

Investment Portfolio Review

Presented to:

Episcopal Diocese of CT

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The 4th quarter of 2014 was the first full quarter of performance for the D&B Fund of the Diocese of Connecticut under the management of U.S. Trust Company. The Fund outperformed its benchmark +1.92% versus 1.55% in that period, but underperformed the 60% S&P 500/40% Barclays Aggregate Bond index, which returned 3.67%.

In the 4th quarter, the US market had a positive return. The S&P was up 4.93%. For the first time in 2014, small capitalization stocks outperformed large cap. The Russell 2000 Growth index was up 10.06% for the quarter, but this should be contrasted to its return for the full year, which was only 5.60%. This shift in return pattern can largely be attributed to rotation into “riskier” assets, as the recovery in the US economy became more apparent to most observers. Domestic bonds, represented by the Barclay’s Aggregate index returned +1.79%, and yield spreads of high yield debt finished the year at around +465 basis points, in line with recent trend.

Developed international stocks represented by the MSCI EAFE index were negative by 3.57%. The *best* performers of this group were still negative, namely Germany with a quarterly return of -0.39%, and Japan with a return of -2.42%. Worst in the group were Spain (-8.22%) and France (-6.06%). In the general sense, international exposure didn’t add value in the quarter or for the calendar year. Demonstrating this, contrast the German Q4 performance for the quarter to that of the full year (-10.36%). While diversity of exposure is one of the underpinnings of modern portfolio management, international was not an area which helped portfolio returns in that period. In 2015, we expect this sector to improve markedly as Euro-zone quantitative easing replaces austerity as the central bank policy of choice.

A secondary factor acting as a drag on the D&B portfolio and most managed assets continues to be the inability of active management to realize added value for investors. For both Q4 and all of calendar 2014, dispersion of returns remains very low. What this means is that in both up and down markets nearly all stocks moved in tandem—correlation of returns was quite high. When everything moves in lockstep, active managers cannot express their ability to find winners and avoid losers—thus they tend to underperform broad indexes as was the case in Q4. We see this as a transient event and expect dispersion levels to rise as the economic recovery underway becomes more generally expressed and stock prices rise.

At UST, we continue to believe that active management can and will add value in the future, and monitor dispersion of return as part of our asset allocation process. We will continue to adjust holdings of the D&B Fund to reflect the value point in the active/passive dynamic, and will also emphasize asset and market sectors which will prove additive to overall return. In an improving world economy and market environment, we expect the positioning of the D&B Fund to do well in 2015.

Portfolio Review

Current Asset Allocation

As of December 31, 2014

Episcopal Diocese of CT

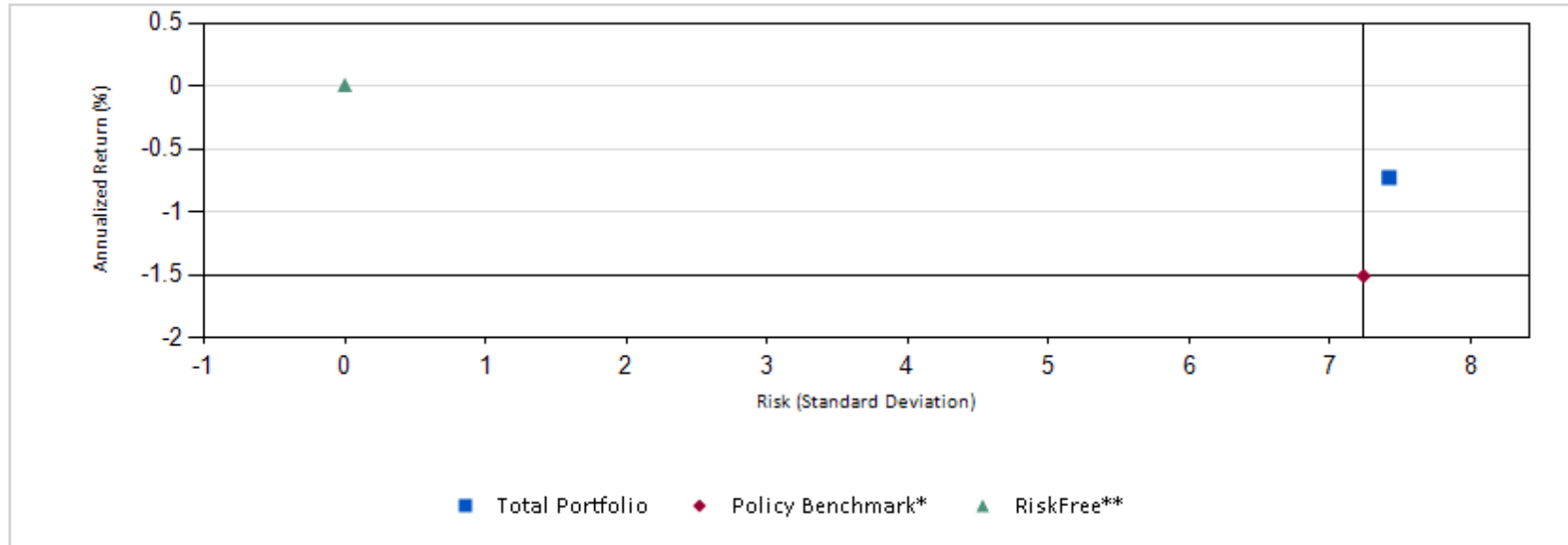


Asset Category	Market Value	% of Portfolio	Total Cost	Estimated Annual Income	Current Yield %
Equities	\$60,883,357	60.2%	\$61,619,716	\$1,137,896	1.87%
Fixed Income	\$22,806,011	22.5%	\$22,773,702	\$836,922	3.67%
Real Estate	\$7,711,848	7.6%	\$7,302,431	\$277,912	3.60%
Tangible Assets	\$6,509,946	6.4%	\$7,650,000	\$0	0.00%
Cash/Currency	\$3,296,893	3.3%	\$3,296,893	\$1,782	0.05%
Total Portfolio	\$101,208,055	100.0%	\$102,642,742	\$2,254,511	2.23%

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 Allocation percentages of charts do not include negative market values.
 Percentages may not sum to exactly 100% due to rounding.

Episcopal Diocese of CT

Return vs. Risk



Risk Statistics

	Return	Standard Deviation	Beta	Alpha	R-Squad	Shape Ratio	Treynor Ratio	Tracking Error	Information Ratio
Total Portfolio	-0.73	7.42	1.01	2.45	.98	-0.10	-0.73	1.08	2.18
Policy Benchmark*	-1.51	7.24	--	--	--	-0.21	-1.52	--	--

Past Performance is no guarantee of future results.

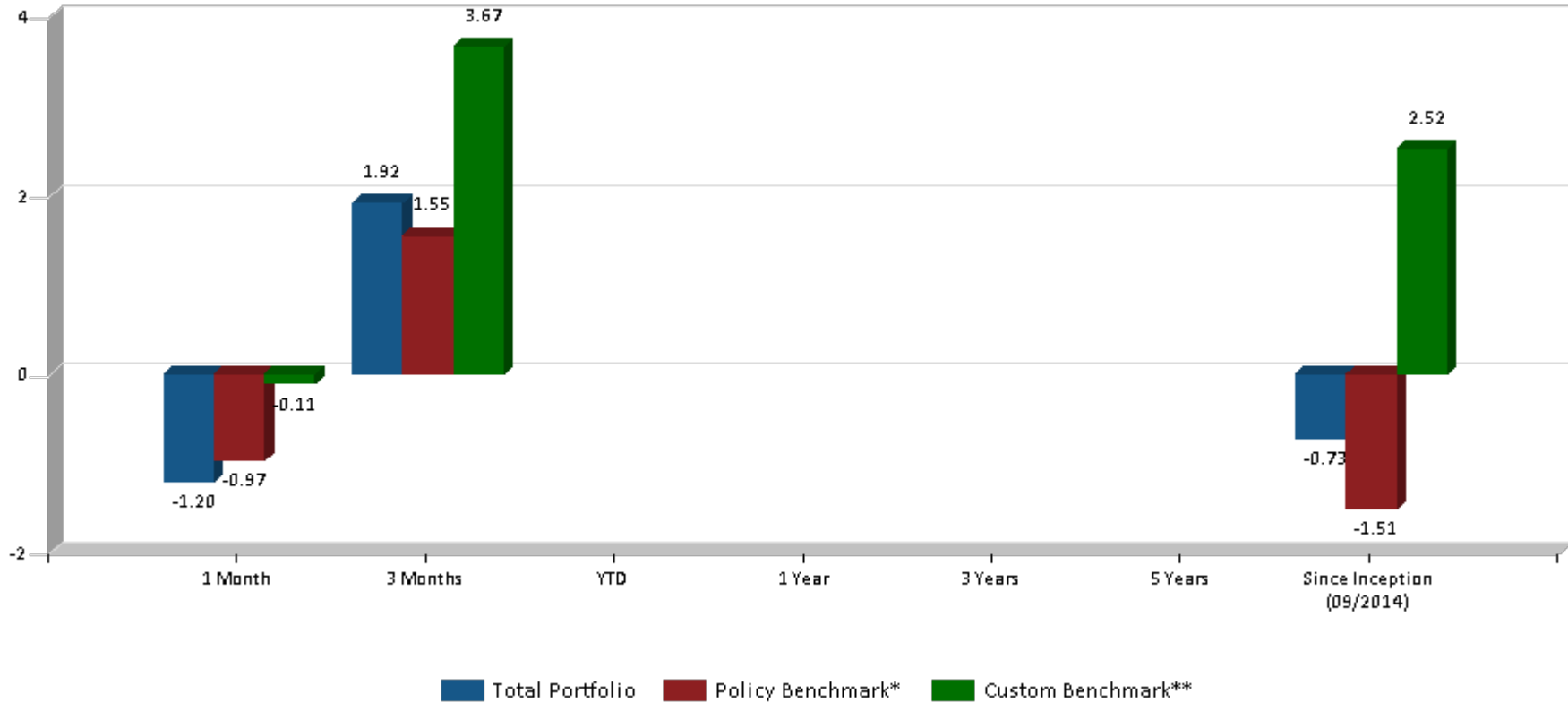
* Episcopal CT Benchmark

** 90 Day TBill

Investment Performance Trailing Returns

As of December 31, 2014

Episcopal Diocese of CT



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Past performance is not indicative of future results.

All returns are gross of fees unless otherwise noted. For periods longer than one year, the return is annualized. Periods less than one year utilize a cumulative return.

Returns may include a partial month.

Benchmark performance returns for the Since Inception period are based on the inception date of the sector or the account under which they are displayed.

Market value does not include accrued income, but is included in the return calculation.

* Episcopal CT Benchmark

** 60% S&P, 40% BC Agg

Investment Performance (Product View)

As of December 31, 2014

Episcopal Diocese of CT

Asset Category	Market Value	Allocation %	1 Month (%)	3 Months (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since Inception (%)	Inception Date
Total Portfolio	\$101,208,210	100.0%	-1.20	1.92	--	--	--	--	-0.73	09/02/14
Episcopal CT Benchmark*	--	--	-0.97	1.55	--	--	--	--	-1.51	--
60% S&P, 40% BC Agg	--	--	-0.11	3.67	--	--	--	--	2.52	--
Equities	\$60,883,357	60.2%								
U.S. Large Cap Growth	\$14,333,902	14.2%								
iShares Russell 1000 Growth ETF	\$7,115,296	7.0%	-1.10	4.74	--	--	--	--	3.04	09/04/14
Russell 1000 Growth Index	--	--	-1.04	4.78	--	--	--	--	3.41	--
Neuberger Berman Large Cap Growth	\$7,218,606	7.1%	-1.59	3.17	--	--	--	--	1.51	09/03/14
Russell 1000 Growth Index	--	--	-1.04	4.78	--	--	--	--	3.11	--
U.S. Large Cap Value	\$14,564,987	14.4%								
Columbia Dividend Income	\$7,235,010	7.1%	-0.42	4.58	--	--	--	--	4.13	09/03/14
Russell 1000 Value Index	--	--	0.61	4.98	--	--	--	--	2.95	--
MFS Investment Large Cap Value	\$7,329,977	7.2%	0.42	6.23	--	--	--	--	4.49	09/03/14
Russell 1000 Value Index	--	--	0.61	4.98	--	--	--	--	2.95	--
U.S. MidCap Growth	\$3,893,464	3.9%								
Baird Mid Cap Growth	\$3,893,464	3.8%	-0.15	4.08	--	--	--	--	1.09	09/03/14
Russell MidCap Growth Index	--	--	-0.28	5.84	--	--	--	--	2.45	--
U.S. MidCap Value	\$4,017,175	4.0%								
Wedge Capital Mid Cap Value	\$4,017,175	4.0%	2.70	11.11	--	--	--	--	7.69	09/03/14
Russell MidCap Value Index	--	--	0.75	6.05	--	--	--	--	2.09	--

* The Benchmark consists of a blend of the following: 10% Russell 1000 Growth, 10% Russell 1000 Value, 4% Russell Midcap Growth, 4% Russell Midcap Value, 2.5% Russell 2000 Growth, 2.5% Russell 2000 Value, 4.4% MSCI EAFE Growth(Net), 4.4% MSCI EAFE Value(Net), 2.2% S&P Developed x US Small Cap, 7% MSCI Emerging Markets, 31% Barclays Aggregate Bond, 3.2% ML HY Master, 0.8% JP Morgan ELMH+, 3% Barclays Global Agg x US, 5% MSCI US REIT, and 6% Bloomberg Commodity Index.

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Past performance is not indicative of future results.

Returns for periods greater than one year are annualized. Returns may include a partial month.

Benchmark performance returns for the Since Inception period are based on the inception date of the sector or the account under which they are displayed.

Investment Performance (Product View)

As of December 31, 2014

Episcopal Diocese of CT

Asset Category	Market Value	Allocation %	1 Month (%)	3 Months (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since Inception (%)	Inception Date
U.S. Small Cap Growth	\$3,389,386	3.4%								
Apex Small Cap Growth	\$3,389,386	3.3%	0.23	4.39	--	--	--	--	-0.56	09/03/14
Russell 2000 Growth Index	--	--	2.97	10.06	--	--	--	--	3.72	--
U.S. Small Cap Value	\$3,323,353	3.3%								
Fuller & Thaler Small Cap Value	\$3,323,353	3.3%	0.56	4.86	--	--	--	--	1.38	09/03/14
Russell 2000 Value Index	--	--	2.73	9.40	--	--	--	--	1.57	--
International Developed	\$9,745,640	9.6%								
Vanguard FTSE Developed Markets ETF	\$3,338,364	3.3%	-3.77	-4.10	--	--	--	--	-8.50	09/04/14
MSCI EAFE Index (Net)	--	--	-3.46	-3.57	--	--	--	--	-7.93	--
Schroders Int'l Growth ADR	\$3,289,807	3.3%	-3.58	-3.11	--	--	--	--	-6.24	09/03/14
MSCI EAFE Growth (Net)	--	--	-3.49	-2.29	--	--	--	--	-5.80	--
Dreman International Value	\$3,117,469	3.1%	-5.52	-9.34	--	--	--	--	-15.19	09/03/14
MSCI EAFE Value (Net)	--	--	-3.44	-4.84	--	--	--	--	-8.65	--
Emerging Markets	\$7,615,450	7.5%								
Emerging Markets Funds	\$7,615,450	7.5%	-4.61	-3.75	--	--	--	--	-11.56	09/03/14
MSCI Emerging Markets Free Index (Gross)	--	--	-4.55	-4.44	--	--	--	--	-11.42	--
Fixed Income	\$22,806,166	22.5%								
Investment Grade Taxable	\$17,783,589	17.6%								
Neuberger Berman Core FI Taxable	\$14,239,005	14.1%	0.03	1.73	--	--	--	--	1.45	09/03/14
Barclays Capital Aggregate Bond Index	--	--	0.09	1.79	--	--	--	--	1.42	--

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Investment Performance (Product View)

As of December 31, 2014

Episcopal Diocese of CT

Asset Category	Market Value	Allocation %	1 Month (%)	3 Months (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since Inception(%)	Inception Date
Preferred Stock	\$3,544,584	3.5%								
Spectrum Principal Preferred	\$3,544,584	3.5%	-0.03	2.73	--	--	--	--	3.42	09/12/14
BofA Merrill Lynch Core Fixed Rate Preferred Index	--	--	-0.12	3.09	--	--	--	--	3.73	--
International Developed Bonds	\$1,957,825	1.9%								
PIMCO Foreign Bond Fund	\$1,957,825	1.9%	1.20	3.31	--	--	--	--	3.40	09/04/14
JP Morgan GBI Global ex US	--	--	1.21	3.15	--	--	--	--	3.50	--
Global High Yield Taxable	\$3,064,752	3.0%								
Seix High Yield Bond	\$3,064,752	3.0%	-0.50	1.03	--	--	--	--	-0.17	09/03/14
Merrill Lynch High Yield Master Index	--	--	-1.48	-1.05	--	--	--	--	-3.10	--
Real Estate	\$7,711,848	7.6%								
Vanguard Reit ETF	\$7,711,848	7.6%	1.88	14.24	--	--	--	--	7.65	09/03/14
NAREIT Equity Index	--	--	1.26	12.94	--	--	--	--	6.51	--
Tangible Assets	\$6,509,946	6.4%								
Credit Suisse Commodity Fund	\$6,509,946	6.4%	-7.40	-11.88	--	--	--	--	-16.06	09/04/14
Bloomberg Commodity Index*	--	--	-7.63	-12.10	--	--	--	--	-16.64	--
Cash/Currency	\$3,296,893	3.3%								
BofA Cash	\$3,296,893	3.3%	0.01	0.01	--	--	--	--	0.02	09/02/14
Merrill Lynch 90 Day T-Bill	--	--	0.00	0.00	--	--	--	--	0.01	--

*Effective July 1, 2014, the Dow Jones UBS Commodity Index was renamed to the Bloomberg Commodity Index.

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Portfolio Holdings

As of December 31, 2014

Episcopal Diocese of CT

Quantity	Ticker	Security Description	Moody's / S&P Rating	Unit Cost	Total Cost	Price	Market Value	Accrued Income	Estimated Annual Income	Current Yield %	% of Asset Class	% of Portfolio
Cash/Currency												
Cash Equivalents												
3,295,771		FIDELITY INSTITUTIONAL MONEY		1.00	3,295,771	1.00	3,295,771	150	1,782	0.05	100.0	3.3
Total Cash Equivalents					\$3,295,771		\$3,295,771	\$150	\$1,782	0.05%	100.0%	3.3%
Cash/Currency Other												
1,122		SALES RECEIVABLE		1.00	1,122	0.00	1,122	0	0	0.00	0.0	0.0
Total Cash/Currency Other					\$1,122		\$1,122	\$0	\$0	0.00%	0.0%	0.0%
Total Cash/Currency					\$3,296,893		\$3,296,893	\$150	\$1,782	0.05%	100%	3.3%
Equities												
U.S. Large Cap												
74,420	IWF	ISHARES RUSSELL 1000 GROWTH ETF		93.22	6,937,395	95.61	7,115,296	0	94,290	1.33	11.7	7.0
0		COLUMBIA DIVIDEND INC SEP ACCT			6,982,007	0.00	7,235,010	13,413	187,694	2.59	11.9	7.1
0		MFS INVESTMENT LARGE CAP VALUE			7,044,563	0.00	7,329,977	10,543	168,242	2.30	12.0	7.2
0		NEUBERGER BERMAN LARGE CAP GROWTH			6,980,522	0.00	7,218,606	3,776	84,072	1.16	11.9	7.1
Total U.S. Large Cap					\$27,944,487		\$28,898,889	\$27,732	\$534,298	1.85%	47.5%	28.6%
U.S. Mid Cap												
0		BAIRD MID CAP GROWTH			3,812,564	0.00	3,893,464	1,194	23,824	0.61	6.4	3.8
0		WEDGE CAPITAL MID CAP VALUE			3,783,668	0.00	4,017,175	7,497	74,691	1.86	6.6	4.0
Total U.S. Mid Cap					\$7,596,232		\$7,910,639	\$8,690	\$98,515	1.25%	13.0%	7.8%
U.S. Small Cap												
0		APEX SMALL CAP GROWTH			3,386,496	0.00	3,389,386	713	12,227	0.36	5.6	3.3
0		FULLER & THALER SMALL CAP VALUE			3,331,495	0.00	3,323,353	8,233	68,601	2.06	5.5	3.3
Total U.S. Small Cap					\$6,717,992		\$6,712,739	\$8,947	\$80,827	1.20%	11.0%	6.6%
International Developed												
88,130	VEA	VANGUARD FTSE DEVELOPED MARKETS ETF		41.56	3,662,727	37.88	3,338,364	0	122,853	3.68	5.5	3.3
0		DREMAN INTERNATIONAL VAL			3,668,967	0.00	3,117,469	2,151	106,123	3.40	5.1	3.1
0		SCHRODERS INTL GROWTH ADR			3,485,917	0.00	3,289,807	1,854	77,611	2.36	5.4	3.3
Total International Developed					\$10,817,612		\$9,745,640	\$4,006	\$306,587	3.15%	16.0%	9.6%

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Percentages may not sum to exactly 100% due to rounding.

Portfolio characteristics and holdings are subject to change periodically and may not be representative of current characteristics and holdings.

Portfolio Holdings

As of December 31, 2014

Episcopal Diocese of CT

Quantity	Ticker	Security Description	Moody's / S&P Rating	Unit Cost	Total Cost	Price	Market Value	Accrued Income	Estimated Annual Income	Current Yield %	% of Asset Class	% of Portfolio
Emerging Markets												
390,357	UMEM X	COLUMBIA EMERGING MARKETS FUND CLASS Z SHARES		10.99	4,290,000	9.90	3,864,536	0	10,540	0.27	6.3	3.8
93,726	VWO	VANGUARD FTSE EMERGING MKTS ETF		45.38	4,253,394	40.02	3,750,915	0	107,129	2.86	6.2	3.7
Total Emerging Markets					\$8,543,394		\$7,615,450	\$0	\$117,668	1.55%	12.5%	7.5%
Total Equities					\$61,619,716		\$60,883,357	\$49,374	\$1,137,896	1.87%	100%	60.2%
Fixed Income												
Investment Grade Taxable												
0		NEUBERGER BERMAN CORE FI TAXABLE			14,162,406	0.00	14,239,005	98,470	414,717	2.91	62.4	14.1
0		SPECTRUM PRINCIPAL PREFERRED			3,485,545	0.00	3,544,584	9,779	202,679	5.72	15.5	3.5
Total Investment Grade Taxable					\$17,647,951		\$17,783,589	\$108,249	\$617,396	3.47%	78.0%	17.6%
International Developed Bonds												
181,785	PFOR X	PIMCO FOREIGN BD US\$HD INSTL		11.12	2,021,086	10.77	1,957,825	3,698	47,809	2.44	8.6	1.9
Total International Developed Bonds					\$2,021,086		\$1,957,825	\$3,698	\$47,809	2.44%	8.6%	1.9%
Global High Yield Taxable												
0		SEIX HIGH YIELD BOND MGMT			3,104,664	0.00	3,064,597	48,087	171,716	5.60	13.4	3.0
Total Global High Yield Taxable					\$3,104,664		\$3,064,597	\$48,087	\$171,716	5.60%	13.4%	3.0%
Total Fixed Income					\$22,773,702		\$22,806,011	\$160,033	\$836,922	3.67%	100%	22.5%
Real Estate												
Public Reits												
95,208	VNQ	VANGUARD REIT ETF		76.70	7,302,431	81.00	7,711,848	0	277,912	3.60	100.0	7.6
Total Public Reits					\$7,302,431		\$7,711,848	\$0	\$277,912	3.60%	100%	7.6%
Total Real Estate					\$7,302,431		\$7,711,848	\$0	\$277,912	3.60%	100%	7.6%
Tangible Assets												
Commodities												
1,083,186	CRSO X	CREDIT SUISSE COMMODITY-RETURN STRATEGY FUND CL I		7.06	7,650,000	6.01	6,509,946	0	0	0.00	100.0	6.4
Total Commodities					\$7,650,000		\$6,509,946	\$0	\$0	0.00%	100%	6.4%
Total Tangible Assets					\$7,650,000		\$6,509,946	\$0	\$0	0.00%	100%	6.4%
Total Portfolio					\$102,642,742		\$101,208,055	\$209,558	\$2,254,511	2.23%		100%

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Economic Commentary

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Investment Strategy Overview

Institutional Portfolio Strategy and Asset Allocation

- We expect equities to outperform fixed income: Our research indicates that we are in the midcycle phase of the business cycle. Equities have traditionally outperformed significantly in the recovery phase and continue to outperform, albeit at a slower pace, in the midcycle. We do not believe the concern over growth is one that becomes reality, and, clearly, we are not in the late-stage cycle, which is typically characterized by a period of rising rates and tight monetary policy. In addition, relative valuations still favor stocks over bonds. Therefore, we remain overweight equities and underweight fixed income, but we expect a more volatile backdrop.
 - Within equities, and relative to other asset classes, we continue to expect U.S. equities to outperform and remain overweight: We continue to expect the U.S. economy to lead global growth, and U.S. equities should outperform accordingly, particularly given the strengthening of the U.S. dollar.
 - We are underweight EM equities: Volatility is picking up as risk is being repriced. Valuations are attractive, in our view, and the impact from monetary policy normalization in the U.S. should fade. Where possible we recommend being very selective in emerging markets owning what the emerging market consumer needs and buys.
- Countries with large deficits will be most vulnerable to monetary normalization, especially where investors have seen little encouragement on the reform front. Russia and Brazil continue to remain under pressure and weigh down the indexes.
- We are slightly overweight international developed equities versus our strategic allocation but on a hedged basis where possible: An improving global economic backdrop should provide enough tailwinds to support Europe, in addition to Japan continuing aggressive steps to end deflation. The ECB is still behind the curve but we expect a QE program to be developed early in 2015, which should support an improved equity environment in Europe. As a result, we remain market weight in Europe. Given our strong dollar view, hedging international exposure, particularly in Europe and Japan, is important at this point in the cycle.
 - We remain underweight fixed income, but we still find opportunities selectively in credit: Where possible, we recommend that investors reduce duration in long-duration portfolios. Within fixed income, we continue to prefer credit over Treasuries, with an emphasis on corporate bonds,

Source: U.S. Trust Investment Strategy Committee, Capital Market Outlook. Data as of December 22, 2014

Investment Strategy Overview

Institutional Portfolio Strategy and Asset Allocation (continued)

mortgage-backed securities and commercial mortgage-backed securities (CMBS). Given the strength of the U.S. dollar, we are avoiding non-North American sovereign bonds. We are maintaining our neutral weight to high yield and leveraged loans. We also recommend a more active management approach to improve potential returns in a rising rate environment. A barbell strategy of owning bonds with both longer and shorter maturities should perform better than a laddered or bulleted strategy.

- We are tactically underweight commodities: The asset class has not drifted upward following the path of better-than-expected growth, as we anticipated when we originally closed out our underweight in the second quarter of 2014. We expect all of the crosscurrents in the commodities space to continue in 2015 with the asset class likely to remain range-bound at best in 2015. Given current prices, we prefer energy and agriculture-based commodities versus metals. We will continue to examine our position as we move through the year.
- We are neutral hedge funds. The opportunity set is widening as monetary policy divergence unfolds, globally and volatility has increased.

- We are neutral private equity.
- We remain neutral in real estate as an asset class: Outperformance by real estate investment trusts (REITs) over the last few years has stretched valuations.
- The dollar: Reduced trade and fiscal deficit are part of the new U.S. expansion, which is also supportive of the greenback. Faster relative growth in the U.S. is attracting bigger foreign capital inflows. We expect this positive self-reinforcing dynamic for a stronger U.S. currency to continue over the next few years. We see the yen moving into the 125-to-150 range and the euro approaching parity over the next several years.

Source: U.S. Trust Investment Strategy Committee, Capital Market Outlook. Data as of December 22, 2014

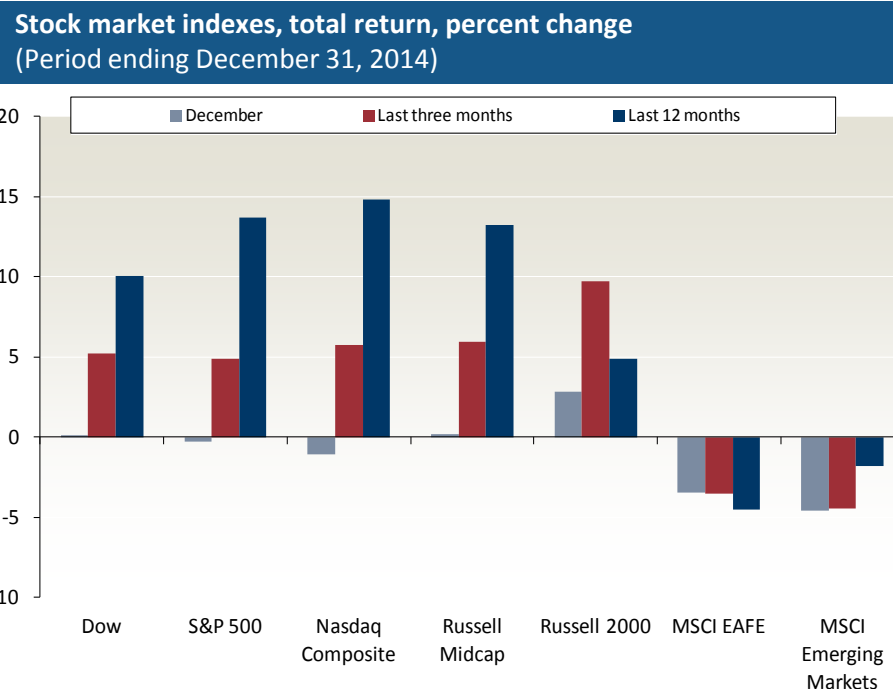
Equity Market Performance

Domestic Equities

- In December, the major domestic equity indexes posted mixed returns. The Russell 2000 Index was the best performer with a return of 2.8%, while the Nasdaq Composite Index was the worst performer with a return of -1.1%.
- In the latest three-month period, the major domestic equity indexes posted positive returns. The Russell 2000 Index was the best performer with a return of 9.7%, while the S&P 500 Index generated the worst return of 4.9%.
- Over the prior 12-month period, which covers 2014, all domestic equity index returns were positive. The Nasdaq Composite Index generated the best return of 14.8%, while the Russell 2000 Index generated the worst return of 4.9%.

International Equities

- In December, International Developed Market and Emerging Market equities posted negative returns of -3.4% and -4.6%, respectively.
- Returns were negative over the latest three-month period. The Developed Markets Index posted a return of -3.5% and the Emerging Markets Index posted a -4.4% return.
- For the prior 12-month period, returns were negative. The Developed Markets Index posted a return of -4.5%, while the Emerging Markets Index posted a return of -1.8%.



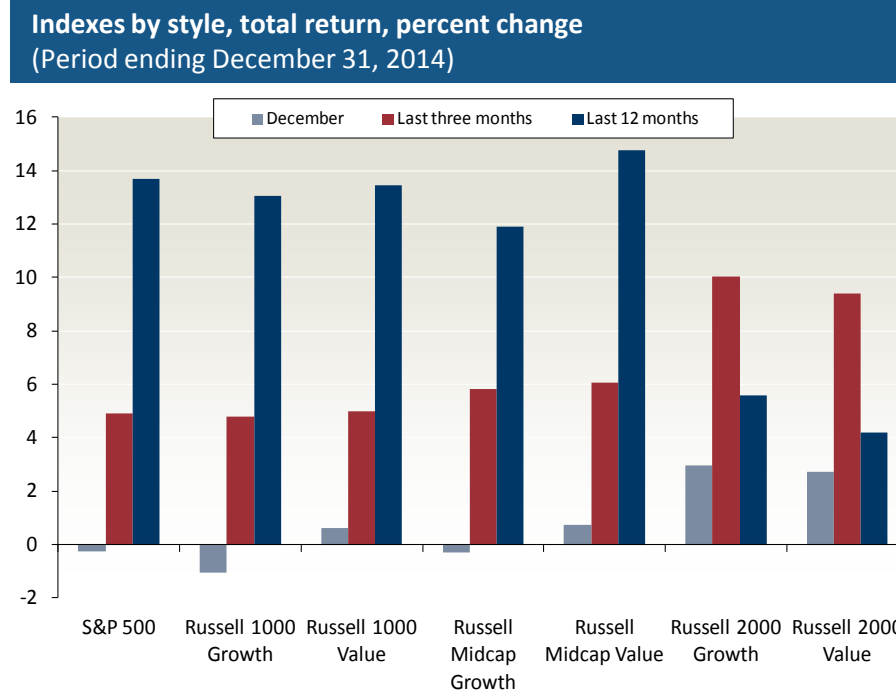
Source: Bloomberg. As of December 31, 2014.

Past performance is no guarantee of future results. Performance results are extremely short-term and may not provide an adequate basis for evaluating performance potential over varying market conditions or economic cycles.

Please see end of presentation for asset class disclosures and index definitions.

Equity Style Performance

- In December, the major domestic equity style indexes posted mixed returns. The Russell 2000 Growth Index generated the best return of 3.0%, while the Russell 1000 Growth Index posted the worst return of -1.0%. Value outperformed Growth in all size segments except small cap.
- In the latest three-month period, returns were positive for all domestic style indexes. The Russell 2000 Growth Index posted the best return of 10.1%, while the Russell 1000 Growth Index generated the worst return of 4.8%. Value outperformed Growth in all size segments except small cap.
- In the trailing 12 months, returns were positive across all domestic style indexes, with the Russell Midcap Value Index posting the best return of 14.7%, while the Russell 2000 Value Index posted the worst return of 4.2%. Value outperformed Growth in all size segments except small cap.



Source: Bloomberg. As of December 31, 2014.

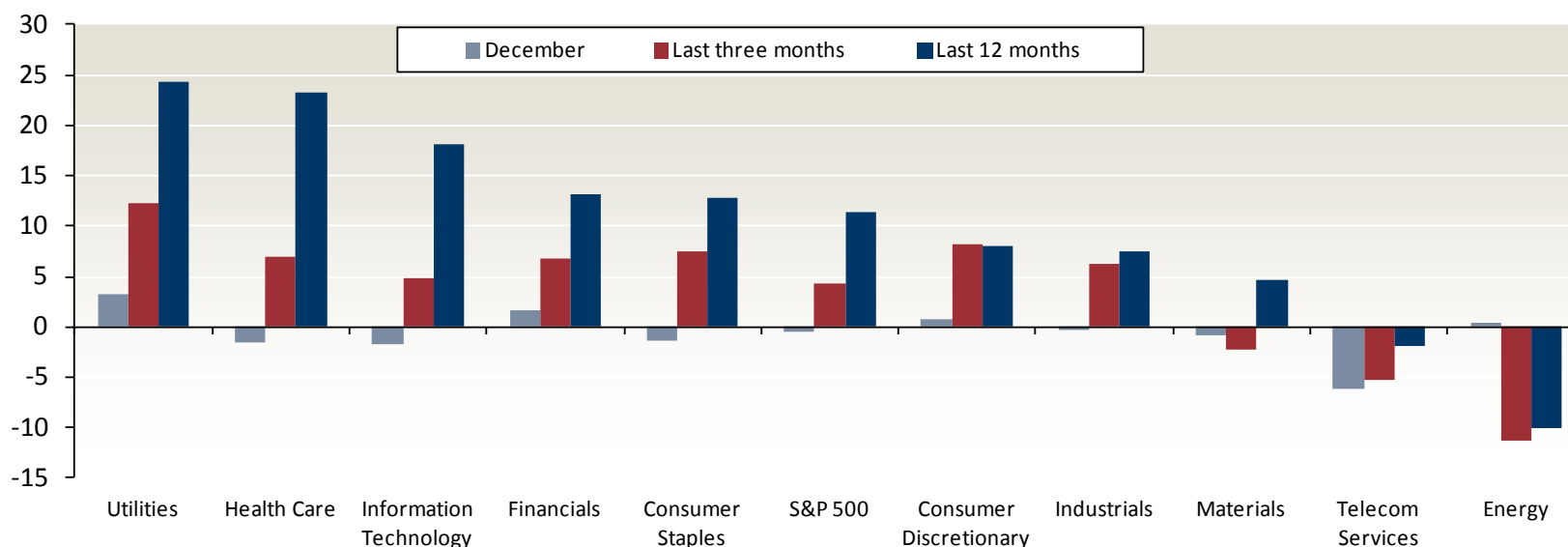
Past performance is no guarantee of future results. Performance results are extremely short-term and may not provide an adequate basis for evaluating performance potential over varying market conditions or economic cycles.

Please see end of presentation for asset class disclosures and index definitions.

Equity Sector Performance

- In December, returns were mixed for the S&P 500 sectors. Utilities posted the best return of 3.2%, while Telecom Services posted the worst return of -6.2%.
- In the latest three-month period also returns were mixed. Utilities posted the best return of 12.2%, while Energy posted the worst return of -11.3%.
- In the trailing 12 months, returns were, once again, mixed for S&P 500 sectors. Utilities posted the best return of 24.3%, while Energy posted the worst return of -10.0%.

S&P 500 sectors, price return, percent change
(Period ending December 31, 2014)



Source: Bloomberg. As of December 31, 2014.

Past performance is no guarantee of future results.

Performance results are extremely short-term and may not provide an adequate basis for evaluating performance potential over varying market conditions or economic cycles.

Please see end of presentation for asset class disclosures and index definitions.

Fixed Income Market Performance

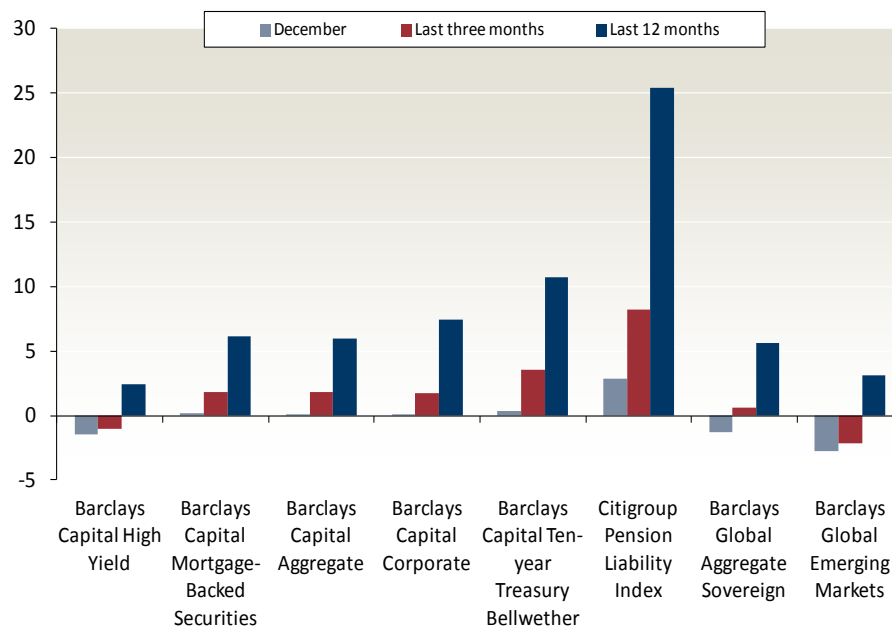
Domestic Fixed Income

- In December, all domestic fixed income indexes posted positive returns, except for the Barclays Capital High Yield Index which posted a return of -1.4%. The Citigroup Pension Liability Index (CPLI), which has a longer duration and is more relevant for pension plans, generated the best return of 2.9% followed by the Barclays Capital Ten-year Treasury Bellwether Index with a return of 0.4%.
- In the latest three-month period, all domestic fixed income indexes posted positive returns, except for the Barclays Capital High Yield Index which posted a return of -1.0%. The CPLI had the best return of 8.2% followed by the Barclays Capital Ten-year Treasury Bellwether Index with a return of 3.6%.
- In the trailing 12 months, which covers 2014, all fixed income indexes posted positive returns. The CPLI had the best return of 25.4% followed by the Barclays Capital Ten-year Treasury Bellwether Index with a return of 10.7%. The Barclays Capital High Yield Index posted the worst return of 2.5%.

International Fixed Income

- In December, the Global Aggregate Sovereign and the Emerging Markets Index returns were -1.3% and -2.8%, respectively.
- In the latest three-month period, the Global Aggregate Sovereign Index posted a return of 0.6%, while the Emerging Markets Index posted a return of -2.1%.
- In the trailing 12 months, the Global Aggregate Sovereign and the Emerging Markets Indexes posted returns of 5.6% and 3.1%, respectively.

Bond market indexes, total return, percent change
(Period ending December 31, 2014)









Source: Bloomberg. As of December 31, 2014.

Past performance is no guarantee of future results. Performance results are extremely short-term and may not provide an adequate basis for evaluating performance potential over varying market conditions or economic cycles. The Citigroup Pension Liability Index provides an investment performance benchmark for asset/liability management of a 'typical' pension plan.

Please see end of presentation for asset class disclosures and index definitions.

Institutional Portfolio Positioning

ASSET CLASS	ALLOCATION	WEIGHTING*
Cash	Positioning	We have a small cash position awaiting deployment when opportunities arise.
	Valuation	<ul style="list-style-type: none"> Low yields. Negative real yields.
Equities	Positioning	We are overweight equities. We believe the "flow reversal" from conservative and less-directional assets to equities will continue. 
	Emphasis	<ul style="list-style-type: none"> We expect the U.S. and international developed markets to outperform other asset classes.
	Valuation	<ul style="list-style-type: none"> Valuations favor equities over fixed income.
U.S. Large Caps	Positioning	We are overweight large caps based on their exposure to global growth. 
	Emphasis	<ul style="list-style-type: none"> We prefer a mix of dividend growers and global brands.
	Valuation	<ul style="list-style-type: none"> Attractive relative valuation.
U.S. Mid Caps	Positioning	We are overweight mid caps. 
	Emphasis	<ul style="list-style-type: none"> Beneficiaries of strengthening U.S. economy led by housing.
	Valuation	<ul style="list-style-type: none"> Overvalued relative to large cap.
U.S. Small Caps	Positioning	We are overweight small caps. 
	Emphasis	<ul style="list-style-type: none"> Beneficiaries of strengthening U.S. economy led by housing.
	Valuation	<ul style="list-style-type: none"> Overvalued relative to large cap.
International Developed	Positioning	Japan is finally taking aggressive steps to end deflation, and the improving global economic backdrop should provide enough tailwinds to kick-start growth. 
	Emphasis	<ul style="list-style-type: none"> We favor Japanese equities over European equities, where we are neutral weight.
	Valuation	<ul style="list-style-type: none"> Attractively valued.
Emerging Markets	Positioning	We are underweight emerging markets. 
	Emphasis	<ul style="list-style-type: none"> Asia should continue to outperform on a regional basis.
	Valuation	<ul style="list-style-type: none"> Valuations are attractive.

* Tactical qualitative investment strategy weightings are relative in nature versus the full portfolio. Weightings are based on the relative attractiveness of each asset class. Tactical strategy weightings are for a 12-month time horizon.

Because economic and market conditions change, recommended allocations may vary in the future. Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns. All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon and risk tolerance.

Not all recommendations will be suitable for all investors.

Alternative investments such as derivatives, hedge funds, private equity funds and funds of funds can result in higher return potential, but also higher loss potential. Changes in economic conditions or other circumstances may adversely affect your investments. Before you invest in alternative investments, you should consider your overall financial situation, how much money you have to invest, your need for liquidity and your tolerance for risk.

Source: U.S. Trust Investment Strategy Committee. As of December 8, 2014.

Institutional Portfolio Positioning (continued)

ASSET CLASS	ALLOCATION	WEIGHTING*
Fixed Income	Positioning	We remain underweight fixed income, as it is less attractive compared to asset classes such as equities.
	Emphasis	<ul style="list-style-type: none"> Within fixed income, we continue to prefer credit over Treasuries, with an emphasis on corporate bonds, mortgage-backed securities and commercial mortgage-backed securities (CMBS).
	Valuation	<ul style="list-style-type: none"> Expensive overall.
U.S. Investment Grade	Positioning	We are underweight mostly due to a significant underweight in Treasuries.
	Emphasis	<ul style="list-style-type: none"> Active Management. We continue to prefer corporate bonds over Treasuries. We would also emphasize commercial mortgage-backed securities.
	Valuation	<ul style="list-style-type: none"> Yields near all-time lows on investment-grade bonds. Treasuries are expensive and vulnerable to rising rates.
International	Positioning	We are underweight.
	Emphasis	<ul style="list-style-type: none"> Be selective. Given the strength of the U.S. dollar, we would avoid non-North American sovereign bonds.
	Valuation	<ul style="list-style-type: none"> Attractive relative yields.
High Yield	Positioning	We are neutral.
	Emphasis	<ul style="list-style-type: none"> We are maintaining our neutral weight to global high yield and leveraged loans, given the current depressed yield levels in both of these asset classes and the reduction in additional yield over Treasuries.
	Valuation	<ul style="list-style-type: none"> Fair value.
Commodities	Positioning	We are underweight commodities.
	Emphasis	<ul style="list-style-type: none"> We favor energy-related commodities and soft commodities over metals.
Hedge Funds	Positioning	We are neutral hedge funds, as we prefer more directional asset classes.
	Emphasis	<ul style="list-style-type: none"> We favor distressed-oriented credit, global macro/CTA and equity long/short strategies.
Private Equity	Positioning	We advise using a staged approach gaining vintage-year and global diversification over time.
	Emphasis	<ul style="list-style-type: none"> From a sector perspective, we are optimistic on healthcare, energy and infrastructure.
Real Estate	Positioning	We are neutral real estate as valuations are unattractive.
	Emphasis	<ul style="list-style-type: none"> We prefer opportunistic and value sectors.

* Tactical qualitative investment strategy weightings are relative in nature versus the full portfolio. Weightings are based on the relative attractiveness of each asset class. Tactical strategy weightings are for a 12-month time horizon.

Because economic and market conditions change, recommended allocations may vary in the future. Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns. All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon and risk tolerance.

Not all recommendations will be suitable for all investors.

Alternative investments such as derivatives, hedge funds, private equity funds and funds of funds can result in higher return potential, but also higher loss potential. Changes in economic conditions or other circumstances may adversely affect your investments. Before you invest in alternative investments, you should consider your overall financial situation, how much money you have to invest, your need for liquidity and your tolerance for risk.

Source: U.S. Trust Investment Strategy Committee. As of December 8, 2014.

Asset Class Disclosures

Equities: Investments in equities are subject to the risks of fluctuating stock prices, which can generate investment losses. Equities have historically been more volatile than alternatives such as fixed income securities. **Fixed Income Securities:** Fixed income investments fluctuate in value in response to changes in interest rates. **Commodities:** Commodities investments are highly volatile and are speculative. Commodities prices may be affected by overall market movements, changes in interest rates and other factors such as weather, disease, embargoes and international political and economic developments. **Hedge Funds:** An investment in a hedge fund involves a substantially more complicated set of risk factors than common investments in stocks or bonds, including the risks of using derivatives, leverage and short sales, which can magnify potential losses or gains. Restrictions exist on the ability to redeem units in a hedge fund. Hedge funds are speculative and involve a high degree of risk. **Real Estate:** Investments in real estate securities can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties, such as rental defaults. **International:** International investing involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments. **Alternative Investments:** Alternative investments are intended for qualified and suitable investors only. Alternative investments involve limited access to the investment and may include, among other factors, the risks of investing in derivatives, using leverage and engaging in short sales, practices which can magnify potential losses or gains. Alternative investments are speculative and involve a high degree of risk. **Private Equity:** Investments in private equity involve a high degree of risk and therefore should only be undertaken by qualified investors whose financial resources are sufficient to enable them to assume these risks and to bear the loss of all or part of their investment. **Emerging Markets:** Investing in emerging markets may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility. **Diversification:** Diversification does not ensure a profit or guarantee against loss. **Global:** Global investing poses special risks, including foreign taxation, currency fluctuation, risks associated with possible differences in financial standards and other monetary and political risks. **Small/Mid Cap:** Stocks of small- and mid-cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies. **Mortgage-Backed Securities:** Generally, when interest rates decline, prepayments accelerate beyond the initial pricing assumptions, which could cause the average life and expected maturity of the securities to shorten. Conversely, when interest rates rise, prepayments slow down beyond the initial pricing assumptions and could cause the average life and expected maturity of the securities to extend and the market value to decline. Mortgage-backed securities are subject to credit risk and the risk that the mortgages will be prepaid, so that portfolio management may be faced with replenishing the portfolio in a possibly disadvantageous interest rate environment. **Credit Quality Ratings:** The credit quality ratings represent those of Moody's Investor Service, Inc. (Moody's) and Standard and Poor's Corporation (S&P). The ratings represent their opinions as to the quality of the securities they rate. Ratings are relative and subjective and are not absolute standards of quality. The security's credit quality does not eliminate risk. For information regarding the methodology used to calculate the ratings, please visit Moody's at www.moodys.com or S&P at www.standardandpoors.com.

Index Definitions

Unlike mutual funds, indexes are not managed and do not incur fees or expenses. It is not possible to invest directly in an index.

Dow Jones Industrial Average - The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

Standard & Poor's (S&P) 500 Index tracks the performance of 500 widely held, large-capitalization U.S. stocks.

Nasdaq Composite Index – A market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks.

Russell 1000 Index is a subset of the Russell 3000® Index that measures the performance of the 1,000 largest capitalization companies of the U.S. equity universe.

Russell Midcap Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership

Russell 2000 Index is a subset of the Russell 3000® Index that measures the performance of the 2,000 smallest companies of the U.S. equity universe.

Russell 1000 Growth Index measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell MidCap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index.

Russell MidCap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index.

Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2000 Value Index tracks the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.

MSCI EAFE Index is a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada.

Index Definitions

MSCI Emerging Markets Index is created by Morgan Stanley Capital International (MSCI) that is designed to measure equity market performance in global emerging markets.

Barclays U.S. Corporate High Yield Bond Index is a market value-weighted index which covers the U.S. non-investment grade fixed-rate debt market. The index is composed of U.S. dollar-denominated corporate debt in Industrial, Utility, and Finance sectors with a minimum \$150 million par amount outstanding and a maturity greater than 1 year. The index includes reinvestment of income.

Barclays Mortgage-backed Securities Index is a market value-weighted index which covers the mortgage-backed securities component of the Barclays U.S. Aggregate Bond Index. The index is composed of agency mortgage-backed pass-through securities of the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac) with a minimum \$150 million par amount outstanding and a weighted-average maturity of at least 1 year. The index includes reinvestment of income.

Barclays Aggregate Bond Index is a market value-weighted index that tracks the daily price, coupon, pay-downs, and total return performance of fixed-rate, publicly placed, dollar-denominated, and non-convertible investment grade debt issues with at least \$250 million par amount outstanding and with at least one year to final maturity.

Barclays Capital Corporate Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by U.S. and non-U.S. industrial, utility, and financial issuers that meet specified maturity, liquidity, and quality requirements. The U.S. Corporate Index rolls up to other Barclays flagship indices, such as the U.S. Aggregate and the multi-currency Global Aggregate Index.

Barclays 10-Year U.S. Treasury Bellwethers Index is a universe of Treasury bonds, and used as a benchmark against the market for long-term maturity fixed-income securities. The index assumes reinvestment of all distributions and interest payments.

Barclays Global Aggregate Sovereign Index is a flagship measure of global investment grade debt from twenty-four different local currency markets. This multi-currency benchmark includes fixed-rate treasury, government-related, corporate and securitized bonds from both developed and emerging markets issuers.

Barclays Global Emerging Markets Index is a flagship hard currency Emerging Markets debt benchmark that includes USD, EUR, and GBP-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers. Country eligibility and classification as Emerging Markets is rules-based and reviewed annually using World Bank income group and International Monetary Fund (IMF) country classifications.

Index Definitions

Citi Pension Liability Index (CPLI) reflects the discount rate that can be used to value liabilities for GAAP reporting purposes and is derived from the Citi Pension Discount Curve. It is a source for plan sponsors and actuaries to value defined-benefit pension liabilities. The index provides an investment performance benchmark for asset-liability management and to gauge changes in the value of pension liabilities.

Bloomberg Commodity Index (formerly known as Dow Jones UBS Commodity Index) is a broadly diversified index that tracks commodity futures through a single measure. It is composed of futures contracts on physical commodities.

Appendix

Asset Class and Index Disclosures and Definitions

Accrued Interest: Accrued interest is the interest that has been earned, but not paid. Bonds typically pay accrued interest every six months.

Alternative Investments: Alternative investments such as derivatives, hedge funds, private equity funds and funds of funds can result in higher return potential but also higher risk loss potential. Changes in economic conditions or other circumstances may adversely affect your investments. Before investing in alternative investments, one should consider the overall financial situation, need for liquidity and tolerance for risk.

Asset Allocation: All asset classes are not suitable for all investors. Each investor should select the asset classes for investment based on his or her goals, time horizon and risk tolerance.

Average Coupon: Average coupon is the weighted average gross interest rate of a pool of securities.

Average Quality: Average Quality is the average credit quality of the bond portfolio.

Beta: Beta is a measure of systematic risk or the sensitivity of a manager to movements in the benchmark. A beta of 1 implies that you can expect the movement of a manager's return series to match that of the benchmark.

Cash & Cash Equivalents: Cash & cash equivalents include cash and may include other highly liquid investments that mature within one year, such as commercial paper, treasury bills, money market funds and CDs.

Change in Value: Change in value is the change in value of the portfolio during the statement period. It is the ending value of the account less the beginning value of the account taking into consideration additions and withdrawals.

Commodities: There are special risks associated with an investment in commodities including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

Convertibles: Most convertible securities are not investment grade and are therefore more speculative in nature than securities with higher ratings.

Current Price: Current price is the value of the share, unit or contract as priced at the close of the market on the last day of the statement period or the last available price.

Current Yield: Current yield reflects the percentage return that results from estimated annual income or capital gains or losses realized upon the disposition of a security. It is calculated by dividing estimated annual income by total market value.

Emerging Markets: Investing in emerging markets may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility.

Estimated Annual Income: Estimated annual income is the income that is expected to be received from an asset over the next 12 months, based on the current level of income produced by the asset. It may include interest and dividends, but not capital gains or losses realized upon the disposition of the security. For holder of Fiduciary Shares, estimated annual income includes the Rebate.

Equities: Investments in equities are subject to the risks of fluctuating stock prices, which can generate investment losses. Equities have historically been more volatile than alternatives such as fixed income securities. International investments are subject to additional risks such as currency fluctuation, political instability and the potential for illiquid markets. Emerging markets bear similar but accentuated risks.

Fixed Income: Investing in fixed-income securities may involve certain risks, including the credit quality of individual issuers, possible prepayments, market or economic developments and yields and share price fluctuations due to changes in interest rates. When interest rates go up, bond prices typically drop, and vice versa.

Hedge Funds: An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage, and short sales which can magnify potential losses or gains. Restrictions exist on the ability to redeem units in a hedge fund. Hedge funds are speculative and involve a high degree of risk.

High Yield (Junk Bonds): Investments in high yield bonds (sometimes referred to as "junk bonds") offer the potential for high current income and attractive total return, but involve certain risks.

Income Assets: Income assets consist of the earnings, such as interest, dividends and royalties and rent from assets in the portfolio or assets purchased or held as a re-investment of accumulated income, which have not been added to principal.

International: International investing involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments.

Modified Duration: Modified duration is a formula that expresses the measurable change in the value of a security in response to a change in interest rates.

Net Margin: Net margin is the ratio of net profits to revenues for a company or business segment - typically expressed as a percentage - that shows how much of each dollar earned by the company is translated into profits.

N/A: Not Applicable/ Not Available

Other Assets: The summarization of other assets, includes assets that do not fall into the Cash & Cash Equivalents, Fixed Income or Equity categories, such as real estate and mineral holdings, warrants and options.

% of Total Assets: Percent of total assets is the total market value of an individual asset divided by the total market value of the portfolio.

Price/Book: Price/Book is a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

Price/Earnings: Price/Earnings is a valuation ratio of a company's current share price compared to its per-share earnings.

Price/Sales: Price/Sales is a valuation ratio that compares a company's stock price to its revenues.

Principal Assets: Principal assets are assets that are the property of a trust or estate, but are not Income assets.

Return on Equity: Return on Equity is the amount of net income returned as a percentage of shareholder equity. It measures profitability by revealing how much profit is generated with the money a shareholder has invested.

Real Estate/REITS: Investments in real estate securities can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates, and risks related to renting properties, such as rental defaults.

Small/Mid Cap: Stock of small- and mid-cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

Tax Cost: Tax cost is the cost basis of an asset as carried on the books of the account. In the Detail of Realized Capital Gain/Loss schedule, tax cost information may include adjustments to the cost basis of the Common Trust Funds, as applicable.

Asset Class and Index Disclosures and Definitions

Tax-exempt: Tax-exempt investing offers current tax-exempt income, but it also involves special risks. Single-state municipal bonds pose additional risks due to limited geographical diversification. Interest income from certain tax-exempt bonds may be subject to certain state and local taxes and, if applicable, the alternative minimum tax. Any capital gains distributed are taxable to the investor.

Transaction Date: Transaction date is the date on which a transaction (such as a purchase or a sale) is initiated. When trade date reporting is used, transactions are reported only if the transaction date falls within the current statement period.

Weighted Average Market Capitalization: Weighted average market capitalization is the mean of the market capitalizations of the common stocks held in the portfolio.

Weighted Average Maturity of Bonds: Weighted average maturity of bonds is the average amount of time remaining until the maturity date for the entire bond portfolio. The average amount is computed by weighting each maturity date by the market value of the security.

Yield to Maturity at Market: Yield to maturity at market reflects the return that will be achieved if the security was purchased on the last day of the statement period. If yield to maturity at market is less/greater than yield to maturity at cost, the market value of the security has increased/decreased during the time since the security was purchased. When finding the after-tax yield to maturity of a bond, it is customary to use the approximate relationship: after-tax yield = (1- tax rate) x (before tax-yield.)

Barclays Government/Credit Bond Index is an index that tracks the performance of U.S. Government and corporate bonds rated investment grade or better, with maturities of at least one year.

Barclays Government/Corp. Bond Index is composed of all bonds that are investment grade rated or better. Issues must have at least one year to maturity.

Barclays High Yield Index covers the universe of fixed rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, and 144-As are also included.

Barclays Municipal Index is considered representative of the broad market for investment grade, tax-exempt bonds with a maturity of at least one year.

Barclays U.S. Aggregate Bond Index is a market value-weighted index that tracks the daily price, coupon, pay-downs, and total return performance of fixed-rate, publicly placed, dollar-denominated, and non-convertible investment grade debt issues with at least \$250 million par amount outstanding and with at least one year to final maturity.

BofA Merrill Lynch 1-3 Year Treasury Index measures the return of Treasury bills with maturities of 1-3 years.

BofA Merrill Lynch 7-12 Year Muni Index is comprised of fixed-rate, coupon-bearing bonds issued within five years of the most recent month-end, having an investment grade rating and maturities of seven to twelve years.

Citigroup (World ex-U.S.) Cap Range \$2-\$10b Index is Citigroup's \$2 to \$10 billion (U.S.) security market subset of its Broad Market Index and represents a mid-cap developed market, excluding the United States.

Dow Jones Industrial Average is the most widely used indicator of the overall condition of the stock market, the Dow Jones Industrial Average Index is a price-weighted average of 30 actively traded blue chip stocks as selected by the editors of the Wall Street Journal.

Hedge Fund Research Inc. (HFRI) Fund of Funds Composite Index is an equally-weighted index comprised of domestic and offshore hedge fund of funds. The HFRI Indices are based on information self-reported by hedge fund managers that decide, on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. ("HFR"). Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways.

JP Morgan High Yield Index is designed to mirror the investable universe of the U.S. dollar high yield corporate debt market, including domestic and international issues.

Morgan Stanley Capital International Emerging Markets Index (MSCI EMF) is a capitalization-weighted index that tracks stocks traded in 27 emerging market countries. It does not include shares not readily purchased by non-local investors.

Morgan Stanley Capital International Europe, Australia, Far East Index (MSCI EAFE) is a capitalization-weighted index that tracks the total return of common stocks in 21 developed-market countries within Europe, Australia and the Far East.

National Association of Real Estate Investment Trusts (NAREIT) Index is an index that reflects performance of all publicly-traded equity REITs.

National Council of Real Estate Investment Fiduciaries (NCREIF) Property Index is a market value-weighted index which measures the performance of investment-grade non-agricultural income-producing properties. The index is composed of existing Apartment, Industrial, Office, and Retail properties acquired on behalf of tax-exempt institutions and held in a fiduciary environment. The index includes reinvestment of income.

Russell 1000 Index tracks the performance of 1000 of the largest U.S. companies, based on market capitalization.

Russell 1000 Growth Index measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2000 Value Index tracks the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index.

Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index.

Standard and Poor's 500 Composite Stock Index tracks the performance of 500 widely held, large-capitalization U.S. stocks.

Asset Class and Index Disclosures and Definitions

Security indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index.

Performance Benchmarks

Total Equity Benchmark: 60% S&P500 Index, 9% Russell Mid-Cap Index, 6% Russell 2000 Index, 20% MSCI EAFE, 5% MSCI EMF

Total Fixed Income Taxable Blended Benchmark: 81% Barclays U.S. Aggregate Total Return Bond Index, 8%, Citigroup (World ex-U.S.) Index, 11% JP Morgan High Yield Bond Index

Total Fixed Income Tax Exempt Blended Benchmark: 90% Barclays Municipal Index, 10% Barclays High Yield Municipal Index

Total Real Estate Blended Benchmark : 50% NCREIF, 50% NAREIT

All Private Equity fund performance indices provided by Thomson Reuters.

Important Notes Concerning Alternative Investments and Hedge Funds:

Market prices for Hedge Funds, Private Equity Funds and Real Estate Funds normally lag 30 days or more from the previous closing period and therefore returns are for the same period. Benchmarks may not reflect the same time period.

Loss information for the Bank of America Hedge Fund should not be used for tax reporting purposes. Please refer to Schedule K-1 reporting to complete tax returns for the appropriate tax year.

Oil, Gas and Mineral Interests

To holders of Oil, Gas and Mineral properties: Market Value for Oil, Gas and Mineral properties represent an estimate only, calculated from the most recent 12 months net income from producing properties and includes nominal value applied to non-producing properties.

Important Notes:

The information and views contained in this presentation are as of date specified and are subject to change. These views are not necessarily representative of the opinions and views of other portfolio managers or of the firm as a whole.

Past performance is not an indication of future performance. The investment services of U.S. Trust / Bank of America are not guaranteed and are not insured by the FDIC and could result in the loss of value to your account. The actual return and value of an account will fluctuate and at any point in time could be worth more or less than the amount invested. Your account is tailored towards your individual needs based on your investment objectives, restrictions and strategies, including tax strategies.

Clients' performance and risk tolerance preferences may require deviation from this guidance when implementing investment solutions. Accounts subject to laws that may be more restrictive as to permissible investments require portfolio manager review.

Indices shown are to make general risk and return comparisons. They are shown for informational purposes only and cannot be invested in directly.

Securities in your account differ from securities comprising an index thus the risk, performance and investment style of your account will vary, sometimes significantly from that of the index.

Statistics have been obtained from sources we believe to be reliable, but we cannot guarantee its accuracy or completeness.

Hypothetical illustrations do not reflect the performance of any specific investment. Actual rates of return cannot be predicted and will fluctuate. Your results may be more or less. The illustrations assume no withdrawals or distribution, and reinvesting of all dividends and capital gains.

Performance results are gross of fees and therefore do not reflect the deduction of investment advisory fees, however, such results would have been reduced by advisory fees as described in standard fee schedules.

Performance for new asset classes to an account may be for a partial period while many benchmarks for the asset class may reflect the entire reporting period.