

# Plan Investment Review

## STARS

For period ending December 31, 2013



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# Section I

## Market Overview

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# Major Headlines From the Quarter

- » Global financial markets had another strong quarter ...
  - The Dow Jones Industrial Average and the S&P 500 set all time record highs
  - International equity indexes, particularly in Europe and Asia, also posted healthy gains
- » Federal Reserve announced its long-awaited taper in December ...
  - Fed announced it would slow its current quantity of asset purchases by \$10B
  - Fed reiterated its commitment to keep interest rates near zero until mid-2015
  - This time around, financial markets took the taper announcement in stride
- » U.S. fiscal situation improved, but long-term issues remain ...
  - The U.S. fiscal deficit has been declining at its fastest pace since WWII
  - Congress resolved its two-week government shutdown, passed a bipartisan federal budget but kicked the can on the debt ceiling until mid-February
- » Major global economies showed continued improvement ...
  - U.S. economic recovery appeared to gain some momentum towards the end of the year with positive releases in employment and consumer confidence
  - China's growth continued to show signs of slowing and the need for rebalancing, while the euro zone just barely came out of its recession
  - Many developed economies remain saddled with significant debt and may be facing constrained growth prospects



# Economic Scoreboard



**Corporate Profits** S&P 500 operating earnings reached a new all-time high as earnings growth increased for the fourth consecutive quarter. Revenue growth has slowed due to income-strapped consumers and weak revolving credit. Without increasing capacity through capital expenditures, companies will have to drive earnings with further expansion of profit margins, which already are near all-time highs.

**Interest Rates** In December, the Federal Reserve surprised financial markets with news that it would begin tapering bond purchases but maintained its commitment to keep short-term interest rates low in the near future.

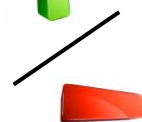
**Housing** Existing home sales and prices declined during the quarter. Higher interest rates and a typically slow (winter) home buying season caused demand to pull back somewhat.

**US Growth** Economic growth was 4.1% in Q3 due to an increase in personal consumption expenditures, non-residential fixed investment, and positive state and local government spending.

**Consumer Spending** Consumer spending was stable during the quarter despite a decline in real disposable income. A decreasing savings rate and rising revolving credit are helping consumer spending.



**Inflation** Both consumer and producer prices declined in Q4, mostly as a result of falling energy prices. Year-over-year growth in both CPI and PPI remained muted, increasing 1.5% and 1.2%, respectively.



**Employment** Job growth averaged 182,000 per month in Q4, and the unemployment rate declined to 6.7%. However, the drop in the unemployment rate was mostly due to an ongoing decline in labor force participation.

**Financial Conditions** The Federal Reserve announced it would begin to taper in December, slowing the pace of monthly asset purchases by \$10 billion. Although inflation remained below the Fed's long-term target of 2%, the Fed noted the dwindling impact of ongoing asset purchases.

**Fiscal Drag** The federal deficit continued to decline due to an improving economy, resulting in positive job growth and therefore larger tax receipts. State and local governments showed signs of increased spending, however, the federal government continued to cut spending somewhat aggressively.



**Commercial Real Estate** Uncertainty in economic policy and rising interest rates slowed price growth in September, which caused a slowdown in lending and therefore sales. In addition, the percentage of nonperforming loans increased. Despite the bump in the road, historically low rates should continue the overall positive trend.



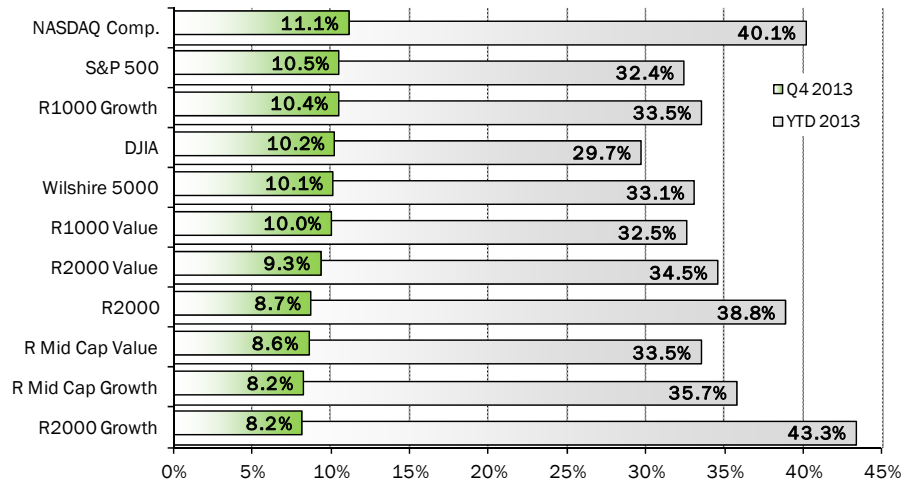
# Financial Markets Overview

- » Domestic equity markets performed extremely well during the fourth quarter and returns for all of 2013 were the strongest in over a decade.
- » The S&P 500 Index returned 10.5% during the quarter and more than 32% for the year, marking its best annual performance since 1997.
- » International equity markets also posted strong quarterly results, with Europe and Asia performing particularly well as economic data in Europe showed some improvement. International markets have lagged U.S. stocks for the past three years.
- » Emerging markets posted a small gain during Q4 but were one of the one major equity categories that struggled in 2013.
- » The U.S. dollar rose during the quarter as U.S. interest rates climbed with the continued positive economic news.
- » The Fed announced its decision to slow down the pace of bond purchases and financial markets took the news in stride. Most U.S. government bond sectors posted declines for the quarter and the year, while spread sectors fared better.
- » Commodity prices finished the quarter broadly lower as supply exceeded demand in several key markets. Gold prices declined as investors' faith in the metal as a store of value dwindled amid improving economic indicators and higher interest rates.



# US Equities ... a year for the record books

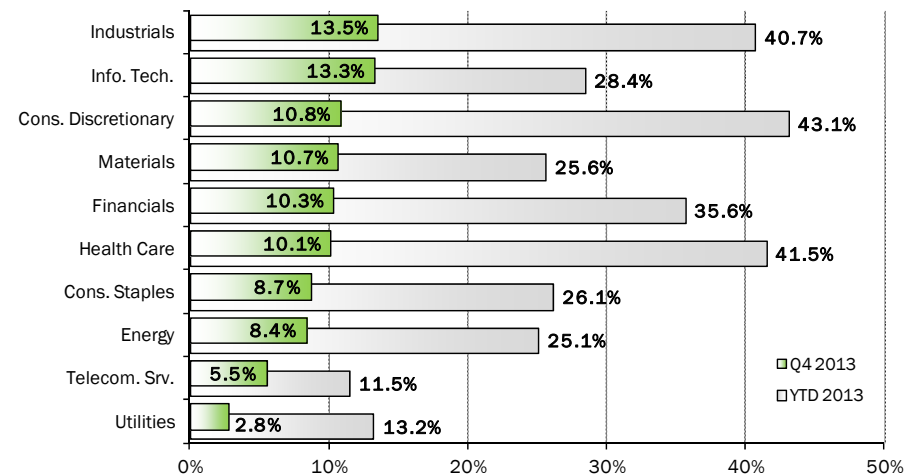
Performance of Major U.S. Equity Indexes, Q4 2013 and YTD 2013



Source: Morningstar. Returns represent total return, including dividends.

- » The S&P 500 Index increased 10.5% during Q4 as corporate earnings growth stayed positive and economic data showed consistent improvement.
- » All major U.S. benchmarks posted very strong gains for the quarter and the year due to growing earnings and improving economic data.

S&P 500 Sector Returns, Q4 2013 and YTD 2013



Source: Morningstar. Returns represent cumulative total return, including dividends.

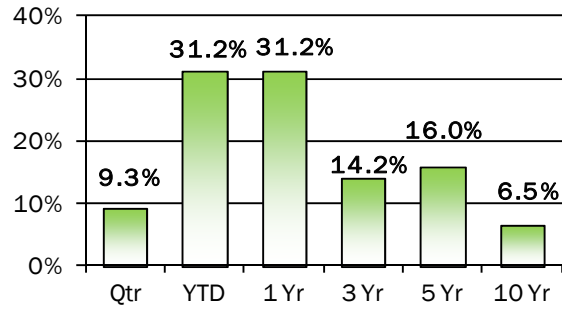
- » Economically sensitive sectors outperformed as investors positioned for a potential pickup in the global economy during the second half of 2013.
- » All sectors posted positive returns in Q4 and strong double digit returns for the year.

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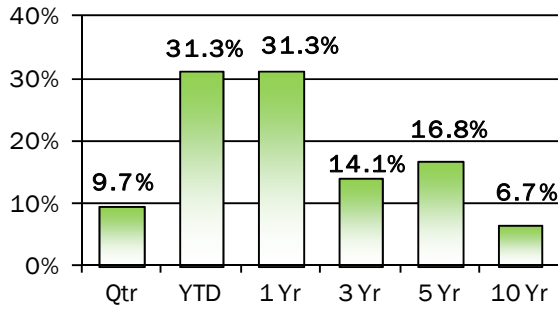


# US Equities Category Performance

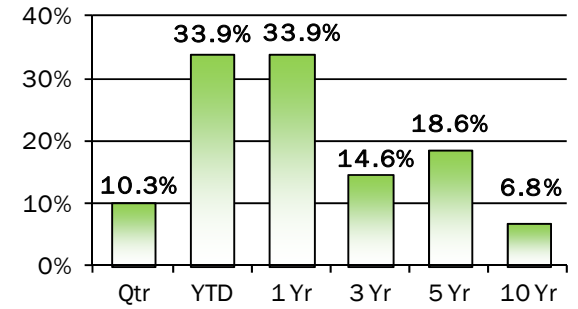
## Large Cap Value



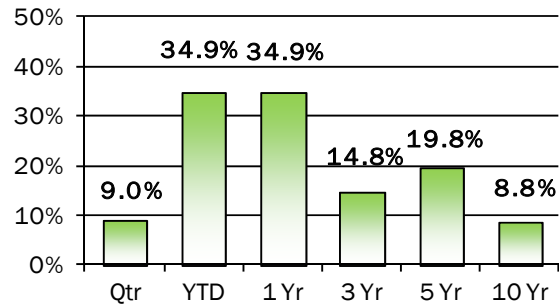
## Large Cap Blend



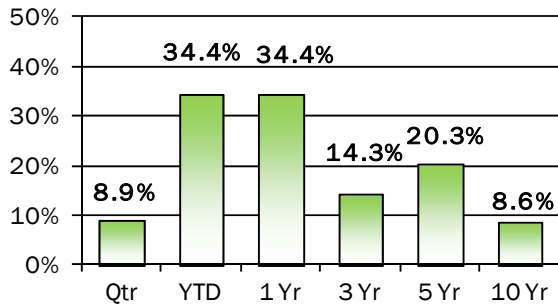
## Large Cap Growth



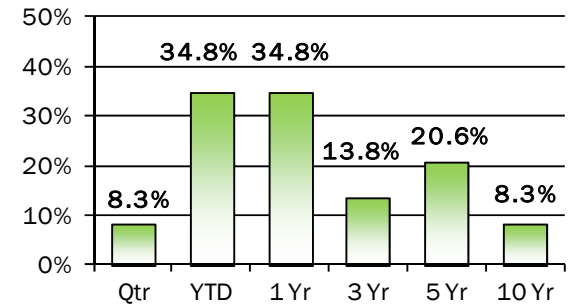
## Mid Cap Value



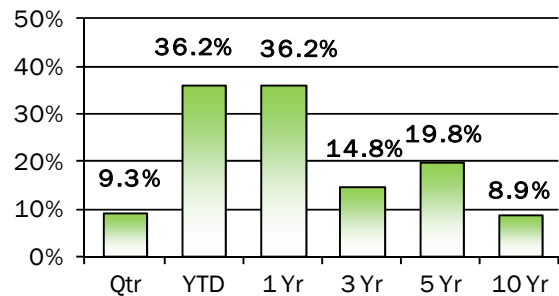
## Mid Cap Blend



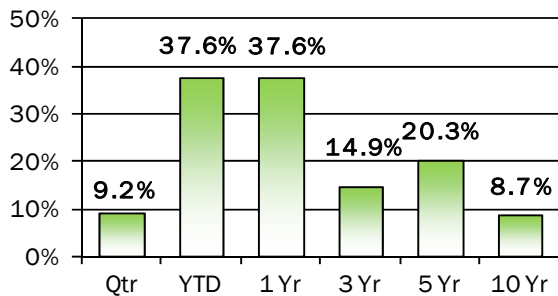
## Mid Cap Growth



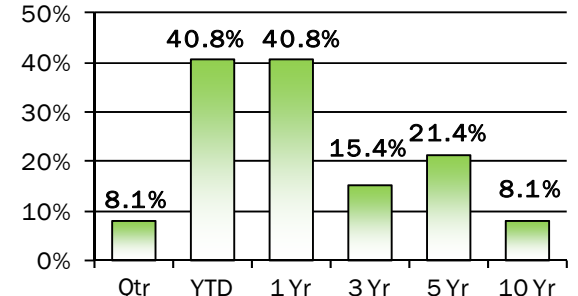
## Small Cap Value



## Small Cap Blend



## Small Cap Growth



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# US Equity Valuation Metrics

## S&P 500 Index Forward Valuation Measures

Metric	As of	1-year	Historical Averages		
	Dec-2013	Ago	5-yr.	10-yr.	15-yr.
Price to Earnings	15.4x	12.6	13.1	13.9	16.2
Price to Book	2.7x	2.1	2.2	2.5	2.9
Price to CF	10.6x	8.7	8.6	9.5	10.8
Price to Sales	1.6x	1.2	1.2	1.3	1.5
Dividend Yield	2.1%	2.4	2.2	2.1	1.9

Source: S&P, FactSet, JP Morgan Asset Management.

**P/E** is the S&P 500 Index divided by consensus analyst estimates of EPS for next 12 months.

**P/B** is price divided by book value per share. Data post-1992 include intangibles and are provided by S&P.

**Price to CF** is most recent price divided by consensus analyst estimates of cash flow per share for next 12 months.

**P/S** is calculated as price divided by consensus analyst estimates of sales per share for next 12 months.

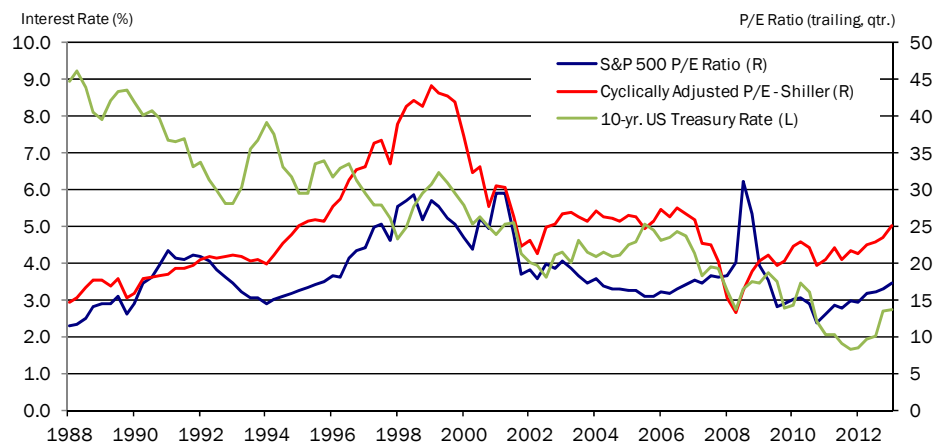
**Dividend Yield** is calculated as consensus analyst estimates of dividends for the next 12 months divided by price.

- » Current forward multiple metrics showed the S&P 500 Index to be slightly overvalued at the end of Q4 compared to 5-year and 10-year historical averages, but slightly undervalued relative to 15-year historical averages.
- » From a bottom-up perspective, analysts are estimating companies in the S&P 500 to earn nearly \$121 in operating earnings per share for all of 2014. For all of 2013, earnings are expected to reach a historical high of \$107.<sup>1</sup>

<sup>1</sup> Standard & Poor's.

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## S&P 500 Index Trailing P/E Ratio, Cyclically Adjusted P/E and 10-yr Treasury: 1988 - 2013



Source: Standard & Poor's, Robert Shiller, Federal Reserve. Data as of December 31, 2013.

Note: P/E is the S&P 500 Index divided by the last four completed quarters of operating earnings except for the most recent quarter which uses an estimate of operating earnings.

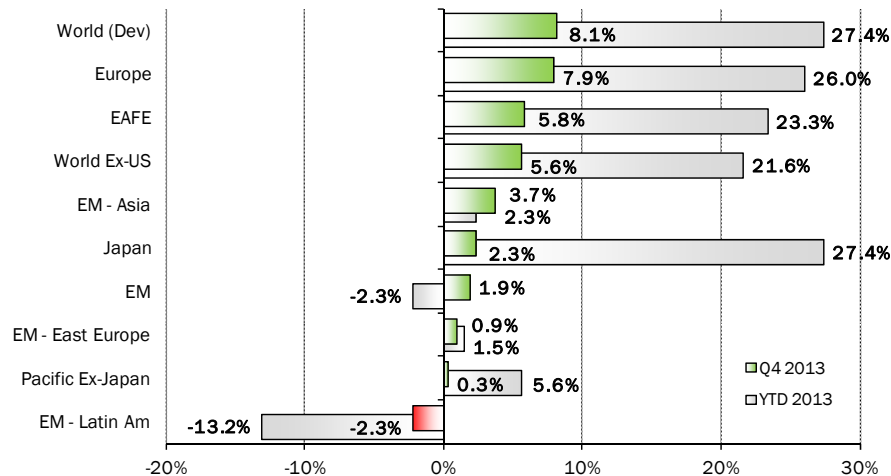
## Implied S&P 500 Index Levels

P/E ratio	Operating Earnings (\$/shr)				
	\$80	\$90	\$100	\$105	\$110
10x	800	900	1,000	1,050	1,100
11x	880	990	1,100	1,155	1,210
12x	960	1,080	1,200	1,260	1,320
13x	1,040	1,170	1,300	1,365	1,430
14x	1,120	1,260	1,400	1,470	1,540
15x	1,200	1,350	1,500	1,575	1,650
16x	1,280	1,440	1,600	1,680	1,760
17x	1,360	1,530	1,700	1,785	1,870
18x	1,440	1,620	1,800	1,890	1,980
19x	1,520	1,710	1,900	1,995	2,090
20x	1,600	1,800	2,000	2,100	2,200



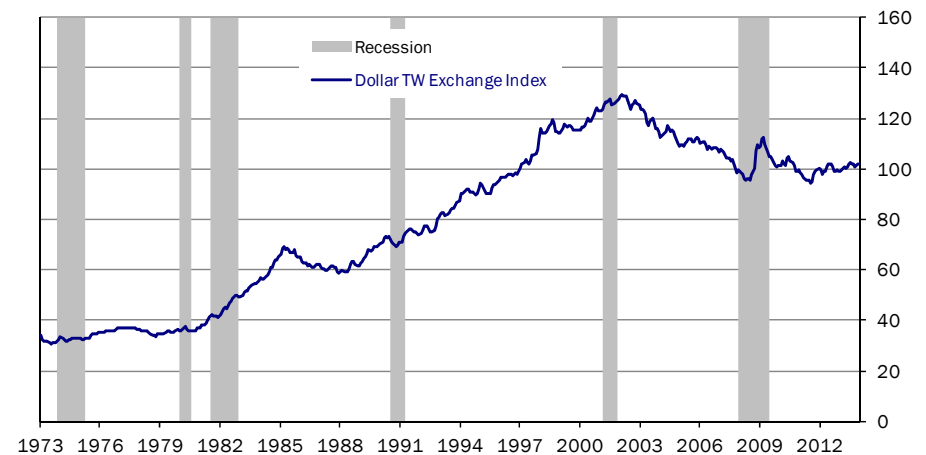
# International Equities ... also a strong quarter

International Equity Market Returns, Q4 2013 and YTD 2013



Source: Morningstar. Returns represent cumulative total return, including dividends.

Dollar Trade Weighted Exchange Index for Broad Currencies: 1973 - 2013



Source: Federal Reserve, FRED. Data as of December 31, 2013.

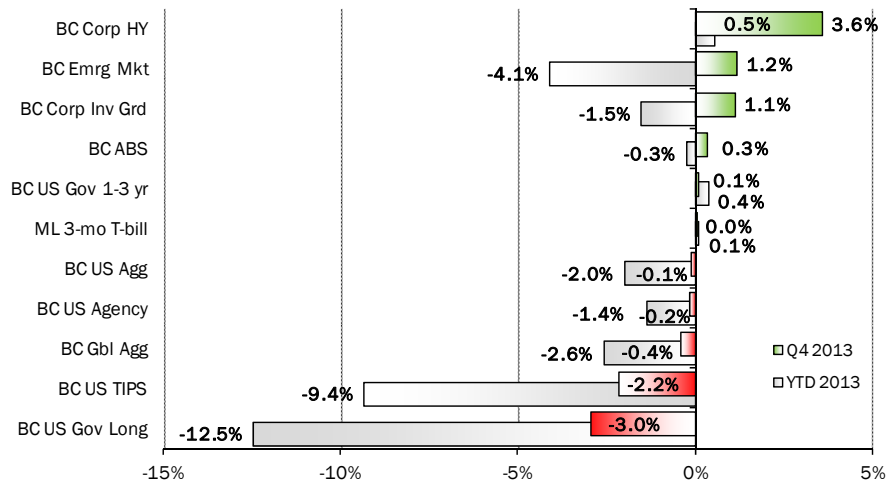
- » International markets were mostly positive in Q4 as a result of improving economic growth and relatively attractive valuations.
- » Developed market equities continued to outperform emerging market equities. Latin America was hurt by declines in Brazil.

- » Developed market equities benefited from improving current account balances and accommodative monetary policy.
- » Emerging markets continued to be negatively impacted by slowing earnings growth and declining commodity prices.



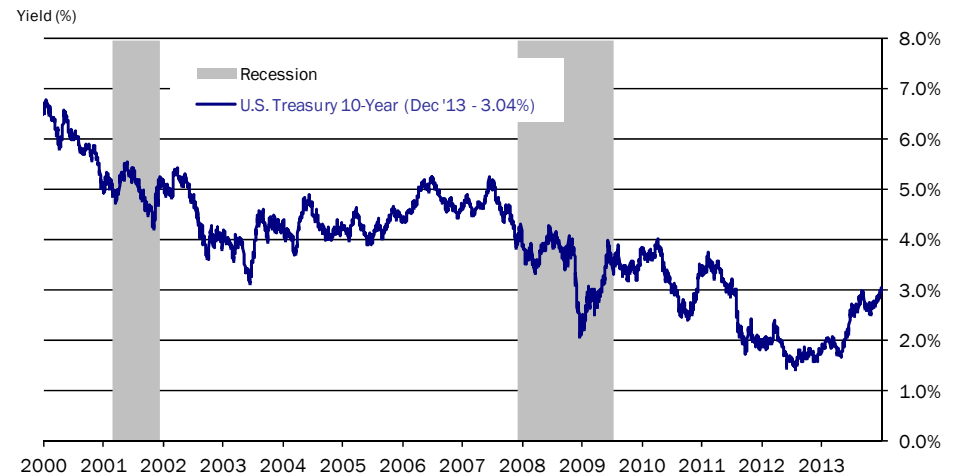
# Fixed Income ... let the “taper” begin

Fixed Income Returns, Q4 2013 and YTD 2013



Source: Morningstar. Returns represent total return, including dividends.

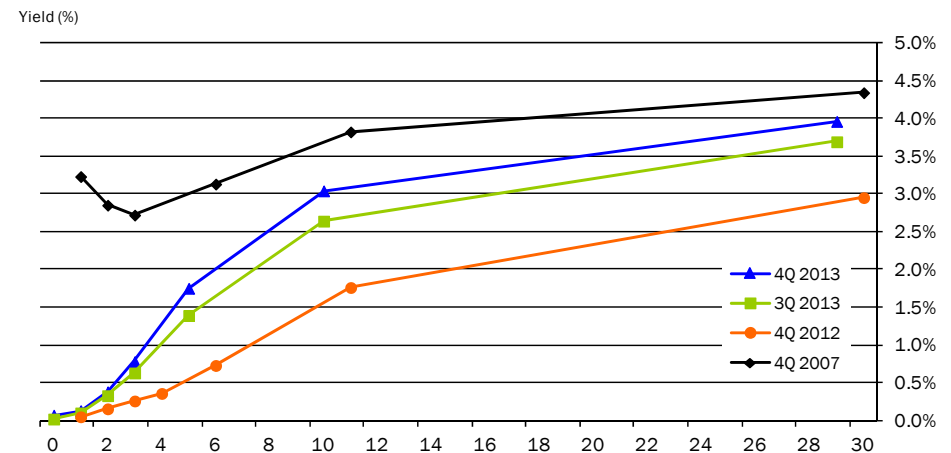
U.S. Treasury 10-year Yield: 2000 - 2013



Source: Board of Governors of the Federal Reserve System. Data as of Dec-2013.

- » Improving economic conditions and the Fed’s decision to taper in December caused long-term interest rates to increase.
- » The yield on the 10-year U.S. Treasury note rose from 2.64% in September to 3.04% at the end of December.
- » The Fed reiterated its goal of keeping short-term rates near zero until mid-2015, however, decided to taper its monthly bond purchases by \$10 billion.

U.S. Treasury Yield Curve



Source: WSJ Market Data. Data as of respective quarter end.

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# Commodities ... a down year

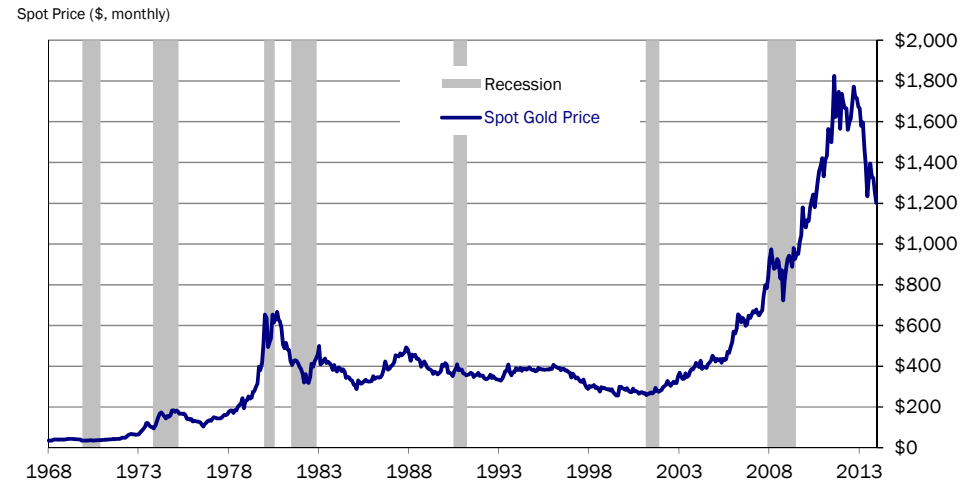
Dow Jones UBS Commodity Spot Index (DJUBSSP): 1991 - 2013



Source: Dow Jones. Data as of December 31, 2013.

- » The Dow Jones UBS Commodity Index declined by 1.1% in Q4, as losses through November were not recouped in December.
- » Wheat and precious metals, including gold and silver, posted the largest losses in Q4.

Gold Spot Price: 1968 - 2013



Source: Bloomberg. Data as of Dec-2013.

- » Precious metals fell 9.8%, as gold prices declined 9.5% and silver prices declined 11.0%.
- » The decline in gold prices was likely due to rising interest rates, which make precious metals an unattractive asset.



# Asset Class Returns

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	4Q13	10-yrs. '04 - '13 Cum.	Ann.
REITs 31.6%	MSCI EME 34.5%	REITs 35.1%	MSCI EME 39.8%	Barclays Agg 5.2%	MSCI EME 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Russell 2000 38.8%	S&P 500 10.5%	MSCI EME 197.7%	MSCI EME 11.5%
MSCI EME 26.0%	DJ UBS Cmdty 21.4%	MSCI EME 32.6%	DJ UBS Cmdty 16.2%	Cash 1.8%	MSCI EAFE 32.5%	Russell 2000 26.9%	Barclays Agg 7.8%	MSCI EME 18.6%	S&P 500 32.4%	Russell 2000 8.7%	Russell 2000 138.3%	Russell 2000 9.1%
MSCI EAFE 20.7%	MSCI EAFE 14.0%	MSCI EAFE 26.9%	MSCI EAFE 11.6%	Market Neutral 1.1%	REITs 28.0%	MSCI EME 19.2%	Market Neutral 4.5%	MSCI EAFE 17.9%	MSCI EAFE 23.3%	MSCI EAFE 5.7%	REITs 128.5%	REITs 8.6%
Russell 2000 18.3%	REITs 12.2%	Russell 2000 18.4%	Market Neutral 9.3%	Asset Alloc. -24.0%	Russell 2000 27.2%	DJ UBS Cmdty 16.8%	S&P 500 2.1%	Russell 2000 16.3%	Asset Alloc. 14.9%	Asset Alloc. 4.6%	S&P 500 104.3%	S&P 500 7.4%
Asset Alloc. 12.5%	Asset Alloc. 8.3%	S&P 500 15.8%	Asset Alloc. 7.4%	Russell 2000 -33.8%	S&P 500 26.5%	S&P 500 15.1%	Cash 0.1%	S&P 500 16.0%	Market Neutral 7.9%	Market Neutral 3.8%	MSCI EAFE 104.1%	MSCI EAFE 7.4%
S&P 500 10.9%	Market Neutral 6.1%	Asset Alloc. 15.2%	Barclays Agg 7.0%	DJ UBS Cmdty -35.6%	Asset Alloc. 22.2%	Asset Alloc. 12.5%	Asset Alloc. -0.6%	Asset Alloc. 11.3%	REITs 2.9%	MSCI EME 1.9%	Asset Alloc. 100.1%	Asset Alloc. 7.2%
DJ UBS Cmdty 9.1%	S&P 500 4.9%	Market Neutral 11.2%	S&P 500 5.5%	S&P 500 -37.0%	DJ UBS Cmdty 18.9%	MSCI EAFE 8.2%	Russell 2000 -4.2%	Barclays Agg 4.2%	Cash 0.0%	Cash 0.0%	Market Neutral 62.7%	Market Neutral 5.0%
Market Neutral 6.5%	Russell 2000 4.6%	Cash 4.8%	Cash 4.8%	REITs -37.7%	Barclays Agg 5.9%	Barclays Agg 6.5%	MSCI EAFE -11.7%	Market Neutral 0.9%	Barclays Agg -2.0%	Barclays Agg -0.1%	Barclays Agg 56.0%	Barclays Agg 4.5%
Barclays Agg 4.3%	Cash 3.0%	Barclays Agg 4.3%	Russell 2000 -1.6%	MSCI EAFE -43.1%	Market Neutral 4.1%	Cash 0.1%	DJ UBS Cmdty -13.3%	Cash 0.1%	MSCI EME -2.3%	REITs -0.2%	Cash 17.1%	Cash 1.6%
Cash 1.2%	Barclays Agg 2.4%	DJ UBS Cmdty 2.1%	REITs -15.7%	MSCI EME -53.2%	Cash 0.1%	Market Neutral -0.8%	MSCI EME -18.2%	DJ UBS Cmdty -1.1%	DJ UBS Cmdty -9.5%	DJ UBS Cmdty -1.1%	DJ UBS Cmdty 9.0%	DJ UBS Cmdty 0.9%

Source: Russell, MSCI, Dow Jones, Standard & Poor's, Credit Suisse, Barclays Capital, NAREIT, FactSet, J.P. Morgan Asset Management. The "Allocation" portfolio assumes the following weights: 25% in S&P 500, 10% in Russell 2000, 15% in MSCI EAFE, 5% in MSCI EMI, 30% in Barclays Capital Aggregate, 5% in Barclays 1-3m Treasury, 5% in CS/Tremont Equity Index, 5% in DJ UBS Commodity Index and 5% in NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. All data except commodities represent total return for stated period. Past performance is not indicative of future returns. Data are as of 12/31/13, except for the CS/Tremont Equity Market Neutral Index, which reflects data through 11/30/13. "10-yrs" returns represent period of 1/1/04 - 12/31/13 showing both cumulative (Cum.) and annualized (Ann.) over the period.

Source: JPMorgan Asset Management. Data as of 12/31/2013.

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# Fixed Income Returns

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	4Q13	10-yrs. '04 - '13 Cum.	Ann.
EMD 11.9%	EMD 12.3%	High Yield 11.8%	TIPS 11.6%	Treas. 13.7%	High Yield 58.2%	High Yield 15.1%	TIPS 13.6%	EMD 17.9%	High Yield 7.4%	High Yield 3.6%	High Yield 128.6%	High Yield 8.6%
High Yield 11.1%	Asset Alloc. 3.5%	EMD 10.0%	Treas. 9.0%	MBS 8.3%	EMD 34.2%	EMD 12.8%	Muni 12.3%	High Yield 15.8%	MBS -1.4%	EMD 1.2%	EMD 126.9%	EMD 8.5%
TIPS 8.5%	TIPS 2.8%	MBS 5.2%	Barclays Agg 7.0%	Barclays Agg 5.2%	Corp. 18.7%	Corp. 9.0%	Treas. 9.8%	Corp. 9.8%	Corp. -1.5%	Corp. 1.1%	Asset Alloc. 72.3%	Asset Alloc. 5.6%
Asset Alloc. 6.2%	Treas. 2.8%	Asset Alloc. 5.1%	MBS 6.9%	Muni 1.5%	Asset Alloc. 15.3%	Asset Alloc. 7.8%	Asset Alloc. 9.1%	Asset Alloc. 7.7%	Asset Alloc. -2.0%	Asset Alloc. 0.3%	Corp. 68.1%	Corp. 5.3%
Corp. 5.4%	Muni 2.7%	Muni 4.7%	Asset Alloc. 6.4%	Asset Alloc. -0.8%	TIPS 11.4%	Barclays Agg 6.5%	Corp. 8.1%	TIPS 7.0%	Barclays Agg -2.0%	Muni -0.1%	TIPS 60.6%	TIPS 4.8%
MBS 4.7%	High Yield 2.7%	Barclays Agg 4.3%	EMD 5.2%	TIPS -2.4%	Muni 9.9%	TIPS 6.3%	Barclays Agg 7.8%	Muni 5.7%	Muni -2.2%	Barclays Agg -0.1%	Muni 57.5%	Muni 4.6%
Barclays Agg 4.3%	MBS 2.6%	Corp. 4.3%	Corp. 4.6%	Corp. -4.9%	Barclays Agg 5.9%	Treas. 5.9%	EMD 7.0%	Barclays Agg 4.2%	Treas. -2.7%	MBS -0.4%	MBS 57.0%	MBS 4.6%
Muni 4.1%	Barclays Agg 2.4%	Treas. 3.1%	Muni 4.3%	EMD -14.7%	MBS 5.9%	MBS 5.4%	MBS 6.2%	MBS 2.6%	EMD -4.1%	Treas. -0.8%	Barclays Agg 56.0%	Barclays Agg 4.5%
Treas. 3.5%	Corp. 1.7%	TIPS 0.4%	High Yield 1.9%	High Yield -26.2%	Treas. -3.6%	Muni 4.0%	High Yield 5.0%	Treas. 2.0%	TIPS -8.6%	TIPS -2.0%	Treas. 51.3%	Treas. 4.2%

Source: Barclays Capital, FactSet, J.P. Morgan Asset Management.

Past performance is not indicative of future returns. Fixed income sectors shown above are provided by Barclays Capital and are represented by: Barclays Capital U.S. Aggregate Index; MBS: Fixed Rate MBS Index; Corporate: U.S. Corporates; Municipals; Muni Bond Index; Emerging Debt: Emerging Markets USD Index; High Yield: Corporate High Yield Index; Treasuries: Barclays Capital U.S. Treasury; TIPS: Barclays Capital TIPS. The "Asset Allocation" portfolio assumes the following weights: 10% in MBS, 20% in Corporate, 15% in Municipals, 10% in Emerging Debt, 10% in High Yield, 25% in Treasuries, 10% in TIPS. Asset allocation portfolio assumes annual rebalancing.

Source: JPMorgan Asset Management. Data as of 12/31/2013.

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# Economic Forecast

	Real Gross Domestic Product (GDP, % qtr chg, ann.)								Unemployment		Industrial Production		Cons. Prices (CPI)	
	2012	2013		2014				2013	2014F	2013	2014F	2013	2014F	
		Q4 F	2013 F	Q1 F	Q2 F	Q3 F	Q4 F							2014 F
Goldman Sachs	2.2%	1.7%	1.9%	3.1%	3.4%	3.2%	3.4%	3.3%	7.4%	6.4%	2.5%	3.6%	1.5%	1.6%
Wells Fargo	2.2%	2.2%	1.9%	2.0%	2.4%	2.8%	2.9%	2.4%	7.4%	6.8%	2.4%	3.7%	1.5%	1.7%
ING	2.2%	0.0%	1.6%	3.9%	3.1%	2.3%	2.4%	3.0%	8.0%	6.3%	n/a	n/a	1.5%	1.7%
Deutsche Bank	2.2%	3.0%	1.8%	3.1%	3.2%	3.5%	3.7%	3.2%	7.4%	6.6%	2.3%	4.3%	1.6%	2.5%
Conference Board	1.8%	0.9%	1.9%	2.4%	2.3%	2.5%	2.8%	2.5%	7.0%	6.2%	n/a	n/a	1.2%	2.0%
WSJ Forecast Survey	2.2%	1.7%	2.1%	2.5%	2.7%	2.8%	2.9%	2.7%	7.1%	6.5%	n/a	n/a	1.4%	2.0%
<b>Actual / Current</b>	2.2%	n/a	n/a					n/a	6.7%	n/a	1.6%	n/a	1.2%	n/a

Source: Goldman Sachs (as of 1-13-2014), Wells Fargo (as of 12-11-2013), ING (as of 12-31-2013), Deutsche Bank (as of 12-13-2013),

Conference Board (as of 12-31-2013), WSJ (as of 12-31-2013).

WSJ Forecast Survey polls 53 economists. Broad surveys covering 10 major economic indicators are conducted monthly.

F = forecast

- » According to the WSJ Forecast Survey, economists lowered their 2013 projections for inflation, the unemployment rate and economic growth.
  - The average GDP forecast for Q4 declined from 2.3% to 1.7%.
  - The average GDP forecast for 2013 declined from 2.3% to 2.1%.
- » Economists also lowered their economic growth forecast for 2014 from 2.9% to 2.7%.



# SageView's Economic Outlook

- » The following summarizes SageView Investment Committee's outlook through the end of 2014.
  - **Economy** – Economic growth is expected to improve from 2013 but remain modest.
  - **Employment** – With the expectation of modest economic growth going forward, the unemployment rate is expected to slowly decline from current levels but not at the same pace as in 2013. Job creation is currently just keeping up with population growth.
  - **Inflation** – The slow economic conditions should keep inflation contained in the short-run.
  - **Interest Rates** – The Federal Reserve has expressed its desire to keep short-term interest rates low for an extended period as it moves to shut down the quantitative easing program.

Forecast as of January 21, 2014.

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# Important Considerations on the Horizon

- » What will the Federal Reserve's process of normalizing interest rates look like now that the tapering process has started?
- » Will rising interest rates potentially choke off the economic recovery that appears to be finally gaining some momentum?
- » What are the prospects for inflation with faster economic growth and continued easy monetary policy?
- » Will the housing rebound continue despite higher interest rates?
- » The Chinese economy is undergoing a slow transformation resulting in moderating growth prospects. What is the impact of this slower growth around the globe?
- » Have global politics and current demographic realities changed the landscape of investing? How long will the current environment persist?
- » Emerging market economies, particularly those relying most heavily on outside investment, have not fared as well with the prospect of higher interest rates in the U.S. Will that trend continue in 2014?



# Defined Contribution Market Legislative Update

- » The American Taxpayer Relief Act of 2012 allows for more conversions into Roth 401(k) and 403(b) accounts.
  - This law will allow 401(k) participants to roll over any money from their traditional 401(k) account into a Roth 401(k) account, assuming the plan sponsor has made this option available. (Some plan administrators are working on being able to implement this feature.)
  - In December 2013, the Internal Revenue Service (IRS) issued guidance stating that plan sponsors must amend their plan documents no later than December 31, 2014 to include conversions to Roth accounts.
- » The U.S. Supreme Court agreed to reconsider the issue of fiduciary prudence in offering company stock as an investment option in defined contribution plans.

Source: PlanSponsor.

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# Defined Contribution Market Legislative Update (cont.)

- » Industry experts expect a significant increase in regulatory activity pertaining to retirement plans in 2014.
- » The Department of Labor (DoL) regulatory agenda for the next 12 months includes the following issues:
  - Inclusion of lifetime income illustrations on employee benefit statements
  - Revised definition of fiduciary under the “conflict-of-interest” rule
  - Review the use of brokerage windows
  - Additional target date fund disclosures
  - Final rule on plan abandonment
  - Guide for plan sponsors to assist them in understanding 408(b)(2) disclosures
- » In July 2013, Senator Orrin Hatch introduced The Secure Annuities for Employee (SAFE) Retirement Act of 2013.
  - The proposal targets the expansion of retirement plan coverage for workers and simplification of operations for privately-sponsored plans.
  - The private pension reform section of the bill addresses coverage, simplification, longevity and ERISA modifications.

Source: Principal.

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# Defined Benefit Legislative Update

- » Federal Budget Agreement
  - PBGC Premium Increases
    - Flat-rate PBGC premiums were already set to rise from \$42 to \$49 per plan participant next year. In 2015, the rate will rise to \$57 and in 2016 it will be \$67.
    - Variable rate premiums, which are paid based on how underfunded a plan is, will also rise, from \$9 per every \$1,000 of underfunding this year to \$14 in 2014. The rates the following two years, which will also be tied to inflation, will be \$24 and \$29.
- » From the IRS
  - On August 9, 2013 the IRS released their 2013-2014 Priority Guidance Plan. On the list of priorities are:
    - Guidance on frozen defined benefit plans
    - Final regulations on hybrid plans
    - Final regulations on the determination of the minimum required contribution
  - The IRS released updated static mortality tables for 2014 and 2015, reflecting the trend in increasing life expectancy.
- » From the Pension Benefits Guaranty Corp (PBGC)
  - The PBGC has proposed new filing dates for 2014 premiums. All filers (small, mid-size and large) would file one time on October 15.
- » From the Government Accounting Standards Board (GASB)
  - An implementation guide for Statements 67 and 68 was issued answering key questions about putting the new standards into practice.



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# Current Retirement Plan Industry Trends To Think About

- » Increased consideration for simplification of investment menus
- » Low interest rate environment hurting savers
- » Continued adoption of target date funds (TDFs) as a QDIA option
- » Home country bias by retirement plan investors continues to persist
- » Debate between “active” and “passive” investing
- » High and increased correlations between U.S. domestic equity styles, blunting the anticipated benefit from diversification
- » Evolving dialogue regarding guaranteed income options (annuities) in retirement plans
- » Discussions around retirement income projections once formal guidance is approved
- » Continued emphasis on cost monitoring and fiduciary compliance
- » Investment lineups in a rising rate environment



# Correlation Matrix

## Correlation Matrix

Data for 5 year time period ending December 31, 2013

		1	2	3	4	5	6	7	8	9	10
1	S&P 500	1.00									
2	Morningstar large value	1.00	1.00								
3	Morningstar large blend	1.00	0.99	1.00							
4	Morningstar large growth	0.97	0.96	0.98	1.00						
5	Morningstar mid value	0.97	0.98	0.98	0.96	1.00					
6	Morningstar mid blend	0.96	0.97	0.98	0.97	1.00	1.00				
7	Morningstar mid growth	0.94	0.94	0.96	0.98	0.98	0.99	1.00			
8	Morningstar small value	0.95	0.95	0.96	0.94	0.99	0.99	0.96	1.00		
9	Morningstar small blend	0.95	0.95	0.96	0.95	0.99	0.99	0.98	1.00	1.00	
10	Morningstar small growth	0.93	0.92	0.94	0.96	0.97	0.98	0.99	0.97	0.99	1.00

Source: Morningstar Direct. Categories represent US domestic equity funds as classified by Morningstar.

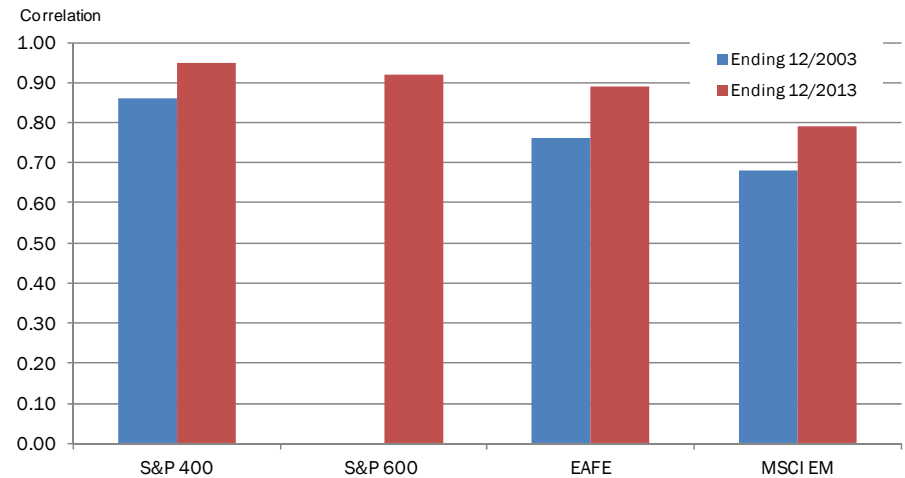
- » Correlations over the last five years among US domestic mutual funds are very high.
- » Since the 9-style investment box represents the core investment lineup for the majority of retirement plan investors, diversification benefits have been minimal.



# Historical Correlations

Correlations		S&P 500	S&P 400 (mid cap)	S&P 600 (small cap)	EAFE (intl)	MSCI EM (emrg mkt)
S&P 500 (large cap)	10 yrs end 12/2013		0.95	0.92	0.89	0.79
	10 yrs end 12/2003		0.86	n/a	0.76	0.68
S&P 400 (mid cap)	10 yrs end 12/2013	0.95		0.96	0.86	0.80
	10 yrs end 12/2003	0.86		n/a	0.72	0.71
S&P 600 (small cap)	10 yrs end 12/2013	0.92	0.96		0.80	0.74
	10 yrs end 12/2003	n/a	n/a		n/a	n/a
EAFE (intl)	10 yrs end 12/2013	0.89	0.86	0.80		0.89
	10 yrs end 12/2003	0.76	0.72	n/a		0.71
MSCI EM (emrg mkt)	10 yrs end 12/2013	0.79	0.80	0.74	0.89	
	10 yrs end 12/2003	0.68	0.71	n/a	0.71	

Historical 10-year Correlations versus S&P 500

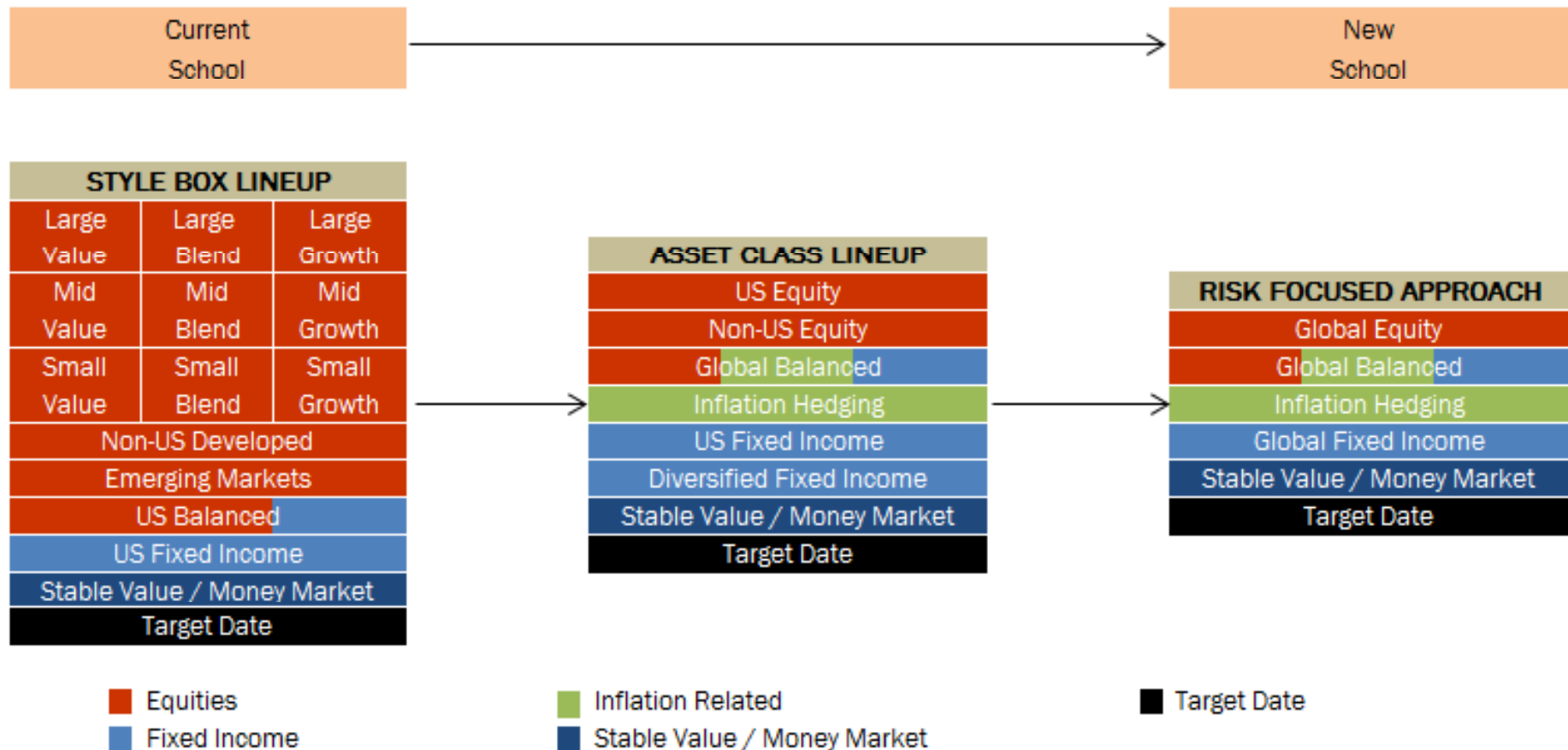


Source: Morningstar Direct.

- » Historical correlations across the major equity categories, including international, have increased over the last ten years.
- » International equities provide some diversification, but the benefit has declined over the last 10 years.



# Evolution of Defined Contribution Lineup



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**Section II**  
**Investment Summary**

# Fund Performance Summary

## As of 12/31/2013

Fund Benchmark Category	Asset Class	(%) of Plan	3 Month	YTD	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized	Expense Ratio	Investment Policy Performance
UTC Stable Value Trust	Stable Value	30.14%	0.56	2.44	2.44	2.71	2.91	3.79	0.68	See Attached
Hueler Stable Value Index*			0.43	1.84	1.84	2.26	2.60	3.60		
Cat: Custom PeerGroup: Hueler Stable Value			0.43	1.84	1.84	2.26	2.60	3.60	NA	
DFA Intermediate Govt Fixed-Income I	Intermediate Government	6.17%	-0.70	-3.52	-3.52	3.07	3.05	4.67	0.13	2 <sup>ND</sup> QUAR
Barclays US Govt Interm TR USD*			-0.42	-1.25	-1.25	2.14	2.20	3.74		
Cat: Morningstar Intermediate Government			-0.56	-2.72	-2.72	2.16	3.39	3.72	0.96	
Dodge & Cox Income	Intermediate-Term Bond	13.94%	1.15	0.64	0.64	4.41	7.20	5.10	0.43	TOP QUAR
Barclays US Agg Bond TR USD*			-0.14	-2.02	-2.02	3.26	4.44	4.55		
Cat: Morningstar Intermediate-Term Bond			0.31	-1.42	-1.42	3.64	6.31	4.33	0.91	
DFA US Large Cap Value I	Large Value	1.57%	12.33	40.32	40.32	18.38	21.02	8.88	0.27	TOP QUAR
Russell 1000 Value TR USD*			10.01	32.53	32.53	16.06	16.67	7.58		
Cat: Morningstar Large Value			9.35	31.23	31.23	14.49	16.10	7.01	1.17	
Columbia Large Cap Index Z	Large Blend	9.01%	10.46	32.11	32.11	15.97	17.77	7.26	0.20	Index
S&P 500 TR USD*			10.51	32.39	32.39	16.18	17.94	7.41		
Cat: Morningstar Large Blend			9.73	31.50	31.50	14.47	17.09	6.95	1.17	
Fidelity Contrafund	Large Growth	3.77%	10.52	34.15	34.15	15.91	18.67	10.20	0.74	TOP DEC
Russell 1000 Growth TR USD*			10.44	33.48	33.48	16.45	20.39	7.83		
Cat: Morningstar Large Growth			10.29	33.92	33.92	14.88	19.04	7.60	1.25	
Neuberger Berman Socially Rspns Inv	Large Growth	1.82%	9.46	38.20	38.20	14.19	19.01	8.19	0.87	2 <sup>ND</sup> QUAR
Russell 1000 Growth TR USD*			10.44	33.48	33.48	16.45	20.39	7.83		
Cat: Morningstar Large Growth			10.29	33.92	33.92	14.88	19.04	7.60	1.25	
Vanguard Mid-Cap Value Index Inv	Mid-Cap Value	5.22%	10.52	37.42	37.42	16.61	21.56	NA	0.24	Index
CRSP US Mid Cap Value TR USD*			10.57	37.38	37.38	17.29	22.14	10.16		
Cat: Morningstar Mid-Cap Value			9.03	35.14	35.14	14.82	20.34	8.95	1.31	

\*Investment Policy Benchmark

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# Fund Performance Summary

## As of 12/31/2013

Fund Benchmark Category	Asset Class	(%) of Plan	3 Month	YTD	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized	Expense Ratio	Investment Policy Performance
Columbia Mid Cap Index Z	Mid-Cap Blend	10.73%	8.30	33.28	33.28	15.41	21.65	10.24	0.21	Index
S&P MidCap 400 TR*			8.33	33.50	33.50	15.64	21.89	10.36		
Cat: Morningstar Mid-Cap Blend			8.79	34.10	34.10	14.23	20.02	8.57	1.26	
ING MidCap Opportunities I	Mid-Cap Growth	3.40%	6.45	31.57	31.57	14.33	22.53	11.12	0.97	TOP DEC
Russell Mid Cap Growth TR USD*			8.23	35.74	35.74	15.63	23.37	9.77		
Cat: Morningstar Mid-Cap Growth			8.30	34.93	34.93	14.09	20.80	9.03	1.36	
DFA US Targeted Value I	Small Value	4.88%	11.81	43.03	43.03	16.90	22.14	10.42	0.38	TOP QUAR
Russell 2000 Value TR USD*			9.30	34.52	34.52	14.49	17.64	8.61		
Cat: Morningstar Small Value			9.26	36.22	36.22	14.22	20.36	9.26	1.41	
Columbia Small Cap Index Z	Small Blend	0.30%	9.73	40.97	40.97	18.19	21.17	10.52	0.23	Index
Russell 2000 TR USD*			8.72	38.82	38.82	15.67	20.08	9.07		
Cat: Morningstar Small Blend			9.22	37.39	37.39	15.12	20.35	9.04	1.32	
Vanguard Small Cap Growth Index Inv	Small Growth	0.39%	7.48	37.98	37.98	16.86	24.23	10.63	0.24	Index
CRSP US Small Cap Growth TR USD*			7.53	38.44	38.44	15.69	23.25	10.80		
Cat: Morningstar Small Growth			8.15	40.91	40.91	15.82	22.15	9.14	1.46	
Nuveen Real Estate Securities A	Real Estate	0.51%	-1.03	1.04	1.04	8.71	16.85	9.74	1.28	TOP DEC
DJ US Select REIT TR USD*			-1.09	1.22	1.22	9.04	16.36	8.22		
Cat: Morningstar Real Estate			-0.33	1.55	1.55	8.68	16.23	7.84	1.33	
American Funds Capital World G/I R5	World Stock	1.13%	7.75	25.24	25.24	11.54	14.74	9.34	0.50	2 <sup>ND</sup> QUAR
MSCI World GR USD*			8.11	27.36	27.36	12.13	15.68	7.56		
Cat: Morningstar World Stock			7.41	25.19	25.19	10.38	15.72	7.48	1.44	
Dodge & Cox International Stock	Foreign Large Blend	6.32%	7.82	26.31	26.31	8.71	16.58	9.77	0.64	TOP DEC
MSCI ACWI Ex USA GR USD*			4.81	15.78	15.78	5.61	13.32	8.04		
Cat: Morningstar Foreign Large Blend			6.02	19.44	19.44	6.66	12.31	6.94	1.34	

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# Fund Performance Summary

## As of 12/31/2013

Fund Benchmark Category	Asset Class	(%) of Plan	3 Month	YTD	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized	Expense Ratio	Investment Policy Performance
Vanguard Wellington Inv	Moderate Allocation	0.71%	6.30	19.66	19.66	11.84	13.65	8.10	0.25	TOP DEC
40% BC Aggregate and 60% Russell 1000 Value*			5.87	17.66	17.66	11.02	12.04	6.68		
Cat: Morningstar Moderate Allocation			5.40	16.48	16.48	9.17	12.83	6.06	1.32	

\*Investment Policy Benchmark

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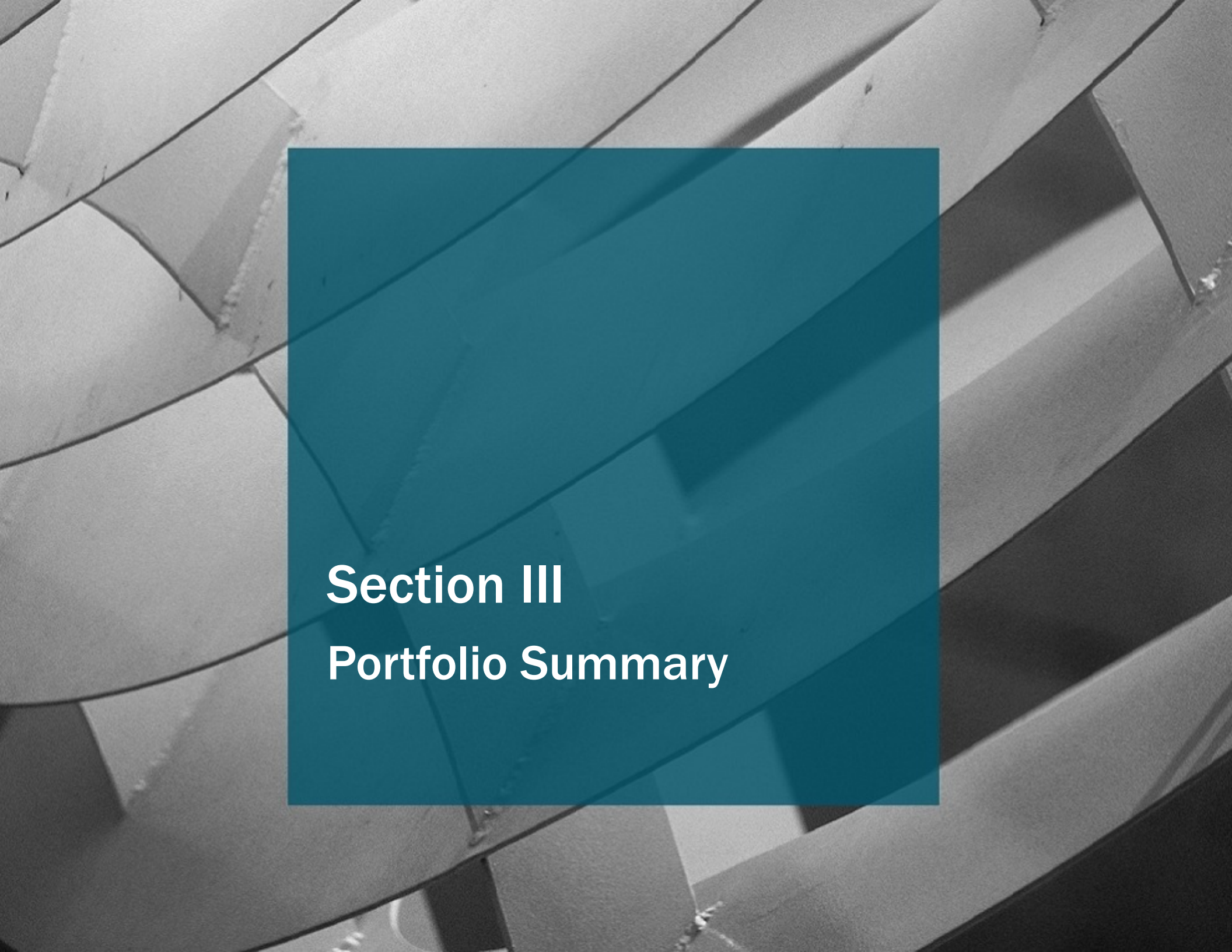


# Investment Watch List Summary

Fund Name % of Plan Assets Category	On Watch List Since	Comments	Recommendation
DFA US Large Cap Value I 1.57 Large Value	12/31/2013	In 2013, DFA announced it would be slightly modifying all of its equity portfolios (except for REITs) to include more companies that quantitatively screen well for high profitability. The goal is to maintain similar size and style characteristics as the current strategy, while expecting to improve the risk/return profile of the fund. It is expected that approximately 5-15% of the portfolios' weighted composition will change as a result. Implementation is expected to occur gradually throughout the course of 2014.	Place On Watch
DFA US Targeted Value I 4.88 Small Value	12/31/2013	In 2013, DFA announced it would be slightly modifying all of its equity portfolios (except for REITs) to include more companies that quantitatively screen well for high profitability. The goal is to maintain similar size and style characteristics as the current strategy, while expecting to improve the risk/return profile of the fund. It is expected that approximately 5-15% of the portfolios' weighted composition will change as a result. Implementation is expected to occur gradually throughout the course of 2014.	Place On Watch

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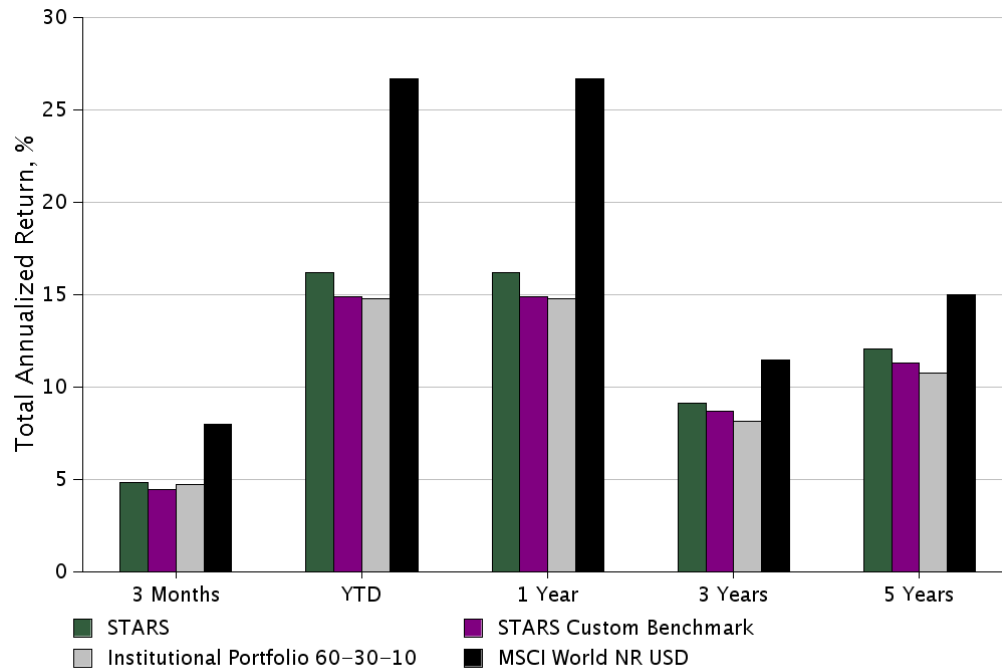


**Section III**  
**Portfolio Summary**

# Portfolio Return vs. Custom Benchmark

## As of 12/31/2013

Performance As Of December 31, 2013	3 Month	YTD	1 Year	3 Year	5 Year	Alpha 5 Yr	Sharpe 5Yr	Std Dev 5 Yr	Prospectus Exp Ratio
STARS	4.87	16.18	16.18	9.11	12.08	3.89	1.30	9.01	0.48
STARS Custom Benchmark	4.44	14.89	14.89	8.68	11.31	3.53	1.28	8.57	NA
STARS Custom Category Averages Benchmark	4.45	15.77	15.77	7.91	10.92	3.27	6.05	9.77	1.15
Institutional Portfolio 60-30-10 <sup>2</sup>	4.76	14.79	14.79	8.17	10.74	1.45	1.03	10.32	NA
MSCI World NR USD	8.00	26.68	26.68	11.49	15.02	0.00	0.90	17.23	NA



<sup>1</sup>Industry Average Exp Ratio 1.27%. Based on plan assets \$5Mil - \$9.9Mil

Benchmark	Weight
Hueler Stable Value Index	30.14%
Barclays US Govt Intern TR USD	6.17%
Barclays US Agg Bond TR USD	13.94%
Russell 1000 Value TR USD	1.57%
S&P 500 TR USD	9.01%
Russell 1000 Growth TR USD	5.59%
CRSP US Mid Cap Value TR USD	5.22%
S&P MidCap 400 TR	10.73%
Russell Mid Cap Growth TR USD	3.40%
Russell 2000 Value TR USD	4.88%
Russell 2000 TR USD	0.30%
CRSP US Small Cap Growth TR USD	0.39%
DJ US Select REIT TR USD	0.51%
MSCI World GR USD	1.13%
MSCI ACWI Ex USA GR USD	6.32%
40% BC Aggregate and 60% Russell 1000 Value	0.71%

<sup>1</sup>Industry Average Expense Ratio Source: 401(k) Averages Book, 10th Edition, published by HR Investment Consultants

<sup>2</sup>The Institutional Portfolio 60-30-10 consists of 60% MSCI World NR USD, 30% Barclays US Agg Bond TR USD and 10% BofAML US Treasury Bill 3 Mon TR USD

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# Management Style Analysis

As of 12/31/2013

Domestic Equity Style Box

	VALUE	BLEND	GROWTH
LARGE CAP	<ul style="list-style-type: none"> <li>• DFA US Large Cap Value I(\$43.72 bn)</li> </ul>	<ul style="list-style-type: none"> <li>• Columbia Large Cap Index Z(\$65.46 bn)</li> </ul>	<ul style="list-style-type: none"> <li>• Fidelity Contrafund(\$62.04 bn)</li> <li>• Neuberger Berman Socially Rspns Inv (\$28.55 bn)</li> </ul>
MID CAP	<ul style="list-style-type: none"> <li>• Vanguard Mid-Cap Value Index Inv(\$9.58 bn)</li> </ul>	<ul style="list-style-type: none"> <li>• Columbia Mid Cap Index Z(\$4.46 bn)</li> </ul>	<ul style="list-style-type: none"> <li>• ING MidCap Opportunities I(\$9.86 bn)</li> </ul>
SMALL CAP	<ul style="list-style-type: none"> <li>• DFA US Targeted Value I(\$1.75 bn)</li> </ul>	<ul style="list-style-type: none"> <li>• Columbia Small Cap Index Z(\$1.52 bn)</li> </ul>	<ul style="list-style-type: none"> <li>• Vanguard Small Cap Growth Index Inv (\$2.81 bn)</li> </ul>

Average Market Cap. listed in parentheses

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The background of the slide is a grayscale image of a globe, showing the outlines of continents and latitude/longitude lines. A semi-transparent teal rectangular box is centered over the globe. Inside this box, the text "Section IV" and "Plan Asset Allocation" is written in white, bold, sans-serif font.

**Section IV**  
**Plan Asset Allocation**

## Asset Allocation by Fund

### As of 12/31/2013

Fund	% of Plan Assets	Total Assets
UTC Stable Value Trust	30.14%	\$2,266,084.54
Dodge & Cox Income	13.94%	\$1,048,195.08
Columbia Mid Cap Index Z	10.73%	\$807,212.20
Columbia Large Cap Index Z	9.01%	\$677,394.49
Dodge & Cox International Stock	6.32%	\$475,249.85
DFA Intermediate Govt Fixed-Income I	6.17%	\$463,688.23
Vanguard Mid-Cap Value Index Inv	5.22%	\$392,775.38
DFA US Targeted Value I	4.88%	\$367,246.90
Fidelity Contrafund	3.77%	\$283,444.27
ING MidCap Opportunities I	3.40%	\$255,368.28
Neuberger Berman Socially Rspns Inv	1.82%	\$137,013.96
DFA US Large Cap Value I	1.57%	\$117,748.07
American Funds Capital World G/I R5	1.13%	\$84,614.69
Vanguard Wellington Inv	0.71%	\$53,129.81
Nuveen Real Estate Securities A	0.51%	\$38,157.58
Vanguard Small Cap Growth Index Inv	0.39%	\$29,225.77
Columbia Small Cap Index Z	0.30%	\$22,900.70
<b>Total Market Value:</b>	<b>100.00%</b>	<b>\$7,519,449.80</b>

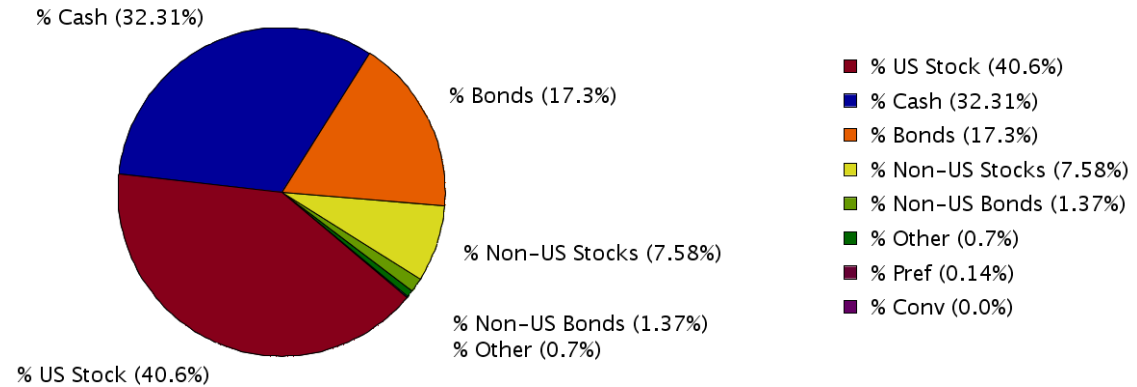
No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



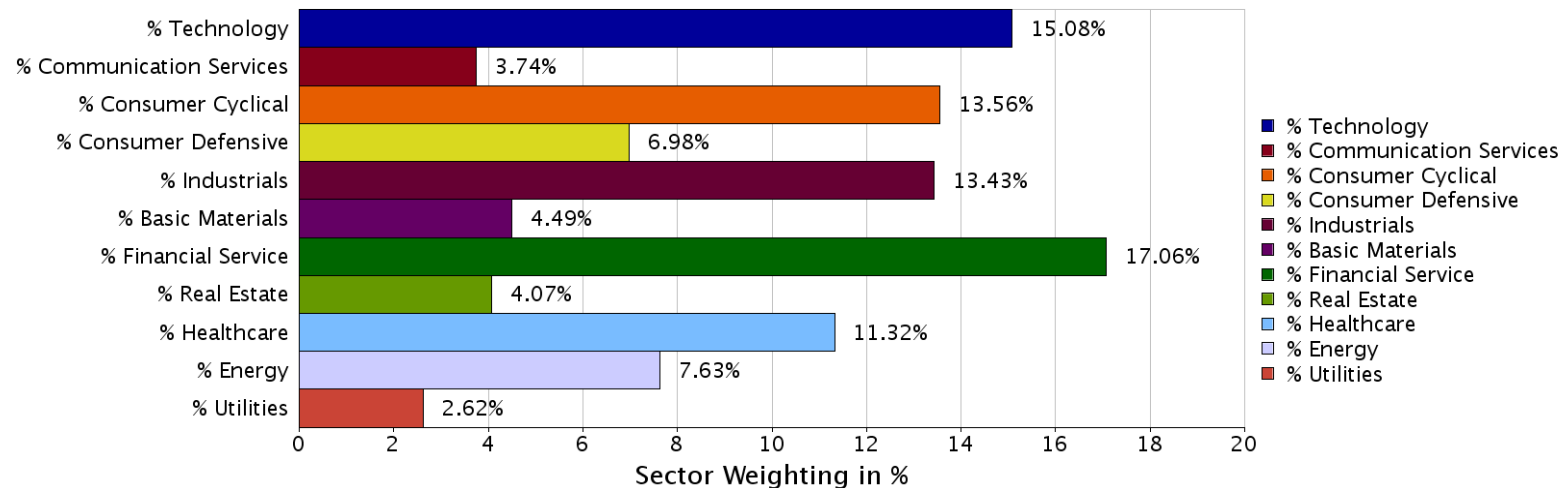
# Portfolio Composition - Sector Weightings

As of 12/31/2013

## Portfolio Composition



## Sector Weightings



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**Section V**  
**Appendix**

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## Quarterly Investment Analysis Criteria

All plan investment options are reviewed quarterly against their peer group and index benchmark to determine the performance and quality of each offering. Each are evaluated using the following criteria:

1. **Trailing 1,3,5 and 10 year returns** - Total return is the most basic measure of a fund's performance and investors tend to focus more on total return than any other measure of a fund's success or failure. Each of the returns for a fund are weighted, based on the life of a fund. Recent returns are weighted slightly higher, while older returns, which could have been produced under different conditions, are weighted less.
2. **Rolling 12-month returns (5 years)** - The use of 12-month rolling returns serves to minimize the problem of end-point sensitivity. In order to score highly, a manager must consistently out-perform his peers in a variety of market cycles, not just the most recent one.
3. **Rolling 36 month returns (10 years)** - The use of 36-month rolling returns also gives us a good view of the returns of a fund, but over longer segment's of time, thus putting more emphasis on performance across different cycles of the market.
4. **Style Consistency to the appropriate index** - We utilize R-Squared to ensure that the funds selected for the plan continue to operate and perform as expected within their appropriate asset class. R-Squared is a measure of what percentage of a fund's returns can be attributed to movements in the benchmark. All funds have some deviation between asset categories, but excess deviation could indicate a fund that is drifting away from its stated category mandate.
5. **Sharpe Ratio** - The measure of a fund's risk -adjusted performance. How much additional risk did an investor have to assume to achieve a greater return? The Sharpe Ratio is calculated by dividing the annualized return in excess of the risk free treasury bill by the standard deviation for that same time frame. We feel the Sharpe Ratio is an excellent measure in determining if an investor is being rewarded for taking on additional risk.
6. **Alpha** - The use of Alpha allows us to gauge the effectiveness of the manager. Alpha is the difference between the portfolio's actual return and its expected return given the funds level of risk as calculated by beta.
7. **Up Capture Ratio (5 years)** - The Up Capture Ratio calculates the percentage of return of an index a fund will capture during up market cycles. It is important to know that certain funds are matching or exceeding the appropriate index when the market is going up.
8. **Down Capture Ratio (5 year)** - The Down Capture Ratio calculates the percentage of return of an index a fund will capture during down market cycles. Funds that perform well in this category will tend to reduce the downside loss for investors during bear markets.
9. **Expense Ratio** - All other things being equal a lower expense ratio is preferred over a higher costing fund. The expense ratio is compared as a percentage to the appropriate category average and then given a score based upon that percentage. This ensures that low-cost funds are rewarded and high-cost funds are penalized. Although it could be argued that expense ratios are "double weighted" as performance returns are net of expenses, it is nevertheless appropriate for the fiduciaries of the plan to stress expenses.



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## Quarterly Investment Analysis Criteria | continued

Each fund is benchmarked to a specific market index, and fund performance is evaluated and compared to a relevant peer group using Morningstar category classifications. A fund is given a peer group ranking in each criterion, shown as a percentage. A ranking of 10% indicates a fund is in the top 10% of its peer group for this criterion. The rankings for all criteria are then averaged to give a fund its average ranking score.

The lower the average ranking score the better. For example, a fund with an average ranking score of 25% would in general be a better overall fund than a comparable fund with a ranking score of 50%.

All funds with at least a three year track record are scored in the above manner. A fund is then classified as Top Decile, top Quartile, 2nd Quartile, 3rd Quartile or 4th Quartile based upon the overall score compared to all other funds within that particular asset category.

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# Glossary of Contents

## 3-Month Treasury Bill

Three-month T-bills are government-backed, short-term investments considered to be risk-free and as good as cash because the maturity is only three months.

## Alpha

Alpha is a measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. A positive alpha figure indicates the portfolio has performed better than its beta would predict. In contrast, a negative alpha indicates the portfolio has underperformed, given the expectations established by beta. The strength of the linear relationship between the portfolio and the index, as it has been measured by r-squared important to gauging the value of the Alpha measurement.

## Annualized Returns

Returns for periods longer than one year are expressed as "annualized returns." This is equivalent to the compound rate of return which, over a certain period of time, would produce a fund's total return over that same period.

## Expense Ratio

The percentage of fund assets paid for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund's NAV. Sales charges are not included in the expense ratio.

## Growth Stocks

Investors employing a growth investment strategy buy stocks of companies with a recent history of increasing earnings, in anticipation that earnings momentum will continue. Growth stocks are often characterized by high valuation ratios (e.g., price-to-earnings ratios). See also: value stocks.

## Barclays Capital Aggregate Index

The Barclays Capital Aggregate Bond Index includes fixed rate debt issue rated investment grade or higher by Moody's, S&P, or Fitch, in that order. All issues have at least one year to maturity and an outstanding par value of at least \$100 million for US Government issues and \$50 million for all others. All returns are market value weighted inclusive of accrued interest.

## MSCI Indices

Morgan Stanley Capital International Inc. (MSCI) maintains a set of indices commonly used by institutional investors as benchmarks for international stock markets. The most commonly cited index is the Europe, Australasia, Far East Index (EAFE), which covers developing markets within the indicated regions. The MSCI EAFE is typically used as a benchmark for broadly diversified "international" or "foreign" stock funds and accounts. The MSCI World Index covers all developed markets in the world including the United States, and is typically used as a benchmark for broadly diversified "global" or "world" stock funds and accounts. MSCI maintains many specialized indices covering other developed regions, emerging markets, and specific countries.

## Mutual Fund

A type of investment company that offers for sale or has outstanding securities which it has issued and which are redeemable on demand by the fund at current net asset value. All owners in the fund share in the gains or losses of the fund.

## Net Asset Value (NAV)

Usually used in connection with investment companies to mean net asset value per share. An investment company computes its assets daily, or even twice daily, by totaling the market value of all securities owned. All liabilities are deducted, and the balance is divided by the number of shares outstanding. The resulting figure is the net asset value per share. The net asset value of a mutual fund (open-end investment company) is the bid and redemption price.

## Russell 1000 Growth Index

Market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 includes the largest 1000 firms in the Russell 3000, which represents approximately 98% of the investable US equity market.

## Russell 1000 Value Index

Market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 includes the largest 1000 firms in the Russell 3000, which represents approximately 98% of the investable US equity market.



## Glossary of Contents | continued

### Russell Mid Cap Value Index

Market-weighted total return index that measures the performance of companies within the Russell 2000 having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 includes the 2000 firms in the Russell 3000 with the smallest market capitalizations. The Russell 3000 Index represents approximately 98% of the invest-able US equity market.

### Russell Mid Cap Growth Index

Market-weighted total return index that measures the performance of companies within the Russell 2000 having higher price-to-book ratios and higher forecasted growth values. The Russell 2000 includes firms 21 through 1000, based on market capitalization, from the Russell 3000. The Russell 3000 Index represents approximately 98% of the invest-able US equity market.

### S&P 400 Index

Includes approximately 10% of the capitalization of US equity securities. These are comprised of stocks in the middle capitalization range. At the original time of screening, this was a \$200 million to \$5 billion market value range. Any mid-cap stocks already included in the S&P 500 are excluded from this index, which started on December 31, 1990.

### S&P 500 Index

The S&P 500 Index consists of widely held common stocks, consisting of four broad sectors (industrials, utilities, financial, and transportation). It is a market-value weighted index (stock price times shares outstanding), with each stock affecting the index in proportion to its market value. This index, calculated by Standard & Poor's, is a total return index with dividends reinvested.

### SageView Target Date Benchmarks

- The universe is grouped by target date- funds are grouped by date (2010,2020,etc...) to compare funds with the same stated objective.
- The asset allocation by major category (large cap value, bonds,cash, etc.) is determined for each fund.
- A group's average allocation to each category is calculated.
- A group's benchmark is built using a corresponding index for each category and the average allocation for that specific category.
- The historical returns for the custom benchmark are calculated using an annual rebalancing strategy.

### Sharpe Ratio

A direct measure of reward-to-risk. Defined as:

$$S(x) = (r_x - R_f) / \text{StdDev}(x)$$

Where:

x is some investment

$r_x$  is the average annual rate of return of X

$R_f$  is the best available rate of return of a "risk-free" security

$\text{StdDev}(x)$  is the standard deviation of  $r_x$

Sharpe ratio measures the efficiency in the amount of risk taken as compared to the reward received for taking such risk.

### Standard Deviation

A statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time. Investors use the standard deviation of historical performance to try to predict the range of returns that are most likely for a given fund. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

### Value Stocks

Investors employing a value investment strategy buy stocks of companies they believe are under-priced based on their fundamental ability to generate earnings, in anticipation that the price performance of the stock will reverse. Value stocks are often characterized by low valuation ratios (e.g., price-to-earnings ratios). See also: growth stocks.

### Wilshire 5000

Measures the performance of all US common equity securities, and so serves as an index of all stock trades in the United States.

