# 401(a)

# ADVISORY COMMITTEE

## ADMINISTRATION BUILDING
## LARGE TRAINING ROOM

## WEDNESDAY
## SEPTEMBER 2, 2015
## 9:00A.M.

**EAST BAY MUNICIPAL UTILITY DISTRICT**

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DATE: September 2, 2015

MEMO TO: EBMUD 401(a) Advisory Committee

FROM: Lisa Sorani, Manager of Employee Services L.S.

SUBJECT: Agenda for the September 2, 2015 EBMUD 401(a) Advisory Committee Meeting

The next EBMUD 401(a) Advisory Committee Meeting is on Wednesday, September 2, 2015 at 9:00 a.m. in the Large Training Room of the Administration Building.

Attached is the Agenda for the meeting. As required by the Brown Act, the Agenda has been posted at least 72 hours prior to the meeting. Interested members of the public may attend the meeting.

If you have any questions, please contact me at (510) 287-0713.

LS/dd

Attachment

# AGENDA

## EBMUD 401(a) ADVISORY COMMITTEE
### ADMINISTRATION BUILDING
### LARGE TRAINING ROOM
### WEDNESDAY, SEPTEMBER 2, 2015 – 9:00A.M.

**ROLL CALL:**

**PUBLIC COMMENT:** The 401(a) Advisory Committee is limited by State Law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.

**CONSENT CALENDAR:**

1. Approval of Minutes – 401(a) Advisory Committee Meeting of June 3, 2015

**DISCUSSION:**

1. Introduction of new Committee Chairperson (Human Resources Manager, Laura Brunson), Management Representative (Interim Director of Finance, Scott Klein), and new Local 2019 Representative, Ken Minn (replacing Cynthia Adkisson) – Lisa Sorani (Staff)
2. Fidelity Investments Quarterly Service Report – Tony Frankovich (Fidelity Investments)
3. Vanguard Target Date Funds Presentation – Keith Mekenney and Mark Landay (Vanguard Group)
4. Staff Report – Lisa Sorani (Staff)
    a. Plan Administration Fees and Revenue Share Credit
    b. Online Beneficiary – Lisa Sorani (Staff)
    c. NAGDCA Conference
5. NetBenefits® Presentation – Dave Schacht (Fidelity Investments)
6. Regulatory Update – Greg Settle (Hyas Group)
7. Financial Markets and Economic Report – Greg Settle (Hyas Group)
8. Investment Performance – Greg Settle (Hyas Group)

**ACTION:**

9. Accept Updated Investment Policy Statement – Greg Settle (Hyas Group)
10. Adopt Fund Replacement for the Morgan Stanley Institutional Mid Cap Growth Fund – Greg Settle (Hyas Group)
11. Determine Fund Source for Plan Administration Expenses – Lisa Sorani (Staff)

***ITEMS TO BE CALENDARED:***

***MEETING ADJOURNMENT: The next regular meeting of the 401(a) Advisory Committee will be held at 9:00 a.m. on Wednesday, December 2, 2015.***

# MEETING MINUTES
# EBMUD 401(A) ADVISORY COMMITTEE
## Wednesday, June 3, 2015

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A regular meeting of the 401(a) Advisory Committee convened on Wednesday, June 3, 2015 at 9:12am in the Boardroom Annex of the Administration Building. The meeting was called to order by Committee Chairperson Delores Turner.

## ROLL CALL

The following 401(a) Advisory Committee Members were present: Cynthia Adkisson, Dave Beyer, Dean DiGiovanni, Sophia Skoda, Delores Turner, and David Valenzuela (absent Committee Member was Curtis Woodring). The following Staff members were present: Lisa Sorani, Elizabeth Grassetti and Dhanyale Dunbar.

## PUBLIC COMMENT

None.

## CONSENT CALENDAR

1. **Approval of Minutes –** A motion was made by Dean DiGiovanni and seconded by Sophia Skoda to approve the March 4, 2015 minutes. The motion carried (6-0) by the following voice votes: AYES (Adkisson, Beyer, DiGiovanni, Skoda, Turner, Valenzuela), NOES (none), ABSTAIN (none), ABSENT (Woodring).

## DISCUSSION

2. **Portfolio Advisory Service –** Thomas Obara of Fidelity Investments presented information on managed account services. The service is voluntary with a participant fee. Only core investments are used (except the Vanguard Target Date funds). Lisa Sorani informed the Committee that staff had also been contacted by Financial Engines, a company that offers similar service. Greg Settle informed the Committee that only one out of 18 Hyas' clients elected managed account services because they had regular visits from their TPAs and they were adverse to the high cost of the service.

3. **Staff Report –** Lisa Sorani informed the Committee of the following:
    a. The 1Q2015 and 2Q2015 Hyas invoice was paid from the $105,500 DC administration budget.
    b. Receipt of Fidelity's invoice was anticipated in June 2015 pending their audit and approval process.
    c. September 30th revenue share account balances would have to be used if the pro rata allocation option is up for determination in the first quarter of the following year.

4. **Service Report –** Tony Frankovich provided 1Q2015 Plan information. Total Plan assets were $354,974,097 with a total of 3,069 participants. Average account balance was $115,664 compared to $68,589 for industry peers, and $74,966 for same-size peers. Contributions to the Plans were $4,773,569. Loan withdrawals were $2,440,002 compared to $2,431,759 in 1Q2014. The top four investments by total assets were Vanguard Institutional Index, Fidelity Blue Chip Growth, BrokerageLink®, and MIP II.

5. **Financial Markets and Economic Report –** Greg Settle provided a brief information to the Committee:

- Advance estimate for first quarter GDP growth was .2% with an expected rebound in the second quarter.
- Low wage growth and inflation have kept short term interest rates from rising, but the first tightening is expected late in the third quarter.
- Large cap stocks returned 12.7% and mid cap stocks returned 13.7%. Foreign stocks generally fared better that last quarter, but still had not reached 2007 price level. The S&P was 32% above its 2007 level, making foreign equities a more attractive opportunity.
- Oil prices climbed back above $60/barrel, but other key commodities remain relatively low.

6. **Regulatory Update & Market Overview –** Greg Settle provided a regulatory update for 1Q2015:
   - The SEC issued an action letter to permit non-ERISA retirement plans to issue participant fee disclosures without violating securities laws.
   - Fees and Revenue Sharing have become a plan sponsor fiduciary issue.
   - NAGDCA released its 2015 survey of public sector defined contribution plans.

## ACTION

7. **Investment Performance –** Greg Settle of Hyas Group presented the quarterly performance report. Each Plan portfolio performed well against benchmarks and provided good returns to participants. T. Rowe Price Equity Income lagged its benchmark over the 5-year period and performed below median peer ranking. The fund's manager would retire in October. Hyas recommended the fund be placed on "watch". Cynthia Adkisson moved the Committee place T. Rowe Price Equity Income on "watch". The motion was seconded by Sophia Skoda and carried (6-0) by the following voice votes: AYES (Adkisson, Beyer, DiGiovanni, Skoda, Turner, Valenzuela), NOES (none), ABSTAIN (none), ABSENT (Woodring).

   Morgan Stanley lagged its benchmark over the 5-year period and performed below median peer ranking. The fund ranked in the 92 percentile and has been on "watch" for the past two quarters. Delores Turner moved the Committee request Hyas perform a manager search for possible replacement of the Morgan Stanley Fund. The motion was seconded by Dean DiGiovanni and carried (6-0) by the following voice votes: AYES (Adkisson, Beyer, DiGiovanni, Skoda, Turner, Valenzuela), NOES (none), ABSTAIN (none), ABSENT (Woodring).

## ITEMS CALENDARED FOR FUTURE MEETINGS

- NetBenefits® presentation
- Vanguard presentation
- Development of participant education on fees and investments

## ADJOURNMENT

It was noted that Chairperson Delores Turner was retiring and Eric Sandler, Committee Member who represented Management, had separated from the District. A motion was made by Delores Turner and seconded by Dean DiGiovanni to adjourn. The motion carried (6-0) by the following voice votes: AYES (Adkisson, Beyer, DiGiovanni, Skoda, Turner, Valenzuela), NOES (none), ABSTAIN (none), ABSENT (Woodring). The meeting adjourned at 11:33am.

**EAST BAY MUNICIPAL UTILITY DISTRICT**

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DATE: August 24, 2015

MEMO TO: Alexander R. Coate, General Manager

THROUGH: Laura Brunson, Manager of Human Resources

FROM: Lisa Sorani, Manager of Employee Services

SUBJECT: Appointment of Local 2019 Representative, Ken Minn, to the 401(k)/457/401(a) Advisory Committees

Local 2019 President, Mark Foley, has informed Human Resources that Ken Minn will be the Local 2019 union representative on the 401(k)/457/401(a) Advisory Committees, replacing Cynthia Adkisson.

Please initial this memorandum to officially appoint Ken Minn as the Local 2019 representative on the 401(k)/457/401(a) Advisory Committees replacing Cynthia Adkisson effective August 24, 2015, which is the date we received the notice from Mark Foley.

Thank you.

Attachment

LS:dd

# EBMUD 401(a) Advisory Committee Members
# August 2015

| NAME | REPRESENTATION | TELEPHONE | MAIL SLOT | E-MAIL |
|---|---|---|---|---|
| Laura Brunson | Chairperson | 287-0383 | MS# 601 | lbrunson@ebmud.com |
| David Beyer | Local 21 | 287-1144 | MS# 205 | dbeyer@ebmud.com |
| Dean DiGiovanni | Local 21 | 287-1656 | MS# 505 | ddigiova@ebmud.com |
| Ken Minn | Local 2019 | 287-0668 | MS# 407 | kminn@ebmud.com |
| Scott Klein (acting) | Management | 287-0271 | MS# 402 | sklein@ebmud.com |
| Sophia Skoda | Management | 287-1542 | MS #801 | sskoda@ebmud.com |
| David Valenzuela | Local 2019 | 287-0588 | MS# 302 | dvalenzu@ebmud.com |
| Curtis Woodring | Local 39 | 925-284-1649 | MS# 71 | dwoodrin@ebmud.com |

# Advisory Committee Staff

| NAME | JOB TITLE | TELEPHONE | MAIL SLOT | E-MAIL |
|---|---|---|---|---|
| Lisa Sorani | Employee Services Mgr | 287-0713 | MS# 601 | lsorani@ebmud.com |
| Elizabeth Grassetti | Sr. HR Analyst | 287-0760 | MS# 601 | egrasset@ebmud.com |
| Dhanyale Dunbar | HR Technician | 287-0714 | MS# 601 | ddunbar@ebmud.com |

# East Bay Municipal Utility District

## Q2 2015 Retirement Service Review

Presented by
Tony Frankovich
September 2, 2015

**This document was originally prepared for plan sponsor use only**

# EAST BAY MUNICIPAL UTILITY DISTRICT Q2 2015 Review

East Bay Municipal Utility District and Fidelity have worked together successfully to build your workplace savings plan as a competitive benefit that helps you to attract and retain key personnel within your organization. Fidelity values and appreciates the trust you have placed in us and we look forward to working with you in the year ahead as you maximize the value of this important benefit.

| Plan Statistics | 06/2015 | 12/2014 | 12/2013 | Industry Peers* | Same-size Peers* |
|---|---|---|---|---|---|
| Total assets | $354,276,769 | $347,609,149 | $322,181,569 | $108,914,062 | $117,146,585 |
| Total participants | 3,096 | 3,037 | 2,930 | 1,592 | 1,584 |
| YTD Employee contributions | $8,921,490 | $16,215,158 | $15,178,387 | $5,088,130 | $5,386,341 |
| YTD Rollover contributions** | $1,490,900 | $1,988,662 | $805,040 | $1,884,174 | $4,280,613 |
| YTD Withdrawals | $10,524,844 | $14,001,702 | $16,811,101 | $9,903,553 | $9,693,482 |
| YTD Net cash flow | ($129,417) | $4,147,557 | ($1,075,037) | ($2,401,122) | $2,201,959 |
| Average balance | $114,430 | $114,458 | $109,960 | $68,399 | $72,990 |
| # single fund holders (excl. Lifecycle Fund) | 422 | 424 | 452 | 311 | 158 |

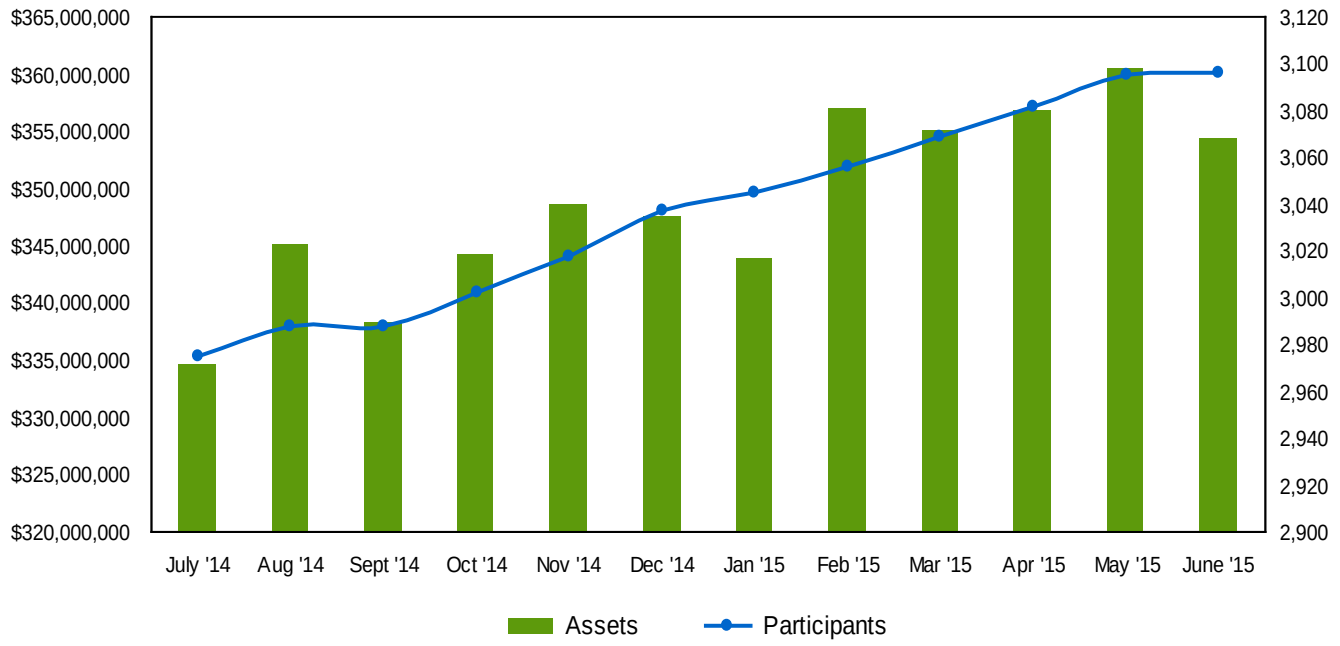
* Please see "Important Additional Information" for information regarding plan peer size and industry comparisons. Peer size and industry comparisons are based on 12 month period ending 6/30/2015.

** YTD Employer contributions include rollover into the plan



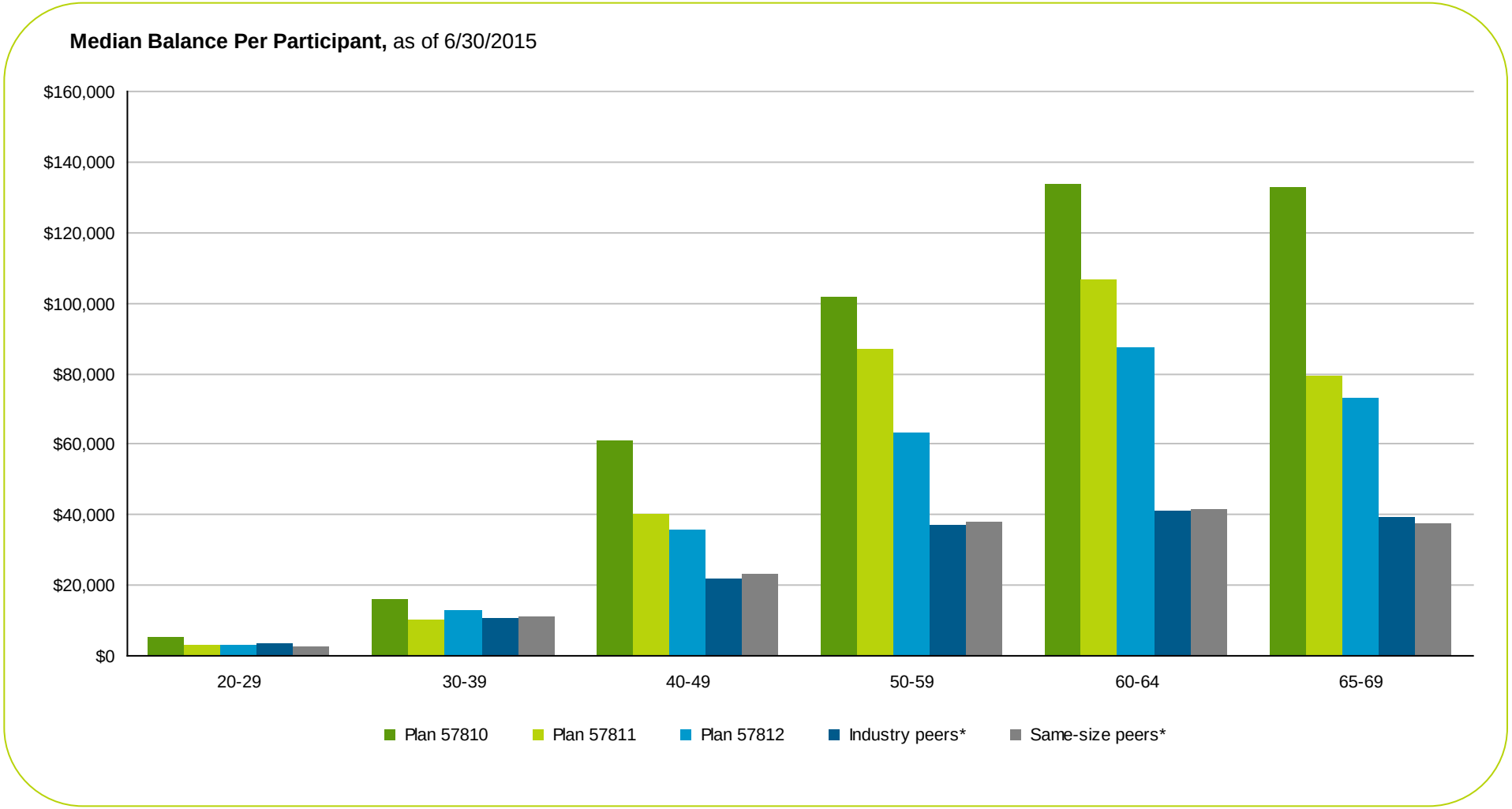
Fidelity INVESTMENTS

# Asset and Participant Count Trends



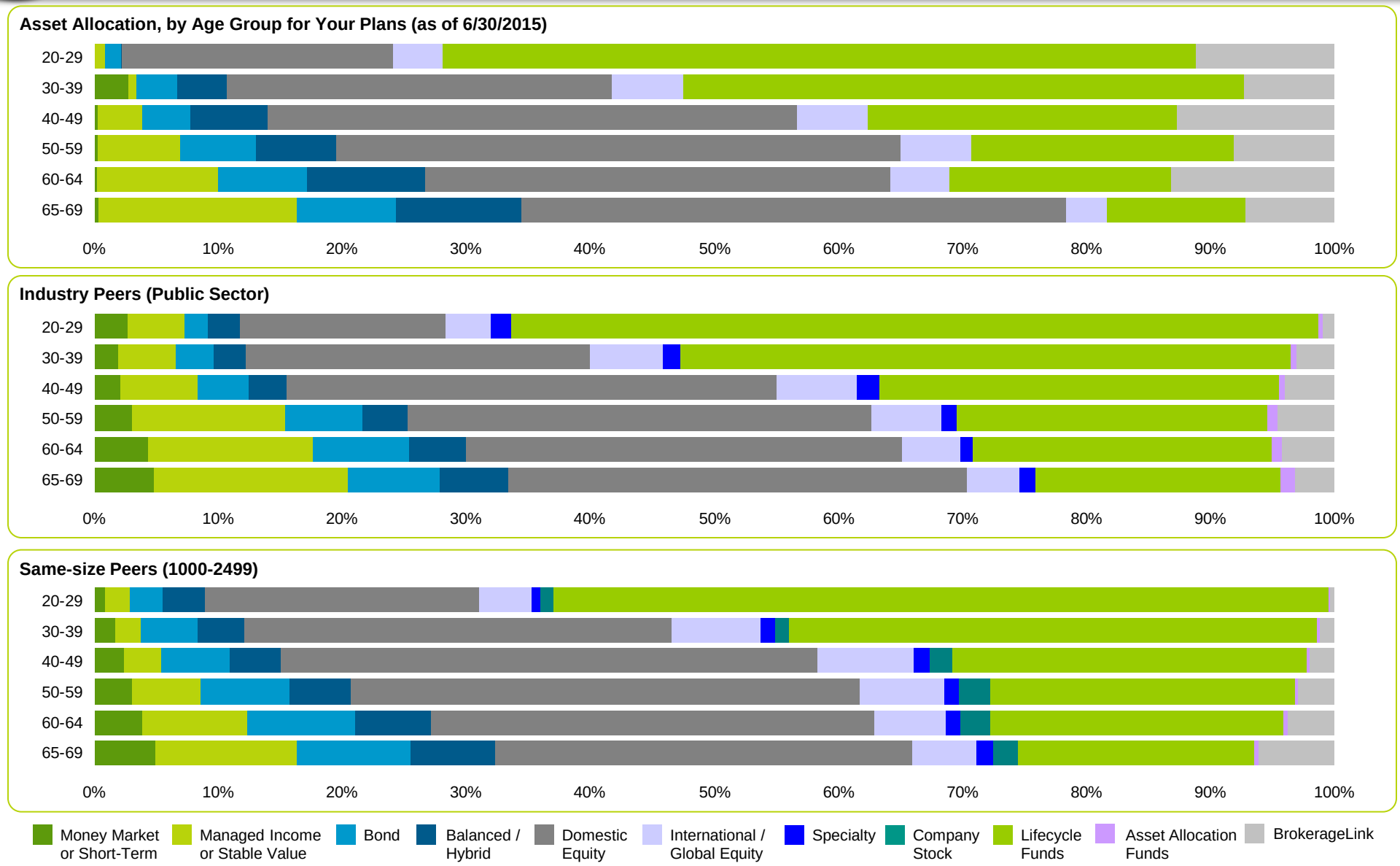

| As of 6/30/2015 | Plan 401(k) | Plan 401(a) | Plan 457(b) |
|---|---|---|---|
| Total Participants | 1,717 | 457 | 922 |
| Active Participants | 1,316 | 348 | 672 |
| Participants Terminated with Balances | 401 | 109 | 250 |
| Total Plan Assets | $233,499,976 | $38,376,869 | $82,399,924 |

# Participant Balances




* Please see "Important Additional Information" for information regarding plan peer size and industry comparisons.

# Plan Asset Allocation Analysis

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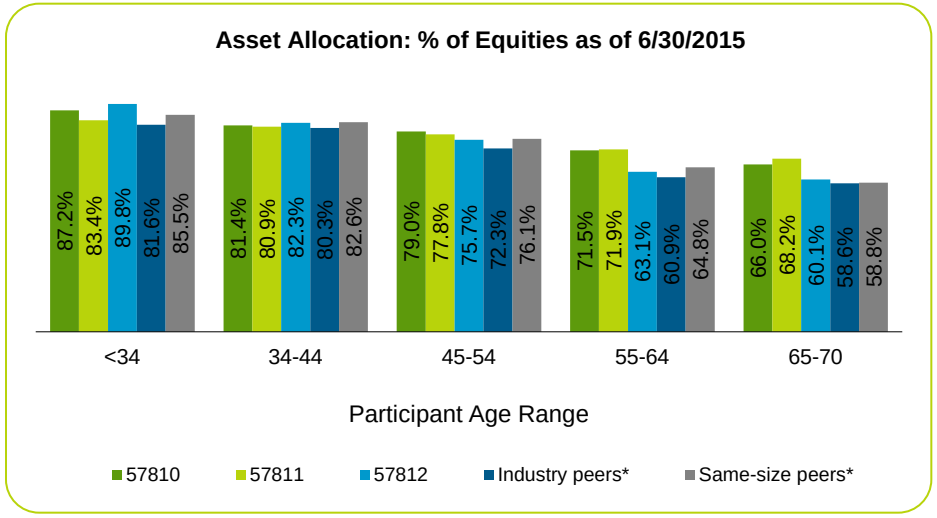
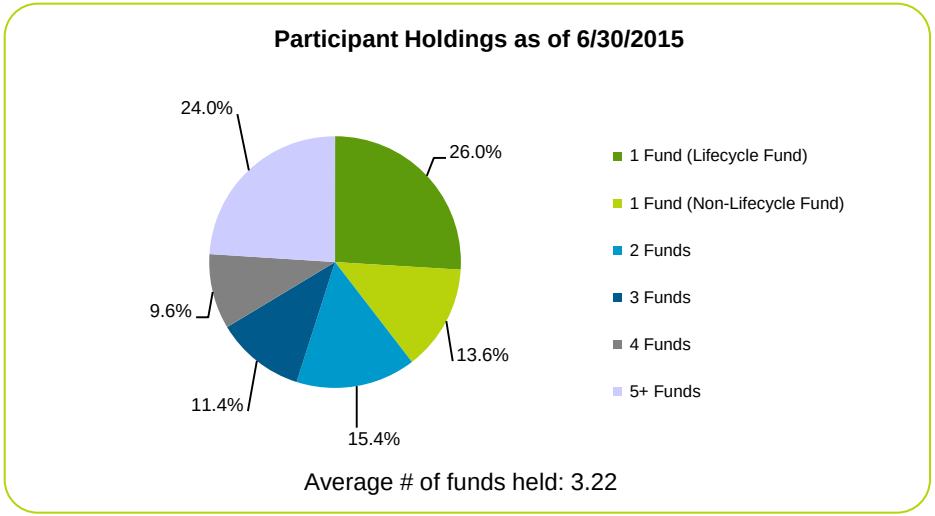
# Help Drive Your Employees' Retirement Readiness

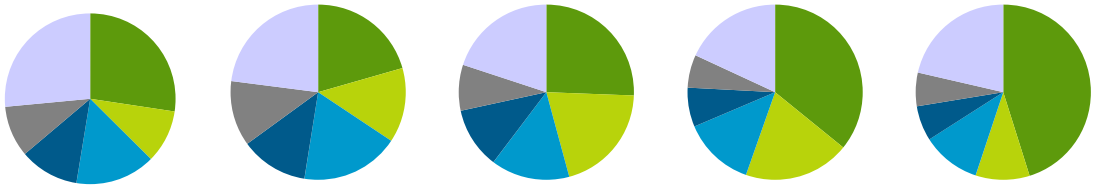



* Please see "Important Additional Information" for information regarding plan peer size and industry comparisons.

# Single-Investment Option Holders

Information as of 6/30/2015



| How many participants hold: | Plan 401(k) | Plan 401(a) | Plan 457(b) | Industry peers* | Same-size peers* |
|---|---|---|---|---|---|
| 1 Fund (Lifecycle Fund) | 27.4% | 20.6% | 25.6% | 35.9% | 45.1% |
| 1 Fund (Non-Lifecycle Fund) | 10.1% | 13.8% | 20.2% | 19.5% | 10.0% |
| 2 Funds | 15.1% | 18.2% | 14.5% | 13.2% | 10.8% |
| 3 Funds | 11.2% | 12.5% | 11.3% | 7.2% | 6.5% |
| 4 Funds | 9.7% | 12.0% | 8.5% | 6.1% | 6.2% |
| 5 or more Funds | 26.5% | 23.0% | 20.0% | 18.1% | 21.4% |
| Average # of Funds Held | 3.4 funds | 3.3 funds | 2.9 funds | 2.9 funds | 2.9 funds |

| | | Participants holding this fund | | | |
|---|---|---|---|---|---|
| **Funds held as a single investment** | **Asset class** | **401(k)** | **401(a)** | **457(b)** | **Total** |
| TRP STABLE VALUE A | Managed Income or Stable Value | 0 | 0 | 72 | 72 |
| TRP STABLE VALUE A | Managed Income or Stable Value | 65 | 0 | 0 | 65 |
| VANGUARD INST INDEX | Domestic Equity | 23 | 9 | 22 | 54 |
| FID BLUE CHIP GR K | Domestic Equity | 9 | 7 | 9 | 25 |
| SCOUT CORE PLUS I | Bond | 5 | 6 | 10 | 21 |
| Plus 13 other funds | - | 44 | 31 | 41 | 116 |
| Lifecycle Funds | - | 470 | 94 | 236 | 800 |
| BrokerageLink | - | 27 | 10 | 32 | 69 |

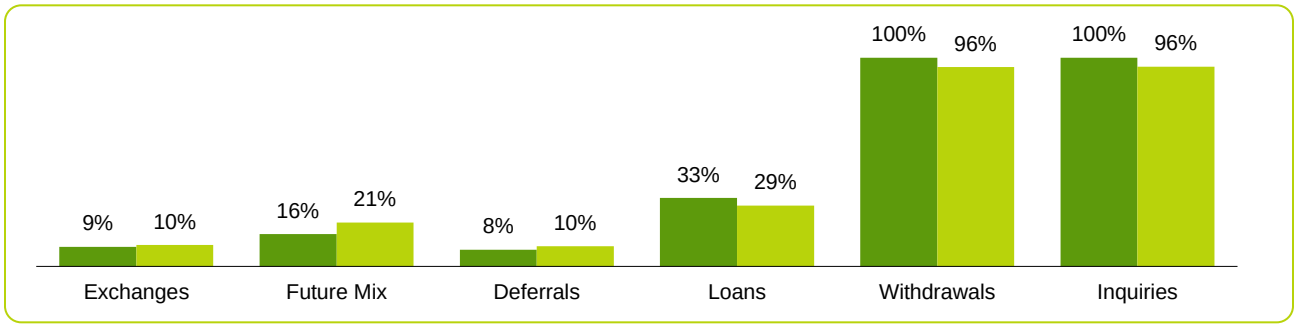
For plans that offer Fidelity BrokerageLink, it will appear as a fund (rather than a product offering) for purposes of providing plan data.
* Please see "Important Additional Information" for information regarding plan peer size and industry comparisons.

# Customer Transactions by Channel

For the 12-month period ending 6/30/2015

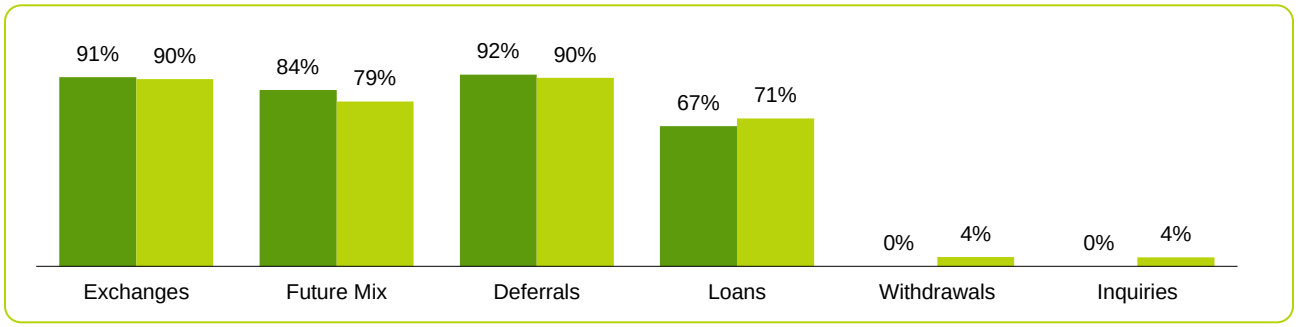
**Phone Representatives**

| Plan | Total Unique SSNs |
|---|---|
| 401(k) | 571 (33% of participants) |
| 401(a) | 94 (21% of participants) |
| 457(b) | 229 (25% of participants) |
| Total contacts | 11,547 |




**NetBenefits® (Web)**

| Plan | Total Unique SSNs |
|---|---|
| 401(k) | 954 (56% of participants) |
| 401(a) | 287 (63% of participants) |
| 457(b) | 558 (61% of participants) |
| Total contacts*** | 158,847 |




Your Plan* Industry Peers** (Public Sector)

* Percentages based on (Plan 401(k): 1,717 participants), (Plan 401(a): 457 participants), (Plan 457(b): 922 participants)

** Please see "Important Additional Information" for information regarding plan peer size and industry comparisons.
*** Total contact counts for the web channel, NetBenefits®, are calculated at the plan level. It is the total number of times participants accessed this channel. For any participants that have more than one plan with Fidelity, the count will be overstated. The measure of Total Unique SSN, expressed as a percentage, is not impacted by this issue.

# Plan Assets by Fund

As of 6/30/2015

| Fund | # of Participants Holding Fund | % of Participants Holding Fund | Total Assets | % of Plan Assets |
|---|---|---|---|---|
| VANGUARD INST INDEX | 982 | 31.72% | $47,503,304 | 13.41% |
| FID BLUE CHIP GR K | 972 | 31.40% | $35,705,738 | 10.08% |
| BROKERAGELINK | 319 | 10.30% | $34,939,357 | 9.86% |
| VANG TARGET RET 2020 | 346 | 11.18% | $23,788,100 | 6.71% |
| DODGE & COX STOCK | 652 | 21.06% | $21,090,403 | 5.95% |
| SCOUT CORE PLUS I | 593 | 19.15% | $19,330,516 | 5.46% |
| TRP STABLE VALUE A | 375 | 12.11% | $18,149,043 | 5.12% |
| FID BALANCED K | 511 | 16.51% | $17,977,900 | 5.07% |
| AF EUROPAC GROWTH R6 | 736 | 23.77% | $16,964,460 | 4.79% |
| HUBER SM CAP VAL IS | 621 | 20.06% | $13,278,925 | 3.75% |
| H & W MID CAP VAL I | 467 | 15.08% | $13,091,794 | 3.70% |
| VANG TARGET RET 2015 | 153 | 4.94% | $9,724,811 | 2.74% |
| VANG WELLESLEY ADM | 284 | 9.17% | $9,318,014 | 2.63% |
| VANG TARGET RET 2025 | 194 | 6.27% | $9,228,071 | 2.60% |
| TRP STABLE VALUE A | 236 | 7.62% | $9,001,304 | 2.54% |
| MSIF MID CAP GRTH I | 401 | 12.95% | $8,378,921 | 2.37% |



Fidelity INVESTMENTS

# Plan Assets by Fund

As of 6/30/2015

| Fund | # of Participants Holding Fund | % of Participants Holding Fund | Total Assets | % of Plan Assets |
|---|---|---|---|---|
| VANG TARGET RET 2030 | 236 | 7.62% | $8,025,058 | 2.27% |
| VANG TARGET RET 2010 | 115 | 3.71% | $6,682,003 | 1.89% |
| TRP EQUITY INCOME | 303 | 9.79% | $6,665,799 | 1.88% |
| VANG TARGET RET 2040 | 210 | 6.78% | $5,964,426 | 1.68% |
| ARTISAN SMALL CAP IS | 350 | 11.30% | $3,612,138 | 1.02% |
| VANG TARGET RET 2035 | 161 | 5.20% | $3,173,241 | 0.90% |
| VANG TOT BD MKT ADM | 165 | 5.33% | $2,740,106 | 0.77% |
| TRP STABLE VALUE A | 79 | 2.55% | $2,053,150 | 0.58% |
| VANG TARGET RET 2045 | 118 | 3.81% | $1,945,518 | 0.55% |
| VANG TARGET RET 2050 | 87 | 2.81% | $1,575,758 | 0.44% |
| VANG TARGET RET INC | 83 | 2.68% | $1,522,303 | 0.43% |
| FID RETIRE MMKT | 72 | 2.33% | $1,421,641 | 0.40% |
| VANG TOT INTL STK AD | 105 | 3.39% | $1,189,274 | 0.34% |
| VANG TARGET RET 2055 | 35 | 1.13% | $180,538 | 0.05% |
| VANG TARGET RET 2060 | 19 | 0.61% | $55,156 | 0.02% |
| Total Market Value | | | $354,276,769 | 100.00% |

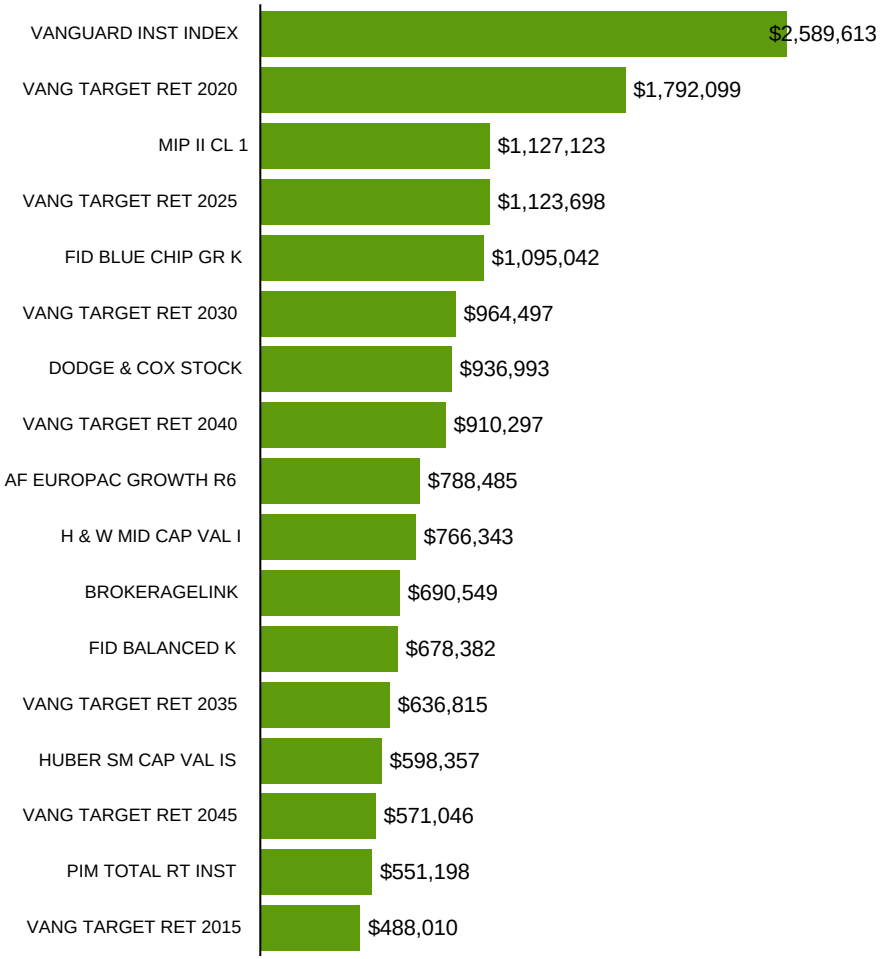


Fidelity INVESTMENTS

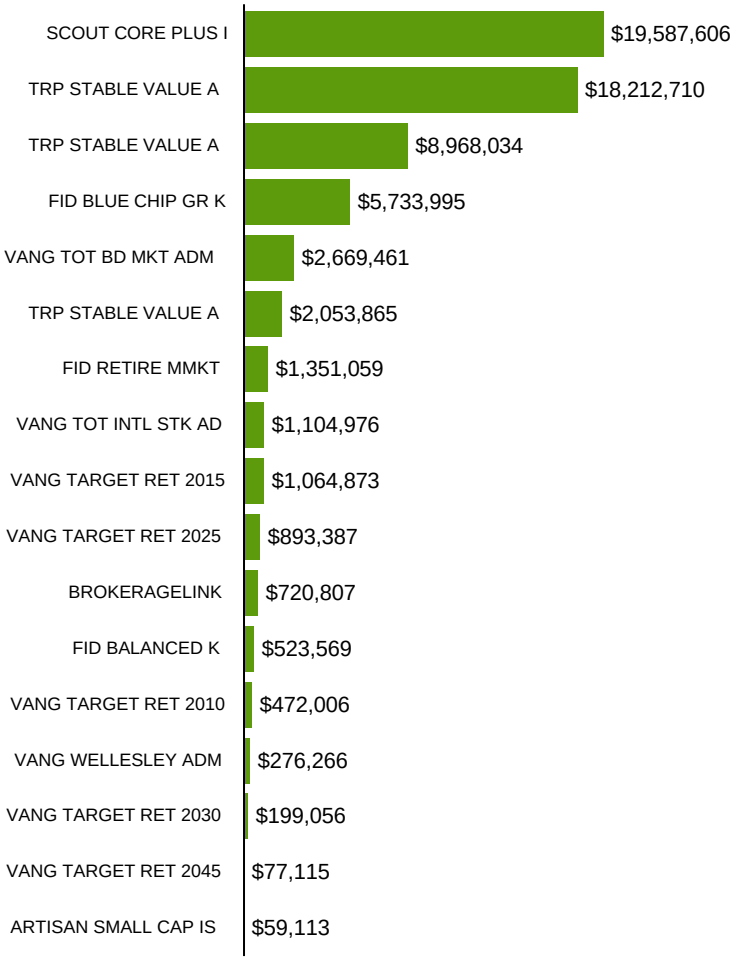
# Contributions and Net Exchanges

For the 12-month period ending 6/30/2015

**Contributions by Fund**



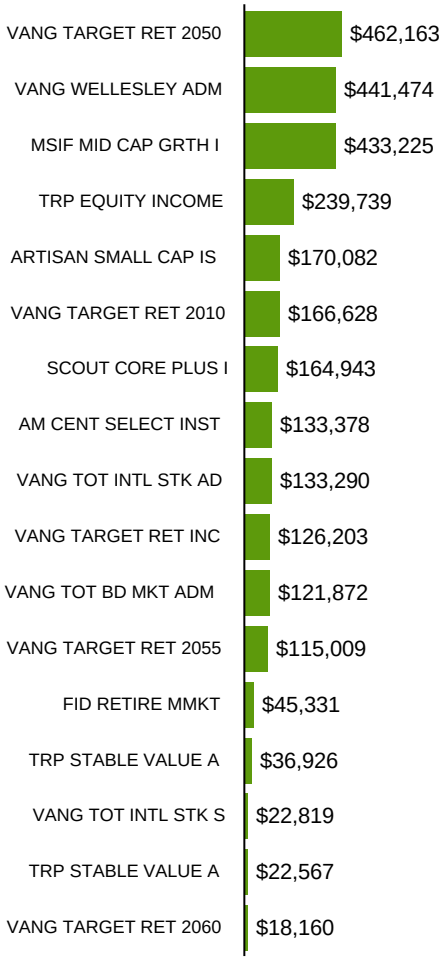

**Net Exchanges by Fund**



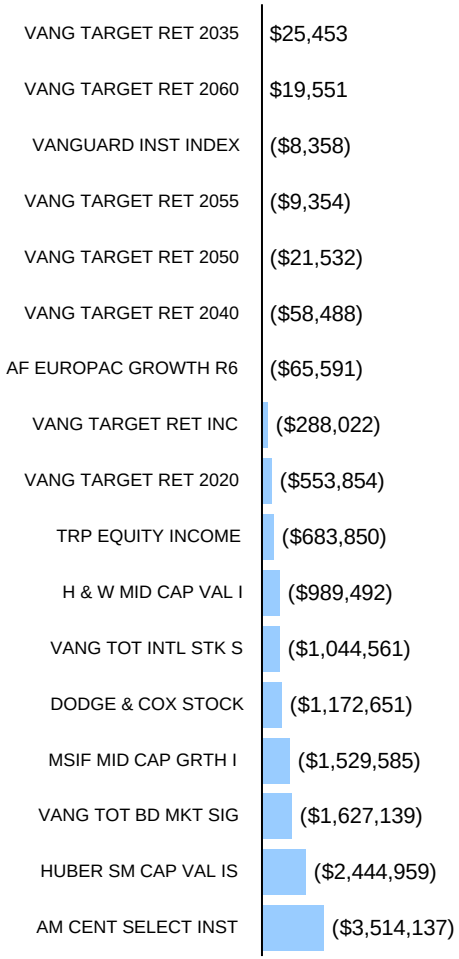
# Contributions and Net Exchanges

For the 12-month period ending 6/30/2015

**Contributions by Fund**



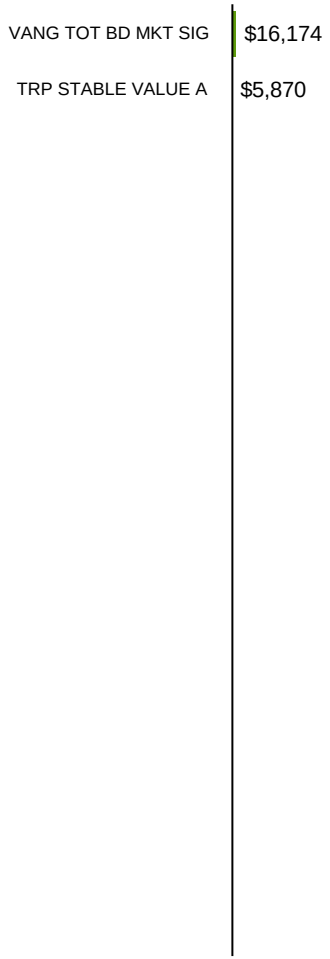

**Net Exchanges by Fund**



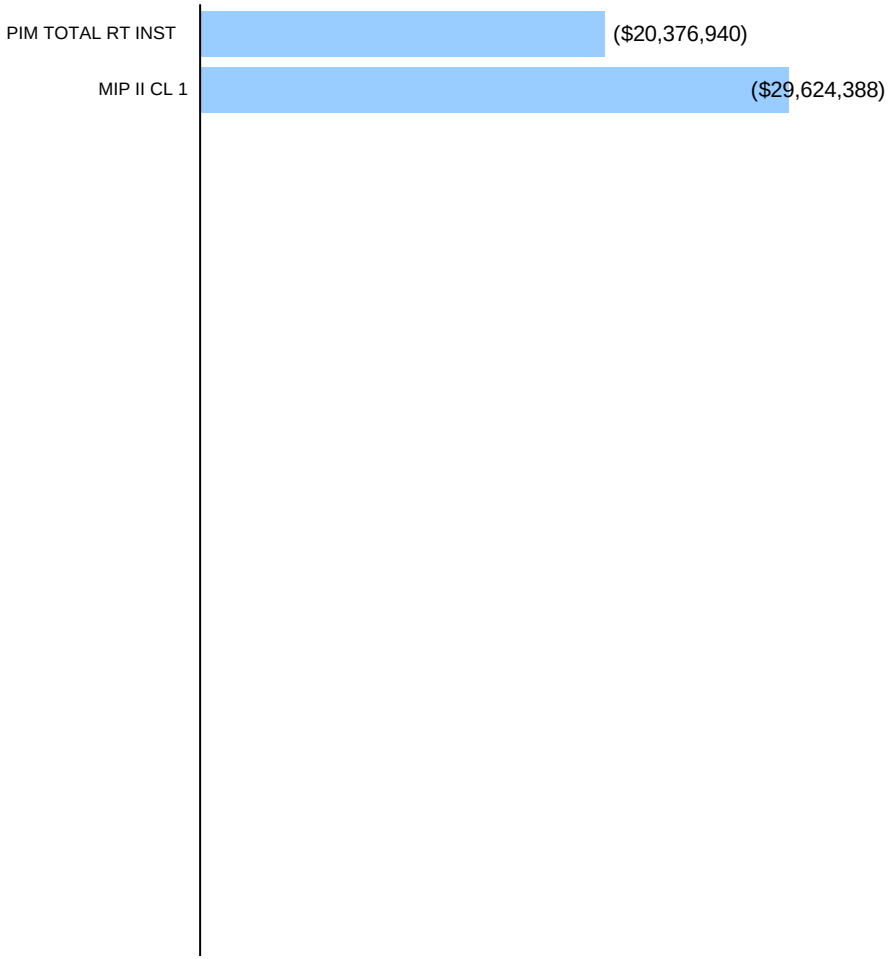
# Contributions and Net Exchanges

For the 12-month period ending 6/30/2015

**Contributions by Fund**




**Net Exchanges by Fund**



# Cash Flow Summary

| Cash Inflow | Year ending: 6/2015 | Year ending: 6/2014 |
|---|---|---|
| Contributions* | $19,184,400 | $17,029,872 |
| Loan Repayments | $2,142,918 | $1,859,273 |
| Interest on Loans | $233,817 | $224,784 |
| ***Total Cash Inflow*** | **$21,561,134** | **$19,113,929** |

| Cash Outflow | Year ending: 6/2015 | Year ending: 6/2014 |
|---|---|---|
| Loan Withdrawals | $2,706,854 | $2,433,145 |
| Withdrawals | $17,125,664 | $17,434,093 |
| Transaction-based Fees *(Please see your plan recordkeeping agreement for details)* | ($151,033) | ($90,862) |
| ***Total Cash Outflow*** | **$19,681,486** | **$19,776,376** |

| | | |
|---|---|---|
| ***Net Cash Flow*** | **$1,879,649** | **($662,447)** |

* Contributions are comprised of all employee and employer sources, including rollovers into the plan.

# Important Performance and Risk Disclosure

**Investment Risk**

**LifeCycle Funds**: Lifecycle funds are designed for investors expecting to retire around the year indicated in each fund's name. The funds are managed to gradually become more conservative over time as they approach their target date and beyond. The investment risks of each fund change over time as its asset allocation changes. They are subject to the volatility of the financial markets, including equity and fixed income investments in the U.S. and abroad and may be subject to risks associated with investing in high yield, small cap, commodity-linked and foreign securities. Principal invested is not guaranteed at any time, including at or after their target dates. Unless specifically indicated in an investment option's detailed description, principal invested is not guaranteed at any time, including near or after retirement.

**Money Markets Funds**: *An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at $1 per share, it is possible to lose money by investing in these funds.*

**Bond Funds**: In general, bond prices rise when interest rates fall, and vice versa. This effect is usually more pronounced for longer-term securities.
Fixed income investments risks include interest rate risk (as interest rates rise bond prices usually fall), the risk of issuer default and inflation risk. Lower-quality debt securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer.

**Mid-Cap Funds:** Investments in mid-sized companies may involve greater risks than those in larger, more well known companies, but may be less volatile than investments in smaller companies.

**Small-Cap Funds** Investments in smaller companies may involve greater risk than those in larger, more well known companies.

**Foreign Funds:** Foreign investments, especially those in emerging markets, involve greater risk and may offer greater potential returns than U.S. investments. This risk includes political and economic uncertainties of foreign countries, as well as the risk of currency fluctuation.

**Sector funds**: Because of their narrow focus, sector funds may be more volatile than funds that diversify across many sectors.

**Company Stock Funds:** Company stock investment options are neither mutual funds nor diversified or managed investment options.

**REITs (Real Estate Investment Trusts):** Changes in real estate values or economic conditions can have a positive or negative effect on issuers in the real estate industry, which may affect the fund.



Fidelity INVESTMENTS

# Important Additional Information

Information on Industry and Same Size Peers is based on plans currently record kept by Fidelity. Industry assignments are based on industry classification from multiple sources.

The information contained herein is summarized plan data based upon a maximum of four retirement plans. The plans presented are selected by Fidelity.

Plan size ranges are broken out as follows:

| | | |
|---|---|---|
| Under 150 participants | 150 – 249 participants | 250 – 499 participants |
| 500 – 999 participants | 1,000 – 2,499 participants | 2,500 – 4,999 participants |
| 5,000 – 9,999 participants | 10,000 – 24,999 participants | 25,000+ participants |

For plans that offer Fidelity BrokerageLink ®, it will appear listed as a fund (rather than a product offering) for purposes of providing plan data. A self-directed brokerage account may entail greater risk and is not appropriate for everyone. Additional fees apply to a BrokerageLink ® account.

"Time-Weighted Cumulative Total Participant Return" is calculated using a Time Weighted Daily Valuation Method by geometrically linking the return of each of the sub-periods making up the entire return period. A new sub-period is considered to begin each time there is cash flow. For each sub-period, the beginning market value of the sub-period (which includes the cash flow) is subtracted from the ending market value of the sub-period and the difference is divided by the beginning market value. For purposes of this methodology, cash flow includes contributions, withdrawals, and plan fees. Exchanges, dividends and interest are not considered cash flows.

Retirement Income Planner, Portfolio Review, and Fidelity Income Strategy Evaluator are educational tools.

myPlan Snapshot is an educational calculator.

Portfolio Advisory Service at Work is a service of Strategic Advisers, Inc., a registered investment adviser and a Fidelity Investments company. This service provides discretionary money management for a fee.

Guidance provided by Fidelity is educational in nature, is not individualized and is not intended to serve as the primary or sole basis for your investment or tax-planning decisions.

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Asset Allocation does not ensure a profit or guarantee against loss.

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Recordkeeping and plan administrative services provided by Fidelity Investments Institutional Operations Company, Inc.

**Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges, and expenses. For this and other information, call or write Fidelity for a free prospectus or, if available, a summary prospectus. Read it carefully before you invest.**

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# East Bay Municipal Utility District

September 2, 2015

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Client-specific data is considered CONFIDENTIAL.

Vanguard®

# Agenda

I. Introductions and overview
II. Portfolio oversight and monitoring
III. Glide path construction
IV. Investment strategies
V. Risk-based performance and fees
VI. Education and client service support for East Bay Municipal Utility District

Appendix
- Oversight committee
- Glide path construction
- Investment strategies

Presented by:

Mark N. Landay
Principal
Institutional Investor Group

Keith D. Mekenney, CFP®, CIMA®
Relationship Manager
Institutional Investor Group

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# Introductions and overview

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# Introductions

**Mark N. Landay**
**Principal – Institutional Investor Group**

Mark Landay is a principal in Vanguard Institutional Investor Group, where he directs sales activity for large defined contribution plan opportunities from Alaska to Nebraska and the Dakotas from our Scottsdale, Arizona campus. Before joining Vanguard in 1991, he served in sales executive positions with Mellon Bank, N.A.; R.M. Leary & Company, Inc.; and Rauscher Pierce Refsnes, Inc. (now RBC Capital Markets).

Mr. Landay is an active member of the Western Pension & Benefits Conference San Francisco, Seattle, Salt Lake City, and Portland Chapters, and the National Association of Government Defined Contribution Administrators. He earned an A.B. in economics and history from Brown University.

**Keith Mekenney**
**Relationship Manager – Institutional Investor Group**

Keith D. Mekenney, CFP®, CIMA®, is a relationship manager in Vanguard Institutional Investor Group, where he's primarily responsible for serving Vanguard's pension and defined contribution clients in the Western United States.

Mr. Mekenney joined Vanguard in 1992 as a communication associate in the Valley Forge office and then moved to Phoenix, Arizona, in 1994 to help start Vanguard's first satellite office. His experience includes several years working in Human Resources, Process Improvement, and Financial Planning. He recently spent more than four years as a manager in Vanguard Advice Services Group, where he worked primarily with high-net-worth clients. Before joining Vanguard, Mr. Mekenney spent two years with Murdoch Magazines (TV Guide) working in their Single Copy Sales Division.

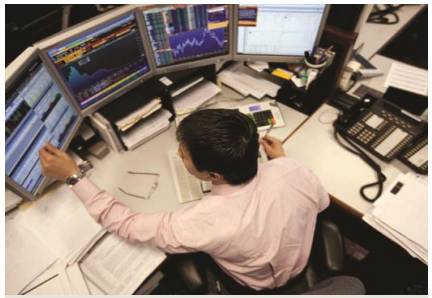
Mr. Mekenney earned a B.S. in management from The Pennsylvania State University. He holds FINRA Series 7, 24, and 63 licenses.

# Vanguard overview: Client-owned* market leader

## Vanguard profile

- No outside owners: Serving only our clients' interests provides a distinct client advantage
- Investments' low costs often provide a distinct investor advantage
- 13,218 crew based at headquarters in Pennsylvania, as well as in Arizona and North Carolina
- Growing international operations

## Market leadership



- $3.1 trillion in assets under management, 61% of which is institutional and intermediary assets
- $1.3 trillion of that in retirement assets ($880 billion in Institutional retirement plans, as well as plans through advisors and retail IRAs)**
- Broad lineup of 164 funds (with many ETF offerings) as well as commingled trusts

## Retirement leader

- First to offer plan design features such as auto-escalation and online Roth in-plan conversions
- Comprehensive mobile app for participants and first to offer app transactions
- Recognized for sponsor analytics: kasina website study 2014
- #1 on Google+, YouTube, Twitter, and Facebook†

## Investment management

- 40 years of investment experience; roots extend back to the founding of Wellington™ Fund in 1929
- Unusual combination of in-house expertise and external managers
- Active equity: featuring leading institutional subadvisors
- Index equity: internal management provides state-of-the-art execution
- Fixed income: offering deep expertise and risk management

Data as of June 30, 2015.
* Vanguard is client-owned. As a client owner, you own the funds that own Vanguard.
** Assets under administration.
† Sources: kasina and Corporate Insight.

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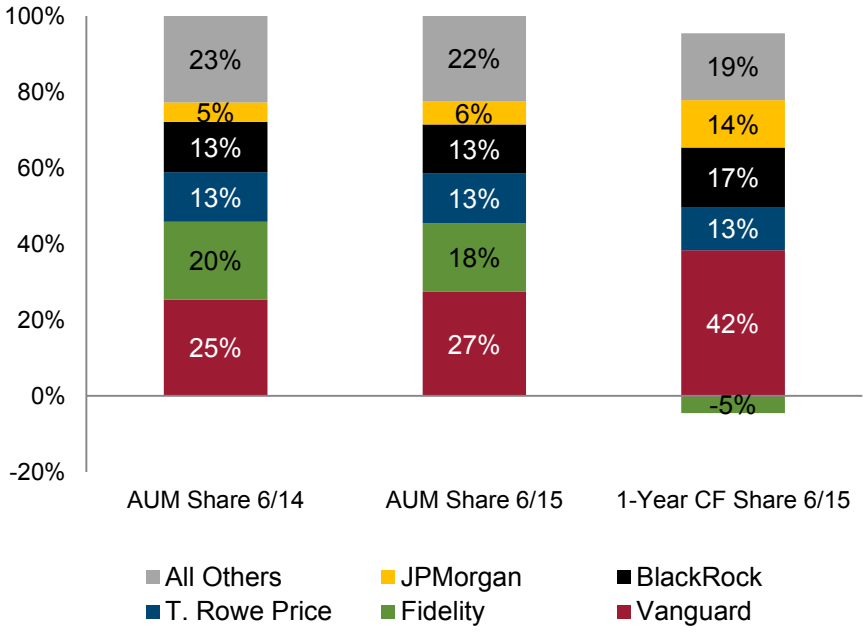
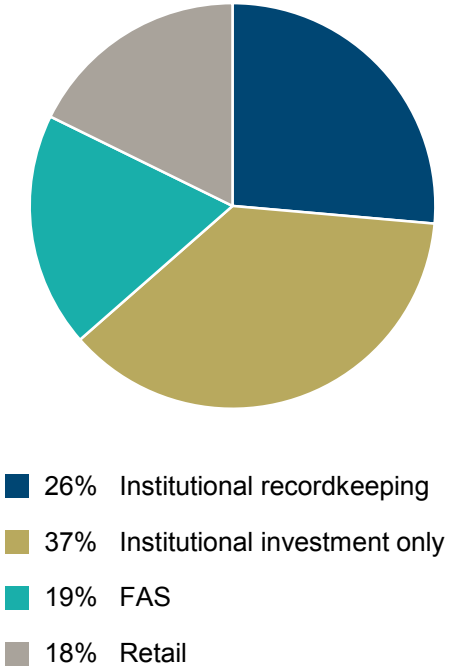
# Vanguard Target Retirement assets

## Asset growth

- Vanguard's Target Retirement Fund & Trust (TRF/T) cash flow market share over the last 12 months was 42%
- TRF/T assets totaled approximately $343B as of June 2015




## Diverse client base with 82% representing institutional client assets




Sources: Vanguard and Morningstar, as of June 30, 2015.
Vanguard Target Retirement Trusts are not mutual funds. They are collective trusts available only to tax-qualified plans and their eligible participants. The collective trust mandates are managed by Vanguard Fiduciary Trust Company, a subsidiary of The Vanguard Group, Inc.

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# Portfolio construction and oversight process

**Oversight and monitoring: Portfolio Review Department**
*Manager oversight—product management —client engagement*

**Research**
*Holistic approach*

**Investment Strategy Group**
*Portfolio construction*

**Center for Retirement Research**
*Participant behavior*

**Strategic Retirement Consulting**
*Plan design*

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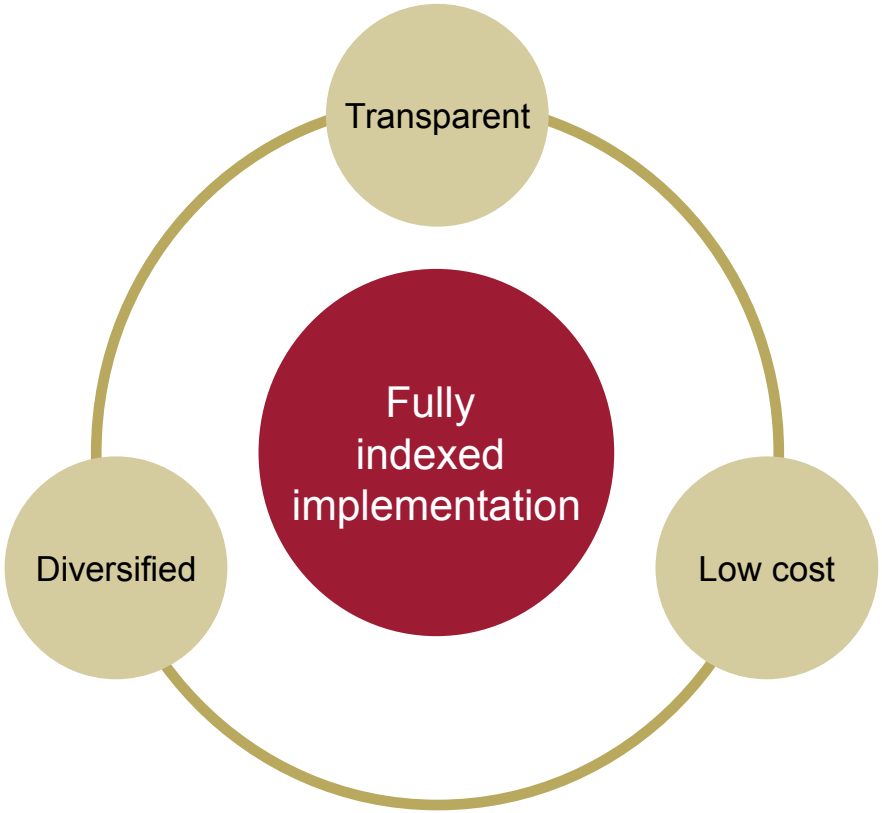
# Benefits to plan sponsors and participants




=

- **Enduring investment solution**
- **Holistic approach** to reaching goals
- **Defensible performance** amid growing scrutiny

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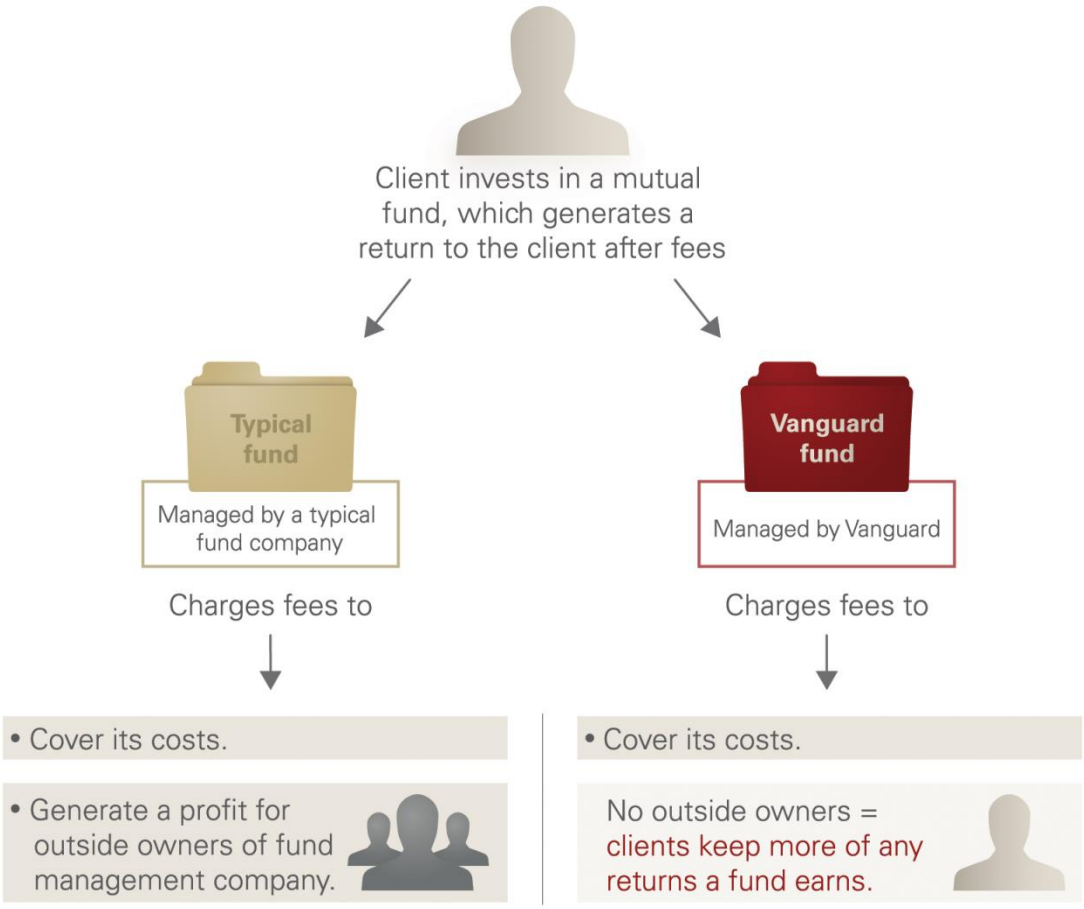
# Vanguard is different from the rest–and here's how your participants benefit




The typical fund management company is owned by third parties, either public or private stockholders, not by the funds it serves. The fund management companies have to charge fund investors fees that are high enough to generate profits of the companies' owners. In contrast, the Vanguard funds own the management company known as Vanguard—a unique arrangement that eliminates conflicting loyalties. Under its agreement with the funds, Vanguard must operate "at –cost"—it can charge the funds only enough to cover its cost of operations. No wonder Vanguard's average fund expense ratio in 2014 was 0.18%, less than one-fifth that of the 1.02% industry average. That means Vanguard fund investors keep more of any return their funds earn.

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# Portfolio oversight and monitoring

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# Portfolio construction and oversight process

**Oversight and monitoring: Portfolio Review Department**
*Manager oversight—product management —client engagement*

## Research
*Holistic approach*

**Investment Strategy Group**
*Portfolio construction*

**Center for Retirement Research**
*Participant behavior*

**Strategic Retirement Consulting**
*Plan design*

## Governance
*Stability*

**Board of Directors**
Recommendations reviewed/approved

↑

**Global Investment Committee**
Evaluate fund performance and approve portfolio construction recommendations

Chaired by CEO and includes key divisional leaders

↑

**Strategic Asset Allocation Committee**
Recommend portfolio construction research with support from research groups

Chaired by Head of Investment Strategy Group and includes key investment leaders

## *Execution*
*Disciplined process*

**Equity Investment Group**

*Daily portfolio management*

**Fixed Income Group**

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# Constant debate . . .

| Periodically revisit | | | | Current and recent research | | |
|---|---|---|---|---|---|---|
| **Glide path** | **Overweight REITs** | **Commodity futures** | **High-yield bonds** | **International allocations** | **Interest risk for retirees** | **Annuities in TDFs** |
| • **Decision:** Reaffirmed current approach<br>• **Research results:** Stress tested the robustness of the glide path on several dimensions, including wealth accumulation, drawdown scenarios, utility of loss aversion, and stochastic retention of wealth across glide path alternatives. | • **Decision:** Reaffirmed current approach<br>• **Research results:** REITs represent a relatively small portion of global equity markets and, because REITs are publicly traded securities, they are highly correlated with broad equity exposure. | • **Decision:** Reaffirmed current approach<br>• **Research results:** Correlations between commodities futures and equities have risen, particularly over the past decade. Due to higher correlations, the historical risk premium does not compensate investors for additional volatility. | • **Decision:** Reaffirmed current approach<br>• **Research results:** High correlations with equities provides little diversification benefit, particularly during times of equity market stress. Additionally, high-yield represents a relatively small part of global financial markets. | **Decision:** 10% increase to ex-U.S. exposure in equities and fixed income<br>**Description:** The difference between U.S. and ex-U.S. investing has dropped substantially over the past few years. In our view, worldwide market capitalization reflects the forward-looking efficient frontier. As investor preferences and barriers like cost change, Vanguard has gradually moved its Target Retirement Funds closer to worldwide market cap. Additional factors considered include liquidity, concentration, and tax/regulatory issues. | **Description:** Analyze the various risks that retirees face in retirement, along with the impact of a potential rising rate environment. Our findings suggest that investors around retirement who begin to draw down their portfolio have a reasonable probability of maintaining consumption needs over both the short and long-term. On a net basis, our findings suggest that a TDF investor with a time horizon longer than the duration of the portfolio may actually benefit from a rising interest rate environment. | **Description:** The Treasury, IRS, and DOL recently released guidance that allows the use of deferred income annuities within target-date investments. As with all new guidance, Vanguard will leverage our holistic research process to understand the potential implications. |
| **2014 analysis concluded** | **2014 analysis concluded** | **2014 analysis concluded** | **2014 analysis concluded** | **2014 analysis concluded** | **Research under way** | **Research under way** |

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# . . . Not constant change

## June 2006

- Vanguard increases equity allocation across the glide path by approximately 10 percentage points.
- Adds exposure to Vanguard Emerging Markets Index Fund.
- Launches five new Target Retirement Funds.

## December 2010

- Vanguard increases international equity allocation in the funds from 20% to 30% of total equity.
- Replaces the three underlying international equity index funds (Europe, Pacific, and Emerging Markets) with Vanguard Total International Stock Index Fund.

## May 2013

- Vanguard completes three changes to the fixed income portion of the Target Retirement Funds:
  - Adds a 20% fixed income allocation to Vanguard Total International Bond Index Fund.
  - Replaces Inflation-Protected Securities Fund with Short-Term Inflation-Protected Securities Fund.
  - Eliminates Prime Money Market Fund and reallocates to other fixed income components.

## February 2015

- Vanguard lowers costs by 13% for the overall weighted average pricing in the portfolios, including the creation of a 10 bps Institutional Target Retirement Fund.
- Increases global diversification in Target Retirement Funds and Trusts by increasing international allocations by 10 percentage points each in stocks and bonds to 60%/40% (U.S./ex-U.S.) for stocks and 70%/30% (U.S./ex-U.S.) for bonds.

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# Glide path construction

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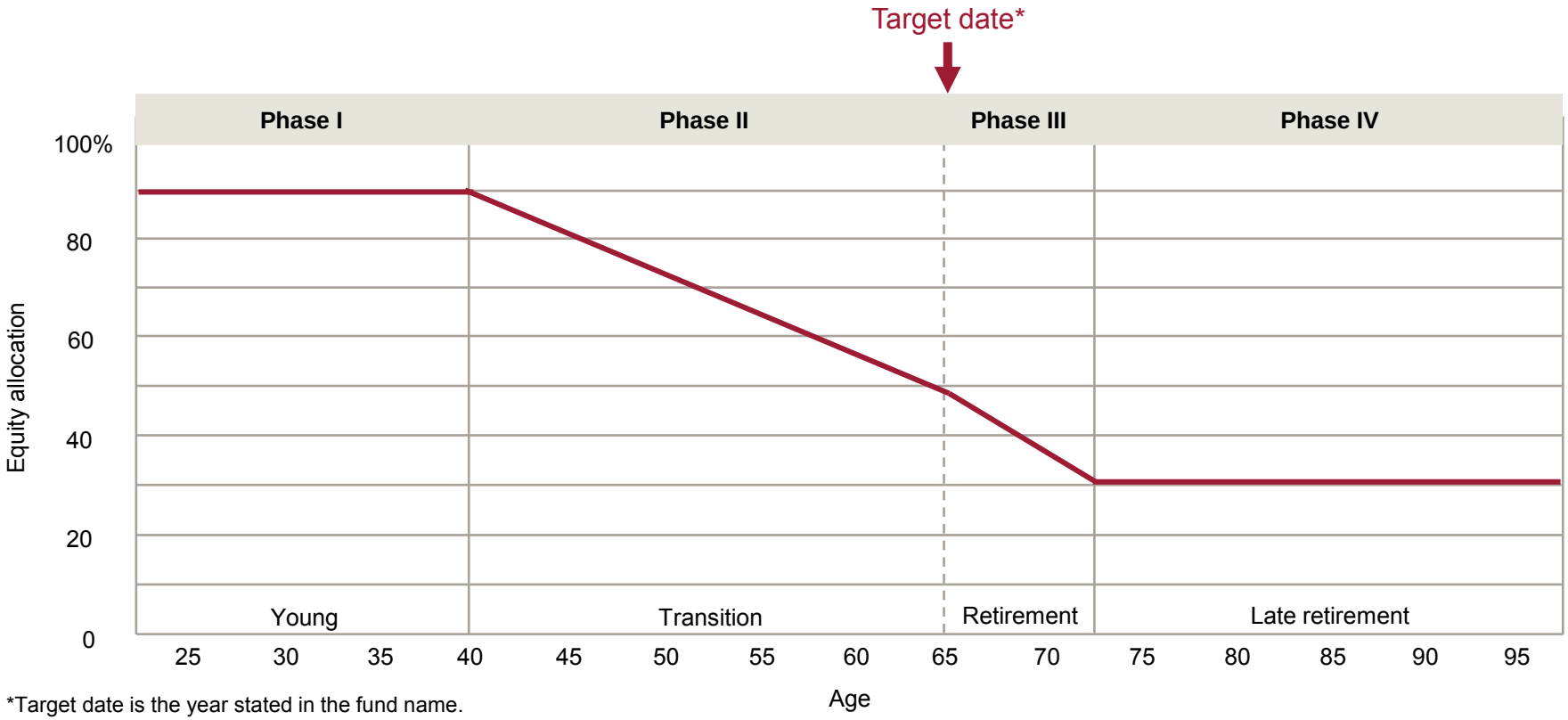
# Investment methodology: Four distinct phases

| Phase I | Phase II | Phase III | Phase IV |
|---|---|---|---|
| Younger investors (younger than 40)<br>Up to age 40 will have a high equity allocation (90%) | Transitional investors (ages 41–65)<br>Gradually moves to a 50% stocks/50% bonds allocation at age 65 | Retiring investors (ages 66–72)<br>Shift inflation hedge mix away from stocks and toward TIPS | Retired investors (ages 72+)<br>Modest (30%) continued exposure to stocks |




*Target date is the year stated in the fund name.

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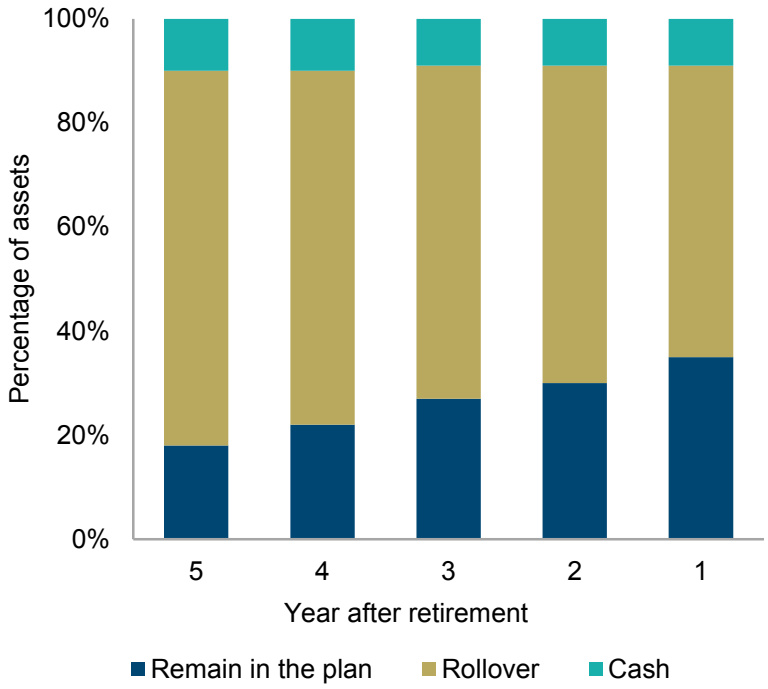
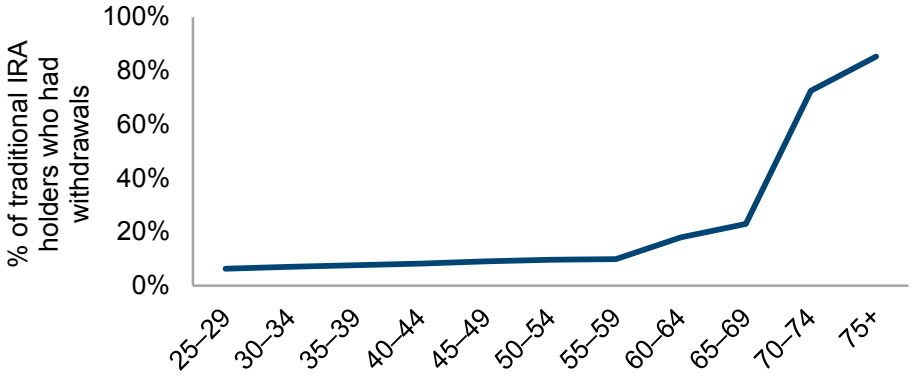
# Investor behavior research drives glide path construction

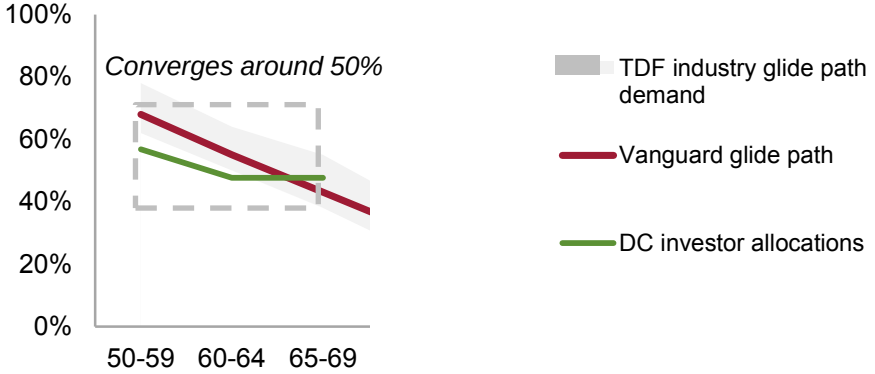
1 Within 3–5 years of retirement, 75% of assets are rolled over . . .




2 . . . but investors do not withdraw money after rolling over until around age 72 . . .




3 . . . and allocations among non-TDF users converge around 50% at retirement




Sources: Vanguard-Greenwich survey, 2014, *Retirement distribution decisions among DC participants*, Vanguard, December 2013; Investment Company Institute: IRA Investor Database, 2012; Investment Company Institute: 401k Plan Asset Allocation, Account Balances and Loan Activity in 2012.

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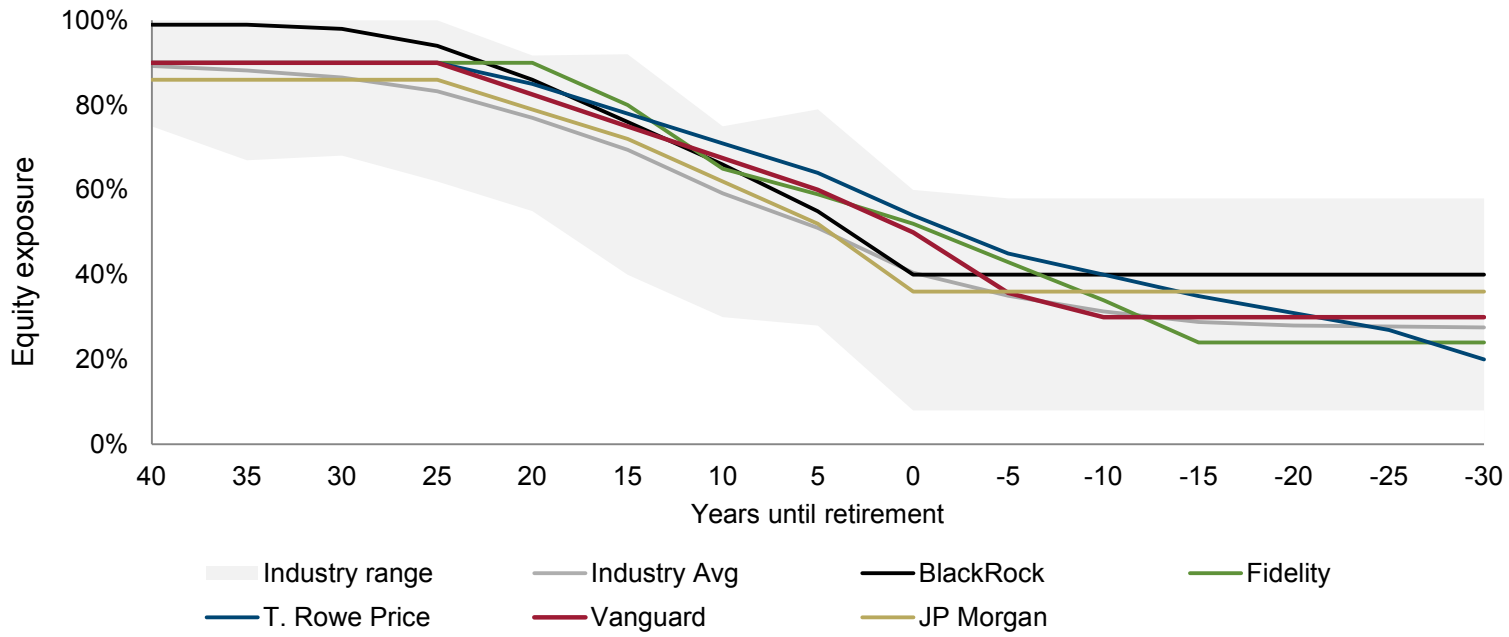
# Industry equity range and competitor glide paths




Source: Morningstar strategic equity allocations, Vanguard analysis.
As of June 30, 2015.

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# Investment strategies

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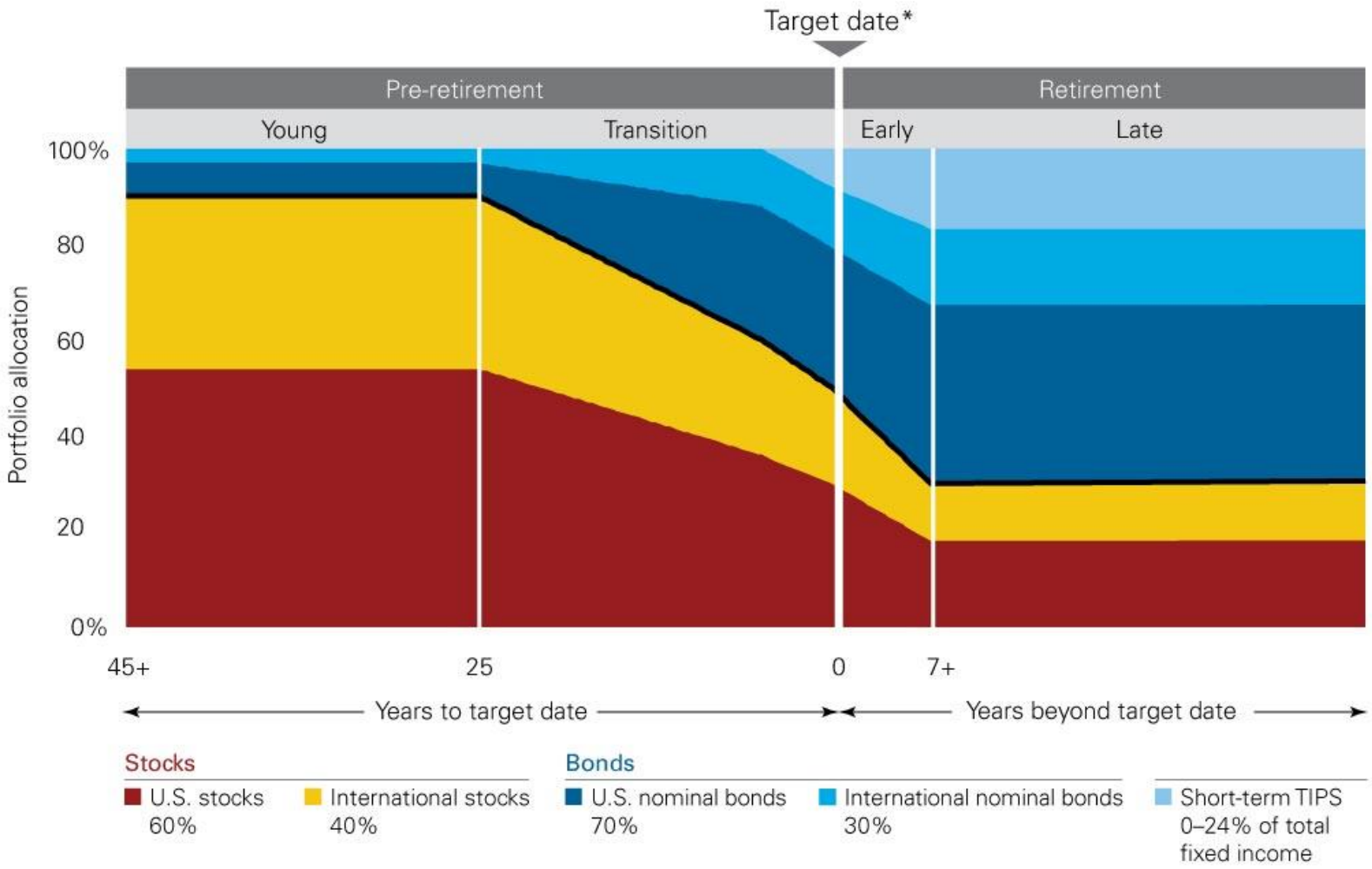
# Transparent, straightforward asset-class exposure




Source: Vanguard.

* Target date is the year stated in the fund name. Target Retirement Fund allocations are based on a projected retirement age of 65.

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# Investment methodology: Indexing within target-date portfolios

**Benefits inherent to indexing**

Market like performance, predictability relative to target benchmark

Minimized risk

Broad diversification

Lower management and transaction costs

Minimal manager risk and capacity risk

**Greater fiduciary comfort for plan sponsors**

Prudent fiduciary choice

Predictable performance relative to asset category, potentially fewer "surprises"

Minimal manager risk

Easier participant education and communications

**Participant benefits**

Simplifies enrollment

Helps simplify the investment process

Strategies are straightforward

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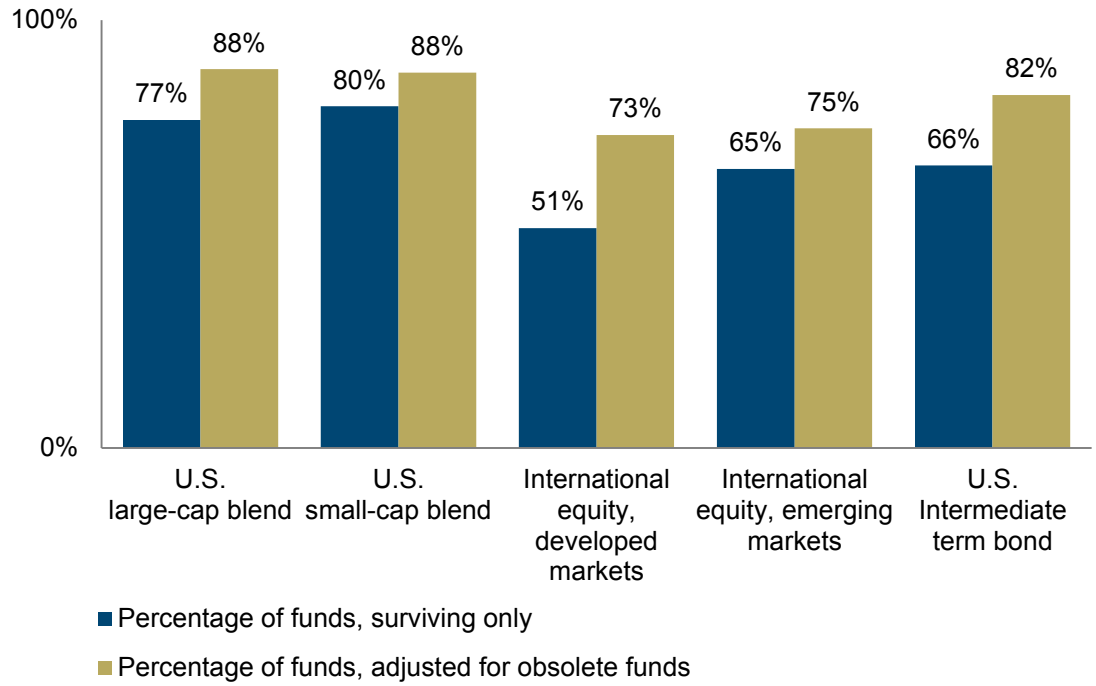
# Why indexing in target-date funds

- Active managers historically have had a difficult time outperforming their indexed peers.
- An indexed approach helps minimize investment capacity constraints and asset manager risk, making it particularly appropriate as a qualified default investment alternative (QDIA).
- The transparent nature of indexing makes it easier for participants and plan sponsors to determine portfolio holdings, risk exposures, and performance.

## Percentage of funds underperforming average of low-cost index funds




Past performance is not a guarantee of future results.

Sources: Vanguard and Morningstar.
Notes: The actively managed funds are those listed in the respective Morningstar categories. Index funds are represented by funds with expense ratios of 20 basis points or less as of December 31, 2014. All returns used were for the investor share class. Data reflect 10-year periods ended December 31, 2014.

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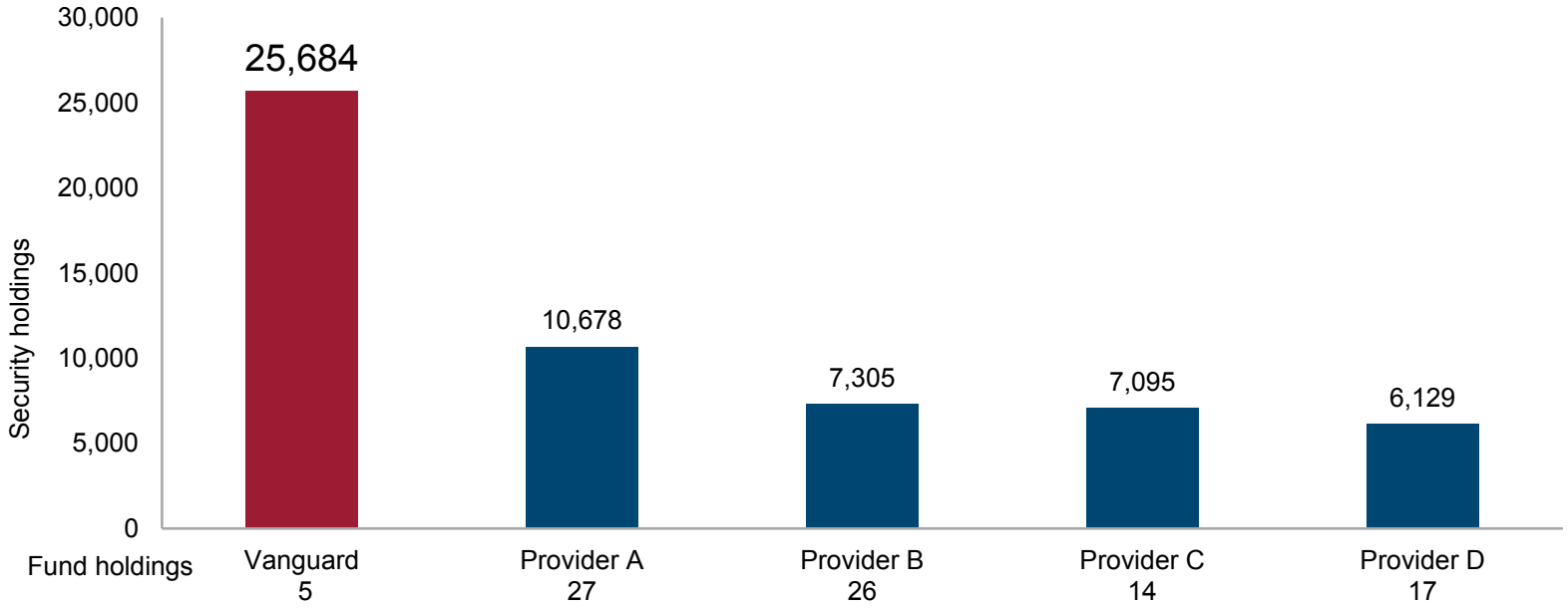
# Efficient diversification

## Number of security holdings versus fund holdings in select TDFs




Sources: Morningstar, data as of June 30, 2015.

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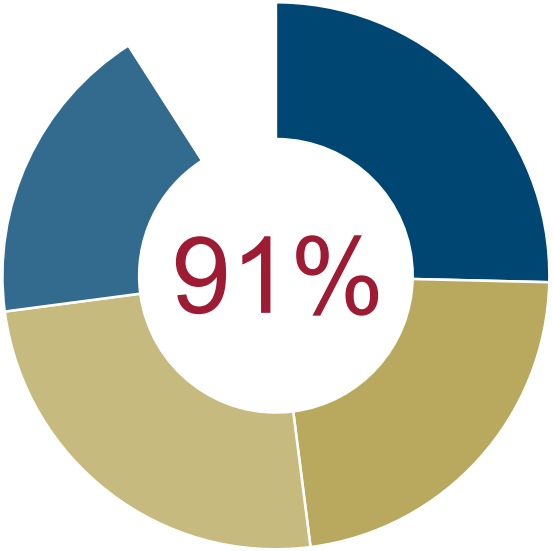
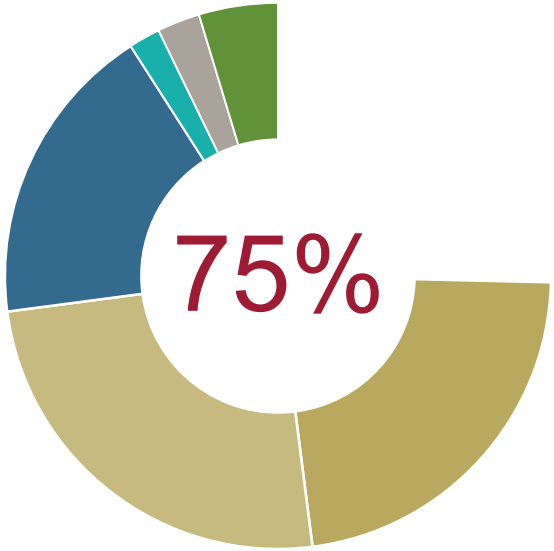
# Broadest worldwide market-cap coverage

## Vanguard Target Retirement Fund




## Average industry TDF




- 25% Global ex-U.S. bonds
- 23% Global ex-U.S. stocks
- 25% U.S. stocks
- 18% U.S. bonds
- 2% EM debt
- 2% Global high-yield corporate bonds
- 5% Commodities

Note: Global REITs are included in U.S. stocks and ex-U.S. stocks. They make up 2.8% of the worldwide stock market. Commodities are measured by the total dollar weight of the S&P GSCI Index, which is an investible index comprised of commodity futures contracts that are weighted in accordance with world production values of physical commodities.
Sources: Bloomberg, Barclays, S&P Dow Jones, stock market measured by Bloomberg Data (MSCI USA Broad Market Free Float, MSCI ACWI ex USA IMI Free Float), bond market measured by Barclays data (Barclays Global Aggregate Float Adjusted, U.S. Aggregate Float Adjusted, Global High Yield, EM Hard Currency Aggregate), commodities market measured by S&P Dow Jones data (S&P GSCI Index). Data as of 6/30/2015.

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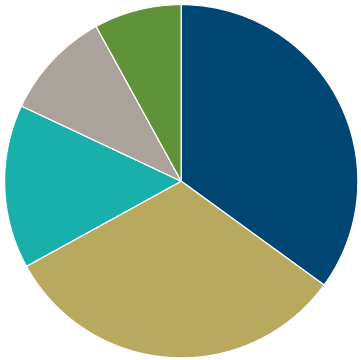
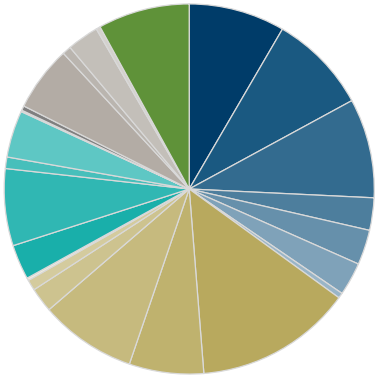
# Outwardly Simple. Inwardly Sophisticated.™

## Outwardly simple—5 index funds



- 35.0% Total Stock Market Index
- 32.0% Total Bond Market II Index
- 15.0% Total International Stock Market Index
- 10.0% Total International Bond Index
- 8.0% Short-Term Inflation-Protected Securities Index

## Inwardly sophisticated—25+ sub-asset classes



**U.S. stocks**

- 8.4% Large growth
- 8.7% Large value
- 8.7% Large blend
- 2.8% Mid/Small growth
- 3.1% Mid/Small value
- 2.9% Mid/Small blend
- 0.5% U.S. REITs

**U.S. nominal bonds**

- 13.7% Treasury/Agency
- 6.5% Government mortgage-backed
- 8.4% Corporate
- 2.1% Foreign
- 0.9% Commercial mortgage/Asset-backed
- 0.2% Other

**International stocks**

- 3.0% Emerging
- 6.7% Europe
- 1.0% North America
- 4.1% Pacific
- 0.1% Middle East/Other
- 0.1% Non-U.S. REITs

**International nominal bonds**

- 0.4% Emerging
- 5.7% Europe
- 0.8% North America
- 2.8% Pacific
- 0.4% Middle East/Other

- 8.0% Short-term TIPS

Vanguard Target Retirement Funds offer the simplicity of an index-oriented, well-diversified portfolio that is strategic and straightforward in its approach. The funds are composed of up to five underlying funds and follow an easy-to-understand asset allocation glide path. Underlying this simplicity is Vanguard's deep investment expertise, knowledge of the capital markets, and insights into participant behavior.

Sources: Hypothetical target asset allocations per the glide path of the Target Retirement 2015 Fund as of June 30, 2015. Sub-asset allocations determined using data from Vanguard as of June 30, 2015, and Morningstar as of June 30, 2015.

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# Risk-based performance and fees

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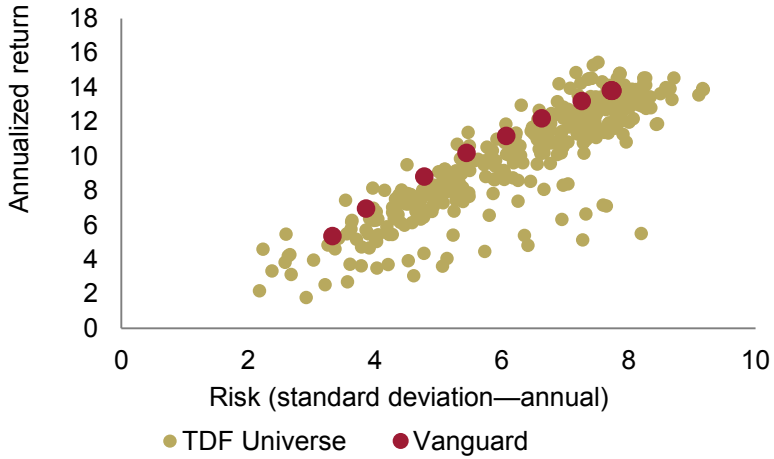
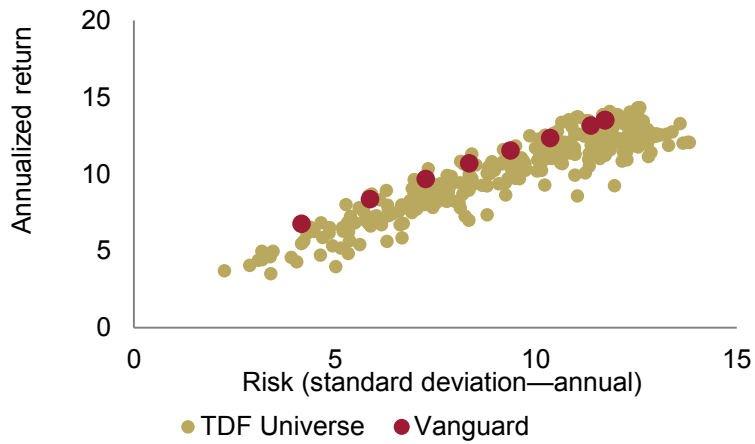
# Target-date fund industry wide return and risk

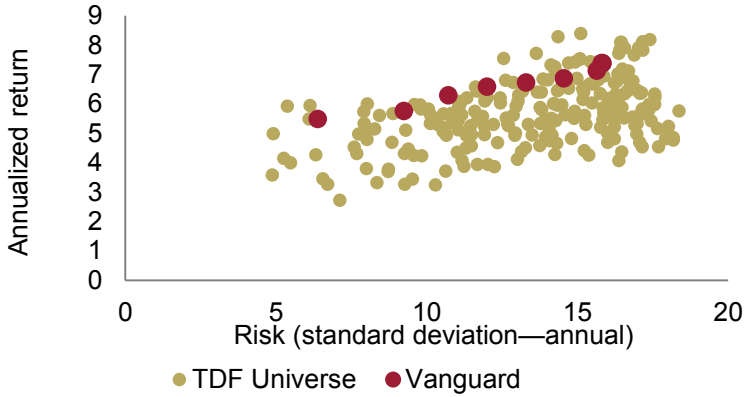
## Three-year



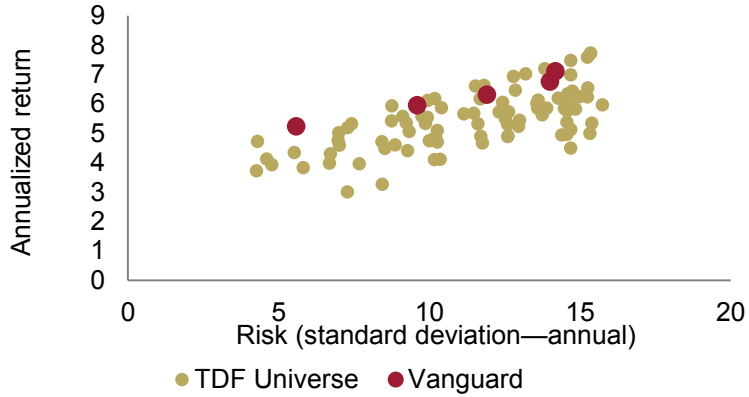

## Five-year




## Seven-year




## Ten-year




Source: Morningstar, data as of June 30, 2015.
Past performance is not a guarantee of future results.

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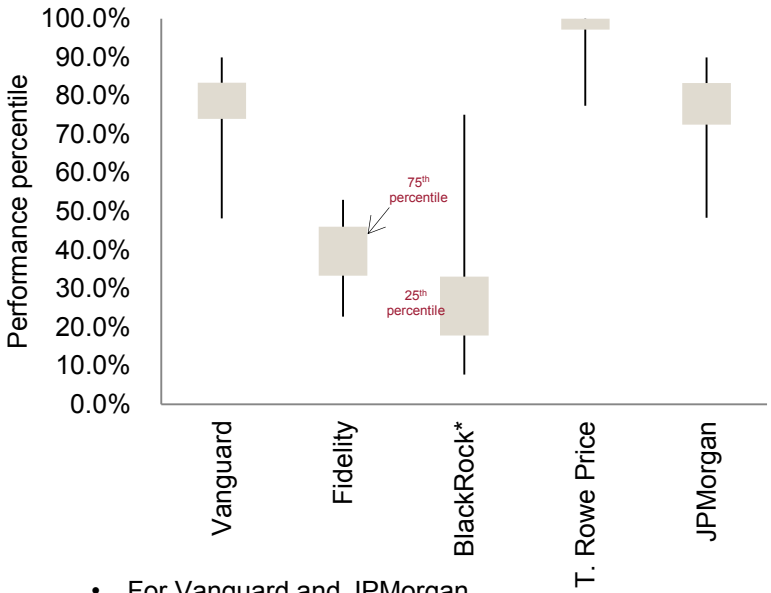
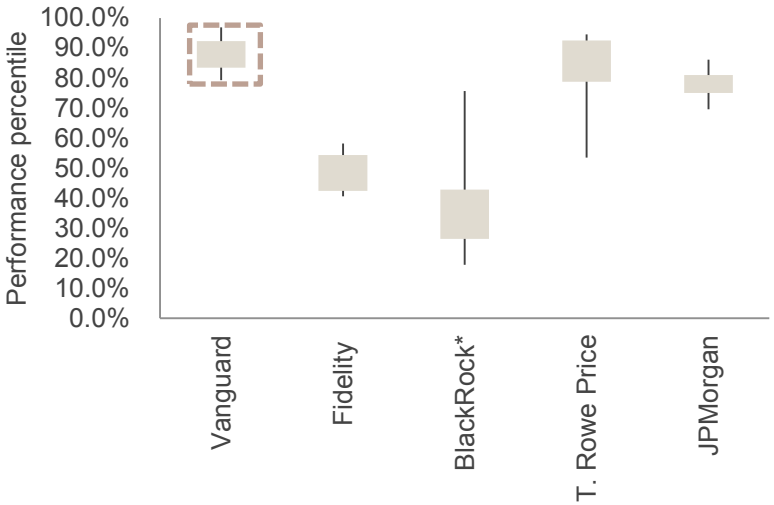
# 3-year performance distribution among top competitors

## 3 year absolute returns




- For Vanguard and JPMorgan, performance remained high; however, dispersions widened slightly.
- T. Rowe Price performance dispersions have been narrow and high, which means that the 2050 Funds through Income Funds have been among the top performers within their respective categories.

## 3 year risk adjusted returns




- For Vanguard, risk-adjusted dispersions improved compared to absolute dispersions.

Source: Morningstar, data as of June 30, 2015.
Past performance is not a guarantee of future results.
* BlackRock performance only includes mutual funds. Most of BlackRock's target-date assets are in collective trusts where performance transparency is limited.

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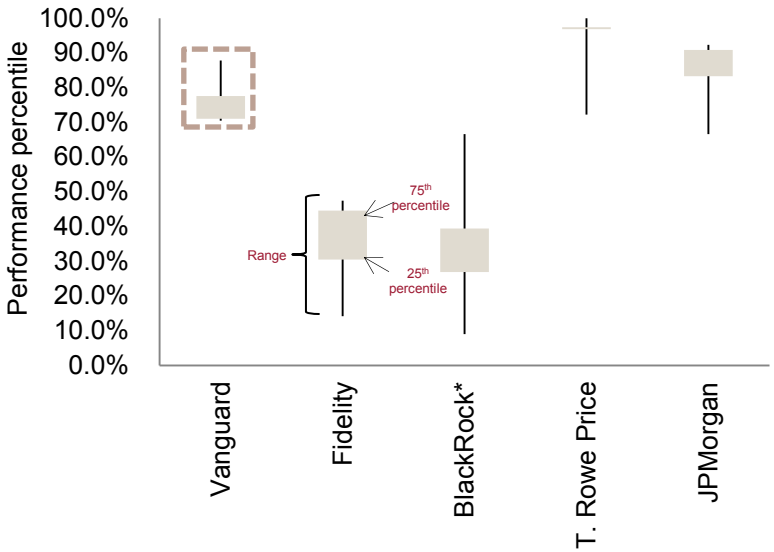
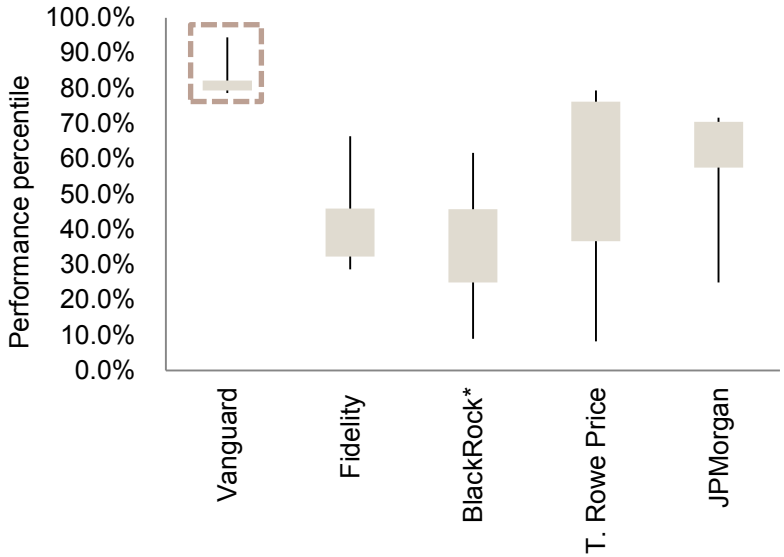
# 5-year performance distribution among top competitors

## 5 year absolute returns




- For Vanguard, T. Rowe Price, and JPMorgan, performance dispersions have been narrow and high, which means that the 2050 Funds through Income Funds have been among the top performers within their respective categories.

## 5 year risk adjusted returns




- For Vanguard, risk-adjusted dispersions slightly improved compared to absolute dispersions.

Source: Morningstar, data as of June 30, 2015.
Past performance is not a guarantee of future results.
* BlackRock performance only includes mutual funds. Most of BlackRock's target-date assets are in collective trusts where performance transparency is limited.

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# Investment performance returns

Annualized (as of 06/30/2015)

| Fund/Index/Average | Expense ratio* (%) | Three months (%) | Year-to-date (%) | One year (%) | Three years (%) | Five years (%) | Ten years (%) | Since inception (%) |
|---|---|---|---|---|---|---|---|---|
| **Vanguard Target Retirement 2060 Fund (01/19/2012)** | **0.18** | **0.07** | **2.45** | **3.19** | **13.81** | **—** | **—** | **12.73** |
| *Target Retirement 2060 Composite Ix [1]* | | *0.18* | *2.55* | *3.59* | *14.14* | *—* | *—* | *—* |
| *Spl Mixed-Asset Target 2055+Fds Avg [2]* | | *0.08* | *2.84* | *2.75* | *12.92* | *12.46* | *6.21* | *—* |
| **Vanguard Target Retirement 2055 Fund (08/18/2010)** | **0.18** | **0.06** | **2.44** | **3.21** | **13.79** | **—** | **—** | **12.50** |
| *Target Retirement 2055 Composite Ix [1]* | | *0.18* | *2.55* | *3.59* | *14.14* | *13.76* | *—* | *—* |
| *Spl Mixed-Asset Target 2055+Fds Avg [2]* | | *0.08* | *2.84* | *2.75* | *12.92* | *12.46* | *6.21* | *—* |
| **Vanguard Target Retirement 2050 Fund (06/07/2006)** | **0.18** | **0.13** | **2.50** | **3.29** | **13.81** | **13.51** | **—** | **6.82** |
| *Target Retirement 2050 Composite Ix [1]* | | *0.18* | *2.55* | *3.59* | *14.14* | *13.76* | *—* | *—* |
| *Mixed-Asset Target 2050 Funds Avg* | | *-0.18* | *2.61* | *2.38* | *12.50* | *12.21* | *6.09* | *—* |
| **Vanguard Target Retirement 2045 Fund (10/27/2003)** | **0.18** | **0.10** | **2.52** | **3.29** | **13.80** | **13.51** | **7.10** | **7.84** |
| *Target Retirement 2045 Composite Ix [1]* | | *0.18* | *2.55* | *3.59* | *14.14* | *13.76* | *7.22* | *—* |
| *Mixed-Asset Target 2045 Funds Avg* | | *-0.02* | *2.70* | *2.39* | *12.58* | *12.44* | *6.33* | *—* |
| **Vanguard Target Retirement 2040 Fund (06/07/2006)** | **0.18** | **0.13** | **2.52** | **3.28** | **13.82** | **13.50** | **—** | **6.77** |
| *Target Retirement 2040 Composite Ix [1]* | | *0.18* | *2.55* | *3.59* | *14.14* | *13.76* | *—* | *—* |
| *Mixed-Asset Target 2040 Funds Avg* | | *-0.23* | *2.41* | *2.14* | *11.71* | *11.69* | *5.83* | *—* |

*The performance data shown represent past performance. Past performance is no guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at vanguard.com/performance. Some funds assess purchase, redemption, and/or account maintenance fees. The performance data shown do not reflect deduction of these fees. If they did, performance would be lower. Details on these fees and adjusted performance figures can be found in the fund detail section.*

Source: Data derived from Lipper, a Thomson Reuters Company.
For some funds, fees are levied on purchases or redemptions to offset the costs of buying and selling portfolio securities. For others, fees are assessed on redemptions made within certain time periods after a purchase to discourage short-term trading. All purchase or redemption fees are paid directly to the fund to compensate long-term shareholders for the costs of trading activity. *Note that one-year performance figures are not fee-adjusted for fees incurred on shares held less than one year.*

* Expense ratio data reflect the fund's fiscal year-end. These data match the fund's prospectus, which is typically released 120 days after the fiscal period-end.

# Investment performance returns

| Fund/Index/Average | Expense ratio* (%) | Three months (%) | Year-to-date (%) | One year (%) | Three years (%) | Five years (%) | Ten years (%) | Since inception (%) |
|---|---|---|---|---|---|---|---|---|
| | | | | | Annualized (as of 06/30/2015) | | | |
| **Vanguard Target Retirement 2035 Fund (10/27/2003)** | **0.18** | **-0.05** | **2.30** | **3.26** | **13.21** | **13.16** | **6.76** | **7.42** |
| *Target Retirement 2035 Composite Ix [1]* | | *0.01* | *2.34* | *3.50* | *13.50* | *13.39* | *6.89* | — |
| *Mixed-Asset Target 2035 Funds Avg* | | *-0.13* | *2.41* | *2.12* | *11.68* | *11.78* | *6.03* | — |
| **Vanguard Target Retirement 2030 Fund (06/07/2006)** | **0.17** | **-0.24** | **2.07** | **3.19** | **12.20** | **12.35** | **—** | **6.48** |
| *Target Retirement 2030 Composite Ix [1]* | | *-0.16* | *2.12* | *3.41* | *12.49* | *12.58* | — | — |
| *Mixed-Asset Target 2030 Funds Avg* | | *-0.41* | *1.93* | *1.68* | *10.30* | *10.67* | *5.47* | — |
| **Vanguard Target Retirement 2025 Fund (10/27/2003)** | **0.17** | **-0.41** | **1.81** | **3.09** | **11.18** | **11.52** | **6.31** | **6.83** |
| *Target Retirement 2025 Composite Ix [1]* | | *-0.34* | *1.90* | *3.32* | *11.48* | *11.77* | *6.44* | — |
| *Mixed-Asset Target 2025 Funds Avg* | | *-0.50* | *1.63* | *1.48* | *9.54* | *10.14* | *5.54* | — |
| **Vanguard Target Retirement 2020 Fund (06/07/2006)** | **0.16** | **-0.58** | **1.58** | **3.03** | **10.19** | **10.70** | **—** | **6.32** |
| *Target Retirement 2020 Composite Ix [1]* | | *-0.52* | *1.67* | *3.23* | *10.46* | *10.94* | — | — |
| *Mixed-Asset Target 2020 Funds Avg* | | *-0.69* | *1.28* | *1.15* | *7.70* | *8.71* | *4.98* | — |
| **Vanguard Target Retirement 2015 Fund (10/27/2003)** | **0.16** | **-0.64** | **1.37** | **2.61** | **8.81** | **9.68** | **5.95** | **6.39** |
| *Target Retirement 2015 Composite Ix [1]* | | *-0.57* | *1.46* | *2.82* | *9.02* | *9.80* | *5.97* | — |
| *Mixed-Asset Target 2015 Funds Avg* | | *-0.65* | *1.08* | *0.82* | *6.72* | *7.73* | *4.51* | — |
| **Vanguard Target Retirement 2010 Fund (06/07/2006)** | **0.16** | **-0.82** | **1.03** | **2.19** | **6.96** | **8.37** | **—** | **5.77** |
| *Target Retirement 2010 Composite Ix [1]* | | *-0.77* | *1.09* | *2.33* | *7.14* | *8.47* | — | — |
| *Mixed-Asset Target 2010 Funds Avg* | | *-0.58* | *1.06* | *0.65* | *6.16* | *7.01* | *4.52* | — |
| **Vanguard Target Retirement Income Fund (10/27/2003)** | **0.16** | **-0.93** | **0.81** | **1.94** | **5.35** | **6.76** | **5.23** | **5.46** |
| *Target Retirement Income Compos. Ix [1]* | | *-0.85* | *0.92* | *2.13* | *5.57* | *6.91* | *5.27* | — |
| *Spl Mixed-Asset Target Today FdsAvg [3]* | | *-1.01* | *0.54* | *0.21* | *4.60* | *5.86* | *4.08* | — |

**1** A blended composite that weights the returns of market indexes for each asset class in proportion with the target weighting of the fund. Detail for each composite index is available upon request.

**2** Mixed-Asset Target 2050 Funds Avg through August 31, 2013; Mixed-Asset Target 2055+ Funds Avg thereafter.

**3** Mixed-Asset Target Consrv Funds Avg through 6/30/2012; Mixed-Asset Target Today Funds Avg thereafter.

Source: Data derived from Lipper, a Thomson Reuters Company.

* Expense ratio data reflect the fund's fiscal year-end. These data match the fund's prospectus, which is typically released 120 days after the fiscal period-end.

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# Fund and trust expense ratios

## Expense ratios as of June 30, 2015

| Vehicle | Minimum investment | Average weighted expense ratio | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2060 | 2055 | 2050 | 2045 | 2040 | 2035 | 2030 | 2025 | 2020 | 2015 | 2010 | Income |
| Investor Fund | No minimum | 0.18% | 0.18% | 0.18% | 0.18% | 0.18% | 0.18% | 0.17% | 0.17% | 0.16% | 0.16% | 0.16% | 0.16% |
| Institutional Fund | $100M | 0.10% for each fund | | | | | | | | | | | |

# Education and client service support for East Bay Municipal Utility District

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# Extending our reach to meet participant needs

## Helping participants invest wisely for retirement

Vanguard Target Retirement Funds and Trusts are a straightforward way to bring balance and diversification to your participants' retirement portfolios. But ensuring your participants understand the benefits of this investment strategy and the role it can play in building their savings is important—and Vanguard is here to help.

Your participants can have access to a wide array of resources that explain what the Target Retirement Funds and Trusts are and how they work. From online to print, there are a number of different formats to accommodate individual learning styles. Vanguard can work with you and your current recordkeeper to deliver a communication strategy that meets your participants' needs.

### Online

One way to make retirement planning easier is to enable participants to access information on-demand and on-the-go. Through emails, recorded meetings, and a customized website, your participants can learn about the Target Retirement Funds and Trusts anytime, anywhere.

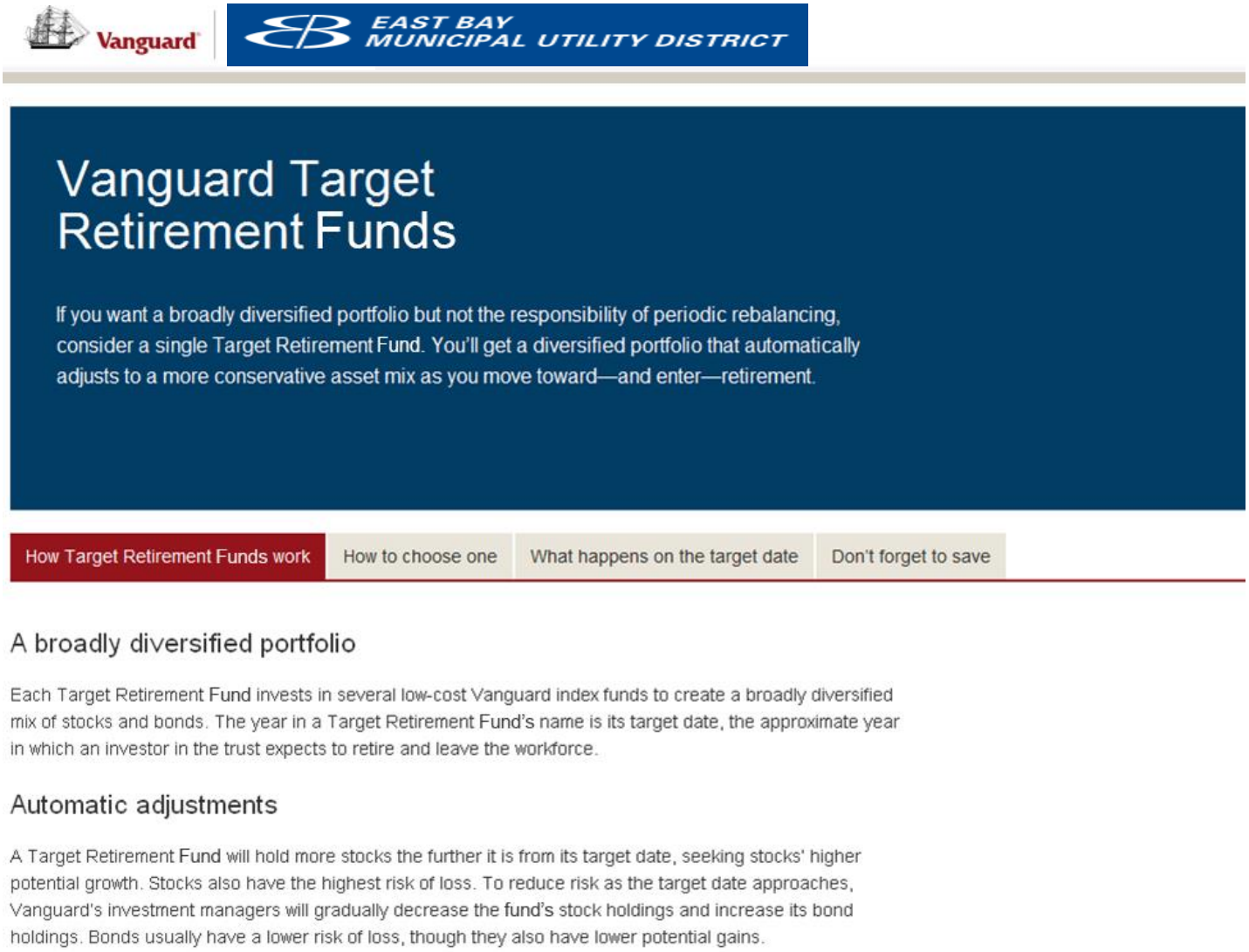
### Print

To keep retirement planning top-of-mind, we offer several print options that can be distributed to targeted segments of your workforce. Investment summaries and enrollment information are available for new hires and new participants. A newsletter that offers details about the funds and trusts and includes simple asset allocation education is available for all employees.

### Meetings

Live educational sessions are available online or in person. These facilitated meetings provide detailed information about the Target Retirement Funds and Trusts while affording participants the opportunity to ask questions about these investments.

# Custom website for East Bay Municipal Utility District




- Co branding with both the East Bay Municipal Utility District and Vanguard logo
- Accessible via home, tablet, or corporate intranet site.
- Educates participants on how to chose a TDF
- Directs employees to current record keeper so that there is no confusion about how to make investment choices
- Includes videos about how TDFs work
- Includes fund fact sheets

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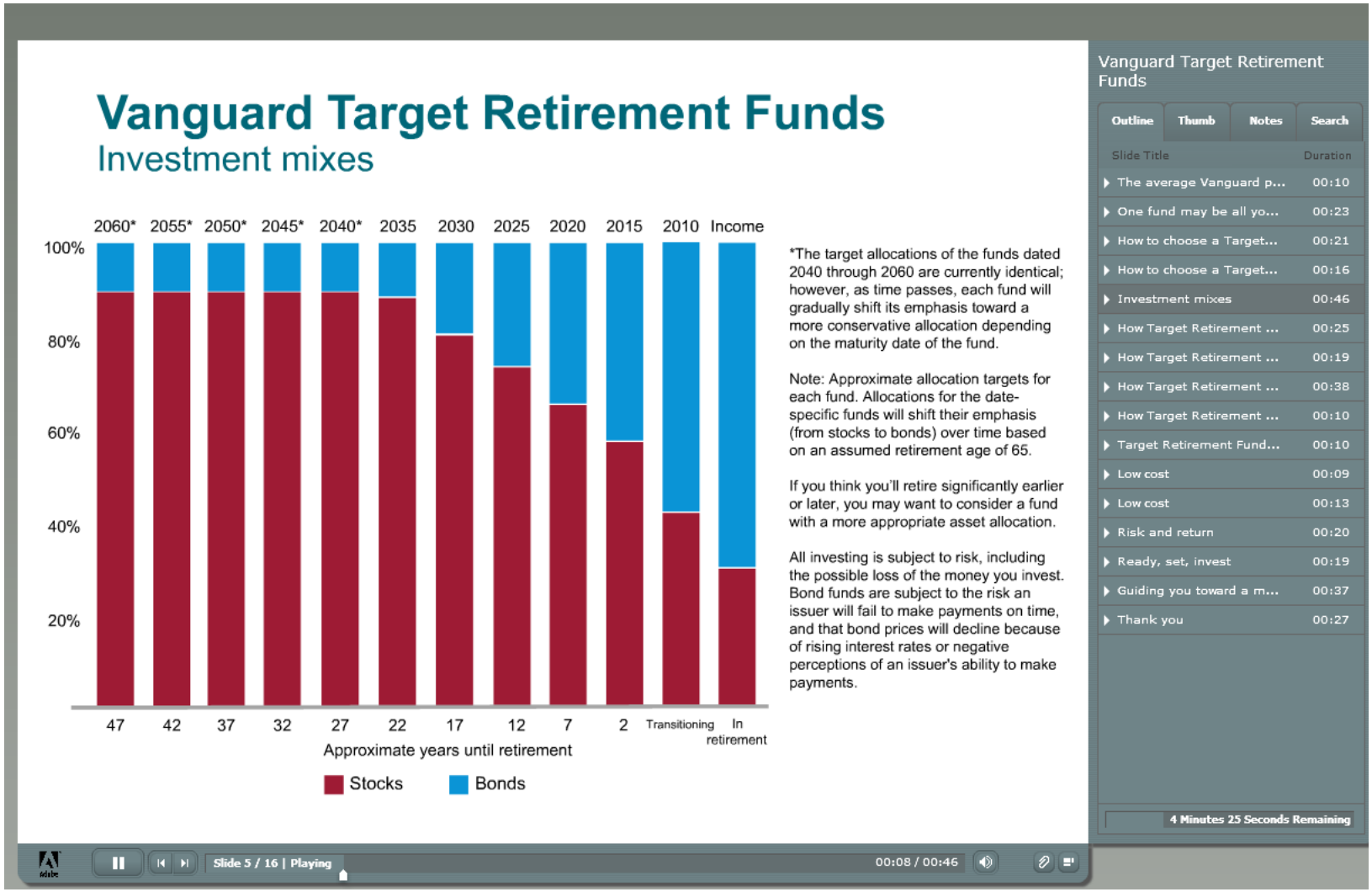
# Effective on-demand webinars for East Bay Municipal Utility District participants



# Appendix

– Oversight committee

– Glide path construction

– Investment strategies

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# Oversight committee

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# TRF portfolio construction and oversight: Key people

## Oversight Groups

**Board of Directors**
*Recommendations reviewed/approved*

**Global Investment Committee**
*Evaluate fund performance and approve portfolio construction recommendations*

William F. McNabb, CEO [Chair]
Mortimer Buckley, Global CIO
Martha King, Managing Director, FAS
Chris McIsaac, Managing Director, IIG
Mike Miller, Managing Director, Planning & Development
Jim Norris, Managing Director, International
Glenn Reed, Managing Director, Strategy & Finance
Joe Davis, Chief Economist
Sean Hagerty, Head of Portfolio Review Department

**Strategic Asset Allocation Committee**
*Recommend portfolio construction research with support from key research groups*

Joe Davis, PhD, Chief Economist [Chair]
Mortimer Buckley {ex-officio}, Global CIO
John Ameriks, PhD, Head of Active Equity Group
Steve Utkus, Head of Center for Retirement Research
Gregory Davis, Head of Fixed Income
Kevin Jestice, CFA, CIPM, Head of Institutional Advice
Karin Risi, Head of Retail Advice
Sean Hagerty, Head of Portfolio Review Department
Joel Dickson, PhD, Principal, Investment Strategy Group
Fran Kinniry, CFA, Principal, Investment Strategy Group
Ken Volpert, CFA, Head of Investments-Europe and Global Head of FI Indexing
Rodney Comegys, Principal, Investment Management Group
Matt Brancato, CFA, CPA, Target Date Fund Product Manager

## Research Groups and Key TRF Strategists

**Investment Strategy Group**
Portfolio construction

Fran Kinniry, CFA
Scott Donaldson, CFA, CFP®
Brian Scott, CFA

**Center for Retirement Research**
Participant behavior

Steve Utkus
Jean Young, CPA

**Portfolio Review Department**
Product management

Matt Brancato, CFA, CPA
Lee Norton, CFA
Frank Chism, CAIA
Hugh Watters
Joe Blythe
Pat Moore, CFA
Ted Dinucci, CFA

**TRF Strategist Key Functions**

- Develop and execute research on glide path construction, portfolio allocation and participant behavior
- Monitor product and industry evolution
- Engage with clients and represent Vanguard's voice at industry events

**TRF Strategist Experience**

- Investment experience: average of 18 years
- Expertise: Portfolio allocation, portfolio construction, behavioral finance, strategy, manager oversight
- Key TDF research:
  - Vanguard's approach to target-date funds
  - Bond Diversification in TDFs
  - TDFs and managed accounts
  - Target-date funds and the dispersion of participant portfolios
  - Mixed target-date investors in defined contribution plans
  - Target date fund adoption in 2013
  - Perspectives on custom TDFs

As of March 31, 2015.

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# Glide path construction

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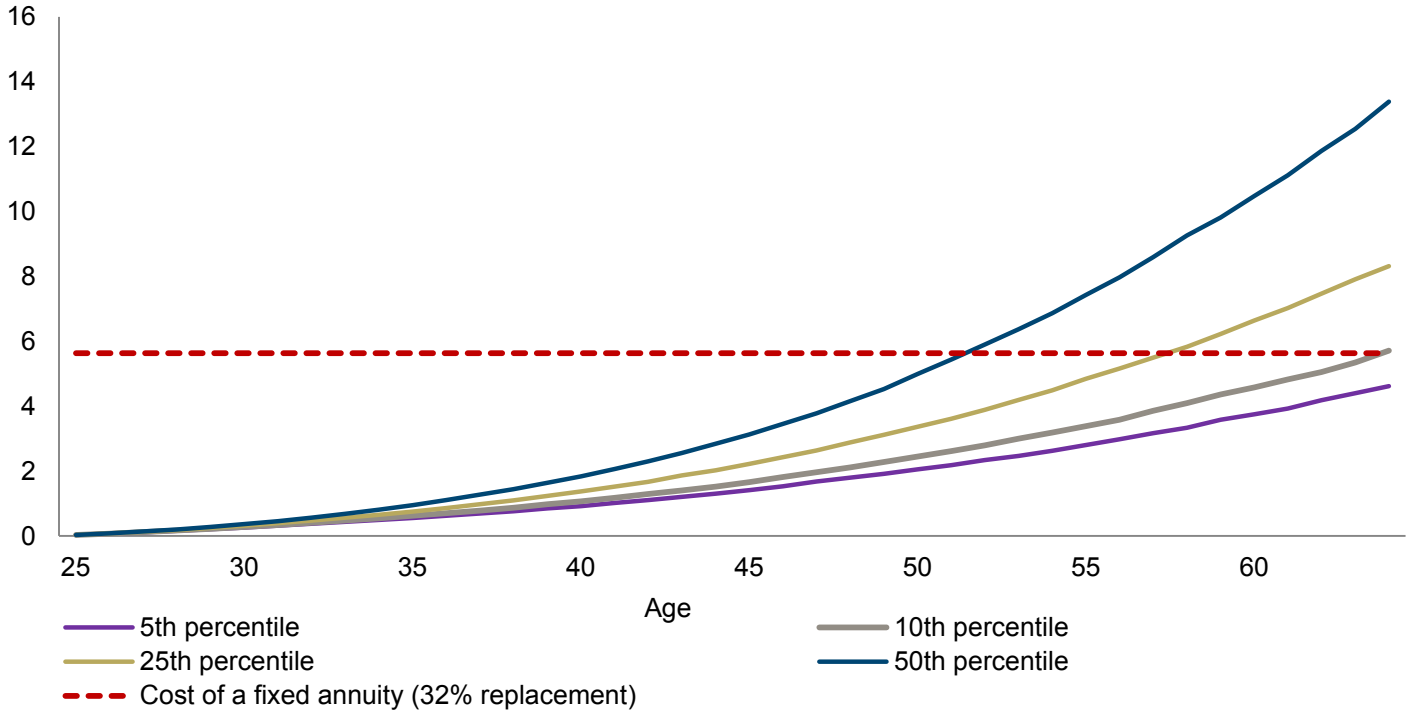
# Wealth accumulations and cost of annuity

## A simulated Vanguard glide path would accumulate sufficient assets about 90% of the time to purchase an immediate annuity to meet base case retirement income need




**Notes**: Salary projections are derived from the Social Security Administration's Wage Index, an index that accounts for factors like career advancement. The index is grown by 1.1% annually, on a real basis, which is representative of the U.S. economy's historical productivity growth. Contribution rates are representative of Vanguard participant averages from 2003-2010, using data drawn from more than 2,200 DC plans and nearly 3.2 million participant accounts record kept by Vanguard. Contributions are assumed to start at an average rate of 4.88% at age 25, increasing to an average rate of 9.98% by age 64. Over the employees career, the average contribution rate is 7.2%. We assume a company match of $0.50 on the dollar up to 3%, which is consistent with industry averages. All annuity figures are for an immediate joint annuity for a 65-year old male and female with an annual payout equal to the required replacement ratio and a 50% benefit to the survivor. These prices were estimated by Vanguard using a 3% discount rate and the Annuity 2000 (as published by the Society of Actuaries) male/female mortality tables projected generationally with 100% of Scale G (as published by the Society of Actuaries) for males and 50% of Scale G for females. To estimate future annuity prices, these prices were then adjusted upward by 10% to account for longer life expectancies 40 years in the future, estimated from the same mortality tables previously. Replacement ratios are drawn from Aon Consulting's "2008 Replacement Ratio Study: A Measurement Tool for Retirement Planning".

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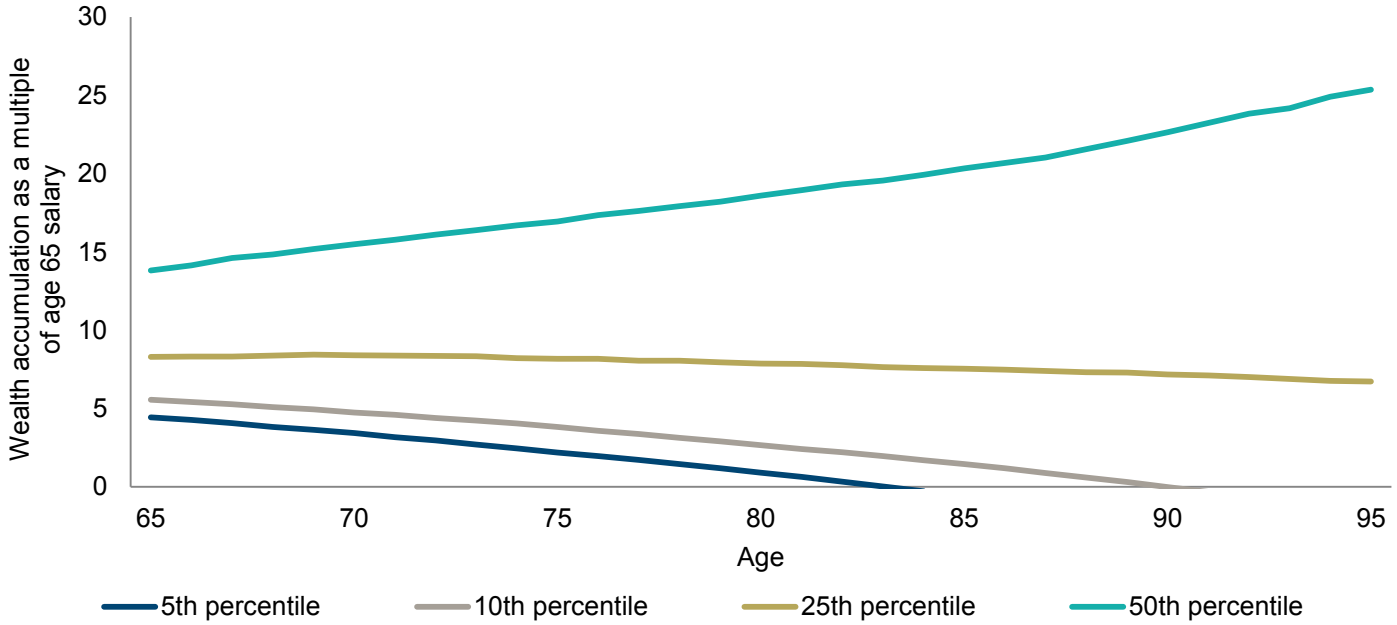
# Drawdown scenarios – Baseline replacement rate

A simulated Vanguard glide path would accumulate sufficient assets for investors to systematically draw down portfolio to meet base case retirement income need 87% of the time (through age 95 )

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# Investment strategies

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# Investment methodology: Rebalancing management

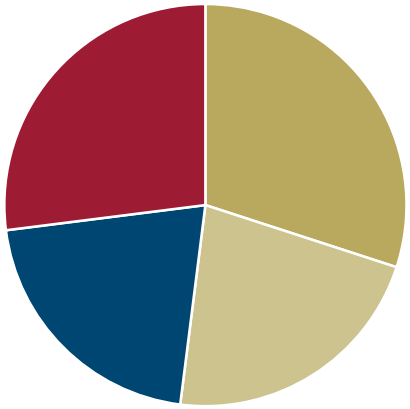
| | |
|---|---|
| Daily cash flows | The individual portfolios are rebalanced with daily cash flows to bring the allocations to the underlying portfolio back to the static target mix for the current period. |
| Trigger levels | Whenever a portfolio or asset class falls outside of each portfolio's internal "trigger level" for that particular period and the daily cash flow is not sufficient to rebalance, the portfolio's manager, Vanguard Equity Investment Group, will engage in active rebalancing, where it will sell the portfolios that are overweighted and allocate to the portfolios that are underweighted. |
| Timing | Target allocations for portfolios move along glide path quarterly. |
| Merging into income portfolio | The allocation of maturing portfolios is expected to closely resemble that of the Target Retirement Income portfolio within seven years.<br><br>Once a portfolio's asset allocation is similar to that of the Target Retirement Income portfolio, the portfolio is expected to be combined with the Target Retirement Income portfolio. |

Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the Fund name refers to the approximate year (the target-date) when an investor in the Fund would retire and leave the work force. The Fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in the Target Retirement Fund is not guaranteed at any time, including on or after the target date.

# Why international fixed income?

- Market breadth is an important component of diversification
- International bonds currently make up the largest segment of the securities market
- Factors that drive international bond prices are relatively uncorrelated to the same U.S. factors
- An allocation to hedged international bonds can lead to lower average portfolio volatility over time

Global capital markets



30% International bonds

22% International equities

21% U.S. bonds

27% U.S. equities

Sources: MSCI, Barclays, and Vanguard, as of December 31, 2014.
U.S. equities are represented by the MSCI US Broad Market Index. International equities are represented by the MSCI AC World Ex USA IMI. U.S. bonds are represented by the Barclays US Aggregate Bond Index. International bonds are represented by the Barclays Global Aggregate ex-USD Index.

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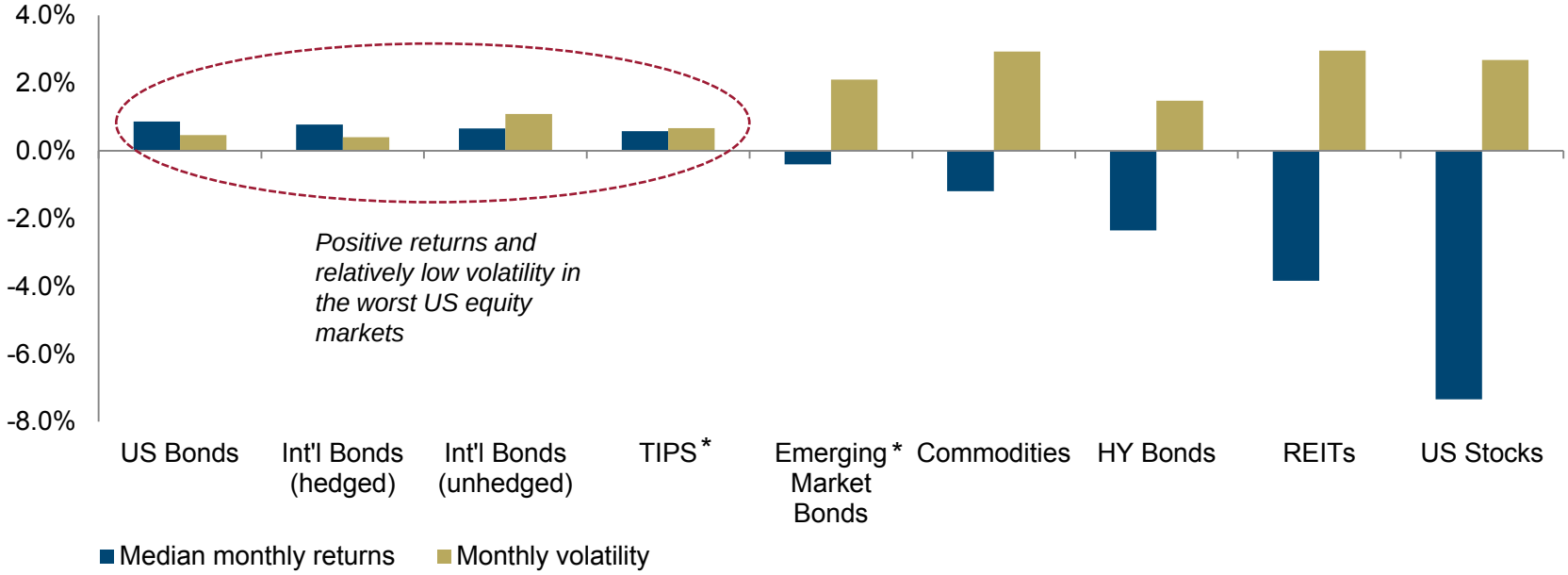
# Why diversify with hedged international bonds rather than other asset classes?

- Hedged international bonds have provided valuable diversification with relatively low volatility in the worst market environments, similar to US bonds.
- Other more volatile 'diversifiers' (REITs, high yield bonds, emerging market bonds and commodities) have failed to deliver positive average returns in such environments.

## Median monthly returns and monthly volatility during bottom decile US equity periods (1985-2014)*




*TIPS data is from March 1997-December 2014 and Emerging Market Bond data is from January 1994-December 2014 due to data availability.
Sources: US Bonds: Barclays U.S. Aggregate Bond Index, Hedged Int'l Bonds: 1985-1989 - Citigroup WGBI Ex USD (hedged); since 1989 - Barclays Global Aggregate Ex USD (hedged), Unhedged Int'l Bonds: 1985-1989 - Citigroup WGBI Ex USD (unhedged); since 1989 - Barclays Global Aggregate Ex USD (unhedged), Emerging Market Bonds: 1993-7/2001 - JP Morgan EMBI; Since 7/2001 Barclays Global Emerging Markets Index, High Yield Bonds: Barclays US Corp High Yield Index, TIPS: Barclays US Trsry Inflat Prtcd Idx, US Stocks: 1971-4/2005 - DJ Wilshire 5000; Since 5/2005 - MSCI Broad Market Index, REITs: FTSE NAREIT Equity REIT Index, Commodities: S&P GSCI.

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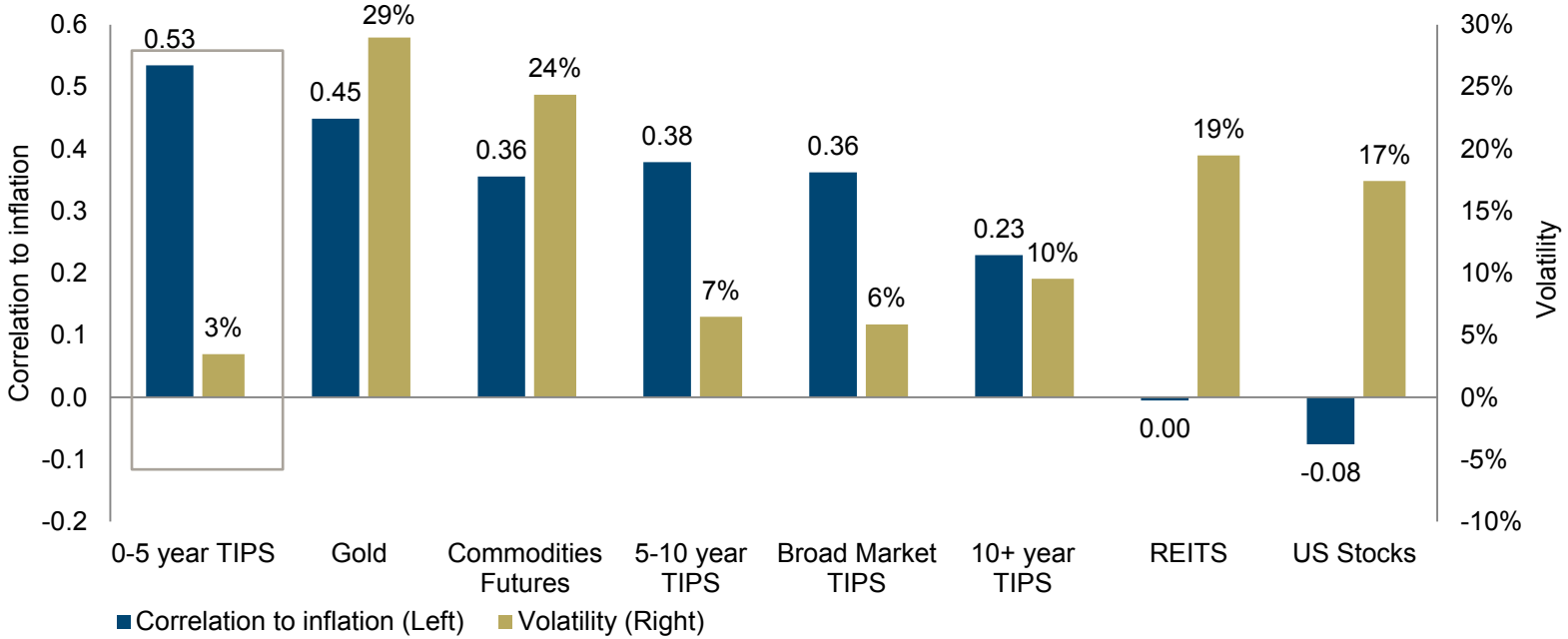
# Short-term TIPS provide the highest correlation to inflation with the lowest volatility of all the asset classes

- Short-term TIPS offer the same inflation accruals as the broader TIPS index, with the following additional benefits:
  - Higher correlation to actual inflation
  - Lower duration and lower volatility
  - A more immediate response to short-term CPI volatility
  - A higher historical risk-adjusted return

## Relationship between short-term inflation and nominal asset volatility




Notes: Correlations and volatility calculated from rolling 12-month returns for each asset class from 01/1970 (or as soon as data became available) ending 07/2012. TIPS returns are represented by Barclays U.S. TIPS indexes (0–5 Year, 5–10 Year, and 10+ Year) data dating back to 09/2002, 01/2002, and 06/2000 respectively; REITs returns represented by FTSE NAREIT All Equity REITs Index data dating back to 02/1972; U.S. stock returns represented by Dow Jones U.S. Total Stock Market Index data dating back to 01/1970; commodity futures returns represented by S&P GSCI Index data dating back to 01/1970; gold represented by the change in average price for each month from Moody's Analytics Data Buffet data dating back to 01/1970. Inflation represented by CPI-U. Sources: Vanguard calculations based on data from Barclays, FTSE, Dow Jones, Standard & Poor's, and U.S. Bureau of Labor Statistics.

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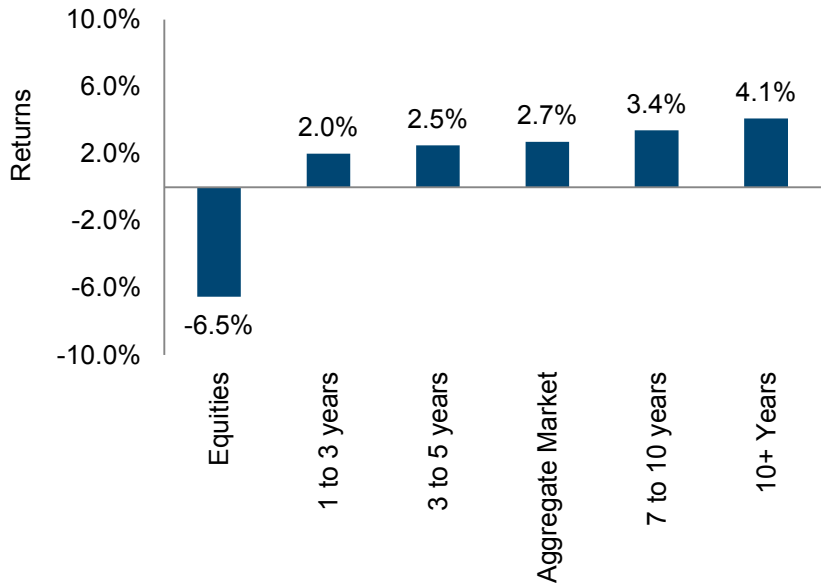
# Shortening duration and reaching for yield may have an unintended portfolio impact

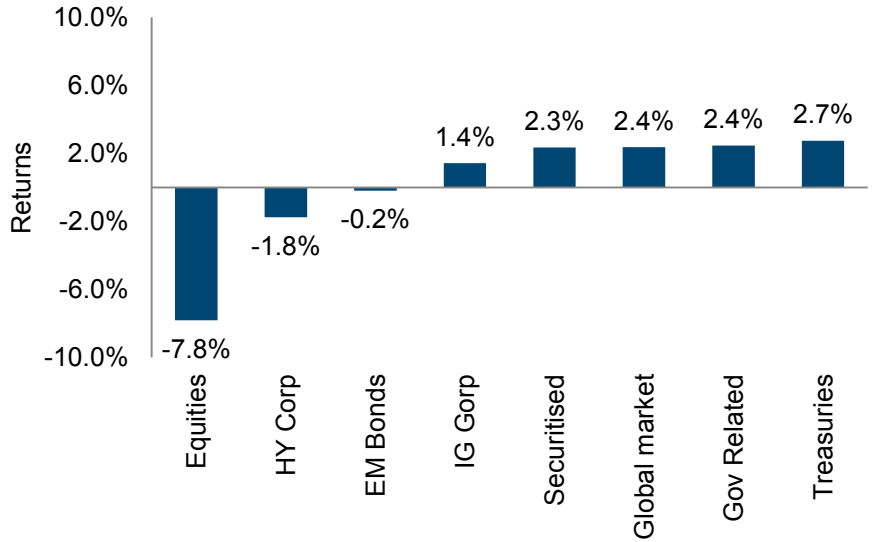
## Shortening duration & moving towards lower credit quality segments reduces diversification benefits

*Median quarterly return during quarters of worst (4th quartile) equity market performance, 2001–2013*

By maturity




*By segment*




Source: Vanguard, based on data from FTSE and Barclays.
Note: Equities represented by the FTSE All World Index. Treasuries represented by the Barclays Global Treasures Index. Gov.-related represented by the Barclays Government Related Index. Securitized represented by the Barclays Global Securitised Index. Investment-grade corporates represented by the Barclays Global Investment Grade Credit Index. High-yield corporates represented by the Barclays Global High Yield Corporate Index. Emerging markets bonds represented by the Barclays Global Emerging Market Index. Global market represented by the Barclays Global Aggregate Index. Figures cover January 2001 through June 2013.

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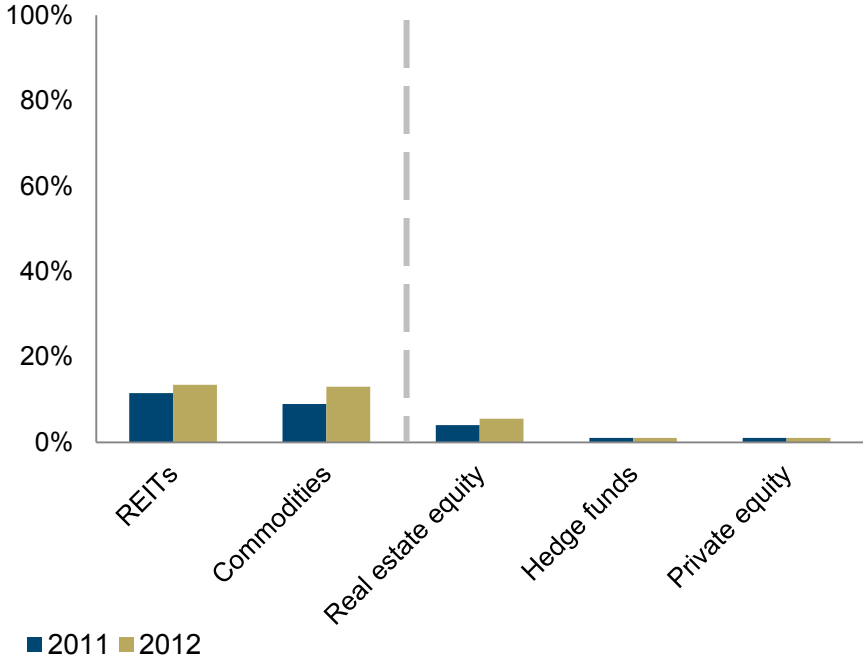
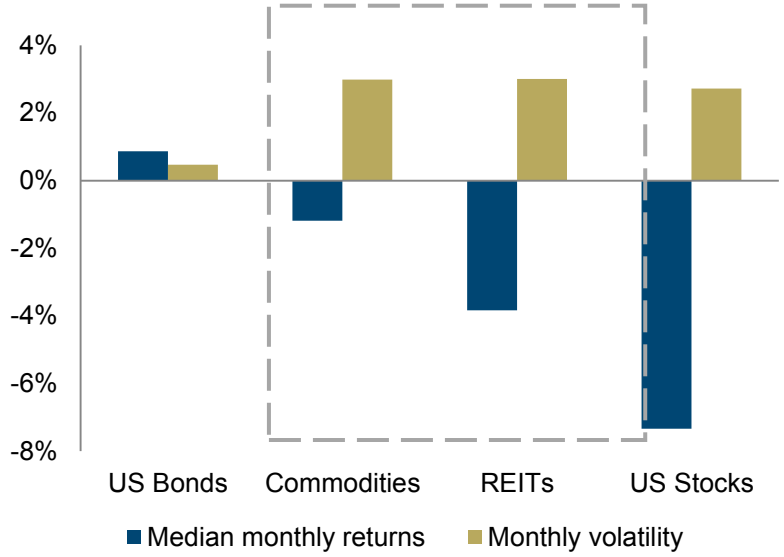
# The few 'alternatives' that are gaining traction in TDFs provide less diversification benefits than traditional bonds

## Percentage of DC funds using TDF strategies that include select alternatives (among the top 200 plans)




## Median monthly returns and monthly volatility during bottom decile U.S. equity periods (1985-2014)*




Sources: CNBC, Pensions & Investments, McKinsey: The Mainstreaming of Alternative Investments: Fueling the Next Wave of Growth in Asset Management, 2012, Plansponsor.com.
U.S. bonds: Barclays U.S. Aggregate Bond Index; hedged international bonds: 1985-1989 - Citigroup WGBI Ex USD (hedged); since 1989 - Barclays Global Aggregate Ex USD (hedged); unhedged international bonds: 1985-1989 - Citigroup WGBI Ex USD (unhedged); since 1989 - Barclays Global Aggregate Ex USD (unhedged); emerging market bonds: 1993-7/2001 - JP Morgan EMBI; Since 7/2001 Barclays Global Emerging Markets Index; high-yield bonds: Barclays US Corp High Yield Index; TIPS: Barclays US Treasury Inflation Protected Index; U.S. stocks: 1971-4/2005 - DJ Wilshire 5000; Since 5/2005 - MSCI Broad Market Index; REITs: FTSE NAREIT Equity REIT Index; commodities: S&P GSCI.
* TIPS data begins in March 1997 and Emerging Market Bond data begins in January 1994 due to data availability.

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***For more information, visit vanguard.com, or call 800-662-7447 for Vanguard funds and 800-992-8327 for non-Vanguard funds offered through Vanguard Brokerage Services®, to obtain a prospectus. Visit our website, call 866-499-8473, or contact your broker to obtain a prospectus for Vanguard ETF Shares. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.***

***An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market fund seeks to preserve the value of your investment at $1 per share, it is possible to lose money by investing in such a fund.***

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Mutual funds and all investments are subject to risk, including the possible loss of the money you invest. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Investments in stocks or bonds issued by non-U.S. companies are subject to risks including country/regional risk and currency risk. These risks are especially high in emerging markets. Funds that concentrate on a relatively narrow sector face the risk of higher share-price volatility. It is possible that tax-managed funds will not meet their objective of being tax-efficient. Because company stock funds concentrate on a single stock they are considered riskier than diversified stock funds.

Investments in bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. High-yield bonds generally have medium- and lower-range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings. Although the income from a municipal bond fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes, as well as to the federal Alternative Minimum Tax. Diversification does not ensure a profit or protect against a loss.

Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the Fund name refers to the approximate year (the target date) when an investor in the Fund would retire and leave the work force. The Fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in the Target Retirement Fund is not guaranteed at any time, including on or after the target date.

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Vanguard Marketing Corporation, Distributor of the Vanguard Funds. U.S. Patent Nos. 6,879,964; 7,337,138; 7,720,749; 7,925,573; 8,090,646; and 8,417,623.

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**EAST BAY MUNICIPAL UTILITY DISTRICT**

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DATE: September 2, 2015

MEMO TO: 401(a) Advisory Committee

FROM: Lisa Sorani, Manager of Employee Services L.S.

SUBJECT: Staff Report

**Plan Administration Fees and Revenue Share Credit**

In July 2015 a payment was made to Fidelity Investments, deferred compensation recordkeeper, for $39,504.04 for 1Q2015. Another Fidelity invoice has been received in the amount of $43,414.39 for 2Q2015. This invoice includes $3,762.50 for work done toward the Roth 457 and Roth In-Plan Conversion Projects. The invoice was adjusted down by ($798.66) for performance guarantees. The Plans combined received Revenue Share Credit in the amount of $57,579.79. The attached cash flow reports detail the above mentioned accounting activity.

**Online Beneficiary Service**

Staff has been maintaining deferred compensation beneficiary information in-house. We are able to house the information electronically only for active employees. Paper hardcopies are received for retirees, QDRO alternate payees, surviving spouses and other beneficiaries of deceased employees/retirees who maintain accounts in EBMUD 401(k) and 457 Plans. The current method of maintaining some electronic and some paper beneficiary forms creates likelihood of errors. Also employees who separate from the District forget about their beneficiary election, resulting in lack of review and updates. Fidelity initially proposed an online beneficiary service at a cost of $6,353, based on an hourly rate of $165. Fortunately, Fidelity was recently able to waive the project costs to allow the District to proceed with the project within the next few months, saving the Plans a considerable amount of money. Staff will move forward with this change and Fidelity will send communication to all participants notifying them of the new stream-lined beneficiary service.

**NAGDCA Conference**

Staff members Elizabeth Grassetti and Dhanyale Dunbar will attend the conference in September 2015. Committee Members are eligible to attend the conferences in the future and will receive information. Per the Committee's agreed budget, these costs will be paid as part of Plan Administration. The estimated cost is $3,863.00

Attachments

LS/dd

## 2015 ANNUAL PLAN ADMINISTRATION AND RECORDKEEPING BUDGET
## EBMUD 401(k), 457, and 401(a) Deferred Compensation Plans

**Expenditures:**

| | | | |
|---|---|---|---|
| Third Party Administrator (TPA) | $ | 152,216.51 | .045% of Plan assests - this is estimate based on 12/31/14 assetts ($338,253,904), but will varie as it is paid quarterly based on prior end-of-quarter assets. |
| Investment Consultant | $ | 46,000.00 | annual (paid quarterly) |
| Training & Education | $ | 8,000.00 | Staff and Committee Members (ex: NAGDCA, Pension & Investments, Western Pension & Benefits) |
| RFP - contribution to reserve | $ | 9,000.00 | $45k every 5 years |
| Misc. - contribution to reserve | $ | 2,000.00 | Special Communication Campaigns and other out of scope projects |
| **Total Expenses:** | **$** | **217,216.51** | |

**Plan fees are paid in a calendar year, not a Fiscal Year. Per MOUs the District will pay the first $105,500 of administratioe fees each year. When the $105,500 has been fully paid out, Plan fees will be paid from the $143,653 Special Liability Account or the Revenue Share Credit Account.**

# CASH FLOW $105,500

**EBMUD 401(k), 457, and 401(a) Deferred Compensation Plans**

**Year Begins:** **Jan-15**

| **Accounting for District Annual $105,500 toward Plan Administration Fees** | **Calendar Year Start** | **Jan-15** | **Feb-15** | **Mar-15** | **Apr-15** | **May-15** | **Jun-15** | **Jul-15** | **Aug-15** | **Sep-15** | **Oct-15** | **Nov-15** | **Dec-15** | **Total Item EST** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cash on Hand** (beginning of month) $105,500 annual | 105,500 | 105,500 | 105,500 | 105,500 | 105,500 | 82,500 | 82,500 | 82,500 | 42,996 | -418 | -418 | -418 | -418 | -418 |
| **CASH RECEIPTS** | | | | | | | | | | | | | | |
| (put any cash receipts on this line) | | | | | | | | | | | | | | |
| **TOTAL CASH RECEIPTS (none expected)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Cash Available** (before cash out) | 105,500 | 105,500 | 105,500 | 105,500 | 105,500 | 82,500 | 82,500 | 82,500 | 42,995.96 | -418 | -418 | -418 | -418 | -418 |
| **CASH PAID OUT** | | | | | | | | | | | | | | |
| Services_TPA - Fidelity Investments | | | | | | | | 39,504.04 | 39,651.89 | | | | | |
| Services_ Investment Consultant - Hyas Group | | | | | 23,000 | | | | | | | | | |
| Services_ Fidelity Special Project - Fund Actions | | | | | | | | | | | | | | |
| Services_Fidelity Special Project - Communications | | | | | | | | | | | | | | |
| Services_Fidelity Special Project - Other Admin | | | | | | | | | 3,762.50 | | | | | |
| Training_conference or course fees | | | | | | | | | | | | | | |
| Training_Travel | | | | | | | | | | | | | | |
| RFP | | | | | | | | | | | | | | |
| Legal Fees_Plan Document Legal Reviews | | | | | | | | | | | | | | |
| Other expenses (specify) | | | | | | | | | | | | | | |
| Other (specify) | | | | | | | | | | | | | | |
| Other (specify) | | | | | | | | | | | | | | |
| Miscellaneous | | | | | | | | | | | | | | |
| **TOTAL CASH PAID OUT** | 0 | 0 | 0 | 0 | 23,000 | 0 | 0 | 39,504.04 | 43,414.39 | 0 | 0 | 0 | 0 | 0 |
| **Cash Position** (end of month) | 105,500 | 105,500 | 105,500 | 105,500 | 82,500 | 82,500 | 82,500 | 42,995.96 | -418.43 | -418.43 | -418.43 | -418.43 | -418.43 | -418.43 |
| **EXPECETED / BUDGETED EXPENSES 2015** | | | | | | | | | | | | | | |
| Third Party Administrator (TPA) - Fidelity Investments 4.5 basis pts est. | 152,216.51 | | | | | | | | | | | | | |
| Investment Consultant - Hyas Group | 46,000 | | | | | | | | | | | | | |
| Training & Education | 8,000 | | | | | | | | | | | | | |
| RFP - $45K every 5 years | 9,000 | | | | | | | | | | | | | |
| Miscellaneous | 2,000 | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |

# CASH FLOW - Rev Share Credit

**EBMUD 401(k), 457, and 401(a) Deferred Compensation Plans**

**Year Begins:** **Jan-15**

| Strawman Accounting of DC Plan Revenue Share Credit Accounts Cash Flow | Calendar Year Start | Jan-15 | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | Total Item EST |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cash on Hand** (beginning of month) | 230,712 | 230,712 | 276,470 | 276,470 | 276,470 | 276,470 | 276,470 | 329,417 | 386,997 | 386,997 | 386,997 | 386,997 | 386,997 | 386,997 |
| **CASH RECEIPTS** | | | | | | | | | | | | | | |
| (put any cash receipts on this line) | | 45,758 | | | | | 52,947 | 57,579.79 | | | | | | |
| **TOTAL CASH RECEIPTS (adj quarterly)** | 0 | 45,758 | 0 | 0 | 0 | 0 | 52,947 | 57,579.79 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Cash Available** (before cash out) | 230,712 | 276,470 | 276,470 | 276,470 | 276,470 | 276,470 | 329,417 | 386,997 | 386,997 | 386,997 | 386,997 | 386,997 | 386,997 | 386,997 |
| **CASH PAID OUT** | | | | | | | | | | | | | | |
| Services_TPA - Fidelity Investments | | | | | | | | | | | | | | |
| Services_ Investment Consultant - Hyas Group | | | | | | | | | | | | | | |
| Services_ Fidelity Special Project - Fund Action | | | | | | | | | | | | | | |
| Services_Fidelity Special Project - Communications | | | | | | | | | | | | | | |
| Services_Fidelity Special Project - Other Admin | | | | | | | | | | | | | | |
| Training_conference or course fees | | | | | | | | | | | | | | |
| Training_Travel | | | | | | | | | | | | | | |
| RFP | | | | | | | | | | | | | | |
| Legal Fees _Plan Document Legal Reviews | | | | | | | | | | | | | | |
| Other expenses (specify) | | | | | | | | | | | | | | |
| Other (specify) | | | | | | | | | | | | | | |
| Other (specify) | | | | | | | | | | | | | | |
| Miscellaneous | | | | | | | | | | | | | | |
| **TOTAL CASH PAID OUT** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Cash Position** (end of month) | 230,712 | 276,470 | 276,470 | 276,470 | 276,470 | 276,470 | 329,417 | 386,997 | 386,997 | 386,997 | 386,997 | 386,997 | 386,997 | 386,997 |
| **EXPECETED/ BUDGETED EXPENSES 2015** | | | | | | | | | | | | | | |
| Third Party Administrator (TPA) - Fidelity Investments 4.5 basis pts est. | 152,216.51 | | | | | | | | | | | | | |
| Investment Consultant - Hyas Group | 46,000 | | | | | | | | | | | | | |
| Training & Education | 8,000 | | | | | | | | | | | | | |
| RFP - $45K every 5 years | 9,000 | | | | | | | | | | | | | |
| Miscellaneous | 2,000 | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |

# CASH FLOW $143k Liability Acct

**EBMUD 401(k), 457, and 401(a) Deferred Compensation Plans**

**Year Begins:** **Jan-15**

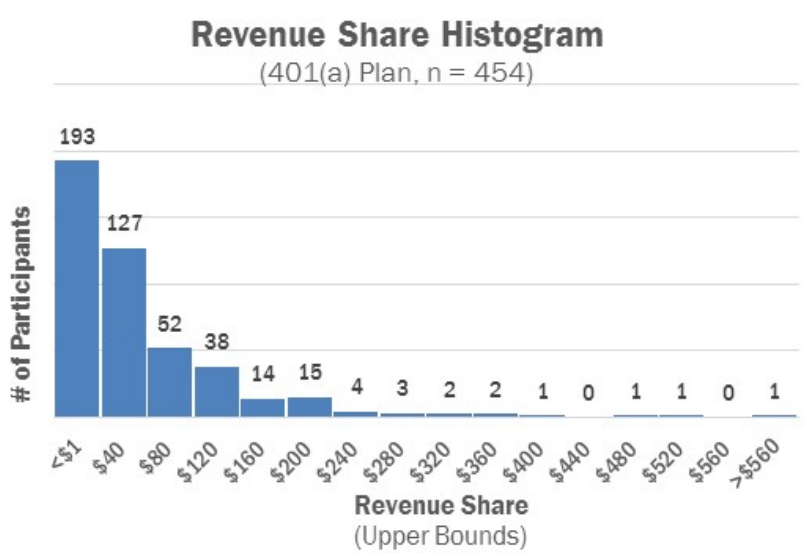
| Accounting for Special Liability Account for DC Plan Administration - $143,653 | Calendar Year Start | Jan-15 | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | Total Item EST |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cash on Hand** (beginning of month) $105,500 annual | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 |
| **CASH RECEIPTS** | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| **TOTAL CASH RECEIPTS (none expected)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Cash Available** (before cash out) | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 |
| **CASH PAID OUT** | | | | | | | | | | | | | | |
| Services_TPA - Fidelity Investments | | | | | | | | | | | | | | |
| Services_ Investment Consultant - Hyas Group | | | | | | | | | | | | | | |
| Services_ Fidelity Special Project - Fund Action | | | | | | | | | | | | | | |
| Services_Fidelity Special Project - Communications | | | | | | | | | | | | | | |
| Services_Fidelity Special Project - Other Admin | | | | | | | | | | | | | | |
| Training_conference or course fees | | | | | | | | | | | | | | |
| Training_Travel | | | | | | | | | | | | | | |
| RFP - $45K every 5 years | | | | | | | | | | | | | | |
| Legal Fees _Plan Document Legal Reviews | | | | | | | | | | | | | | |
| Other expenses (specify) | | | | | | | | | | | | | | |
| Other (specify) | | | | | | | | | | | | | | |
| Other (specify) | | | | | | | | | | | | | | |
| Miscellaneous | | | | | | | | | | | | | | |
| **TOTAL CASH PAID OUT** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Cash Position** (end of month) | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 | 143,653 |

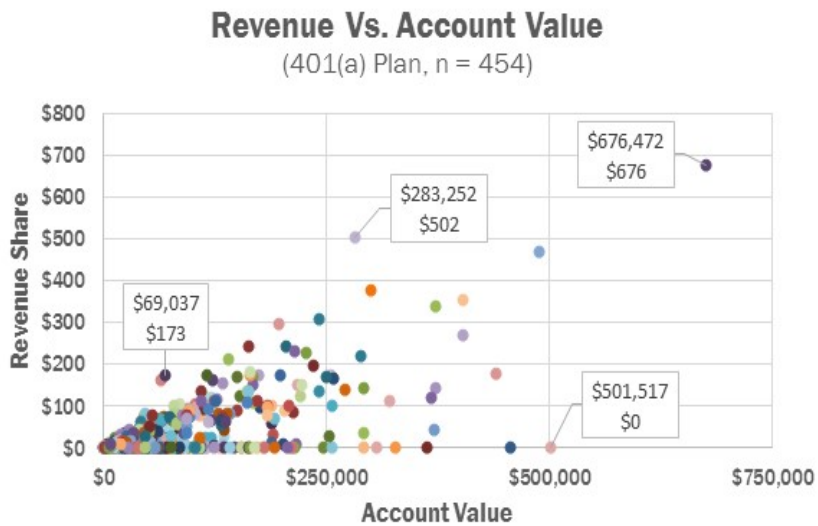
# East Bay Municipal Utility District

401(a) Revenue Share Analysis – Second Quarter 2015

## Summary

- 46% of participants hold funds that generate 98.4% of the Fidelity Revenue Share related to EBMUD Plan Assets (revenue).
  - The 25 accounts whose funds generate the most revenue account for 36.5% of the total revenue, despite only holding about 17.7% of the assets.
  - The 42.5% of participants whose funds pay less than $1 in annual revenue only generate a total of $6.70/year and have an aggregate account value of almost $11.5 million.
- Many of the larger participant accounts whose funds are generating less than $1 are utilizing the self-directed brokerage.
- The largest amount of revenue generated by one participant's funds is $676 which is 0.10% of the account value.
- 178 participants do not use any funds that share revenue
  - 15 participants generate less than $1 per year but use at least one fund that shares revenue.
- 69 participants use the Hotchkis & Wiley Mid-Cap Value fund which generates about $3,600/year.
  - This accounts for 19.6% of the total revenue despite having less than 4% of total assets.




All data is as of 6/30/2015

Plan participants pay an expense ratio for the funds they invest in. On the funds that generate revenue, the revenue share is included in these expense ratios rather than in addition to the expense ratios. For example, the Dodge & Cox Stock fund (DODGX) has an expense ratio of 0.52%, however 0.10% of that is revenue share paid to fidelity and is being used to pay for the plan's administrative expenses. In this case, 0.42% is the investment management fee, and the 0.10% is revenue share. The breakdown of these expense ratios are not explicitly stated to participants.

**EAST BAY MUNICIPAL UTILITY DISTRICT**

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DATE: September 2, 2015

MEMO TO: 401(a) Advisory Committee

FROM: Lisa Sorani, Manager of Employee Services L.S.

SUBJECT: Determine Fund Source for Plan Administration Expenses

Payment of the Fidelity second quarter 2015 invoice will exhaust the District funding of $105,500 for calendar year 2015 and leave a remaining balance due of $418.43. Staff requests direction from the Committee as to which funding source(s) to use for the remaining $418.43 balance due to Fidelity and for remaining 2015 Plan expenses.

LS/dd

HYAS GROUP

THE 457 PLAN FIDUCIARY *Advisor*

**Second Quarter 2015**

## Regulatory and Legislative News

**Supreme Court Rules on Fiduciary Monitoring of Investments in Tibble vs. Edison Case-** "Fiduciaries should be prepared for the plaintiffs' bar to assert -- and the courts to possibly recognize -- 'continuing violations' under a theory based upon a fiduciary's failure to monitor the appropriateness of plan investments, thereby allowing claims to reach back well beyond the 6-year statute of limitations period for an alleged fiduciary breach or violation. To mitigate risk associated with plan investment decisions, plan fiduciaries should establish procedures for periodic review of plan investment choices. These periodic reviews should document the empirical reasons why plan investment options have been retained or removed from a plan's fund lineup." *(Groom Law Group)* Read more at: **Supreme Court Rules That Fiduciaries Have Ongoing Duty to Monitor Plan Investments (PDF)**

**Department of Labor Issues Clarification on Fiduciary Duties in Selecting Annuity Providers for DC Plans and "Safe Harbor" Qualification-** "Similar to selecting plan investments, choosing an annuity provider for this purpose is a fiduciary function, subject to ERISA's standards of prudence and loyalty. The Safe Harbor Rule requirements are satisfied if the plan's fiduciary: [1] Engages in an objective, thorough and analytical search for the purpose of identifying and selecting providers from which to purchase annuities.... [2] Appropriately considers information sufficient to assess the ability of the annuity provider to make all future payments under the annuity contract; [3] Appropriately considers the cost (including fees and commissions) of the annuity contract in relation to the benefits and administrative services to be provided under such contract; [4] Appropriately concludes that, at the time of the selection, the annuity provider is financially able to make all future payments under the annuity contract and the cost of the annuity contract is reasonable in relation to the benefits and services to be provided under the contract; and [5] If necessary, consults with an appropriate expert or experts for purposes of compliance with these provisions." **Text of DOL FAB 2015-02: Selection and Monitoring under the Annuity Selection Safe Harbor Regulation for Defined Contribution Plans** *(Employee Benefits Security Administration [EBSA], U.S. Department of Labor [DOL])*

**Implementation of Money Market Fund Reforms Approaching, Will Impact DC Plans-** 457 and 401 Plan fiduciaries may have to choose between a slightly lower yielding money market fund and one that does not offer the prospect of redemption fees, possible restrictions on liquidations, or the possibility of negative returns. The attached article and table developed by Goldman Sachs Asset Management show what DC Plans may invest in and what these choices look like. (see attached article)

**DOL's Proposed New Fiduciary Regulations May Not Apply to Governmental Plans-** It appears that the only way that the new fiduciary regulations will impact a governmental plan is when a person or firm associated with the Plan is involved with a rollover of Plan assets into an IRA account. "[A] 403(b) plan maintained by a public school, community college or state university is exempt from these regulations since they are governmental plans. Governmental 457(b) plans and most church

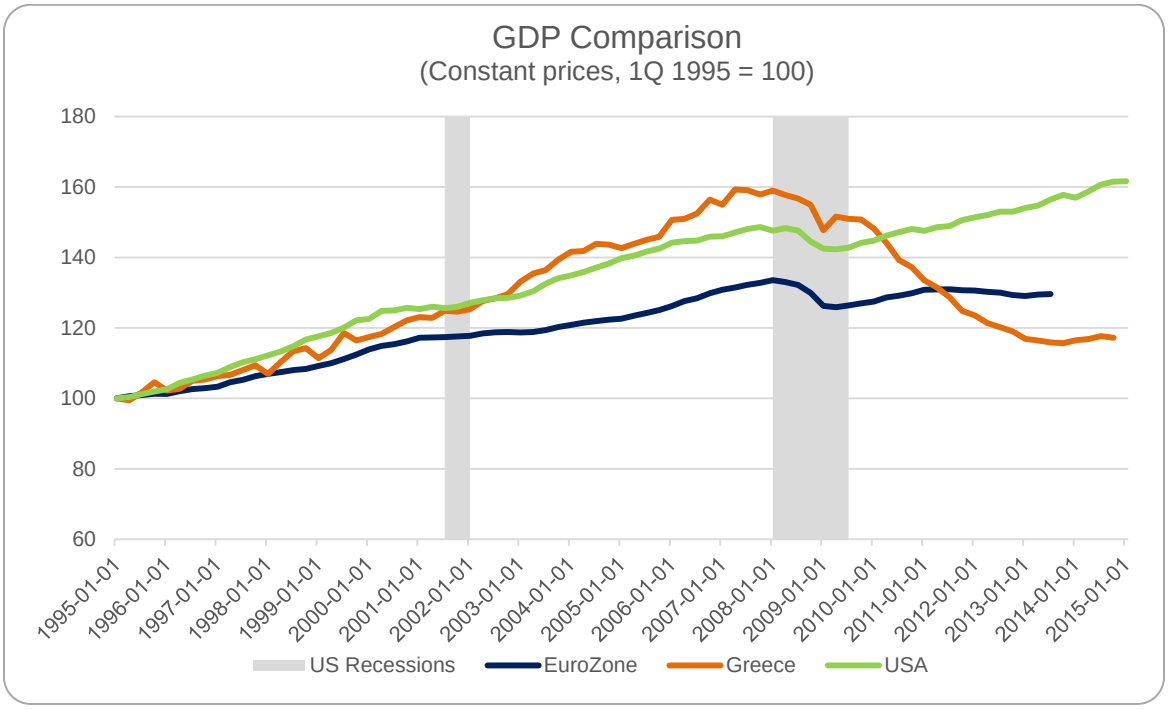
plans are exempt. (Keep in mind, however, that a recommendation to roll over into an IRA will make you a fiduciary regarding the IRA under these proposed rules.)" *(National Tax-Deferred Savings Association [NTSA])* The full article is here: **DOL Proposed Fiduciary Regs: Which 'Plans' Are Covered?**

## Markets and Investing

**The Greek Situation: How Will It Impact US Investors and Savers?** Concern over the possibility of Greece leaving the Euro has dominated news in the world of finance and investment recently. The attached article from the LA Times provides a perspective of the likely impacts: **How does the Greek debt crisis impact the United States ...**

### Hyas Group Chart of the Quarter

To further the above discussion of the Greek situation, 2015's second quarter chart frames the GDP growth, and subsequent prolonged decline, of Greece against the USA and European Union's GDPs. The three regions were able to enjoy strong GDP growth from the mid-'90s through late 2007 or early 2008. From that point forward, Greece experienced a declining GDP nearly *every quarter* for six years while the stronger economies of the USA and the Eurozone as whole were able to begin their recovery after only 4 and 5 quarters of declining GDP, respectively.




Over the course of these six years, Greece saw its GDP fall by over 27% - effectively erasing a decade and a half of growth. Early in the third quarter Greece accepted the European Union's austerity measures in return for its third bailout since 2010 and despite this, the story is not yet finished. As such, the Hyas Group will continue to monitor the situation going forward.

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**Financial Markets and Economic Commentary**
**September 2015**

- Real GDP growth for the second quarter of 2015 was revised upward from 2.3% to a surprisingly strong 3.7%; this followed a revision for the first quarter from .2% to .6%, both indicating a very healthy economy. A strong bounce back in housing has contributed to recent growth while lower energy prices have had a mixed impact on the investment component of GDP.

- A wild week in global markets ended on August 28th with major indexes in the US having regained much of the losses sustained in the prior six days of trading. The S&P 500 has risen about 6% from its early-week bottom, and YTD returns have come back into positive territory. While the Chinese stock market remains jumpy, other foreign markets have behaved much like the US market.

- To help track labor markets, Hyas Group has updated our performance report's economic overview page to include some key labor market statistics. The unemployment rate at 5.3% and the median length of time for unemployment at 9.4 weeks are at 5-year lows. Seattle area unemployment was recently reported at an "above full employment" rate of just 3.7%. Labor markets and expected inflation have been the key metrics considered by the Federal Reserve Bank in determining when it will raise rates.

- The Ten Year Treasury Note has risen back to 2.19% as of August 28th after dropping below 2% during the sell-off early in the week. Expectations for a .25% rate hike by the Fed in the fall remain strong in many quarters, as the indications are that the US economy is strong and financial institutions remain stable and well-capitalized. There is some pressure to hold off on a rate increase, but a delay into the fourth quarter would seem to be the worst case scenario.

- Elsewhere in the bond markets, the Barclays Capital Aggregate Bond Index fell 1.7% in Q2 compared to an increase of 1.6% in the first quarter. High yield bonds returned zero for the quarter but are up 2.5% YTD, while foreign bonds lost 1.2% for the quarter and were down 3.1% YTD.

- Commodity prices have rebounded somewhat after falling sharply with developments in China. Oil in particular has seen a violent ride dropping from the $60 range to as low as $38 on August 24th, but had rebounded to $45 by August 28th.

- The annual reconstitution of the Russell indices took place in the second quarter. Apple continues to have the largest market value in the Russell 3000, which represents the largest 3000 publicly traded US stocks, at a value of $751 billion which is 3.2% of the index. Within the Russell 1000 Growth Index, Apple represents a large 7% of the index and has an outsized impact on the performance of the index and managers who attempt to out-perform it.

Goldman Sachs Asset Management

RETIREMENT

# Implications of Money Market Reform for Retirement Plans

After years of anticipation and as part of a global push to safeguard money market funds (MMFs), in July 2014, the U.S. Securities and Exchange Commission (SEC) approved changes to the rules governing US MMFs. Though the changes are significant, implementation is not required for some time, so there is no immediate impact on MMFs. It will still be another two years until the compliance date for the imposition of the majority of the requirements.

The goal of the extensive timeline is to provide investors, fund sponsors, and other market participants adequate time to understand and prepare for the regulation changes. We believe that the phased implementation will provide ample time for fund sponsors and investors to effect any necessary changes to make a transition as smooth and efficient as possible.

## Background on Rule Requirements

The new rules represent a substantial change for the industry, and vary based on the type of fund and type of investor.

### Type of Fund

Funds are divided into three categories:

- **Government funds,** which are now required to invest at least 99.5% of total assets (previously 80%) in government securities and government repurchase agreements;
- **Prime funds,** which invest primarily in credit instruments; and
- **Municipal/Tax-Exempt funds,** which invest in municipal and tax-exempt securities.

### Type of Investor

The approved rules introduce a new concept to mutual funds: defining the type of fund based on the permitted investor. The rule provides a distinction between Retail and Institutional funds, where the terms of Retail funds are aimed at limiting ownership to individuals.

- **Retail funds[1]:** Defined as a money market fund that has policies and procedures reasonably designed to limit all beneficial owners of the money market fund to natural persons (including defined contribution plans, individual retirement accounts).
- **Institutional funds[2]:** Defined as accounts that are not beneficially owned by natural persons and will not qualify for retail money market funds (including defined benefit plans, small businesses).

[1] The SEC's rule release specifies various tax-advantaged accounts and trusts that will qualify as retail, including: Participant-directed defined contribution plans (section 3(34) of ERISA); Individual retirement accounts (section 408 or 408A of the Internal Revenue Code); Simplified employee pension arrangements (section 408(k) of the IRC); Simple retirement accounts (section 408(p) of the IRC); Custodial accounts (section 403(b)(7) of the IRC); Deferred compensation plans for government or tax-exempt organization employees (section 457 of the IRC); Keogh plans (section 401(a) of the IRC); Archer medical savings accounts (section 220(d) of the IRC); College savings plans (section 529 of the IRC); Health savings account plans (section 223 of the IRC); and Ordinary trusts (section 7701 of the IRC).

[2] Accounts that are not beneficially owned by natural persons will not qualify for retail money market funds and would need to be invested in institutional money market funds. These types of investors include (but are not limited to): Businesses, including small businesses; Defined benefit plans; and Endowments.

The new requirements will have different implications based on the type of investor (Institutional or Retail) and type of fund (Government, Prime or Municipal / Tax-Exempt). For your reference, we have summarized the primary new requirements for Money Market Funds and the implications for retirement plans in the tables below.

| Primary Reform Requirements: | | Implications for Retirement Plans | |
|---|---|---|---|
| **Requirement** | **Description** | **Defined Contribution Plans** | **Defined Benefit Plans** |
| **1. Use of Stable $1.00 NAV vs. "Floating" NAV** | Certain funds will be permitted to keep the stable $1.00 NAV, while other funds will be required to use market-based value<br>■ Floating NAV funds will use market-based value rather than amortized cost accounting methodology for daily share prices of the money market funds, resulting in a floating NAV out to the fourth decimal point (e.g., $1,000) | Qualifying as a retail investor, DC plans will be eligible for Retail Prime/Tax-Exempt funds, which will maintain a stable NAV<br>No changes for Government funds or Stable Value funds | Qualifying as an institutional investor, DB plans will be eligible for institutional Prime/Tax-Exempt funds, which are required to have a floating NAV<br>No changes for Government funds or Stable Value funds |
| **2. Liquid Fees and Redemption Gates** | Certain funds will be required to adopt policies to allow for implementation of liquidity fees and redemption gates.<br>For funds that are required to have fees and gates, if a fund's "weekly liquid assets"[3] fall below 30% of a money market fund's total assets then the board *would be permitted to:*<br>■ Impose up to 2% liquidity fee on redemptions<br>■ Suspend redemptions for up to 10 business days (but not more than 10 business days in any 90 day period)<br>If "weekly liquid assets" fall below 10% of a money market fund's total assets then the fund is required to impose up to 1% liquidity fee on redemptions.<br>Exception: If Board determines in fund interest, may charge a different fee (greater than or less than 1% with a max of 2%); or not impose a fee at all | Qualifying as a retail investor, DC plans will be eligible for Retail Prime/ Tax-Exempt funds, which are subject to new liquidity fees and redemption gate policies<br>Government MMFs have the option to voluntary adopt the liquidity fee and redemption gate provisions, if previously disclosed to investors | Qualifying as a institutional investor, DB plans will be eligible for Institutional Prime/Tax-Exempt funds, which are subject to new liquidity fees and redemption gate policies<br>Government MMFs have the option to voluntary adopt the liquidity fee and redemption gate provisions, if previously disclosed to investors |
| **3. Portfolio Diversification, Disclosure and Stress Testing** | All funds will be required to have enhanced diversification, disclosure and stress testing requirements for all MMFs as well as updated reporting requirements for MMFs and private funds that operate like MMFs | All funds will be required to have enhanced diversification, disclosure and stress testing requirements for all MMFs as well as updating reporting requirements for MMFs and private funds that operate like MMFs | All funds will be required to have enhanced diversification, disclosure and stress testing requirements for all MMFs as well as updating reporting requirements for MMFs and private funds that operate like MMFs |

[3] Weekly liquid assets generally include cash, U.S. Treasury securities, certain other government securities with remaining maturities of 60 days or less, and securities that convert into cash within one week.

## Summary of Reform Requirements on Retirement Plans

| | | Type of Investor | Type of Fund | Stable NAV | Floating NAV | Redemption Gates | Liquidity Fees |
|---|---|---|---|---|---|---|---|
| DC Plans | Pre-Reform | Institutional | Prime/ Government/ Tax-Exempt Funds | X | | None | None |
| | Post-Reform | Retail | Government | X | | (optional) | (optional) |
| | | | Prime | X | | X | X |
| | | | Municipal/ Tax-Exempt | X | | X | X |
| DB Plans | Pre-Reform | Institutional | Prime/ Government/ Tax-Exempt Funds | X | | None | None |
| | Post-Reform | Retail | Government | X | | (optional) | (optional) |
| | | | Prime | | X | X | X |
| | | | Municipal/ Tax-Exempt | | X | X | X |

## Looking Ahead: GSAM's Commitment to Partnering with Clients to Provide Insights & Solutions

After many years, we finally have clarity regarding the new requirements for money market funds and a specific implementation timeline. In some respects, this event is momentous in that it follows a long period of anticipation and debate. In other respects, it is just another step in the evolution of liquidity markets that have been changing over the past several years.

With increased regulation of the short-term markets, we believe that liquidity investors looking for stability, liquidity, and yield will have to identify the relative priority of those goals and assess their liquidity needs in light of an expanding set of investment solutions. While the investments and risk profile of money market funds are not changing with these new requirements, we recognize that the new structural features could require significant additional analysis and logistical collaboration within organizations affecting legal, accounting, and other business partners.

To that end, GSAM's Global Liquidity Management team has more than 30 years of liquidity management experience and remains a core capability within GSAM serving many of the world's most discerning liquidity managers. For more information, please contact your dedicated GSAM regional director with any questions on regulatory reform. Our continued commitment is to partner with clients to adapt in these changing times and to find solutions for the new future state, no matter what the market environment or constraints.

**An investment in a money market portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market portfolio seeks to preserve the value of an investment at $1.00 per share, it is possible to lose money by investing in a money market portfolio.**

As of September 2014

**Additional Information**

**Securities and Exchange Commission:**
http://www.sec.gov/rules/final/2014/33-9616.pdf
http://www.sec.gov/News/PressRelease/Detail/PressRelease/1370542347679

**Department of Treasury and Internal Revenue Service:**
http://www.treasury.gov/press-center/press-releases/pages/jl2579.aspx

**Federal Register:**
http://www.gpo.gov/fdsys/pkg/FR-2014-08-14/pdf/2014-17747.pdf
http://www.gpo.gov/fdsys/pkg/FR-2014-08-14/pdf/2014-17746.pdf

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CODE: 140333.MF.OTU

Date of first use: 10/1/14

# INVESTMENT OPTIONS LOG

## EBMUD 401(a), 401(k) and 457 Plans

| Meeting Date | Effective Date | Fund Action | Fund Mapping | Other Significant Action |
|---|---|---|---|---|
| 6/3/15 | 6/3/15 | **WATCH:** T. Rowe Price Equity Income Fund<br>**WATCH CONTINUED:** Morgan Stanley | | |
| 3/4/15 | 3/4/15 | **WATCH CONTINUED:** Morgan Stanley | | |
| | 6/2/15 | **ADD:**<br>T. Rowe Price Stable Value Common Trust Class A | | |
| | 6/2/15 | **CLOSE:**<br>Fidelity Managed Income Portfolio II Class I | **MAP TO:**<br>T. Rowe Price Stable Value Common Trust | |
| N/A | 2/24/15 | **LIQUIDATION OPTION:**<br>Extended one-year "put" clock to June 2, 2015 allow possible liquidation of the Fidelity Managed Income Portfolio II Class I stable value fund. | | |
| 2/3/15<br>**Special Meeting** | 2/3/15 | **CONTRACT RENEWAL:** Hyas Group consultant contract was renewed. | | |
| 12/3/14 | 12/3/14 | **WATCH:** Morgan Stanley | | Add Roth 457 and Roth In-Plan Conversion for both 457 and 401(k) Plans. |
| | 3/27/15 | **ADD:** Scout Core Plus Bond Institutional Class | | |
| | 3/27/15 | **CLOSE:**<br>American Century Select Institutional Class<br>PIMCO Total Return Institutional Class | **MAP TO:**<br>Fidelity Blue Chip Growth Class K<br>Scout Core Plus Bond Institutional Class | Rescind previous motion to combine the Committees. Instead, add 2019, 21, 39 Committee Members to the 401(a) Committee and conduct the Committee meetings simultaneously. |
| 9/3/14 | 9/3/14 | **WATCH:** American Century Select Instl Class<br>**WATCH CONTINUED:**<br>PIMCO Total Return Institutional Class | | Combine the 401(a) Committee with the 401(k)/457 Committee with exception of Local 444 Committee Representative unable to vote on 401(a) items. |
| 6/14/14 | 6/14/14 | **WATCH CONTINUED:**<br>PIMCO Total Return Institutional Class | | |
| 3/5/14 | 3/2/14 | **LIQUIDATION OPTION:**<br>Invoked one-year "put" clock to allow possible liquidation of the Fidelity Managed Income Portfolio II Class I stable value fund. | | |
| | 3/5/14 | **WATCH:** PIMCO Total Return Institutional Class | | |

# INVESTMENT OPTIONS LOG
## EBMUD 401(a), 401(k) and 457 Plans

| | | | | |
|---|---|---|---|---|
| 11/20/13 | 1/7/14 | **ADD:** Money Market Asset Class to Core Options<br>- Fidelity Retirement Money Market (make active) | | |
| 8/28/13 | 1/7/14 | **ADD:**<br>Artisan Small Cap Institutional<br>Vanguard Target Date Fund suite<br><br>**CLOSE:**<br>Heartland Value Fund Institutional<br>Neuberger Berman Genesis Institutional<br><br>Fidelity Freedom K Funds | **MAP TO:**<br>Huber Capital Small Cap Value Instl Class<br>Huber Capital Small Cap Value Instl (50%)<br>Artisan Small Cap Instl (50%)<br>Vanguard Target Date Fund suite | |
| 6/5/13 | <br>POSTPONED<br>POSTPONED | **WATCH:** Neuberger Berman Genesis Instl<br>**ADD:** Huber Small Cap Value<br>**CLOSE:** Heartland Value Fund Institutional | <br><br>**MAP TO:** Huber Small Cap Value | Fund action postponed to allow for all potential fund changes to be made at the same time. |
| N/A | 3/18/13 | **LIQUIDATION OPTION:**<br>Invoked one-year "put" clock to allow possible liquidation of the Fidelity Managed Income Portfolio II Class I stable value fund | | |
| 3/6/13 | 3/6/13 | **KEEP:** Fidelity Managed Income Portfolio II Class I<br>**ADD:** Fidelity Retirement Money Market (restricted transactions)<br>Monies moved from BrokerageLink back to a participant's EBMUD core investment options were defaulted to the Fidelity Managed Income Portfolio II Fund (MIP II). The MIP II implemented a 90-day equity wash. Fidelity Retirement Money Market (FRTXX) was added solely for the purpose of holding assets moving out of BrokerageLink accounts. All other transactions restricted. | | |
| 12/5/12 | 12/5/12 | **POSTPONE:** Addition of the ICMA-RC Vantage Trust PLUS Fund and closure of the Fidelity Managed Income Portfolio II Class I | | **STABLE VALUE FUND:**<br>Table discussion of the stable value fund for the 3/6/13 meeting. |
| 11/1/12 | 3/9/13 | **ADD:** ICMA-RC Vantage Trust PLUS Fund<br>**CLOSE:** Fidelity Managed Income Portfolio II | **MAP TO:** ICMA-RC Vantage Trust PLUS | |
| 8/23/12 | <br>11/26/12 | **WATCH CONTINUED:**<br>Heartland Value Fund Institutional<br>**ADD:** T. Rowe Price Equity Income Fund<br>**CLOSE:** Mutual Beacon Fund Class Z | **MAP TO:** T. Rowe Price Equity Income | **RECORDKEEPER CONTRACT:**<br>Accepted Sub-Committee's recommendation to negotiate new contract with Fidelity Investments effective January 1, 2013 |

**EBMUD Deferred Compensation Investment Options Activity - 2nd Quarter of 2015**

| 401(k) | Expense Ratio | Participants | 3/31/2014 | 6/30/2014 | 9/30/2014 | 12/31/2014 | 3/31/2015 | 6/30/2015 |
|---|---|---|---|---|---|---|---|---|
| American Century Select Fund Institutional | N/A | 0 | 1,218,443 | 1,291,764 | 1,300,707 | 1,442,072 | - | - |
| American Funds EuroPacific Growth Fund Class R-6 | 0.49% | 447 | 10,560,346 | 11,049,071 | 10,463,889 | 10,122,163 | 10,668,208 | 11,141,295 |
| Artisan Small Cap Institutional | 1.00% | 205 | 2,213,859 | 1,922,072 | 1,703,737 | 1,755,685 | 1,816,001 | 2,327,472 |
| Dodge & Cox Stock Fund | 0.52% | 362 | 13,117,255 | 13,832,154 | 14,106,085 | 14,323,409 | 13,633,586 | 13,035,211 |
| Fidelity Balanced Fund - Class K | 0.46% | 296 | 11,029,081 | 11,463,452 | 11,518,134 | 11,759,385 | 12,097,125 | 12,308,845 |
| Fidelity Blue Chip Growth Fund - Class K | 0.68% | 599 | 20,098,430 | 20,723,685 | 21,181,259 | 22,530,567 | 25,675,770 | 25,913,062 |
| Fidelity Retirement Money Market | 0.42% | 47 | 591,691 | 644,503 | 510,065 | 592,313 | 606,400 | 785,677 |
| Hotchkis & Wiley Mid-Cap Value Fund Class I | 1.01% | 268 | 8,158,966 | 9,166,923 | 8,879,582 | 9,363,696 | 9,421,700 | 8,666,058 |
| Huber Small Cap Value Institutional | 1.35% | 386 | 11,763,986 | 11,975,070 | 10,599,515 | 10,154,270 | 9,397,101 | 9,242,353 |
| Managed Income Portfolio II - Class 1 | N/A | 0 | 18,676,298 | 18,684,484 | 18,851,014 | 18,996,986 | 18,106,392 | - |
| Morgan Stanley Institutional Mid-Cap Growth - Class I | 0.75% | 221 | 5,899,004 | 5,818,477 | 5,440,726 | 5,267,620 | 5,201,814 | 5,067,063 |
| PIMCO Total Return Fund Institutional Class | N/A | 0 | 12,920,511 | 13,280,926 | 13,112,867 | 12,697,876 | - | - |
| Scout Core Plus Bond | 0.40% | 333 | - | - | - | - | 12,178,264 | 12,107,634 |
| T Rowe Price Equity Income Fund | 0.66% | 189 | 4,997,372 | 5,252,642 | 5,150,008 | 5,283,307 | 5,098,643 | 4,984,312 |
| T Rowe Price Stable Value Common Trust - Class A | 0.31% | 376 | - | - | - | - | - | 18,149,043 |
| Vanguard Target Retirement 2010 | 0.16% | 63 | 3,332,729 | 3,225,671 | 3,580,912 | 3,668,555 | 3,628,391 | 3,530,609 |
| Vanguard Target Retirement 2015 | 0.16% | 87 | 6,043,089 | 6,374,983 | 6,564,144 | 6,548,244 | 7,026,395 | 6,307,084 |
| Vanguard Target Retirement 2020 | 0.16% | 212 | 14,482,752 | 15,230,533 | 15,280,631 | 15,989,622 | 16,686,803 | 16,713,370 |
| Vanguard Target Retirement 2025 | 0.17% | 108 | 3,579,270 | 3,852,115 | 4,312,102 | 4,546,530 | 5,074,976 | 5,326,151 |
| Vanguard Target Retirement 2030 | 0.17% | 143 | 4,597,446 | 4,846,583 | 4,924,074 | 5,221,302 | 5,616,318 | 5,670,612 |
| Vanguard Target Retirement 2035 | 0.18% | 83 | 1,231,768 | 1,509,503 | 1,536,592 | 1,599,192 | 1,823,025 | 1,931,977 |
| Vanguard Target Retirement 2040 | 0.18% | 119 | 3,034,273 | 3,251,984 | 3,166,574 | 3,336,084 | 3,747,113 | 3,838,653 |
| Vanguard Target Retirement 2045 | 0.18% | 55 | 758,212 | 816,245 | 822,283 | 910,724 | 1,111,326 | 1,204,651 |
| Vanguard Target Retirement 2050 | 0.18% | 48 | 680,058 | 741,353 | 824,869 | 873,513 | 1,050,691 | 1,121,411 |
| Vanguard Target Retirement 2055 | 0.18% | 24 | 48,024 | 61,699 | 72,923 | 82,335 | 122,370 | 134,179 |
| Vanguard Target Retirement 2060 | 0.18% | 11 | 5,926 | 14,878 | 17,060 | 24,756 | 28,776 | 32,584 |
| Vanguard Target Retirement Income | 0.16% | 40 | 1,098,550 | 1,177,314 | 1,040,685 | 1,070,424 | 925,547 | 864,497 |
| **ALL VANGUARD TARGET RET FUNDS *** | | **993** | **38,892,097** | **41,102,860** | **42,142,848** | **43,871,283** | **46,841,731** | **46,675,778** |
| Vanguard Institutional Index I | 0.04% | 619 | 28,892,952 | 30,258,860 | 30,526,256 | 32,504,607 | 33,668,640 | 33,786,879 |
| Vanguard Total Bond Market Index Admiral | 0.07% | 80 | 870,846 | 1,010,131 | 1,074,312 | 1,321,415 | 1,417,967 | 1,536,830 |
| Vanguard Total International Stock Index Admiral | 0.14% | 48 | 523,871 | 5,111,721 | 636,148 | 536,785 | 578,181 | 709,124 |
| Vanguard Wellesley Income Fund Admiral | 0.18% | 153 | 4,980,975 | 667,000 | 5,016,324 | 5,382,838 | 5,625,994 | 5,412,711 |
| BrokerageLink® Accounts | various | 193 | 21,199,585 | 21,205,569 | 20,474,859 | 21,036,471 | 21,430,952 | 21,650,628 |
| | | | | | | | | |
| **Total** | | **5815** | **216,605,570** | **224,461,364** | **222,688,335** | **228,942,750** | **233,464,470** | **233,499,976** |
| | | | | | | | | |
| Dollar Change | | | 4,354,908 | 7,855,794 | (1,773,029) | 6,254,415 | 4,521,720 | 35,506 |
| Percentage Change | | | 2.05% | 3.63% | -0.79% | 2.81% | 1.98% | 0.02% |
| | | | | | | | | |
| Total Participants | | | 1,651 | 1,664 | 1,666 | 1,690 | 1,705 | 1,717 |
| Roth 401(k) | | 256 | 4,662,492 | 4,999,810 | 5,117,691 | 5,446,374 | 5,801,706 | 5,965,605 |
| 401(k) Loans | | 469 | 4,713,100 | 4,775,246 | 4,774,193 | 4,968,511 | 4,873,354 | 5,016,438 |
| 401(k) Hardship / Safe Harbor Withdrawals | | 1 | 44,982 | 55,794 | 5,213 | 73,750 | 37,118 | 11,562 |
| ***Revenue Share Funds*** | | | | | | | | |

**EBMUD Deferred Compensation Investment Options Activity - 2nd Quarter of 2015**

| 457 Plan | Expense Ratio | Participants | 3/31/2014 | 6/30/2014 | 9/30/2014 | 12/31/2014 | 3/31/2015 | 6/30/2015 |
|---|---|---|---|---|---|---|---|---|
| American Century Select Fund Institutional | N/A | 0 | 1,308,310 | 1,345,025 | 1,425,825 | 1,526,976 | - | - |
| American Funds EuroPacific Growth Fund Class R-6 | 0.49% | 173 | 3,111,372 | 3,206,035 | 3,063,001 | 3,031,860 | 3,348,975 | 3,483,564 |
| Artisan Small Cap Institutional | 1.00% | 101 | 953,337 | 863,241 | 801,579 | 798,477 | 758,907 | 922,490 |
| Dodge & Cox Stock Fund | 0.52% | 186 | 5,738,569 | 6,188,958 | 6,081,904 | 6,209,384 | 5,936,867 | 5,762,823 |
| Fidelity Balanced Fund - Class K | 0.46% | 139 | 3,660,103 | 3,779,316 | 3,868,090 | 4,043,864 | 4,103,109 | 4,156,089 |
| Fidelity Blue Chip Growth Fund - Class K | 0.68% | 218 | 3,671,850 | 3,641,688 | 3,671,806 | 4,026,199 | 6,154,262 | 5,960,209 |
| Fidelity Retirement Money Market | 0.42% | 19 | 71,152 | 76,359 | 115,635 | 124,236 | 184,413 | 516,000 |
| Hotchkis & Wiley Mid-Cap Growth - Class I | 1.01% | 130 | 3,074,633 | 3,450,838 | 3,175,259 | 3,342,239 | 3,545,963 | 2,983,652 |
| Huber Small Cap Value Institutional | 1.35% | 154 | 3,549,390 | 3,635,702 | 3,234,859 | 3,153,828 | 2,695,623 | 2,678,595 |
| Managed Income Portfolio II - Class 1 | N/A | 0 | 8,874,316 | 8,809,675 | 9,149,086 | 9,293,261 | 9,110,454 | - |
| Morgan Stanley Institutional Mid-Cap Growth - Class I | 0.75% | 117 | 2,107,270 | 2,288,350 | 2,254,748 | 2,191,382 | 2,248,382 | 2,141,220 |
| PIMCO Total Return Fund Institutional Class | N/A | 0 | 4,694,346 | 4,711,536 | 4,490,460 | 4,626,035 | - | - |
| Scout Core Plus Bond | 0.40% | 154 | - | - | - | - | 4,720,576 | 4,539,946 |
| T Rowe Price Equity Income Fund | 0.66% | 71 | 1,562,469 | 1,659,442 | 1,566,654 | 1,317,225 | 1,266,173 | 1,260,614 |
| T Towe Price Stable Value Common Trust - Class A | 0.31% | 237 | - | - | - | - | - | 9,001,304 |
| Vanguard Target Retirement 2010 | 0.16% | 43 | 2,608,678 | 2,713,881 | 2,812,534 | 2,778,844 | 2,790,328 | 2,626,051 |
| Vanguard Target Retirement 2015 | 0.16% | 47 | 2,490,174 | 2,659,951 | 2,835,854 | 2,832,720 | 3,050,124 | 2,728,057 |
| Vanguard Target Retirement 2020 | 0.16% | 103 | 4,830,973 | 4,911,381 | 4,878,544 | 5,045,322 | 5,330,870 | 5,570,060 |
| Vanguard Target Retirement 2025 | 0.17% | 59 | 1,534,082 | 1,834,672 | 2,030,466 | 2,109,456 | 2,225,728 | 2,277,991 |
| Vanguard Target Retirement 2030 | 0.17% | 59 | 1,099,744 | 1,308,362 | 1,355,875 | 1,435,047 | 1,569,361 | 1,626,551 |
| Vanguard Target Retirement 2035 | 0.18% | 48 | 396,949 | 408,855 | 425,417 | 485,422 | 527,350 | 570,252 |
| Vanguard Target Retirement 2040 | 0.18% | 50 | 900,896 | 981,249 | 996,066 | 1,121,696 | 1,202,162 | 1,171,435 |
| Vanguard Target Retirement 2045 | 0.18% | 36 | 249,518 | 281,495 | 428,755 | 428,205 | 474,195 | 523,682 |
| Vanguard Target Retirement 2050 | 0.18% | 24 | 238,734 | 255,991 | 233,849 | 244,298 | 257,069 | 308,495 |
| Vanguard Target Retirement 2055 | 0.18% | 8 | 6,880 | 8,408 | 10,894 | 22,425 | 29,867 | 38,409 |
| Vanguard Target Retirement 2060 | 0.18% | 7 | 6 | 95 | 1,055 | 15,332 | 17,259 | 21,564 |
| Vanguard Target Retirement Income | 0.16% | 27 | 438,148 | 441,011 | 488,238 | 501,249 | 463,329 | 467,464 |
| ALL VANGUARD TARGET RET FUNDS * | | 511 | 14,794,781 | 15,805,351 | 16,497,548 | 17,020,017 | 17,937,641 | 17,930,011 |
| Vanguard Institutional Index I | 0.04% | 214 | 6,992,798 | 7,490,275 | 7,595,146 | 7,949,118 | 7,951,705 | 7,876,993 |
| Vanguard Total Bond Market Index Admiral | 0.07% | 48 | 350,683 | 398,042 | 480,403 | 553,489 | 531,779 | 575,978 |
| Vanguard Total International Stock Index Admiral | 0.14% | 34 | 217,206 | 273,430 | 212,612 | 210,985 | 256,499 | 354,604 |
| Vanguard Wellesley Income Fund Admiral | 0.18% | 75 | 2,576,716 | 2,724,793 | 2,721,048 | 2,810,895 | 3,005,554 | 3,023,517 |
| BrokerageLink® Accounts | various | 96 | 9,272,323 | 8,855,802 | 8,651,516 | 8,801,626 | 9,315,282 | 9,226,317 |
| | | | | | | | | |
| **Total** | | **2677** | **76,581,624** | **79,203,858** | **79,057,178** | **81,031,096** | **83,072,164** | **82,393,924** |
| | | | | | | | | |
| Dollar Change | | | 1,272,682 | 2,622,234 | (146,680) | 1,973,918 | 2,041,068 | (678,240) |
| Percentage Change | | | 1.69% | 3.42% | -0.19% | 2.50% | 2.52% | -0.82% |
| | | | | | | | | |
| Total Participants | | | 879 | 887 | 886 | 901 | 910 | 922 |
| 457 Hardship Withdrawals | | 0 | 26,025.00 | 24,265.00 | - | - | 56,000.00 | - |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| ***Revenue Share Funds*** | | | | | | | | |

**EBMUD Deferred Compensation Investment Options Activity - 2nd Quarter of 2015**

| 401(a) Plan | Expense Ratio | Participants | 3/31/2014 | 6/30/2014 | 9/30/2014 | 12/31/2014 | 3/31/2015 | 6/30/2015 |
|---|---|---|---|---|---|---|---|---|
| American Century Select Fund Institutional | N/A | 0 | 479,646 | 509,017 | 524,233 | 598,224 | - | - |
| American Funds EuroPacific Growth Fund Class R-6 | 0.49% | 116 | 2,154,368 | 2,242,460 | 2,094,881 | 2,088,522 | 2,075,698 | 2,339,602 |
| Artisan Small Cap Institutional | 1.00% | 44 | 484,009 | 460,414 | 317,118 | 293,599 | 295,261 | 362,176 |
| Dodge & Cox Stock Fund | 0.52% | 104 | 2,077,449 | 2,212,343 | 2,315,190 | 2,386,445 | 2,356,142 | 2,292,369 |
| Fidelity Balanced Fund - Class K | 0.46% | 76 | 1,234,290 | 1,227,383 | 1,283,178 | 1,365,363 | 1,556,683 | 1,512,967 |
| Fidelity Blue Chip Growth Fund - Class K | 0.68% | 155 | 2,213,693 | 2,344,911 | 2,456,889 | 2,506,168 | 3,687,009 | 3,832,468 |
| Fidelity Retirement Money Market | 0.42% | 13 | 22,361 | 27,096 | 27,168 | 31,819 | 64,491 | 119,964 |
| Hotchkis & Wiley Mid-Cap Value Fund Class I | 1.01% | 69 | 1,726,450 | 1,873,352 | 1,803,561 | 1,886,690 | 1,869,479 | 1,442,084 |
| Huber Small Cap Value Institutional | 1.35% | 81 | 1,821,115 | 1,901,481 | 1,630,219 | 1,514,710 | 1,367,270 | 1,357,977 |
| Managed Income Portfolio II - Class 1 | N/A | 0 | 1,933,479 | 1,872,586 | 1,882,620 | 2,055,355 | 2,081,596 | - |
| Morgan Stanley Institutional Mid-Cap Growth - Class I | 0.75% | 63 | 1,482,804 | 1,419,658 | 1,351,780 | 1,378,698 | 1,167,848 | 1,170,638 |
| PIMCO Total Return Fund Institutional Class | N/A | 0 | 2,439,832 | 2,511,293 | 2,492,554 | 2,552,388 | - | - |
| Scout Core Plus Bond | 0.40% | 106 | - | - | - | - | 2,911,528 | 2,682,936 |
| T Rowe Price Equity Income Fund | 0.66% | 43 | 561,334 | 605,042 | 593,192 | 593,690 | 419,269 | 420,873 |
| T Rowe Price Stable Value Common Trust - Class A | 0.31% | 79 | - | - | - | - | - | 2,053,150 |
| Vanguard Target Retirement 2010 | 0.16% | 9 | 309,618 | 333,456 | 522,295 | 532,351 | 533,214 | 522,343 |
| Vanguard Target Retirement 2015 | 0.16% | 19 | 769,810 | 860,268 | 919,990 | 927,034 | 922,912 | 689,669 |
| Vanguard Target Retirement 2020 | 0.16% | 31 | 1,861,708 | 1,845,706 | 1,587,146 | 1,642,822 | 1,643,748 | 1,504,670 |
| Vanguard Target Retirement 2025 | 0.17% | 27 | 1,315,881 | 1,551,586 | 1,536,530 | 1,603,812 | 1,400,697 | 1,623,928 |
| Vanguard Target Retirement 2030 | 0.17% | 34 | 618,408 | 662,117 | 715,609 | 755,069 | 799,818 | 724,895 |
| Vanguard Target Retirement 2035 | 0.18% | 30 | 552,208 | 594,163 | 604,670 | 614,574 | 646,007 | 671,012 |
| Vanguard Target Retirement 2040 | 0.18% | 41 | 734,962 | 783,550 | 783,321 | 835,379 | 890,819 | 954,339 |
| Vanguard Target Retirement 2045 | 0.18% | 27 | 151,383 | 169,433 | 178,064 | 193,680 | 207,618 | 217,185 |
| Vanguard Target Retirement 2050 | 0.18% | 15 | 108,214 | 116,199 | 120,342 | 128,465 | 139,801 | 145,851 |
| Vanguard Target Retirement 2055 | 0.18% | 3 | 1,267 | 1,129 | 1,655 | 3,371 | 5,716 | 7,950 |
| Vanguard Target Retirement 2060 | 0.18% | 1 | - | - | - | - | - | 1,009 |
| Vanguard Target Retirement Income | 0.16% | 16 | 205,559 | 245,280 | 173,886 | 183,738 | 186,478 | 190,342 |
| ALL VANGUARD TARGET RET FUNDS * | | 253 | 6,629,019 | 7,162,886 | 7,143,508 | 7,420,296 | 7,376,827 | 7,253,193 |
| Vanguard Institutional Index I | 0.04% | 149 | 5,294,507 | 5,613,474 | 5,707,964 | 5,874,722 | 5,862,842 | 5,839,432 |
| Vanguard Total Bond Market Index Admiral | 0.07% | 37 | 172,000 | 189,443 | 195,740 | 267,246 | 368,905 | 627,299 |
| Vanguard Total International Stock Index Admiral | 0.14% | 23 | 67,956 | 96,226 | 95,695 | 51,994 | 80,120 | 125,547 |
| Vanguard Wellesley Income Fund Admiral | 0.18% | 56 | 784,306 | 870,651 | 779,341 | 860,990 | 887,021 | 881,785 |
| BrokerageLink® Accounts | various | 39 | 3,722,341 | 3,835,132 | 3,813,525 | 3,908,385 | 4,009,475 | 4,062,413 |
| | | | | | | | | |
| **Total** | | **1,506** | **35,300,960** | **36,974,847** | **36,508,356** | **37,635,304** | **38,437,463** | **38,376,869** |
| | | | | | | | | |
| Dollar Change | | | 788,078 | 1,673,887 | (466,491) | 1,126,948 | 802,159 | (60,594) |
| Percentage Change | | | 2.28% | 4.74% | -1.26% | 3.09% | 2.13% | -0.16% |
| | | | | | | | | |
| Total Participants | | | 429 | 434 | 436 | 446 | 454 | 457 |
| 401(a) Loans | | 59 | 550,228 | 518,005 | 535,558 | 539,884 | 518,422 | 525,613 |
| | | | | | | | | |
| ***Revenue Share Funds*** | | | | | | | | |

**EBMUD Deferred Compensation Investment Options Activity - 2nd Quarter of 2015**

| All Plans | Expense Ratio | Participants | 3/31/2014 | 6/30/2014 | 9/30/2014 | 12/31/2014 | 3/31/2015 | 6/30/2015 |
|---|---|---|---|---|---|---|---|---|
| American Century Select Fund Institutional | N/A | 0 | 3,006,400 | 3,145,806 | 3,250,765 | 3,567,272 | - | - |
| American EuroPacific Growth Fund Class R-6 | 0.49% | 736 | 15,826,086 | 16,497,565 | 15,621,771 | 15,242,545 | 16,092,881 | 16,964,460 |
| Artisan Small Cap Institutional | 1.00% | 350 | 3,651,205 | 3,245,727 | 2,822,434 | 2,847,761 | 2,870,169 | 3,612,138 |
| Dodge & Cox Stock Fund | 0.52% | 652 | 20,933,272 | 22,233,455 | 22,503,178 | 22,919,238 | 21,926,595 | 21,090,403 |
| Fidelity Balanced Fund - Class K | 0.46% | 511 | 15,923,474 | 16,470,151 | 16,669,402 | 17,168,611 | 17,756,918 | 17,977,900 |
| Fidelity Blue Chip Growth Fund - Class K | 0.68% | 972 | 25,983,973 | 26,710,283 | 27,309,954 | 29,062,935 | 35,517,041 | 35,705,738 |
| Fidelity Retirement Money Market | 0.42% | 79 | 685,204 | 747,958 | 652,867 | 748,368 | 855,305 | 1,421,641 |
| Hotchkis & Wiley Mid-Cap Value Fund Class I | 1.01% | 467 | 12,960,049 | 14,491,112 | 13,858,402 | 14,592,625 | 14,837,142 | 13,091,794 |
| Huber Small Cap Value Institutional | 1.35% | 621 | 17,134,491 | 17,512,253 | 15,464,594 | 14,822,808 | 13,459,994 | 13,278,925 |
| Managed Income Portfolio II - Class 1 | N/A | 0 | 29,484,094 | 29,366,745 | 29,882,720 | 30,345,602 | 29,298,442 | - |
| Morgan Stanley Institutional Mid-Cap Growth - Class I | 0.75% | 401 | 9,489,078 | 9,526,485 | 9,047,254 | 8,837,699 | 8,618,044 | 8,378,921 |
| PIMCO Total Return Fund Institutional Class | N/A | 0 | 20,054,689 | 20,503,755 | 20,095,881 | 19,876,299 | - | - |
| Scout Core Plus Bond | 0.40% | 593 | - | - | - | - | 19,810,367 | 19,330,516 |
| T Rowe Price Equity Income Fund | 0.66% | 303 | 7,121,175 | 7,517,126 | 7,309,854 | 7,194,223 | 6,784,084 | 6,665,799 |
| T Rowe Price Stable Value Common Trust - Class A | 0.31% | 692 | - | - | - | - | - | 29,203,497 |
| Vanguard Target Retirement 2010 | 0.16% | 115 | 6,251,025 | 6,273,008 | 6,915,742 | 6,979,750 | 6,951,934 | 6,679,003 |
| Vanguard Target Retirement 2015 | 0.16% | 153 | 9,303,073 | 9,895,202 | 10,319,988 | 10,307,998 | 10,999,430 | 9,724,811 |
| Vanguard Target Retirement 2020 | 0.16% | 346 | 21,175,433 | 21,987,619 | 21,746,321 | 22,677,766 | 23,661,420 | 23,788,100 |
| Vanguard Target Retirement 2025 | 0.17% | 194 | 6,429,233 | 7,238,372 | 7,879,098 | 8,259,799 | 8,701,401 | 9,228,071 |
| Vanguard Target Retirement 2030 | 0.17% | 236 | 6,315,597 | 6,817,061 | 6,995,558 | 7,411,419 | 7,985,497 | 8,022,058 |
| Vanguard Target Retirement 2035 | 0.18% | 161 | 2,180,925 | 2,512,520 | 2,566,680 | 2,699,189 | 2,996,383 | 3,173,241 |
| Vanguard Target Retirement 2040 | 0.18% | 210 | 4,670,131 | 5,016,782 | 4,945,961 | 5,293,159 | 5,840,094 | 5,964,426 |
| Vanguard Target Retirement 2045 | 0.18% | 118 | 1,159,114 | 1,267,174 | 1,429,102 | 1,532,610 | 1,793,139 | 1,945,518 |
| Vanguard Target Retirement 2050 | 0.18% | 87 | 1,027,007 | 1,113,543 | 1,179,059 | 1,246,277 | 1,447,561 | 1,575,758 |
| Vanguard Target Retirement 2055 | 0.18% | 35 | 56,170 | 71,236 | 85,472 | 108,130 | 157,953 | 180,538 |
| Vanguard Target Retirement 2060 | 0.18% | 19 | 5,932 | 14,973 | 18,115 | 40,088 | 46,035 | 55,156 |
| Vanguard Target Retirement Income | 0.16% | 83 | 1,742,258 | 1,863,605 | 1,702,808 | 1,755,411 | 1,575,354 | 1,522,303 |
| ALL VANGUARD TARGET FUNDS * | | 1757 | 60,315,898 | 64,071,097 | 65,783,905 | 68,311,597 | 72,156,199 | 71,858,983 |
| Vanguard Institutional Index I | 0.04% | 982 | 41,180,257 | 43,362,610 | 43,829,366 | 46,328,446 | 47,483,187 | 47,503,304 |
| Vanguard Total Bond Market Index Admiral | 0.07% | 165 | 1,393,528 | 1,597,616 | 1,750,455 | 2,142,150 | 2,318,652 | 2,740,106 |
| Vanguard Total International Stock Index Admiral | 0.14% | 105 | 809,034 | 5,481,378 | 944,455 | 799,765 | 914,800 | 1,189,274 |
| Vanguard Wellesley Income Fund Admiral | 0.18% | 284 | 8,341,997 | 4,262,444 | 8,516,713 | 9,054,723 | 9,518,569 | 9,318,014 |
| BrokerageLink® Accounts | various | 328 | 34,194,249 | 33,896,503 | 32,939,900 | 33,746,482 | 34,755,708 | 34,939,357 |
| | | | | | | | | |
| **Grand Total** | | **9,998** | **328,488,153** | **340,640,068** | **338,253,869** | **347,609,149** | **354,974,097** | **354,270,769** |
| | | | | | | | | |
| Dollar Change | | | 6,415,668 | 12,151,915 | (2,386,200) | 9,355,281 | 7,364,948 | (703,327) |
| Percentage Change | | | 1.99% | 3.70% | -0.70% | 2.77% | 2.12% | -0.20% |
| | | | | | | | | |
| Total Participants | | | 2,959 | 2,985 | 2,988 | 3,037 | 3,069 | 3,096 |
| | | | | | | | | |
| ***Revenue Share Funds*** | | | | | | | | |

# East Bay MUD

## 457, 401(a), and 401(k) Retirement Plans

Second Quarter 2015 Performance Report

HYAS GROUP

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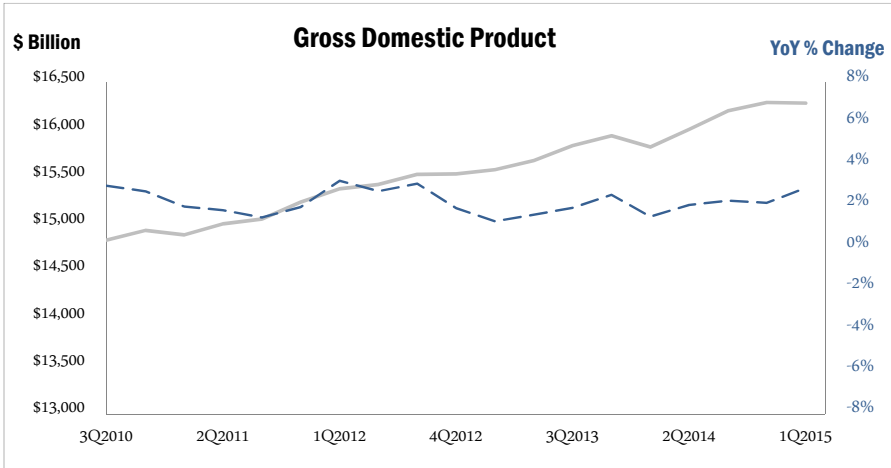
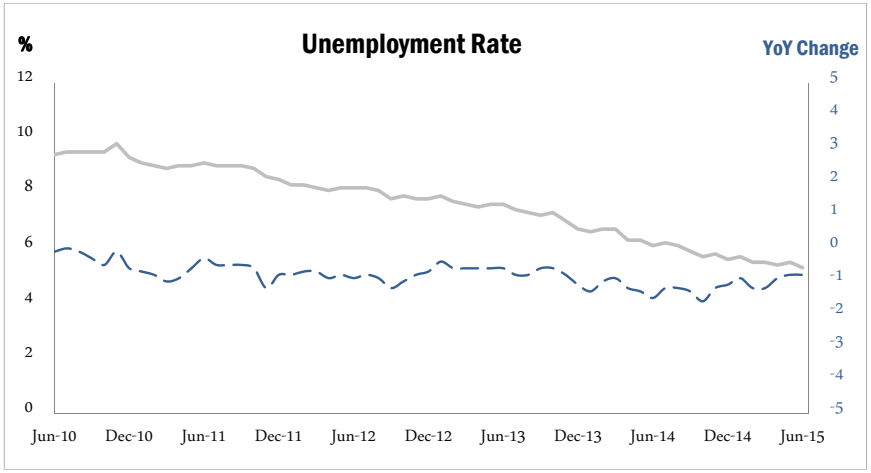
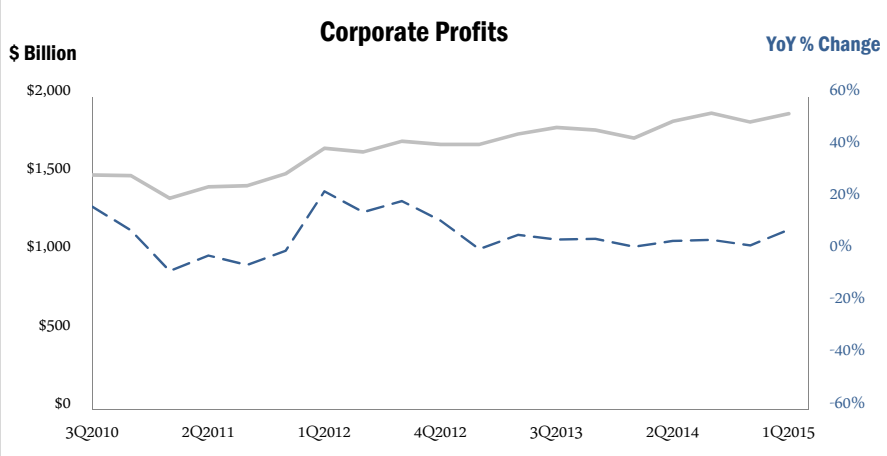
**Section 9** Fund Attributions

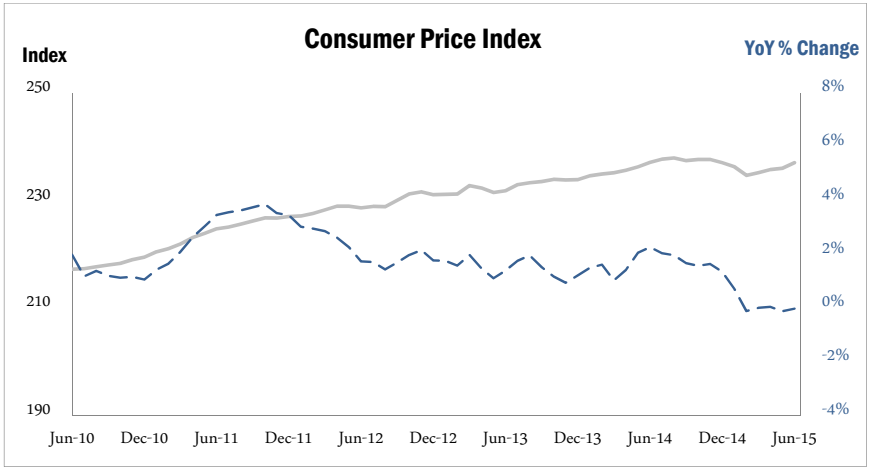
# Section 1

# 2Q2015 Economic Data




**Labor Market Statistics (Monthly)**

| Category | Recent | 5-Yr High | 5-Yr Low | 5-Yr Avg. | Date |
|---|---|---|---|---|---|
| Jobs Added/Lost Monthly | 223,000 | 423,000 | -64,000 | 189,950 | Jun-15 |
| Unemployment Rate | 5.3% | 9.8% | 5.3% | 7.6% | Jun-15 |
| Median Unemployment Length (Weeks) | 9.4 | 24.3 | 9.4 | 17.7 | Jun-15 |
| Average Hourly Earnings | $24.95 | $24.95 | $22.60 | $23.75 | Jun-15 |

*Source: Federal Reserve Bank of St. Louis and Bureau of Labor Statistics*

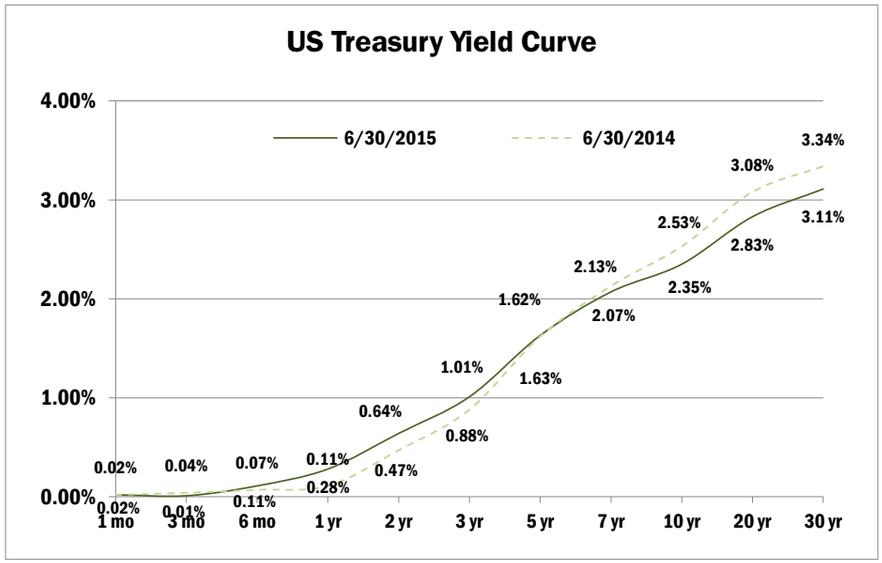
**Other Prices and Indexes (Monthly)**

| Category | Recent | 5-Yr High | 5-Yr Low | % Off Peak | Date |
|---|---|---|---|---|---|
| Gas: Price per Gallon | $2.78 | $3.90 | $2.14 | -28.6% | Jun-15 |
| Spot Oil | $59.27 | $109.53 | $47.22 | -45.9% | May-15 |
| Case-Shiller Home Price Index | 179.9 | 179.9 | 136.9 | 31.4%* | Apr-15 |
| Medical Care CPI | 446.8 | 446.8 | 388.1 | 15.1%* | May-15 |

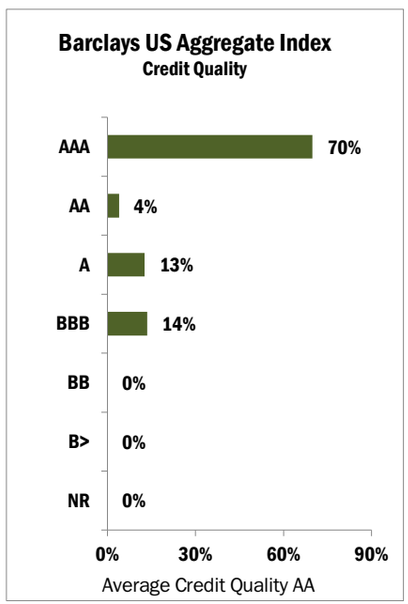
**% Off Low*

# 2Q2015 Bond Market Data

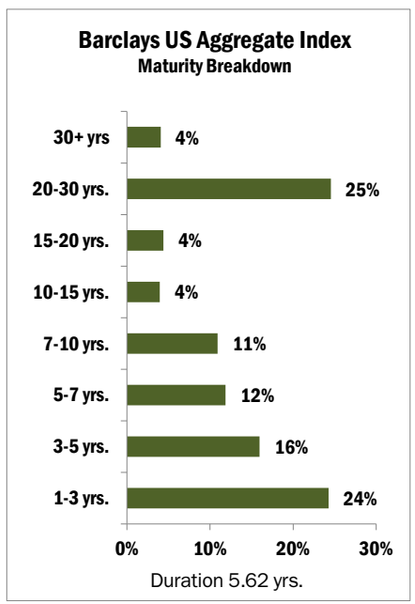
| Index | QTR | YTD | 1 yr. | 3 yrs. | 5 yrs. | 10 yrs. |
|---|---|---|---|---|---|---|
| 90-Day T-Bill | 0.01% | 0.02% | 0.03% | 0.07% | 0.08% | 1.37% |
| Barclays US Aggregate | -1.68% | -0.10% | 1.86% | 1.83% | 3.35% | 4.44% |
| Barclays Short US Treasury | 0.05% | 0.09% | 0.12% | 0.14% | 0.17% | 1.57% |
| Barclays Int. US Treasury | -0.47% | 0.81% | 1.81% | 0.88% | 2.14% | 3.71% |
| Barclays Long US Treasury | -8.30% | -4.67% | 6.33% | 1.17% | 6.24% | 6.18% |
| Barclays US TIPS | -1.06% | 0.34% | -1.73% | -0.76% | 3.29% | 4.13% |
| Barclays US Credit | -2.88% | -0.78% | 0.93% | 3.03% | 4.93% | 5.12% |
| Barclays US Mortgage-Backed | -0.74% | 0.31% | 2.28% | 1.92% | 2.89% | 4.56% |
| Barclays US Asset-Backed | 0.17% | 1.08% | 1.64% | 1.38% | 2.48% | 3.32% |
| Barclays US High Yield | 0.00% | 2.53% | -0.40% | 6.81% | 8.61% | 7.89% |
| Barclays Global | -1.18% | -3.08% | -7.09% | -0.81% | 2.07% | 3.54% |
| Barclays International | -0.83% | -5.43% | -13.19% | -2.83% | 1.08% | 2.83% |
| Barclays Emerging Market | 0.45% | 2.76% | 0.20% | 4.41% | 6.82% | 7.58% |



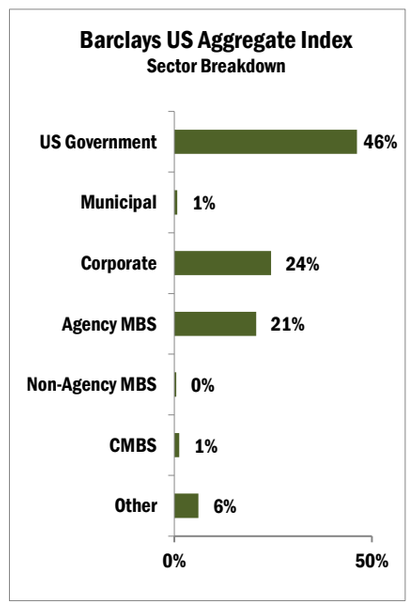

Source: Department of US Treasury



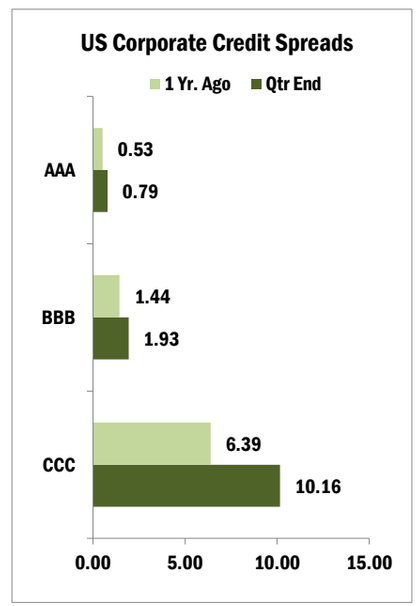

Source: Morningstar




Source: Morningstar




Source: Morningstar




Source: Federal Reserve / Bank of America

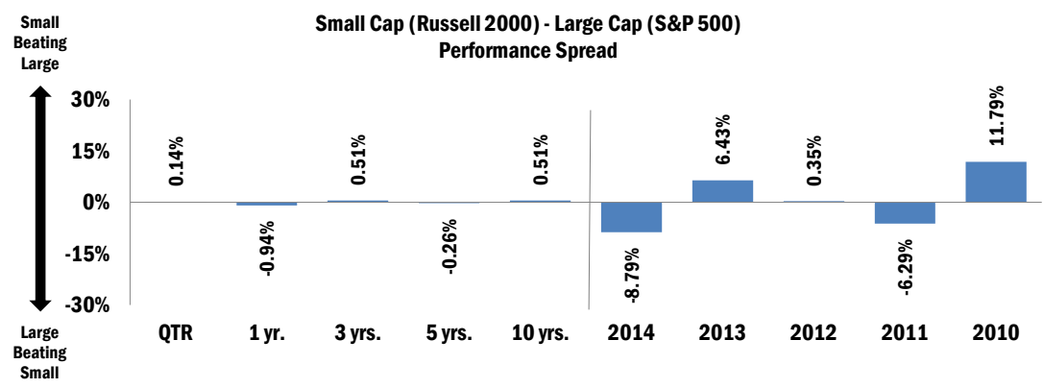
# 2Q2015 US Equity Market Data

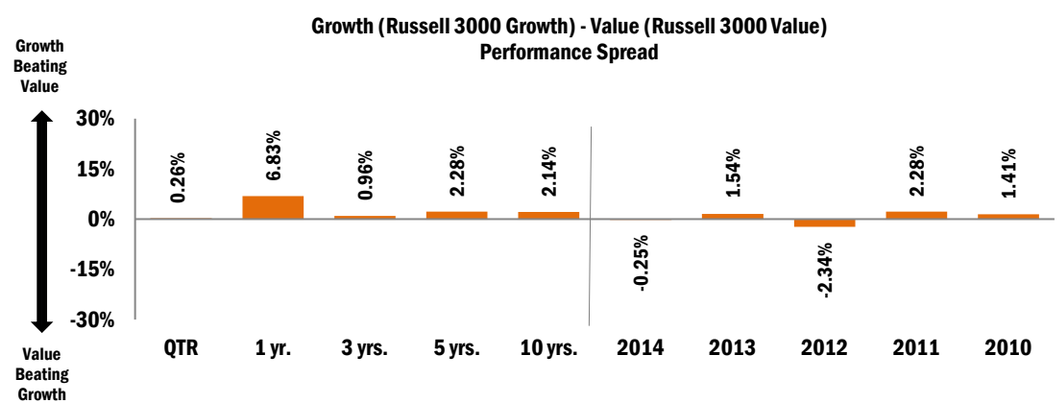
**Sectors Weights/Returns** (ranked by quarter performance)

| | Wgt. | Sector | QTR | 1 Yr. |
|---|---|---|---|---|
| S&P 500 Index | 15% | Health Care | 2.84% | 24.17% |
| | 13% | Consumer Discretionary | 1.92% | 16.45% |
| | 17% | Financials | 1.72% | 9.34% |
| | 2% | Telecom Services | 1.59% | 1.89% |
| | 20% | Information Technology | 0.19% | 11.10% |
| | 3% | Materials | -0.48% | -1.08% |
| | 9% | Consumer Staples | -1.74% | 9.41% |
| | 8% | Energy | -1.88% | -22.20% |
| | 10% | Industrials | -2.23% | 2.37% |
| | 3% | Utilities | -5.80% | -2.90% |
| | **Wgt.** | **Sector** | **QTR** | **1 Yr.** |
| S&P Midcap 400 Index | 9% | Health Care | 2.93% | 33.04% |
| | 0% | Telecom Services | 0.74% | 2.15% |
| | 17% | Information Technology | 0.60% | 11.16% |
| | 14% | Consumer Discretionary | 0.60% | 13.57% |
| | 24% | Financials | -0.94% | 10.56% |
| | 16% | Industrials | -2.57% | -0.93% |
| | 4% | Energy | -2.76% | -34.79% |
| | 4% | Consumer Staples | -3.60% | 13.64% |
| | 7% | Materials | -3.86% | -4.19% |
| | 4% | Utilities | -6.75% | -9.72% |
| | **Wgt.** | **Sector** | **QTR** | **1 Yr.** |
| S&P Smallcap 600 Index | 3% | Consumer Staples | 4.34% | 11.62% |
| | 14% | Health Care | 3.59% | 29.55% |
| | 1% | Telecom Services | 1.76% | 3.07% |
| | 23% | Financials | 1.15% | 9.00% |
| | 16% | Consumer Discretionary | 0.97% | 15.58% |
| | 16% | Information Technology | -0.40% | 11.95% |
| | 16% | Industrials | -0.60% | 4.88% |
| | 5% | Materials | -4.12% | -14.11% |
| | 3% | Energy | -5.08% | -51.14% |
| | 3% | Utilities | -7.64% | 0.79% |

**Index Performance Data**

| | | | | *Annualized* | | |
|---|---|---|---|---|---|---|
| **Index** | **QTR** | **YTD** | **1 yr.** | **3 yrs.** | **5 yrs.** | **10 yrs.** |
| **S&P 500** | 0.28% | 1.23% | 7.42% | 17.31% | 17.34% | 7.89% |
| **Russell 1000 Value** | 0.11% | -0.61% | 4.13% | 17.34% | 16.50% | 7.05% |
| **Russell 1000 Growth** | 0.12% | 3.96% | 10.56% | 17.99% | 18.59% | 9.10% |
| **Russell Mid Cap** | -1.54% | 2.35% | 6.63% | 19.26% | 18.23% | 9.40% |
| **Russell Mid Cap Value** | -1.97% | 0.41% | 3.67% | 19.13% | 17.73% | 8.89% |
| **Russell Mid Cap Growth** | -1.14% | 4.18% | 9.45% | 19.24% | 18.69% | 9.69% |
| **Russell 2000** | 0.42% | 4.75% | 6.49% | 17.81% | 17.08% | 8.40% |
| **Russell 2000 Value** | -1.20% | 0.76% | 0.78% | 15.50% | 14.81% | 6.87% |
| **Russell 2000 Growth** | 1.98% | 8.74% | 12.34% | 20.11% | 19.33% | 9.86% |
| **Russell 3000** | 0.14% | 1.94% | 7.29% | 17.73% | 17.54% | 8.15% |
| **DJ US Select REIT** | -10.00% | -5.75% | 5.22% | 8.67% | 14.43% | 6.78% |



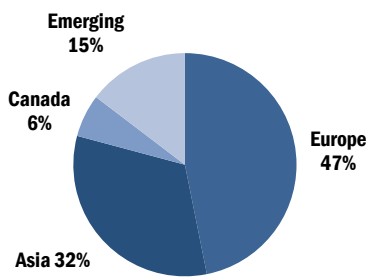



# 2Q2015 International Market Data

### Index Performance Data (net)

| Index (US$) | QTR | YTD | 1 yr. | 3 yrs. | 5 yrs. | 10 yrs. |
|---|---|---|---|---|---|---|
| **MSCI ACWI ex-US** | **0.53%** | **4.03%** | **-5.26%** | **9.44%** | **7.76%** | **5.54%** |
| **MSCI EAFE** | **0.62%** | **5.52%** | **-4.22%** | **11.97%** | **9.54%** | **5.12%** |
| **Europe** | **0.36%** | **3.82%** | **-7.65%** | **12.37%** | **10.02%** | **5.03%** |
| United Kingdom | 2.99% | 2.00% | -8.24% | 9.10% | 10.68% | 4.71% |
| Germany | -5.59% | 2.23% | -9.54% | 14.17% | 10.52% | 7.17% |
| France | 0.31% | 5.02% | -9.61% | 12.39% | 8.18% | 3.71% |
| **Pacific** | **1.14%** | **8.84%** | **2.70%** | **11.22%** | **8.80%** | **5.39%** |
| Japan | 3.09% | 13.62% | 8.31% | 13.30% | 8.80% | 4.23% |
| Hong Kong | 5.56% | 11.90% | 12.39% | 15.81% | 12.44% | 10.07% |
| Australia | -6.19% | -3.28% | -14.19% | 4.72% | 7.50% | 6.88% |
| **Canada** | **-0.92%** | **-6.91%** | **-15.32%** | **3.52%** | **3.83%** | **6.04%** |
| **MSCI EM** | **0.69%** | **2.95%** | **-5.12%** | **3.71%** | **3.68%** | **8.11%** |
| **MSCI EM Latin America** | **3.51%** | **-6.38%** | **-23.41%** | **-8.08%** | **-4.39%** | **7.45%** |
| **MSCI EM Asia** | **-0.15%** | **5.07%** | **3.14%** | **8.96%** | **6.79%** | **9.29%** |
| **MSCI EM Eur/Mid East** | **4.40%** | **5.30%** | **-23.31%** | **-5.84%** | **-2.41%** | **1.66%** |
| **MSCI ACWI Value ex-US** | **0.47%** | **2.62%** | **-8.44%** | **8.68%** | **6.99%** | **5.02%** |
| **MSCI ACWI Growth ex-US** | **0.59%** | **5.40%** | **-2.06%** | **10.16%** | **8.48%** | **6.02%** |
| **MSCI AC World Sm Cap ex-US** | **4.22%** | **8.32%** | **-3.07%** | **12.32%** | **9.72%** | **7.39%** |

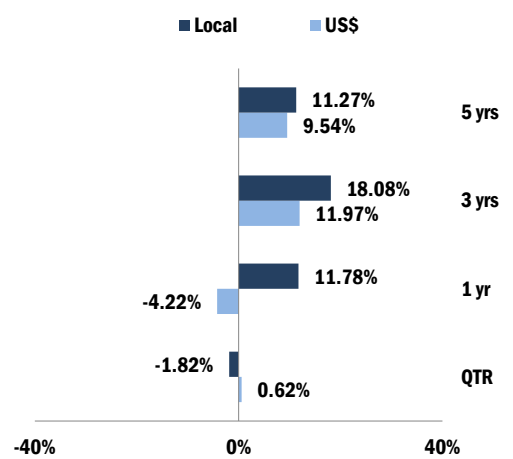
### Regional Exposure
MSCI ACWI ex-USA



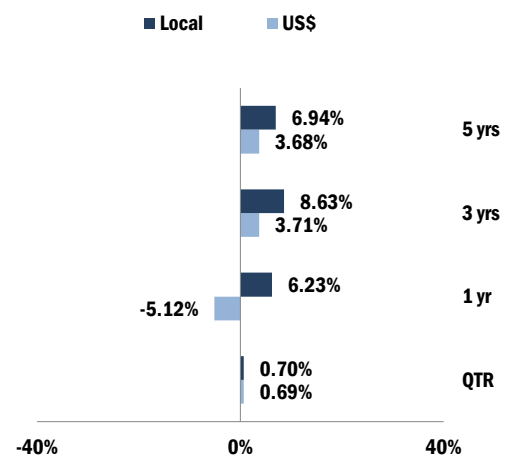

### Top 10 Countries (MSCI AC World ex-USA)

| | |
|---|---|
| Japan | 17% |
| UK | 13% |
| France | 7% |
| Canada | 7% |
| Germany | 7% |
| Switzerland | 6% |
| China | 5% |
| Australia | 5% |
| South Korea | 3% |
| Hong Kong | 3% |

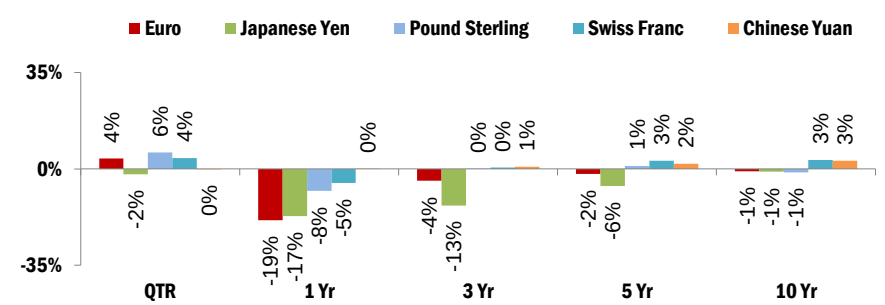
### MSCI EAFE Index Return



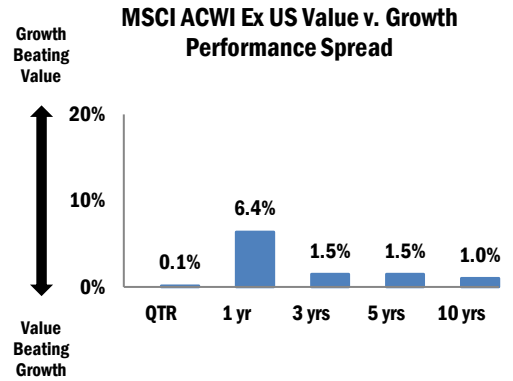

### MSCI Emerging Index Return



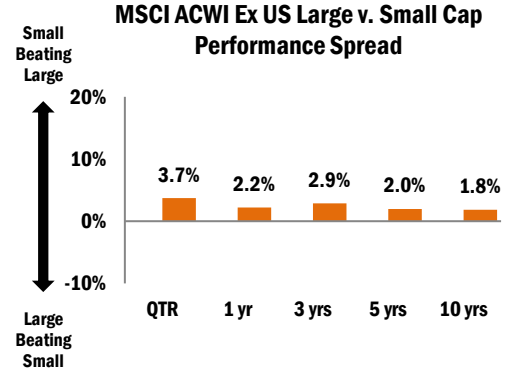

### Foreign Currency v. US$ Returns




### MSCI ACWI Ex US Value v. Growth Performance Spread




### MSCI ACWI Ex US Large v. Small Cap Performance Spread




| Exchange Rates | 2Q15 | 1Q15 | 4Q14 | 3Q14 | 2Q14 | 1Q14 |
|---|---|---|---|---|---|---|
| **Japanese Yen** | 122.10 | 119.96 | 119.85 | 109.66 | 101.28 | 102.98 |
| **Euro** | 0.90 | 0.93 | 0.83 | 0.79 | 0.73 | 0.73 |
| **British Pound** | 0.64 | 0.67 | 0.64 | 0.62 | 0.58 | 0.60 |
| **Swiss Franc** | 0.93 | 0.97 | 0.99 | 0.96 | 0.89 | 0.88 |
| **Chinese Yuan** | 6.20 | 6.20 | 6.20 | 6.14 | 6.20 | 6.22 |

# Historical Market Returns

Ranked by Performance

| 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | YTD | 2Q15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| US Bonds 8.44% | Commod. 25.91% | Emerging Markets 55.82% | Emerging Markets 25.55% | Emerging Markets 34.00% | Emerging Markets 32.14% | Emerging Markets 39.42% | US Bonds 5.24% | Emerging Markets 78.51% | Small Cap 26.85% | Core Real Estate 14.96% | Emerging Markets 18.22% | Small Cap 38.82% | Large Cap 13.68% | Core Real Estate 6.84% | Commod. 4.66% |
| TIPS 7.90% | TIPS 16.57% | Small Cap 47.25% | Intl 20.91% | Commod. 21.36% | Intl 26.65% | Intl 16.65% | Global Bonds 4.79% | High Yield 58.21% | Mid Cap 25.48% | TIPS 13.56% | Mid Cap 17.28% | Mid Cap 34.76% | Mid Cap 13.21% | Small Cap 4.75% | Core Real Estate 3.58% |
| High Yield 5.28% | Global Bonds 16.52% | Intl 40.83% | Mid Cap 20.22% | Core Real Estate 20.15% | Small Cap 18.37% | Commod. 16.23% | Cash 1.39% | Intl 41.45% | Emerging Markets 18.88% | US Bonds 7.84% | Intl 16.83% | Large Cap 32.39% | Core Real Estate 11.44% | Intl 4.03% | Emerging Markets 0.69% |
| Core Real Estate 4.61% | US Bonds 10.26% | Mid Cap 40.06% | Small Cap 18.33% | Intl 16.62% | Large Cap 15.79% | Core Real Estate 14.84% | TIPS -2.35% | Mid Cap 40.48% | Commod. 16.83% | Global Bonds 5.64% | Small Cap 16.35% | Intl 15.29% | US Bonds 5.97% | Emerging Markets 2.95% | Intl 0.53% |
| Cash 3.34% | Core Real Estate 4.58% | High Yield 28.97% | Global Balanced 12.18% | Mid Cap 12.65% | Core Real Estate 15.27% | TIPS 11.64% | Core Real Estate -10.70% | Small Cap 27.17% | Core Real Estate 15.26% | High Yield 4.98% | Large Cap 16.00% | Global Balanced 14.46% | Small Cap 4.89% | High Yield 2.53% | Small Cap 0.42% |
| Small Cap 2.49% | Cash 1.63% | Large Cap 28.68% | Core Real Estate 12.00% | Large Cap 4.91% | Mid Cap 15.26% | Global Bonds 9.48% | Global Balanced -24.51% | Large Cap 26.46% | High Yield 15.12% | Large Cap 2.11% | High Yield 15.81% | Core Real Estate 12.95% | TIPS 3.64% | Mid Cap 2.35% | Large Cap 0.28% |
| Global Bonds 1.57% | High Yield -1.41% | Global Balanced 24.27% | High Yield 11.13% | Small Cap 4.55% | Global Balanced 14.53% | Global Balanced 9.07% | High Yield -26.16% | Global Balanced 20.49% | Large Cap 15.06% | Cash 0.06% | Global Balanced 11.06% | High Yield 7.44% | Global Balanced 3.17% | Large Cap 1.23% | Cash 0.01% |
| Emerging Markets -2.62% | Emerging Markets -6.17% | Commod. 23.93% | Large Cap 10.88% | Global Balanced 4.16% | High Yield 11.85% | US Bonds 6.97% | Small Cap -33.79% | Commod. 18.91% | Intl 11.15% | Global Balanced -0.97% | Core Real Estate 9.76% | Cash 0.07% | High Yield 2.45% | Global Balanced 0.49% | High Yield 0.00% |
| Mid Cap -5.62% | Global Balanced -6.58% | Global Bonds 12.51% | Global Bonds 9.27% | Cash 3.25% | Global Bonds 6.64% | Mid Cap 5.60% | Commod. -35.65% | TIPS 11.41% | Global Balanced 9.40% | Mid Cap -1.55% | TIPS 6.98% | US Bonds -2.02% | Global Bonds 0.59% | TIPS 0.34% | Global Balanced -0.22% |
| Global Balanced -9.04% | Intl -14.95% | TIPS 8.40% | Commod. 9.15% | TIPS 2.84% | Cash 4.85% | Large Cap 5.49% | Large Cap -37.00% | Global Bonds 6.93% | US Bonds 6.54% | Small Cap -4.18% | Global Bonds 4.32% | Global Bonds -2.60% | Cash 0.04% | Cash 0.02% | TIPS -1.06% |
| Large Cap -11.89% | Mid Cap -16.19% | Core Real Estate 8.28% | TIPS 8.46% | High Yield 2.74% | US Bonds 4.33% | Cash 4.44% | Mid Cap -41.46% | US Bonds 5.93% | TIPS 6.31% | Commod. -13.32% | US Bonds 4.21% | Emerging Markets -2.60% | Emerging Markets -2.18% | US Bonds -0.10% | Global Bonds -1.17% |
| Commod. -19.51% | Small Cap -20.48% | US Bonds 4.10% | US Bonds 4.34% | US Bonds 2.43% | Commod. 2.07% | High Yield 1.87% | Intl -45.53% | Cash 0.16% | Global Bonds 5.54% | Intl -13.71% | Cash 0.08% | TIPS -8.61% | Intl -3.86% | Commod. -1.56% | Mid Cap -1.53% |
| Intl -19.73% | Large Cap -22.10% | Cash 1.03% | Cash 1.44% | Global Bonds -4.49% | TIPS 0.41% | Small Cap -1.57% | Emerging Markets -53.33% | Core Real Estate -30.40% | Cash 0.15% | Emerging Markets -18.42% | Commod. -1.06% | Commod. -9.52% | Commod. -17.00% | Global Bonds -3.07% | US Bonds -1.68% |

Global Balanced is composed of 60% MSCI World Stock Index, 35% Barclays Global Aggregate Bond Index, and 5% US 90-Day T-Bills.

# Section 2

# East Bay MUD
## 457 Retirement Plan

# PLAN ASSET ALLOCATION
## Second Quarter 2015

| Fixed Income | Ticker | Assets | % |
|---|---|---|---|
| T. Rowe Price Stable Value | - | $9,001,304 | 10.9% |
| Scout Core Plus Bond | SCPZX | $4,539,946 | 5.5% |
| Vanguard Total Bond Market Index Adm | VBTLX | $575,978 | 0.7% |
| **Total** | | **$14,117,228** | **17.1%** |

| Large Cap | Ticker | Assets | % |
|---|---|---|---|
| Dodge & Cox Stock | DODGX | $5,762,823 | 7.0% |
| T. Rowe Price Equity Income | PRFDX | $1,260,614 | 1.5% |
| Vanguard Institutional Index I | VINIX | $7,876,993 | 9.6% |
| Fidelity Blue Chip Growth K | FBGKX | $5,960,209 | 7.2% |
| **Total** | | **$20,860,638** | **25.3%** |

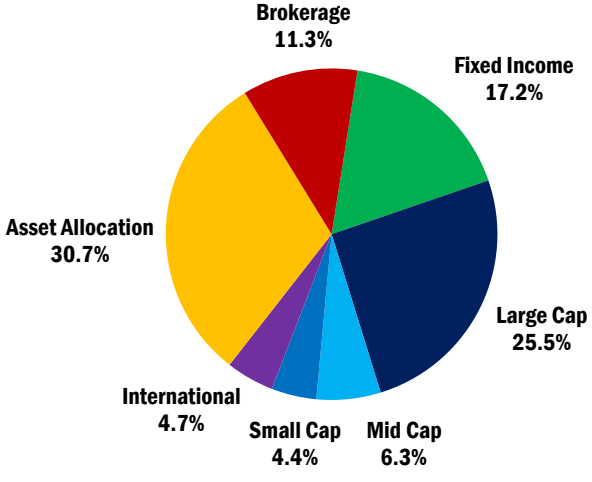
| Mid Cap | Ticker | Assets | % |
|---|---|---|---|
| Hotchkis & Wiley Mid-Cap Value I | HWMIX | $2,983,652 | 3.6% |
| Morgan Stanley Inst Mid-Cap Growth I | MPEGX | $2,141,220 | 2.6% |
| **Total** | | **$5,124,872** | **6.2%** |

| Small Cap | Ticker | Assets | % |
|---|---|---|---|
| Artisan Small Cap IS | APHSX | $922,490 | 1.1% |
| Huber Small Cap Value IS | HUSEX | $2,678,595 | 3.3% |
| **Total** | | **$3,601,085** | **4.4%** |

| International | Ticker | Assets | % |
|---|---|---|---|
| American Funds EuroPacific Gr R6 | RERGX | $3,483,564 | 4.2% |
| Vanguard Total Intl Stock Index Adm | VTIAX | $354,604 | 0.4% |
| **Total** | | **$3,838,168** | **4.7%** |

| Asset Allocation | Ticker | Assets | % |
|---|---|---|---|
| Fidelity Balanced K | FBAKX | $4,156,089 | 5.0% |
| Vanguard Wellesley Income Adm | VWIAX | $3,023,517 | 3.7% |
| Vanguard Target Retirement Income | VTINX | $467,464 | 0.6% |
| Vanguard Target Retirement 2010 | VTENX | $2,629,051 | 3.2% |
| Vanguard Target Retirement 2015 | VTXVX | $2,728,057 | 3.3% |
| Vanguard Target Retirement 2020 | VTWNX | $5,570,060 | 6.8% |
| Vanguard Target Retirement 2025 | VTTVX | $2,277,991 | 2.8% |
| Vanguard Target Retirement 2030 | VTHRX | $1,629,551 | 2.0% |
| Vanguard Target Retirement 2035 | VTTHX | $570,252 | 0.7% |
| Vanguard Target Retirement 2040 | VFORX | $1,171,435 | 1.4% |
| Vanguard Target Retirement 2045 | VTIVX | $523,682 | 0.6% |
| Vanguard Target Retirement 2050 | VFIFX | $308,495 | 0.4% |
| Vanguard Target Retirement 2055 | VFFVX | $38,409 | 0.0% |
| Vanguard Target Retirement 2060 | VTTSX | $21,564 | 0.0% |
| **Total** | | **$25,115,617** | **30.5%** |
| **Brokerage Assets** | | **$9,226,317** | **11.2%** |
| **Fidelity Retiree Money Market** | | **$516,000** | **0.6%** |
| **Total** | | **$82,399,924** | **100.0%** |

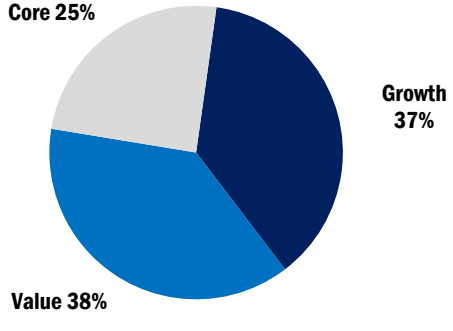
## PLAN COMPOSITION



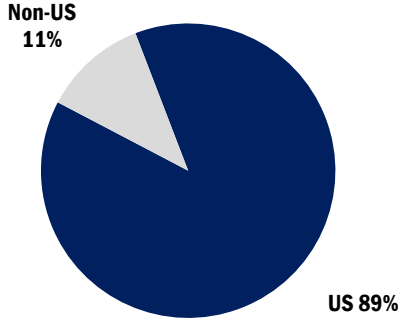

## HISTORICAL PLAN ALLOCATION

| Asset Class | 2Q15 | 1Q15 | 4Q14 | 3Q14 | 2Q14 | 1Q14 | 4Q13 | 3Q13 |
|---|---|---|---|---|---|---|---|---|
| Fixed Income | 17.2% | 17.3% | 17.9% | 17.9% | 17.6% | 18.2% | 18.8% | 20.7% |
| Large Cap | 25.5% | 25.7% | 26.0% | 25.8% | 25.7% | 25.2% | 25.4% | 24.4% |
| Mid Cap | 6.3% | 7.0% | 6.8% | 6.9% | 7.3% | 6.8% | 6.4% | 5.9% |
| Small Cap | 4.4% | 4.2% | 4.9% | 5.1% | 5.7% | 5.9% | 6.1% | 5.9% |
| International | 4.7% | 4.3% | 4.0% | 4.1% | 4.4% | 4.4% | 4.2% | 4.2% |
| Asset Allocation | 30.7% | 30.2% | 29.5% | 29.2% | 28.2% | 27.5% | 27.3% | 27.5% |
| Brokerage | 11.3% | 11.2% | 10.9% | 11.0% | 11.2% | 12.1% | 11.9% | 11.3% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100.0% |

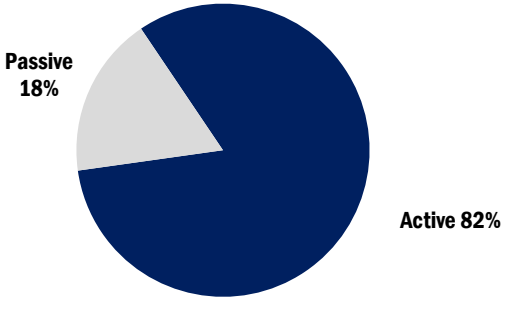
## By Equity Style*




## By Equity Region*

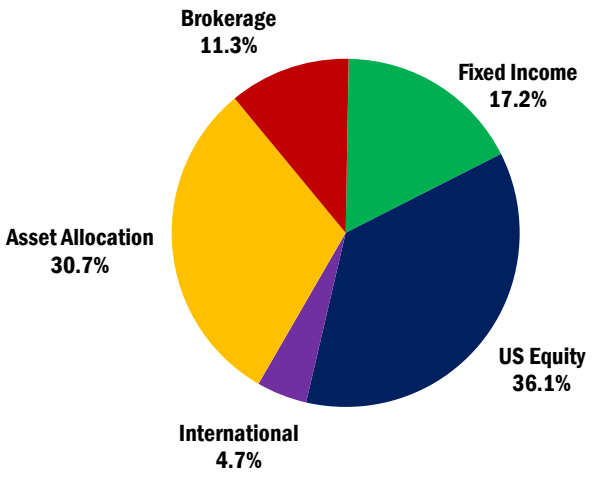



## By Investment Type **




*Excludes Fixed Income, Asset Allocation, and Brokerage assets
**Excludes Asset Allocation and Brokerage assets

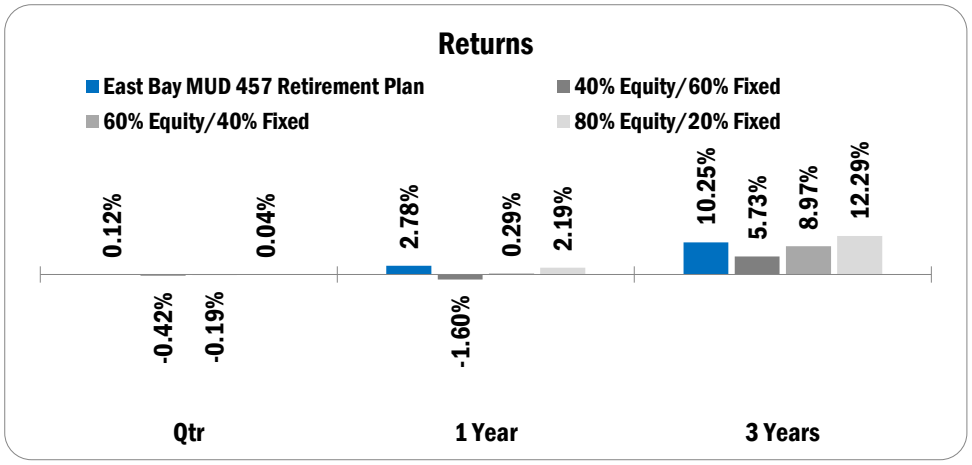
## BROAD PLAN ALLOCATION



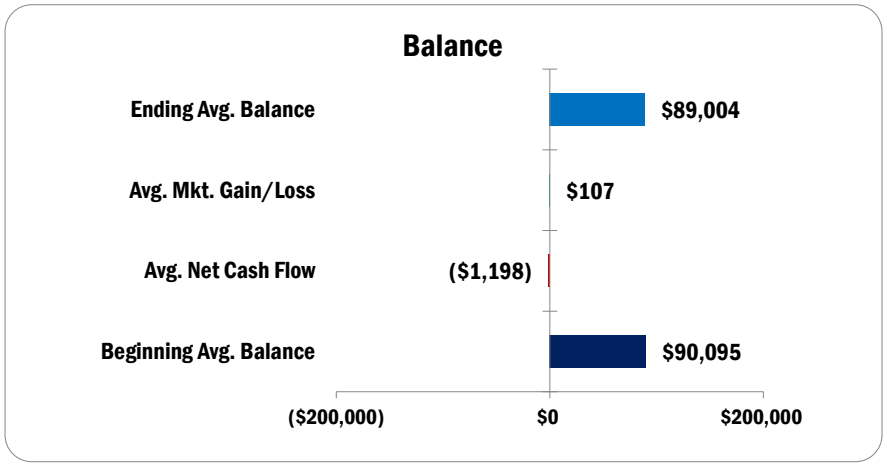

## PLAN LEVEL CASH-FLOW

| Asset Class | Beginning Market Value | Net Cash Flow | Market Gain/(Loss) | Ending Market Value | Estimated Qtr Return |
|---|---|---|---|---|---|
| Fixed Income | $14,362,809 | ($263,738) | $18,157 | $14,117,228 | 0.13% |
| Large Cap | $21,309,007 | ($647,675) | $199,306 | $20,860,638 | 0.95% |
| Mid Cap | $5,794,346 | ($615,737) | ($53,736) | $5,124,872 | -0.98% |
| Small Cap | $3,454,530 | $38,696 | $107,858 | $3,601,085 | 3.10% |
| International | $3,605,474 | $194,638 | $38,055 | $3,838,168 | 1.03% |
| Asset Allocation | $25,046,304 | $213,043 | ($143,730) | $25,115,617 | -0.57% |
| Brokerage | $9,315,282 | ($21,340) | ($67,625) | $9,226,317 | -0.73% |
| Total | $82,887,751 | ($1,102,113) | $98,286 | $81,883,924 | 0.12% |

## PLAN LEVEL RETURN




## AVERAGE PARTICIPANT BALANCE




Equity Indices: Russell 3000, MSCI ACWI ex USA; Fixed Indices: US Treasury 90 Day T-Bill, Barclays Global Aggregate Bond (rebalanced quarterly)

# Section 3

# East Bay MUD
## 401(a) Retirement Plan

# PLAN ASSET ALLOCATION
## Second Quarter 2015

| Fixed Income | Ticker | Assets | % |
|---|---|---|---|
| T. Rowe Price Stable Value | - | $2,053,150 | 5.3% |
| Scout Core Plus Bond | SCPZX | $2,682,936 | 7.0% |
| Vanguard Total Bond Market Index Adm | VBTLX | $627,299 | 1.6% |
| **Total** | | **$5,363,384** | **14.0%** |

| Large Cap | Ticker | Assets | % |
|---|---|---|---|
| Dodge & Cox Stock | DODGX | $2,292,369 | 6.0% |
| T. Rowe Price Equity Income | PRFDX | $420,873 | 1.1% |
| Vanguard Institutional Index I | VINIX | $5,839,432 | 15.2% |
| Fidelity Blue Chip Growth K | FBGKX | $3,832,468 | 10.0% |
| **Total** | | **$12,385,141** | **32.3%** |

| Mid Cap | Ticker | Assets | % |
|---|---|---|---|
| Hotchkis & Wiley Mid-Cap Value I | HWMIX | $1,442,084 | 3.8% |
| Morgan Stanley Inst Mid-Cap Growth I | MPEGX | $1,170,638 | 3.1% |
| **Total** | | **$2,612,721** | **6.8%** |

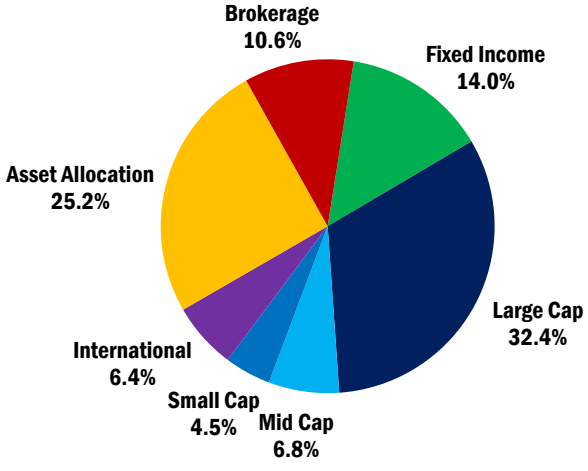
| Small Cap | Ticker | Assets | % |
|---|---|---|---|
| Artisan Small Cap IS | APHSX | $362,176 | 0.9% |
| Huber Small Cap Value IS | HUSEX | $1,357,977 | 3.5% |
| **Total** | | **$1,720,153** | **4.5%** |

| International | Ticker | Assets | % |
|---|---|---|---|
| American Funds EuroPacific Gr R6 | RERGX | $2,339,602 | 6.1% |
| Vanguard Total Intl Stock Index Adm | VTIAX | $125,547 | 0.3% |
| **Total** | | **$2,465,148** | **6.4%** |

| Asset Allocation | Ticker | Assets | % |
|---|---|---|---|
| Fidelity Balanced K | FBAKX | $1,512,967 | 3.9% |
| Vanguard Wellesley Income Adm | VWIAX | $881,785 | 2.3% |
| Vanguard Target Retirement Income | VTINX | $190,342 | 0.5% |
| Vanguard Target Retirement 2010 | VTENX | $522,343 | 1.4% |
| Vanguard Target Retirement 2015 | VTXVX | $689,669 | 1.8% |
| Vanguard Target Retirement 2020 | VTWNX | $1,504,670 | 3.9% |
| Vanguard Target Retirement 2025 | VTTVX | $1,623,928 | 4.2% |
| Vanguard Target Retirement 2030 | VTHRX | $724,895 | 1.9% |
| Vanguard Target Retirement 2035 | VTTHX | $671,012 | 1.7% |
| Vanguard Target Retirement 2040 | VFORX | $954,339 | 2.5% |
| Vanguard Target Retirement 2045 | VTIVX | $217,185 | 0.6% |
| Vanguard Target Retirement 2050 | VFIFX | $145,851 | 0.4% |
| Vanguard Target Retirement 2055 | VFFVX | $7,950 | 0.0% |
| Vanguard Target Retirement 2060 | VTTSX | $1,009 | 0.0% |
| **Total** | | **$9,647,945** | **25.1%** |

| | | |
|---|---|---|
| **Brokerage Assets** | **$4,062,413** | **10.6%** |
| **Fidelity Retiree Money Market** | **$119,964** | **0.3%** |
| **Total** | **$38,376,869** | **100.0%** |

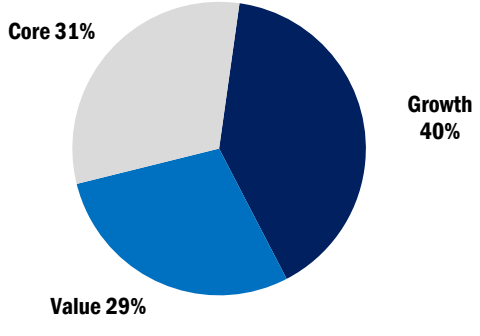
## PLAN COMPOSITION



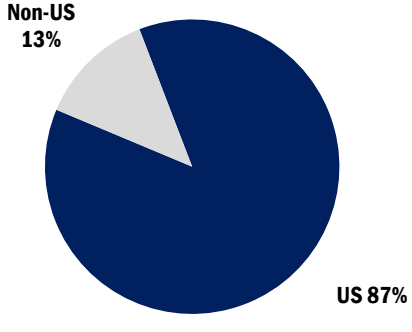

## HISTORICAL PLAN ALLOCATION

| Asset Class | 2Q15 | 1Q15 | 4Q14 | 3Q14 | 2Q14 | 1Q14 | 4Q13 | 3Q13 |
|---|---|---|---|---|---|---|---|---|
| Fixed Income | 14.0% | 14.0% | 13.0% | 12.5% | 12.4% | 12.9% | 13.8% | 15.8% |
| Large Cap | 32.4% | 32.1% | 31.8% | 31.8% | 30.5% | 30.1% | 29.5% | 28.2% |
| Mid Cap | 6.8% | 7.9% | 8.7% | 8.6% | 8.9% | 9.1% | 8.7% | 8.1% |
| Small Cap | 4.5% | 4.3% | 4.8% | 5.3% | 6.4% | 6.5% | 6.5% | 6.2% |
| International | 6.4% | 5.6% | 5.7% | 6.0% | 6.3% | 6.3% | 6.1% | 6.1% |
| Asset Allocation | 25.2% | 25.6% | 25.7% | 25.2% | 25.1% | 24.5% | 24.8% | 25.6% |
| Brokerage | 10.6% | 10.4% | 10.4% | 10.5% | 10.4% | 10.6% | 10.6% | 9.9% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100.0% |

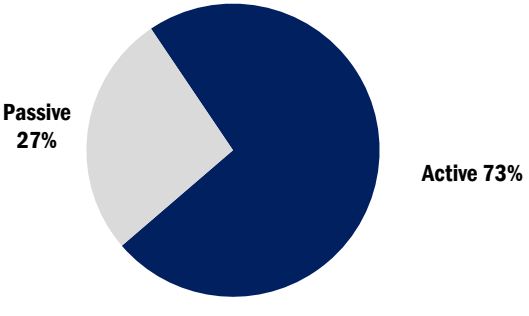
## By Equity Style*




## By Equity Region*

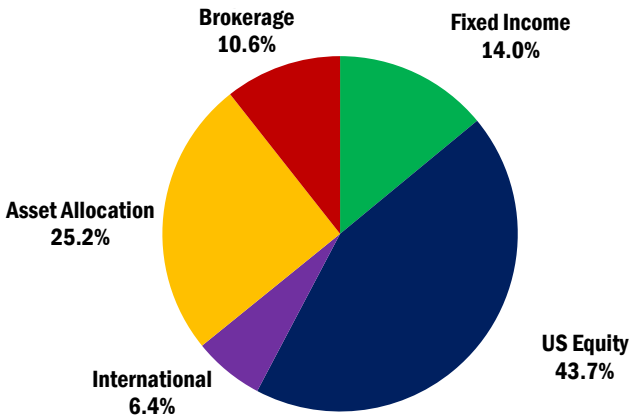



## By Investment Type **




*Excludes Fixed Income, Asset Allocation and Brokerage assets
**Excludes Asset Allocation and Brokerage assets

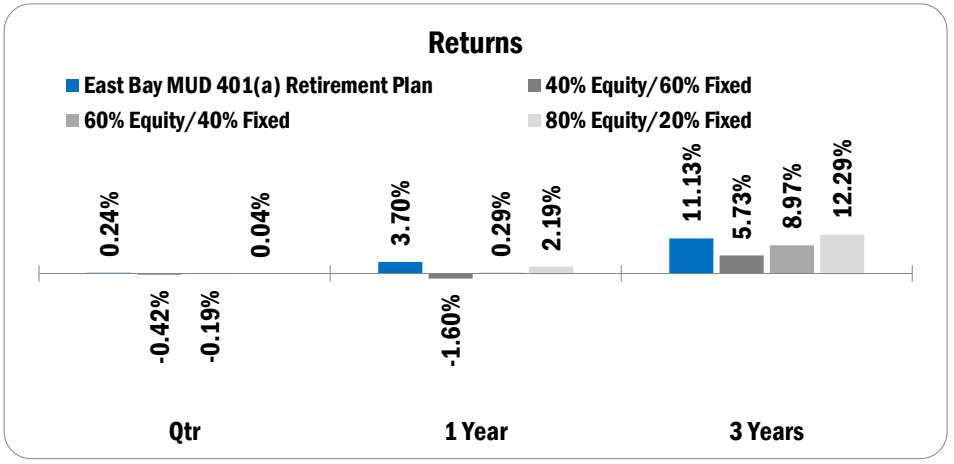
## BROAD PLAN ALLOCATION



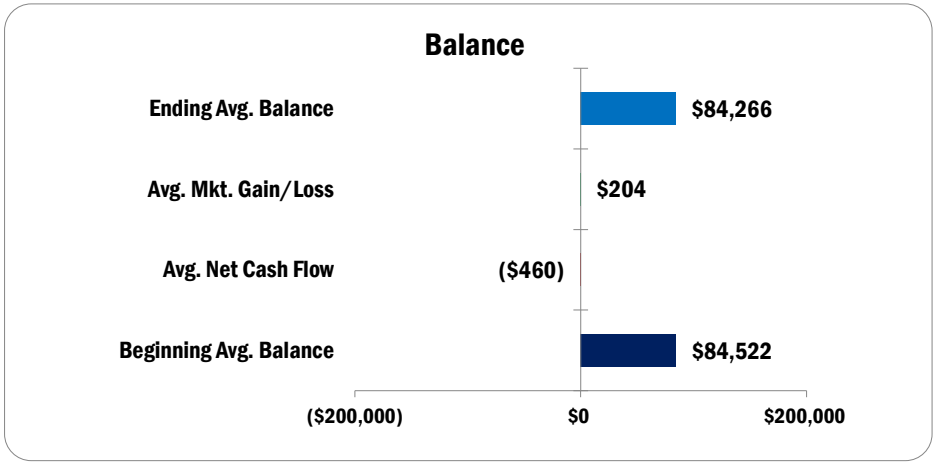

## PLAN LEVEL CASH-FLOW

| Asset Class | Beginning Market Value | Net Cash Flow | Market Gain/(Loss) | Ending Market Value | Estimated Qtr Return |
|---|---|---|---|---|---|
| Fixed Income | $5,362,029 | $7,598 | ($6,244) | $5,363,384 | -0.12% |
| Large Cap | $12,325,262 | ($32,829) | $92,708 | $12,385,141 | 0.75% |
| Mid Cap | $3,037,326 | ($401,260) | ($23,345) | $2,612,721 | -0.83% |
| Small Cap | $1,662,531 | $8,928 | $48,694 | $1,720,153 | 2.92% |
| International | $2,155,818 | $289,472 | $19,859 | $2,465,148 | 0.87% |
| Asset Allocation | $9,820,531 | ($129,534) | ($43,053) | $9,647,945 | -0.44% |
| Brokerage | $4,009,475 | $48,715 | $4,223 | $4,062,413 | 0.10% |
| Total | $38,372,972 | ($208,908) | $92,842 | $38,256,905 | 0.24% |

## PLAN LEVEL RETURN




## AVERAGE PARTICIPANT BALANCE




Equity Indices: Russell 3000, MSCI ACWI ex USA; Fixed Indices: US Treasury 90 Day T-Bill, Barclays Global Aggregate Bond (rebalanced quarterly)

# Section 4

| Fixed Income | Ticker | Assets | % |
|---|---|---|---|
| T. Rowe Price Stable Value | - | $18,149,043 | 7.8% |
| Scout Core Plus Bond | SCPZX | $12,107,634 | 5.2% |
| Vanguard Total Bond Market Index Adm | VBTLX | $1,536,830 | 0.7% |
| **Total** | | **$31,793,507** | **13.6%** |

| Large Cap | Ticker | Assets | % |
|---|---|---|---|
| Dodge & Cox Stock | DODGX | $13,035,211 | 5.6% |
| T. Rowe Price Equity Income | PRFDX | $4,984,312 | 2.1% |
| Vanguard Institutional Index I | VINIX | $33,786,879 | 14.5% |
| Fidelity Blue Chip Growth K | FBGKX | $25,913,062 | 11.1% |
| **Total** | | **$77,719,464** | **33.3%** |

| Mid Cap | Ticker | Assets | % |
|---|---|---|---|
| Hotchkis & Wiley Mid-Cap Value I | HWMIX | $8,666,058 | 3.7% |
| Morgan Stanley Inst Mid-Cap Growth I | MPEGX | $5,067,063 | 2.2% |
| **Total** | | **$13,733,121** | **5.9%** |

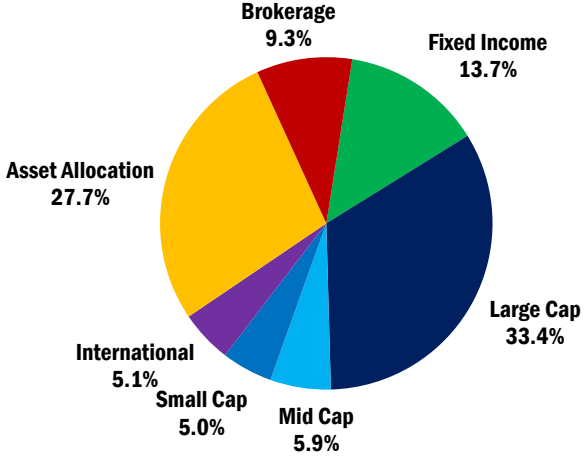
| Small Cap | Ticker | Assets | % |
|---|---|---|---|
| Artisan Small Cap IS | APHSX | $2,327,472 | 1.0% |
| Huber Small Cap Value IS | HUSEX | $9,242,353 | 4.0% |
| **Total** | | **$11,569,825** | **5.0%** |

| International | Ticker | Assets | % |
|---|---|---|---|
| American Funds EuroPacific Gr R6 | RERGX | $11,141,295 | 4.8% |
| Vanguard Total Intl Stock Index Adm | VTIAX | $709,124 | 0.3% |
| **Total** | | **$11,850,419** | **5.1%** |

| Asset Allocation | Ticker | Assets | % |
|---|---|---|---|
| Fidelity Balanced K | FBAKX | $12,308,845 | 5.3% |
| Vanguard Wellesley Income Adm | VWIAX | $5,412,711 | 2.3% |
| Vanguard Target Retirement Income | VTINX | $864,497 | 0.4% |
| Vanguard Target Retirement 2010 | VTENX | $3,530,609 | 1.5% |
| Vanguard Target Retirement 2015 | VTXVX | $6,307,084 | 2.7% |
| Vanguard Target Retirement 2020 | VTWNX | $16,713,370 | 7.2% |
| Vanguard Target Retirement 2025 | VTTVX | $5,326,151 | 2.3% |
| Vanguard Target Retirement 2030 | VTHRX | $5,670,612 | 2.4% |
| Vanguard Target Retirement 2035 | VTTHX | $1,931,977 | 0.8% |
| Vanguard Target Retirement 2040 | VFORX | $3,838,653 | 1.6% |
| Vanguard Target Retirement 2045 | VTIVX | $1,204,651 | 0.5% |
| Vanguard Target Retirement 2050 | VFIFX | $1,121,411 | 0.5% |
| Vanguard Target Retirement 2055 | VFFVX | $134,179 | 0.1% |
| Vanguard Target Retirement 2060 | VTTSX | $32,584 | 0.0% |
| **Total** | | **$64,397,334** | **27.6%** |

| | | |
|---|---|---|
| **Brokerage Assets** | **$21,650,628** | **9.3%** |
| **Fidelity Retiree Money Market** | **$785,677** | **0.3%** |
| **Total** | **$233,499,976** | **100.0%** |

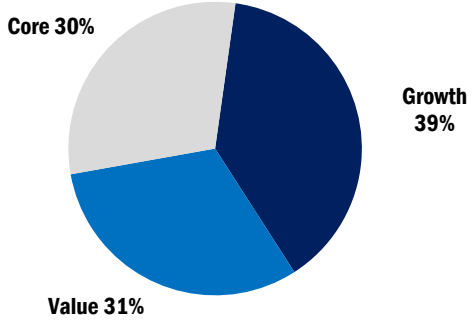
## PLAN COMPOSITION



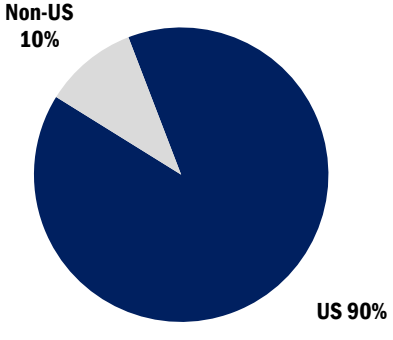

## HISTORICAL PLAN ALLOCATION

| Asset Class | 2Q15 | 1Q15 | 4Q14 | 3Q14 | 2Q14 | 1Q14 | 4Q13 | 3Q13 |
|---|---|---|---|---|---|---|---|---|
| Fixed Income | 13.7% | 13.6% | 14.5% | 14.9% | 14.7% | 15.0% | 15.5% | 16.9% |
| Large Cap | 33.4% | 33.5% | 33.3% | 32.5% | 31.9% | 31.6% | 31.4% | 30.4% |
| Mid Cap | 5.9% | 6.3% | 6.4% | 6.4% | 6.7% | 6.5% | 6.3% | 5.9% |
| Small Cap | 5.0% | 4.8% | 5.2% | 5.5% | 6.2% | 6.5% | 6.7% | 6.6% |
| International | 5.1% | 4.8% | 4.7% | 5.0% | 5.2% | 5.1% | 4.9% | 4.8% |
| Asset Allocation | 27.7% | 27.7% | 26.7% | 26.4% | 25.8% | 25.4% | 25.3% | 25.5% |
| Brokerage | 9.3% | 9.2% | 9.2% | 9.2% | 9.5% | 9.8% | 10.0% | 10.0% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

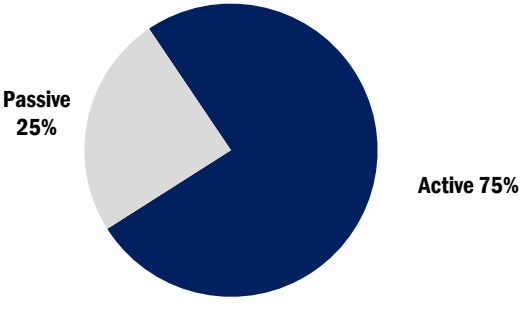
## By Equity Style*




## By Equity Region*

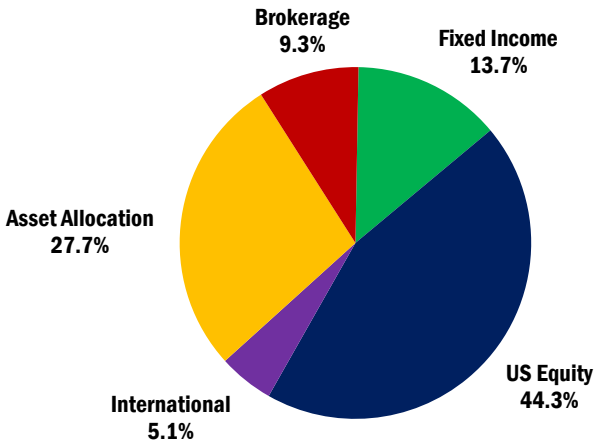



## By Investment Type **




*Excludes Fixed Income, Asset Allocation and Brokerage assets
**Excludes Asset Allocation and Brokerage assets

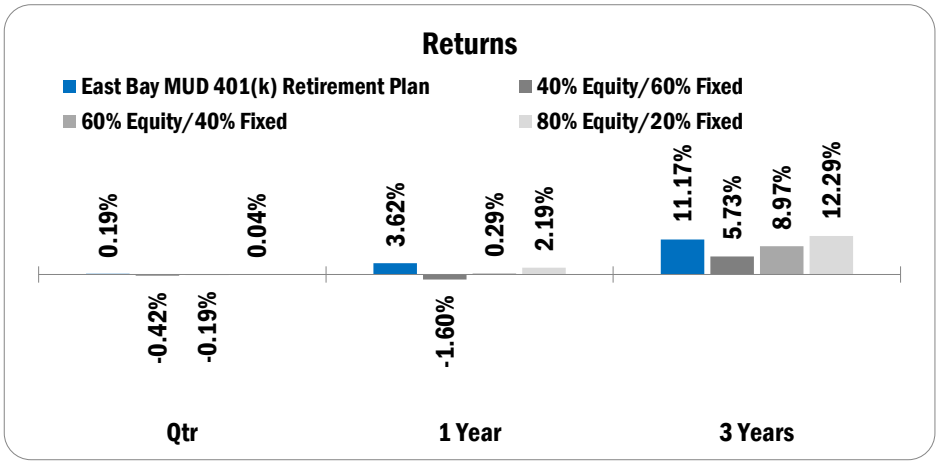
## BROAD PLAN ALLOCATION



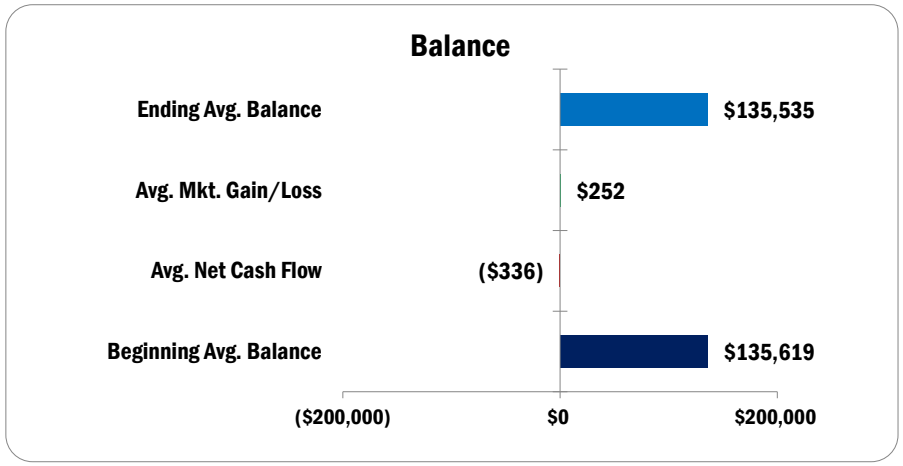

## PLAN LEVEL CASH-FLOW

| Asset Class | Beginning Market Value | Net Cash Flow | Market Gain/(Loss) | Ending Market Value | Estimated Qtr Return |
|---|---|---|---|---|---|
| Fixed Income | $31,702,623 | $67,021 | $23,863 | $31,793,507 | 0.08% |
| Large Cap | $78,076,639 | ($887,721) | $530,546 | $77,719,464 | 0.68% |
| Mid Cap | $14,623,514 | ($715,478) | ($174,915) | $13,733,121 | -1.23% |
| Small Cap | $11,213,102 | $47,765 | $308,958 | $11,569,825 | 2.75% |
| International | $11,246,389 | $485,531 | $118,499 | $11,850,419 | 1.03% |
| Asset Allocation | $64,564,850 | $132,850 | ($300,366) | $64,397,334 | -0.46% |
| Brokerage | $21,430,952 | $293,856 | ($74,180) | $21,650,628 | -0.34% |
| Total | $232,858,069 | ($576,176) | $432,406 | $232,714,299 | 0.19% |

## PLAN LEVEL RETURN




## AVERAGE PARTICIPANT BALANCE




Equity Indices: Russell 3000, MSCI ACWI ex USA; Fixed Indices: US Treasury 90 Day T-Bill, Barclays Global Aggregate Bond (rebalanced quarterly)

# Section 5

**Investment Policy Status**

| Key: Ⓟ Pass / • Fail | Performance Factors | Qualitative Factors | On-Watch Date Initiated | Notes |
|---|---|---|---|---|
| T.Rowe Price Stable Value Fund | Ⓟ | Ⓟ | - | |
| Scout Core Plus Bond | Ⓟ | Ⓟ | - | |
| Vanguard Total Bond Market Index Signal | Ⓟ | Ⓟ | - | |
| Dodge & Cox Stock | Ⓟ | Ⓟ | - | |
| T. Rowe Price Equity Income | • | Ⓟ | 1Q2015 | Currently lagging benchmark over the 5-year period and below median peer ranking |
| Vanguard Institutional Index I | Ⓟ | Ⓟ | - | |
| Fidelity Blue Chip Growth K | Ⓟ | Ⓟ | - | |
| Hotchkis and Wiley Mid-Cap Value I | Ⓟ | Ⓟ | - | |
| Morgan Stanley Inst Mid Cap Growth I | • | Ⓟ | 3Q2014 | Currently lagging benchmark over the 5-year period and below median peer ranking |
| Artisan Small Cap IS | Ⓟ | Ⓟ | - | |
| Huber Small Cap Value IS | Ⓟ | Ⓟ | - | |
| American Funds EuroPacific Gr R6 | Ⓟ | Ⓟ | - | |
| Vanguard Total Intl Stock Index Signal | Ⓟ | Ⓟ | - | |

**Investment Policy Status**

| Key: Ⓟ Pass / • Fail | Performance Factors | Qualitative Factors | On-Watch Date Initiated | Notes |
|---|---|---|---|---|
| Fidelity Balanced K | Ⓟ | Ⓟ | - | |
| Vanguard Wellesley Income Adm | Ⓟ | Ⓟ | - | |
| Vanguard Target Retirement Income | Ⓟ | Ⓟ | - | |
| Vanguard Target Retirement 2010 | Ⓟ | Ⓟ | - | |
| Vanguard Target Retirement 2015 | Ⓟ | Ⓟ | - | |
| Vanguard Target Retirement 2020 | Ⓟ | Ⓟ | - | |
| Vanguard Target Retirement 2025 | Ⓟ | Ⓟ | - | |
| Vanguard Target Retirement 2030 | Ⓟ | Ⓟ | - | |
| Vanguard Target Retirement 2035 | Ⓟ | Ⓟ | - | |
| Vanguard Target Retirement 2040 | Ⓟ | Ⓟ | - | |
| Vanguard Target Retirement 2045 | Ⓟ | Ⓟ | - | |
| Vanguard Target Retirement 2050 | Ⓟ | Ⓟ | - | |
| Vanguard Target Retirement 2055 | Ⓟ | Ⓟ | - | Does not have 5-year track record |
| Vanguard Target Retirement 2060 | Ⓟ | Ⓟ | - | Does not have 5-year track record |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **T. Rowe Price Stable Value** | **0.57** | **1.15** | **2.33** | **2.45** | **2.90** | **3.71** | **2.30** | **2.48** | **2.81** | **3.60** | **4.31** | **4.33** |
| 5 Yr Constant Maturity US Treasury Yield | 0.38 | 0.74 | 1.57 | 1.30 | 1.32 | 2.39 | 1.64 | 0.43 | 0.76 | 1.52 | 1.93 | 2.19 |
| 90 day US Treasury | 0.01 | 0.01 | 0.02 | 0.05 | 0.06 | 1.29 | 0.03 | 0.06 | 0.08 | 0.06 | 0.15 | 0.16 |
| +/- Index | 0.19 | 0.40 | 0.76 | 1.15 | 1.58 | 1.33 | 0.66 | 2.05 | 2.05 | 2.08 | 2.38 | 2.14 |
| US SA Stable Value | 16 | 21 | 20 | 23 | 16 | 22 | 10 | 22 | 33 | 33 | 19 | 18 |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Scout Core Plus Bond** | **-0.15** | **0.59** | **1.19** | **2.26** | **4.58** | **6.63** | **2.32** | **-0.36** | **9.85** | **8.28** | **10.06** | **35.19** |
| Barclays Capital US Aggregate Bond Index | -1.68 | -0.10 | 1.86 | 1.83 | 3.35 | 4.44 | 5.97 | -2.02 | 4.21 | 7.84 | 6.54 | 5.93 |
| +/- Index | 1.53 | 0.69 | (0.67) | 0.43 | 1.24 | 2.19 | (3.65) | 1.66 | 5.64 | 0.44 | 3.52 | 29.26 |
| US OE Intermediate-Term Bond | 2 | 12 | 51 | 48 | 17 | 1 | 95 | 18 | 15 | 6 | 13 | 3 |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Vanguard Total Bond Market Index Admiral** | **-1.79** | **-0.17** | **1.73** | **1.70** | **3.24** | **4.40** | **5.89** | **-2.15** | **4.15** | **7.69** | **6.54** | **6.04** |
| Barclays Capital US Aggregate Bond Index | -1.68 | -0.10 | 1.86 | 1.83 | 3.35 | 4.44 | 5.97 | -2.02 | 4.21 | 7.84 | 6.54 | 5.93 |
| +/- Index | (0.10) | (0.06) | (0.13) | (0.13) | (0.11) | (0.04) | (0.07) | (0.13) | (0.06) | (0.15) | 0.00 | 0.11 |
| US OE Intermediate-Term Bond | 66 | 64 | 22 | 71 | 70 | 46 | 30 | 67 | 83 | 12 | 71 | 89 |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Dodge & Cox Stock** | **2.56** | **1.33** | **4.54** | **20.44** | **17.79** | **7.20** | **10.40** | **40.55** | **22.01** | **-4.08** | **13.49** | **31.27** |
| Russell 1000 Value Index | 0.11 | -0.61 | 4.13 | 17.34 | 16.50 | 7.05 | 13.45 | 32.53 | 17.51 | 0.39 | 15.51 | 19.69 |
| +/- Style Index | 2.45 | 1.95 | 0.41 | 3.10 | 1.29 | 0.15 | (3.05) | 8.02 | 4.50 | (4.47) | (2.02) | 11.58 |
| US OE Large Value | 2 | 20 | 35 | 4 | 4 | 32 | 54 | 2 | 2 | 74 | 47 | 14 |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **T. Rowe Price Equity Income** | **-0.57** | **-1.59** | **-0.34** | **14.14** | **14.30** | **6.69** | **7.49** | **29.75** | **17.25** | **-0.72** | **15.15** | **25.62** |
| Russell 1000 Value Index | 0.11 | -0.61 | 4.13 | 17.34 | 16.50 | 7.05 | 13.45 | 32.53 | 17.51 | 0.39 | 15.51 | 19.69 |
| +/- Style Index | (0.68) | (0.98) | (4.47) | (3.20) | (2.20) | (0.36) | (5.97) | (2.78) | (0.26) | (1.11) | (0.36) | 5.93 |
| US OE Large Value | 63 | 87 | 88 | 75 | 70 | 48 | 86 | 69 | 20 | 48 | 26 | 35 |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Vanguard Institutional Index I** | **0.28** | **1.22** | **7.41** | **17.28** | **17.31** | **7.90** | **13.65** | **32.35** | **15.98** | **2.09** | **15.05** | **26.63** |
| **S&P 500 Index** | 0.28 | 1.23 | 7.42 | 17.31 | 17.34 | 7.89 | 13.69 | 32.39 | 16.00 | 2.11 | 15.06 | 26.46 |
| **+/- Index** | (0.00) | (0.01) | (0.02) | (0.03) | (0.03) | 0.00 | (0.04) | (0.04) | (0.02) | (0.02) | (0.01) | 0.17 |
| **US OE Large Blend** | **36** | **46** | **24** | **37** | **20** | **25** | **18** | **42** | **35** | **17** | **29** | **52** |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fidelity Blue Chip Growth K** | **0.42** | **5.94** | **13.37** | **21.96** | **20.36** | **10.14** | **14.74** | **40.03** | **17.95** | **-2.56** | **19.80** | **45.31** |
| **Russell 1000 Growth Index** | 0.12 | 3.96 | 10.56 | 17.99 | 18.59 | 9.10 | 13.05 | 33.48 | 15.26 | 2.64 | 16.71 | 37.21 |
| **+/- Style Index** | 0.30 | 1.98 | 2.82 | 3.97 | 1.77 | 1.03 | 1.69 | 6.55 | 2.69 | (5.20) | 3.09 | 8.10 |
| **US OE Large Growth** | **54** | **21** | **14** | **3** | **4** | **11** | **6** | **10** | **21** | **55** | **15** | **13** |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Hotchkis and Wiley Mid-Cap Value I** | **-1.87** | **-1.58** | **-0.70** | **20.20** | **20.12** | **8.76** | **12.18** | **42.55** | **31.09** | **-8.60** | **34.41** | **56.49** |
| **Russell Mid Cap Value Index** | -1.97 | 0.41 | 3.67 | 19.13 | 17.73 | 8.89 | 14.75 | 33.46 | 18.51 | -1.38 | 24.75 | 34.21 |
| **+/- Style Index** | 0.10 | (1.99) | (4.37) | 1.06 | 2.39 | (0.13) | (2.57) | 9.09 | 12.58 | (7.22) | 9.66 | 22.28 |
| **US OE Mid-Cap Value** | **72** | **90** | **86** | **15** | **1** | **27** | **24** | **7** | **2** | **91** | **1** | **3** |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Morgan Stanley Inst Mid Cap Growth I** | **-0.49** | **2.47** | **3.62** | **13.81** | **13.94** | **9.83** | **1.33** | **38.35** | **9.49** | **-6.89** | **32.94** | **60.19** |
| **Russell Mid Cap Growth Index** | -1.14 | 4.18 | 9.45 | 19.24 | 18.69 | 9.69 | 11.90 | 35.74 | 15.81 | -1.65 | 26.38 | 46.29 |
| **+/- Index** | 0.65 | (1.71) | (5.84) | (5.42) | (4.76) | 0.14 | (10.58) | 2.61 | (6.32) | (5.24) | 6.56 | 13.90 |
| **US OE Mid-Cap Growth** | **66** | **90** | **92** | **93** | **90** | **30** | **89** | **21** | **88** | **72** | **6** | **2** |

| | Qtr | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Artisan Small Cap IS** | **7.61** | **10.20** | **13.99** | **18.26** | **20.25** | **8.49** | **-0.57** | **43.11** | **17.90** | **6.99** | **20.51** | **44.14** |
| **Russell 2000 Growth Index** | 1.98 | 8.74 | 12.34 | 20.11 | 19.33 | 9.86 | 5.60 | 43.30 | 14.59 | -2.91 | 29.09 | 34.47 |
| **+/- Style Index** | 5.63 | 1.46 | 1.65 | (1.85) | 0.93 | (1.37) | (6.18) | (0.19) | 3.31 | 9.90 | (8.58) | 9.67 |
| **US OE Small Growth** | **1** | **18** | **16** | **45** | **13** | **66** | **77** | **38** | **11** | **2** | **95** | **21** |

| | Qtr | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Huber Small Cap Value IS** | **1.78** | **0.79** | **-10.56** | **12.30** | **16.61** | **-** | **-8.91** | **34.82** | **28.85** | **-2.52** | **37.92** | **85.80** |
| **Russell 2000 Value Index** | -1.20 | 0.76 | 0.78 | 15.50 | 14.81 | 6.87 | 4.22 | 34.52 | 18.05 | -5.50 | 24.50 | 20.58 |
| **+/- Style Index** | 2.97 | 0.03 | (11.33) | (3.20) | 1.80 | - | (13.13) | 0.30 | 10.80 | 2.98 | 13.42 | 65.22 |
| **US OE Small Value** | **6** | **68** | **96** | **95** | **21** | **-** | **97** | **63** | **2** | **27** | **2** | **3** |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **American Funds EuroPacific Gr R6** | **1.12** | **7.16** | **0.97** | **12.71** | **10.12** | **7.57** | **-2.29** | **20.58** | **19.64** | **-13.31** | **9.76** | **39.35** |
| **MSCI AC World ex USA (Net)** | 0.53 | 4.03 | -5.26 | 9.44 | 7.76 | 5.54 | -3.87 | 15.29 | 16.83 | -13.71 | 11.15 | 41.45 |
| **+/- Index** | 0.60 | 3.12 | 6.23 | 3.27 | 2.36 | 2.03 | 1.57 | 5.29 | 2.81 | 0.40 | (1.39) | (2.10) |
| **US OE Foreign Large Blend** | **43** | **34** | **27** | **24** | **41** | **13** | **27** | **40** | **26** | **40** | **54** | **16** |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Vanguard Total Intl Stock Index Admiral** | **1.28** | **5.42** | **-4.60** | **9.89** | **8.20** | **5.45** | **-4.17** | **15.14** | **18.21** | **-14.52** | **11.06** | **36.73** |
| **Vanguard Total International Stock Index** | 1.11 | 4.83 | -4.49 | 10.06 | 8.03 | 5.50 | -3.39 | 15.29 | 16.83 | -13.71 | 11.15 | 41.45 |
| **+/- Index** | 0.17 | 0.59 | (0.11) | (0.17) | 0.18 | (0.05) | (0.79) | (0.15) | 1.38 | (0.81) | (0.09) | (4.72) |
| **US OE Foreign Large Blend** | **38** | **64** | **71** | **69** | **74** | **39** | **33** | **83** | **49** | **60** | **41** | **26** |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fidelity Balanced K** | **0.14** | **2.38** | **6.48** | **12.88** | **12.71** | **7.59** | **10.52** | **20.64** | **13.04** | **1.76** | **13.92** | **28.29** |
| **US Balanced Index** | -0.51 | 0.70 | 5.18 | 10.98 | 11.84 | 6.89 | 10.56 | 17.73 | 11.37 | 4.98 | 12.19 | 18.46 |
| **+/- Index** | 0.64 | 1.68 | 1.30 | 1.90 | 0.87 | 0.70 | (0.04) | 2.91 | 1.67 | (3.22) | 1.73 | 9.83 |
| **US OE Moderate Allocation** | **12** | **15** | **3** | **5** | **6** | **7** | **5** | **14** | **28** | **24** | **16** | **21** |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Vanguard Wellesley Income Adm** | **-1.64** | **-0.40** | **1.65** | **7.19** | **9.13** | **6.96** | **8.15** | **9.27** | **10.10** | **9.74** | **10.71** | **16.14** |
| **US Conservative Index** | -0.90 | 0.43 | 4.07 | 7.89 | 9.03 | 6.20 | 9.02 | 10.85 | 9.01 | 6.12 | 10.47 | 14.34 |
| **+/- Index** | (0.74) | (0.83) | (2.42) | (0.70) | 0.09 | 0.77 | (0.87) | (1.58) | 1.09 | 3.62 | 0.24 | 1.80 |
| **US OE Conservative Allocation** | **87** | **85** | **22** | **28** | **10** | **1** | **6** | **31** | **43** | **1** | **39** | **78** |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Vanguard Target Retirement Income | -0.93 | 0.81 | 1.94 | 5.35 | 6.76 | 5.23 | 5.54 | 5.87 | 8.23 | 5.25 | 9.39 | 14.28 |
| Vanguard Target Income Composite Index | -0.85 | 0.92 | 2.13 | 5.57 | 6.91 | 5.27 | 5.76 | 6.01 | 8.42 | 5.30 | 9.42 | 14.32 |
| +/- Index | (0.08) | (0.11) | (0.19) | (0.22) | (0.15) | (0.04) | (0.23) | (0.14) | (0.19) | (0.05) | (0.03) | (0.04) |
| US OE Retirement Income | 59 | 37 | 10 | 28 | 15 | 7 | 19 | 56 | 67 | 9 | 42 | 80 |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Vanguard Target Retirement 2010 | -0.82 | 1.03 | 2.19 | 6.96 | 8.37 | - | 5.93 | 9.10 | 10.12 | 3.37 | 11.43 | 19.32 |
| Vanguard Target 2010 Composite Index | -0.77 | 1.09 | 2.33 | 7.14 | 8.47 | - | 6.13 | 9.54 | 10.28 | 3.20 | 11.62 | 19.44 |
| +/- Index | (0.05) | (0.06) | (0.15) | (0.18) | (0.10) | - | (0.20) | (0.45) | (0.16) | 0.18 | (0.19) | (0.12) |
| US OE Target Date 2000-2010 | 83 | 67 | 9 | 49 | 30 | - | 7 | 48 | 45 | 8 | 33 | 82 |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Vanguard Target Retirement 2015 | -0.64 | 1.37 | 2.61 | 8.81 | 9.68 | 5.95 | 6.56 | 13.00 | 11.37 | 1.71 | 12.47 | 21.30 |
| Vanguard Target 2015 Composite Index | -0.57 | 1.46 | 2.82 | 9.02 | 9.80 | 5.97 | 6.77 | 13.43 | 11.50 | 1.48 | 12.60 | 21.38 |
| +/- Index | (0.07) | (0.09) | (0.21) | (0.22) | (0.11) | (0.02) | (0.21) | (0.43) | (0.14) | 0.23 | (0.13) | (0.08) |
| US OE Target Date 2000-2010 | 49 | 42 | 4 | 16 | 11 | 4 | 3 | 21 | 34 | 19 | 34 | 76 |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Vanguard Target Retirement 2020 | -0.58 | 1.58 | 3.03 | 10.19 | 10.70 | - | 7.11 | 15.85 | 12.35 | 0.60 | 13.12 | 23.10 |
| Vanguard Target 2020 Composite Index | -0.52 | 1.67 | 3.23 | 10.46 | 10.94 | - | 7.37 | 16.33 | 12.51 | 0.94 | 13.28 | 23.41 |
| +/- Index | (0.07) | (0.09) | (0.20) | (0.28) | (0.24) | - | (0.26) | (0.48) | (0.16) | (0.34) | (0.16) | (0.32) |
| US OE Target Date 2000-2010 | 47 | 40 | 9 | 9 | 9 | - | 1 | 18 | 36 | 32 | 35 | 66 |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Vanguard Target Retirement 2025 | -0.41 | 1.81 | 3.09 | 11.18 | 11.52 | 6.31 | 7.17 | 18.14 | 13.29 | -0.37 | 13.84 | 24.81 |
| Vanguard Target 2025 Composite Index | -0.34 | 1.90 | 3.32 | 11.48 | 11.77 | 6.44 | 7.45 | 18.64 | 13.44 | 0.02 | 13.96 | 25.26 |
| +/- Index | (0.07) | (0.08) | (0.23) | (0.30) | (0.25) | (0.13) | (0.28) | (0.50) | (0.14) | (0.39) | (0.12) | (0.45) |
| US OE Target Date 2021-2025 | 49 | 47 | 12 | 18 | 21 | 12 | 4 | 24 | 43 | 16 | 37 | 78 |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Vanguard Target Retirement 2030 | -0.24 | 2.07 | 3.19 | 12.20 | 12.35 | - | 7.17 | 20.49 | 14.24 | -1.27 | 14.43 | 26.72 |
| Vanguard Target 2030 Composite Index | -0.16 | 2.12 | 3.41 | 12.49 | 12.58 | - | 7.51 | 21.01 | 14.36 | -0.94 | 14.61 | 27.13 |
| +/- Index | (0.07) | (0.05) | (0.23) | (0.29) | (0.23) | - | (0.34) | (0.52) | (0.12) | (0.33) | (0.17) | (0.41) |
| US OE Target Date 2026-2030 | 41 | 51 | 21 | 16 | 16 | - | 5 | 25 | 38 | 22 | 33 | 74 |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Vanguard Target Retirement 2035 | -0.05 | 2.30 | 3.26 | 13.21 | 13.16 | 6.76 | 7.24 | 22.82 | 15.16 | -2.24 | 15.14 | 28.17 |
| Vanguard Target 2035 Composite Index | 0.01 | 2.34 | 3.50 | 13.50 | 13.39 | 6.89 | 7.57 | 23.38 | 15.28 | -1.91 | 15.27 | 28.62 |
| +/- Index | (0.07) | (0.04) | (0.24) | (0.30) | (0.23) | (0.13) | (0.33) | (0.56) | (0.12) | (0.33) | (0.14) | (0.45) |
| US OE Target Date 2031-2035 | 41 | 55 | 25 | 19 | 14 | 12 | 10 | 23 | 40 | 19 | 26 | 64 |

| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Vanguard Target Retirement 2040 | 0.13 | 2.52 | 3.28 | 13.82 | 13.50 | - | 7.15 | 24.37 | 15.56 | -2.55 | 15.17 | 28.32 |
| Vanguard Target 2040 Composite Index | 0.18 | 2.55 | 3.59 | 14.14 | 13.76 | - | 7.61 | 24.78 | 15.57 | -2.11 | 15.33 | 28.62 |
| +/- Index | (0.05) | (0.03) | (0.31) | (0.32) | (0.26) | - | (0.46) | (0.40) | (0.01) | (0.44) | (0.15) | (0.30) |
| US OE Target Date 2036-2040 | 36 | 50 | 27 | 14 | 12 | - | 12 | 15 | 31 | 19 | 35 | 77 |

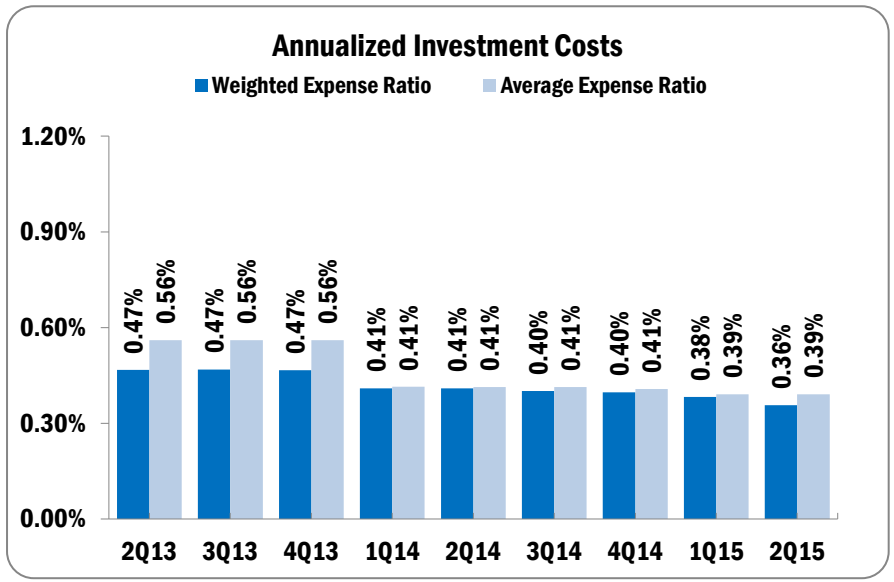
| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Vanguard Target Retirement 2045 | 0.10 | 2.52 | 3.29 | 13.80 | 13.51 | 7.10 | 7.16 | 24.37 | 15.58 | -2.51 | 15.19 | 28.15 |
| Vanguard Target 2045 Composite Index | 0.18 | 2.55 | 3.59 | 14.14 | 13.76 | 7.22 | 7.61 | 24.78 | 15.57 | -2.11 | 15.33 | 28.62 |
| +/- Index | (0.08) | (0.03) | (0.30) | (0.34) | (0.25) | (0.12) | (0.45) | (0.41) | 0.01 | (0.41) | (0.13) | (0.47) |
| US OE Target Date 2041-2045 | 39 | 58 | 28 | 21 | 14 | 19 | 12 | 26 | 43 | 14 | 40 | 83 |

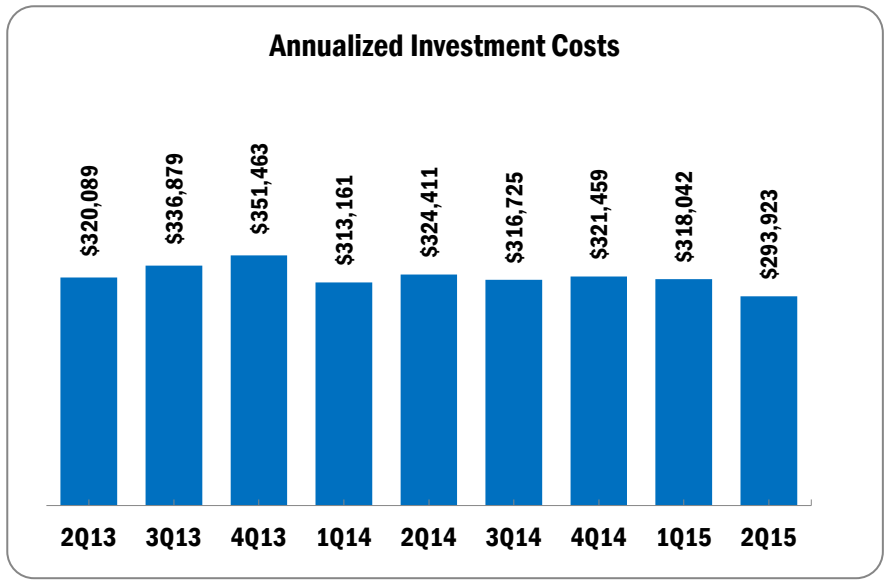
| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Vanguard Target Retirement 2050 | 0.13 | 2.50 | 3.29 | 13.81 | 13.51 | - | 7.18 | 24.34 | 15.58 | -2.54 | 15.20 | 28.31 |
| Vanguard Target 2050 Composite Index | 0.18 | 2.55 | 3.59 | 14.14 | 13.76 | - | 7.61 | 24.78 | 15.57 | -2.11 | 15.33 | 28.62 |
| +/- Index | (0.05) | (0.05) | (0.30) | (0.33) | (0.26) | - | (0.43) | (0.44) | 0.01 | (0.43) | (0.13) | (0.31) |
| US OE Target Date 2046-2050 | 37 | 58 | 30 | 22 | 17 | - | 16 | 30 | 44 | 14 | 37 | 89 |

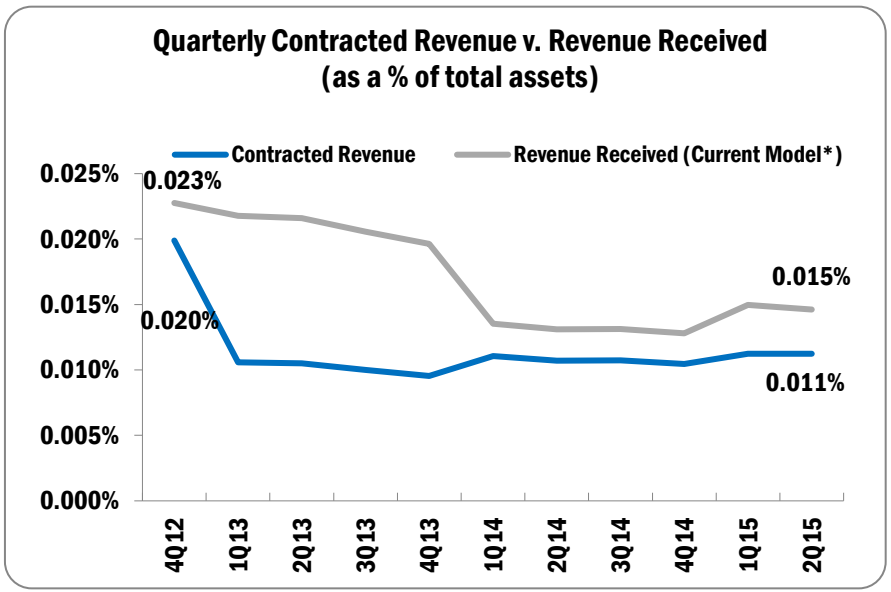
| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Vanguard Target Retirement 2055** | **0.06** | **2.44** | **3.21** | **13.79** | **-** | **-** | **7.19** | **24.33** | **15.58** | **-2.27** | **-** | **-** |
| **Vanguard Target 2055 Composite Index** | 0.18 | 2.55 | 3.59 | 14.14 | 13.76 | - | 7.61 | 24.78 | 15.57 | -2.11 | - | - |
| **+/- Index** | (0.12) | (0.11) | (0.38) | (0.35) | - | - | (0.42) | (0.45) | 0.01 | (0.16) | - | - |
| **US OE Target Date 2051+** | **53** | **68** | **34** | **30** | **-** | **-** | **16** | **36** | **48** | **9** | **-** | **-** |

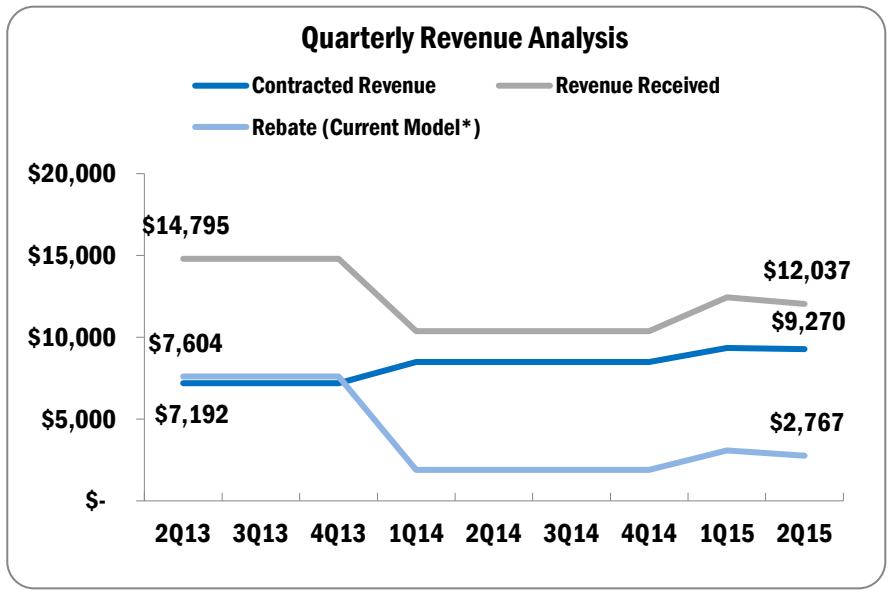
| | QTR | YTD | 1 yr | 3 yrs | 5 yrs | 10 yrs | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Vanguard Target Retirement 2060** | **0.07** | **2.45** | **3.19** | **13.81** | **-** | **-** | **7.16** | **24.35** | **-** | **-** | **-** | **-** |
| **Vanguard Target 2060 Composite Index** | 0.18 | 2.55 | 3.59 | 14.14 | - | - | 7.61 | 24.78 | - | - | - | - |
| **+/- Index** | (0.11) | (0.10) | (0.41) | (0.33) | - | - | (0.45) | (0.43) | - | - | - | - |
| **US OE Target Date 2051+** | **53** | **67** | **35** | **29** | **-** | **-** | **16** | **34** | **-** | **-** | **-** | **-** |

# Section 6

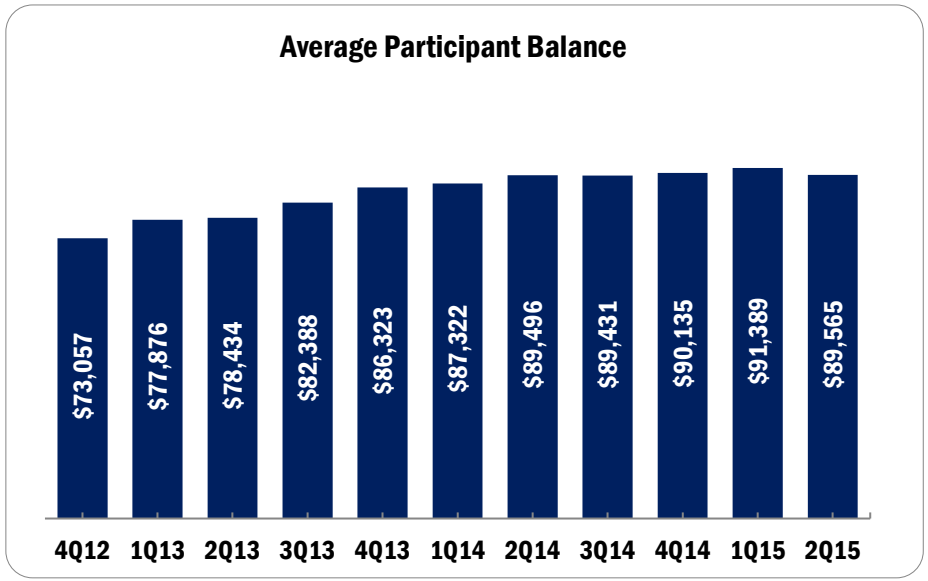


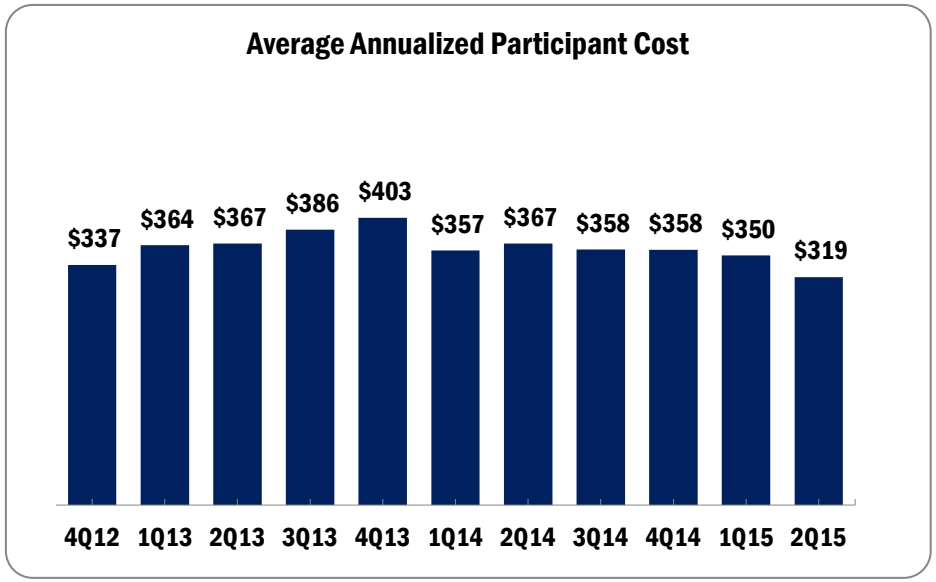



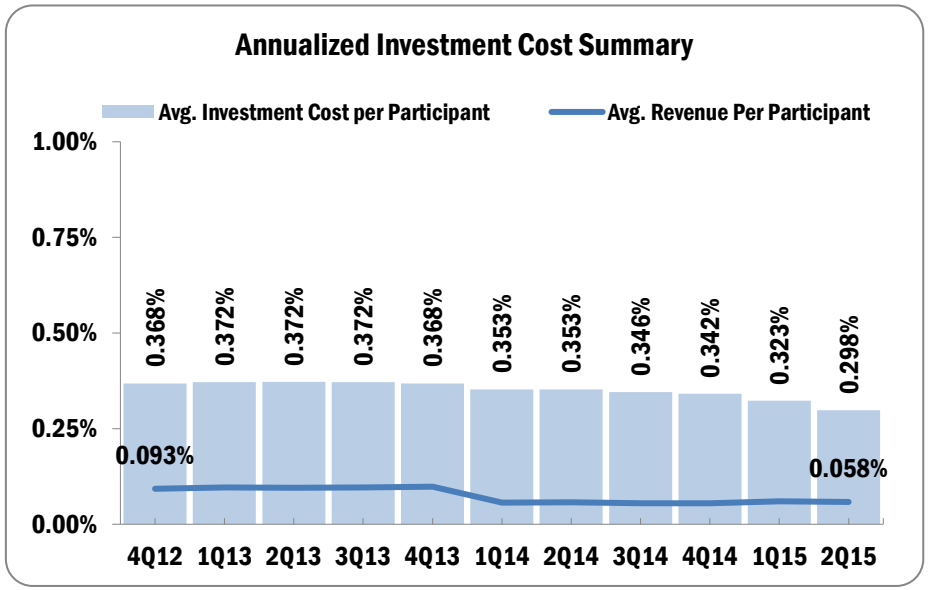



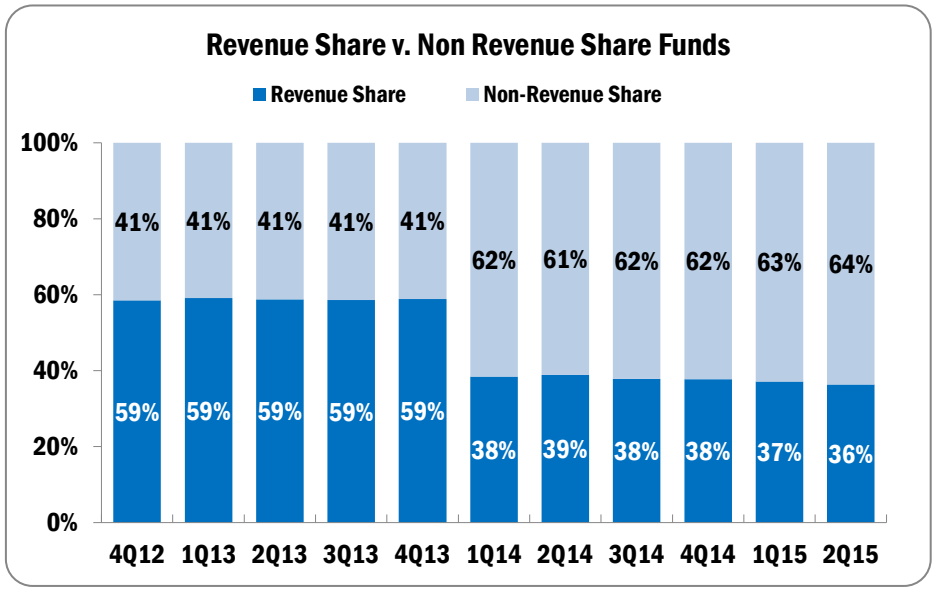




* - As of 1Q15 East Bay Mud changed to the quarterly model.


Average Participant Balance
$73,057
$77,876
$78,434
$82,388
$86,323
$87,322
$89,496
$89,431
$90,135
$91,389
$89,565
4Q12 1Q13 2Q13 3Q13 4Q13 1Q14 2Q14 3Q14 4Q14 1Q15 2Q15


Average Annualized Participant Cost
$337
$364
$367
$386
$403
$357
$367
$358
$358
$350
$319
4Q12 1Q13 2Q13 3Q13 4Q13 1Q14 2Q14 3Q14 4Q14 1Q15 2Q15


Annualized Investment Cost Summary
Avg. Investment Cost per Participant
Avg. Revenue Per Participant
1.00%
0.75%
0.50%
0.25%
0.00%
0.368%
0.372%
0.372%
0.372%
0.368%
0.353%
0.353%
0.346%
0.342%
0.323%
0.298%
0.093%
0.058%
4Q12 1Q13 2Q13 3Q13 4Q13 1Q14 2Q14 3Q14 4Q14 1Q15 2Q15


Revenue Share v. Non Revenue Share Funds
Revenue Share
Non-Revenue Share
100%
80%
60%
40%
20%
0%
41% 41% 41% 41% 41% 62% 61% 62% 62% 63% 64%
59% 59% 59% 59% 59% 38% 39% 38% 38% 37% 36%
4Q12 1Q13 2Q13 3Q13 4Q13 1Q14 2Q14 3Q14 4Q14 1Q15 2Q15

## East Bay Municipal Utility District 457 Retirement Plan

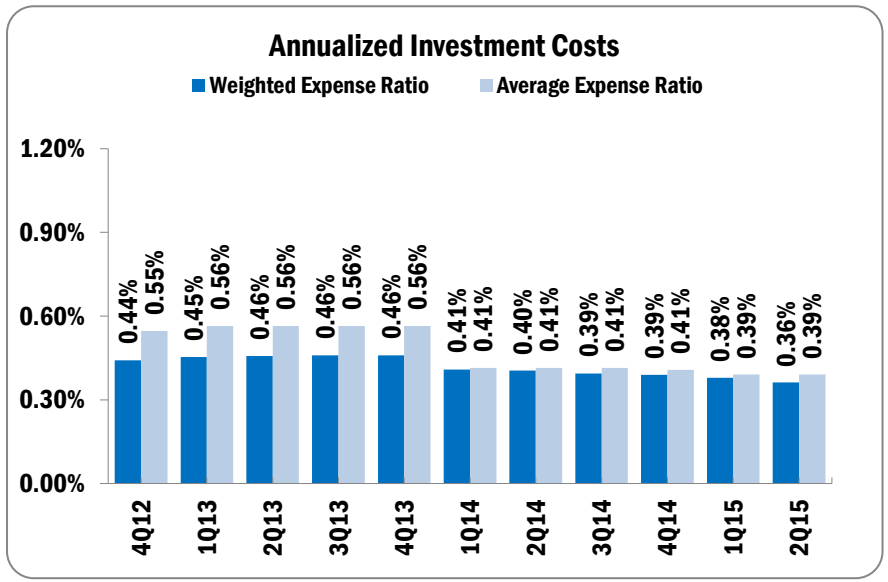
Estimated 2Q2015 Revenue Reconciliation Report

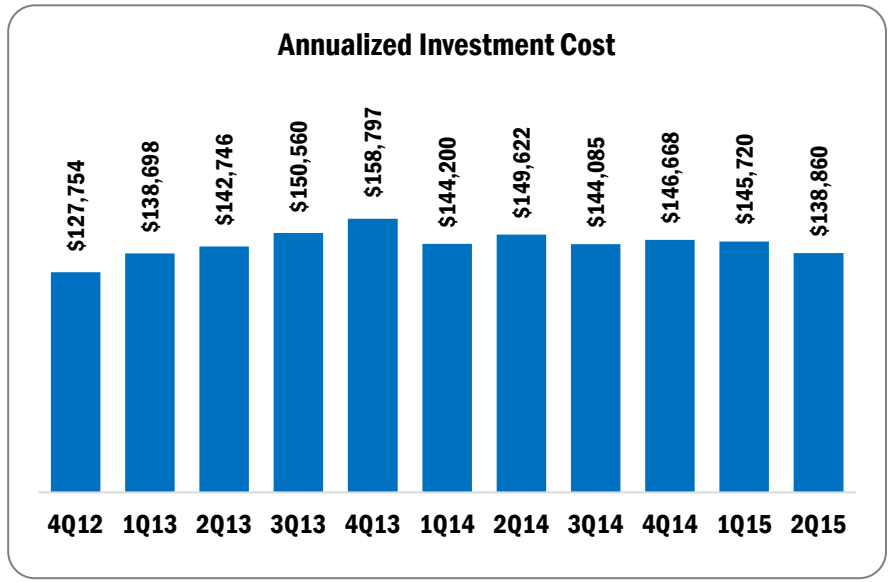
| Name | Annual Expense Ratio | Annual Revenue Share | End-of-Quarter Assets | Revenue Share | Total Investment Expenses |
|---|---|---|---|---|---|
| T. Rowe Price Stable Value | 0.31% | 0.00% | $9,001,304 | $0 | $27,904 |
| Scout Core Plus Bond | 0.40% | 0.10% | $4,539,946 | $4,540 | $18,160 |
| Vanguard Total Bond Market Index Adm | 0.07% | 0.00% | $575,978 | $0 | $403 |
| Dodge & Cox Stock | 0.52% | 0.10% | $5,762,823 | $5,763 | $29,967 |
| T. Rowe Price Equity Income | 0.66% | 0.15% | $1,260,614 | $1,891 | $8,320 |
| Vanguard Institutional Index I | 0.04% | 0.00% | $7,876,993 | $0 | $3,151 |
| Fidelity Blue Chip Growth K | 0.68% | 0.20% | $5,960,209 | $11,920 | $40,529 |
| Hotchkis & Wiley Mid-Cap Value I | 1.01% | 0.25% | $2,983,652 | $7,459 | $30,135 |
| Morgan Stanley Inst Mid-Cap Growth I | 0.75% | 0.15% | $2,141,220 | $3,212 | $16,059 |
| Artisan Small Cap IS | 1.00% | 0.00% | $922,490 | $0 | $9,225 |
| Huber Small Cap Value IS | 1.35% | 0.15% | $2,678,595 | $4,018 | $36,161 |
| American Funds EuroPacific Gr R6 | 0.49% | 0.00% | $3,483,564 | $0 | $17,069 |
| Vanguard Total Intl Stock Index Adm | 0.14% | 0.00% | $354,604 | $0 | $496 |
| Fidelity Balanced K | 0.46% | 0.20% | $4,156,089 | $8,312 | $19,118 |
| Vanguard Wellesley Income Adm | 0.18% | 0.00% | $3,023,517 | $0 | $5,442 |
| Vanguard Target Retirement Income | 0.16% | 0.00% | $467,464 | $0 | $748 |
| Vanguard Target Retirement 2010 | 0.16% | 0.00% | $2,629,051 | $0 | $4,206 |
| Vanguard Target Retirement 2015 | 0.16% | 0.00% | $2,728,057 | $0 | $4,365 |
| Vanguard Target Retirement 2020 | 0.16% | 0.00% | $5,570,060 | $0 | $8,912 |
| Vanguard Target Retirement 2025 | 0.17% | 0.00% | $2,277,991 | $0 | $3,873 |
| Vanguard Target Retirement 2030 | 0.17% | 0.00% | $1,629,551 | $0 | $2,770 |
| Vanguard Target Retirement 2035 | 0.18% | 0.00% | $570,252 | $0 | $1,026 |
| Vanguard Target Retirement 2040 | 0.18% | 0.00% | $1,171,435 | $0 | $2,109 |
| Vanguard Target Retirement 2045 | 0.18% | 0.00% | $523,682 | $0 | $943 |
| Vanguard Target Retirement 2050 | 0.18% | 0.00% | $308,495 | $0 | $555 |
| Vanguard Target Retirement 2055 | 0.18% | 0.00% | $38,409 | $0 | $69 |
| Vanguard Target Retirement 2060 | 0.18% | 0.00% | $21,564 | $0 | $39 |
| Brokerage Assets | - | - | $9,226,317 | - | - |
| Fidelity Retiree Money Market | 0.42% | 0.20% | $516,000 | $1,032 | $2,167 |
| **Total** | | | **$82,399,924** | **$48,147** | **$293,923** |

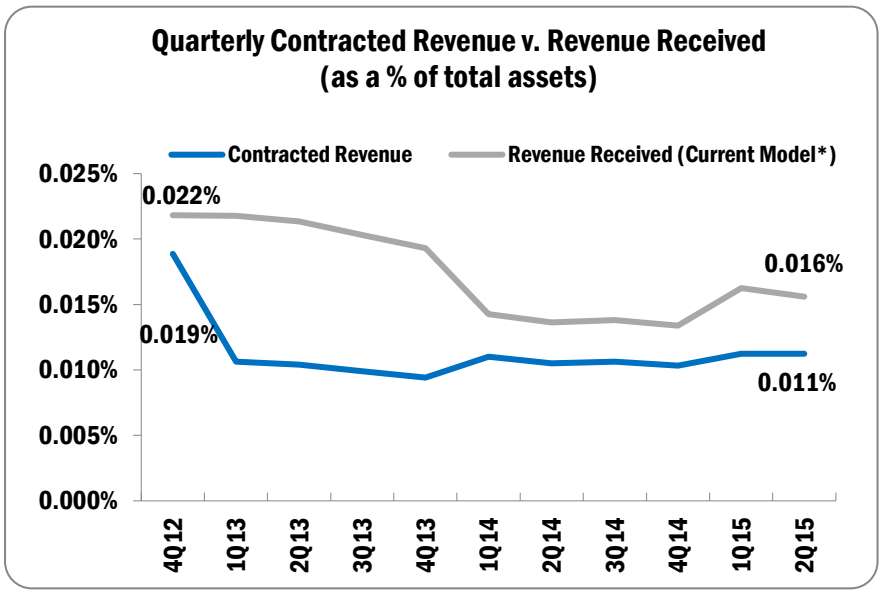
| | Qtr | Annualized |
|---|---|---|
| **Weighted Plan Revenue** | 0.015% | 0.058% |
| **Weighted Expense Ratio** | 0.089% | 0.357% |
| **# of Participants** | **920** | |

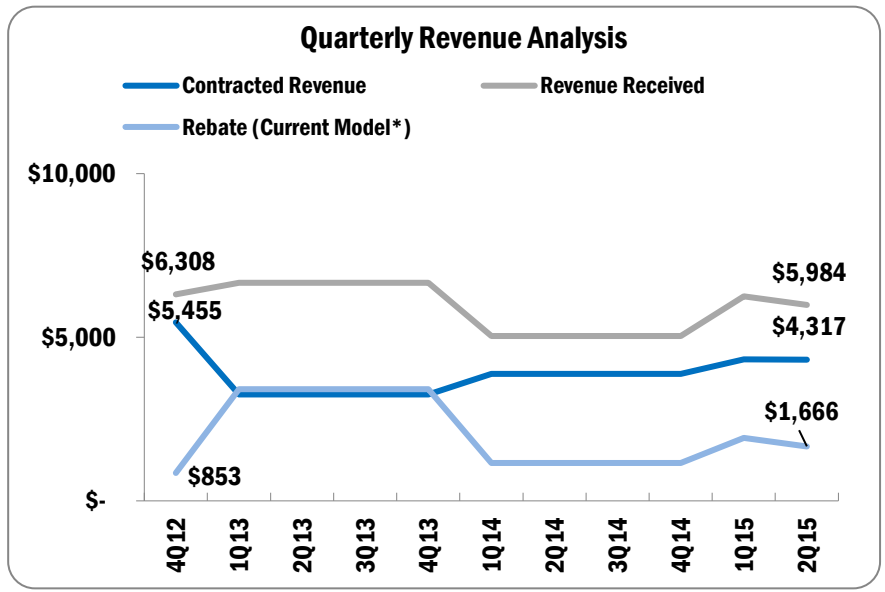
| | % | $ |
|---|---|---|
| **Annual Required Revenue** | 0.045% | $37,080 |
| **Annual Revenue Received** | 0.058% | $48,147 |
| **Net Excess / Deficit** | 0.013% | $11,067 |

# Section 7

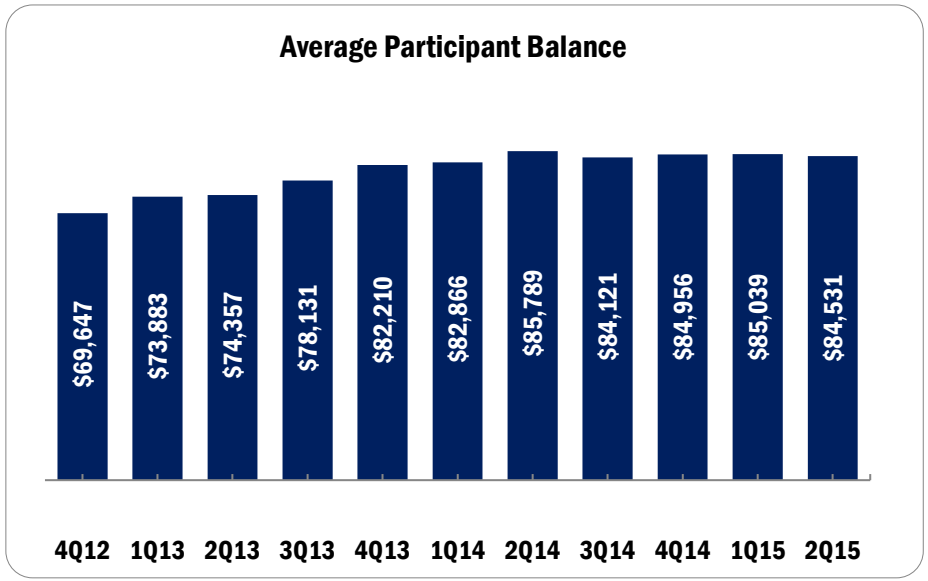


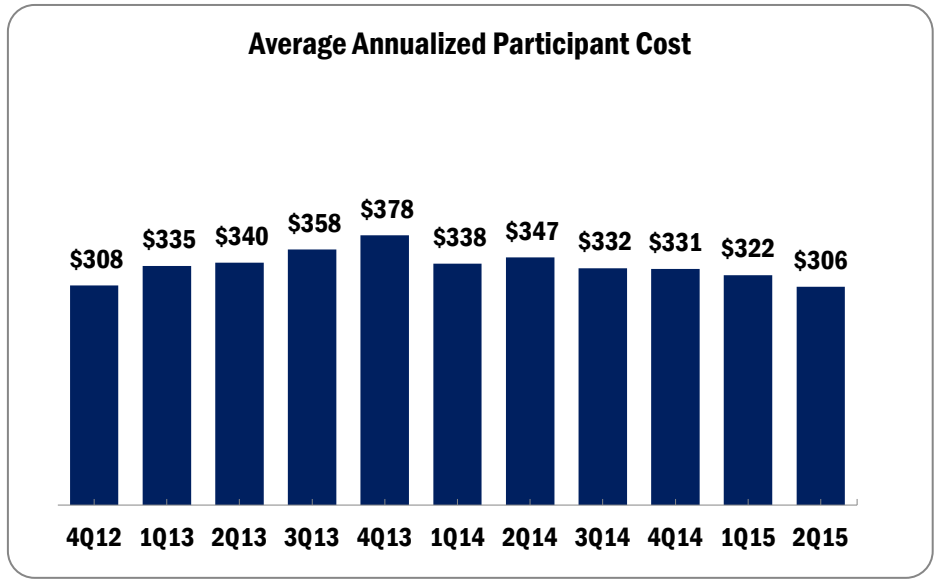



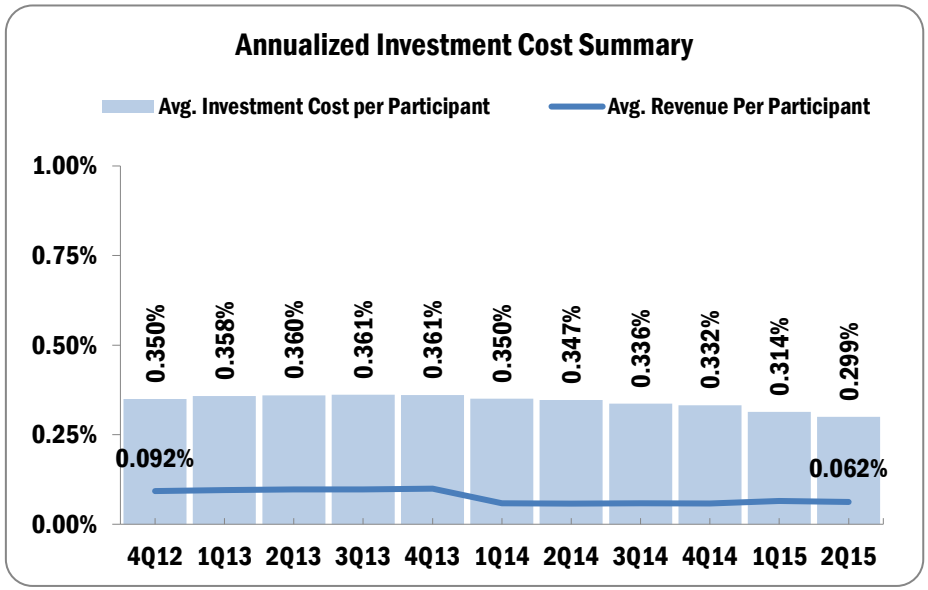



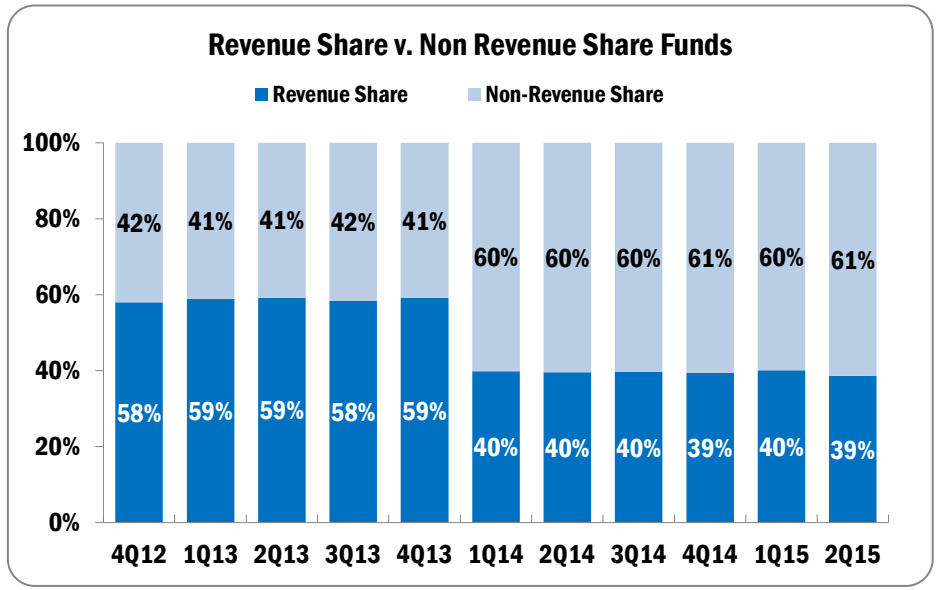




* - As of 1Q15 East Bay Mud changed to the quarterly model.


Average Participant Balance
$69,647
$73,883
$74,357
$78,131
$82,210
$82,866
$85,789
$84,121
$84,956
$85,039
$84,531
4Q12 1Q13 2Q13 3Q13 4Q13 1Q14 2Q14 3Q14 4Q14 1Q15 2Q15


Average Annualized Participant Cost
$308
$335
$340
$358
$378
$338
$347
$332
$331
$322
$306
4Q12 1Q13 2Q13 3Q13 4Q13 1Q14 2Q14 3Q14 4Q14 1Q15 2Q15


Annualized Investment Cost Summary
Avg. Investment Cost per Participant
Avg. Revenue Per Participant
1.00%
0.75%
0.50%
0.25%
0.00%
0.350%
0.358%
0.360%
0.361%
0.361%
0.350%
0.347%
0.336%
0.332%
0.314%
0.299%
0.092%
0.062%
4Q12 1Q13 2Q13 3Q13 4Q13 1Q14 2Q14 3Q14 4Q14 1Q15 2Q15


Revenue Share v. Non Revenue Share Funds
Revenue Share
Non-Revenue Share
100%
80%
60%
40%
20%
0%
42% 41% 41% 42% 41% 60% 60% 60% 61% 60% 61%
58% 59% 59% 58% 59% 40% 40% 40% 39% 40% 39%
4Q12 1Q13 2Q13 3Q13 4Q13 1Q14 2Q14 3Q14 4Q14 1Q15 2Q15

## East Bay Municipal Utility District 401(a) Retirement Plan

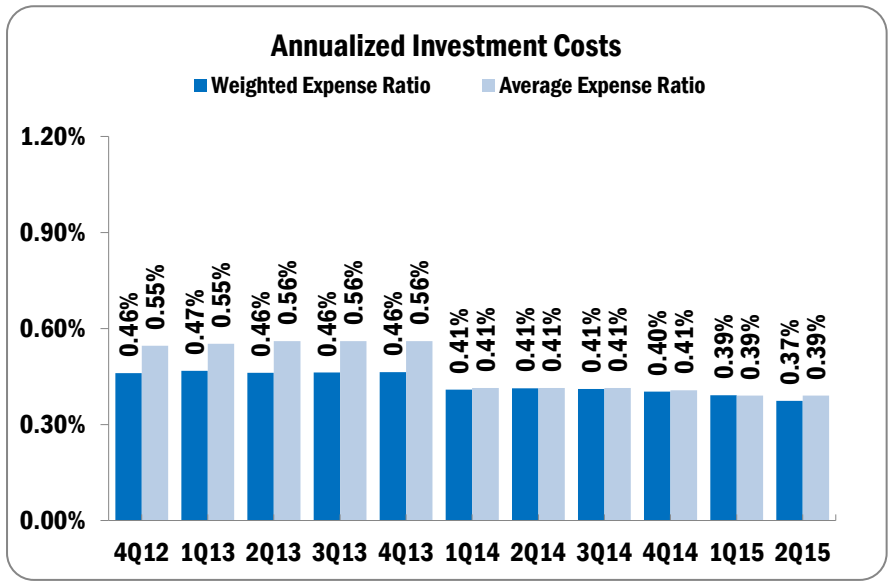
Estimated 2Q2015 Revenue Reconciliation Report

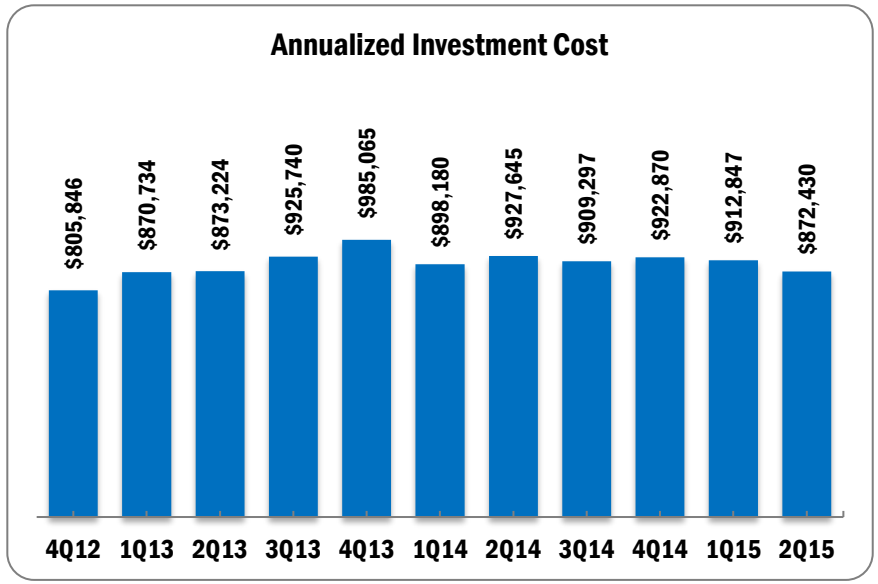
| Name | Annual Expense Ratio | Annual Revenue Share | End-of-Quarter Assets | Revenue Share | Total Investment Expenses |
|---|---|---|---|---|---|
| T. Rowe Price Stable Value | 0.31% | 0.00% | $2,053,150 | $0 | $6,365 |
| Scout Core Plus Bond | 0.40% | 0.10% | $2,682,936 | $2,683 | $10,732 |
| Vanguard Total Bond Market Index Adm | 0.07% | 0.00% | $627,299 | $0 | $439 |
| Dodge & Cox Stock | 0.52% | 0.10% | $2,292,369 | $2,292 | $11,920 |
| T. Rowe Price Equity Income | 0.66% | 0.15% | $420,873 | $631 | $2,778 |
| Vanguard Institutional Index I | 0.04% | 0.00% | $5,839,432 | $0 | $2,336 |
| Fidelity Blue Chip Growth K | 0.68% | 0.20% | $3,832,468 | $7,665 | $26,061 |
| Hotchkis & Wiley Mid-Cap Value I | 1.01% | 0.25% | $1,442,084 | $3,605 | $14,565 |
| Morgan Stanley Inst Mid-Cap Growth I | 0.75% | 0.15% | $1,170,638 | $1,756 | $8,780 |
| Artisan Small Cap IS | 1.00% | 0.00% | $362,176 | $0 | $3,622 |
| Huber Small Cap Value IS | 1.35% | 0.15% | $1,357,977 | $2,037 | $18,333 |
| American Funds EuroPacific Gr R6 | 0.49% | 0.00% | $2,339,602 | $0 | $11,464 |
| Vanguard Total Intl Stock Index Adm | 0.14% | 0.00% | $125,547 | $0 | $176 |
| Fidelity Balanced K | 0.46% | 0.20% | $1,512,967 | $3,026 | $6,960 |
| Vanguard Wellesley Income Adm | 0.18% | 0.00% | $881,785 | $0 | $1,587 |
| Vanguard Target Retirement Income | 0.16% | 0.00% | $190,342 | $0 | $305 |
| Vanguard Target Retirement 2010 | 0.16% | 0.00% | $522,343 | $0 | $836 |
| Vanguard Target Retirement 2015 | 0.16% | 0.00% | $689,669 | $0 | $1,103 |
| Vanguard Target Retirement 2020 | 0.16% | 0.00% | $1,504,670 | $0 | $2,407 |
| Vanguard Target Retirement 2025 | 0.17% | 0.00% | $1,623,928 | $0 | $2,761 |
| Vanguard Target Retirement 2030 | 0.17% | 0.00% | $724,895 | $0 | $1,232 |
| Vanguard Target Retirement 2035 | 0.18% | 0.00% | $671,012 | $0 | $1,208 |
| Vanguard Target Retirement 2040 | 0.18% | 0.00% | $954,339 | $0 | $1,718 |
| Vanguard Target Retirement 2045 | 0.18% | 0.00% | $217,185 | $0 | $391 |
| Vanguard Target Retirement 2050 | 0.18% | 0.00% | $145,851 | $0 | $263 |
| Vanguard Target Retirement 2055 | 0.18% | 0.00% | $7,950 | $0 | $14 |
| Vanguard Target Retirement 2060 | 0.18% | 0.00% | $1,009 | $0 | $2 |
| Brokerage Assets | - | - | $4,062,413 | - | - |
| Fidelity Retiree Money Market | 0.42% | 0.20% | $119,964 | $240 | $504 |
| **Total** | | | **$38,376,869** | **$23,936** | **$138,860** |

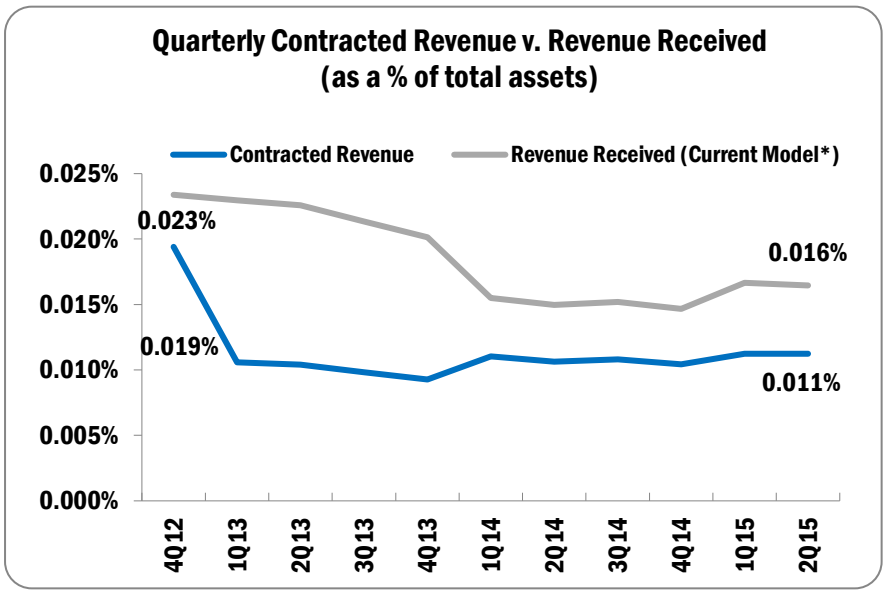
| | Qtr | Annualized |
|---|---|---|
| **Weighted Plan Revenue** | 0.016% | 0.062% |
| **Weighted Expense Ratio** | 0.090% | 0.362% |
| **# of Participants** | **454** | |

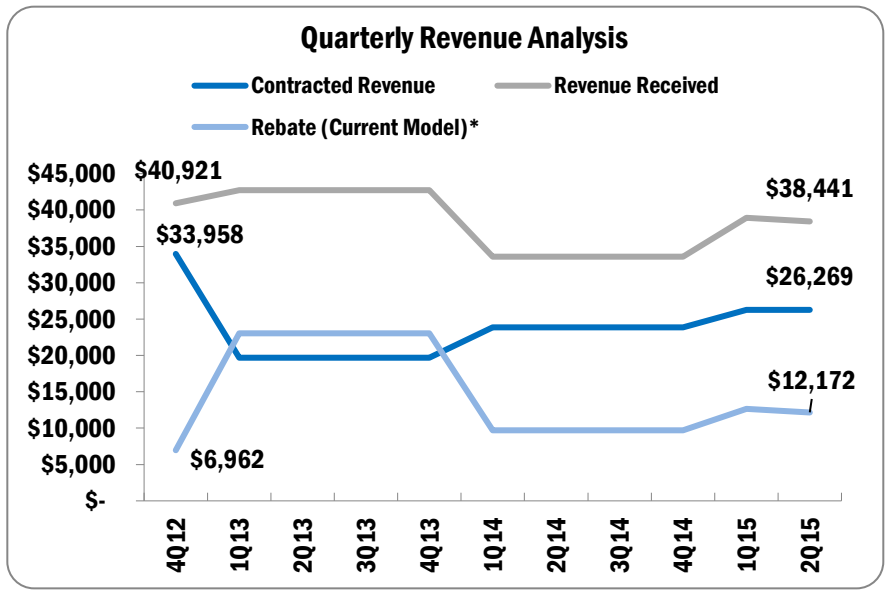
| | % | $ |
|---|---|---|
| **Annual Required Revenue** | 0.045% | $17,270 |
| **Annual Revenue Received** | 0.062% | $23,936 |
| **Net Excess / Deficit** | 0.017% | $6,666 |

# Section 8

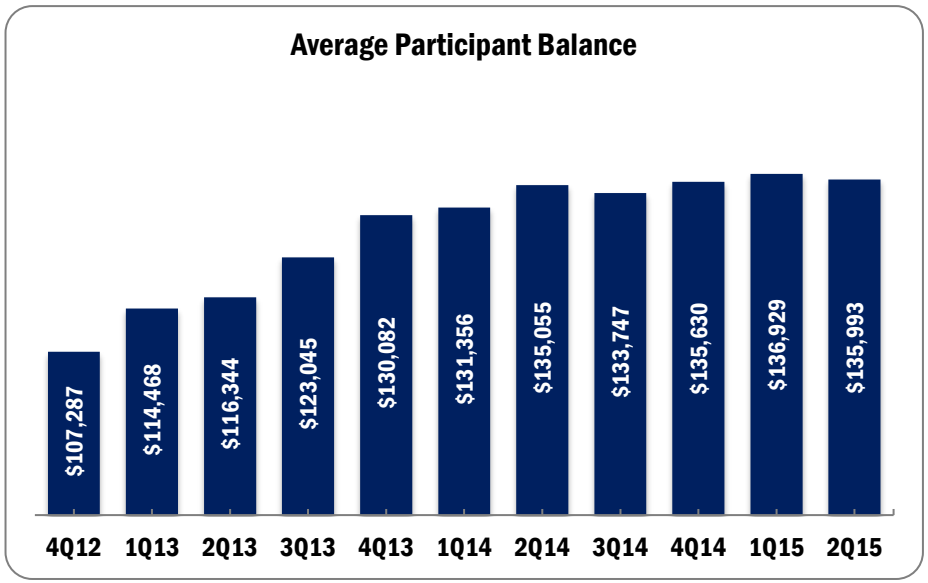


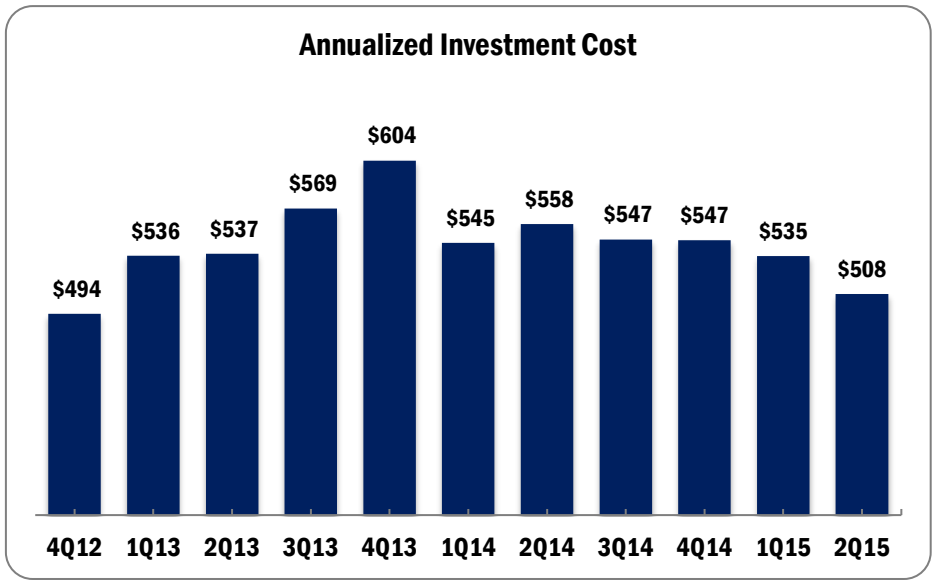



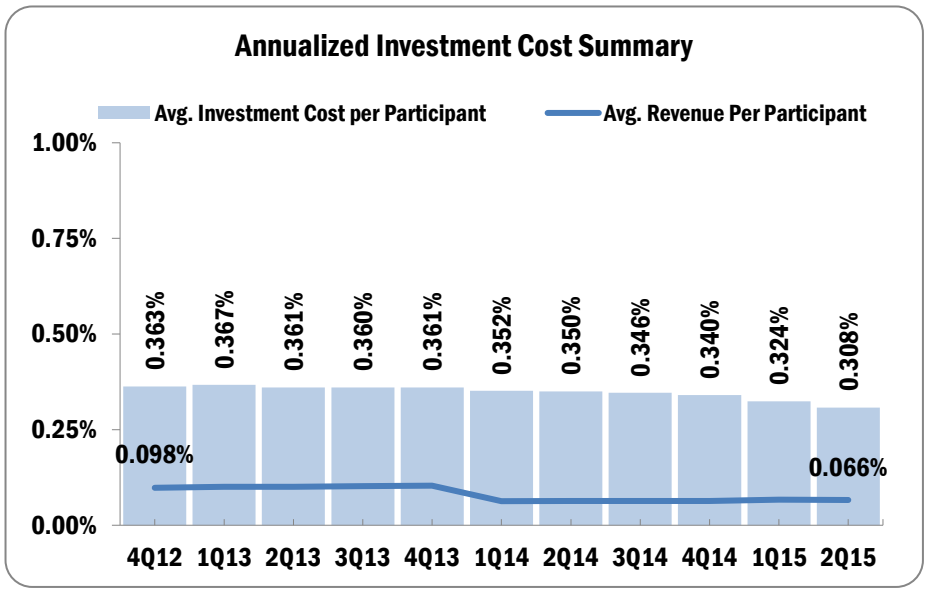



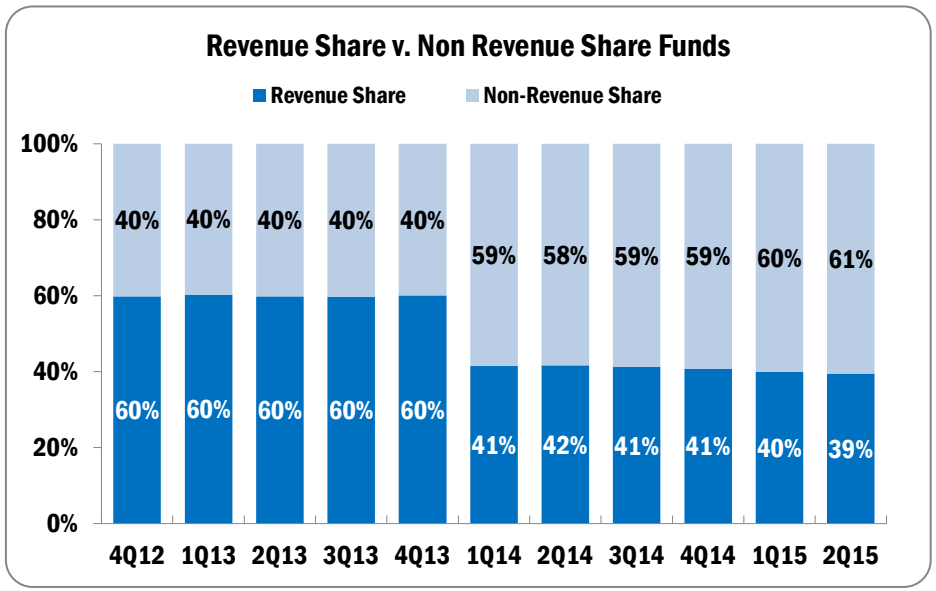




* - As of 1Q15 East Bay Mud changed to the quarterly model.


Average Participant Balance
$107,287
$114,468
$116,344
$123,045
$130,082
$131,356
$135,055
$133,747
$135,630
$136,929
$135,993
4Q12 1Q13 2Q13 3Q13 4Q13 1Q14 2Q14 3Q14 4Q14 1Q15 2Q15


Annualized Investment Cost
$494
$536
$537
$569
$604
$545
$558
$547
$547
$535
$508
4Q12 1Q13 2Q13 3Q13 4Q13 1Q14 2Q14 3Q14 4Q14 1Q15 2Q15


Annualized Investment Cost Summary
Avg. Investment Cost per Participant
Avg. Revenue Per Participant
1.00%
0.75%
0.50%
0.25%
0.00%
0.363%
0.367%
0.361%
0.360%
0.361%
0.352%
0.350%
0.346%
0.340%
0.324%
0.308%
0.098%
0.066%
4Q12 1Q13 2Q13 3Q13 4Q13 1Q14 2Q14 3Q14 4Q14 1Q15 2Q15


Revenue Share v. Non Revenue Share Funds
Revenue Share
Non-Revenue Share
100%
80%
60%
40%
20%
0%
40% 40% 40% 40% 40% 59% 58% 59% 59% 60% 61%
60% 60% 60% 60% 60% 41% 42% 41% 41% 40% 39%
4Q12 1Q13 2Q13 3Q13 4Q13 1Q14 2Q14 3Q14 4Q14 1Q15 2Q15

## East Bay Municipal Utility District 401(k) Retirement Plan

Estimated 2Q2015 Revenue Reconciliation Report

| Name | Annual Expense Ratio | Annual Revenue Share | End-of-Quarter Assets | Revenue Share | Total Investment Expenses |
|---|---|---|---|---|---|
| T. Rowe Price Stable Value | 0.31% | 0.00% | $18,149,043 | $0 | $56,262 |
| Scout Core Plus Bond | 0.40% | 0.10% | $12,107,634 | $12,108 | $48,431 |
| Vanguard Total Bond Market Index Adm | 0.07% | 0.00% | $1,536,830 | $0 | $1,076 |
| Dodge & Cox Stock | 0.52% | 0.10% | $13,035,211 | $13,035 | $67,783 |
| T. Rowe Price Equity Income | 0.66% | 0.15% | $4,984,312 | $7,476 | $32,896 |
| Vanguard Institutional Index I | 0.04% | 0.00% | $33,786,879 | $0 | $13,515 |
| Fidelity Blue Chip Growth K | 0.68% | 0.20% | $25,913,062 | $51,826 | $176,209 |
| Hotchkis & Wiley Mid-Cap Value I | 1.01% | 0.25% | $8,666,058 | $21,665 | $87,527 |
| Morgan Stanley Inst Mid-Cap Growth I | 0.75% | 0.15% | $5,067,063 | $7,601 | $38,003 |
| Artisan Small Cap IS | 1.00% | 0.00% | $2,327,472 | $0 | $23,275 |
| Huber Small Cap Value IS | 1.35% | 0.15% | $9,242,353 | $13,864 | $124,772 |
| American Funds EuroPacific Gr R6 | 0.49% | 0.00% | $11,141,295 | $0 | $54,592 |
| Vanguard Total Intl Stock Index Adm | 0.14% | 0.00% | $709,124 | $0 | $993 |
| Fidelity Balanced K | 0.46% | 0.20% | $12,308,845 | $24,618 | $56,621 |
| Vanguard Wellesley Income Adm | 0.18% | 0.00% | $5,412,711 | $0 | $9,743 |
| Vanguard Target Retirement Income | 0.16% | 0.00% | $864,497 | $0 | $1,383 |
| Vanguard Target Retirement 2010 | 0.16% | 0.00% | $3,530,609 | $0 | $5,649 |
| Vanguard Target Retirement 2015 | 0.16% | 0.00% | $6,307,084 | $0 | $10,091 |
| Vanguard Target Retirement 2020 | 0.16% | 0.00% | $16,713,370 | $0 | $26,741 |
| Vanguard Target Retirement 2025 | 0.17% | 0.00% | $5,326,151 | $0 | $9,054 |
| Vanguard Target Retirement 2030 | 0.17% | 0.00% | $5,670,612 | $0 | $9,640 |
| Vanguard Target Retirement 2035 | 0.18% | 0.00% | $1,931,977 | $0 | $3,478 |
| Vanguard Target Retirement 2040 | 0.18% | 0.00% | $3,838,653 | $0 | $6,910 |
| Vanguard Target Retirement 2045 | 0.18% | 0.00% | $1,204,651 | $0 | $2,168 |
| Vanguard Target Retirement 2050 | 0.18% | 0.00% | $1,121,411 | $0 | $2,019 |
| Vanguard Target Retirement 2055 | 0.18% | 0.00% | $134,179 | $0 | $242 |
| Vanguard Target Retirement 2060 | 0.18% | 0.00% | $32,584 | $0 | $59 |
| Brokerage Assets | - | - | $21,650,628 | - | - |
| Fidelity Retiree Money Market | 0.42% | 0.20% | $785,677 | $1,571 | $3,300 |
| **Total** | | | **$233,499,976** | **$153,764** | **$872,430** |

| | Qtr | Annualized |
|---|---|---|
| **Weighted Plan Revenue** | 0.016% | 0.066% |
| **Weighted Expense Ratio** | 0.093% | 0.374% |
| **# of Participants** | **1,717** | |

| | % | $ |
|---|---|---|
| **Annual Required Revenue** | 0.045% | $105,075 |
| **Annual Revenue Received** | 0.066% | $153,764 |
| **Net Excess / Deficit** | 0.021% | $48,689 |

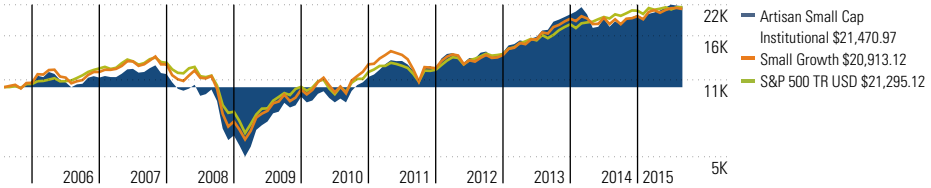
# Section 9

# Artisan Small Cap Institutional APHSX

**Morningstar Analyst Rating**
Silver

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 32.03 | ↑0.32 \| 1.01 | 0.00 | 1.4 | Limited | $1 mil | None | 1.00% | ★★★ | Small Growth | Mid Growth |

## Growth of 10,000 08-17-2005 - 08-17-2015




## 3 Year Average Morningstar Risk Measures

| | | |
|---|---|---|
| Risk vs. Category (664) | Avg | |
| Return vs. Category (664) | Avg | |

Low Avg High

## Pillars

| | |
|---|---|
| Process | Positive |
| Performance | Positive |
| People | Positive |
| Parent | Positive |
| Price | Neutral |
| Rating | Silver |

## Investment Strategy

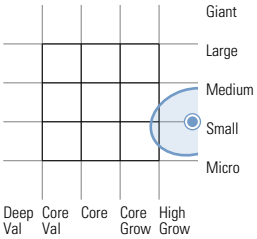
The investment seeks maximum long-term capital growth. The fund invests no less than 80% of its net assets plus any borrowings for investment purposes at market value at the time of purchase in the common stocks of small companies. It defines a small company as one with a market capitalization less than three times the weighted average market capitalization of companies in the Russell 2000® Index. It may invest in the securities of non-U.S. companies, but only if the securities are purchased or sold in the U.S.

## Performance

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|

* Currency is displayed in BASE

## Style Map

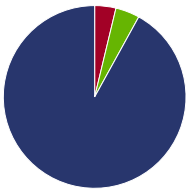



## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| DexCom Inc | 6.19 | 96.66 BASE | -1.48 ↓ | 38.77 - 98.85 |
| Acuity Brands Inc | 5.04 | 209.54 BASE | -0.30 ↓ | 117.19 - 211.82 |
| Taser International Inc | 3.56 | 23.91 BASE | -1.56 ↓ | 13.40 - 35.95 |
| CoStar Group Inc | 3.28 | 193.68 BASE | -1.26 ↓ | 134.38 - 223.49 |
| Cognex Corp | 3.21 | 37.10 BASE | 0.27 ↑ | 32.35 - 52.48 |
| % Assets in Top 5 Holdings | 21.27 | | | |

⊕ Increase ⊖ Decrease ✲ New to Portfolio

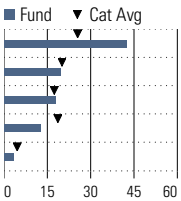
## Asset Allocation



| Asset Class | % Net |
|---|---|
| Cash | 4.26 |
| US Stock | 91.98 |
| Non US Stock | 3.75 |
| Bond | 0.00 |
| Other | 0.00 |

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Technology | 42.37 | 42.37 | 40.70 | 24.11 |
| Healthcare | 19.52 | 21.80 | 16.53 | 18.69 |
| Consumer Cyclical | 17.91 | 18.67 | 17.65 | 16.02 |
| Industrials | 12.60 | 12.60 | 9.38 | 17.27 |
| Real Estate | 3.43 | 3.49 | 2.92 | 3.18 |




## Management

| | Start Date |
|---|---|
| Craigh A. Cepukenas | 09-27-2004 |
| James D. Hamel | 10-01-2009 |
| Matthew H. Kamm | 01-13-2010 |
| Jason L. White | 01-28-2011 |

## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|



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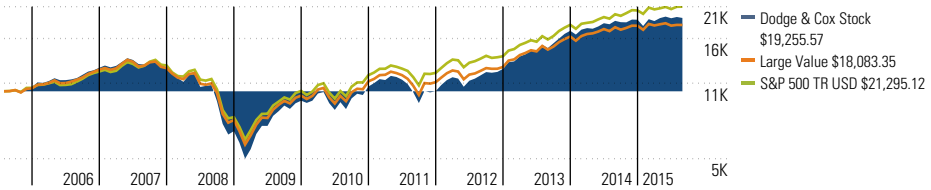
MORNINGSTAR®

# Dodge & Cox Stock DODGX

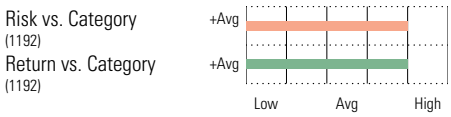
**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 180.96 | ↑1.03 \| 0.57 | 1.25 | 60.6 | Open | $2,500 | None | 0.52% | ★★★★ | Large Value | Large Blend |

## Growth of 10,000 08-17-2005 - 08-17-2015




## 3 Year Average Morningstar Risk Measures



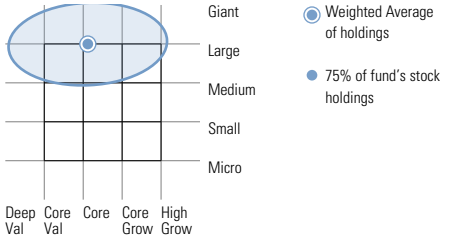

## Pillars

| | |
|---|---|
| Process | Positive |
| Performance | Positive |
| People | Positive |
| Parent | Positive |
| Price | Positive |
| Rating | Gold |

## Investment Strategy

The investment seeks long-term growth of principal and income; a secondary objective is to achieve a reasonable current income. The fund invests primarily in a diversified portfolio of equity securities. It will invest at least 80% of its total assets in equity securities, including common stocks, depositary receipts evidencing ownership of common stocks, preferred stocks, securities convertible into common stocks, and securities that carry the right to buy common stocks. The fund may invest up to 20% of its total assets in U.S. dollar-denominated securities of non-U.S. issuers traded in the United States that are not in the S&P 500.

## Style Map




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,161 | 9,785 | 10,552 | 16,473 | 21,582 | 19,196 |
| Fund | 1.61 | -2.15 | 5.52 | 18.10 | 16.63 | 6.74 |
| +/- S&P 500 TR USD | -1.83 | -1.20 | -4.25 | 1.65 | 0.21 | -1.10 |
| +/- Category | 0.93 | -1.02 | 0.71 | 3.62 | 2.78 | 0.33 |
| % Rank in Cat | 32 | 88 | 48 | 6 | 5 | 41 |
| # of Funds in Cat | 1,400 | 1,458 | 1,368 | 1,171 | 1,036 | 728 |

* Currency is displayed in BASE

## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊖ Capital One Financial Corp | 4.17 | 81.29 BASE | -0.44 ↓ | 72.77 - 92.10 |
| ⊖ Wells Fargo & Co | 4.04 | 57.46 BASE | 0.19 ↑ | 46.44 - 58.76 |
| ⊕ Hewlett-Packard Co | 3.65 | 28.35 BASE | -0.87 ↓ | 28.20 - 41.10 |
| ⊖ Microsoft Corp | 3.61 | 47.09 BASE | -0.51 ↓ | 40.12 - 50.04 |
| ⊖ Time Warner Cable Inc | 3.43 | 191.02 BASE | 0.38 ↑ | 128.78 - 194.22 |
| % Assets in Top 5 Holdings | 18.90 | | | |

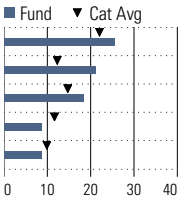
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Asset Allocation

| | % Net | % Short | % Long | Bench mark | Cat Avg |
|---|---|---|---|---|---|
| Cash | 0.93 | 0.00 | 0.93 | 0.00 | 1.78 |
| US Stock | 89.18 | 0.00 | 89.18 | 98.62 | 91.01 |
| Non US Stock | 10.12 | 0.00 | 10.12 | 1.38 | 6.06 |
| Bond | 0.00 | 0.00 | 0.00 | 0.00 | 0.18 |
| Other | -0.23 | 0.23 | 0.00 | 0.00 | 0.97 |

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 25.46 | 25.46 | 22.19 | 21.12 |
| Technology | 21.08 | 23.52 | 21.08 | 11.36 |
| Healthcare | 18.32 | 19.18 | 17.09 | 13.80 |
| Energy | 8.70 | 8.77 | 7.80 | 10.73 |
| Consumer Cyclical | 8.57 | 8.57 | 7.68 | 8.97 |




## Management

| | Start Date |
|---|---|
| John A. Gunn | 01-01-1977 |
| C. Bryan Cameron | 01-01-1992 |
| Charles F. Pohl | 01-01-1992 |
| Gregory R. Serrurier | 01-01-1996 |
| Wendell W. Birkhofer | 01-01-2002 |
| David C. Hoeft | 01-01-2002 |
| Diana S. Strandberg | 01-01-2005 |
| Steven C. Voorhis | 05-01-2006 |
| Philippe Barret, Jr. | 02-01-2013 |

## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 06-25-2015 | 183.96 | 0.0000 | 0.0000 | 0.0000 | 0.6100 | 0.6100 |
| 03-26-2015 | 175.66 | 1.3700 | 0.0000 | 0.0000 | 0.8500 | 2.2200 |
| 12-19-2014 | 181.48 | 2.5600 | 0.0000 | 0.0000 | 0.3800 | 2.9400 |
| 09-25-2014 | 179.52 | 0.0000 | 0.0000 | 0.0000 | 0.5000 | 0.5000 |
| 06-25-2014 | 177.99 | 0.0000 | 0.0000 | 0.0000 | 0.7800 | 0.7800 |



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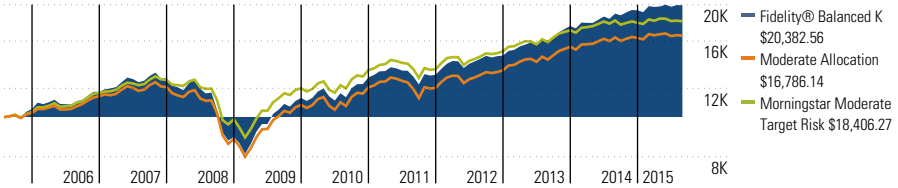
MORNINGSTAR®

# Fidelity® Balanced K FBAKX

**Morningstar Analyst Rating**
Bronze

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 23.34 | ↑0.10 \| 0.43 | 1.48 | 29.2 | Open | — | None | 0.46% | ★★★★★ | Moderate Allocation | Large Growth |

## Growth of 10,000 08-17-2005 - 08-17-2015




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,333 | 9,907 | 10,768 | 14,063 | 17,567 | 20,404 |
| Fund | 3.33 | -0.93 | 7.68 | 12.04 | 11.93 | 7.39 |
| +/- Morningstar Moderate Target Risk | 2.31 | -0.04 | 6.85 | 4.30 | 3.39 | 1.08 |
| +/- Category | 1.79 | 0.10 | 4.67 | 2.89 | 2.49 | 1.55 |
| % Rank in Cat | 7 | 45 | 4 | 5 | 5 | — |
| # of Funds in Cat | 928 | 945 | 910 | 813 | 712 | 469 |

* Currency is displayed in BASE

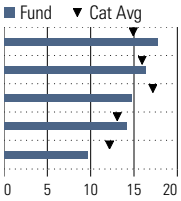
## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| High Yield Debt Securities Directly Held | 3.14 | — | — | — |
| ⊕ Apple Inc | 2.74 | 116.59 BASE | -0.49 ↓ | 95.18 - 134.54 |
| ⊕ Fidelity Cent Invt Portfolios | 2.48 | — | — | — |
| ✲ US Treasury Note 0.625% | 1.76 | — | — | — |
| ⊕ Danaher Corp | 1.31 | 91.40 BASE | -0.26 ↓ | 70.12 - 92.92 |
| % Assets in Top 5 Holdings | 11.45 | | | |

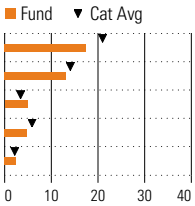
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Technology | 17.67 | 19.47 | 17.67 | 14.45 |
| Healthcare | 16.30 | 16.30 | 13.19 | 15.47 |
| Financial Services | 14.69 | 15.71 | 14.69 | 16.72 |
| Consumer Cyclical | 14.08 | 14.08 | 9.83 | 12.60 |
| Industrials | 9.69 | 9.86 | 8.94 | 11.72 |



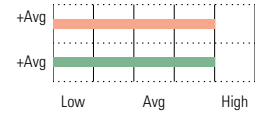

| | Fund | BMark | Cat Avg |
|---|---|---|---|
| Government | 17.47 | 68.59 | 20.12 |
| Agency Mortgage-Backed | 13.18 | 0.04 | 13.21 |
| Commercial MBS | 4.90 | 0.07 | 2.55 |
| Government-Related | 4.82 | 1.54 | 5.01 |
| Non-Agency Residential MBS | 2.39 | 0.06 | 1.30 |




## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 07-01-2015 | 23.20 | 0.0000 | 0.0000 | 0.0000 | 0.0800 | 0.0800 |
| 04-01-2015 | 23.16 | 0.0000 | 0.0000 | 0.0000 | 0.1000 | 0.1000 |
| 12-12-2014 | 22.33 | 0.3600 | 0.0900 | 0.0000 | 0.0900 | 0.5300 |
| 10-10-2014 | 22.02 | 0.9500 | 0.4700 | 0.0000 | 0.1000 | 1.5200 |
| 07-03-2014 | 24.14 | 0.0000 | 0.0000 | 0.0000 | 0.0900 | 0.0900 |

## 3 Year Average Morningstar Risk Measures



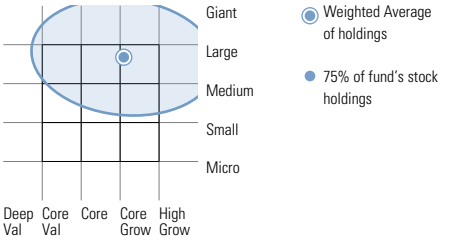

## Pillars

| | |
|---|---|
| Process | Neutral |
| Performance | Positive |
| People | Positive |
| Parent | Positive |
| Price | Positive |
| Rating | Bronze |

## Investment Strategy

The investment seeks income and capital growth consistent with reasonable risk. The fund invests approximately 60% of assets in stocks and other equity securities and the remainder in bonds and other debt securities, including lower-quality debt securities, when its outlook is neutral. It invests at least 25% of total assets in fixed-income senior securities (including debt securities and preferred stock). The fund invests in domestic and foreign issuers.

## Style Map




## Asset Allocation

| | % Net | % Short | % Long | Bench mark | Cat Avg |
|---|---|---|---|---|---|
| Cash | 1.24 | 2.05 | 3.29 | 1.02 | 4.75 |
| US Stock | 62.48 | 0.00 | 62.48 | 50.09 | 45.45 |
| Non US Stock | 4.63 | 0.00 | 4.63 | 26.76 | 13.60 |
| Bond | 29.15 | 0.00 | 29.15 | 19.29 | 32.78 |
| Other | 2.50 | 0.00 | 2.50 | 2.83 | 3.42 |



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MORNINGSTAR®

# Fidelity® Balanced K FBAKX

**Morningstar Analyst Rating**
Bronze

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 23.34 | ↑0.10 \| 0.43 | 1.48 | 29.2 | Open | — | None | 0.46% | ★★★★★ | Moderate Allocation | Large Growth |

## Management

| | Start Date |
|---|---|
| Pramod Atluri | 03-01-2012 |
| Steven Kaye | 09-30-2008 |
| Robert A. Lee | 09-30-2008 |
| Douglas Simmons | 09-30-2008 |
| Pierre Sorel | 09-30-2008 |
| Robert E. Stansky | 09-30-2008 |
| Peter Saperstone | 03-25-2011 |
| Tobias W. Welo | 11-14-2011 |
| Brian Lempel | 04-25-2013 |
| Jonathan Kasen | 07-16-2013 |
| Monty Kori | 07-16-2013 |



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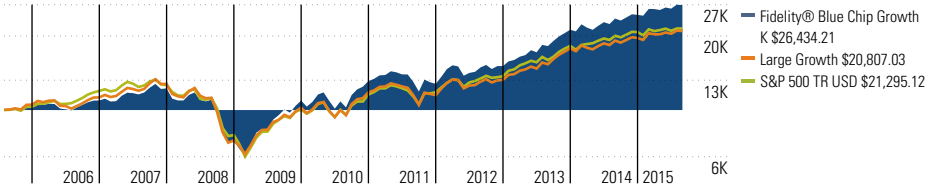
MORNINGSTAR®

# Fidelity® Blue Chip Growth K FBGKX

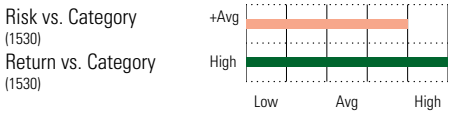
**Morningstar Analyst Rating**
Bronze

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 74.95 | ↑0.59 \| 0.79 | 0.21 | 21.2 | Open | — | None | 0.67% | ★★★★★ | Large Growth | Large Growth |

## Growth of 10,000 08-17-2005 - 08-17-2015




## 3 Year Average Morningstar Risk Measures



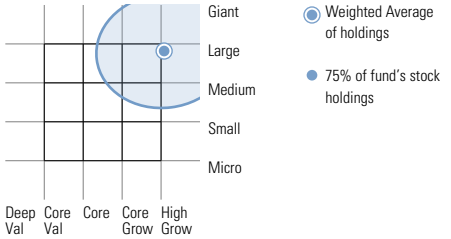

## Pillars

| | |
|---|---|
| Process | Neutral |
| Performance | Positive |
| People | Positive |
| Parent | Positive |
| Price | Positive |
| Rating | Bronze |

## Investment Strategy

The investment seeks growth of capital over the long term. The fund invests primarily in common stocks of well-known and established companies. It normally invests at least 80% of assets in blue chip companies. The fund invests in companies that Fidelity Management & Research Company believes have above-average growth potential. It invests in securities of domestic and foreign issuers. The fund uses fundamental analysis of factors such as each issuer's financial condition and industry position, as well as market and economic conditions, to select investments.

## Style Map




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,945 | 9,870 | 11,669 | 17,742 | 24,610 | 26,390 |
| Fund | 9.45 | -1.30 | 16.69 | 21.06 | 19.74 | 10.19 |
| +/- S&P 500 TR USD | 6.01 | -0.36 | 6.93 | 4.61 | 3.32 | 2.35 |
| +/- Category | 2.70 | -0.18 | 4.59 | 4.23 | 3.51 | 2.02 |
| % Rank in Cat | 20 | 57 | 12 | 4 | 3 | — |
| # of Funds in Cat | 1,691 | 1,735 | 1,672 | 1,507 | 1,310 | 910 |

* Currency is displayed in BASE

## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊕ Apple Inc | 6.89 | 116.50 BASE | -0.56 ↓ | 95.18 - 134.54 |
| ⊕ Google Inc Class A | 3.48 | 688.73 BASE | -0.78 ↓ | 490.91 - 713.33 |
| ⊖ Amazon.com Inc | 3.37 | 535.02 BASE | -0.04 ↓ | 284.00 - 580.57 |
| ⊕ Facebook Inc Class A | 2.71 | 95.17 BASE | 1.32 ↑ | 70.32 - 99.24 |
| ⊖ Gilead Sciences Inc | 2.32 | 117.06 BASE | 0.55 ↑ | 85.95 - 123.37 |
| % Assets in Top 5 Holdings | 18.78 | | | |

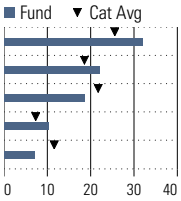
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Asset Allocation

| | % Net | % Short | % Long | Bench mark | Cat Avg |
|---|---|---|---|---|---|
| Cash | 0.10 | 0.01 | 0.11 | 0.00 | 1.91 |
| US Stock | 87.87 | 0.00 | 87.87 | 98.84 | 89.47 |
| Non US Stock | 11.08 | 0.00 | 11.08 | 1.16 | 8.39 |
| Bond | 0.00 | 0.00 | 0.00 | 0.00 | 0.09 |
| Other | 0.95 | 0.00 | 0.95 | 0.00 | 0.14 |

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Technology | 31.90 | 31.90 | 27.73 | 24.65 |
| Consumer Cyclical | 22.01 | 22.01 | 20.13 | 17.64 |
| Healthcare | 18.53 | 18.53 | 13.89 | 20.81 |
| Consumer Defensive | 10.16 | 12.30 | 10.16 | 6.39 |
| Financial Services | 7.15 | 7.60 | 7.15 | 10.66 |




## Management

| | Start Date |
|---|---|
| Sonu Kalra | 07-01-2009 |

## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 12-12-2014 | 67.02 | 0.5700 | 0.0000 | 0.0000 | 0.0600 | 0.6300 |
| 09-05-2014 | 66.87 | 3.1700 | 0.2500 | 0.0000 | 0.1100 | 3.5300 |
| 12-13-2013 | 60.79 | 1.2900 | 0.0000 | 0.0000 | 0.1300 | 1.4200 |
| 09-06-2013 | 57.00 | 2.9500 | 0.2200 | 0.0000 | 0.2000 | 3.3700 |
| 12-27-2012 | 48.57 | 0.0000 | 0.0000 | 0.0000 | 0.0100 | 0.0100 |



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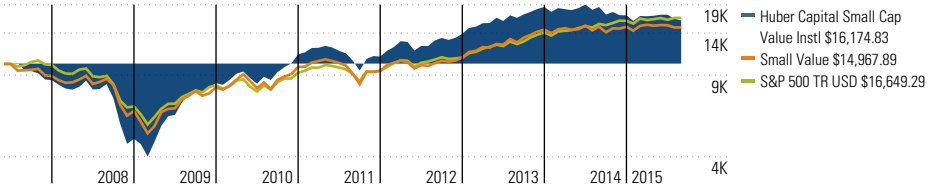
MORNINGSTAR®

# Huber Capital Small Cap Value Instl HUSEX

**Morningstar Analyst Rating**
—

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Mil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 15.57 | ↑0.04 \| 0.26 | 0.14 | 236.8 | Open | $1 mil | None | 1.35% | ★ | Small Value | Small Value |

## Growth of 10,000 06-29-2007 - 08-17-2015




## 3 Year Average Morningstar Risk Measures

| | | | |
|---|---|---|---|
| Risk vs. Category (366) | None | | |
| Return vs. Category (366) | None | | |
| | Low | Avg | High |

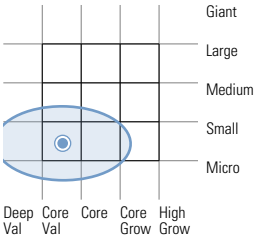
## Pillars

| | | |
|---|---|---|
| Process | — | — |
| Performance | — | — |
| People | — | — |
| Parent | — | — |
| Price | — | — |
| Rating | — | |

## Investment Strategy

The investment seeks capital appreciation. The fund invests at least 80% of its net assets (plus borrowings for investment purposes) in common stocks of small capitalization U.S. companies whose stocks are considered by the Adviser to be undervalued. The Adviser currently considers small cap companies to be those with market capitalizations of $3.0 billion or less and/or those with market capitalizations in the range of those found in the Russell 2000® Value Index. It will invest primarily in domestic U.S. securities but reserves the right to invest up to 20% of its net assets in ADRs, dollar-denominated foreign securities, or directly in foreign securities.

## Style Map




## Performance

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|

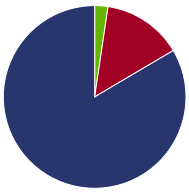
* Currency is displayed in BASE

## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊖ CNO Financial Group Inc | 8.31 | 18.34 BASE | -0.43 ↓ | 14.89 - 19.49 |
| ⊖ KBR Inc | 5.68 | 18.38 BASE | -0.92 ↓ | 14.00 - 22.60 |
| Nordic American Tankers Ltd | 5.30 | 14.77 BASE | -3.08 ↓ | 6.95 - 17.45 |
| Innospec Inc | 4.88 | 46.74 BASE | 0.19 ↑ | 35.00 - 46.97 |
| Granite Real Estate Inc Shs of Granite Real Estate Inc + 1 TU Granite REIT | 4.50 | 40.58 BASE | 0.97 ↑ | 37.02 - 45.93 |
| % Assets in Top 5 Holdings | 28.67 | | | |

⊕ Increase ⊖ Decrease ✲ New to Portfolio

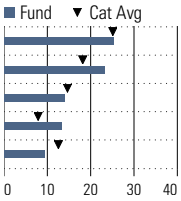
## Asset Allocation



| Asset Class | % Net |
|---|---|
| Cash | 2.35 |
| US Stock | 83.49 |
| Non US Stock | 14.16 |
| Bond | 0.00 |
| Other | 0.00 |

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 25.25 | 26.77 | 23.01 | 24.20 |
| Industrials | 23.12 | 23.12 | 13.95 | 17.25 |
| Consumer Cyclical | 13.86 | 21.32 | 11.88 | 13.72 |
| Basic Materials | 13.24 | 13.57 | 11.52 | 6.95 |
| Technology | 9.42 | 9.42 | 6.17 | 11.62 |




## Management

| | Start Date |
|---|---|
| Joseph R. Huber | 06-29-2007 |

## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 12-16-2014 | 15.52 | 0.0000 | 0.0100 | 0.0000 | 0.0200 | 0.0300 |
| 12-17-2012 | 13.15 | 0.0000 | 0.0000 | 0.0000 | 0.0400 | 0.0400 |



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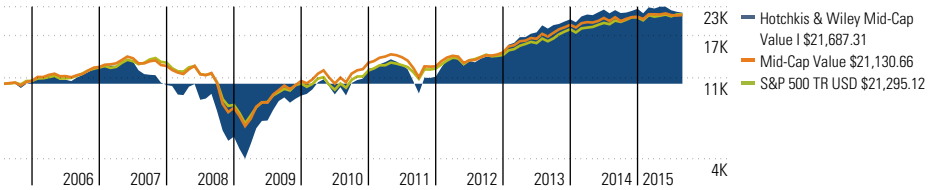
MORNINGSTAR®

# Hotchkis & Wiley Mid-Cap Value I HWMIX

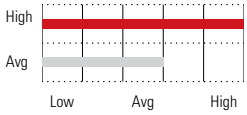
**Morningstar Analyst Rating**
—

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 39.37 | ↓-0.01 \| -0.03 | 0.61 | 3.1 | Limited | $1 mil | None | 1.01% | ★★★ | Mid-Cap Value | Mid Value |

## Growth of 10,000 08-17-2005 - 08-17-2015




## 3 Year Average Morningstar Risk Measures




## Investment Strategy

The investment seeks capital appreciation. The fund normally invests at least 80% of its net assets plus borrowings for investment purposes in equity securities of mid-capitalization companies. Hotchkis & Wiley Capital Management, LLC (the "Advisor") currently considers mid-cap companies to be those with market capitalizations like those found in the Russell Midcap® Index.

## Pillars

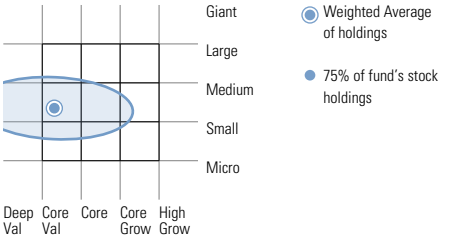
| | | |
|---|---|---|
| Process | — | — |
| Performance | — | — |
| People | — | — |
| Parent | — | — |
| Price | — | — |
| Rating | | — |

## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 9,584 | 9,843 | 10,016 | 16,350 | 23,399 | 21,702 |
| Fund | -4.16 | -1.57 | 0.16 | 17.81 | 18.53 | 8.06 |
| +/- S&P 500 TR USD | -7.60 | -0.63 | -9.61 | 1.36 | 2.11 | 0.22 |
| +/- Category | -5.82 | -1.33 | -4.87 | 1.55 | 3.66 | 0.34 |
| % Rank in Cat | 94 | 84 | 89 | 24 | 2 | 40 |
| # of Funds in Cat | 506 | 513 | 488 | 424 | 367 | 251 |

* Currency is displayed in BASE

## Style Map




## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊕ Great Plains Energy Inc | 3.56 | 27.15 BASE | -0.73 ↓ | 23.91 - 30.25 |
| ARRIS Group Inc | 3.52 | 27.54 BASE | -1.50 ↓ | 23.71 - 37.50 |
| White Mountains Insurance Group Ltd | 3.41 | 734.86 BASE | -0.14 ↓ | 610.00 - 749.66 |
| ⊖ Cobalt International Energy Inc | 3.39 | 8.07 BASE | 0.00 ↓ | 7.36 - 15.69 |
| ⊖ Willis Group Holdings PLC | 3.36 | 46.41 BASE | -0.11 ↓ | 39.11 - 49.96 |
| % Assets in Top 5 Holdings | 17.24 | | | |

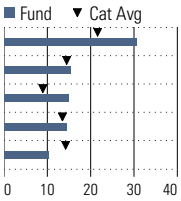
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Asset Allocation

| | % Net | % Short | % Long | Bench mark | Cat Avg |
|---|---|---|---|---|---|
| Cash | -0.51 | 0.51 | 0.00 | 0.00 | 2.75 |
| US Stock | 86.37 | 0.00 | 86.37 | 99.25 | 93.00 |
| Non US Stock | 14.13 | 0.00 | 14.13 | 0.75 | 4.09 |
| Bond | 0.00 | 0.00 | 0.00 | 0.00 | 0.04 |
| Other | 0.00 | 0.00 | 0.00 | 0.00 | 0.11 |

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 30.62 | 30.87 | 27.11 | 20.68 |
| Consumer Cyclical | 15.30 | 19.80 | 15.30 | 13.54 |
| Energy | 14.93 | 14.93 | 7.88 | 8.04 |
| Technology | 14.48 | 15.96 | 14.48 | 12.56 |
| Industrials | 10.31 | 10.31 | 6.21 | 13.30 |




## Management

| | Start Date |
|---|---|
| Stanley Majcher | 12-31-1997 |
| James B. Miles | 01-02-1997 |
| George H. Davis, Jr. | 12-31-1997 |

## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 12-12-2014 | 38.90 | 3.6000 | 0.3700 | 0.0000 | 0.2700 | 4.2400 |
| 12-13-2013 | 38.99 | 0.0000 | 0.0000 | 0.0000 | 0.1300 | 0.1300 |
| 12-14-2012 | 28.12 | 0.0000 | 0.0000 | 0.0000 | 0.1300 | 0.1300 |
| 12-16-2011 | 20.87 | 0.0000 | 0.0000 | 0.0000 | 0.0200 | 0.0200 |
| 12-17-2010 | 23.12 | 0.0000 | 0.0000 | 0.0000 | 0.0800 | 0.0800 |



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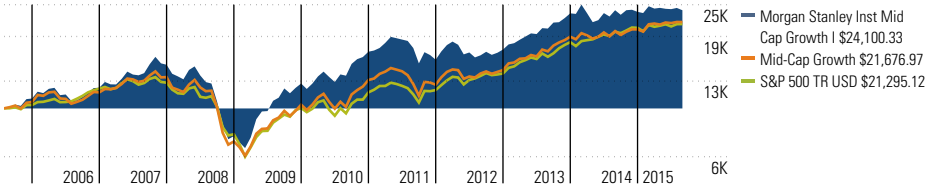
MORNINGSTAR®

# Morgan Stanley Inst Mid Cap Growth I MPEGX

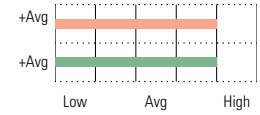
**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 39.92 | ↑0.44 \| 1.11 | 0.20 | 5.2 | Limited | $5 mil | None | 0.75% | ★★★ | Mid-Cap Growth | Mid Growth |

## Growth of 10,000 08-17-2005 - 08-17-2015




## 3 Year Average Morningstar Risk Measures



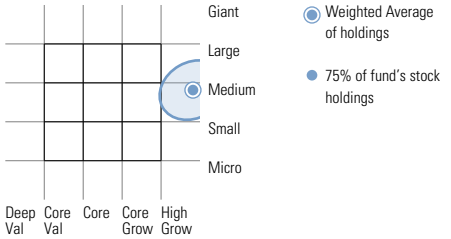

## Pillars

| | |
|---|---|
| Process | Positive |
| Performance | Positive |
| People | Positive |
| Parent | Neutral |
| Price | Positive |
| Rating | Gold |

## Investment Strategy

The investment seeks long-term capital growth. The fund normally invests at least 80% of the Portfolio's assets in common stocks of mid cap companies. The Adviser seeks to invest in high quality companies it believes have sustainable competitive advantages and the ability to redeploy capital at high rates of return. It may invest up to 25% of its net assets in securities of foreign issuers, including issuers located in emerging market or developing countries. The fund may invest in privately placed securities. In addition, it may invest in convertible securities. The fund may utilize foreign currency forward exchange contracts.

## Style Map




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,147 | 9,699 | 10,271 | 14,738 | 17,564 | 24,132 |
| Fund | 1.47 | -3.01 | 2.71 | 13.80 | 11.92 | 9.21 |
| +/- S&P 500 TR USD | -1.97 | -2.07 | -7.06 | -2.65 | -4.50 | 1.37 |
| +/- Category | -5.42 | -2.51 | -9.17 | -2.87 | -3.96 | 0.58 |
| % Rank in Cat | 92 | 94 | 94 | 88 | 93 | 39 |
| # of Funds in Cat | 759 | 768 | 752 | 647 | 578 | 444 |

* Currency is displayed in BASE

## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊖ Illumina Inc | 5.67 | 207.00 BASE | -0.44 ↓ | 145.12 - 242.37 |
| ⊖ Tesla Motors Inc | 4.56 | 260.72 BASE | 2.25 ↑ | 181.40 - 291.42 |
| ⊖ LinkedIn Corp Class A | 4.09 | 186.88 BASE | -1.98 ↓ | 184.20 - 276.18 |
| ⊖ Intuitive Surgical Inc | 3.88 | 529.70 BASE | -0.63 ↓ | 449.34 - 564.86 |
| ⊖ Twitter Inc | 3.68 | 28.30 BASE | -2.62 ↓ | 26.87 - 55.99 |
| % Assets in Top 5 Holdings | 21.88 | | | |

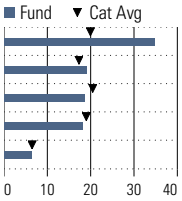
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Asset Allocation

| | % Net | % Short | % Long | Bench mark | Cat Avg |
|---|---|---|---|---|---|
| Cash | 2.74 | 0.04 | 2.78 | 0.00 | 2.19 |
| US Stock | 87.92 | 0.00 | 87.92 | 98.91 | 93.32 |
| Non US Stock | 4.99 | 0.00 | 4.99 | 1.09 | 4.27 |
| Bond | 0.00 | 0.00 | 0.00 | 0.00 | 0.07 |
| Other | 4.35 | 0.00 | 4.35 | 0.00 | 0.15 |

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Technology | 34.83 | 38.04 | 34.70 | 19.02 |
| Healthcare | 18.94 | 18.94 | 12.49 | 16.38 |
| Consumer Cyclical | 18.61 | 18.61 | 12.91 | 19.55 |
| Industrials | 18.06 | 18.93 | 18.06 | 18.06 |
| Consumer Defensive | 6.33 | 9.86 | 6.33 | 5.55 |




## Management

| | Start Date |
|---|---|
| Dennis P. Lynch | 01-18-2002 |
| David S. Cohen | 01-18-2002 |
| Sandeep (Sam) G. Chainani | 06-30-2004 |
| Alexander T. Norton | 07-29-2005 |
| Jason C. Yeung | 09-30-2007 |
| Armistead B. Nash | 09-30-2008 |

## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 12-16-2014 | 37.63 | 5.6800 | 0.5100 | 0.0000 | 0.0900 | 6.2800 |
| 12-16-2013 | 43.51 | 2.2200 | 0.4300 | 0.0000 | 0.0000 | 2.6400 |
| 12-17-2012 | 34.46 | 1.1800 | 0.0000 | 0.0000 | 0.1200 | 1.2900 |
| 12-16-2011 | 32.45 | 1.7400 | 0.0900 | 0.0000 | 0.0000 | 1.8300 |
| 12-17-2010 | 37.28 | 0.0000 | 0.0000 | 0.0000 | 0.1000 | 0.1000 |



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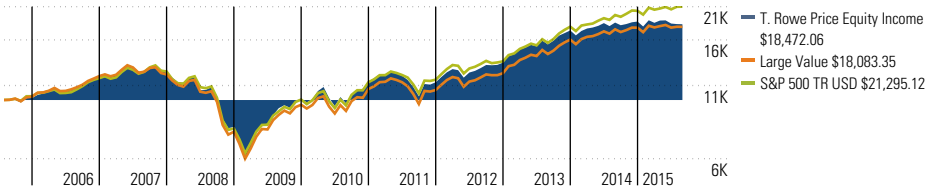
MORNINGSTAR®

# T. Rowe Price Equity Income PRFDX

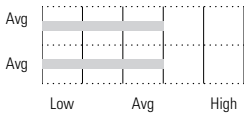
**Morningstar Analyst Rating**
Bronze

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 31.82 | ↑0.12 \| 0.38 | 1.75 | 26.6 | Open | $2,500 | None | 0.66% | ★★★ | Large Value | Large Value |

## Growth of 10,000 08-17-2005 - 08-17-2015




## 3 Year Average Morningstar Risk Measures



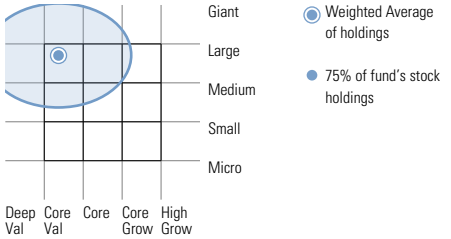

## Pillars

| | |
|---|---|
| Process | Neutral |
| Performance | Positive |
| People | Positive |
| Parent | Positive |
| Price | Positive |
| Rating | Bronze |

## Investment Strategy

The investment seeks a high level of dividend income and long-term capital growth primarily through investments in stocks. The fund will normally invest at least 80% of its net assets (including any borrowings for investment purposes) in common stocks, with an emphasis on large-capitalization stocks that have a strong track record of paying dividends or that are believed to be undervalued. It generally seeks investments in large-capitalization companies and the fund's yield, which reflects the level of dividends paid by the fund, is expected to normally exceed the yield of the S&P 500 Stock Index.

## Style Map




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 9,785 | 9,857 | 10,095 | 14,141 | 18,234 | 18,445 |
| Fund | -2.15 | -1.43 | 0.95 | 12.24 | 12.77 | 6.31 |
| +/- S&P 500 TR USD | -5.59 | -0.48 | -8.82 | -4.21 | -3.65 | -1.53 |
| +/- Category | -2.83 | -0.30 | -3.87 | -2.24 | -1.08 | -0.09 |
| % Rank in Cat | 91 | 69 | 87 | 82 | 77 | 53 |
| # of Funds in Cat | 1,400 | 1,458 | 1,368 | 1,171 | 1,036 | 728 |

* Currency is displayed in BASE

## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊖ JPMorgan Chase & Co | 3.14 | 68.21 BASE | 0.21 ↑ | 54.26 - 70.61 |
| General Electric Co | 3.10 | 26.07 BASE | -0.53 ↓ | 23.41 - 28.68 |
| ⊖ Wells Fargo & Co | 2.40 | 57.54 BASE | 0.33 ↑ | 46.44 - 58.76 |
| U.S. Bancorp | 1.92 | 45.75 BASE | 0.22 ↑ | 38.10 - 46.26 |
| Bank of America Corporation | 1.87 | 17.69 BASE | -0.45 ↓ | 14.97 - 18.48 |
| % Assets in Top 5 Holdings | 12.42 | | | |

⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Asset Allocation

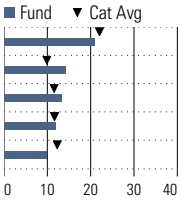
| | % Net | % Short | % Long | Bench mark | Cat Avg |
|---|---|---|---|---|---|
| Cash | 2.87 | 0.00 | 2.87 | 0.00 | 1.78 |
| US Stock | 91.53 | 0.00 | 91.53 | 98.62 | 91.01 |
| Non US Stock | 4.05 | 0.00 | 4.05 | 1.38 | 6.06 |
| Bond | 0.64 | 0.00 | 0.64 | 0.00 | 0.18 |
| Other | 0.91 | 0.00 | 0.91 | 0.00 | 0.97 |

## Management

| | Start Date |
|---|---|
| Brian C. Rogers | 10-31-1985 |

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 21.00 | 21.00 | 19.58 | 21.12 |
| Consumer Cyclical | 14.14 | 14.14 | 12.12 | 8.97 |
| Industrials | 13.18 | 15.90 | 13.07 | 10.65 |
| Energy | 11.88 | 14.91 | 11.88 | 10.73 |
| Technology | 9.72 | 10.83 | 9.02 | 11.36 |




## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 06-26-2015 | 32.64 | 0.0000 | 0.0000 | 0.0000 | 0.1700 | 0.1700 |
| 03-27-2015 | 32.10 | 0.0000 | 0.0000 | 0.0000 | 0.1100 | 0.1100 |
| 12-11-2014 | 32.17 | 1.7800 | 0.0000 | 0.0000 | 0.1700 | 1.9500 |
| 09-26-2014 | 33.97 | 0.0000 | 0.0000 | 0.0000 | 0.1400 | 0.1400 |
| 06-26-2014 | 34.40 | 0.0000 | 0.0000 | 0.0000 | 0.1500 | 0.1500 |



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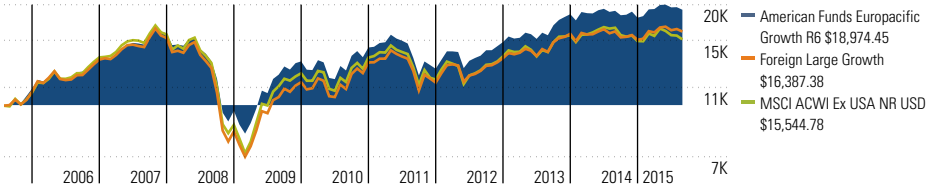
MORNINGSTAR®

# American Funds Europacific Growth R6 RERGX

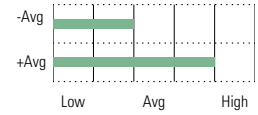
**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 49.66 | ↓-0.02 \| -0.04 | 1.63 | 130.1 | Open | $250 | None | 0.49% | ★★★ | Foreign Large Growth | Large Growth |

## Growth of 10,000 08-17-2005 - 08-17-2015




## 3 Year Average Morningstar Risk Measures



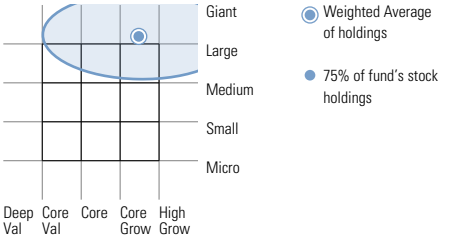

## Pillars

| | |
|---|---|
| Process | Positive |
| Performance | Positive |
| People | Positive |
| Parent | Positive |
| Price | Positive |
| Rating | Gold |

## Investment Strategy

The investment seeks long-term growth of capital. The fund invests primarily in common stocks of issuers in Europe and the Pacific Basin that the investment adviser believes have the potential for growth. Growth stocks are stocks that the investment adviser believes have the potential for above-average capital appreciation. It normally invests at least 80% of its net assets in securities of issuers in Europe and the Pacific Basin. The fund may invest a portion of its assets in common stocks and other securities of companies in emerging markets.

## Style Map




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,546 | 9,661 | 10,202 | 13,489 | 14,617 | 18,994 |
| Fund | 5.46 | -3.39 | 2.02 | 10.49 | 7.89 | 6.63 |
| +/- MSCI ACWI Ex USA NR USD | 4.38 | 0.45 | 8.20 | 3.77 | 2.58 | 2.07 |
| +/- Category | -0.20 | -0.48 | 0.88 | 1.04 | 0.00 | 1.41 |
| % Rank in Cat | 53 | 64 | 38 | 32 | 46 | — |
| # of Funds in Cat | 344 | 360 | 340 | 296 | 273 | 173 |

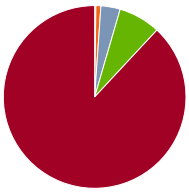
* Currency is displayed in BASE

## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊖ Novo Nordisk A/S B | 4.37 | 398.00 BASE | 1.56 ↑ | 244.50 - 415.00 |
| ⊕ SoftBank Group Corp | 2.49 | — BASE | -0.89 ↓ | 6,600.00 - 8,760.00 |
| Novartis AG | 2.36 | 101.00 BASE | 0.20 ↑ | 78.60 - 103.20 |
| ⊖ Bayer AG | 2.23 | 129.25 BASE | 0.39 ↑ | 96.81 - 146.45 |
| ⊕ Barclays PLC | 2.05 | 274.05 BASE | 0.04 ↑ | 204.05 - 289.90 |
| % Assets in Top 5 Holdings | 13.50 | | | |

⊕ Increase ⊖ Decrease ✲ New to Portfolio

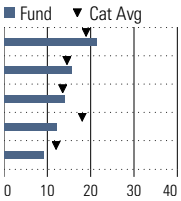
## Asset Allocation



| Asset Class | % Net |
|---|---|
| Cash | 7.42 |
| US Stock | 0.22 |
| Non US Stock | 88.07 |
| Bond | 0.88 |
| Other | 3.42 |

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 21.26 | 21.40 | 21.26 | 18.02 |
| Technology | 15.68 | 15.68 | 15.07 | 13.62 |
| Healthcare | 13.95 | 15.30 | 13.61 | 12.63 |
| Consumer Cyclical | 12.01 | 13.22 | 11.23 | 17.12 |
| Industrials | 9.01 | 10.02 | 9.01 | 11.10 |




## Management

| | Start Date |
|---|---|
| Mark E. Denning | 12-31-1991 |
| Carl M. Kawaja | 06-01-2001 |
| Nicholas J. Grace | 06-01-2002 |
| Sung Lee | 06-01-2002 |
| Jesper Lyckeus | 06-01-2004 |
| Jonathan Knowles | 06-01-2006 |
| Andrew B. Suzman | 06-01-2007 |
| Christopher M. Thomsen | 06-01-2008 |
| Lawrence Kymisis | 06-01-2014 |

## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 12-26-2014 | 47.56 | 0.0000 | 0.0000 | 0.0000 | 0.8200 | 0.8200 |
| 12-26-2013 | 48.37 | 0.0000 | 0.0000 | 0.0000 | 0.6100 | 0.6100 |
| 12-26-2012 | 40.90 | 0.0000 | 0.0000 | 0.0000 | 0.8400 | 0.8400 |
| 12-27-2011 | 35.13 | 0.0000 | 0.0000 | 0.0000 | 0.7400 | 0.7400 |
| 12-27-2010 | 40.96 | 0.0000 | 0.0000 | 0.0000 | 0.7100 | 0.7100 |



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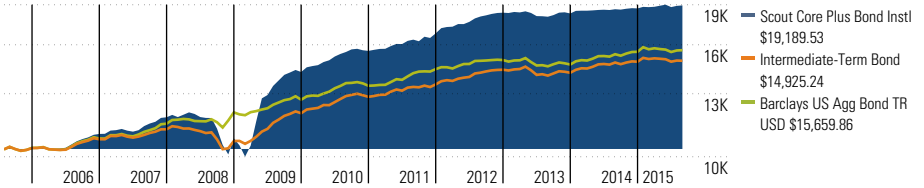
MORNINGSTAR®

# Scout Core Plus Bond Instl SCPZX

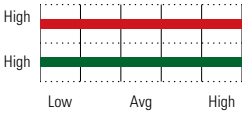
**Morningstar Analyst Rating**
Silver

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Mil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 32.45 | ↑0.06 \| 0.18 | 1.23 | 699.6 | Open | $100,000 | None | 0.40% | ★★★★ | Intermediate-Term Bond | |

## Growth of 10,000 08-17-2005 - 08-17-2015




## 3 Year Average Morningstar Risk Measures




## Pillars

| | |
|---|---|
| Process | Positive |
| Performance | Positive |
| People | Positive |
| Parent | Neutral |
| Price | Positive |
| Rating | Silver |

## Investment Strategy

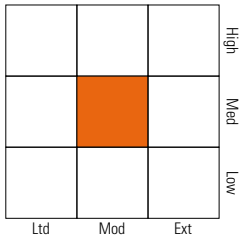
The investment seeks a high level of total return consistent with the preservation of capital. Under normal circumstances, the fund invests at least 80% of its net assets in bonds of varying maturities, including mortgage- and asset-backed securities. The bonds in which the fund may invest also include other fixed income instruments such as debt securities, to-be-announced securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities.

## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,137 | 10,082 | 10,171 | 10,625 | 12,393 | 19,220 |
| Fund | 1.37 | 0.82 | 1.71 | 2.04 | 4.39 | 6.75 |
| +/- Barclays US Agg Bond TR USD | 0.64 | 0.09 | -0.26 | 0.06 | 1.24 | 2.14 |
| +/- Category | 0.94 | 0.50 | 0.74 | -0.13 | 0.99 | 2.42 |
| % Rank in Cat | 5 | 4 | 24 | 53 | 13 | 1 |
| # of Funds in Cat | 1,044 | 1,090 | 1,021 | 913 | 806 | 578 |

* Currency is displayed in BASE

## Style Map 06-30-2015




## Top Holdings 06-30-2015

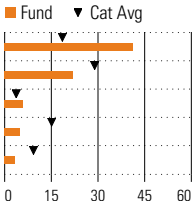
| | Weight % | Maturity Date | Amount Mil | Value Mil |
|---|---|---|---|---|
| ⊖ US Treasury Note 1.375% | 11.33 | 02-29-2020 | 79.45 | 78.76 |
| ⊖ US Treasury Note 0.5% | 10.60 | 11-30-2016 | 73.67 | 73.72 |
| ⊖ US Treasury Bond 2.5% | 8.35 | 02-15-2045 | 65.94 | 58.04 |
| ⊖ US Treasury Note 2% | 7.33 | 02-15-2025 | 52.48 | 50.99 |
| US Treasury Note 0.089% | 2.90 | 04-30-2022 | 20.55 | 20.16 |
| % Assets in Top 5 Holdings | 40.51 | | | |

⊕ Increase ⊖ Decrease ✲ New to Portfolio

| Bond Statistics | Value |
|---|---|
| Average Effective Duration (Years) | 4.50 |
| Average Effective Maturity (Years) | 5.70 |
| Average Credit Quality | A |
| Average Weighted Coupon | 2.14 |
| Average Weighted Price | 98.27 |

## Top Sectors 06-30-2015

| | Fund | BMark | Cat Avg |
|---|---|---|---|
| U.S. Treasury | 41.23 | — | 17.26 |
| Corporate Bond | 21.89 | — | 27.65 |
| Agency MBS CMO | 5.96 | — | 2.42 |
| Agency MBS Pass-Through | 4.88 | — | 13.81 |
| Commercial MBS | 3.42 | — | 7.98 |




## Asset Allocation

| | % Net | % Short | % Long | Bench mark | Cat Avg |
|---|---|---|---|---|---|
| Cash | 19.14 | 0.00 | 19.14 | — | 12.38 |
| US Stock | 0.00 | 0.00 | 0.00 | — | 0.01 |
| Non US Stock | 0.00 | 0.00 | 0.00 | — | -0.01 |
| Bond | 79.09 | 0.00 | 79.09 | — | 86.42 |
| Other | 1.77 | 0.00 | 1.77 | — | 1.19 |

## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 07-31-2015 | 32.41 | 0.0000 | 0.0000 | 0.0000 | 0.0500 | 0.0500 |
| 06-30-2015 | 32.27 | 0.0000 | 0.0000 | 0.0000 | 0.0500 | 0.0500 |
| 05-29-2015 | 32.68 | 0.0000 | 0.0000 | 0.0000 | 0.0300 | 0.0300 |
| 02-27-2015 | 32.34 | 0.0000 | 0.0000 | 0.0000 | 0.0300 | 0.0300 |
| 01-30-2015 | 32.41 | 0.0000 | 0.0000 | 0.0000 | 0.0300 | 0.0300 |

## Management

| | Start Date |
|---|---|
| Mark M. Egan | 11-25-1996 |
| Thomas M. Fink | 12-31-2000 |
| Todd C. Thompson | 07-01-2001 |
| Stephen T. Vincent | 10-30-2009 |
| Clark W. Holland | 10-31-2014 |



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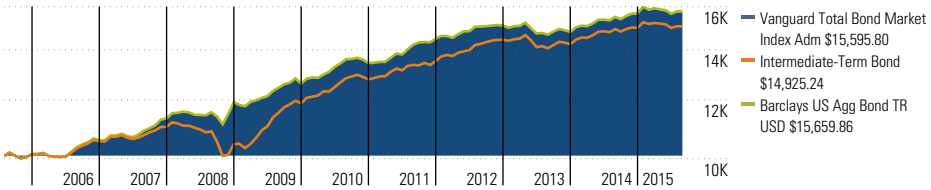
MORNINGSTAR®

# Vanguard Total Bond Market Index Adm VBTLX

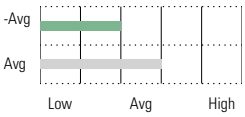
Morningstar Analyst Rating
Silver

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 10.77 | ↑0.01 \| 0.09 | 2.46 | 145.0 | Open | $10,000 | None | 0.07% | ★★★ | Intermediate-Term Bond | |

## Growth of 10,000 08-17-2005 - 08-17-2015




## 3 Year Average Morningstar Risk Measures



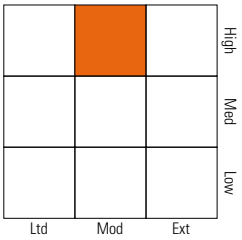

## Pillars

| | |
|---|---|
| Process | Positive |
| Performance | Neutral |
| People | Positive |
| Parent | Positive |
| Price | Positive |
| Rating | Silver |

## Investment Strategy

The investment seeks the performance of a broad, market-weighted bond index. The fund employs an indexing investment approach designed to track the performance of the Barclays U.S. Aggregate Float Adjusted Index. This index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States-including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities-all with maturities of more than 1 year. All of the fund's investments will be selected through the sampling process, and at least 80% of the fund's assets will be invested in bonds held in the index.

## Style Map 06-30-2015




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,060 | 10,065 | 10,180 | 10,572 | 11,605 | 15,625 |
| Fund | 0.60 | 0.65 | 1.80 | 1.87 | 3.02 | 4.56 |
| +/- Barclays US Agg Bond TR USD | -0.12 | -0.08 | -0.18 | -0.11 | -0.12 | -0.04 |
| +/- Category | 0.18 | 0.33 | 0.83 | -0.30 | -0.37 | 0.24 |
| % Rank in Cat | 39 | 15 | 20 | 62 | 67 | 46 |
| # of Funds in Cat | 1,044 | 1,090 | 1,021 | 913 | 806 | 578 |

* Currency is displayed in BASE

| Bond Statistics | Value |
|---|---|
| Average Effective Duration (Years) | 5.70 |
| Average Effective Maturity (Years) | 7.90 |
| Average Credit Quality | AA |
| Average Weighted Coupon | 3.33 |
| Average Weighted Price | 104.91 |

## Top Holdings 06-30-2015

| | Weight % | Maturity Date | Amount Mil | Value Mil |
|---|---|---|---|---|
| ⊕ Ginnie Mae Jumbos TBA 3.5% 2045-07-01 | 0.73 | 07-01-2045 | 1,067.43 | 1,107.79 |
| ✲ FNMA | 0.66 | — | 965.33 | 994.29 |
| ⊕ US Treasury Note 3.625% | 0.53 | 08-15-2019 | 735.17 | 799.72 |
| ⊕ US Treasury Note 4.75% | 0.49 | 08-15-2017 | 691.06 | 750.01 |
| ⊕ US Treasury Note 2.125% | 0.49 | 05-15-2025 | 751.30 | 736.28 |
| % Assets in Top 5 Holdings | 2.90 | | | |

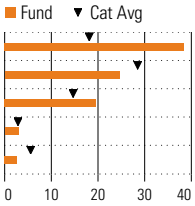
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Asset Allocation

| | % Net | % Short | % Long | Bench mark | Cat Avg |
|---|---|---|---|---|---|
| Cash | 5.33 | 0.00 | 5.33 | — | 12.38 |
| US Stock | 0.00 | 0.00 | 0.00 | — | 0.01 |
| Non US Stock | 0.00 | 0.00 | 0.00 | — | -0.01 |
| Bond | 94.65 | 0.00 | 94.65 | — | 86.42 |
| Other | 0.02 | 0.00 | 0.02 | — | 1.19 |

## Top Sectors 06-30-2015

| | Fund | BMark | Cat Avg |
|---|---|---|---|
| U.S. Treasury | 38.39 | — | 17.26 |
| Corporate Bond | 24.61 | — | 27.65 |
| Agency MBS Pass-Through | 19.62 | — | 13.81 |
| U.S. Agency | 2.97 | — | 2.00 |
| Other Government Related | 2.65 | — | 4.72 |




## Management

| | Start Date |
|---|---|
| Joshua C. Barrickman | 02-22-2013 |

## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 07-31-2015 | 10.78 | 0.0000 | 0.0000 | 0.0000 | 0.0200 | 0.0200 |
| 06-30-2015 | 10.72 | 0.0000 | 0.0000 | 0.0000 | 0.0200 | 0.0200 |
| 05-29-2015 | 10.85 | 0.0000 | 0.0000 | 0.0000 | 0.0200 | 0.0200 |
| 04-30-2015 | 10.92 | 0.0000 | 0.0000 | 0.0000 | 0.0200 | 0.0200 |
| 03-31-2015 | 10.98 | 0.0000 | 0.0000 | 0.0000 | 0.0200 | 0.0300 |



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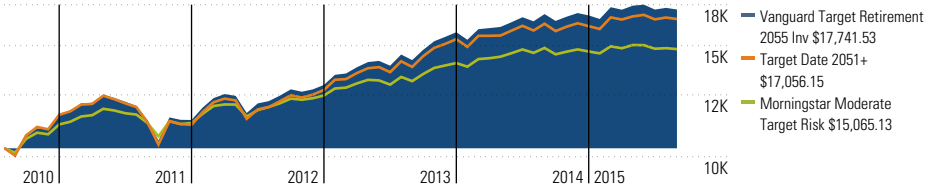
MORNINGSTAR®

# Vanguard Target Retirement 2055 Inv VFFVX

**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 32.77 | ↑0.09 \| 0.28 | 1.68 | 2.5 | Open | $1,000 | None | 0.18% | ★★★★ | Target Date 2051+ | Large Blend |

## Growth of 10,000 08-18-2010 - 08-17-2015




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,247 | 9,823 | 10,398 | 14,182 | — | — |
| Fund | 2.47 | -1.77 | 3.98 | 12.35 | — | — |
| +/- Morningstar Moderate Target Risk | 1.46 | -0.88 | 3.16 | 4.62 | — | — |
| +/- Category | -0.43 | -0.07 | 0.08 | 0.66 | — | — |
| % Rank in Cat | 68 | 70 | 56 | 36 | — | — |
| # of Funds in Cat | 238 | 283 | 191 | 114 | 49 | 0 |

* Currency is displayed in BASE

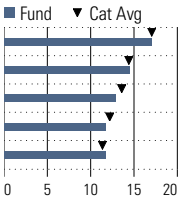
## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊕ Vanguard Total Stock Mkt Idx Inv | 54.12 | 52.96 BASE | 0.63 ↑ | 46.63 - 53.86 |
| ⊕ Vanguard Total Intl Stock Index Inv | 35.77 | 15.74 BASE | -0.19 ↓ | 15.16 - 17.45 |
| ⊕ Vanguard Total Bond Market II Idx Inv | 6.98 | 10.74 BASE | 0.09 ↑ | 10.63 - 11.07 |
| ⊕ Vanguard Total Intl Bd Idx Investor | 2.99 | 10.59 BASE | 0.09 ↑ | 10.35 - 10.84 |
| % Assets in Top 5 Holdings | 99.86 | | | |

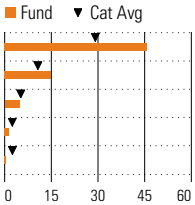
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 17.03 | 17.03 | 16.84 | 16.59 |
| Technology | 14.45 | 15.00 | 13.97 | 13.95 |
| Healthcare | 12.90 | 12.90 | 11.07 | 13.12 |
| Consumer Cyclical | 11.77 | 11.79 | 11.30 | 11.74 |
| Industrials | 11.65 | 12.11 | 11.65 | 10.90 |




| | Fund | BMark | Cat Avg |
|---|---|---|---|
| Government | 45.64 | 61.22 | 27.84 |
| Agency Mortgage-Backed | 14.80 | 0.12 | 9.40 |
| Government-Related | 4.73 | 0.80 | 3.88 |
| Commercial MBS | 1.37 | 0.10 | 1.16 |
| Asset-Backed | 0.51 | 0.00 | 1.20 |




## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 12-29-2014 | 32.35 | 0.0000 | 0.0100 | 0.0000 | 0.5500 | 0.5600 |
| 12-26-2013 | 30.18 | 0.0000 | 0.0000 | 0.0000 | 0.4800 | 0.4800 |
| 12-28-2012 | 24.48 | 0.0100 | 0.0100 | 0.0000 | 0.4500 | 0.4600 |
| 12-29-2011 | 21.89 | 0.0000 | 0.0100 | 0.0000 | 0.3900 | 0.4000 |
| 12-30-2010 | 22.76 | 0.0000 | 0.0400 | 0.0000 | 0.1800 | 0.2200 |

## 3 Year Average Morningstar Risk Measures

| | | | |
|---|---|---|---|
| Risk vs. Category (114) | None | | |
| Return vs. Category (114) | None | | |
| | Low | Avg | High |

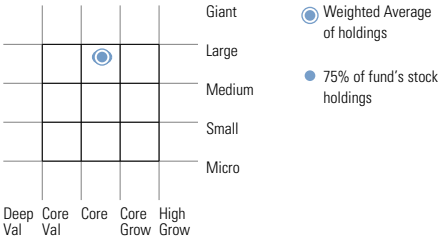
## Pillars

| | |
|---|---|
| Process | ⊕ Positive |
| Performance | ⊕ Positive |
| People | ⊕ Positive |
| Parent | ⊕ Positive |
| Price | ⊕ Positive |
| Rating | Gold |

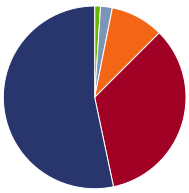
## Investment Strategy

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2055 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

## Style Map




## Asset Allocation



| Asset Class | % Net |
|---|---|
| Cash | 1.04 |
| US Stock | 53.31 |
| Non US Stock | 34.18 |
| Bond | 9.40 |
| Other | 2.07 |

## Management

| | Start Date |
|---|---|
| Michael H. Buek | 02-22-2013 |
| William Coleman | 02-22-2013 |
| Walter Nejman | 02-22-2013 |



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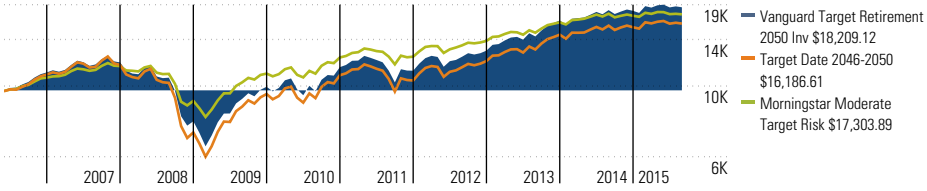
MORNINGSTAR®

# Vanguard Target Retirement 2050 Inv VFIFX

**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 30.39 | ↑0.08 \| 0.26 | 1.95 | 9.0 | Open | $1,000 | None | 0.18% | ★★★★ | Target Date 2046-2050 | Large Blend |

## Growth of 10,000 06-07-2006 - 08-17-2015




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,260 | 9,825 | 10,413 | 14,197 | 17,734 | — |
| Fund | 2.60 | -1.75 | 4.13 | 12.39 | 12.14 | — |
| +/- Morningstar Moderate Target Risk | 1.58 | -0.85 | 3.30 | 4.66 | 3.60 | — |
| +/- Category | -0.05 | -0.04 | 0.75 | 1.66 | 1.60 | — |
| % Rank in Cat | 59 | 61 | 45 | 24 | 19 | — |
| # of Funds in Cat | 240 | 247 | 219 | 176 | 132 | 16 |

* Currency is displayed in BASE

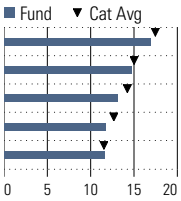
## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊖ Vanguard Total Stock Mkt Idx Inv | 56.46 | 52.96 BASE | 0.63 ↑ | 46.63 - 53.86 |
| ⊕ Vanguard Total Intl Stock Index Inv | 33.51 | 15.74 BASE | -0.19 ↓ | 15.16 - 17.45 |
| ⊖ Vanguard Total Bond Market II Idx Inv | 6.97 | 10.74 BASE | 0.09 ↑ | 10.63 - 11.07 |
| ⊕ Vanguard Total Intl Bd Idx Investor | 2.99 | 10.59 BASE | 0.09 ↑ | 10.35 - 10.84 |
| % Assets in Top 5 Holdings | 99.94 | | | |

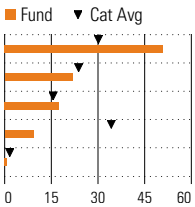
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 16.86 | 17.04 | 16.84 | 17.00 |
| Technology | 14.67 | 14.99 | 13.97 | 14.55 |
| Healthcare | 13.04 | 13.04 | 11.03 | 13.77 |
| Consumer Cyclical | 11.76 | 11.84 | 11.30 | 12.21 |
| Industrials | 11.65 | 12.13 | 11.65 | 11.07 |




| | Fund | BMark | Cat Avg |
|---|---|---|---|
| Government | 50.87 | 62.60 | 28.84 |
| Corporate | 21.75 | 37.10 | 22.49 |
| Securitized | 17.48 | 0.24 | 14.28 |
| Cash & Equivalents | 9.24 | 0.05 | 32.97 |
| Municipal | 0.66 | 0.00 | 0.36 |




## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 12-29-2014 | 29.97 | 0.0000 | 0.0000 | 0.0000 | 0.6000 | 0.6000 |
| 12-26-2013 | 28.03 | 0.0000 | 0.0000 | 0.0000 | 0.5200 | 0.5200 |
| 12-28-2012 | 22.79 | 0.0000 | 0.0100 | 0.0000 | 0.4900 | 0.4900 |
| 12-29-2011 | 20.44 | 0.0000 | 0.0100 | 0.0000 | 0.4400 | 0.4500 |
| 12-30-2010 | 21.38 | 0.1200 | 0.1200 | 0.0000 | 0.3700 | 0.6100 |

## 3 Year Average Morningstar Risk Measures

| | | |
|---|---|---|
| Risk vs. Category (177) | None | |
| Return vs. Category (177) | None | |

Low Avg High

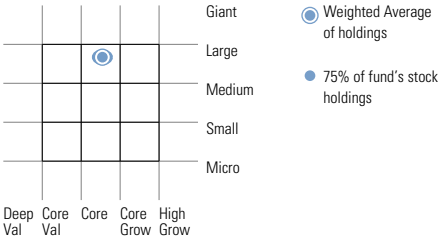
## Pillars

| | |
|---|---|
| Process | Positive |
| Performance | Positive |
| People | Positive |
| Parent | Positive |
| Price | Positive |
| Rating | Gold |

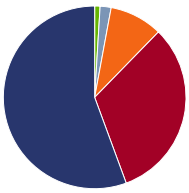
## Investment Strategy

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2050 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

## Style Map




## Asset Allocation



| Asset Class | % Net |
|---|---|
| Cash | 0.95 |
| US Stock | 55.61 |
| Non US Stock | 32.09 |
| Bond | 9.40 |
| Other | 1.95 |

## Management

| | Start Date |
|---|---|
| Michael H. Buek | 02-22-2013 |
| William Coleman | 02-22-2013 |
| Walter Nejman | 02-22-2013 |



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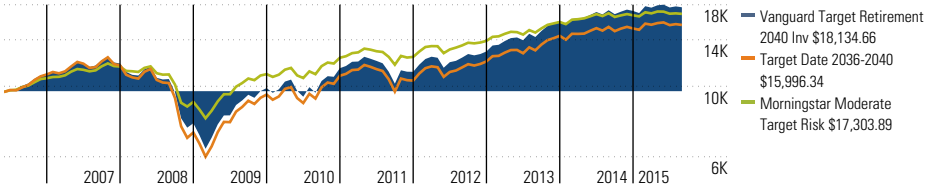
MORNINGSTAR®

# Vanguard Target Retirement 2040 Inv VFORX

**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 30.55 | ↑0.09 \| 0.29 | 1.87 | 18.4 | Open | $1,000 | None | 0.18% | ★★★★ | Target Date 2036-2040 | Large Blend |

## Growth of 10,000 06-07-2006 - 08-17-2015




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,265 | 9,829 | 10,414 | 14,201 | 17,734 | — |
| Fund | 2.65 | -1.71 | 4.14 | 12.40 | 12.14 | — |
| +/- Morningstar Moderate Target Risk | 1.64 | -0.81 | 3.32 | 4.67 | 3.60 | — |
| +/- Category | 0.14 | -0.09 | 0.99 | 2.13 | 1.86 | — |
| % Rank in Cat | 52 | 68 | 39 | 14 | 12 | — |
| # of Funds in Cat | 255 | 262 | 234 | 196 | 169 | 53 |

* Currency is displayed in BASE

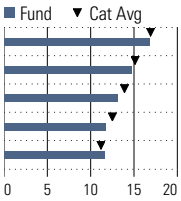
## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊖ Vanguard Total Stock Mkt Idx Inv | 57.14 | 52.96 BASE | 0.63 ↑ | 46.63 - 53.86 |
| ⊕ Vanguard Total Intl Stock Index Inv | 32.47 | 15.74 BASE | -0.19 ↓ | 15.16 - 17.45 |
| ⊖ Vanguard Total Bond Market II Idx Inv | 7.24 | 10.74 BASE | 0.09 ↑ | 10.63 - 11.07 |
| ⊕ Vanguard Total Intl Bd Idx Investor | 3.10 | 10.59 BASE | 0.09 ↑ | 10.35 - 10.84 |
| % Assets in Top 5 Holdings | 99.94 | | | |

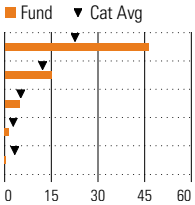
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 16.80 | 17.04 | 16.80 | 16.46 |
| Technology | 14.75 | 15.00 | 13.96 | 14.66 |
| Healthcare | 13.10 | 13.10 | 11.03 | 13.44 |
| Consumer Cyclical | 11.76 | 11.84 | 11.30 | 12.04 |
| Industrials | 11.65 | 12.12 | 11.65 | 10.73 |




| | Fund | BMark | Cat Avg |
|---|---|---|---|
| Government | 46.27 | 63.39 | 21.33 |
| Agency Mortgage-Backed | 15.00 | 0.10 | 10.91 |
| Government-Related | 4.79 | 0.90 | 3.88 |
| Commercial MBS | 1.39 | 0.09 | 1.46 |
| Asset-Backed | 0.51 | 0.00 | 1.97 |




## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 12-29-2014 | 30.11 | 0.0000 | 0.0200 | 0.0000 | 0.5700 | 0.5900 |
| 12-26-2013 | 28.15 | 0.0100 | 0.0000 | 0.0000 | 0.5000 | 0.5100 |
| 12-28-2012 | 22.88 | 0.0000 | 0.0100 | 0.0000 | 0.5000 | 0.5000 |
| 12-29-2011 | 20.53 | 0.0000 | 0.0100 | 0.0000 | 0.4400 | 0.4500 |
| 12-30-2010 | 21.48 | 0.0000 | 0.0700 | 0.0000 | 0.3700 | 0.4400 |

## 3 Year Average Morningstar Risk Measures

| | | Low | Avg | High |
|---|---|---|---|---|
| Risk vs. Category (197) | None | | | |
| Return vs. Category (197) | None | | | |

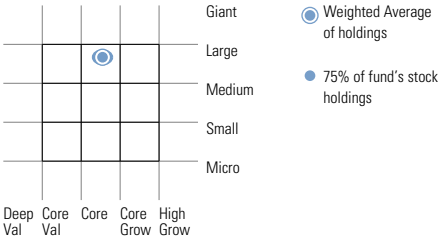
## Pillars

| | |
|---|---|
| Process | ⊕ Positive |
| Performance | ⊕ Positive |
| People | ⊕ Positive |
| Parent | ⊕ Positive |
| Price | ⊕ Positive |
| Rating | Gold |

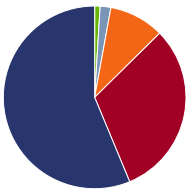
## Investment Strategy

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2040 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

## Style Map




## Asset Allocation



| Asset Class | % Net |
|---|---|
| Cash | 0.96 |
| US Stock | 56.27 |
| Non US Stock | 31.13 |
| Bond | 9.75 |
| Other | 1.89 |

## Management

| | Start Date |
|---|---|
| Michael H. Buek | 02-22-2013 |
| William Coleman | 02-22-2013 |
| Walter Nejman | 02-22-2013 |



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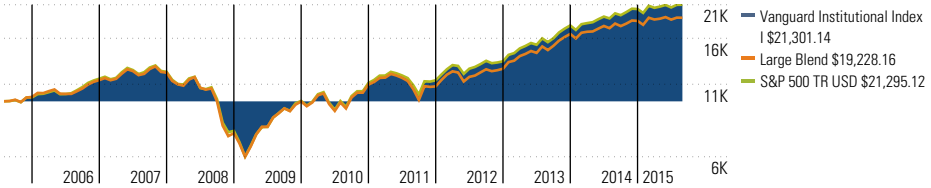
MORNINGSTAR®

# Vanguard Institutional Index I VINIX

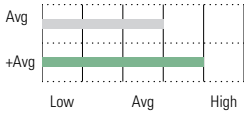
**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 192.61 | ↑1.03 \| 0.54 | 2.30 | 199.5 | Open | $5 mil | None | 0.04% | ★★★★ | Large Blend | Large Blend |

## Growth of 10,000 08-17-2005 - 08-17-2015




## 3 Year Average Morningstar Risk Measures



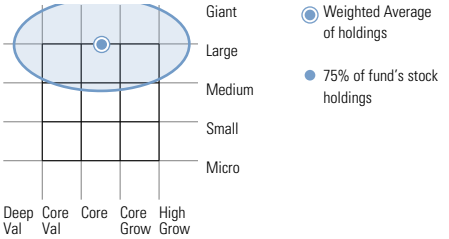

## Pillars

| | |
|---|---|
| Process | Positive |
| Performance | Positive |
| People | Positive |
| Parent | Positive |
| Price | Positive |
| Rating | Gold |

## Investment Strategy

The investment seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

## Style Map




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,343 | 9,906 | 10,975 | 15,780 | 21,361 | 21,280 |
| Fund | 3.43 | -0.94 | 9.75 | 16.42 | 16.39 | 7.84 |
| +/- S&P 500 TR USD | -0.01 | 0.00 | -0.02 | -0.03 | -0.03 | 0.00 |
| +/- Category | 0.84 | 0.14 | 2.19 | 1.02 | 1.54 | 0.73 |
| % Rank in Cat | 34 | 39 | 24 | 33 | 19 | 23 |
| # of Funds in Cat | 1,638 | 1,677 | 1,602 | 1,385 | 1,225 | 859 |

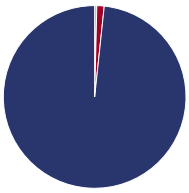
* Currency is displayed in BASE

## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊖ Apple Inc | 3.95 | 116.50 BASE | -0.56 ↓ | 95.18 - 134.54 |
| ⊖ Microsoft Corp | 1.95 | 47.27 BASE | -0.11 ↓ | 40.12 - 50.04 |
| ⊕ Exxon Mobil Corporation | 1.90 | 77.90 BASE | -1.10 ↓ | 76.33 - 100.31 |
| ⊕ Johnson & Johnson | 1.48 | 99.37 BASE | -0.50 ↓ | 95.10 - 109.49 |
| ⊕ General Electric Co | 1.46 | 26.07 BASE | -0.53 ↓ | 23.41 - 28.68 |
| % Assets in Top 5 Holdings | 10.74 | | | |

⊕ Increase ⊖ Decrease ✲ New to Portfolio

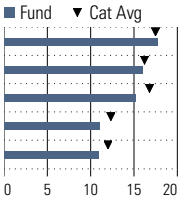
## Asset Allocation



| Asset Class | % Net |
|---|---|
| Cash | 0.33 |
| US Stock | 98.33 |
| Non US Stock | 1.30 |
| Bond | 0.00 |
| Other | 0.04 |

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Technology | 17.76 | 17.88 | 16.77 | 17.02 |
| Healthcare | 15.97 | 15.97 | 12.80 | 15.76 |
| Financial Services | 15.15 | 15.33 | 15.15 | 16.33 |
| Consumer Cyclical | 11.00 | 11.23 | 10.58 | 11.87 |
| Industrials | 10.91 | 11.68 | 10.91 | 11.54 |




## Management

| | Start Date |
|---|---|
| Donald M. Butler | 12-31-2000 |

## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 06-19-2015 | 192.67 | 0.0000 | 0.0000 | 0.0000 | 0.8800 | 0.8800 |
| 03-26-2015 | 187.70 | 0.0000 | 0.0000 | 0.0000 | 1.6000 | 1.6000 |
| 12-19-2014 | 189.65 | 0.0000 | 0.0000 | 0.0000 | 1.0500 | 1.0500 |
| 09-19-2014 | 184.21 | 0.0000 | 0.0000 | 0.0000 | 0.8900 | 0.8900 |
| 06-20-2014 | 179.83 | 0.0000 | 0.0000 | 0.0000 | 0.8000 | 0.8000 |



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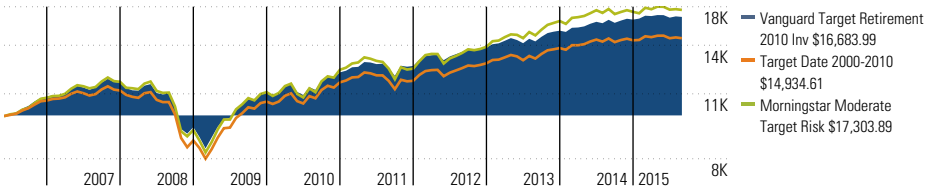
MORNINGSTAR®

# Vanguard Target Retirement 2010 Inv VTENX

**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 26.69 | ↑0.04 \| 0.15 | 1.71 | 6.7 | Open | $1,000 | None | 0.16% | ★★★★ | Target Date 2000-2010 | Large Blend |

## Growth of 10,000 06-07-2006 - 08-17-2015




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,141 | 9,959 | 10,249 | 12,046 | 14,395 | — |
| Fund | 1.41 | -0.41 | 2.49 | 6.40 | 7.56 | — |
| +/- Morningstar Moderate Target Risk | 0.39 | 0.48 | 1.67 | -1.33 | -0.98 | — |
| +/- Category | 0.34 | 0.40 | 1.49 | 0.78 | 1.05 | — |
| % Rank in Cat | 30 | 10 | 11 | 35 | 26 | — |
| # of Funds in Cat | 158 | 162 | 148 | 117 | 110 | 41 |

* Currency is displayed in BASE

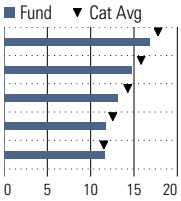
## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊖ Vanguard Total Bond Market II Idx Inv | 35.69 | 10.74 BASE | 0.09 ↑ | 10.63 - 11.07 |
| ⊖ Vanguard Total Stock Mkt Idx Inv | 22.30 | 52.96 BASE | 0.63 ↑ | 46.63 - 53.86 |
| ⊕ Vanguard Total Intl Bd Idx Investor | 14.71 | 10.59 BASE | 0.09 ↑ | 10.35 - 10.84 |
| ⊖ Vanguard Shrt-Term Infl-Prot Sec Idx Inv | 14.66 | 24.20 BASE | 0.00 ↓ | 24.09 - 25.02 |
| ⊕ Vanguard Total Intl Stock Index Inv | 12.64 | 15.74 BASE | -0.19 ↓ | 15.16 - 17.45 |
| % Assets in Top 5 Holdings | 100.00 | | | |

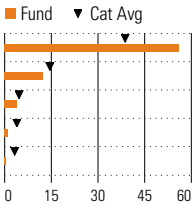
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 16.80 | 17.06 | 16.80 | 17.31 |
| Technology | 14.76 | 15.03 | 13.94 | 15.36 |
| Healthcare | 13.11 | 13.11 | 11.01 | 13.82 |
| Consumer Cyclical | 11.76 | 11.84 | 11.30 | 12.09 |
| Industrials | 11.65 | 12.12 | 11.65 | 11.06 |




| | Fund | BMark | Cat Avg |
|---|---|---|---|
| Government | 55.94 | 70.20 | 37.43 |
| Agency Mortgage-Backed | 12.40 | 0.05 | 13.25 |
| Government-Related | 3.93 | 1.06 | 3.34 |
| Commercial MBS | 1.15 | 0.06 | 2.63 |
| Asset-Backed | 0.42 | 0.00 | 1.93 |




## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 12-29-2014 | 26.42 | 0.3000 | 0.0400 | 0.0000 | 0.4600 | 0.8000 |
| 12-26-2013 | 25.54 | 0.3000 | 0.0000 | 0.0000 | 0.4200 | 0.7200 |
| 12-28-2012 | 24.02 | 0.0000 | 0.0400 | 0.0000 | 0.5300 | 0.5700 |
| 12-29-2011 | 22.44 | 0.0000 | 0.0400 | 0.0000 | 0.6000 | 0.6300 |
| 12-30-2010 | 22.26 | 0.0000 | 0.0400 | 0.0000 | 0.5100 | 0.5500 |

## 3 Year Average Morningstar Risk Measures

| | | | |
|---|---|---|---|
| Risk vs. Category (117) | None | | |
| Return vs. Category (117) | None | | |
| | Low | Avg | High |

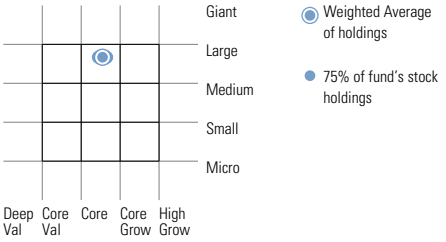
## Pillars

| | |
|---|---|
| Process | ⊕ Positive |
| Performance | ⊕ Positive |
| People | ⊕ Positive |
| Parent | ⊕ Positive |
| Price | ⊕ Positive |
| Rating | Gold |

## Investment Strategy

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2010 (the target year). Its asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

## Style Map




## Asset Allocation

| | % Net | % Short | % Long | Bench mark | Cat Avg |
|---|---|---|---|---|---|
| Cash | 5.62 | 0.00 | 5.62 | 4.81 | 9.23 |
| US Stock | 21.96 | 0.00 | 21.96 | 27.22 | 26.22 |
| Non US Stock | 12.12 | 0.00 | 12.12 | 10.63 | 11.47 |
| Bond | 59.10 | 0.00 | 59.10 | 53.60 | 51.65 |
| Other | 1.20 | 0.00 | 1.20 | 3.74 | 1.42 |

## Management

| | Start Date |
|---|---|
| Michael H. Buek | 02-22-2013 |
| William Coleman | 02-22-2013 |
| Walter Nejman | 02-22-2013 |



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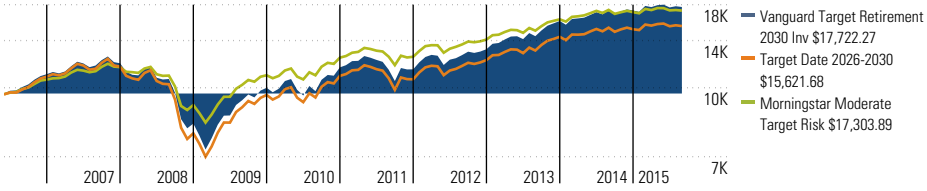
MORNINGSTAR®

# Vanguard Target Retirement 2030 Inv VTHRX

**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 29.73 | ↑0.08 \| 0.27 | 1.87 | 26.2 | Open | $1,000 | None | 0.17% | ★★★★ | Target Date 2026-2030 | Large Blend |

## Growth of 10,000 06-07-2006 - 08-17-2015




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,238 | 9,871 | 10,396 | 13,683 | 16,939 | — |
| Fund | 2.38 | -1.29 | 3.96 | 11.02 | 11.12 | — |
| +/- Morningstar Moderate Target Risk | 1.36 | -0.40 | 3.13 | 3.28 | 2.58 | — |
| +/- Category | 0.27 | 0.05 | 1.35 | 2.04 | 1.79 | — |
| % Rank in Cat | 49 | 54 | 32 | 15 | 16 | — |
| # of Funds in Cat | 256 | 263 | 235 | 197 | 170 | 58 |

* Currency is displayed in BASE

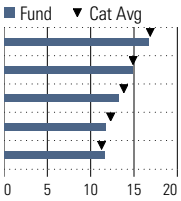
## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊖ Vanguard Total Stock Mkt Idx Inv | 48.41 | 52.96 BASE | 0.63 ↑ | 46.63 - 53.86 |
| ⊕ Vanguard Total Intl Stock Index Inv | 25.88 | 15.74 BASE | -0.19 ↓ | 15.16 - 17.45 |
| ⊕ Vanguard Total Bond Market II Idx Inv | 18.18 | 10.74 BASE | 0.09 ↑ | 10.63 - 11.07 |
| ⊕ Vanguard Total Intl Bd Idx Investor | 7.50 | 10.59 BASE | 0.09 ↑ | 10.35 - 10.84 |
| % Assets in Top 5 Holdings | 99.97 | | | |

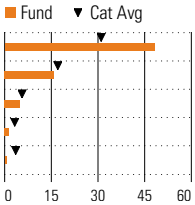
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 16.71 | 17.05 | 16.71 | 16.41 |
| Technology | 14.87 | 15.03 | 13.96 | 14.43 |
| Healthcare | 13.18 | 13.18 | 11.02 | 13.37 |
| Consumer Cyclical | 11.75 | 11.84 | 11.30 | 11.85 |
| Industrials | 11.65 | 12.12 | 11.65 | 10.80 |




| | Fund | BMark | Cat Avg |
|---|---|---|---|
| Government | 48.17 | 65.60 | 29.73 |
| Agency Mortgage-Backed | 15.86 | 0.08 | 15.81 |
| Government-Related | 5.03 | 0.95 | 4.30 |
| Commercial MBS | 1.47 | 0.08 | 1.95 |
| Asset-Backed | 0.54 | 0.00 | 2.26 |




## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 12-29-2014 | 29.32 | 0.0000 | 0.0300 | 0.0000 | 0.5600 | 0.5900 |
| 12-26-2013 | 27.51 | 0.0000 | 0.0300 | 0.0000 | 0.4900 | 0.5300 |
| 12-28-2012 | 23.13 | 0.0000 | 0.0100 | 0.0000 | 0.5000 | 0.5100 |
| 12-29-2011 | 20.94 | 0.0000 | 0.0200 | 0.0000 | 0.4700 | 0.4900 |
| 12-30-2010 | 21.66 | 0.0000 | 0.0200 | 0.0000 | 0.4000 | 0.4200 |

## 3 Year Average Morningstar Risk Measures

| | | |
|---|---|---|
| Risk vs. Category (198) | None | |
| Return vs. Category (198) | None | |

Low Avg High

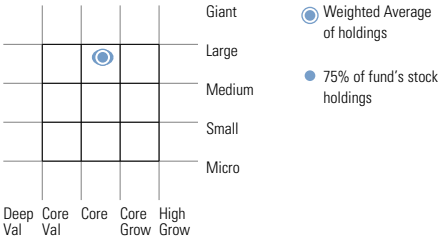
## Pillars

| | |
|---|---|
| Process | ⊕ Positive |
| Performance | ⊕ Positive |
| People | ⊕ Positive |
| Parent | ⊕ Positive |
| Price | ⊕ Positive |
| Rating | Gold |

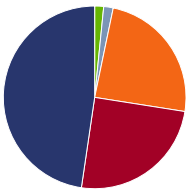
## Investment Strategy

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2030 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

## Style Map




## Asset Allocation



| Asset Class | % Net |
|---|---|
| Cash | 1.59 |
| US Stock | 47.67 |
| Non US Stock | 24.85 |
| Bond | 24.21 |
| Other | 1.68 |

## Management

| | Start Date |
|---|---|
| Michael H. Buek | 02-22-2013 |
| William Coleman | 02-22-2013 |
| Walter Nejman | 02-22-2013 |



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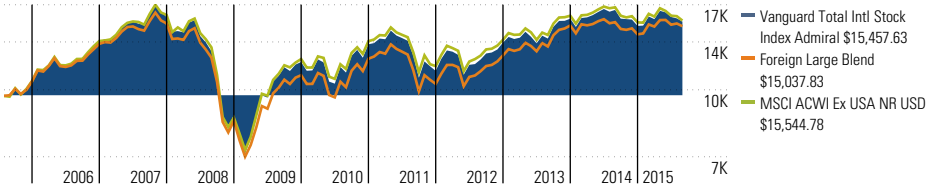
MORNINGSTAR®

# Vanguard Total Intl Stock Index Admiral VTIAX

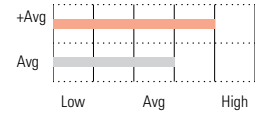
**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 26.32 | ↓-0.06 \| -0.23 | 2.76 | 180.8 | Open | $10,000 | None | 0.14% | ★★ | Foreign Large Blend | Large Blend |

## Growth of 10,000 08-17-2005 - 08-17-2015




## 3 Year Average Morningstar Risk Measures



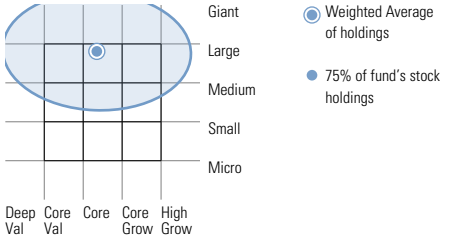

## Pillars

| | |
|---|---|
| Process | Positive |
| Performance | Positive |
| People | Positive |
| Parent | Positive |
| Price | Positive |
| Rating | Gold |

## Investment Strategy

The investment seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in developed and emerging markets, excluding the United States. The fund employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex US Index, a float-adjusted market-capitalization-weighted index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States. The index includes approximately 5,550 stocks of companies located in 46 countries.

## Style Map




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,261 | 9,652 | 9,452 | 12,359 | 13,084 | 15,469 |
| Fund | 2.61 | -3.48 | -5.48 | 7.32 | 5.52 | 4.46 |
| +/- MSCI ACWI Ex USA NR USD | 1.54 | 0.35 | 0.69 | 0.60 | 0.21 | -0.10 |
| +/- Category | -2.41 | -0.79 | -4.44 | -1.60 | -1.26 | 0.03 |
| % Rank in Cat | 82 | 75 | 86 | 80 | — | — |
| # of Funds in Cat | 801 | 861 | 774 | 670 | 580 | 330 |

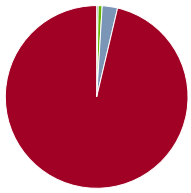
* Currency is displayed in BASE

## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊕ Nestle SA | 1.09 | 74.95 BASE | -0.07 ↓ | 64.15 - 77.00 |
| ⊖ Novartis AG | 0.99 | 101.00 BASE | 0.20 ↑ | 78.60 - 103.20 |
| ⊕ Roche Holding AG Dividend Right Cert. | 0.93 | 276.90 BASE | -0.29 ↓ | 238.80 - 295.80 |
| ⊕ Toyota Motor Corp | 0.83 | — BASE | 0.44 ↑ | 5,710.00 - 8,783.00 |
| ⊕ HSBC Holdings PLC | 0.82 | 556.00 BASE | -0.29 ↓ | 544.30 - 674.57 |
| % Assets in Top 5 Holdings | 4.66 | | | |

⊕ Increase ⊖ Decrease ✲ New to Portfolio

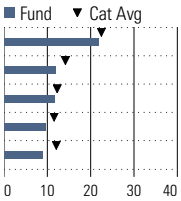
## Asset Allocation



| Asset Class | % Net |
|---|---|
| Cash | 0.70 |
| US Stock | 0.27 |
| Non US Stock | 96.32 |
| Bond | 0.00 |
| Other | 2.71 |

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 21.91 | 22.42 | 21.91 | 21.54 |
| Consumer Cyclical | 12.00 | 12.00 | 11.43 | 13.25 |
| Industrials | 11.58 | 11.58 | 10.74 | 11.35 |
| Consumer Defensive | 9.66 | 9.66 | 9.21 | 10.64 |
| Healthcare | 8.85 | 8.85 | 7.74 | 11.14 |




## Management

| | Start Date |
|---|---|
| Michael Perre | 08-05-2008 |

## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 06-25-2015 | 27.80 | 0.0000 | 0.0000 | 0.0000 | 0.2900 | 0.2900 |
| 03-24-2015 | 27.54 | 0.0000 | 0.0000 | 0.0000 | 0.0800 | 0.0800 |
| 12-19-2014 | 26.11 | 0.0000 | 0.0000 | 0.0000 | 0.2100 | 0.2100 |
| 09-23-2014 | 27.84 | 0.0000 | 0.0000 | 0.0000 | 0.1500 | 0.1500 |
| 06-23-2014 | 29.10 | 0.0000 | 0.0000 | 0.0000 | 0.3300 | 0.3300 |



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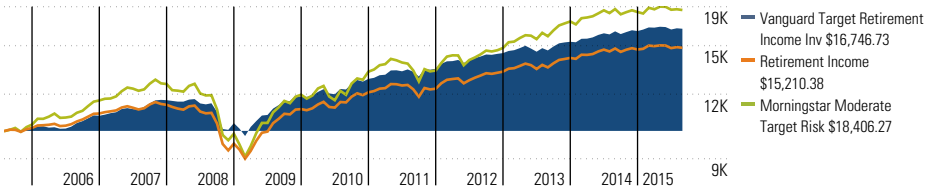
MORNINGSTAR®

# Vanguard Target Retirement Income Inv VTINX

**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 12.96 | ↑0.02 \| 0.15 | 1.83 | 11.4 | Open | $1,000 | None | 0.16% | ★★★★★ | Retirement Income | Large Blend |

## Growth of 10,000 08-17-2005 - 08-17-2015




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,120 | 9,969 | 10,210 | 11,582 | 13,502 | 16,779 |
| Fund | 1.20 | -0.31 | 2.10 | 5.02 | 6.19 | 5.31 |
| +/- Morningstar Moderate Target Risk | 0.18 | 0.58 | 1.27 | -2.72 | -2.35 | -1.00 |
| +/- Category | 0.44 | 0.22 | 1.31 | 0.92 | 1.18 | 1.38 |
| % Rank in Cat | 27 | 25 | 23 | 25 | 14 | 4 |
| # of Funds in Cat | 184 | 193 | 166 | 153 | 143 | 60 |

* Currency is displayed in BASE

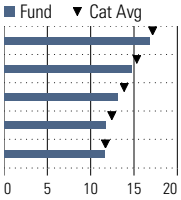
## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊖ Vanguard Total Bond Market II Idx Inv | 37.67 | 10.74 BASE | 0.09 ↑ | 10.63 - 11.07 |
| ⊖ Vanguard Total Stock Mkt Idx Inv | 18.82 | 52.96 BASE | 0.63 ↑ | 46.63 - 53.86 |
| ⊖ Vanguard Shrt-Term Infl-Prot Sec Idx Inv | 16.79 | 24.20 BASE | 0.00 ↓ | 24.09 - 25.02 |
| ⊕ Vanguard Total Intl Bd Idx Investor | 15.77 | 10.59 BASE | 0.09 ↑ | 10.35 - 10.84 |
| ⊕ Vanguard Total Intl Stock Index Inv | 10.93 | 15.74 BASE | -0.19 ↓ | 15.16 - 17.45 |
| % Assets in Top 5 Holdings | 99.97 | | | |

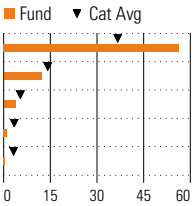
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 16.83 | 17.02 | 16.78 | 16.69 |
| Technology | 14.71 | 15.07 | 13.99 | 14.87 |
| Healthcare | 13.07 | 13.07 | 11.04 | 13.40 |
| Consumer Cyclical | 11.76 | 11.84 | 11.30 | 11.98 |
| Industrials | 11.65 | 12.13 | 11.65 | 11.25 |



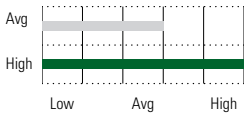

| | Fund | BMark | Cat Avg |
|---|---|---|---|
| Government | 56.46 | 72.66 | 35.38 |
| Agency Mortgage-Backed | 12.12 | 0.03 | 12.87 |
| Government-Related | 3.85 | 1.12 | 4.08 |
| Commercial MBS | 1.12 | 0.04 | 2.11 |
| Asset-Backed | 0.41 | 0.00 | 1.90 |




## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 06-25-2015 | 12.97 | 0.0000 | 0.0000 | 0.0000 | 0.0600 | 0.0600 |
| 03-26-2015 | 13.06 | 0.0000 | 0.0000 | 0.0000 | 0.0500 | 0.0500 |
| 12-29-2014 | 12.95 | 0.0300 | 0.0200 | 0.0000 | 0.0800 | 0.1300 |
| 09-23-2014 | 12.87 | 0.0000 | 0.0000 | 0.0000 | 0.0500 | 0.0500 |
| 06-23-2014 | 12.91 | 0.0000 | 0.0000 | 0.0000 | 0.0600 | 0.0600 |

## 3 Year Average Morningstar Risk Measures



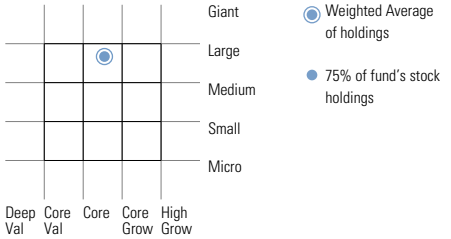

## Pillars

| | |
|---|---|
| Process | ⊕ Positive |
| Performance | ⊕ Positive |
| People | ⊕ Positive |
| Parent | ⊕ Positive |
| Price | ⊕ Positive |
| Rating | Gold |

## Investment Strategy

The investment seeks to provide current income and some capital appreciation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors currently in retirement. Its indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds; inflation-protected public obligations issued by the U.S. Treasury; mortgage-backed and asset-backed securities; and government, agency, corporate, and securitized investment-grade foreign bonds issued in currencies other than the U.S. dollar.

## Style Map




## Asset Allocation

| | % Net | % Short | % Long | Bench mark | Cat Avg |
|---|---|---|---|---|---|
| Cash | 6.22 | 0.00 | 6.22 | 7.01 | 12.25 |
| US Stock | 18.53 | 0.00 | 18.53 | 23.36 | 21.75 |
| Non US Stock | 10.48 | 0.00 | 10.48 | 8.06 | 9.28 |
| Bond | 63.63 | 0.00 | 63.63 | 57.84 | 54.42 |
| Other | 1.14 | 0.00 | 1.14 | 3.73 | 2.30 |

## Management

| | Start Date |
|---|---|
| Michael H. Buek | 02-22-2013 |
| William Coleman | 02-22-2013 |
| Walter Nejman | 02-22-2013 |



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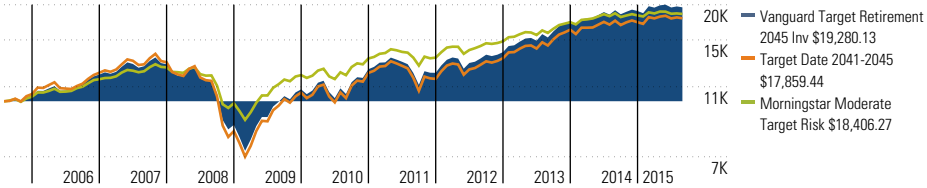
MORNINGSTAR®

# Vanguard Target Retirement 2045 Inv VTIVX

**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 19.14 | ↑0.05 \| 0.26 | 1.99 | 16.5 | Open | $1,000 | None | 0.18% | ★★★★ | Target Date 2041-2045 | Large Blend |

## Growth of 10,000 08-17-2005 - 08-17-2015




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,263 | 9,825 | 10,411 | 14,198 | 17,738 | 19,296 |
| Fund | 2.63 | -1.75 | 4.11 | 12.39 | 12.14 | 6.79 |
| +/- Morningstar Moderate Target Risk | 1.61 | -0.85 | 3.28 | 4.66 | 3.60 | 0.49 |
| +/- Category | -0.16 | -0.05 | 0.49 | 1.28 | 0.83 | 0.68 |
| % Rank in Cat | 60 | 64 | 47 | 21 | 18 | 19 |
| # of Funds in Cat | 213 | 222 | 194 | 150 | 122 | 17 |

* Currency is displayed in BASE

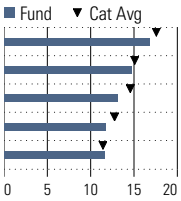
## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊖ Vanguard Total Stock Mkt Idx Inv | 57.13 | 52.96 BASE | 0.63 ↑ | 46.63 - 53.86 |
| ⊕ Vanguard Total Intl Stock Index Inv | 32.85 | 15.74 BASE | -0.19 ↓ | 15.16 - 17.45 |
| ⊖ Vanguard Total Bond Market II Idx Inv | 6.98 | 10.74 BASE | 0.09 ↑ | 10.63 - 11.07 |
| ⊕ Vanguard Total Intl Bd Idx Investor | 2.99 | 10.59 BASE | 0.09 ↑ | 10.35 - 10.84 |
| % Assets in Top 5 Holdings | 99.95 | | | |

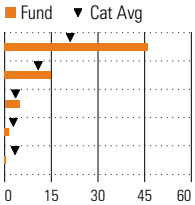
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 16.82 | 17.04 | 16.82 | 17.11 |
| Technology | 14.73 | 15.02 | 13.97 | 14.63 |
| Healthcare | 13.09 | 13.09 | 11.03 | 14.11 |
| Consumer Cyclical | 11.76 | 11.84 | 11.30 | 12.30 |
| Industrials | 11.65 | 12.13 | 11.65 | 10.96 |



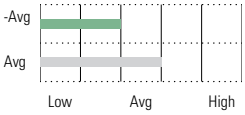

| | Fund | BMark | Cat Avg |
|---|---|---|---|
| Government | 46.17 | 62.33 | 19.77 |
| Agency Mortgage-Backed | 14.96 | 0.10 | 9.49 |
| Government-Related | 4.78 | 0.87 | 2.21 |
| Commercial MBS | 1.39 | 0.10 | 1.50 |
| Asset-Backed | 0.51 | 0.00 | 2.05 |




## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 12-29-2014 | 18.87 | 0.0000 | 0.0000 | 0.0000 | 0.3800 | 0.3900 |
| 12-26-2013 | 17.66 | 0.0000 | 0.0000 | 0.0000 | 0.3300 | 0.3300 |
| 12-28-2012 | 14.37 | 0.0000 | 0.0100 | 0.0000 | 0.3200 | 0.3200 |
| 12-29-2011 | 12.89 | 0.0000 | 0.0100 | 0.0000 | 0.2900 | 0.2900 |
| 12-30-2010 | 13.49 | 0.0500 | 0.0500 | 0.0000 | 0.2400 | 0.3500 |

## 3 Year Average Morningstar Risk Measures



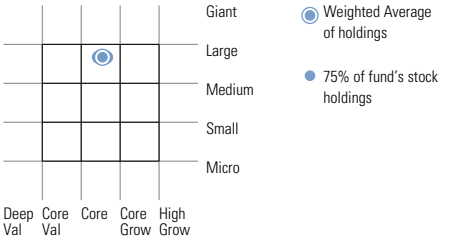

## Pillars

| | |
|---|---|
| Process | Positive |
| Performance | Positive |
| People | Positive |
| Parent | Positive |
| Price | Positive |
| Rating | Gold |

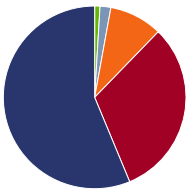
## Investment Strategy

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2045 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

## Style Map




## Asset Allocation



| Asset Class | % Net |
|---|---|
| Cash | 0.94 |
| US Stock | 56.26 |
| Non US Stock | 31.48 |
| Bond | 9.40 |
| Other | 1.91 |

## Management

| | Start Date |
|---|---|
| Michael H. Buek | 02-22-2013 |
| William Coleman | 02-22-2013 |
| Walter Nejman | 02-22-2013 |



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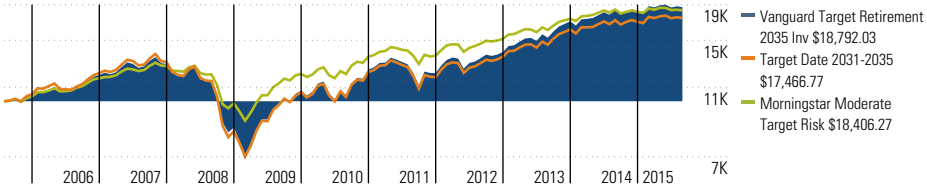
MORNINGSTAR®

# Vanguard Target Retirement 2035 Inv VTTHX

**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 18.29 | ↑0.05 \| 0.27 | 2.00 | 26.4 | Open | $1,000 | None | 0.18% | ★★★★ | Target Date 2031-2035 | Large Blend |

## Growth of 10,000 08-17-2005 - 08-17-2015




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,252 | 9,849 | 10,412 | 14,006 | 17,489 | 18,792 |
| Fund | 2.52 | -1.51 | 4.12 | 11.88 | 11.83 | 6.51 |
| +/- Morningstar Moderate Target Risk | 1.51 | -0.62 | 3.29 | 4.15 | 3.29 | 0.20 |
| +/- Category | 0.01 | 0.03 | 0.85 | 1.56 | 1.11 | 0.83 |
| % Rank in Cat | 57 | 58 | 38 | 17 | 14 | 12 |
| # of Funds in Cat | 213 | 222 | 194 | 151 | 123 | 26 |

* Currency is displayed in BASE

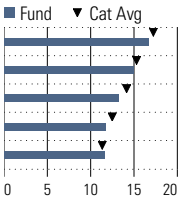
## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊖ Vanguard Total Stock Mkt Idx Inv | 53.84 | 52.96 BASE | 0.63 ↑ | 46.63 - 53.86 |
| ⊕ Vanguard Total Intl Stock Index Inv | 28.08 | 15.74 BASE | -0.19 ↓ | 15.16 - 17.45 |
| ⊕ Vanguard Total Bond Market II Idx Inv | 12.70 | 10.74 BASE | 0.09 ↑ | 10.63 - 11.07 |
| ⊕ Vanguard Total Intl Bd Idx Investor | 5.35 | 10.59 BASE | 0.09 ↑ | 10.35 - 10.84 |
| % Assets in Top 5 Holdings | 99.96 | | | |

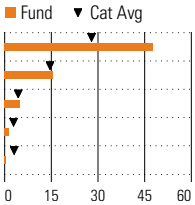
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 16.67 | 17.05 | 16.67 | 16.77 |
| Technology | 14.92 | 15.04 | 13.96 | 14.83 |
| Healthcare | 13.22 | 13.22 | 11.02 | 13.69 |
| Consumer Cyclical | 11.75 | 11.84 | 11.30 | 12.03 |
| Industrials | 11.65 | 12.12 | 11.65 | 10.87 |



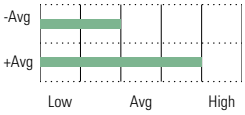

| | Fund | BMark | Cat Avg |
|---|---|---|---|
| Government | 47.73 | 64.49 | 26.64 |
| Agency Mortgage-Backed | 15.59 | 0.09 | 13.28 |
| Government-Related | 4.96 | 0.93 | 3.06 |
| Commercial MBS | 1.44 | 0.09 | 1.57 |
| Asset-Backed | 0.53 | 0.00 | 1.76 |




## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 12-29-2014 | 18.03 | 0.0000 | 0.0100 | 0.0000 | 0.3700 | 0.3700 |
| 12-26-2013 | 16.89 | 0.0000 | 0.0000 | 0.0000 | 0.3200 | 0.3200 |
| 12-28-2012 | 13.92 | 0.0000 | 0.0100 | 0.0000 | 0.3100 | 0.3100 |
| 12-29-2011 | 12.52 | 0.0000 | 0.0100 | 0.0000 | 0.2800 | 0.2900 |
| 12-30-2010 | 13.08 | 0.0400 | 0.0100 | 0.0000 | 0.2400 | 0.2900 |

## 3 Year Average Morningstar Risk Measures



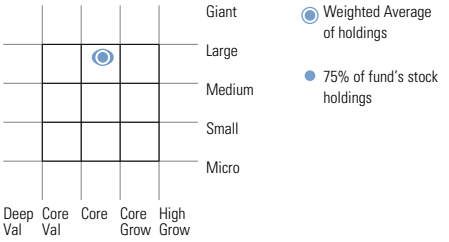

## Pillars

| | |
|---|---|
| Process | Positive |
| Performance | Positive |
| People | Positive |
| Parent | Positive |
| Price | Positive |
| Rating | Gold |

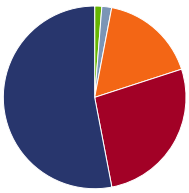
## Investment Strategy

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2035 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

## Style Map




## Asset Allocation



| Asset Class | % Net |
|---|---|
| Cash | 1.26 |
| US Stock | 53.02 |
| Non US Stock | 26.98 |
| Bond | 17.02 |
| Other | 1.73 |

## Management

| | Start Date |
|---|---|
| Michael H. Buek | 02-22-2013 |
| William Coleman | 02-22-2013 |
| Walter Nejman | 02-22-2013 |



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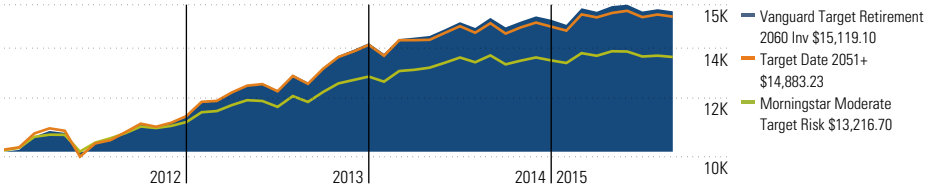
MORNINGSTAR®

# Vanguard Target Retirement 2060 Inv VTTSX

**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Mil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 28.91 | ↑0.08 \| 0.28 | 1.59 | 780.4 | Open | $1,000 | None | 0.18% | ★★★★ | Target Date 2051+ | Large Blend |

## Growth of 10,000 01-19-2012 - 08-17-2015




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,252 | 9,827 | 10,399 | 14,183 | — | — |
| Fund | 2.52 | -1.73 | 3.99 | 12.35 | — | — |
| +/- Morningstar Moderate Target Risk | 1.50 | -0.84 | 3.16 | 4.62 | — | — |
| +/- Category | -0.38 | -0.04 | 0.08 | 0.66 | — | — |
| % Rank in Cat | 67 | 65 | 55 | 35 | — | — |
| # of Funds in Cat | 238 | 283 | 191 | 114 | 49 | 0 |

* Currency is displayed in BASE

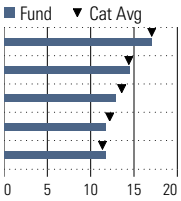
## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊕ Vanguard Total Stock Mkt Idx Inv | 53.85 | 52.96 BASE | 0.63 ↑ | 46.63 - 53.86 |
| ⊕ Vanguard Total Intl Stock Index Inv | 35.93 | 15.74 BASE | -0.19 ↓ | 15.16 - 17.45 |
| ⊕ Vanguard Total Bond Market II Idx Inv | 6.92 | 10.74 BASE | 0.09 ↑ | 10.63 - 11.07 |
| ⊕ Vanguard Total Intl Bd Idx Investor | 3.05 | 10.59 BASE | 0.09 ↑ | 10.35 - 10.84 |
| % Assets in Top 5 Holdings | 99.76 | | | |

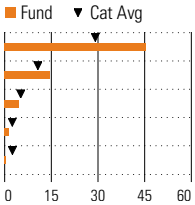
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 17.04 | 17.04 | 16.83 | 16.59 |
| Technology | 14.44 | 15.01 | 13.96 | 13.95 |
| Healthcare | 12.88 | 12.88 | 11.07 | 13.12 |
| Consumer Cyclical | 11.77 | 11.79 | 11.30 | 11.74 |
| Industrials | 11.65 | 12.10 | 11.65 | 10.90 |




| | Fund | BMark | Cat Avg |
|---|---|---|---|
| Government | 45.37 | 61.22 | 27.84 |
| Agency Mortgage-Backed | 14.53 | 0.12 | 9.40 |
| Government-Related | 4.67 | 0.80 | 3.88 |
| Commercial MBS | 1.35 | 0.10 | 1.16 |
| Asset-Backed | 0.50 | 0.00 | 1.20 |




## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 12-29-2014 | 28.53 | 0.0000 | 0.0100 | 0.0000 | 0.4600 | 0.4700 |
| 12-26-2013 | 26.59 | 0.0000 | 0.0000 | 0.0000 | 0.3700 | 0.3700 |
| 12-28-2012 | 21.53 | 0.0000 | 0.0100 | 0.0000 | 0.3200 | 0.3200 |

## 3 Year Average Morningstar Risk Measures

| | | | |
|---|---|---|---|
| Risk vs. Category (114) | None | | |
| Return vs. Category (114) | None | | |
| | Low | Avg | High |

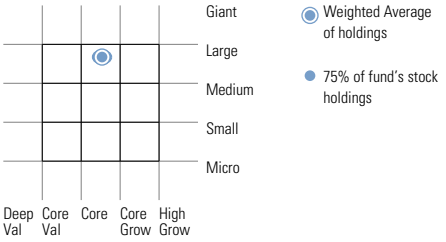
## Pillars

| | |
|---|---|
| Process | ⊕ Positive |
| Performance | ⊕ Positive |
| People | ⊕ Positive |
| Parent | ⊕ Positive |
| Price | ⊕ Positive |
| Rating | Gold |

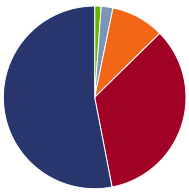
## Investment Strategy

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2060 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

## Style Map




## Asset Allocation



| Asset Class | % Net |
|---|---|
| Cash | 1.14 |
| US Stock | 53.05 |
| Non US Stock | 34.32 |
| Bond | 9.40 |
| Other | 2.08 |

## Management

| | Start Date |
|---|---|
| Michael H. Buek | 02-22-2013 |
| William Coleman | 02-22-2013 |
| Walter Nejman | 02-22-2013 |



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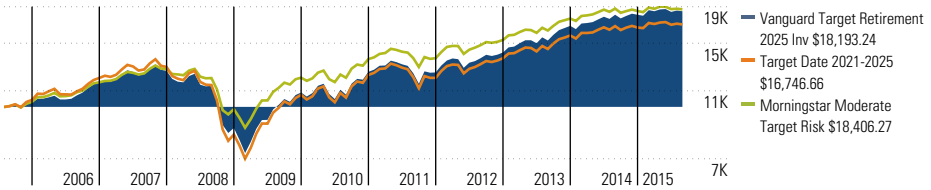
MORNINGSTAR®

# Vanguard Target Retirement 2025 Inv VTTVX

**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 16.90 | ↑0.04 \| 0.24 | 1.89 | 34.4 | Open | $1,000 | None | 0.17% | ★★★★ | Target Date 2021-2025 | Large Blend |

## Growth of 10,000 08-17-2005 - 08-17-2015




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,224 | 9,895 | 10,389 | 13,368 | 16,416 | 18,193 |
| Fund | 2.24 | -1.05 | 3.89 | 10.16 | 10.42 | 6.17 |
| +/- Morningstar Moderate Target Risk | 1.22 | -0.16 | 3.07 | 2.43 | 1.88 | -0.14 |
| +/- Category | 0.32 | 0.09 | 1.42 | 1.63 | 1.08 | 0.93 |
| % Rank in Cat | 37 | 50 | 19 | 18 | 17 | 12 |
| # of Funds in Cat | 213 | 222 | 194 | 151 | 123 | 26 |

* Currency is displayed in BASE

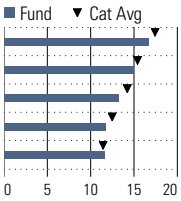
## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊖ Vanguard Total Stock Mkt Idx Inv | 44.14 | 52.96 BASE | 0.63 ↑ | 46.63 - 53.86 |
| ⊖ Vanguard Total Bond Market II Idx Inv | 23.87 | 10.74 BASE | 0.09 ↑ | 10.63 - 11.07 |
| ⊕ Vanguard Total Intl Stock Index Inv | 22.62 | 15.74 BASE | -0.19 ↓ | 15.16 - 17.45 |
| ⊕ Vanguard Total Intl Bd Idx Investor | 9.32 | 10.59 BASE | 0.09 ↑ | 10.35 - 10.84 |
| % Assets in Top 5 Holdings | 99.95 | | | |

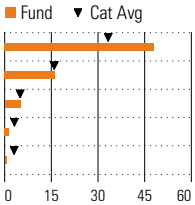
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 16.65 | 17.05 | 16.65 | 16.97 |
| Technology | 14.95 | 15.05 | 13.96 | 14.95 |
| Healthcare | 13.24 | 13.24 | 11.02 | 13.76 |
| Consumer Cyclical | 11.75 | 11.84 | 11.30 | 12.02 |
| Industrials | 11.64 | 12.12 | 11.64 | 10.97 |



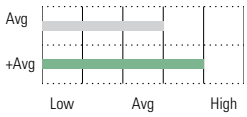

| | Fund | BMark | Cat Avg |
|---|---|---|---|
| Government | 48.10 | 66.72 | 31.99 |
| Agency Mortgage-Backed | 16.19 | 0.07 | 14.64 |
| Government-Related | 5.08 | 0.98 | 3.67 |
| Commercial MBS | 1.49 | 0.08 | 1.85 |
| Asset-Backed | 0.55 | 0.00 | 1.74 |




## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 12-29-2014 | 16.67 | 0.0100 | 0.0200 | 0.0000 | 0.3200 | 0.3500 |
| 12-26-2013 | 15.68 | 0.0000 | 0.0200 | 0.0000 | 0.2900 | 0.3000 |
| 12-28-2012 | 13.46 | 0.0000 | 0.0100 | 0.0000 | 0.3000 | 0.3100 |
| 12-29-2011 | 12.28 | 0.0000 | 0.0100 | 0.0000 | 0.2900 | 0.3000 |
| 12-30-2010 | 12.60 | 0.0000 | 0.0200 | 0.0000 | 0.2500 | 0.2700 |

## 3 Year Average Morningstar Risk Measures



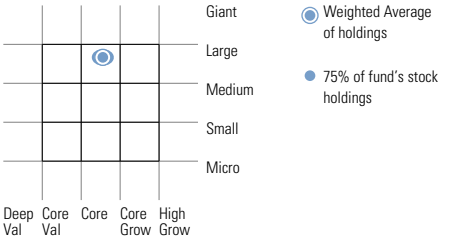

## Pillars

| | |
|---|---|
| Process | Positive |
| Performance | Positive |
| People | Positive |
| Parent | Positive |
| Price | Positive |
| Rating | Gold |

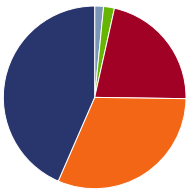
## Investment Strategy

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2025 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

## Style Map




## Asset Allocation



| Asset Class | % Net |
|---|---|
| Cash | 1.92 |
| US Stock | 43.47 |
| Non US Stock | 21.75 |
| Bond | 31.30 |
| Other | 1.56 |

## Management

| | Start Date |
|---|---|
| Michael H. Buek | 02-22-2013 |
| William Coleman | 02-22-2013 |
| Walter Nejman | 02-22-2013 |



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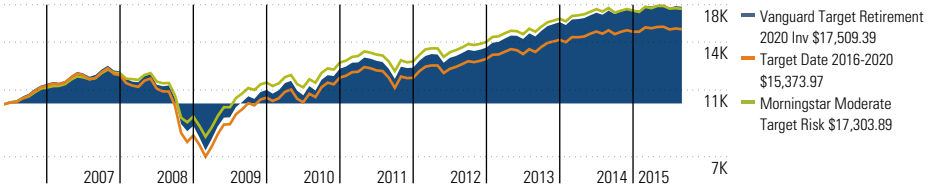
MORNINGSTAR®

# Vanguard Target Retirement 2020 Inv VTWNX

**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 29.04 | ↑0.07 \| 0.24 | 1.85 | 30.4 | Open | $1,000 | None | 0.16% | ★★★★ | Target Date 2016-2020 | Large Blend |

## Growth of 10,000 06-07-2006 - 08-17-2015




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,204 | 9,911 | 10,367 | 13,057 | 15,871 | — |
| Fund | 2.04 | -0.89 | 3.67 | 9.30 | 9.68 | — |
| +/- Morningstar Moderate Target Risk | 1.02 | 0.00 | 2.84 | 1.56 | 1.14 | — |
| +/- Category | 0.60 | 0.07 | 1.90 | 2.39 | 2.01 | — |
| % Rank in Cat | 27 | 48 | 12 | 7 | 8 | — |
| # of Funds in Cat | 256 | 263 | 235 | 197 | 170 | 58 |

* Currency is displayed in BASE

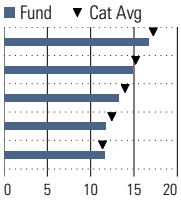
## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊖ Vanguard Total Stock Mkt Idx Inv | 38.50 | 52.96 BASE | 0.63 ↑ | 46.63 - 53.86 |
| ⊖ Vanguard Total Bond Market II Idx Inv | 29.38 | 10.74 BASE | 0.09 ↑ | 10.63 - 11.07 |
| ⊕ Vanguard Total Intl Stock Index Inv | 20.68 | 15.74 BASE | -0.19 ↓ | 15.16 - 17.45 |
| ⊕ Vanguard Total Intl Bd Idx Investor | 11.32 | 10.59 BASE | 0.09 ↑ | 10.35 - 10.84 |
| ✲ Vanguard Shrt-Term Infl-Prot Sec Idx Inv | 0.08 | 24.20 BASE | 0.00 ↓ | 24.09 - 25.02 |
| % Assets in Top 5 Holdings | 99.97 | | | |

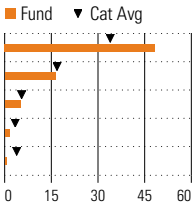
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 16.72 | 17.05 | 16.72 | 16.76 |
| Technology | 14.86 | 15.04 | 13.96 | 14.74 |
| Healthcare | 13.18 | 13.18 | 11.02 | 13.51 |
| Consumer Cyclical | 11.75 | 11.84 | 11.30 | 11.98 |
| Industrials | 11.65 | 12.12 | 11.65 | 10.91 |




| | Fund | BMark | Cat Avg |
|---|---|---|---|
| Government | 48.28 | 67.85 | 32.64 |
| Agency Mortgage-Backed | 16.29 | 0.07 | 15.54 |
| Government-Related | 5.10 | 1.01 | 4.17 |
| Commercial MBS | 1.50 | 0.07 | 2.10 |
| Asset-Backed | 0.55 | 0.00 | 2.58 |




## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 12-29-2014 | 28.67 | 0.0000 | 0.0400 | 0.0000 | 0.5400 | 0.5800 |
| 12-26-2013 | 27.00 | 0.0100 | 0.0000 | 0.0000 | 0.4800 | 0.4900 |
| 12-28-2012 | 23.63 | 0.0000 | 0.0300 | 0.0000 | 0.5100 | 0.5300 |
| 12-29-2011 | 21.71 | 0.0000 | 0.0300 | 0.0000 | 0.5100 | 0.5400 |
| 12-30-2010 | 22.07 | 0.0000 | 0.0400 | 0.0000 | 0.4400 | 0.4800 |

## 3 Year Average Morningstar Risk Measures

| | | |
|---|---|---|
| Risk vs. Category (198) | None | |
| Return vs. Category (198) | None | |

Low Avg High

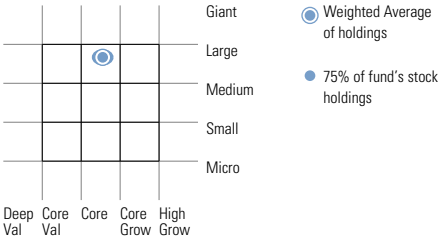
## Pillars

| | |
|---|---|
| Process | ⊕ Positive |
| Performance | ⊕ Positive |
| People | ⊕ Positive |
| Parent | ⊕ Positive |
| Price | ⊕ Positive |
| Rating | Gold |

## Investment Strategy

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2020 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

## Style Map




## Asset Allocation

| | % Net | % Short | % Long | Bench mark | Cat Avg |
|---|---|---|---|---|---|
| Cash | 2.24 | 0.00 | 2.24 | 2.68 | 7.37 |
| US Stock | 37.92 | 0.00 | 37.92 | 34.57 | 34.71 |
| Non US Stock | 19.86 | 0.00 | 19.86 | 15.18 | 15.38 |
| Bond | 38.45 | 0.00 | 38.45 | 43.82 | 40.18 |
| Other | 1.53 | 0.00 | 1.53 | 3.75 | 2.37 |

## Management

| | Start Date |
|---|---|
| Michael H. Buek | 02-22-2013 |
| William Coleman | 02-22-2013 |
| Walter Nejman | 02-22-2013 |



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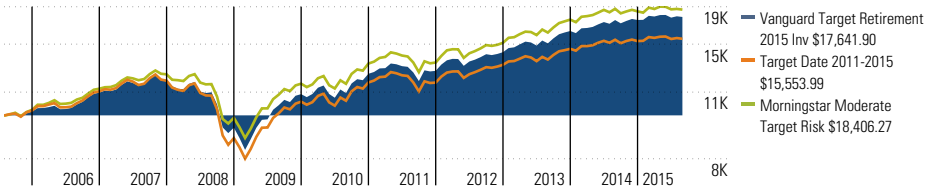
MORNINGSTAR®

# Vanguard Target Retirement 2015 Inv VTXVX

**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 15.56 | ↑0.03 \| 0.19 | 1.80 | 21.3 | Open | $1,000 | None | 0.16% | ★★★★ | Target Date 2011-2015 | Large Blend |

## Growth of 10,000 08-17-2005 - 08-17-2015




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,177 | 9,923 | 10,314 | 12,621 | 15,208 | 17,657 |
| Fund | 1.77 | -0.77 | 3.14 | 8.07 | 8.75 | 5.85 |
| +/- Morningstar Moderate Target Risk | 0.75 | 0.13 | 2.31 | 0.33 | 0.21 | -0.46 |
| +/- Category | 0.47 | 0.06 | 1.69 | 1.57 | 1.50 | 1.75 |
| % Rank in Cat | 25 | 50 | 9 | 12 | 10 | 5 |
| # of Funds in Cat | 178 | 186 | 163 | 122 | 111 | 23 |

* Currency is displayed in BASE

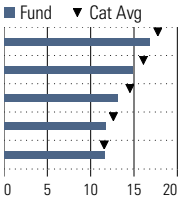
## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ⊖ Vanguard Total Stock Mkt Idx Inv | 31.52 | 52.96 BASE | 0.63 ↑ | 46.63 - 53.86 |
| ⊕ Vanguard Total Bond Market II Idx Inv | 30.23 | 10.74 BASE | 0.09 ↑ | 10.63 - 11.07 |
| ⊕ Vanguard Total Intl Stock Index Inv | 17.42 | 15.74 BASE | -0.19 ↓ | 15.16 - 17.45 |
| ⊕ Vanguard Total Intl Bd Idx Investor | 12.52 | 10.59 BASE | 0.09 ↑ | 10.35 - 10.84 |
| ⊕ Vanguard Shrt-Term Infl-Prot Sec Idx Inv | 8.31 | 24.20 BASE | 0.00 ↓ | 24.09 - 25.02 |
| % Assets in Top 5 Holdings | 100.00 | | | |

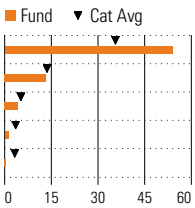
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Financial Services | 16.76 | 17.05 | 16.76 | 17.29 |
| Technology | 14.81 | 15.06 | 13.95 | 15.63 |
| Healthcare | 13.14 | 13.14 | 11.02 | 14.07 |
| Consumer Cyclical | 11.75 | 11.84 | 11.30 | 12.16 |
| Industrials | 11.65 | 12.12 | 11.65 | 11.10 |



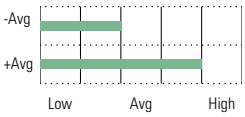

| | Fund | BMark | Cat Avg |
|---|---|---|---|
| Government | 53.90 | 69.01 | 34.33 |
| Agency Mortgage-Backed | 13.38 | 0.06 | 12.32 |
| Government-Related | 4.24 | 1.03 | 3.94 |
| Commercial MBS | 1.24 | 0.07 | 2.25 |
| Asset-Backed | 0.46 | 0.00 | 1.97 |




## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 12-29-2014 | 15.38 | 0.1400 | 0.0300 | 0.0000 | 0.2800 | 0.4500 |
| 12-26-2013 | 14.73 | 0.0900 | 0.0000 | 0.0000 | 0.2600 | 0.3500 |
| 12-28-2012 | 13.29 | 0.0000 | 0.0200 | 0.0000 | 0.3000 | 0.3200 |
| 12-29-2011 | 12.31 | 0.0000 | 0.0200 | 0.0000 | 0.3100 | 0.3300 |
| 12-30-2010 | 12.40 | 0.0000 | 0.0200 | 0.0000 | 0.2800 | 0.3000 |

## 3 Year Average Morningstar Risk Measures



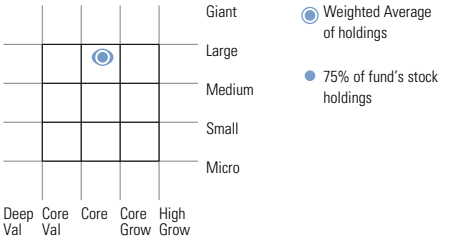

## Pillars

| | |
|---|---|
| Process | Positive |
| Performance | Positive |
| People | Positive |
| Parent | Positive |
| Price | Positive |
| Rating | Gold |

## Investment Strategy

The investment seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire and leave the workforce in or within a few years of 2015 (the target year). The fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

## Style Map




## Asset Allocation

| | % Net | % Short | % Long | Bench mark | Cat Avg |
|---|---|---|---|---|---|
| Cash | 3.99 | 0.00 | 3.99 | 3.73 | 6.44 |
| US Stock | 31.05 | 0.00 | 31.05 | 30.37 | 30.92 |
| Non US Stock | 16.72 | 0.00 | 16.72 | 12.59 | 14.37 |
| Bond | 46.86 | 0.00 | 46.86 | 49.58 | 45.27 |
| Other | 1.39 | 0.00 | 1.39 | 3.74 | 3.00 |

## Management

| | Start Date |
|---|---|
| Michael H. Buek | 02-22-2013 |
| William Coleman | 02-22-2013 |
| Walter Nejman | 02-22-2013 |



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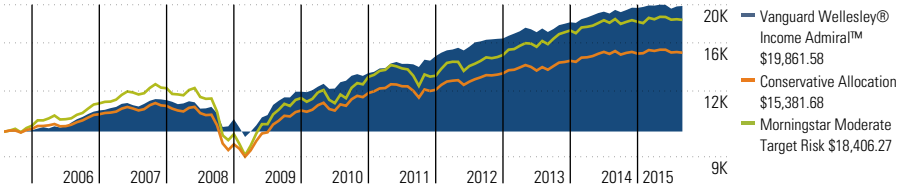
MORNINGSTAR®

# Vanguard Wellesley® Income Admiral™ VWIAX

**Morningstar Analyst Rating**
Gold

| NAV $ | NAV Day Change % | Yield TTM % | Total Assets $ Bil | Status | Min. Inv. | Load | Expenses | Morningstar Rating™ | Category | Investment Style |
|---|---|---|---|---|---|---|---|---|---|---|
| 61.72 | ↑0.12 \| 0.20 | 3.00 | 40.9 | Open | $50,000 | None | 0.18% | ★★★★★ | Conservative Allocation | Large Value |

## Growth of 10,000 08-17-2005 - 08-17-2015




## Performance 08-17-2015

| | YTD | 1 Mo | 1 Yr | 3Yr Ann | 5Yr Ann | 10Yr Ann |
|---|---|---|---|---|---|---|
| Growth of 10,000 | 10,106 | 10,042 | 10,324 | 12,207 | 14,989 | 19,922 |
| Fund | 1.06 | 0.42 | 3.24 | 6.87 | 8.43 | 7.14 |
| +/- Morningstar Moderate Target Risk | 0.05 | 1.31 | 2.41 | -0.86 | -0.11 | 0.83 |
| +/- Category | 0.58 | 1.26 | 3.13 | 1.76 | 2.21 | 2.45 |
| % Rank in Cat | 39 | 1 | 8 | 19 | 8 | 1 |
| # of Funds in Cat | 824 | 849 | 784 | 669 | 538 | 302 |

* Currency is displayed in BASE

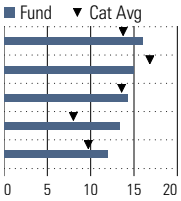
## Top Holdings 06-30-2015

| | Weight % | Last Price | Day Chg % | 52 Week Range |
|---|---|---|---|---|
| ✲ FNMA | 1.81 | — | — | — |
| Wells Fargo & Co | 1.66 | 57.54 BASE | 0.33 ↑ | 46.44 - 58.76 |
| US Treasury Note 1.75% | 1.62 | — | — | — |
| ⊖ Microsoft Corp | 1.54 | 47.27 BASE | -0.11 ↓ | 40.12 - 50.04 |
| US Treasury Note 1.375% | 1.50 | — | — | — |
| % Assets in Top 5 Holdings | 8.13 | | | |

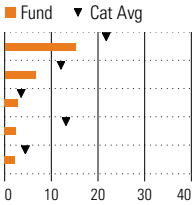
⊕ Increase ⊖ Decrease ✲ New to Portfolio

## Top Sectors 06-30-2015

| | Fund | 3 Yr High | 3 Yr Low | Cat Avg |
|---|---|---|---|---|
| Healthcare | 15.94 | 16.69 | 15.94 | 13.28 |
| Financial Services | 14.95 | 15.46 | 14.09 | 16.37 |
| Technology | 14.31 | 14.31 | 12.29 | 13.11 |
| Consumer Defensive | 13.31 | 14.77 | 12.54 | 7.54 |
| Energy | 11.97 | 12.57 | 11.80 | 9.27 |



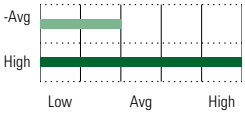

| | Fund | BMark | Cat Avg |
|---|---|---|---|
| Government | 15.17 | 68.65 | 20.90 |
| Agency Mortgage-Backed | 6.63 | 0.07 | 11.21 |
| Commercial MBS | 2.82 | 0.07 | 2.67 |
| Government-Related | 2.49 | 1.73 | 12.28 |
| Asset-Backed | 2.24 | 0.00 | 3.58 |




## Dividend and Capital Gains Distributions

| Distribution Date | Distribution NAV | Long-Term Capital Gain | Long-Term Short Gain | Return of Capital | Dividend Income | Distribution Total |
|---|---|---|---|---|---|---|
| 06-19-2015 | 61.59 | 0.0000 | 0.0000 | 0.0000 | 0.4500 | 0.4500 |
| 03-26-2015 | 61.97 | 0.0000 | 0.0000 | 0.0000 | 0.4300 | 0.4300 |
| 12-17-2014 | 61.39 | 1.0400 | 0.0600 | 0.0000 | 0.5400 | 1.6400 |
| 09-19-2014 | 62.57 | 0.0000 | 0.0000 | 0.0000 | 0.4600 | 0.4600 |
| 06-20-2014 | 62.77 | 0.0000 | 0.0000 | 0.0000 | 0.4500 | 0.4500 |

## 3 Year Average Morningstar Risk Measures



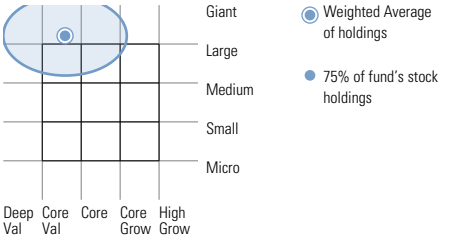

## Pillars

| | |
|---|---|
| Process | ⊕ Positive |
| Performance | ⊕ Positive |
| People | ⊕ Positive |
| Parent | ⊕ Positive |
| Price | ⊕ Positive |
| Rating | Gold |

## Investment Strategy

The investment seeks to provide long-term growth of income and a high and sustainable level of current income, along with moderate long-term capital appreciation. The fund invests approximately 60% to 65% of its assets in investment-grade corporate, U.S. Treasury, and government agency bonds, as well as mortgage-backed securities. The remaining 35% to 40% of fund assets are invested in common stocks of companies that have a history of above-average dividends or expectations of increasing dividends.

## Style Map




## Asset Allocation

| | % Net | % Short | % Long | Bench mark | Cat Avg |
|---|---|---|---|---|---|
| Cash | 3.09 | 0.00 | 3.09 | 4.03 | 8.44 |
| US Stock | 30.59 | 0.00 | 30.59 | 27.58 | 25.92 |
| Non US Stock | 5.94 | 0.00 | 5.94 | 10.14 | 7.40 |
| Bond | 60.10 | 0.27 | 60.37 | 56.34 | 55.23 |
| Other | 0.27 | 0.00 | 0.27 | 1.92 | 3.00 |

## Management

| | Start Date |
|---|---|
| John C. Keogh | 02-14-2008 |
| W. Michael Reckmeyer | 01-01-2007 |



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*** NO Appendix ***

# EBMUD 401(a) Plan

## STATEMENT OF INVESTMENT POLICIES AND GUIDELINES

## East Bay Municipal Utility District

**~~May 2014~~August 2015**

**East Bay Municipal Utility District**
**401(a) Plan**

**STATEMENT OF INVESTMENT POLICIES AND GUIDELINES**

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## INTRODUCTION AND PURPOSE

This statement is set forth to provide a clear understanding of the investment policies, guidelines and objectives related to the administration of the East Bay Municipal Utility District (District) 401(a) Plan (the Plan). The Plan is a voluntary, deferred compensation plans available to eligible employees who are interested in saving for retirement on a tax-advantaged basis. The Plan is also available to retired and separated employees to the extent that they wish to continue utilizing the Plan after leaving service. The purposes of the Plan is to provide a vehicle for and to encourage additional retirement savings to supplement the core retirement benefits provided to District employees.

This Investment Policy Statement is further intended to assist the Advisory Committee in making investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for selecting, monitoring and evaluating investment options and investment providers utilized by the Plan. This Investment Policy Statement will be reviewed at least annually and it can be revised at any time by the Advisory Committee to reflect changes in the capital markets, federal and state laws and policies affecting deferred compensation plan, plan participant objectives, or other factors relevant to the Plan.

## SUMMARY OF RESPONSIBILITIES

**Plan Sponsor –** The District is the Sponsor of the Plan. The responsibilities of the Plan Sponsor include but are not limited to:

- Adopting and amending Plan Documents;
- Approving Plan services contracts; and
- Designating other fiduciaries of the Plan.

**Plan Committee** – The 401(a) Plan Advisory Committee selects, monitors and evaluates investment alternatives and investment providers utilized by the 401(a) Plan. It is the intent of the Advisory Committee to fulfill its responsibilities with respect to the Plan solely in the interest of the participants and beneficiaries. The Committee members, as fiduciaries, are required to perform their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

The Committee's responsibilities include the following**:**

- Selecting the investment design features of the Plan, including establishing the investment policy and objectives and the number and types of investment alternatives available to Plan participants;
- Appointing, monitoring and evaluating all investment providers and managers in accordance with guidelines and benchmarks established within this document and consistent with applicable laws;
- Monitoring costs that are charged to Plan assets and/or paid by Plan participants, including but not limited to investment management fees, custodial fees and other fees paid to Plan service providers from Plan and/or participant assets.

**EBMUD Staff –** Human Resources Department staff members assist with the operation of the Plan and assist the Committee in several ways. Their responsibilities include:

- Review, approve, and process hardship/safe harbors, QDROs, and death transfers
- Conduct Request for Proposal processes for Investment Consultants and Service Providers
- Serve as the liaison to Service Providers, coordinating delivery of services, etc.
- Contribution and withdrawal reconciliation and processing

**Investment Consultant** - The Committee may engage an independent investment consultant (hereinafter "Consultant") to assist in carrying out the duties and responsibilities of this Investment Policy Statement. Such Consultant must be registered with either State or Federal securities regulators pursuant to the Investment Advisors Act of 1940**.** The Consultant's role is to provide information and advice to the Committee on various investment related issues. The Consultant has no discretionary control over the Plan and its assets. In providing advice to the Committees, the Consultant must assume a co-fiduciary role. The services of the Consultant will be set forth in a separate agreement, in which the Consultant's co-fiduciary role is described.

**Investment Provider** – An entity that offers investment option products and manages assets for the Plan. Examples of investment option products offered by an investment provider may include mutual funds, commingled trust funds, separate accounts and/or annuity contracts.

**Investment Manager** – The person(s) at the Investment Provider responsible for implementing an investment option product's investing strategy and managing the investment portfolio trading activities.

**Service Provider** – An entity engaged to assist the Plan Sponsor and the Committee in administration of the Plan. This assistance includes Plan enrollment, communication, education, including providing general investment information to Plan participants regarding the procedures for making investment choices under the Plan and providing general investment information regarding each of the investment options offered under the Plan, distribution processing, record keeping and other administrative functions as prescribed in an agreement entered into between the Plan Sponsor and the Service Provider.

## GENERAL COMPLIANCE

The Plans are designed to meet the Internal Revenue Code (the Code) requirements, as amended. The Plan's investment policies and guidelines shall be reviewed by the Committee on an annual basis for modification, as needed, but may be modified by the Committee at any time as necessary.

At minimum, it is intended that Plan participants shall be provided with the following investment opportunities:

A. Choose from a minimum of three diverse investment categories, each with materially different risk and return characteristics. At least one of the categories will provide for a high degree of safety and capital preservation.

B. Make and/or modify investment decisions at least annually.

C. Receive or have access to the following information, as updated:

- A description of the investment alternatives available under the Plan including a general description of the investment objectives, risk and return characteristics, and type and diversification of assets comprising each alternative;
- Identification of the designated investment managers and investment products;
- A description of any transaction fees or expenses charged to participant accounts, and information on costs and fees for an investment product that reduces the rate of return to Plan participants (expense ratios); and
- Prospectuses, annual reports, and semi-annual reports on investment products, if available.

## GENERAL INVESTMENT POLICY, OBJECTIVES AND STANDARDS

It is the policy of the Plan to foster an investment environment that encourages and facilitates participant efforts to supplement other sources of retirement income. The Plan will be structured in an attempt to provide Plan participants with an array of investment options with an objective of reducing fund fees, expenses, and administrative fees normally associated with these investments. Participants in the Plan are solely responsible for their own investment decisions and bear the risks and assume responsibility for the results of the investment options that they select. No representations, promises, or warranties are made by the District regarding the suitability of Plan participation for any participant's individual investment or retirement needs. Additionally, no representations, promises or warranties are made by the District about the performance of the Plan or Plan investments.

The primary investment objective of the Plan is to present participants with a range of investment options that give participants an opportunity to increase the value of their investment assets in a manner consistent with varying levels of participant risk/reward tolerances and investment decision making skills. While the Plan cannot meet all participant investment preferences and attitudes, the Plan attempts to provide investment options for participants at various levels of investment sophistication and with varying requirements for risk and return.

Information that may be used to select which investment products to offer includes, but is not limited to, the following:

- Age, income and other demographic data on Plan participants
- Liquidity and administrative constraints imposed on the Plan by service providers
- Development of new investment products in the marketplace
- Level of participant usage of investment products

To enable participants to establish different investment strategies, the Plan will offer investment categories that have varying return and volatility characteristics. It is the responsibility of each participant to evaluate the investment alternatives and to select an appropriate mix.

A risk/reward structure is basic to investments. Generally, those investment options offering the greatest return over time also carry the highest risk or volatility of return. The inherent conflict between volatility and long-range asset accumulation can be lessened through diversification among asset classes. To provide participants the opportunity to select risk/reward strategies and to diversify the Plan's assets, the Plan will offer a number of investment alternatives.

In addition to providing a range of investment options, the Plan seeks to provide investment options that are competitive in terms of performance relative to appropriate investment performance and risk benchmarks. The performance and risk relationships of the Plan's investment options will be reviewed periodically by the Committee. Investment options should generally be given a full market cycle to achieve stated objectives (market cycles normally occur over 3-5 year time periods). Investment options are expected to meet or exceed their pre-determined benchmark index net of fees. Where peer groups are definable, investment options are expected to perform within the ranked upper half of a sample of same style peers, net of fees. In addition to investment performance (net of fees), the funds' risk characteristics will also be reviewed by the Committee. The risk associated with an investment option should generally be similar to the risk associated with a same-style peer group.

## INVESTMENTS

Investment options offered by the Plan will be categorized or grouped by similarities in investment objectives, style and risk. The Plan's service provider(s) may be utilized to assist in determining the categories of investment options. The Plan is intended to assist participants in meeting their long-term investment objectives by providing investment options within the following permitted investment categories (these categories are further explained later in this document):

A. Tier 1: Balanced, Risk-Based, or Target Date Funds

B. Tier 2: Asset Class Funds
   - Stable Value/Money Market
   - Bond/Fixed Income Funds
   - Equity Funds
   - International Funds

C. Tier 3: Self-Directed Brokerage Account

Plan investment options and categories may be added or deleted as deemed necessary by the Committee. At least one investment option shall be available within each listed investment category. The following table outlines the objectives and performance benchmarks for each of the Plan's investment options. The risk associated with an investment option will be compared to appropriate risk benchmarks or measures for a same-style group of peer funds, where definable.

| Investment Category | Description |
|---|---|
| **Stable Value/Money Market Funds** | Investment options offered under this Plan category are invested in money market instruments with an average maturity of less than 90 days or stable value instruments with maturities appropriate to the investment option product. |
| **Bond/Fixed Income Funds** | Investment options offered under this Plan category are invested primarily in investment grade debt securities with varying maturities. |
| **Balanced, Risk Based or Target Date Funds** | Investment options offered under this Plan category may be invested among domestic and international stocks, bonds, and cash, and are to be designed to realize the benefits of strategic asset allocation among these asset classes. |
| **Equity Funds** | Investment options offered under this Plan category may include an array of domestic equity alternatives that will provide participants with the ability to invest in funds that differ in investment style (growth vs. value) and capitalization bias (large cap, mid cap, small cap). |
| **International Funds** | Investment options offered under this Plan category are invested in securities of countries outside the U.S. Some diversify their investments across a broad range of markets and securities, while others target a particular country or region. |
| **Self-Directed Brokerage Accounts** | Under this Plan investment category, employees are permitted to open a self-directed brokerage account in addition to the core menu. There is no oversight by the Committee as to the quality or viability of the investment option products selected by the participant. |

## INVESTMENT OPTION SELECTION GUIDELINES

The Plan is a defined contribution plan provided by the District for its employees and retirees. The Committee acknowledges that a defined contribution program may provide a primary method for retirement savings and that individual participants will have differing circumstances and investment objectives. The Plan offers a variety of investment options intended to provide a sound and flexible means for participants to affect both the potential return and the degree of risk of their accounts.

Investment options offered to participants will be provided through investment provider(s) accessible on the services provider's platform. Before introducing a new investment option, the Committee, in consultation with the Consultant and services provider will define the niche to

be filled and assess any prospective investment option's performance, quality, and risk characteristics. At a minimum, investment options under consideration should satisfy performance and risk considerations under actual, not modeled, conditions and over an appropriate time period. Investment option selection considerations may include, but are not limited to the following:

- The investment option should generally, but not necessarily, have a history that spans a full market cycle, normally three to five (3-5) years.
- The investment option should generally meet or exceed its predetermined benchmark index, net of fees.
- The investment option should generally perform at median or within the upper half of a recognized and defined sample of same-style peer funds.
- The investment option should be able to demonstrate a consistent performance track record attributable to a specific investment manager or team of managers.
- The current and prospective composition of the Target Date funds (based on their glide path), and the corresponding risk and return implications relative to the benchmark and peer group constituents will be taken into consideration.

The investment performance for each option in the Plan will be assessed in comparison an appropriate benchmark and peer group, as shown in the Plans' on-going performance reports and other evaluation materials.~~with the benchmarks detailed on Appendix A – Index and Peer Group Benchmarks.~~

## INVESTMENT OPTION REVIEW GUIDELINES AND MONITORING

Investment providers and investment managers are required to comply with all applicable laws, rules, and regulations. However, the Committee takes no responsibility for the failure of such option and/or investment manager to comply with any and all applicable laws, rules or regulations.

All options must have readily ascertainable market values and be easily marketable. It is recognized that Stable Value/GIC funds often have liquidity restrictions. Investment options with sales loads, redemption fees, or other non-investment management related expenses will be avoided to the extent possible. Options with deferred sales charges and/or market value adjustments will not be permitted.

Each investment option portfolio shall be diversified adequately to reduce risk and comply with current regulations and applicable state laws.

Investment option performance, risk and style consistency is intended to be evaluated on a semi-annual basis. Performance and risk results will be evaluated using comparisons with this policy, pertinent market indices and against other same-style peers, where definable. When necessary, investment option performance and risk may be reviewed more frequently.

The Committee will periodically review the investment options' progress in meeting the Plan's investment objectives. Investment options will

be expected to comply with all stated investment objectives, guidelines and applicable rules contained in the prospectus or fund fact sheet. The Committee will review the performance of investment options quarterly to determine if they are achieving the established objectives**.** Investment performance reviews may include, but are not limited to, a review of:

- Investment portfolios;
- Fees and expenses;
- Investment style, process and philosophy;
- Investment management personnel;
- Index tracking error; and
- The current and prospective composition of the Target Date funds (based on their glide path), and the corresponding risk and return implications relative to the benchmark and peer group constituents.

The performance review will also include measuring the options' investment performance relative to stated benchmarks or respective indexes and peer groups; as well as the monitoring risk measures. The following will be evaluated:

**Quantitative Measures**

**Active Investment Strategies**
Investment options employing active management are expected to outperform their stated asset class or style benchmark net of all management fees over a trailing five year time period; and to rank above the 50th percentile of the appropriate peer group for the same trailing five year time period. It is also expected that the risk of each option, as defined by standard deviation of returns, be commensurate with the prescribed strategy relative to the appropriate market index and/or peer group.

**Passive Investment Strategies**
Passive investment options are expected to track the performance of the index strategy that the option is designed to replicate, less management fees, with marginal tracking error. It is also expected that the risk of each passive option, as defined by standard deviation of returns, be commensurate with the appropriate market index.

– It should also be noted that certain passive investment options operate in a marketplace that includes foreign markets whose exchanges close prior to that of the United States. In these instances, some fund managers may engage in a method of "Fair Value Pricing," whereby the managers adjust the pricing of securities in the Fund to reflect any information that has become available after the close of the applicable foreign exchange market. Discrepancies in performance between the applicable investment option and its performance benchmark that are due to "Fair Value Pricing" will be taken into consideration in evaluating performance of the affected investment options and generally will not be counted as underperformance.

**Qualitative Measures**
The investment providers and managers will also be monitored on an ongoing basis for other material changes which the Committee may determine are of importance to the decision of whether or not to retain an investment option, such as personnel departures; organizational changes; or alterations in investment style, philosophy, or strategy; and adherence to stated guidelines.

**Time Periods**
The Committee acknowledges that fluctuating rates of return characterize the securities markets, particularly during short-term time-periods. Recognizing that short-term fluctuations may cause variations in an option's performance, the Committee intends to employ investment options with long-term investment strategies and will evaluate option performance from a long-term perspective. Performance over market cycles of three to five years will be weighted more heavily than performance over shorter time periods, such as one year or less.

In addition to the qualitative and quantitative measures referenced above, the Committee will also review the investment options' risk characteristics in relation to that performance. Risk will be measured in various ways including, but not limited to:

- Standard deviation
- Downside risk or semi-variance
- Risk/return ratios such as Sharpe or Treynor Ratios
- Other statistical measures such as Beta, Alpha and Variance

## INVESTMENT OPTION TERMINATION AND WATCH GUIDELINES

Generally, all investment options are expected to remain true to their stated investment objectives and to perform as well as or better than their prescribed performance benchmarks, net of fees. The Committee recognizes the long-term nature of retirement plan investing and the variability of market returns. Periodic underperformance in any of the criteria outlined in this Investment Policy will not necessitate the termination of an option; however, any underperformance will result in consideration by the Committee of the factors causing underperformance and possible courses of action that the Committee may take.

The Committee may, at any time, place any investment option that it views as having a pattern of under-performance on a watch-status. Reasons the Committee might place an option on a watch status, include but are not limited to, the following:

**Quantitative Measures**

Actively Managed Investment Options

- Performance below the prescribed benchmark index over a trailing five year period, combined with
- Performance below the median of its peer group over a trailing five year period

Passively Managed Investment Options

- Net of fee performance tracking error relative to the respective index that is greater than 15 basis points

**Qualitative Measures**

- Management team or other significant personnel turnover;
- Changes in the product's investment philosophy, process, style or risk profile;
- Excessive or rapid asset growth or decline;
- Pending regulatory investigations or material legal proceedings;
- Changes to firm ownership;
- Significant increase in management fees or expense ratio.

An investment option may remain on watch status until the Committee decides to take further action. Committee actions include, but are not limited to, the following:

- Removing the investment option from watch status; and
- Terminating the investment option and reallocating the assets to an alternate or replacement investment option(s) by Committee direction.

To be removed from quantitative, performance related watch status, generally, performance for the preceding five year trailing periods should be above the benchmark index or median for at least two consecutive quarters. However, the Committee may decide to leave an option on watch for as long as they feel it is prudent to do so.

The Committee reserves the right to terminate investment option relationships at any time, for any reason when it determines such termination is in the best interests of the Plans and their participants and beneficiaries. Once the decision to terminate an option and remove it from the Plans is made, asset transfer and liquidation should be handled to the best advantage of the Plans, with due consideration given to the anticipated effect on affected participants and beneficiaries.

## INVESTMENT OVERSIGHT RESPONSIBILITY AND PROXY VOTING

Using this Investment Policy Statement, the Committee shall have overall responsibility for the selection, monitoring and termination of investment providers and investment option products. Additionally, the Committees shall be responsible for reviewing and maintaining these investment policies and guidelines.

Proxy voting rights shall be exercised in the best interest of the participants and beneficiaries of the Plan. The Committee may delegate the

responsibility for promptly voting all proxies and related actions in a manner consistent with the long term interest and objectives of the Plan. The Committee shall keep records of the voting of proxies and related actions and will comply with all applicable regulatory obligations.

On behalf of the East Bay Municipal Utility District Deferred Compensation Plans this Investment Policy Statement is adopted by the Committee and is effective as of the later of the two dates entered below:

For the 401(a) Plan Advisory Committee:

Date: _____ By:_____

## GLOSSARY

**Annualized Return**
Rate of return of the account smoothed as though the return occurred equally over twelve-month periods. When the specified time frame is for less than a year, the rate of return in projected as though the same performance continues to occur for a twelve-month period.

**Benchmarks**
A standard against which the performance of the portfolio can be measured, typically against a standard index, although a client manager may also set the benchmark.

**Duration**
The weighted maturity of a fixed-income investment's cash flows, used in the estimation of the price sensitivity of fixed-income securities for a given change in interest rates. Time periods are weighted by multiplying by the present value of its cash flow divided by the bond's price (a bond's cash flows consist of coupon payments and repayment of capital). A bond's duration will almost always be shorter than its maturity, with the exception of zero-coupon bonds, where maturity and duration are equal.

**Growth Style Investing**
Growth investors purchase companies that have above-average earnings growth and/or above-average sales growth rates.

**Investment Objectives**
The overall financial objectives of an investor. For example, whether the investor requires income or capital appreciation. The investor's objectives govern the investment strategy.

**Investment Options**
Investment products (such as mutual funds, separate account funds, comingled investment trust funds, annuity products, etc.) that have been selected by the Committee to be offered within the Plan for investment by participants..

**Large Cap**
Large Capitalization – refers to those companies with a market capitalization of greater than $10 billion.

**Liquidity**
The ability to buy or sell an asset quickly and in large volume without substantially affecting the asset's price.

## GLOSSARY - CONTINUED

**Market Capitalization**
The dollar value of a public company based on the total number of shares of stock available multiplied by the price per share.

**Mid Cap**
Mid-Capitalization – refers to those companies with a market capitalization between $2 and $10 billion.

**Net of Fees**
After subtraction of management fees.

**Participants**
Current and former employees of East Bay MUD that have opened and are maintaining accounts in the East Bay MUD 401(a)~~k) or 457(b)~~ Plan~~s~~.

**Peer Group**
Contemporaries of the same asset class that can be compared against one another to achieve a larger sense of how the particular portfolio is performing.

**Portfolio**
Refers to the complete list of securities held in an investment product.

**Small Cap**
Small Capitalization – refers to those companies with a market capitalization between $500 million and $1.99 billion.

**Standard Deviation**
Measures the range of returns and is based on a Normal Curve. Managers with lower standard deviations than the index have historically had returns that tended to fall closer to their mean return compared to the index. Managers with higher standard deviations than the index have historically had returns that tended to be further dispersed around the mean than the index. This is another measure of volatility, but it doesn't distinguish downside performance from upside performance.

**Value Style Investing**
Value investors rely on an examination of the underlying or unrealized value of a company as the primary criterion for deciding whether or not to buy a company's stock. Value stocks are often priced lower than growth stocks due to slower growth expectations, recent financial

difficulty, or a host of other reasons.

# ~~APPENDIX A~~

## ~~Investment Option Index and Peer Group Benchmarks~~

| ~~Investment Option~~ | ~~Performance Benchmark~~ | ~~Peer Group~~ |
|---|---|---|
| ~~Fidelity MIP II~~ | ~~Five Year Constant Maturity Treasury~~ | ~~Custom Stable Value Universe~~ |
| ~~Vanguard Total Bond Market Index~~ | ~~Barclays Capital US Aggregate Bond Index~~ | ~~US OE Intermediate-Term Bond~~ |
| ~~PIMCO Total Return Fund~~ | ~~Barclays Capital US Aggregate Bond Index~~ | ~~US OE Intermediate-Term Bond~~ |
| ~~Dodge & Cox Stock~~ | ~~Russell 1000 Value Index~~ | ~~US OE Large Value~~ |
| ~~T. Rowe Price Equity Income~~ | ~~Russell 1000 Value Index~~ | ~~US OE Large Value~~ |
| ~~Vanguard 500 Index~~ | ~~S&P 500 Index~~ | ~~US OE Large Blend~~ |
| ~~American Century Select~~ | ~~Russell 1000 Growth Index~~ | ~~US OE Large Growth~~ |
| ~~Fidelity Blue Chip Growth~~ | ~~Russell 1000 Growth Index~~ | ~~US OE Large Growth~~ |
| ~~Hotchkis & Wiley Mid Cap Value~~ | ~~Russell Mid Cap Value Index~~ | ~~US OE Mid Cap Value~~ |

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| | | |
|---|---|---|
| ~~Morgan Stanley Mid Cap Growth~~ | ~~Russell Mid Cap Growth Index~~ | ~~US OE Mid Cap Growth~~ |
| ~~Huber Small Cap Value~~ | ~~Russell 2000 Value Index~~ | ~~US OE Small Value~~ |
| ~~Artisan Small Cap~~ | ~~Russell 2000 Growth Index~~ | ~~US OE Small Growth~~ |
| ~~Vanguard Total Intl Stock Index~~ | ~~Spliced Performance Index~~ | ~~US OE Foreign Large Blend~~ |
| ~~American Funds EuroPacific Growth~~ | ~~MSCI AC World ex-USA Index~~ | ~~US OE Foreign Large Blend~~ |
| ~~Fidelity Balanced~~ | ~~US Balanced Index~~ | ~~US OE Moderate Allocation~~ |
| ~~Vanguard Wellesley Income~~ | ~~US Conservative Index~~ | ~~US OE Conservative Allocation~~ |
| ~~Vanguard Target Retirement Income~~ | ~~Custom Index~~ | ~~US OE Retirement Income~~ |
| ~~Vanguard Target Retirement 2010~~ | ~~Custom Index~~ | ~~US OE Target Date 2000-2010~~ |
| ~~Vanguard Target Retirement 2015~~ | ~~Custom Index~~ | ~~US OE Target Date 2011-2015~~ |
| ~~Vanguard Target Retirement 2020~~ | ~~Custom Index~~ | ~~US OE Target Date 2016-2020~~ |
| ~~Vanguard Target Retirement 2025~~ | ~~Custom Index~~ | ~~US OE Target Date 2021-2025~~ |
| ~~Vanguard Target Retirement 2030~~ | ~~Custom Index~~ | ~~US OE Target Date 2026-2030~~ |

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| | | |
|---|---|---|
| ~~Vanguard Target Retirement 2035~~ | ~~Custom Index~~ | ~~US OE Target Date 2031-2035~~ |
| ~~Vanguard Target Retirement 2040~~ | ~~Custom Index~~ | ~~US OE Target Date 2036-2040~~ |
| ~~Vanguard Target Retirement 2045~~ | ~~Custom Index~~ | ~~US OE Target Date 2041-2045~~ |
| ~~Vanguard Target Retirement 2050~~ | ~~Custom Index~~ | ~~US OE Target Date 2046-2050~~ |
| ~~Vanguard Target Retirement 2055~~ | ~~Custom Index~~ | ~~US OE Target Date 2051+~~ |

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*** WITH Appendix ***

# EBMUD 401(a) Plan

## STATEMENT OF INVESTMENT POLICIES AND GUIDELINES

# East Bay Municipal Utility District

**~~May 2014~~August 2015**

**East Bay Municipal Utility District**
**401(a) Plan**

**STATEMENT OF INVESTMENT POLICIES AND GUIDELINES**

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## INTRODUCTION AND PURPOSE

This statement is set forth to provide a clear understanding of the investment policies, guidelines and objectives related to the administration of the East Bay Municipal Utility District (District) 401(a) Plan (the Plan). The Plan is a voluntary, deferred compensation plans available to eligible employees who are interested in saving for retirement on a tax-advantaged basis. The Plan is also available to retired and separated employees to the extent that they wish to continue utilizing the Plan after leaving service. The purposes of the Plan is to provide a vehicle for and to encourage additional retirement savings to supplement the core retirement benefits provided to District employees.

This Investment Policy Statement is further intended to assist the Advisory Committee in making investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for selecting, monitoring and evaluating investment options and investment providers utilized by the Plan. This Investment Policy Statement will be reviewed at least annually and it can be revised at any time by the Advisory Committee to reflect changes in the capital markets, federal and state laws and policies affecting deferred compensation plan, plan participant objectives, or other factors relevant to the Plan.

## SUMMARY OF RESPONSIBILITIES

**Plan Sponsor –** The District is the Sponsor of the Plan. The responsibilities of the Plan Sponsor include but are not limited to:

- Adopting and amending Plan Documents;
- Approving Plan services contracts; and
- Designating other fiduciaries of the Plan.

**Plan Committee** – The 401(a) Plan Advisory Committee selects, monitors and evaluates investment alternatives and investment providers utilized by the 401(a) Plan. It is the intent of the Advisory Committee to fulfill its responsibilities with respect to the Plan solely in the interest of the participants and beneficiaries. The Committee members, as fiduciaries, are required to perform their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

The Committee's responsibilities include the following**:**

- Selecting the investment design features of the Plan, including establishing the investment policy and objectives and the number and types of investment alternatives available to Plan participants;
- Appointing, monitoring and evaluating all investment providers and managers in accordance with guidelines and benchmarks established within this document and consistent with applicable laws;
- Monitoring costs that are charged to Plan assets and/or paid by Plan participants, including but not limited to investment management fees, custodial fees and other fees paid to Plan service providers from Plan and/or participant assets.

**EBMUD Staff –** Human Resources Department staff members assist with the operation of the Plan and assist the Committee in several ways. Their responsibilities include:

- Review, approve, and process hardship/safe harbors, QDROs, and death transfers
- Conduct Request for Proposal processes for Investment Consultants and Service Providers
- Serve as the liaison to Service Providers, coordinating delivery of services, etc.
- Contribution and withdrawal reconciliation and processing

**Investment Consultant** - The Committee may engage an independent investment consultant (hereinafter "Consultant") to assist in carrying out the duties and responsibilities of this Investment Policy Statement. Such Consultant must be registered with either State or Federal securities regulators pursuant to the Investment Advisors Act of 1940**.** The Consultant's role is to provide information and advice to the Committee on various investment related issues. The Consultant has no discretionary control over the Plan and its assets. In providing advice to the Committees, the Consultant must assume a co-fiduciary role. The services of the Consultant will be set forth in a separate agreement, in which the Consultant's co-fiduciary role is described.

**Investment Provider** – An entity that offers investment option products and manages assets for the Plan. Examples of investment option products offered by an investment provider may include mutual funds, commingled trust funds, separate accounts and/or annuity contracts.

**Investment Manager** – The person(s) at the Investment Provider responsible for implementing an investment option product's investing strategy and managing the investment portfolio trading activities.

**Service Provider** – An entity engaged to assist the Plan Sponsor and the Committee in administration of the Plan. This assistance includes Plan enrollment, communication, education, including providing general investment information to Plan participants regarding the procedures for making investment choices under the Plan and providing general investment information regarding each of the investment options offered under the Plan, distribution processing, record keeping and other administrative functions as prescribed in an agreement entered into between the Plan Sponsor and the Service Provider.

## GENERAL COMPLIANCE

The Plans are designed to meet the Internal Revenue Code (the Code) requirements, as amended. The Plan's investment policies and guidelines shall be reviewed by the Committee on an annual basis for modification, as needed, but may be modified by the Committee at any time as necessary.

At minimum, it is intended that Plan participants shall be provided with the following investment opportunities:

A. Choose from a minimum of three diverse investment categories, each with materially different risk and return characteristics. At least one of the categories will provide for a high degree of safety and capital preservation.

B. Make and/or modify investment decisions at least annually.

C. Receive or have access to the following information, as updated:

- A description of the investment alternatives available under the Plan including a general description of the investment objectives, risk and return characteristics, and type and diversification of assets comprising each alternative;
- Identification of the designated investment managers and investment products;
- A description of any transaction fees or expenses charged to participant accounts, and information on costs and fees for an investment product that reduces the rate of return to Plan participants (expense ratios); and
- Prospectuses, annual reports, and semi-annual reports on investment products, if available.

## GENERAL INVESTMENT POLICY, OBJECTIVES AND STANDARDS

It is the policy of the Plan to foster an investment environment that encourages and facilitates participant efforts to supplement other sources of retirement income. The Plan will be structured in an attempt to provide Plan participants with an array of investment options with an objective of reducing fund fees, expenses, and administrative fees normally associated with these investments. Participants in the Plan are solely responsible for their own investment decisions and bear the risks and assume responsibility for the results of the investment options that they select. No representations, promises, or warranties are made by the District regarding the suitability of Plan participation for any participant's individual investment or retirement needs. Additionally, no representations, promises or warranties are made by the District about the performance of the Plan or Plan investments.

The primary investment objective of the Plan is to present participants with a range of investment options that give participants an opportunity to increase the value of their investment assets in a manner consistent with varying levels of participant risk/reward tolerances and investment decision making skills. While the Plan cannot meet all participant investment preferences and attitudes, the Plan attempts to provide investment options for participants at various levels of investment sophistication and with varying requirements for risk and return.

Information that may be used to select which investment products to offer includes, but is not limited to, the following:

- Age, income and other demographic data on Plan participants
- Liquidity and administrative constraints imposed on the Plan by service providers
- Development of new investment products in the marketplace
- Level of participant usage of investment products

To enable participants to establish different investment strategies, the Plan will offer investment categories that have varying return and volatility characteristics. It is the responsibility of each participant to evaluate the investment alternatives and to select an appropriate mix.

A risk/reward structure is basic to investments. Generally, those investment options offering the greatest return over time also carry the highest risk or volatility of return. The inherent conflict between volatility and long-range asset accumulation can be lessened through diversification among asset classes. To provide participants the opportunity to select risk/reward strategies and to diversify the Plan's assets, the Plan will offer a number of investment alternatives.

In addition to providing a range of investment options, the Plan seeks to provide investment options that are competitive in terms of performance relative to appropriate investment performance and risk benchmarks. The performance and risk relationships of the Plan's investment options will be reviewed periodically by the Committee. Investment options should generally be given a full market cycle to achieve stated objectives (market cycles normally occur over 3-5 year time periods). Investment options are expected to meet or exceed their pre-determined benchmark index net of fees. Where peer groups are definable, investment options are expected to perform within the ranked upper half of a sample of same style peers, net of fees. In addition to investment performance (net of fees), the funds' risk characteristics will also be reviewed by the Committee. The risk associated with an investment option should generally be similar to the risk associated with a same-style peer group.

## INVESTMENTS

Investment options offered by the Plan will be categorized or grouped by similarities in investment objectives, style and risk. The Plan's service provider(s) may be utilized to assist in determining the categories of investment options. The Plan is intended to assist participants in meeting their long-term investment objectives by providing investment options within the following permitted investment categories (these categories are further explained later in this document):

A. Tier 1: Balanced, Risk-Based, or Target Date Funds

B. Tier 2: Asset Class Funds
- Stable Value/Money Market
- Bond/Fixed Income Funds
- Equity Funds
- International Funds

C. Tier 3: Self-Directed Brokerage Account

Plan investment options and categories may be added or deleted as deemed necessary by the Committee. At least one investment option shall be available within each listed investment category. The following table outlines the objectives and performance benchmarks for each of the Plan's investment options. The risk associated with an investment option will be compared to appropriate risk benchmarks or measures for a same-style group of peer funds, where definable.

| Investment Category | Description |
|---|---|
| **Stable Value/Money Market Funds** | Investment options offered under this Plan category are invested in money market instruments with an average maturity of less than 90 days or stable value instruments with maturities appropriate to the investment option product. |
| **Bond/Fixed Income Funds** | Investment options offered under this Plan category are invested primarily in investment grade debt securities with varying maturities. |
| **Balanced, Risk Based or Target Date Funds** | Investment options offered under this Plan category may be invested among domestic and international stocks, bonds, and cash, and are to be designed to realize the benefits of strategic asset allocation among these asset classes. |
| **Equity Funds** | Investment options offered under this Plan category may include an array of domestic equity alternatives that will provide participants with the ability to invest in funds that differ in investment style (growth vs. value) and capitalization bias (large cap, mid cap, small cap). |
| **International Funds** | Investment options offered under this Plan category are invested in securities of countries outside the U.S. Some diversify their investments across a broad range of markets and securities, while others target a particular country or region. |
| **Self-Directed Brokerage Accounts** | Under this Plan investment category, employees are permitted to open a self-directed brokerage account in addition to the core menu. There is no oversight by the Committee as to the quality or viability of the investment option products selected by the participant. |

## INVESTMENT OPTION SELECTION GUIDELINES

The Plan is a defined contribution plan provided by the District for its employees and retirees. The Committee acknowledges that a defined contribution program may provide a primary method for retirement savings and that individual participants will have differing circumstances and investment objectives. The Plan offers a variety of investment options intended to provide a sound and flexible means for participants to affect both the potential return and the degree of risk of their accounts.

Investment options offered to participants will be provided through investment provider(s) accessible on the services provider's platform. Before introducing a new investment option, the Committee, in consultation with the Consultant and services provider will define the niche to

be filled and assess any prospective investment option's performance, quality, and risk characteristics. At a minimum, investment options under consideration should satisfy performance and risk considerations under actual, not modeled, conditions and over an appropriate time period. Investment option selection considerations may include, but are not limited to the following:

- The investment option should generally, but not necessarily, have a history that spans a full market cycle, normally three to five (3-5) years.
- The investment option should generally meet or exceed its predetermined benchmark index, net of fees.
- The investment option should generally perform at median or within the upper half of a recognized and defined sample of same-style peer funds.
- The investment option should be able to demonstrate a consistent performance track record attributable to a specific investment manager or team of managers.
- The current and prospective composition of the Target Date funds (based on their glide path), and the corresponding risk and return implications relative to the benchmark and peer group constituents will be taken into consideration.

The investment performance for each option in the Plan will be assessed in comparison with the benchmarks detailed on Appendix A – Index and Peer Group Benchmarks.

## INVESTMENT OPTION REVIEW GUIDELINES AND MONITORING

Investment providers and investment managers are required to comply with all applicable laws, rules, and regulations. However, the Committee takes no responsibility for the failure of such option and/or investment manager to comply with any and all applicable laws, rules or regulations.

All options must have readily ascertainable market values and be easily marketable. It is recognized that Stable Value/GIC funds often have liquidity restrictions. Investment options with sales loads, redemption fees, or other non-investment management related expenses will be avoided to the extent possible. Options with deferred sales charges and/or market value adjustments will not be permitted.

Each investment option portfolio shall be diversified adequately to reduce risk and comply with current regulations and applicable state laws.

Investment option performance, risk and style consistency is intended to be evaluated on a semi-annual basis. Performance and risk results will be evaluated using comparisons with this policy, pertinent market indices and against other same-style peers, where definable. When necessary, investment option performance and risk may be reviewed more frequently.

The Committee will periodically review the investment options' progress in meeting the Plan's investment objectives. Investment options will be expected to comply with all stated investment objectives, guidelines and applicable rules contained in the prospectus or fund fact sheet. The

Committee will review the performance of investment options quarterly to determine if they are achieving the established objectives**.** Investment performance reviews may include, but are not limited to, a review of:

- Investment portfolios;
- Fees and expenses;
- Investment style, process and philosophy;
- Investment management personnel;
- Index tracking error; and
- The current and prospective composition of the Target Date funds (based on their glide path), and the corresponding risk and return implications relative to the benchmark and peer group constituents.

The performance review will also include measuring the options' investment performance relative to stated benchmarks or respective indexes and peer groups; as well as the monitoring risk measures. The following will be evaluated:

**Quantitative Measures**

**Active Investment Strategies**

Investment options employing active management are expected to outperform their stated asset class or style benchmark net of all management fees over a trailing five year time period; and to rank above the 50th percentile of the appropriate peer group for the same trailing five year time period. It is also expected that the risk of each option, as defined by standard deviation of returns, be commensurate with the prescribed strategy relative to the appropriate market index and/or peer group.

**Passive Investment Strategies**

Passive investment options are expected to track the performance of the index strategy that the option is designed to replicate, less management fees, with marginal tracking error. It is also expected that the risk of each passive option, as defined by standard deviation of returns, be commensurate with the appropriate market index.

– It should also be noted that certain passive investment options operate in a marketplace that includes foreign markets whose exchanges close prior to that of the United States. In these instances, some fund managers may engage in a method of "Fair Value Pricing," whereby the managers adjust the pricing of securities in the Fund to reflect any information that has become available after the close of the applicable foreign exchange market. Discrepancies in performance between the applicable investment option and its performance benchmark that are due to "Fair Value Pricing" will be taken into consideration in evaluating performance of the affected investment options and generally will not be counted as underperformance.

**Qualitative Measures**

The investment providers and managers will also be monitored on an ongoing basis for other material changes which the Committee may determine are of importance to the decision of whether or not to retain an investment option, such as personnel departures; organizational changes; or alterations in investment style, philosophy, or strategy; and adherence to stated guidelines.

**Time Periods**

The Committee acknowledges that fluctuating rates of return characterize the securities markets, particularly during short-term time-periods. Recognizing that short-term fluctuations may cause variations in an option's performance, the Committee intends to employ investment options with long-term investment strategies and will evaluate option performance from a long-term perspective. Performance over market cycles of three to five years will be weighted more heavily than performance over shorter time periods, such as one year or less.

In addition to the qualitative and quantitative measures referenced above, the Committee will also review the investment options' risk characteristics in relation to that performance. Risk will be measured in various ways including, but not limited to:

- Standard deviation
- Downside risk or semi-variance
- Risk/return ratios such as Sharpe or Treynor Ratios
- Other statistical measures such as Beta, Alpha and Variance

## INVESTMENT OPTION TERMINATION AND WATCH GUIDELINES

Generally, all investment options are expected to remain true to their stated investment objectives and to perform as well as or better than their prescribed performance benchmarks, net of fees. The Committee recognizes the long-term nature of retirement plan investing and the variability of market returns. Periodic underperformance in any of the criteria outlined in this Investment Policy will not necessitate the termination of an option; however, any underperformance will result in consideration by the Committee of the factors causing underperformance and possible courses of action that the Committee may take.

The Committee may, at any time, place any investment option that it views as having a pattern of under-performance on a watch-status. Reasons the Committee might place an option on a watch status, include but are not limited to, the following:

**Quantitative Measures**

Actively Managed Investment Options

- Performance below the prescribed benchmark index over a trailing five year period, combined with
- Performance below the median of its peer group over a trailing five year period

Passively Managed Investment Options

- Net of fee performance tracking error relative to the respective index that is greater than 15 basis points

**Qualitative Measures**

- Management team or other significant personnel turnover;
- Changes in the product's investment philosophy, process, style or risk profile;
- Excessive or rapid asset growth or decline;
- Pending regulatory investigations or material legal proceedings;
- Changes to firm ownership;
- Significant increase in management fees or expense ratio.

An investment option may remain on watch status until the Committee decides to take further action. Committee actions include, but are not limited to, the following:

- Removing the investment option from watch status; and
- Terminating the investment option and reallocating the assets to an alternate or replacement investment option(s) by Committee direction.

To be removed from quantitative, performance related watch status, generally, performance for the preceding five year trailing periods should be above the benchmark index or median for at least two consecutive quarters. However, the Committee may decide to leave an option on watch for as long as they feel it is prudent to do so.

The Committee reserves the right to terminate investment option relationships at any time, for any reason when it determines such termination is in the best interests of the Plans and their participants and beneficiaries. Once the decision to terminate an option and remove it from the Plans is made, asset transfer and liquidation should be handled to the best advantage of the Plans, with due consideration given to the anticipated effect on affected participants and beneficiaries.

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The Committee shall keep records of the voting of proxies and related actions and will comply with all applicable regulatory obligations.

On behalf of the East Bay Municipal Utility District Deferred Compensation Plans this Investment Policy Statement is adopted by the Committee and is effective as of the later of the two dates entered below:

For the 401(a) Plan Advisory Committee:

Date: _____ By:_____

# GLOSSARY

**Annualized Return**
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**Benchmarks**
A standard against which the performance of the portfolio can be measured, typically against a standard index, although a client manager may also set the benchmark.

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**Growth Style Investing**
Growth investors purchase companies that have above-average earnings growth and/or above-average sales growth rates.

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The overall financial objectives of an investor. For example, whether the investor requires income or capital appreciation. The investor's objectives govern the investment strategy.

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Investment products (such as mutual funds, separate account funds, comingled investment trust funds, annuity products, etc.) that have been selected by the Committee to be offered within the Plan for investment by participants..

**Large Cap**
Large Capitalization – refers to those companies with a market capitalization of greater than $10 billion.

**Liquidity**
The ability to buy or sell an asset quickly and in large volume without substantially affecting the asset's price.

## GLOSSARY - CONTINUED

**Market Capitalization**
The dollar value of a public company based on the total number of shares of stock available multiplied by the price per share.

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# APPENDIX A

## Investment Option Index and Peer Group Benchmarks

| **Investment Option** | **Performance Benchmark** | **Peer Group** |
|---|---|---|
| ~~Fidelity MIP II~~T. Rowe Price Stable Value | Five Year Constant Maturity Treasury | Custom Stable Value Universe |
| Vanguard Total Bond Market Index | Barclays Capital US Aggregate Bond Index | US OE Intermediate-Term Bond |
| ~~PIMCO Total Return Fund~~Scout Core Plus | Barclays Capital US Aggregate Bond Index | US OE Intermediate-Term Bond |
| Dodge & Cox Stock | Russell 1000 Value Index | US OE Large Value |
| T. Rowe Price Equity Income | Russell 1000 Value Index | US OE Large Value |
| Vanguard 500 Index | S&P 500 Index | US OE Large Blend |
| ~~American Century Select~~ | ~~Russell 1000 Growth Index~~ | ~~US OE Large Growth~~ |
| Fidelity Blue Chip Growth | Russell 1000 Growth Index | US OE Large Growth |
| Hotchkis & Wiley Mid Cap Value | Russell Mid Cap Value Index | US OE Mid Cap Value |

| | | |
|---|---|---|
| Morgan Stanley Mid Cap Growth | Russell Mid Cap Growth Index | US OE Mid Cap Growth |
| Huber Small Cap Value | Russell 2000 Value Index | US OE Small Value |
| Artisan Small Cap | Russell 2000 Growth Index | US OE Small Growth |
| Vanguard Total Intl Stock Index | Spliced Performance Index | US OE Foreign Large Blend |
| American Funds EuroPacific Growth | MSCI AC World ex-USA Index | US OE Foreign Large Blend |
| Fidelity Balanced | US Balanced Index | US OE Moderate Allocation |
| Vanguard Wellesley Income | US Conservative Index | US OE Conservative Allocation |
| Vanguard Target Retirement Income | Custom Index | US OE Retirement Income |
| Vanguard Target Retirement 2010 | Custom Index | US OE Target Date 2000-2010 |
| Vanguard Target Retirement 2015 | Custom Index | US OE Target Date 2011-2015 |
| Vanguard Target Retirement 2020 | Custom Index | US OE Target Date 2016-2020 |
| Vanguard Target Retirement 2025 | Custom Index | US OE Target Date 2021-2025 |
| Vanguard Target Retirement 2030 | Custom Index | US OE Target Date 2026-2030 |

| | | |
|---|---|---|
| Vanguard Target Retirement 2035 | Custom Index | US OE Target Date 2031-2035 |
| Vanguard Target Retirement 2040 | Custom Index | US OE Target Date 2036-2040 |
| Vanguard Target Retirement 2045 | Custom Index | US OE Target Date 2041-2045 |
| Vanguard Target Retirement 2050 | Custom Index | US OE Target Date 2046-2050 |
| Vanguard Target Retirement 2055 | Custom Index | US OE Target Date 2051+ |
| Vanguard Target Retirement 2060~~55~~ | Custom Index | US OE Target Date 2051+ |

# East Bay MUD
# 457, 401(a), and 401(k) Retirement Plans

Mid Cap Growth Manager Search Report
September 2015

Greg Settle
Senior Consultant
gsettle@hyasgroup.com

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# Section 1

# East Bay MUD 457, 401(a), and 401(k) Retirement Plans

Mid Cap Growth Manager Search Report September 2015

## Section 1: Background and Search Criteria

This document has been prepared to provide analysis of several potential replacement fund candidates in the Mid Cap Growth asset class. The current option, Morgan Stanley Inst Mid Cap Growth, has underperformed versus an appropriate set of policy performance criteria over its applicable performance period. As such, a manager search has been assembled to review alternative options.

The Hyas Group seeks to evaluate managers over a full market cycle, during which time a manager is expected to have adequate opportunities to add value through their specific investment approach. In the case of the current option, we believe the trailing five-year period incorporates a broad enough range of market environments to be considered representative of a market cycle over which to evaluate the current fund and replacement candidates.

The replacement candidates presented generally include management teams that have satisfied the following Investment Policy criteria:

1) Investment track record of no less than five years
2) Five-year returns above peer group median
3) Reasonable portfolio diversification and risk (volatility) characteristics
4) Investment style consistency over evaluation period

We have provided four alternative candidates in the Mid Cap Growth asset class category along with the incumbent investment option for review. We have also provided a summary of current expense ratios for the current option and each of the replacement candidates.

**All performance-related information is as of 2Q15 unless stated otherwise.**

# Section 2

# East Bay MUD 457, 401(a), and 401(k) Retirement Plans

Mid Cap Growth Manager Search Report September 2015

## Section 2: Description of Funds

### Current Option

**Fund Name:** **Morgan Stanley Inst Mid Cap Growth**

Prospectus Objective: Growth of Capital

Strategy: Mid High Growth

Commentary: The Morgan Stanley Mid Cap Growth Fund's approach to adding value is to seek out attractive companies earning high returns on capital while generating significant cash flows. The fund's manager, Dennis Lynch, prefers companies with defensible business models, or companies with a large "moat" that sets them apart from competitors. Additionally, the fund tends to be further out on the growth spectrum than its peers and deviates from the Russell Mid Cap Growth index significantly. The philosophy of essentially ignoring benchmark sector weights can lead to more volatile returns and it is not uncommon for the fund to rank very well vs. its peers one year, and rank very poorly the next - or viceversa.

# East Bay MUD 457, 401(a), and 401(k) Retirement Plans

Mid Cap Growth Manager Search Report September 2015

## Replacement Candidates

**Fund Name:** **Vanguard Mid-Cap Growth**

Prospectus Objective: Growth of Capital

Strategy: Mid Core Growth

Commentary: Vanguard Mid Cap Growth seeks long-term capital appreciation using a multimanager approach that provides exposure to a broad universe of mid-cap growth stocks. The strategy's investment advisors use fundamental, bottom-up stock selection to analyze and identify companies that they believe have outstanding management and catalysts for growth, such as new products, market-share gains, and improving cost structure. Sub-advisors look for strong earnings-per-share growth and proven and sustainable competitive advantages. Each advisor independently manages its portion of fund assets, using its own research and investment methods. At present, the two sub-advisors include Chartwell Investment Partners (since 2006) and William Blair & Company (since 2006).

**Fund Name:** **MFS Mid Growth**

Prospectus Objective: Growth of Capital

Strategy: Mid High Growth

Commentary: MFS Mid Cap Growth takes a balanced, diversified approach to adding value through stock selection while keeping factor bets (such as tilts towards sectors, investment styles, or asset classes) to a minimum. The fund is supported by the MFS global research platform, wherein analysts are divided into sector groups, allowing them to specialize and know the dynamics of an industry. This strategy's approach is to identify companies with strong, cash-flow centric fundamentals that are likely to sustain robust growth for longer than the investment community is anticipating. As such the fund exhibits a fairly low amount of turnover relative to most of its peers that place greater emphasis on the next quarter's earnings. Additionally, management's tendency to take a buy-and-hold focus on companies with solid long-term prospects has generally caused the fund to have lower performance volatility than most of its peers. Overall the fund has consistently provided competitive exposure to the mid cap growth asset class with relatively low volatility and tracking error.

## Replacement Candidates (continued)

**Fund Name:** **Victory Munder Mid Growth**

Prospectus Objective: Growth of Capital

Strategy: Mid Core Growth

Commentary: Munder Mid Cap Core Growth focuses on adding value through selecting stocks with attractive earnings growth potential, low debt, industry leadership, and attractive valuations relative to the company's expected growth rate. Typically, management focuses on adding value primarily through stock selection, as opposed to sector allocations or macro views. As such the portfolio is monitored to keep tracking error relative to the fund's internal benchmark (the Russell Mid Cap Index) low, and avoid making substantial sector, industry, or regional bets; all of which effectively keep the fund's asset composition largely in line with the index. This combination of avoiding large overweights toward more growth-oriented sectors, and emphasizing attractive relative valuations gives the fund a more "core growth" style. The fund has tended to lag its more aggressive growth peers in cases when a growth style has been strongly in favor, but has tended to outperform in down-markets and in periods when relative valuations matter.

**Fund Name:** **Hartford Mid Cap**

Prospectus Objective: Growth of Capital

Strategy: Mid Valuation-Sensitive Growth

Commentary: Hartford Mid Cap Stock is managed by Wellington as a more conservative mid-growth option, tending to tilt toward the larger end of the market capitalization spectrum and in favor of established, market leaders with attractive valuations. Management applies a three-part decision-making process in order to help identify attractive companies: business fundamentals and economic viability of the company in question, valuations relative to the company's industry and historical valuation range, and growth expectations relative to what Wall Street analysts are estimating. Over longer time periods, this fund's approach has resulted in a bias toward more steady growth companies. This approach has helped the fund to fare well to the downside though it has caused it to lag in more growth-centric markets where higher-beta names have tended to lead. Over the long-term it has successfully delivered attractive risk-adjusted returns within a mid cap growth framework.

# Section 3

# East Bay MUD 457, 401(a), and 401(k) Retirement Plans

Mid Cap Growth Manager Search Report September 2015

## Section 3: Performance, Risk, and Style Summary

### Peer Group Rankings

| | 2Q15 | YTD | 1YR | 3YR | 5YR | 10YR | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Morgan Stanley Inst Mid Cap Growth | 66 | 90 | 93 | 93 | 90 | 34 | 89 | 23 | 88 | 74 | 5 | 3 |
| Vanguard Mid-Cap Growth | 80 | 62 | 28 | 26 | 21 | - | 5 | 69 | 33 | 50 | 21 | 38 |
| MFS Mid Growth | 38 | 37 | 13 | 17 | 29 | 92 | 32 | 32 | 26 | 66 | 23 | 41 |
| Victory Munder Mid Growth | 73 | 56 | 38 | 35 | 31 | 49 | 24 | 63 | 32 | 29 | 53 | 72 |
| Hartford Mid Cap | 62 | 53 | 83 | 12 | 35 | 27 | 18 | 16 | 10 | 81 | 65 | 84 |

*Fund rankings in **red** lag the 50th percentile of the peer group*

### Returns

| | 2Q15 | YTD | 1YR | 3YR | 5YR | 10YR | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Morgan Stanley Inst Mid Cap Growth | -0.49 | 2.47 | 3.62 | 13.81 | 13.94 | 9.83 | 1.33 | 38.35 | 9.49 | -6.89 | 32.94 | 60.19 |
| Vanguard Mid-Cap Growth | -1.10 | 4.89 | 11.44 | 19.08 | 18.56 | - | 13.48 | 32.22 | 15.96 | -3.69 | 29.09 | 42.83 |
| MFS Mid Growth | 0.87 | 6.60 | 13.48 | 19.77 | 17.88 | 6.54 | 8.90 | 37.15 | 16.46 | -5.85 | 28.91 | 42.06 |
| Victory Munder Mid Growth | -0.73 | 5.28 | 10.29 | 18.26 | 17.76 | 9.19 | 10.17 | 33.71 | 16.01 | -0.77 | 25.48 | 32.80 |
| Hartford Mid Cap | -0.33 | 5.50 | 5.60 | 20.48 | 17.43 | 10.08 | 11.04 | 39.39 | 19.23 | -7.86 | 23.46 | 30.16 |
| **Russell Mid Cap Growth** | **-1.14** | **4.18** | **9.45** | **19.24** | **18.69** | **9.69** | **11.90** | **35.74** | **15.81** | **-1.65** | **26.38** | **46.29** |
| **Avg. Mid Growth** | **0.44** | **5.81** | **8.71** | **17.29** | **16.57** | **8.30** | **6.86** | **34.80** | **13.97** | **-4.15** | **24.75** | **38.92** |

*Returns longer than one year is annualized.*

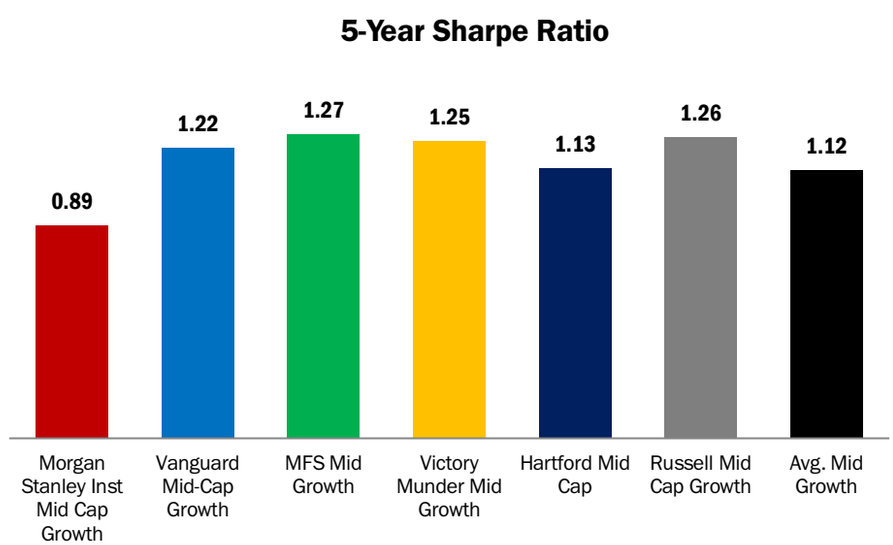
### Returns +/- Index

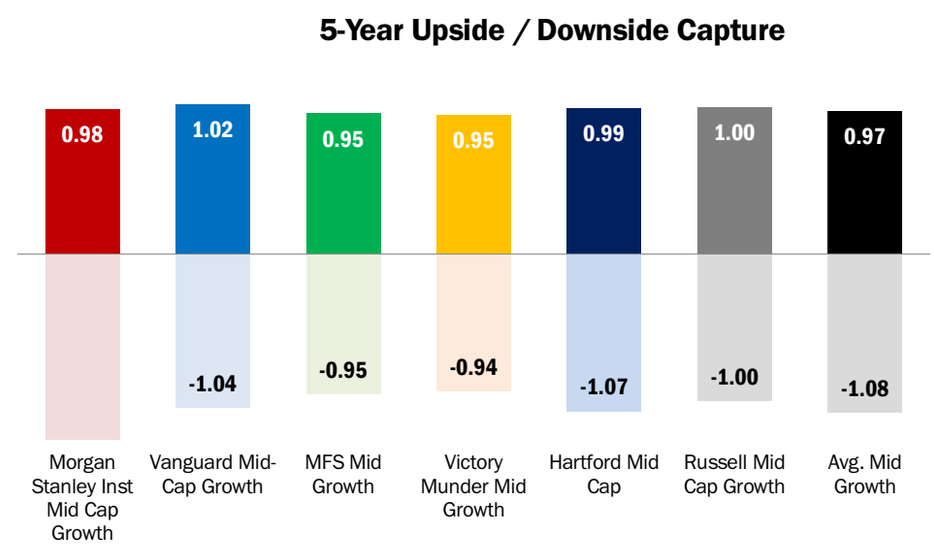
| | 2Q15 | YTD | 1YR | 3YR | 5YR | 10YR | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Morgan Stanley Inst Mid Cap Growth | 0.65 | (1.71) | (5.84) | (5.42) | (4.76) | 0.14 | (10.58) | 2.60 | (6.31) | (5.24) | 6.56 | 13.89 |
| Vanguard Mid-Cap Growth | 0.04 | 0.71 | 1.98 | (0.16) | (0.13) | - | 1.58 | (3.52) | 0.15 | (2.04) | 2.71 | (3.46) |
| MFS Mid Growth | 2.01 | 2.42 | 4.02 | 0.53 | (0.82) | (3.15) | (3.00) | 1.41 | 0.65 | (4.20) | 2.53 | (4.23) |
| Victory Munder Mid Growth | 0.41 | 1.11 | 0.84 | (0.97) | (0.94) | (0.50) | (1.74) | (2.03) | 0.21 | 0.88 | (0.91) | (13.49) |
| Hartford Mid Cap | 0.81 | 1.33 | (3.86) | 1.24 | (1.26) | 0.40 | (0.86) | 3.65 | 3.42 | (6.21) | (2.92) | (16.13) |

*Fund returns in **red** lag the Index*

# East Bay MUD 457, 401(a), and 401(k) Retirement Plans

Mid Cap Growth Manager Search Report September 2015



# East Bay MUD 457, 401(a), and 401(k) Retirement Plans

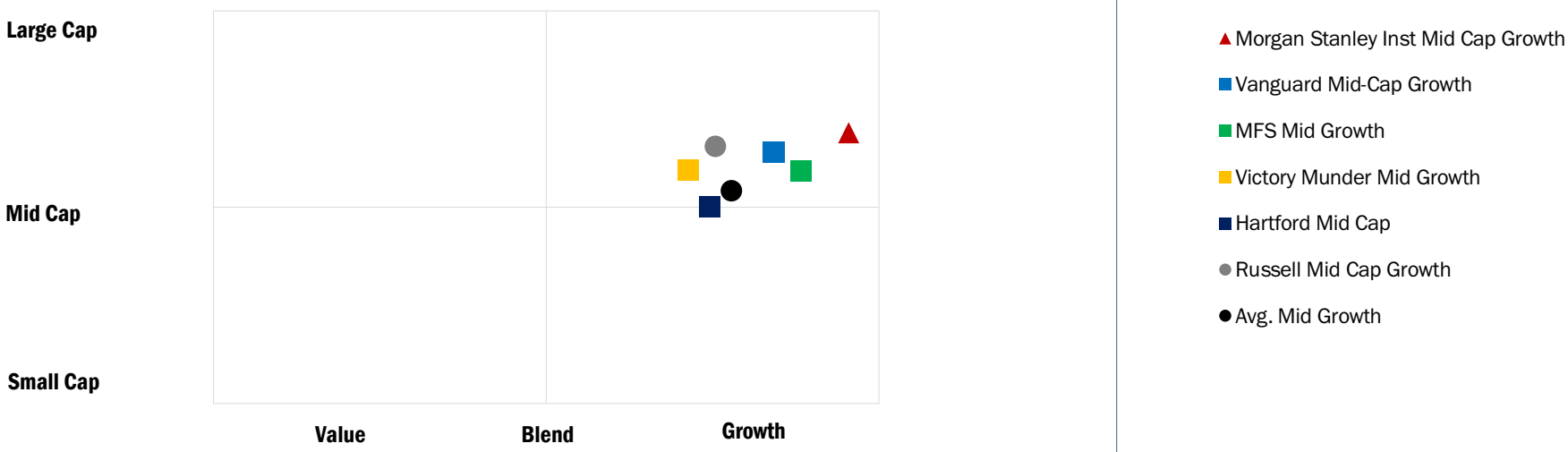
Mid Cap Growth Manager Search Report September 2015

## Volatility and Investment Style

| | | | *Tracking Error* | | *Batting Averages* | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Beta | $R^2$ | vs. Idx | vs. Avg. | % > 0 | vs. Idx | vs. Avg. | vs. Idx or Avg. | vs. Idx and Avg. |
| Morgan Stanley Inst Mid Cap Growth | 1.01 | 0.82 | 6.85 | 6.52 | 60% | 48% | 53% | 55% | 47% |
| Vanguard Mid-Cap Growth | 1.03 | 0.99 | 1.65 | 2.05 | 62% | 57% | 67% | 77% | 47% |
| MFS Mid Growth | 0.93 | 0.96 | 2.83 | 2.50 | 60% | 52% | 55% | 65% | 42% |
| Victory Munder Mid Growth | 0.94 | 0.96 | 2.89 | 2.89 | 67% | 43% | 48% | 53% | 38% |
| Hartford Mid Cap | 1.03 | 0.95 | 3.44 | 3.24 | 65% | 48% | 48% | 55% | 42% |
| **Russell Mid Cap Growth** | **1.00** | **1.00** | **-** | **1.72** | **62%** | **-** | **65%** | **65%** | **-** |
| **Avg. Mid Growth** | **1.00** | **0.99** | **1.72** | **-** | **62%** | **35%** | **-** | **35%** | **-** |

*Based on the trailing 5-year period ending 2Q15.*

### Investment Style




*Based on the most recently available holdings data*

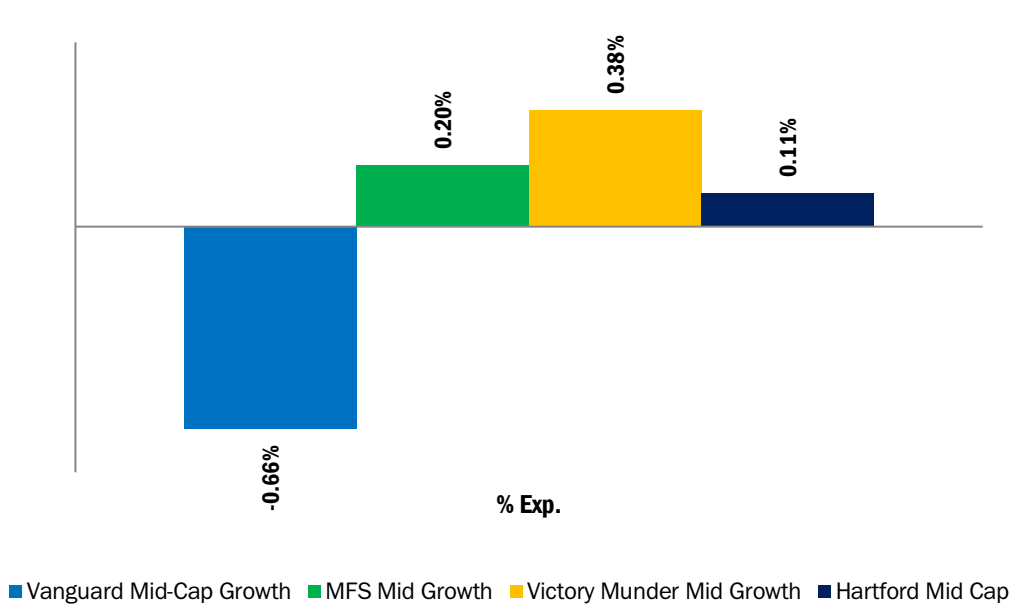
# Section 4

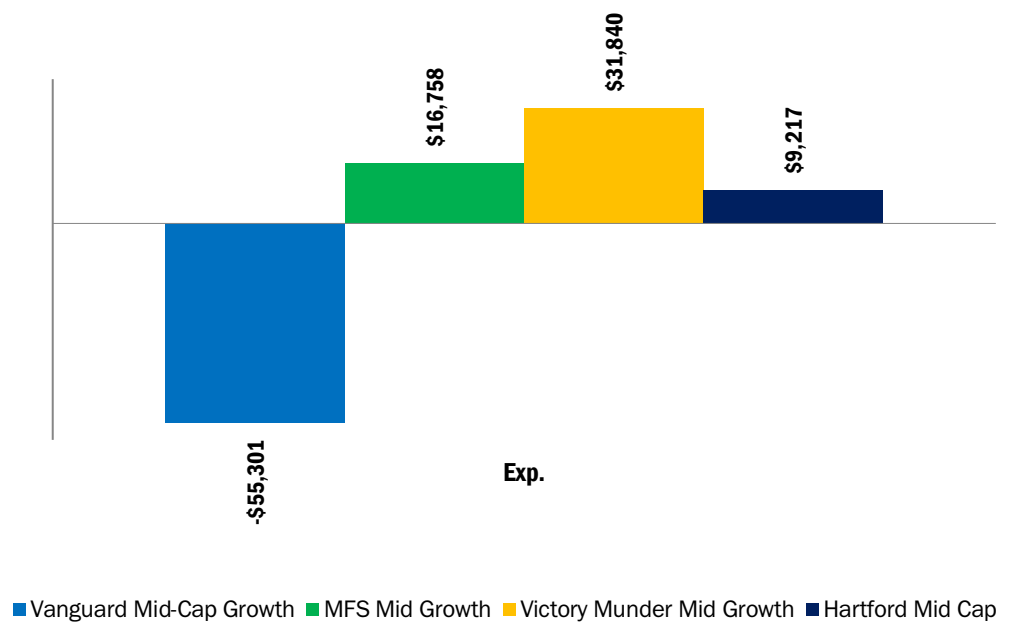
# East Bay MUD 457, 401(a), and 401(k) Retirement Plans

Mid Cap Growth Manager Search Report September 2015

## Section 4: Revenue, Expenses, and Operations

| | Ticker | Share Class | Estimated Annual Expenses | | | Total Plan Assets | Revenue Share |
|---|---|---|---|---|---|---|---|
| | | | % Exp. | as % of Plan | $ | $354,276,769 | |
| Morgan Stanley Inst Mid Cap Growth | MPEGX | Inst | 0.75% | 0.018% | $62,842 | Fund Assets | 0.15% |
| Vanguard Mid-Cap Growth | VMGMX | Other | 0.09% | 0.002% | $7,541 | $8,378,921 | 0.00% |
| MFS Mid Growth | OTCJX | Retirement | 0.95% | 0.022% | $79,600 | *as of 2Q15* | 0.15% |
| Victory Munder Mid Growth | MGOYX | Inst | 1.13% | 0.027% | $94,682 | | 0.25% |
| Hartford Mid Cap | HFMTX | Retirement | 0.86% | 0.020% | $72,059 | | 0.20% |
| **Avg. Mid Growth** | **-** | **-** | **1.33%** | **0.031%** | **$111,440** | | |



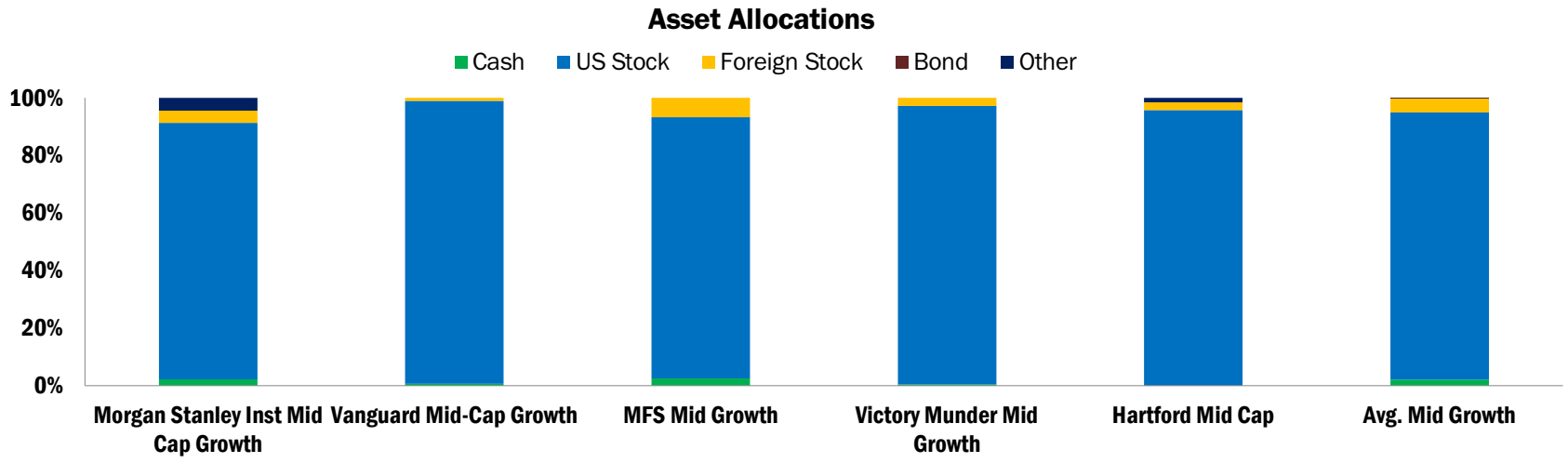



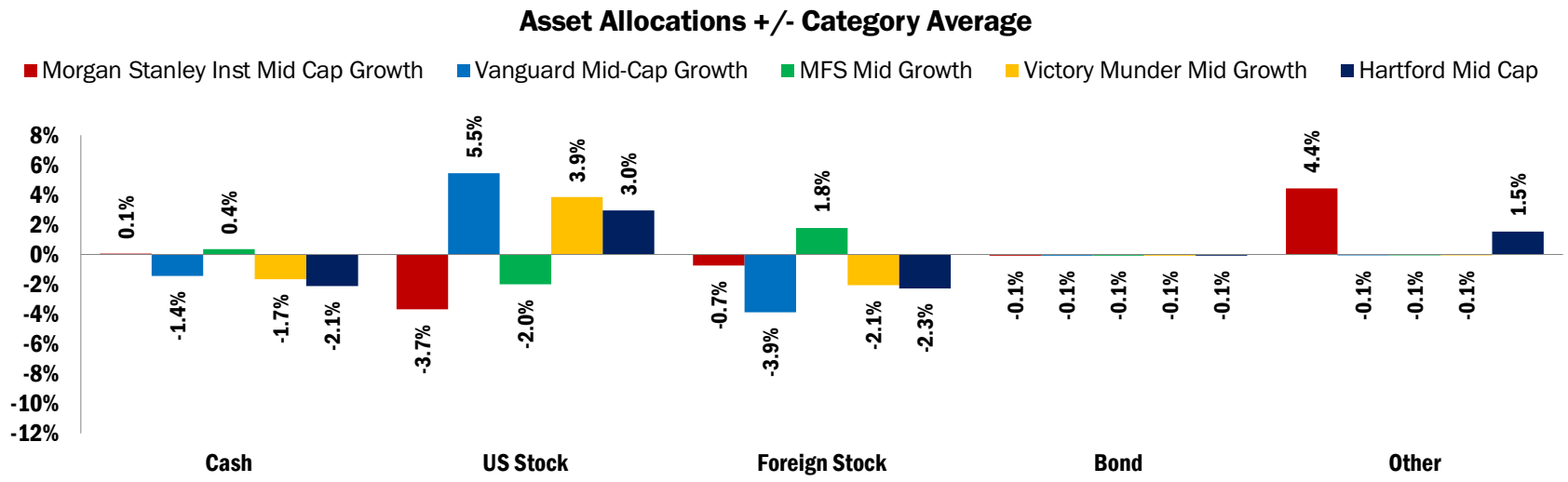
# Section 5

# East Bay MUD 457, 401(a), and 401(k) Retirement Plans

Mid Cap Growth Manager Search Report September 2015

## Section 5: Composition and Performance Analysis



# East Bay MUD 457, 401(a), and 401(k) Retirement Plans

Mid Cap Growth Manager Search Report September 2015

## Sector Weights

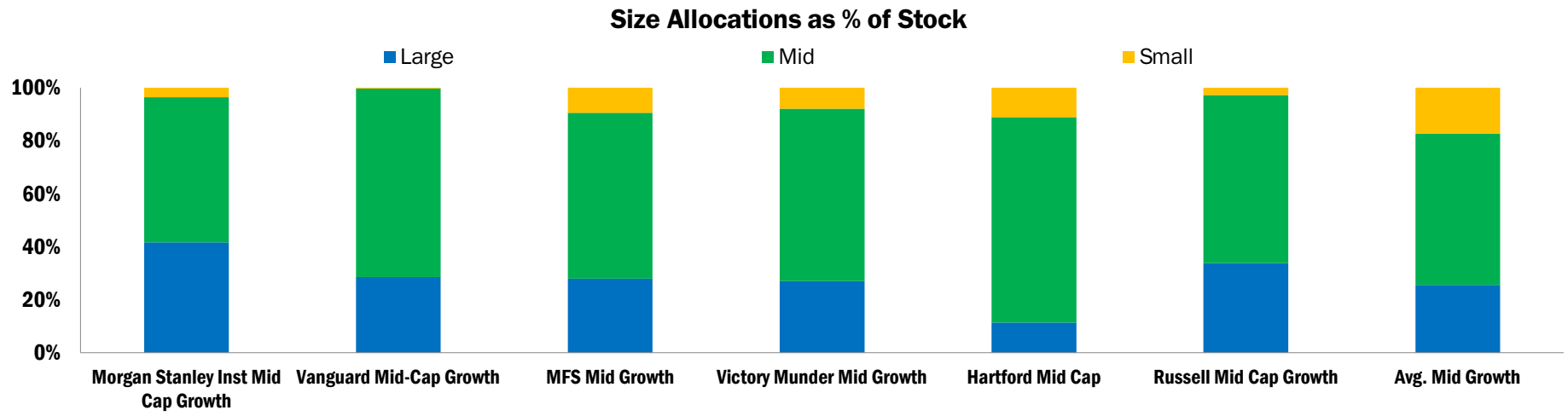
| | Utilities | Telecom | Info. Tech. | Financials | Healthcare | Cons. Stpls. | Cons. Disc. | Industrials | Materials | Energy |
|---|---|---|---|---|---|---|---|---|---|---|
| Morgan Stanley Inst Mid Cap Growth | 0.0% | 0.0% | 37.8% | 6.5% | 22.4% | 7.5% | 17.0% | 8.7% | 0.0% | 0.0% |
| Vanguard Mid-Cap Growth | 0.5% | 1.8% | 20.2% | 11.2% | 13.3% | 4.4% | 23.5% | 15.0% | 3.8% | 6.4% |
| MFS Mid Growth | 0.0% | 1.7% | 17.1% | 8.7% | 17.2% | 3.9% | 28.1% | 16.9% | 3.5% | 3.0% |
| Victory Munder Mid Growth | 3.8% | 2.0% | 14.4% | 19.2% | 12.7% | 4.7% | 17.3% | 14.3% | 6.6% | 5.0% |
| Hartford Mid Cap | 2.0% | 0.0% | 22.3% | 12.8% | 19.9% | 2.3% | 9.8% | 21.6% | 3.0% | 6.4% |
| Russell Mid Cap Growth | 0.1% | 0.4% | 20.0% | 11.1% | 14.4% | 7.4% | 24.5% | 15.6% | 5.3% | 1.2% |
| Avg. Mid Growth | 0.9% | 0.9% | 22.0% | 13.1% | 15.9% | 4.7% | 21.2% | 14.6% | 2.8% | 3.8% |

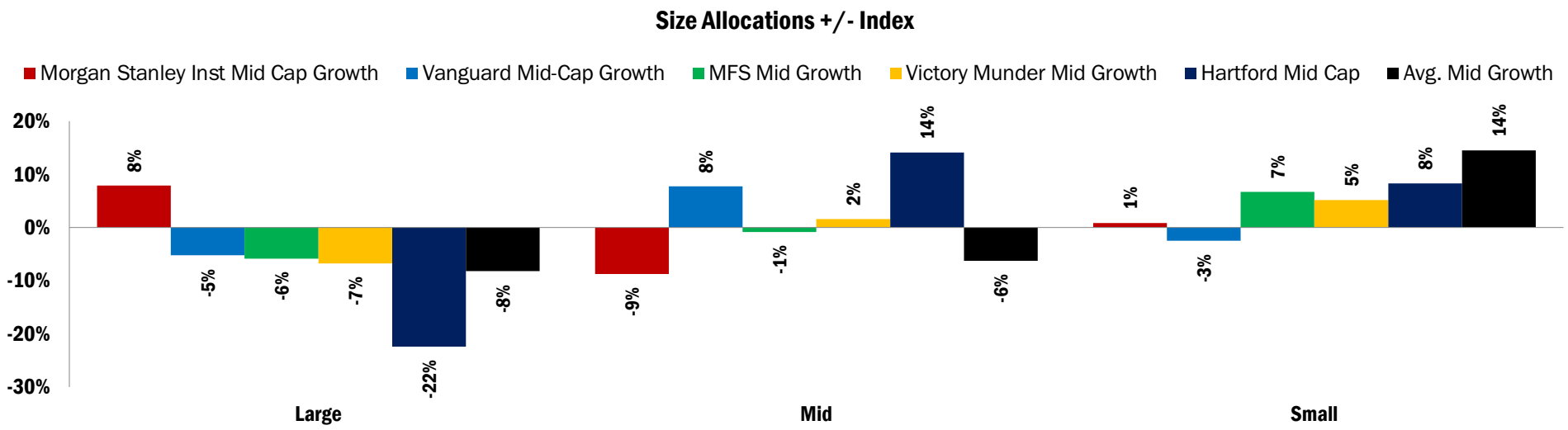
## +/- Sector Weights

| | Utilities | Telecom | Info. Tech. | Financials | Healthcare | Cons. Stpls. | Cons. Disc. | Industrials | Materials | Energy |
|---|---|---|---|---|---|---|---|---|---|---|
| Morgan Stanley Inst Mid Cap Growth | -0.1% | -0.4% | 17.7% | -4.6% | 8.0% | 0.1% | -7.5% | -6.8% | -5.3% | -1.2% |
| Vanguard Mid-Cap Growth | 0.4% | 1.4% | 0.2% | 0.1% | -1.1% | -3.0% | -1.0% | -0.6% | -1.5% | 5.1% |
| MFS Mid Growth | -0.1% | 1.3% | -3.0% | -2.5% | 2.8% | -3.5% | 3.6% | 1.3% | -1.8% | 1.7% |
| Victory Munder Mid Growth | 3.8% | 1.6% | -5.6% | 8.1% | -1.7% | -2.7% | -7.2% | -1.3% | 1.3% | 3.8% |
| Hartford Mid Cap | 1.9% | -0.4% | 2.3% | 1.7% | 5.5% | -5.1% | -14.7% | 6.1% | -2.3% | 5.1% |
| Russell Mid Cap Growth | - | - | - | - | - | - | - | - | - | - |
| Avg. Mid Growth | 0.8% | 0.5% | 2.0% | 2.0% | 1.5% | -2.7% | -3.3% | -1.0% | -2.5% | 2.6% |

# East Bay MUD 457 , 401(a), and 401(k) Retirement Plans

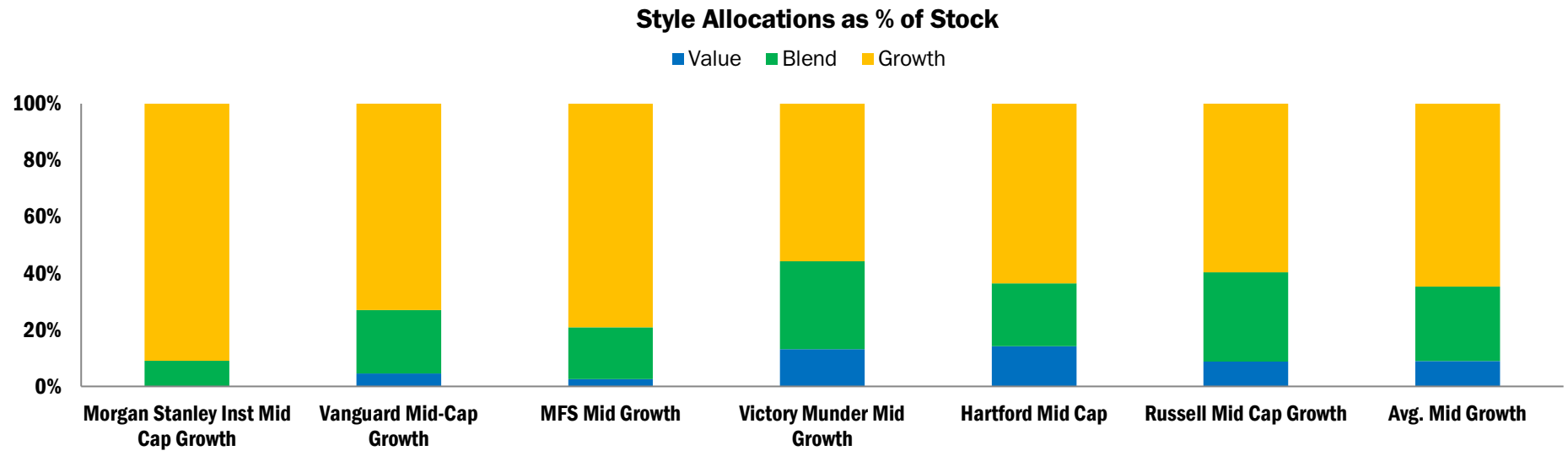
Mid Cap Growth Manager Search Report September 2015

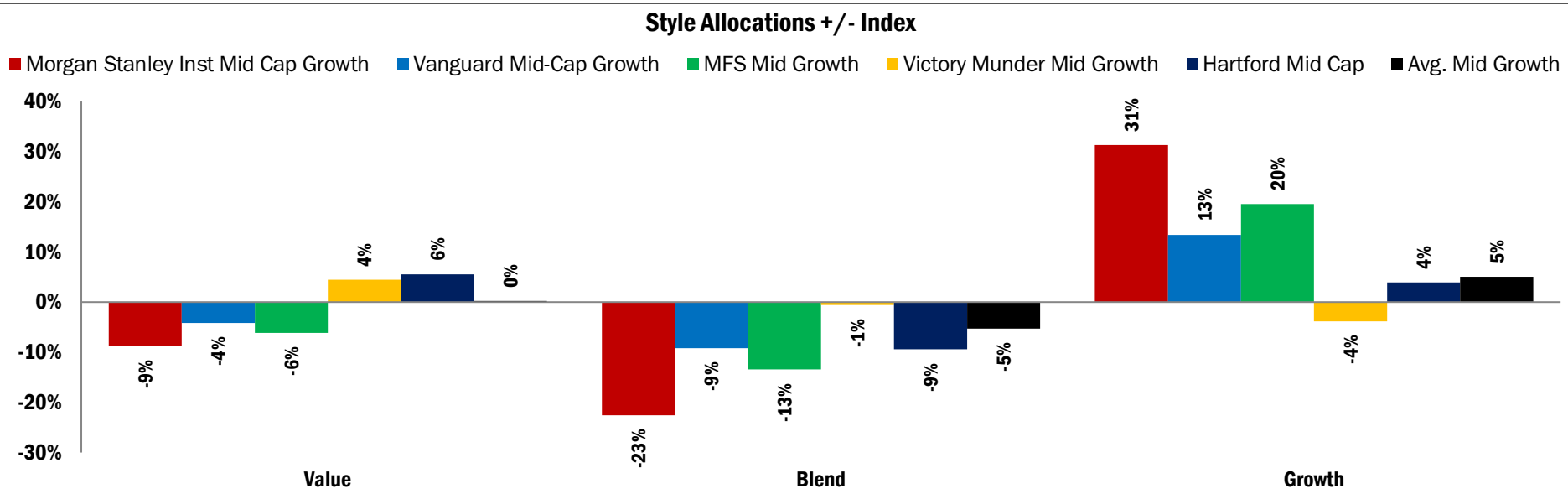


# East Bay MUD 457, 401(a), and 401(k) Retirement Plans

Mid Cap Growth Manager Search Report September 2015



# Section 6

# Morgan Stanley Inst Mid Cap Growth

## Fund Fact Sheet - June 30, 2015

### Operations

| | |
|---|---|
| Ticker: | MPEGX |
| CUSIP: | 617440508 |
| Share Class: | Inst |
| Legal Structure: | Open Ended Investment Company |
| Investment Type: | Open-End Fund |

### Management

| | |
|---|---|
| Advisor: | Morgan Stanley Investment Management Inc |
| Sub-Advisor: | None |
| Senior Manager: | Dennis P. Lynch;David S. Cohen; |
| Year Started: | 2002 |

### Expenses

| | |
|---|---|
| Prospectus Net Exp. Ratio: | 0.75% |
| Annual Report Exp. Ratio: | 0.75% |
| Management Fee: | 0.50% |
| 12b-1: | 0.00% |
| Redemption Fee %: | 0.00% |

### Size & Flows ($m)

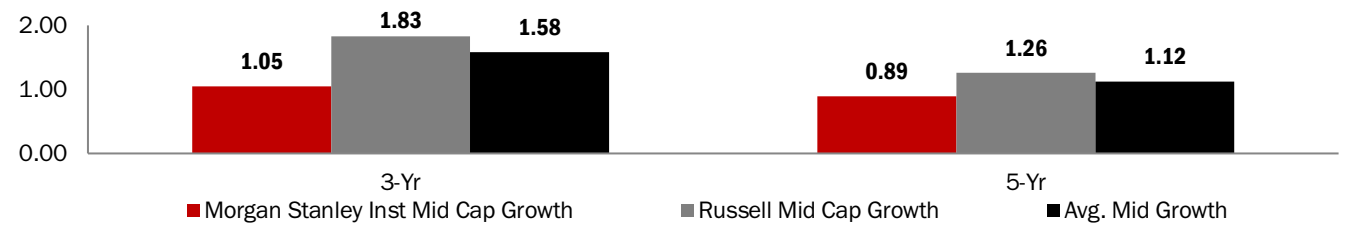
| | |
|---|---|
| Fund Size: | $5,850 |
| Est. 1-Year Flows: | ($1,914) |
| *as % of Current Size:* | *-33%* |
| *x Management Fee:* | *($10)* |
| Est. 3-Year Flows: | ($3,163) |
| *as % of Current Size:* | *-54%* |
| *x Management Fee:* | *($16)* |
| # of Holdings: | 69 |
| % in Top 10 Holdings: | 38% |
| # of Stocks: | 55 |
| Est. $m per Stock: | $106 |
| *< 5% of Company* | *$2,127* |

### Performance

| | Qtr | YTD | 1Yr | 3Yr | 5Yr | 10Yr |
|---|---|---|---|---|---|---|
| Morgan Stanley Inst Mid Cap Growth | -0.49 | 2.47 | 3.62 | 13.81 | 13.94 | 9.83 |
| Russell Mid Cap Growth | -1.14 | 4.18 | 9.45 | 19.24 | 18.69 | 9.69 |
| +/- Index | 0.65 | (1.71) | (5.84) | (5.42) | (4.76) | 0.14 |
| Ranking | 66 | 90 | 93 | 93 | 90 | 34 |

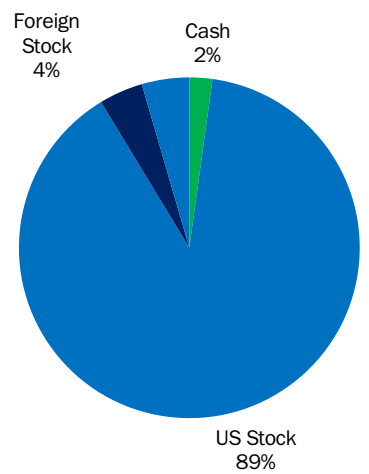
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|
| Morgan Stanley Inst Mid Cap Growth | 1.33 | 38.35 | 9.49 | -6.89 | 32.94 | 60.19 |
| Russell Mid Cap Growth | 11.90 | 35.74 | 15.81 | -1.65 | 26.38 | 46.29 |
| +/- Index | (10.58) | 2.60 | (6.31) | (5.24) | 6.56 | 13.89 |
| Ranking | 89 | 23 | 88 | 74 | 5 | 3 |

### Risk-Adjusted Performance (Sharpe Ratio)




### Composition

**Asset Allocation**




| | Sector | +/- Idx. |
|---|---|---|
| Energy | 0% | -1% |
| Materials | 0% | -5% |
| Industrials | 9% | -7% |
| Cons. Disc. | 17% | -7% |
| Cons. Stpls. | 8% | 0% |
| Healthcare | 22% | 8% |
| Financials | 7% | -5% |
| Info. Tech. | 38% | 18% |
| Telecom | 0% | 0% |
| Utilities | 0% | 0% |
| **Total:** | 100% | 0% |

| | Size/Style | +/- Idx. |
|---|---|---|
| Large Value | 0% | -2% |
| Large Blend | 5% | -3% |
| Large Growth | 37% | 12% |
| Mid Value | 0% | -7% |
| Mid Blend | 4% | -19% |
| Mid Growth | 51% | 17% |
| Small Value | 0% | -1% |
| Small Blend | 0% | -1% |
| Small Growth | 3% | 2% |
| **Total Mid** | 55% | -9% |
| **Total Growth** | 91% | 31% |

# Vanguard Mid-Cap Growth

## Fund Fact Sheet - June 30, 2015

### Operations

| | |
|---|---|
| Ticker: | VMGMX |
| CUSIP: | 921937728 |
| Share Class: | Other |
| Legal Structure: | Open Ended Investment Company |
| Investment Type: | Open-End Fund |

### Management

| | |
|---|---|
| Advisor: | Vanguard Group, Inc. |
| Sub-Advisor: | None |
| Senior Manager: | Donald M. Butler |
| Year Started: | 2013 |

### Expenses

| | |
|---|---|
| Prospectus Net Exp. Ratio: | 0.09% |
| Annual Report Exp. Ratio: | 0.09% |
| Management Fee: | 0.07% |
| 12b-1: | 0.00% |
| Redemption Fee %: | 0.00% |

### Size & Flows ($m)

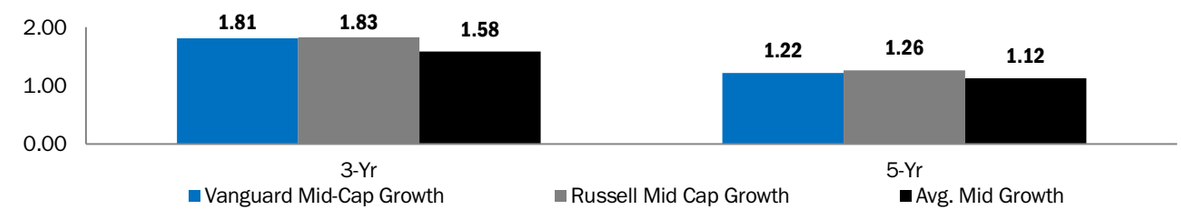
| | |
|---|---|
| Fund Size: | $7,233 |
| Est. 1-Year Flows: | $1,794 |
| *as % of Current Size:* | ***25%*** |
| *x Management Fee:* | ***$1*** |
| Est. 3-Year Flows: | $2,691 |
| *as % of Current Size:* | ***37%*** |
| *x Management Fee:* | ***$2*** |
| # of Holdings: | 177 |
| % in Top 10 Holdings: | 12% |
| # of Stocks: | 175 |
| Est. $m per Stock: | $41 |
| *< 5% of Company* | ***$827*** |

### Performance

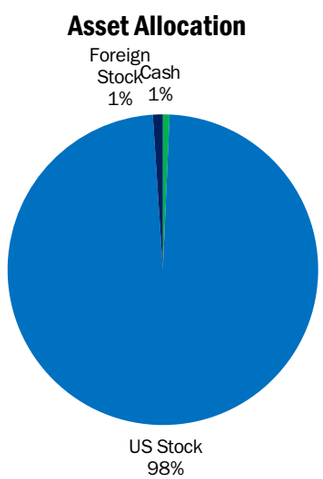
| | Qtr | YTD | 1Yr | 3Yr | 5Yr | 10Yr |
|---|---|---|---|---|---|---|
| Vanguard Mid-Cap Growth | -1.10 | 4.89 | 11.44 | 19.08 | 18.56 | - |
| Russell Mid Cap Growth | -1.14 | 4.18 | 9.45 | 19.24 | 18.69 | 9.69 |
| +/- Index | 0.04 | 0.71 | 1.98 | (0.16) | (0.13) | - |
| Ranking | 80 | 62 | 28 | 26 | 21 | - |

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|
| Vanguard Mid-Cap Growth | 13.48 | 32.22 | 15.96 | -3.69 | 29.09 | 42.83 |
| Russell Mid Cap Growth | 11.90 | 35.74 | 15.81 | -1.65 | 26.38 | 46.29 |
| +/- Index | 1.58 | (3.52) | 0.15 | (2.04) | 2.71 | (3.46) |
| Ranking | 5 | 69 | 33 | 50 | 21 | 38 |

### Risk-Adjusted Performance (Sharpe Ratio)




### Composition




| | Sector | +/- Idx. |
|---|---|---|
| Energy | 6% | 5% |
| Materials | 4% | -2% |
| Industrials | 15% | -1% |
| Cons. Disc. | 23% | -1% |
| Cons. Stpls. | 4% | -3% |
| Healthcare | 13% | -1% |
| Financials | 11% | 0% |
| Info. Tech. | 20% | 0% |
| Telecom | 2% | 1% |
| Utilities | 0% | 0% |
| **Total:** | **100%** | **0%** |

| | Size/Style | +/- Idx. |
|---|---|---|
| Large Value | 0% | -2% |
| Large Blend | 2% | -6% |
| Large Growth | 27% | 2% |
| Mid Value | 5% | -2% |
| Mid Blend | 21% | -2% |
| Mid Growth | 46% | 12% |
| Small Value | 0% | -1% |
| Small Blend | 0% | -1% |
| Small Growth | 0% | -1% |
| **Total Mid** | **71%** | **8%** |
| **Total Growth** | **73%** | **13%** |

# MFS Mid Growth

## Fund Fact Sheet - June 30, 2015

### Operations

| | |
|---|---|
| Ticker: | OTCJX |
| CUSIP: | 552987786 |
| Share Class: | Retirement |
| Legal Structure: | Open Ended Investment Company |
| Investment Type: | Open-End Fund |

### Management

| | |
|---|---|
| Advisor: | Massachusetts Financial Services Co |
| Sub-Advisor: | None |
| Senior Manager: | Eric B. Fischman |
| Year Started: | 2008 |

### Expenses

| | |
|---|---|
| Prospectus Net Exp. Ratio: | 0.95% |
| Annual Report Exp. Ratio: | 0.95% |
| Management Fee: | 0.75% |
| 12b-1: | 0.00% |
| Redemption Fee %: | 0.00% |

### Size & Flows ($m)

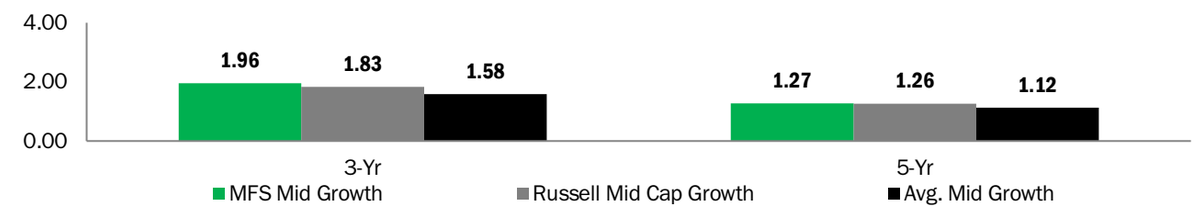
| | |
|---|---|
| Fund Size: | $1,800 |
| Est. 1-Year Flows: | ($44) |
| *as % of Current Size:* | *-2%* |
| *x Management Fee:* | *($0)* |
| Est. 3-Year Flows: | $95 |
| *as % of Current Size:* | *5%* |
| *x Management Fee:* | *$1* |
| # of Holdings: | 121 |
| % in Top 10 Holdings: | 21% |
| # of Stocks: | 119 |
| Est. $m per Stock: | $15 |
| *< 5% of Company* | *$302* |

### Performance

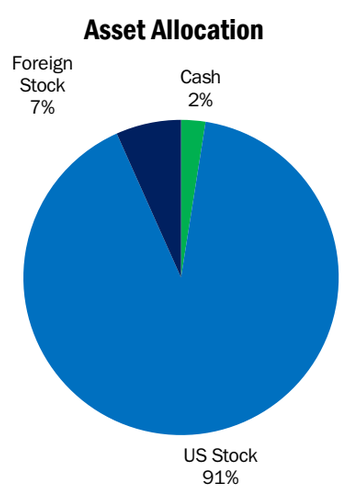
| | Qtr | YTD | 1Yr | 3Yr | 5Yr | 10Yr |
|---|---|---|---|---|---|---|
| MFS Mid Growth | 0.87 | 6.60 | 13.48 | 19.77 | 17.88 | 6.54 |
| Russell Mid Cap Growth | -1.14 | 4.18 | 9.45 | 19.24 | 18.69 | 9.69 |
| +/- Index | 2.01 | 2.42 | 4.02 | 0.53 | (0.82) | (3.15) |
| Ranking | 38 | 37 | 13 | 17 | 29 | 92 |

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|
| MFS Mid Growth | 8.90 | 37.15 | 16.46 | -5.85 | 28.91 | 42.06 |
| Russell Mid Cap Growth | 11.90 | 35.74 | 15.81 | -1.65 | 26.38 | 46.29 |
| +/- Index | (3.00) | 1.41 | 0.65 | (4.20) | 2.53 | (4.23) |
| Ranking | 32 | 32 | 26 | 66 | 23 | 41 |

### Risk-Adjusted Performance (Sharpe Ratio)




### Composition




| | Sector | +/- Idx. |
|---|---|---|
| Energy | 3% | 2% |
| Materials | 3% | -2% |
| Industrials | 17% | 1% |
| Cons. Disc. | 28% | 4% |
| Cons. Stpls. | 4% | -3% |
| Healthcare | 17% | 3% |
| Financials | 9% | -2% |
| Info. Tech. | 17% | -3% |
| Telecom | 2% | 1% |
| Utilities | 0% | 0% |
| **Total:** | **100%** | **0%** |

| | Size/Style | +/- Idx. |
|---|---|---|
| Large Value | 0% | -2% |
| Large Blend | 2% | -6% |
| Large Growth | 26% | 2% |
| Mid Value | 3% | -4% |
| Mid Blend | 16% | -7% |
| Mid Growth | 44% | 10% |
| Small Value | 0% | -1% |
| Small Blend | 0% | -1% |
| Small Growth | 9% | 8% |
| **Total Mid** | 63% | -1% |
| **Total Growth** | 3% | 20% |

# Victory Munder Mid Growth

## Fund Fact Sheet - June 30, 2015

### Operations

| | |
|---|---|
| Ticker: | MGOYX |
| CUSIP: | 92647K838 |
| Share Class: | Inst |
| Legal Structure: | Open Ended Investment Company |
| Investment Type: | Open-End Fund |

### Management

| | |
|---|---|
| Advisor: | Victory Capital Management Inc. |
| Sub-Advisor: | None |
| Senior Manager: | Tony Y. Dong |
| Year Started: | 2001 |

### Expenses

| | |
|---|---|
| Prospectus Net Exp. Ratio: | 1.13% |
| Annual Report Exp. Ratio: | 1.07% |
| Management Fee: | 0.75% |
| 12b-1: | 0.00% |
| Redemption Fee %: | 0.00% |

### Size & Flows ($m)

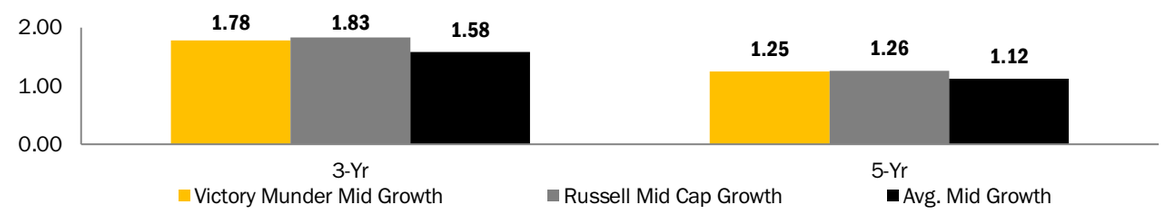
| | |
|---|---|
| Fund Size: | $6,372 |
| Est. 1-Year Flows: | ($452) |
| *as % of Current Size:* | *-7%* |
| *x Management Fee:* | *($3)* |
| Est. 3-Year Flows: | ($805) |
| *as % of Current Size:* | *-13%* |
| *x Management Fee:* | *($6)* |
| # of Holdings: | 86 |
| % in Top 10 Holdings: | 20% |
| # of Stocks: | 84 |
| Est. $m per Stock: | $76 |
| *< 5% of Company* | *$1,517* |

### Performance

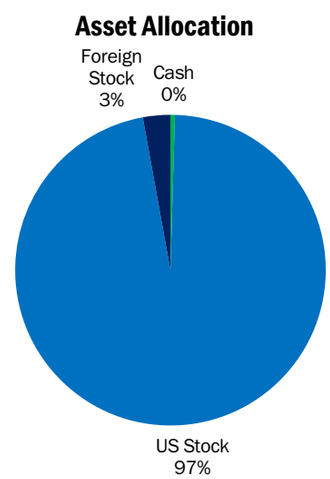
| | Qtr | YTD | 1Yr | 3Yr | 5Yr | 10Yr |
|---|---|---|---|---|---|---|
| Victory Munder Mid Growth | -0.73 | 5.28 | 10.29 | 18.26 | 17.76 | 9.19 |
| Russell Mid Cap Growth | -1.14 | 4.18 | 9.45 | 19.24 | 18.69 | 9.69 |
| +/- Index | 0.41 | 1.11 | 0.84 | (0.97) | (0.94) | (0.50) |
| Ranking | 73 | 56 | 38 | 35 | 31 | 49 |

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|
| Victory Munder Mid Growth | 10.17 | 33.71 | 16.01 | -0.77 | 25.48 | 32.80 |
| Russell Mid Cap Growth | 11.90 | 35.74 | 15.81 | -1.65 | 26.38 | 46.29 |
| +/- Index | (1.74) | (2.03) | 0.21 | 0.88 | (0.91) | (13.49) |
| Ranking | 24 | 63 | 32 | 29 | 53 | 72 |

### Risk-Adjusted Performance (Sharpe Ratio)




### Composition




| | Sector | +/- Idx. |
|---|---|---|
| Energy | 5% | 4% |
| Materials | 7% | 1% |
| Industrials | 14% | -1% |
| Cons. Disc. | 17% | -7% |
| Cons. Stpls. | 5% | -3% |
| Healthcare | 13% | -2% |
| Financials | 19% | 8% |
| Info. Tech. | 14% | -6% |
| Telecom | 2% | 2% |
| Utilities | 4% | 4% |
| **Total:** | **100%** | **0%** |

| | Size/Style | +/- Idx. |
|---|---|---|
| Large Value | 2% | 0% |
| Large Blend | 5% | -3% |
| Large Growth | 20% | -4% |
| Mid Value | 9% | 2% |
| Mid Blend | 21% | -1% |
| Mid Growth | 35% | 0% |
| Small Value | 2% | 2% |
| Small Blend | 5% | 3% |
| Small Growth | 1% | 0% |
| **Total Mid** | 65% | 2% |
| **Total Growth** | 56% | -4% |

# Hartford Mid Cap

## Fund Fact Sheet - June 30, 2015

### Operations

| | |
|---|---|
| Ticker: | **HFMTX** |
| CUSIP: | **41664M847** |
| Share Class: | **Retirement** |
| Legal Structure: | **Open Ended Investment Company** |
| Investment Type: | **Open-End Fund** |

### Management

| | |
|---|---|
| Advisor: | **Hartford Funds Management Company, LLC** |
| Sub-Advisor: | **Wellington Management Company LLP** |
| Senior Manager: | **Philip W. Ruedi** |
| Year Started: | **2004** |

### Expenses

| | |
|---|---|
| Prospectus Net Exp. Ratio: | **0.86%** |
| Annual Report Exp. Ratio: | **0.86%** |
| Management Fee: | **0.72%** |
| 12b-1: | **0.00%** |
| Redemption Fee %: | **0.00%** |

### Size & Flows ($m)

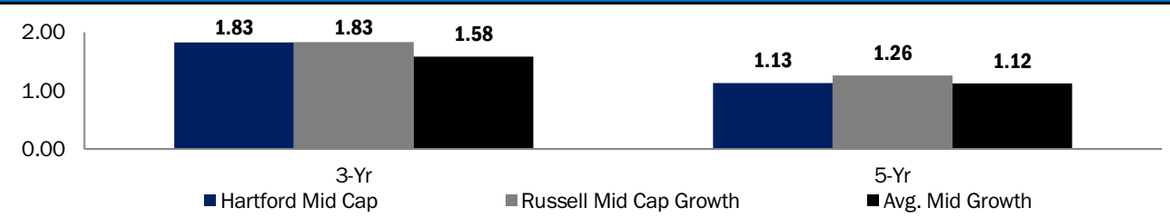
| | |
|---|---|
| Fund Size: | **$4,859** |
| Est. 1-Year Flows: | **$253** |
| *as % of Current Size:* | ***5%*** |
| *x Management Fee:* | ***$2*** |
| Est. 3-Year Flows: | **($119)** |
| *as % of Current Size:* | ***-2%*** |
| *x Management Fee:* | ***($1)*** |
| # of Holdings: | **99** |
| % in Top 10 Holdings: | **22%** |
| # of Stocks: | **97** |
| Est. $m per Stock: | **$50** |
| *< 5% of Company* | ***$1,002*** |

### Performance

| | Qtr | YTD | 1Yr | 3Yr | 5Yr | 10Yr |
|---|---|---|---|---|---|---|
| Hartford Mid Cap | **-0.33** | **5.50** | **5.60** | **20.48** | **17.43** | **10.08** |
| Russell Mid Cap Growth | **-1.14** | **4.18** | **9.45** | **19.24** | **18.69** | **9.69** |
| +/- Index | **0.81** | **1.33** | **(3.86)** | **1.24** | **(1.26)** | **0.40** |
| Ranking | **62** | **53** | **83** | **12** | **35** | **27** |

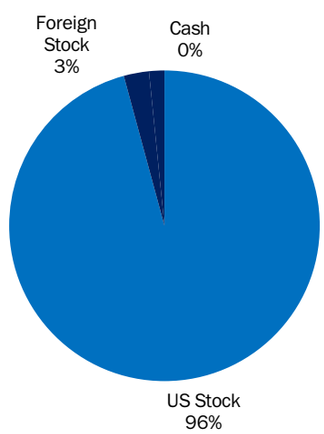
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|
| Hartford Mid Cap | **11.04** | **39.39** | **19.23** | **-7.86** | **23.46** | **30.16** |
| Russell Mid Cap Growth | **11.90** | **35.74** | **15.81** | **-1.65** | **26.38** | **46.29** |
| +/- Index | **(0.86)** | **3.65** | **3.42** | **(6.21)** | **(2.92)** | **(16.13)** |
| Ranking | **18** | **16** | **10** | **81** | **65** | **84** |

### Risk-Adjusted Performance (Sharpe Ratio)



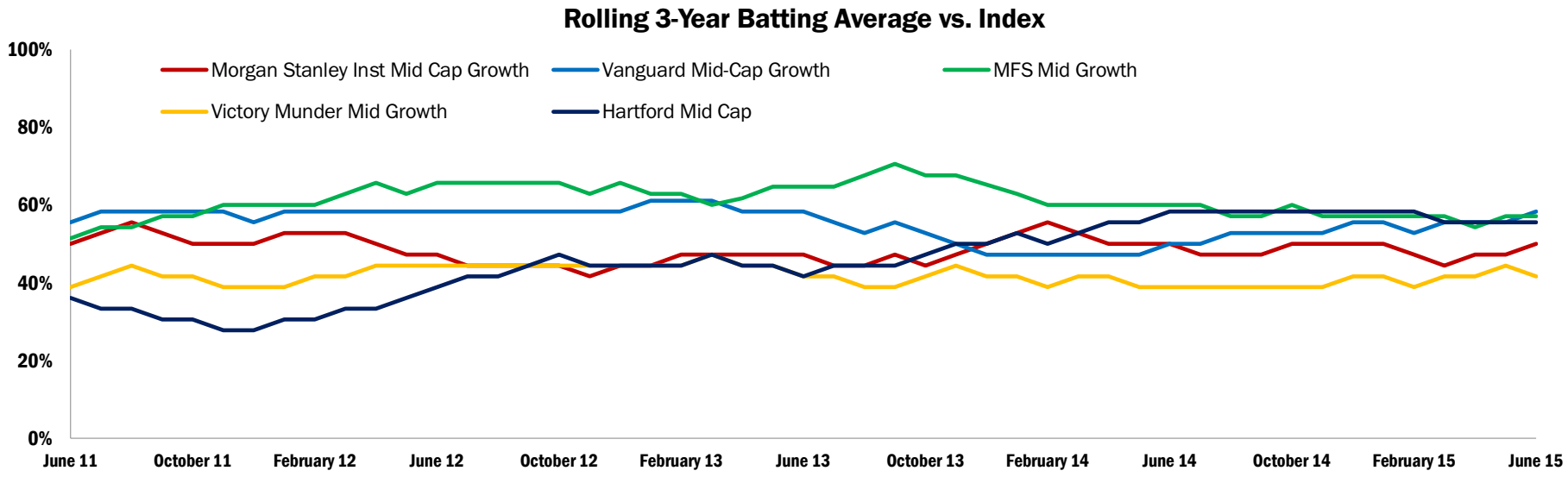

### Composition

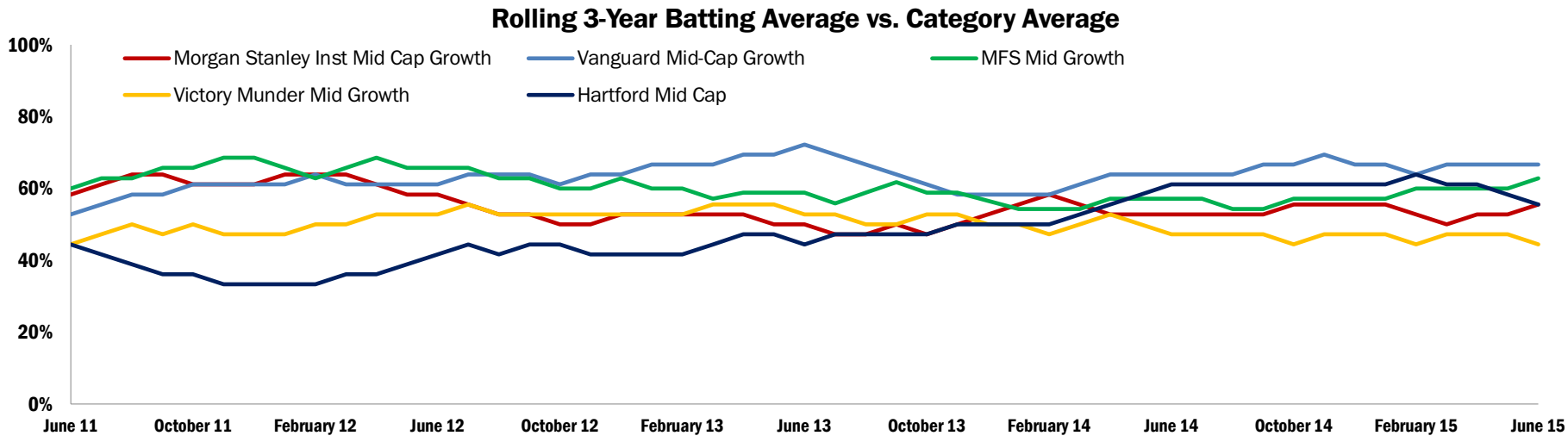
**Asset Allocation**




| | Sector | +/- Idx. |
|---|---|---|
| Energy | **6%** | **5%** |
| Materials | **3%** | **-2%** |
| Industrials | **22%** | **6%** |
| Cons. Disc. | **10%** | **-15%** |
| Cons. Stpls. | **2%** | **-5%** |
| Healthcare | **20%** | **5%** |
| Financials | **13%** | **2%** |
| Info. Tech. | **22%** | **2%** |
| Telecom | **0%** | **0%** |
| Utilities | **2%** | **2%** |
| **Total:** | **100%** | **0%** |

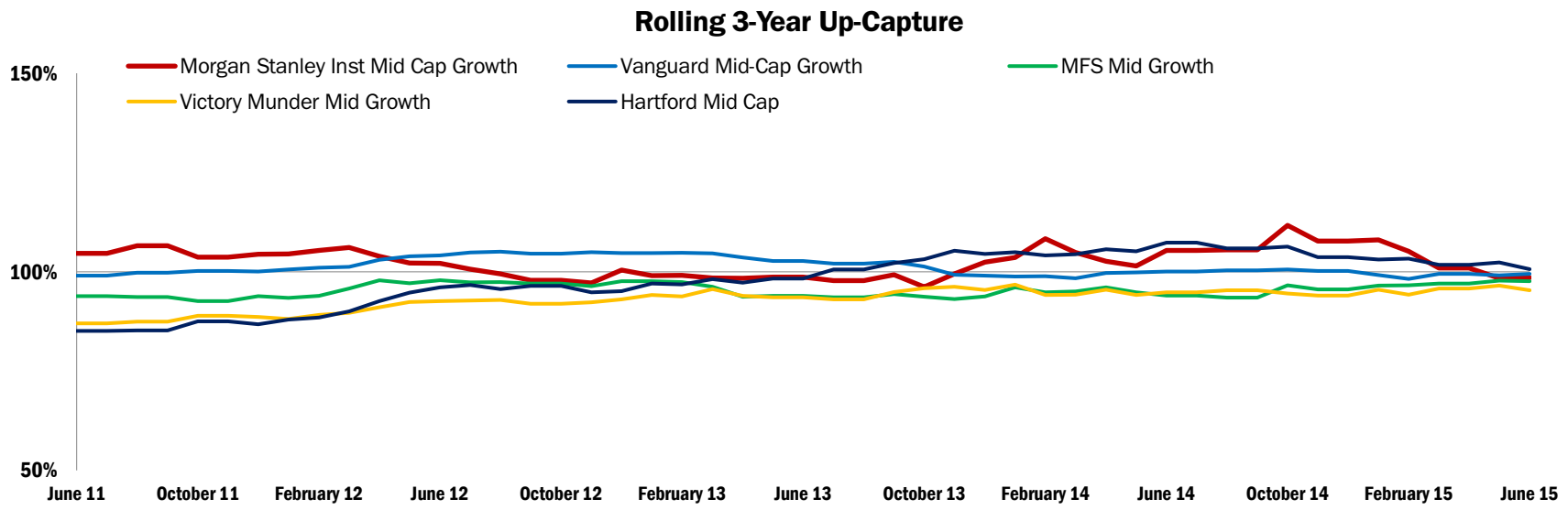
| | Size/Style | +/- Idx. |
|---|---|---|
| Large Value | **0%** | **-2%** |
| Large Blend | **4%** | **-4%** |
| Large Growth | **7%** | **-17%** |
| Mid Value | **12%** | **6%** |
| Mid Blend | **16%** | **-7%** |
| Mid Growth | **49%** | **15%** |
| Small Value | **2%** | **1%** |
| Small Blend | **2%** | **1%** |
| Small Growth | **7%** | **6%** |
| **Total Mid** | **78%** | **14%** |
| **Total Growth** | **64%** | **4%** |

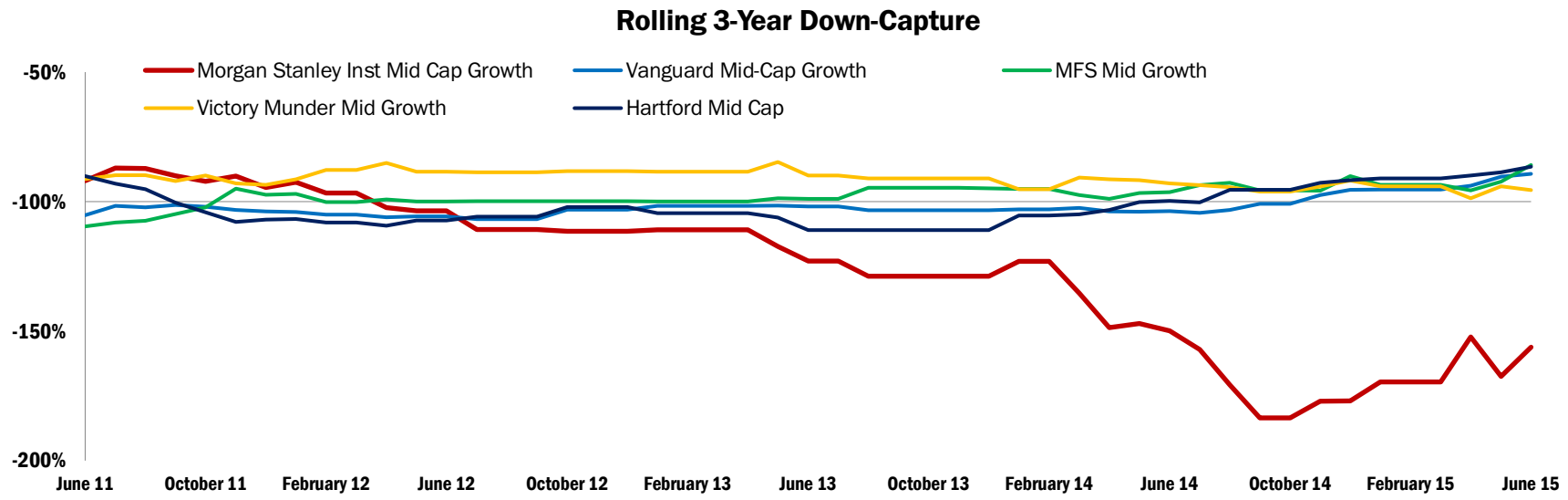

Rolling 3-Year Batting Average vs. Index
Morgan Stanley Inst Mid Cap Growth
Vanguard Mid-Cap Growth
MFS Mid Growth
Victory Munder Mid Growth
Hartford Mid Cap
100%
80%
60%
40%
20%
0%
June 11
October 11
February 12
June 12
October 12
February 13
June 13
October 13
February 14
June 14
October 14
February 15
June 15


Rolling 3-Year Batting Average vs. Category Average
Morgan Stanley Inst Mid Cap Growth
Vanguard Mid-Cap Growth
MFS Mid Growth
Victory Munder Mid Growth
Hartford Mid Cap
100%
80%
60%
40%
20%
0%
June 11
October 11
February 12
June 12
October 12
February 13
June 13
October 13
February 14
June 14
October 14
February 15
June 15

# East Bay MUD 457, 401(a), and 401(k) Retirement Plans

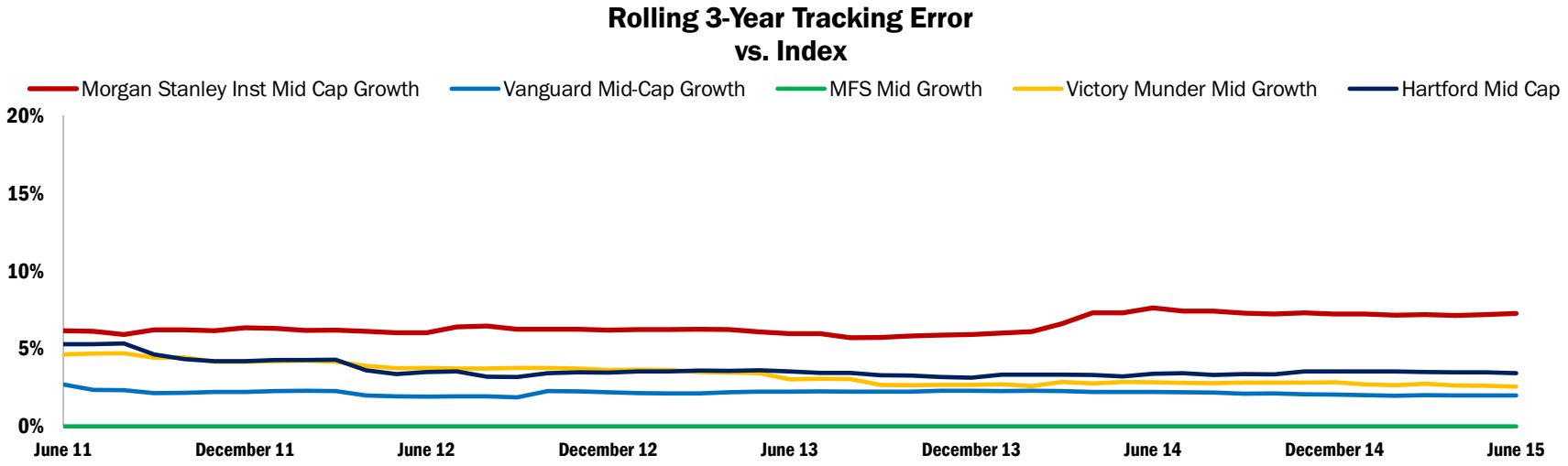
Mid Cap Growth Manager Search Report September 2015

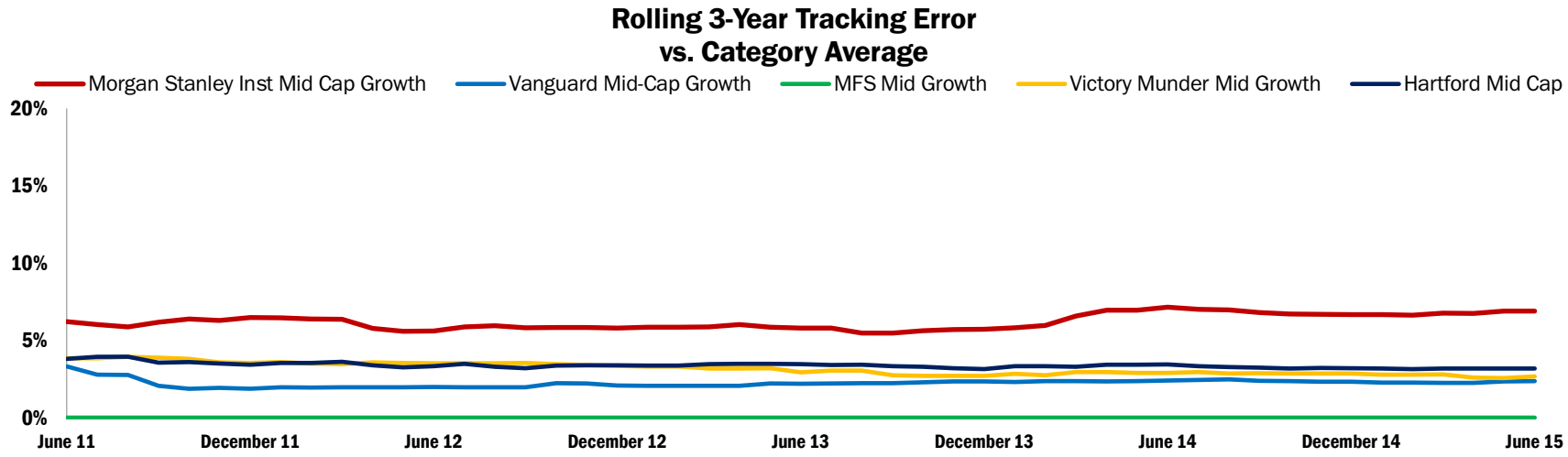


# East Bay MUD 457, 401(a), and 401(k) Retirement Plans

Mid Cap Growth Manager Search Report September 2015

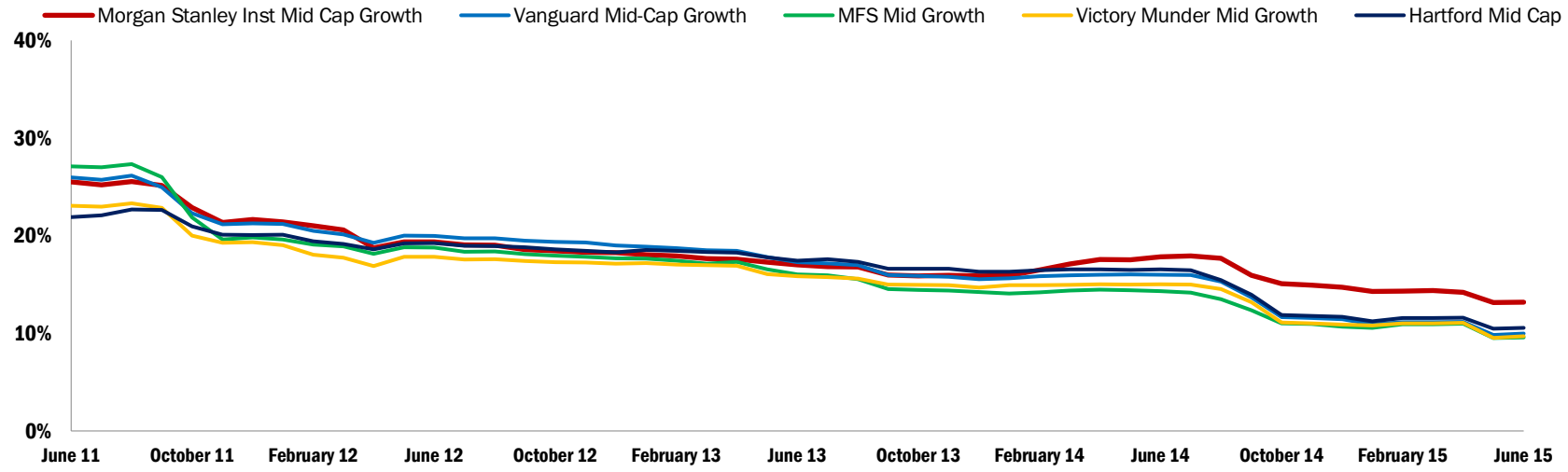


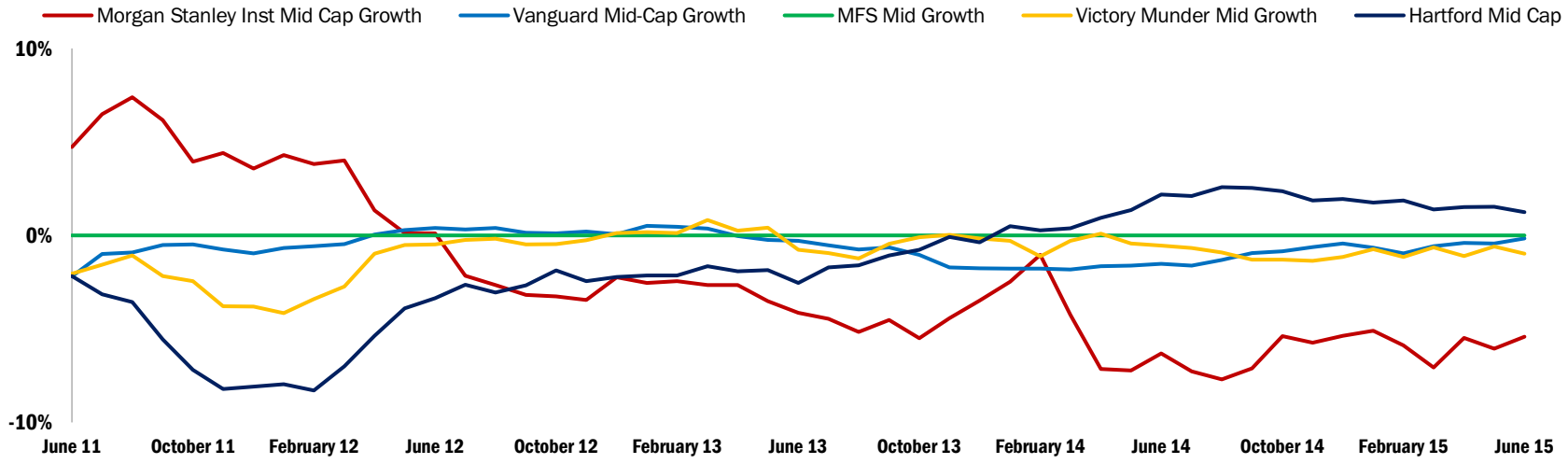
# East Bay MUD 457, 401(a), and 401(k) Retirement Plans

Mid Cap Growth Manager Search Report September 2015

## Rolling 3-Year Standard Deviation




## Rolling 3-Year Excess Return



# Section 7

## Section 7: Glossary

### Investment Terms

**Fixed Income:**
A fund that invests primarily in bonds and other fixed-income securities, often to provide shareholders with current income. Peer groups within this asset class may include, but are not limited to, Intermediate-Term, Money Market, Stable Value, Inflation-Protected, High Yield, Global, and others.

**Large Cap:**
A fund that invests in stocks of companies with large market capitalizations, typically starting at $10 billion. Large Caps tend to be well-established companies, so their stocks typically entail less volatility and more current income than Small Caps, but also offer less potential for dramatic growth. A Large Cap fund may pursue an investment style such as growth, value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group.

**Mid Cap:**
A fund that invests in stocks of companies with medium market capitalizations, typically ranging between $2 billion and $10 billion. Mid Caps are often considered to offer more growth potential than Large Caps (but less than Small Caps) and less risk than Small Caps (but more than Large Caps). A Mid Cap fund may pursue an investment style such as Growth, Value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group.

**Small Cap:**
A fund that invests in stocks of companies with small market capitalizations, typically no higher than $2 billion. Small Caps are often considered to offer more growth potential, but less current income than Large Caps and Mid Caps, and with more risk. A Small Cap fund may pursue an investment style such as Growth, Value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group.

**International Stock:**
A fund that invests primarily in the stocks of companies located, or with revenues derived from, outside of the United States. An International fund may pursue an investment style such as Growth, Value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group. Additional peer groups may include, but are not limited to, Global, Emerging Markets, and others.

**Asset Allocation:**
A fund that pursues a method of investing by which the manager include a range of different investment classes such as bonds, stocks, cash, alternative investments, and others in their portfolios. Peer groups within this asset class may include, but are not limited to Conservative Allocation, Moderate Allocation, Aggressive Allocation, Target Date, Life Cycle and others.

**Growth (investment style):**
A fund that invests primarily in the stocks of companies appearing to have relatively high growth prospects relative to their asset class. These companies often pay relatively low current income as most earnings are reinvested in the pursuit of higher future growth. These companies may also trade at relatively high valuations (such as price-to-earnings or price-to-sales) as investors may be willing to pay a “premium” to benefit from the company’s expected future growth.

**Value (investment style):**
A fund that invests primarily in the stocks of companies appearing be attractively priced by assorted metrics (such as price-to-earnings, price-to-sales, dividend yield, and others). These companies typically distribute a greater portion of their cash flows to shareholders than growth companies and as such will typically pay higher current income.

**Blend/Core (investment style):**
A fund that incorporates a comparable amount of Growth and Value investment styles into its investment management.

# East Bay MUD 457, 401(a), and 401(k) Retirement Plans

## Operational Terms

**CUSIP:**
A nine character code that represents most securities, including the type of security. A CUSIP can be used to expedite settlement of securities transactions.

**Expense Ratio:**
A measure of what it costs to operate an investment, expressed as a percentage of its assets or in basis points. These are costs the investor pays through a reduction in the investment's value.

**Mutual Fund:**
An investment company that gathers money from individual investors for the purchase of securities, such as stocks, bonds, or cash equivalents. Investors own shares of the mutual funds but do not own the underlying securities. Shares of mutual funds can typically be redeemed on an end-of-day basis for the net asset value of the underlying securities, minus any applicable fees.

**Redemption Fee:**
A fee collected by an investment company for selling out of a fund within a specified time period, typically 30 days. The fee is established to discourage short-term trading and is redistributed to any remaining fund investors.

**Revenue Share:**
A portion of a fund's expense ratio that may be used to pay plan expenses for certain retirement plans.

**Share Class:**
Some investment funds and companies offer more than one type or group of shares, each of which is considered a class (e.g., “Class A,” “Advisor” or “Institutional” shares). For most investment funds each class has different fees and expenses but all of the classes invest in the same pool of securities and share the same investment objectives.

**Ticker:**
A five-letter code, often used for trading purposes, that represents a particular mutual fund.

## Statistical Terms

**Batting Average:**
How frequently a fund outperformed its benchmark given a certain time period and periodicity of returns.

**Beta:**
A statistical measure of an investment's volatility and degree of co-movement relative to its benchmark. A beta of 1.0 implies that an investment has, or has exhibited the same degree of volatility as its benchmark and has tended to closely track the performance of its benchmark. A beta that is above (below) 1 implies that an investment has exhibited higher (lower) overall volatility than its benchmark. Beta is often viewed as indicative of an investment's sensitivity to "systematic" or market risk.

**R-Squared ($R^2$):**
A statistical measurement of how much of an investment's returns are explained by another set of returns, typically that of a benchmark. An $R^2$ of 1.0 (0.0) implies that 100% (0%) of an investment's returns are explained by its benchmark and provides an indication as to what degree the investment might be expected to move in step with its benchmark.

**Sharpe Ratio:**
A measure of risk-adjusted returns. The Sharpe Ratio is the ratio of an investment's excess return (typically versus its index or a "risk-free" investment such as Treasury Bills) relative to its standard deviation for the corresponding period. A high (low) Sharpe Ratio indicates that an investment has provided a high (low) amount of excess return relative to the amount of risk it has incurred in doing so.

**Standard Deviation:**
A statistical measurement of how an investment's returns have tended to fluctuate around their average. A higher standard deviation implies a broader range of returns relative to an average and thereby a higher degree of investment risk. Assuming a normal distribution, approximately 95% of an investment's returns should fall within two standard deviations of its average for the corresponding time period and periodicity.

**Tracking Error:**
Tracking error is a measurement of the volatility of the difference between an investment's returns versus those of its benchmark. Given a certain periodicity of returns (such as monthly or quarterly), tracking error measures the volatility of the difference of the investment's and the benchmark's periodic returns within a specified time period. Annualized tracking error above 6% is generally viewed as high.

**Up (Down) Capture Ratio:**
Up (down) capture compares an investment's upside (downside) performance relative to that of its benchmark when the benchmark was returning positive (negative). Up (down) capture is expressed in percentage terms. For example, an investment with 120% Up Capture has, in relative terms, provided 20% more returns than the benchmark in periods of rising markets.



Some of the data in this report has been provided by Morningstar.