

# Investment Portfolio Review

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Episcopal Diocese of CT

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# Introduction

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# Economic Outlook

## U.S.

- Leading indicators point to a strong second half in the U.S. with growth in the 3.0% - 4.0% range.
- Low gasoline prices and a strong dollar have hastened a transition to a stronger consumer and a manufacturing shift from producers to users of energy as well as from exporters to importers.
- The housing recovery appears to be gaining traction and nonresidential investment (commercial real estate) should follow its lead. These slower moving cycles should extend the overall business cycle.
- We expect a continuation of mid-single digit growth in business spending with technology spending leading the way. This will help extend the cycle.
- Supply/demand dynamics for oil still appear tight enough to keep oil in the \$45-\$65 range we expect over the medium term. Watch for a pickup in growth in emerging Asia for signs of a bottom.
- We adjusted our global growth range slightly lower for 2015 to 3.0-3.5 from 3.3-3.8 on softer China and emerging market (EM) growth offsetting better developed market growth prospects. We raised our outlook for the euro year-end range higher to 1.05-1.15 from 0.95-1.05 on stronger growth in Europe and a lower Fed tightening trajectory. We lowered our year-end Fed Funds range to 0.12-0.37 from 0.12-0.67 as two moves in 2015 are off the table. We dropped \$4 from our 2015 and 2016 profits ranges on lower energy, materials and industrials earnings from EM fallout.

## Global

- Real global growth appears to be holding up around the long-term average of 3.5%, led by domestic demand in the U.S. and Europe, but weighed down by commodity exporters with strong trade links to China and high levels of dollar-denominated debt.
- Growth should continue to slow to around 5% in China. We do not expect a hard landing.

## The Dollar

- Higher yields (monetary policy divergence), faster growth and lower risks continue to favor the dollar over most developed market currencies.
- We still think the euro could test parity.

## Employment

- Measures of slack and distress in labor market continue to fall. Unemployment rate on track for sub-5% by year-end.
- Slow gains in average hourly earnings reflect more younger workers as older workers with higher wages retire. This also dampens productivity.

## Inflation and Interest Rates

- Diminishing labor market slack and a pickup in wages suggest inflation pressures are building. We expect a Fed rate hike by year-end, possibly September.
- We expect rate hikes at about half of the Fed meetings in 2016, leaving the Fed funds rate around 1.5% by year-end and the 10-year should rise to 2.5% - 3.5%.

## Profits

- Profits outlook would benefit from a pickup in growth outside the U.S. Margins are being helped by lower input costs but hurt by higher labor costs.

## Watch List

- Commodity prices
- A Fed policy shift
- Currency volatility
- Earnings

Source: U.S. Trust Macro Strategy & Research team as of October 2, 2015.

Please refer to the asset class disclosures at the end of this presentation.

# Economic and Market Forecasts

	Q2 2015	Q3 2015E	2014	2015 E	2016 E
Real global GDP (% y/y annualized)			3.4	3.0 – 3.5	3.5 – 4.0
Real U.S. GDP (% q/q annualized)	3.9	2.5 – 3.5	2.4	2.5 – 3.0	3.2 – 3.7
CPI inflation (% y/y)*	0.7	0.5	1.6	0.5 – 1.0	2.0 – 2.5
Core CPI inflation (% y/y)*	1.7	1.7	1.7	1.7 – 2.0	2.0 – 2.5
Unemployment rate, period average (%)	5.4	5.2	6.2	5.2	4.5
Fed funds rate, end period (%)	0.12	0.12	0.12	0.12 – 0.37	1.12 – 1.62
10-year Treasury, end period (%)	2.35	2.06	2.17	2.0 – 2.5	2.5 – 3.5
S&P 500, end period	2063	1920	2059	2075 – 2150	2200 – 2300
S&P operating earnings (\$/share)	30	30 - 31	119	118 – 122	126 – 130
\$/€, end period	1.12	1.12	1.21	1.05 – 1.15	0.90 – 1.00
¥/\$, end period	122	120	120	120 – 130	125 – 135
Oil (\$/barrel), end period	59	45	53	45 – 65	55 – 75

## Long-Term Themes and Trends

- Water
- Agricultural commodities
- Climate change
- Global obesity
- Asia's currencies versus the U.S. dollar
- Robotics and global information technology
- Rise of the emerging market middle-class consumer
- Womenomics
- Africa
- Global commercial real estate
- Global defense and cyber security

Percent calendar-year average over calendar-year average annualized unless stated. E = Estimate.

\*Latest 12-month average over previous 12-month average.

**Past performance is no guarantee of future results.**

Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance.

Source: U.S. Trust® Investment Strategy Committee as of October 2, 2015.

# Investment Strategy Committee Viewpoint

## Portfolio Strategy and Asset Allocation

### Overweight

#### Equities

We reaffirm our get-paid-to-wait strategy across equities and continue to lower the overall beta in portfolios by allocating to lower volatility investments. We maintain our cyclical bias in energy and financials, and we balance that stance with growth exposure to healthcare and technology companies.

#### U.S. Equities

U.S. is the engine of world growth and stronger consumer trends are gathering momentum as real incomes rise. The strong dollar caused us to reduce our Standard and Poor's (S&P) earnings outlook for 2015 to \$122 – \$126 back in Q1, but we maintain our target for the S&P 500 at 2,200 for year-end.

#### International Developed

Japanese equities should enjoy tailwinds from faster global growth and continued efforts to end deflation. Europe should benefit from upgrades to growth and higher risk appetites as quantitative easing gathers momentum. We prefer to hedge some exposure given the dollar's strength.

#### TACTICAL SHIFTS

*March 2015: Stabilization in Europe and stronger dollar are causing further pain for emerging markets as such we are moving Europe to a small overweight by reducing our exposure slightly to the US.*

### Neutral

#### Hedge Funds

The opportunity set is widening as monetary policy divergence unfolds globally, and volatility has increased.

#### Private Equity

We prefer diversified energy and infrastructure opportunities.

#### Real Estate

Outperformance by real estate investment trusts (REITs) over the last few years has stretched valuations.

Source: U.S. Trust® Investment Strategy Committee as of September 15, 2015

Past performance is no guarantee of future results.

Please refer to the asset class disclosures at the end of this presentation.

### Underweight

#### Emerging Markets

Volatility is likely to stay elevated as risk and rebalancing continue to be repriced, and despite today's low valuations, we see ongoing risk of further downside for prices. We favor commodity importing markets with reformist governments and less exposure to foreign trade and rising U.S. rates (with a preference for India) and continue to expect long-term strength in demand from the emerging market consumer.

#### TACTICAL SHIFTS

*June 2015: After a strong run in the equity markets in China in the first half of the year, we are moving the country to neutral from overweight in the emerging markets.*

#### Fixed Income

A barbell strategy of owning bonds with both longer and shorter maturities should perform better than a laddered or bulleted strategy in a flattening yield curve environment.

We continue to prefer credit over Treasuries, with an emphasis on corporate bonds, municipals and commercial mortgage-backed securities (CMBSs). However, in the currently higher volatility market, some allocation to Treasuries for liquidity and relative safety is advised. We are avoiding non-dollar sovereign bonds with the exception of a small allocation to Mexico.

#### TACTICAL SHIFTS

*July 2015: Due to deteriorating technical backdrop, increasing spread volatility, investor de-risking and large exposure to the energy/commodity markets, we are reducing high yield from neutral to underweight.*

Due to a deteriorating technical backdrop, we expect increasing spread volatility stemming from weakening flows, investor de-risking (moving up in quality and shorter on the curve) and with HY's large exposure to the energy/commodity markets, we are maintaining a slight underweight to HY.

North American currencies should perform in line with strength in the U.S. economy.

#### Commodities

The strong dollar has tempered prices. On the other hand, aggressive European monetary ease is starting to raise global growth and support prices. As a result, with the end of the commodity super cycle and these conflicting cross currents, we expect prices to range trade in the bands defined since 2005. (Tactically underweight).

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# Holdings as of October 23, 2015

<b>Client:</b>	Donations & Bequests Episcopal Diocese of CT
<b>Master A/C:</b>	
<b>Objective:</b>	Balanced Return
<b>Current MV:</b>	\$103,185,379
<b>Date:</b>	10/23/2015
<b>RM/CSO:</b>	Pat Staffaroni
<b>Add/Liquidate</b>	\$ -

	Asset Class	Investment Manager	Ticker Symbol	Current Market Value	Current Cash	Current %	Strategic Target	Low	High	Tactical Target	Target \$	Suggested Change
EQUITY	Large Cap Growth	Loomis LCG SMA	LOO-LCG	\$ 7,430,905	\$ 29,879	7.20%	6.75%			7.00%	\$ 7,222,977	(\$207,928)
	Large Cap Growth	iShares R1000G ETF	IWF	\$ 7,331,034	\$ -	7.10%	6.75%			7.00%	\$ 7,222,977	(\$108,058)
	Large Cap Value	Columbia Dividend Income LCV SMA	COL-DIS	\$ 7,450,139	\$ 190,907	7.22%	6.75%			7.00%	\$ 7,222,977	(\$227,163)
	Large Cap Value	MFS LCV SMA	MFS-LCV	\$ 7,430,662	\$ 94,520	7.20%	6.75%			7.00%	\$ 7,222,977	(\$207,686)
	Mid Cap Growth	Baird MCG SMA	BRD-MCG	\$ 3,825,533	\$ 161,437	3.71%	2.50%			3.75%	\$ 3,869,452	\$43,919
	Mid Cap Value	Wedge Capital MCV SMA	WED-MCV	\$ 3,899,306	\$ 80,592	3.78%	2.50%			3.75%	\$ 3,869,452	(\$29,854)
	Small Cap Growth	Apex Capital SCG SMA	ACM-SCG	\$ 3,278,964	\$ 29,253	3.18%	2.50%			3.25%	\$ 3,353,525	\$74,560
	Small Cap Value	Fuller & Thaler SCV SMA	FUL-SCV	\$ 3,420,672	\$ 20,888	3.32%	2.50%			3.25%	\$ 3,353,525	(\$67,147)
	Large Cap Int'l Core	Vanguard FTSE Dev Mkts ETF	VEA	\$ 4,424,586	\$ -	4.29%	3.40%			4.20%	\$ 4,333,786	(\$90,800)
	Large Cap Int'l Growth	Schroder's Int'l Growth SMA	SRD-EIC	\$ 4,345,673	\$ 17,073	4.21%	3.30%			4.15%	\$ 4,282,193	(\$63,480)
	Large Cap Int'l Value	Cambiar International Value ADR SMA	CMB-INT	\$ 4,302,666	\$ 83,131	4.17%	3.30%			4.15%	\$ 4,282,193	(\$20,473)
	Emerging Markets	Vanguard FTSE Emerging Mkts ETF	VWO	\$ 3,544,877	\$ -	3.44%	5.00%			3.50%	\$ 3,611,488	\$66,611
	Emerging Markets	Schroder Emerging Markets Fund	SEMNX	\$ 3,720,708	\$ -	3.61%	5.00%			3.50%	\$ 3,611,488	(\$109,220)
	<b>Total</b>				<b>\$ 64,405,727</b>	<b>\$ 707,680</b>	<b>62.42%</b>	<b>57.00%</b>			<b>61.50%</b>	<b>\$ 63,459,009</b>
FI	Investment Grade	Neuberger Berman Core FI SMA	NBG-TIC	\$ 14,195,814	\$ 339,406	13.76%	16.50%			14.00%	\$ 14,445,953	\$250,139
	Int'l Developed Bond	PIMCO Foreign Bond Hedged MF	PFORX	\$ 2,000,675	\$ -	1.94%	5.00%			2.00%	\$ 2,063,708	\$63,032
	Global High Yield	SEIX High Yield Bond SMA	SEL-THY	\$ 4,070,636	\$ 136,109	3.94%	5.00%			4.00%	\$ 4,127,415	\$56,779
	Fixed Income Other	Spectrum Principal Preferred SMA	SPE-PFS	\$ 4,554,739	\$ 389,072	4.41%	3.50%			4.50%	\$ 4,643,342	\$88,603
	<b>Total</b>				<b>\$ 24,821,863</b>	<b>\$ 864,587</b>	<b>24.06%</b>	<b>30.00%</b>			<b>24.50%</b>	<b>\$ 25,280,418</b>
ALT	REITs	Vanguard REIT Index ETF	VNQ	\$ 7,435,668	\$ -	7.21%	5.00%			7.00%	\$ 7,222,977	(\$212,692)
	Commodities	Credit Suisse Comm Ret strategy	CRSOX	\$ 4,012,225	\$ -	3.89%	5.00%			4.00%	\$ 4,127,415	\$115,190
	<b>Total</b>				<b>\$ 11,447,893</b>	<b>\$ -</b>	<b>11.09%</b>	<b>10.00%</b>			<b>11.00%</b>	<b>\$ 11,350,392</b>
	Cash	Fidelity Institutional Money Market		\$ 2,509,896	\$ 14,084	2.43%	3.00%			3.00%	\$ 3,095,561	\$585,665
<b>Total</b>				<b>\$ 2,509,896</b>	<b>\$ 14,084</b>	<b>2.43%</b>	<b>3.00%</b>			<b>3.00%</b>	<b>\$ 3,095,561</b>	<b>\$ 585,665</b>
<b>TOTAL</b>				<b>\$ 103,185,380</b>	<b>\$ 1,586,351</b>	<b>100.00%</b>	<b>100.00%</b>			<b>100.00%</b>	<b>\$ 103,185,380</b>	<b>\$ 0</b>

# Portfolio Review

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# Current Asset Allocation

As of September 30, 2015

## Episcopal Diocese of CT



Asset Category	Market Value	% of Portfolio	Total Cost	Estimated Annual Income	Current Yield %
Equities	\$58,954,396	59.8%	\$62,823,536	\$1,231,813	2.09%
Fixed Income	\$25,482,391	25.8%	\$25,803,336	\$972,584	3.82%
Real Estate	\$7,042,368	7.1%	\$7,186,886	\$291,707	4.14%
Tangible Assets	\$4,073,410	4.1%	\$5,480,578	\$0	0.00%
Cash/Currency	\$3,092,993	3.1%	\$3,092,993	\$3,532	0.11%
<b>Total Portfolio</b>	<b>\$98,645,558</b>	<b>100.0%</b>	<b>\$104,387,329</b>	<b>\$2,499,636</b>	<b>2.53%</b>

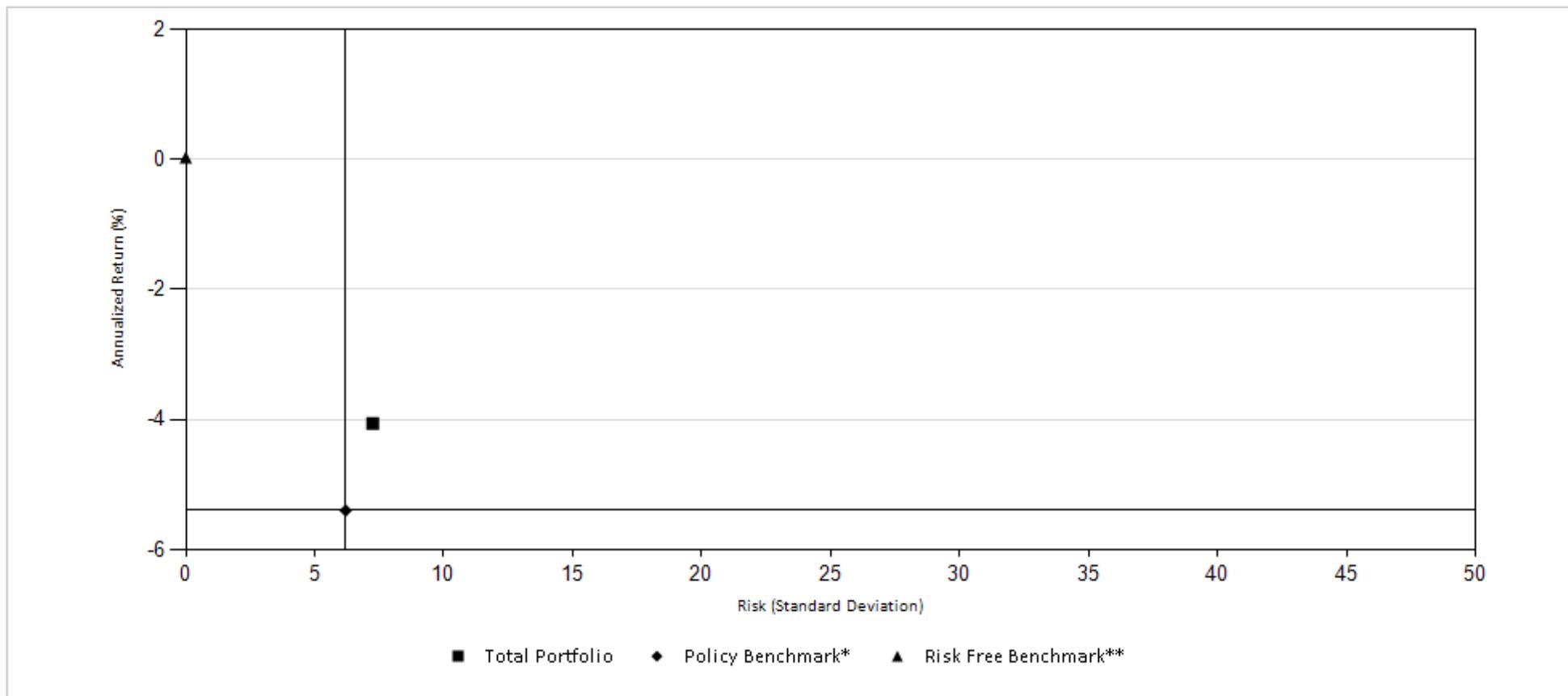
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 Allocation percentages of charts do not include negative market values.  
 Percentages may not sum to exactly 100% due to rounding.

# Risk Analytics (Since Inception)

As of September 30, 2015

## Episcopal Diocese of CT

Return vs. Risk



Risk Statistics

	Return	Standard Deviation	Beta	Alpha	R-Squared	Sharpe Ratio	Treynor Ratio	Tracking Error	Information Ratio
Total Portfolio	-4.06	7.25	1.14	2.27	.95	-0.56	-3.59	1.79	.83
Policy Benchmark*	-5.40	6.20	--	--	--	-0.88	-5.44	--	--

\* Episcopal CT Benchmark\*

\*\* 90 Day TBill

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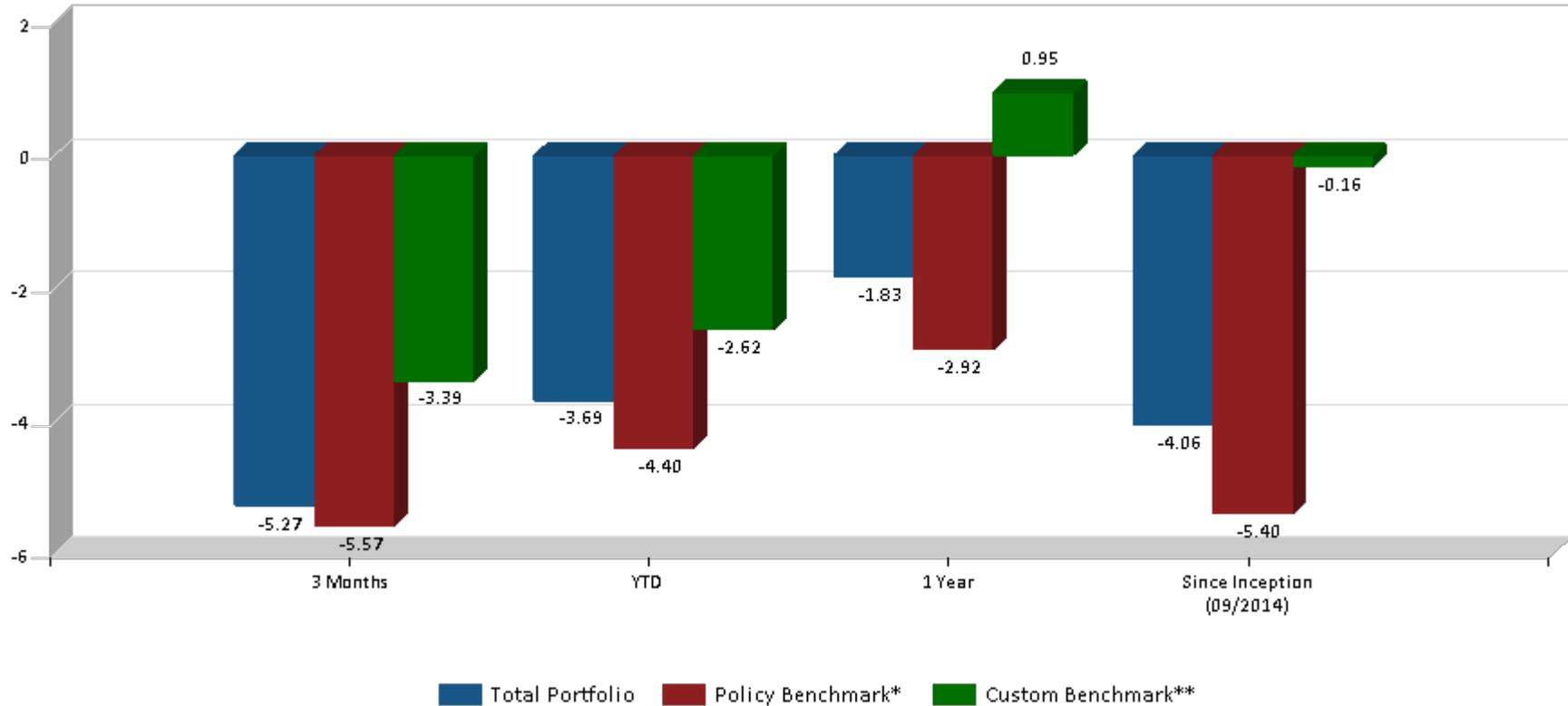
**Past performance is no guarantee of future results.**

The risk/potential reward spectrum is intended to provide a general evaluation of the risk and potential return of each asset category. It is not meant to predict future performance or the volatility of any investment option or category. Investors should carefully consider the investment objectives, risks, charges and expenses before investing.

# Investment Performance Trailing Returns

As of September 30, 2015

## 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 September 30, 2015

## Episcopal Diocese of CT

Asset Category	Market Value	Allocation %	3 Months (%)	YTD (%)	1 Year (%)	Since Inception(%)	Inception Date
Total Portfolio	\$98,645,458	100.0%	-5.27	-3.69	-1.83	-4.06	09/02/14
Episcopal CT Benchmark*	--	--	-5.57	-4.40	-2.92	-5.40	--
60% S&P, 40% BC Agg	--	--	-3.39	-2.62	0.95	-0.16	--
<b>Equities</b>	<b>\$58,954,396</b>	<b>59.8%</b>					
U.S. Large Cap Growth	\$13,548,500	13.7%					
iShares Russell 1000 Growth ETF	\$6,777,933	6.9%	-5.41	-1.77	2.89	1.13	09/04/14
Russell 1000 Growth Index	--	--	-5.29	-1.55	3.16	1.68	--
Loomis Large Cap Growth	\$6,770,567	6.9%	-2.34	-0.56	2.60	0.88	09/03/14
Russell 1000 Growth Index	--	--	-5.29	-1.55	3.16	1.40	--
U.S. Large Cap Value	\$13,553,877	13.7%					
Columbia Dividend Income	\$6,837,877	6.9%	-4.91	-6.18	-1.88	-2.14	09/03/14
Russell 1000 Value Index	--	--	-8.40	-8.97	-4.44	-5.84	--
MFS Investment Large Cap Value	\$6,716,000	6.8%	-7.34	-5.41	0.48	-1.08	09/03/14
Russell 1000 Value Index	--	--	-8.40	-8.97	-4.44	-5.84	--
U.S. MidCap Growth	\$3,595,304	3.6%					
Baird Mid Cap Growth	\$3,595,304	3.6%	-7.59	-3.44	0.50	-2.22	09/03/14
Russell MidCap Growth Index	--	--	-7.99	-4.16	1.44	-1.68	--
U.S. MidCap Value	\$3,643,857	3.7%					
Wedge Capital Mid Cap Value	\$3,643,857	3.7%	-8.60	-7.53	2.75	-0.39	09/03/14
Russell MidCap Value Index	--	--	-8.03	-7.67	-2.08	-5.34	--

\* 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 ELMI+, 3% Barclays Global Agg x US, 5% MSCI US REIT, and 6% Bloomberg Commodity Index.

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

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# Investment Performance (Product View)

As of September 30, 2015

## Episcopal Diocese of CT

Asset Category	Market Value	Allocation %	3 Months (%)	YTD (%)	1 Year (%)	Since Inception(%)	Inception Date
U.S. Small Cap Growth	\$3,023,018	3.1%					
Apex Small Cap Growth	\$3,023,018	3.1%	-11.32	1.21	5.66	0.60	09/03/14
Russell 2000 Growth Index	--	--	-13.06	-5.47	4.03	-1.82	--
U.S. Small Cap Value	\$3,230,753	3.3%					
Fuller & Thaler Small Cap Value	\$3,230,753	3.3%	-7.15	-0.93	3.89	0.41	09/03/14
Russell 2000 Value Index	--	--	-10.74	-10.06	-1.61	-8.06	--
International Developed	\$11,652,070	11.8%					
Vanguard FTSE Developed Markets ETF	\$3,886,221	3.9%	-9.73	-3.99	-7.93	-11.36	09/04/14
MSCI EAFE Net TR USD Index	--	--	-10.24	-5.28	-8.67	-11.96	--
Schroders Int'l Growth ADR	\$3,930,247	4.0%	-8.79	-3.50	-6.50	-8.86	09/03/14
MSCI EAFE Growth (Net)	--	--	-8.73	-2.42	-4.66	-7.52	--
Cambiar International Value	\$3,835,602	3.9%	-10.97	-8.74	-17.26	-21.16	09/03/14
MSCI EAFE Value (Net)	--	--	-11.77	-8.15	-12.61	-15.03	--
Emerging Markets	\$6,707,017	6.8%					
Emerging Markets Funds	\$6,707,017	6.8%	-16.33	-12.81	-16.08	-21.43	09/03/14
MSCI Emerging Markets Free Index (Gross)	--	--	-17.78	-15.23	-18.98	-23.34	--
Fixed Income	\$25,482,291	25.8%					
Investment Grade Taxable	\$19,360,670	19.6%					
Neuberger Berman Core FI Taxable	\$14,693,786	14.9%	1.28	1.21	2.96	2.48	09/03/14
Barclays US Aggregate Bond Index	--	--	1.23	1.12	2.93	2.36	--

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# Investment Performance (Product View)

As of September 30, 2015

## Episcopal Diocese of CT

Asset Category	Market Value	Allocation %	3 Months (%)	YTD (%)	1 Year (%)	Since Inception(%)	Inception Date
Preferred Stock	\$4,666,884	4.7%					
Spectrum Principal Preferred	\$4,666,884	4.7%	2.12	4.62	7.48	7.77	09/12/14
BofA Merrill Lynch Core Fixed Rate Preferred Index	--	--	2.31	4.37	7.59	7.83	--
International Developed Bonds	\$2,085,313	2.1%					
PIMCO Foreign Bond Fund	\$2,085,313	2.1%	1.29	-0.26	3.04	2.91	09/04/14
JP Morgan GBI Global ex US	--	--	2.04	1.07	4.25	4.28	--
Global High Yield Taxable	\$4,036,309	4.1%					
Seix High Yield Bond	\$4,036,309	4.1%	-2.93	-0.91	0.11	-1.01	09/03/14
Merrill Lynch High Yield Master Index	--	--	-4.88	-2.52	-3.55	-5.16	--
Real Estate	\$7,042,368	7.1%					
Vanguard Reit ETF	\$7,042,368	7.1%	2.13	-4.28	9.35	2.82	09/03/14
NAREIT Equity Index	--	--	0.98	-4.51	7.83	1.57	--
Tangible Assets	\$4,073,410	4.1%					
Credit Suisse Commodity Fund	\$4,073,410	4.1%	-14.46	-16.31	-26.25	-28.00	09/04/14
Bloomberg (DJ UBS) Commodity Index	--	--	-14.47	-15.81	-26.00	-28.07	--
Cash/Currency	\$3,092,993	3.1%					
BofA Cash	\$3,092,993	3.1%	0.03	0.08	0.09	0.08	09/02/14
Merrill Lynch 90 Day T-Bill	--	--	0.01	0.02	0.02	0.03	--

Confidential, Prepared for U.S. Trust™ Clients.

**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.

# Portfolio Holdings

As of September 30, 2015

## 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
<b>Equities</b>												
<b>U.S. Large Cap</b>												
72,881	IWF	ISHARES RUSSELL 1000 GROWTH ETF		93.54	6,817,046	93.00	6,777,933	22,536	98,244	1.45	11.5	6.9
0		COLUMBIA DIVIDEND INC SEP ACCT			7,113,113	0.00	6,837,877	14,304	199,935	2.92	11.6	6.9
0		LOOMIS LARGE CAP GROWTH			7,008,323	0.00	6,770,567	4,829	102,899	1.52	11.5	6.9
0		MFS INVESTMENT LARGE CAP VALUE			7,051,590	0.00	6,716,000	11,439	171,930	2.56	11.4	6.8
<b>Total U.S. Large Cap</b>					<b>27,990,071</b>		<b>27,102,377</b>	<b>53,108</b>	<b>573,007</b>	<b>2.11</b>	<b>46.0</b>	<b>27.5</b>
<b>U.S. Mid Cap</b>												
0		BAIRD MID CAP GROWTH			3,526,850	0.00	3,595,304	727	24,719	0.69	6.1	3.6
0		WEDGE CAPITAL MID CAP VALUE			3,890,523	0.00	3,643,857	8,430	80,867	2.22	6.2	3.7
<b>Total U.S. Mid Cap</b>					<b>7,417,373</b>		<b>7,239,162</b>	<b>9,157</b>	<b>105,586</b>	<b>1.46</b>	<b>12.3</b>	<b>7.3</b>
<b>U.S. Small Cap</b>												
0		APEX SMALL CAP GROWTH			2,936,664	0.00	3,023,018	841	12,069	0.40	5.1	3.1
0		FULLER & THALER SMALL CAP VALUE			3,458,264	0.00	3,230,753	8,031	82,542	2.55	5.5	3.3
<b>Total U.S. Small Cap</b>					<b>6,394,928</b>		<b>6,253,770</b>	<b>8,872</b>	<b>94,612</b>	<b>1.51</b>	<b>10.6</b>	<b>6.3</b>
<b>International Developed</b>												
109,041	VEA	VANGUARD FTSE DEVELOPED MARKETS ETF		41.29	4,501,915	35.64	3,886,221	17,010	118,855	3.06	6.6	3.9
0		CAMBIAR INTERNATIONAL VALUE			4,165,984	0.00	3,835,602	7,803	96,987	2.53	6.5	3.9
0		SCHRODERS INTL GROWTH ADR			4,356,975	0.00	3,930,247	10,553	97,206	2.47	6.7	4.0
<b>Total International Developed</b>					<b>13,024,873</b>		<b>11,652,070</b>	<b>35,367</b>	<b>313,048</b>	<b>2.69</b>	<b>19.8</b>	<b>11.8</b>
<b>Emerging Markets</b>												
316,926	SEMN X	SCHRODER EMERGING MKT EQUITY FUND INV CL		11.58	3,670,000	10.93	3,463,998	0	39,616	1.14	5.9	3.5
98,006	VWO	VANGUARD FTSE EMERGING MKTS ETF		44.14	4,326,291	33.09	3,243,019	44,103	105,944	3.27	5.5	3.3
<b>Total Emerging Markets</b>					<b>7,996,291</b>		<b>6,707,017</b>	<b>44,103</b>	<b>145,560</b>	<b>2.17</b>	<b>11.4</b>	<b>6.8</b>
<b>Total Equities</b>					<b>62,823,536</b>		<b>58,954,396</b>	<b>150,607</b>	<b>1,231,813</b>	<b>2.09</b>	<b>100</b>	<b>59.8</b>

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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 September 30, 2015

## 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
<b>Fixed Income</b>												
<b>Investment Grade Taxable</b>												
0		NEUBERGER BERMAN CORE FI TAXABLE			14,719,609	0.00	14,693,786	67,844	424,734	2.89	57.7	14.9
0		SPECTRUM PRINCIPAL PREFERRED			4,621,890	0.00	4,666,884	10,388	255,300	5.47	18.3	4.7
<b>Total Investment Grade Taxable</b>					<b>19,341,499</b>		<b>19,360,670</b>	<b>78,232</b>	<b>680,033</b>	<b>3.51</b>	<b>76.0</b>	<b>19.6</b>
<b>International Developed Bonds</b>												
196,728	PFOR X	PIMCO FOREIGN BD US\$HD INSTL		11.09	2,181,676	10.60	2,085,313	3,136	41,706	2.00	8.2	2.1
<b>Total International Developed Bonds</b>					<b>2,181,676</b>		<b>2,085,313</b>	<b>3,136</b>	<b>41,706</b>	<b>2.00</b>	<b>8.2</b>	<b>2.1</b>
<b>Global High Yield Taxable</b>												
0		SEIX HIGH YIELD BOND MGMT			4,280,162	0.00	4,036,409	70,786	250,844	6.21	15.8	4.1
<b>Total Global High Yield Taxable</b>					<b>4,280,162</b>		<b>4,036,409</b>	<b>70,786</b>	<b>250,844</b>	<b>6.21</b>	<b>15.8</b>	<b>4.1</b>
<b>Total Fixed Income</b>					<b>25,803,336</b>		<b>25,482,391</b>	<b>152,153</b>	<b>972,584</b>	<b>3.82</b>	<b>100</b>	<b>25.8</b>
<b>Real Estate</b>												
<b>Public Reits</b>												
93,227	VNQ	VANGUARD REIT ETF		77.09	7,186,886	75.54	7,042,368	0	291,707	4.14	100.0	7.1
<b>Total Public Reits</b>					<b>7,186,886</b>		<b>7,042,368</b>	<b>0</b>	<b>291,707</b>	<b>4.14</b>	<b>100</b>	<b>7.1</b>
<b>Total Real Estate</b>					<b>7,186,886</b>		<b>7,042,368</b>	<b>0</b>	<b>291,707</b>	<b>4.14</b>	<b>100</b>	<b>7.1</b>
<b>Tangible Assets</b>												
<b>Commodities</b>												
809,823	CRSO X	CREDIT SUISSE COMMODITY-RETURN STRATEGY FUND CL I		6.77	5,480,578	5.03	4,073,410	0	0	0.00	100.0	4.1
<b>Total Commodities</b>					<b>5,480,578</b>		<b>4,073,410</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>100</b>	<b>4.1</b>
<b>Total Tangible Assets</b>					<b>5,480,578</b>		<b>4,073,410</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>100</b>	<b>4.1</b>
<b>Cash/Currency</b>												
<b>Cash Equivalents</b>												
3,092,993		FIDELITY INSTITUTIONAL MONEY		1.00	3,092,993	1.00	3,092,993	329	3,532	0.11	100.0	3.1
<b>Total Cash Equivalents</b>					<b>3,092,993</b>		<b>3,092,993</b>	<b>329</b>	<b>3,532</b>	<b>0.11</b>	<b>100</b>	<b>3.1</b>
<b>Total Cash/Currency</b>					<b>3,092,993</b>		<b>3,092,993</b>	<b>329</b>	<b>3,532</b>	<b>0.11</b>	<b>100</b>	<b>3.1</b>
<b>Total Portfolio</b>					<b>104,387,329</b>		<b>98,645,558</b>	<b>303,090</b>	<b>2,499,636</b>	<b>2.53</b>		<b>100</b>

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# Appendix

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# IPS Client Summary

## Episcopal Pooled Fund of CT

<b>IPS As Of Date</b>	2014-07-17		
<b>Report Title</b>	Episcopal Pooled Fund of CT		
<b>Investment Objective</b>	Balanced Return (Risk Level: Moderate/Aggressive)		
<b>Time Horizon</b>	10+ years		
<b>Asset Allocation</b>	<b>Asset Class</b>	<b>Strategic</b>	<b>Policy Range</b>
	Cash	3.00%	0.00% - 20.00%
	Equity	57.00%	36.00% - 76.00%
	U.S. Large Cap	27.00%	20.00% - 40.00%
	U.S. Mid Cap	5.00%	2.50% - 12.00%
	U.S. Small Cap	5.00%	2.50% - 12.00%
	International - Developed	10.00%	5.00% - 15.00%
	Emerging Markets	10.00%	0.00% - 10.00%
	Fixed Income	30.00%	16.00% - 45.00%
	Investment Grade	16.50%	13.00% - 35.00%
	International Developed Bonds	5.00%	0.00% - 7.50%
	High Yield	5.00%	3.00% - 8.00%
	Fixed Income - Other	3.50%	0.00% - 6.00%
	Real Estate	5.00%	0.00% - 10.00%
Tangible Assets	5.00%	0.00% - 7.50%	
<b>Secondary Policy Benchmark</b>	60% S&P & 40% Barclays Aggregate		
<b>Distribution Needs</b>	There are no significant known distribution requirements for this portfolio.		
<b>Liquidity Needs</b>	The portfolio has no specific requirements to maintain liquidity for short-term cash flow needs.		

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The asset allocation ranges above are current as of the creation of this summary. This information may differ from the asset allocation ranges outlined in the investment policy statement signed by you.

# IPS Client Summary

## Episcopal Pooled Fund of CT

<b>Purchase Restrictions Asset Classes</b>	Equity - Special Situations, Equity - Other, Fixed Income - Special Situations, Hedge Funds, Private Equity	
<b>Custom Restrictions</b>	Trustees of the Donations and Bequests Committee of the Diocese have requested that preferred stocks be included as a potential asset class within the fixed income allocation. The strategic target for such assets shall be 3-4%, with a policy range of 0-6%. This is reflected in the "fixed income other" category of the asset allocation portion of this document.	
<b>Performance Review Frequency</b>	periodically	
<b>Owner &amp; Signatory</b>	<b>Owner(s) and Signatory(s)</b>	<b>Role</b>
	for the Donations & Bequests Committee, Episcopal Diocese of CT.	Owner & Signatory

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The asset allocation ranges above are current as of the creation of this summary. This information may differ from the asset allocation ranges outlined in the investment policy statement signed by you.

# Current Asset Allocation (IPS)

As of September 30, 2015

## Episcopal Pooled Fund of CT



Asset Category	Market Value	% of Portfolio	Total Cost	Estimated Annual Income	Current Yield %
Equities	\$58,954,396	59.8%	\$62,823,536	\$1,231,813	2.09%
U.S. Large Cap	\$27,102,377	27.5%	\$27,990,071	\$573,007	2.11%
U.S. Mid Cap	\$7,239,162	7.3%	\$7,417,373	\$105,586	1.46%
U.S. Small Cap	\$6,253,770	6.3%	\$6,394,928	\$94,612	1.51%
International Developed	\$11,652,070	11.8%	\$13,024,873	\$313,048	2.69%
Emerging Markets	\$6,707,017	6.8%	\$7,996,291	\$145,560	2.17%
Fixed Income	\$25,482,391	25.8%	\$25,803,336	\$972,584	3.82%
Investment Grade Taxable	\$19,360,670	19.6%	\$19,341,499	\$680,033	3.51%
International Developed Bonds	\$2,085,313	2.1%	\$2,181,676	\$41,706	2.00%
Global High Yield Taxable	\$4,036,409	4.1%	\$4,280,162	\$250,844	6.21%
Real Estate	\$7,042,368	7.1%	\$7,186,886	\$291,707	4.14%
Tangible Assets	\$4,073,410	4.1%	\$5,480,578	\$0	0.00%
Cash/Currency	\$3,092,993	3.1%	\$3,092,993	\$3,532	0.11%
<b>Total Portfolio</b>	<b>\$98,645,558</b>	<b>100.0%</b>	<b>\$104,387,329</b>	<b>\$2,499,636</b>	<b>2.53%</b>

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Allocation percentages of charts do not include negative market values.

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

# Investment Performance (IPS)

As of September 30, 2015

## Episcopal Pooled Fund of CT

Asset Category	Market Value	Allocation %	3 Months	YTD	1 Year	Since Inception (09/02/14)	Inception Date
Total Portfolio	\$98,645,458	100.0%	-5.27	-3.69	-1.83	-4.06	09/02/14
Equities	\$58,954,396	59.8%	-8.07	-4.76	-2.64	-5.36	09/03/14
U.S. Large Cap	\$27,102,377	27.5%	-5.01	-3.50	1.02	-0.27	09/03/14
S&P 500 TR			-6.44	-5.30	-0.63	-1.83	09/03/14
U.S. Mid Cap	\$7,239,162	7.3%	-8.09	-5.48	1.67	-1.26	09/03/14
Russell Mid Cap Index TR			-8.01	-5.85	-0.26	-3.45	09/03/14
U.S. Small Cap	\$6,253,770	6.3%	-9.23	0.20	4.84	0.57	09/03/14
Russell 2000 TR			-11.92	-7.74	1.23	-4.93	09/03/14
International Developed	\$11,652,070	11.8%	-9.83	-5.41	-10.61	-13.85	09/03/14
MSCI EAFE Net TR USD Index			-10.24	-5.28	-8.67	-11.31	09/03/14
Emerging Markets	\$6,707,017	6.8%	-16.33	-12.81	-16.08	-21.43	09/03/14
MSCI EMF TR Net EmrgMrkts			-17.89	-15.48	-19.29	-23.62	09/03/14
Fixed Income	\$25,482,291	25.8%	0.74	1.25	3.21	2.72	09/03/14
Investment Grade Taxable	\$19,360,670	19.6%	1.48	1.92	3.88	3.45	09/03/14
Barclays US Aggregate Bond Index			1.23	1.12	2.93	2.36	09/03/14
International Developed Bonds	\$2,085,313	2.1%	1.29	-0.26	3.04	2.91	09/04/14
Citigroup Non-US World Gov Bond Index			1.70	-4.23	-7.03	-9.59	09/04/14

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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.

# Investment Performance (IPS)

As of September 30, 2015

## Episcopal Pooled Fund of CT

Asset Category	Market Value	Allocation %	3 Months	YTD	1 Year	Since Inception (09/02/14)	Inception Date
Global High Yield Taxable	\$4,036,309	4.1%	-2.93	-0.92	0.11	-1.01	09/03/14
Barclays Global High Yield Index			-3.74	-1.88	-4.34	-6.14	09/03/14
Real Estate	\$7,042,368	7.1%	2.13	-4.28	9.35	2.82	09/03/14
Total Real Estate Blended Bmrk Quarterly			0.00	0.70	8.75	6.56	09/03/14
Tangible Assets	\$4,073,410	4.1%	-14.46	-16.31	-26.25	-28.00	09/04/14
Bloomberg (DJ UBS) Commodity Index			-14.47	-15.81	-26.00	-28.07	09/04/14
Cash/Currency	\$3,092,993	3.1%	0.03	0.08	0.09	0.08	09/02/14
Citigroup 3-Month T-Bill Index			0.01	0.02	0.02	0.02	09/02/14

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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.

# 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 purchase 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 difference 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 Capital High Yield Municipal Bond Index** is an unmanaged index made up of municipal bonds that are non-investment grade, unrated, or rated below Ba1.

**Barclays Capital Municipal Bond Index** is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

**Barclays Capital U.S. Aggregate Bond Index** represents securities that are U.S. domestic, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

**Barclays Global High Yield Index** provides a broad-based measure of the global high yield fixed income markets. The Index represents the union of the U.S. High Yield, Pan-European High Yield, U.S. Emerging Markets High Yield, CMBS High Yield, and Pan-European Emerging Markets High Yield Indices. The Index is a component of the Barclays Multiverse Index, along with the Barclays Global Aggregate Bond Index. The Global High Yield Index was created on January 1, 1999, with index history backfilled to January 1, 1990.

**Barclays US Corporate High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included.

**Bloomberg Commodity Index** is designed to be a highly liquid and diversified benchmark for commodities as an asset class. The Index is composed of futures contracts on 19 physical commodities. The Index changed its name from DJ UBS Commodity Index to Bloomberg Commodity Index in July 2014.

**BofAML 0-3 Month T-Bills Index** consists of U.S. Treasury Bills maturing in 90 days.

**BofAML US High Yield, Cash Pay Index** tracks US dollar denominated non-investment grade corporate debt, currently in a coupon paying period, that is publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the balancing date, a fixed coupon schedule and a minimum amount outstanding of \$100 million. Qualifying securities must have risk exposure to countries that are members of the FX-G10, Western Europe or territories of the US and Western Europe.

**BofAML US High Yield, Master II** tracks US dollar denominated non-investment grade corporate debt that is publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the balancing date, a fixed coupon schedule and a minimum amount outstanding of \$100 million. Qualifying securities must have risk exposure to countries that are members of the FX-G10, Western Europe or territories of the US and Western Europe.

**BofAML US Corporate & Government Index** tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market, including US Treasury, US agency, foreign government, supranational and corporate securities. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). In addition, qualifying securities must have at least one year remaining term to final maturity, at least 18 months to final maturity at point of issuance, a fixed coupon schedule and a minimum amount outstanding of \$1 billion for US Treasuries and \$250 million for all other securities.

**BofAML US Tax Municipal Securities Index** tracks the performance of U.S. dollar denominated debt publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. domestic market. Qualifying securities must be subject to U.S. federal taxes and must have at least at least 18 months to maturity at point of issuance, at least one year remaining term to final maturity to enter the index and one month remaining term to final maturity to remain in the index, a fixed coupon schedule (including zero coupon bonds) and an investment grade rating (based on an average of Moody's, S&P and Fitch).

**Cambridge Associates Global Private Equity (Quarterly) Index** is based on returns data compiled for private equity funds (including buyout, growth equity and mezzanine funds) that represent the majority of institutional capital raised by private equity partnerships formed since 1986.

**Citi 3-Month T-bill Index** measures the monthly return equivalents of yield averages that are not marked to market. The Three-Month Treasury Bill Indexes consist of the last three three-month Treasury bill issues.

**Citi non-USD World Government Bond Index (WGBI)** measures the performance of bonds issued by governments outside the U.S. It is calculated on a market-weighted basis and includes all fixed-rate bonds with a remaining maturity of one year or longer and with amounts outstanding of at least the equivalent of U.S. \$25 million. The Index excludes floating or variable rate bonds, securities aimed principally at non-institutional investors and private placement-type securities. To join the WGBI, a market must satisfy market size, credit, and barriers-to-entry requirements.

**Citi US Broad Investment Grade (BIG)** tracks the performance of US Dollar-denominated bonds issued in the US investment-grade bond market. Introduced in 1985, the index includes US Treasury, government sponsored, collateralized, and corporate debt providing a reliable representation of the US investment-grade bond market. Sub-indices are available in any combination of asset class, maturity, and rating.

**Citi World Broad Investment-Grade Bond Non-USD Index (WorldBIG)** is a multi-asset, multi-currency benchmark which provides a broad-based measure of the global fixed income markets. The inclusion of government, government-sponsored/supranational, collateralized, and corporate debt makes the WorldBIG a comprehensive representation of the global, investment-grade universe. The index provides exposure to a broad array of asset classes and sub-indices are available in any combination of currency, maturity, and rating.

# Asset Class and Index Disclosures and Definitions

**Credit Suisse Hedge Fund Index** is compiled by Credit Suisse Hedge Index LLC and CME Group Index Services LLC. It is an asset-weighted hedge fund index and includes only funds, as opposed to separate accounts. The index uses the Credit Suisse Hedge Fund Database (formerly known as the “Credit Suisse/Tremont Hedge Fund Database”), which tracks approximately 8,000 funds and consists only of funds with a minimum of US\$50 million under management, a 12-month track record, and audited financial statements. The index is calculated and rebalanced on a monthly basis, and reflects performance net of all hedge fund component performance fees and expenses.

**Credit Suisse Liquid Alternative Beta Index** uses only liquid securities, the Credit Suisse Liquid Alternative Beta Index seeks to replicate the return of the overall hedge fund industry, as represented by the Credit Suisse Hedge Fund Index. The Credit Suisse Liquid Alternative Beta Index reflects the combined returns of the individual LAB strategy indices – Long/Short, Event Driven, Global Strategies, Merger Arbitrage and Managed Futures – weighted according to their respective strategy weights in the Credit Suisse Hedge Fund Index.

**Dow Jones Emerging Markets Total Stock Market Total Return Index** includes equity securities with readily available prices that trade in emerging markets. The index is a subset of the Dow Jones Global Total Stock Market Index.

**Dow Jones Global Select Real Estate Securities Index (RESI)** represents equity real estate investment trusts (REITs) and real estate operating companies (REOCs) traded globally.

**Dow Jones U.S. Select REIT Index** intends to measure the performance of publicly traded REITs and REIT-like securities. The index is a subset of the Dow Jones U.S. Select Real Estate Securities Index (RESI), which represents equity real estate investment trusts (REITs) and real estate operating companies (REOCs) traded in the U.S. The indices are designed to serve as proxies for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate.

**FTSE Developed Ex North America Total Return Index** is part of a range of indices designed to help investors benchmark their international investments. The index comprises Large and Mid cap stocks providing coverage of Developed markets, excluding the US and Canada. The index is derived from the FTSE Global Equity Index Series (GEIS), which covers 98% of the world’s investable market capitalization.

**FTSE Developed Ex US Index** is part of a range of indexes designed to help US investors benchmark their international investments. The index comprises Large (85%) and Mid (15%) Cap stocks providing coverage of Developed markets (24 countries) excluding the US. The index is derived from the FTSE Global Equity Index Series (GEIS), which covers 98% of the world’s Investable market capitalization.

**FTSE Emerging Markets Index** are part of the FTSE Global Equity Index Series . The series includes large and mid cap securities from advanced and secondary emerging markets, classified in accordance with FTSE’s transparent Country Classification Review Process. The FTSE Emerging Index provides investors with a comprehensive means of measuring the performance of the most liquid companies in the emerging markets. The Total Return index measures performance including dividends while the Net Return index tracks performance net of taxes.

**FTSE Emerging Net Total Return Index** are part of the FTSE Global Equity Index Series . The series includes large and mid cap securities from advanced and secondary emerging markets, classified in accordance with FTSE’s transparent Country Classification Review Process. The FTSE Emerging Index provides investors with a comprehensive means of measuring the performance of the most liquid companies in the emerging markets. The Total Return index measures performance including dividends while the Net Return index tracks performance net of taxes.

**FTSE Emerging Total Return Index** are part of the FTSE Global Equity Index Series . The series includes large and mid cap securities from advanced and secondary emerging markets, classified in accordance with FTSE’s transparent Country Classification Review Process. The FTSE Emerging Index provides investors with a comprehensive means of measuring the performance of the most liquid companies in the emerging markets. The Total Return index measures performance including dividends while the Net Return index tracks performance net of taxes.

**FTSE NAREIT All REITs Index** is a market capitalization-weighted index that and includes all tax-qualified real estate investment trusts (REITs) that are listed on the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market List. The FTSE NAREIT All REITs Index is not free float adjusted, and constituents are not required to meet minimum size and liquidity criteria.

**HFRX Global Hedge Fund Index** is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.

**MSCI Emerging Markets (MSCI EM) Total Return Net (US \$) Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The MSCI Emerging Markets Index consists of emerging markets in Europe, Latin America, and the Pacific Basin.

**MSCI Europe, Australasia, Far East (MSCI EAFE) Total Return Net (US \$) Index** is a capitalization-weighted index that tracks the total return of common stocks in developed-market countries within Europe, Australasia and the Far East. MSCI aims to include in its international indexes 85% of the free float-adjusted market capitalization in each industry group, within each country.

**MSCI US REIT Index** is a free float-adjusted market capitalization index that is comprised of equity REITs. The index is based on MSCI USA Investable Market Index (IMI) its parent index which captures large, mid and small caps securities. It represents about 99% of the US REIT universe and securities are classified in the REIT sector according to the Global Industry Classification Standard (GICS®). It however excludes Mortgage REIT and selected Specialized REITs.

**Russell 1000 Total Return Index** consists of the largest 1000 companies in the Russell 3000 Index. This index represents the universe of large capitalization stocks with a base value of 130.00 as of December 31, 1986.

**Russell 2000 Total Return Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 8% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

**Russell Emerging Markets Total Return Index** measures the performance of the investable securities in emerging countries globally.

**Russell Top 200 Total Return Index** measures the performance of the largest cap segment of the U.S. equity universe. The Russell Top 200 Index is a subset of the Russell 3000 Index. It includes approximately 200 of the largest securities based on a combination of their market cap and current index membership and represents approximately 65% of the U.S. market. The Russell Top 200 Index is constructed to provide a comprehensive and unbiased barometer for this very large cap segment and is completely reconstituted annually to ensure new and growing equities are reflected.

# Asset Class and Index Disclosures and Definitions

**Russell Midcap Total Return Index** measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000® Index. It includes approximately 800 securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 27% of the total market capitalization of the Russell 1000 companies. The Russell Midcap Index is constructed to provide a comprehensive and unbiased barometer for the mid-cap segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap opportunity set.

**Standard and Poor's 500 Total Return Index** measures the performance of the large capitalization sector of the U.S. equity market and is considered one of the best representations of the domestic stock market. Utilizing a market-cap weighting structure, this index invests in 500 of the largest U.S. firms listed on the NYSE (including NYSE Arca and NYSE MKT) or the NASDAQ. Constituents are selected by S&P Dow Jones Indices and must have a 50% public float to be considered for inclusion in the benchmark

**Standard and Poor's Citi BMI EM Index** captures all companies domiciled in the emerging markets within the S&P Global BMI with a float-adjusted market capitalization of at least USD 100 million and a minimum annual trading liquidity of USD 50 million.

**Standard and Poor's MidCap 400 Total Return** seeks to track the performance of mid-cap U.S. equities. The index consists of 400 U.S. stocks that are listed on the NYSE or the NASDAQ. Constituents are selected by S&P Dow Jones Indices and must have an unadjusted market capitalization between \$1.4 billion and \$5.9 billion to be considered for addition to the benchmark. The index is weighted by market capitalization.

**Standard and Poor's GSCI** is a composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities. The returns are calculated on a fully collateralized basis with full reinvestment. The combination of these attributes provides investors with a representative and realistic picture of realizable returns attainable in the commodities markets. Individual components qualify for inclusion in the S&P GSCI on the basis of liquidity and are weighted by their respective world production quantities. The principles behind the construction of the index are public and designed to allow easy and cost-efficient investment implementation.

**Standard and Poor's Small Cap 600 Total Return Index** seeks to track the performance of small-cap segment of the U.S equity market. to track the performance of small-cap segment of the U.S equity market. The index consists of 600 US stocks that are listed on the NYSE or the NASDAQ. Constituents are selected by S&P Dow Jones Indices and must have an unadjusted market capitalization between \$400 million and \$1.8 billion to be considered for addition to the benchmark. The index is weighted by market capitalization.

**Total Real Estate Blended Index (50/25/25 FTSE NAREIT All REIT / NCREIF NPI / NCREIF TBI Blend)** - The FTSE NAREIT All REIT Index is based upon the last closing price of the month for all tax-qualified REITs listed on the NYSE, American Stock Exchange, and the NASDAQ National Market System. The data is market weighted. Produced quarterly, the NCREIF Property Index (NPI) shows real estate performance returns using data submitted by their Data Contributing Members. The NPI is used as an industry benchmark to compare an investor's own returns against the industry average. The NCREIF Transaction Based Index (TBI) is an index based on properties that were in the NCREIF Property Index and were sold that quarter. The index does not replace the NPI. It is a complimentary index to the appraisal based NPI. A transaction based index is often considered to be more comparable to stock and bond indices that are transaction based

**Total Return 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.**

## **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.

Benchmark performance for the Since Inception period is based on the inception date for the corresponding sector or account. When a benchmark is a monthly benchmark and the account or sector inception date is mid-month, the benchmark return will be as of the first day of the month.

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.

All sector and asset allocation recommendations must be considered in context of an individual investor's goals, time horizon and risk tolerance. Not all recommendations will be suitable for all investors.