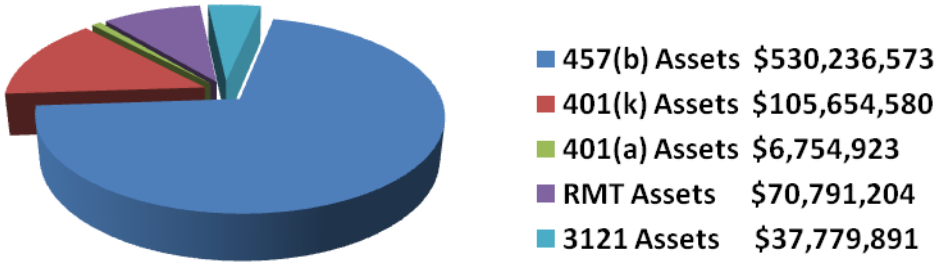
SST BENEFITS CONSULTING

COUNTY OF SAN BERNARDINO
EXECUTIVE SUMMARY
DEFINED CONTRIBUTION PLANS
1st QUARTER 2014

	1ST QUARTER %	1 YEAR %	3 YEAR %	5 YEAR %
457(b) Plan Performance	1.84	20.50	12.19	20.53
Customized Benchmark	2.15	19.13	12.62	20.02
DIFFERENCE	**-0.30**	**1.37**	**-0.43**	**0.50**
401(k) Plan Performance	1.87	20.74	12.26	20.81
Customized Benchmark	2.34	20.06	13.24	21.16
DIFFERENCE	**-0.47**	**0.68**	**-0.99**	**-0.36**
Retirement Medical Trust	1.73	15.71	10.48	18.13
Customized Benchmark	2.33	15.88	11.47	17.78
DIFFERENCE	**-0.59**	**-0.17**	**-0.99**	**0.35**

PORTFOLIO COMPOSITION AND ANALYSIS

The total assets in the County of San Bernardino's defined contribution plans increased from $738 million as of December 31, 2013 to $751 million, an increase of 1.8%. The increase was mainly driven by the appreciation of the investments resulting from the 1st quarter equity performance. The 457 assets in the Ameritrade Self Directed Brokerage Account (SDBA) is remaining constant at $1.9 million. The 401(k) assets in the SDBA are also somewhat constant at $441,000.



457 PLAN CASH POSITION:

The stable value crediting rate was reduced from 2.10% in the fourth quarter of 2013 to 1.90% in the first quarter of 2014 with the Committee's decision to reduce the duration of the Stabilizer portfolio, moving from a Core Plus strategy to an Intermediate Aggregate Plus strategy to align the portfolio to be more sensitive to increases in short term interest rates. ING Investment Management (IIM) completed the transition to the Intermediate Aggregate Plus strategy in the first quarter. The transitioning portfolio earned 2.18% annualized return in the first quarter. The crediting rate remained at 1.90% for the second quarter 2014.

401(k) PLAN CASH POSITION:

The assets in the Stabilizer decreased from 27.7% to 27.0% mostly because of outflow.

RETIREMENT MEDICAL TRUST CASH POSITION:

There continues to be a decrease in the percentage of assets in the fixed interest account from 69.0% in the ING General account to 67.6%.

457 PLAN MUTUAL FUNDS POSITION:

The out performance to the customized benchmark for the one (1) year period is due primarily to the performance of both the small cap actively managed funds (Loomis Sayles Small Cap Growth and Invesco Small Cap Value) and the three (3) international funds (Dodge & Cox International Stock, Oppenheimer International Growth and DFA International Small Company). The customized index is devoid of expenses while the mutual funds do have an expense structure, so the out performance in the one (1) year period is impressive. The underperformance of Perkins Small Cap Value, ING Mid Cap Opportunities and MainStay ICAP Select Equity contributed to the drag of one (1) year performance.

The Sharpe Ratio is a tool that helps determine if the risk the fund or portfolio is taking to achieve the performance is worthwhile. The Sharpe Ratio for the 457 reduced from 1.08 to 0.96.

The Standard Deviation is a measurement of the volatility of the portfolio's short term return from the average long term return. The three (3) year Standard Deviation for the portfolio is 12.86, which is higher than the benchmark of 11.42.

The Alpha, a measurement of the value added by the investment manager is -1.70**.** Beta is a measure of the degree of change in value that can be expected given a change in value in the comparable index. The Beta is 1.12 over three (3) years.

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401(k) MUTUAL FUNDS POSITION:

The Sharpe Ratio for the 401(k) portfolio is 0.95. The three (3) year Standard Deviation for the portfolio is 12.97; which is higher than the benchmark of 11.97. The Alpha is -1.75 and the Beta is 1.08.

RETIREMENT MEDICAL TRUST (RMT) MUTUAL FUNDS POSITION:

With the RMT heavily weighted to the ING General Account, the gains or losses of any one fund has little effect on the total portfolio.

The Sharpe Ratio for the RMT portfolio is 0.96. The three (3) year Standard Deviation for the portfolio is 11.01 which is higher than the benchmark of 9.49. The Alpha is -2.46 and the Beta is 1.15.

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PERFORMANCE OF INDEX FUNDS VS. ACTIVELY MANAGED FUNDS	1ST QTR %	1 YEAR %	3 YEAR %	5 YEAR %
LARGE CAP				
Vanguard Institutional Index	**1.79**	**21.80**	**14.63**	**21.15**
American Funds Growth Fund of America	1.00	24.56	13.88	19.63
TIAA CREF Growth & Income Retirement	1.34	23.77	14.80	20.29
Wells Fargo Advantage Growth	-2.06	22.42	13.66	26.33
Parnassus Equity Income	0.85	19.88	15.25	20.47
Columbia Diversified Equity Income	2.57	20.89	11.21	19.60
Main Stay ICAP Select Equity	1.15	17.99	12.07	19.48
MID CAP				
Vanguard Mid Cap Index	**3.27**	**23.65**	**13.63**	**25.07**
Baron Growth	0.26	22.56	14.61	24.24
ING Mid Cap Opportunities	-0.39	18.39	11.25	23.57
Fidelity Adv Leveraged Company Stock	1.55	22.38	14.26	29.40
Columbia MidCap Value	3.21	23.28	12.49	24.25
SMALL CAP				
Vanguard Small Cap Index	**2.60**	**25.28**	**14.34**	**26.80**
Loomis Sayles Small Cap Growth	1.58	31.74	15.05	26.46
Invesco Small Cap Value	4.38	30.39	17.03	27.29
Perkins Small Cap Value	2.14	19.03	9.58	20.36

In the first quarter, only two (2) out of thirteen (13) actively managed funds outperformed the lower cost index funds. Five (5) funds over the past one (1) year outperformed their benchmarks.

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LARGE GROWTH:

FUND # 1	AMERICAN FUNDS GROWTH FUND OF AMERICA		RGAGX
IMPLEMENTATION: MAR 2003	ASSETS: $ 67,589,690	BEST FIT INDEX: RUSSELL 1000 GROWTH	M* ANALYST RATING: Bronze

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	24.56	13.88	19.63	23.59	12.97	20.26	**0.97**	**0.91**	**-0.63**

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	25.4	0.87	2.09	1.04	13.55	0.34%
PEER AVERAGES		6.6	1.08	-2.46	0.93	14.38	1.24%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	RGAGX	1	1	1	0	0	0	0	0	2	5	5	5	5
		71.5/ 60.9	17.2	96.5	14.5/ 19.9	96.5/ 104.3	-0.65	53.5	61		LCG	LCG	LCG	LCG

Growth Fund of America (GFA) has come a long ways after struggling for many quarters back in 2010 and 2011. The fund does still trail the peer group over the five (5) year period, but returned an average of 19.63% during that time versus the peer of 20.26%. The Sharpe and Sortino ratios were superior to the peer over the three (3) and five (5) year periods. Given an 11% allocation to foreign stocks we would have expected GFA to underperform.

The fund managers continue to be overweight to the Energy and Healthcare sectors.

Recommendation: No action at this time.

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FUND # 2	TIAA-CREF GROWTH & INCOME	TIGRX

IMPLEMENTATION: NOV 2011 ASSETS: $ 14,673,639 BEST FIT INDEX: RUSSELL 1000 GROWTH M* ANALYST RATING: NEUTRAL

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	23.77	14.80	20.29	23.59	12.97	20.26	**0.18**	**1.83**	**0.03**

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	9.1	0.99	0.52	1.16	12.79	0.46%
PEER AVERAGES		6.6	1.08	-2.46	0.93	14.38	1.24%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	TIGRX	1	1	1	1	0	0	1	1	2	8	7	8	7
		41.8/ 92.4	13.2	97.2	14.2/ 20.6	98.0/ 103.1	-0.47	21.5	23		LCG	LCG	LCG	LCG

Turnover in this large cap growth fund is high at 146% and 9% of assets are in Developed Europe. Returns have been steady and the fund has consistently beat the peer group and done so with less risk.

Recommendation: No action at this time.

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FUND # 3	WELLS FARGO ADV GROWTH			SGRNX
IMPLEMENTATION: FEB 2012	ASSETS: $ 5,148,586	BEST FIT INDEX: RUSSELL 1000 GROWTH	M* ANALYST RATING:	Bronze

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	22.42	13.66	26.33	23.59	12.97	20.26	-1.17	0.69	6.07

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	5	11.9	1.10	-1.64	0.89	15.89	0.75%
PEER AVERAGES		6.6	1.08	-2.46	0.93	14.38	1.24%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	SGRNX	0	1	1	1	1	1	1	1	2	9	9	9	9
		98.9/ 19.1	10.4	89.4	16.4/ 26.4	120.4/ 112	0.87	1.5	2		LCG	LCG	LCG	LCG

Last quarter we cautioned that the dramatic outperformance of this fund is unlikely to continue, especially given the strategy of mixing in small and mid cap growth stocks. As Small Growth stocks returns diverge from Large Growth, you may see this fund's returns sink relative to the index and peer group. A fund that outperforms by being different runs the same risk of underperforming.

While the Sharpe and Sortino ratios look good longer term, the excess returns in the short run have been matched by higher standard deviations, which means this fund merely matches or underperforms on a risk-adjusted basis.

This high growth strategy will have times where it will outperform by wide margins, but we expect this outperformance to be cyclical in nature and for reversals to happen.

Recommendation: No action at this time.

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LARGE BLEND:

FUND # 4	PARNASSUS EQUITY INCOME	PRILX

IMPLEMENTATION: AUG 2010 ASSETS: $ 10,891,806 BEST FIT INDEX: RUSSELL 1000 M* ANALYST RATING: Silver

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	19.88	15.25	20.47	21.13	13.14	20.00	-1.25	2.11	0.47

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	12.9	0.84	2.83	1.37	10.91	0.68%
PEER AVERAGES		5.6	1.04	-1.80	1.01	13.32	1.17%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	PRILX	1	1	1	1	1	0	1	1	2	9	9	10	10
		-3.5/ 84.1	13.3	92.2	12.8/ 20.6	88.2/ 81.3	-0.27	26	20		LCB	LCB	LCB	LCB

This fund's name will change to Parnassus Core Equity on May 1, 2014. The "equity-income" moniker was part of the original name due to the prospectus requirement of 75% of assets in dividend-paying stocks. The managers have never focused on high income in the past, instead focusing more on the total fundamentals of a stock. Thus Core Equity is a better reflection of this fund's mission. The fund will continue to own at least 75% of assets in dividend-paying stocks. Another good reason the fund might be renamed "Core Equity" is that it does not invest purely in Large and Mega cap names as its peer and index do. The fund has over 30% of assets in small and mid-size companies and a weighted-average market cap that is half the index and nearly a quarter of the peer group. It's closer to the Russell 3000 than the Russell 1000.

Returns have been good against either the S&P 500 or Russell 3000, despite some minor underperformance for the one (1) year period. The fund is in the top 1% of the peer for the ten (10) year period and 2% for the fifteen (15) year period.

On a risk-adjusted basis the fund has performed even better, posting a better Sharpe and Sortino ratio than the peer and indexes over all time periods out to fifteen years.

The focused portfolio may trail at times, but the fund tends to outperform on a risk-adjusted basis over most long periods of time. For an ESG focused fund, this is remarkable, but entirely consistent with the concept of ESG, according to the managers (they believe ESG screens reduce overall long-term risk).

Recommendation: No action at this time.

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FUND # 5	VANGUARD INSTITUTIONAL INDEX			VINIX
IMPLEMENTATION: MAY 2008	ASSETS: $ 24,178,466	BEST FIT INDEX: S&P 500	M* ANALYST RATING:	Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	21.80	14.63	21.15	21.86	14.66	21.16	-0.06	-0.03	-0.01

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	13.3	1.00	-0.03	1.16	12.47	0.04%
PEER AVERAGES		N/A	0.92	-0.33	1.10	11.80	N/A

Passive	Ticker/ ID	Style				Peer Group				Qual.	Score			
		Style	Style Drift	R^2	Tracking Error	TE Rank	Expense Rank	Return Rank	SR Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	VINIX	1	1	1	1	1	1	1	1	2	10	10	10	10
		-8.8/ 99	2.6	99.7	0.7	42	2	11	7		LCB-P	LCB-P	LCB-P	LCB-P

This large cap blend index is performing as expected adjusted for tracking error and expense.

RECOMMENDATION: No action at this time.

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LARGE VALUE:

FUND # 6	COLUMBIA DIVERSIFIED EQUITY INCOME		CDEYX
IMPLEMENTATION: MAY 2008	ASSETS: $ 17,281,125	BEST FIT INDEX: RUSSELL 1000 VALUE	M* ANALYST RATING: NEUTRAL

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	20.89	11.21	19.60	20.66	13.20	19.94	**0.23**	**-1.99**	**-0.34**

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	3	0.8	1.07	-3.75	0.86	13.58	0.66%
PEER AVERAGES		6.3	1.01	-1.39	1.03	13.04	1.17%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	CDEYX	1	1	1	0	0	0	0	0	0	3	3	3	5
		-44.2/ 86.1	13.2	96.8	15.2/ 19.9	96.0/ 103.4	-0.69	70.5	71	T	LCV	LCV	LCV	LCV

Morningstar analyst Flynn Murphy commented on co-manager Hugh Mullin's style saying "At this fund, he seeks dividend-paying stocks he believes are trading at a discount to their intrinsic value based on both fundamental inputs and quantitative metrics. Mullin looks for a catalyst that can drive price appreciation, such as industry consolidation, before he will add a name to the portfolio. Mullin also favors firms he believes can grow their dividends at an elevated clip over firms with plump dividend payments." This mostly lines up with what we were told on several conference calls.

From July 1, 2013 through March 31, 2014 the fund returned 17.33% versus the peer of 16.82% and the index of 17.8%. The fund has a much higher market cap than the index ($69 billion versus $51 billion), but is below the peer ($82 billion).

Manager Russell Bloomfield joined the fund in October, his first position managing (or co-managing) a mutual fund.

Recommendation: Remain on Watch List due to investment performance and fund manager tenure.

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FUND # 7	MAINSTAY ICAP SEL EQUITY			ICSLX
IMPLEMENTATION: MAY 2008	ASSETS: $ 1,862,998	BEST FIT INDEX: RUSSELL 1000 VALUE	M* ANALYST RATING:	Bronze

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	17.99	12.07	19.48	20.66	13.20	19.94	-2.67	-1.13	-0.46

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	3	16.3	1.01	-2.58	0.90	13.64	0.90%
PEER AVERAGES		6.3	1.01	-1.39	1.03	13.04	1.17%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	ICSLX	1	1	1	1	0	0	0	0	2	6	9	10	10
		-65.7/ 77	12.8	96.4	14.4/ 19.5	92.6/ 98.6	-0.81	60	66.5		LCV	LCV	LCV	LCV

2013 was a tough year for this fund relative to the peer and index, but the returns were great on an absolute basis. MainStay ICAP Select Equity buys very large stocks and focuses the portfolio. This focused portfolio coupled with good stock picking has helped this fund beat the peer and index over most long time periods, but it can also occasionally cause a hiccup. One bad pick can lead to overall underperformance in the short-term and one of those hiccups happened in 2012/2013 with Barrick Gold (ended up with a 50% loss on the position).

Given the fund's stellar history of being right more often than wrong, the current string of underperformance should not cause panic. Given time, the odds are these experienced managers will be back on top.

Recommendation: Place on Watch List due to investment performance.

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MID CAP GROWTH:

FUND # 8	BARON GROWTH		BGRIX
IMPLEMENTATION: MAR 2003	ASSETS: $ 20,209,742	BEST FIT INDEX: RUSSELL MID CAP GROWTH	M* ANALYST RATING: Bronze

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	22.56	14.61	24.24	23.34	11.75	22.29	-0.78	2.86	1.95

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	5	19.3	0.88	2.54	1.04	14.09	1.06%
PEER AVERAGES		6.4	1.16	-4.52	0.80	15.68	1.36%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	BGRIX	1	0	1	1	1	0	1	1	2	8	7	8	8
		31.2/ -25.1	31.4	91.5	15.7/ 24.4	91.3/ 83.8	-0.08	13	13.5		MCG	MCG	MCG	MCG

Manager Ron Baron is not afraid to be different and this has led to a very successful performance record. Baron Growth currently has nearly 8% of assets in Real Estate (nearly 4 times the peer) and 3% in Utilities, two sectors that we rarely see in mid-cap growth portfolios. While this approach has worked well, it can also lead to times where the strategy is out of favor. The past three (3) calendar years have seen this fund rank in the top quartile and while we have confidence in the long term, we wouldn't be surprised to see some bumps in the road ahead.

Recommendation: No action at this time.

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FUND # 9	ING MID CAP OPPORTUNITIES		NMCIX
IMPLEMENTATION: MAY 2011	ASSETS: $ 9,452,069	BEST FIT INDEX: RUSSELL MID CAP GROWTH	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	18.39	11.25	23.57	23.34	11.75	22.29	-4.95	-0.50	1.28

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	8.8	0.98	-1.81	0.78	15.12	0.97%
PEER AVERAGES		6.4	1.16	-4.52	0.80	15.68	1.36%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	NMCIX	1	1	1	1	0	0	1	1	2	8	8	10	10
		90.5/ -6.4	9.8	96.6	16.3/ 23.6	96.5/ 99.1	-0.37	18.5	18		MCG	MCG	MCG	MCG

This fund has been struggling for the past two years and doesn't appear to be improving. The fund was in the third quartile for 2012 and 2013 and has started 2014 in 1st quartile. Prior to 2012 the fund finished in the top two quartiles for six (6) of seven (7) years.

The fund's three (3) and five (5) year rolling returns beat the index for years until recently. Against the peer group the fund has had more success, beating it over three (3) and five (5) year periods since 2003. For all its short term problems, it seems to have better luck over time. We're reluctant to recommend replacement at this time.

Recommendation: No action at this time.

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MID CAP BLEND:

FUND # 10	FIDELITY ADV LEV CO STOCK	FLVIX

IMPLEMENTATION: MAY 2008 ASSETS: $ 6,253,565 BEST FIT INDEX: RUSSELL MIDCAP M* ANALYST RATING: Silver

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	22.38	14.26	29.40	23.00	12.95	23.50	-0.62	1.31	5.90

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	10.8	1.07	0.97	0.80	18.83	0.84%
PEER AVERAGES		5.5	1.18	-4.12	0.85	15.58	1.26%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	FLVIX	0	0	1	1	0	1	1	1	2	7	8	7	5
		-15.0/ -72.4	32.4	92.7	22.2/ 29.4	124.6/ 129.1	0.5	17.5	17		MCB	MCB	MCB	MCB

This fund has steadily been developing into a go anywhere type fund that just happens to average out into the mid cap style box. The weighted-average market cap is about $16 billion, 60% higher than the mid cap index and twice the size of mid cap category. 50% of the stocks are large cap or giant (as defined by Morningstar) and 50% are between micro cap and mid cap. While large cap value seems to be the heaviest weighting, the rest of the portfolio spreads itself across the other eight style boxes.

Style drift is an issue with this fund, it is no longer a mid cap blend or value fund. It is an all-cap fund with a bias toward leveraged balance sheets (wherever they can be found). This allocation makes the fund difficult to benchmark. We did find that for the most recent periods, Core Equity funds (specifically Core Equity II) from Dimensional Fund Advisors (DFA) provide a pretty good fit (DFA manages mostly passive portfolios). Against the DFA indexes the fund underperforms in the one (1) and three (3) year periods and does so with more risk, but beats by a significant margin over five (5) years (which is not surprising as the move to all-cap is more recent).

Returns have been very good, but this fund takes more risk to achieve them.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

FUND # 11	VANGUARD MID CAP INDEX			VMCIX
IMPLEMENTATION: MAY 2008	ASSETS: $ 7,495,725	BEST FIT INDEX: SPLICED MID CAP INDEX	M* ANALYST RATING:	Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	23.65	13.63	25.07	23.76	13.67	25.11	-0.11	-0.04	-0.04

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	15.9	0.99	-0.76	0.93	14.87	0.08%
PEER AVERAGES		N/A	N/A	N/A	N/A	N/A	N/A

Passive	Ticker/ ID	Style				Peer Group				Qual.	Score			
		Style	Style Drift	R^2	Tracking Error	TE Rank	Expense Rank	Return Rank	SR Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	VMCIX	1	0	1	1	1	1	1	1	2	9	10	9	9
		13.8/ 2.2	5.6	99.8	0.8	9	6	22	12		MCB-P	MCB-P	MCB-P	MCB-P

This mid cap blend index is performing as expected adjusted for expense and tracking error.

RECOMMENDATION: No action at this time.

SST BENEFITS CONSULTING

MID CAP VALUE:

FUND # 12	COLUMBIA MID CAP VALUE OPPORTUNITY		RSCMX
IMPLEMENTATION: MAY 2008	ASSETS: $ 22,111,863	BEST FIT INDEX: RUSSELL MID CAP VALUE	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	23.28	12.49	24.25	23.23	13.46	23.88	**0.05**	**-0.97**	**0.37**

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	3	0.6	1.02	-2.09	0.83	15.53	0.85%
PEER AVERAGES		6.2	1.14	-2.80	0.92	15.01	1.31%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	RSCMX	0	1	1	0	0	0	0	0	0	2	2	2	4
		-12.5/ -3.2	18	96	17.6/ 24.3	98.0/ 107.8	-0.59	64.5	57	T	MCV	MCV	MCV	MCV

In 2012 this fund had a weighted average market cap of $7.5 billion, by 2013 it was half that and remains at $3.7 billion. The allocation to micro cap stocks is over 7% while nearly non-represented in the index and peer. The index and peer both have allocations to large cap stocks exceeding 25%, but not this fund; it has only 6%. This much smaller profile compared to the peers makes it more of a small-mid fund, or SMID. This change to the underlying assets may not be surprising given that two of the new managers came from small cap offerings. The change is concerning though as it clearly is moving away from its historical and stated style. This move began in late 2013 and has progressed into 2014.

The current management team has only been together since September.

Recommendation: Remain on Watch List due to management change.

SST BENEFITS CONSULTING

SMALL GROWTH:

FUND # 13	LOOMIS SAYLES SMALL CAP GROWTH		LSSIX
IMPLEMENTATION: DEC 2012	ASSETS: $ 4,122,702	BEST FIT INDEX: RUSSELL 2000 GROWTH	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	31.74	15.05	26.46	26.12	12.70	24.58	**5.62**	**2.35**	**1.88**

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	5	9.3	0.94	2.36	0.97	15.68	0.95%
PEER AVERAGES		6.4	1.26	-4.79	0.79	17.17	1.44%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	LSSIX	1	1	1	1	1	1	1	1	2	10	10	10	10
		82.4/ -77.4	8	94.7	16.7/ 26.5	90.1/ 76.7	0.25	12.5	13		SCG	SCG	SCG	SCG

This is a full tilt small growth fund; it's so far to the right of the Morningstar style box it is actually outside it in a category defined as high growth. Style drift is not a concern. The fund lands too far away from the index benchmarks, but certain tilts are certainly present. The category is heavy in Technology and Industrials and this fund follows suit, but takes it up a notch with a weighting of 51% versus 41% for the index.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

SMALL BLEND:

FUND # 14	VANGUARD SMALL CAP INDEX			VSISX
IMPLEMENTATION: MAY 2008	ASSETS: $ 7,386,892	BEST FIT INDEX: SPLICED SMALL CAP INDEX	M* ANALYST RATING:	Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	25.28	14.34	26.80	25.33	14.29	26.74	-0.05	0.05	0.06

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	22.3	1.00	0.65	0.90	16.40	0.10%
PEER AVERAGES		N/A	N/A	N/A	N/A	N/A	N/A

Passive	Ticker/ ID	Style				Peer Group				Qual.	Score			
		Style	Style Drift	R^2	Tracking Error	TE Rank	Expense Rank	Return Rank	SR Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	VSISX	1	0	1	1	1	1	1	1	2	9	9	9	9
		1.5/ -61.6	11.9	99	1.7	63	4	30	31		SCB-P	SCB-P	SCB-P	SCB-P

This small cap blend index is performing as expected adjusted for expense and tracking error.

RECOMMENDATION: No action at this time.

SST BENEFITS CONSULTING

SMALL VALUE:

FUND # 15	INVESCO SMALL CAP VALUE		VSMIX
IMPLEMENTATION: MAY 2011	ASSETS: $ 5,142,230	BEST FIT INDEX: RUSSELL 2000 VALUE	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	30.39	17.03	27.29	23.46	12.53	24.72	**6.93**	**4.50**	**2.57**

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	3.8	1.27	0.15	0.84	21.25	0.90%
PEER AVERAGES		6.8	1.24	-4.83	0.80	16.59	1.40%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	VSMIX	0	0	1	1	1	1	1	1	2	8	8	7	7
		54.5/ -95.8	33.1	89.3	20.8/ 27.3	113.0/ 104.7	0.58	8	26		SCV	SCV	SCV	SCV

This fund has been moving back and forth between the blend and value category and has a higher allocation to mid-cap stocks than the peer and index. For a value fund the holdings are quite growth-like with 26% in the Technology sector versus 11% for the index and 14% for the peer. This fund cannot be accused of index hugging as most of its sectors look very different than the peer and index allocations. This strategy has obviously worked as the fund is ranked in the top 15% of the peer group for the one (1), three (3), five (5) and ten (10) year periods ending last quarter.

The downside with such a strategy is that the fund may experience times where we see the opposite of what we see now, long stretches of underperformance. As long as the committee is comfortable with it not looking exactly like the index, this management team believes they have a reasonable case that their strategy can outperform. Given that much of the returns were generated when the asset base was significantly smaller, we are cautiously optimistic.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

FUND # 16	PERKINS SMALL CAP VALUE		JDSNX
IMPLEMENTATION: NOV 2010	ASSETS: $ 17,838,997	BEST FIT INDEX: RUSSELL 2000 VALUE	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	19.03	9.58	20.36	23.46	12.53	24.72	-4.43	-2.95	-4.36

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	3	29.2	N/A	N/A	0.76	13.49	0.60%
PEER AVERAGES		6.8	1.24	-4.83	0.80	16.59	1.40%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	JDSNX	1	0	1	1	1	0	0	0	2	6	7	7	7
		-44.5/ -46.5	21.1	93.3	15.5/ 20.6	80.0/ 76	-0.47	90.5	88.5		SCV	SCV	SCV	SCV

Perkins style has been out of favor for a long time, but 2014 may be the year things turnaround. The fund is in the 4th quartile of the peer group over all time periods measured, one (1), three (3) and five (5), and has struggled to keep up with the relentless moves upward in the markets.

The team has made some changes, mainly to the cash holdings. Cash used to be a sign that the manager felt the markets were getting overvalued - the higher the stake, the more likely the market was overvalued, but the big drawdowns never materialized this time. The fund trailed almost solely due to its cash stake. Going forward the fund will attempt to stay mostly invested and large cash stakes are unlikely. This should help in up markets, but may hurt this fund in a downturn. The cash stake has always helped the fund land much smoother than the peers, next time the landing may be a bit more rough.

The good news is that participants shouldn't have to worry about being fully invested in the market when owning this fund. While the road is bumpy with this fund, we think the manager's stock picking and risk management skills are superior and would recommend continuing with this fund.

Recommendation: Remain on Watch List due to investment performance and management change.

SST BENEFITS CONSULTING

INTERNATIONAL STOCK:

FUND # 17	AMERICAN FUNDS CAPITAL WORLD G/I		RWIGX
IMPLEMENTATION: MAY 2008	ASSETS: $ 35,202,634	BEST FIT INDEX: MSCI WORLD NR	M* ANALYST RATING: Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	19.34	10.45	17.35	18.43	9.26	18.36	**0.91**	**1.19**	**-1.01**

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	21.1	0.97	0.84	0.81	13.83	0.45%
PEER AVERAGES		4.3	0.82	5.47	0.70	14.84	1.43%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	RWIGX	1	1	1	0	0	0	0	0	2	5	6	5	6
		-0.7/ 77.3	16.3	97	15.9/ 17.7	96.2/ 100.1	-0.45	57	66		GE	GE	GE	GE

This fund gets a bit of a bum rap in most ranking systems due to the category in which it is placed, World Stock. It is certainly a Global Equity fund, but CWGI is more global than most World Stock/Global Equity funds. The allocation to Emerging Markets is about the same as the peer and index (MSCI ACWI), but the allocation to developed international is purposely higher. This higher allocation to international developed stocks hurts the fund's return relative to other World Stock categorized funds who are more biased toward the United States when U.S. stocks outperform. U.S. stocks have outperformed (as of late and by a wide margin in 2013) international developed and this continues to account for the seemingly poor performance against the peer and index.

With all of that said, this fund is actually outperforming the peer and index over the one (1) and three (3) year periods and only slightly underperforming over the five (5) year. The returns have been achieved with either the same or lower risk than the peer or index.
Bottomline, this fund is well managed and doing even better than we should expect given its structure.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

FUND # 18	DFA INTERNATIONAL SMALL COMPANY			DFISX
IMPLEMENTATION: AUG 2009	ASSETS: $ 14,821,851	BEST FIT INDEX: MSCI EAFE SMALL CAP NR	M* ANALYST RATING:	Silver

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	25.03	8.67	21.37	21.16	8.91	21.10	**3.87**	**-0.24**	**0.27**

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	3	15.3	0.95	4.50	0.58	16.66	0.56%
PEER AVERAGES		4.9	0.91	4.89	0.63	16.17	1.46%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	DFISX	1	1	1	1	1	1	0	0	2	8	8	8	8
		28.7/ -100	5.5	97.9	18.8/ 21.4	100.8/ 93.9	0.57	61.5	58.5		ISMB	ISMB	ISMB	ISMB

This passively managed International SMID fund continues to provide low-cost, well managed exposure to an often overlooked category. Returns against the index and peer are about even over most time periods and we see no reason to keep it on the watch list.

Recommendation: Remove from Watch List due to improved investment performance.

SST BENEFITS CONSULTING

FUND # 19	DODGE & COX INTERNATIONAL STOCK	DODFX

IMPLEMENTATION: MAY 2008 ASSETS: $ 10,915,014 BEST FIT INDEX: MSCI WORLD EX US NR USD M* ANALYST RATING: Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	25.25	8.79	20.52	15.42	5.73	15.46	**9.83**	**3.06**	**5.06**

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	12.9	1.06	2.13	0.56	17.88	0.64%
PEER AVERAGES		5.2	0.97	1.66	0.42	16.84	1.37%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	DODFX	1	1	1	1	1	1	1	1	2	10	10	10	10
		7.4/ 34.5	22.7	96.1	20.8/ 20.5	114.7/ 103.8	0.88	29	27		ILCB	ILCB	ILCB	ILCB

Dodge and Cox willingness to be different has paid off as the International offering has outperformed the peer and index by wide margins on both an absolute and risk-adjusted basis (despite a rough 2008 and 2011). Given the poor showing in 2008 and 2011 one might question the risk-adjusted return. This can be explained by the upside performance being so big it overcame the poor downside. This should present some caution to participants as a dramatic upside after a fall is not a guarantee. The expectation should be that this fund will fall further than both the peers and index during rough times and the hope should be it continues to outperform when markets recover. This has certainly been the case as the fund is now in the top 10% of all foreign blend funds over the one (1), three (3), five (5) and ten (10) year periods.

While the fund has an equal weight to a few sectors, we find significant under and over-weights in others. Consumer Defensive, Healthcare, Utilities, Technology, Communications and Basic Materials all look substantially different than both the peer and the index. A final word of caution, mean reversion is rarely averted in the stock market and in particular, mutual funds. Our advice is to lower expectations going forward. Such large variance from an index or peer can certainly lead to great returns, but it can also lead to periods of underperformance.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

FUND # 20	OPPENHEIMER INTERNATIONAL GROWTH		OIGIX
IMPLEMENTATION: AUG 2013	ASSETS: $ 4,758,248	BEST FIT INDEX: MSCI WORLD EX US GROWTH	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	19.50	11.27	19.45	13.27	6.25	16.05	**6.23**	**5.02**	**3.40**

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	5	18.1	0.91	7.21	0.76	15.93	0.74%
PEER AVERAGES		5.8	0.94	2.27	0.45	16.51	1.45%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	OIGIX	0	1	1	1	1	1	1	1	2	9	9	9	9
		95.1/ -12.2	16.7	94.9	17.5/ 19.7	106.5/ 91.2	0.97	5	3.5		ILCG	ILCG	ILCG	ILCG

Currently there is a big overweight to Industrials (23% of portfolio versus about 12% for peer and index) as well as a big focus on Europe (fully 84% of the portfolio versus 52% and 60% for the index and peer, respectively). The fund is also light on Japan and on Emerging Markets compared to the peer and index. This fearless approach to the category allows the fund to be different and the returns have not disappointed. The fund ranks in the top 10% of the peer group across all time periods.

This success is encouraging and we think it's likely the recipe used by management and can continue to be successful. However, we caution (as we always do) that such outperformance is likely to mean revert at some point. The manager's strategy may fall out of favor or other events may conspire to bring returns back down to earth.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

BONDS:

FUND # 21	**LOOMIS SAYLES INV GRADE BOND**			**LSIIX**
IMPLEMENTATION: MAY 2008	ASSETS: $ 13,095,806	BEST FIT INDEX: BARCLAYS US CREDIT TR USD	M* ANALYST RATING:	Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	3.69	6.53	11.83	3.04	5.67	11.72	**0.65**	**0.86**	**0.11**

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	5	17.3	0.79	-0.39	1.17	5.52	0.59%
PEER AVERAGES		5.6	0.56	3.52	1.15	4.96	1.18%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	LSIIX	0	1	0	1	1	1	1	1	0	6	8	8	7
		6.5/ -17.1	9.6	22.4	6.0/ 11.8	192.3/ 67.3	1.33	6.5	41.5	S	CFI	CFI	CFI	CFI

This fund has a track record relative to the peer that is almost unheard of, falling into at least the top 3% of the peer group for the one (1), three (3), five (5), ten (10) and fifteen (15) year time periods (top 1% for the ten and fifteen). This doesn't mean the fund produces consistent results in the short-term. It found itself at the bottom of the peer group during the rough markets of 2008 and 2011. Over longer stretches of time the bad years have been more than made up for by the good years. The fund has placed in the top quartile in eight (8) of the past ten (10) calendar years (seven of those eight were at least in the top 7% of the peer).

Much of this record was created when Kathleen Gaffney was aboard, but the lead manager Daniel Fuss has always been at the helm and will stay until his retirement. The real issue for Investment Grade (and several Loomis Bond funds) is who will succeed Dan Fuss. Gaffney was the heir apparent but moved on in 2012. Participants who understand that his fund is designed to take risk in bonds should be served well over the long term, as long as they can hold on for the long term.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

FUND # 22	OPPENHEIMER INTERNATIONAL BOND		OIBIX
IMPLEMENTATION: MAY 2008	ASSETS: $ 3,628,003	BEST FIT INDEX: MSTAR GLOBAL X US GOVT BOND	M* ANALYST RATING: NEUTRAL

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	-2.75	2.09	6.40	0.83	3.29	7.07	**-3.58**	**-1.20**	**-0.67**

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	10.0	N/A	N/A	0.34	7.46	0.57%
PEER AVERAGES		4.7	0.96	-0.15	0.68	5.88	1.08%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	OIBIX	1	0	0	1	0	1	0	0	2	5	6	7	7
		63.9/ 2.6	27.6	75	8.5/ 6.6	135.7/ 138.4	0.31	63.5	64		GFI	GFI	GFI	GFI

This fund continues to struggle since the departure of manager Art Steinmetz (he is still listed on the fund, but has moved into a different position with the company). Since Steinmetz left this fund has not performed at the same level. Performance against peer has been spotty, but against the index it was good until 2013 where the fund underperformed dramatically.

We are concerned, but hesitant to recommend termination at this point as this fund style is not easily benchmarked and we think giving the manager a little more time to allow the current thesis to play out is reasonable.

Recommendation: Remain on Watch List due to investment performance.

SST BENEFITS CONSULTING

FUND # 23	PIONEER GLOBAL HIGH YIELD		GHYYX
IMPLEMENTATION: MAY 2008	ASSETS: $ 4,834,469	BEST FIT INDEX: BARCLAYS GLOBAL HY	M* ANALYST RATING: NEUTRAL

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	4.33	5.62	19.02	6.76	7.74	15.86	-2.43	-2.12	3.16

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	3	12.7	1.14	-4.01	0.73	7.78	0.80%
PEER AVERAGES		5.8	0.31	6.50	1.22	6.50	1.12%

Active	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	GHYYX	1	1	1	1	0	1	0	1	2	8	6	7	7
		100.0/ -100	0	90.6	10.3/ 18.9	110.8/ 132.2	0.22	73	47		HY	HY	HY	HY

25% of this portfolio is not rated or below B. The returns versus the index and peer have not been good, though we'd point out the peer group is mostly domestic high yield and thus not a great comparison. The poor returns are not entirely surprising given that 2013 was not a great year for many international bond categories.

The duration is only 3.35 years and the yield is a robust 6.50%.

We like the global diversification this fund offers, but participants should be on guard that the extra yield comes with significant risk.

Recommendation: Remove from Watch List due to improved investment performance.

SST BENEFITS CONSULTING

BALANCED ALLOCATION:

FUND # 24	AMERICAN FUNDS INCOME FUND OF AMERICA		RIDGX
IMPLEMENTATION: MAY 2008	ASSETS: $ 10,803,989	BEST FIT INDEX: MORNINGSTAR MODERATE	M* ANALYST RATING: Silver

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	13.97	11.03	16.87	11.77	8.40	14.57	**2.20**	**2.63**	**2.30**

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	5	22.3	0.93	3.40	1.34	8.18	0.29%
PEER AVERAGES		5.1	1.04	-0.05	0.95	8.94	1.31%

Asset Allocation	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Risk Level	Style Diversity	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	SR Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	RIDGX	1	1	1	1	1	1	1	1	2	10	10	10	10
		9.4	64.6/ 35.4	93.5	9.4/ 17.1	103.1/ 84.5	0.85	4	4.5		MOD	MOD	MOD	MOD

Not many income funds have 70% in stocks which makes this fund difficult to place in a peer group. What sets this income fund apart is that the focus is not purely on income from fixed income instruments. Instead the focus is on generating income from all potential asset classes (including equities) with a secondary focus on capital growth. While this fund should fall less than most stock heavy balanced funds, it won't be spared in a bad market environment as we witnessed when it dropped 44% between November 2007 and March 2009.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

TARGET FUNDS:

FUND # 25	VANGUARD TARGET RETIREMENT INCOME	VTINX

IMPLEMENTATION: DEC 2009 ASSETS: $ 3,678,138 BEST FIT INDEX: MORNINGSTAR CONSERVATIVE INC M* ANALYST RATING: Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	4.78	6.15	9.21	6.03	5.91	9.94	-1.25	0.24	-0.73

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	1.2	0.81	1.32	1.38	4.42	0.16%
PEER AVERAGES		4.4	0.75	-0.35	0.93	6.42	0.96%

Asset Allocation	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Risk Level	Style Diversity	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	SR Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	VTINX	1	1	1	0	0	0	1	1	0	5	6	4	5
		4.7	30.2/ 69.8	97	4.7/ 9.3	98.5/ 106.9	-0.48	11	15.5	T	CON	MC	MC	MC

Target Date fund review summary follows fund #29.

SST BENEFITS CONSULTING

FUND # 26	VANGUARD TARGET RETIREMENT 2020			VTWNX
IMPLEMENTATION: DEC 2009	ASSETS: $ 9,001,207	BEST FIT INDEX: MORNINGSTAR MODERATE 2020	M* ANALYST RATING:	Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	11.82	8.64	14.81	12.11	8.19	13.94	-0.29	0.45	0.87

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	1.2	0.77	1.21	0.99	8.78	0.16%
PEER AVERAGES		4.1	0.97	-0.86	0.85	8.39	1.01%

Asset Allocation	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Risk Level	Style Diversity	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	SR Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	VTWNX	1	1	1	1	0	0	1	1	0	6	6	5	5
		10.1	68.5/ 31.6	99.5	10.1/ 14.9	95.1/ 97.4	-1.2	32	43	T	MOD	MA	MOD	MOD

Target Date fund review summary follows fund #29.

SST BENEFITS CONSULTING

FUND # 27	VANGUARD TARGET RETIREMENT 2030			VTHRX
IMPLEMENTATION: DEC 2009	ASSETS: $ 8,359,615	BEST FIT INDEX: MORNINGSTAR MODERATE 2030	M* ANALYST RATING:	Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	14.79	9.70	17.05	14.89	9.20	15.67	-0.10	0.50	1.38

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	1.2	0.97	0.65	0.91	10.93	0.17%
PEER AVERAGES		4.1	1.25	-1.75	0.79	10.72	1.05%

Asset Allocation	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Risk Level	Style Diversity	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	SR Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	VTHRX	1	1	1	1	0	0	1	1	0	6	6	5	6
		12.4	83.7/ 16.3	99.5	12.4/ 17.2	95.3/ 98.2	-1.22	25.5	23	T	MA	MA	MA	MA

Target Date fund review summary follows fund #29.

SST BENEFITS CONSULTING

FUND # 28	VANGUARD TARGET RETIREMENT 2040			VFORX
IMPLEMENTATION: DEC 2009	ASSETS: $ 6,630,127	BEST FIT INDEX: MORNINGSTAR MODERATE 2040	M* ANALYST RATING:	Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	17.30	10.63	18.32	17.30	10.09	17.23	0.00	0.54	1.09

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	1.2	0.97	0.80	0.88	12.40	0.18%
PEER AVERAGES		4.1	1.42	-2.27	0.77	12.16	1.07%

Asset Allocation	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Risk Level	Style Diversity	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	SR Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	VFORX	1	0	1	0	0	0	1	1	0	4	5	5	5
		13.8	90.6/ 9.4	99.6	13.8/ 18.4	97.7/ 101.4	-1.02	11.5	37.5	T	MA	AGG	AGG	AGG

Target Date fund review summary follows fund #29.

SST BENEFITS CONSULTING

FUND # 29	VANGUARD TARGET RETIREMENT 2050			VFIFX
IMPLEMENTATION: DEC 2009	ASSETS: $ 3,097,468	BEST FIT INDEX: MORNINGSTAR MODERATE 2050	M* ANALYST RATING:	Gold

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	17.30	10.63	18.34	17.30	10.09	17.23	0.00	0.54	1.11

	M*	MGR TENURE	BETA	ALPHA	SHARPE	3 YR STD DEV	EXP RATIO
FUND STATISTICS	4	1.2	0.97	0.80	0.88	12.40	0.18%
PEER AVERAGES		3.8	1.47	-2.38	0.77	12.59	1.08%

Asset Allocation	Ticker/ ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Risk Level	Style Diversity	R^2	Risk / Return	Up / Down	Info Ratio	Return Rank	SR Rank	(2pt. max)	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013
	VFIFX	1	0	1	0	0	0	1	1	0	4	5	5	5
		13.8	90.6/ 9.4	99.6	13.8/ 18.5	97.8/ 101.3	-1.01	11.5	37	T	MA	AGG	AGG	AGG

This Vanguard index based target date series is performing as expected adjusted for tracking error and expense. The equity portion is well diversified with 75% large cap, 19% mid cap and 6% small cap exposure. The bond portion is rated AA, no holdings below investment grade and has a duration of 5.68 years. The glide path is “to” and levels off at five (5) years after the “zero” year.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

SPECIALTY:

FUND # 30	**ING GLOBAL REAL ESTATE**			**IGLIX**
IMPLEMENTATION: MAY 2008	ASSETS: $ 4,433,667	BEST FIT INDEX: S&P DEVELOPED PROPERTY	M* ANALYST RATING:	Silver

	ACTUAL RETURN			**PEER AVERAGE**			**DIFFERENCE**		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	2.26	7.50	20.38	0.81	6.67	19.87	**1.45**	**0.83**	**0.51**

	M*	**MGR TENURE**	**BETA**	**ALPHA**	**SHARPE**	**3 YR STD DEV**	**EXP RATIO**
FUND STATISTICS	3	12.4	0.98	0.71	0.52	16.39	1.00%
PEER AVERAGES		5.2	1.03	-1.56	0.47	17.47	1.43%

Overall, the fund is performing well against the peer group, but against the index (S&P Developed Property Index) it has struggled for several years. This problem can be solved by switching to the index, only the index is not currently investable - there is no mutual fund available that uses the index.

While management has been revamping their strategy to improve returns, we don't feel that they have done a poor job and think that continuing with this fund makes sense.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

ASSET ALLOCATION:

FUND # 31	ASSET ALLOCATION FUNDS AGGRESSIVE		
IMPLEMENTATION: MAY 2008	ASSETS: $ 33,914,649	BEST FIT INDEX: MORNINGSTAR AGGRESSIVE	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	16.92	9.45	19.60	16.33	10.19	18.46	**0.59**	**-0.74**	**1.14**

FUND # 32	ASSET ALLOCATION FUNDS MODERATE		
IMPLEMENTATION: MAY 2008	ASSETS: $ 47,759,472	BEST FIT INDEX: MORNINGSTAR MODERATE	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	13.92	8.70	14.91	13.07	8.30	13.14	**0.85**	**0.40**	**1.77**

FUND # 33	ASSET ALLOCATION FUNDS CONSERVATIVE		
IMPLEMENTATION: MAY 2008	ASSETS: $ 17,602,965	BEST FIT INDEX: MORNINGSTAR CONSERVATIVE	M* ANALYST RATING: N/A

	ACTUAL RETURN			PEER AVERAGE			DIFFERENCE		
	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR	1 YR	3 YR	5 YR
RATES OF RETURN	8.87	6.41	9.78	7.15	5.38	7.08	**1.72**	**1.03**	**2.70**

The asset allocation models are performing as expected.

Recommendation: No action at this time.

SST BENEFITS CONSULTING

WATCH LIST:

The Watch List contains funds that did not meet the criteria outlined in the County of San Bernardino's Investment Policy. Specifically, "if a fund does not meet or exceed the designated benchmark for both the three (3) and five (5) year periods it must be placed on the Watch List." There are other reasons for a fund to be placed on the Watch List including ownership or manager change.

It is recommended that the following funds remain on, or be removed from, the Watch List:

ACTION	FUND #	TICKER	FUND NAME	INVESTMENT POLICY	QUARTER ADDED
⚠	**6**	CDEYX	COLUMBIA DIVERSIFIED EQUITY INC	Remain on Watch List due to investment performance and fund manager tenure. The 3 / 5 year Information Ratios have changed from (1.32) / (0.61) to (1.24) / (0.48)	3Q 2012
⚠	**7**	ICSLX	MAINSTAY ICAP SEL EQUITY	Place on the Watch List due to investment performance. The 3 / 5 year Information Ratios are (0.89) / (0.58)	1Q 2014
⚠	**12**	RSCMX	COLUMBIA MIDCAP VALUE	Remain on Watch List due to management change. The 3 / 5 year Information Ratios have change from (0.40) / 0.44 to (0.40) / 0.50	3Q 2013
⚠	**16**	JDSNX	PERKINS SMALL CAP VALUE	Remain on the Watch List due to investment performance and management change. The 3 / 5 Information Ratios have changed from (1.18) / (0.10) to (1.16) / (0.09)	1Q 2013
✔	**18**	DFISX	DFA INTERNATIONAL SMALL COMPANY	Remove from Watch List due to improved investment performance. The 3 / 5 Information Ratios have changed from 0.83 / 1.05 to 1.00 / 1.25	1Q 2013
⚠	**22**	OIBIX	OPPENHEIMER INTERNATIONAL BOND	Remain on Watch List due to investment performance. The 3 / 5 Information Ratios have changed from (0.16) / 0.12 to (0.21) / 0.23	3Q 2013
✔	**23**	GHYYX	PIONEER GLOBAL HIGH YIELD	Remove from Watch List due to improved investment performance. The 3 / 5 Information Ratios have changed from 0.37 / 1.33 to 0.23 / 1.36	1Q 2013

SST BENEFITS CONSULTING

COUNTY OF SAN BERNARDINO
INVESTMENT OPTIONS SPECTRUM

TARGET ALLOCATION	ASSET ALLOCATION	SPECIALTY	BONDS	BALANCED ALLOCATION	DOMESTIC EQUITY			INTERNATIONAL - GLOBAL EQUITY
					LARGE VALUE	LARGE BLEND	LARGE GROWTH	
Vanguard Ret Inc	Aggressive Allocation	ING Global Real Est	Loomis Sayles Inv	Amer Funds Inc	Columbia Div Equity Inc	Parnassus Equity Inc	AmFunds Growth Fund	AmFunds Cap World
Vanguard Ret 2020	Moderate Allocation		Oppenheimer Intl		MainStay ICAP Sel Equity	Vanguard Institutional Idx	TIAA CREF G/I Ret	DFA Intl Sm Company
Vanguard Ret 2030	Conservative Allocation		Pioneer Global				Wells Fargo Adv Gr	Dodge & Cox Intl
Vanguard Ret 2040								Oppenheimer Intl Gr
Vanguard Ret 2050								
					MID CAP VALUE	MID CAP BLEND	MID CAP GROWTH	
					Columbia MidCap Value	Fidelity Adv Lev Co Stk	Baron Growth	
						Vanguard MidCap Idx	ING MidCap Opp	
					SMALL VALUE	SMALL BLEND	SMALL GROWTH	
					Invesco SmCap Val	Vanguard SmCap Index	Loomis Sayles SmCap	
					Perkins SmCap Val			

Funds to the left have potentially more inflation risk and less investment risk

Funds to the right have potentially less inflation risk and more investment risk

MUTUAL FUND FORWARD LOOKING RATING SCALE

As mutual fund investors, we have received quantitative and qualitative analysis that provides investors with a look back at how and why a mutual fund performed as it did. Morningstar® is a dominant player in mutual fund analytics. Their quantitative star rating for funds is a backward looking achievement test. The star system takes into account performance category peers after adjusting for risk and sales charges over three (3), five (5) and ten (10) year periods with the greatest weight on the ten (10) year achievement.

Morningstar® has developed a more qualitative approach to evaluating the potential for funds to outperform their benchmarks and peer groups. This is a forward looking approach that uses a methodology based on five qualitative and numeric factors or pillars.

The five pillars are:

1. **PROCESS**
2. **PERFORMANCE**
3. **PEOPLE**
4. **PARENT**
5. **PRICE**

Performance is viewed in the context of risk taken, with a focus on downside risk. The Morningstar® analysts consider that the fundamentals and risks of a fund's holdings are as important as past performance, perhaps more so.

Morningstar® assigns three medal ratings, Gold, Silver and Bronze, along with a Neutral and Negative rating. Morningstar® has only completed 500-600 mutual fund assessments with this new process. So many funds will have an "N/A" instead of one of the five ratings. We expect that nearly all funds will have a rating by the end of 2012.

The ratings should be interpreted as follows:

GOLD Gold

A Gold rating indicates an expectation that the fund will outperform its relative performance benchmark and peer group within the context of the level of risk taken over the long term, (usually five years or a full market cycle). To earn a Gold rating a fund must distinguish itself across the five pillars.

SILVER Silver

Funds in this category have notable advantages across most, but perhaps not all of the five pillars. Funds that have a high price may be the reason for the Silver rating.

BRONZE Bronze

Funds with a Bronze rating have advantages that outweigh any disadvantages across the five pillars. Like Silver, Bronze rated funds may be working their way up or down the scale.

NEUTRAL

These are funds where the Morningstar analysts do not have a strong positive or negative conviction. For example, a fund that combines an overly benchmark conscious strategy with competitive fees could receive this rating because the strategy lends itself to average performance.

NEGATIVE

These funds have at least one major flaw that is likely to hamper future performance. For example, a fund that combines an overly benchmark conscious strategy with high fees could receive this rating because its strategy lends itself to underperformance.

N/A

Morningstar® analysts have not completed their evaluation of this particular fund.

CONCLUSION

- One caution is that a fund with a Gold rating is not necessarily suitable for all investors.
- The People pillar is more critical in concentrated funds whose success is tied to stock picking.
- The expense is a critical factor in all funds, but particularly index funds.
- This rating system does not replace the Morningstar® star system but rather supplements it.
- Finally, there are skeptics of this rating system. We think it may take some time to evaluate the effectiveness of this forward rating system.