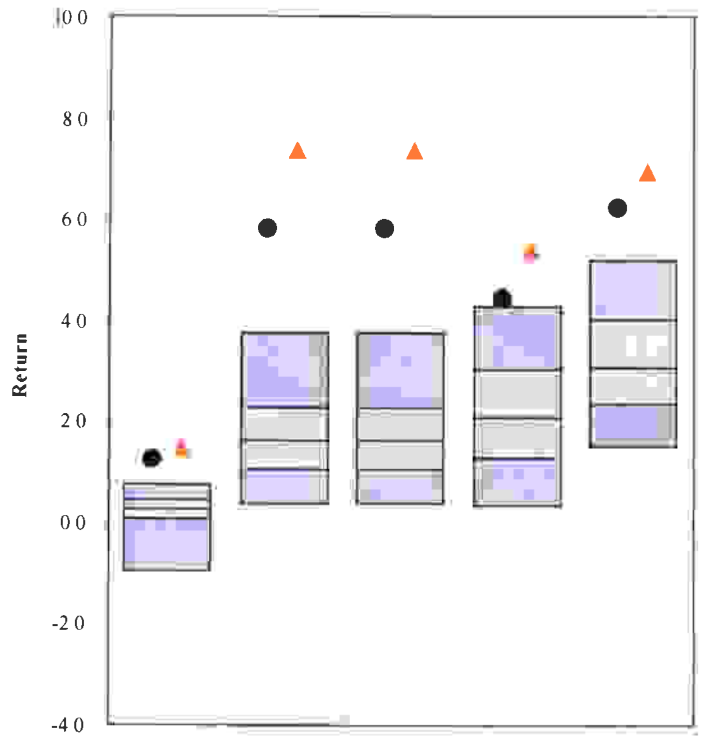


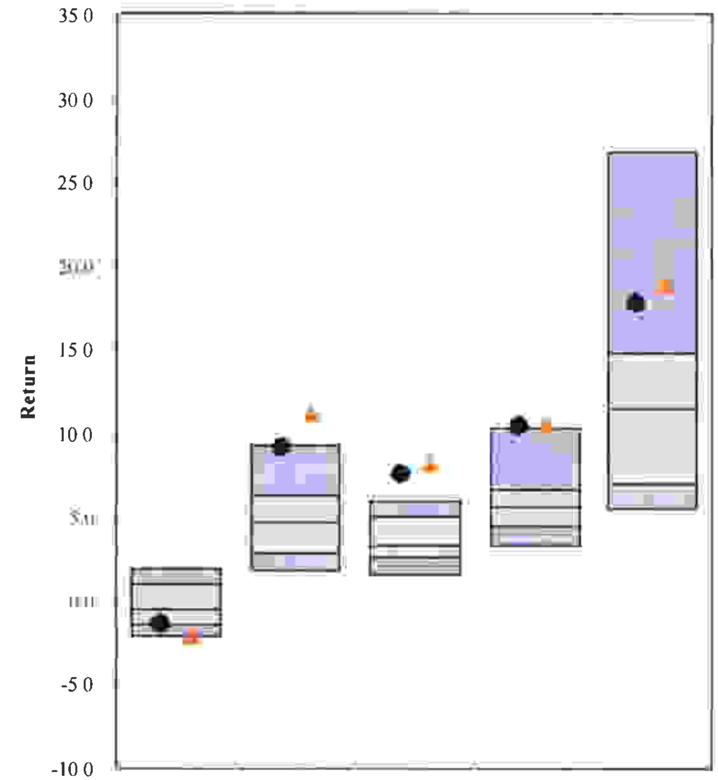
Sector Distribution (%)



Portfolio Analysis
Manager I
As of December 31, 2014

Peer Group Analysis - IM U.S. Intermediate Investment Grade (MF)





	1 Quarter	Year To Date	1 Year	3 Years	5 Years
● Manager I	1 27 (1)	5 81 (1)	5 81 (1)	4 43 (4)	6 23 (2)
▲ Barclays U S Credit: 5-10 Yr	1 48 (1)	7 38 (1)	7 38 (1)	5 38 (2)	6 96 (2)
Median	0 26	1 62	1 62	2 10	3 08

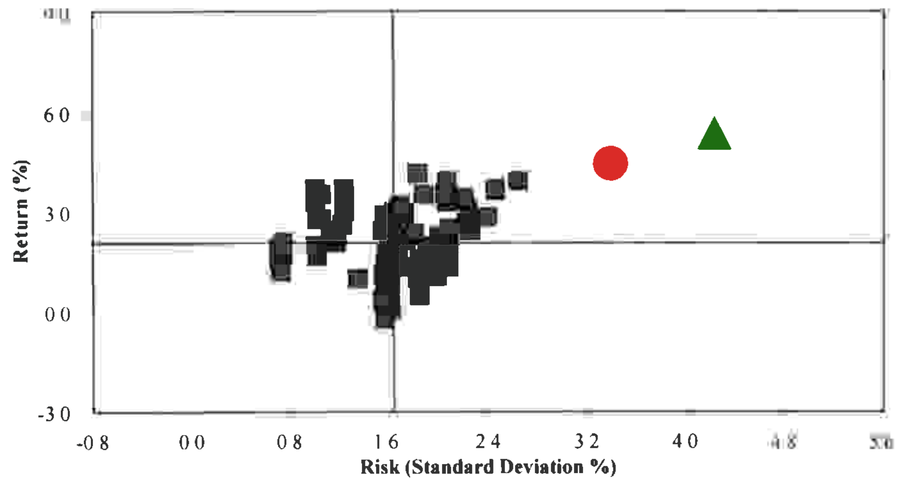
	2013	2012	2011	2010	2009
● Manager I	-1 37 (74)	9 14 (6)	7 52 (1)	10 47 (5)	17 73 (7)
▲ Barclays U S Credit: 5-10 Yr	-2 05 (96)	11 26 (1)	8 21 (1)	10 54 (4)	18 96 (7)
Median	-0 42	4 71	3 30	5 58	[illegible]

Historical Statistics - 3 Years

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	Treynor Ratio	Active Return	Tracking Error	Information Ratio	R-Squared
Manager I	4.43	3.41	1.28	0.16	0.80	0.05	-0.94	0.98	-0.96	0.98
Barclays U.S. Credit: 5-10 Yr	5.38	4.24	1.25	0.00	1.00	0.05	0.00	0.00	N/A	1.00
90 Day U.S. Treasury Bill	0.06	0.02	N/A	0.06	0.00	0.00	-5.29	4.24	-1.25	0.00

Portfolio Analysis
Manager I
As of December 31, 2014

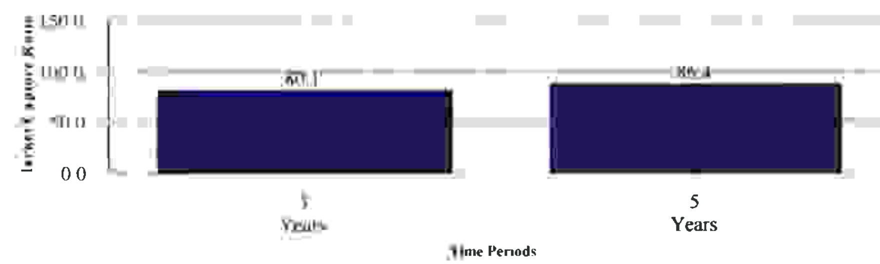
Peer Group Scattergram (01/01/12 to 12/31/14)



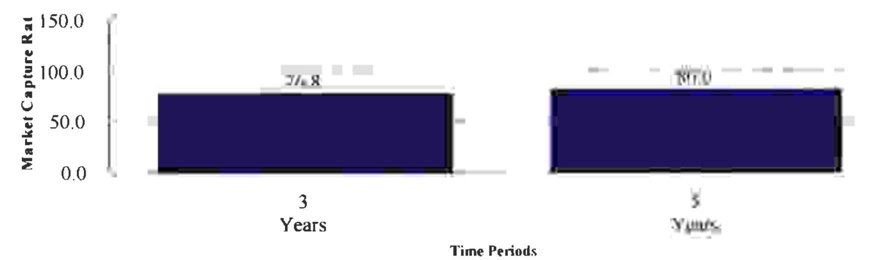
	Return	Standard Deviation
Manager I	4 43	3 41
Barclays U S Credit: 5-10 Yr	5 38	4 24
Median	2 10	1 64

Up Down Market Capture

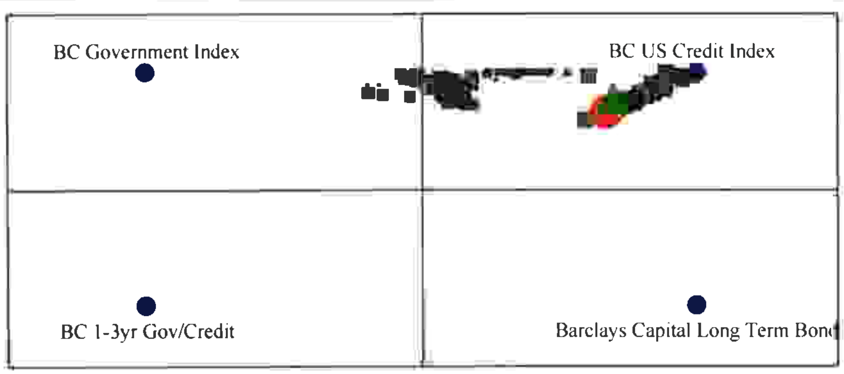
Up Market Capture



Down Market Capture

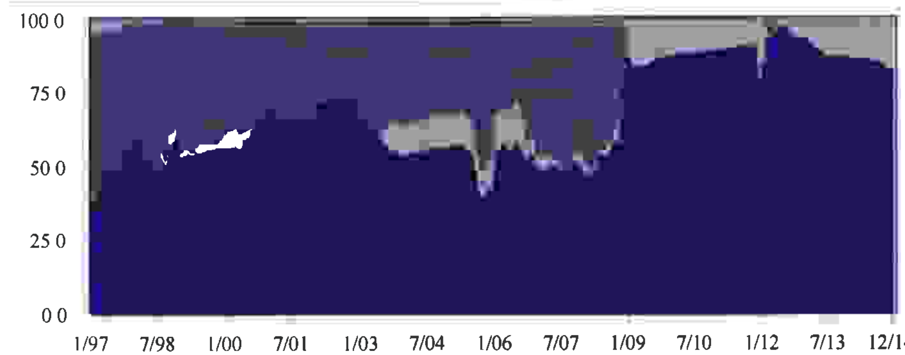


Style Map (12/01/93 to 12/31/14)



Style History · Dec-2014 · Average Style Exposure

Style History (12/01/93 to 12/31/14)



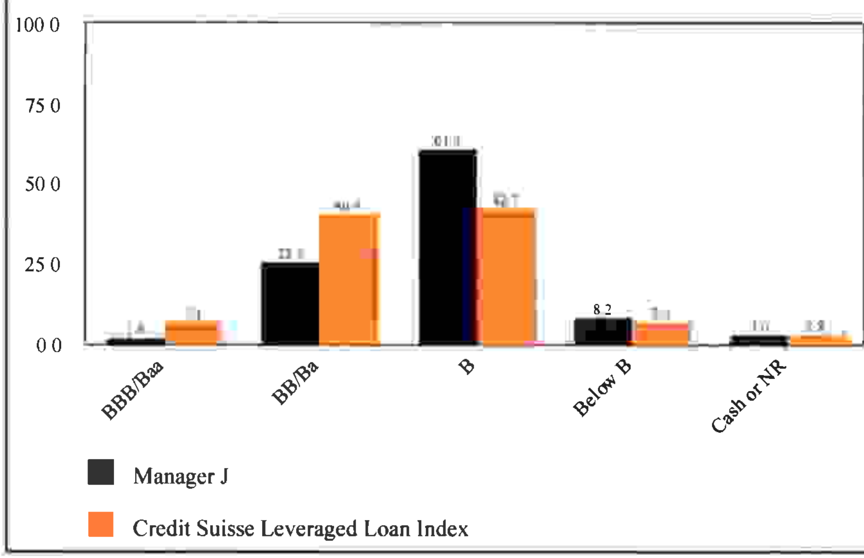
Barclays US Credit Index · Barclays 1-3yr Gov/Credit
Barclays Government Index · Barclays Long Term Bond

Portfolio Characteristics
Manager J vs. Credit Suisse Leveraged Loan Index
As of December 31, 2014

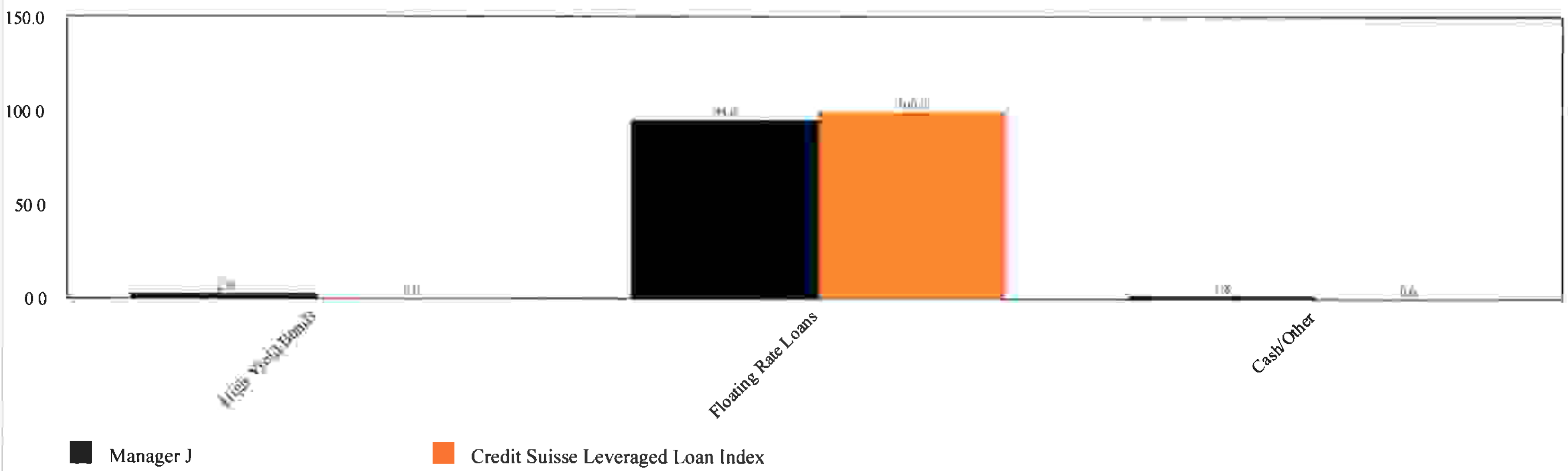
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	0.34	0.25
Yield To Maturity (%)	6.10	5.59
Avg. Maturity	5.43	5.02
Avg. Quality	B	B
Coupon Rate (%)	5.16	4.78

Credit Quality Distribution (%)

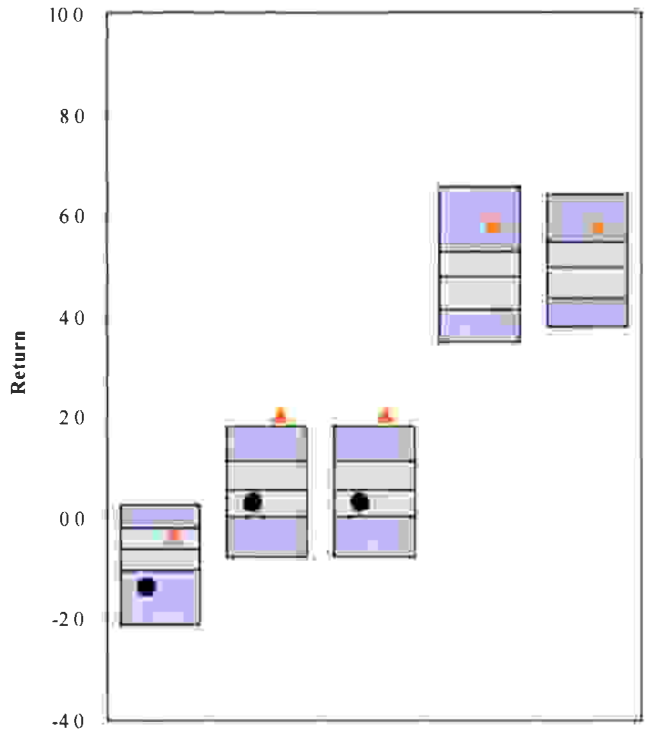


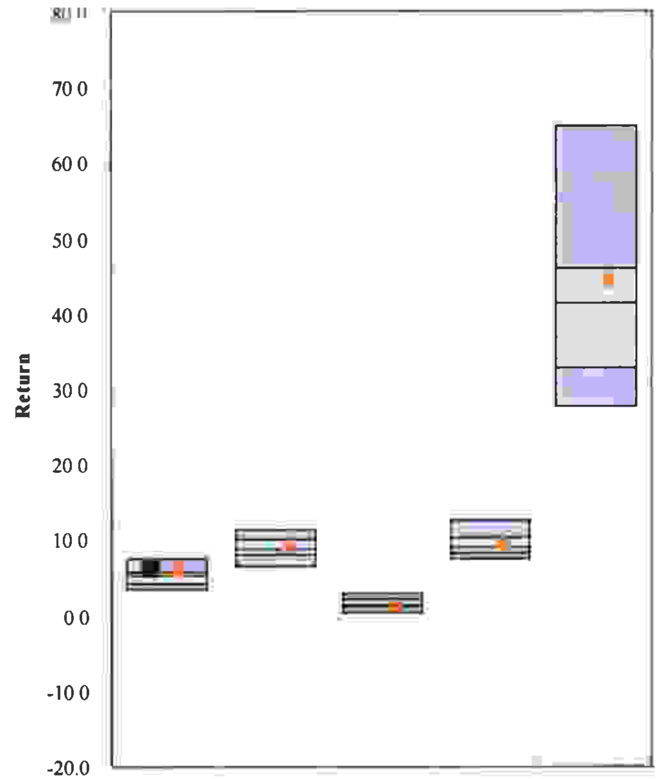
Sector Distribution (%)



Portfolio Analysis
Manager J
As of December 31, 2014

Peer Group Analysis - IM U.S. Bank Loans (MF)





	1 Quarter	Year To Date	1 Year	3 Years	5 Years
● Manager J	-1 38 (86)	0 30 (64)	0 30 (64)	N/A	N/A
▲ Credit Suisse Leveraged Loan Index	-0 37 (32)	2 06 (4)	2 06 (4)	5 84 (13)	5 83 (14)
Median	-0 61	0 55	0 55	4 80	4 99

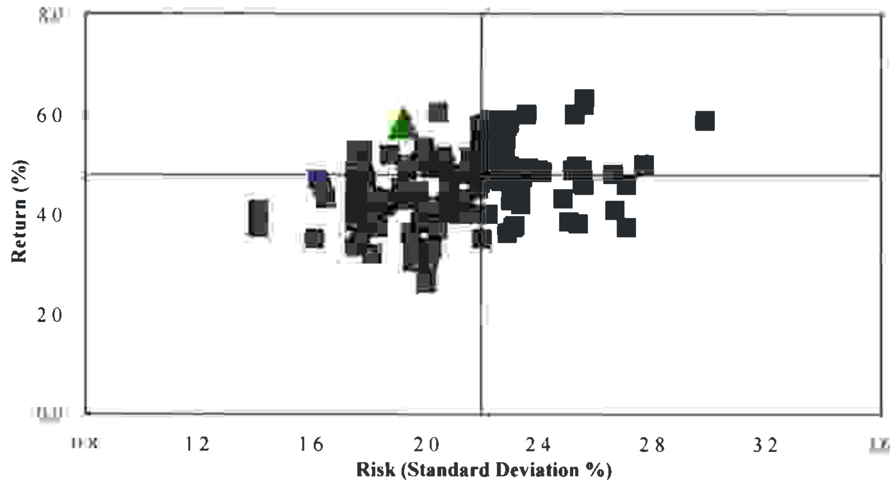
	2013	2012	2011	2010	2009
● Manager J	6 22 (16)	N/A	N/A	N/A	N/A
▲ Credit Suisse Leveraged Loan Index	6 16 (18)	9 43 (37)	1 80 (38)	9 97 (40)	44 88 (28)
Median	5 15	8 92	1 55	9 19	41 51

Historical Statistics - 3 Years

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	Treynor Ratio	Active Return	Tracking Error	Information Ratio	R-Squared
Manager J	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Credit Suisse Leveraged Loan Index	5.84	1.92	2.94	0.00	1.00	0.06	0.00	0.00	N/A	1.00
90 Day U.S. Treasury Bill	0.06	0.02	N/A	0.05	0.00	0.00	-5.65	1.92	-2.94	0.01

Portfolio Analysis
Manager J
As of December 31, 2014

Peer Group Scattergram (01/01/12 to 12/31/14)



	Return	Standard Deviation
Manager J	N/A	N/A
Credit Suisse Leveraged Loan Index	5.84	1.92
Median	4.80	2.20

Up Down Market Capture

No data found.

Style Map (07/01/12 to 12/31/14)

No data found.

Style History (07/01/12 to 12/31/14)

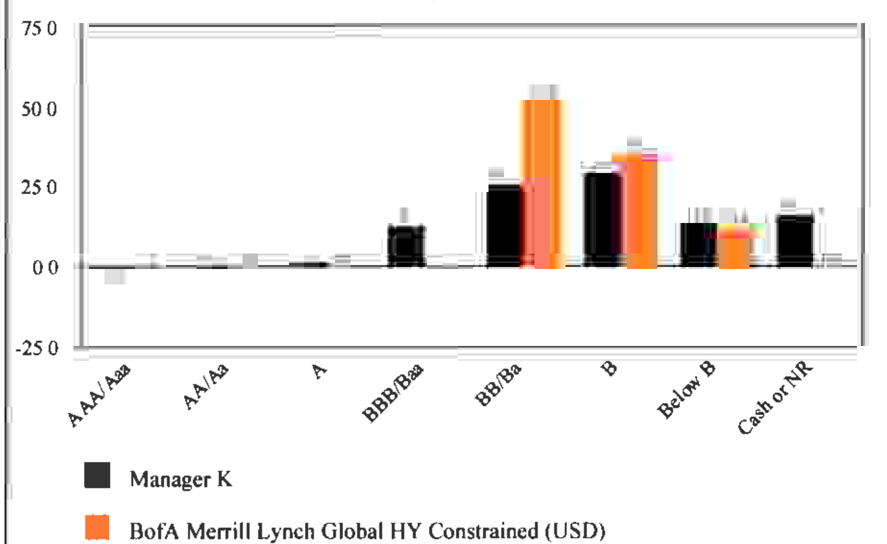
No data found.

Portfolio Characteristics
Manager K vs. BofA Merrill Lynch Global HY Constrained (USD)
As of December 31, 2014

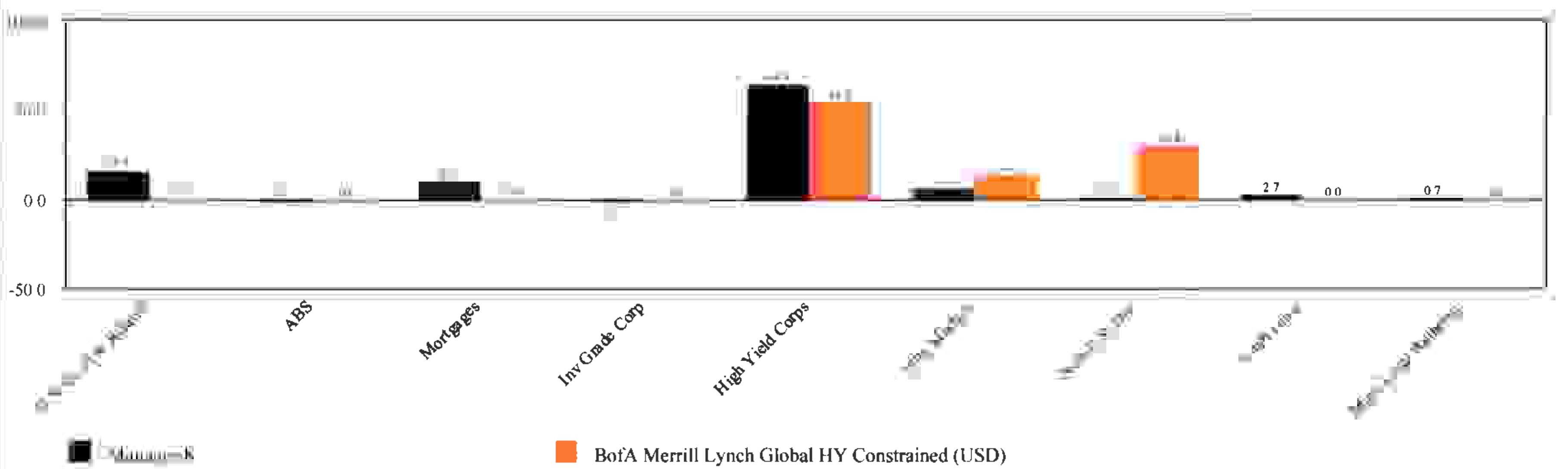
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	4.32	4 56
Yield To Maturity (%)	6.20	6.65
Avg. Maturity	6.95	6.00
Avg. Quality	B	B
Coupon Rate (%)	6.30	6 84
% in $USD	100.93	77.74

Credit Quality Distribution (%)

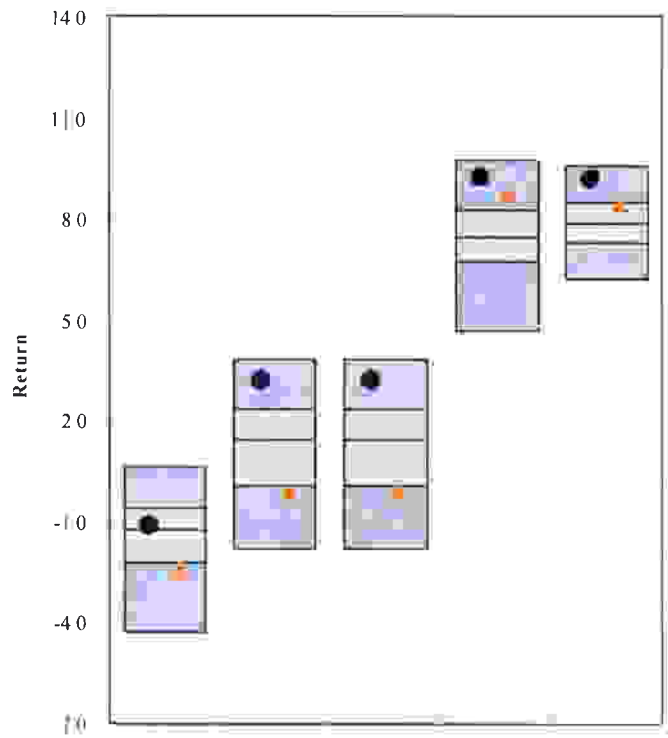


Sector Distribution (%)

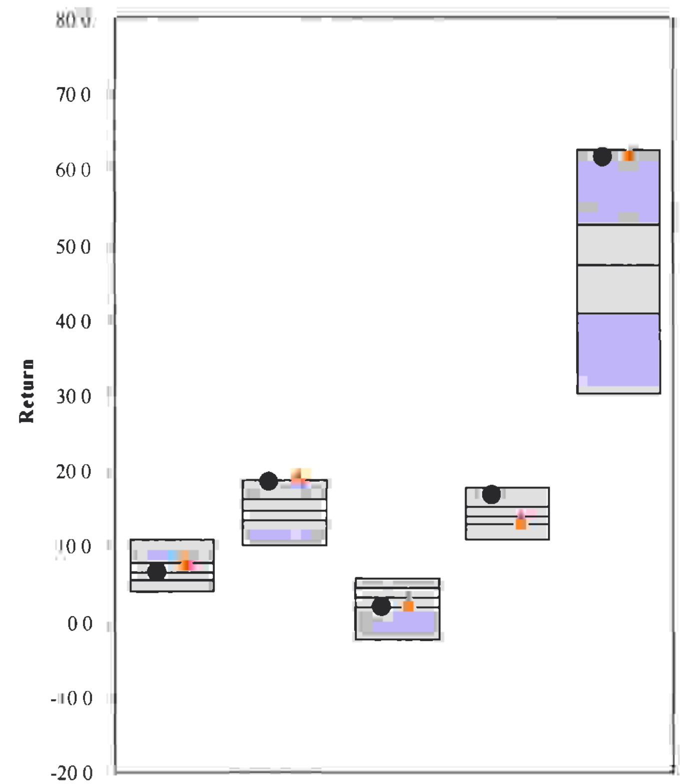


Portfolio Analysis
Manager K
As of December 31, 2014

Peer Group Analysis - IM U.S. High Yield Bonds (MF)



	1 Quarter	Year To Date	1 Year	3 Years	5 Years
● Manager K	-1.11 (45)	3.22 (12)	3.22 (12)	9.26 (11)	9.23 (10)
▲ BofA ML Global HY Constrained	-2.37 (78)	-0.09 (78)	-0.09 (78)	8.77 (17)	8.48 (26)
Median	-1.24	1.46	1.46	7.48	7.90



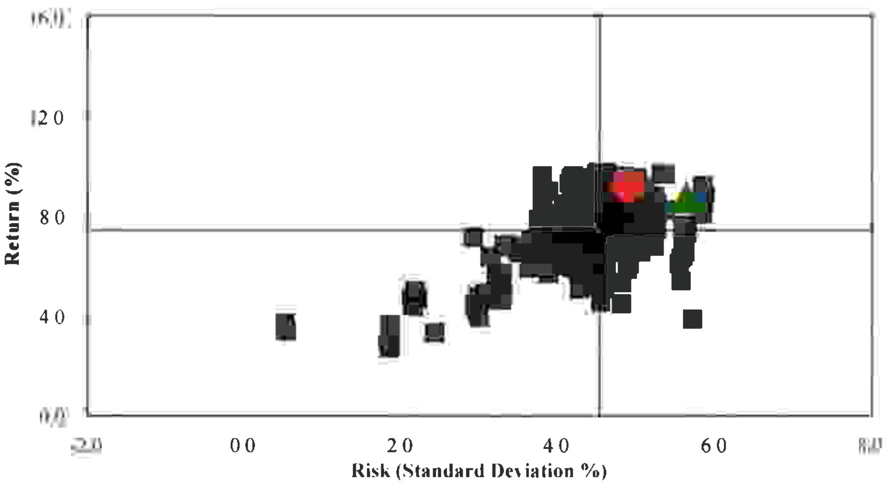
	2013	2012	2011	2010	2009
● Manager K	6.61 (50)	18.54 (6)	2.07 (72)	16.80 (12)	61.74 (7)
▲ BofA ML Global HY Constrained	7.96 (22)	19.30 (3)	2.61 (63)	13.76 (58)	62.21 (6)
Median	6.60	14.72	3.31	14.04	47.46

Historical Statistics - 3 Years

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	Treynor Ratio	Active Return	Tracking Error	Information Ratio	R-Squared
Manager K	9.26	4.90	1.83	1.87	0.83	0.11	0.42	1.68	0.25	0.92
BofA ML Global HY Constrained	8.77	5.64	1.51	0.00	1.00	0.09	0.00	0.00	N/A	1.00
90 Day U.S. Treasury Bill	0.06	0.02	N/A	0.06	0.00	0.00	-8.54	5.64	-1.51	0.00

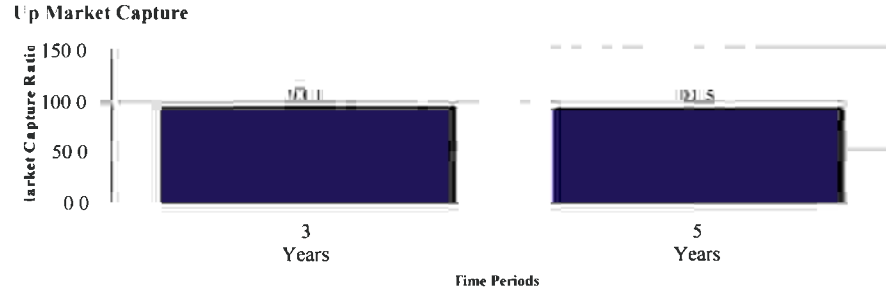
Portfolio Analysis
Manager K
As of December 31, 2014

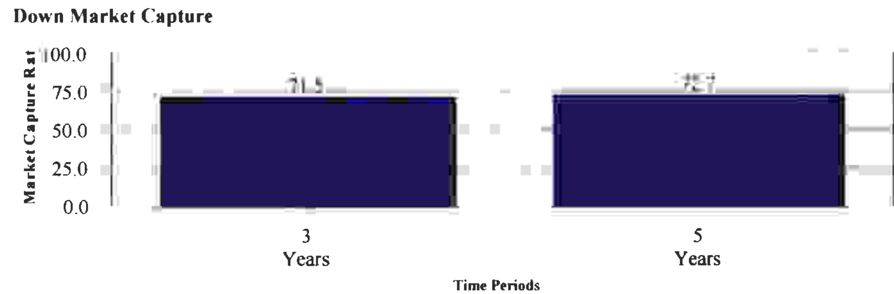
Peer Group Scattergram (01/01/12 to 12/31/14)



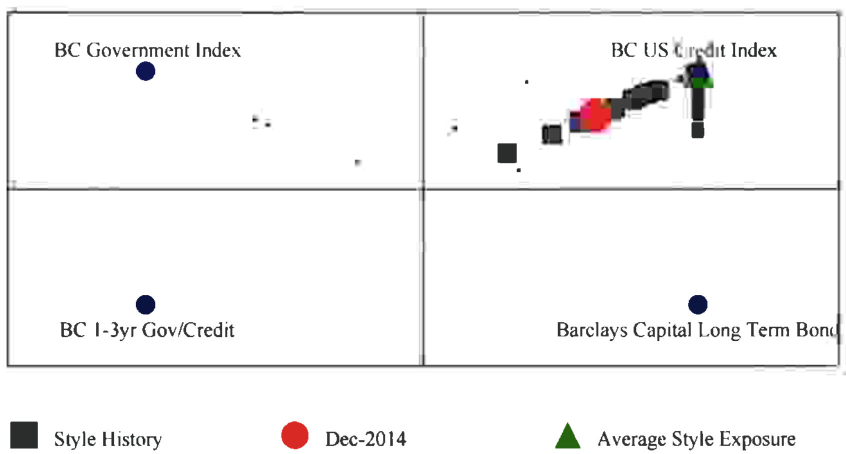
	Return	Standard Deviation
Manager K	9 26	4 90
BofA ML Global HY Constrained	8 77	5 64
Median	7 48	4 55

Up Down Market Capture

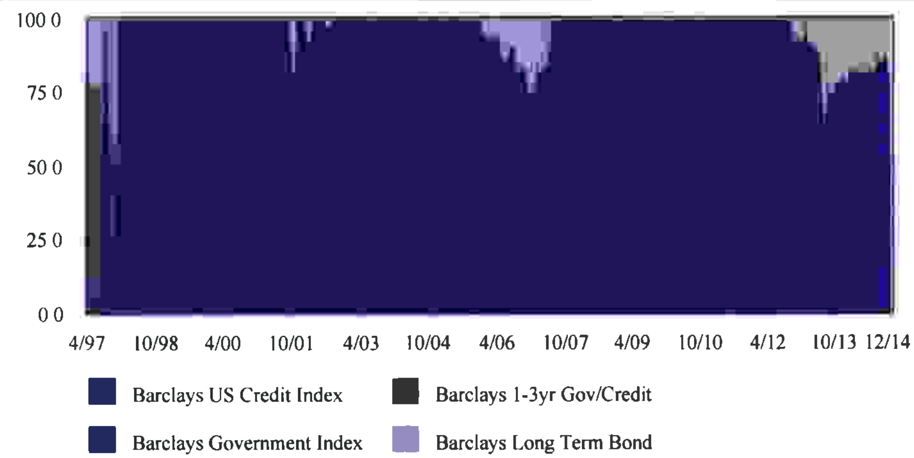




Style Map (03/01/94 to 12/31/14)



Style History (03/01/94 to 12/31/14)



PFM

Definitions Summary
Modern Portfolio Theory Statistics

Statistics		Definition
Return	-	Compounded rate of return for the period.
Standard Deviation	-	A statistical measure of the range of a portfolio's performance, the variability of a return around its average return over a specified time period.
Sharpe Ratio	-	Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance.
Alpha	-	A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. It is a measure of the portfolio's historical performance not explained by movements of the market, or a portfolio's non-systematic return.
Beta	-	A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of a portfolio's non-diversifiable or systematic risk.
Treynor Ratio	-	Similar to Sharpe ratio, but focuses on beta rather than excess risk (standard deviation). Represents the excess rate of return over the risk free rate divided by the beta. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance.
Active Return	-	Arithmetic difference between the managers return and the benchmark return over a specified time period.
Tracking Error	-	A measure of the standard deviation of a portfolio's performance relative to the performance of an appropriate market benchmark.
Information Ratio	-	Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.
R-Squared	-	The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. High R-Square means a higher correlation of the portfolio's performance to the appropriate benchmark.
Up Market Capture	-	The ratio of average portfolio return over the benchmark during periods of positive benchmark return. Higher values indicate better product performance.
Down Market Capture	-	The ratio of average portfolio return over the benchmark during periods of negative benchmark return. Lower values indicate better product performance.

PERFORMANCE EVALUATION AND REPORTING SERVICES
INFORMATION DISCLAIMER

PFM Asset Management LLC has exercised reasonable professional care in the preparation of this performance report. However, information in this report on market indices and security characteristics, as well as information incorporated in the Market Commentary section, is received from sources external to PFM Asset Management LLC.

PFM Asset Management LLC relies on the client's custodian for security holdings and market values. Transaction dates reported by the custodian may differ from money manager statements. While efforts are made to ensure the data contained herein is accurate and complete, we disclaim all responsibility for any errors that may occur.

iv. Portfolio Alerts

Multi-Asset Class
PORTFOLIO UPDATE
October 29, 2014

EVENT
PFM's Multi-Asset Class Investment Committee (the "Committee") has voted to remove the Vanguard Mid-Cap Index from client portfolios and move the proceeds into the Vanguard S&P 500 Index. This re-allocation will lower the exposure to mid-capitalization stocks (mid-caps), while increasing the exposure to large-capitalization stocks (large-caps) given the more favorable valuation of large-caps.

SUMMARY
After a prolonged period of strong performance, mid-cap stocks are trading above their historical average valuations and above the valuations of large-cap stocks. On a forward twelve-month basis, mid-caps (as represented by the S&P 400 Index) are currently trading at 18.1 times analysts' estimates vs. 15.9 times for large-caps (as represented by the S&P 500 Index) and 16.8 times for the broader market (as represented by the Russell 3000 Index)[1].

On a trailing twelve-month basis, mid-cap valuations look to be stretched, as indicated in the chart below. Mid-caps are currently trading at 21.9 times trailing twelve month profits vs. 17.5 times for large-caps and 19.2 times the broader market[1]. Based on our calculations, mid-cap valuations are 23.2% above the long term average vs. a more modest 7.5% for large-caps[1]. As interest rates rise next year, this is likely to create head-winds for highly valued segments of the equity market.

Trailing Price-to-Earnings Ratio of Select U.S. Equity Indexes*

	†Current	LT Average	% Above LT Avg
S&P 500 (Large-Cap)	17.52	16.3	7.5%
Russell 3000 (All-Cap)	19.24	17.1	12.5%
S&P 400 (Mid-Cap)	21.93	17.8	23.2%
S&P 600 (Small-Cap)	24.49	19.5	25.6%

† Information as of 10/27/2014

** Information for LT (Long-Term) Average is calculated based on S&P 500 relationship between LT average and more recent average due to more limited history of other indexes*

ASSESSMENT
Prior to removing the Vanguard Mid-Cap Index, client portfolios were over-weight mid-caps. This over-weight has been beneficial to relative performance as mid-caps have returned 19.2% over the trailing three years and 16.8% over the trailing five years (as of 10/23/14) vs. 18.9% and 15.0%, respectively[1]. As a result of this strong relative performance, the valuations for mid-caps vs. large-caps have become stretched. As relative value investors, the Committee took note of the discrepancy between the fair valuations of large-caps vs. the stretched valuations of mid-caps. Given the higher valuation for mid-caps, the Committee felt that it was prudent to eliminate the over-weight of U.S. mid-cap equities in favor of additional exposure to large-caps due to their more favorable valuations.

We appreciate your continued confidence in PFM. Should you have any specific questions or wish to discuss this topic in more detail, please feel free to call 215-567-6100 or contact your client manager directly.

Sincerely,

PFM Asset Management LLC

[1]Source: Bloomberg

Multi-Asset Class
PORTFOLIO UPDATE
January 26, 2015

EVENT
PFM's Multi-Asset Class Investment Committee (the "Committee") has voted to terminate both the Pacific Funds Floating Rate Fund and the Vanguard Total Bond Index Fund from client portfolios.

SUMMARY
The Committee believes that as inflation in the U.S. and Japan continues to remain low while Europe battles possible deflation, interest rates are unlikely to rise in a meaningful way over the next 12 months. In such an environment, floating rate fixed income instruments such as bank loans are unlikely to outperform higher yielding fixed rate bonds of comparable credit quality. Therefore, the Committee has decided to remove the Pacific Funds Floating Rate Fund and move half of the proceeds to the AB High Income Fund and the balance to the Vanguard Investment Grade Corporate Bond Fund. With default rates expected to remain low and credit representing a more attractive investment opportunity vs. a passive total bond market investment, the Committee has also voted to remove the Vanguard Total Bond Index Fund and move the proceeds to the Baird Core-Plus Fund.

ASSESSMENT
The Federal Reserve is expected to raise the fed funds rate at some point in the second half of 2015. The FOMC has indicated that in the face of an inflation rate that is lower than its target of 2%, it can remain "patient" in how it raises rates. As such, we do not expect the Fed to repeat the experience of 1994 in which the Fed began aggressively tightening monetary policy, causing interest rates to move significantly higher and bond prices to fall. December 2015 fed fund futures indicate a likely fed fund rate of approximately 0.5%, up modestly from the current 0.1%. The futures market also suggests that the Fed is unlikely to raise rates aggressively in 2016 or 2017. As rates rise modestly over the next couple of years, floating rate fixed income instruments such as bank loans are unlikely to deliver higher return than higher yielding fixed rate instruments of comparable credit quality, such as those investments in the AB High Income Fund.

The Committee added the Pacific Funds Floating Rate Fund in 2013. At that time, the credit spread of bank loans was the same as high yield bonds, which is unusual since bank loans trade at tighter spreads. As such, bank loans represented an attractive investment at that time. With high yield bonds again trading at wider spreads than bank loans and interest rates expected to rise slowly over the next couple of years, the Committee assessed that investment grade and high yield bonds are a more attractive investment opportunity than bank loans.

The Committee expects the U.S. economy to continue to show better economic growth in 2015 and 2016 vs. the modest 2% real GDP growth since emerging from the deep recession brought on by the financial and housing crisis. In such an environment, default rates on corporate bonds are expected to remain low, and the Committee believes that the Baird Core-Plus Fund is likely to outperform a passive total bond market fund. As such, the Committee voted to remove the Vanguard Total Bond Index Fund and place the proceeds in the Baird Core-Plus Fund.

We appreciate your continued confidence in PFM. Should you have any specific questions or wish to discuss this topic in more detail, please contact your client manager directly.

Sincerely,

PFM Asset Management LLC

D. Statement of Insurance and Evidence of Coverage

Insurance Statement

PFM Asset Management LLC (PFM) has a complete insurance program, including property, casualty, comprehensive general liability, automobile liability and workers compensation. PFM maintains professional liability and fidelity bond coverages which total $15 million and $10 million, respectively PFM also carries a $2 million cyber liability policy

Our Professional Liability policy is a "claims made" policy and our General Liability policy claims would be made by occurrence.

Deductibles/SIR:
Automobile $250 comprehensive & $500 collision
Cyber Liability $50,000
General Liability $0
Professional Liability (E&O) $1,000,000
Financial Institution Bond $75,000

Insurance Company & AM Best Rating
Professional Liability (E&O) ...Indian Harbor Insurance Company; and
....Continental Casualty Company; (both are A)
Financial Institution Bond . ..Federal Insurance Company; (A++)
Cyber Liability .. .. Indian Harbor Insurance Company (A)
General Liability . ... Great Northern Ins. Company; (A++)
Automobile Liability . . .. . . Federal Insurance Company
Excess /Umbrella Liability . . Federal Insurance Company
Workers Compensation .. . .. Pacific Indemnity Company; (A++)
& Employers Liability

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 12/2/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Frank Crystal & Co , Inc
dba Crystal & Company
Financial Square, 32 Old Slip
New York NY 10005

CONTACT NAME: Theresa Brancato
PHONE (A/C, No, Ext): 212-504-5949
FAX (A/C, No): 212-509-1292
E-MAIL ADDRESS: theresa.brancato@crystalco com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Great Northern Insurance Company	20303
INSURER B : Federal Insurance Company	20281
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED PUBLFI
PFM Asset Management LLC
Two Logan Square, Suite 1600
18th and Arch Streets
Philadelphia PA 19103

COVERAGES CERTIFICATE NUMBER: 936404864 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER X POLICY PRO-JECT LOC			35363950	11/30/2014	11/30/2015	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG 	$1,000,000 $1,000,000 $10,000 $1,000,000 $2,000,000 $INCLUDED $
B	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS			73248555	11/30/2014	11/30/2015	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident) 	$1 000,000 $ $ $ $
B	X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION $			79774080	11/30/2014	11/30/2015	EACH OCCURRENCE AGGREGATE 	$10,000,000 $10,000,000 $
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		71739979	1/1/2015	1/1/2016	X WC STATU-TORY LIMITS OTH-ER E L EACH ACCIDENT E L DISEASE - EA EMPLOYEE E L DISEASE - POLICY LIMIT	 $1,000,000 $1,000,000 $1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
EVIDENCE OF COVERAGE ONLY

CERTIFICATE HOLDER

PFM Asset Management LLC
Two Logan Square, Suite 1600
18th and Arch Streets
Philadelphia PA 19103

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Crystal & Company

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 11/21/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Frank Crystal & Co., Inc
dba Crystal & Company
Financial Square, 32 Old Slip
New York NY 10005

CONTACT NAME: Ryan Farnsworth
PHONE (A/C, No, Ext): 212-504-1814
FAX (A/C, No): 212-509-1292
E-MAIL ADDRESS: ryan.farnsworth@crystalco.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: Indian Harbor Insurance Company	36940
INSURER B: Continental Casualty Company	20443
INSURER C:	
INSURER D:	
INSURER E:	
INSURER F:	

INSURED
PFM Asset Management LLC
Two Logan Square, Suite 1600
18th and Arch Streets
Philadelphia PA 19103

COVERAGES CERTIFICATE NUMBER: 1188991359 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS-MADE / OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY / PRO-JECT / LOC						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ $ $ $ $ $ $
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS / SCHEDULED AUTOS HIRED AUTOS / NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ $ $ $ $
	UMBRELLA LIAB / OCCUR EXCESS LIAB / CLAIMS-MADE DED / RETENTION $						EACH OCCURRENCE AGGREGATE	$ $ $
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) N/A If yes, describe under DESCRIPTION OF OPERATIONS below						WC STATU-TORY LIMITS / OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ $ $
A B	Professional Liability			ELU13695014 596398650	11/30/2014 11/30/2014	11/30/2015 11/30/2015	Limit of Liability	$15,000,000 each claim/aggregate all claims

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Evidence of Coverage only

The Professional Liability Policy is non-cancelable by the Insurer except for non-payment of premium

CERTIFICATE HOLDER

PFM Asset Management LLC
Two Logan Square, Suite 1600
18th and Arch Streets
Philadelphia PA 19103

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Crystal & Company

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 12/8/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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PRODUCER
Frank Crystal & Co , Inc
dba Crystal & Company
Financial Square, 32 Old Slip
New York NY 10005

CONTACT NAME: Phyllis Chechile
PHONE (A/C, No, Ext): 212-504-5909
FAX (A/C, No): 212-742-2091
E-MAIL ADDRESS: phyllis chechile@crystalco com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Federal Insurance Company	20281
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED PUBLFI
PFM Asset Management LLC
Two Logan Square, Suite 1600
18th and Arch Streets
Philadelphia PA 19103

COVERAGES **CERTIFICATE NUMBER:** 414366592 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS-MADE / OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY / PRO-JECT / LOC						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
								$
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS / SCHEDULED AUTOS HIRED AUTOS / NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB OCCUR **EXCESS LIAB** CLAIMS-MADE DED RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? **(Mandatory in NH)** N/A If yes, describe under DESCRIPTION OF OPERATIONS below						WC STATU-TORY LIMITS / OTH-ER	
							E L EACH ACCIDENT	$
							E L DISEASE - EA EMPLOYEE	$
							E L DISEASE - POLICY LIMIT	$
A	Financial Institution Bond			81470605	11/30/2014	11/30/2015	$10,000,000	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Evidence of Coverage Only

CERTIFICATE HOLDER

PFM Asset Management LLC

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Crystal & Company

E. Sample Agreement

INVESTMENT ADVISORY AGREEMENT

THIS AGREEMENT, entered into as of the _______ day of _________, 20__ (the "Agreement"), by and between [Client], [County], [State] (hereinafter the "Client") and PFM ASSET MANAGEMENT LLC, a Delaware limited liability company with an office in [City], [State] (hereinafter the "Advisor").

W I T N E S S E T H

WHEREAS, the Client maintains the [Plan Name] (the "Fund") in order to [____]; and

WHEREAS, the Fund has funds available for investment purposes; and

WHEREAS, the Client desires to avail itself of the experience, sources of information, advice, assistance and facilities available to the Advisor; to have the Advisor undertake certain duties and responsibilities; and to perform certain services as investment advisor on behalf of the Fund, as provided herein; and

WHEREAS, the Advisor is willing to provide such services on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereto, intending to be legally bound, agree as follows:

1. SERVICES OF ADVISOR.

The Client hereby engages the Advisor to serve as investment advisor with respect to the Fund under the terms of this Agreement, and the Advisor accepts such engagement. The Advisor will determine the asset allocation of investments for the Fund (the "Investment Strategy" of the Fund) on the basis of information provided by the Client or other service providers, including the anticipated amounts of cash required by the Fund for distributions and other expenses, and the appropriate risk tolerance for the Fund based upon the cash needs of the Fund and the Client's resources. The Advisor will then execute the

Investment Strategy of the Fund by buying and selling shares of the investment funds. Initially the Fund shall be invested in investment funds in specified proportions as set forth in a separate schedule delivered to the Client by the Advisor at or prior to the time the Fund is initially funded (as the same may be revised by the Advisor from time to time, the "Schedule").

The Advisor will reassess and may alter the Investment Strategy asset allocation at least annually and "rebalance" the investment funds as reflected in the Schedule at least annually to maintain the ratios of the Investment Strategy, and will consult with the Client at least annually to determine whether there are reasons to revise the Investment Strategy. The Advisor will conduct a review at least annually of the performance of the investment funds held by the Fund and, in its judgment, will add to or reduce allocations to each investment fund and will add or delete investment funds (within the parameters of the Investment Strategy). The Advisor will promptly advise the Client in writing of any revision of the Fund's Investment Strategy and any additions to or deletions from the investment funds held by the Fund. In addition, the Advisor will provide to the Client a quarterly analysis of the performance of the investment funds in which the Fund is invested together with notice of any reallocation of assets among investment funds; the asset balances and market values for such analysis shall be as supplied to the Advisor by the Custodian (as hereinafter defined). In connection with all of the foregoing, the Advisor will promptly give the Client written notice of any changes to the Schedule.

The Client agrees to legally appoint a custodian (the "Custodian") to take and have custody of cash, assets and securities of the Fund. The Custodian shall not be the Advisor and shall be independent of the Advisor. The Client agrees to enter, or that it has entered, into a custodian agreement with the Custodian. The Advisor is authorized to give instructions to the Custodian with respect to the Fund as to deliveries of securities and payments of cash for the payment of securities and as otherwise provided in Section 2(b) of this Agreement. The Advisor shall not take possession of or act as custodian for the cash, securities or other assets of the Fund and shall have no responsibility in connection therewith. The Advisor agrees to recommend and to monitor the Custodian so that the Client's custodial and transaction costs are appropriate for the level and nature of services rendered by the Custodian to the Fund, the Client and the Advisor.

Authorized investments shall include only those investments which are permissible under applicable statutes and regulations and the Fund's written investment policy, if any, as provided by the Client to the Advisor. The Custodian or an affiliate of the Custodian may be the investment advisor of investment funds selected by the Advisor.

2. COMPENSATION.

(a) For all services provided by the Advisor to the Fund pursuant to this Agreement, the Fund shall incur an annual fee based on net assets under management in the Fund determined on a monthly basis as defined in the Investment Advisory Fee Schedule below. For purposes of this section, "net assets" means the net market value of all cash and investments assets as of the end of the most recent month.

Investment Advisory Fee Schedule

First $10 million in net assets..........................	0.45%
Next $10 million in net assets..........................	0.35%
Next $30 million in net assets..........................	0.25%
Next $50 million in net assets..........................	0.20%
Over $100,000,000..	0.15%

The minimum annual fee is $5,000.

(b) At the end of each calendar month, the Advisor will prepare and submit to the Client for approval a monthly invoice for its fee. Such invoice will include a statement of the basis upon which the fee was calculated. Unless instructed otherwise within 15 calendar days of the postmark on the invoices, the Client authorizes the Advisor to charge such invoices to the Fund's account and authorizes and instructs the Custodian to disburse funds from such account for the payment of the fees and costs to the Advisor. If sufficient funds are not available, the Client agrees to compensate the Advisor from other sources within 30 calendar days of the postmark date. If the Advisor shall serve for less than the whole month, the compensation shall be pro-rated.

(c) If and to the extent that the Client shall request the Advisor to render services other than those to be rendered by the Advisor hereunder, such additional services shall be compensated separately on terms to be agreed upon between the Advisor and the Client.

(d) Assets invested by the Advisor under the terms of this agreement may from time to time be invested in a money market mutual fund or local government investment pool managed by the Advisor (either, a "Pool"), or in individual securities. Average daily net assets subject to the fees described in this section shall not take into account any funds invested in the Pool. Expenses of the Pool, including compensation for the Advisor and the Pool custodian, are described in the relevant prospectus or information statement and are paid from the Pool.

3. EXPENSES.

(a) The Advisor shall furnish at its own expense all necessary administrative services, office space, equipment, clerical personnel, telephone and other communication facilities, investment advisory facilities, and executive and supervisory personnel for managing the investments, inclusive of reasonable costs required to attend meetings with the Client.

(b) Except as expressly provided otherwise herein, the Fund shall pay all of its expenses including, without limitation, taxes, expenses (including front- or back-end charges) of an investment fund, fees and expenses of the Fund's independent auditors and legal counsel, if any, insurance premiums, fees and expenses of the Custodian appointed by the Client, as provided in Section 1, and the keeping of books and accounts.

4. REGISTERED ADVISOR; DUTY OF CARE.

The Advisor hereby represents it is a registered investment advisor under the Investment Advisers Act of 1940. The Advisor shall immediately notify the Client if at any time during the term of this Agreement it is not so registered or if its registration is suspended. The Advisor agrees to perform its duties and responsibilities under this Agreement with reasonable care. The federal securities laws impose liabilities under certain circumstances on persons who act in good faith. Nothing herein shall in any way constitute a waiver or limitation of any rights which the Client or the Fund may have under any federal securities laws. The Client hereby authorizes the Advisor to sign an Internal Revenue Service Form W-9 on behalf of the Client and to deliver such form to broker-dealers or others from time to time as required in connection with securities transactions pursuant to this Agreement.

5. ADVISOR'S OTHER CLIENTS.

The Client understands that the Advisor performs investment advisory services for various other clients which may include investment companies, commingled trust funds and/or individual portfolios. The Client agrees that the Advisor, in the exercise of its professional judgment, may give advice or take action with respect to any of its other clients which may differ from advice given or the timing or nature of action taken with respect to the Fund. The Advisor shall not have any obligation to purchase, sell or exchange any security for the Client solely by reason of the fact that the Advisor, its principals, affiliates, or employees may purchase, sell or exchange such security for the account of any other client or for itself or its own accounts.

6. TERM.

This Agreement may be terminated by the Client in the event of any material breach of its terms immediately upon notice by certified mail, return receipt requested. This Agreement may be terminated by the Client at any time, on not less than thirty (30) days' written notice to the Advisor. The Advisor may terminate this Agreement immediately upon any material breach of its terms by the Client, or at any time after one year upon thirty (30) days' written notice.

7. FORCE MAJEURE.

The Advisor shall have no liability for any losses arising out of the delays in performing or inability to perform the services which it renders under this Agreement which result from events beyond its control, including interruption of the business activities of the Advisor or other financial institutions due to acts of God, acts of governmental authority, acts of war, terrorism, civil insurrection, riots, labor difficulties, or any action or inaction of any carrier or utility, or mechanical or other malfunction.

8. DISCIPLINARY ACTIONS.

The Advisor shall promptly give notice to the Client if the Advisor shall have been found to have violated any state or federal securities law or regulation in any final and unappealable judgment in any criminal action or civil suit in any state or federal court or in any disciplinary proceeding before the Securities and

Exchange Commission or any other agency or department of the United States, any registered securities exchange, the Financial Industry Regulatory Authority, or any regulatory authority of any State based upon the performance of services as an investment advisor.

9. INDEPENDENT CONTRACTOR.

The Advisor, its employees, officers and representatives, shall not be deemed to be employees, agents (except as to the purchase or sale of securities described in Section 1), partners, servants, and/or joint ventures of the Client or the Fund by virtue of this Agreement or any actions or services rendered under this Agreement.

10. BOOKS.

The Advisor shall maintain records of all transactions in the Fund. The Advisor shall use its best efforts to cause the Custodian to provide the Client with a statement, no less frequently than quarterly, showing deposits, withdrawals, purchases and sales (or maturities) of investments, earnings received, and the value of assets held on the last business day of the month all as provided for in the Custodian agreement between the Client and the Custodian.

11. ADVISOR'S BROCHURE AND BROCHURE SUPPLEMENT.

The Advisor warrants that it has delivered to the Client prior to the execution of this Agreement, the Advisor's current Securities and Exchange Commission Form ADV, Part 2A (brochure) and Part 2B (brochure supplement). The Client acknowledges receipt of such brochure and brochure supplement prior to the execution of this Agreement.

12. MODIFICATION.

This Agreement shall not be changed, modified, terminated or discharged in whole or in part, except by an instrument in writing signed by both parties hereto, or their respective successors or assigns.

13. SUCCESSORS AND ASSIGNS.

The provisions of this Agreement shall be binding on the Advisor and its successors and assigns, provided, however, that the rights and obligations of the Advisor may not be assigned without the consent of the Client.

14. NOTICE.

Written notices required under this Agreement shall be sent by regular mail, certified mail, overnight delivery or courier, and shall be deemed given when received at the parties' respective addresses shown below. Either party must notify the other party in writing of a change in address.

Client's Address

Attn:

Advisor's Address
PFM Asset Management LLC

Attn:

With a Copy to:
PFM Asset Management LLC
Two Logan Square, Suite 1600
18th & Arch Streets
Philadelphia, PA 19103-2770
Attn: Controller

15. APPLICABLE LAW.

This Agreement shall be construed, enforced, and administered according to the laws of the [Commonwealth] [OR] [State] of [State Name]. The Advisor and the Client agree that, should a disagreement arise as to the terms or enforcement of any provision of this Agreement, each party will in good faith attempt to resolve said disagreement prior to filing a lawsuit.

16. APPROVAL; EXECUTION; SEVERABILITY.

(a) This Agreement has been approved by the [governing body] (the "Governing Body") of the Client. The Governing Body hereby authorizes [specify pension board or committee (the "Board")] [OR] [each designated person (a "Designated Person") identified on Annex I hereto], acting on behalf of the Client, to interact with the Advisor regarding the Fund, and the Advisor may rely on any instructions received from such [Board] [OR] [Designated Person]; provided however, that this Agreement may not be amended without the prior approval of the Governing Body. [The Governing Body may designate additional

Designated Persons or remove Designated Persons from time to time by written notice to the Advisor.]

(b) Each party to this Agreement represents and warrants that the person or persons signing this Agreement on behalf of such party is authorized and empowered to sign and deliver this Agreement for such party.

(c) The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their authorized representatives as of the date set forth in the first paragraph of this Agreement.

PFM ASSET MANAGEMENT LLC

By:______________________________
Name: __________________________
Title:____________________________

[CLIENT]

By:______________________________
Name: __________________________
Title:____________________________

[USE ONLY IF CALLED FOR IN SECTION 16]

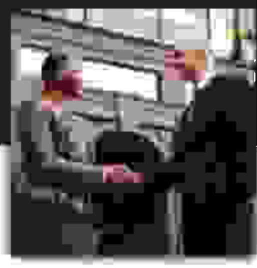
ANNEX I

DESIGNATED PERSONS

The following are Designated Persons pursuant to Section 16 of the foregoing Investment Advisory Agreement, and each such person's signature is set forth below.

Name of Designated Person	Title	Signature

F. PFMAM Multi-Asset Class Performance Composites




PFMAM Multi-Asset Class Composites
March 31, 2015

PFM Asset Management LLC
1 Keystone Plaza, Suite 300
Harrisburg, PA 17101
(717) 232-2723
www.pfm.com

PFM Asset Management LLC
PFMAM Multi-Asset Class 75:25 Composite
As of March 31, 2015

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2015 YTD	2.54%	2.25%	n/a	2	$3	0.0%	$57,975
2014	5.81%	6.53%	n/a	1	$1	0.0%	$54,889
2013	19.17%	19.16%	n/a	3	$13	0.0%	$51,650
2012	14.17%	13.60%	n/a	2	$9	0.0%	$49,093
2011	1.80%	-1.08%	n/a	2	$8	0.0%	$43,933
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 3/31/15	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	6.70%	7.21%	6.97%	6.48%
2 Year	10.46%	10.58%	7.77%	7.26%
3 Year	10.66%	10.52%	7.93%	7.59%
4 Year	8.60%	8.79%	9.90%	9.49%
5 Year	n/a	n/a	n/a	n/a
6 Year	n/a	n/a	n/a	n/a
7 Year	n/a	n/a	n/a	n/a
8 Year	n/a	n/a	n/a	n/a
9 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2014	12.90%	12.97%	7.84%	7.66%
2013	10.13%	10.21%	10.43%	10.12%
2012	n/a	n/a	n/a	n/a
2011	n/a	n/a	n/a	n/a
2010	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 75:25 Composite
As of March 31, 2015

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2015	2.54%	2.25%
12/31/2014	1.97%	1.97%
9/30/2014	1.76%	1.32%
6/30/2014	3.87%	4.21%
3/31/2014	1.69%	1.60%
12/31/2013	6.31%	6.10%
9/30/2013	5.92%	5.87%
6/30/2013	-0.12%	-0.07%
3/31/2013	5.95%	6.16%
12/31/2012	2.00%	1.68%
9/30/2012	5.44%	5.36%
6/30/2012	-2.54%	-2.94%
3/31/2012	8.92%	9.24%
12/31/2011	7.37%	7.21%
9/30/2011	-12.71%	-11.96%
6/30/2011	0.56%	0.68%
3/31/2011	4.20%	4.10%
12/31/2010	n/a	n/a
9/30/2010	n/a	n/a
6/30/2010	n/a	n/a

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2010	n/a	n/a
12/31/2009	n/a	n/a
9/30/2009	n/a	n/a
6/30/2009	n/a	n/a
3/31/2009	n/a	n/a
12/31/2008	n/a	n/a
9/30/2008	n/a	n/a
6/30/2008	n/a	n/a
3/31/2008	n/a	n/a
12/31/2007	n/a	n/a
9/30/2007	n/a	n/a
6/30/2007	n/a	n/a
3/31/2007	n/a	n/a
12/31/2006	n/a	n/a
9/30/2006	n/a	n/a
6/30/2006	n/a	n/a
3/31/2006	n/a	n/a
12/31/2005	n/a	n/a
9/30/2005	n/a	n/a
6/30/2005	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 75:25 Composite
As of March 31, 2015

Important Disclosures

PFM Asset Management LLC (PFMAM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PFMAM has not been independently verified.

Firm Definition: For the purposes of complying with the GIPS standards, the firm is defined as PFMAM. PFMAM is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. PFMAM was created in 2001; prior to 2001, PFMAM's investment advisory business was operated as part of Public Financial Management, Inc. utilizing the same personnel and investment process. Firm performance includes accounts managed by PFMAM, but which may have been previously managed by Public Financial Management, Inc. PFMAM manages short-term pools and money market funds, investment-grade fixed-income portfolios, and multi-asset class portfolios under a variety of individual client mandates.

Composite Description: The *PFMAM Multi-Asset Class 75:25 Composite* includes all institutional multi-asset class portfolios diversified among equity, fixed income and alternative investments with a target allocation of roughly 75% equity and 25% fixed income. The portfolios are managed in a fund-of-fund approach. The portfolios do not use leverage, complex derivatives, or short positions. Individual portfolios may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date and inception date is January 2011. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

Benchmark Description: Composite performance is compared to a blended benchmark consisting of 49% Russell 3000 Index, 26% MSCI ACWI ex US (net) Index and 25% Barclays Aggregate Index. In January 2012, the blended benchmark was changed from 75% S&P 500 Index and 25% Barclays Aggregate Index in order to better reflect the global allocation of the underlying portfolios. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

Risk Disclosure: Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

PFM Asset Management LLC
PFMAM Multi-Asset Class 70:30 Composite
As of March 31, 2015

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2015 YTD	2.45%	2.22%	n/a	10	$58	0.1%	$57,975
2014	6.62%	6.55%	0.49%	10	$56	0.1%	$54,889
2013	17.77%	17.69%	0.13%	10	$45	0.1%	$51,650
2012	13.72%	12.98%	n/a	6	$15	0.0%	$49,093
2011	-0.47%	-0.41%	n/a	1	$1	0.0%	$43,933
2010	13.35%	12.93%	n/a	2	$87	0.2%	$42,686
2009	26.85%	24.72%	n/a	2	$57	0.1%	$39,273
2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 3/31/15	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	7.37%	7.16%	6.44%	6.06%
2 Year	10.34%	10.09%	7.27%	6.82%
3 Year	10.51%	10.06%	7.27%	7.08%
4 Year	8.80%	8.55%	9.08%	8.84%
5 Year	9.74%	9.44%	9.76%	9.63%
6 Year	14.76%	13.99%	10.60%	10.16%
7 Year	n/a	n/a	n/a	n/a
8 Year	n/a	n/a	n/a	n/a
9 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2014	12.60%	12.30%	7.22%	7.17%
2013	10.05%	9.80%	9.56%	9.42%
2012	8.65%	8.30%	11.51%	11.48%
2011	12.69%	11.94%	14.85%	14.32%
2010	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 70:30 Composite
As of March 31, 2015

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2015	2 45%	2.22%
12/31/2014	2.24%	1.98%
9/30/2014	-1.27%	-1 21%
6/30/2014	3 81%	4 06%
3/31/2014	1.74%	1.63%
12/31/2013	5.95%	5 69%
9/30/2013	5.56%	5 51%
6/30/2013	-0.34%	-0 21%
3/31/2013	5 66%	5 76%
12/31/2012	1 84%	1.57%
9/30/2012	5 28%	5 11%
6/30/2012	-2 15%	-2 58%
3/31/2012	8 40%	8 63%
12/31/2011	6 88%	6.84%
9/30/2011	11 53%	-10.95%
6/30/2011	1.30%	0 79%
3/31/2011	3 90%	3 86%
12/31/2010	6.95%	6 63%
9/30/2010	9 77%	10 08%
6/30/2010	-6.87%	-7 24%

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2010	3 67%	3.72%
12/31/2009	3 75%	3 69%
9/30/2009	14.78%	13.24%
6/30/2009	16 28%	14 74%
3/31/2009	-8 39%	-7.42%
12/31/2008	n/a	n/a
9/30/2008	n/a	n/a
6/30/2008	n/a	n/a
3/31/2008	n/a	n/a
12/31/2007	n/a	n/a
9/30/2007	n/a	n/a
6/30/2007	n/a	n/a
3/31/2007	n/a	n/a
12/31/2006	n/a	n/a
9/30/2006	n/a	n/a
6/30/2006	n/a	n/a
3/31/2006	n/a	n/a
12/31/2005	n/a	n/a
9/30/2005	n/a	n/a
6/30/2005	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 70:30 Composite
As of March 31, 2015

Important Disclosures

PFM Asset Management LLC (PFMAM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PFMAM has not been independently verified.

Firm Definition: For the purposes of complying with the GIPS standards, the firm is defined as PFMAM. PFMAM is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. PFMAM was created in 2001; prior to 2001, PFMAM's investment advisory business was operated as part of Public Financial Management, Inc. utilizing the same personnel and investment process. Firm performance includes accounts managed by PFMAM, but which may have been previously managed by Public Financial Management, Inc. PFMAM manages short-term pools and money market funds, investment-grade fixed-income portfolios, and multi-asset class portfolios under a variety of individual client mandates.

Composite Description: The *PFMAM Multi-Asset Class 70:30 Composite* includes all institutional multi-asset class portfolios diversified among equity, fixed income and alternative investments with a target allocation of roughly 70% equity and 30% fixed income. The portfolios are managed in a fund-of-fund approach. The portfolios do not use leverage, complex derivatives, or short positions. Individual portfolios may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date and inception date is January 2009. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

Benchmark Description: Composite performance is compared to a blended benchmark consisting of 46% Russell 3000 Index, 24% MSCI ACWI ex US (net) Index and 30% Barclays Aggregate Index. In January 2012, the blended benchmark was changed from 70% S&P 500 Index and 30% Barclays Aggregate Index in order to better reflect the global allocation of the underlying portfolios. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

Risk Disclosure: Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

PFM Asset Management LLC
PFMAM Multi-Asset Class 65:35 Composite
As of March 31, 2015

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2015 YTD	2.41%	2.19%	n/a	26	$570	1.0%	$57,975
2014	5.64%	6.40%	1.70%	23	$503	0.9%	$54,889
2013	16.15%	16.06%	0.97%	19	$279	0.5%	$51,650
2012	13.72%	12.37%	0.48%	20	$226	0.5%	$49,093
2011	-0.95%	0.10%	0.44%	22	$251	0.6%	$43,933
2010	12.99%	12.50%	1.27%	13	$141	0.3%	$42,686
2009	25.40%	23.46%	1.96%	9	$77	0.2%	$39,273
2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 3/31/15	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	6.48%	6.98%	6.07%	5.64%
2 Year	9.24%	9.48%	6.83%	6.40%
3 Year	9.76%	9.50%	6.95%	6.60%
4 Year	8.11%	8.19%	8.72%	8.21%
5 Year	9.03%	9.04%	9.34%	8.94%
6 Year	13.90%	13.31%	10.04%	9.45%
7 Year	6.64%	6.28%	12.46%	12.07%
8 Year	n/a	n/a	n/a	n/a
9 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2014	11.74%	11.53%	6.95%	6.72%
2013	9.36%	9.28%	9.29%	8.76%
2012	8.36%	8.16%	11.05%	10.61%
2011	11.96%	11.61%	13.91%	13.33%
2010	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 65:35 Composite
As of March 31, 2015

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2015	2.41%	2 19%
12/31/2014	1.98%	1.90%
9/30/2014	-1 33%	1 15%
6/30/2014	3.32%	3.92%
3/31/2014	1 61%	1.64%
12/31/2013	5.29%	5.23%
9/30/2013	5.42%	5.18%
6/30/2013	-0 62%	-0.40%
3/31/2013	5 30%	5 28%
12/31/2012	1.98%	1.51%
9/30/2012	5 37%	4 86%
6/30/2012	-2.08%	-2 27%
3/31/2012	8.08%	8 01%
12/31/2011	6 56%	6 38%
9/30/2011	11 09%	-9 97%
6/30/2011	0 92%	0 90%
3/31/2011	3 59%	3 59%
12/31/2010	6 35%	6 02%
9/30/2010	9.35%	9.58%
6/30/2010	-6 39%	-6 50%

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2010	3.79%	3 56%
12/31/2009	3 84%	3.43%
9/30/2009	14 19%	12 57%
6/30/2009	15 17%	13 87%
3/31/2009	-8 18%	-6.87%
12/31/2008	-13 38%	-13 52%
9/30/2008	-8.05%	-9 06%
6/30/2008	-1 80%	-1.20%
3/31/2008	n/a	n/a
12/31/2007	n/a	n/a
9/30/2007	n/a	n/a
6/30/2007	n/a	n/a
3/31/2007	n/a	n/a
12/31/2006	n/a	n/a
9/30/2006	n/a	n/a
6/30/2006	n/a	n/a
3/31/2006	n/a	n/a
12/31/2005	n/a	n/a
9/30/2005	n/a	n/a
6/30/2005	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 65:35 Composite
As of March 31, 2015

Important Disclosures

PFM Asset Management LLC (PFMAM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PFMAM has not been independently verified.

Firm Definition: For the purposes of complying with the GIPS standards, the firm is defined as PFMAM. PFMAM is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. PFMAM was created in 2001; prior to 2001, PFMAM's investment advisory business was operated as part of Public Financial Management, Inc. utilizing the same personnel and investment process. Firm performance includes accounts managed by PFMAM, but which may have been previously managed by Public Financial Management, Inc. PFMAM manages short-term pools and money market funds, investment-grade fixed-income portfolios, and multi-asset class portfolios under a variety of individual client mandates.

Composite Description: The *PFMAM Multi-Asset Class 65:35 Composite* includes all institutional multi-asset class portfolios diversified among equity, fixed income and alternative investments with a target allocation of roughly 65% equity and 35% fixed income. The portfolios are managed in a fund-of-fund approach. The portfolios do not use leverage, complex derivatives, or short positions. Individual portfolios may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date and inception date is April 2008. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

Benchmark Description: Composite performance is compared to a blended benchmark consisting of 42% Russell 3000 Index, 23% MSCI ACWI ex US (net) Index and 35% Barclays Aggregate Index. In January 2012, the blended benchmark was changed from 65% S&P 500 Index and 35% Barclays Aggregate Index in order to better reflect the global allocation of the underlying portfolios. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

Risk Disclosure: Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

PFM Asset Management LLC
PFMAM Multi-Asset Class 60:40 Composite
As of March 31, 2015

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2015 YTD	2.40%	2.15%	n/a	73	$1,046	1.8%	$57,975
2014	5.88%	6.42%	0.42%	55	$985	1.8%	$54,889
2013	15.19%	14.61%	0.23%	48	$820	1.6%	$51,650
2012	13.38%	11.75%	0.44%	43	$487	1.0%	$49,093
2011	-0.59%	0.76%	0.21%	44	$368	0.8%	$43,933
2010	12.71%	12.12%	0.09%	36	$296	0.7%	$42,686
2009	25.88%	22.07%	0.38%	23	$158	0.4%	$39,273
2008	-21.48%	-24.30%	0.13%	13	$29	0.1%	$37,052
2007	6.33%	8.40%	0.15%	9	$23	0.1%	$33,568
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 3/31/15	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	6.60%	6.92%	5.68%	5.23%
2 Year	9.05%	8.99%	6.48%	5.98%
3 Year	9.58%	9.03%	6.50%	6.10%
4 Year	8.02%	7.93%	8.15%	7.57%
5 Year	8.88%	8.74%	8.69%	8.22%
6 Year	13.52%	12.70%	9.43%	8.71%
7 Year	7.09%	6.23%	11.56%	11.20%
8 Year	6.26%	5.59%	11.03%	10.75%
9 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2014	11.40%	10.86%	6.52%	6.24%
2013	9.08%	8.86%	8.63%	8.07%
2012	8.29%	8.07%	10.21%	9.72%
2011	12.14%	11.31%	13.01%	12.31%
2010	3.66%	1.19%	15.16%	14.99%
2009	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 60:40 Composite
As of March 31, 2015

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2015	2.40%	2.15%
12/31/2014	1.88%	1.92%
9/30/2014	-1.31%	-1.03%
6/30/2014	3.54%	3.77%
3/31/2014	1.71%	1.67%
12/31/2013	5.20%	4.82%
9/30/2013	4.90%	4.82%
6/30/2013	-0.62%	-0.54%
3/31/2013	5.03%	4.88%
12/31/2012	1.91%	1.40%
9/30/2012	5.14%	4.60%
6/30/2012	-1.67%	-1.92%
3/31/2012	7.62%	7.41%
12/31/2011	6.19%	6.00%
9/30/2011	-10.23%	-8.95%
6/30/2011	0.87%	1.01%
3/31/2011	3.38%	3.35%
12/31/2010	5.92%	5.46%
9/30/2010	8.86%	9.03%
6/30/2010	-5.71%	-5.74%

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2010	3.67%	3.45%
12/31/2009	3.53%	3.19%
9/30/2009	13.65%	11.86%
6/30/2009	14.72%	12.89%
3/31/2009	-6.74%	-6.32%
12/31/2008	11.79%	-12.19%
9/30/2008	-6.92%	-8.37%
6/30/2008	-1.49%	-1.17%
3/31/2008	-2.93%	-4.79%
12/31/2007	-1.36%	-0.21%
9/30/2007	1.46%	2.76%
6/30/2007	3.61%	3.74%
3/31/2007	2.54%	1.90%
12/31/2006	5.53%	5.57%
9/30/2006	3.33%	4.15%
6/30/2006	n/a	n/a
3/31/2006	n/a	n/a
12/31/2005	n/a	n/a
9/30/2005	n/a	n/a
6/30/2005	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 60:40 Composite
As of March 31, 2015

Important Disclosures

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Composite Description: The *PFMAM Multi-Asset Class 60:40 Composite* includes all institutional multi-asset class portfolios diversified among equity, fixed income and alternative investments with a target allocation of roughly 60% equity and 40% fixed income. The portfolios are managed in a fund-of-fund approach. The portfolios do not use leverage, complex derivatives, or short positions. Individual portfolios may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date and inception date is July 2006. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

Benchmark Description: Composite performance is compared to a blended benchmark consisting of 39% Russell 3000 Index, 21% MSCI ACWI ex US (net) Index and 40% Barclays Aggregate Index. In January 2012, the blended benchmark was changed from 60% S&P 500 Index and 40% Barclays Aggregate Index in order to better reflect the global allocation of the underlying portfolios. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

Risk Disclosure: Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

PFM Asset Management LLC
PFMAM Multi-Asset Class 60:40 Index-Oriented Composite
As of March 31, 2015

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2015 YTD	2.39%	2.15%	n/a	1	$905	1 6%	$57,975
2014	7.15%	6.42%	n/a	1	$859	1.6%	$54,889
2013	14.55%	14.61%	n/a	1	$708	1 4%	$51,650
2012	11 92%	11.75%	n/a	2	$552	1.1%	$49,093
2011	1.15%	0.76%	n/a	2	$399	0.9%	$43,933
2010	10.95%	12 12%	n/a	2	$295	0.7%	$42,686
2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 3/31/15	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	7.55%	6 92%	5 39%	5.23%
2 Year	9.39%	8.99%	6.37%	5 98%
3 Year	9.38%	9.03%	6.34%	6 10%
4 Year	8.29%	7.93%	7.73%	7.57%
5 Year	8.83%	8 74%	8.22%	8.22%
6 Year	n/a	n/a	n/a	n/a
7 Year	n/a	n/a	n/a	n/a
8 Year	n/a	n/a	n/a	n/a
9 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2014	11.15%	10.86%	6.47%	6.24%
2013	9.04%	8.86%	8.20%	8.07%
2012	7 89%	8.07%	9.54%	9.72%
2011	n/a	n/a	n/a	n/a
2010	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 60:40 Index-Oriented Composite
As of March 31, 2015

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees) PFMAM Composite	Total Return (Gross of Fees) Blended Index Return	Quarter Ended	Total Return (Gross of Fees) PFMAM Composite	Total Return (Gross of Fees) Blended Index Return
3/31/2015	2.39%	2.15%	3/31/2010	3.39%	3.45%
12/31/2014	2.40%	1.92%	12/31/2009	2.77%	3.19%
9/30/2014	-1.30%	1.03%	9/30/2009	n/a	n/a
6/30/2014	3.93%	3.77%	6/30/2009	n/a	n/a
3/31/2014	2.00%	1.67%	3/31/2009	n/a	n/a
12/31/2013	4.85%	4.82%	12/31/2008	n/a	n/a
9/30/2013	4.63%	4.82%	9/30/2008	n/a	n/a
6/30/2013	-0.58%	-0.54%	6/30/2008	n/a	n/a
3/31/2013	5.03%	4.88%	3/31/2008	n/a	n/a
12/31/2012	1.52%	1.40%	12/31/2007	n/a	n/a
9/30/2012	4.22%	4.60%	9/30/2007	n/a	n/a
6/30/2012	-1.59%	1.92%	6/30/2007	n/a	n/a
3/31/2012	7.49%	7.41%	3/31/2007	n/a	n/a
12/31/2011	6.06%	6.00%	12/31/2006	n/a	n/a
9/30/2011	-9.04%	-8.95%	9/30/2006	n/a	n/a
6/30/2011	1.39%	1.01%	6/30/2006	n/a	n/a
3/31/2011	3.43%	3.35%	3/31/2006	n/a	n/a
12/31/2010	5.13%	5.46%	12/31/2005	n/a	n/a
9/30/2010	8.32%	9.03%	9/30/2005	n/a	n/a
6/30/2010	-5.76%	-5.74%	6/30/2005	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 60:40 Index-Oriented Composite
As of March 31, 2015

Important Disclosures

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Composite Description: The *PFMAM Multi-Asset Class 60:40 Index-Oriented Composite* includes all institutional multi-asset class portfolios diversified among equity, fixed income and alternative investments with an emphasis on passive management and a target allocation of roughly 60% equity and 40% fixed income. Beginning December 2013, the fixed income allocation was expanded to allow for actively-managed funds and the name was changed from PFMAM Multi-Asset Class 60:40 Index Funds Composite to its current name to better reflect the current investment strategy. The portfolios are managed in a fund-of-fund approach. The portfolios do not use leverage, complex derivatives, or short positions. Individual portfolios may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date and inception date is October 2009. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

Benchmark Description: Composite performance is compared to a blended benchmark consisting of 39% Russell 3000 Index, 21% MSCI ACWI ex US (net) Index and 40% Barclays Aggregate Index. In January 2012, the blended benchmark was changed from 60% S&P 500 Index and 40% Barclays Aggregate Index in order to better reflect the global allocation of the underlying portfolios. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

Risk Disclosure: Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

PFM Asset Management LLC
PFMAM Multi-Asset Class 60:40 SRI Composite
As of March 31, 2015

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2015 YTD	2.01%	2 15%	n/a	8	$23	0 0%	$57,975
2014	4 88%	6.42%	0 02%	8	$22	0.0%	$54,889
2013	16 41%	14 61%	n/a	8	$19	0 0%	$51,650
2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 3/31/15	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	5 46%	6 92%	6 15%	5.23%
2 Year	8.58%	8 99%	6.90%	5.98%
3 Year	n/a	n/a	n/a	n/a
4 Year	n/a	n/a	n/a	n/a
5 Year	n/a	n/a	n/a	n/a
6 Year	n/a	n/a	n/a	n/a
7 Year	n/a	n/a	n/a	n/a
8 Year	n/a	n/a	n/a	n/a
9 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2014	n/a	n/a	n/a	n/a
2013	n/a	n/a	n/a	n/a
2012	n/a	n/a	n/a	n/a
2011	n/a	n/a	n/a	n/a
2010	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 60:40 SRI Composite
As of March 31, 2015

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2015	2.01%	2.15%
12/31/2014	1.87%	1.92%
9/30/2014	-2.17%	-1.03%
6/30/2014	3.73%	3.77%
3/31/2014	1.45%	1.67%
12/31/2013	5.53%	4.82%
9/30/2013	5.58%	4.82%
6/30/2013	1.09%	-0.54%
3/31/2013	5.64%	4.88%
12/31/2012	n/a	n/a
9/30/2012	n/a	n/a
6/30/2012	n/a	n/a
3/31/2012	n/a	n/a
12/31/2011	n/a	n/a
9/30/2011	n/a	n/a
6/30/2011	n/a	n/a
3/31/2011	n/a	n/a
12/31/2010	n/a	n/a
9/30/2010	n/a	n/a
6/30/2010	n/a	n/a

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2010	n/a	n/a
12/31/2009	n/a	n/a
9/30/2009	n/a	n/a
6/30/2009	n/a	n/a
3/31/2009	n/a	n/a
12/31/2008	n/a	n/a
9/30/2008	n/a	n/a
6/30/2008	n/a	n/a
3/31/2008	n/a	n/a
12/31/2007	n/a	n/a
9/30/2007	n/a	n/a
6/30/2007	n/a	n/a
3/31/2007	n/a	n/a
12/31/2006	n/a	n/a
9/30/2006	n/a	n/a
6/30/2006	n/a	n/a
3/31/2006	n/a	n/a
12/31/2005	n/a	n/a
9/30/2005	n/a	n/a
6/30/2005	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 60:40 SRI Composite
As of March 31, 2015

Important Disclosures

PFM Asset Management LLC (PFMAM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PFMAM has not been independently verified.

Firm Definition: For the purposes of complying with the GIPS standards, the firm is defined as PFMAM. PFMAM is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. PFMAM was created in 2001; prior to 2001, PFMAM's investment advisory business was operated as part of Public Financial Management, Inc. utilizing the same personnel and investment process. Firm performance includes accounts managed by PFMAM, but which may have been previously managed by Public Financial Management, Inc. PFMAM manages short-term pools and money market funds, investment-grade fixed-income portfolios, and multi-asset class portfolios under a variety of individual client mandates.

Composite Description: The *PFMAM Multi-Asset Class 60:40 SRI Composite* includes all institutional multi-asset class portfolios diversified among equity, fixed income and alternative investments with a target allocation of roughly 60% equity and 40% fixed income. Investments must adhere to the stated socially responsible investing ("SRI") criteria outlined in the clients' investment policies. The portfolios are managed in a fund-of-fund approach. The portfolios do not use leverage, complex derivatives, or short positions. Individual portfolios may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date and inception date is January 2013. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

Benchmark Description: Composite performance is compared to a blended benchmark consisting of 39% Russell 3000 Index, 21% MSCI ACWI ex US (net) Index and 40% Barclays Aggregate Index. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

Risk Disclosure: Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

PFM Asset Management LLC
PFMAM Multi-Asset Class 55:45 Composite
As of March 31, 2015

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2015 YTD	2.29%	2.11%	n/a	10	$95	0.2%	$57,975
2014	5.94%	6.43%	0.35%	11	$120	0.2%	$54,889
2013	13.97%	13.18%	0.33%	10	$97	0.2%	$51,650
2012	13.07%	11.12%	1.49%	9	$34	0.1%	$49,093
2011	0.27%	1.42%	1.40%	9	$35	0.1%	$43,933
2010	12.42%	11.73%	n/a	3	$22	0.1%	$42,686
2009	24.67%	20.68%	n/a	3	$16	0.0%	$39,273
2008	-19.94%	-22.08%	n/a	2	$3	0.0%	$37,052
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 3/31/15	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	6.55%	6.87%	5.48%	4.84%
2 Year	8.62%	8.51%	6.22%	5.56%
3 Year	9.21%	8.57%	6.15%	5.62%
4 Year	7.89%	7.67%	7.62%	6.93%
5 Year	8.71%	8.43%	8.07%	7.51%
6 Year	13.14%	12.09%	8.78%	7.97%
7 Year	7.04%	6.17%	10.85%	10.33%
8 Year	n/a	n/a	n/a	n/a
9 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2014	10.92%	10.20%	6.17%	5.76%
2013	8.91%	8.44%	8.04%	7.39%
2012	8.41%	7.98%	9.38%	8.83%
2011	12.01%	11.00%	12.14%	11.30%
2010	3.91%	1.66%	14.23%	13.85%
2009	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 55:45 Composite
As of March 31, 2015

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2015	2.29%	2.11%
12/31/2014	1.94%	1.93%
9/30/2014	-1.20%	-0.92%
6/30/2014	3.42%	3.63%
3/31/2014	1.70%	1.69%
12/31/2013	4.88%	4.42%
9/30/2013	4.73%	4.45%
6/30/2013	-0.87%	-0.67%
3/31/2013	4.67%	4.48%
12/31/2012	1.80%	1.29%
9/30/2012	4.98%	4.35%
6/30/2012	-1.32%	1.57%
3/31/2012	7.21%	6.81%
12/31/2011	5.75%	5.63%
9/30/2011	-9.15%	-7.91%
6/30/2011	1.01%	1.11%
3/31/2011	3.32%	3.12%
12/31/2010	5.34%	4.90%
9/30/2010	8.38%	8.48%
6/30/2010	-4.99%	-4.99%

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2010	3.63%	3.33%
12/31/2009	3.48%	2.94%
9/30/2009	12.96%	11.17%
6/30/2009	14.02%	11.92%
3/31/2009	-6.47%	-5.77%
12/31/2008	-10.65%	-10.84%
9/30/2008	-6.51%	-7.69%
6/30/2008	1.73%	1.15%
3/31/2008	-2.47%	-4.22%
12/31/2007	-0.96%	0.05%
9/30/2007	n/a	n/a
6/30/2007	n/a	n/a
3/31/2007	n/a	n/a
12/31/2006	n/a	n/a
9/30/2006	n/a	n/a
6/30/2006	n/a	n/a
3/31/2006	n/a	n/a
12/31/2005	n/a	n/a
9/30/2005	n/a	n/a
6/30/2005	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 55:45 Composite
As of March 31, 2015

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Composite Description: The *PFMAM Multi-Asset Class 55:45 Composite* includes all institutional multi-asset class portfolios diversified among equity, fixed income and alternative investments with a target allocation of roughly 55% equity and 45% fixed income. The portfolios are managed in a fund-of-fund approach. The portfolios do not use leverage, complex derivatives, or short positions. Individual portfolios may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date and inception date is October 2007. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

Benchmark Description: Composite performance is compared to a blended benchmark consisting of 36% Russell 3000 Index, 19% MSCI ACWI ex US (net) Index and 45% Barclays Aggregate Index. In January 2012, the blended benchmark was changed from 55% S&P 500 Index and 45% Barclays Aggregate Index in order to better reflect the global allocation of the underlying portfolios. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

Risk Disclosure: Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

PFM Asset Management LLC
PFMAM Multi-Asset Class 50:50 Composite
As of March 31, 2015

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2015 YTD	2.22%	2.07%	n/a	27	$209	0.4%	$57,975
2014	6.04%	6.44%	0.34%	26	$201	0.4%	$54,889
2013	12.87%	11.77%	0.33%	21	$156	0.3%	$51,650
2012	13.15%	10.50%	1.24%	17	$159	0.3%	$49,093
2011	0.45%	2.07%	0.55%	16	$121	0.3%	$43,933
2010	12.14%	11.32%	0.74%	12	$49	0.1%	$42,686
2009	23.69%	19.30%	0.40%	9	$32	0.1%	$39,273
2008	-17.10%	-19.82%	n/a	1	$1	0.0%	$37,052
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 3/31/15	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	6.55%	6.81%	4.97%	4.46%
2 Year	8.24%	8.02%	5.81%	5.16%
3 Year	9.06%	8.10%	5.74%	5.14%
4 Year	7.78%	7.41%	7.10%	6.30%
5 Year	8.53%	8.11%	7.48%	6.81%
6 Year	12.62%	11.47%	8.12%	7.24%
7 Year	7.24%	6.10%	9.95%	9.47%
8 Year	n/a	n/a	n/a	n/a
9 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2014	10.63%	9.54%	5.80%	5.30%
2013	8.65%	8.02%	7.54%	6.71%
2012	8.42%	7.87%	8.67%	7.95%
2011	11.69%	10.67%	11.18%	10.29%
2010	4.76%	2.11%	12.97%	12.73%
2009	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 50:50 Composite
As of March 31, 2015

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2015	2.22%	2.07%
12/31/2014	1.89%	1.94%
9/30/2014	-1.04%	-0.80%
6/30/2014	3.37%	3.48%
3/31/2014	1.73%	1.72%
12/31/2013	4.50%	4.01%
9/30/2013	4.52%	4.09%
6/30/2013	-1.04%	-0.81%
3/31/2013	4.43%	4.07%
12/31/2012	1.93%	1.18%
9/30/2012	5.05%	4.09%
6/30/2012	1.00%	-1.22%
3/31/2012	6.73%	6.21%
12/31/2011	5.45%	5.25%
9/30/2011	-8.54%	-6.87%
6/30/2011	1.10%	1.22%
3/31/2011	3.01%	2.88%
12/31/2010	4.95%	4.35%
9/30/2010	7.84%	7.93%
6/30/2010	-4.31%	-4.23%

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2010	3.55%	3.21%
12/31/2009	3.30%	2.70%
9/30/2009	12.24%	10.47%
6/30/2009	12.87%	10.95%
3/31/2009	-5.48%	-5.23%
12/31/2008	-8.87%	-9.49%
9/30/2008	-5.84%	-7.01%
6/30/2008	-1.41%	1.13%
3/31/2008	-2.00%	-3.65%
12/31/2007	-0.53%	0.31%
9/30/2007	n/a	n/a
6/30/2007	n/a	n/a
3/31/2007	n/a	n/a
12/31/2006	n/a	n/a
9/30/2006	n/a	n/a
6/30/2006	n/a	n/a
3/31/2006	n/a	n/a
12/31/2005	n/a	n/a
9/30/2005	n/a	n/a
6/30/2005	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 50:50 Composite
As of March 31, 2015

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Composite Description: The *PFMAM Multi-Asset Class 50:50 Composite* includes all institutional multi-asset class portfolios diversified among equity, fixed income and alternative investments with a target allocation of roughly 50% equity and 50% fixed income. The portfolios are managed in a fund-of-fund approach. The portfolios do not use leverage, complex derivatives, or short positions. Individual portfolios may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date and inception date is October 2007. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

Benchmark Description: Composite performance is compared to a blended benchmark consisting of 33% Russell 3000 Index, 17% MSCI ACWI ex US (net) Index and 50% Barclays Aggregate Index. In January 2012, the blended benchmark was changed from 50% S&P 500 Index and 50% Barclays Aggregate Index in order to better reflect the global allocation of the underlying portfolios. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

Risk Disclosure: Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

PFM Asset Management LLC
PFMAM Multi-Asset Class 40:60 Composite
As of March 31, 2015

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2015 YTD	2 14%	2 00%	n/a	4	$19	0.0%	$57,975
2014	5.50%	6 29%	n/a	5	$88	0.2%	$54,889
2013	10.13%	8.82%	n/a	4	$70	0.1%	$51,650
2012	12 58%	9.25%	n/a	4	$59	0 1%	$49,093
2011	0 63%	3.21%	n/a	3	$46	0 1%	$43 933
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 3/31/15	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	5.82%	6 56%	4.26%	3 76%
2 Year	6 99%	6 92%	5.16%	4 44%
3 Year	8 05%	7.07%	4 95%	4 27%
4 Year	6 99%	6.76%	6.04%	5.12%
5 Year	n/a	n/a	n/a	n/a
6 Year	n/a	n/a	n/a	n/a
7 Year	n/a	n/a	n/a	n/a
8 Year	n/a	n/a	n/a	n/a
9 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2014	9 35%	8.11%	5 07%	4.45%
2013	7 65%	7.05%	6 42%	5.44%
2012	n/a	n/a	n/a	n/a
2011	n/a	n/a	n/a	n/a
2010	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 40:60 Composite
As of March 31, 2015

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2015	2.14%	2.00%
12/31/2014	1.50%	1.88%
9/30/2014	-0.98%	-0.63%
6/30/2014	3.08%	3.20%
3/31/2014	1.82%	1.74%
12/31/2013	3.83%	3.15%
9/30/2013	3.78%	3.40%
6/30/2013	1.43%	-1.13%
3/31/2013	3.68%	3.20%
12/31/2012	1.88%	1.01%
9/30/2012	4.68%	3.59%
6/30/2012	-0.33%	-0.56%
3/31/2012	5.90%	5.01%
12/31/2011	4.54%	4.40%
9/30/2011	-6.98%	-4.81%
6/30/2011	0.86%	1.44%
3/31/2011	2.60%	2.37%
12/31/2010	3.92%	3.19%
9/30/2010	n/a	n/a
6/30/2010	n/a	n/a

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2010	n/a	n/a
12/31/2009	n/a	n/a
9/30/2009	n/a	n/a
6/30/2009	n/a	n/a
3/31/2009	n/a	n/a
12/31/2008	n/a	n/a
9/30/2008	n/a	n/a
6/30/2008	n/a	n/a
3/31/2008	n/a	n/a
12/31/2007	n/a	n/a
9/30/2007	n/a	n/a
6/30/2007	n/a	n/a
3/31/2007	n/a	n/a
12/31/2006	n/a	n/a
9/30/2006	n/a	n/a
6/30/2006	n/a	n/a
3/31/2006	n/a	n/a
12/31/2005	n/a	n/a
9/30/2005	n/a	n/a
6/30/2005	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 40:60 Composite
As of March 31, 2015

Important Disclosures

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Firm Definition: For the purposes of complying with the GIPS standards, the firm is defined as PFMAM. PFMAM is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. PFMAM was created in 2001; prior to 2001, PFMAM's investment advisory business was operated as part of Public Financial Management, Inc. utilizing the same personnel and investment process. Firm performance includes accounts managed by PFMAM, but which may have been previously managed by Public Financial Management, Inc. PFMAM manages short-term pools and money market funds, investment-grade fixed-income portfolios, and multi-asset class portfolios under a variety of individual client mandates.

Composite Description: The *PFMAM Multi-Asset Class 40:60 Composite* includes all institutional multi-asset class portfolios diversified among equity, fixed income and alternative investments with a target allocation of roughly 40% equity and 60% fixed income. The portfolios are managed in a fund-of-fund approach. The portfolios do not use leverage, complex derivatives, or short positions. Individual portfolios may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date and inception date is October 2010. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

Benchmark Description: Composite performance is compared to a blended benchmark consisting of 26% Russell 3000 Index, 14% MSCI ACWI ex US (net) Index and 60% Barclays Aggregate Index. In January 2012, the blended benchmark was changed from 40% S&P 500 Index and 60% Barclays Aggregate Index in order to better reflect the global allocation of the underlying portfolios. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

Risk Disclosure: Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

PFM Asset Management LLC
PFMAM Multi-Asset Class 35:65 Composite
As of March 31, 2015

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2015 YTD	2.06%	1.95%	n/a	2	$26	0 0%	$57,975
2014	6 14%	6.30%	n/a	1	$21	0 0%	$54,889
2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 3/31/15	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	6 30%	6.49%	3 79%	3.45%
2 Year	n/a	n/a	n/a	n/a
3 Year	n/a	n/a	n/a	n/a
4 Year	n/a	n/a	n/a	n/a
5 Year	n/a	n/a	n/a	n/a
6 Year	n/a	n/a	n/a	n/a
7 Year	n/a	n/a	n/a	n/a
8 Year	n/a	n/a	n/a	n/a
9 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2014	n/a	n/a	n/a	n/a
2013	n/a	n/a	n/a	n/a
2012	n/a	n/a	n/a	n/a
2011	n/a	n/a	n/a	n/a
2010	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 35:65 Composite
As of March 31, 2015

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2015	2.06%	1.95%
12/31/2014	1.67%	1.89%
9/30/2014	-0.62%	-0.52%
6/30/2014	3.08%	3.05%
3/31/2014	1.90%	1.76%
12/31/2013	n/a	n/a
9/30/2013	n/a	n/a
6/30/2013	n/a	n/a
3/31/2013	n/a	n/a
12/31/2012	n/a	n/a
9/30/2012	n/a	n/a
6/30/2012	n/a	n/a
3/31/2012	n/a	n/a
12/31/2011	n/a	n/a
9/30/2011	n/a	n/a
6/30/2011	n/a	n/a
3/31/2011	n/a	n/a
12/31/2010	n/a	n/a
9/30/2010	n/a	n/a
6/30/2010	n/a	n/a

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2010	n/a	n/a
12/31/2009	n/a	n/a
9/30/2009	n/a	n/a
6/30/2009	n/a	n/a
3/31/2009	n/a	n/a
12/31/2008	n/a	n/a
9/30/2008	n/a	n/a
6/30/2008	n/a	n/a
3/31/2008	n/a	n/a
12/31/2007	n/a	n/a
9/30/2007	n/a	n/a
6/30/2007	n/a	n/a
3/31/2007	n/a	n/a
12/31/2006	n/a	n/a
9/30/2006	n/a	n/a
6/30/2006	n/a	n/a
3/31/2006	n/a	n/a
12/31/2005	n/a	n/a
9/30/2005	n/a	n/a
6/30/2005	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 35:65 Composite
As of March 31, 2015

Important Disclosures

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Composite Description: The *PFMAM Multi-Asset Class 35:65 Composite* includes all institutional multi-asset class portfolios diversified among equity, fixed income and alternative investments with a target allocation of roughly 35% equity and 65% fixed income. The portfolios are managed in a fund-of-fund approach. The portfolios do not use leverage, complex derivatives, or short positions. Individual portfolios may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date and inception date is January 2014. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

Benchmark Description: Composite performance is compared to a blended benchmark consisting of 23% Russell 3000 Index, 12% MSCI ACWI ex US (net) Index and 65% Barclays Aggregate Index. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

Risk Disclosure: Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

PFM Asset Management LLC
PFMAM Multi-Asset Class 30:70 Composite
As of March 31, 2015

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2015 YTD	2.00%	1.90%	n/a	11	$142	0.2%	$57,975
2014	5.75%	6.30%	0.49%	11	$138	0.3%	$54,889
2013	7.05%	6.10%	0.17%	12	$131	0.3%	$51,650
2012	11.86%	7.99%	0.42%	10	$50	0.1%	$49,093
2011	2.06%	4.48%	0.32%	11	$42	0.1%	$43,933
2010	9.42%	9.54%	0.76%	8	$34	0.1%	$42,686
2009	15.79%	13.90%	n/a	1	$4	0.0%	$39,273
2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 3/31/15	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	6.02%	6.43%	3.41%	3.18%
2 Year	5.88%	5.94%	4.25%	3.81%
3 Year	7.17%	6.13%	4.11%	3.49%
4 Year	6.53%	6.21%	4.95%	4.00%
5 Year	6.95%	6.71%	5.04%	4.19%
6 Year	9.47%	8.91%	5.28%	4.53%
7 Year	n/a	n/a	n/a	n/a
8 Year	n/a	n/a	n/a	n/a
9 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2014	8.18%	6.79%	4.27%	3.65%
2013	6.91%	6.17%	5.32%	4.21%
2012	7.69%	7.31%	5.63%	4.55%
2011	8.95%	9.24%	6.83%	6.41%
2010	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 30:70 Composite
As of March 31, 2015

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees) PFMAM Composite	Total Return (Gross of Fees) Blended Index Return
3/31/2015	2.00%	1.90%
12/31/2014	1.60%	1.90%
9/30/2014	-0.56%	-0.40%
6/30/2014	2.87%	2.91%
3/31/2014	1.75%	1.78%
12/31/2013	3.07%	2.35%
9/30/2013	2.93%	2.67%
6/30/2013	-2.03%	1.40%
3/31/2013	3.00%	2.40%
12/31/2012	1.73%	0.78%
9/30/2012	4.65%	3.08%
6/30/2012	0.12%	0.12%
3/31/2012	4.93%	3.82%
12/31/2011	3.78%	3.63%
9/30/2011	-5.00%	-2.67%
6/30/2011	1.16%	1.65%
3/31/2011	2.32%	1.90%
12/31/2010	2.55%	2.08%
9/30/2010	5.37%	5.76%
6/30/2010	1.74%	-1.17%

Quarter Ended	Total Return (Gross of Fees) PFMAM Composite	Total Return (Gross of Fees) Blended Index Return
3/31/2010	3.06%	2.67%
12/31/2009	2.15%	1.71%
9/30/2009	8.19%	7.74%
6/30/2009	8.00%	7.22%
3/31/2009	-2.98%	-3.06%
12/31/2008	n/a	n/a
9/30/2008	n/a	n/a
6/30/2008	n/a	n/a
3/31/2008	n/a	n/a
12/31/2007	n/a	n/a
9/30/2007	n/a	n/a
6/30/2007	n/a	n/a
3/31/2007	n/a	n/a
12/31/2006	n/a	n/a
9/30/2006	n/a	n/a
6/30/2006	n/a	n/a
3/31/2006	n/a	n/a
12/31/2005	n/a	n/a
9/30/2005	n/a	n/a
6/30/2005	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 30:70 Composite
As of March 31, 2015

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Composite Description: The *PFMAM Multi-Asset Class 30:70 Composite* includes all institutional multi-asset class portfolios diversified among equity, fixed income and alternative investments with a target allocation of roughly 30% equity and 70% fixed income. The portfolios are managed in a fund-of-fund approach. The portfolios do not use leverage, complex derivatives, or short positions. Individual portfolios may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date and inception date is January 2009. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

Benchmark Description: Composite performance is compared to a blended benchmark consisting of 20% Russell 3000 Index, 10% MSCI ACWI ex US (net) Index and 70% Barclays Aggregate Index. In January 2012, the blended benchmark was changed from 30% S&P 500 Index and 70% Barclays Aggregate Index in order to better reflect the global allocation of the underlying portfolios. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

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Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

PFM Asset Management LLC
PFMAM Multi-Asset Class 20:80 Composite
As of March 31, 2015

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2015 YTD	1.85%	1.81%	n/a	1	$1	0.0%	$57,975
2014	5.10%	6.14%	n/a	1	$1	0.0%	$54,889
2013	6.05%	3.28%	n/a	1	$1	0.0%	$51,650
2012	10.95%	6.74%	n/a	1	$9	0.0%	$49,093
2011	2.88%	5.57%	n/a	2	$9	0.0%	$43,933
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 3/31/15	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	5.20%	6.15%	2.87%	2.82%
2 Year	5.33%	4.85%	3.49%	3.38%
3 Year	6.59%	5.09%	3.17%	2.94%
4 Year	6.17%	5.53%	3.74%	3.13%
5 Year	n/a	n/a	n/a	n/a
6 Year	n/a	n/a	n/a	n/a
7 Year	n/a	n/a	n/a	n/a
8 Year	n/a	n/a	n/a	n/a
9 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2014	7.33%	5.37%	3.34%	3.03%
2013	6.57%	5.18%	3.96%	3.22%
2012	n/a	n/a	3.97%	3.06%
2011	n/a	n/a	n/a	n/a
2010	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 20:80 Composite
As of March 31, 2015

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2015	1.85%	1.81%
12/31/2014	1.17%	1.84%
9/30/2014	-0.50%	-0.23%
6/30/2014	2.61%	2.62%
3/31/2014	1.75%	1.80%
12/31/2013	2.38%	1.50%
9/30/2013	2.45%	1.98%
6/30/2013	-1.19%	-1.73%
3/31/2013	2.33%	1.53%
12/31/2012	1.63%	0.61%
9/30/2012	4.14%	2.59%
6/30/2012	0.78%	0.76%
3/31/2012	4.02%	2.64%
12/31/2011	2.81%	2.77%
9/30/2011	-3.09%	-0.55%
6/30/2011	1.27%	1.87%
3/31/2011	1.96%	1.39%
12/31/2010	1.56%	0.94%
9/30/2010	5.17%	4.69%
6/30/2010	n/a	n/a

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2010	3.24%	2.37%
12/31/2009	n/a	n/a
9/30/2009	n/a	n/a
6/30/2009	n/a	n/a
3/31/2009	n/a	n/a
12/31/2008	n/a	n/a
9/30/2008	n/a	n/a
6/30/2008	n/a	n/a
3/31/2008	n/a	n/a
12/31/2007	n/a	n/a
9/30/2007	n/a	n/a
6/30/2007	n/a	n/a
3/31/2007	n/a	n/a
12/31/2006	n/a	n/a
9/30/2006	n/a	n/a
6/30/2006	n/a	n/a
3/31/2006	n/a	n/a
12/31/2005	n/a	n/a
9/30/2005	n/a	n/a
6/30/2005	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 20:80 Composite
As of March 31, 2015

Important Disclosures

PFM Asset Management LLC (PFMAM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards PFMAM has not been independently verified.

Firm Definition: For the purposes of complying with the GIPS standards, the firm is defined as PFMAM. PFMAM is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. PFMAM was created in 2001; prior to 2001, PFMAM's investment advisory business was operated as part of Public Financial Management, Inc. utilizing the same personnel and investment process. Firm performance includes accounts managed by PFMAM, but which may have been previously managed by Public Financial Management, Inc. PFMAM manages short-term pools and money market funds, investment-grade fixed-income portfolios, and multi-asset class portfolios under a variety of individual client mandates.

Composite Description: The *PFMAM Multi-Asset Class 20:80 Composite* includes all institutional multi-asset class portfolios diversified among equity, fixed income and alternative investments with a target allocation of roughly 20% equity and 80% fixed income. The portfolios are managed in a fund-of-fund approach. The portfolios do not use leverage, complex derivatives, or short positions. Individual portfolios may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date and inception date is July 2010. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

Benchmark Description: Composite performance is compared to a blended benchmark consisting of 13% Russell 3000 Index, 7% MSCI ACWI ex US (net) Index and 80% Barclays Aggregate Index. In January 2012, the blended benchmark was changed from 20% S&P 500 Index and 80% Barclays Aggregate Index in order to better reflect the global allocation of the underlying portfolios. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

Risk Disclosure: Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

PFM Asset Management LLC
PFMAM Multi-Asset Class 10:90 Composite
As of March 31, 2015

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2015 YTD	1.71%	1.71%	n/a	1	$0	0.0%	$57,975
2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 3/31/15	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	n/a	n/a	n/a	n/a
2 Year	n/a	n/a	n/a	n/a
3 Year	n/a	n/a	n/a	n/a
4 Year	n/a	n/a	n/a	n/a
5 Year	n/a	n/a	n/a	n/a
6 Year	n/a	n/a	n/a	n/a
7 Year	n/a	n/a	n/a	n/a
8 Year	n/a	n/a	n/a	n/a
9 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2014	n/a	n/a	n/a	n/a
2013	n/a	n/a	n/a	n/a
2012	n/a	n/a	n/a	n/a
2011	n/a	n/a	n/a	n/a
2010	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 10:90 Composite
As of March 31, 2015

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2015	1.71%	1.71%
12/31/2014	n/a	n/a
9/30/2014	n/a	n/a
6/30/2014	n/a	n/a
3/31/2014	n/a	n/a
12/31/2013	n/a	n/a
9/30/2013	n/a	n/a
6/30/2013	n/a	n/a
3/31/2013	n/a	n/a
12/31/2012	n/a	n/a
9/30/2012	n/a	n/a
6/30/2012	n/a	n/a
3/31/2012	n/a	n/a
12/31/2011	n/a	n/a
9/30/2011	n/a	n/a
6/30/2011	n/a	n/a
3/31/2011	n/a	n/a
12/31/2010	n/a	n/a
9/30/2010	n/a	n/a
6/30/2010	n/a	n/a

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2010	n/a	n/a
12/31/2009	n/a	n/a
9/30/2009	n/a	n/a
6/30/2009	n/a	n/a
3/31/2009	n/a	n/a
12/31/2008	n/a	n/a
9/30/2008	n/a	n/a
6/30/2008	n/a	n/a
3/31/2008	n/a	n/a
12/31/2007	n/a	n/a
9/30/2007	n/a	n/a
6/30/2007	n/a	n/a
3/31/2007	n/a	n/a
12/31/2006	n/a	n/a
9/30/2006	n/a	n/a
6/30/2006	n/a	n/a
3/31/2006	n/a	n/a
12/31/2005	n/a	n/a
9/30/2005	n/a	n/a
6/30/2005	n/a	n/a

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PFM Asset Management LLC
PFMAM Multi-Asset Class 10:90 Composite
As of March 31, 2015

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Composite Description: The *PFMAM Multi-Asset Class 10:90 Composite* includes all institutional multi-asset class portfolios diversified among equity, fixed income and alternative investments with a target allocation of roughly 10% equity and 90% fixed income. The portfolios are managed in a fund-of-fund approach. The portfolios do not use leverage, complex derivatives, or short positions. Individual portfolios may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date and inception date is January 2015. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

Benchmark Description: Composite performance is compared to a blended benchmark consisting of 7% Russell 3000 Index, 3% MSCI ACWI ex US (net) Index and 90% Barclays Aggregate Index. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

Risk Disclosure: Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

PFM Asset Management LLC
PFMAM Multi-Asset Class Fixed Income Composite
As of March 31, 2015

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2015 YTD	1.60%	1.61%	n/a	4	$17	0 0%	$57,975
2014	5.33%	5.97%	n/a	4	$17	0 0%	$54,889
2013	-0 60%	-2 02%	n/a	1	$6	0 0%	$51,650
2012	10 64%	4 21%	n/a	1	$6	0 0%	$49,093
2011	4.68%	7 84%	n/a	1	$6	0 0%	$43,933
2010	8.30%	6.55%	n/a	1	$6	0 0%	$42,686
2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 3/31/15	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	5.00%	5 72%	2.57%	2.97%
2 Year	2 67%	2.77%	3 55%	3.30%
3 Year	4 82%	3 10%	3 19%	2 90%
4 Year	5 07%	4 23%	3 06%	2.86%
5 Year	5.37%	4 41%	2 97%	2 80%
6 Year	n/a	n/a	n/a	n/a
7 Year	n/a	n/a	n/a	n/a
8 Year	n/a	n/a	n/a	n/a
9 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2014	5.02%	2.66%	3.13%	2.67%
2013	4 80%	3 26%	3 17%	2 75%
2012	7.84%	6.19%	2 52%	2 42%
2011	n/a	n/a	n/a	n/a
2010	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class Fixed Income Composite
As of March 31, 2015

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2015	1.60%	1.61%
12/31/2014	1.12%	1.79%
9/30/2014	0.06%	0.17%
6/30/2014	2.14%	2.04%
3/31/2014	1.92%	1.84%
12/31/2013	0.42%	-0.14%
9/30/2013	1.12%	0.57%
6/30/2013	-3.00%	-2.32%
3/31/2013	0.92%	-0.12%
12/31/2012	1.86%	0.21%
9/30/2012	4.09%	1.58%
6/30/2012	2.11%	2.06%
3/31/2012	2.20%	0.30%
12/31/2011	1.46%	1.12%
9/30/2011	0.50%	3.82%
6/30/2011	1.55%	2.29%
3/31/2011	1.10%	0.42%
12/31/2010	-0.45%	-1.30%
9/30/2010	3.35%	2.49%
6/30/2010	2.46%	3.49%

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2010	2.74%	1.78%
12/31/2009	1.56%	0.20%
9/30/2009	n/a	n/a
6/30/2009	n/a	n/a
3/31/2009	n/a	n/a
12/31/2008	n/a	n/a
9/30/2008	n/a	n/a
6/30/2008	n/a	n/a
3/31/2008	n/a	n/a
12/31/2007	n/a	n/a
9/30/2007	n/a	n/a
6/30/2007	n/a	n/a
3/31/2007	n/a	n/a
12/31/2006	n/a	n/a
9/30/2006	n/a	n/a
6/30/2006	n/a	n/a
3/31/2006	n/a	n/a
12/31/2005	n/a	n/a
9/30/2005	n/a	n/a
6/30/2005	n/a	n/a

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PFM Asset Management LLC
PFMAM Multi-Asset Class Fixed Income Composite
As of March 31, 2015

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Composite Description: The *PFMAM Multi-Asset Class Fixed Income Composite* includes all institutional portfolios diversified among various fixed income investments with a target allocation of 100% fixed income. The portfolios are managed in a fund-of-fund approach. The portfolios do not use leverage, complex derivatives, or short positions. Individual portfolios may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date and inception date is October 2009. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios.

Benchmark Description: Composite performance is compared to the Barclays Aggregate Index. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

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Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

Terminated or Inactive Composites

PFM Asset Management LLC
PFMAM Philadelphia Opportunity Fund Composite
As of September 30, 2013

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2013 YTD	15.21%	14.16%	n/a	1	$184	0.4%	$49,164
2012	15.24%	11.28%	n/a	1	$159	0.3%	$49,093
2011	1.60%	-0.13%	n/a	1	$128	0.3%	$43,933
2010	15.43%	15.17%	n/a	1	$132	0.3%	$42,686
2009	29.76%	23.93%	n/a	1	$114	0.3%	$39,273
2008	-28.68%	-30.07%	n/a	1	$101	0.3%	$37,052
2007	5.88%	5.60%	n/a	1	$142	0.4%	$33,568
2006	15.74%	13.39%	n/a	1	$134	0.5%	$27,509
2005	7.02%	5.44%	n/a	1	$77	0.3%	$24,123
2004	10.90%	10.45%	n/a	1	$72	0.3%	$28,661
2003	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 9/30/13	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	16.83%	15.70%	8.62%	7.32%
2 Year	19.42%	17.20%	9.19%	8.72%
3 Year	12.64%	11.38%	11.62%	10.62%
4 Year	12.16%	11.23%	12.60%	11.86%
5 Year	10.27%	8.31%	13.33%	13.34%
6 Year	5.29%	3.65%	15.03%	15.06%
7 Year	6.62%	5.10%	14.18%	14.21%
8 Year	7.10%	5.57%	13.43%	13.41%
9 Year	7.89%	6.28%	12.89%	12.83%
10 Year	8.36%	6.85%	12.43%	12.33%

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2012	9.38%	8.57%	13.46%	13.01%
2011	13.80%	12.55%	15.36%	15.80%
2010	2.22%	-0.06%	17.71%	18.54%
2009	-0.68%	-2.91%	15.93%	16.76%
2008	-4.39%	-5.74%	13.10%	12.99%
2007	9.46%	8.08%	7.39%	6.52%
2006	11.15%	9.70%	7.18%	6.14%
2005	14.62%	13.43%	8.47%	7.71%
2004	6.79%	5.32%	11.18%	11.76%
2003	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Philadelphia Opportunity Fund Composite
As of September 30, 2013

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
9/30/2013	6.49%	5.94%
6/30/2013	0.41%	0.52%
3/31/2013	7.74%	7.20%
12/31/2012	1.41%	1.35%
9/30/2012	6.28%	5.53%
6/30/2012	-3.07%	-5.34%
3/31/2012	10.31%	9.91%
12/31/2011	7.47%	8.18%
9/30/2011	-13.93%	-12.41%
6/30/2011	0.50%	0.22%
3/31/2011	5.84%	5.18%
12/31/2010	9.45%	8.95%
9/30/2010	9.26%	9.78%
6/30/2010	-8.37%	-8.44%
3/31/2010	5.35%	5.16%
12/31/2009	5.00%	4.77%
9/30/2009	14.58%	13.72%
6/30/2009	14.27%	13.74%
3/31/2009	-5.61%	-8.55%
12/31/2008	-16.65%	-17.66%

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
9/30/2008	-7.12%	-7.08%
6/30/2008	1.17%	1.47%
3/31/2008	-6.79%	-7.24%
12/31/2007	-2.34%	-2.07%
9/30/2007	0.48%	1.83%
6/30/2007	5.54%	4.51%
3/31/2007	2.23%	1.33%
12/31/2006	6.08%	5.93%
9/30/2006	3.81%	4.48%
6/30/2006	-1.96%	1.59%
3/31/2006	7.20%	4.11%
12/31/2005	1.24%	1.76%
9/30/2005	3.81%	3.08%
6/30/2005	3.24%	2.41%
3/31/2005	-1.36%	-1.85%
12/31/2004	8.25%	8.28%
9/30/2004	1.22%	-0.88%
6/30/2004	0.54%	0.57%
3/31/2004	3.16%	2.32%
12/31/2003	10.02%	9.95%

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Philadelphia Opportunity Fund Composite
As of September 30, 2013

Important Disclosures

PFM Asset Management LLC (PFMAM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PFMAM has not been independently verified.

Firm Definition: For the purposes of complying with the GIPS standards, the firm is defined as PFMAM. PFMAM is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. PFMAM was created in 2001; prior to 2001, PFMAM's investment advisory business was operated as part of Public Financial Management, Inc. utilizing the same personnel and investment process. Firm performance includes accounts managed by PFMAM, but which may have been previously managed by Public Financial Management, Inc. PFMAM manages short-term pools and money market funds, investment-grade fixed-income portfolios, and multi-asset class portfolios under a variety of individual client mandates.

Composite Description: The *PFMAM Philadelphia Opportunity Fund Composite* includes a single institutional multi-asset class portfolio diversified among equity and fixed income investments managed by qualified emerging/minority managers. The portfolio is managed in a fund-of-fund approach in accordance with the emerging/minority manager guidelines established in the investment policy. The portfolio does not use leverage, complex derivatives, or short positions.

The composite creation date is June 2006; the composite inception date is August 2000. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios. The composite was terminated September 2013.

Benchmark Description: Composite performance is compared to a blended benchmark consisting of 60% Russell 3000 Index, 20% MSCI EAFE (net) Index and 20% Barclays Aggregate Index. For periods prior to May 2011, the blended benchmark consists of 80% Russell 3000 Index and 20% Barclays Aggregate Index in order to better reflect the allocation of the portfolio during those periods. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

Risk Disclosure: Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

PFM Asset Management LLC
PFMAM Multi-Asset Class 45:55 Composite
As of September 30, 2012

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2012 YTD	10.59%	8.67%	n/a	1	$9	0.0%	$46,495
2011	0 16%	2.56%	n/a	1	$9	0 0%	$43,933
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2004	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2003	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2002	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 9/30/12	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	16.15%	13.86%	n/a	4 52%
2 Year	7.57%	7 52%	0.84%	4 15%
3 Year	n/a	n/a	n/a	n/a
4 Year	n/a	n/a	n/a	n/a
5 Year	n/a	n/a	n/a	n/a
6 Year	n/a	n/a	n/a	n/a
7 Year	n/a	n/a	n/a	n/a
8 Year	n/a	n/a	n/a	n/a
9 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2011	n/a	n/a	n/a	n/a
2010	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a
2004	n/a	n/a	n/a	n/a
2003	n/a	n/a	n/a	n/a
2002	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC

PFMAM Multi-Asset Class 45:55 Composite

As of September 30, 2012

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
9/30/2012	4.90%	3.85%
6/30/2012	-0.89%	-0.91%
3/31/2012	6.37%	5.60%
12/31/2011	5.02%	4.78%
9/30/2011	-8.00%	-5.86%
6/30/2011	0.87%	1.33%
3/31/2011	2.76%	2.61%
12/31/2010	4.47%	3.75%
9/30/2010	7.44%	7.42%
6/30/2010	n/a	n/a
3/31/2010	n/a	n/a
12/31/2009	n/a	n/a
9/30/2009	n/a	n/a
6/30/2009	n/a	n/a
3/31/2009	n/a	n/a
12/31/2008	n/a	n/a
9/30/2008	n/a	n/a
6/30/2008	n/a	n/a
3/31/2008	n/a	n/a
12/31/2007	n/a	n/a

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
9/30/2007	n/a	n/a
6/30/2007	n/a	n/a
3/31/2007	n/a	n/a
12/31/2006	n/a	n/a
9/30/2006	n/a	n/a
6/30/2006	n/a	n/a
3/31/2006	n/a	n/a
12/31/2005	n/a	n/a
9/30/2005	n/a	n/a
6/30/2005	n/a	n/a
3/31/2005	n/a	n/a
12/31/2004	n/a	n/a
9/30/2004	n/a	n/a
6/30/2004	n/a	n/a
3/31/2004	n/a	n/a
12/31/2003	n/a	n/a
9/30/2003	n/a	n/a
6/30/2003	n/a	n/a
3/31/2003	n/a	n/a
12/31/2002	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 45:55 Composite
As of September 30, 2012

Important Disclosures

PFM Asset Management LLC (PFMAM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PFMAM has not been independently verified.

Firm Definition: For the purposes of complying with the GIPS standards, the firm is defined as PFMAM. PFMAM is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. PFMAM was created in 2001; prior to 2001, PFMAM's investment advisory business was operated as part of Public Financial Management, Inc. utilizing the same personnel and investment process. Firm performance includes accounts managed by PFMAM, but which may have been previously managed by Public Financial Management, Inc. PFMAM manages short-term pools and money market funds, investment-grade fixed-income portfolios, and multi-asset class portfolios under a variety of individual client mandates.

Composite Description: The *PFMAM Multi-Asset Class 45:55 Composite* includes all institutional multi-asset class portfolios diversified among equity, fixed income and alternative investments with a target allocation of roughly 45% equity and 55% fixed income. The portfolios are managed in a fund-of-fund approach. The portfolios do not use leverage, complex derivatives, or short positions. Individual portfolios may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date and inception date is July 2010. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios. The composite became inactive September 2012 due to the absence of eligible portfolios.

Benchmark Description: Composite performance is compared to a blended benchmark consisting of 29% Russell 3000 Index, 16% MSCI ACWI ex US (net) Index and 55% Barclays Aggregate Index. In January 2012, the blended benchmark was changed from 45% S&P 500 Index and 55% Barclays Aggregate Index in order to better reflect the global allocation of the underlying portfolios. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

Risk Disclosure: Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

PFM Asset Management LLC
PFMAM Multi-Asset Class 25:75 Composite
As of March 31, 2014

Year	PFMAM Composite Return (Gross of Fees)	Blended Index Return	PFMAM Composite Dispersion	Number of Accounts	Composite Assets (Millions)	Percentage of Firm Assets	Total Firm Assets (Millions)
2014 YTD	1.67%	1.79%	n/a	1	$2	0.0%	$51,721
2013	6.71%	4.60%	n/a	1	$2	0.0%	$51,650
2012	11.21%	7.37%	n/a	3	$36	0.1%	$49,093
2011	1.53%	4.94%	n/a	3	$34	0.1%	$43,933
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2004	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Periods Ended 3/31/14	Cumulative Annualized Return		Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
1 Year	5.58%	4.46%	4.74%	4.24%
2 Year	7.50%	5.24%	3.96%	3.36%
3 Year	6.30%	5.68%	4.66%	3.76%
4 Year	n/a	n/a	n/a	n/a
5 Year	n/a	n/a	n/a	n/a
6 Year	n/a	n/a	n/a	n/a
7 Year	n/a	n/a	n/a	n/a
8 Year	n/a	n/a	n/a	n/a
9 Year	n/a	n/a	n/a	n/a
10 Year	n/a	n/a	n/a	n/a

3-Year Periods Ending	3-Year Cumulative Return		3-Year Ex-Post Standard Deviation	
	PFMAM Composite (Gross of Fees)	Blended Index Return	PFMAM Composite	Blended Index Return
2013	6.41%	5.63%	4.58%	3.70%
2012	n/a	n/a	n/a	n/a
2011	n/a	n/a	n/a	n/a
2010	n/a	n/a	n/a	n/a
2009	n/a	n/a	n/a	n/a
2008	n/a	n/a	n/a	n/a
2007	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a
2004	n/a	n/a	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 25:75 Composite
As of March 31, 2014

Quarterly Returns

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2014	1.67%	1.79%
12/31/2013	2.69%	1.90%
9/30/2013	2.74%	2.34%
6/30/2013	1.58%	-1.59%
3/31/2013	2.77%	1.93%
12/31/2012	1.69%	0.72%
9/30/2012	4.22%	2.84%
6/30/2012	0.51%	0.42%
3/31/2012	4.40%	3.22%
12/31/2011	3.12%	3.16%
9/30/2011	-4.07%	-1.64%
6/30/2011	0.65%	1.76%
3/31/2011	1.97%	1.63%
12/31/2010	2.27%	1.49%
9/30/2010	n/a	n/a
6/30/2010	n/a	n/a
3/31/2010	n/a	n/a
12/31/2009	n/a	n/a
9/30/2009	n/a	n/a
6/30/2009	n/a	n/a

Quarter Ended	Total Return (Gross of Fees)	
	PFMAM Composite	Blended Index Return
3/31/2009	n/a	n/a
12/31/2008	n/a	n/a
9/30/2008	n/a	n/a
6/30/2008	n/a	n/a
3/31/2008	n/a	n/a
12/31/2007	n/a	n/a
9/30/2007	n/a	n/a
6/30/2007	n/a	n/a
3/31/2007	n/a	n/a
12/31/2006	n/a	n/a
9/30/2006	n/a	n/a
6/30/2006	n/a	n/a
3/31/2006	n/a	n/a
12/31/2005	n/a	n/a
9/30/2005	n/a	n/a
6/30/2005	n/a	n/a
3/31/2005	n/a	n/a
12/31/2004	n/a	n/a
9/30/2004	n/a	n/a
6/30/2004	n/a	n/a

Please refer to the accompanying Important Disclosures.

PFM Asset Management LLC
PFMAM Multi-Asset Class 25:75 Composite
As of March 31, 2014

Important Disclosures

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Composite Description: The *PFMAM Multi-Asset Class 25:75 Composite* includes all institutional multi-asset class portfolios diversified among equity, fixed income and alternative investments with a target allocation of roughly 25% equity and 75% fixed income. The portfolios are managed in a fund-of-fund approach. The portfolios do not use leverage, complex derivatives, or short positions. Individual portfolios may have policies that are more or less restrictive than those described above, in some cases significantly so, and may use specific benchmarks that differ from those used as composite benchmarks in this presentation.

The composite creation date and inception date is October 2010. The minimum portfolio size for inclusion in the composite is $100,000. Only actual portfolios are included in the composites; the composite contains no simulated, model or non-fee paying portfolios. The composite became inactive March 2014 due to the absence of eligible portfolios.

Benchmark Description: Composite performance is compared to a blended benchmark consisting of 16% Russell 3000 Index, 9% MSCI ACWI ex US (net) Index and 75% Barclays Aggregate Index. In January 2012, the blended benchmark was changed from 25% S&P 500 Index and 75% Barclays Aggregate Index in order to better reflect the global allocation of the underlying portfolios. Benchmark returns are provided to represent the investment environment that existed during the time periods shown.

Performance Calculations: Valuations are computed, and performance results and asset values are reported in US dollars. Gross-of-fees returns are presented before management fees, custodial fees and taxes, but after brokerage and other transaction fees, if any. A client's return will be reduced by advisory fees and other expenses the portfolio may incur. PFMAM's standard investment advisory fee schedule is: 0.45% per annum on first $10 million, 0.35% per annum on the next $10 million, 0.25% per annum on the next $30 million, 0.20% per annum on the next $50 million and 0.15% per annum on assets over $100 million. Actual fees may be lower. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year; for years where there are five or fewer portfolios in the composite for the full annual period, dispersion is not presented, as it is deemed not meaningful. Benchmark returns are presented on a gross basis.

Risk Disclosure: Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. There can be no assurance that a client portfolio will meet its performance objective.

Additional Information: A list of composite descriptions is available upon request. The firm's policies for valuing portfolios, calculating performance, and preparing compliance presentations are also available upon request. Requests should be made to Biagio Manieri, PhD, CFA, at manierib@pfm.com.

G. Pensions & Investments Article:

Firms Differ on Value of Performance Reporting

Firms differ on value of performance reporting

By CHRISTINE WILLIAMSON

Unlike most other segments of the money management industry, investment outsourcing lacks standardized investment performance reporting.

Just 18, or 25%, of the 71 firms that participated in *Pensions & Investments* latest investment outsourcing survey responded to the question: What percentage of the institutional clients for whom you provide full discretionary outsourced investment have met or exceed their internal benchmark for the one-, three- and five-year periods ended March 31, 2014.

Of the remainder, 59% did not respond, 13% declined, and 3% were too new to have a track record.

Eight reported 100% of the portfolios they manage with full discretion met or exceeded their benchmarks in the year ended March 31: Cardano Risk Management BV, Clearbrook Global Advisors LLC, CornerStone Partners LLC, Gallagher Fiduciary Advisors LLC, Robert Harrell Inc., Peirce Park Group Inc., Pyramis Global Advisors and Wilshire Associates Inc.

For the three-year period, five managers said 100% of full discretionary portfolios they manage met or exceeded their benchmarks: Cardano, Cornerstone, Robert Harrell, Pyramis and Wilshire Associates.

For the five-years ended March 31, six managers said 100% of full discretionary portfolios they manage met or exceeded their benchmarks: Cambridge Associates LLC, Goldman Sachs Group, PFM Asset Management LLC, CornerStone, Gallagher and Harrell.

Among the firms that did not respond to *P&I*'s question, reasons centered on an inability to calculate an accurate composite figure.

"Thankfully, the investment industry is moving away from a myopic focus on returns and managers and is focusing on the big picture, getting the job done: paying benefits, funding scholarships, preserving values," Kathleen Powers Dunlap, partner and chief strategy officer at Fiduciary Research & Consulting LLC, San Francisco, said in an e-mail.

"The risk profile and asset allocation of a long frozen, fully funded DB plan vs. a cash balance plan vs. an underfunded open DB plan are so different that any composite would be utterly meaningless," Ms. Dunlap wrote, adding "performance (from outsourcers) is not readily available because in many cases it is irrelevant. Performance is not the measure ... for success."

FRC ranked 32nd on *P&I*'s list of firms with outsourced assets under investment management as of March 31, with $8.5 billion, all from a single client, which Ms. Dunlap did not name.

"The performance of fiduciary (outsourcing) managers should not be distilled into a single number," Paul Deane-Williams, a spokesman for Towers Watson & Co., said in an e-mailed response to *P&I*'s information request.

Outsourcing "takes many forms," and "with this in mind, the notion that fiduciary manager performance can be presented as a single number is, in our opinion, unrealistic," Mr. Deane-Williams wrote, comparing the practice to "a throw back to how the pension industry operated 20 to 30 years ago" when many plan executives selected balanced funds based on the best relative performance.

"Unfortunately, relative performance proved damaging to the plans and the scars are still visible today," Mr. Deane-Williams said.

Towers Watson had $65 billion in worldwide outsourcing assets under investment management as of March 31, which placed the Reigate, England-based firm in sixthplace on *P&I*'s ranking.

"Every client that decides to outsource the management of all or part of its defined benefit, defined contribution, endowment or foundation portfolio is unique," Kevin Jestice, principal and head of institutional advisory services, The Vanguard Group Inc., Valley Forge, Pa., said in an interview.

But unlike Towers Watson and FRC, Vanguard offers clients a sense of how their portfolios measure up to peers by calculating a CFA Institute global investment performance standard-compliant return from the returns of investors with similar asset allocations.

The goal of outsourcing is to produce a "stream of returns that accomplishes a purpose," such as hedging defined benefit plan liabilities or producing an absolute return plus the London interbank offered rate, Mr. Jestice said.

Because each investor's purpose is different, Vanguard doesn't use a model portfolio approach; every asset allocation is customized. "It is especially important to get the asset allocation exactly right for each and every client," Mr. Jestice said.

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"Thankfully, the investment industry is moving away from a myopic focus on returns and managers and is focusing on the big picture, **getting the job done**: paying benefits, funding scholarships, preserving values."

FIDUCIARY RESEARCH & CONSULTING'S
KATHLEEN POWERS DUNLAP

The largest managers of outsourced assets

Ranked by total worldwide institutional outsourced assets under investment management, in millions, as of March 31.

Rank	Manager	Assets
1	Russell Investments	$115,034
2	Cambridge Associates	$98,740
3	Mercer	$91,851
4	SEI Investments	$71,800
5	Wells Fargo	$71,595
6	Towers Watson Investment	$65,037
7	BlackRock	$53,251
8	Northern Trust Asset Mgmt.	$52,800
9	Hewitt EnnisKnupp	$46,806
10	Credit Suisse	$38,894
11	Goldman Sachs Group	$37,784
12	BofA Merrill Lynch	$33,934
13	Strategic Investment Group	$33,653
14	Alan D. Biller	$32,000
15	BNP Paribas Investment	$27,300
16	Summit Strategies Group	$22,921
17	Vanguard Group	$21,286
18	Pacific Global Advisors	$18,824
19	BNY Mellon	$18,054
20	J.P. Morgan Asset Mgmt.	$14,808
21	Hirtle, Callaghan	$14,500
22	P-Solve	$13,600
23	Pyramis Global Advisors	$13,296
24	UBS Global Asset Mgmt.	$13,072
25	Morgan Stanley	$12,900
26	State Street Global	$11,623
27	Investure	$11,000
28	Cardano Risk Mgmt.	$10,914
29	Wurts & Associates	$9,600
30	SECOR Asset Mgmt.	$9,488
31	Marco Consulting Group	$8,725
32	Fiduciary Research	$8,500
33	TIFF Advisory Services	$7,236
34	Pentegra	$7,203
35	Commonfund	$7,057
36	Wilshire Associates	$6,575
37	Cornerstone Partners	$6,200
38	Global Endowment Mgmt.	$6,000
39	Perella Weinberg	$5,378
40	Rocaton Investment Advisors	$5,344
41	CAPTRUST Financial	$4,773
42	NEPC	$4,737
43	Meketa Investment Group	$4,546
44	HighVista Strategies	$3,871
45	Segal Rogerscasey	$3,300
46	PFM Asset Mgmt.	$3,124
47	New Providence Asset Mgmt.	$2,600
48	Fund Evaluation Group	$2,514
49	DiMeo Schneider	$2,200
50	Legato Capital Mgmt.	$2,020
51	Gallagher Fiduciary	$1,998
52	Equitas Capital Advisors	$1,990
53	Cafaro Greenleaf	$1,865
54	Angeles Investment Advisors	$1,742
55	BMO Global Asset Mgmt.	$1,416
56	Spider Management	$1,412
57	Gerber/Taylor Mgmt.	$1,328
58	Callan Associates	$1,314
59	Covariance Capital	$1,305
60	Peirce Park Group	$1,106
61	Slocum	$1,100
62	Dana Investment	$1,038
63	Clearbrook	$760
64	Disabato Advisors	$480
65	Robert Harrell	$400
66	Discretionary Mgmt. Svcs.	$394
67	Asset Consulting Group	$225
68	Victoria 1522	$221
69	Canterbury Consulting	$125
70	Messner & Smith	$13
71	Marquette Associates	$1
	Total	$1,205,974

Separate accounts	100%
Investment outsourcing institutional clients:	
Worldwide	42
U.S.	42

Client contact: Maureen Fitzgerald

Russell Investments

1301 SECOND AVE., 18TH FLOOR, SEATTLE, WA 98101
PHONE: 206-505-7877 FAX: 206-505-3495
WWW.RUSSELL.COM

Assets in outsourcing programs for institutional clients:	(U.S. Millions)
Worldwide	$118,034
U.S.	$44,872
Outsourcing assets under investment management:	
Worldwide	$118,034
Internally managed	$3,862
U.S.	$44,872
Internally managed	$633
U.S. assets in:	
Full investment discretion	7%
Partial investment discretion	93%
Total portfolio outsourcing	77%
Partial portfolio outsourcing	23%
Commingled funds	76%
Separate accounts	24%
Worldwide assets in:	
Full investment discretion	27%
Partial investment discretion	73%
Total portfolio outsourcing	45%
Partial portfolio outsourcing	55%
Commingled funds	68%
Separate accounts	32%
Investment outsourcing institutional clients:	
Worldwide	468
U.S.	192

CONTINUED ON PAGE 20

Reporting

CONTINUED FROM PAGE 16

For the year ended March 31, 90% of Vanguard's clients with fully discretionary outsourced portfolios met or exceeded their policy benchmark. For three years, 82% met or bettered their benchmark, and 77% did so for the five-year period, according to data from the firm.

Vanguard was 17th in *P&I*'s ranking, with $21.3 billion under investment management.

Other managers also welcomed the opportunity to provide *P&I* with performance of their fully discretionary outsourcing strategies.

PFM Asset Management LLC, Harrisburg, Pa., also uses GIPS to calculate the performance of the fully discretionary outsourced assets under its management, James Link, managing director and chief marketing officer, said in an e-mail.

For periods ended March 31, PFMAM's percentage of fully discretionary outsourcing clients that met or topped their benchmark was 92% for one and three years and 100% for five years, the company said.

"(Our) view is that the only real difference between outsourced investments and more traditional asset allocation is the firms providing the service," Mr. Link added.

He noted that while traditional money managers are accustomed to adhering to performance measurement and disclosure rules, many outsourced strategies are offered by "traditionally non-discretionary investment consultants who have not been required to adhere to the same performance measurement rules."

Mr. Link said "the investment performance track record is not ultimately that of the non-discretionary consultant, and therefore calculation and presentation does not need to comply with GIPS." But once an investment consulting firm assumes investment discretion, he said, GIPS performance calculations should become standard.

PFM was 46th in *P&I*'s ranking, with $3.1 billion under investment management in outsourced strategies as of March 31.

What is – and should be – included in investment outsourcing programs for U.S. corporate defined benefit plans is of such concern to the U.S. Department of Labor's Employee Benefits Security Administration that earlier this year, it asked the ERISA Advisory Council to set up a task force to examine the issue and provide recommendations to the Secretary of Labor in November.

In addition to clarifying the legal requirements and other fiduciary issues related to outsourcing for defined benefit plans subject to the Employee Retirement Income Security Act, the task force is charged with recommending "current best practices in selecting and monitoring outsourced service providers, including identification of performance standards, benchmarking of costs and mitigating conflicts of interests," said the DOL's May 2014 issue statement.

Outsourcing outcomes

Percentage of portfolios managed with full discretion that met or exceeded their benchmark as of March 31

Manager	1 year	3 years*	5 years*
Cardano Risk Mgmt.	100%	100%	N/A
Clearbrook	100%	N/A	N/A
CornerStone Partners	100%	100%	100%
Gallagher Fiduciary	100%	50%	100%
Peirce Park Group	100%	33%	N/A
Pyramis Global Advisors	100%	100%	N/A
Robert Harrell	100%	100%	100%
Wilshire Associates	100%	100%	67%
Pentegra	99%	97%	71%
Segal Rogerscasey	93%	86%	93%
PFM Asset Mgmt.	92%	92%	100%
SEI Investments	92%	95%	97%
Strategic Investment Group	91%	95%	94%
Vanguard Group	90%	82%	77%
J.P. Morgan Asset Mgmt.	89%	88%	89%
State Street Global	79%	59%	50%
Goldman Sachs Group	75%	90%	100%
Cambridge Associates	54%	75%	100%

*Annualized. Source: Company reports

H. Resumes of Key Professionals

Marc Ammaturo, Managing Director
PFM Asset Management LLC

Office Location:

Two Logan Square
18th & Arch Streets, Suite 1600
Philadelphia, PA 19103

Education:

Master of Business Administration in Finance - University of Maryland's Robert H. Smith School of Business

Bachelor of Science in Accounting - Pennsylvania State University

Years with PFM:

10 Years

Years of Experience:

19 Years

Marc Ammaturo joined PFMAM in 2005 and was promoted to Managing Director in 2012. Mr. Ammaturo is co-leader of PFMAM's Multi-Asset Class Management business. In this role, he assists in setting the firm's strategy in developing, servicing, and marketing our multi-asset class investment services nation-wide. He also serves on the Multi-Asset Class Investment Committee which is responsible for the management of more than $4 billion in client assets (as of March 31, 2015).

Mr. Ammaturo obtained an MBA in Finance from the University of Maryland's Robert H. Smith School of Business. Mr. Ammaturo received a B.S. in Accounting from Penn State University. Mr. Ammaturo has completed CFA Level I.

In the community, Mr. Ammaturo serves on the Peirce College Board of Trustees. At Peirce, he is Chairman of the Finance and Investment Committee and is a member of the College's Executive Committee. He is also a member of the Philadelphia Regional Advisory Board for Economics Pennsylvania, a non-profit organization that promotes economic education in the K-12 classroom. In addition, Mr. Ammaturo was selected by PFMAM to participate in LEADERSHIP Philadelphia, a non-profit organization that mobilizes the leaders of the private sector to work on behalf of the Philadelphia community.

Mr. Ammaturo began his career at Coopers & Lybrand LLP where he provided Assurance and Business Advisory Services to the financial services industry. He continued his career at PricewaterhouseCoopers LLP in their Transaction Services department.

Tyler Braun, CFA
Senior Managing Consultant
PFM Asset Management LLC

Tyler Braun is a Senior Managing Consultant for PFMAM's multi-asset class business. Since joining the firm in 2008, Mr. Braun has been responsible for conducting portfolio management/trading activities for client portfolios under the direction of the PFMAM Multi-Asset Class Investment Committee for the firm's multi-asset class discretionary management services. He is also responsible for conducting portfolio reviews and asset-liability analysis for current and prospective institutional clients, and assists in a variety of other investment research and client service efforts.

Prior to joining PFMAM, Mr. Braun spent three years working for SEI Investments in the Private Trust Company division. During his time at SEI, he played an integral role in the day-to-day operations of high-net-worth and institutional clients, and worked closely with senior management to improve the accuracy and efficiency of operations.

Mr. Braun obtained a Bachelor of Arts degree from Bucknell University in 2005, with a dual major in Economics and Political Science, and an MBA in Finance from Villanova University in 2008.

Office Location:

Two Logan Square, Suite 1600
18th & Arch Streets
Philadelphia, PA 19103

Education:

Masters of Business Administration in Finance
Villanova University

Bachelor of Arts in Economics and Political Science
Bucknell University

Professional Designations or Licenses:

Chartered Financial Analyst (CFA)

Years with PFM:

7 Years

Years of Experience:

10 Years

Marie Nasevich, Senior Account Coordinator
PFM Asset Management LLC

Marie Nasevich brings over 25 years of financial services experience to her role at PFMAM as Senior Account Coordinator. She began her career preparing pension valuations for a large insurance company's clientele. Ms. Nasevich then became responsible for the administration and investment oversight of over 300 small to medium sized pension plans.

She joined Spagnola-Cosack, Inc. in 1999 (now known as PFM Advisors, a division of PFMAM) and continued to serve as a pension analyst after the firm's acquistion. Ms. Nasevich earned a B.S. in Management Marketing from St. Joseph's University and holds the Certified Financial Planner (CFP) designation.

Office Location:

Two Logan Square, Suite 1600
18th & Arch Streets
Philadelphia, PA 19103-2770

Education:

Bachelor of Science Degree in Management Marketing - St. Joseph's Univeristy

Professional Designations or Licenses:

Certified Financial Planner (CFP)

Years with PFM:

15 Years

Years of Experience:

25 Years

John Spagnola, Managing Director
PFM Asset Management LLC

Office Location:

Two Logan Square
18th & Arch Streets, Suite 1600
Philadelphia, PA 19103

Education:

Bachelor of Science Degree
Yale University

Years with PFM:

12 Years

Years of Experience:

31 Years

John Spagnola brings over 30 years of investment experience to PFMAM. His duties include serving on the Multi-Asset Class Investment Committee, overseeing marketing and client service, and providing investment advisory services to public, hospital, endowment, and Taft-Hartley fund clients. He also oversees a division of PFMAM that provides multi-asset class investment consulting services to clients with long-term needs.

In 1984, Mr. Spagnola began his career in the financial services industry working for the First Boston Corporation in New York and Philadelphia. In 1992, with Michael Cosack, he co-founded Spagnola-Cosack, Inc., an independent investment consulting firm that serviced public, Taft-Hartley, corporate, hospital, endowment, and foundation funds. Over a 10-year period, Spagnola-Cosack, Inc.'s assets under advisement grew to over $3.5 billion. In 2003, Spagnola-Cosack, Inc. was acquired by PFMAM. Assets under advisement, including discretionary assets now exceed $14 billion as of 12/31/2014.

Mr. Spagnola's duties include participating in the investment committee, overseeing client service, product development and marketing.

A graduate of Yale University, Mr. Spagnola played professional football for 11 seasons, including nine with the Philadelphia Eagles and one year each with the Green Bay Packers and Seattle Seahawks. He also served as a player representative and executive vice president of the NFL Players Association.

Mr. Spagnola has taught courses on managing public funds for the Fels Institute of Government at the University of Pennsylvania. He currently serves on the Board of Directors of Magee Rehabilitation Hospital in Philadelphia and St. Rose of Lima Parish in Philadelphia, the William Buckley Foundation at Yale University and the Board of Directors of the Greater Philadelphia Chamber of Commerce. In 2012 Mr. Spagnola was inducted into the Eagle Scout Hall of Fame by the Cradle of Liberty Council of Philadelphia.

Margaret Belmondo, Senior Managing Consultant
PFM Asset Management LLC

Office Location:

Two Logan Square, Suite 1600
18th & Arch Streets
Philadelphia, PA 19103-2770

Education:

Bachelor of Science degree in Finance with a minor in Italian Villanova Univerisity

Professional Designations or Licenses:

Certified Investment Management Analyst℠ (CIMA)

Years with PFM:

4 Years

Years of Experience:

14 Years

Margaret Belmondo is a Senior Managing Consultant with PFMAM and is responsible for managing client relationships within PFMAM's discretionary multi-asset class management services and non-discretionary consulting services. She also contributes asset class and investment manager research to PFMAM's Investment Research Group.

Ms. Belmondo began her career in 2001 at SEI Investments as an Account Director for SEI's Trust Company. After three years, she became a Senior Investment Consultant with SEI Wealth Network, a business unit of SEI, where she provided private wealth management services to over 100 ultra high net worth clients, including individuals, families, and foundations with a total of over $750 million in assets under management and advisement.

Ms. Belmondo received her B.S. degree in Finance with a minor in Italian from Villanova University. She is a Certified Investment Management Analyst℠ professional and is currently enrolled in the Chartered Financial Analyst (CFA) Program as a Level II Candidate. She is also a member of the Investment Management Consultants Association (IMCA).

Jim Link, CEBS, Managing Director
PFM Asset Management LLC

Office Location:

Two Logan Square, Suite 1600
18th & Arch Streets
Philadelphia, PA 19103

Education:

Bachelor of Science in Economics
Texas A&M University

Professional Designations or Licenses:

Certified Employee Benefit Specialist (CEBS)

Years with PFM:

9 Years

Years of Experience:

28 Years

Mr. Link is a Managing Director of PFMAM. He has over 28 years of experience in the asset management, institutional retirement, and other related fields. As the Chief Marketing Officer (CMO) of PFMAM, Mr. Link is responsible for ensuring that PFMAM is properly organized and engaged to win new business and to service existing clients. His specific responsibilities include new client opportunity identification and pipeline management, collaboration with regional Managing Directors relating to client sales and service team development, and leadership of presentation, proposal, and collateral material development. In addition to his CMO role, he is a subject matter expert in the firm's other post-employment benefits (OPEB) and deferred compensation plan practices. Additionally, he has worked with numerous government employers to rationalize and modernize their retiree benefit plans to be sustainable, affordable, and sufficient.

Mr. Link has held senior sales, marketing, and client management roles at Wachovia/First Union, Manning & Napier Advisors, and T. Rowe Price. He also held sales management, client services, and training roles at Prudential and VALIC. Apart from his work experience, Mr. Link is a regular instructor at state Government Finance Officers Association (GFOA) conferences and also speaks at various industry conferences and at training events. Of note, he has spoken on the "State of Public Pension Plans" at the 2009 National Conference of State Legislatures National Conference and was one of the keynote speakers on "State and Local Government Finance" at the 2009 National Association of Government Defined Contribution Administrators (NAGDCA) Industry Roundtable. In addition to his speaking engagements, Mr. Link has also jointly authored industry-related publications for NAGDCA and for the GFOA's Government Finance Review magazine.

Mr. Link is actively involved in various industry groups. He is currently an advisor to the GFOA Committee on Retirement and Benefits Administration (CORBA). He is also active with the NAGDCA, serving on the publication committee and currently a Board Member on the Industry Committee.

Mr. Link is a graduate of Texas A&M University in College Station, Texas where he earned his Bachelor of Science Degree in Economics with a minor in Management. Mr. Link has also earned the Certified Employee Benefit Specialist (CEBS) designation awarded by the International Foundation of Employee Benefit Plans and the Wharton School of the University of Pennsylvania.

Biagio Manieri, Ph.D., CFA
Director of Research
PFM Asset Management LLC

Biagio Manieri joined PFMAM in January 2012 as the Director of Research. He comes to PFMAM with 29 years of experience in economics research, finance, and fund management.

As Director of Research, Dr. Manieri, who was most recently an investment officer with the Federal Reserve, leads a team of analysts concentrating on the economy, capital markets, and investment management products in order to assist PFMAM in exploring best-in-class management solutions and attractively priced investment opportunities for its institutional clients. Additionally, in his role as Chair of the Multi-Asset Class Investment Committee, Dr. Manieri plays an integral role in determining the macro-level direction for all of PFMAM's discretionary multi-asset class portfolios.

Prior to joining PFMAM, Dr. Manieri helped to manage over $13 billion in defined benefit and defined contribution plan assets at the Federal Reserve System in Newark, New Jersey, reporting to the Investment Committee, consisting of Federal Reserve Presidents and Board Governors. He was also responsible for the Federal Reserve System's Liability Driven Investment Portfolio. Prior to his six years there, Dr. Manieri was an investment analyst at several asset management firms, including Lord Abbett & Co., FP Asset Management, Inc., and Goldman Sachs & Co.

Dr. Manieri has a B.E. in Electrical Engineering from the City College of the City University of New York, concentrating in computer hardware and programming. He graduated summa cum laude and went on to receive a Ph.D. in Political Science/International Relations at Columbia University, where he also taught for five years from 1991 to 1996. He is based in PFMAM's Philadelphia office.

Office Location:

Two Logan Square
18th & Arch Streets, Suite 1600
Philadelphia, PA 19103

Education:

Ph.D. in Political Science/
International Relations
Columbia University

Bachelor's in Electrical Engineering
City College of New York

Professional Designations or Licenses:

Chartered Financial Analyst

Years with PFM:

3 Years

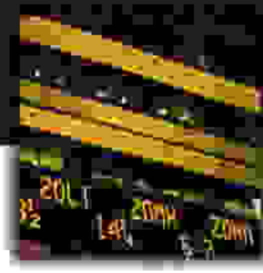
Years of Experience:

29 Years

I. 2015 Capital Market Assumptions

Capital Market Assumptions for Multi-Asset Class Portfolios

January 2015

PFM
The PFM Group
Financial & Investment Advisors

Executive Summary

- The U.S. economy unexpectedly contracted during the first quarter of 2014, but steadily gained speed as the year progressed. The Federal Reserve (Fed) continued to taper its quantitative easing (QE) program throughout 2014 and finally ended the program in October.
  - The Bureau of Labor Statistics revised labor force growth downward from 1.0% to 0.6%, which will impact projections for future domestic growth.
- The eurozone economy stagnated in the first half of the year, which prompted the European Central Bank (ECB) to implement additional stimulus. Following an increase in the consumption tax in early April, Japan's economy contracted after gaining some ground.
- Emerging-markets (EM) economies generally experienced slower growth, particularly in China; in some cases, EM economies have reported slower growth than the U.S. Despite continuing worries that accommodative monetary policy through near-zero interest rates and bond buying would lead to runaway inflation, both headline and core inflation remain well-behaved, with the exceptions of certain EM countries such as Brazil and Russia.
- Confounding most forecasts, interest rates declined across the globe, with the yield on 10-year U.S. Treasuries closing out 2014 at 2.17%. Economic forecasters expect the global economy to continue to grow over the next few years. Our conviction remains highest for the U.S. economy.
- We believe non-U.S. developed-markets equities will achieve a slightly higher return than U.S. equities over the intermediate term due to more attractive valuations and additional monetary stimulus in the eurozone and Japan, offset by slower economic and profit growth.
- Since a growing share of corporate profits are earned outside of the home country and correlations between U.S. equities and non-U.S. developed-markets equities have increased over the years, we see merit in using similar expected long-term returns for both asset classes.
  - While policy actions should support growth in non-U.S. developed markets, these economies must deal with long-term structural issues in order to improve their competitive positions. Likewise in the eurozone, the ECB has been receiving little support from fiscal policy or market reform efforts.
- Many EM countries are currently struggling with problems such as rising inflation, deteriorating current account balances, slower economic growth, and weaker currencies. These issues may further batter EM economies in 2015 as the Fed continues to normalize monetary policy.
- Over the long term, we use a higher expected return for EM equities than what is used for developed-markets equities because of faster labor force growth and technological progress.
- We believe that fixed-income returns will continue to be volatile in 2015. Over the next few years, we expect that fixed-income markets may struggle as interest rates normalize from historically low levels.
- For fixed-income returns, we assume that the current low-interest-rate environment will normalize and that new capital will be allocated to bonds at higher rates, offsetting the price decline of existing bond holdings.
- Real estate investment trusts (REITs) have characteristics of both fixed income and equity. Over long periods of time, we believe that REITs will return more than fixed income but less than equities.
- Commodities have received a significant amount of attention from institutional investors over the past few years, although they have recently had negative returns. Our estimate is that commodities will return approximately 3% over the intermediate term and 5.3% over the long term.

PFMAM's Capital Market Assumptions for 2015

[illegible]

	US Equity	US Small-caps	Int'l Developed Equity	EM equity	Non-US small cap	Core Bonds	Global Core	Intermediate IG Corp	Long IG Corp	EM Debt	High Yield	Bank Loans	REITs	PE RE	Commodities	HFs	PE	Cash
Expected Return (%)	7 5%	6 7%	7 8%	7.2%	8 5%	1 0%	1 0%	2 5%	2 5%	3 5%	4.0%	3.5%	5.2%	6.4%	3 0%	6.1%	9 9%	1.0%
Expected Risk (%)	17	19	18	24	22	4	4	6	10	10	10	6	12	15	16	10	25	1

Long Term Projections

	US Equity	US Small-caps	Int'l Developed Equity	EM equity	Non-US small cap	Core Bonds	Global Core	Intermediate IG Corp	Long IG Corp	EM Debt	High Yield	Bank Loans	REITs	PE RE	Commodities	HFs	PE	Cash
Expected Return (%)	7 7%	8 2%	7 7%	8.2%	8 5%	5 5%	5 5%	6 3%	7 1%	7 3%	6.8%	5.2%	6.2%	7.4%	5.3%	7.4%	9.8%	3.3%
Expected Risk (%)	16	19	17	20	20	5	5	7	10	10	10	6	12	15	16	10	25	1

Correlations

US Equity	1																	
US Small-caps	0 9																	
Int'l Developed Equity	0 8	[illegible]	1															
EM equity	0 7	[illegible]	0 7	1														
Non-US small cap	0 8	[illegible]	0.9	0.8	[illegible]													
Core Bonds	0 3	[illegible]	0.2	0.2	[illegible]	[illegible]												
Global Core	0.2	[illegible]	0.2	0.2	[illegible]	[illegible]	1											
Intermediate IG Corp	0 3	[illegible]	0.2	0.2	[illegible]	[illegible]	0 9	1										
Long IG Corp	0 3	[illegible]	0.2	0.2	[illegible]	[illegible]	0 9	0 9	1									
EM Debt	0 5	[illegible]	0 5	0 5	[illegible]	[illegible]	0.4	0 4	0.4	1								
High Yield	0 7	[illegible]	0.5	0.5	[illegible]	[illegible]	0.4	0 4	0.4	0 4	[illegible]							
Bank Loans	0 4	[illegible]	0 3	0.3	[illegible]	[illegible]	0 3	0 3	0 3	0 7	[illegible]	1						
REITs	0 5	[illegible]	0.4	0 4	[illegible]	[illegible]	0 3	0 3	0 3	0 3	[illegible]	0.4	1					
PE RE	0 4	[illegible]	0 3	0 3	[illegible]	[illegible]	0 3	0 3	0.2	0 2	[illegible]	0 2	0 8	1				
Commodities	0 1	[illegible]	0 1	0.2	[illegible]	[illegible]	0.2	0 2	0 2	0 3	[illegible]	0 2	0 1	0 1	1			
HFs	0 6	[illegible]	0.5	0 5	[illegible]	[illegible]	0.4	0 4	0 3	0 3	[illegible]	0.4	0 4	0.3	0.2	1		
PE	0 7	[illegible]	0.6	0.6	[illegible]	[illegible]	0 3	0 3	0 3	0 3	[illegible]	0 2	0 4	0 4	0.1	0.5	1	
Cash	0 1	[illegible]	0 1	0 1	[illegible]	[illegible]	0.2	0 2	0 1	0 1	[illegible]	.2	0 1	0 1	0 1	0.1	0.1	[illegible]

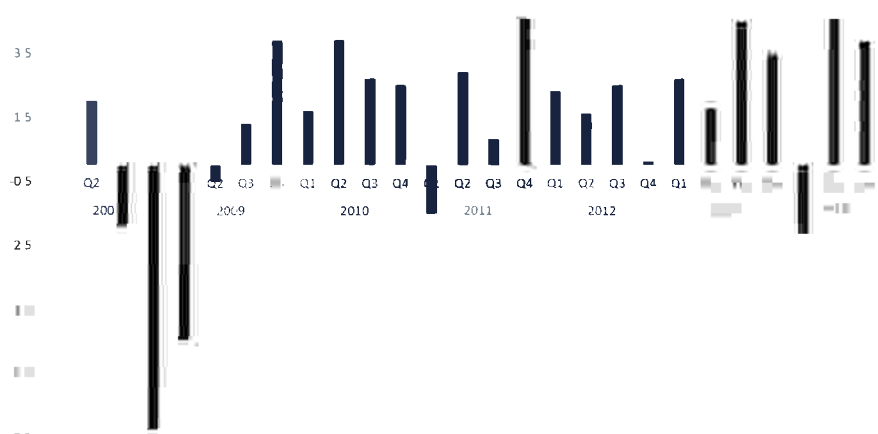
Expected Returns of Various Asset Classes

In this paper, PFM Asset Management LLC (PFMAM) presents what we believe are reasonable capital market assumptions over the intermediate term (i.e., the next five years) and longer term (i.e., more than 30 years). Our Capital Market Assumptions include expected returns, expected risks, and correlations for a wide variety of asset classes, as shown above. Our assumptions are developed by examining the economic fundamentals of each asset class, an overview of which has been provided in a companion publication, "Overview of Economic Fundamentals."

U.S. Equities

According to the Bureau of Economic Analysis, real GDP in the U.S. bottomed out in the second quarter of 2009 and has been growing modestly since, averaging about 2% real GDP growth, with quarter-to-quarter volatility (Exhibit 1).

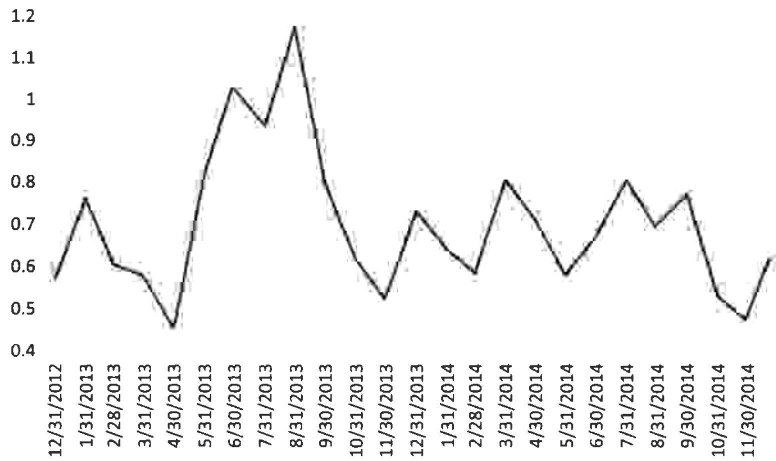
Exhibit 1: U.S. GDP Growth



Source: Bloomberg

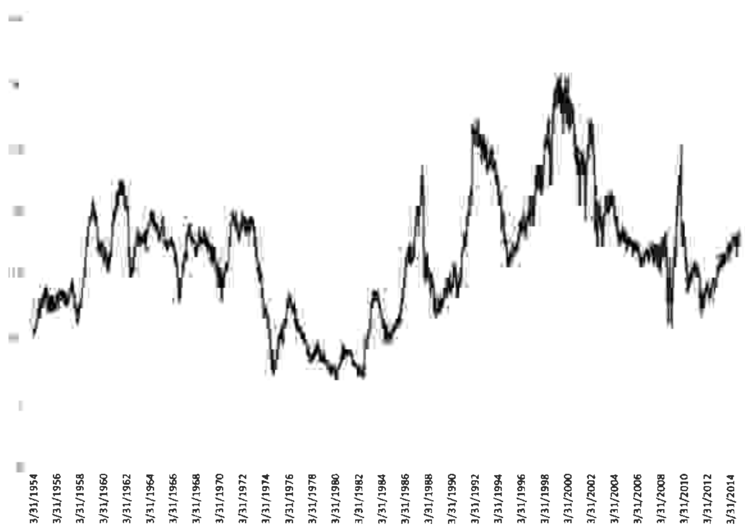
Economic forecasters expect the U.S. economy to continue to grow at a moderate pace over the next few years. Earlier in the recovery, positive economic growth and cost reductions helped corporate profits quickly recover the losses experienced during the financial crisis and propelled the equity market to all-time highs. As a result of strong equity returns since 2009, U.S. equity valuations are no longer cheap but fair. For the equity market to continue its rally, corporate profit growth needs to continue throughout 2015 and 2016, driven by better economic growth and a pick-up in corporate investments from cash on corporate balance sheets. In addition to the continued global economic recovery, central banks are supporting market gains through accommodative policies. While the Fed has ended its QE program and is expected to raise rates at some point in 2015 (Exhibit 2), monetary policy in the U.S. continues to remain accommodative. U.S. stock prices have recovered and reached all-time highs; valuations for equities are not as attractive as in the past few years. However, we believe that the current market environment can still support further equity gains. The current trailing price-to-earnings (P/E) ratio for the S&P 500 Index is 16.4, which is not significantly above its historical average of 16.3 since 1954 (Exhibit 3). The Shiller cyclically adjusted P/E ratio has attracted a lot of attention, and some investors believe that it is pointing to overvalued U.S. equities. While the current Shiller P/E ratio (which measures a security's price over its 10-year average earnings) is above the long-term average, it is in line with the average since 1990 as equity valuation has risen (Exhibits 4 and 5).

Exhibit 2: December 2015 Fed Funds Futures



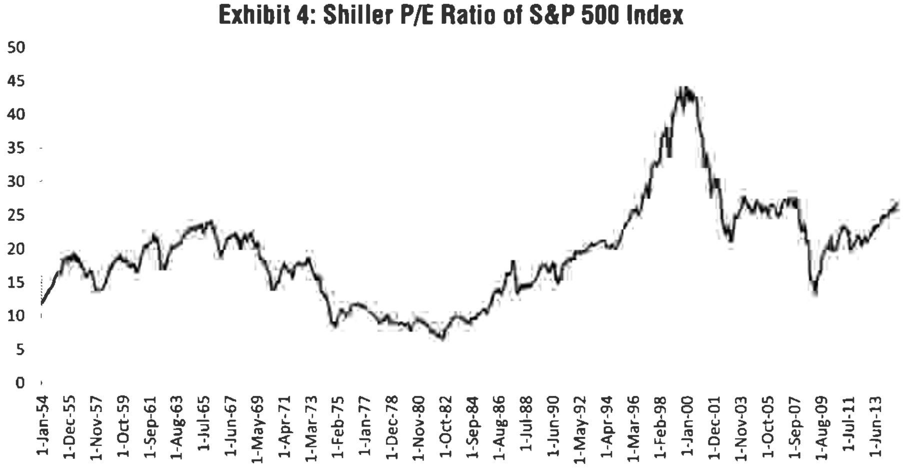
Source: Bloomberg

Exhibit 3: Trailing P/E Ratios of S&P 500 Index (1954-2014)



Source: Bloomberg

Exhibit 4: Shiller P/E Ratio of S&P 500 Index



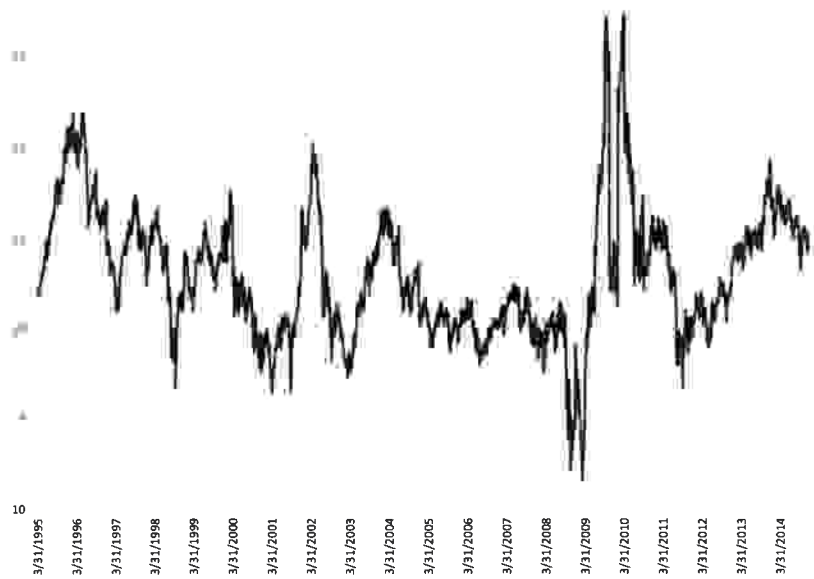
Source: Robert Shiller, Yale University

Exhibit 5: Shiller P/E Ratio

Time Period	Average	Median
1954-2014	19 3	18 8
1970-2014	19 4	18.3
1980-2014	21 3	21 0
1990-2014	25 3	23.9
Current: 26.7		

For U.S. small-cap equities, the current valuation is above the long-term average and less attractive compared to large-cap stocks. While smaller companies in the U.S. will benefit from an improving economy given that they have greater exposure to the national economy than large multi-national corporations, possible rising interest rates in 2015 will be a headwind for strong stock price appreciation given that the valuation is higher than the average. The current trailing P/E ratio for U.S. small-cap equities (as measured by the S&P 600 Index) is 22.9, which represents a premium versus the average of 22.5 since 1995 (Exhibit 6).

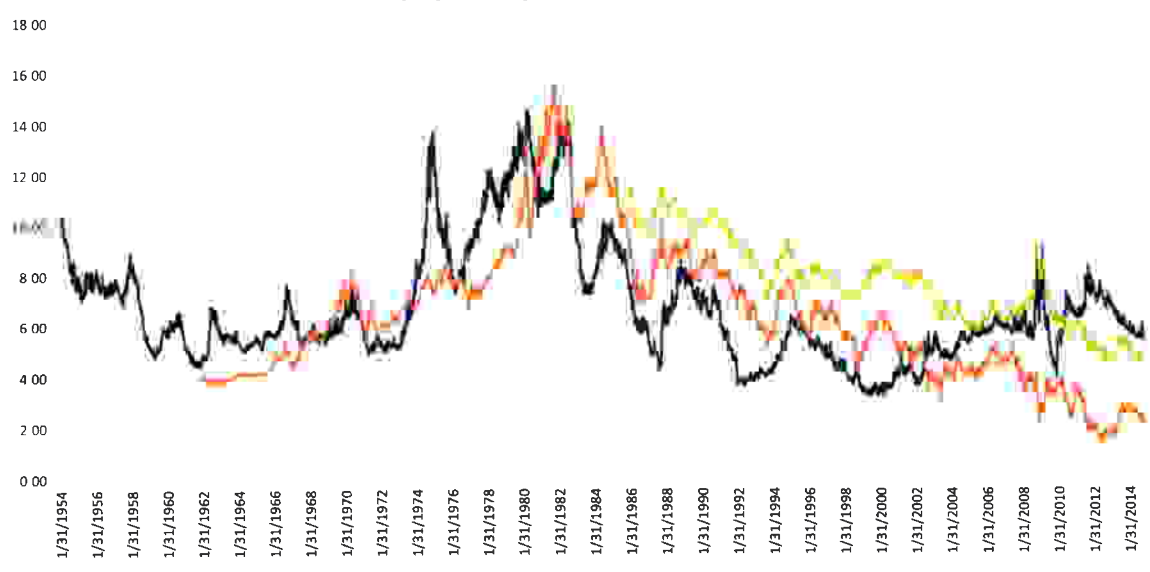
Exhibit 6: Trailing P/E Ratios of S&P 600 Index (1995–2014)



Source: Bloomberg

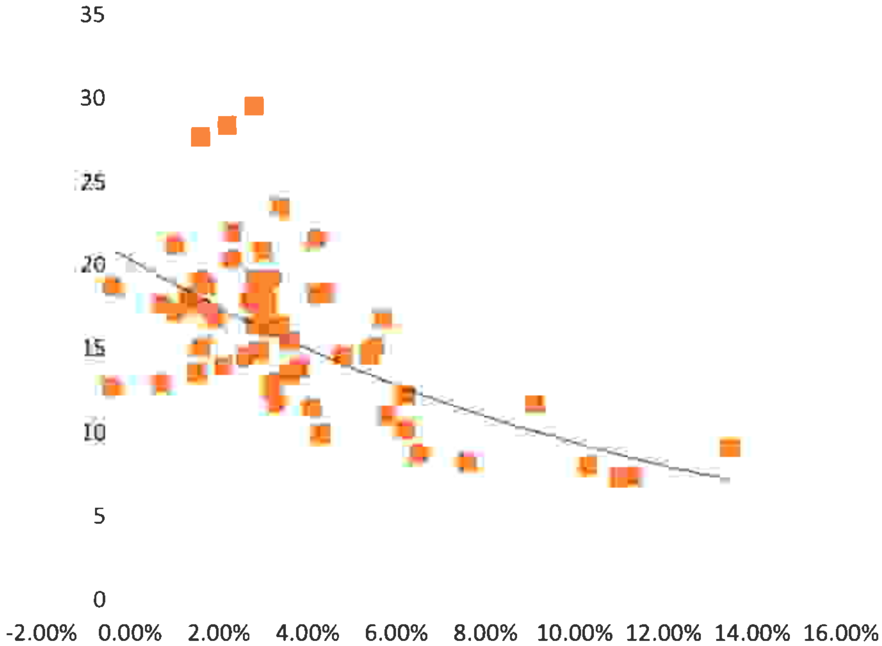
Relative to the fixed-income markets, the U.S. equity market remains attractively valued. Comparing the earnings yield (the inverse of P/E) to the yield of either 10-year Treasuries (the so called "Fed model") or to BBB-rated corporate bond yields, U.S equities appear to still offer better value than fixed-income instruments (Exhibit 7). Additionally, modest and stable inflation and low interest rates are supportive of equity prices (Exhibits 8 and 9), as valuations during periods of low inflation and interest rates would push equity prices higher from current levels.

Exhibit 7: Equity Earnings Yield vs. Fixed Income Yields



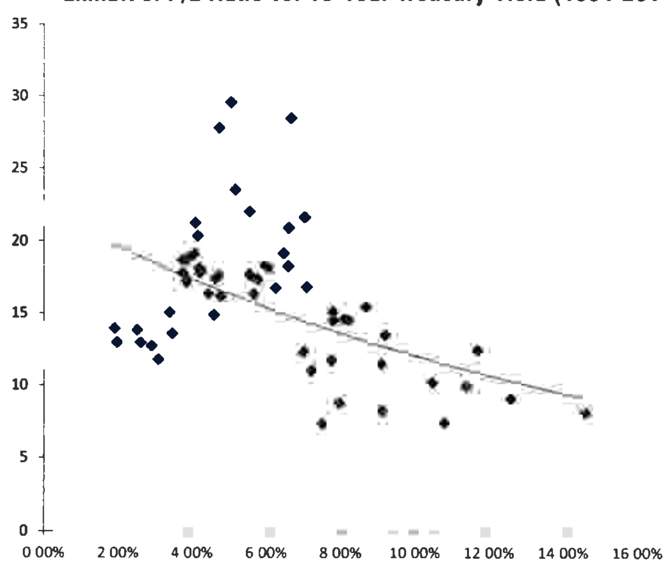
Source: Bloomberg

Exhibit 8: P/E Ratios Compared to the Consumer Price Index (1954-2014)



Sources: Bloomberg and Bureau of Labor Statistics

Exhibit 9: P/E Ratio vs. 10-Year Treasury Yield (1954-2014)



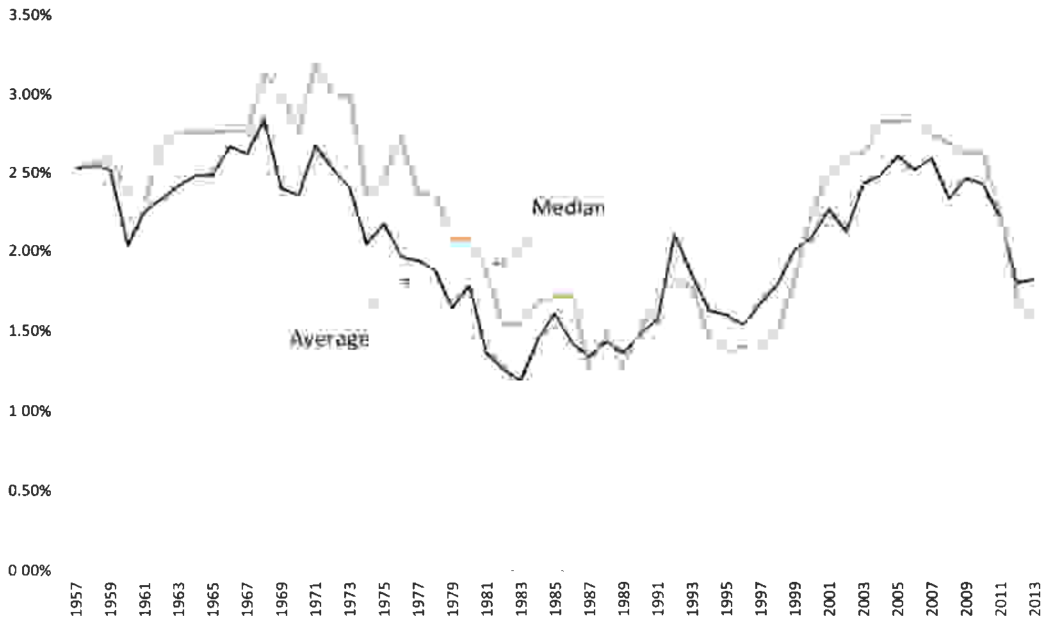
Source: Bloomberg

Over the long term, we expect real economic growth in the U.S. to approximate 2.6%, driven by labor force growth of 0.6% and productivity growth of 2%. Our expectations for real economic growth are consistent with those of the International Monetary Fund (IMF), the Fed, and other economic forecasters. Our forecast is also consistent with recent analysis by former U.S. Treasury Secretary Larry Summers and Harvard University professor Lant Pritchett that over long periods of time, real GDP growth per capita trends toward 2%.[1]

While some have argued that the U.S. will witness a structural decline in productivity growth going forward, others, including former Fed Chair Ben Bernanke, do not see any evidence that this will occur, and we are in agreement. According to data from the Bureau of Labor Statistics, productivity improvements do vary from period to period, but the data do not show a secular decline over time since 1947. Rather, periods of decelerating improvements have been followed by periods of accelerating productivity improvements (Exhibit 10).

[1] *"Asiaphoria Meet Regression to the Mean " The National Bureau of Economic Research, November 2013*

Exhibit 10: U.S. Non-Farm Productivity

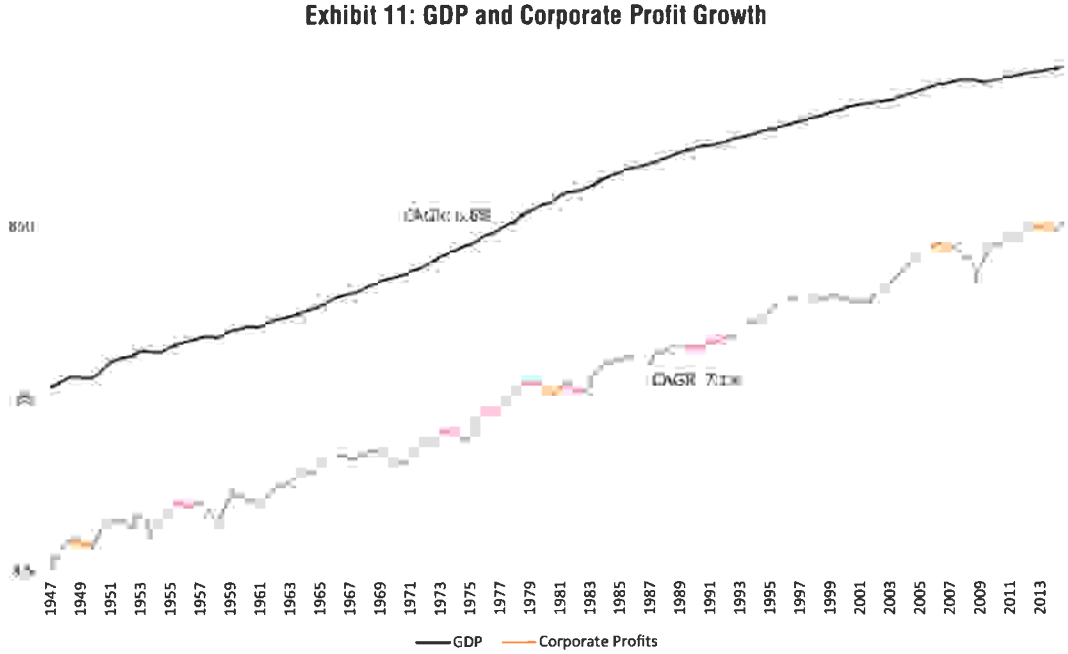


Source: Bureau of Labor Statistics, showing the rolling 10-year average and median

During the twentieth century, U.S. inflation averaged approximately 3%. One of the Fed's mandates is price stability, which it has defined as inflation of approximately 2%. Going forward, inflation may be a bit more muted than what we have experienced in the past, so we assume an inflation rate of 2.5%, which gives us a nominal GDP growth of 5.1%. This rate can be used as an approximation for corporate profit growth and stock price increases.

As noted in the methodology section, we use GDP growth as a proxy for corporate profits growth which is supported by empirical data. From 1929 to 2013, GDP growth compounded at 6.6% per annum. Corporate profit growth over the same period compounded at 7.1% (Exhibit 11).

Exhibit 11: GDP and Corporate Profit Growth



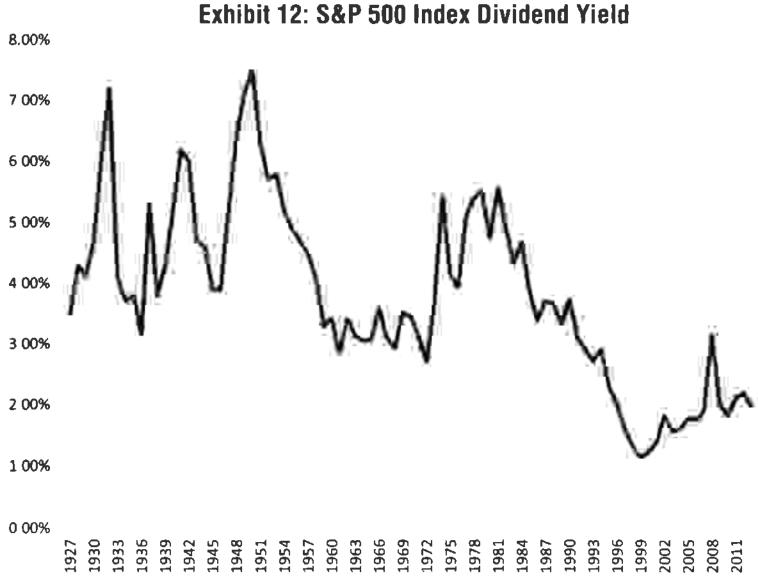
Source: Bureau of Economic Analysis

According to FactSet, 85% of companies in the S&P 500 Index are currently paying a dividend. For most of the twentieth century, the dividend yield on U.S. stocks was above 4% and then began a secular decline starting in the early 1980s (Exhibit 12). The current payout ratio is less than one-third (31.9%) compared to a historical average of 52%. The income component of the total return expected from U.S. equities is approximately 2%, which is the dividend yield of the S&P 500 Index. A conservative estimate of total return for U.S. stocks over the long term is approximately 7.1%, made up of 5.1% nominal price return and 2% income return.

The 7.1% expected return effectively assumes that the excess cash earned will not be productively reinvested in the business or used to buy back stock or make accretive acquisitions. We believe this assumption is too harsh, and therefore we add 60 basis points to account for the excess cash that is not paid out in the form of a dividend. Part of the 0.6% adjustment can come from increased payouts, stock buybacks, acquisitions, or productive investments. Companies are currently spending more on share buybacks than on dividend payments, as both investors and corporate management have arrived at the view that this represents a more tax-efficient method of returning cash to shareholders. We want to make sure that we give companies credit for these investments. If a company retains more of its earnings, this should help to support a higher growth rate in the future.

Therefore, we project that the total return for U.S. equities over the long term will be 7.7%, made up of a 5.1% nominal price return and a 2% income return, along with an adjustment of 0.6% to take into consideration excess cash. Our estimate is supported by economic theory and empirical data. According to economic theory (see Jeremy Siegel's "Stocks for the Long Run" and "The Future for Investors"), the real return from stocks should equal the earnings yield, or the inverse of the P/E ratio (earnings divided by price). When we look at the empirical data which compares the real stock return to the earnings yield over a variety of time periods (Exhibit 13), we find that this relationship closely follows what is suggested by economic theory. Using trailing 12-month profits, the P/E ratio of the S&P 500 Index is 19 or an earning yield of 5.3%. Using forward estimates, the P/E ratio is 15.2 or an earnings yield of 6.6%. The current valuation for U.S. equities supports a real return of approximately 5.9% (average of trailing and forward); adding inflation estimates of 2.5% results in a nominal return of approximately 8.4%, which is higher than our current estimate of 7.7%.

Exhibit 12: S&P 500 Index Dividend Yield



Source: Aswath Damodaran, New York University

Exhibit 13: Real Stock Return and Earnings Yield

Time Period	Real Stock Return	Median Earnings Yield
1871-1996	6.80%	7.30%
1871-1945	6.60%	7.40%
1946-1996	7.10%	7.00%
1996-2013	5.70%	5.50%

Sources: 1871-1996: Jeremy Siegel, "Stocks for the Long Term"; for 1996-2012: Bloomberg; Bureau of Labor Statistics

In deriving our expected return for U.S. equities over the intermediate term, we incorporate profit growth averaging 5.7% over the next six years. We start with the consensus estimates for 2015 as reported by FactSet and then incorporate trend-like growth of 5% for the next five years until 2020. If the U.S. economy shows a pick-up in economic activity as currently expected, corporate profit growth of approximately 5% should be achievable. The S&P 500 Index crossed 2058.9 on December 31, 2014, and is trading at a forward multiple of approximately 15 times earnings. Given that current valuation is approximately in line with the long-term average, we assume stable valuations over the next six years. Valuations are reasonable from an absolute standpoint, and are attractive in periods of low inflation and interest rates as well as when compared to fixed income, which supports the current valuation. However, it is possible that the expected rise in interest rates over the next couple of years could offset these expectations and pressure the current multiple. We do not expect this to happen given the past ability of equities to withstand rising rates (Exhibit 14). To derive our price target for the S&P 500 Index at the end of 2019, we use current forward P/E ratios and 2020 profit estimates, giving us an S&P 500 Index price target of approximately 2600 at the end of 2019. Expected profit growth and stable valuation support an average annual stock price appreciation of 4.9% for the next five years from current levels; adding income or dividends of 2% (the current yield on the S&P 500 Index) results in an expected return of 6.9%. As noted above, we add 60 basis points to take into consideration stock buybacks and possible acquisitions, which results in a total return of 7.5% for U.S. equities over the next five years. This is the same as our 2014 estimate. The expectation that U.S. equities will deliver 7.5% average annual total return is slightly less than our long-term assumption of 7.7% because of inflation expectations. The inflation rate over the next few years is expected to be 2% versus the long-term expected rate of inflation of 2.5%. Lower inflation results in lower nominal profit growth; assuming stable valuation, stock price appreciation should reflect profit growth.

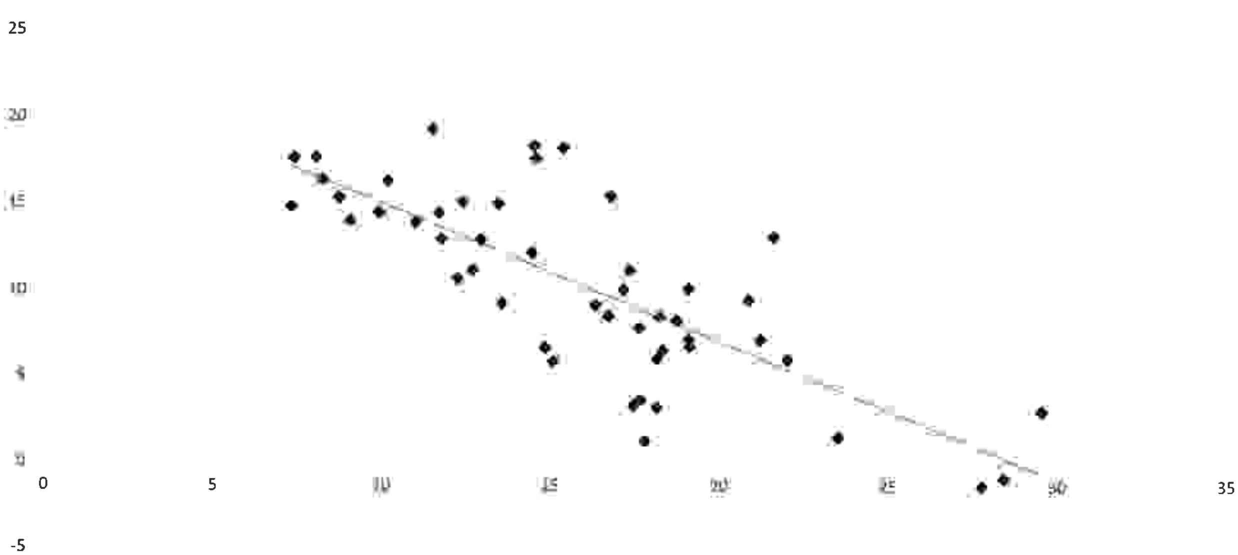
Exhibit 14: Rising Interest Rates and Equity Returns

	10 Year Treasury Yield	S&P 500 Annual TR
1954-1959	2.48% to 4.69%	20.36
1960s	4.72% to 7.65%	8.84
1972-1979	5 95% to 10 39%	7 02
June 1980-October 1981	9.78% to 15.15%	1.77
May 1983-June1984	10 38% to 13 56%	-5 67
1994	5.75% to 7.81%	1.27

Source: Bloomberg

Our intermediate-term assumption for U.S. equities is supported by current valuations. Historically, the relationship between the current valuation at a certain point in time and average returns over the next 10 years is quite strong (Exhibit 15), with a correlation of -0.8. Based on historical performance, current valuations would support an expected return of about 7.5% over the next 10 years.

Exhibit 15: Starting P/E Ratio and Returns Over The Next 10 Years



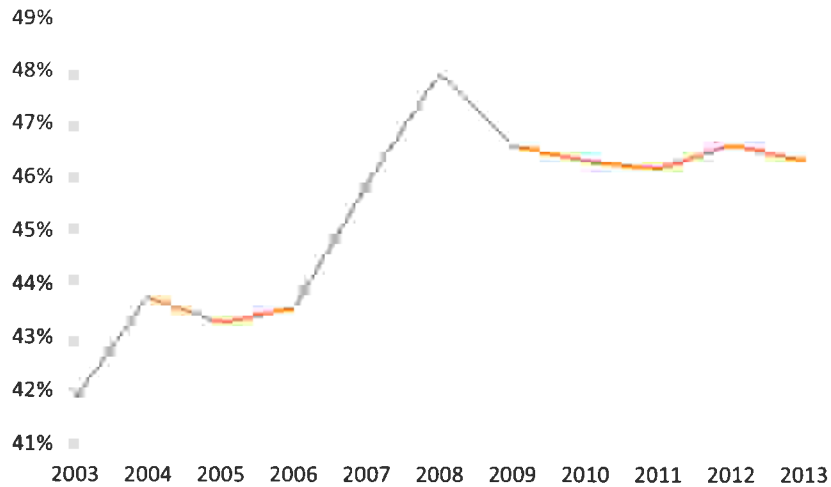
Source: Bloomberg (1954-2014)

Please refer to page 17 of this document for important disclosures relating to this material.

Non-U.S. Equity: Developed Markets

For non-U.S. developed-markets equity, we use a long-term expected return similar to what was used for U.S. stocks. As the world has become more integrated, large multi-national corporations track each other more closely, and corporate profits are derived from all over the world. The companies in the S&P 500 Index earn approximately 46% of their profits from outside of the U.S., reflecting an increasing trend (Exhibit 16).

Exhibit 16: S&P 500 Companies Revenues Outside of the U.S.

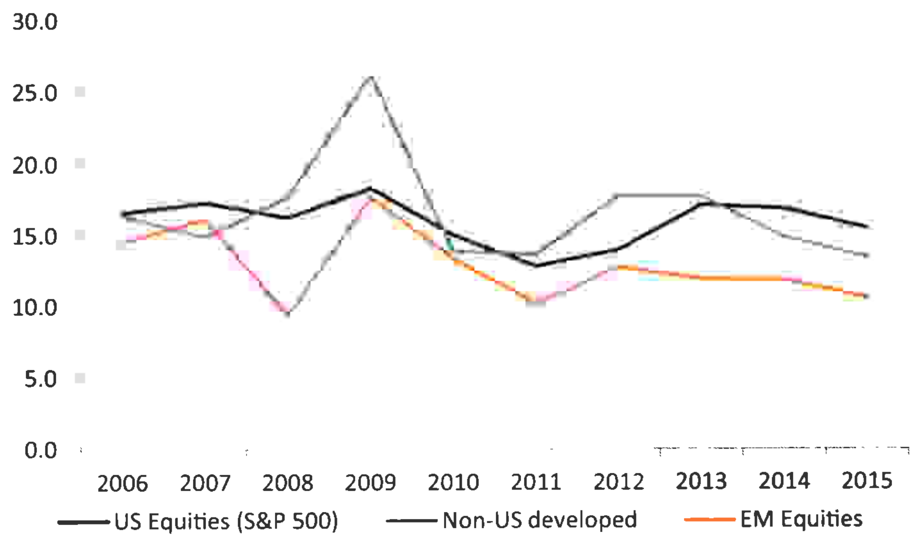


Source: Standard and Poor's

The correlation between U.S. equities and non-U.S. developed-markets equities has progressively increased over the years from 0.6 to 0.9. Given these developments, we see merit in using similar long-term expected returns for U.S. and non-U.S. developed-markets equities. This conclusion is supported by historical returns of U.S. stocks versus non-U.S. developed-markets stocks. Since 1970, the S&P 500 Index has returned 10.4% versus 9.2% for the MSCI EAFE Index as measured in U.S. dollars. While the performance of U.S. stocks will differ from non-U.S. developed-markets stocks for any given period, we believe it is appropriate to use similar expected returns over the long term.

In deriving our intermediate-term assumptions for non-U.S. developed-markets equities, we consider current economic prospects and equity valuations. Currently, U.S. equities are trading at a premium to non-U.S. developed- and emerging-markets equities (Exhibit 17).

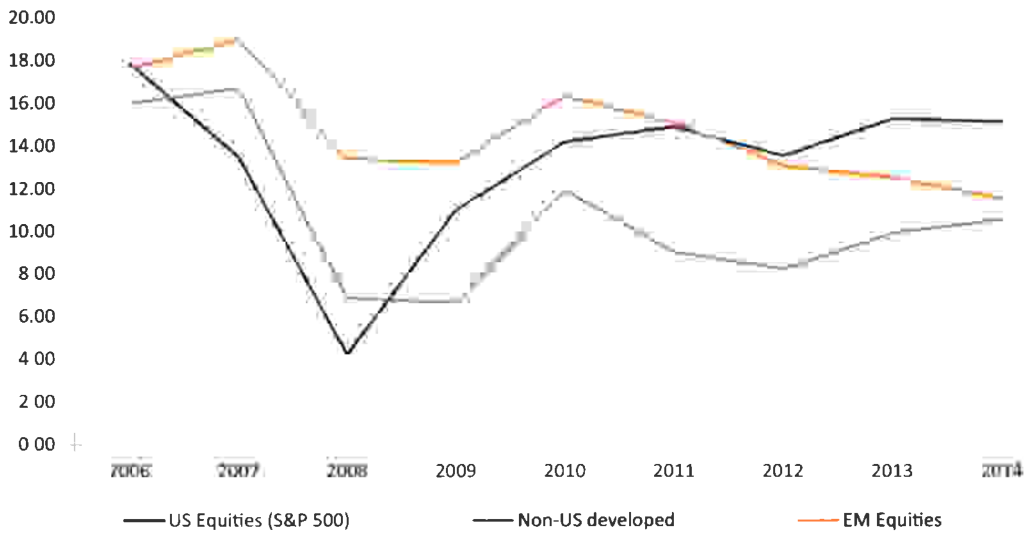
Exhibit 17: Trailing P/E Ratios for U.S. and Non-U.S. Equities



Source Bloomberg

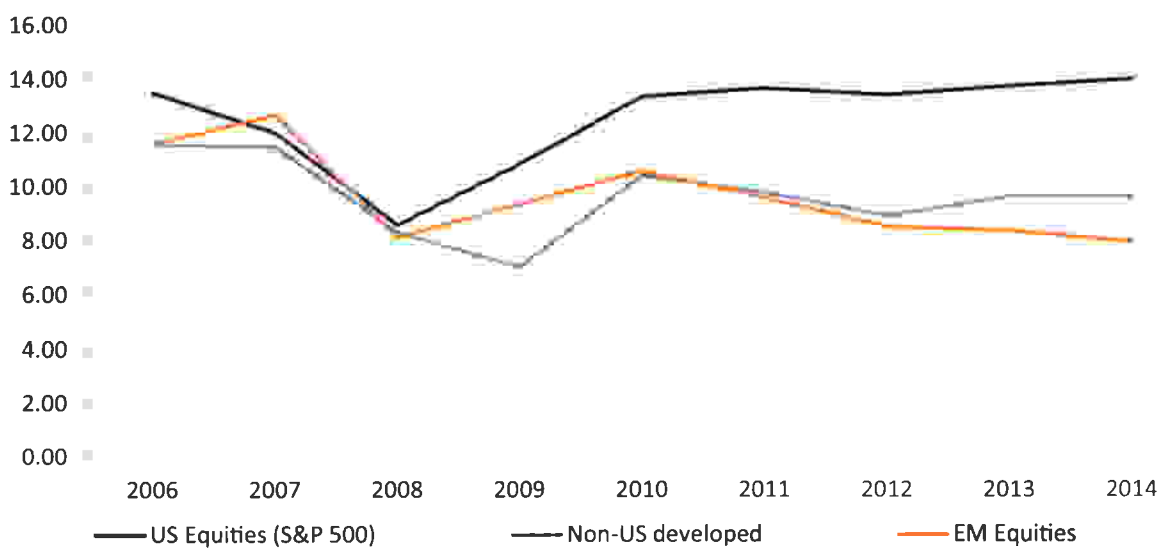
The policy actions adopted by the ECB over the past two years should provide support for economic growth and equity prices over the intermediate term, but these policies are not a panacea. Therefore, despite the more attractive valuation of these markets compared to the U.S., we do not expect these markets to significantly outperform the U.S. equity market over the next five years, as slower economic growth should offset the more attractive valuations. In addition to more challenging fundamentals, the profitability of the companies trading in these markets is lower than for U.S. companies (Exhibits 18 and 19).

Exhibit 18: Return on Equity (2006-2014)



Source: Bloomberg

Exhibit 19: Profit Margin



Source: Bloomberg

We estimate a total return of 7.8% for non-U.S. developed-markets equities over the next five years, which is modestly higher than the projection for U.S. equities due to more attractive valuations. This estimate is based on projected profit growth over the next six years that is moderately lower than in the U.S. to account for slower economic growth. We also assume that, over the next few years, non-U.S. developed-markets equities will trade at a modest discount on a forward P/E basis to U.S. equities to take into consideration the slower economic and profit growth and the higher risk of policy errors. The current trailing P/E ratio for non-U.S. developed-markets equities (as represented by the MSCI EAFE Index) is below the average since 1995 (Exhibit 17).

Our projected return for non-U.S. developed-markets equities balances the slower economic growth with more attractive valuation and higher dividend yield of these markets.

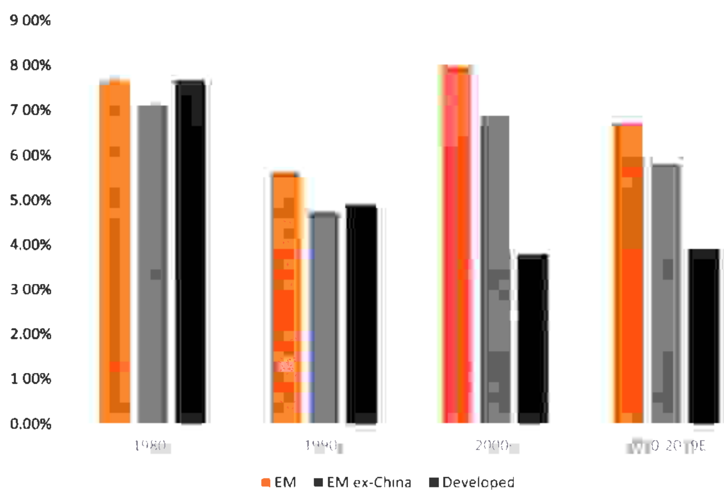
 Please refer to page 17 of this document for important disclosures relating to this material.

Emerging Markets

EM equities are currently trading at a discount to U.S. and non-U.S. developed-markets equities (Exhibit 17). This valuation discount for emerging markets is explained by a deterioration of the fundamentals in these markets. EM economies are facing headwinds of rising inflation in some countries and weak currencies in others. These factors are leading some central banks in EM countries (e.g., Brazil and Russia) to raise interest rates, which is further dampening economic growth.

In the 1980s and 1990s, EM economies grew slightly faster than the U.S. and developed-markets economies. While developed economies saw decelerating growth in the 2000s due to a 9/11-induced recession in the U.S. and a financial crisis in 2008, emerging markets experienced accelerating economic growth, a large part of which seems to have come from China. If we exclude China, EM countries experienced more modest GDP growth (Exhibit 20). The recent performance of EM economies calls into question whether emerging countries can maintain significantly higher growth rates than developed economies. In addition, China's GDP growth rate is moderating and expected to continue to slow down. Some EM economies are experiencing higher inflation, slower economic growth, and weaker currencies due to lower commodities prices, current account deficits, and tighter output gaps. For example, Brazil is facing challenges to its economic growth and is currently expected to grow around 2%, which is less than what is expected for U.S. economic growth.

Exhibit 20: GDP Growth for Emerging Markets vs. Developed Economies



Source: Our calculations are based on data from the International Monetary Fund; GDP measured in terms of purchasing power parity (and not current exchange rates)

While we expect a lower differential in economic growth, we still expect that emerging markets will grow slightly higher than developed economies, possibly in line with what occurred in the 1990s. The higher rate is supported by faster labor force growth and improved productivity rates driven by technological adoption and higher education levels as these developing countries catch up to developed countries. Over the long-term investment horizon, the growth rates are expected to converge as emerging markets mature; thus, we assume that real GDP growth in emerging markets will outpace U.S. GDP by 40 basis points. This expectation is slightly lower than the 50 basis points differential during the 1980s and 1990s prior to the acceleration in emerging markets' economic growth that occurred in the 2000s. Inflation has been higher for emerging markets than it has been for the U.S. However, we estimate that the difference will moderate over the long term and converge toward the expected U.S. inflation rate of 2.5%. Combining the slightly higher real GDP growth and comparable inflation leads to expected stock price returns of 5.5%. The dividend yield for EM stocks is approximately 2.7%. Combining nominal GDP growth or stock price returns of 5.5% and dividend yield of 2.7%, the resulting estimate is 8.2% total return for EM stocks over the long term.

While the growth rate remains higher, uncertainties and risks have increased for emerging markets. Despite the higher expected growth rates, EM equities are trading at a discount to U.S. and non-U.S. developed-markets equities as investors take note of the increased risks. Taking into consideration the lower valuation of EM equities which is offset by deteriorating fundamentals over the past year, we estimate that EM equities will achieve a total return of 7.2% over the intermediate term. Of this estimate, 2.7% will come from income or dividends, while price appreciation will contribute to the balance. Rising interest rates combined with decelerating economic growth tend to be unsupportive of strong equity performance. Therefore, at this time, we remain cautious about investing in EM equities in the short term. We currently believe that uncertainties about slower economic growth for EM economies are a downside risk for these markets.

Fixed Income

According to data from the Center for Research and Security Prices (CRSP) of the University of Chicago, investors in the post-war era have demanded a real return of 1% to 1.5% on average to hold Treasury bills (T-bills). We believe this makes sense, since investors and savers need to be compensated for deferring consumption, and a real return of 1% to 1.5% should be adequate. The term premium for holding 10-year Treasuries has averaged 1.5% to 1.75% over various periods. The spread (or difference in yields) to entice investors to hold investment-grade bonds over comparable Treasuries has averaged around 1.5%, although this spread varies depending on investors' perceptions of risk at any given point in time. The spread of high-yield (junk) bonds versus comparable-maturity Treasuries varies even more than for investment-grade bonds. We calculate an average spread of 500 basis points, but this spread can vary significantly during certain periods. In 2007, for example, the spread declined to approximately 250 basis points.

Over the long term, we use a real return of 0.8% for cash, which is down slightly from what we used previously. Going forward, more modest economic growth as a result of higher debt levels than in the past should translate into slightly lower real interest rates, including short-term rates. Fed officials estimate that the long-term federal funds rate will average approximately 3.75%; four senior officials expect it to be in a range from 3.25% to 3.5%. Using a building block approach, we combine a 0.8% estimated real return with an average long-term inflation assumption of 2.5%, resulting in a nominal expected return for cash (T-bills) of 3.3% over the long term. For core bonds, as represented by the Barclays Capital U.S. Aggregate Bond Index, we estimate a nominal long-term expected return of 5.5%. For investment-grade corporate bonds, the default rate has been very low historically; from 1970 to the present, the average default rate is 0.07%. From 1920 to 1940, a period which included the Great Depression, the average annual default rate was 0.5%. Therefore, we believe defaults do not have a meaningful impact on the return for investment-grade bonds. For high-yield bonds, we project an annual default rate of 5% and a recovery rate of 40%. As a result, our expectation for the nominal expected return of high-yield bonds is 6.8% over the long term.

The above return expectations are for the very long term, where changes in interest rates and valuations do not impact the total return since the fluctuations cancel out. But obviously, given the very low levels of current interest rates, the transition period between now and the very long term will be impacted by rising rates. To project the expected return for the Barclays Capital U.S. Aggregate Bond Index over the next 15 years, we have used the forward curves for the first five years and assumed that spreads do not vary meaningfully over this time frame, similar to our intermediate-term assumptions. For the remaining 10 years, we allow rates to rise in equal increments from the level at the end of the fifth year to reach the 5.5% that we expect for the long term. Assuming no net cash flows, we project an expected return of 2.6% annualized for the Barclays Capital U.S. Aggregate Bond Index over the next 15 years. The low expected return relative to the historical performance is due to interest rates rising from the current low levels.

For the Barclays Capital U.S. High Yield Bond Index, we use a similar methodology. We use the Treasury forward curves for the next five years to project rising rates. For the remaining 10 years, we increase rates in equal increments from the level at year five to 6.8% projected for year 15. The expected return for high-yield bonds over the next 15 years is 5.1%. This expected return is lower than the 6.8% that we are assuming over the long term due to rising rates.

In deriving our 2015 capital market assumptions, we expect that fixed-income markets will continue to struggle as rates normalize. Now that the QE program has ended, the process of normalizing interest rates should be helped along as the Fed begins to raise the federal funds target rate from the extraordinarily low range of zero to 25 basis points that has persisted since the end of 2008. As a reference point, before the Fed began to lower the federal funds rate in September 2007, the rate was 5.25%. While the federal funds rate may not reach 5.25% over the intermediate term, it is likely to rise from the current level at some point in 2015. As this happens, we expect modest returns from fixed-income investments relative to the asset class's strong performance since the early 1980s, which was driven by a significant decline in interest rates and credit spreads. Currently, interest rates are low in absolute terms as well as in relation to historical averages. These low rates are the results of both unconventional monetary policy as well as investors' continuing search for yield or income. The current yield on 10-year Treasuries is approximately 2.17% as of December 31, 2014. We expect the rise in interest rates to be modest, partly due to inflation continuing to be well-behaved. We do not expect interest rates to spike dramatically over the next few years, but there is still a risk of this happening if market participants overreact in 2015; this happened in mid-2013 when the yield on 10-year Treasuries rose from 1.6% to 3% in almost a straight line as investors rushed to reverse previously made investment decisions. Since the Fed has reiterated its commitment to maintain its accommodative policies, and given our expectations for modest and stable inflation, we believe that longer-term rates will not spike aggressively.

For core bonds (as represented by the Barclays Capital U.S. Aggregate Bond Index), we project an average annual total return of about 1%, which is based on the yield to maturity (YTM) of 2.1% and offset by the expected rise in interest rates over the next five years. We anticipate that long corporate bonds will return 2.5% annualized over the next five years. While the YTM of the Barclays Capital U.S. Long Term Corporate Index is approximately 4.5% and much higher than the yield for intermediate-duration investment-grade bonds, the duration of 13 years should have a significant impact in an environment of rising rates. This negative impact should be mitigated to some extent by the smaller rise in interest rates for longer maturities, with the yield curve flattening from its current (very steep) slope.

For high-yield bonds, we project a total return of 4% over the next five years, which is based on the current YTM of 6.3% and adjusted for expected rate increases, a default rate of 3% per year, and a recovery rate of 50%. Cash is expected to return close to 1%.

Hedge Funds

In deriving our expected returns for hedge funds, we assume that as a group they will not outperform the capital markets in which they invest. As more plan sponsors allocate more assets to hedge funds, we believe that the recent relative performance of hedge funds as a group versus public security markets will not improve in the near future (Exhibit 21).

Exhibit 21: Hedge Fund Performance

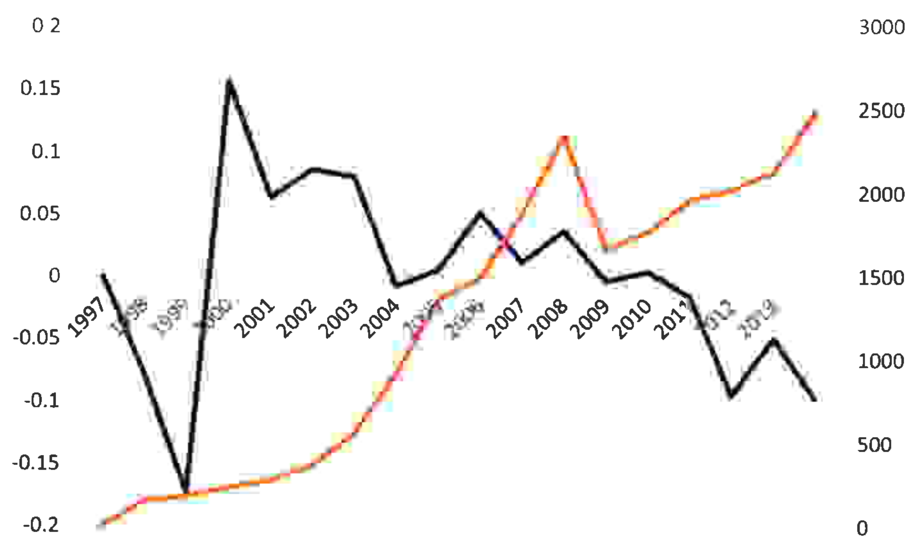
	1 Year	3 Years	5 Years	7 Years	10 Years
S&P 500	17.3	19.8	16.7	6.1	8.2
Barclays Capital Aggregate	4.1	2.7	4.2	5	4.6
HFRI	4.8	5.4	5.1	2.5	5.6
60% S&P 500/40% BC Agg	12.0	13.0	11.7	5.7	6.8
HFRI vs 60/40	-7.2	-7.6	-6.6	-3.2	-1.2
Fund of Hedge Funds (FHFs)	4.3	4.6	3.3	0.1	3.3
FHFs vs 60/40	-7.7	-8.4	-8.4	-5.6	-3.5

Source: HFR, Bloomberg; as of October 31, 2014

Using our long-term capital market assumptions for public security markets, we derive a long-term expected return for hedge funds of 7.4%. This estimate is the average for the entire group; however, we believe that some hedge funds managed by talented individuals will achieve higher returns.

For hedge funds, we estimate a total return of 6.1% over the intermediate term. While some investors treat hedge funds as an asset class with distinct alpha generators, PFMAM does not believe that hedge fund managers as a group will significantly outperform the public securities markets as they have in the past.[2] There are currently approximately 10,000 hedge funds managing almost $3 trillion in assets. As assets have been directed to the hedge fund industry and as the number of hedge funds has grown, the relative performance has deteriorated (Exhibit 22). Going forward, we believe that hedge funds as a group will generate performance that is in line with the public security markets.

Exhibit 22: HFRI Performance vs. 60% S&P 500 Index/40% Barclays Capital Aggregate Bond Index (blue, left axis) Compared to Hedge Funds Assets Under Management (orange, right axis, in billions)



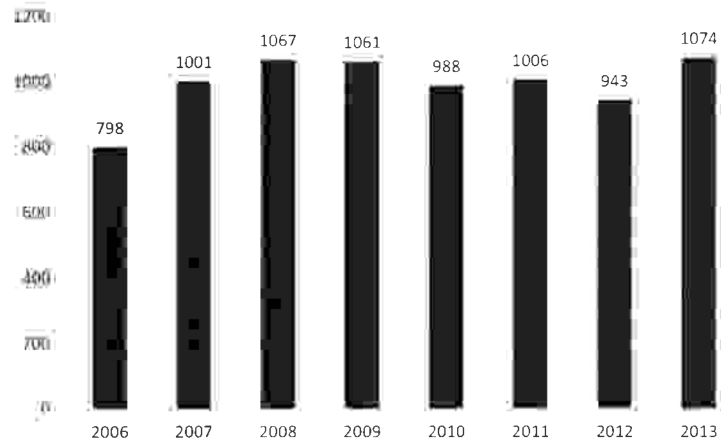
Sources: For assets under management: Barclays, WSJ; for HFRI performance: Hedge Fund Research, Inc.; For S&P 500 Index and Barclays Capital Aggregate Bond Index performance: Bloomberg, Ibbotson/EnCorr

[2]*For more on this topic, please see the PFM Perspectives piece titled, "Hedge Funds: Then and Now," which was released in March 2013. To receive a copy of this paper, please contact your relationship manager.*

Private Equity

Private equity represents a particular challenge in deriving expected returns. Historically, private equity has outperformed the public equity market, most likely due to the higher leverage embedded in these funds. Similar to the hedge fund industry, we do not believe that one can simply take the historical outperformance over the public equity market and project the same results going forward. According to research firms Preqin and Bain, there are currently over 4,800 private equity firms versus the approximately 500 firms that existed in the mid-1990s. These firms are managing approximately $3 trillion, of which $1 trillion is still uncalled capital or what is colloquially called "dry powder" (Exhibit 23). Therefore, similar to our view on hedge funds, we do not believe that, in general, the private equity industry will outperform the public equity market when returns are adjusted for the leverage they use.

Exhibit 23: Private Equity "Dry Powder" (in billions)



Source: Preqin

Following the financial crisis, the amount of debt used by the average private equity fund fell. But over the past couple of years, the leverage has been rising as markets normalize and investors continue to reach for yield. Currently, private equity transactions are financed by approximately one-third equity and the rest debt. Given the changing proportion of debt to equity used by private equity funds, we have adjusted our calculations accordingly. We now assume that private equity funds will leverage their equity investments two-to-one using debt financing. As noted, this change in assumption from the relative proportion that we used last year is driven by the changing practices of private equity funds. Over the long term, we assume that private equity will deliver a return of 9.8%.

To derive our intermediate-term expected return for private equity, we assume that these funds will generate comparable returns to the public equity markets adjusted for the leverage they typically use. Given current market conditions, we assume that these funds will lever up their equity by two-to-one (i.e., $100 in equity will result in invested capital of $300, of which $100 is in equity and $200 is in debt). We assume that the rate paid on this debt is comparable to the rate on high-yield bonds. For private equity, we derive an expected return of 9.9% over the intermediate term.

Over the long term, we assume that private equity funds will not outperform public equity markets when returns are adjusted for the leverage they use.

REITs

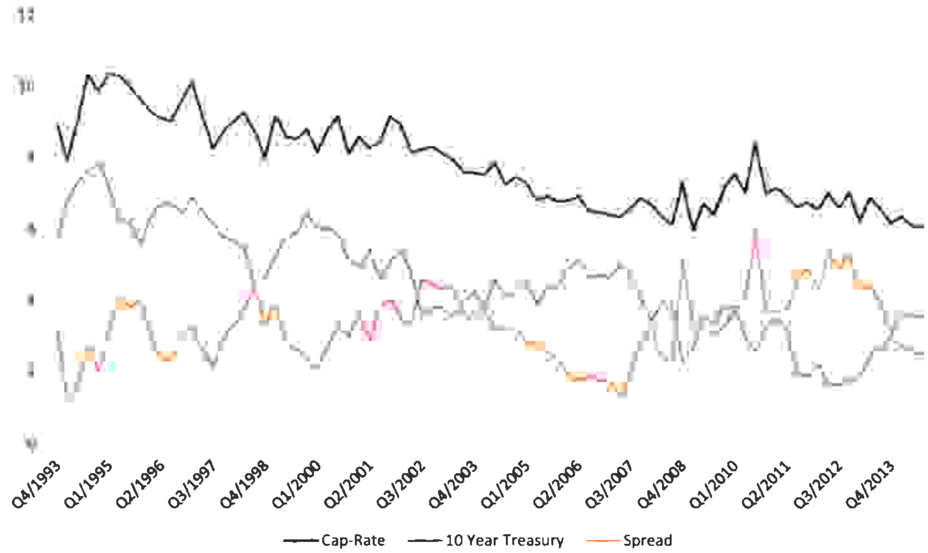
Over long periods of time, we believe that REITs will return more than fixed income but less than equities. We project that core REIT exposure will return approximately 6.2% in income and price appreciation over the long term. One methodology that is used to forecast forward-looking projections is to use a spread over 10-year Treasuries to calculate an expected capitalization (or cap) rate. We hesitate to use this methodology. In the early 1980s, the spread was negative 800 basis points and remained negative until the early 1990s. Since the early 1990s, the spread has been positive, but dropped close to zero in 2007. Instead, we prefer to rely on an understanding of the economics of the asset class and how it compares to other asset classes when projecting a reasonable expected return for real estate. The 6.2% expected for REITs is lower than the 7.7% we expect for U.S. equities and higher than the 5.5% we expect for investment-grade bonds. This is consistent with the economics of real estate relative to equities and fixed income.

Currently, the yield on U.S. REITs is 3.7%, and the market expectation for inflation is approximately 2%. Yield income of 3.7% plus property price appreciation of 2% would normally result in a total return of 5.7%. Given our view of a continuing rise in interest rates over the next few years (which will negatively impact interest-rate-sensitive investments), we subtract

Please refer to page 17 of this document for important disclosures relating to this material.

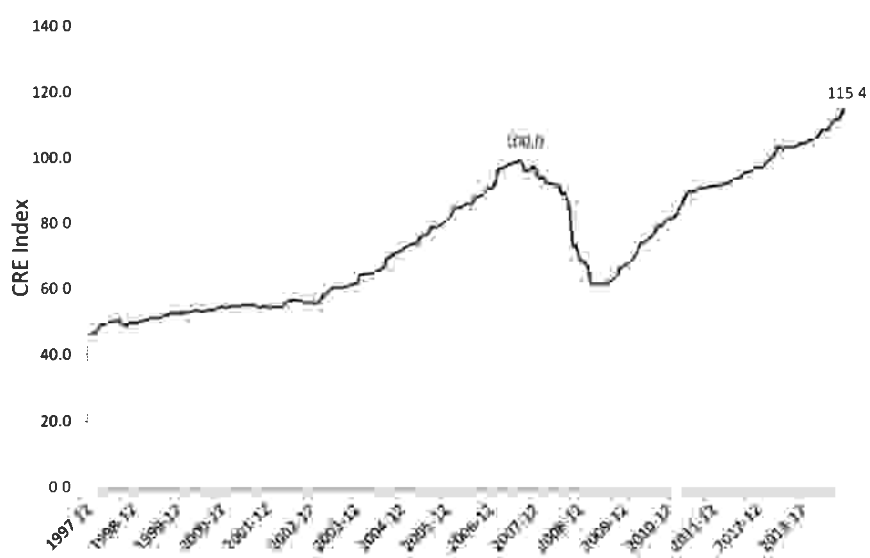
50 basis points to factor in the headwind that REITs will continue to face as interest rates rise. Over the next five years, we estimate that REITs will provide an annualized total return of 5.2%, which is consistent with our estimate that U.S. stocks will deliver 7.5% and bonds will return 1%. An expected return of 5.2% is much lower than what REITs have returned over the past three, five, and 10 years. We believe that, going forward, the price appreciation of core real estate will be more in line with inflation since cap rates and prices have come down to pre-financial-crisis levels (Exhibits 24 and 25).

Exhibit 24: Commercial Real Estate Cap Rate



Source: Bloomberg

Exhibit 25: Commercial Real Estate Price Index



Source: Green Street

Commodities

According to the Bank for International Settlements, the notional amount of over-the-counter commodity derivative contracts outstanding was 14 times larger in 2006 before the financial crisis than it was in 1998. The volume of these contracts peaked at over $13 trillion in mid-2008 before dropping to approximately $3 trillion as of the writing of this paper. Perhaps as a result of the strong inflows into commodity investing, many of the futures commodity curves became contango in 2005, where the futures contract price was above the spot price and would decline to the spot price before the expiration date. As a result of the curve being in contango, the roll return became negative. Today, many of the commodities forward curves remain in contango. Therefore, in our opinion, the historical investment performance from commodities cannot be used as a reliable predictor of future expected returns.

The fundamentals of investing in commodities support the notion that if market expectations for future commodity prices are correct (i.e., there are no unexpected prices), investing in commodities should return the T-bill rate, or inflation plus 0.8%, plus a roll yield of 2%, which is the average over long periods of time. Our estimate is that commodities will return 5.3% over the long term. Of course, it is possible that the roll yield is negative, which occurs when the futures curve is in contango (which is currently the case for many forward curves).

In 2014, again commodities turned in poor returns, with the DJ/UBS Commodity Index down 17.01% for the year. Negative roll yield (the Index uses the front month contract[3] to calculate the performance), low return on invested collateral (the Index assumes that the collateral is invested in T-bills), and declining commodity prices were the main reasons for negative returns. Over the next five years, we project that cash will earn 1%, which is the return on the collateral. The roll yield has averaged about 2% over time. Currently, many of the commodities curves are in contango, where the forward price is above the spot price. Therefore, the current roll yield is lower for many commodities. As a result, more and more commodities funds are going further out on the yield curve to mitigate this effect. Combining a roll yield of 2% and investment return on the collateral of 1% gives us a total return of 3% from investing in commodities in the intermediate term. It is possible to achieve a greater return than what we are assuming by investing the collateral in something other than T-bills or achieving a better roll yield by tactically rolling the futures contracts; however, we have not included this in our estimates. Commodities will achieve a much higher return over the next few years if unexpected inflation significantly rises, which will lead to commodities prices moving up higher and faster than what is implied in the forward curves. Given the macroeconomic environment and excess supply in many of the factors of production (including labor), we expect inflation to remain stable. In addition, many commodities are faced with unfavorable demand/supply dynamics as additional supply is added at a time when demand for commodities is not growing strongly.

The fundamentals of investing in commodities support the notion that if market expectations for future commodity prices are correct (i.e., there are no unexpected prices), investing in commodities over the long term should return the T-bill rate, or inflation plus 0.8%, plus a roll yield of 2%, which is the average over long periods of time.

Considerations for Asset Owners

Given the current low level of interest rates and the likelihood that rates will rise over the next few years, most plan sponsors will find it difficult to maintain a positive real (inflation-adjusted) return within their fixed-income allocations. Corporate pension plans have struggled as rates have fallen, leading to lower discount rates and higher present values of pension liabilities. While fixed-income portfolio performance will struggle if rates rise over the next few years, higher rates will translate into a higher discount rate and corresponding lower liabilities. If this occurs, funding ratios could improve due to the longer duration of the liabilities relative to the duration of the typical pension plan's fixed-income portfolio. Other post-employment benefits (OPEB) plans have had similar challenges as interest rates have declined, leading to higher liabilities. Like pensions, OPEB plans' funded status should improve as interest rates rise due to the longer duration of plan liabilities versus fixed-income assets.

Foundations and endowments also face hurdles. The typical foundation seeks to pay out 5% or so of assets in annual grants. To preserve purchasing power, the portfolio must achieve a real (inflation-adjusted) return of 5%. Given the levels of interest rates, this implies a healthy allocation to asset classes that are expected to achieve a real return above 5% to offset the lower return from the fixed-income portfolio. Unlike pension plans, foundations typically do not have liabilities whose value fluctuates with interest rates. This means that when interest rates rise, the loss incurred on the fixed-income portfolio will not be offset by lower liabilities. Endowments face a similar challenge of generating adequate returns to continue to meet their funding obligations.

In addition to the historically low interest rates, the macroeconomic backdrop also presents challenges for plan sponsors. While the eurozone emerged from recession, it continues to struggle as we saw in mid-2014 and may slip back into recession. Meanwhile, China's growth rate is expected to continue to moderate, but the risk of a hard landing remains among investors' concerns. China's growth rate has relied to a large extent on rising debt levels, and is driven by investments and exports versus consumption and internal demand. The Chinese government has indicated that it recognizes that this model presents risks to the long-term stability of its economy. The transition to a model of economic growth that relies more on consumption and less on investments is not likely to be smooth. The U.S. continues to face fiscal and political challenges brought about by a divided government. While the risk of another government shutdown is low, such an occurrence remains a possibility. In addition, the Fed has undertaken an unprecedented experiment with its unconventional monetary policy. So far, the results seem to be helping the economy, with inflation low and stable and interest rates well-behaved. But as the Fed engineers a return to normalcy, the exit strategy may prove challenging as the Fed's balance sheet has ballooned to over $4 trillion compared to less

[3]*For example, in January, the "front month" would be the contract that expires in February.*

than $1 trillion before the financial crisis. Plan sponsors should be cognizant of all of these variables as they review their long-term investment strategy and decide whether changes are necessary.

Methodology Highlights (please refer to complete methodology on page 18)

Where possible, we follow common, if not related, approaches to forecasting returns within major asset class groups. Many of the underlying macro assumptions that drive models come from a common source—our Investment Research Group's forecasts.

Key variables used in our models are interrelated at a fundamental level and in many cases rest on our underlying macro assumptions.

All results are systematically subjected to a qualitative consistency check, which involves a cross asset-class comparison of risk-adjusted returns, a comparison with historical data, and a comparison of long-term macro trends with forecasts.

Where inconsistencies or inconclusive results are identified we err towards the more conservative estimate.

Important Disclosure Information

This material is for informational purposes only and is not intended to be an offer or solicitation to purchase or sell any security or to employ a specific investment strategy. It is intended solely for the information of those to whom it is distributed by PFM Asset Management LLC (PFMAM). No part of this material may be reproduced or retransmitted in any manner without the prior written permission of PFMAM. PFMAM does not represent, warrant, or guarantee that this material is accurate, complete, or suitable for any purpose and it should not be used as a basis for investment decisions. The information provided reflects PFMAM's projections based on the historical performance and characteristics of each asset class. The assets classes were selected based on the assumption that they will exhibit fairly stable behavior over long time periods. The data is hypothetical in nature and should not be relied upon as independently verifiable information. There is no guarantee that the projected returns can or will be achieved. This material does not purport to contain all of the information that a prospective investor may wish to consider and is not to be relied upon or used in substitution for the exercise of independent judgment. Past performance is not a guarantee of future results. Prior to investing, you should consult your accounting, tax, and legal advisors to understand the implications of such investment.

PFMAM, part of the PFM Group of companies, is registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. For the period ended September 30, 2014, PFMAM had $93.5 billion in total assets, including $50.6 billion in discretionary assets under management and $42.9 billion in non-discretionary assets under advisement. PFMAM's clients are state and local governments, non-profit corporations, pension funds, and similar institutional investors. The PFM Group of companies also provides best practices strategic consulting and pension advisory consulting services. For more information, please visit www.pfm.com.

Glossary

Capitalization rates (aka "cap rates"): A rate of return on a real estate investment property based on the expected income that the property will generate. Capitalization rate is used to estimate the investor's potential return on his or her investment. This is done by dividing the income the property will generate (after fixed costs and variable costs) by the total value of the property. Capitalization Rate = Yearly Income/Total Value.

Commodity derivative contracts: A contract where the buyer has the right to exchange a commodity for a certain price at a future date, and the seller will receive the commodity in exchange for the established price.

Contango: When the futures price of a commodity is above the expected future spot price, and an investor is willing to pay more for a commodity at some point in the future than the actual expected price of the commodity. This may be due to an investor's desire to pay a premium to have the commodity in the future rather than paying the costs of storage and carry costs of buying the commodity today.

Forward-looking multiple (aka "forward multiple"): A price-to-earnings ratio that is based on forward (expected) earnings rather than on trailing earnings.

Nominal: An unadjusted rate, value, or change in value. This type of measure often reflects the current situation, such as the current price of a car, and does not make adjustments to reflect factors such as seasonality or inflation, which provide a more accurate measure in real terms.

Nominal rate of return: The return generated by an investment before taxes, investment fees, and inflation are factored in.

Roll yield: The amount of return generated in a backwardated futures market that is achieved by rolling a short-term contract into a longer-term contract and profiting from the convergence toward a higher spot price. Profiting from roll yield is a common goal for many strategies used by traders in the futures market. This is also known as "roll return."

Spot price: The current price at which a particular security can be bought or sold at a specified time and place. A security's spot price is regarded as the explicit value of the security at any given time in the marketplace. In contrast, a security's futures price is the expected value of the security, in relation to its current spot price and time frame in question.

Total return: When measuring performance, the actual rate of return of an investment or a pool of investments over a given evaluation period. Total return includes interest, capital gains, dividends, and distributions realized over a given period of time.

Treasury forward curve: In a forward market, the pattern of forward rates, or forward premia, for Treasuries over various time horizons.

Methodologies

Equities

To derive our intermediate-term expected return for equities, we project profit growth over the next five years, changes in valuation, and dividends. We then make an adjustment to consider the impact from stock buybacks and increasing cash levels on corporate balance sheets.

While short- and intermediate-term asset prices are influenced by factors other than the fundamentals and economics of the assets—such as price-to-earnings (P/E) multiple expansion or contraction and interest rate movements, among others—the expected return from owning an asset over a long period of time (e.g., 30 years and longer) is influenced by the economics of the asset class. In deriving our long-term expected return from equities, we use a building block approach, incorporating population or labor force growth, improvements in productivity, inflation, and income or dividends.

The building blocks to derive our long-term expected return from equities are as follows:

- Real GDP growth = population (labor force) growth + productivity improvements;
- Nominal GDP growth = real GDP growth + inflation;
- Corporate profit growth = ~ nominal GDP growth;
- Stock price appreciation = corporate profit growth; and
- **Total return from equities = stock price appreciation + income (dividend yield)**

Please refer to page 17 of this document for important disclosures relating to this material.

Fixed Income

We derive our intermediate-term fixed-income projections by starting with the current yield and adjust for the impact of rising rates, changes in credit spreads, defaults, and recovery rates. For rate projections, we use the Treasury forward curves provided by Bloomberg. For non-Treasury fixed-income instruments, spreads over Treasuries are nearly equal to the 15-year average in most cases. Given our views on the economy and inflation, we assume that spreads will remain fairly stable over the next few years.

In deriving expected volatility and correlations, we use a combination of historical observations and adjust for recent trends. While volatility and correlations tend to spike during periods of heightened stress, in general, past asset class behavior in terms of volatility and correlations tend to be good predictors of future volatility and correlation. Changes in volatility and correlations tend to occur over long periods of time.

For fixed-income returns, we assume that the current low interest rates will normalize. Similar to our methodology for projecting long-term expected returns from equities, we use a building block approach to project fixed-income returns over the long term. We begin with a real short-term, risk-free return and add various premia that investors demand for holding longer-term fixed-income instruments and those perceived to have more risk. The building blocks we use to develop our expected return from fixed income are as follows:

- **Nominal return for cash = real return + inflation**
- **The real return is based on the return of Treasury bills (T-bills) over inflation.**
- **Return expectation for longer-maturity fixed income = return for cash + term premium**
- **Return expectation for credit = return for Treasuries + credit spread**

Alternative Investments

In the case of alternative investments such as hedge funds and private equity, simply observing the reported volatility and correlations is not appropriate since these investments are less liquid. In the case of private equity, the absence of market prices necessitates valuation methods that try to ascertain the "fair value" of those assets by observing assets that are deemed to be "comparable." Because comparability is a subjective measure, this introduces biases into the valuation process. As a result, we find that appraised values for these assets tend to be more "sticky" or move slower than the market. In deriving the volatility and correlation of these investments, we adjust the observed volatility and correlations to incorporate the economic fundamentals of the assets. For example, the reported correlations and volatility of private equity significantly underestimate the riskiness of the asset class. Therefore, when deriving the volatility and correlations for private equity, we start with publicly traded equities and make adjustments to account for the use of higher leverage by these investments and the wider dispersion in returns among private equity funds.

Hedge Funds

In deriving our expected returns for hedge funds, we assume that, as a group, they will not outperform the capital markets in which they invest. As more plan sponsors allocate more assets to hedge funds, we believe that the recent relative performance of hedge funds as a group versus public security markets will not improve in the near future. To derive the intermediate- and long-term assumptions for hedge funds, we use our capital market assumptions for the publicly traded markets in which hedge funds invest and adjust for the relative proportion and leverage used by these strategies.

Private Equity

To derive our intermediate-term expected return for private equity, we assume that these funds will generate comparable returns to the public equity markets adjusted for the leverage they typically use. We assume more leverage in the long term compared to the intermediate term. Over the long term, we assume that private equity funds will not outperform public equity markets when returns are adjusted for the leverage they use.

REITs

We view REITs as having characteristics of both fixed income and equity. The rent payments provide a fixed-income-like revenue stream, while property prices increase in response to inflation and improvements as well as investors' perceptions of real estate relative to other asset classes, among other factors which is similar to equities. In deriving our assumption for total return from investing in real estate, we start with the yield and project appreciation in real estate prices; for the long term, we estimate the property prices will appreciate in line with inflation.

Commodities

Institutional investors gain exposure to commodities by investing in commodity futures. In doing so, the buyer agrees to purchase a futures contract that expires on a specified date and corresponds to a certain amount of a commodity at a specific price. This price reflects the market consensus for what the price of the commodity will be on that future date. Therefore, if the market consensus is that the commodity will increase in price, that expectation should be reflected in the price specified. Over the long term, the roll yield (or the yield captured when the price of a future contract converges with the current or spot price of the underlying commodity) has averaged about 2%. Investing in commodities using futures contracts has three sources of returns: 1) the return on the collateral, 2) the difference in price between the spot price and futures contracts price, or the roll yield, and 3) the movement in the spot price. If the commodities markets are efficiently priced, the forward price of the commodity should incorporate the spot price expected in the future.

Please refer to page 17 of this document for important disclosures relating to this material.

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J. PFMAM Code of Ethics

COMPANY POLICY AND CODE OF ETHICS

PURPOSE

PFM Asset Management LLC (the "Company") conducts all aspects of its business with the highest standards of integrity, honesty and fair dealing. This Code of Ethics is an expression of the Company's recognition of its responsibilities to the public, clients and professional associates. The Company also requires compliance with both the letter and the spirit of the laws and regulations of the United States and jurisdictions in which the Company operates. Compliance with the law means not only following the law, but conducting our business so that we will deserve and receive recognition as good and law-abiding citizens, alert to our responsibilities in all areas of good citizenship. The Company requires that all officers, employees, consultants and representatives avoid unauthorized activities that involve or might appear to involve a conflict of interest between personal and professional relationships.

STATEMENT OF GENERAL POLICY

This Code of Ethics ("Code") shall apply to the Company, its officers and employees. This Code is not intended to be all encompassing. Situations may arise that are not expressly covered or where the proper course of action is unclear. Any employee may bring problems to the attention of a Managing Director for review. The Company's Compliance Officer is also available to assist in resolving such matters.

The Company may modify or supplement this Code from time to time, as it deems appropriate. Accordingly, all employees must review this Code at least once every year.

Any employee of the Company having information or knowledge regarding a violation, or potential violation, of this Code shall immediately report the same either to such person's Managing Director or the Company's Compliance Officer. Retaliation or reprisal of any kind against an employee who reports a violation (or, in good faith, potential violation) of this Code is strictly prohibited.

The Company may regard any employee's acts in violation of this Code to be outside the course and scope of that employee's employment. Any employee who is found to have violated this Code may be subject to immediate disciplinary action, including reassignment, demotion or, when appropriate, dismissal. Legal proceedings may also be commenced against such individual to recover the amount of any improper expenditure, any other losses which the Company may have incurred or other appropriate relief. Violators may also be prosecuted by public officials under applicable criminal statutes.

In general, this Code requires that employees:

- Avoid even the appearance of misconduct or impropriety.
- Conduct all dealings with clients, professional associates and competitors with honesty and fairness, exercising good judgment and the highest ethical standards in business or personal interactions that may reflect upon the Company in any way.

- Avoid actual or apparent conflicts of interest between personal and professional relationships, including, but not limited to, any investment, interest or association that interferes, or potentially could interfere, with independent exercise of judgment in the best interest of the Company.
- Never improperly use the assets, information or relationships of the Company for personal gain.
- Know, understand and comply with all applicable U.S. and non-U.S. laws, regulations, rules, and policies governing the conduct of the Company's business, employment issues, marketing activities and insider trading restrictions.
- Assist the Company in complying with its obligations under the U.S. federal securities laws to provide full, fair, accurate, timely and understandable disclosure in each report or other document filed with or submitted to the Securities and Exchange Commission ("SEC"), and in any other public communication made by or on behalf of the Company.
- Ensure that all transactions are handled honestly, comply with applicable accounting principles and are accurately reported.
- Respect the right of all employees to fair treatment and equal opportunity, free from discrimination, retaliation or harassment of any type.
- Safeguard information that belongs to the Company. Treat all such information as confidential and do not disclose it outside of the Company except when specifically authorized.
- Do not improperly solicit, obtain nor disclose any proprietary data concerning clients, professional associates or competitors.
- Avoid any conduct that could potentially obstruct a government proceeding or investigation, including falsifying or failing to maintain or produce records, documents and information.

CORPORATE ASSETS, INFORMATION AND PUBLIC DISCLOSURES

Employees of the Company are responsible and accountable for the proper expenditure of funds and use of Company assets under their control, including all funds and assets entrusted to the Company's management by clients and others. The Company's assets are to be used only for proper purposes both during and following employment with the Company. Examples of improper uses include unauthorized taking or use of corporate property or other resources, and the disbursement of corporate funds, directly or indirectly, for any form of payment that is illegal or otherwise not in accordance with Company policy. Unless authorized by appropriate Company management, the sale, loan or gift of Company assets to Company employees, clients or professional associates is prohibited.

The Company and its subsidiary file periodic reports and other documents with regulatory authorities, including the SEC. Employees involved in the preparation and submission of these reports and other public disclosures must ensure that the information presented is full, fair, accurate, timely and understandable.

No employee should discuss with or otherwise inform others of any actual or contemplated security transaction by a client or the Company except in the performance of employment duties or in an official capacity and then only for the benefit of the client or the Company, as appropriate, and in no event for personal benefit or for the benefit of others.

No person should release information to dealers or brokers or others (except to those concerned with the execution of the transaction) as to any investment portfolio changes, proposed or in process, except (i) upon the completion of such changes, or (ii) when the disclosure results from the publication of a Fund prospectus, or (iii) in conjunction with a regular report to clients or to any governmental authority resulting in such information becoming public knowledge or (iv) in connection with any report to which clients are entitled.

CONFLICTS OF INTEREST

Although Company employees are generally free to engage in personal financial and business transactions, there are certain limitations. No employee or Managing Director or a member of his or her family should receive improper benefits as a result of his or her position with the Company. All employees have a duty to avoid situations where their loyalties may be divided between the Company's or client's interests and their own interests. Employees should avoid even the appearance of such a conflict of interest.

While it is impossible to outline every situation that may give rise to a conflict of interest or the appearance of impropriety, the following are some examples:

- No employee or closely related family member may have an unauthorized financial interest or an obligation to a competitor, client or professional associate of the Company, where the interest or obligation might cause divided loyalty or even the appearance of divided loyalty.
- No employee may perform services as an employee, independent contractor, advisor or consultant for any competitor of the Company. No employee may perform such services independently for a client of the Company without the written approval of the Company.
- No employee may serve as a director of any competitor of the Company. No employee may serve as a director, officer or manager of any client of the Company without the written approval of the Company.
- No employee may deprive the Company of a business opportunity, or divert a business opportunity to such employee's own benefit.

Any employee of the Company seeking permission to serve on an outside board of directors must submit his or her request for a waiver of the Conflicts of Interest policy to the Compliance Officer of the Company together with a description of the company, and his or her obligations as a board member. The Chief Executive Officer of the Company will review employee requests for permission to serve on outside boards, on a case-by-case basis. The determination whether to permit such service will be based on several factors, the most important of which will be whether the employee's service as a director will be detrimental to the employee's primary obligation to the Company. Other factors to be considered include the nature of the company's business whether the obligations of a board member can be performed without interfering with the individual's job performance.

A. Dealing with Government Officials

Employees' dealings with government officials should conform to the following standards:

1. No payment should be made to, or for the benefit of, any public official in order to induce or entice such official to influence any official act; or to obtain any favorable action by a governmental agency or official on behalf of the Company.

2. Social amenities, entertainment and other courtesies may be extended to government officials or employees only to the extent appropriate and reasonable under applicable laws and customs. Gifts of greater than nominal value to public officials are prohibited. No gifts in the form of cash, stock or other similar consideration should be given, regardless of amount. Any gift about which an employee is uncertain should not be made without the written approval of the Company. Any expenses incurred by a Company employee in connection with the matters discussed herein should be accurately recorded on the Company's books and records.

B. Bribery and Kickbacks

No employee of the Company should directly or indirectly offer, give, solicit or accept any money, privilege, special benefit, gift or other item of value for the purpose of obtaining, retaining or directing business, or bestowing or receiving any kind of special or favored treatment for the Company. The Company does not permit or condone the use or receipt of bribes, kickbacks or any other illegal or improper payments in the transaction of its business.

RELATIONSHIPS WITH COMPETITORS

Employees of the Company must be aware that there are laws protecting and promoting competition. Company employees, especially any persons having direct contact with competitors, have a clear responsibility to know and obey these laws.

Although the free enterprise system is based upon competition, rules have been imposed spelling out what can and what cannot be done in a competitive environment. The following practices can lead to liability for "unfair competition" and should be avoided:

1. Disparagement of competitors. It is not illegal to point out weaknesses in a competitor's services or operation. However, you may not spread false rumors about competitors or make misrepresentations about their businesses.

2. Disrupting a competitor's business. This includes bribing a competitor's employees, posing as prospective customers, or using deceptive practices such as enticing away another's employees in order to obtain trade secrets or destroy a competitor's organization.

3. Misrepresentation of price and product. Lies or misrepresentations about the nature, quality or character of a competitor's services are both illegal and contrary to Company policy.

The Company will compete fairly for business, respecting the rights of other parties. This includes respect for the legitimate business relationships of competitors with the Company's prospective clients.

DISCLOSURE OF INFORMATION

No employee or Managing Director of the Company should discuss with or otherwise inform others of any actual or contemplated security transaction by a client or the Company except in the performance of employment duties or in an official capacity and then only for the benefit of the client and in no event for personal benefit or for the benefit of others.

No employee or Managing Director of the Company should release information to dealers or brokers or others (except to those concerned with the execution of the transaction) as to any investment portfolio changes, proposed or in process, except (i) upon the completion of such changes, or (ii) when the disclosure results from the publication of a Fund prospectus, or (iii) in conjunction with a regular report to clients or to any governmental authority resulting in such information becoming public knowledge or (iv) in connection with any report to which clients are entitled.

PREFERENTIAL TREATMENT, GIFTS AND ENTERTAINMENT

No person should seek or accept favors, preferential treatment or any other benefit because of his or her association with a client or the Company, except those usual and normal benefits.

No person should accept any entertainment, gift or other personal benefit that may create or appear to create a conflict between the interests of such person and any client or the Company.

INSIDE INFORMATION

Securities laws and regulations prohibit the misuse of "inside" or "material non-public" information when trading or recommending securities. The concept of inside is broad. It includes officers, directors and employees of a company. In addition, a person can be a "temporary insider" if he or she enters into a special confidential relationship in the conduct of a client's affairs and as a result is given access to information solely for the client's purposes. A temporary insider can include, among others, a client's attorneys, accountants, consultants, financial advisors, bank lending officers, and the employees of such organizations. In addition, the Company may become a temporary insider of a client it advises or for which it performs other services. According to the Supreme Court, a client must expect the outsider to keep the disclosed nonpublic information confidential and the relationship must at least imply such a duty before the outsider will be considered an insider. Inside information may include, but is not limited to, knowledge of pending transactions or recommendations, prospective bond issuance, communications with rating agencies, and other material non-public information that could affect the price of a security. Finally, the Company because of its unique, government-oriented practice may be in possession of material non-public information with respect to pending governmental approvals, which is confidential. . All inside information should be kept secure, and access to files and computer files containing such information should be protected. Persons should not act upon or disclose material non-public or insider information except as may be necessary for legitimate business purposes on behalf of a client or the Company as appropriate. Questions and requests for assistance regarding insider information should be promptly directed to any Managing Director or the Company's Compliance Officer.

PERSONAL SECURITY TRANSACTIONS

No person should knowingly take advantage of an opportunity of the Company or client for personal benefit, or take action inconsistent with such person's obligations to the Company or Clients. All personal securities transactions must be consistent with this Code of Ethics and must avoid any actual or potential conflict of interest or any abuse of any person's position of trust and responsibility. The following rules apply to all accounts in which a person has a beneficial interest:

- No employee should purchase or sell any security which such person knows that the Company is considering for purchase or sale, for one or more clients.
- No employee should knowingly purchase or sell a security during any period when there is an open order for the purchase or sale of that security by a client.
- No security will be purchased for a client that was issued by another client of the Company within 60 days of issuance.

When an employee places a personal securities transaction in shares of an open-end investment company, the employee should not knowingly request, direct, or authorize the transaction to be placed or executed at any price that is not consistent with the laws and regulations governing pricing of such transactions. An employee should not place any transaction intended to benefit from short-term trading of any open-end investment company security if such transaction is not consistent with the publicly disclosed policies and practices announced by that investment company, and should never engage in such a practice in any fund with which the Company is associated.

In addition to the above, portfolio trading staff and Managing Directors must:

- Disclose in writing all personal securities holdings upon commencement of employment and thereafter on an annual basis.
- Must obtain approval from the Compliance Officer before investing in an initial public offering or private placement.
- Must report to the Compliance Officer in writing all purchases or sales of any security in which they have a beneficial interest within ten days after the close of the month in which the transaction was effected (excepting those transactions resulting from an automatic investment plan or money market funds).

DRUG-FREE WORKPLACE

The Company has provided to all of its employees its policy against the possession or use of any controlled substances in the Employee Handbook. Employees are expected to report any suspected violations of our drug-free workplace policy. Self-referral by an employee for rehabilitation or counseling is encouraged and will be considered in any personnel action taken regarding a violation of the Company's drug-free workplace policy. Employees are required to notify Employee Services within five (5) days if they are convicted under a criminal drug statute for a violation occurring in the workplace.

MAINTAINING ACCURATE RECORDS

A. Time reporting and charging of costs

Employees must be particularly careful to report hours worked or compensated absences in a complete, accurate and timely manner. Employees must be particularly careful to ensure that hours worked and costs are applied to the account for which they were in fact incurred. No cost may be charged or allocated to a client if the cost is unallowable by regulation or contract provision or is otherwise improper. Employees are required to sign their own timecards.

B. Financial Records

The records of the Company are maintained in a manner that provides for an accurate and auditable record of all financial transactions in conformity with generally accepted accounting principles. No false or deceptive entries may be made and all entries must contain an appropriate description of the underlying transaction. All Company funds must be retained in corporate bank accounts and no undisclosed or unrecorded fund or asset shall be established for any purpose. All reports, vouchers, bills, invoices, payroll and service records and other essential data must be prepared with care and honesty.

EMPLOYMENT PRACTICES

Our Company recognizes that its continued success depends on the development and utilization of the full range of human resources. At the foundation of this precept is equal employment opportunity. It is the continuing policy of the Company to afford equal employment opportunity to qualified individuals regardless of their race, color, religion, sex, national origin, age, physical or mental handicap, and to conform to applicable laws and regulations. This policy of equal opportunity pertains to all aspects of the employment relationship, including application and initial employment, promotion and transfer, selection for training opportunity, wage and salary administration, and the application of service, retirement, seniority and employee benefit plan policies.

It is also the policy of our Company to provide employees a work place free from any form of sexual harassment. Sexual harassment in any manner of form is expressly prohibited.

GOVERNMENT INVESTIGATIONS

It is the Company's policy generally to cooperate with law enforcement and other federal and state agencies in their investigations. However, often such investigations involve the rights of third parties such as employees and clients. For this reason, whenever police officials, or other state, federal or local law enforcement authorities or agencies conducting investigations contact you requesting information, you should notify your Managing Director. In many cases the Company will insist on a subpoena describing the requested information or documents. Most government investigators will understand the Company's position in this matter.

REPORTING VIOLATIONS

Strict adherence to the Company Policy and Code of Business Ethics is vital. Managing Directors are responsible for ensuring that employees adhere to the provisions of the Code. For clarification or guidance on any point, please contact the Company's Compliance Officer.

Employees are expected to report any suspected or actual violations of the Code or other irregularities to their Managing Director or the Company's Compliance Officer, either orally or in writing. No adverse action or retribution of any kind will be taken against an employee because he or she reports a suspected violation of this code or other irregularity. Such reports shall be treated confidentially to the maximum extent consistent with fair and rigorous enforcement of this Code of Business Ethics and Conduct.

COMPLIANCE AND DISCIPLINARY ACTION

You are responsible for understanding and complying with the legal standards in this Company Policy Code of Ethics. Your Managing Director is responsible for assisting you in understanding the legal standards discussed and being aware of the ethical quality of your business behavior. All employees to whom this Code of Ethics is distributed are required to certify from time to time that they have reviewed it, understand it, and are complying with it.

If you violate the Company's standards, the firm will take appropriate disciplinary action, up to and including termination and the referral of criminal charges. Employees who fail to disclose reportable matters, who falsify records, who knowingly make a false report, or who fail to comply with Company policy will be subject to disciplinary action.

CONCLUSION

The Company and its subsidiary are committed to honest and ethical conduct in all our business activities. Our Company Policy and Code of Ethics embodies the Company values. It is to be used as a tool to prevent or detect any potentially improper or ill-advised behavior, protect the Company's reputation and maintain public trust in our business. This Code of Ethics will be disseminated internally and externally as required by law.

In general, this Code of Ethics ensures that:

- There is a process for the receipt, retention and treatment of complaints received by the Company from an employee or anyone else concerning questionable action, including discipline and corrective action, if necessary.
- The process provides confidentiality and anonymity to complainants.
- Appropriate Company management is designated to oversee the ethics program, its operation and to ensure integrity and independence.
- Employees understand and must adhere to the Company's Code of Ethics and are encouraged to raise ethical issues or concerns.

Each of us has an obligation to behave at all times with honesty and propriety because such behavior is morally and legally right and because our business success and reputation for integrity depends upon the actions of each employee. This Code of Ethics outlines your major obligations, in addition to any other corporate policies currently in effort or issued hereafter. Be certain to read, understand, and adhere to this Code as you carry out your daily activities.

ACKNOWLEDGEMENT

I have read and understand this Code of Ethics and will comply in all respects with such policies and procedures.

Name Date