



County of Fresno

Deferred Compensation Management Council

March 16, 2015 Meeting Agenda

MEETING TO BE HELD AT 9:30 A.M. AT THE FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION, 1111 H ST., FRESNO, CA 93721

1. Call to Order
2. Approve Agenda
3. Public Comment – At this time, members of the public may comment on any item, within the jurisdiction of the Deferred Compensation Management Council, not appearing on the agenda. In order for everyone to be heard, please limit your comments to 3 minutes or less.
4. Approve Minutes from the September 26, 2014 meeting
5. Approve Minutes from the January 29, 2015 special meeting
6. Approve Deferred Compensation Plan Budget Policy
7. Approve Amendments to Fiscal Year 2014-15 Deferred Compensation Plan Budget
 - a. Increase in County Staff Cost appropriation
 - b. Payment to Heintzberger-Payne Advisors for Plan Record-keeper RFP services
8. Receive and File Mid-Fiscal Year 2014-15 Deferred Compensation Plan Budget Report
9. Approve the Fiscal Year 2015-16 Deferred Compensation Plan Budget
10. Provide direction to staff regarding the evaluation committee for the Deferred Compensation Plan Consultant RFP process
11. Receive Verbal Report on Deferred Compensation Plan Record-keeper transition from Nationwide Retirement Solutions
12. Receive and File 2015 Fiduciary Calendar prepared by Heintzberger-Payne Advisors
13. Receive and File Investment Lineup Report prepared by Heintzberger-Payne Advisors and take appropriate action regarding recommended investment lineup changes

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Personnel Services Manager at 600-1810.



ITEM 4

Deferred Compensation Management Council September 26, 2014 Action Summary Minutes

Meeting was held at 9:00 a.m. at the Fresno County Employees' Retirement Association, 1111 H St., Fresno, CA 93721

Members Present: Beth Bandy, Judy Case-McNairy, Vicki Crow, Kathleen Donawa, Kari Gilbert, John Navarrette

Members Absent: Becky Van Wyk

1. Call to Order

The meeting was called to order at 9:03 a.m.

2. Approve Agenda

The Agenda was unanimously approved.

3. Approve Minutes from the February 27, 2014 meeting

The Minutes were unanimously approved.

4. Approve Minutes from the April 3, 2014 special meeting

The Minutes were approved.

Ayes: Bandy, Crow, Donawa, Gilbert, Navarrette

Noes: None

Abstentions: Case-McNairy

5. Approve Minutes from the May 30, 2014 special meeting

The Minutes were unanimously approved.

6. Approve 2015 regular meeting dates – February 26 & August 27

The 2015 regular meeting dates were unanimously approved.

7. Public Comment – At this time, members of the public may comment on any item, within the jurisdiction of the Deferred Compensation Management Council, not appearing on the agenda. In order for everyone to be heard, please limit your comments to 3 minutes or less.

There were no comments from the public.

Deferred Compensation Management Council
Action Summary Minutes – September 26, 2014 Meeting
Page Two

8. Receive Verbal Report on Deferred Compensation Plan Record-keeper RFP and Transition Process

Report received.

9. Receive and File quarterly Investment Report prepared by Heintzberger-Payne Associates

Report received & filed. The Council directed staff to schedule future special meetings to provide an overview of both the Stable Value Fund and the fees associated with mutual funds.

10. Receive and File Fiduciary Liability Checklist prepared by Heintzberger-Payne Associates

Report received & filed.

11. Receive and File Year-End 2013-14 Fiscal Year Deferred Compensation Plan Budget Report

Report received & filed.

12. Receive Verbal Report on NAGDCA Conference

Report received.

13. Receive Verbal Report on status of prior Agenda Items

- a. Fiduciary Liability Insurance Policy: Executed by the Board of Supervisors at their July 15, 2014 meeting
- b. Extension of Agreement #11-731 with Heintzberger-Payne Advisors: Executed by the Board of Supervisors at their May 20, 2014 meeting

Report received.

The meeting was adjourned at 10:35 a.m.

John Navarrette, Chair

Date



ITEM 5

Deferred Compensation Management Council January 29, 2015 Action Summary Minutes

Meeting was held at 1:00 p.m. at the Fresno County Employees' Retirement Association, 1111 H St., Fresno, CA 93721

Members Present: Beth Bandy, Vicki Crow, Kathleen Donawa, Donald Kendig, John Navarrette

Members Absent: Kari Gilbert

1. Call to Order

The meeting was called to order at 1:00 p.m.

2. Approve Agenda

The Agenda was unanimously approved.

3. Public Comment – At this time, members of the public may comment on any item, within the jurisdiction of the Deferred Compensation Management Council, not appearing on the agenda. In order for everyone to be heard, please limit your comments to 3 minutes or less.

There were no comments from the public.

4. Approve Deferred Compensation Plan Loan Policy

The Deferred Compensation Plan Loan Policy was unanimously approved, with direction from the Council to request that the annual loan fee be reduced from \$50 to \$25, bringing it in line with the current annual loan fee.

5. Receive presentation regarding Stable Value Fund investment options by Heintzberger-Payne Advisors

Presentation received. The Council directed staff to call a special meeting to receive a presentation from the Stable Value Fund Manager.

The meeting was adjourned at 2:06 p.m.

John Navarrette, Chair

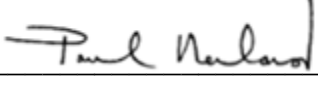
Date



Inter Office Memo

DEPARTMENT OF
PERSONNEL SERVICES

ITEM 6

DATE: March 16, 2015
TO: Deferred Compensation Management Council
FROM: Paul Nerland, Personnel Services Manager 
SUBJECT: Deferred Compensation Plan Budget Policy

Background

At a previous Deferred Compensation Management Council meeting, your Council directed staff to prepare a policy for the Deferred Compensation Plan administrative expense budget. Specifically, your Council directed staff to create a process whereby your Council must approve an increase in a budget line-item appropriation in excess of ten percent (10%) of the original appropriation.

Issue

Staff has drafted a Deferred Compensation Plan Budget Policy (Attachment "A") which delineates the authority of the Council to establish and amend an administrative expense budget, and the responsibilities of staff with regard to the preparation and amendment of said budget. Staff would like to highlight some important items from the policy:

- The budget policy states that if a line-item appropriation is increased by less than ten percent (10%) of the original appropriation, staff will transfer funds from the Contingency appropriation and report the overage to your Council in the fiscal year-end budget report.
- Regarding line-item appropriation increases exceeding ten percent (10%), staff will request approval as an item on a Deferred Compensation Management Council meeting agenda. If approved, staff will transfer funds from the Contingency appropriation.

Recommended Action

Staff is recommending that the Council approve the attached Deferred Compensation Plan Budget Policy, either as submitted or with amendments.



County of Fresno 457(b) Deferred Compensation Plan Policy

Deferred Compensation Plan Budget Policy

1. Administrative Responsibility

Pursuant to Section 9.5 of the County of Fresno 457(b) Deferred Compensation Plan Document, the reasonable expenses incident to the operation of the Deferred Compensation Plan, which are not paid by the County of Fresno, shall be paid by Deferred Compensation Plan participants. In addition, pursuant to Section 11.1 of the Deferred Compensation Plan Document, the Deferred Compensation Management Council (Council) may adopt rules and procedures for the administration of the Deferred Compensation Plan consistent with the authority delegated to the Council from the Board of Supervisors and consistent with the terms of the Deferred Compensation Plan Document. Therefore, the Council has established this Deferred Compensation Plan Budget Policy for providing oversight of the administrative expenses of the Deferred Compensation Plan.

2. Budget Preparation

The Secretary of the Council or their designee shall prepare a recommended budget for presentation to the Council prior to July 1 of the fiscal year.

3. Budgetary Control

Appropriations within the annual budget are approved by the Council at the budget line-item level. The Plan's annual budget has expenses appropriated into budget line-items to assist in financial planning and analysis of expenses.

4. Budget Transfer Procedure

In the event that a budget line-item appropriation needs to be increased, funds will be transferred from the Contingency appropriation to cover the increased appropriation.

- a. Line-item appropriation increase by less than ten percent (10%) – The Secretary or their designee may approve the transfer of funds from the Contingency appropriation to a different budget line-item if the amount transferred is less than ten percent (10%) of the receiving line-item's current fiscal year budget. The Secretary or their designee will report such transfers to the Council in the fiscal year-end budget report.
- b. Line-item appropriations increased by more than ten percent (10%) – The Council must approve any line-item appropriation increase in excess of ten percent 10% of said line-item's current fiscal year appropriation.
 - i. A request for transfer from the Contingency appropriation to a different budget line-item shall be initiated by the Secretary or their designee as an agenda item at a Council meeting. The agenda item shall include the specific amount transferred from the Contingency appropriation to each budget line-item.
 - ii. The agenda item will explain and justify why the transfer is necessary (e.g., why the requirement was not anticipated at budget time; and why the request should not be deferred until the next fiscal year).
 - iii. Upon approval of the budget transfer, the Secretary or their designee will maintain a copy of the agenda item, as well as update the budget for the fiscal year end budget report.



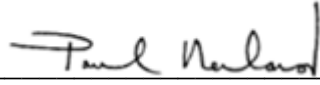
Inter Office Memo

DEPARTMENT OF
PERSONNEL SERVICES

ITEM 7

DATE: March 16, 2015

TO: Deferred Compensation Management Council

FROM: Paul Nerland, Personnel Services Manager 

SUBJECT: Amendments to Fiscal Year 2014-15 Deferred Compensation Plan Budget

Background

A separate item was placed on today's agenda (Item No. 6) recommending the approval of a Deferred Compensation Plan Budget Policy. If approved, the Deferred Compensation Plan Budget Policy provides for the transfer of appropriations between line-items in the event that costs exceed appropriations by more than ten percent (10%) of the original appropriation.

Issue

Pending approval of the Deferred Compensation Plan Budget Policy on today's agenda, staff is requesting that your Council review and approve two (2) budget amendments:

- **Transfer \$25,000 from the Contingency appropriation to the County Staff Cost appropriation.**

Staff anticipates that actual expenditures will exceed the appropriation for the County Staff Cost line-item, due to the amount of time spent by staff on the Plan Record-keeper RFP process and transition from Great-West to Nationwide. The average biweekly cost of the time spent by Personnel Services staff is approximately \$2,800, and there are thirteen (13) pay periods yet to be billed in Fiscal Year 2014-15. There is no advantage to the Plan in delaying payment to Personnel Services until FY 2015-16, as these are ongoing costs, and there are funds available in the FY 2014-15 budget.

- **Pay the \$27,000 Heintzberger-Payne RFP process fee from the Contingency appropriation.**

Heintzberger-Payne has provided an invoice for their services related to the Plan Record-keeper RFP process. The fee was budgeted for FY 2013-14. At the time the FY 2014-15 budget was prepared and subsequently approved by your Council, it was not known that the Plan would change record-keepers and that the RFP process would be completed after the end of FY 2013-14. Therefore, the expense was not included in the FY 2014-15 budget. The payment may not be delayed until FY 2015-16, as payment must be made within 45 days of receipt of the invoice.

Recommended Actions

- 1. Approve the transfer of \$25,000 from the Contingency appropriation to the County Staff Cost appropriation.**
- 2. Approve payment of \$27,000 to Heintzberger-Payne RFP for their services related to the Plan Record-keeper process, from the Contingency appropriation.**



Inter Office Memo

DEPARTMENT OF
PERSONNEL SERVICES

ITEM 8

DATE: March 16, 2015

TO: Deferred Compensation Management Council

FROM: Paul Nerland, Personnel Services Manager

SUBJECT: Fiscal Year 2014-15 Deferred Compensation Plan Budget Report

Background

Pursuant to Section 9.5 of the County of Fresno 457(B) Deferred Compensation Plan Document, any reasonable expenses related to the operation of the Deferred Compensation Plan (Plan), such as third-party administration, consulting, legal and County staff costs, shall be charged to Plan participants. The County currently charges the Plan for the cost of the Plan Record-keeper (Great-West/Nationwide) and for consulting services (Heintzberger-Payne), as well as time spent by County staff (including Personnel Services and County Counsel staff) in support of Plan activities and for outside legal counsel to review Plan-related documents.

Issue

Staff has prepared a Fiscal Year 2014-15 budget report for the six-month period that ended December 31, 2014 (Attachment "A"). Staff would like to note and explain the following:

- Staff anticipates that actual expenditures will exceed the appropriation for the County Staff Cost line-item, due to the amount of time spent by staff on the Plan Record-keeper RFP process and transition from Great-West to Nationwide.
- Heintzberger-Payne's RFP process fee was budgeted for FY 2013-14. However, as the Plan Record-keeper RFP process and transition were incomplete prior to the end of FY 2013-14, the Plan will be billed for this cost in FY 2014-15.
- In light of these issues, staff has placed a budget amendment on today's agenda (Item No. 7); requesting approval of the following:
 - Transfer \$25,000 from the Contingency appropriation to the County Staff Cost appropriation.
 - Payment of the \$27,000 Heintzberger-Payne RFP process fee from the Contingency appropriation.

Item 8 - Attachment "A"

County of Fresno Deferred Compensation Plan

Actual vs. Budgeted Revenues & Expenses as of December 31, 2014

| <u>Revenue</u> | Actual | Budget | (Deficit)/Surplus |
|---------------------------------|---------------|---------------|--------------------------|
| Administrative Fees | \$ 234,448 | \$ 460,000 | \$ 225,552 |
| Great-West Reimbursement | \$ 35,000 | \$ 70,000 | \$ 35,000 |
| Totals: | \$ 269,448 | \$ 530,000 | \$ 260,552 |

| <u>Expenses</u> | Actual | Budget | (Deficit)/Surplus |
|---|---------------|---------------|--------------------------|
| Consultant Fees | \$ (25,000) | \$ 50,000 | \$ 25,000 |
| Record-keeping Fees | \$ (152,328) | \$ 300,000 | \$ 147,672 |
| Fiduciary Liability Insurance Policy | \$ (9,749) | \$ 11,000 | \$ 1,251 |
| Staff Costs | \$ (43,404) | \$ 56,500 | \$ 13,096 |
| Legal fees | \$ (2,599) | \$ 25,000 | \$ 22,401 |
| NAGDCA | \$ (4,161) | \$ 5,500 | \$ 1,339 |
| Lunch & Learn | \$ - | \$ 8,000 | \$ 8,000 |
| Contingencies | \$ - | \$ 74,000 | \$ 74,000 |
| Totals: | \$ (237,241) | \$ 530,000 | \$ 292,759 |



Inter Office Memo

DEPARTMENT OF
PERSONNEL SERVICES

ITEM 9

DATE: March 16, 2015

TO: Deferred Compensation Management Council

FROM: Paul Nerland, Personnel Services Manager

SUBJECT: Fiscal Year 2015-16 Deferred Compensation Plan Budget

Background

Pursuant to Section 9.5 of the County of Fresno 457(B) Deferred Compensation Plan Document, any reasonable expenses related to the operation of the Deferred Compensation Plan (Plan), such as third-party administration, consulting, legal and County staff costs, shall be charged to Plan participants. In order to offset the costs of these Plan-related expenses, the County directs the Plan Record-keeper to charge an administrative fee to each participant. For Fiscal Year 2014-15, that fee was 0.23%.

Issue

Staff has drafted a budget anticipating revenue and expenses for FY 2015-16 (Attachment "A") with the following expense line-items:

- Consultant Fees
- Record-keeping Fees
- Fiduciary Liability Insurance Policy
- Staff Costs
- NAGDCA Costs
- Contingencies

Staff would like to highlight the following areas for explanation:

- **Administrative Fee.** The administrative fee was set at 0.23% for FY 2014-15. However, staff is recommending a reduction in the fee to 0.19%. This is due mainly to the reduction in record-keeping fees, and growth in Plan assets relative to fixed costs, such as consulting fees.
- **Staff Costs.** The proposed budget represents an increase of \$49,500 over the original appropriation for FY 2014-15. However, staff would like to note the following factors:
 - Fiscal year 2015-16 will include the finalization of the Plan Consultant RFP process, which will be require additional labor for staff.
 - The cost of County Counsel time has been consolidated to the Staff Cost line-item.

- As stated in a separate item on today's agenda, based on the amount of time spent on the Plan Record-keeper RFP process, staff anticipates that \$25,000 in additional funding for the Staff Cost line-item will be needed.

Therefore, the FY 2015-16 appropriation represents an increase of approximately \$20,000 in actual costs over FY 2014-15.

- **Fiduciary Liability Insurance Policy.** Staff has included the anticipated cost of a \$5 million fiduciary liability insurance policy which covers both the Plan and your Council. The current policy expires July 1, 2015; staff will renew the policy each fiscal year unless your Council provides direction to the contrary.

Recommended Action

Staff is recommending that the Council approve the attached budget, either as submitted or with amendments.

ITEM 9 - ATTACHMENT "A"

Proposed FY 2015-16 Deferred Compensation Plan Budget

| Revenue Source | Description | Dollars | % of Revenue |
|---------------------------|---|------------------|---------------|
| Administrative Fee | 0.19% of Plan Assets, based on average of ~\$219,000,000 in assets. | \$415,000 | 100.0% |

Total Revenue: \$415,000 100.0%

| Expense | Description | Dollars | % of Expenses |
|--|--|------------------|---------------|
| Consultant Fees | Pursuant to Agreement # 11-731 with Heintzberger-Payne Advisors, \$50,000 annually. | \$50,000 | 12.0% |
| Record-keeping Fees | Pursuant to Agreement # 14-710 with Nationwide, 0.10% of Total Assets per year. | \$220,000 | 53.0% |
| Fiduciary Liability Insurance Premium | Fiduciary Liability Insurance Premium on \$5,000,000 in coverage. | \$12,000 | 2.9% |
| Staff Costs | Based on approximately 1,100 County staff hours (includes Personnel and County Counsel staff). Also includes participant communication costs, if necessary | \$106,000 | 25.5% |
| NAGDCA Costs | Send two (2) people to the 2015 NAGDCA conference and pay annual membership fee. | \$7,000 | 1.7% |
| Contingencies | Any appropriate expense not included in the items in the proposed budget. | \$20,000 | 4.8% |

Total Expenses: \$415,000 100.0%




Inter Office Memo

DEPARTMENT OF
PERSONNEL SERVICES

ITEM 10

DATE: March 16, 2015

TO: Deferred Compensation Management Council

FROM: Paul Nerland, Personnel Services Manager 

SUBJECT: Deferred Compensation Plan Consultant RFP evaluation committee

Background

The Board of Supervisors approved Agreement #11-731 with Heintzberger-Payne Advisors on December 13, 2011. The Agreement provided for a three (3) year term (ending December 12, 2014) with two (2) one-year extensions upon written consent of both parties. As your Council is aware, the Board of Supervisors approved the first one-year extension on May 20, 2014.

Issue

In anticipation of the termination of Agreement #11-731 on December 12, 2015, staff is preparing a Request for Proposals (RFP) for the Deferred Compensation Plan Consultant. Staff is requesting that your Council provide direction regarding the evaluation committee that will review and score the Deferred Compensation Plan Consultant RFP responses, interview finalists, and make a recommendation to your Council on a winning bidder.

Recommended Action

Staff is recommending that the Council select one of the options below regarding the composition of the Deferred Compensation Plan Consultant RFP evaluation committee, or provide other direction.

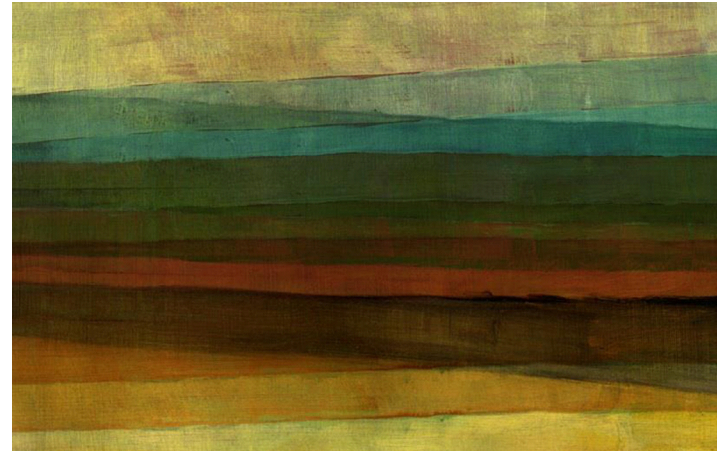
Option #1: Direct staff to appoint an evaluation committee that will report its findings and make a winning bidder recommendation to the Council.

Option #2: Appoint one (1) or more members of the Council to work with staff on the evaluation committee.

| OBJECTIVE | 1 st Quarter | 2 nd Quarter | 3 rd Quarter | 4 th Quarter |
|--|-------------------------------------|--|--|-----------------------------------|
| Goal Setting Establish fiduciary committee goals for the year | ESTABLISH FIDUCIARY COMMITTEE GOALS | COMMITTEE MEETING TOPICS OF INTEREST | EDUCATION INITIATIVES | ANNUAL BUDGET |
| Fiduciary Governance Review committee roles & oversight; conduct committee meetings | STABLE VALUE 101 PRESENTATION | | FIDUCIARY TRAINING PRESENTATION | MUTUAL FUNDS 101 |
| Investment Oversight & Monitoring Periodic review of investment policies and performance | PLAN INVESTMENT REVIEW | PLAN INVESTMENT REVIEW | MENU REVIEW PLAN INVESTMENT REVIEW | PLAN INVESTMENT REVIEW |
| Documentation & Records Management Documentation of due diligence and plan records | | PLAN DISCLOSURE REVIEW (408B2 AND 404A5) | PLAN DOCUMENT REVIEW | ANNUAL FIDUCIARY CHECKLIST |
| Fee & Service Reviews | MUTUAL FUND SHARE CLASS REVIEW | PLAN FEE REVIEW | MUTUAL FUND AND PLAN FEE DCMC EDUCATION TRAINING | REVIEW NATIONWIDE'S SERVICE LEVEL |

Item 13

County of Fresno
457 DC Plan



Quarterly Report - December 31, 2014

HEINTZBERGER | PAYNE
Client-Driven Investment Services

12550 SW 68th, St. | Portland, OR 97223
Phone 503-597-1616 | Fax 503-597-1649

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Quarterly Market Commentary and Outlook, Dec. 31, 2014

Quarter In Review and Glance Ahead.

Last year was a turbulent one, though that is easy to forget. Equities did indeed enjoy a 'Santa Claus' rally to end the year on a positive note, and we are among those who prefer not to look the gift horse in the mouth. As we enter 2015, the seventh year of this market/economic cycle, we think it prudent to look back briefly on last year, assess where we are now relative to market fundamentals and sentiment, and look ahead, to the extent possible, in an attempt to identify potential areas of opportunity and concern.

Where have we come from?

Let's begin with indexes not making the headlines last year: the Russell 2000 Index produced a total return of 4.9%. The S&P Midcap 400 index returned 9.8%. Outside the U.S., developed markets represented by the MSCI EAFE index fell -4.9%, with the emerging markets MSCI index, EME, down -1.8%. The Bloomberg Commodity Index (broad index with energy, agricultural, and metals exposure) was down a painful -17.0%.

Oh, and yes, the S&P 500 index total did indeed grow by +13.7%, with 11.4% from price appreciation and 2.3% from dividends. The top 50 stocks in the index provided 50% of the total return, and Apple (AAPL) was its largest single influence (3.5% of the index weight), up +40.0% for the year.

As for bonds, the U.S. Core Aggregate Index, composed primarily of U.S. Treasury, U.S. Agency and Investment-Grade Corporate bonds, rose +6.0% in total return terms. However, the bulk of that return came from intermediate and long-term Treasuries, rather than the short end

of the yield curve, a result of the positive surprise from the Fed not raising its benchmark Fed Funds rate. For example, the 20+ Year Treasury Bond ETF (TLT) rose +25.4% during 2014, while the 1-3 Year Treasury ETF (SHY) rose just +0.3%. The Barclays U.S. Mortgage-Backed Securities (MBS) Index was up +5.6%.

In terms of currency, the U.S. Dollar Index (primarily vs. the Euro, Yen and Pound) rose +11.4%, as global investors shunned riskier assets and currencies, and took advantage of the large yield advantage of our government bonds.

In summary, it was a 'flight to safety' year, with investor interest focused very narrowly on a few market segments.

Where are we now?

During years like 2014, when a diversified portfolio of high-quality assets underperforms a leading index, it is easy to become disheartened and question the long-term strategy. However, with the Dollar, Long-Term Treasuries and selected Mega-Cap stocks leading last year's charge, many other indexes and asset classes look quite undervalued. We have to remember that Emerging Markets (MSCI EME), REITs, and small-cap stocks (Russell 2000) have all outperformed the S&P 500 index over the past ten years. So, while 2014 may have been a slightly underwhelming year vs. the S&P 500 index, one benefit of asset allocation is that it affords an opportunity to outperform in other areas.

As it stands today, we're still tracking for economic expansion and earnings growth. The U.S. economy grew 5.0% in the third quarter and

the consensus view of economists is +2.3% in 2014. That compares to 2014 forecasts of +7.3% growth in China, and +0.8% in the Eurozone. For 2015, those forecasts are +3.1%, +7.0% and +1.1%, respectively (The Economist). On the earnings front, S&P 500 EPS is expected to rise +10% in 2014, followed by +7% this year. We're now trading at about 17.0x and 16.2x those consensus estimates.

Looking ahead.

Unless we experience a Black Swan market shock, we would expect asset prices to generally track economic expansion this year. As before, we remain wary about the extended nature of U.S. stocks, given that we have not experienced a 10% or greater correction since 2011, and that is unusual relative to historic equity return cycles. Four other areas we are watching more closely in 2015 are global economic growth, interest rates, currency fluctuations, and energy prices.

With regard to growth, the U.S. looks strong compared to other developed nations like those in Europe. Also, China appears to be decelerating, though with both these areas, central bank stimulus and other government intervention appear probable.

Interest rates have not risen markedly yet, though many have expected a significant move since 2010. One common, related fear is that stock prices could fall as interest rates rise, capital costs increase and consumer activity slows down in parallel. According to the WSJ, however, stocks have actually risen by an average of +10% over the past 14 rising-rate cycles, primarily due to a coincident improvement in economic growth. Since 1957, there have only been two periods of negative equity returns when rates rose, and both of these occurred during the early-to-mid 1970's, marked by the OPEC oil embargo and rampant inflation (CPI >10%).

The U.S. Dollar has been the fiat currency of choice, but it has risen so much against the Euro, Yen and many emerging-market currencies, it may just be a matter of time before a 'reversion to the mean' cycle occurs.

Oil prices have been influenced by ample production, a strong dollar, and a market share war by OPEC. The U.S. is only a decade or so away from being completely oil independent, and OPEC, with 30% of global market share, is loath to let that happen as quickly as we intend. However, OPEC nation budgets are themselves at risk after a -55% drop in price since last June, so we expect some movement in that regard this year. Also, as crude is priced in dollar terms, some greenback exchange relief should benefit nominal spot pricing.

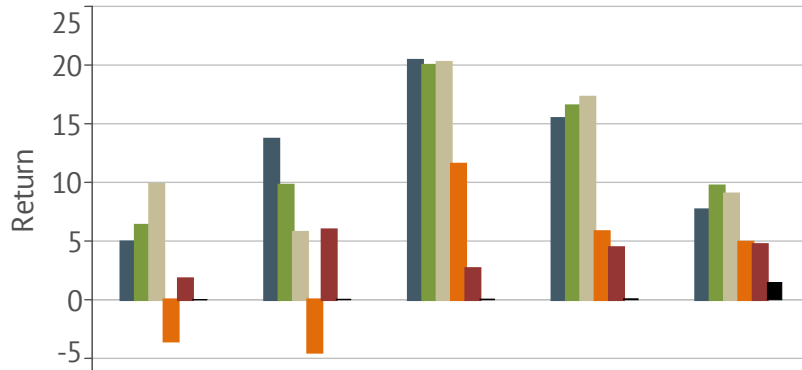
Final thoughts.

Overall, we hope to convey our conviction that staying with quality among a diverse set of asset classes remains the best way to achieve long-term investment goals.

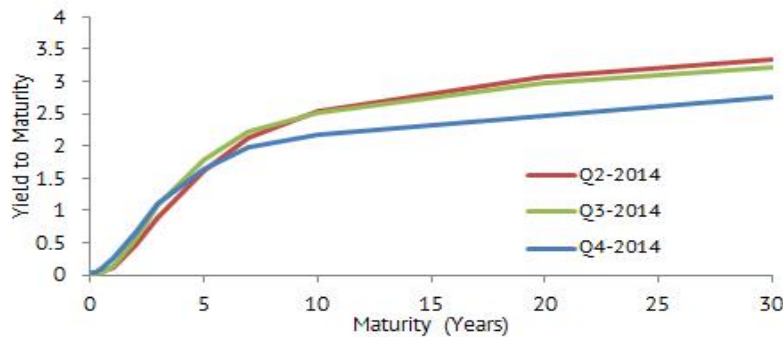
Thank you for the opportunity to be of service,
Heintzberger | Payne Advisors
December 31, 2014

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Trailing Returns



| Index | QTR | YTD | 1 year | 3 years | 5 years | 10 years |
|--------------------------|-------|-------|--------|---------|---------|----------|
| S&P 500 | 4.93 | 13.69 | 13.69 | 20.41 | 15.45 | 7.67 |
| S&P MidCap 400 | 6.35 | 9.77 | 9.77 | 19.99 | 16.54 | 9.71 |
| S&P SmallCap 600 | 9.85 | 5.76 | 5.76 | 20.24 | 17.27 | 9.02 |
| MSCI EAFE Index | -3.57 | -4.90 | -4.90 | 11.06 | 5.33 | 4.43 |
| Barclays U.S. Aggregate | 1.79 | 5.97 | 5.97 | 2.66 | 4.45 | 4.71 |
| Citigroup 3-month T-bill | 0.00 | 0.03 | 0.03 | 0.05 | 0.07 | 1.46 |



| Date | 3 month | 1 year | 5 year | 10 year | 30 year |
|---------|---------|--------|--------|---------|---------|
| Q2 2014 | 0.04 | 0.11 | 1.62 | 2.53 | 3.34 |
| Q3 2014 | 0.02 | 0.13 | 1.78 | 2.52 | 3.21 |
| Q4 2014 | 0.04 | 0.25 | 1.65 | 2.17 | 2.75 |

Data: US Department of the Treasury

Market Overview

Trailing Quarter

US equities posted overall gains, with US large cap stocks returning +4.9% and US mid cap stocks returning +6.4%. US small cap stocks picked up significantly with a +9.9% return. Foreign stocks, as represented by the MSCI EAFE Index, underperformed their US counterparts substantially, with a -3.6% return for the quarter. Bonds saw moderate gains with a return of +1.8% over the same period, while cash continued to post a negligible yield.

Fixed Income Insights

Bonds, as measured by the Barclays US Aggregate Bond Index, were up +1.8% in the fourth quarter and +6.0% in 2014. Short-term US treasuries were up 0.2% for Q4, while Intermediate and Long-Term maturity treasuries returned +2.3% and +8.6%, respectively. YTD, Intermediate and Long-Term maturity treasuries were up +6.4% and +25.1%, respectively. High-yield bonds declined -0.9% for the quarter and were up +2.7% for 2014.

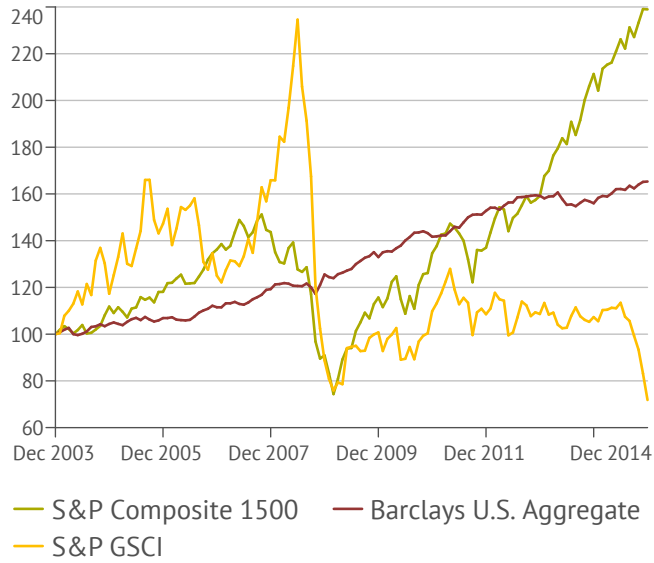
Contributors/Detractors: The long end of the yield curve was the place to be (again), with long bond prices pushed higher by lower inflation data and a more dovish tone from the Federal Reserve. Treasuries were also beneficiaries of the U.S.-based flight to safety in currencies.

Going forward: QE3 is over. However, global economic growth has become more circumspect since last quarter, pushing the timetable for higher policy rates out by at least a year, if not more. With negligible inflation concerns around the world, central banks have ample room to remain accommodative and buy more federal government debt - whether their own or other investment-grade nations. We expect the low yield environment to continue through 2015.

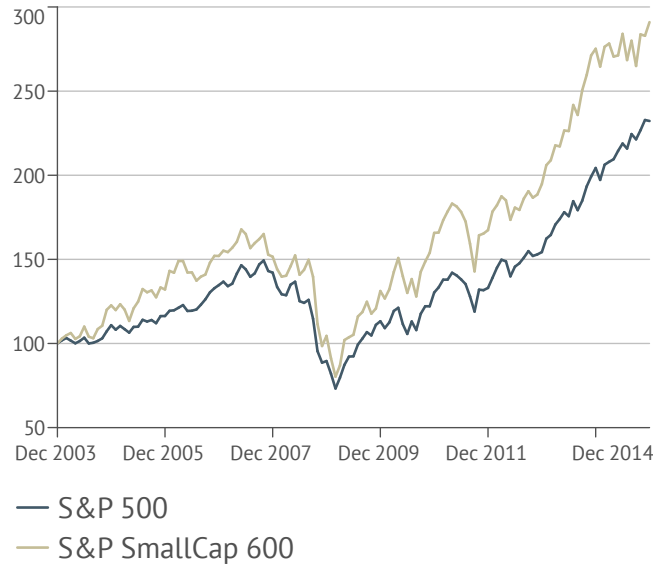
Capital Market Review

10 year trailing data ending 12/31/2014

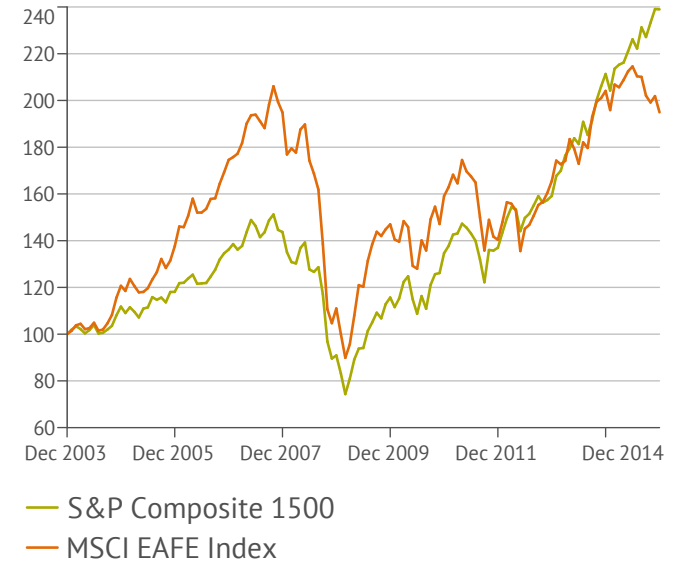
Stocks vs. Bonds vs. Commodities



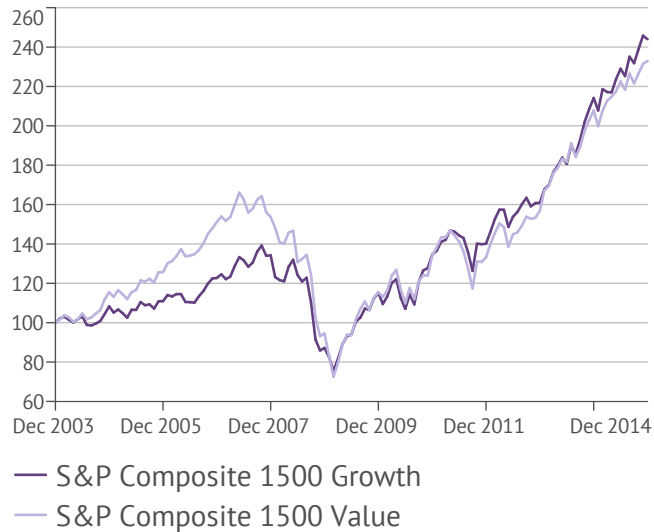
Large Cap vs. Small Cap



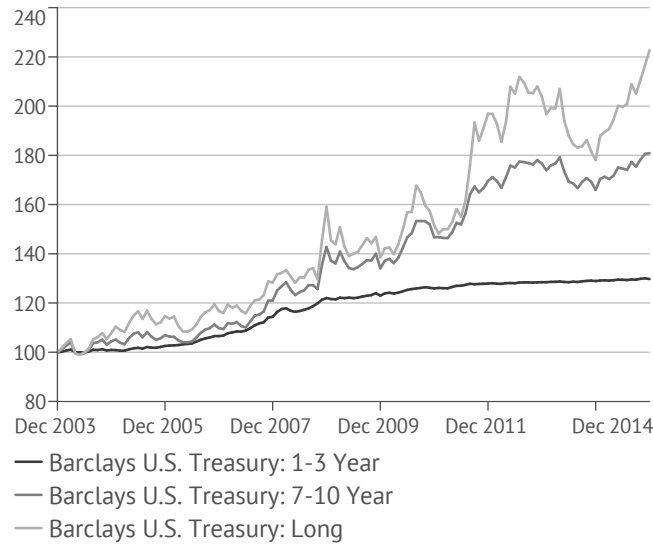
Domestic vs. International



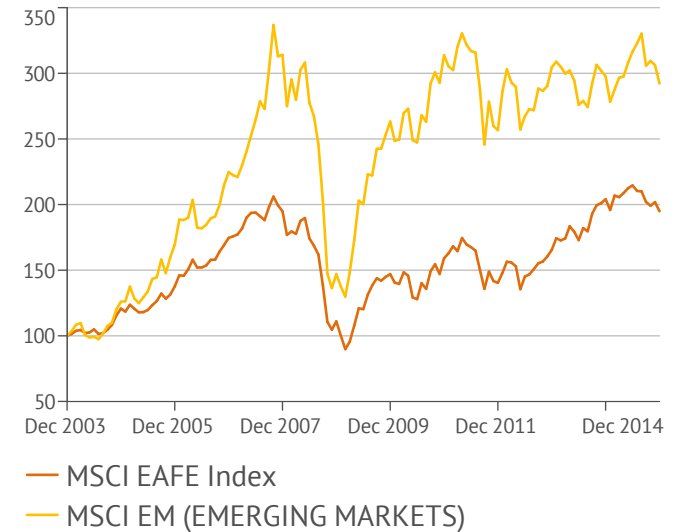
Growth vs. Value



Fixed Income: Long vs. Short Duration



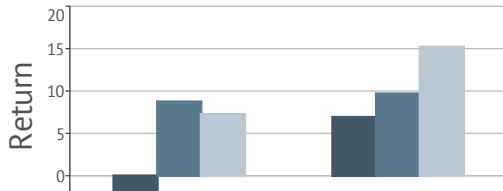
Developed vs. Emerging



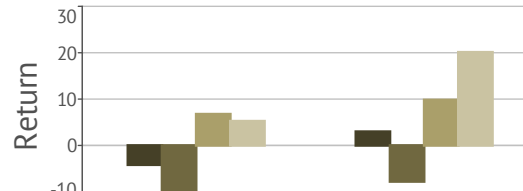
Sector Performance Summary

As of 12/31/2014

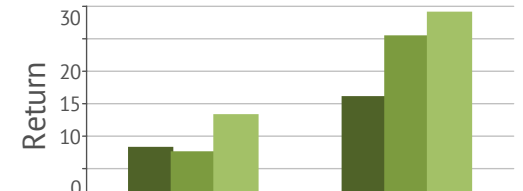
S&P 500 Sectors



| Large - Cyclical | QTR | YTD | 1 year |
|------------------|-------|-------|--------|
| Materials | -1.80 | 6.91 | 6.91 |
| Consumer Discr. | 8.74 | 9.68 | 9.68 |
| Financials | 7.25 | 15.20 | 15.20 |

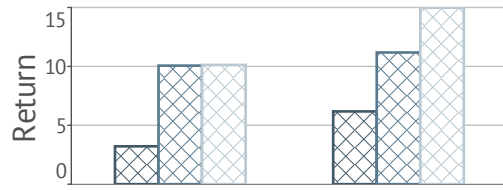


| Large - Sensitive | QTR | YTD | 1 year |
|-------------------|--------|-------|--------|
| Telecom | -4.16 | 2.99 | 2.99 |
| Energy | -10.68 | -7.78 | -7.78 |
| Industrials | 6.76 | 9.83 | 9.83 |
| Technology | 5.24 | 20.12 | 20.12 |

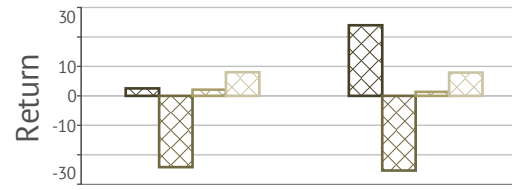


| Large - Defensive | QTR | YTD | 1 year |
|-------------------|-------|-------|--------|
| Consumer Staples | 8.15 | 15.98 | 15.98 |
| Health Care | 7.48 | 25.34 | 25.34 |
| Utilities | 13.19 | 28.98 | 28.98 |

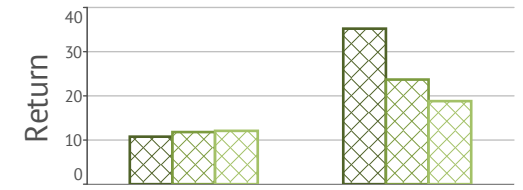
S&P 400 Sectors



| Mid - Cyclical | QTR | YTD | 1 year |
|-----------------|-------|-------|--------|
| Materials | 3.22 | 6.18 | 6.18 |
| Consumer Discr. | 10.07 | 11.18 | 11.18 |
| Financials | 10.12 | 14.98 | 14.98 |

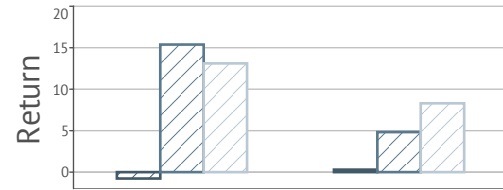


| Mid - Sensitive | QTR | YTD | 1 year |
|-----------------|--------|--------|--------|
| Telecom | 2.52 | 23.97 | 23.97 |
| Energy | -24.19 | -25.35 | -25.35 |
| Industrials | 2.09 | 1.36 | 1.36 |
| Technology | 8.01 | 7.91 | 7.91 |

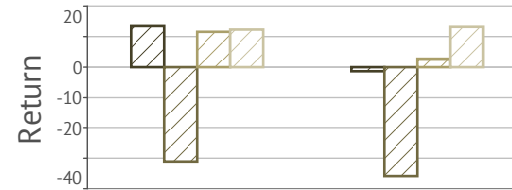


| Mid - Defensive | QTR | YTD | 1 year |
|------------------|-------|-------|--------|
| Consumer Staples | 10.76 | 35.21 | 35.21 |
| Health Care | 11.81 | 23.68 | 23.68 |
| Utilities | 12.08 | 18.80 | 18.80 |

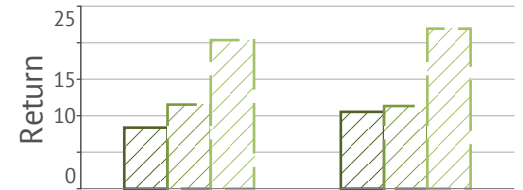
S&P 600 Sectors



| Small - Cyclical | QTR | YTD | 1 year |
|------------------|-------|------|--------|
| Materials | -0.78 | 0.30 | 0.30 |
| Consumer Discr. | 15.39 | 4.83 | 4.83 |
| Financials | 13.12 | 8.30 | 8.30 |



| Small - Sensitive | QTR | YTD | 1 year |
|-------------------|--------|--------|--------|
| Telecom | 13.55 | -1.38 | -1.38 |
| Energy | -31.13 | -35.86 | -35.86 |
| Industrials | 11.62 | 2.63 | 2.63 |
| Technology | 8.01 | 7.91 | 7.91 |

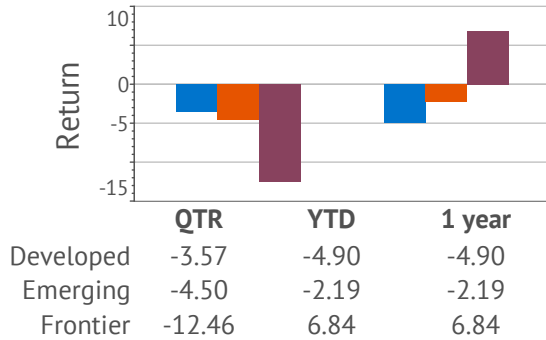


| Small - Defensive | QTR | YTD | 1 year |
|-------------------|-------|-------|--------|
| Consumer Staples | 8.36 | 10.54 | 10.54 |
| Health Care | 11.53 | 11.33 | 11.33 |
| Utilities | 20.37 | 21.93 | 21.93 |

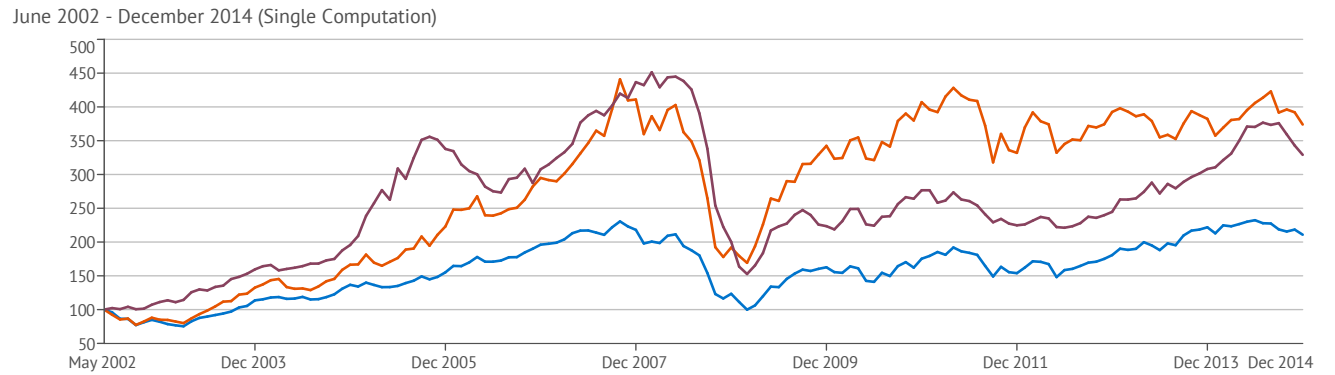
Regional Performance Summary

As of 12/31/2014

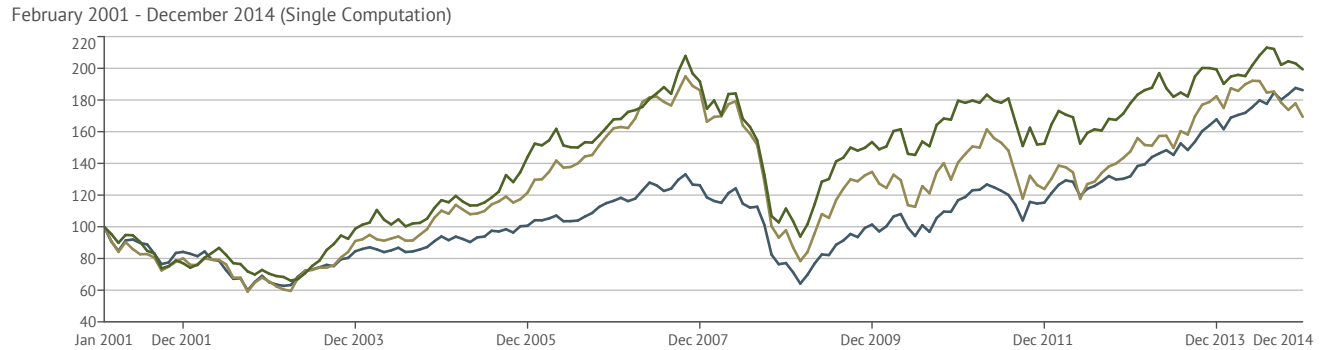
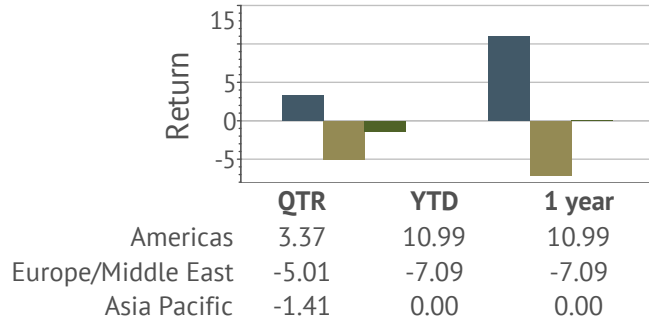
Developed, Emerging and Frontier Markets



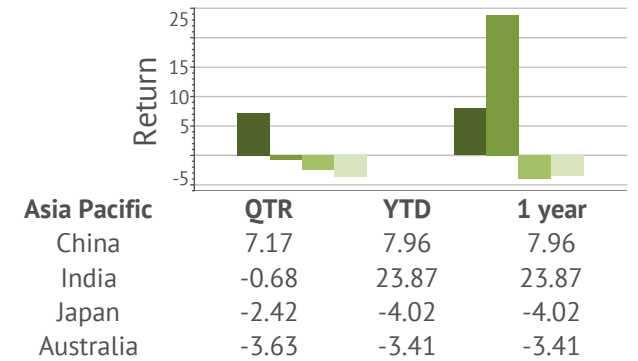
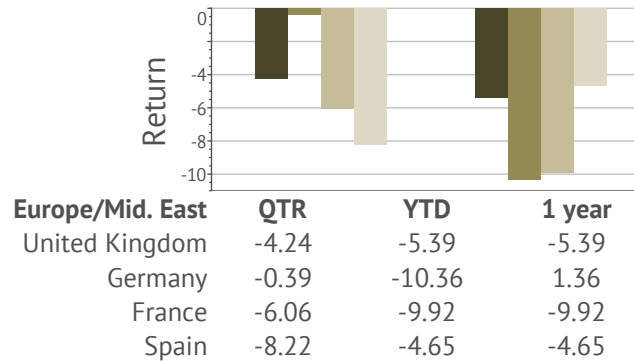
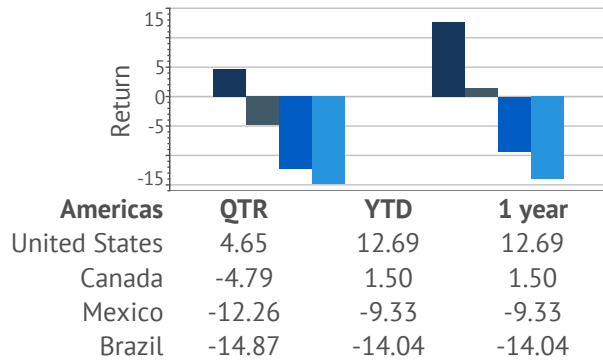
Longer Term Performance (note: the frontier market index was established in March 2008)



Regional Comparison



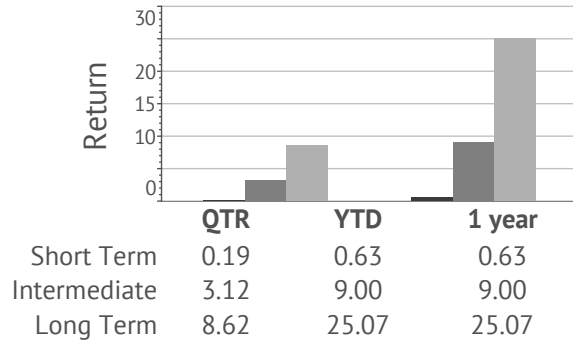
Selected Countries



Fixed Income Performance Summary

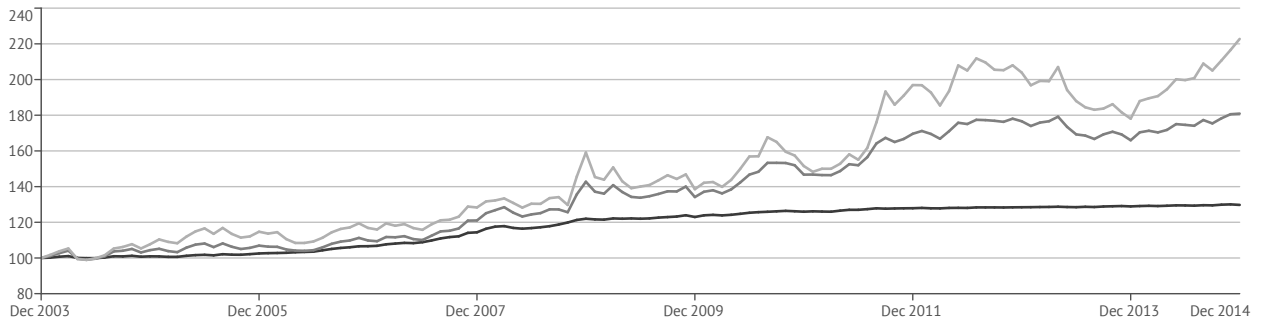
As of 12/31/2014

US Treasuries

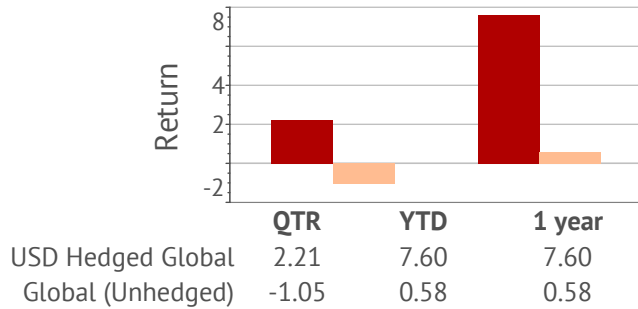


Longer Term Performance

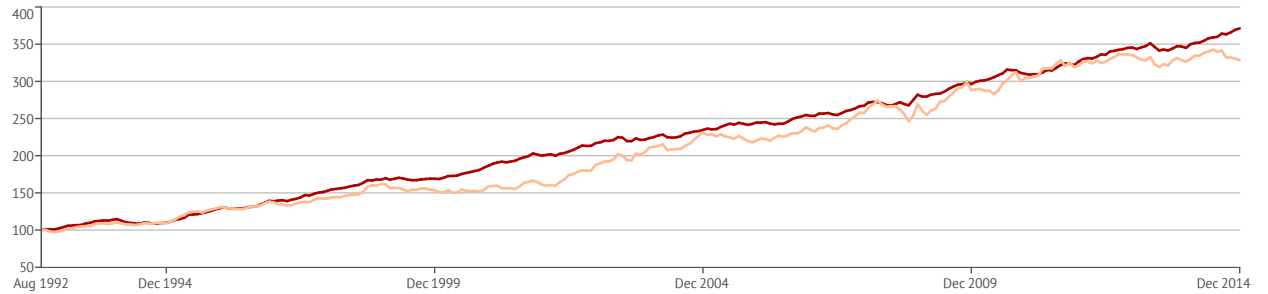
January 2004 - December 2014 (Single Computation)



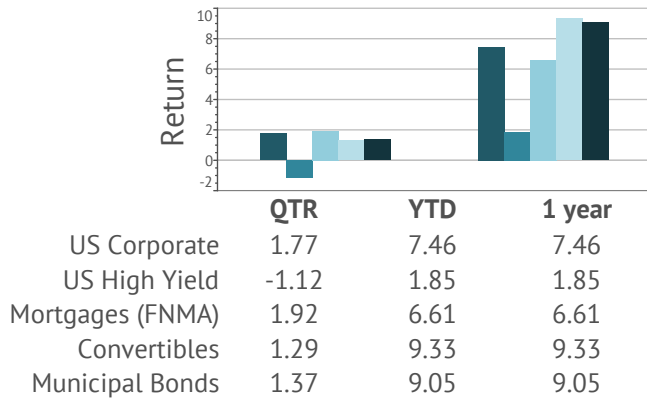
Global Hedged vs. Unhedged



September 1992 - December 2014 (Single Computation)

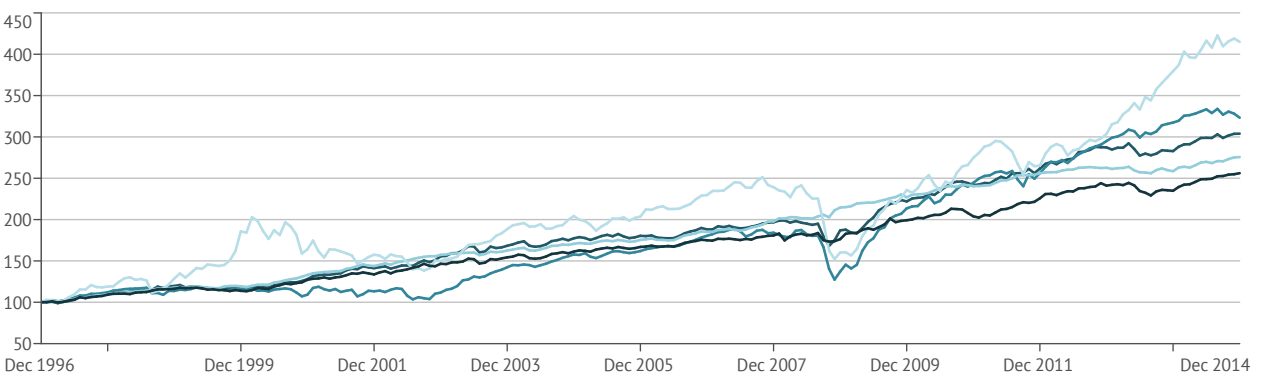


Selected Fixed Income Sectors



Longer Term Performance

January 1997 - December 2014 (Single Computation)



County of Fresno 457 DC Plan

Executive Summary

Legislative Updates

The DOL released new guidance via a field assistance piece for participant searches (Bulletin No. 2014-01)

- Replaces Field Assistance Bulletin 2004-02 (FAB 2004-02)
- Required search steps
 - Use certified mail
 - Check related plan and employer records
 - Check with the designated plan beneficiary
 - Use free electronic search tools, obituaries, and social media
- Plan fiduciaries may charge a missing participants' accounts reasonable expenses for efforts to locate them
- Plan fiduciaries must make reasonable efforts to locate missing participants or beneficiaries, so that they can implement directions on plan distributions
- Located in section 4

Deferral Limits for 2015

| | 2014 | 2015 |
|------------------------------|--------------|--------------|
| Employee Deferral | \$ 17,500.00 | \$ 18,000.00 |
| Catch-up Contribution | \$ 5,500.00 | \$ 6,000.00 |
| Annual Contribution | \$ 52,000.00 | \$ 53,000.00 |

Completed Action Items

Great West Financial

- Has officially changed name to Empower Retirement

- This new company is a combination of Great West Financial, Putnam Retirement, and J.P. Morgan Retirement Plan Services

Nationwide Conversion

- Completed January 2015

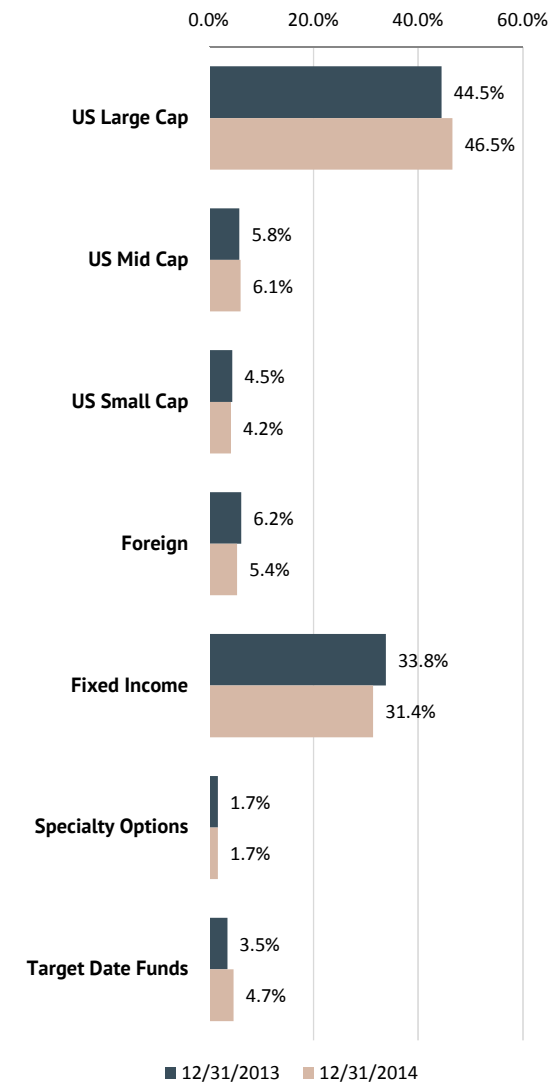
Stable Value Education

- Completed February 2015

Summary of County of Fresno 457 DC Plan - Trailing Year

Data as of 12/31/2014

| Asset Class | Ticker | % | 12/31/2013 | Net Increases/Decreases | 12/31/2014 | % |
|--|--------|--------------|----------------------|-------------------------|----------------------|--------------|
| US Large Cap | | 44.5% | \$86,853,352 | 9,197,577 | \$96,050,929 | 46.5% |
| Alger Spectra I | ASPIX | 18.8% | 36,739,680 | 3,620,290 | 40,359,970 | 19.5% |
| Franklin Utilities Adv | FRUAX | 1.1% | 2,090,981 | 1,195,442 | 3,286,423 | 1.6% |
| Columbia Dividend Income Z | GSFTX | 5.2% | 10,151,100 | 501,474 | 10,652,574 | 5.2% |
| BlackRock Equity Index - Collective F2 | 02CFF1 | 19.4% | 37,871,592 | 3,880,370 | 41,751,962 | 20.2% |
| US Mid Cap | | 5.8% | \$11,409,515 | 1,084,433 | \$12,493,948 | 6.1% |
| Perkins Mid Cap Value T | JMCVX | 2.9% | 5,749,140 | 294,905 | 6,044,045 | 2.9% |
| Hennessy Focus Fund | HFCIX | 2.3% | 4,517,367 | 130,666 | 4,648,033 | 2.3% |
| BlackRock Mid Cap Index - Collective F | 03CFF2 | 0.6% | 1,143,007 | 658,862 | 1,801,870 | 0.9% |
| US Small Cap | | 4.5% | \$8,749,060 | (46,008) | \$8,703,052 | 4.2% |
| Nicholas Limited Edition N | NNLEX | 3.2% | 6,332,364 | (432,594) | 5,899,770 | 2.9% |
| Perkins Small Cap Value I | JSCOX | 0.1% | 287,269 | 162,080 | 449,348 | 0.2% |
| BlackRock Russell 200 Index - Collective F | 03CFF3 | 1.1% | 2,129,427 | 224,507 | 2,353,934 | 1.1% |
| Foreign | | 6.2% | \$12,077,586 | (892,591) | \$11,184,995 | 5.4% |
| Ivy International Core Equity Y | IVVYX | 4.3% | 8,367,848 | (319,042) | 8,048,805 | 3.9% |
| MainStay International Equity I | MSIIX | 1.7% | 3,413,718 | (989,368) | 2,424,350 | 1.2% |
| Oppenheimer Developing Markets Y | ODVYX | 0.0% | 96,679 | 154,448 | 251,127 | 0.1% |
| BlackRock EAFE Equity Index - Collective F | 10CFF5 | 0.1% | 148,484 | 188,729 | 337,213 | 0.2% |
| First Eagle Overseas A | SGOVX | 0.0% | 50,859 | 72,642 | 123,500 | 0.1% |
| Fixed Income | | 33.8% | \$66,009,412 | (1,220,195) | \$64,789,217 | 31.4% |
| RidgeWorth Total Return Bond R | SCBLX | 1.1% | 2,244,885 | 267,912 | 2,512,798 | 1.2% |
| Sentinel Government Securities A | SEGSX | 0.5% | 935,551 | (95,001) | 840,550 | 0.4% |
| BlackRock US Debt Index Fund - Coll F | 04CFF4 | 0.0% | 99 | 182,716 | 182,815 | 0.1% |
| Templeton Global Bond Adv | TGBAX | 0.0% | 48,050 | 99,012 | 147,062 | 0.1% |
| County of Fresno Stable Value Fund | FRESSV | 32.1% | 62,780,827 | (1,674,834) | 61,105,993 | 29.6% |
| Specialty Options | | 1.7% | \$3,371,242 | 167,957 | \$3,539,199 | 1.7% |
| Oakmark Equity & Income I | OAKBX | 1.4% | 2,651,058 | 134,852 | 2,785,910 | 1.3% |
| Fidelity Real Estate Income | FRIFX | 0.4% | 720,184 | 33,105 | 753,289 | 0.4% |
| Target Date Funds | | 3.5% | \$6,904,102 | 2,806,164 | \$9,710,266 | 4.7% |
| Great-West Lifetime 2015 Trust II | C15MZR | 0.7% | 1,384,816 | 678,215 | 2,063,031 | 1.0% |
| Great-West Lifetime 2025 Trust II | C25MZR | 1.1% | 2,176,694 | 1,007,466 | 3,184,160 | 1.5% |
| Great-West Lifetime 2035 Trust II | C35MZR | 0.7% | 1,446,562 | 482,928 | 1,929,490 | 0.9% |
| Great-West Lifetime 2045 Trust II | C45MZR | 0.7% | 1,301,041 | 524,674 | 1,825,715 | 0.9% |
| Great-West Lifetime 2055 Trust II | C55MZR | 0.3% | 594,989 | 112,881 | 707,870 | 0.3% |
| Total | | 100% | \$195,374,269 | \$11,097,337 | \$206,471,606 | 100% |



County of Fresno 457 DC Plan

Investment Summary

For the Period Ending 12/31/2014

Passively-Managed and Cash Funds

| Investment | Ticker | EQUITY | | | | FIXED INCOME | | | Trailing Returns | | | | | | | | |
|--|--------|-----------|-----|-----|-----|--------------|-----|-----|------------------|-------|-------|-------|-------|-------|-------|-------|--------|
| | | US Stocks | | | | Bnd | Csh | Oth | Exp | 1 Qtr | YTD | 1 Yr | 2 Yrs | 3 Yrs | 4 Yrs | 5 Yrs | 10 Yrs |
| | | Lrg | Mid | Sml | Fgn | | | | | | | | | | | | |
| BlackRock Equity Index - Collective F2 | 02CFF1 | 100 | | | | | | | 0.02 | 4.95 | 13.70 | 13.70 | 22.75 | 20.46 | 15.62 | 15.54 | |
| BlackRock Mid Cap Index - Collectiv... | 03CFF2 | | 100 | | | | | | 0.03 | 6.38 | 9.82 | 9.82 | 21.17 | 20.05 | 14.20 | 16.59 | |
| BlackRock Russell 2000 Index Coll F | 03CFF3 | | | 100 | | | | | 0.03 | 9.80 | 5.12 | 5.12 | 20.98 | 19.50 | 13.16 | 15.79 | |
| BlackRock EAFE Equity Index Coll F | 10CFF5 | | | | 100 | | | | 0.10 | -4.24 | -5.41 | -5.41 | 7.41 | 11.01 | 4.82 | 5.45 | |
| BlackRock US Debt Index Fund Coll F | 04CFF4 | | | | | 100 | | | 0.04 | 1.81 | 6.17 | 6.17 | 2.09 | | | | |
| Fresno County Stable Value | FRESSV | | | | | 100 | | | 0.50 | 0.55 | 2.19 | 2.19 | 2.18 | 2.33 | 2.52 | 2.68 | |

Actively-Managed Funds

| Style | Investment | Ticker | Lrg | Mid | Sml | Fgn | Bnd | Csh | Oth | Exp | 1 Qtr | YTD | 1 Yr | 2 Yrs | 3 Yrs | 4 Yrs | 5 Yrs | 10 Yrs |
|-----------------------|------------------------|--------|-----|-----|-----|-----|-----|-----|-----|------|-------|-------|-------|-------|-------|-------|-------|--------|
| Equity Income | Columbia Div Income Z | GSFTX | 85 | 7 | | 4 | | 3 | 1 | 0.77 | 4.56 | 12.68 | 12.68 | 20.40 | 17.24 | 14.58 | 14.26 | 8.61 |
| Multi-Cap Growth | Alger II Spectra I | ASPIX | 70 | 17 | 3 | 7 | | 2 | 1 | 1.50 | 3.72 | 12.31 | 12.31 | 23.16 | 21.68 | 15.72 | 15.91 | 13.09 |
| Utility | Franklin Cust Util Adv | FRUAX | 55 | 28 | 7 | 7 | 2 | 1 | | 0.60 | 10.55 | 25.42 | 25.42 | 19.55 | 14.77 | 15.96 | 14.12 | 10.18 |
| Mid-Cap Value | Perkins MC Value T | JMCVX | 38 | 38 | 8 | 8 | | 8 | | 0.74 | 4.31 | 9.04 | 9.04 | 17.18 | 14.85 | 10.22 | 11.13 | 8.17 |
| Mix Tgt All Mod | Oakmark Eqty & Inc I | OAKBX | 37 | 21 | 2 | 10 | 13 | 15 | 2 | 0.77 | 3.75 | 6.93 | 6.93 | 15.26 | 13.15 | 9.89 | 9.81 | 8.01 |
| Multi-Cap Growth | Hennessy Focus Inst | HFCIX | 22 | 48 | 24 | | | 6 | | 1.14 | 10.09 | 10.55 | 10.55 | 22.48 | 20.62 | 16.22 | 17.89 | 10.76 |
| Small-Cap Core | Perkins SC Value I | JSCOX | | 28 | 59 | 2 | | 10 | 1 | 0.73 | 7.13 | 7.42 | 7.42 | 18.09 | 15.03 | 10.15 | 11.70 | 9.08 |
| Small-Cap Growth | Nicholas Ltd Edition N | NNLEX | | 35 | 57 | 2 | | 6 | | 1.21 | 9.23 | 3.98 | 3.98 | 18.74 | 15.83 | 11.92 | 15.55 | |
| Intl Multi-Cap Growth | MainStay Intl Eqty I | MSIIX | 2 | 1 | | 94 | | 2 | 1 | 1.13 | -1.36 | -2.96 | -2.96 | 5.64 | 10.01 | 2.69 | 3.10 | 4.35 |
| Emerging Markets | Oppenheimer Dev Mkts Y | ODVYX | | | | 94 | | 5 | 1 | 1.07 | -6.69 | -4.55 | -4.55 | 1.85 | 7.95 | 0.83 | 5.66 | 11.49 |
| Intl Large-Cap Core | Ivy Intl Core Eqty Y | IVVYX | | | | 92 | | 7 | 1 | 1.29 | -1.85 | 1.11 | 1.11 | 12.24 | 12.72 | 5.38 | 6.99 | 8.29 |
| Intl Multi-Cap Core | First Eagle OvSeas A | SGOVX | | | | 72 | 1 | 19 | 8 | 1.15 | -2.69 | -0.97 | -0.97 | 5.12 | 7.99 | 4.42 | 7.23 | 7.67 |
| General US Govt | Sentinel Govt Secs A | SEGSX | | | | | 95 | 5 | | 0.85 | 1.13 | 4.12 | 4.12 | -0.83 | 0.61 | 1.86 | 2.82 | 4.04 |
| Core Bond | RidgeWorth Tot Rtn R | SCBLX | | | | | 83 | 16 | 1 | 1.05 | 1.45 | 5.82 | 5.82 | 0.98 | 2.10 | 3.84 | 4.25 | 4.38 |
| Intl Income | Templeton Gl Bond Adv | TGBAX | | | | | 52 | 47 | 1 | 0.63 | -1.63 | 1.84 | 1.84 | 2.12 | 6.60 | 4.33 | 6.00 | 7.64 |
| Real Estate | Fidelity Real Est Inc | FRIFX | 7 | 13 | 21 | 1 | 49 | 9 | | 0.83 | 4.12 | 12.49 | 12.49 | 8.22 | 11.65 | 9.87 | 11.61 | 6.77 |









Target-Date Funds

| Investment | Ticker | Lrg | Mid | Sml | Fgn | Bnd | Csh | Oth | Exp | 1 Qtr | YTD | 1 Yr | 2 Yrs | 3 Yrs | 4 Yrs | 5 Yrs | 10 Yrs |
|-----------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|------|-------|------|------|-------|-------|-------|-------|--------|
| Great-West Lifetime 2035 Trust II | C35MZR | 29 | 11 | 6 | 23 | 23 | 5 | 3 | 0.46 | 3.07 | 5.11 | 5.11 | 12.14 | | | | |
| Great-West Lifetime 2025 Trust II | C25MZR | 21 | 9 | 5 | 16 | 40 | 7 | 2 | 0.46 | 2.76 | 6.92 | 6.92 | 10.32 | | | | |
| Great-West Lifetime 2015 Trust II | C15MZR | 15 | 7 | 4 | 10 | 51 | 10 | 3 | 0.46 | 2.40 | 6.41 | 6.41 | 7.48 | | | | |
| Great-West Lifetime 2055 Trust II | C55MZR | 30 | 11 | 7 | 32 | 13 | 4 | 3 | 0.46 | 2.72 | 6.09 | 6.09 | 13.28 | | | | |

Market Exposure Legend

| | | | | | | | |
|------|--------------|------|------------|------|--------------|------|---------|
| Lrg: | US Large Cap | Mid: | US Mid Cap | Sml: | US Small Cap | Fgn: | Foreign |
| Bnd: | Bonds | Csh: | Cash | Oth: | Other | | |

CALCULATION METHODOLOGY OF OVERALL FUND SCORE 1 (Worst) — 10 (Best)

| Factor | Weight | Explanation | Score Calculation |
|--|--|---|--|
| <p>RETURNS</p> <p>Summary compliance report shows the average peer group quartile rank for all time periods (no credit for bottom quartile performance)</p> |  <p>40% Overall</p> | <p>Absolute Returns</p> <p>Peer Group Percentile Rankings: 3,5,10 Year Periods</p> | <p>Proportional Score Ranks in the top 75% of Peer Group</p> <p>No Score Ranks in the bottom 25% of Peer Group</p> |
| <p>RISK ADJUSTED RETURNS</p> <p>Summary compliance report shows the average peer group quartile rank for all time periods (no credit for bottom quartile performance)</p> |  <p>20% Overall</p> | <p>Sharpe Ratio</p> <p>Peer Group Percentile Rankings: 3,5,10 Year Periods</p> | <p>Proportional Score Ranks in top 75% of Peer Group</p> <p>No Score Ranks in bottom 25% of Peer Group</p> |
| <p>RISK</p> <p>Summary compliance report shows the average peer group quartile rank for all time periods (no credit for bottom quartile performance)</p> |  <p>30% Overall</p> |  <p>10% Overall</p> <p>Standard Deviation</p> <p>Peer Group Percentile Rankings: 3,5,10 Year Periods</p> | <p>Proportional Score Ranks in top 75% of Peer Group</p> <p>No Score Ranks in bottom 25% of Peer Group</p> |
| | |  <p>20% Overall</p> <p>Upside/Downside Capture</p> <p>Peer Group Percentile Rankings: 3,5,10 Year Periods</p> | <p>Proportional Score Ranks in top 75% of Peer Group</p> <p>No Score Ranks in bottom 25% of Peer Group</p> |
| <p>OTHER</p> <p>Fund expense quartile rank</p> <p>Manager tenure is greater than 3 years</p> |  <p>10% Overall</p> |  <p>5% Overall</p> <p>Expense Ratio</p> <p>For current period</p> | <p>Proportional Score Ranks in top 75% of Peer Group</p> <p>No Score Ranks in bottom 25% of Peer Group</p> |
| | |  <p>5% Overall</p> <p>Average Tenure</p> <p>Number of years</p> | <p>Full Score Manager Tenure more than 3 years</p> <p>No Score Manager Tenure less than 3 years</p> |

For peer group rankings, a rank of 1-50 indicates the manager performed favorably and ranked in the top half of its peer group for that metric. For example: when measuring risk, a rank of 1 would mean the manager had a very low standard deviation compared to its peer group, whereas when measuring return, a rank of 1 would mean the manager had a very high return compared to its peer group.

County of Fresno 457 DC Plan

Summary of Fund Compliance

For the Period Ending 12/31/2014

Passively-Managed and Cash Funds

| Type | Assets % | Fund Name | Ticker |
|--------------|----------|--|--------|
| LC Index | 20.22% | BlackRock Equity Index - Collective F2 | 02cff1 |
| MC Index | 0.87% | BlackRock Mid Cap Index - Collective F | 03cff2 |
| SC Index | 1.14% | BlackRock Russell 2000 Index Coll F | 03cff3 |
| Global | 0.16% | BlackRock EAFE Equity Index Coll F | 10cff5 |
| Stable Value | 29.60% | Fresno County Stable Value | fressv |
| US Debt | 0.09% | BlackRock US Debt Index Fund Coll F | 04cff4 |

* This Investment has less than 3 years of performance data

Actively-Managed Funds

Underperforming ◀ (Yellow) (White) (Light Green) (Dark Green) ▶ Outperforming

| Status | Assets % | Fund Name | Ticker | Return (40%) | Risk Adjusted Return (20%) | Risk (30%) | Expense (5%) | Tenure (5%) |
|--------|----------|------------------------|--------|--------------|----------------------------|-------------|--------------|-------------|
| Watch | 5.16% | Columbia Div Income Z | GSFTX | Light Green | Dark Green | Light Green | Dark Green | Dark Green |
| Pass | 19.55% | Alger II Spectra I | ASPIX | Dark Green | Dark Green | Light Green | White | Dark Green |
| Pass | 1.59% | Franklin Cust Util Adv | FRUAX | Light Green | Dark Green | Light Green | Dark Green | Dark Green |
| Watch | 2.93% | Perkins MC Value T | JMCVX | Yellow | White | Light Green | Dark Green | Dark Green |
| Pass | 1.35% | Oakmark Eqty & Inc I | OAKBX | Dark Green | Light Green | Light Green | Dark Green | Dark Green |
| Pass | 2.25% | Hennessy Focus Inst | HFCIX | Dark Green | Dark Green | Light Green | Light Green | Dark Green |
| Pass | 0.22% | Perkins SC Value I | JSCOX | White | Light Green | Light Green | Dark Green | Dark Green |
| Pass | 2.86% | Nicholas Ltd Edition N | NNLEX | Yellow | Light Green | Light Green | Light Green | Dark Green |
| Watch | 1.17% | MainStay Intl Eqty I | MSIIX | White | White | Light Green | Light Green | Yellow |
| Pass | 0.12% | Oppenheimer Dev Mkts Y | ODVYX | Dark Green | Dark Green | Light Green | Dark Green | Dark Green |
| Pass | 3.90% | Ivy Intl Core Eqty Y | IVVYX | Dark Green | Dark Green | Dark Green | White | Dark Green |
| Pass | 0.06% | First Eagle OvSeas A | SGOVX | Light Green | Dark Green | Light Green | Light Green | Dark Green |
| Watch | 0.41% | Sentinel Govt Secs A | SEGSX | White | White | White | Light Green | Yellow |
| Watch | 1.22% | RidgeWorth Tot Rtn R | SCBLX | White | Yellow | White | White | Dark Green |
| Pass | 0.07% | Templeton Gl Bond Adv | TGBAX | Dark Green | Dark Green | Light Green | Dark Green | Dark Green |
| Pass | 0.36% | Fidelity Real Est Inc | FRIFX | Yellow | Dark Green | Light Green | Dark Green | Dark Green |

* This Investment has less than 3 years of performance data

Underperforming ◀ (Yellow) (White) (Light Green) (Dark Green) ▶ Outperforming

Target-Date Funds

| Status | Assets % | Fund Name | Ticker | Return (40%) | Risk Adjusted Return (20%) | Risk (30%) | Expense (5%) | Tenure (5%) |
|--------|----------|------------------------------------|--------|--------------|----------------------------|------------|--------------|-------------|
| | 0.93% | Great-West Lifetime 2035 Trust II* | c35mzr | | | | | |
| | 1.54% | Great-West Lifetime 2025 Trust II* | c25mzr | | | | | |
| | 1.00% | Great-West Lifetime 2015 Trust II* | c15mzr | | | | | |
| | 0.34% | Great-West Lifetime 2055 Trust II* | c55mzr | | | | | |

* This Investment has less than 3 years of performance data

County of Fresno 457 DC Plan

Fund Compliance Report

For the Periods Ending 12/31/2014

Passively-Managed and Cash Funds

| Type of Fund | Assets % | Ticker | Fund Name | Return vs Peer Group (40%) | | | Risk Adjusted Return Sharpe (20%) | | | Risk (30%) | | | | | | Other (10%) | | | | |
|--------------|----------|--------|--|----------------------------|----|-----|-----------------------------------|----|-----|--------------------|----|-----|------------|----|-----|--------------|-----|-----|-------------|---------|
| | | | | | | | | | | Standard Deviation | | | Up Capture | | | Down Capture | | | Expense | Tenure |
| | | | | 3Y | 5Y | 10Y | 3Y | 5Y | 10Y | 3Y | 5Y | 10Y | 3Y | 5Y | 10Y | 3Y | 5Y | 10Y | Peer Rank % | Avg Yrs |
| LC Index | 20.22% | 02cff1 | BlackRock Equity Index - Collective F2 | 22 | 14 | | 9 | 12 | | 21 | 66 | | 30 | 30 | | 23 | 24 | | 1 | 5 |
| MC Index | 0.87% | 03cff2 | BlackRock Mid Cap Index - Collective F | 30 | 10 | | 32 | 14 | | 63 | 74 | | 21 | 15 | | 59 | 42 | | 1 | 5 |
| SC Index | 1.14% | 03cff3 | BlackRock Russell 2000 Index Coll F | 27 | 27 | | 44 | 45 | | 70 | 89 | | 14 | 11 | | 80 | 78 | | 1 | 5 |
| Global | 0.16% | 10cff5 | BlackRock EAFE Equity Index Coll F | 75 | 81 | | 84 | 87 | | 92 | 83 | | 68 | 71 | | 91 | 84 | | 1 | 5 |
| able Valu | 29.60% | fressv | Fresno County Stable Value | 1 | 1 | | 1 | 1 | | 99 | | | 1 | 1 | | n/a | n/a | | 55 | 6 |
| US Debt | 0.09% | 04cff4 | BlackRock US Debt Index Fund Coll F * | | | | | | | | | | | | | | | | 1 | 5 |

Actively-Managed Funds

| Overall Fund Score | Assets % | Ticker | Fund Name | Return vs Peer Group (40%) | | | Risk Adjusted Return Sharpe (20%) | | | Risk (30%) | | | | | | Other (10%) | | | | |
|--------------------|----------|--------|------------------------|----------------------------|----|-----|-----------------------------------|----|-----|--------------------|----|-----|------------|----|-----|--------------|----|-----|-------------|---------|
| | | | | | | | | | | Standard Deviation | | | Up Capture | | | Down Capture | | | Expense | Tenure |
| | | | | 3Y | 5Y | 10Y | 3Y | 5Y | 10Y | 3Y | 5Y | 10Y | 3Y | 5Y | 10Y | 3Y | 5Y | 10Y | Peer Rank % | Avg Yrs |
| 8 | 5.16% | GSFTX | Columbia Div Income Z | 36 | 26 | 15 | 16 | 14 | 10 | 17 | 22 | 18 | 58 | 67 | 66 | 22 | 27 | 18 | 16 | 6 |
| 8 | 19.55% | ASPIX | Alger II Spectra I | 19 | 24 | 1 | 14 | 22 | 1 | 24 | 37 | 56 | 35 | 37 | 8 | 22 | 36 | 22 | 70 | 10 |
| 7 | 1.59% | FRUAX | Franklin Cust Util Adv | 36 | 20 | 30 | 51 | 13 | 7 | 73 | 23 | 13 | 66 | 83 | 92 | 8 | 1 | 1 | 5 | 10 |
| 4 | 2.93% | JMCVX | Perkins MC Value T | 98 | 97 | 46 | 89 | 79 | 9 | 2 | 2 | 2 | 99 | 99 | 99 | 46 | 5 | 3 | 9 | 11 |
| 8 | 1.35% | OAKBX | Oakmark Eqty & Inc I | 7 | 19 | 1 | 34 | 47 | 3 | 94 | 70 | 40 | 8 | 17 | 31 | 37 | 59 | 21 | 17 | 6 |
| 8 | 2.25% | HFCIX | Hennessy Focus Inst | 32 | 5 | 6 | 8 | 5 | 7 | 5 | 76 | 61 | 89 | 78 | 52 | 2 | 6 | 6 | 43 | 5 |
| 5 | 0.22% | JSCOX | Perkins SC Value I | 82 | 87 | 15 | 43 | 51 | 6 | 3 | 7 | 5 | 88 | 96 | 86 | 16 | 7 | 9 | 9 | 12 |
| 5 | 2.86% | NNLEX | Nicholas Ltd Edition N | 83 | 54 | | 48 | 15 | | 7 | 2 | | 93 | 95 | | 23 | 8 | | 39 | 22 |
| 4 | 1.17% | MSIIX | MainStay Intl Eqty I | 56 | 87 | 58 | 44 | 84 | 34 | 17 | 7 | 3 | 76 | 90 | 94 | 28 | 51 | 2 | 32 | 2 |
| 9 | 0.12% | ODVYX | Oppenheimer Dev Mkts Y | 14 | 7 | 3 | 17 | 10 | 5 | 41 | 33 | 25 | 20 | 16 | 36 | 28 | 21 | 20 | 13 | 7 |
| 9 | 3.90% | IVVYX | Ivy Intl Core Eqty Y | 8 | 4 | 1 | 5 | 4 | 2 | 17 | 19 | 50 | 29 | 41 | 10 | 11 | 14 | 7 | 63 | 9 |
| 7 | 0.06% | SGOVX | First Eagle OvSeas A | 90 | 14 | 7 | 34 | 5 | 1 | 2 | 2 | 2 | 97 | 98 | 99 | 9 | 2 | 1 | 40 | 5 |
| 4 | 0.41% | SEGSX | Sentinel Govt Secs A | 76 | 62 | 32 | 77 | 62 | 15 | 78 | 70 | 27 | 80 | 73 | 60 | 48 | 33 | 19 | 39 | 2 |
| 3 | 1.22% | SCBLX | RidgeWorth Tot Rtn R | 87 | 69 | 50 | 90 | 84 | 35 | 62 | 42 | 26 | 76 | 55 | 64 | 93 | 84 | 34 | 74 | 9 |
| 8 | 0.07% | TGBAX | Templeton Gl Bond Adv | 9 | 12 | 1 | 15 | 14 | 17 | 91 | 79 | 33 | 17 | 66 | 62 | 14 | 16 | 26 | 9 | 8 |
| 5 | 0.36% | FRIFX | Fidelity Real Est Inc | 95 | 97 | 78 | 4 | 2 | 1 | 2 | 2 | 1 | 97 | 98 | 99 | 6 | 4 | 1 | 17 | 12 |

Target-Date Funds

| Overall Fund Score | Assets % | Ticker | Fund Name | Return vs Peer Group (40%) | | | Risk Adjusted Return Sharpe (20%) | | | Risk (30%) | | | | | | Other (10%) | | | | |
|--------------------|----------|--------|-------------------------------------|----------------------------|----|-----|-----------------------------------|----|-----|--------------------|----|-----|------------|----|-----|--------------|----|-----|-------------|---------|
| | | | | | | | | | | Standard Deviation | | | Up Capture | | | Down Capture | | | Expense | Tenure |
| | | | | 3Y | 5Y | 10Y | 3Y | 5Y | 10Y | 3Y | 5Y | 10Y | 3Y | 5Y | 10Y | 3Y | 5Y | 10Y | Peer Rank % | Avg Yrs |
| | 0.93% | c35mzr | Great-West Lifetime 2035 Trust II * | | | | | | | | | | | | | | | | 10 | |
| | 1.54% | c25mzr | Great-West Lifetime 2025 Trust II * | | | | | | | | | | | | | | | | 10 | |
| | 1.00% | c15mzr | Great-West Lifetime 2015 Trust II * | | | | | | | | | | | | | | | | 8 | |
| | 0.34% | c55mzr | Great-West Lifetime 2055 Trust II * | | | | | | | | | | | | | | | | 12 | |

County of Fresno 457 DC Plan

* This Investment has less than 3 years of performance data

All data except for 'Tenure - Average Years' are listed as a peer rank percentage

All Funds remain in compliance with Investment Policy and no action need be taken other than indicated in the Fund Compliance Commentary section of this report.

This report, along with more detailed performance data on Plan Investment Options, was reviewed by the Plan's Trustee and/or Investment Committee.

Heintzberger | Payne Advisors Date

Trustee / Committee Member Date

County of Fresno 457 DC Plan

Fund Comments

Data as of: 12/31/2014

BlackRock Equity Index - Collective F2 (02cff1)

US Large Cap

Fund Type: LC Index

The fund seeks to replicate the performance of U.S. Large Cap Stocks

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|---|--------------|--------------|--------------|--------------|-------|
| BlackRock Equity Index - Collective F2 (02cff1) | 4.95% | 13.70% | 20.46% | 15.54% | |
| S&P 500 (1936) TR IX | 4.93% | 13.69% | 20.42% | 15.46% | 7.67% |
| Out/(Under) Performing | 0.02% | 0.01% | 0.05% | 0.08% | |
| Peer Group Ranking | 27 | 15 | 22 | 14 | |

BlackRock Mid Cap Index - Collective F (03cff2)

US Mid Cap

Fund Type: MC Index

The fund seeks to replicate the performance of U.S. Mid Cap Stocks

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|---|--------------|--------------|--------------|--------------|-------|
| BlackRock Mid Cap Index - Collective F (03cff2) | 6.38% | 9.82% | 20.05% | 16.59% | |
| S&P 400 TR IX | 6.34% | 9.77% | 19.99% | 16.54% | 9.71% |
| Out/(Under) Performing | 0.04% | 0.05% | 0.06% | 0.05% | |
| Peer Group Ranking | 26 | 31 | 30 | 10 | |

BlackRock Russell 2000 Index Coll F (03cff3)

US Small Cap

Fund Type: SC Index

The fund seeks to replicate the performance of U.S. Small Cap Stocks

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|--|--------------|--------------|--------------|--------------|-------|
| BlackRock Russell 2000 Index Coll F (03cff3) | 9.80% | 5.12% | 19.50% | 15.79% | |
| Russell 2000 TR IX | 9.73% | 4.89% | 19.21% | 15.54% | 7.76% |
| Out/(Under) Performing | 0.07% | 0.23% | 0.29% | 0.24% | |
| Peer Group Ranking | 16 | 39 | 27 | 27 | |

BlackRock EAFE Equity Index Coll F (10cff5)

Foreign

Fund Type: Global

The fund seeks to replicate performance of Foreign stock represented by the MSCI EAFE Index

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|---|---------------|----------------|---------------|---------------|-------|
| BlackRock EAFE Equity Index Coll F (10cff5) | -4.24% | -5.41% | 11.01% | 5.45% | |
| MSCI World ND IX | 1.01% | 4.94% | 15.48% | 10.21% | 6.03% |
| Out/(Under) Performing | -5.25% | -10.35% | -4.46% | -4.76% | |
| Peer Group Ranking | 95 | 99 | 75 | 81 | |

Fresno County Stable Value (fressv)

Bonds

Fund Type: Stable Value

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|-------------------------------------|--------------|--------------|--------------|--------------|-------|
| Fresno County Stable Value (fressv) | 0.55% | 2.19% | 2.33% | 2.68% | |
| Citi US T-Bill 3 M TR IX | 0.00% | 0.00% | 0.04% | 0.07% | 1.46% |
| Out/(Under) Performing | 0.55% | 2.19% | 2.29% | 2.61% | |
| Peer Group Ranking | 1 | 1 | 1 | 1 | |

BlackRock US Debt Index Fund Coll F (04cff4)

Bonds

Fund Type: US Debt

The fund seeks to replicate the performance of the U.S. Bond Market

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|--|---------------|--------------|-------|-------|-------|
| BlackRock US Debt Index Fund Coll F (04cff4) | 1.81% | 6.17% | | | |
| Barclays US Gvt TRIX | 1.86% | 4.94% | 1.40% | 3.70% | 4.29% |
| Out/(Under) Performing | -0.05% | 1.24% | | | |
| Peer Group Ranking | 9 | 7 | | | |

Columbia Div Income Z (GSFTX)

US Large Cap

Fund Score: 8 (Status: Watch)

The Columbia Dividend Income Fund is a large cap value fund that primarily invests in US companies with a history of paying higher than average dividends and that are exhibiting strong and sustainable cash flow characteristics.

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|-------------------------------|---------------|--------------|---------------|---------------|--------------|
| Columbia Div Income Z (GSFTX) | 4.56% | 12.68% | 17.24% | 14.26% | 8.61% |
| S&P 500 Value TR IX | 4.77% | 12.33% | 20.39% | 14.86% | 6.74% |
| Out/(Under) Performing | -0.21% | 0.35% | -3.16% | -0.59% | 1.87% |
| Peer Group Ranking | 29 | 14 | 36 | 26 | 15 |

The Columbia Dividend Income fund had another strong performing year, despite a management change in 2014. The fund came in about 100bp shy of the S&P 500 index last year, but outperformed its large-cap value peer group by about 250bp. Management focuses on mostly large and mega-cap firms, and now has just 6% of assets in mid-cap. Within its category, the fund focuses on companies which have a proven record of cash flow growth and dividend payments, correctly deducing that growing cash receipts are the best way to afford higher investor income. GSFTX is benefitting from a global flight to quality, which has driven more investor capital toward dividend-focused, blue-chip strategies.

Alger II Spectra I (ASPIX)

US Large Cap

Fund Score: 8 (Status: Pass)

The Alger Spectra Fund seeks to invest in large US companies experiencing strong sales and earnings growth at various stages of the companies' growth cycle. The fund can also invest in mid- and small-cap companies and also has the ability to short securities.

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|-------------------------------|---------------|---------------|--------------|--------------|--------------|
| Alger II Spectra I (ASPIX) | 3.72% | 12.31% | 21.68% | 15.91% | 13.09% |
| Russell 3000 Gro TR IX | 5.17% | 12.44% | 20.25% | 15.89% | 8.50% |
| Out/(Under) Performing | -1.46% | -0.13% | 1.43% | 0.03% | 4.59% |
| Peer Group Ranking | 66 | 22 | 19 | 24 | 1 |

The Alger Spectra fund underperformed its benchmark, the Russell 3000 Growth Index by 145 bps in the fourth quarter of 2014. The fund benefited from having an overweight position in the Information Technology and Healthcare sectors. Specifically the fund benefited from positions in Apple and CVS Health. Detractors in the quarter were from the Energy sector as names such as Weatherford which provides equipment and services for drilling, evaluation and production of oil and natural gas wells, took a hit due to falling oil prices. Additionally Google, which is a top 10 holding, experienced a tough quarter as it faced some regulatory headwinds in Europe. Fund managers believe that equities have a strong potential for generating gains in the near future as oil prices have dropped leading to consumer spending which in turn could spur corporate profits. The fund continues to score an 8 based on our scoring methodology and ranks in the top third of its peer group for both return and risk adjusted return in the trailing three-, five- and ten-year periods.

Franklin Cust Util Adv (FRUAX)

US Large Cap

Fund Score: 7 (Status: Pass)

The Franklin Utilities Fund seeks capital appreciation and current income through investments in US companies who operate in the public utility sector, with a focus on the US electric sector.

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|--------------------------------|--------------|---------------|---------------|--------------|--------------|
| Franklin Cust Util Adv (FRUAX) | 10.55% | 25.42% | 14.77% | 14.12% | 10.18% |
| MSCI World ND IX | 1.01% | 4.94% | 15.48% | 10.21% | 6.03% |
| Out/(Under) Performing | 9.54% | 20.48% | -0.71% | 3.91% | 4.15% |
| Peer Group Ranking | 15 | 3 | 36 | 20 | 30 |

Perkins MC Value T (JMCVX)

US Mid Cap

Fund Score: 4 (Status: Watch)

The Perkins Mid Cap Value Fund seeks to invest in undervalued, mid-sized companies with a catalyst for growth. They will only invest in opportunities where the perceived upside potential significantly outweighs the downside risk. The fund also seeks to manage risk by holding cash and may not be fully invested at all times.

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Perkins MC Value T (JMCVX) | 4.31% | 9.04% | 14.85% | 11.13% | 8.17% |
| S&P 400 Value TR IX | 6.88% | 12.11% | 21.29% | 16.41% | 9.34% |
| Out/(Under) Performing | -2.57% | -3.07% | -6.45% | -5.28% | -1.16% |
| Peer Group Ranking | 76 | 61 | 98 | 97 | 46 |

The Perkins Mid Cap Value Fund underperformed the Russell 3000 index, by ~92 bps in the fourth quarter of 2014. For the year, the fund underperformed the index by ~350 bps. During the fourth quarter the fund was overweight in the Industrials sector versus the benchmark. Poor stock selection in that sector lead to the largest variance in performance. Additionally, weakness in the Energy sector also lead to the underperformance. The fund had approximately 5.4% of its holdings in cash. Fund managers believe that while there may be more gains in the markets ahead, volatility will increase and therefore they remain cautious in the portfolio's positioning. Overall valuations in their view are fair, and maybe slightly overvalued. Our score for the fund remains a 4 and still remains on our Watch List.

Oakmark Eqty & Inc I (OAKBX)

Specialty Options

Fund Score: 8 (Status: Pass)

The Oakmark Equity & Income Fund is a moderate allocation fund that seeks income, capital preservation and growth. The fund can invest in US and foreign equities, fixed income and cash. It takes a value-oriented approach when selecting equity investments and targets an overall equity allocation of 40-75%, with a cap of 60% on its fixed income allocation.

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Oakmark Eqty & Inc I (OAKBX) | 3.75% | 6.93% | 13.15% | 9.81% | 8.01% |
| DJ Moderate IX | 1.77% | 5.35% | 10.26% | 8.92% | 6.35% |
| Out/(Under) Performing | 1.98% | 1.58% | 2.89% | 0.89% | 1.66% |
| Peer Group Ranking | 2 | 23 | 7 | 19 | 1 |

Oakmark Equity & Income outperformed its benchmark by a comfortable margin for the quarter and for the year. At the end of last year, the fund signaled that many of its equity positions were approaching the price where they would be need to be closed. This keeps with the fund's more conservative, value-oriented philosophy for its equity positions. Throughout the year the fund did shrink its equity allocation as valuations rose and by the end of the third quarter the fund had almost a quarter of its assets in cash. The fourth quarter brought a lot more volatility to the market with the decline in oil, renewed concerns about Europe, and a potential interest rate hike by the Fed. The major detractors for the fund over the quarter and the year were in the Energy sector. However, strong stock selection contributed to its overall outperformance. Strong value-based plays across all sectors such as General Dynamics, MasterCard, and Oracle. In the fourth quarter, the fund used the dip in valuations to initiate new positions with its accumulated cash. The fund named a handful of Energy stocks as new equity positions so management is clearly looking to benefit from oil rising from recent lows. We maintain our conviction in the manager. The fund continues to score an 8.

Hennessy Focus Inst (HFCIX)

US Mid Cap

Fund Score: 8 (Status: Pass)

The Hennessy Focus Fund is a concentrated, high conviction, benchmark adverse strategy that invests primarily in mid- and small-cap equity securities. The fund's three-person management team achieved their three-year track record in August 2012, after having worked as analysts with the strategy for an average of a decade each prior to taking over management in August 2009. Hennessy Funds acquired FBR in 2012. The fund will retain the same portfolio managers and the same investment objectives.

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|-----------------------------|--------|--------|--------|--------|--------|
| Hennessy Focus Inst (HFCIX) | 10.09% | 10.55% | 20.62% | 17.89% | 10.76% |
| Russell 3000 Gro TR IX | 5.17% | 12.44% | 20.25% | 15.89% | 8.50% |
| Out/(Under) Performing | 4.92% | -1.88% | 0.36% | 2.00% | 2.26% |
| Peer Group Ranking | 1 | 39 | 32 | 5 | 6 |

Perkins SC Value I (JSCOX)

US Small Cap

Fund Score: 5 (Status: Pass)

The Perkins Small Cap Value Fund takes a defensive approach to small-cap investing, seeking to own high-quality equities with strong balance sheets and stable earnings in order to minimize downside participation. Fund management also actively uses its cash allocation for this purpose.

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|----------------------------|--------|-------|--------|--------|-------|
| Perkins SC Value I (JSCOX) | 7.13% | 7.42% | 15.03% | 11.70% | 9.08% |
| Russell 2000 TR IX | 9.73% | 4.89% | 19.21% | 15.54% | 7.76% |
| Out/(Under) Performing | -2.60% | 2.53% | -4.18% | -3.84% | 1.31% |
| Peer Group Ranking | 52 | 12 | 82 | 87 | 15 |

Nicholas Ltd Edition N (NNLEX)

US Small Cap

Fund Score: 5 (Status: Pass)

The Fund seeks long-term growth through investing in a diversified list of small company common stock having growth potential. Income is a secondary objective.

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|--------------------------------|--------|--------|--------|--------|-------|
| Nicholas Ltd Edition N (NNLEX) | 9.23% | 3.98% | 15.83% | 15.55% | |
| Russell 2000 Gro TR IX | 10.06% | 5.62% | 20.14% | 16.80% | 8.54% |
| Out/(Under) Performing | -0.83% | -1.64% | -4.32% | -1.25% | |
| Peer Group Ranking | 33 | 34 | 83 | 54 | |

MainStay Intl Eqty I (MSIIX)

Foreign

Fund Score: 4 (Status: Watch)

The MainStay International Equity Fund primarily invests in large international companies that do business outside of the United States and can also have some exposure to emerging markets. The fund had a subadvisor/manager change in July 2011 and two additional managers were brought on board in February 2013.

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|------------------------------|--------|--------|--------|--------|--------|
| MainStay Intl Eqty I (MSIIX) | -1.36% | -2.96% | 10.01% | 3.10% | 4.35% |
| MSCI AC W X-US Gr ND IX | -2.31% | -2.64% | 9.47% | 5.20% | 5.43% |
| Out/(Under) Performing | 0.95% | -0.31% | 0.54% | -2.09% | -1.07% |
| Peer Group Ranking | 31 | 23 | 56 | 87 | 58 |

The fund outperformed over the trailing quarter, which helped narrow its trailing one-year lag. Underperformance over the five-year period was due to significant up market lag in 2009 through 2011. The fund's underweight to Energy contributed to relative performance over the quarter as this sector slowed with fears of an oversupply situation due to a reduction in global demand. Remaining fully invested has detracted from performance verses holding cash as markets pulled back. The team's investment strategy has historically been focused on high-quality companies with healthy balance sheets, favorable growth prospects, and generally lower beta. The fund's "high quality" stock selection bias helped during the market pullback over the trailing quarter. Mainstay typically fares well in down markets and is expected to lag during market rallies, especially when rallies are driven by low quality stocks. The fund will remain on Watch as its score has improved from a 3, to a 4, to a 5 and now dipped back to a 4. We continue to assess the fund's ability to add value over a full market cycle.

Oppenheimer Dev Mkts Y (ODVYX)

Foreign

Fund Score: 9 (Status: Pass)

The fund primarily invests in companies with high growth potential located in developing economies. The fund mainly invests in common stocks of issuers whose principal activities are in at least three developing markets. Investors purchasing securities located in emerging market economies should expect a higher level of volatility.

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|--------------------------------|---------------|---------------|--------------|--------------|--------------|
| Oppenheimer Dev Mkts Y (ODVYX) | -6.69% | -4.55% | 7.95% | 5.66% | 11.49% |
| MSCI Emerging Mkt ND IX | -4.51% | -2.19% | 4.03% | 1.77% | 8.43% |
| Out/(Under) Performing | -2.18% | -2.36% | 3.92% | 3.88% | 3.06% |
| Peer Group Ranking | 80 | 69 | 14 | 7 | 3 |

The fund significantly underperformed the benchmark over the trailing quarter, which also caused 2014 calendar performance to lag. Emerging Markets (EM), as a whole, underperformed developed markets by -2.7% over the trailing quarter, but outpaced the broader foreign benchmark by 1.7% in 2014. During Q4 2014 the fund's ~6% overweight to Latin America and ~3% overweight to Emerging Europe detracted from performance as these were the worst performing regions returning -13.3% and -19.2% respectively. The fund has a ~7% allocation to Russia (5 individual holdings) which was a drag on performance, but these have been in the portfolio for several years and remain viable opportunities. The strategy remains unchanged as management's outlook over the long-term remains positive for EM given reasonable valuations and relatively low debt levels. The fund has a bias against cyclical industries and companies with high financial/operating leverage as defensive positions. In a continued effort to protect shareholder value, Oppenheimer initiated a soft close in Q2 2013, only allowing existing clientele to continue investment. The fund remains open to the plan.

Ivy Intl Core Eqty Y (IVVYX)

Foreign

Fund Score: 9 (Status: Pass)

The Fund seeks to provide long-term capital growth primarily through investments in equity securities that are traded in European, Pacific Basin, and Latin American Markets.

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Ivy Intl Core Eqty Y (IVVYX) | -1.85% | 1.11% | 12.72% | 6.99% | 8.29% |
| MSCI AC Wrlld Ex US ND IX | -3.88% | -3.87% | 8.99% | 4.43% | 5.13% |
| Out/(Under) Performing | 2.03% | 4.98% | 3.73% | 2.56% | 3.16% |
| Peer Group Ranking | 8 | 4 | 8 | 4 | 1 |

First Eagle OvSeas A (SGOVX)

Foreign

Fund Score: 7 (Status: Pass)

The fund invests primarily in equity securities of companies traded in mature markets (for example, Japan, Germany and France) and may invest in countries whose economies are still developing. The fund implements a deep value strategy seeking to purchase companies trading at a margin of safety that have financial strength and stability, strong management and fundamental value.

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|-------------------------------|--------------|--------------|---------------|--------------|--------------|
| First Eagle OvSeas A (SGOVX) | -2.69% | -0.97% | 7.99% | 7.23% | 7.67% |
| MSCI AC Wrlld Ex US ND IX | -3.88% | -3.87% | 8.99% | 4.43% | 5.13% |
| Out/(Under) Performing | 1.19% | 2.91% | -1.00% | 2.80% | 2.55% |
| Peer Group Ranking | 37 | 12 | 90 | 14 | 7 |

The fund once again outperformed its benchmark over the trailing quarter while their 9.6% gold exposure (up +1.0%) helped performance. The 18.1% cash position (down from 22.7% last quarter) benefited returns as global markets pulled back over the quarter. The portfolio is holding nearly a fifth of its assets in cash, which has impacted the fund's ability to participate to the upside over the trailing one-year period. This cash allocation is a product of the fund's valuation-sensitive approach and is used to make opportunistic purchases when valuations reach more favorable levels. First Eagle's largest contributor to performance over the quarter, from a regional standpoint, was underweighting emerging markets, which underperformed broader foreign markets by -2.7%. Additionally, the fund is underweight Europe, which was a neutral position for the quarter, but has helped boost performance in early 2015 as the European Union discusses stimulus measures for the slow growth region. The fund continues to add value relative to its benchmark with much lower volatility over longer term periods, and ranks in the top quartile of its peer group for risk-adjusted return in the trailing five- and ten-year time periods. The fund is expected to lag in periods of strong market rebounds, but we have confidence in management's ability to add value over a full market cycle.

Sentinel Govt Secs A (SEGSX)

Bonds

Fund Score: 4 (Status: Watch)

The Fund seeks high current income while seeking to control risk. The Fund normally invests at least 80% of its net assets in U.S. government securities. The Fund invests mainly in U.S. government bonds.

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Sentinel Govt Secs A (SEGSX) | 1.13% | 4.12% | 0.61% | 2.82% | 4.04% |
| Barclays US Gvt TRIX | 1.86% | 4.94% | 1.40% | 3.70% | 4.29% |
| Out/(Under) Performing | -0.73% | -0.82% | -0.79% | -0.89% | -0.25% |
| Peer Group Ranking | 67 | 64 | 76 | 62 | 32 |

Many managers are struggling against a backdrop of ongoing MBS asset purchases by the Fed and surprising strength and demand for Treasuries since the beginning of the year. SEGSX managers are among that field. Duration remains fairly short (4.1 years), but the fund's exposure to U.S. Treasuries stands at exactly zero; as Treasury demand has risen, the 10-year Note yield is off more than -150bp since the beginning of last year, but without exposure, performance has suffered. There may indeed be some rotation in the relative demand for other bond sectors this year, so SEGSX will remain on Watch as the Fed's next policy steps unfold.

RidgeWorth Tot Rtn R (SCBLX)

Bonds

Fund Score: 3 (Status: Watch)

The Fund seeks to provide investors with a total return which consistently exceeds the total return of the broad U.S. investment grade bond market.

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| RidgeWorth Tot Rtn R (SCBLX) | 1.45% | 5.82% | 2.10% | 4.25% | 4.38% |
| Barclays US Gvt/Cr TRIX | 1.81% | 5.99% | 2.76% | 4.69% | 4.70% |
| Out/(Under) Performing | -0.35% | -0.17% | -0.66% | -0.44% | -0.32% |
| Peer Group Ranking | 38 | 34 | 87 | 69 | 50 |

As before, SCBLX remains on Watch given its 2012-2013 returns, which were a bit more than -200bp below its peer group. Fund management has been consistent in its perspective of a rising interest rate environment, yet we haven't seen much of that save last summer. A 100-basis point rise in the 10-year benchmark Treasury Note yield during 2013 was a painful adjustment to many issues, and SCBLX was not alone in its performance lag. However, spreads have again tightened and performance has improved, with a 2014 return tracking about 60bp ahead of the category. The fund remains on Watch given the potential of rising rates and/or market yield adjustments.

Templeton Gl Bond Adv (TGBAX)

Bonds

Fund Score: 8 (Status: Pass)

Templeton Global Bond invests in bonds issued by foreign governments, but may also invest in US Government bonds to a lesser extent. The fund holds bonds in a composition without regard to a benchmark, and provides exposure to foreign currencies.

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|-------------------------------|---------------|--------------|--------------|--------------|--------------|
| Templeton Gl Bond Adv (TGBAX) | -1.63% | 1.84% | 6.60% | 6.00% | 7.64% |
| Barclays Gl Aggreg TRIX | -1.05% | 0.58% | 0.73% | 2.65% | 3.60% |
| Out/(Under) Performing | -0.59% | 1.26% | 5.87% | 3.36% | 4.05% |
| Peer Group Ranking | 49 | 37 | 9 | 12 | 1 |

Templeton Global Bond delivered a negative return for the quarter primarily driven by its currency positions and underperformed its benchmark, the Barclays Global Aggregate Bond Index. The fund did have a positive overall return for the year however, and outperformed the index with particularly strong absolute returns in the second quarter. The primary driver of the fund's relative underperformance for the quarter was its interest rate strategies. The fund continues to remain very defensive regarding interest rates in both developed and emerging markets with an overall effective duration of under two years. In particular, underweight duration exposures in Europe and Asia as well as in the United States were a detractor, as interest rates declined. The fund's strategy remains consistent with management looking for opportunities that can offer positive real yields, without taking unnecessary interest rate risk, favoring countries with solid fundamentals. These positions are then augmented with select opportunities in emerging markets and numerous currency strategies.

Fidelity Real Est Inc (FRIFX)

Specialty Options

Fund Score: 5 (Status: Pass)

The Fidelity Real Estate Income Fund invests in REITS, the debt of real estate entities, and commercial and other mortgage-backed securities, with an emphasis on lower-quality debt securities. The fund's primary objective is income, with a secondary goal of capital growth.

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|-------------------------------|----------------|----------------|---------------|---------------|---------------|
| Fidelity Real Est Inc (FRIFX) | 4.12% | 12.49% | 11.65% | 11.61% | 6.77% |
| FTSE NAREIT Eq TR IX | 14.19% | 30.11% | 16.31% | 16.87% | 8.30% |
| Out/(Under) Performing | -10.07% | -17.62% | -4.66% | -5.27% | -1.53% |
| Peer Group Ranking | 97 | 97 | 95 | 97 | 78 |

Great-West Lifetime 2035 Trust II (c35mzr)

Target Date Funds

Fund Score: 9 (Status: Pass)

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|--|--------------|---------------|--------|--------|-------|
| Great-West Lifetime 2035 Trust II (c35mzr) | 3.07% | 5.11% | | | |
| DJ Target 2035 Index | 2.14% | 5.79% | 13.03% | 10.47% | 7.09% |
| Out/(Under) Performing | 0.94% | -0.69% | | | |
| Peer Group Ranking | 13 | 57 | | | |

Great-West Lifetime 2055 Trust II (c55mzr)

Target Date Funds

Fund Score: 9 (Status: Pass)

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|--|--------------|---------------|--------|--------|-------|
| Great-West Lifetime 2055 Trust II (c55mzr) | 2.72% | 6.09% | | | |
| DJ Target 2055 Index | 2.49% | 6.19% | 14.88% | 11.44% | 7.49% |
| Out/(Under) Performing | 0.23% | -0.10% | | | |
| Peer Group Ranking | 13 | 38 | | | |

Great-West Lifetime 2025 Trust II (c25mzr)

Target Date Funds

Fund Score: 9 (Status: Pass)

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|--|--------------|--------------|-------|-------|-------|
| Great-West Lifetime 2025 Trust II (c25mzr) | 2.76% | 6.92% | | | |
| DJ Target 2025 Index | 1.57% | 5.15% | 9.58% | 8.59% | 6.29% |
| Out/(Under) Performing | 1.19% | 1.76% | | | |
| Peer Group Ranking | 8 | 7 | | | |

Great-West Lifetime 2015 Trust II (c15mzr)

Target Date Funds

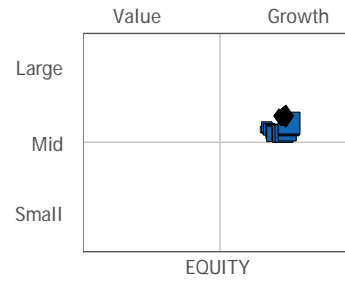
Fund Score: 9 (Status: Pass)

| Trailing Returns | 1 Qtr | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|--|--------------|--------------|-------|-------|-------|
| Great-West Lifetime 2015 Trust II (c15mzr) | 2.40% | 6.41% | | | |
| DJ Target 2015 Index | 1.09% | 4.46% | 5.84% | 6.35% | 5.18% |
| Out/(Under) Performing | 1.31% | 1.95% | | | |
| Peer Group Ranking | 3 | 8 | | | |

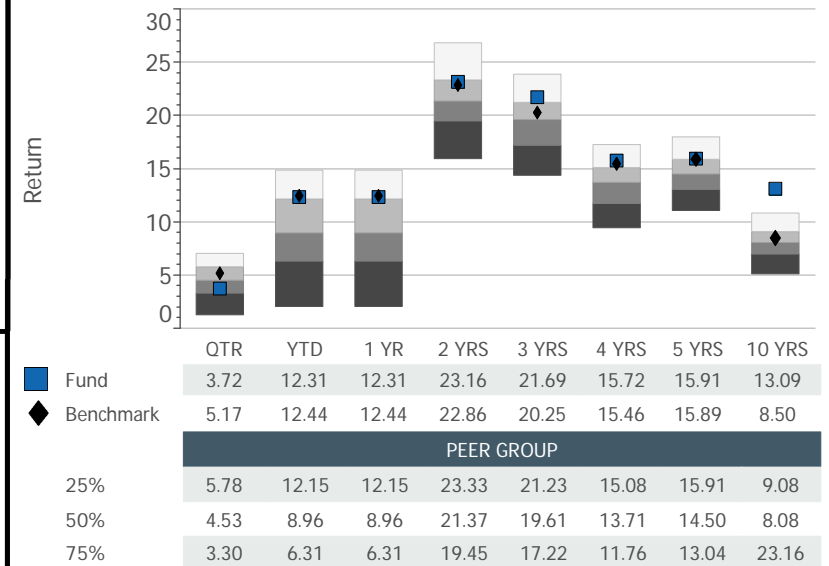
Facts

| | |
|------------------------------|------------------------|
| HPA Benchmark: | Russell 3000 Gro TR IX |
| Return Data Inception: | 9/24/08 |
| Net Strategy Assets (\$M): | \$4,611 |
| Turnover Ratio: | 149% |
| Total Holdings: | 198 |
| Percent of Assets in Top 10: | 29.96% |
| Expense Ratio: | 1.22% |
| 5 Year Morningstar Rating: | 4 stars |
| Manager: | Patrick Kelly |
| Manager Started: | 9/24/04 |
| Mgmt Company: | Alger Funds II |
| Phone Number: | 800-992-3362 |

Style Matrix



Trailing Period Returns



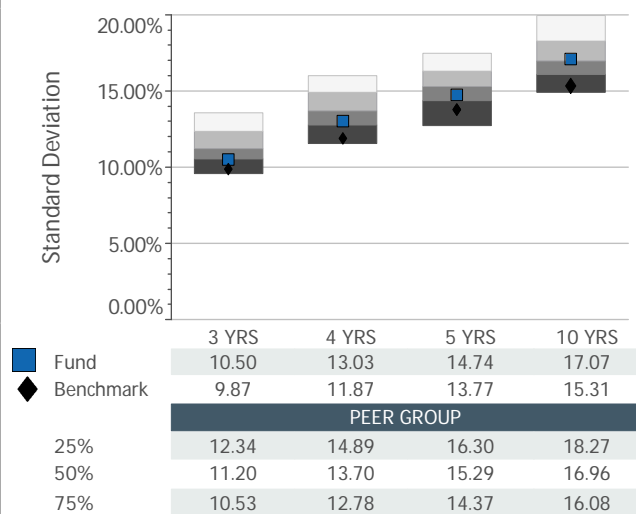
Strategy

The investment seeks long-term capital appreciation. The fund invests primarily in the equity securities of companies of any size that Fred Alger Management, Inc. believes demonstrate promising growth potential. It can leverage, that is, borrow money to purchase additional securities. The fund can also invest in derivative instruments.

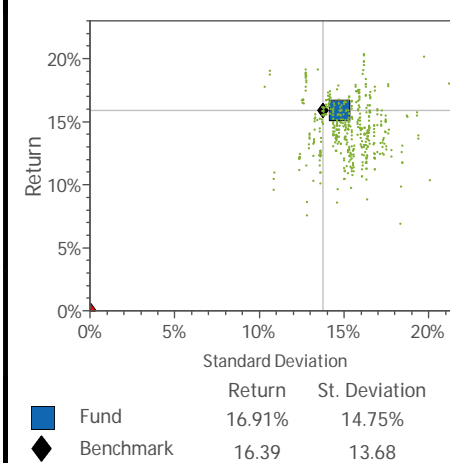
Legend

- Alger Spectra I
- ◆ Russell 3000 Gro TR IX
- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Universe: Multi-Cap Growth
- ◆ Cash Equivalent

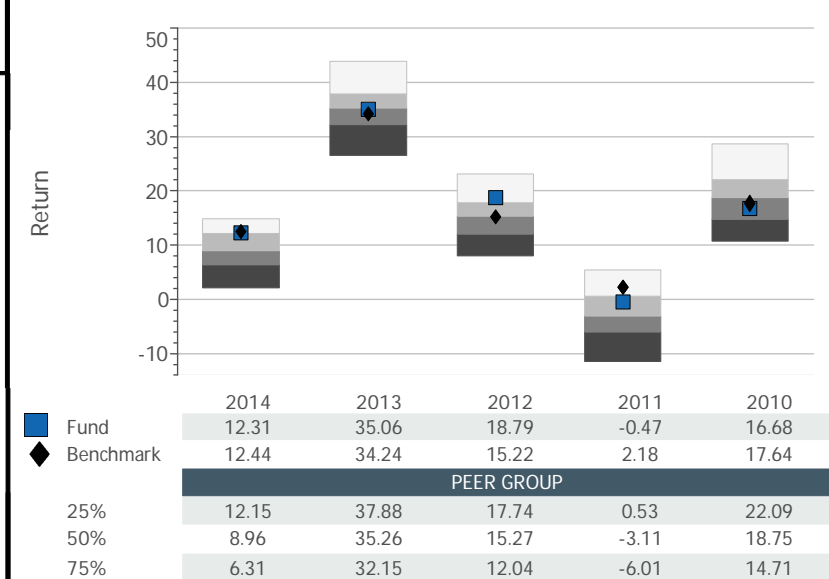
Standard Deviation



Risk vs. Return



Calendar Year Returns



Alger Spectra I (ASPIX)

Fund Information

| | |
|-----------------------|-------------------|
| Morningstar Category | Large Growth |
| Prospectus Objective | Growth |
| Net Assets All Shares | \$4,610.6 million |
| NAV Price | \$17.43 |
| Primary Index | S&P 500 TR USD |

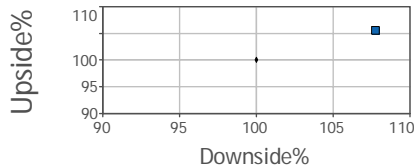
Sector Allocation (%)

| | |
|--------------------------------|---------------|
| CYCLICAL SECTORS TOTAL | 27.13% |
| Basic Materials | 4.09 |
| Consumer Cyclical | 13.72 |
| Financial Services | 8.93 |
| Real Estate | 0.39 |
| SENSITIVE SECTORS TOTAL | 47.78 |
| Communication Services | 3.97 |
| Energy | 5.43 |
| Industrials | 10.53 |
| Technology | 27.85 |
| DEFENSIVE SECTORS TOTAL | 20.73 |
| Consumer Defensive | 2.25 |
| Healthcare | 18.20 |
| Utilities | 0.28 |

Top 10 Holdings

| | |
|--------------------------|--------|
| Apple Inc | 6.46% |
| Facebook Inc Class A | 4.36 |
| Google Inc Class C | 3.38 |
| Gilead Sciences Inc | 2.60 |
| Home Depot Inc | 2.43 |
| HCA Holdings Inc | 2.43 |
| Actavis PLC | 2.31 |
| Microsoft Corp | 2.11 |
| CVS Health Corp | 1.96 |
| Comcast Corp Class A | 1.91 |
| Top 10 Holding Weighting | 29.96% |

Upside Downside



Portfolio Characteristics

| | |
|--------------------|--------------------|
| Inception Date | September 24, 2008 |
| Portfolio Date | September 30, 2014 |
| Distribution Yield | 0.00% |
| Number Of Holdings | 198 |
| Turnover Ratio | 149% |

Asset Allocation (%)

| | |
|------------------|--------|
| Domestic Stock | 87.57% |
| Foreign Stock | 8.07 |
| Domestic Bond | 0.00 |
| Foreign Bond | 0.00 |
| Preferred Bond | -0.01 |
| Convertible Bond | 0.00 |
| Cash | 4.16 |
| Other | 0.20 |

Market Allocation (%)

| | |
|-------------------|--------|
| Developed Country | 93.42% |
| Emerging Market | 2.23 |
| Not Classified | 0.00 |

Regional Allocation (%)

| | |
|----------------|--------|
| Americas | 87.96% |
| Greater Europe | 5.41 |
| Greater Asia | 2.27 |

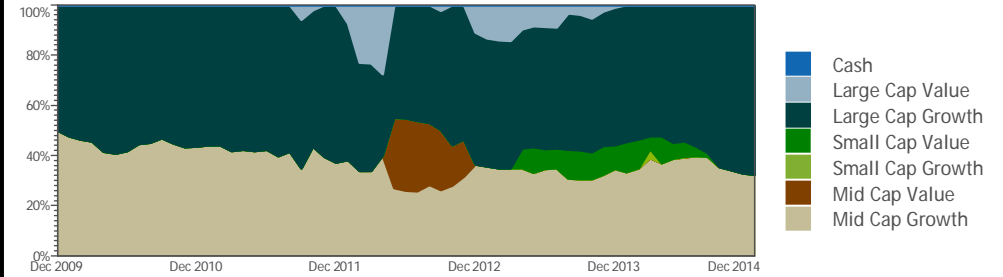
Capitalization

| | |
|-----------------------|------------|
| Market Capitalization | \$46,259.3 |
| Giant Cap | 41.06% |
| Large Cap | 36.31 |
| Medium Cap | 15.81 |
| Small Cap | -0.55 |
| Micro Cap | -0.37 |

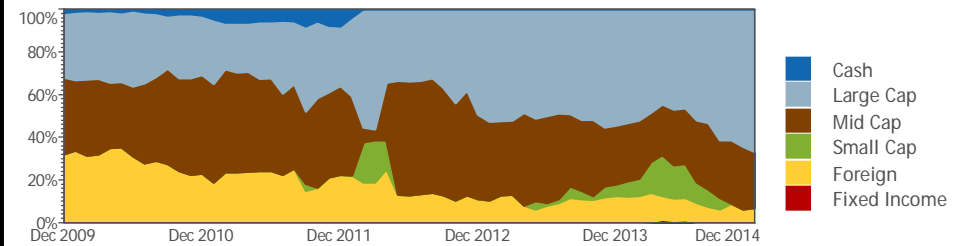
Peak to Trough

The worst peak-to-trough performance of the fund has been minus 49.56% and occurred over a 16 month period of time starting November 2007. The fund recouped this loss over 22 months by December 2010.

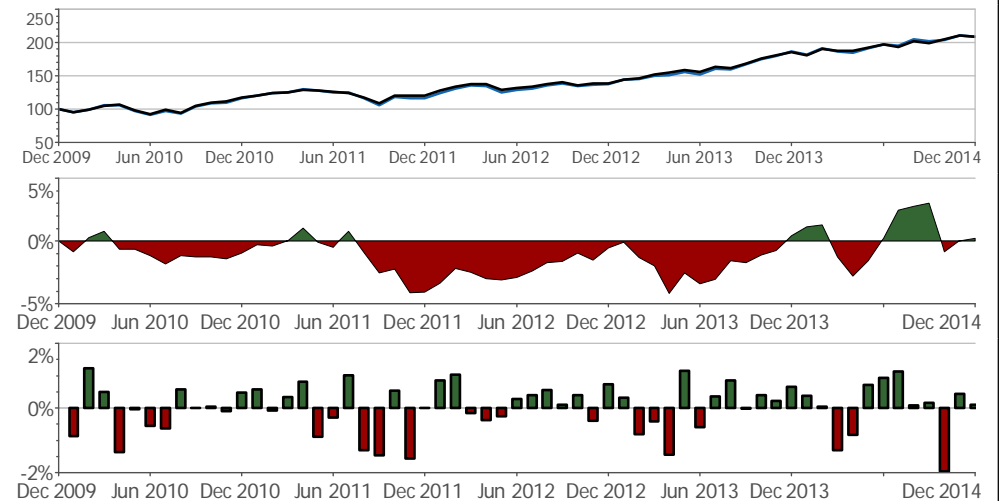
Returns-Based Style Analysis: Stock Style



Returns-Based Style Analysis: Asset Allocation



Performance, Cumulative Excess Return, Excess Return

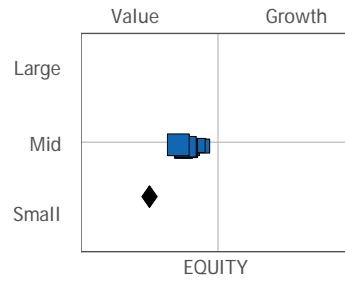


This document shows the historical returns and volatility of the return of this Investment Alternative, assuming that an investor may have invested in the Alternative on the first day of any calendar month since its inception date. Returns are presented here primarily as an indication of the potential volatility of this investment and not an indication of future, positive returns. Historical performance clearly indicates there is the potential for loss, particularly over shorter periods of time. Calculations assume that all dividends and interest have been reinvested. Whereas returns have been reduced by actual mutual fund management fees and expenses, no deduction has been made for such expenses as advisory fees, custodial charges, and if applicable, third party administrator fees and other retirement plan expenses. Your investment returns will be reduced by those charges if assessed against your account. Your returns can vary from these given the timing of your purchases in this Investment alternative (c) 2011 Heintzberger | Payne Advisors, Inc.

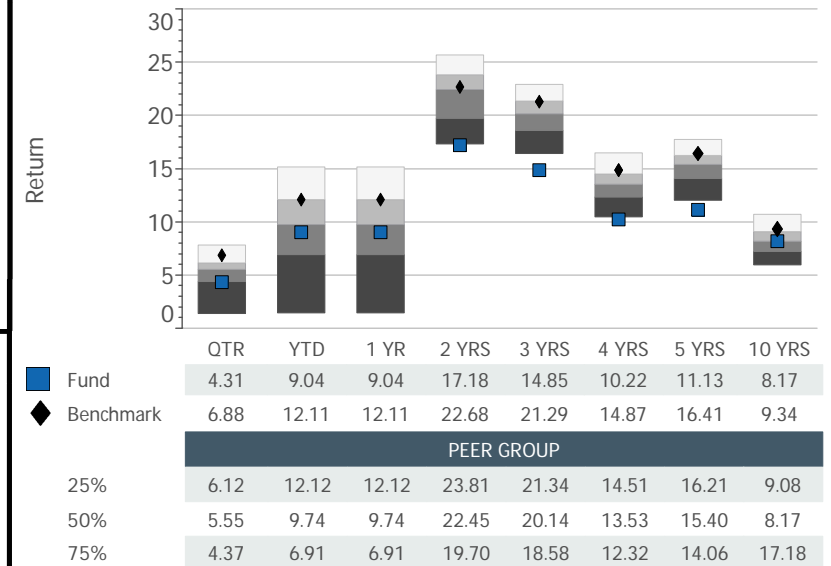
Facts

| | |
|------------------------------|-----------------------|
| HPA Benchmark: | S&P 400 Value TR IX |
| Return Data Inception: | 8/12/98 |
| Net Strategy Assets (\$M): | \$7,689 |
| Turnover Ratio: | 51% |
| Total Holdings: | 93 |
| Percent of Assets in Top 10: | 20.74% |
| Expense Ratio: | 0.73% |
| 5 Year Morningstar Rating: | 1 stars |
| Manager: | Thomas Perkins |
| Manager Started: | 8/12/98 |
| Mgmt Company: | Janus Investment Fund |
| Phone Number: | 877-335-2687 |

Style Matrix



Trailing Period Returns



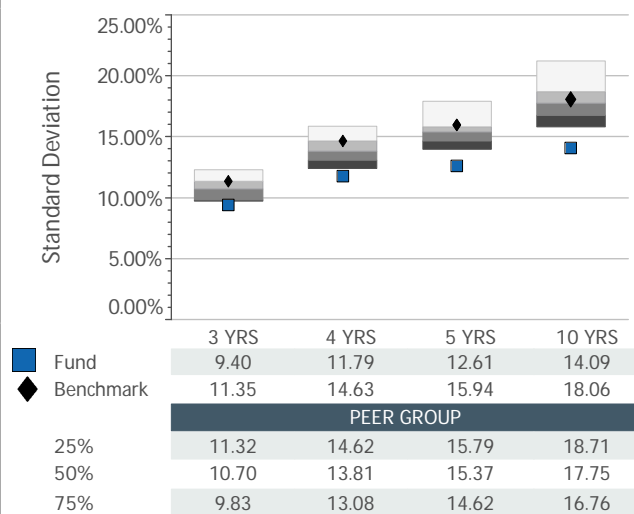
Strategy

The investment seeks capital appreciation. The fund primarily invests in the common stocks of mid-sized companies whose stock prices the portfolio managers believe to be undervalued. It invests at least 80% of its net assets in equity securities of companies whose market capitalization falls, at the time of purchase, within the 12-month average of the capitalization range of the Russell Midcap® Value Index. This average is updated monthly. The fund may invest, under normal circumstances, up to 20% of its net assets in securities of companies having market capitalizations outside of the aforementioned market capitalization ranges.

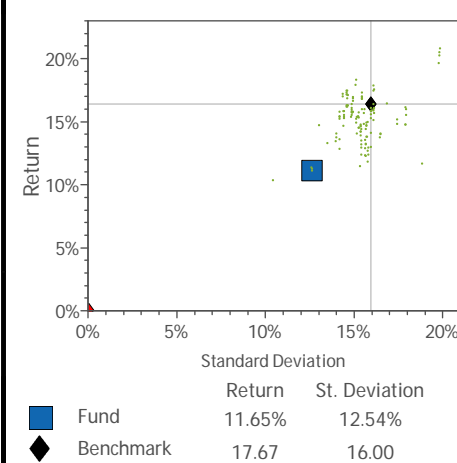
Legend

- Perkins Mid Cap Value T
- ◆ S&P 400 Value TR IX
- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Universe: Mid-Cap Value
- ◆ Cash Equivalent

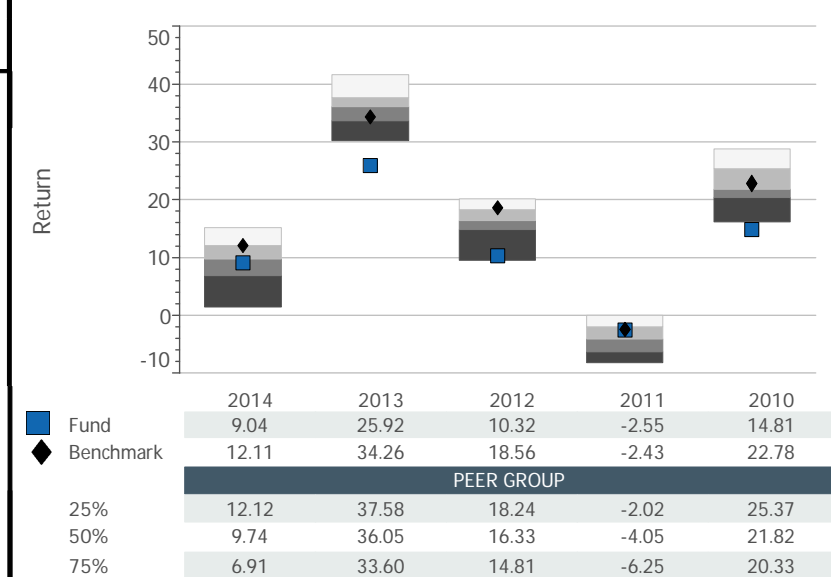
Standard Deviation



Risk vs. Return



Calendar Year Returns



Perkins Mid Cap Value T (JMCVX)

Fund Information

| | |
|-----------------------|--------------------|
| Morningstar Category | Mid-Cap Value |
| Prospectus Objective | Growth |
| Net Assets All Shares | \$7,688.62 million |
| NAV Price | \$20.05 |
| Primary Index | S&P 500 TR USD |

Portfolio Characteristics

| | |
|--------------------|--------------------|
| Inception Date | August 12, 1998 |
| Portfolio Date | September 30, 2014 |
| Distribution Yield | 2.72% |
| Number Of Holdings | 93 |
| Turnover Ratio | 51% |

Sector Allocation (%)

| | |
|--------------------------------|---------------|
| CYCLICAL SECTORS TOTAL | 37.55% |
| Basic Materials | 2.61 |
| Consumer Cyclical | 6.02 |
| Financial Services | 20.53 |
| Real Estate | 8.39 |
| SENSITIVE SECTORS TOTAL | 31.80 |
| Communication Services | 1.51 |
| Energy | 8.71 |
| Industrials | 14.30 |
| Technology | 7.28 |
| DEFENSIVE SECTORS TOTAL | 25.13 |
| Consumer Defensive | 9.16 |
| Healthcare | 9.86 |
| Utilities | 6.11 |

Asset Allocation (%)

| | |
|------------------|--------|
| Domestic Stock | 88.34% |
| Foreign Stock | 6.13 |
| Domestic Bond | 0.00 |
| Foreign Bond | 0.00 |
| Preferred Bond | 0.00 |
| Convertible Bond | 0.00 |
| Cash | 5.53 |
| Other | 0.00 |

Market Allocation (%)

| | |
|-------------------|--------|
| Developed Country | 94.47% |
| Emerging Market | 0.00 |
| Not Classified | 0.00 |

Regional Allocation (%)

| | |
|----------------|--------|
| Americas | 92.20% |
| Greater Europe | 2.27 |
| Greater Asia | 0.00 |

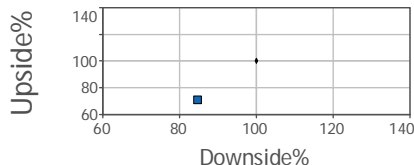
Capitalization

| | |
|-----------------------|-------------|
| Market Capitalization | \$10,984.84 |
| Giant Cap | 2.62% |
| Large Cap | 33.19 |
| Medium Cap | 48.21 |
| Small Cap | 10.45 |
| Micro Cap | 0.00 |

Top 10 Holdings

| | |
|--------------------------------|--------|
| Republic Services Inc Class A | 2.50% |
| PPL Corp | 2.47 |
| Alliant Energy Corp | 2.19 |
| Allstate Corp | 2.07 |
| Plains GP Holdings LP Class A | 2.06 |
| Casey's General Stores Inc | 1.99 |
| Torchmark Corp | 1.97 |
| Marsh & McLennan Companies Inc | 1.87 |
| Stryker Corporation | 1.85 |
| Canadian Pacific Railway Ltd | 1.77 |
| Top 10 Holding Weighting | 20.74% |

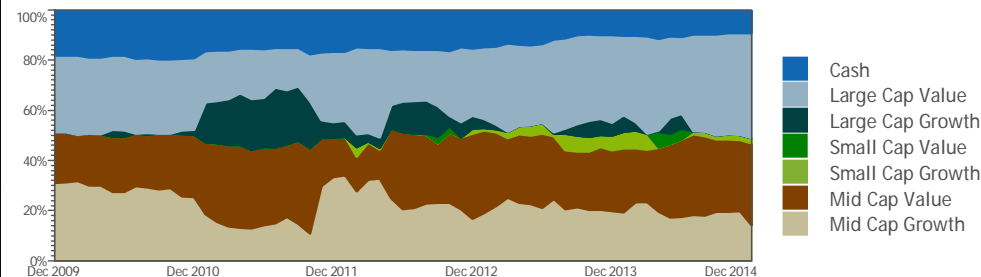
Upside Downside



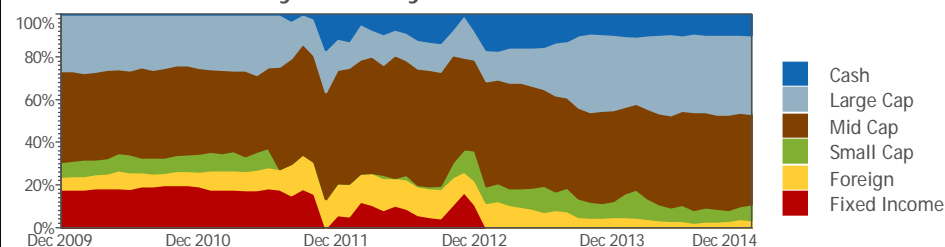
Peak to Trough

The worst peak-to-trough performance of the fund has been minus 40.06% and occurred over a 21 month period of time starting June 2007. The fund recouped this loss over 22 months by December 2010.

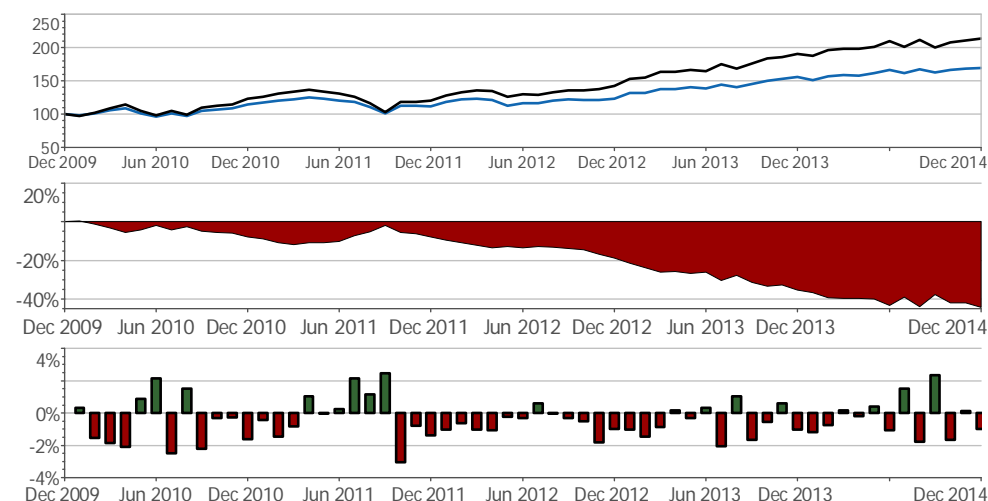
Returns-Based Style Analysis: Stock Style



Returns-Based Style Analysis: Asset Allocation



Performance, Cumulative Excess Return, Excess Return

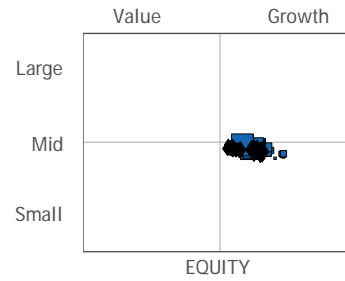


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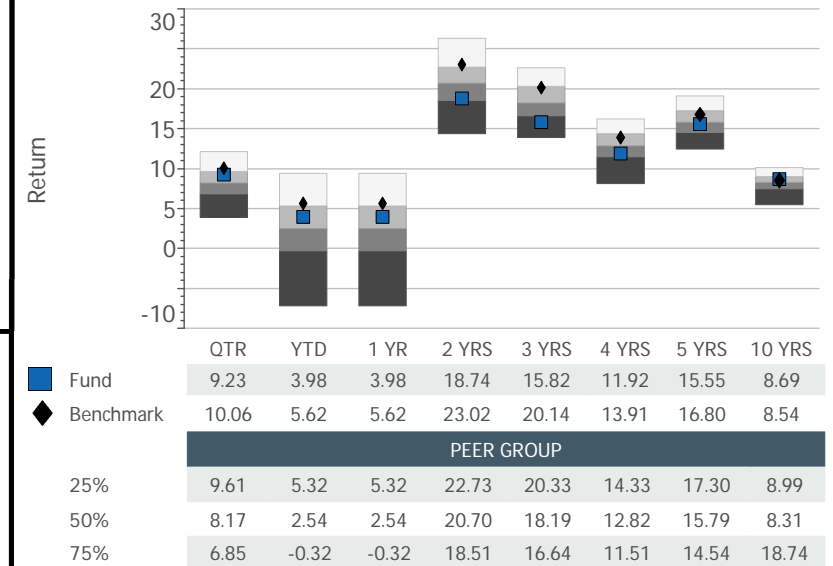
Facts

| | |
|------------------------------|--------------------------|
| HPA Benchmark: | Russell 2000 Gro TR IX |
| Return Data Inception: | 2/28/05 |
| Net Strategy Assets (\$M): | \$336 |
| Turnover Ratio: | 32% |
| Total Holdings: | 89 |
| Percent of Assets in Top 10: | 15.68% |
| Expense Ratio: | 1.21% |
| 5 Year Morningstar Rating: | 3 stars |
| Manager: | David Nicholas |
| Manager Started: | 3/31/93 |
| Mgmt Company: | Nicholas Ltd Edition Inc |
| Phone Number: | 800-544-6547 |

Style Matrix



Trailing Period Returns



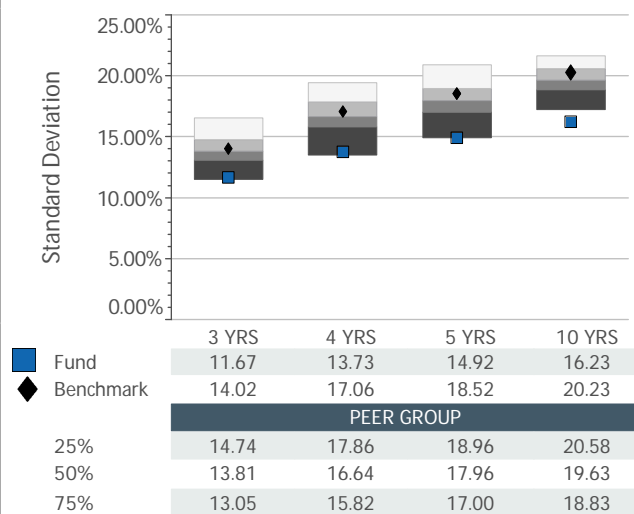
Strategy

The investment seeks to increase the value of the investment over the long-term. The fund primarily invests in common stocks of domestic corporations with small- and medium-sized market capitalization believed to have growth potential. It believes a company's annual sales volume and market capitalization are the factors most illustrative of a company's size. The fund generally considers companies with market capitalization up to \$2 billion as "small", between \$2 billion and \$10 billion as "medium," and greater than \$10 billion as "large."

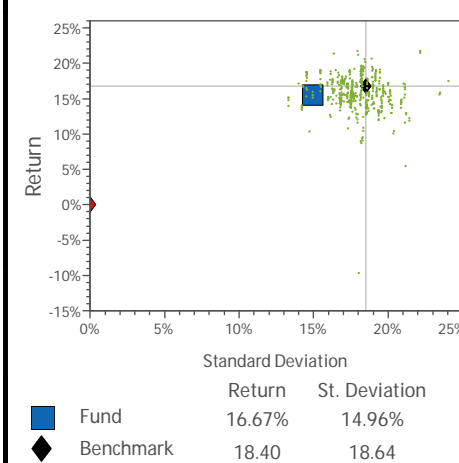
Legend

- Nicholas Limited Edition N
- ◆ Russell 2000 Gro TR IX
- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Universe: Small-Cap Growth
- ◆ Cash Equivalent

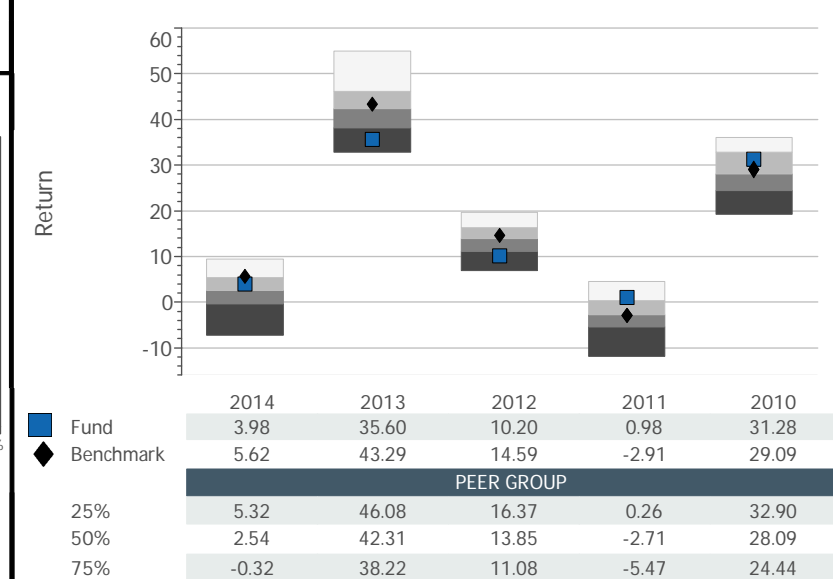
Standard Deviation



Risk vs. Return



Calendar Year Returns



Nicholas Limited Edition N (NNLEX)

Fund Information

| | |
|-----------------------|------------------|
| Morningstar Category | Small Growth |
| Prospectus Objective | Growth |
| Net Assets All Shares | \$335.54 million |
| NAV Price | \$24.66 |
| Primary Index | S&P 500 TR USD |

Portfolio Characteristics

| | |
|--------------------|--------------------|
| Inception Date | February 28, 2005 |
| Portfolio Date | September 30, 2014 |
| Distribution Yield | 0.00% |
| Number Of Holdings | 89 |
| Turnover Ratio | 32% |

Sector Allocation (%)

| | |
|--------------------------------|---------------|
| CYCLICAL SECTORS TOTAL | 30.80% |
| Basic Materials | 2.34 |
| Consumer Cyclical | 20.23 |
| Financial Services | 7.39 |
| Real Estate | 0.84 |
| SENSITIVE SECTORS TOTAL | 44.31 |
| Communication Services | 0.00 |
| Energy | 5.19 |
| Industrials | 26.05 |
| Technology | 13.07 |
| DEFENSIVE SECTORS TOTAL | 18.18 |
| Consumer Defensive | 3.40 |
| Healthcare | 14.78 |
| Utilities | 0.00 |

Asset Allocation (%)

| | |
|------------------|--------|
| Domestic Stock | 89.41% |
| Foreign Stock | 3.87 |
| Domestic Bond | 0.00 |
| Foreign Bond | 0.00 |
| Preferred Bond | 0.00 |
| Convertible Bond | 0.00 |
| Cash | 6.72 |
| Other | 0.00 |

Market Allocation (%)

| | |
|-------------------|--------|
| Developed Country | 92.45% |
| Emerging Market | 0.83 |
| Not Classified | 0.00 |

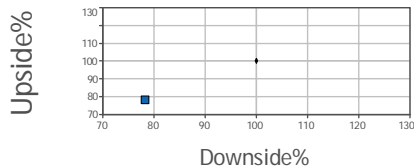
Regional Allocation (%)

| | |
|----------------|--------|
| Americas | 91.36% |
| Greater Europe | 0.97 |
| Greater Asia | 0.95 |

Capitalization

| | |
|-----------------------|------------|
| Market Capitalization | \$2,228.42 |
| Giant Cap | 0.00% |
| Large Cap | 0.00 |
| Medium Cap | 29.30 |
| Small Cap | 44.78 |
| Micro Cap | 19.20 |

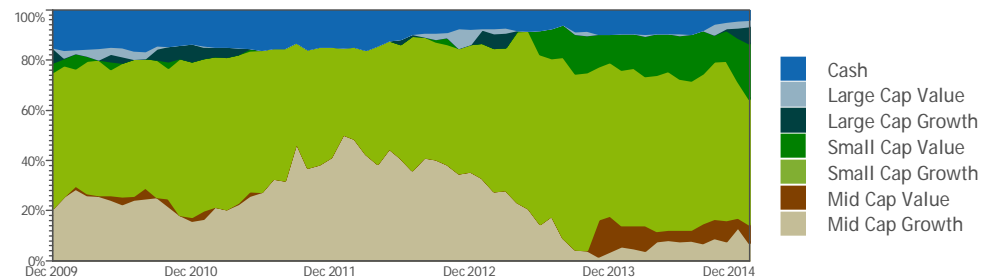
Upside Downside



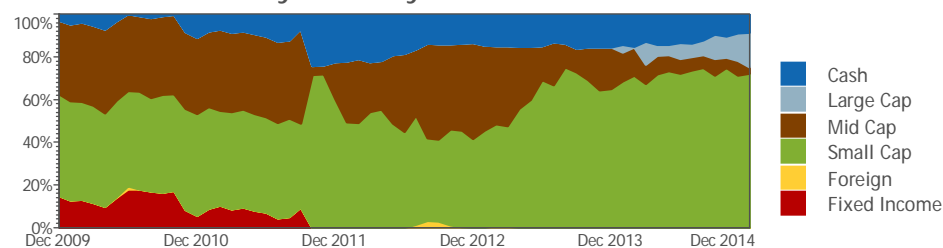
Peak to Trough

The worst peak-to-trough performance of the fund has been minus 43.88% and occurred over a 16 month period of time starting November 2007. The fund recouped this loss over 21 months by November 2010.

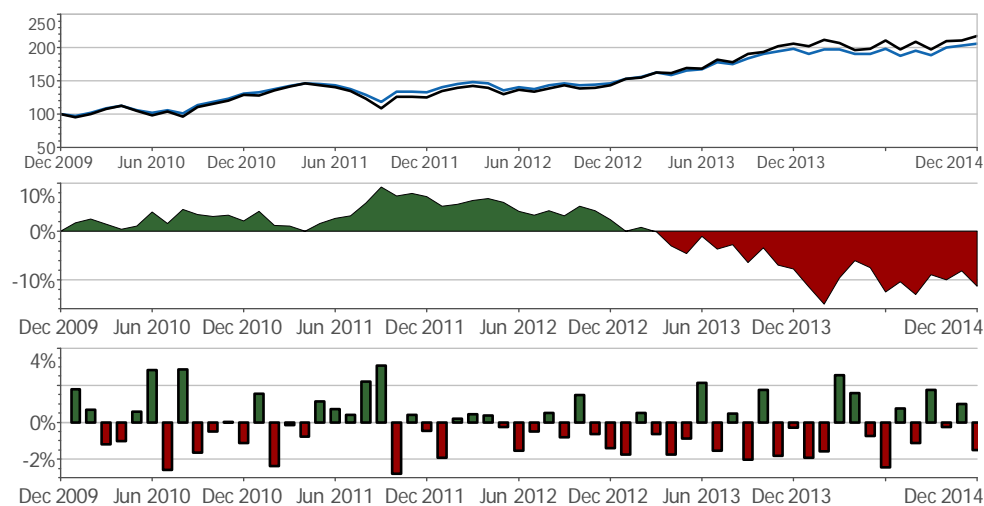
Returns-Based Style Analysis: Stock Style



Returns-Based Style Analysis: Asset Allocation



Performance, Cumulative Excess Return, Excess Return

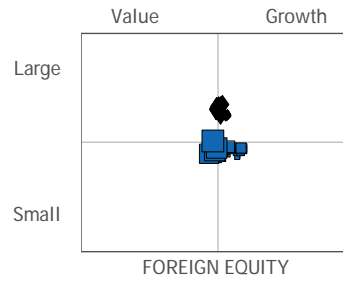


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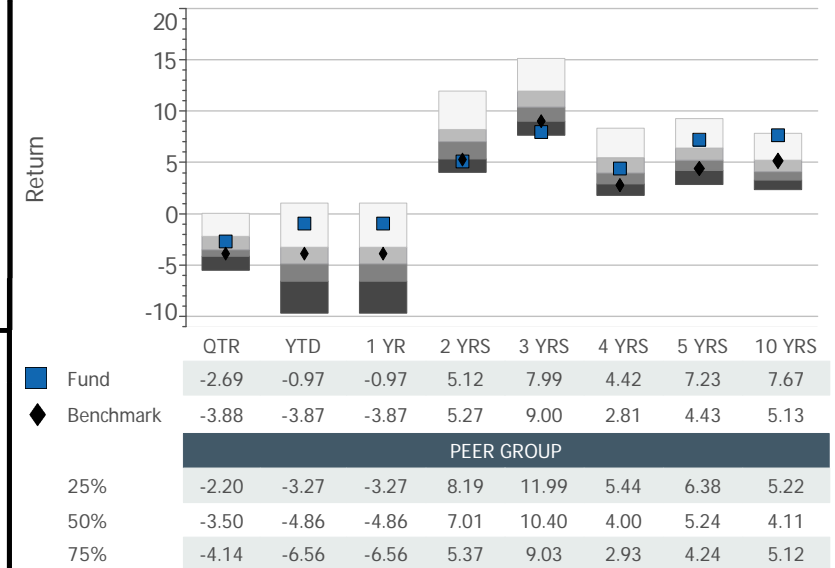
Facts

| | |
|-------------------------------|--------------------------|
| HPA Benchmark: | MSCI AC Wrld Ex US ND IX |
| Return Data Inception: | 8/31/93 |
| Net Strategy Assets (\$M): | \$13,832 |
| Turnover Ratio: | 12% |
| Total Holdings: | 162 |
| Percent of Assets in Top 10 : | 21.18% |
| Expense Ratio: | 1.15% |
| 5 Year Morningstar Rating: | 4 stars |
| Manager: | Matthew McLennan |
| Manager Started: | 9/12/08 |
| Mgmt Company: | First Eagle Fund |
| Phone Number: | 800-334-2143 |

Style Matrix



Trailing Period Returns



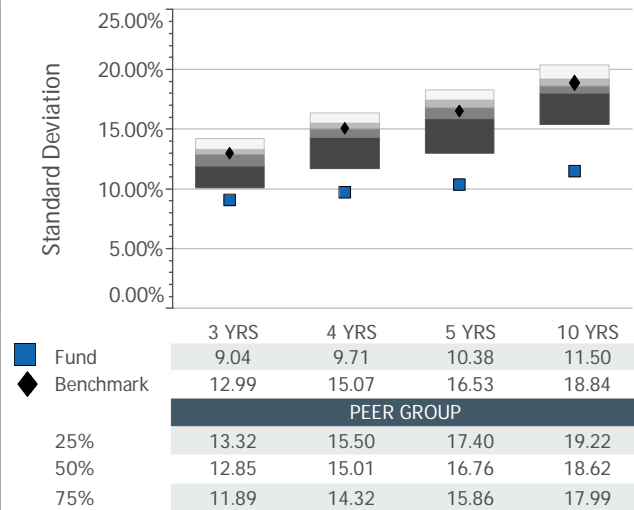
Strategy

The investment seeks long-term growth of capital through investments primarily in equities issued by non-U.S. corporations. The fund will invest primarily in equity securities of companies traded in mature markets (for example, Japan, Germany and France) and may invest in countries whose economies are still developing. Normally, the fund invests at least 80% of its total assets in foreign securities (and "counts" relevant derivative positions towards this "80% of assets" allocation, and in doing so, values each position at the price at which it is held on the fund's books). It also may invest up to 20% of its total assets in debt instruments.

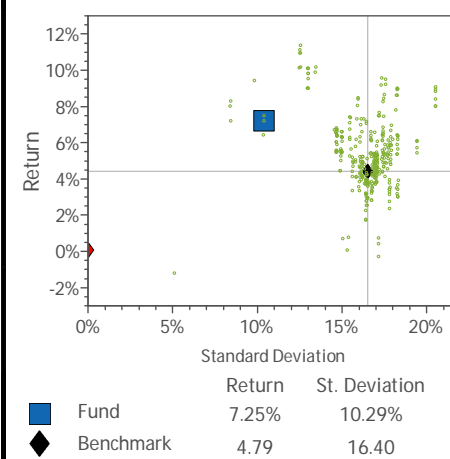
Legend

- First Eagle Overseas A
- ◆ MSCI AC Wrld Ex US ND IX
- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Universe: Intl Multi-Cap Core
- ◆ Cash Equivalent

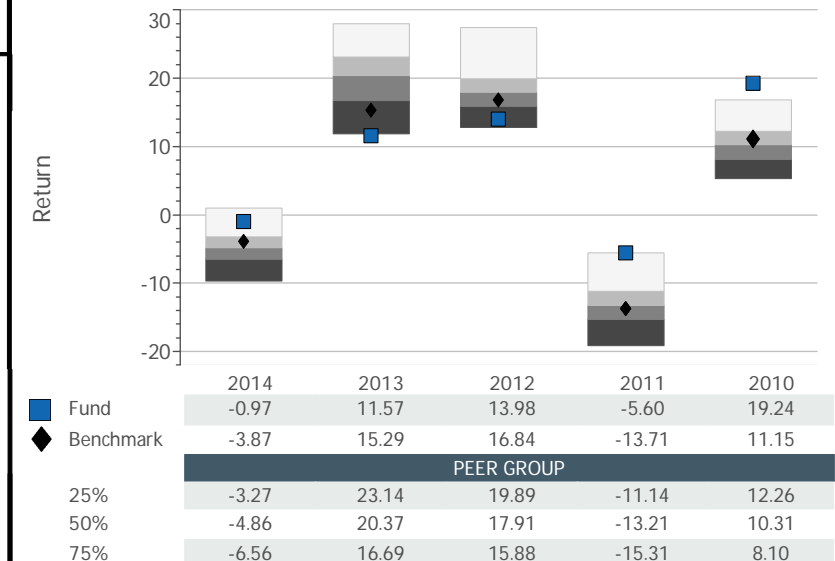
Standard Deviation



Risk vs. Return



Calendar Year Returns



First Eagle Overseas A (SGOVX)

Fund Information

| | |
|-----------------------|-------------------------|
| Morningstar Category | Foreign Large Blend |
| Prospectus Objective | Foreign Stock |
| Net Assets All Shares | \$13,831.76 million |
| NAV Price | \$21.77 |
| Primary Index | MSCI ACWI Ex USA NR USD |

Portfolio Characteristics

| | |
|--------------------|------------------|
| Inception Date | August 31, 1993 |
| Portfolio Date | October 31, 2014 |
| Distribution Yield | 1.03% |
| Number Of Holdings | 162 |
| Turnover Ratio | 12% |

Sector Allocation (%)

| | |
|--------------------------------|---------------|
| CYCLICAL SECTORS TOTAL | 28.26% |
| Basic Materials | 10.66 |
| Consumer Cyclical | 9.04 |
| Financial Services | 6.48 |
| Real Estate | 2.08 |
| SENSITIVE SECTORS TOTAL | 28.16 |
| Communication Services | 3.51 |
| Energy | 5.19 |
| Industrials | 14.38 |
| Technology | 5.08 |
| DEFENSIVE SECTORS TOTAL | 15.44 |
| Consumer Defensive | 10.37 |
| Healthcare | 5.07 |
| Utilities | 0.00 |

Asset Allocation (%)

| | |
|------------------|-------|
| Domestic Stock | 0.51% |
| Foreign Stock | 71.75 |
| Domestic Bond | 0.00 |
| Foreign Bond | 0.71 |
| Preferred Bond | 0.00 |
| Convertible Bond | 0.00 |
| Cash | 19.79 |
| Other | 7.24 |

Market Allocation (%)

| | |
|-------------------|--------|
| Developed Country | 67.00% |
| Emerging Market | 5.26 |
| Not Classified | 0.00 |

Top 10 Countries

| | |
|--------------------------|--------|
| Japan | 23.18% |
| France | 11.29 |
| Canada | 5.71 |
| United Kingdom | 4.80 |
| Germany | 3.55 |
| Switzerland | 3.06 |
| Hong Kong | 2.94 |
| South Korea | 2.74 |
| Mexico | 2.60 |
| Singapore | 2.27 |
| Top 10 Country Weighting | 62.14% |

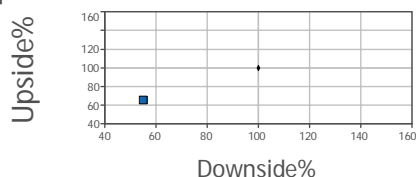
Regional Allocation (%)

| | |
|----------------|-------|
| Americas | 9.21% |
| Greater Europe | 29.24 |
| Greater Asia | 33.17 |

Capitalization

| | |
|-----------------------|------------|
| Market Capitalization | \$12,307.5 |
| Giant Cap | 23.56% |
| Large Cap | 28.57 |
| Medium Cap | 14.09 |
| Small Cap | 4.13 |
| Micro Cap | 0.47 |

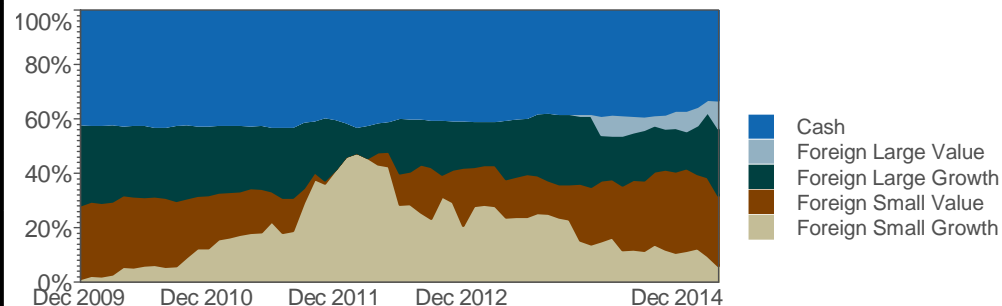
Upside Downside



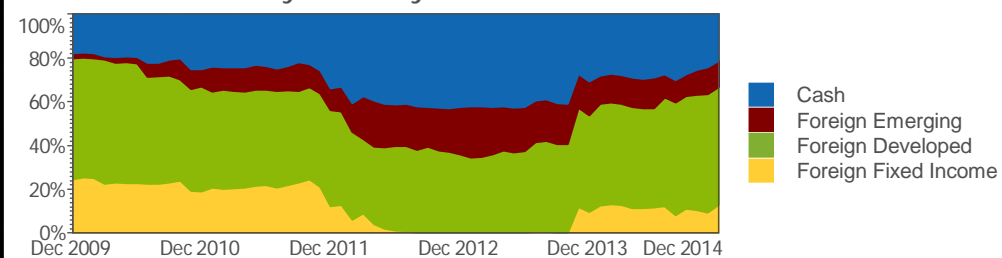
Peak to Trough

The worst peak-to-trough performance of the fund has been minus 32.13% and occurred over a 16 month period of time starting November 2007. The fund recouped this loss over 19 months by September 2010.

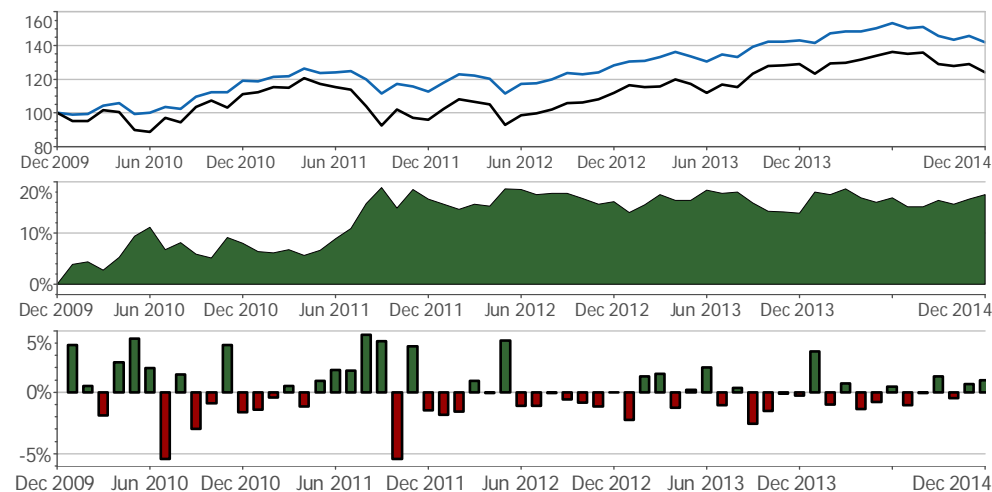
Returns-Based Style Analysis: Foreign Stock Style



Returns-Based Style Analysis: Asset Allocation



Performance, Cumulative Excess Return, Excess Return

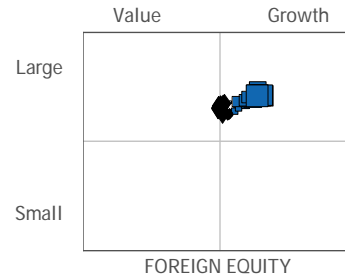


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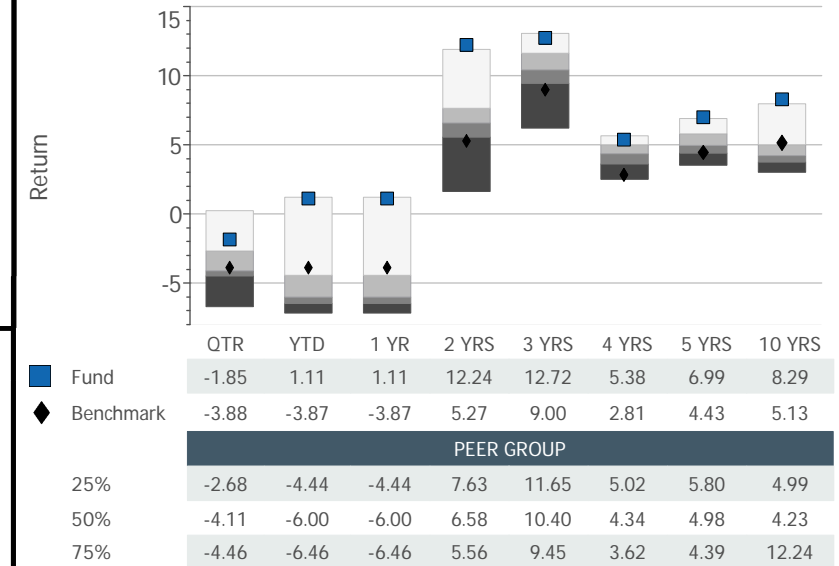
Facts

| | |
|------------------------------|--------------------------|
| HPA Benchmark: | MSCI AC Wrld Ex US ND IX |
| Return Data Inception: | 7/24/03 |
| Net Strategy Assets (\$M): | \$2,706 |
| Turnover Ratio: | 87% |
| Total Holdings: | 80 |
| Percent of Assets in Top 10: | 22.85% |
| Expense Ratio: | 1.29% |
| 5 Year Morningstar Rating: | 4 stars |
| Manager: | John Maxwell |
| Manager Started: | 2/17/06 |
| Mgmt Company: | Ivy Funds |
| Phone Number: | 800-777-6472 |

Style Matrix



Trailing Period Returns



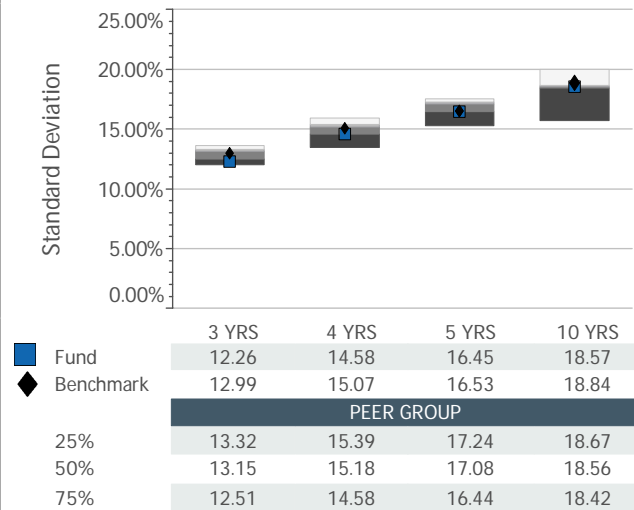
Strategy

The investment seeks to provide capital growth and appreciation. The fund invests, under normal circumstances, at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities principally traded largely in developed European and Asian/Pacific Basin markets. In seeking to enhance potential return, the fund also may invest in issuers located or doing business in emerging market countries.

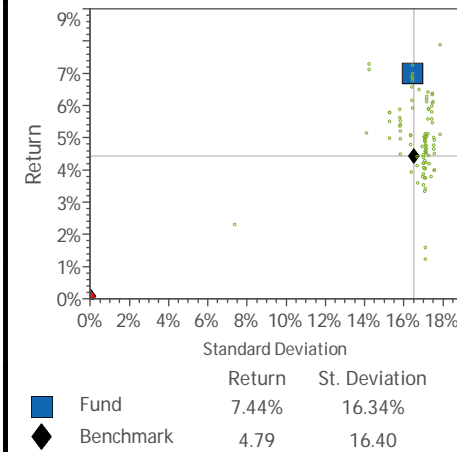
Legend

- Ivy International Core Equity Y
- ◆ MSCI AC Wrld Ex US ND IX
- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Universe: Intl Large-Cap Core
- ◆ Cash Equivalent

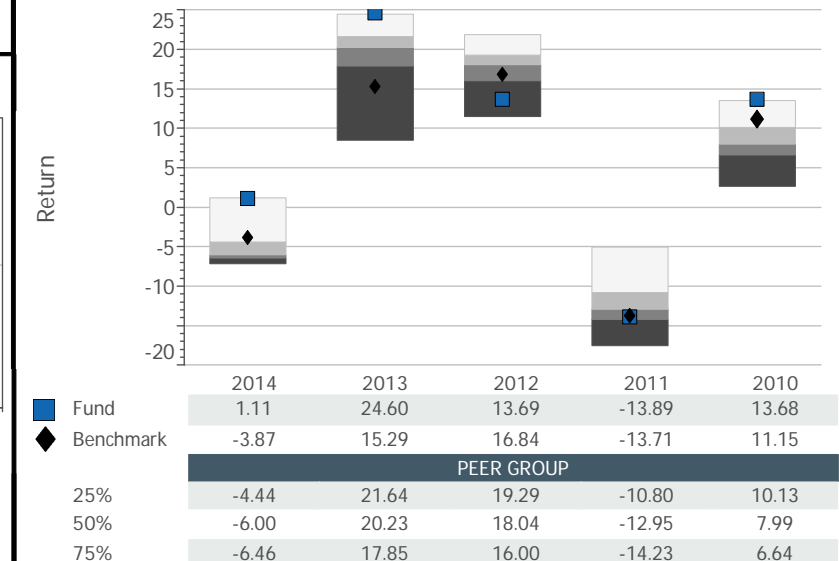
Standard Deviation



Risk vs. Return



Calendar Year Returns



Ivy International Core Equity Y (IVVYX)

Fund Information

| | |
|-----------------------|-------------------------|
| Morningstar Category | Foreign Large Blend |
| Prospectus Objective | Foreign Stock |
| Net Assets All Shares | \$2,705.95 million |
| NAV Price | \$17.11 |
| Primary Index | MSCI ACWI Ex USA NR USD |

Portfolio Characteristics

| | |
|--------------------|--------------------|
| Inception Date | July 24, 2003 |
| Portfolio Date | September 30, 2014 |
| Distribution Yield | 1.32% |
| Number Of Holdings | 80 |
| Turnover Ratio | 87% |

Sector Allocation (%)

| | |
|--------------------------------|---------------|
| CYCLICAL SECTORS TOTAL | 30.91% |
| Basic Materials | 3.30 |
| Consumer Cyclical | 10.75 |
| Financial Services | 15.76 |
| Real Estate | 1.10 |
| SENSITIVE SECTORS TOTAL | 39.24 |
| Communication Services | 5.63 |
| Energy | 8.91 |
| Industrials | 13.33 |
| Technology | 11.37 |
| DEFENSIVE SECTORS TOTAL | 21.76 |
| Consumer Defensive | 10.71 |
| Healthcare | 9.43 |
| Utilities | 1.62 |

Asset Allocation (%)

| | |
|------------------|-------|
| Domestic Stock | 3.44% |
| Foreign Stock | 89.99 |
| Domestic Bond | 0.17 |
| Foreign Bond | 0.00 |
| Preferred Bond | 2.09 |
| Convertible Bond | 0.00 |
| Cash | 2.50 |
| Other | 1.81 |

Market Allocation (%)

| | |
|-------------------|--------|
| Developed Country | 86.86% |
| Emerging Market | 6.56 |
| Not Classified | 0.00 |

Top 10 Countries

| | |
|--------------------------|--------|
| United Kingdom | 21.23% |
| Japan | 15.68 |
| France | 14.13 |
| Germany | 5.45 |
| Sweden | 4.68 |
| Switzerland | 4.39 |
| Australia | 3.98 |
| Spain | 3.71 |
| United States | 3.61 |
| China | 2.91 |
| Top 10 Country Weighting | 79.77% |

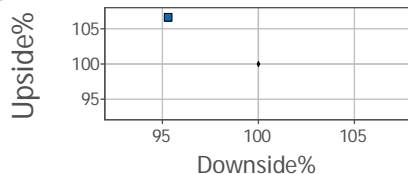
Regional Allocation (%)

| | |
|----------------|-------|
| Americas | 7.10% |
| Greater Europe | 60.15 |
| Greater Asia | 26.19 |

Capitalization

| | |
|-----------------------|-------------|
| Market Capitalization | \$31,814.65 |
| Giant Cap | 47.05% |
| Large Cap | 40.49 |
| Medium Cap | 5.89 |
| Small Cap | 0.00 |
| Micro Cap | 0.00 |

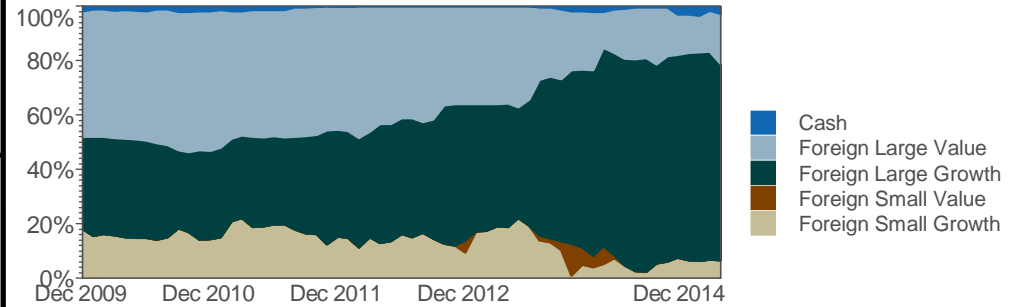
Upside Downside



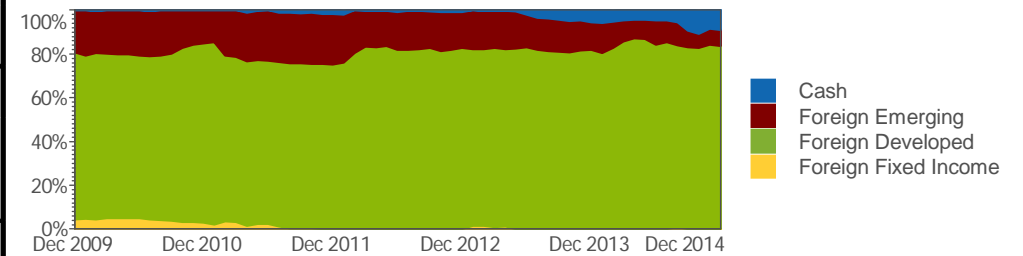
Peak to Trough

The worst peak-to-trough performance of the fund has been minus 53.07% and occurred over a 16 month period of time starting November 2007. The fund recouped this loss over 55 months by September 2013.

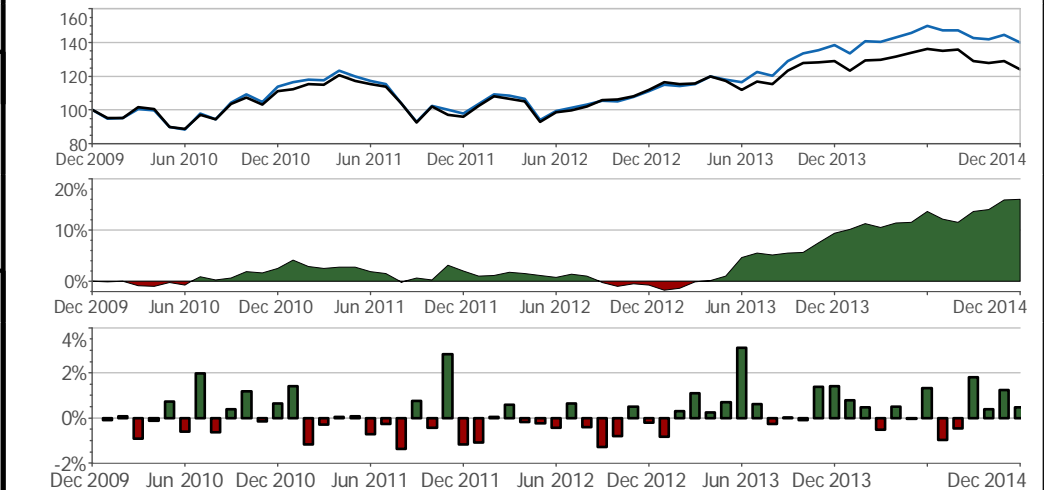
Returns-Based Style Analysis: Foreign Stock Style



Returns-Based Style Analysis: Asset Allocation



Performance, Cumulative Excess Return, Excess Return

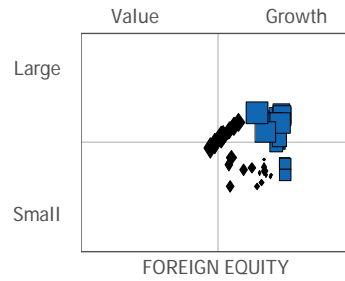


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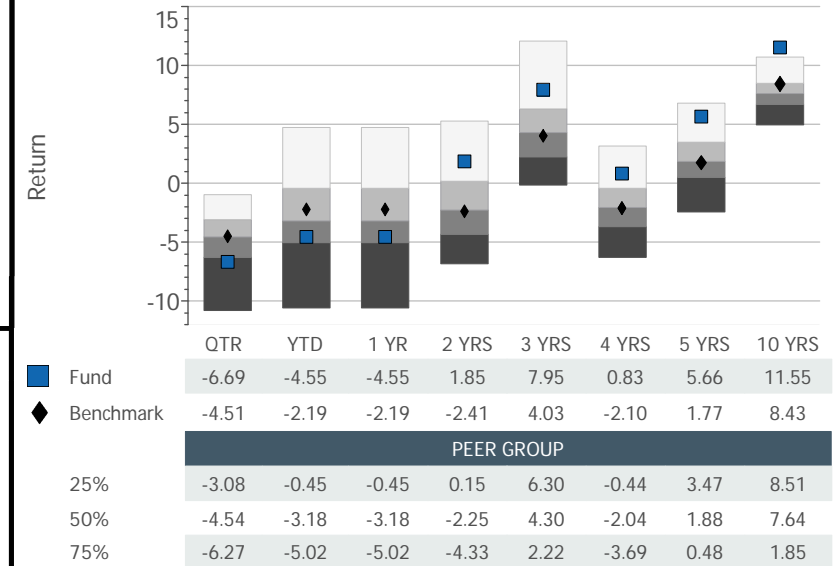
Facts

| | |
|-------------------------------|-------------------------------------|
| HPA Benchmark: | MSCI Emerging Mkt ND IX |
| Return Data Inception: | 9/7/05 |
| Net Strategy Assets (\$M): | \$39,070 |
| Turnover Ratio: | 26% |
| Total Holdings: | 121 |
| Percent of Assets in Top 10 : | 24.52% |
| Expense Ratio: | 1.03% |
| 5 Year Morningstar Rating: | 5 stars |
| Manager: | Justin Leverenz |
| Manager Started: | 5/1/07 |
| Mgmt Company: | Oppenheimer Developing Markets Fund |
| Phone Number: | 800-225-5677 |

Style Matrix



Trailing Period Returns



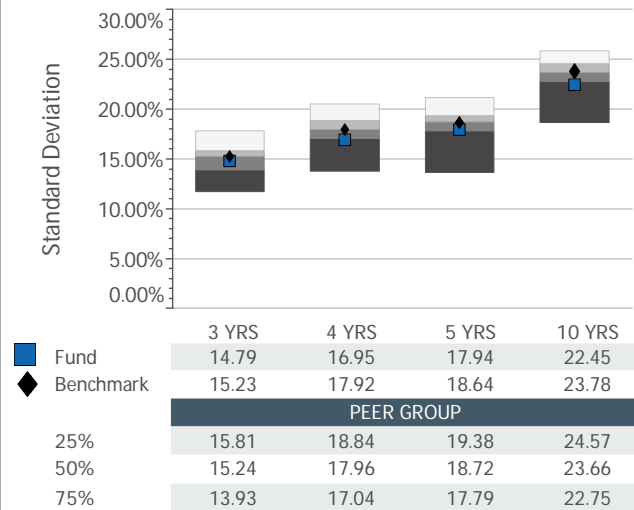
Strategy

The investment seeks capital appreciation. The fund mainly invests in common stocks of issuers in developing and emerging markets throughout the world and at times it may invest up to 100% of its total assets in foreign securities. Under normal market conditions, it will invest at least 80% of its net assets, plus borrowings for investment purposes, in equity securities of issuers whose principal activities are in a developing market, i.e. are in a developing market or are economically tied to a developing market country. The fund will invest in at least three developing markets.

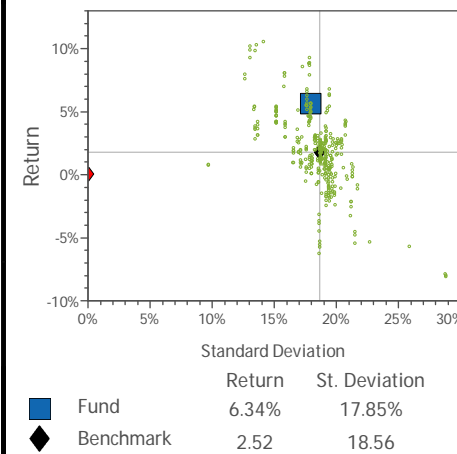
Legend

- Oppenheimer Developing Markets Y
- ◆ MSCI Emerging Mkt ND IX
- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Universe: Emerging Markets
- ◆ Cash Equivalent

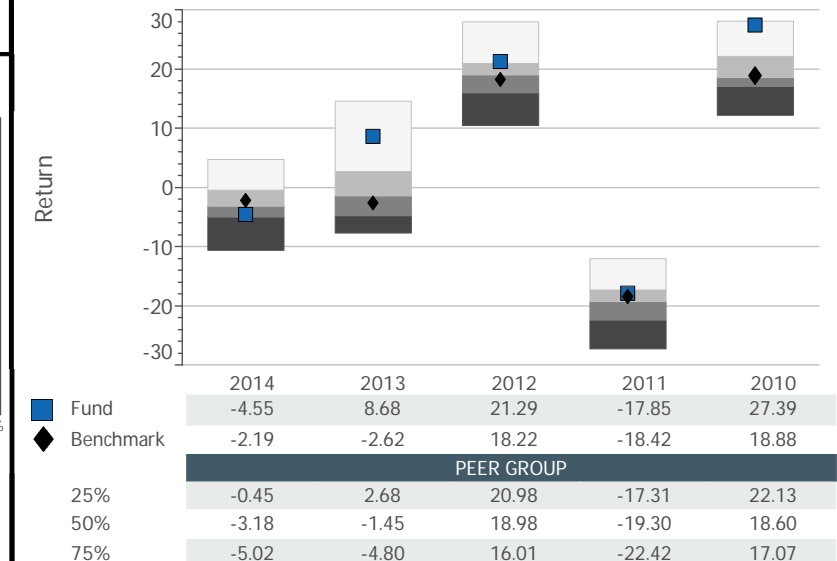
Standard Deviation



Risk vs. Return



Calendar Year Returns



Oppenheimer Developing Markets Y (ODVYX)

Fund Information

| | |
|-----------------------|------------------------------|
| Morningstar Category | Diversified Emerging Mkts |
| Prospectus Objective | Diversified Emerging Markets |
| Net Assets All Shares | \$39,070 million |
| NAV Price | \$35.06 |
| Primary Index | MSCI ACWI Ex USA NR USD |

Portfolio Characteristics

| | |
|--------------------|-------------------|
| Inception Date | September 7, 2005 |
| Portfolio Date | November 30, 2014 |
| Distribution Yield | 0.63% |
| Number Of Holdings | 121 |
| Turnover Ratio | 26% |

Sector Allocation (%)

| | |
|--------------------------------|---------------|
| CYCLICAL SECTORS TOTAL | 42.78% |
| Basic Materials | 5.30 |
| Consumer Cyclical | 16.03 |
| Financial Services | 18.46 |
| Real Estate | 2.99 |
| SENSITIVE SECTORS TOTAL | 29.20 |
| Communication Services | 3.56 |
| Energy | 6.03 |
| Industrials | 3.62 |
| Technology | 15.99 |
| DEFENSIVE SECTORS TOTAL | 20.29 |
| Consumer Defensive | 16.34 |
| Healthcare | 3.95 |
| Utilities | 0.00 |

Asset Allocation (%)

| | |
|------------------|-------|
| Domestic Stock | 0.00% |
| Foreign Stock | 92.27 |
| Domestic Bond | 0.00 |
| Foreign Bond | 0.00 |
| Preferred Bond | 1.98 |
| Convertible Bond | 0.00 |
| Cash | 5.75 |
| Other | 0.00 |

Market Allocation (%)

| | |
|-------------------|--------|
| Developed Country | 22.19% |
| Emerging Market | 70.09 |
| Not Classified | 0.00 |

Top 10 Countries

| | |
|--------------------------|--------|
| China | 15.15% |
| India | 14.83 |
| Brazil | 10.40 |
| Russia | 7.14 |
| Mexico | 6.59 |
| United Kingdom | 6.05 |
| Hong Kong | 4.60 |
| Turkey | 3.05 |
| France | 2.80 |
| Indonesia | 2.61 |
| Top 10 Country Weighting | 73.22% |

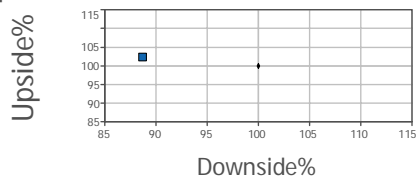
Regional Allocation (%)

| | |
|----------------|--------|
| Americas | 20.08% |
| Greater Europe | 17.81 |
| Greater Asia | 44.20 |

Capitalization

| | |
|-----------------------|-------------|
| Market Capitalization | \$21,530.05 |
| Giant Cap | 45.36% |
| Large Cap | 35.16 |
| Medium Cap | 10.17 |
| Small Cap | 0.26 |
| Micro Cap | 0.00 |

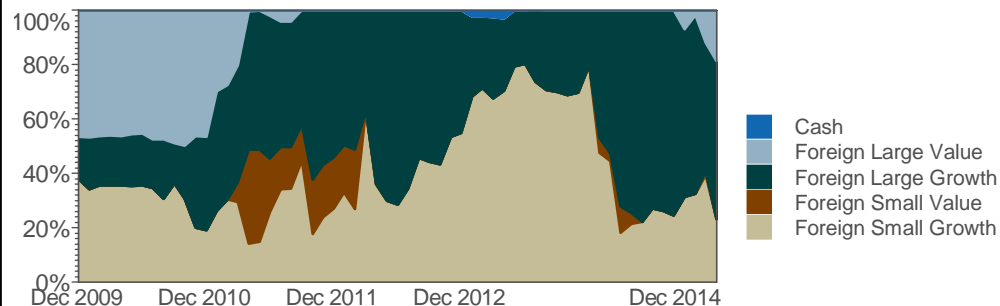
Upside Downside



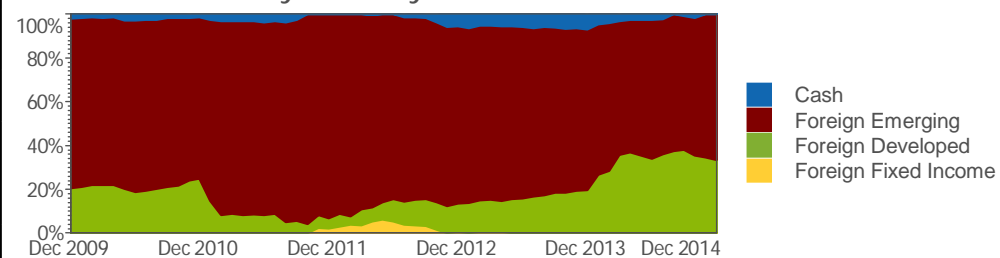
Peak to Trough

The worst peak-to-trough performance of the fund has been minus 57.19% and occurred over a 16 month period of time starting November 2007. The fund recouped this loss over 19 months by September 2010.

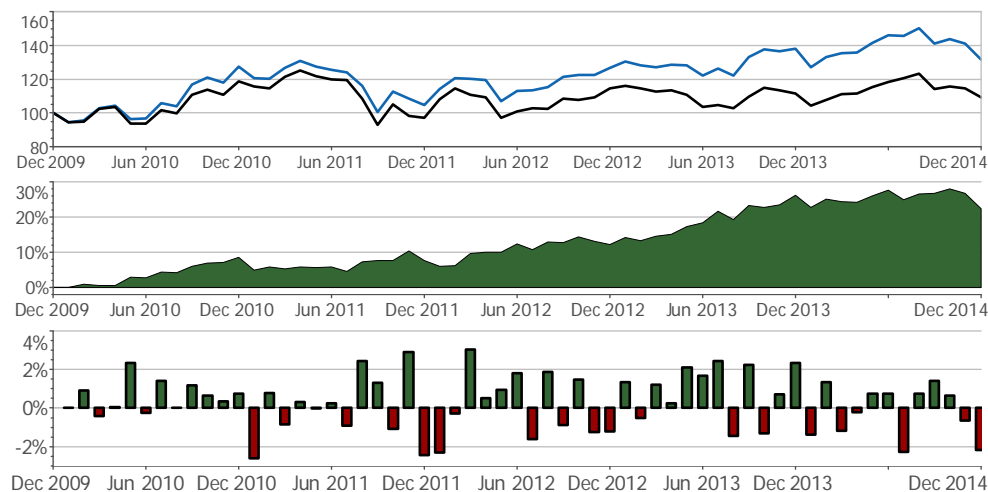
Returns-Based Style Analysis: Foreign Stock Style



Returns-Based Style Analysis: Asset Allocation



Performance, Cumulative Excess Return, Excess Return

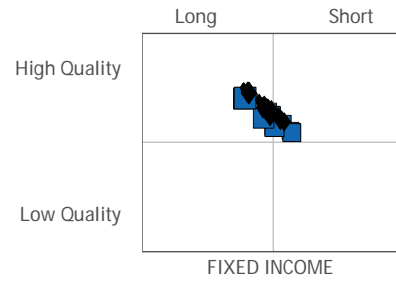


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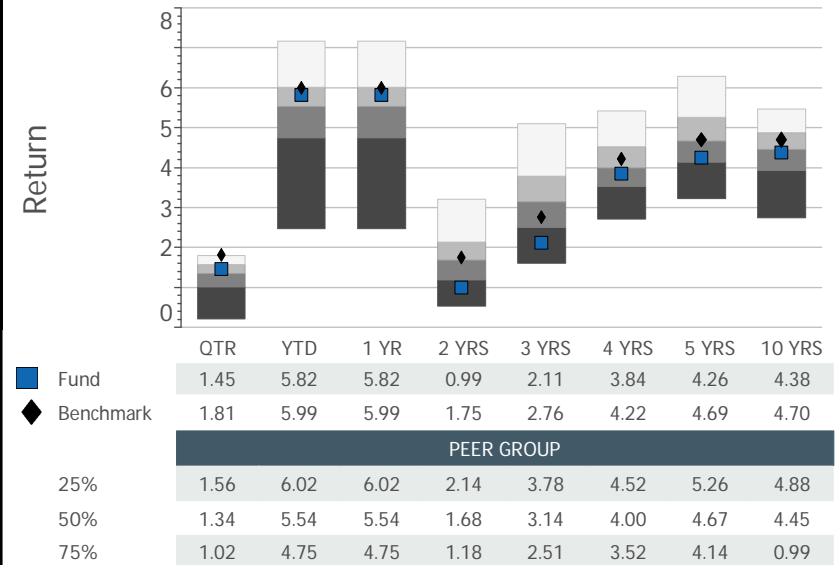
Facts

| | |
|------------------------------|-------------------------|
| HPA Benchmark: | Barclays US Gvt/Cr TRIX |
| Return Data Inception: | 10/11/04 |
| Net Strategy Assets (\$M): | \$1,099 |
| Turnover Ratio: | 217% |
| Total Holdings: | 547 |
| Percent of Assets in Top 10: | 35.66% |
| Expense Ratio: | 1.03% |
| 5 Year Morningstar Rating: | 2 stars |
| Manager: | Perry Troisi |
| Manager Started: | 1/25/02 |
| Mgmt Company: | RidgeWorth Funds |
| Phone Number: | 888-784-3863 |

Style Matrix



Trailing Period Returns



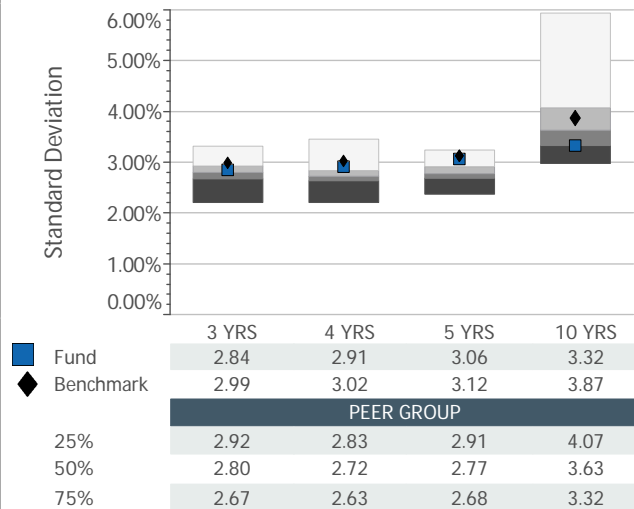
Strategy

The investment seeks total return that consistently exceeds the total return of the broad U.S. investment grade bond market. The fund invests in various types of income-producing debt securities including mortgage- and asset-backed securities, government and agency obligations, corporate obligations and floating rate loans. It normally invests at least 80% of its net assets (plus any borrowings for investment purposes) in fixed income securities. The fund may invest in debt obligations of U.S. and non-U.S. issuers, including emerging market debt. It may invest up to 20% of its net assets in below investment grade, high yield debt obligations.

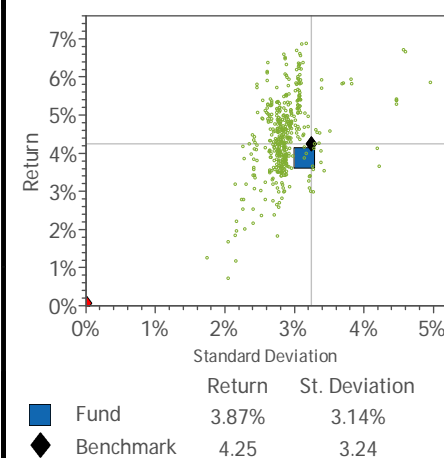
Legend

- RidgeWorth Total Return Bond R
- ◆ Barclays US Gvt/Cr TRIX
- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Universe: Core Bond
- ◆ Cash Equivalent

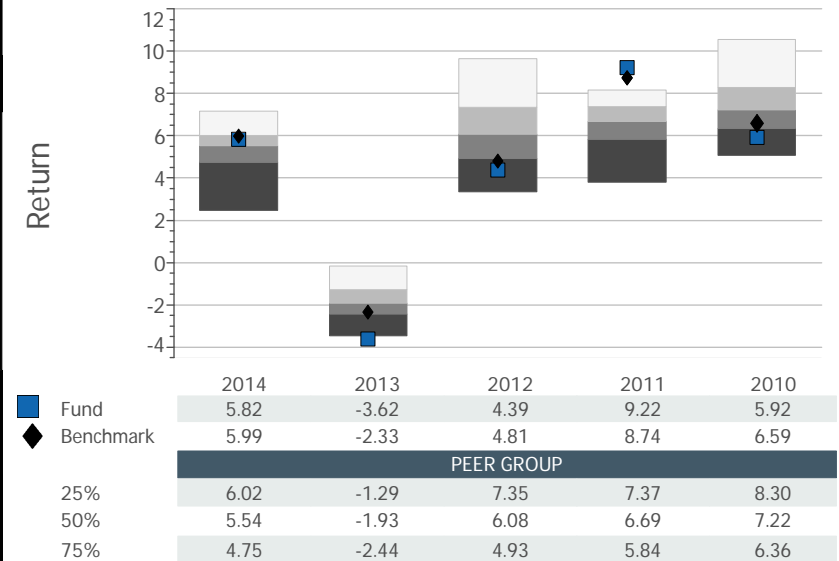
Standard Deviation



Risk vs. Return



Calendar Year Returns



RidgeWorth Total Return Bond R (SCBLX)

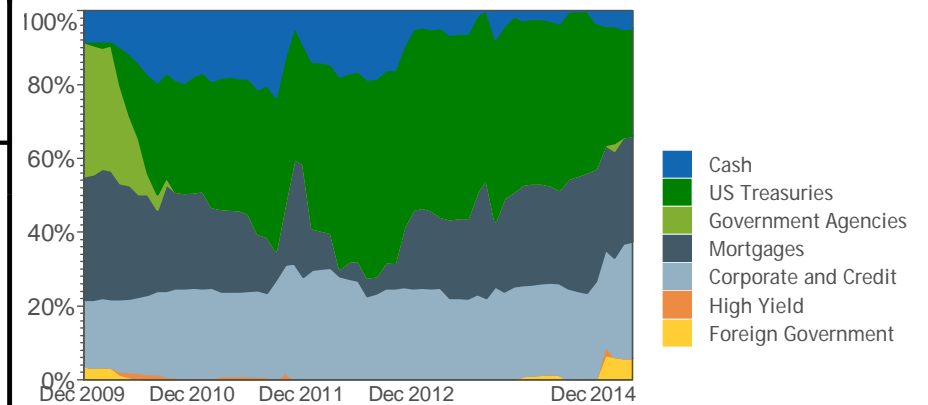
Fund Information

| | |
|-----------------------|-----------------------------|
| Morningstar Category | Intermediate-Term Bond |
| Prospectus Objective | Multisector Bond |
| Net Assets All Shares | \$1,098.82 million |
| NAV Price | \$10.65 |
| Primary Index | Barclays US Agg Bond TR USD |

Portfolio Characteristics

| | |
|--------------------|-------------------|
| Inception Date | October 11, 2004 |
| Portfolio Date | November 30, 2014 |
| Distribution Yield | 1.81% |
| Number Of Holdings | 547 |
| Turnover Ratio | 217% |

Returns-Based Style Analysis: Fixed Income Style



Bond Sector Allocation (%)

| | |
|--|--------|
| Government | 33.33% |
| Government Related | 0.00 |
| Municipal Taxable | 0.40 |
| Municipal Tax-Exempt | 0.00 |
| Bank Loan | 1.52 |
| Convertible | 0.00 |
| Corporate Bond | 19.31 |
| Preferred Stock | 0.00 |
| Agency Mortgage-Backed | 27.64 |
| Non-Agency Residential Mortgage-Backed | 2.38 |
| Commercial Mortgage-Backed | 2.46 |
| Covered Bond | 0.00 |
| Asset-Backed | 3.83 |
| Cash & Equivalents | 6.41 |
| Swap | 0.00 |
| Future/Forward | 0.00 |
| Option/Warrant | 0.00 |

Asset Allocation (%)

| | |
|------------------|-------|
| Domestic Stock | 0.00% |
| Foreign Stock | 0.00 |
| Domestic Bond | 86.41 |
| Foreign Bond | 4.45 |
| Preferred Bond | 0.00 |
| Convertible Bond | 0.00 |
| Cash | 6.41 |
| Other | 2.73 |

Portfolio Statistics

| | |
|--------------------|-------|
| Effective Duration | 5.61 |
| Average Coupon | 3.05% |
| Effective Maturity | 7.88 |

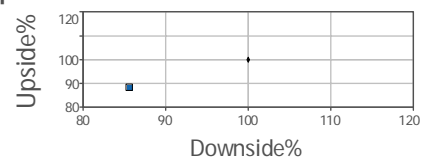
Top 10 Countries (%)

| | |
|--------------------------|--------|
| United States | 84.97% |
| Switzerland | 0.73 |
| Australia | 0.65 |
| United Kingdom | 0.41 |
| Bermuda | 0.37 |
| Brazil | 0.36 |
| British Virgin Islands | 0.32 |
| Indonesia | 0.31 |
| Ireland | 0.29 |
| Japan | 0.21 |
| Top 10 Country Weighting | 88.62% |

Credit Quality (%)

| | |
|-----------|--------|
| AAA | 68.64% |
| AA | 4.46 |
| A | 8.45 |
| BBB | 12.37 |
| BB | 2.95 |
| B | 3.05 |
| Below B | 0.19 |
| Not Rated | -0.11 |

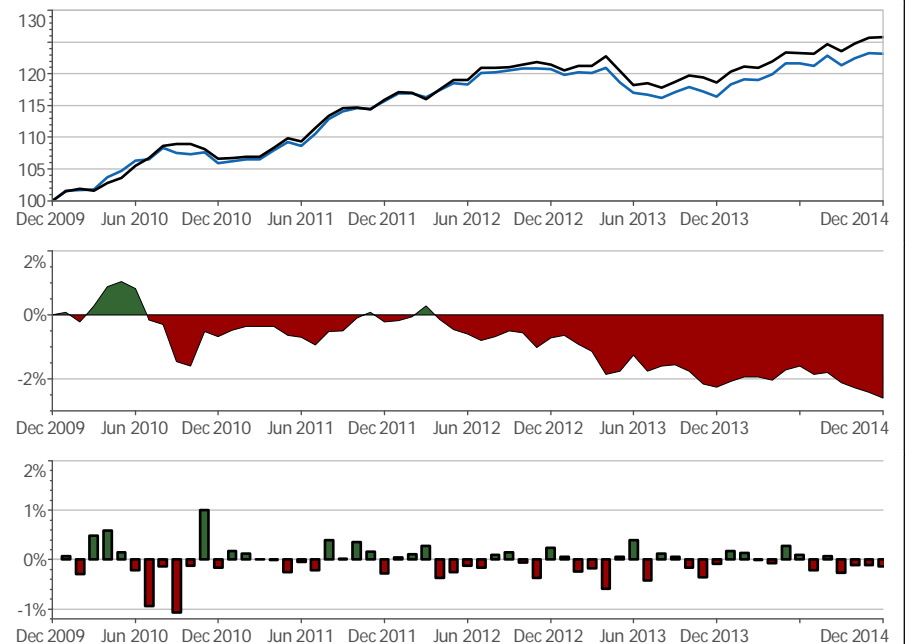
Upside Downside



Peak to Trough

The worst peak-to-trough performance of the fund has been minus 3.91% and occurred over a 4 month period of time starting May 2013. The fund recouped this loss over 9 months by May 2014.

Performance, Cumulative Excess Return, Excess Return

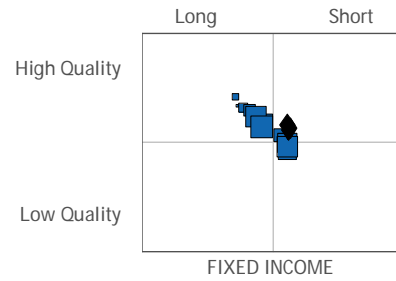


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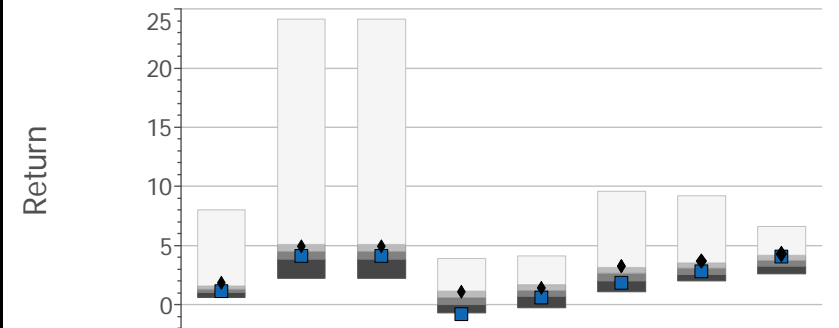
Facts

| | |
|------------------------------|--------------------------|
| HPA Benchmark: | Barclays US Gvt TRIX |
| Return Data Inception: | 9/2/86 |
| Net Strategy Assets (\$M): | \$330 |
| Turnover Ratio: | 795% |
| Total Holdings: | 37 |
| Percent of Assets in Top 10: | 51.08% |
| Expense Ratio: | 0.83% |
| 5 Year Morningstar Rating: | 2 stars |
| Manager: | Jason Doiron |
| Manager Started: | 3/29/12 |
| Mgmt Company: | Sentinel Group Funds Inc |
| Phone Number: | 800-282-3863 |

Style Matrix



Trailing Period Returns



| | QTR | YTD | 1 YR | 2 YRS | 3 YRS | 4 YRS | 5 YRS | 10 YRS |
|-------------------|------|------|------|-------|-------|-------|-------|--------|
| Fund | 1.13 | 4.12 | 4.12 | -0.83 | 0.61 | 1.86 | 2.82 | 4.04 |
| Benchmark | 1.86 | 4.94 | 4.94 | 1.10 | 1.40 | 3.26 | 3.70 | 4.29 |
| PEER GROUP | | | | | | | | |
| 25% | 1.58 | 5.11 | 5.11 | 1.15 | 1.71 | 3.15 | 3.52 | 4.18 |
| 50% | 1.31 | 4.52 | 4.52 | 0.61 | 1.20 | 2.67 | 3.07 | 3.75 |
| 75% | 1.03 | 3.85 | 3.85 | 0.01 | 0.70 | 2.00 | 2.56 | -0.83 |

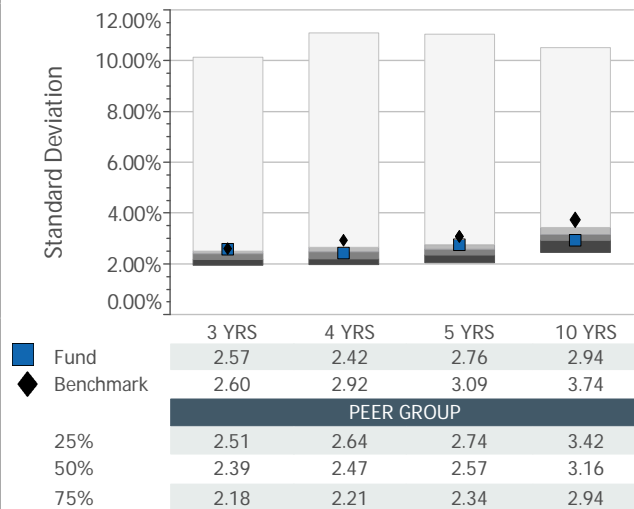
Strategy

The investment seeks high current income while seeking to control risk. The fund normally invests at least 80% of its net assets in U.S. government securities and related derivatives. Related derivatives include exchange-traded futures on U.S. Treasury notes and bonds, and options on these futures, and other derivatives intended to hedge interest rate risk, such as swaps, options on swaps, and interest rate caps and floors. It invests mainly in U.S. government bonds. These bonds include direct obligations of the U.S. Treasury, obligations guaranteed by the U.S. government, and obligations of U.S. government agencies and instrumentalities.

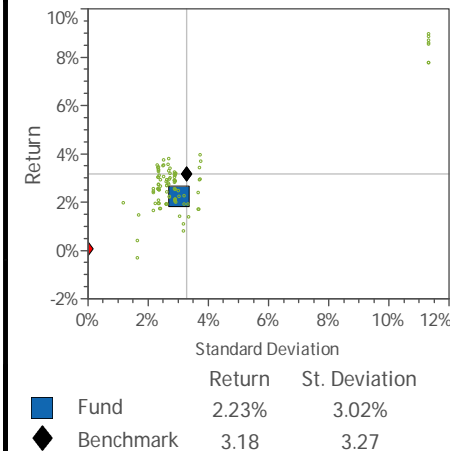
Legend

- Sentinel Government Securities A
- ◆ Barclays US Gvt TRIX
- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Universe: General US Govt
- ◆ Cash Equivalent

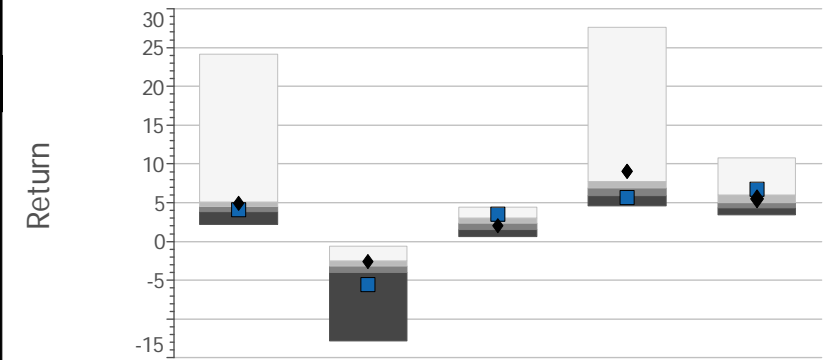
Standard Deviation



Risk vs. Return



Calendar Year Returns



| | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------------------|------|-------|------|------|------|
| Fund | 4.12 | -5.53 | 3.55 | 5.68 | 6.74 |
| Benchmark | 4.94 | -2.60 | 2.01 | 9.02 | 5.52 |
| PEER GROUP | | | | | |
| 25% | 5.11 | -2.50 | 3.02 | 7.75 | 5.96 |
| 50% | 4.52 | -3.16 | 2.34 | 6.92 | 5.02 |
| 75% | 3.85 | -3.99 | 1.52 | 5.93 | 4.36 |

Sentinel Government Securities A (SEGSX)

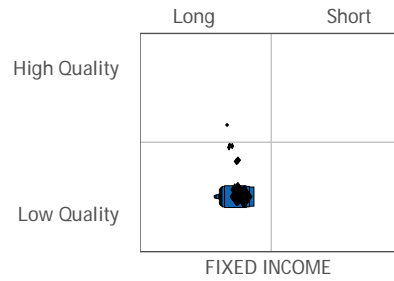
| | | |
|--|--|---|
| Fund Information Morningstar Category: Intermediate Government Prospectus Objective: Government Bond - General Net Assets All Shares: \$330.32 million NAV Price: \$10.12 Primary Index: Barclays US Agg Bond TR USD | Portfolio Characteristics Inception Date: September 2, 1986 Portfolio Date: October 31, 2014 Distribution Yield: 2.53% Number Of Holdings: 37 Turnover Ratio: 795% | Returns-Based Style Analysis: Fixed Income Style |
| Bond Sector Allocation (%) Government: 0.00% Government Related: 0.00% Municipal Taxable: 0.00% Municipal Tax-Exempt: 0.00% Bank Loan: 0.00% Convertible: 0.00% Corporate Bond: 0.00% Preferred Stock: 0.00% Agency Mortgage-Backed: 81.53% Non-Agency Residential Mortgage-Backed: 2.80% Commercial Mortgage-Backed: 0.00% Covered Bond: 0.00% Asset-Backed: 0.00% Cash & Equivalents: 15.67% Swap: 0.00% Future/Forward: 0.00% Option/Warrant: 0.00% | Asset Allocation (%) Domestic Stock: 0.00% Foreign Stock: 0.00% Domestic Bond: 84.33% Foreign Bond: 0.00% Preferred Bond: 0.00% Convertible Bond: 0.00% Cash: 15.67% Other: 0.00% | Performance, Cumulative Excess Return, Excess Return |
| Credit Quality (%) AAA: 100.00% AA: 0.00% A: 0.00% BBB: 0.00% BB: 0.00% B: 0.00% Below B: 0.00% Not Rated: 0.00% | Portfolio Statistics Effective Duration: 4.11 Average Coupon: 4.07% Effective Maturity: 5.63 Top 10 Countries (%) United States: 84.33% N/A: N/A N/A: N/A N/A: N/A N/A: N/A N/A: N/A N/A: N/A N/A: N/A N/A: N/A Top 10 Country Weighting: 84.33% | |
| Upside Downside | Peak to Trough The worst peak-to-trough performance of the fund has been minus 6.1% and occurred over a 8 month period of time starting May 2013. The fund has not yet recouped this loss. | |

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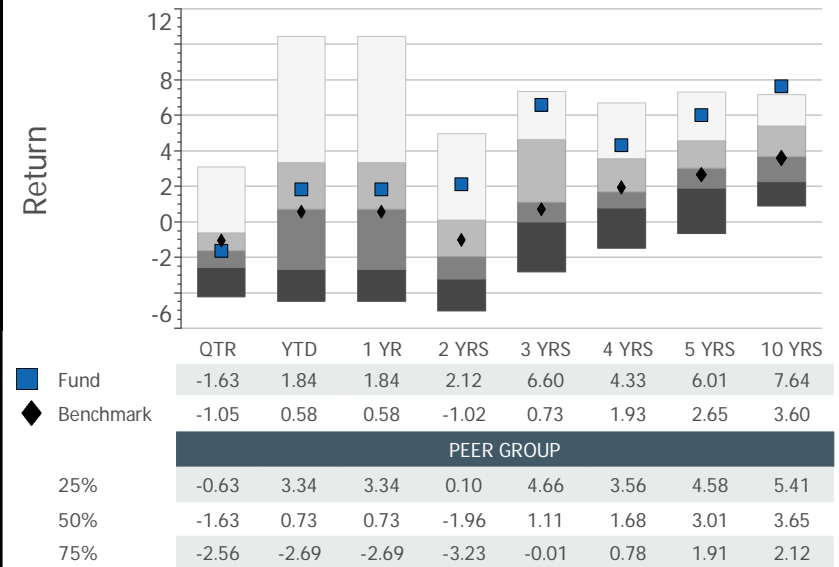
Facts

| | |
|------------------------------|-------------------------|
| HPA Benchmark: | Barclays GI Aggreg TRIX |
| Return Data Inception: | 12/31/96 |
| Net Strategy Assets (\$M): | \$72,741 |
| Turnover Ratio: | 35% |
| Total Holdings: | 227 |
| Percent of Assets in Top 10: | 18.27% |
| Expense Ratio: | 0.64% |
| 5 Year Morningstar Rating: | 4 stars |
| Manager: | Michael Hasenstab |
| Manager Started: | 12/31/01 |
| Mgmt Company: | Templeton Income Trust |
| Phone Number: | 800-342-5236 |

Style Matrix



Trailing Period Returns



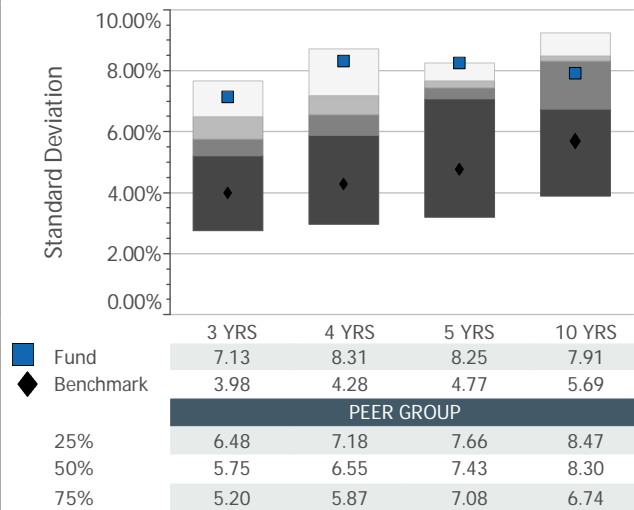
Strategy

The investment seeks current income with capital appreciation and growth of income. Under normal market conditions, the fund invests at least 80% of its net assets in "bonds." Bonds include debt obligations of any maturity, such as bonds, notes, bills and debentures. It invests predominantly in bonds issued by governments and government agencies located around the world. The fund may invest up to 25% of its total assets in bonds that are rated below investment grade. It is non-diversified.

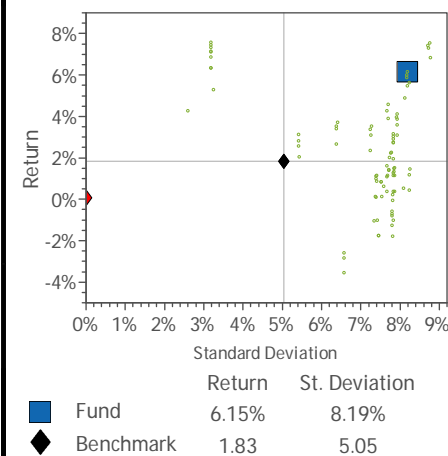
Legend

- Templeton Global Bond Adv
- ◆ Barclays GI Aggreg TRIX
- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Universe: Intl Income
- ◆ Cash Equivalent

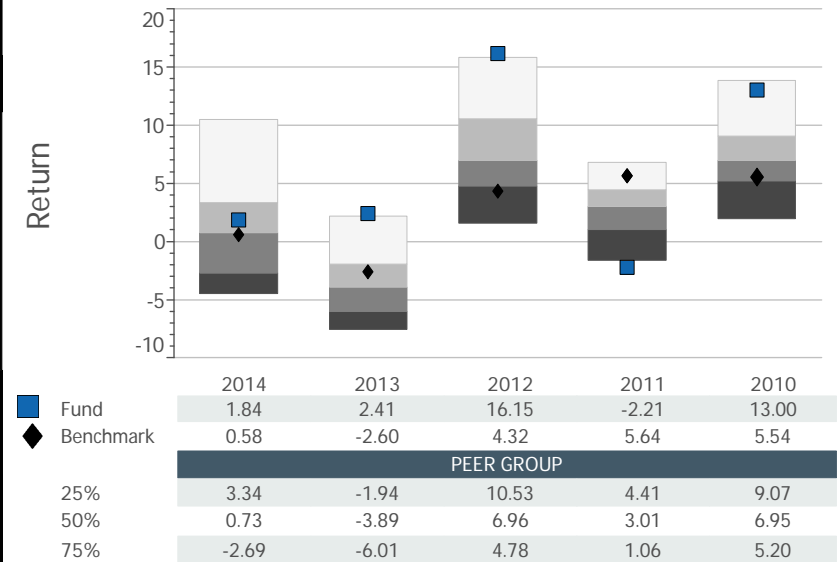
Standard Deviation



Risk vs. Return



Calendar Year Returns



Templeton Global Bond Adv (TGBAX)

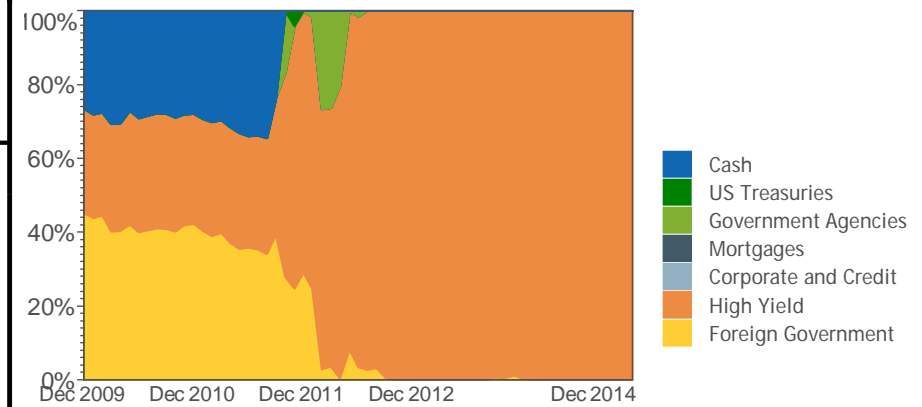
Fund Information

| | |
|-----------------------|-----------------------------|
| Morningstar Category | World Bond |
| Prospectus Objective | Worldwide Bond |
| Net Assets All Shares | \$72,741.19 million |
| NAV Price | \$12.41 |
| Primary Index | Barclays US Agg Bond TR USD |

Portfolio Characteristics

| | |
|--------------------|--------------------|
| Inception Date | December 31, 1996 |
| Portfolio Date | September 30, 2014 |
| Distribution Yield | 7.13% |
| Number Of Holdings | 227 |
| Turnover Ratio | 35% |

Returns-Based Style Analysis: Fixed Income Style



Bond Sector Allocation (%)

| | |
|--|--------|
| Government | 54.25% |
| Government Related | 0.31 |
| Municipal Taxable | 0.00 |
| Municipal Tax-Exempt | 0.00 |
| Bank Loan | 0.00 |
| Convertible | 0.00 |
| Corporate Bond | 0.44 |
| Preferred Stock | 0.00 |
| Agency Mortgage-Backed | 0.00 |
| Non-Agency Residential Mortgage-Backed | 0.00 |
| Commercial Mortgage-Backed | 0.00 |
| Covered Bond | 0.00 |
| Asset-Backed | 0.00 |
| Cash & Equivalents | 32.53 |
| Swap | 0.00 |
| Future/Forward | 0.00 |
| Option/Warrant | 0.00 |

Asset Allocation (%)

| | |
|------------------|-------|
| Domestic Stock | 0.00% |
| Foreign Stock | 0.00 |
| Domestic Bond | 0.00 |
| Foreign Bond | 58.05 |
| Preferred Bond | 0.00 |
| Convertible Bond | 0.00 |
| Cash | 40.67 |
| Other | 1.29 |

Portfolio Statistics

| | |
|--------------------|-------|
| Effective Duration | 1.86 |
| Average Coupon | 5.67% |
| Effective Maturity | 2.96 |

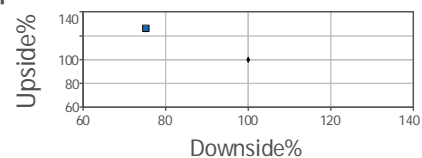
Top 10 Countries (%)

| | |
|--------------------------|--------|
| Ireland | 7.73% |
| Poland | 7.61 |
| Hungary | 7.34 |
| South Korea | 5.54 |
| Brazil | 4.76 |
| Malaysia | 4.25 |
| Ukraine | 4.05 |
| Mexico | 3.72 |
| Portugal | 2.67 |
| India | 2.25 |
| Top 10 Country Weighting | 49.92% |

Credit Quality (%)

| | |
|-----------|--------|
| AAA | 12.40% |
| AA | 16.85 |
| A | 36.43 |
| BBB | 14.50 |
| BB | 12.17 |
| B | 2.64 |
| Below B | 4.81 |
| Not Rated | 0.20 |

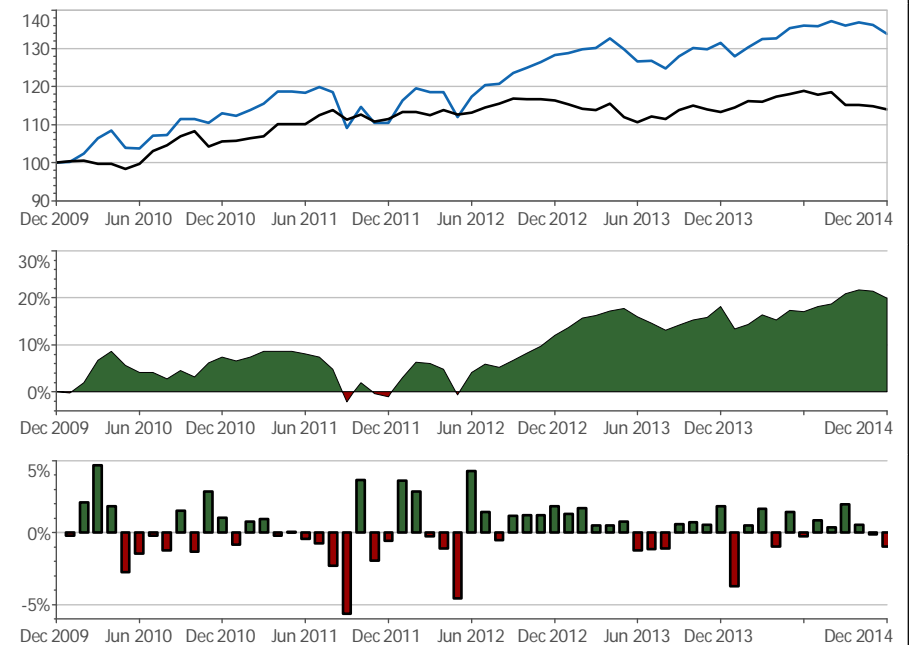
Upside Downside



Peak to Trough

The worst peak-to-trough performance of the fund has been minus 8.93% and occurred over a 2 month period of time starting August 2011. The fund recouped this loss over 10 months by July 2012.

Performance, Cumulative Excess Return, Excess Return



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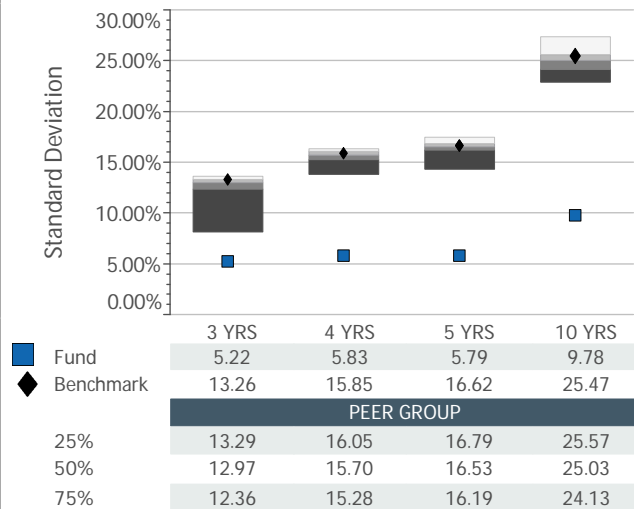
Facts

| | |
|------------------------------|--------------------------|
| HPA Benchmark: | FTSE NAREIT Eq TR IX |
| Return Data Inception: | 2/4/03 |
| Net Strategy Assets (\$M): | \$4,453 |
| Turnover Ratio: | 29% |
| Total Holdings: | 573 |
| Percent of Assets in Top 10: | 16.4% |
| Expense Ratio: | 0.83% |
| 5 Year Morningstar Rating: | 1 stars |
| Manager: | Mark Snyderman |
| Manager Started: | 2/4/03 |
| Mgmt Company: | Fidelity Securities Fund |
| Phone Number: | 800-544-8544 |

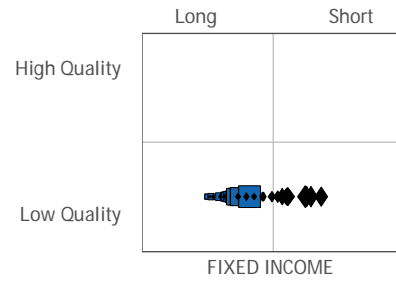
Strategy

The investment seeks higher than average income; and capital growth is the secondary objective. The fund normally invests primarily in preferred and common stocks of REITs; debt securities of real estate entities; and commercial and other mortgage-backed securities, with an emphasis on lower-quality debt securities. It invests at least 80% of assets in securities of companies principally engaged in the real estate industry and other real estate related investments. The fund invests in domestic and foreign issuers.

Standard Deviation



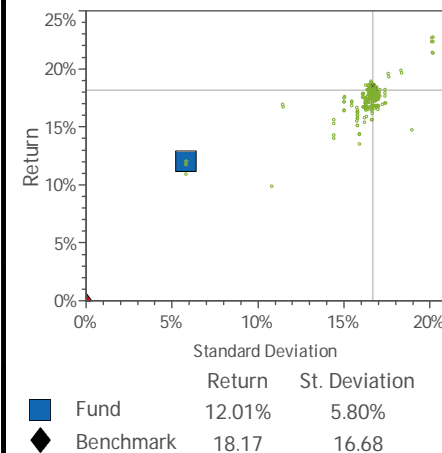
Style Matrix



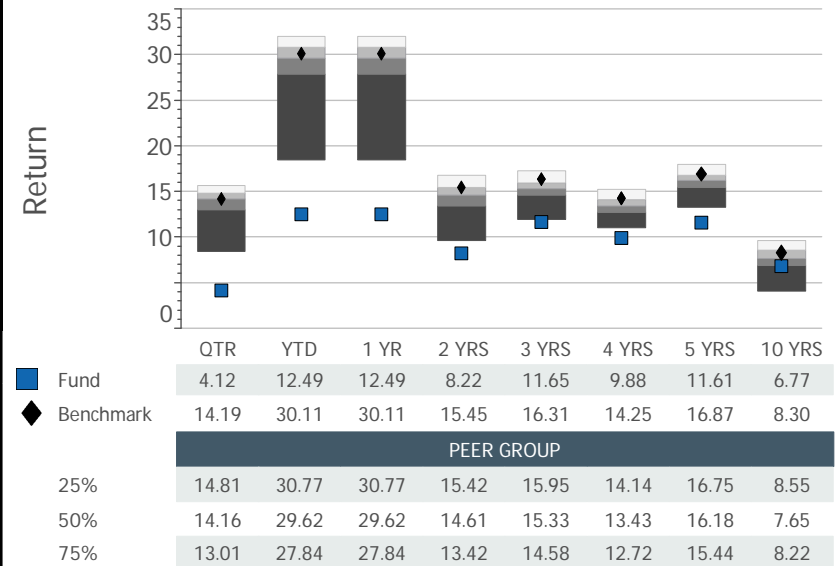
Legend

- Fidelity® Real Estate Income
- ◆ FTSE NAREIT Eq TR IX
- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Universe: Real Estate
- ◆ Cash Equivalent

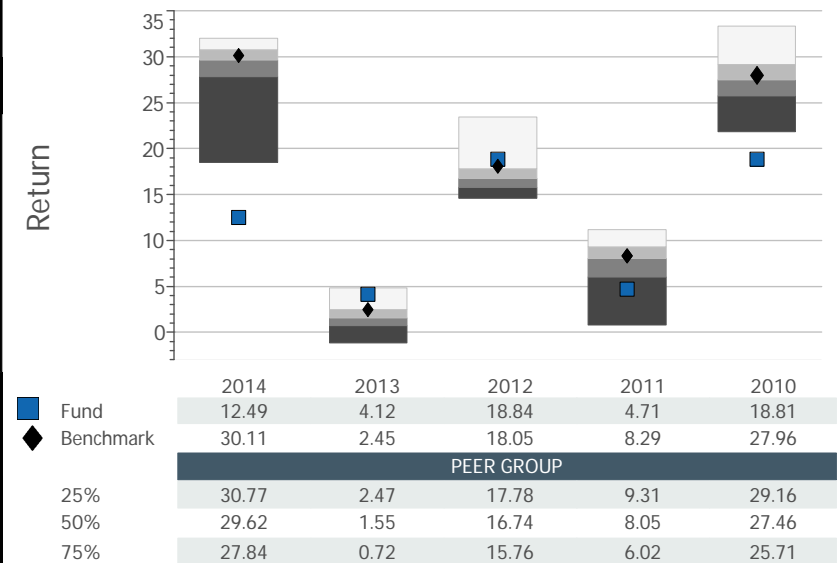
Risk vs. Return



Trailing Period Returns



Calendar Year Returns



Fidelity® Real Estate Income (FRIFX)

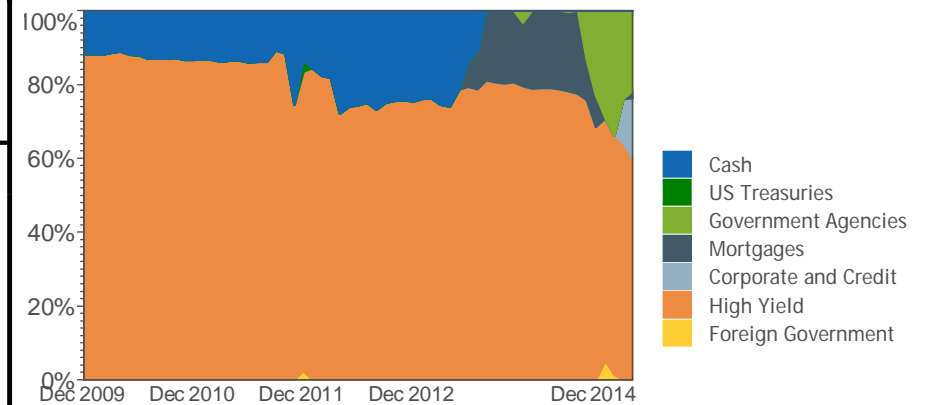
Fund Information

| | |
|-----------------------|-------------------------|
| Morningstar Category | Real Estate |
| Prospectus Objective | Specialty - Real Estate |
| Net Assets All Shares | \$4,452.59 million |
| NAV Price | \$11.67 |
| Primary Index | MSCI ACWI NR USD |

Portfolio Characteristics

| | |
|--------------------|------------------|
| Inception Date | February 4, 2003 |
| Portfolio Date | October 31, 2014 |
| Distribution Yield | 4.78% |
| Number Of Holdings | 573 |
| Turnover Ratio | 29% |

Returns-Based Style Analysis: Fixed Income Style



Bond Sector Allocation (%)

| | |
|--|-------|
| Government | 0.22% |
| Government Related | 0.00 |
| Municipal Taxable | 0.00 |
| Municipal Tax-Exempt | 0.00 |
| Bank Loan | 7.32 |
| Convertible | 2.12 |
| Corporate Bond | 17.02 |
| Preferred Stock | 16.65 |
| Agency Mortgage-Backed | 0.18 |
| Non-Agency Residential Mortgage-Backed | 6.05 |
| Commercial Mortgage-Backed | 7.29 |
| Covered Bond | 0.00 |
| Asset-Backed | 1.67 |
| Cash & Equivalents | 8.33 |
| Swap | 0.00 |
| Future/Forward | 0.00 |
| Option/Warrant | 0.00 |

Asset Allocation (%)

| | |
|------------------|--------|
| Domestic Stock | 31.22% |
| Foreign Stock | 0.89 |
| Domestic Bond | 37.99 |
| Foreign Bond | 1.57 |
| Preferred Bond | 16.72 |
| Convertible Bond | 3.29 |
| Cash | 8.33 |
| Other | 0.00 |

Portfolio Statistics

| | |
|--------------------|-------|
| Effective Duration | 2.87 |
| Average Coupon | 5.72% |
| Effective Maturity | N/A |

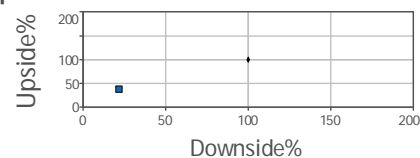
Top 10 Countries (%)

| | |
|--------------------------|--------|
| United States | 62.16% |
| Canada | 1.05 |
| Cayman Islands | 0.84 |
| United Kingdom | 0.27 |
| N/A | N/A |
| N/A | N/A |
| N/A | N/A |
| N/A | N/A |
| N/A | N/A |
| N/A | N/A |
| Top 10 Country Weighting | 64.32% |

Credit Quality (%)

| | |
|-----------|-------|
| AAA | 2.61% |
| AA | 2.94 |
| A | 6.02 |
| BBB | 26.31 |
| BB | 22.65 |
| B | 29.47 |
| Below B | 2.13 |
| Not Rated | 7.87 |

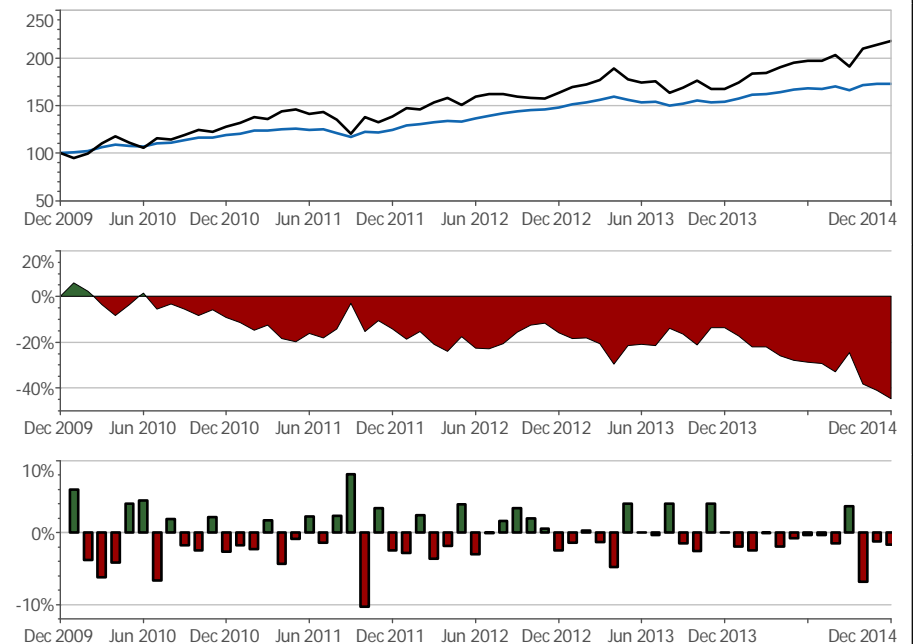
Upside Downside



Peak to Trough

The worst peak-to-trough performance of the fund has been minus 38.63% and occurred over a 21 month period of time starting June 2007. The fund recouped this loss over 14 months by April 2010.

Performance, Cumulative Excess Return, Excess Return

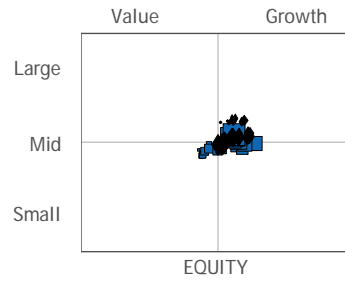


This document shows the historical returns and volatility of the return of this Investment Alternative, assuming that an investor may have invested in the Alternative on the first day of any calendar month since its inception date. Returns are presented here primarily as an indication of the potential volatility of this investment and not an indication of future, positive returns. Historical performance clearly indicates there is the potential for loss, particularly over shorter periods of time. Calculations assume that all dividends and interest have been reinvested. Whereas returns have been reduced by actual mutual fund management fees and expenses, no deduction has been made for such expenses as advisory fees, custodial charges, and if applicable, third party administrator fees and other retirement plan expenses. Your investment returns will be reduced by those charges if assessed against your account. Your returns can vary from these given the timing of your purchases in this Investment alternative (c) 2011 Heintzberger | Payne Advisors, Inc.

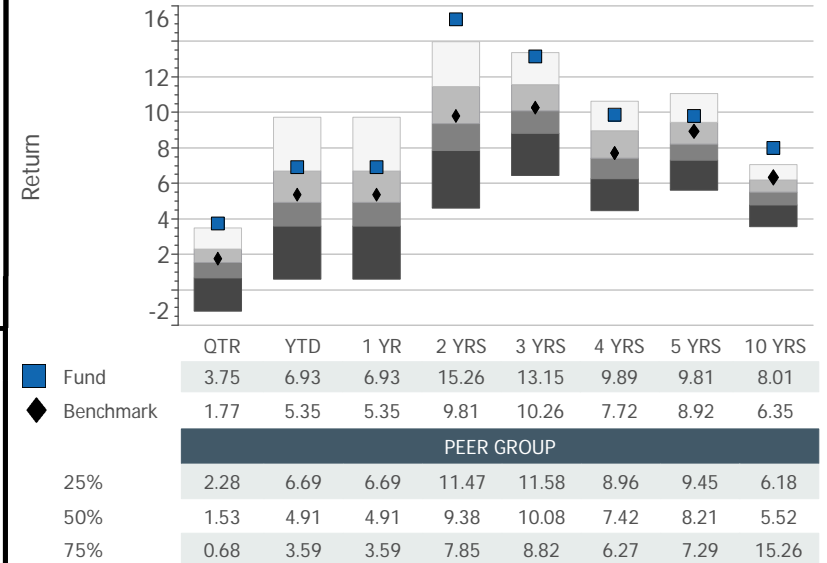
Facts

| | |
|------------------------------|------------------------------------|
| HPA Benchmark: | DJ Moderate IX |
| Return Data Inception: | 11/1/95 |
| Net Strategy Assets (\$M): | \$20,939 |
| Turnover Ratio: | 18% |
| Total Holdings: | 226 |
| Percent of Assets in Top 10: | 27.79% |
| Expense Ratio: | 0.74% |
| 5 Year Morningstar Rating: | 3 stars |
| Manager: | Clyde McGregor |
| Manager Started: | 11/1/95 |
| Mgmt Company: | Harris Associates Investment Trust |
| Phone Number: | 800-625-6275 |

Style Matrix



Trailing Period Returns



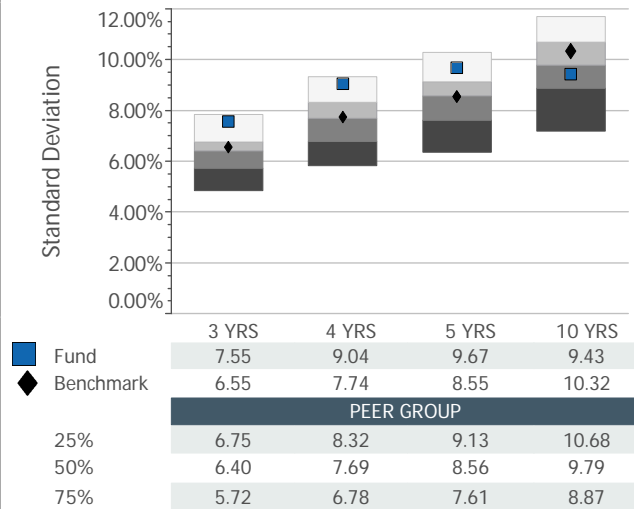
Strategy

The investment seeks income and preservation and growth of capital. The fund invests primarily in a diversified portfolio of U.S. equity and debt securities (although the fund may invest up to 35% of its total assets in equity and debt securities of non-U.S. issuers). It is intended to present a balanced investment program between growth and income by investing approximately 40-75% of its total assets in common stock, including securities convertible into common stock, and up to 60% of its assets in U.S. government securities and debt securities, including inflation-indexed securities, rated at time of purchase within the two highest grades.

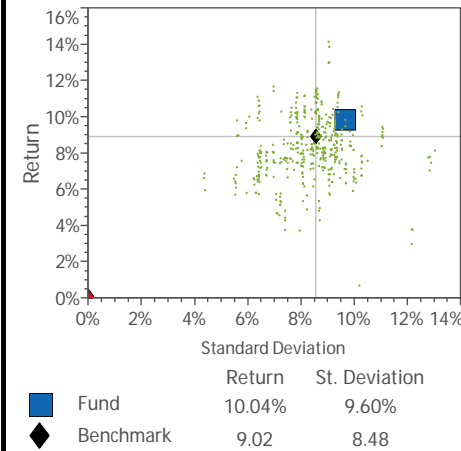
Legend

- Oakmark Equity & Income I
- ◆ DJ Moderate IX
- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile
- Universe: Mix Tgt All Mod
- ◆ Cash Equivalent

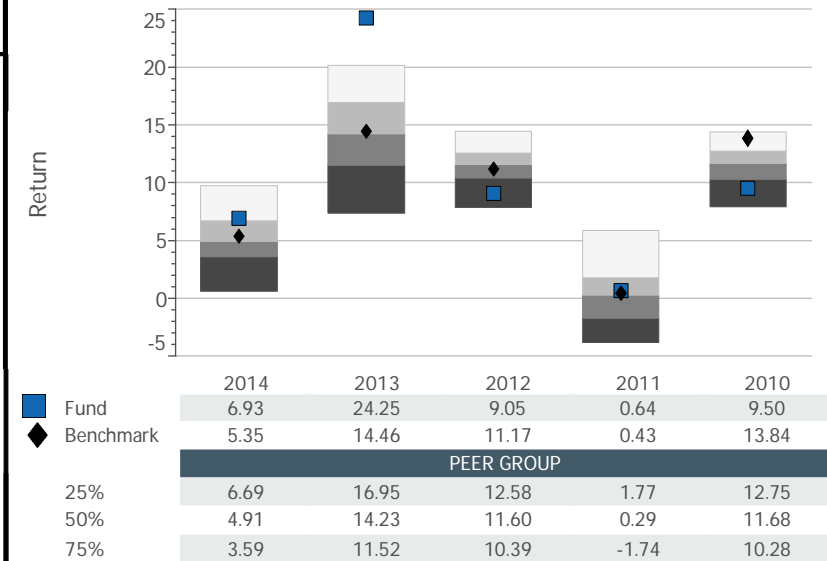
Standard Deviation



Risk vs. Return



Calendar Year Returns



Oakmark Equity & Income I (OAKBX)

Fund Information

| | |
|-----------------------|-----------------------------|
| Morningstar Category | Moderate Allocation |
| Prospectus Objective | Balanced |
| Net Assets All Shares | \$20,939.43 million |
| NAV Price | \$31.91 |
| | Morningstar Moderate Target |

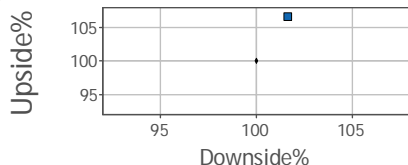
Sector Allocation (%)

| | |
|--------------------------------|---------------|
| CYCLICAL SECTORS TOTAL | 27.33% |
| Basic Materials | 1.17 |
| Consumer Cyclical | 10.44 |
| Financial Services | 15.72 |
| Real Estate | 0.00 |
| SENSITIVE SECTORS TOTAL | 22.10 |
| Communication Services | 0.00 |
| Energy | 4.50 |
| Industrials | 12.05 |
| Technology | 5.55 |
| DEFENSIVE SECTORS TOTAL | 14.13 |
| Consumer Defensive | 6.97 |
| Healthcare | 7.16 |
| Utilities | 0.00 |

Top 10 Holdings

| | |
|---------------------------------|--------|
| Bank of America Corporation | 3.52% |
| Oracle Corporation | 3.31 |
| General Motors Co | 3.06 |
| US TREASURY TIP | 2.85 |
| US Treasury TIP 1.25% | 2.81 |
| UnitedHealth Group Inc | 2.52 |
| Nestle SA ADR | 2.49 |
| National Oilwell Varco Inc | 2.47 |
| Dover Corp | 2.46 |
| Philip Morris International Inc | 2.30 |
| Top 10 Holding Weighting | 27.79% |

Upside Downside



Portfolio Characteristics

| | |
|--------------------|--------------------|
| Inception Date | November 1, 1995 |
| Portfolio Date | September 30, 2014 |
| Distribution Yield | 0.78% |
| Number Of Holdings | 226 |
| Turnover Ratio | 18% |

Asset Allocation (%)

| | |
|------------------|--------|
| Domestic Stock | 57.72% |
| Foreign Stock | 5.84 |
| Domestic Bond | 12.40 |
| Foreign Bond | 0.97 |
| Preferred Bond | 0.00 |
| Convertible Bond | 0.00 |
| Cash | 22.55 |
| Other | 0.53 |

Market Allocation (%)

| | |
|-------------------|--------|
| Developed Country | 63.56% |
| Emerging Market | 0.00 |
| Not Classified | 0.00 |

Regional Allocation (%)

| | |
|----------------|--------|
| Americas | 57.72% |
| Greater Europe | 5.84 |
| Greater Asia | 0.00 |

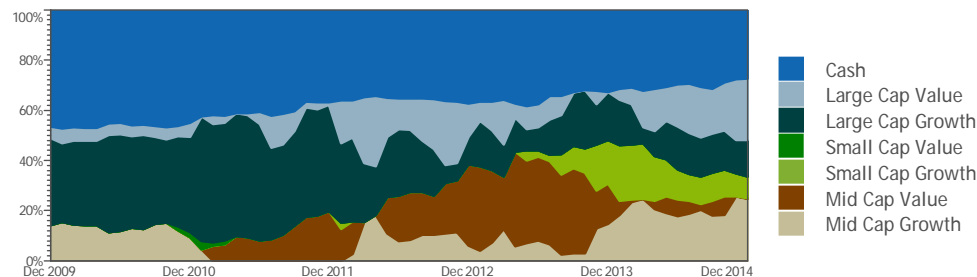
Capitalization

| | |
|-----------------------|-------------|
| Market Capitalization | \$36,686.11 |
| Giant Cap | 26.71% |
| Large Cap | 17.77 |
| Medium Cap | 16.49 |
| Small Cap | 2.30 |
| Micro Cap | 0.30 |

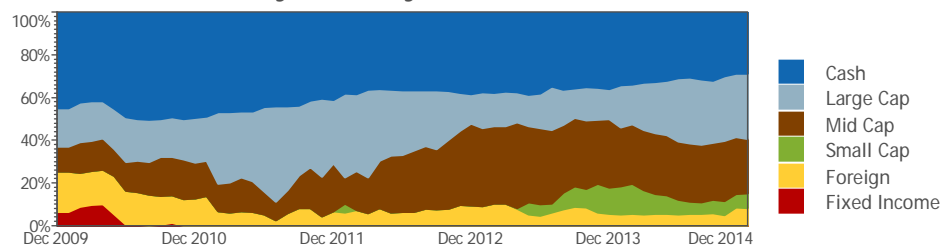
Peak to Trough

The worst peak-to-trough performance of the fund has been minus 27.22% and occurred over a 9 month period of time starting June 2008. The fund recouped this loss over 13 months by March 2010.

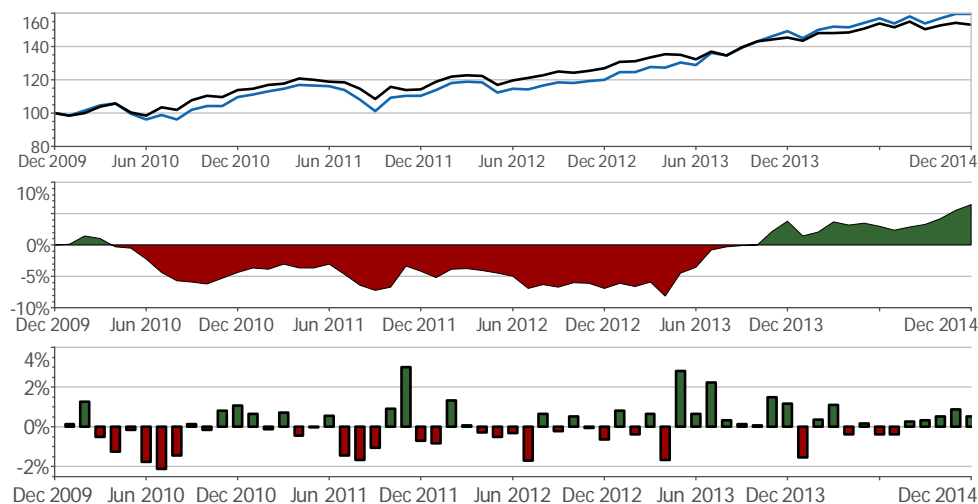
Returns-Based Style Analysis: Stock Style



Returns-Based Style Analysis: Asset Allocation



Performance, Cumulative Excess Return, Excess Return



This document shows the historical returns and volatility of the return of this Investment Alternative, assuming that an investor may have invested in the Alternative on the first day of any calendar month since its inception date. Returns are presented here primarily as an indication of the potential volatility of this investment and not an indication of future, positive returns. Historical performance clearly indicates there is the potential for loss, particularly over shorter periods of time. Calculations assume that all dividends and interest have been reinvested. Whereas returns have been reduced by actual mutual fund management fees and expenses, no deduction has been made for such expenses as advisory fees, custodial charges, and if applicable, third party administrator fees and other retirement plan expenses. Your investment returns will be reduced by those charges if assessed against your account. Your returns can vary from these given the timing of your purchases in this Investment alternative (c) 2011 Heintzberger | Payne Advisors, Inc.



FIELD ASSISTANCE BULLETIN NO. 2014-01

DATE: August 14, 2014

MEMORANDUM FOR: MABEL CAPOLONGO, DIRECTOR OF ENFORCEMENT
REGIONAL DIRECTORS

FROM: JOHN J. CANARY
DIRECTOR OF REGULATIONS AND INTERPRETATIONS

SUBJECT: FIDUCIARY DUTIES AND MISSING PARTICIPANTS IN
TERMINATED DEFINED CONTRIBUTION PLANS

Issue

How can the fiduciaries of terminated defined contribution plans fulfill their obligations under ERISA to locate missing participants and properly distribute the participants' account balances?

Background

Under the Internal Revenue Code, a plan administrator must distribute all of a plan's assets as soon as administratively feasible after plan termination.⁽¹⁾ Before making a distribution, the plan administrator has a responsibility to contact the plan's participants for directions on how to distribute their account balances.⁽²⁾ This requirement extends to all participants, regardless of their length of service or the size of their account balances.⁽³⁾ Sometimes, however, participants fail to respond to the notices (or mail sent to their addresses is returned), creating a practical dilemma for the plan administrator who has a fiduciary obligation to search for missing participants and distribute their benefits.⁽⁴⁾ This Field Assistance Bulletin (Bulletin) broadly refers to these unresponsive participants as missing participants. The Bulletin's aim is to help fiduciaries properly discharge their obligations to these missing participants.⁽⁵⁾

This Bulletin replaces Field Assistance Bulletin 2004-02 (FAB 2004-02) and reflects important changes that have occurred in the ten years since the publication of FAB 2004-02. In particular, both the Internal Revenue Service (IRS) and the Social Security Administration (SSA) have discontinued their letter-forwarding services for locating missing plan participants in the years since the initial publication of FAB 2004-02.⁽⁶⁾ At the same time, however, Internet search technologies have expanded and improved, and the Department has codified its enforcement safe harbor for distributing missing participant benefits to individual retirement plans. This Bulletin takes these important changes into account, and also reflects some suggestions from the 2013 ERISA Advisory Council, which made a broad set of recommendations for retirement plans and lost or missing participants and beneficiaries.

Analysis

Under the requirements of section 404(a) of ERISA, a fiduciary must act prudently and solely in the interest of the plan's participants and beneficiaries and for the exclusive purpose of providing benefits and defraying reasonable expenses of administering the plan. Also, under section 404(a)(1)(D) of ERISA, fiduciaries are required to act in accordance with the documents and instruments governing the plan insofar as such documents and instruments are consistent with the provisions of Titles I and IV of ERISA. Section 402(b)(4) of ERISA provides that every employee benefit plan shall specify the basis on which the plan makes benefit payments. Section 403(a) of ERISA generally requires that a trustee must hold the assets of a plan in trust. In the case of plan terminations, fiduciaries must also ensure that the allocation of any previously unallocated funds is made in accordance with the provisions of section 403(d) of ERISA.

Under Title I of ERISA, we generally view the decision to terminate a plan as a “settlor” decision rather than a fiduciary decision. However, the fiduciary responsibility provisions of ERISA govern the steps taken to implement this “settlor” decision, including steps to locate missing participants.⁽⁷⁾ A plan fiduciary's choice of a distribution option for a missing participant's account balance also is a fiduciary decision subject to the general fiduciary responsibility provisions of ERISA.⁽⁸⁾

Consistent with their obligations of prudence and loyalty, plan fiduciaries must make reasonable efforts to locate missing participants or beneficiaries, so that they can implement directions on plan distributions from the participants or beneficiaries. However, after a plan fiduciary reasonably determines, in accordance with this guidance, that a participant or beneficiary cannot be located, the fiduciary may distribute the missing participant's or beneficiary's benefits in the manner described below. Once a plan fiduciary properly distributes the entire benefit to which a missing participant is entitled, the distribution ends the individual's status as a participant covered under the plan and the distributed assets are no longer plan assets under ERISA. However, if the distributed benefit is reduced due to a fiduciary breach, the individual would still have standing to file suit against the breaching fiduciary under section 502(a)(2) of ERISA.⁽⁹⁾

A plan fiduciary may charge missing participants' accounts reasonable expenses for efforts to find them. The amount charged to a participant's account must be reasonable and the method of allocating the expense must be consistent with the terms of the plan and the plan fiduciary's duties under ERISA.⁽¹⁰⁾ Plan fiduciaries must be able to demonstrate compliance with ERISA's fiduciary standards for all decisions made to locate missing participants and distribute benefits on their behalf. If audited, plan fiduciaries could demonstrate compliance using paper or electronic records.

Search Steps

When a plan sponsor terminates a defined contribution plan, one of the plan fiduciary's most important responsibilities is to notify participants that the plan is being terminated and that benefits will be distributed. Most of the time, routine methods of delivering notice to participants, such as first class mail or electronic notification, will be adequate. But if the participant does not respond with the information necessary for the distribution, or the plan

fiduciary reasonably believes that a participant has not informed the plan of a new address, the fiduciary needs to take steps to locate the participant or a beneficiary.

Some search steps involve so little cost and such high potential for success that a fiduciary should always take them before abandoning efforts to find a missing participant, regardless of the size of the participant's account balance. The failure to take such steps would violate the fiduciary obligations of prudence and loyalty, as set forth in section 404(a) of ERISA.

However, other more expensive approaches may be required when the account balance is large enough to justify an additional plan expense and other efforts have failed. In the period since the Department issued FAB 2004-02, both the IRS and the SSA have announced that their letter-forwarding services are no longer available to plan fiduciaries that are searching for missing participants or beneficiaries. On the other hand, free or low cost Internet search services and tools have become much more broadly available and accepted since the Department issued FAB 2004-02. In many cases, these tools may now be more effective at locating missing participants than either the IRS or SSA letter-forwarding services.

Accordingly, this Bulletin eliminates the requirement in FAB 2004-02 to use the discontinued IRS letter-forwarding service or the SSA letter-forwarding service. In their place, the required search steps have been expanded to include the use of electronic search tools that do not charge a fee.

Required Search Steps

At a minimum, fiduciaries should take all of the following steps before abandoning efforts to find a missing participant and obtain distribution instructions. The activities are numbered for ease of reference, not to suggest that fiduciaries must act in any particular order.

1. **Use Certified Mail.** Certified mail is an easy way to find out, at little cost, whether the participant can be located in order to distribute benefits. The Department provided a model notice that could be used for such mailings as part of a regulatory safe harbor (discussed below), but its use is not required and other notices could satisfy the safe harbor.⁽¹¹⁾
2. **Check Related Plan and Employer Records.** While the records of the terminated plan may not contain current address information, it is possible that the employer or another of the employer's plans, such as a group health plan, may have more up-to-date information. For this reason, plan fiduciaries of the terminated plan must ask both the employer and administrator(s) of related plans to search their records for a more current address for the missing participant. If there are privacy concerns, the plan fiduciary engaged in the search can request that the employer or other plan fiduciary contact or forward a letter for the terminated plan to the missing participant or beneficiary. The letter would request that the missing participant or beneficiary contact the searching plan fiduciary.
3. **Check With Designated Plan Beneficiary.** In searching the terminated plan's records or the records of related plans, plan fiduciaries must try to identify and contact any individual that the missing participant has designated as a beneficiary (e.g., spouse, children, etc.) to find updated contact information for the missing participant. Again, if there are privacy

concerns, the plan fiduciary can request that the designated beneficiary contact or forward a letter for the terminated plan to the missing participant or beneficiary.

4. **Use Free Electronic Search Tools.** Plan fiduciaries must make reasonable use of Internet search tools that do not charge a fee to search for a missing participant or beneficiary. Such online services include Internet search engines, public record databases (such as those for licenses, mortgages and real estate taxes), obituaries and social media.

Additional Search Steps

If a plan administrator follows the required search steps, but does not find the missing participant or beneficiary, the duties of prudence and loyalty require the fiduciary to consider if additional search steps are appropriate. A plan fiduciary should consider the size of a participant's account balance and the cost of further search efforts in deciding if any additional search steps are appropriate. As a result, the specific additional steps that a plan fiduciary takes to locate a missing participant may vary depending on the facts and circumstances. Possible additional search steps include the use of Internet search tools, commercial locator services, credit reporting agencies, information brokers, investigation databases and analogous services that may involve charges.

Distribution Options

There will be circumstances when, despite their use of the search steps described above, the fiduciaries of terminated defined contribution plans will be unable to locate missing participants or obtain distribution directions. In such cases, the plan fiduciaries will have no choice but to select an appropriate distribution option to complete the plan's termination.⁽¹²⁾ The guidance below sets forth fiduciary considerations for various distribution options from terminated defined contribution plans.

Individual Retirement Plan Rollovers – Preferred Distribution Option

Section 404(a) of ERISA requires plan fiduciaries to consider distributing missing participant benefits into individual retirement plans (i.e., an individual retirement account or annuity).⁽¹³⁾

An individual retirement plan is more likely to preserve funds for retirement than any other option. A distribution that qualifies as an eligible rollover distribution from a qualified plan, which is handled by a trustee to trustee transfer into an individual retirement plan, will avoid immediate taxation.⁽¹⁴⁾ An eligible direct rollover results in the deferral of income tax, avoids 20 percent mandatory withholding, and avoids any 10 percent additional tax for early distributions that might otherwise apply based on the participant's age and related facts.⁽¹⁵⁾ Funds in the individual retirement plan continue to grow tax-free and income taxes do not need to be paid until funds are withdrawn.

As we noted in other guidance, the choice of an individual retirement plan requires the exercise of fiduciary judgment with respect to the choice of an individual retirement plan trustee, custodian or issuer to receive the distribution, as well as the choice of an initial investment in the individual retirement plan.⁽¹⁶⁾ The Department published a safe harbor regulation for plan fiduciaries to satisfy their fiduciary responsibilities under section 404(a) of ERISA when making

certain mandatory rollover distributions to individual retirement plans.⁽¹⁷⁾ In general, this automatic rollover safe harbor applies to distributions of \$5,000 or less for participants who leave an employer's workforce without electing to receive a taxable cash distribution or directly roll over assets into an individual retirement plan or another qualified plan.

In FAB 2004-02, we said the circumstances giving rise to relief under the automatic rollover safe harbor regulation are like those faced by fiduciaries of terminated defined contribution plans. As a result, FAB 2004-02 provided a similar enforcement safe harbor in the context of terminated defined contribution plans. In 2006, the Department strengthened this enforcement policy by publishing the safe harbor in a final regulation.⁽¹⁸⁾ This regulatory safe harbor covers distributions from a terminated defined contribution plan on behalf of a missing participant or beneficiary into an individual retirement plan or inherited individual retirement plan. When they comply with the conditions of the safe harbor, fiduciaries satisfy their ERISA 404(a) duties in the distribution of benefits, the selection of an individual retirement plan provider and the investment of the distributed funds. The conditions include choosing investment products designed to preserve principal and whose fees and expenses are not excessive when compared to other individual retirement plans offered by the provider. In the Department's view, in most cases, the best approach in selecting among individual retirement plans will be to distribute the missing participant's account balance into an individual retirement plan in accordance with the Department's regulatory safe harbor for terminated defined contribution plans.

In 2006, Congress directed the Pension Benefit Guaranty Corporation (PBGC) to expand its defined benefit missing participants program to include distributions from terminated defined contribution plans. The PBGC has requested information from the public on the expansion, but as of this Bulletin's date, it has not proposed a regulation.⁽¹⁹⁾ We recognize that the ability to transfer missing participants' benefits from a terminated defined contribution plan to a PBGC administered missing participants program will change the decisional environment fiduciaries face when choosing among distribution options. The Department intends to reevaluate this guidance after the PBGC publishes final regulations permitting a distribution to its missing participants program.

Alternative Distribution Options

If a plan fiduciary cannot find an individual retirement plan provider to accept a direct rollover distribution for a missing participant or determines not to make a rollover distribution for some other compelling reason based on the particular facts and circumstances, the fiduciary may consider two other options. These two options are: 1) opening an interest-bearing federally insured bank account in the name of the missing participant or beneficiary, or 2) transferring the account balance to a state unclaimed property fund. Before making such a decision, however, the fiduciary must prudently conclude that such a distribution is appropriate despite the potential considerable adverse tax consequences to the plan participant. Unlike tax-free rollovers into an individual retirement plan, the funds transferred to a bank account or state unclaimed property fund generally are subject to income taxation, mandatory income tax withholding and a possible additional tax for premature distributions.⁽²⁰⁾ Moreover, any interest that accrues after the transfer generally would be subject to income taxation upon accrual.⁽²¹⁾ These tax consequences reduce the amount of money available for retirement. A prudent and loyal fiduciary would not

voluntarily subject a missing participant's funds to such negative consequences in the absence of compelling offsetting considerations. In fact, in most cases, a fiduciary would violate ERISA section 404(a)'s obligations of prudence and loyalty by causing such negative consequences rather than making an individual retirement plan rollover distribution.

Federally Insured Bank Accounts. Plan fiduciaries may consider establishing an interest-bearing federally insured bank account in the name of a missing participant, as long as the participant would have an unconditional right to withdraw funds from the account. In selecting a bank and accepting an initial interest rate, with or without a guarantee period, a plan fiduciary must give appropriate consideration to all available information about the bank and interest rate, including any bank charges.

State Unclaimed Property Funds. Plan fiduciaries may also consider transferring/escheating missing participants' account balances to state unclaimed property funds in the state of each participant's last known residence or work location. We understand that some states accept such distributions on behalf of missing participants. We also understand that states often provide searchable Internet databases that list the names of property owners and sometimes pay minimal interest on unclaimed property funds. Any transfers to state unclaimed property funds must comply with state law requirements.

In Advisory Opinion 94-41A, the Department concluded that, if a state unclaimed property statute were applied to require an ongoing plan to pay to the state amounts held by the plan for terminated employees, section 514(a) of ERISA would preempt the application of that state statute.⁽²²⁾ However, the principles set forth in that Advisory Opinion would not prevent the fiduciary of a terminated plan from voluntarily deciding to escheat missing participants' account balances under a state's unclaimed property statute to complete the plan termination process.⁽²³⁾

Additionally, in deciding between distribution into a federally insured bank account and distribution into a state unclaimed property fund, the plan fiduciary should consider the features of each option. For a bank account, these include any bank fees, such as charges for establishing or maintaining the account, along with any interest payable on the account's funds. For a state unclaimed property fund, a fiduciary should look at the availability of a searchable database maintained by the state, which may help participants find their retirement funds, and any interest payable by the state.

Unacceptable Distribution Option

100% Income Tax Withholding Is Not An Option. We know that some plan fiduciaries believe that using 100% income tax withholding for missing participant benefits is an acceptable way to deal with these benefits. Withholding 100% of a missing participant's benefits would in effect transfer the benefits to the IRS. We reviewed this matter with IRS staff at the time we issued FAB 2004-02. We concluded at that time, and continue to believe, that using this option is not in the best interest of participants and beneficiaries and would violate ERISA's fiduciary requirements. We do not believe that 100% withholding would necessarily result in a crediting of the withheld amount against the missing participants' income tax liabilities (for example, the amount withheld may exceed a missing participant's income tax liabilities). This means that

missing participants might not receive the full benefit to which they are entitled. Accordingly, plan fiduciaries should not use withholding as a way to distribute benefits to plan participants and beneficiaries.

Miscellaneous Issues

Fiduciaries have expressed concerns about legal issues that might prevent them from establishing individual retirement plans or bank accounts for missing participants. These issues include perceived conflicts with the customer identification and verification provisions (CIP) of the USA PATRIOT Act (Act).⁽²⁴⁾ The CIP provisions establish standards for financial institutions to verify the identity of customers who open accounts. To deal with this problem, Treasury staff, along with the staff of the other Federal functional regulators,⁽²⁵⁾ issued helpful guidance for fiduciaries that are establishing an individual retirement plan or federally insured bank account in the name of a missing participant. This guidance was published on the regulators' web sites in a set of questions and answers, "FAQs: Final CIP Rule."⁽²⁶⁾

The regulators have told the Department how they interpret the Act's CIP requirements for an account (including an individual retirement plan or federally insured bank account) established by an employee benefit plan in the name of a former participant (or beneficiary) of such plan. They have determined that the Act requires that banks and other financial institutions apply their CIP compliance program only at the time a former participant or beneficiary first contacts such institution to claim ownership or exercise control over the account. CIP compliance will not be required at the time an employee benefit plan establishes an account and transfers the funds to a bank or other financial institution for purposes of a distribution of benefits from the plan to a separated employee.

We note that some issues caused by the application of state laws, including those governing signature requirements and escheat are beyond the Department's jurisdiction.

Conclusion

The fiduciary responsibility provisions of ERISA govern actions taken by plan administrators to implement a plan sponsor's decision to terminate a plan. These actions include the search for missing participants, and if search efforts fail, the selection of a distribution option for the benefits of missing participants. In fulfilling their duties of prudence and loyalty to missing participants, there are certain required search steps that involve so little cost and such high potential for success that fiduciaries must always take them, regardless of the size of the account balance. When the required steps fail to find a missing participant, the fiduciary must determine whether to take additional search steps based on the size of a participant's account balance and the cost of further search efforts. This Bulletin discusses both the required and additional search steps in detail above.

Fiduciaries must always consider distributing the accounts of missing participants into individual retirement plans. Rollovers into individual retirement plans are more likely to preserve funds for retirement than any other option. The Department believes the best approach is a rollover into an individual retirement plan using its regulatory safe harbor for distributions from terminated

plans. If plan fiduciaries are unable to locate an individual retirement plan provider that will accept a rollover distribution or determine not to make a rollover distribution for some other compelling reason based on the particular facts and circumstances, fiduciaries may consider distributing a missing participant's benefit into a federally insured bank account or a state unclaimed property fund. This Bulletin discusses the fiduciary considerations for distribution options more fully above.

You may direct any questions about the information contained in this Bulletin to the Division of Fiduciary Interpretations, Office of Regulations and Interpretations, (202) 693-8510.

Footnotes

1. *See* Rev. Rul. 89-87, 1989-27 I.R.B. 5.
2. Under Internal Revenue Code (Code) §402(f), a plan administrator is required, prior to making an eligible rollover distribution, to provide the participant with a written explanation of the Code provisions under which the participant may elect to have the distribution transferred directly to an IRA or another qualified plan, the provision requiring tax withholding if the distribution is not directly transferred and the provisions under which the distribution will not be taxed if the participant transfers the distribution to an IRA or another qualified plan within 60 days of receipt.
3. The notice requirement extends to all participants because all participants vest in their account balances upon termination of the plan. Under Code §411(d)(3), a plan must provide that, upon its termination or complete discontinuance of contributions, benefits accrued to the date of termination or discontinuance of contributions become vested to the extent funded on such date.
4. This guidance applies only in the context of terminated defined contribution plans. (*See* ERISA §3(34)) The Pension Benefit Guaranty Corporation (PBGC) has a missing participants program for searching for and distributing benefits on behalf of missing participants in terminated defined benefit plans. (*See* ERISA §4050, 29 U.S.C. §1350 (1994).) Section 4050 currently applies only to terminated single-employer defined benefit plans covered by Title IV of ERISA.
5. This guidance assumes that the terminated plan does not provide an annuity option and that no other appropriate defined contribution plans are maintained within the sponsoring employer's corporate group to which account balances from the terminated plan could be transferred. These limitations are based on Code provisions that generally prohibit distributions without appropriate consent in such cases. *See* Treas. Reg. 26 C.F.R. §1.411(a)-11(e). The preamble to "Termination of Abandoned Individual Account Plans," section C. "Safe Harbor for Distributions From Terminated Individual Account Plans" (29 C.F.R. §2550.404a-3) paragraph 3 entitled "Miscellaneous," also discusses the consent requirements under Code §411(a)(11). 77 FR 20820, 20829 (April 21, 2006). *See also* Treas. Reg. 26 C.F.R. §1.411(d)-4, Q&A-2(e) for information on when a defined contribution plan is permitted to be amended prior to termination to eliminate annuity options under the plan.

6. Rev. Proc. 2012-35, 2012-37 I.R.B. 341, modified and superseded Rev. Proc. 94-22, 1994-09 I.R.B. 48, in announcing the cessation of the IRS letter-forwarding service for letters from individuals, organizations, plan administrators, sponsors of qualified retirement plans, or qualified termination administrators (QTAs) of abandoned plans under the Department of Labor's Abandoned Plan Program who are attempting to locate missing plan participants and beneficiaries. The Social Security Administration published a Notice completely discontinuing its letter-forwarding service, which stated that the public now has widespread access to the Internet and the ability to locate individuals without relying on its letter-forwarding service. *See* 79 FR 21831 (Apr. 17, 2014).
7. *See* Advisory Opinion 2001-01A (Jan. 18, 2001); *see also* Information Letter to John N. Erlenborn from Dennis M. Kass (Mar. 13, 1986).
8. *See* Rev. Rul. 2000-36, 2000-31 I.R.B. 140, where the Department stated that the selection of an IRA trustee, custodian or issuer and of an IRA investment for purposes of a default rollover pursuant to a plan provision would constitute a fiduciary act under ERISA.
9. *See* *LaRue v. DeWolff, Boberg & Associates, Inc.*, 552 U.S. 248 (2008), where the Supreme Court held that a participant in a defined contribution plan may make a claim under section 502(a)(2) of ERISA for losses to his or her individual account caused by alleged breaches of fiduciary duty. Section 502(a)(2) of ERISA authorizes participants and beneficiaries alleging fiduciary breaches to sue to obtain "any losses to the plan resulting from each such breach." 29 U.S.C. §1109(a).
10. *See generally* Field Assistance Bulletin 2003-03 (May 19, 2003) for the Department's views with respect to expense allocations in defined contribution plans. *See also* Rev. Rul. 2004-10, 2004-07 I.R.B. 484.
11. *See* Appendix to 29 C.F.R. §2550.404a-3 (2006) (amended 2008).
12. *See supra* note 1.
13. Code §7701(a)(37) defines an "individual retirement plan" to mean an individual retirement account described in Code §408(a) and an individual retirement annuity described in Code §408(b).
14. An "eligible rollover distribution" is, subject to certain limited exceptions, any distribution to an employee of all or any portion of the balance to the credit of the employee in a qualified trust. *See* Code §§402(c)(4) and 402(f)(2)(A).
15. Code §§402(a), 3405(c), and 72(t).
16. *See supra* note 8.
17. *See* 29 C.F.R. §2550.404a-2 (2004). *See also* Class Exemption PTE No. 2004-16 that generally provides relief from ERISA's prohibited transaction provisions for a plan fiduciary's selection of itself as the provider of an individual retirement plan and/or issuer of an investment in connection with automatic rollovers of mandatory cash-out amounts up to \$5,000.
18. *See* 29 C.F.R. §2550.404a-3 (2006) (amended 2008). *See* 73 FR 58459 (Oct. 7, 2008) for an amendment to the safe harbor distribution options in 29 C.F.R. §2550.404a-3 to take into account the expanded definition of eligible rollover distributions under Code §402(c). Code §402(c) was amended by §829 of the Pension Protection Act of 2006, Pub. L. No. 109-280,

120 Stat. 780, 1001-02 (2006), to permit the direct rollover of a deceased participant's benefit from an eligible retirement plan to an individual retirement plan established on behalf of a designated nonspouse beneficiary. *See also* Class Exemption PTE No. 2006-06 that generally provides relief similar to PTE No. 2004-16 to qualified termination administrators (QTAs) for distributions of missing participant accounts regardless of the size of the accounts in the context of abandoned plans.

19. Section 4050 of ERISA (*see supra* note 4) was amended by §410(a) of the Pension Protection Act, Pub. L. No. 109-280, 120 Stat. 780, 934-35 (2006), to permit certain plans, e.g., defined contribution plans not covered by Title IV of ERISA, to elect to transfer missing participants' benefits to the PBGC's missing participants program when a plan terminates. The amendment is not effective until the PBGC publishes final regulations. PBGC published a Request For Information on June 21, 2013 (78 FR 37598).
20. Unless the funds transferred otherwise are not subject to income taxation, such as amounts that have already been taxed or that constitute qualified distributions from a designated Roth account.
21. Unless the interest is subject to special favorable taxation rules, such as rules for interest earned from investments in state bonds or U.S. savings bonds.
22. Advisory Opinion 94-41A (Dec. 7, 1994).
23. Prior Departmental Advisory Opinions addressed distributions from ongoing plans. *See, e.g.,* Advisory Opinion 94-41A (Dec. 7, 1994); Advisory Opinion 79-30A (May 14, 1979); Advisory Opinion 78-32A (Dec. 22, 1978). We note, however, that this memorandum addresses only distributions that complete the termination of defined contribution plans.
24. Pub. L. No. 107-56, 115 Stat. 272 (2001).
25. The term "other Federal functional regulators" refers to the other agencies responsible for administration and regulations under the Act.
26. *See* "FAQs: Final CIP Rule" at: www.fincen.gov/finalciprule.pdf and www.fdic.gov/news/news/financial/2004/FIL0404a.html.

County of Fresno 457 DC Plan Menu Review

Appendix A



March 2015 | Analysis Prepared and Provided By:

Heintzberger | Payne Advisors, a Registered Investment Advisory Firm
12550 SW 68th Avenue, Portland, OR 97223
Phone: 503.597.1616 | Toll-Free: 866.226.5640

Summary of Proposed Menu Changes

We are presenting two different methodologies for the proposed menu changes. For starters, a bit of historical perspective might be helpful: In the most recent round of fund changes (Fall of 2013) we moved to “cheapest net” share class on the Great West Platform (now Empower). Additionally, we removed funds that were redundant in their strategy, or the segment of the market they represented. Studies have shown that reducing the number of investment options can actually reduce participant confusion.

Some of the active managers which were retained have defensive characteristics in their investment process which typically leads to outperformance when the markets are declining or selling off. This strategy has been out of favor since the end of the financial crises in 2009. This phenomena accounts for a large portion of the investment underperformance for the managers currently failing to meet policy requirements.

Additionally, in the most recent menu changes we moved to share classes for each fund which were cheapest “net” for plan participants. The “cheapest net” evaluates the expense ratio for the available share classes on a vendor’s platform and that share classes’ respective revenue sharing, if applicable. This approach may result in using a share class with a slightly higher gross expense ratio, but after accounting for the revenue sharing credit participants will receive, results in a net savings to participants– hence the term “cheapest net.” Conversely, “cheapest gross” references simply selecting the share class of a particular fund that has the least expensive expense ratio and ignores the impact of any applicable revenue sharing that might be available.

We are proposing two menus for the DCMC’s consideration. Listed below is a brief outline highlighting the differences between the two menus:

Menu A: We are recommending changes that accomplish the following objectives:

- Remove funds that no longer meet performance expectations.
- Move to the cheapest “net” share class for each fund.

| <i>Share Class Changes</i> | | | |
|----------------------------|---------------------------------------|----------------------|--|
| <i>Current Lineup</i> | | <i>Proposed Menu</i> | |
| JSCOX | Perkins SC Value I Fund | JDSNX | Perkins SC Value N Fund |
| ODVYX | Oppenheimer Developing Markets Y Fund | ODVIX | Oppenheimer Developing Markets I Fund |
| IVVYX | Ivy International Core Equity Y Fund | IVIAX | Ivy International Core Equity A Fund |
| SCBLX | RidgeWorth Total Return R Fund | SAMFX | RidgeWorth Total Return I Fund |
| FRIFX | Fidelity Real Estate Income Fund | FRIQX | Fidelity Advisor Real Estate Income T Fund |
| <i>Fund Changes</i> | | | |
| <i>Current Lineup</i> | | <i>Proposed Menu</i> | |
| JMCVX | Perkins MC Value T Fund | BLKCX | BlackRock Mid Cap Index Collective M Fund |
| MSIIX | Mainstay International Equity I Fund | IVIAX | Ivy International Core Equity A Fund |
| SEGSX | Sentinel Government Securities A Fund | BLKEX | BlackRock US Debt Index Fund Collective W Fund |

Menu B: We are recommending changes that accomplish the following objectives:

- Remove funds that no longer meet performance expectations.
- Adopts a methodology that reflects a growing trend in the industry of reducing the number of investment options (specifically actively managed funds) in an effort to reduce participant confusion and reduce the likelihood of having investment underperformance.
- This approach has a low cost passively managed fund in each asset class paired with a “core” active manager. This approach eliminates many of the style managers that focus specifically on just value or growth stocks. Active managers are selected for their ability to represent both value and growth stock in their respective asset class.
- A detailed review of the target date fund universe (similar to the stable value exercise) including a DCMC education training session. During this review we would assist the County in assessing whether a product solution or custom target date solution is most appropriate.
- Adopts the “cheapest gross” methodology when selecting the appropriate share class for each investment option.

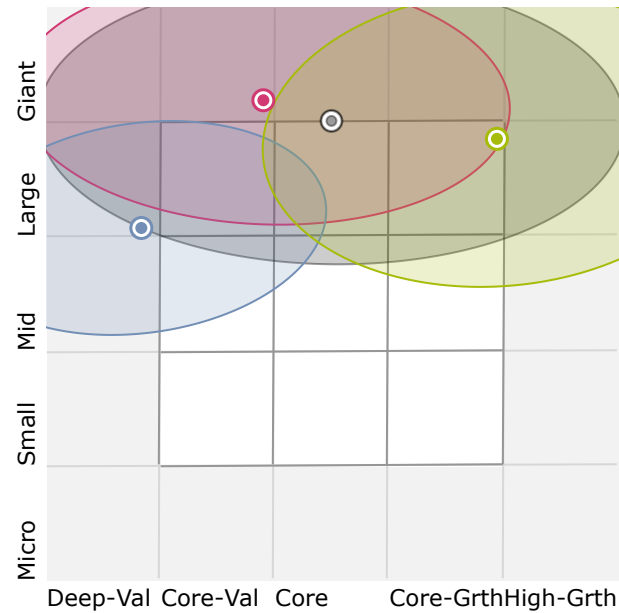
| <i>Share Class Changes</i> | | | |
|----------------------------|---------------------------------------|----------------------|--|
| <i>Current Lineup</i> | | <i>Proposed Menu</i> | |
| CVIRX | Columbia Dividend Income R4 Fund | CDDYX | Columbia Dividend Income Y Fund |
| ASPIX | Alger Spectra Inst Fund | ASPZX | Alger Spectra Z Fund |
| ODVYX | Oppenheimer Developing Markets Y Fund | ODVIX | Oppenheimer Developing Markets I Fund |
| IVVYX | Ivy International Core Equity Y Fund | IINCX | Ivy International Core Equity R6 Fund |
| TGBAX | Templeton GL Bond Adv Fund | FBNRX | Templeton GL Bond R6 Fund |
| <i>Fund Changes</i> | | | |
| <i>Current Lineup</i> | | <i>Proposed Menu</i> | |
| JMCVX | Perkins MC Value T Fund | | <i>Active Mid Cap Core Fund</i> |
| HFCIX | Hennessey Focus Institutional Fund | | <i>Active Mid Cap Core Fund</i> |
| JSCOX | Perkins SC Value I Fund | | <i>Active Small Cap Core Fund</i> |
| NNLEX | Nicholas Limited Edition N Fund | | <i>Active Small Cap Core Fund</i> |
| MSIIX | Mainstay International Equity I Fund | IINCX | Ivy International Core Equity R6 Fund |
| SCBLX | RidgeWorth Total Return R Fund | MWTIX | Met West Total Return Bond I Fund |
| SEGSX | Sentinel Government Securities A Fund | BLKEX | BlackRock US Debt Index Fund Collective W Fund |
| OAKBX | Oakmark Equity and Income I Fund | | Age-Appropriate Target Date |
| FRIFX | Fidelity Real Estate Income Fund | | Age-Appropriate Target Date |
| FRUAX | Franklin Util Adv Fund | CDDYX | Columbia Dividend Income Y Fund |

County of Fresno 457 DC Plan - Option A

| Current Lineup | | | | Proposed Menu | |
|--------------------------|--|-----------------|--------------------------|---------------|--|
| Asset Class | | Assets | % of Assets | Asset Class | Fund Name |
| US Large Cap | | | US Large Cap | | |
| CVIRX | Columbia Dividend Income R4 Fund | \$10,751,965.88 | 5.21% | CVIRX | Columbia Dividend Income R4 Fund |
| ASPIX | Alger Spectra Inst Fund | \$40,607,323.09 | 19.66% | ASPIX | Alger Spectra Inst Fund |
| BLKBX | BlackRock Equity Index Collective M Fund | \$41,574,864.62 | 20.13% | BLKBX | BlackRock Equity Index Collective M Fund |
| US Mid Cap | | | US Mid Cap | | |
| JMCVX | Perkins MC Value T Fund | \$6,003,696.65 | 2.91% | BLKCX | BlackRock Mid Cap Index Collective M Fund |
| HFCIX | Hennessey Focus Institutional Fund | \$4,586,107.37 | 2.22% | HFCIX | Hennessey Focus Institutional Fund |
| BLKCX | BlackRock Mid Cap Index Collective M Fund | \$1,879,810.02 | 0.91% | BLKCX | BlackRock Mid Cap Index Collective M Fund |
| US Small Cap | | | US Small Cap | | |
| JSCOX | Perkins SC Value I Fund | \$457,993.61 | 0.22% | JDSNX | Perkins SC Value N Fund |
| NNLEX | Nicholas Limited Edition N Fund | \$5,753,556.91 | 2.79% | NNLEX | Nicholas Limited Edition N Fund |
| BLKDX | BlackRock Russell 2000 Index Collective M Fund | \$2,332,387.89 | 1.13% | BLKDX | BlackRock Russell 2000 Index Collective M Fund |
| Foreign Stocks | | | Foreign Stocks | | |
| MSIIX | Mainstay International Equity I Fund | \$2,362,596.96 | 1.14% | IVIAX | Ivy International Core Equity A Fund |
| ODVYX | Oppenheimer Developing Markets Y Fund | \$273,061.64 | 0.13% | ODVIX | Oppenheimer Developing Markets I Fund |
| IVVYX | Ivy International Core Equity Y Fund | \$8,263,160.59 | 4.00% | IVIAX | Ivy International Core Equity A Fund |
| BLKAX | BlackRock EAFE Equity Index T Fund | \$360,293.41 | 0.17% | BLKAX | BlackRock EAFE Equity Index T Fund |
| Fixed Income | | | Fixed Income | | |
| | Fresno County Stable Value Fund | \$60,649,549.11 | 29.36% | | Fresno County Stable Value Fund |
| Bond | | | Bond | | |
| TGBAX | Templeton GL Bond Adv Fund | \$157,811.59 | 0.08% | TGBAX | Templeton GL Bond Adv Fund |
| SCBLX | RidgeWorth Total Return R Fund | \$2,602,972.37 | 1.26% | SAMFX | RidgeWorth Total Return I Fund |
| SEGSX | Sentinel Government Securities A Fund | \$848,753.05 | 0.41% | BLKEX | BlackRock US Debt Index Fund Collective W Fund |
| BLKEX | BlackRock US Debt Index Fund Collective W Fund | \$187,256.56 | 0.09% | BLKEX | BlackRock US Debt Index Fund Collective W Fund |
| Balanced | | | Balanced | | |
| OAKBX | Oakmark Equity and Income I Fund | \$2,811,519.87 | 1.36% | OAKBX | Oakmark Equity and Income I Fund |
| Specialty Options | | | Specialty Options | | |
| FRIFX | Fidelity Real Estate Income Fund | \$732,129.43 | 0.35% | FRIQX | Fidelity Advisor Real Estate Income T Fund |
| FRUAX | Franklin Util Adv Fund | \$3,443,622.68 | 1.67% | FUFRX | Franklin Util R6 Fund |
| Target Date | | | Target Date | | |
| | Great-West Lifetime 2015 Trust II Fund | \$2,154,458.04 | 1.04% | GWLAX | Great-West Lifetime 2015 Trust II Fund |
| | Great-West Lifetime 2025 Trust II Fund | \$3,197,277.03 | 1.55% | GWLBX | Great-West Lifetime 2025 Trust II Fund |
| | Great-West Lifetime 2035 Trust II Fund | \$1,977,327.84 | 0.96% | GWLCX | Great-West Lifetime 2035 Trust II Fund |
| | Great-West Lifetime 2045 Trust II Fund | \$1,870,966.35 | 0.91% | GWLDX | Great-West Lifetime 2045 Trust II Fund |
| | Great-West Lifetime 2055 Trust II Fund | \$718,456.24 | 0.35% | GWLEX | Great-West Lifetime 2055 Trust II Fund |

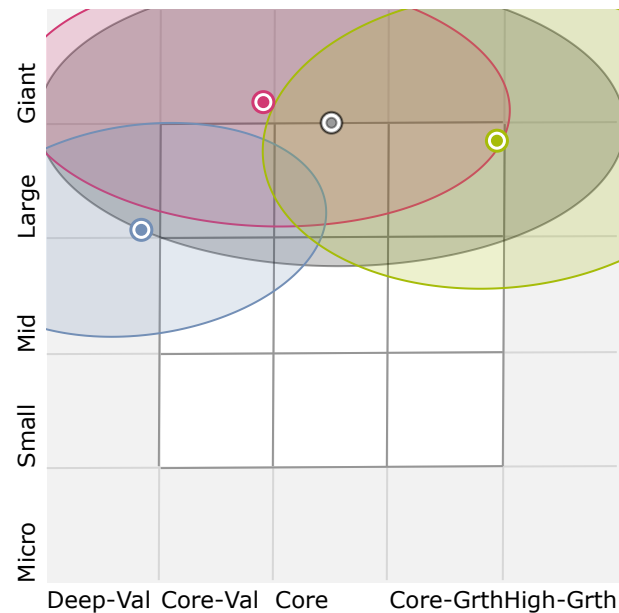
\$ 206,558,918.80 100.00%

CURRENT PORTFOLIO



| | |
|-------------------------------|------------|
| ● Alger Spectra I | 12/31/2014 |
| ● Franklin Utilities Adv | 12/31/2014 |
| ● Columbia Dividend Income R4 | 12/31/2014 |
| ● S&P 500 TR USD | 12/31/2014 |

PROPOSED PORTFOLIO



| | |
|-------------------------------|------------|
| ● Alger Spectra I | 12/31/2014 |
| ● Franklin Utilities Adv | 12/31/2014 |
| ● Columbia Dividend Income R4 | 12/31/2014 |
| ● S&P 500 TR USD | 12/31/2014 |

US Large Cap Options Changes: None

US Large Cap Options – Portfolio Recommendations

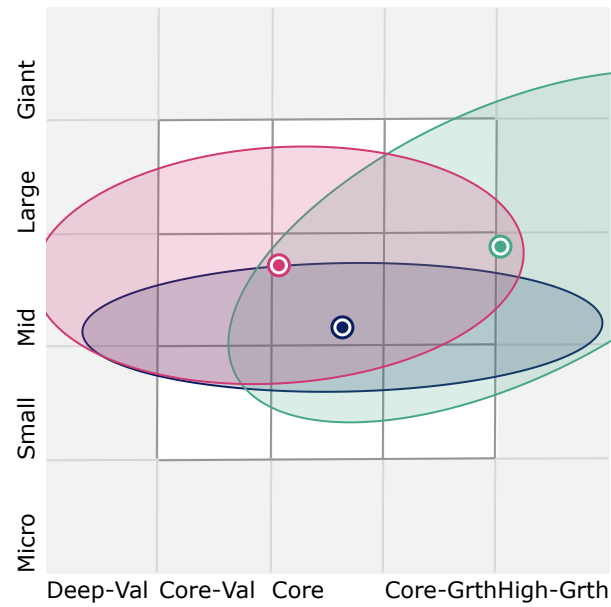
Option A

The County of Fresno participants currently have access to three actively managed and one passive index fund. The current lineup spreads from Mega-cap down to the high-end range of the mid-cap spectrum and also hits the key style objectives. The Alger Spectra fund is a large to mega-cap fund that is focused on growth. The Franklin Utilities and Columbia Dividend Income funds are positioned as value funds in this portfolio.

Under this Option, HPA does not recommend any changes in the Large Cap Menu.

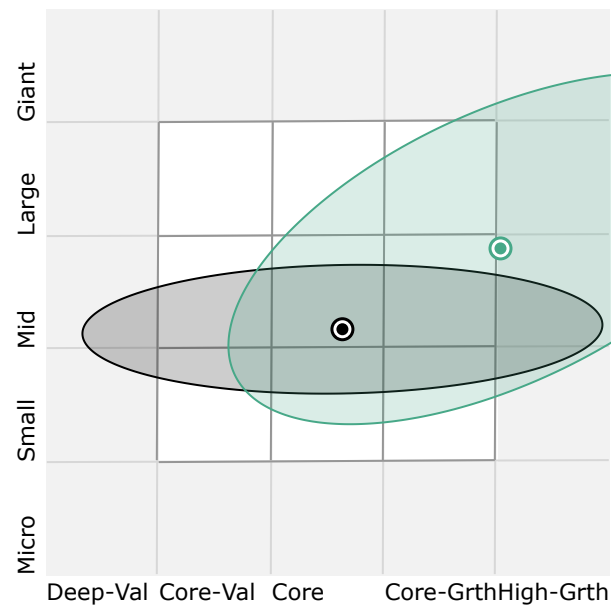
| <i>Current Lineup</i> | | | | <i>Proposed Menu</i> | |
|-----------------------|--|-----------------|--------|----------------------|--|
| US Large Cap | | | | US Large Cap | |
| CVIRX | Columbia Dividend Income R4 Fund | \$10,751,965.88 | 5.21% | CVIRX | Columbia Dividend Income R4 Fund |
| ASPIX | Alger Spectra Inst Fund | \$40,607,323.09 | 19.66% | ASPIX | Alger Spectra Inst Fund |
| BLKBX | BlackRock Equity Index Collective M Fund | \$41,574,864.62 | 20.13% | BLKBX | BlackRock Equity Index Collective M Fund |

CURRENT PORTFOLIO



- Perkins Mid Cap Value T 12/31/2014
- Hennessy Focus Institutional 12/31/2014
- S&P MidCap 400 TR 12/31/2014

PROPOSED PORTFOLIO



- Hennessy Focus Institutional 12/31/2014
- S&P MidCap 400 TR 12/31/2014

US Mid Cap Options Changes: Perkins Mid Cap Value Removal

US Mid Cap Options – Portfolio Recommendations

Option A

Participants currently have access to three total mid cap options in the plan, one active growth option and one active value option and one passive index fund. HPA would recommend removing the Perkins Mid Cap Value Fund.

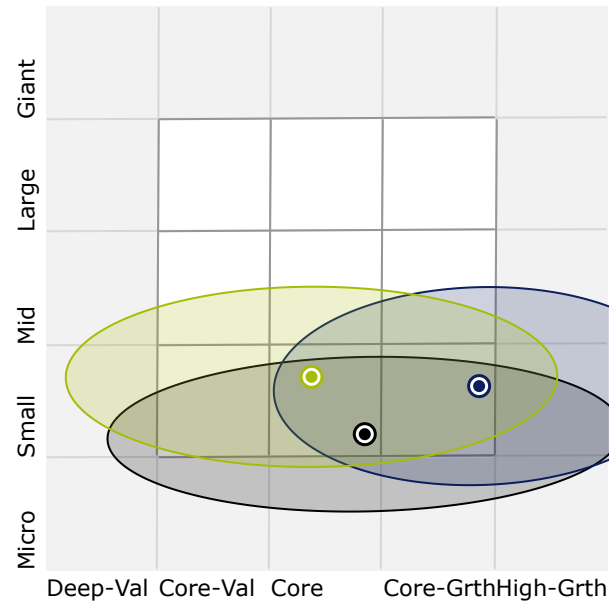
Move Perkins Mid Cap Value to the Mid Cap Index option: Perkins Mid Cap Value has been out of compliance with investment policy criteria now for four quarters. The fund’s absolute return ranking is in the bottom quartile of its peer group in the trailing three- and five-year periods. The trailing five-year ranking is mostly due to the fund’s late 2008 and early 2009 downside protection rolling off the five-year number. In 2014, the fund underperformed the index by ~350 basis points. We would encourage the move from this fund to the Index at this time.

Pros: Lower-cost exposure to the mid-cap space. Also removing assets that only comprise of 2.9% of the County’s plan (low impact to participants).

Cons: Removes an option from the mid cap lineup, leaving only one active and one passive choice. The index will replicate the benchmark and will not provide downside protection in turbulent markets.

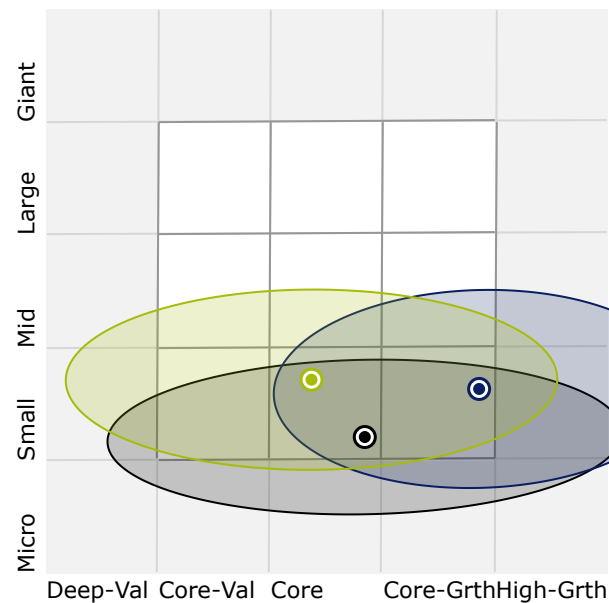
| <i>Current Lineup</i> | | | | <i>Proposed Menu</i> | |
|-----------------------|---|----------------|-------|----------------------|---|
| US Mid Cap | | | | US Mid Cap | |
| JMCVX | Perkins MC Value T Fund | \$6,003,696.65 | 2.91% | BLKCX | BlackRock Mid Cap Index Collective M Fund |
| HFCIX | Hennessey Focus Institutional Fund | \$4,586,107.37 | 2.22% | HFCIX | Hennessey Focus Institutional Fund |
| BLKCX | BlackRock Mid Cap Index Collective M Fund | \$1,879,810.02 | 0.91% | BLKCX | BlackRock Mid Cap Index Collective M Fund |

CURRENT PORTFOLIO



- Perkins Small Cap Value I 12/31/2014
- Nicholas Limited Edition N 12/31/2014
- S&P SmallCap 600 TR 12/31/2014

PROPOSED PORTFOLIO



- Perkins Small Cap Value N 12/31/2014
- Nicholas Limited Edition N 12/31/2014
- S&P SmallCap 600 TR 12/31/2014

US Small Cap Options Changes: Perkins Small Cap Value Share Class

US Small Cap Options – Portfolio Recommendations

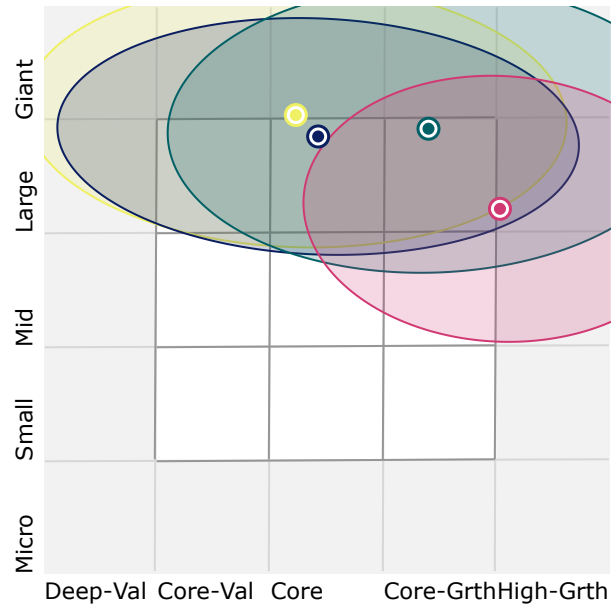
Option A

There are currently three total options for participants to invest in within the small cap sector. These include one active growth option, one active value option and one passive index fund in the plan. The growth option in this sector, Nicholas Limited Edition fund, focuses on individual company’s annual sales volume and market capitalization in determining where to find the best long-term growth prospects. The value option in the plan, Perkins Small Cap Value, focuses on companies with stable earnings and strong balance sheets to create a more defensive fund.

Recommendations: HPA recommends a share class change for the Perkins Small Cap Value fund in order to move to the cheapest net share class in line with the County of Fresno’s investment policy statement.

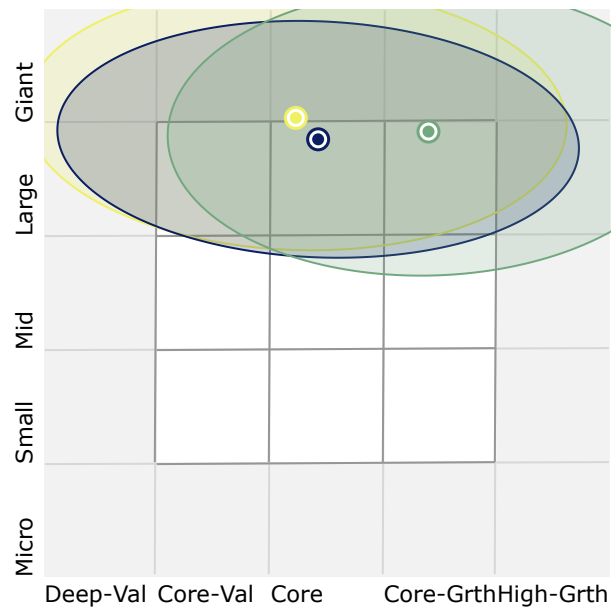
| <i>Current Lineup</i> | | | | <i>Proposed Menu</i> | |
|-----------------------|--|----------------|-------|----------------------|--|
| US Small Cap | | | | US Small Cap | |
| JSCOX | Perkins SC Value I Fund | \$457,993.61 | 0.22% | JDSNX | Perkins SC Value N Fund |
| NNLEX | Nicholas Limited Edition N Fund | \$5,753,556.91 | 2.79% | NNLEX | Nicholas Limited Edition N Fund |
| BLKDX | BlackRock Russell 2000 Index Collective M Fund | \$2,332,387.89 | 1.13% | BLKDX | BlackRock Russell 2000 Index Collective M Fund |

CURRENT PORTFOLIO



- MainStay International Equity I 12/31/2014
- Oppenheimer Developing Markets Y 12/31/2014
- Ivy International Core Equity Y 12/31/2014
- MSCI EAFE NR USD 12/31/2014

PROPOSED PORTFOLIO



- Oppenheimer Developing Markets I 12/31/2014
- Ivy International Core Equity A 12/31/2014
- MSCI EAFE NR USD 12/31/2014

Foreign Options Changes: MainStay International Eq Removal, Oppenheimer Dev Markets Share Class, Ivy International Core Eq Share Class

Foreign Options – Portfolio Recommendations

Option A

Participants currently have access to one passive index and three active foreign options in the plan including one blend option (Ivy International Core Equity), one growth option (Mainstay International Equity) and one emerging market option (Oppenheimer Developing Markets). The core diversification goal within the asset class is to offer both active and passive options for pricing and developed vs emerging for regional exposure. Style investing should be viewed as a secondary goal. The current growth option, Mainstay International Equity, has substantial overlap with the other two developed market funds and its growth tilt is reflected within the emerging market fund.

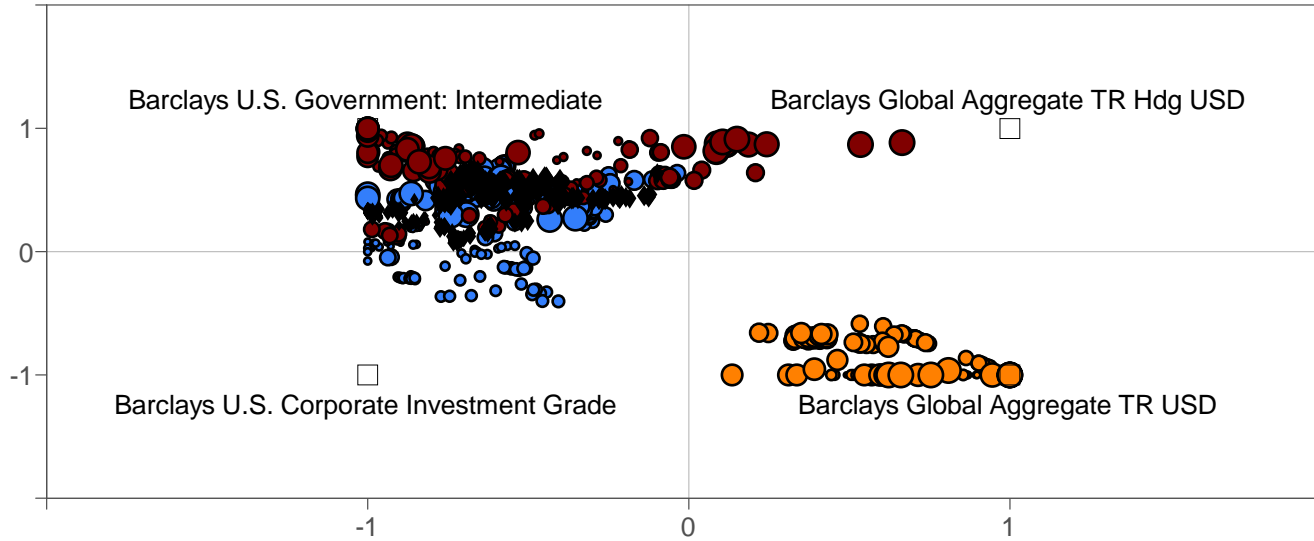
Recommendation: Map Mainstay International Equity into Ivy International Core Equity

Due to overlap with other foreign funds, underperformance and fund utilization, Mainstay International Equity will be mapped into an existing foreign active option to make the investment menu policy compliant and reduce the total options offered on the lineup.

| <i>Current Lineup</i> | | | | <i>Proposed Menu</i> | |
|-----------------------|---------------------------------------|----------------|-------|-----------------------|---------------------------------------|
| Foreign Stocks | | | | Foreign Stocks | |
| MSIIX | Mainstay International Equity I Fund | \$2,362,596.96 | 1.14% | IVIAX | Ivy International Core Equity A Fund |
| ODVYX | Oppenheimer Developing Markets Y Fund | \$273,061.64 | 0.13% | ODVIX | Oppenheimer Developing Markets I Fund |
| IVVYX | Ivy International Core Equity Y Fund | \$8,263,160.59 | 4.00% | IVIAX | Ivy International Core Equity A Fund |
| BLKAX | BlackRock EAFE Equity Index T Fund | \$360,293.41 | 0.17% | BLKAX | BlackRock EAFE Equity Index T Fund |

Current Bond Options

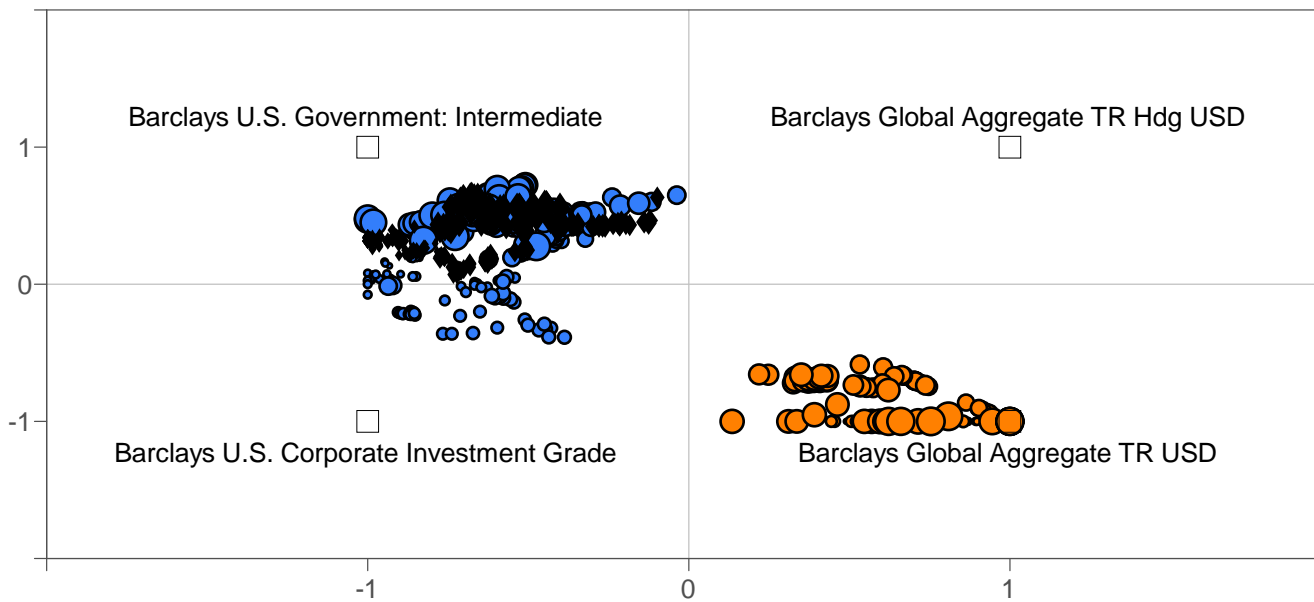
January 1998 - December 2014 (36-Month Moving Windows, Computed Monthly)



- RidgeWorth Total Return Bond R
- Sentinel Government Securities A
- Templeton Global Bond Adv
- ◆ Barclays U.S. Aggregate
- Global FI

Proposed Bond Options

January 1998 - December 2014 (36-Month Moving Windows, Computed Monthly)



- RidgeWorth Total Return Bond I
- Templeton Global Bond Adv
- ◆ Barclays U.S. Aggregate
- Global FI

Bond Options Changes: RidgeWorth Total Return Bond Share Class, Sentinel Govt Securities Removal

Bond Options – Portfolio Recommendations

Option A

The County of Fresno currently has four fixed income mutual fund investment options for participants to choose from in addition to a Stable Value Fund. The mutual fund investment options include one passively managed option, the BlackRock U.S. Debt Index, and three actively managed funds that cover the U.S. intermediate term fixed income market (Ridgeworth Total Return), the global fixed income market (Templeton Global Bond) and a specialty option that primarily invests in U.S. agency mortgage backed securities (Sentinel Government Securities).

Recommendation: HPA recommends removal of the Sentinel Government Securities Fund for failing investment policy compliance criteria. The Fund has been on watch due to performance reasons as well as a recent change in portfolio management in early 2014. The only other change we would recommend is a share class change for the Ridgeworth Total Return Fund in order to move to the cheapest “net” share class in line with the County of Fresno’s investment policy statement.

| <i>Current Lineup</i> | | | | <i>Proposed Menu</i> | |
|-----------------------|--|-----------------|--------|----------------------|--|
| Fixed Income | | | | Fixed Income | |
| | Fresno County Stable Value Fund | \$60,649,549.11 | 29.36% | | Fresno County Stable Value Fund |
| Bond | | | | Bond | |
| TGBAX | Templeton GL Bond Adv Fund | \$157,811.59 | 0.08% | TGBAX | Templeton GL Bond Adv Fund |
| SCBLX | RidgeWorth Total Return R Fund | \$2,602,972.37 | 1.26% | SAMFX | RidgeWorth Total Return I Fund |
| SEGSX | Sentinel Government Securities A Fund | \$848,753.05 | 0.41% | BLKEX | BlackRock US Debt Index Fund Collective W Fund |
| BLKEX | BlackRock US Debt Index Fund Collective W Fund | \$187,256.56 | 0.09% | BLKEX | BlackRock US Debt Index Fund Collective W Fund |

Specialty Options – Portfolio Recommendations

Option A

The County of Fresno currently has a balanced fund option, Oakmark Equity and Income Fund, and another “specialty” investment option that invests in real estate related debt and equity securities, Fidelity Real Estate Income Fund.

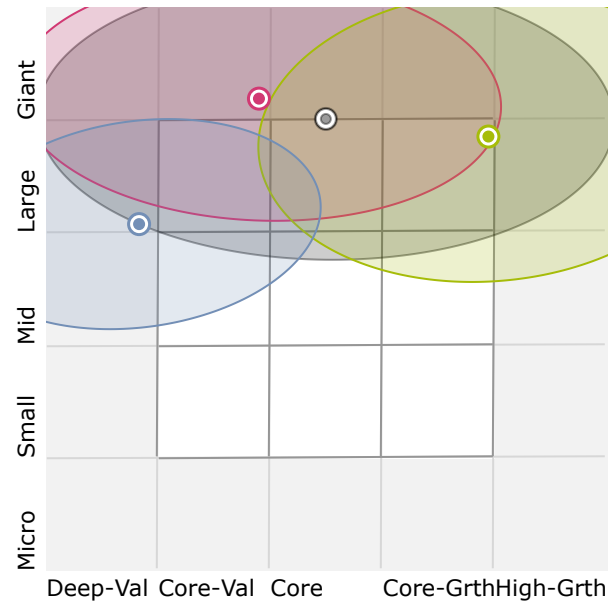
Recommendation: HPA recommends a share class change for the Fidelity Real Estate Income Fund in order to move to the cheapest “net” share class in line with the County of Fresno’s investment policy statement.

| <i>Current Lineup</i> | | | <i>Proposed Menu</i> | | |
|--------------------------|----------------------------------|----------------|--------------------------|-------|--|
| Balanced | | | Balanced | | |
| OAKBX | Oakmark Equity and Income I Fund | \$2,811,519.87 | 1.36% | OAKBX | Oakmark Equity and Income I Fund |
| Specialty Options | | | Specialty Options | | |
| FRIFX | Fidelity Real Estate Income Fund | \$732,129.43 | 0.35% | FRIQX | Fidelity Advisor Real Estate Income T Fund |
| FRUAX | Franklin Util Adv Fund | \$3,443,622.68 | 1.67% | FUFRX | Franklin Util R6 Fund |

County of Fresno 457 DC Plan - Option B

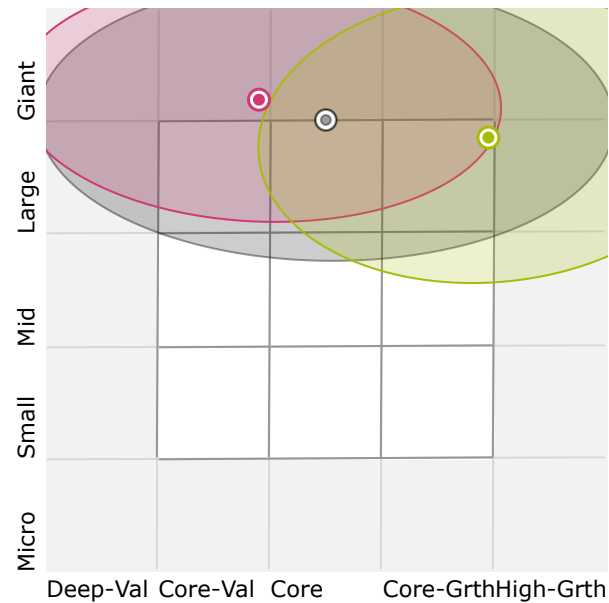
| Current Lineup | | | | Proposed Menu | |
|--------------------------|--|-------------------|--------------------------|---------------|--|
| Asset Class | | Assets | % of Assets | Asset Class | Fund Name |
| US Large Cap | | | US Large Cap | | |
| CVIRX | Columbia Dividend Income R4 Fund | \$10,751,965.88 | 5.21% | CDDYX | Columbia Dividend Income Y Fund |
| ASPIX | Alger Spectra Inst Fund | \$40,607,323.09 | 19.66% | ASPZX | Alger Spectra Z Fund |
| BLKBX | BlackRock Equity Index Collective M Fund | \$41,574,864.62 | 20.13% | BLKBX | BlackRock Equity Index Collective M Fund |
| US Mid Cap | | | US Mid Cap | | |
| JMCVX | Perkins MC Value T Fund | \$6,003,696.65 | 2.91% | | Active Mid Cap Core Fund |
| HFCIX | Hennessey Focus Institutional Fund | \$4,586,107.37 | 2.22% | | Active Mid Cap Core Fund |
| BLKCX | BlackRock Mid Cap Index Collective M Fund | \$1,879,810.02 | 0.91% | BLKCX | BlackRock Mid Cap Index Collective M Fund |
| US Small Cap | | | US Small Cap | | |
| JSCOX | Perkins SC Value I Fund | \$457,993.61 | 0.22% | | Active Small Cap Core Fund |
| NNLEX | Nicholas Limited Edition N Fund | \$5,753,556.91 | 2.79% | | Active Small Cap Core Fund |
| BLKDX | BlackRock Russell 2000 Index Collective M Fund | \$2,332,387.89 | 1.13% | BLKDX | BlackRock Russell 2000 Index Collective M Fund |
| Foreign Stocks | | | Foreign Stocks | | |
| MSIIX | Mainstay International Equity I Fund | \$2,362,596.96 | 1.14% | IINCX | Ivy International Core Equity R6 Fund |
| ODVYX | Oppenheimer Developing Markets Y Fund | \$273,061.64 | 0.13% | ODVIX | Oppenheimer Developing Markets I Fund |
| IVVYX | Ivy International Core Equity Y Fund | \$8,263,160.59 | 4.00% | IINCX | Ivy International Core Equity R6 Fund |
| BLKAX | BlackRock EAFE Equity Index T Fund | \$360,293.41 | 0.17% | BLKAX | BlackRock EAFE Equity Index T Fund |
| Fixed Income | | | Fixed Income | | |
| | Fresno County Stable Value Fund | \$60,649,549.11 | 29.36% | | Fresno County Stable Value Fund |
| Bond | | | Bond | | |
| TGBAX | Templeton GL Bond Adv Fund | \$157,811.59 | 0.08% | FBNRX | Templeton GL Bond R6 Fund |
| SCBLX | RidgeWorth Total Return R Fund | \$2,602,972.37 | 1.26% | MWTIX | Met West Total Return Bond I Fund |
| SEGSX | Sentinel Government Securities A Fund | \$848,753.05 | 0.41% | BLKEX | BlackRock US Debt Index Fund Collective W Fund |
| BLKEX | BlackRock US Debt Index Fund Collective W Fund | \$187,256.56 | 0.09% | BLKEX | BlackRock US Debt Index Fund Collective W Fund |
| Balanced | | | Balanced | | |
| OAKBX | Oakmark Equity and Income I Fund | \$2,811,519.87 | 1.36% | | Age-Appropriate Target Date |
| Specialty Options | | | Specialty Options | | |
| FRIFX | Fidelity Real Estate Income Fund | \$732,129.43 | 0.35% | | Age-Appropriate Target Date |
| FRUAX | Franklin Util Adv Fund | \$3,443,622.68 | 1.67% | CDDYX | Columbia Dividend Income Y Fund |
| Target Date | | | Target Date | | |
| | Great-West Lifetime 2015 Trust II Fund | \$2,154,458.04 | 1.04% | GWLAX | Great-West Lifetime 2015 Trust II Fund |
| | Great-West Lifetime 2025 Trust II Fund | \$3,197,277.03 | 1.55% | GWLBX | Great-West Lifetime 2025 Trust II Fund |
| | Great-West Lifetime 2035 Trust II Fund | \$1,977,327.84 | 0.96% | GWLCX | Great-West Lifetime 2035 Trust II Fund |
| | Great-West Lifetime 2045 Trust II Fund | \$1,870,966.35 | 0.91% | GWLDX | Great-West Lifetime 2045 Trust II Fund |
| | Great-West Lifetime 2055 Trust II Fund | \$718,456.24 | 0.35% | GWLEX | Great-West Lifetime 2055 Trust II Fund |
| | | \$ 206,558,918.80 | 100.00% | | |

CURRENT PORTFOLIO



| | |
|-------------------------------|------------|
| ● Franklin Utilities Adv | 12/31/2014 |
| ● Alger Spectra I | 12/31/2014 |
| ● Columbia Dividend Income R4 | 12/31/2014 |
| ● S&P 500 TR USD | 12/31/2014 |

PROPOSED PORTFOLIO



| | |
|------------------------------|------------|
| ● Alger Spectra Z | 12/31/2014 |
| ● Columbia Dividend Income Y | 12/31/2014 |
| ● S&P 500 TR USD | 12/31/2014 |

US Large Cap Options Changes: Franklin Utilities Removal, Alger Spectra Share Class, Columbia Dividend Income Share Class

US Large Cap Options – Portfolio Recommendations

Option B

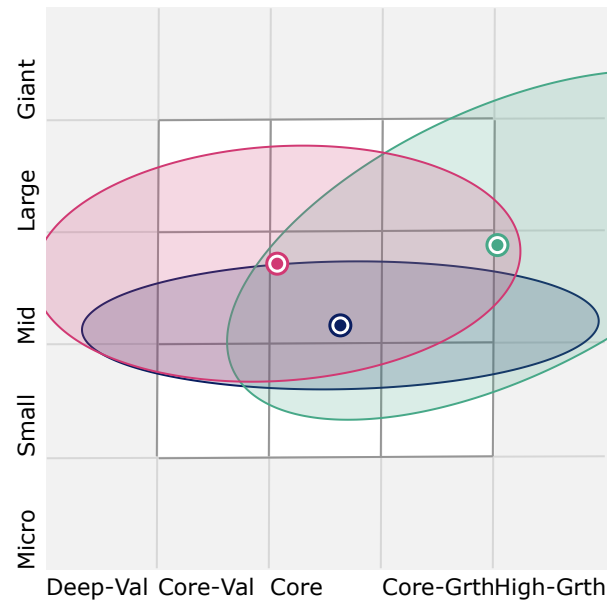
The County of Fresno participants currently have access to three actively managed and one passive index fund. The current lineup spreads from Mega-cap down to the high-end range of the mid-cap spectrum and also hits the key style objectives. The Alger Spectra fund is a large to mega-cap fund that is focused on growth. The Franklin Utilities and Columbia Dividend Income funds are positioned as value funds in this portfolio.

If the committee decided to move funds to the lowest “gross” share class, we would move the Alger Spectra fund and Columbia Dividend Income fund to the respective lowest gross share classes. In addition, HPA would recommend removing the Franklin Utilities Fund from the plan and mapping the assets to the Columbia Dividend Income Fund.

Move Franklin Utilities to Columbia Dividend Income: Because Franklin Utilities is a sector-specific fund, much of its investment opportunity is concentrated. HPA feels that with the Columbia Dividend Income Fund, participants will have a “value” option in the menu. Columbia Dividend Income has a trailing twelve month dividend yield of ~2.1% while Franklin Utilities is slightly higher, ~2.8%. However, HPA believes the focus on one sector does not allow for much diversification and Utilities in general could underperform in a raising rate environment.

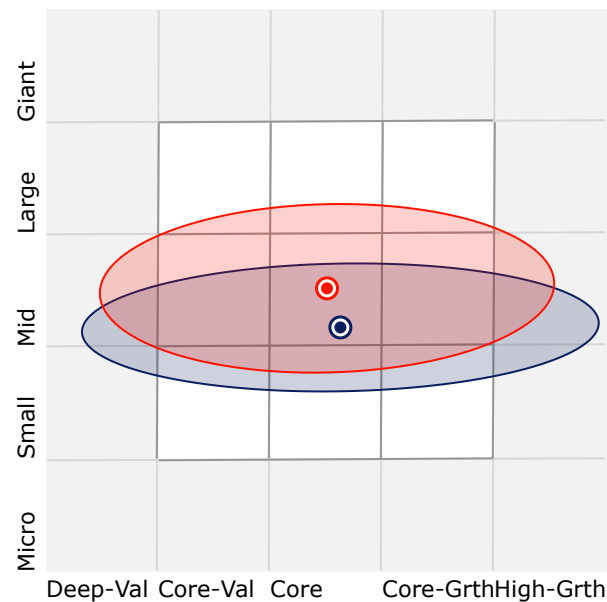
| <i>Current Lineup</i> | | <i>Proposed Menu</i> | | | |
|-----------------------|--|----------------------|--------|-------|--|
| US Large Cap | | US Large Cap | | | |
| CVIRX | Columbia Dividend Income R4 Fund | \$10,751,965.88 | 5.21% | CDDYX | Columbia Dividend Income Y Fund |
| ASPIX | Alger Spectra Inst Fund | \$40,607,323.09 | 19.66% | ASPZX | Alger Spectra Z Fund |
| BLKBX | BlackRock Equity Index Collective M Fund | \$41,574,864.62 | 20.13% | BLKBX | BlackRock Equity Index Collective M Fund |

CURRENT PORTFOLIO



- Perkins Mid Cap Value T 12/31/2014
- Hennessy Focus Institutional 12/31/2014
- S&P MidCap 400 TR 12/31/2014

PROPOSED PORTFOLIO



- Active Mid Cap Core Fund 12/31/2014
- S&P MidCap 400 TR 12/31/2014

US Mid Cap Options Changes: Perkins Mid Cap Value Removal, Hennessy Focus Institutional Removal, Active Mid Cap Core Addition

US Mid Cap Options – Portfolio Recommendations

Option B

Participants currently have access to three total mid cap options in the plan, one active growth option, one active value option and one passive index fund in the plan. HPA recommends the removal of both of the active funds in this lineup and beginning the search for an actively managed core, mid cap fund.

Move Perkins Mid Cap Value to New Active Mid Cap Core fund: As mentioned in Option A, Perkins Mid Cap Value has been out of compliance now for four quarters. The fund’s absolute return ranking is in the bottom quartile of its peer group in the trailing three- and five-year periods. The trailing five-year ranking is mostly due to the fund’s late 2008 and early 2009 downside protection rolling of the five-year number. In 2014, the fund underperformed the index by ~350 basis points.

As a matter of “best practices” HPA would recommend a search for a new, diversified, active core mid cap manager. This would allow the fund manager to take defensive positions when they felt the market was turning negative and conversely move to a more aggressive position when they felt valuations were appropriate. HPA finds that having one active and one passive fund in the mid cap and small cap asset classes leads to a much easier to understand decision for the participant and eliminates the need to focus on style specific funds (e.g. growth and value) in a relatively small overall allocation of the U.S. Equity market and considering good funds that stay open in these areas are difficult to find.

Pros: Perkins Mid Cap Value Fund is out of compliance and starting a search for a new active core mid cap fund would allow the plan to get back into compliance when that manager is selected. Additionally, the dependence on style boxes will potentially mitigate significant underperformance relative to the benchmark in bull markets. Lastly, moving to just one active and one passive fund in the lineup will lead to a much easier to understand options for the participant.

Cons: It may be the wrong time to remove a value fund after a strong bull market.

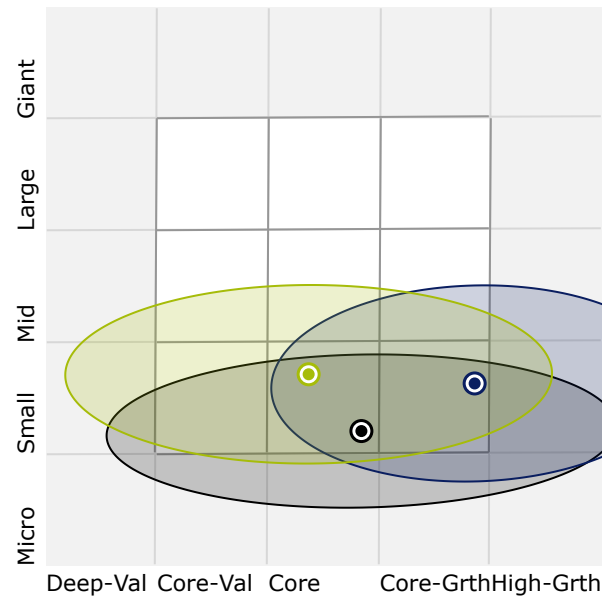
Move Hennessy Focus to New Active Mid Cap Core fund: While the Hennessy Fund has had strong performance, the fund does take some very large bets. The fund holds 20-30 stocks typically while the Category norm is ~70-80 stocks. Accordingly, the fund’s managers do tend to overweight particular sectors. At the end of 2014, the fund was overweight financials and consumer discretionary stocks.

Pros: Removing the risk of such a concentrated fund and to a much more diversified fund should offer diversification to the participant and could mitigate risk from overexposure to one stock or one sector. Similarly to above, moving to just one active and one passive fund in the lineup will lead to a much easier to understand options for the participant.

Cons: The Hennessy Focus Fund has been a solid performer over the past three- and five-years but again can stray from the mid cap area to the Large Cap and Mega Cap territories.

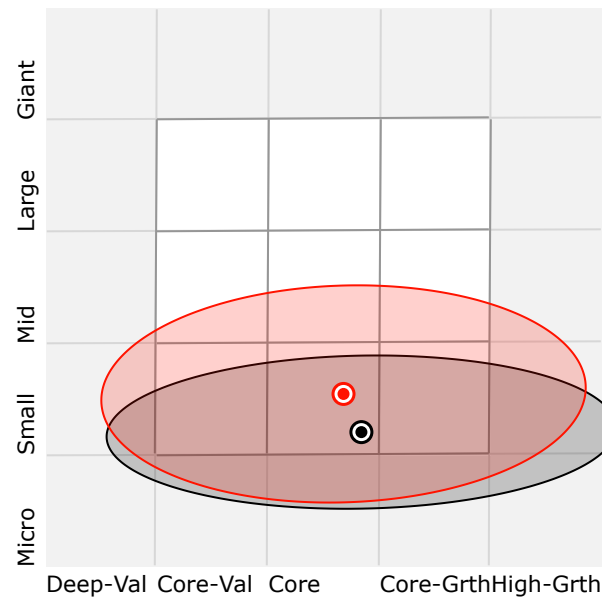
| Current Lineup | | | Proposed Menu | | |
|----------------|---|----------------|---------------|-------|---|
| US Mid Cap | | | US Mid Cap | | |
| JMVCX | Perkins MC Value T Fund | \$6,003,696.65 | 2.91% | | Active Mid Cap Core Fund |
| HFCIX | Hennessy Focus Institutional Fund | \$4,586,107.37 | 2.22% | | Active Mid Cap Core Fund |
| BLKCX | BlackRock Mid Cap Index Collective M Fund | \$1,879,810.02 | 0.91% | BLKCX | BlackRock Mid Cap Index Collective M Fund |

CURRENT PORTFOLIO



- Perkins Small Cap Value I 12/31/2014
- Nicholas Limited Edition N 12/31/2014
- S&P SmallCap 600 TR 12/31/2014

PROPOSED PORTFOLIO



- Active Small Cap Core Fund 12/31/2014
- S&P SmallCap 600 TR 12/31/2014

US Small Cap Options Changes: Perkins Small Cap Value Removal, Nicholas Limited Edition Removal, Active Small Cap Core Addition

US Small Cap Options – Portfolio Recommendations

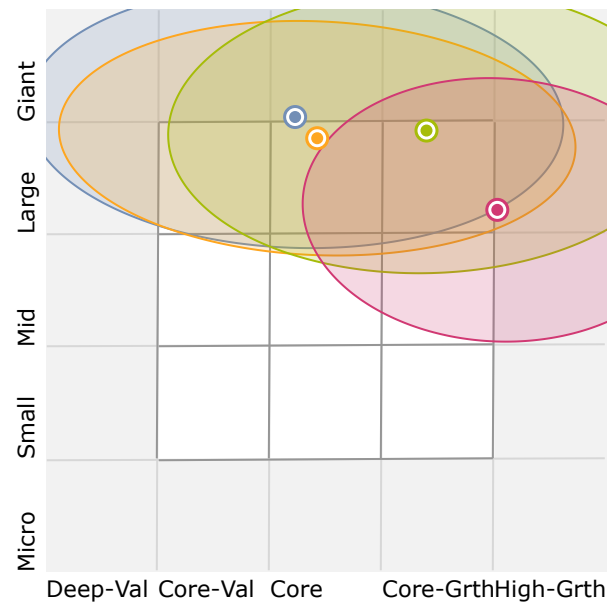
Option B

There are currently three total options for participants to invest in within the small cap sector. These include one active growth option, one active value option and one passive index fund in the plan. The growth option in this sector, Nicholas Limited Edition fund, focuses on individual company’s annual sales volume and market capitalization in determining where to find the best long-term growth prospects. The value option in the plan, Perkins Small Cap Value, focuses on companies with stable earnings and strong balance sheets to create a more defensive fund.

Recommendations: HPA recommends to map out of both the Nicholas Limited Edition Fund and the Perkins Small Cap Value fund. Both of these funds would be replaced by a single active small cap core fund. We believe the best practices is to include one active and one passive option within the sector. With the single active core option, we believe the manager to be more likely able to adjust strategy to match market behavior, moving to defensive or aggressive positions as necessary. This change also provides a much simpler decision for participants when facing the investment menu as they are deciding between the actively and passively managed funds rather than focusing on those factors as well as the style of the active funds.

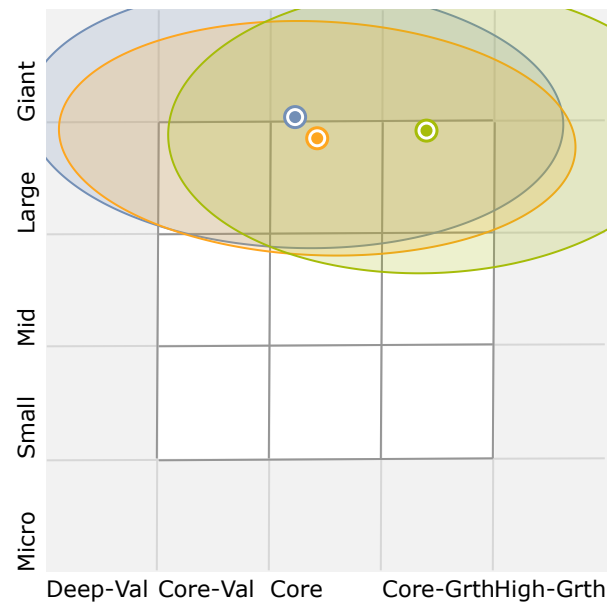
| <i>Current Lineup</i> | | | | <i>Proposed Menu</i> | |
|-----------------------|--|----------------|-------|----------------------|--|
| US Small Cap | | | | US Small Cap | |
| JSCOX | Perkins SC Value I Fund | \$457,993.61 | 0.22% | | <i>Active Small Cap Core Fund</i> |
| NNLEX | Nicholas Limited Edition N Fund | \$5,753,556.91 | 2.79% | | <i>Active Small Cap Core Fund</i> |
| BLKDX | BlackRock Russell 2000 Index Collective M Fund | \$2,332,387.89 | 1.13% | BLKDX | BlackRock Russell 2000 Index Collective M Fund |

CURRENT PORTFOLIO



| | |
|------------------------------------|------------|
| ● MainStay International Equity I | 12/31/2014 |
| ● Oppenheimer Developing Markets Y | 12/31/2014 |
| ● Ivy International Core Equity Y | 12/31/2014 |
| ● MSCI EAFE NR USD | 12/31/2014 |

PROPOSED PORTFOLIO



| | |
|------------------------------------|------------|
| ● Oppenheimer Developing Markets I | 12/31/2014 |
| ● Ivy International Core Equity R6 | 12/31/2014 |
| ● MSCI EAFE NR USD | 12/31/2014 |

Foreign Options Changes: MainStay International Eq Removal, Oppenheimer Dev Markets Share Class, Ivy International Core Eq Share Class

Foreign Options – Portfolio Recommendations

Option B

Participants currently have access to one passive index and three active foreign options in the plan including one blend option (Ivy International Core Equity), one growth option (Mainstay International Equity) and one emerging market option (Oppenheimer Developing Markets). The core diversification goal within the asset class is to offer both active and passive options for pricing and developed vs emerging for regional exposure. Style investing should be viewed as a secondary goal. The current growth option, Mainstay International Equity, has substantial overlap with the other two developed market funds and its growth tilt is reflected within the emerging market fund.

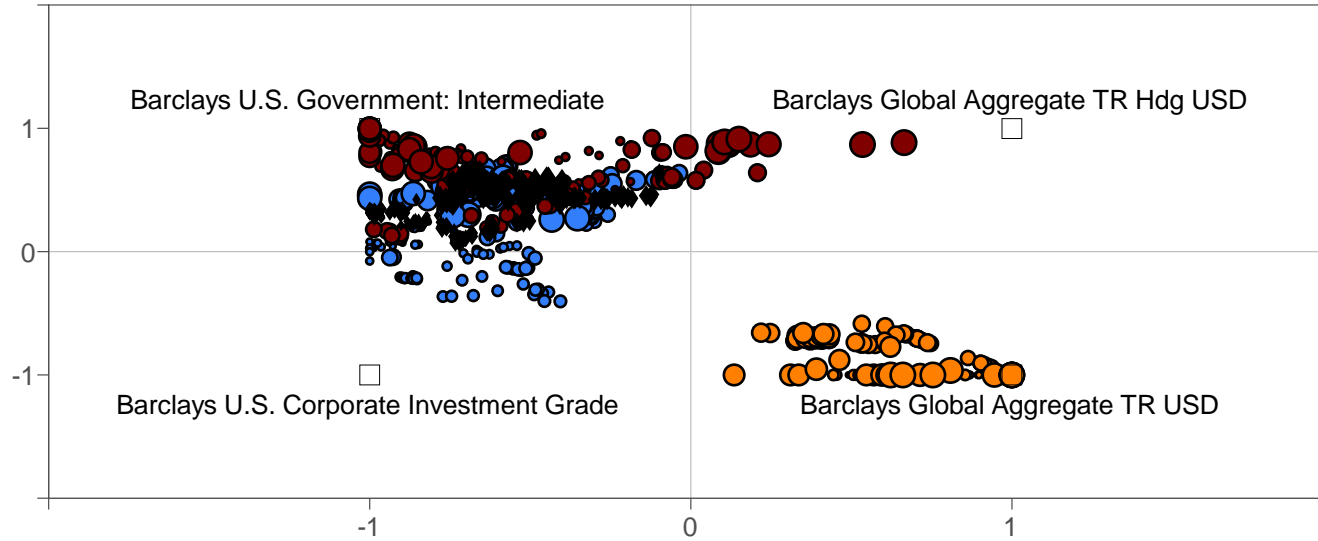
Recommendation: Map Mainstay International Equity into Ivy International Core Equity

Due to overlap with other foreign funds, underperformance and fund utilization, Mainstay International Equity will be mapped into an existing foreign active option to make the investment menu policy compliant and reduce the total options offered on the lineup.

| <i>Current Lineup</i> | | | | <i>Proposed Menu</i> | |
|-----------------------|---------------------------------------|----------------|-------|-----------------------|---------------------------------------|
| Foreign Stocks | | | | Foreign Stocks | |
| MSIIX | Mainstay International Equity I Fund | \$2,362,596.96 | 1.14% | IINCX | Ivy International Core Equity R6 Fund |
| ODVYX | Oppenheimer Developing Markets Y Fund | \$273,061.64 | 0.13% | ODVIX | Oppenheimer Developing Markets I Fund |
| IVVYX | Ivy International Core Equity Y Fund | \$8,263,160.59 | 4.00% | IINCX | Ivy International Core Equity R6 Fund |
| BLKAX | BlackRock EAFE Equity Index T Fund | \$360,293.41 | 0.17% | BLKAX | BlackRock EAFE Equity Index T Fund |

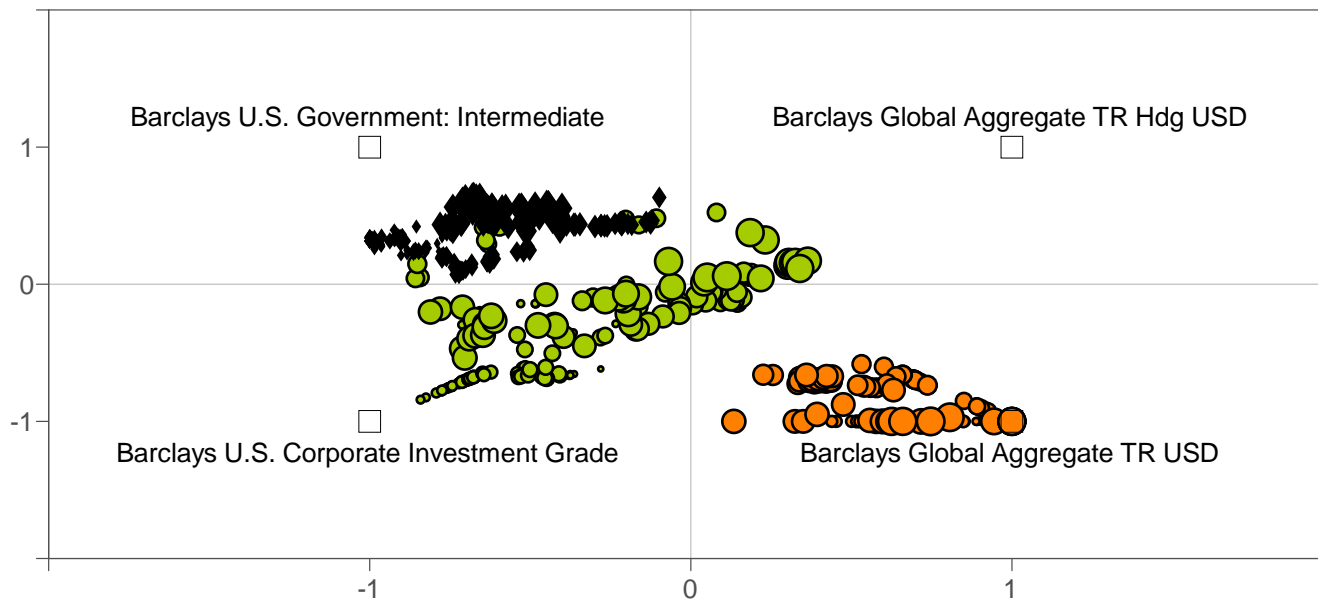
Current Bond Options

January 1998 - December 2014 (36-Month Moving Windows, Computed Monthly)



Proposed Bond Options

January 1998 - December 2014 (36-Month Moving Windows, Computed Monthly)



Bond Options Changes: RidgeWorth Total Return Bond Removal, Sentinel Govt Securities Removal, Templeton Global Bond Share Class, Met West Total Return Bond Addition

Bond Options – Portfolio Recommendations

Option B

Recommendation: HPA recommends removal of the Sentinel Government Securities Fund for two primary reasons. The first is the Fund is currently failing investment policy compliance criteria and is on watch due to performance reasons as well as a recent change in portfolio management in early 2014. Secondly, the Fund is a specialty fund that invests primarily in U.S. agency mortgage backed securities which is a very narrow segment of the overall fixed income market. We believe it is not necessary to offer participants exposure to this narrow segment and would prefer they invest in the passively managed fixed income investment option or the active U.S. intermediate term fixed income option in order to receive broad fixed income market exposure.

With regard to the actively managed U.S. intermediate term fixed income investment option, HPA would recommend replacing the Ridgeworth Total Return Fund with the Metropolitan West Total Return Bond Fund (“Met West”). Ridgeworth Total Return is currently just passing the investment policy compliance criteria with an overall fund score of 6 (this score assumes an investment in the institutional share class of the fund as compared to the current higher fee share class). The Fund’s underperformance is primarily due to the trailing three-year period during which the Fund underperformed the peer group based on absolute return and risk adjusted return metrics due to higher standard deviation. The Fund is also underperforming peers with its down market capture over the three- and five-year time periods which has been higher than its peers. While this is a solid U.S. intermediate term bond fund, we believe the Metropolitan West Total Return Fund is superior for a couple of reasons.

Both Met West and Ridgeworth utilize a diversified tool set in order to produce returns, however, there are a couple of key differences between the two tool sets that we believe favor the Met West strategy. The first is Met West has the ability to adjust the duration (a measure of the sensitivity to interest rate changes) of the fund to plus or minus one year of the duration of the index while Ridgeworth remains duration neutral. We believe this is a positive for Met West as interest rates are expected to rise starting later this year and having the ability to lower the duration of the fund below the index will help reduce losses. Additionally, Met West has historically provided slightly higher exposure to below investment grade corporate issues which can help boost performance and provide diversification benefits. This is shown in the chart on the previous page. While the Ridgeworth Fund, by prospectus, can invest up to 20% in below investment grade, historically this number has been in the 5-10% range compared to Met West at approximately 15%. Lastly, Met West has provided remarkably consistent outperformance versus peers over the past ten years through 2014. Looking at returns on a calendar year basis, Met West has outperformed the peer group in nine of the last ten years (underperformed in 2011) while Ridgeworth has only outperformed in five.

The only other change we would recommend is a share class change for the Templeton Global Bond Fund in order to move to the cheapest “gross” share class available.

| Current Lineup | | | Proposed Menu | | |
|---------------------|--|-----------------|---------------------|-------|--|
| Fixed Income | | | Fixed Income | | |
| | Fresno County Stable Value Fund | \$60,649,549.11 | 29.36% | | Fresno County Stable Value Fund |
| Bond | | | Bond | | |
| TGBAX | Templeton GL Bond Adv Fund | \$157,811.59 | 0.08% | FBNRX | Templeton GL Bond R6 Fund |
| SCBLX | RidgeWorth Total Return R Fund | \$2,602,972.37 | 1.26% | MWTIX | Met West Total Return Bond I Fund |
| SEGSX | Sentinel Government Securities A Fund | \$848,753.05 | 0.41% | BLKEX | BlackRock US Debt Index Fund Collective W Fund |
| BLKEX | BlackRock US Debt Index Fund Collective W Fund | \$187,256.56 | 0.09% | BLKEX | BlackRock US Debt Index Fund Collective W Fund |

Specialty Options – Portfolio Recommendations

Option B

The County of Fresno currently has a balanced fund option, Oakmark Equity and Income Fund, and another “specialty” investment option that invests in real estate related debt and equity securities, Fidelity Real Estate Income Fund.

Recommendation: HPA recommends the County eliminate these two funds as stand-alone investment options in order to simplify the investment menu. HPA typically recommends the investment menu be structured in a way that minimizes required decisions and available choices and that focuses on retirement readiness and savings. In order to best accomplish this, HPA typically recommends a streamlined investment menu that includes two main Tiers of investments. The first Tier would be a suite of target retirement date funds for those investors that are seeking professional management that can also serve as the Qualified Default Investment Alternative (QDIA). As a second Tier, we recommend offering individual funds (both passively and actively managed) that provide exposure to the traditional asset classes (equity – both U.S. and foreign, fixed income, and cash) in order for participants to build a well-diversified portfolio that meets their risk/return objectives on their own.

In following this philosophy, we believe it is not necessary to have both a balanced fund such as the Oakmark Equity and Income Fund. A suite of target retirement date funds serve the same purpose. This purpose is to provide a diversified, one-stop offering for participants that are looking for professional management and that don’t want to build their own portfolio. We believe the target date funds are superior in fulfilling this purpose due to the broader spectrum of asset classes utilized in the portfolios. Additionally, these funds provide diversification benefits through the age appropriate asset allocation and automatic rebalancing to a more conservative portfolio as the investor ages. As such, in order to reduce redundancy in the menu and minimize the required choices, we would recommend eliminating the Oakmark Equity Income Fund and mapping the assets to the particular participant age-appropriate target retirement date portfolio.

With regard to the Fidelity Real Estate Income Fund, our preference is to have a diversified inflation hedging investment option that would include underlying investments in real estate, commodities and treasury inflation protected securities (“TIPS”) rather than a dedicated real estate investment fund. HPA prefers having a diversified option rather than a specialty fund due to diversification benefits through low correlation with traditional asset classes, more comprehensive protection against the erosion of inflation, and ease of administration with one product providing access to multiple inflation hedging asset classes. We would recommend mapping the Fidelity Real Estate Income Fund assets to the particular age-appropriate target retirement date portfolio. As a next step, HPA would recommend conducting an investment manager search for a diversified inflation hedging investment option to eventually add to the core menu.

| <i>Current Lineup</i> | | <i>Proposed Menu</i> | | | |
|--------------------------|----------------------------------|--------------------------|-------|-------|---------------------------------|
| Balanced | | Balanced | | | |
| OAKBX | Oakmark Equity and Income I Fund | \$2,811,519.87 | 1.36% | | Age-Appropriate Target Date |
| Specialty Options | | Specialty Options | | | |
| FRIFX | Fidelity Real Estate Income Fund | \$732,129.43 | 0.35% | | Age-Appropriate Target Date |
| FRUAX | Franklin Util Adv Fund | \$3,443,622.68 | 1.67% | CDDYX | Columbia Dividend Income Y Fund |