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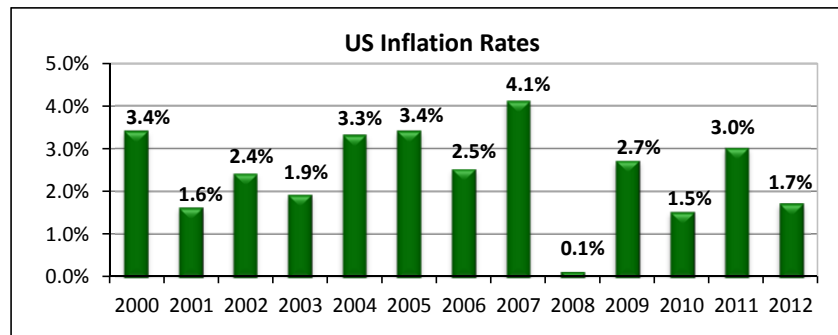
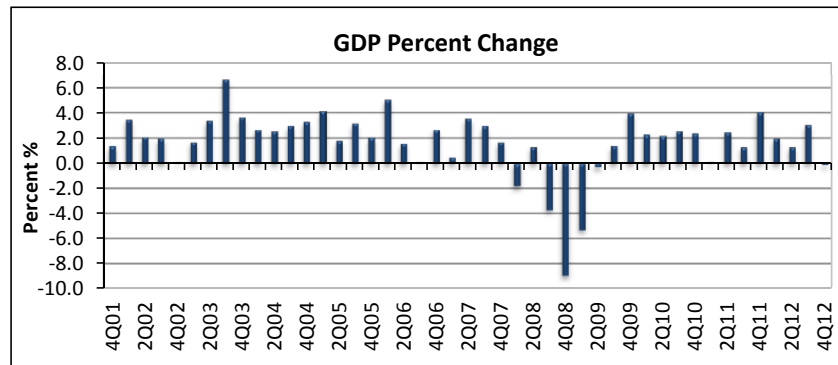
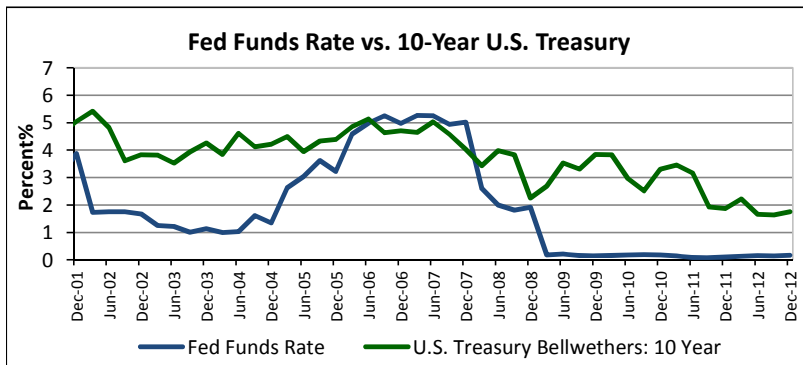
Financial Market Performance

Periods Ending December 31, 2012

<u>Strategy</u>	<u>Sector</u>	<u>Index</u>	<u>Quarter</u>	<u>YTD</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>10-Year</u>
Stocks	US Large Cap	S&P 500 Index	-0.4	16.0	16.0	2.1	15.1	26.4	-37.0	16.0	10.9	1.7	7.1
	US Small Cap	Russell 2000	1.8	16.3	16.3	-4.2	26.8	27.2	-33.8	16.3	12.2	3.6	9.7
	All Country	MSCI All Country World	2.9	16.1	16.1	-7.3	12.7	34.6	-42.2	16.1	6.6	-1.2	8.1
	Non-US Developed	MSCI EAFE	6.6	17.3	17.3	-12.1	7.8	31.8	-43.4	17.3	3.6	-3.7	8.2
	Emerging Markets	MSCI EM	5.6	18.2	18.2	-18.4	18.9	78.5	-53.3	18.2	4.7	-0.9	16.5
Bonds	Treasury	Barclays US Govt Index	-0.1	2.0	2.0	9.0	5.5	-2.2	12.4	2.0	5.5	5.2	4.7
	Broad Market	Barclays Aggregate	0.2	4.2	4.2	7.8	6.5	5.9	5.2	4.2	6.2	5.9	5.2
	High Yield	Barclays HY BaB 2% Issuer Cap	3.2	15.0	15.0	6.0	13.9	45.2	-22.0	15.0	11.6	9.5	9.5
	Global Bonds	Citigroup WGBI	-1.7	1.6	1.6	6.4	5.2	2.6	10.9	1.6	4.4	5.3	6.0
Global Tactical Asset Allocation (GTAA)		65% MSCI World /35% Citi WGBI	1.0	10.9	10.9	-1.2	9.8	20.1	-25.4	10.9	6.3	1.5	7.3
Real Estate	Core	NCREIF ODCE Index	2.4	10.9	10.9	16.0	16.4	-29.8	-10.0	10.9	14.4	-1.1	6.7
Hedge Funds	Diversified FOFs	HFRI HFOF Composite	1.8	5.2	5.2	-5.7	5.7	11.5	-21.4	5.2	1.6	-1.7	3.7
	Equity Long-Short	HFRI Equity Hedged	1.8	7.4	7.4	-8.4	10.5	24.6	-26.6	7.4	2.8	-0.1	5.8
Commodities	Commodities	Goldman Sachs Commodity Index	-3.3	0.1	0.1	-1.2	9.0	13.5	-46.5	0.1	2.5	-8.1	2.7

The U.S. Economy

One of President Harry Truman's famous quotes reads, "Show me a one-armed economist! They all say on the one hand and on the other." An economist reporting on the current economic environment is more likely to resemble an octopus with eight "on the other hands" instead of just two. The list of both positive and negative economic indicators is quite extensive. On the positive side, GDP growth is picking up, albeit slowly; interest rates remain a historic lows; inflation remains low with CPI at about 1.7% for the year; there is some modest job growth and the unemployment rate fell to about 7.8%. Consumers seem to be doing a bit better in the aggregate with credit card delinquency and mortgage defaults continuing to decline; debt service as a percentage of household income is at about 10.4% vs. 14% two years ago; positive consumer sentiment has increase significantly since the beginning of the year; mortgage applications have started to rise and the average FICO scores for mortgage applicants has risen from 690 in 2009 to 750 at year-end. The FHFA Housing price index increased 4.04% for the year. On the business side, energy costs for production, particularly natural gas, have declined; corporate earnings are at near record highs; corporate cash remains at high levels; corporate fundamentals continue to improve and price/earnings ratios are at reasonable levels. On the negative side there are plenty of issues that worry investors. The fiscal cliff may have been narrowly averted at year-end, but all the contentious issues remain. Foremost are the massive government deficit spending and the debt ceiling. The Eurozone, while rescued from a full blown meltdown by European Central Bank, remains in dire straits with the imposition of strict austerity programs. The impact of a recession in Europe, an anemic Japan, and a slowdown in China/Asian growth rates translates into lower global and U.S. GDP growth. Outcomes for 2013, like 2012, may hinge in the "good news/ bad news" ratio, with the difference being that much of the bad news is already factored into expectations and any good news may have a more positive impact than expected. As a final cautionary note, Henry Kissinger has recently opined that the biggest risk factor we face is related to foreign policy; Iran will have enough enriched uranium to make a nuclear weapon by March of 2013.

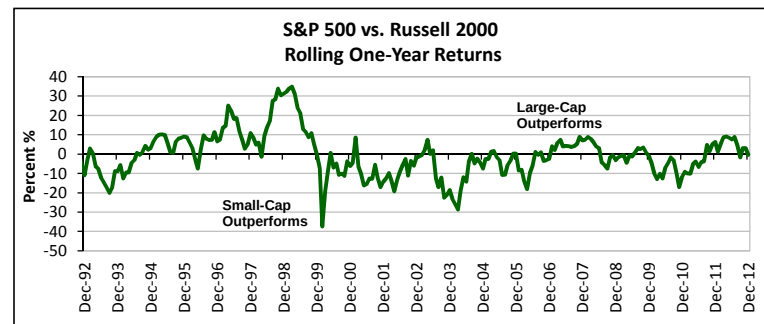
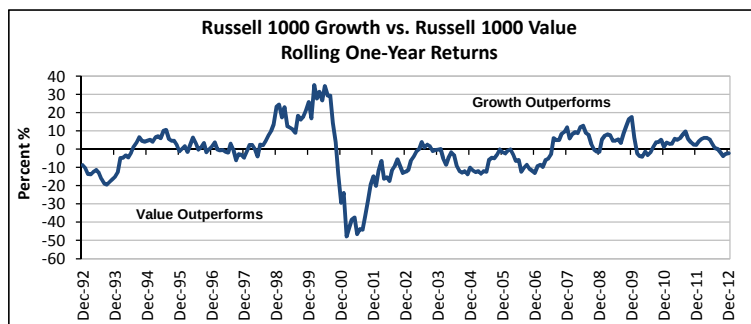
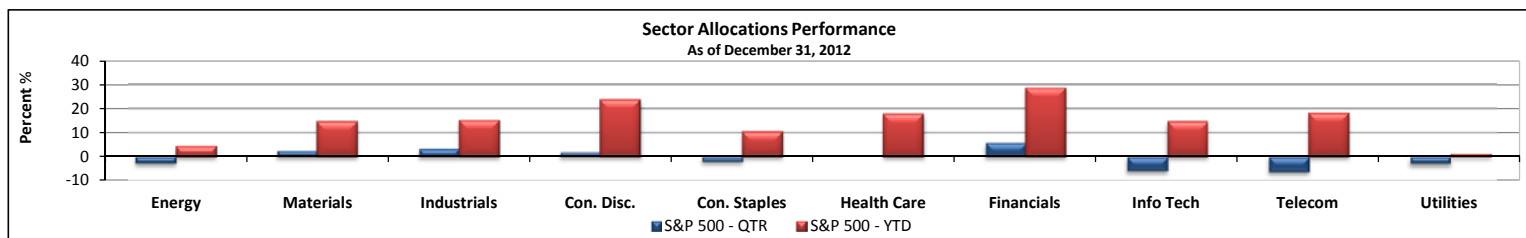


The U.S. Equity Market

Despite being down 0.4% in the fourth quarter, the S&P 500 index was up 16% for the year 2012. From its low in March of 2009 through the end of 2012, the S&P 500 index has returned 111%. Equity returns this year were driven somewhat by corporate earnings growth, which are robust, but the growth rate of corporate earnings are slowing due to declining global demand. U.S. corporations are becoming more global. On average, 30% of gross revenues for the companies in the Russell 1000 index are from non-U.S. sources. Most of the equity return resulted from a modest price/earnings expansion from 11.8 times at the end of 2011 to 12.5 times at the end of 2012. The long-term average price/earnings ratios are in the 14 to 16 times range, which makes a case that stocks are still reasonably valued. Fundamentals continue to improve with the debt coverage ratio for the S&P 500 companies improving to 6.8 times vs. the long term average of less than 4 times. Similarly, debt to equity ratios for the S&P 500 companies, normally at about 170%, has declined 107%. The S&P 500 corporate cash levels remain at all-time highs at nearly 30% of current assets. With few internal growth opportunities and with a huge reduction in credit sources, companies are prudently keeping plenty of cash on hand to self-finance opportunities. Companies are increasingly cautious about using their cash. Overall, merger and acquisition activity has been relatively subdued and share buyback programs have been scaled back.

		<u>4Q 12</u>	<u>YTD</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>10-Year</u>
Large Cap	S&P 500	-0.4	16.0	16.0	2.1	15.1	26.4	-37.0	16.0	10.9	1.7	7.1
	Russell 1000	0.1	16.4	16.4	1.5	16.1	28.4	-37.6	16.4	11.1	1.9	7.5
	Russell 1000 Value	1.5	17.5	17.5	0.4	15.5	19.7	-36.9	17.5	10.9	0.6	7.4
	Russell 1000 Growth	-1.3	15.3	15.3	2.6	16.7	37.2	-38.4	15.3	11.4	3.1	7.5
Mid Cap	Russell Mid-Cap	2.9	17.3	17.3	-1.6	25.5	40.5	-41.5	17.3	13.1	3.6	10.6
	Russell Mid-Cap Value	3.9	18.5	18.5	-1.4	24.8	34.2	-38.4	18.5	13.4	3.8	10.6
	Russell Mid-Cap Growth	1.7	15.8	15.8	-1.7	26.4	46.3	-44.3	15.8	12.9	3.2	10.3
Small Cap	Russell 2000	1.8	16.3	16.3	-4.2	26.8	27.2	-33.8	16.3	12.2	3.6	9.7
	Russell 2000 Value	3.2	18.1	18.1	-5.5	24.5	20.5	-28.9	18.1	11.6	3.5	9.5
	Russell 2000 Growth	0.4	14.6	14.6	-2.9	29.1	34.5	-38.5	14.6	12.8	3.5	9.8
Total Market	Wilshire 5000	0.1	16.1	16.1	1.0	17.2	28.3	-37.2	16.1	11.1	2.0	7.9
	Russell 3000	0.3	16.4	16.4	1.0	16.9	28.3	-37.3	16.4	11.2	2.0	7.7

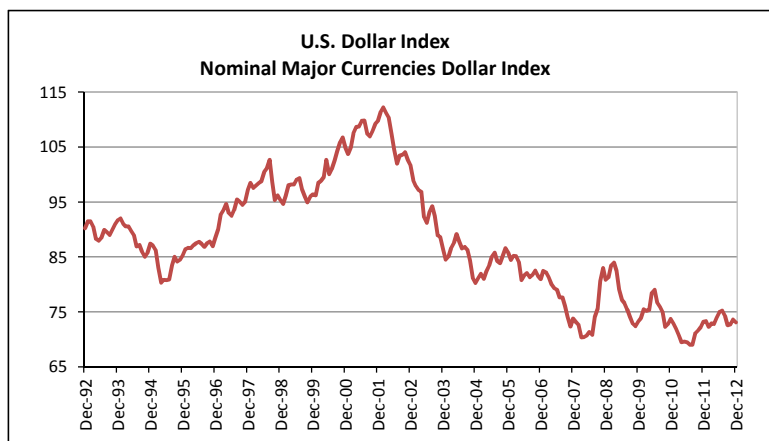
Equity returns were fairly consistent across style and size with the Russell 1000 index and the Russell 2000 index both returning approximately 16.4%. The value style outperformed the growth style in both large and small cap stocks. The Russell 1000 Growth index returned 15.3% while the Russell 1000 Value index returned 17.5%. The Russell 2000 Growth and Value indices returned 14.6% and 18.1% respectively. This is a bit of a trend reversal as the growth style has outperformed value since 2008. Leading sectors were Financials, up 28.8%, and Consumer Discretionary, up 23.9%, while the laggards were Energy, up only 4.7%, and Utilities up only 1.4%, most other sectors performed in line with the overall market.



The International Equity Market

The "rest of the world" did about the same, on average, as the U.S. equity markets. The MSCI All Country World ex U.S. index returned 16.8% compared to the S&P 500 index return of 16.0%. Despite the angst and turmoil in the European Economic Community, many European markets rallied strongly in the last half of the year and performed well for the year, with the MSCI French index up 22.8% and Germany up 32.1%. The MSCI UK index was up 15.3%. The more troubled countries had less robust recoveries with Spain up 3.1% and Portugal up 3.4% in local currency terms by year-end. The real surprise was the Greek market rally in the second half that resulted in a 5.7% return for the year.

		<u>4Q 12</u>	<u>YTD</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>10-Year</u>
Global	MSCI All Country World Index	2.9	16.1	16.1	-7.3	12.7	34.6	-42.2	16.1	6.6	-1.2	8.1
	MSCI World Small Cap	3.7	18.1	18.1	-11.3	26.3	50.1	-43.7	18.1	9.8	2.3	12.0
	MSCI World ex US	5.8	16.8	16.8	-13.7	11.2	41.4	-45.5	16.8	3.9	-2.9	9.7
Developed ex US	MSCI EAFE	6.6	17.3	17.3	-12.1	7.8	31.8	-43.4	17.3	3.6	-3.7	8.2
	MSCI EAFE Value	7.4	17.7	17.7	-12.2	3.3	34.2	-44.1	17.7	2.2	-4.3	8.6
	MSCI EAFE Growth	5.8	16.9	16.9	-12.1	12.3	29.4	-42.7	16.9	4.9	-3.1	7.8
	MSCI EAFE Small Cap	6.0	20.0	20.0	-15.9	22.0	46.8	-47.0	20.0	7.2	-0.9	11.9
Emerging Markets	MSCI Emerging Markets	5.6	18.2	18.2	-18.4	18.9	78.5	-53.3	18.2	4.7	-0.9	16.5



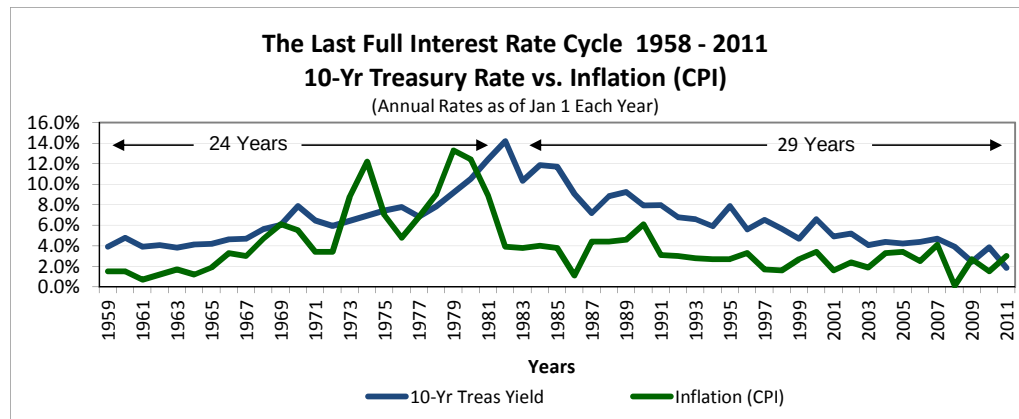
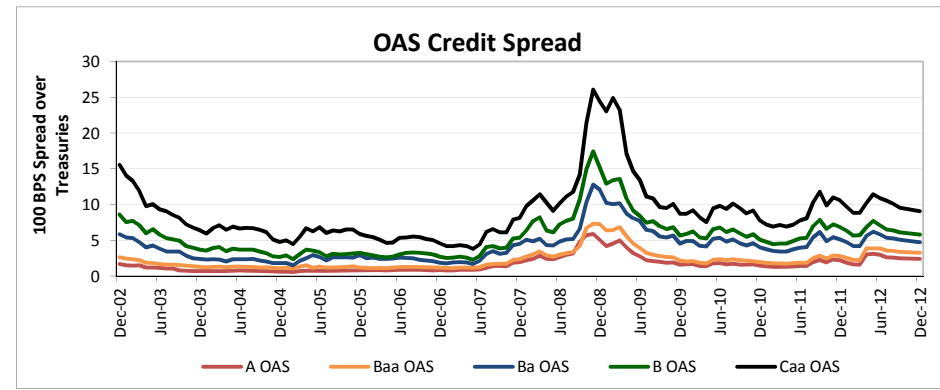
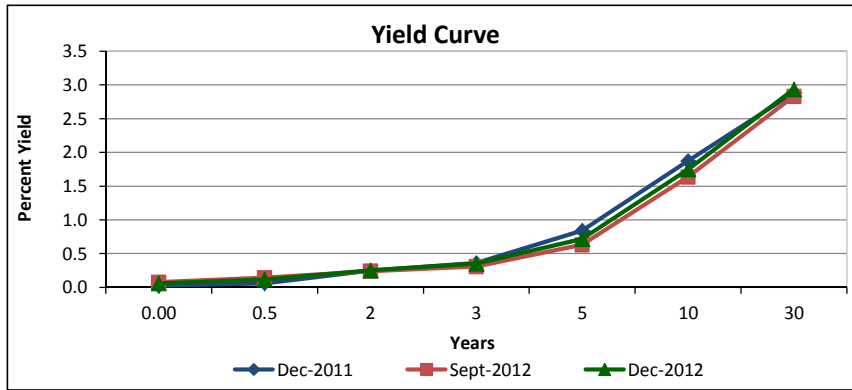
International Comparatives								
	<u>GDP</u>	<u>GDP Per Capita</u>	<u>GDP Growth</u>	<u>Unempl. Rate</u>	<u>Inflation Rate</u>	<u>Population</u>	<u>Population Growth</u>	
Developed	US	15,076	48,328	1.5%	7.7%	1.8%	314mm	0.9%
	Canada	1,739	50,496	1.5%	7.2%	1.1%	34	0.8
	UK	2,431	38,811	0.0%	7.8%	2.6%	63	0.6
	Germany	3,607	44,111	-1.0%	6.9%	1.9%	81	-0.2
	France	2,778	44,007	-1.5%	10.3%	1.4%	66	0.5
	Japan	5,867	45,870	-0.5%	4.1%	-0.4%	127	-0.1
Emerging	Italy	2,199	36,267	-2.0%	10.6%	2.5%	61	0.4
	Russia	1,850	12,993	3.0%	5.4%	6.4%	143	0.0
	Mexico	1,154	10,146	2.3%	5.1%	4.2%	115	1.1
	Brazil	2,493	12,789	3.1%	4.9%	5.5%	199	0.9
	China	7,298	5,417	8.2%	4.1%	2.0%	1,343	0.5
	India	1,827	1,514	5.1%	9.8%	7.5%	1,205	1.3

*Data as of December 31, 2012.

The Bond Market

The fixed income markets were fairly benign in 2012. The Federal Reserve continued its program of quantitative easing dubbed "QE III" which kept interest rates at all-time lows. The Fed Funds rate ended the year at 0.17% and the 3-month Treasury yield was 0.06%. The 10-year Treasury yield was 1.75% and had a total return of 4.1% for 2012. The Barclays U.S. Aggregate index ended the year with a current yield of 1.74% and a total return of 4.2%. U.S. Treasury Inflation Protected Securities (TIPS) were up 7.0% for the year. High yield spreads tightened to 549 basis points as the year came to a close and the Barclays High Yield index returned 15.8% for the year. Defaults are near historic lows and are expected to rise only marginally in 2013.

	<u>Yield</u>	<u>Duration</u>	<u>4Q 12</u>	<u>YTD</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>10-Year</u>
Barclays Aggregate	1.7	5.1	0.2	4.2	4.2	7.8	6.5	5.9	5.2	4.2	6.2	5.9	5.2
Barclays Gov/Credit	1.5	5.9	0.4	4.8	4.8	8.7	6.6	4.5	5.7	4.8	6.7	6.1	5.2
Barclays Int Agg	1.5	3.6	0.2	3.6	3.6	6.0	6.1	6.5	4.9	3.6	5.2	5.4	4.8
Barclays Int Govt/Credit	1.0	3.9	0.3	3.9	3.9	5.8	5.9	5.2	5.1	3.9	5.2	5.2	4.6
Barclays HY Ba/B2% Capped	5.3	4.2	3.2	15.0	15.0	6.0	13.9	45.2	-22.0	15.0	11.6	9.5	9.5
Barclays Mortgage	2.3	3.3	-0.2	2.6	2.6	6.2	5.4	5.9	8.3	2.6	4.7	5.7	5.1
Barclays Treasury	0.9	5.4	-0.1	2.0	2.0	9.8	5.9	-3.6	13.7	2.0	5.8	5.4	4.8
Barclays US TIPS	1.5	5.6	0.7	7.0	7.0	13.6	6.3	11.4	-2.4	7.0	8.9	7.0	6.7
91 day T-Bills	0.1	0.3	0.0	0.1	0.1	0.1	0.1	0.2	2.1	0.1	0.1	0.5	1.8



Interest Rate Sensitivity

12 Month Holding Period - Annualized Returns as of 12/31/2012							
	10 Yr. Treasury ML US	Aggregate ML US	Corp/Gov ML US	Opportunistic ML US HY	Defensive ML US HY	BB ML US HY	Short Duration ML US HY
Yield Change	Gov	Broad Market	Corp/Gov Mstr	Master II Cons	BB-B ND	BB Sr CPC	BB-B CP 1-3yrs
(bps)	GA10	US00	BOA0	HUC0	H4ND	J0AC	J1A4
-150	15.77	9.01	10.69	12.30	11.53	11.27	5.58
-100	11.09	6.52	7.65	10.22	9.36	9.00	4.82
-50	6.42	4.04	4.62	8.15	7.19	6.73	4.07
-25	4.08	2.79	3.10	7.11	6.11	5.60	3.69
0	1.74	1.55	1.58	6.07	5.02	4.46	3.31
25	-0.60	0.31	0.06	5.03	3.94	3.33	2.93
50	-2.94	-0.94	-1.46	4.00	2.85	2.19	2.56
100	-7.61	-3.42	-4.49	1.92	0.68	-0.08	1.80
150	-12.29	-5.91	-7.53	-0.15	-1.49	-2.35	1.05
200	-16.96	-8.39	-10.56	-2.23	-3.66	-4.62	0.29
250	-21.64	-10.88	-13.60	-4.31	-5.83	-6.89	-0.47
300	-26.31	-13.36	-16.63	-6.38	-8.00	-9.16	-1.22
350	-30.99	-15.85	-19.67	-8.46	-10.17	-11.43	-1.98
400	-35.66	-18.33	-22.70	-10.53	-12.34	-13.70	-2.73
450	-40.34	-20.82	-25.74	-12.61	-14.51	-15.97	-3.49
500	-45.01	-23.30	-28.77	-14.68	-16.68	-18.24	-4.24
Duration	9.350	4.970	6.070	4.150	4.340	4.540	1.510

36 Month Holding Period - Annualized Returns as of 12/31/2012							
	10 Yr. Treasury ML US	Aggregate ML US	Corp/Gov ML US	Opportunistic ML US HY	Defensive ML US HY	BB ML US HY	Short Duration ML US HY
Yield Change	Gov	Broad Market	Corp/Gov Mstr	Master II Cons	BB-B ND	BB Sr CPC	BB-B CP 1-3yrs
(bps)	GA10	US00	BOA0	HUC0	H4ND	J0AC	J1A4
-150	5.09	4.41	4.59	8.81	7.79	7.26	5.39
-100	4.77	4.13	4.30	8.54	7.51	6.98	5.11
-50	4.28	3.69	3.85	8.09	7.07	6.54	3.68
-25	3.84	3.17	3.38	7.40	6.46	5.97	3.46
0	1.74	1.55	1.58	6.07	5.02	4.46	3.31
25	1.25	1.24	1.22	5.80	4.74	4.17	3.20
50	0.96	1.03	0.99	5.62	4.55	3.98	3.10
100	0.56	0.74	0.66	5.34	4.27	3.69	2.95
150	0.27	0.51	0.42	5.14	4.06	3.48	2.83
200	0.04	0.33	0.22	4.97	3.89	3.30	2.72
250	-0.16	0.17	0.05	4.82	3.74	3.15	2.63
300	-0.33	0.03	-0.10	4.69	3.61	3.01	2.54
350	-0.49	-0.09	-0.23	4.58	3.49	2.89	2.46
400	-0.63	-0.20	-0.35	4.47	3.38	2.78	2.39
450	-0.77	-0.31	-0.47	4.37	3.28	2.68	2.33
500	-0.89	-0.41	-0.57	4.28	3.19	2.59	2.27
Duration	9.350	4.970	6.070	4.150	4.340	4.540	1.510

SOURCE: PENN Capital Internal Research. Further details on methodology for the calculations are available upon request.

Interest Rate Sensitivity

5 Year Holding Period - Annualized Returns as of 12/31/2012

	10 Yr. Treasury ML US	Aggregate ML US	Corp/Gov ML US	Opportunistic ML US HY	Defensive ML US HY	BB ML US HY	Short Duration ML US HY
Yield Change	Gov	Broad Market	Corp/Gov Mstr	Master II Cons	BB-B ND	BB Sr CPC	BB-B CP 1-3yrs
(bps)	GA10	US00	BOA0	HUC0	H4ND	J0AC	J1A4
-150	4.41	4.00	4.10	8.46	7.43	6.88	5.36
-100	4.27	3.87	3.96	8.33	7.29	6.75	5.18
-50	4.04	3.63	3.73	8.08	7.05	6.51	3.56
-25	3.80	3.30	3.46	7.59	6.63	6.13	3.40
0	1.74	1.55	1.58	6.07	5.02	4.46	3.31
25	1.47	1.37	1.38	5.92	4.86	4.30	3.24
50	1.32	1.27	1.26	5.82	4.76	4.19	3.19
100	1.14	1.12	1.10	5.68	4.62	4.05	3.11
150	1.02	1.02	0.99	5.58	4.52	3.95	3.04
200	0.92	0.94	0.91	5.51	4.45	3.87	2.99
250	0.85	0.87	0.84	5.44	4.38	3.81	2.94
300	0.78	0.81	0.77	5.39	4.32	3.75	2.90
350	0.72	0.76	0.72	5.34	4.27	3.70	2.87
400	0.67	0.71	0.67	5.30	4.23	3.65	2.83
450	0.62	0.67	0.63	5.26	4.19	3.61	2.80
500	0.57	0.63	0.59	5.22	4.15	3.58	2.77
Duration	9.350	4.970	6.070	4.150	4.340	4.540	1.510

10 Year Holding Period - Annualized Returns as of 12/31/2012

	10 Yr. Treasury ML US	Aggregate ML US	Corp/Gov ML US	Opportunistic ML US HY	Defensive ML US HY	BB ML US HY	Short Duration ML US HY
Yield Change	Gov	Broad Market	Corp/Gov Mstr	Master II Cons	BB-B ND	BB Sr CPC	BB-B CP 1-3yrs
(bps)	GA10	US00	BOA0	HUC0	H4ND	J0AC	J1A4
-150	4.03	3.76	3.81	8.25	7.21	6.65	5.33
-100	3.98	3.70	3.76	8.19	7.15	6.59	5.24
-50	3.88	3.59	3.65	8.08	7.04	6.48	3.44
-25	3.77	3.42	3.52	7.79	6.80	6.28	3.36
0	1.74	1.55	1.58	6.07	5.02	4.46	3.31
25	1.61	1.47	1.48	6.00	4.94	4.38	3.28
50	1.55	1.42	1.43	5.95	4.90	4.33	3.25
100	1.48	1.35	1.36	5.89	4.84	4.27	3.21
150	1.43	1.31	1.32	5.85	4.80	4.23	3.18
200	1.39	1.28	1.29	5.82	4.77	4.20	3.16
250	1.36	1.25	1.26	5.79	4.74	4.17	3.14
300	1.34	1.23	1.24	5.77	4.72	4.15	3.12
350	1.32	1.21	1.22	5.75	4.70	4.13	3.11
400	1.30	1.19	1.20	5.74	4.68	4.12	3.09
450	1.28	1.18	1.18	5.72	4.67	4.10	3.08
500	1.27	1.17	1.17	5.71	4.65	4.09	3.07
Duration	9.350	4.970	6.070	4.150	4.340	4.540	1.510

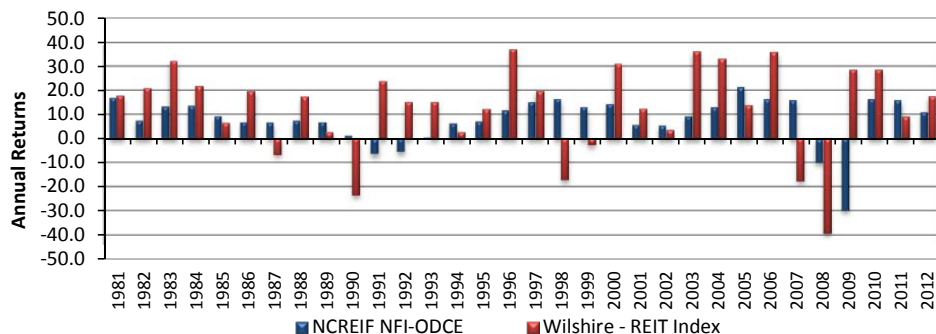
SOURCE: PENN Capital Internal Research. Further details on methodology for the calculations are available upon request.

The Real Estate Market

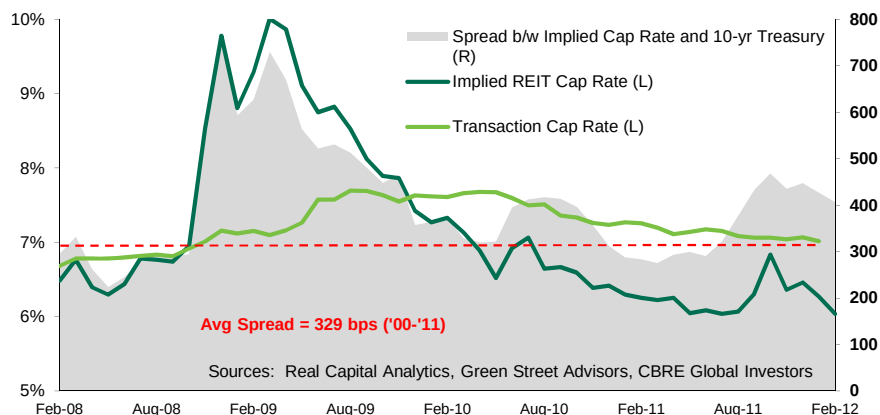
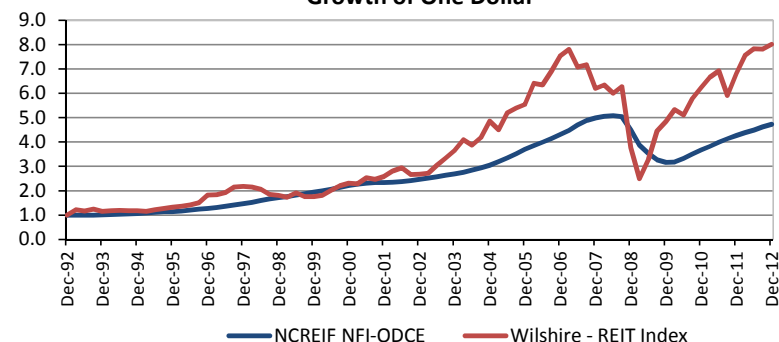
Commercial real estate continued to post solid gains in 2012 with the NCREIF ODCE up about 10.9%. A significant portion of returns continues to be net income with valuation increases moderating compared to last year. There is beginning to be some pent up demand for multi-family housing and office space. REITs continued to outperform direct real estate with the Wilshire REIT index up 17.6%. REITs continue to draw significant demand from investors seeking income and have driven prices 20% or so above the net asset value of the underlying real estate. Additionally, REITs are viewed as having some long-term protection value against inflation as well as offering some down-side protection from an economic down turn.

		<u>4Q 12</u>	<u>YTD</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>10-Year</u>
US Private	NCREIF ODCE	2.4	10.9	10.9	16.0	16.4	-29.8	-10.0	10.9	14.4	-1.1	6.7
US Public	Wilshire REIT	2.5	17.6	17.6	9.2	28.6	28.6	-39.2	17.6	18.2	5.3	11.6
	S&P - Case-Shiller Home Price (3Q12)	2.5	6.2	-	-1.1	-1.3	-19.5	-10.4	2.3	0.3	-5.4	1.4

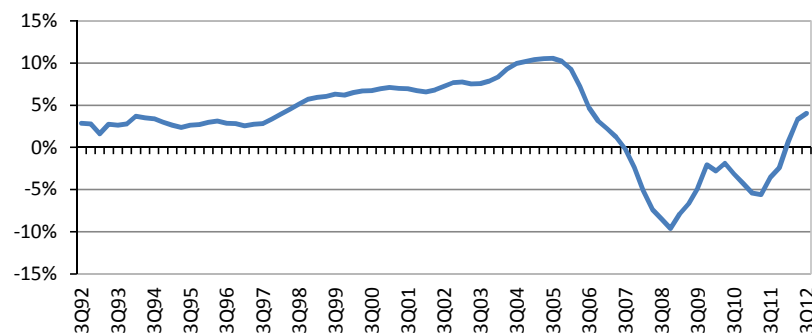
Public and Private Real Estate Market Performance



Growth of One Dollar



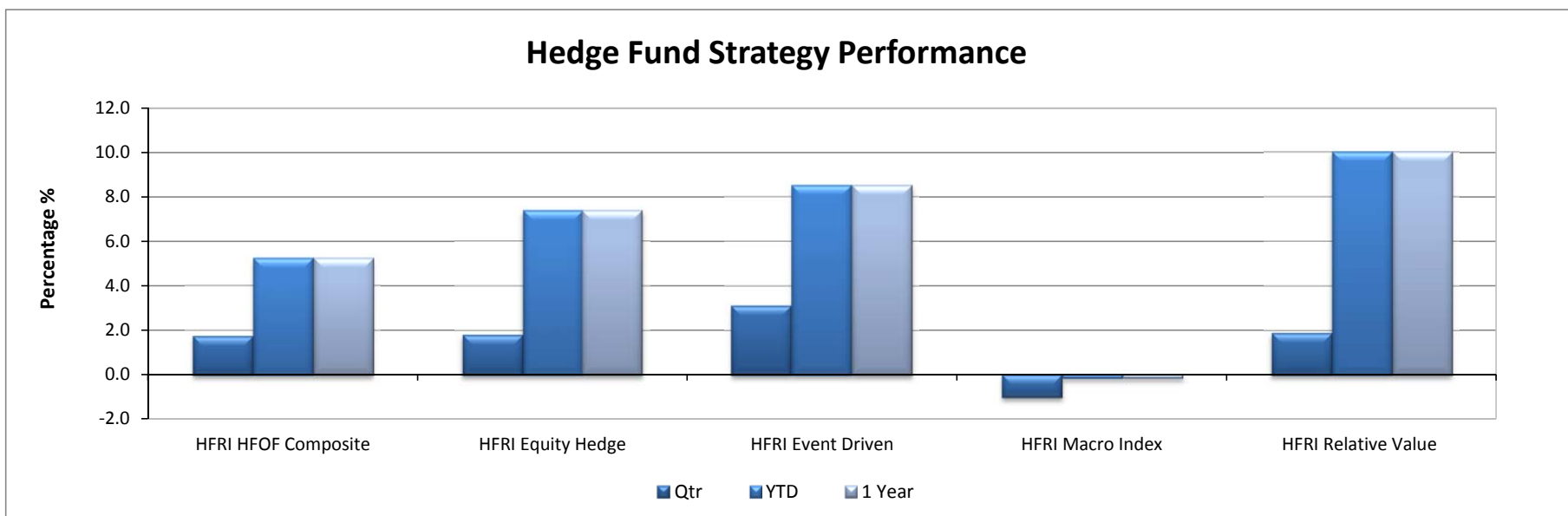
NPI Four-Quarter Appreciation U.S.



The Hedge Fund of Funds Market

Managers have been cautious with both gross and net market exposures as a risk control against the “risk on, risk off” market swings that are expected to persist. The HFRI HFOF Composite index was up 5.2% for the year. Credit strategies investing in CMBS, bank loans, and other mortgage- and asset-backed securities generally performed much better than most other strategies. Event driven strategies were constrained due to limited merger and acquisition activity. Long/short equity was hampered by range bound markets. Macro managers were hard pressed to see positive catalysts develop to profit from their positions. Managed futures and commodities managers had a very difficult year in both agricultural products and energy trades.

Strategy	Index	4Q 12	YTD	2012	2011	2010	2009	2008	1-Year	3-Year	5-Year	10-Year
Fund of Funds	HFRI HFOF Composite	1.8	5.2	5.2	-5.7	5.7	11.5	-21.4	5.2	1.6	-1.7	3.7
Equity Long-Short	HFRI Equity Hedge	1.8	7.4	7.4	-8.4	10.5	24.6	-26.6	7.4	2.8	-0.1	5.8
Event Driven	HFRI Event Driven	3.1	8.5	8.5	-3.3	11.9	25.1	-21.8	8.5	5.5	2.8	8.1
Global Macro	HFRI Macro Index	-1.0	-0.2	-0.2	-4.1	8.1	4.3	4.8	-0.2	1.1	2.5	6.3
Relative Value	HFRI Relative Value	1.9	10.0	10.0	0.2	11.4	25.8	-18.0	10.0	7.1	4.8	6.7



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FELRA and UFCW Pension Fund
Master Consulting Services Report
Period Ended
December 31, 2012

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	\$610,155,182	\$610,201,024	\$610,201,024	\$673,508,804	\$1,006,843,561	\$994,129,241	\$902,584,590
Net Additions/Withdrawals	-\$19,736,735	-\$77,228,498	-\$77,228,498	-\$227,345,358	-\$390,392,956	-\$580,228,677	-\$879,909,949
Investment Earnings	\$13,322,360	\$70,768,282	\$70,768,282	\$157,577,362	-\$12,709,798	\$189,840,243	\$581,066,166
Ending Market Value	\$603,740,808	\$603,740,808	\$603,740,808	\$603,740,808	\$603,740,808	\$603,740,808	\$603,740,808

- The present assumed actuarial rate as determined by the plan actuary is 8.0%.
- The Fund's fiscal year end is 12/31.

FELRA and UFCW Pension Fund

Master Consulting Services Report as of December 31, 2012

Total Plan Performance (Gross of Fees) - Annualized

	Market Value	% of Portfolio	Ending December 31, 2012						
			3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Total Fund	\$603,740,808	100.0%	2.3%	12.5%	12.5%	8.8%	1.7%	4.2%	7.2%
Benchmark			1.5%	11.5%	11.5%	8.1%	1.5%	4.2%	6.9%
Allocation Index			1.5%	11.5%	11.5%	8.3%	1.9%	4.6%	--
Total Fund Domestic Equity	\$112,985,099	18.7%	1.0%	13.5%	13.5%	10.3%	1.0%	3.3%	7.5%
S&P 500			-0.4%	16.0%	16.0%	10.9%	1.7%	4.1%	7.1%
Russell 2000			1.9%	16.3%	16.3%	12.2%	3.6%	4.8%	9.7%
Total Fund International Equity	\$57,292,960	9.5%	8.1%	17.9%	17.9%	5.2%	-1.9%	3.3%	8.1%
MSCI EAFE			6.6%	17.3%	17.3%	3.6%	-3.7%	2.2%	8.2%
Total Domestic Fixed Income Investment Grade	\$42,876,279	7.1%	0.7%	6.8%	6.8%	7.9%	4.9%	--	--
Barclays Aggregate			0.2%	4.2%	4.2%	6.2%	5.9%	--	--
Total Fixed High Yield	\$18,825,008	3.1%	2.6%	14.0%	14.0%	10.8%	9.7%	--	--
BofA Merrill Lynch US High Yield BB-B Rated			3.1%	14.7%	14.7%	11.4%	9.1%	--	--
Total Fund Real Estate	\$90,611,732	15.0%	2.7%	12.3%	12.3%	14.4%	-0.7%	3.6%	--
NCREIF ODCE Index			2.3%	10.8%	10.8%	14.4%	-1.1%	3.5%	--
Total Fund Hedge Fund of Funds	\$63,265,082	10.5%	3.0%	8.0%	8.0%	2.8%	-0.7%	1.9%	--
HFRI Fund of Funds Composite Index			1.3%	4.7%	4.7%	1.4%	-1.8%	1.5%	--
Total Fund GTAA/Risk Parity	\$215,851,167	35.8%	1.6%	13.4%	13.4%	--	--	--	--
65% MSCI World Index/35% CitigroupWGBI			1.3%	11.1%	11.1%	--	--	--	--
Total Fund Other	\$119,705	0.0%							
Total Fund Cash	\$1,913,777	0.3%	0.0%	0.1%	0.1%	0.0%	--	--	--

	Fiscal YTD	Fiscal Year Ends									
		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Total Fund	12.5%	12.5%	0.6%	13.6%	12.5%	-25.0%	8.3%	13.0%	10.0%	11.0%	23.3%
Benchmark	11.5%	11.5%	0.7%	12.6%	14.1%	-25.4%	8.2%	14.6%	8.0%	10.6%	22.7%
Allocation Index	11.5%	11.5%	1.5%	12.3%	11.7%	-22.8%	8.3%	14.9%	7.5%	--	--

Allocation vs. Targets and Policy

	Current Balance	Current Allocation	Policy	Target Ranges	Difference	Difference
Large Cap Equities	\$86,601,405	14.3%	18.0%	13.0% - 23.0%	-3.7%	-\$22,071,940
Small - Mid Cap Equities	\$26,383,694	4.4%	5.0%	3.0% - 7.0%	-0.6%	-\$3,803,347
International Equities	\$57,292,960	9.5%	9.0%	6.0% - 12.0%	0.5%	\$2,956,287
Core Fixed Income	\$42,876,279	7.1%	10.0%	7.0% - 13.0%	-2.9%	-\$17,497,802
High Yield Fixed Income	\$18,825,008	3.1%	4.0%	2.0% - 6.0%	-0.9%	-\$5,324,625
Real Estate	\$90,611,732	15.0%	10.0%	6.0% - 14.0%	5.0%	\$30,237,651
Hedge Fund of Funds	\$63,265,082	10.5%	9.0%	6.0% - 12.0%	1.5%	\$8,928,409
GTAA/Risk Parity	\$215,851,167	35.8%	35.0%	25.0% - 45.0%	0.8%	\$4,541,884
Other	\$119,705	0.0%	--	--	0.0%	\$119,705
Cash	\$1,913,777	0.3%	--	--	0.3%	\$1,913,777
Total	\$603,740,808	100.0%	100.0%			

Asset Allocation

- At the January 12, 2010 meeting, trustees adopted asset allocation targets of LC Eq 18%/ Smid Eq 5%/ Int'l Eq 9%/ Core Fx 10%/ HY Fx 4%/ RE 10%/ HFOF 9%/ GTAA/RP 35%.
- At the February 3, 2010 meeting, the Policy Committee approved a 35% allocation to GTAA / Risk Parity comprised of 2/3 GTAA and 1/2 Risk Parity.
- On January 30, 2012, \$9 million was withdrawn from investments, (\$1.25M each) Fifth Third, IR&M, INTECH, NWQ, SBH, Wedge Capital and Lazard (\$1.5M) to meet benefit obligations.
- On March 29, 2012, \$8 million was withdrawn from investments, (\$750,000 each) Fifth Third, NWQ, INTECH, Wedge, Lazard (\$4M) and Westwood (\$1M) to meet benefit obligations.
- On April 27, 2012, \$8 million was withdrawn from investments, (\$750,000 each) Fifth Third, NWQ, INTECH, Wedge, Lazard (\$4M) and Westwood (\$1M) to meet benefit obligations.
- On June 28, 2012, \$10 million was withdrawn from investments, (\$1.25 million each) Fifth Third, NWQ, INTECH, Wedge, Lazard, IR&M, SBH, and Westwood to meet benefit obligations.
- On July 30, 2012, \$9 million was withdrawn from investments, (\$1 million each) Fifth Third, NWQ, INTECH, Wedge, IR&M, SBH, Lazard (\$1.5M) and Westwood (\$1.5M) to meet benefit obligations.
- On September 28, 2012, \$9 million was withdrawn from investments, (\$500,000 each) Fifth Third, Westwood, NWQ, INTECH, Wedge, IR&M, SBH, and Lazard, Principal (\$3M), and Windhaven (\$2M) to meet benefit obligations.
- On October 30, 2012, \$9.5 million was withdrawn from investments from Fifth Third (\$900,000), Westwood (\$1M), NWQ (\$800,000), INTECH (\$375,000), Wedge (\$1.3M), IR&M (\$850,000), SBH (\$700,000), Lazard (\$725,000), and Windhaven (\$2.85M) to meet benefit obligations.
- On December 28, 2012, \$10 million was withdrawn from investments from Fifth Third (\$955,000), Westwood (\$1.045M), NWQ (\$860,000), INTECH (\$390,000), Wedge (\$1.36M), IR&M (\$890,000), SBH (\$750,000), Lazard (\$760,000), and Windhaven (\$2.99M) to meet benefit obligations.
- At the December 19, 2012 meeting, the Trustees elected to redeem 2% of total fund assets from real estate for future cash flow needs. On January 29, 2012, \$13,281,484 was received from Principal and transferred to the cash account for cash flow needs.

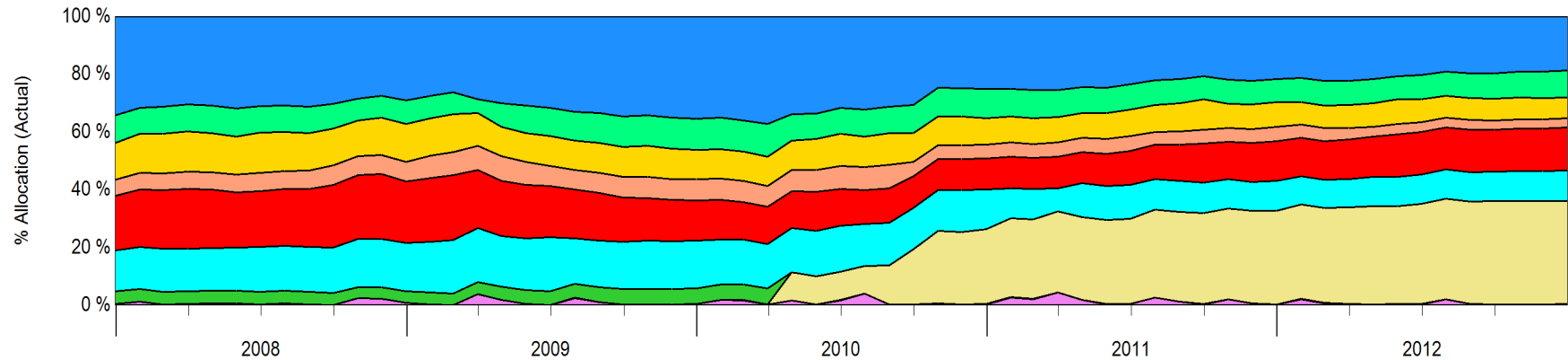
Recommendation: Consider alternative asset allocation scenarios suggested during 2012.

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FELRA and UFCW Pension Fund

Master Consulting Services Report as of December 31, 2012

Asset Allocation History
5 Years Ending December 31, 2012



30.5	31.1	30.3	29.2	28.7	31.8	34.7	35.5	37.4	31.8	30.7	25.2	25.5	23.6	20.7	21.8	22.3	20.3	19.8	18.7
9.5	9.2	8.7	8.1	4.8	9.6	10.7	10.8	11.3	8.9	9.8	10.2	9.4	8.8	8.1	8.1	8.5	8.4	8.7	9.5
13.8	13.9	12.7	13.1	11.4	10.4	10.4	10.1	10.1	11.2	10.0	9.0	8.9	9.2	10.4	8.5	7.9	8.0	7.5	7.1
6.0	6.2	6.7	6.9	8.2	6.9	7.2	7.2	7.3	7.9	4.9	4.8	4.9	5.1	4.7	4.9	4.0	3.5	3.2	3.1
20.6	19.4	21.6	21.2	20.2	17.8	15.3	14.0	12.9	12.7	11.0	10.8	11.0	11.8	13.7	13.8	13.6	14.7	14.5	15.0
14.9	15.5	15.8	16.6	18.5	18.7	16.3	16.6	15.2	15.9	14.3	13.7	7.8	11.6	10.5	10.3	9.9	10.1	10.2	10.5
4.4	4.4	4.1	4.1	4.3	4.8	5.3	5.4	5.6	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	9.8	19.2	26.0	28.1	29.6	31.5	32.4	33.4	34.6	35.8	35.8
--	--	--	--	--	--	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0
0.3	0.2	0.0	0.7	3.8	0.0	0.2	0.3	0.2	1.7	0.1	0.3	4.4	0.4	0.3	0.2	0.3	0.3	0.2	0.3

■ Total Fund Domestic Equity	■ Total Fixed High Yield	■ Total Fund Special Investments	■ Total Fund Cash
■ Total Fund International Equity	■ Total Fund Real Estate	■ Total Fund GTAA/Risk Parity	
■ Total Domestic Fixed Income Investment Grade	■ Total Fund Hedge Fund of Funds	■ Total Fund Other	

FELRA and UFCW Pension Fund

Master Consulting Services Report as of December 31, 2012

Performance Summary (Gross of Fees) - Annualized

	Market Value	% of Portfolio	Ending December 31, 2012							Inception	
			3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Return	Since
Total Fund	\$603,740,808	100.0%	2.3%	12.5%	12.5%	8.8%	1.7%	4.2%	7.2%	5.9%	Jan-97
Benchmark			1.5%	11.5%	11.5%	8.1%	1.5%	4.2%	6.9%	--	Jan-97
Allocation Index			1.5%	11.5%	11.5%	8.3%	1.9%	4.6%	--	--	Jan-97
Total Fund Domestic Equity	\$112,985,099	18.7%	1.0%	13.5%	13.5%	10.3%	1.0%	3.3%	7.5%	--	Jul-95
S&P 500			-0.4%	16.0%	16.0%	10.9%	1.7%	4.1%	7.1%	--	Jul-95
Russell 2000			1.9%	16.3%	16.3%	12.2%	3.6%	4.8%	9.7%	--	Jul-95
INTECH	\$9,261,172	1.5%	-1.7%	17.5%	17.5%	12.9%	2.5%	4.6%	8.2%	4.6%	Apr-01
Russell 1000 Growth			-1.3%	15.3%	15.3%	11.4%	3.1%	5.2%	7.5%	3.5%	Apr-01
Fifth Third Asset Management	\$22,802,909	3.8%	-1.5%	12.6%	12.6%	9.0%	--	--	--	9.7%	Dec-09
Russell 1000 Growth			-1.3%	15.3%	15.3%	11.4%	--	--	--	12.1%	Dec-09
NWQ Investment Management	\$20,884,435	3.5%	0.4%	10.0%	10.0%	6.2%	-1.2%	2.1%	--	3.4%	Jan-05
Russell 1000 Value			1.5%	17.5%	17.5%	10.9%	0.6%	3.3%	--	3.8%	Jan-05
Wedge Capital Management	\$33,652,889	5.6%	1.6%	15.0%	15.0%	11.4%	1.0%	3.8%	--	5.2%	Jan-05
Russell 1000 Value			1.5%	17.5%	17.5%	10.9%	0.6%	3.3%	--	3.8%	Jan-05
Westwood Management Corp	\$26,383,694	4.4%	4.0%	13.7%	13.7%	12.8%	7.3%	--	--	6.7%	Oct-07
Russell 2500			3.1%	17.9%	17.9%	13.3%	4.3%	--	--	3.3%	Oct-07
Total Fund International Equity	\$57,292,960	9.5%	8.1%	17.9%	17.9%	5.2%	-1.9%	3.3%	8.1%	4.5%	Apr-97
MSCI EAFE			6.6%	17.3%	17.3%	3.6%	-3.7%	2.2%	8.2%	4.4%	Apr-97
Gryphon International Investment	\$32,726,376	5.4%	8.0%	19.6%	19.6%	5.7%	0.3%	5.5%	--	6.0%	Jan-05
MSCI EAFE			6.6%	17.3%	17.3%	3.6%	-3.7%	2.2%	--	3.5%	Jan-05
MSCI EAFE Growth			5.8%	16.9%	16.9%	4.9%	-3.1%	2.9%	--	4.1%	Jan-05

FELRA and UFCW Pension Fund

Master Consulting Services Report as of December 31, 2012

Performance Summary (Gross of Fees) - Annualized

	Market Value	% of Portfolio	Ending December 31, 2012							Inception	
			3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Return	Since
Vanguard EAFE ETF	\$24,566,584	4.1%	8.2%	--	--	--	--	--	--	23.1%	May-12
MSCI EAFE			6.6%	--	--	--	--	--	--	21.9%	May-12
Total Domestic Fixed Income Investment Grade	\$42,876,279	7.1%	0.7%	6.8%	6.8%	7.9%	4.9%	--	--	5.0%	Jun-07
Barclays Aggregate			0.2%	4.2%	4.2%	6.2%	5.9%	--	--	6.3%	Jun-07
Income Research & Management	\$21,725,460	3.6%	0.9%	7.5%	7.5%	7.7%	--	--	--	8.5%	Jan-09
Barclays Aggregate			0.2%	4.2%	4.2%	6.2%	--	--	--	6.1%	Jan-09
IRM-Transition Assets	\$2,950,659	0.5%	2.2%	15.9%	15.9%	16.4%	--	--	--	18.7%	Jan-09
Barclays Aggregate			0.2%	4.2%	4.2%	6.2%	--	--	--	6.1%	Jan-09
Segall Bryant & Hamill	\$18,200,160	3.0%	0.2%	4.7%	4.7%	6.4%	--	--	--	7.2%	Jan-09
Barclays Aggregate			0.2%	4.2%	4.2%	6.2%	--	--	--	6.1%	Jan-09
Total Fixed High Yield	\$18,825,008	3.1%	2.6%	14.0%	14.0%	10.8%	9.7%	--	--	8.6%	Jun-07
BofA Merrill Lynch US High Yield BB-B Rated			3.1%	14.7%	14.7%	11.4%	9.1%	--	--	7.8%	Jun-07
Lazard Asset Management	\$18,825,008	3.1%	2.6%	14.0%	14.0%	10.8%	9.7%	8.9%	10.5%	6.3%	Jan-99
BofA Merrill Lynch US High Yield BB-B Rated			3.1%	14.7%	14.7%	11.4%	9.1%	8.4%	9.4%	6.8%	Jan-99
Total Fund Real Estate	\$90,611,732	15.0%	2.7%	12.3%	12.3%	14.4%	-0.7%	3.6%	--	6.7%	Oct-03
NCREIF ODCE Index			2.3%	10.8%	10.8%	14.4%	-1.1%	3.5%	--	6.5%	Oct-03
Principal Financial	\$13,246,790	2.2%	2.2%	12.8%	12.8%	15.6%	-1.3%	3.3%	--	6.3%	Oct-03
NCREIF ODCE Index			2.3%	10.8%	10.8%	14.4%	-1.1%	3.5%	--	6.5%	Oct-03

FELRA and UFCW Pension Fund

Master Consulting Services Report as of December 31, 2012

Performance Summary (Gross of Fees) - Annualized

	Market Value	% of Portfolio	Ending December 31, 2012							Inception	
			3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Return	Since
JP Morgan Real Estate Strategic Property - Core Investments	\$77,364,942	12.8%	2.8%	12.1%	12.1%	14.1%	0.0%	4.3%	--	7.6%	Oct-03
NCREIF ODCE Index			2.3%	10.8%	10.8%	14.4%	-1.1%	3.5%	--	6.5%	Oct-03
Total Fund Hedge Fund of Funds	\$63,265,082	10.5%	3.0%	8.0%	8.0%	2.8%	-0.7%	1.9%	--	2.8%	Apr-04
HFRI Fund of Funds Composite Index			1.3%	4.7%	4.7%	1.4%	-1.8%	1.5%	--	2.5%	Apr-04
EIM Management (USA), Inc. Multi-Strategy-USD	\$554,027	0.1%	-5.5%	5.6%	5.6%	-1.7%	-3.3%	1.2%	--	2.2%	Apr-05
HFRI Fund of Funds Composite Index			1.3%	4.7%	4.7%	1.4%	-1.8%	1.5%	--	2.2%	Apr-05
EnTrust Capital Diversified Fund LTD.	\$30,541,235	5.1%	4.0%	8.7%	8.7%	--	--	--	--	2.3%	Jan-11
HFRI Fund of Funds Composite Index			1.3%	4.7%	4.7%	--	--	--	--	-0.7%	Jan-11
T-Bills + 5%			1.2%	5.1%	5.1%	--	--	--	--	5.1%	Jan-11
Mesirow Institutional Multi-Strategy Fund, L.P.	\$30,022,946	5.0%	2.3%	7.6%	7.6%	--	--	--	--	1.2%	Apr-11
HFRI Fund of Funds Composite Index			1.3%	4.7%	4.7%	--	--	--	--	-1.2%	Apr-11
T-Bills + 5%			1.2%	5.1%	5.1%	--	--	--	--	5.1%	Apr-11
MDF Special Investments SPC, Ltd./MDEF June 2011/Pool 12/11	\$2,146,873	0.4%									
Total Fund GTAA/Risk Parity	\$215,851,167	35.8%	1.6%	13.4%	13.4%	--	--	--	--	6.5%	Apr-10
65% MSCI World Index/35% CitigroupWGBI			1.3%	11.1%	11.1%	--	--	--	--	6.1%	Apr-10
Windhaven Investment Management	\$73,294,203	12.1%	0.9%	11.5%	11.5%	--	--	--	--	7.2%	Apr-10
55% MSCI World Index/40% Barclays Agg/5% S&P-GSCI			1.3%	10.5%	10.5%	--	--	--	--	6.5%	Apr-10
65% MSCI World Index/35% CitigroupWGBI			1.3%	11.1%	11.1%	--	--	--	--	6.3%	Apr-10
AQR Global Risk Premium Offshore Fund, Ltd.	\$44,299,841	7.3%	1.8%	15.9%	15.9%	--	--	--	--	11.9%	Sep-10
60% MSCI World Index/40% Citigroup WGBI			1.0%	10.3%	10.3%	--	--	--	--	5.7%	Sep-10
65% MSCI AC World Index/35% Barclays Aggregate			1.9%	12.1%	12.1%	--	--	--	--	6.7%	Sep-10

FELRA and UFCW Pension Fund

Master Consulting Services Report as of December 31, 2012

Performance Summary (Gross of Fees) - Annualized

	Market Value	% of Portfolio	Ending December 31, 2012							Inception	
			3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Return	Since
Putnam Total Return Trust	\$41,718,762	6.9%	0.9%	13.2%	13.2%	--	--	--	--	12.3%	Aug-10
60% MSCI World Index/40% Citigroup WGBI			1.0%	10.3%	10.3%	--	--	--	--	8.4%	Aug-10
65% MSCI World Index/35% CitigroupWGBI			1.3%	11.1%	11.1%	--	--	--	--	8.8%	Aug-10
Wellington CIF Opportunistic Investment Allocation	\$56,538,361	9.4%	2.8%	14.4%	14.4%	--	--	--	--	3.2%	Oct-10
65% MSCI AC World Index/35% Barclays Aggregate			1.9%	12.1%	12.1%	--	--	--	--	6.7%	Oct-10
60% MSCI World Index/40% Citigroup WGBI			1.0%	10.3%	10.3%	--	--	--	--	5.7%	Oct-10
Total Fund Other	\$119,705	0.0%									
Meridian Segregated Portfolio	\$119,705	0.0%									
Total Fund Cash	\$1,913,777	0.3%	0.0%	0.1%	0.1%	0.0%	--	--	--	--	Jul-95
PNC Stif	\$1,615,196	0.3%	0.0%	0.0%	0.0%	0.2%	2.1%	--	--	2.8%	Jul-06
91 Day T-Bills			0.0%	0.1%	0.1%	0.1%	0.3%	--	--	1.3%	Jul-06
PNC Money Market Account # 1	\$87	0.0%									
Cash Vanguard EAFE ETF	\$298,494	0.0%	0.0%	--	--	--	--	--	--	0.0%	Sep-12

Account Information

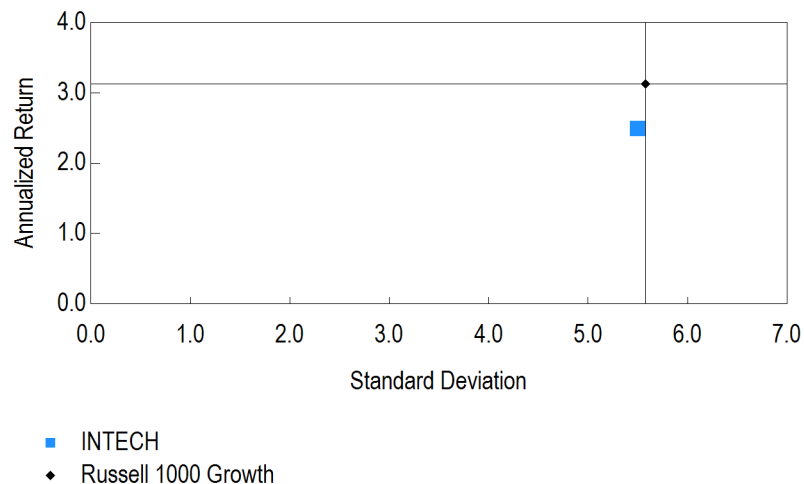
Account Name	INTECH
Account Structure	Separate Account
Investment Style	Active
Inception Date	4/01/01
Account Type	US Stock Large Cap Growth
Benchmark	Russell 1000 Growth
Universe	eA US Large Cap Growth Equity Gross

INTECH

Ending December 31, 2012

Sources of Portfolio Growth	Last Three Months	Inception 4/1/01
Beginning Market Value	\$10,206,819	\$22,914,423
Net Additions/Withdrawals	-\$729,908	-\$23,872,866
Investment Earnings	-\$215,740	\$10,219,615
Ending Market Value	\$9,261,172	\$9,261,172

Annualized Return vs. Standard Deviation 5 Years Ending December 31, 2012



3 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
INTECH	12.9%	15.1%	101.8%	95.1%
Russell 1000 Growth	11.4%	15.9%	100.0%	100.0%

5 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
INTECH	2.5%	19.0%	96.0%	100.0%
Russell 1000 Growth	3.1%	19.3%	100.0%	100.0%

											Calendar Years										Inception	
	3 Mo Rank		YTD Rank		1 Yr Rank		3 Yrs Rank		5 Yrs Rank		2012 Rank		2011 Rank		2010 Rank		2009 Rank		2008 Rank		Return	Since
INTECH	-1.7%	77	17.5%	30	17.5%	30	12.9%	12	2.5%	52	17.5%	30	1.9%	28	20.1%	19	34.0%	50	-41.3%	76	4.6%	Apr-01
Russell 1000 Growth	-1.3%	64	15.3%	55	15.3%	55	11.4%	36	3.1%	37	15.3%	55	2.6%	22	16.7%	46	37.2%	33	-38.4%	51	3.5%	Apr-01

NOTE: Returns are Gross of Fees.

FELRA & UFCW Pension Fund - INTECH

Correspondence/Transfer Summary

- On October 1, 2010, \$35M was transferred to Wellington (GTAA manager).
- On the following dates funds were transferred to the PNC STIF account: 6/29/11 (\$1.25M) 10/3/11 (\$575,000), 12/29/11 (\$1M), 1/30/12 (\$1.25M), 3/29/12 (\$750,000), 4/27/12 (\$750,000), 6/28/12 (\$1.25M), 7/30/12 (\$1M), 9/28/12 (\$500,000), 10/30/12 (\$375,000), 12/28/12 (\$390,000).
- IPS conducted an on-site due diligence meeting with INTECH on June 21, 2012.

Recommendation: None.

Compliance Summary

Exceptions: None.

Action to be taken: None.

Items of Interest: Personnel Changes - Effective November 29, 2012 the Manager announced that Jennifer Young, CFA has decided to step down as INTECH's Chief Executive Officer. Ms. Young will serve as a consultant to INTECH in the coming months to ensure a smooth transition of responsibilities. Adrian Banner, Ph.D., Chief Investment Officer, assumed the role of Chief Executive Officer, replacing Jennifer Young, CFA. Dr. Banner will continue in his role as Chief Investment Officer, to which he was appointed in 2012. To maintain management continuity, executive responsibilities have transitioned to Dr. Banner and members of INTECH's senior leadership team. Justin Wright has been appointed Chief Administrative Officer in addition to his current role as General Counsel and will oversee all operations except investments. John Brown, Head of Global Client Development, manages client and consultant relations. David Schofield continues as President of INTECH's international division, and Lance Campbell continues in his role as Chief Financial Officer. With the addition of Jonathan Hanke, Ph.D., Dr. Vassilios Papathanakos was promoted to Deputy Chief Investment Officer and Phillip Whitman, Ph.D. to Director of Research, the position previously held by Dr. Papathanakos. **Personnel Additions** - Jonathan Hanke, Ph.D. joined INTECH as Associate Director of Research. Jonathan will be working out of the Princeton office reporting to Vassilios Papathanakos, Ph.D.

Account Information

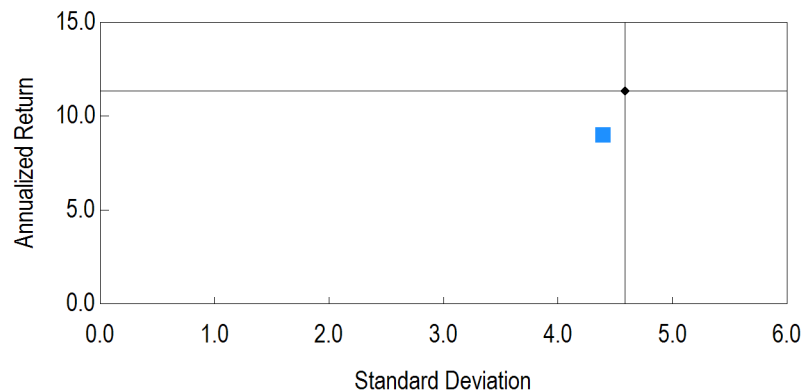
Account Name	Fifth Third Asset Management
Account Structure	Separate Account
Investment Style	Active
Inception Date	12/01/09
Account Type	US Stock Large Cap Growth
Benchmark	Russell 1000 Growth
Universe	eA US Large Cap Growth Equity Gross

Fifth Third Asset Management

Ending December 31, 2012

Sources of Portfolio Growth	Last Three Months	Inception 12/1/09
Beginning Market Value	\$25,055,298	\$35,609,455
Net Additions/Withdrawals	-\$1,854,215	-\$21,457,259
Investment Earnings	-\$398,174	\$8,650,712
Ending Market Value	\$22,802,909	\$22,802,909

Annualized Return vs. Standard Deviation 3 Years Ending December 31, 2012



3 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Fifth Third Asset Management	9.0%	15.2%	85.7%	96.9%
Russell 1000 Growth	11.4%	15.9%	100.0%	100.0%

	Calendar Years										Inception	
	3 Mo Rank	YTD Rank	1 Yr Rank	3 Yrs Rank	5 Yrs Rank	2012 Rank	2011 Rank	2010 Rank	2009 Rank	2008 Rank	Return	Since
Fifth Third Asset Management	-1.5%	72	12.6%	84	12.6%	84	9.0%	74	--	--	9.7%	Dec-09
Russell 1000 Growth	-1.3%	64	15.3%	55	15.3%	55	11.4%	36	3.1%	37	12.1%	Dec-09

NOTE: Returns are Gross of Fees.

FELRA & UFCW Pension Fund - Fifth Third Asset Management

Correspondence/Transfer Summary

- On 11/1/2009, \$33,494,765 was received from terminated manager, Capital Management Associates.
- On the following dates funds were transferred to the PNC STIF account: 6/30/2010 (\$2M), 4/29/11 (\$2M), 6/29/11 (\$1.25M), 9/30/11 (\$575,000), 12/29/11 (\$1M), 1/30/12 (\$1.25M), 3/29/12 (\$750,000), 4/27/12 (\$750,000), 6/28/12 (\$1.25M), 7/30/12 (\$1M), 9/28/12 (\$500,000), 10/30/12 (\$900,000), 12/28/12 (\$955,000).
- On November 1, 2012, correspondence was sent to all clients regarding the establishment of Foundry Partners LLC and their operations independent from Fifth Third Asset Management. On November 29, 2012, Foundry sent a Notice to Consent Assignment.

Recommendation: Monitor due to ownership change.

Compliance Summary

Exceptions: None.

Action to be taken: None.

Items of Interest: Organizational Update - October 12, 2012 – MINNEAPOLIS, MN – Fifth Third Bancorp announced its decision to divest certain assets from Fifth Third Asset Management, Inc. ("FTAM"). The new firm, Foundry Partners LLC ("Foundry"), will launch in February 2013 with offices in Minneapolis and Cleveland. Foundry will be majority-owned by its founding Principals, Tim Ford, Seamus Murphy and Amy Denn. Rosemont Investment Partners, LLC ("Rosemont") will provide the equity capital and become the sole outside minority shareholder in Foundry. This piece of the firm represents in large part their Taft Hartley client base, and approximates \$2 billion in advisory assets. The new firm will be named Foundry Partners, LLC. The two firms will enter into a mutually beneficial sales and service agreement to support existing and future client relationships. The principals of Foundry are acquiring the growth and value products from Fifth Third Asset Management. In addition to the entire growth and value equity investment teams, the executive management, sales and client relations professionals are also joining Foundry. **Personnel Addition** - The Manager announced that Stephen Mullins, CFA, had been hired as president of Fifth Third Asset Management, Inc. (FTAM), a wholly-owned subsidiary of Fifth Third Bank. Stephen will report directly to Phil McHugh, executive vice president and head of Fifth Third Investment Advisors.

Account Information

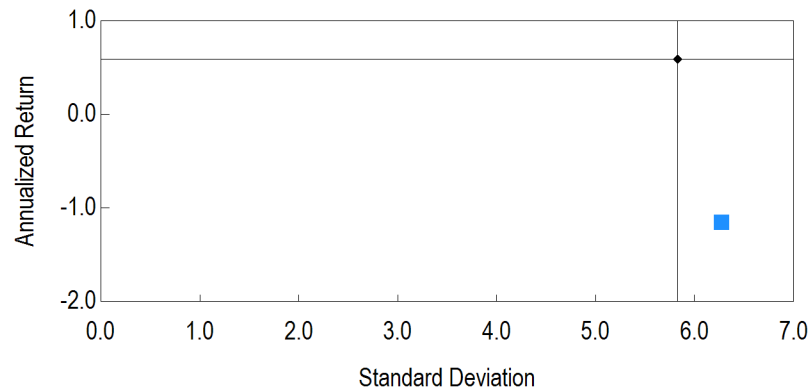
Account Name	NWQ Investment Management
Account Structure	Separate Account
Investment Style	Active
Inception Date	1/01/05
Account Type	US Stock Large Cap Value
Benchmark	Russell 1000 Value
Universe	eA US Large Cap Value Equity Gross

NWQ Investment Management

Ending December 31, 2012

Sources of Portfolio Growth	Last Three Months	Inception 1/1/05
Beginning Market Value	\$22,458,149	\$51,203,373
Net Additions/Withdrawals	-\$1,660,000	-\$41,414,508
Investment Earnings	\$86,286	\$11,095,571
Ending Market Value	\$20,884,435	\$20,884,435

Annualized Return vs. Standard Deviation 5 Years Ending December 31, 2012



- NWQ Investment Management
- ◆ Russell 1000 Value

3 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
NWQ Investment Management	6.2%	18.8%	101.3%	119.2%
Russell 1000 Value	10.9%	15.7%	100.0%	100.0%

5 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
NWQ Investment Management	-1.2%	21.7%	105.7%	104.2%
Russell 1000 Value	0.6%	20.2%	100.0%	100.0%

											Calendar Years										Inception	
	3 Mo Rank	YTD Rank	1 Yr Rank	3 Yrs Rank	5 Yrs Rank						2012 Rank	2011 Rank	2010 Rank	2009 Rank	2008 Rank					Return	Since	
NWQ Investment Management	0.4%	72	10.0%	94	10.0%	94	6.2%	96	-1.2%	93	10.0%	94	-7.1%	92	17.3%	17	27.7%	32	-38.3%	77	3.4%	Jan-05
Russell 1000 Value	1.5%	45	17.5%	30	17.5%	30	10.9%	41	0.6%	74	17.5%	30	0.4%	51	15.5%	35	19.7%	75	-36.8%	68	3.8%	Jan-05

NOTE: Returns are Gross of Fees.

FELRA & UFCW Pension Fund - NWQ Investment Management

Correspondence/Transfer Summary

- On 06/30/2010, \$1M was transferred to the PNC cash account.
- On the following dates funds were transferred to the PNC STIF account: 4/29/11 (\$2M), 6/29/11 (\$1.25M), 7/28/11 (\$2.5M) 9/30/11 (\$575,000), 12/29/11 (\$1M), 1/30/12 (\$1.25M), 3/29/12 (\$750,000), 4/27/12 (\$750,000), 6/28/12 (\$1.25M), 7/30/12 (\$1M), 9/28/12 (\$500,000), 10/30/12 (\$800,000), 12/28/12 (\$860,000).
- IPS conducted a due diligence meeting with NWQ on March 11, 2013.

Recommendation: Monitor performance for improvement. Reasons for underperformance are primarily due to long term catalysts of the holdings.

Compliance Summary

Exceptions: None.

Action to be taken: None.

Items of Interest: Form ADV Changes - Manager stated that minor administrative changes were made to NWQ's Form ADV Part 1A. **Legal** - Manager stated neither NWQ nor any of its employees at the present time or during the past quarter have been named in litigation, a regulatory enforcement action, or investigation related to investment activities. Manager stated to the best of NWQ's knowledge, there is no pending litigation against NWQ. **Proxy Voting** - NWQ does not have proxy voting rights on behalf of the Fund.

Account Information

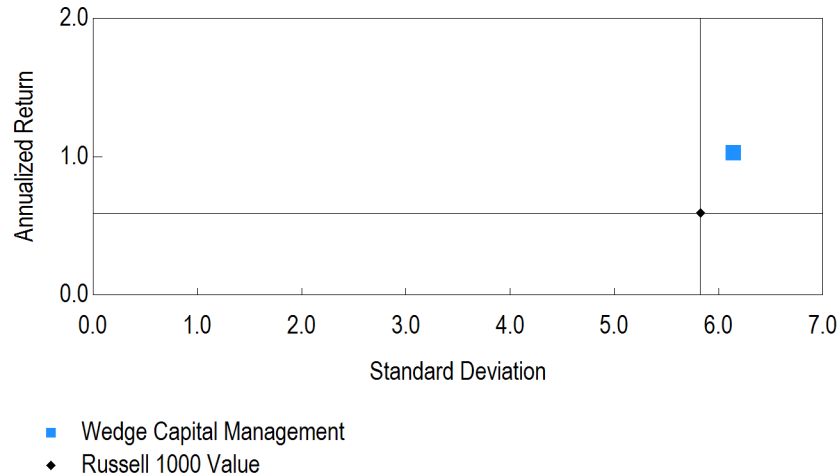
Account Name	Wedge Capital Management
Account Structure	Separate Account
Investment Style	Active
Inception Date	1/01/05
Account Type	US Stock Large Cap Value
Benchmark	Russell 1000 Value
Universe	eA US Large Cap Value Equity Gross

Wedge Capital Management

Ending December 31, 2012

Sources of Portfolio Growth	Last Three Months	Inception 1/1/05
Beginning Market Value	\$35,743,294	\$72,145,281
Net Additions/Withdrawals	-\$2,639,820	-\$62,921,067
Investment Earnings	\$549,414	\$24,428,674
Ending Market Value	\$33,652,889	\$33,652,889

Annualized Return vs. Standard Deviation 5 Years Ending December 31, 2012



3 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Wedge Capital Management	11.4%	17.2%	104.5%	101.3%
Russell 1000 Value	10.9%	15.7%	100.0%	100.0%

5 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Wedge Capital Management	1.0%	21.3%	105.1%	100.5%
Russell 1000 Value	0.6%	20.2%	100.0%	100.0%

											Calendar Years										Inception	
	3 Mo Rank		YTD Rank		1 Yr Rank		3 Yrs Rank		5 Yrs Rank		2012 Rank		2011 Rank		2010 Rank		2009 Rank		2008 Rank		Return	Since
Wedge Capital Management	1.6%	42	15.0%	57	15.0%	57	11.4%	31	1.0%	67	15.0%	57	2.0%	36	18.0%	13	25.8%	42	-39.5%	85	5.2%	Jan-05
Russell 1000 Value	1.5%	45	17.5%	30	17.5%	30	10.9%	41	0.6%	74	17.5%	30	0.4%	51	15.5%	35	19.7%	75	-36.8%	68	3.8%	Jan-05

NOTE: Returns are Gross of Fees.

FELRA & UFCW Pension Fund - Wedge Capital Management

Correspondence/Transfer Summary

- On the following dates funds were transferred to the PNC STIF account: 06/30/10 (\$1.0M), 01/28/11 (\$5.0M), 3/31/11 (\$5.0M), 4/4/11 (\$500,000), 4/29/11 (\$2.0M), 6/29/11 (\$1.25M) 7/28/11 (\$2.5M) 9/30/11 (\$575,000), 12/29/11 (\$1M), 1/30/12 (\$1.25M), 3/29/12 (\$750,000), 4/27/12 (\$750,000), 6/28/12 (\$1.25M), 7/30/12 (\$1M), 9/28/12 (\$500,000), 10/30/12 (\$1.3M), 12/28/12 (\$1.36M).
- IPS conducted a due diligence meeting with Wedge Capital on January 25, 2013.

Recommendation: None.

Compliance Summary

Exceptions: None.

Action to be taken: None.

Items of Interest: None.

Account Information

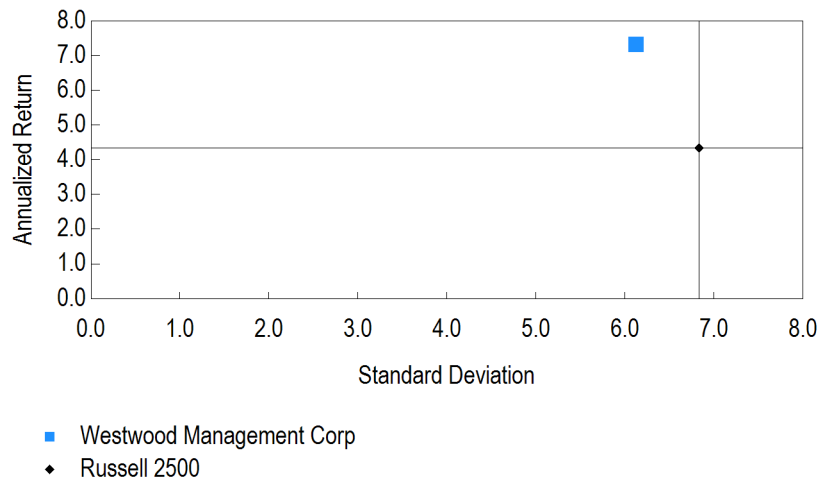
Account Name	Westwood Management Corp
Account Structure	Separate Account
Investment Style	Active
Inception Date	10/01/07
Account Type	US Stock Small/Mid
Benchmark	Russell 2500
Universe	eA US Small-Mid Cap Core Equity Gross

Westwood Management Corp.

Ending December 31, 2012

Sources of Portfolio Growth	Last Three Months	Inception 10/1/07
Beginning Market Value	\$27,382,446	\$55,212,026
Net Additions/Withdrawals	-\$2,045,000	-\$40,661,236
Investment Earnings	\$1,046,247	\$11,832,904
Ending Market Value	\$26,383,694	\$26,383,694

Annualized Return vs. Standard Deviation
5 Years Ending December 31, 2012



3 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Westwood Management Corp	12.8%	18.2%	85.9%	90.5%
Russell 2500	13.3%	19.2%	100.0%	100.0%

5 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Westwood Management Corp	7.3%	21.2%	84.5%	91.2%
Russell 2500	4.3%	23.7%	100.0%	100.0%

											Calendar Years										Inception	
	3 Mo Rank	YTD Rank	1 Yr Rank	3 Yrs Rank	5 Yrs Rank						2012 Rank	2011 Rank	2010 Rank	2009 Rank	2008 Rank						Return	Since
Westwood Management Corp	4.0%	25	13.7%	78	13.7%	78	12.8%	71	7.3%	20	13.7%	78	-1.4%	57	28.0%	37	34.1%	47	-26.0%	2	6.7%	Oct-07
Russell 2500	3.1%	54	17.9%	44	17.9%	44	13.3%	51	4.3%	64	17.9%	44	-2.5%	67	26.7%	45	34.4%	44	-36.8%	43	3.3%	Oct-07

NOTE: Returns are Gross of Fees.

FELRA & UFCW Pension Fund - Westwood Management Corp.

Correspondence/Transfer Summary

- Westwood Capital was funded on August 13, 2007.
- On April 2, 2010, \$15M was transferred from Westwood Management to Wind haven (GTAA manager).
- On December 2, 2010, Westwood notified investors they are enacting a hard close on their SMID cap equity due to the product reaching their \$3 billion maximum capacity.
- On the following dates funds were transferred to the PNC STIF account: 6/30/10 (\$4M), 6/29/2011 (\$5M), 9/30/11 (\$575,000), 12/29/11 (\$1M), 3/29/12 (\$1M), 4/27/12 (\$1M), 6/28/12 (\$1.25M), 7/30/12 (\$1 .5M), 9/28/12 (\$500,000), 10/30/12 (\$1M), 12/28/12 (\$1.045M).
- IPS conducted a due diligence meeting with Westwood on January 30, 2013.

Recommendation: None.

Compliance Summary

Exception #1: Investment Policy Statement - Ineligible Investments Unless specifically approved by the Board of Trustees, the following securities, strategies and investments are ineligible for inclusion within this Fund: 8. Any transaction that would result in Unrelated Business Taxable Income ("UBTI").

Security: Lazard LTD - CL A, Cusip # - G54050102, Shares - 17,900, Exchange - NYSE, Cost - \$587,511, Market Value as of 12/31/12 - \$534,136, Security Type - per Bloomberg, security type is Master Limited Partnership.

Manager Response Summary: In an email dated March 18, 2013, the manager responded that Lazard is actually an LLC, not an MLP. Manager references Lazard's 10K filing and notes they have researched this many times over the past 5 years. The manager stated the Portfolio Manager, Ragen Stienke, actually spoke with the CEO of Lazard to get further documentation on this matter. Due to their structure, Lazard does prepare K1s. Manager stated Lazard is NOT private equity or debt. In a follow up email dated March 20, 2013 the manager stated they have owned Lazard in client portfolios since 2006. During that time, the manager stated they have not had UBTI that has resulted in the need to file a 990T. However, the manager noted they cannot guarantee that they will never have UBTI. In a letter dated March 22, 2013 addressed to the manager IPS noted that the manager continues to have discretion over the holding and therefore it is up to them to conduct such analysis and make the determination whether or not the holding is permitted or not. See Compliance Report for correspondence.

Action to be taken: Based on the follow-up information and comments provided by the manager, no action is required.

Items of Interest: Legal - In August 2012, Westwood, along with certain officers and employees of Westwood, was named in a lawsuit filed by AGF Investments Inc. In Toronto, Ontario. The suit is related to the hiring of the new Global and Emerging Markets investment team that is based in Toronto. In the suit, AGF, the prior employer of a number of the team members, alleges, among other things, that the former employees violated their duties to AGF by leaving their employment and that Westwood induced them to do so. On November 5, 2012, Westwood issued its Statement of Defence denying AGF's allegations, along with a Counterclaim against AGF and certain AGF officers. Westwood's counterclaim alleges that AGF, along with an officer and director of AGF, purposefully defamed Westwood and the Westwood officers named in their Statement of Claim. Manager stated that Westwood is confident that all parties named in this suit complied with their legal obligations and that they will prevail in both their defense against AGF's claims and their counterclaim against AGF. On November 6, 2012, AGF filed a second lawsuit against Westwood and Patricia Pérez-Coutts alleging that Ms. Perez-Coutts made defamatory statements about AGF while acting as an officer of Westwood. Westwood issued its Statement of Defense to this lawsuit on December 4, 2012 denying AGF's allegations. Westwood is confident that all parties named in this suit complied with their legal obligations and that they will prevail in their defense against these claims.

Account Information

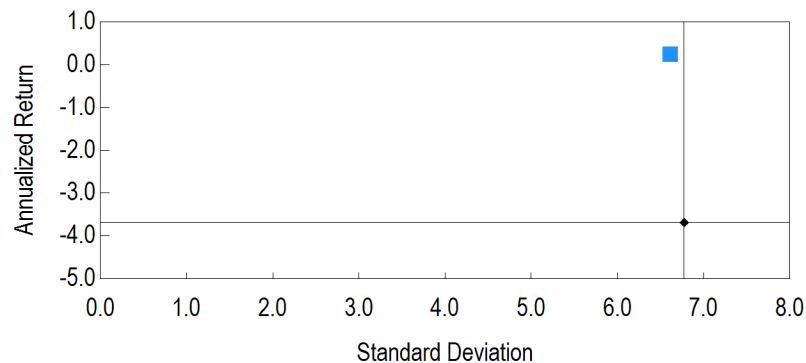
Account Name	Gryphon International Investment
Account Structure	Separate Account
Investment Style	Active
Inception Date	1/01/05
Account Type	International
Benchmark	MSCI EAFE
Universe	eA EAFE Equity Unhedged Gross

Gryphon International Investment

Ending December 31, 2012

Sources of Portfolio Growth	Last Three Months	Inception 1/1/05
Beginning Market Value	\$30,315,794	\$37,146,939
Net Additions/Withdrawals	\$0	-\$23,539,528
Investment Earnings	\$2,410,582	\$19,118,965
Ending Market Value	\$32,726,376	\$32,726,376

Annualized Return vs. Standard Deviation 5 Years Ending December 31, 2012



- Gryphon International Investment
- ◆ MSCI EAFE

3 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Gryphon International Investment	5.7%	18.8%	94.1%	91.1%
MSCI EAFE	3.6%	19.6%	100.0%	100.0%

5 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Gryphon International Investment	0.3%	22.9%	98.1%	94.6%
MSCI EAFE	-3.7%	23.5%	100.0%	100.0%

											Calendar Years										Inception	
	3 Mo Rank		YTD Rank		1 Yr Rank		3 Yrs Rank		5 Yrs Rank		2012 Rank		2011 Rank		2010 Rank		2009 Rank		2008 Rank		Return	Since
Gryphon International Investment	8.0%	16	19.6%	59	19.6%	59	5.7%	58	0.3%	22	19.6%	59	-14.2%	74	15.3%	31	49.8%	13	-42.9%	39	6.0%	Jan-05
MSCI EAFE	6.6%	45	17.3%	81	17.3%	81	3.6%	88	-3.7%	87	17.3%	81	-12.1%	54	7.8%	82	31.8%	71	-43.4%	45	3.5%	Jan-05
MSCI EAFE Growth	5.8%	71	16.9%	85	16.9%	85	4.9%	72	-3.1%	76	16.9%	85	-12.1%	53	12.2%	49	29.4%	82	-42.7%	38	4.1%	Jan-05

NOTE: Returns are Gross of Fees.

FELRA & UFCW Pension Fund - Gryphon International Investment

Correspondence/Transfer Summary

- Received \$36.4 million on 12-7-04.
- In January 2008, The Boston Company was terminated and \$10.2 million was transferred to Gryphon.
- On April 1, 2010, \$10M was transferred from Gryphon to Windhaven (GTAA manager).
- Funds were transferred to the PNC STIF account on the following dates: 1/28/11 (\$4.3M), 3/31/11 (\$2.6M), and 4/29/11 (\$5.0M).

Recommendation: None.

Compliance Summary

Exceptions: None.

Action to be taken: None.

Items of Interest: Personnel Changes: Effective January 1, 2013 the Board of Directors for Gryphon International Investment Corporation appointed Sandra Wark as Chief Financial Officer ("CFO"). Sandra is a longstanding member of the team, and has been with the firm since 2005, in recent years as General Manager Administration, and Controller, working closely with Alexander Becks (Chairman) as CFO in administering the firm's financial matters. This appointment does not change the firm's current investment role and full commitment to managing valued client portfolios.

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Account Information	
Account Name	Vanguard EAFE ETF
Account Structure	Mutual Fund
Investment Style	Active
Inception Date	5/31/12
Account Type	International
Benchmark	MSCI EAFE
Universe	eA EAFE Equity Unhedged Gross

Vanguard EAFE ETF Ending December 31, 2012		
Sources of Portfolio Growth	Last Three Months	Inception 5/31/12
Beginning Market Value	\$22,927,882	\$0
Net Additions/Withdrawals	-\$241,273	\$21,044,228
Investment Earnings	\$1,879,975	\$3,522,355
Ending Market Value	\$24,566,584	\$24,566,584

											Calendar Years								Inception			
	3 Mo Rank		YTD Rank		1 Yr Rank		3 Yrs Rank		5 Yrs Rank		2012 Rank		2011 Rank		2010 Rank		2009 Rank		2008 Rank		Return	Since
Vanguard EAFE ETF	8.2%	12	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	23.1%	May-12
MSCI EAFE	6.6%	45	17.3%	81	17.3%	81	3.6%	88	-3.7%	87	17.3%	81	-12.1%	54	7.8%	82	31.8%	71	-43.4%	45	21.9%	May-12

NOTE: Returns are Net of Fees.

FELRA & UFCW Pension Fund - Vanguard EAFE ETF

Correspondence/Transfer Summary

- Tradewinds was terminated on April 30, 2012. Proceeds (\$21.8M) were received on May 14th and invested in the Vanguard MSCI EAFE ETF.
- Funds were transferred to the cash account on the following date: 9/02/12 (\$480,505).

Recommendation: None.

Account Information

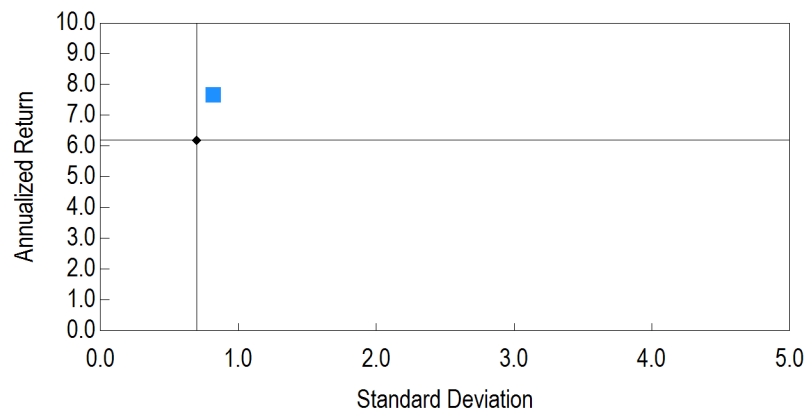
Account Name	Income Research & Management
Account Structure	Separate Account
Investment Style	Active
Inception Date	1/01/09
Account Type	US Fixed Income Core
Benchmark	Barclays Aggregate
Universe	eA US Core Fixed Inc Gross

Income Research & Management

Ending December 31, 2012

Sources of Portfolio Growth	Last Three Months	Inception 1/1/09
Beginning Market Value	\$23,269,559	\$46,292,105
Net Additions/Withdrawals	-\$1,740,000	-\$33,778,285
Investment Earnings	\$195,901	\$9,211,640
Ending Market Value	\$21,725,460	\$21,725,460

Annualized Return vs. Standard Deviation 3 Years Ending December 31, 2012



3 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Income Research & Management	7.7%	2.8%	124.9%	116.0%
Barclays Aggregate	6.2%	2.4%	100.0%	100.0%

											Calendar Years										Inception	
	3 Mo Rank	YTD Rank	1 Yr Rank	3 Yrs Rank	5 Yrs Rank						2012 Rank	2011 Rank	2010 Rank	2009 Rank	2008 Rank			Return	Since			
Income Research & Management	0.9%	18	7.5%	19	7.5%	19	7.7%	26	--	--	7.5%	19	7.2%	73	8.3%	21	10.9%	34	--	--	8.5%	Jan-09
Barclays Aggregate	0.2%	82	4.2%	90	4.2%	90	6.2%	84	5.9%	85	4.2%	90	7.8%	46	6.5%	76	5.9%	80	5.2%	37	6.1%	Jan-09

NOTE: Returns are Gross of Fees.

FELRA & UFCW Pension Fund - Income Research & Management

Correspondence/Transfer Summary

- Manager was funded on November 5, 2008 with assets from terminated manager (Logan Circle).
- On January 1, 2009, \$9.3 million in less liquid assets from the prior manager were segregated and reported in a transition portfolio.
- On October 12, 2010, \$821,593 was received from IRM-Transition.
- On the following dates funds were transferred to the PNC STIF account: 9/30/11 (\$575,000) 10/28/11 (\$4M), 12/29/11 (\$1M), 1/30/12 (1.25M), 6/28/12 (\$1.25M), 7/30/12 (\$1M), 9/28/12 (\$500,000), 10/30/12 (\$850,000), 12/28/12 (\$890,000).

Recommendation: Consider changing manager's benchmark to the Barclays Intermediate Government/Credit Index to shorten the duration of the fixed income portfolio and potentially reduce interest rate risk.

Compliance Summary

Exceptions: None.

Action to be taken: None.

Items of Interest: Personnel Departure - The Manager stated that during the quarter, one (1) analyst left the Investment Team. **Legal** - In the 4Q2012 checklist the manager noted there are no material/substantive updates on the pending litigation that they previously reported on the 4Q 2011 Compliance Report. In the September 30, 2011 compliance statement, the manager reported on the departure of a portfolio manager from the firm, Steve Kern. During the 4Q2011 the Manager and its Managing Principals were named as defendant/respondent in legal actions pending in Suffolk Superior Court (located in Boston, Massachusetts) and before the Massachusetts Commission Against Discrimination. The actions were brought by Steve Kern and allege claims relating to certain terms of his employment while at the firm. These claims do not relate to fraud, misrepresentation, willful misconduct or the violation of any securities laws and the Manager is confident that their actions have been appropriate. The Manager believes that the alleged claims are without merit and intend to defend the firm and its Managing Principals against such claims to the fullest extent possible. The Manager does not believe the situation will pose a financial concern to the firm nor will present a significant distraction that would impair their ability to fulfill their contractual obligations to their Clients.

Account Information	
Account Name	IRM-Transition Assets
Account Structure	Separate Account
Investment Style	Active
Inception Date	1/01/09
Account Type	US Fixed Income Core
Benchmark	Barclays Aggregate
Universe	eA US Core Fixed Inc Gross

IRM-Transition Assets		
Ending December 31, 2012		
Sources of Portfolio Growth	Last Three Months	Inception 1/1/09
Beginning Market Value	\$3,066,869	\$0
Net Additions/Withdrawals	-\$180,257	-\$1,683,265
Investment Earnings	\$64,046	\$4,633,924
Ending Market Value	\$2,950,659	\$2,950,659

											Calendar Years								Inception			
	3 Mo Rank		YTD Rank		1 Yr Rank		3 Yrs Rank		5 Yrs Rank		2012 Rank		2011 Rank		2010 Rank		2009 Rank		2008 Rank		Return	Since
IRM-Transition Assets	2.2%	1	15.9%	1	15.9%	1	16.4%	1	--	--	15.9%	1	7.6%	55	26.5%	1	25.8%	1	--	--	18.7%	Jan-09
Barclays Aggregate	0.2%	82	4.2%	90	4.2%	90	6.2%	84	5.9%	85	4.2%	90	7.8%	46	6.5%	76	5.9%	80	5.2%	37	6.1%	Jan-09

NOTE: Returns are Gross of Fees.

FELRA & UFCW Pension Fund - IR&M Transition Assets

Compliance Summary

- In the fourth quarter 2012 Compliance Checklist IR+M noted they do not purchase securities in the Transition Account, and pursuant to the investment guidelines for the Account, IR+M will only liquidate securities as attractive sales opportunities arise, monitoring the securities and seeking a fair exit point. The Transition Account is not subject to any other investment restrictions.
- During July and August of 2010, \$807,850 was transferred to IRM core bond portfolio.
- On the following dates funds were transferred to Windhaven (GTM manager): 10/26/10 (\$185,598), 12/1/10 (\$153,151), 1/3/11 (\$858,276), 2/1/11 (\$102,087), 3/3/11 (\$113,449), 4/1/11 (\$91,467), 5/5/11 (\$106,206), 6/1/11 (\$85,839), 9/1/11 (\$166,228) to Wellington, 10/3/11 (\$878,043), 11/15/11 (\$62,790). On the following dates funds were transferred to the cash account: 12/6/11 (\$50,914), 01/04/12 (\$62,622), 01/31/12 (\$62,245), 02/27/12 (\$17,781), 4/6/12 (\$602,886), 5/03/12 (\$53,423), 6/06/12 (\$54,594), 7/02/12 (\$50,593), 8/06/12 (\$54,876), 9/06/12 (\$48,536), 10/01/12 (\$123,998).
- In an email dated November 7, 2012 the manager notified the Fund of a bankruptcy filing regarding an inherited security in the FELRA & UFCW Pension Fund Transition portfolio, Residential Capital, LLC. The manager wanted to make the Fund aware that proof of claims relating to this filing are due on 11/9/12, as the manager will not be filing a proof of claim on the Fund's behalf. While the RMBS Trustees will file proofs of claim on behalf the bondholders (including FELRA & UFCW), the Trustees' proofs of claim will not include direct claims that bondholders may have against ResCap, including claims arising from the ownership of the certificates, notes or other securities. Because of this, the manager recommends that the Fund consult with the Fund's own legal advisers to determine whether the Fund should file a separate proof of claim based on the Fund's individual holding(s).

Recommendation: As the transition account becomes liquid, transfer the proceeds to the cash account to assist with the Fund's cash flow needs.

Account Information

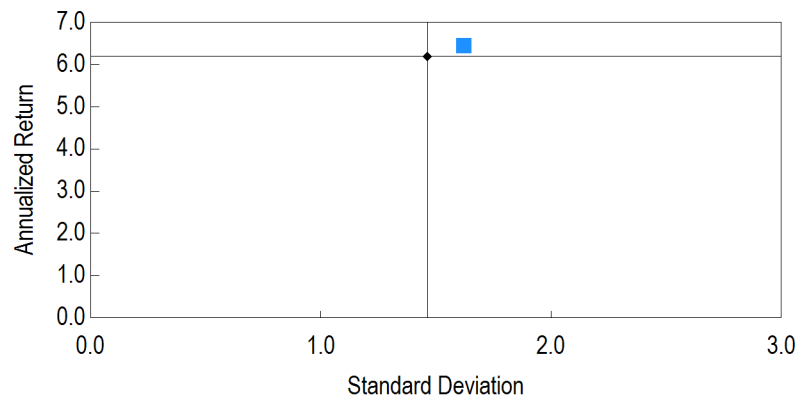
Account Name	Segall Bryant & Hamill
Account Structure	Separate Account
Investment Style	Active
Inception Date	1/01/09
Account Type	US Fixed Income Core
Benchmark	Barclays Aggregate
Universe	eA US Core Fixed Inc Gross

Segall Bryant & Hamill

Ending December 31, 2012

Sources of Portfolio Growth	Last Three Months	Inception 1/1/09
Beginning Market Value	\$19,607,408	\$41,048,647
Net Additions/Withdrawals	-\$1,450,000	-\$30,123,444
Investment Earnings	\$42,751	\$7,274,957
Ending Market Value	\$18,200,160	\$18,200,160

Annualized Return vs. Standard Deviation 3 Years Ending December 31, 2012



3 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Segall Bryant & Hamill	6.4%	2.6%	105.8%	112.2%
Barclays Aggregate	6.2%	2.4%	100.0%	100.0%

	Calendar Years										Inception	
	3 Mo Rank	YTD Rank	1 Yr Rank	3 Yrs Rank	5 Yrs Rank	2012 Rank	2011 Rank	2010 Rank	2009 Rank	2008 Rank	Return	Since
Segall Bryant & Hamill	0.2% 82	4.7% 80	4.7% 80	6.4% 77	-- --	4.7% 80	8.1% 28	6.5% 77	9.4% 47	-- --	7.2%	Jan-09
Barclays Aggregate	0.2% 82	4.2% 90	4.2% 90	6.2% 84	5.9% 85	4.2% 90	7.8% 46	6.5% 76	5.9% 80	5.2% 37	6.1%	Jan-09

NOTE: Returns are Gross of Fees.

FELRA & UFCW Pension Fund - Segall Bryant & Hamill

Correspondence/Transfer Summary

- Manager was funded on November 5, 2008 with assets from terminated manager (Logan Circle).
- On the following dates funds were transferred to the PNC STI F account: 9/30/11 (\$575,000) 10/28/11 (\$4M), 12/29/11 (\$1M), 1/30/12 (\$1.25M), 6/28/12 (\$1.25M), 7/30/12 (\$1M), 9/28/12 (\$500,000), 10/30/12 (\$700,000), 12/28/12 (\$750,000).

Recommendation: Consider changing manager's benchmark to the Barclays Intermediate Government/Credit Index to shorten the duration of the fixed income portfolio and potentially reduce interest rate risk.

Compliance Summary

Exception #1: Investment Objectives and Guidelines states: Fixed income securities must be rated at least BBB-Baa3/BBB- or higher by Fitch, Moody's or Standard & Poor's. If a security is rated by all three agencies, two of the agencies must rate the security BBB- or Baa3 or above at the time of purchase. If only two of the rating agencies rate a security, the lower rating applies. If only one of the rating agencies rates a security, that rating will apply. If a security's rating falls below BBB-/Baa3/BBB-, the fixed income manager will immediately notify the trustees in writing of the event and describe its plan for dealing with the security. Should the manager decide to continue to hold the downgraded issue, the manager will report to the Trustees no less than quarterly in writing as to the status of the security and keep the Trustees fully informed of the improvement/deterioration of the valuation as well as to any change in their recommendation.

Three inherited bonds held as of 12/31/12 are currently below investment grade and are in default with a total market value of \$13,259 (0.07% of the portfolio).

Security held 12/31/11: Washington Mutual Pfd FDG III, 6.895%, Cusip # - 93935RAA3, Units – 400,000, Cost - \$400,000, Market Value as of 12/31/11 - \$4,000, Ratings – WR (Moody's), NR (S&P), NR (Fitch). In default. Issue was downgraded by Moody's to Ba2 rating on 3/14/08, to B2 rating on 9/11/08 to Ca on 9/23/08, to C on 9/26/08 and rating were withdrawn on 12/15/08. Issue was downgraded by S&P to BB+ rating on 3/6/08, to BB rating on 7/23/08 to B- rating on 9/15/08 to CC rating on 9/24/08, to D on 9/26/08 and ratings were withdrawn on 2/20/09. Issue was downgraded by Fitch to BB+ rating on 3/8/08, to BB- rating on 9/11/08, to CC rating on 9/24/08, to C/*- rating on 9/26/08, to D rating on 10/6/08 and rating were withdrawn on 11/10/08. This bond was exchanged for the following:

Two securities received at exchange and held as of 12/31/12 with total market value of \$4,202 (0.02% of the portfolio).

- **Equity:** WMI Holdings Inc., Cusip # - 92936P100, Common Stock, Shares - 7,920, Cost - \$400,000, Market Value as of 11/09/12 - \$3,802.
- **Fixed:** DPS 144 A Washington Mutual Pfd FDG III, Cusip # - 939ESC646, Units - 400, Cost - 1, Market Value as of 03/23/12 - \$400

Manager Response Summary: In a table included with the 4th quarter 2012 Compliance Checklist the manager updated the status of the three inherited bonds. The manager noted Landsbanki Islands is still awaiting resolution to bankruptcy process. The manager noted the Lehman Brothers Shares were sold and they received escrow shares in exchange. The remaining two securities are new equity (received at exchange see above) and the manager is selling out of the positions. See Compliance report for the table.

Action to be taken: Based on the follow-up information and comments provided by the manager, no action is required.

Items of Interest: None.

Account Information

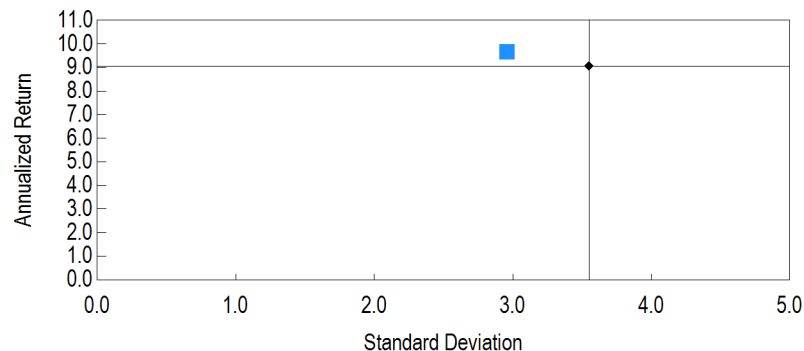
Account Name	Lazard Asset Management
Account Structure	Separate Account
Investment Style	Active
Inception Date	1/01/99
Account Type	US Fixed Income High Yield
Benchmark	BofA Merrill Lynch US High Yield BB-B Rated
Universe	eA US High Yield Fixed Inc Gross

Lazard Asset Management

Ending December 31, 2012

Sources of Portfolio Growth	Last Three Months	Inception 1/1/99
Beginning Market Value	\$19,794,000	\$46,311,437
Net Additions/Withdrawals	-\$1,460,646	-\$62,822,132
Investment Earnings	\$491,654	\$35,335,703
Ending Market Value	\$18,825,008	\$18,825,008

Annualized Return vs. Standard Deviation 5 Years Ending December 31, 2012



- Lazard Asset Management
- ◆ BofA Merrill Lynch US High Yield BB-B Rated

3 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Lazard Asset Management	10.8%	5.1%	83.8%	69.7%
BofA Merrill Lynch US High Yield BB-B Rated	11.4%	6.3%	100.0%	100.0%

5 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Lazard Asset Management	9.7%	10.2%	81.0%	77.2%
BofA Merrill Lynch US High Yield BB-B Rated	9.1%	12.3%	100.0%	100.0%

Calendar Years

Inception

	3 Mo Rank	YTD Rank	1 Yr Rank	3 Yrs Rank	5 Yrs Rank	2012 Rank	2011 Rank	2010 Rank	2009 Rank	2008 Rank	Return	Since										
Lazard Asset Management	2.6%	80	14.0%	75	14.0%	75	10.8%	77	9.7%	49	14.0%	75	6.7%	12	12.0%	91	40.1%	69	-16.8%	16	6.3%	Jan-99
BofA Merrill Lynch US High Yield BB-B Rated	3.1%	50	14.7%	65	14.7%	65	11.4%	64	9.1%	63	14.7%	65	5.4%	45	14.5%	64	46.1%	49	-23.7%	70	6.8%	Jan-99

NOTE: Returns are Gross of Fees.

FELRA & UFCW Pension Fund - Lazard Asset Management

Correspondence/Transfer Summary

- Fountain's assets were transferred to Lazard AM on July 1, 2007.
- In September 2010, \$19.8M was used as funding source for AQR (Risk Parity manager).
- On the following dates funds were transferred to the PNC STIF account: 7/28/11 (\$5M), 1/30/12 (\$1.5M), 3/29/12 (\$4M), 4/27/12 (\$4M), 6/28/12 (\$1.25M), 7/30/12 (\$1.5M), 9/28/12 (\$500,000), 10/30/12 (\$725,000), 12/28/12 (\$760,000).
- See Tab E for Lazard correspondence regarding personnel departure.

Recommendation: Terminate. Consider retaining short duration high quality high yield manager, Chartwell Investment Partners.

Compliance Summary

Exceptions: None.

Action to be taken: None.

Items of Interest: Personnel Additions - Xu (Harry) He, Vice President, Research, Asian Equities; Anmol Sethy, Vice President, Research, Asian Equities; Ryan Verlin, Vice President, Trading, US Fixed Income; Wanna Matanachai, Director, Portfolio Manager, Asian Equities; James Daly, Senior Vice President, Portfolio Manager, Convertible Strategies. **Personnel Departure** - Adam Waterworth, Vice President, Research, Australian Equity. **Retirement** - In a letter dated January 11, 2013, manager stated William (Bill) Charlton, Portfolio Manager/Analyst for the Lazard US High Yield strategy, has retired from Lazard Asset Management, effective December 31, 2012. Bill will remain on as an Advisor to the team for 2013, available to help support the team, and provide advice in the area of credit research and security selection. Tom Dzwil has assumed responsibility of lead Portfolio Manager/Analyst.

Account Information

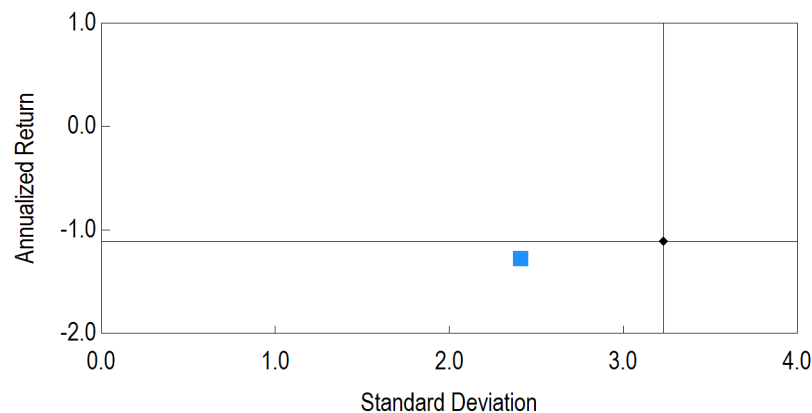
Account Name	Principal Financial
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	10/01/03
Account Type	Real Estate
Benchmark	NCREIF ODCE Index
Universe	

Principal Financial

Ending December 31, 2012

Sources of Portfolio Growth	Last Three Months	Inception 10/1/03
Beginning Market Value	\$12,995,063	\$30,000,000
Net Additions/Withdrawals	\$0	-\$35,220,000
Investment Earnings	\$251,727	\$18,466,790
Ending Market Value	\$13,246,790	\$13,246,790

Annualized Return vs. Standard Deviation
5 Years Ending December 31, 2012



- Principal Financial
- ◆ NCREIF ODCE Index

3 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Principal Financial	15.6%	3.3%	45.0%	--
NCREIF ODCE Index	14.4%	6.2%	100.0%	--

5 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Principal Financial	-1.3%	8.3%	41.4%	75.8%
NCREIF ODCE Index	-1.1%	11.2%	100.0%	100.0%

	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	Calendar Years					Inception	
						2012	2011	2010	2009	2008	Return	Since
Principal Financial	2.2%	12.8%	12.8%	15.6%	-1.3%	12.8%	16.7%	17.3%	-30.8%	-12.2%	6.3%	Oct-03
NCREIF ODCE Index	2.3%	10.8%	10.8%	14.4%	-1.1%	10.8%	16.0%	16.4%	-29.8%	-10.0%	6.5%	Oct-03

NOTE: Returns are Gross of Fees.

FELRA & UFCW Pension Fund - Principal Financial

Correspondence/Transfer Summary

- On September 29, 2008, a \$12 million withdrawal request submitted.
- On January 5, 2009, an additional redemption request for \$15 million has been made for rebalancing equity allocation closer to targets.
- On October 29, 2010, Principal distributed \$2.6M to PNC Cash account for Principal. Proceeds were transferred to Putnam (Risk Parity manager) on November 3, 2010.
- On October 29, 2010, Principal fulfilled the partial redemption request of \$27M.
- IPS conducted due diligence meetings with Principal on September 28, 2010, January 31, 2011, March 1, 2011, and December 8, 2011.
- On December 20, 2011, Principal sent notification of fee increase to 1.00% due to account value falling below \$25 million effective February 1, 2012.
- On September 28, 2012, \$3M was transferred to the PNC STIF account.
- On January 29, 2013, proceeds of \$13,281,484 were received and transferred to cash account for cash flow needs.

Recommendation: Terminated.

Compliance Summary

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.

Manager verified that the investment is currently, and has been during the past quarter, in compliance with the investment policy guidelines/offering document governing the management of the investment. Principal Real Estate Investors ("the Manager") acknowledges and accepts that it is a fiduciary under ERISA for those assets under its management for the Principal U.S. Property Separate Account.

Items of Interest: Personnel Departure - One CMBS Portfolio Analyst III left the firm. **Legal** - Manager stated that given the size and scope of our operations they are regularly involved in litigation, both as a defendant and as a plaintiff. Manager stated however, they do not believe that any pending litigation will have a material adverse effect on their business, financial position or net income. Also, regulatory bodies, such as the SEC, the Financial Industry Regulatory Authority, the Department of Labor and other regulatory bodies regularly make routine inquiries and conduct examinations or investigations concerning their compliance with, among other things, securities laws, ERISA and laws governing the activities of broker-dealers. Principal Global Investors has not been the subject of any sanctions imposed by or disciplinary actions brought by these Regulators. Lawsuits were filed with regard to the Principal U.S. Property Separate Account naming Principal Global Investors, Principal Financial Group, Inc., Principal Life Insurance Company and/or Principal Real Estate Investors as defendants. Manager stated the lawsuits are related to the exercise by Principal Life of a contractual right to limit withdrawals from the Separate Account. Manager stated they disagree with the allegations in the lawsuits and will vigorously defend against them. Manager stated they do not intend to alter the manner in which the Separate Account's real estate portfolio is managed by Principal Real Estate Investors and they will continue to act in the interest of all Separate Account investors. The mere filing of lawsuits does not have an impact on the value of the Separate Account, and legal defense costs incurred related to the lawsuits are not expenses of the Separate Account. Principal Life has received and responded to subpoenas from the U.S. Department of Labor ("DOL") asking for information regarding the operation of the U.S. Property Separate Account and the operation of the withdrawal limitation on that Separate Account. Manager stated that although this DOL inquiry is ongoing, The Principal has not been accused of any unlawful or inappropriate activity.

Account Information

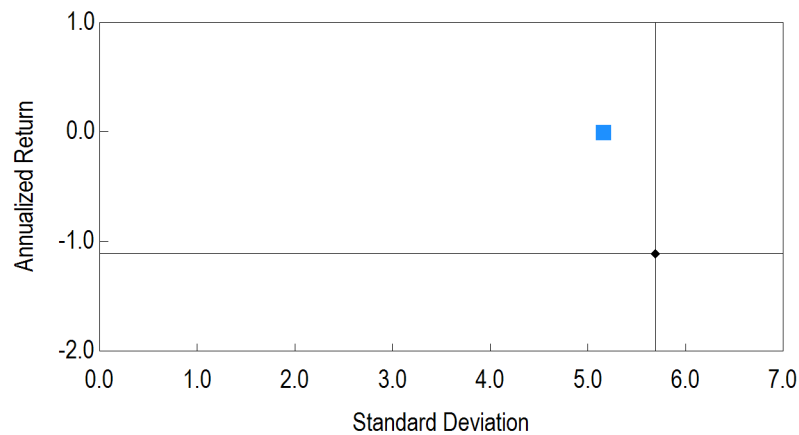
Account Name	JP Morgan Real Estate Strategic Property - Core Investments
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	10/01/03
Account Type	Real Estate
Benchmark	NCREIF ODCE Index
Universe	

JP Morgan Real Estate Strategic Property -Core Investments

Ending December 31, 2012

Sources of Portfolio Growth	Last Three Months	Inception 10/1/03
Beginning Market Value	\$75,451,920	\$0
Net Additions/Withdrawals	\$0	\$31,229,119
Investment Earnings	\$1,913,022	\$46,135,823
Ending Market Value	\$77,364,942	\$77,364,942

Annualized Return vs. Standard Deviation 5 Years Ending December 31, 2012



- JP Morgan Real Estate Strategic Property - Core Investments
- ◆ NCREIF ODCE Index

3 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
JP Morgan Real Estate Strategic Property - Core Investments	14.1%	2.4%	97.7%	--
NCREIF ODCE Index	14.4%	2.7%	100.0%	--

5 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
JP Morgan Real Estate Strategic Property - Core Investments	0.0%	10.3%	98.2%	89.6%
NCREIF ODCE Index	-1.1%	11.4%	100.0%	100.0%

	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	Calendar Years					Inception	
						2012	2011	2010	2009	2008	Return	Since
JP Morgan Real Estate Strategic Property - Core Investments	2.8%	12.1%	12.1%	14.1%	0.0%	12.1%	15.9%	14.2%	-26.5%	-8.3%	7.6%	Oct-03
NCREIF ODCE Index	2.3%	10.8%	10.8%	14.4%	-1.1%	10.8%	16.0%	16.4%	-29.8%	-10.0%	6.5%	Oct-03

NOTE: Returns are Gross of Fees.

FELRA & UFCW Pension Fund - JP Morgan Real Estate Strategic Property - Core Investments

Correspondence/Transfer Summary

- On August 14, 2008, a \$20 million withdrawal request was made. \$14.8M was received on October 1, 2008. \$881,830 was received on January 1, 2009.
- On January 5, 2009, an additional redemption request for \$20 million was made.
- On July 6, 2009, \$709,471 was received from JP Morgan and allocated to NWQ.
- On January 5, 2010, \$4,004,146 was received from JP Morgan and transferred to PNC STIF account.
- On March 18, 2010, the remainder of the withdrawal request was rescinded.
- IPS conducted a due diligence meetings with JP Morgan on March 23, 2012.

Recommendation: None.

Compliance Summary

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.

Manager verified the portfolio is currently, and has 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. With respect to the portfolio(s) under management, the manager acknowledges sole fiduciary responsibility under ERISA for adherence with the commingled investment vehicle and/or offering document guidelines.

Items of Interest: Legal - From time to time, JPMorgan Chase & Co., and its subsidiaries, including its asset management subsidiaries, have been named as a defendant in actions alleging securities laws and other violations. In the opinion of management, JPMorgan Chase & Co. believes it has meritorious defenses to these claims and intends to defend itself vigorously. In view of the inherent difficulty of predicting the outcome of such matters, JPMorgan Chase & Co. cannot state what the eventual outcome of pending matters will be. JPMorgan Chase & Co. is contesting the allegations made in each pending matter and believes, based on current knowledge and after consultation with counsel, that the aggregate liability or loss, if any, resulting from these claims will not have a material adverse effect on the financial condition but may be material to JPMorgan Chase & Co.'s operating results for any particular period, depending on the level of JPMorgan Chase & Co.'s income for such period.

Account Information

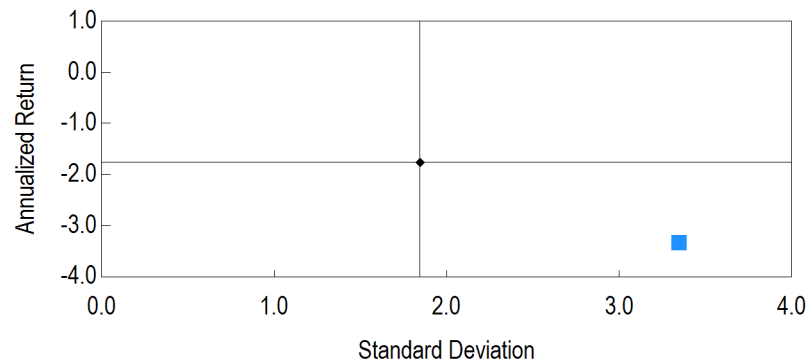
Account Name	EIM Management (USA), Inc. Multi-Strategy-USD
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	4/01/05
Account Type	Hedge Fund
Benchmark	HFRI Fund of Funds Composite Index
Universe	

EIM Management (USA), Inc. Multi-Strategy-USD

Ending December 31, 2012

Sources of Portfolio Growth	Last Three Months	Inception 4/1/05
Beginning Market Value	\$623,870	\$25,494,521
Net Additions/Withdrawals	-\$37,312	-\$29,666,375
Investment Earnings	-\$32,531	\$4,725,881
Ending Market Value	\$554,027	\$554,027

Annualized Return vs. Standard Deviation 5 Years Ending December 31, 2012



- EIM Management (USA), Inc. Multi-Strategy-USD
- ◆ HFRI Fund of Funds Composite Index

3 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
EIM Management (USA), Inc. Multi-Strategy-USD	-1.7%	13.4%	43.7%	91.4%
HFRI Fund of Funds Composite Index	1.4%	4.5%	100.0%	100.0%

5 Years Ending December 31, 2012

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
EIM Management (USA), Inc. Multi-Strategy-USD	-3.3%	11.6%	63.3%	93.4%
HFRI Fund of Funds Composite Index	-1.8%	6.4%	100.0%	100.0%

	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	Calendar Years					Inception	
						2012	2011	2010	2009	2008	Return	Since
EIM Management (USA), Inc. Multi-Strategy-USD	-5.5%	5.6%	5.6%	-1.7%	-3.3%	5.6%	-16.4%	7.5%	9.3%	-18.7%	2.2%	Apr-05
HFRI Fund of Funds Composite Index	1.3%	4.7%	4.7%	1.4%	-1.8%	4.7%	-5.7%	5.7%	11.5%	-21.4%	2.2%	Apr-05

NOTE: Returns are Gross of Fees.

FELRA & UFCW Pension Fund - EIM Management (USA), Inc. - Multi-Strategy

Correspondence/Transfer Summary

- Funded with \$25 million during the 1st quarter of 2005.
- On March 30, 2011, \$13 million was transferred to Transition Mesirow Cash account.
- Funds were transferred to Wellington on the following dates: 4/1/11 (\$2.4M), 5/2/11 (\$1.0M), 6/1/11 (\$1.7M), 7/1/11 (\$3M), and 9/1/11 (\$3.4M) .
- On the following dates funds were transferred to the PNC STIF account: 9/30/11 (\$661,449), 10/03/11 (\$6,610), 11/01/11 (\$811,880), 12/6/11 (\$109,347), 01/31/12 (\$212,680), 2/27/12 (\$630,592), 4/06/12 (\$214,089), 5/03/12 (\$311,273), 6/06/12 (\$10,684), 7/02/12 (\$129,527), 8/06/12 (\$10,432), 10/01/12 (\$33,902).
- Per the November 9, 2012 memo from Artis (underlying manager of EIM). The Fund received 455 shares of KiOR (CUSIP 4972171 09) and the shares were transferred to a Merrill Lynch brokerage account. Artis/EIM no longer manages the shares distributed and they are now the Fund's responsibility. IPS and NEPC suggest transferring the shares to PNC for credit to an investment management account and have one of the Fund's existing managers review the position and hold/sell depending on their independent review of the security. Westwood will accept the shares of KiOR in-kind (existing 455 shares already in ML account) and any future distributions.

Recommendation: A full redemption was submitted. As the remainder of the proceeds become available , use for cash flow needs.

Compliance Summary

Due to the customized separate HFoF structure, IPS does not monitor the fund of funds portfolio or the underlying managers' portfolios for compliance with the customized investment policy or the individual managers' policies.

With respect to the portfolio(s) under management, the manager acknowledges sole fiduciary responsibility under ERISA for adherence with the investment vehicle and/or offering document guidelines. **Compliance** - The relationship was terminated as of September 30, 2010.

Items of Interest: None.

Account Information	
Account Name	Meridian Segregated Portfolio
Account Structure	Other
Investment Style	Active
Inception Date	10/01/09
Account Type	Other
Benchmark	
Universe	

Meridian Segregated Portfolio		
Ending December 31, 2012		
Sources of Portfolio Growth	Last Three Months	Inception 10/1/09
Beginning Market Value	\$119,705	\$196,346
Net Additions/Withdrawals	\$0	\$0
Investment Earnings	\$0	-\$76,641
Ending Market Value	\$119,705	\$119,705

Note: Investment earnings noted above are not actual investment earnings but rather actual dollars utilized by Meridian in the Segregated Portfolio. Changes in market value are reported directly by Meridian and cannot be independently

FELRA & UFCW Pension Fund - Meridian Capital Partners Segregated Portfolio

Correspondence Summary

- On June 22, 2009, Meridian notified investors of the creation of a special purposes vehicle, MDF Special Investments ("Segregated Portfolio"), to pay legal expenses for a lawsuit against Tremont and other parties associated with the losses incurred with the Madoff investment. According to the manager, the Segregated Portfolio will also serve as a disbursement vehicle for any recovery received as a result of the lawsuit. Meridian noted that shareholders in all Meridian funds impacted by Madoff losses would share in the legal expenses of the lawsuit on a prorata basis.
- Effective June 30, 2009, Meridian redeemed shares of the Diversified ERISA Multi-Strategy Fund to establish a "Segregated Portfolio" (as per their correspondence dated June 22, 2009). The Meridian Segregated Portfolio value represents approximately 0.46% of the Diversified ERISA investment as of 6/30/09 valuation. Effective June 30, 2009, an exchange redemption valued at \$196,345 was made by Meridian for FELRA and UFCW Pension Fund.
- On March 29, 2010, Meridian issued an annual account statement as of December 31, 2009, with a value of \$171,059.
- On August 19, 2010, Meridian issued a semi-annual statement as of June 30, 2010 with a value of \$168,021.
- On April 11, 2011, Meridian issued a statement as of December 31, 2010 with a value of \$165,509.
- On September 13, 2011, Meridian issued a statement as of June 30, 2011 with a value of \$157,569.
- On March 16, 2012, Meridian issued a statement as of December 31, 2011 with a value of \$138,700.
- On September 17, 2012, Meridian issued a statement as of June 30, 2012 with a value of \$119,705.
- On September 17, 2012, Meridian provided an update on their legal efforts.

Recommendation: A full redemption request for Meridian Diversified ERISA Fund was submitted. Liquidity of the Segregated Portfolio is at the discretion of the manager. Utilize proceeds from distributions for cash needs.

Account Information	
Account Name	MDF Special Investments SPC, Ltd./MDEF June 2011/Pool 12/11
Account Structure	Hedge Fund
Investment Style	Active
Inception Date	9/01/11
Account Type	Hedge Fund
Benchmark	
Universe	

MDF Special Investments SPC, Ltd. /MDEF June 2011/Pool 12/11		
Ending December 31, 2012		
Sources of Portfolio Growth	Last Three Months	Inception 9/1/11
Beginning Market Value	\$2,467,000	\$0
Net Additions/Withdrawals	-\$368,234	\$2,128,696
Investment Earnings	\$48,107	\$18,177
Ending Market Value	\$2,146,873	\$2,146,873

FELRA & UFCW Pension Fund - MDF Special Investment SPC, Ltd. - MDEF June 2011 / Pool 12/11

Correspondence/Transfer Summary

- On September 13, 2011, Meridian made an in-kind transfer of assets valued at \$2,261,541 they deemed illiquid from Diversified ERISA Fund to a segregated account.
- On September 16, 2011, Meridian sent correspondence regarding an in-kind distribution of redemption proceeds. This is consistent with the notice that Meridian sent out on June 9th explaining that only two distributions remained for investors who fully redeemed (June 30 and Dec 31 2011), and based on the nature of the underlying investments, some securities in the Diversified ERISA Fund remain illiquid. The June notice outlined the establishment of a Special Purpose Vehicle or Segregated Portfolio that Meridian established for the purpose of receiving the pro-rata portion of illiquid securities of all investors who are fully redeeming. The Sept 16 notice is confirmation of that action. As per Meridian, the shares will be held until such time that they can be sold and converted to cash for investors holding those shares. The shares are not redeemable.
- On December 9, 2011, Meridian notified clients that a portion of the "less liquid assets" segregated into the MDF Special Investments Funds has been realized. Meridian made a cash distribution of \$149,604 on December 9, 2011.
- On March 19, 2012, Meridian made an in-kind transfer of assets from the Diversified ERISA Fund valued at \$497,158 they deemed illiquid to the segregated account, MDF Special Investments SPC, Ltd/MDEF June 2011.
- On May 8, 2012, Meridian made a cash distribution of \$112,165.
- The balance of \$715,128 held for the audit hold-back of Meridian Diversified ERISA Fund was paid out on July 26, 2012.
- On November 14, 2012, Meridian made a cash distribution of \$200,100.
- On November 20, 2012, Meridian made a cash distribution of \$168,134.

Recommendation: A full redemption request for Meridian Diversified ERISA Fund was submitted. Liquidity of the MDF Special Investments is at the discretion of the manager. Utilize proceeds from distributions for cash needs.

Compliance Summary

Commingled Fund: Due to the commingled fund structures, 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.

Items of Interest: Manager did not return 4Q12 checklist. In an email dated 1/3/2013 manager stated they will not be completing these standard compliance checklists as they have done in the past given these clients have redeemed and are now in a liquidating fund.

Account Information	
Account Name	EnTrust Capital Diversified Fund LTD.
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	1/31/11
Account Type	Hedge Fund
Benchmark	HFRI Fund of Funds Composite Index
Universe	

EnTrust Capital Diversified Fund LTD.		
Ending December 31, 2012		
Sources of Portfolio Growth	Last Three Months	Inception 1/31/11
Beginning Market Value	\$29,476,470	\$0
Net Additions/Withdrawals	\$0	\$30,000,000
Investment Earnings	\$1,064,765	\$541,235
Ending Market Value	\$30,541,235	\$30,541,235

	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	Calendar Years					Inception	
						2012	2011	2010	2009	2008	Return	Since
EnTrust Capital Diversified Fund LTD.	4.0%	8.7%	8.7%	--	--	8.7%	-3.9%	--	--	--	2.3%	Jan-11
HFRI Fund of Funds Composite Index	1.3%	4.7%	4.7%	1.4%	-1.8%	4.7%	-5.7%	5.7%	11.5%	-21.4%	-0.7%	Jan-11
T-Bills + 5%	1.2%	5.1%	5.1%	5.1%	5.4%	5.1%	5.0%	5.1%	5.1%	6.4%	5.1%	Jan-11

NOTE: Returns are Gross of Fees.

**Cumulative Periods
as of December 31, 2012**

	Quarter	Year-to-date	One Year	Three Years	Five Years	Seven Years
EnTrust Capital - EnTrust Capital Diversified Fund Ltd.	3.6	7.3	7.3	4.4	2.6	5.0
HFRI Fund of Funds Composite Index	1.2	4.7	4.7	1.4	-1.8	1.5

	2012	2011	2010	2009	2008	2007
EnTrust Capital - EnTrust Capital Diversified Fund Ltd.	7.3	-4.7	11.1	35.2	-26.0	9.9
HFRI Fund of Funds Composite Index	4.7	-5.7	5.7	11.5	-21.4	10.3

*Manager net of fees composite returns as provided by Compass.

FELRA & UFCW Pension Fund - EnTrust Capital Diversified Fund

Correspondence/Transfer Summary

- Manager was funded on January 31, 2011 with \$30 million from terminated manager, Arden.

Recommendation: None.

Compliance Summary

Commingled Fund: Due to the commingled fund structures, 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.

Manager verified the portfolio is currently, and has 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. With respect to the portfolio(s) under management, the manager acknowledges sole fiduciary responsibility under ERISA for adherence with the commingled investment vehicle and/or offering document guidelines.

Items of Interest: Personnel Additions - Vitto Chin, Associate/Research Analyst, and Tre Weicker, Associate/Investment Research joined the investment team in the fourth quarter. John H. Walsh, a current partner at the Law Firm of Sutherland Asbill & Brennan LLP, as been retained by EnTrust as Independent Legal/Compliance Advisor ("Advisor") to the EnTrust Compliance and Conflicts Committee (the "Committee"). In addition to meeting with the Committee formally on a monthly basis and as otherwise necessary, Mr. Walsh will address the firm on a quarterly basis to help reinforce the firm's "culture of compliance" and to provide insight and information regarding topical business/compliance issues.

Account Information	
Account Name	Mesirow Institutional Multi-Strategy Fund, L.P.
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	4/01/11
Account Type	Hedge Fund
Benchmark	HFRI Fund of Funds Composite Index
Universe	

Mesirow Institutional Multi-Strategy Fund, L.P.		
Ending December 31, 2012		
Sources of Portfolio Growth	Last Three Months	Inception 4/1/11
Beginning Market Value	\$29,424,056	\$0
Net Additions/Withdrawals	\$0	\$30,000,000
Investment Earnings	\$598,890	\$22,946
Ending Market Value	\$30,022,946	\$30,022,946

						Calendar Years					Inception	
	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	2012	2011	2010	2009	2008	Return	Since
Mesirow Institutional Multi-Strategy Fund, L.P.	2.3%	7.6%	7.6%	--	--	7.6%	--	--	--	--	1.2%	Apr-11
HFRI Fund of Funds Composite Index	1.3%	4.7%	4.7%	1.4%	-1.8%	4.7%	-5.7%	5.7%	11.5%	-21.4%	-1.2%	Apr-11
T-Bills + 5%	1.2%	5.1%	5.1%	5.1%	5.4%	5.1%	5.0%	5.1%	5.1%	6.4%	5.1%	Apr-11

NOTE: Returns are Gross of Fees.

Cumulative Periods
as of December 31, 2012

	Quarter	Year-to-date	One Year	Three Years	Five Years	Seven Years
Mesirow Advanced Strategies, Inc. - Mesirow Institutional Multi Strategy	2.1	6.6	6.6	2.6	1.5	3.7
HFRI Fund of Funds Composite Index	1.2	4.7	4.7	1.4	-1.8	1.5

	2012	2011	2010	2009	2008	2007
Mesirow Advanced Strategies, Inc. - Mesirow Institutional Multi Strategy	6.6	-3.5	5.0	18.3	-15.7	8.8
HFRI Fund of Funds Composite Index	4.7	-5.7	5.7	11.5	-21.4	10.3

*Manager net of fees composite returns as provided by Compass.

FELRA & UFCW Pension Fund - Mesirow Institutional Multi-Strategy Fund

Correspondence/Transfer Summary

- Manager funded on April 1, 2011 with \$30.0 million from Arden (\$15.0M), EIM Management (\$13.0M), and PNC Stif (\$2.0M).
- IPS conducted a due diligence meeting with Mesirow on January 31, 2012.

Recommendation: None.

Compliance Summary

Commingled Fund: Due to the commingled fund structures, 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.

Manager verified the portfolio is currently, and has 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. With respect to the portfolio(s) under management, the manager acknowledges sole fiduciary responsibility under ERISA for adherence with the commingled investment vehicle and/or offering document guidelines.

Items of Interest: None.

Account Information	
Account Name	Windhaven Investment Management
Account Structure	Separate Account
Investment Style	Active
Inception Date	4/30/10
Account Type	Other
Benchmark	55% MSCI World Index/40% Barclays Agg/5% S&P-GSCI
Universe	

Windhaven Investment Management		
Ending December 31, 2012		
Sources of Portfolio Growth	Last Three Months	Inception 4/30/10
Beginning Market Value	\$78,445,946	\$0
Net Additions/Withdrawals	-\$5,840,000	\$59,856,038
Investment Earnings	\$688,258	\$13,438,165
Ending Market Value	\$73,294,203	\$73,294,203

Note: GTAA Manager

						Calendar Years					Inception	
	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	Return (%)	Since
Windhaven Investment Management	0.9	11.5	11.5	--	--	11.5	1.6	--	--	--	7.2	Apr-10
55% MSCI World Index/40% Barclays Agg/5% S&P-GSCI	1.3	10.5	10.5	--	--	10.5	0.2	--	--	--	6.5	Apr-10
65% MSCI World Index/35% CitigroupWGBI	1.3	11.1	11.1	6.1	--	11.1	-2.4	10.4	--	--	6.3	Apr-10

NOTE: Returns are Gross of Fees.

FELRA & UFCW Pension Fund - Windhaven Investment Management

Correspondence/Transfer Summary

- Funded with \$66 million during April and May 2010.
- Windward announced on August 30, 2010 that 100% of their firm was acquired by the Charles Schwab Corporation. IPS spoke with Windward via telephone regarding this matter on August 31st and September 1st. A due diligence meeting was conducted with Windward on September 15, 2010. It appears that Windward will retain their key personnel and investment process. Incentives are in place for all investment personnel which is expected to limit employee turnover going forward. IPS and NEPC will continue to monitor the manager going forward to ensure there are no changes in the personnel or investment process and that the investment results remain strong.
- The fees savings from aggregating two IPS clients was noted. The fee schedule is 75 bps on first \$10M, 65 bps on next \$15M, 55 bps on next \$25M, 50 bps thereafter.
- On November 9, 2010, Windward notified clients that the acquisition by Charles Schwab was completed successfully. During their due diligence process, they discovered another advisory firm with the name Windward. To avoid confusion, they changed their name to Windhaven.
- On the following dates funds were transferred to the PNC STIF account: for benefit payments: 10/30/12 (\$2.85M), 12/28/12 (\$2.99M).
- IPS conducted an on-site due diligence meeting with Windhaven on October 24, 2012.

Recommendation: Due to significant personnel turnover and additional expected turnover, use as greater source of cash needs for benefit payments.

Compliance Summary

Exceptions: None.

Action to be taken: None.

Items of Interest: **Employee Addition** - Linda Zhang, Ph.D. has joined Windhaven Investment Management, Inc. ("Windhaven") as Vice President, Senior Portfolio Manager and Head of Research. Linda is also a member of Windhaven's Investment Committee, succeeding Louis Crosier, Vice President of Sales and Marketing. **Personnel Departure** - David R Cabot, Senior Managing Director, effective mid-March 2013. Going forward Jack McManmon (a former NEPC consultant) will be overseeing the relationship with IPS and mutual clients. **Retirement** - Louis Crosier, Vice President of Sales and Marketing, as of December 31. **Employee Transition** - Eric Biegeleisen, Director, Research has transitioned from an employee to an independent consultant and will continue to assist on model and research activities in his consulting capacity. Erica Damon, Client Service Specialist is replacing Nicole Calabrese, as the primary client service contact, who is transitioning to a new role. **Fee Schedule Change** - With the proposed migration of accounts to a new corporate billing platform in 2013 Windhaven is streamlining their billing process. The new flat fee of 54bps is lower than the management fee previously being charged.

Account Information	
Account Name	AQR Global Risk Premium Offshore Fund, Ltd.
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	9/30/10
Account Type	Other
Benchmark	60% MSCI World Index/40% Citigroup WGBI
Universe	

AQR Global Risk Premium Offshore Fund, Ltd.		
Ending December 31, 2012		
Sources of Portfolio Growth	Last Three Months	Inception 9/30/10
Beginning Market Value	\$43,560,175	\$0
Net Additions/Withdrawals	\$0	\$34,805,727
Investment Earnings	\$739,666	\$9,494,114
Ending Market Value	\$44,299,841	\$44,299,841

Note: Risk Parity Manager

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Calendar Years					Inception	
						2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	Return (%)	Since
AQR Global Risk Premium Offshore Fund, Ltd.	1.8	15.9	15.9	--	--	15.9	6.7	--	--	--	11.9	Sep-10
60% MSCI World Index/40% Citigroup WGBI	1.0	10.3	10.3	--	--	10.3	-1.8	--	--	--	5.7	Sep-10
65% MSCI AC World Index/35% Barclays Aggregate	1.9	12.1	12.1	--	--	12.1	-1.9	--	--	--	6.7	Sep-10

NOTE: Returns are Gross of Fees.

FELRA & UFCW Pension Fund - AQR Global Risk Premium Offshore Fund

Correspondence/Transfer Summary

- Manager funded on September 29, 2010 with \$34.8 million from Lazard (\$19.8M) and Cadence (\$15M).
- See Tab E for AQR correspondence regarding cash management.

Recommendation: None.

Compliance Summary

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.

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

Items of Interest: Compliance - On January 28, 2013, AQR informed clients of a change to their cash management approach. The manager noted they are adding an additional cash vehicle, a floating net asset value fund, managed by BlackRock. **Legal** - The manager stated to the best of their knowledge, there are no and have been no pending or ongoing litigation relating to AQR Capital Management, LLC ("AQR") or any of AQR's, employees that would materially affect AQR's management of client assets or the provision of advisory service. As of January 2, 2013, there are two ongoing cases where AQR is a named defendant. In each, the manager believes that the law and the facts favor AQR and its affiliate, CNH, and that the matters will be resolved in the managers favor. Both cases are related to the same holding, Tribune Company, which was held by two funds (the "Funds") managed by AQR and/or the managers affiliate, CNH Partners, LLC ("CNH") which also acts as sub-adviser for certain of AQR 's funds. The manager stated it is important to note that both AQR and its affiliate, CNH, did not directly or indirectly own Tribune stock. Rather, AQR and CNH are named defendants in each suit as investment managers to the Funds that owned the Tribune stock. The amounts held by the Funds are de minimis when viewed in context of the Funds' entire portfolio. The cases involved the Tribune Company, which was acquired in December 2007 by a group led by Sam Zell. The Funds involved owned Tribune stock during 2007 as part of a merger arbitrage strategy, and they sold the stock to the Zell-led group at the completion of its purchase. In December 2008, Tribune filed for Bankruptcy protection after experiencing operating difficulties. As part of the bankruptcy proceedings, creditors and the indenture trustee for the Tribune-issued notes filed lawsuits attempting to recover assets from all holders of Tribune stock who sold it to the Zell-led group. This group includes many asset managers and funds who sold their Tribune stock in the transaction. The basis of their claim is that, under bankruptcy law, investors who sold their stock at the completion of the merger transaction unfairly benefited from their sale to the Zell-led group so soon before Tribune sought bankruptcy protection.

Account Information	
Account Name	Putnam Total Return Trust
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	8/31/10
Account Type	Other
Benchmark	60% MSCI World Index/40% Citigroup WGBI
Universe	

Putnam Total Return Trust		
Ending December 31, 2012		
Sources of Portfolio Growth	Last Three Months	Inception 8/31/10
Beginning Market Value	\$41,359,403	\$0
Net Additions/Withdrawals	\$0	\$32,759,135
Investment Earnings	\$359,359	\$8,959,627
Ending Market Value	\$41,718,762	\$41,718,762

Note: Risk Parity Manager

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Calendar Years					Inception	
						2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	Return (%)	Since
Putnam Total Return Trust	0.9	13.2	13.2	--	--	13.2	4.9	--	--	--	12.3	Aug-10
60% MSCI World Index/40% Citigroup WGBI	1.0	10.3	10.3	--	--	10.3	-1.8	--	--	--	8.4	Aug-10
65% MSCI World Index/35% Citigroup WGBI	1.3	11.1	11.1	6.1	--	11.1	-2.4	10.4	--	--	8.8	Aug-10

NOTE: Returns are Gross of Fees.

FELRA & UFCW Pension Fund - Putnam Total Return Trust

Correspondence/Transfer Summary

- Manager funded on August 23, 2010 with \$23.4 million from Principal (\$15.4M) and Meridian (\$8.0M).
- On November 3, 2010, manager received an additional \$2.6M from Principal.
- On January 1, 2011, manager received an additional \$6.6M from Meridian.
- On March 31, 2011, \$118,985 was received from Meridian.
- See Tab E for Putnam correspondence regarding personnel departure.

Recommendation: Monitor due to personnel departure.

Compliance Summary

Commingled Fund: Due to the commingled fund structures, 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.

Manager verified the portfolio is currently, and has 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. With respect to the portfolio(s) under management, the manager acknowledges sole fiduciary responsibility under ERISA for adherence with the commingled investment vehicle and/or offering document guidelines.

Items of Interest: Personnel Departure/Changes - Jeffrey Knight, CFA, Head of GAA, has decided to leave Putnam. The manager has named four Co-Heads of their GAA organization. James Fetch; Robert Kea, CFA; Robert Schoen; and Jason Vaillancourt, CFA; will provide strategic direction for GAA, working closely with Walter Donovan. The Co-Heads shared portfolio management responsibilities with Jeff Knight on Putnam Total Return, and will continue in these roles, along with Portfolio Manager Joshua Kutin, CFA. **Legal** - In October 2012, the Massachusetts Securities Division filed an administrative action containing allegations against Putnam Advisory Company LLC ("PAC") as collateral manager of two collateralized debt obligations (CDO). **Form ADV Change** - Form ADV Part 1, item 11 was updated for a new pending matter. Also the associated regulatory disclosure reporting pages were updated to provide information regarding the matter.

Account Information	
Account Name	Wellington CIF Opportunistic Investment Allocation
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	10/01/10
Account Type	Other
Benchmark	65% MSCI AC World Index/35% Barclays Aggregate
Universe	

Wellington CIF Opportunistic Investment Allocation		
Ending December 31, 2012		
Sources of Portfolio Growth	Last Three Months	Inception 10/1/10
Beginning Market Value	\$55,000,762	\$0
Net Additions/Withdrawals	\$0	\$53,854,247
Investment Earnings	\$1,537,599	\$2,684,114
Ending Market Value	\$56,538,361	\$56,538,361

Note: GTAA Manager

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Calendar Years				Inception	
						2012 (%)	2011 (%)	2010 (%)	2009 (%)	Return (%)	Since
Wellington CIF Opportunistic Investment Allocation	2.8	14.4	14.4	--	--	14.4	-13.5	--	--	3.2	Oct-10
65% MSCI AC World Index/35% Barclays Aggregate	1.9	12.1	12.1	--	--	12.1	-1.9	--	--	6.7	Oct-10
60% MSCI World Index/40% Citigroup WGBI	1.0	10.3	10.3	--	--	10.3	-1.8	--	--	5.7	Oct-10

NOTE: Returns are Gross of Fees.

Cumulative Periods
as of December 31, 2012

	2012	2011	2010	2009	2008	2007
Wellington Management Company - Wellington Opportunistic Investment Allocation*	14.4	-13.6	17.7	36.3	-26.3	18.4
65%MSCI AC World/35% BC Aggregate	12.1	-1.9	11.1	24.5	-28.0	10.1

*Manager composite returns as provided by Compass and are gross of fees.

FELRA & UFCW Pension Fund - Wellington Opportunistic Investment Allocation

Correspondence/Transfer Summary

- Manager funded on October 1, 2010 with \$35.0 million from INTECH.
- On the following dates funds were received from EIM: 12/1/10 (\$4.2M), 4/1/11 (\$2.4M), 5/2/11 (\$1.0M), 6/1/11 (\$1.7M), 7/1/11 (\$3M), 9/1/11 (\$3.4M) from EIM, and (\$166,22) from IRM Transition.
- On February 1, 2011, manager received an additional \$3.0M.
- IPS conducted due diligence meetings with Wellington on February 2, 2012 and October 24, 2012.

Recommendation: None.

Compliance Summary

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.

Manager certified that the portfolio is currently, and has 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. 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: Personnel Addition - At the beginning of 2013, Mark Lynch joined the portfolio management team. **Ownership Changes** - The following partners withdrew from the partnership on 31 December 2012: Ed Owens, Bob Bruno, Mark Flaherty. The following partners were elected on 31 December 2012: Matthew G. Baker, David A. Chang, Devashish Chopra, Yolanda C. Courtines, Juhi Dhawan, C. Dirk Enderlein, Christopher G. Kirk, Bruce R. MacKinnon, Michael T. Masdea, Alex Qian, Scott I. St. John, Matthew J. Strzepka, Mark H. Sullivan. **ADV** - During the fourth quarter of 2012, Wellington Management Company, LLP amended Part 1 of its Form ADV on October 25 and November 27. These were not considered material changes. **Legal** - Wellington Management periodically receives requests for information and subpoenas from various regulators and governmental entities, including the US Securities and Exchange Commission (SEC), US Department of Labor, US Commodity Futures Trading Commission, among others, regarding Wellington Management's trading activities, securities of companies followed by the firm, clients of the firm, and industry practices. To the best of their knowledge, Wellington Management is not the subject of any investigation or administrative proceeding that is material to the firm's investment management business. The manager noted that that during 2010 and 2011, the SEC's Office of Compliance, Inspections and Examinations conducted an examination of Wellington Management that focused, in part, on the firm's policies and practices regarding material non-public information. In the course of closing the exam in October 2011, the SEC exam staff noted that the firm had purchased securities of a particular issuer in 2008 shortly before a public announcement that the issuer was being acquired by another party. Manager conducted a thorough review of the facts and circumstances surrounding the transactions and believe that the trading was appropriate. The manager stated they informed the SEC exam staff of their review and conclusions. In May 2012, the SEC initiated an investigation into these same transactions. Manager further states they continue to believe that the trading was appropriate and will cooperate with the SEC to facilitate its review. **E&O Insurance** - Per the Investment Policy Statement and executed Addendum, the Trustees have directed Wellington Trust to utilize the Wellington Trust Multiple Collective Investment Funds Trust, Opportunistic Investment Allocation Portfolio. That investment instrument is governed by the Wellington Trust Investment Agreement, which does not specify a minimum level of insurance coverage. However, Wellington Management does maintain a one-year, claims made Errors and Omissions/Director & Officers Liability policy, with a single- and aggregate-loss limit in excess of US\$100 million. As a national trust bank regulated by the US Office of the Comptroller of Currency, Wellington Trust is exempt from the bonding requirements of ERISA. However, Wellington Trust is covered under a financial institution bond (a fidelity bond) that currently provides \$25 million in coverage.

Commission Recapture Provider

- The current provider is Lynch, Jones & Ryan/BNY ConvergeEx / Lynch, Jones & Ryan.

Custody Bank

- The current custodian is PNC Bank.

Footnotes

- The recommendations and information in this report are a result of the combined opinions and efforts of Investment Performance Services, LLC, and New England Pension Consultants.

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.

FELRA and UFCW Pension Fund

Appendix



FELRA and UFCW Pension Fund - Cash Flow Analysis

Quarter Ending	Beginning Market Value	Net Contributions / Withdrawals	Appreciation / Depreciation	Ending Market Value
Mar-03	\$902,584,590	(\$28,930,803)	(\$23,496,106)	\$850,157,681
Jun-03	\$850,157,681	(\$23,895,172)	\$102,085,860	\$928,348,369
Sep-03	\$928,348,369	(\$24,174,177)	\$30,376,271	\$934,550,464
Dec-03	\$934,550,464	(\$24,853,794)	\$86,047,321	\$995,743,991
Mar-04	\$995,743,991	(\$24,619,224)	\$24,880,704	\$996,005,471
Jun-04	\$996,005,471	(\$25,318,428)	\$9,392,925	\$980,079,968
Sep-04	\$980,079,968	(\$24,677,972)	(\$385,584)	\$955,016,412
Dec-04	\$955,016,412	(\$24,738,364)	\$68,568,585	\$998,846,633
Mar-05	\$998,846,633	(\$26,037,107)	\$8,223,143	\$981,032,669
Jun-05	\$981,032,669	(\$25,179,963)	\$26,093,192	\$981,945,898
Sep-05	\$981,945,898	(\$22,807,106)	\$37,309,623	\$996,448,415
Dec-05	\$996,448,415	(\$24,449,161)	\$22,129,988	\$994,129,241
Mar-06	\$994,129,241	(\$26,357,143)	\$45,962,362	\$1,013,734,460
Jun-06	\$1,013,734,460	(\$25,324,483)	(\$2,232,645)	\$986,177,332
Sep-06	\$986,177,332	(\$22,875,369)	\$25,905,305	\$989,207,268
Dec-06	\$989,207,268	(\$21,803,868)	\$52,866,132	\$1,020,269,531
Mar-07	\$1,020,269,531	(\$22,305,382)	\$24,516,708	\$1,022,480,857
Jun-07	\$1,022,480,857	(\$23,258,483)	\$46,321,283	\$1,045,543,657
Sep-07	\$1,045,543,657	(\$22,459,914)	\$11,331,636	\$1,034,415,379
Dec-07	\$1,034,415,379	(\$25,451,080)	(\$2,120,738)	\$1,006,843,561
Mar-08	\$1,006,843,561	(\$22,535,849)	(\$56,423,714)	\$927,883,998
Jun-08	\$927,883,998	(\$22,279,057)	\$3,761,688	\$909,366,629
Sep-08	\$909,366,629	(\$20,509,818)	(\$80,014,998)	\$808,841,813
Dec-08	\$808,841,813	(\$20,711,188)	(\$113,094,795)	\$675,035,830
Mar-09	\$675,035,830	(\$20,585,950)	(\$39,228,598)	\$615,221,281
Jun-09	\$615,221,281	(\$20,646,824)	\$46,554,642	\$641,129,099
Sep-09	\$641,129,099	(\$15,477,240)	\$51,866,729	\$677,518,587
Dec-09	\$677,518,587	(\$20,301,671)	\$16,291,888	\$673,508,804
Mar-10	\$673,508,804	(\$23,964,727)	\$24,806,670	\$674,350,747
Jun-10	\$674,350,747	(\$14,607,147)	(\$28,805,278)	\$630,938,322
Sep-10	\$630,938,322	(\$18,531,935)	\$48,030,080	\$660,436,468
Dec-10	\$660,436,468	(\$19,020,364)	\$39,663,596	\$681,079,700
Mar-11	\$681,079,700	(\$19,226,978)	\$23,472,595	\$685,325,318
Jun-11	\$685,325,317	(\$19,226,221)	\$7,939,126	\$674,038,223
Sep-11	\$674,038,223	(\$17,543,142)	(\$54,950,333)	\$601,544,748
Dec-11	\$601,544,748	(\$17,996,347)	\$26,652,623	\$610,201,024
Mar-12	\$610,201,024	(\$18,424,045)	\$41,651,407	\$633,428,386
Jun-12	\$633,428,386	(\$19,565,191)	(\$12,196,300)	\$601,666,895
Sep-12	\$601,666,895	(\$19,502,528)	\$27,990,815	\$610,155,182
Dec-12	\$610,155,182	(\$19,733,735)	\$13,322,360	\$603,743,808
		(\$879,906,951)	\$581,066,166	

FELRA and UFCW Pension Fund

Master Consulting Services Report as of December 31, 2012

Performance Summary (Net of Fees)

	Market Value	% of Portfolio	Ending December 31, 2012							Inception	
			3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Return	Since
Total Fund	\$603,740,808	100.0%	2.1%	11.8%	11.8%	8.1%	1.1%	3.6%	6.7%	5.6%	Jan-97
Benchmark			1.5%	11.5%	11.5%	8.1%	1.5%	4.2%	6.9%	--	Jan-97
Allocation Index			1.5%	11.5%	11.5%	8.3%	1.9%	4.6%	--	--	Jan-97
Total Fund Domestic Equity	\$112,985,099	18.7%	0.9%	12.9%	12.9%	9.7%	0.6%	3.0%	7.3%	--	Jul-95
S&P 500			-0.4%	16.0%	16.0%	10.9%	1.7%	4.1%	7.1%	--	Jul-95
Russell 2000			1.9%	16.3%	16.3%	12.2%	3.6%	4.8%	9.7%	--	Jul-95
INTECH	\$9,261,172	1.5%	-1.9%	16.9%	16.9%	12.3%	2.0%	4.0%	7.7%	4.2%	Apr-01
Russell 1000 Growth			-1.3%	15.3%	15.3%	11.4%	3.1%	5.2%	7.5%	3.5%	Apr-01
Fifth Third Asset Management	\$22,802,909	3.8%	-1.7%	12.0%	12.0%	8.5%	--	--	--	9.2%	Dec-09
Russell 1000 Growth			-1.3%	15.3%	15.3%	11.4%	--	--	--	12.1%	Dec-09
NWQ Investment Management	\$20,884,435	3.5%	0.3%	9.3%	9.3%	5.6%	-1.7%	1.5%	--	2.8%	Jan-05
Russell 1000 Value			1.5%	17.5%	17.5%	10.9%	0.6%	3.3%	--	3.8%	Jan-05
Wedge Capital Management	\$33,652,889	5.6%	1.5%	14.5%	14.5%	10.9%	0.6%	3.3%	--	4.7%	Jan-05
Russell 1000 Value			1.5%	17.5%	17.5%	10.9%	0.6%	3.3%	--	3.8%	Jan-05
Westwood Management Corp	\$26,383,694	4.4%	3.8%	12.8%	12.8%	11.8%	6.4%	--	--	5.8%	Oct-07
Russell 2500			3.1%	17.9%	17.9%	13.3%	4.3%	--	--	3.3%	Oct-07
Total Fund International Equity	\$57,292,960	9.5%	8.0%	17.4%	17.4%	4.6%	-2.2%	3.0%	7.9%	4.4%	Apr-97
MSCI EAFE			6.6%	17.3%	17.3%	3.6%	-3.7%	2.2%	8.2%	4.4%	Apr-97
Gryphon International Investment	\$32,726,376	5.4%	7.8%	18.9%	18.9%	5.1%	-0.3%	4.9%	--	5.4%	Jan-05
MSCI EAFE			6.6%	17.3%	17.3%	3.6%	-3.7%	2.2%	--	3.5%	Jan-05
MSCI EAFE Growth			5.8%	16.9%	16.9%	4.9%	-3.1%	2.9%	--	4.1%	Jan-05

FELRA and UFCW Pension Fund

Master Consulting Services Report as of December 31, 2012

Performance Summary (Net of Fees)

			Ending December 31, 2012								Inception	
	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Return	Since	
Vanguard EAFE ETF	\$24,566,584	4.1%	8.2%	--	--	--	--	--	--	23.1%	May-12	
MSCI EAFE			6.6%	--	--	--	--	--	--	21.9%	May-12	
Total Domestic Fixed Income Investment Grade	\$42,876,279	7.1%	0.6%	6.6%	6.6%	7.7%	4.8%	--	--	4.9%	Jun-07	
Barclays Aggregate			0.2%	4.2%	4.2%	6.2%	5.9%	--	--	6.3%	Jun-07	
Income Research & Management	\$21,725,460	3.6%	0.8%	7.3%	7.3%	7.5%	--	--	--	8.2%	Jan-09	
Barclays Aggregate			0.2%	4.2%	4.2%	6.2%	--	--	--	6.1%	Jan-09	
IRM-Transition Assets	\$2,950,659	0.5%	2.2%	15.9%	15.9%	16.4%	--	--	--	18.7%	Jan-09	
Barclays Aggregate			0.2%	4.2%	4.2%	6.2%	--	--	--	6.1%	Jan-09	
Segall Bryant & Hamill	\$18,200,160	3.0%	0.2%	4.5%	4.5%	6.2%	--	--	--	7.0%	Jan-09	
Barclays Aggregate			0.2%	4.2%	4.2%	6.2%	--	--	--	6.1%	Jan-09	
Total Fixed High Yield	\$18,825,008	3.1%	2.4%	13.3%	13.3%	10.2%	9.3%	--	--	8.2%	Jun-07	
BofA Merrill Lynch US High Yield BB-B Rated			3.1%	14.7%	14.7%	11.4%	9.1%	--	--	7.8%	Jun-07	
Lazard Asset Management	\$18,825,008	3.1%	2.4%	13.3%	13.3%	10.2%	9.1%	8.3%	10.1%	6.0%	Jan-99	
BofA Merrill Lynch US High Yield BB-B Rated			3.1%	14.7%	14.7%	11.4%	9.1%	8.4%	9.4%	6.8%	Jan-99	
Total Fund Real Estate	\$90,611,732	15.0%	2.4%	11.2%	11.2%	13.4%	-1.3%	3.2%	--	6.4%	Oct-03	
NCREIF ODCE Index			2.3%	10.8%	10.8%	14.4%	-1.1%	3.5%	--	6.5%	Oct-03	
Principal Financial	\$13,246,790	2.2%	1.9%	11.6%	11.6%	14.4%	-2.2%	2.3%	--	5.2%	Oct-03	
NCREIF ODCE Index			2.3%	10.8%	10.8%	14.4%	-1.1%	3.5%	--	6.5%	Oct-03	

FELRA and UFCW Pension Fund

Master Consulting Services Report as of December 31, 2012

Performance Summary (Net of Fees)

	Market Value	% of Portfolio	Ending December 31, 2012							Inception	
			3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Return	Since
JP Morgan Real Estate Strategic Property - Core Investments	\$77,364,942	12.8%	2.5%	11.0%	11.0%	13.0%	-1.0%	3.3%	--	6.6%	Oct-03
<i>NCREIF ODCE Index</i>			2.3%	10.8%	10.8%	14.4%	-1.1%	3.5%	--	6.5%	Oct-03
Total Fund Hedge Fund of Funds	\$63,265,082	10.5%	2.7%	6.7%	6.7%	2.0%	-1.1%	1.5%	--	2.5%	Apr-04
<i>HFRI Fund of Funds Composite Index</i>			1.3%	4.7%	4.7%	1.4%	-1.8%	1.5%	--	2.5%	Apr-04
EIM Management (USA), Inc. Multi-Strategy-USD	\$554,027	0.1%	-5.5%	5.6%	5.6%	-2.0%	-3.9%	-0.1%	--	0.9%	Apr-05
<i>HFRI Fund of Funds Composite Index</i>			1.3%	4.7%	4.7%	1.4%	-1.8%	1.5%	--	2.2%	Apr-05
EnTrust Capital Diversified Fund LTD.	\$30,541,235	5.1%	3.6%	7.3%	7.3%	--	--	--	--	1.0%	Jan-11
<i>HFRI Fund of Funds Composite Index</i>			1.3%	4.7%	4.7%	--	--	--	--	-0.7%	Jan-11
<i>T-Bills + 5%</i>			1.2%	5.1%	5.1%	--	--	--	--	5.1%	Jan-11
Mesirow Institutional Multi-Strategy Fund, L.P.	\$30,022,946	5.0%	2.0%	6.4%	6.4%	--	--	--	--	0.0%	Apr-11
<i>HFRI Fund of Funds Composite Index</i>			1.3%	4.7%	4.7%	--	--	--	--	-1.2%	Apr-11
<i>T-Bills + 5%</i>			1.2%	5.1%	5.1%	--	--	--	--	5.1%	Apr-11
MDF Special Investments SPC, Ltd./MDEF June 2011/Pool 12/11	\$2,146,873	0.4%									
Total Fund GTAA/Risk Parity	\$215,851,167	35.8%	1.4%	12.7%	12.7%	--	--	--	--	5.9%	Apr-10
<i>65% MSCI World Index/35% CitigroupWGBI</i>			1.3%	11.1%	11.1%	--	--	--	--	6.1%	Apr-10
Windhaven Investment Management	\$73,294,203	12.1%	0.8%	10.8%	10.8%	--	--	--	--	6.6%	Apr-10
<i>55% MSCI World Index/40% Barclays Agg/5% S&P-GSCI</i>			1.3%	10.5%	10.5%	--	--	--	--	6.5%	Apr-10
<i>65% MSCI World Index/35% CitigroupWGBI</i>			1.3%	11.1%	11.1%	--	--	--	--	6.3%	Apr-10
AQR Global Risk Premium Offshore Fund, Ltd.	\$44,299,841	7.3%	1.7%	15.3%	15.3%	--	--	--	--	11.3%	Sep-10
<i>60% MSCI World Index/40% Citigroup WGBI</i>			1.0%	10.3%	10.3%	--	--	--	--	5.7%	Sep-10
<i>65% MSCI AC World Index/35% Barclays Aggregate</i>			1.9%	12.1%	12.1%	--	--	--	--	6.7%	Sep-10

FELRA and UFCW Pension Fund

Master Consulting Services Report as of December 31, 2012

Performance Summary (Net of Fees)

	Market Value	% of Portfolio	Ending December 31, 2012							Inception	
			3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Return	Since
Putnam Total Return Trust	\$41,718,762	6.9%	0.9%	13.2%	13.2%	--	--	--	--	12.3%	Aug-10
60% MSCI World Index/40% Citigroup WGBI			1.0%	10.3%	10.3%	--	--	--	--	8.4%	Aug-10
65% MSCI World Index/35% Citigroup WGBI			1.3%	11.1%	11.1%	--	--	--	--	8.8%	Aug-10
Wellington CIF Opportunistic Investment Allocation	\$56,538,361	9.4%	2.5%	13.2%	13.2%	--	--	--	--	2.1%	Oct-10
65% MSCI AC World Index/35% Barclays Aggregate			1.9%	12.1%	12.1%	--	--	--	--	6.7%	Oct-10
60% MSCI World Index/40% Citigroup WGBI			1.0%	10.3%	10.3%	--	--	--	--	5.7%	Oct-10
Total Fund Other	\$119,705	0.0%									
Meridian Segregated Portfolio	\$119,705	0.0%									
Total Fund Cash	\$1,913,777	0.3%	0.0%	0.1%	0.1%	0.0%	--	--	--	--	Jul-95
PNC Stif	\$1,615,196	0.3%	0.0%	0.0%	0.0%	0.2%	2.1%	--	--	2.8%	Jul-06
91 Day T-Bills			0.0%	0.1%	0.1%	0.1%	0.3%	--	--	1.3%	Jul-06
PNC Money Market Account # 1	\$87	0.0%									
Cash Vanguard EAFE ETF	\$298,494	0.0%	0.0%	--	--	--	--	--	--	0.0%	Sep-12

FELRA And UFCW Pension Fund Custom Benchmark Specification Total Fund

		Percent	Description
01/1999	12/2004	40	S&P 500 Index
		5	Merrill Lynch BB/B High Yield
		10	Russell 2000
		5	Citi WGBI
		30	Barclays U.S. Aggregate
		10	MSCI EAFE (Net)
01/2005	03/2007	25	S&P 500 Index
		10	Russell 2000
		15	MSCI EAFE (Net)
		6	Barclays High Yield
		18	Barclays U.S. Aggregate
		12	NCREIF Open End Fds
		14	HFRI Fund of Funds
04/2007	12/2009	25	S&P 500 Index
		6	Bank of America Merrill Lynch BB/B High Yield
		13	Barclays U.S. Aggregate
		14	MSCI EAFE (Net)
		15	NCREIF Open End Fds
		8	Russell 2500
		14	HFRI Fund of Funds
		5	Global Alpha

FELRA And UFCW Pension Fund Custom Benchmark Specification Total Fund

		Percent	Description
01/2010	12/2010	25	S&P 500 Index
		6	Bank of America Merrill Lynch BB/B High Yield
		13	Barclays U.S. Aggregate
		14	MSCI EAFE (Net)
		15	NCREIF Open End Fds
		8	Russell 2500
		19	HFRI Fund of Funds
*	01/2011	18	S&P 500 Index
		4	Bank of America Merrill Lynch BB/B High Yield
		10	Barclays U.S. Aggregate
		9	MSCI EAFE (Net)
		10	NCREIF Open End Fds
		5	Russell 2500
		9	HFRI Fund of Funds
		35	60% MSCI World Index 40% Citigroup WGBI

* The above benchmark detail represents historical and *current

65% MSCI World Index/35% Barclays Aggregate Index is listed for illustration purposes
60% MSCI World Index/40% Citigroup WGBI is listed for illustration purposes

FELRA and UFCW Pension Fund

Footnotes

- Montag & Caldwell was terminated on 8/1/2006 and funds were transferred to Capital Management Associates.
- Fountain was terminated and assets moved to Lazard High Yield on 7/2/07.
- Ark was terminated and assets moved to Westwood on 8/1/07.
- Net of fee returns are net of investment manager fees and are estimated. NOF calculations began 3rd. Quarter 2004 and cannot be calculated for prior time periods.
- EIM Management (USA), Inc. values, flows, and returns are provided by EIM and cannot be independently verified.
- Income Research & Management (IRM) was hired with initial funding from Logan Circle of \$46,115,202 Partners on 11/14/08. At the end of December the portfolio market value reflects \$9,343,594 in less liquid. These assets will be reported in a separate portfolio beginning January 1, 2009.
- Segall Bryant & Hamill hired with initial funding from Logan Circle Partners on 11/14/08 in the amount of \$39,669,926.
- Effective June 30, 2009, Meridian redeemed shares of the Diversified ERISA Multi-Strategy Fund to establish a “Segregated Portfolio”) as their correspondence dated June 22, 2009). The Meridian Segregated Portfolio value represents approximately 0.46% of the Diversified ERISA investment as of 6/30/09 valuation. As per Meridian, updates on the Segregated Portfolio value will be provided on an annual basis.
- The following composite returns prior to 1st. quarter 2010 do not include cash in the calculation of returns.
 - Total Fund Domestic Equity
 - Total Fund International Equity
 - Total Domestic Fixed Investment Grade
 - Total Fixed High Yield
 - Total Fund Real Estate
 - Total Fund Hedge Fund of Fund
 - Total Fund GTAA/Risk Parity
- Separately managed account returns are calculated by IPS using custodian data.

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Memo



**INVESTMENT
PERFORMANCE
SERVICES, LLC**

To: Bill Jensen
From: Rich Sichel
CC: Barry Slevin, Harry Burton, Mike Sullivan
Date: March 7, 2013
Re: FELRA & UFCW Pension Fund - Recommendations

The IPS investment committee has several recommendations to communicate to the Board of Trustees of the FELRA Pension Fund. The recommendations for the Trustees consideration are listed below.

- (1) Lazard Asset Management (\$18.8m high yield) – In a letter dated January 11, 2013, Lazard reported the retirement of Bill Charlton effective December 31, 2012. Tom Dzwil will be lead portfolio manager and has been a member of the high yield team since 2002. The recommendation for Lazard has been “monitor performance for improvement”. The manager had a very poor 4Q return and lagged the benchmark for 2012. IPS recommends the termination of this manager. Given the current interest rate environment, we recommend the hire of a short duration high quality high yield manager. The suggested manager is Chartwell Investment Partners. Chartwell's effective duration is 1.9 years compared to 3.0 years for Lazard.
- (2) Income Research & Management (\$21.7m investment grade bonds) – The manager is benchmarked to the Barclays Aggregate Index which has an effective duration of 5.2 years. To help preserve principal and potentially avoid losses in a rising interest rate environment, IPS recommends changing the manager's index to the Barclays Intermediate G/C which has an effective duration of 3.0 years.
- (3) Segall Bryant & Hamill (\$18.2m investment grade bonds) - The manager is benchmarked to the Barclays Aggregate Index which has an effective duration of 5.2 years. To help preserve principal and potentially avoid losses in a rising interest rate environment, IPS recommends changing the manager's index to the Barclays Intermediate G/C which has an effective duration of 3.9 years.
- (4) Putnam (\$41.7m risk parity) – In an email dated February 1, 2013, Putnam reported the departure of Jeffrey Knight, head of GAA. Jeffrey reported directly to the firm's Chief Investment Officer. Rather than replace Jeffrey, Putnam has named four co-heads of their GAA organization. We believe the changes at Putnam are significant and the manager should move to the “watch list”. I previously recommended that the manager attend the April 4th meeting and have scheduled them for a presentation.
- (5) Windhaven (\$73.3m GTAA) – The organization continues to have significant personnel departures. Windward (now Windhaven) was purchased by Schwab in November, 2010. Based on discussions we have had with the manager at on site due diligence meetings, it appears additional departures are expected. While performance has not suffered, many departures involved key Windward employees as Schwab becomes more involved in the process. We recommend the manager move to the “watch list” and become a greater source of cash flow needs for benefit payments. Windhaven currently represents the largest component of the GTAA/RP strategies.

- (6) Risk Parity (Putnam - \$41.7m/AQR - \$44.3m) – We believe that we are in a slowing rising interest rate environment for 2013 with the possibility of more dramatic rising rates in 2014. In that environment, we do not believe risk parity investing will generate strong absolute returns. The Fund's 14.3% allocation to that strategy is expected to be a drag on the Total Fund returns. As we get into the second half of 2013, this should be a topic of discussion as it relates to the Fund's asset allocation.

We would also like to continue discussions regarding the Fund's asset allocation. Information was provided on a couple of occasions during 2012. We continue to suggest a significant allocation to core real estate due to the high income relative to fixed income. There are also additional ideas relating to opportunistic fixed income that we would like the Trustees to consider.

I look forward to discussing the recommendations listed above with you and the Trustees.

Two Greenwich Plaza, 3rd Floor
Greenwich, Connecticut 06830
tel 203.742.3600 fax 203.742.3100
www.aqrcapital.com

January 28, 2013

AQR-Sponsored Private Commingled Vehicles (“AQR Private Funds”) and Cash Investments

Dear Investor:

We are writing to inform you of an upcoming change in AQR’s approach to cash management across our funds. Currently, we utilize a combination of Treasury bills, third-party Treasury money market funds from large asset management firms, such as BlackRock, BNY Mellon/Dreyfus, and State Street, and bank accounts. We have decided to add an additional cash vehicle, a commingled, floating-net asset value fund managed by BlackRock and overseen by an independent board of directors, the Current Asset Fund Ltd. (“CAF”). This will allow AQR to further diversify its means of accessing cash, while utilizing the skill, expertise and scale of BlackRock’s cash management team. We explain below in more detail the reasoning behind our decision; however, it is important to state up front that our goal is to continue to manage our money market investments in a conservative fashion, primarily investing in short-term US Treasury debt. AQR has worked with BlackRock to establish a set of guidelines that emphasize liquidity and protection of capital over yield maximization. The eligible investment universe and guidelines to which the fund must adhere are consistent with these principles.

AQR believes that this change in approach is in the best interests of AQR Private Funds’ investors and is making this change after careful consideration. Due to the expiration of unlimited FDIC insurance for transactional accounts, coupled with potential changes to money market regulations which would affect the utility of third-party money market funds, AQR has determined that further reducing our reliance on traditional third-party money market funds will be a better approach in managing the AQR Private Funds’ cash deposits.

AQR expects that the aggregate amount of fees and expenses to which the AQR Private Funds will be subject as a result of their investments in the Fund will be comparable to, or even lower than, the aggregate fees and expenses to which they are subject as a result of their investments in the current money market funds. AQR will not receive fees related to CAF nor will it charge fees to the AQR Private Funds in addition to the normal fund operating expenses charged by BlackRock, the Fund’s custodians, auditors and other service providers to CAF.

Further information with respect to terms specific to CAF is included in the Prospectus enclosed herein. The foregoing discussion is qualified by reference to and should be read in conjunction with the full text of the accompanying Prospectus as well as the Annex to this letter.

If you have any questions concerning this notice, please feel free to contact your dedicated client service representative. Thanks very much.

Sincerely,

AQR Capital Management, LLC

ANNEX

PFIC Status. The Current Asset Fund is expected to constitute a “passive foreign investment company” (“PFIC”) for U.S. federal income tax purposes. Accordingly, a U.S. investor in the AQR Private Funds may be required to pay additional tax (and interest) on income attributable to certain “excess distributions” from, and gains attributable to the redemption or other disposition of stock of, the Current Asset Fund. In particular, (i) such income and gains generally would be treated as ordinary income realized ratably over the shorter of the U.S. investor’s holding period in its applicable AQR Fund or such AQR Fund’s holding period in the Current Asset Fund, and (ii) an interest charge would be imposed on the U.S. investor based on the amount of tax treated as deferred from prior years. If a valid election were made and maintained with respect to a U.S. investor to treat the Current Asset Fund as a “qualified electing fund” (a “QEF election”) under the U.S. Tax Code, then, in lieu of the foregoing treatment, the U.S. investor generally would be required to include in income annually a portion of the earnings and gains of the Current Asset Fund, even if not distributed to the U.S. investor. In general, only the first U.S. person in the chain of ownership from the Current Asset Fund with respect to a given U.S. investor will be eligible to make a QEF election with respect to the Current Asset Fund, and thus the eligible person with respect to a U.S. investor’s indirect ownership of the Current Asset Fund will depend on the particular structure of the U.S. investor’s indirect interest in the Current Asset Fund (i.e., the eligible person may be an AQR Fund, the U.S. investor, or some other intermediary entity). Moreover, while we intend to obtain annually from the Current Asset Fund the information required to enable the making and maintenance of a valid QEF election, it is possible that we will be unable to do so. In any case, a U.S. investor generally will be required to file an annual information return with respect to the Current Asset Fund if it is a PFIC.

Note that the PFIC rules are complicated and U.S. investors are urged to consult their tax advisors regarding the consequences to them of holding an indirect interest in the Current Asset Fund.

IRS CIRCULAR 230 DISCLOSURE

TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE U.S. IRS, WE INFORM YOU THAT ANY TAX ADVICE CONTAINED IN THIS COMMUNICATION WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE CODE. TAX ADVICE CONTAINED IN THIS COMMUNICATION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE MATTERS ADDRESSED BY THIS COMMUNICATION. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.



January 11, 2013

Ms. Jennifer Mink
Investment Performance Services, LLC
642 Newtown Yardley Road
Suite 205
Newtown, PA 18940

Dear Jennifer,

We are writing to provide you with an update to the Lazard US High Yield team.

After 10 years with Lazard Asset Management and 35 years in the investment industry, Portfolio Manager/Analyst, William (Bill) Charlton has retired from Lazard Asset Management, effective December 31, 2012. Bill will remain on as an Advisor to the team for 2013, available to help support the team, and provide advice in the area of credit research and security selection.

Tom Dzwil has assumed responsibility of lead Portfolio Manager/Analyst for the Lazard US High Yield strategy. Tom has over 30 years of investment industry experience and has been a valued member of the Lazard US High Yield team since joining the firm in 2002. Tom and Bill have worked closely together for over 17 consecutive years, both at Lazard and at their prior firm, and we are confident that this will be a smooth transition.

Biography

Thomas M. Dzwil

*Senior Vice President, Portfolio Manager/Analyst
Lazard Asset Management LLC (New York)*

Thomas M. Dzwil is a Portfolio Manager/Analyst on the US High Yield team. He began working in the investment field in 1982. Prior to joining Lazard in 2002, Thomas was a Portfolio Manager with OFFITBANK. Previously he was a Vice President with North Star Investment Management. Prior to that, Thomas was an Associate with Morgan Stanley & Co. He has an AA from Brookdale College.

From: Meghan_Loehning@putnam.com [mailto:Meghan_Loehning@putnam.com] **On Behalf Of**
Lauren_Silk@putnam.com

Sent: Friday, February 01, 2013 3:36 PM

To: Bill Jensen

Subject: Putnam Investments: GAA Team Update

Dear Bill:

I apologize that I was unable to reach you over the phone, however, I left you a voice mail in order to keep you apprised of developments in Putnam's Global Asset Allocation (GAA) organization. Jeffrey Knight, CFA, Head of GAA, has decided to leave Putnam to pursue a new opportunity. As the leader of our asset allocation investment process and a portfolio manager on Putnam Total Return, Jeff reported to Walter Donovan, Chief Investment Officer, and was a 20-year Putnam veteran. We are grateful for Jeff's contributions and wish him well.

The talent and experience that have contributed to the long-term success of Putnam Total Return and all of our GAA strategies now enable us to name four Co-Heads of our GAA organization. James Fetch; Robert Kea, CFA; Robert Schoen; and Jason Vaillancourt, CFA; will provide strategic direction for GAA, working closely with Walter Donovan. The Co-Heads shared portfolio management responsibilities with Jeff Knight on Putnam Total Return, including your investment account or fund, and will continue in these roles, along with Portfolio Manager Joshua Kutin, CFA.

The Co-Heads have worked together in GAA for over a decade, developing skills in multi-asset investing with specialized areas of expertise within the GAA investment process:

James Fetch leads portfolio construction and risk management and has 19 years of investment experience, all of it with Putnam.

Robert Kea, CFA, leads top-down equity strategies and has 25 years of investment experience, including 24 years with Putnam.

Robert Schoen leads equity process and risk management and has 25 years of investment experience, including 15 years with Putnam.

Jason Vaillancourt, CFA, leads global macro strategies and has 20 years of investment experience, including 13 years with Putnam.

We believe the Co-Heads' many years of hands-on experience executing Putnam Total Return's investment process ensures a seamless transition, and there will be no changes to the portfolio's investment objective.

Please feel free to contact me with any questions you might have, and many thanks for your continuing support of Putnam.

Sincerely,
<ATT00001.gif>

Lauren Silk
Putnam Investments
Senior Client Service Manager, Global Institutional Management

Lauren_Silk@Putnam.com

617-760-5196 (office)

617-255-9221 (fax)

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