



Gallagher Fiduciary Advisors, LLC  
a Subsidiary of Gallagher Benefit Services, Inc.

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MEMORANDUM

To: Regis P. Garris, Jr., Deputy Controller  
From: Christiaan J. Brokaw, CFA, AIF®, Senior Consultant  
Date: October 31, 2012  
Re: Westmoreland County – 3Q12 Performance Report

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Please find enclosed portfolio performance for the 3<sup>rd</sup> quarter of 2012.

Stocks rallied globally during the third quarter amidst a flurry of central bank liquidity and improved investor sentiment. Developed international and emerging markets equities outperformed the U.S. during the quarter, posting returns of 6.9% and 7.7%, respectively, while the U.S. market was up 6.2%. The third quarter capped a 12-month equity rally, led by the U.S. market's 28.0% gain over the last year. Fixed income also had a reasonably strong quarter, gaining 1.6%. Interest rates were stable for the quarter, and the 10-year U.S. Treasury yield ended the quarter at almost the exact same level as it began (1.64% on 9/30 vs. 1.66% on 6/30). Credit spreads for corporations declined during the quarter, which helped push corporate bond returns up to nearly 4% during the quarter. The strongest asset class over the last three months was commodities, which gained 9.7%. Commodity returns were broad based, with double digit returns coming from the energy, precious metals and agricultural sectors.

Looking forward, the long-term outlook for global equities has dimmed slightly in the wake of the market's substantial one-year gains. Valuation ratios now suggest that the U.S. market is fairly priced. International markets remain attractively priced, although non-U.S. markets continue to face more significant systematic risks than the U.S. European markets have started to recover following the European Central Bank's plans for quantitative easing, but the debt situations affecting the southern part of the continent are far from over. Emerging markets continue to face risks due to slowing growth and continued market volatility. In fixed income markets, low interest rates continue to pose a serious challenge to investors. We continue to recommend a slight tilt toward equities over fixed income, but the potential opportunities are not as robust as earlier in the year. Investors should proceed with caution and might want to consider rebalancing closer to their long-term target asset allocation.

Please contact me should you have any questions.



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The information contained in this report has been obtained from sources believed to be accurate and complete. However, because of the possibility of human and/or mechanical error, the report's accuracy and completeness, and the opinions based thereon, are not and cannot be guaranteed.



Prepared by: Christiaan J. Brokaw, CFA, AIF® – Senior Consultant  
Lisa Marcotullio – Client Service Specialist  
Gregory Zuroski – Consulting Analyst  
Linda Tressler – Performance Measurement Analyst  
Betsy Lohler – Senior Administrative Assistant

**Westmoreland County  
Employees' Retirement Fund  
Performance Analysis**

**Through September 30, 2012**

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## Westmoreland County Employees' Retirement Fund Performance Analysis Through September 30, 2012

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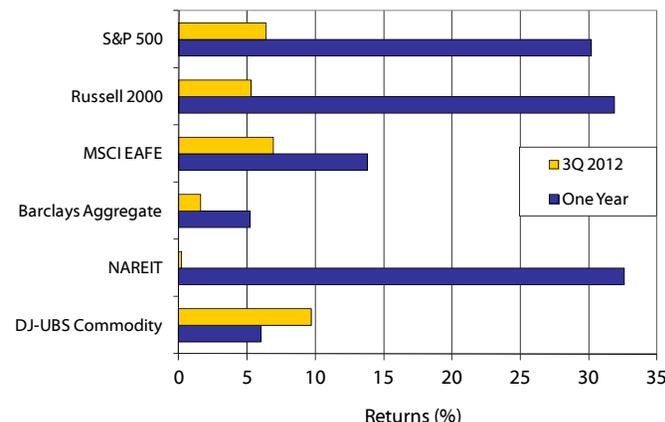
# Market Background

## 3rd Quarter 2012

### Economy

- Second quarter 2012 GDP growth increased 1.3% net of inflation. The deceleration in GDP from the first quarter reflected slowed growth in personal consumption expenditures, fixed investments and decreases in government spending.
- The Consumer Price Index (CPI) rose 0.8% during the third quarter and 2.0% over the past year.
- The unemployment rate fell to 7.8% in September, the lowest level since January 2009.
- The Federal Reserve kept short-term rates near zero during the quarter and announced an open-ended quantitative easing program targeting mortgage-backed securities (QE3).
- The yield on the 10-year U.S. Treasury hit a new low of 1.42% during the quarter before finishing flat at 1.65%.

Index Performance by Asset Class



### U.S. Equities

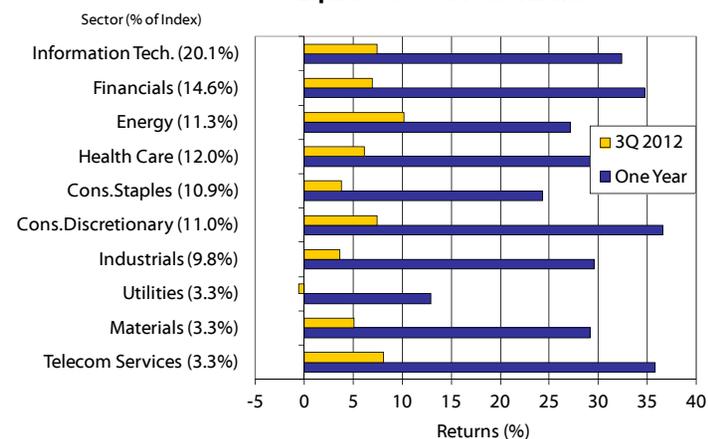
- Domestic equity indices were strong during the quarter. Large-cap value was the best performing segment for the quarter and small-cap value for the year. The rally boosted most sectors, with energy the clear winner returning 10.1% during the quarter. Consumer staples, industrials and utilities were laggards, as investors favored the less defensive sectors.

U.S. Equity Returns (%)

	Value	Core	Growth
<b>Large</b>	6.5	6.3	6.1
	30.9	30.1	29.2
<b>Mid</b>	5.8	5.6	5.3
	29.3	28.0	26.7
<b>Small</b>	5.7	5.3	4.8
	32.6	31.9	31.2

Legend: 3Q 2012 (Yellow), 1 Year (Blue), Best total return during the period (Green)

U.S. Equities: Sector Performance



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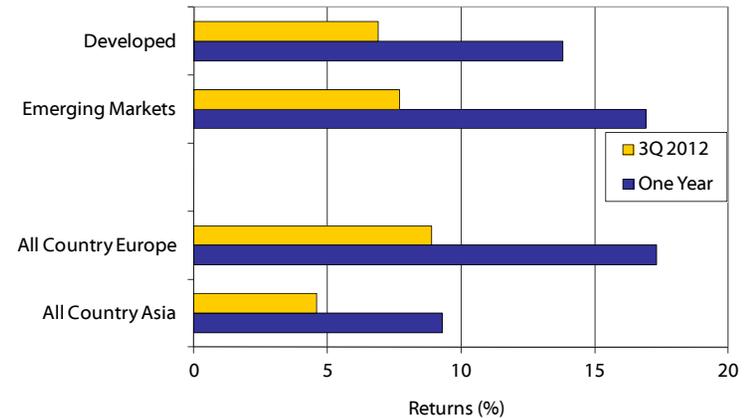
# Market Background

## 3<sup>rd</sup> Quarter 2012

### International Equities

- The MSCI EAFE Index gained 6.9% during the quarter as European equities rallied after the European Central Bank announced its own quantitative easing program.
- Among developed nations' stock markets, Germany performed the best (up 13.9%) while Ireland and Japan posted small negative returns during the quarter.
- The MSCI Emerging Markets Index gained 7.7% during the quarter as investors flocked back into riskier assets as hopes for more monetary easing turned into reality.
- Among the larger Emerging Markets, India posted the best quarterly return (+15.4) while Brazil and China lagged the Index with sub-5.0% return.

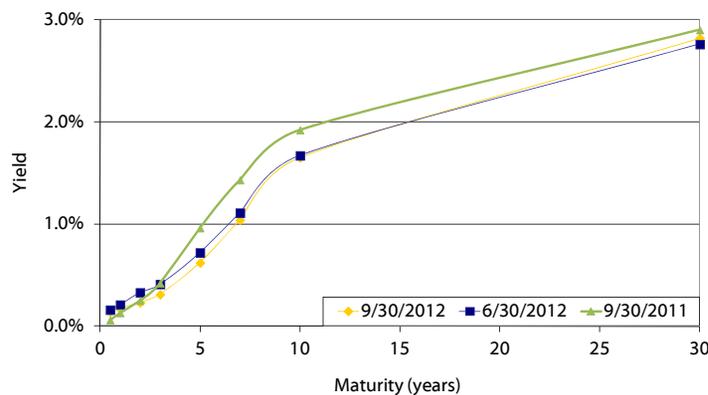
International Equities: Market Performance



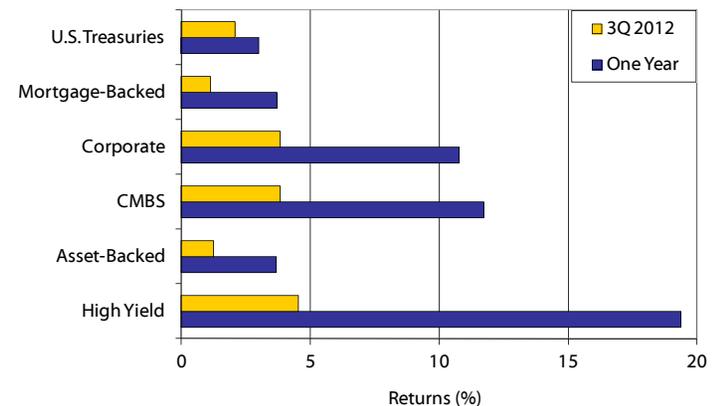
### Fixed Income

- Short-term rates ended the quarter lower as the yield curve steepened amid a rally in the equity market. The 10-year U.S. Treasury experienced large swings as investors' expectations for monetary stimulus waxed and waned during the quarter.
- Spread sectors, including commercial mortgages and high yield, outpaced the higher-quality sectors, such as U.S. Treasuries Note and Mortgage-backed securities during both the third quarter and over the last 12 months.

Treasury Yield Curve: 9/30/12, 6/30/12 and 9/30/11



Fixed Income: Sector Performance



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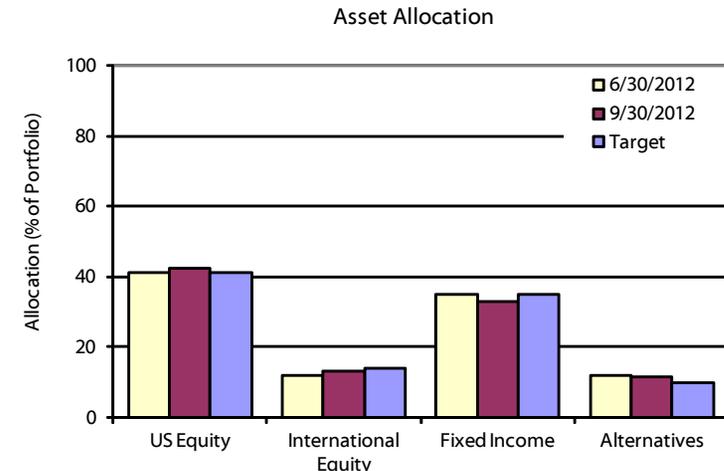
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# Portfolio Summary

## Westmoreland County As of 9/30/2012

<b>Principal Changes - \$(000)</b>	<b>One Year</b>	<b>Three Years</b>
<b>Beginning Balance</b>	<b>310,874</b>	<b>286,582</b>
<b>Net Cash Flows</b>	<b>(5,979)</b>	<b>(12,626)</b>
<b>Investment Earnings:</b>	<b>52,450</b>	<b>83,389</b>
Policy Asset Allocation Effect	50,433	77,488
Deviation from Policy Effect	(2,690)	(1,322)
Investment Manager Effect	4,706	7,221
<b>Ending Balance</b>	<b>357,345</b>	<b>357,345</b>
<b>Total change in market value:</b>	<b>46,471</b>	<b>70,763</b>



### Portfolio Observations:

- Investment Manager Effect has been positive for the one- and three- year trailing periods due primarily to strong relative performance by the plan's equity managers.
- The total portfolio outperformed its benchmark during the quarter.

### Definitions:

**Policy Asset Allocation Effect:** amount portfolio would have earned if portfolio was exactly in-line with target allocation and investment managers matched benchmark performance.  
**Deviation from Policy Effect:** impact of the portfolio being either overweight or underweight asset classes relative to the target allocation.  
**Investment Manager Effect:** impact of investment managers outperforming or underperforming their benchmarks.



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# Report Highlights

## Net of Fees Investment Performance Ending September 30, 2012

	<u>Quarter</u>	<u>Year To Date</u>	<u>One Year</u>	<u>Two Years</u>	<u>Three Years</u>	<u>Five Years</u>	<u>Ten Years</u>
<b>Equity</b>							
C.S. McKee	7.7%	17.1%	28.2%	13.2%	12.6%	0.9%	N.A.
Russell 1000 Value Index	6.5	15.7	30.9	13.3	11.8	-0.9	8.2%
Sit	5.8	16.1	26.8	13.7	N.A.	N.A.	N.A.
Russell 1000 Growth Index	6.1	16.8	29.2	15.8	14.7	3.2	8.4
CIM	6.8	16.0	29.6	13.5	11.8	0.6	7.1
Manning & Napier Equity	7.5	13.9	24.8	9.4	9.2	0.3	N.A.
Vanguard S&P 500 Index Fund	6.3	16.4	30.2	14.7	13.2	N.A.	N.A.
Emerald - LCC	7.0	16.3	30.7	15.1	12.5	N.A.	N.A.
S&P 500 Index	6.3	16.4	30.2	14.7	13.2	1.0	8.0
Emerald - MCG	6.8	16.2	28.0	12.1	14.1	N.A.	N.A.
Russell Mid Cap Growth Index	5.3	13.9	26.7	13.0	14.7	2.5	11.1
Victory - SCV	2.7	8.9	27.5	12.9	12.3	4.4	11.2
Russell 2000 Value Index	5.7	14.4	32.6	11.7	11.7	1.4	9.7
Emerald - SCG	7.1	19.3	37.0	17.4	17.3	3.0	N.A.
Russell 2000 Growth Index	4.8	14.1	31.2	13.9	14.2	3.0	10.5
<b>International Equity</b>							
C.S. McKee - Int'l Equity	9.0	13.5	19.0	1.2	2.3	-3.6	9.3
MSCI EAFE Index	6.9	10.1	13.8	1.5	2.1	-5.2	8.2
<b>Total Fund - Equity</b>							
S&P 500 Index	6.3	16.4	30.2	14.7	13.2	1.0	8.0



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# Report Highlights

## Net of Fees Investment Performance Ending September 30, 2012

	<u>Quarter</u>	<u>Year To Date</u>	<u>One Year</u>	<u>Two Years</u>	<u>Three Years</u>	<u>Five Years</u>	<u>Ten Years</u>
<b>Alternatives</b>							
CCA Gold I	0.3%	-0.8%	2.1%	7.1%	8.5%	N.A.	N.A.
CCA Gold II	4.6	-1.8	0.1	6.6	8.2	N.A.	N.A.
CCA Blue	2.6	-0.1	2.2	N.A.	N.A.	N.A.	N.A.
Grosvenor	2.6	5.8	6.2	2.4	3.6	0.1%	4.4%
HFR Fund of Funds	2.1	2.8	2.3	0.2	1.3	-1.7	3.6
<b>Fixed Income</b>							
C.S. McKee	1.8	4.5	6.3	6.3	6.9	7.9	N.A.
MetWest	3.9	8.7	9.8	7.2	9.7	9.2	7.5
Barclays AGG Index	1.6	4.0	5.2	5.2	6.2	6.5	5.3
<b>Total Portfolio</b>							
<b>Total Fund</b>	<b>5.0</b>	<b>10.6</b>	<b>16.8</b>	<b>8.6</b>	<b>8.8</b>	<b>2.9</b>	<b>7.4</b>
TMI (34/7/14/10/35)	4.3	9.8	16.3	8.2	8.3	2.5	7.1
TMI (65/35)	4.7	12.1	21.1	11.6	11.0	3.4	7.4
CPI Index	0.8	2.5	2.0	2.9	2.3	2.1	2.5



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# Report Highlights

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## Asset Allocation Ending September 30, 2012

	<u>Target</u>	<u>@9/30/12</u>	<u>@6/30/12</u>	<u>@3/31/12</u>	<u>@12/31/11</u>
Large Cap Equity	27%	27%	26%	29%	27%
All Cap Equity	7	6	6	5	4
Small/Mid Cap Equity	7	9	9	9	9
International Equity	14	13	12	12	12
Alternatives	10	12	12	12	12
Fixed Income	35	32	33	32	34
Short Term Investment	0	1	2	1	2



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# Report Highlights

## Summary of Principal Changes \$(000) - Current Quarter

	<u>6/30/2012 Beginning Balance</u>	<u>+ Net Flows</u>	<u>+ Net Earnings</u>	<u>= 9/30/2012 Ending Balance</u>
C.S. Mckee - Equity	\$32,310	\$236	\$2,541	\$35,087
C.S. Mckee - Fixed Income	67,276	(1,925)	1,223	66,574
C.S. Mckee - Cash	1,303	1,681	0	2,984
Sit	36,630	\$(3)	\$2,189	38,816
CIM	13,155	(2)	903	14,056
Manning & Napier Equity	15,453	(2)	1,178	16,629
Vanguard S&P 500 Index Fund	5,335	0	339	5,674
Emerald - LCC	9,698	(3)	694	10,389
Emerald - MCG	7,571	(5)	534	8,100
Victory Gradison	15,978	(7)	460	16,431
Emerald - SCG	7,816	(8)	571	8,379
C.S. McKee - International Equity	39,667	1,600	3,658	44,925
CCA Gold I	12,915	0	45	12,960
CCA Gold II	1,570	0	73	1,643
CCA Blue	6,578	0	170	6,748
Grosvenor	19,497	0	505	20,002
MetWest	<u>47,274</u>	<u>(1,206)</u>	<u>1,880</u>	<u>47,948</u>
<b>Combined</b>	<b>\$340,026</b>	<b>\$356</b>	<b>\$16,963</b>	<b>\$357,345</b>



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# Portfolio Objectives

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## Total Fund

### Three-Year Trailing Period

#### Asset Allocation\*

	<u>Target</u>	<u>Actual</u>	<u>Achievement?</u>	
			<u>Yes</u>	<u>No</u>
The Total Equity allocation may range between 50% and 60% with a target of 55%.	50 - 60%	55%	•	
The Large Cap Value allocation may range between 7% and 15% with a target of 11%.	7 - 15%	10%	•	
The Large Cap Growth allocation may range between 7% and 15% with a target of 11%.	7 - 15%	11%	•	
The Large Cap Core allocation may range between 3% and 7% with a target of 5%.	3 - 7%	6%	•	
The All Cap Variable Style allocation may range between 4% and 10% with a target of 7%.	4 - 10%	7%	•	
The Small and Mid Cap allocation may range between 4% and 10% with a target of 7%.	4 - 10%	9%	•	
The International allocation may range between 10% and 18% with a target of 14%.	10 - 18%	12%	•	
The Alternatives allocation may range between 7% and 13% with a target of 10%.	7 - 13%	12%	•	
The Fixed Income allocation may range between 30% and 40% with a target of 35%.	30 - 40%	32%	•	
The Short Term Investment allocation may range between 0% and 10% with a target of 0%.	0 - 10%	1%	•	

#### Return Objectives

The Total Fund return (net of fees) should exceed the TMI (34/7/14/10/35) by 0.4%. (New TMI effective 2/1/09)	8.7%	8.8%	•	
The Total Fund return should exceed the rate of inflation, as measured by the CPI, by 4.0% over a five-year period.	6.1%	2.9%		•
The Total Fund return should exceed the actuarial rate (7.5%) plus 0.1%	7.6%	8.8%	•	

\*Asset allocation objectives are measured as of the current quarter-end.



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# Portfolio Objectives

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## Large-Cap Equity Managers

### Three-Year Trailing Period

	<u>Target</u>	<u>Actual</u>	<u>Achievement?</u>	
			<u>Yes</u>	<u>No</u>
<b>C.S. McKee &amp; Co., Inc.</b>				
The Large Cap Value Equity return (net of fees) should exceed the Russell 1000 Value Index return.	11.8%	12.6%	•	
The Large Cap Value Equity return should rank in the top 50% of the GRID® Mutual Fund Large-Cap Value Universe.	50%	20%	•	
No more than 5% (at cost) of equity portfolios may be invested in a single equity security.	< 5%	1.9%	•	
No more than 10% (at market) of equity portfolios may be invested in a single equity security.	< 10%	1.9%	•	
No more than 20% (at market) of equity portfolios may be invested in any one industry sector.	< 20%	3.6%	•	
<b>Emerald Asset Management</b>				
The Total Portfolio return (net of fees) should exceed the S&P 500 Index.	13.2%	12.5%		•
The Total Portfolio return (net of fees) should rank in the top 50% of the GRID® Mutual Fund Large-Cap Core Equity Universe.*	50%	10%	•	
No more than 5% (at cost) of equity portfolios may be invested in a single equity security.	< 5%	3.2%	•	
No more than 10% (at market) of equity portfolios may be invested in a single equity security.	< 10%	5.7%	•	
No more than 20% (at market) of equity portfolios may be invested in any one industry sector.	< 20%	19.7%	•	
<b>CIM Investment Management</b>				
The Large Cap Core Equity return (net of fees) should exceed the S&P 500 Index.	13.2%	11.8%		•
The Total Portfolio return should rank in the top 50% of the GRID® Mutual Fund Large-Cap Core Equity Universe.	50%	30%	•	
No more than 5% (at cost) of equity portfolios may be invested in a single equity security.	< 5%	2.0%	•	
No more than 10% (at market) of equity portfolios may be invested in a single equity security.	< 10%	5.3%	•	
No more than 20% (at market) of equity portfolios may be invested in any one industry sector.	< 20%	18.9%	•	



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# Portfolio Objectives

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## Large-Cap Equity Managers

### Three-Year Trailing Period

#### Sit Investment Associates

	<u>Target</u>	<u>Actual</u>	<u>Achievement?</u>	
			<u>Yes</u>	<u>No</u>
The Total Portfolio return (net of fees) should exceed the Russell 1000 Growth Index.*	15.8%	13.7%		•
The Total Portfolio return (net of fees) should rank in the top 50% of the GRID® Mutual Fund Large-Cap Growth Universe.*	50%	60%		•
No more than 5% (at cost) of equity portfolios may be invested in a single equity security.	< 5%	2.9%	•	
No more than 10% (at market) of equity portfolios may be invested in a single equity security.	< 10%	6.7%	•	
No more than 20% (at market) of equity portfolios may be invested in any one industry sector.	< 20%	18.5%	•	

\* Trailing two-year period



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# Portfolio Objectives

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## All-Cap & Mid-Cap Equity Managers

### Three-Year Trailing Period

	<u>Target</u>	<u>Actual</u>	<u>Achievement?</u>	
			<u>Yes</u>	<u>No</u>
<b>Manning &amp; Napier</b>				
The Total Portfolio return (net of fees) should exceed the S&P 500 Index.	13.2%	9.2%		•
The Total Portfolio return should rank in the top 50% of the GRID® Total Fund All Cap Equity Universe.	50%	90%		•
No more than 5% (at cost) of equity portfolios may be invested in a single equity security.	< 5%	3.8%	•	
No more than 10% (at market) of equity portfolios may be invested in a single equity security.	< 10%	3.6%	•	
No more than 20% (at market) of equity portfolios may be invested in any one industry sector.	< 20%	18.7%	•	
<b>Emerald Asset Management</b>				
The Total Portfolio return (net of fees) should exceed the Russell Mid Cap Growth Index.	14.7%	14.1%		•
The Total Portfolio return (net of fees) should rank in the top 50% of the GRID® Mutual Fund Mid-Cap Growth Universe.	50%	25%	•	
No more than 5% (at cost) of equity portfolios may be invested in a single equity security	< 5%	2.9%	•	
No more than 10% (at market) of equity portfolios may be invested in a single equity security.	< 10%	4.1%	•	
No more than 20% (at market) of equity portfolios may be invested in any one industry sector	< 20%	20.7%		•



# Portfolio Objectives

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## Small-Cap & International Equity Managers

### Three-Year Trailing Period

#### Small-Cap Equity Managers

##### Victory Capital Management

	<u>Target</u>	<u>Actual</u>	<u>Achievement?</u>	
			<u>Yes</u>	<u>No</u>
The Total Portfolio return (net of fees) should exceed the Russell 2000 Value Index.	11.7%	12.3%	•	
The Small Cap Value Equity return should rank in the top 50% of the GRID® Mutual Fund Small-Cap Value Universe.	50%	30%	•	
No more than 5% (at cost) of equity portfolios may be invested in a single equity security	< 5%	1.7%	•	
No more than 10% (at market) of equity portfolios may be invested in a single equity security.	< 10%	1.8%	•	
No more than 20% (at market) of equity portfolios may be invested in any one industry sector.	< 20%	18.7%	•	

#### Emerald Asset Management

The Total Portfolio return (net of fees) should exceed the Russell 2000 Growth Index.	14.2%	17.3%	•	
The Total Portfolio return (net of fees) should rank in the top 50% of the GRID® Mutual Fund Small-Cap Growth Universe.	50%	5%	•	
No more than 5% (at cost) of equity portfolios may be invested in a single equity security	< 5%	2.2%	•	
No more than 10% (at market) of equity portfolios may be invested in a single equity security.	< 10%	2.4%	•	
No more than 20% (at market) of equity portfolios may be invested in any one industry sector.	< 20%	22.9%		•

#### International Equity Manager

##### C.S. McKee & Co., Inc.

The Total Portfolio return (net of fees) should exceed the MSCI EAFE Index.	2.1%	2.3%	•	
The International Equity return should rank in the top 50% of the GRID® Mutual Fund International Equity Universe.	50%	70%		•



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# Portfolio Objectives

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## Fixed Income Managers

### Three-Year Trailing Period

#### **C.S. McKee & Co., Inc.**

	<u>Target</u>	<u>Actual</u>	<u>Achievement?</u>	
			<u>Yes</u>	<u>No</u>
The Fixed Income return (net of fees) should exceed the BC AGG Index.	6.2%	6.9%	•	
The Fixed Income return (net of fees) should rank in the top 50% of the GRID® Mutual Fund Fixed Income Universe.	50%	10%	•	
Excluding U.S. Govt and Agencies, no more than 10% (at market) of fixed income portfolios may be invested in any one issuer.	< 10%	0.8%	•	
The effective duration should range within 1.5 years of the BC Agg duration.	3.0 - 6.0 yrs.	4.9 yrs.	•	
The average market-weighted quality shall be no less than 3.0 based on the following scale: U.S. Govt & Agencies, 5.0; Aaa bonds, 4.0; Aa bonds, 3.0; A bonds, 2.0; Baa bonds, 1.0.	> 3.0	4.0	•	

#### **Metropolitan West Asset Management**

The Total Portfolio return (net of fees) should exceed the Barclays AGG Index.	6.2%	9.7%	•	
The Total Portfolio return (net of fees) should rank in the top 50% of the GRID® Mutual Fund Fixed Income Universe.	50%	5%	•	
Excluding U.S. Govt and Agencies, no more than 10% (at market) of fixed income portfolios may be invested in any one issuer.	< 10%	0.7%	•	
The effective duration should range within 1.5 years of the BC Agg duration.	3.0 - 6.0 yrs.	4.1 yrs.	•	
The average market-weighted quality shall be no less than 3.0 based on the following scale: U.S. Govt & Agencies, 5.0; Aaa bonds, 4.0; Aa bonds, 3.0; A bonds, 2.0; Baa bonds, 1.0.	> 3.0	3.0	•	



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# Manager Impact

Investment performance is determined by three primary factors; the target mix policy, the impact of asset allocation, and the impact of security selection. These factors are defined and measured as follows:

## Target Mix Return

The long-term target for the mix of stocks, bonds, and cash equivalents in the portfolio. For measurement purposes, a fixed weight index composed of a predetermined proportion of the stock, bond, and T-bill indexes is used.

## Asset Allocation Impact

The cumulative effect of the manager's decisions to hold a portfolio with an asset mix that differs from the asset mix policy.

## Security Selection Impact

The cumulative impact of the manager's ability to select securities which produce returns different from the returns of the respective market index.

### Periods Ending September 30, 2012

	<u>Quarter</u>	<u>One Year</u>	<u>Since Inception</u>
<b>Sit</b>			<b>3/10</b>
Target Mix Return*	6.1%	29.2%	12.3%
+ Asset Allocation	-0.2	-0.5	-0.1
+ <u>Security Selection</u>	<u>-0.1</u>	<u>-1.8</u>	<u>-1.6</u>
<b>= Total Return</b>	<b>5.8%</b>	<b>26.8%</b>	<b>10.6%</b>
<b>CIM</b>			<b>3/02</b>
Target Mix Return**	6.3%	30.2%	4.3%
+ Asset Allocation	-0.1	-0.5	+0.2
+ <u>Security Selection</u>	<u>+0.5</u>	<u>-0.1</u>	<u>-0.9</u>
<b>= Total Return</b>	<b>6.8%</b>	<b>29.6%</b>	<b>3.6%</b>
<b>Manning &amp; Napier Equity</b>			<b>5/06</b>
Target Mix Return***	6.3%	30.2%	4.2%
+ Asset Allocation	-0.3	-2.5	-0.3
+ <u>Security Selection</u>	<u>+1.4</u>	<u>-2.9</u>	<u>-0.3</u>
<b>= Total Return</b>	<b>7.5%</b>	<b>24.8%</b>	<b>3.5%</b>

\*Russell 1000 Growth Index

\*\*S&P 500 Index

\*\*\*S&P 500 Index

\*\*\*\*S&P 500 Index

*Values may not add due to basis point rounding.*



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## Security Selection Impact

The cumulative impact of the manager's ability to select securities which produce returns different from the returns of the respective market index.

### Periods Ending September 30, 2012

	<u>Quarter</u>	<u>One Year</u>	<u>Since Inception</u>
<b>Emerald - LCC</b>			
Target Mix Return*	6.3%	30.2%	14.2%
+ Asset Allocation	-0.1	-0.3	-0.1
+ <u>Security Selection</u>	<u>+0.7</u>	<u>+0.8</u>	<u>-0.9</u>
<b>= Total Return</b>	<b>7.0%</b>	<b>30.7%</b>	<b>13.1%</b>
<b>Emerald - MCG</b>			
Target Mix Return**	5.3%	26.7%	6.1%
+ Asset Allocation	-0.3	-0.9	+0.3
+ <u>Security Selection</u>	<u>+1.8</u>	<u>+2.3</u>	<u>+1.5</u>
<b>= Total Return</b>	<b>6.8%</b>	<b>28.0%</b>	<b>7.9%</b>
<b>Victory - SCV</b>			
Target Mix Return***	5.7%	32.6%	7.7%
+ Asset Allocation	-0.7	-2.2	-0.8
+ <u>Security Selection</u>	<u>-2.2</u>	<u>-2.9</u>	<u>+2.1</u>
<b>= Total Return</b>	<b>2.7%</b>	<b>27.5%</b>	<b>9.1%</b>
<b>Emerald - SCG</b>			
Target Mix Return****	4.8%	31.2%	5.8%
+ Asset Allocation	-0.1	-0.2	+0.3
+ <u>Security Selection</u>	<u>+2.3</u>	<u>+6.0</u>	<u>-0.2</u>
<b>= Total Return</b>	<b>7.1%</b>	<b>37.0%</b>	<b>5.9%</b>

\*S&P 500 Index

\*\*Russell Mid Cap Growth Index

\*\*\*Russell 2000 Value

\*\*\*\*Russell 2000 Growth Index

*Values may not add due to basis point rounding.*



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# Manager Impact

Investment performance is determined by three primary factors; the target mix policy, the impact of asset allocation, and the impact of security selection. These factors are defined and measured as follows:

## Target Mix Return

The long-term target for the mix of stocks, bonds, and cash equivalents in the portfolio. For measurement purposes, a fixed weight index composed of a predetermined proportion of the stock, bond, and T-bill indexes is used.

## Asset Allocation Impact

The cumulative effect of the manager's decisions to hold a portfolio with an asset mix that differs from the asset mix policy.

## Security Selection Impact

The cumulative impact of the manager's ability to select securities which produce returns different from the returns of the respective market index.

### Periods Ending September 30, 2012

	<u>Quarter</u>	<u>One Year</u>	<u>Since Inception</u>
<b>C.S. McKee - International Equity</b>			<b>6/96</b>
Target Mix Return*	6.9%	13.8%	3.8%
+ Asset Allocation	0.0	0.0	0.0
+ <u>Security Selection</u>	<u>+2.1</u>	<u>+5.2</u>	<u>+1.9</u>
<b>= Total Return</b>	<b>9.0%</b>	<b>19.0%</b>	<b>5.7%</b>
<b>MetWest</b>			<b>12/00</b>
Target Mix Return**	1.6%	5.2%	6.0%
+ Asset Allocation	-0.1	-0.2	-0.4
+ <u>Security Selection</u>	<u>+2.4</u>	<u>+4.9</u>	<u>+1.8</u>
<b>= Total Return</b>	<b>3.9%</b>	<b>9.8%</b>	<b>7.4%</b>

\*MSCI EAFE Index

\*\*Barclays AGG Index

*Values may not add due to basis point rounding.*



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# GRID<sup>®</sup> Comparison

**Gallagher Fiduciary Advisors** maintains a database of managed portfolios through the **GRID<sup>®</sup>** (Graphical Ranking of Investment Descriptors) system according to equity exposure and measurement period. Your portfolio is compared to the universe that most closely parallels your equity exposure during the evaluation period. This ensures comparability between rates of return and **GRID<sup>®</sup>** statistics.

The **GRID<sup>®</sup>** database includes composite and/or individually managed portfolio results from nearly 1,200 investment advisors, banks, and insurance companies. There are over 5,000 investment funds tracked in the database.

Performance results are requested from managers who participate in the **GRID<sup>®</sup>** database on a quarterly basis. Either monthly or quarterly data is acceptable. Results are requested as gross of fees. Performance for client accounts is calculated internally, based upon transaction statements and asset listings provided by the custodian. Rates of return include realized and unrealized gains and losses, income, and dividends. Returns have been reduced for expenses and other costs of portfolio management, but not for management fees. In addition, our universes are constructed by grouping together portfolios according to asset class as well as investment style to assure a valid comparison.

The **GRID<sup>®</sup>** Universe Table below describes the equity exposure of the standard **GRID<sup>®</sup>** Universes.

**Gallagher Fiduciary Advisors GRID<sup>®</sup>** system also produces a number of proprietary balanced fund indices. These are calculated on a monthly basis from specific weightings in recognized market indices (see **GRID<sup>®</sup>** Index Table). They are then used in the evaluation of a balanced fund's performance.

The bar charts on the following page(s) represent the range of returns for your fund's appropriate **GRID<sup>®</sup>** Universe. The median return is identified by the solid line that is approximately in the middle of each bar. The dashed lines denote the 25<sup>th</sup> and 75<sup>th</sup> percentiles. The solid line at the top and bottom of each bar indicates the 5<sup>th</sup> and 95<sup>th</sup> percentiles, respectively.

Your manager(s) results are plotted on the chart and displayed in the table below the graph.

## GRID<sup>®</sup> Universe Table

<u>Universe</u>	<u>Average Equity Exposure (%)</u>
1) Fixed-Income Funds	< 25
2) Balanced (Low Equity)	25-45
3) Balanced (Core Equity)	40-60
4) Balanced (High Equity)	55-75
5) Equity Funds	> 75
6) Aggressive Equity Funds (Beta > 1.5)	> 75
7) Style Universes	Varies

## GRID<sup>®</sup> Index Table

<u>Index</u>	<u>S&amp;P 500</u>	<u>Components of Index</u>		
		<u>BC G/C</u>	<u>BC G/C I</u>	<u>T-Bill</u>
1) LOW INDEX	35%	50%	0%	15%
2) LOW INTMD	35	0	50	15
3) CORE INDEX	50	40	0	10
4) CORE INTMD	50	0	40	10
5) HIGH INDEX	65	30	0	5
6) HIGH INTMD	65	0	30	5

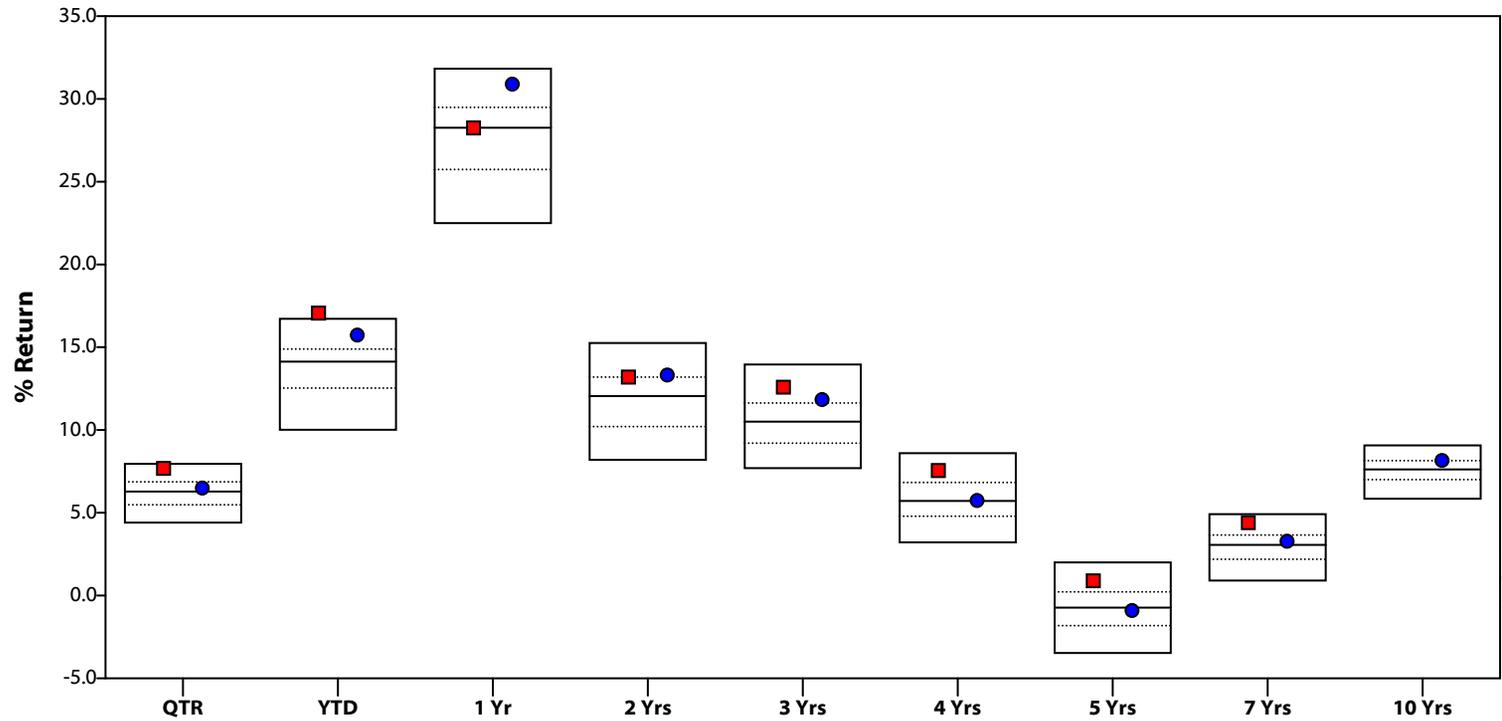


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# GRID® Comparison – Trailing Year Performance

Periods Ending Sep 2012

## Mutual Fund Large-Cap Value Universe



■ C.S. McKee  
● Russell 1000 Value Index

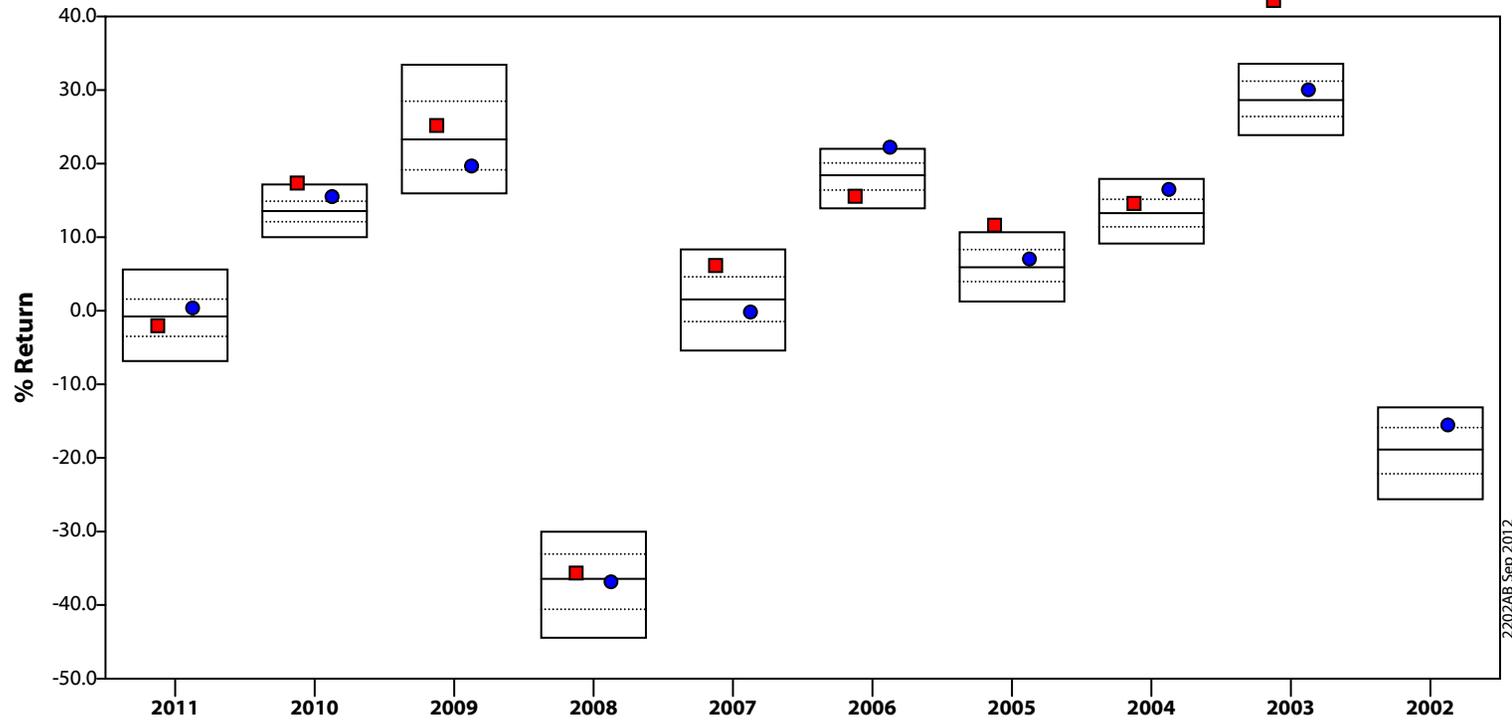
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# GRID® Comparison – Calendar Year Performance

Mutual Fund Large-Cap Value Universe



2202AB Sep 2012

■ C.S. McKee  
● Russell 1000 Value Index

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
C.S. McKee	-2.0	17.3	25.2	-35.6	6.2	15.6	11.6	14.6	42.2	
Russell 1000 Value Index	0.4	15.5	19.7	-36.9	-0.2	22.2	7.0	16.5	30.0	-15.5

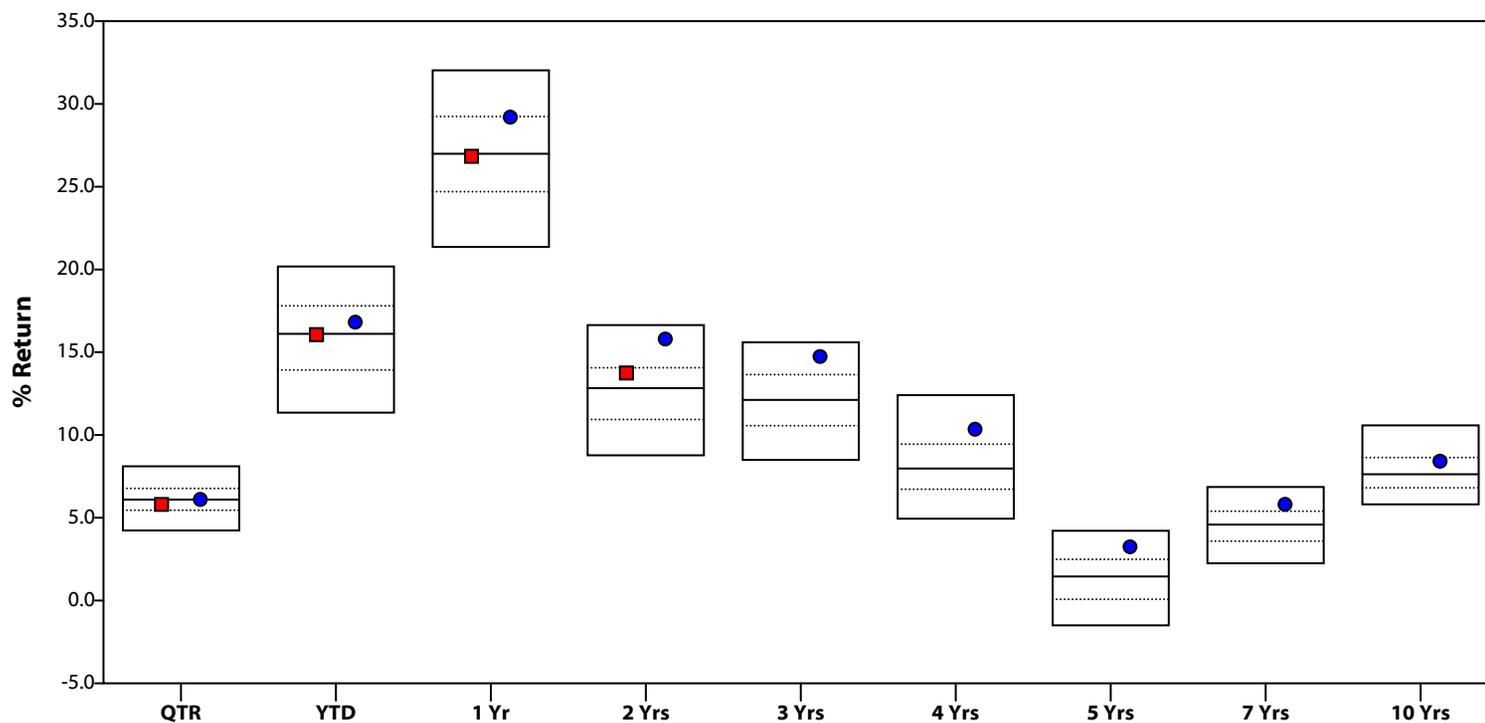


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# GRID® Comparison – Trailing Year Performance

Periods Ending Sep 2012

## Mutual Fund Large-Cap Growth Universe



■ Sit  
● Russell 1000 Growth Index

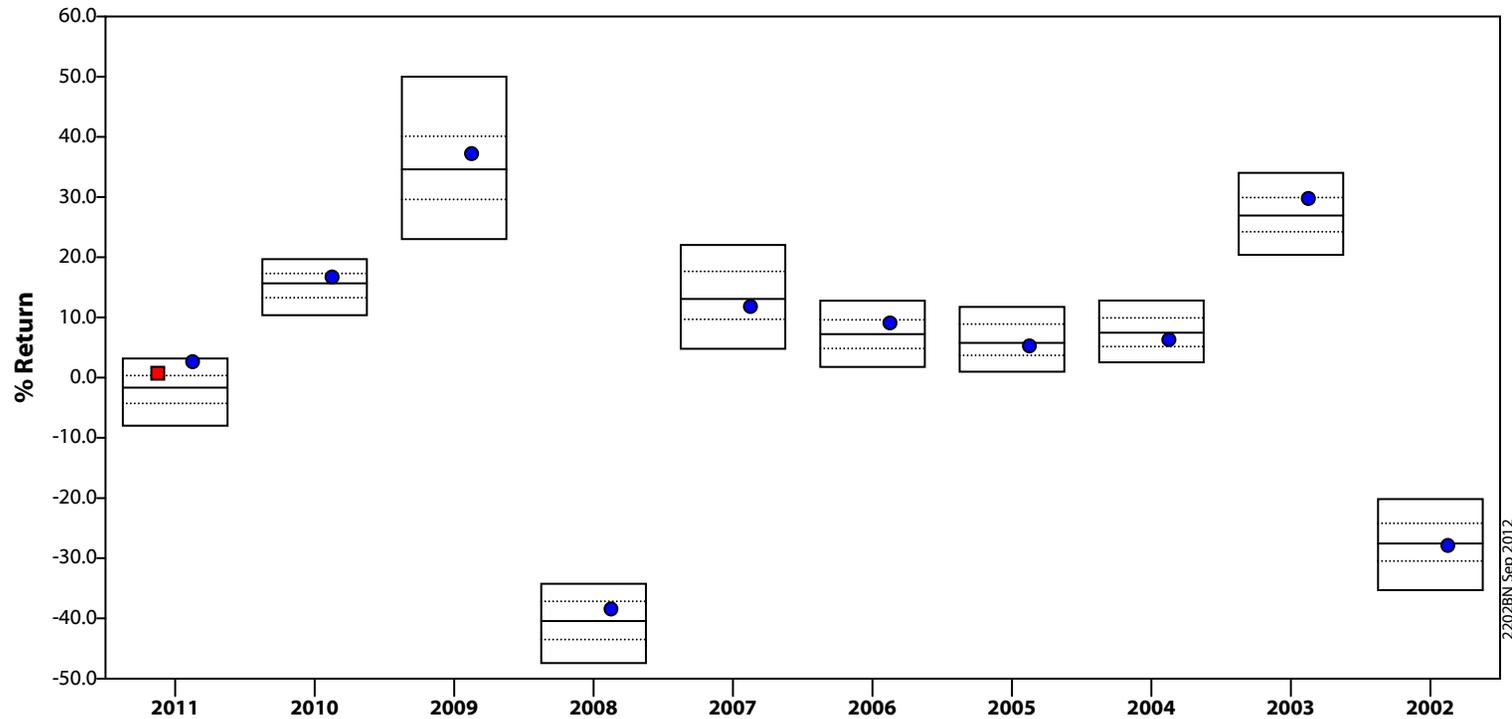
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# GRID<sup>®</sup> Comparison – Calendar Year Performance

Mutual Fund Large-Cap Growth Universe



■ Sit	0.7									
● Russell 1000 Growth Index	2.6	16.7	37.2	-38.4	11.8	9.1	5.3	6.3	29.8	-27.9

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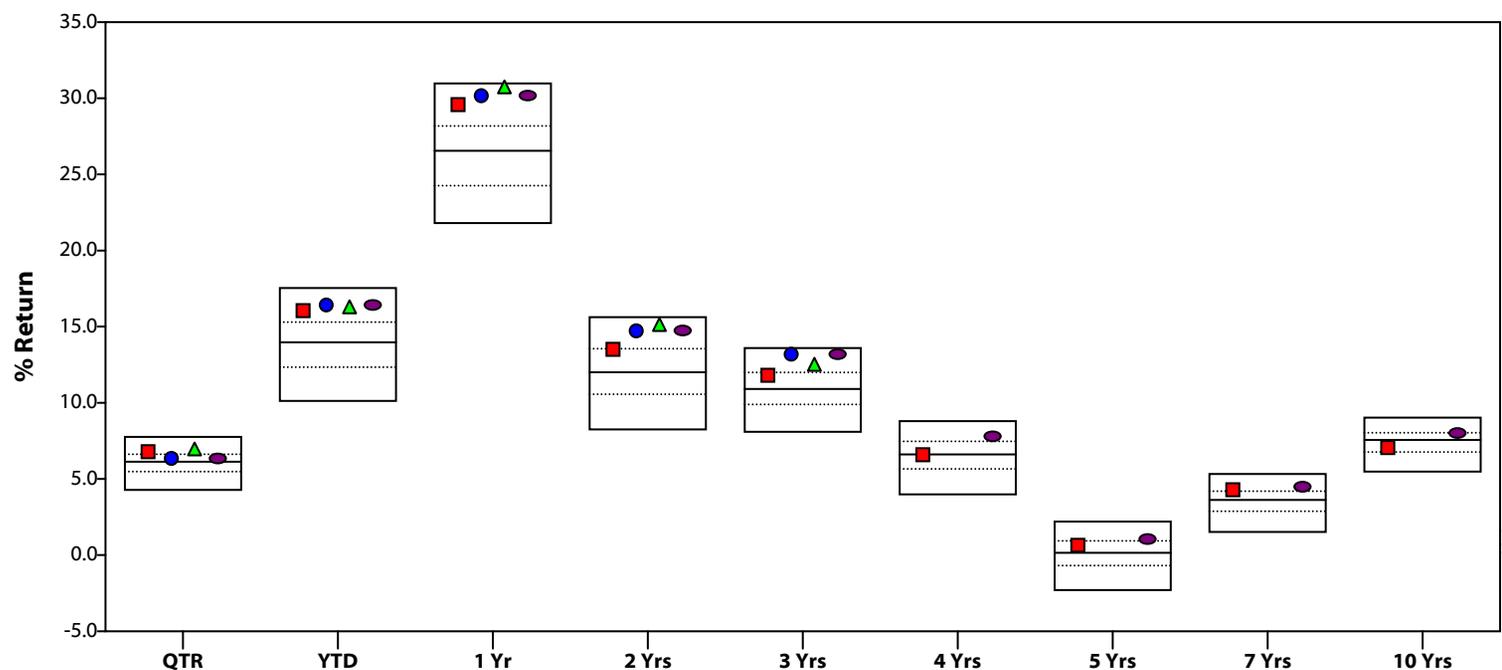


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# GRID® Comparison – Trailing Year Performance

Periods Ending Sep 2012

## Mutual Fund Large-Cap Core Equity Universe



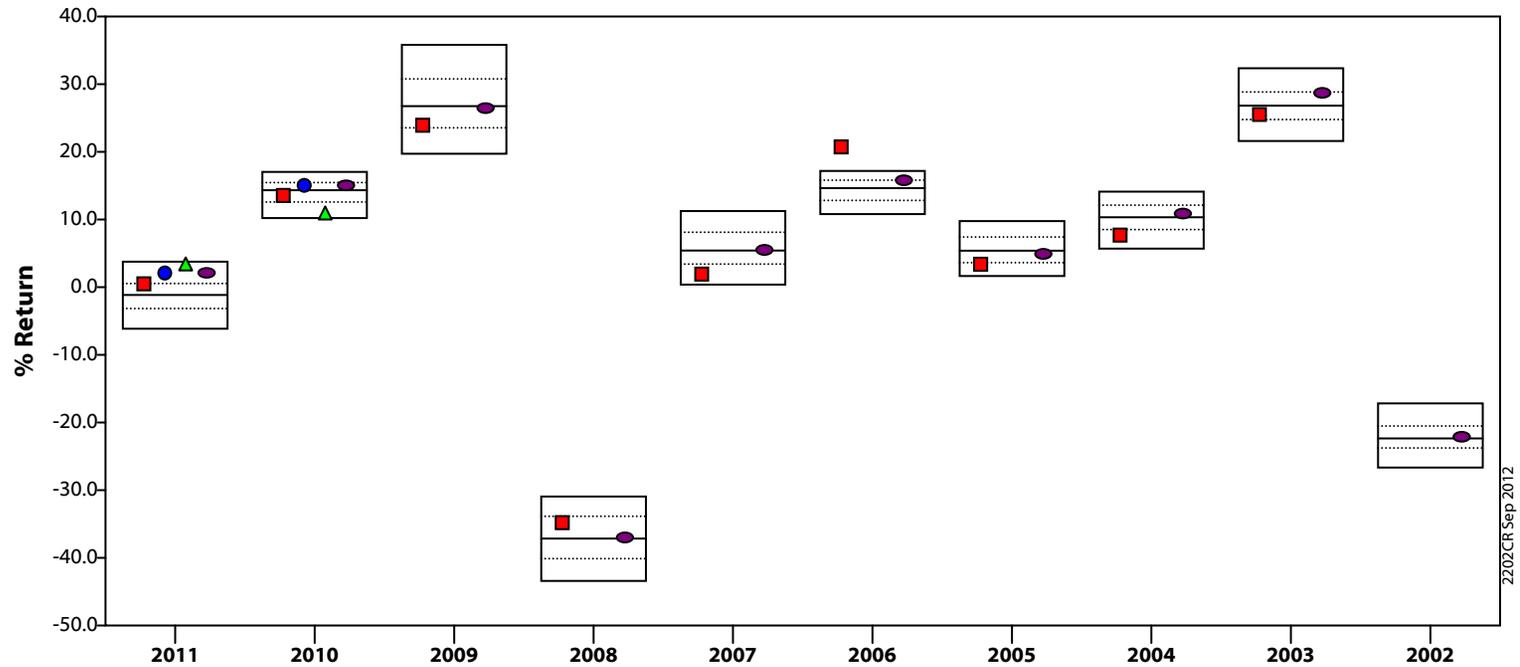
■ CIM	6.8	16.0	29.6	13.5	11.8	6.6	0.6	4.3	7.1
● Vanguard S&P 500 Index Fund	6.3	16.4	30.2	14.7	13.2				
▲ Emerald - LCC	7.0	16.3	30.7	15.1	12.5				
● S&P 500 Index	6.3	16.4	30.2	14.7	13.2	7.8	1.0	4.5	8.0



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# GRID<sup>®</sup> Comparison – Calendar Year Performance

## Mutual Fund Large-Cap Core Equity Universe



	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
■ CIM	0.5	13.5	23.9	-34.8	1.9	20.7	3.4	7.7	25.5	
● Vanguard S&P 500 Index Fund	2.1	15.1								
▲ Emerald - LCC	3.4	11.0								
● S&P 500 Index	2.1	15.0	26.5	-37.0	5.5	15.8	4.9	10.9	28.7	-22.1

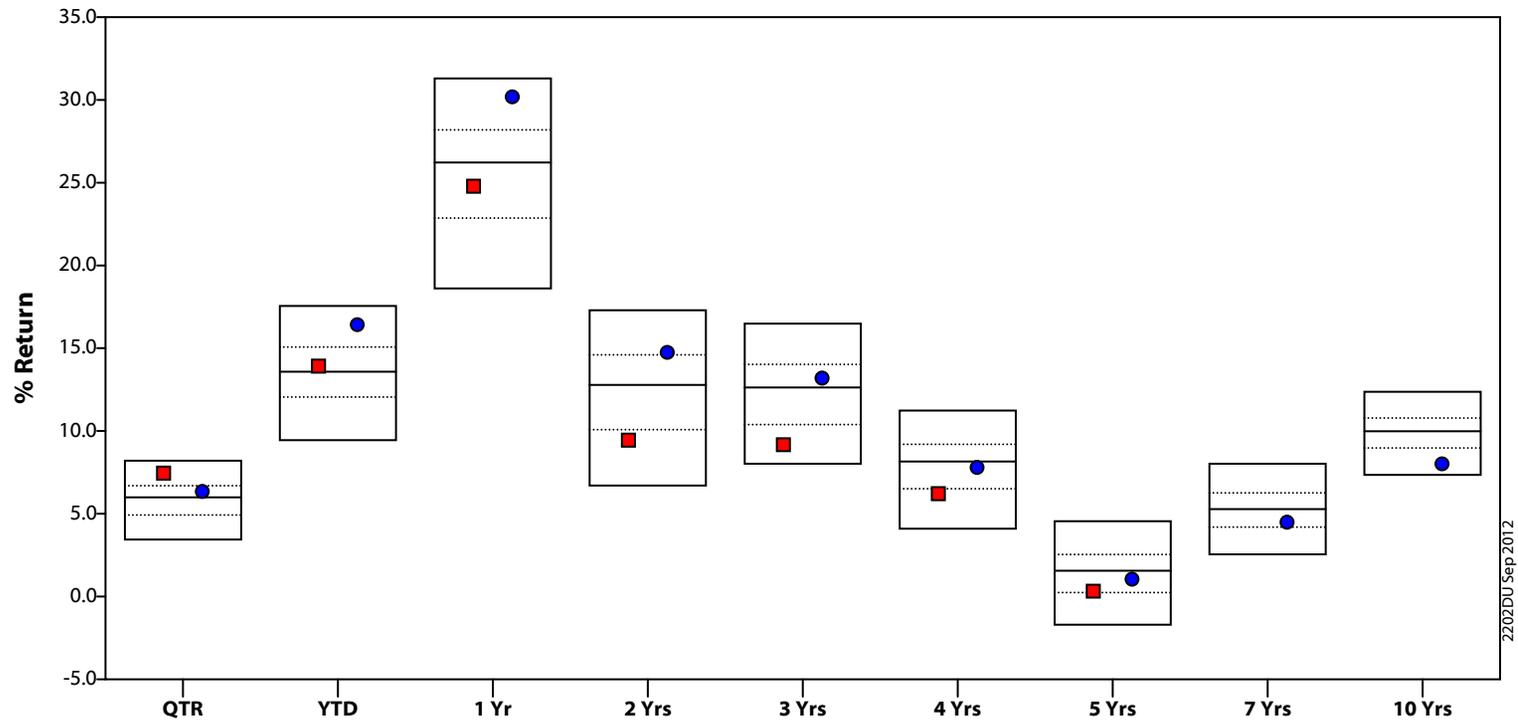


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# GRID® Comparison – Trailing Year Performance

Periods Ending Sep 2012

## Total Fund All Cap Equity Universe



■ Manning & Napier Equity  
● S&P 500 Index

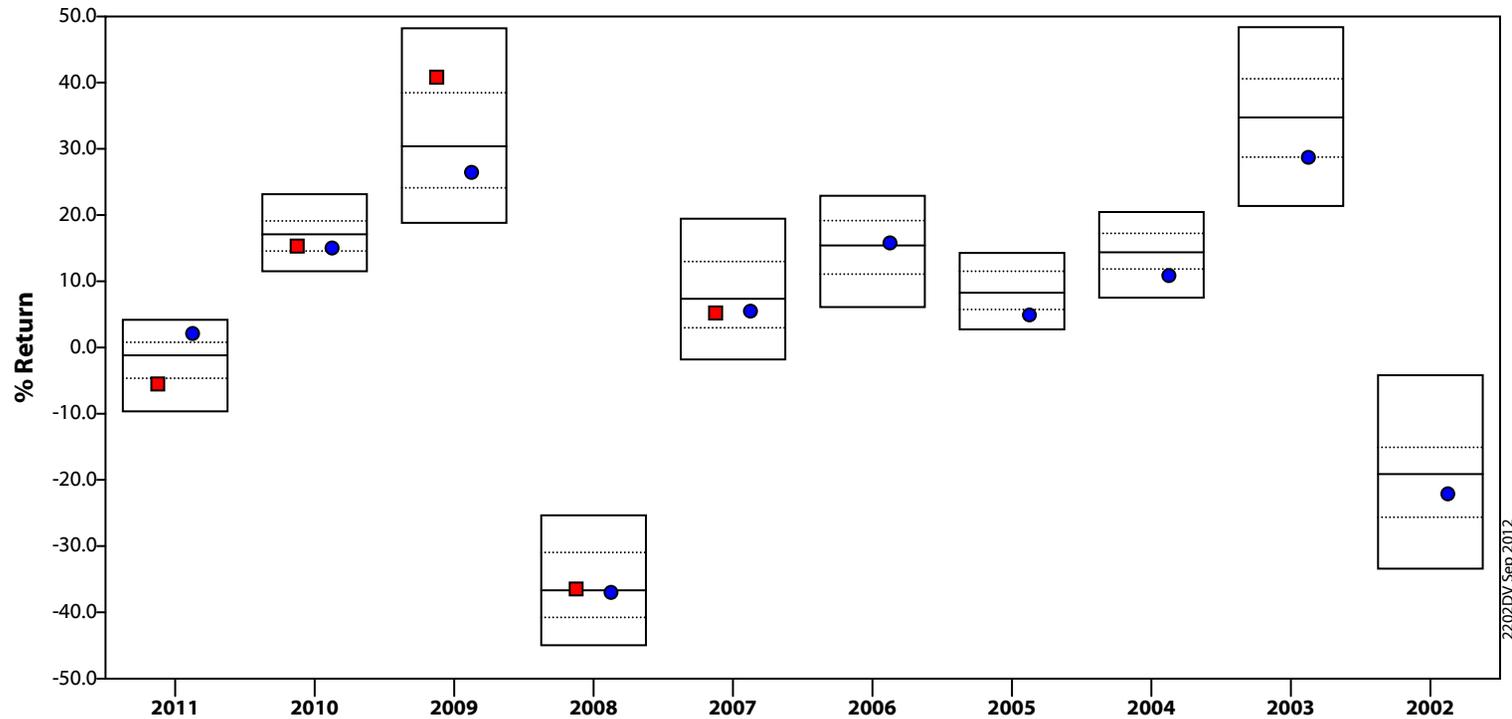
7.5	13.9	24.8	9.4	9.2	6.2	0.3	-	-
6.3	16.4	30.2	14.7	13.2	7.8	1.0	4.5	8.0



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# GRID® Comparison – Calendar Year Performance

Total Fund All Cap Equity Universe



■ Manning & Napier Equity  
● S&P 500 Index

-5.5	15.3	40.8	-36.5	5.2	15.8	4.9	10.9	28.7	-22.1
2.1	15.0	26.5	-37.0	5.5	15.8	4.9	10.9	28.7	-22.1

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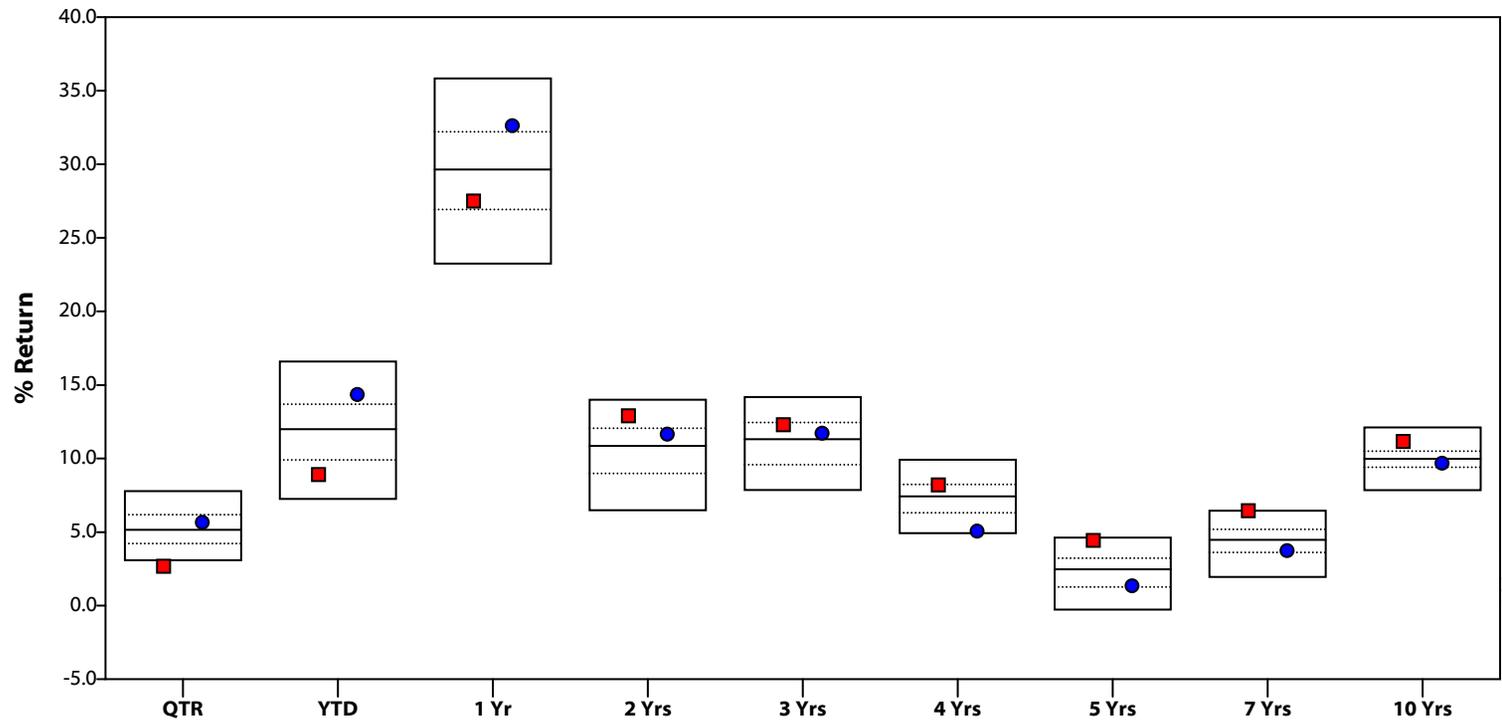


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# GRID® Comparison – Trailing Year Performance

Periods Ending Sep 2012

## Mutual Fund Small-Cap Value Universe



■ Victory - SCV  
● Russell 2000 Value Index

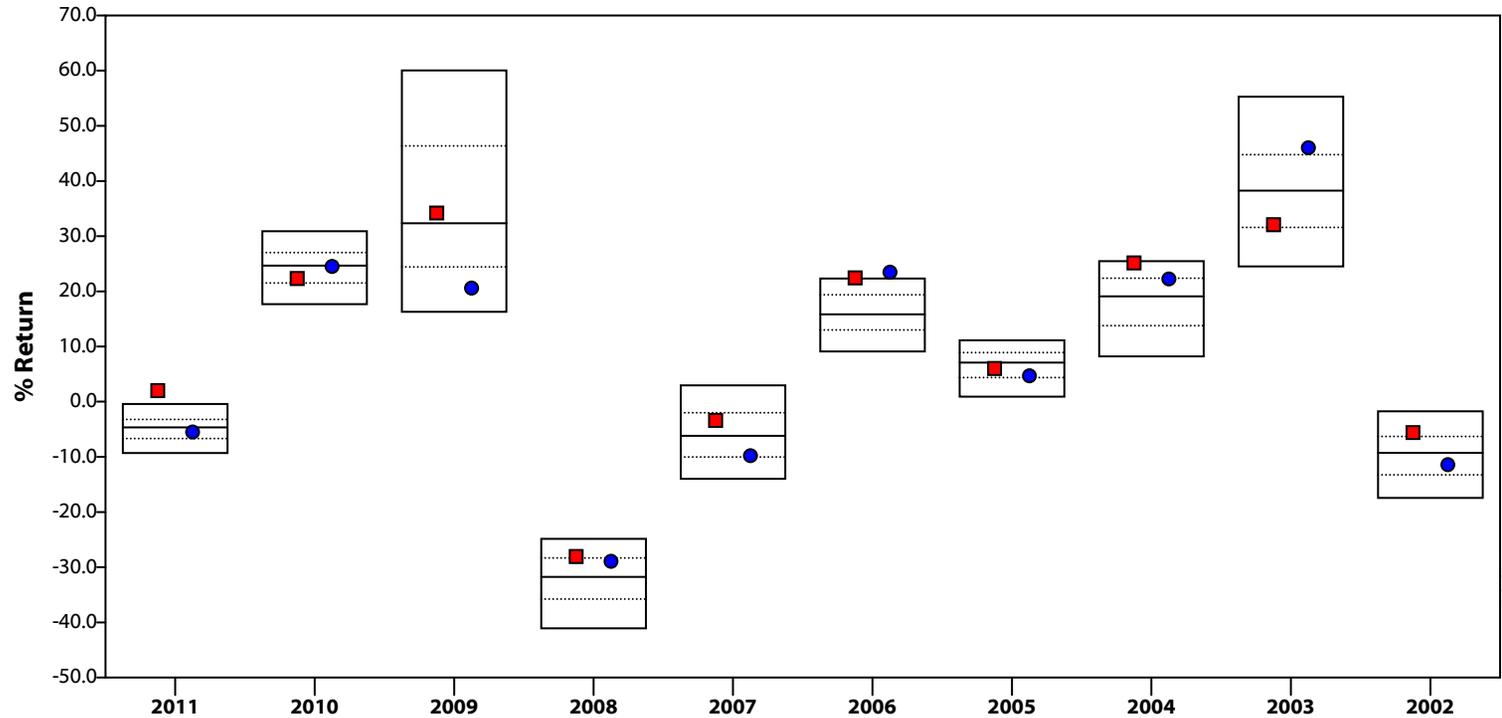
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# GRID® Comparison – Calendar Year Performance

Mutual Fund Small-Cap Value Universe



2202BO Sep 2012

- Victory - SCV
- Russell 2000 Value Index

2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
2.0	22.3	34.2	-28.0	-3.4	22.4	6.0	25.2	32.1	-5.6
-5.5	24.5	20.6	-28.9	-9.8	23.5	4.7	22.3	46.0	-11.4

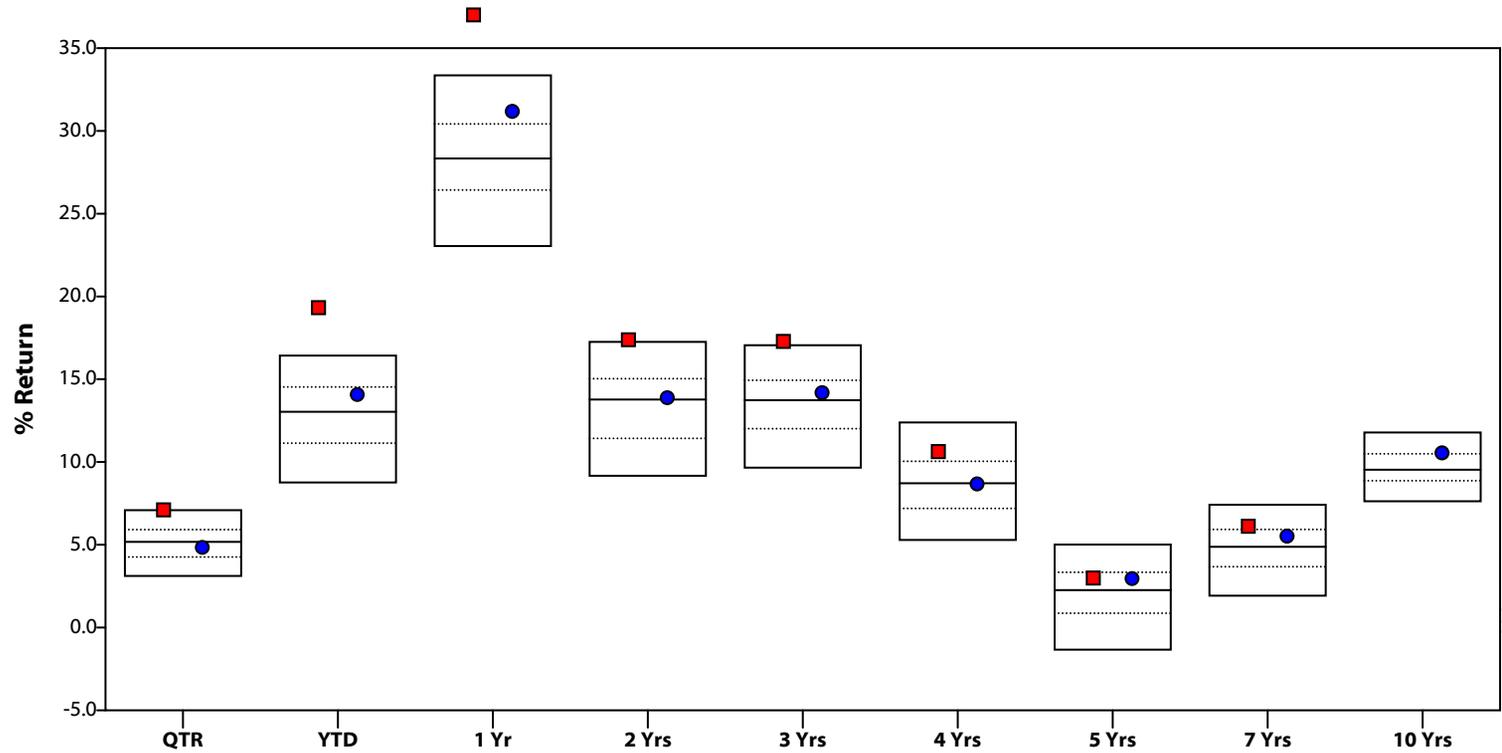


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# GRID® Comparison – Trailing Year Performance

Periods Ending Sep 2012

## Mutual Fund Small-Cap Growth Universe



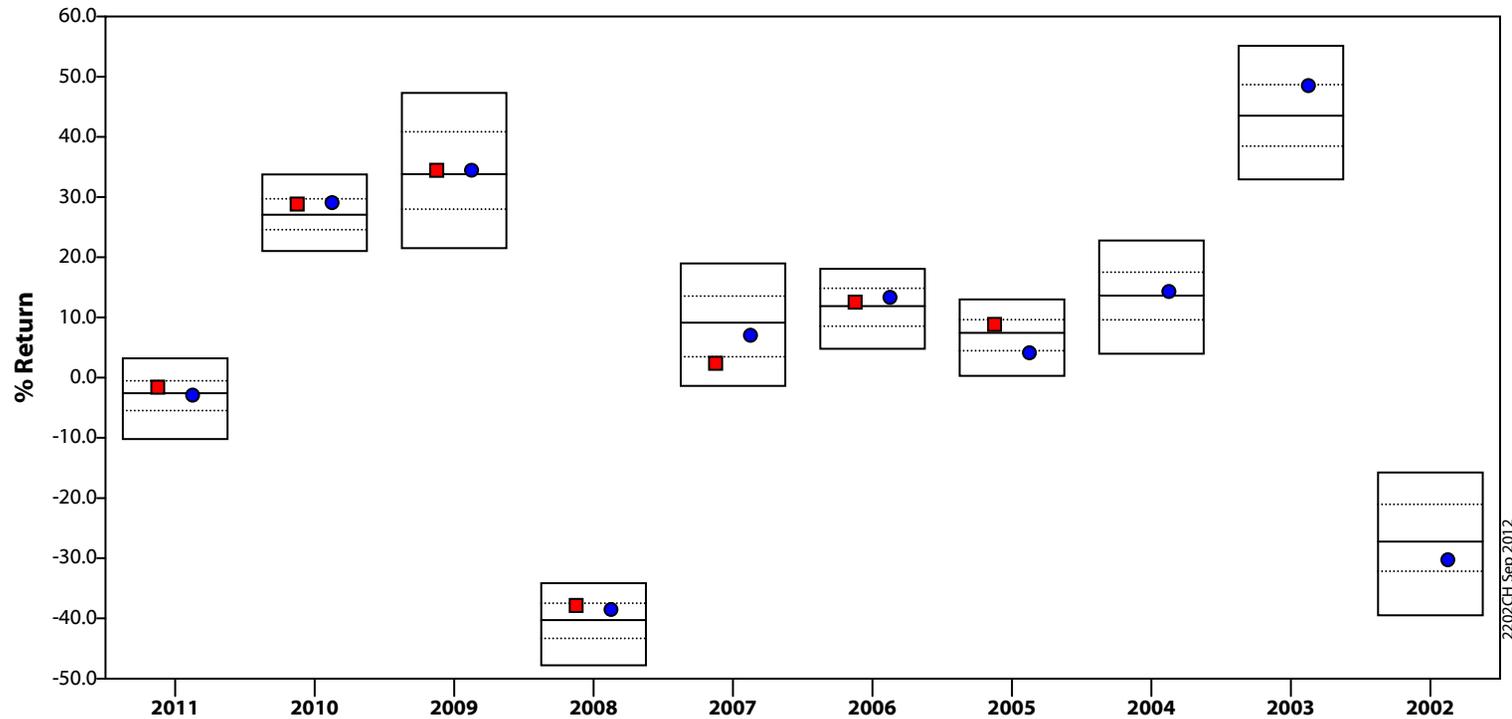
■ Emerald - SCG  
● Russell 2000 Growth Index



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# GRID® Comparison – Calendar Year Performance

## Mutual Fund Small-Cap Growth Universe



■ Emerald - SCG  
● Russell 2000 Growth Index

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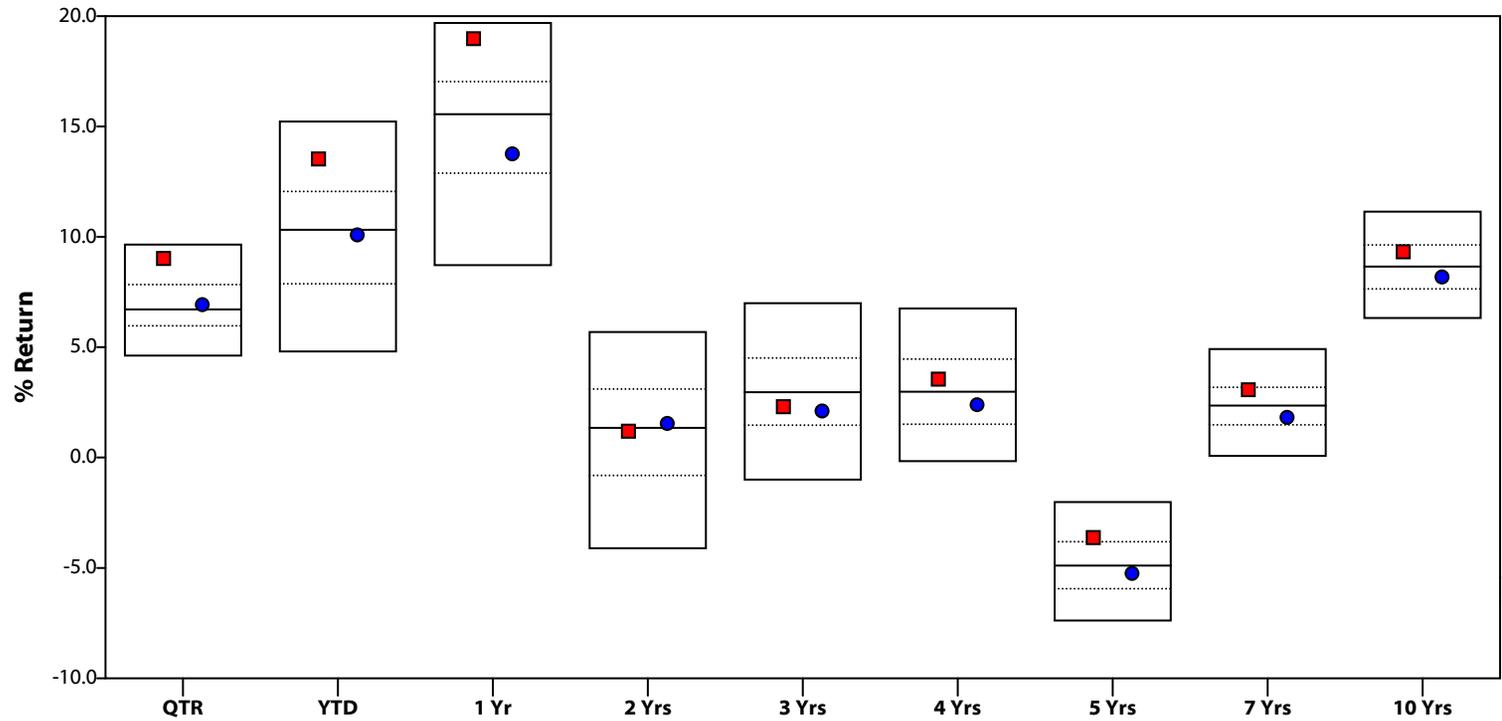


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# GRID® Comparison – Trailing Year Performance

Periods Ending Sep 2012

## Mutual Fund International Equity Universe



■ C.S. McKee - Int'l Equity  
● MSCI EAFE Index

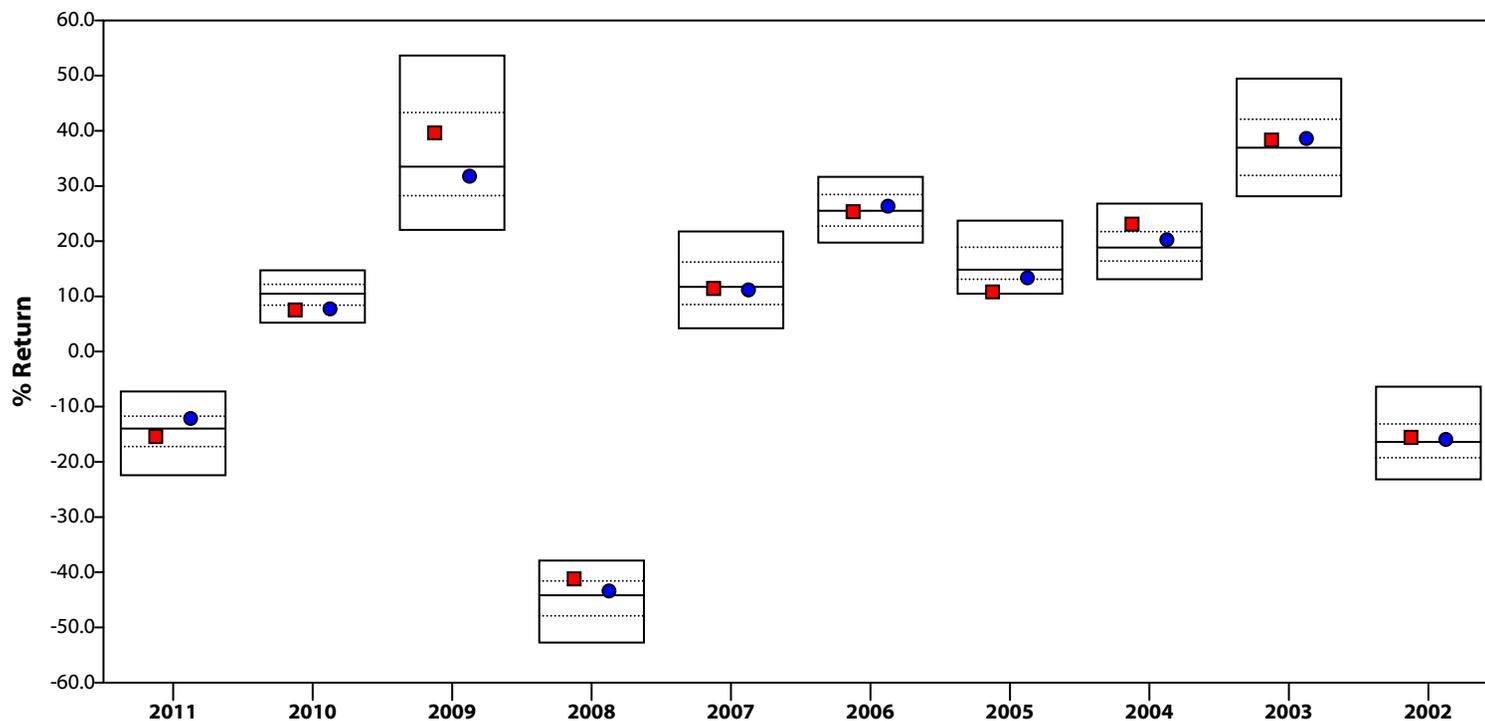
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# GRID® Comparison – Calendar Year Performance

Mutual Fund International Equity Universe



2/20/2012 Sep 2012

■ C.S. McKee - Int'l Equity  
● MSCI EAFE Index

-15.4	7.5	39.6	-41.2	11.4	25.3	10.8	23.1	38.3	-15.6
-12.1	7.7	31.8	-43.4	11.2	26.3	13.4	20.2	38.6	-15.9

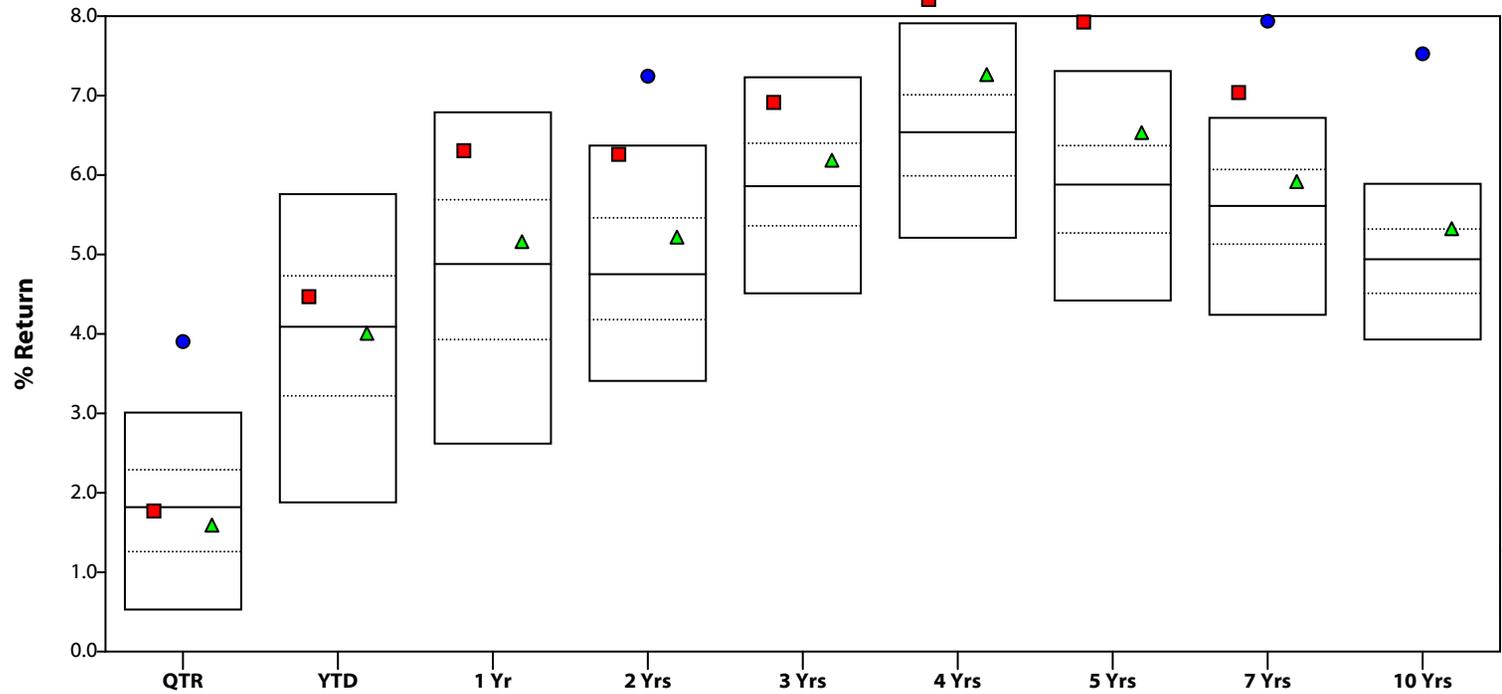


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# GRID® Comparison – Trailing Year Performance

Periods Ending Sep 2012

## Mutual Fund Fixed Income Universe



	QTR	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
■ C.S. McKee	1.8	4.5	6.3	6.3	6.9	8.2	7.9	7.0	
● MetWest	3.9	8.7	9.8	7.2	9.7	11.0	9.2	7.9	7.5
▲ Barclays AGG Index	1.6	4.0	5.2	5.2	6.2	7.3	6.5	5.9	5.3

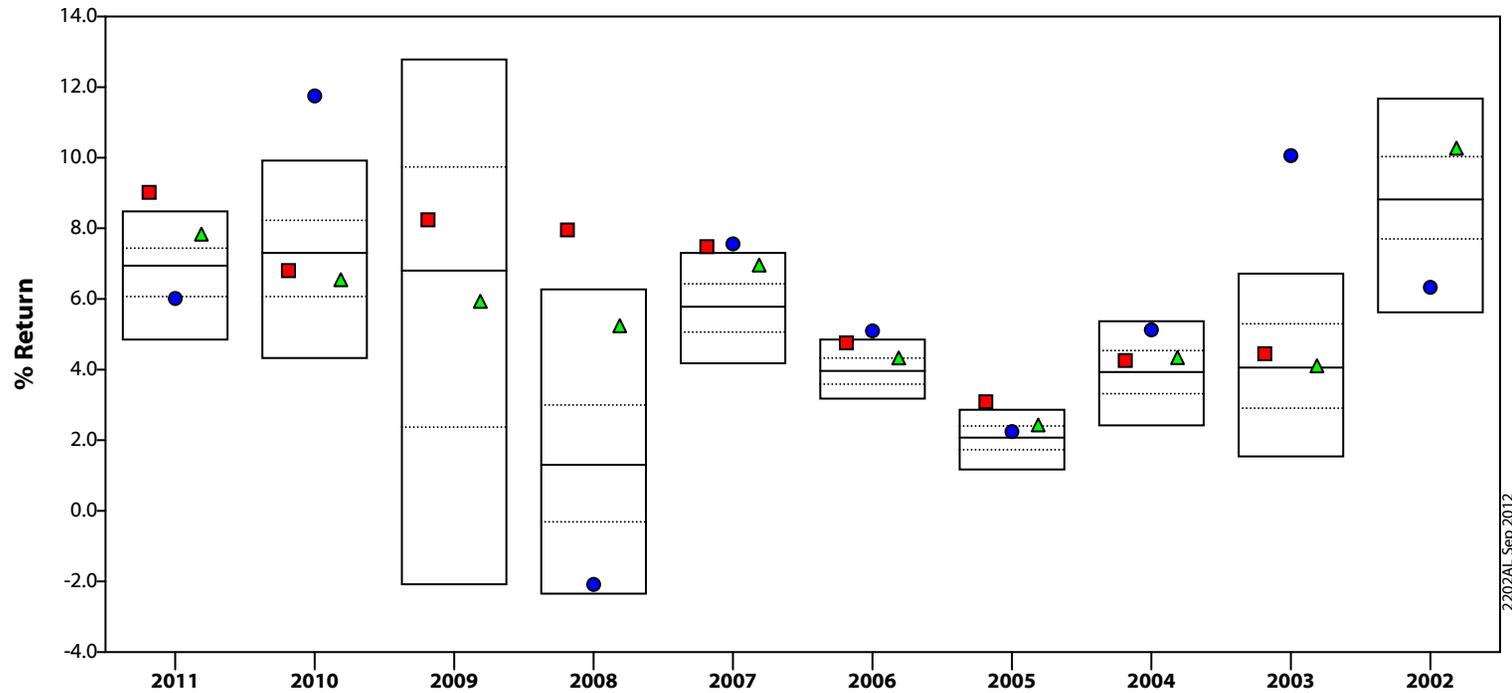
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# GRID<sup>®</sup> Comparison – Calendar Year Performance

## Mutual Fund Fixed Income Universe



■ C.S. McKee	9.0	6.8	8.2	8.0	7.5	4.8	3.1	4.3	4.4	
● MetWest	6.0	11.7	19.2	-2.1	7.6	5.1	2.2	5.1	10.1	6.3
▲ Barclays AGG Index	7.8	6.5	5.9	5.2	7.0	4.3	2.4	4.3	4.1	10.3

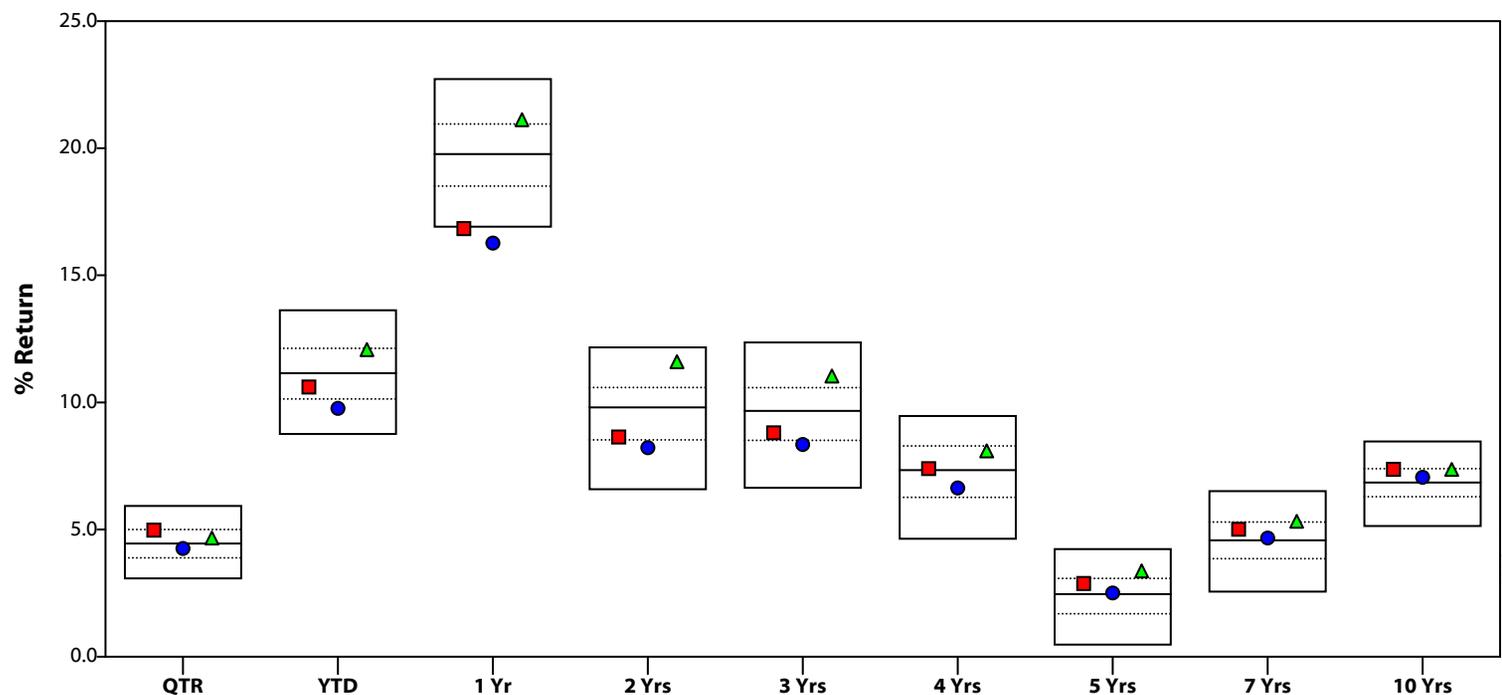


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# GRID® Comparison – Trailing Year Performance

Periods Ending Sep 2012

## Mutual Fund High Balanced Universe



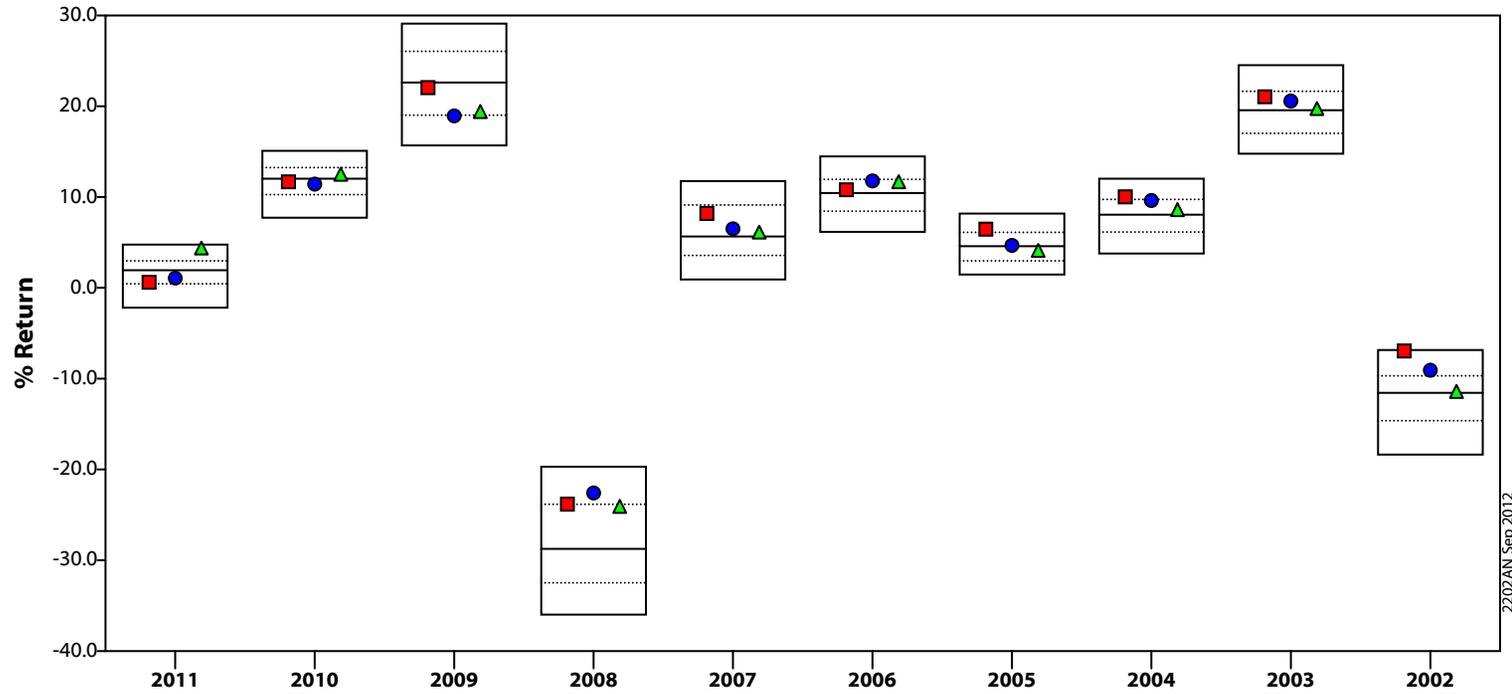
■ Total Fund	5.0	10.6	16.8	8.6	8.8	7.4	2.9	5.0	7.4
● TMI (34/7/14/10/35)	4.3	9.8	16.3	8.2	8.3	6.6	2.5	4.7	7.1
▲ TMI (65/35)	4.7	12.1	21.1	11.6	11.0	8.1	3.4	5.3	7.4



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# GRID® Comparison – Calendar Year Performance

Mutual Fund High Balanced Universe



■ Total Fund	0.6	11.7	22.1	-23.8	8.2	10.8	6.5	10.0	21.1	-7.0
● TMI (34/7/14/10/35)	1.1	11.4	18.9	-22.6	6.5	11.8	4.7	9.6	20.6	-9.1
▲ TMI (65/35)	4.4	12.5	19.4	-24.1	6.1	11.7	4.1	8.6	19.7	-11.4

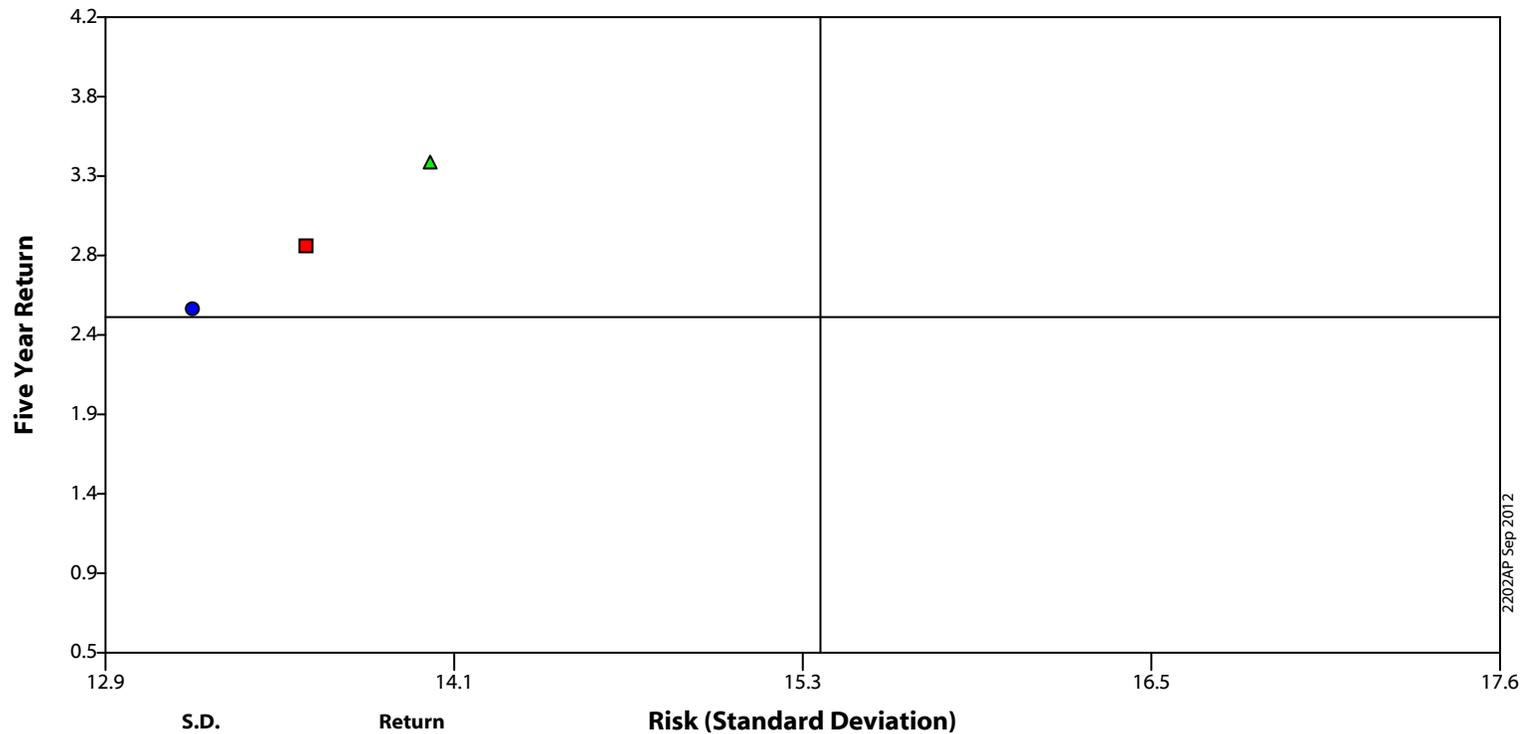


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# GRID<sup>®</sup> Comparison – Risk/Return Analysis

Period Ending Sep 2012

## Mutual Fund High Balanced Universe



- Total Fund
- TMI (34/7/14/10/35)
- ▲ TMI (65/35)

	S.D.	Return	Risk (Standard Deviation)
Total Fund	13.6	2.9	
TMI (34/7/14/10/35)	13.2	2.5	
TMI (65/35)	14.0	3.4	



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# Appendix



# Overview and Benchmarks

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## Overview

Gallagher Fiduciary Advisors, LLC was retained by Westmoreland County to measure the ongoing performance results of the Employees' Retirement Fund. The Retirement Fund utilizes a diversified approach that includes large cap domestic value, growth and core equities, small cap domestic value and growth equities, international equities, hedge funds, and diversified fixed income (including a strategic allocation to domestic high yield and emerging market debt instruments). Measuring and diagnosing performance is a key link in the fund management process. It provides information that can be used to evaluate and appraise managers, rethink investment policy, and plan portfolio strategies. Investment monitoring also serves as the basis for a continuing dialogue with your investment managers.

## Benchmarks for Comparison

We concentrate our industry-standard comparisons in four fundamental areas. Specifically, we show performance relative to:

- stated investment objectives,
- appropriate market indices,
- the amount of risk taken, and
- other professionally managed funds.

Unless otherwise indicated, the following market benchmarks are used throughout this report:

For equities: Standard & Poor's 500 Stock Index (S&P 500 Index)  
Russell 1000 Value Index  
Russell 1000 Growth Index  
Russell 1000 Mid Cap Growth Index  
Russell 2000 Value Index  
Russell 2000 Growth Index  
Europe, Australasia & Far East Index (EAFE Index)

For hedge funds: HFR Fund of Funds Index

For bonds: Barclays Aggregate Index (BC Agg Index)

For cash reserves: 90-Day T-Bill rate (T-Bills)

For total fund: From 2/1/09 to Present – TMI (34/7/14/10/35) constructed of 34% S&P 500, 7% Russell 2000, 14% EAFE, 10% HFR Fund of Funds, and 35% BC Agg. From 6/1/06 to 1/31/09 – TMI (39/8/8/10/35) constructed of 39% S&P 500, 8% Russell 2000, 8% EAFE, 10% HFR Fund of Funds, and 35% BC Agg. From 12/31/00 to 5/31/06 – TMI (44/8/8/40) constructed of 44% S&P 500, 8% Russell 2000, 8% EAFE, and 40% BC Agg.

In addition, the Consumer Price Index (CPI) is used as a benchmark for inflation.



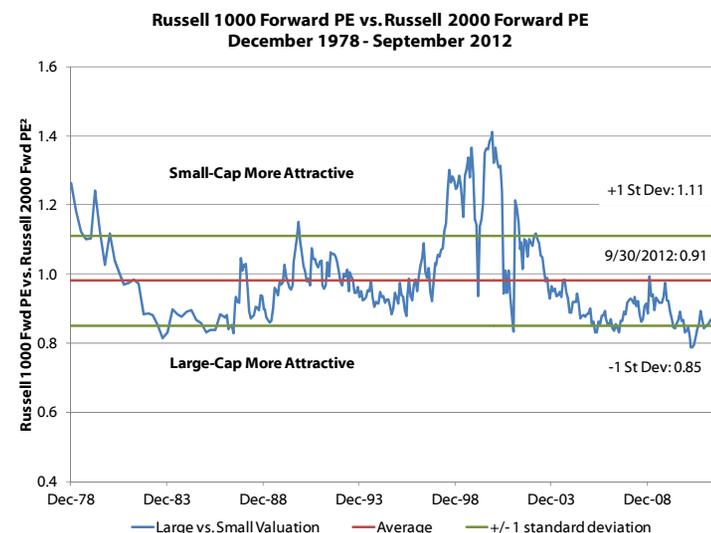
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# Research: Market Review and Outlook – Domestic Equities

Domestic equities (Russell 3000 Index) gained 6.2% during the third quarter of 2012, and 16.1% on a year-to-date basis. Economic data for the quarter was mixed, with second quarter GDP growth being revised downwards from an initial reading of 1.5% to 1.3%. The unemployment rate fell from 8.1% to 7.8% in September, the lowest level since January 2009. The Federal Reserve announced a third round of quantitative easing (QE3), an open-ended program to buy \$40 billion in mortgage-backed securities each month in an effort to support the housing market and further stimulate the sluggish U.S. economy.

## U.S. Equities

- Domestic equities became more expensive during the third quarter, but they remain fairly valued relative to the historical average and attractively valued relative to fixed income.
- In September, the S&P 500 touched its highest level since May 2008, amidst an easing of monetary policy and signs of investors' increased appetite for risk.
- U.S. large-cap equities remain more attractively valued than small-cap equities, as measured by the forward price-to-earnings ratio. Large-cap equities are currently trading at a 9% discount to small-cap equities.

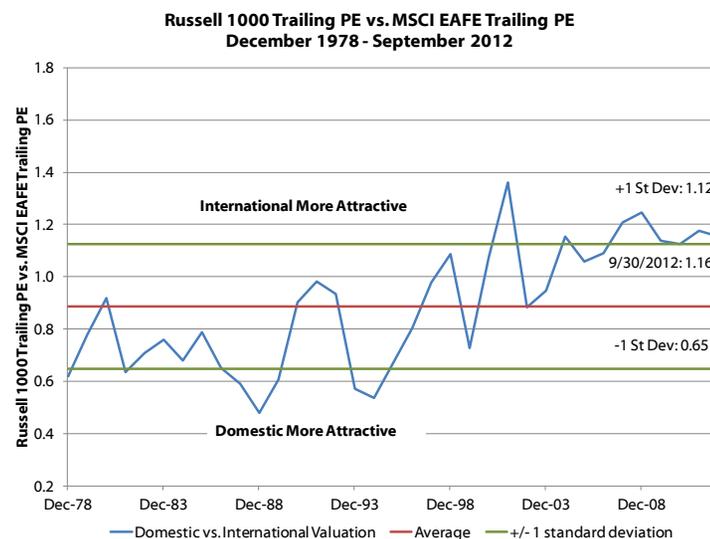


# Research: Market Review and Outlook – International Equities

International developed and emerging markets equities posted third quarter gains of 6.9% and 7.7%, respectively. The European Central Bank announced a bond-buying plan to help deal with the euro zone's debt crisis, boosting global markets. Spain outlined austerity measures and spending cuts for its budget in 2013, with many seeing this move as a precursor to a full bailout. Despite strong performance in the international equity markets, concerns remain high over a slowdown of economic growth in China.

## International Equities

- Developed international equities remain attractively valued on a stand-alone basis and relative to domestic equities. International equities are currently trading at a 16% discount to U.S. equities, as compared to the historical average of a 10% premium (based on P/E ratios).
- Emerging market equities have returned 12% on a year-to-date basis, but remain attractively priced (12.5 P/E as of 9/30/2012).
- Emerging market equities currently trade at a 25% discount to U.S. equities, as measured by the trailing one year price-to-earnings ratio.



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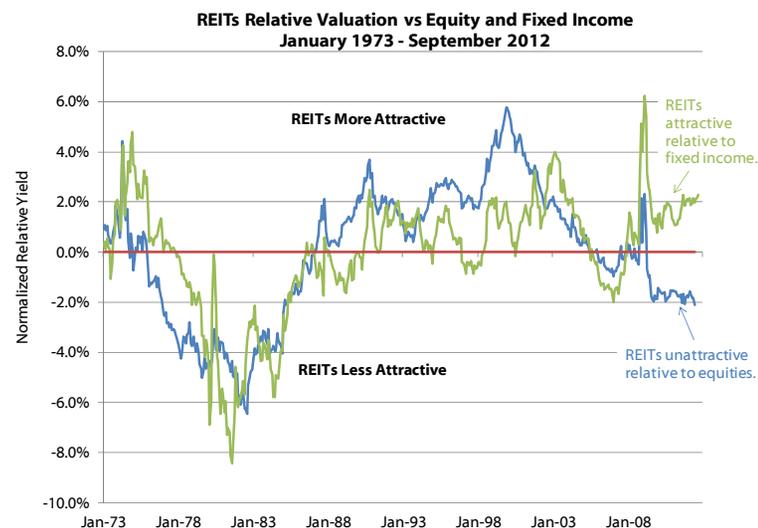
*Past performance is no guarantee of future results. Note: The information provided, even if generally applicable, cannot possibly take into account all of the various factors that may affect you, your company, or your particular situation. Your accountant attorney should be consulted for accounting, legal and tax implications. Alternative investments are often speculative, lack liquidity, lack diversification, are not subject to the same regulatory requirements as mutual funds, may involve complex tax structures and delays in distributing important tax information, and may involve substantial fees. These products often execute trades on non-U.S. exchanges. Investing in foreign markets may entail risks that differ from those associated with investments in U.S. markets. These investments may not be appropriate for all investors. Gallagher Fiduciary Advisors, LLC, does not provide accounting, legal, or tax advice.*

# Research: Market Review and Outlook – Alternatives

## Real Estate Investment Trusts (REITs)

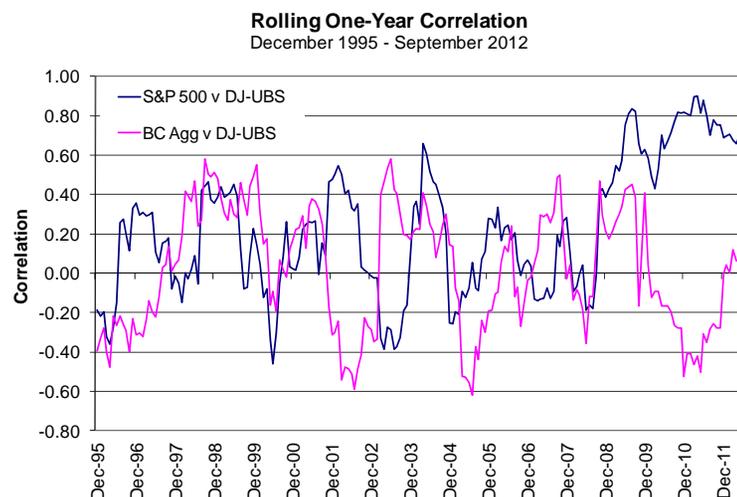
- REITs were relatively flat for the quarter, gaining 0.2%.
- The NAREIT\* Index dividend yield ended the quarter unchanged at 3.5%.
- REITs appear overvalued relative to equities, primarily due to the low dividend yield, but appear attractively valued relative to fixed income.

\*National Association of Real Estate Investment Trusts



## Commodities

- Commodities outperformed equities during the quarter, gaining 9.7%.
- Precious metals were the best performing commodity sector during the third quarter, boosted by the announcement of QE3.
- After an initial spike in correlations in 2008, correlations with equities have remained high. Correlation is a measure of diversification; the lower the correlation, the better the diversification. Over the long-term, commodities can provide diversification and offer the potential to hedge inflation more effectively than equities and fixed income.

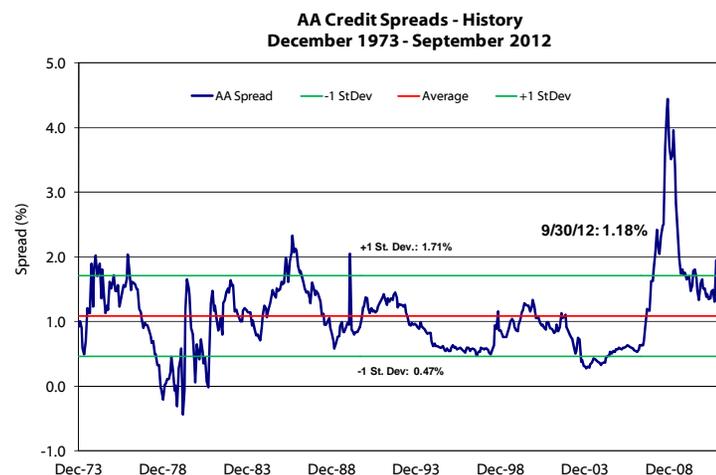


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# Research: Market Review and Outlook – Fixed Income

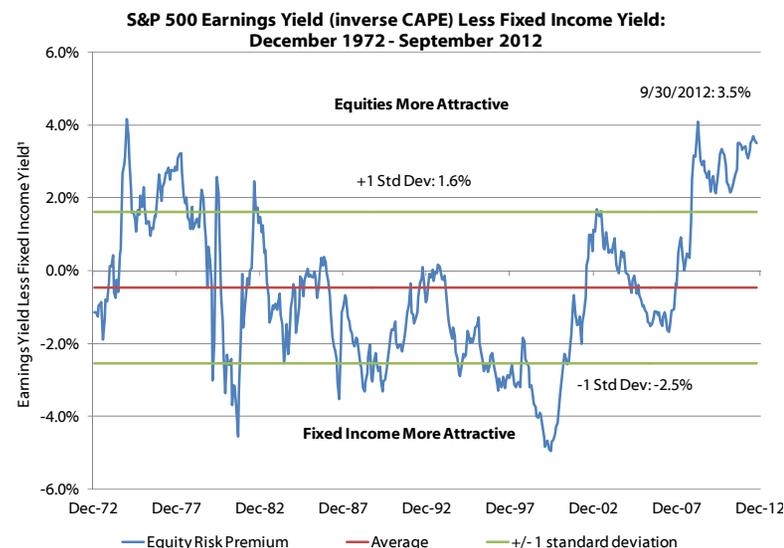
## Fixed Income

- During the third quarter, credit spreads tightened by 0.2% and U.S. Treasury yields remained relatively unchanged. Fixed-income markets returned 1.6% during the quarter.
- High-yield credit spreads fell by 0.7% during the quarter and are now slightly below the historical average.
- Interest rates remain low, and the Federal Reserve has maintained guidance that low rates are likely warranted through mid-2015. We continue to believe that interest rates will eventually move higher, although the timing is very uncertain.



## Total Portfolio

- The bottom chart shows the earnings yield for U.S. equities (earnings yield is the inverse of the Price/Earnings ratio: Earnings/Price) minus the yield for fixed income (BC Intermediate Gov't/Credit). The chart illustrates the equity premium, or the additional expected return investors require to invest in equities rather than fixed income.
- Despite the exceptional bull market during the past several years, the equity premium remains close to the premium during the financial crisis, suggesting that investors are being adequately compensated for taking risk in the equity markets.
- We recommend that most portfolios maintain an equity allocation between the long-term target and the upper bound of the allowable range. Fixed-income allocations should be between the long-term target and the lower bound of the allowable range, and investors should give consideration to opportunistic fixed-income investments.



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# Research: Market Review and Outlook – Summary

Given the current market characteristics and valuation metrics, we have developed an intermediate-term outlook for capital markets by asset class. These are shorter-term recommendations intended to complement our long-term (10-year) Capital Market Assumptions. The recommendations that follow represent general guidelines for many portfolios, however, the unique investment and operational characteristics of each institution should be carefully considered before implementing any change in portfolio or investment strategy.

Asset Class	Recommended Allocation	Explanation
U.S. Equities	Between target and upper bound of allowable range	U.S. equities appear reasonably priced based on long-term price-to-earnings ratios; the current valuation increased slightly during the third quarter, but remains attractive relative to fixed income. We believe, therefore, that current valuation levels are reasonable.
International Equities	Between target and upper bound of allowable range	International and emerging market equities appear cheap based on current valuation metrics, relative both to their history and to domestic equities. We believe that current conditions justify an overweight allocation to international and emerging market equities, primarily at the expense of an underweight allocation to fixed income.
Real Estate	At target	REIT dividend yields remain low by historical standards and they remain likely to underperform equities. The decline in fixed-income yields has made REITs slightly more attractive on a comparative basis. The degree of their expected outperformance relative to fixed income is a positive development for investors.
Commodities	Between target and lower bound of allowable range	Commodities outperformed most asset classes during the third quarter. They continue to offer potential as both a hedge against unexpected inflation and a diversifying asset in most portfolios. The diverse nature of the asset class can help to mute volatile price swings for any single commodity (such as oil, gold or wheat).
Fixed Income	Between target and lower bound of allowable range	Interest rates remain extremely low compared to long-term averages, and we expect rates to rise if and when economic growth resumes. Credit spreads are close to long-term averages, suggesting that investors will be better compensated by investing their fixed-income allocation outside the U.S. Treasury sector. Investors should also give consideration to opportunistic fixed-income investments.

# Glossary

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## Alpha (Manager Impact)

Alpha, a measure of the manager's contribution to performance, is expressed as an annual compounded rate of return, adjusted for risk. Alpha represents the difference between the actual performance and the expected performance of a fund given its volatility (or risk). The expected value for alpha is zero. If positive, the fund has achieved a return above that expected for its volatility. A negative alpha reflects fund performance below that expected for its volatility.

## Beta (Volatility)

Beta measures the sensitivity of a fund's return to changes in the market index. It is commonly referred to as "market-related risk". A fund's beta measures the historical percentage change in the fund's rate of return accompanying a 1% change in the index return. Funds with a beta of 1.00 are, by definition, as volatile as the market index. Funds with a beta of 0.50 are half as volatile.

## Cash and Equivalents

Cash and equivalents include all money market funds (sweep accounts), bonds and debentures that have a maturity of less than one year at a time of purchase, and cash held in the income and principal accounts.

## Diversification Factor

Diversification measures the correlation between a fund's performance and the performance of a comparable index. This correlation identifies the amount of variability that is derived from the market. A value of 1.00 means that all variability is due to the market while a value of 0.85 means that only 85% of the variability can be traced to the market.

## Equities

Equities include all common stocks, convertible preferred stock, convertible bonds and debentures, and warrants.

## Fixed Income

Fixed income includes all bonds and debentures that have maturity greater than one year at time of purchase. When a fixed-income issue's maturity has become less than one year, it remains in the fixed-income section.

## Market

For comparative purposes, the term "market" normally refers to the S&P 500 for equities and to one of the Barclays Capital Government/Corporate Bond Indices (BC G/C or BC G/C I) for fixed-income securities. For the total fund, a composite index is constructed from the S&P 500 Index, the Bond Index and the three-month Treasury Bill rates in the same target mix allocation for the fund.

## Rates of Return

All returns are time weighted. Returns for less than one year are not annualized. Returns for periods greater than one year are presented as annual-compounded rates.

## Selection

Selection measures the manager's ability to select investments that outperform a comparable index. Selection is calculated as the difference between your fund's return and the return of a hypothetical composite market index which has the same asset allocation.

## Standard Deviation (Variability)

Standard deviation measures the dispersion of monthly returns around their average. The higher the variability, the greater the total risk associated with the portfolio.

## Timing

Timing measures the manager's ability to add value by altering asset mix. Shifting assets into markets that are rising results in positive timing, while shifting assets into markets that are falling results in a negative timing impact.

## Total Fund

Total fund includes equities, fixed-income securities, cash equivalents, and any other investments such as real estate, international, etc.



# Firm Update: Gallagher Fiduciary Advisors, LLC

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Fiduciaries engage the consulting professionals of Gallagher Fiduciary Advisors, LLC to deliver fiduciary risk mitigation and management in an effort to enhance overall governance and meet investment objectives.

## About Gallagher Fiduciary Advisors, LLC

- Independent investment consulting arm of Arthur J. Gallagher & Co. (NYSE: AJG)
- Approximately \$52.4 billion investment consulting assets, 244 clients (as of June 30, 2012)
- Approximately \$2.7 billion in discretionary assets, 34 clients (as of June 30, 2012)
- Primary Offices: Newark, Pittsburgh, Washington D.C.
- 58 employees
  - 18 Chartered Financial Analyst (CFA) charterholders
  - 10 Chartered Financial Analyst (CFA) candidates
  - 7 Accredited Investment Fiduciary® designees
  - 4 Attorneys (JDs)
  - 1 Chartered Alternative Investment Analyst (CAIA) designees
  - 1 Certified Public Accountant (CPA) designee

