CIVILIAN PENSION BOARD AGENDA

NOVEMBER 14, 2013 - 11:00 A.M.

CITY HALL CONFERENCE ROOM
15 LOOCKERMAN PLAZA
DOVER, DELAWARE

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

AGENDA ADDITIONS/DELETIONS

1. Approval of Minutes - Civilian Pension Board Meeting of August 8, 2013

2. Quarterly Performance Review *(Quarter Ending September 30, 2013) (Milliman, Inc.) (Staff Recommends Acceptance of the Report)*

3. History - Approval of Routine Applications for Retirement

4. Adjournment

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

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

CIVILIAN PENSION BOARD

The Civilian Pension Board meeting was held on August 8, 2013 at 2:00 p.m. with Chairman Bonar presiding. Members present were Councilman Lynn (arrived at 2:07 p.m.), Mr. Blakeman, Mr. Clendaniel, Mrs. Hettinger, Mr. Koenig, and Mrs. Mitchell.

AGENDA ADDITIONS/DELETIONS

Mrs. Mitchell moved to add "and Staff Recommendations" to Agenda Item #4, Investment Manager Recommendations.

Mr. Blakeman moved to approve the agenda as amended, seconded by Mr. Clendaniel and unanimously carried.

Adoption of Minutes - Civilian Pension Board Meeting of May 9, 2013

Mrs. Hettinger moved for adoption of the minutes of the Civilian Pension Board Meeting of May 9, 2013, seconded by Mr. Blakeman and unanimously carried.

Organizational Issues - Election of Chair

Mr. Bonar opened the floor for nominations for Chair of the Civilian Pension Board.

Mr. Clendaniel moved to nominate Mr. Lynn to serve as Chair, seconded by Mr. Blakeman.

Mr. Blakeman moved to close nominations, seconded by Mrs. Hettinger and unanimously carried.

The motion to elect Mr. Lynn as Chair of the Civilian Pension Board was unanimously carried.

Quarterly Performance Review *(Quarter Ending June 30, 2013) (Milliman, Inc.)*

Mr. Jeff Marzinsky, Principal and Employee Benefits Consultant, Milliman, Inc., reviewed Item #1 of the Investment Committee Meeting Notes - 8/8/2013 Memo included with the Quarterly Investment Monitor Summary Report for the Quarter Ending June 30, 2013. He noted that the plan assets as of the end of the quarter were approximately $30M, an increase from the previous balance of approximately $25M. He advised members that a large contribution was made at the end of the quarter which pushed the plan out of the allocation targets; however, the funds were rebalanced immediately after the end of the quarter and would be in line for the next quarter. The plan return was close to the portfolio benchmark but slightly negative, which was driven by negative bond returns and troubled emerging markets during the quarter. Otherwise, performance was in line with the target benchmark, there were no problems with investment managers, and no changes in managers were recommended.

Investment Manager and Staff Recommendations

Referring to Item #2 of the Investment Committee Meeting Notes - 8/8/2013 Memo included with the Quarterly Investment Monitor Summary Report for the Quarter Ending June 30, 2013, Mr. Marzinsky stated that at least once per year Milliman updates market expectations. He reviewed the Optimization Input Review, noting the expected returns for each asset category, as well as the expected volatility. He explained that long-term bonds and emerging markets were potential areas

of risk and that it was advisable to reduce long-term bond exposure in light of rising interest rates; therefore, some changes in asset allocation were recommended.

Referring to the Portfolio Options chart, Mr. Marzinsky reviewed the recommended adjustments outlined in the Customized Alternative Portfolio column, which reflected the 40% funded status indicated in Amendment II to the Investment Policy for the City of Dover Employees' Pension Board. He indicated that long duration bond and emerging market exposure would be tapered back in this scenario. Some of the long-term bonds would be reallocated to other fixed income investments within the plan, lowering the duration. Similarly, on the equity side, exposure would be reduced to emerging markets and these assets would be reallocated among other stock investments within the plan. The overall 61% equity to 39% fixed income allocation would be maintained. Mr. Marzinsky noted that high-yield investments would be introduced in this portfolio, since these shorter duration investments with lower credit quality would be less susceptible to interest rate adjustments. He explained that the expected return would be approximately the same, the potential risk would increase slightly, and the portfolio would be kept within the guidelines that were previously developed.

Referring to Item #3 of the Investment Committee Meeting Notes - 8/8/2013 Memo, Mr. Marzinsky recommended selection of Ivy High-Income I as fund manager of the high-yield investments, noting that this fund had the best return of the funds reviewed, as well as the best rank in the asset category and the lowest level of volatility over three (3) and five (5) years. He noted that the high-yield portfolios reviewed focused on average on B-rated corporate bonds.

No other changes to the managers of investments in the portfolio were recommended at this time.

Mrs. Hettinger moved to approve Amendment II to the Investment Policy Statement for the City of Dover Employees' Pension Board, seconded by Mr. Lynn and unanimously carried.

Mrs. Mitchell moved to invest in Ivy High-Income I as a new fund. The motion was seconded by Mr. Blakeman and unanimously carried.

Mrs. Mitchell explained that it was staff's recommendation that the Investment Policy for the Civilian Pension Trust be reviewed annually, similar to the City of Dover Investment Policy. She suggested that this be done each August.

Mr. Blakeman moved to amend the Investment Policy for the City of Dover Employees' Pension Board to include a statement that the City of Dover Employees' Pension Plan investment policy be adopted by the Board of Trustees. The policy will be reviewed with the Investment Manager at least once every year by the Board of Trustees, which is charged with considering the existing policy and any recommendations to modify the policy. The motion was seconded by Mr. Stallings and carried unanimously. *(City Clerk's Office Note: Subsequent to the meeting, the Investment Policy for the City of Dover Employees' Pension Board was revised to include this statement as well as Amendment II (**Attachment #1**).*

Audit Procedures

Mr. Bill Seymour, SB and Company, LLC, (City Auditor) reviewed a presentation entitled, "City of Dover, Year Ended June 30, 2012, Meeting with Pension Board - August 8, 2013." He noted that SB & Company, LLC had issued an unqualified opinion for the June 30, 2012 City of Dover financial statements, which was the best opinion that could be issued under generally accepted auditing standards and indicated that the financial statements were reasonably free of material misstatement. Mr. Seymour noted that although the pension funds were legally separate from the City, for accounting purposes they were considered part of the overall reporting package since the City had fiduciary responsibility to review and report on the funds. He noted that the pension information was fully scoped within the financial statement audit and was included in the auditor's unqualified opinion.

Referring to the cover letter included in the Financial Section, Part A, Report of Independent Public Accountants included in the 2012 Comprehensive Annual Financial Report (CAFR), Mr. Blakeman noted the inclusion of the following statement:

> *Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the general fund - schedule of revenues, expenditures, and changes in fund balance - budget and actual, the governmental capital projects fund - schedule of revenues, expenditures and changes in fund balance - budget and actual, and required supplemental schedules of funding progress and schedules of employer contributions for the Pension Plans Funds and Other Post Employment Plan, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context . . . We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.*

Mr. Blakeman requested clarification from Mr. Seymour regarding the audit procedures in regard to the Civilian Pension Fund.

Mr. Seymour explained that the Required Supplemental Information included in the CAFR is actuarial information that shows the funding status of the plan and the amount of historical contributions. This is additional information that is required to be disclosed but is not part of the basic financial statements. However, the CAFR includes a statement of net assets of the plan, including the investments, the investment valuation as of June 30th, and any liabilities that the plan would have, as well as a statement of changes in net assets in the plan. The income statement included shows investment income, contributions, and interest dividends, as well as benefit payments and any administrative expenses. Mr. Seymour noted that all of this information is included in the audit, as well as supplemental information that is not part of the audit but is required to be disclosed by management, similar to the statistical section of the CAFR which includes information related to the City (e.g., population, etc.) that is not audited or required to be audited.

Noting that the Combining Statement of Pension Trust Fund Net Assets on Page 124 of the CAFR was included in the Required Supplementary Information section, Mr. Blakeman inquired if this meant that this information was not audited or reviewed by SB & Company, LLC, and if the firm would, therefore, not make statements about it.

Mr. Seymour stated that the Police Pension Fund and the General Employees' Pension Fund were examined individually to ensure that they were not materially misstated and then, for financial reporting purposes, they were combined, and that is what is shown in the basic financial statements, (the audited section) of the CAFR.

Mrs. Mitchell explained that staff and the auditors check to make sure that the numbers in the combined report agree with the numbers in the supplemental information.

Mr. Seymour advised members that the auditor examines whether financial statements are materially correct and this is a two (2) part process that includes: 1) examining the processes and controls that management has put into place to produce an accurate set of financial statements; and 2) substantive testing to ensure that the investment valuations conform with third-party valuations to make sure that the numbers in the financial statements are correct. Mr. Seymour reviewed the steps of a Risk-Based Audit Approach, noting that the idea is to focus on the operations, how management controls risks, and the ultimate effect of misstatement on the financial statements, as well as if there were any additional items that should be brought to the attention of the City. He noted that no pension-specific items were identified.

Mr. Seymour noted SB & Company determined that the City's performance was effective in all five (5) categories relating to evaluation and assessment of control environment, which is the best term that the auditor uses, as were the design and operation of key processes and functions. He noted that the audit performed was not a fraud audit; however, explained that SB& Company was required to maintain a healthy skepticism and look for fraud.

Mr. Blakeman noted that he was recently informed that Board members had fiduciary responsibilities for the General Employees' Pension Fund and, as such, he felt that members could be held accountable. He posed a number of questions related to the administration of the plan, including who handles the process of retirement, who checks to see if it has been handled correctly, how the payer is notified that the retiree needs to be paid, and how it is ensured that the list of names submitted to the payer is the same list that the City holds for those who should be getting checks. He questioned how the City was notified when someone dies, whether the City verifies that checks are being issued only to those who are entitled to receive them, how checks are written, who has to sign them, and whether checks require two (2) party or one (1) party signatures. He indicated that a list of new retirees was issued every six (6) months, but members did not receive a list of those who are deceased. He questioned whether the audit by SB & Company would cover these issues.

Mr. Seymour stated that each of these items could potentially affect the amounts reported in the financial statements; therefore, the processes and controls that management uses to process benefits were considered, including whether management was doing what must be done to ensure that a reasonable process and reasonable controls were in place to prevent and/or detect material errors.

He indicated that all items mentioned by Mr. Blakeman were examined as part of the audit in terms of the information reported in the financial statements. Decisions regarding the frequency of reviewing items such as deaths (e.g., weekly, monthly, etc.) would be made by management and the auditor would consider whether these types of decisions were reasonable. He stated that decisions from a performance standpoint may differ; however, he indicated that SB & Company did not see anything that was "out of line."

In regard to the fiduciary role of board members, Mr. Seymour stated that, in his experience, liabilities were related to board members who acted according to what was best for their own interests. He was unsure if the City carried Directors and Officers (D & O) liability insurance for volunteer board members, which he stated was relatively inexpensive and would protect board members who served as volunteers and were not being fully compensated and noted that this might be something that the City would choose to look at if not covered within the City's current insurance policies.

Mrs. Mitchell explained that she was covered as a staff member but was unsure if volunteer board members were covered.

Mr. Blakeman noted that he had come across instances where problems emerged due to negligence in procedures and it was discovered that a board had not done due diligence to ensure that there were not errors or a lack of appropriate policies.

Mr. Seymour felt that holding discussions like the current one and walking through audit procedures was a deterrent toward improper action and provided an incentive for management to do things correctly. He advised members that he had seen instances where boards were completely negligent, didn't ask questions, and ignored problems raised by auditors. He felt that requiring an external audit and examining insurance from a protection standpoint were appropriate. He noted that additional audits could be performed; however, he did not know that there would be much "bang for the buck" in conducting an audit above and beyond the work that is done by SB & Company. However, he noted that circumstances, including investment performance, could change tomorrow and this could then be more important.

Mrs. Hettinger stated her discomfort with the Pension Board. She noted that she recently came to City Hall with a mentally challenged employee who retired and she was able to assist him in making changes that would benefit him in two (2) instances. She stated that the Civilian Board members currently had no interaction with the employees who vote them into office and that this responsibility had been taken away. She noted that previously when an employee retired, a meeting was held by the Human Resources and Finance Departments, the Pension Board, the retiring employee, and the City Manager. All items were reviewed before the Pension Board, and if they felt this employee was not getting a fair share, the Board was present to speak up for them. She stated that this no longer happened and that the Board had only financial responsibility. Mrs. Hettinger felt that some employees may not understand the retirement process and expressed her desire to represent these individuals. She felt that the Board members were not helping employees as members had in the past and that they might just as well be appointed rather than elected. She was unsure how, when, and by whom the former process was changed and felt that this should be examined.

Mrs. Mitchell stated that the process Mrs. Hettinger described had not been in effect in the City since at least the year 2000. She noted that the Board was formerly provided a copy of the pension application. The Board subsequently recommended that only a list be provided and agreed that the list would be provided after the fact because they were basically providing only a "stamp of approval," since calculations were being done and no changes were being made. Mrs. Mitchell recalled that it had been difficult to schedule meetings and obtain a quorum of Pension Board members to approve retirement applications, especially when employees retired without providing much notice.

Mr. Blakeman stated that the majority of employees who retire do not have the ability to calculate their average salary for the last three years and only receive a piece of paper saying what it is.

Mr. Bonar noted that the State of Delaware has a simple way to determine this information through the State pension website. The employee can add the income earned for the last three (3) years and a pension amount based on the number of years and a retirement plan is generated. He was unsure what the cost of the program was, whether it would be worth the City's while to invest in it, or whether the City could "piggyback" off the State's system.

Mr. Koenig reminded members that the General Employees' Pension Plan was phasing out; therefore, such a program would not be applicable to everyone. He felt it would not apply to the Police Department.

Mrs. Hettinger questioned how the family of a deceased employee would know what benefits they were entitled to.

Mrs. Hawkins, Human Resources Director, stated that she had been in Human Resources since 2000 or 2001 and did not recall attending meetings with employees, Board members, and a member of Human Resources; however, she did recall meetings when the pension application was read into the record and approved by the Board. She concurred that obtaining a quorum of Civilian Pension Board members was a concern. She stated that the Human Resources Department takes great pride in ensuring that employees are educated when they retire and that time is taken to explain the numbers to employees. Before changing over to ADP, staff provided yearly statements to employees in the defined benefit plan so they knew exactly how much was contributed to the plan, which correlated to their check stubs. Mrs. Hawkins advised members that it takes a good deal of time for Human Resources staff to do pension calculations. Documents are reviewed with the employee and explained, and employees are shown the Code and directed to the website to review it further. They are educated on how the numbers are calculated and information is provided to take home, review, and analyze with a spouse, and they are encouraged to return with any questions. Staff goes out of their way to provide the customer service that employees need to retire because it is a huge decision. She acknowledged that there is not the same opportunity for due diligence when employees retire on very short notice. Mrs. Hawkins stated that she was familiar with the State web application for calculating pensions and, from her recollection, the employee must enter their annual salary (the application does not pull from payroll records), must estimate when they plan to retire and their years of service, and the application does a general calculation. She stated that she could provide

this information for employees since the calculation is based on 2% for every year of service. Mrs. Hawkins emphasized that Human Resources staff is available to anyone who needs assistance.

Mrs. Mitchell stated that Human Resources is also available for spouses and families of deceased employees and walks through every step with them.

Mr. Blakeman concurred that his retirement was spelled out exactly by Human Resources staff and their calculations agreed with his personal calculations. His concern was that employees are often intimidated by the setting and reluctant to ask questions or challenge determinations. He felt that prior to 2000, employees felt that they could sit with people they elected to the Board, talk to them separately, and raise questions that they might not be comfortable raising. He acknowledged the problems related to timing in terms of getting a quorum together.

Mr. Seymour noted that no complaints were identified in the audit regarding retirement amounts. He suggested that an email box be created to which only the Board would have access to allow them the ability to review concerns brought forward by retiring employees. Employees could then have access to board members and members could decide how they wish to adjudicate these matters.

Mrs. Hettinger stated that the Human Resources Department did an excellent job; however, some employees at the street level did not believe that management was in their corner. She noted that many individuals in the Civilian Pension Plan were older employees who do not trust middle and upper-level staff.

Mr. Bonar suggested that this topic could be added to a future agenda if members wished to discuss it in further detail.

Mr. Lynn suggested that the Clerk's Office be asked to provide a history of the changes that had occurred by researching the minutes of the meetings that reflect the change in procedure that occurred in approximately 2000 and was described by Mrs. Hettinger.

Responding to Mr. Blakeman regarding the need for a risk-based audit, Mr. Seymour stated that, based upon the information he had seen, he did not feel that there was a need for an additional audit at this point. He felt that, from the Board's perspective, members should consider and communicate to management what retirees were telling them since information and communication was a key component of evaluating and assessing the control environment during the audit procedure. If numerous complaints were being received about pay, this would reveal a symptomatic problem that should be investigated further; however, absent that, there was no "smoking gun" that would indicate that this should be investigated further.

Mr. Blakeman noted, as stated in the presentation, that it was SB & Company's responsibility to "approach all audits with an understanding that fraud could occur in any entity, at any time, by anyone." Since a risk audit had never been done, he questioned if this should be done at least once to say that it had been done, even though no complaints had been received.

Mr. Seymour explained that this verbiage was the standard for the audit that SB & Company was required to do and not necessarily something that Board members would be held to. He felt that the determining factor was how much money the Board wished to spend versus the inherent benefit, considering there were no constituent complaints or any indication of a problem.

Mr. Blakeman inquired if an affirming statement could be put in the CAFR cover letter to indicate what was done for the Pension Fund, including a statement that samples were taken and examined.

Mr. Seymour stated that the opinion referenced that the audit was completed in accordance with generally accepted auditing standards and that the wording was considered standard and could not expand very much unless there were an issue.

Mr. Blakeman stated that he felt much better after the discussion and would not recommend a risk audit at this point. He noted that he would be asking separately about insurance concerns.

Mr. Seymour encouraged Mr. Blakeman to contact him if he had concerns about the plan.

Scheduling of Future Meeting Dates

Mr. Blakeman moved to tentatively schedule meetings for the Civilian Pension Board on November 14, 2013; February 13, 2014; May 8, 2014; and August 14, 2014 at 11:00 a.m. The motion was seconded by Mrs. Hettinger and unanimously carried.

By unanimous consent, the meeting adjourned at 3:12 p.m.

David L. Bonar
Chair

DLB/JS/dd/tm
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Attachment
Attachment #1 - Investment Policy for the City of Dover Employees' Pension Board, as amended

INVESTMENT POLICY

CITY OF DOVER
EMPLOYEES' PENSION BOARD

August 8, 2013

TABLE OF CONTENTS

INTRODUCTION ***3***

PURPOSES OF THE STATEMENT 3
PLAN DESCRIPTION 3
PORTFOLIO MANAGEMENT PRECEPTS 3
PRUDENCE IN INVESTMENT 4
RESPONSIBILITIES OF THE BOARD AND STAFF 4
RESPONSIBILITIES OF THE INVESTMENT MANAGER(S) 5
RESPONSIBILITIES OF THE PLAN CUSTODIAN(S) 5

INVESTMENT OBJECTIVES **6**

INVESTMENT POLICY ***8***

ASSET ALLOCATION 8
ALLOCATION MONITORING/REBALANCING 8
LIQUIDITY 9
PROXY VOTING 9
DIVERSIFICATION 9
MUTUAL FUNDS 9

INVESTMENT GUIDELINES ***9***

GENERAL GUIDELINES 9
DOMESTIC EQUITY INVESTMENT GUIDELINES 10
Specific Guidelines, Domestic Equity 10
INTERNATIONAL EQUITY INVESTMENT GUIDELINES 11
Specific Guidelines, International Equity 11
DOMESTIC FIXED INCOME INVESTMENT GUIDELINES 12
Specific Guidelines, Domestic Intermediate Term Fixed Income 12

REVIEW PROCEDURES ***14***

SIGNATURES ***15***

AMENDMENT I ***16***

AMENDMENT II ***18***

City of Dover Employees' Pension Board
Investment Policy Statement
Pension Plan

INTRODUCTION

PURPOSES OF THE STATEMENT

Based upon and in keeping with requirements of City of Dover officials and Employees' Pension Plan participants serving 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 Statement's purposes are to:

1. Present appropriate goals and objectives relating to investment management of the Fund.

2. Recognize and/or specify diversification and liquidity requirements and identify any legal constraints affecting investment management of the Fund.

3. Promulgate guidelines, consistent with any Board-selected investment time horizon(s), investment management classifications, and/or investment management styles, to which any Board-appointed Investment Manager (IM) shall adhere when determining investment strategies, making periodic investment decisions, and/or undertaking specific investment transactions relating to the Fund.

4. Establish standards and procedures for monitoring, measuring, reviewing, and absolutely and comparatively evaluating IM investment performance, along with similar standards and procedures for assuring conformity with investment policies, goals, objectives, guidelines, and/or constraints.

5. Foster understanding and effective communications between the Board and Staff and any persons appointed, employed, designated or in any way called upon by the Board or Staff to serve the Plan and its participants and/or beneficiaries.

PLAN DESCRIPTION

The Plan is a public employee retirement plan governed by the City of Dover Code of Ordinances as cited within "Purposes of the Statement," above.

PORTFOLIO MANAGEMENT PRECEPTS

The Board endorses contemporary investment practices, based upon the construction of well diversified multi-asset portfolios, which facilitate control of investment risk and afford reasonably predictable long-term investment returns, primarily by IM selection which maintain distinct investment practices or "styles" within any asset class. The monitoring and appropriate investment performance measurement respecting such styles requires relative comparisons among peers and to chosen (usually index) benchmarks as well as absolute measures respecting the financial progress of the Plan itself.

PRUDENCE IN INVESTMENT

Applicable terms, conditions, limitations and restrictions of applicable law upon Delaware fiduciaries notwithstanding, any IM serving the Fund shall discharge any duties relating to the Fund solely in the interest of Plan participants and beneficiaries, shall demonstrate appropriate knowledge of the Plan's purpose and contemporary operations, and shall diversify the investments of any Fund investment portfolio so as to minimize the risk of substantial loss.

When contemplating any investment, investment strategy or investment program, any IM managing any part of the Fund shall consider all relevant factual and circumstantial information and the impact of such information on a particular investment, strategy, or program, and on the Total Fund.

Further, respecting investment strategies, programs and/or specific investment actions for the Fund, any IM shall also consider:

1. potential losses and gains,

2. the composition of any IM-assigned portfolio, and the Total Fund, with regard to
   a. diversification
   b. liquidity and current return relative to the Fund's cash flow requirements
   c. projected total return relative to the Plan's funding objectives

Guidelines respecting Prudence have been developed in light of investment objectives related solely to the Plan's varied and dynamic obligations to its participants and beneficiaries. Actuarial, economic, investment, and even socio-political events and trends are fluid factors affecting the funding of those obligations. Accordingly, these guidelines respecting Prudence are, as a part of this Statement, intended singularly to present broad and balanced considerations to guide incumbent and successor Board and Staff, and all other parties concerned, seeking appropriate allocation, investment, safekeeping, monitoring and evaluation of the Fund.

RESPONSIBILITIES OF THE BOARD AND STAFF

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 must also develop prudent management policies and guidelines intended to assure that the Plan will fulfill its objectives. Policies and guidelines are inclusive of, but not restricted to:

1. Establishment of investment objectives, investment policy, investment guidelines, and monitoring and review procedures.

2. 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.

3. 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.

4. 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.

5. The City of Dover Employee's Pension Plan investment policy will be adopted by the Board of Trustees. The policy will be reviewed with the Investment Manager at least once every year by the Board of Trustees, which is charged with considering the existing policy and any recommendations to modify the policy.

The Board shall examine this Statement from time to time and make appropriate revisions. At least annually the Board shall review the Statement entire and communicate any material changes to any persons affected by them.

RESPONSIBILITIES OF THE INVESTMENT MANAGER(S)

Fund management and responsibilities for investment decisions are delegated to any appointed IM. Any IM shall exercise complete discretion within the clear limits established by this Statement. Accordingly, the Board requires adherence to Delaware or other pertinent laws as now apply, or may apply in the future, with particular attention to the standards established by applicable rules of law.

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

If at any time a manager believes that this Investment Policy Statement inhibits its investment performance, it is the manager's responsibility to communicate this view to the Pension Board. In addition, the manager will promptly (within 30 days) notify the Pension Board, in writing, regarding all material or significant matters that change pertaining to the investments of the retirement fund assets, including but not limited to:

- changes in investment strategy portfolio structure, tactical approaches and market value of managed assets;

- changes in ownership organizational structure, financial condition, and/or professional staff of the investment firm; and

- all material legal, SEC and other regulatory proceedings affecting the firm.

RESPONSIBILITIES OF THE PLAN CUSTODIAN(S)

Any Custodian appointed by the Board shall be responsible for safekeeping of the Fund, including all security transaction settlements and deliveries, and for comprehensive recordkeeping and reporting,

which shall include any custom recordkeeping, record retention, or reporting reasonably required by the Board or Staff.

Safety and continuity of operations shall be the primary objectives of any Custodian. Timely, accurate, and complete recordkeeping and reporting, arising from superior state-of-the-art information systems and committed staff, shall be the primary benchmarks for month-to-month evaluation of Custodian performance.

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.

Ready access to information by the Board and Staff shall be a prime requisite of recordkeeping and reporting services, with no bar as to frequency of access, nor any delay greater than one day acceptable. Transaction records shall be maintained on a trade date basis and shall remain immediately available for at least two years. Nationally accepted asset pricing should be daily and reported not less often than monthly, and "non-trade" transaction records (e.g., stock splits, etc.) should be both available immediately and properly carried into monthly transaction and asset value reports.

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 OBJECTIVES

Investment Objectives for the Plan represent anticipated results and are long-term in nature. Given the Board assumptions respecting current and projected Plan and capital market conditions, the following Objectives have been delineated:

1. All Plan fiduciaries shall discharge their responsibilities and the Fund shall be invested in a manner consistent with [relevant law] and generally accepted fiduciary standards. Further: (1) all transactions undertaken on behalf of the Plan shall be solely in the interest of Plan participants and beneficiaries, and (2) with reference to Prudence in Investment, set forth earlier in this Statement, safeguards and diversification to which a prudent investor familiar with and managing the Fund of this Plan under known or foreseeable circumstances would adhere, and liquidity and current return consistent with rationally anticipated cash flow requirements of the Fund, shall be governing factors in all investment considerations.

2. Consideration shall be given to suitable long-term investment intended to provide Fund capital and income growth which may be utilized to increase future benefits and thus maintain the purchasing power of Plan participants and their beneficiaries; the Board anticipates that such capital and income growth will be achieved during each economic and/or securities market cycle and/or within its selected three-to-five (3-5) year investment time horizon.

3. Consideration shall also be given, granting conformity with the objectives of 2., above, to providing adequate and timely cash flows to meet anticipated Plan benefit payments, with sufficient reserves to

meet relatively smaller flows for unanticipated benefit payments; adequate emphasis, consistent with the foregoing, shall be placed upon current investment return; any Fund IM should expect to receive periodic projections of Fund liquidity requirements but, in the absence of such projections, shall be responsible for seeking necessary information from the Board or any party designated by the Board for this purpose.

4. While professional managers may strive to record positive rates of investment return during all measurement periods, securities markets are unlikely to provide a consistently favorable climate, on a shorter-term basis, for longer-term investments. Therefore, considering usual multi-year economic and/or investment cycles, and the three-to-five (3-5) year investment time horizon selected by the Board, requisite but not exclusive comparative or benchmark measures of investment return, and of risk or volatility, are delineated as follows:

   a. Commensurate with preserving participant and beneficiary purchasing power through the Plan, it is desired to achieve a positive real (post-inflation) rate of return during any multi-year period and over the life of the Plan. Based upon current and projected Plan and capital market conditions, and the extensive historical records provided by such sources as Ibbotson-Sinquefeld, the Board has set returns meeting or exceeding the Plan's actuarial interest rate assumption at any time, annualized, as a gross *multi-year return* target. Concurrently, 3.5 percentage points above the CPI, or an annualized 3.5 percent *real rate of return,* is anticipated for the Total Fund.

   b. Consistent with anticipated real returns (above) and separate asset class returns (below), annualized Total Fund investment performance, for periods of three-to-five (3-5) years or more, is expected to meet or exceed the Plan's assumed actuarial rate and to meet or exceed the annualized investment performance of a "policy index" comprised of a weighted average of relevant asset-class indexes matched with policy or "target" asset allocations in effect on average for the Fund during the period considered.

   c. Consistent with b., above, the Total Fund's investment return volatility, as measured by the standard deviation of quarterly investment returns, is not expected to exceed the volatility of the policy index during any three-to-five (3-5) year measurement period.

   d. Also consistent with b., above, Total Fund domestic equity investment returns are expected to meet or exceed similar annualized returns of the Russell 3000 Stock Index during periods of three-to-five (3-5) years or more; equity investment returns of any specific IM, annualized, are expected to meet or exceed returns of any index or benchmark cited in writing by the Board as appropriate to the investment process or "style" of any specific IM.

   e. Also consistent with b., above, Total Fund domestic fixed income investment returns, annualized, are expected to meet or exceed similar returns of the Lehman Brothers Intermediate Government/Credit Bond Index during periods of three-to-five (3-5) years or more; as in d., above, any index or benchmark may be chosen by the Board as appropriate to the investment process, "style", or time-horizon of any specific IM.

   f. All investment performance data submitted to the Board or its designees directly or indirectly by or on behalf of any IM shall as applicable be submitted in conformity with the North American

Performance Presentation Standards and/or Global Investment Performance Standards promulgated by the Association for Investment Management and Research.

5. Investment performance objectives of the Fund are, as stated initially under Investment Objectives, above, long-term in nature. Concern respecting market value or Fund investment return volatility and other measures reflecting investment uncertainty will be addressed in part by functional constraints imposed by the Board through asset (class) allocations, investment management processes or "styles" chosen, portfolio diversification requirements, and other investment management guidelines and/or limitations.

INVESTMENT POLICY

Investment Policy delineates controls and the associated monitoring intended to enhance the likelihood of meeting Investment Objectives during acceptable periods of time.

ASSET ALLOCATION

Asset class allocation, resulting in so-called asset mix or investment ratios, is intended to afford an optimum approach toward Investment Objectives while limiting investment risk by assuring basic diversification. The variable percentages of asset classes delineated below provide a framework through which the Fund investments may be adjusted to meet economic and/or investment market conditions while remaining centered on the allocation target deemed most appropriate to the Fund's long-term Investment Objectives.

Asset Class	Minimum %	Target %	Maximum%	Benchmark
Equities	60	65	70	
Domestic	44	49	54	Russell 3000
International	11	16	21	MSCI EAFE (net)
Fixed Income	30	35	40	
Bonds	28	33	38	Barclays Intermediate Gov't/Credit
Cash	0	2	5	ML 90 Day T-Bill

ALLOCATION MONITORING/REBALANCING

The Board shall review asset allocation quarterly to monitor Total Fund allocation targets. In the event that asset allocations because of cash flows or market value changes fall moderately outside the ranges in the tables above, any appointed Custodian may be notified and instructed by the Board to adjust contribution cash flows to any specific IM and thus return the Total Fund to appropriate asset allocation levels. Should an allowable range be breached substantially, i.e., by ten (10) percent of per-portfolio per-IM assets or five (5) percent of Total Fund Assets, any IM involved may be required by the Board to adjust assets immediately. The Board may set asset allocation ranges for any specific IM different from ranges for the Total Fund.

LIQUIDITY

Emphasis shall, per Investment Objectives, 3., above, be placed on providing adequate and timely Fund cash flow to permit benefit payments from the Plan when due. The Board endeavors to meet all of the Plan's multiple objectives through asset allocation and constructive Investment Guidelines. Nevertheless, any IM appointed by the Board shall be responsible for seeking from the Board or its designee(s) current information respecting cash flow requirements and for assisting in meeting said requirements.

PROXY VOTING

While matters of public interest as well as corporate governance have long been a part of publicly owned corporations' Annual Meetings and proxy voting activity in the United States, the Board continues to believe that the Fund's proxy voting must be based upon the long-term economic value of the securities represented in each case and thus solely in the interests of Plan participants and their beneficiaries.

The Board delegates timely and complete proxy voting to any IM to assure that the interests cited immediately above have been met. Delegation as stated precludes Board interference with or exercise of proxy voting, but does not preclude any IM request for and independent consideration of Board views officially determined and expressed.

DIVERSIFICATION

Total Fund investments must be diversified broadly to minimize the risk of substantial losses. The Board recognizes that significant diversification is accomplished through asset allocation and the selection of investment management organizations. Nevertheless, the Investment Guidelines provided herewith include certain provisions intended to optimize investment diversification.

MUTUAL & OTHER COMMINGLED FUNDS

Given the nature of mutual and other commingled funds, it is recognized that there may be deviations between this Investment Policy Statement and the objectives of the mutual and other commingled fund(s). However, every effort shall be made to the extent practical or prudent and appropriate to select mutual and other commingled funds that have investment objectives and policies that are consistent with this Investment Policy.

INVESTMENT GUIDELINES

Investment Guidelines describe for any IM and for the information of any Custodian or interested person a wide range of permissible investment activities and choices while also delineating, specifically or by broader proscription, those which are not permissible.

GENERAL GUIDELINES

Subject to the asset allocation ranges set forth as a table within Investment Policy, above, or separate asset allocation ranges assigned specifically to any IM by the Board, any IM is expected to undertake flexible discretionary management of Fund assets. Nevertheless, when responsible for any investment portfolio, any IM shall report immediately to the Board or its designee(s) any shift between or change in market

value of asset classes which equals or exceeds ten (10) percent of the market value of the assets assigned to the specific IM. For the purpose described herein, cash and money market or cash equivalent securities shall be considered an asset class.

The Board has determined that certain investment practices, as well as certain types of investments, are ***not suitable*** for the Fund irrespective of circumstances:

1. Buying or (short) selling securities on margin, and/or the use of any other form of leverage, excepting the lending of securities if approved in writing by the Board.

2. Privately placed or otherwise unregistered securities excepting fixed income securities, issued under SEC Rule 144(a), which are demonstrably marketable and otherwise within guidelines.

3. Investment in commodities or in any type of commodities contracts, forward or futures trading activities, and all forms of portfolio hedging, excepting the limited use of stock options and/or currency hedges; (See Domestic Equity and International Equity Investment Guidelines, below.)

4. Fixed income investments may not include deep discount or zero coupon (excepting U.S. Treasury) securities, tax exempt, indirectly asset backed or spread-dependent, and stripped or otherwise derivative or synthetic securities. Certain exceptions are delineated below.

DOMESTIC EQUITY INVESTMENT GUIDELINES

The Board shall review the Fund at least quarterly to assure that the domestic equity limit of 54 percent of Fund market value is not exceeded; as necessary, any Custodian will be instructed to redirect cash flows to or from any IM or to accommodate immediate Board-directed IM asset allocation revision to restore the Asset Allocation currently approved by the Board.

Permissible equity investments shall include convertible securities, which shall be limited to ten (10) percent of Fund assets at market value, as well as American Depositary Receipts (ADRs), equally limited.

Any IM retained for this mandate shall conform to the Domestic Equity Investment Guidelines set forth above and below. Any departure from the Guidelines must be submitted in writing to the Board for prior approval, as must any change in the "style" or investment philosophy, process, or practices approved by the Board at the time any IM was retained to serve the Fund.

Specific Guidelines, Domestic Equity

1. Full discretion, consistent with the Investment Objectives, Policies, and Guidelines set forth in this Statement, is granted to each IM retained to manage domestic equity securities.

2. Each IM retained for this mandate shall select domestic equity investments in conformity with criteria normally applied in its decision making process and previously reviewed and approved by the Board.

3. No IM shall invest on a market value basis more than five (5) percent of the domestic equity portion of any portfolio in the equity security(ies) of a single corporation or group of directly affiliated corporations, nor maintain an investment of more than eight (8) percent similarly calculated.

4. No IM may make or maintain an investment equaling or exceeding four and nine-tenths (4.9) percent ownership of the outstanding domestic equity security(ies) of a single corporation, or group of directly affiliated corporations, without the written consent of the Board.

5. Each IM is expected to purchase marketable domestic equity securities listed on national securities exchanges or actively traded within the national NASDAQ framework; domestic U.S. equity securities, purchased outside the channels cited, or purchased without regard to necessary market liquidity as demonstrated through weekly trading statistics, place upon any IM a special burden respecting Board tolerance of unacceptable risk and/or losses which might ensue.

6. As an exception to the general prohibition against so-called alternative investment instruments, stock options may be utilized by each IM managing domestic U.S. equity securities in "covered" or hedging postures but not in "naked" or speculative postures.

7. Again the total annualized investment return of all domestic U.S. equity investments of the Fund is expected to meet or exceed the total annualized return of the Russell 3000 Stock Index for cumulative periods of three-to-five (3-5) years or more.

8. Any IM serving as an active domestic U.S. equity manager will be assigned an index or other type of benchmark deemed suitable for it and agreed upon with the Board; as a general expectation any IM should exceed its assigned benchmark, post fees, on annualized bases during periods of three-to-five (3-5) years or more.

INTERNATIONAL EQUITY INVESTMENT GUIDELINES

The Board/Trustees shall review the Fund at least quarterly to assure that the International Equity limit of 21 percent of Fund market value is not exceeded; as necessary, the Custodian(s) will be instructed to redirect cash flows to the DA(s) or to accommodate immediate Board-directed DA(s)' asset allocation revisions to restore the asset allocation currently approved by the Board/Trustees. Stated percentages may include foreign equity securities admitted to trading on U.S. Stock Exchanges or NASDAQ; American Depositary Receipts (ADRs) shall be designated as domestic equities.

Specific Guidelines, International Equity

1. Investment in International Equity, is permissible up to the maximum stated in asset allocation (page 8). Each IM retained as an International Equity Manager must receive specific Board authorization to invest in International Equity. Investing in emerging market equity securities is permissible subject to a maximum of fifteen (15) percent of any international equity portfolio at market value. Appropriate regional, national, industry and individual security diversification must be maintained at all times.

2. Any IM retained for this mandate is expected to select International Equity investments in conformity with criteria normally applied in its decision making process and previously reviewed and approved by the Board.

3. No IM shall invest more than five (5) percent of the equity portion of any International Equity portfolio in the equity security(ies) of a single corporation or group of directly affiliated corporations; no IM may maintain an investment equaling or exceeding eight (8) percent ownership in the equity security(ies) of any corporation, or group of directly affiliated corporations, without the written

consent of the Board, nor may any International Equity IM exceed four (4) percent ownership of the outstanding equity of any company or group of affiliated companies.

4. Any IM retained for this mandate shall purchase marketable foreign stocks traded on regulated foreign or U.S. stock exchanges for which trading activity is published on a daily basis and for which any IM can demonstrate necessary liquidity as well as acceptable investment quality standards.

5. The annualized total investment return from any portfolio of International Equity investments of the Fund is expected to meet or exceed after fees the annualized total return of an appropriate benchmark, to be agreed upon by any IM and the Board, for periods of three-to-five (3-5) years or more. In the absence of another selected benchmark, the Morgan Stanley C.I. "EAFE" Index shall serve as benchmark.

6. Because an active currency hedging strategy may reduce risk of loss and/or enhance IM International Equity investment performance, hedging to protect against currency impact upon a security position may be in the best interest of the Fund. Nevertheless, the purchase of speculative or "naked" currency contracts (i.e., "currency trading" or related risk taking undertaken without a demonstrable exposed investment position to be hedged in a specific currency) is prohibited.

DOMESTIC FIXED INCOME INVESTMENT GUIDELINES

The Board shall review the Fund portfolio at least quarterly to assure that the domestic fixed income securities market value limit of 40 percent is not exceeded. As necessary, any Custodian will be instructed by the Board to redirect investment and/or contribution cash flows to or from any IM or to accommodate immediate Board-ordered portfolio revisions to restore the asset allocation currently approved.

Any IM retained for this mandate shall conform to the Domestic Fixed Income Investment Guidelines set forth above and below. Any departure from the Guidelines must be submitted in writing to the Board for prior approval, as must any change in the "style" or investment philosophy, process, or practices approved by the Board at the time any IM was retained to manage domestic fixed income securities of the Fund.

Specific Guidelines, Domestic Intermediate Term Fixed Income

1. Full discretion, consistent with the Investment Objectives, Policies, and Guidelines set forth in this Statement, is granted to each IM retained to manage domestic intermediate term fixed income securities.

2. Any IM retained for this mandate is expected to select domestic intermediate term fixed income investments in conformity with the criteria normally applied in its decision making process and previously reviewed and approved by the Board.

3. Suitable domestic intermediate term fixed income investments include, but are not limited to, U.S. Treasury and Agency securities, marketable debt securities of U.S. corporations, U.S. certificates of deposit and bankers acceptances, and commercial paper or other generally utilized money market or cash equivalent investments, including money market mutual funds meeting the quality standards delineated below.

4. Foreign fixed income securities, if rated Baa or above, including Canadian securities, denominated in U.S. dollars (i.e., foreign "Yankee" and Canadian U.S. pay securities) may be purchased to a limit of the applicable fixed income manager's benchmark plus 5% at market value of any domestic intermediate term fixed income securities portfolio.

5. Permissible private placement (Rule 144a) securities, per General Guidelines, 2., p. 10 above, shall not exceed twenty (20) percent of the market value of any domestic intermediate term fixed income portfolio. Fixed income investments may not otherwise include unregistered, deep discount or zero coupon securities (excepting U.S. Treasury, see 12., p. 14, below), tax exempt, indirectly asset backed, spread-dependent, stripped, or otherwise derivative or synthetic securities.

6. At no time shall margin or other leveraged transactions, short sales, forward or futures trading, or any form of portfolio hedging be employed in the management of domestic intermediate term fixed income investments.

7. The total annualized investment return of all domestic fixed income investments of the Fund is expected to meet or exceed the total annualized return of the Lehman Intermediate Government/Credit.

8. The average quality of domestic intermediate term fixed income securities purchased by any IM shall equal or exceed A, the third broad investment grade as determined by any nationally recognized and regulated general or specialty debt/credit rating agency (e.g., including but not limited to Moody's, Standard & Poor's, Fitch, Duff & Phelps, Thompson's Bank Watch). If commercial paper is purchased the single acceptable quality shall be A1 or P1 or "Prime," with no second level considered.

9. The minimum quality of any single fixed income investment shall be investment grade, as defined by two out of three of the following rating agencies; Moody's, Standard and Poors, or Fitch. If an investment is made in commercial paper, the single standard shall be A1 or P1 or "Prime."

10. The average effective duration of domestic fixed income securities, said average including any investments considered to be reserve or cash equivalent assets specific to any fixed income portfolio, shall never be more than twelve (12) months greater or less than the most recently published average or effective duration of the fixed income policy benchmark.

11. There shall be no limit upon investment in U.S. Treasury securities as a percentage of domestic intermediate term fixed income investments at cost or market value, except that any single coupon issue thereof may constitute at purchase more than thirty (30) percent of domestic intermediate term fixed income portfolio at market value, nor any single Treasury zero coupon issue ten (10) percent at market value, with a per-portfolio collective limit for Treasury or Agency zero coupon securities of thirty (30) percent at market value and an eight (8) year effective duration limit for any zero coupon security. Federal Agency securities are hereby limited to forty (40) percent of any domestic intermediate term fixed income investment portfolio at market value, with a per-issue limit of ten (10) percent at market value, excepting zero coupon Agency securities which shall be limited to five (5) percent per-issue at market value. Sharply lower limits are set for other types of securities. Without prior written Board approval, excepting Treasury and Agency securities:

    a. any single security issue shall not constitute more than five (5) percent,

b. securities of any single issuer or of directly affiliated issuers shall not constitute more than seven (7) percent,
c. securities of a recognized industry (e.g., steel, auto, aluminum, banking), or
d. securities of a single broad issuer type (e.g., utility, finance, industrial), or
e. of one structural or transaction type (e.g., mortgage-backed, asset-backed),
f. shall not constitute more than twenty (20) percent of any domestic intermediate term fixed income securities portfolio at market value. Permissible Rule 144a securities shall also be limited to twenty (20) percent at market value.

12. Any domestic fixed income security purchased in compliance with the quality, maturity, and/or diversification standards cited in 3., through 12., above, but no longer meeting a specific, per-security Investment Guideline standard, and/or by marginal effect causing non-compliance (e.g., occasioning fixed income portfolio decline to sub-standard average quality), may in lieu of immediate depressed or inappropriate sale be reported to the Board, with background information and an intended future course of action, by any IM. The Board may upon review approve temporary or indefinite retention or, in the Board's best judgment, order disposition of the security and a return to full compliance with the Investment Guidelines. Securities retained under such circumstances shall constitute no more than five (5) percent of the market value of domestic intermediate term fixed income securities (5% "basket clause").

13. AAA-rated asset-backed securities and AAA-rated agency and private label mortgage-backed securities, including collateralized mortgage obligations limited to five (5) percent per-issue and ten (10) percent of the market value of any domestic intermediate term fixed income portfolio at the time of purchase, are suitable fixed income investments, provided said obligations afford no features which would increase volatility beyond that of the underlying collateral. (E.g., C.M.O. "floaters" indexed to the London Interbank Offering Rate or LIBOR would not be suitable investments.)

REVIEW PROCEDURES

All Investment Policies, Objectives and Guidelines contained in this Statement shall be reviewed by the Board annually, or whenever circumstances change to the extent that earlier representations are ineffective or inappropriate. All concerned parties shall be notified in writing of any changes and/or additions.

1. Investment performance shall be reviewed quarterly.

2. Total Fund, asset class (e.g., domestic equity, international equity, domestic fixed income), and asset sub-class and/or "style" returns, shall be compared to universes of returns of comparable professionally managed tax-exempt balanced, equity and fixed income portfolios or collective or mutual funds as well as to benchmark indices or index composites.

3. It is expected that the investment performance of an IM will rank above any agreed upon universe median or index over periods of three-to-five (3-5) years and will meet or exceed the Investment Objectives identified in this Statement.

4. The Board reserves the right to terminate a relationship with any IM at any time, subject to the terms of any investment advisory agreement, if the Board determines that said action is warranted. In

addition, the Board reserves the right to remove assets, in part, at any time provided that any contracted asset and/or fee minimum of any IM is met or a change is negotiated.

5. Any IM shall provide statements of assets under management to the Board quarterly, and shall also comply with reasonable additional information requests from the Board, including details of any/all securities transactions and/or "soft dollar" payments if said payments are made at official Board request and/or arise from transactions involving the Fund.

6. Any IM shall meet at least annually, if requested by the Board, to review the Total Fund and any respective portfolio(s) and to discuss investment results in the context of all of the goals, Objectives, Policies and Guidelines set forth in this Statement.

SIGNATURES

The effective date of this Investment Policy Statement, adopted by the City of Dover Employees' Pension Board, is August 8, 2013.

_____

Chairperson

_____

City of Dover-Controller/Treasurer

Amended November 9, 2011
Amended November 8, 2012
Amended August 8, 2013

AMENDMENT II

TO THE
INVESTMENT POLICY STATEMENT FOR
CITY OF DOVER OPEB BOARD

The following amendment to the investment policy has been reviewed and approved by the Board:

I. Allocation of Plan Assets – The plan will utilize a dynamic policy linked to funded status of the plan. As funded status improves to the next threshold, the allocation of the plan will be adjusted to the specified allocation. Within each threshold, 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.

Dynamic Investment Policy	**Funded Status**						
Asset Category	**40%**	**70%**	**80%**	**85%**	**90%**	**95%**	**100%**
Cash & Short Term Bond	10%	7%	6%	5%	5%	5%	5%
US Treasuries/Inflation-linked	2%	5%	6%	7%	8%	8%	10%
Intermediate Term Bond	10%	11%	12%	15%	17%	21%	23%
Long Term Bond	10%	11%	13%	14%	15%	21%	27%
High Yield Bond	8%	9%	10%	10%	10%	10%	10%
Large Cap Value – US Stock	11%	10%	9%	9%	8%	7%	4%
Large Cap Growth – US Stock	10%	9%	9%	8%	8%	5%	4%
Mid Cap – US Stock	5%	5%	5%	5%	5%	4%	3%
Small Cap – US Stock	8%	8%	6%	5%	4%	3%	3%
Real Estate/REIT	6%	6%	5%	5%	5%	3%	3%
Non-US Stock	10%	9%	9%	8%	7%	6%	3%
Emerging Markets	10%	10%	10%	9%	8%	7%	5%
Equity	**60%**	**57%**	**53%**	**49%**	**45%**	**35%**	**25%**
Fixed Income/Cash	**40%**	**43%**	**47%**	**51%**	**55%**	**65%**	**75%**
Total	100%	100%	100%	100%	100%	100%	100%

II. Performance Monitoring Benchmarks – The plan will utilize asset category specific benchmarks to monitor investment manager performance. In addition, overall portfolio performance will be benchmarked to a normal portfolio composed of category indexes allocated based on the Dynamic Investment Policy funded status position.

Asset Category	**Index**
Cash & Money Market	CitiGroup 3 Month TBill
Short-term Bond	BofA Merrill Lynch 1-3 Yr Corp Index
Intermediate-term Bond	BarCap Interm US Govt/Credit Index
Long-term Bond	BarCap Long GovtCredit Index
Large Cap Value	S&P/Citi 500 Value
Large Cap Blend	S&P 500 Index
Large Cap Growth	S&P/Citi 500 Growth
Mid Cap Value	S&P/Citi Mid-Cap 400 Value
Mid Cap	S&P 400 Mid Cap
Mid Cap Growth	S&P/Citi Mid-Cap 400 Growth
Small Cap Value	S&P/Citi Small Cap 600 Value
Small Cap	S&P 600 Small Cap
Small Cap Growth	S&P/Citi Small Cap 600 Growth
Non-US Stock	MSCI EAFE
Non-US Small Cap Stock	MSCI EAFE Small Cap
Emerging Markets	MSCI EM (Emerging Markets)
REITS/Real Estate	FTSE NAREIT Equity REIT

AMENDMENT II

TO THE
INVESTMENT POLICY STATEMENT FOR
CITY OF DOVER OPEB BOARD

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

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

Date: 11/4/13 Approved by: _____
Chairman

Title: Controller/Treasurer

AMMENDMENT I
EMPLOYEES PENSION INVESTMENT POLICY

The following amendment to the investment policy has been reviewed and approved by the Board:

I. Allocation of Plan Assets -The plan will utilize a dynamic policy linked to funded status of the plan. As funded status improves to the next threshold, the allocation of the plan will be adjusted to the specified allocation. Within each threshold, 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.

Dynamic Investment Policy	Funded Status						
Asset Category	40%	70%	80%	85%	90%	95%	100%
Cash & Short Term Bond	5%	5%	5%	5%	5%	5%	5%
US Treasuries/Inflation-linked	2%	2%	2%	4%	6%	10%	13%
Intermediate Term Bond	13%	15%	16%	18%	18%	21%	24%
Long Term Bond	19%	21%	22%	24%	26%	29%	33%
ge 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	5%	5%	5%	4%	4%	3%	3%
Real Estate/REIT	5%	5%	5%	4%	4%	3%	3%
Non-US Stock	10%	9%	9%	8%	7%	5%	3%
Emerging Markets	15%	14%	13%	12%	10%	8%	5%
Equity	61%	57%	55%	49%	45%	35%	25%
Fixed Income/Cash	39%	43%	45%	51%	55%	65%	75%

II. Performance Monitoring Benchmarks- The plan will utilize asset category specific benchmarks to monitor investment manager performance. In addition, overall portfolio performance will be benchmarked to a normal portfolio composed of category indexes allocated based on the Dynamic Investment Policy funded status position.

Asset	Inde
Cash & Money Market	CitiGroup 3 Month TBill
Short-term Bond	BofA Merrill Lynch 1-3 Yr Corp
Intermediate-term Bond	BarCap Interm US Govt/Credit Index
Long-term Bond	BarCap Long GovtCredit Index
Large Cap Value	S&P/Citi 500 Value
Large Cap Blend	S&P 500 Index
Large Cap Growth	S&P/Citi 500 Growth
Mid Cap Value	S&P/Citi Mid-Cap 400 Value
Mid Cap	S&P 400 Mid Cap
Mid Cap Growth	S&P/Citi Mid-Cap 400 Growth
Small Cap Value	S&P/Citi Small Cap 600 Value
Small Cap	S&P 600 Small Cap
Small Cap Growth	S&P/Citi Small Cap 600 Growth
Non-US Equity	MSCI EAFE
Non-US Small Cap	MSCI EAFE Small Cap
Emerging Mkts	MSCI EM (Emerging Markets)
REITS/Real Estate	FTSE NAREIT Equity REIT

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

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

Date: _____ Approved by: _____ Chairman

Title:

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 Employee Pension Plan – Board
From:	Jeff Marzinsky & Kevin Abessi /Milliman
Re:	Investment Committee Meeting Notes – 11/14/2013

Enclosures: Milliman Quarterly Investment Monitor Report (QIM)

1. General Employees' Pension Plan Investment Review through 9/30/2013:
    a. As of 9/30/2013, assets in the plan total $30.91 million, up from $30.26 million as of 6/30/2013. During the quarter, the plan had contributions of approximately $799 thousand, withdrawals of approximately $924 thousand, and fees of $4.3 thousand.
    b. Total performance of the plan portfolio was 2.60% net (2.66% gross) for the quarter, below the Plan's benchmark index performance of 3.81%.
    c. As of 9/30/13, 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	NEW Target Allocation with Additional Asset Classes	NEW Asset Allocation Range 8/2013
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	5.00%	0-10%; target 5% SC
Real Estatement Investment	REIT	Vanguard REIT Index	5.00%	0-13%; target 8% REIT
Foreign Equity	GLB	American Funds New Perspective	5.00%	5-15%; target 10% GLB
Foreign Equity	GLB	Harding Loevner Global Equity	5.00%	5-15%; target 10% GLB
Emerging Markets	EMG	Vanguard Emerging Mkts	15.00%	5-15%; target 10% Emg Mkts

2. Comments on specific funds:
    a. American Funds New Perspective and Harding Loevner Equity
        - Both funds have “world allocation” mandates; including US, non-US emerging markets stock.
        - This broad-based allocation has caused under performance to the non-US specific allocation strategy in the IPS.
        - In addition, the underlying holdings have overlap to the US stock and emerging markets funds in the plan.
        - Being legacy funds from the prior advisor who employed a different strategy, we find that they no longer fit the investment strategy for the plan.
        - For the next meeting there will be recommendations for more focused non-US stock investment fund(s).

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	2.73%	2.75%
		$ 799,160.47	$ 924,120.87	$ 4,326.41	$ 777,996.64	Quarterly Return	2.60%	2.66%

Quarterly Investment Monitor

Summary Report for the Quarter Ending September 30, 2013

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

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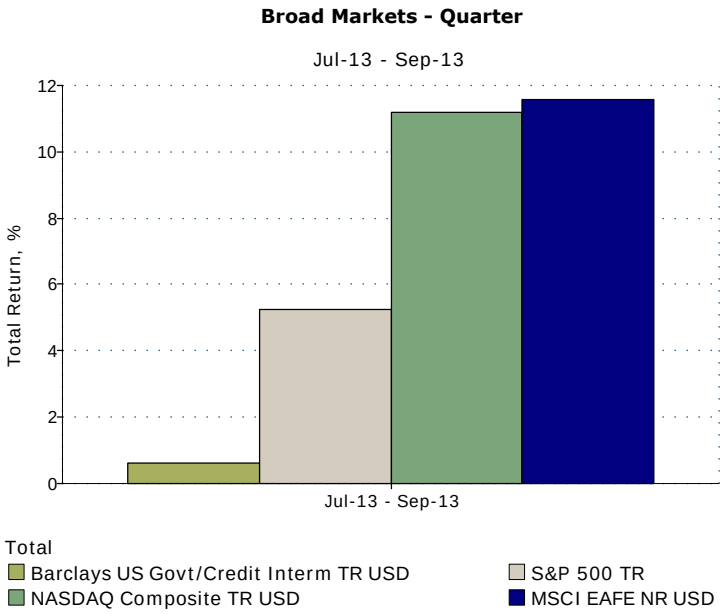
Market Indices - 3rd Quarter 2013

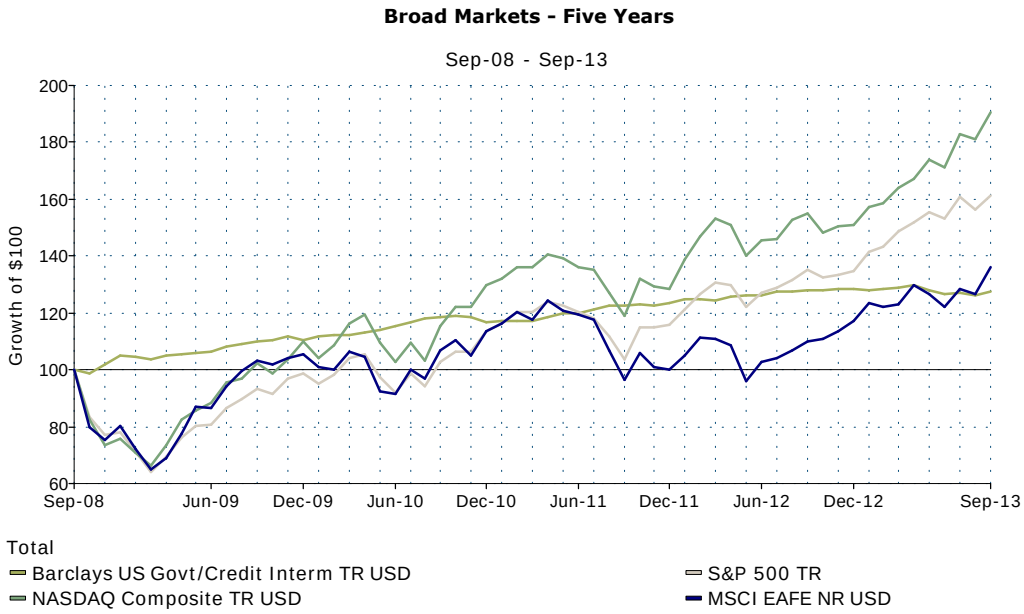


Index	3 Months	1 Year	3 Years	5 Years
BofAML US Treasury Bill 3 Mon	0.02	0.10	0.10	0.16
Barclays US Govt 1-3 Yr TR USD	0.29	0.37	0.75	1.84
Barclays US Govt/Credit Interm TR USD	0.62	-0.50	2.41	4.95
Barclays US Government Long TR USD	-2.12	-10.43	3.64	6.50
Barclays US Long Credit TR USD	-0.03	-6.89	5.36	11.17
Barclays US Corporate High Yield TR USD	2.28	7.14	9.19	13.53
DJ Industrial Average TR USD	2.12	15.59	14.94	9.93
S&P 500 TR	5.24	19.34	16.27	10.02
NASDAQ 100 TR USD	11.01	16.71	18.61	16.22
NASDAQ Composite TR USD	11.19	22.77	18.17	13.76
Russell 1000 Value TR USD	3.94	22.30	16.25	8.86
Russell 1000 TR USD	6.02	20.91	16.64	10.53
Russell 1000 Growth TR USD	8.11	19.27	16.94	12.07
Russell 2000 Value TR USD	7.59	27.04	16.57	9.13
Russell 2000 TR USD	10.21	30.06	18.29	11.15
Russell 2000 Growth TR USD	12.80	33.07	19.96	13.17
FTSE NAREIT All REITs TR	-2.39	5.14	12.60	6.47
MSCI EAFE NR USD	11.56	23.77	8.47	6.35
MSCI EAFE Small Cap NR USD	15.52	29.43	11.25	11.43
MSCI EM NR USD	5.77	0.98	-0.33	7.22

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Broad Market Commentary - 3rd Quarter 2013



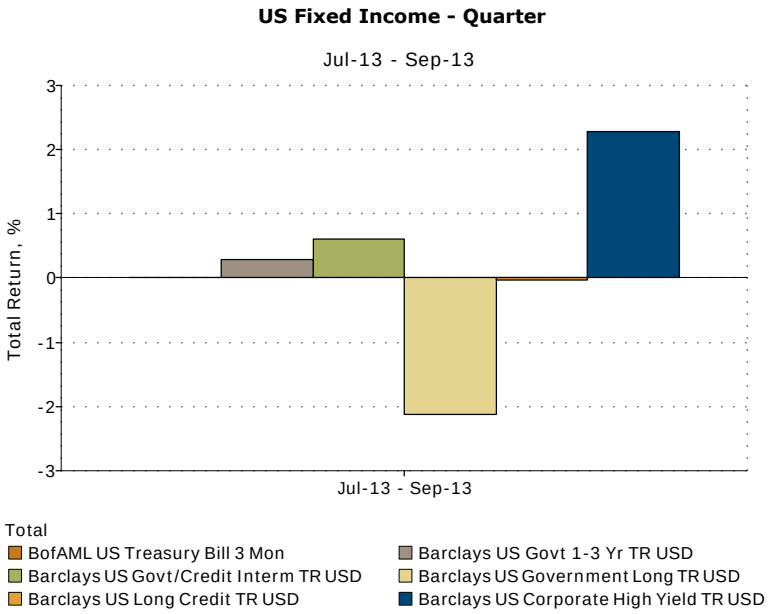


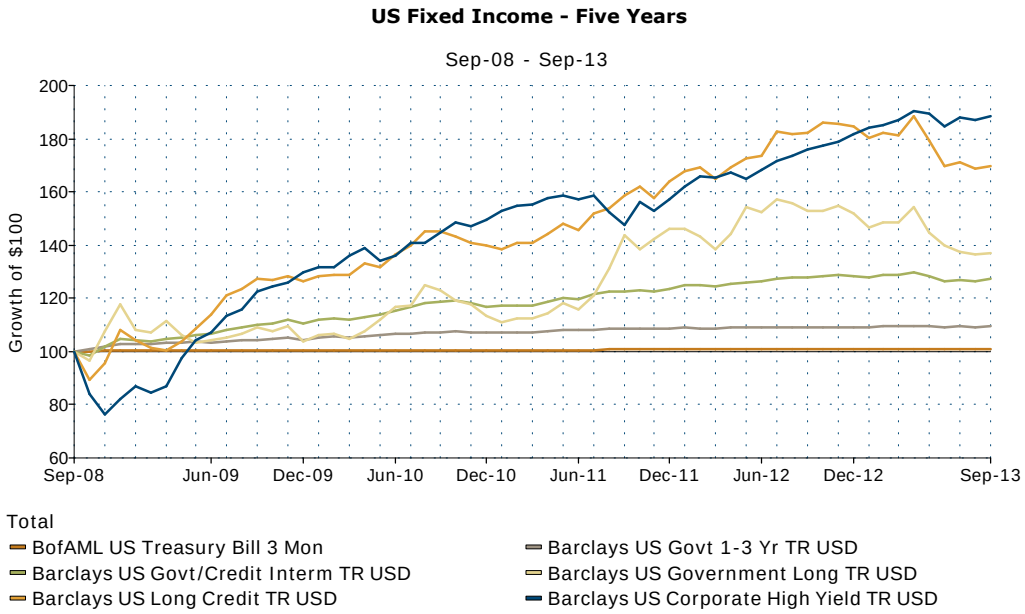
Market Commentary

- The U.S. stock market rose on improving U.S. economic data, steady growth in corporate earnings, and the Federal Reserve's decision to postpone its planned reduction (“tapering”) of securities purchases.
- The international equity markets made substantial gains on Europe's emergence from recession, improving economic data in certain emerging markets economies, and the Fed's decision to maintain its stimulus program at current levels.
- The market experienced wide swings in financial and commodity prices during the quarter, which may not necessarily be reflected in the manager's performance.
- The Fed surprised many investors in mid-September by not reducing its securities purchases, announcing it would continue its purchases at the current rate of $85 billion per month and keep short-term interest rates low until at least 2015.
- As the quarter ended, mutual fund investors decreased their holdings in bonds and increased their holdings in stocks. For the quarter, bond funds had net outflows of $60.0 billion, while stock funds had net inflows of $30.8 billion. Total money market mutual fund assets increased by $99.5 billion to $2.694 trillion.
- The price of oil increased from $97 per barrel to $102 during the quarter, an increase of 5.2%.

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US Fixed Income Market Commentary - 3rd Quarter 2013



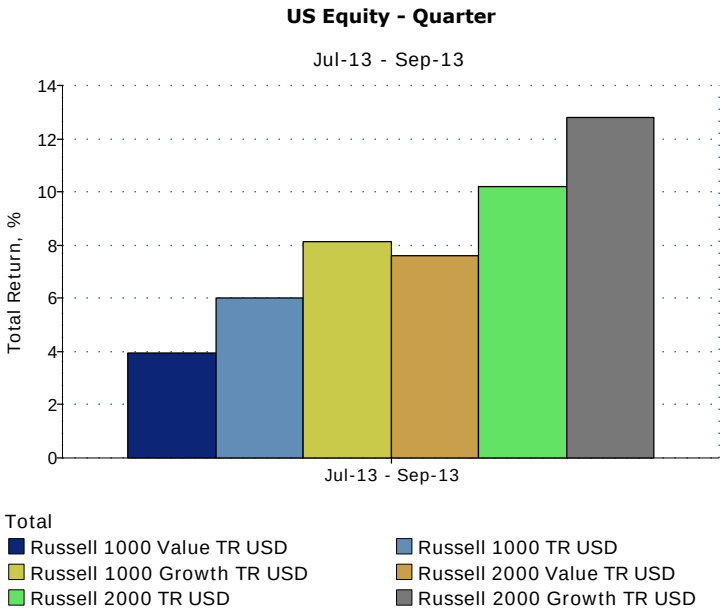


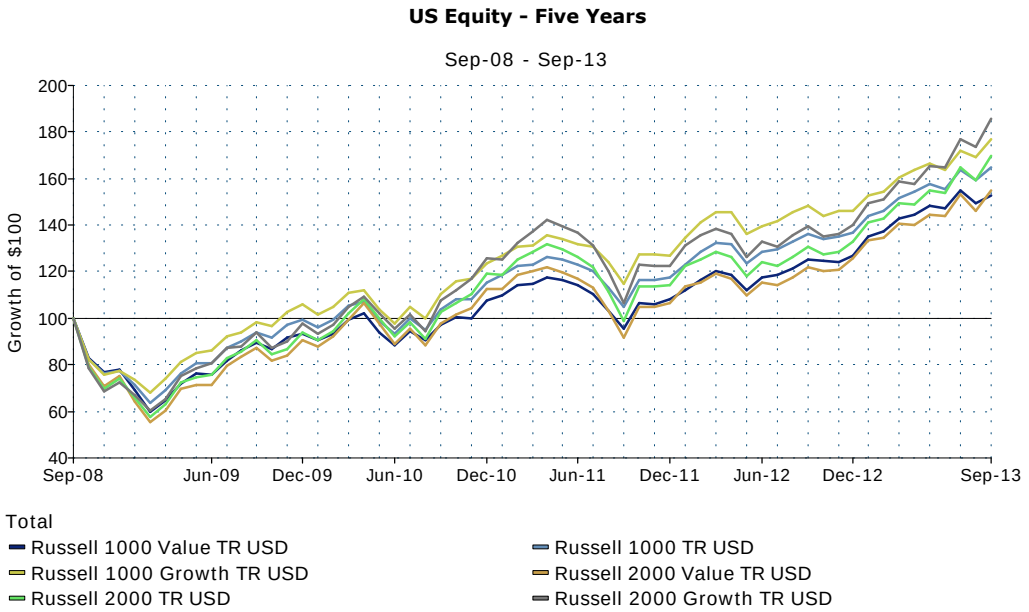
US Bond Market

- The broad fixed income market rose 0.57% in the 3rd quarter, as the coupon return of 0.70% more than offset the negative impact from a rise in interest rates.
- The short end of the yield curve remained unchanged as the Fed maintained its near-zero interest rate policy.
- Interest rates increased slightly for 7- to 30-year Treasury bonds.
- High-yield bonds were the best performing sector this quarter, up 2.28%, as investors favored bonds with higher yields.
- Long-term corporate bonds were up 0.03%, as tightening spreads slightly offset the negative impact from rising yields on the long end of the curve.
- Long-term government bonds were the worst performing sector this quarter, down 2.70%, as investors anticipated lower bond purchases by the Fed.
- 3-month T-Bill returned 0.02% in the third quarter, the same return as in the second quarter.

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US Equity Market Commentary - 3rd Quarter 2013



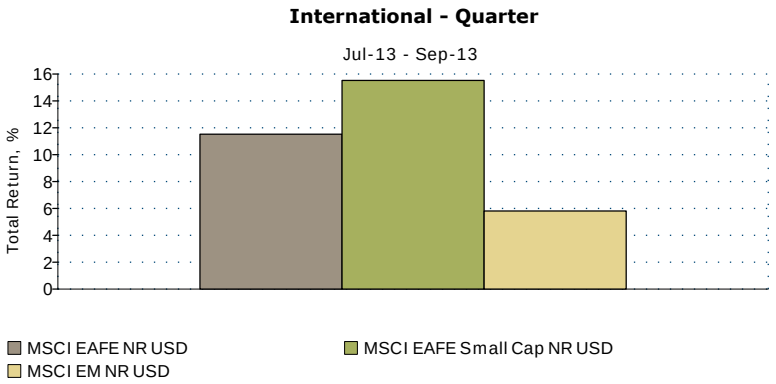


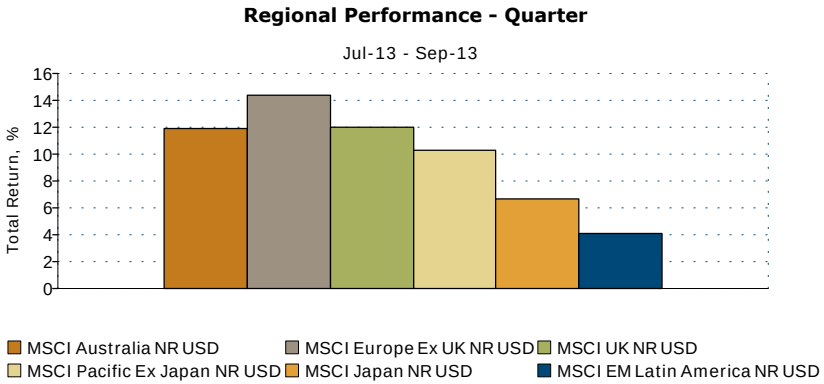
US Stock Market

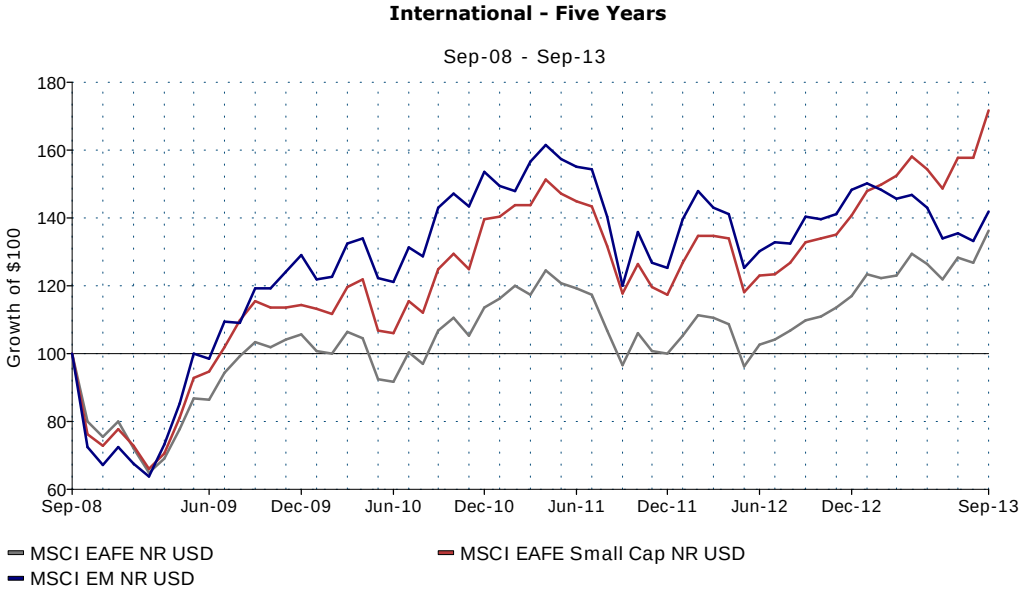
- Most major domestic equity indices posted a gain for the quarter. The small-cap Russell 2000 Growth Index had the best return, up 12.80%.
- In terms of capitalization, small-cap stocks outperformed large-cap stocks.
- In comparing styles, growth stocks did better than value stocks.
- REITs fell 3.15%, as dividend-oriented and defensive sectors lagged the broad market. The worst performing sectors were health care and apartments.
- Materials were the best performing sector, up 9.89%, on optimism over U.S. and global economic growth and mostly higher commodity prices.
- Telecommunications services were the worst performing sector, falling 3.22%, as Verizon shares lost 6% after the company agreed to buy Vodafone's stake in Verizon Wireless.

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International Market Commentary - 3rd Quarter 2013







International Markets

- The dollar was down against the euro, pound, and yen.
- For the quarter, the EAFE Index was up 11.56%, and Emerging Markets were up 5.77%. Local currency returns for the EAFE Index and Emerging Markets were 7.50% and 5.63%, respectively.
- Among the major international regions, European stocks had the highest return, up 14.94%, as the euro zone had positive economic growth, and certain telecom and technology stocks benefited from acquisitions.
- Stocks in India had the lowest return, down 5.67%, on worries about rising inflation, weak economic growth, and a sharply depreciating rupee.
- Small-cap stocks, up 15.5%, outperformed large-cap stocks.

Performance Summary

Asset Allocation

	Balances As of 09/30/2013	Percent As of 09/30/2013	Balances As of 06/30/2013	Percent As of 06/30/2013	Notes
Wells Fargo Advantage Treas Plus MMkt I	$1,404,012	4.54%	$7,025,207	23.21%	PISXX
Vanguard Short-Term Bond Index Signal	$1,721,457	5.57%	$123,198	0.41%	VBSSX
Vanguard Inflation-Protected Secs I	$1,881,554	6.09%	$462,364	1.53%	VIPIX
Vanguard Interm-Term Bond Index Signal	$2,527,500	8.18%	$3,123,700	10.32%	VIBSX
Vanguard Long-Term Bond Index I	$1,436,248	4.65%	$2,238,882	7.40%	VBLLX
PIMCO Long Duration Total Return Instl	$1,429,702	4.63%	$2,217,763	7.33%	PLRIX
Ivy High Income I	$1,870,854	6.05%	$0	0.00%	IVHIX
Vanguard Equity-Income Adm	$3,054,718	9.88%	$2,588,886	8.55%	VEIRX
Vanguard Morgan Growth Adm	$1,691,852	5.47%	$1,409,124	4.66%	VMRAX
Vanguard PRIMECAP Inv	$1,685,751	5.45%	$1,430,708	4.73%	VPMCX
Vanguard Mid-Cap Value Index Admiral	$1,538,085	4.98%	$1,283,352	4.24%	VMVAX
Target Small Capitalization Value T	$1,559,666	5.05%	$1,287,543	4.25%	TASVX
American Funds New Perspective R6	$1,538,387	4.98%	$1,249,598	4.13%	RNPGX
Harding Loevner Global Equity Inst	$1,540,327	4.98%	$1,229,166	4.06%	HLMVX
Vanguard Emerging Mkts Stock Idx I	$4,516,518	14.61%	$3,354,061	11.08%	VEMIX
Vanguard REIT Index I	$1,514,422	4.90%	$1,239,301	4.10%	VGSNX
Plan Total	**$30,911,053**		**$30,262,853**		

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	10	34	-0.12	-0.22	1.02	1.01	24	18	59	53
PIMCO Long Duration Total Return Instl	73	20	-0.43	1.33	0.93	0.96	87	80	80	67
Ivy High Income I	1	2	2.49	0.41	0.77	0.75	1	1	0	0
Vanguard Equity-Income Adm	8	15	2.01	2.30	0.78	0.84	2	1	10	10
Vanguard Morgan Growth Adm	43	40	-0.95	-0.63	1.25	1.14	59	54	48	44
Vanguard PRIMECAP Inv	28	40	-0.02	-0.59	1.15	1.11	20	20	40	39
Target Small Capitalization Value T	50	43	-2.77	0.11	0.90	0.86	23	19	30	28
American Funds New Perspective R6	28	17	2.56	2.74	0.96	0.94	30	26	19	17
Harding Loevner Global Equity Inst	67	39	-0.35	1.28	0.98	0.96	62	61	45	39

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	0.43	0.93	2.09	0.76	1.66	0.89	0.10
Vanguard Interm-Term Bond Index Signal	0.74	1.94	0.84	1.99	0.82	3.09	0.10
Vanguard Long-Term Bond Index I	-0.01	0.01	1.01	0.79	1.02	0.81	0.07
Vanguard Mid-Cap Value Index Admiral	-0.22	0.25	0.97	2.19	1.03	3.17	0.10
Vanguard Emerging Mkts Stock Idx I	0.20	-0.54	1.02	3.42	1.02	3.37	0.12
Vanguard REIT Index I	1.26	1.92	1.00	0.21	0.99	0.53	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.

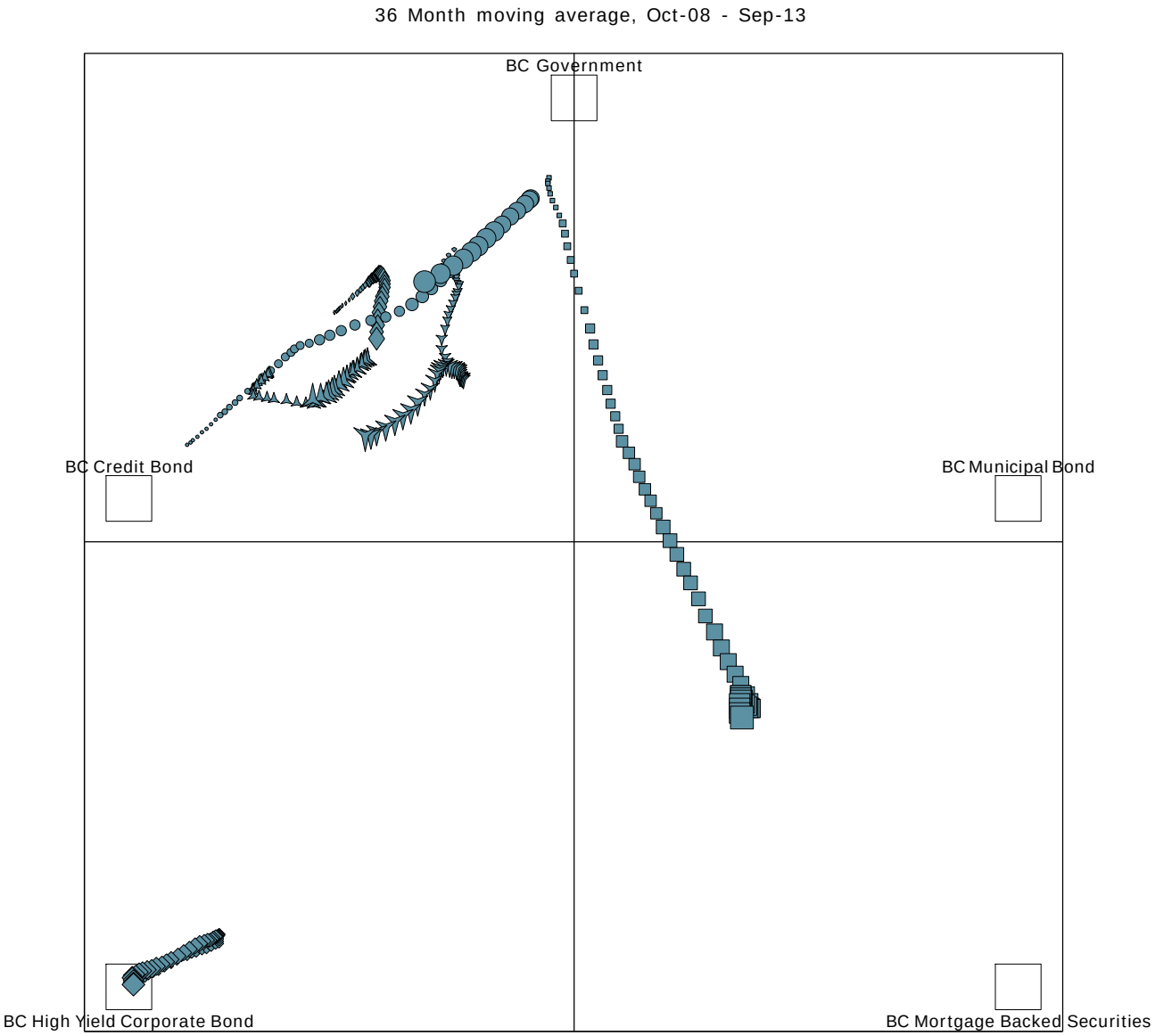
Beta - Fund's Beta or sensitivity to movements compared to its benchmark, a value of 1 implies its moving in sync with its benchmark.

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.

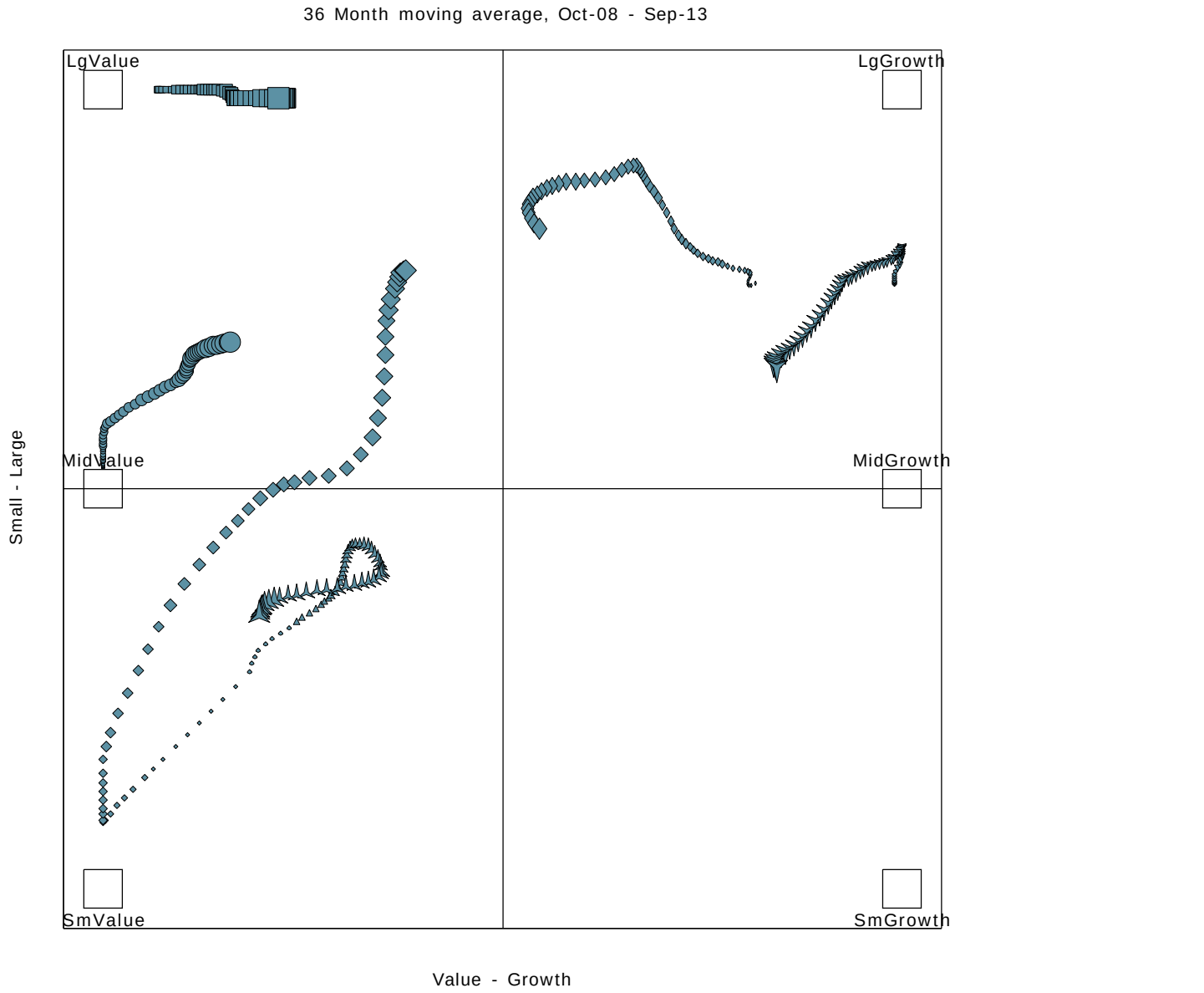
Investment Option Return Summary

Asset Class	Fund Name	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Ticker	Mstar Rating	Expense Ratio
Taxable Money Market	Wells Fargo Advantage Treas Plus MMkt I	0.00	0.01	0.01	0.01	0.02	1.54	PISXX	NA	0.20
	BofA ML 3-month T-bill total return Index	*0.02*	*0.06*	*0.10*	*0.10*	*0.17*	*1.70*	*N/A*	*NA*	*NA*
Short-term Bond	Vanguard Short-Term Bond Index Signal	0.57	0.04	0.18	1.51	3.46	3.34	VBSSX	3.00	0.10
	Barclays US Govt/Credit 1-3 Yr TR USD	*0.40*	*0.47*	*0.62*	*1.08*	*2.52*	*2.91*	*N/A*	*NA*	*NA*
Inflation-Protected Bond	Vanguard Inflation-Protected Secs I	0.91	(6.74)	(6.21)	3.90	5.09	5.10	VIPIX	4.00	0.07
	Barclays US Treasury US TIPS TR USD	*0.70*	*(6.74)*	*(6.10)*	*4.02*	*5.31*	*5.23*	*N/A*	*NA*	*NA*
Intermediate-term Bond	Vanguard Interm-Term Bond Index Signal	0.75	(2.89)	(2.44)	3.76	7.55	5.41	VIBSX	4.00	0.10
	Barclays US Govt 5-10 Yr TR USD	*0.29*	*(3.17)*	*(3.22)*	*3.02*	*5.61*	*5.15*	*N/A*	*NA*	*NA*
Long-term Bond	Vanguard Long-Term Bond Index I	(0.98)	(8.60)	(8.44)	4.70	9.08	6.37	VBLLX	2.00	0.07
Long-term Bond	PIMCO Long Duration Total Return Instl	(0.65)	(8.37)	(7.97)	4.28	10.40	NA	PLRIX	3.00	0.50
	BC Long Government/Credit	*(0.83)*	*(8.74)*	*(8.33)*	*4.71*	*9.07*	*6.33*	*N/A*	*NA*	*NA*
High Yield Bond	Ivy High Income I	2.97	6.86	10.66	11.68	13.94	8.83	IVHIX	5.00	0.70
	BC High Yield Corporate Bond	*2.28*	*3.73*	*7.14*	*9.19*	*13.53*	*8.86*	*N/A*	*NA*	*NA*
Large Value	Vanguard Equity-Income Adm	3.62	19.45	19.61	17.88	10.68	9.19	VEIRX	5.00	0.21
	S&P 500 Value	*3.84*	*20.17*	*22.15*	*15.86*	*8.38*	*7.74*	*N/A*	*NA*	*NA*
Large Growth	Vanguard Morgan Growth Adm	8.71	22.02	20.86	15.78	10.95	8.14	VMRAX	3.00	0.26
Large Growth	Vanguard PRIMECAP Inv	7.29	26.39	29.63	16.71	10.99	10.19	VPMCX	4.00	0.45
	S&P 500 Growth	*6.60*	*19.44*	*17.00*	*16.73*	*11.58*	*7.35*	*N/A*	*NA*	*NA*
Mid-Cap Value	Vanguard Mid-Cap Value Index Admiral	6.52	24.52	28.94	17.07	12.90	NA	VMVAX	3.00	0.10
	CRSP US Mid Cap TR USD	*7.71*	*24.53*	*28.08*	*17.30*	*12.66*	*10.58*	*N/A*	*NA*	*NA*
Small Value	Target Small Capitalization Value T	8.43	24.88	29.57	17.20	11.59	11.91	TASVX	4.00	0.68
	S&P 600 Value	*9.53*	*27.71*	*31.78*	*19.97*	*11.48*	*10.76*	*N/A*	*NA*	*NA*
World Stock	American Funds New Perspective R6	8.35	17.12	22.05	12.77	10.45	10.05	RNPGX	4.00	0.46
World Stock	Harding Loevner Global Equity Inst	8.24	12.17	13.37	9.86	8.99	8.79	HLMVX	3.00	0.95
	MSCI AC World Index ND USD	*7.90*	*14.43*	*17.73*	*10.21*	*7.71*	*7.86*	*N/A*	*NA*	*NA*
Diversified Emerging Mkts	Vanguard Emerging Mkts Stock Idx I	4.82	(6.50)	(0.10)	(0.91)	6.52	12.40	VEMIX	3.00	0.12
	FTSE Emerging NR USD	*4.30*	*(5.26)*	*0.17*	*(1.11)*	*7.07*	*13.04*	*N/A*	*NA*	*NA*
Real Estate	Vanguard REIT Index I	(2.96)	3.19	5.76	12.35	6.37	9.66	VGSNX	3.00	0.08
	MSCI US REIT NR USD	*(3.28)*	*2.30*	*4.52*	*11.09*	*4.45*	*NA*	*N/A*	*NA*	*NA*
Total Plan	CIVILIAN-GROSS RETURN	2.66	4.55	6.02	6.98	7.18	NA	N/A	NA	NA
Total Plan	CIVILIAN-NET RETURN	2.60	4.35	5.73	6.60	6.75	NA	N/A	NA	NA
	Employee Plan Policy Index	*3.81*	*5.49*	*7.20*	*8.49*	*7.21*	*6.39*	*N/A*	*NA*	*NA*

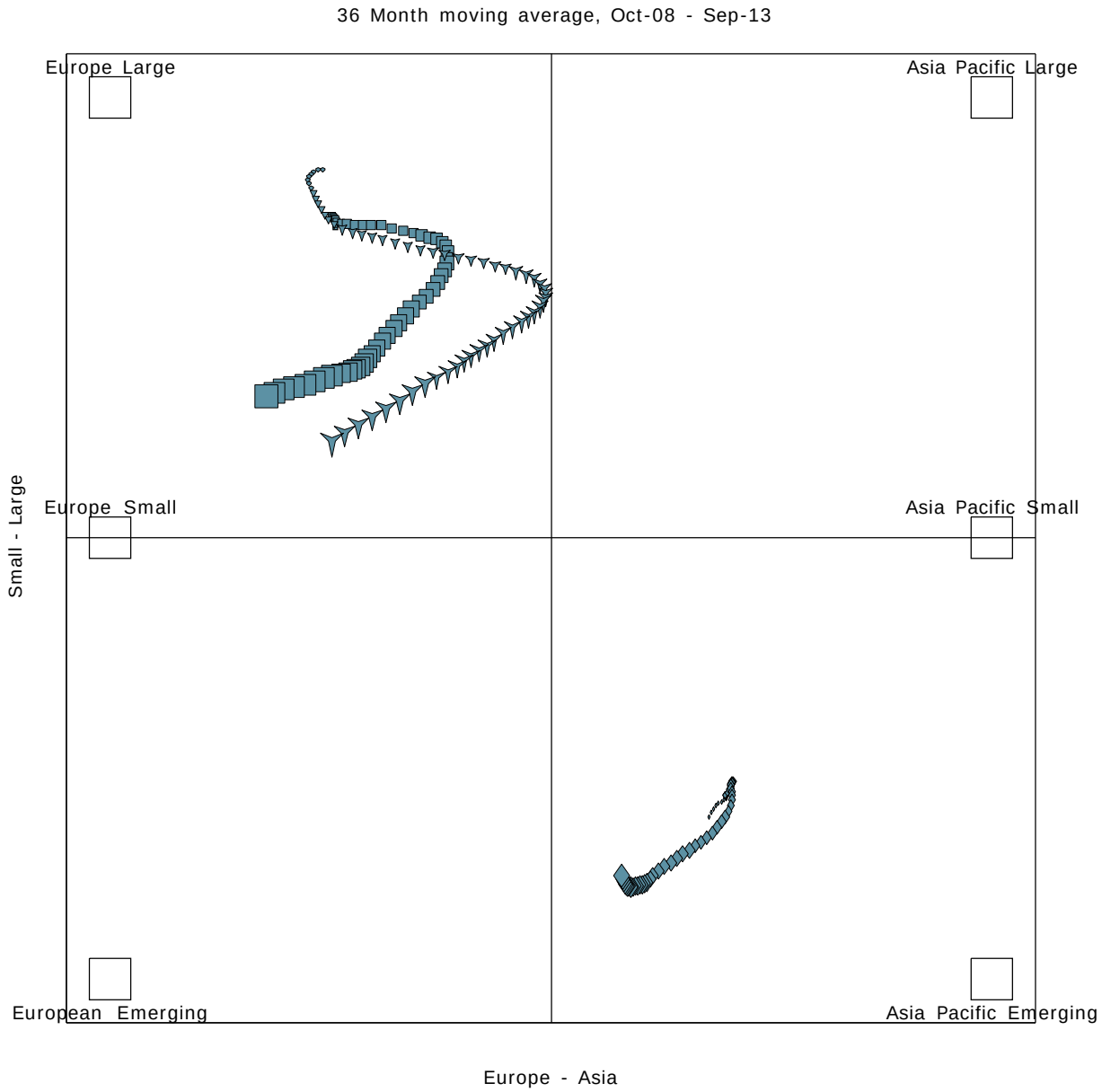
U.S. Fixed Income Style Map



U.S. Equity Style Map



International Equity Style Map

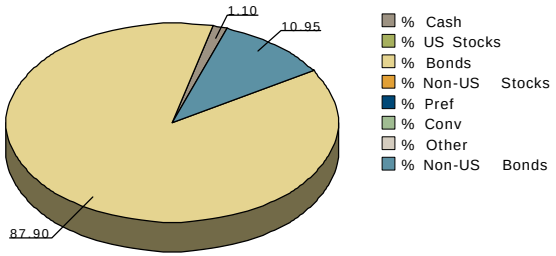


Core Fund Review

Milliman | Quarterly Investment Monitor

Data as of 09/30/2013

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	1.10
% US Stocks	0.00
% Bonds	87.90
% Non-US Stocks	0.00
% Pref	0.05
% Conv	0.00
% Other	0.00
% Non-US Bonds	10.95

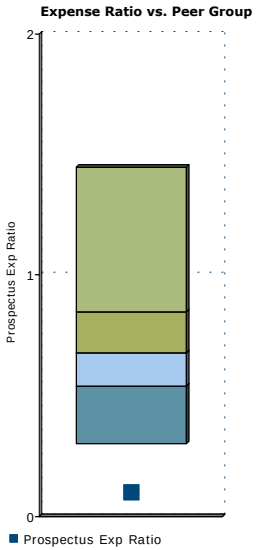
Sector Allocation	
% Basic Materials	NA
% Communication Services	NA
% Consumer Cyclical	NA
% Consumer Defensive	NA
% Healthcare	NA
% Industrials	NA
% Real Estate	NA
% Technology	NA
% Energy	NA
% Financial Services	NA
% Utilities	NA

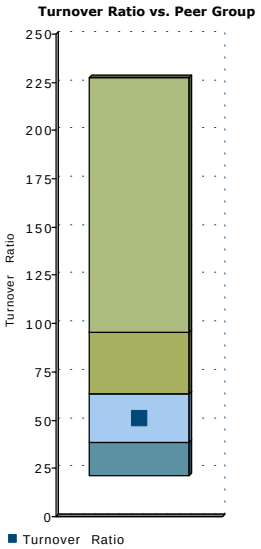
Credit Quality	
Avg Eff Duration	2.72
Effective Maturity	2.80
Avg Credit Quality	AA
AAA	75.63
AA	4.21
A	11.61
BBB	8.55
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

Top Ten Holdings	
US Treasury Note 0.25%	2.28%
US Treasury Note 2.125%	1.62%
US Treasury Note 2.25%	1.37%
US Treasury Note 2.625%	1.32%
US Treasury Note 2.5%	1.31%
US Treasury Note 0.375%	1.25%
US Treasury Note 0.875%	1.20%
US Treasury Note 0.625%	1.19%
US Treasury Note 1.75%	1.19%
US Treasury Note 0.25%	1.18%

Portfolio Information	
Ticker	VBSSX
Morningstar Category	Short-term Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	85765.91
Net Assets $MM	33077.30
Turnover Ratio	51.00
% Assets in Top 10 Holdings	13.90
Total Number of Holdings	1705.00
Manager Name	Joshua C. Barrickman
Manager Tenure	0.60
Fund Incept Date	03/01/1994
Prospectus Exp Ratio	0.10
Phone Number	800-662-7447

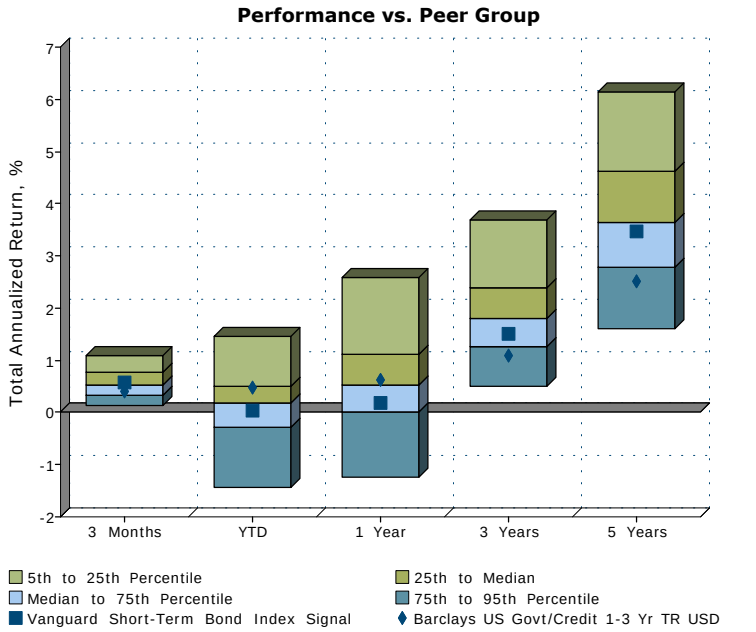
Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	58
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	52
10 Year Mstar Rating	★★★★
% Rank Cat 10 Yr	31





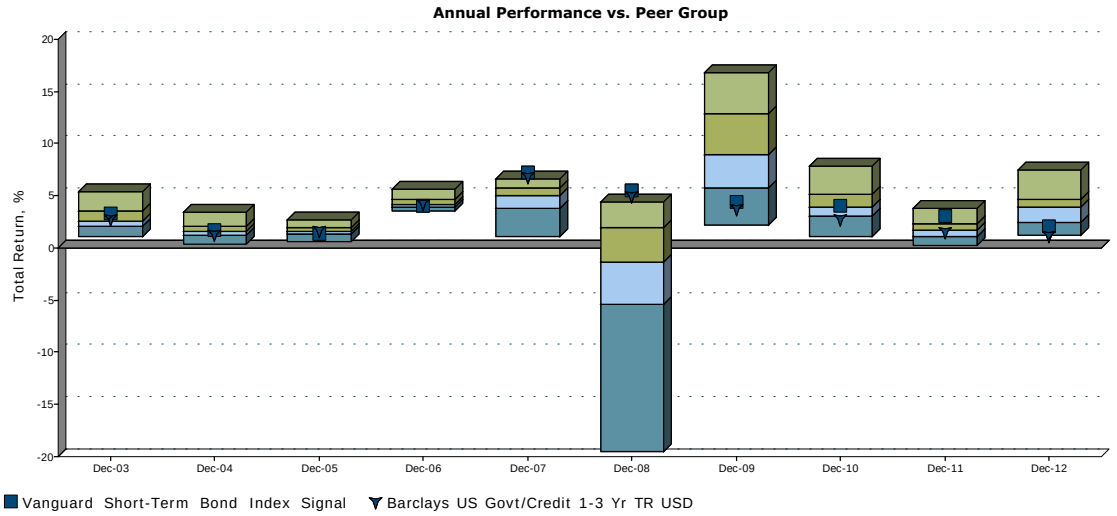
Investment Strategy Summary

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.

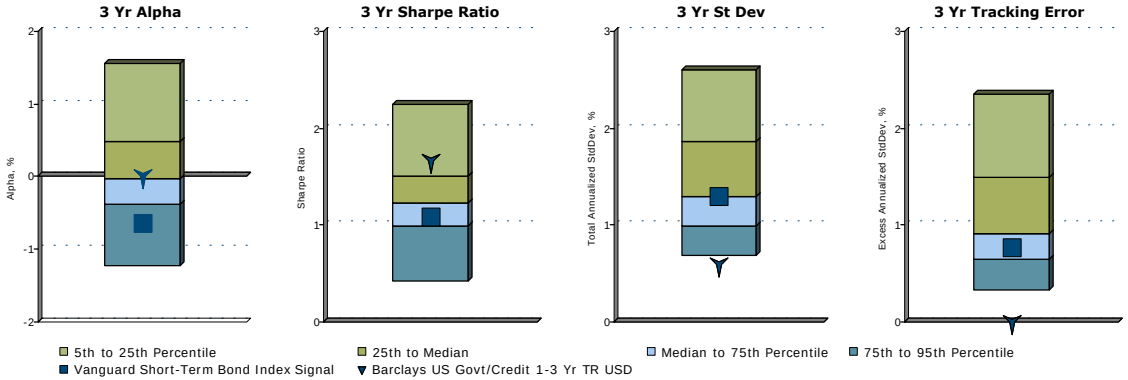


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Short-Term Bond Index Signal	0.57	0.04	0.18	1.51	3.46
Barclays US Govt/Credit 1-3 Yr TR USD	0.40	0.47	0.62	1.08	2.52
Universe(5%)	1.10	1.45	2.58	3.69	6.15
Universe(25%)	0.77	0.50	1.11	2.38	4.62
Universe(Median)	0.53	0.17	0.53	1.81	3.63
Universe(75%)	0.33	-0.28	0.00	1.25	2.78
Universe(95%)	0.14	-1.44	-1.24	0.51	1.62

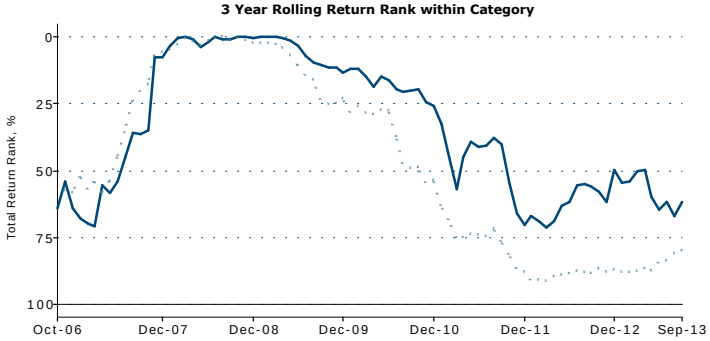
Vanguard Short-Term Bond Index Signal

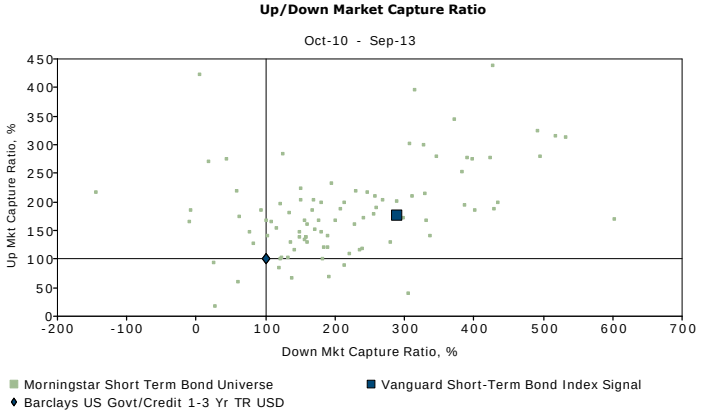


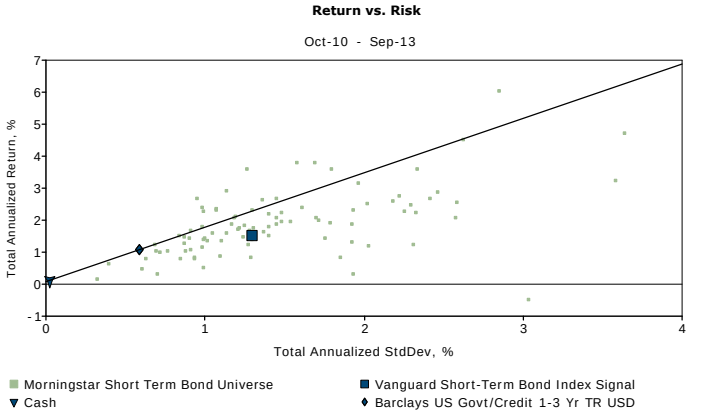
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard Short-Term Bond Index Signal	3.37	1.70	1.31	4.09	7.28	5.51	4.38	4.03	3.08	2.05
Barclays US Govt/Credit 1-3 Yr TR USD	2.81	1.30	1.77	4.25	6.83	4.97	3.82	2.80	1.59	1.26



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 Short-Term Bond Index Signal	-0.64	2.09	90.18	1.08	1.30	0.76
Barclays US Govt/Credit 1-3 Yr TR USD	0.00	1.00	100.00	1.66	0.59	0.00
Universe(5%)	1.56	3.26	86.45	2.25	2.60	2.36
Universe(25%)	0.48	2.09	72.66	1.51	1.87	1.49
Universe(Median)	-0.02	1.54	61.09	1.22	1.29	0.92
Universe(75%)	-0.38	1.34	45.05	0.99	0.99	0.64
Universe(95%)	-1.23	0.81	16.74	0.42	0.69	0.33



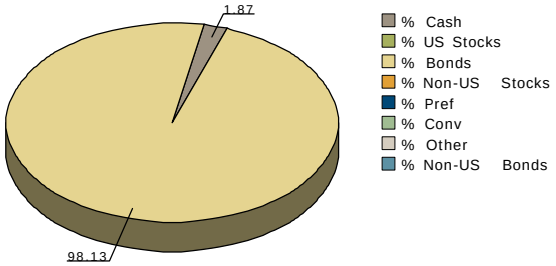




Milliman | Quarterly Investment Monitor

Data as of 09/30/2013

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	1.87
% US Stocks	0.00
% Bonds	98.13
% Non-US Stocks	0.00
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

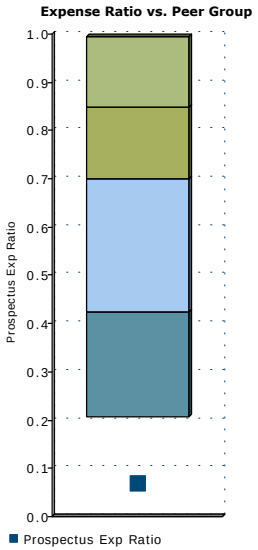
Sector Allocation	
% Basic Materials	NA
% Communication Services	NA
% Consumer Cyclical	NA
% Consumer Defensive	NA
% Healthcare	NA
% Industrials	NA
% Real Estate	NA
% Technology	NA
% Energy	NA
% Financial Services	NA
% Utilities	NA

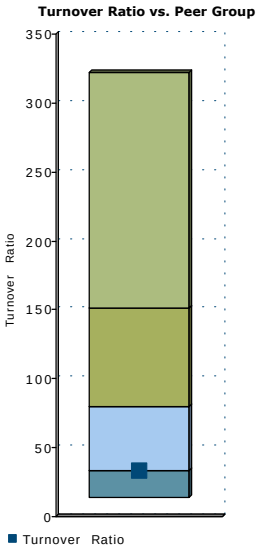
Credit Quality	
Avg Eff Duration	8.14
Effective Maturity	8.80
Avg Credit Quality	Government
AAA	100.00
AA	0.00
A	0.00
BBB	0.00
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

Top Ten Holdings	
US Treasury Note	5.75%
US Treasury Note	4.98%
US Treasury Note	4.90%
US Treasury Note	4.88%
US Treasury Note 0.125%	4.84%
US Treasury Note	4.62%
US Treasury Note 1.125%	4.51%
US Treasury Note 1.25%	4.00%
US Treasury Bond 2.375%	3.93%
US Treasury Note 0.5%	2.98%

Portfolio Information	
Ticker	VIPIX
Morningstar Category	Inflation-Protected Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	21693.40
Net Assets $MM	29347.34
Turnover Ratio	33.00
% Assets in Top 10 Holdings	45.39
Total Number of Holdings	43.00
Manager Name	Gemma Wright-Casparius
Manager Tenure	2.12
Fund Incept Date	06/29/2000
Prospectus Exp Ratio	0.07
Phone Number	800-662-7447

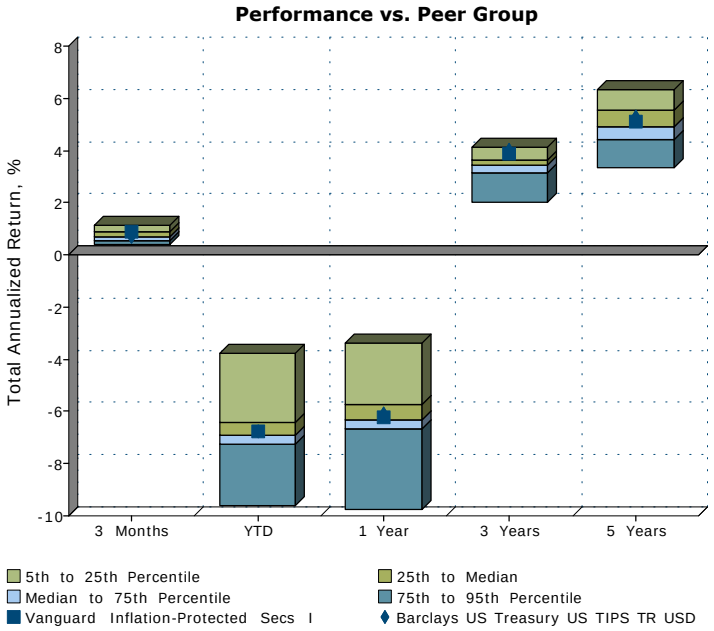
Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★★
% Rank Cat 3 Yr	4
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	27
10 Year Mstar Rating	★★★★
% Rank Cat 10 Yr	17





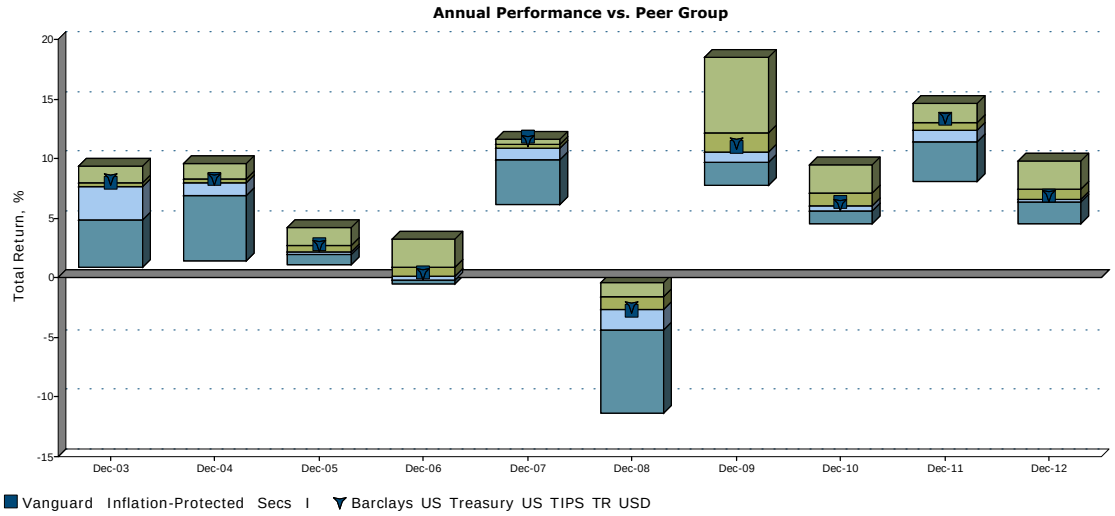
Investment Strategy Summary

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.

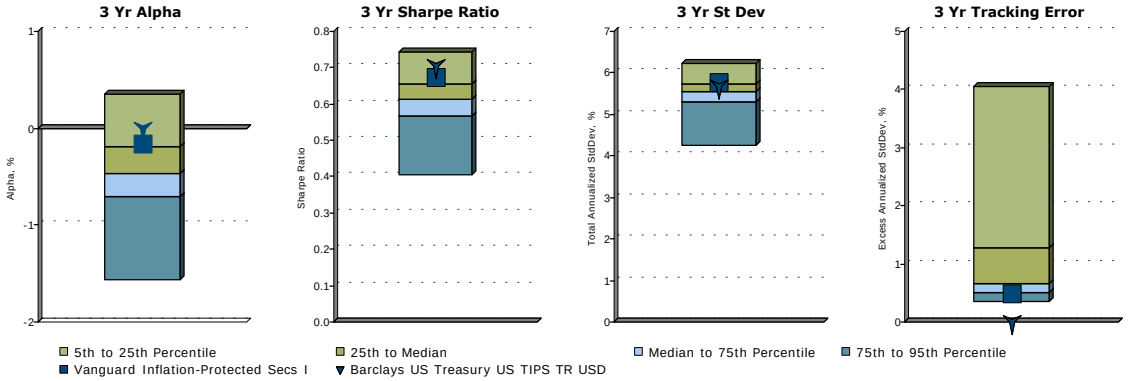


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Inflation-Protected Secs I	0.91	-6.74	-6.21	3.90	5.09
Barclays US Treasury US TIPS TR USD	0.70	-6.74	-6.10	4.02	5.31
Universe(5%)	1.16	-3.77	-3.40	4.11	6.35
Universe(25%)	0.91	-6.44	-5.71	3.62	5.57
Universe(Median)	0.68	-6.91	-6.31	3.44	4.91
Universe(75%)	0.56	-7.25	-6.65	3.12	4.42
Universe(95%)	0.39	-9.60	-9.77	2.01	3.33

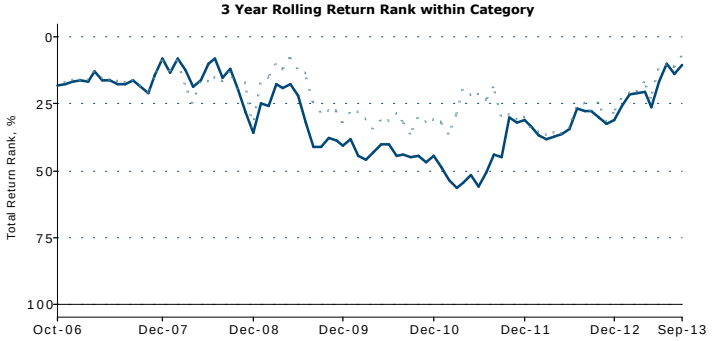
Vanguard Inflation-Protected Secs I

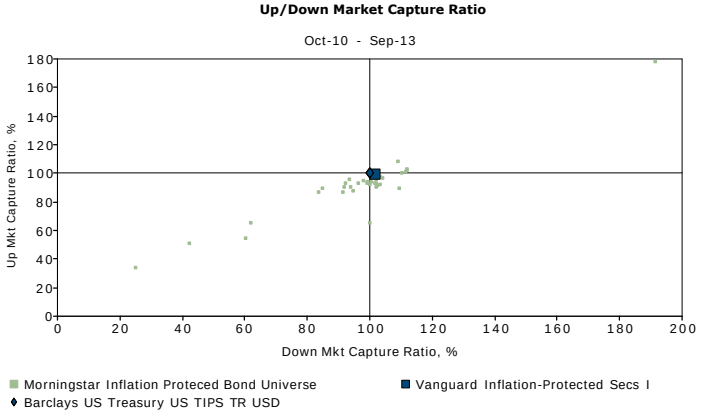


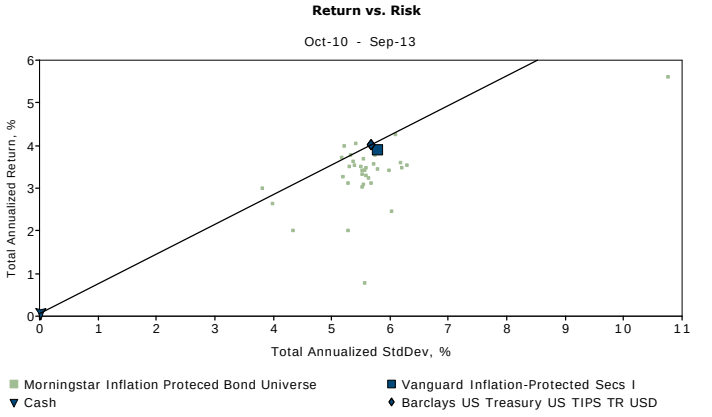
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard Inflation-Protected Secs I	8.00	8.25	2.78	0.46	11.82	-2.81	11.03	6.33	13.39	6.87
Barclays US Treasury US TIPS TR USD	8.40	8.46	2.84	0.41	11.64	-2.35	11.41	6.31	13.56	6.98



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Vanguard Inflation-Protected Secs I	-0.17	1.01	99.29	0.67	5.78	0.49
Barclays US Treasury US TIPS TR USD	0.00	1.00	100.00	0.71	5.67	0.00
Universe(5%)	0.35	1.07	99.66	0.75	6.22	4.04
Universe(25%)	-0.19	1.01	99.32	0.66	5.73	1.27
Universe(Median)	-0.47	0.97	98.99	0.61	5.54	0.66
Universe(75%)	-0.71	0.93	96.23	0.57	5.31	0.50
Universe(95%)	-1.56	0.62	71.18	0.40	4.24	0.34



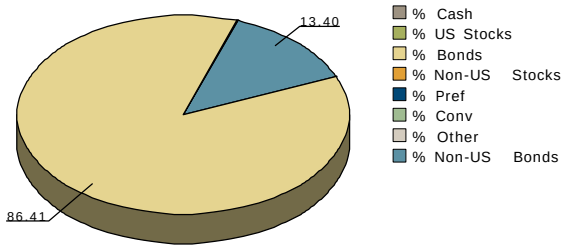




Milliman | Quarterly Investment Monitor

Data as of 09/30/2013

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	0.15
% US Stocks	0.00
% Bonds	86.41
% Non-US Stocks	0.00
% Pref	0.00
% Conv	0.00
% Other	0.04
% Non-US Bonds	13.40

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

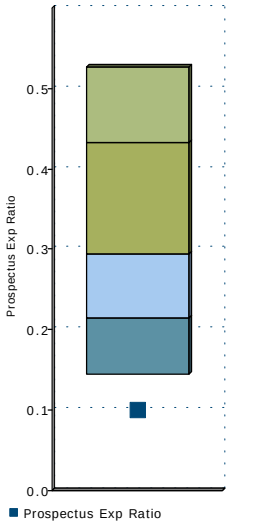
Credit Quality	
Avg Eff Duration	6.55
Effective Maturity	7.30
Avg Credit Quality	A
AAA	54.17
AA	4.48
A	18.87
BBB	22.48
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

Top Ten Holdings	
US Treasury Note 3.625%	3.21%
US Treasury Note 3.5%	3.18%
US Treasury Note 1.75%	3.09%
US Treasury Note 3.625%	3.05%
US Treasury Note 3.125%	2.82%
US Treasury Note 2%	2.63%
US Treasury Note 2.625%	2.38%
US Treasury Note 3.625%	2.36%
US Treasury Note 1.625%	2.13%
US Treasury Note 2.625%	2.12%

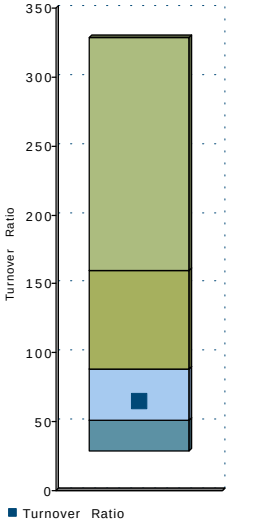
Portfolio Information	
Ticker	VIBSX
Morningstar Category	Intermediate-term Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	NA
Net Assets $MM	14770.76
Turnover Ratio	65.00
% Assets in Top 10 Holdings	26.98
Total Number of Holdings	1495.00
Manager Name	Joshua C. Barrickman
Manager Tenure	5.44
Fund Incept Date	03/01/1994
Prospectus Exp Ratio	0.10
Phone Number	800-662-7447

Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	33
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	22
10 Year Mstar Rating	★★★★
% Rank Cat 10 Yr	16

Expense Ratio vs. Peer Group



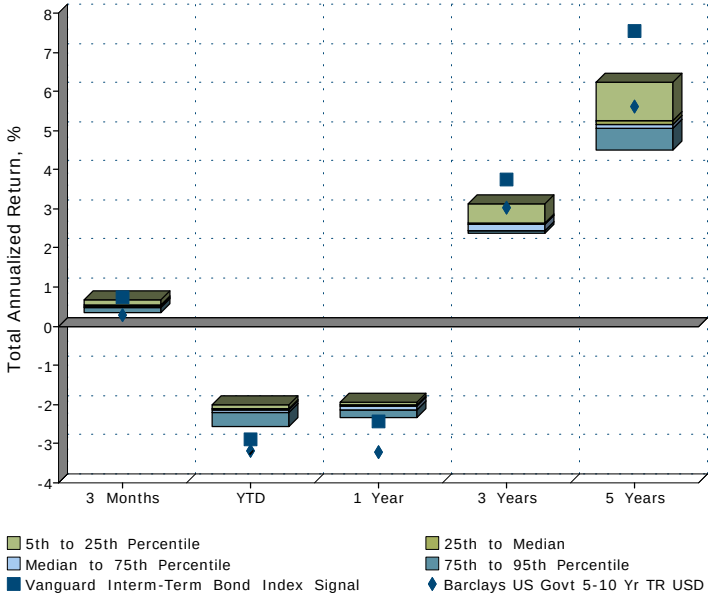
Turnover Ratio vs. Peer Group



Investment Strategy Summary

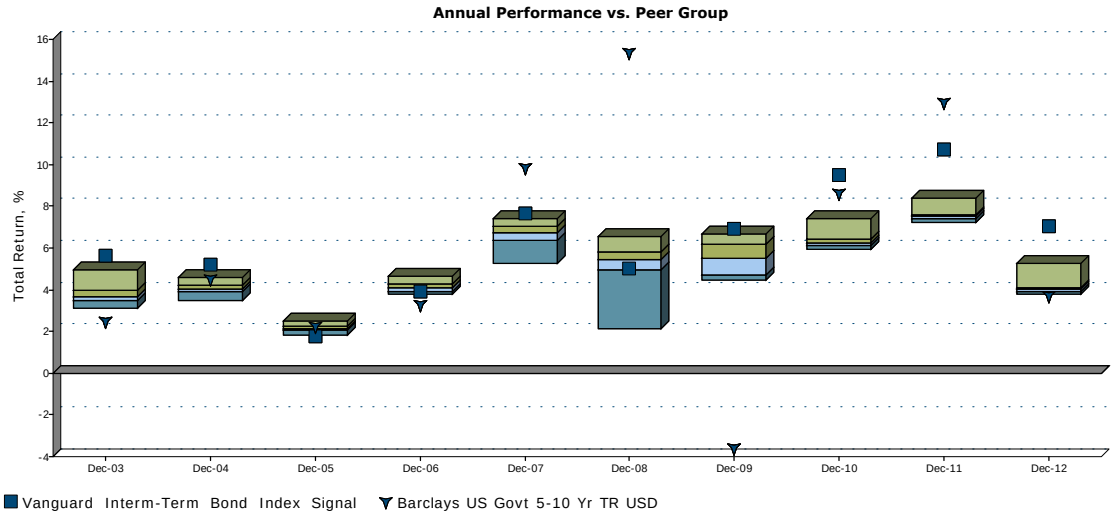
The investment seeks the performance of a market-weighted bond index with an intermediate-term dollar-weighted average maturity. The fund employs an indexing investment approach designed to track the performance of the Barclays U.S. 5-10 Year Government/Credit Float Adjusted Index. This Index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities between 5 and 10 years and are publicly issued. All of the fund's investments will be selected through the sampling process, and at least 80% of the fund's assets will be invested in bonds held in the index.

Performance vs. Peer Group

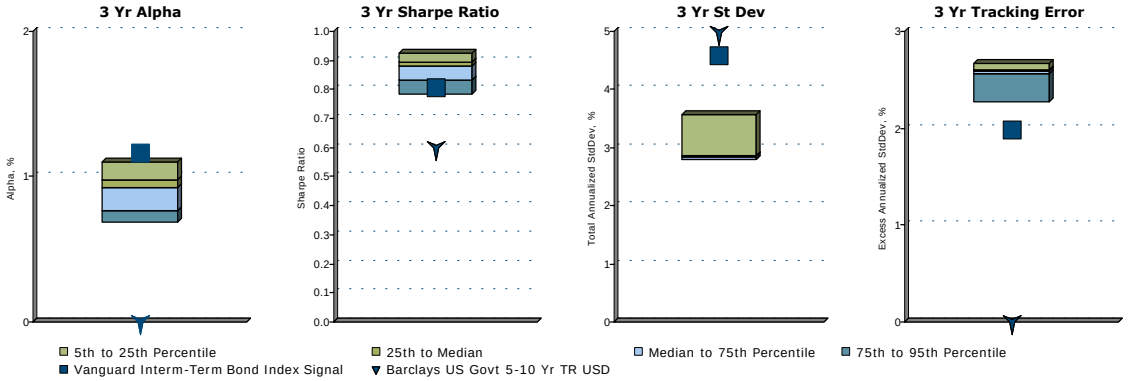


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Interm-Term Bond Index Signal	0.75	-2.89	-2.44	3.76	7.55
Barclays US Govt 5-10 Yr TR USD	0.29	-3.17	-3.22	3.02	5.61
Universe(5%)	0.67	-2.02	-1.95	3.13	6.24
Universe(25%)	0.54	-2.11	-2.00	2.65	5.24
Universe(Median)	0.52	-2.14	-2.05	2.60	5.16
Universe(75%)	0.49	-2.20	-2.12	2.43	5.06
Universe(95%)	0.35	-2.56	-2.33	2.37	4.50

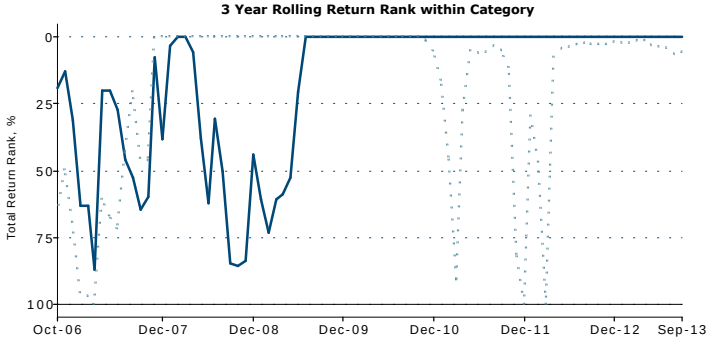
Vanguard Interm-Term Bond Index Signal

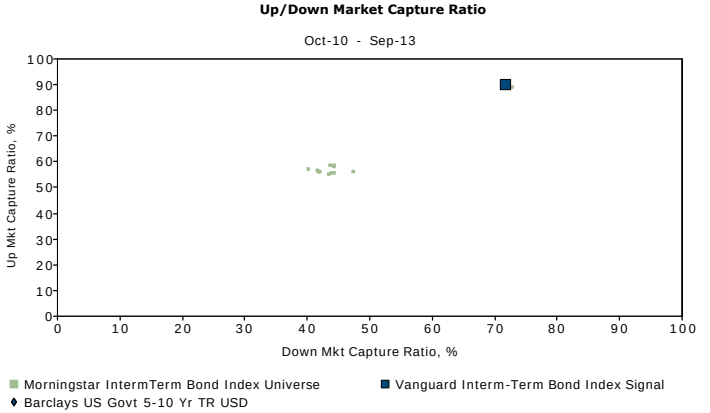


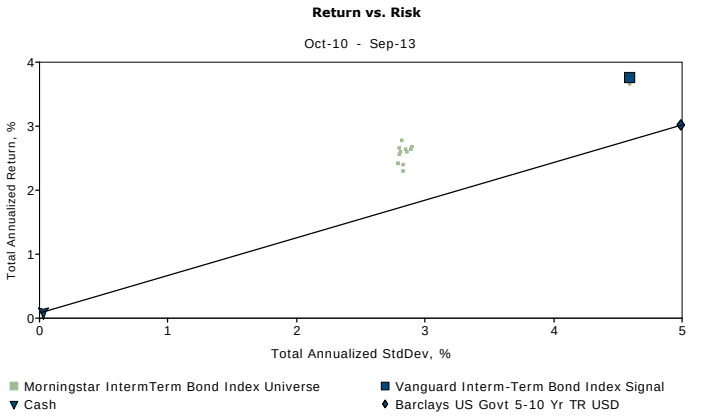
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard Interm-Term Bond Index Signal	5.65	5.22	1.75	3.91	7.66	5.01	6.89	9.48	10.73	7.02
Barclays US Govt 5-10 Yr TR USD	2.48	4.50	2.25	3.33	9.84	15.38	-3.55	8.62	12.98	3.72



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	1.16	0.84	84.15	0.81	4.59	1.99
Barclays US Govt 5-10 Yr TR USD	0.00	1.00	100.00	0.60	4.99	0.00
Universe(5%)	1.10	0.66	89.12	0.93	3.58	2.66
Universe(25%)	0.98	0.54	86.90	0.89	2.86	2.61
Universe(Median)	0.93	0.53	85.85	0.88	2.83	2.60
Universe(75%)	0.77	0.52	84.65	0.83	2.80	2.56
Universe(95%)	0.69	0.52	82.54	0.78	2.79	2.27



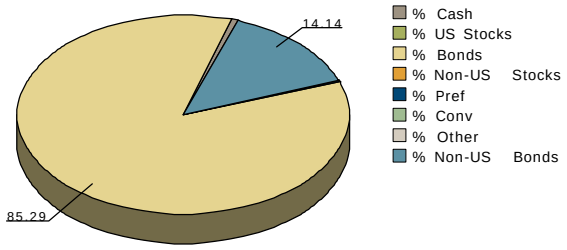




Milliman | Quarterly Investment Monitor

Data as of 09/30/2013

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	0.50
% US Stocks	0.00
% Bonds	85.29
% Non-US Stocks	0.00
% Pref	0.07
% Conv	0.00
% Other	0.00
% Non-US Bonds	14.14

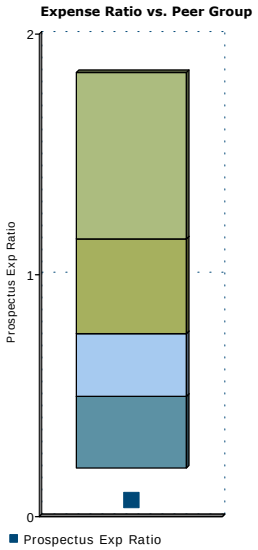
Sector Allocation	
% Basic Materials	NA
% Communication Services	NA
% Consumer Cyclical	NA
% Consumer Defensive	NA
% Healthcare	NA
% Industrials	NA
% Real Estate	NA
% Technology	NA
% Energy	NA
% Financial Services	NA
% Utilities	NA

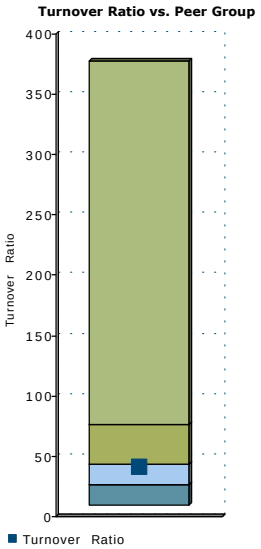
Credit Quality	
Avg Eff Duration	14.13
Effective Maturity	24.00
Avg Credit Quality	A
AAA	40.09
AA	7.27
A	25.15
BBB	27.49
BB	0.00
B	0.00
Below B	0.00
NR/NA	0.00

Top Ten Holdings	
US Treasury Bond 3.125%	2.28%
US Treasury Bond 4.25%	2.18%
US Treasury Bond 2.75%	1.93%
US Treasury Bond 4.375%	1.88%
US Treasury Bond 4.75%	1.84%
US Treasury Bond 2.75%	1.77%
US Treasury Bond 4.625%	1.71%
US Treasury Bond 4.375%	1.65%
US Treasury Bond 4.375%	1.63%
US Treasury Bond 3.125%	1.54%

Portfolio Information	
Ticker	VBLLX
Morningstar Category	Long-term Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	NA
Net Assets $MM	5621.45
Turnover Ratio	41.00
% Assets in Top 10 Holdings	18.41
Total Number of Holdings	1571.00
Manager Name	Joshua C. Barrickman
Manager Tenure	0.60
Fund Incept Date	03/01/1994
Prospectus Exp Ratio	0.07
Phone Number	800-662-7447

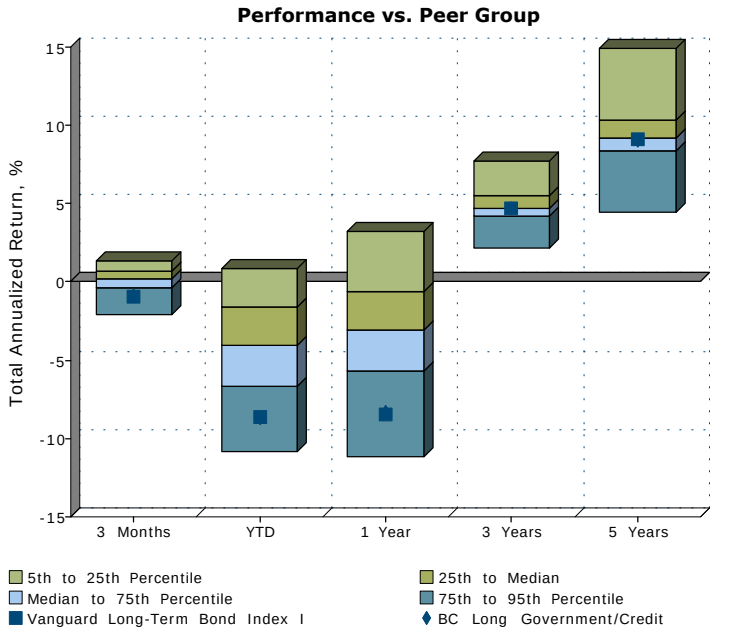
Portfolio Ratings	
Mstar Rating	★★
3 Year Mstar Rating	★★
% Rank Cat 3 Yr	73
5 Year Mstar Rating	★★
% Rank Cat 5 Yr	78
10 Year Mstar Rating	★★★
% Rank Cat 10 Yr	45





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.

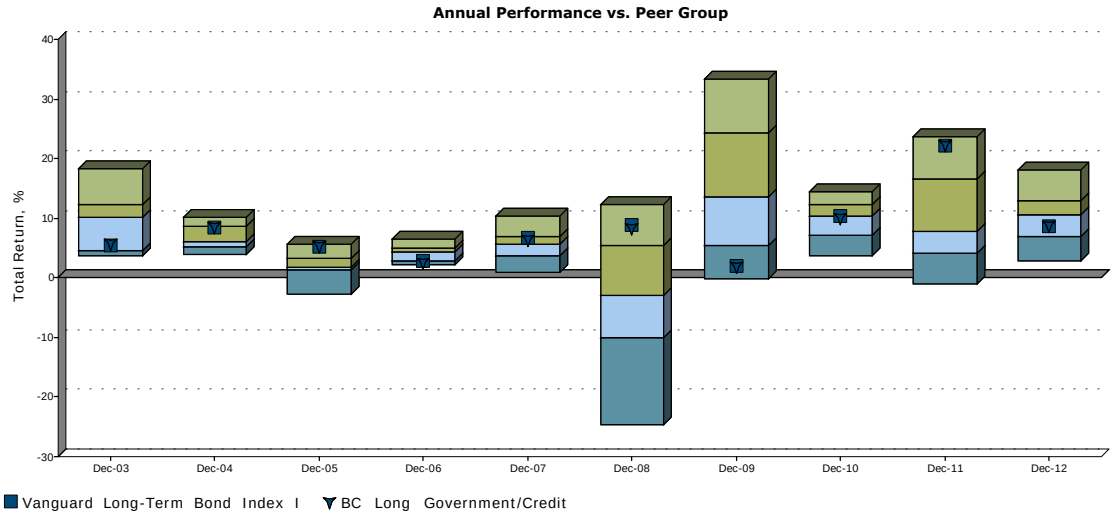


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Long-Term Bond Index I	-0.98	-8.60	-8.44	4.70	9.08
BC Long Government/Credit	-0.83	-8.74	-8.33	4.71	9.07
Universe(5%)	1.35	0.88	3.23	7.75	14.95
Universe(25%)	0.71	-1.57	-0.59	5.50	10.36
Universe(Median)	0.19	-4.08	-3.06	4.69	9.19
Universe(75%)	-0.36	-6.70	-5.68	4.22	8.41
Universe(95%)	-2.11	-10.80	-11.13	2.14	4.47

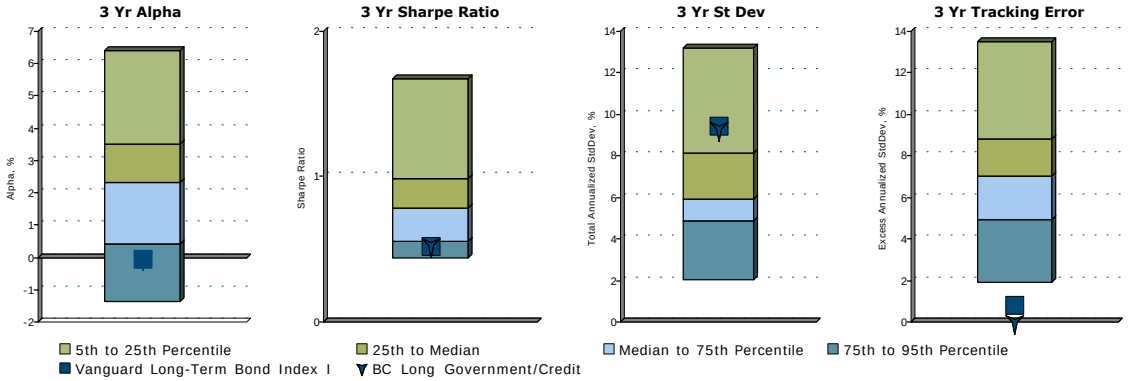
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Data as of 09/30/2013

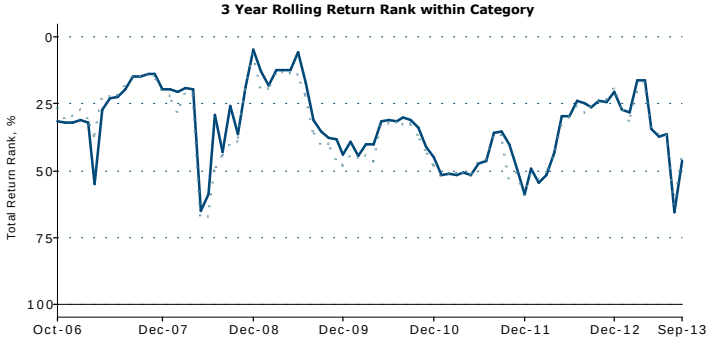
Vanguard Long-Term Bond Index I

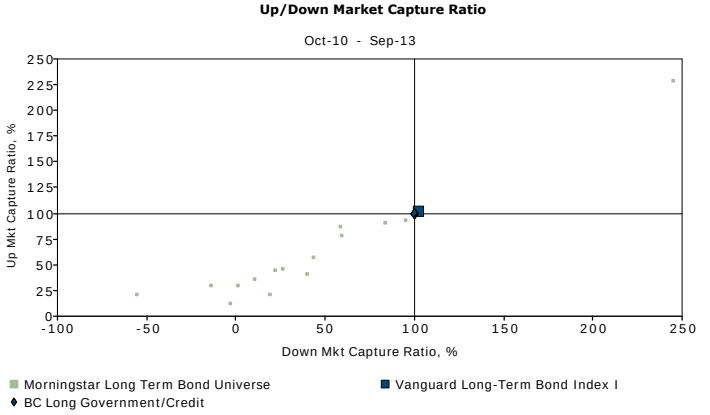


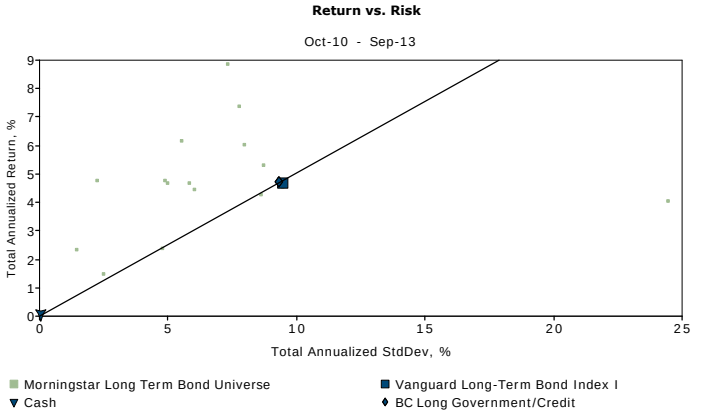
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard Long-Term Bond Index I	5.50	8.40	5.32	2.75	6.71	8.77	1.91	10.43	22.23	8.63
BC Long Government/Credit	5.87	8.56	5.33	2.71	6.60	8.44	1.92	10.16	22.49	8.78



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	-0.05	1.01	99.31	0.52	9.45	0.79
BC Long Government/Credit	0.00	1.00	100.00	0.53	9.31	0.00
Universe(5%)	6.39	1.35	95.56	1.67	13.19	13.53
Universe(25%)	3.53	0.77	79.63	0.98	8.15	8.85
Universe(Median)	2.33	0.39	60.36	0.78	5.92	7.00
Universe(75%)	0.43	0.19	34.52	0.56	4.87	4.91
Universe(95%)	-1.37	0.02	2.99	0.44	2.04	1.89



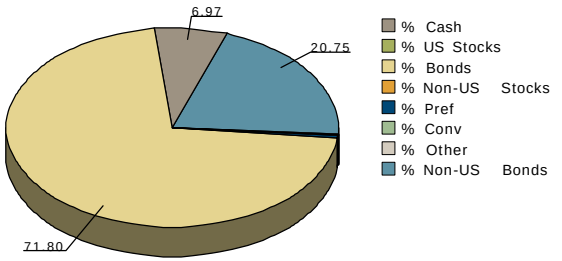




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Data as of 09/30/2013

PIMCO Long Duration Total Return Instl



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

Portfolio Structure	
% Cash	6.97
% US Stocks	0.00
% Bonds	71.80
% Non-US Stocks	0.00
% Pref	0.26
% Conv	0.00
% Other	0.22
% Non-US Bonds	20.75

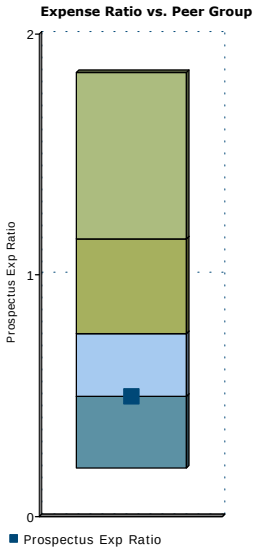
Sector Allocation	
% Basic Materials	0.00
% Communication Services	0.00
% Consumer Cyclical	0.00
% Consumer Defensive	0.00
% Healthcare	0.00
% Industrials	0.00
% Real Estate	0.00
% Technology	0.00
% Energy	0.00
% Financial Services	100.00
% Utilities	0.00

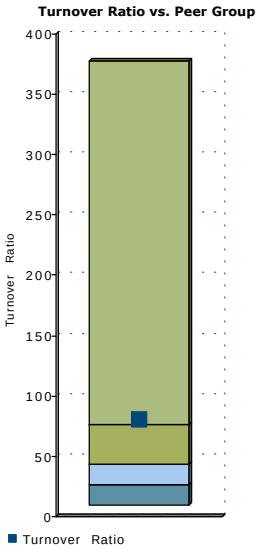
Credit Quality	
Avg Eff Duration	14.02
Effective Maturity	21.39
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Fin Fut Euro$ Cme 06/15/15	10.89%
US Treasury Bond 3.125%	5.21%
US Treasury Bond 5.5%	3.23%
US Treasury Bond 2.75%	2.72%
US Treasury Bond 4.5%	2.43%
US Treasury Bond 4.25%	2.37%
US Treasury Bond 3.125%	2.19%
U S Treas Bd Stripped Prin Pmt	1.57%
Quebec Prov Cda 5.75%	1.48%
US Treasury Bond 5.25%	1.39%

Portfolio Information	
Ticker	PLRIX
Morningstar Category	Long-term Bond
Avg Mkt Cap $MM	65992.63
Cat Med Mkt Cap $MM	NA
Net Assets $MM	5782.12
Turnover Ratio	81.00
% Assets in Top 10 Holdings	33.49
Total Number of Holdings	858.00
Manager Name	Stephen A. Rodosky
Manager Tenure	6.17
Fund Incept Date	08/31/2006
Prospectus Exp Ratio	0.50
Phone Number	888-877-4626

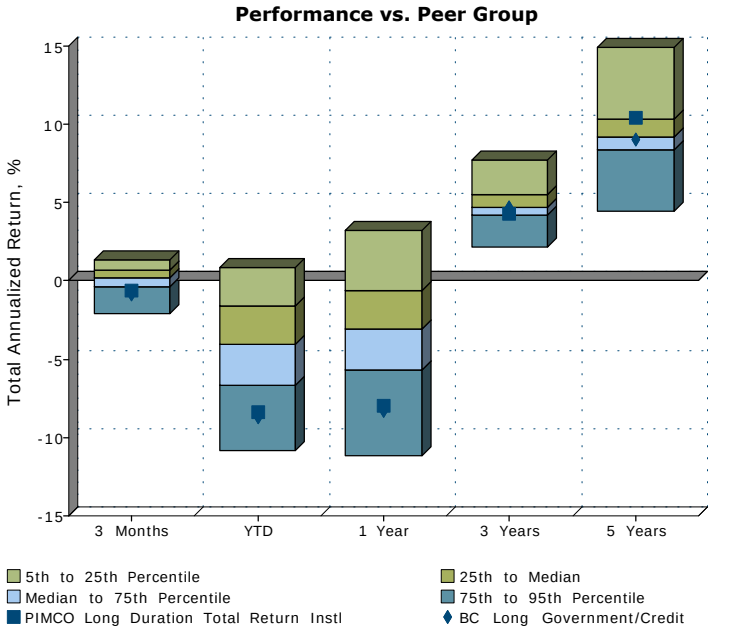
Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★
% Rank Cat 3 Yr	83
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	53
10 Year Mstar Rating	NA
% Rank Cat 10 Yr	NA





Investment Strategy Summary

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

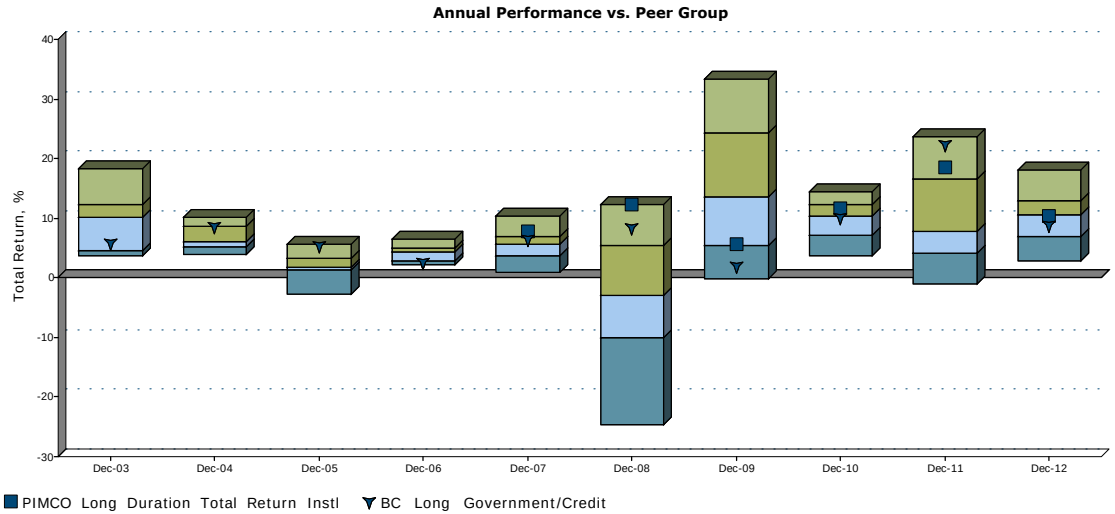


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
PIMCO Long Duration Total Return Instl	-0.65	-8.37	-7.97	4.28	10.40
BC Long Government/Credit	-0.83	-8.74	-8.33	4.71	9.07
Universe(5%)	1.35	0.88	3.23	7.75	14.95
Universe(25%)	0.71	-1.57	-0.59	5.50	10.36
Universe(Median)	0.19	-4.08	-3.06	4.69	9.19
Universe(75%)	-0.36	-6.70	-5.68	4.22	8.41
Universe(95%)	-2.11	-10.80	-11.13	2.14	4.47

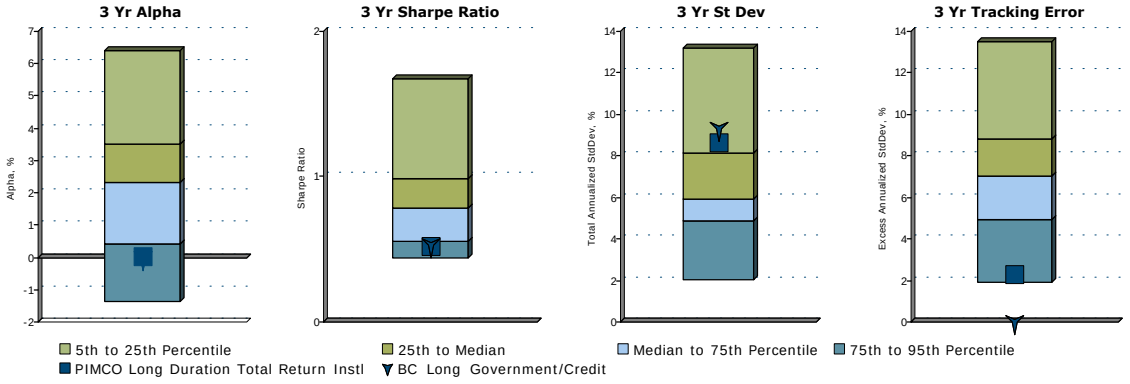
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Data as of 09/30/2013

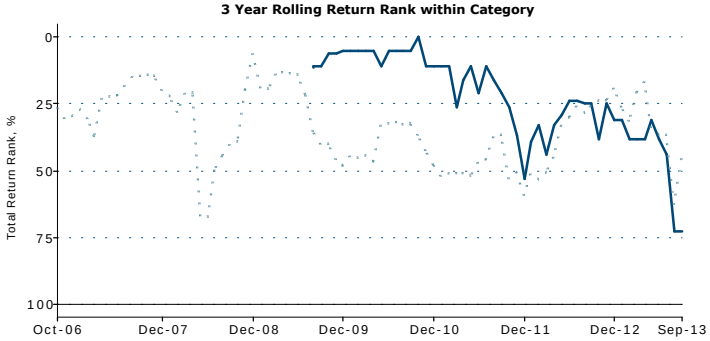
PIMCO Long Duration Total Return Instl

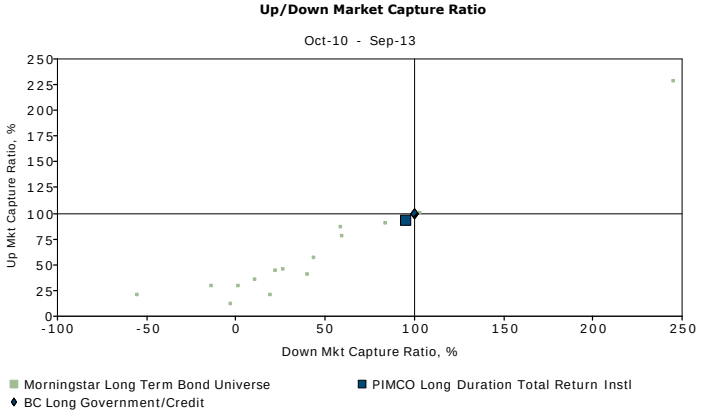


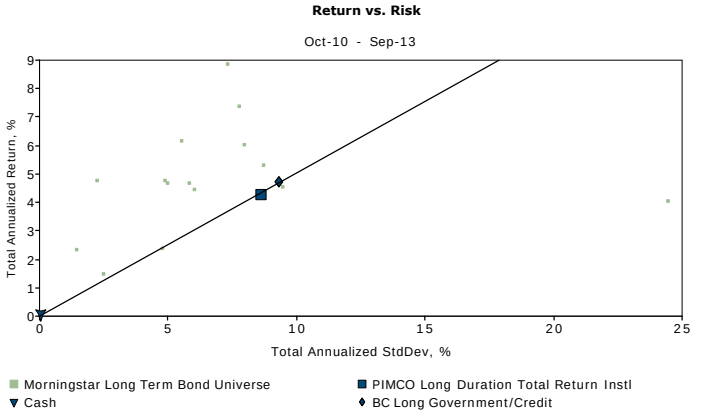
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
PIMCO Long Duration Total Return Instl	NA	NA	NA	NA	7.83	12.38	5.62	11.64	18.57	10.28
BC Long Government/Credit	5.87	8.56	5.33	2.71	6.60	8.44	1.92	10.16	22.49	8.78



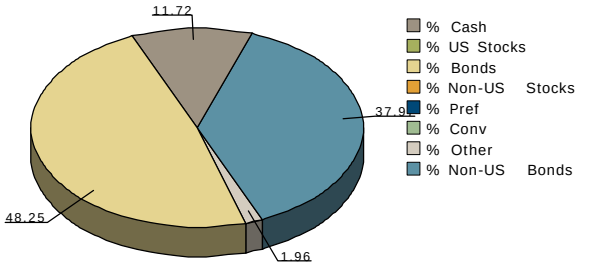
MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
PIMCO Long Duration Total Return Instl	0.02	0.90	94.30	0.52	8.62	2.26
BC Long Government/Credit	0.00	1.00	100.00	0.53	9.31	0.00
Universe(5%)	6.39	1.35	95.56	1.67	13.19	13.53
Universe(25%)	3.53	0.77	79.63	0.98	8.15	8.85
Universe(Median)	2.33	0.39	60.36	0.78	5.92	7.00
Universe(75%)	0.43	0.19	34.52	0.56	4.87	4.91
Universe(95%)	-1.37	0.02	2.99	0.44	2.04	1.89







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	11.72
% US Stocks	0.03
% Bonds	48.25
% Non-US Stocks	0.00
% Pref	0.00
% Conv	0.07
% Other	1.96
% Non-US Bonds	37.97

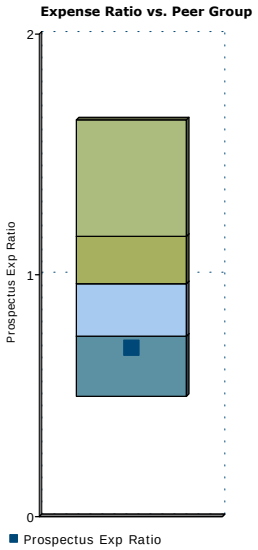
Sector Allocation	
% Basic Materials	NA
% Communication Services	NA
% Consumer Cyclical	NA
% Consumer Defensive	NA
% Healthcare	NA
% Industrials	NA
% Real Estate	NA
% Technology	NA
% Energy	NA
% Financial Services	NA
% Utilities	NA

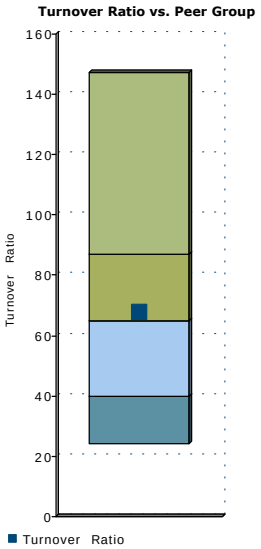
Credit Quality	
Avg Eff Duration	4.10
Effective Maturity	5.24
Avg Credit Quality	B
AAA	0.00
AA	0.06
A	0.45
BBB	0.72
BB	10.09
B	53.93
Below B	27.26
NR/NA	7.49

Top Ten Holdings	
Laureate Educ 144A 9.25%	3.05%
Us Foods 8.5%	2.71%
Magic 2 Lien (Misys Plc)	2.50%
Us Foods Senior Secured	2.27%
Fmg Resources Pty Ltd	2.19%
Formula 1 (Proj Green Ii)	2.03%
Hd Sply 11.5%	1.55%
Delta 2 Sarl Tl 1l	1.47%
Delta 2 Sarl Tl 1l	1.31%
Aa Bond Co Ltd 144a	1.28%

Portfolio Information	
Ticker	IVHIX
Morningstar Category	High Yield Bond
Avg Mkt Cap $MM	NA
Cat Med Mkt Cap $MM	11135.61
Net Assets $MM	8665.75
Turnover Ratio	68.00
% Assets in Top 10 Holdings	20.35
Total Number of Holdings	320.00
Manager Name	Bryan C. Krug
Manager Tenure	7.62
Fund Incept Date	07/31/1997
Prospectus Exp Ratio	0.70
Phone Number	800-777-6472

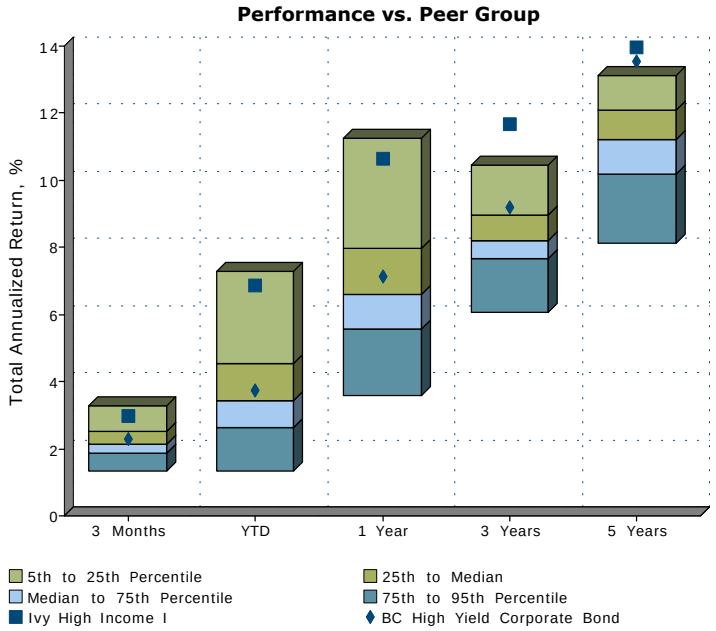
Portfolio Ratings	
Mstar Rating	★★★★★
3 Year Mstar Rating	★★★★★
% Rank Cat 3 Yr	1
5 Year Mstar Rating	★★★★★
% Rank Cat 5 Yr	2
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	5





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.

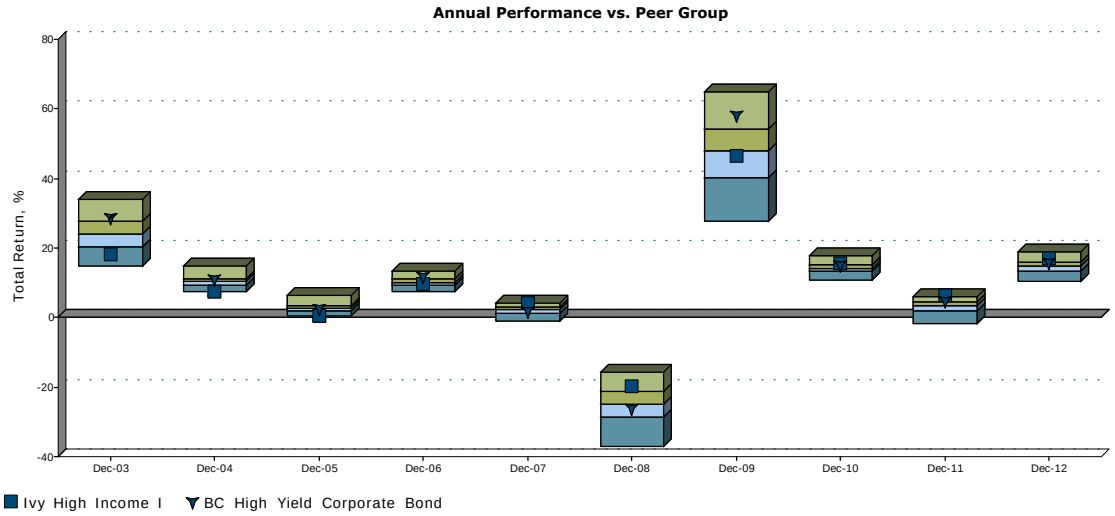


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Ivy High Income I	2.97	6.86	10.66	11.68	13.94
BC High Yield Corporate Bond	2.28	3.73	7.14	9.19	13.53
Universe(5%)	3.28	7.29	11.25	10.47	13.14
Universe(25%)	2.50	4.52	7.96	8.96	12.09
Universe(Median)	2.12	3.45	6.60	8.21	11.21
Universe(75%)	1.85	2.63	5.57	7.68	10.18
Universe(95%)	1.35	1.34	3.58	6.05	8.13

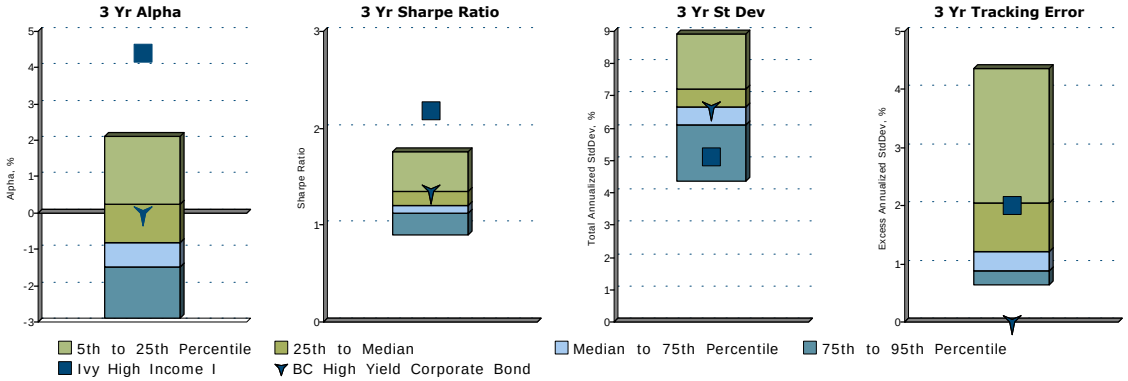
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Data as of 09/30/2013

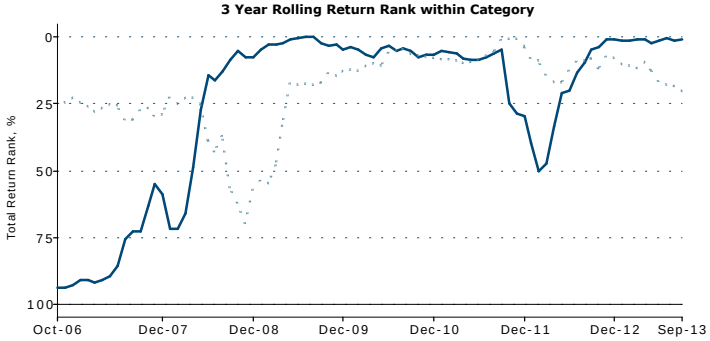
Ivy High Income I

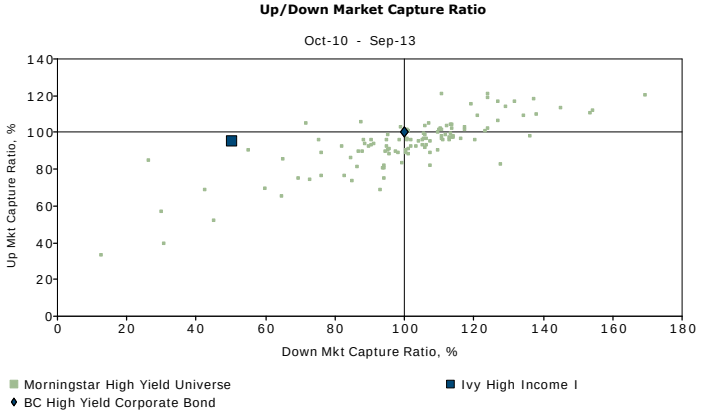


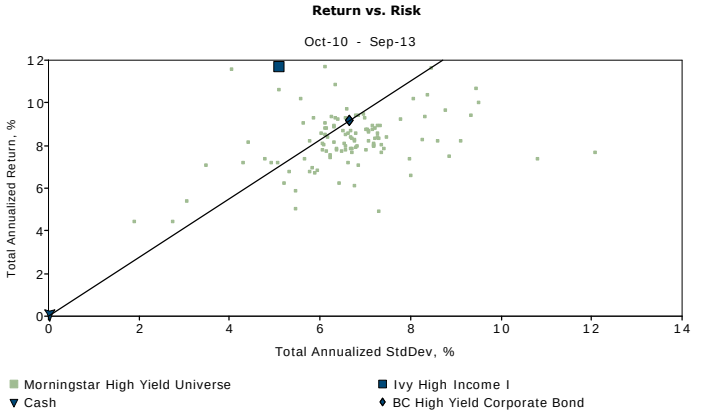
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Ivy High Income I	18.10	7.58	0.59	9.69	4.05	-19.73	46.56	15.62	6.44	17.16
BC High Yield Corporate Bond	28.97	11.13	2.74	11.85	1.87	-26.16	58.21	15.12	4.98	15.81



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	4.42	0.75	95.17	2.18	5.10	2.00
BC High Yield Corporate Bond	0.00	1.00	100.00	1.35	6.63	0.00
Universe(5%)	2.12	1.25	99.23	1.76	8.93	4.37
Universe(25%)	0.24	1.08	98.66	1.35	7.20	2.04
Universe(Median)	-0.83	0.99	97.62	1.21	6.67	1.22
Universe(75%)	-1.47	0.90	93.31	1.12	6.11	0.87
Universe(95%)	-2.89	0.61	78.40	0.90	4.38	0.65



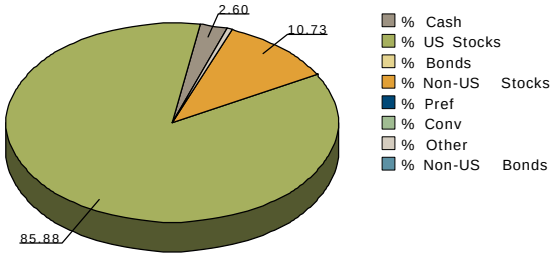




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Data as of 09/30/2013

Vanguard Equity-Income Adm



Portfolio Region	
% United States	88.89
% Canada	1.30
% Latin America	0.00
% United Kingdom	4.22
% Eurozone	3.43
% Europe - ex Euro	2.16
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	0.00
% Australasia	0.00
% Asia - Developed	0.00
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	2.60
% US Stocks	85.88
% Bonds	0.00
% Non-US Stocks	10.73
% Pref	0.00
% Conv	0.00
% Other	0.79
% Non-US Bonds	0.00

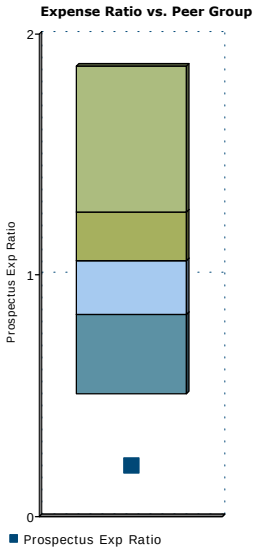
Sector Allocation	
% Basic Materials	3.67
% Communication Services	4.83
% Consumer Cyclical	7.19
% Consumer Defensive	12.43
% Healthcare	13.48
% Industrials	12.38
% Real Estate	0.00
% Technology	12.42
% Energy	12.39
% Financial Services	14.71
% Utilities	6.51

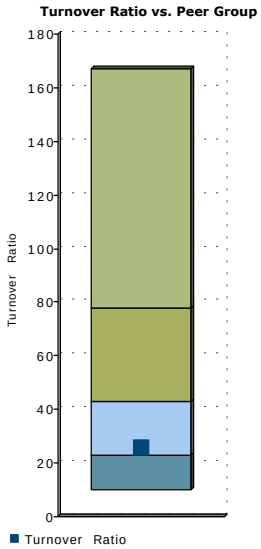
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Johnson & Johnson	3.84%
Chevron Corp	3.63%
Exxon Mobil Corporation	3.50%
Microsoft Corporation	3.48%
Wells Fargo & Co	3.29%
JPMorgan Chase & Co	3.01%
Merck & Co Inc	2.69%
General Electric Co	2.57%
Pfizer Inc	2.20%
AT&T Inc	1.97%

Portfolio Information	
Ticker	VEIRX
Morningstar Category	Large Value
Avg Mkt Cap $MM	71562.86
Cat Med Mkt Cap $MM	73259.36
Net Assets $MM	13972.66
Turnover Ratio	26.00
% Assets in Top 10 Holdings	30.18
Total Number of Holdings	149.00
Manager Name	James P. Stetler
Manager Tenure	9.76
Fund Incept Date	03/21/1988
Prospectus Exp Ratio	0.21
Phone Number	800-662-7447

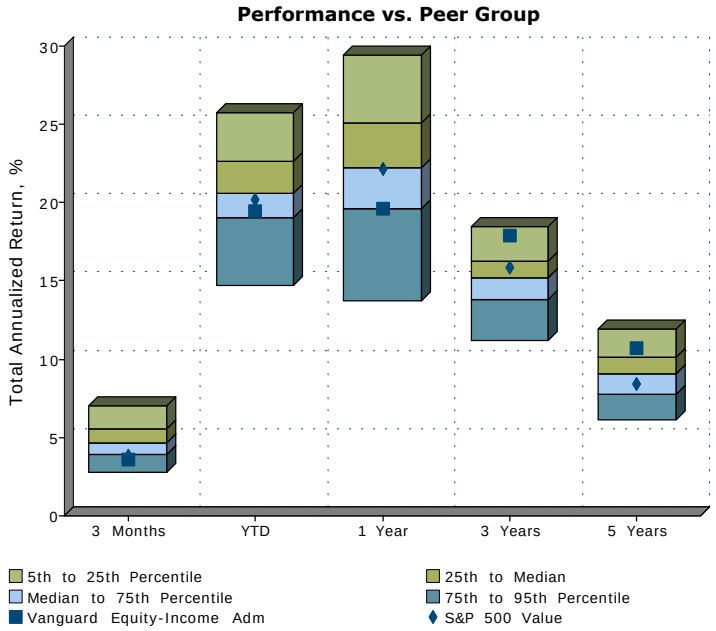
Portfolio Ratings	
Mstar Rating	★★★★★
3 Year Mstar Rating	★★★★★
% Rank Cat 3 Yr	4
5 Year Mstar Rating	★★★★★
% Rank Cat 5 Yr	12
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	7





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 pay above-average levels of dividend income and are considered to have the potential for capital appreciation. In addition, the advisors generally look for companies that they believe are committed to paying dividends consistently. Under normal circumstances, it will invest at least 80% of its assets in equity securities. The fund uses multiple investment advisors.

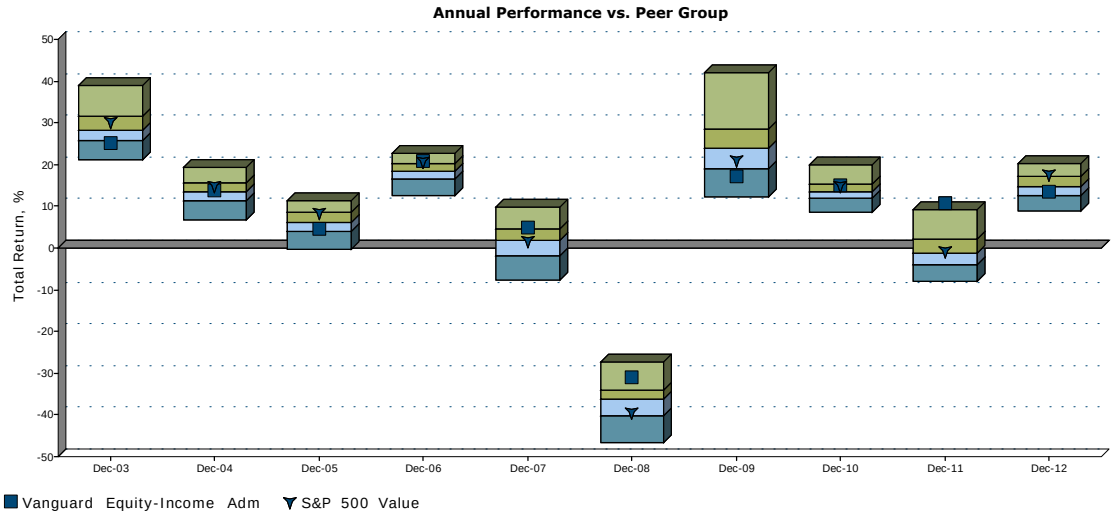


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Equity-Income Adm	3.62	19.45	19.61	17.88	10.68
S&P 500 Value	3.84	20.17	22.15	15.86	8.38
Universe(5%)	7.03	25.75	29.44	18.47	11.90
Universe(25%)	5.54	22.67	25.09	16.30	10.18
Universe(Median)	4.64	20.61	22.24	15.23	9.04
Universe(75%)	3.89	19.04	19.58	13.78	7.81
Universe(95%)	2.75	14.70	13.70	11.21	6.14

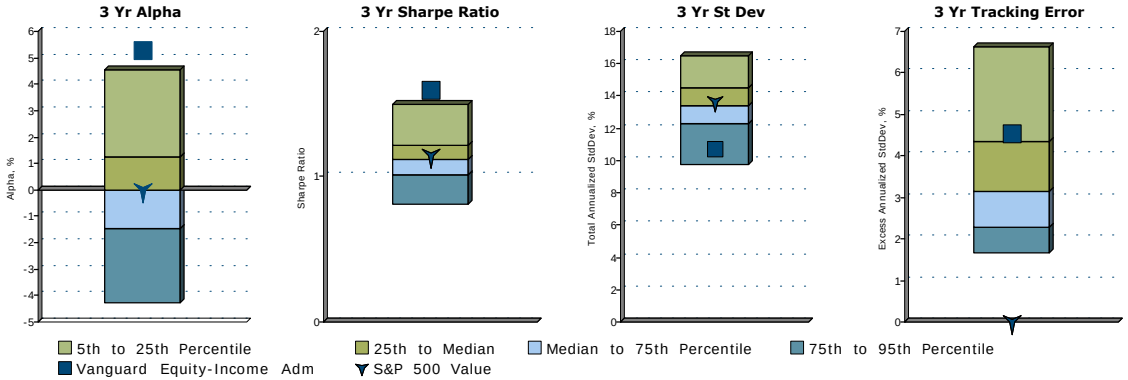
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Data as of 09/30/2013

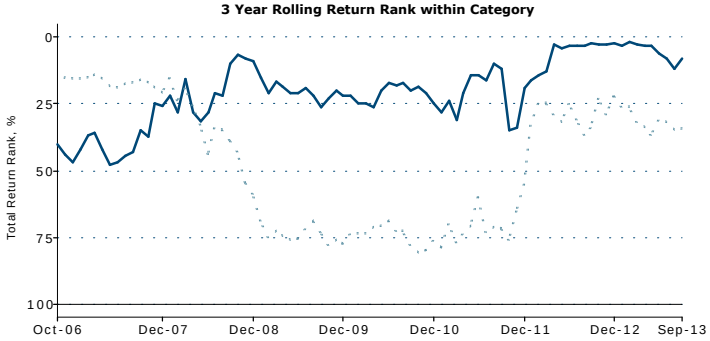
Vanguard Equity-Income Adm

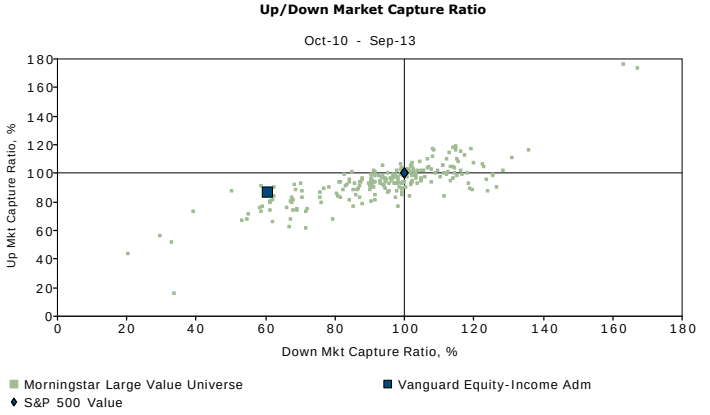


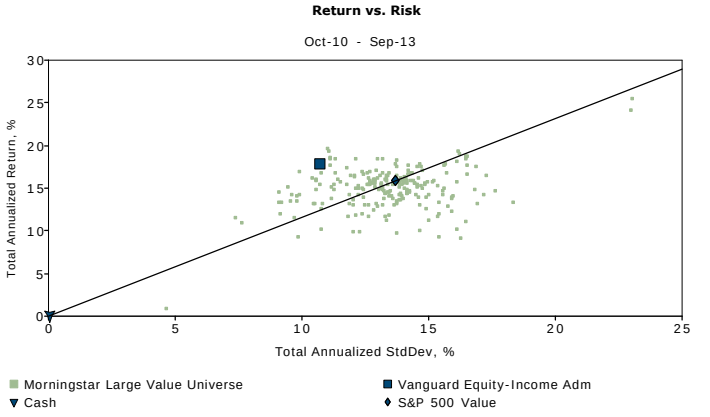
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard Equity-Income Adm	25.24	13.69	4.52	20.77	4.99	-30.86	17.26	14.99	10.69	13.58
S&P 500 Value	30.36	15.03	8.71	20.80	1.99	-39.22	21.18	15.10	-0.48	17.68



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	5.28	0.75	92.18	1.59	10.69	4.53
S&P 500 Value	0.00	1.00	100.00	1.14	13.67	0.00
Universe(5%)	4.53	1.19	98.84	1.50	16.49	6.62
Universe(25%)	1.27	1.04	97.54	1.22	14.53	4.36
Universe(Median)	-0.03	0.97	95.91	1.12	13.43	3.13
Universe(75%)	-1.46	0.88	92.52	1.02	12.27	2.29
Universe(95%)	-4.29	0.67	84.56	0.81	9.78	1.65



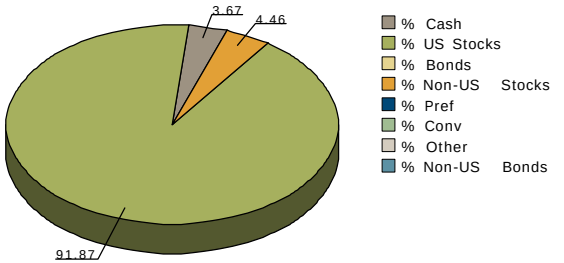




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Data as of 09/30/2013

Vanguard Morgan Growth Adm



Portfolio Region	
% United States	95.37
% Canada	0.64
% Latin America	0.00
% United Kingdom	0.56
% Eurozone	1.47
% Europe - ex Euro	1.09
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.51
% Japan	0.00
% Australasia	0.11
% Asia - Developed	0.26
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	3.67
% US Stocks	91.87
% Bonds	0.00
% Non-US Stocks	4.46
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	3.53
% Communication Services	2.71
% Consumer Cyclical	19.26
% Consumer Defensive	7.05
% Healthcare	15.57
% Industrials	13.11
% Real Estate	0.38
% Technology	27.14
% Energy	4.45
% Financial Services	6.80
% Utilities	0.00

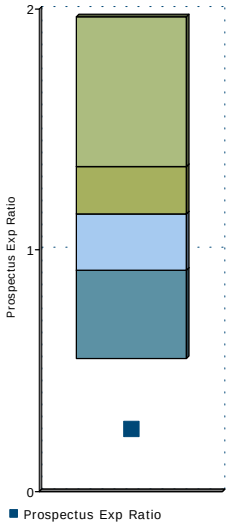
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Google, Inc. Class A	2.70%
Cisco Systems Inc	2.68%
Microsoft Corporation	2.14%
Apple Inc	2.05%
Wal-Mart Stores Inc	1.34%
Monsanto Company	1.29%
Home Depot, Inc.	1.27%
Costco Wholesale Corporation	1.22%
TJX Companies	1.18%
Biogen Idec Inc	1.17%

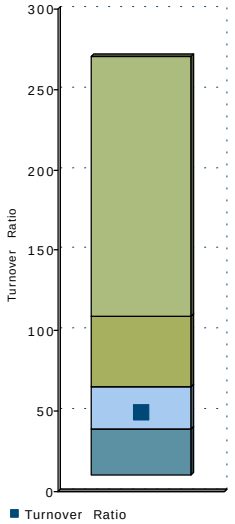
Portfolio Information	
Ticker	VMRAX
Morningstar Category	Large Growth
Avg Mkt Cap $MM	34583.13
Cat Med Mkt Cap $MM	56784.53
Net Assets $MM	9941.09
Turnover Ratio	49.00
% Assets in Top 10 Holdings	17.04
Total Number of Holdings	331.00
Manager Name	James P. Stetler
Manager Tenure	9.76
Fund Incept Date	12/31/1968
Prospectus Exp Ratio	0.26
Phone Number	800-662-7447

Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	41
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	40
10 Year Mstar Rating	★★★
% Rank Cat 10 Yr	33

Expense Ratio vs. Peer Group



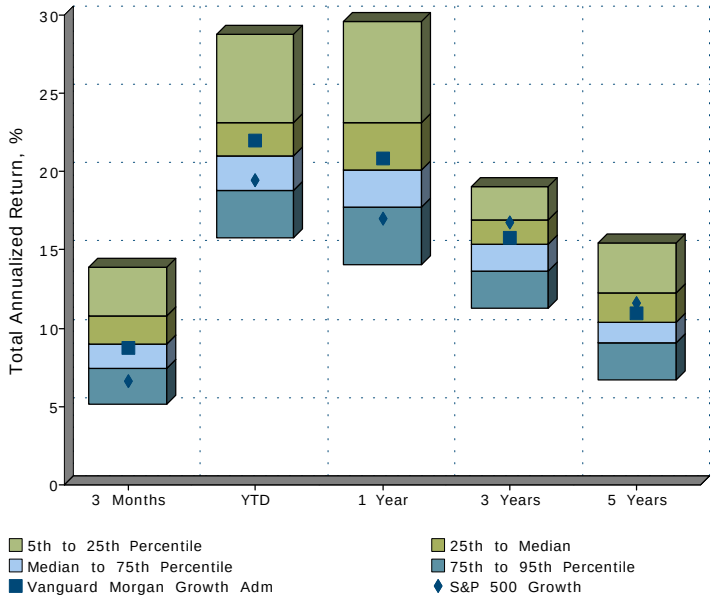
Turnover Ratio vs. Peer Group



Investment Strategy Summary

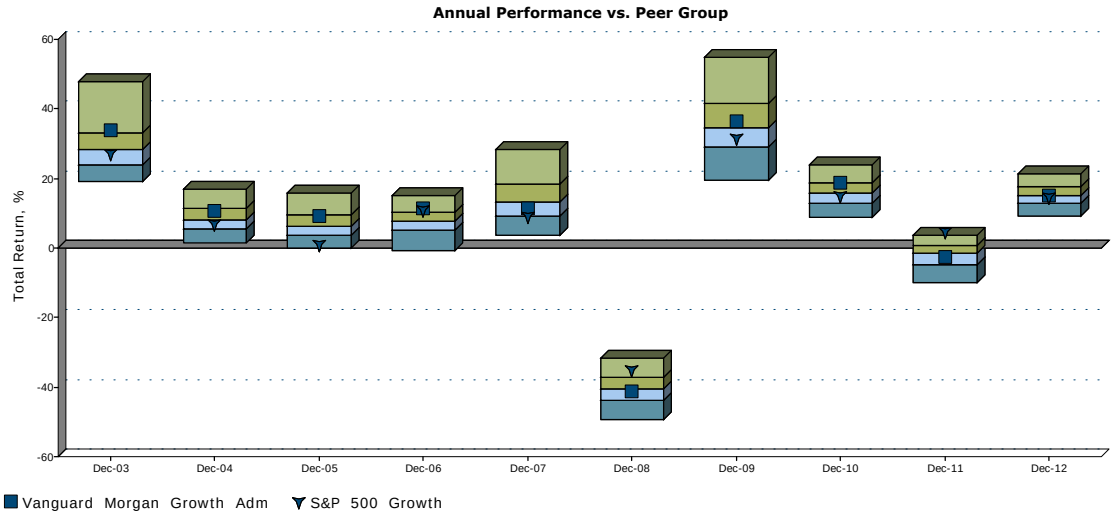
The investment seeks long-term growth of capital. The fund invests mainly in the stocks of mid- and large-capitalization U.S. companies whose revenues and/or earnings are expected to grow faster than those of the average company in the market. It uses multiple investment advisors.

Performance vs. Peer Group

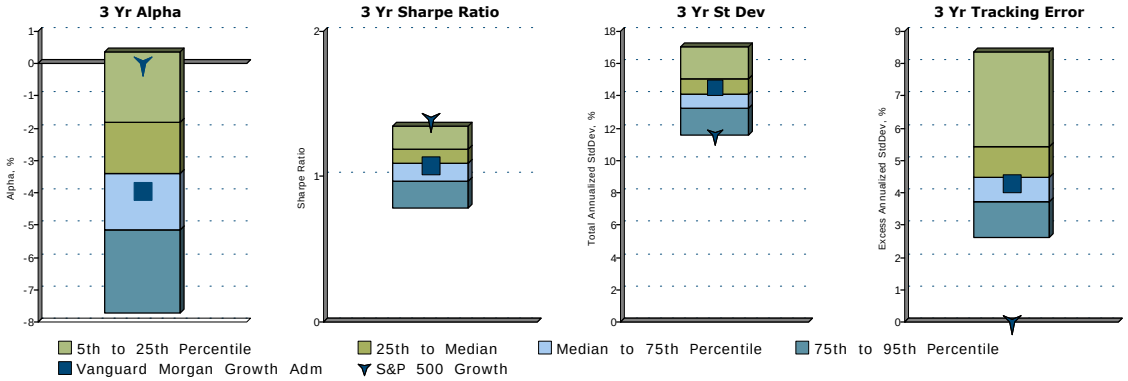


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Morgan Growth Adm	8.71	22.02	20.86	15.78	10.95
S&P 500 Growth	6.60	19.44	17.00	16.73	11.58
Universe(5%)	13.89	28.81	29.58	19.02	15.43
Universe(25%)	10.80	23.15	23.10	16.90	12.27
Universe(Median)	8.99	20.99	20.13	15.34	10.38
Universe(75%)	7.45	18.80	17.74	13.65	9.08
Universe(95%)	5.13	15.81	14.03	11.28	6.68

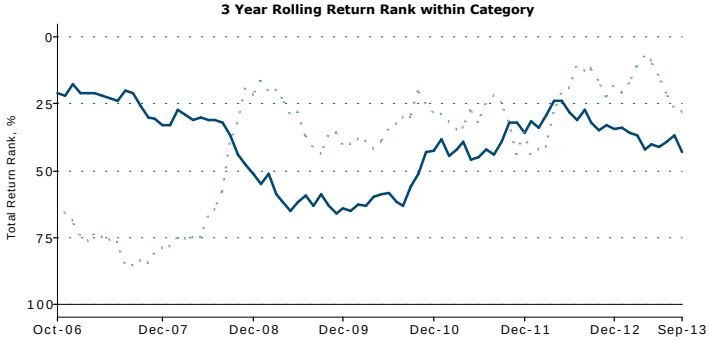
Vanguard Morgan Growth Adm

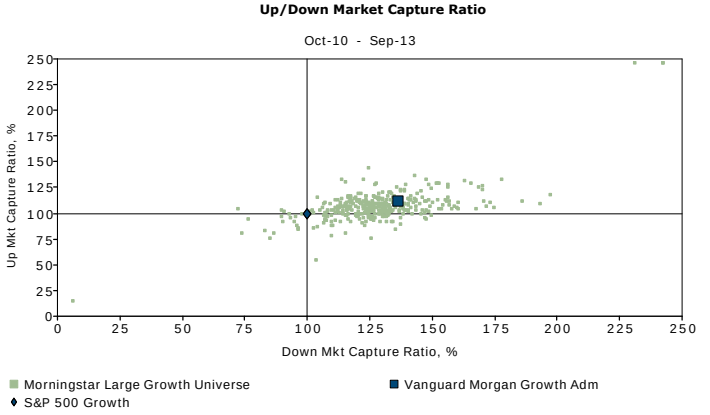


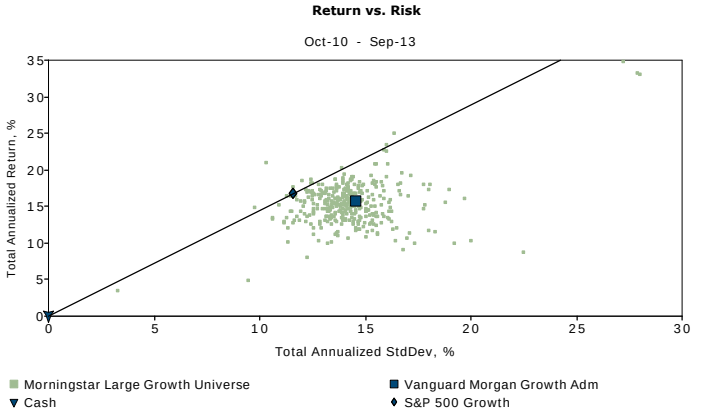
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard Morgan Growth Adm	33.91	10.61	9.31	11.32	11.36	-41.33	36.31	18.90	-2.42	15.25
S&P 500 Growth	27.08	6.97	1.14	11.01	9.13	-34.92	31.57	15.05	4.65	14.61



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 Morgan Growth Adm	-3.96	1.22	94.40	1.08	14.54	4.27
S&P 500 Growth	0.00	1.00	100.00	1.39	11.60	0.00
Universe(5%)	0.35	1.38	96.47	1.35	17.06	8.35
Universe(25%)	-1.82	1.22	93.94	1.19	15.05	5.44
Universe(Median)	-3.39	1.17	92.24	1.10	14.09	4.47
Universe(75%)	-5.13	1.10	88.98	0.97	13.26	3.73
Universe(95%)	-7.73	0.95	80.39	0.78	11.60	2.60



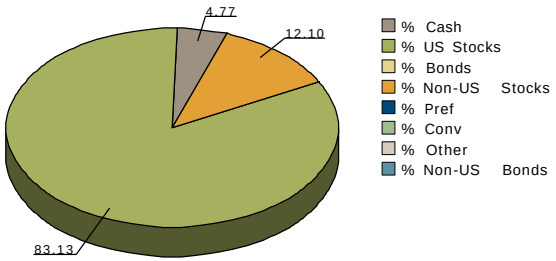




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Data as of 09/30/2013

Vanguard PRIMECAP Inv



Portfolio Region	
% United States	87.29
% Canada	1.66
% Latin America	0.04
% United Kingdom	0.79
% Eurozone	1.01
% Europe - ex Euro	8.54
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.00
% Japan	0.66
% Australasia	0.00
% Asia - Developed	0.00
% Asia - Emerging	0.00

Portfolio Structure	
% Cash	4.77
% US Stocks	83.13
% Bonds	0.00
% Non-US Stocks	12.10
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	3.15
% Communication Services	1.73
% Consumer Cyclical	5.65
% Consumer Defensive	0.68
% Healthcare	32.91
% Industrials	13.65
% Real Estate	0.00
% Technology	31.66
% Energy	4.07
% Financial Services	6.36
% Utilities	0.13

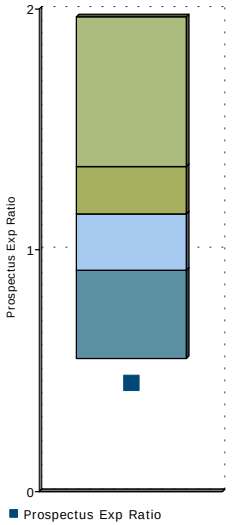
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Biogen Idec Inc	6.63%
Amgen Inc	5.39%
Google, Inc. Class A	4.30%
Roche Holding AG	4.30%
Microsoft Corporation	3.89%
Eli Lilly and Company	3.68%
FedEx Corporation	3.48%
Texas Instruments, Inc.	3.47%
Adobe Systems Inc	3.12%
Novartis AG ADR	3.02%

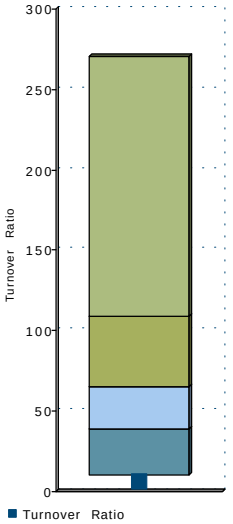
Portfolio Information	
Ticker	VPMCX
Morningstar Category	Large Growth
Avg Mkt Cap $MM	51900.61
Cat Med Mkt Cap $MM	56784.53
Net Assets $MM	36188.11
Turnover Ratio	6.00
% Assets in Top 10 Holdings	41.27
Total Number of Holdings	131.00
Manager Name	Joel P. Fried
Manager Tenure	24.77
Fund Incept Date	11/01/1984
Prospectus Exp Ratio	0.45
Phone Number	800-662-7447

Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	26
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	39
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	7

Expense Ratio vs. Peer Group



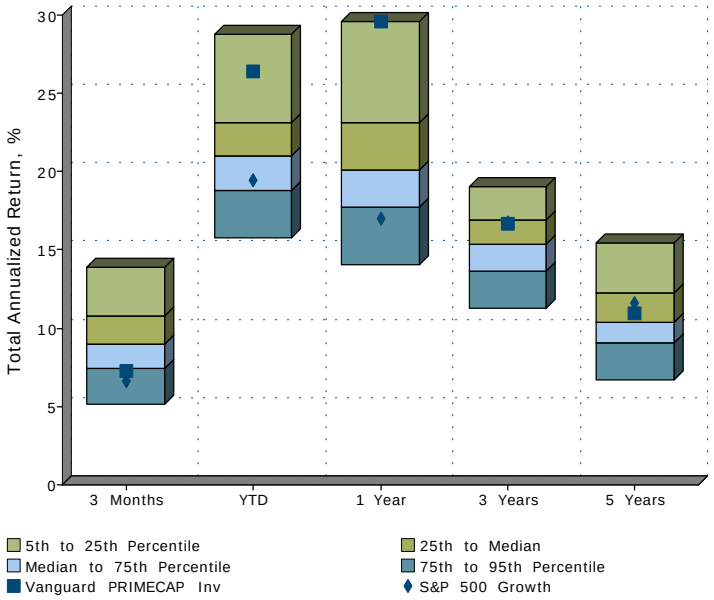
Turnover Ratio vs. Peer Group



Investment Strategy Summary

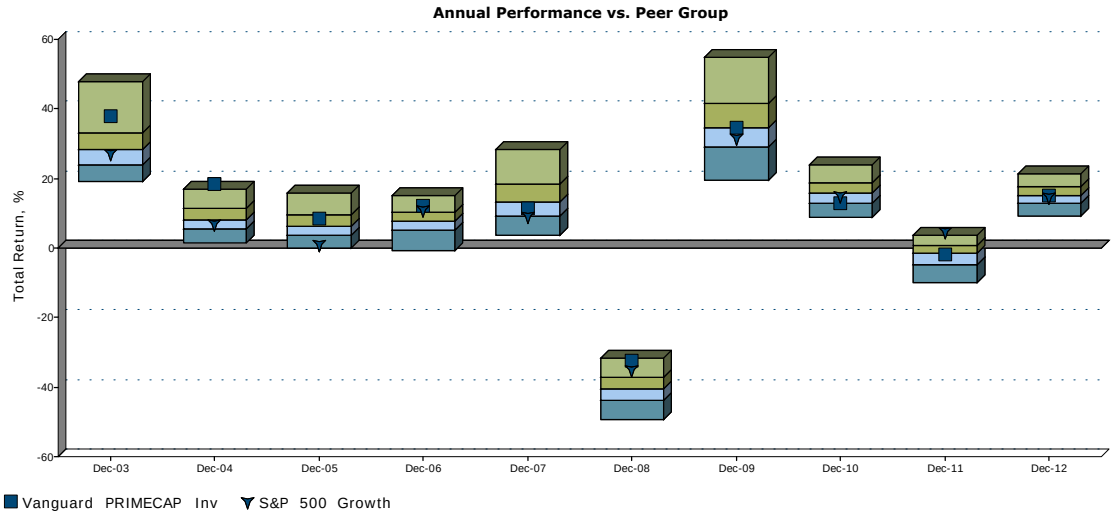
The investment seeks long-term capital appreciation. The fund invests in stocks considered to have above-average earnings growth potential that is not reflected in their current market prices. Its portfolio consists predominantly of large- and mid-capitalization stocks.

Performance vs. Peer Group

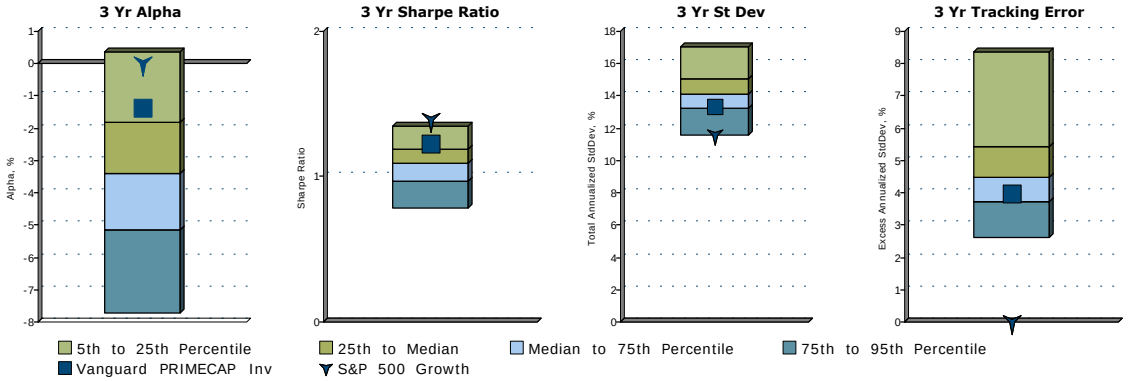


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard PRIMECAP Inv	7.29	26.39	29.63	16.71	10.99
S&P 500 Growth	6.60	19.44	17.00	16.73	11.58
Universe(5%)	13.89	28.81	29.58	19.02	15.43
Universe(25%)	10.80	23.15	23.10	16.90	12.27
Universe(Median)	8.99	20.99	20.13	15.34	10.38
Universe(75%)	7.45	18.80	17.74	13.65	9.08
Universe(95%)	5.13	15.81	14.03	11.28	6.68

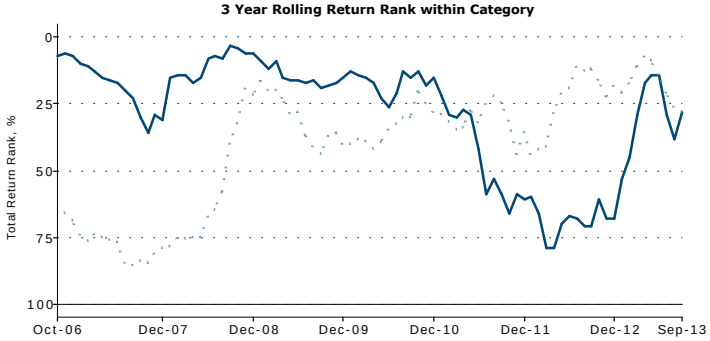
Vanguard PRIMECAP Inv

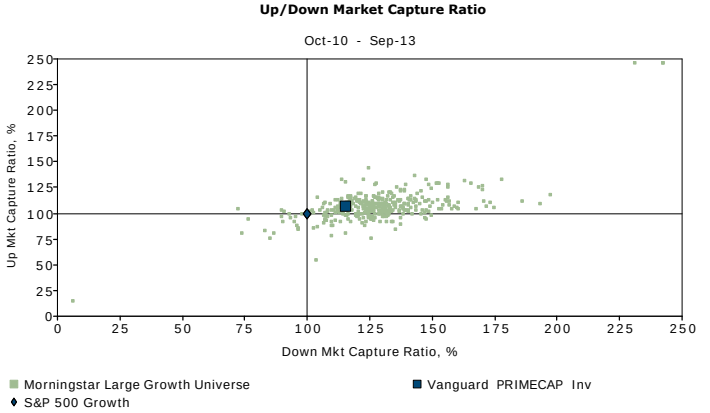


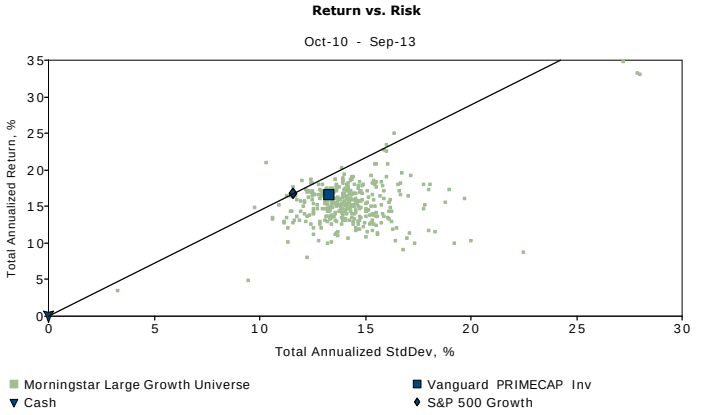
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard PRIMECAP Inv	37.75	18.31	8.49	12.30	11.49	-32.41	34.45	12.89	-1.84	15.27
S&P 500 Growth	27.08	6.97	1.14	11.01	9.13	-34.92	31.57	15.05	4.65	14.61



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 PRIMECAP Inv	-1.39	1.10	91.79	1.23	13.30	3.98
S&P 500 Growth	0.00	1.00	100.00	1.39	11.60	0.00
Universe(5%)	0.35	1.38	96.47	1.35	17.06	8.35
Universe(25%)	-1.82	1.22	93.94	1.19	15.05	5.44
Universe(Median)	-3.39	1.17	92.24	1.10	14.09	4.47
Universe(75%)	-5.13	1.10	88.98	0.97	13.26	3.73
Universe(95%)	-7.73	0.95	80.39	0.78	11.60	2.60



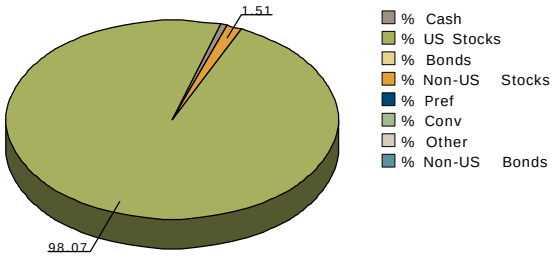




Milliman | Quarterly Investment Monitor

Data as of 09/30/2013

Vanguard Mid-Cap Value Index Admiral



Portfolio Region	
% United States	98.48
% Canada	0.00
% Latin America	0.00
% United Kingdom	1.18
% Eurozone	0.00
% Europe - ex Euro	0.34
% 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	0.42
% US Stocks	98.07
% Bonds	0.00
% Non-US Stocks	1.51
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

Sector Allocation	
% Basic Materials	5.99
% Communication Services	1.45
% Consumer Cyclical	15.05
% Consumer Defensive	9.81
% Healthcare	9.06
% Industrials	12.32
% Real Estate	4.24
% Technology	9.55
% Energy	5.18
% Financial Services	17.97
% Utilities	9.37

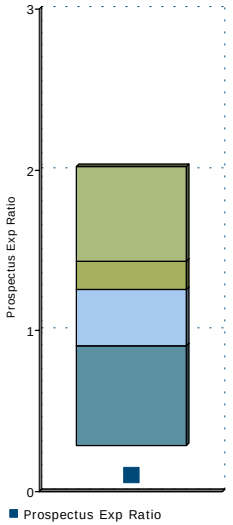
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Macy's Inc	1.30%
Delta Air Lines Inc	1.27%
Delphi Automotive PLC	1.18%
ConAgra Foods, Inc.	1.06%
Boston Scientific, Inc.	1.03%
Mattel, Inc.	1.02%
Hartford Financial Services Group Inc	0.99%
Regions Financial Corporation	0.99%
Northeast Utilities	0.98%
M&T Bank Corp	0.95%

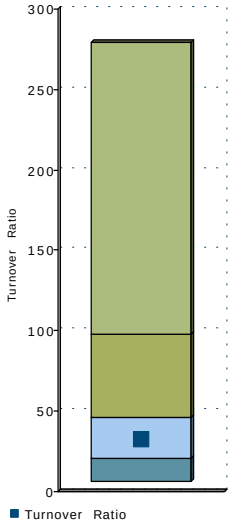
Portfolio Information	
Ticker	VMVAX
Morningstar Category	Mid-Cap Value
Avg Mkt Cap $MM	8639.42
Cat Med Mkt Cap $MM	7873.53
Net Assets $MM	3959.52
Turnover Ratio	33.00
% Assets in Top 10 Holdings	10.77
Total Number of Holdings	206.00
Manager Name	Donald M. Butler
Manager Tenure	7.13
Fund Incept Date	09/27/2011
Prospectus Exp Ratio	0.10
Phone Number	800-662-7447

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

Expense Ratio vs. Peer Group



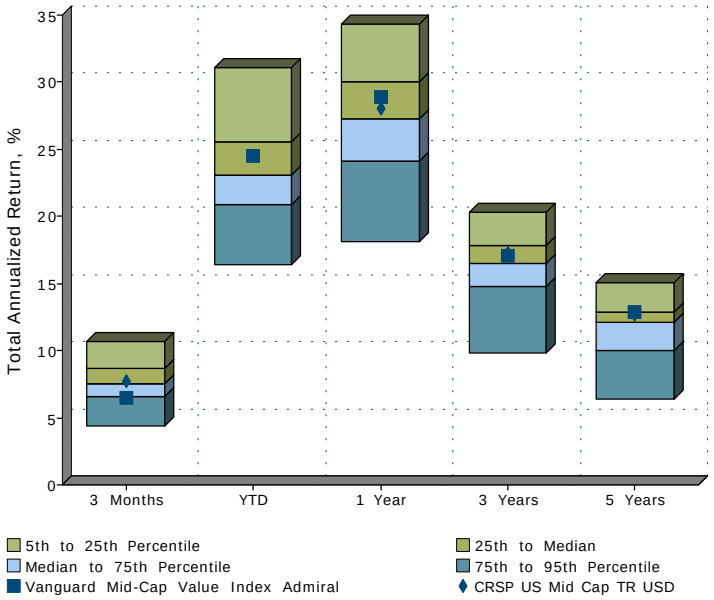
Turnover Ratio vs. Peer Group



Investment Strategy Summary

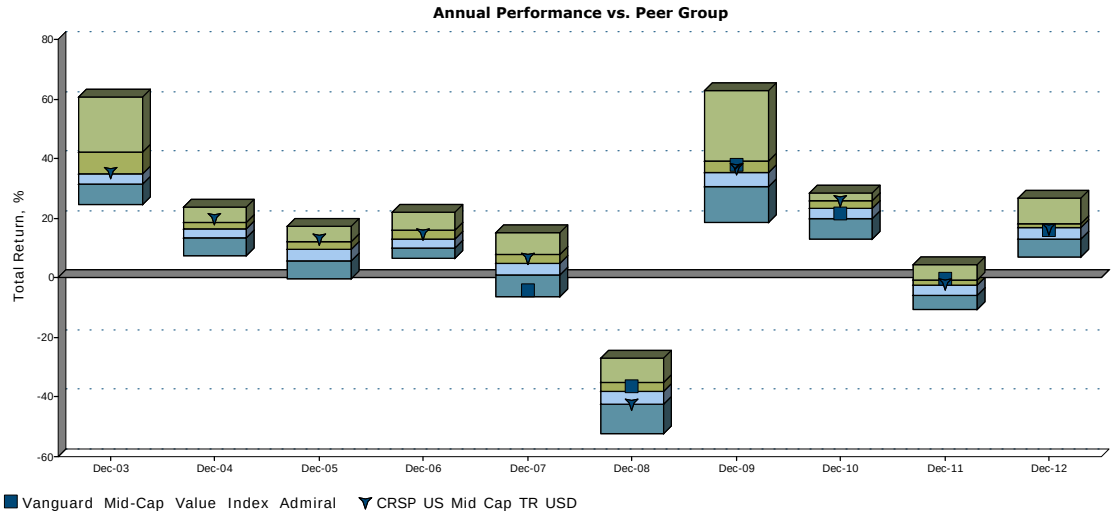
The investment seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization value stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP US Mid Cap Value Index, a broadly diversified index of value stocks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

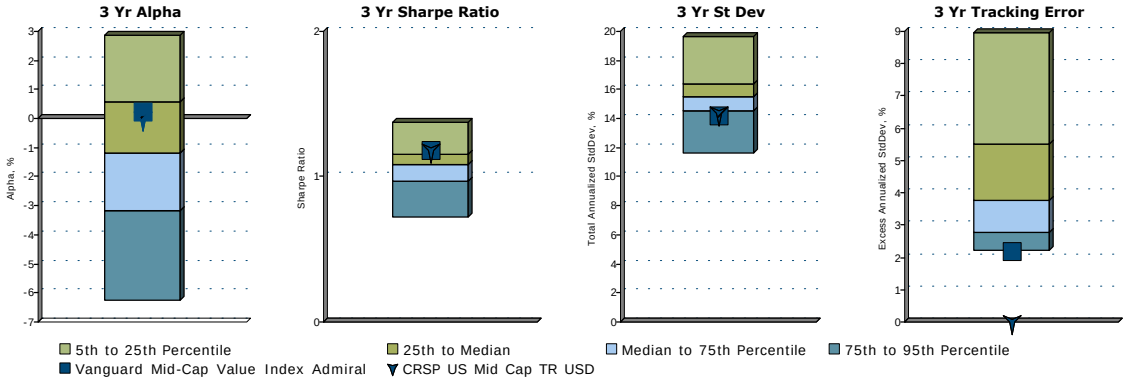


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Mid-Cap Value Index Admiral	6.52	24.52	28.94	17.07	12.90
CRSP US Mid Cap TR USD	7.71	24.53	28.08	17.30	12.66
Universe(5%)	10.72	31.12	34.37	20.30	15.07
Universe(25%)	8.70	25.60	30.04	17.86	12.90
Universe(Median)	7.50	23.12	27.27	16.50	12.15
Universe(75%)	6.58	20.84	24.09	14.82	10.01
Universe(95%)	4.42	16.36	18.12	9.86	6.41

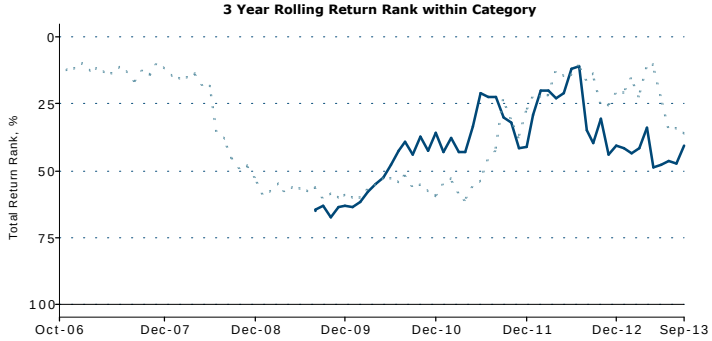
Vanguard Mid-Cap Value Index Admiral

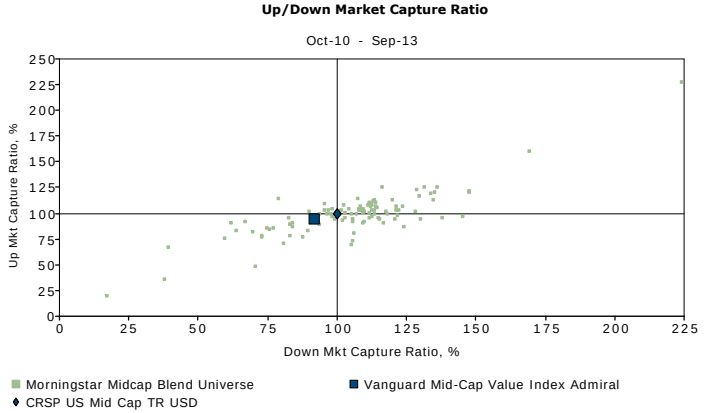


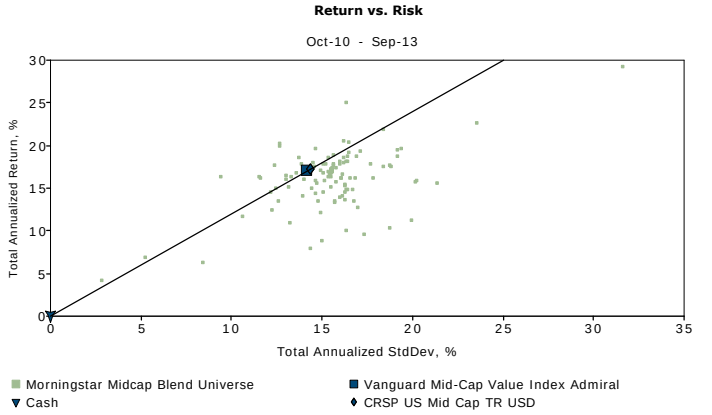
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard Mid-Cap Value Index Admiral	NA	NA	NA	NA	-4.28	-36.54	37.72	21.81	-0.30	16.02
CRSP US Mid Cap TR USD	35.96	20.28	13.31	15.32	7.04	-41.83	36.90	26.16	-1.79	16.69



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	0.23	0.97	97.67	1.18	14.17	2.19
CRSP US Mid Cap TR USD	0.00	1.00	100.00	1.18	14.39	0.00
Universe(5%)	2.85	1.31	98.51	1.37	19.61	8.98
Universe(25%)	0.57	1.12	97.49	1.16	16.39	5.53
Universe(Median)	-1.17	1.07	95.23	1.08	15.53	3.75
Universe(75%)	-3.17	0.95	91.87	0.97	14.53	2.76
Universe(95%)	-6.25	0.76	79.78	0.72	11.59	2.24



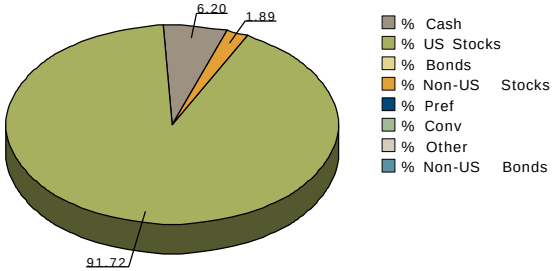




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Data as of 09/30/2013

Target Small Capitalization Value T



Portfolio Region	
% United States	97.98
% Canada	0.95
% Latin America	0.14
% United Kingdom	0.02
% Eurozone	0.66
% Europe - ex Euro	0.00
% Europe - Emerging	0.00
% Africa	0.00
% Middle East	0.23
% Japan	0.00
% Australasia	0.00
% Asia - Developed	0.00
% Asia - Emerging	0.02

Portfolio Structure	
% Cash	6.20
% US Stocks	91.72
% Bonds	0.00
% Non-US Stocks	1.89
% Pref	0.00
% Conv	0.00
% Other	0.19
% Non-US Bonds	0.00

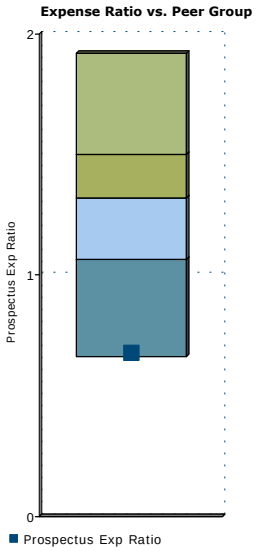
Sector Allocation	
% Basic Materials	5.80
% Communication Services	0.49
% Consumer Cyclical	10.93
% Consumer Defensive	4.42
% Healthcare	5.91
% Industrials	23.63
% Real Estate	4.87
% Technology	12.84
% Energy	6.45
% Financial Services	21.23
% Utilities	3.43

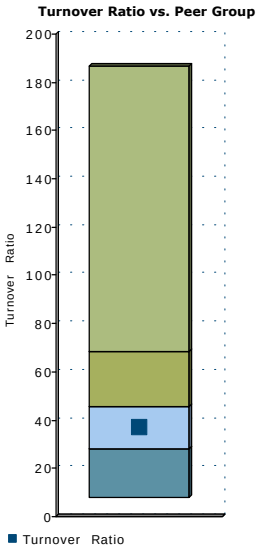
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Bristow Group, Inc.	1.20%
Hexcel Corporation	0.95%
Aaron's, Inc.	0.94%
Protective Life Corp	0.94%
Silgan Holdings, Inc.	0.88%
Littelfuse Inc.	0.82%
Firstmerit Corp	0.80%
Group 1 Automotive Inc	0.79%
Raymond James Financial Inc	0.78%
GATX Corp	0.76%

Portfolio Information	
Ticker	TASVX
Morningstar Category	Small Value
Avg Mkt Cap $MM	2156.13
Cat Med Mkt Cap $MM	1928.09
Net Assets $MM	1664.26
Turnover Ratio	37.00
% Assets in Top 10 Holdings	8.85
Total Number of Holdings	669.00
Manager Name	Paul E. Viera, Jr.
Manager Tenure	11.76
Fund Incept Date	01/05/1993
Prospectus Exp Ratio	0.68
Phone Number	800-225-1852

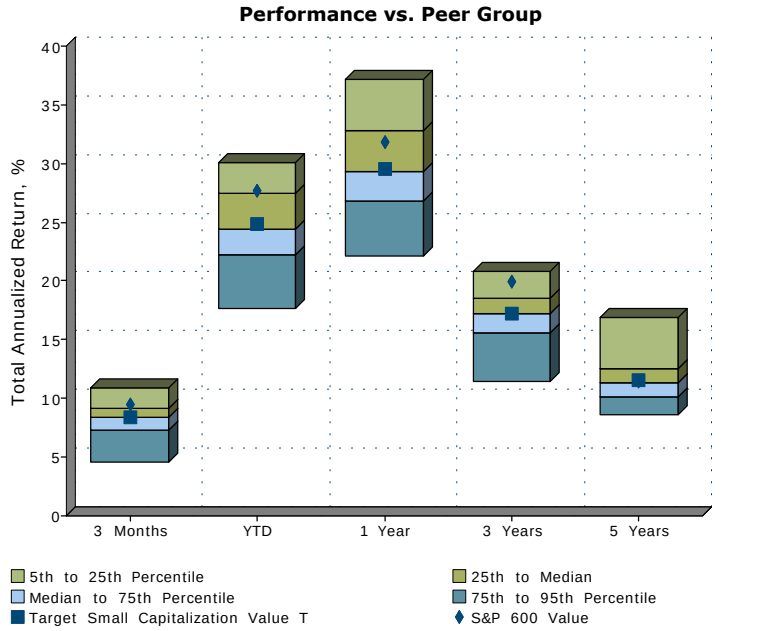
Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	41
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	37
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	5





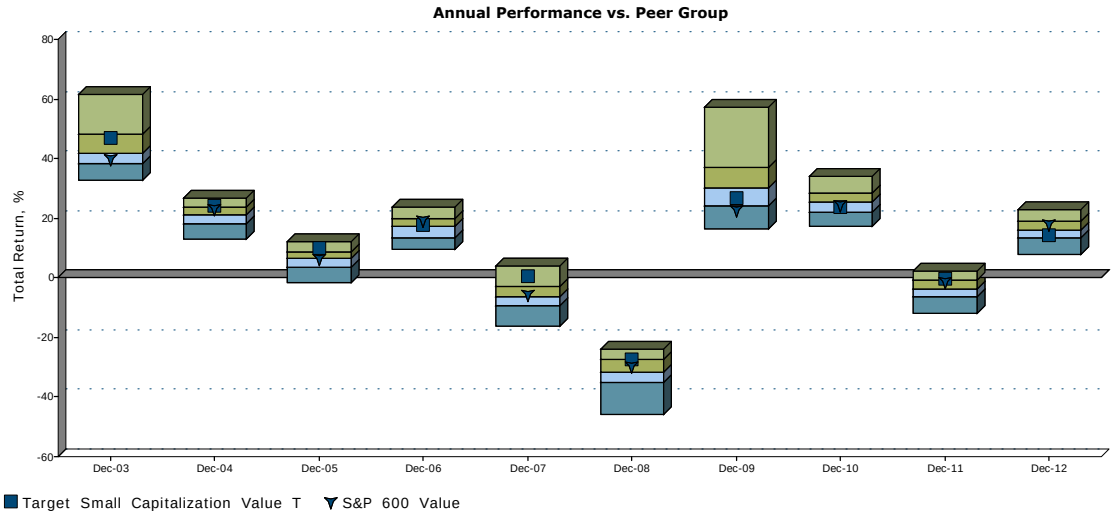
Investment Strategy Summary

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.

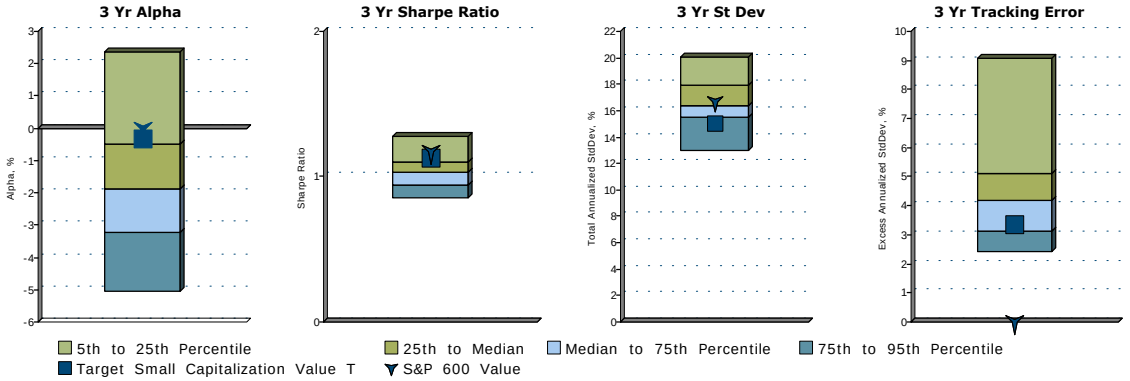


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Target Small Capitalization Value T	8.43	24.88	29.57	17.20	11.59
S&P 600 Value	9.53	27.71	31.78	19.97	11.48
Universe(5%)	10.95	30.05	37.11	20.84	16.87
Universe(25%)	9.20	27.44	32.80	18.57	12.55
Universe(Median)	8.40	24.45	29.36	17.20	11.32
Universe(75%)	7.31	22.24	26.79	15.54	10.08
Universe(95%)	4.62	17.65	22.07	11.43	8.63

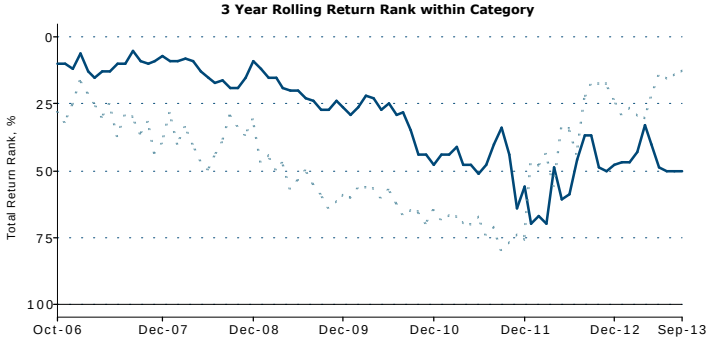
Target Small Capitalization Value T

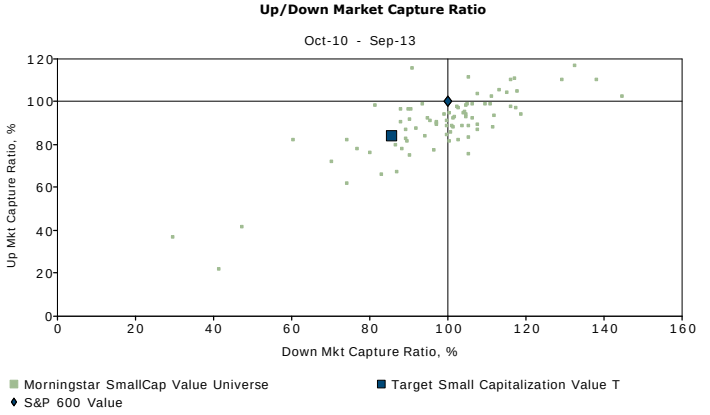


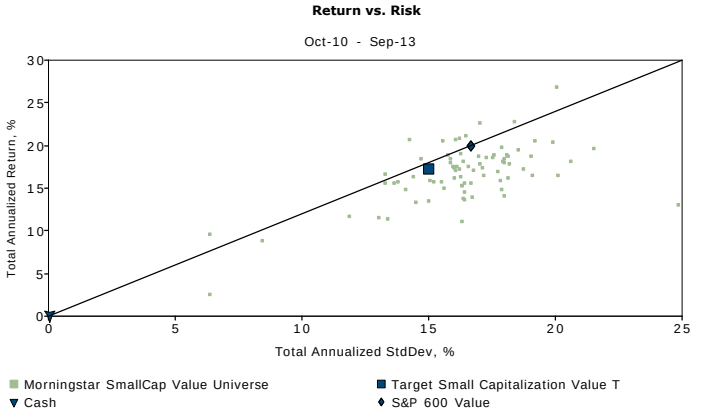
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Target Small Capitalization Value T	47.10	24.02	10.10	17.72	0.52	-27.45	26.69	23.63	-0.48	14.14
S&P 600 Value	40.03	23.25	6.45	19.57	-5.54	-29.51	22.85	24.72	-1.38	18.21



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Target Small Capitalization Value T	-0.35	0.88	96.63	1.13	15.02	3.37
S&P 600 Value	0.00	1.00	100.00	1.17	16.69	0.00
Universe(5%)	2.36	1.16	98.05	1.28	20.04	9.05
Universe(25%)	-0.50	1.05	96.82	1.10	17.90	5.10
Universe(Median)	-1.89	0.95	95.39	1.03	16.39	4.17
Universe(75%)	-3.21	0.91	92.86	0.95	15.54	3.12
Universe(95%)	-5.04	0.67	87.61	0.86	13.03	2.43



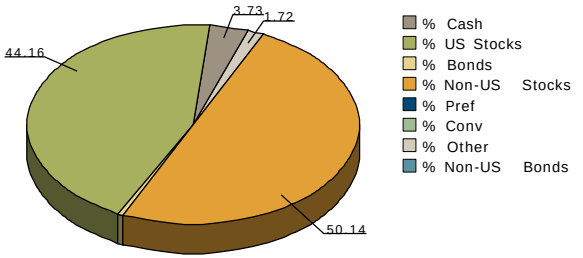




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Data as of 09/30/2013

American Funds New Perspective R6



Portfolio Region	
% United States	46.83
% Canada	2.03
% Latin America	0.70
% United Kingdom	8.87
% Eurozone	15.67
% Europe - ex Euro	10.32
% Europe - Emerging	0.00
% Africa	2.82
% Middle East	0.00
% Japan	6.13
% Australasia	1.45
% Asia - Developed	4.28
% Asia - Emerging	0.89

Portfolio Structure	
% Cash	3.73
% US Stocks	44.16
% Bonds	0.24
% Non-US Stocks	50.14
% Pref	0.00
% Conv	0.01
% Other	1.72
% Non-US Bonds	0.00

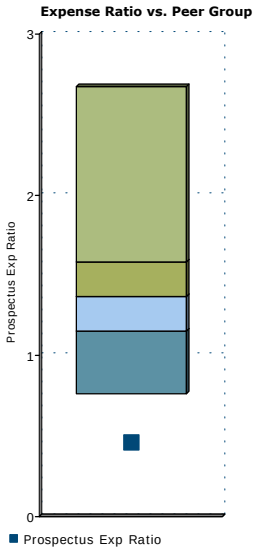
Sector Allocation	
% Basic Materials	5.54
% Communication Services	3.59
% Consumer Cyclical	18.42
% Consumer Defensive	11.79
% Healthcare	15.52
% Industrials	11.65
% Real Estate	0.16
% Technology	12.57
% Energy	5.70
% Financial Services	14.74
% Utilities	0.33

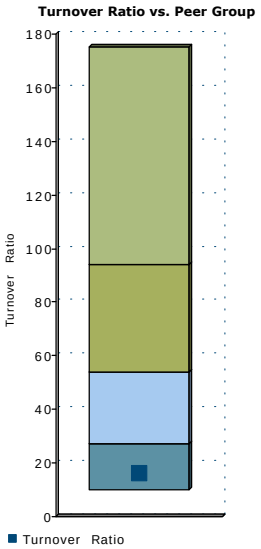
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Novo Nordisk A/S	3.97%
Amazon.com Inc	2.48%
Google, Inc. Class A	1.92%
Home Depot, Inc.	1.84%
Naspers Ltd	1.55%
Bayer AG	1.46%
CME Group, Inc. Class A	1.41%
Taiwan Semiconductor Manufacturing Co Ltd	1.41%
American Express Co	1.27%
ACE Ltd	1.20%

Portfolio Information	
Ticker	RNPGX
Morningstar Category	World Stock
Avg Mkt Cap $MM	46827.29
Cat Med Mkt Cap $MM	37045.94
Net Assets $MM	48763.42
Turnover Ratio	16.00
% Assets in Top 10 Holdings	18.52
Total Number of Holdings	271.00
Manager Name	Gregg E. Ireland
Manager Tenure	20.84
Fund Incept Date	03/13/1973
Prospectus Exp Ratio	0.46
Phone Number	800-421-4225

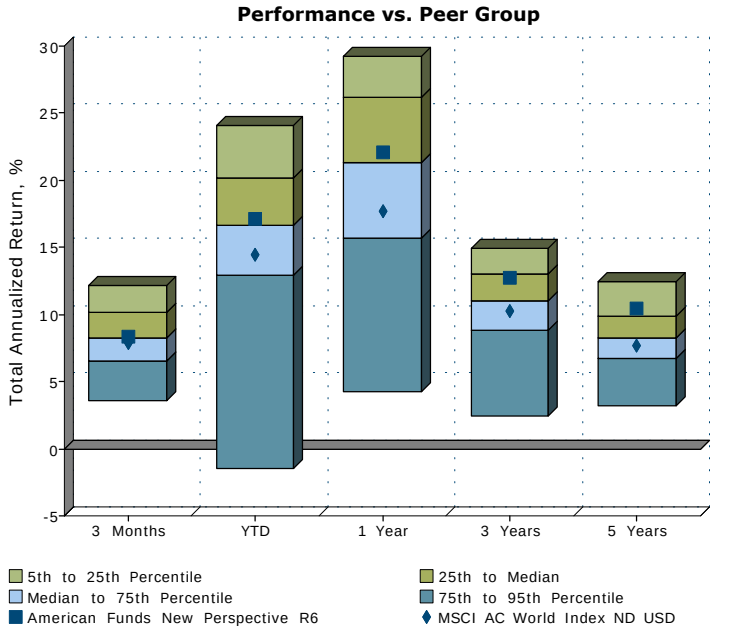
Portfolio Ratings	
Mstar Rating	★★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	24
5 Year Mstar Rating	★★★★
% Rank Cat 5 Yr	21
10 Year Mstar Rating	★★★★★
% Rank Cat 10 Yr	18





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.



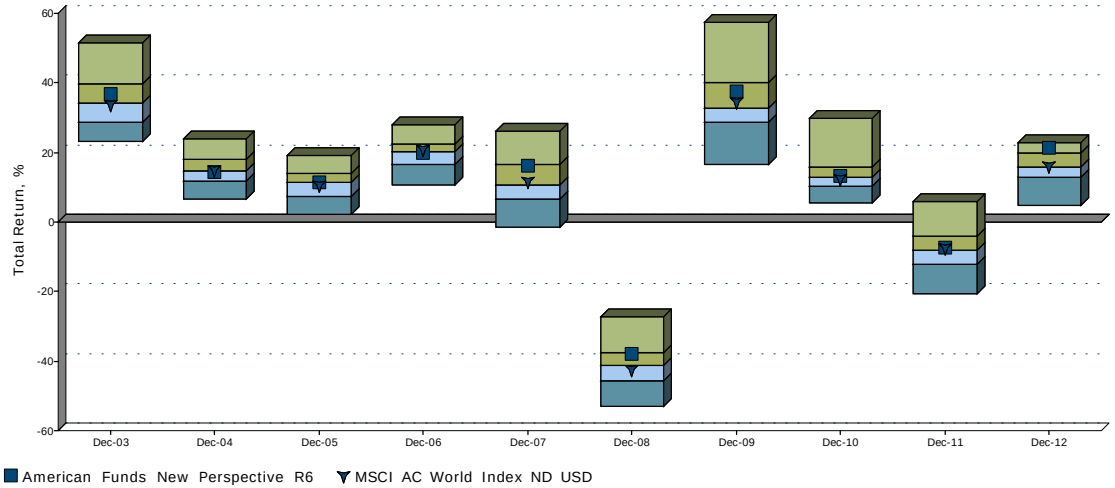
Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
American Funds New Perspective R6	8.35	17.12	22.05	12.77	10.45
MSCI AC World Index ND USD	7.90	14.43	17.73	10.21	7.71
Universe(5%)	12.17	24.07	29.22	14.96	12.45
Universe(25%)	10.19	20.13	26.16	13.06	9.90
Universe(Median)	8.29	16.65	21.36	10.98	8.25
Universe(75%)	6.55	12.89	15.69	8.82	6.72
Universe(95%)	3.55	-1.47	4.25	2.40	3.16

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Data as of 09/30/2013

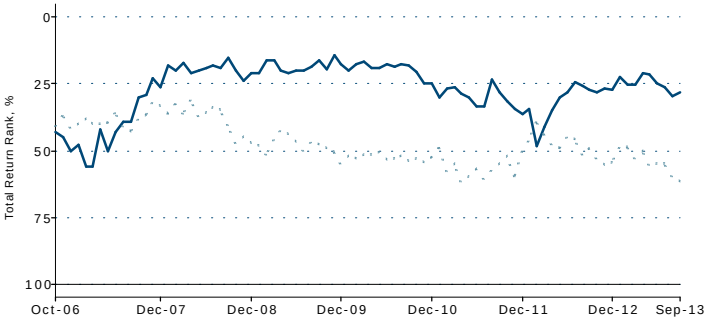
American Funds New Perspective R6

Annual Performance vs. Peer Group



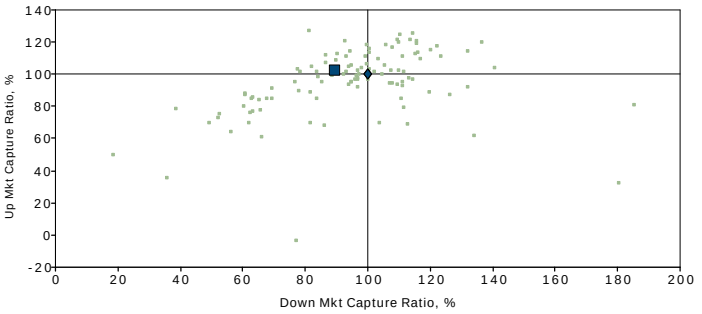
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
American Funds New Perspective R6	36.76	14.27	11.28	19.87	16.03	-37.83	37.72	13.11	-7.33	21.19
MSCI AC World Index ND USD	33.99	15.23	10.84	20.95	11.66	-42.20	34.63	12.67	-7.35	16.13

3 Year Rolling Return Rank within Category

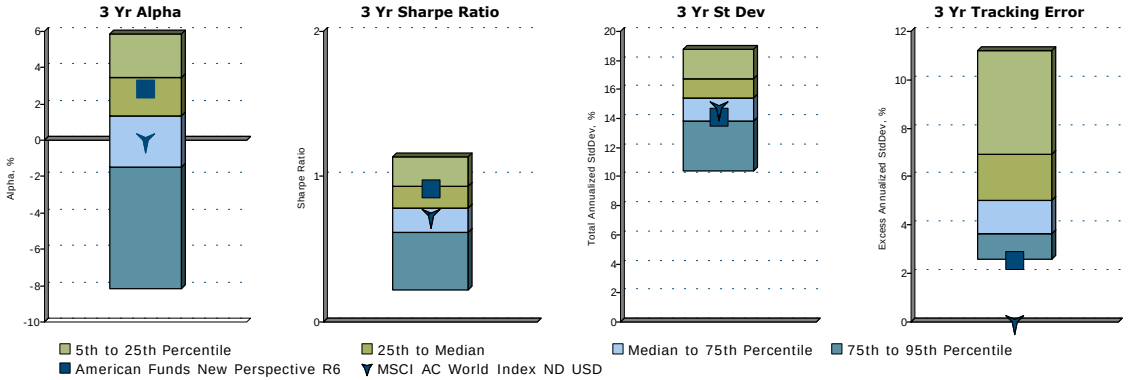


Up/Down Market Capture Ratio

Oct-10 - Sep-13



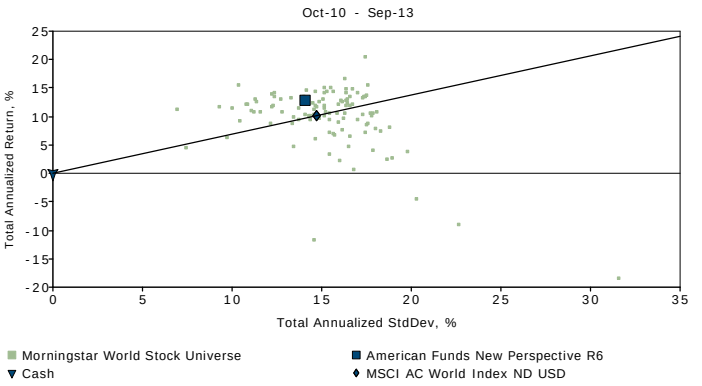
3 Yr Alpha / 3 Yr Sharpe Ratio / 3 Yr St Dev / 3 Yr Tracking Error



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	2.83	0.94	97.12	0.92	14.08	2.53
MSCI AC World Index ND USD	0.00	1.00	100.00	0.73	14.71	0.00
Universe(5%)	5.88	1.18	97.29	1.14	18.74	11.22
Universe(25%)	3.45	1.09	95.18	0.93	16.74	6.92
Universe(Median)	1.38	1.01	92.35	0.79	15.43	5.03
Universe(75%)	-1.50	0.89	83.11	0.62	13.81	3.67
Universe(95%)	-8.20	0.59	62.06	0.22	10.37	2.59

Return vs. Risk

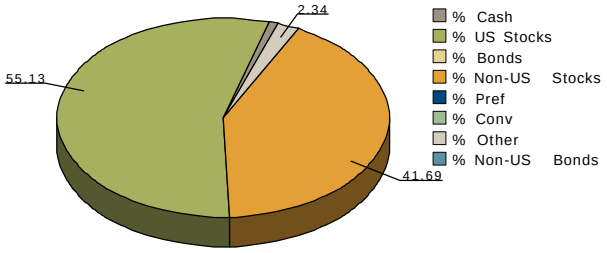
Oct-10 - Sep-13



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Data as of 09/30/2013

Harding Loevner Global Equity Inst



Portfolio Region	
% United States	56.94
% Canada	0.00
% Latin America	2.67
% United Kingdom	6.65
% Eurozone	7.12
% Europe - ex Euro	7.60
% Europe - Emerging	1.85
% Africa	1.32
% Middle East	0.00
% Japan	8.46
% Australasia	0.93
% Asia - Developed	2.06
% Asia - Emerging	4.40

Portfolio Structure	
% Cash	0.84
% US Stocks	55.13
% Bonds	0.00
% Non-US Stocks	41.69
% Pref	0.00
% Conv	0.00
% Other	2.34
% Non-US Bonds	0.00

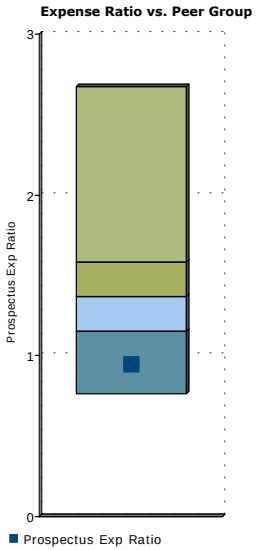
Sector Allocation	
% Basic Materials	6.77
% Communication Services	2.44
% Consumer Cyclical	12.54
% Consumer Defensive	11.83
% Healthcare	6.75
% Industrials	7.78
% Real Estate	0.00
% Technology	27.03
% Energy	5.80
% Financial Services	19.06
% Utilities	0.00

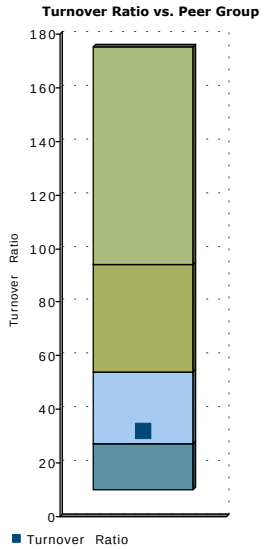
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Wells Fargo & Co	4.12%
Google, Inc. Class A	3.29%
Microsoft Corporation	3.15%
eBay Inc	2.87%
Nestle SA ADR	2.79%
Coach, Inc.	2.54%
Schlumberger NV	2.44%
Unicharm Corp	2.44%
Dassault Systemes SA	2.28%
JPMorgan Chase & Co	2.21%

Portfolio Information	
Ticker	HLMVX
Morningstar Category	World Stock
Avg Mkt Cap $MM	34509.06
Cat Med Mkt Cap $MM	37045.94
Net Assets $MM	602.34
Turnover Ratio	32.00
% Assets in Top 10 Holdings	28.13
Total Number of Holdings	67.00
Manager Name	Peter J. Baughan
Manager Tenure	10.59
Fund Incept Date	11/29/1996
Prospectus Exp Ratio	0.95
Phone Number	877-435-8105

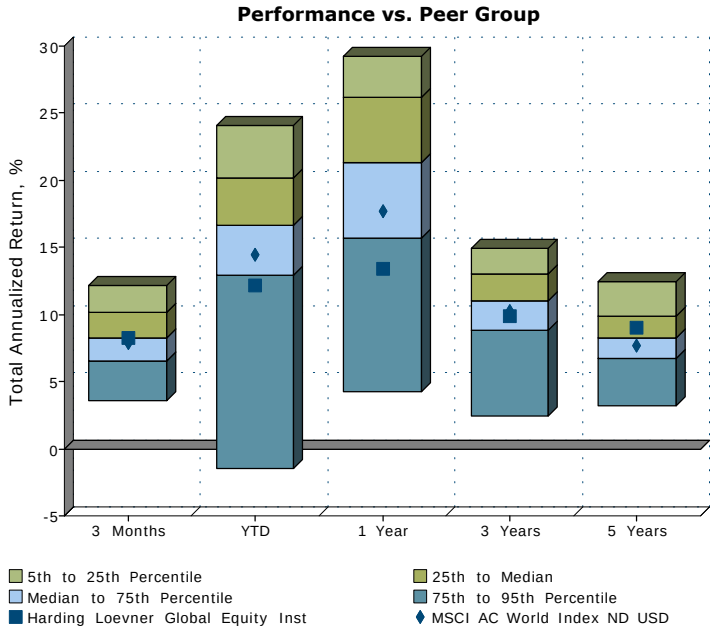
Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	68
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	45
10 Year Mstar Rating	★★★★
% Rank Cat 10 Yr	43





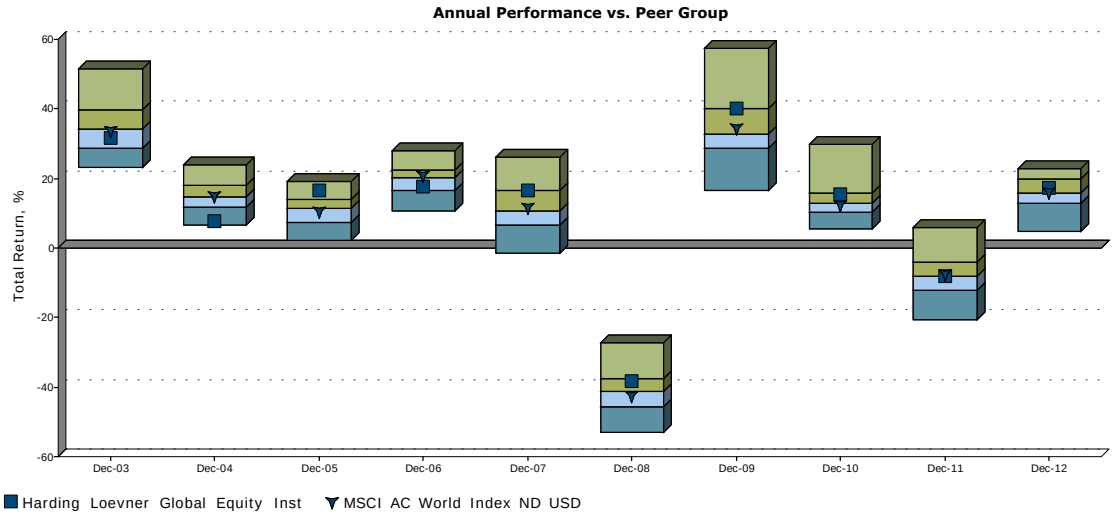
Investment Strategy Summary

The investment seeks long-term capital appreciation. The fund invests in companies based in the U.S. and other developed markets, as well as in emerging and frontier markets. It invests at least 80% of net assets in common stocks, preferred stock, rights and warrants issued by companies that are based both inside and outside the United States, securities convertible into such securities and investment companies that invest in the types of securities in which the fund would normally invest. The fund normally holds 35-75 investments across at least 15 countries.

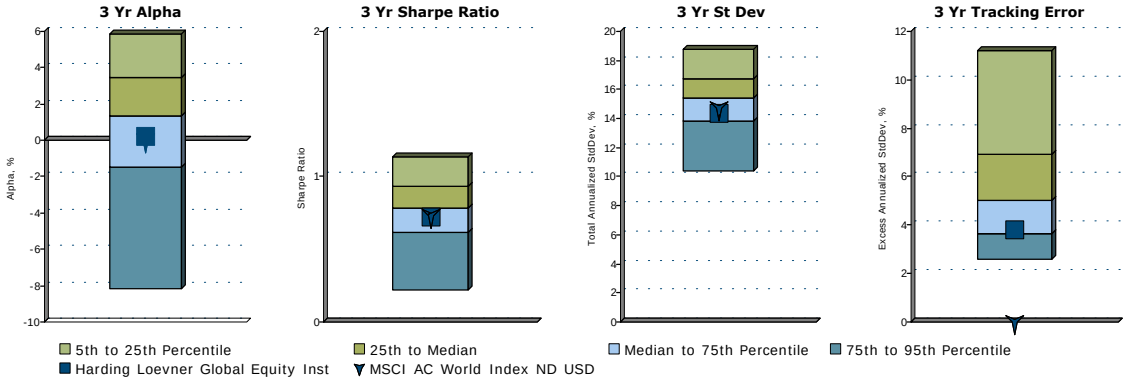


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Harding Loevner Global Equity Inst	8.24	12.17	13.37	9.86	8.99
MSCI AC World Index ND USD	7.90	14.43	17.73	10.21	7.71
Universe(5%)	12.17	24.07	29.22	14.96	12.45
Universe(25%)	10.19	20.13	26.16	13.06	9.90
Universe(Median)	8.29	16.65	21.36	10.98	8.25
Universe(75%)	6.55	12.89	15.69	8.82	6.72
Universe(95%)	3.55	-1.47	4.25	2.40	3.16

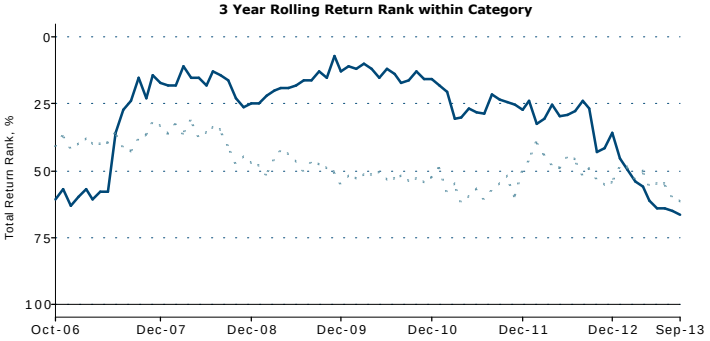
Harding Loevner Global Equity Inst

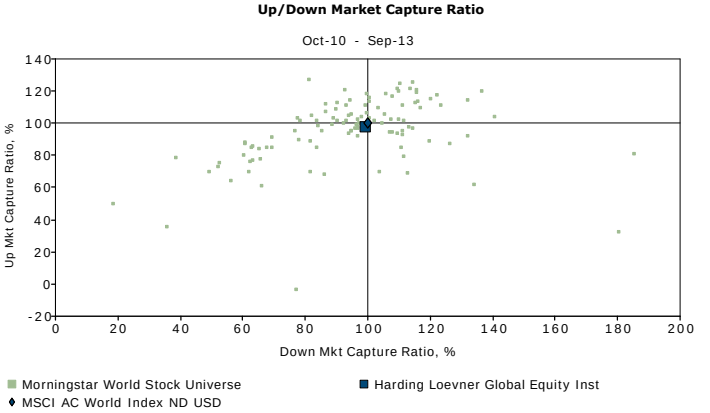


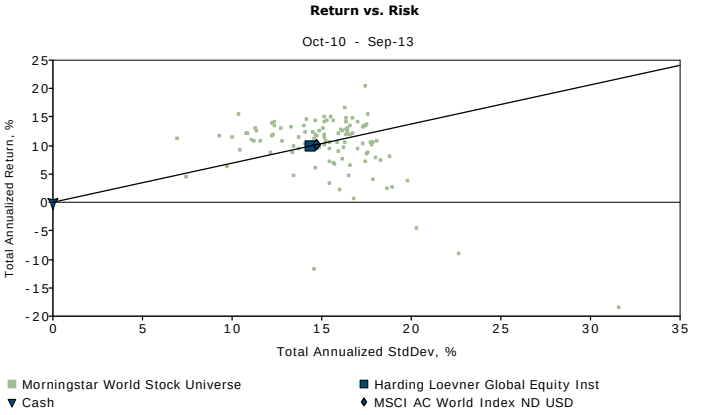
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Harding Loevner Global Equity Inst	31.51	7.61	16.65	17.84	16.39	-38.29	40.16	15.55	-8.22	17.42
MSCI AC World Index ND USD	33.99	15.23	10.84	20.95	11.66	-42.20	34.63	12.67	-7.35	16.13



MPT Statistics	3 Yr Alpha	3 Yr Beta	3 Yr R-Squared	3 Yr Sharpe Ratio	3 Yr St Dev	3 Yr Tracking Error
Harding Loevner Global Equity Inst	0.25	0.94	93.26	0.72	14.34	3.82
MSCI AC World Index ND USD	0.00	1.00	100.00	0.73	14.71	0.00
Universe(5%)	5.88	1.18	97.29	1.14	18.74	11.22
Universe(25%)	3.45	1.09	95.18	0.93	16.74	6.92
Universe(Median)	1.38	1.01	92.35	0.79	15.43	5.03
Universe(75%)	-1.50	0.89	83.11	0.62	13.81	3.67
Universe(95%)	-8.20	0.59	62.06	0.22	10.37	2.59



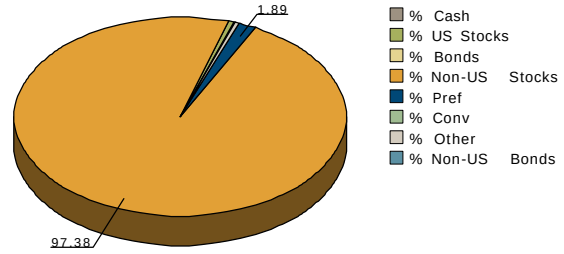




Milliman | Quarterly Investment Monitor

Data as of 09/30/2013

Vanguard Emerging Mkts Stock Idx I



Portfolio Region	
% United States	0.25
% Canada	0.00
% Latin America	21.38
% United Kingdom	0.00
% Eurozone	0.10
% Europe - ex Euro	0.00
% Europe - Emerging	9.91
% Africa	9.78
% Middle East	0.57
% Japan	0.00
% Australasia	0.00
% Asia - Developed	13.69
% Asia - Emerging	44.33

Portfolio Structure	
% Cash	0.05
% US Stocks	0.23
% Bonds	0.00
% Non-US Stocks	97.38
% Pref	1.89
% Conv	0.00
% Other	0.45
% Non-US Bonds	0.00

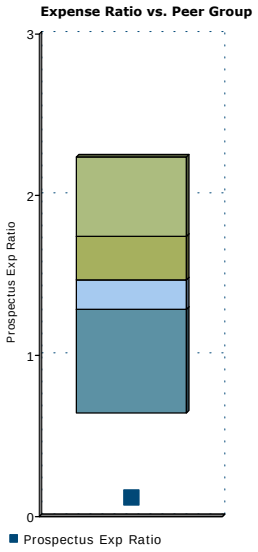
Sector Allocation	
% Basic Materials	9.70
% Communication Services	10.81
% Consumer Cyclical	7.55
% Consumer Defensive	9.17
% Healthcare	1.60
% Industrials	5.84
% Real Estate	2.50
% Technology	11.30
% Energy	11.39
% Financial Services	26.38
% Utilities	3.77

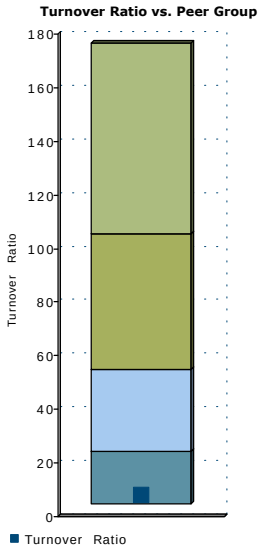
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
China Mobile Ltd.	1.81%
China Construction Bank Corp H Shares	1.76%
Industrial And Commercial Bank Of China Ltd. H Shares	1.55%
Taiwan Semiconductor Manufacturing Co Ltd ADR	1.39%
Tencent Holdings Ltd.	1.36%
Taiwan Semiconductor Manufacturing Co Ltd	1.23%
America Movil, S.A.B. de C.V.	1.12%
Naspers Ltd	1.07%
Bank Of China Ltd. H Shares	1.03%
Mtn Group Limited	1.03%

Portfolio Information	
Ticker	VEMIX
Morningstar Category	Diversified Emerging Mkts
Avg Mkt Cap $MM	17565.76
Cat Med Mkt Cap $MM	18214.07
Net Assets $MM	65717.91
Turnover Ratio	8.00
% Assets in Top 10 Holdings	13.34
Total Number of Holdings	925.00
Manager Name	Michael Perre
Manager Tenure	5.09
Fund Incept Date	05/04/1994
Prospectus Exp Ratio	0.12
Phone Number	800-662-7447

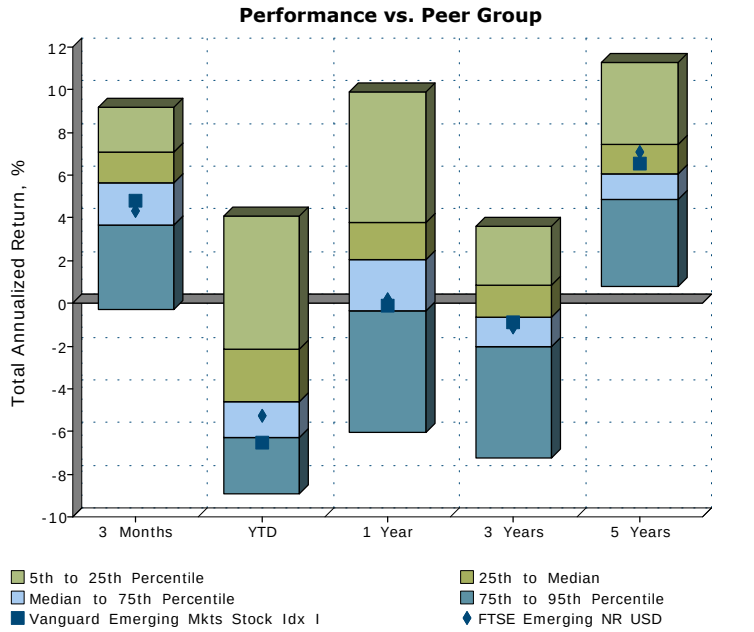
Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★★
% Rank Cat 3 Yr	59
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	44
10 Year Mstar Rating	★★★
% Rank Cat 10 Yr	35





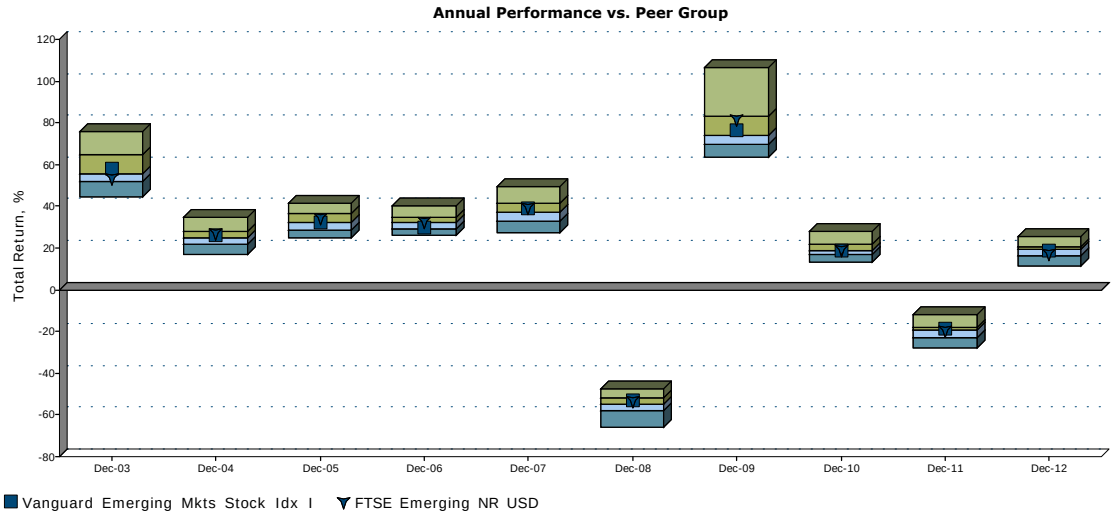
Investment Strategy Summary

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 to reduce risk. The FTSE Emerging Index includes approximately 851 common stocks of companies located in emerging markets around the world. As of May 31, 2013, the largest markets covered in the index were China, Brazil, Taiwan, and India.

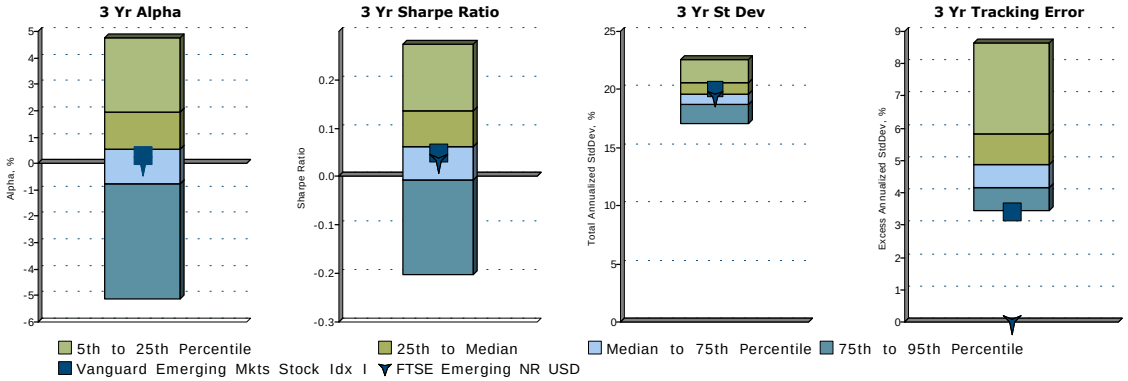


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard Emerging Mkts Stock Idx I	4.82	-6.50	-0.10	-0.91	6.52
FTSE Emerging NR USD	4.30	-5.26	0.17	-1.11	7.07
Universe(5%)	9.20	4.08	9.93	3.63	11.28
Universe(25%)	7.07	-2.12	3.76	0.86	7.42
Universe(Median)	5.64	-4.62	2.05	-0.65	6.09
Universe(75%)	3.64	-6.29	-0.33	-2.02	4.87
Universe(95%)	-0.30	-8.93	-6.05	-7.23	0.81

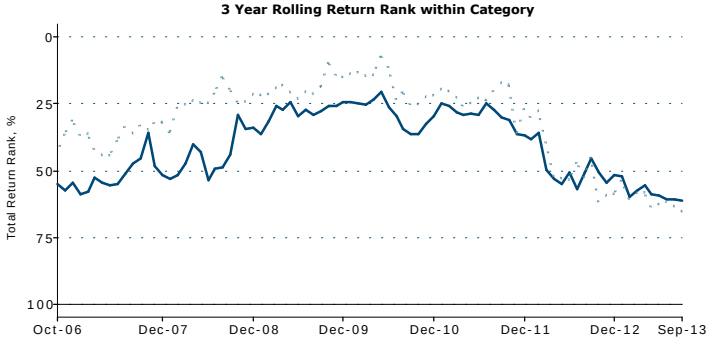
Vanguard Emerging Mkts Stock Idx I

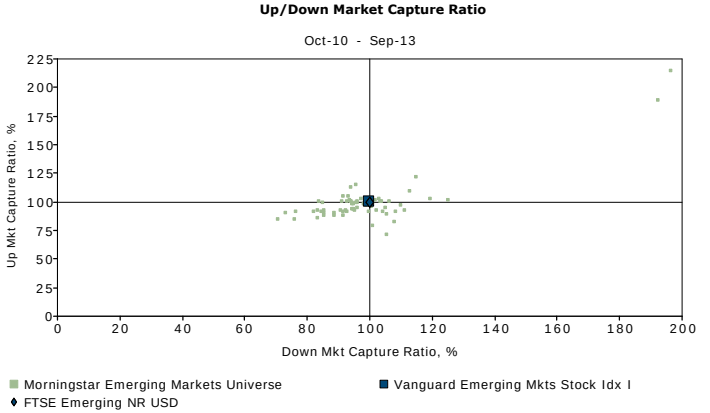


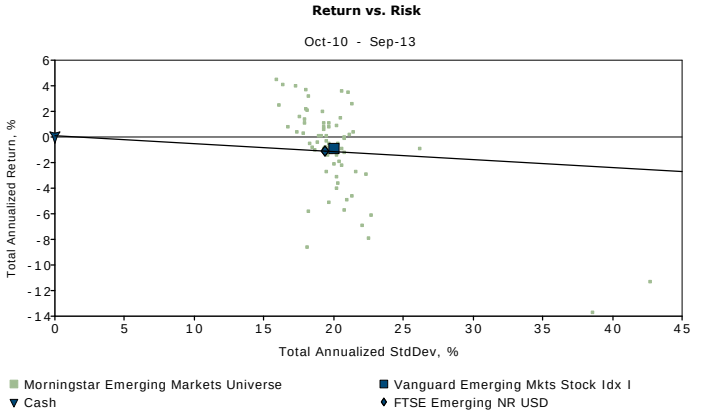
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard Emerging Mkts Stock Idx I	57.97	26.24	32.35	29.57	39.15	-52.74	76.35	19.06	-18.63	18.90
FTSE Emerging NR USD	53.69	27.58	34.70	32.84	39.41	-53.03	82.15	19.60	-19.15	17.58



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	0.32	1.02	97.11	0.05	20.02	3.42
FTSE Emerging NR USD	0.00	1.00	100.00	0.03	19.39	0.00
Universe(5%)	4.74	1.13	97.03	0.27	22.56	8.66
Universe(25%)	1.97	1.03	95.69	0.14	20.59	5.82
Universe(Median)	0.56	0.99	94.15	0.06	19.65	4.88
Universe(75%)	-0.78	0.92	93.02	-0.01	18.70	4.17
Universe(95%)	-5.11	0.85	86.33	-0.20	17.07	3.44



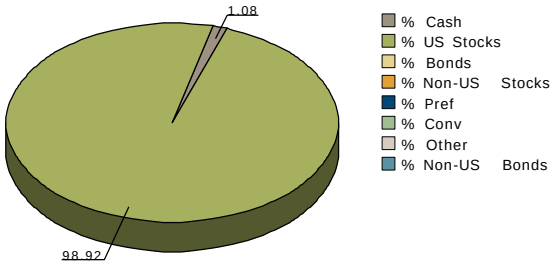




Milliman | Quarterly Investment Monitor

Data as of 09/30/2013

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	1.08
% US Stocks	98.92
% Bonds	0.00
% Non-US Stocks	0.00
% Pref	0.00
% Conv	0.00
% Other	0.00
% Non-US Bonds	0.00

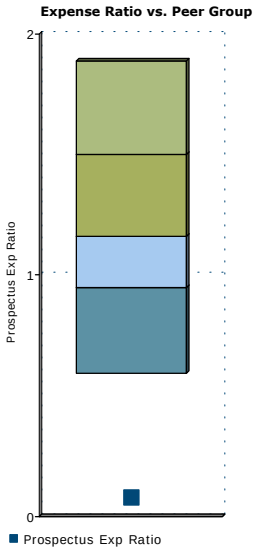
Sector Allocation	
% Basic Materials	0.00
% Communication Services	0.00
% Consumer Cyclical	0.00
% Consumer Defensive	0.00
% Healthcare	0.00
% Industrials	1.23
% Real Estate	98.77
% Technology	0.00
% Energy	0.00
% Financial Services	0.00
% Utilities	0.00

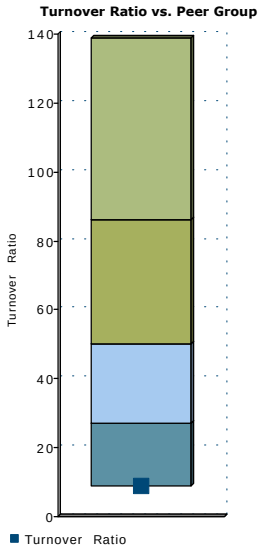
Credit Quality	
Avg Eff Duration	NA
Effective Maturity	NA
Avg Credit Quality	NA
AAA	NA
AA	NA
A	NA
BBB	NA
BB	NA
B	NA
Below B	NA
NR/NA	NA

Top Ten Holdings	
Simon Property Group Inc	9.60%
Public Storage	4.49%
HCP Inc	3.85%
Equity Residential	3.71%
Ventas Inc	3.71%
Prologis Inc	3.66%
Health Care REIT, Inc.	3.51%
AvalonBay Communities Inc	3.22%
Boston Properties Inc	3.14%
Vornado Realty Trust	2.76%

Portfolio Information	
Ticker	VGSNX
Morningstar Category	Real Estate
Avg Mkt Cap $MM	8261.38
Cat Med Mkt Cap $MM	9821.37
Net Assets $MM	33431.17
Turnover Ratio	9.00
% Assets in Top 10 Holdings	41.64
Total Number of Holdings	134.00
Manager Name	Gerard C. O'Reilly
Manager Tenure	17.39
Fund Incept Date	05/13/1996
Prospectus Exp Ratio	0.08
Phone Number	800-662-7447

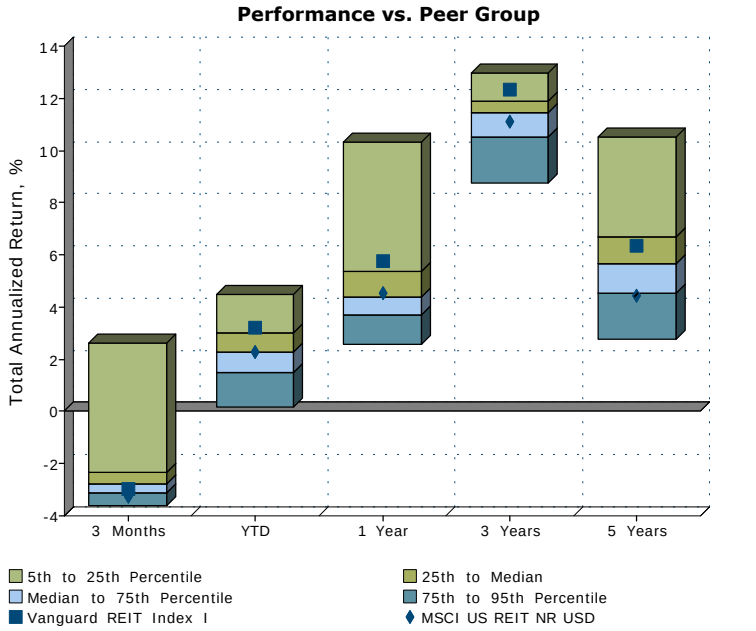
Portfolio Ratings	
Mstar Rating	★★★
3 Year Mstar Rating	★★★★
% Rank Cat 3 Yr	9
5 Year Mstar Rating	★★★
% Rank Cat 5 Yr	25
10 Year Mstar Rating	★★★
% Rank Cat 10 Yr	32





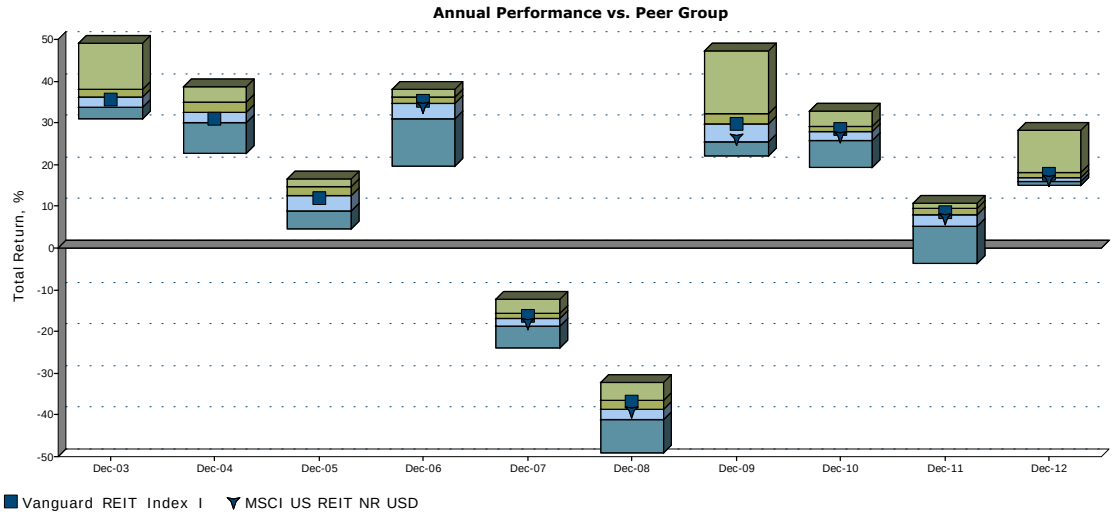
Investment Strategy Summary

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.

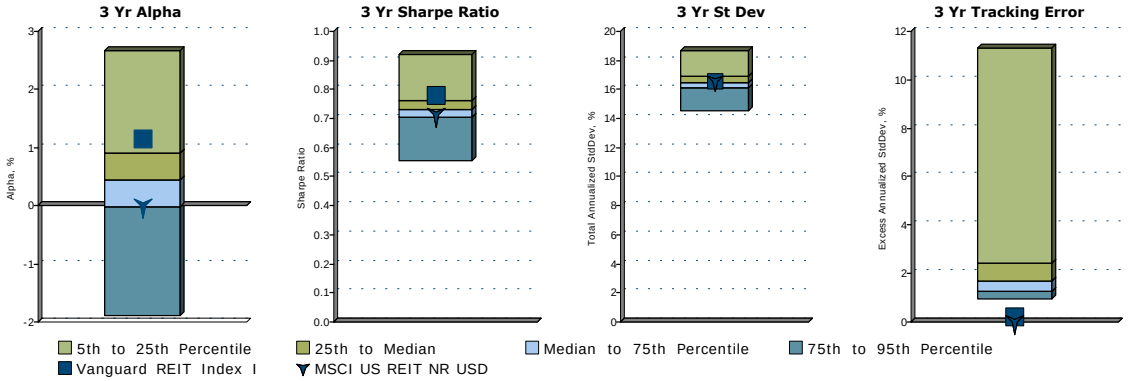


Performance	3 Months	Year to Date	1 Year	3 Years	5 Years
Vanguard REIT Index I	-2.96	3.19	5.76	12.35	6.37
MSCI US REIT NR USD	-3.28	2.30	4.52	11.09	4.45
Universe(5%)	2.60	4.46	10.30	12.98	10.52
Universe(25%)	-2.33	3.04	5.35	11.90	6.71
Universe(Median)	-2.78	2.29	4.41	11.43	5.66
Universe(75%)	-3.11	1.48	3.68	10.54	4.52
Universe(95%)	-3.63	0.18	2.57	8.77	2.78

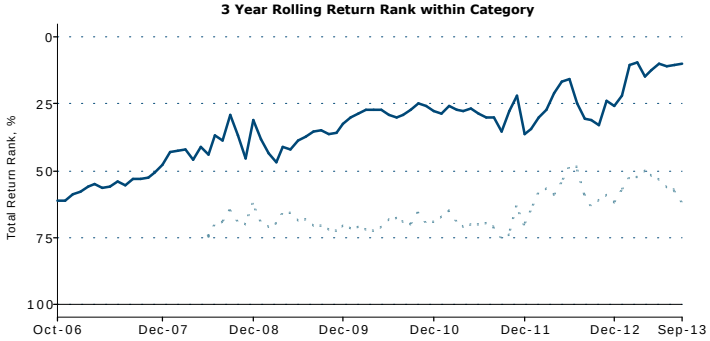
Vanguard REIT Index I

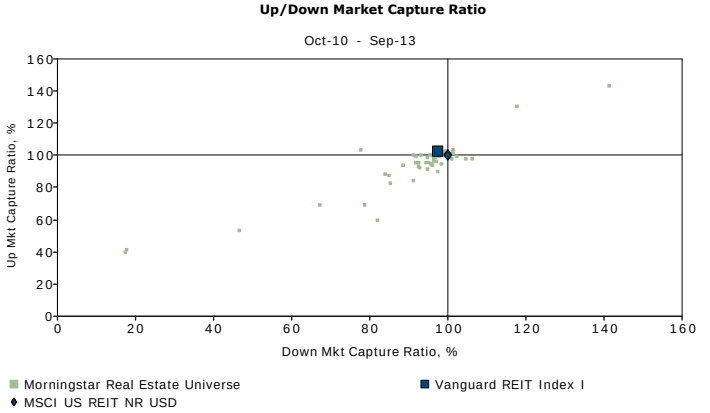


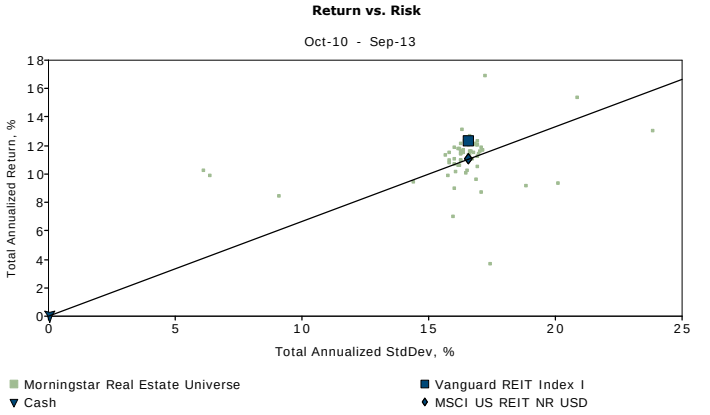
Annual Return %	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vanguard REIT Index I	35.65	30.93	12.05	35.15	-16.38	-36.95	29.76	28.56	8.70	17.65
MSCI US REIT NR USD	NA	NA	NA	34.18	-17.84	-39.05	26.27	26.97	7.48	16.47



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	0.78	16.55	0.21
MSCI US REIT NR USD	0.00	1.00	100.00	0.71	16.57	0.00
Universe(5%)	2.68	1.03	99.67	0.92	18.72	11.30
Universe(25%)	0.91	1.01	99.44	0.76	16.91	2.45
Universe(Median)	0.44	0.98	99.02	0.73	16.47	1.70
Universe(75%)	-0.03	0.96	98.04	0.70	16.16	1.28
Universe(95%)	-1.88	0.78	78.68	0.55	14.52	0.97







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

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History - Approval of Routine Applications for Early and Regular Retirement

An Excerpt from the Minutes of the Civilian Pension Board Meeting of August 23, 2005:

Proposed Ordinance Amendment - Chapter 2 - Administration, Article IV - Officers and Employees, Division 7 - General Employee Pension Plan, Subdivision II, Board of Trustees, Section 2-368 - Powers - Approval and Definition of Routine Applications for Early or Regular Retirement - Designation of Fiscal Agent; Authorization

During previous meetings, members have questioned the requirement to bring routine pension applications for early or regular retirement be for the Board for action. The City Solicitor has provided a legal opinion that stated that the Board could designate the City Clerk or the Director of Human Resources to approve routine applications complying with the provisions of the Code and that this could be accomplished by a simple motion passed by the Board designating the person or office to act as designee of the Board in this regard.

Mr. Hogan moved to delay action, at the May 24, 2005 meeting, to allow Human Resources time to provide a definition for routine pension applications and a description of a proposed process for the approval of such applications.

Based on the Board's direction, it is recommended that the Human Resources Director and the Finance Director review and approve all routine pension applications, in writing. Routine applications will be defined as retirements under Section 2-236 Normal Retirement, Section 2-327 Early Retirement and Section 2-328, Later Retirement. If any questions or concerns are presented, a Pension Board meeting will be held for the entire board to review and consider for approval.

Staff recommended that Human Resources prepare the necessary paperwork and will also report on January 2 and July 1 of each year to the Civilian Pension Board members all routine pensions reviewed and approved for the prior six months. This reporting will occur during a regularly scheduled meeting.

Mr. Hogan moved that the Civilian Pension Board assign the Human Resources Director and the Finance Director to review and approve all pension applications, in writing, that are considered routine in nature, and that each employee be informed that if they disagree with any assignments made by the Human Resources Director and the Finance Director they have a right to appeal directly to the Board; and that a quarterly report be prepared and presented to the Board during their regularly scheduled meetings. This motion was seconded by Mr. Lucas and unanimously carried.

An Excerpt from the Minutes of the Civilian Pension Board Meeting of May 24, 2005:

Receipt of Legal Opinion – Designation of Fiscal Agent; Authorization to Approve Routine Applications for Early or Regular Retirement

During previous meetings, members have questioned the requirement to bring routine pension applications for early or regular retirement before the Board for action. At the request of the Human Resources Department, City Solicitor Rodriguez provided a legal opinion **(*Attachment #1*)**. In

accordance with Section 2-208, Subsection 6, of the Dover Code, Mr. Rodriguez indicated that the Board could designate the City Clerk or the Director of Human Resources to approve routine applications complying with the provisions of the Code and that this could be accomplished by a simple motion passed by the Board designating the person or office to act as designee of the Board in this regard.

Members relayed concern with the definition of routine pension applications and designating only one individual or department. To provide for a "checks and balance", Mr. Lucas suggested the possibility of having applications reviewed by the City Manager, City Clerk, and Finance Director and that if anyone of those have a question regarding an application, it could be submitted to the Board for their review and approval.

Mrs. Green suggested that if the Board chooses to relinquish this responsibility, for informational purposes, the Human Resources Department could provide either quarterly or semi-annual reports of retirement applications to Board members.

Responding to Mr. Ruane, Mrs. Mitchell explained that the City's auditors conduct random calculation tests of the retirement applications. Mrs. Hawkins advised members that the current process provides for the Payroll Department to conduct a final check of retirement applications submitted by the Human Resources Department for accuracy.

Mr. Hogan moved to delay action until the next meeting to allow for the Human Resources Department to provide a definition for routine pension applications and a description of a proposed process for the approval of such applications, to include a review process by the City Manager, City Clerk, and Finance Director, seconded by Mr. Lucas and unanimously carried.