CIVILIAN PENSION BOARD AGENDA

AUGUST 14, 2014 - 9:00 A.M.

CITY HALL CONFERENCE ROOM
15 LOOCKERMAN PLAZA
DOVER, DELAWARE

REVISED TO RE-ORDER AGENDA ITEMS

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. Approval of Minutes - Civilian Pension Board Meeting of May 1, 2014

2. Organizational Issues - Election of Chair

3. Quarterly Performance Review - *(Quarter Ending June 30,* 2014)/Investment Manager Recommendations *(Milliman, Inc.)*
   (Staff recommends acceptance of the Quarterly Performance Review)

4. Annual Review of Investment Policy

5. Future Meeting Dates
   (November 13, 2014; February 12, 2015; May 14, 2015; August 13, 2015)

6. Adjournment by 9:55 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.

/js
S:\AGENDAS-MINUTES-PACKETS-PRESENTATIONS-ATT&EXH\Misc-Agendas\PENSION BOARDS\2014\08-14-2014 CIVILIAN PENSION BOARD AGENDA (Revised).wpd

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.

CIVILIAN PENSION BOARD

The Civilian Pension Board meeting was held on May 1, 2014 at 10:00 a.m with Mr. Koenig presiding in the absence of Chairman Lynn (arrived at 10:12 a.m.). Members present were Mr. Bonar (departed at 10:01 a.m.), Mr. Blakeman, Mr. Clendaniel, Mrs. Hettinger, and Mrs. Mitchell.

AGENDA ADDITIONS/DELETIONS

Mr. Blakeman moved for approval of the agenda as presented, seconded by Mrs. Hettinger and unanimously carried.

Approval of Minutes - Special Civilian Pension Board Meeting of March 10, 2014

Mr. Blakeman moved for approval of the minutes of the Special Civilian Pension Board meeting of March 10, 2014, seconded by Mr. Clendaniel and unanimously carried.

Quarterly Performance Review *(Quarter Ending March 31, 2014) (Milliman, Inc.)*

Mr. Jeff Marzinsky, Principal and Employee Benefits Consultant, Milliman, Inc., reviewed the Board Meeting Notes dated May 1, 2014. He advised members that plan assets totaled approximately $32.8M as of March 31, 2014 compared to approximately $24.8M on March 31, 2013, one (1) year ago, noting that contributions and withdrawals had occurred since that time. Mr. Marzinsky stated that the return for the plan was approximately 2.72% for the quarter, exceeding the benchmark of 2.5%. He noted the quarter had been volatile for the stock market and that a comment made by Janet Yellen, Chair of the Federal Reserve, that interest rates could potentially be adjusted upward, caused a rise in short-term interest rates. Mr. Marzinsky noted that long-term interest rates declined slightly. He informed members that the fund had been rebalanced for the quarter according to the asset allocation that was approved during the previous year and was in line with target allocations.

Mr. Marzinsky reviewed the Quarterly Investment Monitor Summary Report for the Quarter Ending March 31, 2014. Referring to Page 9 - Asset Allocation, Mr. Marzinsky reminded members that the Harding Loevner Global Equity Institutional Fund had been replaced in the portfolio by the more focused Oppenheimer International Growth Y equity fund. In reference to Page 10 - Investment Policy Review - Active Management, he noted that PIMCO had experienced some issues with upper management. The Chief Executive Officer (CEO) had resigned abruptly and would be replaced by the Chief Operating Officer (COO). Milliman had visited PIMCO and learned that changes had been made in its management structure. Mr. Marzinsky stated that PIMCO's investment committee would be expanded, which would provide more perspectives on fixed income markets. In addition, Mr. Marzinsky noted that the Target Small Capitalization Value T Fund had underperformed compared to its index; however, on a risk-adjusted basis, it ranked very well compared to its peer group. Mr. Marzinsky assured members that both of these funds would be monitored by Milliman.

In reference to Page 11 - Investment Policy Review - Passive Management, Mr. Marzinsky explained that these index funds were expected to generally track their market benchmarks. He reminded members that Vanguard had changed some of the underlying benchmarks that were previously followed; therefore, some variances were expected and were not a cause for concern. He noted that short tem returns were generally in line with market indexes. Mr. Marzinsky reminded members that passive index funds have a low expense ratio compared to actively managed

investments. He noted that it was desired to have a diversified portfolio that includes both actively managed and index funds.

Referring to Page 12 - Investment Option Return Summary, Mr. Marzinsky stated that funds in the portfolio had generally positive returns year to date. The only underperforming area was emerging markets, which had a slight negative return. He noted that the portion of the plan's investments in emerging markets was not significant and this allocation was included for diversification.

Mr. Marzinsky reminded members that approximately 40% of plan assets were allocated to fixed income investments, which had performed "generally okay" over the last couple of years as interest rates had declined. However, he cautioned that if interest rates were to go up, the value of bonds would go down and the funds could have negative returns.

Mr. Marzinsky provided members with a draft Investment Policy Statement for the City of Dover Employees Pension Plan ***(Attachment #1)***. He indicated that he incorporated some of the terms of the prior advisor's investment policy statement relating to the roles and responsibilities of the Board in overseeing the portfolio and attempted to simplify some of the other provisions in the policy related to the investment manager selection and monitoring process. Mr. Marzinsky advised members that the Board typically tries to make asset allocation decisions during their August meeting and hoped that providing the draft Policy at this time would allow members an opportunity to review the document, make comments, and determine if they wished to consider changing the Investment Policy Statement as a whole. He stated that he would provide different portfolios for members to review and potentially adjust the overall asset allocation of the plan, with consideration being given to the potential returns and volatility of each portfolio. He stated that the Board's previous goal was to have a somewhat conservative allocation which had resulted in good returns, but not high returns, with low volatility.

Responding to Mr. Blakeman regarding who had prepared the policy, Mr. Marzinsky stated that he had created it himself as a draft and it included no comments at this point. He noted that it was a flexible document that was prepared as an "instruction manual" on what the Board does and to provide guidance on selecting, monitoring, and developing asset allocations.

Mr. Blakeman moved for adjournment, seconded by Mrs. Hettinger and unanimously carried.

Meeting adjourned at 10:15 a.m.

Scott D. Koenig
Acting Chair

SK/JS/dd
S:\AGENDAS-MINUTES-PACKETS-PRESENTATIONS-ATT&EXH\Misc-Minutes\PENSION\2014\05-01-2014 Civilian Pension Board.wpd

Attachment
Attachment #1 - Draft Investment Policy Statement - City of Dover Employee Pension Plan, dated August 2014

DRAFT

INVESTMENT POLICY STATEMENT

CITY OF DOVER EMPLOYEES PENSION PLAN

August 2014

INVESTMENT POLICY STATEMENT

CITY OF DOVER EMPLOYEES' PENSION PLAN

Table of Contents

Section		Page
I.	Purpose and Background	3
II.	Statement of Objectives	4
III.	Control Procedures & Responsibilities	5
IV.	Investment & Allocation Policy	8
V.	Investment Manager Guidelines	11
VI.	Selection of Investment Managers	13
VII.	Investment Evaluation	14

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 Employees' 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 Employees' Pension Plan ("Plan").

The IPS will function to:

1. State in a written document the Plan Sponsor's expectations, objectives, and guidelines for the investment of Plan assets which the Plan Sponsor 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 Plan Sponsor 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 Plan Sponsor 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 Plan Sponsor.

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 terminate the plan if deemed appropriate.

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 IM 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 IM 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 the Investment Policy Statement ('IPS') objectives and guidelines set forth herein.

2. Exercising investment discretion (including holding cash equivalents as an alternative) within the IPS 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 Plan Sponsor. The strategic asset allocation of the Plan is as follows:

Asset Class	Range	Target
Cash & Short-Term Bond	5% - 10%	10%
Inflation-Protected Bond	0% - 11%	6%
Intermediate Term Bond	3% - 13%	8%
Long-Term Bond	4% - 14%	9%
High Yield Bond	1% - 11%	6%
Large Value	5% - 15%	10%
Large Growth	6% - 16%	11%
Mid Cap Equity	0% - 10%	5%
Small Cap Equity	2% - 12%	7%
Foreign Equity	5% - 15%	10%
Diversified Emerging Mkts	5% - 15%	10%
Real Estate	3% - 13%	8%

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. Any deviations beyond the "Range" must have prior approval by the Board, unless caused by market actions.

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 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 meet targets as below, based on the funded status of the plan. The overall performance of the portfolio relative to the liabilities will be reviewed in addition to actual performance of the managers.

The strategic asset allocation of the Plan is as follows:

Dynamic Investment Policy	Funded Status Target Allocation						
Asset Category Index	**40%**	**70%**	**80%**	**85%**	**90%**	**95%**	**100%**
Cash & Short Term Bond	10%	7%	5%	5%	5%	5%	5%
US Treasuries/Inflation-linked	6%	7%	7%	8%	9%	10%	13%
Intermediate Term Bond	8%	11%	12%	14%	16%	21%	24%
Long Term Bond	9%	11%	13%	16%	17%	21%	25%
High Yield Bond	6%	7%	8%	8%	8%	8%	8%
Large Cap Value – US Stock	10%	10%	9%	8%	8%	7%	4%
Large Cap Growth – US Stock	11%	9%	9%	8%	7%	5%	4%
Mid Cap – US Stock	5%	5%	5%	5%	5%	4%	3%
Small Cap – US Stock	7%	7%	7%	6%	4%	3%	3%
Real Estate/REIT	8%	7%	6%	5%	5%	3%	3%
Non-US Stock	10%	9%	9%	8%	7%	5%	3%
Emerging Markets	10%	10%	10%	9%	9%	8%	5%
Equity	**61%**	**57%**	**55%**	**49%**	**45%**	**35%**	**25%**
Fixed Income/Cash	**39%**	**43%**	**45%**	**51%**	**55%**	**65%**	**75%**
Total	100%	100%	100%	100%	100%	100%	100%

***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, 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, 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: Over a complete business cycle, the Plan's overall annualized total return (net of expenses) should perform at or above the Plan Benchmark. The target allocation is based on the plan's funded status. This Plan Benchmark is a customized index composed of the following benchmarks for each target asset class and based on the funded status target allocation:

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 should not fall in the southeast quadrant of a standard risk/return plot over 3 and/or 5 years.

3. 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.

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

5. 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

_____
Treasurer/Finance Director

Date approved: _____

250 Washington Ave Ext
Albany, NY 12203
USA

Tel +1 518 514 7157
Fax +1 518 514 7200

milliman.com

MEMO

To:	City of Dover, Delaware Employees' Pension Plan – Board
From:	Jeff Marzinsky & Matt Albano/Milliman
Re:	Board Meeting Notes – 8/14/2014

Enclosures: Milliman Quarterly Investment Monitor Report (QIM)

1. General Employees' Pension Plan Investment Review through 6/30/2014:
   a. As of June 30, the plan had approximately $34.4 million in assets, up from $32.8 million in at March 31, 2014. The plan had $30.3 million in assets at 6/30/2013. During the quarter, the plan had contributions of approximately $1.6 million, withdrawals of approximately $1.3 million, and fees of approximately $4 thousand.
   b. Total performance of the plan portfolio was 4.08% net (4.15% gross) for the quarter, in line with the Plan's benchmark index performance of 4.08%.

City of Dover
General Employees Pension Plan
Quarterly Return Summary

Month End	BMV	Contribution	Withdrawls	Fees	Gain	EMV	CIVILIAN-NET RETURN	CIVILIAN-GROSS RETURN
7/31/2013	$ 30,262,895.13	$ 38,268.66	$ 301,587.46	$ 1,462.61	$ 579,634.20	$ 30,577,747.92	1.93%	1.95%
8/31/2013	$ 30,577,747.92	$ 19,228.78	$ 301,244.92	$ 1,440.66	$ (610,873.51)	$ 29,683,417.61	-2.02%	-2.00%
9/30/2013	$ 29,683,417.61	$ 741,663.03	$ 321,288.49	$ 1,423.14	$ 809,235.95	$ 30,911,604.96	2.70%	2.72%
10/31/2013	$ 30,911,604.96	$ 733,988.91	$ 300,912.88	$ 1,468.94	$ 904,921.91	$ 32,248,133.96	2.92%	2.94%
11/30/2013	$ 32,248,133.96	$ 56,839.51	$ 298,539.82	$ 1,482.94	$ 113,584.35	$ 32,118,535.06	0.36%	0.38%
12/31/2013	$ 32,118,535.06	$ 740,627.39	$ 298,211.11	$ 1,556.98	$ 204,284.56	$ 32,763,678.92	0.64%	0.66%
1/31/2014	$ 32,763,678.92	$ 37,206.27	$ 302,231.67	$ 1,509.30	$ (327,918.55)	$ 32,169,225.67	-1.01%	-0.98%
2/28/2014	$ 32,169,225.67	$ 37,084.59	$ 320,393.03	$ 1,476.62	$ 1,008,017.38	$ 32,892,457.99	3.16%	3.18%
3/31/2014	$ 32,892,457.99	$ 37,262.79	$ 302,309.03	$ 497.39	$ 190,876.22	$ 32,817,790.58	0.58%	0.61%
4/30/2014	$ 32,817,790.58	$ 37,214.82	$ 301,795.55	$ 974.00	$ 205,288.50	$ 32,757,524.35	0.63%	0.65%
5/31/2014	$ 32,757,524.35	$ 42,924.34	$ 301,795.55	$ 1,500.51	$ 642,964.70	$ 33,140,117.33	1.98%	2.00%
6/30/2014	$ 33,140,117.33	$ 1,502,149.32	$ 683,750.81	$ 1,502.60	$ 474,270.46	$ 34,431,283.70	1.42%	1.44%
		$ 1,582,288.48	$ 1,287,341.91	$ 3,977.11	$ 1,322,523.66	Quarterly Return	4.08%	4.15%
		$ 4,024,458.41	$ 4,034,060.32	$ 16,295.69	$ 4,194,286.17	One Year Return	13.98%	14.29%

   c. As of 6/30/14, 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
Money Market	CA	Wells Fargo Advtg Treas Plus MMkt	4.50%	0-10%; target 10% Cash + STB
Short Term Bonds	STB	Vanguard Short Term Bond	5.50%	0-10%; target 10% Cash + STB
Inflation Protected Bonds	TIPS	Vanguard Inflation Prot Sec	6.00%	0-11%; target of 6% 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	6.00%	0-11%; target 6% HYB
Large Cap Value	LCV	Vanguard Equity Income	10.00%	5-15%; target 10% LCV
Large Cap Growth	LCG	Vanguard Morgan Growth	5.50%	6-11%; target 11% LCG
Large Cap Growth	LCG	Vanguard Primecap	5.50%	6-11%; target 11% LCG
Mid Cap	MCV	Vanguard Mid Cap Value Index	5.00%	0-10%; target 5% MC
Small Cap	SCV	Target Small Cap Value	7.00%	0-10%; target 7% SC
Real Estatement Investment	REIT	Vanguard REIT Index	8.00%	0-13%; target 8% REIT
Foreign Equity	GLB	American Funds New Perspective	5.00%	5-15%; target 10% GLB
Foreign Equity	FLG	Oppenheimber International Growth Y	5.00%	5-15%; target 10% FLG
Foreign Equity	GLB	Harding Loevner Global Equity	0.00%	5-15%; target 10% GLB
Emerging Markets	EMG	Vanguard Emerging Mkts	10.00%	5-15%; target 10% Emg Mkts

Milliman

d. The majority of 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. Vanguard Morgan Growth - Has shown under-performance to its benchmark, as well as a decline in risk and return rank to its peer group.
    ii. Vanguard Prime Cap - During the quarter Vanguard funds had restricted trading in the Vanguard Prime Cap fund and will not allow investment of new contributions.
    iii. Recommendation(s):
        - Add Vanguard Growth Index and Vanguard Mid Cap Index as new investment options within the portfolio.
        - Remove Vanguard Morgan Growth and map the balance 75% to Vanguard Growth Index and 25% to Vanguard Mid Cap Index.
        - Retain Vanguard Prime Cap as an investment option for current assets.
        - Utilize Vanguard Growth Index for future contributions that would have been allocated to Vanguard Prime Cap.

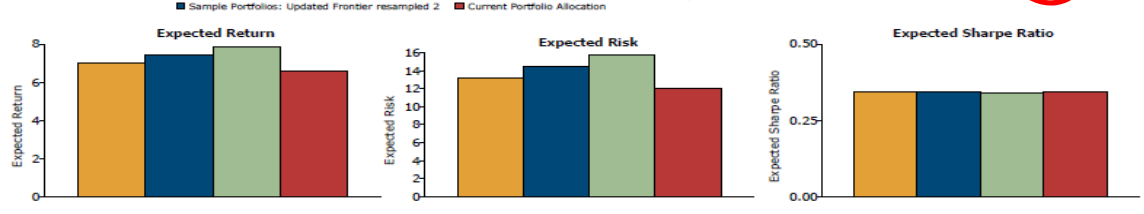
2. Annual Investment Policy and Asset Allocation Review
    a. A draft Investment Policy Statement had been provided at the May meeting. It will be updated based on a Board decision regarding the overall portfolio asset allocation.
    b. In addition, it was discussed that the Board would review the 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 18+ year range; a slight adjustment to the equity and longer 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	6.0
High Yield	6.7	6.7	6.9	6.0
US Large Growth	14.4	15.3	15.9	11.0
US Large Value	10.6	12.1	9.2	10.0
US Small Value	6.8	7.6	11.5	7.0
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	8.0
Fixed Income	**32.7%**	**26.1%**	**20.0%**	**39.0%**
Equity	**67.4%**	**74.0%**	**80.0%**	**61.0%**

Expected Return	7.00%	7.42%	7.85%	6.61%
Expected Standard Deviation	13.152	14.405	15.781	11.993
Expected Sharpe Ratio	0.342	0.342	0.339	0.342



Milliman

			EMPLOYEE PENS		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	4%	0.11	3%	0.08	2%	0.05
Inflation-Protected Bond	7.80	2.1	6.0%	0.468	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	8%	1.14	7%	0.99	6%	0.85
High Yield Bond	4.00	6.5	6.0%	0.240	7%	0.28	6%	0.24	5%	0.20
Large Value		8.05	10.0%	-	11%	-	12%	-	9%	-
Large Growth		8.9	11.0%	-	14%	-	15%	-	16%	-
Mid Cap Equity		8.15	5.0%	-	6%	-	7%	-	9%	-
Small Cap Equity		8.4	7.0%	-	7%	-	8%	-	11%	-
Foreign Equity		8.85	10.0%	-	12%	-	13%	-	15%	-
Diversified Emerging Mkts		11	10.0%	-	9%	-	10%	-	11%	-
Real Estate		8	8.0%	-	8%	-	9%	-	9%	-
			100.0%		100.00%		100.00%		100.00%	

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.

This Milliman work product was prepared solely for the internal business use of our clients. Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit any third party recipient of its work product, even if Milliman consents to the release of its work product to such third party.

Past performance is no guarantee of future results.

Unless explicitly stated in your Service Agreement, there should be no reliance on Milliman services to provide analysis or reporting on a daily basis, the changes to manager rankings, ratings or opinions thereon.

Unless explicitly stated in your Service Agreement, Milliman services are not intended to monitor investment manager compliance with individual security selection criteria, limits on security selection, and/or prohibitions to the holding of certain securities or security types.

Milliman provides a copy of its SEC Form ADV Part II to clients without charge upon request.

Quarterly Investment Monitor

Summary Report for the Quarter Ending June 30, 2014

Prepared for
City of Dover, Delaware General Employee Pension Plan

Milliman



Contents

Section A: Market Commentary

Section B: Performance Summary

Section C: Core Fund Review

Section D: Glossary

Milliman | Quarterly Investment Monitor

Market Indices - 2nd Quarter 2014



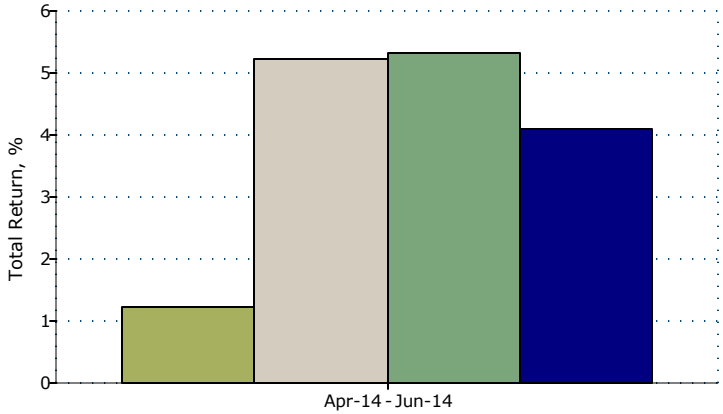
Index	3 Months	1 Year	3 Years	5 Years
BofAML US Treasury Bill 3 Mon	0.01	0.05	0.07	0.11
Barclays US Govt 1-3 Yr TR USD	0.27	0.77	0.66	1.24
Barclays US Govt/Credit Interm TR USD	1.23	2.86	2.83	4.09
Barclays US Government Long TR USD	4.73	6.44	8.70	7.41
Barclays US Long Credit TR USD	5.04	13.34	9.81	11.11
Barclays US Corporate High Yield TR USD	2.41	11.73	9.48	13.98
DJ Industrial Average TR USD	2.83	15.56	13.57	17.83
S&P 500 TR	5.23	24.61	16.58	18.83
NASDAQ 100 TR USD	7.42	34.15	19.86	22.31
NASDAQ Composite TR USD	5.31	31.16	18.18	20.50
Russell 1000 Value TR USD	5.10	23.81	16.92	19.23
Russell 1000 TR USD	5.12	25.35	16.62	19.25
Russell 1000 Growth TR USD	5.13	26.92	16.26	19.24
Russell 2000 Value TR USD	2.38	22.54	14.65	19.88
Russell 2000 TR USD	2.05	23.64	14.57	20.21
Russell 2000 Growth TR USD	1.72	24.73	14.49	20.50
FTSE NAREIT All REITs TR	6.97	13.71	12.01	22.92
MSCI EAFE NR USD	4.09	23.57	8.10	11.77
MSCI EAFE Small Cap NR USD	2.08	29.08	9.84	15.21
MSCI EM NR USD	6.59	14.31	-0.39	9.24

Milliman | Quarterly Investment Monitor

Broad Market Commentary - 2nd Quarter 2014

Broad Markets - Quarter

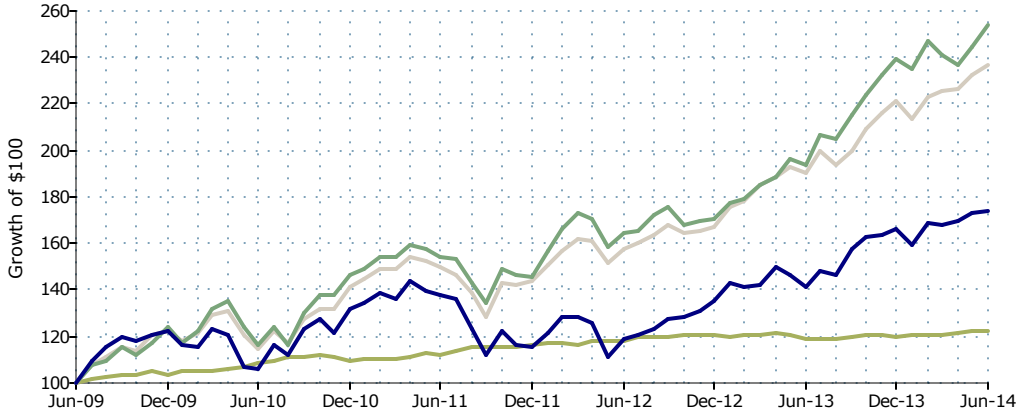
Apr-14 - Jun-14



Total
- Barclays US Govt/Credit Interm TR USD
- S&P 500 TR
- NASDAQ Composite TR USD
- MSCI EAFE NR USD

Broad Markets - Five Years

Jun-09 - Jun-14



Total
- Barclays US Govt/Credit Interm TR USD
- S&P 500 TR
- NASDAQ Composite TR USD
- MSCI EAFE NR USD

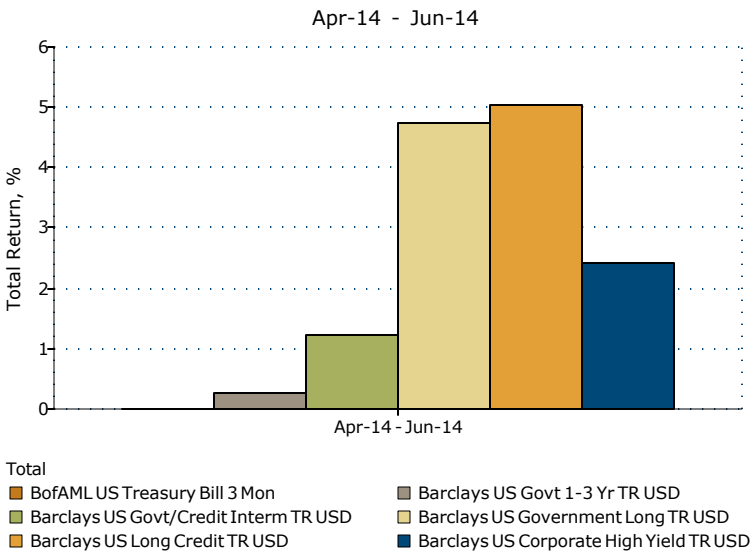
Market Commentary

- The U.S. stock market rose on strong mergers-and-acquisitions activity, better than expected corporate earnings, and signs of an improving economy.
- Developed international equity markets posted solid returns on central bank stimulus and an increase in mergers-and-acquisitions activity, while emerging markets rebounded on expectations of an improving global economy and reduced political uncertainty in certain developing countries.
- Market volatility was unusually low during the quarter.
- The Fed continued to modestly reduce its securities purchases by $10 billion at each meeting. In addition, the Fed announced it will end its securities purchases program in October if the economy stays on track.
- Mutual fund investors increased their holdings in bonds and stocks. For the quarter, bond funds had net inflows of $28.4 billion, while stock funds had net inflows of $7.4 billion. Total money market mutual fund assets decreased by $86.0 billion to $2.557 trillion.
- The unemployment rate fell from 6.7% to 6.1%, as total employment increased by 816,000 jobs.
- The price of oil increased from $102 per barrel to $105 during the quarter, an increase of 2.9%.

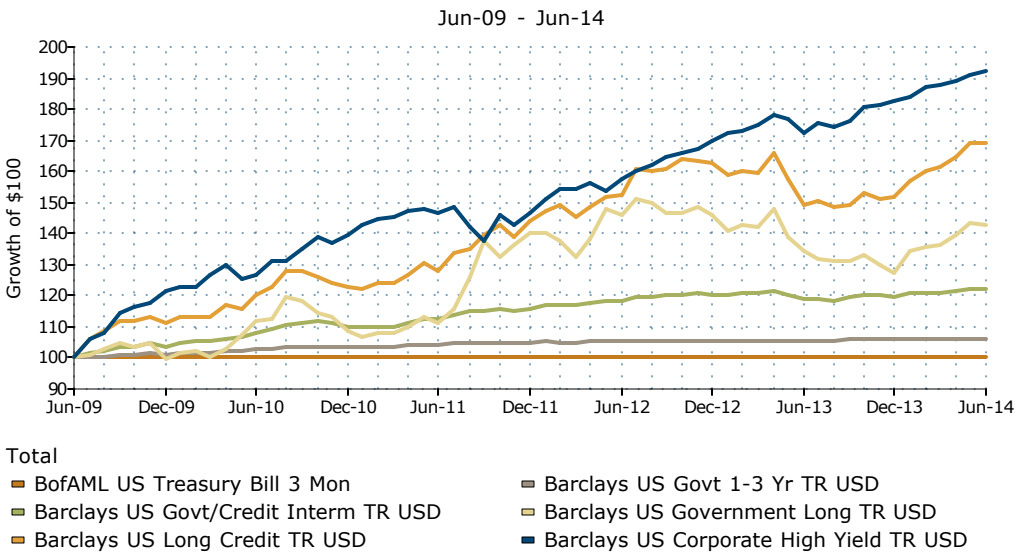
Milliman | Quarterly Investment Monitor

US Fixed Income Market Commentary - 2nd Quarter 2014

US Fixed Income - Quarter



US Fixed Income - Five Years

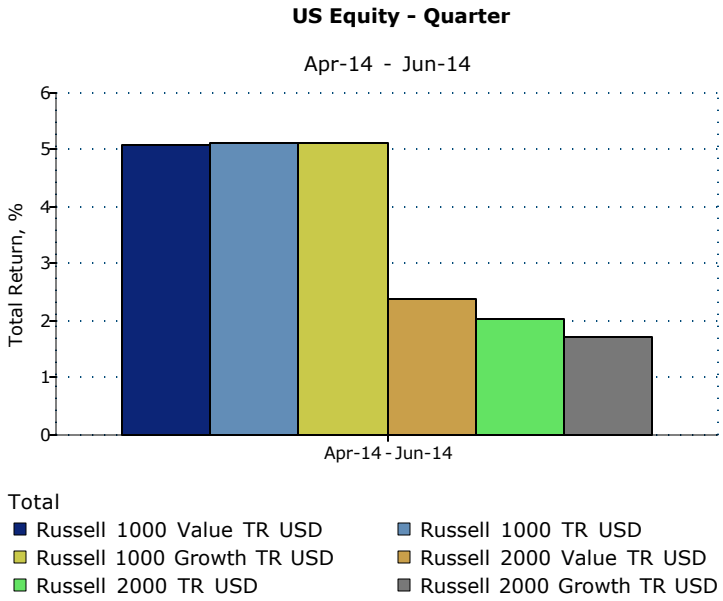


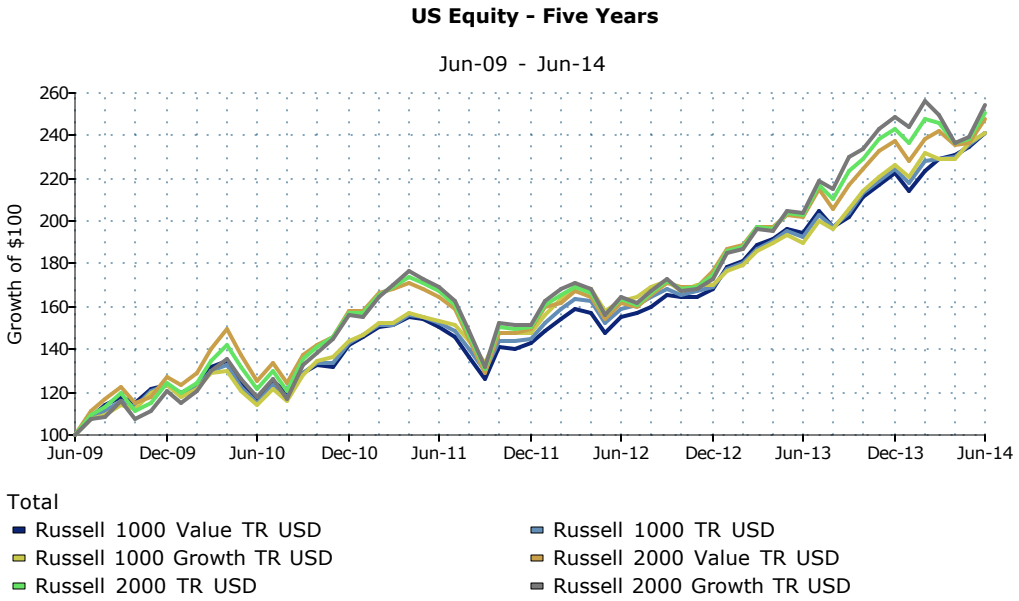
US Bond Market

- The broad fixed income market rose 2.04% in the 2nd quarter, as the positive impact from a 0.17% decline in interest rates enhanced the coupon return of 0.78%.
- The short end of the yield curve remained unchanged as the Fed maintained its near-zero interest rate policy.
- The yield curve continued to flattened as the 30-year Treasury yield fell by 0.20%, while the 2-year rose by 0.04%.
- Long-term government bonds were the best performing sector this quarter, up 5.06%, as U.S. and foreign institutions purchased long-term U.S. Treasuries (Fed's QE program and foreigners increasing dollar reserves).
- Long-term corporate bonds were up 4.31% due to tightening spreads and declining yields on the long end of the curve.
- 3-month T-Bills were the worst performing sector this quarter, up 0.01%, as short-term rates remained near 0%.

Milliman | Quarterly Investment Monitor

US Equity Market Commentary - 2nd Quarter 2014

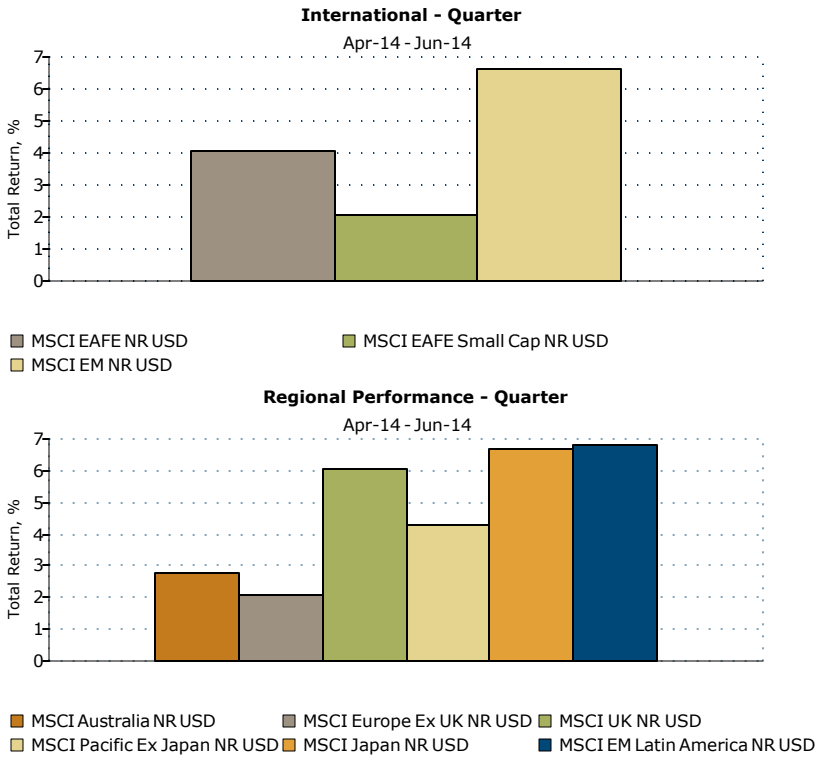


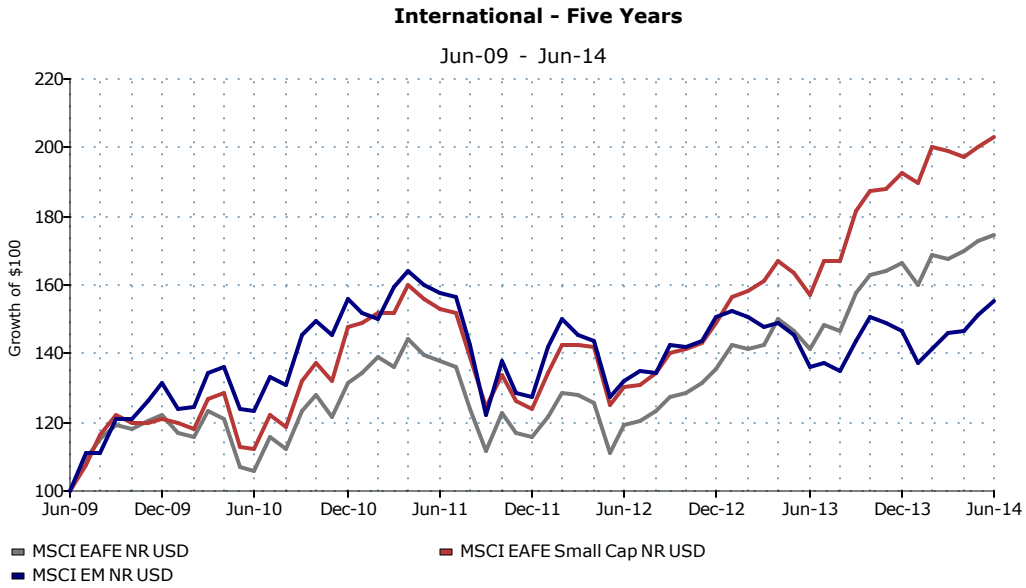


US Stock Market

- Most major domestic equity indices posted a gain for the quarter. The large-cap Russell 1000 Growth Index had the best return, up 5.13%.
- In terms of capitalization, large-cap stocks outperformed small-cap stocks.
- In comparing styles, growth outperformed value in the large-cap area of the market, while value exceeded growth in the small-cap area.
- REITs rose 7.15%, as the U.S. commercial real estate market continued to improve and lower interest rates increased demand for dividend-paying stocks. The best performing sectors were hotels and timber.
- Energy was the best performing sector, up 12.28%, on fears of a potential oil and gas shortage due to political instability in the Middle East and Ukraine.
- Financials was the worst performing sector, up just 2.48%, on weaker loan demand and falling long term rates.

International Market Commentary - 2nd Quarter 2014





International Markets

- The dollar was down against the yen and pound, but up against the euro.
- For the quarter, the EAFE Index was up 4.09%, and Emerging Markets were down 6.59%. Local currency returns for the EAFE Index and Emerging Markets were 3.41% and 5.14%, respectively.
- Among the major international regions, Indian stocks had the highest return, up 16.83%, as the election of a pro-business government fueled hopes for economic reforms and a faster growing economy.
- Stocks in Russia also rose substantially (+12.10%), as the conflict with Ukraine de-escalated, oil prices rose, and Russia signed an agreement to $400 billion in gas to China.
- Large-Cap stocks, up 4.1%, outperformed small-cap stocks, up 2.1%.

Performance Summary

Asset Allocation

	Balances As of 06/30/2014	Percent As of 06/30/2014	Balances As of 03/31/2014	Percent As of 03/31/2014	Notes
Wells Fargo Advantage Treas Plus MMkt I	$1,589,752	4.62%	$1,457,847	4.44%	PISXX
Vanguard Short-Term Bond Index Signal	$1,888,033	5.48%	$1,790,476	5.46%	VBSSX
Vanguard Inflation-Protected Secs I	$2,059,572	5.98%	$1,952,023	5.95%	VIPIX
Vanguard Interm-Term Bond Index Signal	$2,754,503	8.00%	$2,611,095	7.96%	VIBSX
Vanguard Long-Term Bond Index I	$1,554,083	4.51%	$1,480,568	4.51%	VBLLX
PIMCO Long Duration Total Return Instl	$1,547,262	4.49%	$1,473,052	4.49%	PLRIX
Ivy High Income I	$2,065,237	6.00%	$1,963,653	5.98%	IVHIX
Vanguard Equity-Income Adm	$3,423,738	9.94%	$3,307,821	10.08%	VEIRX
Vanguard Morgan Growth Admiral	$1,889,831	5.49%	$1,765,874	5.38%	VMRAX
Vanguard PRIMECAP Inv	$1,871,312	5.44%	$1,789,076	5.45%	VPMCX
Vanguard Mid-Cap Value Index Admiral	$1,722,768	5.00%	$1,635,901	4.98%	VMVAX
Target Small Capitalization Value T	$2,419,188	7.03%	$2,260,810	6.89%	TASVX
Oppenheimer International Growth Y	$1,728,038	5.02%	$1,632,349	4.97%	OIGYX
American Funds New Perspective R6	$1,716,760	4.99%	$1,641,291	5.00%	RNPGX
Vanguard Emerging Mkts Stock Idx I	$3,446,037	10.01%	$3,428,116	10.45%	VEMIX
Vanguard REIT Index I	$2,752,796	8.00%	$2,627,434	8.01%	VGSNX
Plan Total	**$34,428,912**		**$32,817,384**		

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	11	27	0.01	-0.06	1.03	1.02	32	24	51	46
PIMCO Long Duration Total Return Instl	27	33	-0.77	0.32	0.94	0.96	82	73	67	67
Ivy High Income I	4	15	1.65	0.22	0.77	0.74	1	1	1	1
Vanguard Equity-Income Adm	11	10	1.17	1.30	0.80	0.83	3	1	4	3
Vanguard Morgan Growth Admiral	59	36	-2.84	-0.81	1.24	1.17	70	65	57	48
Vanguard PRIMECAP Inv	6	20	1.14	0.37	1.11	1.09	5	5	12	10
Target Small Capitalization Value T	52	57	-3.22	-1.58	0.91	0.87	34	25	24	20
Oppenheimer International Growth Y	5	3	2.92	3.56	0.96	1.01	5	4	3	3
American Funds New Perspective R6	33	34	2.06	1.68	0.96	0.98	31	27	34	27

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	0.53	0.80	2.11	0.66	1.81	0.77	0.10
Vanguard Interm-Term Bond Index Signal	1.16	1.77	0.84	1.96	0.84	1.95	0.10
Vanguard Long-Term Bond Index I	-0.02	-0.03	1.02	0.90	1.03	0.88	0.07
Vanguard Mid-Cap Value Index Admiral	-0.61	-0.45	1.03	0.92	1.00	1.33	0.09
Vanguard Emerging Mkts Stock Idx I	-0.44	-0.21	1.02	3.24	1.03	3.12	0.12
Vanguard REIT Index I	1.25	1.43	1.00	0.21	1.00	0.20	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.

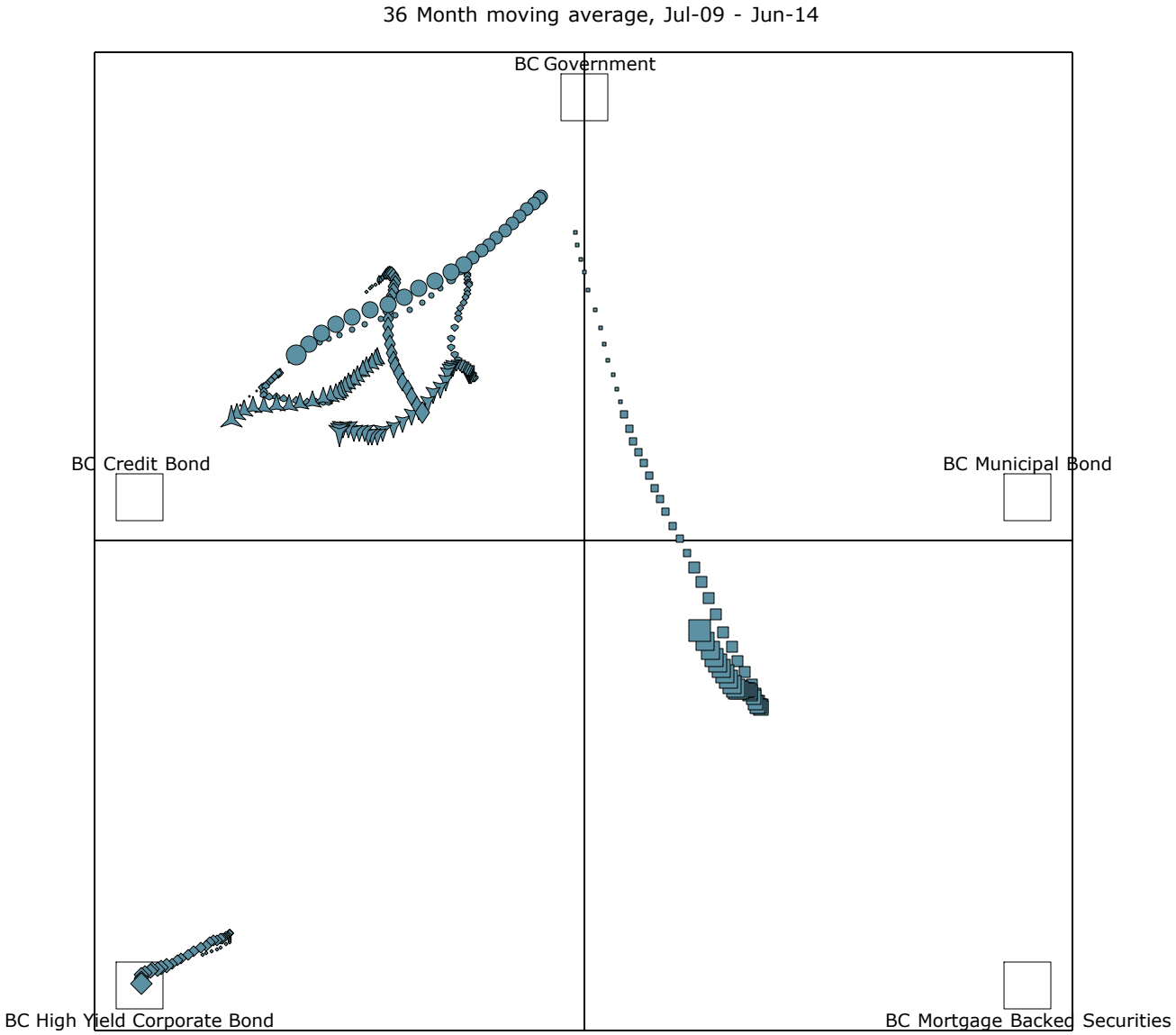
Beta - Fund's Beta or sensitivity to movements compared to its benchmark, a value of 1 implies its moving in sync with its benchmark.

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.

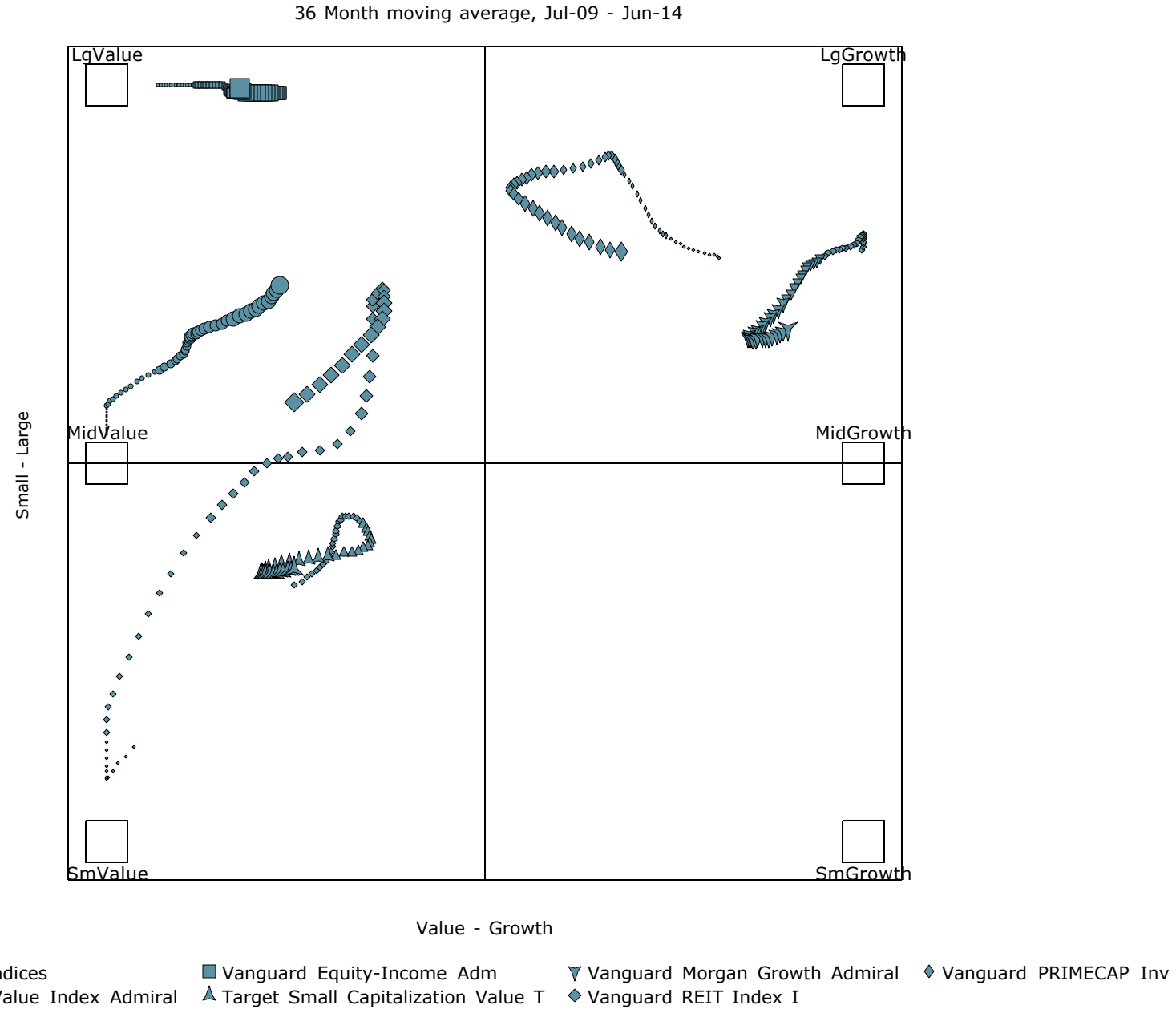
Investment Option Return Summary

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	0.00	0.01	0.01	0.01	1.48	PISXX	NA	0.20
	BofA ML 3-month T-bill total return Index	*0.01*	*0.02*	*0.05*	*0.07*	*0.11*	*1.63*	*N/A*	*NA*	*NA*
Short-term Bond	Vanguard Short-Term Bond Index Signal	0.58	0.98	1.69	1.53	2.53	3.46	VBSSX	3.00	0.10
	Barclays US Govt/Credit 1-3 Yr TR USD	*0.33*	*0.56*	*1.14*	*1.00*	*1.73*	*2.96*	*N/A*	*NA*	*NA*
Inflation-Protected Bond	Vanguard Inflation-Protected Secs I	3.75	5.91	4.47	3.56	5.50	5.12	VIPIX	4.00	0.07
	Barclays US Treasury US TIPS TR USD	*3.81*	*5.83*	*4.44*	*3.55*	*5.55*	*5.25*	*N/A*	*NA*	*NA*
Intermediate-term Bond	Vanguard Interm-Term Bond Index Signal	2.42	4.99	5.17	5.05	6.75	5.89	VIBSX	4.00	0.10
	Barclays US Govt 5-10 Yr TR USD	*2.04*	*3.88*	*2.63*	*3.89*	*4.99*	*5.49*	*N/A*	*NA*	*NA*
Long-term Bond	Vanguard Long-Term Bond Index I	4.84	12.14	10.55	9.55	9.56	7.62	VBLLX	3.00	0.07
Long-term Bond	PIMCO Long Duration Total Return Instl	5.02	11.93	10.96	8.79	9.91	NA	PLRIX	4.00	0.50
	BC Long Government/Credit	*4.93*	*11.81*	*10.77*	*9.57*	*9.60*	*7.60*	*N/A*	*NA*	*NA*
High Yield Bond	Ivy High Income I	1.77	4.73	11.46	11.14	14.20	9.22	IVHIX	4.00	0.70
	BC High Yield Corporate Bond	*2.41*	*5.46*	*11.73*	*9.48*	*13.98*	*9.05*	*N/A*	*NA*	*NA*
Large Value	Vanguard Equity-Income Adm	5.18	7.64	21.57	17.42	19.82	9.15	VEIRX	5.00	0.21
	S&P 500 Value	*4.60*	*6.96*	*21.99*	*16.25*	*18.52*	*7.56*	*N/A*	*NA*	*NA*
Large Growth	Vanguard Morgan Growth Admiral	3.52	4.49	25.60	14.12	18.38	8.05	VMRAX	3.00	0.25
Large Growth	Vanguard PRIMECAP Inv	4.63	9.89	30.34	18.09	19.56	10.17	VPMCX	5.00	0.45
	S&P 500 Growth	*5.82*	*7.29*	*27.13*	*16.96*	*19.19*	*7.95*	*N/A*	*NA*	*NA*
Mid-Cap Value	Vanguard Mid-Cap Value Index Admiral	4.94	9.01	28.36	17.55	22.87	NA	VMVAX	5.00	0.09
	CRSP US Mid Cap Value TR USD	*4.97*	*9.07*	*28.49*	*18.17*	*23.32*	*10.23*	*N/A*	*NA*	*NA*
Small Value	Target Small Capitalization Value T	3.46	4.81	23.64	14.68	20.09	10.59	TASVX	4.00	0.67
	S&P 600 Value	*2.28*	*4.46*	*25.41*	*17.91*	*21.67*	*9.54*	*N/A*	*NA*	*NA*
Foreign Large Growth	Oppenheimer International Growth Y	1.35	2.38	20.93	10.58	15.60	10.20	OIGYX	5.00	0.90
	MSCI EAFE Large Growth NR USD	*3.64*	*3.11*	*19.56*	*7.66*	*12.03*	*7.22*	*N/A*	*NA*	*NA*
World Stock	American Funds New Perspective R6	3.24	3.57	21.90	12.31	15.96	9.43	RNPGX	4.00	0.45
	MSCI AC World Index ND USD	*5.04*	*6.18*	*22.95*	*10.25*	*14.28*	*7.46*	*N/A*	*NA*	*NA*
Diversified Emerging Mkts	Vanguard Emerging Mkts Stock Idx I	7.44	7.11	14.08	(0.82)	9.00	11.57	VEMIX	3.00	0.12
	FTSE Emerging NR USD	*7.52*	*7.38*	*13.74*	*(0.38)*	*9.21*	*12.30*	*N/A*	*NA*	*NA*
Real Estate	Vanguard REIT Index I	6.99	17.65	13.40	11.81	23.82	9.84	VGSNX	4.00	0.08
	MSCI US REIT NR USD	*6.69*	*17.00*	*12.02*	*10.56*	*22.39*	*NA*	*N/A*	*NA*	*NA*
Total Plan	CIVILIAN-GROSS RETURN	4.15	7.06	14.29	6.67	10.86	NA	N/A	NA	NA
Total Plan	CIVILIAN-NET RETURN	4.08	6.91	13.98	6.32	10.45	NA	N/A	NA	NA
	Employee Plan Policy Index	*4.08*	*6.67*	*15.28*	*8.37*	*11.67*	*6.36*	*N/A*	*NA*	*NA*

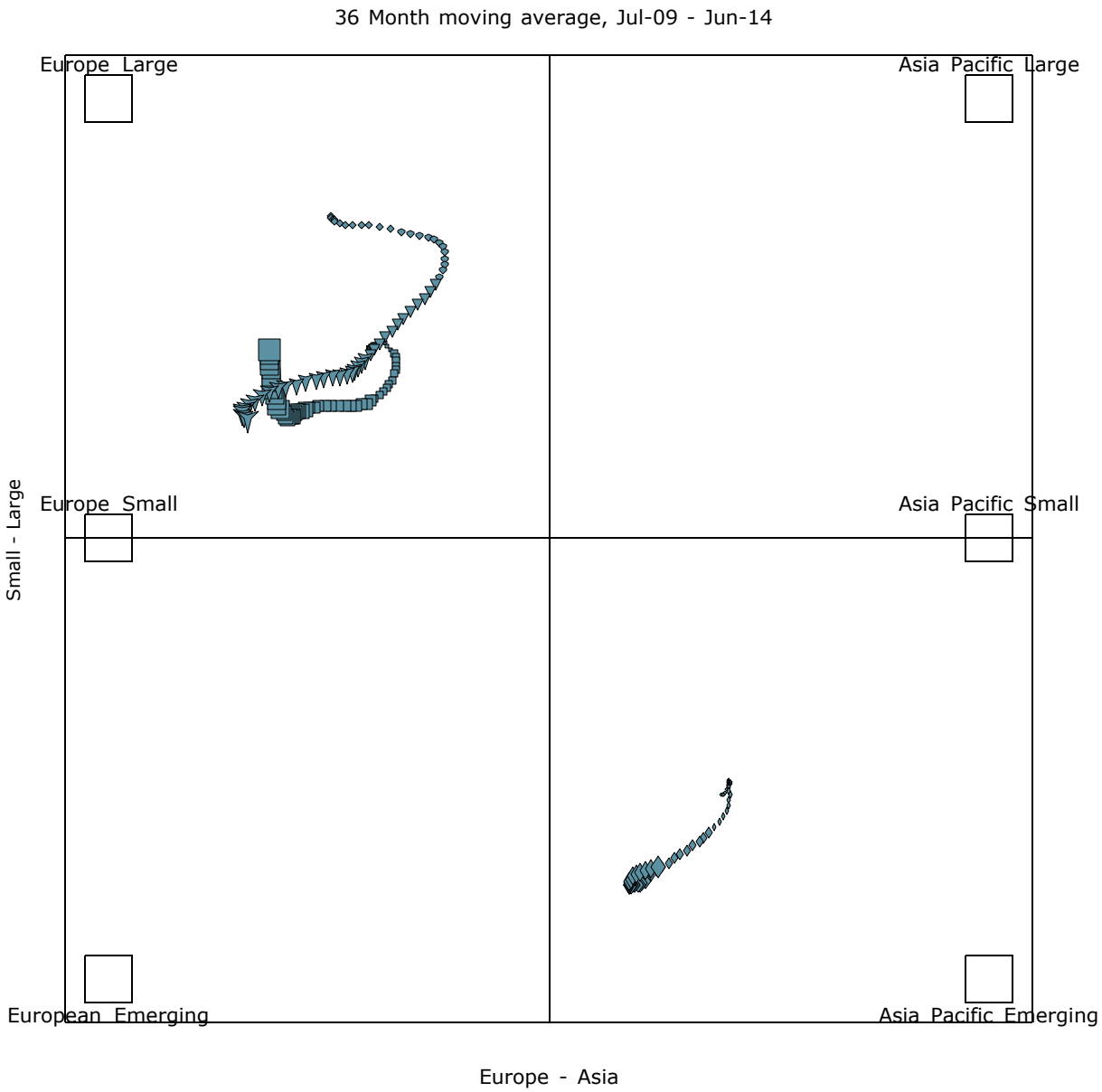
U.S. Fixed Income Style Map



U.S. Equity Style Map



International Equity Style Map

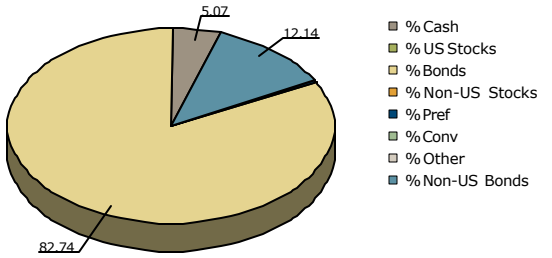


Core Fund Review

Milliman | Quarterly Investment Monitor

Data as of 06/30/2014

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	5.07
% US Stocks	0.00
% Bonds	82.74
% Non-US Stocks	0.00
% Pref	0.05
% Conv	0.00
% Other	0.00
% Non-US Bonds	12.14

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

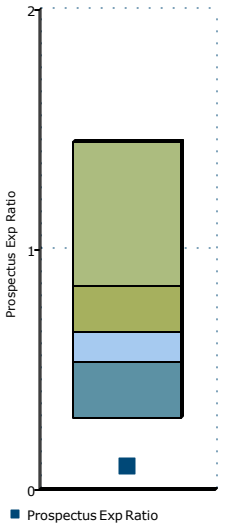
Credit Quality	
Avg Eff Duration	2.70
Effective Maturity	2.80
Avg Credit Quality	AA
AAA	73.54
AA	4.65
A	12.04
BBB	9.77
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

Top Ten Holdings	
US Treasury Note 1.5%	1.73%
US Treasury Note 0.625%	1.49%
US Treasury Note 2.125%	1.43%
US Treasury Note 1.25%	1.37%
US Treasury Note 0.625%	1.22%
US Treasury Note 1.5%	1.22%
US Treasury Note 0.625%	1.18%
US Treasury Note 0.625%	1.12%
US Treasury Note 0.375%	1.09%
US Treasury Note 0.75%	1.09%

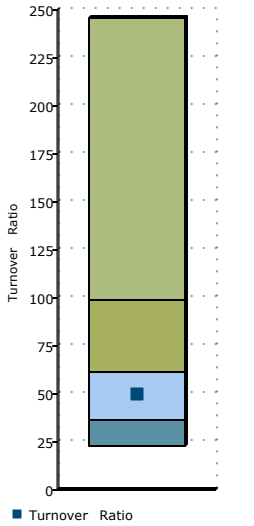
Portfolio Information	
Ticker	VBSSX
Morningstar Category	Short-term Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	32024.02
Net Assets $MM	36264.18
Turnover Ratio	50.00
% Assets in Top 10 Holdings	12.93
Total Number of Holdings	1967.00
Manager Name	Joshua C. Barrickman
Manager Tenure	1.35
Fund Incept Date	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	59
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	64
10 Year Mstar Rating	★★★★
% Rank Cat 10 Yr	33

Expense Ratio vs. Peer Group



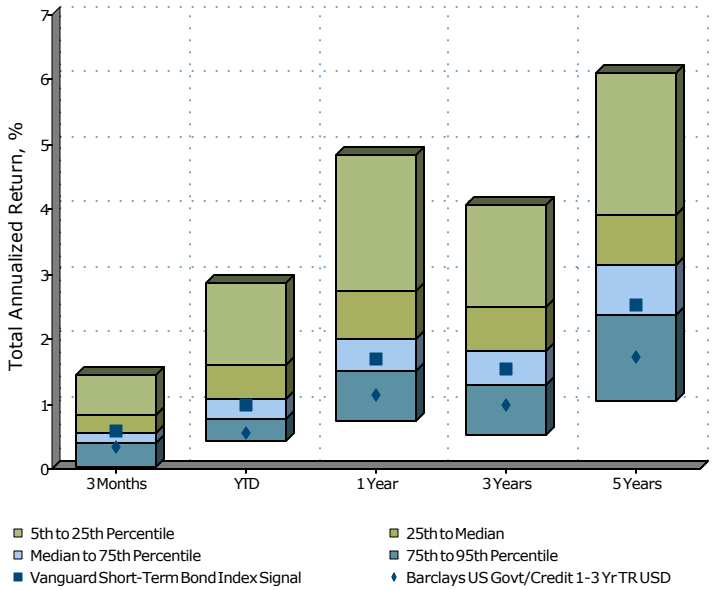
Turnover Ratio vs. Peer Group



Investment Strategy Summary

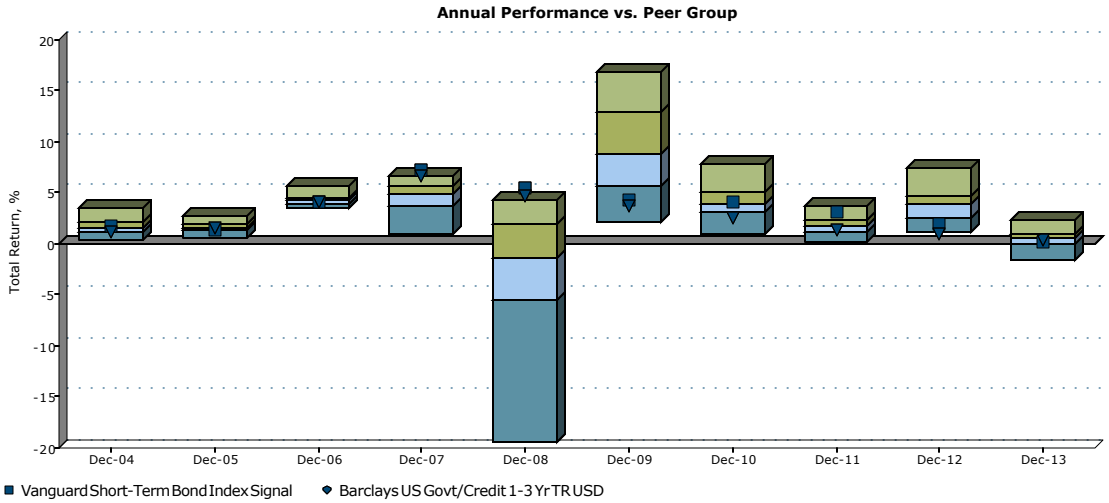
The investment seeks to track the performance of a market-weighted bond index with a short-term dollar-weighted average maturity. The fund employs an indexing investment approach designed to track the performance of the Barclays U.S. 1-5 Year Government/Credit Float Adjusted Index. This Index includes 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

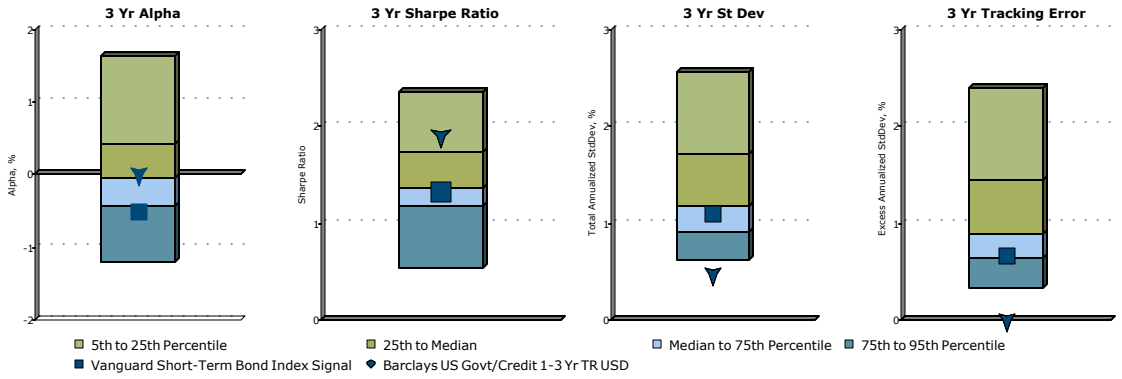


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Short-Term Bond Index Signal	0.58	0.98	1.69	1.53	2.53
Barclays US Govt/Credit 1-3 Yr TR USD	0.33	0.56	1.14	1.00	1.73
Universe(5%)	1.45	2.88	4.84	4.06	6.11
Universe(25%)	0.82	1.62	2.76	2.49	3.90
Universe(Median)	0.56	1.06	2.01	1.81	3.15
Universe(75%)	0.39	0.77	1.50	1.30	2.37
Universe(95%)	0.03	0.42	0.74	0.52	1.04

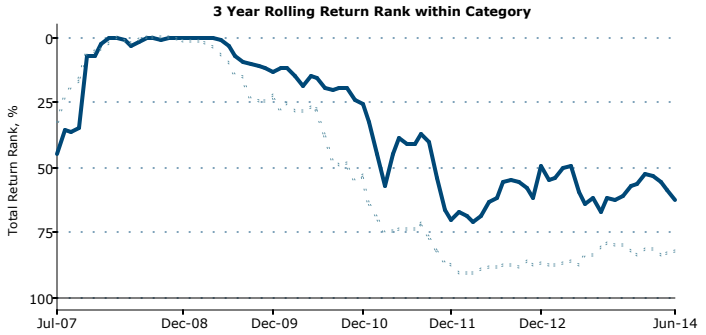
Vanguard Short-Term Bond Index Signal

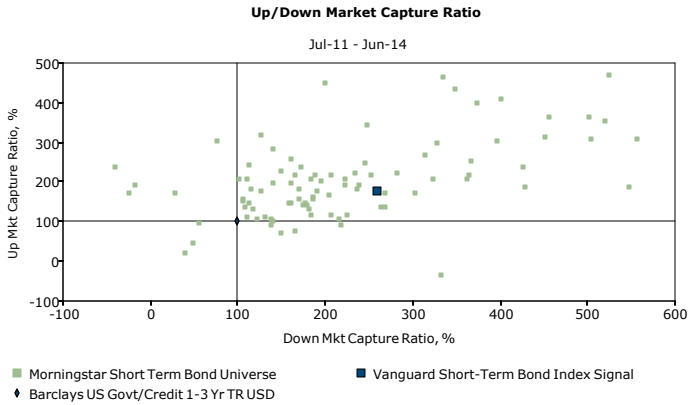


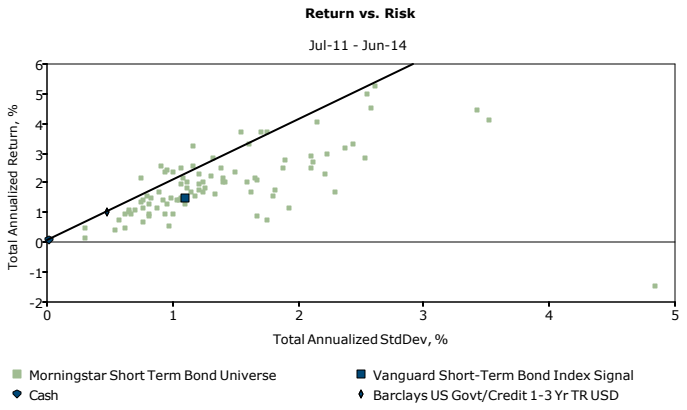
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Short-Term Bond Index Signal	1.70	1.31	4.09	7.28	5.51	4.38	4.03	3.08	2.05	0.17
Barclays US Govt/Credit 1-3 Yr TR USD	1.30	1.77	4.25	6.83	4.97	3.82	2.80	1.59	1.26	0.64



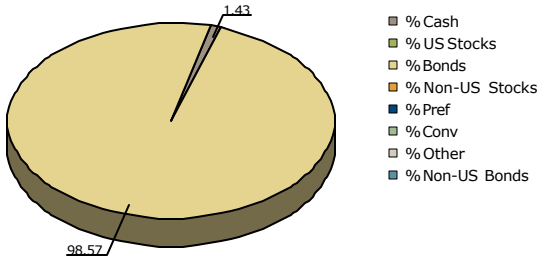
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Short-Term Bond Index Signal	-0.50	2.11	88.41	1.32	1.09	0.66
Barclays US Govt/Credit 1-3 Yr TR USD	0.00	1.00	100.00	1.90	0.48	0.00
Universe(5%)	1.65	3.72	81.68	2.36	2.57	2.41
Universe(25%)	0.43	2.30	69.35	1.73	1.72	1.44
Universe(Median)	-0.04	1.76	60.27	1.37	1.18	0.88
Universe(75%)	-0.42	1.38	42.98	1.19	0.91	0.64
Universe(95%)	-1.21	0.94	23.08	0.53	0.62	0.33







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	1.43
% US Stocks	0.00
% Bonds	98.57
% 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	7.85
Effective Maturity	8.40
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

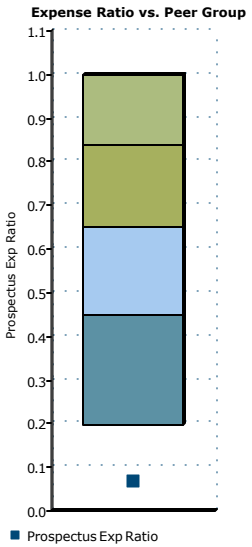
US Treasury TIP	6.10%
US Treasury TIP	5.85%
US Treasury TIP	5.41%
US Treasury TIP	4.79%
US Treasury TIP	4.76%
US TREASURY TIP	4.73%
US Treasury TIP 0.125%	4.62%
US Treasury TIP	4.43%
US Treasury TIP 1.125%	4.29%
US TREASURY TIP	3.79%

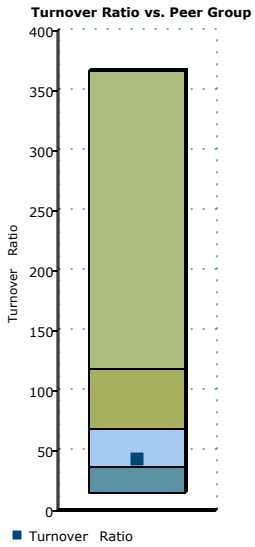
Portfolio Information

Ticker	VIPIX
Morningstar Category	Inflation-Protected Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	10678.54
Net Assets $MM	26220.27
Turnover Ratio	44.00
% Assets in Top 10 Holdings	48.78
Total Number of Holdings	35.00
Manager Name	Gemma Wright-Casparius
Manager Tenure	2.87
Fund Incept Date	06/29/2000
Prospectus Exp Ratio	0.07
Phone Number	800-662-7447

Portfolio Ratings

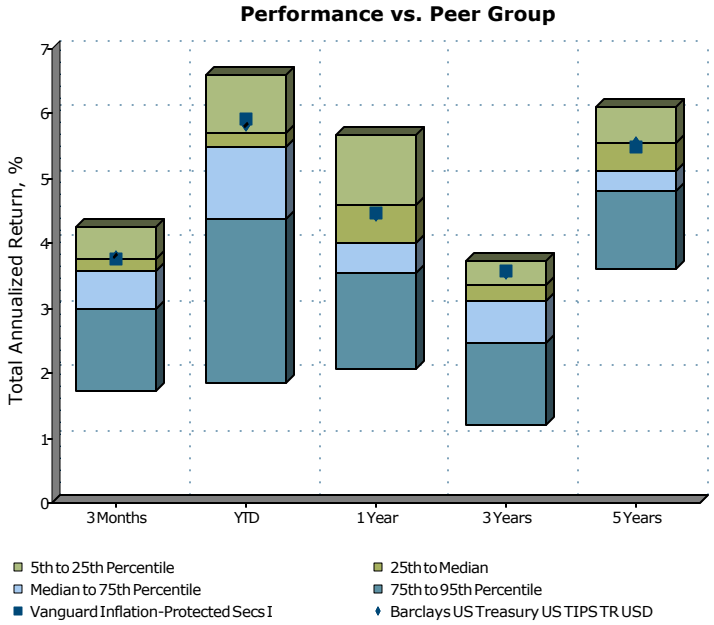
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	10
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	17
10 Year Mstar Rating	★★★★
% Rank Cat 10 Yr	17





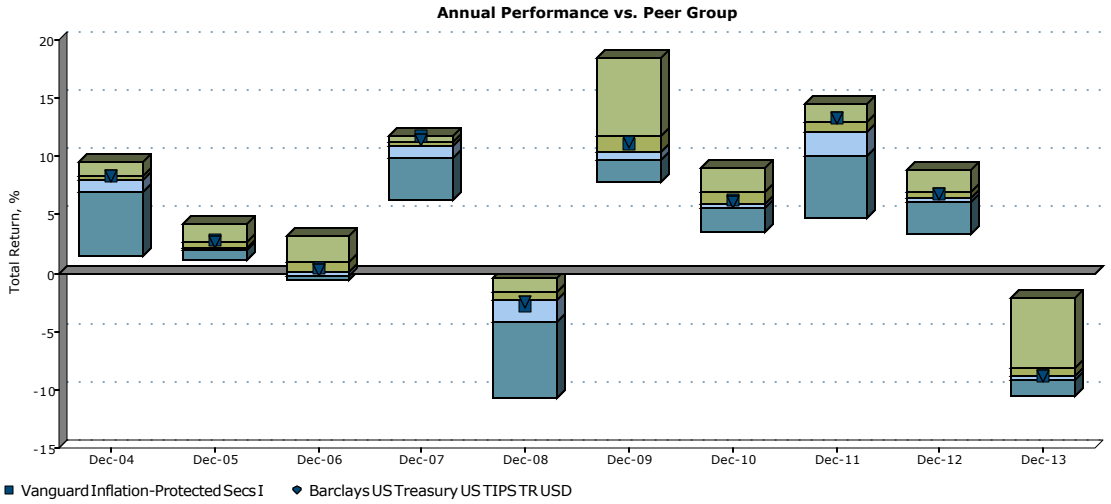
Investment Strategy Summary

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.

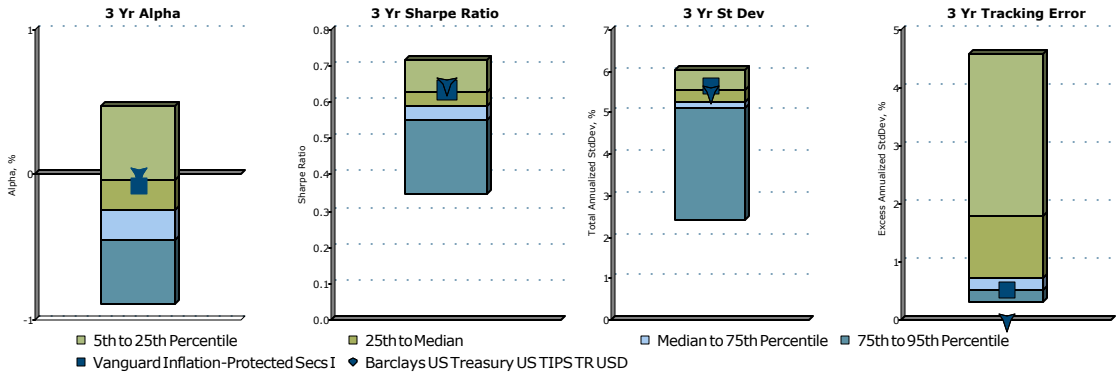


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Inflation-Protected Secs I	3.75	5.91	4.47	3.56	5.50
Barclays US Treasury US TIPS TR USD	3.81	5.83	4.44	3.55	5.55
Universe(5%)	4.25	6.60	5.67	3.72	6.12
Universe(25%)	3.75	5.71	4.59	3.35	5.54
Universe(Median)	3.59	5.47	4.01	3.13	5.11
Universe(75%)	3.00	4.39	3.54	2.46	4.81
Universe(95%)	1.72	1.84	2.06	1.21	3.61

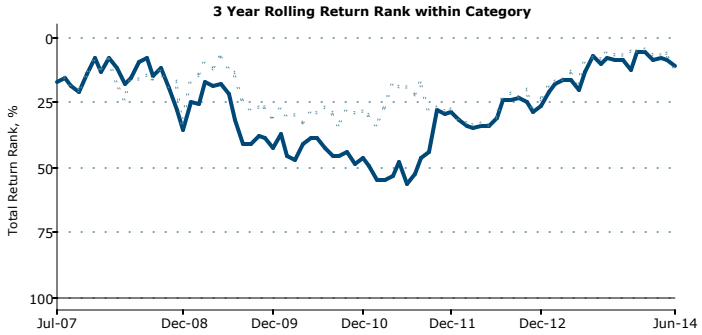
Vanguard Inflation-Protected Secs I

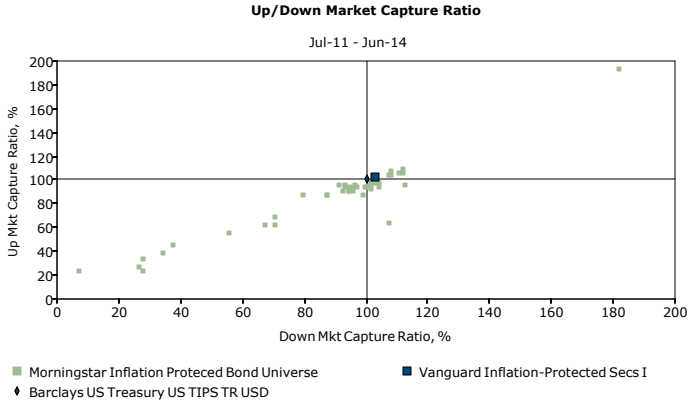


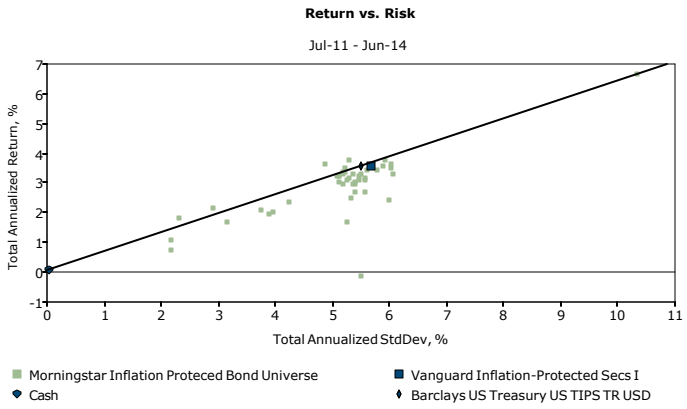
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Inflation-Protected Secs I	8.25	2.78	0.46	11.82	-2.81	11.03	6.33	13.39	6.87	-8.83
Barclays US Treasury US TIPS TR USD	8.46	2.84	0.41	11.64	-2.35	11.41	6.31	13.56	6.98	-8.61



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	-0.08	1.03	99.24	0.63	5.67	0.52
Barclays US Treasury US TIPS TR USD	0.00	1.00	100.00	0.65	5.49	0.00
Universe(5%)	0.47	1.08	99.71	0.71	6.03	4.60
Universe(25%)	-0.03	1.01	99.43	0.63	5.57	1.79
Universe(Median)	-0.24	0.95	98.49	0.59	5.28	0.73
Universe(75%)	-0.45	0.92	93.03	0.55	5.10	0.51
Universe(95%)	-0.89	0.32	55.71	0.35	2.42	0.31



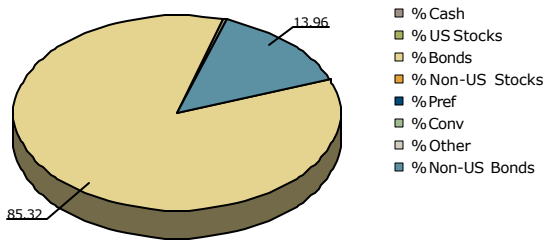




Milliman | Quarterly Investment Monitor

Data as of 06/30/2014

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	0.72
% US Stocks	0.00
% Bonds	85.32
% Non-US Stocks	0.00
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	13.96

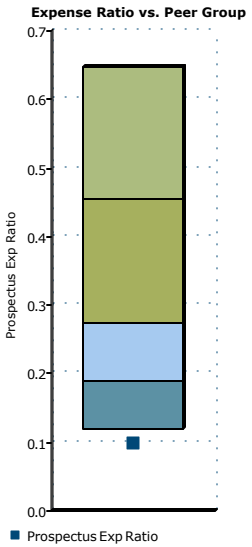
Sector Allocation	
% Basic Materials	NA
% Communication Services	NA
% Consumer Cyclical	NA
% Consumer Defensive	NA
% Healthcare	NA
% Industrials	NA
% Real Estate	NA
% Technology	NA
% Energy	NA
% Financial Services	NA
% Utilities	NA

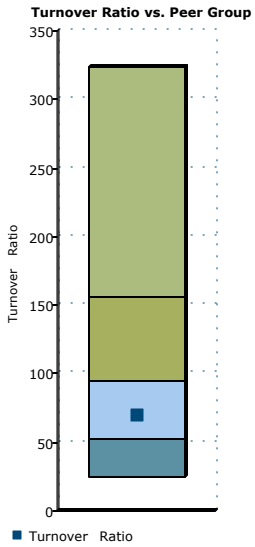
Credit Quality	
Avg Eff Duration	6.51
Effective Maturity	7.30
Avg Credit Quality	A
AAA	53.74
AA	4.55
A	17.78
BBB	23.93
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

Top Ten Holdings	
US Treasury Note 2.5%	3.86%
US Treasury Note 2%	2.94%
US Treasury Note 3.5%	2.76%
US Treasury Note 3.625%	2.52%
US Treasury Note 2.75%	2.18%
US Treasury Note 1.75%	2.04%
US Treasury Note 3.125%	1.73%
US Treasury Note 3.625%	1.73%
US Treasury Note 3.625%	1.73%
US Treasury Note 2.5%	1.62%

Portfolio Information	
Ticker	VIBSX
Morningstar Category	Intermediate-term Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	105978.94
Net Assets $MM	15110.73
Turnover Ratio	70.00
% Assets in Top 10 Holdings	23.11
Total Number of Holdings	1552.00
Manager Name	Joshua C. Barrickman
Manager Tenure	6.18
Fund Incept Date	03/01/1994
Prospectus Exp Ratio	0.10
Phone Number	800-662-7447

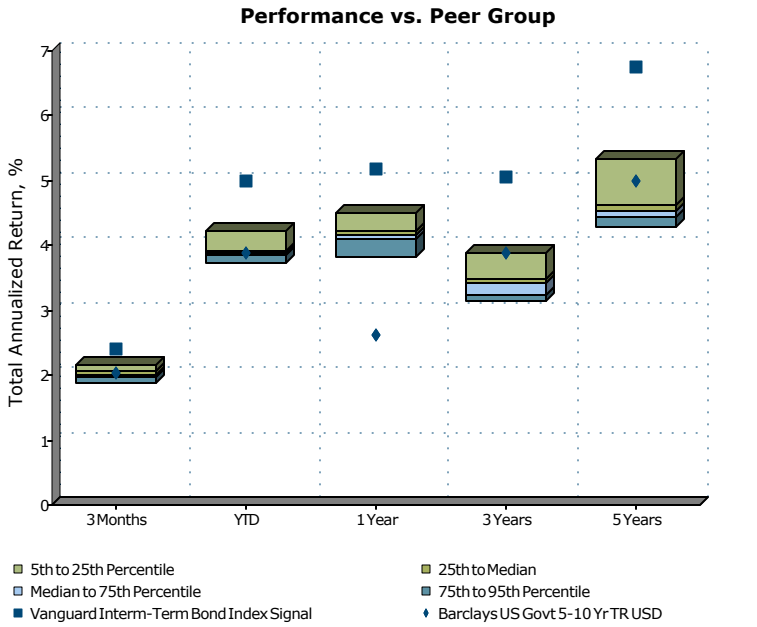
Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	20
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	31
10 Year Mstar Rating	★★★★
% Rank Cat 10 Yr	13





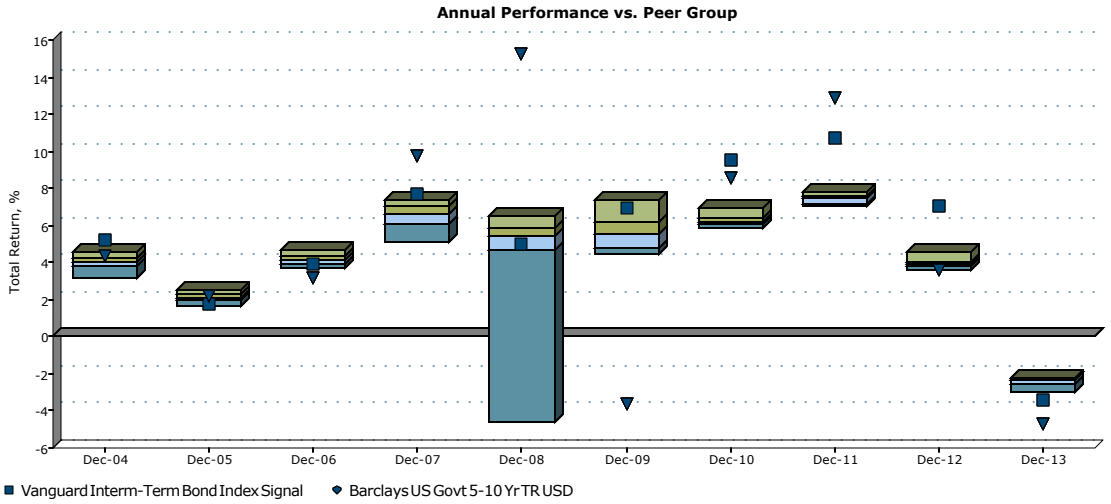
Investment Strategy Summary

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.

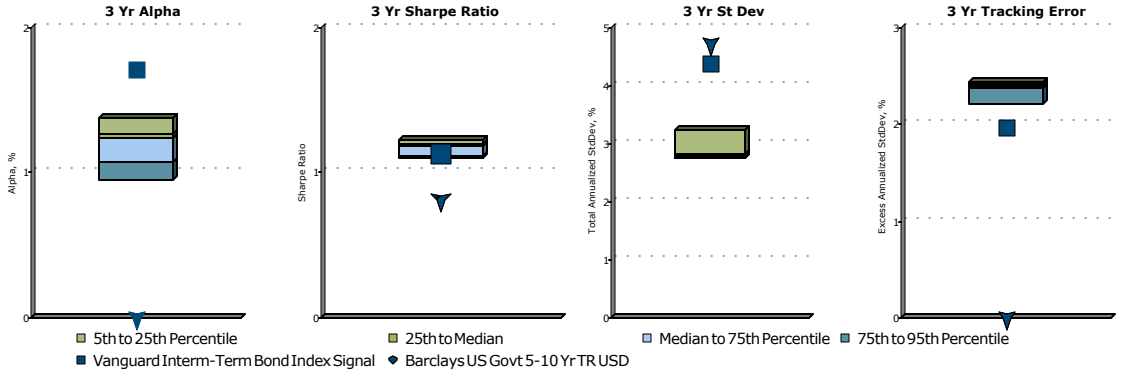


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Interm-Term Bond Index Signal	2.42	4.99	5.17	5.05	6.75
Barclays US Govt 5-10 Yr TR USD	2.04	3.88	2.63	3.89	4.99
Universe(5%)	2.16	4.22	4.50	3.89	5.35
Universe(25%)	2.05	3.91	4.21	3.48	4.63
Universe(Median)	2.00	3.88	4.16	3.43	4.53
Universe(75%)	1.96	3.85	4.11	3.24	4.43
Universe(95%)	1.89	3.73	3.82	3.15	4.30

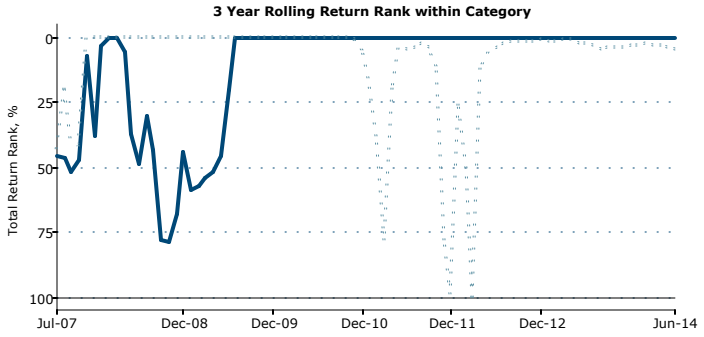
Vanguard Interm-Term Bond Index Signal

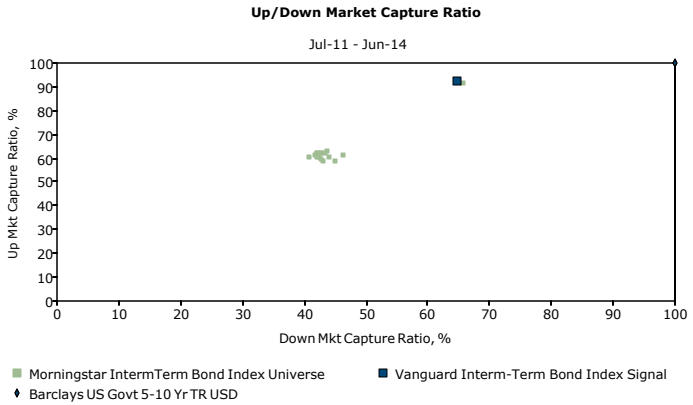


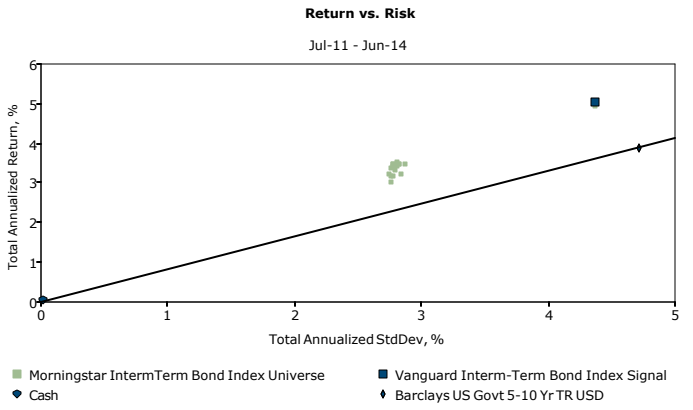
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Interm-Term Bond Index Signal	5.22	1.75	3.91	7.66	5.01	6.89	9.48	10.73	7.02	-3.45
Barclays US Govt 5-10 Yr TR USD	4.50	2.25	3.33	9.84	15.38	-3.55	8.62	12.98	3.72	-4.61



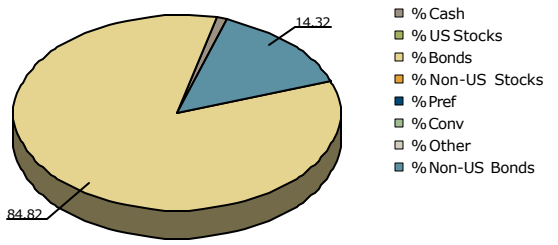
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Interm-Term Bond Index Signal	1.71	0.84	82.79	1.13	4.37	1.96
Barclays US Govt 5-10 Yr TR USD	0.00	1.00	100.00	0.82	4.72	0.00
Universe(5%)	1.38	0.63	88.26	1.23	3.24	2.43
Universe(25%)	1.27	0.55	85.69	1.20	2.82	2.42
Universe(Median)	1.24	0.55	85.25	1.19	2.78	2.40
Universe(75%)	1.07	0.54	84.35	1.12	2.77	2.38
Universe(95%)	0.95	0.54	82.63	1.10	2.75	2.21







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	0.83
% US Stocks	0.00
% Bonds	84.82
% Non-US Stocks	0.00
% Pref	0.03
% Conv	0.00
% Other	0.00
% Non-US Bonds	14.32

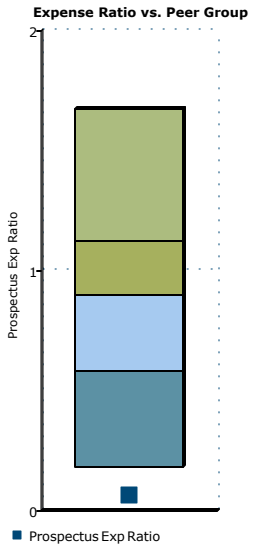
Sector Allocation	
% Basic Materials	NA
% Communication Services	NA
% Consumer Cyclical	NA
% Consumer Defensive	NA
% Healthcare	NA
% Industrials	NA
% Real Estate	NA
% Technology	NA
% Energy	NA
% Financial Services	NA
% Utilities	NA

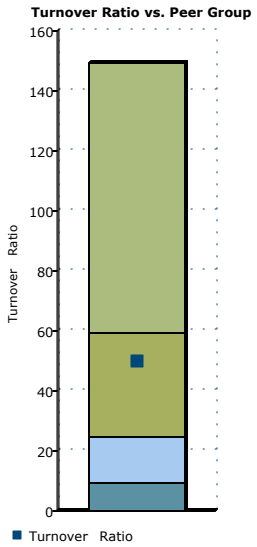
Credit Quality	
Avg Eff Duration	14.20
Effective Maturity	24.00
Avg Credit Quality	A
AAA	36.86
AA	7.14
A	25.33
BBB	30.67
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

Top Ten Holdings	
US Treasury Bond 3.625%	2.41%
US Treasury Bond 3.125%	1.89%
US Treasury Bond 3.75%	1.81%
US Treasury Bond 2.75%	1.76%
US Treasury Bond 4.25%	1.64%
US Treasury Bond 2.75%	1.58%
US Treasury Bond 4.75%	1.28%
US Treasury Bond 4.375%	1.20%
US Treasury Bond 3.625%	1.18%
US Treasury Bond 3%	1.10%

Portfolio Information	
Ticker	VBLLX
Morningstar Category	Long-term Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	NA
Net Assets $MM	6730.75
Turnover Ratio	50.00
% Assets in Top 10 Holdings	15.85
Total Number of Holdings	1727.00
Manager Name	Joshua C. Barrickman
Manager Tenure	1.35
Fund Incept Date	03/01/1994
Prospectus Exp Ratio	0.07
Phone Number	800-662-7447

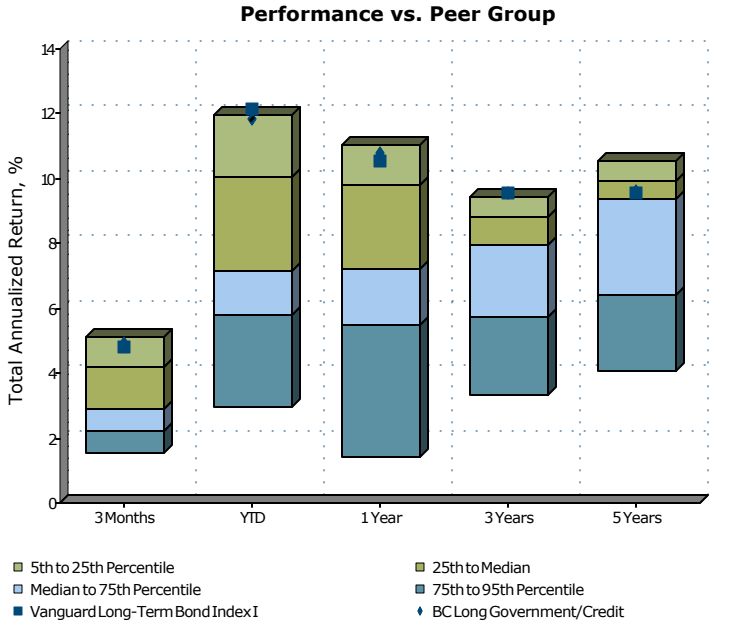
Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	1
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	39
10 Year Mstar Rating	NA
% Rank Cat 10 Yr	1





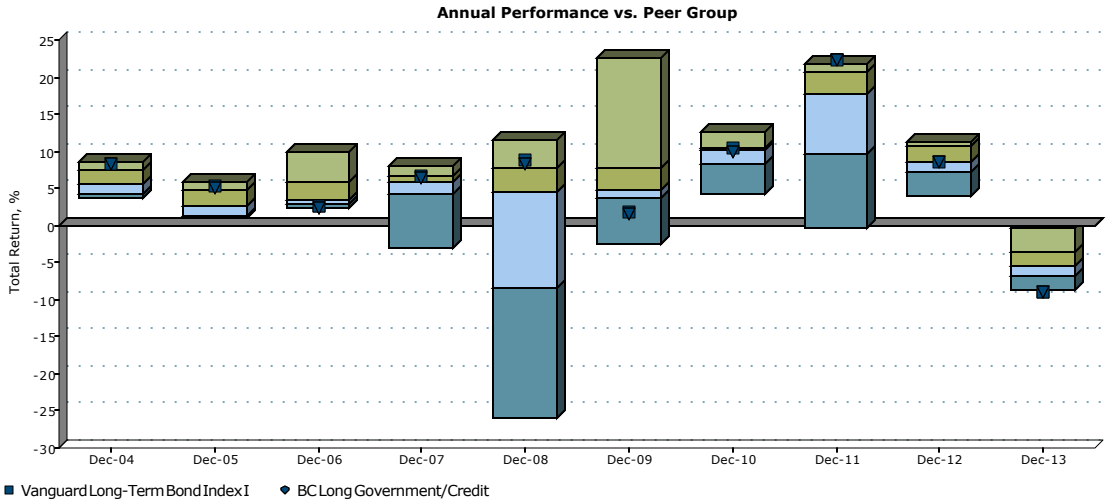
Investment Strategy Summary

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.

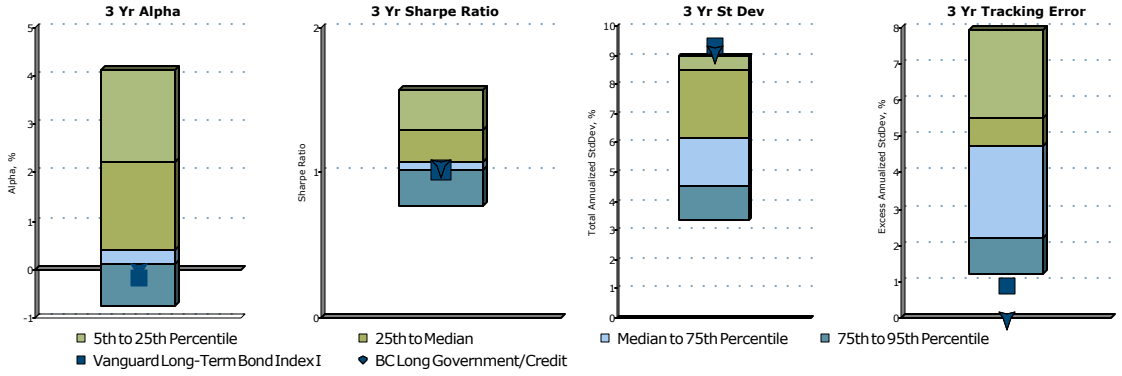


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Long-Term Bond Index I	4.84	12.14	10.55	9.55	9.56
BC Long Government/Credit	4.93	11.81	10.77	9.57	9.60
Universe(5%)	5.10	11.99	11.03	9.43	10.58
Universe(25%)	4.18	10.04	9.81	8.85	9.96
Universe(Median)	2.87	7.17	7.23	7.94	9.36
Universe(75%)	2.25	5.77	5.47	5.72	6.44
Universe(95%)	1.54	2.94	1.42	3.36	4.04

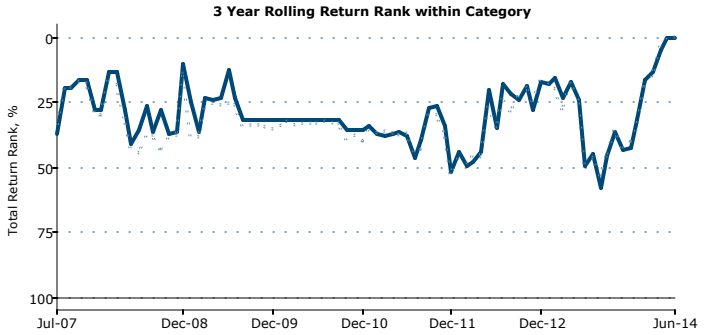
Vanguard Long-Term Bond Index I

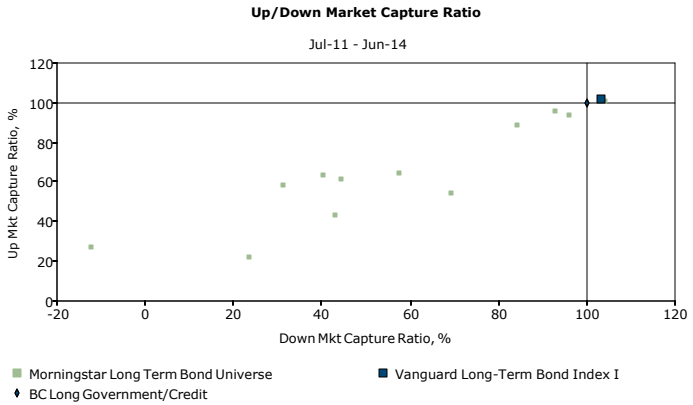


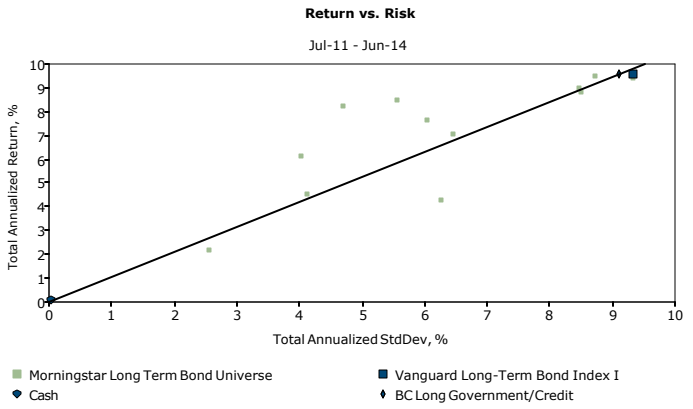
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Long-Term Bond Index I	8.40	5.32	2.75	6.71	8.77	1.91	10.43	22.23	8.63	-9.01
BC Long Government/Credit	8.56	5.33	2.71	6.60	8.44	1.92	10.16	22.49	8.78	-8.83



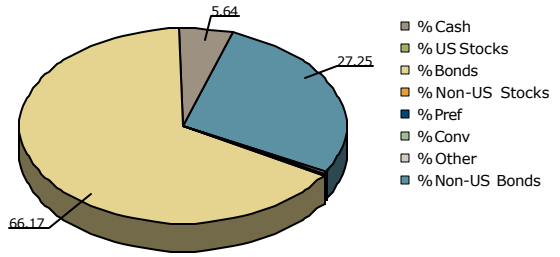
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Long-Term Bond Index I	-0.19	1.02	99.10	1.02	9.32	0.90
BC Long Government/Credit	0.00	1.00	100.00	1.04	9.10	0.00
Universe(5%)	4.13	0.98	98.15	1.58	8.99	7.95
Universe(25%)	2.22	0.91	94.36	1.30	8.48	5.50
Universe(Median)	0.42	0.58	82.11	1.07	6.15	4.72
Universe(75%)	0.11	0.44	74.70	1.02	4.55	2.19
Universe(95%)	-0.75	0.18	36.21	0.77	3.37	1.23







PIMCO Long Duration Total Return Instl



Portfolio Information

Ticker	PLRIX
Morningstar Category	Long-term Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	NA
Net Assets $MM	4750.70
Turnover Ratio	70.00
% Assets in Top 10 Holdings	39.42
Total Number of Holdings	739.00
Manager Name	Stephen A. Rodosky
Manager Tenure	6.92
Fund Incept Date	08/31/2006
Prospectus Exp Ratio	0.50
Phone Number	888-877-4626

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.

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

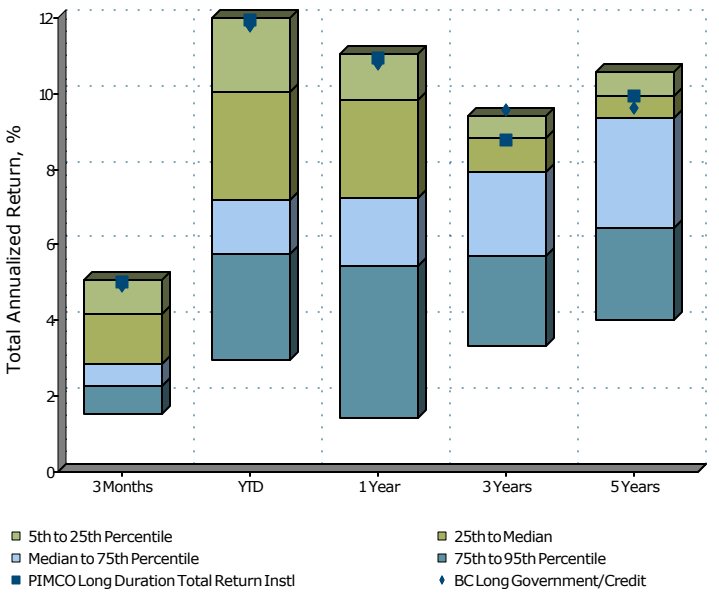
Portfolio Structure

% Cash	5.64
% US Stocks	0.01
% Bonds	66.17
% Non-US Stocks	0.00
% Pref	0.34
% Conv	0.00
% Other	0.59
% Non-US Bonds	27.25

Portfolio Ratings

Mstar Rating	★★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	16
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	23
10 Year Mstar Rating	NA
% Rank Cat 10 Yr	NA

Performance vs. Peer Group



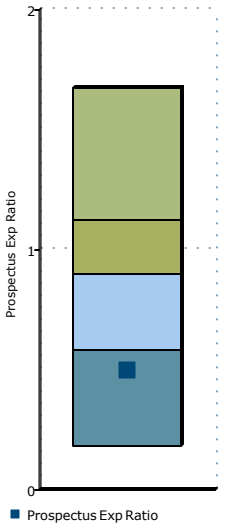
Sector Allocation

% 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	31.29
% Utilities	68.71

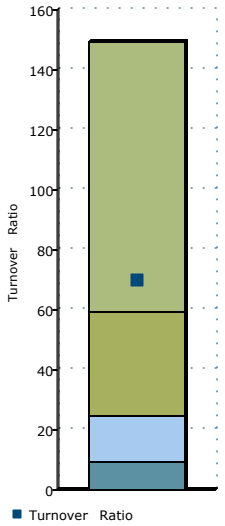
Credit Quality

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

Expense Ratio vs. Peer Group



Turnover Ratio vs. Peer Group

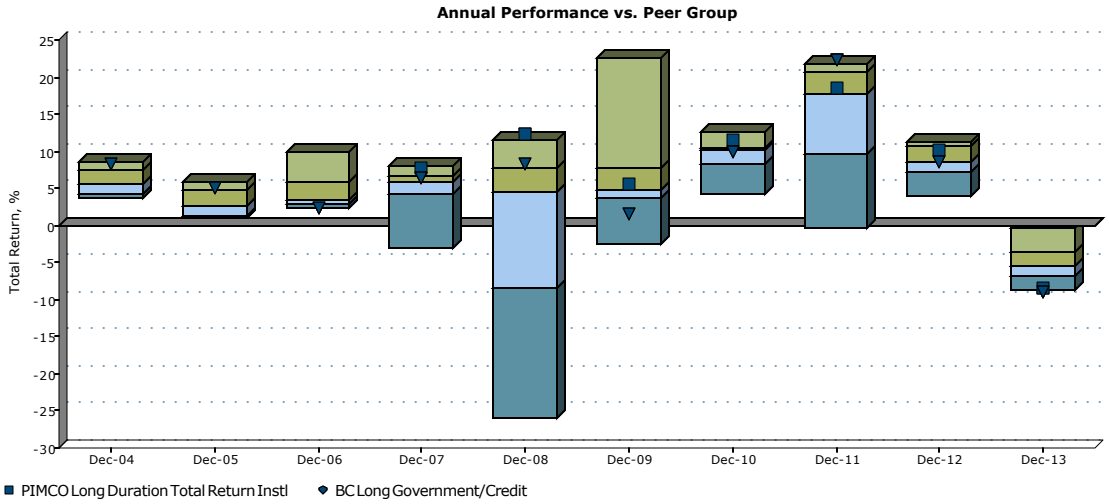


Top Ten Holdings

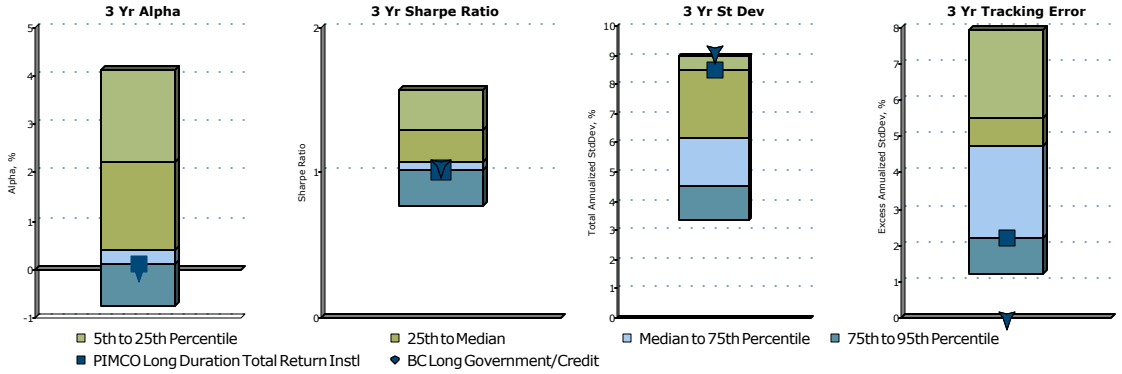
Fin Fut Euro$ Cme 06/15/15	19.60%
US Treasury Bond 2.75%	3.42%
US Treasury Bond 3.125%	2.65%
US Treasury Bond 3.125%	2.63%
US Treasury Bond 3.75%	2.46%
U S Treas Bd Stripped Prin Pmt	1.94%
Resolution Fdg Fed Bk Prin Stp	1.82%
AID 5.5%	1.64%
FNMA	1.64%
Resolution Fdg Fed Bk Prin Stp	1.61%

Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
PIMCO Long Duration Total Return Instl	5.02	11.93	10.96	8.79	9.91
BC Long Government/Credit	4.93	11.81	10.77	9.57	9.60
Universe(5%)	5.10	11.99	11.03	9.43	10.58
Universe(25%)	4.18	10.04	9.81	8.85	9.96
Universe(Median)	2.87	7.17	7.23	7.94	9.36
Universe(75%)	2.25	5.77	5.47	5.72	6.44
Universe(95%)	1.54	2.94	1.42	3.36	4.04

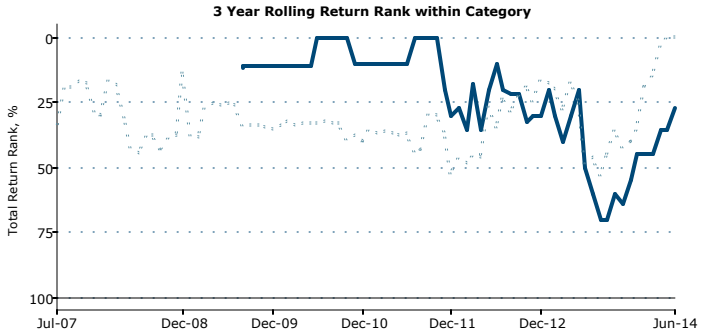
PIMCO Long Duration Total Return Instl

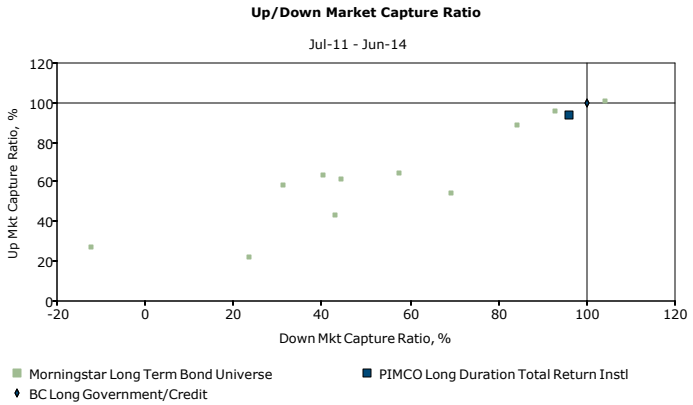


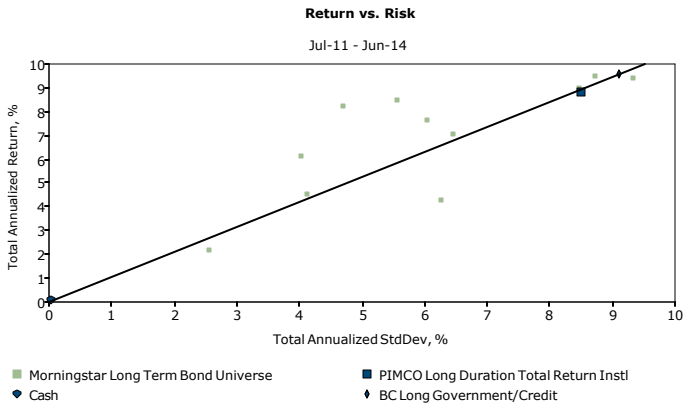
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
PIMCO Long Duration Total Return Instl	NA	NA	NA	7.83	12.38	5.62	11.64	18.57	10.28	-8.56
BC Long Government/Credit	8.56	5.33	2.71	6.60	8.44	1.92	10.16	22.49	8.78	-8.83



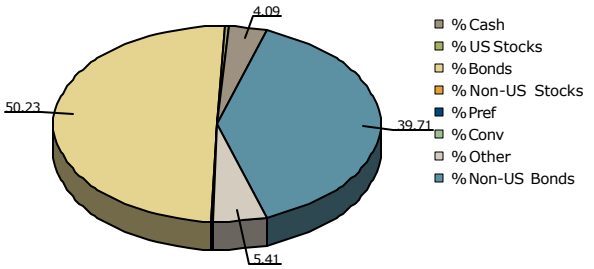
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
PIMCO Long Duration Total Return Instl	0.11	0.91	94.27	1.03	8.51	2.20
BC Long Government/Credit	0.00	1.00	100.00	1.04	9.10	0.00
Universe(5%)	4.13	0.98	98.15	1.58	8.99	7.95
Universe(25%)	2.22	0.91	94.36	1.30	8.48	5.50
Universe(Median)	0.42	0.58	82.11	1.07	6.15	4.72
Universe(75%)	0.11	0.44	74.70	1.02	4.55	2.19
Universe(95%)	-0.75	0.18	36.21	0.77	3.37	1.23







Ivy High Income 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	4.09
% US Stocks	0.43
% Bonds	50.23
% Non-US Stocks	0.00
% Pref	0.02
% Conv	0.11
% Other	5.41
% Non-US Bonds	39.71

Sector Allocation

% Basic Materials	0.00
% Communication Services	100.00
% 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	0.00
% Utilities	0.00

Credit Quality

Avg Eff Duration	4.06
Effective Maturity	4.76
Avg Credit Quality	B
AAA	0.00
AA	0.04
A	1.03
BBB	1.93
BB	21.47
B	43.38
Below B	31.15
NR/NA	1.00

Top Ten Holdings

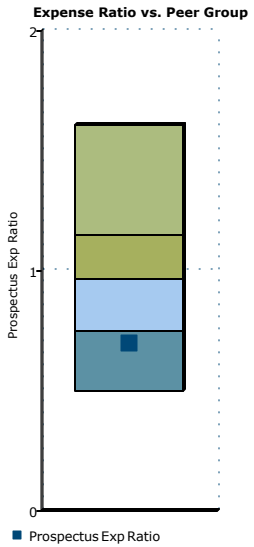
Magic 2 Lien (Misys Plc)	2.06%
Laureate Educ 144A 9.25%	1.80%
Fmg (Fortesque) Tl New 1l	1.51%
Formula 1 (Proj Green Ii)	1.44%
Formula1-Delta 2 Sarl B	1.17%
Hd Sply 11.5%	1.14%
Hilton Tl B2 1l	1.02%
Onex Usi Acquisition 144A 7.75%	0.97%
Eagle Midco 144A 9%	0.95%
Us Foods 8.5%	0.95%

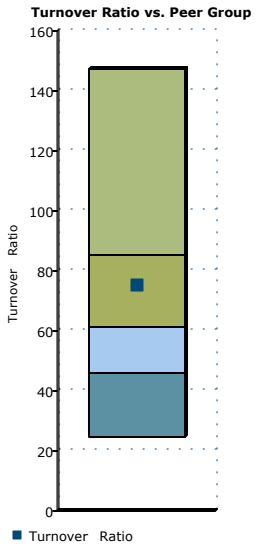
Portfolio Information

Ticker	IVHIX
Morningstar Category	High Yield Bond
Avg Mkt Cap $MM	76583.05
Cat Med Mkt Cap $MM	15121.68
Net Assets $MM	11739.67
Turnover Ratio	75.00
% Assets in Top 10 Holdings	13.01
Total Number of Holdings	414.00
Manager Name	William M. Nelson
Manager Tenure	0.61
Fund Incept Date	07/31/1997
Prospectus Exp Ratio	0.70
Phone Number	800-777-6472

Portfolio Ratings

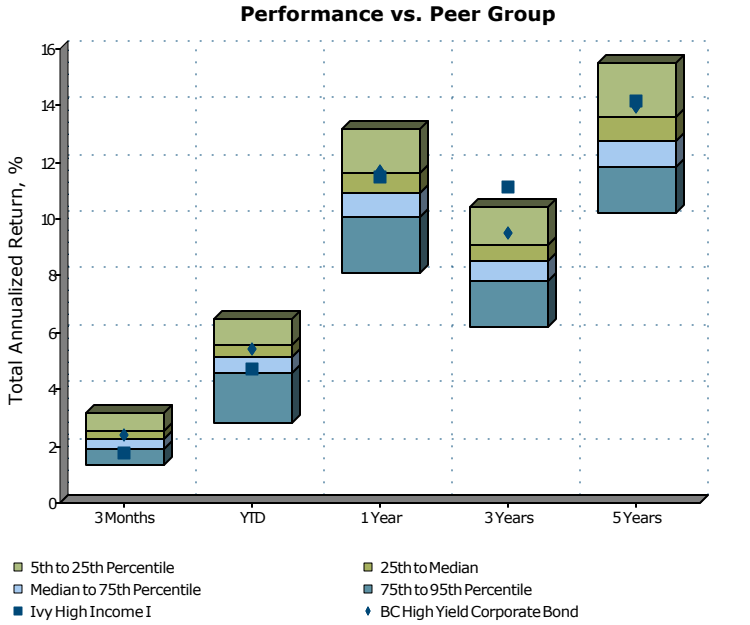
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★★
% Rank Cat 3 Yr	3
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	12
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	4





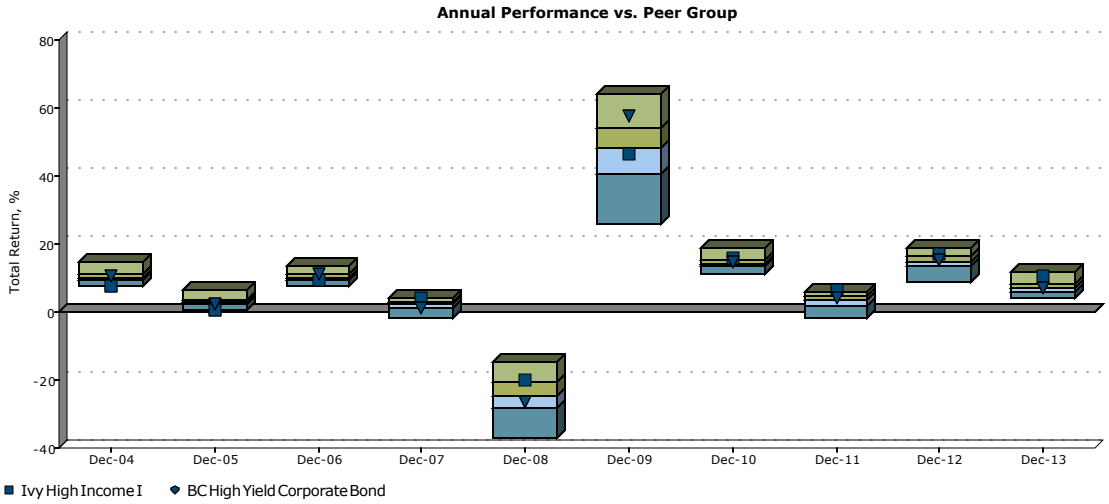
Investment Strategy Summary

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.

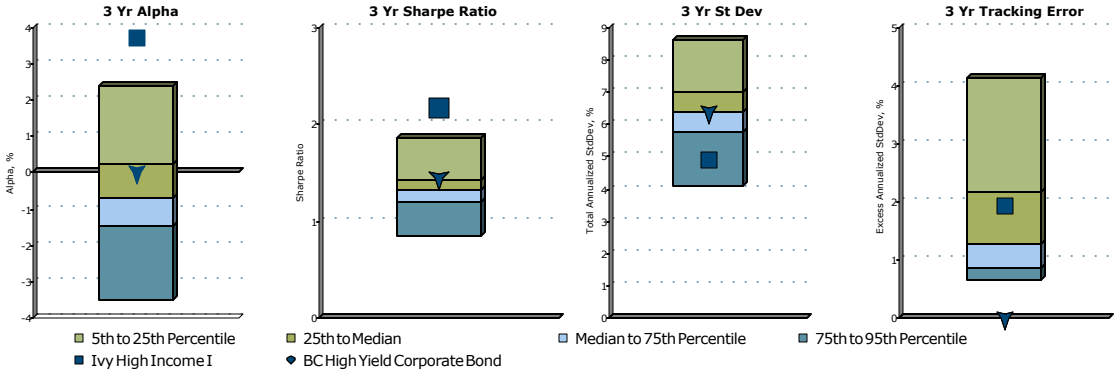


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Ivy High Income I	1.77	4.73	11.46	11.14	14.20
BC High Yield Corporate Bond	2.41	5.46	11.73	9.48	13.98
Universe(5%)	3.20	6.51	13.19	10.44	15.51
Universe(25%)	2.51	5.56	11.63	9.07	13.62
Universe(Median)	2.23	5.14	10.91	8.50	12.79
Universe(75%)	1.92	4.58	10.10	7.81	11.83
Universe(95%)	1.33	2.82	8.07	6.18	10.22

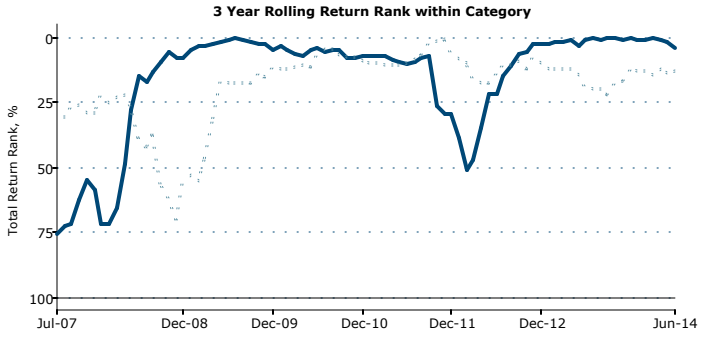
Ivy High Income I

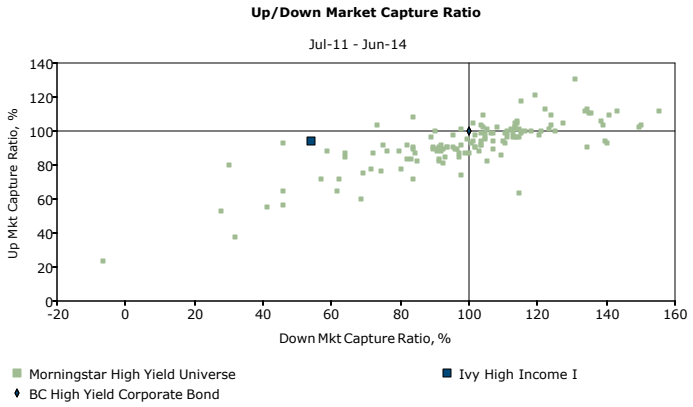


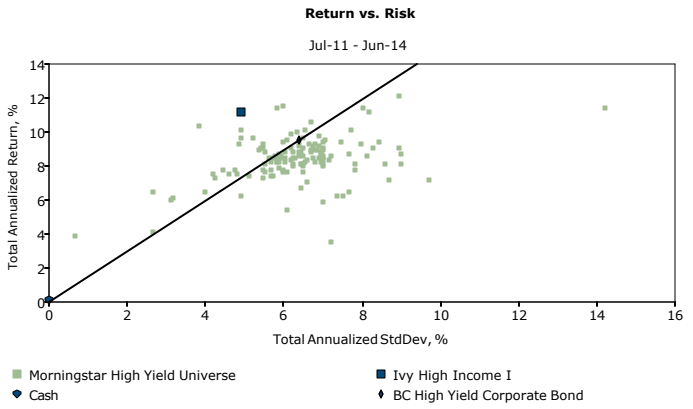
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Ivy High Income I	7.58	0.59	9.69	4.05	-19.73	46.56	15.62	6.44	17.16	10.46
BC High Yield Corporate Bond	11.13	2.74	11.85	1.87	-26.16	58.21	15.12	4.98	15.81	7.44



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	3.72	0.75	95.14	2.16	4.92	1.92
BC High Yield Corporate Bond	0.00	1.00	100.00	1.44	6.39	0.00
Universe(5%)	2.42	1.25	99.23	1.86	8.63	4.14
Universe(25%)	0.25	1.08	98.70	1.43	6.99	2.16
Universe(Median)	-0.66	1.00	96.96	1.32	6.42	1.29
Universe(75%)	-1.45	0.88	92.60	1.21	5.77	0.86
Universe(95%)	-3.51	0.61	79.03	0.84	4.12	0.66



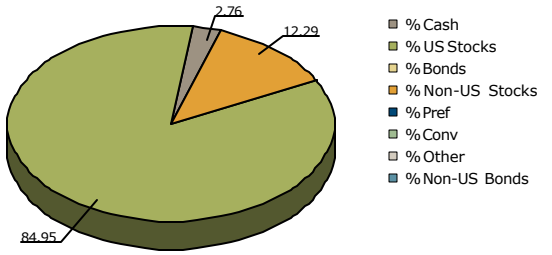




Milliman | Quarterly Investment Monitor

Data as of 06/30/2014

Vanguard Equity-Income Adm



Portfolio Region	
% United States	87.36
% Canada	2.22
% Latin America	0.00
% United Kingdom	4.15
% Eurozone	3.97
% Europe - ex Euro	2.29
% 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	2.76
% US Stocks	84.95
% Bonds	0.00
% Non-US Stocks	12.29
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

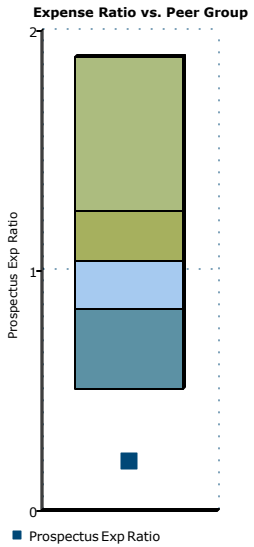
Sector Allocation	
% Basic Materials	3.92
% Communication Services	4.46
% Consumer Cyclical	5.67
% Consumer Defensive	12.71
% Healthcare	12.91
% Industrials	12.90
% Real Estate	0.00
% Technology	12.79
% Energy	11.71
% Financial Services	16.29
% Utilities	6.63

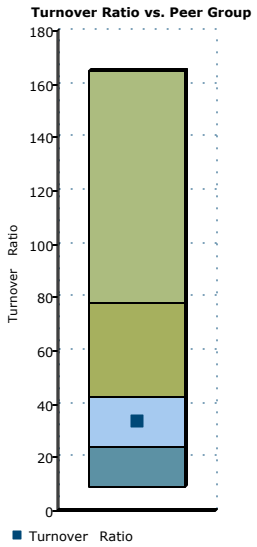
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Johnson & Johnson	4.03%
Wells Fargo & Co	3.90%
Microsoft Corp	3.57%
Exxon Mobil Corporation	3.40%
Verizon Communications Inc	3.03%
JPMorgan Chase & Co	2.99%
Chevron Corp	2.90%
Merck & Co Inc	2.85%
General Electric Co	2.23%
Marsh & McLennan Companies Inc	2.00%

Portfolio Information	
Ticker	VEIRX
Morningstar Category	Large Value
Avg Mkt Cap $MM	83110.63
Cat Med Mkt Cap $MM	84745.85
Net Assets $MM	17698.96
Turnover Ratio	34.00
% Assets in Top 10 Holdings	30.89
Total Number of Holdings	169.00
Manager Name	James P. Stetler
Manager Tenure	10.50
Fund Incept Date	03/21/1988
Prospectus Exp Ratio	0.21
Phone Number	800-662-7447

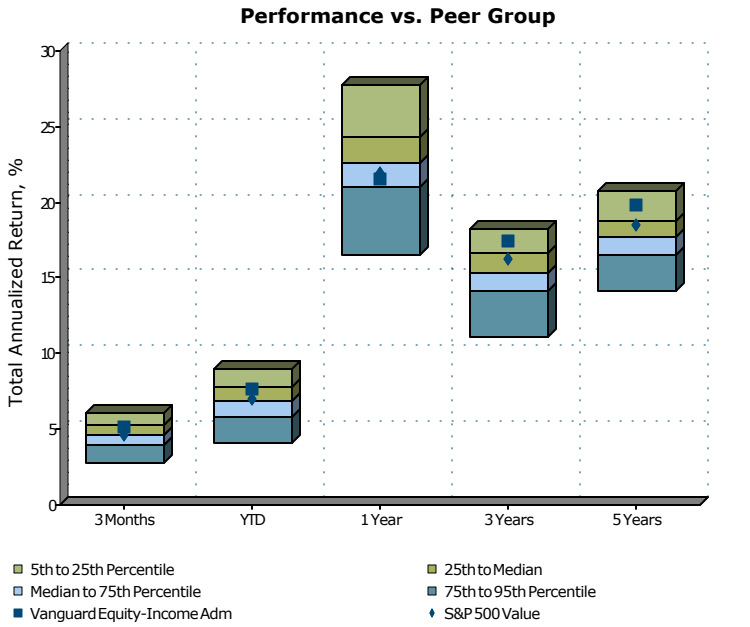
Portfolio Ratings	
Mstar Rating	★★★★★
3 Year Mstar Rating	★★★★★
% Rank Cat 3 Yr	5
5 Year Mstar Rating	★★★★★
% Rank Cat 5 Yr	6
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	8





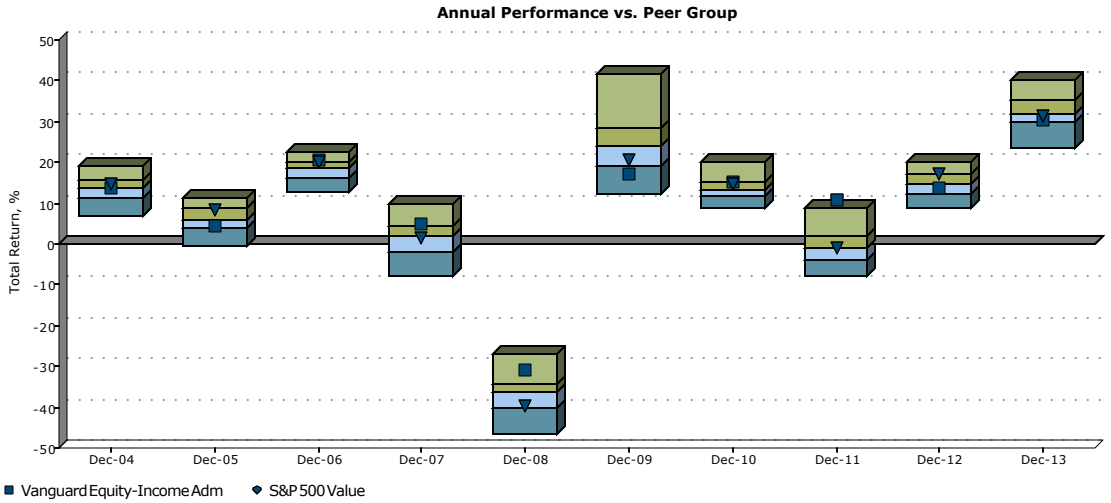
Investment Strategy Summary

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.

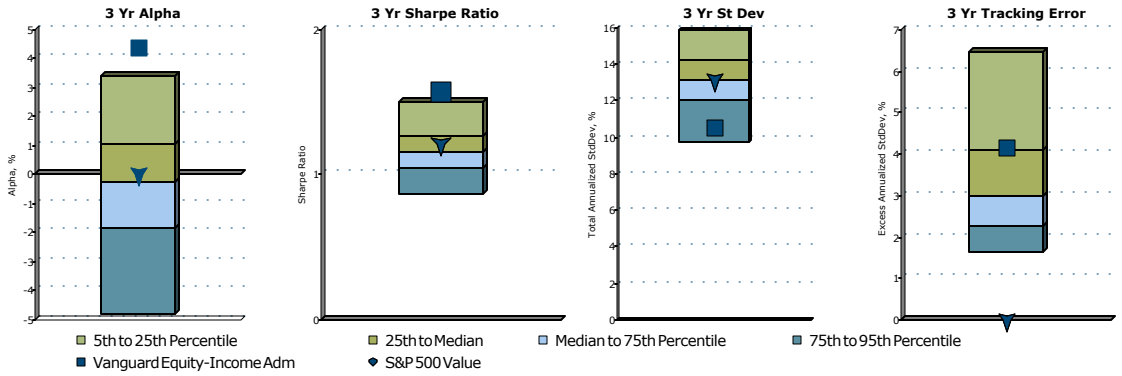


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Equity-Income Adm	5.18	7.64	21.57	17.42	19.82
S&P 500 Value	4.60	6.96	21.99	16.25	18.52
Universe(5%)	6.08	9.03	27.79	18.24	20.69
Universe(25%)	5.23	7.84	24.29	16.59	18.75
Universe(Median)	4.57	6.93	22.65	15.30	17.77
Universe(75%)	3.96	5.84	21.02	14.09	16.58
Universe(95%)	2.72	4.03	16.52	11.07	14.16

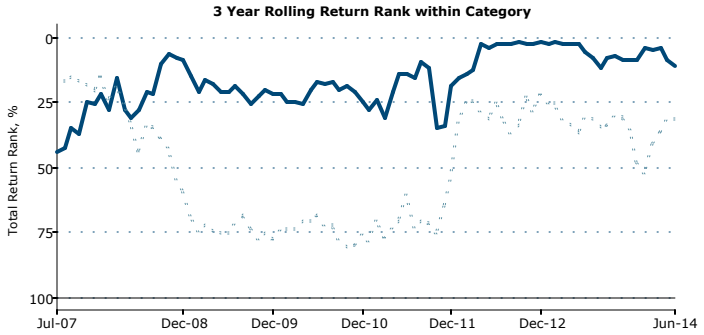
Vanguard Equity-Income Adm

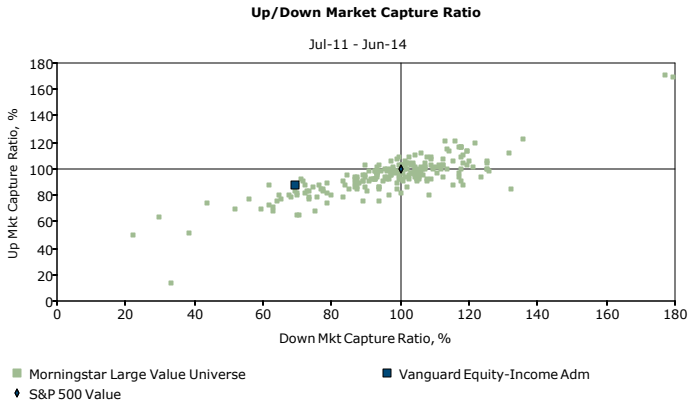


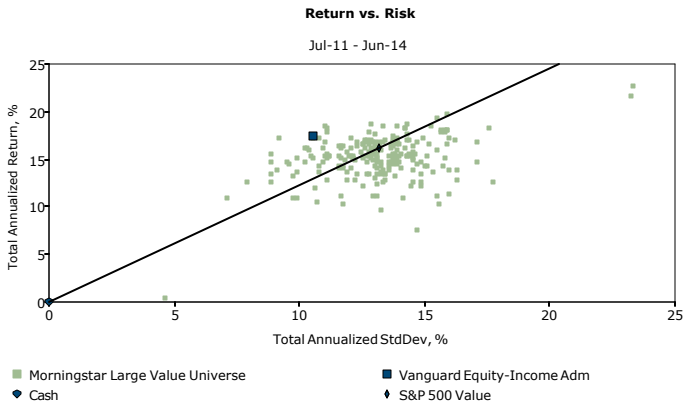
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Equity-Income Adm	13.69	4.52	20.77	4.99	-30.86	17.26	14.99	10.69	13.58	30.19
S&P 500 Value	15.03	8.71	20.80	1.99	-39.22	21.18	15.10	-0.48	17.68	31.99



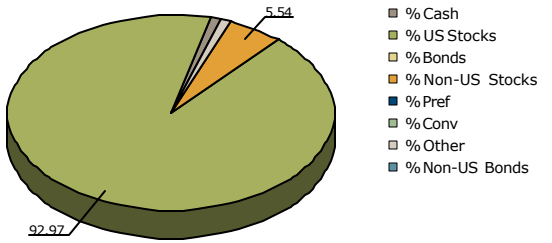
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Equity-Income Adm	4.36	0.77	92.64	1.58	10.56	4.16
S&P 500 Value	0.00	1.00	100.00	1.21	13.18	0.00
Universe(5%)	3.42	1.18	98.67	1.50	15.94	6.47
Universe(25%)	1.06	1.05	97.36	1.26	14.25	4.12
Universe(Median)	-0.27	0.98	96.03	1.16	13.19	3.02
Universe(75%)	-1.84	0.89	92.67	1.05	12.01	2.26
Universe(95%)	-4.80	0.70	85.01	0.86	9.73	1.66







Vanguard Morgan Growth Admiral



Portfolio Region	
% United States	94.37
% Canada	0.69
% Latin America	0.00
% United Kingdom	1.17
% Eurozone	2.02
% Europe - ex Euro	0.92
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.68
% Japan	0.00
% Australasia	0.00
% Asia - Developed	0.14
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	0.80
% US Stocks	92.97
% Bonds	0.00
% Non-US Stocks	5.54
% Pref	0.00
% Conv	0.00
% Other	0.69
% Non-US Bonds	0.00

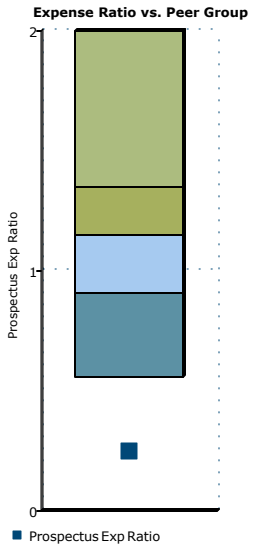
Sector Allocation	
% Basic Materials	2.15
% Communication Services	2.56
% Consumer Cyclical	16.91
% Consumer Defensive	3.60
% Healthcare	19.38
% Industrials	14.83
% Real Estate	0.38
% Technology	28.19
% Energy	4.43
% Financial Services	7.57
% Utilities	0.00

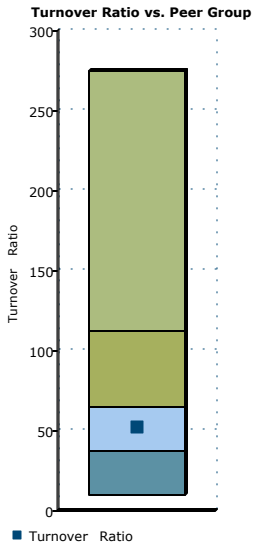
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Google Inc Class A	3.31%
Microsoft Corp	2.41%
Apple Inc	2.36%
Oracle Corporation	1.69%
Facebook Inc Class A	1.61%
Biogen Idec Inc	1.46%
Gilead Sciences Inc	1.38%
Qualcomm Inc	1.25%
Amgen Inc	1.24%
MasterCard Inc Class A	1.12%

Portfolio Information	
Ticker	VMRAX
Morningstar Category	Large Growth
Avg Mkt Cap $MM	36481.21
Cat Med Mkt Cap $MM	70104.21
Net Assets $MM	10932.61
Turnover Ratio	53.00
% Assets in Top 10 Holdings	17.83
Total Number of Holdings	335.00
Manager Name	James P. Stetler
Manager Tenure	10.50
Fund Incept Date	12/31/1968
Prospectus Exp Ratio	0.25
Phone Number	800-662-7447

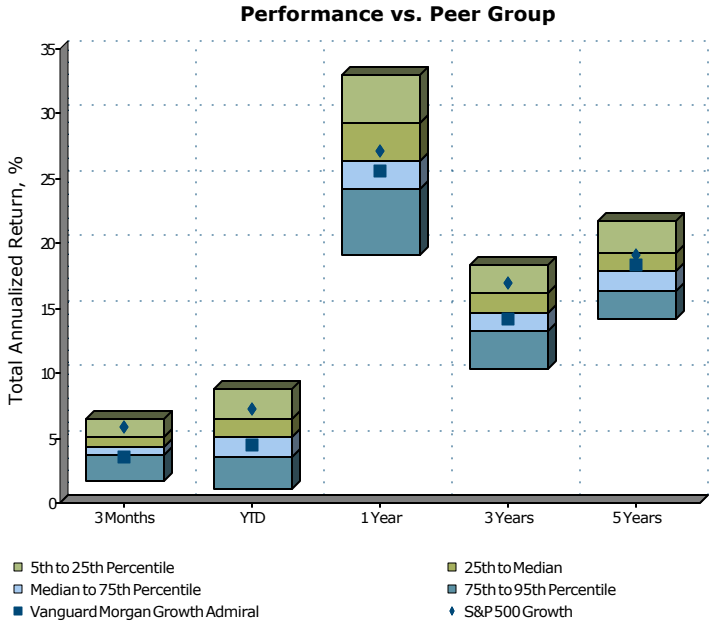
Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	57
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	34
10 Year Mstar Rating	★★★
% Rank Cat 10 Yr	41





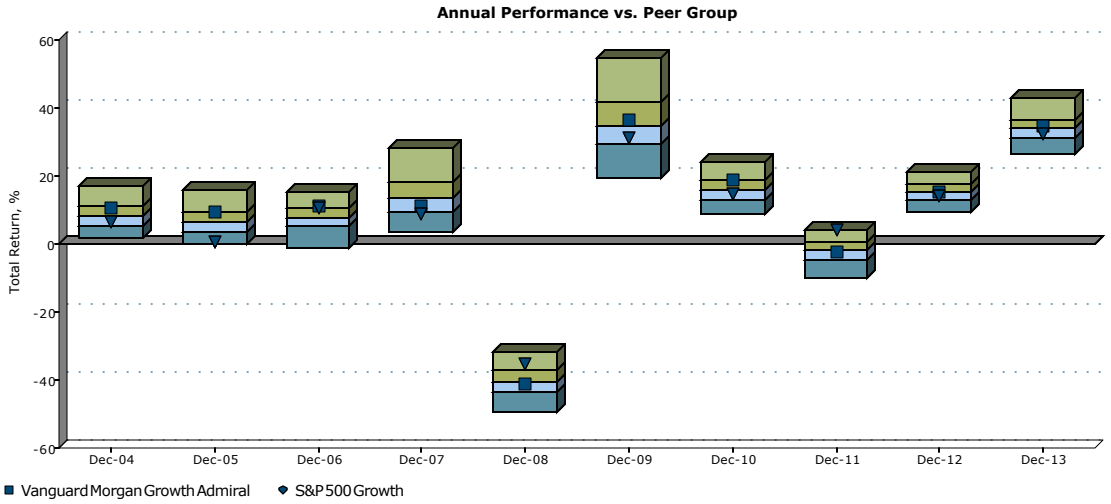
Investment Strategy Summary

The investment seeks long-term growth of capital. The fund invests mainly in the stocks of mid- and large-capitalization U.S. companies whose revenues and/or earnings are expected to grow faster than those of the average company in the market. It uses multiple investment advisors.

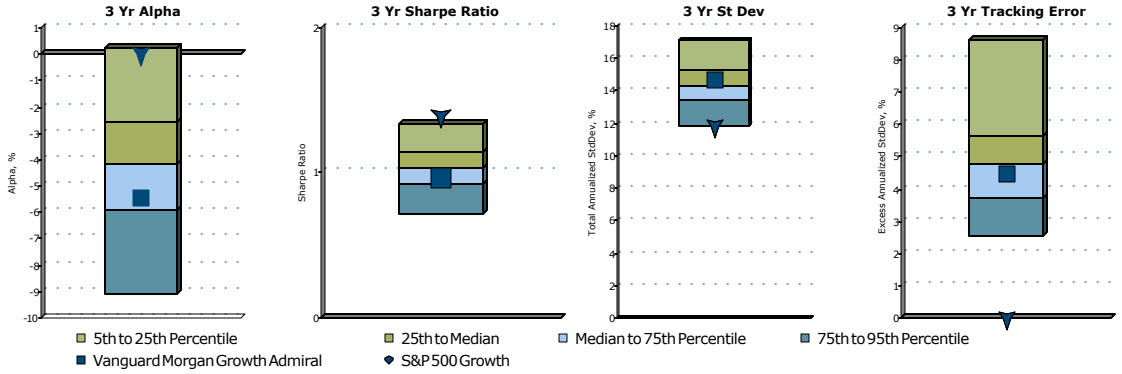


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Morgan Growth Admiral	3.52	4.49	25.60	14.12	18.38
S&P 500 Growth	5.82	7.29	27.13	16.96	19.19
Universe(5%)	6.41	8.87	33.03	18.34	21.81
Universe(25%)	5.14	6.50	29.36	16.14	19.23
Universe(Median)	4.39	5.02	26.40	14.64	17.87
Universe(75%)	3.68	3.57	24.15	13.19	16.29
Universe(95%)	1.74	1.08	19.18	10.28	14.21

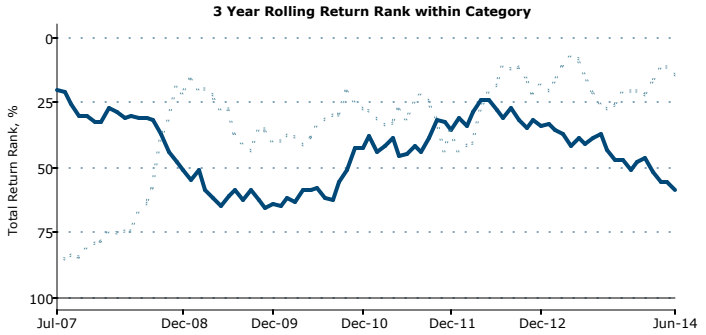
Vanguard Morgan Growth Admiral

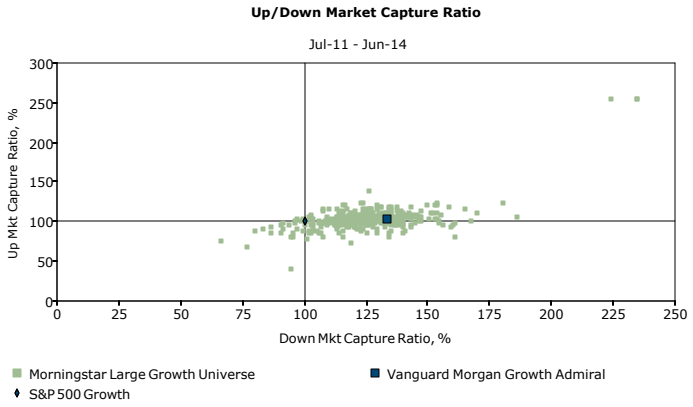


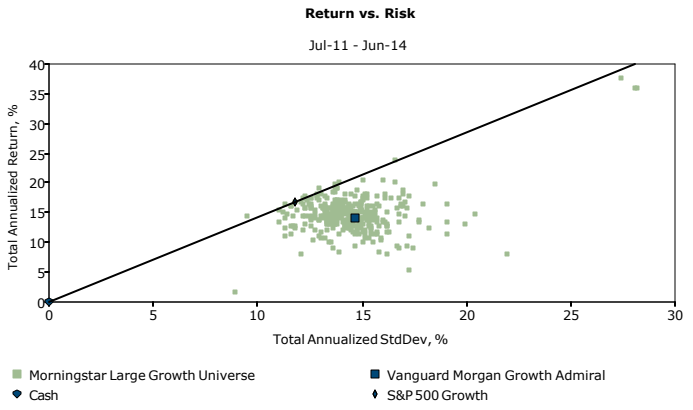
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Morgan Growth Admiral	10.61	9.31	11.32	11.36	-41.33	36.31	18.90	-2.42	15.25	34.92
S&P 500 Growth	6.97	1.14	11.01	9.13	-34.92	31.57	15.05	4.65	14.61	32.75



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 Morgan Growth Admiral	-5.43	1.20	93.35	0.97	14.68	4.48
S&P 500 Growth	0.00	1.00	100.00	1.39	11.79	0.00
Universe(5%)	0.23	1.34	96.81	1.34	17.19	8.61
Universe(25%)	-2.56	1.23	93.87	1.14	15.28	5.66
Universe(Median)	-4.20	1.16	91.60	1.04	14.34	4.76
Universe(75%)	-5.92	1.09	87.65	0.92	13.44	3.72
Universe(95%)	-9.12	0.96	81.04	0.71	11.81	2.57



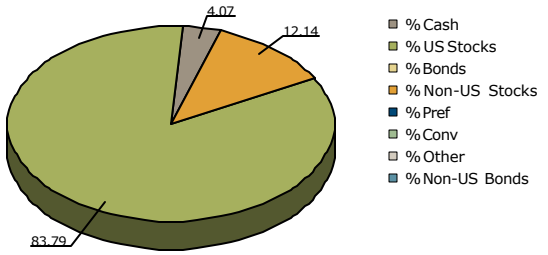




Milliman | Quarterly Investment Monitor

Data as of 06/30/2014

Vanguard PRIMECAP Inv



Portfolio Region	
% United States	87.34
% Canada	1.03
% Latin America	0.03
% United Kingdom	0.66
% Eurozone	0.99
% Europe - ex Euro	9.46
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	0.48
% Australasia	0.00
% Asia - Developed	0.00
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	4.07
% US Stocks	83.79
% Bonds	0.00
% Non-US Stocks	12.14
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

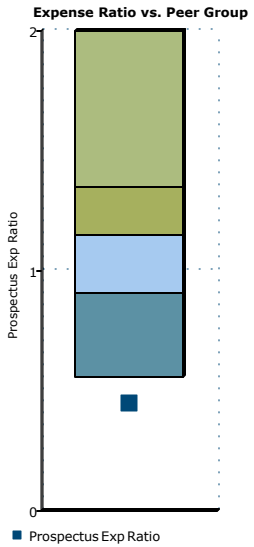
Sector Allocation	
% Basic Materials	2.79
% Communication Services	1.65
% Consumer Cyclical	5.43
% Consumer Defensive	0.73
% Healthcare	31.86
% Industrials	14.71
% Real Estate	0.00
% Technology	31.87
% Energy	4.75
% Financial Services	6.21
% Utilities	0.00

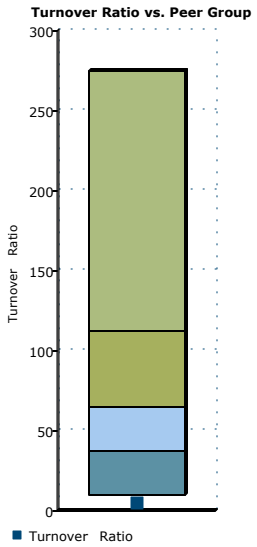
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Biogen Idec Inc	7.44%
Amgen Inc	4.75%
Roche Holding AG	4.26%
Eli Lilly and Co	4.13%
Texas Instruments Inc	3.92%
Microsoft Corp	3.86%
FedEx Corp	3.83%
Google Inc Class A	3.81%
Adobe Systems Inc	3.70%
Novartis AG ADR	2.85%

Portfolio Information	
Ticker	VPMCX
Morningstar Category	Large Growth
Avg Mkt Cap $MM	63080.26
Cat Med Mkt Cap $MM	70104.21
Net Assets $MM	43417.26
Turnover Ratio	5.00
% Assets in Top 10 Holdings	42.56
Total Number of Holdings	124.00
Manager Name	Joel P. Fried
Manager Tenure	25.52
Fund Incept Date	11/01/1984
Prospectus Exp Ratio	0.45
Phone Number	800-662-7447

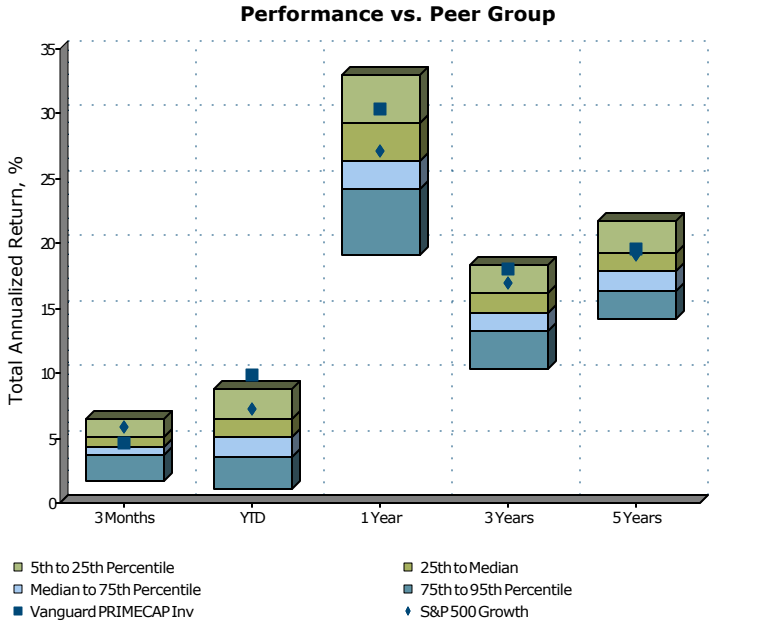
Portfolio Ratings	
Mstar Rating	★★★★★
3 Year Mstar Rating	★★★★★
% Rank Cat 3 Yr	3
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	16
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	6





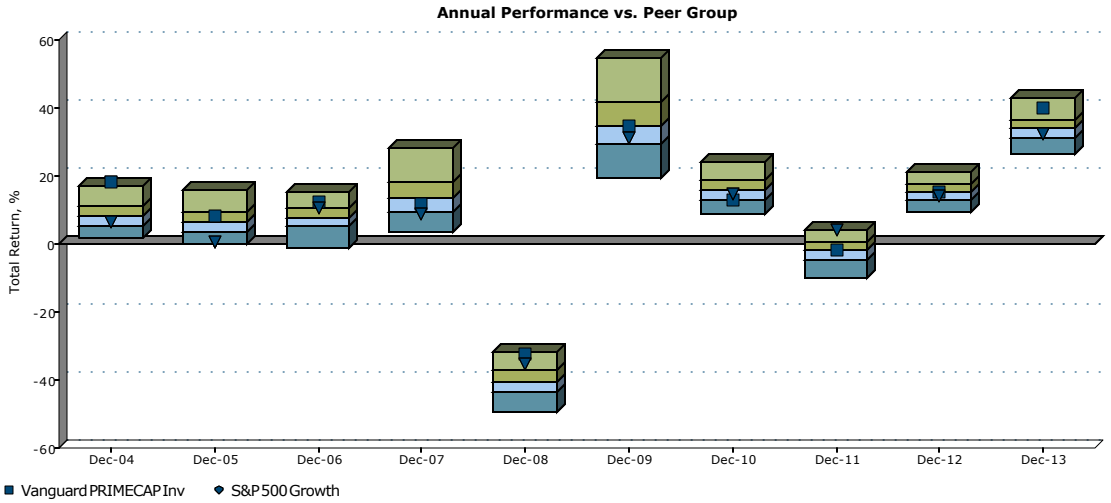
Investment Strategy Summary

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.

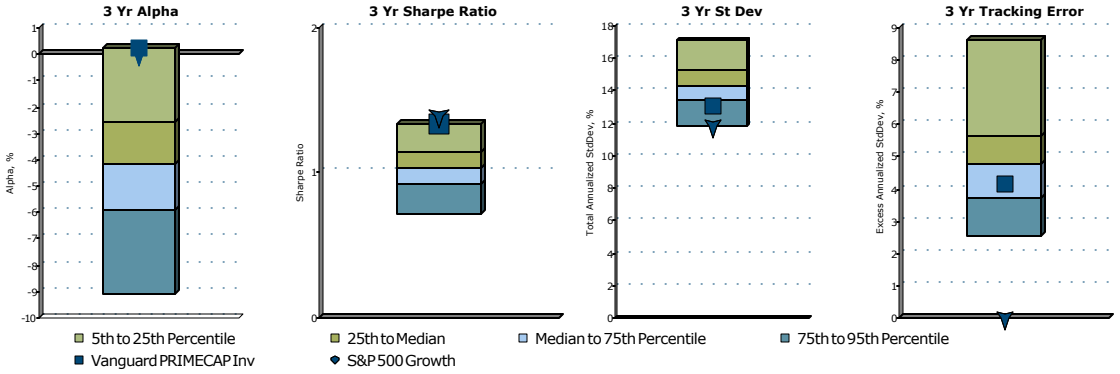


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard PRIMECAP Inv	4.63	9.89	30.34	18.09	19.56
S&P 500 Growth	5.82	7.29	27.13	16.96	19.19
Universe(5%)	6.41	8.87	33.03	18.34	21.81
Universe(25%)	5.14	6.50	29.36	16.14	19.23
Universe(Median)	4.39	5.02	26.40	14.64	17.87
Universe(75%)	3.68	3.57	24.15	13.19	16.29
Universe(95%)	1.74	1.08	19.18	10.28	14.21

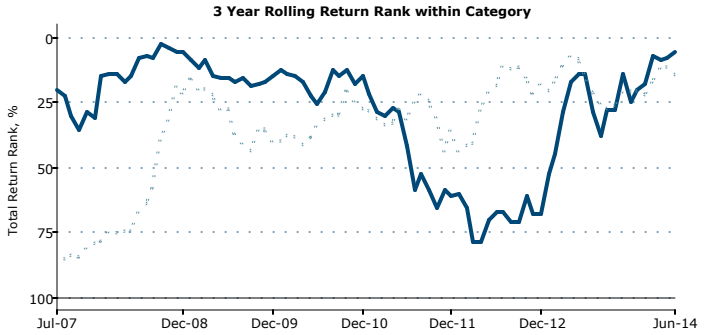
Vanguard PRIMECAP Inv

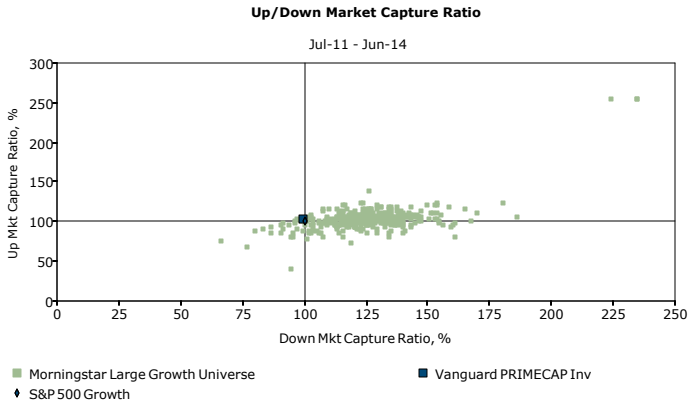


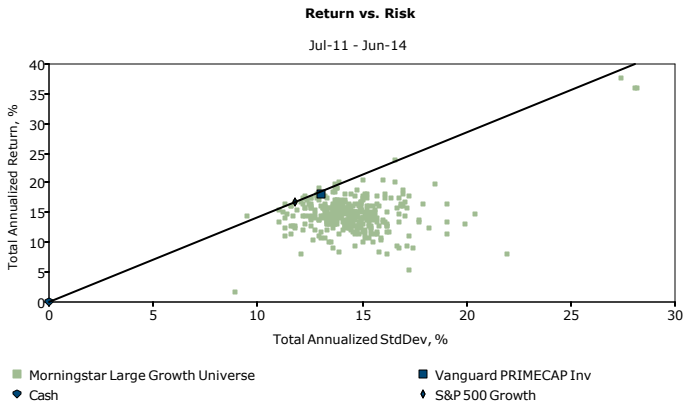
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard PRIMECAP Inv	18.31	8.49	12.30	11.49	-32.41	34.45	12.89	-1.84	15.27	39.73
S&P 500 Growth	6.97	1.14	11.01	9.13	-34.92	31.57	15.05	4.65	14.61	32.75



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	0.25	1.05	90.28	1.34	13.08	4.13
S&P 500 Growth	0.00	1.00	100.00	1.39	11.79	0.00
Universe(5%)	0.23	1.34	96.81	1.34	17.19	8.61
Universe(25%)	-2.56	1.23	93.87	1.14	15.28	5.66
Universe(Median)	-4.20	1.16	91.60	1.04	14.34	4.76
Universe(75%)	-5.92	1.09	87.65	0.92	13.44	3.72
Universe(95%)	-9.12	0.96	81.04	0.71	11.81	2.57



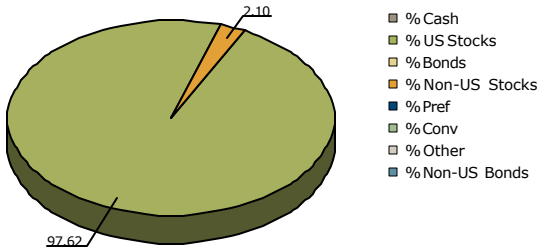




Milliman | Quarterly Investment Monitor

Data as of 06/30/2014

Vanguard Mid-Cap Value Index Admiral



Portfolio Region	
% United States	97.89
% Canada	0.00
% Latin America	0.00
% United Kingdom	1.62
% Eurozone	0.00
% Europe - ex Euro	0.49
% 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	0.28
% US Stocks	97.62
% Bonds	0.00
% Non-US Stocks	2.10
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	7.25
% Communication Services	0.74
% Consumer Cyclical	15.18
% Consumer Defensive	8.31
% Healthcare	8.37
% Industrials	11.36
% Real Estate	4.43
% Technology	9.74
% Energy	6.73
% Financial Services	18.01
% Utilities	9.87

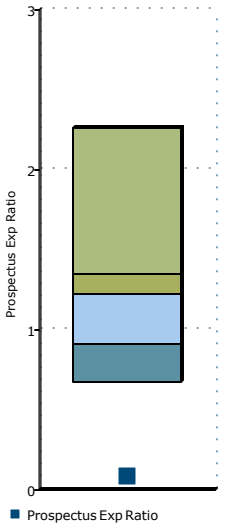
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Delphi Automotive PLC	1.36%
Western Digital Corp	1.27%
Mylan Inc	1.19%
Boston Scientific Inc	1.09%
AmerisourceBergen Corp	1.08%
Seagate Technology PLC	1.08%
United Continental Holdings Inc	1.06%
Nielsen NV	1.00%
Hartford Financial Services Group Inc	0.99%
Alcoa Inc	0.94%

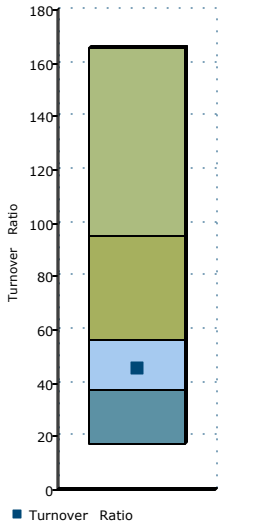
Portfolio Information	
Ticker	VMVAX
Morningstar Category	Mid-Cap Value
Avg Mkt Cap $MM	9713.59
Cat Med Mkt Cap $MM	9131.58
Net Assets $MM	6005.93
Turnover Ratio	46.00
% Assets in Top 10 Holdings	11.06
Total Number of Holdings	204.00
Manager Name	Donald M. Butler
Manager Tenure	7.87
Fund Incept Date	09/27/2011
Prospectus Exp Ratio	0.09
Phone Number	800-662-7447

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

Expense Ratio vs. Peer Group



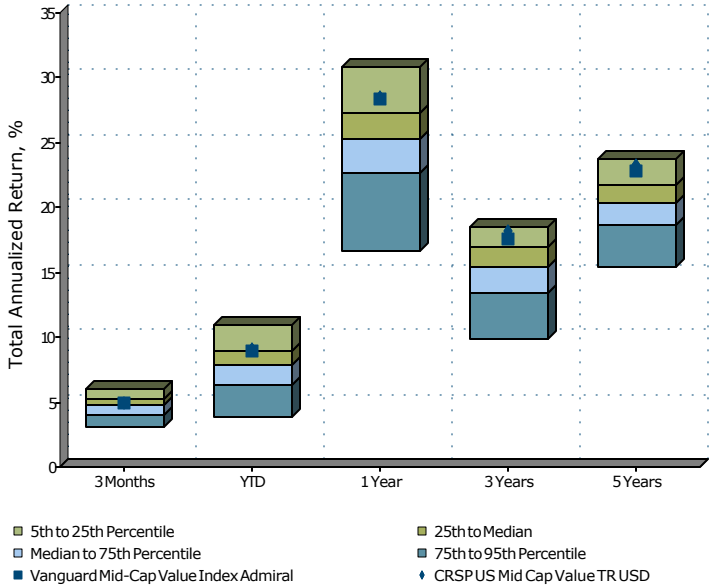
Turnover Ratio vs. Peer Group



Investment Strategy Summary

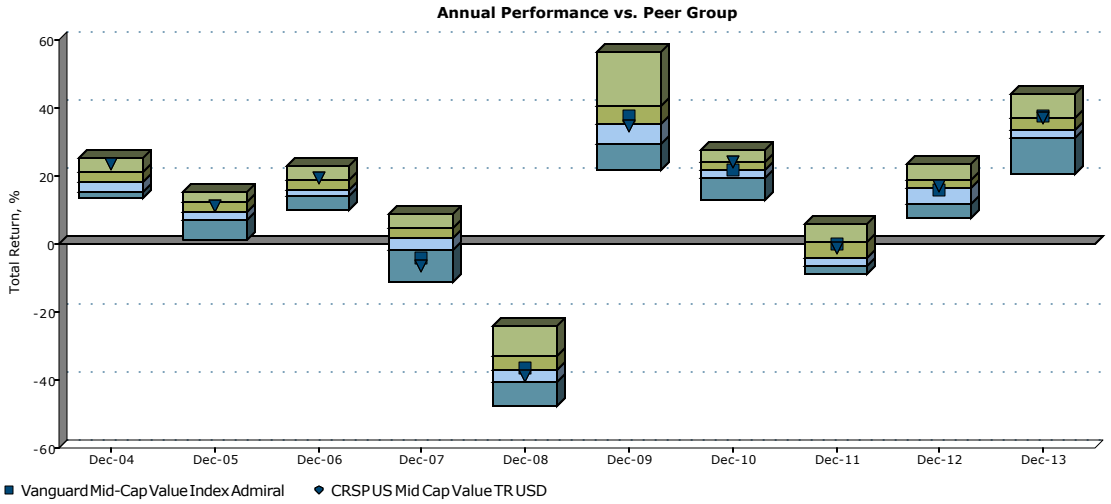
The investment seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization value stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP US Mid Cap Value Index, a broadly diversified index of value stocks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

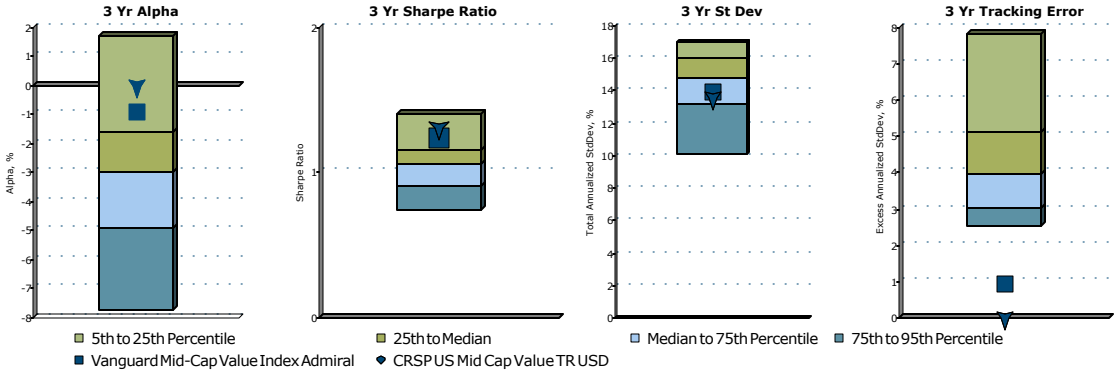


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Mid-Cap Value Index Admiral	4.94	9.01	28.36	17.55	22.87
CRSP US Mid Cap Value TR USD	4.97	9.07	28.49	18.17	23.32
Universe(5%)	6.05	10.99	30.83	18.49	23.77
Universe(25%)	5.27	8.96	27.27	16.90	21.74
Universe(Median)	4.83	7.80	25.25	15.39	20.29
Universe(75%)	4.00	6.25	22.66	13.41	18.69
Universe(95%)	3.04	3.93	16.60	9.93	15.38

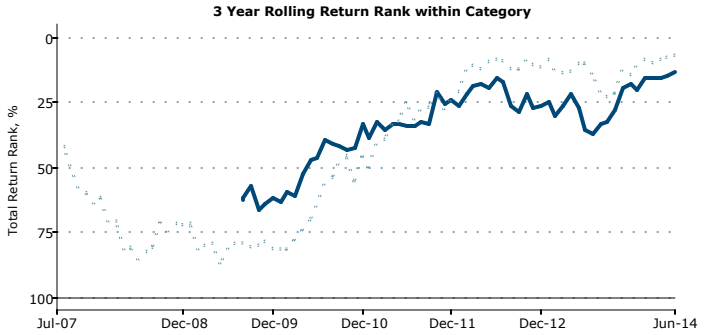
Vanguard Mid-Cap Value Index Admiral

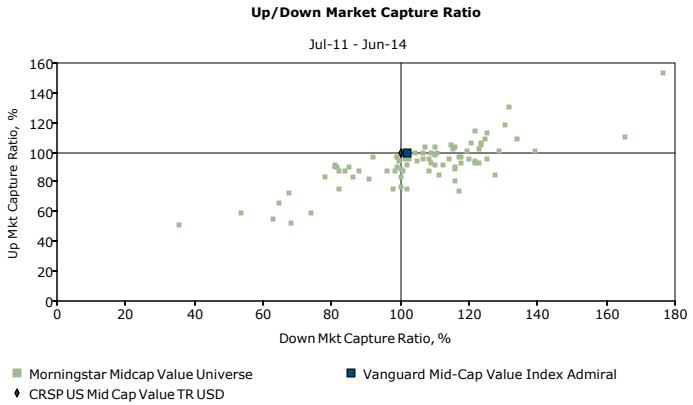


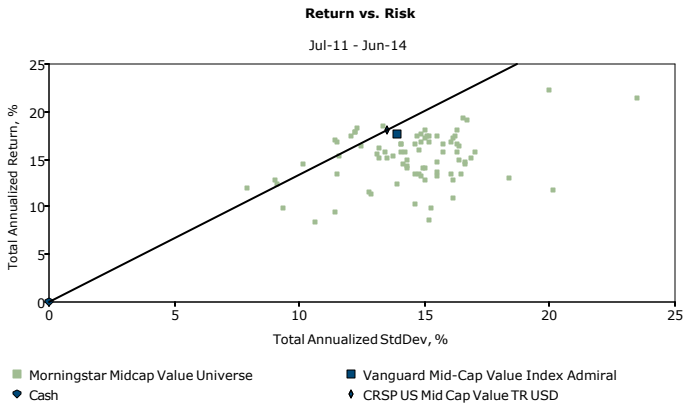
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Mid-Cap Value Index Admiral	NA	NA	NA	-4.27	-36.54	37.74	21.82	-0.29	16.02	37.66
CRSP US Mid Cap Value TR USD	24.07	11.67	19.91	-6.07	-37.95	35.21	24.58	-0.39	17.90	37.38



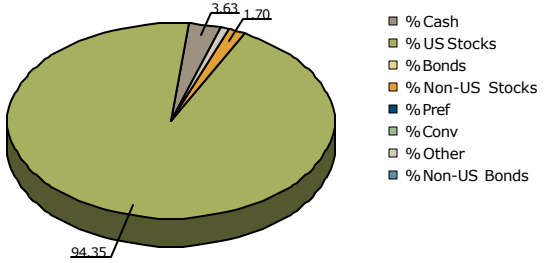
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Mid-Cap Value Index Admiral	-0.93	1.03	99.62	1.24	13.88	0.92
CRSP US Mid Cap Value TR USD	0.00	1.00	100.00	1.30	13.50	0.00
Universe(5%)	1.76	1.23	97.03	1.41	17.04	7.83
Universe(25%)	-1.60	1.14	96.28	1.16	16.09	5.15
Universe(Median)	-2.97	1.06	94.71	1.06	14.84	3.96
Universe(75%)	-4.88	0.96	90.47	0.91	13.16	3.01
Universe(95%)	-7.71	0.68	73.86	0.74	10.17	2.52







Target Small Capitalization Value T



Portfolio Region	
% United States	98.23
% Canada	0.70
% Latin America	0.28
% United Kingdom	0.01
% Eurozone	0.56
% 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	3.63
% US Stocks	94.35
% Bonds	0.00
% Non-US Stocks	1.70
% Pref	0.00
% Conv	0.00
% Other	0.32
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	5.06
% Communication Services	0.88
% Consumer Cyclical	10.76
% Consumer Defensive	3.75
% Healthcare	6.62
% Industrials	21.10
% Real Estate	5.50
% Technology	13.08
% Energy	5.84
% Financial Services	23.45
% Utilities	3.98

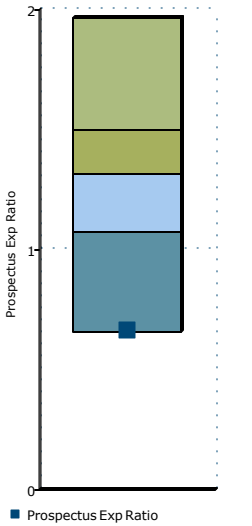
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Firstmerit Corp	0.83%
Bristow Group Inc	0.76%
Teleflex Inc	0.74%
American Equity Investment Life Holding Co	0.70%
EnerSys	0.69%
Protective Life Corp	0.69%
GATX Corp	0.67%
KAR Auction Services Inc	0.67%
Silgan Holdings Inc	0.67%
Broadridge Financial Solutions	0.64%

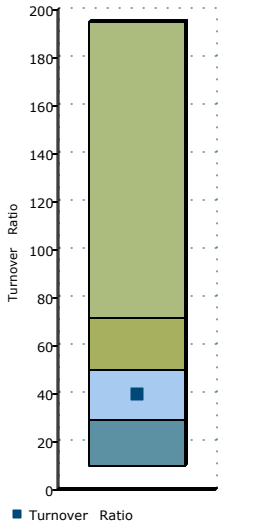
Portfolio Information	
Ticker	TASVX
Morningstar Category	Small Value
Avg Mkt Cap $MM	2135.50
Cat Med Mkt Cap $MM	2544.89
Net Assets $MM	2037.88
Turnover Ratio	40.00
% Assets in Top 10 Holdings	7.06
Total Number of Holdings	816.00
Manager Name	Paul E. Viera
Manager Tenure	12.50
Fund Incept Date	01/05/1993
Prospectus Exp Ratio	0.67
Phone Number	800-225-1852

Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	48
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	55
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	9

Expense Ratio vs. Peer Group



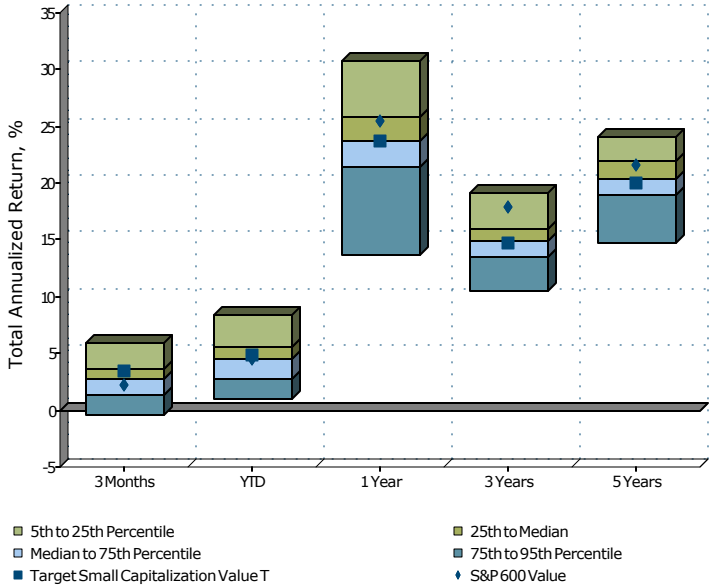
Turnover Ratio vs. Peer Group



Investment Strategy Summary

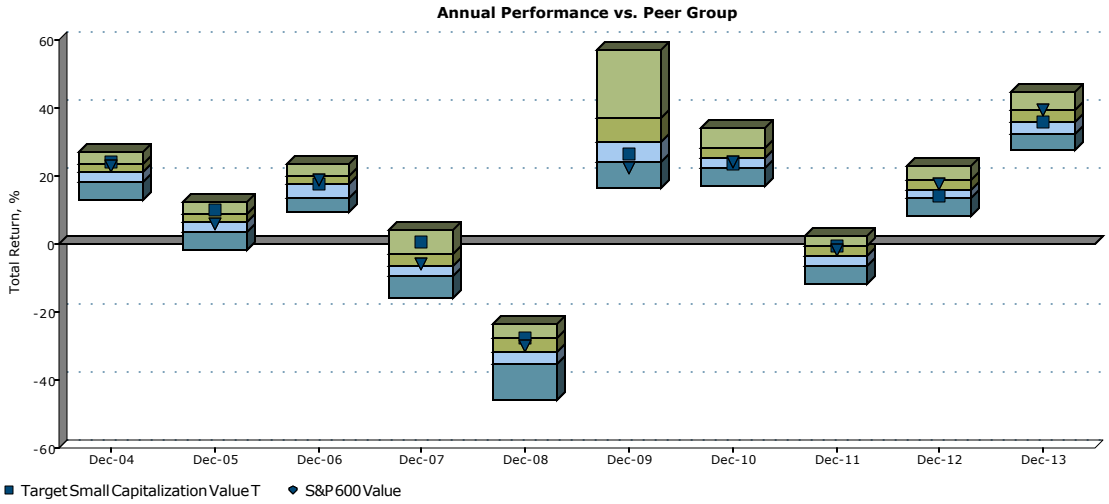
The investment seeks above-average capital appreciation. The Portfolio seeks investments that will increase in value. It normally invests at least 80% of its investable assets in common stocks of small companies. Small companies are those companies with market capitalizations comparable to those in the Russell 2000 Value Index. As of December 31, 2012, the Russell 2000 Value Index median market capitalization was approximately $472 million and the largest company by market capitalization was $4.664 billion. Market capitalization is measured at the time of purchase.

Performance vs. Peer Group

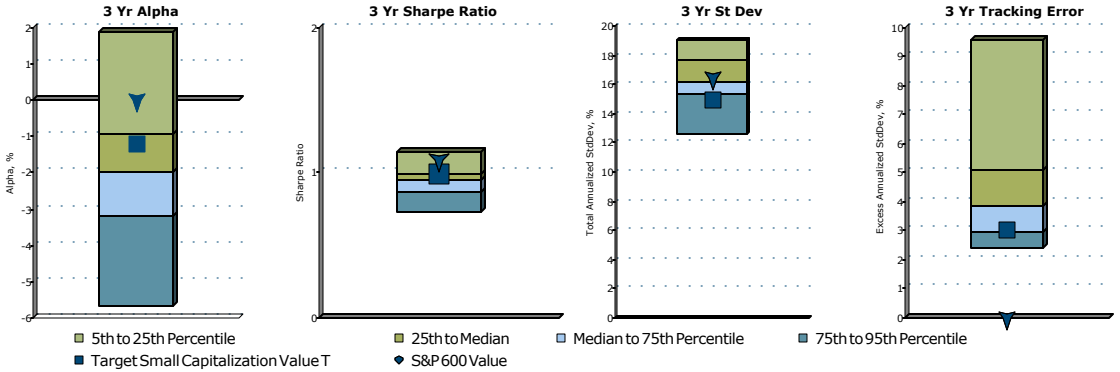


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Target Small Capitalization Value T	3.46	4.81	23.64	14.68	20.09
S&P 600 Value	2.28	4.46	25.41	17.91	21.67
Universe(5%)	5.89	8.34	30.76	19.12	24.13
Universe(25%)	3.56	5.58	25.82	16.02	21.93
Universe(Median)	2.77	4.50	23.75	14.87	20.33
Universe(75%)	1.41	2.84	21.46	13.57	19.03
Universe(95%)	-0.50	1.00	13.60	10.59	14.79

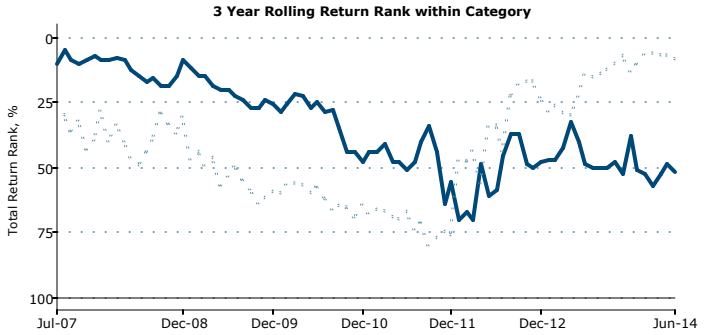
Target Small Capitalization Value T

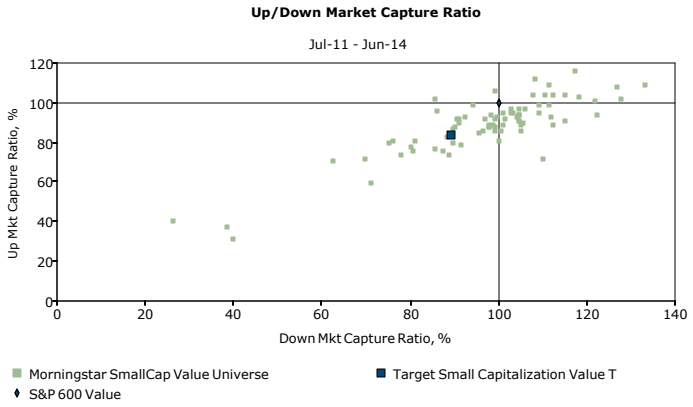


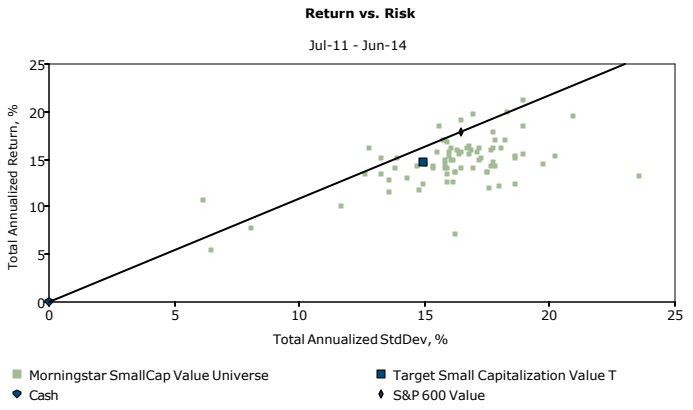
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Target Small Capitalization Value T	24.02	10.10	17.72	0.52	-27.45	26.69	23.63	-0.48	14.14	35.87
S&P 600 Value	23.25	6.45	19.57	-5.54	-29.51	22.85	24.72	-1.38	18.21	39.98



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	-1.19	0.90	97.16	0.99	14.97	3.04
S&P 600 Value	0.00	1.00	100.00	1.08	16.45	0.00
Universe(5%)	1.91	1.14	98.23	1.15	19.00	9.58
Universe(25%)	-0.92	1.05	97.11	0.99	17.65	5.10
Universe(Median)	-1.95	0.97	95.41	0.95	16.19	3.89
Universe(75%)	-3.21	0.90	92.25	0.86	15.34	2.98
Universe(95%)	-5.68	0.66	84.88	0.73	12.60	2.43



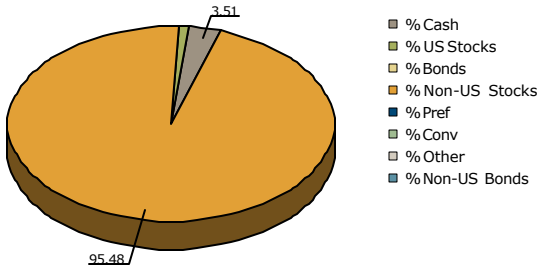




Milliman | Quarterly Investment Monitor

Data as of 06/30/2014

Oppenheimer International Growth Y



Portfolio Region	
% United States	1.04
% Canada	1.22
% Latin America	0.91
% United Kingdom	29.11
% Eurozone	35.69
% Europe - ex Euro	19.98
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	4.93
% Australasia	3.94
% Asia - Developed	0.00
% Asia - Emerging	3.18

Portfolio Structure	
% Cash	3.51
% US Stocks	1.00
% Bonds	0.00
% Non-US Stocks	95.48
% Pref	0.01
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

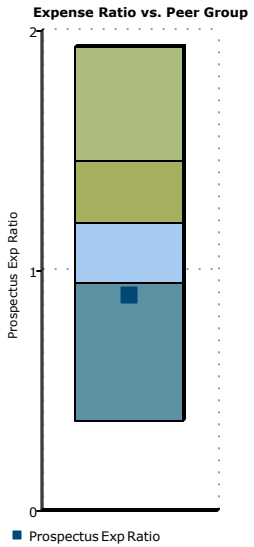
Sector Allocation	
% Basic Materials	4.98
% Communication Services	7.46
% Consumer Cyclical	18.02
% Consumer Defensive	15.55
% Healthcare	10.70
% Industrials	21.18
% Real Estate	0.00
% Technology	14.90
% Energy	2.52
% Financial Services	4.30
% Utilities	0.39

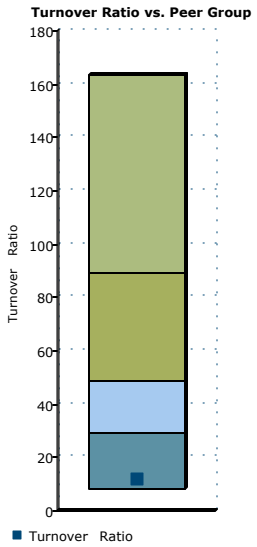
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
BT Group PLC	1.98%
Sap AG	1.62%
Roche Holding AG	1.43%
Syngenta AG	1.41%
Aalberts Industries NV	1.38%
Industria De Diseno Textil SA	1.36%
Aryzta AG	1.34%
Unilever PLC	1.33%
William Hill PLC	1.31%
Grifols SA Class A	1.28%

Portfolio Information	
Ticker	OIGYX
Morningstar Category	Foreign Large Growth
Avg Mkt Cap $MM	15679.42
Cat Med Mkt Cap $MM	32560.94
Net Assets $MM	18753.14
Turnover Ratio	12.00
% Assets in Top 10 Holdings	14.45
Total Number of Holdings	111.00
Manager Name	George R. Evans
Manager Tenure	18.28
Fund Incept Date	03/25/1996
Prospectus Exp Ratio	0.90
Phone Number	800-225-5677

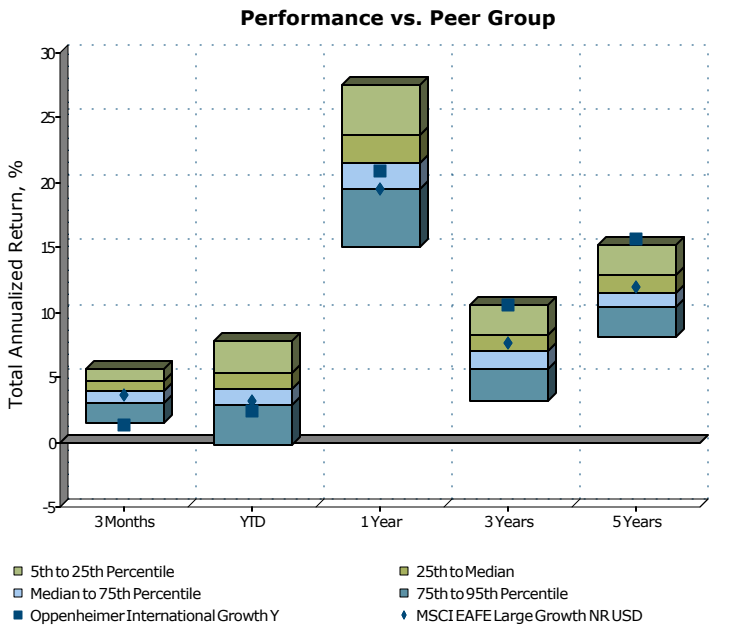
Portfolio Ratings	
Mstar Rating	★★★★★
3 Year Mstar Rating	★★★★★
% Rank Cat 3 Yr	4
5 Year Mstar Rating	★★★★★
% Rank Cat 5 Yr	4
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	1





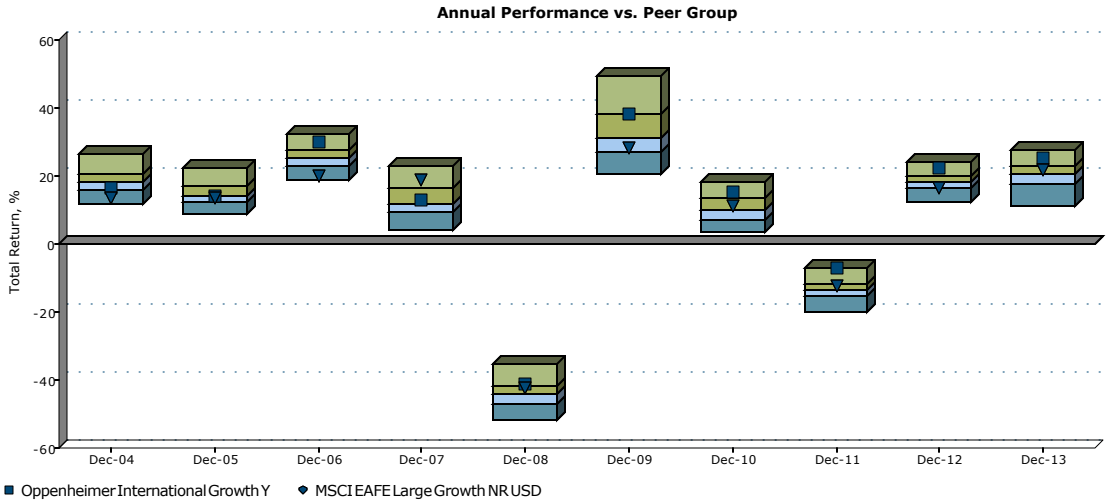
Investment Strategy Summary

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.

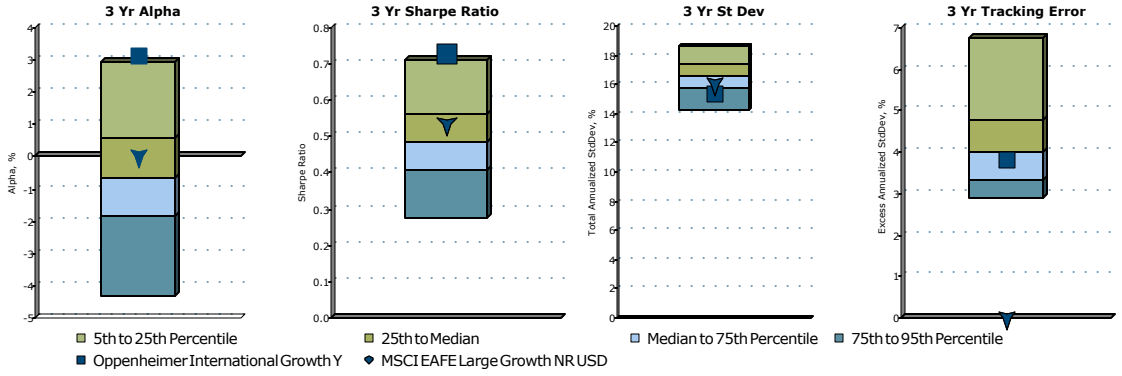


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Oppenheimer International Growth Y	1.35	2.38	20.93	10.58	15.60
MSCI EAFE Large Growth NR USD	3.64	3.11	19.56	7.66	12.03
Universe(5%)	5.62	7.84	27.52	10.57	15.12
Universe(25%)	4.70	5.29	23.72	8.19	12.89
Universe(Median)	3.89	4.15	21.56	7.00	11.55
Universe(75%)	3.04	2.81	19.50	5.68	10.38
Universe(95%)	1.43	-0.15	15.00	3.14	8.17

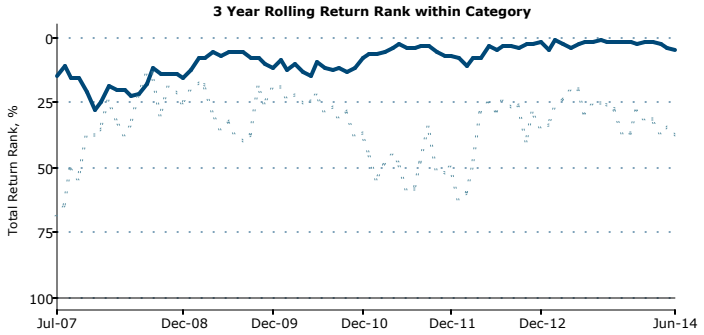
Oppenheimer International Growth Y

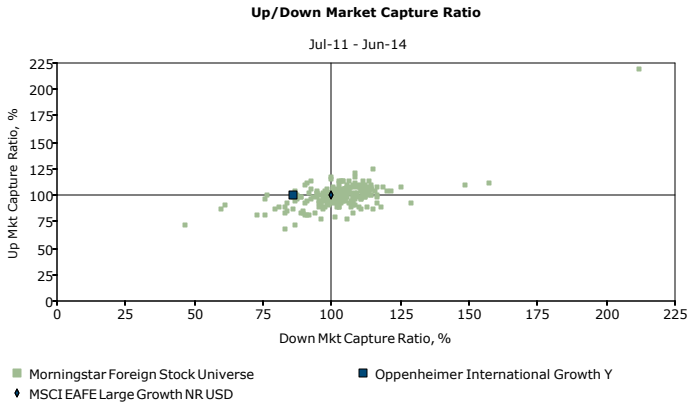


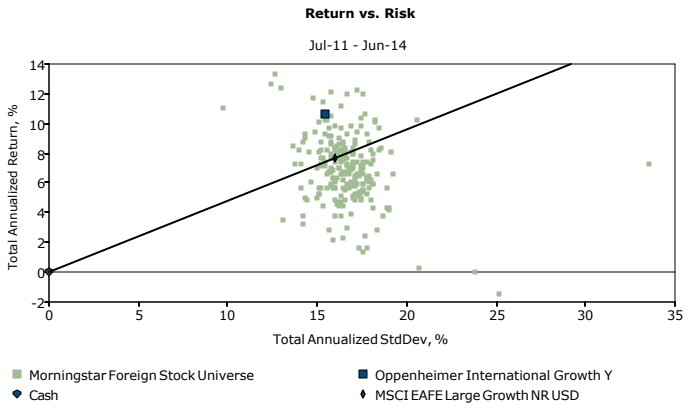
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Oppenheimer International Growth Y	16.46	14.24	30.18	12.93	-41.22	38.44	15.35	-7.31	22.10	25.46
MSCI EAFE Large Growth NR USD	14.27	13.89	20.44	19.51	-41.74	28.81	11.48	-12.04	17.06	22.28



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	3.16	0.93	94.33	0.73	15.39	3.81
MSCI EAFE Large Growth NR USD	0.00	1.00	100.00	0.54	15.99	0.00
Universe(5%)	2.94	1.12	96.97	0.71	18.57	6.77
Universe(25%)	0.61	1.05	96.01	0.56	17.43	4.80
Universe(Median)	-0.64	1.01	94.59	0.49	16.51	3.99
Universe(75%)	-1.83	0.96	92.48	0.41	15.80	3.34
Universe(95%)	-4.34	0.83	85.47	0.28	14.24	2.90



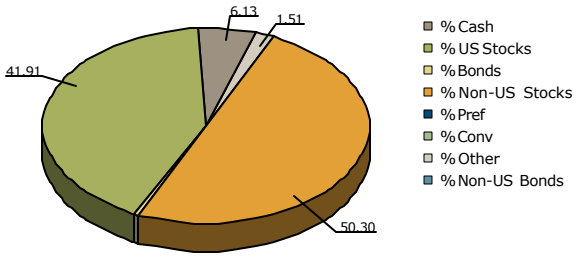




Milliman | Quarterly Investment Monitor

Data as of 06/30/2014

American Funds New Perspective R6



Portfolio Region	
% United States	45.45
% Canada	2.30
% Latin America	0.43
% United Kingdom	9.90
% Eurozone	16.22
% Europe - ex Euro	11.59
% Europe - Emerging	0.00
% Africa	1.86
% Middle East	0.00
% Japan	6.34
% Australasia	0.99
% Asia - Developed	4.19
% Asia - Emerging	0.73

Portfolio Structure	
% Cash	6.13
% US Stocks	41.91
% Bonds	0.08
% Non-US Stocks	50.30
% Pref	0.00
% Conv	0.01
% Other	1.51
% Non-US Bonds	0.06

Sector Allocation	
% Basic Materials	6.21
% Communication Services	2.58
% Consumer Cyclical	18.60
% Consumer Defensive	12.45
% Healthcare	15.06
% Industrials	11.52
% Real Estate	0.00
% Technology	14.50
% Energy	4.67
% Financial Services	14.41
% Utilities	0.00

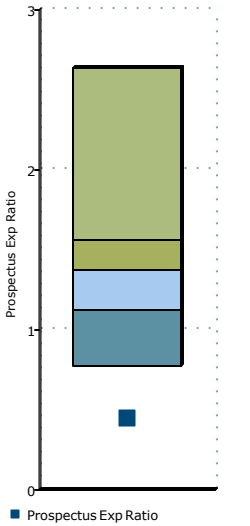
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Novo Nordisk A/S	4.91%
Amazon.com Inc	2.67%
Google Inc Class A	2.12%
Bayer AG	1.69%
Home Depot, Inc.	1.33%
Delta Air Lines Inc	1.32%
Microsoft Corporation	1.21%
Taiwan Semiconductor Manufacturing Co Ltd	1.21%
Naspers Ltd	1.18%
American Express Co	1.16%

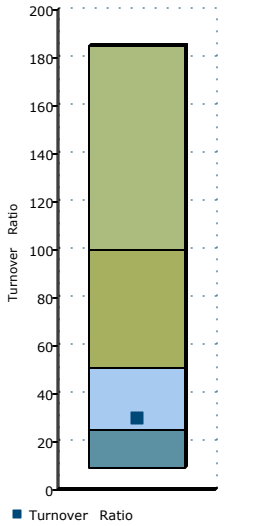
Portfolio Information	
Ticker	RNPGX
Morningstar Category	World Stock
Avg Mkt Cap $MM	53583.25
Cat Med Mkt Cap $MM	40945.90
Net Assets $MM	57118.89
Turnover Ratio	30.00
% Assets in Top 10 Holdings	18.81
Total Number of Holdings	276.00
Manager Name	Gregg E. Ireland
Manager Tenure	21.59
Fund Incept Date	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	23
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	33
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	17

Expense Ratio vs. Peer Group



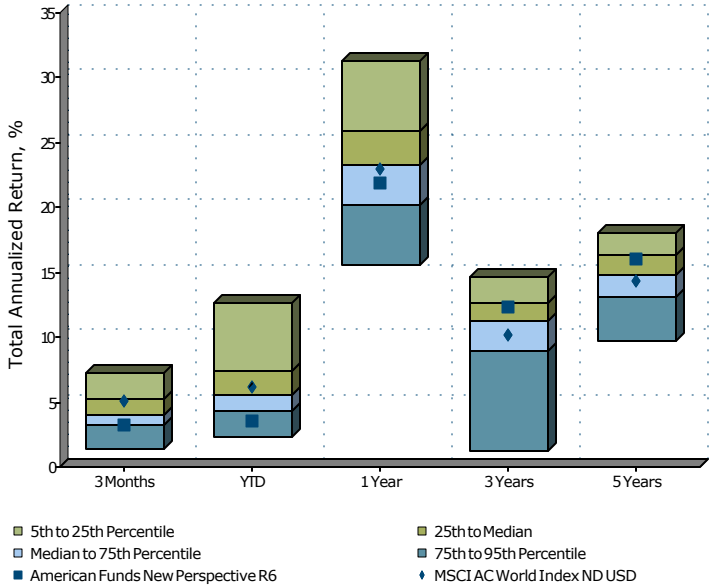
Turnover Ratio vs. Peer Group



Investment Strategy Summary

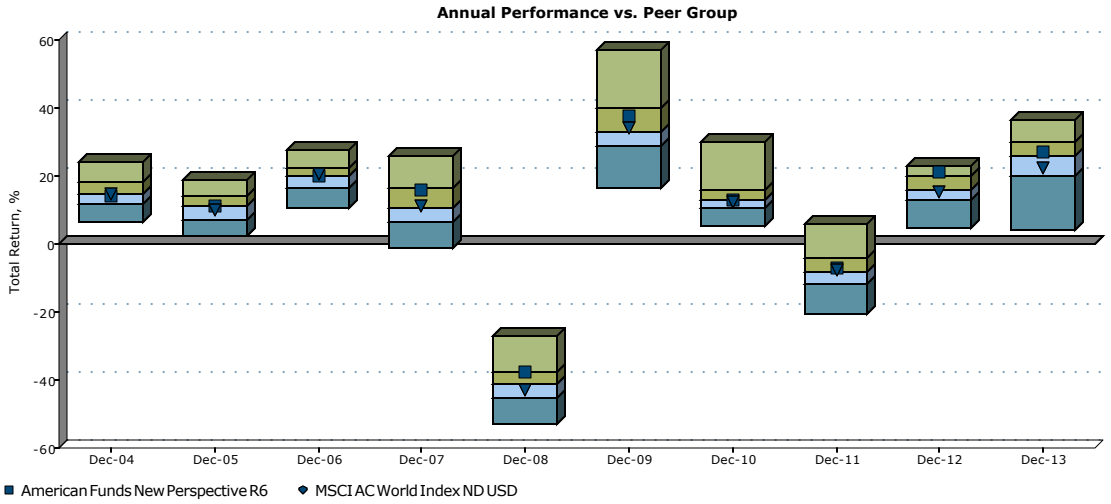
The investment seeks long-term growth of capital; future income is a secondary objective. The fund seeks to take advantage of investment opportunities generated by changes in international trade patterns and economic and political relationships by investing in common stocks of companies located around 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

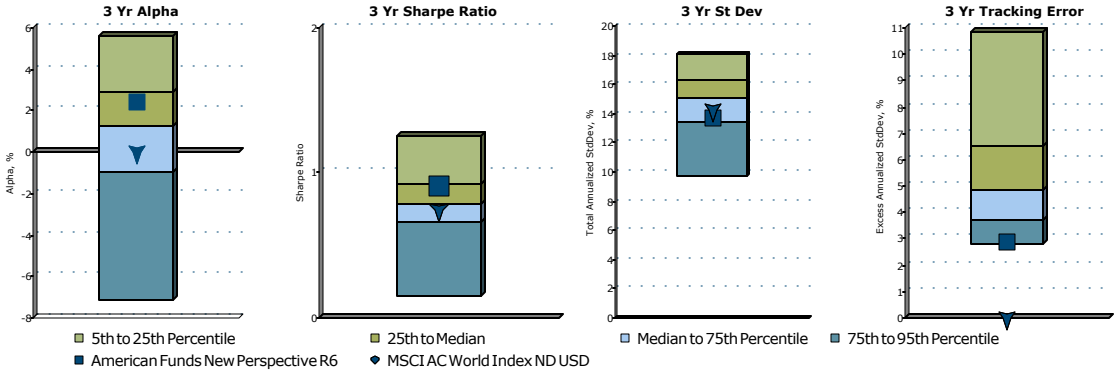


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
American Funds New Perspective R6	3.24	3.57	21.90	12.31	15.96
MSCI AC World Index ND USD	5.04	6.18	22.95	10.25	14.28
Universe(5%)	7.24	12.64	31.25	14.59	18.00
Universe(25%)	5.27	7.33	25.86	12.72	16.34
Universe(Median)	4.07	5.54	23.24	11.29	14.77
Universe(75%)	3.20	4.29	20.27	8.90	13.12
Universe(95%)	1.39	2.38	15.50	1.25	9.66

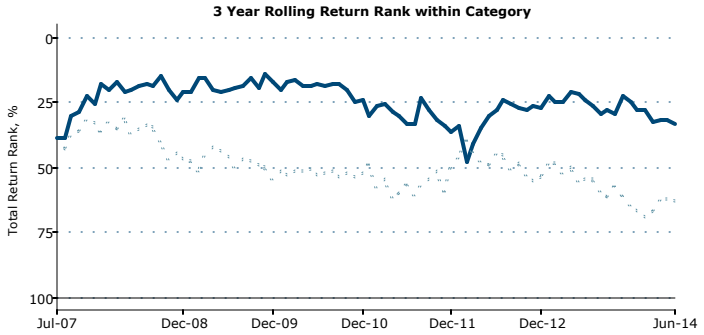
American Funds New Perspective R6

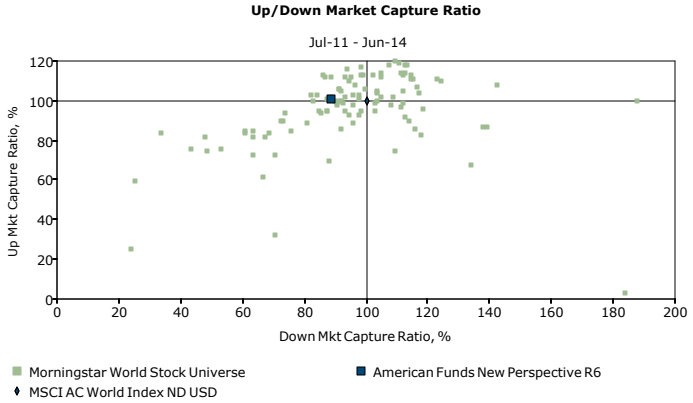


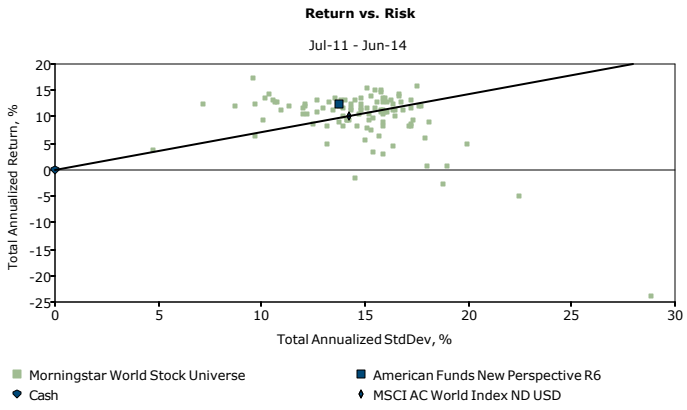
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
American Funds New Perspective R6	14.27	11.28	19.87	16.03	-37.83	37.72	13.11	-7.33	21.19	27.23
MSCI AC World Index ND USD	15.23	10.84	20.95	11.66	-42.20	34.63	12.67	-7.35	16.13	22.80



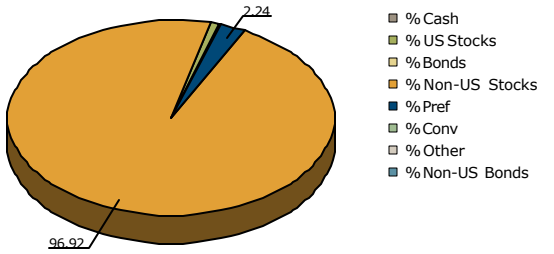
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
American Funds New Perspective R6	2.39	0.94	95.88	0.91	13.76	2.91
MSCI AC World Index ND USD	0.00	1.00	100.00	0.75	14.27	0.00
Universe(5%)	5.60	1.18	96.79	1.26	18.07	10.83
Universe(25%)	2.90	1.08	94.58	0.92	16.26	6.50
Universe(Median)	1.25	1.01	91.19	0.79	15.12	4.87
Universe(75%)	-0.92	0.89	84.27	0.66	13.42	3.70
Universe(95%)	-7.12	0.57	61.12	0.16	9.78	2.79







Vanguard Emerging Mkts Stock Idx I



Portfolio Region	
% United States	0.17
% Canada	0.00
% Latin America	20.22
% United Kingdom	0.00
% Eurozone	0.05
% Europe - ex Euro	0.10
% Europe - Emerging	10.39
% Africa	9.85
% Middle East	1.01
% Japan	0.00
% Australasia	0.00
% Asia - Developed	15.49
% Asia - Emerging	42.72

Portfolio Structure	
% Cash	0.68
% US Stocks	0.16
% Bonds	0.00
% Non-US Stocks	96.92
% Pref	2.24
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	9.95
% Communication Services	9.94
% Consumer Cyclical	7.26
% Consumer Defensive	8.63
% Healthcare	2.02
% Industrials	5.29
% Real Estate	2.55
% Technology	13.13
% Energy	9.79
% Financial Services	27.36
% Utilities	4.09

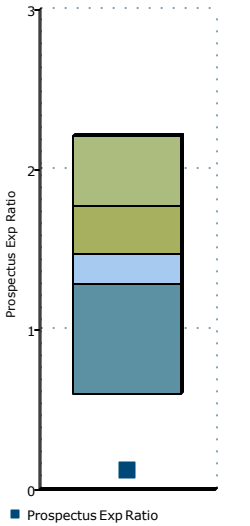
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Tencent Holdings Ltd.	1.89%
Taiwan Semiconductor Manufacturing Co Ltd	1.57%
China Construction Bank Corp H Shares	1.55%
China Mobile Ltd	1.49%
Industrial And Commercial Bank Of China Ltd H Shares	1.37%
Naspers Ltd Class N	1.26%
Taiwan Semiconductor Manufacturing Co Ltd ADR	1.25%
Mtn Group Ltd	1.10%
Bank Of China Ltd. H Shares	1.05%
Hon Hai Precision Ind Co Ltd	1.02%

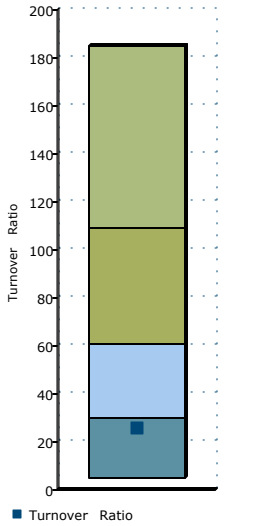
Portfolio Information	
Ticker	VEMIX
Morningstar Category	Diversified Emerging Mkts
Avg Mkt Cap $MM	18126.55
Cat Med Mkt Cap $MM	19516.68
Net Assets $MM	64020.59
Turnover Ratio	26.00
% Assets in Top 10 Holdings	13.54
Total Number of Holdings	955.00
Manager Name	Michael Perre
Manager Tenure	5.84
Fund Incept 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	59
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	49
10 Year Mstar Rating	★★★
% Rank Cat 10 Yr	32

Expense Ratio vs. Peer Group



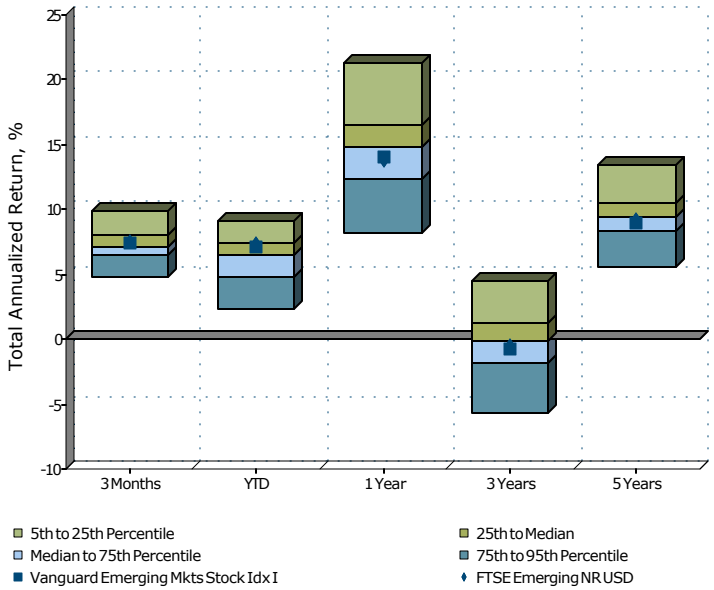
Turnover Ratio vs. Peer Group



Investment Strategy Summary

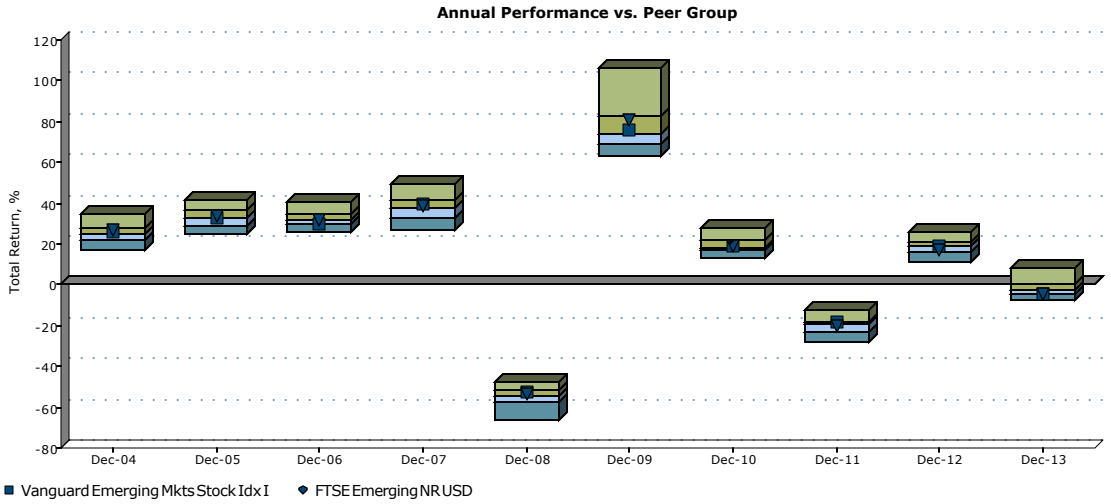
The investment seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in emerging market countries. The fund employs an indexing investment approach by investing substantially all (approximately 95%) of its assets in the common stocks 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

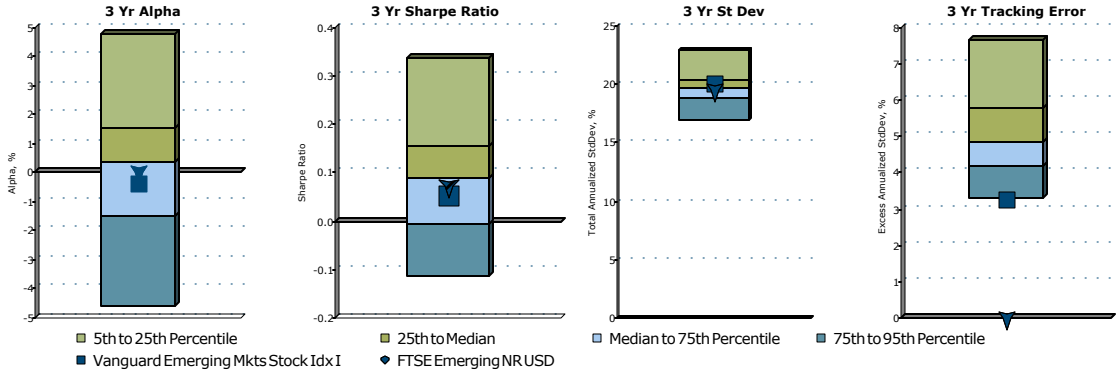


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Emerging Mkts Stock Idx I	7.44	7.11	14.08	-0.82	9.00
FTSE Emerging NR USD	7.52	7.38	13.74	-0.38	9.21
Universe(5%)	9.85	9.13	21.25	4.47	13.41
Universe(25%)	8.04	7.41	16.49	1.30	10.50
Universe(Median)	7.04	6.48	14.83	-0.07	9.36
Universe(75%)	6.51	4.82	12.43	-1.87	8.29
Universe(95%)	4.86	2.29	8.13	-5.72	5.59

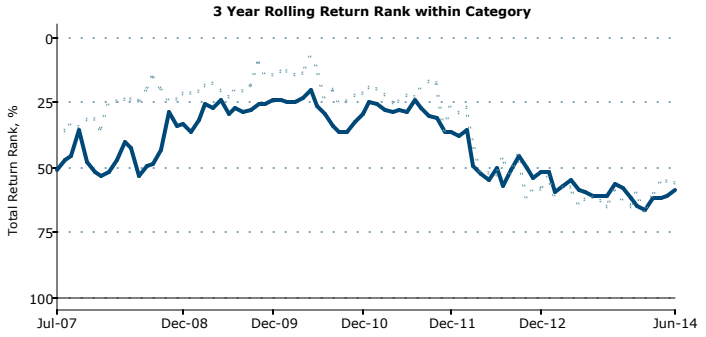
Vanguard Emerging Mkts Stock Idx I

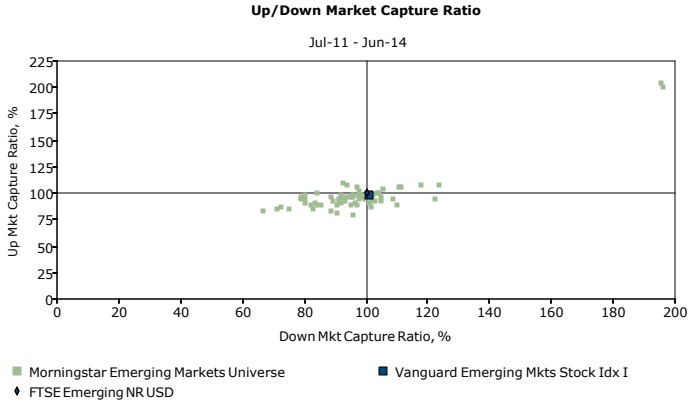


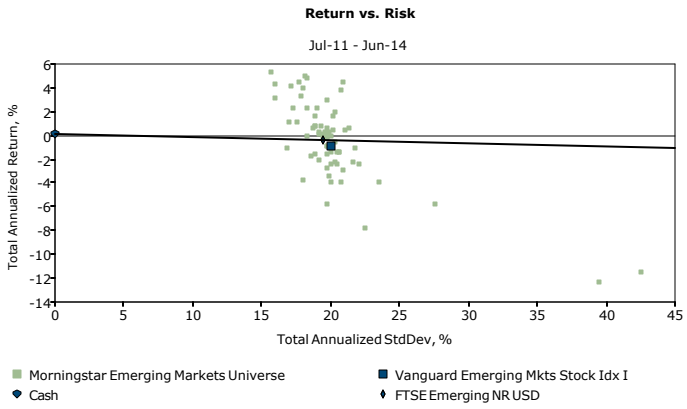
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard Emerging Mkts Stock Idx I	26.24	32.35	29.57	39.15	-52.74	76.35	19.06	-18.63	18.90	-4.99
FTSE Emerging NR USD	27.58	34.70	32.84	39.41	-53.03	82.15	19.60	-19.15	17.58	-3.79



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	-0.35	1.02	97.40	0.05	20.01	3.24
FTSE Emerging NR USD	0.00	1.00	100.00	0.07	19.44	0.00
Universe(5%)	4.79	1.14	97.26	0.34	22.97	7.68
Universe(25%)	1.54	1.03	95.90	0.16	20.41	5.81
Universe(Median)	0.39	0.99	94.32	0.09	19.73	4.88
Universe(75%)	-1.49	0.92	92.40	0.00	18.82	4.20
Universe(95%)	-4.58	0.84	88.17	-0.11	16.97	3.33



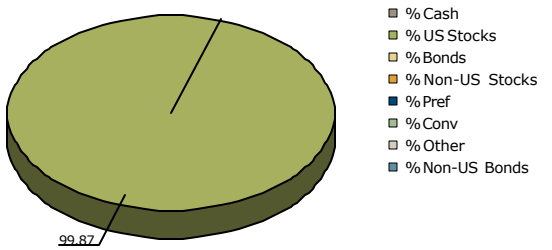




Milliman | Quarterly Investment Monitor

Data as of 06/30/2014

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	0.13
% US Stocks	99.87
% Bonds	0.00
% Non-US Stocks	0.00
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

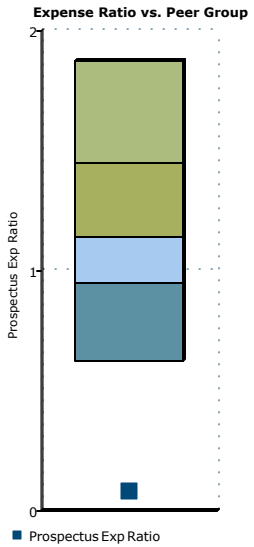
Sector Allocation	
% Basic Materials	0.00
% Communication Services	0.00
% Consumer Cyclical	0.00
% Consumer Defensive	0.00
% Healthcare	0.00
% Industrials	0.00
% Real Estate	100.00
% Technology	0.00
% Energy	0.00
% Financial Services	0.00
% Utilities	0.00

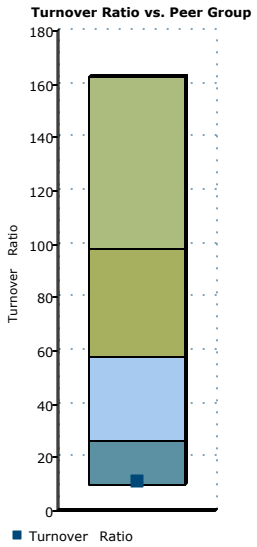
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Simon Property Group Inc	8.70%
Public Storage	4.20%
Equity Residential	3.53%
Prologis Inc	3.50%
Ventas Inc	3.27%
HCP Inc	3.18%
Boston Properties Inc	3.08%
Health Care REIT, Inc.	3.08%
AvalonBay Communities Inc	3.05%
Vornado Realty Trust	3.01%

Portfolio Information	
Ticker	VGSNX
Morningstar Category	Real Estate
Avg Mkt Cap $MM	8808.02
Cat Med Mkt Cap $MM	11652.46
Net Assets $MM	44187.28
Turnover Ratio	11.00
% Assets in Top 10 Holdings	38.61
Total Number of Holdings	138.00
Manager Name	Gerard C. O'Reilly
Manager Tenure	18.14
Fund Incept Date	05/13/1996
Prospectus Exp Ratio	0.08
Phone Number	800-662-7447

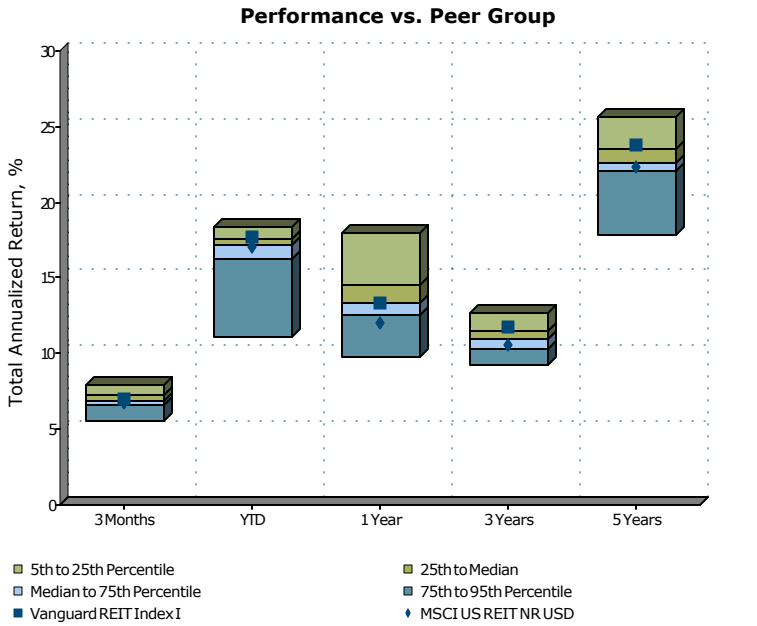
Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	10
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	12
10 Year Mstar Rating	★★★
% Rank Cat 10 Yr	27





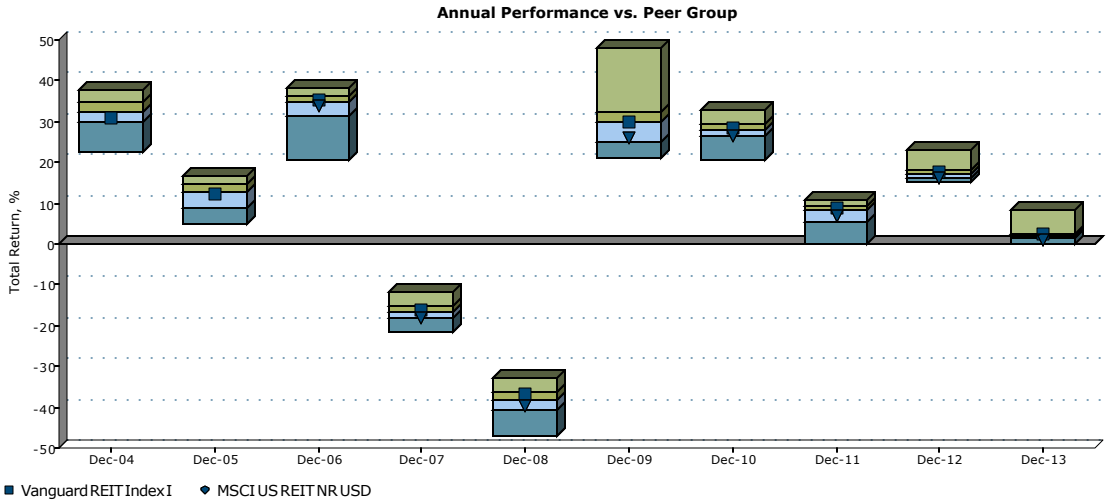
Investment Strategy Summary

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 US 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.

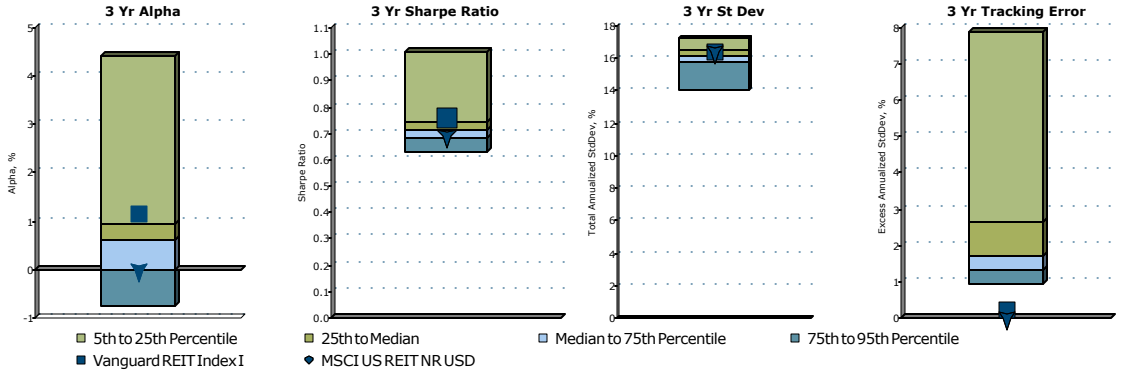


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard REIT Index I	6.99	17.65	13.40	11.81	23.82
MSCI US REIT NR USD	6.69	17.00	12.02	10.56	22.39
Universe(5%)	7.87	18.38	18.03	12.73	25.58
Universe(25%)	7.31	17.61	14.56	11.46	23.59
Universe(Median)	6.94	17.15	13.33	10.95	22.66
Universe(75%)	6.65	16.24	12.56	10.29	22.02
Universe(95%)	5.55	11.15	9.80	9.26	17.86

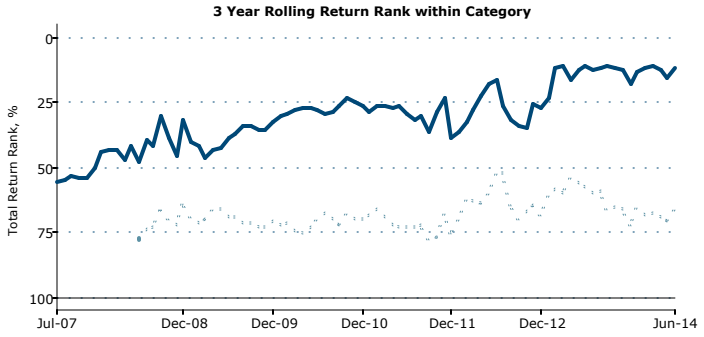
Vanguard REIT Index I

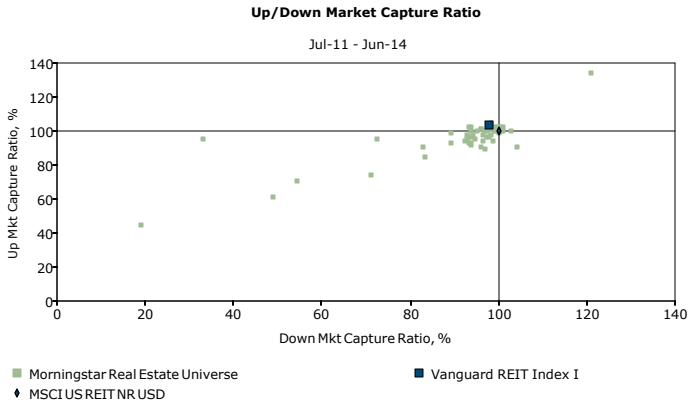


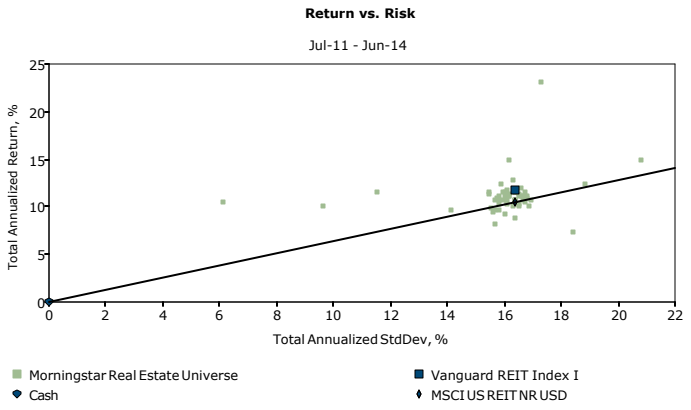
Annual Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vanguard REIT Index I	30.93	12.05	35.15	-16.38	-36.95	29.76	28.56	8.70	17.65	2.48
MSCI US REIT NR USD	NA	NA	34.18	-17.84	-39.05	26.27	26.97	7.48	16.47	1.26



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	0.76	16.37	0.21
MSCI US REIT NR USD	0.00	1.00	100.00	0.69	16.40	0.00
Universe(5%)	4.40	1.02	99.68	1.01	17.32	7.89
Universe(25%)	0.95	1.00	99.41	0.75	16.52	2.66
Universe(Median)	0.61	0.98	99.01	0.72	16.20	1.70
Universe(75%)	-0.01	0.95	97.60	0.68	15.84	1.35
Universe(95%)	-0.76	0.78	79.60	0.63	14.10	0.96







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

This Milliman work product was prepared solely for the internal business use of City of Dover, Delaware General Employee Pension Plan. Milliman's work may not be provided to third parties without Milliman's prior written consent. 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. 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. Unless explicitly stated in your Service Agreement, there should be no reliance on Milliman services to provide analysis or reporting on a daily basis, the changes to manager rankings, ratings or opinions thereon and are not intended to monitor investment manager compliance with individual security selection criteria, limits on security selection, and/or prohibitions to the holding of certain securities or security types. The One Year, Three Year, Five Year, and Ten Year rates of return are time-weighted annual rates. The One Month, Three Month, and Year to Date rates of return are rates for the period indicated. All returns include fund internal expenses, except sales charges, if any. The rates of return shown are for the mutual funds in which the retirement program participates, not for the plan specifically. Returns credited to individual accounts will vary due to the timing of contributions, transfers, and withdrawals. Past performance is no guarantee of future results. Milliman provides a copy of its SEC Form ADV Part II to clients without charge upon request. Milliman disclaims responsibility, financial or otherwise, for the accuracy or completeness of this report.

City of Dover, Delaware General Employee Pension Plan Asset Allocation Study

Date Prepared: July 2014

For Additional Information Contact:

Investment Consultant
Kevin Abessi, MBA
(646) 473-3321
kevin.abessi@milliman.com

Investment Consultant
Jeff Marzinsky, CPC, CIMA®
(518) 514-7100
jeff.marzinsky@milliman.com



Milliman | Asset Allocation Study

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

Milliman | Asset Allocation Study

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

Milliman | Asset Allocation Study

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

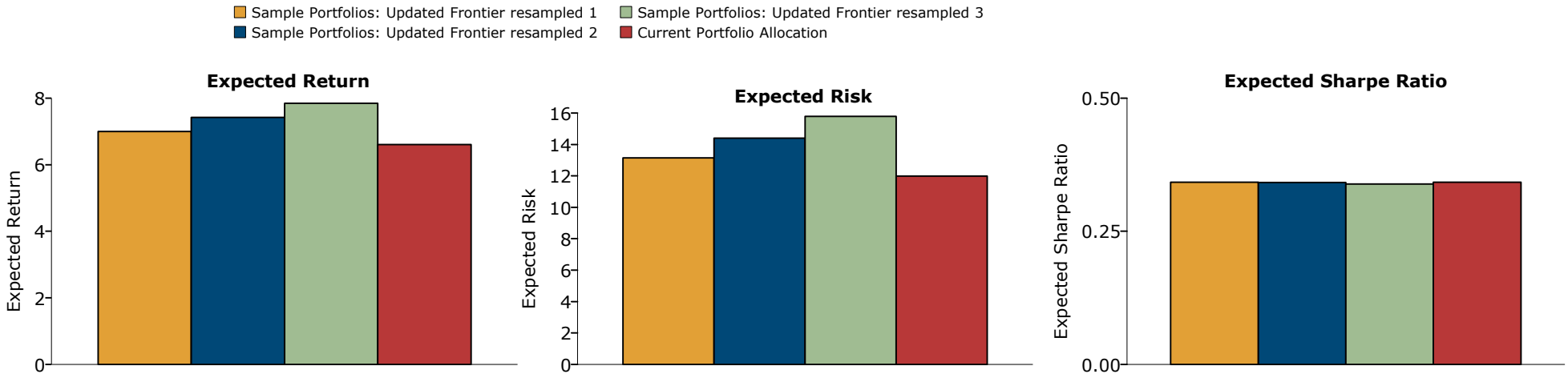
	Groups & Constraints, Updated Frontier
	Fixed Income
Cash	1.00
Short Bonds	1.00
Long Bonds	1.00
Interm Bonds	1.00
Inflation-Indexed Bonds	1.00
High Yield	1.00
Min, %	20.00
Max, %	50.00

Milliman | Asset Allocation Study

Portfolio Options

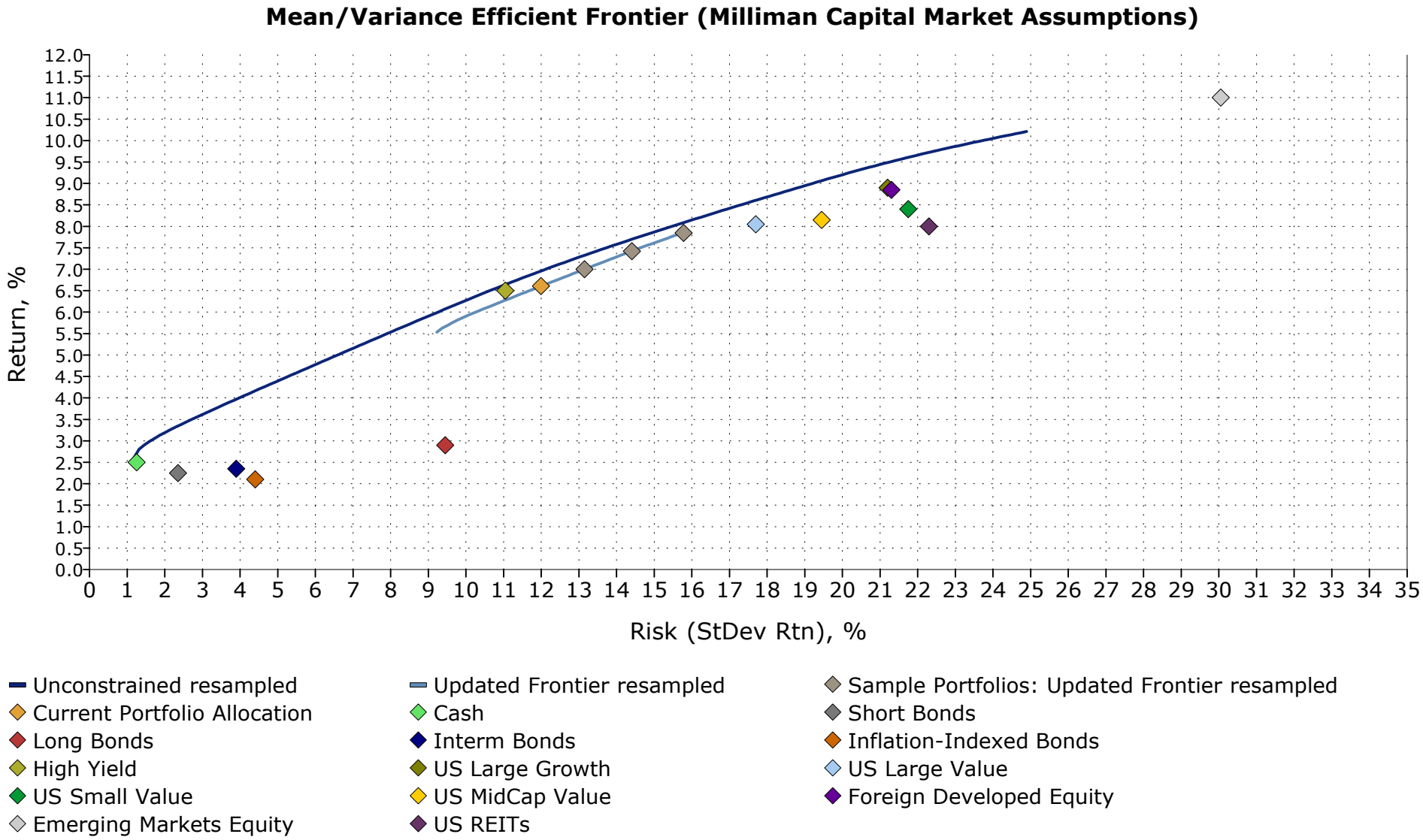
	Sample Portfolios: Updated Frontier resampled 1	Sample Portfolios: Updated Frontier resampled 2	Sample Portfolios: Updated Frontier resampled 3	Current Portfolio Allocation
Cash	3.6	3.3	3.0	4.5
Short Bonds	4.5	3.0	2.0	5.5
Long Bonds	7.3	7.3	4.0	9.0
Interm Bonds	5.9	2.7	2.0	8.0
Inflation-Indexed Bonds	4.7	3.1	2.1	6.0
High Yield	6.7	6.7	6.9	6.0
US Large Growth	14.4	15.3	15.9	11.0
US Large Value	10.6	12.1	9.2	10.0
US Small Value	6.8	7.6	11.5	7.0
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	8.0
Fixed Income	**32.7%**	**26.1%**	**20.0%**	**39.0%**
Equity	**67.4%**	**74.0%**	**80.0%**	**61.0%**

Expected Return	7.00%	7.42%	7.85%	6.61%
Expected Standard Deviation	13.152	14.405	15.781	11.993
Expected Sharpe Ratio	0.342	0.342	0.339	0.342



Milliman | Asset Allocation Study

Efficient Frontier



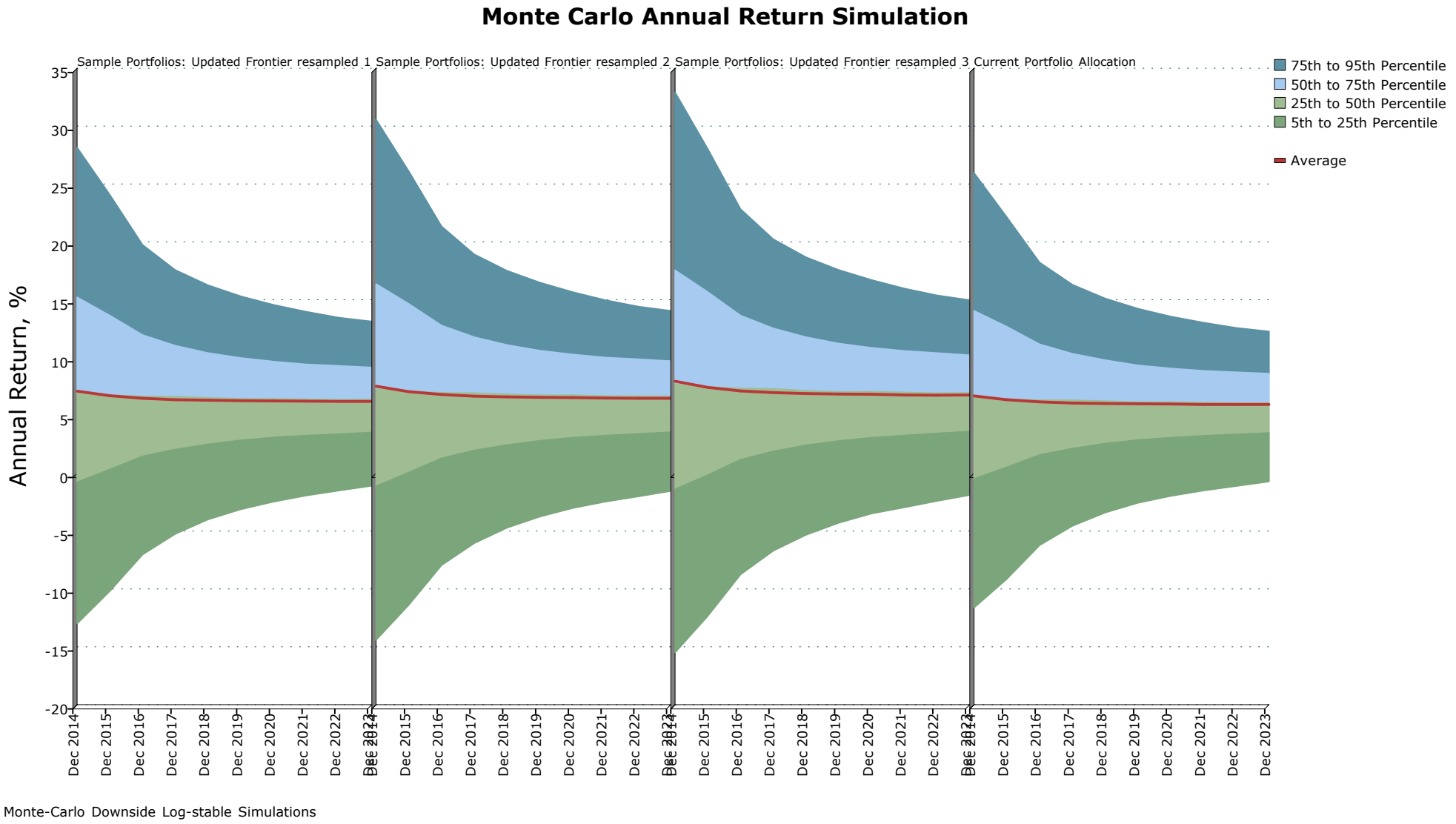
Milliman | Asset Allocation Study

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	-11.62	6.56	25.93
Jul 14 - Dec 15	-10.18	6.74	24.06	-11.36	7.09	26.09	-12.35	7.46	28.01	-9.14	6.41	22.14
Jul 14 - Dec 16	-7.03	6.64	19.74	-7.94	6.96	21.33	-8.75	7.33	22.83	-6.24	6.31	18.22
Jul 14 - Dec 17	-5.26	6.62	17.56	-6.04	6.93	18.92	-6.70	7.29	20.22	-4.55	6.31	16.28
Jul 14 - Dec 18	-4.00	6.52	16.25	-4.72	6.82	17.50	-5.33	7.13	18.66	-3.41	6.23	15.09
Jul 14 - Dec 19	-3.11	6.43	15.28	-3.75	6.74	16.47	-4.28	7.03	17.56	-2.56	6.14	14.22
Jul 14 - Dec 20	-2.45	6.43	14.55	-3.02	6.74	15.65	-3.49	7.04	16.71	-1.97	6.14	13.54
Jul 14 - Dec 21	-1.93	6.39	13.96	-2.46	6.69	14.95	-2.95	6.98	15.96	-1.50	6.11	13.01
Jul 14 - Dec 22	-1.51	6.36	13.45	-2.01	6.66	14.40	-2.40	6.93	15.36	-1.11	6.07	12.56
Jul 14 - Dec 23	-1.09	6.37	13.12	-1.53	6.67	14.04	-1.88	6.96	14.95	-0.72	6.07	12.26

Asset Allocation Study

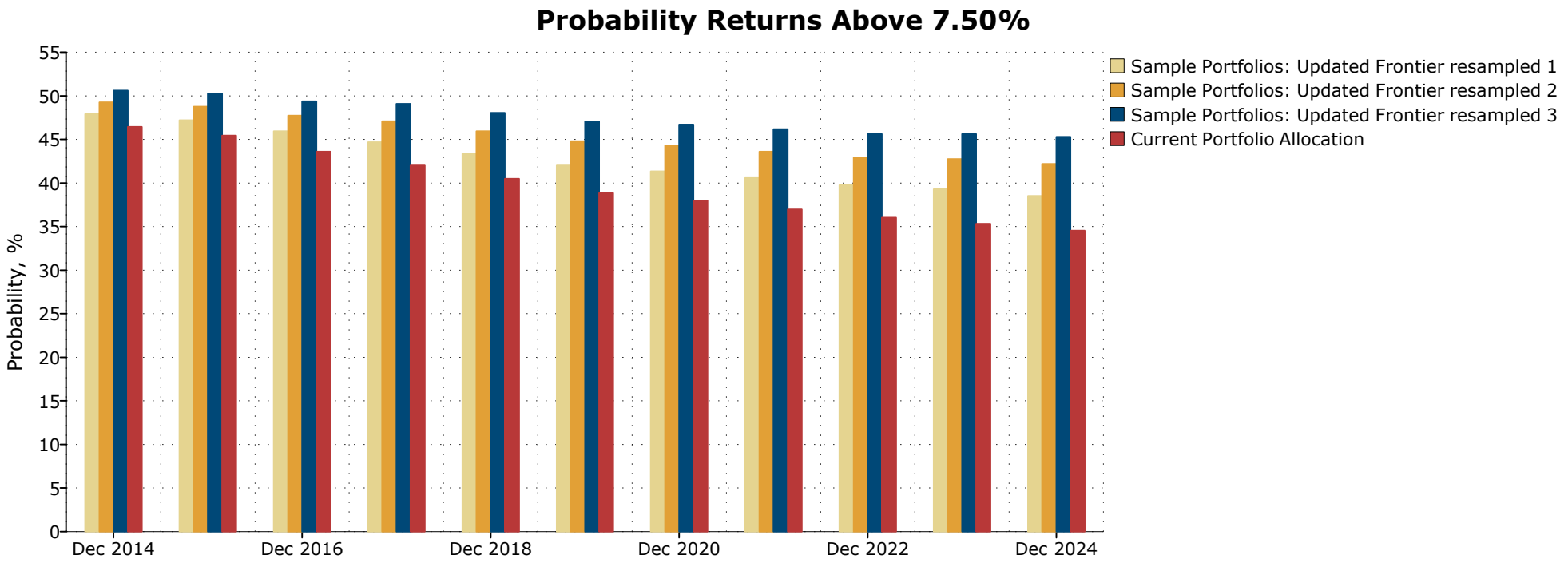
Monte Carlo Simulation



Monte-Carlo Downside Log-stable Simulations

Milliman | Asset Allocation Study

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	46.45
Jul-14 - Dec-15	47.20	48.76	50.26	45.44
Jul-14 - Dec-16	45.93	47.74	49.37	43.59
Jul-14 - Dec-17	44.68	47.09	49.08	42.11
Jul-14 - Dec-18	43.37	45.94	48.06	40.48
Jul-14 - Dec-19	42.10	44.79	47.05	38.85
Jul-14 - Dec-20	41.33	44.29	46.70	37.99
Jul-14 - Dec-21	40.58	43.61	46.16	36.96
Jul-14 - Dec-22	39.76	42.92	45.62	36.02
Jul-14 - Dec-23	39.28	42.73	45.63	35.33
Jul-14 - Dec-24	38.53	42.19	45.30	34.53

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.

Milliman | Asset Allocation Study

Disclaimer

This report has been prepared for the internal use of City of Dover, Delaware General Employee Pension Plan and is only to be relied upon by City of Dover, Delaware General Employee Pension Plan No portion of this report may be distributed or otherwise furnished to any other party without Milliman's prior written consent. In the event such consent is given, the report must be provided in its entirety. Milliman does not intend to benefit any third party recipient of its work product and does not intend to create any legal duty from Milliman to any other party even if Milliman's work product is so distributed. Information on individual investment managers and plan investment options contained in this report have been obtained from the firms themselves or a third party vendor. Although Milliman did not perform a detailed audit of the information provided, we reviewed the data for reasonableness and consistency. The performance data within this report represents past performance and is no guarantee of future results. All returns include internal expenses, except sales charges, if any. The rates of return shown are for the investment options in which the retirement program participates, not for the plan specifically. Returns credited to individual accounts will vary due to the timing of contributions, transfers, and withdrawals.

INVESTMENT POLICY STATEMENT

CITY OF DOVER EMPLOYEES PENSION PLAN

August 2014

INVESTMENT POLICY STATEMENT

CITY OF DOVER EMPLOYEES' PENSION PLAN

Table of Contents

Section		Page
I.	Purpose and Background	2
II.	Statement of Objectives	3
III.	Control Procedures & Responsibilities	4
IV.	Investment & Allocation Policy	7
V.	Investment Manager Guidelines	9
VI.	Selection of Investment Managers	11
VII.	Investment Evaluation	12
	Appendix	

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 Employees' 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 Employees' 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 terminate the plan if deemed appropriate.

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 objectives 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, options and futures, stocks, bonds, commingled funds, and collective trusts, exchange traded funds (ETFs):

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 cash and equivalents, mutual funds, separate accounts, options and futures, stocks, bonds, commingled funds, and collective trusts, exchange traded funds (ETFs). 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

_____

Treasurer/Finance Director

Date approved: _____

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	6%
Intermediate Term Bond	8%
Long-Term Bond	9%
High Yield Bond	6%
Large Value	10%
Large Growth	11%
Mid Cap Equity	5%
Small Cap Equity	7%
Foreign Equity	10%
Diversified Emerging Mkts	10%
Real Estate	8%
	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

Date approved: _____

APPENDIX A

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

STRATEGIC ASSET ALLOCATION POLICY (1)

Asset Class	Target
Cash & Short-Term Bond	7%
Inflation-Protected Bond	5%
Intermediate Term Bond	6%
Long-Term Bond	8%
High Yield Bond	7%
Large Value	11%
Large Growth	14%
Mid Cap Equity	6%
Small Cap Equity	7%
Foreign Equity	12%
Diversified Emerging Mkts	9%
Real Estate	8%
	100.00%

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

Date approved: _____

APPENDIX A

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

STRATEGIC ASSET ALLOCATION POLICY (2)

Asset Class	Target
Cash & Short-Term Bond	6%
Inflation-Protected Bond	3%
Intermediate Term Bond	4%
Long-Term Bond	7%
High Yield Bond	6%
Large Value	12%
Large Growth	15%
Mid Cap Equity	7%
Small Cap Equity	8%
Foreign Equity	13%
Diversified Emerging Mkts	10%
Real Estate	9%
	100.00%

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

Date approved: _____

APPENDIX A

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

STRATEGIC ASSET ALLOCATION POLICY (3)

Asset Class	Target
Cash & Short-Term Bond	5%
Inflation-Protected Bond	2%
Intermediate Term Bond	2%
Long-Term Bond	6%
High Yield Bond	5%
Large Value	9%
Large Growth	16%
Mid Cap Equity	9%
Small Cap Equity	11%
Foreign Equity	15%
Diversified Emerging Mkts	11%
Real Estate	9%
	100.00%

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

Date approved: _____