POLICE PENSION BOARD AGENDA

NOVEMBER 13, 2014 - 10:00 A.M.

CITY HALL CONFERENCE ROOM
15 LOOCKERMAN PLAZA
DOVER, DELAWARE

Public comments are welcomed on any item and will be permitted at appropriate times. When possible, please notify the City Clerk (736-7008 or e-mail at CityClerk@dover.de.us) should you wish to be recognized.

AGENDA ADDITIONS/DELETIONS

1. Adoption of Minutes - Police Pension Board Meeting of August 14, 2014

2. Quarterly Performance Review *(Quarter Ending September 13, 2014) (Milliman, Inc.)*
   (Staff Recommends Acceptance of the Report)

3. Update on Pacific Investment Management Company (PIMCO) *(Milliman, Inc.)*

4. Review of Asset Allocation
   (This item was deferred during the Board meeting of August 14, 2014)

5. Adjournment by 10:55 a.m.

TO ASSURE THAT THERE WILL BE A QUORUM,
PLEASE RSVP BY CONTACTING THE CITY CLERK'S OFFICE
BY EMAIL AT CITYCLERK@DOVER.DE.US OR BY CALLING 736-7008
AS SOON AS POSSIBLE.

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THE AGENDA ITEMS AS LISTED MAY NOT BE CONSIDERED IN SEQUENCE. THIS AGENDA IS SUBJECT TO CHANGE TO INCLUDE THE ADDITION OR THE DELETION OF ITEMS, INCLUDING EXECUTIVE SESSIONS.

POLICE PENSION BOARD

The Police Pension Board meeting was held on August 14, 2014 at 10:03 a.m. with Mr. Lynn presiding in the absence of Chairman Mullaney. Members present were Mr. Stallings, Mr. Unterkofler, Chief Bernat, and Mr. Koenig. Mr. Anderson was absent.

AGENDA ADDITIONS/DELETIONS

Mr. Stallings moved for approval of the agenda as presented, seconded by Mr. Unterkofler.

Adoption of Minutes - Police Pension Board Meeting of May 1, 2014

Mr. Stallings moved for adoption of the minutes of the Police Pension Board meeting of May 1, 2014, seconded by Mr. Unterkofler and unanimously carried.

Organizational Issues - Election of Chair

Mr. Koenig moved to nominate Mr. Mullaney to serve as Chair of the Police Pension Board, seconded by Mr. Stallings and unanimously carried.

Quarterly Performance Review *(Quarter Ending June 30, 2014)*/Investment Manager Recommendations *(Milliman, Inc.)*

Mr. Jeff Marzinsky, Principal and Employee Benefits Consultant, Milliman, Inc., reviewed the Board Meeting Notes dated August 14, 2014. He advised members that the plan assets as of June 30, 2014 were approximately $12.26M, which was an increase from approximately $11.59M on March 31, 2014 and included contributions and pension payments made during the quarter. Performance of the plan portfolio for the quarter was approximately 4%, which was generally in line with the performance of the plan's benchmark index of 4.2%. Over the last year, the plan had a return of approximately 14.6%, which he stated was a good return in relation to the actuarial assumption of approximately 7% - 7.5% and would improve the funded status of the plan.

Referring to Page 2 of the Board Meeting Notes, Mr. Marzinsky indicated that the Vanguard Prime Cap Fund had been closed to new investments; therefore, it was recommended to rebalance to different investments within the plan. In addition, the Vanguard Morgan Growth Fund had shown underperformance and changes were recommended. Mr. Marzinsky explained that this would be discussed later in the meeting.

Mr. Marzinsky reviewed the Quarterly Investment Monitor - Summary Report for the Quarter Ending June 30, 2014. Referring to Page 3 - Market Indices - 2nd Quarter 2014, Mr. Marzinsky explained that the market had a very good quarter ending June 30, 2014, with equity markets performing very well and long-term bonds with very good returns as a result of declining interest rates. He stated that the Federal Reserve had indicated that interest rates would be kept low. Unemployment was down and in the 6% range, which was the lowest it had been in the last five (5) or six (6) years. The U.S. market was looking much better and returns for emerging markets, which were negative last year, were also starting to turn around. Caution was recommended going forward since the Dow Jones Industrial Average and Standard & Poor 500 were at high levels; however, returns for the year to date were "pretty good."

Referring to Page 9 - Asset Allocation, Mr. Marzinsky indicated that the plan had approximately $12.2M invested. He stated that approximately $560,000 was held in a Wells Fargo money market

account to make monthly benefit payments to members. Mr. Marzinsky stated that the portfolio had a good balance of funds and that the investments are rebalanced to the target asset allocations as needed or when a contribution is received.

Referring to Page 10 - Investment Policy Review - Active Management, Mr. Marzinsky stated that the Return Rank compared the plan's investment managers to similar investment managers. For example, he explained that the Ivy High Income I rank of 4 indicated that this fund ranked in the top 4% of funds in its category. He indicated that funds in the top 50% were doing well and those below 50% were highlighted. Mr. Marzinsky advised members that the Excess Return reflected the performance of the fund compared to the Standard & Poor and Dow Jones Industrial Average market indexes, noting that each asset category had a different index benchmark.

Mr. Marzinsky pointed out that the Vanguard Morgan Growth Admiral Fund was highlighted and had negative excess returns, which reflected that this fund underperformed its index by 2.84% over three (3) years and also underperformed over five (5) years. He explained that the Relative Standard Deviation indicates the volatility or risk of the fund compared to the risk of its index, and that a number above 1.0 indicates that a fund is more risky and moves up and down more than its index. Mr. Marzinsky stated that the Vanguard Morgan Growth Admiral Fund was taking on more risk than its market index but its performance was not exceeding the index. Mr. Marzinsky explained that lower numbers in Alpha and Sharpe rank are best, with the 99th percentile being the worst; therefore, the Vanguard Morgan Growth Fund ranked in the bottom third over three (3) years and at 65% or below over three (3) years for Sharpe, which indicated that the manager was not performing well compared to other funds in this category. He stated that other funds were generally performing well compared to the indexes and ranks within their category. There was slight underperformance in the Target Small Capitalization Value T Fund; however, it was taking on a little less risk and still ranked well compared to other funds in its category.

Mr. Marzinsky recommended that the Vanguard Morgan Growth Admiral Fund be removed from the plan portfolio and replaced with two (2) other funds, the Vanguard Growth Index and the Vanguard Mid Cap Index, since the Vanguard Morgan Growth Admiral Fund had been investing in both large and small-to-mid-size company stocks. He indicated that if the fund was not exceeding the market index, it would be better to invest in index funds.

Responding to Chief Bernat regarding the percentage of the plan portfolio that the Vanguard Morgan Growth Admiral Fund investments represented, Mr. Marzinsky stated that this was approximately 5% of the plan, which was approximately $600,000, 75% of which would be invested in the Vanguard Growth Index Fund and 25% in the Vanguard Mid Cap Index Fund, which would effectively replicate the current investment allocation.

Mrs. Mitchell stated her concurrence with this recommendation.

Chief Bernat moved in favor of Milliman, Inc.'s recommendation to remove the Vanguard Morgan Growth Admiral Fund from the plan portfolio and invest 75% of the funds in the Vanguard Growth Index Fund and 25% in the Vanguard Mid Cap Index Fund, seconded by Mr. Stallings and unanimously carried.

Annual Review of Investment Policy

Mr. Jeff Marzinsky, Milliman, Inc., advised members that he had redrafted the investment policy prepared by the prior investment advisor and had attempted to simplify the policy. He advised members that an investment policy statement serves as an instruction manual for the board to address their duties. It defines how investment managers are selected and monitored and how it is determined that money will be invested among those managers.

Mrs. Mitchell reminded members that Mr. Marzinsky had provided a draft Investment Policy Statement during their meeting held on May 14, 2014. She stated that she compared the plan's existing policy, the draft policy provided in May 2014, and the revised draft dated August 2014, and felt that the revised draft was a much better and clearer policy.

Mr. Marzinsky reviewed the Investment Policy Statement for the City of Dover Police Pension Plan, August 2014. He noted that it assigned responsibilities of the Board, Milliman, Inc. as the advisor, and Wells Fargo as the trustee and set forth a structure for managing the assets. In reviewing Page 3 - II. Statement of Objectives, he advised members that, during their meeting held earlier in the day, the Civilian Pension Board had approved a change in the wording of Objective #9 to read, "Attain a funded status such that the employer has the option to discontinue contributions to the plan if deemed appropriate and fully funded."

Mr. Lynn explained that this change was made by the Civilian Pension Board to clarify the language since members felt uncomfortable with the phrase "terminate the plan if deemed appropriate." He inquired if members wished to make a similar change.

Mr. Koenig moved to amend the language as suggested, seconded by Mr. Lynn.

Mr. Lynn explained that, when looking at Objective #9 as written, he was not necessarily sure that it reflected the intent to protect the pension fund. He felt that members would not wish to vest the employer with the ability to terminate the plan; therefore, it would be more prudent to state that funding the plan could be discontinued if it were fully funded.

Mr. Unterkofler inquired who would determine if funding would be discontinued. Responding, Mr. Lynn and Mrs. Mitchell stated their opinions that the Police Pension Board would make this decision.

The motion to amend the language of Objective # 9 to read "Attain a funded status such that the employer has the option to discontinue contributions to the plan if deemed appropriate and fully funded" was unanimously carried.

Mr. Marzinsky explained that the body of the Investment Policy Statement contained the operational goals and objectives for the Board and the actual plan asset allocation was included as Appendix A to the body of the Investment Policy Statement. In this way, the Board could approve the body of the investment policy and make changes to Appendix A - Strategic Asset Allocation Policy as needed.

Chief Bernat moved to approve the Investment Policy Statement, as amended *(Attachment #1),* seconded by Mr. Stallings and unanimously carried.

Mr. Unterkofler moved to authorize Mr. Mullaney to sign the Investment Policy on the Board's behalf, seconded by Mr. Stallings and unanimously carried.

Mr. Marzinsky reviewed the City of Dover, Delaware Police Pension Plan Asset Allocation Study dated July 2014 that was included with the Quarterly Performance Monitor - Summary Report for the Quarter Ending June 30, 2014. Referring to Page 2 - Optimization Input Review, Mr. Marzinsky explained that Milliman, Inc. had developed projections for market returns over the next ten years, as well as the level of risk. In developing a portfolio, return expectations were weighed against the risk. For example, the U.S. Large Value Fund had an expected return of approximately 8% and an Annual Standard Deviation of approximately 17; therefore, the returns for this fund could increase by 17 percentage points to 25% or decline to -9%.

In reference to Page 3 - Input Correlation, Mr. Marzinsky explained that this table reflected how well assets move together. If a portfolio were all equities, they would all go up and down at the same time; therefore, it was desired to mix asset categories to balance movements.

Referring to the Page 4 - Individual and Group Constraints, he indicated that Milliman, Inc. set constraints to allow for a minimum and maximum in each asset category in order to prevent over-investment in the same types of assets.

Mr. Marzinsky stated that page 5 - Portfolio Options, reflected the Current Portfolio Allocation of approximately 60% stocks and 40% fixed income investments in the fifth column, with an expected return of approximately 6.6% per year on average. He stated that during the previous year, the plan had a return of approximately 14% and the sample portfolios provided options for the Board to consider. If members desired to target a slightly higher return, as in Sample Portfolio #1, equity investments could be increased to approximately 67% and fixed income investments decreased to approximately 33%, although this would slightly increase volatility. Sample Portfolios #2 and #3 reflected the potential for greater returns but also greater risk. He stated that the current portfolio was a "more conservative, middle-of-the-road" portfolio. He advised members that actuarial expectations were for an approximate return of 7.5% per year and meeting this expectation would be a good thing for the funded status of the plan and would also affect the future contributions.

Mrs. Mitchell explained that during their meeting of August 14, 2014, the Civilian Pension Board had opted to select Sample Portfolio #1 in an effort to move closer to the actuarial assumption and to help the City with contributions. She did not feel that this would be taking an aggressive approach, such as that in Sample Portfolio #3. She also advised members that this portfolio allocation would be considered at the next annual investment policy review but could also be reviewed on a quarterly basis.

Mr. Lynn informed members that during the Civilian Pension Board meeting of August 14, 2014, Mr. Marzinsky had advised members that there would be no fees involved if a more aggressive approach were adopted and it was later decided to return to the original investment.

Mr. Marzinsky confirmed that the portfolio would be rebalanced each quarter to the selected targets; therefore, no additional trading would be required.

Mr. Unterkofler expressed his desire to defer changes to the asset allocation until Chairman Mullaney could be present.

Mr. Unterkofler moved to defer consideration of changes to the asset allocation until the next meeting, seconded by Mr. Stallings and unanimously carried. *(City Clerk's Office Note: The City of Dover Police Pension Plan Strategic Asset Allocation Policy is Appendix A to the Investment Policy Statement.)*

Future Meeting Dates

Mr. Unterkofler moved for approval of the proposed meeting dates of November 13, 2014; February 12, 2015; May 14, 2015, and August 13, 2015, seconded by Mr. Stallings and unanimously carried.

By unanimous consent, the meeting adjourned at 10:53 a.m.

Sean M. Lynn
Acting Chairman

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Attachment
Attachment #1 - Investment Policy Statement - City of Dover Police Plan - August 2014

INVESTMENT POLICY STATEMENT

CITY OF DOVER POLICE PENSION PLAN

August 2014

INVESTMENT POLICY STATEMENT

CITY OF DOVER POLICE PENSION PLAN

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I. PURPOSE & BACKGROUND

The Plan is a public employee retirement plan governed by The City of Dover Code of Ordinances.

The purpose of this Investment Policy Statement ("IPS") is to assist the participants of the plan who serve as members of the Police Pension Board of the City of Dover ("Board") under Section 2-202 of the City of Dover Code of Ordinances, this Investment Policy Statement ("Statement") presents investment objectives, policies, guidelines, and monitoring and review procedures relating to financial assets (the "Fund") of the City of Dover Police Pension Plan ("Plan").

The IPS will function to:

1. State in a written document the Board's expectations, objectives, and guidelines for the investment of Plan assets which the Board judges to be appropriate and prudent, in consideration of the needs of the Plan.
2. Define and assign the responsibilities for the oversight of the Plan's assets.
3. Set forth an investment structure for managing Plan assets. This structure will help to define asset class, Investment Manager styles, asset allocation and acceptable ranges that, combined, will help to generate the risk/return profile needed to meet the objectives of this policy.
4. Encourage effective communication between the Board and the Investment Consultant, as well as any other interested parties.
5. Establish formalized performance criteria that the Investment Managers selected are expected to meet and against which they are to be measured on a regular basis.
6. Serve as a review document to guide Board and Investment Consultant oversight of the investment options of the Plan's assets.
7. Establish the relevant investment time horizon, risk tolerances and performance expectations of the Plan assets and the Board.

II. STATEMENT OF OBJECTIVES

The assets of the Plan are invested under the supervision of the Board.

After reviewing expected short-term and long-term cash flow requirements of the plan, as well as considering the investment time horizon and risk tolerance level believed to be appropriate for the invested assets, the following set of objectives has been established:

1. Preservation of capital.

2. Pay all benefit and expense obligations when due.

3. Achieve a funding cushion to reduce the impact of possible future downturns in the plan's funded status.

4. Achieve or exceed actuarial earnings assumptions.

5. If applicable, effectively manage the funded status volatility and mitigate undue risk exposure under a Liability Driven Investment (LDI) strategy. The approach can assist in managing interest rate and inflationary risks.

6. Control risk exposure through reasonable and rational diversification of the assets into various asset classes.

7. Establish policies based on total return and expected projected payouts rather than current income.

8. Contain costs of administering and managing the portfolio.

9. Attain a funded status such that the employer has the option to discontinue contributions to the plan if deemed appropriate and fully funded.

III. CONTROL PROCEDURES & RESPONSIBILITIES

Disclosure

Any member of the Board, Custodian/Directed Trustee or Investment Consultant must make full disclosure of any potential conflicts of interest, including any financial gain that may be received as a result of investment decisions made by those entities, which may be required by applicable law. This disclosure should be made before the investment of the plan assets governed by this Investment Policy Statement. Disclosure should be in written form and presented to the members of the Board.

Delegation of Authority and Responsibilities

The Board is charged under Section 18-51 of the City of Dover Code of Ordinances with overall responsibility for investment of the Fund. To assist the Board in this function, it is authorized and permitted by said Ordinances to appoint an Investment Advisor, Investment Manager or IM(s), including for this purpose banks, insurance companies, and firms registered under the Investment Advisers Act of 1940 and/or Delaware State law, to manage (including the power to acquire and dispose of) Plan assets. Any appointed Investment Advisor must agree to conduct itself in accordance with all applicable City of Dover Ordinances.

The Board shall be responsible for approving any changes to this Investment Policy Statement, and shall be responsible for reviewing the implementation of the Investment Policy Statement not less frequently than annually.

These responsibilities include, but are not limited to:

Board The Board will be responsible for establishing investment objectives, investment policy and monitoring and review procedures. The establishment of standards for measuring, monitoring, evaluating and comparing absolute and relative investment performance to assure that investment returns are reviewed on a regular basis and investment return objectives are met during acceptable periods of time. The establishment of authorization, reporting, control, review and general governance procedures to assure that investment policies and guidelines are reviewed on a regular basis and conformed to at all times. All modifications of policies and/or guidelines shall be in writing, signed by all Board members, and delivered on a timely basis to any IM and/or Custodian affected by such changes. The establishment of, through contractual relationships with recognized and carefully selected professional organizations, or by alternative means satisfactory to the Board, a retirement plan management structure which will assure appropriate investment management, custody, and surveillance or compliance procedures to meet investment objectives in conformity with the Board's stated investment policies and guidelines. The Board will have discretion to select, add, replace or remove Investment Managers that will be used to meet the Plan's investment objectives, consistent with the recommendations and advice of the Investment Consultant.

Investment Consultant The Investment Consultant will be responsible for: providing recommendations to the Board for the selection of Investment Managers and appropriate asset allocation, consistent with the Investment Policy Statement objectives and guidelines; reviewing the performance of such Investment Managers over time; periodically reviewing and providing recommendations to the Board for revisions to the Investment Policy Statement; and other tasks as deemed appropriate by the Board. The Investment Consultant will act in a non-discretionary capacity.

Custodian/Directed Trustee The Custodian/Directed Trustee appointed by the Board will be responsible for the safekeeping of the fund assets, including all transaction settlements and deliveries and will perform regular accounting of all assets owned, purchased or sold, as well as transactions and movement of assets into and out of the Plan account.

Fund safekeeping and securities settlement procedures shall include direct Custodian participation in one or more appropriate securities depositories (e.g., Depository Trust Company, New York) and, as necessary, correspondent participation in other major depositories (e.g., the Federal Reserve System). The Plan's beneficial ownership of all assets shall be inviolate and in all circumstances perfected. Board or designated IM authority to direct all investment transactions shall similarly be protected.

The Directed Trustee will maintain possession of securities owned by the Plan, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The Directed Trustee will also be responsible for the payments to such persons and for such purposes in order to provide benefits to plan participants and the remittance of any tax related payments to the applicable State and Federal bodies.

Fiduciary insurance, and officer liability and omissions and errors insurance coverages, of any Custodian, must meet standards set by the Board from time to time.

Investment Manager(s)
The specific responsibilities of the Investment Manager(s) relating to the investment management of the fund include:

1. Managing the Plan assets under its care, custody, and/or control in accordance with their Investment Policy Statement ('IPS') or Prospectus objectives and guidelines set forth herein.

2. Exercising investment discretion (including holding cash equivalents as an alternative) within their IPS or Prospectus objective and guidelines set forth herein.

3. Promptly communicating all significant and/or material matters and changes pertaining to the investment of Plan assets, including, but not limited to:

    i. Investment strategy.
    ii. Portfolio structure.
    iii. Tactical approaches.
    iv. Ownership.
    v. Organizational structure.

vi. Financial condition.
vii. Professional staff.
viii. All legal material and SEC and other regulatory agency proceedings affecting the firm.

4. Promptly voting all proxies and related actions in a manner consistent with the long-term interests and objectives of the Plan set forth herein. Each manager shall keep detailed records of said voting and proxies and related actions and will comply with all regulatory obligations related thereto.

5. Utilize the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced, investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like benefit plans with like aims in accordance and compliance with all applicable laws, rules, and regulations from local, state, and federal political entities as the pertain to fiduciary duties and responsibilities.

The investments should be relatively liquid, or with a reasonable amount of notice, should be capable of liquidating to cash. There should be no fees or penalties for regular trading or liquidation.

IV. INVESTMENT AND ALLOCATION POLICY

***Investment Horizon*:** The investment guidelines are based on the expectation that the investment horizon will be several years in length. Short-term variability in returns should be expected.

Because of this, the Plan's strategic asset allocation is established with moderate to long-term perspective in mind. The Plan is required to pay retirement benefits to participants as they come due. Therefore, sufficient liquid reserves must be available to satisfy this obligation.

1. The actuary will provide future benefit payment amounts, funding and contribution requirements.

2. The plan should hold a portion of assets in short-term and cash holdings to provide for the schedule of future benefit payments.

***Risk Tolerances*:** It is understood by the Board that achieving the Plan's investment objectives is not guaranteed and there will be time periods for which these objectives will not be met. The Board also recognizes that some risk must be assumed to achieve the Plan's investment objectives and accepts the inevitable fluctuations in returns that will occur. While it is understood that a certain level of risk is expected in the Plan's portfolio, the ability to withstand short and intermediate term variability was specifically considered in the development of the IPS risk tolerances. Factors considered were:

1. It is the intention to fund at least the minimum required contribution (MRC) each year providing ample liquidity.
2. Due to the amount of payouts to occur for many years into the future, the Plan's liabilities exhibit a longer duration (sensitivity to changes in interest rates). As a result, extending durations in the fixed income portion of Plan assets should be considered.
3. The cash balance portion of the plan's liabilities grows at the rate of T-bill + 1%. Future liability growth will be factored into all investment decisions.

As a result of the above-named considerations, the Board believes that the Plan can tolerate some interim variability in market value and rates of return in order to achieve its long-term objectives.

Allowable Investments: Cash and Equivalents, Mutual Funds, Separate Accounts, Options and Futures Contracts, Stocks, Bonds, Commingled Funds, and Collective Trusts, Exchange Traded Funds (ETFs)

Liquidity Policy: The trust will be required to provide periodic distributions in the form of retirement benefit payments to participants. The actuary provides annual assessments of the funding requirements and payments necessary to meet the plans benefit obligations.

Overall Asset Allocation Policy

Based on the Plan's time horizon, risk tolerances, liquidity needs, and asset class preferences and constraints, an efficient or optimal portfolio was identified. This allocation shall be reviewed at least annually and modified as necessary to meet the needs of the Board.

[See Appendix A for the Strategic Asset Allocation Policy of the Plan.]

The current allocation strategy is dynamic in nature under a Liability Drive Investment (LDI) approach. The allocation shall be reviewed periodically, at least annually, and modified as necessary to de-risk the plan, based on the funded status. The overall performance of the portfolio relative to the liabilities will be reviewed in addition to actual performance of the managers.

Rebalancing: Rebalancing is the periodic adjustment of the portfolio to restore a pre-defined Target asset allocation, and will be reviewed at least once per calendar quarter, or as such when the allocation of any asset class exceeds the range around its respective target.

Change in Funding Target Level

Based on the asset allocation glidepath and funding target levels outlined in the Asset Allocation Policy, an increase in the Plan funding ratio that elevates the plan to a new increment level will trigger a rebalancing of Plan assets to the new targets. If the Plan funding ratio decreases and meets a lower target level, the plan will not rebalance to the new target asset allocation.

Timing

Rebalancing reviews generally take place quarterly, or at a frequency determined by appropriate by the Board. Generally, the rebalancing transactions will occur over a period of time to reduce undue market timing risk.

The Plan will diversify its investment portfolio to avoid incurring unreasonable risks. Investment maturities should be scheduled to coincide with projected cash flow requirements. As funded status improves, the asset allocation policy targets will reduce equity investments and increase fixed income investments and "de-risk" the plan portfolio.

V. INVESTMENT MANAGER GUIDELINES

Every Investment Manager selected to manage Plan assets shall be selected by their policy or ability to adhere to these general guidelines; however will have discretion to meet the investment objectives of their portfolio or investment fund. Unless receiving prior Board approval, the only allowable investments of the Plan will be in cash and equivalents, mutual funds, separate accounts, commingled funds, options and futures, stocks, bonds, exchange traded funds (ETFs) and collective trusts:

Cash Policy

Cash equivalents will be invested in an appropriate cash-like fund. Returns should be equal to or better than the 90-day Treasury Bill Index (3-month).

Money market mutual funds may be used, so long as these funds meet the high standards suitable for funds of this nature.

Fixed Income Policy

Investment Objectives

These assets are to be invested in a mutual fund, commingled funds, separate accounts, or collective trusts of high-grade index or active fixed income portfolio subject to the limitations set forth below. The investment objectives of the fixed income portion in order of importance are:

1. Preservation of capital
2. Provide for regular dividend and or interest payments
3. Stability of returns – obtain fairly consistent annual returns.

Investment Guidelines

The Plan's fixed income assets will be managed in accordance with the following:

1. All funds selected for the fixed income portion must have a readily ascertainable market value and must be readily marketable.

2. Investment Managers selected will be diversified and generally conform to industry guidelines.

3. The Investment Managers shall have discretion to invest a portion of the assets in cash reserves when they deem appropriate. However, the Investment Managers will be evaluated against their peers on the performance of the total funds under their direct management.

Equity Policy

Investment Objectives

Equity assets are to be invested in mutual funds, commingled funds, separate accounts, stocks, bonds, options and futures, exchange traded funds (ETFs) or collective trusts. Within this framework, the investment objectives of the equity portion are:

1. Long Term Growth of Capital – Assets, exclusive of contribution and withdrawals, should grow in the long run and earn returns equal to the market while risk should be less than the market.

2. Follow a predefined market style (e.g. large cap vs. small cap, value vs. growth) strategy.

Investment Guidelines

The Plan's equity assets will be managed in accordance with the following:

1. All funds selected for the equity portion must have a readily ascertainable market value and must be readily marketable.

2. Investment Managers selected will be diversified and generally conform to industry guidelines.

3. The Investment Managers shall have discretion to invest a portion of the assets in cash reserves when they deem appropriate. However, the Fund Managers will be evaluated against their peers on the performance of the total funds under their direct management.

VI. SELECTION OF INVESTMENT MANAGERS

The Board, with the assistance of the Investment Consultant, will select appropriate Investment Managers to manage the Plan assets. Investment Managers must meet the following minimum criteria:

1. Is a bank, insurance company, investment management company, or investment advisor as defined by the Registered Investment Advisers Act of 1940.

2. Provide at a minimum, historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all the fully discretionary accounts of similar investment style, and reported net and gross of fees.

3. Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the Investment Manager relative to other managers of like investment style.

4. Provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel. This information can be supplied by a third party vendor comparable to Lipper or Morningstar.

5. Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

6. Investment Managers will be ranked within the top 50 percent of their respective styles on the Investment Consultant's internal ranking program when available.

7. Some of the measures that may be included in the statistical analysis of a fund would be:

    a. *Alpha* – a measure of fund performance compared to its expected return
    b. *Beta* – the general level of influence a fund's market has over its performance
    c. *Standard Deviation* – a measure of a fund's variation of returns over time
    d. *Sharpe Ratio* – a measure of a fund's risk-adjusted return compared to its risk
    e. *Duration* – a measure of sensitivity to interest rate fluctuations over time

8. The Board will consider replacing an actively managed fund if the rank versus its peer group remains in the bottom 50 percent for four consecutive quarters versus its peer group and if statistical analysis concludes that the fund's level of return does not provide an acceptable ratio as compared to its general level of risk.

9. The Board may consider a fund for replacement when the Investment Manager or policy of the fund is changed. In addition, if there are any substantial transactions with regard to the fund management company or holding, or other types of instabilities in the fund company, replacement will be considered.

10. The Board may also consider replacing a fund if its relative performance over a complete market cycle trails its benchmark.

VII. INVESTMENT EVALUATION

Not more than 90 days after the end of each calendar quarter, the Investment Consultant shall report investment positions and performance results to the Board, based on performance reported by each Fund Manager, to monitor and evaluate progress toward the attainment of longer-term targets.

The target rate of return for the Plan has been based on the assumption that future real returns will approximate the long-term rates of return experienced for each asset class in the IPS. The real rate of return is the return in excess of the anticipated rate of inflation as measured by the Consumer Price Index (CPI).

Total Plan Portfolio Performance: Over a complete business cycle, the Plan's overall annualized total return (net of expenses) should perform at or above the Plan Benchmark. The Plan Benchmark is a customized index composed of the following benchmarks for each target asset class and based on the current and prior target asset allocation policy for the Plan:

Asset Category	Index*
Cash & Money Market	BofA ML 3-month T-bill Total Return Index
Short-term Bond	Barclays US Govt/Credit 1-3 Yr TR USD
Inflation Protected Bond	Barclays US Treasury US TIPS TR USD
Intermediate-term Bond	Barclays US Govt 5-10 Yr TR USD
Long-term Bond	BC Long Government/Credit
High Yield Bond	BC High Yield Corporate Bond
Large Cap Value	S&P 500 Value
Large Cap Blend	S&P 500 Index
Large Cap Growth	S&P 500 Growth
Mid Cap Value	S&P 400 Value
Mid Cap Blend	S&P 400 Index
Mid Cap Growth	S&P 400 Growth
Small Cap Value	S&P 600 Value
Small Cap Blend	S&P 600 Index
Small Cap Growth	S&P 600 Growth
World Stock	MSCI AC World Index ND USD
Diversified Emerging Markets	FTSE Emerging NR USD
REIT/Real Estate	MSCI US REIT NR USD

**Or other index as designated by the fund and/or fund manager as an appropriate target benchmark for the investment portfolio or fund.*

Individual Investment Managers: During its periodic meetings but not less than annually, the Board will review the following specifics with regard to each Investment Manager:

1. The manager's adherence to their prospectus.
2. Material changes in the manager's organization, investment philosophy, and/or personnel.
3. Performance compared against an appropriate peer group and benchmark, as listed in the Executive Summary of this IPS, over various time periods.

The Board expects the following criteria to be met by each Investment Manager. If a manager fails to meet these, a further review of the manager will be warranted. The Board reserves the right to replace an Investment Manager at their discretion at any time.

1. The Investment Manager's rank (3-year and 5-year return) versus its peer group is over 50 *(where a percentile ranking of 1 would be the highest a fund could achieve and 100 would be the lowest*). If a fund or Investment Manager's rank (3-year and 5-year return) versus its peer g*roup is over 50, the fund will warrant a closer analytic review. The Board's review will* be comprised of a further analysis of the fund's statistical performance and risk measures.

2. The Investment Manager's risk over 3 to 5 years, as measured by standard deviation, should be equal to or lower than the comparative index. If the standard deviation is higher than the index, an increase in performance is expected.

3. The Investment Manager's Sharpe ratio should be positive over 3 to 5 years and ranked above the peer group median.

4. The Investment Manager's Alpha should be positive over a 3 to 5 year period and ranked above the peer group median.

SIGNATURE

This Statement of Investment Policy approved by action of the Board.

Approved by: _____
Chairman or representative of the Board

_____
Controller/Treasurer

Date approved: 8/14/14

APPENDIX A

This Appendix to the Investment Policy Statement has been reviewed and approved by the Board:

STRATEGIC ASSET ALLOCATION POLICY

Asset Class	Target
Cash & Short-Term Bond	10%
Inflation-Protected Bond	5%
Intermediate Term Bond	8%
Long-Term Bond	9%
High Yield Bond	8%
Large Value	10%
Large Growth	10%
Mid Cap Equity	5%
Small Cap Equity	8%
Foreign Equity	10%
Diversified Emerging Mkts	10%
Real Estate	7%
	100%

The above ranges will be considered the long-term or policy allocation. The current "Policy" is the Target for such respective Asset Class of investment. There will be a Range of +/- 5% to the Target to allow for modest market fluctuations before rebalancing of the portfolio. The portfolio will be reviewed at least quarterly and adjusted as necessary to maintain alignment with the target allocations. Any deviations beyond the "Range" must have prior approval by the Board, unless caused by market actions.

To indicate approval of this amendment to the Investment Policy Statement, the appropriate designated Board member shall sign below.

This Appendix to the Statement of Investment Policy approved by action of the Board.

Approved by: _____
Chairman or representative of the Board

_____
Controller/Treasurer

Date approved: 8/14/14

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milliman.com

MEMO

To:	City of Dover, Delaware Police Pension Plan – Board
From:	Jeff Marzinsky & Matt Albano/Milliman
Re:	Board Meeting Notes

Enclosures: Milliman Quarterly Investment Monitor Report (QIM)

1. Police Pension Plan Investment Review through 9/30/14:
   a. As of quarter end, the plan had $11.70 million, down from $12.26 million at the prior quarter end. During the quarter, the plan had no contributions, withdrawals of approximately $389 thousand, and fees of $1.43 thousand.
   b. Total performance of the plan portfolio was -1.67% net (-1.60% gross) for the quarter, in line with the Plan's benchmark index performance of -1.43%.

City of Dover
Police Pension Plan
Quarterly Return Summary

Month End	BMV	Contribution	Withdrawls	Fees	Gain	EMV	POLICE-NET RETURN	POLICE GROSS-RETURN
10/31/2013	$ 11,415,001.04	$ -	$ 127,486.81	$ 459.44	$ 330,591.56	$ 11,617,646.35	2.93%	2.95%
11/30/2013	$ 11,617,646.35	$ -	$ 127,486.81	$ 463.52	$ 48,882.24	$ 11,538,578.26	0.43%	0.45%
12/31/2013	$ 11,538,578.26	$ -	$ 127,486.81	$ 536.27	$ 67,294.10	$ 11,477,849.28	0.59%	0.61%
1/31/2014	$ 11,477,849.28	$ 206,626.39	$ 129,993.49	$ 458.75	$ (126,461.59)	$ 11,427,561.84	-1.11%	-1.08%
2/28/2014	$ 11,427,561.84	$ -	$ 129,993.49	$ 458.20	$ 357,379.64	$ 11,654,489.79	3.16%	3.18%
3/31/2014	$ 11,654,489.79	$ -	$ 129,993.49	$ 227.47	$ 70,399.16	$ 11,594,667.99	0.61%	0.64%
4/30/2014	$ 11,594,667.99	$ -	$ 130,337.56	$ 344.70	$ 68,278.78	$ 11,532,264.51	0.60%	0.62%
5/31/2014	$ 11,532,264.51	$ 46,951.58	$ 130,455.38	$ 461.89	$ 221,591.18	$ 11,669,890.00	1.94%	1.97%
6/30/2014	$ 11,669,890.00	$ 556,834.80	$ 129,993.49	$ 465.34	$ 165,132.98	$ 12,261,398.95	1.37%	1.40%
7/31/2014	$ 12,261,398.95	$ -	$ 129,993.49	$ 480.44	$ (139,264.73)	$ 11,991,660.29	-1.15%	-1.12%
8/31/2014	$ 11,991,660.29	$ -	$ 129,454.36	$ 473.46	$ 303,442.03	$ 12,165,174.50	2.56%	2.58%
9/30/2014	$ 12,165,174.50	$ -	$ 129,454.36	$ 477.37	$ (366,419.08)	$ 11,668,823.69	-3.01%	-2.99%
		$ -	$ 388,902.21	$ 1,431.27	$ (202,241.78)	Quarterly Return	-1.67%	-1.60%
		$ 810,412.77	$ 1,552,129.54	$ 5,306.85	$ 1,000,846.27	One Year Return	9.09%	9.41%

   c. As of quarter end, the Plan's asset allocation was in line with the allocation targets, as the plan was rebalanced on its quarterly schedule prior to quarter end.

Category Description	Fund Category	Investment Name	Target Allocation with Additional Asset Classes	Asset Allocation Range 11/2013
Money Market	CA	Wells Fargo Advtg Treas Plus MMkt	4.50%	5-15%; target 10% Cash + STB
Short Term Bonds	STB	Vanguard Short Term Bond	5.50%	5-15%; target 10% Cash + STB
Inflation Protected Bonds	TIPS	Vanguard Inflation Prot Sec	5.00%	5-10%; target of 5% TIPS
Intermediate Term Bonds	INTB	Vanguard Intermediate Bond	8.00%	3-13%; target 8% INTB
Long Term Bonds	LTB	PIMCO Long Duration	4.50%	4-14%; target 9% LTB
Long Term Bonds	LTB	Vanguard Long Duration	4.50%	4-14%; target 9% LTB
High Yield Bond	HYB	Ivy High Income I	8.00%	3-13%; target 8% HYB
Large Cap Value	LCV	Vanguard Equity Income	10.00%	5-15%; target 10% LCV
Large Cap Growth	LCG	Vanguard Morgan Growth	0.00%	REMOVED
Large Cap Growth	LCG	Vanguard Primecap	5.30%	CLOSED - no longer accepting contributions
Large Cap Growth	LCG	Vanguard Growth Index	4.70%	5-15%; target 10% LCG
Mid Cap	MCB	Vanguard Mid Cap Index	2.50%	0-10%; target 5% MC
Mid Cap	MCV	Vanguard Mid Cap Value Index	2.50%	0-10%; target 5% MC
Small Cap	SCV	Target Small Cap Value	8.00%	3-13%; target 8% SC
Real Estate Investment	REIT	Vanguard REIT Index	7.00%	2-12%; target 7% REIT
Foreign Equity	GLB	American Funds New Perspective	5.00%	5-15%; target 10% FOR
Foreign Equity	FLG	Oppenheimber International Growth Y	5.00%	5-15%; target 10% FOR
Foreign Equity	GLB	Harding Loevner Global Equity	0.00%	REMOVED
Emerging Markets	EMG	Vanguard Emerging Mkts	10.00%	5-15%; target 10% Emg Mkts

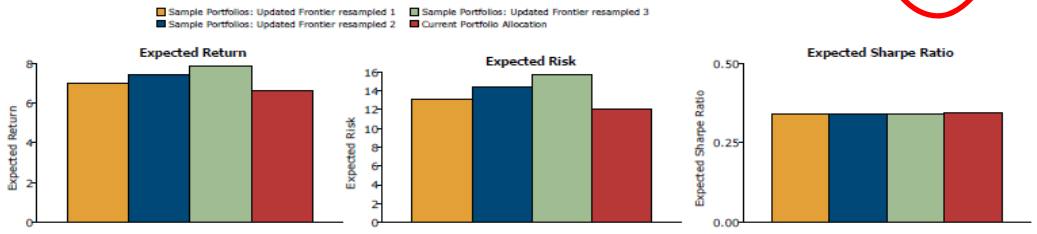
d. The majority of the plan investments have performance and rankings in line with their peer groups and benchmarks, as well as risk analytics that rank well to their peer groups.
    i. The plan includes the PIMCO Long Duration as a bond manager.
        - During the year PIMCO has had a variety of management changes within the organization with the resignation of their CEO during March, and the recent departure of Bill Gross, manager of the Total Return fund. With the changes in management of the organization, we recommend placing a watch on all PIMCO funds to review stability of management within the organization and their investment management teams.

2. Annual Investment Policy and Asset Allocation Review (re-addressed from the August Meeting)
    a. A draft Investment Policy Statement had been provided at the May meeting. It will be updated based on a Board decision regarding the overall portfolio asset allocation.
    b. In addition, it was discussed that the Board would review the overall portfolio allocation and determine if changes should be made. Milliman has prepared various allocation scenarios for consideration.
        i. An asset allocation study was conducted and summarized into the following optional investment allocation scenarios for consideration.
        ii. The current portfolio is indicated on the following exhibit, as “Current Portfolio Allocation”, along with three scenarios that could potentially increase the level of return (expected returns) and consequently the level of risk (standard deviation of returns).
        iii. Noting that the plan has an approximate duration of liabilities in the 13 year range; a slight adjustment to the equity and long duration bond categories will be made in each of the Sample Portfolios in the asset allocation study to compensate.

Milliman | **Asset Allocation Study**

Portfolio Options

	Sample Portfolios: Updated Frontier resampled 1	Sample Portfolios: Updated Frontier resampled 2	Sample Portfolios: Updated Frontier resampled 3	Current Portfolio Allocation
Cash	3.6	3.3	3.0	4.5
Short Bonds	4.5	3.0	2.0	5.5
Long Bonds	7.3	7.3	4.0	9.0
Interm Bonds	5.9	2.7	2.0	8.0
Inflation-Indexed Bonds	4.7	3.1	2.1	5.0
High Yield	6.7	6.7	6.9	8.0
US Large Growth	14.4	15.3	15.9	10.0
US Large Value	10.6	12.1	9.2	10.0
US Small Value	6.8	7.6	11.5	8.0
US MidCap Value	6.2	6.8	8.6	5.0
Foreign Developed Equity	12.2	13.5	15.1	10.0
Emerging Markets Equity	8.9	9.4	11.2	10.0
US REITs	8.3	9.3	8.5	7.0
Fixed Income	**32.7%**	**26.1%**	**20.0%**	**40.0%**
Equity	**67.4%**	**74.0%**	**80.0%**	**60.0%**
Expected Return	7.00%	7.42%	7.85%	6.63%
Expected Standard Deviation	13.152	14.405	15.781	12.015
Expected Sharpe Ratio	0.342	0.342	0.339	0.344



			POLICE CURRENT		Sample 1		Sample 2		Sample 3	
Asset Category	**Approx Duration Years**	**E(r)**	**Current Target**	**Approx Duration**	**Target**	**Approx Duration**	**Target**	**Approx Duration**	**Target**	**Approx Duration**
Cash	0.50	2.5	4.5%	0.023	3%	0.02	3%	0.02	3%	0.02
Short Term	2.70	2.25	5.5%	0.149	5%	0.14	3%	0.08	2%	0.05
Inflation-Protected Bond	7.80	2.1	5.0%	0.390	5%	0.39	3%	0.23	2%	0.16
Intermediate Term Bond	6.50	2.35	8.0%	0.520	6%	0.39	4%	0.26	2%	0.13
Long-Term Bond	14.20	2.9	9.0%	1.278	7%	0.99	6%	0.85	4%	0.57
High Yield Bond	4.00	6.5	8.0%	0.320	7%	0.28	7%	0.28	7%	0.28
Large Value		8.05	10.0%	-	11%	-	12%	-	9%	-
Large Growth		8.9	10.0%	-	14%	-	15%	-	16%	-
Mid Cap Equity		8.15	5.0%	-	6%	-	7%	-	9%	-
Small Cap Equity		8.4	8.0%	-	7%	-	8%	-	11%	-
Foreign Equity		8.85	10.0%	-	12%	-	13%	-	15%	-
Diversified Emerging Mkts		11	10.0%	-	9%	-	10%	-	11%	-
Real Estate		8	7.0%	-	8%	-	9%	-	9%	-
			100.0%		100%		100%		100%	
Equity Allocation			60%		67%		74%		80%	
Fixed Income Allocation			40%		33%		26%		20%	
Expected Return (%)			6.63		6.99		7.44		7.84	
Approximate Standard Deviation			11.99		13.15		14.4		15.78	
Approximate Duration of Portfolio			2.68		2.20		1.72		1.20	

The analysis in this report was prepared utilizing data from third parties and other sources including but not limited to internal computer software and databases, including among others mpiStylus Pro©,, software designed by Markov Processes International. Reasonable care has been taken to assure the accuracy of the data contained herein, and comments are objectively stated and are based on facts gathered in good faith. These reports do not constitute investment advice with respect to the sale or disposition of individual securities. Milliman disclaims responsibility, financial or otherwise, for the accuracy or completeness of this report.

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Quarterly Investment Monitor

Summary Report for the Quarter Ending September 30, 2014

Prepared for
City of Dover, Delaware Police Pension Plan

Milliman



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Section C: Core Fund Review

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Milliman | Quarterly Investment Monitor

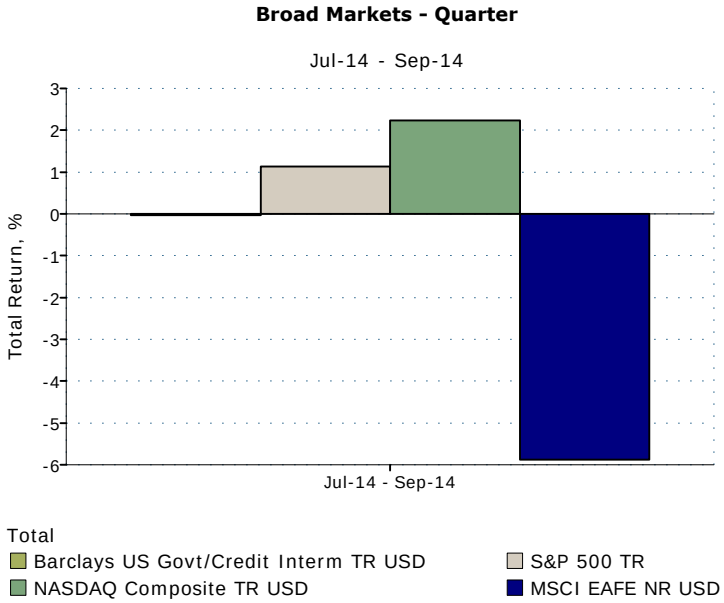
Market Indices - 3rd Quarter 2014

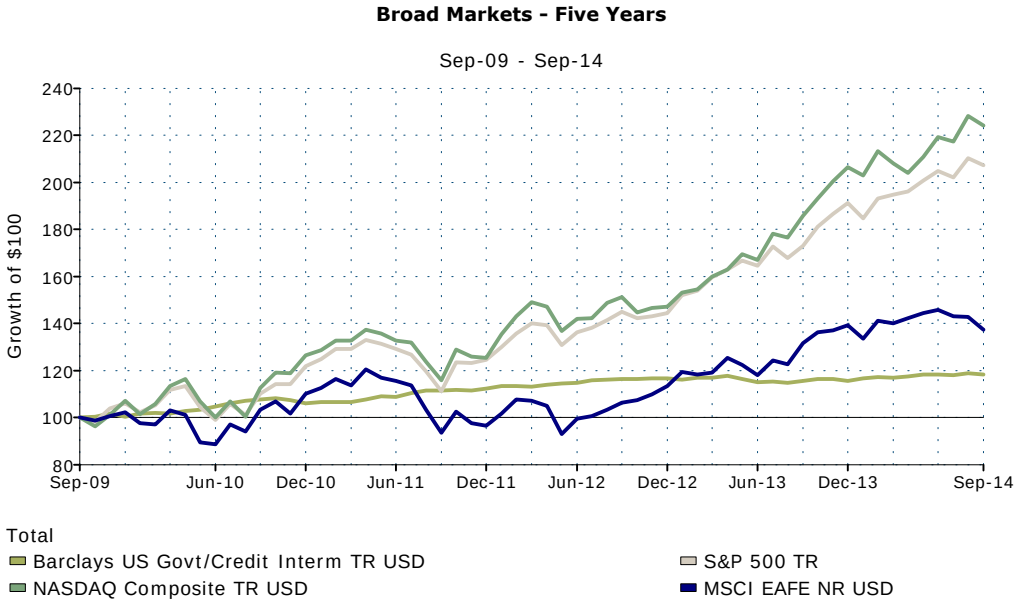


Index	3 Months	1 Year	3 Years	5 Years
BofAML US Treasury Bill 3 Mon	0.01	0.05	0.07	0.10
Barclays US Govt 1-3 Yr TR USD	0.03	0.52	0.51	1.07
Barclays US Govt/Credit Interm TR USD	-0.03	2.20	2.01	3.42
Barclays US Government Long TR USD	2.63	11.60	2.08	6.99
Barclays US Long Credit TR USD	0.17	13.58	6.71	8.67
Barclays US Corporate High Yield TR USD	-1.87	7.20	11.09	10.57
DJ Industrial Average TR USD	1.87	15.29	19.02	14.85
S&P 500 TR	1.13	19.73	22.99	15.70
NASDAQ 100 TR USD	5.53	27.52	25.36	20.01
NASDAQ Composite TR USD	2.24	20.61	24.57	17.51
Russell 1000 Value TR USD	-0.19	18.89	23.93	15.26
Russell 1000 TR USD	0.65	19.01	23.23	15.90
Russell 1000 Growth TR USD	1.49	19.15	22.45	16.50
Russell 2000 Value TR USD	-8.58	4.12	20.61	13.02
Russell 2000 TR USD	-7.36	3.93	21.26	14.29
Russell 2000 Growth TR USD	-6.13	3.79	21.91	15.51
FTSE NAREIT All REITs TR	-2.63	13.44	17.02	15.75
MSCI EAFE NR USD	-5.88	4.25	13.65	6.56
MSCI EAFE Small Cap NR USD	-7.82	3.00	14.49	8.91
MSCI EM NR USD	-3.50	4.30	7.19	4.42

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Broad Market Commentary - 3rd Quarter 2014



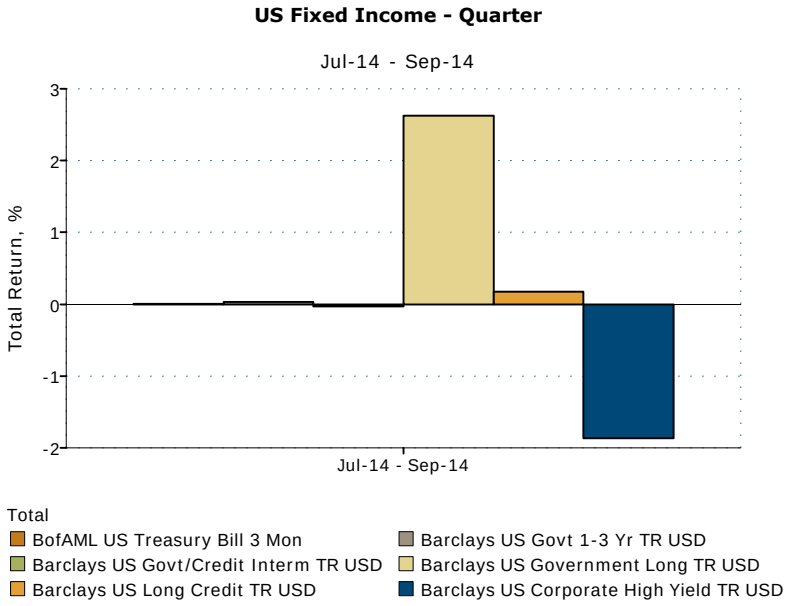


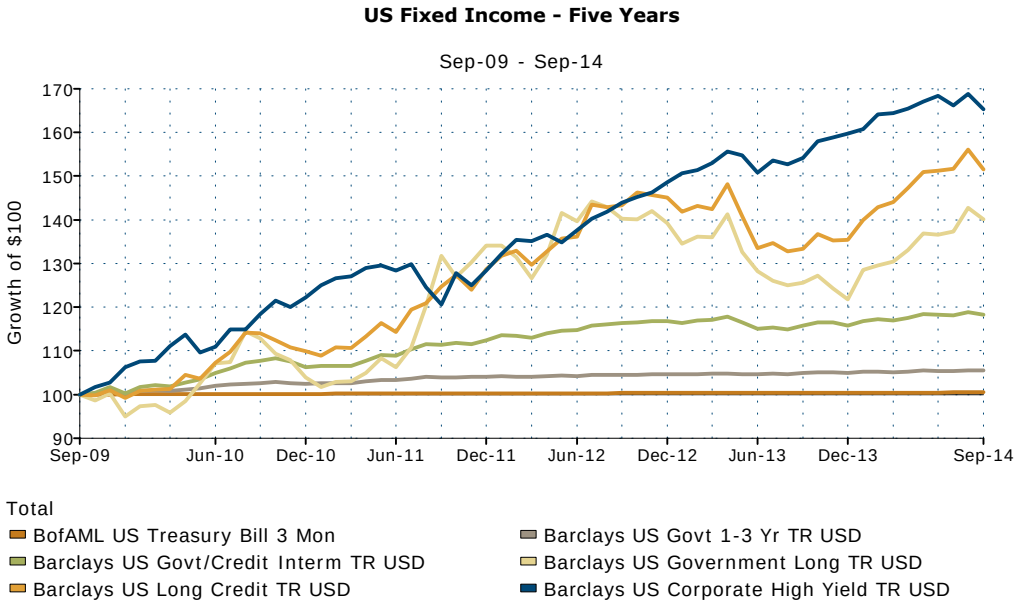
Market Commentary

- The U.S. stock market rose modestly on improving economic data, strong mergers-and-acquisitions activity and solid growth in corporate earnings.
- Developed international equity markets fell due to weak economic growth and significant deflationary pressures in Europe and Japan.
- Emerging markets declined on worries about slowing economic growth in China, the reduction of Federal Reserve stimulus, and the ongoing political crisis in Ukraine.
- The Fed continued to reduce its securities purchase from its $85 billion level in late 2013 to a target of zero by the end of October.
- Mutual fund investors increased their holdings in bonds and decreased their holdings in stocks. For the quarter, bond funds had net inflows of $17.9 billion, while stock funds had net outflows of $8.0 billion. Total money market mutual fund assets decreased by $34.4 billion to $2.591 trillion.
- The unemployment rate fell from 6.1% to 5.9%, as total employment increased by 671,000 jobs.
- The price of oil decreased from $105 per barrel to $91 during the quarter, a decline of 13.3%.

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US Fixed Income Market Commentary - 3rd Quarter 2014



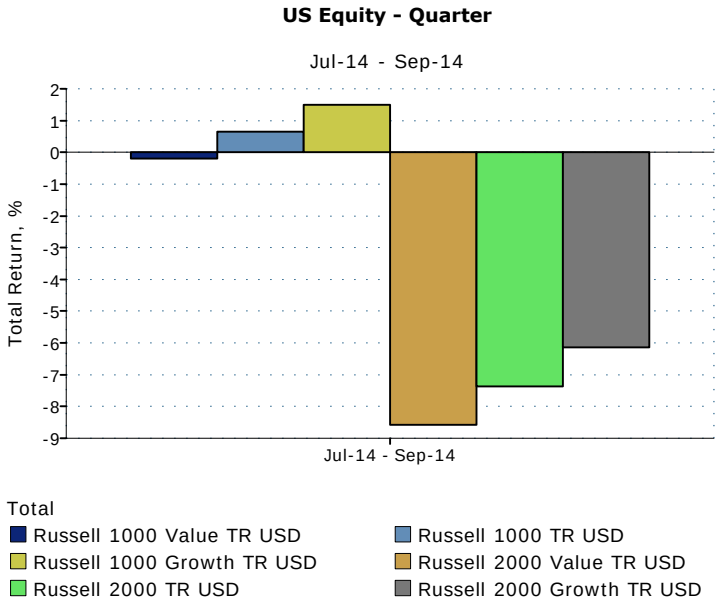


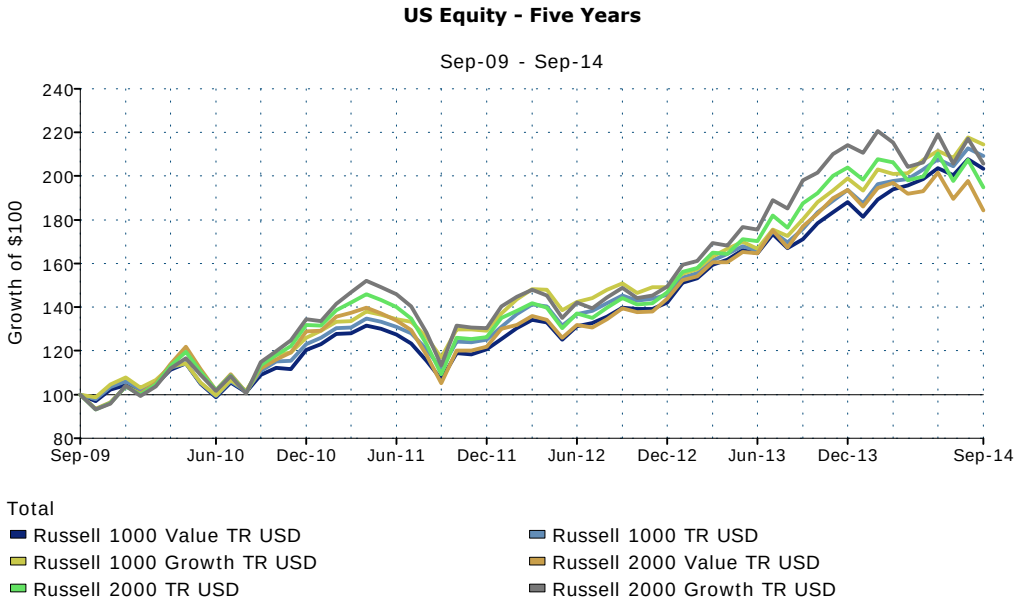
US Bond Market

- The broad fixed income market rose 0.16% in the 3rd quarter, as the coupon return of 0.77% more than offset the negative impact from a 0.14% increase in interest rates.
- The short end of the yield curve remained unchanged as the Fed maintained its near-zero interest rate policy.
- The yield curve continued to flatten as the 30-year Treasury yield fell by 0.16%, while the 3-year rose by 0.17%.
- Long-term government bonds were the best performing sector this quarter, up 2.99%, as investors favored save-haven assets.
- Long-term corporate bonds were up 0.44%, as declining yields on the long end of the curve more than offset widening spreads.
- Global bonds were the worst performing sector this quarter, down 2.84%, as most foreign currencies fell sharply against the U.S. dollar.

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US Equity Market Commentary - 3rd Quarter 2014



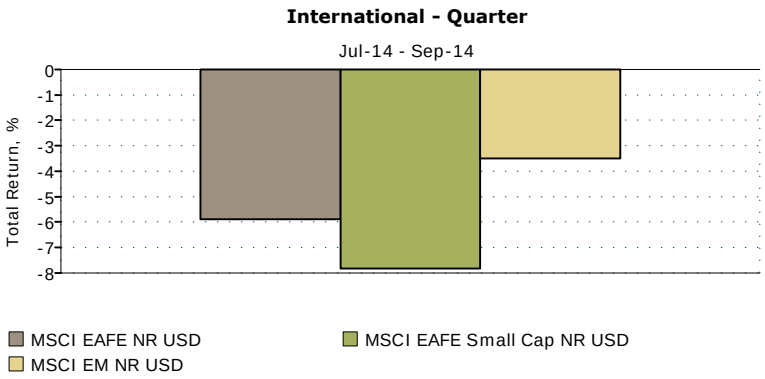


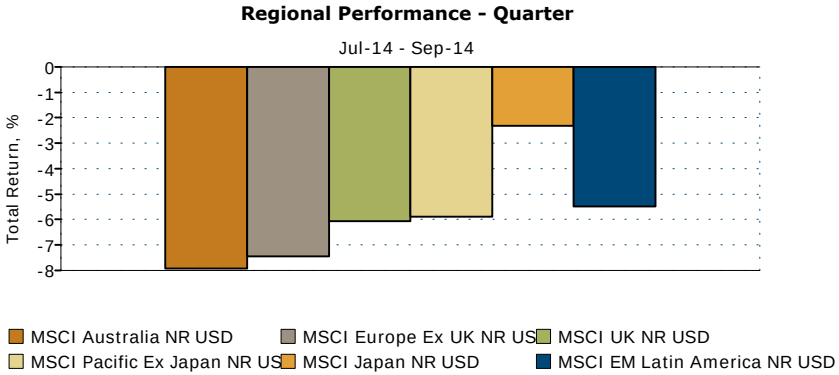
US Stock Market

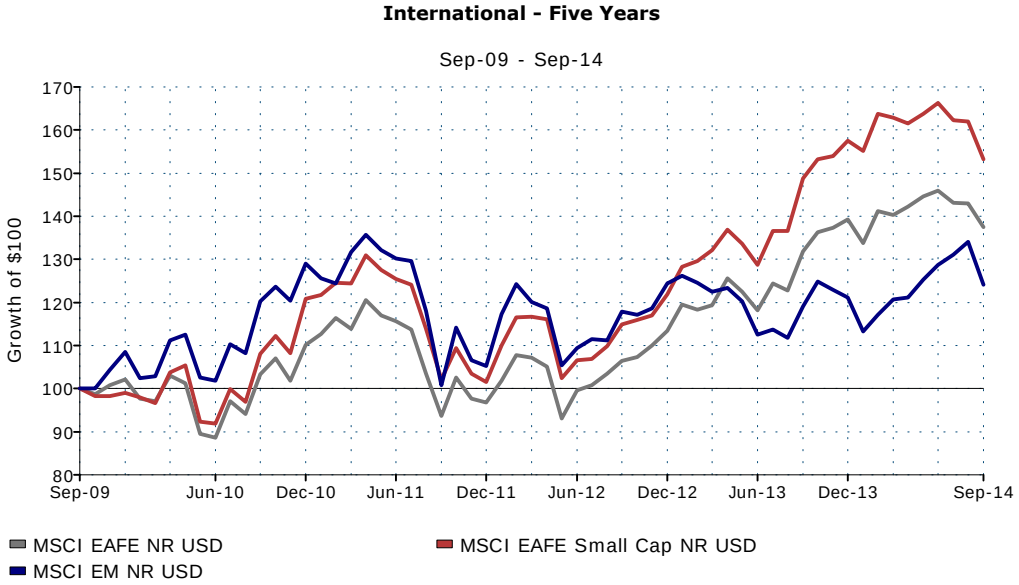
- The major domestic equity indicies were mixed for the quarter. The large-cap Russell 1000 Growth Index had the best return, up 1.49%.
- In terms of capitalization, large-cap stocks outperformed small-cap stocks.
- In comparing styles, growth outperformed value in the both large-cap and small-cap areas of the market.
- REITs fell 3.00%. as the likelihood of higher interest rates reduced demand for dividend-paying stocks. The worst performing REITs were industrial warehouses and the office sector.
- Energy was the worst performing sector, falling 8.52%, on lower oil and natural gas prices.
- Healthcare was the best performing sector, up 5.24%, on strong mergers-and-acquisitions activity and good earnings.

Milliman | Quarterly Investment Monitor

International Market Commentary - 3rd Quarter 2014







International Markets

- The dollar was up strongly against the euro, yen and pound.
- For the quarter, the EAFE Index was down 5.88%, and Emerging Markets were down 3.49%. Local currency returns for the EAFE Index and Emerging Markets were 0.93% and 0.56%, respectively.
- Among the major international regions, Indian stocks had the highest return, up 2.34%, as investors anticipated more economic reforms and an improvement in GDP growth.
- Stocks in Russia had the lowest return, down 15.41% in the quarter and down 19.90% YTD, as the conflict with Ukraine continued and the West imposed greater economic sanctions.
- Large-Cap stocks, down 5.9%, outperformed small-cap stocks, down 7.8%.

Performance Summary

Asset Allocation

	Balances As of 09/30/2014	Percent As of 09/30/2014	Balances As of 06/30/2014	Percent As of 06/30/2014	Notes
Wells Fargo Advantage Treas Plus MMkt I	$525,058	4.49%	$559,525	4.56%	PISXX
Vanguard Short-Term Bond Index Signal	$686,466	5.86%	$672,865	5.49%	VBSSX
Vanguard Inflation-Protected Secs I	$588,335	5.03%	$611,666	4.99%	VIPIX
Vanguard Interm-Term Bond Index Signal	$945,327	8.08%	$981,645	8.01%	VIBSX
Vanguard Long-Term Bond Index I	$533,978	4.56%	$553,824	4.52%	VBLLX
PIMCO Long Duration Total Return Instl	$531,505	4.54%	$551,412	4.50%	PLRIX
Ivy High Income I	$940,951	8.04%	$981,333	8.00%	IVHIX
Vanguard Equity-Income Adm	$1,162,453	9.93%	$1,220,203	9.95%	VEIRX
Vanguard Growth Index Adm	$551,062	4.71%	$612,293	4.99%	VIGAX
Vanguard PRIMECAP Inv	$614,323	5.25%	$600,840	4.90%	VPMCX
Vanguard Mid-Cap Value Index Admiral	$288,189	2.46%	$613,970	5.01%	VMVAX
Vanguard Mid Cap Index Adm	$292,235	2.50%	$0	0.00%	VIMAX
Target Small Capitalization Value T	$924,075	7.89%	$985,347	8.04%	TASVX
Oppenheimer International Growth Y	$577,428	4.93%	$615,840	5.02%	OIGYX
American Funds New Perspective R6	$579,311	4.95%	$611,841	4.99%	RNPGX
Vanguard Emerging Mkts Stock Idx I	$1,137,352	9.72%	$1,228,100	10.02%	VEMIX
Vanguard REIT Index I	$826,599	7.06%	$858,444	7.00%	VGSNX
Plan Total	**$11,704,645**		**$12,259,147**		

Investment Policy Review - Active Management

Fund Name	Return Rank 3Y	Return Rank 5Y	Excess Return 3Y	Excess Return 5Y	Relative StdDev 3Y	Relative StdDev 5Y	Alpha Rank 3Y	Sharpe Rank 3Y	Alpha Rank 5Y	Sharpe Rank 5Y
Vanguard Inflation-Protected Secs I	27	16	-0.07	-0.03	1.03	1.02	34	31	37	30
PIMCO Long Duration Total Return Instl	27	11	0.68	0.13	1.00	0.96	45	55	67	67
Ivy High Income I	9	4	1.21	0.97	0.75	0.75	2	1	1	1
Vanguard Equity-Income Adm	56	7	-1.78	1.60	0.86	0.83	9	6	4	3
Vanguard PRIMECAP Inv	3	14	3.53	0.32	1.04	1.08	0	1	7	7
Target Small Capitalization Value T	58	38	-3.47	-1.00	0.91	0.88	38	30	24	18
Oppenheimer International Growth Y	25	7	1.29	2.05	1.00	1.02	20	21	7	8
American Funds New Perspective R6	30	28	1.98	1.56	0.96	0.98	25	16	30	21

Definitions

Return Rank - Fund's category percentile return rank, a value less than 50 (1 is the best and 100 is the worst) implies the fund is beating more than 50% of its peer group.

Excess Return - Fund's excess return over its benchmark, a value greater than 0 implies the fund's return is higher than its benchmark.

Relative StdDev - Fund's standard deviation relative to its benchmark, a value less than 1 implies the fund's standard deviation is lower than its benchmark.

Alpha Rank - Fund's category percentile Alpha rank, a value less than 50 (1 is the best and 100 is the worst) implies the fund is beating more than 50% of its peer group.

Sharpe Rank - Fund's category percentile Sharpe Ratio rank, a value less than 50 (1 is the best and 100 is the worst) implies the fund is beating more than 50% of its peer group.

Investment Policy Review - Passive Management

Fund Name	Excess Return 3Y	Excess Return 5Y	Beta 3Y	Tracking Error 3Y	Beta 5Y	Tracking Error 5Y	Expense Ratio
Vanguard Short-Term Bond Index Signal	0.27	0.64	2.12	0.60	1.84	0.76	0.10
Vanguard Interm-Term Bond Index Signal	1.88	1.17	0.94	1.61	0.84	1.79	0.10
Vanguard Long-Term Bond Index I	-0.06	0.00	1.02	0.85	1.03	0.88	0.07
Vanguard Growth Index Adm	0.64	1.10	0.99	0.55	1.00	0.78	0.09
Vanguard Mid-Cap Value Index Admiral	-0.20	-0.76	1.01	0.82	1.00	1.23	0.09
Vanguard Mid Cap Index Adm	0.01	-0.14	1.02	0.55	1.02	0.88	0.09
Vanguard Emerging Mkts Stock Idx I	0.55	-0.17	0.98	3.08	1.03	3.10	0.12
Vanguard REIT Index I	1.29	1.33	1.00	0.22	1.00	0.19	0.08

Definitions

Excess Return - Fund's excess return over its benchmark, a value greater than 0 implies the fund's return is higher than its benchmark.

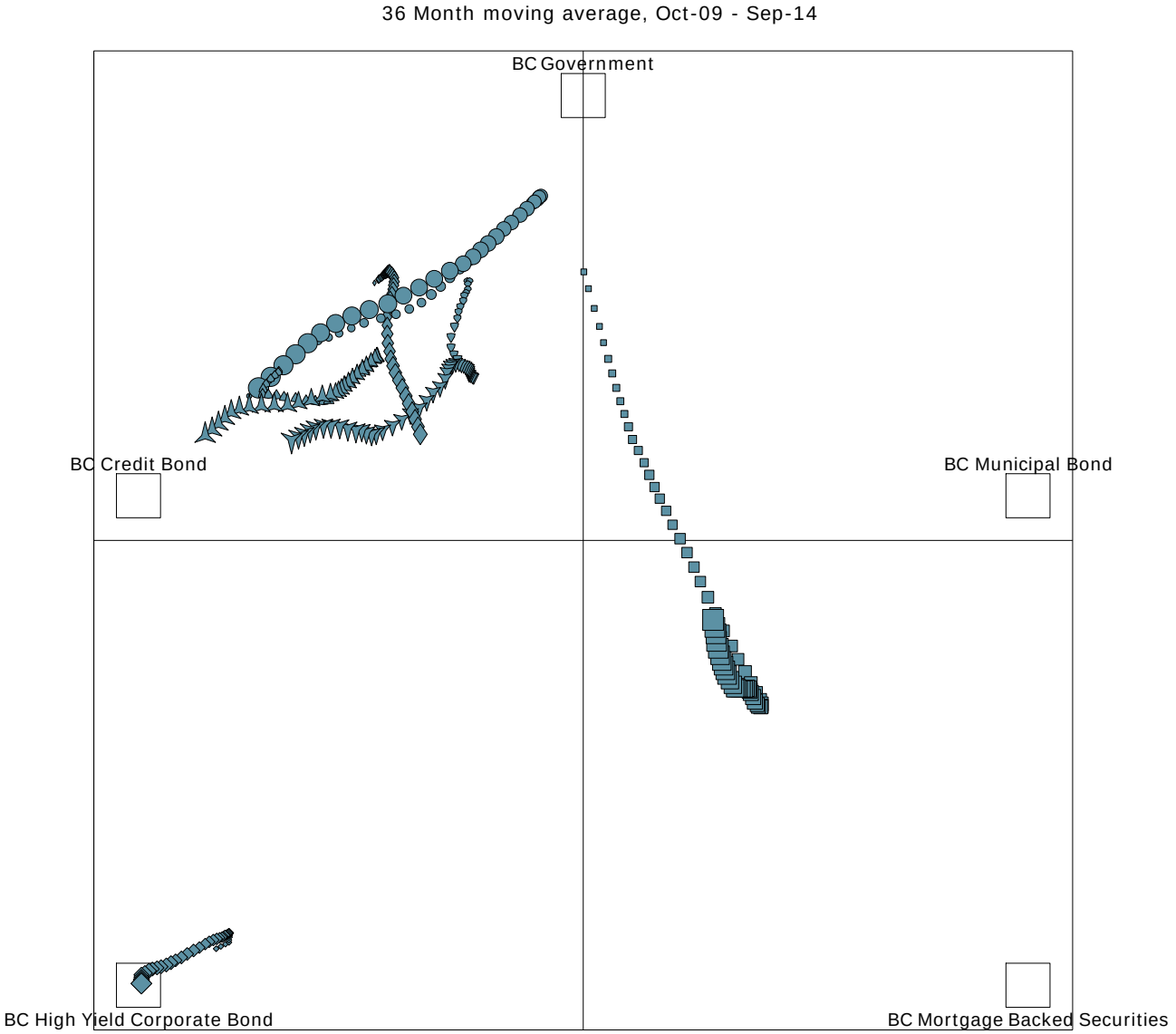
Beta - Fund's Beta or sensitivity to movements compared to its benchmark, a value of 1 implies its moving in sync with its benchmark.

Tracking Error - Fund's Tracking Error versus its benchmark, a value of 0 implies the Fund's ups and downs are the same size as its benchmark.

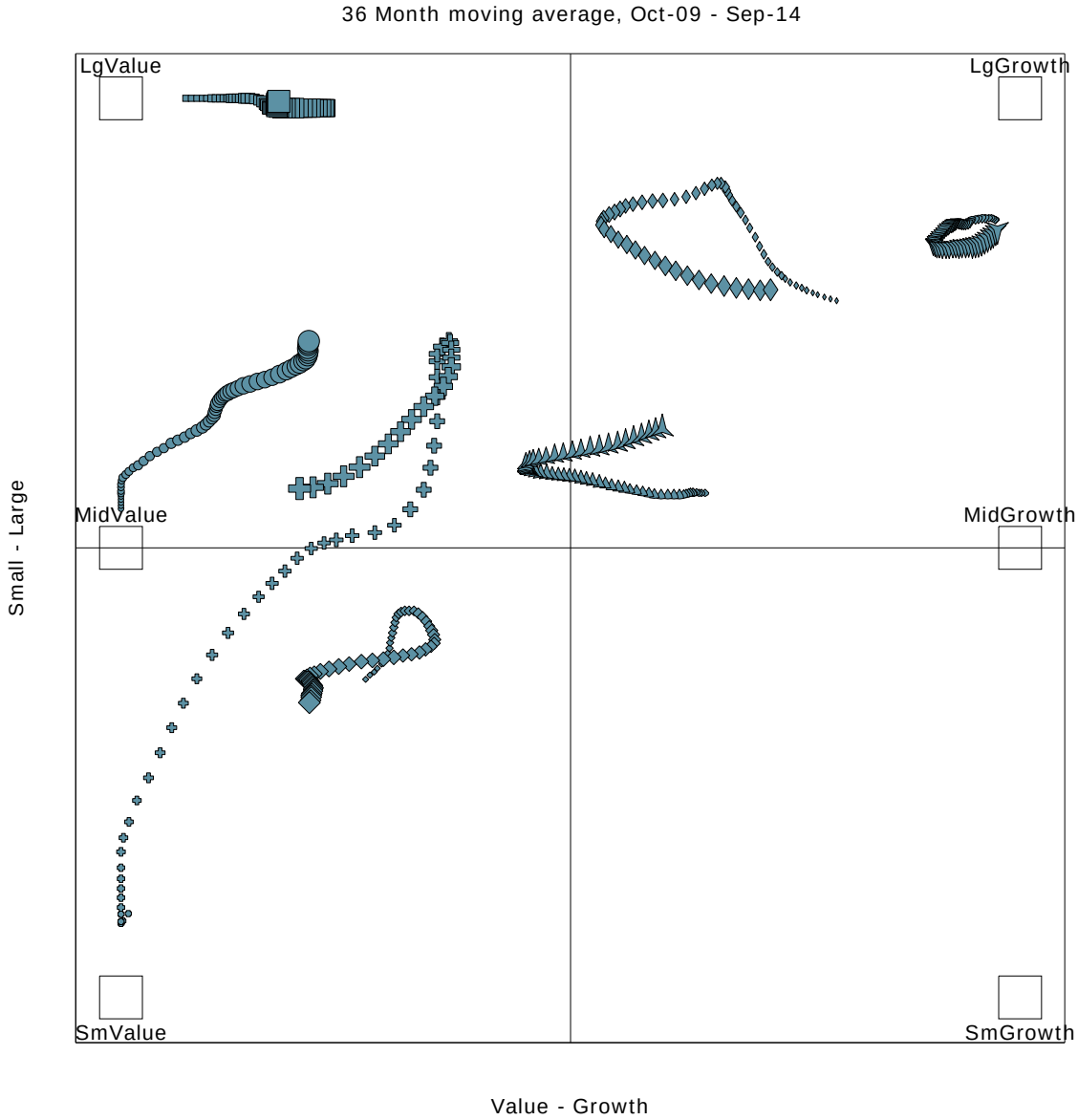
Investment Option Return Summary

Asset Class	Fund Name	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Ticker	Mstar Rating	Expense Ratio
Money Market-Taxable	Wells Fargo Advantage Treas Plus MMkt I	0.00	0.01	0.01	0.01	0.01	1.45	PISXX	NA	0.20
	BofA ML 91-day Tbill Auction Avg	*0.01*	*0.03*	*0.05*	*0.07*	*0.10*	*1.59*	*N/A*	*NA*	*NA*
Short-term Bond	Vanguard Short-Term Bond Index Signal	(0.07)	0.91	1.04	1.19	2.09	3.27	VBSSX	3.00	0.10
	Barclays US Govt/Credit 1-3 Yr TR USD	*0.04*	*0.60*	*0.77*	*0.92*	*1.45*	*2.85*	*N/A*	*NA*	*NA*
Inflation-Protected Bond	Vanguard Inflation-Protected Secs I	(1.93)	3.87	1.53	1.27	4.45	4.52	VIPIX	4.00	0.07
	Barclays US Treasury US TIPS TR USD	*(2.04)*	*3.67*	*1.59*	*1.34*	*4.48*	*4.63*	*N/A*	*NA*	*NA*
Intermediate-term Bond	Vanguard Interm-Term Bond Index Signal	0.01	4.99	4.39	3.29	5.63	5.44	VIBSX	4.00	0.10
	Barclays US Govt 5-10 Yr TR USD	*0.15*	*4.04*	*2.49*	*1.41*	*4.47*	*5.08*	*N/A*	*NA*	*NA*
Long-term Bond	Vanguard Long-Term Bond Index I	1.27	13.57	13.06	4.69	8.04	7.08	VBLLX	3.00	0.07
Long-term Bond	PIMCO Long Duration Total Return Instl	1.22	13.29	13.05	5.43	8.17	NA	PLRIX	4.00	0.50
	BC Long Government/Credit	*1.04*	*12.97*	*12.87*	*4.75*	*8.04*	*7.01*	*N/A*	*NA*	*NA*
High Yield Bond	Ivy High Income I	(1.27)	3.40	6.88	12.30	11.55	8.72	IVHIX	5.00	0.69
	BC High Yield Corporate Bond	*(1.87)*	*3.49*	*7.20*	*11.09*	*10.57*	*8.33*	*N/A*	*NA*	*NA*
Large Value	Vanguard Equity-Income Adm	(0.53)	7.07	16.70	21.68	16.34	8.96	VEIRX	5.00	0.21
	S&P 500 Value	*0.25*	*7.23*	*17.77*	*23.46*	*14.73*	*7.56*	*N/A*	*NA*	*NA*
Large Growth	Vanguard Growth Index Adm	1.05	8.11	19.31	22.94	16.62	9.08	VIGAX	4.00	0.09
	CRSP US Large Cap Growth TR USD	*1.06*	*8.18*	*19.38*	*22.30*	*15.52*	*8.91*	*N/A*	*NA*	*NA*
Large Growth	Vanguard PRIMECAP Inv	2.66	12.81	24.72	26.15	16.95	10.56	VPMCX	5.00	0.45
	S&P 500 Growth	*1.92*	*9.36*	*21.55*	*22.62*	*16.64*	*8.57*	*N/A*	*NA*	*NA*
Mid-Cap Value	Vanguard Mid-Cap Value Index Admiral	(2.24)	6.56	17.81	24.68	16.97	NA	VMVAX	4.00	0.09
	CRSP US Mid Cap Value TR USD	*(2.26)*	*6.61*	*17.87*	*24.89*	*17.73*	*9.84*	*N/A*	*NA*	*NA*
Mid-Cap Blend	Vanguard Mid Cap Index Adm	(1.16)	6.68	15.88	23.31	17.03	10.28	VIMAX	5.00	0.09
	CRSP US Mid Cap TR USD	*(1.15)*	*6.73*	*15.94*	*23.30*	*17.17*	*10.16*	*N/A*	*NA*	*NA*
Small Value	Target Small Capitalization Value T	(5.79)	(1.27)	7.42	20.62	14.66	9.83	TASVX	4.00	0.68
	S&P 600 Value	*(6.78)*	*(2.62)*	*6.74*	*24.09*	*15.66*	*8.74*	*N/A*	*NA*	*NA*
Foreign Large Growth	Oppenheimer International Growth Y	(8.19)	(6.00)	(0.26)	14.72	9.62	9.36	OIGYX	4.00	0.90
	MSCI EAFE Large Growth NR USD	*(5.00)*	*(2.05)*	*3.11*	*13.43*	*7.56*	*6.83*	*N/A*	*NA*	*NA*
World Stock	American Funds New Perspective R6	(1.80)	1.70	10.49	18.59	11.63	9.36	RNPGX	4.00	0.45
	MSCI AC World Index ND USD	*(2.30)*	*3.73*	*11.32*	*16.61*	*10.07*	*7.28*	*N/A*	*NA*	*NA*
Diversified Emerging Mkts	Vanguard Emerging Mkts Stock Idx I	(2.43)	4.51	6.19	7.77	4.38	10.45	VEMIX	3.00	0.12
	FTSE Emerging NR USD	*(2.34)*	*4.87*	*6.50*	*7.23*	*4.55*	*11.21*	*N/A*	*NA*	*NA*
Real Estate	Vanguard REIT Index I	(3.12)	13.99	13.21	16.57	15.94	8.64	VGSNX	4.00	0.08
	MSCI US REIT NR USD	*(3.38)*	*13.04*	*11.90*	*15.28*	*14.62*	*NA*	*N/A*	*NA*	*NA*
Total Plan	POLICE GROSS-RETURN	(1.60)	5.15	9.41	10.62	7.84	NA	N/A	NA	NA
Total Plan	POLICE-NET RETURN	(1.67)	4.92	9.09	10.31	7.53	NA	N/A	NA	NA
	Police Plan Policy Index	*(1.43)*	*5.20*	*9.11*	*11.55*	*8.78*	*6.19*	*N/A*	*NA*	*NA*

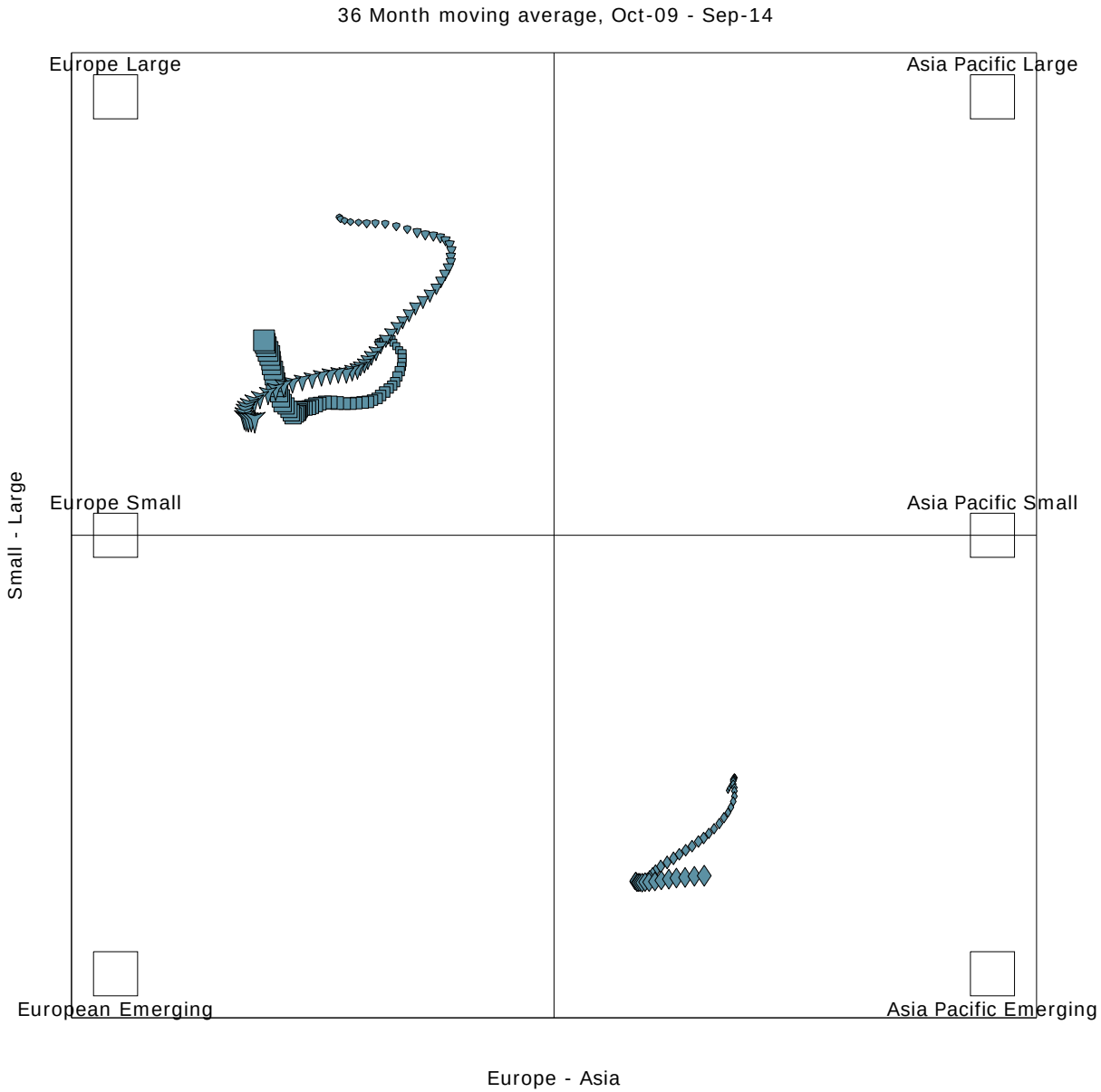
U.S. Fixed Income Style Map



U.S. Equity Style Map



International Equity Style Map

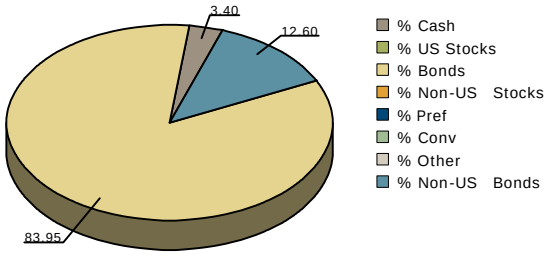


Core Fund Review

Milliman | Quarterly Investment Monitor

Data as of 09/30/2014

Vanguard Short-Term Bond Index Signal



Portfolio Region	
% United States	NA
% Canada	NA
% Latin America	NA
% United Kingdom	NA
% Eurozone	NA
% Europe - ex Euro	NA
% Europe - Emerging	NA
% Africa	NA
% Middle East	NA
% Japan	NA
% Australasia	NA
% Asia - Developed	NA
% Asia - Emerging	NA

Portfolio Structure	
% Cash	3.40
% US Stocks	0.00
% Bonds	83.95
% Non-US Stocks	0.00
% Pref	0.05
% Conv	0.00
% Other	0.00
% Non-US Bonds	12.60

Sector Allocation	
% Basic Materials	NA
% Communication Services	NA
% Consumer Cyclical	NA
% Consumer Defensive	NA
% Healthcare	NA
% Industrials	NA
% Real Estate	NA
% Technology	NA
% Energy	NA
% Financial Services	NA
% Utilities	NA

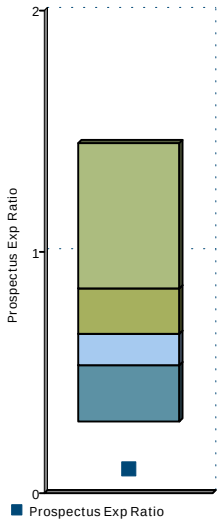
Credit Quality	
Avg Eff Duration	2.69
Effective Maturity	2.80
Avg Credit Quality	AA
AAA	72.57
AA	4.81
A	12.54
BBB	10.08
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

Top Ten Holdings	
US Treasury Note 1.625%	1.82%
US Treasury Note 1.25%	1.47%
US Treasury Note 0.625%	1.46%
US Treasury Note 2.125%	1.37%
US Treasury Note 1.5%	1.22%
US Treasury Note 0.625%	1.20%
US Treasury Note 0.625%	1.15%
US Treasury Note 0.625%	1.10%
US Treasury Note 1.5%	1.09%
US Treasury Note 0.375%	1.07%

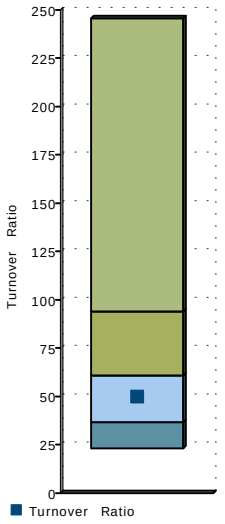
Portfolio Information	
Ticker	VBSSX
Morningstar Category	Short-term Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	50339.33
Net Assets $MM	37141.82
Turnover Ratio	50.00
% Assets in Top 10 Holdings	12.96
Total Number of Holdings	2061.00
Manager Name	Joshua C. Barrickman
Manager Tenure	1.60
Fund Incept Date	03/01/1994
Prospectus Exp Ratio	0.10
Phone Number	800-662-7447

Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★
% Rank Cat 3 Yr	70
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	59
10 Year Mstar Rating	★★★★
% Rank Cat 10 Yr	33

Expense Ratio vs. Peer Group



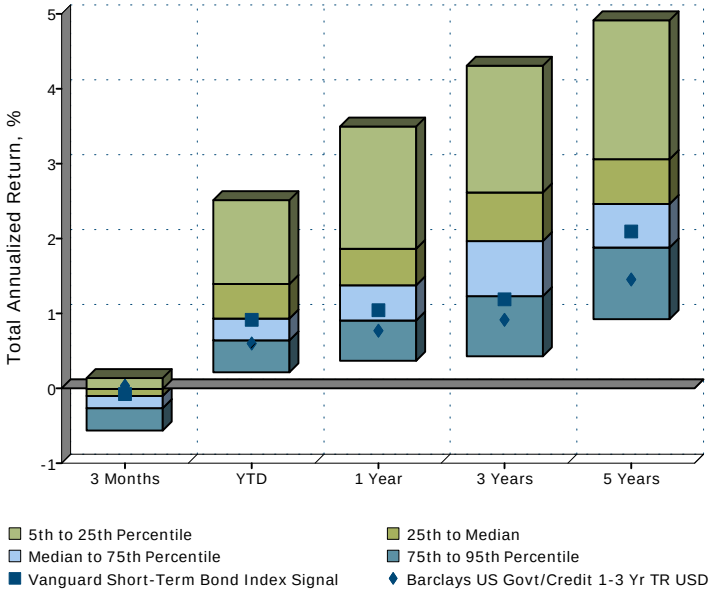
Turnover Ratio vs. Peer Group



Investment Strategy Summary

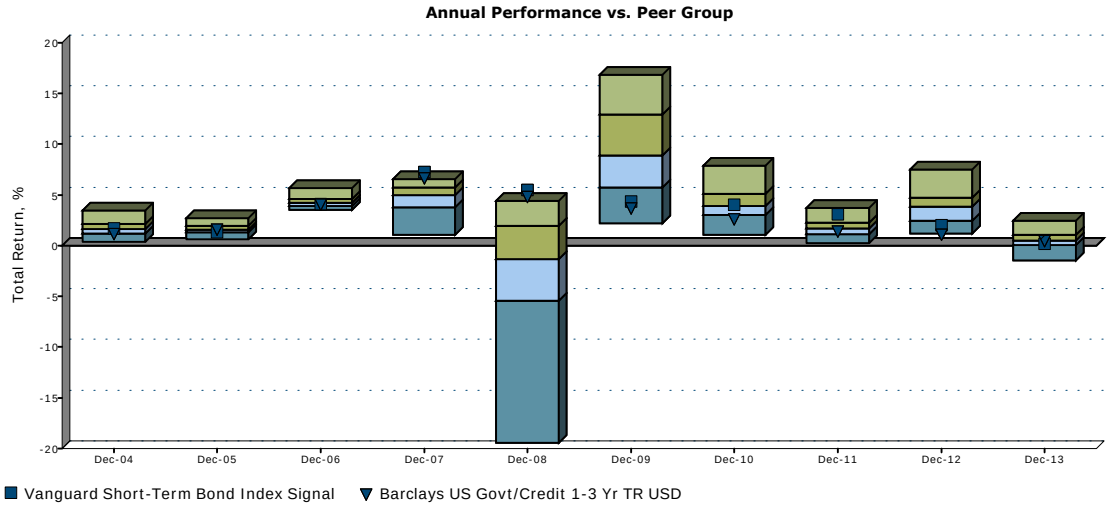
The investment seeks to track the performance of a market-weighted bond index with a short-term dollar-weighted average maturity. The fund employs an indexing investment approach designed to track the performance of the Barclays U.S. 1-5 Year Government/Credit Float Adjusted Index. This index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities between 1 and 5 years and are publicly issued. 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.

Performance vs. Peer Group

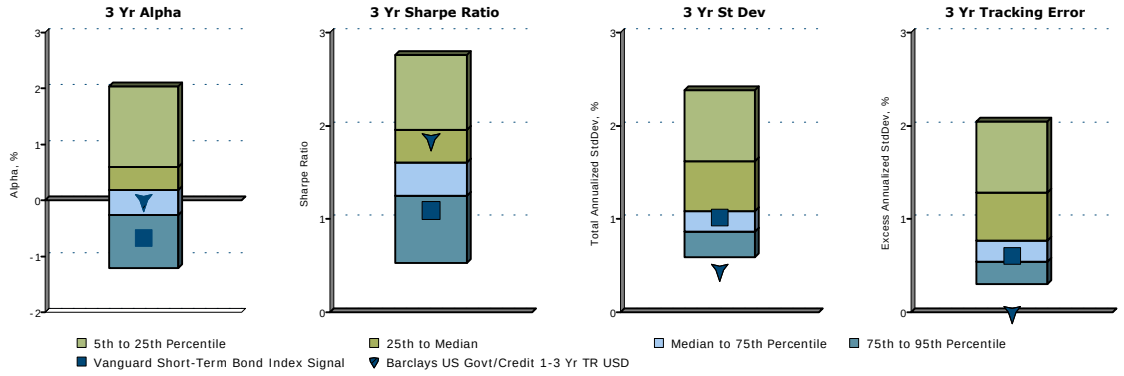


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Short-Term Bond Index Signal	-0.07	0.91	1.04	1.19	2.09
Barclays US Govt/Credit 1-3 Yr TR USD	0.04	0.60	0.77	0.92	1.45
Universe(5%)	0.14	2.52	3.49	4.31	4.91
Universe(25%)	-0.01	1.39	1.86	2.61	3.06
Universe(Median)	-0.10	0.93	1.38	1.97	2.46
Universe(75%)	-0.26	0.64	0.91	1.23	1.88
Universe(95%)	-0.56	0.22	0.37	0.42	0.92

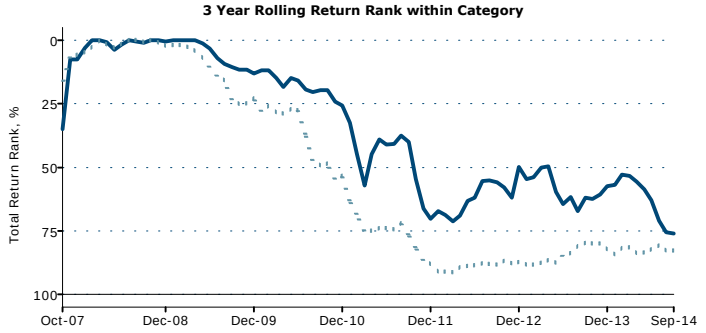
Vanguard Short-Term Bond Index Signal

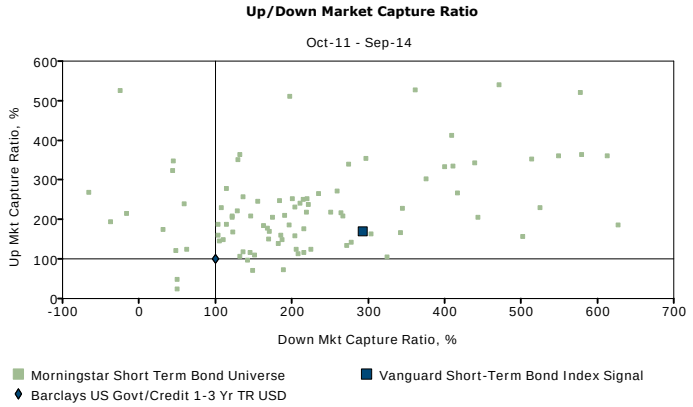


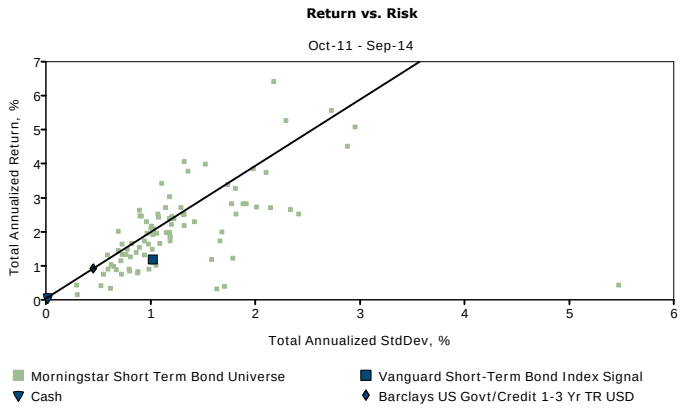
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Short-Term Bond Index Signal	1.70	1.31	4.09	7.28	5.51	4.38	4.03	3.08	2.05	0.17
Barclays US Govt/Credit 1-3 Yr TR USD	1.30	1.77	4.25	6.83	4.97	3.82	2.80	1.59	1.26	0.64



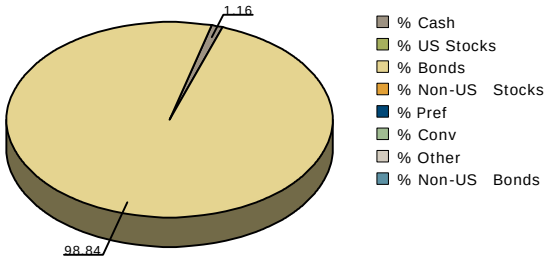
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Short-Term Bond Index Signal	-0.67	2.12	90.30	1.09	1.02	0.60
Barclays US Govt/Credit 1-3 Yr TR USD	0.00	1.00	100.00	1.85	0.45	0.00
Universe(5%)	2.04	3.88	83.62	2.76	2.38	2.04
Universe(25%)	0.60	2.40	75.59	1.95	1.62	1.28
Universe(Median)	0.18	1.91	66.82	1.61	1.08	0.77
Universe(75%)	-0.26	1.45	53.55	1.25	0.87	0.54
Universe(95%)	-1.21	1.06	29.88	0.53	0.59	0.30







Vanguard Inflation-Protected Secs I



Portfolio Region	
% United States	NA
% Canada	NA
% Latin America	NA
% United Kingdom	NA
% Eurozone	NA
% Europe - ex Euro	NA
% Europe - Emerging	NA
% Africa	NA
% Middle East	NA
% Japan	NA
% Australasia	NA
% Asia - Developed	NA
% Asia - Emerging	NA

Portfolio Structure	
% Cash	1.16
% US Stocks	0.00
% Bonds	98.84
% Non-US Stocks	0.00
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

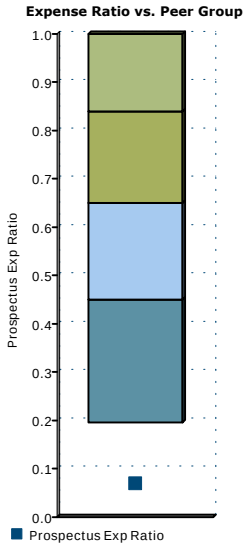
Sector Allocation	
% Basic Materials	NA
% Communication Services	NA
% Consumer Cyclical	NA
% Consumer Defensive	NA
% Healthcare	NA
% Industrials	NA
% Real Estate	NA
% Technology	NA
% Energy	NA
% Financial Services	NA
% Utilities	NA

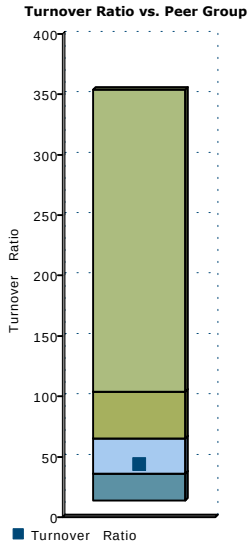
Credit Quality	
Avg Eff Duration	7.92
Effective Maturity	8.60
Avg Credit Quality	Government
AAA	100.00
AA	0.00
A	0.00
BBB	0.00
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

Top Ten Holdings	
US Treasury TIP	5.75%
US Treasury TIP	5.29%
US Treasury TIP	4.82%
US TREASURY TIP	4.70%
US Treasury TIP	4.65%
US Treasury TIP	4.61%
US Treasury TIP 0.125%	4.58%
US TREASURY TIP	4.49%
US Treasury TIP	4.24%
US Treasury TIP 1.125%	4.05%

Portfolio Information	
Ticker	VIPIX
Morningstar Category	Inflation-Protected Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	8437.42
Net Assets $MM	25490.60
Turnover Ratio	44.00
% Assets in Top 10 Holdings	47.19
Total Number of Holdings	38.00
Manager Name	Gemma Wright-Casparius
Manager Tenure	3.12
Fund Incept Date	06/29/2000
Prospectus Exp Ratio	0.07
Phone Number	800-662-7447

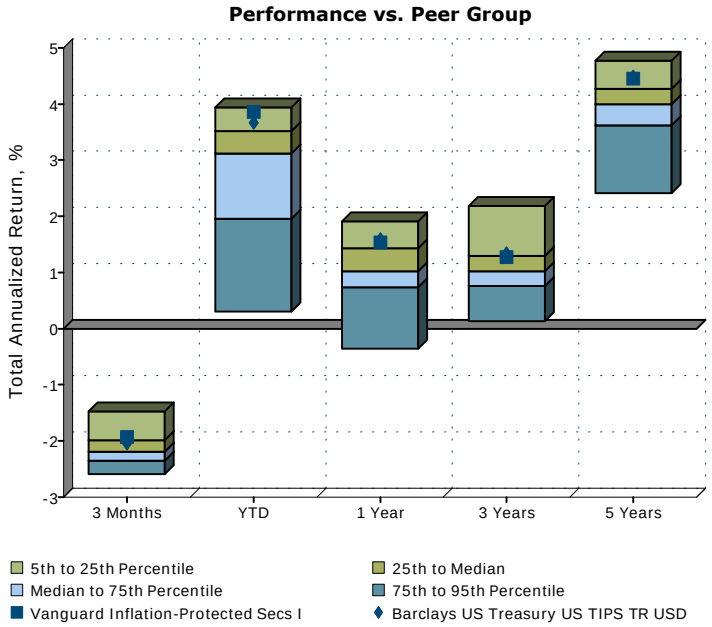
Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	29
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	10
10 Year Mstar Rating	★★★★
% Rank Cat 10 Yr	18





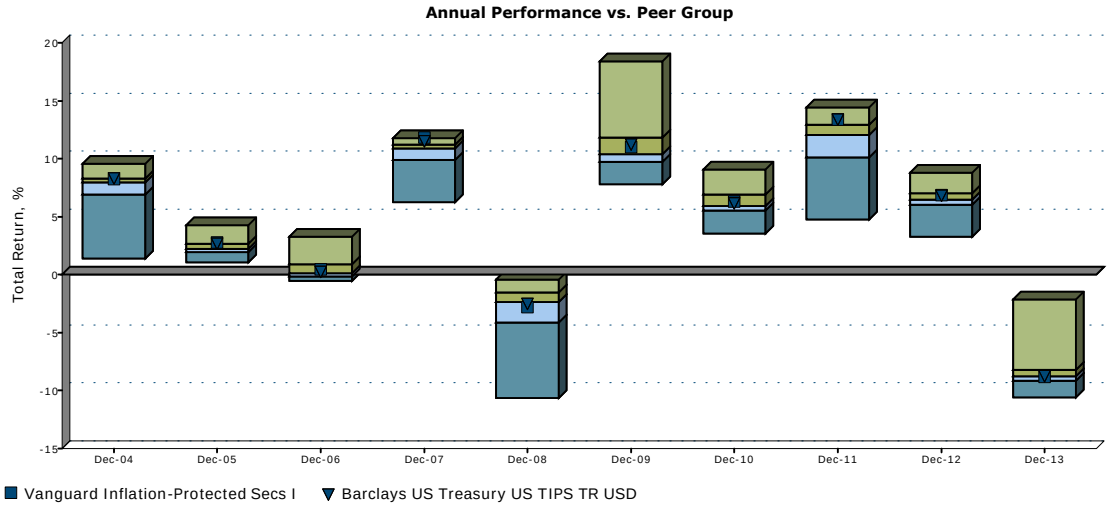
Investment Strategy Summary

The investment seeks to provide inflation protection and income consistent with investment in inflation-indexed securities. The fund invests at least 80% of its assets in inflation-indexed bonds issued by the U.S. government, its agencies and instrumentalities, and corporations. It may invest in bonds of any maturity; however, its dollar-weighted average maturity is expected to be in the range of 7 to 20 years. At a minimum, all bonds purchased by the fund will be rated investment-grade or, if unrated, will be considered by the advisor to be investment-grade.

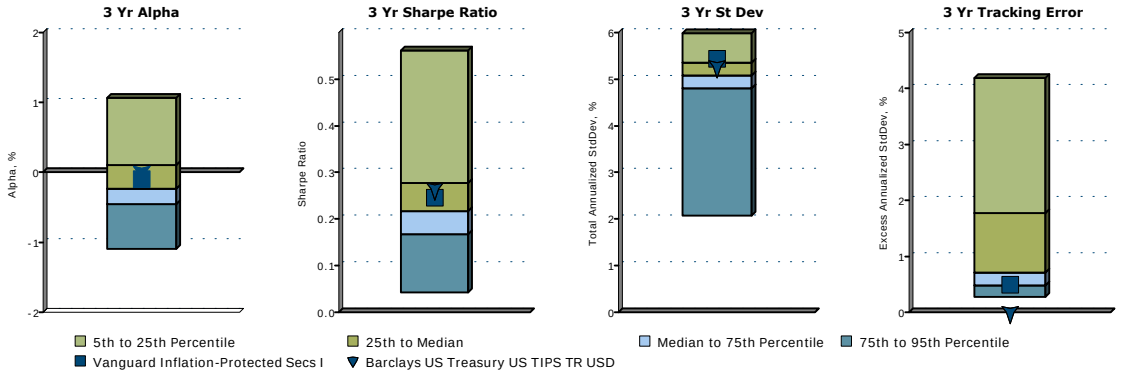


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Inflation-Protected Secs I	-1.93	3.87	1.53	1.27	4.45
Barclays US Treasury US TIPS TR USD	-2.04	3.67	1.59	1.34	4.48
Universe(5%)	-1.47	3.94	1.91	2.19	4.77
Universe(25%)	-1.98	3.52	1.43	1.30	4.27
Universe(Median)	-2.19	3.12	1.02	1.03	3.99
Universe(75%)	-2.35	1.95	0.74	0.76	3.62
Universe(95%)	-2.59	0.30	-0.35	0.13	2.41

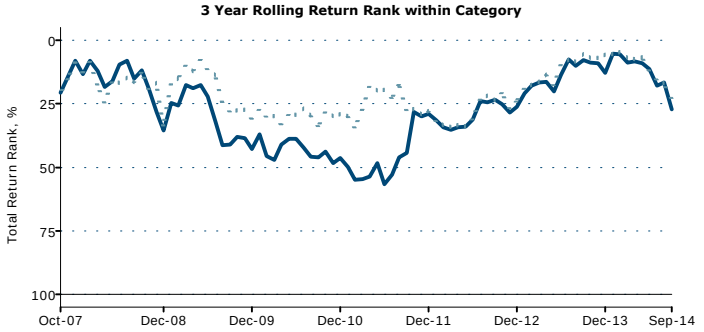
Vanguard Inflation-Protected Secs I

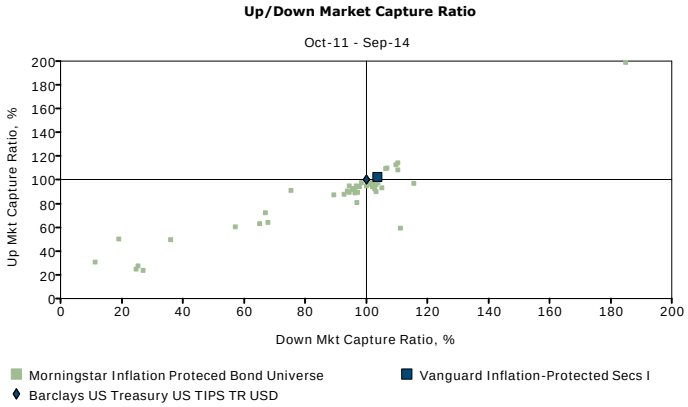


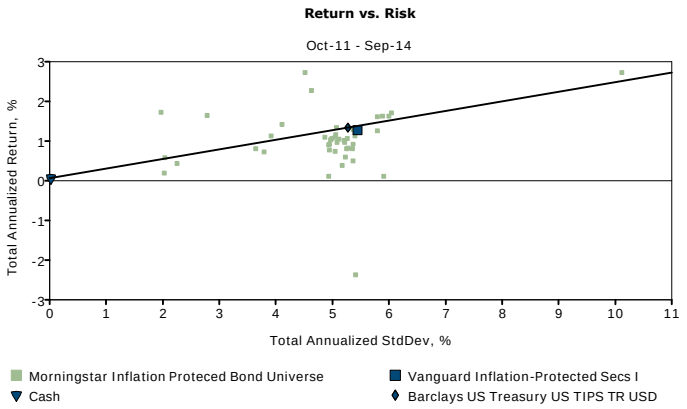
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Inflation-Protected Secs I	8.25	2.78	0.46	11.82	-2.81	11.03	6.33	13.39	6.87	-8.83
Barclays US Treasury US TIPS TR USD	8.46	2.84	0.41	11.64	-2.35	11.41	6.31	13.56	6.98	-8.61



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Inflation-Protected Secs I	-0.10	1.03	99.24	0.25	5.44	0.50
Barclays US Treasury US TIPS TR USD	0.00	1.00	100.00	0.27	5.27	0.00
Universe(5%)	1.06	1.12	99.76	0.56	5.99	4.18
Universe(25%)	0.11	1.00	99.36	0.28	5.36	1.77
Universe(Median)	-0.23	0.96	98.45	0.22	5.07	0.71
Universe(75%)	-0.45	0.90	94.64	0.17	4.80	0.48
Universe(95%)	-1.10	0.31	58.13	0.04	2.07	0.28



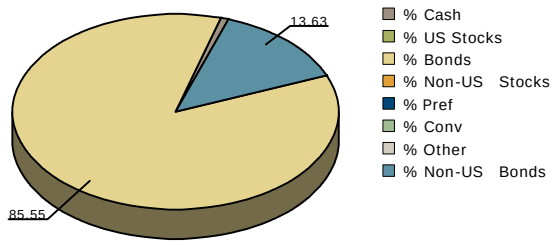




Milliman | Quarterly Investment Monitor

Data as of 09/30/2014

Vanguard Interm-Term Bond Index Signal



Portfolio Region	
% United States	NA
% Canada	NA
% Latin America	NA
% United Kingdom	NA
% Eurozone	NA
% Europe - ex Euro	NA
% Europe - Emerging	NA
% Africa	NA
% Middle East	NA
% Japan	NA
% Australasia	NA
% Asia - Developed	NA
% Asia - Emerging	NA

Portfolio Structure	
% Cash	0.82
% US Stocks	0.00
% Bonds	85.55
% Non-US Stocks	0.00
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	13.63

Sector Allocation	
% Basic Materials	NA
% Communication Services	NA
% Consumer Cyclical	NA
% Consumer Defensive	NA
% Healthcare	NA
% Industrials	NA
% Real Estate	NA
% Technology	NA
% Energy	NA
% Financial Services	NA
% Utilities	NA

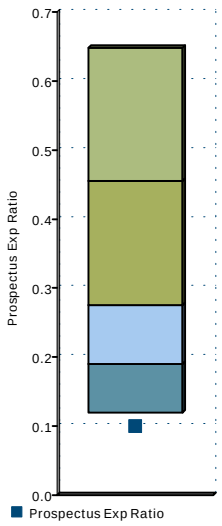
Credit Quality	
Avg Eff Duration	6.51
Effective Maturity	7.30
Avg Credit Quality	A
AAA	53.94
AA	5.07
A	17.62
BBB	23.35
BB	0.00
B	0.00
Below B	0.02
NR/NA	0.00

Top Ten Holdings	
US Treasury Note 2.5%	3.74%
US Treasury Note 2%	2.83%
US Treasury Note 3.5%	2.76%
US Treasury Note 3.625%	2.55%
US Treasury Note 2.75%	2.11%
US Treasury Note 1.75%	1.98%
US Treasury Note 2.5%	1.86%
US Treasury Note 2.75%	1.86%
US Treasury Note 3.125%	1.66%
US Treasury Note 2%	1.42%

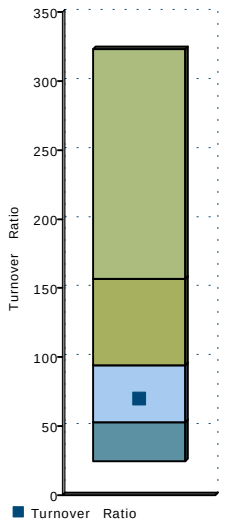
Portfolio Information	
Ticker	VIBSX
Morningstar Category	Intermediate-term Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	NA
Net Assets $MM	15878.96
Turnover Ratio	70.00
% Assets in Top 10 Holdings	22.77
Total Number of Holdings	1557.00
Manager Name	Joshua C. Barrickman
Manager Tenure	6.44
Fund Incept Date	03/01/1994
Prospectus Exp Ratio	0.10
Phone Number	800-662-7447

Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	52
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	22
10 Year Mstar Rating	★★★★
% Rank Cat 10 Yr	14

Expense Ratio vs. Peer Group



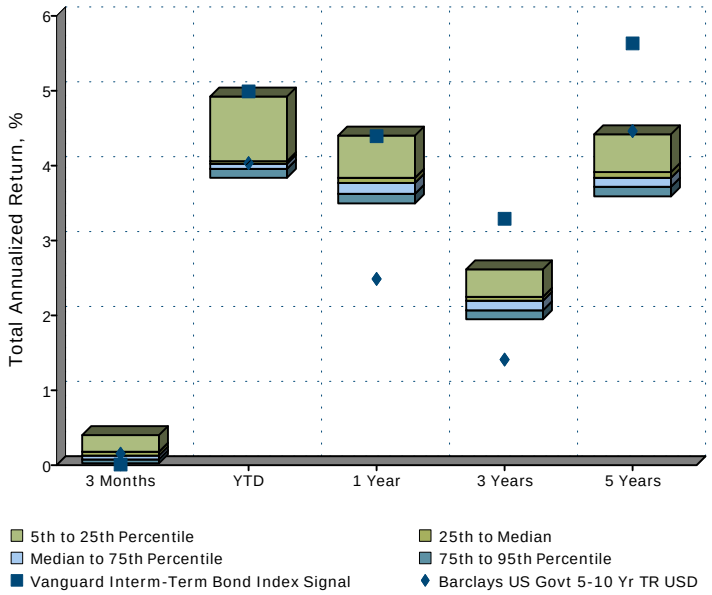
Turnover Ratio vs. Peer Group



Investment Strategy Summary

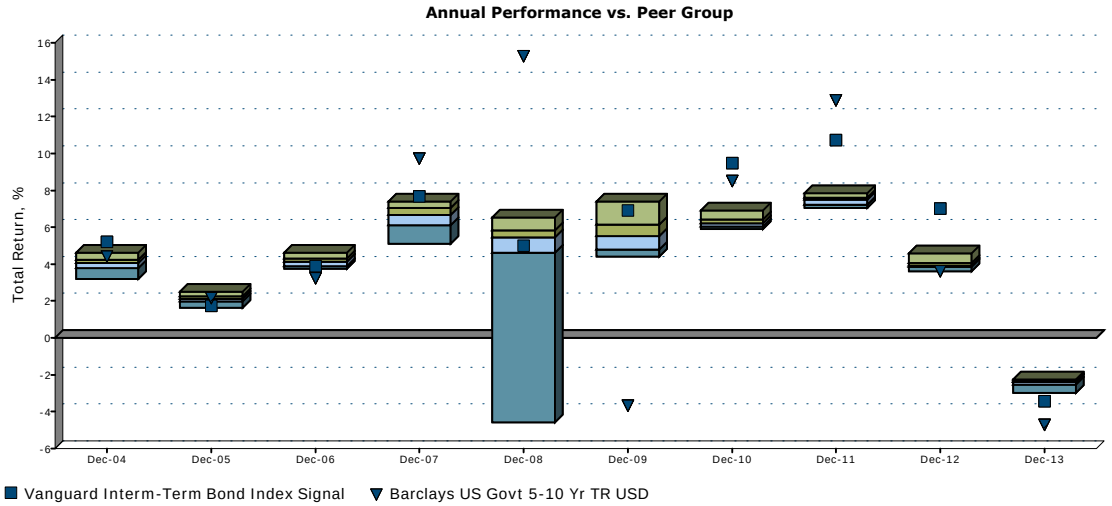
The investment seeks the performance of a market-weighted bond index with an intermediate-term dollar-weighted average maturity. The fund employs an indexing investment approach designed to track the performance of the Barclays U.S. 5-10 Year Government/Credit Float Adjusted Index. This index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities between 5 and 10 years and are publicly issued. 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.

Performance vs. Peer Group

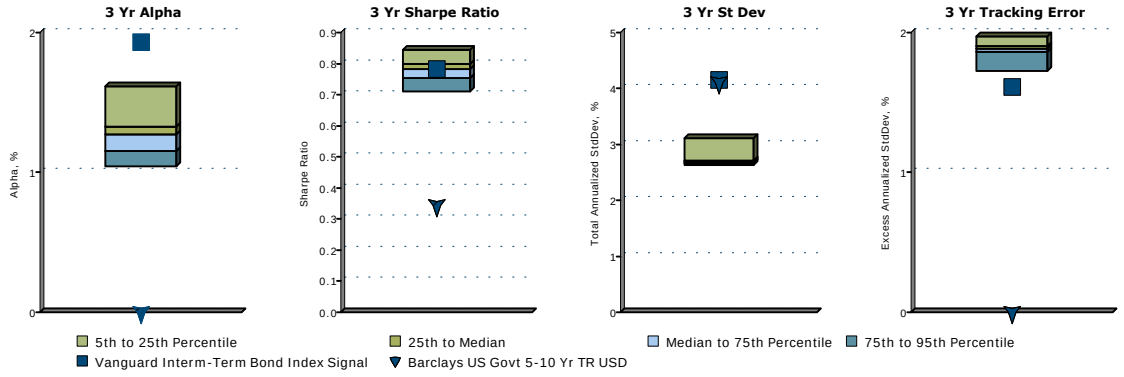


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Interm-Term Bond Index Signal	0.01	4.99	4.39	3.29	5.63
Barclays US Govt 5-10 Yr TR USD	0.15	4.04	2.49	1.41	4.47
Universe(5%)	0.40	4.92	4.41	2.62	4.42
Universe(25%)	0.18	4.06	3.83	2.25	3.91
Universe(Median)	0.13	4.02	3.77	2.20	3.84
Universe(75%)	0.07	3.96	3.63	2.07	3.71
Universe(95%)	0.03	3.84	3.50	1.95	3.59

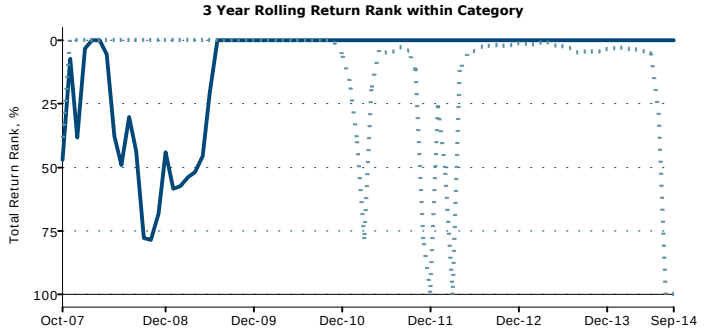
Vanguard Interm-Term Bond Index Signal

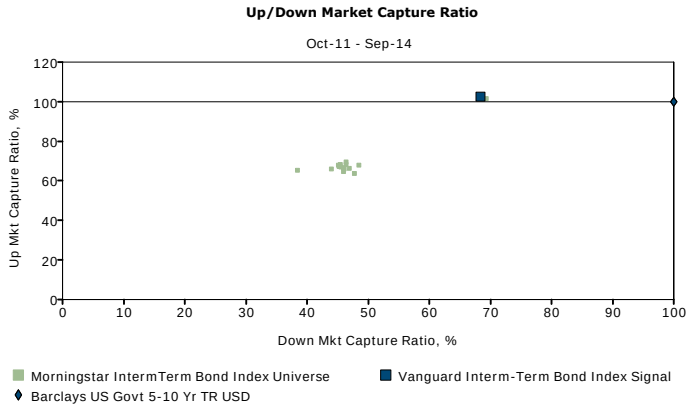


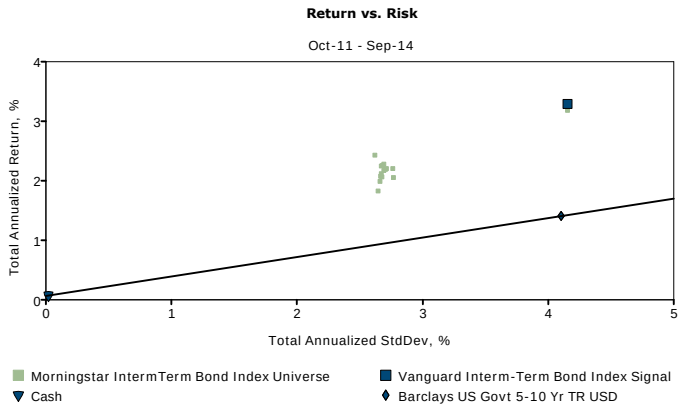
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Interm-Term Bond Index Signal	5.22	1.75	3.91	7.66	5.01	6.89	9.48	10.73	7.02	-3.45
Barclays US Govt 5-10 Yr TR USD	4.50	2.25	3.33	9.84	15.38	-3.55	8.62	12.98	3.72	-4.61



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Interm-Term Bond Index Signal	1.93	0.94	85.37	0.78	4.15	1.61
Barclays US Govt 5-10 Yr TR USD	0.00	1.00	100.00	0.34	4.10	0.00
Universe(5%)	1.61	0.70	88.67	0.84	3.11	1.97
Universe(25%)	1.33	0.62	86.85	0.80	2.71	1.90
Universe(Median)	1.27	0.61	86.46	0.78	2.69	1.88
Universe(75%)	1.15	0.60	85.27	0.75	2.67	1.86
Universe(95%)	1.04	0.59	83.89	0.71	2.64	1.73



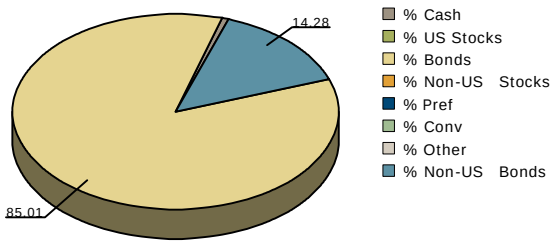




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Data as of 09/30/2014

Vanguard Long-Term Bond Index I



Portfolio Region	
% United States	NA
% Canada	NA
% Latin America	NA
% United Kingdom	NA
% Eurozone	NA
% Europe - ex Euro	NA
% Europe - Emerging	NA
% Africa	NA
% Middle East	NA
% Japan	NA
% Australasia	NA
% Asia - Developed	NA
% Asia - Emerging	NA

Portfolio Structure	
% Cash	0.68
% US Stocks	0.00
% Bonds	85.01
% Non-US Stocks	0.00
% Pref	0.03
% Conv	0.00
% Other	0.00
% Non-US Bonds	14.28

Sector Allocation	
% Basic Materials	NA
% Communication Services	NA
% Consumer Cyclical	NA
% Consumer Defensive	NA
% Healthcare	NA
% Industrials	NA
% Real Estate	NA
% Technology	NA
% Energy	NA
% Financial Services	NA
% Utilities	NA

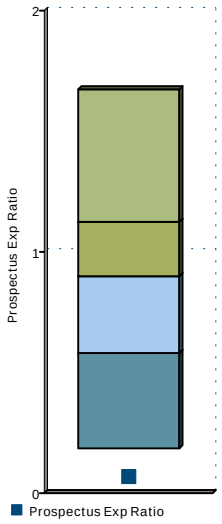
Credit Quality	
Avg Eff Duration	14.44
Effective Maturity	24.20
Avg Credit Quality	A
AAA	36.50
AA	7.03
A	25.92
BBB	30.55
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

Top Ten Holdings	
US Treasury Bond 3.625%	2.34%
US Treasury Bond 3.125%	1.85%
US Treasury Bond 3.75%	1.76%
US Treasury Bond 2.75%	1.74%
US Treasury Bond 3.375%	1.70%
US Treasury Bond 2.75%	1.68%
US Treasury Bond 3.625%	1.35%
US Treasury Bond 4.25%	1.34%
US Treasury Bond 4.75%	1.24%
US Treasury Bond 4.375%	1.06%

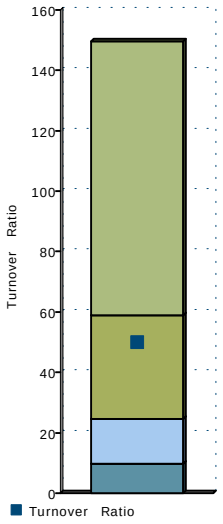
Portfolio Information	
Ticker	VBLLX
Morningstar Category	Long-term Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	NA
Net Assets $MM	7262.92
Turnover Ratio	50.00
% Assets in Top 10 Holdings	16.05
Total Number of Holdings	1762.00
Manager Name	Joshua C. Barrickman
Manager Tenure	1.60
Fund Incept Date	03/01/1994
Prospectus Exp Ratio	0.07
Phone Number	800-662-7447

Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	30
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	39
10 Year Mstar Rating	NA
% Rank Cat 10 Yr	1

Expense Ratio vs. Peer Group



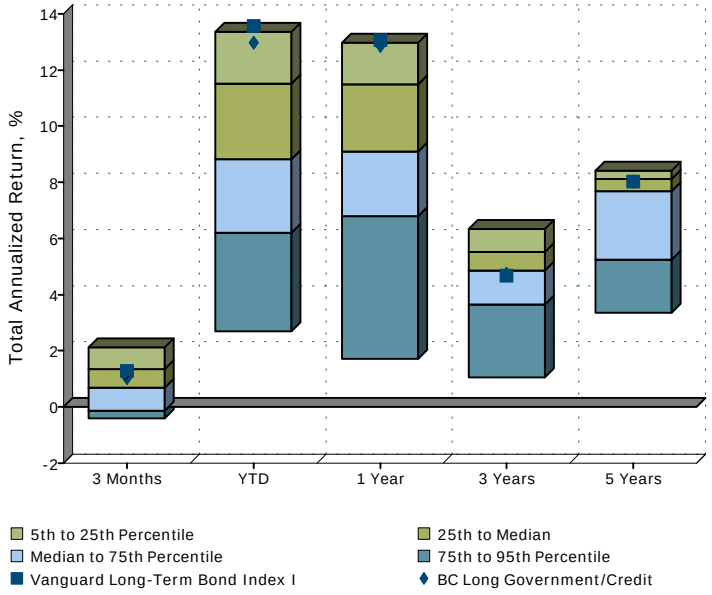
Turnover Ratio vs. Peer Group



Investment Strategy Summary

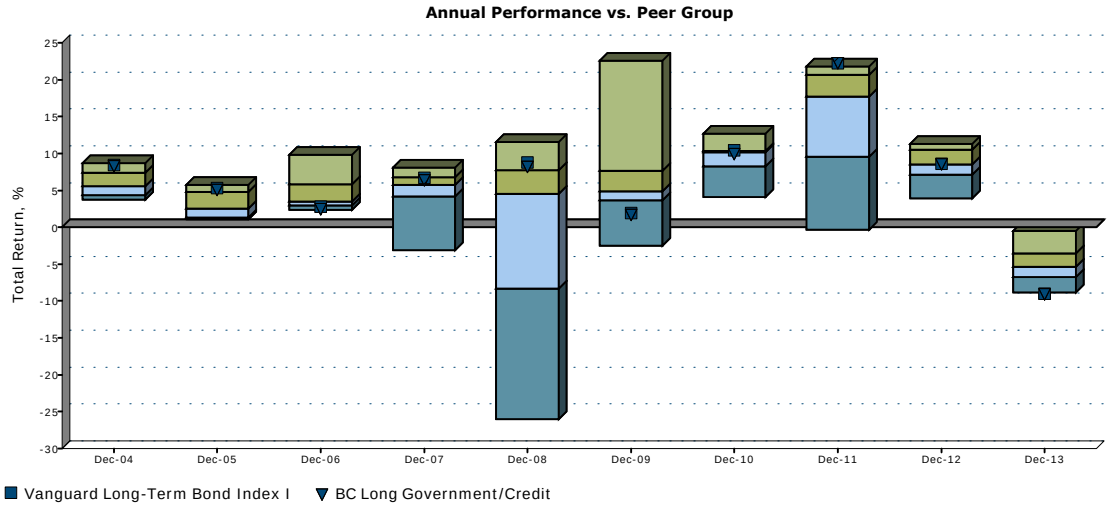
The investment seeks to track the performance of a market-weighted bond index with a long-term dollar-weighted average maturity. The fund employs an indexing investment approach designed to track the performance of the Barclays U.S. Long Government/Credit Float Adjusted Index. This index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities of greater than 10 years and are publicly issued. 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.

Performance vs. Peer Group

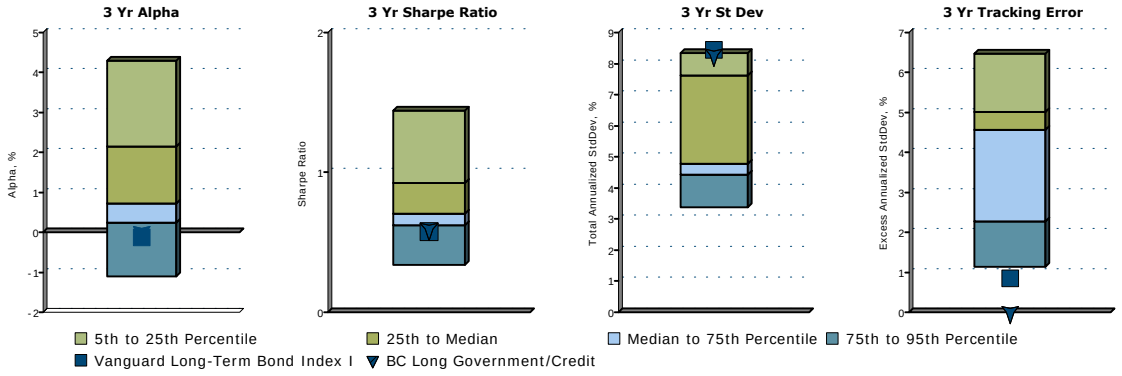


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Long-Term Bond Index I	1.27	13.57	13.06	4.69	8.04
BC Long Government/Credit	1.04	12.97	12.87	4.75	8.04
Universe(5%)	2.12	13.37	12.98	6.35	8.42
Universe(25%)	1.36	11.52	11.49	5.52	8.13
Universe(Median)	0.68	8.82	9.11	4.87	7.68
Universe(75%)	-0.13	6.20	6.79	3.65	5.25
Universe(95%)	-0.40	2.70	1.72	1.06	3.36

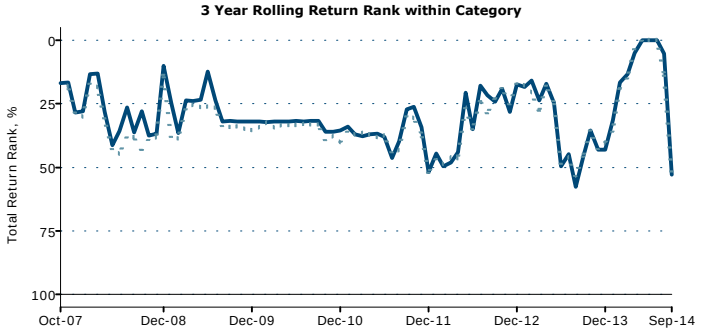
Vanguard Long-Term Bond Index I

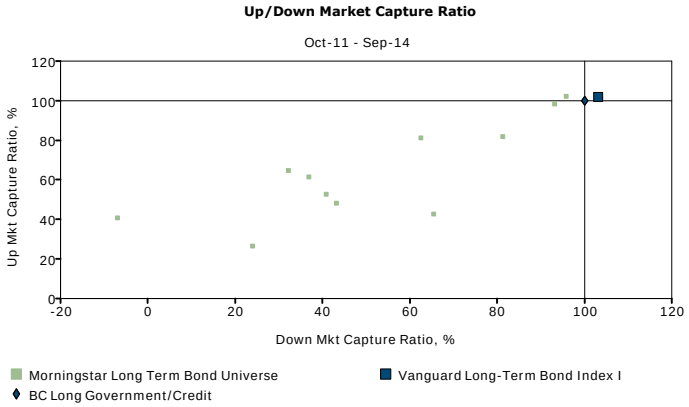


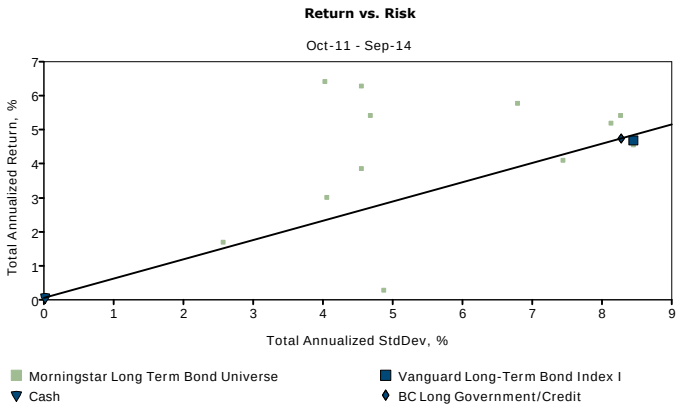
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Long-Term Bond Index I	8.40	5.32	2.75	6.71	8.77	1.91	10.43	22.23	8.63	-9.01
BC Long Government/Credit	8.56	5.33	2.71	6.60	8.44	1.92	10.16	22.49	8.78	-8.83



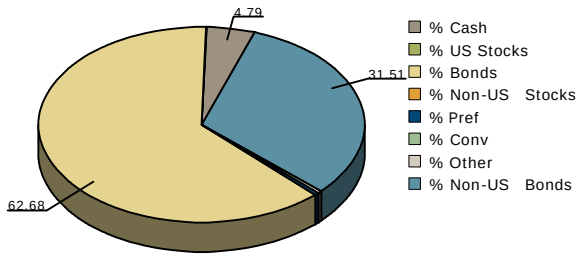
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Long-Term Bond Index I	-0.12	1.02	99.01	0.58	8.45	0.85
BC Long Government/Credit	0.00	1.00	100.00	0.59	8.27	0.00
Universe(5%)	4.30	1.00	98.03	1.44	8.34	6.47
Universe(25%)	2.14	0.89	93.32	0.92	7.61	5.01
Universe(Median)	0.73	0.51	85.78	0.70	4.78	4.56
Universe(75%)	0.24	0.46	73.95	0.62	4.42	2.28
Universe(95%)	-1.11	0.28	52.90	0.34	3.37	1.14







PIMCO Long Duration Total Return Instl



Portfolio Region	
% United States	100.00
% Canada	0.00
% Latin America	0.00
% United Kingdom	0.00
% Eurozone	0.00
% Europe - ex Euro	0.00
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	0.00
% Australasia	0.00
% Asia - Developed	0.00
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	4.79
% US Stocks	0.06
% Bonds	62.68
% Non-US Stocks	0.00
% Pref	0.47
% Conv	0.00
% Other	0.48
% Non-US Bonds	31.51

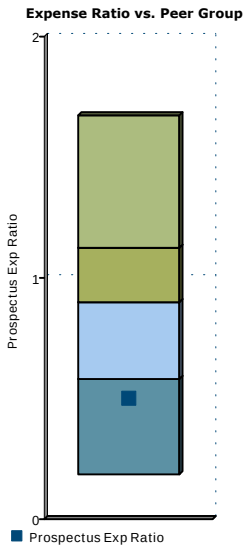
Sector Allocation	
% Basic Materials	0.00
% Communication Services	0.00
% Consumer Cyclical	0.00
% Consumer Defensive	0.00
% Healthcare	0.00
% Industrials	0.00
% Real Estate	0.00
% Technology	0.00
% Energy	0.00
% Financial Services	4.89
% Utilities	95.11

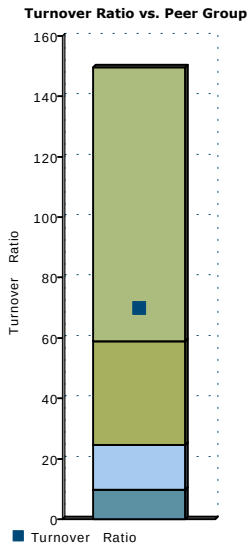
Credit Quality	
Avg Eff Duration	13.16
Effective Maturity	20.61
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Fin Fut Euro$ Cme 06/15/15	19.44%
Cdx Ig22 5y Bp Ice	9.02%
US Treasury Bond 2.75%	3.55%
US Treasury Bond 3.125%	2.73%
Resolution Fdg Fed Bk Prin Stp	2.20%
US Treasury Bond 3.125%	2.11%
U S Treas Bd Stripped Prin Pmt	2.07%
Resolution Fdg Fed Bk Prin Stp	1.71%
US Treasury Bond 4.375%	1.71%
AID 5.5%	1.67%

Portfolio Information	
Ticker	PLRIX
Morningstar Category	Long-term Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	NA
Net Assets $MM	5516.37
Turnover Ratio	70.00
% Assets in Top 10 Holdings	46.20
Total Number of Holdings	756.00
Manager Name	Stephen A. Rodosky
Manager Tenure	7.17
Fund Incept Date	08/31/2006
Prospectus Exp Ratio	0.50
Phone Number	888-877-4626

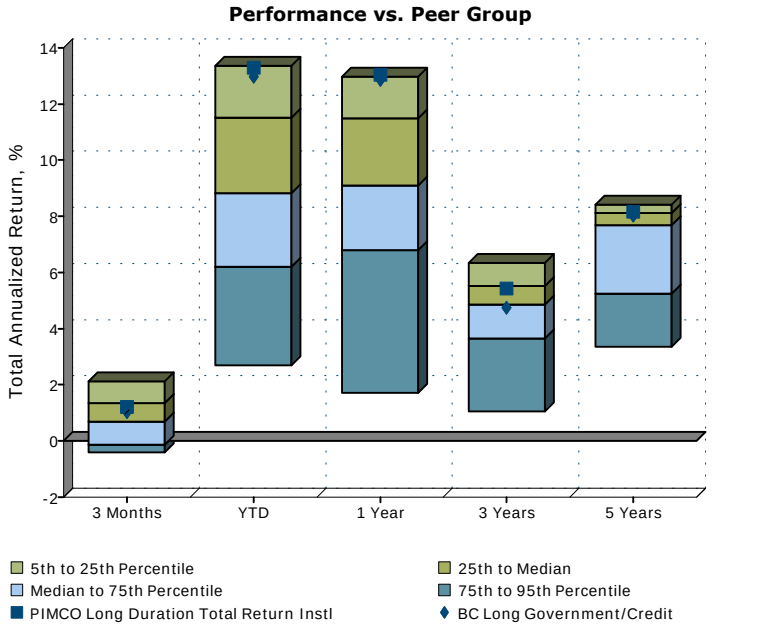
Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	10
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	8
10 Year Mstar Rating	NA
% Rank Cat 10 Yr	NA





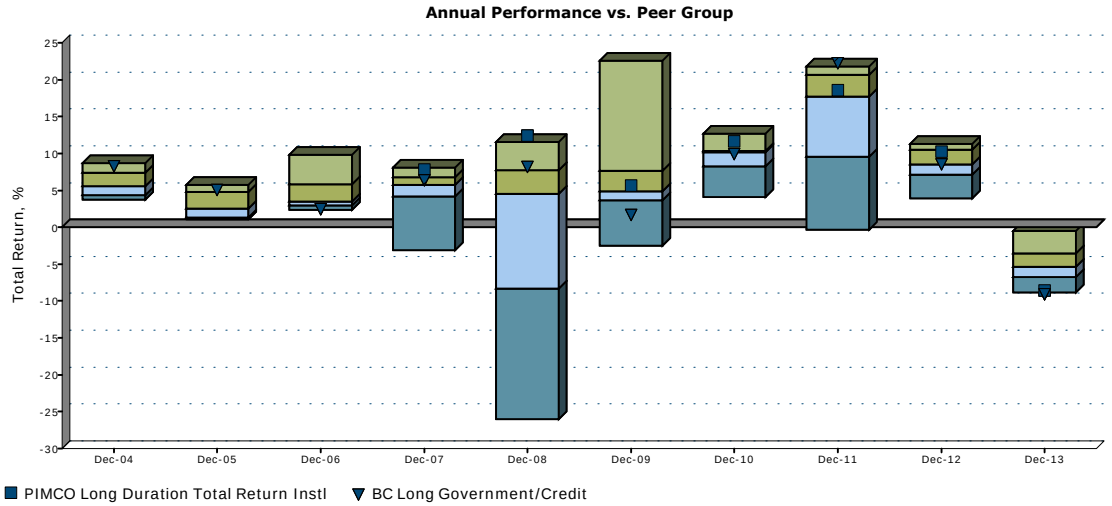
Investment Strategy Summary

The investment seeks maximum total return, consistent with prudent investment management. The fund invests at least 65% of its total assets in a diversified portfolio of Fixed Income Instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. It invests primarily in investment grade debt securities, but may invest up to 10% of its total assets in high yield securities ("junk bonds") that are rated B or higher by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality.

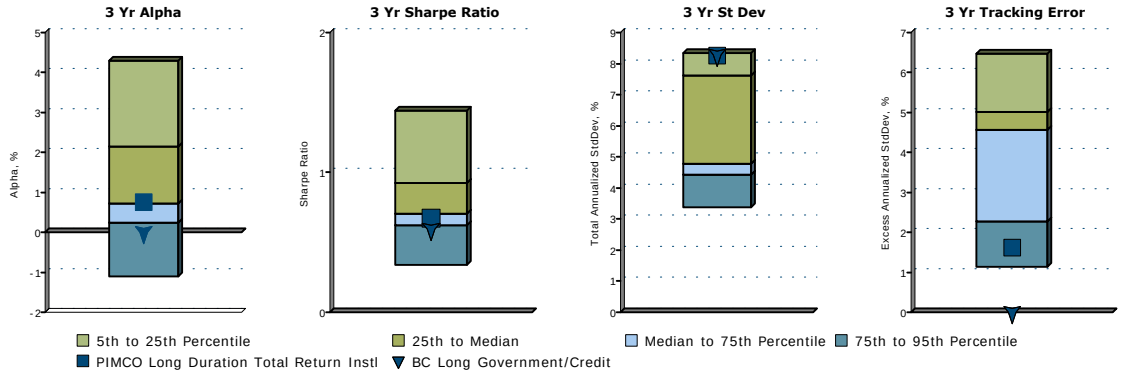


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
PIMCO Long Duration Total Return Instl	1.22	13.29	13.05	5.43	8.17
BC Long Government/Credit	1.04	12.97	12.87	4.75	8.04
Universe(5%)	2.12	13.37	12.98	6.35	8.42
Universe(25%)	1.36	11.52	11.49	5.52	8.13
Universe(Median)	0.68	8.82	9.11	4.87	7.68
Universe(75%)	-0.13	6.20	6.79	3.65	5.25
Universe(95%)	-0.40	2.70	1.72	1.06	3.36

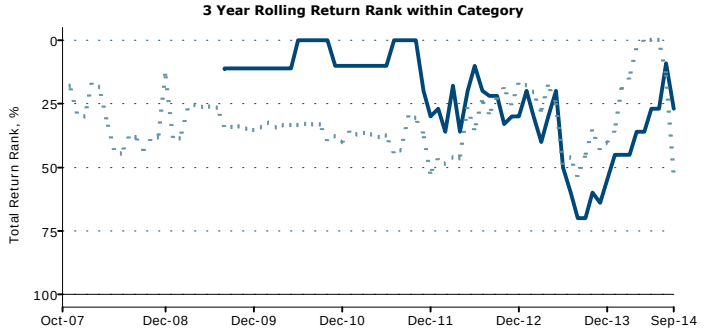
PIMCO Long Duration Total Return Instl

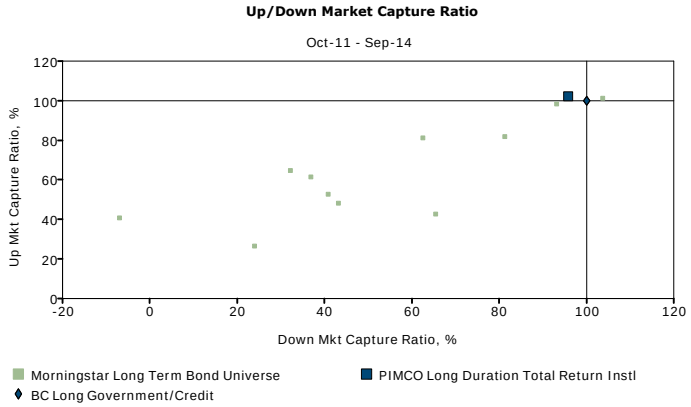


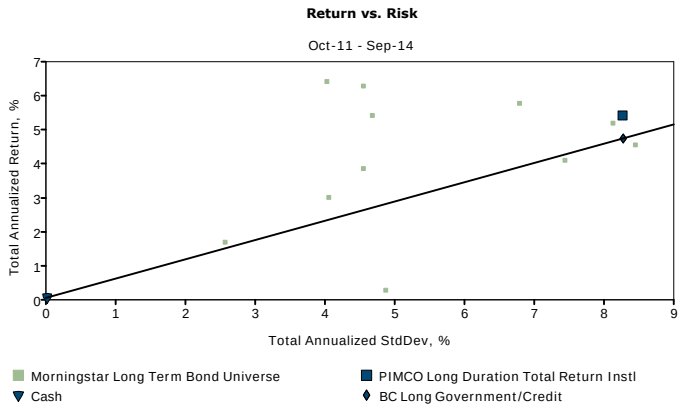
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
PIMCO Long Duration Total Return Instl	NA	NA	NA	7.83	12.38	5.62	11.64	18.57	10.28	-8.56
BC Long Government/Credit	8.56	5.33	2.71	6.60	8.44	1.92	10.16	22.49	8.78	-8.83



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
PIMCO Long Duration Total Return Instl	0.75	0.98	96.24	0.67	8.26	1.61
BC Long Government/Credit	0.00	1.00	100.00	0.59	8.27	0.00
Universe(5%)	4.30	1.00	98.03	1.44	8.34	6.47
Universe(25%)	2.14	0.89	93.32	0.92	7.61	5.01
Universe(Median)	0.73	0.51	85.78	0.70	4.78	4.56
Universe(75%)	0.24	0.46	73.95	0.62	4.42	2.28
Universe(95%)	-1.11	0.28	52.90	0.34	3.37	1.14



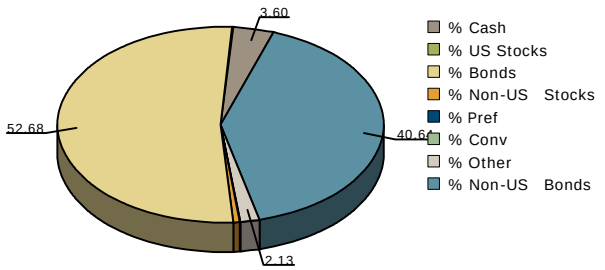




Milliman | Quarterly Investment Monitor

Data as of 09/30/2014

Ivy High Income I



Portfolio Region	
% United States	63.43
% Canada	0.00
% Latin America	0.00
% United Kingdom	36.57
% Eurozone	0.00
% Europe - ex Euro	0.00
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	0.00
% Australasia	0.00
% Asia - Developed	0.00
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	3.60
% US Stocks	0.57
% Bonds	52.68
% Non-US Stocks	0.33
% Pref	0.02
% Conv	0.04
% Other	2.13
% Non-US Bonds	40.64

Sector Allocation	
% Basic Materials	0.00
% Communication Services	56.75
% Consumer Cyclical	43.25
% Consumer Defensive	0.00
% Healthcare	0.00
% Industrials	0.00
% Real Estate	0.00
% Technology	0.00
% Energy	0.00
% Financial Services	0.00
% Utilities	0.00

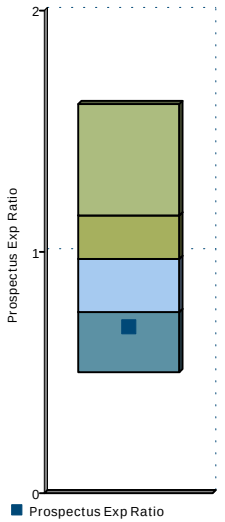
Credit Quality	
Avg Eff Duration	3.90
Effective Maturity	4.65
Avg Credit Quality	B
AAA	0.00
AA	0.00
A	1.02
BBB	1.76
BB	20.12
B	41.38
Below B	35.28
NR/NA	0.44

Top Ten Holdings	
Magic 2 Lien (Misys Plc)	2.02%
Laureate Educ 144A 9.25%	1.71%
Formula 1 (Proj Green Ii)	1.41%
Hd Sply 11.5%	1.12%
Tmx Fin Llc/Titlemax Fin 144A 8.5%	1.02%
Eagle Midco 144A 9%	0.98%
Onex Usi Acquisition 144A 7.75%	0.94%
Jo-Ann Stores 144A 9.75%	0.88%
Bakercorp Intl 144A 8.25%	0.84%
Pinnacle Operating Corporation 144A 9%	0.84%

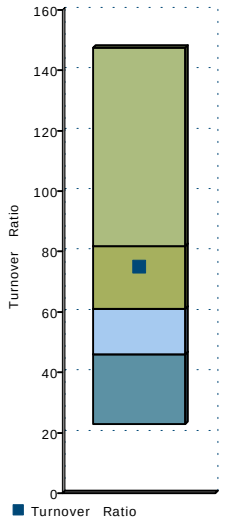
Portfolio Information	
Ticker	IVHIX
Morningstar Category	High Yield Bond
Avg Mkt Cap $MM	23763.36
Cat Med Mkt Cap $MM	12586.60
Net Assets $MM	10636.43
Turnover Ratio	75.00
% Assets in Top 10 Holdings	11.77
Total Number of Holdings	422.00
Manager Name	Chad A. Gunther
Manager Tenure	0.23
Fund Incept Date	07/31/1997
Prospectus Exp Ratio	0.69
Phone Number	800-777-6472

Portfolio Ratings	
Mstar Rating	★★★★★
3 Year Mstar Rating	★★★★★
% Rank Cat 3 Yr	8
5 Year Mstar Rating	★★★★★
% Rank Cat 5 Yr	3
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	2

Expense Ratio vs. Peer Group



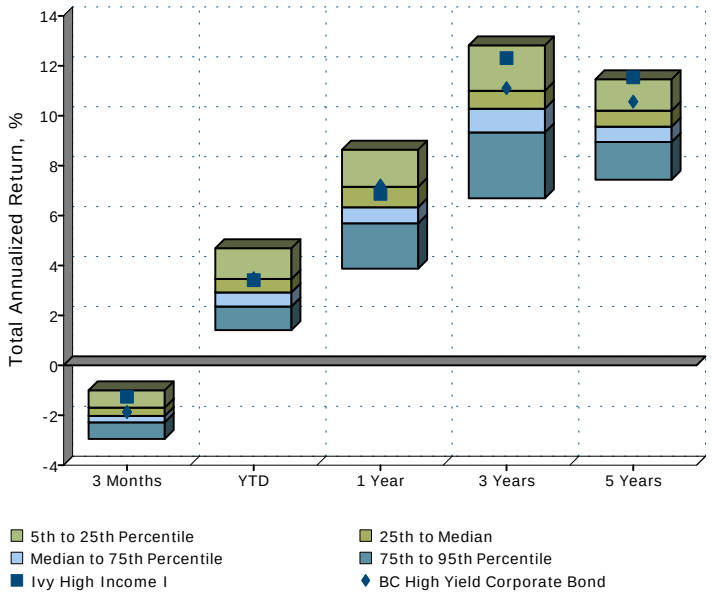
Turnover Ratio vs. Peer Group



Investment Strategy Summary

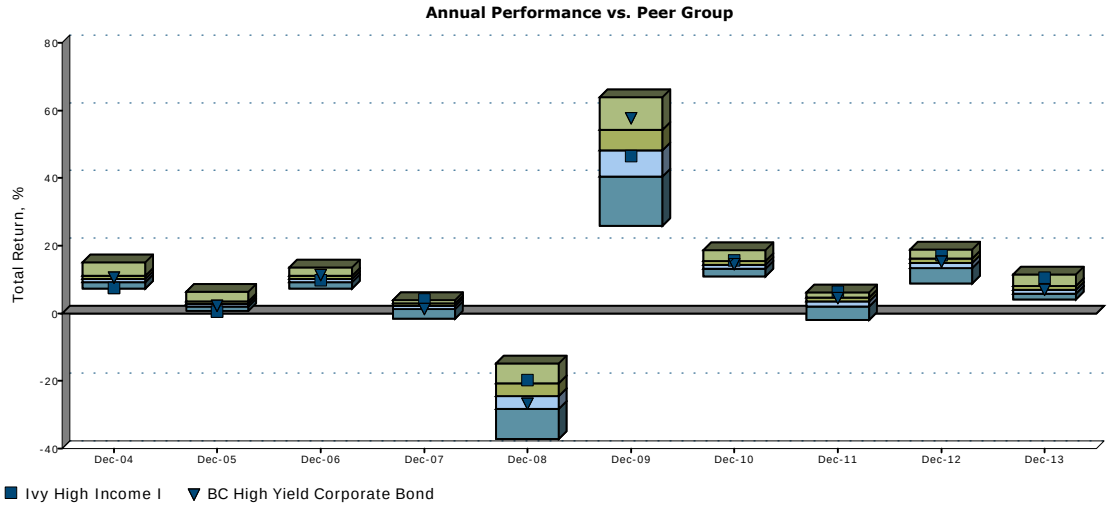
The investment seeks to provide total return through a combination of high current income and capital appreciation. The fund invests primarily in a diversified portfolio of high-yield, high-risk, fixed income securities, including secured and unsecured loan assignments, loan participations and other loan instruments (loans), of U.S. and foreign issuers, the risks of which are, in the judgment of the adviser consistent with the fund's objective. It invests primarily in lower quality debt securities, which include debt securities rated BBB+ or lower.

Performance vs. Peer Group

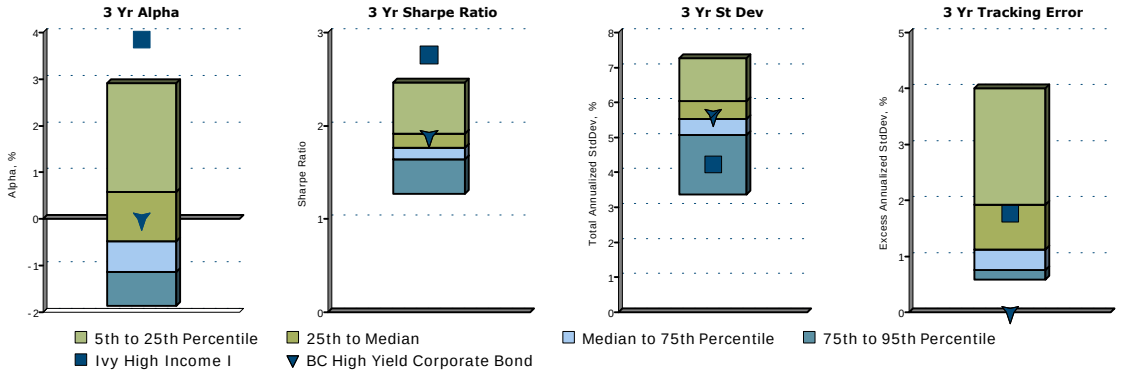


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Ivy High Income I	-1.27	3.40	6.88	12.30	11.55
BC High Yield Corporate Bond	-1.87	3.49	7.20	11.09	10.57
Universe(5%)	-0.99	4.69	8.65	12.82	11.46
Universe(25%)	-1.69	3.47	7.14	11.00	10.20
Universe(Median)	-2.02	2.93	6.33	10.28	9.57
Universe(75%)	-2.27	2.37	5.69	9.33	8.95
Universe(95%)	-2.96	1.42	3.87	6.69	7.43

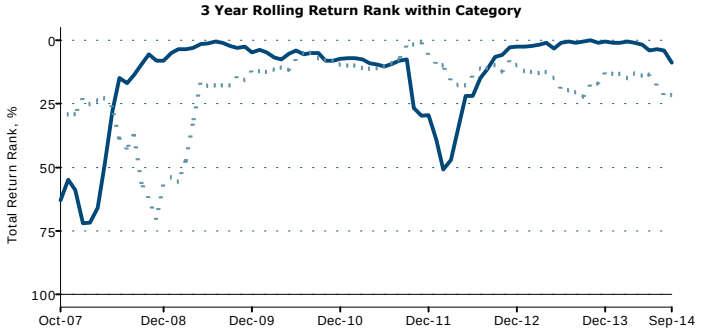
Ivy High Income I

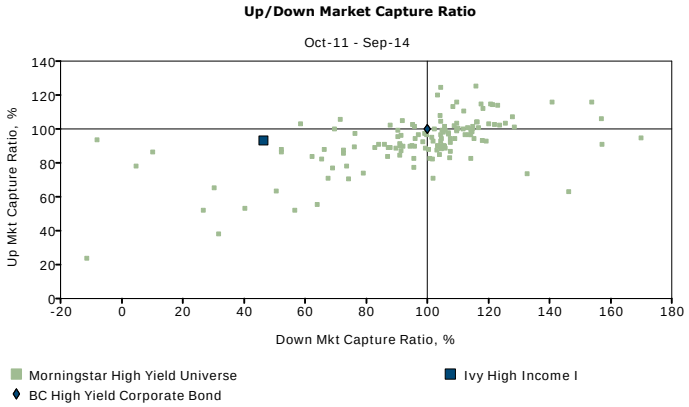


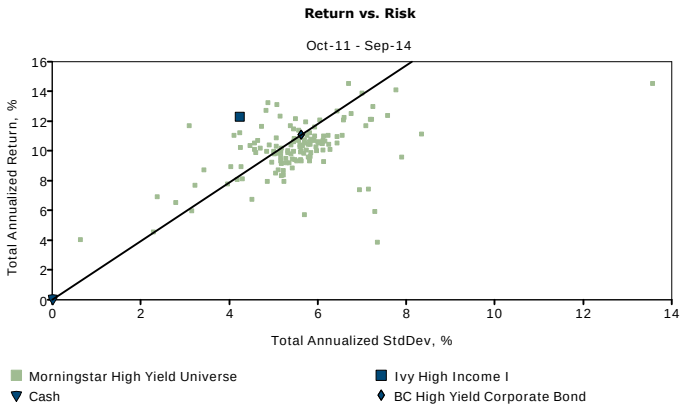
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Ivy High Income I	7.58	0.59	9.69	4.05	-19.73	46.56	15.62	6.44	17.16	10.46
BC High Yield Corporate Bond	11.13	2.74	11.85	1.87	-26.16	58.21	15.12	4.98	15.81	7.44



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Ivy High Income I	3.85	0.73	95.29	2.76	4.23	1.76
BC High Yield Corporate Bond	0.00	1.00	100.00	1.89	5.63	0.00
Universe(5%)	2.92	1.17	99.23	2.47	7.26	4.00
Universe(25%)	0.58	1.05	98.59	1.92	6.04	1.92
Universe(Median)	-0.48	0.96	97.17	1.77	5.53	1.13
Universe(75%)	-1.14	0.87	91.57	1.64	5.06	0.75
Universe(95%)	-1.86	0.55	74.59	1.27	3.36	0.58



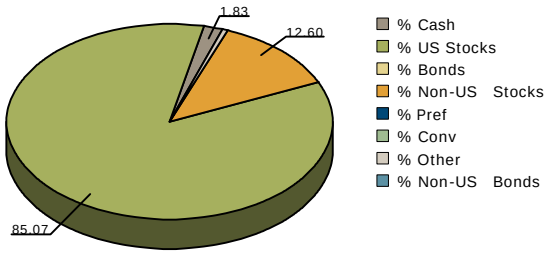




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Vanguard Equity-Income Adm



Portfolio Region	
% United States	87.10
% Canada	2.41
% Latin America	0.00
% United Kingdom	4.11
% Eurozone	4.21
% Europe - ex Euro	2.16
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	0.00
% Australasia	0.00
% Asia - Developed	0.00
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	1.83
% US Stocks	85.07
% Bonds	0.00
% Non-US Stocks	12.60
% Pref	0.00
% Conv	0.00
% Other	0.50
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	3.98
% Communication Services	4.42
% Consumer Cyclical	5.40
% Consumer Defensive	12.39
% Healthcare	12.67
% Industrials	12.46
% Real Estate	0.00
% Technology	13.47
% Energy	12.31
% Financial Services	16.30
% Utilities	6.60

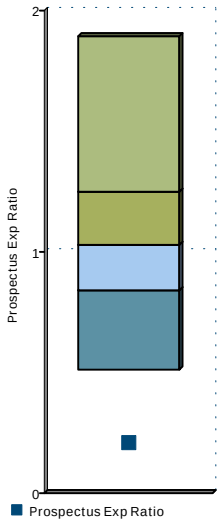
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Wells Fargo & Co	3.85%
Johnson & Johnson	3.69%
Microsoft Corp	3.46%
Exxon Mobil Corporation	3.23%
Verizon Communications Inc	3.09%
Chevron Corp	3.05%
Merck & Co Inc	2.80%
JPMorgan Chase & Co	2.64%
Apple Inc	2.29%
General Electric Co	2.09%

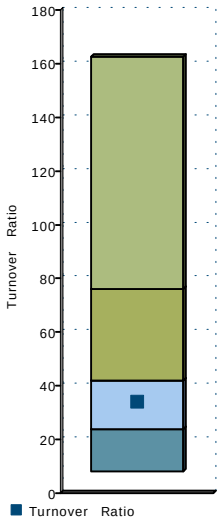
Portfolio Information	
Ticker	VEIRX
Morningstar Category	Large Value
Avg Mkt Cap $MM	84587.18
Cat Med Mkt Cap $MM	87265.57
Net Assets $MM	17846.81
Turnover Ratio	34.00
% Assets in Top 10 Holdings	30.20
Total Number of Holdings	164.00
Manager Name	James P. Stetler
Manager Tenure	10.76
Fund Incept Date	03/21/1988
Prospectus Exp Ratio	0.21
Phone Number	800-662-7447

Portfolio Ratings	
Mstar Rating	★★★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	51
5 Year Mstar Rating	★★★★★
% Rank Cat 5 Yr	4
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	9

Expense Ratio vs. Peer Group



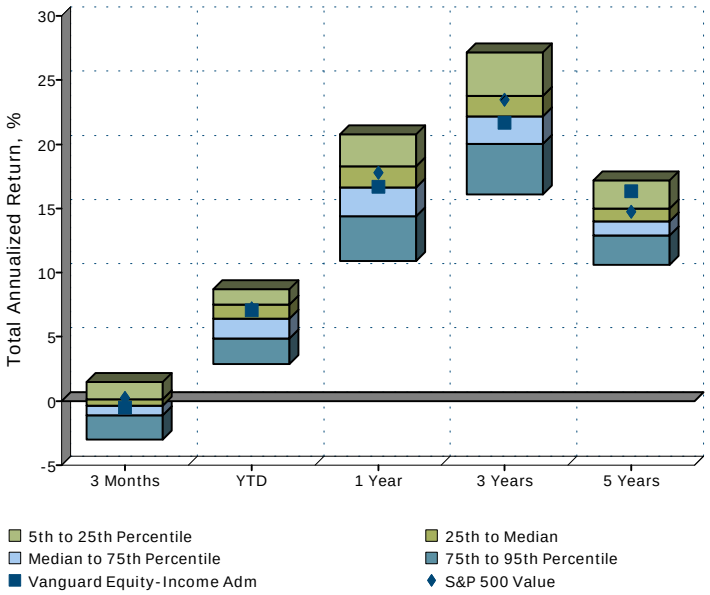
Turnover Ratio vs. Peer Group



Investment Strategy Summary

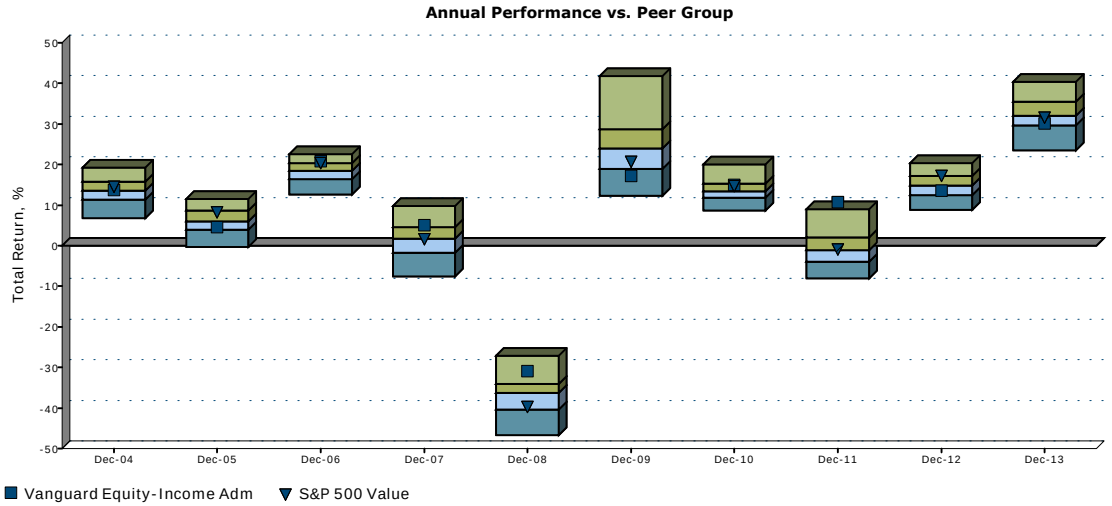
The investment seeks to provide an above-average level of current income and reasonable long-term capital appreciation. The fund invests mainly in common stocks of mid-size and large companies whose stocks typically pay above-average levels of dividend income and are, in the opinion of the purchasing advisor, undervalued relative to other stocks. In addition, the advisors generally look for companies that they believe are committed to paying dividends consistently. Under normal circumstances, the fund will invest at least 80% of its assets in equity securities. The fund uses multiple investment advisors.

Performance vs. Peer Group

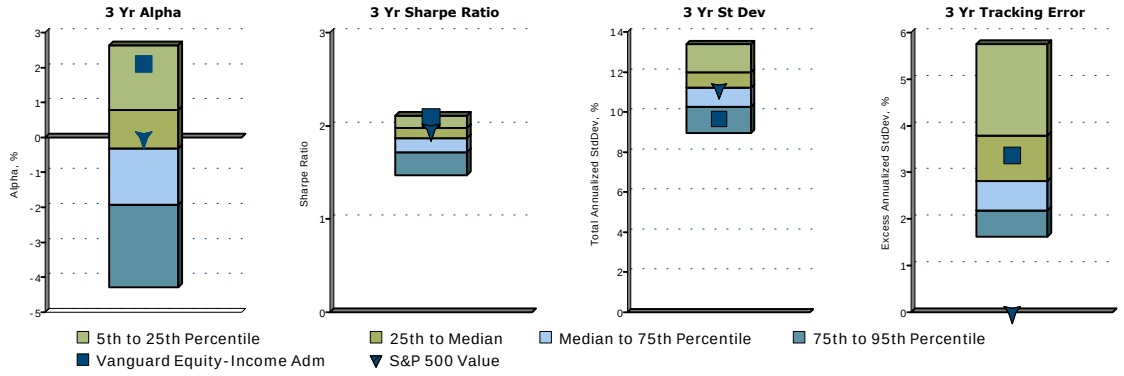


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Equity-Income Adm	-0.53	7.07	16.70	21.68	16.34
S&P 500 Value	0.25	7.23	17.77	23.46	14.73
Universe(5%)	1.49	8.71	20.77	27.16	17.18
Universe(25%)	0.12	7.50	18.27	23.75	15.00
Universe(Median)	-0.35	6.42	16.63	22.15	14.00
Universe(75%)	-1.09	4.87	14.42	20.04	12.92
Universe(95%)	-2.98	2.87	10.91	16.07	10.58

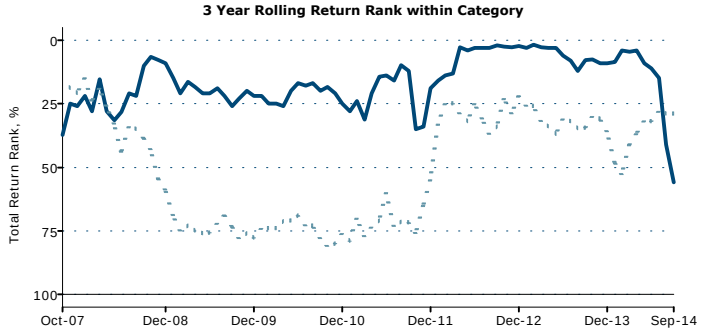
Vanguard Equity-Income Adm

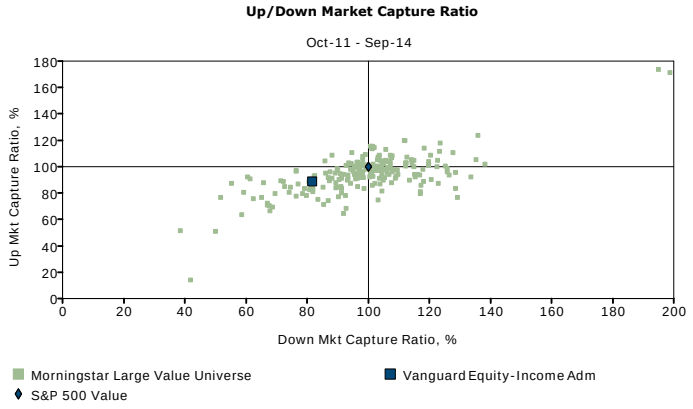


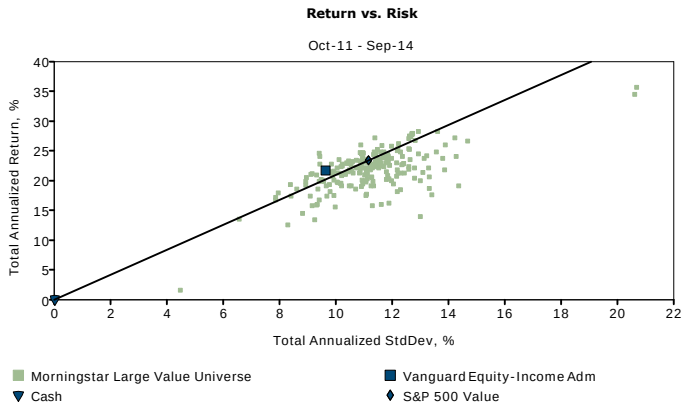
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Equity-Income Adm	13.69	4.52	20.77	4.99	-30.86	17.26	14.99	10.69	13.58	30.19
S&P 500 Value	15.03	8.71	20.80	1.99	-39.22	21.18	15.10	-0.48	17.68	31.99



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Equity-Income Adm	2.11	0.83	91.77	2.09	9.65	3.36
S&P 500 Value	0.00	1.00	100.00	1.95	11.15	0.00
Universe(5%)	2.63	1.14	98.22	2.11	13.39	5.75
Universe(25%)	0.79	1.05	96.42	1.98	11.98	3.79
Universe(Median)	-0.32	0.98	94.61	1.87	11.23	2.81
Universe(75%)	-1.93	0.90	90.63	1.71	10.26	2.19
Universe(95%)	-4.28	0.74	82.67	1.47	8.94	1.63



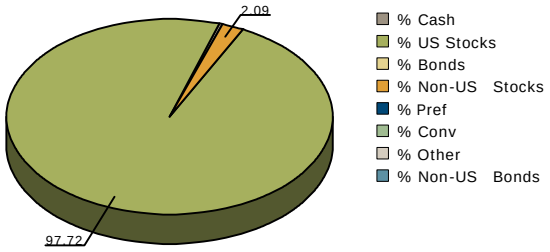




Milliman | Quarterly Investment Monitor

Data as of 09/30/2014

Vanguard Growth Index Adm



Portfolio Region	
% United States	97.91
% Canada	0.16
% Latin America	0.00
% United Kingdom	0.48
% Eurozone	1.05
% Europe - ex Euro	0.19
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	0.00
% Australasia	0.00
% Asia - Developed	0.21
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	0.19
% US Stocks	97.72
% Bonds	0.00
% Non-US Stocks	2.09
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	3.07
% Communication Services	3.78
% Consumer Cyclical	17.48
% Consumer Defensive	7.12
% Healthcare	12.64
% Industrials	10.68
% Real Estate	4.99
% Technology	25.56
% Energy	8.39
% Financial Services	6.12
% Utilities	0.17

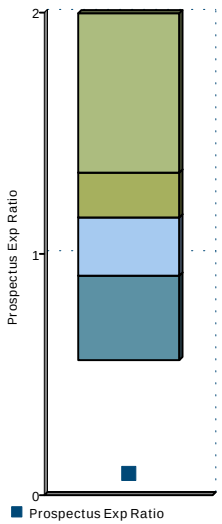
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Apple Inc	7.14%
Coca-Cola Co	1.91%
Gilead Sciences Inc	1.91%
Google Inc Class A	1.90%
Google Inc Class C	1.89%
Facebook Inc Class A	1.72%
Schlumberger NV	1.65%
Walt Disney Co	1.62%
Oracle Corporation	1.60%
Qualcomm Inc	1.48%

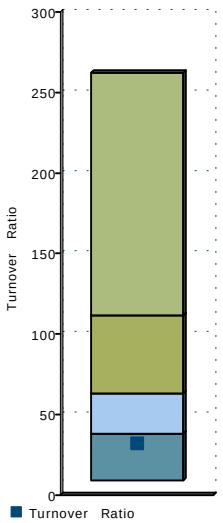
Portfolio Information	
Ticker	VIGAX
Morningstar Category	Large Growth
Avg Mkt Cap $MM	51552.71
Cat Med Mkt Cap $MM	72963.17
Net Assets $MM	41724.89
Turnover Ratio	32.00
% Assets in Top 10 Holdings	22.83
Total Number of Holdings	373.00
Manager Name	Gerard C. O'Reilly
Manager Tenure	19.76
Fund Incept Date	11/02/1992
Prospectus Exp Ratio	0.09
Phone Number	800-662-7447

Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	25
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	13
10 Year Mstar Rating	★★★★
% Rank Cat 10 Yr	26

Expense Ratio vs. Peer Group



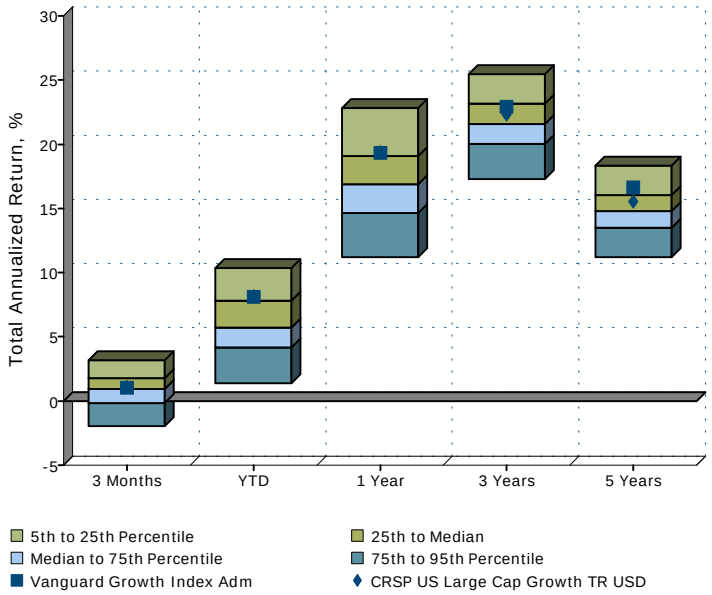
Turnover Ratio vs. Peer Group



Investment Strategy Summary

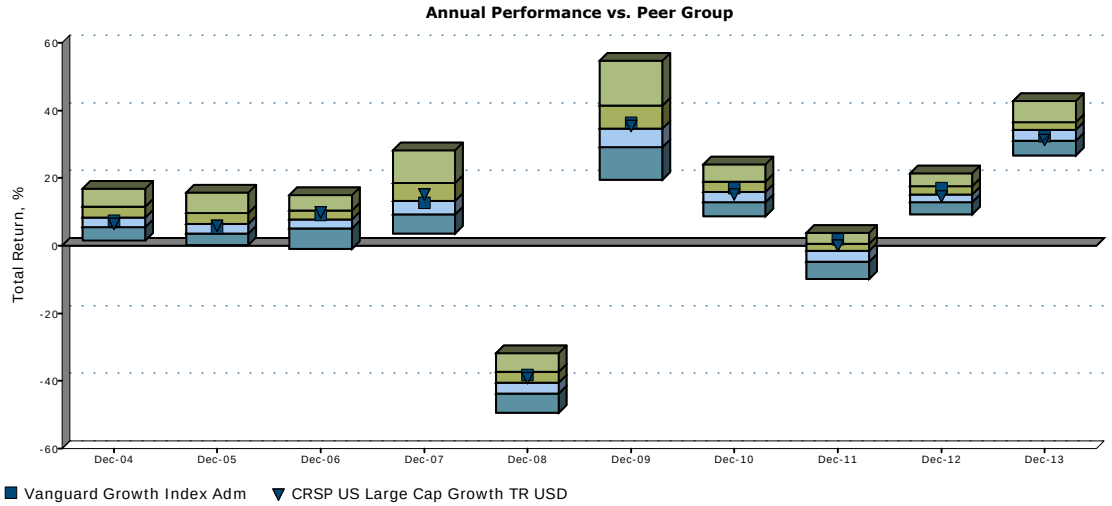
The investment seeks to track the performance of a benchmark index that measures the investment return of large-capitalization growth stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP U.S. Large Cap Growth Index, a broadly diversified index predominantly made up of growth 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.

Performance vs. Peer Group

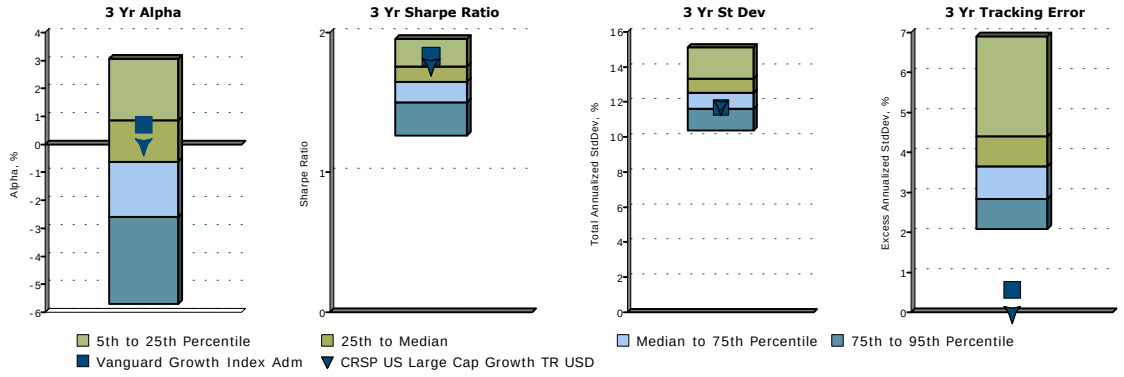


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Growth Index Adm	1.05	8.11	19.31	22.94	16.62
CRSP US Large Cap Growth TR USD	1.06	8.18	19.38	22.30	15.52
Universe(5%)	3.20	10.38	22.80	25.46	18.33
Universe(25%)	1.79	7.79	19.10	23.18	16.04
Universe(Median)	0.91	5.73	16.88	21.56	14.80
Universe(75%)	-0.14	4.19	14.67	20.01	13.49
Universe(95%)	-1.95	1.37	11.21	17.31	11.22

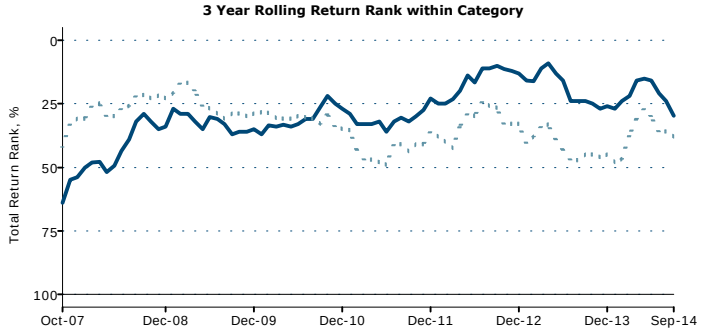
Vanguard Growth Index Adm

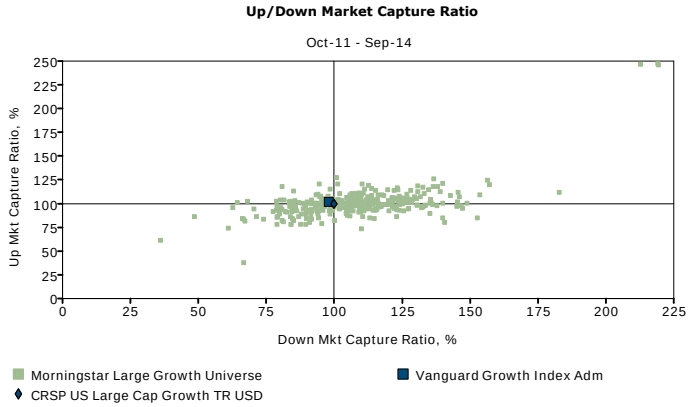


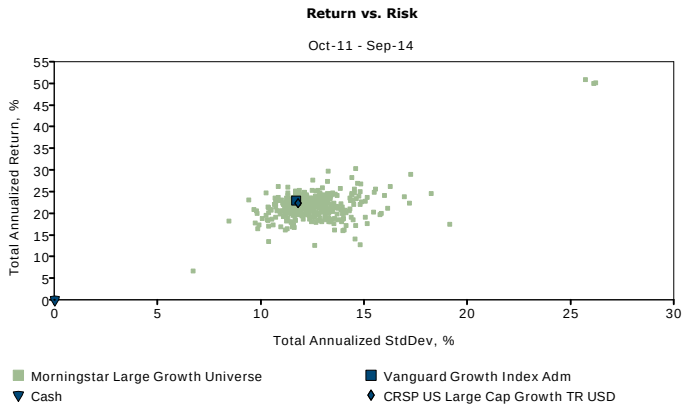
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Growth Index Adm	7.31	5.21	9.13	12.70	-38.22	36.42	17.12	1.87	17.01	32.40
CRSP US Large Cap Growth TR USD	6.99	6.40	10.32	15.66	-38.67	35.92	15.77	0.58	15.20	31.75



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Growth Index Adm	0.71	0.99	99.79	1.83	11.70	0.55
CRSP US Large Cap Growth TR USD	0.00	1.00	100.00	1.77	11.80	0.00
Universe(5%)	3.06	1.18	97.05	1.96	15.12	6.90
Universe(25%)	0.87	1.08	95.04	1.76	13.34	4.41
Universe(Median)	-0.62	1.02	92.47	1.65	12.54	3.65
Universe(75%)	-2.59	0.95	88.61	1.50	11.62	2.83
Universe(95%)	-5.70	0.84	79.60	1.26	10.39	2.08



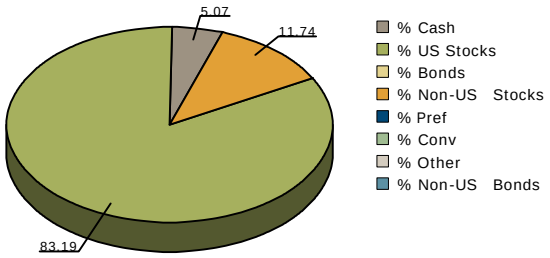




Milliman | Quarterly Investment Monitor

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Vanguard PRIMECAP Inv



Portfolio Region	
% United States	87.63
% Canada	1.11
% Latin America	0.04
% United Kingdom	0.66
% Eurozone	0.99
% Europe - ex Euro	9.16
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	0.41
% Australasia	0.00
% Asia - Developed	0.00
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	5.07
% US Stocks	83.19
% Bonds	0.00
% Non-US Stocks	11.74
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	2.78
% Communication Services	1.76
% Consumer Cyclical	5.25
% Consumer Defensive	0.56
% Healthcare	30.96
% Industrials	15.21
% Real Estate	0.00
% Technology	32.31
% Energy	5.17
% Financial Services	6.00
% Utilities	0.00

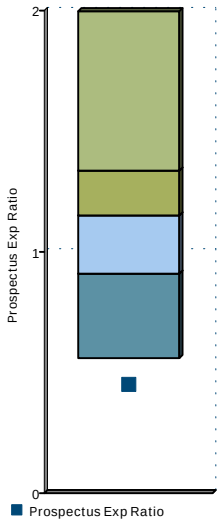
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Biogen Idec Inc	7.23%
Amgen Inc	4.33%
Eli Lilly and Co	4.16%
Roche Holding AG	4.02%
FedEx Corp	3.95%
Adobe Systems Inc	3.88%
Texas Instruments Inc	3.78%
Microsoft Corp	3.75%
Novartis AG ADR	2.89%
Medtronic Inc	2.25%

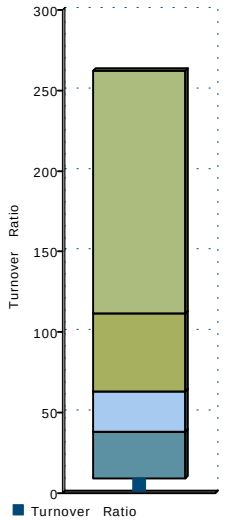
Portfolio Information	
Ticker	VPMCX
Morningstar Category	Large Growth
Avg Mkt Cap $MM	62454.98
Cat Med Mkt Cap $MM	72963.17
Net Assets $MM	44255.36
Turnover Ratio	5.00
% Assets in Top 10 Holdings	40.26
Total Number of Holdings	125.00
Manager Name	Joel P. Fried
Manager Tenure	25.76
Fund Incept Date	11/01/1984
Prospectus Exp Ratio	0.45
Phone Number	800-662-7447

Portfolio Ratings	
Mstar Rating	★★★★★
3 Year Mstar Rating	★★★★★
% Rank Cat 3 Yr	2
5 Year Mstar Rating	★★★★★
% Rank Cat 5 Yr	11
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	6

Expense Ratio vs. Peer Group



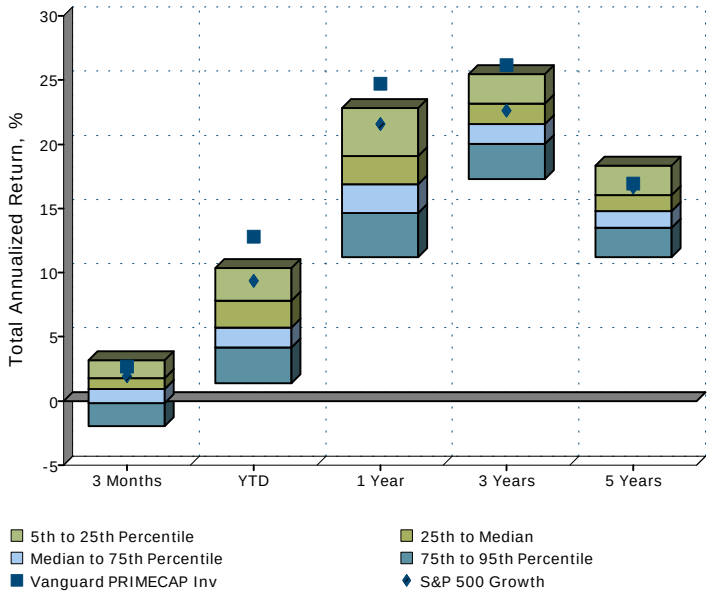
Turnover Ratio vs. Peer Group



Investment Strategy Summary

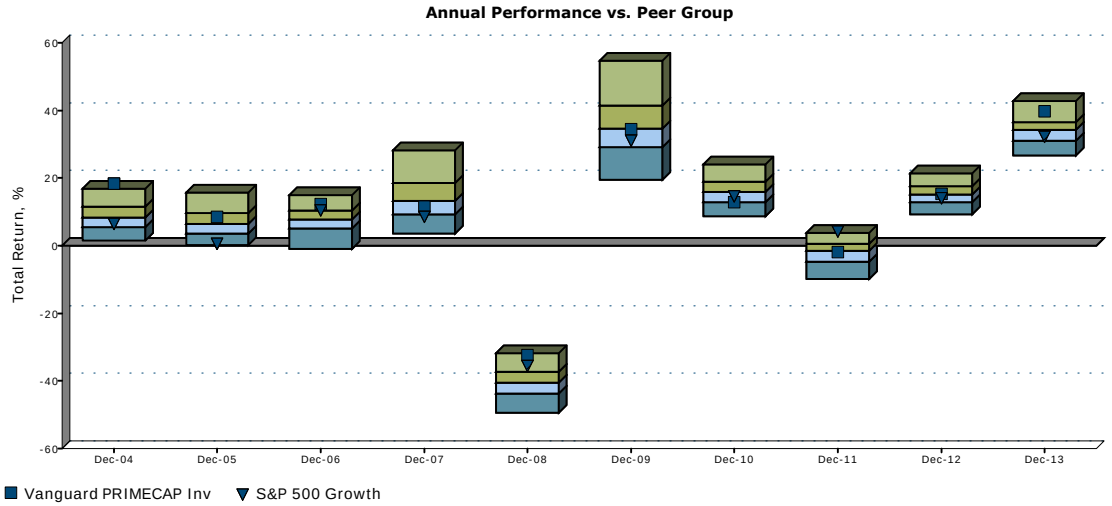
The investment seeks long-term capital appreciation. The fund invests in stocks considered to have above-average earnings growth potential that is not reflected in their current market prices. Its portfolio consists predominantly of large- and mid-capitalization stocks.

Performance vs. Peer Group

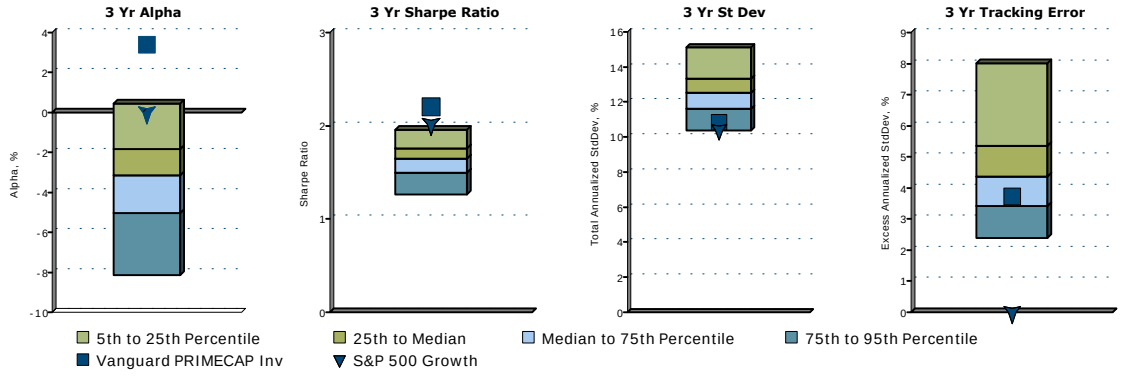


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard PRIMECAP Inv	2.66	12.81	24.72	26.15	16.95
S&P 500 Growth	1.92	9.36	21.55	22.62	16.64
Universe(5%)	3.20	10.38	22.80	25.46	18.33
Universe(25%)	1.79	7.79	19.10	23.18	16.04
Universe(Median)	0.91	5.73	16.88	21.56	14.80
Universe(75%)	-0.14	4.19	14.67	20.01	13.49
Universe(95%)	-1.95	1.37	11.21	17.31	11.22

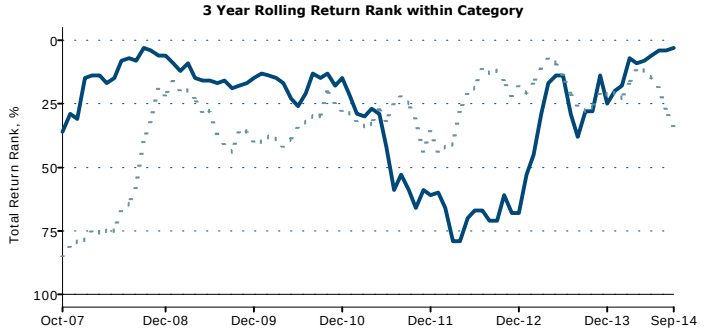
Vanguard PRIMECAP Inv

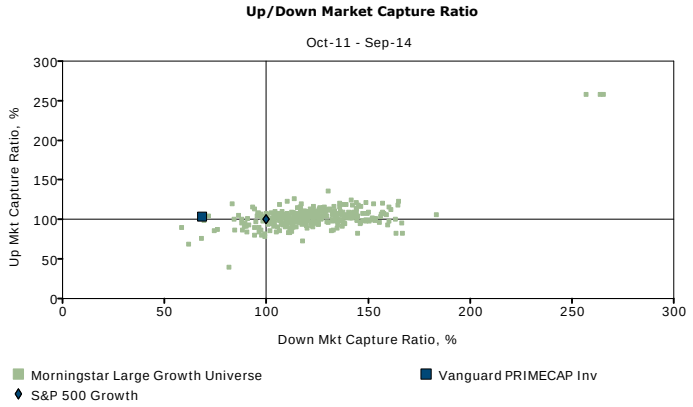


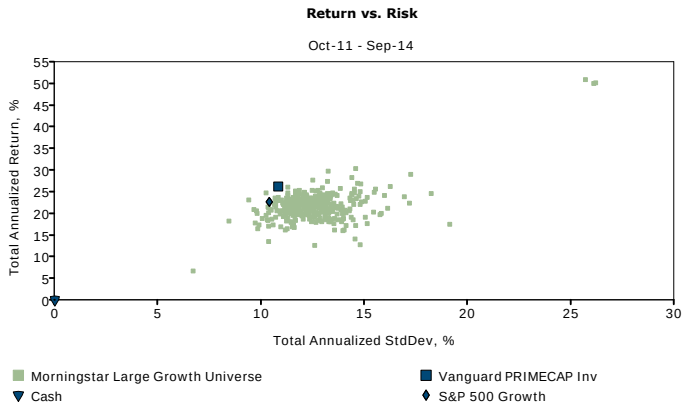
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard PRIMECAP Inv	18.31	8.49	12.30	11.49	-32.41	34.45	12.89	-1.84	15.27	39.73
S&P 500 Growth	6.97	1.14	11.01	9.13	-34.92	31.57	15.05	4.65	14.61	32.75



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard PRIMECAP Inv	3.38	0.98	88.27	2.20	10.86	3.73
S&P 500 Growth	0.00	1.00	100.00	2.02	10.43	0.00
Universe(5%)	0.43	1.30	96.15	1.96	15.12	8.02
Universe(25%)	-1.84	1.19	92.41	1.76	13.34	5.35
Universe(Median)	-3.16	1.14	89.34	1.65	12.54	4.37
Universe(75%)	-5.03	1.07	85.20	1.50	11.62	3.42
Universe(95%)	-8.15	0.95	75.81	1.26	10.39	2.39



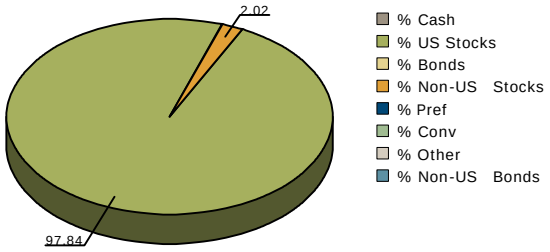




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Data as of 09/30/2014

Vanguard Mid-Cap Value Index Admiral



Portfolio Region	
% United States	97.98
% Canada	0.00
% Latin America	0.00
% United Kingdom	1.77
% Eurozone	0.00
% Europe - ex Euro	0.26
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	0.00
% Australasia	0.00
% Asia - Developed	0.00
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	0.14
% US Stocks	97.84
% Bonds	0.00
% Non-US Stocks	2.02
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	7.03
% Communication Services	0.85
% Consumer Cyclical	15.68
% Consumer Defensive	8.65
% Healthcare	8.55
% Industrials	10.87
% Real Estate	4.37
% Technology	9.73
% Energy	6.66
% Financial Services	18.04
% Utilities	9.58

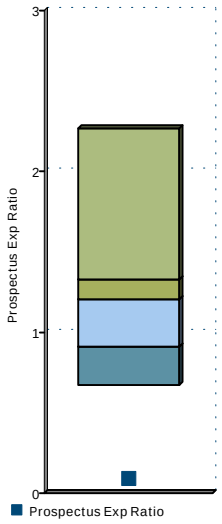
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Western Digital Corp	1.43%
Delphi Automotive PLC	1.32%
Alcoa Inc	1.21%
Seagate Technology PLC	1.21%
Mylan Inc	1.13%
United Continental Holdings Inc	1.11%
Boston Scientific Inc	1.04%
Hartford Financial Services Group Inc	1.04%
AmerisourceBergen Corp	1.03%
Principal Financial Group	0.99%

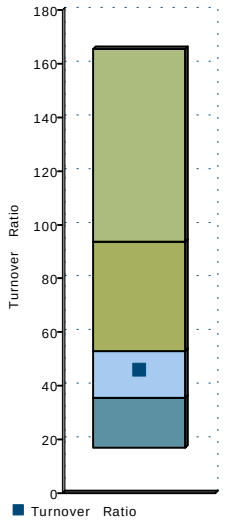
Portfolio Information	
Ticker	VMVAX
Morningstar Category	Mid-Cap Value
Avg Mkt Cap $MM	10040.74
Cat Med Mkt Cap $MM	8727.26
Net Assets $MM	6098.25
Turnover Ratio	46.00
% Assets in Top 10 Holdings	11.52
Total Number of Holdings	204.00
Manager Name	Donald M. Butler
Manager Tenure	8.13
Fund Incept Date	09/27/2011
Prospectus Exp Ratio	0.09
Phone Number	800-662-7447

Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	21
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	15
10 Year Mstar Rating	NA
% Rank Cat 10 Yr	NA

Expense Ratio vs. Peer Group



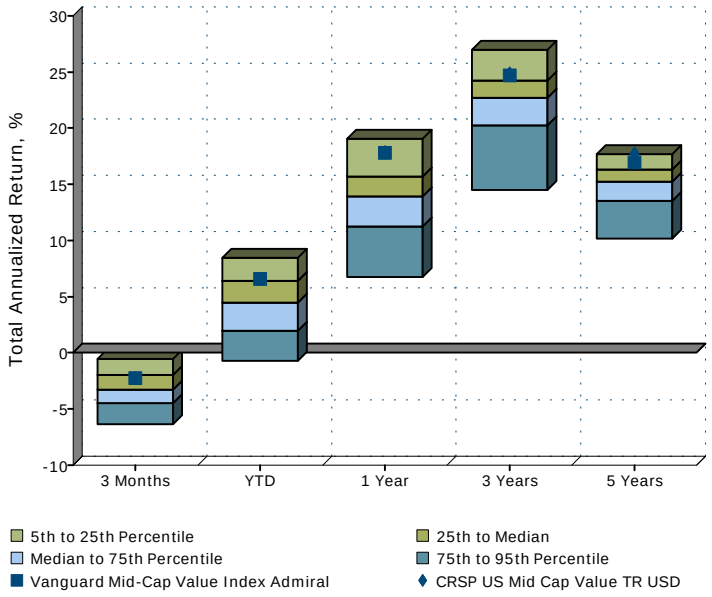
Turnover Ratio vs. Peer Group



Investment Strategy Summary

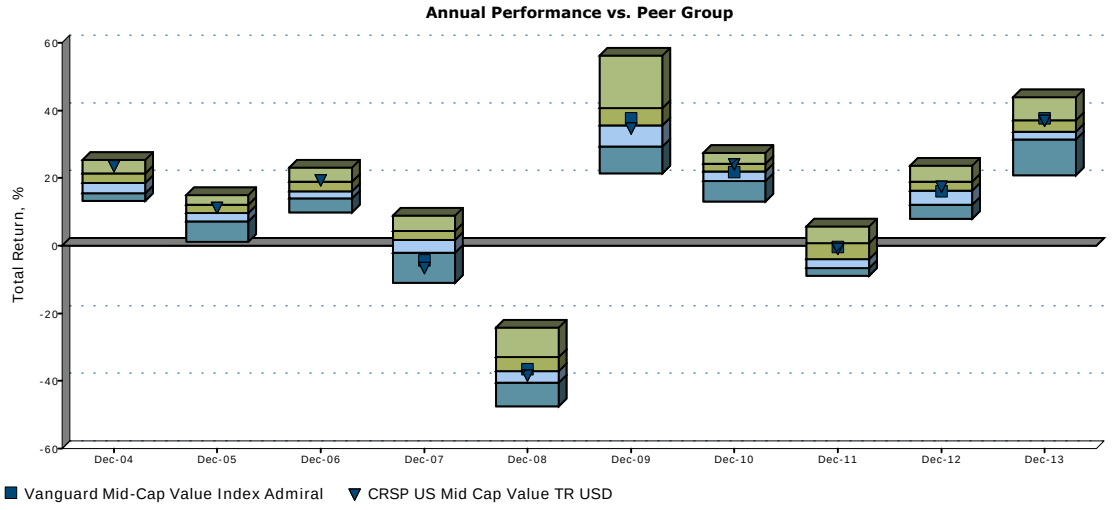
The investment seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization value stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP US Mid Cap Value Index, a broadly diversified index of value stocks of mid-size 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.

Performance vs. Peer Group

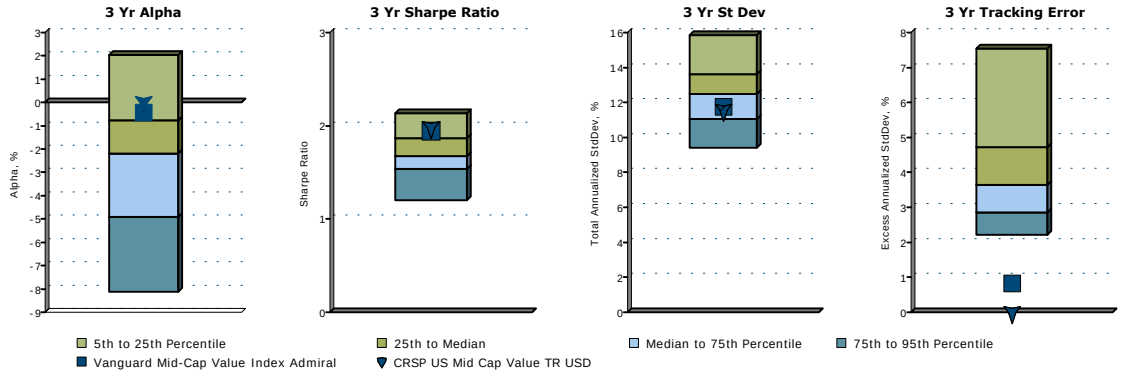


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Mid-Cap Value Index Admiral	-2.24	6.56	17.81	24.68	16.97
CRSP US Mid Cap Value TR USD	-2.26	6.61	17.87	24.89	17.73
Universe(5%)	-0.53	8.45	19.05	26.96	17.70
Universe(25%)	-1.99	6.38	15.71	24.27	16.33
Universe(Median)	-3.25	4.49	13.92	22.71	15.27
Universe(75%)	-4.47	1.96	11.24	20.28	13.55
Universe(95%)	-6.37	-0.71	6.78	14.50	10.17

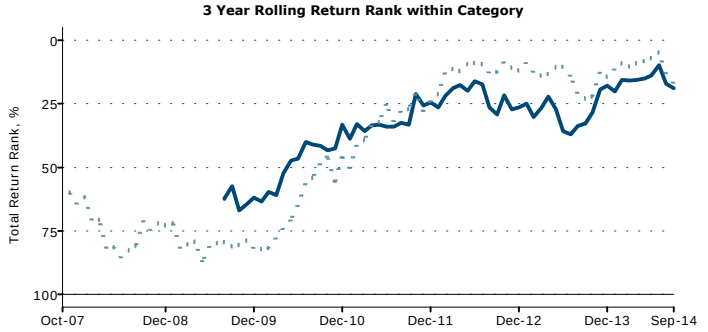
Vanguard Mid-Cap Value Index Admiral

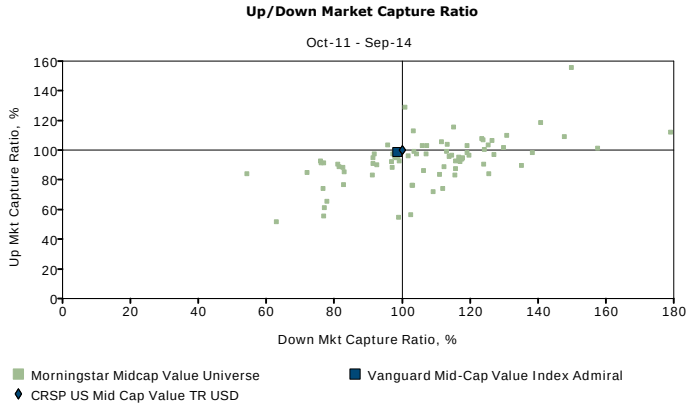


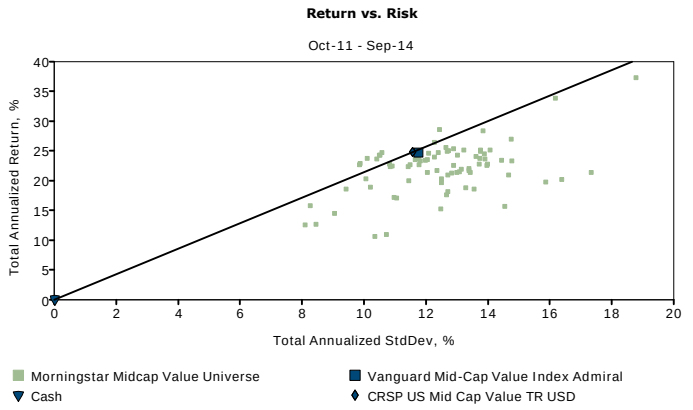
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Mid-Cap Value Index Admiral	NA	NA	NA	-4.27	-36.54	37.74	21.82	-0.29	16.02	37.66
CRSP US Mid Cap Value TR USD	24.07	11.67	19.91	-6.07	-37.95	35.21	24.58	-0.39	17.90	37.38



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Mid-Cap Value Index Admiral	-0.44	1.01	99.53	1.95	11.75	0.82
CRSP US Mid Cap Value TR USD	0.00	1.00	100.00	1.99	11.57	0.00
Universe(5%)	2.05	1.23	96.55	2.13	15.86	7.55
Universe(25%)	-0.76	1.12	95.17	1.86	13.61	4.72
Universe(Median)	-2.20	1.04	93.70	1.67	12.50	3.65
Universe(75%)	-4.90	0.94	88.35	1.54	11.05	2.86
Universe(95%)	-8.13	0.70	70.50	1.20	9.42	2.22



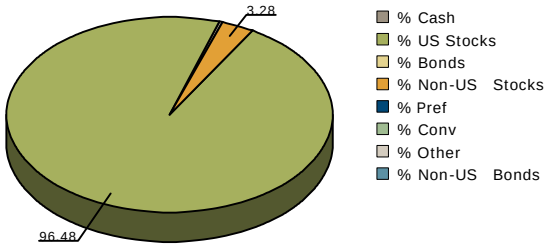




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Data as of 09/30/2014

Vanguard Mid Cap Index Adm



Portfolio Region	
% United States	96.71
% Canada	0.43
% Latin America	0.00
% United Kingdom	1.29
% Eurozone	0.74
% Europe - ex Euro	0.26
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	0.00
% Australasia	0.00
% Asia - Developed	0.58
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	0.24
% US Stocks	96.48
% Bonds	0.00
% Non-US Stocks	3.28
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	5.90
% Communication Services	1.50
% Consumer Cyclical	17.61
% Consumer Defensive	7.04
% Healthcare	9.71
% Industrials	14.99
% Real Estate	5.63
% Technology	14.54
% Energy	7.63
% Financial Services	10.36
% Utilities	5.07

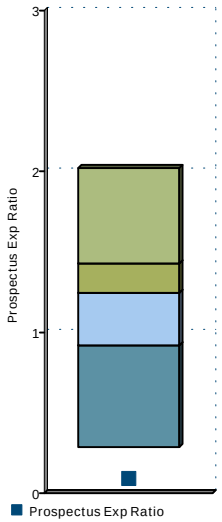
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Western Digital Corp	0.71%
Southwest Airlines Co	0.68%
Vertex Pharmaceuticals Inc	0.68%
Chipotle Mexican Grill Inc Class A	0.65%
Delphi Automotive PLC	0.65%
Health Care REIT, Inc.	0.64%
AvalonBay Communities Inc	0.62%
Moody's Corporation	0.62%
Alcoa Inc	0.60%
Seagate Technology PLC	0.60%

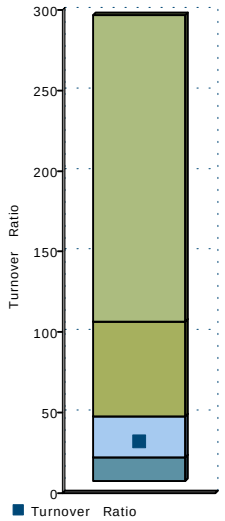
Portfolio Information	
Ticker	VIMAX
Morningstar Category	Mid-Cap Blend
Avg Mkt Cap $MM	10731.74
Cat Med Mkt Cap $MM	8270.60
Net Assets $MM	53313.89
Turnover Ratio	32.00
% Assets in Top 10 Holdings	6.46
Total Number of Holdings	378.00
Manager Name	Donald M. Butler
Manager Tenure	16.37
Fund Incept Date	05/21/1998
Prospectus Exp Ratio	0.09
Phone Number	800-662-7447

Portfolio Ratings	
Mstar Rating	★★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	37
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	12
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	12

Expense Ratio vs. Peer Group



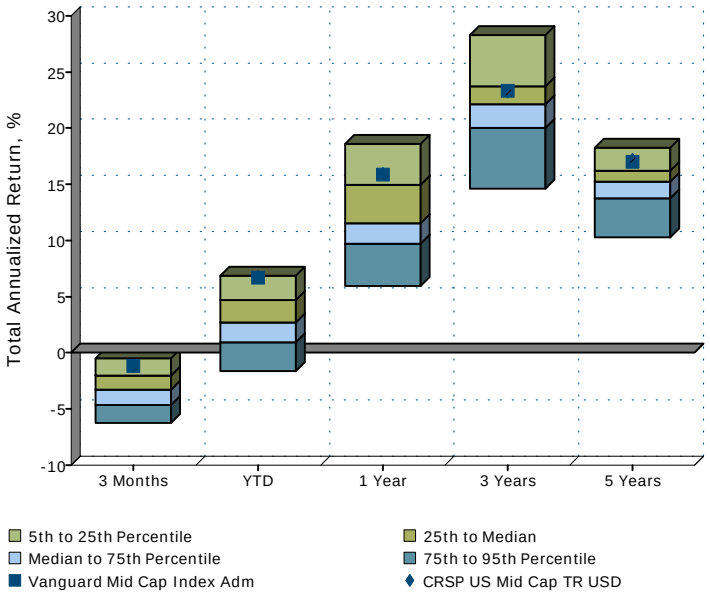
Turnover Ratio vs. Peer Group



Investment Strategy Summary

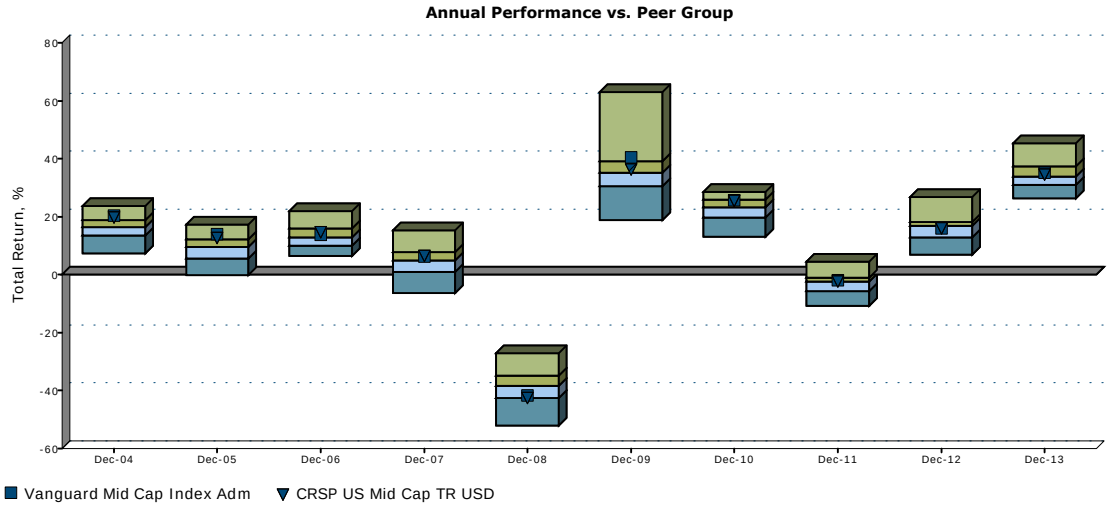
The investment seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP U.S. Mid Cap Index, a broadly diversified index of stocks of mid-size U.S. 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.

Performance vs. Peer Group

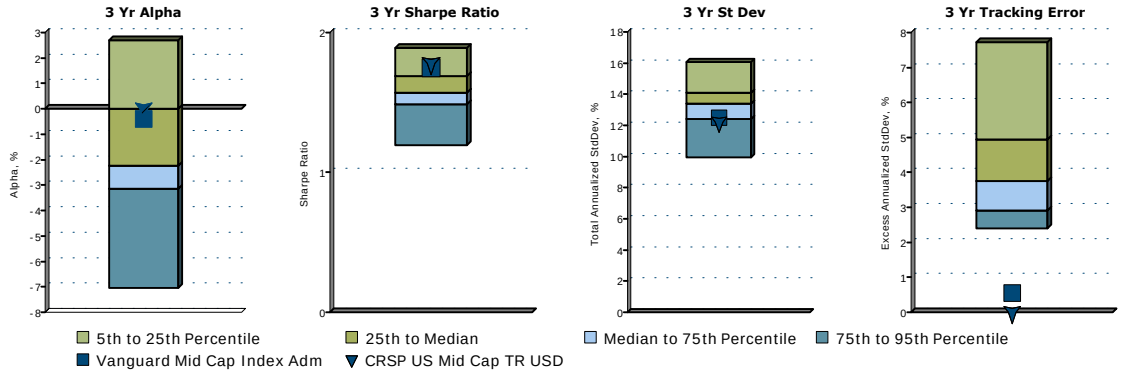


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Mid Cap Index Adm	-1.16	6.68	15.88	23.31	17.03
CRSP US Mid Cap TR USD	-1.15	6.73	15.94	23.30	17.17
Universe(5%)	-0.46	6.88	18.59	28.31	18.28
Universe(25%)	-2.00	4.71	14.94	23.75	16.23
Universe(Median)	-3.30	2.70	11.53	22.14	15.27
Universe(75%)	-4.65	0.93	9.70	20.04	13.76
Universe(95%)	-6.21	-1.62	5.93	14.61	10.30

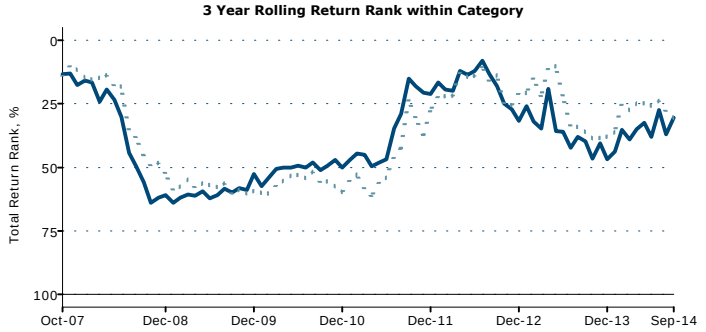
Vanguard Mid Cap Index Adm

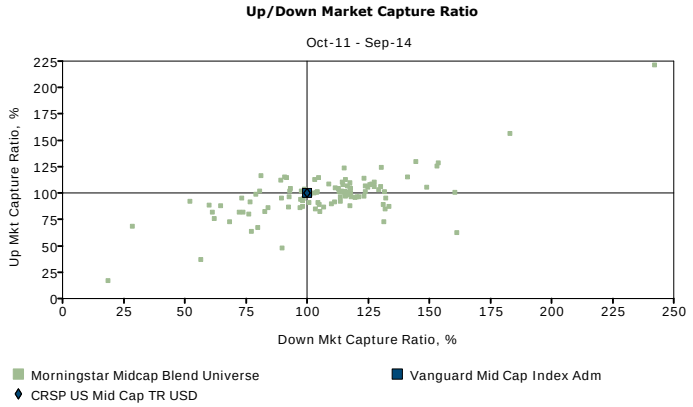


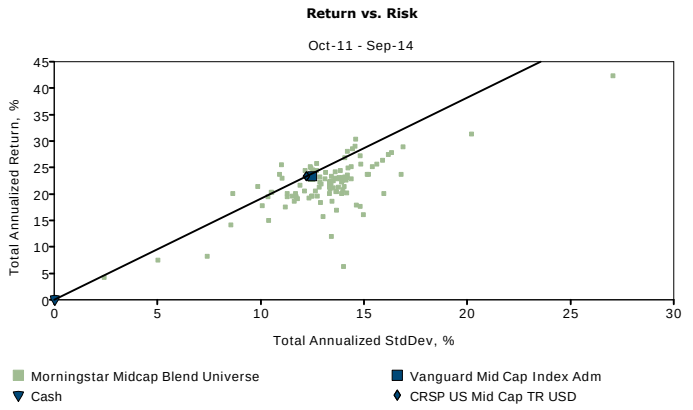
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Mid Cap Index Adm	20.42	14.04	13.69	6.17	-41.78	40.48	25.59	-1.97	15.99	35.15
CRSP US Mid Cap TR USD	20.28	13.31	15.32	7.04	-41.83	36.90	26.16	-1.79	16.69	35.27



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Mid Cap Index Adm	-0.41	1.02	99.85	1.75	12.48	0.55
CRSP US Mid Cap TR USD	0.00	1.00	100.00	1.78	12.22	0.00
Universe(5%)	2.70	1.24	97.08	1.89	16.08	7.72
Universe(25%)	0.01	1.12	96.35	1.69	14.10	4.94
Universe(Median)	-2.24	1.07	93.12	1.57	13.38	3.75
Universe(75%)	-3.14	0.96	89.45	1.49	12.40	2.91
Universe(95%)	-7.05	0.73	76.35	1.19	9.95	2.39



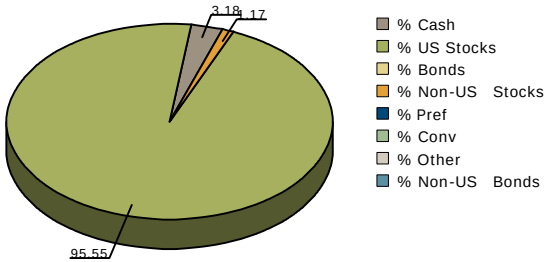




Milliman | Quarterly Investment Monitor

Data as of 09/30/2014

Target Small Capitalization Value T



Portfolio Region	
% United States	98.79
% Canada	0.65
% Latin America	0.27
% United Kingdom	0.02
% Eurozone	0.07
% Europe - ex Euro	0.00
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.21
% Japan	0.00
% Australasia	0.00
% Asia - Developed	0.00
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	3.18
% US Stocks	95.55
% Bonds	0.00
% Non-US Stocks	1.17
% Pref	0.00
% Conv	0.00
% Other	0.10
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	5.92
% Communication Services	1.03
% Consumer Cyclical	11.57
% Consumer Defensive	3.52
% Healthcare	7.29
% Industrials	19.96
% Real Estate	5.58
% Technology	12.67
% Energy	5.89
% Financial Services	22.77
% Utilities	3.80

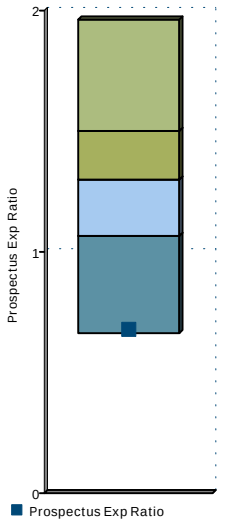
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
EnerSys	0.83%
Firstmerit Corp	0.75%
Teleflex Inc	0.75%
American Equity Investment Life Holding Co	0.74%
Bristow Group Inc	0.72%
Amsurg Corp	0.69%
Silgan Holdings Inc	0.68%
Webster Financial Corp	0.68%
GATX Corp	0.66%
KAR Auction Services Inc	0.66%

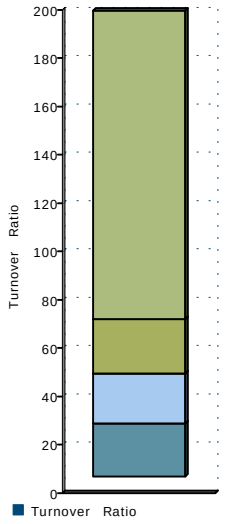
Portfolio Information	
Ticker	TASVX
Morningstar Category	Small Value
Avg Mkt Cap $MM	2187.66
Cat Med Mkt Cap $MM	2553.48
Net Assets $MM	1968.99
Turnover Ratio	NA
% Assets in Top 10 Holdings	7.16
Total Number of Holdings	778.00
Manager Name	Paul E. Viera
Manager Tenure	12.76
Fund Incept Date	01/05/1993
Prospectus Exp Ratio	0.68
Phone Number	800-225-1852

Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	58
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	25
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	10

Expense Ratio vs. Peer Group



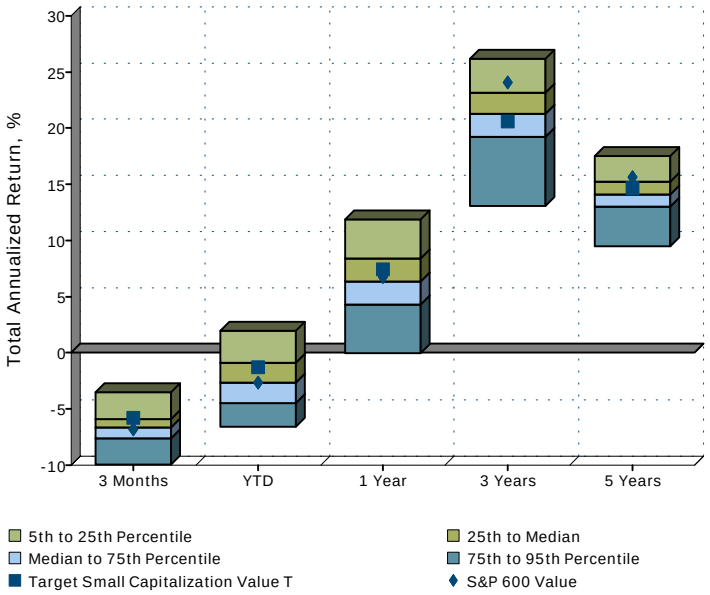
Turnover Ratio vs. Peer Group



Investment Strategy Summary

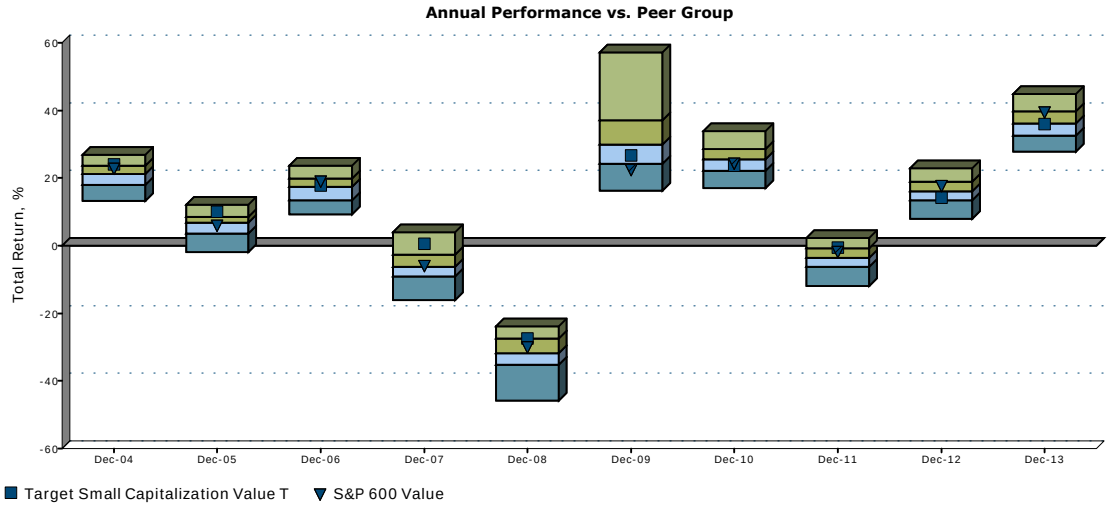
The investment seeks above-average capital appreciation. The Portfolio seeks investments that will increase in value. It normally invests at least 80% of its investable assets in common stocks of small companies. Small companies are those companies with market capitalizations comparable to those in the Russell 2000 Value Index. Market capitalization is measured at the time of purchase.

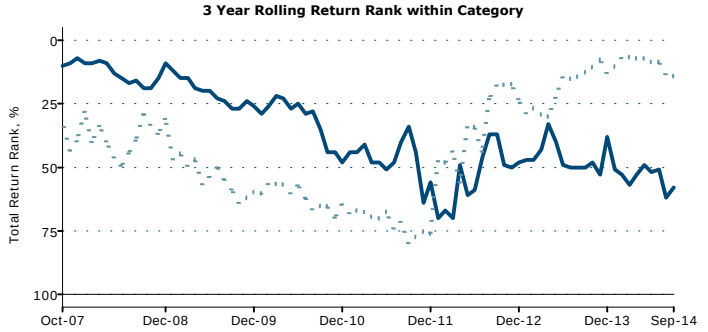
Performance vs. Peer Group



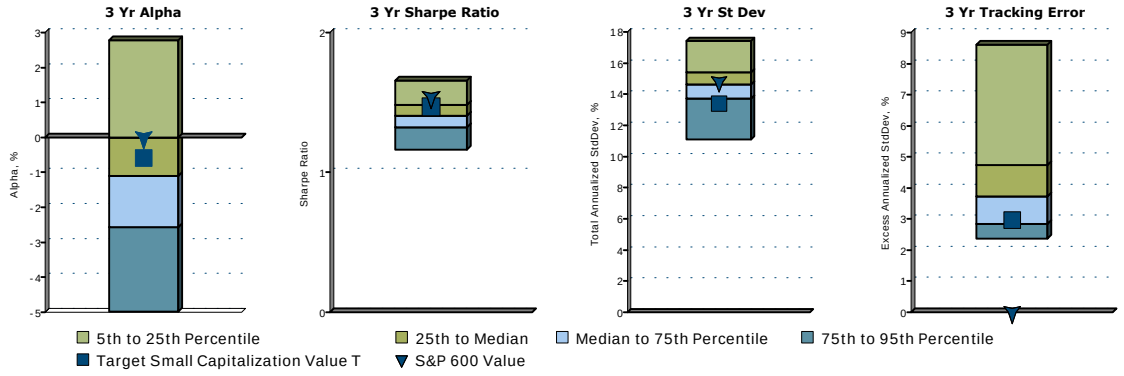
Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Target Small Capitalization Value T	-5.79	-1.27	7.42	20.62	14.66
S&P 600 Value	-6.78	-2.62	6.74	24.09	15.66
Universe(5%)	-3.53	1.96	11.89	26.20	17.55
Universe(25%)	-5.88	-0.91	8.39	23.19	15.21
Universe(Median)	-6.63	-2.65	6.36	21.29	14.08
Universe(75%)	-7.60	-4.48	4.30	19.22	12.99
Universe(95%)	-9.92	-6.58	-0.03	13.07	9.51

Target Small Capitalization Value T

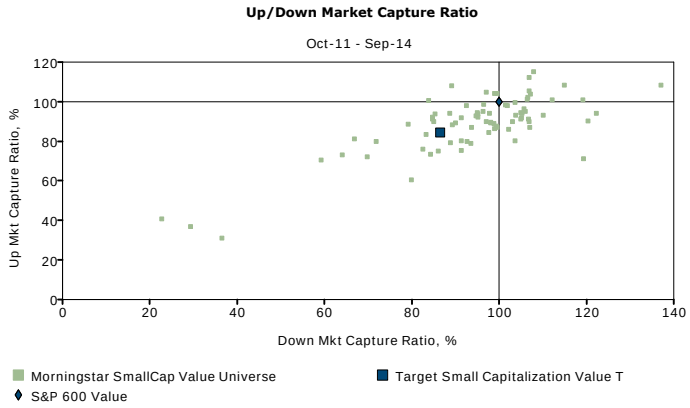


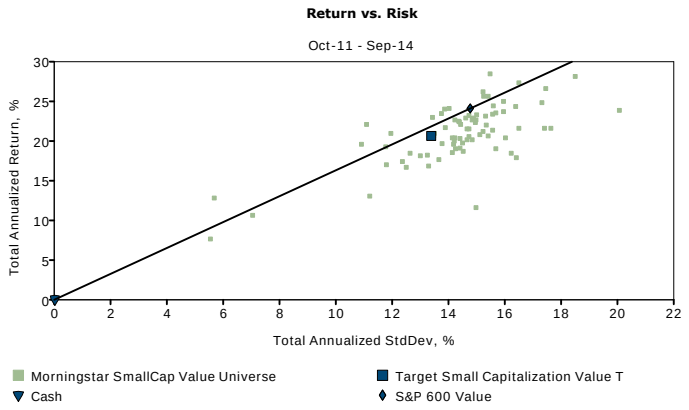


Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Target Small Capitalization Value T	24.02	10.10	17.72	0.52	-27.45	26.69	23.63	-0.48	14.14	35.87
S&P 600 Value	23.25	6.45	19.57	-5.54	-29.51	22.85	24.72	-1.38	18.21	39.98



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Target Small Capitalization Value T	-0.58	0.89	96.58	1.47	13.39	2.96
S&P 600 Value	0.00	1.00	100.00	1.54	14.78	0.00
Universe(5%)	2.79	1.15	97.84	1.66	17.41	8.62
Universe(25%)	0.00	1.02	96.48	1.48	15.43	4.74
Universe(Median)	-1.11	0.97	94.81	1.40	14.63	3.72
Universe(75%)	-2.57	0.90	91.13	1.32	13.73	2.84
Universe(95%)	-4.98	0.70	80.59	1.16	11.08	2.36

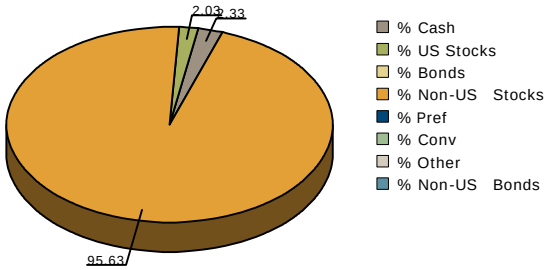




Milliman | Quarterly Investment Monitor

Data as of 09/30/2014

Oppenheimer International Growth Y



Portfolio Region	
% United States	2.08
% Canada	2.05
% Latin America	1.87
% United Kingdom	28.86
% Eurozone	34.80
% Europe - ex Euro	19.42
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	5.08
% Australasia	2.76
% Asia - Developed	0.00
% Asia - Emerging	3.08

Portfolio Structure	
% Cash	2.33
% US Stocks	2.03
% Bonds	0.00
% Non-US Stocks	95.63
% Pref	0.01
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	4.37
% Communication Services	7.12
% Consumer Cyclical	19.61
% Consumer Defensive	15.11
% Healthcare	10.27
% Industrials	22.18
% Real Estate	0.00
% Technology	14.54
% Energy	2.30
% Financial Services	4.26
% Utilities	0.24

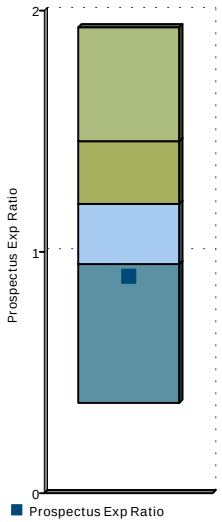
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
SAP SE	1.61%
Essentra PLC	1.57%
Royal Boskalis Westminster NV	1.51%
BT Group PLC	1.45%
Roche Holding AG	1.39%
Novo Nordisk A/S	1.38%
Syngenta AG	1.38%
Aryzta AG	1.35%
ARM Holdings PLC	1.34%
Cp All PLC	1.31%

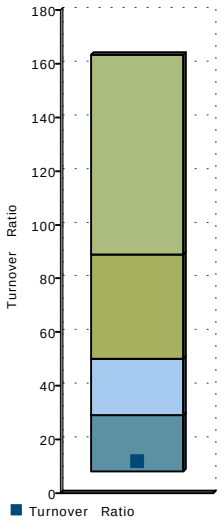
Portfolio Information	
Ticker	OIGYX
Morningstar Category	Foreign Large Growth
Avg Mkt Cap $MM	15525.25
Cat Med Mkt Cap $MM	31370.15
Net Assets $MM	18021.18
Turnover Ratio	12.00
% Assets in Top 10 Holdings	14.29
Total Number of Holdings	112.00
Manager Name	George R. Evans
Manager Tenure	18.53
Fund Incept Date	03/25/1996
Prospectus Exp Ratio	0.90
Phone Number	800-225-5677

Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	26
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	15
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	1

Expense Ratio vs. Peer Group



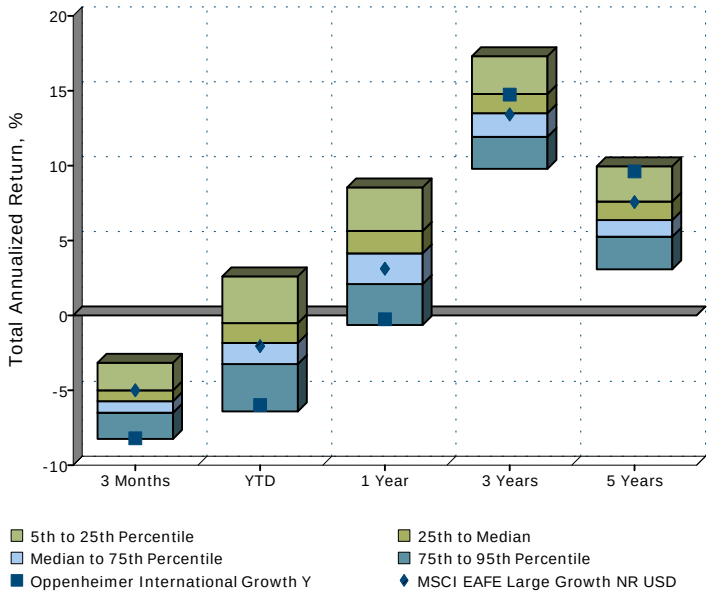
Turnover Ratio vs. Peer Group



Investment Strategy Summary

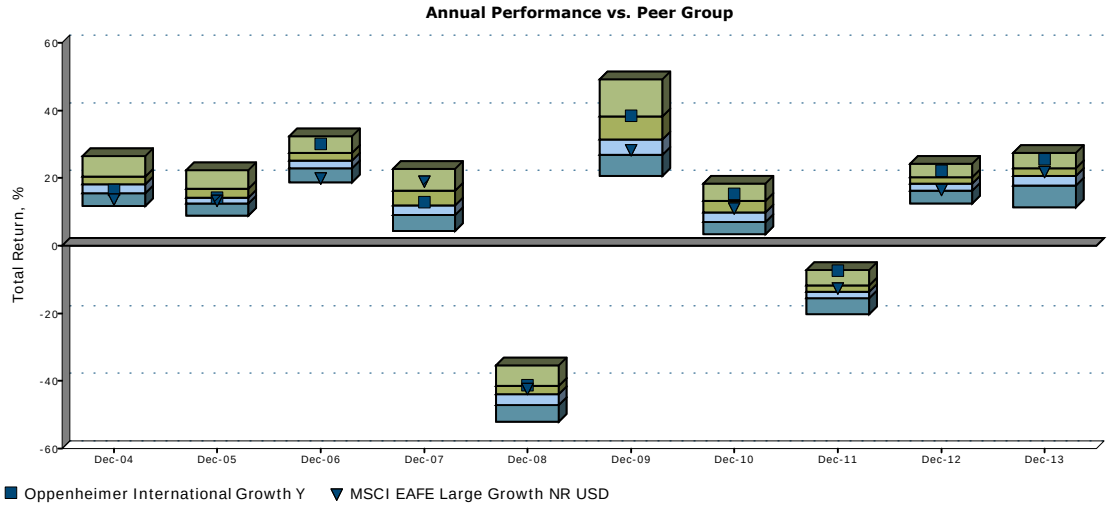
The investment seeks capital appreciation. The fund mainly invests in the common stock of growth companies that are domiciled or have their primary operations outside of the United States. It may invest 100% of its assets in securities of foreign companies. The fund may invest in emerging markets as well as in developed markets throughout the world. It normally will invest at least 65% of its total assets in common and preferred stocks of issuers in at least three different countries outside of the United States, and emphasize investments in common stocks of issuers that the portfolio managers consider to be "growth" companies.

Performance vs. Peer Group

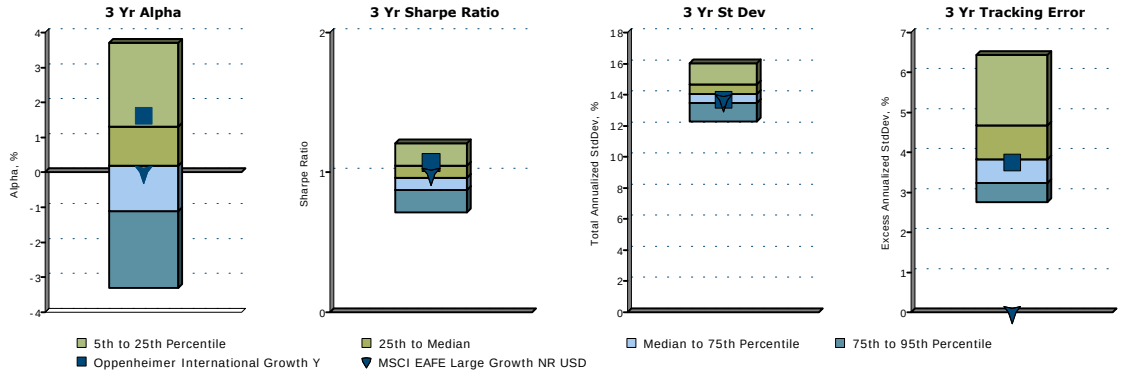


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Oppenheimer International Growth Y	-8.19	-6.00	-0.26	14.72	9.62
MSCI EAFE Large Growth NR USD	-5.00	-2.05	3.11	13.43	7.56
Universe(5%)	-3.17	2.62	8.53	17.32	9.94
Universe(25%)	-5.00	-0.51	5.64	14.77	7.61
Universe(Median)	-5.72	-1.83	4.15	13.49	6.36
Universe(75%)	-6.51	-3.27	2.11	11.93	5.26
Universe(95%)	-8.26	-6.43	-0.65	9.80	3.07

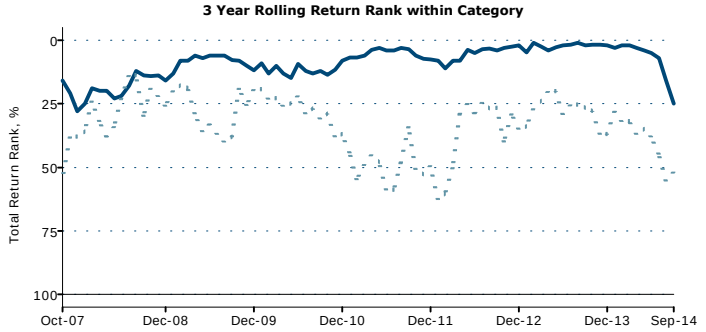
Oppenheimer International Growth Y

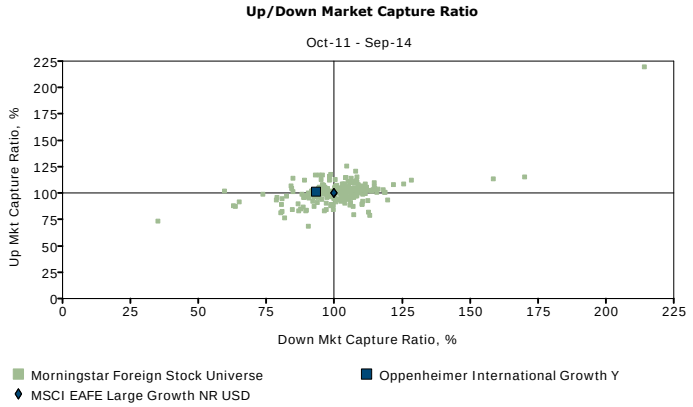


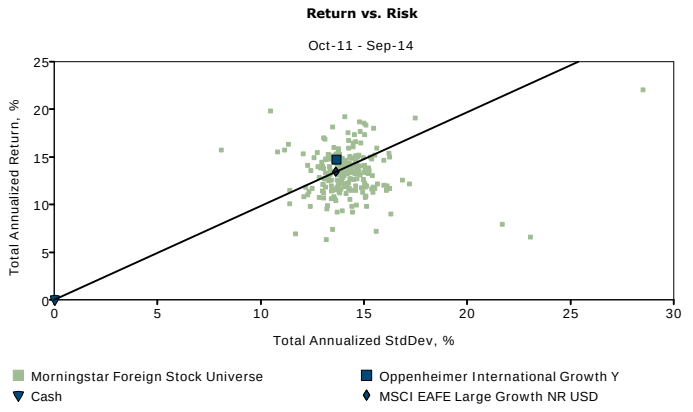
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Oppenheimer International Growth Y	16.46	14.24	30.18	12.93	-41.22	38.44	15.35	-7.31	22.10	25.46
MSCI EAFE Large Growth NR USD	14.27	13.89	20.44	19.51	-41.74	28.81	11.48	-12.04	17.06	22.28



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Oppenheimer International Growth Y	1.63	0.96	92.64	1.07	13.68	3.74
MSCI EAFE Large Growth NR USD	0.00	1.00	100.00	0.99	13.65	0.00
Universe(5%)	3.70	1.09	96.14	1.21	16.01	6.44
Universe(25%)	1.32	1.04	94.70	1.05	14.65	4.68
Universe(Median)	0.19	0.99	92.91	0.96	14.06	3.82
Universe(75%)	-1.11	0.95	90.67	0.87	13.45	3.23
Universe(95%)	-3.30	0.86	83.63	0.72	12.28	2.76



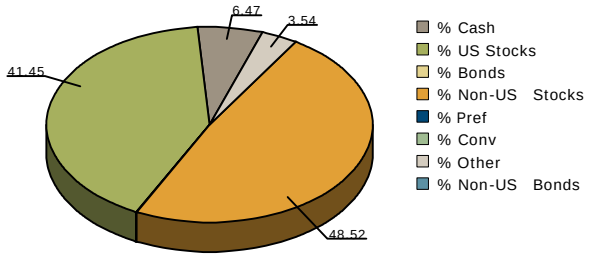




Milliman | Quarterly Investment Monitor

Data as of 09/30/2014

American Funds New Perspective R6



Portfolio Region	
% United States	46.07
% Canada	2.55
% Latin America	0.31
% United Kingdom	9.02
% Eurozone	15.04
% Europe - ex Euro	11.85
% Europe - Emerging	0.00
% Africa	2.01
% Middle East	0.00
% Japan	6.75
% Australasia	1.01
% Asia - Developed	4.46
% Asia - Emerging	0.93

Portfolio Structure	
% Cash	6.47
% US Stocks	41.45
% Bonds	0.02
% Non-US Stocks	48.52
% Pref	0.00
% Conv	0.00
% Other	3.54
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	5.85
% Communication Services	2.48
% Consumer Cyclical	18.05
% Consumer Defensive	12.28
% Healthcare	14.53
% Industrials	12.68
% Real Estate	0.00
% Technology	14.68
% Energy	4.86
% Financial Services	14.59
% Utilities	0.00

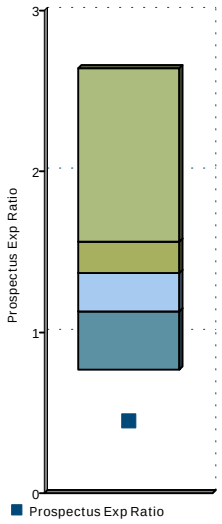
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Novo Nordisk A/S	4.81%
Amazon.com Inc	2.50%
Delta Air Lines Inc	1.44%
Microsoft Corp	1.36%
Bayer AG	1.32%
Home Depot Inc	1.32%
Naspers Ltd Class N	1.27%
Taiwan Semiconductor Manufacturing Co Ltd	1.27%
Associated Brit Foods	1.22%
British American Tobacco PLC	1.19%

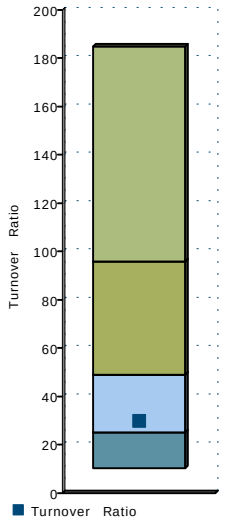
Portfolio Information	
Ticker	RNPGX
Morningstar Category	World Stock
Avg Mkt Cap $MM	52954.87
Cat Med Mkt Cap $MM	39847.08
Net Assets $MM	57769.26
Turnover Ratio	30.00
% Assets in Top 10 Holdings	17.71
Total Number of Holdings	286.00
Manager Name	Gregg E. Ireland
Manager Tenure	21.84
Fund Incept Date	03/13/1973
Prospectus Exp Ratio	0.45
Phone Number	800-421-4225

Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	25
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	29
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	12

Expense Ratio vs. Peer Group



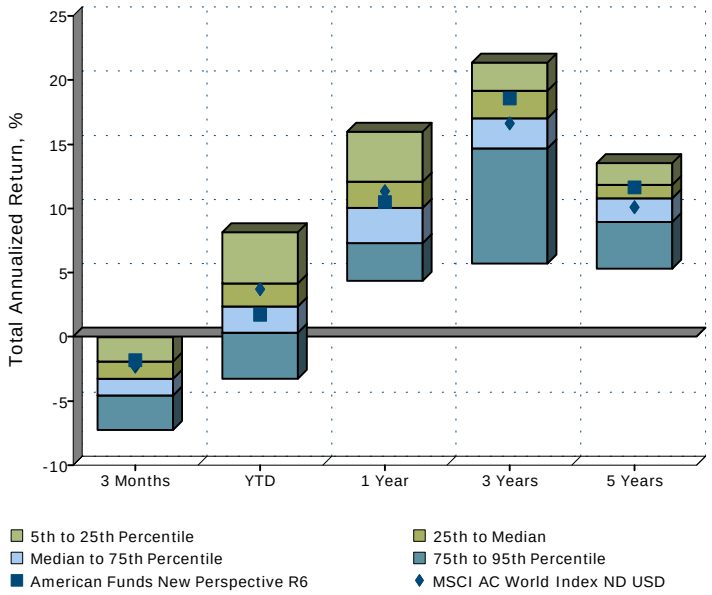
Turnover Ratio vs. Peer Group



Investment Strategy Summary

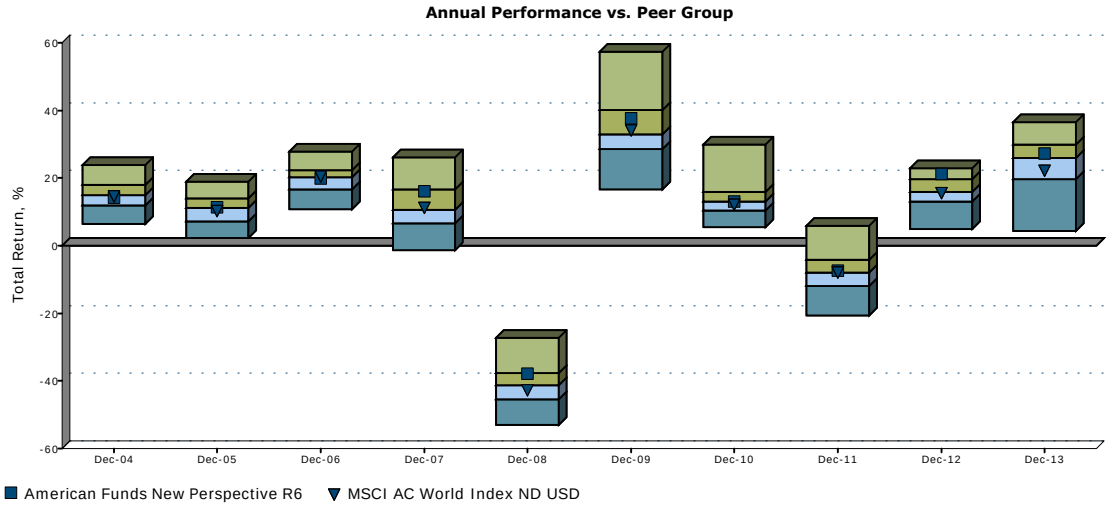
The investment seeks long-term growth of capital; future income is a secondary objective. The fund seeks to take advantage of investment opportunities generated by changes in international trade patterns and economic and political relationships by investing in common stocks of companies located around the world. In pursuing its primary investment objective, it invests primarily in common stocks that the investment adviser believes have the potential for growth. In pursuing its secondary objective, the fund invests in common stocks of companies with the potential to pay dividends in the future.

Performance vs. Peer Group

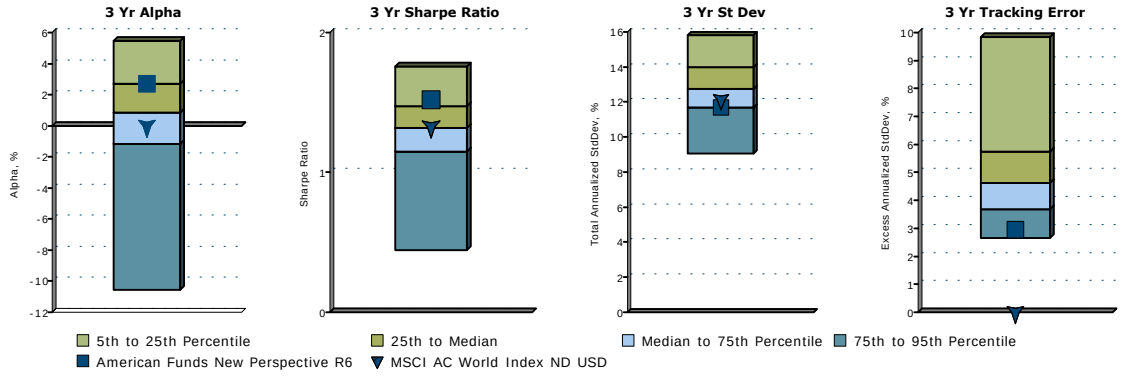


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
American Funds New Perspective R6	-1.80	1.70	10.49	18.59	11.63
MSCI AC World Index ND USD	-2.30	3.73	11.32	16.61	10.07
Universe(5%)	-0.01	8.13	15.99	21.34	13.52
Universe(25%)	-1.92	4.16	12.07	19.16	11.86
Universe(Median)	-3.29	2.35	10.05	17.02	10.78
Universe(75%)	-4.55	0.33	7.29	14.66	8.95
Universe(95%)	-7.24	-3.29	4.36	5.73	5.32

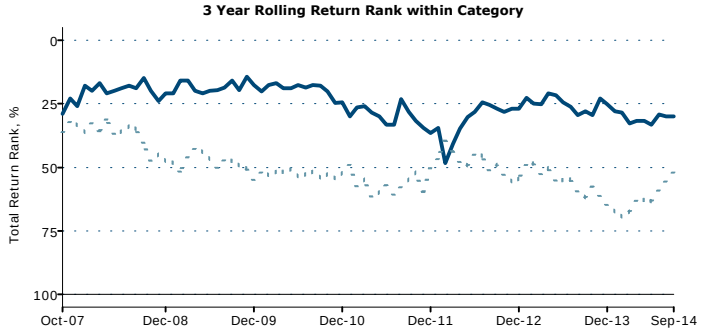
American Funds New Perspective R6

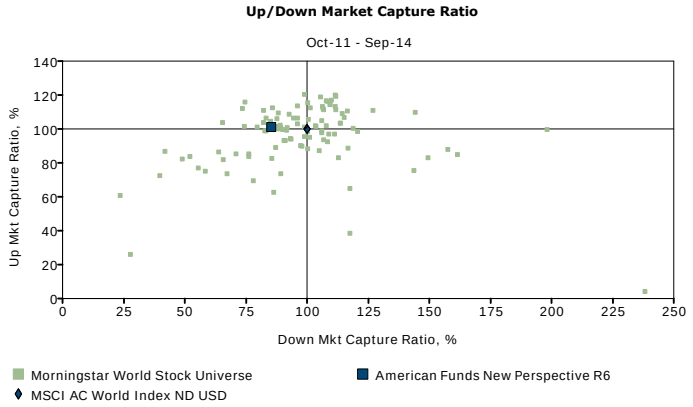


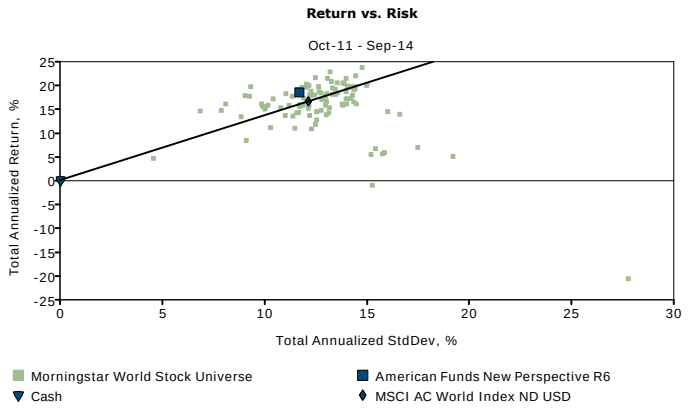
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
American Funds New Perspective R6	14.27	11.28	19.87	16.03	-37.83	37.72	13.11	-7.33	21.19	27.23
MSCI AC World Index ND USD	15.23	10.84	20.95	11.66	-42.20	34.63	12.67	-7.35	16.13	22.80



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
American Funds New Perspective R6	2.71	0.93	94.08	1.52	11.69	2.96
MSCI AC World Index ND USD	0.00	1.00	100.00	1.33	12.14	0.00
Universe(5%)	5.45	1.17	95.40	1.76	15.83	9.83
Universe(25%)	2.72	1.07	92.70	1.47	14.00	5.74
Universe(Median)	0.83	0.98	88.27	1.32	12.75	4.63
Universe(75%)	-1.15	0.90	81.08	1.15	11.69	3.68
Universe(95%)	-10.56	0.62	55.81	0.44	9.05	2.65



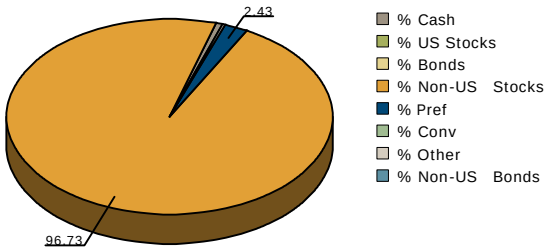




Milliman | Quarterly Investment Monitor

Data as of 09/30/2014

Vanguard Emerging Mkts Stock Idx I



Portfolio Region	
% United States	0.15
% Canada	0.00
% Latin America	21.22
% United Kingdom	0.00
% Eurozone	0.11
% Europe - ex Euro	0.03
% Europe - Emerging	9.09
% Africa	9.69
% Middle East	0.89
% Japan	0.00
% Australasia	0.00
% Asia - Developed	15.49
% Asia - Emerging	43.32

Portfolio Structure	
% Cash	0.50
% US Stocks	0.15
% Bonds	0.00
% Non-US Stocks	96.73
% Pref	2.43
% Conv	0.00
% Other	0.19
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	9.46
% Communication Services	8.80
% Consumer Cyclical	7.30
% Consumer Defensive	8.41
% Healthcare	2.14
% Industrials	5.01
% Real Estate	2.71
% Technology	14.76
% Energy	10.57
% Financial Services	26.92
% Utilities	3.93

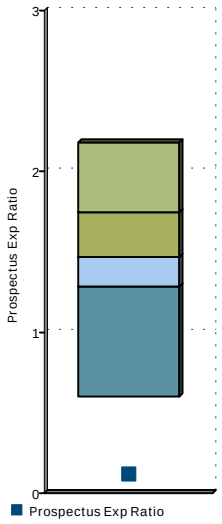
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Tencent Holdings Ltd.	2.02%
China Mobile Ltd	1.76%
Taiwan Semiconductor Manufacturing Co Ltd	1.51%
China Construction Bank Corp H Shares	1.45%
Naspers Ltd Class N	1.35%
Industrial And Commercial Bank Of China Ltd H Shares	1.29%
Taiwan Semiconductor Manufacturing Co Ltd ADR	1.19%
Hon Hai Precision Ind Co Ltd	1.17%
Mtn Group Ltd	1.10%
America Movil SAB de CV Class L	1.01%

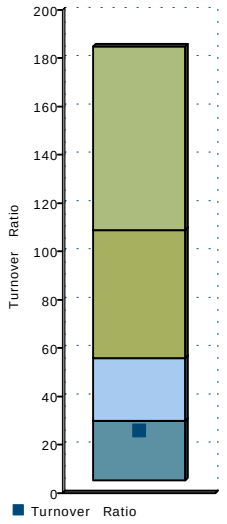
Portfolio Information	
Ticker	VEMIX
Morningstar Category	Diversified Emerging Mkts
Avg Mkt Cap $MM	20189.54
Cat Med Mkt Cap $MM	20391.64
Net Assets $MM	64205.78
Turnover Ratio	26.00
% Assets in Top 10 Holdings	13.86
Total Number of Holdings	957.00
Manager Name	Michael Perre
Manager Tenure	6.09
Fund Incept Date	05/04/1994
Prospectus Exp Ratio	0.12
Phone Number	800-662-7447

Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	49
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	45
10 Year Mstar Rating	★★★
% Rank Cat 10 Yr	26

Expense Ratio vs. Peer Group



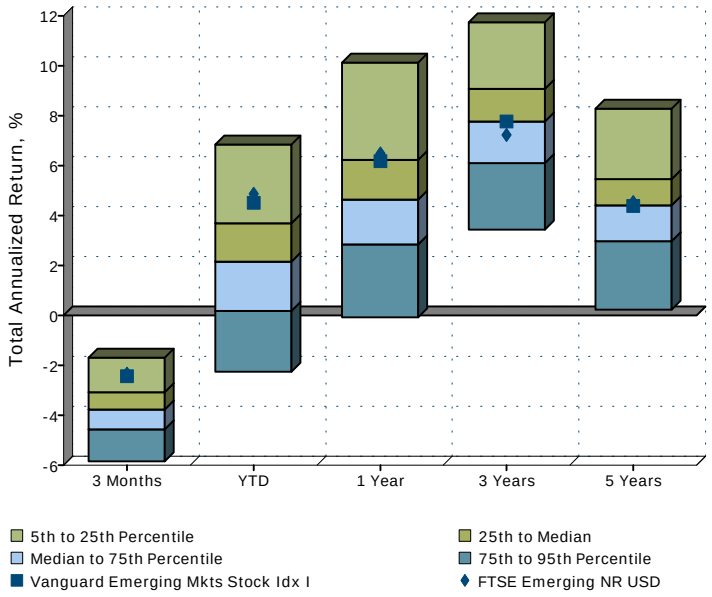
Turnover Ratio vs. Peer Group



Investment Strategy Summary

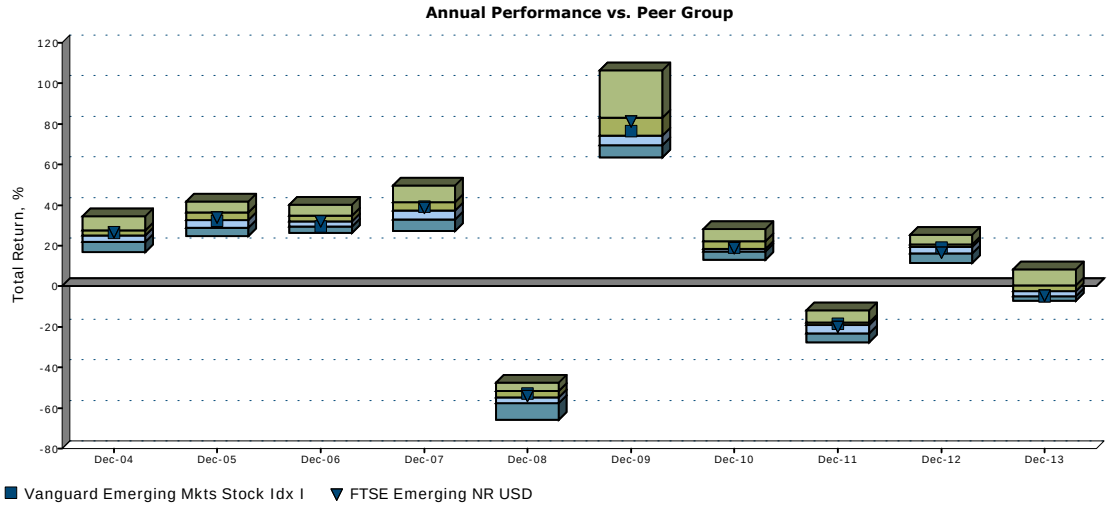
The investment seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in emerging market countries. The fund employs an indexing investment approach by investing substantially all (approximately 95%) of its assets in the common stocks included in the FTSE Emerging Index, while employing a form of sampling intended to reduce risk. The FTSE Emerging Index includes approximately 851 common stocks of companies located in emerging markets around the world.

Performance vs. Peer Group

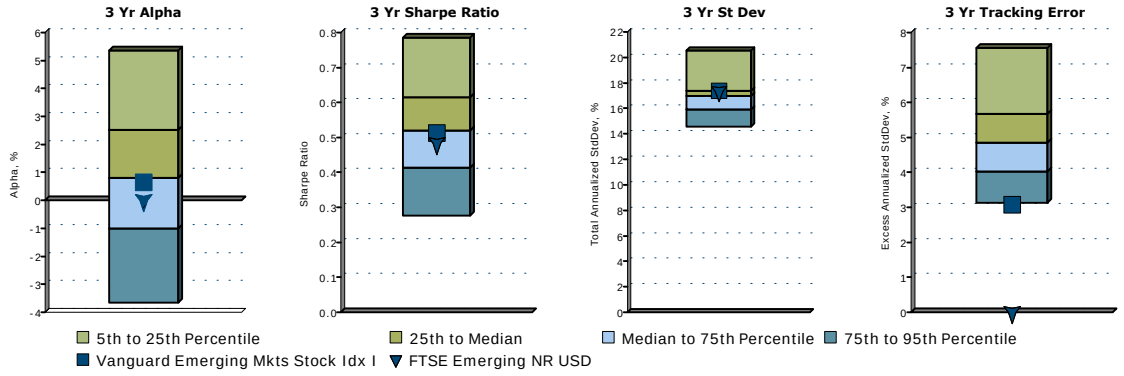


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Emerging Mkts Stock Idx I	-2.43	4.51	6.19	7.77	4.38
FTSE Emerging NR USD	-2.34	4.87	6.50	7.23	4.55
Universe(5%)	-1.71	6.85	10.13	11.75	8.27
Universe(25%)	-3.08	3.68	6.22	9.09	5.45
Universe(Median)	-3.77	2.14	4.65	7.76	4.41
Universe(75%)	-4.55	0.17	2.86	6.11	2.96
Universe(95%)	-5.84	-2.26	-0.09	3.44	0.23

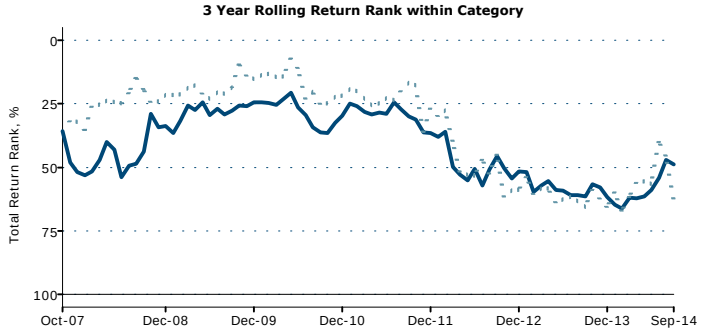
Vanguard Emerging Mkts Stock Idx I

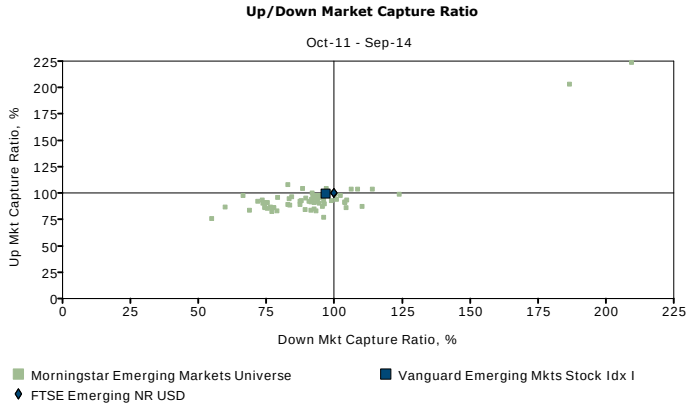


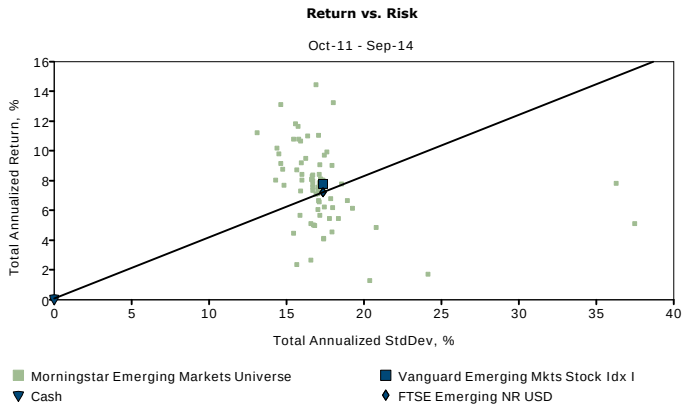
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Emerging Mkts Stock Idx I	26.24	32.35	29.57	39.15	-52.74	76.35	19.06	-18.63	18.90	-4.99
FTSE Emerging NR USD	27.58	34.70	32.84	39.41	-53.03	82.15	19.60	-19.15	17.58	-3.79



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Emerging Mkts Stock Idx I	0.63	0.98	96.87	0.51	17.36	3.08
FTSE Emerging NR USD	0.00	1.00	100.00	0.48	17.35	0.00
Universe(5%)	5.36	1.12	96.78	0.79	20.56	7.56
Universe(25%)	2.52	0.98	94.91	0.62	17.40	5.68
Universe(Median)	0.81	0.95	92.54	0.52	16.96	4.85
Universe(75%)	-1.01	0.87	90.23	0.41	15.94	4.04
Universe(95%)	-3.65	0.78	84.30	0.28	14.57	3.12



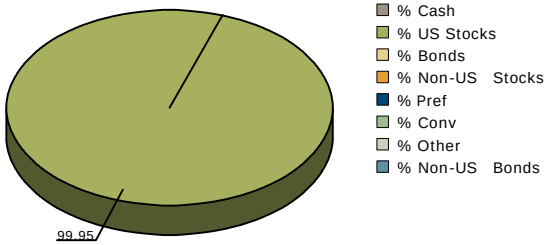




Milliman | Quarterly Investment Monitor

Data as of 09/30/2014

Vanguard REIT Index I



Portfolio Region	
% United States	100.00
% Canada	0.00
% Latin America	0.00
% United Kingdom	0.00
% Eurozone	0.00
% Europe - ex Euro	0.00
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	0.00
% Australasia	0.00
% Asia - Developed	0.00
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	0.05
% US Stocks	99.95
% Bonds	0.00
% Non-US Stocks	0.00
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	0.00
% Communication Services	0.00
% Consumer Cyclical	0.00
% Consumer Defensive	0.00
% Healthcare	0.00
% Industrials	0.00
% Real Estate	100.00
% Technology	0.00
% Energy	0.00
% Financial Services	0.00
% Utilities	0.00

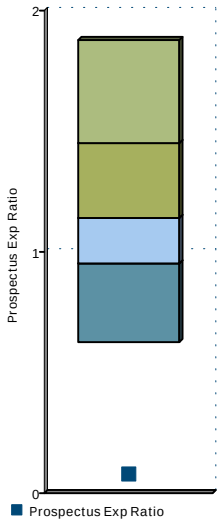
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Simon Property Group Inc	8.43%
Public Storage	4.10%
Equity Residential	3.64%
Health Care REIT, Inc.	3.31%
Prologis Inc	3.26%
AvalonBay Communities Inc	3.19%
HCP Inc	3.17%
Ventas Inc	3.09%
Boston Properties Inc	2.96%
Vornado Realty Trust	2.85%

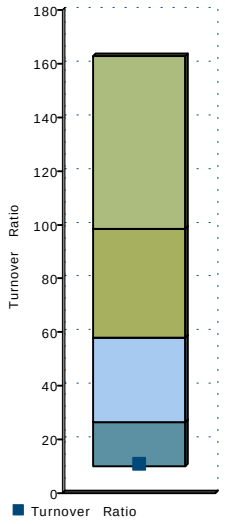
Portfolio Information	
Ticker	VGSNX
Morningstar Category	Real Estate
Avg Mkt Cap $MM	9007.48
Cat Med Mkt Cap $MM	11724.89
Net Assets $MM	43099.65
Turnover Ratio	11.00
% Assets in Top 10 Holdings	38.00
Total Number of Holdings	139.00
Manager Name	Gerard C. O'Reilly
Manager Tenure	18.39
Fund Incept Date	05/13/1996
Prospectus Exp Ratio	0.08
Phone Number	800-662-7447

Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	19
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	12
10 Year Mstar Rating	★★★
% Rank Cat 10 Yr	28

Expense Ratio vs. Peer Group



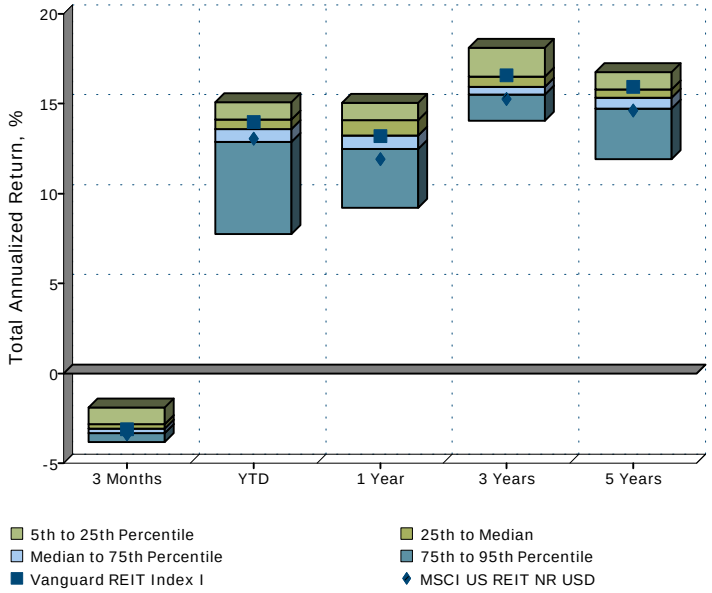
Turnover Ratio vs. Peer Group



Investment Strategy Summary

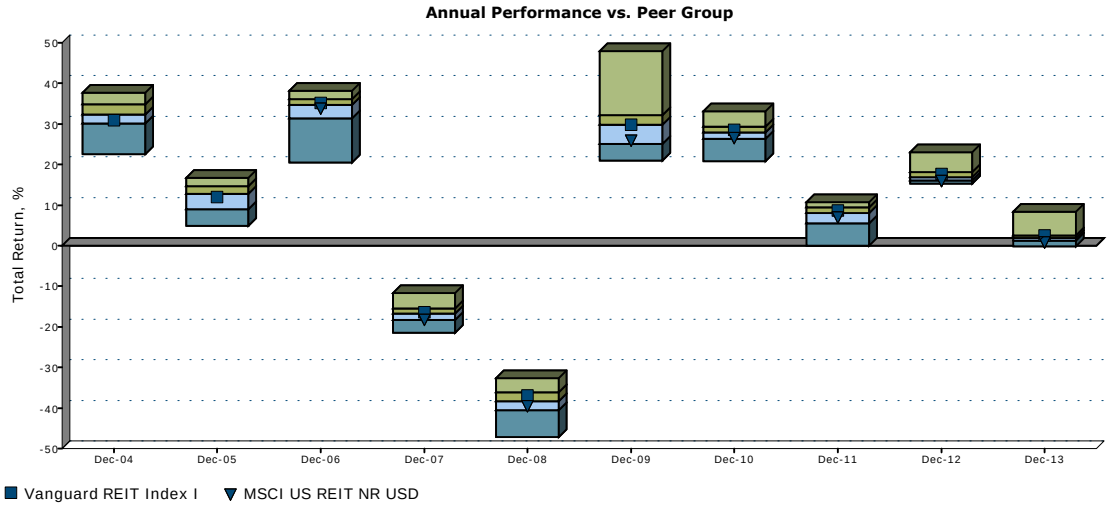
The investment seeks to provide a high level of income and moderate long-term capital appreciation by tracking the performance of a benchmark index that measures the performance of publicly traded equity REITs. The fund employs an indexing investment approach designed to track the performance of the MSCI U.S. REIT Index. The index is composed of stocks of publicly traded equity real estate investment trusts (known as REITs). The fund attempts to replicate the 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.

Performance vs. Peer Group

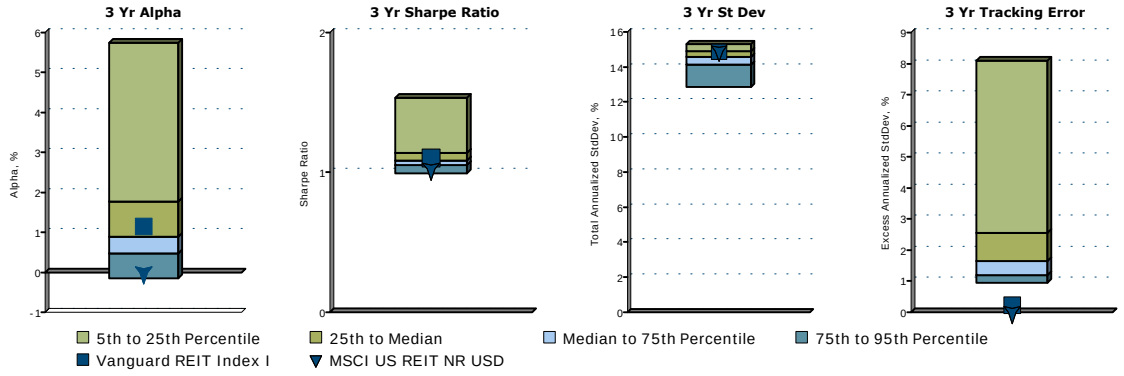


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard REIT Index I	-3.12	13.99	13.21	16.57	15.94
MSCI US REIT NR USD	-3.38	13.04	11.90	15.28	14.62
Universe(5%)	-1.89	15.08	15.04	18.11	16.75
Universe(25%)	-2.82	14.12	14.10	16.52	15.81
Universe(Median)	-3.07	13.59	13.25	15.95	15.35
Universe(75%)	-3.34	12.89	12.50	15.50	14.74
Universe(95%)	-3.83	7.75	9.21	14.06	11.91

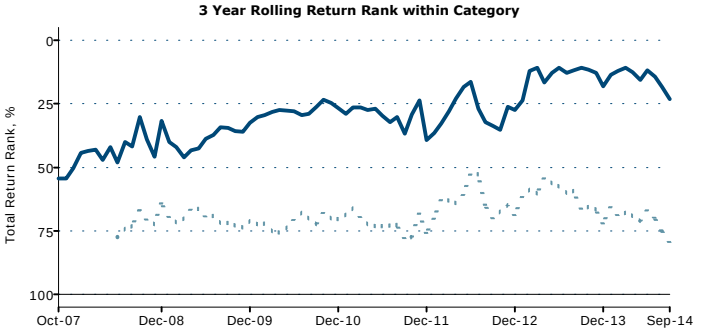
Vanguard REIT Index I

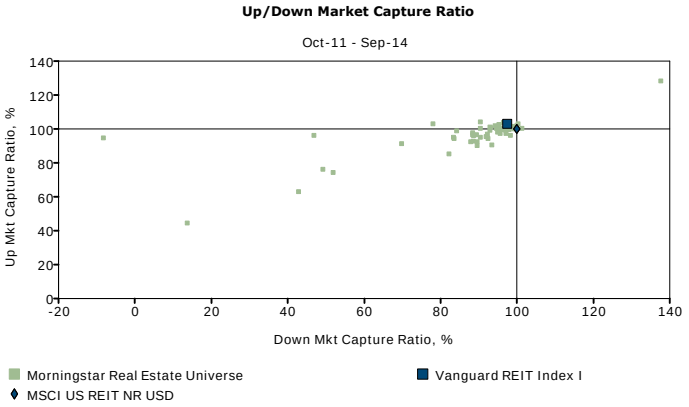


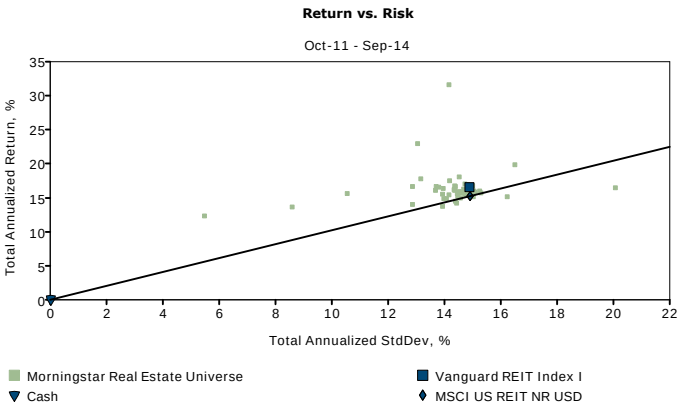
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard REIT Index I	30.93	12.05	35.15	-16.38	-36.95	29.76	28.56	8.70	17.65	2.48
MSCI US REIT NR USD	NA	NA	34.18	-17.84	-39.05	26.27	26.97	7.48	16.47	1.26



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard REIT Index I	1.15	1.00	99.98	1.10	14.88	0.22
MSCI US REIT NR USD	0.00	1.00	100.00	1.03	14.90	0.00
Universe(5%)	5.75	1.02	99.69	1.54	15.30	8.09
Universe(25%)	1.77	1.00	99.38	1.14	14.89	2.55
Universe(Median)	0.90	0.97	98.87	1.08	14.57	1.66
Universe(75%)	0.47	0.93	97.34	1.05	14.15	1.20
Universe(95%)	-0.16	0.64	75.38	0.99	12.85	0.94







Glossary

Alpha (3 Yr)

Alpha is a measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. A positive alpha figure indicates the portfolio has performed better than its beta would predict. In contrast, a negative alpha indicates the portfolio has underperformed, given the expectations established by beta.

Average Effective Duration

A measure of a fund's interest-rate sensitivity--the longer a fund's duration, the more sensitive the fund is to shifts in interest rates. Duration is determined by a formula that includes coupon rates and bond maturities. Small coupons tend to increase duration, while shorter maturities and higher coupons shorten duration. The relationship between funds with different durations is straightforward: A fund with a duration of 10 years is twice as volatile as a fund with a five-year duration. Morningstar prints an average effective duration statistic that incorporates call, put, and prepayment possibilities.

Average Effective Maturity

Average effective maturity is a weighted average of all the effective maturities of the bonds in a portfolio. Effective maturity takes into consideration mortgage prepayments, puts, calls, adjustable coupons, and other features of individual bonds and is thus a more accurate measure of interest-rate sensitivity. Longer-maturity funds are generally considered more interest-rate sensitive than their shorter counterparts.

Beta

A measure of a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. Morningstar calculates beta by comparing a fund's excess return over Treasury bills to the market's excess return over Treasury bills, so a beta of 1.10 shows that the fund has performed 10% better than its benchmark index in up markets and 10% worse in down markets, assuming all other factors remain constant. Conversely, a beta of 0.85 indicates that the fund's excess return is expected to perform 15% worse than the market's excess return during up markets and 15% better during down markets.

The Morningstar Rating

Commonly called the Star Rating, is a measure of a fund's risk-adjusted return, relative to funds in its category. Funds are rated from one to five stars, with the best performers receiving five stars and the worst performers receiving a single star.

Risk-adjusted return is calculated by subtracting a risk penalty from each fund total return, after accounting for all loads, sales charges, and redemption fees. The risk penalty is determined by the amount of variation in the fund's monthly return, with emphasis on downward variation. The greater the variation, the larger the penalty. Funds are ranked within their categories and stars are assigned as follows: Top 10% five stars; Next 22.5% four stars; Middle 35% three stars; Next 22.5% two stars; Bottom 10% one star.

Audited Expense Ratio

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

Geometric Average Market Capitalization

Morningstar defines the overall "size" of a stock fund's portfolio as the geometric mean of the market capitalization for all of the stocks it owns. It's calculated by raising the market capitalization of each stock to a power equal to that stock's stake in the portfolio. The resulting numbers are multiplied together to produce the geometric mean of the market caps of the stocks in the portfolio, which is reported as average market capitalization.
This number is different from the fund's median market cap--the capitalization of the median stock in its portfolio. The geometric mean better identifies the portfolio's "center of gravity." That is, it provides more accurate insight into how market trends (as defined by capitalization) might affect the portfolio.

Net Assets

The month-end net assets of the mutual fund, recorded in millions of dollars. Net-asset figures are useful in gauging a fund's size, agility, and popularity. They help determine whether a small company fund, for example, can remain in its investment-objective category if its asset base reaches an ungainly size.

% Assets in Top 10 Holdings

The aggregate assets, expressed as a percentage, of the fund's top 10 portfolio holdings. This figure is meant to be a measure of portfolio risk. Specifically, the higher the percentage, the more concentrated the fund is in a few companies or issues, and the more the fund is susceptible to the market fluctuations in these few holdings. The figure is calculated from the most recent available fund holdings.

Price/Book Ratio TTM

The weighted average of the price/book ratios of all the stocks in a fund's portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation. In theory, a high P/B ratio indicates that the price of the stock exceeds the actual worth of the company's assets, while a low P/B ratio indicates that the stock is a bargain.

Price/Earnings Ratio TTM

The weighted average of the price/earnings ratios of the stocks in a fund's portfolio. The P/E ratio of a stock is calculated by dividing the current price of the stock by its trailing 12 months' earnings per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents, so that larger positions have proportionately greater influence on the fund's final P/E.

R-Squared

Reflects the percentage of a fund's movements that can be explained by movements in its benchmark index. An R-squared of 100 indicates that all movements of a fund can be explained by movements in the index. Thus, index funds that invest only in S&P 500 stocks will have an R-squared very close to 100. Conversely, a low R-squared indicates that very few of the fund's movements can be explained by movements in its benchmark index. An R-squared measure of 35, for example, means that only 35% of the fund's movements can be explained by movements in the benchmark index.

Sharpe Ratio

The Sharpe Ratio is a risk-adjusted measure developed by Nobel Laureate William Sharpe. It is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the portfolio's historical risk-adjusted performance. It can be used to compare two portfolios directly on how much excess return each portfolio achieved for a certain level of risk.

Standard Deviation

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

Total Number of Holdings

The total number of different holdings of a fund. This figure is meant to be a measure of portfolio risk. Specifically, the lower the figure, the more concentrated the fund is in a few companies or issues, and the more the fund is susceptible to the market fluctuations in these few holdings. This figure also provides a context for the importance of % assets in top 10 holdings. The figure is calculated from the most recent available fund holdings. It does not include a fund's short positions.

Total Return

Expressed in percentage terms, Morningstar's calculation of total return is determined each month by taking the change in monthly net asset value, reinvesting all income and capital-gains distributions during that month, and dividing by the starting NAV. Reinvestments are made using the actual reinvestment NAV, and daily payoffs are reinvested monthly.

Turnover Ratio

This is a measure of the fund's trading activity which is computed by taking the lesser of purchases or sales (excluding all securities with maturities of less than one year) and dividing by average monthly net assets. A turnover ratio of 100% or more does not necessarily suggest that all securities in the portfolio have been traded. In practical terms, the resulting percentage loosely represents the percentage of the portfolio's holdings that have changed over the past year.

12-Month Yield

Also known as a distribution yield, Morningstar computes this figure by summing the trailing 12-month's income distributions and dividing the sum by the last month's ending NAV, plus any capital gains distributed over the same period. Income refers only to interest payments from fixed-income securities and dividend payoffs from common stocks.

Disclaimer

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Memorandum

October 14, 2014

To: Clients
From: Milliman Investment Consulting
Subject: **Update on PIMCO Total Return**

Milliman Recommends Reviewing Alternatives for PIMCO Total Return and PIMCO Low Duration and Related Strategies

The surprising high level change at one of the largest investment management firms in the country demands the attention of our clients, plan fiduciaries and Milliman as your Investment Advisor. Any action (or inaction) requires thoughtful consideration of the facts as they develop. Over the short-term, we think the team in place at PIMCO and the fund liquidity they have constructed will be adequate to produce attractive risk and return. Over the longer term, we think clients would be prudent to consider their options in the intermediate fixed income asset class and each client will need to decide if PIMCO remains a prudent choice.

Milliman will continue to conduct due diligence on PIMCO. In addition to frequent contact with PIMCO via email and phone calls, we will be conducting an additional on-site visit with PIMCO in mid-October.

Overview

On Friday, September 26, 2014, Bill Gross left the firm he founded, Pacific Investment Management Company, LLC (PIMCO) to run a bond fund at Janus Capital Group. The friction between Bill Gross and former PIMCO employees is well documented. In hindsight, it may seem clear that Bill Gross was the last piece of a dysfunctional, organizational challenge that needed to be addressed. However, the departure of the firm's founder came as quite a shock to us and the investment community.

Later that day, PIMCO CEO Doug Hodge expressed gratitude for the contributions Gross provided to the firm over the years, as expected, but expressed that the firm leadership had fundamental differences regarding the best way for PIMCO to move forward.

Personnel Changes

In March 2014, Mohamed El-Erian, Chief Executive Officer (CEO) and co-CIO with Gross, suddenly departed PIMCO. The reason given at the time was so he could spend more time with his family, though later it appeared he and Gross were having trouble continuing to work together. Based on

Gross' age and El-Erian's exit, PIMCO leadership announced a succession plan and changes to the organizational structure, creating a Deputy CIO structure. This new structure included six managers in the role of deputy CIO under Gross: Dan Ivascyn, Scott Mather, Mark Kiesel, Mihir Worah, Andrew Balls, and Virginie Maisonnueve. Doug Hodge was named CEO and Jay Jacobs was named President. Paul McCulley also returned to PIMCO as the firm's Chief Economist, an addition we viewed favorably. Now, with Gross' departure, Dan Ivascyn will be Group CIO. The remaining five deputy CIOs were promoted to CIO. These CIOs mange 75% of the firm's assets.

The Portfolio Managers for the Total Return strategy (and related strategies such as Harbor Bond) will be Scott Mather, Mark Kiesel, and Mihir Worah. These three managers have been working together for more than a decade. As Group CIO, Mr. Ivascyn continues to oversee the firm's mortgage, credit, alternatives and income strategies. He was a Morningstar Fixed Income Manager of the Year in 2013 for the PIMCO Income fund. Mark Kiesel was a Morningstar Manager of the year in 2012. The Portfolio Managers for the Low Duration strategy fund will be Scott Mather and Jerome Schneider, head of PIMCO's short-term and funding desk. As we understand it, Gross is not building out the same team or structure at his new home, Janus. This and non-compete agreements (as they are structured in California) make it unlikely we'll see talent migrate to Janus.

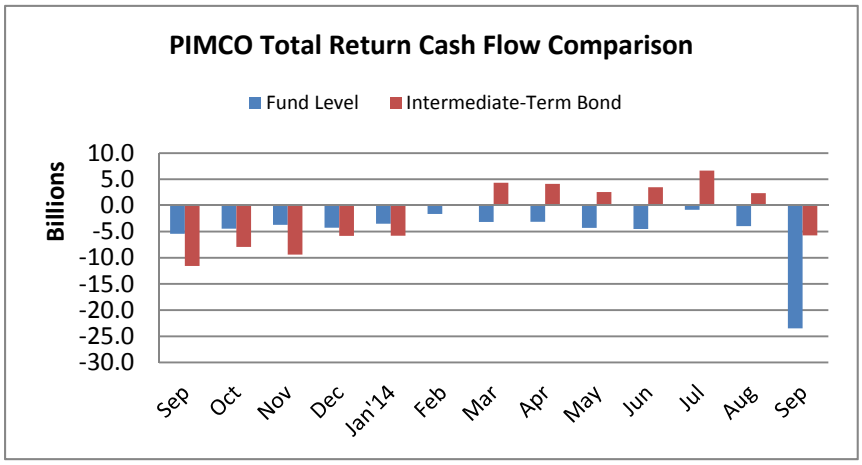
Organizational Changes

With regard to PIMCO as a firm, this could be viewed as a positive. This new structure removes the uncertainty of what the firm would look like when the 70 year old Gross retired or was no longer a Portfolio Manager. The firm has a well-established process of structuring investment decisions within the context of their secular forums for top-down macro views, and using the sector specialist for the individual security selection. This process will continue with, as PIMCO calls it, "more rigor." In our analysis and through our discussions with PIMCO, it appears Gross' process operated differently than the rest of the firm and in some respects, outside of this formalized and team structure. This may have contributed to employee dissatisfaction and perhaps recent underperformance.

Current Environment

PIMCO is a leading investment firm with a deep bench of intelligent and successful investment professionals with a long track record of top notch performance at Total Return and many other investment strategies. The teams now in place have the skill and tools to produce an attractive investment return. However they have a number of challenges to face.

Cash flow
Including September, the Total Return fund has seen 17 straight months of outflows. Low Duration has also seen steady outflows. Some of this can be explained by investors (broadly across the markets) selling bonds and some of these outflows are likely the result of El-Erian's departure. It's no surprise there was significant cash outflow following Gross' departure. Each day brings new PIMCO clients announcing their intentions. Some have already replaced PIMCO and some say they will do so in the near future. Other large plans have reiterated their commitment to PIMCO and the ongoing team. We are monitoring cash flows as closely as we can (mutual fund data is reported monthly, ETFs are reported daily) and so far, Gross' new fund at Janus has not attracted much of the cash outflow from Total Return.



We believe the PIMCO funds are prepared for this liquidity crunch, at least over the short term. As we mentioned in a prior memo, the funds are made up of thousands of highly liquid investments as well as derivatives that trade in significant volumes. Selling an open-ended mutual fund is not the same as selling an individual security and thus, market impact and cash flows must be viewed in the appropriate light. What is not yet clear is how long these outflows will last and what impact they might have on performance months down the road.

Personnel

A smaller asset base will mean lower fee revenue and may impact the firm's resources and the ability to compensate some managers. PIMCO has stated they have retention incentives in place to combat personnel departures. Time will tell if these are meaningful enough. However the team structure put in place at the beginning of the year should now be fully implemented. If Gross was difficult to work with, as some ex-employees and the press have suggested, the new environment should be a positive change. However, Gross' departure could lead to other changes among portfolio management professionals not related to fees and compensation which are hard to anticipate such as those who may find PIMCO less attractive as a firm without Gross.

Performance

While the long track record at PIMCO is very attractive, short-term performance has been disappointing. As of the end of last quarter, Total Return was in the 79th percentile of its peer group, lagging the median manager by 76 basis points and the BC Aggregate Bond Index by 77 basis points, net of fees. However, over the last three years, Total Return is in the top 20%, outperforming the median manager by 120 basis points and the BC Aggregate Bond Index by 214 basis points. As of this writing, the relative performance over the very short, 1-week time frame, Total Return is in the top 30%.

Recommendations

PIMCO is a substantial firm with significant resources and an extremely deep bench of analysts, portfolio managers and other professionals. The new portfolio managers replacing Gross have been very successful and fit well in the team structure. The fund's liquidity is well positioned for the expected negative cash flows over the near term. The firm's strategy of macro views and sector teams' security selection has been working for years and their long-term track record is among the industry's best. However, the expected loss of assets and possibly personnel demand increased scrutiny of PIMCO and an evaluation of potential candidates for our clients' fixed income assets.

City of Dover, Delaware Police Pension Plan
Asset Allocation Study

Date Prepared: July 2014

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Optimization Input Review

	Expected Annual Return	Annual Standard Deviation	Sharpe Ratio
Cash	2.50%	1.25	0.00
Short Bonds	2.25%	2.35	-0.11
Long Bonds	2.90%	9.45	0.04
Interm Bonds	2.35%	3.90	-0.04
Inflation-Indexed Bonds	2.10%	4.40	-0.09
High Yield	6.50%	11.05	0.36
US Large Growth	8.90%	21.20	0.30
US Large Value	8.05%	17.70	0.31
US Small Value	8.40%	21.75	0.27
US MidCap Value	8.15%	19.45	0.29
Foreign Developed Equity	8.85%	21.30	0.30
Emerging Markets Equity	11.00%	30.05	0.28
US REITs	8.00%	22.30	0.25

Input Correlation

	Corr with Cash	Corr with ML US Treas Infl-Linked	Corr with Long Bonds	Corr with Interm Bonds	Corr with Inflation-Index Bonds	Corr with High Yield	Corr with US Large Growth	Corr with US Large Value	Corr with US Small Value	Corr with US MidCap Value	Corr with Foreign Developed Equity	Corr with Emerging Markets Equity	Corr with US REITs
Cash	1.00	0.55	0.02	0.26	0.02	-0.12	0.03	0.03	-0.05	-0.04	-0.10	-0.11	-0.08
Short Bonds	0.55	1.00	0.60	0.91	0.48	-0.01	-0.15	-0.09	-0.16	-0.12	-0.14	-0.23	-0.02
Long Bonds	0.02	0.60	1.00	0.85	0.56	-0.01	-0.15	-0.08	-0.14	-0.10	-0.09	-0.25	0.03
Interm Bonds	0.26	0.91	0.85	1.00	0.63	0.03	-0.18	-0.09	-0.17	-0.11	-0.11	-0.25	0.03
Inflation-Indexed Bonds	0.02	0.48	0.56	0.63	1.00	0.03	-0.25	-0.21	-0.23	-0.18	-0.20	-0.16	0.05
High Yield	-0.12	-0.01	-0.01	0.03	0.03	1.00	0.64	0.69	0.66	0.73	0.61	0.65	0.64
US Large Growth	0.03	-0.15	-0.15	-0.18	-0.25	0.64	1.00	0.80	0.66	0.75	0.78	0.69	0.46
US Large Value	0.03	-0.09	-0.08	-0.09	-0.21	0.69	0.80	1.00	0.90	0.97	0.81	0.63	0.74
US Small Value	-0.05	-0.16	-0.14	-0.17	-0.23	0.66	0.66	0.90	1.00	0.94	0.68	0.64	0.81
US MidCap Value	-0.04	-0.12	-0.10	-0.11	-0.18	0.73	0.75	0.97	0.94	1.00	0.78	0.65	0.79
Foreign Developed Equity	-0.10	-0.14	-0.09	-0.11	-0.20	0.61	0.78	0.81	0.68	0.78	1.00	0.71	0.57
Emerging Markets Equity	-0.11	-0.23	-0.25	-0.25	-0.16	0.65	0.69	0.63	0.64	0.65	0.71	1.00	0.44
US REITs	-0.08	-0.02	0.03	0.03	0.05	0.64	0.46	0.74	0.81	0.79	0.57	0.44	1.00

Individual Constraints

	Groups & Constraints, Updated Frontier Min, %	Max, %
Cash	2.00	5.00
Short Bonds	2.00	15.00
Long Bonds	2.00	9.00
Interm Bonds	2.00	15.00
Inflation-Indexed Bonds	2.00	15.00
High Yield	2.00	7.00
US Large Growth	5.00	20.00
US Large Value	5.00	20.00
US Small Value	5.00	20.00
US MidCap Value	5.00	20.00
Foreign Developed Equity	5.00	20.00
Emerging Markets Equity	5.00	12.00
US REITs	1.00	20.00

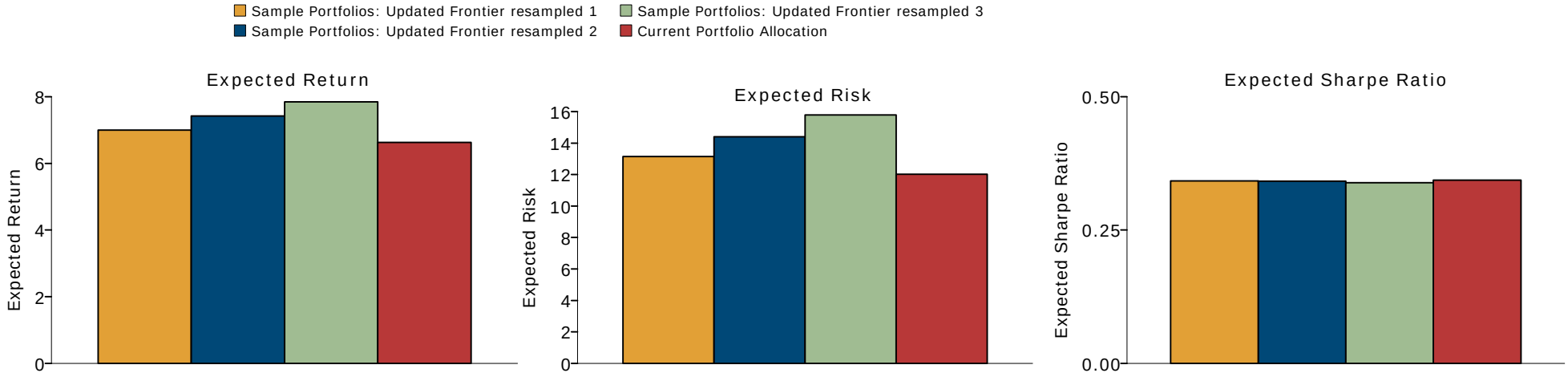
Group Constraints

	Groups & Constraints, Updated Frontier Fixed Income
Cash	1.00
Short Bonds	1.00
Long Bonds	1.00
Interm Bonds	1.00
Inflation-Indexed Bonds	1.00
High Yield	1.00
Min, %	20.00
Max, %	50.00

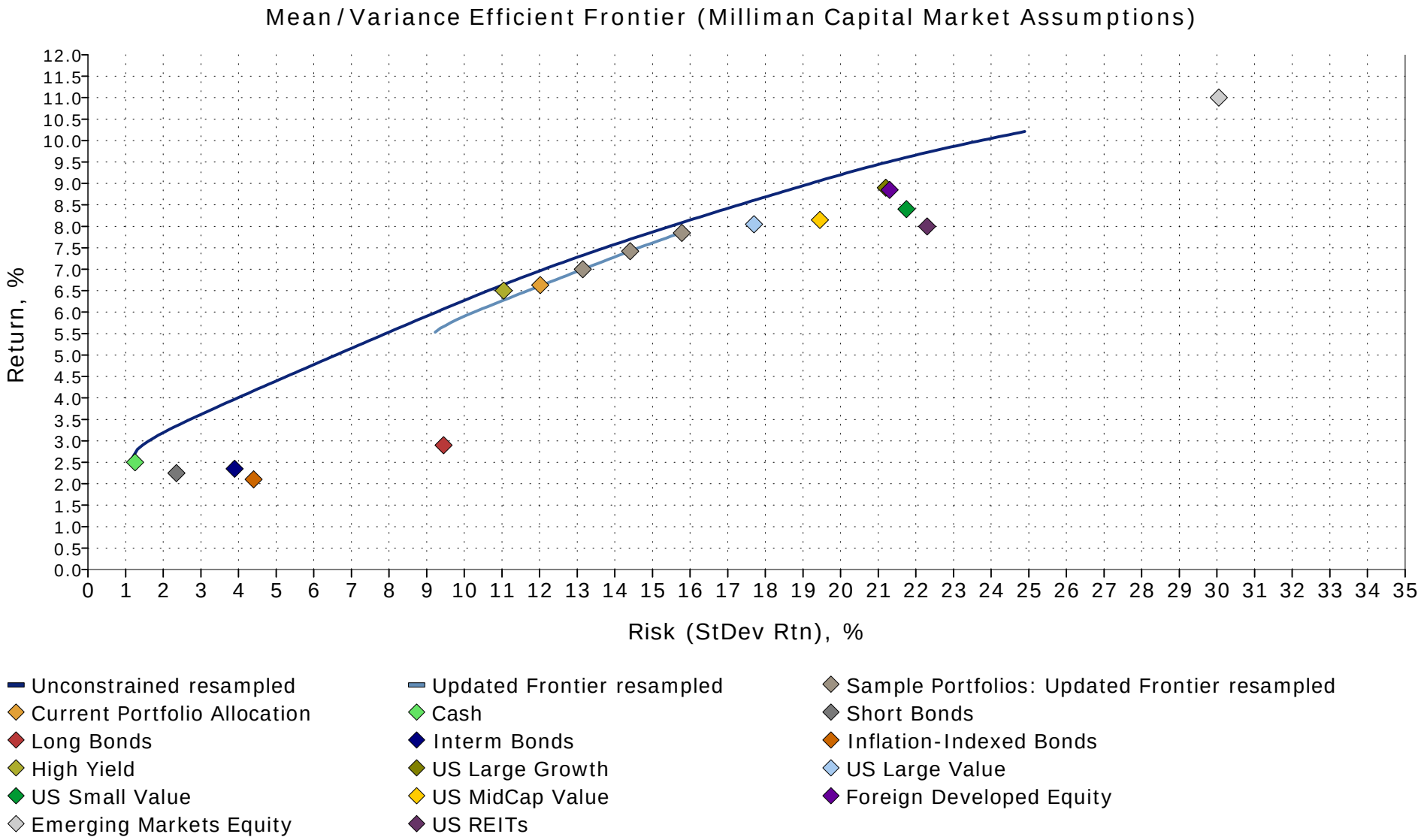
Portfolio Options

	Sample Portfolios: Updated Frontier resampled 1	Sample Portfolios: Updated Frontier resampled 2	Sample Portfolios: Updated Frontier resampled 3	Current Portfolio Allocation
Cash	3.6	3.3	3.0	4.5
Short Bonds	4.5	3.0	2.0	5.5
Long Bonds	7.3	7.3	4.0	9.0
Interm Bonds	5.9	2.7	2.0	8.0
Inflation-Indexed Bonds	4.7	3.1	2.1	5.0
High Yield	6.7	6.7	6.9	8.0
US Large Growth	14.4	15.3	15.9	10.0
US Large Value	10.6	12.1	9.2	10.0
US Small Value	6.8	7.6	11.5	8.0
US MidCap Value	6.2	6.8	8.6	5.0
Foreign Developed Equity	12.2	13.5	15.1	10.0
Emerging Markets Equity	8.9	9.4	11.2	10.0
US REITs	8.3	9.3	8.5	7.0
Fixed Income	32.7%	26.1%	20.0%	40.0%
Equity	67.4%	74.0%	80.0%	60.0%

Expected Return	7.00%	7.42%	7.85%	6.63%
Expected Standard Deviation	13.152	14.405	15.781	12.015
Expected Sharpe Ratio	0.342	0.342	0.339	0.344



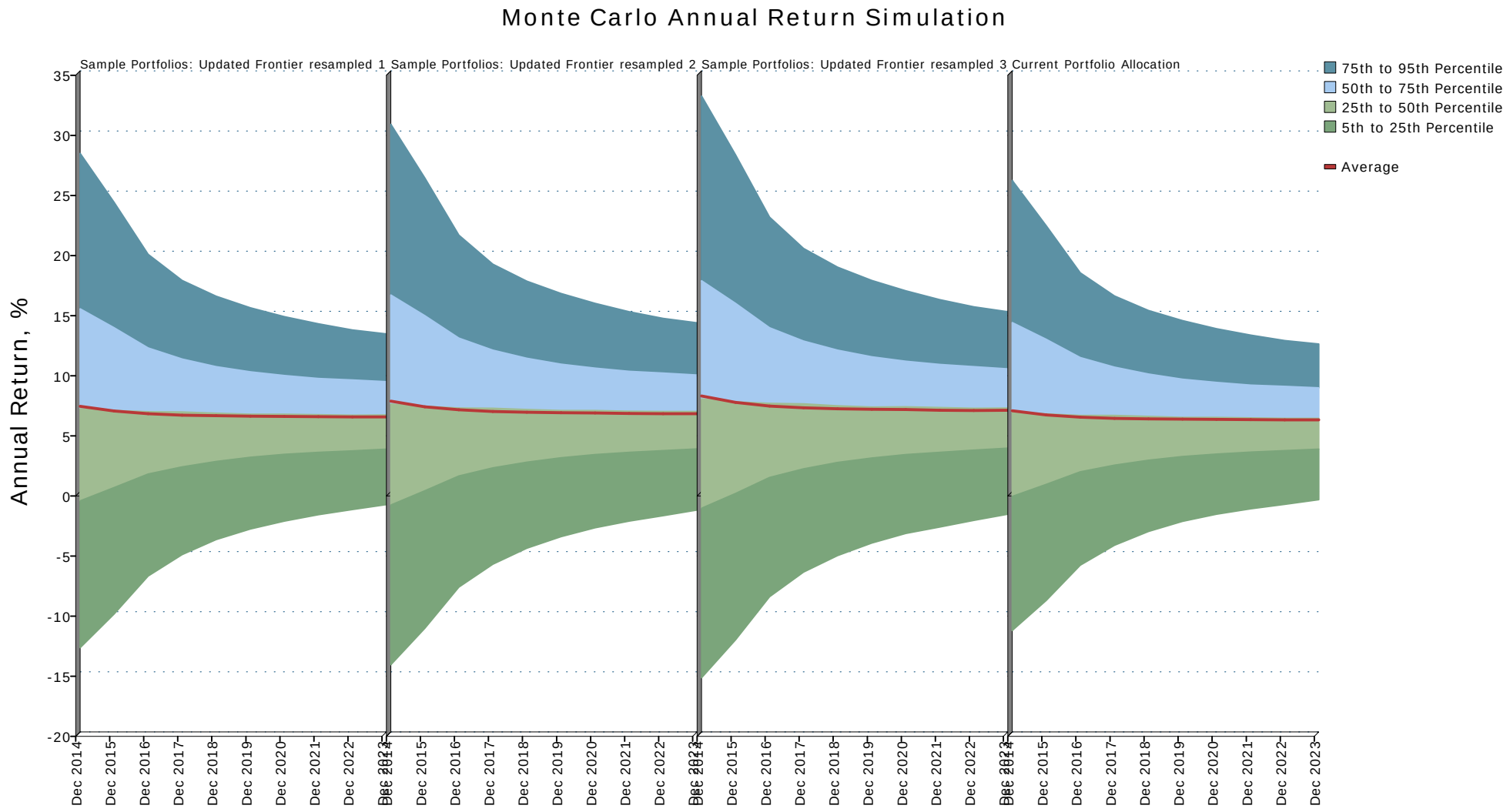
Efficient Frontier



Monte Carlo Simulation Return Summary

	Sample Portfolios: Updated Frontier resampled 1			Sample Portfolios: Updated Frontier resampled 2			Sample Portfolios: Updated Frontier resampled 3			Current Portfolio Allocation		
	5th Percentile	50th Percentile	95th Percentile	5th Percentile	50th Percentile	95th Percentile	5th Percentile	50th Percentile	95th Percentile	5th Percentile	50th Percentile	95th Percentile
Jul 14 - Dec 14	-12.99	6.88	28.14	-14.41	7.27	30.55	-15.49	7.70	32.91	-11.56	6.60	25.89
Jul 14 - Dec 15	-10.18	6.74	24.06	-11.36	7.09	26.09	-12.35	7.46	28.01	-9.05	6.45	22.10
Jul 14 - Dec 16	-7.03	6.64	19.74	-7.94	6.96	21.33	-8.75	7.33	22.83	-6.13	6.34	18.21
Jul 14 - Dec 17	-5.26	6.62	17.56	-6.04	6.93	18.92	-6.70	7.29	20.22	-4.46	6.34	16.26
Jul 14 - Dec 18	-4.00	6.52	16.25	-4.72	6.82	17.50	-5.33	7.13	18.66	-3.32	6.25	15.06
Jul 14 - Dec 19	-3.11	6.43	15.28	-3.75	6.74	16.47	-4.28	7.03	17.56	-2.47	6.17	14.22
Jul 14 - Dec 20	-2.45	6.43	14.55	-3.02	6.74	15.65	-3.49	7.04	16.71	-1.89	6.16	13.55
Jul 14 - Dec 21	-1.93	6.39	13.96	-2.46	6.69	14.95	-2.95	6.98	15.96	-1.44	6.13	13.01
Jul 14 - Dec 22	-1.51	6.36	13.45	-2.01	6.66	14.40	-2.40	6.93	15.36	-1.06	6.09	12.56
Jul 14 - Dec 23	-1.09	6.37	13.12	-1.53	6.67	14.04	-1.88	6.96	14.95	-0.67	6.09	12.27

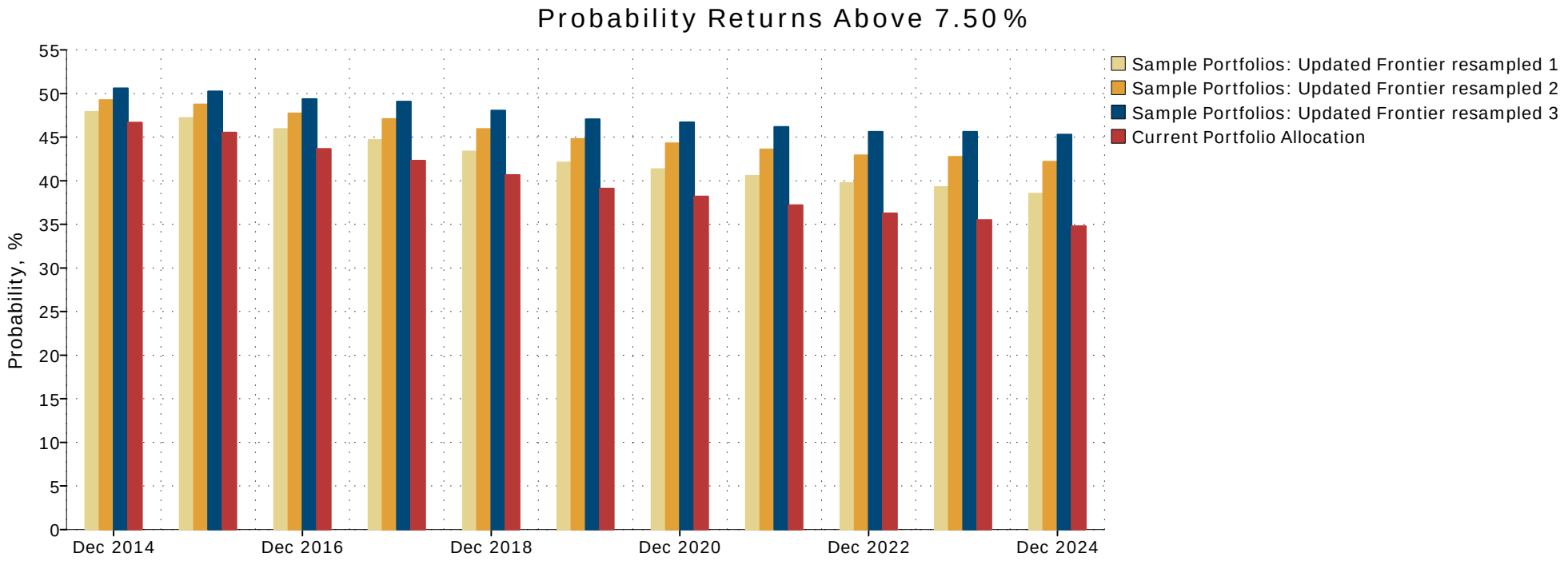
Monte Carlo Simulation



Monte-Carlo Downside Log-stable Simulations

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Monte Carlo Simulation



Monte-Carlo Downside Log-stable Simulations

	Sample Portfolios: Updated Frontier resampled 1 Target Pr (Ann Rtn) (Simul DLS), %	Sample Portfolios: Updated Frontier resampled 2 Target Pr (Ann Rtn) (Simul DLS), %	Sample Portfolios: Updated Frontier resampled 3 Target Pr (Ann Rtn) (Simul DLS), %	Current Portfolio Allocation Target Pr (Ann Rtn) (Simul DLS), %
Jul-14 - Dec-14	47.91	49.26	50.59	46.67
Jul-14 - Dec-15	47.20	48.76	50.26	45.52
Jul-14 - Dec-16	45.93	47.74	49.37	43.66
Jul-14 - Dec-17	44.68	47.09	49.08	42.32
Jul-14 - Dec-18	43.37	45.94	48.06	40.68
Jul-14 - Dec-19	42.10	44.79	47.05	39.10
Jul-14 - Dec-20	41.33	44.29	46.70	38.21
Jul-14 - Dec-21	40.58	43.61	46.16	37.19
Jul-14 - Dec-22	39.76	42.92	45.62	36.25
Jul-14 - Dec-23	39.28	42.73	45.63	35.49
Jul-14 - Dec-24	38.53	42.19	45.30	34.80

Definitions

Expected Return - the expected value, or arithmatic average (mean), of all the likely returns of investments comprising a portfolio. Although this is what you expect the return to be, there is no guarantee that it will be the actual return.

Modern Portfolio Theory (MPT) - Proposes how rational investors will use diversification to optimize their portfolios, and how an asset should be priced given its risk relative to the market as a whole. MPT models the return of an asset as a random variable and a portfolio as a weighted combination of assets; the return of a portfolio is thus also a random variable and consequently has an expected value and a variance. Risk in this model is identified with the standard deviation of portfolio return. Rationality is modeled by supposing that an investor choosing between several portfolios with identical expected returns, will prefer that portfolio which minimizes risk.

Monte Carlo Simulation - A method in which a computer program is used to represent the operation of a large complex financial system to find an approximate solution. The simulation generates a very large number of "trials" (10,000) and chooses values from a probablility distribution given certain characteristics including mean and standard deviation.

Sharpe Ratio - The Sharpe Ratio is the quotient of the annualized excess return of the manager over the cash equivalent and the annualized standard deviation of the manager return. The higher the Sharpe Ratio, the better the portfolio's historical risk-adjusted performance. It can be used to compare two portfolios directly based on how much excess return each portfolio achieved for a certain level of risk.

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

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