

# Scorecard System Methodology™

The **Scorecard System Methodology** incorporates both quantitative and qualitative factors in evaluating fund managers and their investment strategies. The **Scorecard System** is built around pass/fail criteria, on a scale of 0 to 10 (with 10 being the best) and has the ability to measure Active, Passive and Asset Allocation investing strategies. Active and Asset Allocation strategies are evaluated over a five year time period, and Passive strategies are evaluated over a three year time period.

Eighty percent of the fund's score is quantitative (made up of eight unique factors), incorporating modern portfolio theory statistics, quadratic optimization analysis, and peer group rankings (among a few of the quantitative factors). The other twenty percent of the score is qualitative, taking into account things such as manager tenure, the fund's expense ratio relative to the average fund expense ratio in that asset class category, and the fund's strength of statistics (statistical significance). Other criteria that may be considered in the qualitative score includes the viability of the firm managing the assets, management or personnel issues at the firm, and/or whether there has been a change in direction of the fund's stated investment strategy. The following pages detail the specific factors for each type of investing strategies.

Combined, these factors are a way of measuring the relative performance, characteristics, behavior and overall appropriateness of a fund for inclusion into a plan as an investment option. General fund guidelines are shown in the "Scorecard Point System" table below. The Scorecard Point System is meant to be used in conjunction with our sample Investment Policy Statement, in order to help identify what strategies need to be discussed as a "watch-list" or removal candidate; what strategies continue to meet some minimum standards and continue to be appropriate; and/or identify new top-ranked strategies for inclusion into a plan.

| <b>Scorecard Point System</b> |                    |
|-------------------------------|--------------------|
| <b>Good:</b>                  | <b>9-10 Points</b> |
| <b>Acceptable:</b>            | <b>7-8 Points</b>  |
| <b>Watch List:</b>            | <b>5-6 Points</b>  |
| <b>Poor:</b>                  | <b>0-4 Points</b>  |

**Asset allocation strategies** are investment strategies that invest in a broad array of asset classes that may include U.S. equity, international equity, emerging markets, real estate, fixed income, high yield bonds and cash (to name a few asset classes). These strategies are typically structured in either a risk-based format (the strategies are managed to a level of risk, e.g., conservative or aggressive) or, in an age-based format (these strategies are managed to a retirement date or life expectancy date, typically growing more conservative as that date is approached). For this type of investment strategy, the **Scorecard System** is focused on how well these managers can add value from both asset allocation and manager selection.

*Multisector Bond (MSB) asset class* follows the same evaluation criteria with some slightly different tolerance levels where noted. These managers are also evaluated on both their asset allocation and security selection.

| Weightings                 | Asset Allocation Strategies   | Maximum Points |
|----------------------------|---|----------------|
| Style Factors<br>30%       | <b>Risk Level:</b> The fund's standard deviation is measured against the category it is being analyzed in. The fund passes if it falls within the range for that category.  | 1              |
|                            | <b>Style Diversity:</b> Fund passes if it reflects appropriate style diversity (returns-based) among the four major asset classes (Cash, Fixed Income, U.S. & International Equity) for the given category. <i>MSB</i> funds pass if reflect some level of diversity among fixed income asset classes (Cash, U.S. Fixed Income, Non-U.S. Fixed Income and High Yield/Emerging Markets). | 1              |
|                            | <b>R-Squared:</b> Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 90%. This statistic measures whether the benchmark used in the analysis is appropriate.   | 1              |
| Risk/Return Factors<br>30% | <b>Risk/Return:</b> Fund passes if its risk is less than the benchmark or its return is greater than the benchmark. Favorable risk/return characteristics are desired.  | 1              |
|                            | <b>Up/Down Capture Analysis:</b> Measures the behavior of a fund in up and down markets. Fund passes with an up capture greater than its down capture. This analysis measures the relative value by the manager in up and down markets.   | 1              |
|                            | <b>Information Ratio:</b> Measures a fund's relative risk and return. Fund passes if ratio is greater than 0. This statistic measures the value added above the benchmark, adjusted for risk.   | 1              |
| Peer Group Rankings<br>20% | <b>Returns Peer Group Ranking:</b> Fund passes if its median rank is above the 50 <sup>th</sup> percentile.   | 1              |
|                            | <b>Sharpe Ratio Peer Group Ranking:</b> Fund passes if its median rank is above the 50 <sup>th</sup> percentile. This ranking ranks risk adjusted excess return.  | 1              |
| Qualitative Factors<br>20% | Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account non-quantitative factors, which may impact future performance.   | 2              |
| <b>Total</b>               |   | <b>10</b>      |

**Active strategies** are investment strategies where the fund manager is trying to add value and out-perform the market averages (for that style of investing). Typically, these investment strategies have higher associated costs due to the active involvement in the portfolio management process by the fund manager(s). For this type of investment strategy, the **Scorecard System** is trying to identify those managers who can add value on a consistent basis within their own style of investing.

| Weightings                 | Active Strategies   | Maximum Points |
|----------------------------|---|----------------|
| Style Factors<br>30%       | <b>Style Analysis:</b> Returns-based analysis to determine the style characteristics of a fund over a period of time. Fund passes if it reflects the appropriate style characteristics. Style analysis helps ensure proper diversification in the plan.   | 1              |
|                            | <b>Style Drift:</b> Returns-based analysis to determine the behavior of the fund/manager over multiple (rolling) time periods. Fund passes if the fund exhibits a consistent style pattern. Style consistency is desired so that funds can be effectively monitored within their designated asset class.                            | 1              |
|                            | <b>R-Squared:</b> Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 80%. This statistic measures whether the benchmark used in the analysis is appropriate.   | 1              |
| Risk/Return Factors<br>30% | <b>Risk/Return:</b> Fund passes if its risk is less than the benchmark or its return is greater than the benchmark. Favorable risk/return characteristics are desired.  | 1              |
|                            | <b>Up/Down Capture Analysis:</b> Measures the behavior of a fund in up and down markets. Fund passes with an up capture greater than its down capture. This analysis measures the relative value by the manager in up and down markets.   | 1              |
|                            | <b>Information Ratio:</b> Measures a fund's relative risk and return. Fund passes if ratio is greater than 0. This statistic measures the value added above the benchmark, adjusted for risk.   | 1              |
| Peer Group Rankings<br>20% | <b>Returns Peer Group Ranking:</b> Fund passes if its median rank is above the 50 <sup>th</sup> percentile.   | 1              |
|                            | <b>Information Ratio Peer Group Ranking:</b> Fund passes if its median rank is above the 50 <sup>th</sup> percentile. This ranking ranks risk adjusted excess return.   | 1              |
| Qualitative Factors<br>20% | Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account non-quantitative factors, which may impact future performance. | 2              |
| <b>Total</b>               |   | <b>10</b>      |

# Scorecard System Methodology™

## Passive Strategies

**Passive strategies** are investment strategies where the fund manager is trying to track or replicate some area of the market. These types of strategies may be broad-based in nature (e.g., the fund manager is trying to track/replicate the entire U.S. equity market like the S&P 500) or may be more specific to a particular area of the market (e.g., the fund manager may be trying to track/replicate the technology sector). These investment strategies typically have lower costs than active investment strategies due to their passive nature of investing and are commonly referred to as index funds. For this type of investment strategy, the **Scorecard System** is focused on how well these managers track and/or replicate a particular area of the market with an emphasis on how they compare against their peers.

| Weightings                      | Passive Strategies  | Maximum Points |
|---------------------------------|---|----------------|
| Style & Tracking Factors<br>40% | <b>Style Analysis:</b> Returns-based analysis to determine the style characteristics of a fund over a period of time. Fund passes if it reflects the appropriate style characteristics. Style analysis helps ensure proper diversification in the plan.   | 1              |
|                                 | <b>Style Drift:</b> Returns-based analysis to determine the behavior of the fund/manager over multiple (rolling) time periods. Fund passes if the fund exhibits a consistent style pattern. Style consistency is desired so that funds can be effectively monitored within their designated asset class.            | 1              |
|                                 | <b>R-Squared:</b> Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 95%. This statistic measures whether the benchmark used in the analysis is appropriate.   | 1              |
|                                 | <b>Tracking Error:</b> Measures the percentage of a fund's excess return volatility relative to the benchmark. Fund passes with a tracking error less than 4. This statistic measures how well the fund tracks the benchmark.   | 1              |
| Peer Group Rankings<br>40%      | <b>Tracking Error Peer Group Ranking:</b> Fund passes if its median rank is above the 75 <sup>th</sup> percentile.  | 1              |
|                                 | <b>Expense Ratio Peer Group Ranking:</b> Fund passes if its median rank is above the 75 <sup>th</sup> percentile.   | 1              |
|                                 | <b>Returns Peer Group Ranking:</b> Fund passes if its median rank is above the 75 <sup>th</sup> percentile.   | 1              |
|                                 | <b>Sharpe Ratio Peer Group Ranking:</b> Fund passes if its median rank is above the 75 <sup>th</sup> percentile.  | 1              |
| Qualitative Factors<br>20%      | Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account non-quantitative factors, which may impact future performance. | 2              |
| <b>Total</b>                    |   | <b>10</b>      |

The **Scorecard System**™ uses an institutional approach which is comprehensive, independent, and utilizes a process and methodology that creates successful outcomes for plan sponsors and participants. The **Scorecard** helps direct the additional research the Investment Team conducts with fund managers throughout the year. Three of the primary factors that go into the fund manager research are people, process and philosophy.

## PEOPLE

### Key Factors:

- Fund manager and team experience
- Deep institutional expertise
- Organizational structure
- Ability to drive the process and performance

## PROCESS

### Key Factors:

- Clearly defined
- Consistent application
- Sound and established
- Clearly communicated
- Successfully executed process

## PHILOSOPHY

### Key Factors:

- Research and ideas must be coherent and persuasive
- Strong rationale
- Logical and compelling
- Focus on identifying skillful managers

# Scorecard

| Asset Allocation             | Ticker/<br>ID | Style          |                    |                | Risk/Return      |                 |               | Peer Group     |                       | Qual.<br>(2pt.<br>max) | Score        |              |              |               |
|------------------------------|---------------|----------------|--------------------|----------------|------------------|-----------------|---------------|----------------|-----------------------|------------------------|--------------|--------------|--------------|---------------|
|                              |               | Risk<br>Level  | Style<br>Diversity | R <sup>2</sup> | Risk /<br>Return | Up /<br>Down    | Info<br>Ratio | Return<br>Rank | SR<br>Rank            |                        | 9/30<br>2016 | 6/30<br>2016 | 3/31<br>2016 | 12/31<br>2015 |
| <b>Asset Allocation</b>      |               |                |                    |                |                  |                 |               |                |                       |                        |              |              |              |               |
| <b>Conservative</b>          |               |                |                    |                |                  |                 |               |                |                       |                        |              |              |              |               |
| Conservative                 | path1.fnd     | 1              | 1                  | 1              | 0                | 0               | 0             | 0              | 1                     | 2                      | 6            | 6            | 8            | 8             |
|                              |               | 3.1            | 22.5/<br>77.5      | 93.8           | 3.1/<br>4.4      | 98.4/<br>103.0  | -0.23         | 61.0           | 45.0                  |                        | CON          | CON          | CON          | CON           |
| <b>Moderate Conservative</b> |               |                |                    |                |                  |                 |               |                |                       |                        |              |              |              |               |
| Moderate Conservative        | path2.fnd     | 1              | 0                  | 1              | 1                | 0               | 0             | 1              | 1                     | 2                      | 7            | 7            | 7            | 6             |
|                              |               | 5.2            | 44.1/<br>55.9      | 97.0           | 5.2/<br>6.8      | 94.4/<br>96.0   | -0.49         | 34.0           | 35.0                  |                        | MC           | MC           | MC           | MC            |
| <b>Moderate</b>              |               |                |                    |                |                  |                 |               |                |                       |                        |              |              |              |               |
| Vanguard Balanced Index Adm  | VBIAX         | 1              | 0                  | 1              | 1                | 0               | 1             | 1              | 1                     | 2                      | 8            | 8            | 8            | 8             |
|                              |               | 6.8            | 59.6/<br>40.4      | 100.0          | 6.8/<br>11.0     | 100.3/<br>100.5 | 0.13          | 8.0            | 4.0                   |                        | MOD          | MOD          | MOD          | MOD           |
| Moderate                     | path3.fnd     | 1              | 1                  | 1              | 1                | 0               | 0             | 1              | 1                     | 2                      | 8            | 8            | 8            | 8             |
|                              |               | 7.5            | 66.0/<br>34.1      | 97.6           | 7.5/<br>9.0      | 91.6/<br>93.4   | -0.72         | 33.0           | 49.0                  |                        | MOD          | MOD          | MOD          | MOD           |
| <b>Moderate Aggressive</b>   |               |                |                    |                |                  |                 |               |                |                       |                        |              |              |              |               |
| Moderate Aggressive          | path4.fnd     | 1              | 1                  | 1              | 1                | 0               | 0             | 1              | 1                     | 2                      | 8            | 8            | 8            | 8             |
|                              |               | 9.9            | 87.7/<br>12.3      | 97.9           | 9.9/<br>11.3     | 91.5/<br>93.2   | -0.69         | 21.0           | 44.0                  |                        | MA           | MA           | MA           | MA            |
| <b>Aggressive</b>            |               |                |                    |                |                  |                 |               |                |                       |                        |              |              |              |               |
| Very Aggressive              | path5.fnd     | 1              | 0                  | 1              | 1                | 1               | 1             | 1              | 1                     | 2                      | 9            | 6            | 5            | 6             |
|                              |               | 12.3           | 100.0/<br>0.0      | 98.0           | 12.3/<br>13.6    | 101.6/<br>99.6  | 0.23          | 6.0            | 35.0                  |                        | AGG          | AGG          | AGG          | AGG           |
| <b>Active</b>                |               |                |                    |                |                  |                 |               |                |                       |                        |              |              |              |               |
| Active                       | Ticker/<br>ID | Style          |                    |                | Risk/Return      |                 |               | Peer Group     |                       | Qual.<br>(2pt.<br>max) | Score        |              |              |               |
|                              |               | Style          | Style<br>Drift     | R <sup>2</sup> | Risk /<br>Return | Up /<br>Down    | Info<br>Ratio | Return<br>Rank | Info<br>Ratio<br>Rank |                        | 9/30<br>2016 | 6/30<br>2016 | 3/31<br>2016 | 12/31<br>2015 |
| <b>U.S. Equity</b>           |               |                |                    |                |                  |                 |               |                |                       |                        |              |              |              |               |
| <b>Mid Cap Blend</b>         |               |                |                    |                |                  |                 |               |                |                       |                        |              |              |              |               |
| DFA US Core Equity 2 I       | DFQTX         | 1              | 1                  | 1              | 0                | 0               | 0             | 1              | 1                     | 2                      | 7            | 7            | 7            | 7             |
|                              |               | -26.2/<br>21.5 | 12.3               | 95.6           | 12.5/<br>16.4    | 98.8/<br>99.6   | -0.1          | 30.0           | 36.0                  |                        | MCB          | MCB          | MCB          | MCB           |

# Scorecard

| Active                               | Ticker/<br>ID | Style                |                |                | Risk/Return        |                      |               | Peer Group     |                       | Qual.<br>(2pt.<br>max) | Score        |              |              |               |
|--------------------------------------|---------------|----------------------|----------------|----------------|--------------------|----------------------|---------------|----------------|-----------------------|------------------------|--------------|--------------|--------------|---------------|
|                                      |               | Style                | Style<br>Drift | R <sup>2</sup> | Risk /<br>Return   | Up /<br>Down         | Info<br>Ratio | Return<br>Rank | Info<br>Ratio<br>Rank |                        | 9/30<br>2016 | 6/30<br>2016 | 3/31<br>2016 | 12/31<br>2015 |
| <b>U.S. Equity</b>                   |               |                      |                |                |                    |                      |               |                |                       |                        |              |              |              |               |
| <b>Small Cap Value</b>               |               |                      |                |                |                    |                      |               |                |                       |                        |              |              |              |               |
| DFA US Small Cap Value I             | DFSVX         | 1<br>-85.2/<br>-88.9 | 1<br>13.4      | 1<br>96.2      | 1<br>15.3/<br>16.5 | 1<br>107.5/<br>106.5 | 1<br>0.32     | 1<br>35.0      | 1<br>29.0             | 2                      | 10<br>SCV    | 10<br>SCV    | 10<br>SCV    | 10<br>SCV     |
| <b>Small Cap Blend</b>               |               |                      |                |                |                    |                      |               |                |                       |                        |              |              |              |               |
| DFA US Small Cap I                   | DFSTX         | 0<br>-38.1/<br>-81.4 | 1<br>13.4      | 1<br>97.7      | 1<br>14.4/<br>16.8 | 1<br>97.4/<br>89.6   | 1<br>0.44     | 1<br>21.0      | 1<br>12.0             | 2                      | 9<br>SCB     | 9<br>SCB     | 9<br>SCB     | 10<br>SCB     |
| <b>International/Global Equity</b>   |               |                      |                |                |                    |                      |               |                |                       |                        |              |              |              |               |
| <b>International Large Cap Value</b> |               |                      |                |                |                    |                      |               |                |                       |                        |              |              |              |               |
| DFA International Core Equity I      | DFIEX         | 0<br>-21.5/<br>-11.8 | 1<br>14.2      | 1<br>93.7      | 1<br>14.0/<br>8.4  | 1<br>92.5/<br>77.9   | 1<br>0.76     | 1<br>15.0      | 1<br>11.0             | 2                      | 9<br>ILCV    | 9<br>ILCV    | 9<br>ILCV    | 9<br>ILCV     |
| <b>Emerging Market Equity</b>        |               |                      |                |                |                    |                      |               |                |                       |                        |              |              |              |               |
| DFA Emerging Markets Core Equity I   | DFCEX         | 1<br>-15.2/<br>-90.4 | 1<br>14.0      | 1<br>97.3      | 1<br>17.0/<br>4.1  | 1<br>99.6/<br>95.2   | 1<br>0.39     | 1<br>39.0      | 1<br>31.0             | 2                      | 10<br>EME    | 10<br>EME    | 10<br>EME    | 9<br>EME      |
| <b>Fixed Income</b>                  |               |                      |                |                |                    |                      |               |                |                       |                        |              |              |              |               |
| <b>Global Fixed Income</b>           |               |                      |                |                |                    |                      |               |                |                       |                        |              |              |              |               |
| DFA Five-Year Global Fixed-Income I  | DFGBX         | 1<br>-32.5/<br>29.1  | 1<br>8.0       | 0<br>40.6      | 1<br>2.2/<br>2.4   | 1<br>48.1/<br>19.1   | 1<br>0.14     | 1<br>28.0      | 1<br>23.0             | 1<br>S                 | 8<br>GFI     | 8<br>GFI     | 8<br>GFI     | 8<br>GFI      |
| <b>Specialty</b>                     |               |                      |                |                |                    |                      |               |                |                       |                        |              |              |              |               |
| <b>REIT</b>                          |               |                      |                |                |                    |                      |               |                |                       |                        |              |              |              |               |
| DFA Real Estate Securities I         | DFREX         | 1<br>-97.9/<br>98.3  | 1<br>1.3       | 1<br>99.8      | 1<br>15.4/<br>15.8 | 1<br>99.3/<br>98.0   | 1<br>0.24     | 1<br>25.0      | 1<br>35.0             | 2                      | 10<br>REI    | 10<br>REI    | 8<br>REI     | 8<br>REI      |

# Scorecard

| Passive                            | Ticker/<br>ID | Style               |                |                |                   | Peer Group |                 |                |            | Qual.<br>(2pt.<br>max) | Score        |              |              |               |
|------------------------------------|---------------|---------------------|----------------|----------------|-------------------|------------|-----------------|----------------|------------|------------------------|--------------|--------------|--------------|---------------|
|                                    |               | Style               | Style<br>Drift | R <sup>2</sup> | Tracking<br>Error | TE<br>Rank | Expense<br>Rank | Return<br>Rank | SR<br>Rank |                        | 9/30<br>2016 | 6/30<br>2016 | 3/31<br>2016 | 12/31<br>2015 |
| <b>U.S. Equity</b>                 |               |                     |                |                |                   |            |                 |                |            |                        |              |              |              |               |
| <b>Large Cap Value</b>             |               |                     |                |                |                   |            |                 |                |            |                        |              |              |              |               |
| Vanguard Value Index I             | VIVIX         | 1<br>-72.0/<br>95.4 | 0<br>6.1       | 1<br>98.3      | 1<br>1.4          | 1<br>58.0  | 1<br>4.0        | 1<br>19.0      | 1<br>19.0  | 2                      | 9<br>LCV-P   | 9<br>LCV-P   | 9<br>LCV-P   | 9<br>LCV-P    |
| <b>Large Cap Blend</b>             |               |                     |                |                |                   |            |                 |                |            |                        |              |              |              |               |
| DFA US Large Company I             | DFUSX         | 1<br>6.1/<br>99.1   | 1<br>4.2       | 1<br>99.6      | 1<br>0.7          | 1<br>13.0  | 1<br>8.0        | 1<br>4.0       | 1<br>4.0   | 2                      | 10<br>LCB-P  | 9<br>LCB-P   | 10<br>LCB-P  | 10<br>LCB-P   |
| <b>Large Cap Growth</b>            |               |                     |                |                |                   |            |                 |                |            |                        |              |              |              |               |
| Vanguard Growth Index I            | VIGIX         | 1<br>99.1/<br>86.1  | 1<br>2.1       | 1<br>99.1      | 1<br>1.2          | 1<br>43.0  | 1<br>3.0        | 1<br>32.0      | 1<br>39.0  | 2                      | 10<br>LCG-P  | 10<br>LCG-P  | 10<br>LCG-P  | 10<br>LCG-P   |
| <b>Mid Cap Blend</b>               |               |                     |                |                |                   |            |                 |                |            |                        |              |              |              |               |
| Vanguard Mid Cap Index I           | VMCIX         | 0<br>40.0/<br>-3.9  | 0<br>5.7       | 1<br>99.1      | 1<br>1.1          | 1<br>11.0  | 1<br>7.0        | 1<br>1.0       | 1<br>1.0   | 2                      | 8<br>MCB-P   | 8<br>MCB-P   | 8<br>MCB-P   | 8<br>MCB-P    |
| <b>Fixed Income</b>                |               |                     |                |                |                   |            |                 |                |            |                        |              |              |              |               |
| <b>Core Fixed Income</b>           |               |                     |                |                |                   |            |                 |                |            |                        |              |              |              |               |
| Vanguard Total Bond Market Index I | VBTIX         | 1<br>-3.3/<br>58.2  | 1<br>4.8       | 1<br>99.2      | 1<br>0.3          | 1<br>52.0  | 1<br>4.0        | 1<br>16.0      | 1<br>21.0  | 2                      | 10<br>CFI-P  | 10<br>CFI-P  | 10<br>CFI-P  | 10<br>CFI-P   |



# Index Disclosures

Performance of indexes reflects the unmanaged result for the market segment the selected stocks represent. Indexes are unmanaged and not available for direct investment.

**Citigroup Corporate Bond** is an index which serves as a benchmark for corporate bond performance. You cannot invest directly in an index.

**Citigroup Mortgage Master** is an index which serves as a benchmark for U.S. mortgage-backed securities performance.

**Citigroup WGBI Index** is an index which serves as a benchmark for global bond performance, including 22 different government bond markets.

**Credit Suisse High Yield Index** is an unmanaged, trader priced index constructed to mirror the characteristics of the high yield bond market.

**BC (Barclays Capital) U.S. Aggregate Bond Index** represents securities that are U. S., domestic, taxable, and dollar denominated. The index covers the U. S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

**BC Credit Bond Index** includes publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered.

**BC U.S. Corporate Investment Grade** represents investment grade corporate securities that are U. S., domestic, taxable, and dollar denominated.

**BC High Yield Corporate Bond** represents below investment grade corporate securities that are U. S., domestic, taxable, and dollar denominated.

**BC TIPS Index** includes publicly issued U.S. government treasury inflation protected securities that meet the specified maturity, liquidity and other requirements.

**BC Mortgage Backed Securities** covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARMs) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

**BC Muni Bond** covers the USD-denominated long term tax exempt bond market with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

**BC Government Index** includes publicly issued U.S. government securities that meet the specified maturity, liquidity and other requirements.

**BarCap U.S. Aggregate 1-3 Yr. TR USD Index** represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 1 to 3 years.

**BarCap U.S. Aggregate 3-5 Yr. TR USD Index** represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 3 to 5 years.

**BarCap U.S. Aggregate 5-7 Yr. TR USD Index** represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 5-7 years.

**BarCap U.S. Aggregate 7-10 Yr. TR USD Index** represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 7 to 10 years.

**BarCap U.S. Aggregate 10+ Yr. TR USD Index** represents securities in the BC U.S. Aggregate Index that have maturity dates over 10 years.

**DJW 5000 (Full Cap) Index** measures the performance of all U.S. common equity securities, and serves as an index of all stock trades in the United States.

**MSCI FI Emerging Markets** is a rules-based index which serves as a benchmark for emerging country fixed income performance.

**MSCI FI EAFE International** is a rules-based index which serves as a benchmark for developed international country fixed income performance.

**MSCI EAFE Index** is listed for foreign stock funds (EAFE refers to Europe, Australia, and Far East). Widely accepted as a benchmark for international stock performance, it is an aggregate of 21 individual country indexes.

**MSCI EAFE Large Value** represents the large cap value stocks within the MSCI EAFE Index.

**MSCI EAFE Large Growth** represents the large cap growth stocks within the MSCI EAFE Index.

**MSCI EAFE Mid Value** represents the mid cap value stocks within the MSCI EAFE Index.

**MSCI EAFE Mid Growth** represents the mid cap growth stocks within the MSCI EAFE Index.

**MSCI EAFE Small Value** represents the small cap value stocks within the MSCI EAFE Index.

**MSCI EAFE Small Growth** represents the small cap growth stocks within the MSCI EAFE Index.

**MSCI EM (Emerging Markets) Index** serves as a benchmark for each emerging country. The average size of these companies is (U.S.) \$400 million, as compared with \$300 billion for those companies in the World index.

**MSCI World Index** is a rules-based index that serves as a benchmark for the developed global equity markets.

**MSCI Europe ex UK Index** is a rules-based index that serves as a benchmark for the Europe's equity markets, excluding the United Kingdom.

**MSCI Pacific ex Japan Index** is a rules-based index that serves as a benchmark for Asia Pacific's equity markets, excluding Japan.

**MSCI United Kingdom Index** is a rules-based index that serves as a benchmark for the United Kingdom's equity markets.

**MSCI Japan** is a rules-based index that serves as a benchmark for Japan's equity markets.

**NAREIT All REIT Index** includes all tax-qualified REITs with common shares that trade on the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market List.

**3-Month T-bills (90 Day T-Bill Index)** are government-backed short-term investments considered to be risk-free and as good as cash because the maturity is only three months.

**Russell 1000 Growth Index** is a market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000 Value Index** is a market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values.

**Russell Top 200 Growth Index** is a market-capitalization weighted index of those firms in the Russell Top 200 with higher price-to-book ratios and higher forecasted growth values.

**Russell Top 200 Value Index** is a market-capitalization weighted index of those firms in the Russell Top 200 with lower price-to-book ratios and lower forecasted growth values.

# Index Disclosures

**Russell 2000 Growth Index** is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratio and higher forecasted growth values.

**Russell 2000 Index** consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 7% of the Russell 3000 total market capitalization.

**Russell 2000 Value Index** is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values.

**Russell MidCap Growth Index** is a market-weighted total return index that measures the performance of companies within the Russell MidCap Index having higher price-to-book ratios and higher forecasted growth values.

**Russell Mid-Cap Index** includes firms 201 through 1000, based on market capitalization, from the Russell 3000 Index.

**Russell MidCap Value Index** is a market-weighted total return index that measures the performance of companies within the Russell MidCap index having lower price-to-book ratios and lower forecasted growth values.

**Russell Top 200 Index** consists of the 200 largest securities in the Russell 3000 Index.

**Russell 3000 Index** is a market-capitalization weighted index, consisting of 3,000 U.S. common equity securities, reflective of the broad U.S. equity market.

**Salomon 1-10 Yr. Governments** is an index which serves as a benchmark for U.S. Government bonds with maturities ranging from 1 to 10 years.

**S&P 500 Index** measures the performance of the largest 500 U.S. common equity securities, and serves as an index of large cap stocks traded in the United States.

**S&P 500 Energy Index** measures the performance of the energy sector in the S&P 500 Index.

**S&P 500 Industrials** measures the performance of the industrial sector in the S&P 500 Index.

**S&P 500 Financials** measures the performance of the financials sector in the S&P 500 Index.

**S&P 500 Utilities** measures the performance of the utilities sector in the S&P 500 Index.

**S&P 500 Consumer Discretionary** Index measures the performance of the consumer discretionary sector in the S&P 500 Index.

**S&P 500 Consumer Staples** Index measures the performance of the consumer staples sector in the S&P 500 Index.

**S&P 500 Information Technology** measures the performance of the information technology sector in the S&P 500 Index.

**S&P 500 Materials** measures the performance of the materials sector in the S&P 500 Index.

**S&P 500 Health Care** measures the performance of the health care sector in the S&P 500 Index.

**S&P 500 Telecommunications Services Index** measures the performance of the telecommunications services sector in the S&P 500 Index.

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# Scorecard Disclosures

Investment objectives and strategies vary among fund, and may not be similar for funds included in the same asset class.

All definitions are typical category representations. The specific share classes or accounts identified above may not be available or chosen by the plan. Share class and account availability is unique to the client's specific circumstances. There may be multiple share classes or accounts available to the client from which to choose. All recommendations are subject to vendor/provider approval before implementation into the plan

The performance data quoted may not reflect the deduction of additional fees, if applicable. If reflected, additional fees would reduce the performance quoted.

Performance data is subject to change without prior notice.

Performance of indexes reflects the unmanaged result for the market segment the selected stocks represent. Indexes are unmanaged and not available for direct investment.

The information used in the analysis has been taken from sources deemed to be reliable, including, third-party providers such as *Markov Processes International*, *Morningstar*, firms who manage the investments, and/or the retirement plan providers who offer the funds.

Every reasonable effort has been made to ensure completeness and accuracy; however, the final accuracy of the numbers and information is the responsibility of the investment manager(s) of each fund and/or the retirement plan providers offering these funds. Discrepancies between the figures reported in this analysis, and those reported by the actual investment managers and/or retirement plan providers, may be caused by a variety of factors, including: Inaccurate reporting by the manager/provider; Changes in reporting by the manager/provider from the time this report was prepared to a subsequent retro-active audit and corrected reporting; Differences in fees and share-classes impacting net investment return; and, Scriveners error by your advisor in preparing this report.

The enclosed Investment Due Diligence report, including the Scorecard<sup>SM</sup> System, is intended for plan sponsor and/or institutional use only. The materials are not intended for participant use.

The purpose of this report is to assist fiduciaries in selecting and monitoring investment options. A fund's score is meant to be used by the plan sponsor and/or fiduciaries as a tool for selecting the most appropriate fund.

Fund scores will change as the performance of the funds change and as certain factors measured in the qualitative category change (e.g., manager tenure). Fund scores are not expected to change dramatically from each measured period, however, there is no guarantee this will be the case. Scores will change depending on the changes in the underlying pre-specified Scorecard factors.

Neither past performance nor statistics calculated using past performance are guarantees of a fund's future performance. Likewise, a fund's score using the Scorecard<sup>SM</sup> System does not guarantee the future performance or style consistency of a fund.

This report was prepared with the belief that this information is relevant to the plan sponsor as the plan sponsor makes investment selections.

Fund selection is at the discretion of the investment fiduciaries, which are either the plan sponsor or the committee appointed to perform that function.

Cash Alternatives (e.g., money market fund) and some specialty funds are not scored by the Scorecard<sup>SM</sup> System.

The enclosed Investment Due Diligence report and Scorecard is not an offer to sell mutual funds. An offer to sell may be made only after the client has received and read the appropriate prospectus.

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**Carefully consider the investment objectives, risk factors and charges and expenses of the investment company before investing. This and other information can be found in the fund's prospectus, which may be obtained by contacting your Investment Advisor/Consultant or Vendor/Provider. Read the prospectus carefully before investing.**

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