

North Carolina Retirement Systems 403(b) Plan Defined Contribution Performance Evaluation

First Quarter 2015

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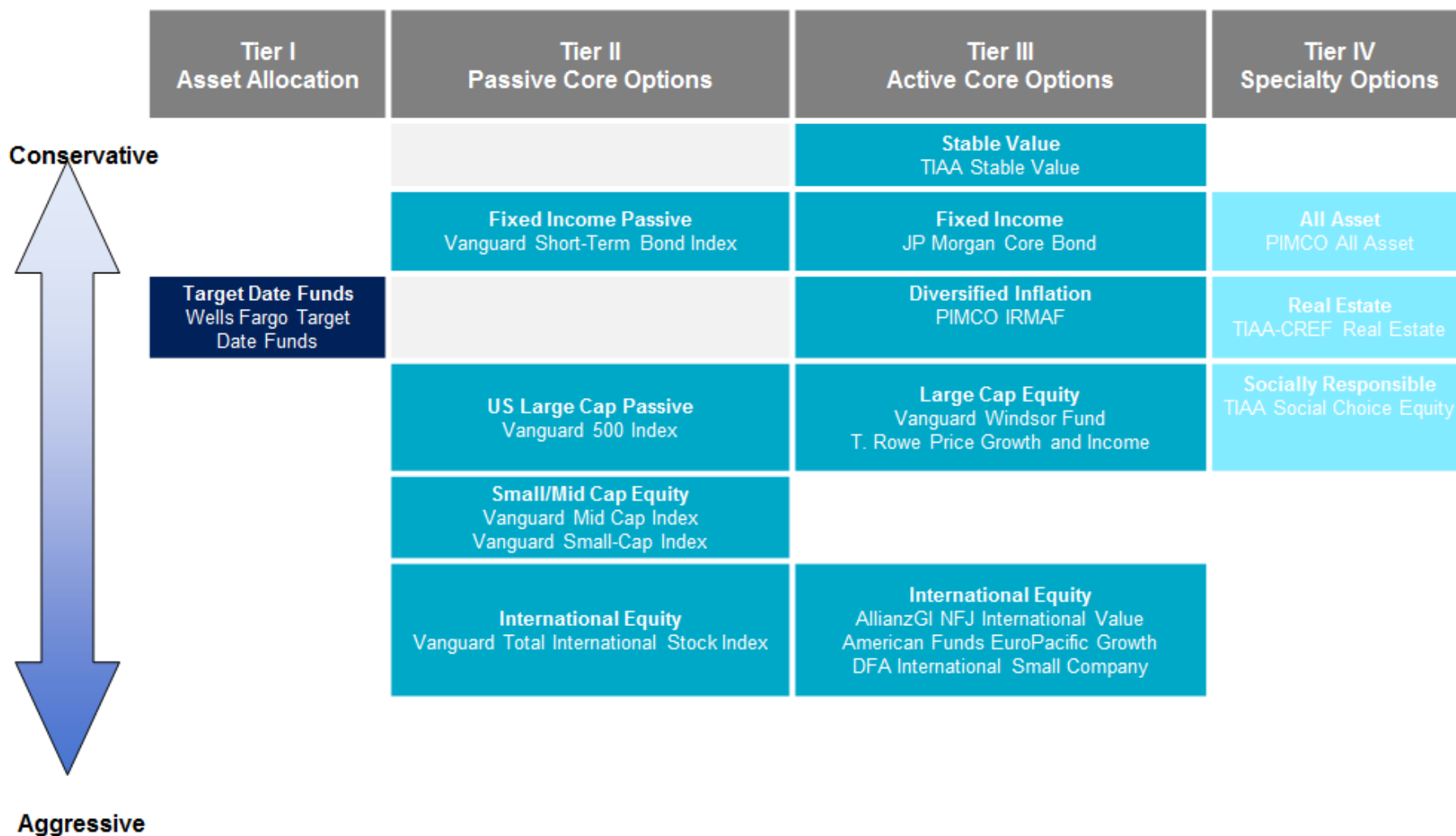
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Current Investment Structure



Recommended Investment Structure

	Tier I Asset Allocation	Tier II Passive Core Options	Tier III Active Core Options	Tier IV Specialty Options
 <p>Conservative</p> <p>Aggressive</p>			Stable Value TIAA Stable Value	
		Fixed Income Passive Vanguard Short-Term Bond Index	Fixed Income JP Morgan Core Bond	All Asset PIMCO All Asset
	Target Date Funds Wells Fargo Target Date Funds		Diversified Inflation PIMCO IRMAF	Real Estate TIAA-CREF Real Estate
	Tier I Decisions: <ul style="list-style-type: none"> Replace Wells with a higher rated manager within the target date space. Additionally consider offering TDF's in 5 year increments 	US Large Cap Passive Vanguard 500 Index	Large Cap Equity Vanguard Windsor Fund T. Rowe Price Growth and Income	Socially Responsible TIAA Social Choice Equity
		Small/Mid Cap Equity SMID Cap Index	Small/Mid Cap Equity Add a SMID Cap Core Option	Tier IV Decisions <ul style="list-style-type: none"> Eliminate all specialty options from the Plan to help streamline options for participants
		International Equity Vanguard Total International Stock Index	International Equity AllianzGI NFJ International Value American Funds EuroPacific Growth or New DFA International Small Company	
		Tier II Decisions <ul style="list-style-type: none"> Maintain the Vanguard passive options to give participants a low cost option for exposure Consolidate the Mid and Small Cap index offerings into a SMID cap Index. (Vanguard offers the extended market index) 	Tier III Decisions <ul style="list-style-type: none"> Replace T. Rowe Price Growth and Income Fund with a higher rated manager in the Large Cap Growth Space Add active SMID Cap Core Fund to give participants access to active management in this area of the market Map the AllianzFund into the EuroPacific Growth Fund Eliminate the DFA International Small Cap option currently offered 	

Management Summary

Quarterly Summary

At quarter end, the North Carolina 403(b) Plan had \$2,807,754 in assets, which was an increase of \$1.9 million from the previous quarter. The Plan had 37.8% of assets allocated to the Wells Fargo Advantage Target Date Funds, 34.2% to passive core options, 22.7% to active core options and 5.3% to the specialty options.

Over the quarter, the **Wells Fargo Target Date Funds** tracked their respective Dow Jones Global Target Date indices. The earlier dated funds struggled against their peer group universes, as they have a larger allocation to cash, while the later dated funds ranked in the top quartile of the peer group. The later dated funds benefited from having a higher international equity allocation, which was 33% of the total equity allocation. International equities significantly outperformed domestic securities during the quarter, despite the appreciating dollar. The passive core options all tracked their respective indices over the quarter, as expected. It was a strong quarter for the active core options, with all but two of the options outperforming their respective indices. The **JPMorgan Core Bond** fund benefitted from its overweight allocation to mortgage related securities, as they outperformed Treasuries for the quarter. Domestically, both large cap equity options outperformed their indices and ranked in the top half of the peer group universe, although smaller capitalization securities significantly outperformed larger caps during the quarter. Internationally, the **Allianz International Value Fund** struggled during the quarter, as its process and bias towards value oriented securities detracted from performance, as growth securities were strongly preferred over the quarter. On the other hand, the **EuroPacific Growth Fund** outperformed the benchmark by 240 basis, as European equities soared amid the quantitative easing program. All three specialty options underperformed their respective benchmarks for the quarter and have done so over all time periods evaluated.

Structure Recommendations

We believe that the North Carolina 403 (b) Plan structure can be improved with several enhancements.

Tier I - Currently, the Plan offers Wells Fargo as the Target Date Fund option for more passive participants that are generally less involved in active investment decisions. We believe that there are better candidates within the target date space that North Carolina should consider. Additionally, TIAA-CREF has discussed the possibility of creating custom asset allocation funds based on a participants risk preference, using available plan options. North Carolina should also consider offering target date funds in 5 year increments.

Tier II - We have confidence in the current passive core options offered to participants, although the Plan may want to consider a total bond market offering instead of one with a short-term focus. Additionally, North Carolina should consider streamlining the current domestic mid and small cap index funds offered and utilize one SMID cap index fund.

Tier III - Within active core options, we believe the Plan should consider another large cap growth option. Additionally, the Plan does not currently offer any active domestic small or mid cap options. In order to give "hands on" participants sufficient options, we believe the Plan should offer a SMID cap core option, as active management has added value in these asset classes over time. Within international equity options, we believe that the Plan should streamline offerings and only have one active international fund.

Tier IV - The Plan currently has three specialty investment options, which are generally not offered in many defined contribution plans. Mercer recommends that the specialty options be eliminated Plans, as they are not sufficient standalone options within a defined contribution plan.

Manager News

Mercer met with **Vanguard** to discuss their passive equity capabilities as part of our regular due diligence process. Mercer continues to believe in Vanguard's experienced team, pragmatic cash flow management, and inexpensive fee scales. As a result of the meeting, Mercer maintained the "Preferred Provider" rating on the strategy.

PIMCO - Paul McCulley, Chief Economist and Managing Director at PIMCO, announced he will resign from his role effective February 28, 2015. This departure does not come as a surprise as McCulley returned to PIMCO in May 2014 for the chance to "work side-by-side with Bill Gross." Though McCulley, only worked for the firm on a part time basis, and did not have Portfolio Manager responsibilities, he was a high profile employee, so it represents additional headline risk for the firm. The full News Item is attached.

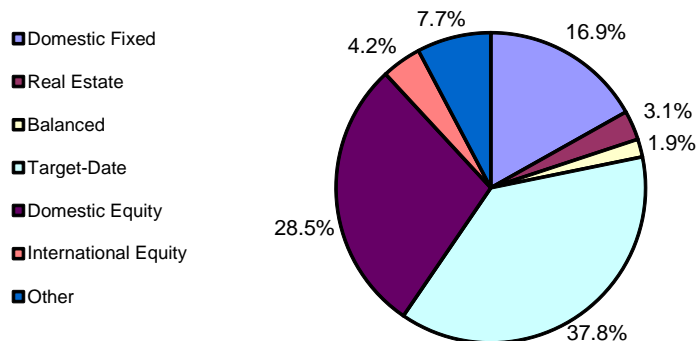
PIMCO announced that Joachim Fels will join the firm as a Managing Director and Global Economic Advisor. As a global economic advisor/strategist, Fels will assist in the formulation of PIMCO's economic outlook and broad portfolio strategy.

Management Summary – Watch List

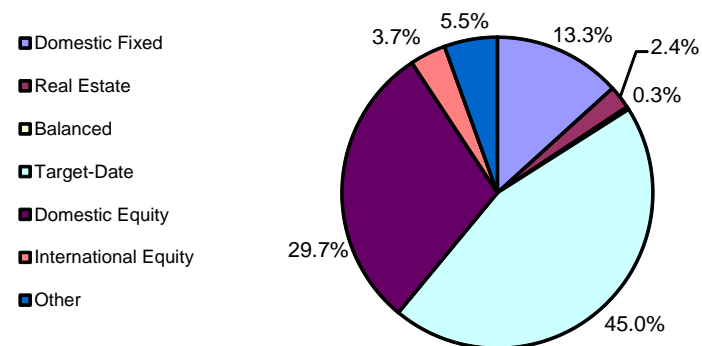
Fund Name	Failing Objective	On Watch Since	Comments
PIMCO All Asset Fund	Organizational Instability	4Q 2014	<p>With the recent organizational changes at PIMCO, we have downgraded the PIMCO All Asset Fund from an A (P) to a B+. The All Asset Fund performance is largely driven by the asset allocation driven by Research Affiliates LLC, not by PIMCO's active management views within the underlying funds. We still feel that the fund warrants increased monitoring given the recent instability at PIMCO. During the quarter, the strategy trailed its benchmark by 170 basis points and ranked in the bottom decile of the peer group universe. Longer-term, the strategy has trailed its benchmark of all time periods evaluated. Mercer recommends that this Fund be removed from the 403(b) offerings, as it does not represent a core offering a participant would need to actively structure a portfolio.</p>
PIMCO Inflation Response Multi-Asset Fund	Organizational Instability	4Q 2014	<p>After the recent organizational changes at PIMCO and the appointment of portfolio manager Mihir Worah as co-portfolio manager of the Total Return Fund, we placed the Inflation-Responsive Multi Asset Fund should be placed on watch. Worah will have increased responsibilities, which will likely put more on the plates of his team members. We feel that the team is very capable but Mercer will monitor how they adapt to the situation. During the quarter, the strategy outperformed the index by 240 basis points and ranked in the top half of the peer group universe. We are recommending maintaining the watch status for this fund.</p>

Management Summary – Asset Allocation

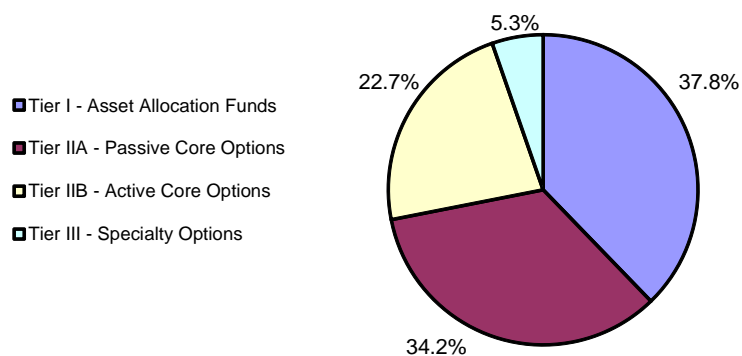
Current Asset Allocation - March 31, 2015



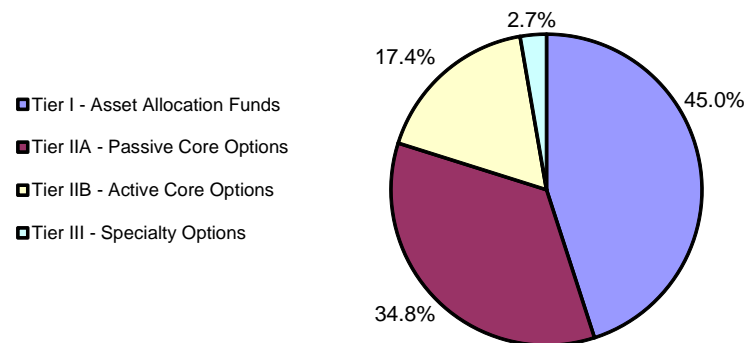
Prior Asset Allocation - December 31, 2014



Current Tier Allocation - March 31, 2015



Prior Tier Allocation - December 31, 2014



Defined Contribution Performance Evaluation Report

North Carolina - Retirement Systems 403 (b)

Investment Option	Tier/Asset Class	Current Balance	Prior Balance	% of Plan	% Chg vs. Prior
Asset Allocation Funds	Tier I	\$1,060,041	\$414,900	37.8%	-7.3%
Wells Fargo Advantage Dow Jones Tgt Today Fd R6	Target-Date	\$29,174	\$11,393	1.0%	-0.2%
Wells Fargo Advantage Dow Jones Tgt 2020 Fund R6	Target-Date	\$439,902	\$186,665	15.7%	-4.6%
Wells Fargo Advantage Dow Jones Tgt 2030 Fund R6	Target-Date	\$293,361	\$109,690	10.4%	-1.5%
Wells Fargo Advantage Dow Jones Tgt 2040 Fund R6	Target-Date	\$213,604	\$88,953	7.6%	-2.0%
Wells Fargo Advantage Dow Jones Tgt 2050 Fund R6	Target-Date	\$84,000	\$18,200	3.0%	1.0%
Passive Core Options	Tier IIA	\$959,203	\$321,219	34.2%	-0.7%
Vanguard Short-Term Bond Index Fund Admiral	US Fixed	\$235,071	\$55,260	8.4%	2.4%
Vanguard 500 Index Fund Admiral	US Large Cap Equity	\$450,154	\$176,598	16.0%	-3.1%
Vanguard Mid-Cap Index Fund Admiral	US Mid Cap Equity	\$146,287	\$31,889	5.2%	1.8%
Vanguard Small-Cap Index Fund Admiral	US Small Cap Equity	\$72,768	\$26,657	2.6%	-0.3%
Vanguard Total International Stock Index Fund Adm	International Equity	\$54,923	\$30,814	2.0%	-1.4%
Active Core Options	Tier IIB	\$638,532	\$160,665	22.7%	5.3%
TIAA Stable Value	Stable Value	\$217,256	\$50,993	7.7%	2.2%
JPMorgan Core Bond Fund R6	US Fixed	\$238,705	\$67,184	8.5%	1.2%
PIMCO Inflation Response Multi-Asset Fund Inst	Balanced	\$0	\$0	0.0%	0.0%
Vanguard Windsor II Fund Admiral	US Large Cap Equity	\$73,888	\$33,786	2.6%	-1.0%
T Rowe Price Growth & Income Fund	US Large Cap Equity	\$46,651	\$5,037	1.7%	1.1%
AllianzGI NFJ International Value Fund Inst	International Equity	\$32,773	\$662	1.2%	1.1%
American Funds EuroPacific Growth Fund R-6	International Equity	\$28,521	\$2,933	1.0%	0.7%
DFA International Small Company Portfolio Inst	International Equity	\$738	\$71	0.0%	0.0%
Specialty Options	Tier III	\$149,978	\$25,079	5.3%	2.6%
TIAA Real Estate Account	Real Estate	\$86,066	\$22,291	3.1%	0.6%
PIMCO All Asset Fund Institutional	Balanced	\$52,250	\$2,710	1.9%	1.6%
TIAA-CREF Social Choice Equity Fund Institutional	US Equity	\$11,662	\$78	0.4%	0.4%
Total Plan		\$2,807,754	\$921,864	100%	

Performance Scorecard – Rolling 3 Year Performance

	Mercer Rating	Return							
		3 Years to 03/31/2015		3 Years to 12/31/2014		3 Years to 09/30/2014		3 Years to 06/30/2014	
		I	U	I	U	I	U	I	U
Tier I – Asset Allocation Funds (Track Benchmarks within 50 basis points over all vintages)									
Wells Fargo Advantage Dow Jones Target Date Funds	N	✓	NA	✓	NA	✓	NA	✓	NA
Tier IIA - Passive Core Options (Track Benchmarks within 30 basis points)									
Vanguard Short-Term Bond Index Fund	Preferred Provider	✓	NA	✓	NA	✓	NA	✓	NA
Vanguard 500 Index Fund	Preferred Provider	✓	NA	✓	NA	✓	NA	✓	NA
Vanguard Mid-Cap Index Fund	Preferred Provider	✓	NA	✓	NA	✓	NA	✓	NA
Vanguard Small-Cap Index Fund	Preferred Provider	✓	NA	✓	NA	✓	NA	✓	NA
Vanguard Total International Stock Index	Preferred Provider	✓	NA	✓	NA	✓	NA	✓	NA
Tier IIB - Active Core Options									
TIAA Stable Value	N	✓	NA	✓	NA	✓	NA	✓	NA
JPMorgan Core Bond Fund	A	✓	✗	✓	✗	✓	✗	✓	✗
PIMCO Inflation Response Multi-Asset Fund	B+ (W)	✓	✗	✓	✗	✓	✗	NA	NA
Vanguard Windsor II Fund	B+	✗	✗	✗	✗	✗	✗	✗	✓
T Rowe Price Growth & Income Fund	N	✗	✓	✗	✓	✗	✗	✗	✗

Defined Contribution Performance Evaluation Report

North Carolina - Retirement Systems 403 (b)

	Mercer Rating	Return							
		3 Years to 03/31/2015		3 Years to 12/31/2014		3 Years to 09/30/2014		3 Years to 06/30/2015	
		I	U	I	U	I	U	I	U
AllianzGI NFJ International Value Fund	R	✗	✗	✗	✗	✓	✓	✓	✗
American Funds EuroPacific Growth Fund	B	✓	✓	✓	✓	✓	✓	✓	✗
DFA International Small Company Portfolio	A	✓	✓	✓	✓	✓	✓	✓	✓
Tier IV – Specialty Options									
TIAA Real Estate Account	N	✗	NA	✗	NA	NA	NA	NA	NA
PIMCO All Asset Fund Institutional	B+	✗	✗	✗	✗	✓	✗	✗	✗
TIAA-CREF Social Choice Equity Fund	N	✗	✓	✗	✓	✗	✓	✗	✓

Manager Summary – Compliance Table

Periods ending March 31, 2015

	Mercer Rating*	3 Months	1 Year	3 Years	5 Years
I – Index U – Universe Median		I U	I U	I U	I U
Tier I - Asset Allocation Funds					
Wells Fargo Advantage Dow Jones Tgt Today Fd R6	N	T ✗	T ✗	T ✗	T ✗
Wells Fargo Advantage Dow Jones Tgt 2020 Fund R6	N	T ✗	T ✗	T ✗	T ✗
Wells Fargo Advantage Dow Jones Tgt 2030 Fund R6	N	T ✗	T ✗	T ✗	T ✗
Wells Fargo Advantage Dow Jones Tgt 2040 Fund R6	N	T ✓	T ✗	T ✓	T ✓
Wells Fargo Advantage Dow Jones Tgt 2050 Fund R6	N	T ✓	T ✓	T ✓	T ✓
Tier IIA - Passive Core Options					
Vanguard Short-Term Bond Index Fund Admiral	Preferred Provider	T –	T –	T –	T –
Vanguard 500 Index Fund Admiral	Preferred Provider	T –	T –	T –	T –
Vanguard Mid-Cap Index Fund Admiral	Preferred Provider	T –	T –	T –	T –
Vanguard Small-Cap Index Fund Admiral	Preferred Provider	T –	T –	T –	T –
Vanguard Total International Stock Index Fund Adm	Preferred Provider	T –	T –	T –	– –
Tier IIB - Active Core Options					
TIAA Stable Value	N	✓ –	✓ –	✓ –	✓ –
JPMorgan Core Bond Fund R6	A	✓ ✓	✗ ✓	✓ ✗	✓ ✓
PIMCO Inflation Response Multi-Asset Fund Inst	B+ (W)	✓ ✓	✓ ✓	✓ ✗	– –
Vanguard Windsor II Fund Admiral	B+	✓ ✓	✗ ✗	✗ ✗	✗ ✓

✓ = Outperformed or matched performance ✗ = Underperformed T = Index Fund

* For the most recent approved ratings of an investment strategy, and a fuller explanation of their meanings, contact your Mercer representative.

Defined Contribution Performance Evaluation Report

North Carolina - Retirement Systems 403 (b)

	Mercer Rating*	3 Months	1 Year	3 Years	5 Years
I – Index U – Universe Median		I U	I U	I U	I U
T Rowe Price Growth & Income Fund	N	✓ ✓	✓ ✓	✗ ✓	✗ ✓
AllianzGI NFJ International Value Fund Inst	R	✗ ✗	✗ ✗	✗ ✗	✗ ✗
American Funds EuroPacific Growth Fund R-6	B	✓ ✓	✓ ✓	✓ ✓	✓ ✓
DFA International Small Company Portfolio Inst	A	✗ ✗	✗ ✗	✓ ✓	✓ ✗
Tier III - Specialty Options					
TIAA Real Estate Account	N	✗ –	✗ –	✗ –	✗ –
PIMCO All Asset Fund Institutional	B+	✗ ✗	✗ ✗	✗ ✗	✗ ✗
TIAA-CREF Social Choice Equity Fund Institutional	N	✗ ✗	✗ ✓	✗ ✓	✗ ✗

 = Outperformed or matched performance
  = Underperformed
  = Index Fund

* For the most recent approved ratings of an investment strategy, and a fuller explanation of their meanings, contact your Mercer representative.

Management Summary – Performance Summary

Periods ending March 31, 2015

	% of Plan	3 Months	1 Year	3 Years	5 Years
Tier I - Asset Allocation Funds					
Wells Fargo Advantage Dow Jones Tgt Today Fd R6 Dow Jones Global Target Today Index <i>Mercer MF Target-Date Income Universe Median</i> <i>Fund Rank in Universe</i>	1.0%	0.8% 0.8% 1.7% 95	2.5% 2.6% 4.3% 93	2.8% 3.1% 5.3% 98	4.4% 4.7% 5.9% 88
Wells Fargo Advantage Dow Jones Tgt 2020 Fund R6 Dow Jones Global Target 2020 Index <i>Mercer MF Target-Date 2020 Universe Median</i> <i>Fund Rank in Universe</i>	15.7%	1.5% 1.5% 2.1% 90	3.9% 4.2% 6.0% 92	5.9% 6.3% 8.1% 89	6.7% 7.1% 8.1% 91
Wells Fargo Advantage Dow Jones Tgt 2030 Fund R6 Dow Jones Global Target 2030 Index <i>Mercer MF Target-Date 2030 Universe Median</i> <i>Fund Rank in Universe</i>	10.4%	2.4% 2.4% 2.5% 54	5.7% 6.0% 6.7% 73	8.9% 9.2% 10.1% 77	8.8% 9.2% 9.4% 75
Wells Fargo Advantage Dow Jones Tgt 2040 Fund R6 Dow Jones Global Target 2040 Index <i>Mercer MF Target-Date 2040 Universe Median</i> <i>Fund Rank in Universe</i>	7.6%	3.1% 3.1% 2.6% 25	7.0% 7.4% 7.1% 52	11.1% 11.5% 11.0% 49	10.2% 10.6% 9.8% 47
Wells Fargo Advantage Dow Jones Tgt 2050 Fund R6 Dow Jones Global Target 2050 Index <i>Mercer MF Target-Date 2050+ Universe Median</i> <i>Fund Rank in Universe</i>	3.0%	3.4% 3.3% 2.8% 13	7.5% 7.9% 7.3% 45	11.7% 12.1% 11.6% 45	10.6% 11.0% 10.2% 40
Tier IIA - Passive Core Options					
Vanguard Short-Term Bond Index Fund Admiral Vanguard Spliced Barclays 1-5 G/C Float Adj Idx ¹	8.4%	1.0% 1.0%	1.9% 2.0%	1.3% 1.5%	2.1% 2.2%
Vanguard 500 Index Fund Admiral S&P 500	16.0%	0.9% 1.0%	12.7% 12.7%	16.1% 16.1%	14.4% 14.5%
Vanguard Mid-Cap Index Fund Admiral Vanguard Spliced Mid Cap Index ²	5.2%	4.3% 4.3%	14.9% 14.9%	17.9% 18.0%	16.1% 16.1%

¹ Barclays U.S. 1–5 Year Government/Credit Bond Index through December 31, 2009; Barclays U.S. 1–5 Year Government/Credit Float Adjusted Index thereafter.

² S&P MidCap 400 Index through May 16, 2003; MSCI US Mid Cap 450 Index through January 30, 2013; CRSP US Mid Cap Index thereafter.

Fund: ■ Outperformed Benchmark ■ Underperformed Benchmark ■ Tracked Benchmark **Universe Ranking:** ■ 0% - 50% ■ 51% - 100%

Defined Contribution Performance Evaluation Report

North Carolina - Retirement Systems 403 (b)

	% of Plan	3 Months	1 Year	3 Years	5 Years
Vanguard Small-Cap Index Fund Admiral Vanguard Spliced Small Cap Index ³	2.6%	4.8%	9.8%	17.6%	15.8%
		4.8%	9.8%	17.6%	15.8%
Vanguard Total International Stock Index Fund Adm Vanguard Total International Composite Index	2.0%	4.1%	-1.1%	6.6%	NA
		3.7%	-0.8%	6.7%	4.9%
Tier IIB - Active Core Options					
TIAA Stable Value BoFA 91-Day T-Bill	7.7%	0.5%	2.0%	2.1%	NA
		0.0%	0.0%	0.1%	0.3%
JPMorgan Core Bond Fund R6 Barclays US Aggregate <i>Mercer MF US Fixed Core Universe Median</i> <i>Fund Rank in Universe</i>	8.5%	1.7%	5.3%	3.2%	4.7%
		1.6%	5.7%	3.1%	4.4%
		1.5%	4.5%	3.4%	4.6%
		38	34	55	46
PIMCO Inflation Response Multi-Asset Fund Inst PIMCO Inflation Response Multi-Asset Index <i>Mercer MF Diversified Inflation Hedge Universe Median</i> <i>Fund Rank in Universe</i>	0.0%	1.9%	-0.7%	-0.1%	NA
		-0.5%	-4.7%	-2.3%	2.5%
		0.1%	-1.5%	0.2%	4.1%
		25	38	75	NA
Vanguard Windsor II Fund Admiral Russell 1000 Value <i>Mercer MF US Equity Large Cap Value Universe Median</i> <i>Fund Rank in Universe</i>	2.6%	-0.1%	8.0%	14.8%	12.8%
		-0.7%	9.3%	16.4%	13.8%
		-0.1%	8.3%	15.3%	12.6%
		50	57	64	47
T Rowe Price Growth & Income Fund S&P 500 <i>Mercer MF US Equity Large Cap Core Universe Median</i> <i>Fund Rank in Universe</i>	1.7%	1.2%	12.7%	15.9%	13.6%
		1.0%	12.7%	16.1%	14.5%
		1.1%	10.8%	15.0%	13.0%
		46	26	28	33
AllianzGI NFJ International Value Fund Inst MSCI AC Wld ex US <i>Mercer MF Intl Equity Large Cap Value Universe Median</i> <i>Fund Rank in Universe</i>	1.2%	0.8%	-5.0%	4.3%	4.8%
		3.6%	-0.6%	6.9%	5.3%
		4.4%	-3.2%	7.6%	5.1%
		95	77	92	53
American Funds EuroPacific Growth Fund R-6 MSCI AC Wld ex US <i>Mercer MF Intl Equity Universe Median</i> <i>Fund Rank in Universe</i>	1.0%	6.0%	2.8%	9.9%	7.1%
		3.6%	-0.6%	6.9%	5.3%
		4.9%	-1.3%	8.3%	6.4%
		23	13	24	39

³ Russell 2000 Index through May 16, 2003; MSCI US Small Cap 1750 Index through January 30, 2013; CRSP US Small Cap Index thereafter.

Fund: ■ Outperformed Benchmark ■ Underperformed Benchmark ■ Tracked Benchmark **Universe Ranking:** ■ 0% - 50% ■ 51% - 100%

Defined Contribution Performance Evaluation Report

North Carolina - Retirement Systems 403 (b)

	% of Plan	3 Months	1 Year	3 Years	5 Years
DFA International Small Company Portfolio Inst	0.0%	3.9%	-6.6%	8.8%	8.0%
MSCI AC Wld ex US Small Cap		4.0%	-3.3%	7.8%	6.9%
Mercer MF Intl Equity Small Cap Universe Median		5.0%	-4.0%	8.8%	8.1%
Fund Rank in Universe		69	71	50	52
Tier III - Specialty Options					
TIAA Real Estate Account	3.1%	3.0%	12.9%	10.5%	12.7%
NCREIF NFI ODCE		3.4%	13.4%	12.7%	14.5%
PIMCO All Asset Fund Institutional	1.9%	0.1%	-1.4%	3.4%	5.9%
CPI USD + 500bp		1.8%	4.9%	6.0%	6.7%
Mercer MF Target-Risk Aggressive Universe Median		2.4%	7.3%	10.8%	9.9%
Fund Rank in Universe		96	100	100	99
TIAA-CREF Social Choice Equity Fund Institutional	0.4%	0.8%	10.1%	15.5%	13.5%
Russell 3000		1.8%	12.4%	16.4%	14.7%
Mercer MF US Equity Combined Universe Median		2.6%	9.6%	15.2%	13.8%
Fund Rank in Universe		78	46	44	55

Fund: ■ Outperformed Benchmark ■ Underperformed Benchmark ■ Tracked Benchmark Universe Ranking: ■ 0% - 50% ■ 51% - 100%

Family Profile

Tier I - Target-Date - Wells Fargo Advantage DJ Target Funds

Family Snapshot

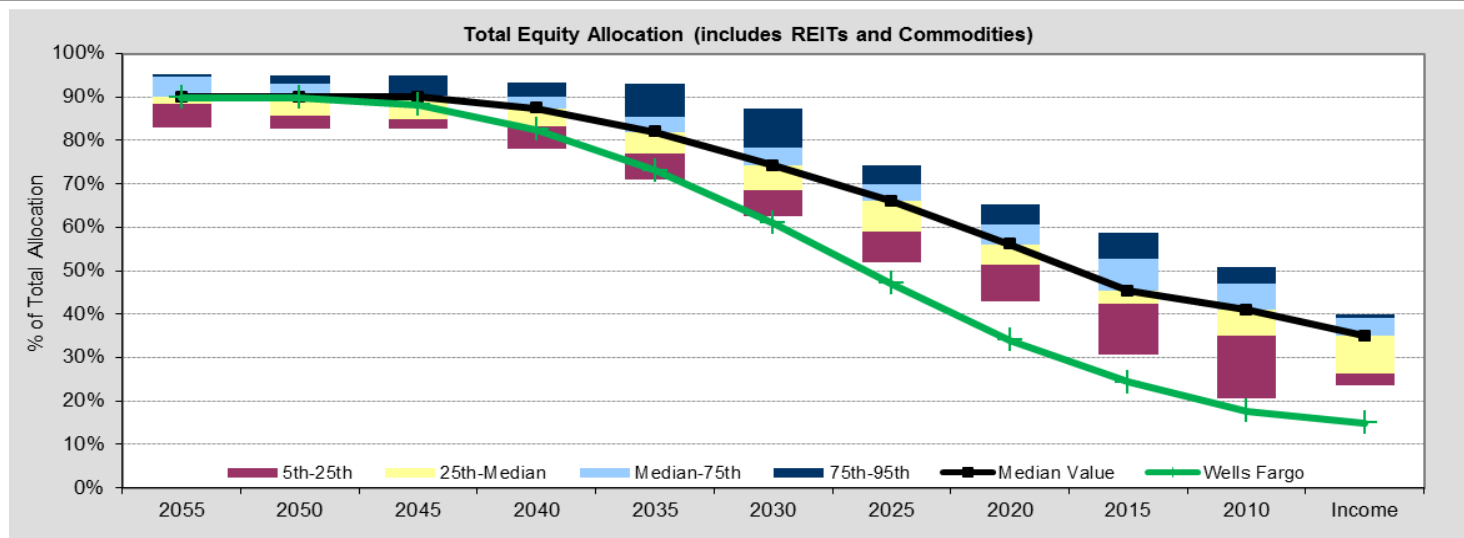
Wells Fargo Advantage DJ Target Funds vs. Universe of Target-Date Families



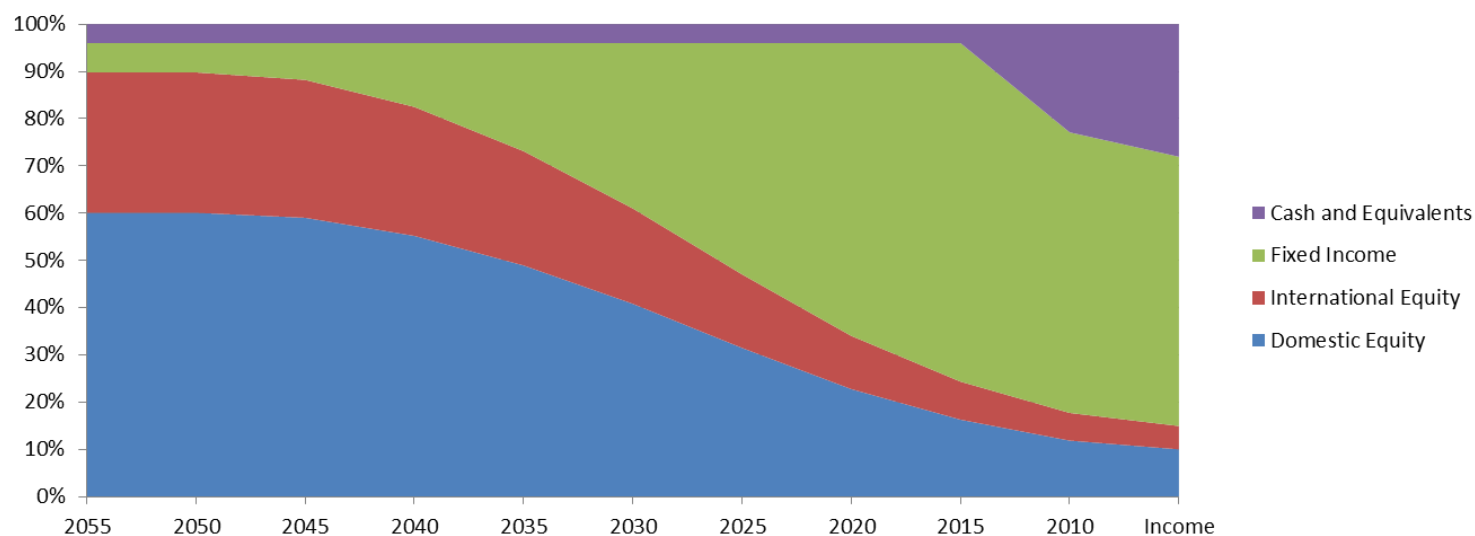
Family Profile

Tier I - Target-Date - Wells Fargo Advantage DJ Target Funds

Glide Path Comparison vs. Universe of Target-Date Families (as of 3/31/2015)



Family Asset Allocation (as of 3/31/2015)



Family Profile

Tier I - Target-Date - Wells Fargo Advantage DJ Target Funds

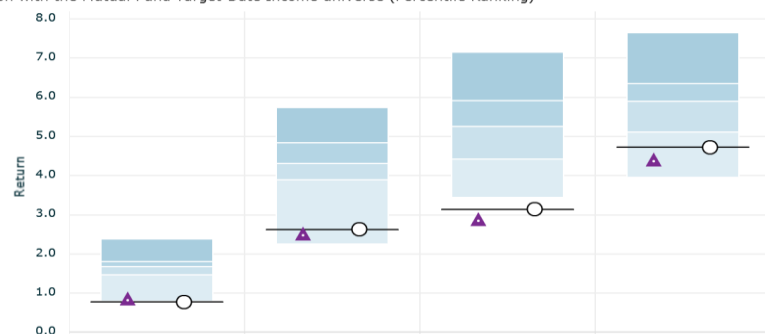
Allocation (%) to Underlying Funds (as of March 31, 2015)

Asset Class	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Income
Domestic Equity	60.1%	60.1%	59.0%	55.2%	48.9%	40.8%	31.5%	22.8%	16.3%	11.9%	10.0%
International Equity	29.7%	29.7%	29.2%	27.3%	24.2%	20.2%	15.6%	11.3%	8.1%	5.9%	4.9%
Fixed Income	6.2%	6.2%	7.8%	13.5%	22.9%	35.0%	48.9%	62.0%	71.7%	59.4%	57.0%
Cash and Equivalents	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	22.9%	28.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fund Profile

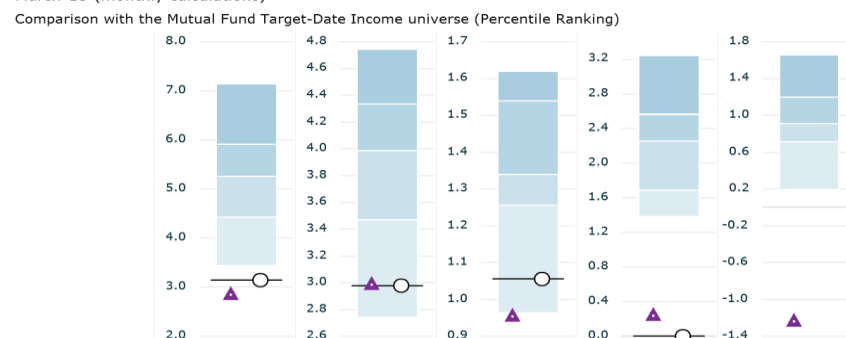
Tier I - Target-Date - Wells Fargo Advantage Dow Jones Tgt Today Fd R6 - WOTDX

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending March-15
Comparison with the Mutual Fund Target-Date Income universe (Percentile Ranking)



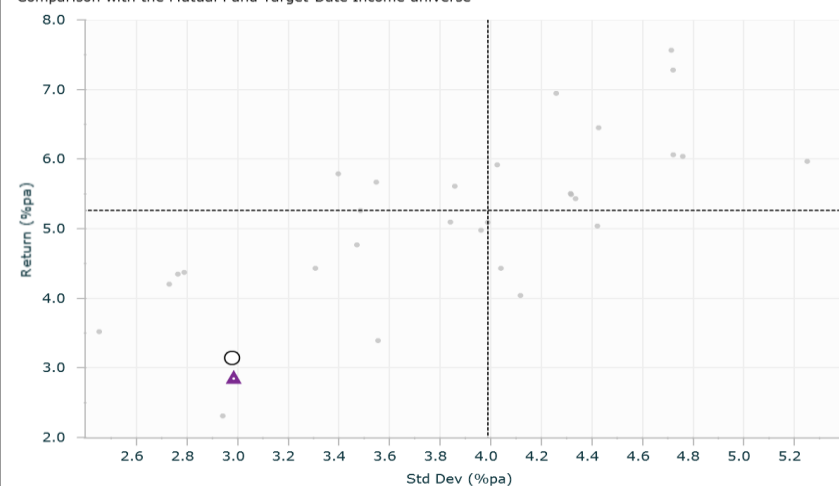
	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
▲ WFADJTFR	0.8(95)	2.5(93)	2.8(98)	4.4(88)
○ DJPTT	0.8(95)	2.6(92)	3.1(97)	4.7(85)
5th Percentile	2.4	5.7	7.1	7.6
Upper Quartile	1.8	4.8	5.9	6.4
Median	1.7	4.3	5.3	5.9
Lower Quartile	1.5	3.9	4.4	5.1
95th Percentile	0.8	2.3	3.4	3.9
Number	29	29	29	29

Performance characteristics vs. Dow Jones Global Target Today Index in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)
Comparison with the Mutual Fund Target-Date Income universe (Percentile Ranking)



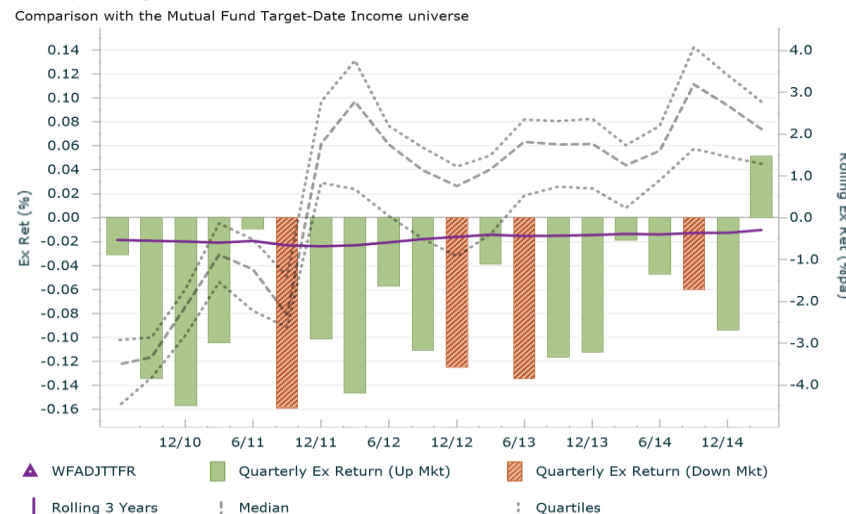
	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
▲ WFADJTFR	2.8(98)	3.0(85)	1.0(96)	0.2(100)	-1.2(98)
○ DJPTT	3.1(97)	3.0(85)	1.1(91)	0.0(100)	-
5th Percentile	7.1	4.7	1.6	3.2	1.7
Upper Quartile	5.9	4.3	1.5	2.6	1.2
Median	5.3	4.0	1.3	2.3	0.9
Lower Quartile	4.4	3.5	1.3	1.7	0.7
95th Percentile	3.4	2.7	1.0	1.4	0.2
Number	29	29	29	29	29

Return and Std Deviation in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)
Comparison with the Mutual Fund Target-Date Income universe



▲ WFADJTFR ○ DJPTT --- Median Universe

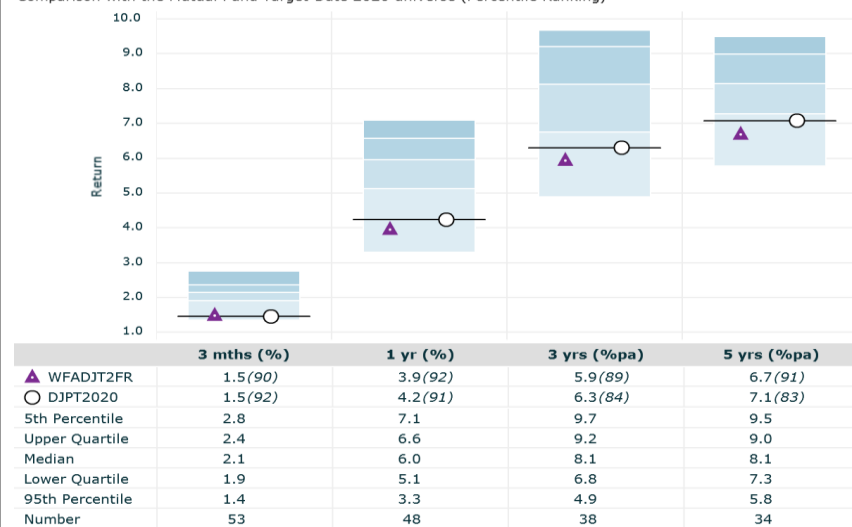
Quarterly Excess Return vs. Dow Jones Global Target Today Index with rolling 3 yr line in \$US (after fees) over 5 yrs ending March-15
Comparison with the Mutual Fund Target-Date Income universe



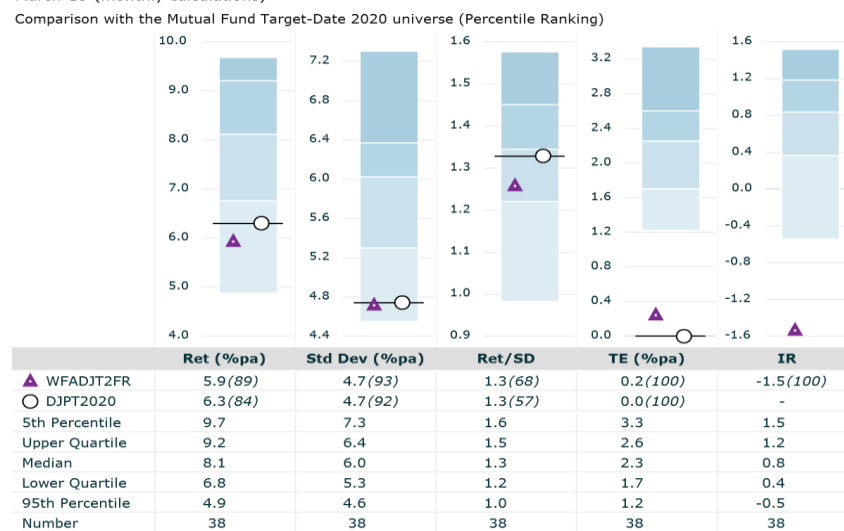
Fund Profile

Tier I - Target-Date - Wells Fargo Advantage Dow Jones Tgt 2020 Fund R6 - WFOBX

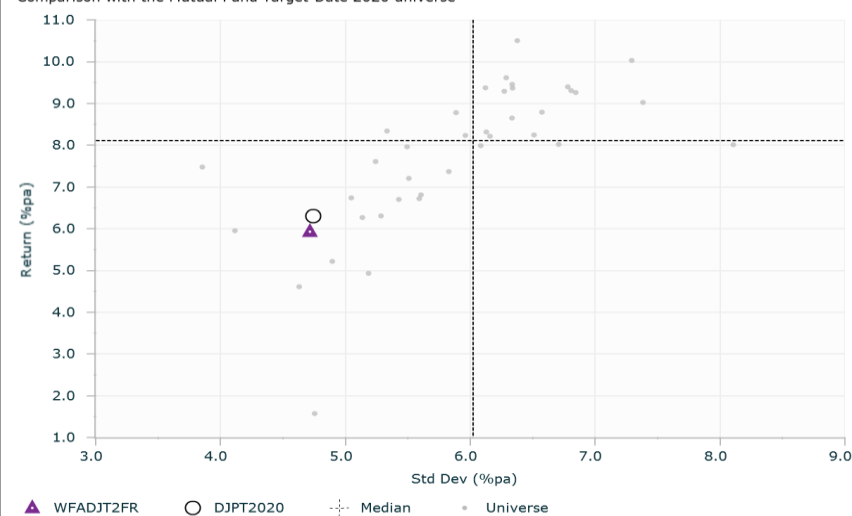
Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending March-15
Comparison with the Mutual Fund Target-Date 2020 universe (Percentile Ranking)



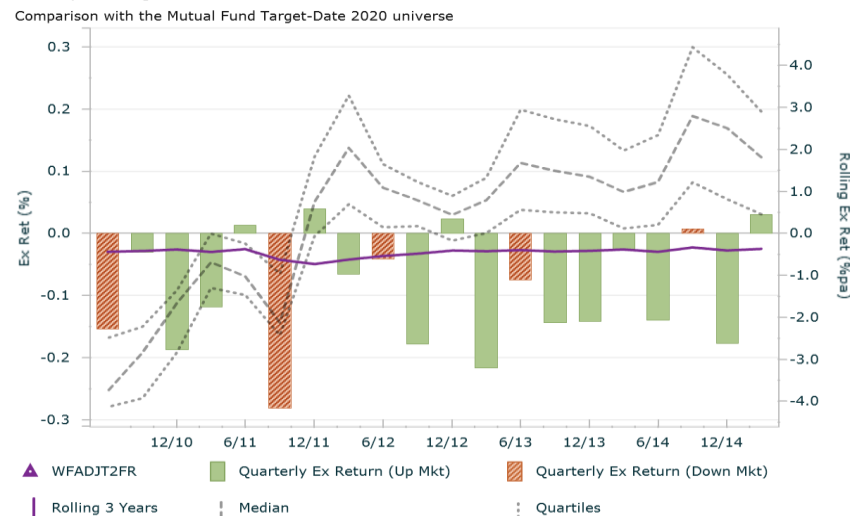
Performance characteristics vs. Dow Jones Global Target 2020 Index in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)
Comparison with the Mutual Fund Target-Date 2020 universe (Percentile Ranking)



Return and Std Deviation in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)
Comparison with the Mutual Fund Target-Date 2020 universe



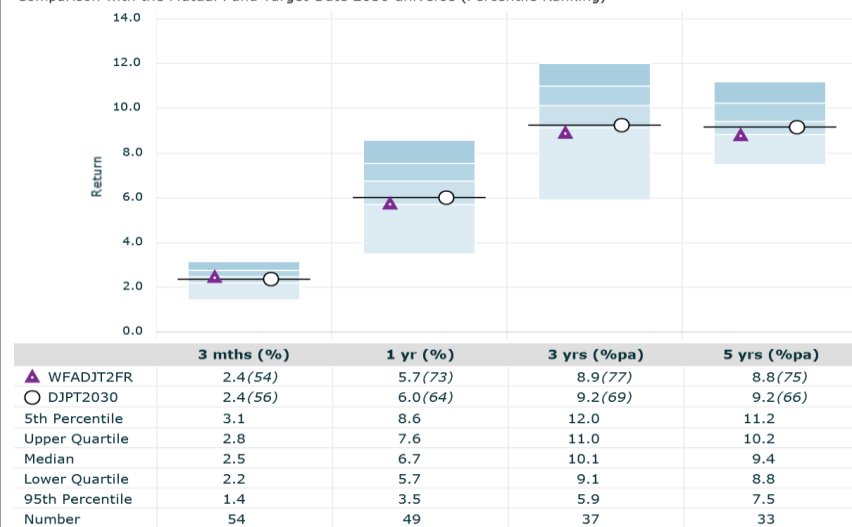
Quarterly Excess Return vs. Dow Jones Global Target 2020 Index with rolling 3 yr line in \$US (after fees) over 5 yrs ending March-15
Comparison with the Mutual Fund Target-Date 2020 universe



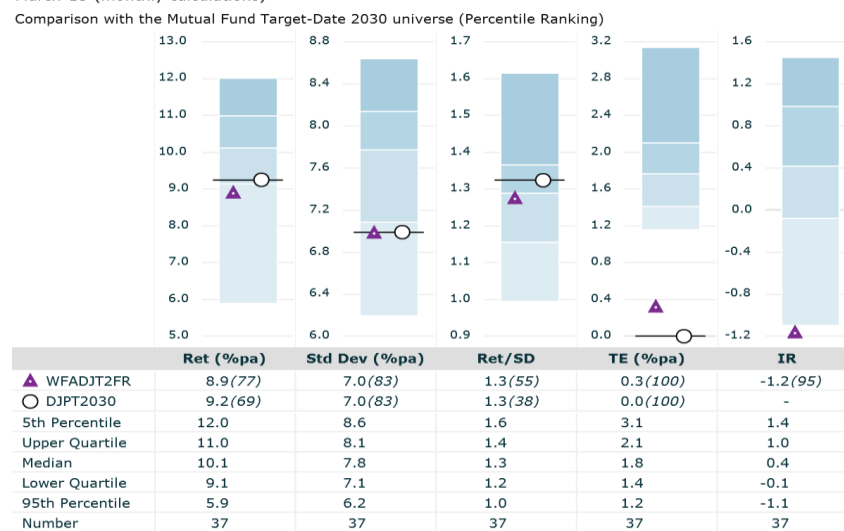
Fund Profile

Tier I - Target-Date - Wells Fargo Advantage Dow Jones Tgt 2030 Fund R6 - WFOOX

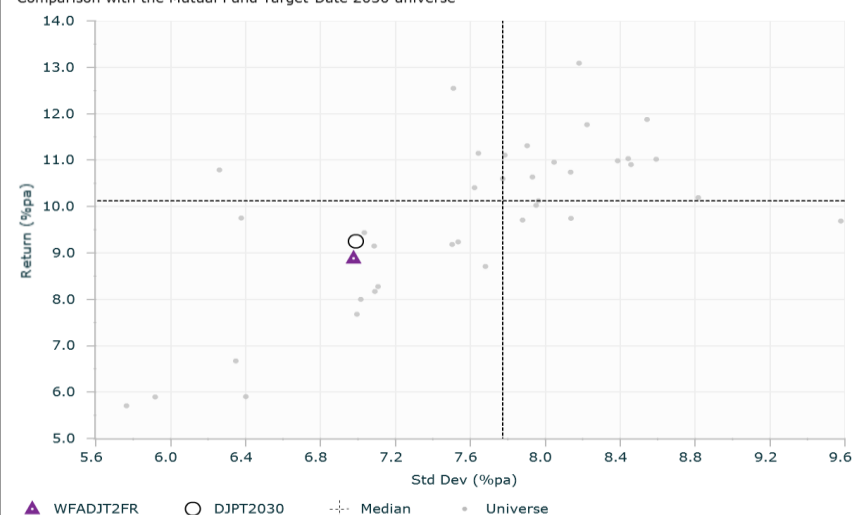
Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending March-15
Comparison with the Mutual Fund Target-Date 2030 universe (Percentile Ranking)



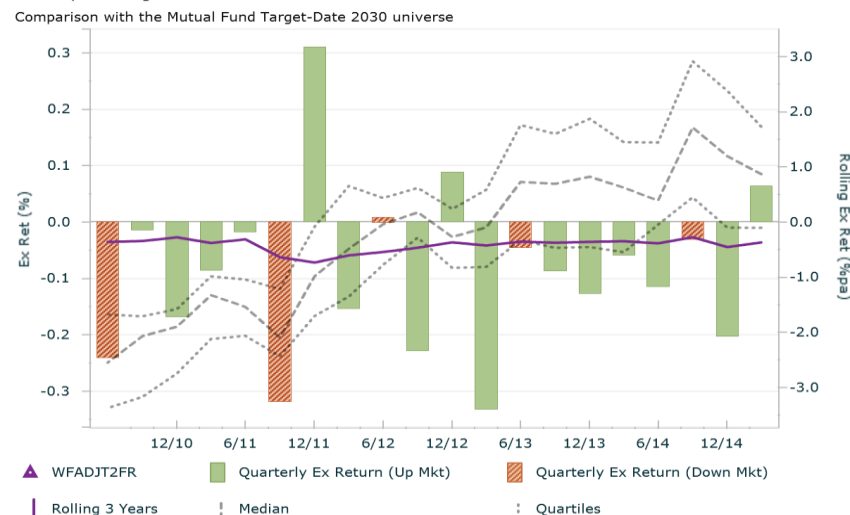
Performance characteristics vs. Dow Jones Global Target 2030 Index in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)
Comparison with the Mutual Fund Target-Date 2030 universe (Percentile Ranking)



Return and Std Deviation in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)
Comparison with the Mutual Fund Target-Date 2030 universe



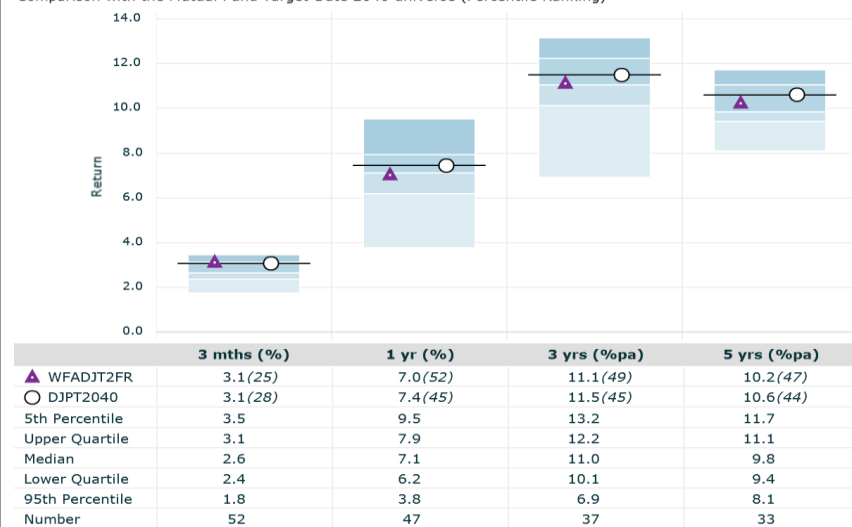
Quarterly Excess Return vs. Dow Jones Global Target 2030 Index with rolling 3 yr line in \$US (after fees) over 5 yrs ending March-15



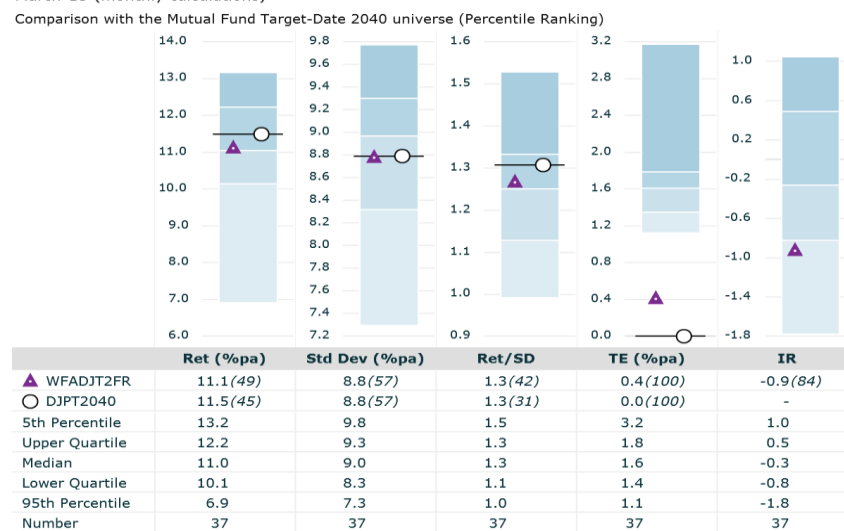
Fund Profile

Tier I - Target-Date - Wells Fargo Advantage Dow Jones Tgt 2040 Fund R6 - WFO SX

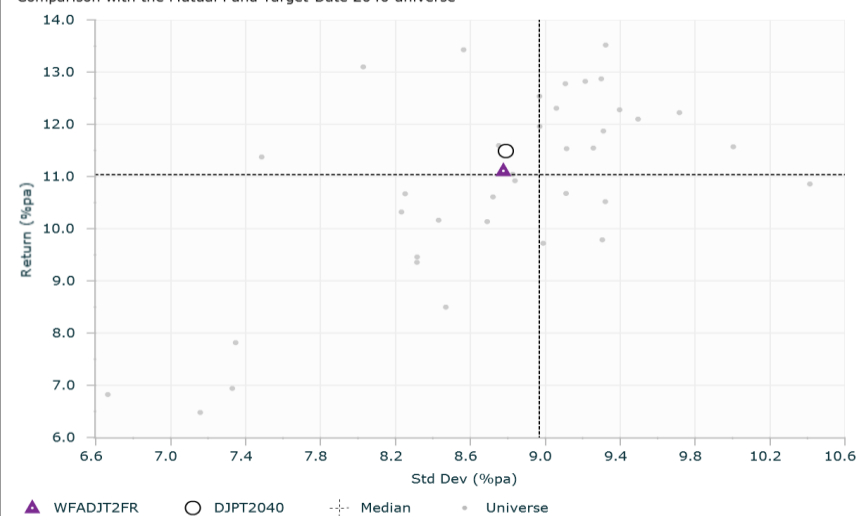
Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending March-15
Comparison with the Mutual Fund Target-Date 2040 universe (Percentile Ranking)



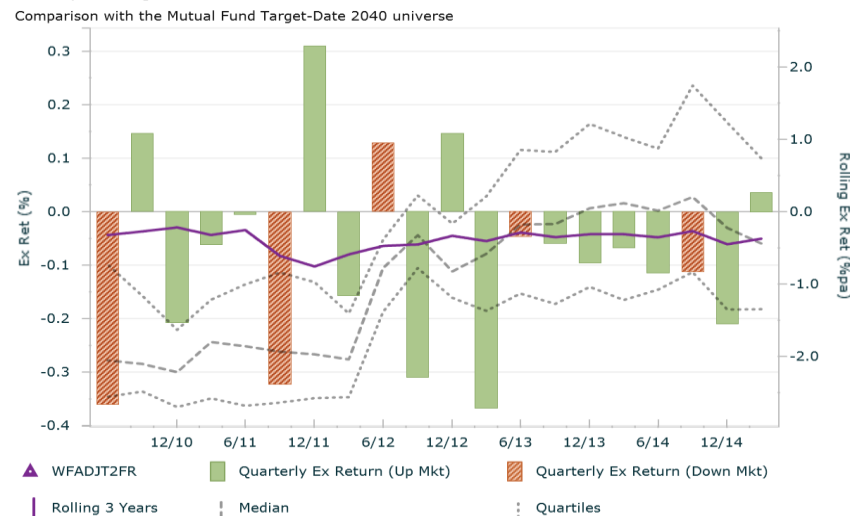
Performance characteristics vs. Dow Jones Global Target 2040 Index in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)
Comparison with the Mutual Fund Target-Date 2040 universe (Percentile Ranking)



Return and Std Deviation in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)
Comparison with the Mutual Fund Target-Date 2040 universe



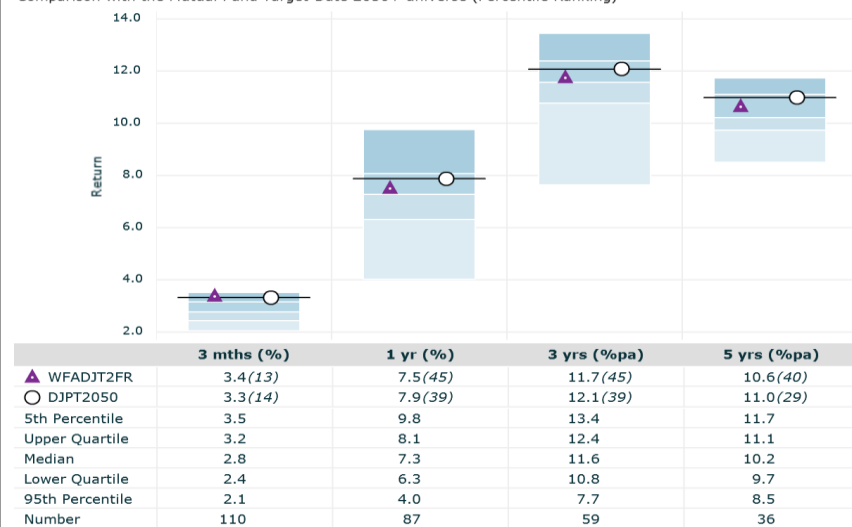
Quarterly Excess Return vs. Dow Jones Global Target 2040 Index with rolling 3 yr line in \$US (after fees) over 5 yrs ending March-15
Comparison with the Mutual Fund Target-Date 2040 universe



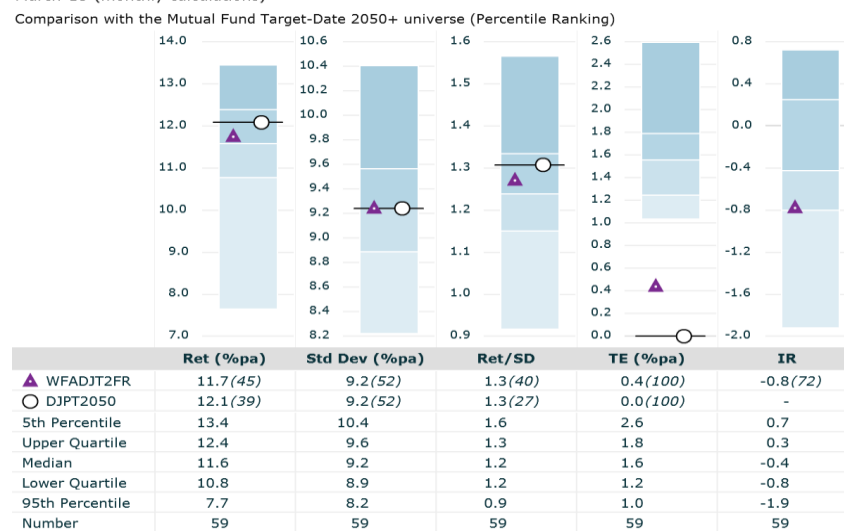
Fund Profile

Tier I - Target-Date - Wells Fargo Advantage Dow Jones Tgt 2050 Fund R6 - WFQFX

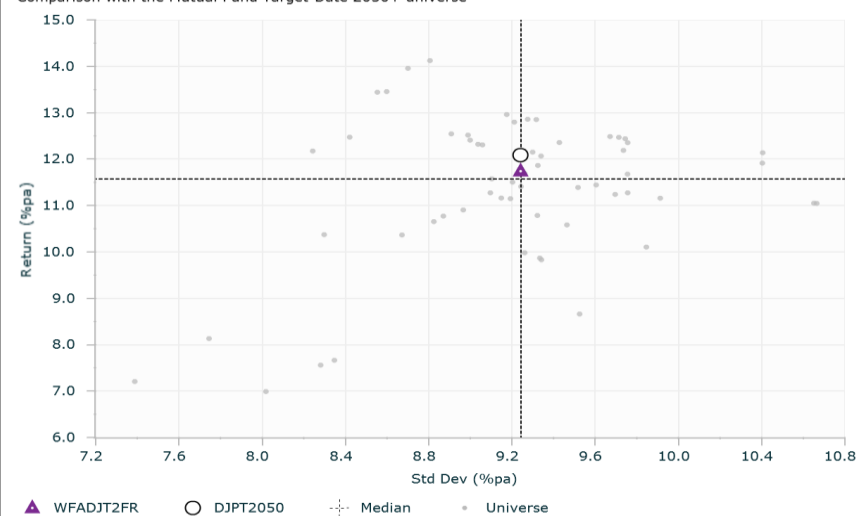
Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending March-15
Comparison with the Mutual Fund Target-Date 2050+ universe (Percentile Ranking)



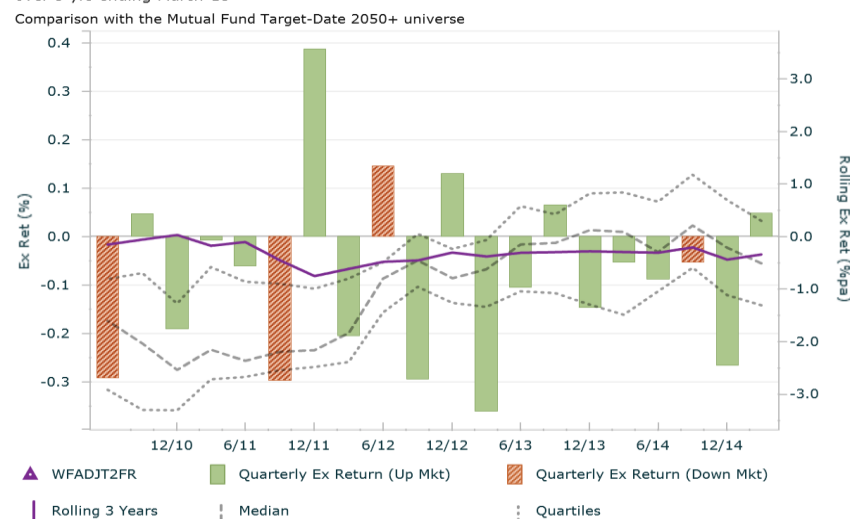
Performance characteristics vs. Dow Jones Global Target 2050 Index in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)
Comparison with the Mutual Fund Target-Date 2050+ universe (Percentile Ranking)



Return and Std Deviation in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)
Comparison with the Mutual Fund Target-Date 2050+ universe



Quarterly Excess Return vs. Dow Jones Global Target 2050 Index with rolling 3 yr line in \$US (after fees) over 5 yrs ending March-15
Comparison with the Mutual Fund Target-Date 2050+ universe

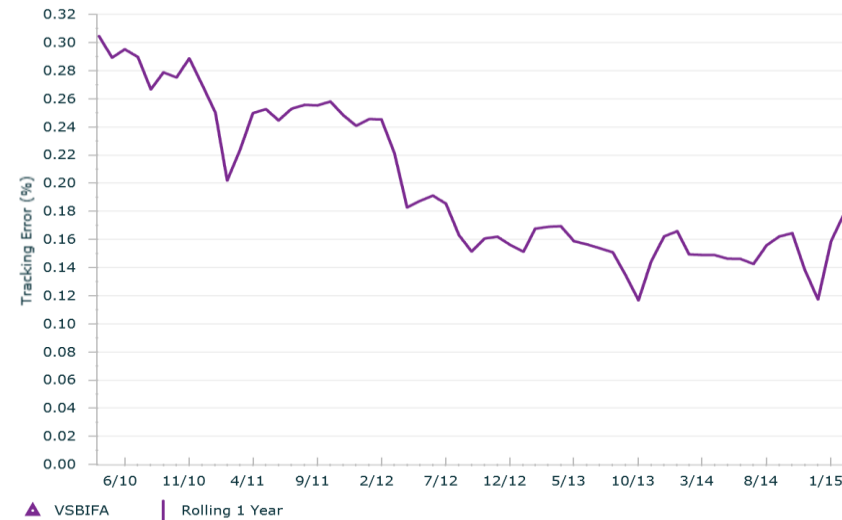


Fund Profile

Tier IIA - Domestic Fixed - Passive - Vanguard Short-Term Bond Index Fund Admiral - VBIRX

Tracking Error

Rolling 1 yr Tracking Error vs. Vanguard Spliced Barclays 1-5 G/C Float Adj Idx in \$US (after fees) over 5 yrs ending March-15 (monthly calculations)



Fund Profile

Tier IIA - Domestic Fixed - Passive - Vanguard Short-Term Bond Index Fund Admiral - VBIRX

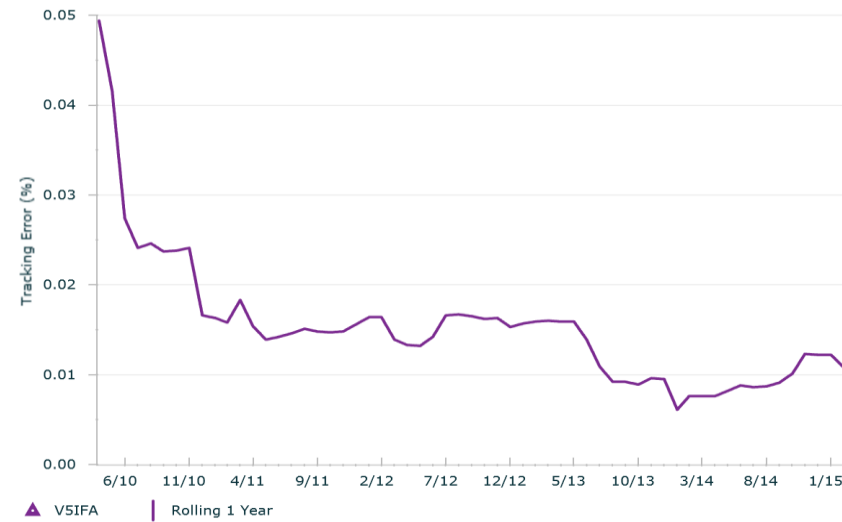
Factor	Rating (-, =, + or ++)	Comments
Idea Generation		<p>Cost & Fees:</p> <p>The fees charged by Northern Trust on its passive products are in line with competitors. The scale of the firm's operation allows it to achieve pricing power compared to lower-resourced firms.</p>
Portfolio Construction	++	Vanguard's risk dashboard provides a robust framework for assessing the level of dispersion between its portfolio and the benchmark. The process has been thoughtfully constructed and the tolerance for tracking risk has been tightened considerably over the years. The firm's tactics for generating very modest excess returns are prudently applied and do not constitute a meaningful source of tracking variance. This is true whether looking at ex-ante risk reports or reviewing ex-post results. Vanguard monitors its positioning across a wide range of curve, sector, sub-sector, issuer, and issue factors. These factors are intelligently designed and take into account risk sources beyond the obvious, high-level index characteristics data.
Implementation	++	Trading costs are closely monitored and the team attempts to eke out basis points through trading. Each trader is evaluated over rolling three month periods to determine if the individual is finding opportunities to sell bonds when they are rich or special without disturbing the factor-neutrality of the portfolio. The index team has dedicated traders who use all available trading platforms and are able to cross-trade among index portfolios where fund-specific flows provide opportunity to do so.
Business Management	++	Business management is a key strength of the firm. Vanguard remains committed to providing top quality services to investors at the lowest reasonable costs. Turnover within the active and passive fixed income investment teams has been low.
Overall Rating Preferred Provider		Vanguard's experience, scale, depth, and stability as a team provide a competitive advantage in efficient portfolio management and trade execution. The experience and stability of the team have permitted continuous refinement of techniques for reducing tracking error. The group uses proprietary tools to maintain close correlation with index performance and to implement fund flows efficiently. Compensation of index team members is based on keeping six month rolling and six month cumulative tracking error at absolute low levels. This aligns the team's incentive with the goals of the fund.

Fund Profile

Tier IIA - Domestic Equity - Passive - Vanguard 500 Index Fund Admiral - VFIAX

Tracking Error

Rolling 1 yr Tracking Error vs. S&P 500 in \$US (after fees) over 5 yrs ending March-15 (monthly calculations)



Fund Profile

Tier IIA - Domestic Equity - Passive - Vanguard 500 Index Fund Admiral - VFIAX

Factor	Rating (-, =, + or ++)	Comments
Idea Generation		Vanguard is a major provider in passive management which aims to be extremely competitive on fees. The firm uses its breadth, asset base and unique ownership structure to reduce transaction costs, maximize efficiency and pass savings on to its investor-owners. Uniquely, 100% of lending revenue is credited back to investors.
Portfolio Construction	++	<p>Vanguard's equity index specialist team constructs portfolios that aim to mirror the benchmark index returns. Subject to liquidity constraints in small or foreign markets, it employs a full replication approach. Its competitive edge comes from the experience and stability of the US based investment team, trading strength, rigid management of cash flows and from minimizing costs. It may employ securities lending on a small component of the portfolio to add incremental value, particularly within Non-US and Small Cap portfolios.</p> <p>Proprietary systems with daily monitoring of tracking risks using multiple systems help the team manage tightly to the index. Where full replication is not possible, Vanguard employs an optimizer to mirror the benchmark characteristics as tightly as possible.</p>
Implementation	++	<p>Vanguard employs a variety of trading strategies to maximize trading efficiency. Managers trade themselves to stay in close contact with the market. Vanguard operates regional trading desks for developed and emerging markets trades. Most strategies have sufficient assets under management to ensure efficient execution.</p> <p>Risk management is an independent function and continuously monitored at the factor and stock levels. Daily analysis is available to the portfolio managers regarding portfolio imbalances, tracking error, and other discrepancies.</p>
Business Management	+	Vanguard has a stellar history in the investment business built on its long time success in passive management. The firm's size has enabled it to develop ample resources in investment and retirement research. Vanguard remains committed to providing top quality services to investors at the lowest reasonable costs. Its reputation for investing in the best interest of its participants is a clear strength. In addition, the firm has created a culture of stability with investment professionals having long tenures at the firm. The firm has plans to expand its global presence, while retaining regional specialties. This may lead to certain changes in roles and responsibilities, although we don't expect significant disruption to the US based investment team itself. Any company expansion, such as the one Vanguard intends, creates the potential for higher turnover and client service challenges.
Overall Rating Preferred Provider		The passive equity strategies managed out of the US are overseen by a stable and experienced team. Vanguard carefully controls cash flows, which may reduce flexibility for new investors, but allows for superior cost management. Large assets under management in most strategies also contribute to cost management and efficient execution. The Risk Management team provides independent enforcement of constraints and risk controls which is vital to the products and a good form of checks-and-balances. Vanguard's plan to increase its global presence, integrate all systems and processes, and maximize regional trading opportunities should strengthen its offerings over the long term, although shorter term it may face some challenges.
Additional Observations		Vanguard strives to attract long-term investors. It may refuse assets from investors wanting to park money for short periods of time or it may apply withdrawal penalties. Investors should ensure they understand the withdrawal rules for the particular fund they are investing in prior to making the investment. Investors should be willing to invest in Vanguard's pooled vehicles as it has little interest in separate accounts or custom mandates. The availability of a fund in a particular country depends on where the fund is domiciled (US or Ireland) and the type of investor. Investors must work with the local Vanguard representative to determine the eligibility criteria. Funds domiciled in the US may have more tracking discrepancies due to differences in the close time for the benchmark vs. the portfolio. Vanguard reserves the right to engage in stock lending with cash collateral invested in an internal money market fund. With any such arrangement, there is always a risk of illiquidity or loss in the collateral fund. We have not reviewed the quality of the stock lending program as part of this assessment of the firm's passive management capabilities. Investors seeking more information about the stock lending features should contact Mercer Sentinel.

Fund Profile

Tier IIA - Domestic Equity - Passive - Vanguard Mid-Cap Index Fund Admiral - VIMAX

Tracking Error

Rolling 1 yr Tracking Error vs. Vanguard Spliced Mid Cap Index in \$US (after fees) over 5 yrs ending March-15 (monthly calculations)



Fund Profile

Tier IIA - Domestic Equity - Passive - Vanguard Mid-Cap Index Fund Admiral - VIMAX

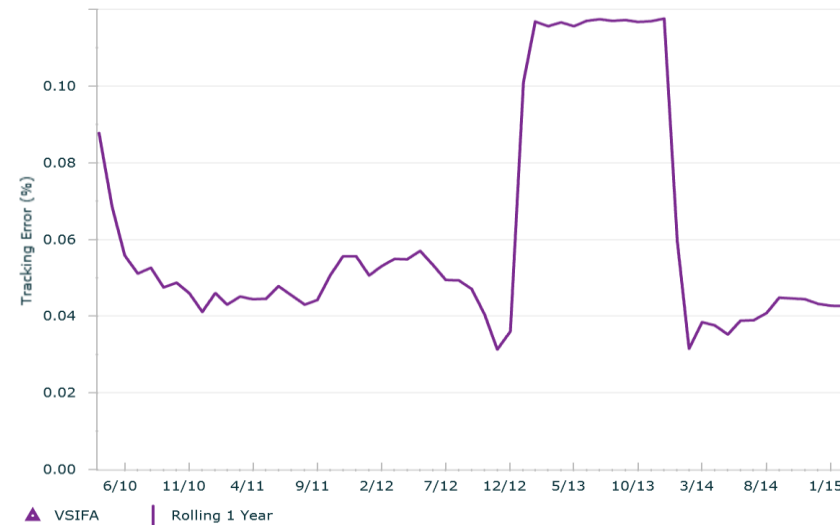
Factor	Rating (-, =, + or ++)	Comments
Idea Generation		Vanguard is a major provider in passive management which aims to be extremely competitive on fees. The firm uses its breadth, asset base and unique ownership structure to reduce transaction costs, maximize efficiency and pass savings on to its investor-owners. Uniquely, 100% of lending revenue is credited back to investors.
Portfolio Construction	++	Vanguard's equity index specialist team constructs portfolios that aim to mirror the benchmark index returns. Subject to liquidity constraints in small or foreign markets, it employs a full replication approach. Its competitive edge comes from the experience and stability of the US based investment team, trading strength, rigid management of cash flows and from minimizing costs. It may employ securities lending on a small component of the portfolio to add incremental value, particularly within Non-US and Small Cap portfolios. Proprietary systems with daily monitoring of tracking risks using multiple systems help the team manage tightly to the index. Where full replication is not possible, Vanguard employs an optimizer to mirror the benchmark characteristics as tightly as possible.
Implementation	++	Vanguard employs a variety of trading strategies to maximize trading efficiency. Managers trade themselves to stay in close contact with the market. Vanguard operates regional trading desks for developed and emerging markets trades. Most strategies have sufficient assets under management to ensure efficient execution. Risk management is an independent function and continuously monitored at the factor and stock levels. Daily analysis is available to the portfolio managers regarding portfolio imbalances, tracking error, and other discrepancies.
Business Management	+	Vanguard has a stellar history in the investment business built on its long time success in passive management. The firm's size has enabled it to develop ample resources in investment and retirement research. Vanguard remains committed to providing top quality services to investors at the lowest reasonable costs. Its reputation for investing in the best interest of its participants is a clear strength. In addition, the firm has created a culture of stability with investment professionals having long tenures at the firm. The firm has plans to expand its global presence, while retaining regional specialties. This may lead to certain changes in roles and responsibilities, although we don't expect significant disruption to the US based investment team itself. Any company expansion, such as the one Vanguard intends, creates the potential for higher turnover and client service challenges.
Overall Rating Preferred Provider		The passive equity strategies managed out of the US are overseen by a stable and experienced team. Vanguard carefully controls cash flows, which may reduce flexibility for new investors, but allows for superior cost management. Large assets under management in most strategies also contribute to cost management and efficient execution. The Risk Management team provides independent enforcement of constraints and risk controls which is vital to the products and a good form of checks-and-balances. Vanguard's plan to increase its global presence, integrate all systems and processes, and maximize regional trading opportunities should strengthen its offerings over the long term, although shorter term it may face some challenges.
Additional Observations		Vanguard strives to attract long-term investors. It may refuse assets from investors wanting to park money for short periods of time or it may apply withdrawal penalties. Investors should ensure they understand the withdrawal rules for the particular fund they are investing in prior to making the investment. Investors should be willing to invest in Vanguard's pooled vehicles as it has little interest in separate accounts or custom mandates. The availability of a fund in a particular country depends on where the fund is domiciled (US or Ireland) and the type of investor. Investors must work with the local Vanguard representative to determine the eligibility criteria. Funds domiciled in the US may have more tracking discrepancies due to differences in the close time for the benchmark vs. the portfolio. Vanguard reserves the right to engage in stock lending with cash collateral invested in an internal money market fund. With any such arrangement, there is always a risk of illiquidity or loss in the collateral fund. We have not reviewed the quality of the stock lending program as part of this assessment of the firm's passive management capabilities. Investors seeking more information about the stock lending features should contact Mercer Sentinel.

Fund Profile

Tier IIA - Domestic Equity - Passive - Vanguard Small-Cap Index Fund Admiral - VSMAX

Tracking Error

Rolling 1 yr Tracking Error vs. Vanguard Spliced Small Cap Index in \$US (after fees) over 5 yrs ending March-15 (monthly calculations)



Fund Profile

Tier IIA - Domestic Equity - Passive - Vanguard Small-Cap Index Fund Admiral - VSMAX

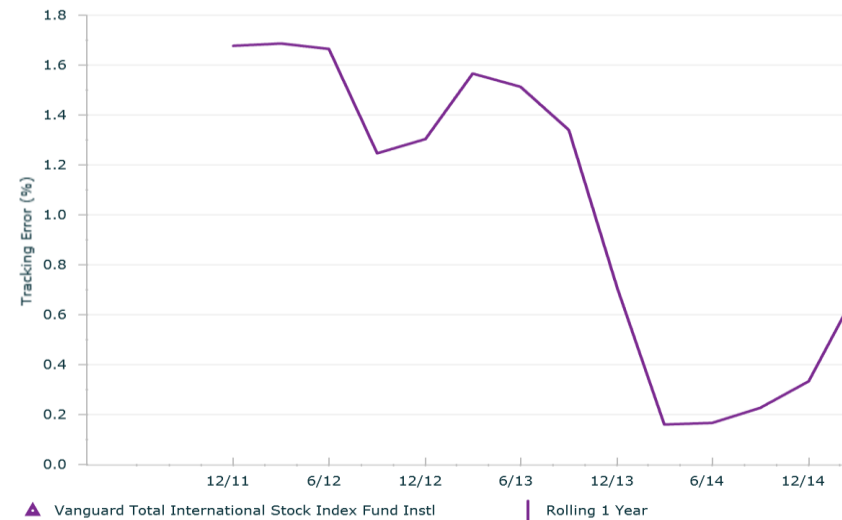
Factor	Rating (-, =, + or ++)	Comments
Idea Generation	++	Vanguard is a major provider in passive management which aims to be extremely competitive on fees. The firm uses its breadth, asset base and unique ownership structure to reduce transaction costs, maximize efficiency and pass savings on to its investor-owners. Uniquely, 100% of lending revenue is credited back to investors.
Portfolio Construction	++	Vanguard's equity index specialist team constructs portfolios that aim to mirror the benchmark index returns. Subject to liquidity constraints in small or foreign markets, it employs a full replication approach. Its competitive edge comes from the experience and stability of the US based investment team, trading strength, rigid management of cash flows and from minimizing costs. It may employ securities lending on a small component of the portfolio to add incremental value, particularly within Non-US and Small Cap portfolios. Proprietary systems with daily monitoring of tracking risks using multiple systems help the team manage tightly to the index. Where full replication is not possible, Vanguard employs an optimizer to mirror the benchmark characteristics as tightly as possible.
Implementation	+	Vanguard employs a variety of trading strategies to maximize trading efficiency. Managers trade themselves to stay in close contact with the market. Vanguard operates regional trading desks for developed and emerging markets trades. Most strategies have sufficient assets under management to ensure efficient execution. Risk management is an independent function and continuously monitored at the factor and stock levels. Daily analysis is available to the portfolio managers regarding portfolio imbalances, tracking error, and other discrepancies.
Business Management	++	Vanguard has a stellar history in the investment business built on its long time success in passive management. The firm's size has enabled it to develop ample resources in investment and retirement research. Vanguard remains committed to providing top quality services to investors at the lowest reasonable costs. Its reputation for investing in the best interest of its participants is a clear strength. In addition, the firm has created a culture of stability with investment professionals having long tenures at the firm. The firm has plans to expand its global presence, while retaining regional specialties. This may lead to certain changes in roles and responsibilities, although we don't expect significant disruption to the US based investment team itself. Any company expansion, such as the one Vanguard intends, creates the potential for higher turnover and client service challenges.
Overall Rating Preferred Provider		The passive equity strategies managed out of the US are overseen by a stable and experienced team. Vanguard carefully controls cash flows, which may reduce flexibility for new investors, but allows for superior cost management. Large assets under management in most strategies also contribute to cost management and efficient execution. The Risk Management team provides independent enforcement of constraints and risk controls which is vital to the products and a good form of checks-and-balances. Vanguard's plan to increase its global presence, integrate all systems and processes, and maximize regional trading opportunities should strengthen its offerings over the long term, although shorter term it may face some challenges.
Additional Observations		Vanguard strives to attract long-term investors. It may refuse assets from investors wanting to park money for short periods of time or it may apply withdrawal penalties. Investors should ensure they understand the withdrawal rules for the particular fund they are investing in prior to making the investment. Investors should be willing to invest in Vanguard's pooled vehicles as it has little interest in separate accounts or custom mandates. The availability of a fund in a particular country depends on where the fund is domiciled (US or Ireland) and the type of investor. Investors must work with the local Vanguard representative to determine the eligibility criteria. Funds domiciled in the US may have more tracking discrepancies due to differences in the close time for the benchmark vs. the portfolio. Vanguard reserves the right to engage in stock lending with cash collateral invested in an internal money market fund. With any such arrangement, there is always a risk of illiquidity or loss in the collateral fund. We have not reviewed the quality of the stock lending program as part of this assessment of the firm's passive management capabilities. Investors seeking more information about the stock lending features should contact Mercer Sentinel.

Fund Profile

Tier IIA - International Equity - Vanguard Total International Stock Index Fund Adm – VTIAX

Tracking Error

Rolling 1 yr Tracking Error vs. Vanguard Total International Composite Index in \$US (after fees) over 4 yrs and 1 quarter ending March-15 (quarterly calculations)



Fund Profile

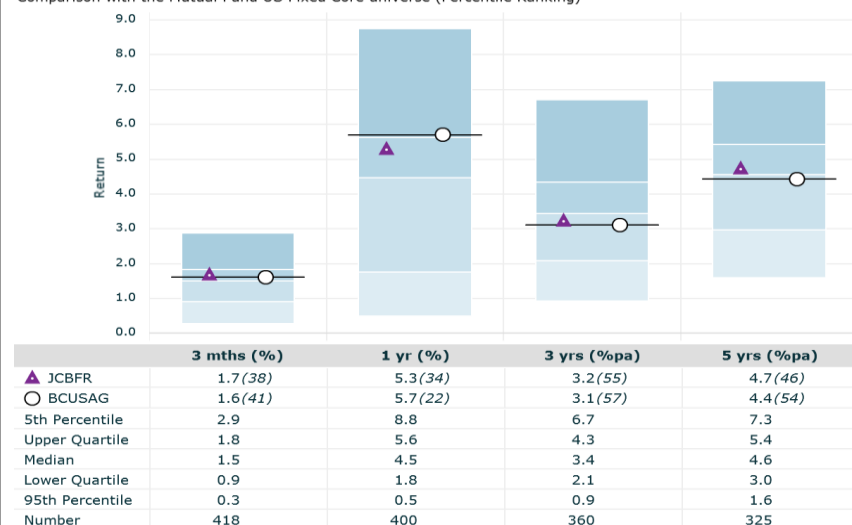
Tier IIA - International Equity - Vanguard Total International Stock Index Fund Adm - VTIAX

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	++	Vanguard is a major provider in passive management which aims to be extremely competitive on fees. The firm uses its breadth, asset base and unique ownership structure to reduce transaction costs, maximize efficiency and pass savings on to its investor-owners. Uniquely, 100% of lending revenue is credited back to investors.
Portfolio Construction	++	Vanguard's equity index specialist team constructs portfolios that aim to mirror the benchmark index returns. Subject to liquidity constraints in small or foreign markets, it employs a full replication approach. Its competitive edge comes from the experience and stability of the US based investment team, trading strength, rigid management of cash flows and from minimizing costs. It may employ securities lending on a small component of the portfolio to add incremental value, particularly within Non-US and Small Cap portfolios. Proprietary systems with daily monitoring of tracking risks using multiple systems help the team manage tightly to the index. Where full replication is not possible, Vanguard employs an optimizer to mirror the benchmark characteristics as tightly as possible.
Implementation	+	Vanguard employs a variety of trading strategies to maximize trading efficiency. Managers trade themselves to stay in close contact with the market. Vanguard operates regional trading desks for developed and emerging markets trades. Most strategies have sufficient assets under management to ensure efficient execution. Risk management is an independent function and continuously monitored at the factor and stock levels. Daily analysis is available to the portfolio managers regarding portfolio imbalances, tracking error, and other discrepancies.
Business Management	++	Vanguard has a stellar history in the investment business built on its long time success in passive management. The firm's size has enabled it to develop ample resources in investment and retirement research. Vanguard remains committed to providing top quality services to investors at the lowest reasonable costs. Its reputation for investing in the best interest of its participants is a clear strength. In addition, the firm has created a culture of stability with investment professionals having long tenures at the firm. The firm has plans to expand its global presence, while retaining regional specialties. This may lead to certain changes in roles and responsibilities, although we don't expect significant disruption to the US based investment team itself. Any company expansion, such as the one Vanguard intends, creates the potential for higher turnover and client service challenges.
Overall Rating Preferred Provider		The passive equity strategies managed out of the US are overseen by a stable and experienced team. Vanguard carefully controls cash flows, which may reduce flexibility for new investors, but allows for superior cost management. Large assets under management in most strategies also contribute to cost management and efficient execution. The Risk Management team provides independent enforcement of constraints and risk controls which is vital to the products and a good form of checks-and-balances. Vanguard's plan to increase its global presence, integrate all systems and processes, and maximize regional trading opportunities should strengthen its offerings over the long term, although shorter term it may face some challenges.
Additional Observations		Vanguard strives to attract long-term investors. It may refuse assets from investors wanting to park money for short periods of time or it may apply withdrawal penalties. Investors should ensure they understand the withdrawal rules for the particular fund they are investing in prior to making the investment. Investors should be willing to invest in Vanguard's pooled vehicles as it has little interest in separate accounts or custom mandates. The availability of a fund in a particular country depends on where the fund is domiciled (US or Ireland) and the type of investor. Investors must work with the local Vanguard representative to determine the eligibility criteria. Funds domiciled in the US may have more tracking discrepancies due to differences in the close time for the benchmark vs. the portfolio. Vanguard reserves the right to engage in stock lending with cash collateral invested in an internal money market fund. With any such arrangement, there is always a risk of illiquidity or loss in the collateral fund. We have not reviewed the quality of the stock lending program as part of this assessment of the firm's passive management capabilities. Investors seeking more information about the stock lending features should contact Mercer Sentinel.

Fund Profile

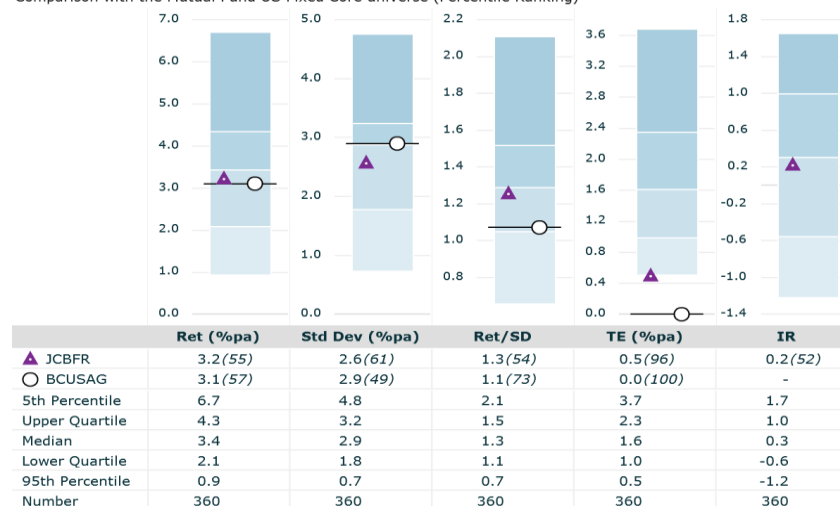
Tier IIB - Domestic Fixed - JPMorgan Core Bond Fund R6 - JCBUX

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending March-15
Comparison with the Mutual Fund US Fixed Core universe (Percentile Ranking)

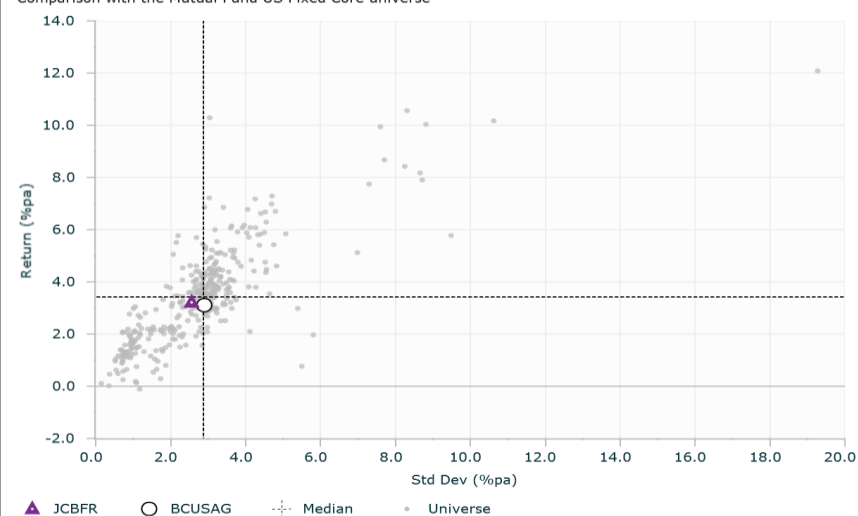


Performance characteristics vs. Barclays US Aggregate in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)

Comparison with the Mutual Fund US Fixed Core universe (Percentile Ranking)

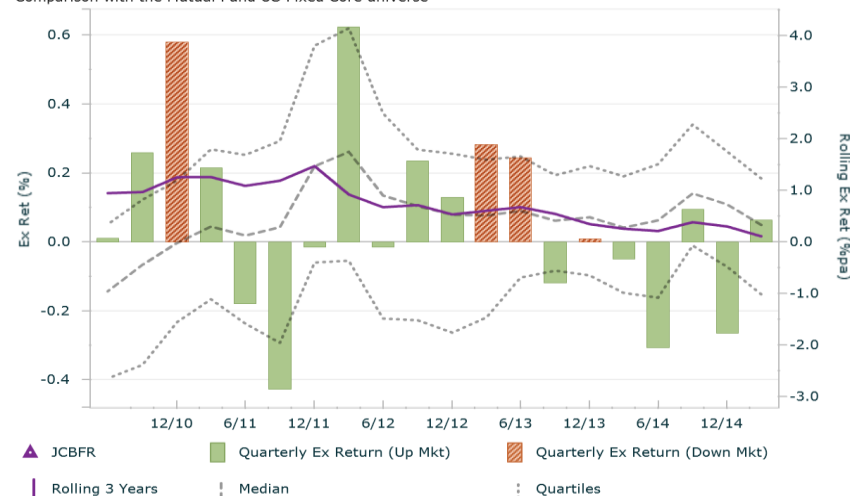


Return and Std Deviation in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)
Comparison with the Mutual Fund US Fixed Core universe



Quarterly Excess Return vs. Barclays US Aggregate with rolling 3 yr line in \$US (after fees) over 5 yrs ending March-15

Comparison with the Mutual Fund US Fixed Core universe



Fund Profile

Tier IIB - Domestic Fixed - JPMorgan Core Bond Fund R6 - JCBUX

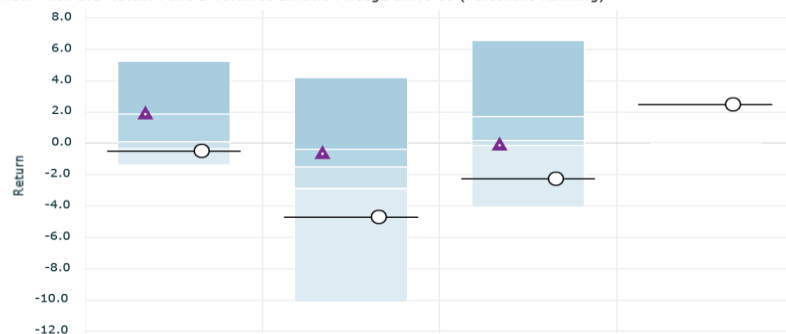
Factor	Rating (-, =, + or ++)	Comments
Idea Generation	++	JPMAM's key strength is Doug Swanson's experience in the mortgage sector and the depth of his support staff. The strategy relies heavily on Swanson's ability to find superior carry in the CMO market, which provides positive convexity with minimal credit risk. As a result, the team has generated consistent alpha with minimal return volatility. Quantitative analysis of structured products is adequate, but unlike most managers with a mortgage slant, proprietary quantitative tools do not play a significant role in the decision-making process.
Portfolio Construction	+	The fixed income investment process includes ongoing review, monitoring, and control of key portfolio characteristics. The consistent overweight to CMO tranches is reflective of Swanson's mortgage background and investment philosophy. Risk management tools are robust with user-friendly data displays at the sector and portfolio levels.
Implementation	+	To respond effectively to market opportunities and inefficiencies, trading authority lies with the portfolio managers. At this time, capacity is not a concern.
Business Management	+	The Columbus-based fixed income team has been able to keep its investment management team and management style separate and intact from its New York team. Also, despite recent changes to the reporting hierarchy within JPMAM, the firm has retained key personnel affiliated with the Multi-Sector and Mortgage strategies. That said, the integration with the New York platform is still evolving, and therefore, remains an issue of concern.
Overall Rating A		JPMAM's value-oriented approach to investing is ideal for risk-averse core fixed income clients. The investment process, led by Swanson, thrives on identifying relative value in the CMO market with minimal option or event risk. In addition, the risk management function is well integrated with the investment process at all levels. However, clients should be comfortable with the strategy's significant overweight to the mortgage sector, and understand that the team favors CMOs over MBS pass-throughs and corporates.
Additional Observations		Our rating pertains solely to the Columbus fixed income team, rather than JPMAM's New York team. It is also dependent on Douglas Swanson remaining head of the Columbus team. Swanson is the seminal figure in the taxable fixed income strategies, having guided the investment philosophy in Columbus for over a decade. We are not confident that the firm has sufficient leadership and technical expertise to thrive in his absence.

Fund Profile

Tier IIB - Balanced - PIMCO Inflation Response Multi-Asset Fund Inst - PIRMX

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending March-15

Comparison with the Mutual Fund Diversified Inflation Hedge universe (Percentile Ranking)



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
▲ PIRMFI	1.9(25)	-0.7(38)	-0.1(75)	-
○ PIMIMAI	-0.5(88)	-4.7(88)	-2.3(89)	2.5
5th Percentile	5.2	4.2	6.5	-
Upper Quartile	1.9	-0.4	1.7	-
Median	0.1	-1.5	0.2	4.1
Lower Quartile	-0.3	-2.9	-0.1	-
95th Percentile	-1.4	-10.1	-4.1	-
Number	9	9	9	3

Performance characteristics vs. PIMCO Inflation Response Multi-Asset Index in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)

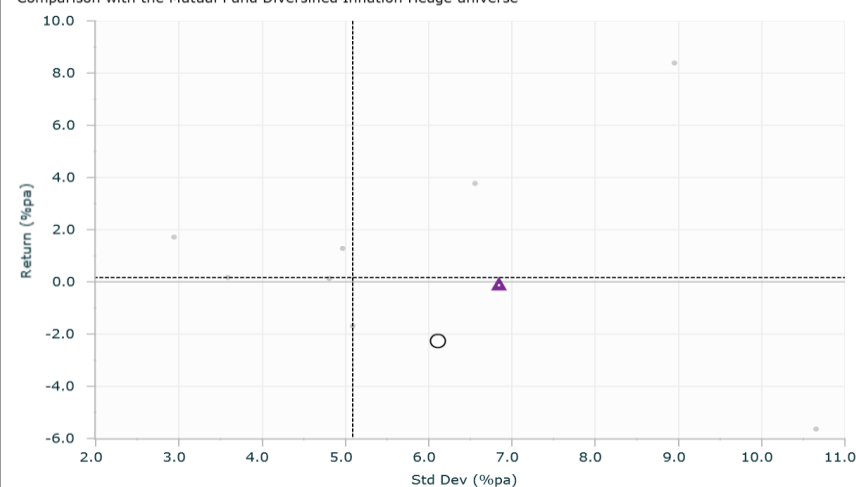
Comparison with the Mutual Fund Diversified Inflation Hedge universe (Percentile Ranking)



	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
▲ PIRMFI	-0.1(75)	6.8(25)	0.0(75)	2.1(88)	1.0(38)
○ PIMIMAI	-2.3(89)	6.1(41)	-0.4(90)	0.0(100)	-
5th Percentile	6.5	10.0	0.8	7.6	1.8
Upper Quartile	1.7	6.8	0.6	4.7	1.4
Median	0.2	5.1	0.0	3.7	0.9
Lower Quartile	-0.1	4.8	0.0	2.6	0.7
95th Percentile	-4.1	3.2	-0.5	1.9	-0.2
Number	9	9	9	9	9

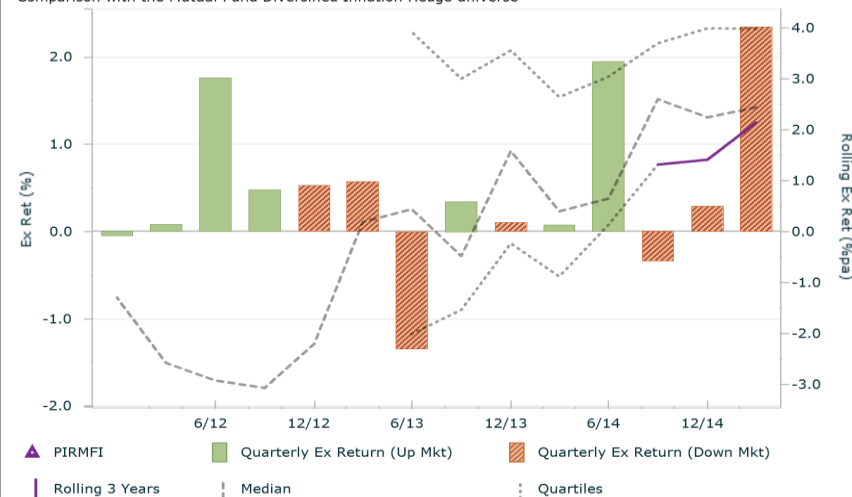
Return and Std Deviation in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)

Comparison with the Mutual Fund Diversified Inflation Hedge universe



Quarterly Excess Return vs. PIMCO Inflation Response Multi-Asset Index with rolling 3 yr line in \$US (after fees) over 3 yrs and 2 quarters ending March-15

Comparison with the Mutual Fund Diversified Inflation Hedge universe



Fund Profile

Tier IIB - Balanced - PIMCO Inflation Response Multi-Asset Fund Inst - PIRMX

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	++	<p>The strategy's edge lies in the strength and depth of PIMCO's macroeconomic research capabilities. The firm's scale enables it to employ a depth of resources and people globally across multiple market sectors. The firm's Secular and Cyclical Forums bring together trade ideas and outlooks from regional and sector investment teams in a repeatable and well-organized way. PIMCO's investment committee has an established track record of generating macroeconomic views and formulating opinions on the prospective performance of risk factors. The strategy effectively leverages those skills when developing ideas regarding the potential drivers of inflation, the impact of inflation on various asset classes and the performance of asset classes during inflationary periods. In addition to the firm's overall strengths, Worah demonstrates a deep understanding of inflation and its impact on markets. The strategy also effectively utilizes PIMCO's ability to add value from a bottom-up perspective, relying on specialists to manage the underlying sub-strategies.</p> <p>At the end of the day however, PIMCO has relatively limited experience with tactical multi-asset decisions, particularly with this product which was launched only in September 2011. IRMAF's benchmark relative performance has been encouraging to date, while other PIMCO asset allocation strategies have struggled in the past two years.</p>
Portfolio Construction	++	<p>The rationale behind the strategic benchmark index is sound, taking account of both historic asset class return patterns and the directness of their responsiveness to inflation. We think the tactical asset allocation process effectively leverages PIMCO's strength in idea generation, although it is relatively untested in a multi-asset context. Each asset class sleeve is managed by a specialist PIMCO portfolio manager, providing the ability to add value through bottom-up security selection. We believe that Worah should see that custom sleeve ideas are well vetted and tailored to the specific objectives of the strategy. The portfolio also employs tail-risk hedging strategies, which we think can provide further protection when diversification fails.</p>
Implementation	+	<p>Assets in IRMAF have jumped since the strategy was launched in mid-2011 reaching \$1.6bn as of July 2014. Inflation linked bonds and Commodities represent 45% and 20% respectively of IRMAF's strategic allocations. Firm-wide PIMCO has significant exposure to the TIPS/ILB market which precludes us from awarding a higher rating. We harbor concerns on their ability to implement strategies in smaller markets, particularly as they have resisted providing fixed income capacity constraint information. The firm's ability to exit large positions efficiently remains a concern.</p> <p>On the positive side, PIMCO has an appetite for off-benchmark positions and a willingness to use derivatives to gain or hedge exposures. This means it does not need to express all curve or duration trades via cash/physical markets. The liquidity of the inflation linked market and favorable new issuance/supply trends are also considerations.</p> <p>Furthermore, the firm has significant resources to analyze a large number of investment opportunities and is well positioned to achieve desired exposures with trading desks located across the globe. PIMCO has significant influence in structuring deals and setting pricing when approaching issuers with reverse inquiries and can extract pricing concessions when it comes to providing liquidity on the other side of very large trades. A dedicated risk committee assesses counterparties and monitor exposures closely.</p>
Business Management	+	<p>Since former co-CIO and CEO Mohamed El-Erian's resignation from PIMCO in 2014, the firm has announced several organization changes, culminating with CIO and co-founder Bill Gross's resignation. We do not view the firm as having stabilized since these high level resignations and this is a leading reason that we do not award a higher Business Management factor score, and consequently, higher ratings to the firm's strategies.</p> <p>PIMCO is one the largest asset management firms in the world, which carries both advantages and disadvantages. On the positive side, a large asset base provides the firm with extensive resources and contacts, which can be used to develop an informational advantage and conduct an in-depth analysis of a wide range of global investment opportunities. Additionally, the firm can use its size to obtain advantageous pricing in certain markets. On the other hand, a large asset base can hinder its ability to generate alpha by limiting the potential to invest in smaller/niche areas of the market and could create problems in exiting certain positions. The firm's culture is ultra-competitive and intense, which, when coupled with its renowned status, can lead to periodic bouts of turnover (outside of the resignations previously noted), but is a net positive as it produces a highly disciplined and thorough investment process.</p>

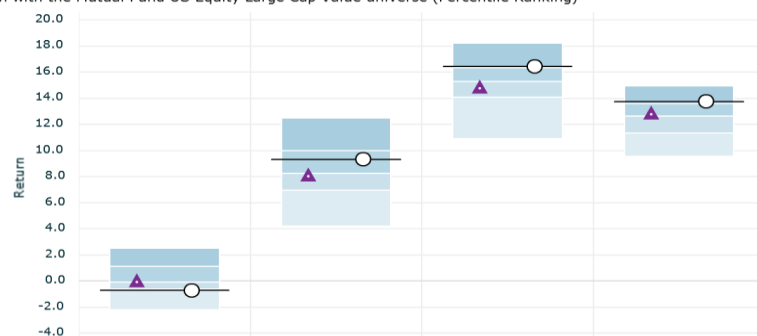
Overall Rating B+ (W)	The strategy benefits from PIMCO's highly regarded research capabilities. The firm's investment committee demonstrates a strong ability to generate tactical and secular macroeconomic and risk factor forecasts. The firm's asset allocation committee effectively converts those views into asset class risk/return projections. In addition to the firm's overall strengths, the strategy benefits from a dedicated real return team who demonstrate a deep understanding of inflation trends and how to position the portfolio from both a strategic and tactical perspective to benefit from those trends. The dynamic nature of this fund effectively leverages PIMCO's skills and increases its ability to add value. PIMCO also has significant experience managing inflation related strategies. While we have confidence in PIMCO's ability to generate an inflation outlook and gauge the performance of asset classes in that environment, we would like to see further evidence of the fund's ability to hedge inflation and to add value through active asset allocation.
Additional Observations	While the strategy seeks a return in excess of inflation, investors should be aware that CPI is not an investable benchmark and PIMCO does not seek to track it. As such, the shorter-term performance of the strategy will likely be driven by factors other than realized inflation or changes in market inflation expectations. Still, the objective of the strategy is to formulate macroeconomic views regarding potential inflation and then seek exposure to asset classes and investments that should benefit from/protect against inflation and that perform relatively well during periods of rising inflation. While the portfolio is diversified, volatility and downside risk could be higher than expected as many of the underlying asset classes have exposure to common risk factors.

Fund Profile

Tier IIB - Domestic Equity - Vanguard Windsor II Fund Admiral - VWNAX

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending March-15

Comparison with the Mutual Fund US Equity Large Cap Value universe (Percentile Ranking)



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
▲ VWIFA	-0.1(50)	8.0(57)	14.8(64)	12.8(47)
○ RU1000VUSD	-0.7(77)	9.3(33)	16.4(24)	13.8(21)
5th Percentile	2.5	12.5	18.2	15.0
Upper Quartile	1.1	10.0	16.4	13.6
Median	-0.1	8.3	15.3	12.6
Lower Quartile	-0.6	6.9	14.1	11.3
95th Percentile	-2.2	4.2	10.9	9.6
Number	138	133	117	106

Performance characteristics vs. Russell 1000 Value in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)

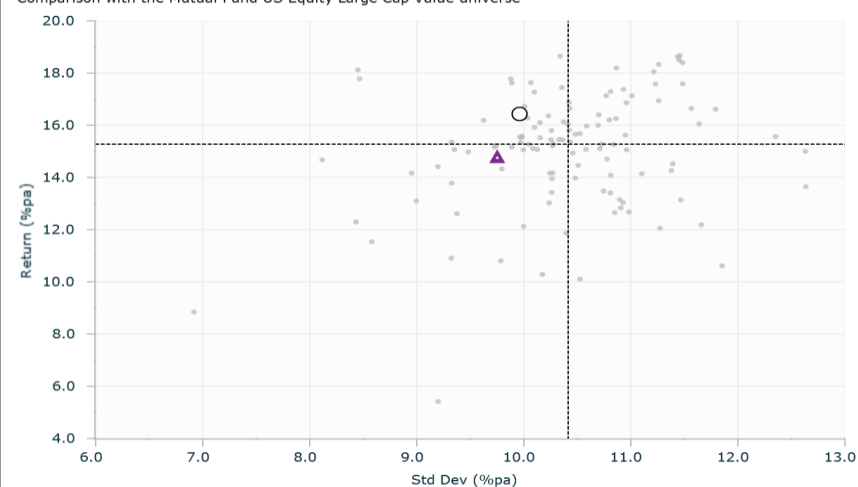
Comparison with the Mutual Fund US Equity Large Cap Value universe (Percentile Ranking)



	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
▲ VWIFA	14.8(64)	9.8(84)	1.5(43)	1.9(81)	-0.9(73)
○ RU1000VUSD	16.4(24)	10.0(78)	1.7(10)	0.0(100)	-
5th Percentile	18.2	11.6	1.8	4.6	0.6
Upper Quartile	16.4	10.9	1.6	3.4	-0.1
Median	15.3	10.4	1.5	2.7	-0.5
Lower Quartile	14.1	10.0	1.3	2.2	-0.9
95th Percentile	10.9	8.9	1.1	1.5	-1.6
Number	117	117	117	117	117

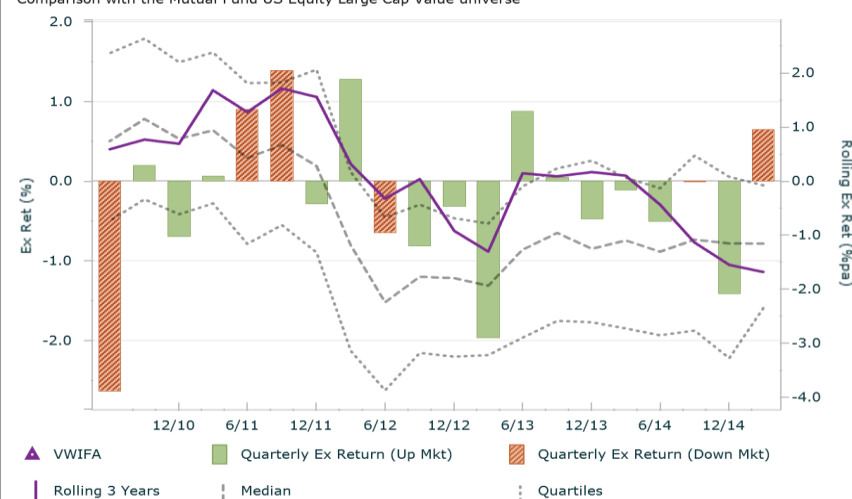
Return and Std Deviation in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)

Comparison with the Mutual Fund US Equity Large Cap Value universe



Quarterly Excess Return vs. Russell 1000 Value with rolling 3 yr line in \$US (after fees) over 5 yrs ending March-15

Comparison with the Mutual Fund US Equity Large Cap Value universe



Fund Profile

Tier IIB - Domestic Equity - Vanguard Windsor II Fund Admiral - VWNAX

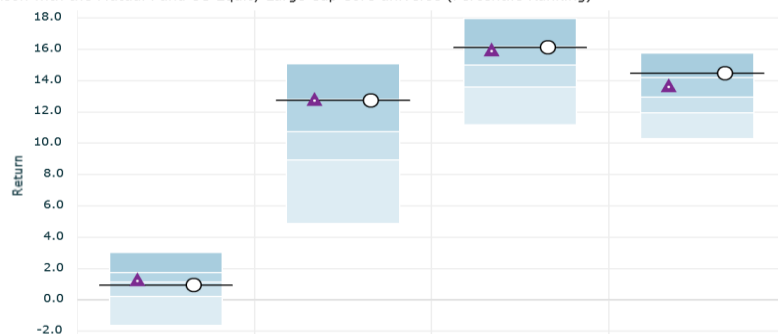
Factor	Rating (-, =, + or ++)	Comments
Idea Generation	+	
Portfolio Construction	+	
Implementation	+	
Business Management	+	Business management is a key strength of the firm. Vanguard remains committed to providing top quality services to investors at the lowest reasonable costs. Turnover within the active and passive fixed income investment teams has been low.
Overall Rating		
B+		

Fund Profile

Tier IIB - Domestic Equity - T Rowe Price Growth & Income Fund - PRGIX

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending March-15

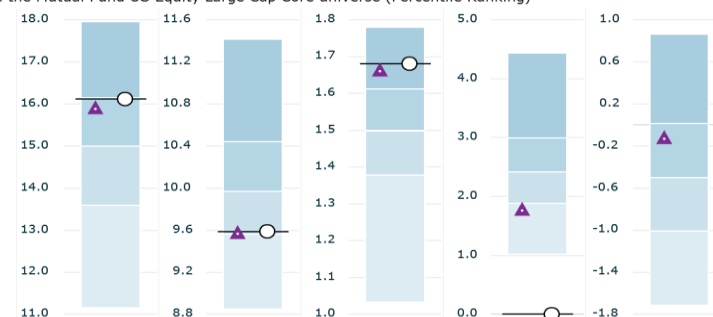
Comparison with the Mutual Fund US Equity Large Cap Core universe (Percentile Ranking)



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
▲ TRPG&IF	1.2(46)	12.7(26)	15.9(28)	13.6(33)
○ SP500USD	1.0(55)	12.7(25)	16.1(26)	14.5(21)
5th Percentile	3.0	15.1	18.0	15.8
Upper Quartile	1.8	12.8	16.1	14.2
Median	1.1	10.8	15.0	13.0
Lower Quartile	0.2	8.9	13.6	11.9
95th Percentile	-1.6	4.9	11.2	10.3
Number	252	247	232	214

Performance characteristics vs. S&P 500 in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)

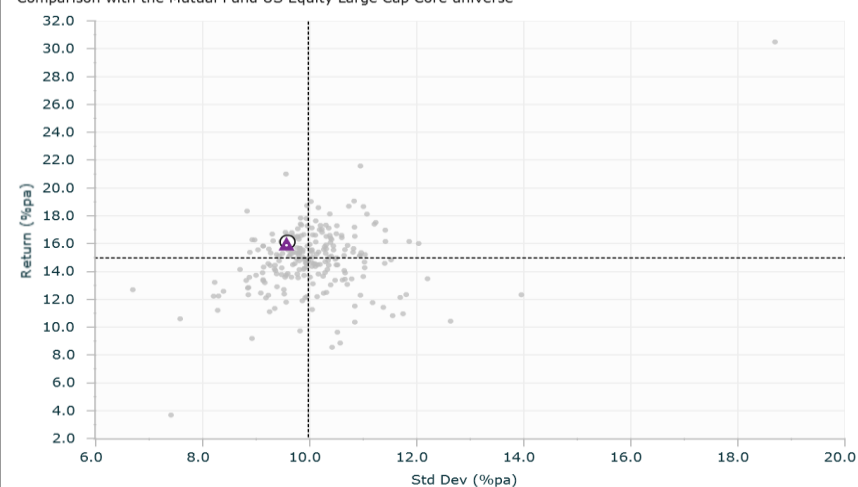
Comparison with the Mutual Fund US Equity Large Cap Core universe (Percentile Ranking)



	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
▲ TRPG&IF	15.9(28)	9.6(75)	1.7(19)	1.8(80)	-0.1(29)
○ SP500USD	16.1(26)	9.6(74)	1.7(18)	0.0(100)	-
5th Percentile	18.0	11.4	1.8	4.4	0.9
Upper Quartile	16.1	10.4	1.6	3.0	0.0
Median	15.0	10.0	1.5	2.4	-0.5
Lower Quartile	13.6	9.6	1.4	1.9	-1.0
95th Percentile	11.2	8.8	1.0	1.0	-1.7
Number	232	232	232	232	232

Return and Std Deviation in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)

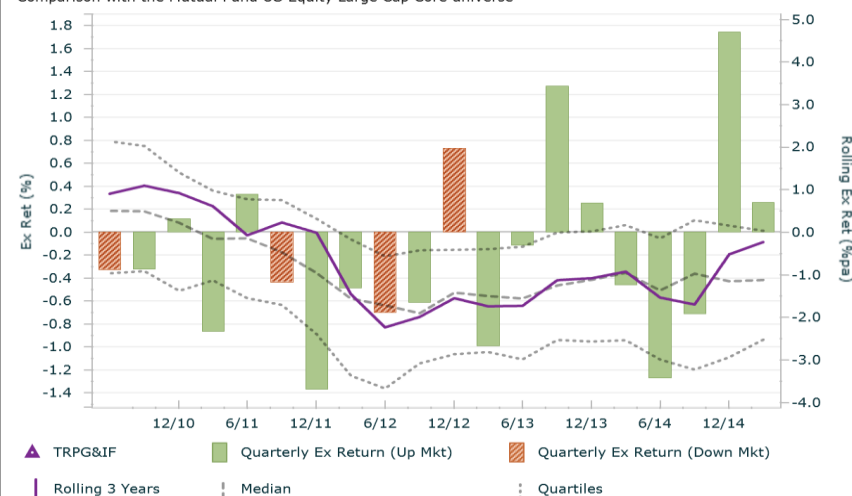
Comparison with the Mutual Fund US Equity Large Cap Core universe



▲ TRPG&IF ○ SP500USD --- Median • Universe

Quarterly Excess Return vs. S&P 500 with rolling 3 yr line in \$US (after fees) over 5 yrs ending March-15

Comparison with the Mutual Fund US Equity Large Cap Core universe



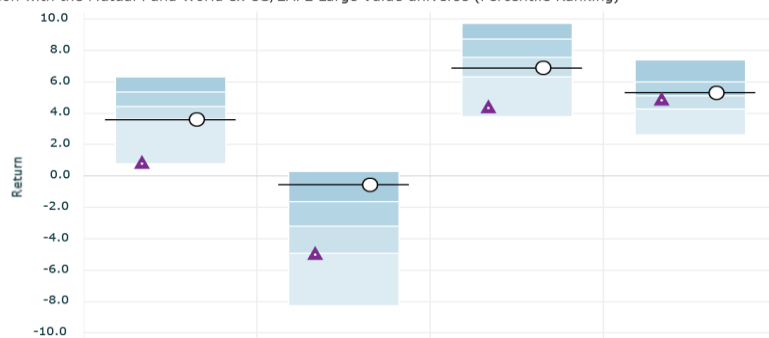
▲ TRPG&IF ■ Quarterly Ex Return (Up Mkt) ■ Quarterly Ex Return (Down Mkt)
| Rolling 3 Years | Median | Quotiles

Fund Profile

Tier IIB - International Equity - AllianzGI NFJ International Value Fund Inst - ANJIX

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending March-15

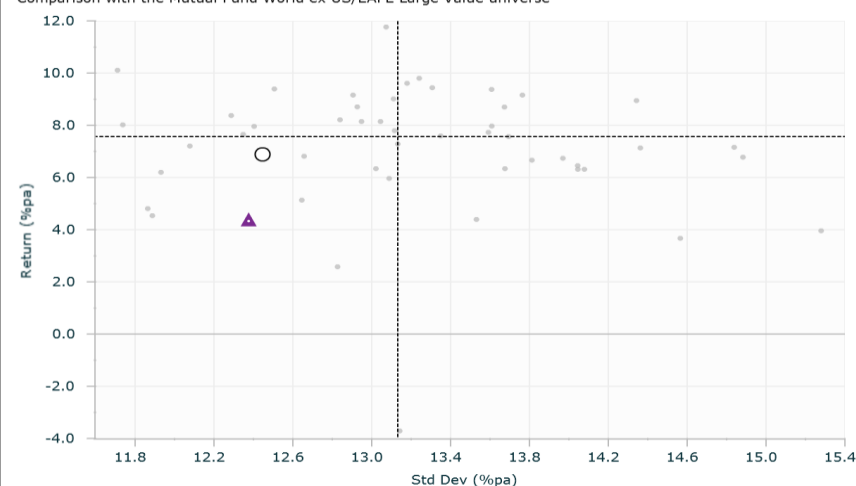
Comparison with the Mutual Fund World ex US/EAFE Large Value universe (Percentile Ranking)



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
▲ ANIVFI	0.8(95)	-5.0(77)	4.3(92)	4.8(53)
○ MSACWXUSF	3.6(77)	-0.6(12)	6.9(60)	5.3(41)
5th Percentile	6.3	0.3	9.7	7.4
Upper Quartile	5.4	-1.6	8.7	6.0
Median	4.4	-3.2	7.6	5.1
Lower Quartile	3.6	-4.9	6.3	4.2
95th Percentile	0.7	-8.2	3.8	2.6
Number	59	54	49	44

Return and Std Deviation in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)

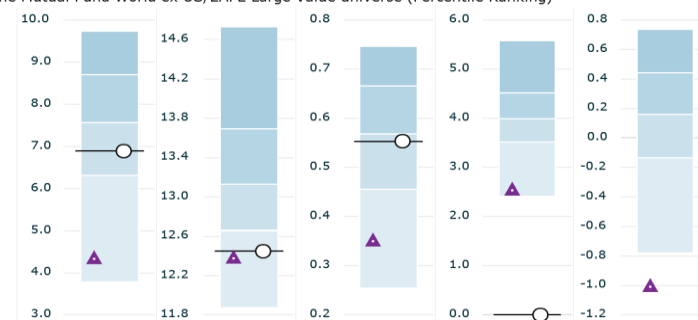
Comparison with the Mutual Fund World ex US/EAFE Large Value universe



▲ ANIVFI ○ MSACWXUSF --- Median • Universe

Performance characteristics vs. MSCI AC Wld ex US in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)

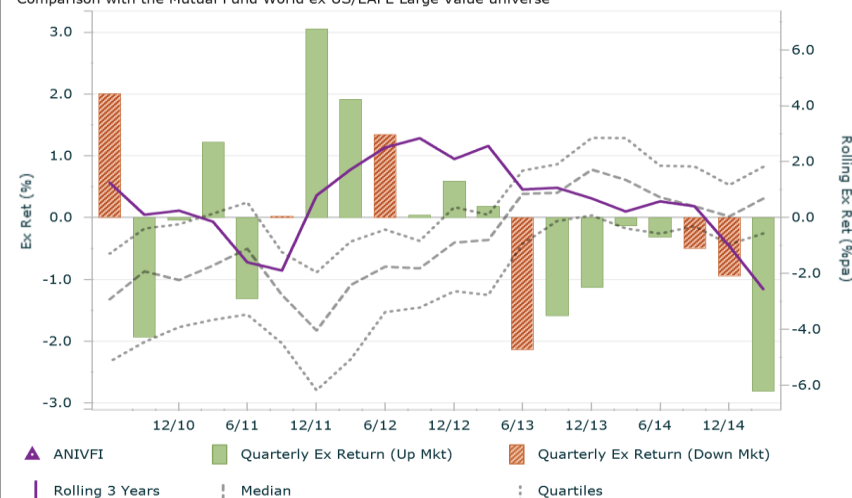
Comparison with the Mutual Fund World ex US/EAFE Large Value universe (Percentile Ranking)



	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
▲ ANIVFI	4.3(92)	12.4(83)	0.3(90)	2.5(94)	-1.0(98)
○ MSACWXUSF	6.9(60)	12.4(80)	0.6(53)	0.0(100)	-
5th Percentile	9.7	14.7	0.7	5.6	0.7
Upper Quartile	8.7	13.7	0.7	4.5	0.4
Median	7.6	13.1	0.6	4.0	0.2
Lower Quartile	6.3	12.7	0.5	3.5	-0.1
95th Percentile	3.8	11.9	0.3	2.4	-0.8
Number	49	49	49	49	49

Quarterly Excess Return vs. MSCI AC Wld ex US with rolling 3 yr line in \$US (after fees) over 5 yrs ending March-15

Comparison with the Mutual Fund World ex US/EAFE Large Value universe



Fund Profile

Tier IIB - International Equity - AllianzGI NFJ International Value Fund Inst - ANJIX

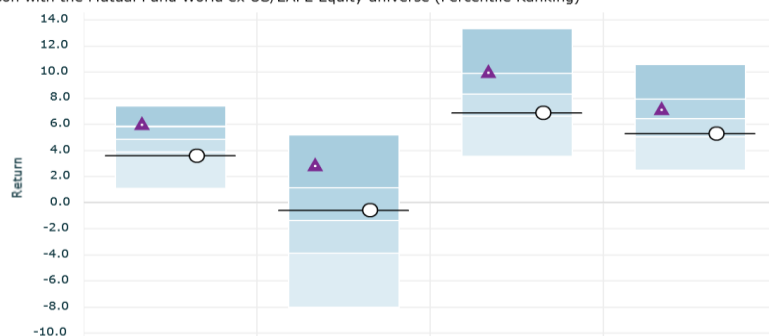
Factor	Rating (-, =, + or ++)	Comments
Idea Generation		While NFJ's investment philosophy, which takes a contrarian approach and focuses on dividend paying companies, is reasonable, the screening process is simplistic and the fundamental research conducted by the team lacks insights on specific companies. The lack of accountability for individual companies throughout the process is also a point of concern. Additionally, the firm's decision to only invest in ADRs limits the investable universe, particularly for smaller capitalization and emerging markets companies. NFJ prefers companies file US financial statements to improve transparency and comparability. However, we believe this approach is driven by the team's unfamiliarity with and limited understanding of the nuances of non-US markets and the companies operating there, and we view this as a detractor from the team's ability to add value through bottom-up fundamental research.
Portfolio Construction		Portfolio construction is adequate and gives reasonable consideration to diversification. The portfolio has significant leeway to allocate to the emerging markets and NFJ utilizes the full range given, which may lead to significant tracking error relative to the index.
Implementation		Assets under management should not pose a challenge to implementing the strategy. NFJ has set a reasonable capacity target for the strategy.
Business Management		NFJ continues to operate as an autonomous organization within parent company Allianz Global Investors (Allianz). Allianz provides marketing and administrative support, thereby allowing NFJ to focus on investment management. Despite lacking the equity incentives of an independently owned firm, NFJ continues to foster a culture that promotes team stability with Allianz offering alternative modes of compensation incentives. NFJ appears to have successfully established its next generation of investment professionals as part of its broader succession plan.
Overall Rating R		NFJ's investment process is simplistic and the dividend requirement is low. The investment process focuses exclusively on companies with ADRs which limits its investable universe. Additionally, the team's inability or unwillingness to analyze financial statements filed outside the US suggests a lack of comfort with IFRS and global markets in general. NFJ lacks a comprehensive understanding of non-US markets and companies, which limits the team's ability to add value through fundamental research. As a result, we are unable to identify an edge to the process that would allow NFJ to consistently add value on a risk adjusted basis.
Additional Observations		NFJ's describes its philosophy as contrarian and focuses on dividend paying companies. The strategy should hold up relatively well when markets reward those characteristics. The portfolio will be concentrated in 40 to 60 stocks and may invest up to 50% in the emerging markets, which may lead to above average tracking error. We would expect the ability to make significant allocations to emerging markets to also be a key driver of performance. This strategy invests exclusively in ADRs.

Fund Profile

Tier IIB - International Equity - American Funds EuroPacific Growth Fund R-6 - RERGX

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending March-15

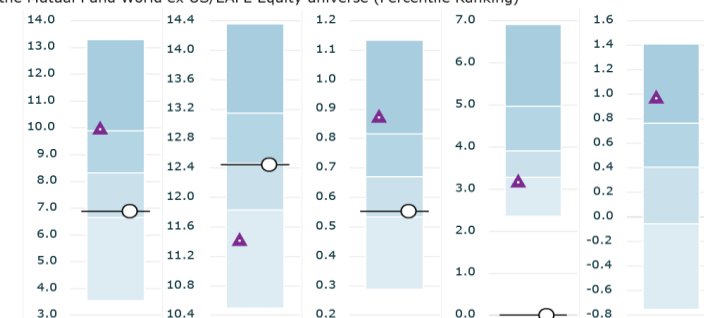
Comparison with the Mutual Fund World ex US/EAFE Equity universe (Percentile Ranking)



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
▲ AFEGFR	6.0(23)	2.8(13)	9.9(24)	7.1(39)
○ MSACWXUSF	3.6(81)	-0.6(41)	6.9(72)	5.3(71)
5th Percentile	7.4	5.2	13.3	10.6
Upper Quartile	5.8	1.1	9.9	7.9
Median	4.9	-1.3	8.3	6.4
Lower Quartile	3.9	-3.9	6.7	5.0
95th Percentile	1.1	-8.0	3.5	2.5
Number	429	405	368	324

Performance characteristics vs. MSCI AC Wld ex US in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)

Comparison with the Mutual Fund World ex US/EAFE Equity universe (Percentile Ranking)



	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
▲ AFEGFR	9.9(24)	11.4(83)	0.9(18)	3.2(78)	1.0(16)
○ MSACWXUSF	6.9(72)	12.4(51)	0.6(71)	0.0(100)	-
5th Percentile	13.3	14.4	1.1	6.9	1.4
Upper Quartile	9.9	13.1	0.8	5.0	0.8
Median	8.3	12.5	0.7	3.9	0.4
Lower Quartile	6.7	11.8	0.5	3.3	-0.1
95th Percentile	3.5	10.5	0.3	2.3	-0.7
Number	368	368	368	368	368

Return and Std Deviation in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)

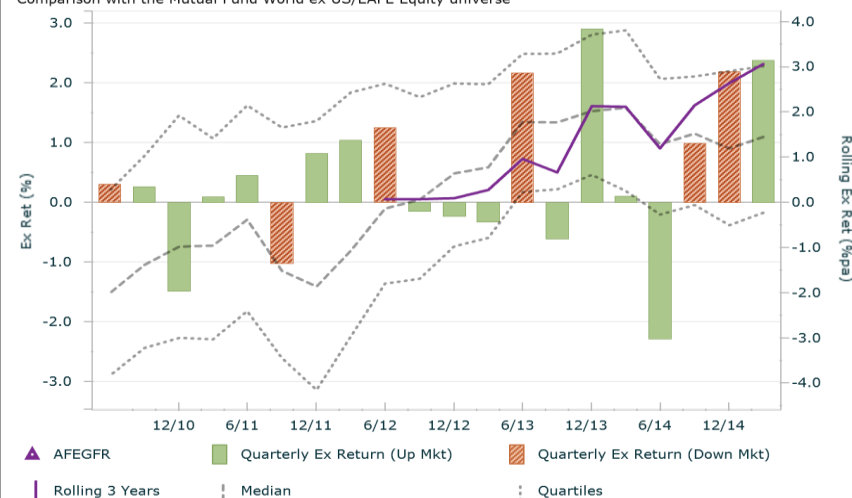
Comparison with the Mutual Fund World ex US/EAFE Equity universe



▲ AFEGFR ○ MSACWXUSF + Median • Universe

Quarterly Excess Return vs. MSCI AC Wld ex US with rolling 3 yr line in \$US (after fees) over 5 yrs ending March-15

Comparison with the Mutual Fund World ex US/EAFE Equity universe



Fund Profile

Tier IIB - International Equity - American Funds EuroPacific Growth Fund R-6 - RERGX

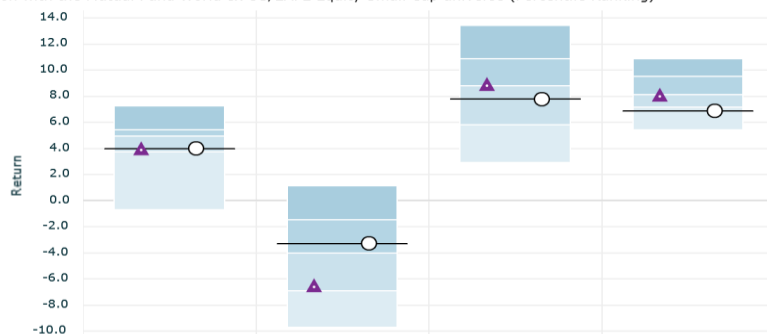
Factor	Rating (-, =, + or ++)	Comments
Idea Generation	+	Cap Guardian employs highly experienced analysts whom we perceive generate insightful ideas, and produce in-depth research of a high quality. However, turnover in the analyst team has led us to question whether some of the in-depth knowledge and strong industry relationships of the past have been lost. The analyst team has been reduced from around 70 four years ago to around 50 today. Whilst of itself not an issue, the reassignment of responsibilities we believe loses some experience. In general, we think that the research remains of a high standard, but have not seen this translate into strong performance; we believe that some alpha may be lost between the idea generation and portfolio construction phases.
Portfolio Construction	=	Cap Guardian gives portfolio managers a high degree of freedom and uses the multi-manager approach to smooth out the most aggressive biases. Nevertheless, deviations from benchmarks can be pronounced and positions can be large at the aggregate level. There is some concern that aggregate positions may not be fully intended. Whilst we accept that positions will reflect the conviction level of the team of portfolio managers, this is not managed at an aggregate portfolio level. At the other end of the spectrum this approach also results in a very large tail of small positions which have limited impact on the portfolio. We do not think that the portfolio construction process makes the best use of the ideas generated by the analysts.
Implementation	-	The volume of assets has fallen as a result of market moves and client withdrawals, which has addressed the immediate capacity constraints. While outflows have eased capacity issues somewhat, we do not expect Cap Guardian to do anything but move back into growth mode when performance improves. Whilst they do appear to be taking capacity more seriously and have undertaken a series of studies to determine what they might be able to manage, it remains to be seen if they do actually close strategies when they reach those capacity levels. Additionally the changes to the global portfolio team structure, whereby all three global portfolios will be run in the same manner, and therefore display a higher degree of overlap could lead to increased capacity pressure.
Business Management	+	Cap Guardian has historically been one of the most successfully managed firms in the industry, with high levels of stability and a reward structure that is focused on success. We fear that as Cap Guardian has grown it has become very slow to implement decisions and change course, although they have acknowledged this and are seeking to address it. That said, we worry that this stability, that impressed us previously, could be compromised by the degree of change they have recently been implementing. There have been on-going changes at the investment team level including analyst departures and team reorganisation, as well as at the organisational level, but we are unsure that this will translate into improved investment performance. Whilst we like the partnership structure and compensation arrangements the degree of on-going change and apparent lack of direction leads us to downgrade the business management score.
Overall Rating B		A lack of direction in the management of the team and products, with on-going changes which seem reactionary in nature, lead us to question the ability for the strategy to outperform going forward. Combined with a lack of transparency, this makes it difficult for us to assess what has driven poor performance and whether this is likely to reverse in the future, and leads us to propose a downgrade to this strategy. Although idea generation at the analyst level remains relatively strong this does not seem to translate into high quality portfolios. As such we feel that a B rating is appropriate
Additional Observations		Clients should be aware that there is not a firm-wide investment philosophy that can easily be articulated, but that the portfolio represents an amalgamation of different investment philosophies of individual portfolio managers. While individual sleeves of the portfolio may reflect the views of the portfolio counselors via strong tilts to specific factors, the process should produce a total portfolio that is broadly diversified across companies, sectors, and countries.

Fund Profile

Tier IIB - International Equity - DFA International Small Company Portfolio Inst - DFISX

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending March-15

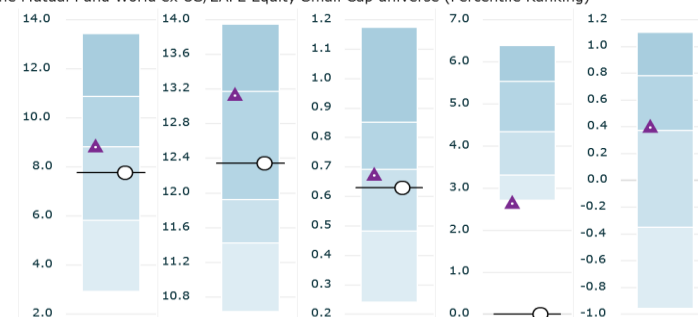
Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe (Percentile Ranking)



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
▲ DISCPI	3.9(69)	-6.6(71)	8.8(50)	8.0(52)
○ MSACWXUSS	4.0(68)	-3.3(38)	7.8(57)	6.9(84)
5th Percentile	7.2	1.1	13.4	10.9
Upper Quartile	5.4	-1.4	10.9	9.5
Median	5.0	-4.0	8.8	8.1
Lower Quartile	3.7	-6.9	5.8	7.2
95th Percentile	-0.7	-9.7	2.9	5.5
Number	24	22	18	11

Performance characteristics vs. MSCI AC Wld ex US Small Cap in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)

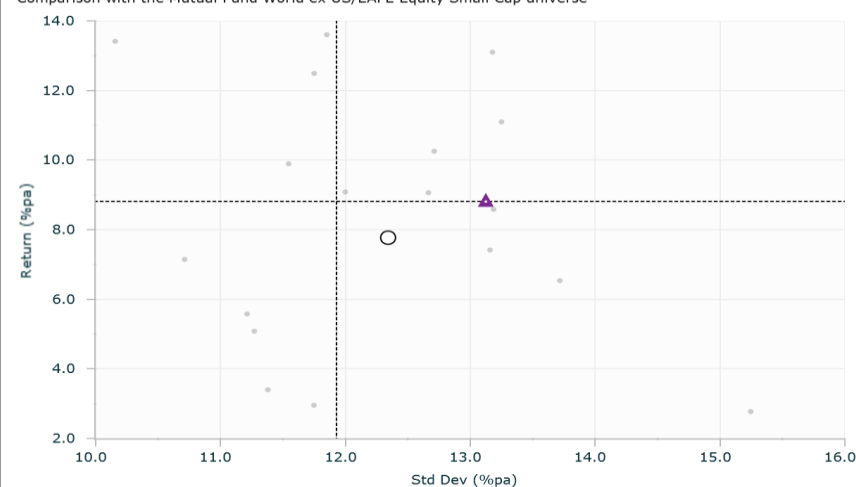
Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe (Percentile Ranking)



	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
▲ DISCPI	8.8(50)	13.1(30)	0.7(52)	2.6(100)	0.4(49)
○ MSACWXUSS	7.8(57)	12.3(44)	0.6(60)	0.0(100)	-
5th Percentile	13.4	13.9	1.2	6.4	1.1
Upper Quartile	10.9	13.2	0.9	5.5	0.8
Median	8.8	11.9	0.7	4.3	0.4
Lower Quartile	5.8	11.4	0.5	3.3	-0.3
95th Percentile	2.9	10.6	0.2	2.7	-1.0
Number	18	18	18	18	18

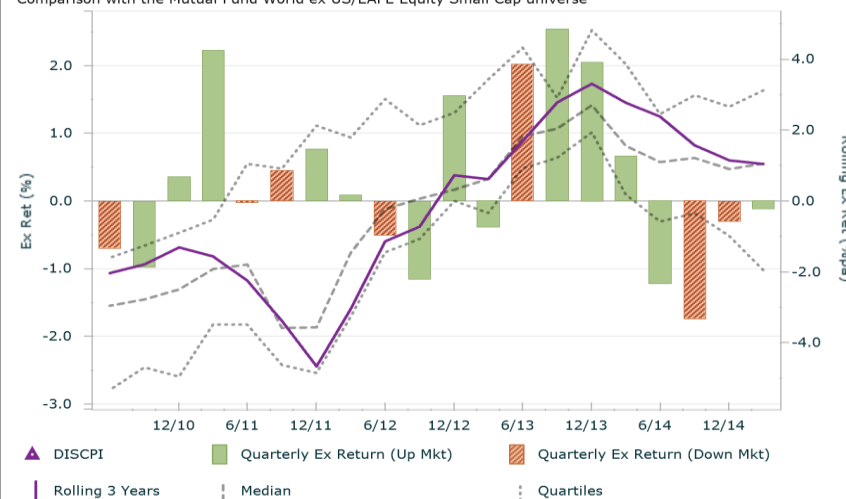
Return and Std Deviation in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)

Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe



Quarterly Excess Return vs. MSCI AC Wld ex US Small Cap with rolling 3 yr line in \$US (after fees) over 5 yrs ending March-15

Comparison with the Mutual Fund World ex US/EAFE Equity Small Cap universe



Fund Profile

Tier IIB - International Equity - DFA International Small Company Portfolio Inst - DFISX

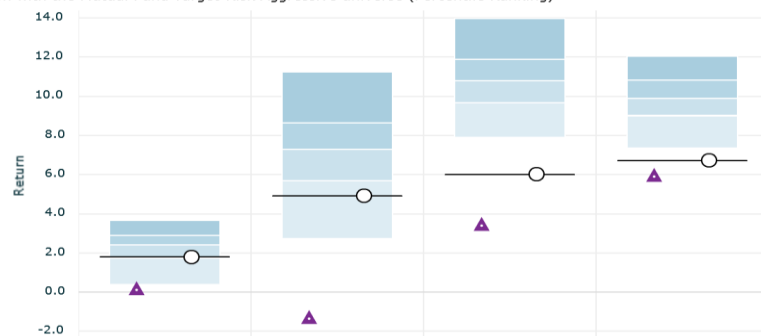
Factor	Rating (-, =, + or ++)	Comments
Idea Generation	+	All DFA's strategies seek to exploit basic investment principles through the capture of the risk premia of small cap and/or value. These principles are academically supported, and the affiliation of top academic researchers within finance with DFA strengthens the credibility of the adoption of this approach. DFA invests in ongoing academic research as a hallmark of the firm that tests academia and enhances the process over time. The definitions of small size and value are narrow: size is generally smaller than most small cap indices, translating into active risk from size even in a small cap context. Value focuses only on price to book ratios with academic support for the rationale behind this.
Portfolio Construction	+	DFA pay close attention to minimising "leakage" in the capture of the targeted risk premia by adopting boundaries and exclusion rules, and diversifying away stock specific risks despite no fundamental research being undertaken. Active risk is created in the form of tilts to size and value, and despite the large number of holdings these are not passive strategies. The main drawback is that portfolios tend to have very long "tails" of small, relatively illiquid positions.
Implementation	+	DFA's sensitivity to implicit and explicit trading costs has led them to develop strong trading skills and the technology required to access all viable trading channels. The lack of attention to stock selection creates flexibility at the implementation stage, and traders are given scope, within clearly defined boundaries, to choose the most efficient implementation option and use liquidity patterns to the advantage of DFA-managed funds. This is especially seen in areas such as small cap, where the firm accounts for a considerable proportion of trading volume and sensible use is made of "buffers" to control portfolio turnover. Despite this, DFA's asset base has grown quickly, and there is yet to be clear recognition of capacity constraints. We accept that the unique approach to implementation alleviates some of these pressures, but our view remains that DFA could struggle if faced with a period of sustained outflows from these funds
Business Management	+	Although DFA appears to be a well-run firm, providing resources and infrastructure to support growth in its various businesses, there has been a changing of the guard in terms of the firm's leadership. The firm has introduced a more structured approach to business management and promoted the next generation of leaders to key positions. Succession planning appears to have been well thought through, and the transition to the next generation of investors appears to be going smoothly at this point. We note, however, that such change may bring a shift in focus and continued vigilance is required. We would also prefer to see that the ownership of the company is being sufficiently broadened to include the new generation of investors.
Overall Rating A		The beliefs underpinning DFA's approach are robust, and the investment process is well designed and consistently applied. The use of both committees and individuals to manage portfolios creates a direct linkage between research and portfolio management and helps ensure that the firm's best thinking is reflected in its strategies. Trading skills are strong and DFA is committed to remaining at the forefront in this area. While our enthusiasm is tempered by concerns over DFA's willingness to grow capacity constrained product lines, we believe that the firm's range of small cap products are an effective means for clients with a long-term investment horizon to gain exposure to the size and value premia.
Additional Observations		The strategy is expected to display persistent factor bias to value. Portfolios will have a bias to smaller companies, even within the small cap universe. The bias to value will vary by strategy depending on the mandate. Portfolios are highly diversified by number of stocks. Deviations from conventional benchmarks at the market and sector level may be pronounced, although in reality tracking errors have been modest, except in the explicitly "value" strategies. The strategies should not be expected to perform well in periods when growth stocks and momentum are driving the market, or when risk aversion is high.

Fund Profile

Tier III - Balanced - PIMCO All Asset Fund Institutional - PAAIX

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending March-15

Comparison with the Mutual Fund Target-Risk Aggressive universe (Percentile Ranking)



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
▲ PAAFI	0.1(96)	-1.4(100)	3.4(100)	5.9(99)
○ CPIUSDP500	1.8(75)	4.9(84)	6.0(98)	6.7(98)
5th Percentile	3.7	11.2	14.0	12.0
Upper Quartile	2.9	8.6	11.9	10.8
Median	2.4	7.3	10.8	9.9
Lower Quartile	1.7	5.7	9.7	9.0
95th Percentile	0.4	2.7	7.9	7.4
Number	190	186	178	168

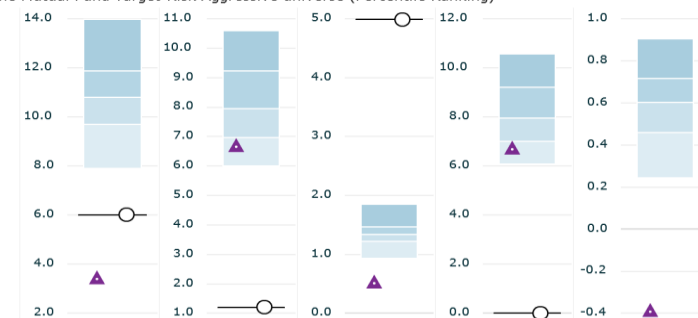
Return and Std Deviation in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)

Comparison with the Mutual Fund Target-Risk Aggressive universe



Performance characteristics vs. CPI USD + 500bp in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)

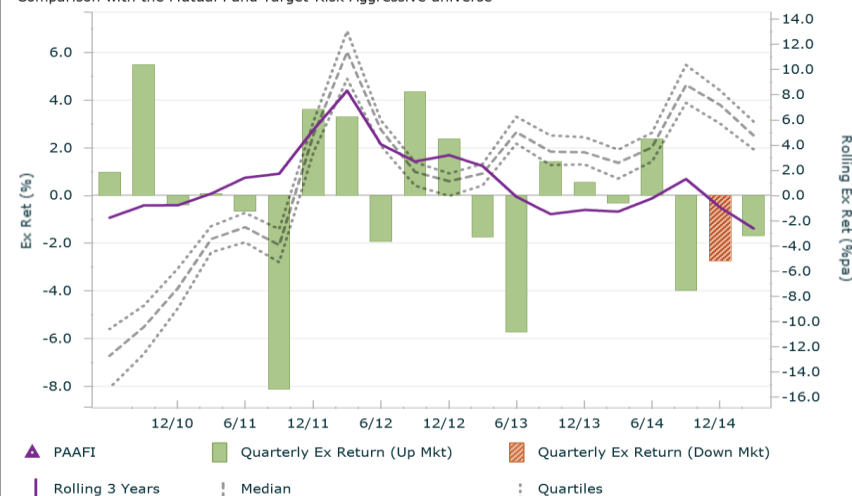
Comparison with the Mutual Fund Target-Risk Aggressive universe (Percentile Ranking)



	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
▲ PAAFI	3.4(100)	6.7(85)	0.5(100)	6.7(86)	-0.4(100)
○ CPIUSDP500	6.0(98)	1.2(100)	5.0(0)	0.0(100)	-
5th Percentile	14.0	10.6	1.9	10.6	0.9
Upper Quartile	11.9	9.2	1.5	9.2	0.7
Median	10.8	7.9	1.3	8.0	0.6
Lower Quartile	9.7	7.0	1.2	7.0	0.5
95th Percentile	7.9	6.0	0.9	6.1	0.2
Number	178	178	178	178	178

Quarterly Excess Return vs. CPI USD + 500bp with rolling 3 yr line in \$US (after fees) over 5 yrs ending March-15

Comparison with the Mutual Fund Target-Risk Aggressive universe



Fund Profile

Tier III - Balanced - PIMCO All Asset Fund Institutional - PAAIX

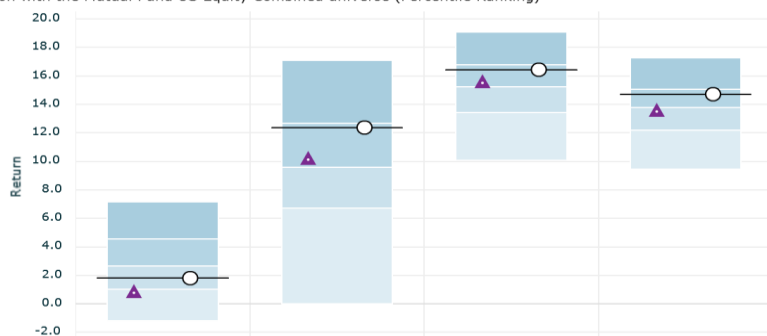
Factor	Rating (-, =, + or ++)	Comments
Idea Generation	++	<p>Comprised of a selection of underlying PIMCO funds, this strategy enjoys strong idea generation from two excellent firms. First, Research Affiliates (RA), which controls the portfolio composition, exhibits strength in top down strategic and tactical decisions based on its substantial quantitative research capabilities and talented leader, Rob Arnott. Their investment process is thorough and well-structured, and their models continue to be enhanced.</p> <p>Second, PIMCO, which runs the underlying funds, provides deep research across market sectors and market-leading breadth of coverage globally. The skill, experience, and depth of the investment team are evident in PIMCO's world-class macroeconomic research and ability to generate thematic trade ideas, particularly in fixed income. PIMCO contributes ideas in both top-down and bottom up respects.</p>
Portfolio Construction	+	<p>Portfolio construction by RA is strong, encompassing modern risk budgeting methods.</p> <p>Portfolio construction within the underlying funds is a particular strength of PIMCO's. Proprietary risk management systems are among the best in the industry and allow portfolio managers to segment portfolios into a multitude of practical and novel risk buckets. The sophistication of PIMCO's models and systems allows the management teams of individual funds to accentuate the highest-conviction trade ideas and hedge out unwanted risks.</p>
Implementation	+	<p>All trades are implemented via available PIMCO mutual funds, with RA's orders handled on the PIMCO platform equally to those of any other client. With a few exceptions, PIMCO's fund line-up is fairly comprehensive and should be able to accommodate the top down ideas that Research Affiliates currently articulates. Further, free flowing discussion between the firms make it likely that the PIMCO fund offering will evolve in line with the needs of All Asset/All Asset All Authority (AA/AAAA). However, there is a risk that some future idea may not be expressible in the available PIMCO line-up. Additionally, and more difficult to detect, there is a risk that Research Affiliates may filter out ideas that are not implementable in PIMCO funds.</p> <p>PIMCO's huge size is both an advantage, and at times, a disadvantage. On the positive side, the firm has significant resources to analyze a large number of investment opportunities and is well positioned to achieve desired exposures through cash market and synthetic instruments, with trading desks located across the globe. On the other hand, PIMCO's size may impact execution in certain physical credit markets (namely high yield and emerging markets) for traditional fixed income mandates. Capacity may become constrained in specific funds.</p> <p>Somewhat off-setting the capacity concern is the fact that RA's asset allocation approach is value oriented. This increases the likelihood that AA/AAAA will be exiting markets as they get crowded and entering them as they get cheap.</p>
Business Management	+	<p>Since former co-CIO and CEO Mohamed El-Erian's resignation from PIMCO in 2014, the firm has announced several organization changes, culminating with CIO and co-founder Bill Gross's resignation. We do not view the firm as having stabilized since these high level resignations and this is a leading reason that we do not award a higher Business Management factor score, and consequently, higher ratings to the firm's strategies.</p> <p>PIMCO is one the largest asset management firms in the world, which carries both advantages and disadvantages. On the positive side, a large asset base provides the firm with extensive resources and contacts, which can be used to develop an informational advantage and conduct an in-depth analysis of a wide range of global investment opportunities. Additionally, the firm can use its size to obtain advantageous pricing in certain markets. On the other hand, a large asset base can hinder its ability to generate alpha by limiting the potential to invest in smaller/niche areas of the market and could create problems in exiting certain positions. The firm's culture is ultra-competitive and intense, which, when coupled with its renowned status, can lead to periodic bouts of turnover (outside of the resignations previously noted), but is a net positive as it produces a highly disciplined and thorough investment process.</p>

Overall Rating B+	<p>Among multi-asset balanced mutual fund products, AA/AAAA are leading competitors which combine the strengths of two solid organizations. Top down decisions benefit from Research Affiliates' resources and experience in tactical allocation, while security selection draw on PIMCO's many strengths. These include depth of research, sophisticated quantitative and credit analysis, extensive use of synthetic instruments, and a robust risk control framework incorporated into the portfolio construction process.</p> <p>The products are ultimately constrained by the funds available at PIMCO. Although this is a wide opportunity set, tactical calls of Research Affiliates may push at the edges of this spectrum. The strategies' value orientation and broad diversification help mitigate some of our concerns about PIMCO's large asset base.</p>
Additional Observations	<p>AA and AAAA are broadly diversified multi-asset strategies which are distinct in two ways. First, they are essentially real return-oriented products. Second, they may also act as alternatives to traditional balanced or GTAA strategies.</p> <p>AA targets CPI + 5% with risk of 6-8%. It has a secondary benchmark of the Barclays 1-10 year TIPS index, and it shares features with a GTAA strategy that has no short selling capabilities.</p> <p>AAAA targets CPI + 6.5% with risk of 8-10%. It has a secondary benchmark of the S&P 500 index, and it has more in common with a global macro strategy, in that it has some short selling capability.</p>

Fund Profile

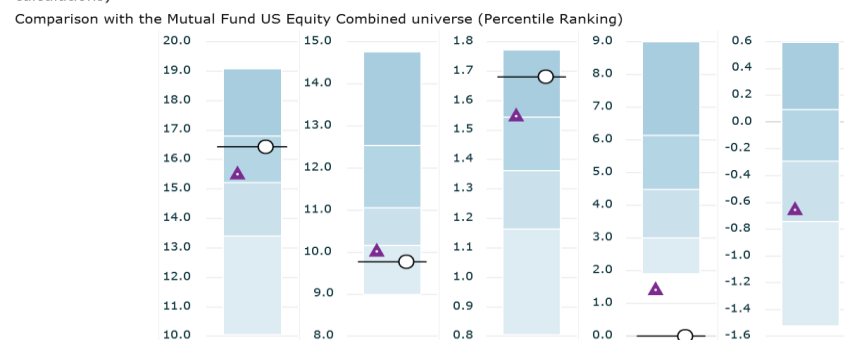
Tier III - Domestic Equity - TIAA-CREF Social Choice Equity Fund Institutional - TISCX

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs ending March-15
Comparison with the Mutual Fund US Equity Combined universe (Percentile Ranking)



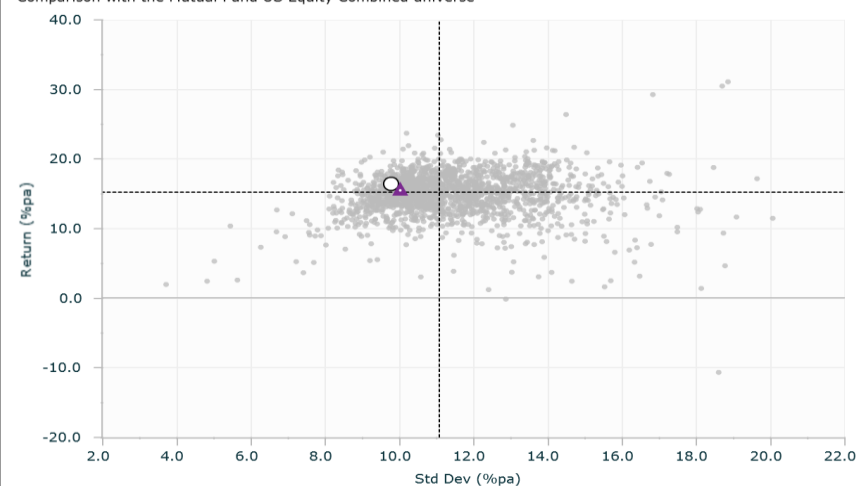
	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
▲ TSCEFI	0.8(78)	10.1(46)	15.5(44)	13.5(55)
○ RU3000USD	1.8(63)	12.4(27)	16.4(30)	14.7(32)
5th Percentile	7.1	17.1	19.1	17.3
Upper Quartile	4.6	12.7	16.8	15.0
Median	2.6	9.6	15.2	13.8
Lower Quartile	1.0	6.7	13.4	12.2
95th Percentile	-1.2	0.0	10.1	9.5
Number	2,053	1,984	1,784	1,615

Performance characteristics vs. Russell 3000 in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)
Comparison with the Mutual Fund US Equity Combined universe (Percentile Ranking)

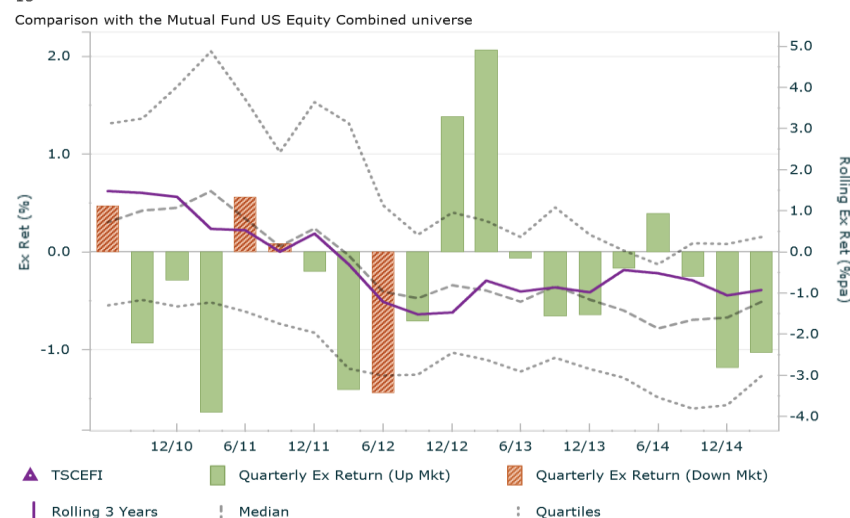


	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
▲ TSCEFI	15.5(44)	10.0(78)	1.5(25)	1.4(98)	-0.7(72)
○ RU3000USD	16.4(30)	9.8(85)	1.7(11)	0.0(100)	-
5th Percentile	19.1	14.8	1.8	9.0	0.6
Upper Quartile	16.8	12.5	1.5	6.1	0.1
Median	15.2	11.1	1.4	4.5	-0.3
Lower Quartile	13.4	10.2	1.2	3.0	-0.7
95th Percentile	10.1	9.0	0.8	1.9	-1.5
Number	1,784	1,784	1,784	1,784	1,784

Return and Std Deviation in \$US (after fees) over 3 yrs ending March-15 (monthly calculations)
Comparison with the Mutual Fund US Equity Combined universe



Quarterly Excess Return vs. Russell 3000 with rolling 3 yr line in \$US (after fees) over 5 yrs ending March-15
Comparison with the Mutual Fund US Equity Combined universe



Fund Profile

Tier III - Domestic Equity - TIAA-CREF Social Choice Equity Fund Institutional - TISCX

Factor	Rating (-, =, + or ++)	Comments
Idea Generation		TCAM rely solely on inputs from KLD for the definition of their investment universe, though they actively liaise with KLD to help shape the social priorities. It is a purely quant process using a model developed internally over 10 years ago so may under perform in periods of unusual market activity when the predictive power of the model is challenged.
Portfolio Construction		The proprietary quantitative model is run daily by TCAM's quant equity team, in the same way as unconstrained portfolios. It incorporates Barra risk factors to minimise tracking error and past performance indicates the model has been consistent in replicating index returns. The managers are conscious of minimising trading costs e.g. through minimum trade sizes.
Implementation		Trading is done centrally by 24-hour desks in New York and San Francisco. Capacity is not an issue.
Business Management		TCAM have long been committed to socially responsible investing; their philosophy of influencing positive change through investing stems from their history as a non-profit organisation, dedicated to the education profession.
Overall Rating N		We have not formally rated this strategy as it will appeal only to a very specific type of investor, i.e. one who wants a passive ethical strategy. TCAM have a clear commitment to SRI; their work in corporate governance and community investing is market leading. The index replication appears to be competently and efficiently executed such that over a full cycle the exclusion of certain sectors should not be a drag on performance.
Additional Observations		A prolonged period of out performance by industrial or larger cap companies would result in underperformance of this strategy due to the exclusionary screens.

Investment Expense Analysis

Analysis reflects investment expenses only and does not include an evaluation of plan recordkeeping costs.

Fund	Style	Fund Balance	Estimated Fund Expense	Fund Net IM Expense Ratio ⁴	Median Net Expense Ratio	Net Expense Diff.
Wells Fargo Advantage Dow Jones Tgt Today Fd R6	Target-Date	\$29,174	\$88	0.30%	0.16%	0.14%
Wells Fargo Advantage Dow Jones Tgt 2020 Fund R6	Target-Date	\$439,902	\$1,540	0.35%	0.16%	0.19%
Wells Fargo Advantage Dow Jones Tgt 2030 Fund R6	Target-Date	\$293,361	\$1,056	0.36%	0.17%	0.19%
Wells Fargo Advantage Dow Jones Tgt 2040 Fund R6	Target-Date	\$213,604	\$790	0.37%	0.17%	0.20%
Wells Fargo Advantage Dow Jones Tgt 2050 Fund R6	Target-Date	\$84,000	\$311	0.37%	0.17%	0.20%
Vanguard Short-Term Bond Index Fund Admiral	US Fixed	\$235,071	\$235	0.10%	0.20%	-0.10%
Vanguard 500 Index Fund Admiral	US Large Cap Equity	\$450,154	\$225	0.05%	0.20%	-0.15%
Vanguard Mid-Cap Index Fund Admiral	US Mid Cap Equity	\$146,287	\$132	0.09%	0.25%	-0.16%
Vanguard Small-Cap Index Fund Admiral	US Small Cap Equity	\$72,768	\$65	0.09%	0.30%	-0.21%
Vanguard Total International Stock Index Fund Adm	International Equity	\$54,923	\$77	0.14%	0.00%	0.14%
TIAA Stable Value	Stable Value	\$217,256	\$739	0.34%	0.46%	-0.12%
JPMorgan Core Bond Fund R6	US Fixed	\$238,705	\$835	0.35%	0.50%	-0.15%
PIMCO Inflation Response Multi-Asset Fund Inst	Balanced	\$0	\$0	0.90%	0.88%	0.02%
Vanguard Windsor II Fund Admiral	US Large Cap Equity	\$73,888	\$207	0.28%	0.76%	-0.48%
T Rowe Price Growth & Income Fund	US Large Cap Equity	\$46,651	\$317	0.68%	0.77%	-0.09%
AllianzGI NFJ International Value Fund Inst	International Equity	\$32,773	\$302	0.92%	0.99%	-0.07%
American Funds EuroPacific Growth Fund R-6	International Equity	\$28,521	\$140	0.49%	0.98%	-0.49%
DFA International Small Company Portfolio Inst	International Equity	\$738	\$4	0.53%	1.18%	-0.65%
TIAA Real Estate Account	Real Estate	\$86,066	\$775	0.90%	0.99%	-0.09%
PIMCO All Asset Fund Institutional	Balanced	\$52,250	\$460	0.88%	0.94%	-0.06%
TIAA-CREF Social Choice Equity Fund Institutional	US Equity	\$11,662	\$21	0.18%	0.90%	-0.72%
Total		\$2,807,754	\$8,317	0.30%	0.32%	-0.02%

⁴ Does not include the 49 basis point administration fee applied to all funds (TIAA CREF Stable Value Fund, Real Estate Fund, T. Rowe Price Growth & Income Fund, and AllianzGI NFJ International Value Funds have lower administration fees)

* Median institutional share class net expense ratio as defined by the respective Mercer Mutual Fund Universe

Appendix – Disclosures

Important notices

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