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FELRA & UFCW Health & Welfare

Investment Performance Update
Periods Ending July 31, 2013

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Investment Market Update: As of July 31, 2013

PERFORMANCE THROUGH 7/31/2013

Sector	Index	2008	2009	2010	2011	2012	Q1	Q2	JUL	2013
Small Cap Growth	Russell 2000 Growth	-38.5%	34.5%	29.1%	-2.9%	14.6%	13.2%	3.7%	7.6%	26.3%
Small Cap	Russell 2000	-33.8%	27.2%	26.9%	-4.2%	16.3%	12.4%	3.1%	7.0%	24.0%
SMID Cap	Russell 2500	-36.8%	34.4%	26.7%	-2.5%	17.9%	12.8%	2.3%	6.5%	23.0%
Large Cap Value	Russell 1000 Value	-36.8%	19.7%	15.5%	0.4%	17.5%	12.3%	3.2%	5.4%	22.2%
Small Cap Value	Russell 2000 Value	-28.9%	20.6%	24.5%	-5.5%	18.1%	11.6%	2.5%	6.4%	21.7%
Large Cap	Russell 1000	-37.6%	28.4%	16.1%	1.5%	16.4%	11.0%	2.7%	5.4%	20.0%
Large Cap	S&P 500	-37.0%	26.5%	15.1%	2.1%	16.0%	10.6%	2.9%	5.1%	19.6%
Large Cap Growth	Russell 1000 Growth	-38.4%	37.2%	16.7%	2.6%	15.3%	9.5%	2.1%	5.3%	17.7%
Diversified	Diversified*	-24.5%	24.1%	13.5%	1.3%	12.7%	5.9%	0.1%	3.4%	9.9%
Int'l Developed	MSCI EAFE	-43.4%	31.8%	7.8%	-12.1%	17.3%	5.1%	-1.0%	5.3%	9.6%
REITS	Wilshire US REIT	-39.2%	28.6%	28.6%	9.2%	17.6%	7.4%	-1.4%	0.8%	6.8%
High Yield	Barclays US High Yield	-26.2%	58.2%	15.1%	5.0%	15.8%	2.9%	-1.4%	1.9%	3.3%
Govt/Credit	Barclays US Govt/Credit 1-3 Yr	5.0%	3.8%	2.8%	1.6%	1.3%	0.2%	-0.1%	0.2%	0.3%
Govt/Credit	Barclays Govt/Credit 1-5 Yr	5.1%	4.6%	4.1%	3.1%	2.2%	0.3%	-0.7%	0.3%	-0.2%
Interm Core Bonds	Barclays US Agg Interm	4.9%	6.5%	6.1%	6.0%	3.6%	0.2%	-1.8%	0.2%	-1.5%
Core Bonds	Barclays US Agg Bond	5.2%	5.9%	6.5%	7.8%	4.2%	-0.1%	-2.3%	0.1%	-2.3%
Muni Bonds	Barclays Municipal	-2.5%	12.9%	2.4%	10.7%	6.8%	0.3%	-3.0%	-0.9%	-3.5%
Global Bonds	Citi WGBI	10.9%	2.6%	5.2%	6.4%	1.6%	-2.8%	-3.0%	1.3%	-4.4%
EMD External	Barclays EM USD	-14.7%	34.2%	12.8%	7.0%	17.9%	-1.5%	-5.1%	1.1%	-5.5%
Long Credit	Barclays US Long Credit	-3.9%	16.8%	10.7%	17.1%	12.7%	-1.8%	-6.3%	0.9%	-7.2%
EMD Local	JPM GBI EM Glob Div	-5.2%	22.0%	15.7%	-1.8%	16.8%	-0.1%	-7.0%	-0.6%	-7.7%
Interm Govt/Credit	Barclays US Govt/Credit Interm	8.4%	1.9%	10.2%	22.5%	8.8%	-2.0%	-6.1%	-0.2%	-8.1%
Long Govt/Credit	Barclays US Govt/Credit Long	8.4%	1.9%	10.2%	22.5%	8.8%	-2.0%	-6.1%	-0.2%	-8.1%
Emerging Equities	MSCI EM	-53.3%	78.5%	18.9%	-18.4%	18.2%	-1.6%	-8.1%	1.0%	-8.6%
Commodities	DJ UBS Commodity	-35.6%	18.9%	16.8%	-13.3%	-1.1%	-1.1%	-9.5%	1.4%	-9.3%
Treasury STRIPS	Barclays US Strips 20+ Yr	59.5%	-36.0%	10.9%	58.5%	3.0%	-5.4%	-7.6%	-3.6%	-15.7%

* 35% LC, 10% SC, 12% Intl Equity, 3% Emerging Equity, 25% Core Bonds, 5% HY, 5% Global Bonds, 5% REITS

Sources: Barclays, Bloomberg, Wilshire

Composite

Performance Summary

As of July 31, 2013

	Market Value ($)	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception Return (%)	Inception Since
		Ending July 31, 2013							
Health&Welfare	43,469,619	1.7	3.6	6.7	5.4	3.9	4.6	4.3	Jan-00
Severance	14,711,489	1.8	4.3	7.2	7.8	2.7	5.1	3.8	Jul-00
Scholarship	467,291	3.6	9.1	17.0	10.8	4.6	6.5	--	Jan-01
Legal	755,746	0.0	-0.1	0.3	0.2	0.0	1.2	--	Jan-01
Intech	1,826,367	5.7	17.7	22.6	17.2	7.7	--	5.6	Mar-07
Russell 1000 Growth		*5.3*	*17.7*	*21.6*	*18.0*	*9.0*	*7.7*	*6.8*	*Mar-07*
NWQ	1,983,128	3.7	19.6	27.3	10.2	4.8	--	4.8	Jan-05
Russell 1000 Value		*5.4*	*22.2*	*30.7*	*18.0*	*7.9*	*8.2*	*6.0*	*Jan-05*
Westwood	2,506,046	7.4	22.1	33.2	17.5	11.0	--	9.2	Oct-07
Russell 2500		*6.5*	*23.0*	*34.7*	*19.4*	*10.5*	*10.5*	*6.6*	*Oct-07*
Cadence	211,886	6.1	22.7	28.2	18.8	--	--	7.6	Oct-08
Russell 2000		*7.0*	*24.0*	*34.8*	*18.7*	*9.5*	*9.6*	*10.9*	*Oct-08*
Globe Flex	1,806,990	6.2	10.3	25.2	9.7	--	--	10.7	Nov-08
MSCI EAFE		*5.3*	*9.6*	*23.5*	*8.6*	*1.1*	*8.0*	*10.5*	*Nov-08*
SBH	7,620,492	0.2	-1.4	-0.2	4.3	--	--	6.0	Nov-08
Barclays Aggregate		*0.1*	*-2.3*	*-1.9*	*3.2*	*5.2*	*4.9*	*6.1*	*Nov-08*
Fountain	2,656,465	2.0	2.8	8.0	9.6	10.5	8.2	7.8	May-01
BofA Merrill Lynch US High Yield BB-B Rated		*1.8*	*2.6*	*8.3*	*9.5*	*10.1*	*8.4*	*7.8*	*May-01*
Mellon CF Global Expanded Alpha I	990,529	3.9	6.2	9.4	9.6	5.3	--	1.5	Nov-07
Mellon CF GEA Index		*3.1*	*1.1*	*8.0*	*5.6*	*2.4*	*7.6*	*0.8*	*Nov-07*
Windhaven Diversified Growth	9,955,916	3.4	4.4	8.4	8.6	--	--	8.6	May-10
60% MSCI World (Net) / 40% CITI WGBI		*3.7*	*6.4*	*11.6*	*8.6*	*4.3*	*6.9*	*7.3*	*May-10*
Meridian	309,743	0.0	0.5	2.2	0.3	-1.2	--	1.5	Jan-06
91 Day T-Bills		*0.0*	*0.0*	*0.1*	*0.1*	*0.1*	*1.6*	*1.5*	*Jan-06*

Performance Summary

As of July 31, 2013

	Market Value ($)	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception Return (%)	Inception Since
		Ending July 31, 2013							
Attalus	8,150,097	0.0	5.2	8.3	2.9	--	--	1.9	Oct-09
HFRI Fund of Funds Composite Index		*1.0*	*4.5*	*7.6*	*3.1*	*0.1*	*3.5*	*2.7*	*Oct-09*
ARA	3,126,547	0.0	5.9	11.5	13.8	-0.6	--	0.5	Nov-07
NCREIF ODCE		*0.0*	*6.6*	*12.2*	*15.0*	*-0.2*	*6.9*	*0.5*	*Nov-07*

Notes:

ARA is evaluated on a quarterly basis. Market value reflects as of 6/30/2013.

FELRA H&W switched from the Mellon Global Alpha I product to a more flexible product, Mellon Global Expanded Alpha I; performance for the 2 strategies is linked.

Mellon custom benchmark is 50% MSCI ACWI, 25% Citi WGBI, 10% BC Global Inflation Linked, 5% Russell 2000, 5% BC US Intermediate Credit, 5% DJ-UBS Commodity.

Meridian investment is comprised of the Diversified ERISA Fund, Ltd. Class N Shares, MDF Special Investments SPC, Ltd/MDEF and the MDEF/RSBM Segregated Portfolios.

- **Fixed Income**
  - Consider benchmark change for SBH
    - Request to move from BC Aggregate Index to Barclays Intermediate Gov/Cred Index
    - NEPC is in favor of this move given the implied lower duration positioning

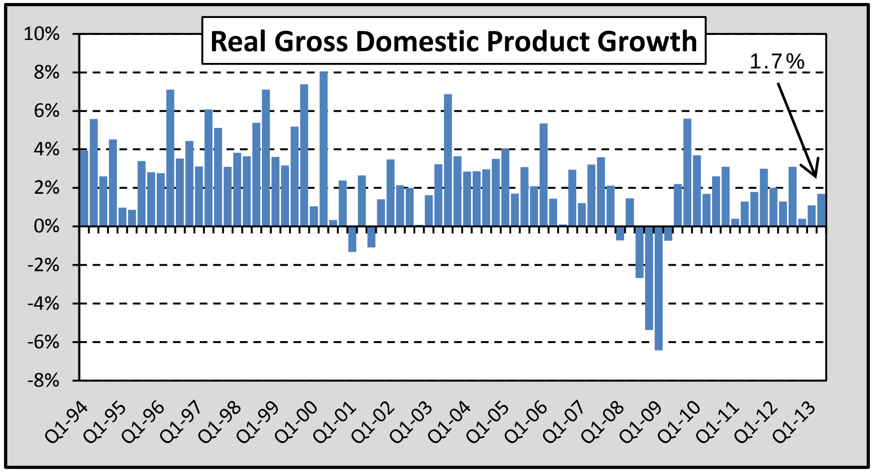
- **Severance Fund**
  - Request $1.5m from ARA Real Estate for rebalancing
  - Currently overweight to real estate
    - This will help bring us back towards target, and improve the long term liquidity profile

- **Health & Welfare Fund**
  - Consider hedge fund manager implementation going forward
    - Attalus investment is winding down, with most of the proceeds expected in the 4th quarter of 2013. *This information is based on guidance from Attalus, but is not definite.*
  - Initial recommendation would be to use EnTrust and Mesirow to replicate Pension Fund implementation
  - Use proceeds to fund new managers, as well as broadly rebalancing the program
    - Currently overweight to hedge funds

- **Legal**
  - No action recommended

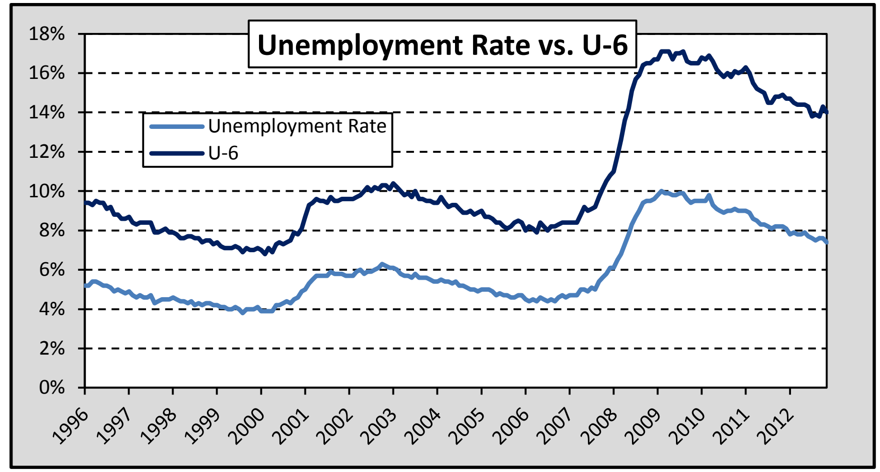
- **Scholarship**
  - No action recommended

Appendix: Market Information



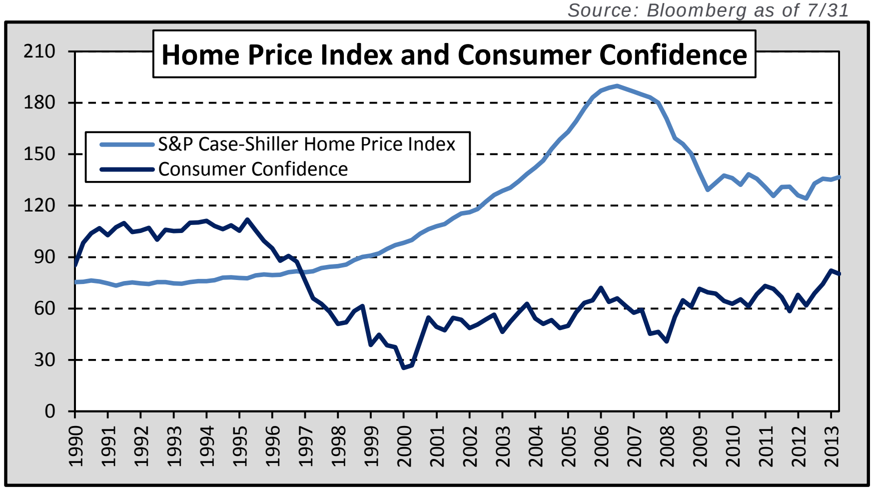
GDP growth accelerated in the second quarter, with initial estimates at 1.7%

Source: Bloomberg as of 7/31



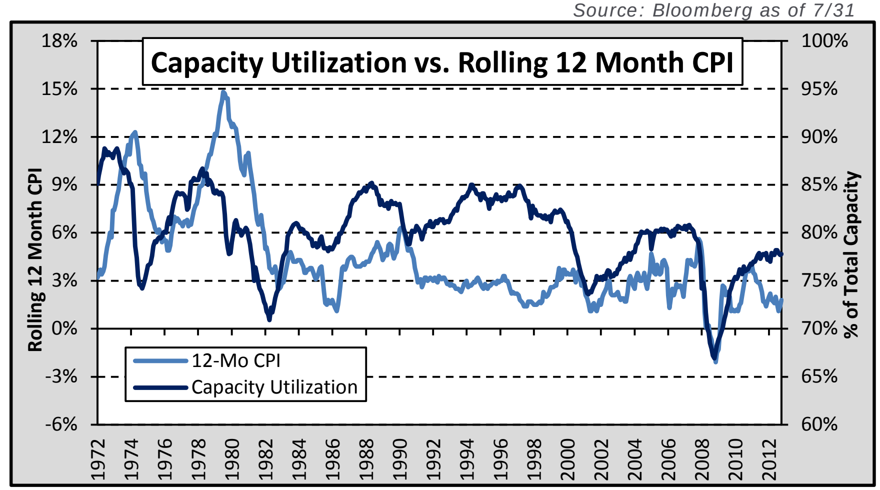
Unemployment fell to 7.4% in July; U-6 also decreased, to 14.0%

Source: Bloomberg as of 7/31



Consumer receded slightly to 80.3 in July; the Case-Shiller home price index (as of 3/31) rose slightly through March

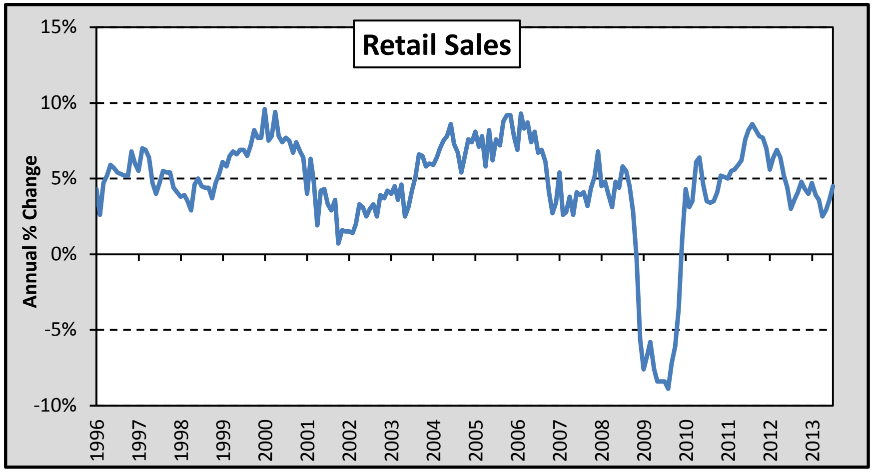
Source: Bloomberg as of 7/31



Rolling 12 month CPI increased to 1.8% at June end; capacity utilization increased to 77.8% in the month

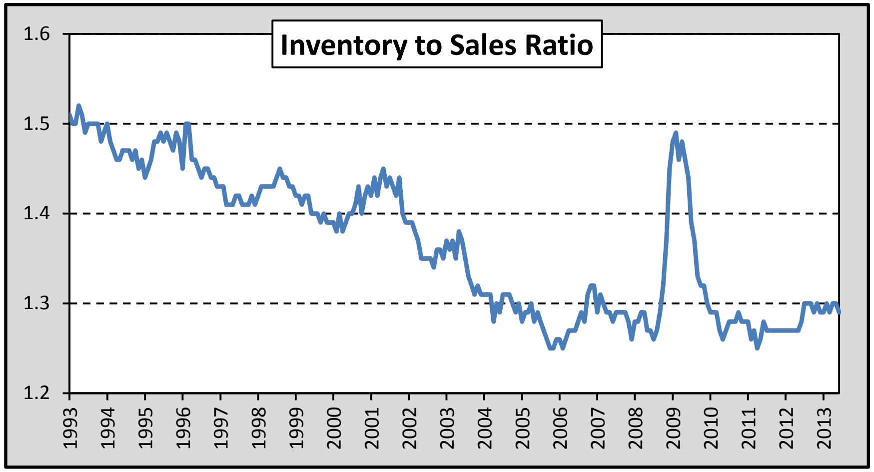
Source: Bloomberg as of 6/30

Components of GDP



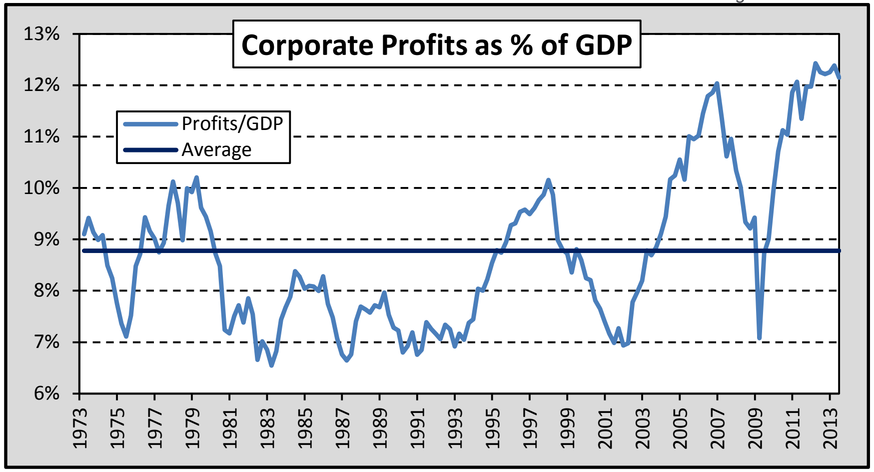
Retail sales rose to a 4.5% year-over-year growth rate in June

Source: Bloomberg as of 6/30



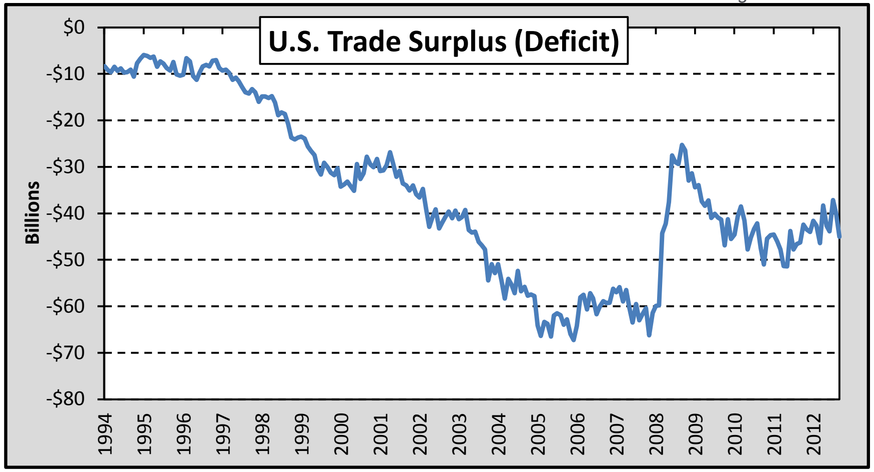
The inventory-to-sales ratio has remained mostly flat since early 2010 and closed at 1.29 in May

Source: Bloomberg as of 5/31



Corporate Profits as a percent of GDP fell slightly but remained near secular highs at 12.1% at Q2 end

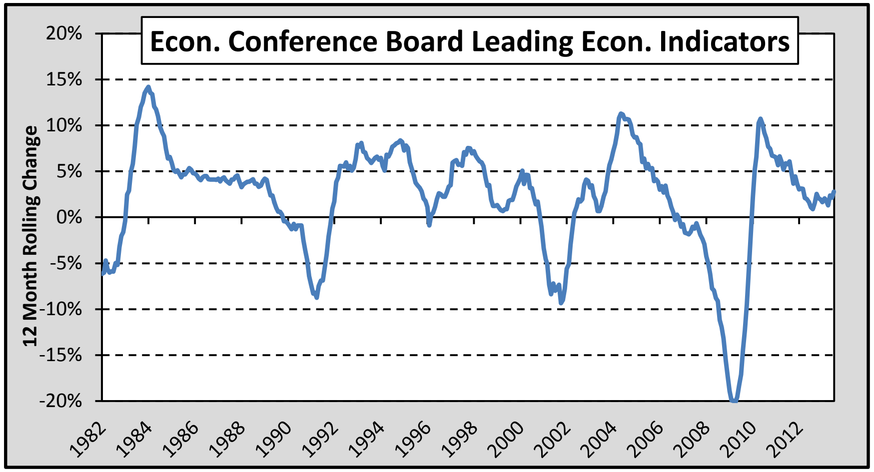
Source: Bloomberg as of 6/30



The trade deficit increased through May

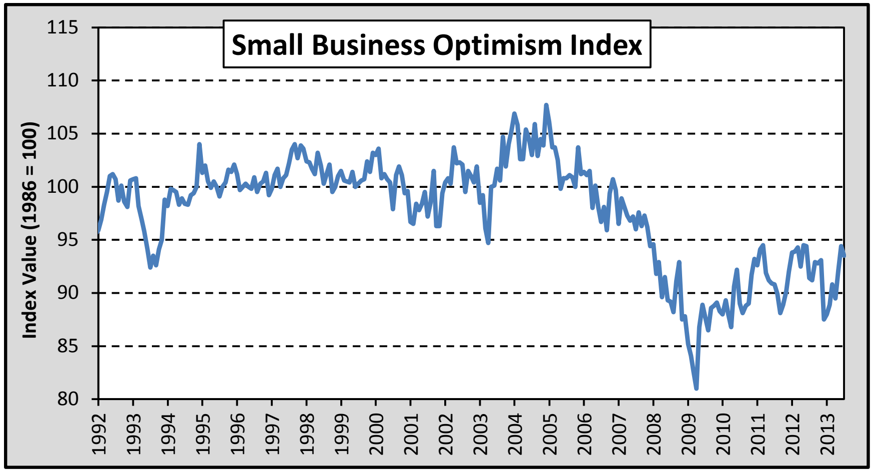
Source: Bloomberg as of 5/31

Key Economic Indicators



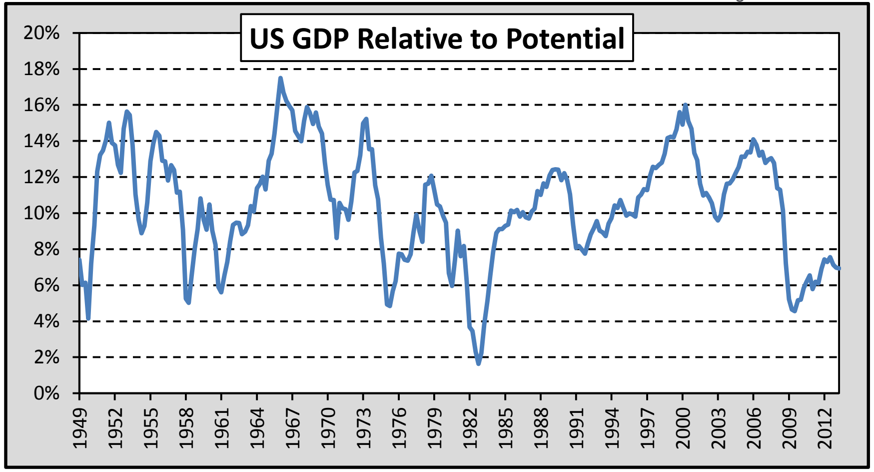
The rolling percentage change in the Leading Economic Indicators index rose to 2.8% through June

Source: Bloomberg as of 6/30



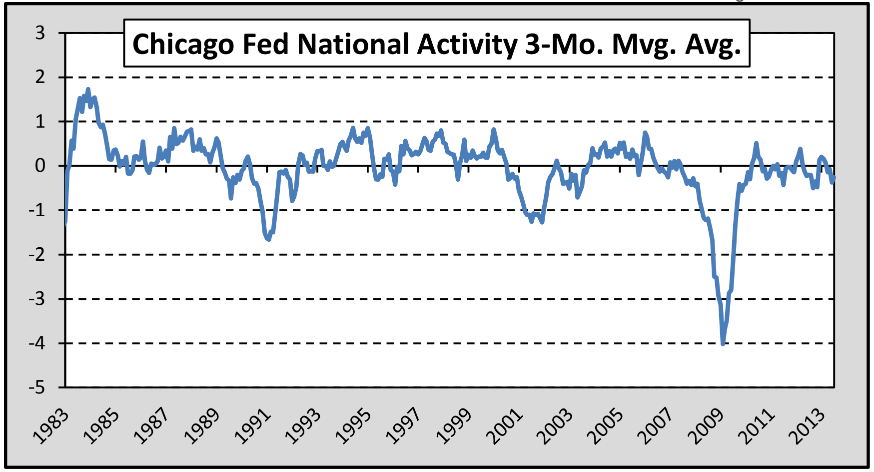
The small business optimism index decreased slightly to 93.5 through June, still up from 88.0 at year end

Source: Bloomberg as of 6/30



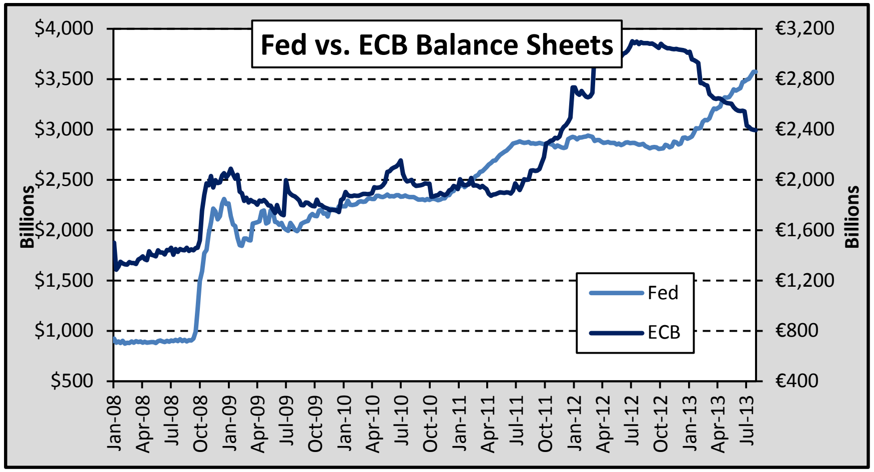
US GDP relative to potential GDP fell slightly through Q1 and remains near historic lows

Source: Bureau of Economic Analysis, Congressional Budget Office as of 4/1



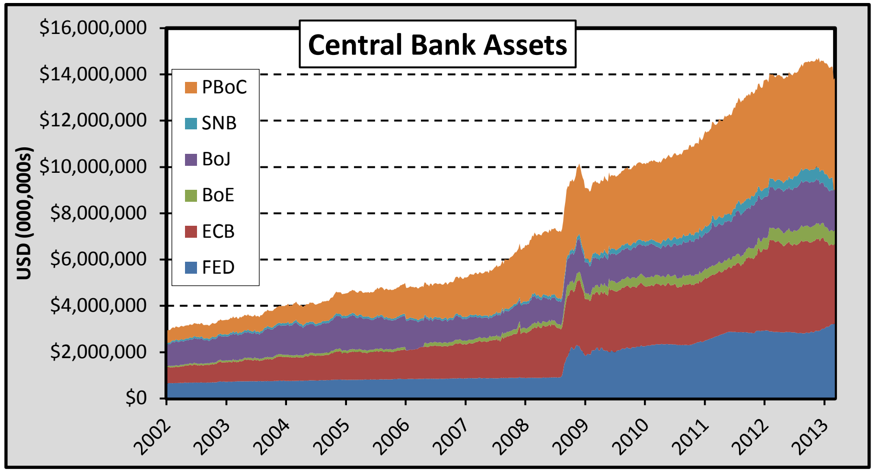
Chicago Fed National Activity 3 Month moving average remained negative through June

Source: Bloomberg as of 6/30



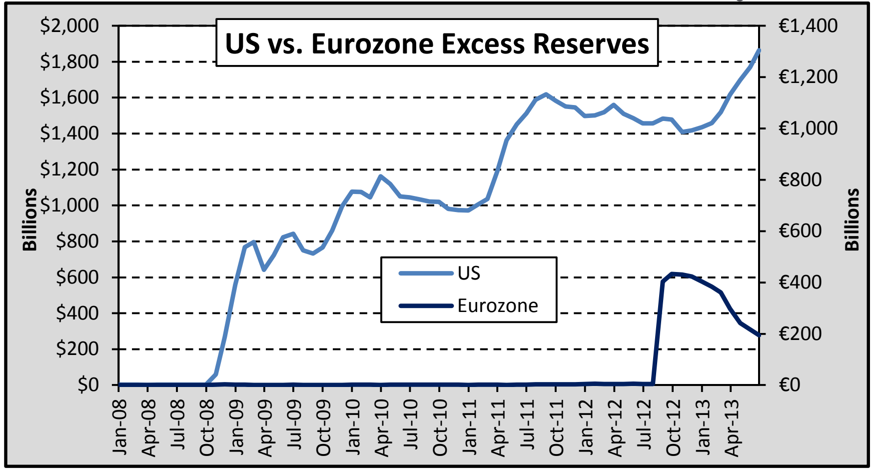
Federal Reserve Bank balance sheets have increased in 2013 while European Central Bank balance sheets have decreased significantly

Source: Bloomberg as of 7/31



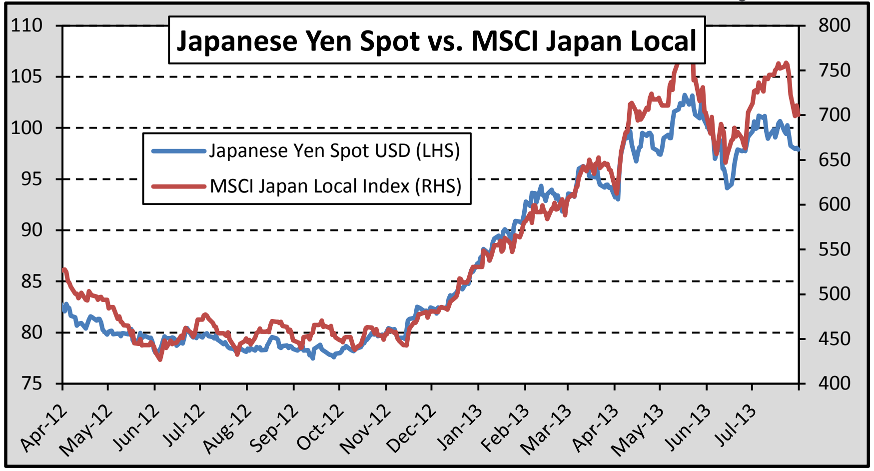
Central bank assets worldwide have risen significantly since 2008 but have experienced a recent slowdown outside of the Federal Reserve

Source: Bloomberg as of 7/31



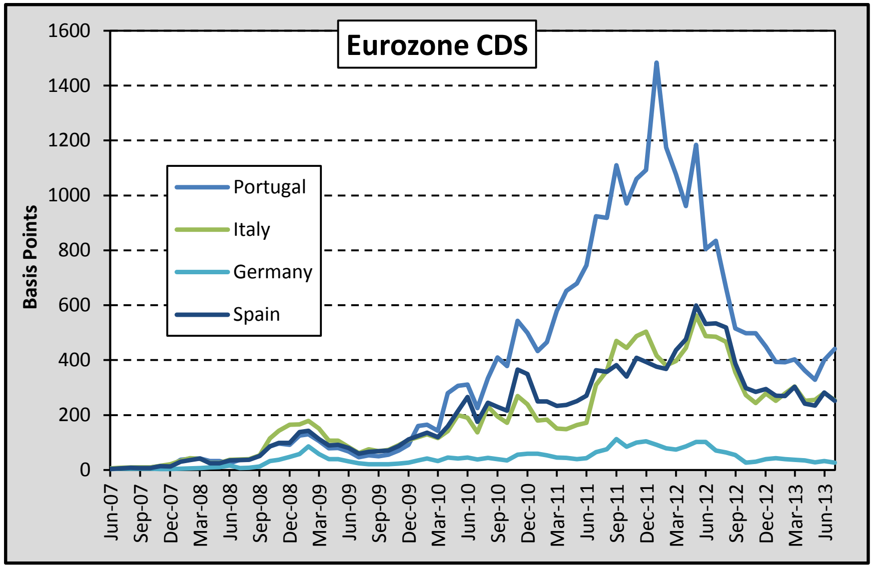
After more dramatic movements in 2012 Eurozone excess reserves have steadily decreased as US excess reserves experienced a sharp increase through June

Source: Bloomberg as of 6/30

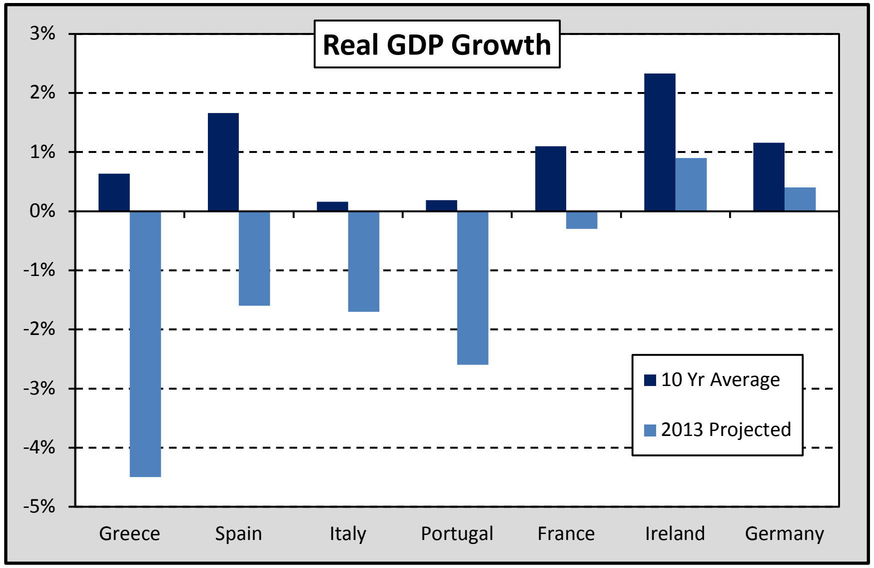


The Japanese Yen has weakened 12.8% relative to the US dollar in 2013; while the MSCI Japan TR Net Local Index returned 33.4%

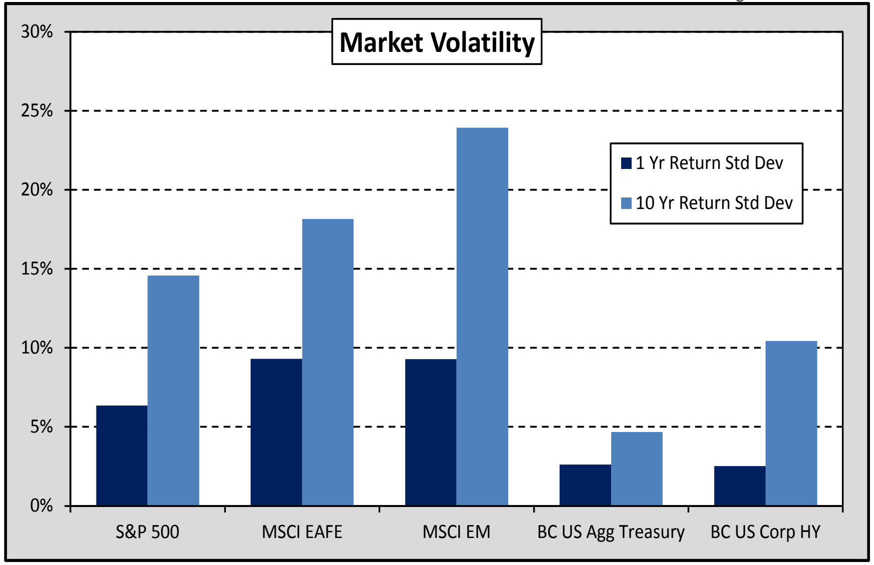
Source: Bloomberg as of 7/31



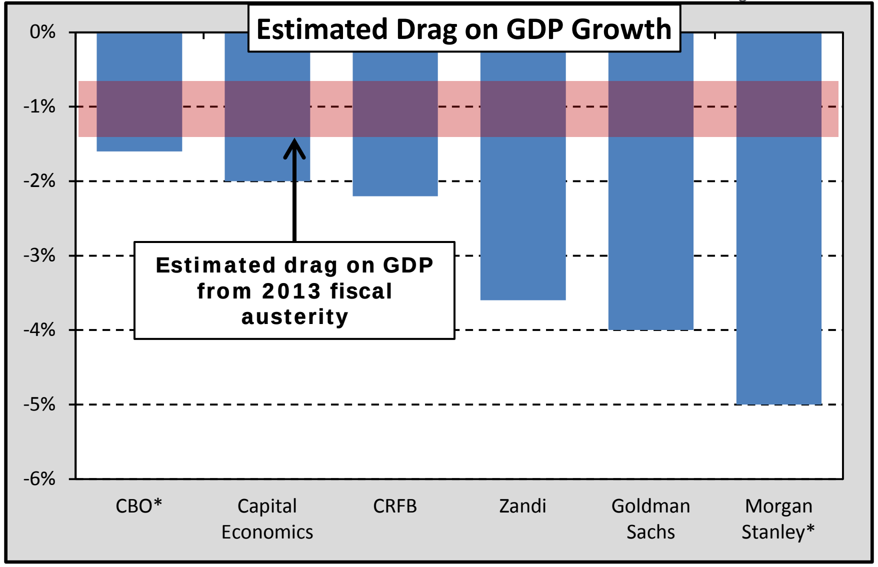
Source: Bloomberg as of 7/31



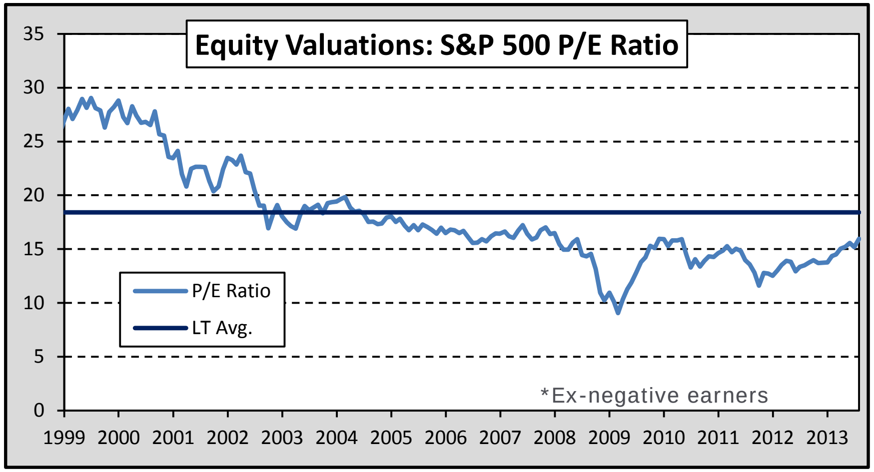
Source: Bloomberg as of 7/31



Source: Morningstar as of 6/30

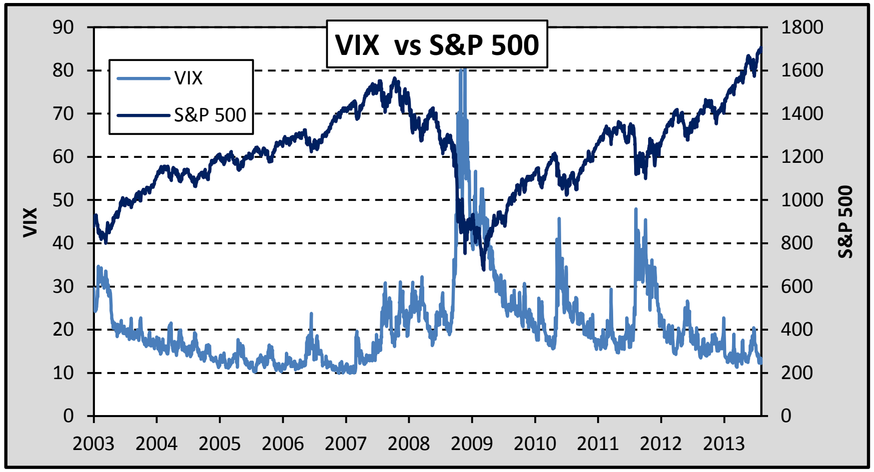


**Shown as the midpoint of a range; Source: CRFB, Capital Economics*



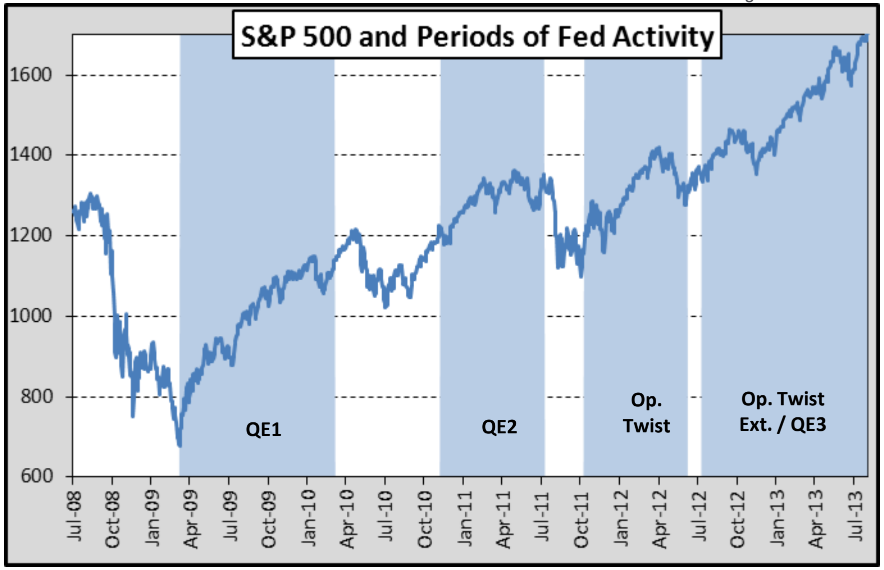
S&P valuations remain below the long-term average

Source: Bloomberg as of 7/31

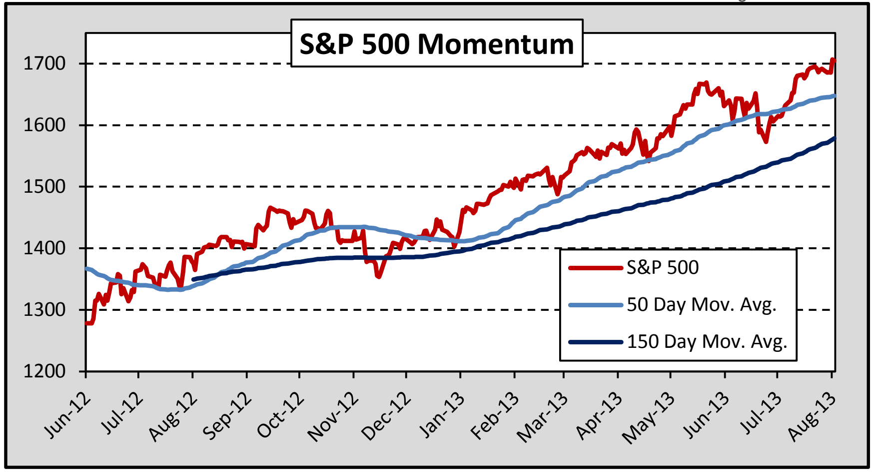


The VIX fell 2.0% and the S&P 500 rose 5.1% in July

Source: Bloomberg as of 7/31

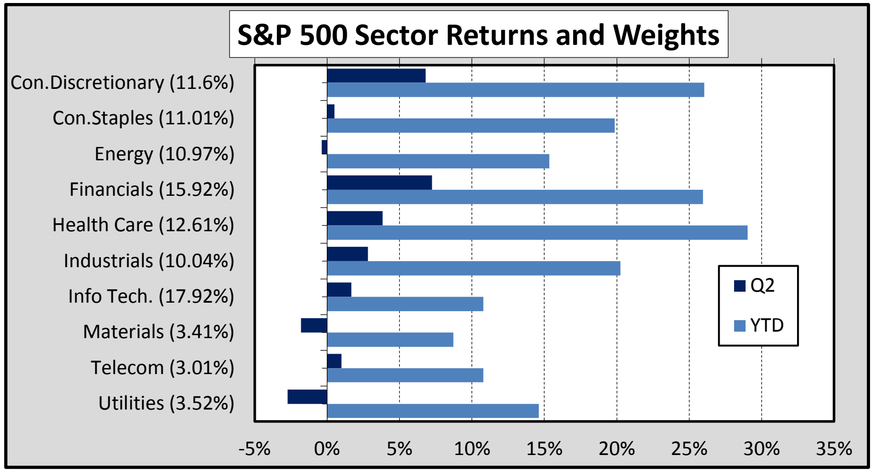


Source: Bloomberg as of 7/31



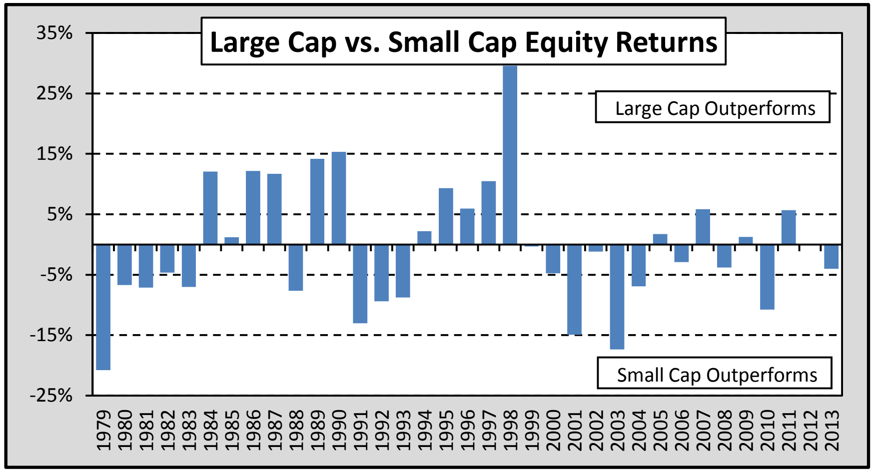
The S&P 500's 50-day moving average remained above its 150-day moving average in July

Source: Bloomberg as of 7/31



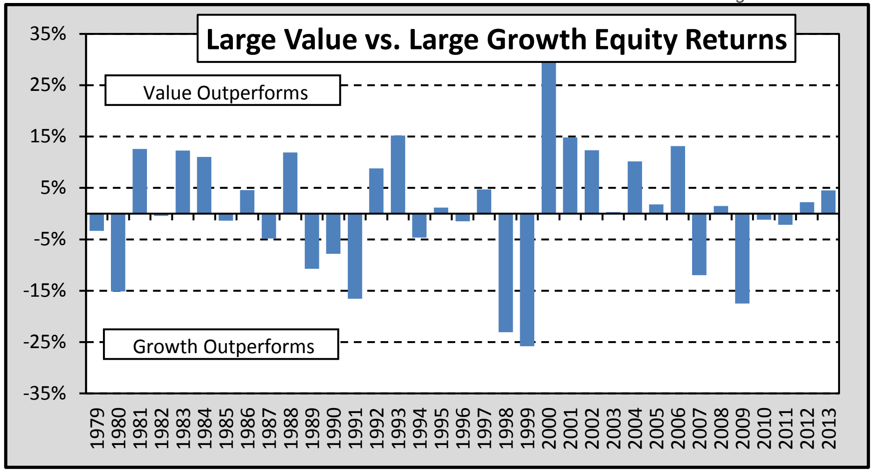
Healthcare lead all sectors through YTD as financials and consumer discretionary posted strong second quarters; Materials continued to lag

Source: Bloomberg as of 7/31



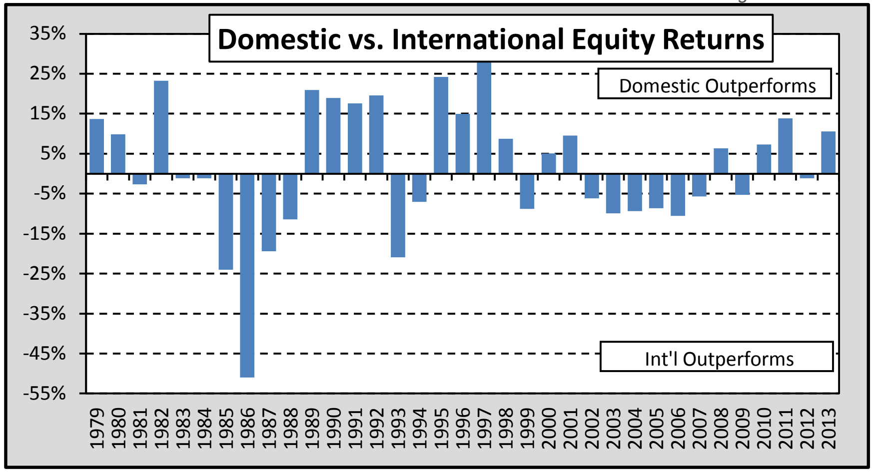
Small cap has outperformed large cap in 2013

Source: Bloomberg as of 7/31



Large value stocks have outperformed large growth in 2013

Source: Bloomberg as of 7/31



Domestic equity has outperformed international equity in 2013

Source: Bloomberg as of 7/31

Developed Market Equity Returns (U.S. Dollars)	YTD	Q2	1 Yr.	3 Yr. Ann.
Europe ex UK	8.8%	-1.4%	27.7%	5.5%
United Kingdom	4.5%	-3.3%	13.3%	7.2%
Japan	16.1%	4.2%	23.4%	5.6%
Pacific Ex Japan	-3.5%	-11.9%	4.4%	4.5%
Canada	-2.6%	-8.0%	5.0%	1.5%
USA	18.3%	2.2%	22.5%	17.9%

US Dollar Return vs. Major Foreign Currencies

(Negative = Dollar Depreciates, Positive = Dollar Appreciates)

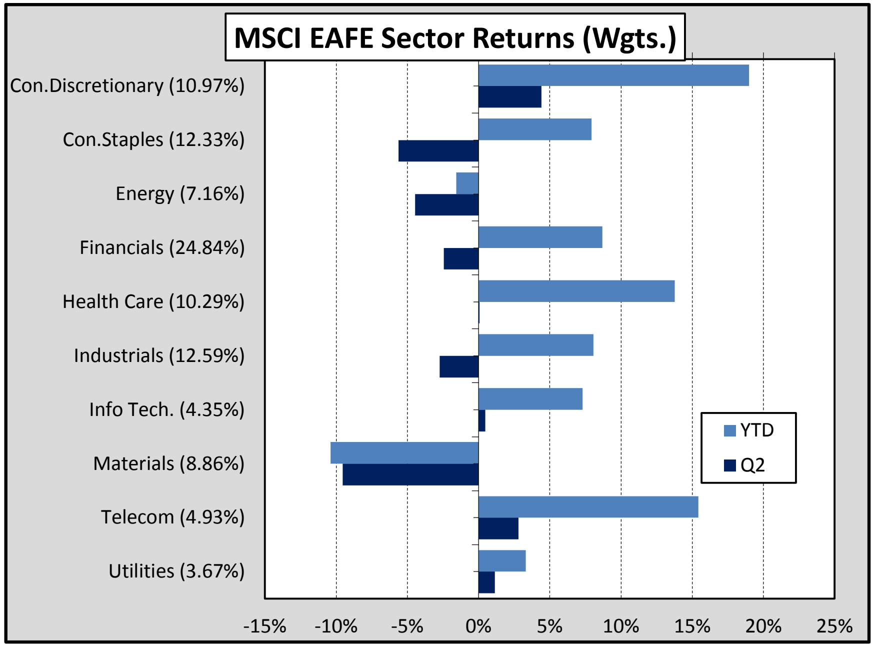
	YTD	Q2	1 Yr.	3 Yr. Ann.
Euro	-0.8%	-1.5%	-8.1%	-0.6%
Japanese Yen	11.4%	5.0%	20.2%	3.9%
British Pound	6.4%	-0.1%	3.0%	1.0%
Canada	3.5%	3.2%	2.4%	-0.1%
Australia	13.6%	12.3%	14.5%	0.2%

Currency Impact on Developed Mkt. Returns

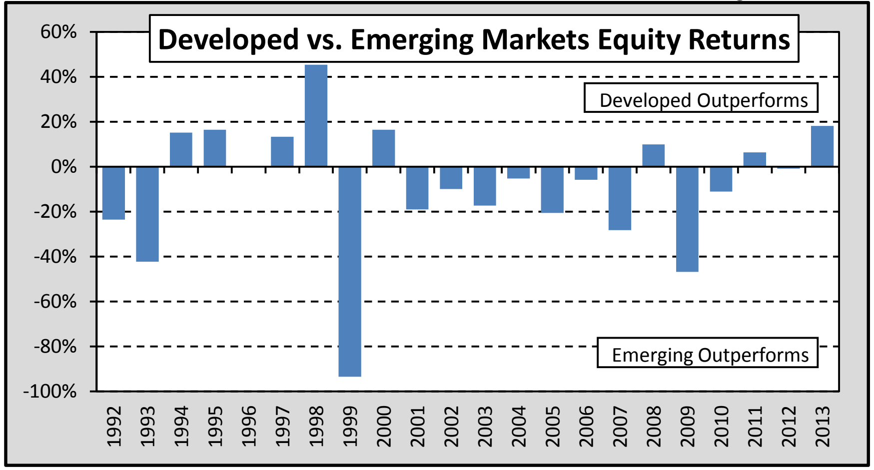
(Negative = Currency Hurt, Positive = Currency Helped)

	YTD	Q2	1 Yr.	3 Yr. Ann.
MSCI EAFE (Local)	15.7%	1.2%	28.3%	9.6%
MSCI EAFE (USD)	9.6%	-1.0%	23.5%	9.4%
Currency Impact	-6.1%	-2.2%	-4.9%	-0.3%

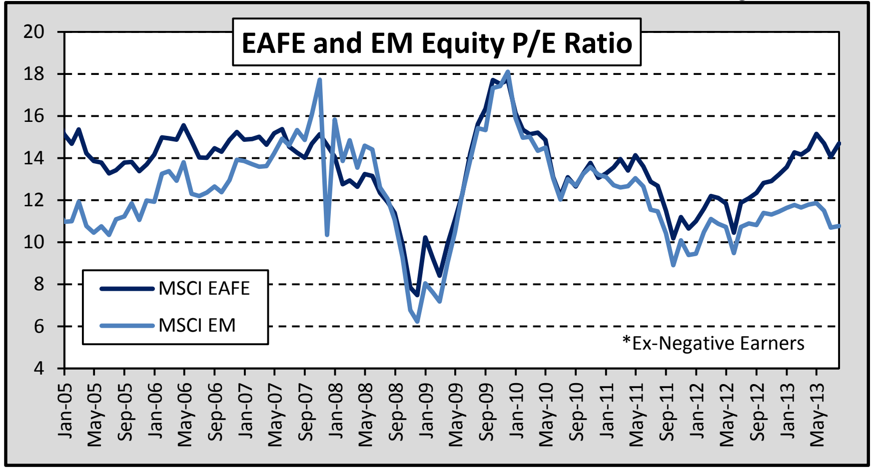
Source: Bloomberg as of 7/31



Source: Bloomberg as of 7/31

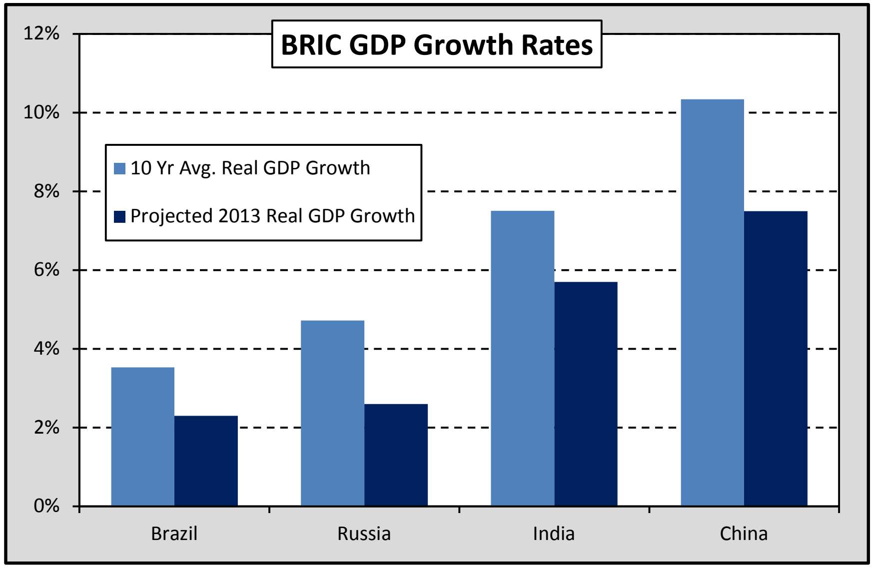


Source: Bloomberg as of 7/31

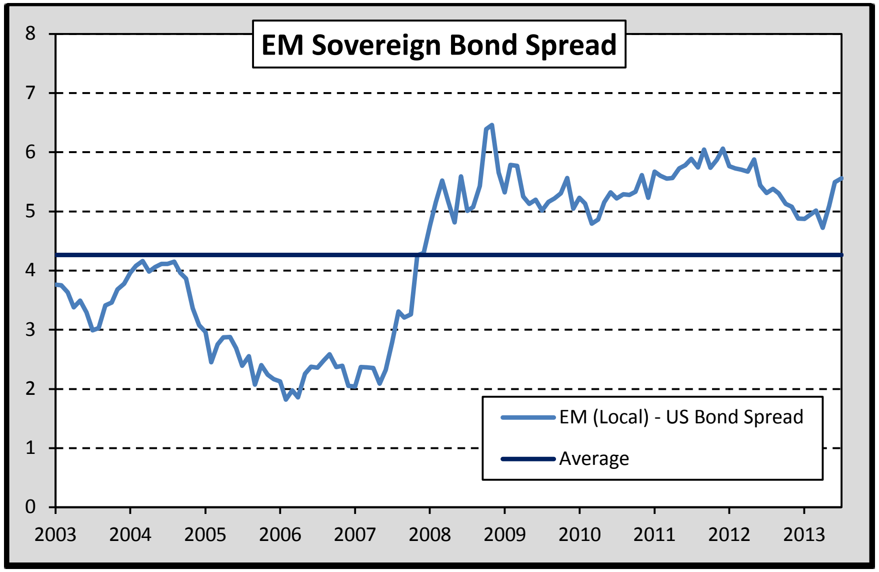


Source: Bloomberg as of 7/31

Emerging Markets



Source: Bloomberg as of 7/31



Source: Bloomberg as of 7/31

Emerging Markets Valuation

	MSCI EM	MSCI EM Small Cap
PE Ratio	11.42	20.56
PE Historical Avg	14.54	16.25
PB Ratio	1.45	1.20
Historical Avg	1.54	1.27
PS Ratio	0.97	0.67
Historical Avg	1.12	0.70

- MSCI EM PE Ratio is below its historical average
- MSCI EM PB and PS Ratios are below historical averages
- MSCI EM Small Cap PE Ratio is above its historical average
- MSCI EM Small Cap PB and PS Ratios are below historical averages

Source: Bloomberg as of 7/31

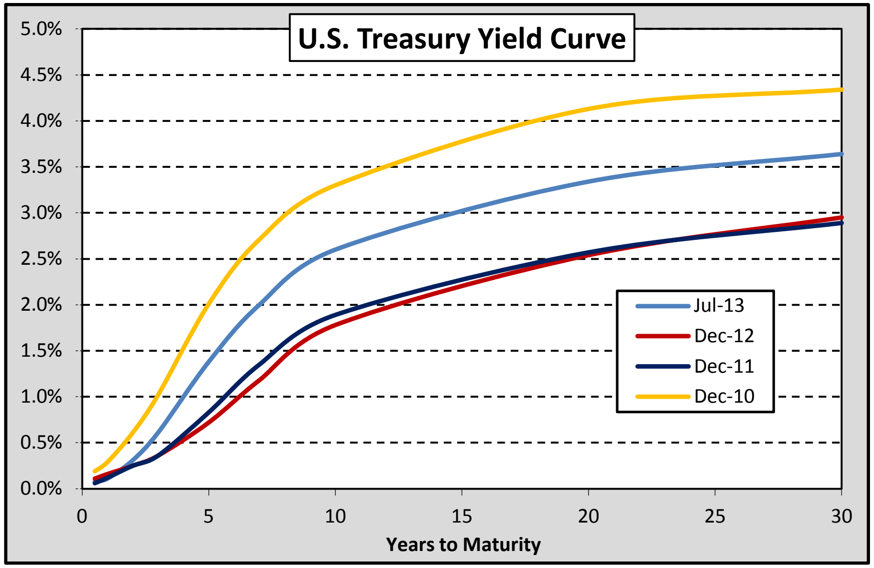
US Dollar Return vs. Major EM Currencies

(Negative = Dollar Depreciates, Positive = Dollar Appreciates)

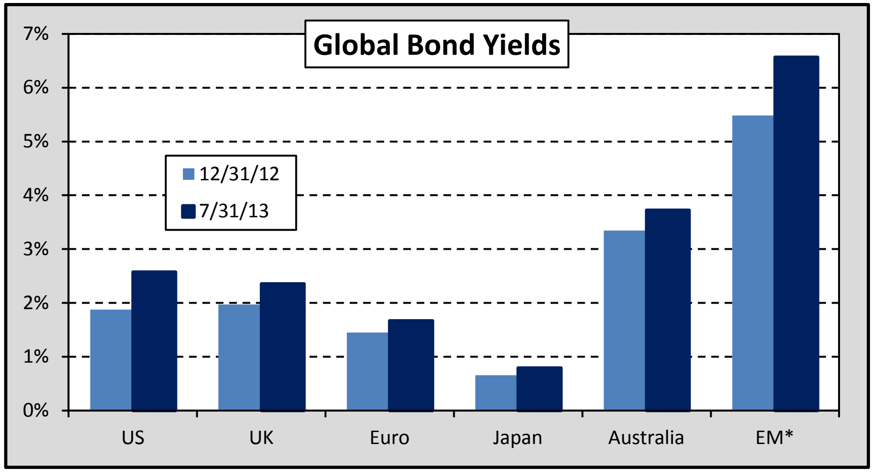
	YTD	Q2	1 Yr.	3 Yr. Ann.
Brazilian Real	9.9%	9.4%	9.6%	7.6%
Russian Ruble	7.3%	5.3%	2.2%	2.8%
Indian Rupee	9.6%	8.7%	8.1%	7.8%
Chinese Renminbi	-1.7%	-1.2%	-3.8%	-3.5%
Singapore Dollar	-0.5%	-0.2%	-0.9%	-0.9%
Hungarian Forint	1.8%	-4.8%	-1.8%	1.1%
Turkish Lira	7.8%	6.2%	7.2%	7.3%
Mexican Peso	-1.0%	4.9%	-4.7%	0.2%
So. African Rand	14.2%	6.6%	16.2%	8.7%
So. Korean Won	5.2%	2.6%	-0.7%	-1.8%

Source: Bloomberg as of 7/31

Market Environment – Interest Rates

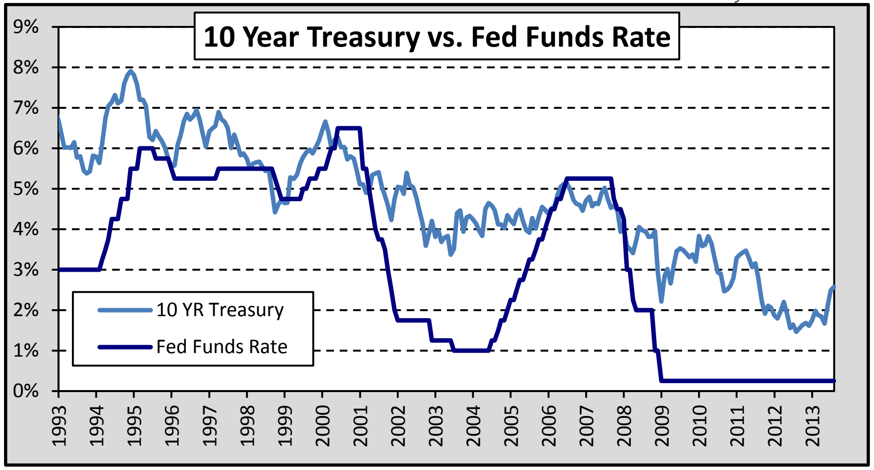


Source: US Treasury as of 7/31



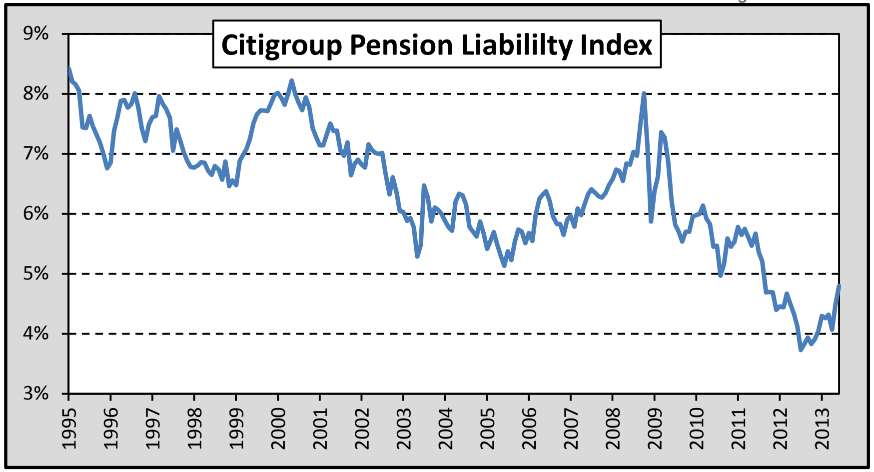
Bond yields across the globe have mostly risen in 2013

Source: Bloomberg as of 7/31



Fed Funds rate remained at 0.25% while the 10 Yr. Treasury Yield finished July at 2.6%

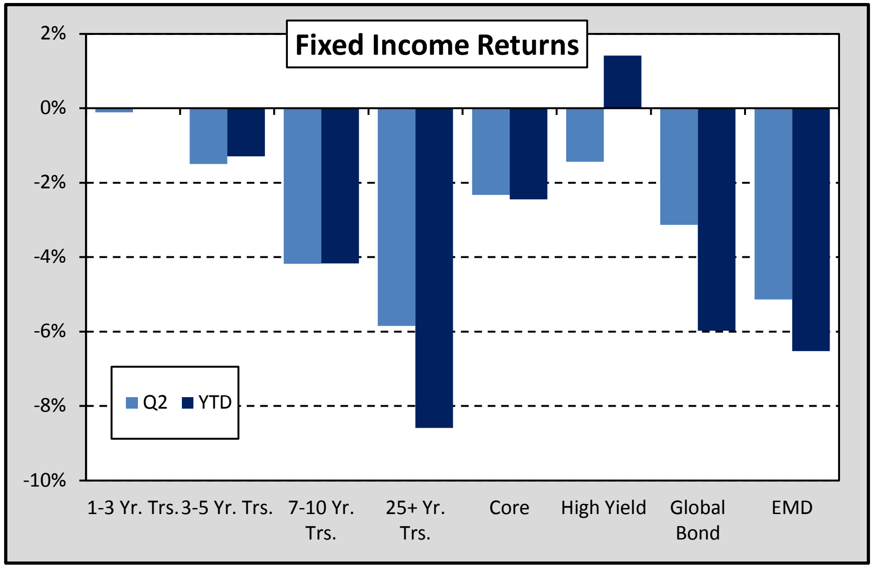
Source: Bloomberg as of 7/31



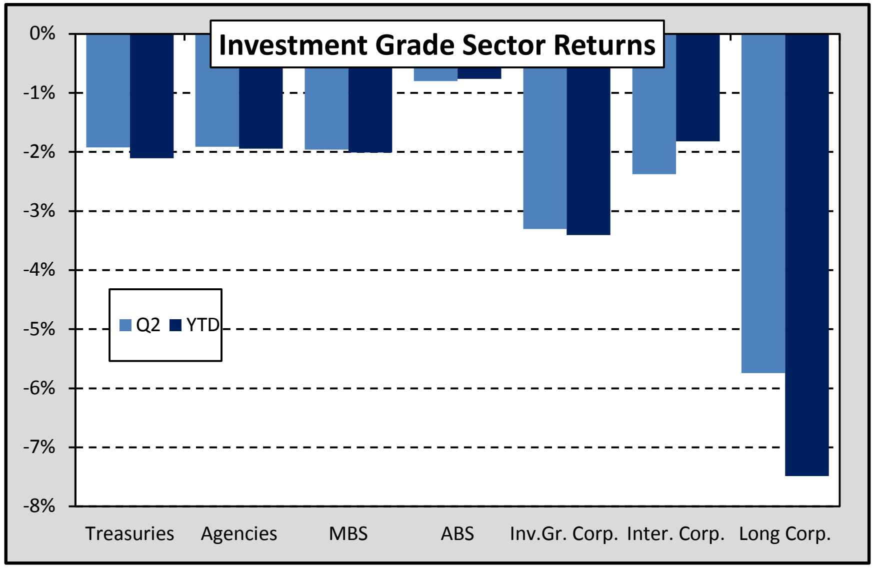
Citi Pension discount rose to 4.8% through July

Source: Citigroup as of 7/31

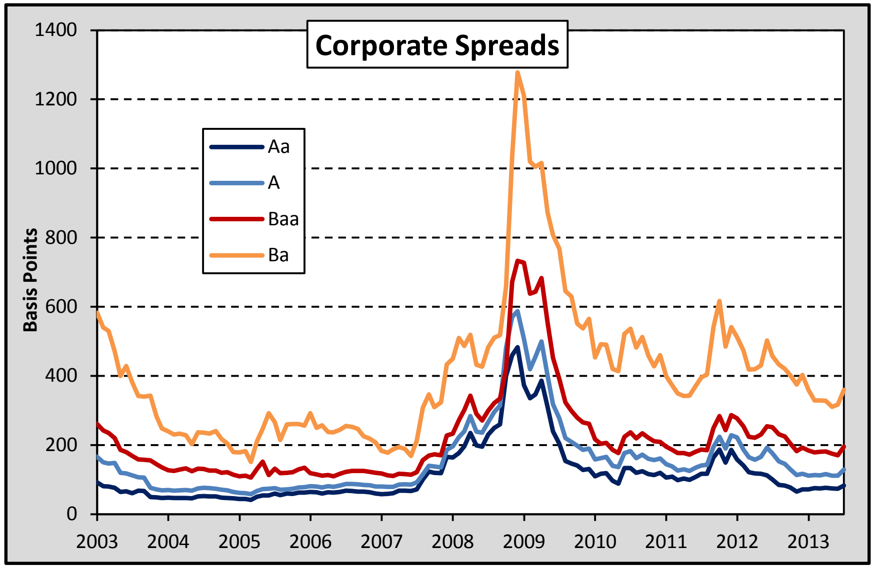
Fixed Income Performance



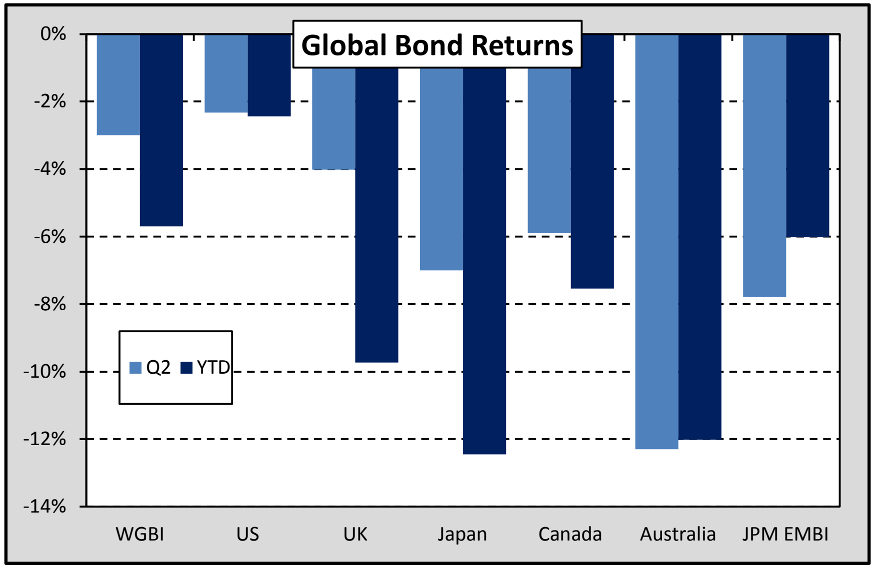
Source: Barclays as of 6/30



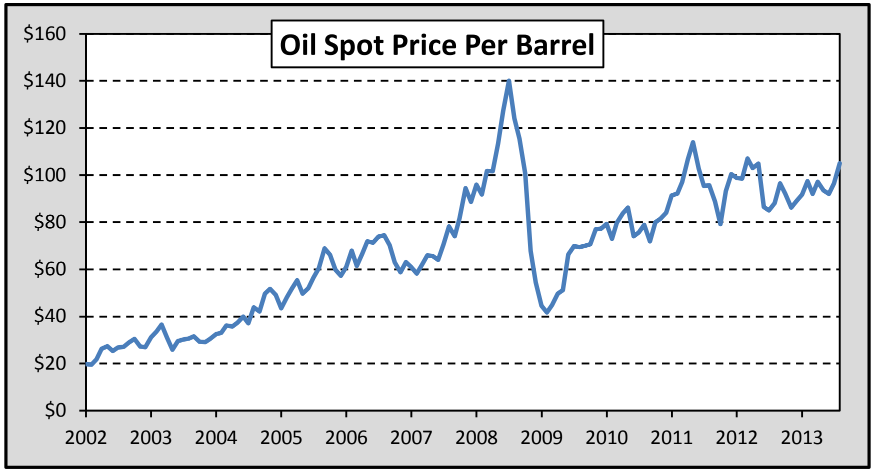
Source: Barclays as of 6/30



Source: Barclays as of 6/30

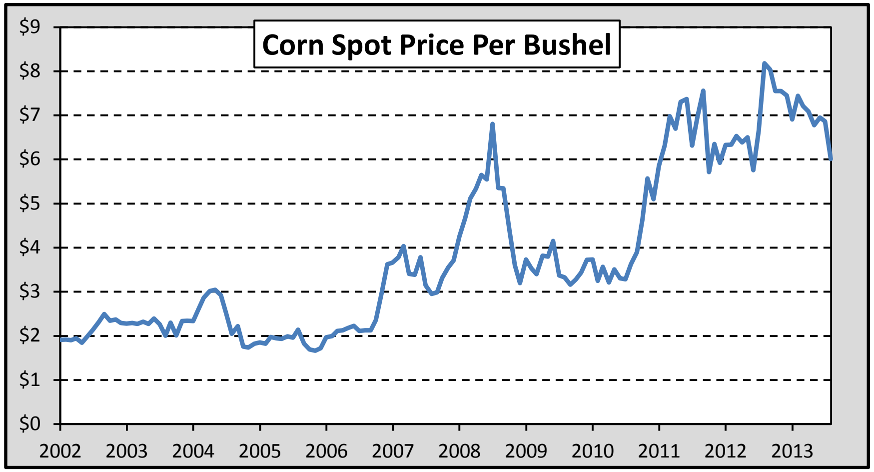


Source: Barclays, Bloomberg as of 6/30



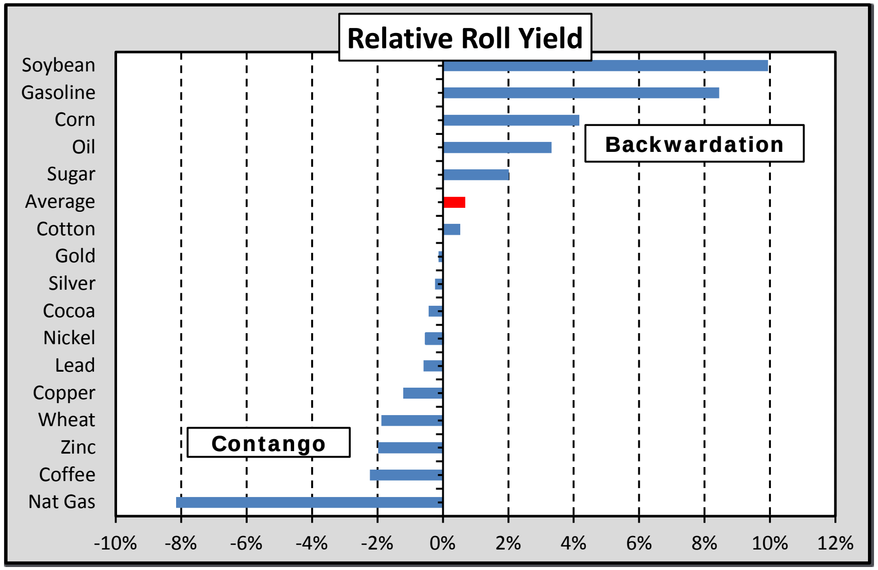
Oil prices finished July up at $105.03 per barrel

Source: Bloomberg as of 7/31

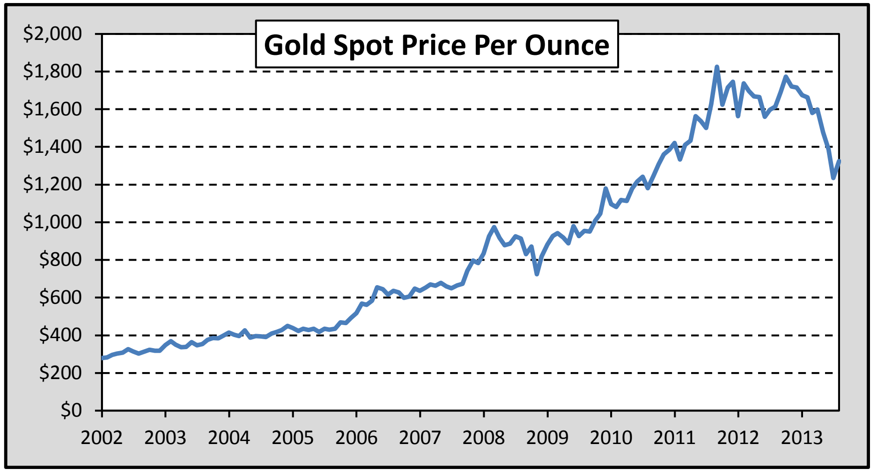


Corn prices finished July down at $6.01 per bushel

Source: Bloomberg as of 7/31



Source: Bloomberg as of 7/31



Gold prices finished July at $1325.25 per ounce

Source: Bloomberg as of 7/31