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Market Discussion Points 4Q | 2013

Financial Market Performance

Periods Ending December 31, 2013

Strategy	Sector	Index	Quarter	YTD	2013	2012	2011	2010	2009	1-Year	3-Year	5-Year	10-Year
Stocks	**US Large Cap**	S&P 500 Index	10.5	32.4	32.4	16.1	2.1	15.1	26.4	32.4	16.2	18.0	7.4
	US Small Cap	Russell 2000	8.7	38.8	38.8	16.3	-4.2	26.8	27.2	38.8	15.7	20.1	9.1
	All Country	MSCI All Country World (net)	7.3	22.8	22.8	16.1	-7.3	12.7	34.6	22.8	9.7	14.9	7.2
	Non-US Developed	MSCI EAFE (net)	5.7	22.8	22.8	17.3	-12.1	7.8	31.8	22.8	8.2	12.4	6.9
	Emerging Markets	MSCI EM (net)	1.8	-2.6	-2.6	18.2	-18.4	18.9	78.5	-2.6	-2.1	14.8	11.2
Bonds	**Treasury**	Barclays US Govt Index	-0.7	-2.6	-2.6	2.0	9.0	5.5	-2.2	-2.6	2.7	2.3	4.1
	Broad Market	Barclays Aggregate	-0.1	-2.0	-2.0	4.2	7.8	6.5	5.9	-2.0	3.3	4.4	4.5
	High Yield	Barclays HY BaB 2% Issuer Cap	3.4	6.2	6.2	15.0	6.0	13.9	45.2	6.2	9.0	16.5	7.9
	Global Bonds	Citigroup WGBI	-1.1	-4.0	-4.0	1.6	6.4	5.2	2.6	-4.0	1.2	2.3	4.2
Global Tactical Asset Allocation (GTAA)		65% MSCI World /35% Citi WGBI	4.8	15.1	15.1	10.9	-1.2	9.8	20.1	15.1	8.0	10.7	6.3
Real Estate	**Core**	NCREIF ODCE Index	3.2	14.0	14.0	10.9	16.0	16.4	-29.8	14.0	13.6	3.7	7.2
Hedge Funds	**Diversified FOFs**	HFRI HFOF Composite	3.5	8.8	8.8	4.8	-5.7	5.7	11.5	8.8	2.4	4.8	3.4
	Equity Long-Short	HFRI Equity Hedge	4.8	14.4	14.4	7.4	-8.4	10.5	24.6	14.4	4.0	9.2	5.3
Commodities	**Commodities**	Goldman Sachs Commodity Index	-0.3	-1.2	-1.2	0.1	-1.2	9.0	13.5	-1.2	-0.8	3.9	0.7

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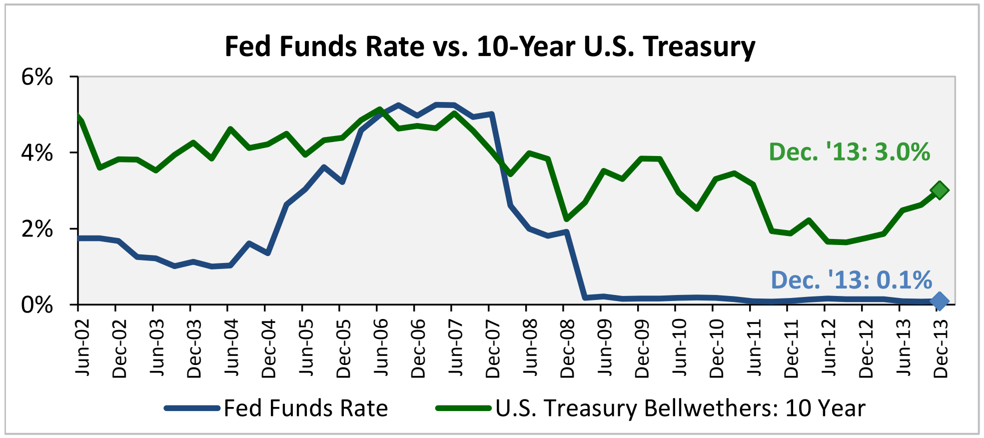
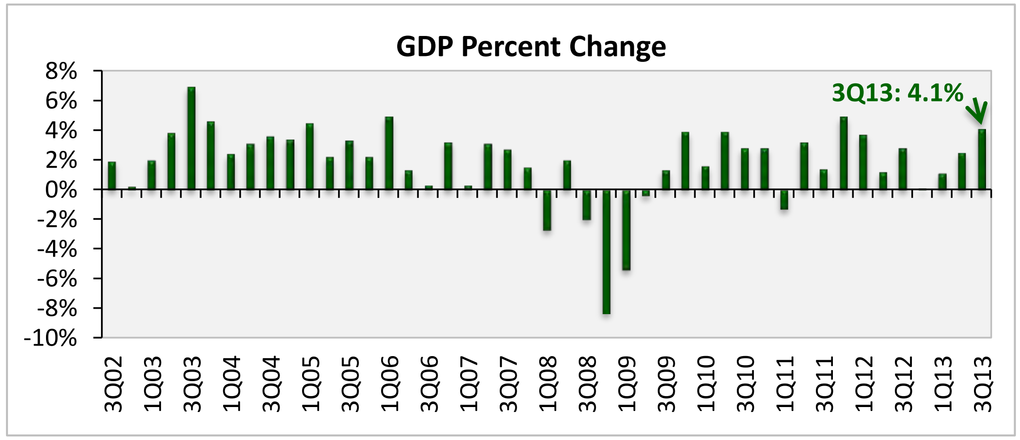
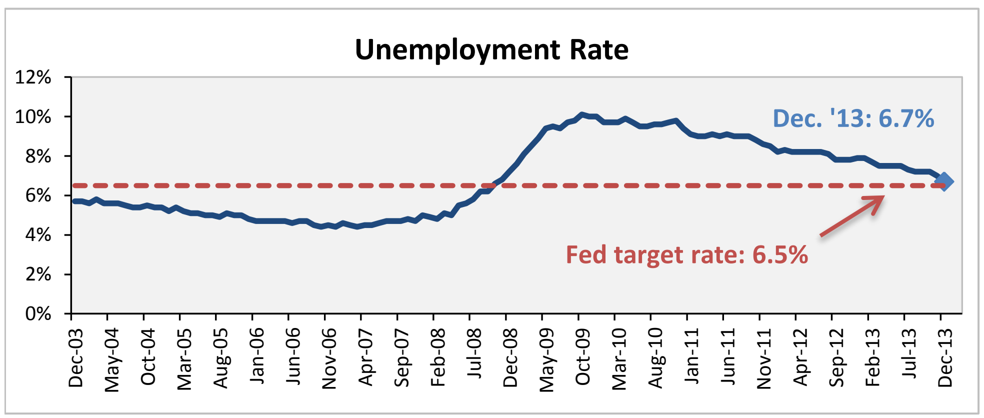
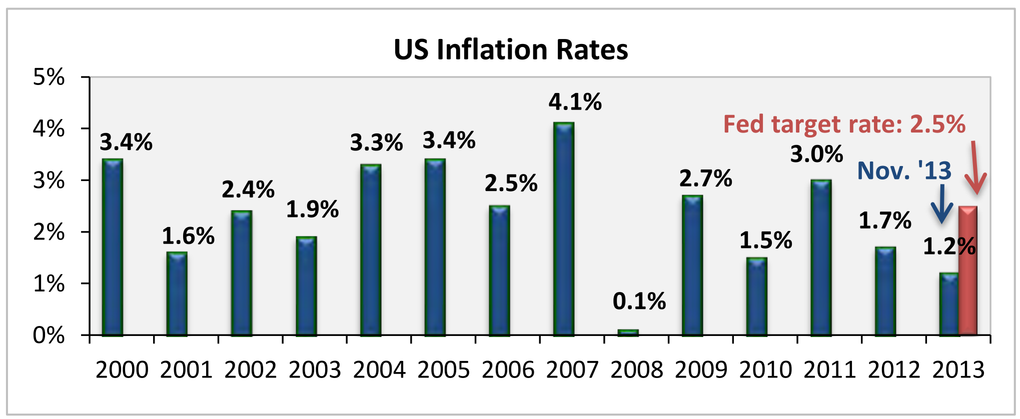
U.S. Economy

U.S. equities continued their tremendous run in the fourth quarter, while bonds continued to decline. In December, the Federal Reserve announced that they would begin “tapering” their $85 billion per month bond-buying by $10 billion per month beginning in January, and by the end of 2014 the bond buying could potentially cease. This news caused bond yields to rise in the middle of the curve; the 10-year Treasury increased to 3.01% at year-end vs. 1.76% a year earlier. This resulted in the Barclays Aggregate Bond Index, the core fixed income index for most institutional portfolios, to decline an additional 0.60% in December; the index declined 0.10% in the 4th quarter and returned -2.0% for the year. Within U.S. stocks, corporate earnings growth and modest price/earnings multiple expansion resulted in the S&P 500 returning 10.5% in the 4th quarter and 32.4% for the year. Small cap stocks, as represented by the Russell 2000 Index, returned 8.7% for the quarter and 38.8% for 2013. Most economic factors suggest that the U.S. economy is still in a sluggish recovery: core inflation remains benign at 1.7%, unemployment has been slowly dropping from a peak of 10% in October of 2009 to end the year at about 6.7%. The long-term unemployment average is about 6%. New job growth is still less than the number of new graduates. Home sale prices are rising in most markets, as are housing starts. The consumer, who accounts for 70% of GDP, is in better economic shape with lower debt loads than last year and per capita income is up slightly. Household net worth is, on average, 10% higher than in 2007. Car sales are booming as consumers catch up on postponed purchases and can obtain low loan rates. Outside the U.S., European economies are also recovering, but unemployment remains high. In the Pacific Rim, China appears to have had a soft landing, and while China’s growth rate is down, it is still a robust 8%. Most Asian emerging markets have had economic slowdowns due to China’s influence on trade.





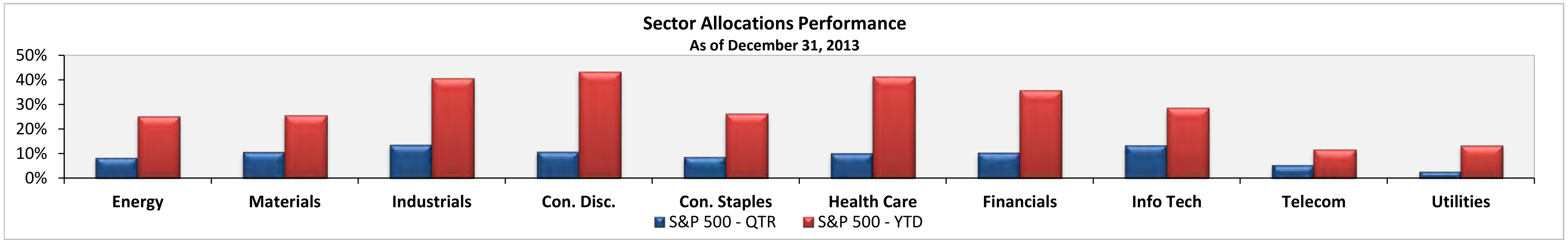


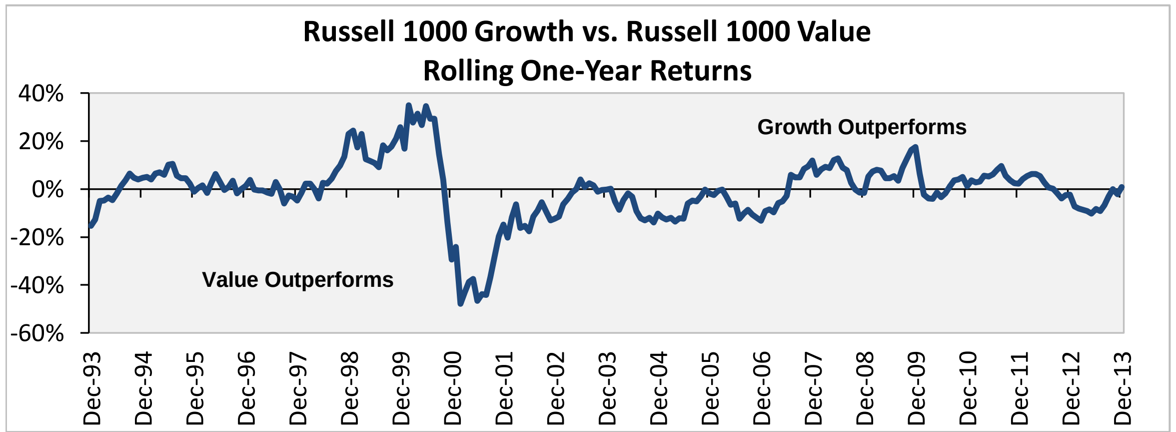


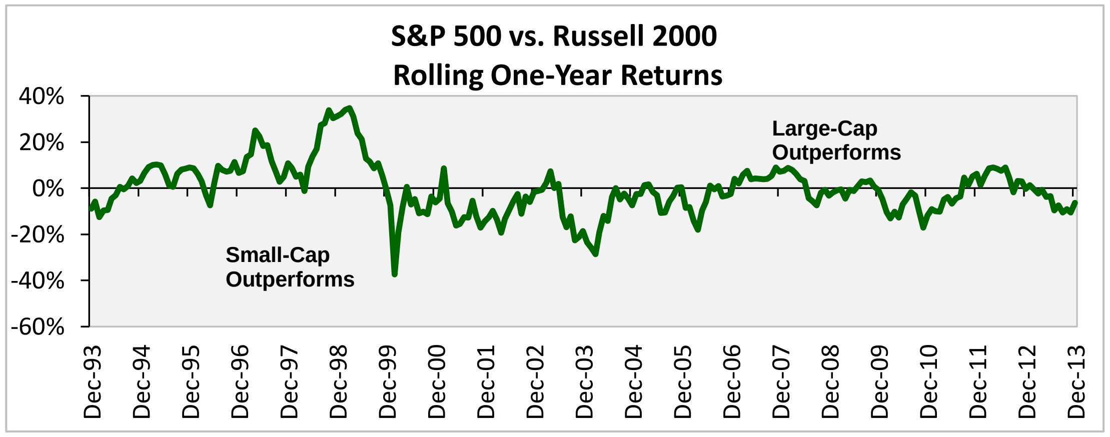
U.S. Equity Market

The U.S. equity markets had an outstanding year. The S&P 500 Index was up 32.4% for the year with nearly 1/3 of the annual return coming in the 4th quarter at 10.5%. From the low in March of 2009 to the record highs near year-end, the S&P 500 is up over 175%. The S&P 500 Equal-Weighted Index returned 36.2% for the year. The Russell 2000 Index, a proxy for small cap stocks, returned a robust 38.8% for the year. An outlier was U.S. REITS, which had a retrenchment earlier in the year and returned only 1.9% as represented by the Wilshire REIT index. Growth outperformed value for the year in all capitalization categories, with the biggest differential in small cap as the Russell 2000 Growth Index returned 43.3% for the year while the Russell 2000 Value returned 34.5%. The market was driven predominantly by corporate earnings growth and modest price/earnings (P/E) ratio multiple expansion. The 12-month forward estimated P/E ratio for the S&P 500 was around 14 at the end of 2012, and ended 2013 around 16. This is close to the long-term historical average P/E, so equities do not appear over-valued, especially considering corporate balance sheets have historically low levels of debt and historically high levels of cash to match their record earnings.

		4Q 13	YTD	2013	2012	2011	2010	2009	1-Year	3-Year	5-Year	10-Year
Large Cap	S&P 500	10.5	32.4	32.4	16.1	2.1	15.1	26.4	32.4	16.2	18.0	7.4
	Russell 1000	10.2	33.1	33.1	16.4	1.5	16.1	28.4	33.1	16.3	18.6	7.8
	Russell 1000 Value	10.0	32.5	32.5	17.5	0.4	15.5	19.7	32.5	16.1	16.7	7.6
	Russell 1000 Growth	10.4	33.5	33.5	15.3	2.6	16.7	37.2	33.5	16.4	20.4	7.8
Mid Cap	Russell Mid-Cap	8.4	34.8	34.8	17.3	-1.6	25.5	40.5	34.8	15.9	22.4	10.2
	Russell Mid-Cap Value	8.6	33.5	33.5	18.5	-1.4	24.8	34.2	33.5	16.0	21.2	10.3
	Russell Mid-Cap Growth	8.2	35.8	35.8	15.8	-1.7	26.4	46.3	35.8	15.6	23.4	9.8
Small Cap	Russell 2000	8.7	38.8	38.8	16.3	-4.2	26.8	27.2	38.8	15.7	20.1	9.1
	Russell 2000 Value	9.3	34.5	34.5	18.1	-5.5	24.5	20.5	34.5	14.5	17.6	8.6
	Russell 2000 Growth	8.2	43.3	43.3	14.6	-2.9	29.1	34.5	43.3	16.8	22.6	9.4
Total Market	Wilshire 5000	10.1	33.1	33.1	16.1	1.0	17.2	28.3	33.1	16.0	18.6	8.0
	Russell 3000	10.1	33.6	33.6	16.4	1.0	16.9	28.3	33.6	16.2	18.7	7.9







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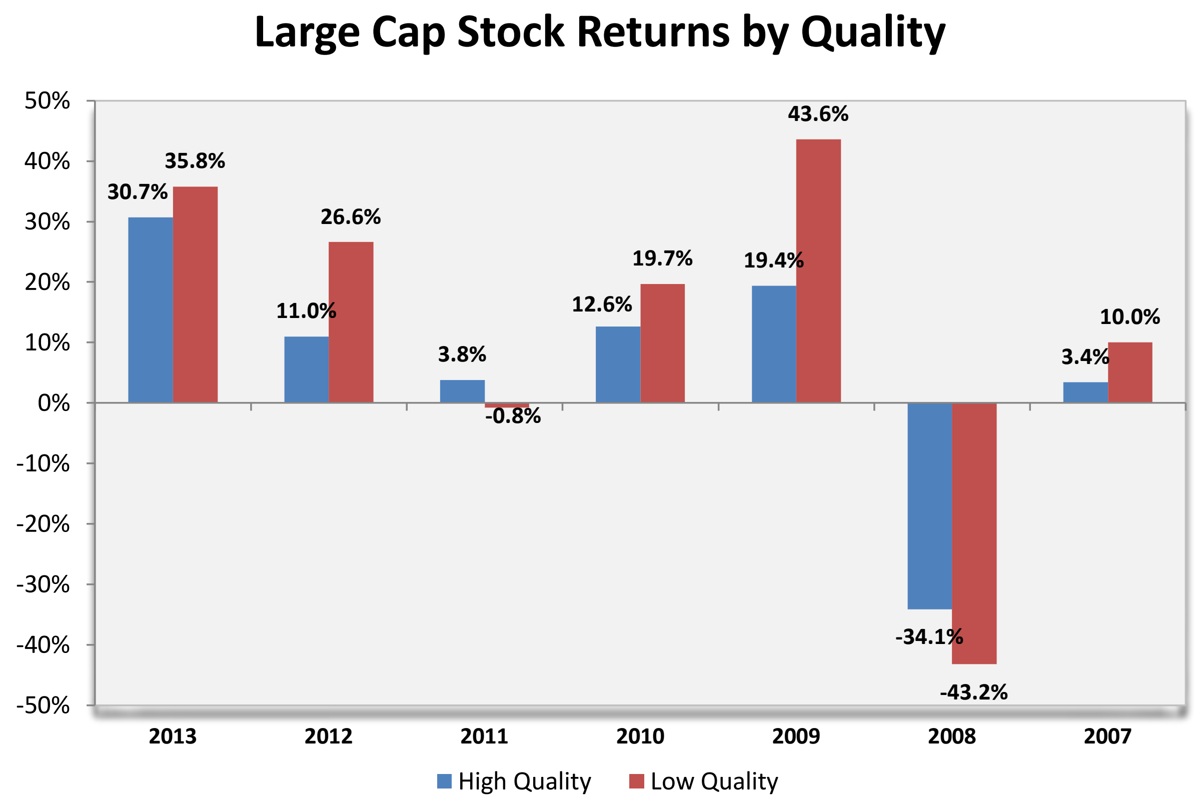
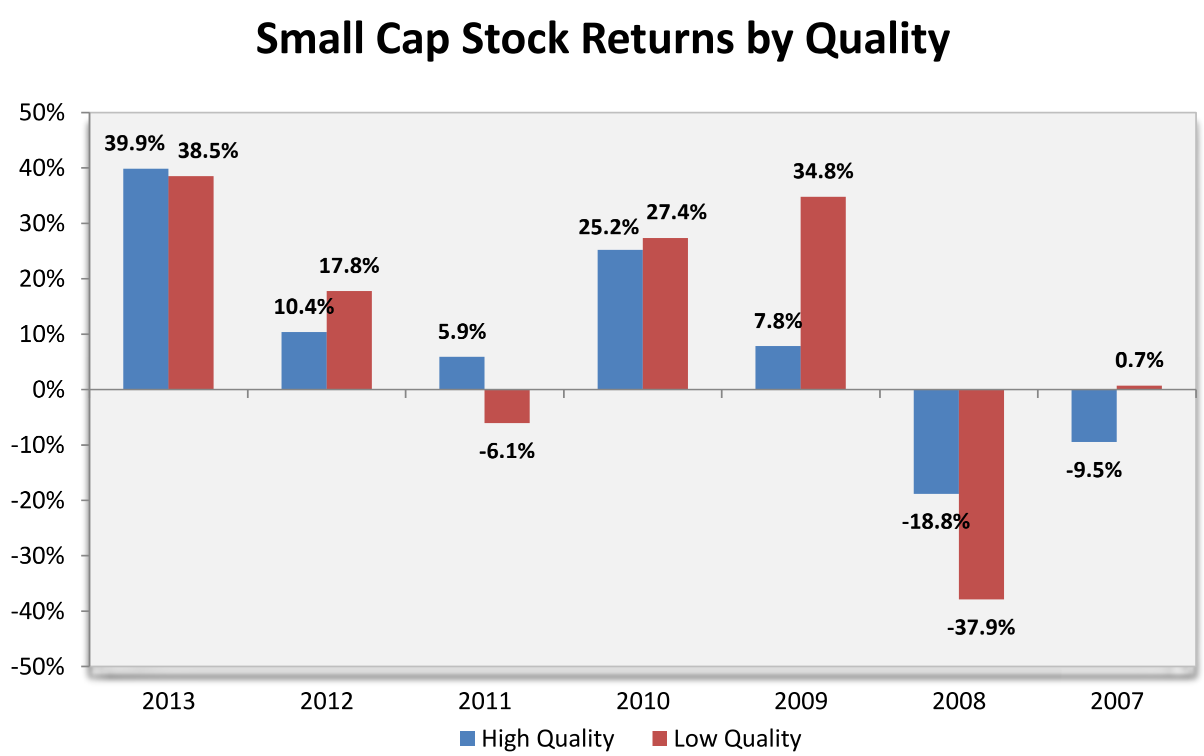
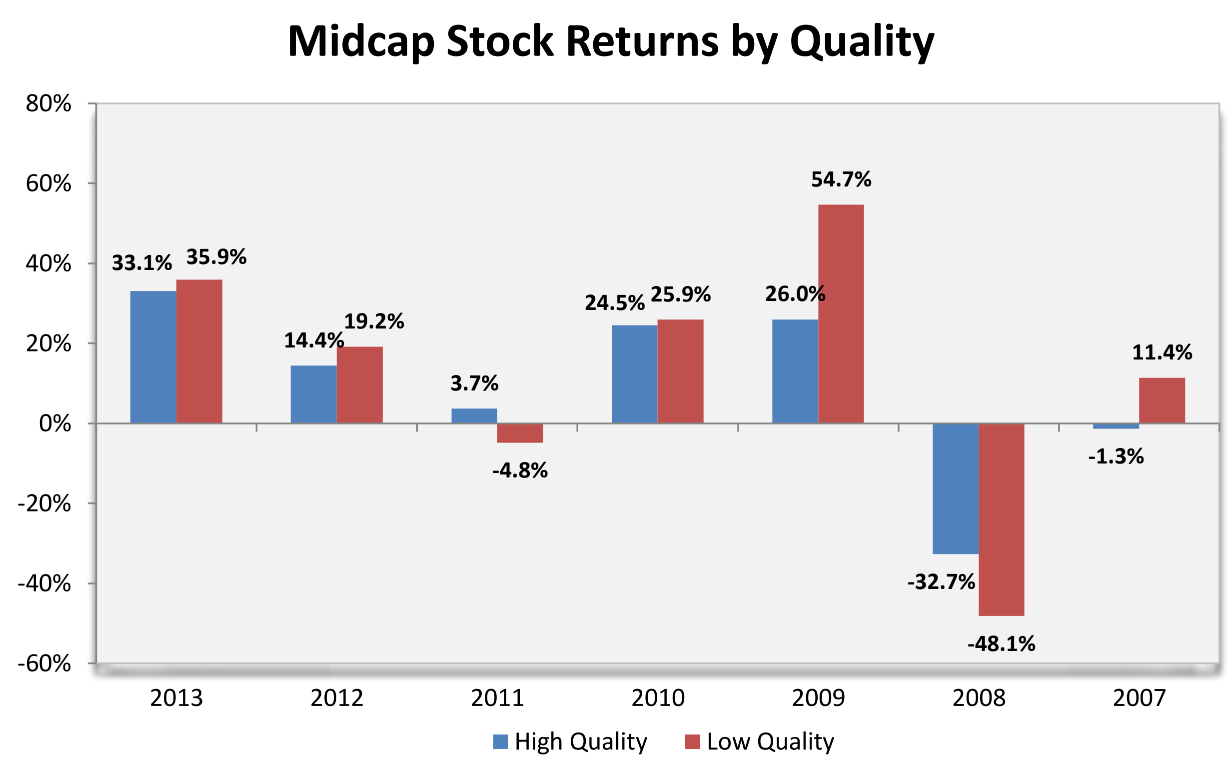
U.S. Stock Returns by Quality

Periods ending December 31, 2013







Sources: Standard & Poor's, Wilshire Atlas, Atlanta Capital. Standard & Poor's Quality Rankings are utilized to capture the long-term growth and stability of a company's earnings and dividends in a single measure. The High Earnings Stability and Low Earnings Stability portfolios are provided to compare the aggregate of all companies with B+ or Better S&P Rankings to those with B or Below S&P Rankings. The material is based upon information that S&P, Wilshire and Atlanta Capital considers to be reliable, but neither S&P, Wilshire nor Atlanta Capital warrants its completeness, accuracy or adequacy and it should not be relied upon as such. Rates of return are calculated using a market capitalization weighted-methodology. Performance during certain periods reflects strong stock market performance that is not typical and may not be repeated. Past performance does not predict future results. The information contained herein has been provided for informational and illustrative purposes only and is not intended to be, nor should it be considered, investment advice.

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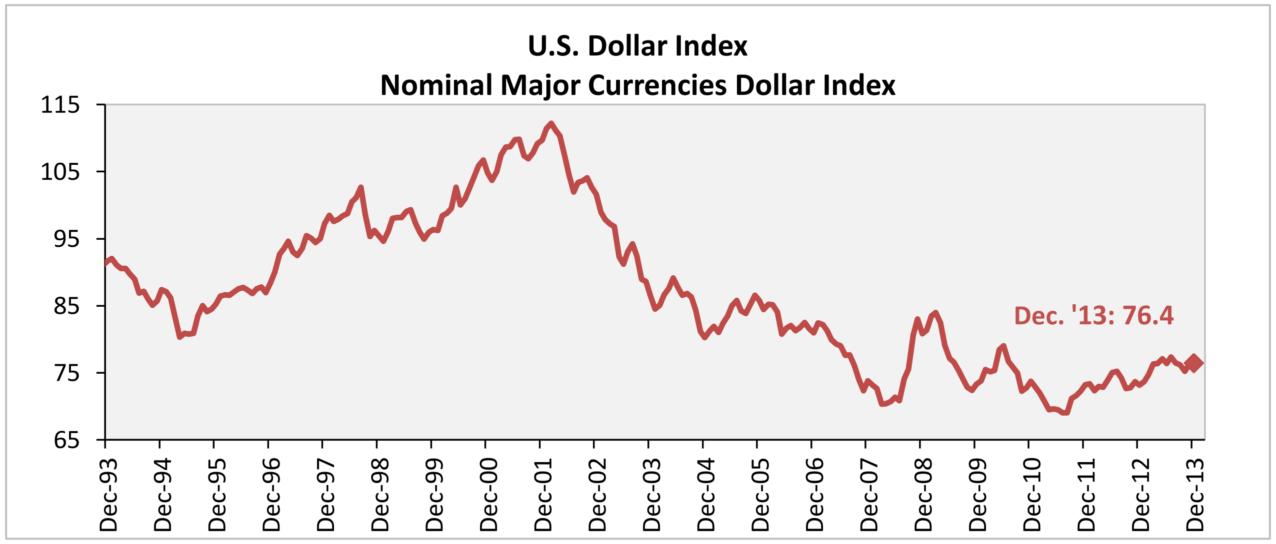
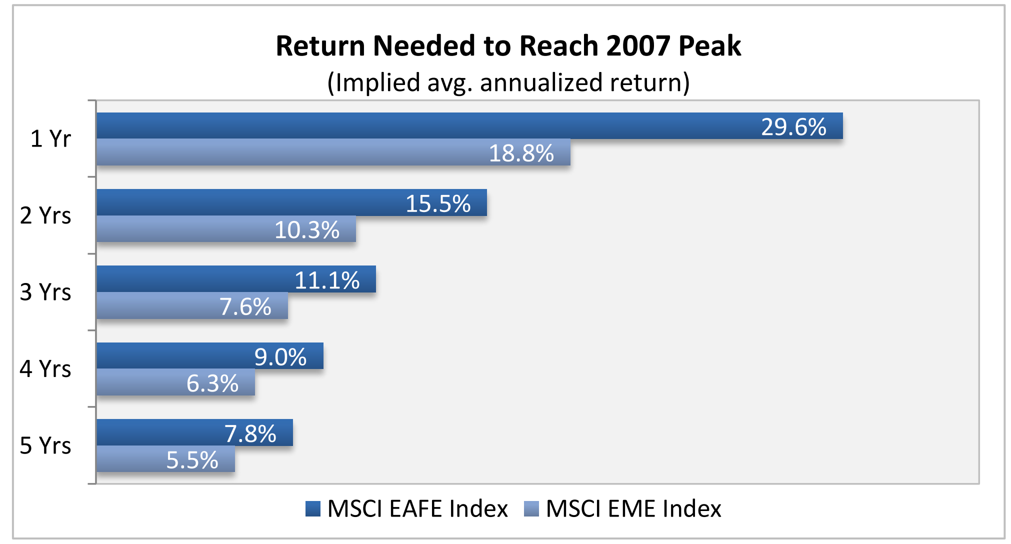
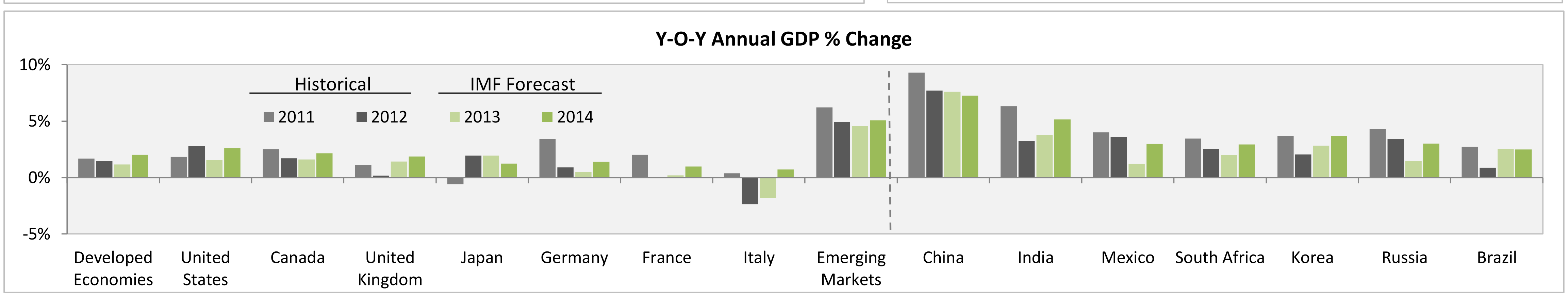
International Equity Market

International equity markets had a strong year by most standards, but still lagged the U.S. The MSCI World ex-U.S. was up 15.3% for the year with 4.8% of the return occurring in the 4th quarter. Developed markets, as benchmarked by the MSCI EAFE Index, were up 22.8% in U.S. currency, and up 27.5% in local currency. Like in the U.S., EAFE small-cap stocks were up a bit more, returning 29% for the year. Most of Europe had similar returns; Germany led with a 32.4% return for the year, France was up 27.7%, and the UK up 20.7%. In the Pacific Rim, Japan had a 27.4% return for the year but lagged other developed markets in the fourth quarter. Emerging markets, however, were another story; the MSCI EM Index declined 2.6% in 2013, led by Brazil which lost 15.8% and India down 3.8%. Low but positive returns occurred in China (+4.0%), Korea (+4.2%), Russia (+1.4%) and Mexico (+0.2%). Frontier markets were up a robust 26.3%.

		4Q 13	YTD	2013	2012	2011	2010	2009	1-Year	3-Year	5-Year	10-Year
Global	MSCI AC World Index (net)	7.3	22.8	22.8	16.1	-7.3	12.7	34.6	22.8	9.7	14.9	7.2
	MSCI World Small Cap (net)	6.8	28.7	28.7	18.1	-11.3	26.3	50.1	28.7	10.4	20.6	10.3
	MSCI World ex US (net)	4.8	15.3	15.3	16.8	-13.7	11.2	41.4	15.3	5.1	12.8	7.6
Developed ex US	MSCI EAFE (net)	5.7	22.8	22.8	17.3	-12.1	7.8	31.8	22.8	8.2	12.4	6.9
	MSCI EAFE Value (net)	6.3	22.9	22.9	17.7	-12.2	3.3	34.2	22.9	8.3	12.0	6.8
	MSCI EAFE Growth (net)	5.2	22.5	22.5	16.9	-12.1	12.3	29.4	22.5	8.0	12.8	7.0
	MSCI EAFE Small Cap (net)	5.9	29.3	29.3	20.0	-15.9	22.0	46.8	29.3	9.3	18.5	9.5
Emerging Markets	MSCI Emerging Markets (net)	1.8	-2.6	-2.6	18.2	-18.4	18.9	78.5	-2.6	-2.1	14.8	11.2





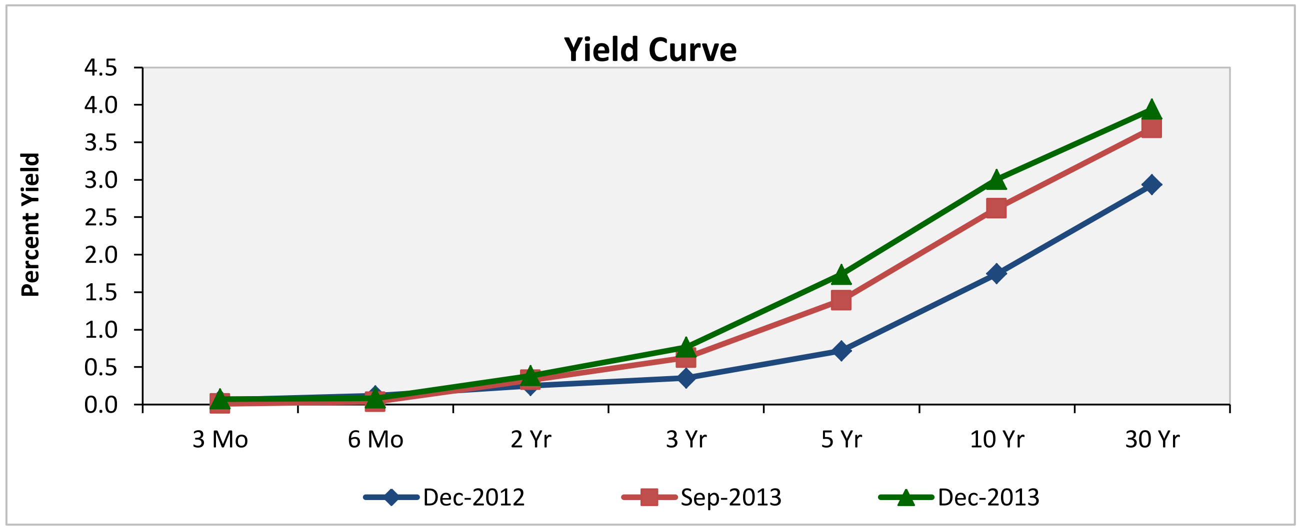


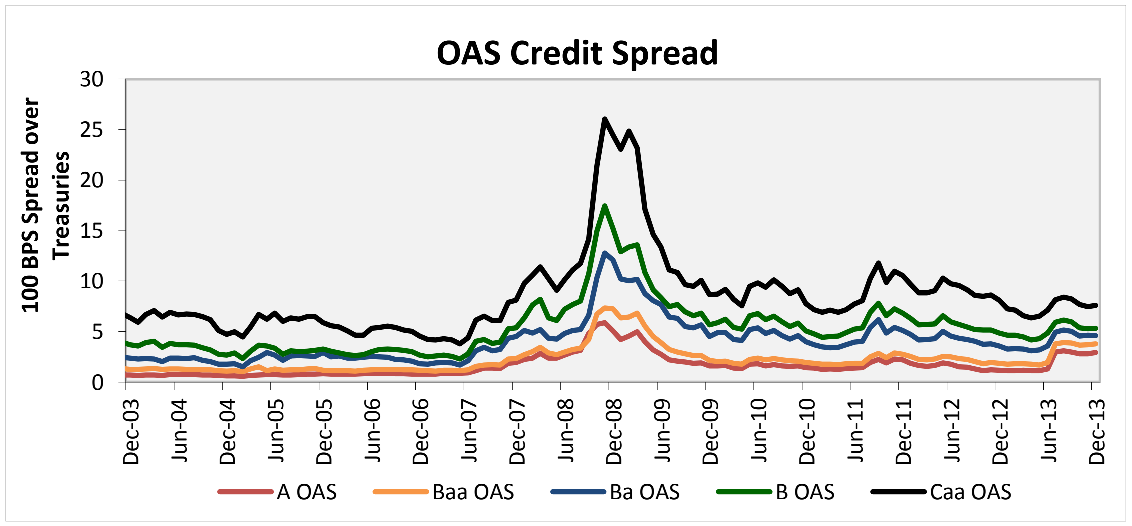
Top right chart: Data as of December 31, 2013. **Bottom chart:** Annual percentages of constant price GDP are year-on-year changes; the base year is country-specific. **Source:** International Monetary Fund, World Economic Outlook Database, October 2013.

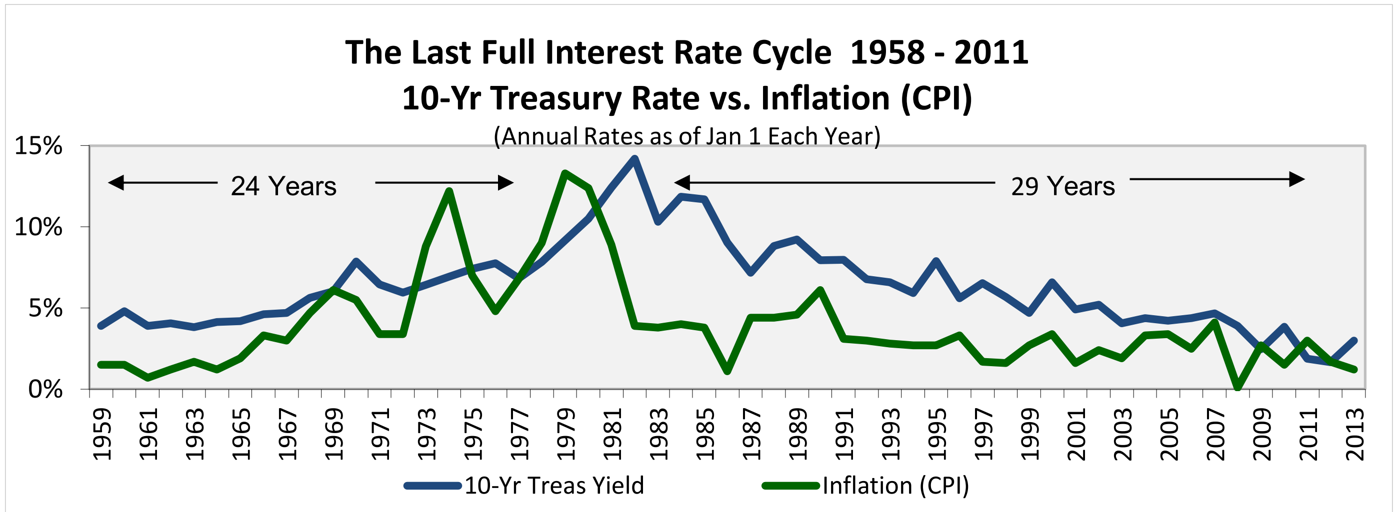
Bond Market

The U.S. bond market has been facing two significant headwinds: The Federal Reserve has kept short-term interest rates near zero, and their massive bond buying program has artificially depressed interest rates in the middle of the yield curve. At the end of 2013, we hit an inflection point when the Fed announced they were "tapering" the bond purchases, reducing the rate of monthly purchases of $85 billion by $10 billion. The rates in the middle of the curve immediately increased, as the 10-year Treasury rate went to 3.01%, up from 1.76% at year-end 2012. Higher interest rates result in lower bond prices, and the Barclays Aggregate Bond Index, used as a key benchmark for most institutional portfolios, lost 2.0% for the year. The spread between corporate bonds and Treasuries narrowed across the board with investment grade bonds narrowing from 141 basis points at the end of 2012 to 114 basis points by the end of 2013. High yield bonds narrowed from 511 basis points to 382 basis points on average. High yield bonds still produced positive returns due to their much higher coupons, with the Barclays HY Ba/B index returning 6.2% for the year and the shorter-duration ML BB 1-3 year Index up 5.6%. The worst-hit sector was long-duration Treasuries, down 13.9% for the year and Treasury Inflation-Protected Securities (TIPS), as low rates and low inflation pushed them down 8.6% during 2013. The Barclays Bank Loan Index returned 5.4% for the year.

	Yield	Duration	4Q 13	YTD	2013	2012	2011	2010	2009	1-Year	3-Year	5-Year	10-Year
Barclays Aggregate	2.5	5.5	-0.1	-2.0	-2.0	4.2	7.8	6.5	5.9	-2.0	3.3	4.4	4.5
Barclays Govt/Credit	2.2	5.6	0.0	-2.4	-2.4	4.8	8.7	6.6	4.5	-2.4	3.6	4.4	4.5
Barclays Int Agg	2.2	4.4	-0.1	-1.0	-1.0	3.6	6.0	6.1	6.5	-1.0	2.8	4.2	4.3
Barclays Int Govt/Credit	1.6	3.8	0.0	-0.9	-0.9	3.9	5.8	5.9	5.2	-0.9	2.9	4.0	4.1
Barclays HY Ba/B2% Capped	5.0	4.3	3.4	6.2	6.2	15.0	6.0	13.9	45.2	6.2	9.0	16.5	7.9
Barclays Mortgage	3.3	5.7	-0.4	-1.4	-1.4	2.6	6.2	5.4	5.9	-1.4	2.4	3.7	4.6
Barclays Treasury	1.4	5.0	-0.8	-2.7	-2.7	2.0	9.8	5.9	-3.6	-2.7	2.9	2.1	4.2
Barclays US TIPS	2.4	6.8	-2.0	-8.6	-8.6	7.0	13.6	6.3	11.4	-8.6	3.5	5.6	4.8
91 day T-Bills	0.1	0.3	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	1.7







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Interest Rate Sensitivity

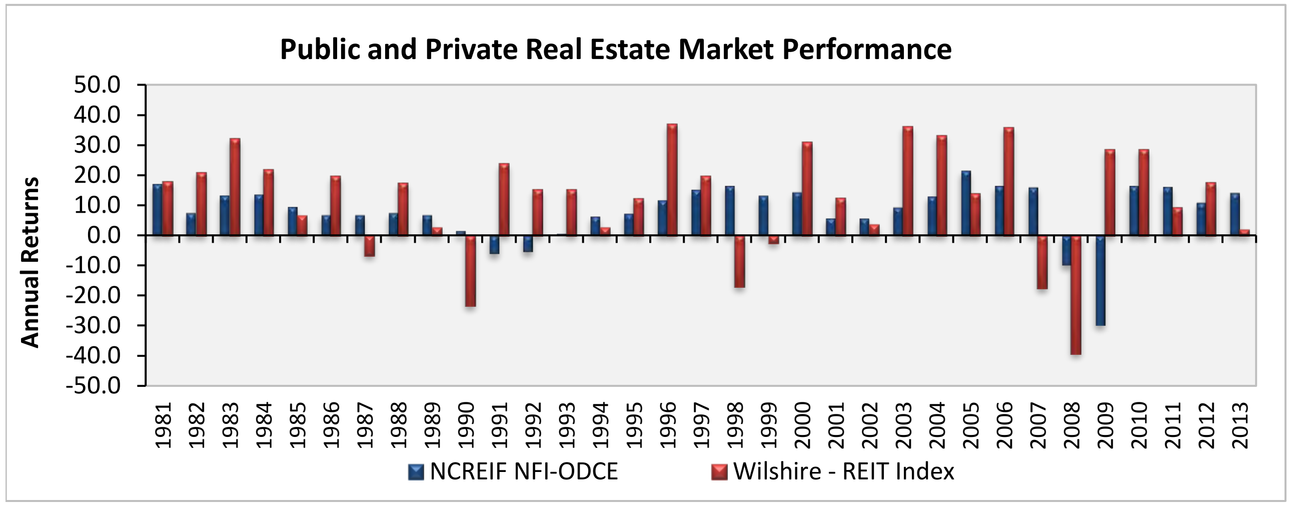
12 Month Holding Period - Annualized Returns as of 12/31/2013						
Yield Change	10 Year Treasury	Barclays Aggregate	Barclays Intermd. Gov/Corp	Barclays 1-3 yr Gov/Corp	ML Defensive US HY BB/B ND	ML Short Duration US HY BB/B 1-3 yr
(bps)	S010	US Aggregate	US Gov/Credit	US Gov/Credit	H4ND	J1A4
-150	18.03	10.81	7.37	3.44	10.83	5.35
-100	13.11	8.03	5.45	2.48	8.87	4.49
-50	8.19	5.26	3.53	1.53	6.91	3.63
-25	5.73	3.87	2.57	1.05	5.93	3.20
0	3.27	2.48	1.61	0.57	4.95	2.77
25	0.81	1.09	0.65	0.09	3.97	2.34
50	-1.65	-0.30	-0.31	-0.39	2.99	1.91
100	-6.57	-3.07	-2.23	-1.34	1.03	1.05
150	-11.49	-5.85	-4.15	-2.30	-0.93	0.19
200	-16.41	-8.62	-6.07	-3.25	-2.89	-0.67
250	-21.33	-11.40	-7.99	-4.21	-4.85	-1.53
300	-26.25	-14.17	-9.91	-5.16	-6.81	-2.39
350	-31.17	-16.95	-11.83	-6.12	-8.77	-3.25
400	-36.09	-19.72	-13.75	-7.07	-10.73	-4.11
450	-41.01	-22.50	-15.67	-8.03	-12.69	-4.97
500	-45.93	-25.27	-17.59	-8.98	-14.65	-5.83
Duration	9.840	5.550	3.840	1.910	3.920	1.720

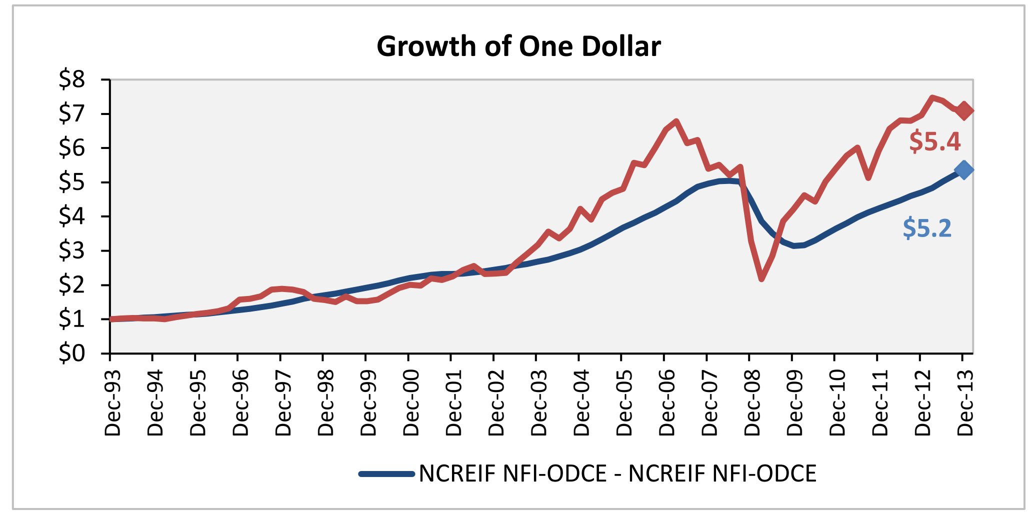
FOR ILLUSTRATIVE PURPOSES ONLY: For each index the current yield to worst as of 12/31/2013 was used as the base case annualized return. The annualized return sensitivity to a uniform increase or decrease in the yield curve was calculated by taking the index's Macaulay's (Modified) Duration as of 12/31/2013 multiplied by the percentage point change in the yield curve (basis point change divided by 100) and then appropriately adding or subtracting this implied percentage change in the value of the index (due to the shift in the yield curve) to the base case annualized return. This is a rough approximation of the annual return sensitivity to parallel shifts in the yield curve. **SOURCE:** PENN Capital Internal Research.

Real Estate Market

Real estate continued its solid trend in 2013 with a gain of 3.2% for the fourth quarter and 14.0% for the year. Surprisingly, discount rates for core real estate assets continued to fall in late 2013, which when coupled with income rates of return of 5-6% resulted in good overall gains. Returns were supplemented in the second half of the year by debt marked to market as interest rates rose. This effect will decline over time. Given the rising trend of interest rates, “cap rate compression” is probably over for this cycle but the current level of spread against Treasuries suggests some protection against rising interest rates. Future gains will be more dependent on income and income growth and more moderate appreciation. There is high demand for quality assets in gateway markets from both domestic and international investors, but these assets appear fully priced. Secondary markets are starting to see more interest from investors and value add assets are also receiving more attention. PREA forecast returns show moderation from that of recent years. However, the high level of income and solid performance outlook suggest continued flows into the asset class.

		4Q 13	YTD	2013	2012	2011	2010	2009	1-Year	3-Year	5-Year	10-Year
US Private	NCREIF ODCE	3.2	14.0	14.0	10.9	16.0	16.4	-29.8	14.0	13.6	3.7	7.2
US Public	Wilshire REIT	-0.8	1.9	1.9	17.6	9.2	28.6	28.6	1.9	9.4	16.7	8.4





Average of respondents’ forecasts of the NCREIF Property Index (NPI) and sub-indices by property type.

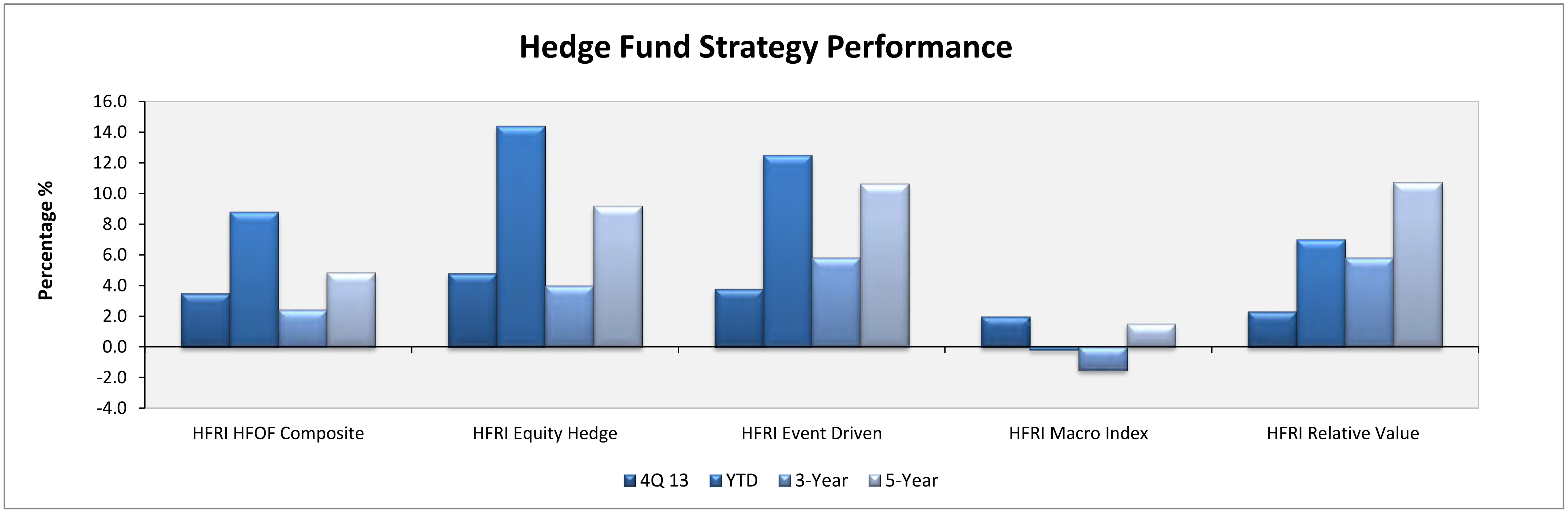
	Total return (incl. income) 2013	Total return (incl. income) 2014	Total return (incl. income) 2015	Total return (incl. income) 2013 to 2017
National, All Property Types (NPI)	10.2	7.9	7.8	8.2
Office	9.1	7.7	7.9	8.1
Retail	11.6	7.8	8.0	8.4
Industrial	10.9	8.7	8.5	8.6
Apartment	9.8	7.6	7.0	7.8

Source: Pension Real Estate Association Consensus Forecast Survey of the NECREIF Property Index Q4 2013.

Hedge Fund of Funds Market

Funds of hedge funds returned 3.5% in the fourth quarter to finish the year up 8.8%, their best year since 2009. The period since the 2008 financial crisis has been difficult for FOFs, as they have annualized just 4.8% over the past five-year period. Fed intervention, a lack of fundamentals and macroeconomic and political instability have all helped to dampen returns over that time period. As the US and other economies, most notably Europe, continue their steady recovery, correlations among asset classes continue to decrease and fundamentals return to the market, hedge funds may be poised to deliver more attractive returns moving forward - especially when compared to traditional fixed income. Hedged equity was the strongest hedge fund strategy for the quarter and year, up 14.4% in 2013. FOF managers that increased their equity exposure, especially to long-biased equity hedge funds, tended to outperform significantly. Event driven strategies continued to provide solid returns - a trend that should continue as companies maintain high levels of balance sheet cash to fuel M&A activity, share buybacks, etc. Macro strategies continue to lag; negative global fixed income markets and mixed commodity returns mitigated long opportunities, while some managers were able to profit from short positions in both industrial and precious metals (gold declined 28% in 2013) and soft commodities. Opportunistic credit investments generally performed well in 2013, while providing good diversification benefits to client portfolios, though traditional corporate credit within diversified FOF mandates underperformed.

Strategy	Index	4Q 13	YTD	2013	2012	2011	2010	2009	1-Year	3-Year	5-Year	10-Year
Fund of Funds	HFRI HFOF Composite	3.5	8.8	8.8	4.8	-5.7	5.7	11.5	8.8	2.4	4.8	3.4
Equity Long-Short	HFRI Equity Hedge	4.8	14.4	14.4	7.4	-8.4	10.5	24.6	14.4	4.0	9.2	5.3
Event Driven	HFRI Event Driven	3.8	12.5	12.5	8.9	-3.3	11.9	25.0	12.5	5.8	10.6	7.0
Global Macro	HFRI Macro Index	2.0	-0.2	-0.2	-0.1	-4.2	8.1	4.3	-0.2	-1.5	1.5	4.3
Relative Value	HFRI Relative Value	2.3	7.0	7.0	10.6	0.1	11.4	25.8	7.0	5.8	10.7	6.4



Data gathered from sources deemed to be reliable but not guaranteed. All indexes are trademarked by owner.

INVESTMENT PERFORMANCE SERVICES, LLC

Warehouse Local #730 Welfare Fund

Master Consulting Services Report

Period Ended
December 31, 2013

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Total Plan Growth of Assets

Summary of Cash Flows

Sources of Portfolio Growth	Fourth Quarter	Year-To-Date	One Year	Three Years	Five Years	Seven Years	Ten Years
Beginning Market Value	$15,905,398	$17,367,207	$17,367,207	$19,559,470	$18,102,045	$18,400,636	$22,326,383
Net Additions/Withdrawals	-$954,995	-$2,713,421	-$2,713,421	-$6,940,137	-$7,022,362	-$7,949,725	-$14,730,447
Investment Earnings	$270,305	$566,922	$566,922	$2,601,374	$4,141,024	$4,769,796	$7,624,771
Ending Market Value	$15,220,707	$15,220,707	$15,220,707	$15,220,707	$15,220,707	$15,220,707	$15,220,707

- **The Fund's fiscal year end is 12/31.**

Total Plan Performance (Gross of Fees)

	Market Value	% of Portfolio	Ending December 31, 2013						
			3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Composite	**$15,220,707**	**100.0%**	**1.8%**	**3.7%**	**3.7%**	**4.9%**	**4.6%**	**3.9%**	**4.2%**
Total Domestic Equity	**$1,072,028**	**7.0%**	**10.4%**	**32.2%**	**32.2%**	**16.1%**	**17.9%**	**6.1%**	**7.3%**
S&P 500			*10.5%*	*32.4%*	*32.4%*	*16.2%*	*17.9%*	*6.1%*	*7.4%*
Total Investment Grade Fixed Income	**$7,325,203**	**48.1%**	**0.1%**	**-1.1%**	**-1.1%**	**2.4%**	**3.1%**	**4.5%**	**4.0%**
Barclays Int Govt/Credit			*0.0%*	*-0.9%*	*-0.9%*	*2.9%*	*4.0%*	*4.6%*	*4.1%*
Total High Yield Fixed Income	**$2,053,573**	**13.5%**	**3.6%**	**6.1%**	**6.1%**	**8.4%**	**--**	**--**	**--**
Citi BB/B Ex Split B/CCC Index			*3.3%*	*5.5%*	*5.5%*	*8.7%*	*14.7%*	*6.7%*	*6.9%*
Total Short Duration High Yield Fixed Income	**$3,276,975**	**21.5%**	**2.0%**	**--**	**--**	**--**	**--**	**--**	**--**
BofA Merrill Lynch - U.S. High Yield Cash Pay 1-3 Yr BB Index			*1.8%*	*5.5%*	*5.5%*	*6.7%*	*13.0%*	*7.4%*	*--*
Total Real Estate	**$1,151,772**	**7.6%**	**2.6%**	**12.4%**	**12.4%**	**12.9%**	**2.3%**	**--**	**--**
NCREIF ODCE Index			*3.2%*	*14.0%*	*14.0%*	*13.6%*	*3.7%*	*3.2%*	*7.1%*
Total Cash	**$341,157**	**2.2%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.9%**	**1.4%**
91 Day T-Bills			*0.0%*	*0.0%*	*0.0%*	*0.1%*	*0.1%*	*0.9%*	*1.6%*

	Fiscal Year Ends December 31											
	YTD	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Composite	**3.7%**	**3.7%**	**6.0%**	**5.0%**	**6.2%**	**2.4%**	**-2.7%**	**6.8%**	**7.9%**	**3.0%**	**4.2%**	**5.7%**
Benchmark	*3.8%*	*3.8%*	*6.4%*	*6.2%*	*7.7%*	*4.4%*	*-5.0%*	*7.0%*	*7.4%*	*2.5%*	*4.0%*	*5.5%*

Allocation vs. Targets and Policy

	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference
Domestic Equity	$1,072,028	7.0%	10.0%	5.0% - 15.0%	-3.0%	-$450,043
Investment Grade Fixed Income	$7,325,203	48.1%	55.0%	50.0% - 60.0%	-6.9%	-$1,046,186
High Yield Fixed Income	$2,053,573	13.5%	10.0%	5.0% - 15.0%	3.5%	$531,502
Short Duration High Yield Fixed Income	$3,276,975	21.5%	20.0%	15.0% - 25.0%	1.5%	$232,833
Real Estate	$1,151,772	7.6%	5.0%	0.0% - 10.0%	2.6%	$390,737
Cash	$341,157	2.2%	--	--	2.2%	$341,157
Total	**$15,220,707**	**100.0%**	**100.0%**			

Asset Allocation

- Asset allocation reviews were presented to the Board of Trustees at the December 5, 2007, April 1, 2009, March 11, 2010 May 2, 2013, and March 14, 2014 meetings.
- An asset allocation review and short duration high yield manger search were presented at the May 2, 2013 meeting. Trustees elected to adopt targets of 10% LC Eq/ 55% Intermediate FX/ 20% SD HY/ 10% HY/ 5% RE.
- A short duration high yield search and manager presentations were discussed via teleconference on May 15, 2013. Trustees elected to hire Chartwell for a $3.2 million mandate which was funded from Atlanta Capital on August 15, 2013.
- At the December 20, 2013 BOT meeting, the Trustees elected to rebalance closer to targets by transferring $700,000 to investment grade fixed income from real estate (ARA - $300,000) and high yield (PENN - $400,000). On February 28, 2014, $400,000 will be transferred from PENN Capital (high yield) to Atlanta Capital (investment grade fixed income). On March 31, 2014, $300,000 will be transferred from ARA (real estate) to Atlanta Capital (investment grade fixed income).
- An asset allocation review will be presented at today's meeting.

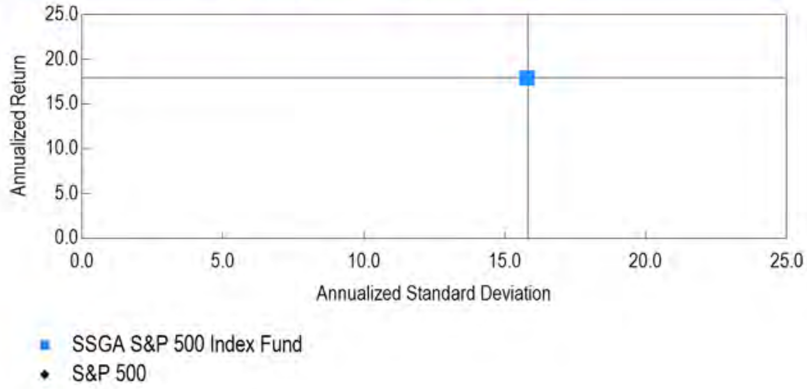
Recommendation: None. Note: Rebalancing of assets within permitted ranges is in process.

Account Information	
Account Name	SSGA S&P 500 Index Fund
Account Structure	Mutual Fund
Investment Style	Passive
Inception Date	7/01/99
Account Type	US Stock Large Cap Core
Benchmark	S&P 500
Universe	eA US Large Cap Core Equity Gross

SSGA S&P 500 Index Fund

Sources of Portfolio Growth	Fourth Quarter	Inception 7/1/99
Beginning Market Value	$970,619	$1,329,795
Net Additions/Withdrawals	$0	-$2,210,060
Investment Earnings	$101,409	$1,952,293
Ending Market Value	$1,072,028	$1,072,028

Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2013



3 Years Ending December 31, 2013

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
SSGA S&P 500 Index Fund	16.1%	12.2%	98.9%	99.2%
S&P 500	16.2%	12.1%	100.0%	100.0%

5 Years Ending December 31, 2013

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
SSGA S&P 500 Index Fund	17.9%	15.8%	98.9%	99.3%
S&P 500	17.9%	15.8%	100.0%	100.0%

Net of Fees

	3 Mo	YTD	1 Yr	3 Yrs	2013	2012	2011
SSGA S&P 500 Index Fund	10.4%	32.1%	32.1%	16.0%	32.1%	15.9%	1.8%
S&P 500	*10.5%*	*32.4%*	*32.4%*	*16.2%*	*32.4%*	*16.0%*	*2.1%*

Gross of Fees / **Inception**

	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	2013	Rank	2012	Rank	2011	Rank	2010	Rank	2009	Rank	Return	Since
SSGA S&P 500 Index Fund	10.4%	43	32.2%	60	32.2%	60	16.1%	52	17.9%	52	32.2%	60	16.0%	40	1.9%	42	15.3%	32	26.4%	49	3.9%	Jul-99
S&P 500	*10.5%*	*41*	*32.4%*	*58*	*32.4%*	*58*	*16.2%*	*50*	*17.9%*	*50*	*32.4%*	*58*	*16.0%*	*41*	*2.1%*	*40*	*15.1%*	*37*	*26.5%*	*48*	*4.0%*	*Jul-99*

Warehouse Employees Local #730 Welfare Fund - SSGA - S&P 500 Index Fund

Manager Summary

Recommendation: None.

Compliance Summary

Because this is a mutual fund investment, SSGA will not sign the compliance checklist.

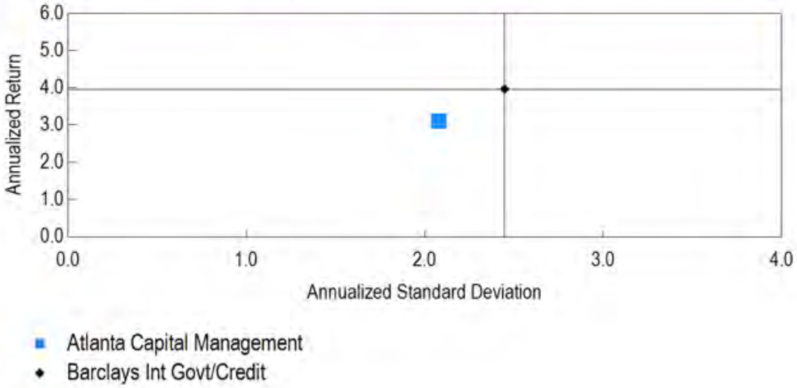
Account Information

Account Name	**Atlanta Capital Management**
Account Structure	**Separate Account**
Investment Style	**Active**
Inception Date	**7/01/04**
Account Type	**US Fixed Income**
Benchmark	**Barclays Int Govt/Credit**
Universe	**eA US Interm Duration Fixed Inc Gross**

Atlanta Capital Management

Sources of Portfolio Growth	Fourth Quarter	Inception 7/1/04
Beginning Market Value	$7,914,093	$9,116,528
Net Additions/Withdrawals	-$600,000	-$6,103,427
Investment Earnings	$11,110	$4,312,102
Ending Market Value	$7,325,203	$7,325,203

Annualized Return vs. Annualized Standard Deviation 5 Years Ending December 31, 2013



3 Years Ending December 31, 2013

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Atlanta Capital Management	2.4%	1.8%	72.7%	57.9%
Barclays Int Govt/Credit	2.9%	2.1%	100.0%	100.0%

5 Years Ending December 31, 2013

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Atlanta Capital Management	3.1%	2.1%	72.6%	69.7%
Barclays Int Govt/Credit	4.0%	2.4%	100.0%	100.0%

Net of Fees

	3 Mo	YTD	1 Yr	3 Yrs	2013	2012	2011
Atlanta Capital Management	0.1%	-1.2%	-1.2%	2.3%	-1.2%	3.4%	4.8%
Barclays Int Govt/Credit	*0.0%*	*-0.9%*	*-0.9%*	*2.9%*	*-0.9%*	*3.9%*	*5.8%*

Gross of Fees

	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	2013	Rank	2012	Rank	2011	Rank	2010	Rank	2009	Rank	Inception Return	Inception Since
Atlanta Capital Management	0.1%	68	-1.1%	85	-1.1%	85	2.4%	96	3.1%	98	-1.1%	85	3.5%	89	4.9%	78	5.1%	89	3.1%	96	4.3%	Jul-04
Barclays Int Govt/Credit	*0.0%*	*82*	*-0.9%*	*71*	*-0.9%*	*71*	*2.9%*	*81*	*4.0%*	*85*	*-0.9%*	*71*	*3.9%*	*79*	*5.8%*	*52*	*5.9%*	*71*	*5.2%*	*80*	*4.3%*	*Jul-04*

Warehouse Employees Local #730 Welfare Fund - Atlanta Capital Management

Correspondence/Transfer Summary

- On September 8, 2008, $5.4 million was received from terminated manager PNC – Short Maturity.
- On August 15, 2013, $3.2 million was used as a funding source for short duration high yield manager, Chartwell.
- An intermediate fixed income search was presented at the December 20, 2013 meeting with presentations heard from manager candidates and Atlanta Capital. The Trustees elected to remain with Atlanta Capital. Updated performance will be presented in June for re-evaluation.

Manager Summary

Recommendation: None.

Compliance Summary

Exception: None.

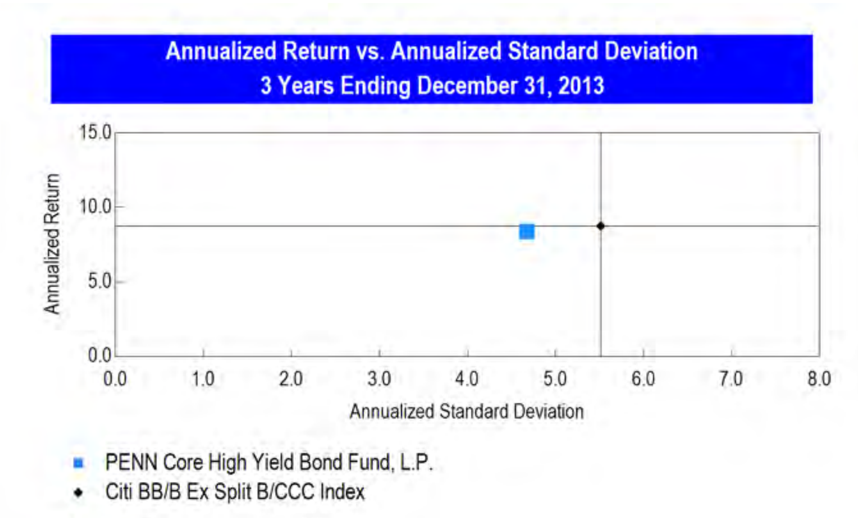
Action to be taken: None.

Items of Interest: Personnel Departure - Atlanta Capital announced the departure of large cap growth research analyst Brian Mansfield effective December 31, 2013. Portfolio managers Richard England and Paul Marshall will absorb Mr. Mansfield's research responsibilities until a replacement is announced. Atlanta Capital's large cap growth team is now composed of six investment professionals-two portfolio managers and four analysts. **Ownership Changes -** Atlanta Capital employee ownership (20 employee/owners) decreased from approximately 20% in fiscal 2013 to 14% as of December 31, 2013. This was the result of Eaton Vance exercising call options and ACM employees exercising put options on employee ownership interests issued in the original ownership structure established in 2001. Consistent with prior years, Eaton Vance granted additional ownership interests in the Atlanta Capital LP entity to key employees in late 2013 as part of their Long Term Incentive/Ownership plan established in 2008. Atlanta Capital anticipates their overall employee ownership percentage to increase over the next few years as additional ownership grants offset any additional ownership puts and calls which apply through 2017.

Account Information	
Account Name	**PENN Core High Yield Bond Fund, L.P.**
Account Structure	**Commingled Fund**
Investment Style	**Active**
Inception Date	**7/01/10**
Account Type	**US Fixed Income High Yield**
Benchmark	**Citi BB/B Ex Split B/CCC Index**
Universe	

PENN Core High Yield Bond Fund, L.P.

Sources of Portfolio Growth	Fourth Quarter	Inception 7/1/10
Beginning Market Value	$1,984,831	$0
Net Additions/Withdrawals	$0	$1,500,007
Investment Earnings	$68,741	$553,565
Ending Market Value	$2,053,573	$2,053,573



3 Years Ending December 31, 2013

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
PENN Core High Yield Bond Fund, L.P.	8.4%	4.7%	90.4%	84.4%
Citi BB/B Ex Split B/CCC Index	8.7%	5.5%	100.0%	100.0%

Net of Fees	3 Mo	YTD	1 Yr	3 Yrs	2013	2012	2011
PENN Core High Yield Bond Fund, L.P.	3.5%	5.8%	5.8%	8.0%	5.8%	12.5%	5.9%
Citi BB/B Ex Split B/CCC Index	*3.3%*	*5.5%*	*5.5%*	*8.7%*	*5.5%*	*14.0%*	*6.8%*

Gross of Fees	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	2013	2012	2011	2010	2009	Inception Return	Inception Since
PENN Core High Yield Bond Fund, L.P.	3.6%	6.1%	6.1%	8.4%	--	6.1%	12.9%	6.3%	--	--	9.8%	Jul-10
Citi BB/B Ex Split B/CCC Index	*3.3%*	*5.5%*	*5.5%*	*8.7%*	*14.7%*	*5.5%*	*14.0%*	*6.8%*	*13.4%*	*36.4%*	*10.1%*	*Jul-10*

Warehouse Employees Local #730 Welfare Fund - PENN Core High Yield Bond Fund

Correspondence/Transfer Summary

- PENN Capital was funded with $1.5M on July 1, 2010.
- On February 28, 2014, $400,000 will be transferred to investment grade fixed income (Atlanta Capital) for rebalancing.

Manager Summary

- IPS conducted a due diligence meeting with PENN Capital on February 8, 2013.
- IPS is scheduled to conduct a due diligence meeting with PENN Capital.

Recommendation: None.

Compliance Summary

Manager verified the portfolio and individual holdings are currently, and have been during the past quarter, in compliance with the firm's commingled investment vehicle guidelines and/or prospectus governing the management of the investment. With respect to the portfolio(s) under management, manager acknowledges sole fiduciary responsibility under ERISA for adherence with the commingled investment vehicle guidelines and/or prospectus.

Items of Interest: None.

Account Information	
Account Name	**Chartwell Investment Partners Short Duration High Yield**
Account Structure	**Separate Account**
Investment Style	**Active**
Inception Date	**8/31/13**
Account Type	**US Fixed Income High Yield**
Benchmark	**BofA Merrill Lynch - U.S. High Yield Cash Pay 1-3 Yr BB Index**
Universe	

Chartwell Investment Partners Short Duration High Yield

Sources of Portfolio Growth	Fourth Quarter	Inception 8/31/13
Beginning Market Value	$3,213,969	$0
Net Additions/Withdrawals	$0	$3,200,000
Investment Earnings	$63,005	$76,975
Ending Market Value	$3,276,975	$3,276,975

	Net of Fees						
	3 Mo	YTD	1 Yr	3 Yrs	2013	2012	2011
Chartwell Investment Partners Short Duration High Yield	1.8%	--	--	--	--	--	--
BofA Merrill Lynch - U.S. High Yield Cash Pay 1-3 Yr BB Index	*1.8%*	*5.5%*	*5.5%*	*6.7%*	*5.5%*	*10.2%*	*4.4%*
Barclays Int Govt/Credit	*0.0%*	*-0.9%*	*-0.9%*	*2.9%*	*-0.9%*	*3.9%*	*5.8%*

	Gross of Fees										Inception	
	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	2013	2012	2011	2010	2009	Return	Since
Chartwell Investment Partners Short Duration High Yield	2.0%	--	--	--	--	--	--	--	--	--	2.8%	Aug-13
BofA Merrill Lynch - U.S. High Yield Cash Pay 1-3 Yr BB Index	*1.8%*	*5.5%*	*5.5%*	*6.7%*	*13.0%*	*5.5%*	*10.2%*	*4.4%*	*11.7%*	*36.1%*	*2.6%*	*Aug-13*
Barclays Int Govt/Credit	*0.0%*	*-0.9%*	*-0.9%*	*2.9%*	*4.0%*	*-0.9%*	*3.9%*	*5.8%*	*5.9%*	*5.2%*	*0.8%*	*Aug-13*

Warehouse Employees Local #730 Welfare Fund - Chartwell Investment Partners Short Duration High Yield

Correspondence/Transfer Summary

- On August 15, 2013, manager was funded with $3.2M from Atlanta Capital (investment grade fixed income).

Manager Summary

- IPS conducted a due diligence meeting with Chartwell on October 22, 2013.
- On January 7, 2014, Chartwell announced it has entered into an agreement to be acquired by TriState Capital Holdings, Inc., a Pittsburgh based bank holding company. The transaction is expected to close during the first quarter of 2014 and clients will be asked to sign a consent of assignment regarding the ownership change.
- IPS has scheduled an on-site due diligence meeting with Chartwell to discuss the effect of the acquisition.

Recommendation: Monitor due to pending ownership change. Sign consent form, subject to review by fund counsel.

Compliance Summary

Exceptions: None.

Action to be taken: None.

Items of Interest: Acquisition - In an announcement dated January 7, 2014 the manager stated after nearly 17 years as an independent company, Chartwell Investment Partners has accepted an offer to be acquired by TriState Capital Holdings, the registered bank holding company for TriState Capital Bank, a commercial bank serving middle-market businesses and high-net-worth individuals. The manager noted TriState Capital is a publicly traded company (NASDAQ: TSC) based in Pittsburgh with representative offices in Philadelphia, Cleveland, Princeton, NJ, and New York City. The manager stated they have structured the specific elements of the transaction to maintain Chartwell's entrepreneurial culture and operational independence. Agreements have been executed which will retain and incentivize their professionals to ensure that the transaction is seamless, and Chartwell will continue to operate under the Chartwell Investment Partners banner. The transaction is expected to close late in the first quarter of this year and is subject to customary regulatory approval and certain closing conditions. **Personnel Additions -** During the fourth quarter of 2013, Chartwell hired Jeffrey Bilsky as a Portfolio Analyst to join the Large Cap investment team. **Retirement -** Kevin Melich, Managing Partner, Large Cap Equities Senior Portfolio Manager, and Bernard Schaffer, Managing Partner, Large Cap Equities Senior Portfolio Manager, retired in the fourth quarter of 2013.

Account Information

Account Name	American Core Realty Fund, LLC
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	7/01/08
Account Type	Real Estate
Benchmark	NCREIF ODCE Index
Universe	

American Core Realty Fund, LLC

Sources of Portfolio Growth	Fourth Quarter	Inception 7/1/08
Beginning Market Value	$1,125,752	$2,000,000
Net Additions/Withdrawals	$0	-$538,507
Investment Earnings	$26,021	-$309,721
Ending Market Value	$1,151,772	$1,151,772

Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2013

3 Years Ending December 31, 2013

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
American Core Realty Fund, LLC	12.9%	1.2%	94.3%	--
NCREIF ODCE Index	13.6%	1.4%	100.0%	--

5 Years Ending December 31, 2013

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
American Core Realty Fund, LLC	2.3%	10.1%	85.1%	100.8%
NCREIF ODCE Index	3.7%	10.4%	100.0%	100.0%

Net of Fees

	3 Mo	YTD	1 Yr	3 Yrs	2013	2012	2011
American Core Realty Fund, LLC	2.3%	11.1%	11.1%	11.7%	11.1%	10.1%	13.8%
NCREIF ODCE Index	*3.2%*	*14.0%*	*14.0%*	*13.6%*	*14.0%*	*10.8%*	*16.0%*

Gross of Fees

	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	2013	2012	2011	2010	2009	Inception Return	Inception Since
American Core Realty Fund, LLC	2.6%	12.4%	12.4%	12.9%	2.3%	12.4%	11.3%	15.1%	11.2%	-30.0%	0.5%	Jul-08
NCREIF ODCE Index	*3.2%*	*14.0%*	*14.0%*	*13.6%*	*3.7%*	*14.0%*	*10.8%*	*16.0%*	*16.4%*	*-29.8%*	*1.1%*	*Jul-08*

Warehouse Employees Local #730 Welfare Fund - American Core Realty Fund

Correspondence/Transfer Summary

- On March 31, 2014, $300,000 will be transferred to investment grade fixed income (Atlanta Capital) for rebalancing.

Manager Summary

- IPS conducted a due diligence meeting with American Realty Advisors on November 13, 2013.

Recommendation: None.

Compliance Summary

Manager verified that the portfolio is currently, and has been during the past quarter, in compliance with the firm's commingled investment vehicle investment guidelines and/or offering document governing the management of the investment. With respect to the portfolio(s) under management, manager acknowledges sole fiduciary responsibility under ERISA for adherence with the commingled investment vehicle and /or offering document guidelines.

Items of Interest: Investment Policy Changes - The manager noted the Core Fund's Investment Policy Statement is updated on an annual basis. The Q4 annual update did not modify the Fund's policies in any material manner. **E&O Insurance Changes -** Last quarter American requested that its Errors and Omissions insurance carrier issue an endorsement to its policy to better clarify the coverage provided with respect to the title holding entities, and the carrier has agreed to do so effective as of the policy's inception.

Account Information	
Account Name	**PNC Cash Account**
Account Structure	**Separate Account**
Investment Style	**Active**
Inception Date	**1/01/98**
Account Type	**Cash**
Benchmark	**91 Day T-Bills**
Universe	

PNC Cash Account

Sources of Portfolio Growth	Fourth Quarter	Inception 1/1/98
Beginning Market Value	$696,133	$1,375,630
Net Additions/Withdrawals	-$354,995	-$1,208,160
Investment Earnings	$19	$173,687
Ending Market Value	$341,157	$341,157

	Gross of Fees										Inception	
	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	2013	2012	2011	2010	2009	Return	Since
PNC Cash Account	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	2.3%	Jan-98
91 Day T-Bills	*0.0%*	*0.0%*	*0.0%*	*0.1%*	*0.1%*	*0.0%*	*0.1%*	*0.0%*	*0.1%*	*0.1%*	*2.3%*	*Jan-98*

Commission Recapture Provider

- ConvergEx Group.
- ConvergEx Group Item of Interest: See Tab F.

Custody Bank

- The current custodian is PNC Bank.

Investment Policy Statement

- The current investment policy statement was adopted and signed on September 21, 2006.

Commingled Funds

- Commingled Fund: Due to the commingled fund structure, IPS does not monitor the holdings within the commingled fund for compliance with the client's investment policy statement. The commingled fund is governed by its own investment policy. However, all investment managers have verified that the portfolio and individual holdings are currently, and have been during the past quarter, in compliance with the firm's commingled investment vehicle guidelines and/or offering document governing the management of the investment.

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Warehouse Local #730 Welfare Fund

Appendix

Performance Summary (Gross of Fees) - Annualized

			Ending December 31, 2013							Inception	
	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Return	Since
Composite	**$15,220,707**	**100.0%**	**1.8%**	**3.7%**	**3.7%**	**4.9%**	**4.6%**	**3.9%**	**4.2%**	**4.8%**	**Jan-98**
Total Domestic Equity	**$1,072,028**	**7.0%**	**10.4%**	**32.2%**	**32.2%**	**16.1%**	**17.9%**	**6.1%**	**7.3%**	**3.9%**	**Jul-99**
S&P 500			*10.5%*	*32.4%*	*32.4%*	*16.2%*	*17.9%*	*6.1%*	*7.4%*	*4.0%*	*Jul-99*
SSGA S&P 500 Index Fund	$1,072,028	7.0%	10.4%	32.2%	32.2%	16.1%	17.9%	6.1%	7.3%	3.9%	Jul-99
S&P 500			*10.5%*	*32.4%*	*32.4%*	*16.2%*	*17.9%*	*6.1%*	*7.4%*	*4.0%*	*Jul-99*
Total Investment Grade Fixed Income	**$7,325,203**	**48.1%**	**0.1%**	**-1.1%**	**-1.1%**	**2.4%**	**3.1%**	**4.5%**	**4.0%**	**4.9%**	**Jan-98**
Barclays Int Govt/Credit			*0.0%*	*-0.9%*	*-0.9%*	*2.9%*	*4.0%*	*4.6%*	*4.1%*	*5.2%*	*Jan-98*
Atlanta Capital Management	$7,325,203	48.1%	0.1%	-1.1%	-1.1%	2.4%	3.1%	4.5%	--	4.3%	Jul-04
Barclays Int Govt/Credit			*0.0%*	*-0.9%*	*-0.9%*	*2.9%*	*4.0%*	*4.6%*	*4.1%*	*4.3%*	*Jul-04*
Total High Yield Fixed Income	**$2,053,573**	**13.5%**	**3.6%**	**6.1%**	**6.1%**	**8.4%**	**--**	**--**	**--**	**9.8%**	**Jul-10**
Citi BB/B Ex Split B/CCC Index			*3.3%*	*5.5%*	*5.5%*	*8.7%*	*14.7%*	*6.7%*	*6.9%*	*10.1%*	*Jul-10*
PENN Core High Yield Bond Fund, L.P.	$2,053,573	13.5%	3.6%	6.1%	6.1%	8.4%	--	--	--	9.8%	Jul-10
Citi BB/B Ex Split B/CCC Index			*3.3%*	*5.5%*	*5.5%*	*8.7%*	*14.7%*	*6.7%*	*6.9%*	*10.1%*	*Jul-10*
Total Short Duration High Yield Fixed Income	**$3,276,975**	**21.5%**	**2.0%**	**--**	**--**	**--**	**--**	**--**	**--**	**2.8%**	**Aug-13**
BofA Merrill Lynch - U.S. High Yield Cash Pay 1-3 Yr BB Index			*1.8%*	*5.5%*	*5.5%*	*6.7%*	*13.0%*	*7.4%*	--	*2.6%*	*Aug-13*
Chartwell Investment Partners Short Duration High Yield	$3,276,975	21.5%	2.0%	--	--	--	--	--	--	2.8%	Aug-13
BofA Merrill Lynch - U.S. High Yield Cash Pay 1-3 Yr BB Index			*1.8%*	*5.5%*	*5.5%*	*6.7%*	*13.0%*	*7.4%*	--	*2.6%*	*Aug-13*
Barclays Int Govt/Credit			*0.0%*	*-0.9%*	*-0.9%*	*2.9%*	*4.0%*	*4.6%*	*4.1%*	*0.8%*	*Aug-13*

Performance Summary (Gross of Fees) - Annualized

	Market Value	% of Portfolio	Ending December 31, 2013							Inception	
			3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Return	Since
Total Real Estate	**$1,151,772**	**7.6%**	**2.6%**	**12.4%**	**12.4%**	**12.9%**	**2.3%**	**--**	**--**	**0.5%**	**Jul-08**
NCREIF ODCE Index			*3.2%*	*14.0%*	*14.0%*	*13.6%*	*3.7%*	*3.2%*	*7.1%*	*1.1%*	*Jul-08*
American Core Realty Fund, LLC	$1,151,772	7.6%	2.6%	12.4%	12.4%	12.9%	2.3%	--	--	0.5%	Jul-08
NCREIF ODCE Index			*3.2%*	*14.0%*	*14.0%*	*13.6%*	*3.7%*	*3.2%*	*7.1%*	*1.1%*	*Jul-08*
Total Cash	**$341,157**	**2.2%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.9%**	**1.4%**	**2.3%**	**Jan-98**
91 Day T-Bills			*0.0%*	*0.0%*	*0.0%*	*0.1%*	*0.1%*	*0.9%*	*1.6%*	*2.3%*	*Jan-98*
PNC Cash Account	$341,157	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	1.4%	2.3%	Jan-98
91 Day T-Bills			*0.0%*	*0.0%*	*0.0%*	*0.1%*	*0.1%*	*0.9%*	*1.6%*	*2.3%*	*Jan-98*

Performance Summary (Net of Fees) - Annualized

			Ending December 31, 2013			
	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs
Composite	**$15,220,707**	**100.0%**	**1.7%**	**3.4%**	**3.4%**	**4.7%**
Total Domestic Equity	**$1,072,028**	**7.0%**	**10.4%**	**32.1%**	**32.1%**	**16.0%**
S&P 500			*10.5%*	*32.4%*	*32.4%*	*16.2%*
SSGA S&P 500 Index Fund	$1,072,028	7.0%	10.4%	32.1%	32.1%	16.0%
S&P 500			*10.5%*	*32.4%*	*32.4%*	*16.2%*
Total Investment Grade Fixed Income	**$7,325,203**	**48.1%**	**0.1%**	**-1.2%**	**-1.2%**	**2.3%**
Barclays Int Govt/Credit			*0.0%*	*-0.9%*	*-0.9%*	*2.9%*
Atlanta Capital Management	$7,325,203	48.1%	0.1%	-1.2%	-1.2%	2.3%
Barclays Int Govt/Credit			*0.0%*	*-0.9%*	*-0.9%*	*2.9%*
Total High Yield Fixed Income	**$2,053,573**	**13.5%**	**3.5%**	**5.8%**	**5.8%**	**8.0%**
Citi BB/B Ex Split B/CCC Index			*3.3%*	*5.5%*	*5.5%*	*8.7%*
PENN Core High Yield Bond Fund, L.P.	$2,053,573	13.5%	3.5%	5.8%	5.8%	8.0%
Citi BB/B Ex Split B/CCC Index			*3.3%*	*5.5%*	*5.5%*	*8.7%*
Total Short Duration High Yield Fixed Income	**$3,276,975**	**21.5%**	**1.8%**	**--**	**--**	**--**
BofA Merrill Lynch - U.S. High Yield Cash Pay 1-3 Yr BB Index			*1.8%*	*5.5%*	*5.5%*	*6.7%*
Chartwell Investment Partners Short Duration High Yield	$3,276,975	21.5%	1.8%	--	--	--
BofA Merrill Lynch - U.S. High Yield Cash Pay 1-3 Yr BB Index			*1.8%*	*5.5%*	*5.5%*	*6.7%*
Barclays Int Govt/Credit			*0.0%*	*-0.9%*	*-0.9%*	*2.9%*

Performance Summary (Net of Fees) - Annualized

			Ending December 31, 2013			
	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs
Total Real Estate	**$1,151,772**	**7.6%**	**2.3%**	**11.1%**	**11.1%**	**11.7%**
NCREIF ODCE Index			*3.2%*	*14.0%*	*14.0%*	*13.6%*
American Core Realty Fund, LLC	$1,151,772	7.6%	2.3%	11.1%	11.1%	11.7%
NCREIF ODCE Index			*3.2%*	*14.0%*	*14.0%*	*13.6%*
Total Cash	**$341,157**	**2.2%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
91 Day T-Bills			*0.0%*	*0.0%*	*0.0%*	*0.1%*
PNC Cash Account	$341,157	2.2%	0.0%	0.0%	0.0%	0.0%
91 Day T-Bills			*0.0%*	*0.0%*	*0.0%*	*0.1%*

Index Disclosure

· Barclays Int Govt/Credit – Index listed for illustration purposes.

Warehouse Local 730 Welfare Fund
Custom Benchmark
Composite

Start	End	Percent	Description
1-Jan-98	31-Mar-01	10%	S&P 500 Index
		90%	ML 1-3 Yr Treasury
1-Apr-01	31-Dec-03	10%	S&P 500 Index
		45%	ML 1-3 Yr Treasury
		45%	Barclays Int Govt/Credit
1-Jan-04	30-Jun-04	20%	S&P 500 Index
		40%	ML 1-3 Yr Treasury
		40%	Barclays Int Govt/Credit
1-Jul-04	30-Jun-06	25%	S&P 500 Index
		37.5%	ML 1-3 Yr Treasury
		37.5%	Barclays Int Govt/Credit
1-Jul-06	30-Jun-08	25%	S&P 500 Index
		75%	Barclays Int Govt/Credit

Start	End	Percent	Description
1-Jul-08	30-Jun-10	15%	S&P 500 Index
		75%	Barclays Int Govt/Credit
		10%	NCREIF Open End Fds
1-Jul-10	31-Aug-13	10%	S&P 500 Index
		75%	Barclays Int Govt/Credit
		5%	NCREIF Open End Fds
		10%	Citi BB/B Ex Split B/CCC Index
1-Sep-13	*	10%	S&P 500 Index
		55%	Barclays Int Govt/Credit
		10%	Citi BB/B Ex Split B/CCC Index
		20%	BofA Merrill Lynch - U.S. High Yield Cash Pay 1-3 Yr BB Index
		5%	NCREIF Open End Fds

*The above benchmark detail represents historical and *current

Warehouse Local #730 Welfare Fund

FOOTNOTE

- The following composite returns prior to 1st quarter 2010 do not include cash in the calculation of returns.
    - Total Domestic Equity
    - Total Domestic Fixed Investment Grade
    - Total Real Estate

- Net of fee returns are net of investment manager fees and are estimated. Net of fee calculations began 1st quarter 2008 and cannot be calculated for prior time periods.

- Values, flows and returns for all commingled funds, mutual funds and partnerships are provided by the firm managing the assets and cannot be independently verified. Separately managed account returns are calculated by IPS using custodian data.

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INVESTMENT PERFORMANCE SERVICES, LLC

Warehouse Local #730 Welfare Fund

Preliminary Monthly Performance Analysis

Period Ended
January 31, 2014

Summary of Cash Flows

Sources of Portfolio Growth	Last Month	Year-To-Date
Beginning Market Value	$15,220,707	$15,220,707
Net Additions/Withdrawals	-$240,899	-$240,899
Investment Earnings	$36,339	$36,339
Ending Market Value	$15,016,147	$15,016,147

Allocation vs. Targets and Policy

	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference
Domestic Equity	$1,035,074	6.9%	10.0%	5.0% - 15.0%	-3.1%	-$466,541
Investment Grade Fixed Income	$7,081,064	47.2%	55.0%	50.0% - 60.0%	-7.8%	-$1,177,817
High Yield Fixed Income	$2,064,789	13.8%	10.0%	5.0% - 15.0%	3.8%	$563,175
Short Duration High Yield Fixed Income	$3,283,186	21.9%	20.0%	15.0% - 25.0%	1.9%	$279,957
Real Estate	$1,151,772	7.7%	5.0%	0.0% - 10.0%	2.7%	$400,965
Cash	$400,262	2.7%	--	--	2.7%	$400,262
Total	**$15,016,147**	**100.0%**	**100.0%**			

Performance Summary

	Ending January 31, 2014			
	Market Value	% of Portfolio	1 Mo	YTD
Composite	**$15,016,147**	**100.0%**	**0.2%**	**0.2%**
Total Domestic Equity	**$1,035,074**	**6.9%**	**-3.4%**	**-3.4%**
S&P 500			*-3.5%*	*-3.5%*
SSGA S&P 500 Index Fund	$1,035,074	6.9%	-3.4%	-3.4%
S&P 500			*-3.5%*	*-3.5%*
Total Investment Grade Fixed Income	**$7,081,064**	**47.2%**	**0.8%**	**0.8%**
Barclays Int Govt/Credit			*0.9%*	*0.9%*
Atlanta Capital Management	$7,081,064	47.2%	0.8%	0.8%
Barclays Int Govt/Credit			*0.9%*	*0.9%*
Total High Yield Fixed Income	**$2,064,789**	**13.8%**	**0.6%**	**0.6%**
Citi BB/B Ex Split B/CCC Index			*0.7%*	*0.7%*
PENN Core High Yield Bond Fund, L.P.	$2,064,789	13.8%	0.6%	0.6%
Citi BB/B Ex Split B/CCC Index			*0.7%*	*0.7%*
Total Short Duration High Yield Fixed Income	**$3,283,186**	**21.9%**	**0.2%**	**0.2%**
BofA Merrill Lynch - U.S. High Yield Cash Pay 1-3 Yr BB Index			*0.2%*	*0.2%*
Chartwell Investment Partners Short Duration High Yield	$3,283,186	21.9%	0.2%	0.2%
BofA Merrill Lynch - U.S. High Yield Cash Pay 1-3 Yr BB Index			*0.2%*	*0.2%*
Barclays Int Govt/Credit			*0.9%*	*0.9%*

Performance Summary

	Ending January 31, 2014			
	Market Value	% of Portfolio	1 Mo	YTD
Total Real Estate	**$1,151,772**	**7.7%**		
American Core Realty Fund, LLC	$1,151,772	7.7%		
Total Cash	**$400,262**	**2.7%**	**0.0%**	**0.0%**
91 Day T-Bills			*0.0%*	*0.0%*
PNC Cash Account	$400,262	2.7%	0.0%	0.0%
91 Day T-Bills			*0.0%*	*0.0%*

Index Disclosure

- Barclays Int Govt/Credit – Index listed for illustration purposes.

Footnotes

- American Realty is valued quarterly. Market value shown is as of 12/31/13.
- On 1/7/14, Atlanta Capital distributed $300,000 to PNC Cash.

ASSET ALLOCATION
AND FUND STRUCTURE REVIEW

Warehouse Employees Local #730
Health and Welfare Fund

March 14, 2014

INVESTMENT PERFORMANCE SERVICES, LLC

Richard Sichel, Jr. – President

INVESTMENT PERFORMANCE SERVICES, LLC
ASSET ALLOCATION ASSUMPTIONS

10-Year Annualized Expectations

Asset Class	Return	Risk
Equity		
U.S. Large Cap Stocks	8.00%	19.00
U.S. Mid Cap Stocks	8.50%	22.00
U.S. Smid Cap Stocks	8.50%	24.00
U.S. Small Cap Stocks	8.50%	25.00
International Stocks	8.25%	20.75
Fixed Income		
Cash Equivalents	1.00%	0.50
Bonds- Short Term Government / Credit	2.00%	2.50
Bonds- Intermediate	3.00%	4.00
Bonds- Core	3.25%	5.00
Bonds- High Quality Short Duration High Yield	5.50%	5.75
Bonds- High Quality High Yield	6.00%	10.00
Alternatives		
Hedge Fund of Funds – Multi-Strategy	7.25%	8.00
Global Tactical Asset Allocation	7.75%	12.50
Real Estate – Core	8.00%	9.00

The above chart represents an annualized return forecast for different asset classes using index returns (net of fees). These forecasts are forward-looking assumptions based on reasonable beliefs of the IPS Investment Committee but are not a guarantee of future performance. Actual results may differ from the forecast above.

INVESTMENT PERFORMANCE SERVICES, LLC

IPS Investment Committee (01/14).

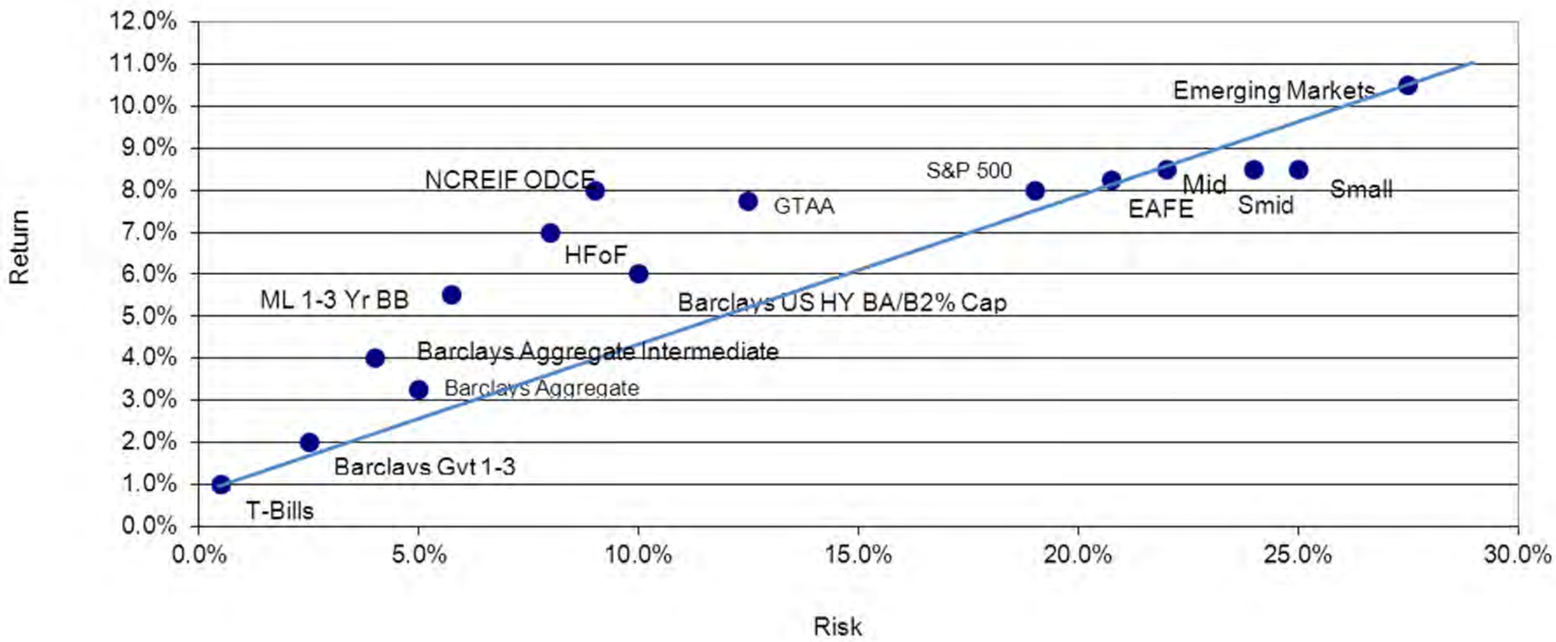
Investment Performance Services, LLC
Model Asset Class Constraints

Total Domestic Equity	20%	Max
Domestic Large Cap Equity	0%	Min
Small, Mid and Smid Cap Equity	0%	Max
International Equity	0%	Max
Fixed Investment Grade	10%	Min
High Quality High Yield Bonds (Includes Short Duration)	30%	Max
Real Estate Equity	10%	Max
Hedge Fund of Funds	0%	Max
Global Tactical Asset Allocation	0%	Max
Emerging Markets	0%	Max
Private Equity	0%	Max
Global Bonds	0%	Max

IPS Investment Committee (01/14)

Capital Market Assumptions - December 2013

	Emerging Markets	Large Stocks	Smid Stocks	Mid Stocks	Small Stocks	Internat'l Stocks	ST Gvt Credit	Intermed Bonds	Core Bonds	SD HY Bonds	HY	RE	HF of F	GTAA	T-BILL
Return	10.50	8.00	8.50	8.50	8.50	8.25	2.00	3.00	3.25	5.50	6.00	8.00	7.25	7.75	1.00
Risk	27.50	19.00	24.00	22.00	25.00	20.75	2.50	4.00	5.00	5.75	10.00	9.00	8.00	12.50	0.50



INVESTMENT PERFORMANCE SERVICES, LLC

Warehouse Employees Local #730 Health and Welfare Fund
Asset Class Correlations
March 14, 2014

Assumption table:

	Large Stocks	Smid Stocks	Mid Stocks	Small Stocks	Internat'l Stocks	ST Gvt Credit	Intermed Bonds	Core Bonds	SD HY Bonds	HY	RE	HF of F	GTAA	T-BILL
Return	8.00	8.50	8.50	8.50	8.25	2.00	3.00	3.25	5.50	6.00	8.00	7.25	7.75	1.00
Risk	19.00	24.00	22.00	25.00	20.75	2.50	4.00	5.00	5.75	10.00	9.00	8.00	12.50	0.50
Correlations														
Large Cap Stocks	1.00													
Smid Cap Stocks	0.95	1.00												
Mid Cap Stocks	0.96	0.98	1.00											
Small Cap Stocks	0.93	0.98	0.96	1.00										
International Stocks	0.89	0.85	0.88	0.81	1.00									
Short Term Gov't Credit	-0.05	-0.09	-0.06	-0.11	0.06	1.00								
Intermediate Bonds	0.07	0.03	0.06	-0.01	0.15	0.83	1.00							
Core Bonds	0.04	0.00	0.04	-0.03	0.13	0.76	0.98	1.00						
Short Duration High Yield Bonds	0.63	0.64	0.70	0.58	0.66	0.18	0.35	0.31	1.00					
High Yield Bonds	0.68	0.69	0.73	0.65	0.70	0.12	0.30	0.27	0.93	1.00				
Real Estate	0.15	0.12	0.12	0.12	0.11	-0.18	-0.14	-0.12	-0.15	-0.07	1.00			
Hedge Fund of Funds	0.70	0.69	0.74	0.65	0.79	-0.04	0.00	-0.02	0.63	0.63	0.17	1.00		
GTAA	0.93	0.88	0.91	0.84	0.97	0.14	0.25	0.22	0.65	0.70	0.11	0.74	1.00	
T-Bill	-0.10	-0.12	-0.12	-0.11	-0.04	0.32	0.07	0.04	-0.17	-0.17	0.28	0.00	-0.05	1.00

A Correlation of 1.00 indicates two series move perfectly together while a -1.00 shows they move perfectly opposite one another.

Warehouse Employees Local #730 Health and Welfare Fund
Asset Allocation Review
March 14, 2014

Efficient Frontier Report

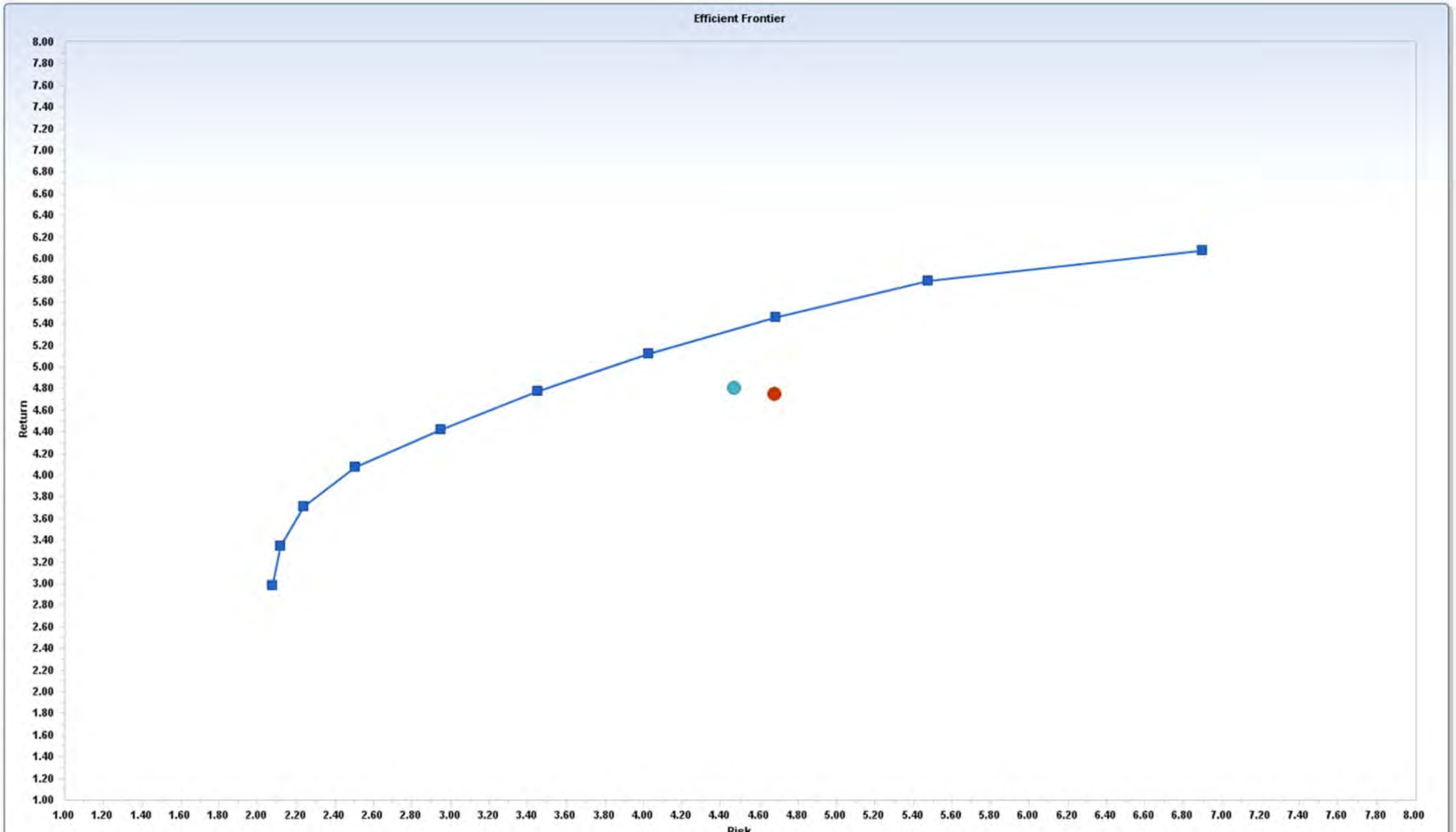
Asset	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4	Portfolio 5	Portfolio 6	Portfolio 7	Portfolio 8	Portfolio 9	Portfolio 10
Large Cap Stocks	0.00	0.00	0.00	0.16	2.17	4.28	7.87	12.16	18.03	20.00
Smid Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mid Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Small Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
International Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Short Term Gov't Credit	74.44	66.60	57.82	43.12	30.62	8.77	0.00	0.00	0.00	0.00
Intermediate Bonds	0.00	0.00	0.00	6.72	22.21	41.96	33.63	0.00	0.00	0.00
Core Bonds	0.00	0.00	0.00	0.00	0.00	0.00	13.49	42.84	36.97	35.00
Short Duration High Yield Bonds	10.34	15.16	22.18	30.00	30.00	30.00	30.00	30.00	30.00	0.00
High Yield Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.00
Real Estate	10.22	13.24	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Hedge Fund of Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GTAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
T-Bill	5.00	5.00	5.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00
Return	2.98	3.35	3.71	4.07	4.43	4.78	5.12	5.46	5.79	6.07
Risk	2.08	2.12	2.24	2.51	2.95	3.45	4.03	4.69	5.47	6.90
Return/Risk	1.43	1.58	1.66	1.62	1.50	1.38	1.27	1.16	1.06	0.88

* Compound annual return.
* Returns based on a geometric calculation.

Warehouse Employees Local #730 Health and Welfare Fund
Asset Allocation Review Summary

	% Asset Class Target										
	US LC Equity	Fixed Income Interm	SD HY	High Yield	Real Estate	HFoF-Multi Strategy	GTAA	Cash	Expected Return	Risk	Comments
Warehouse 730 Health & Welfare Fund	10.0	55.0	20.0	10.0	5.0	0.0	0.0	0.0	4.75%	4.68	Investment Policy Targets
Actual 1 - B	7.0	48.1	21.5	13.5	7.6	0.0	0.0	2.2	4.81%	4.47	31-Dec-13

Warehouse Employees Local #730 Health and Welfare Fund
Asset Allocation Review



* Compound Annual Return

Glossary of Investment Terminology

Total Return	The annual return on an investment including appreciation, depreciation and income (interest, dividends, net operating income).
Alpha	The excess return (positive or negative) generated by active portfolio management and security selection, relative to a benchmark.
Beta	A historical measure of an investment's volatility relative to the market. The beta of the market is 1.0 (as represented by a benchmark such as the S&P 500 Index). A beta of greater than 1.0 indicates an investment with greater volatility than the benchmark. A beta of less than 1.0 indicates less volatility than the benchmark.
Standard Deviation	Standard deviation is a statistical measurement of the dispersion of a set of data from its mean. The more spread apart the data are, the greater the standard deviation.
Risk	For an investment portfolio, risk is typically defined as the volatility of the returns, as measured by calculating the standard deviation. The risk does not necessarily indicate the risk of loss, but does indicate the risk of inconsistent returns.
Capture Ratio	Calculates how well a manager performs in a rising or falling market as a percentage of a benchmark. In a rising market, a percentage of 100 or better is preferred, and indicates the manager exceeded the benchmark (upside capture ratio). In a falling market, a percentage of less than 100 is preferred, indicating that the manager lost less than the benchmark (downside capture ratio).
Correlation	A statistical measure of how two asset classes perform in relation to each other. Asset classes with a correlation of 1.0 have perfect positive correlation (exactly the same). Assets with perfect negative correlation of -1.0 will perform equally but in opposite directions.
Efficient Frontier	A series of portfolios with the maximum expected return for any level of risk, which is calculated based on assumptions of risk, return and correlation. These portfolios are shown graphically on a risk and return chart, and represent the most efficient tradeoff between risk and return.
Market Cap	The dollar value of a corporation, which is calculated by multiplying the share price and the number of outstanding shares.
Large Cap	Stocks which typically have a market capitalization of $10 billion or higher.
Mid Cap	Stocks which typically have a market capitalization of $2 to $10 billion.
Small Cap	Stocks which typically have a market capitalization of $2 billion or less.
Geometric Calculation	Geometric Calculations are used when determining an annualized investment return and tends to dampen the effect of very high or very low values. The result is a number that is smaller than (or equal to) the arithmetic average of the values.
Compound Annual Returns	Compound annual returns show the annual investment return, assuming the investment grew at a constant rate, and reflects the impact of the time in the calculation of an investment return.
Return/Risk Ratio	The return/risk ratio is the expected return of an investment divided by the expected standard deviation (risk). When comparing return/risk ratios a higher value is presumed to be better than a lower value

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February 4, 2014

Ms. Alicia Cochran
Warehouse Employees Union Local #730 Health & Welfare Fund
Associated Administrators, LLC
911 Ridgebrook Rd., Suite 201
Sparks, MD 21152

Dear Ms. Cochran:

On December 18, 2013, ConvergEx resolved parallel regulatory investigations conducted by the Securities and Exchange Commission and the United States Department of Justice. These investigations focused on the routing of certain global trading and transition management customer orders to the former Bermuda trading desk of ConvergEx Global Markets ("CGM") where they were net traded. The investigations also involved the misconduct of certain former employees who, at times between 2006 and 2011, concealed this activity and the compensation earned by CGM on those orders. The employees who engaged in this misconduct are no longer at the Company, the Bermuda trading desk of CGM was shut down by ConvergEx, and the activity associated with these investigations was discontinued two years ago.

During the course of the investigations, we examined your institution's trades with ConvergEx and we can confirm to you that **none of your trades** were impacted by the activity mentioned above or were in any way at issue in the investigations.

In fact, the overwhelming majority of ConvergEx's equity execution business clients and customer orders were not affected by the conduct described in the resolutions. Specifically, fewer than 5% of equity execution clients and less than 1% of orders were routed to CGM and net traded. As the SEC Order itself states, the conduct at issue did not involve the following businesses of ConvergEx Execution Solutions, G-Trade Services, or their affiliates: U.S. Program and Sales Trading, Options Services, Prime Services, ATSs, Commission Management and Recapture Services, Clearing or Technology. The proceedings also did not involve orders executed through ConvergEx's Direct Market Access platform. Additionally, numerous ConvergEx subsidiaries, including Westminster Research Associates, ConvergEx Prime Services and LiquidPoint, were not named as parties to either resolution.

Moreover, the SEC and DOJ each commended ConvergEx for its substantial cooperation throughout the government's investigations and highlighted the significant remedial measures undertaken by the Company. As you would also expect, ConvergEx has significantly enhanced its policies, procedures and controls in order to prevent anything like this from ever happening again.

Looking to the future, ConvergEx is financially sound with no debt, and the net capital levels of our broker-dealers will not be affected by payment of the resolutions. With more than 600 dedicated employees and a diverse mix of best-in-class products and services, ConvergEx is well positioned to move past these legacy matters, grow its business and expand its position as a market leader. We remain intensely focused on providing our customers with best-in-class products and services, and we are highly confident that we will be a stronger, better and wiser company going forward.

We greatly value our relationship and recognize the trust you place in us. Ensuring your confidence and continuing our partnership is our top priority. If you have any questions about these resolutions, please contact Steven Heineman at 212.468.7796 or your ConvergEx representative.

Respectfully,

Steven P. Heineman
General Counsel

Charles Rappold
Vice Chairman

SEC Charges ConvergEx Subsidiaries With Fraud for Deceiving Customers About Commissions

FOR IMMEDIATE RELEASE
2013-266
Washington D.C., Dec. 18, 2013 —

The Securities and Exchange Commission today announced fraud charges against three brokerage subsidiaries and two former employees of a global trading services provider that caused many institutional clients to pay substantially higher amounts than disclosed for the execution of trading orders.

These subsidiaries of ConvergEx Group agreed to pay more than $107 million and admit wrongdoing to settle the SEC's charges. The former employees, Jonathan Daspin and Thomas Lekargeren, also agreed to admit and settle the charges against them.

In a parallel action, the Department of Justice announced criminal charges against ConvergEx Group, a brokerage subsidiary, and the two former employees. To resolve those charges, ConvergEx Group has agreed to pay $43.8 million in criminal penalties and restitution.

Customers with large orders typically rely on their brokers to execute orders on their behalf at the most favorable terms reasonably available. Monitoring the execution quality and costs of these orders can be difficult even for the most sophisticated investors given the complex nature of the markets where brokers must choose from a variety of order types, routing strategies, and trading venues.

"Customers have a right to expect honesty from their brokers and accurate information in response to their inquiries," said Andrew Ceresney, co-director of the SEC's Division of Enforcement. "These ConvergEx brokers misled their customers and failed to provide complete information about the costs they were charging."

According to the SEC's order instituting settled administrative proceedings, the ConvergEx brokerage firms represented to customers that they charge explicit commissions to execute equity trading orders. However, they routinely routed orders, including orders for U.S. equities, to an offshore affiliate in Bermuda that executed them on a riskless basis and opportunistically boosted their profits by adding a mark-up or mark-down on the price of a security. The offshore affiliate often consulted with the client-facing brokers to assess the risk of customer detection before taking the extra money on top of the disclosed commissions. The mark-ups and mark-downs caused many customers to unknowingly pay more than double what they understood they were paying to have their orders executed.

“ConvergEx brokerages sent customer trades on an unnecessary journey through its offshore affiliate so they could take extra fees behind customers’ backs,” said Stephen L. Cohen, associate director of the SEC’s Division of Enforcement. “Brokers who seek to enhance their bottom lines through deception about their compensation are violating the law and the trust of their customers.”

According to the SEC’s order, the ConvergEx brokerages involved in the scheme were G-Trade Services LLC, ConvergEx Global Markets Limited, and ConvergEx Execution Solutions LLC. Their customers included funds managed on behalf of charities, religious organizations, retirement plans, universities, and governments. The ConvergEx brokerages believed they would lose business if customers became aware of their mark-ups and mark-downs, so they engaged in specific acts to hide the scheme. Typically, they only took mark-ups and mark-downs on top of the disclosed commissions in situations where they believed that the risk of detection was low. They also made false and misleading statements to customers who inquired about their overall compensation, even providing certain customers with falsified trading data to cover up the fact that the offshore affiliate had taken mark-ups or mark-downs on their orders. The practice of executing orders through the offshore affiliate was not adequately disclosed to customers and was inconsistent with ConvergEx’s advertised conflict-free agency model. Using this practice, the ConvergEx brokers failed to seek best execution for their customers’ orders.

The SEC’s order finds that the ConvergEx brokerages violated Sections 10(b) and 15(c) of the Securities Exchange Act of 1934. The ConvergEx brokerages admitted to the facts underlying the SEC’s charges and acknowledged that their conduct violated the federal securities laws. The firms agreed to pay disgorgement and prejudgment interest totaling $87,424,429 and a penalty of $20 million. In determining the penalty amount, the SEC considered ConvergEx’s substantial cooperation after the agency commenced its investigation. The SEC also considered the company’s significant remedial measures, including the closure of the Bermuda affiliate and the discharge of a number of employees in management and other positions as it ended the practice of routing U.S. securities offshore for order handling.

Daspin and Lekargeren, who are providing cooperation in the SEC’s investigation, admitted to taking steps to conceal the practice of taking trading profits from customers. Daspin agreed to pay a total of $1,111,550 in disgorgement and prejudgment interest, and Lekargeren agreed to pay a total of $117,042 in disgorgement and prejudgment interest. The SEC considered their cooperation in determining the appropriate terms of settlement.

The SEC seeks to return the money collected in these settlements to harmed customers through a Fair Fund distribution.

The SEC’s investigation, which is continuing, has been conducted by Sarah L. Allgeier, Richard E. Johnston, and Thomas D. Manganello under the supervision of Jennifer S. Leete and with assistance from Cheryl L. Crumpton and Kyle M. DeYoung. The SEC appreciates the assistance of the Fraud Section of the Department of Justice’s Criminal Division, the Federal Bureau of Investigation, and the U.S. Postal Inspection Service.

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Related Materials

- SEC order against ConvergEx brokerages
- SEC order against Daspin
- SEC order against Lekargeren