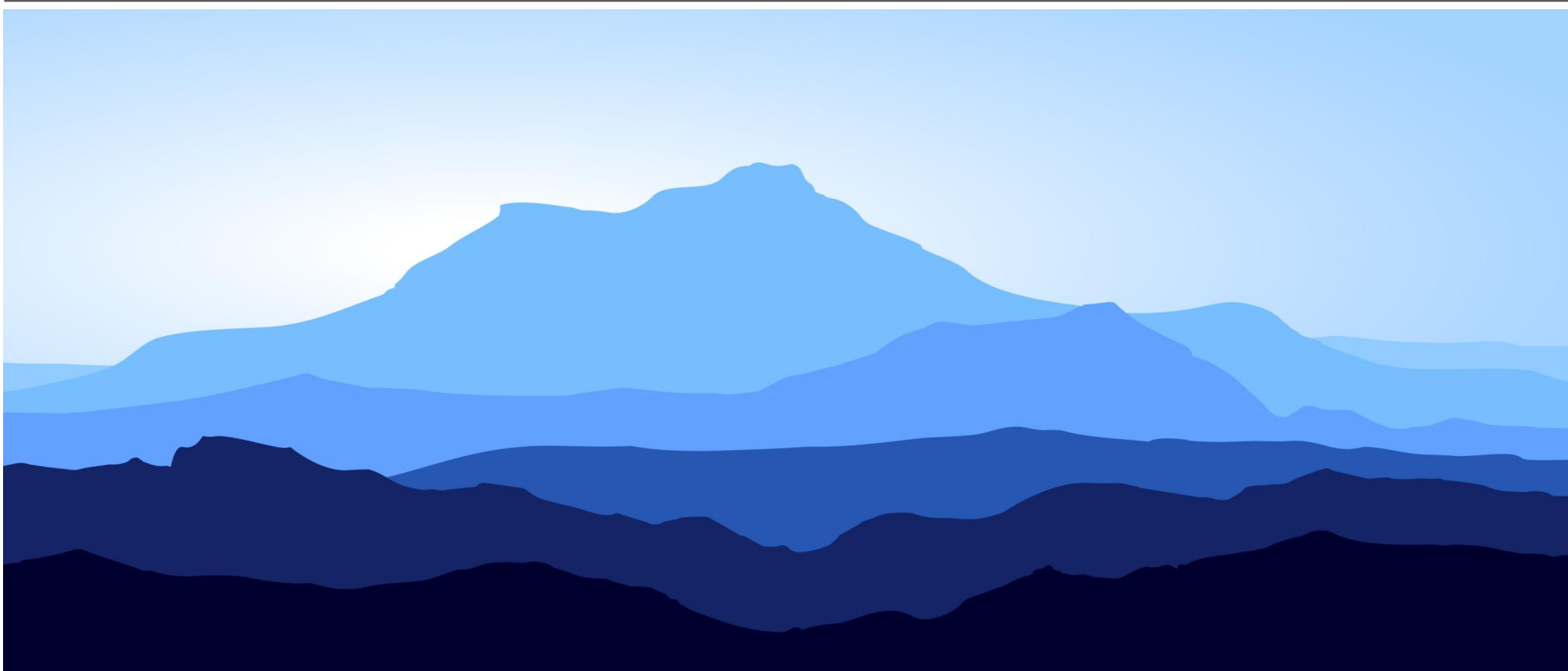


2Q 2014

WATER & POWER EMPLOYEES' RETIREMENT SYSTEM

QUARTERLY REPORT



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- Managers' Watch Criteria
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- WPERP Benchmark Descriptions
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PERFORMANCE SUMMARY OF MAJOR WPERP INVESTMENT PLANS

As of June 30, 2014, the WPERP Total Retirement Plan had an aggregate value of \$9.6 billion. This represents a \$342.4 million increase in value over the last quarter. During the most recent 1-year period, the WPERP Total Retirement Plan increased by \$1,354.7 million. Despite constant negative geopolitical events throughout the period, the second quarter of 2014 saw positive returns across all major assets. While events in the Eurasia region dominated the headlines, investors remained keyed in on economic growth data and central bank actions. With various economic indicators showing marginal improvement and positive trends, the Federal Reserve continues to taper its monthly bond purchases and remains on track to complete its bond-buying program in October 2014. As volatility remained subdued, equities throughout the globe produced modest returns during the quarter, with emerging markets equities providing the strongest results. Similarly, all sectors within the broad fixed income markets provided positive returns as rates remained relatively stable. Furthermore, the Fed has continued to reiterate that short-term interest rates will remain low well after the Fed's asset purchases end.

As of June 30, 2014, the WPERP Total Health Plan had an aggregate value of \$1.6 billion. This represents a \$54.4 million increase in value over the last quarter. During the most recent 1-year period, the WPERP Total Health Plan increased by \$226.5 million.

Strategic Allocation Trends

The Retirement Plan strategic allocation targets reflect the current long-term policy allocation, effective 7/1/2013. As of June 30, 2014, the WPERP Total Retirement Portfolio had a 61% allocation in Equities, 21% in Fixed Income, 7% in Covered Calls, 5% in Real Return, 2% in Private Equity, 3% in Real Estate, and 1% in Cash. The Health Plan strategic allocation targets reflect the current long-term policy allocation, effective 7/1/2013. The WPERP Total Health Plan had a 62% allocation in Equities, 21% in Fixed Income, 7% in Covered Calls, 6% in Real Return, 1% in Private Equity, 2% in Real Estate, and 1% in Cash. Following the 2011 Asset Allocation study, WPERP utilized a series of phased allocation targets, beginning in 4Q 2011, to transition towards the long-term policy targets. Both the Retirement and Health Plans reached their long-term policy targets as of 7/1/2013.

Recent Investment Performance of Major WPERP Investment Plans

Period ending June 30, 2014

WPERP Total Retirement Plan

	Quarter	1 Year	3 Year	5 Year	10 Year
Total Portfolio ¹	3.6	16.8	9.8	12.1	7.0
<i>Policy Benchmark²</i>	<i>3.7</i>	<i>16.9</i>	<i>10.2</i>	<i>12.3</i>	<i>7.1</i>
Excess Return	-0.1	-0.1	-0.4	-0.2	-0.1
Reference: Median Fund ³	3.8	17.1	10.2	13.1	7.4
Reference: Net of Fees ⁴	3.5	16.6	9.6	11.9	6.8

WPERP Total Health Plan

	Quarter	1 Year	3 Year	5 Year
Total Portfolio ¹	3.6	16.8	10.1	12.2
<i>Policy Benchmark²</i>	<i>3.7</i>	<i>16.9</i>	<i>10.2</i>	<i>12.4</i>
Excess Return	-0.1	-0.1	-0.1	-0.2

¹ Gross of Fees.

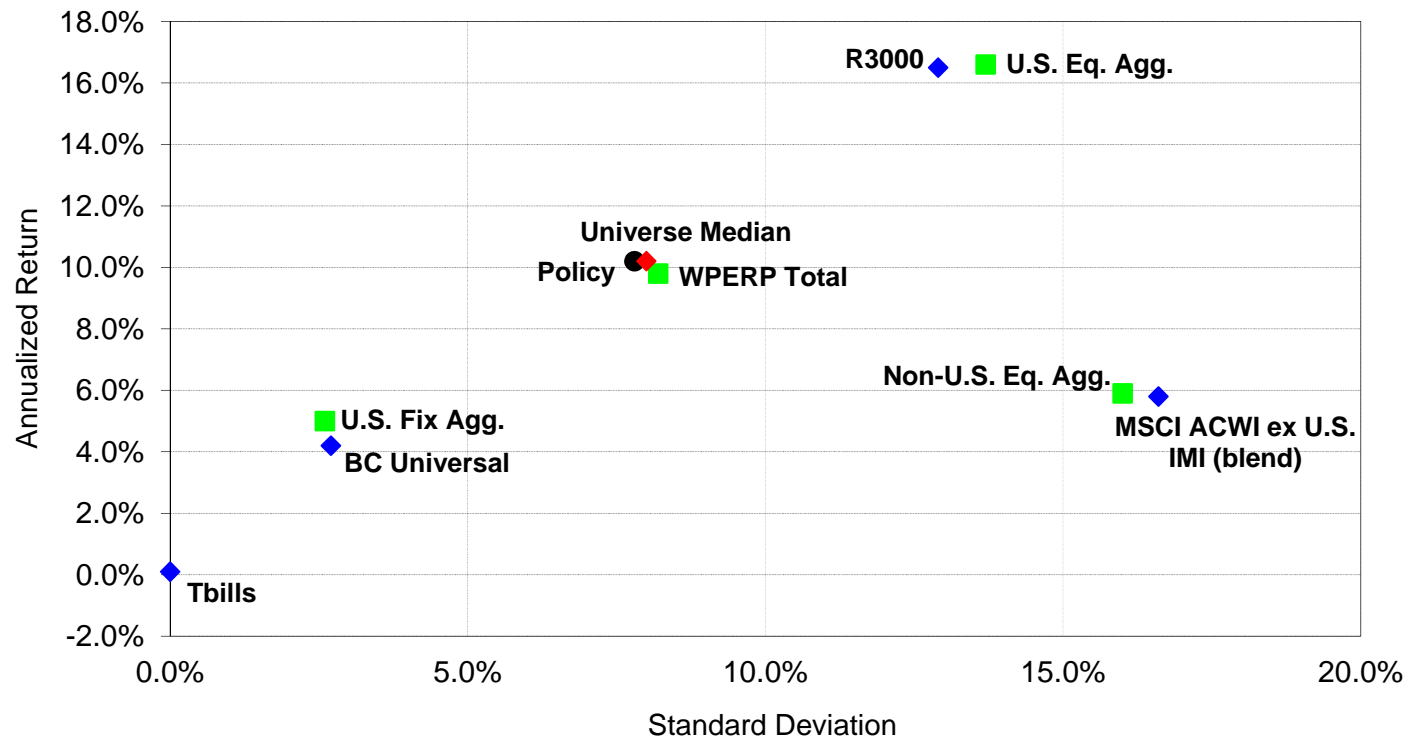
² See appendix for policy benchmark descriptions.

³ Mellon Total Funds Public Universe.

⁴ Net of Fees returns are estimated based on existing WPERP manager fee schedule.

WPERP Retirement Plan Risk/Return Analysis – Last 3 Years

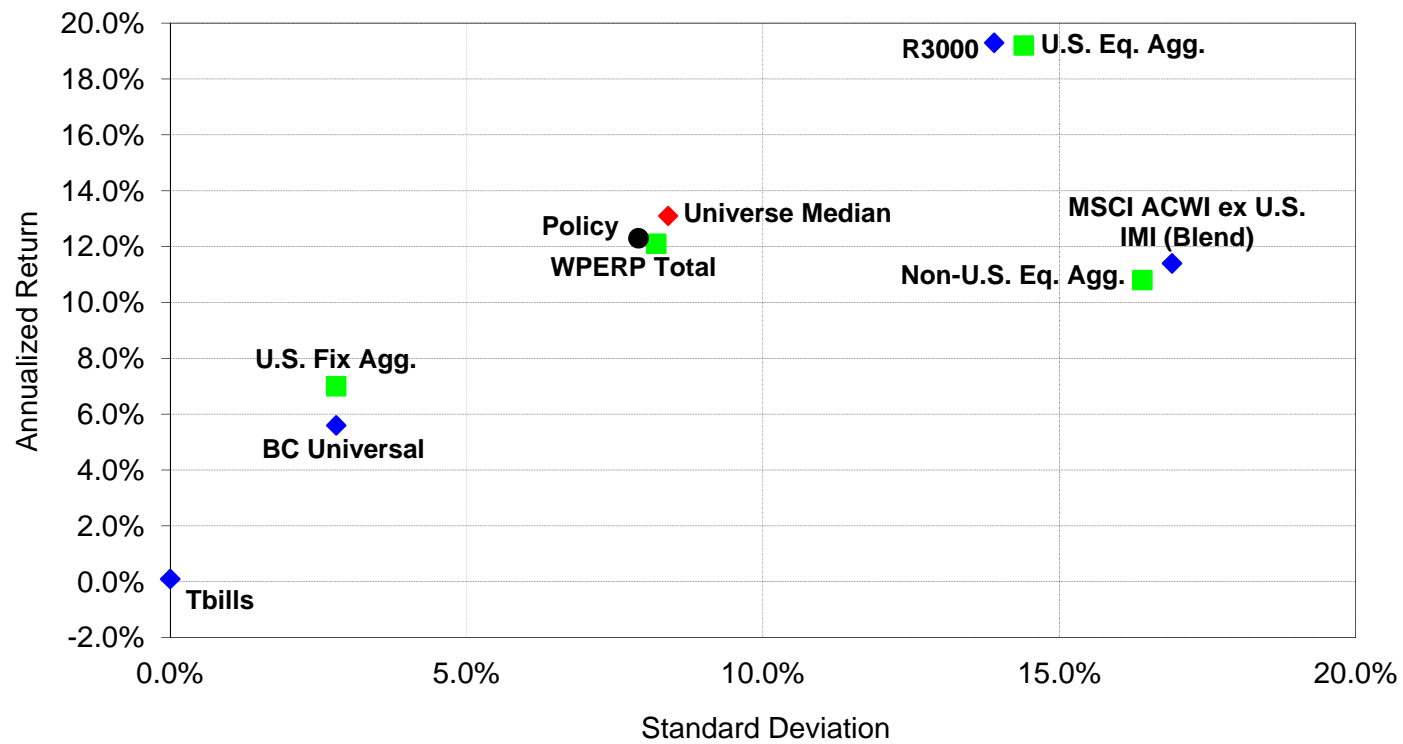
Period ending June 30, 2014



*Median Fund in the Mellon Total Fund Public Universe.

WPERP Retirement Plan Risk/Return Analysis – Last 5 Years

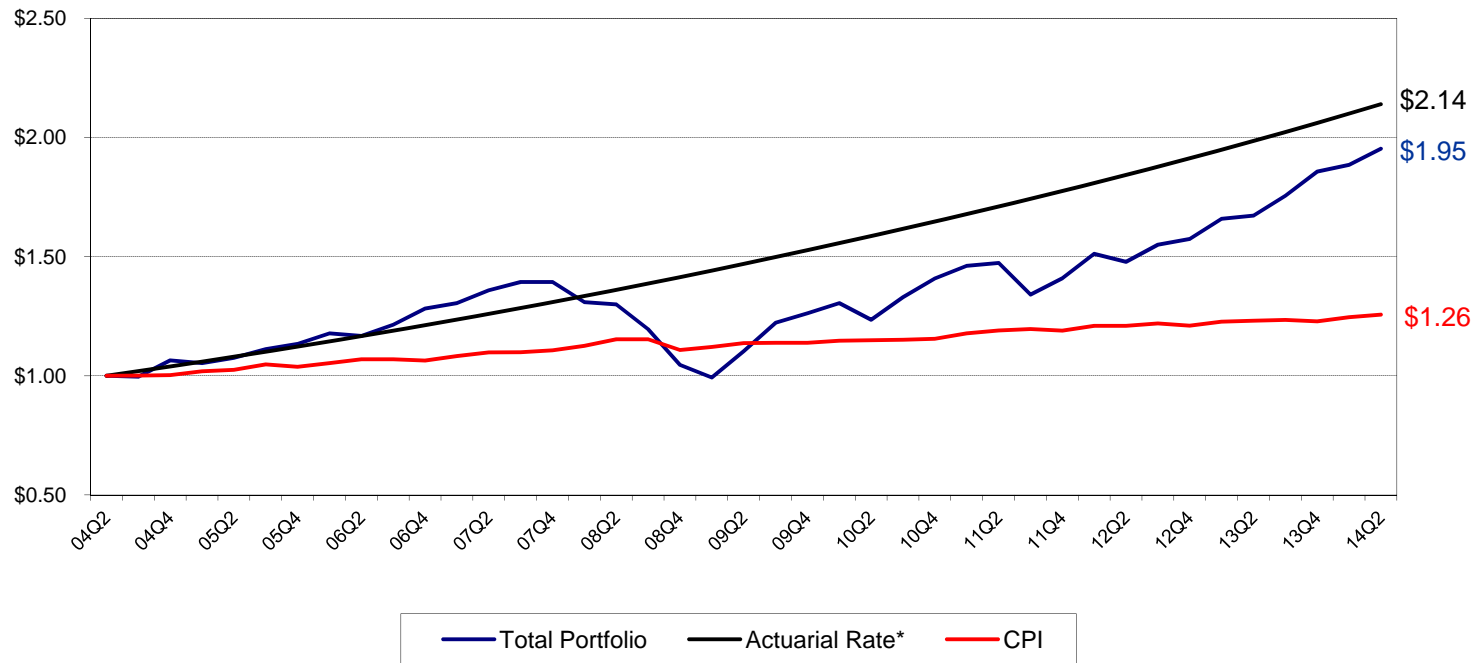
Period ending June 30, 2014



*Median Fund in the Mellon Total Fund Public Universe.

WPERP Retirement Plan Growth of a Dollar – Latest 10 Years

Period ending June 30, 2014



* Changed from 8% to 7.75% on 7/1/2010

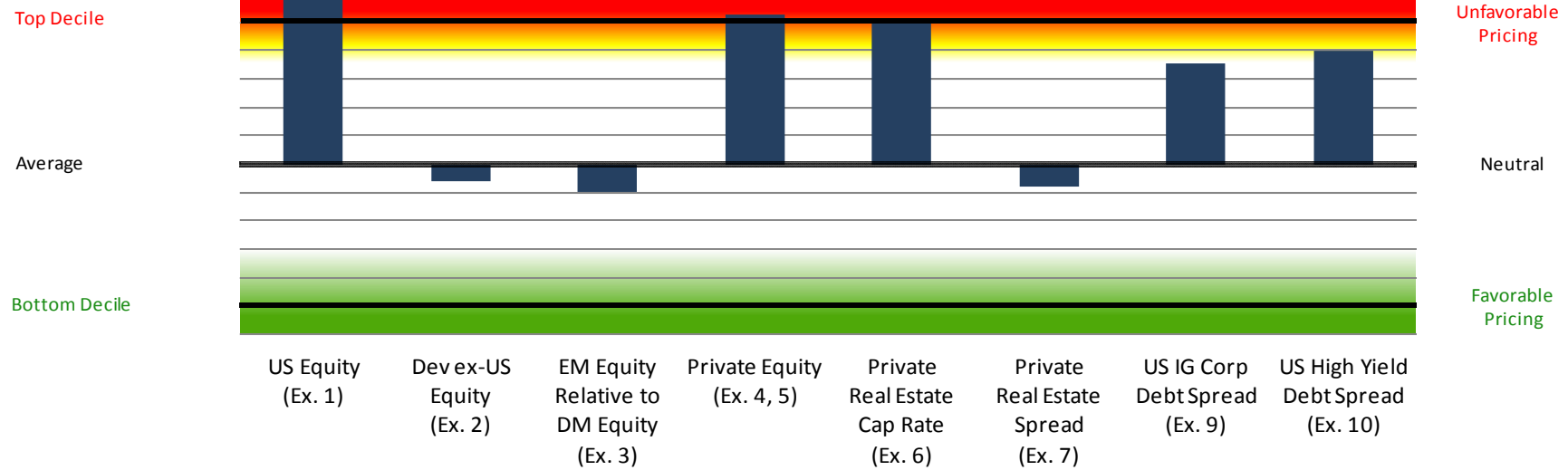
Investment Market Risk Metrics

Takeaways

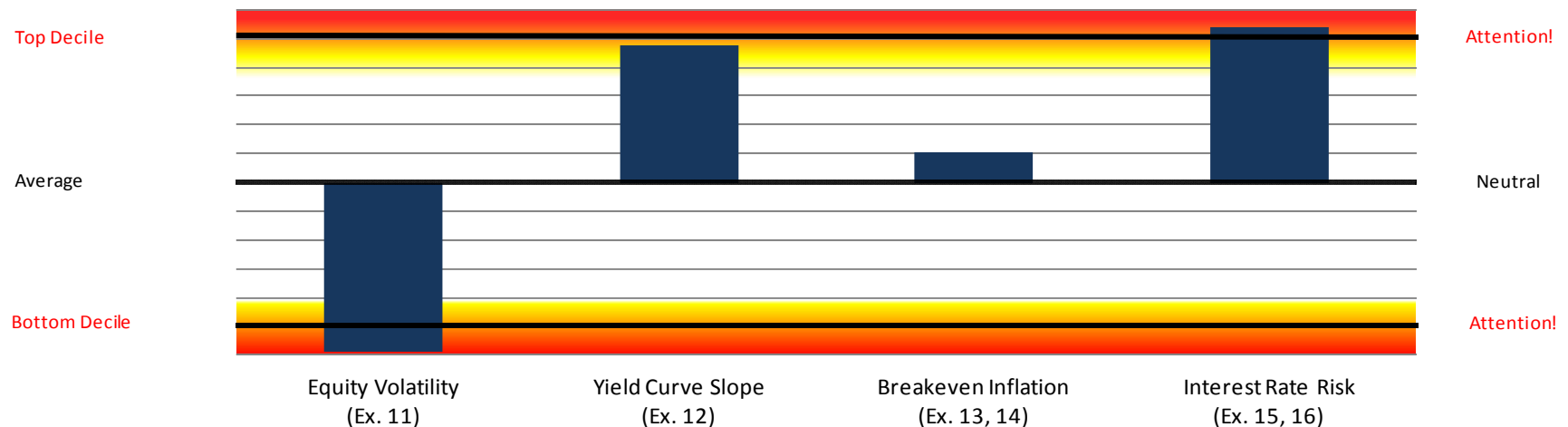
- US equity prices continued deeper into top decile valuation territory, concurrent with equity volatility (VIX) at bottom decile (low) levels.
- In addition, interest rate risk is also in top decile territory. The 10-year Treasury yield ended June at 2.5%, where it started the month.
- Credit spreads continued to tighten, but are not yet at top decile levels.
- Private real estate cap rates are near top decile levels (5.6%), with spreads to the 10-year Treasury marginally wider than average levels.
- Non-US equity valuations are below long-term averages. Emerging market equities remain cheap historically, relative to developed markets.
- The slope of the yield curve remains steep, indicating expectations for higher future rates (versus cash rates today).
- Inflation expectations, as priced by the breakeven inflation calculation from the TIPS and Treasury bond markets, point to low and even more stable inflation.
- The PCA Market Sentiment Indicator ("PMSI") continued to read **green**.
- With a positive US jobs report and a positive Chinese manufacturing report on July 3rd, positive economic momentum continues to be in evidence.

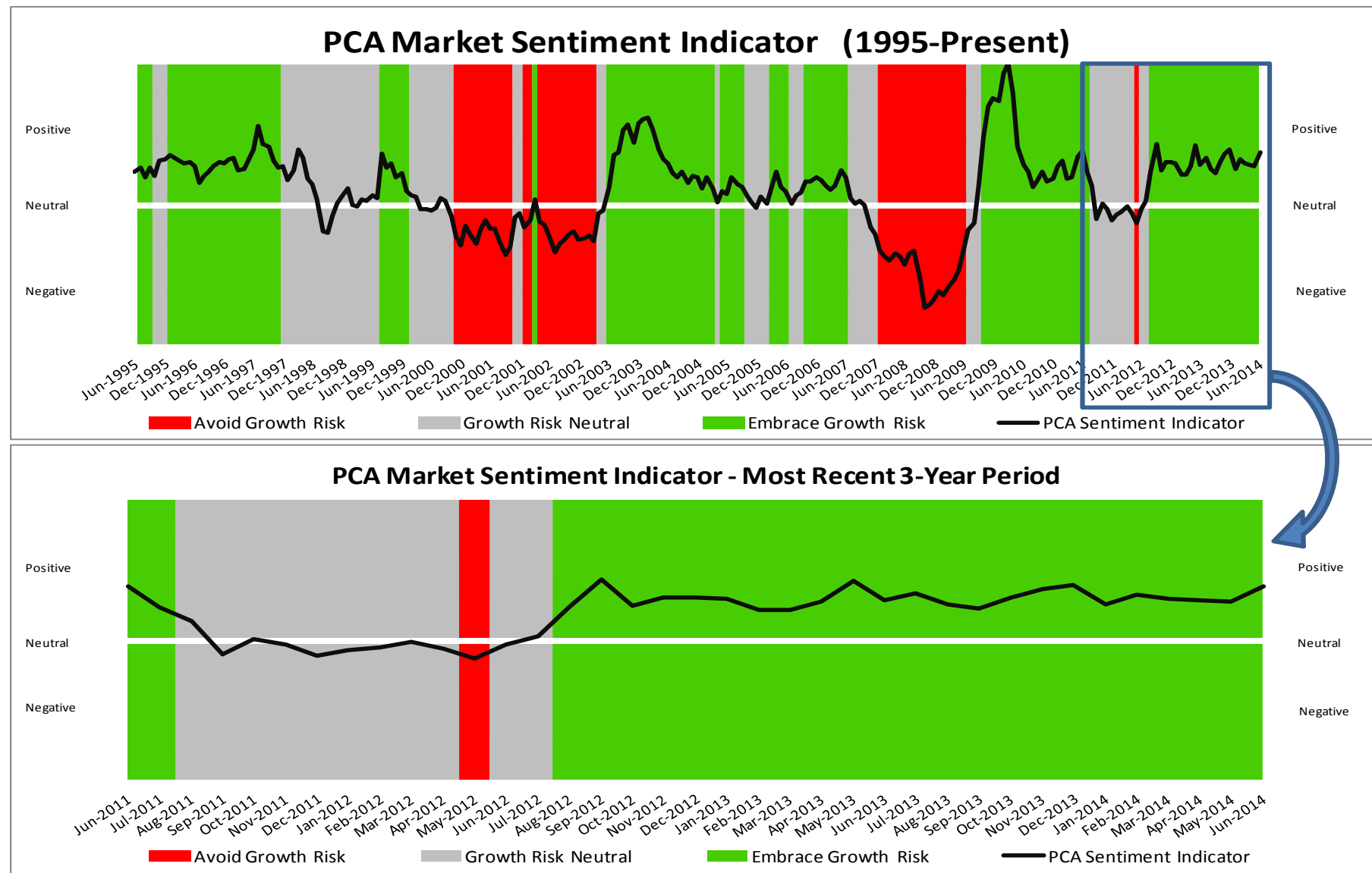
¹ See Appendix for the rationale for selection and calculation methodology used for the risk metrics.

Valuation Metrics versus Historical Range A Measure of Risk



Other Important Metrics within their Historical Ranges Pay Attention to Extreme Readings





Information Behind Current Sentiment Reading

Bond Spread Momentum Trailing-Twelve Months

Equity Return Momentum Trailing-Twelve Months

Agreement Between Bond and Equity Momentum Measures?

Positive

Positive

Agree



Growth Risk Visibility (Current Overall Sentiment)

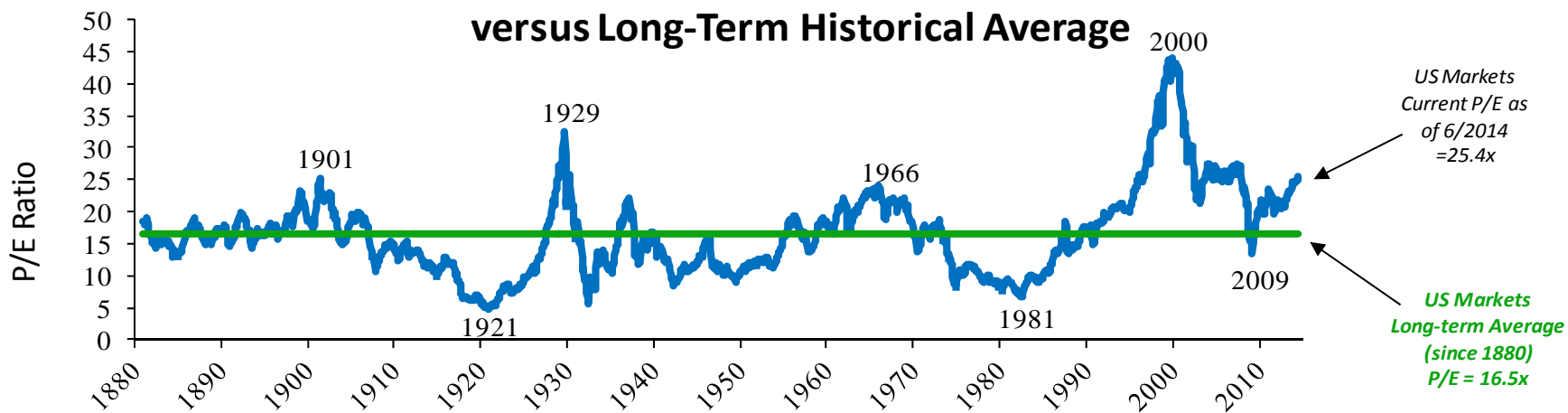
Positive



Developed Public Equity Markets

Exhibit 1

U.S. Equity Market P/E Ratio¹ versus Long-Term Historical Average

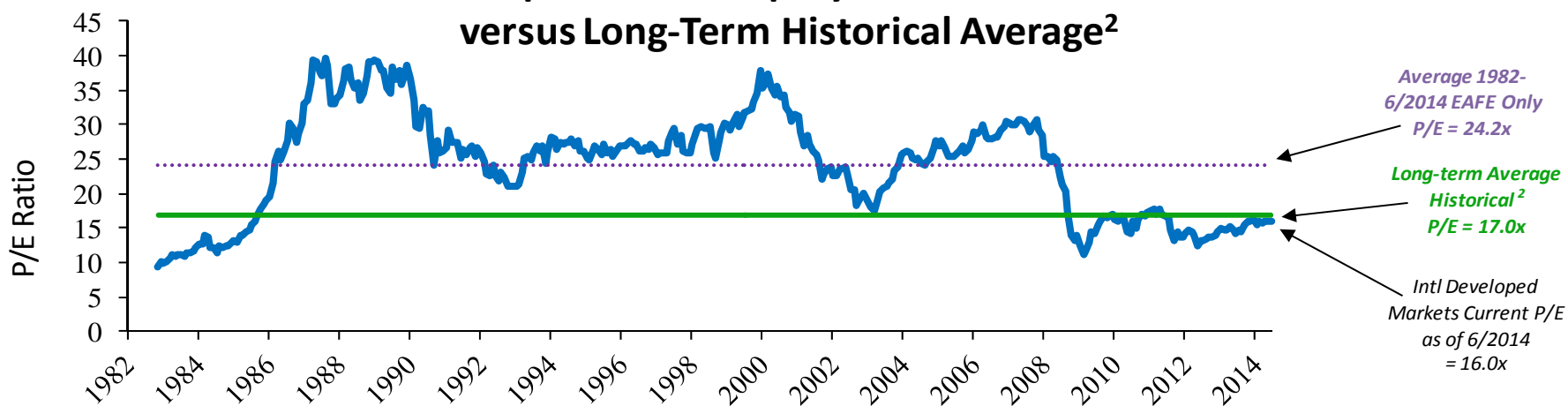


¹ P/E ratio is a Shiller P/E-10 based on 10 year real S&P 500 earnings over S&P 500 index level.

(Please note different time scales)

Exhibit 2

Developed ex-U.S. Equity Market P/E Ratio¹ versus Long-Term Historical Average²

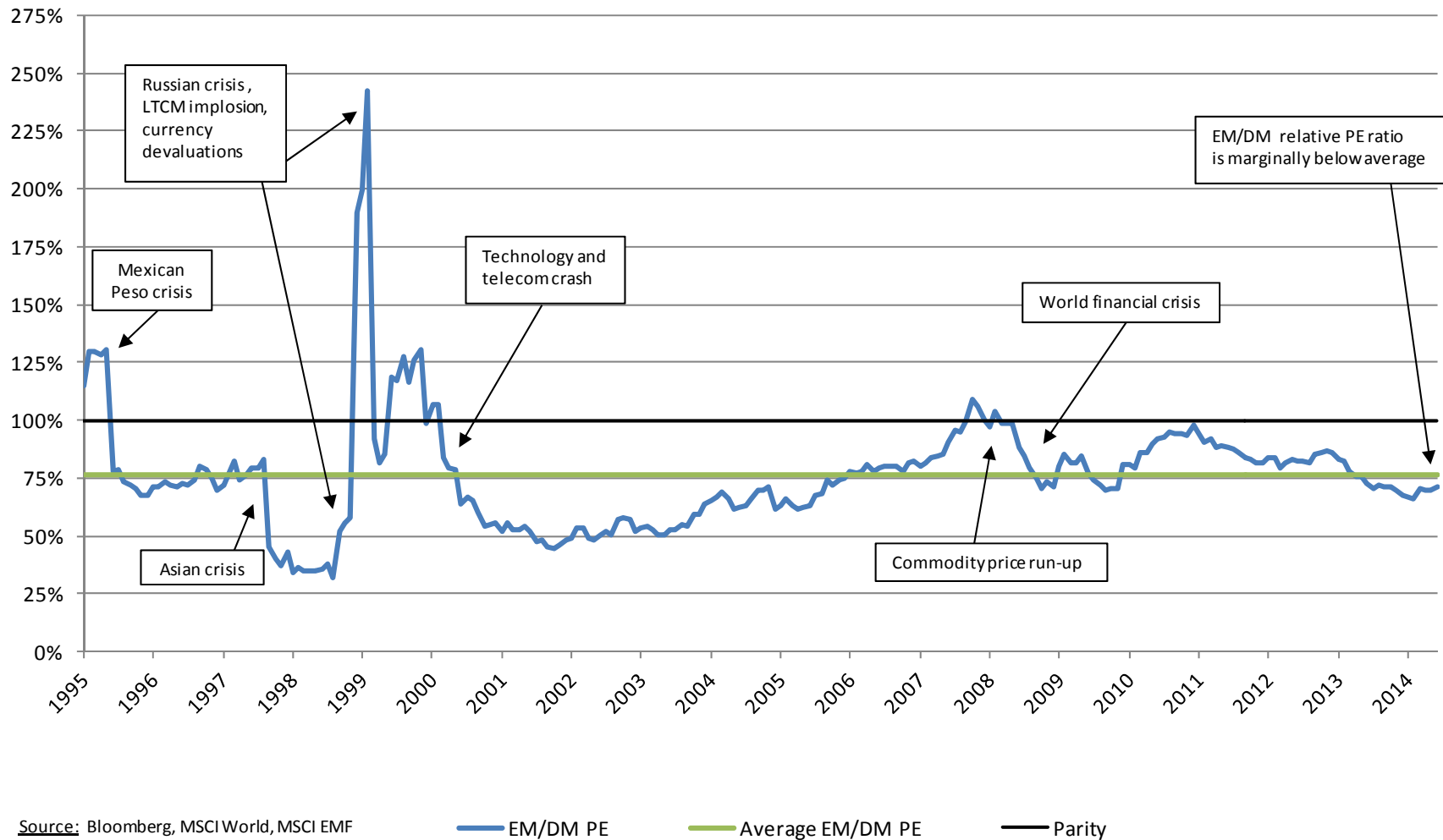


¹ P/E ratio is a Shiller P/E-10 based on 10 year real MSCI EAFE earnings over EAFE index level.

² To calculate the LT historical average, from 1881 to 1982 U.S. data is used as developed market proxy. From 1982 to present, actual developed ex-US market data (MSCI EAFE) is used.

Emerging Markets Public Equity Markets

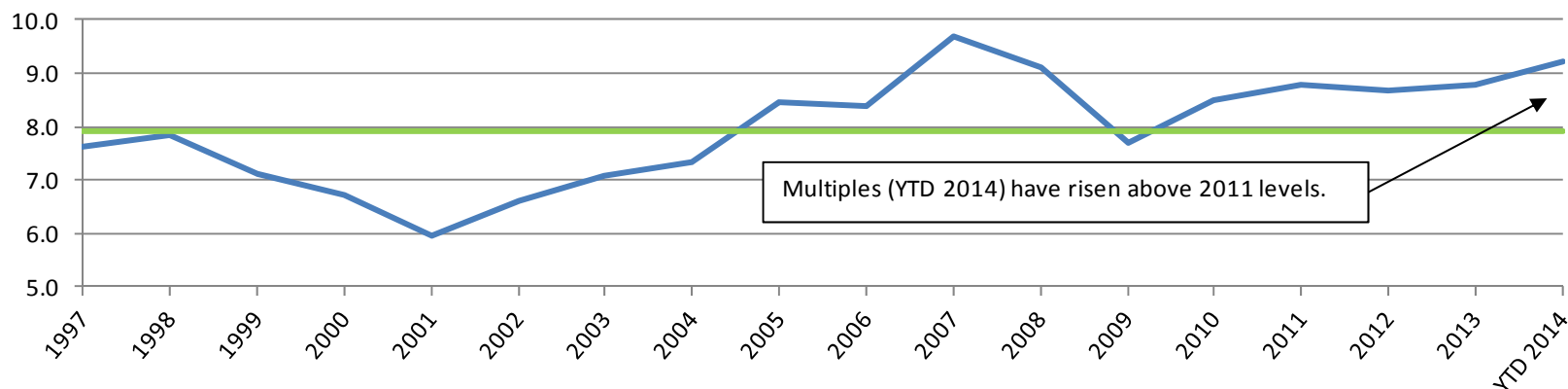
Exhibit 3

**Emerging Markets PE / Developed Markets PE
(100% = Parity between PE Ratios)**

U.S. Private Equity Markets

Exhibit 4

Price to EBITDA Multiples Paid in LBOs

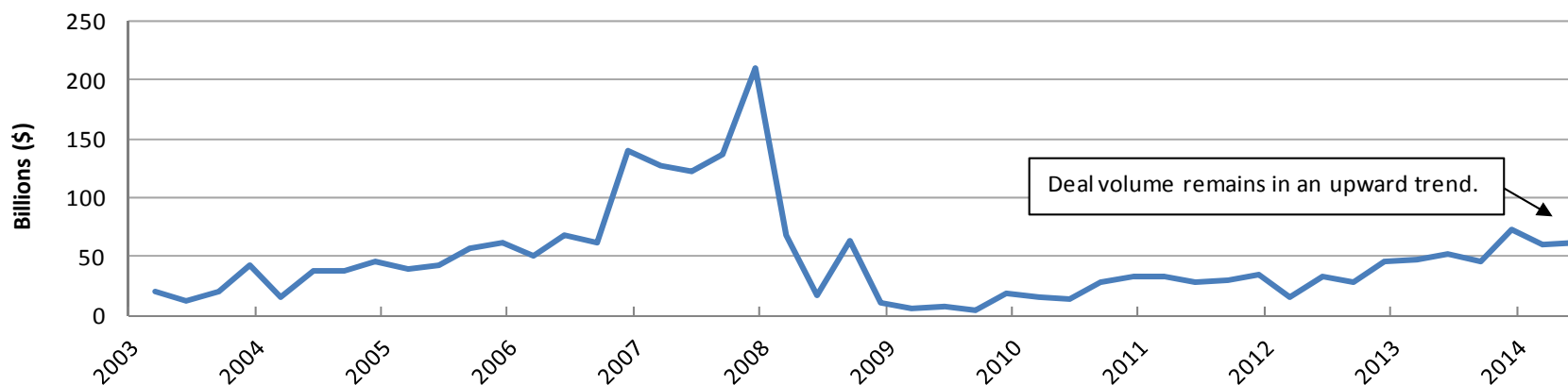


Source: S&P LCD study

(Please note different time scales)

Exhibit 5

Disclosed U.S. Quarterly Deal Volume*



Source: Thomson Reuters Buyouts

* quarterly total deal size (both equity and debt)

Private Real Estate Markets

Exhibit 6

Current Value Cap Rates¹

Quarterly Data, Updated to June 30th

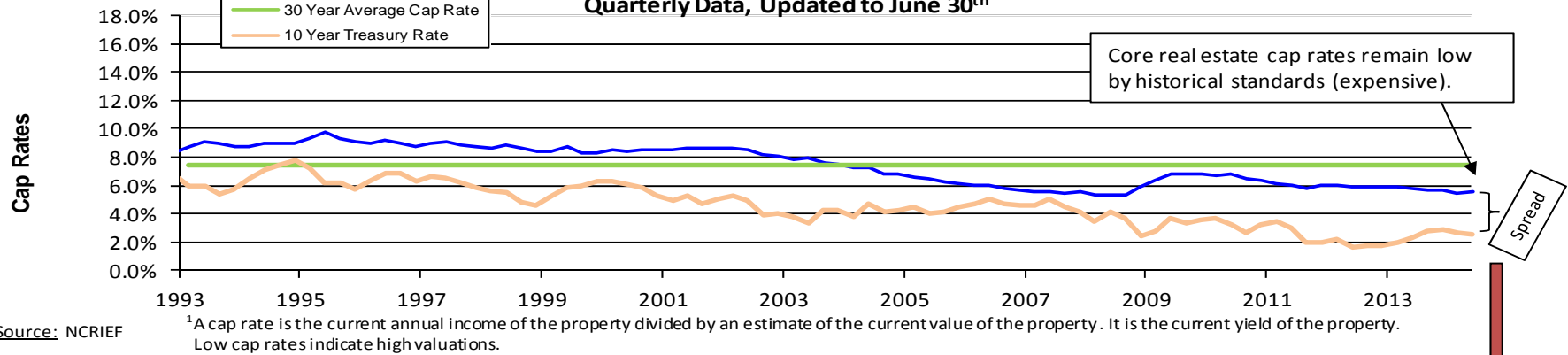


Exhibit 7

Core Cap Rate Spread over 10-Year Treasury Interest Rate

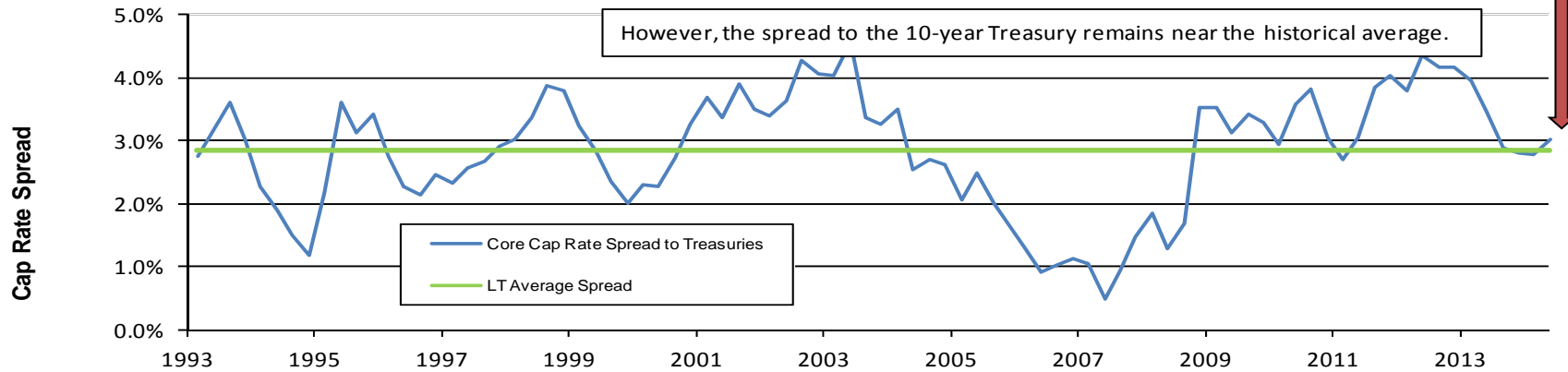
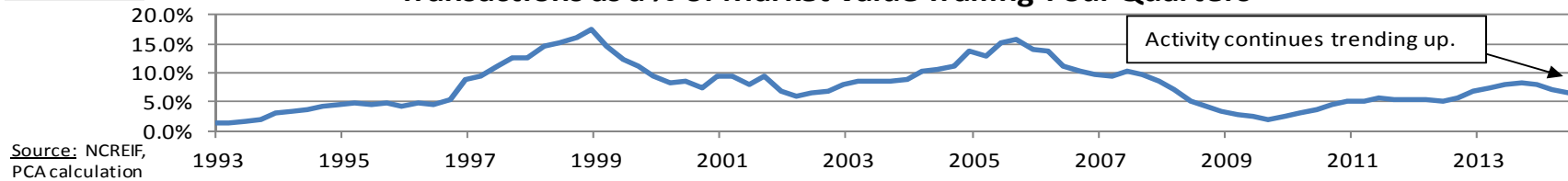


Exhibit 8

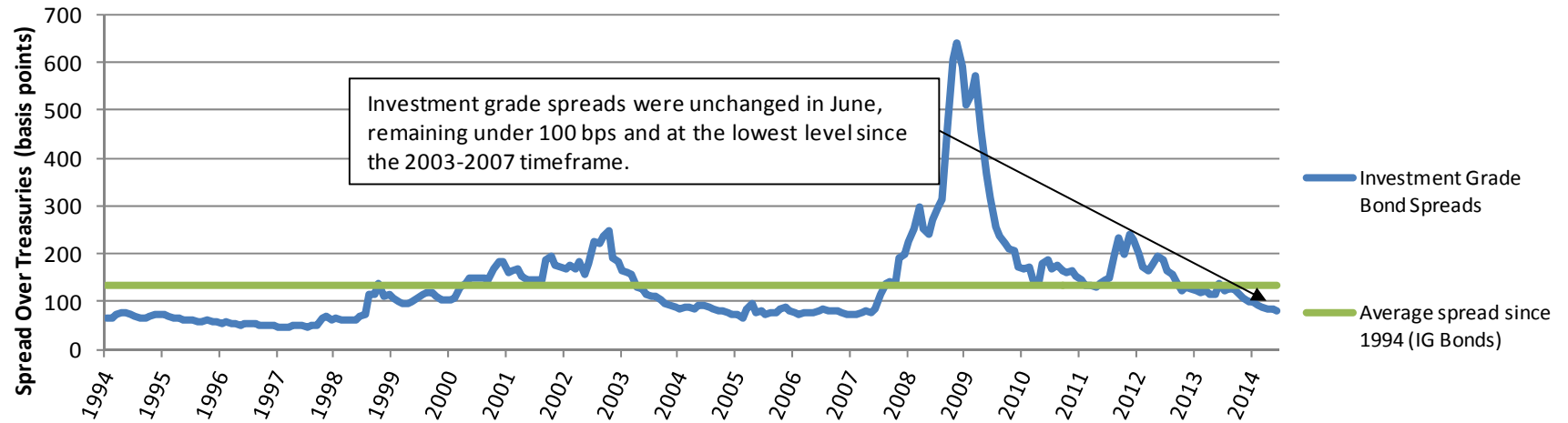
Transactions as a % of Market Value Trailing-Four Quarters



Credit Markets U.S. Fixed Income

Exhibit 9

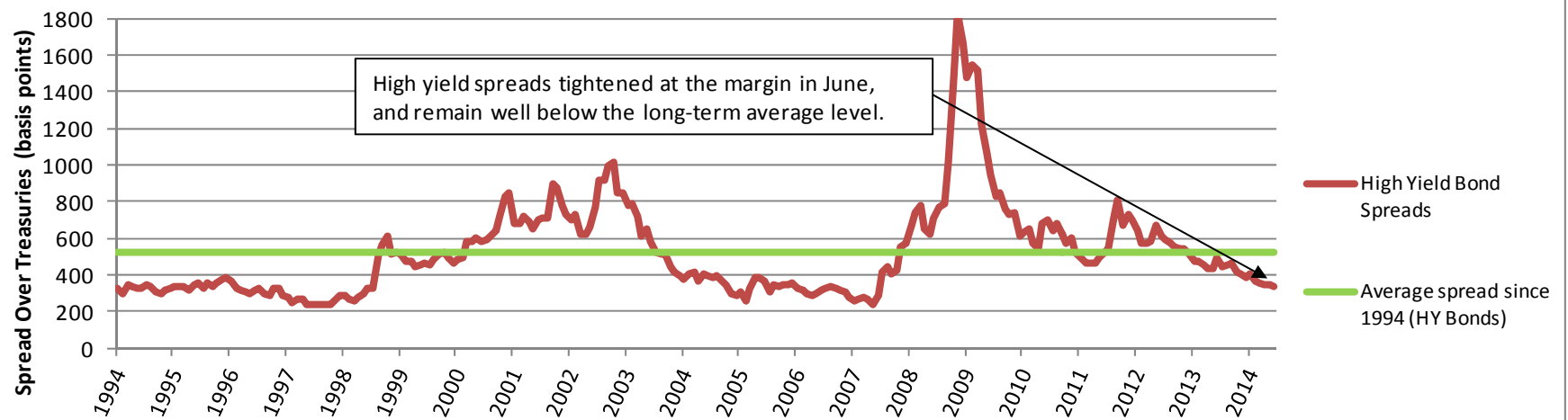
Investment Grade Corporate Bond Spreads



Source: LehmanLive: Barclays Capital US Corporate Investment Grade Index Intermediate Component.

Exhibit 10

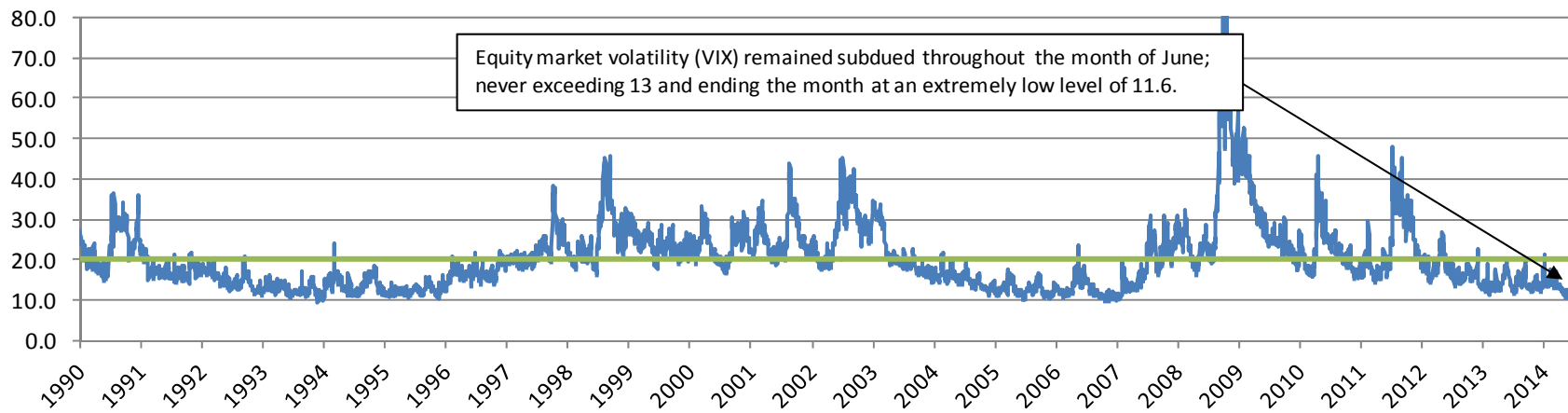
High Yield Corporate Bond Spreads



Source: LehmanLive: Barclays Capital U.S. Corporate High Yield Index.

Other Market Metrics

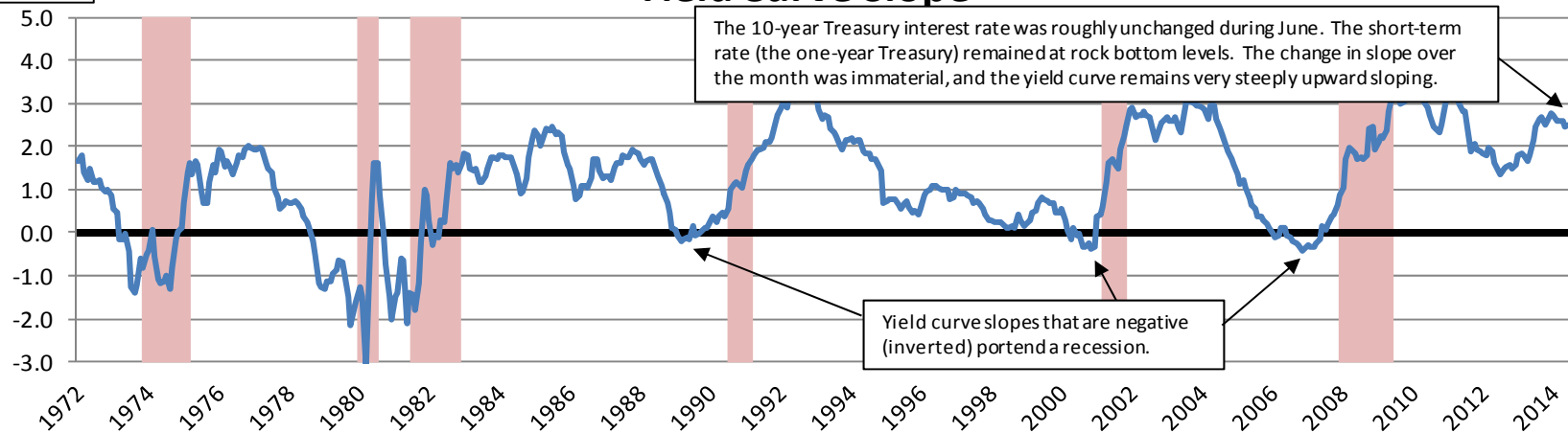
Exhibit 11

VIX - a measure of equity market fear / uncertainty

Source: <http://www.cboe.com/micro/vix/historical.aspx>

(Please note different time scales)

Exhibit 12

Yield Curve Slope

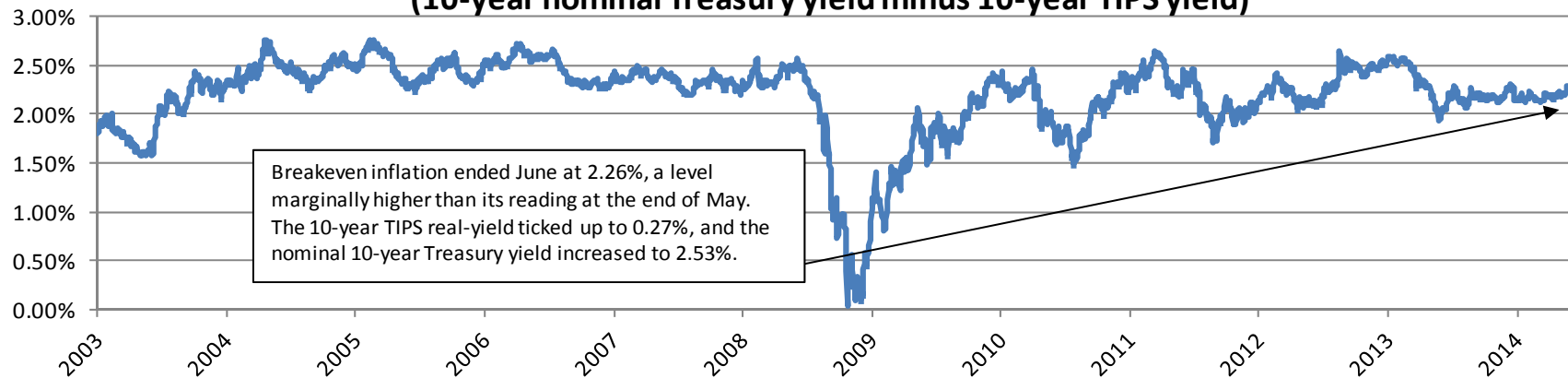
Source: www.ustreas.gov (10-year treasury yield minus 1-year treasury yield)

Recession Dating: NBER <http://www.nber.org/cycles.html>

Measures of Inflation Expectations

Exhibit 13

10-Year Breakeven Inflation (10-year nominal Treasury yield minus 10-year TIPS yield)



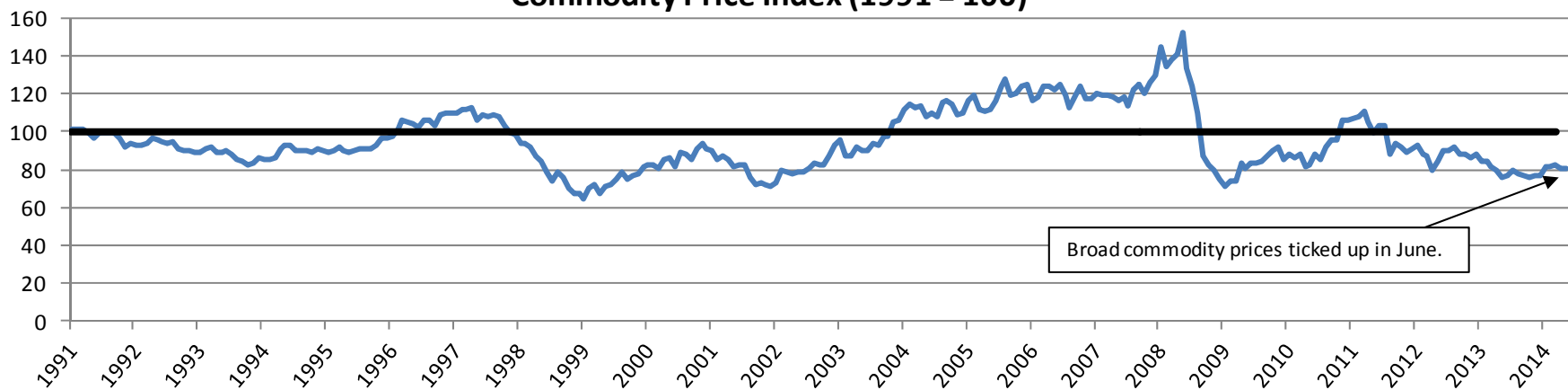
Source: www.ustreas.gov

Daily Yield Curve Rates (10-year nominal treasury yield minus 10-year TIPS yield)

(Please note different time scales)

Exhibit 14

Inflation Adjusted Dow Jones UBS Commodity Price Index (1991 = 100)

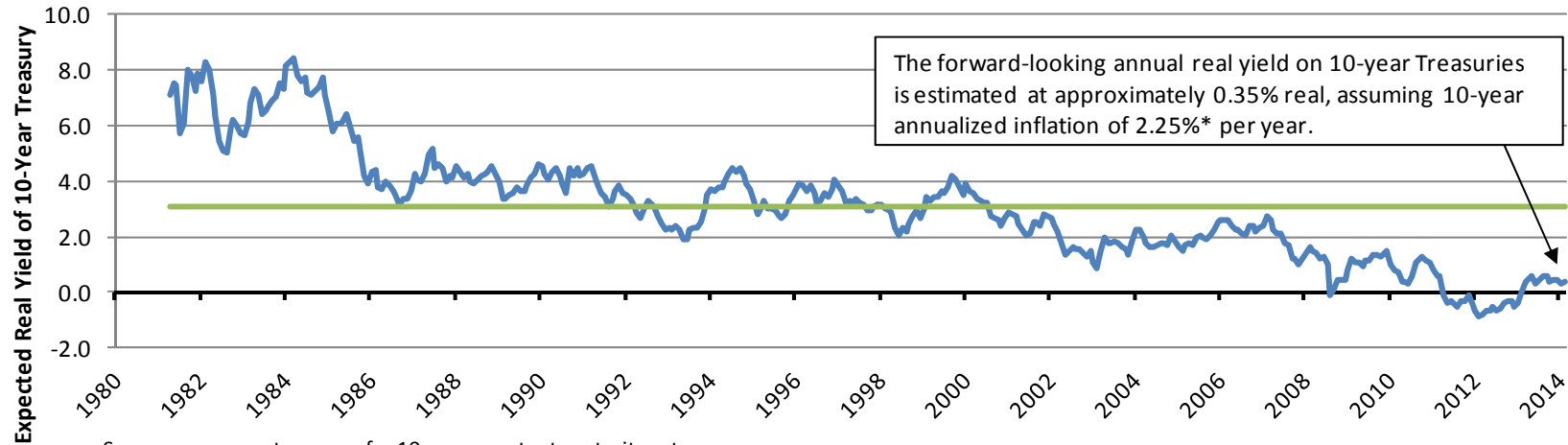


Source: Bloomberg DJUBS Index, St. Louis Fed for US CPI all urban consumers.

Measures of U.S. Treasury Interest Rate Risk

Exhibit 15

Estimate of 10-Year Treasury Forward-Looking Real Yield

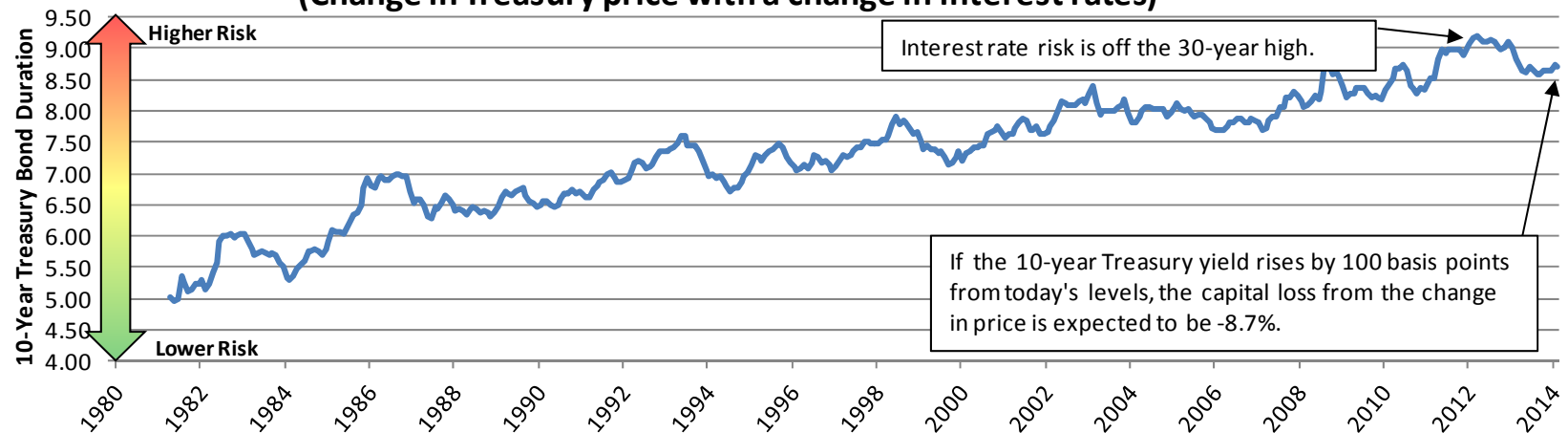


Sources: www.ustreas.gov for 10-year constant maturity rates

*Federal Reserve Bank of Philadelphia survey of professional forecasts for inflation estimates

Exhibit 16

10-Year Treasury Duration (Change in Treasury price with a change in interest rates)



Source: www.ustreas.gov for 10-year constant maturity rates, calculation of duration

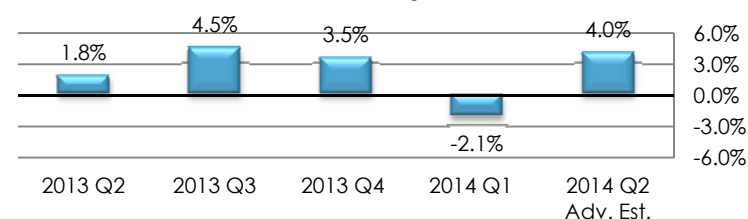
ECONOMIC & MARKET OVERVIEW

Overview: After a relatively slow start to the quarter, equity markets continued their upward climb while largely ignoring geopolitical events such as Russia's seizure of Crimea, disintegration in Iraq, and violence in the Middle East. Economic data continued to come in benign. GDP exceeded expectations during the quarter, increasing at an annualized rate of 4.0% fueled most notably by upturns in exports, private nonfarm inventory, and consumer spending. Unemployment fell by 0.6% to 6.1% as 793,000 jobs were added during the quarter. With various economic indicators showing some improvement, the Fed has continued to scale back its monthly bond purchases and indicated they will remain patient in their approach to raising interest rates. Inflation increased over the trailing 12-month period to just over 2.0% for the first time since 2011 but is still at relatively low levels. Returns for developed Non-US equity markets were led by Canada and produced strong results across the board. Emerging market equities also increased during the quarter, benefiting from a growing US economy and continued stimulus in Europe and Japan. US bond markets delivered positive returns during the quarter led by longer duration bonds and supported by falling long-term interest rates.

Economic Growth

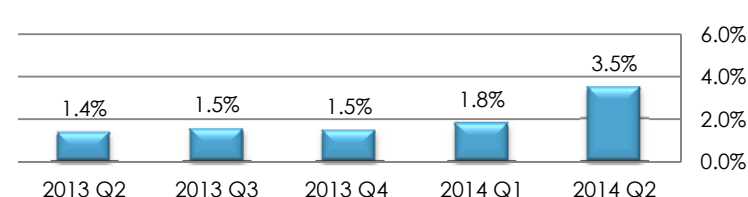
- Real GDP increased at an annualized rate of 4.0 percent in the second quarter of 2014 after decreasing at an annualized rate of (2.1) percent in the first quarter of 2014.
- An upturn in exports, private nonfarm inventory investment, and consumer spending, were the main drivers for GDP growth during the quarter.
- State and local government spending, residential investment and business investment also benefited GDP during the quarter.

Annualized Quarterly GDP Growth

Inflation

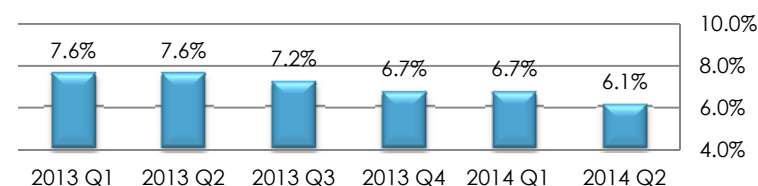
- The Consumer Price Index for All Urban Consumers (CPI-U) increased by 3.5 percent in the quarter on an annualized basis, after seasonal adjustment.
- Quarterly percent changes may be adjusted between data publications due to periodic updates in seasonal factors.
- Core CPI-U increased by 2.5 percent for the quarter on an annualized basis.
- Over the last 12 months, CPI-U increased 2.1 percent before seasonal adjustment.

CPI-U After Seasonal Adjustment

Unemployment

- The US economy gained 793,000 jobs in the quarter.
- The official unemployment rate dropped to 6.1% at quarter end.
- The majority of jobs gained occurred in professional and business services, food services & drinking places, and health care.

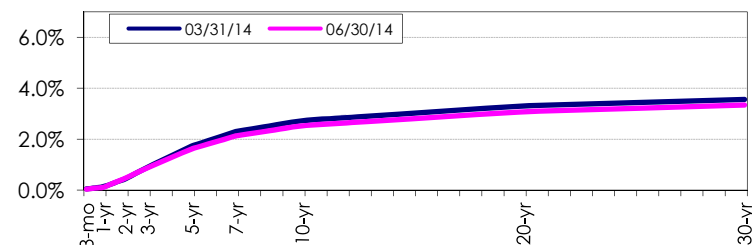
Unemployment Rate



Interest Rates & US Dollar

- US Treasury yields decreased over the quarter.
- The Federal Reserve has maintained the federal funds rate between 0.00% and 0.25% since December 2008.
- The US dollar depreciated against the Yen and Sterling by (1.8%) and (2.7%), respectively, while appreciating against the Euro by 0.6%.
- As of quarter end rates remained near low historic levels.

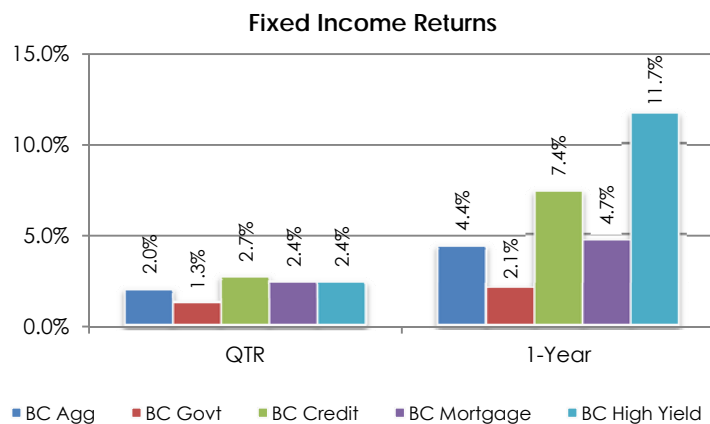
Treasury Yield Curve Changes



Source: US Treasury Department

Fixed Income

- All bond markets produced strong results during the quarter, benefiting 1-year returns.
- Bond market returns during the trailing 1-year period were positive for the first time since the first quarter of 2012.

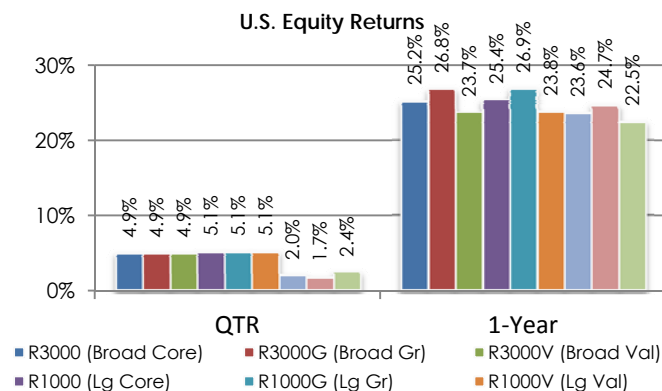


US Fixed Income Sector Performance (BC Aggregate Index)			
Sector	Weight	QTR	1 Year
Governments*	39.7%	1.3%	2.1%
Agencies	5.4%	1.2%	2.6%
Inv. Grade Credit	23.3%	2.7%	7.4%
MBS	28.9%	2.4%	4.7%
ABS	0.5%	0.8%	1.8%
CMBS	2.2%	1.3%	4.2%

*US Treasuries and Government Related

US Equities

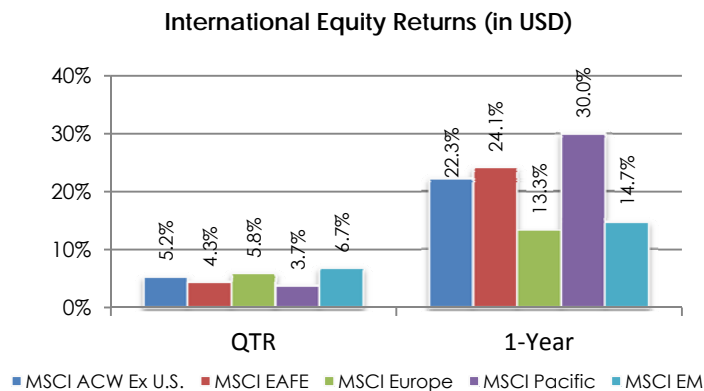
- After a relatively slow start to the quarter, US equities continued to climb and produce strong trailing 1-year results of 20 plus percent.
- During the quarter, value and growth indices produced similar returns throughout large & mid-cap stocks. All sectors produced strong positive results during the quarter and trailing 1-year period.



US Equity Sector Performance (Russell 3000 Index)			
Sector	Weight	QTR	1 Year
Information Tech.	18.3%	5.7%	32.1%
Financials	17.3%	2.4%	18.6%
Health Care	13.0%	4.3%	30.7%
Consumer Disc.	12.5%	3.2%	21.2%
Industrials	11.6%	3.4%	28.9%
Energy	9.8%	12.2%	30.8%
Consumer Staples	8.2%	4.7%	16.2%
Materials	3.9%	5.1%	31.3%
Utilities	3.2%	7.8%	22.2%
Telecomm. Serv.	2.2%	3.9%	8.2%

International Equities

- Led by Canada, developed international equity markets returned strong results during the quarter. Emerging markets equity also performed well with their best returns in six quarters.



International Equity Region Performance (in USD) (MSCI ACW Index ex US)			
Sector	Weight	QTR	1 Year
Europe Ex. UK	32.6%	2.6%	31.7%
Emerging Markets	21.3%	6.7%	14.7%
United Kingdom	15.3%	6.1%	26.6%
Japan	14.5%	6.7%	10.1%
Pacific Ex. Japan	8.7%	4.4%	19.0%
Canada	7.6%	10.1%	27.2%

Market Summary – Long-term Performance*

Indexes	1 Year	3 Year	5 Year	10 Year	20 Year
Global Equity					
MSCI All Country World	23.6%	10.9%	14.9%	8.0%	7.6%
Domestic Equity					
S&P 500	24.6%	16.6%	18.8%	7.8%	9.8%
Russell 3000	25.2%	16.5%	19.3%	8.2%	9.9%
Russell 3000 Growth	26.8%	16.1%	19.3%	8.3%	9.0%
Russell 3000 Value	23.7%	16.7%	19.3%	8.0%	10.3%
Russell 1000	25.4%	16.6%	19.3%	8.2%	10.0%
Russell 1000 Growth	26.9%	16.3%	19.2%	8.2%	9.2%
Russell 1000 Value	23.8%	16.9%	19.2%	8.0%	10.3%
Russell 2000	23.6%	14.6%	20.2%	8.7%	9.8%
Russell 2000 Growth	24.7%	14.5%	20.5%	9.0%	8.1%
Russell 2000 Value	22.5%	14.6%	19.9%	8.2%	11.0%
CBOE BXM	14.1%	9.1%	10.5%	5.2%	8.1%
International Equity					
MSCI All Country World ex US	22.3%	6.2%	11.6%	8.2%	6.3%
MSCI EAFE	24.1%	8.6%	12.3%	7.4%	5.9%
MSCI Pacific	13.3%	7.3%	9.7%	6.0%	2.0%
MSCI Europe	30.0%	9.3%	13.7%	8.2%	8.9%
MSCI EM (Emerging Markets)	14.7%	-0.1%	9.6%	12.3%	6.6%
Fixed Income					
BC Universal Bond	5.2%	4.2%	5.6%	5.3%	6.4%
BC Global Agg – Hedged	5.2%	4.5%	4.6%	4.8%	6.2%
BC Aggregate Bond	4.4%	3.7%	4.9%	4.9%	6.2%
BC Government	2.1%	2.9%	3.5%	4.4%	5.8%
BC Credit Bond	7.4%	5.9%	7.6%	5.8%	6.9%
BC Mortgage Backed Securities	4.7%	2.8%	3.9%	4.9%	6.1%
BC High Yield Corporate Bond	11.7%	9.5%	14.0%	9.0%	8.2%
BC WGILB - Hedged	4.4%	3.8%	5.3%	5.1%	---
BC Emerging Markets	10.2%	7.4%	10.8%	9.5%	10.9%
Real Estate					
NCREIF (Private RE)	11.2%	11.3%	9.7%	8.6%	9.5%
NAREIT (Public RE)	13.7%	12.0%	22.9%	8.8%	10.5%
Commodity Index					
DJ-UBS Commodity	8.2%	-5.2%	2.0%	0.9%	4.6%

* Performance is annualized for periods greater than one year.

WPERP RETIREMENT PLAN REVIEW

Actual vs. Target Allocations

The strategic allocation targets reflect the current long-term policy allocation, effective 7/1/2013.

With respect to its strategic allocation targets, the Total Retirement Portfolio ended the latest quarter ***overweight Domestic Equity, International Equity, and Covered Calls***, while ***underweight Fixed Income, Private Equity, and Real Estate***. ***Real Return and Cash*** were in-line with target allocations. Differences between actual and policy allocations are primarily the result of public market performance and the deliberate phased-in funding of the private markets classes. Following the 2011 Asset Allocation study, WPERP utilized a series of phased allocation targets, beginning in 4Q 2011, to transition towards the long-term policy targets. The Retirement Plan reached the long-term policy targets as of 7/1/2013.

As of June 30, 2014

Segment	Actual (\$MM)	Actual % ¹	Target% ²	Variance	Min.	Max.
Total Portfolio ³	11,314	100	100	---	---	---
Total Retirement ⁴	9,636	100	100	---	---	---
Domestic Equity	3,657	38	33	5	29	39
International Equity	2,198	23	21	2	17	25
Fixed Income	1,974	21	24	-3	21	29
Covered Calls	688	7	5	2	4	6
Real Return	525	5	6	-1	---	---
Private Equity	176	2	5	-3	---	---
Real Estate	312	3	5	-2	---	---
Cash	86	1	1	---	0.5	1.5

¹ Differences due to rounding.

² Long-term policy targets, effective 7/1/2013.

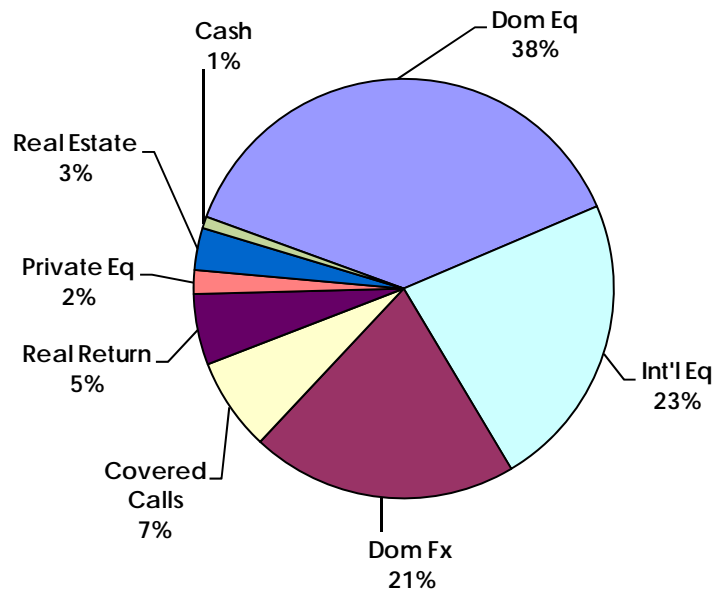
³ Total Portfolio includes assets from the Retirement, Health, Disability, and Death Plans.

⁴ Including a balance of \$23.4 million in transition accounts and a negative balance of (\$3.3) million in securities lending.

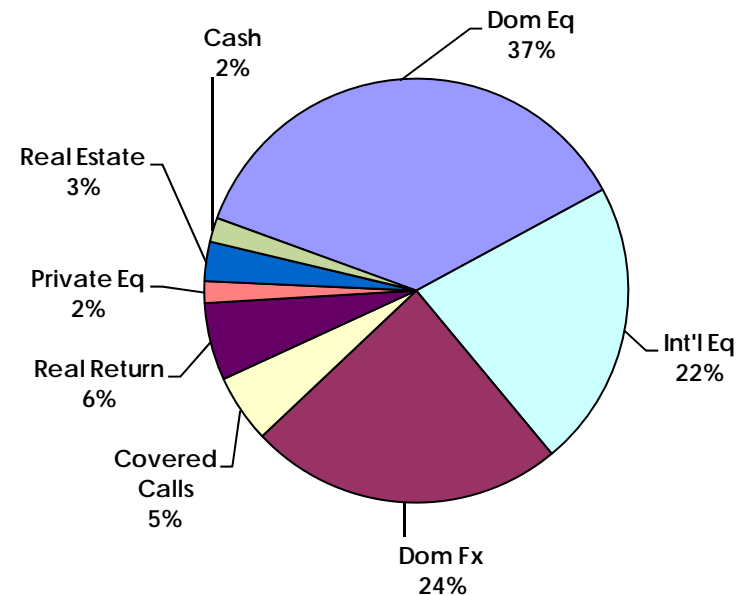
Actual Strategic Allocation Comparison

As of June 30, 2014, the WPERP Total Retirement Portfolio had a 61% allocation in Equities, 21% in Fixed Income, 7% in Covered Calls, 5% in Real Return, 2% in Private Equity, 3% in Real Estate, and 1% in Cash. During the latest 1-year period, the actual weightings of Domestic Equity, International Equity, and Covered Calls increased by 1%, 1%, and 2%, respectively. The actual weightings of Fixed Income, Real Return, and Cash decreased by (3%), (1%), and (1%), respectively. The actual weightings of Private Equity and Real Estate remained the same. The allocation changes are primarily a result of the evolving investment policy, along with strong equity market performance. The Board approved its current long-term investment policy in June 2011 as a result of the 2011 Asset Allocation study. The new policy was implemented over a series of phased asset allocation targets that initially began in 4Q 2011 (see Appendix for a description of the policy benchmark composition). The Retirement Plan reached the long-term policy target as of 7/1/2013.

June 30, 2014



June 30, 2013



WPERP RETIREMENT PLAN PERFORMANCE

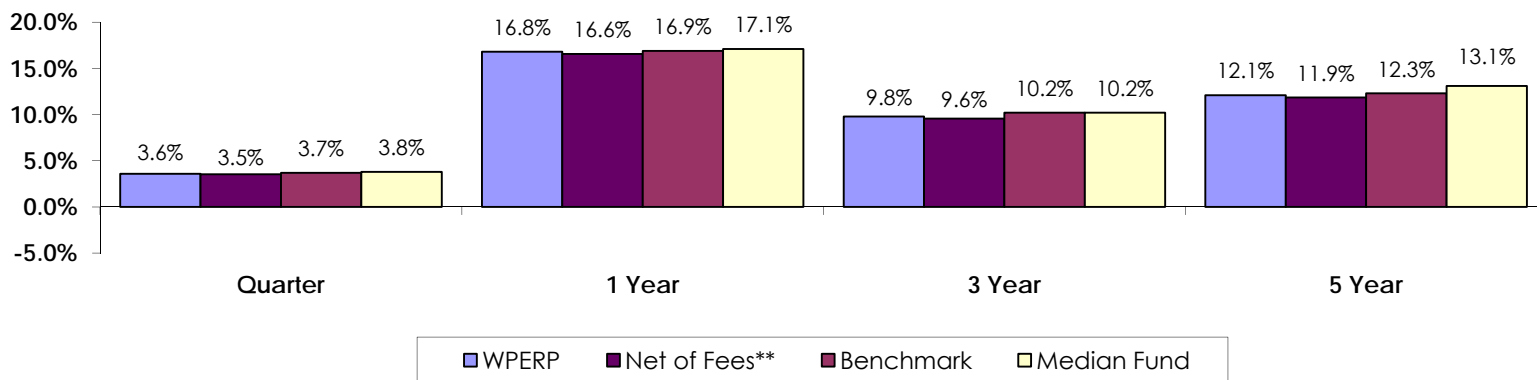
This section includes an overview of the performance of WPERP's Total Retirement Portfolio and a detailed analysis of strategic classes and specific mandates.

Portfolio Performance Overview (Gross of Fees)

The Total Retirement Portfolio performed in-line with its policy benchmark over the most recent quarter, slightly trailing by (10) basis points. Similarly, over the latest 1-year period, the Total Retirement Portfolio lagged its policy benchmark by (10) basis points with a 16.8% return. Over the trailing 3-year period, the Total Retirement Portfolio trailed its policy benchmark by (40) basis points with a 9.8% return. Over the trailing 5-year period, the Total Retirement Portfolio underperformed its policy benchmark by (20) basis points, generating a 12.1% return.

The Total Retirement Portfolio underperformed the Median Public Fund over the most recent quarter by (20) basis points, as well as over the trailing 1-year period by (30) basis points. Over the latest 3-year period, the Total Retirement Portfolio lagged the Median Public Fund by (40) basis points. Over the trailing 5-year period, the Total Retirement Portfolio underperformed the Median Public Fund by (1.0%).

Periods ending June 30, 2014 (annualized)*

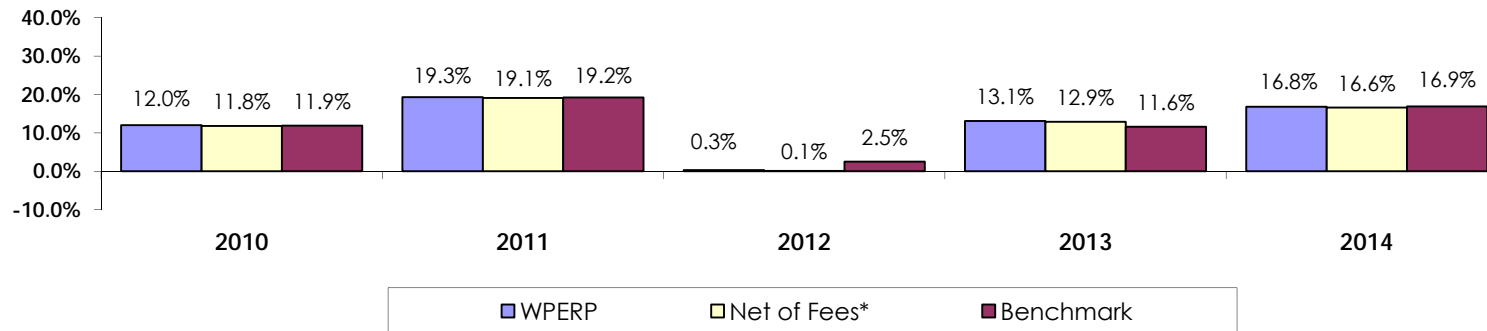


* WPERP performance reported gross of fees.

**Net of Fees performance estimated based on existing WPERP manager fee schedule.

The Total Retirement Portfolio generated positive absolute performance results over all five trailing 12-month periods. The Total Retirement Portfolio outperformed its policy benchmark three times over the same 12-month periods, gross of fees.

12-month Performance – Periods ending June 30



*Net of Fees performance estimated based on existing WPERP manager fee schedule.

Portfolio Valuation

As of June 30, 2014, the WPERP Total Retirement Plan had an aggregate value of \$9.6 billion. This represents a \$342.4 million increase in value over the last quarter. During the most recent 1-year period, the WPERP Total Retirement Plan increased by \$1,354.7 million.

Portfolio Valuation as of June 30, 2014, Gross of Fees*

Cash Flow Performance

	2Q 2014		1-Year		3-Year		5-Year
Beginning Market Value	\$9,293.7		\$8,281.4		\$7,350.0		\$5,666.3
Net Flow	3.4		-36.6		-93.5		-394.6
Investment Return in \$ (in%)	339.0	3.6%	1,391.3	16.8%	2,379.6	9.8%	4,364.3
Ending Market Value	\$9,636.1		\$9,636.1		\$9,636.1		\$9,636.1

* Dollar figures in millions (\$), differences due to rounding

** Recent Quarter net flow per Mellon. 1-year, 3-year, 5-year net flows estimated per PCA

PERFORMANCE ATTRIBUTION – RETIREMENT PLAN VS. POLICY BENCHMARK

Performance Attribution - 2Q 2014

	Policy		Portfolio		Impact on Return			
	Allocation	Return	Allocation*	Return	Weighting	Selection	Interaction	Total
Domestic Equity	33.0%	4.9	37.8%	4.3	0.1	(0.2)	(0.0)	(0.2)
International Equity	21.0%	4.9	22.6%	4.9	0.0	0.0	0.0	0.0
Fixed Income	24.0%	2.2	21.0%	2.2	0.0	0.0	0.0	0.0
Covered Calls	5.0%	3.1	7.2%	3.1	(0.0)	0.0	0.0	(0.0)
Real Return	6.0%	1.2	5.6%	1.5	0.0	0.0	(0.0)	0.0
Private Equity	5.0%	2.7	1.8%	2.8	0.0	0.0	(0.0)	0.0
Real Estate	5.0%	2.7	3.2%	2.9	0.0	0.0	(0.0)	0.0
Cash	1.0%	0.0	0.9%	0.0	0.0	0.0	(0.0)	0.0
Total	100.0%	3.7	100.0%	3.6	0.2	(0.2)	(0.0)	(0.0)

*Portfolio allocation utilizes beginning-of-the period market v values.

Performance Attribution - Trailing 12-month

	Policy		Portfolio		Impact on Return			
	Allocation*	Return	Allocation*	Return	Weighting	Selection	Interaction	Total
Domestic Equity	33.0%	25.2	37.6%	26.9	0.3	0.5	0.0	0.8
International Equity	21.0%	22.3	22.8%	20.5	0.0	(0.4)	(0.0)	(0.3)
Fixed Income	24.0%	5.2	21.2%	5.5	0.1	0.1	(0.0)	0.2
Covered Calls	5.0%	14.1	7.2%	13.5	0.0	(0.0)	(0.0)	(0.0)
Real Return	6.0%	4.5	5.5%	(5.1)	0.1	(0.5)	0.0	(0.5)
Private Equity	5.0%	26.2	1.7%	19.5	(0.3)	(0.7)	0.4	(0.5)
Real Estate	5.0%	11.2	3.1%	15.6	0.1	0.2	(0.1)	0.3
Cash	1.0%	0.0	0.9%	0.1	(0.0)	0.0	0.0	(0.0)
Total	100.0%	16.9	100.0%	16.8	0.3	(0.7)	0.4	(0.0)

*Portfolio allocation utilizes average market v values over the trailing four quarters; Policy allocation utilizes average target allocations over the trailing four quarters.

- During the most recent quarter, the Total Retirement Portfolio performed in-line with its policy benchmark. Selection within Domestic Equity detracted from the relative performance, while marginal weighting throughout the portfolio contributed to relative results.
- During the trailing 12-month period, the Total Retirement Portfolio performed in-line with its policy benchmark. An overweight and selection within Domestic Equity, along with weighting and selection within Real Estate and Fixed Income, contributed to the relative performance. Selection within International Equity, Real Return, and Private Equity, along with an underweight to Private Equity, were the primary detractors from the relative performance. The relative underperformance over the period by the Private Equity class is a result of very strong public equity market returns (i.e., the current Private Equity benchmark). The underweight of the Private Equity class is due to the deliberate phased-in funding of the class.

PERFORMANCE ATTRIBUTION – RETIREMENT PLAN VS. MEDIAN PUBLIC FUND¹**Performance Attribution - 2Q 2014**

	Median Public Fund		Portfolio		Impact on Return			
	Allocation	Return	Allocation*	Return	Weighting	Selection	Interaction	Total
Domestic Equity	34.2%	4.6	37.8%	4.3	0.0	(0.1)	(0.0)	(0.1)
International Equity	18.7%	4.7	22.6%	4.9	0.0	0.0	0.0	0.1
Fixed Income	24.4%	2.4	21.0%	2.2	0.0	(0.0)	0.0	0.0
Covered Calls	-	-	7.2%	3.1	(0.3)	0.0	0.2	(0.1)
Real Estate	5.8%	3.1	3.2%	2.9	0.0	(0.0)	0.0	0.0
Alternative Investments	15.2%	3.8	1.8%	2.8	0.0	(0.2)	0.1	(0.0)
Real Return	-	-	5.6%	1.5	(0.2)	0.0	0.1	(0.1)
Cash	1.6%	0.0	0.9%	0.0	0.0	0.0	0.0	0.0
Total	100.0%	3.8	100.0%	3.6	(0.3)	(0.3)	0.5	(0.2)

*Portfolio allocation utilizes beginning-of-the period market v values.

Performance Attribution - Trailing 12-month

	Median Public Fund		Portfolio		Impact on Return			
	Allocation*	Return	Allocation*	Return	Weighting	Selection	Interaction	Total
Domestic Equity	33.9%	24.8	37.6%	26.9	0.3	0.7	0.1	1.1
International Equity	18.9%	22.6	22.8%	20.5	0.2	(0.4)	(0.1)	(0.3)
Fixed Income	24.6%	5.6	21.2%	5.5	0.4	(0.0)	0.0	0.4
Covered Calls	-	-	7.2%	13.5	(1.2)	0.0	1.0	(0.3)
Real Estate	5.9%	11.0	3.1%	15.6	0.2	0.3	(0.1)	0.3
Alternative Investments	14.7%	19.9	1.7%	19.5	(0.4)	(0.1)	0.1	(0.4)
Real Return	-	-	5.5%	(5.1)	(0.9)	0.0	(0.3)	(1.2)
Cash	2.1%	0.1	0.9%	0.1	0.2	0.0	0.0	0.2
Total	100.0%	17.1	100.0%	16.8	(1.3)	0.5	0.6	(0.2)

*Portfolio allocation utilizes average market v values over the trailing four quarters; Median allocation utilizes average market v values over the trailing four quarters.

- During the most recent quarter, the Total Retirement Portfolio underperformed the Median Public Fund. Selection within Alternative Investments and Domestic Equity, along with allocations to Covered Calls and Real Return, were the primary detractors from the relative performance.
- During the trailing 12-month period, the Total Retirement Portfolio trailed the Median Public Fund. The Domestic Equity class (weighting and selection) was a strong contributor, while selection within International Equity, an underweight to Alternative Investments, and allocations to Covered Calls and Real Return, were the primary detractors from the relative performance.

¹ Mellon Total Funds Public Universe. For the Median Public Fund: Alternative Investments include allocations to Private Equity, Hedge Funds, and other investments; for WPERP, the asset class includes Private Equity.

WPERP RETIREMENT PLAN STRATEGIC CLASS PERFORMANCE

The **Domestic Equity** portfolio underperformed its policy benchmark during the quarter by (60) basis points with a 4.3% return. Over the latest 1-year period, the portfolio outperformed its policy benchmark by 1.7% with a very strong 26.9% return. Outperformance over the latest 1-year period was due to strong returns by four of the Plan's six active domestic equity managers. Over the trailing 3-year period, the portfolio bested its benchmark by 10 basis points. Over the latest 5-year period, the portfolio lagged its benchmark by (10) basis points.

The **International Equity** portfolio matched its policy benchmark during the quarter with a 4.9% return. Over the latest 1-year period, the portfolio trailed its policy benchmark by (1.8%) as a result of poor relative performance by the portfolio's four active managers. The portfolio outperformed its benchmark over the latest 3-year period by 10 basis points, but underperformed by (60) basis points over the trailing 5-year period.

The **Fixed Income** portfolio matched or outperformed its policy benchmark across all trailing time periods. Both of the Plan's core fixed income managers, as well as one of the Plan's high yield managers, outperformed or performed in-line with their benchmarks across all applicable time periods. The Plan's other high yield manager performed in-line or underperformed its benchmark across all time periods, due in large part to its more conservative holdings relative to its benchmark. The Fixed Income portfolio is currently being restructured to include Principal Protection and Global Credit components.

The **Covered Calls** portfolio produced its eighth full quarter of performance, matching the benchmark over the most recent quarter with a 3.1% return and trailing the benchmark over the 1-year period by (60) basis points.

Periods ending June 30, 2014

Asset Class	Quarter	1 Year	3 Year	5 Year
Total Retirement	3.6	16.8	9.8	12.1
<i>Policy Benchmark¹</i>	<i>3.7</i>	<i>16.9</i>	<i>10.2</i>	<i>12.3</i>
Domestic Equity	4.3	26.9	16.6	19.2
<i>Russell 3000 (blend)³</i>	<i>4.9</i>	<i>25.2</i>	<i>16.5</i>	<i>19.3</i>
International Equity	4.9	20.5	5.9	10.8
<i>MSCI ACWI ex U.S. IMI ND (blend)⁴</i>	<i>4.9</i>	<i>22.3</i>	<i>5.8</i>	<i>11.4</i>
Fixed Income	2.2	5.5	5.0	7.0
<i>BC Universal</i>	<i>2.2</i>	<i>5.2</i>	<i>4.2</i>	<i>5.6</i>
Covered Calls	3.1	13.5	---	---
<i>CBOE BXM</i>	<i>3.1</i>	<i>14.1</i>	<i>---</i>	<i>---</i>
Real Return ²	1.5	-5.1	3.5	6.3
<i>CPI + 3% (blend)^{2,5}</i>	<i>1.2</i>	<i>4.5</i>	<i>3.5</i>	<i>3.4</i>
Private Equity ²	2.8	19.5	13.8	17.2
<i>Russell 3000 + 3% (PE blend)^{2,6}</i>	<i>2.7</i>	<i>26.2</i>	<i>19.6</i>	<i>19.9</i>
Real Estate ²	2.9	15.6	16.3	9.7
<i>NCREIF²</i>	<i>2.7</i>	<i>11.2</i>	<i>11.7</i>	<i>7.9</i>
Cash	0.0	0.1	0.2	0.3
<i>Citigroup T-bills</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.1</i>

¹ See Appendix for a description of the Retirement Plan policy benchmark.

² Returns are lagged one quarter.

³ The policy benchmark for the Domestic Equity asset class is S&P 500 thru 3/31/03, and Russell 3000 from 4/1/03 to the present.

⁴ The policy benchmark for the International Equity asset class is MSCI ACWI ex US thru 12/31/08, and MSCI ACWI ex US IMI ND from 1/1/09 to the present.

⁵ The policy benchmark for the Real Return asset class is T-bills + 3% thru 6/30/13, and CPI + 3% to present.

⁶ The policy benchmark for the PE asset class is a blended benchmark composed of Cambridge US PE Index and the Cambridge US Venture Capital Index thru 9/30/11, and Russell 3000 + 3% to present.

WPERP RETIREMENT PLAN MANAGER PERFORMANCE

Domestic Equity – Periods ending June 30, 2014

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
BlackRock	1,070,969	Large Cap Core	5.1	25.4	16.7	19.3	9.0	8/2003
<i>Russell 1000 Index</i>	---	---	<i>5.1</i>	<i>25.4</i>	<i>16.6</i>	<i>19.3</i>	<i>8.9</i>	---
MFS	553,742	Large Cap Value	3.5	22.2	16.7	17.5	9.4	2/2004
<i>Russell 1000 Value Index</i>	---	---	<i>5.1</i>	<i>23.8</i>	<i>16.9</i>	<i>19.2</i>	<i>7.8</i>	---
T. Rowe Price	565,641	Large Cap Value	5.0	24.4	17.4	19.6	9.4	9/2004
<i>Russell 1000 Value Index</i>	---	---	<i>5.1</i>	<i>23.8</i>	<i>16.9</i>	<i>19.2</i>	<i>8.1</i>	---
Fred Alger	597,365	Large Cap Growth	5.6	33.1	14.3	19.9	9.2	2/2004
<i>Russell 1000 Growth Index</i>	---	---	<i>5.1</i>	<i>26.9</i>	<i>16.3</i>	<i>19.2</i>	<i>7.9</i>	---
T. Rowe Price	582,462	Large Cap Growth	3.3	32.0	18.9	---	16.5	4/2010
<i>Russell 1000 Growth Index</i>	---	---	<i>5.1</i>	<i>26.9</i>	<i>16.3</i>	---	<i>15.9</i>	---
Earnest Partners	144,036	Small Cap Value	3.4	23.8	15.7	20.8	8.6	11/2004
<i>Russell 2000 Value Index</i>	---	---	<i>2.4</i>	<i>22.5</i>	<i>14.6</i>	<i>19.9</i>	<i>7.5</i>	---
Frontier	142,868	Small Cap Growth	-1.0	24.4	13.2	---	15.1	4/2010
<i>Russell 2000 Growth Index</i>	---	---	<i>1.7</i>	<i>24.7</i>	<i>14.5</i>	---	<i>16.3</i>	---

* Performance is calculated based on the first full month of performance since funding.

** Inception date reflects the month when portfolio received initial funding.

Latest Quarter

During the second quarter of 2014, three of WPERP's seven reporting domestic equity managers matched or outperformed their respective benchmarks.

BlackRock, WPERP's passive large cap core manager, matched the Russell 1000 Index with a 5.1% quarterly return. **MFS**, one of the Plan's two active large cap value managers, generated a 3.5% quarterly return, trailing the Russell 1000 Value Index return by (1.6%). An underweight and stock selection in Technology, as well as an underweight to Energy, detracted from the relative performance. **T. Rowe Price LCV**, the Plan's other active large cap value manager, performed in-line with the Russell 1000 Value Index, returning 5.0%. **Fred Alger**, one of the Plan's two active large cap growth managers, completed the quarter with a 5.6% return, outperforming the Russell 1000 Growth Index by 50 basis points. **T. Rowe Price LCG**, the Plan's other active large cap growth manager, posted a quarterly return of 3.3% and lagged the Russell 1000 Growth Index by (1.8%). Stock selection within Information Technology, Consumer Discretionary, Financials, and Consumer Staples detracted from relative performance. **Earnest Partners**, WPERP's active small cap value manager, ended the quarter with a 3.4% return, outperforming the Russell 2000 Value Index by 1.0%. Stock selection within Telecommunication Services, Financials, and Information Technology were significant contributors to the relative performance. **Frontier**, the Plan's active small cap growth manager, posted a quarterly return of minus (1.0%), underperforming the Russell 2000 Growth Index by (2.7%). Stock selection within Producer Durables, Health Care, and Financials negatively impacted the relative performance.

Latest Year

During the latest 1-year period, **BlackRock** matched its benchmark with a 25.4% return. **MFS** posted a 22.2% return and trailed its benchmark by (1.6%). Selection and an underweight to Technology, as well as selection and an overweight to Consumer Staples, harmed relative performance over the period. **T. Rowe Price LCV** generated a 24.4% return, besting its benchmark by 60 basis points. **Fred Alger** posted a 33.1% return, outperforming its benchmark by 6.2%. Information Technology, Consumer Staples, and Financials benefitted the portfolio on a relative basis. **T. Rowe Price LCG** posted a 32.0% return and outperformed the Russell 1000 Growth Index by 5.1%. Selection within Consumer Discretionary, Health Care, and Information Technology contributed to the relative outperformance. **Earnest Partners** completed the latest 1-year period with a 23.8% return, outperforming its benchmark by 1.3%. Selection within Telecommunication Services, Materials, Information Technology, and Financials aided the relative outperformance. **Frontier** posted a 24.4% return, lagging the Russell 2000 Growth Index by (30) basis points.

Latest Three Years

During the latest 3-year period, **BlackRock** performed in-line with its benchmark, producing a 16.7% return. **MFS** lagged its benchmark by (20) basis points with a return of 16.7% per annum during the period. **T. Rowe Price LCV** outperformed its benchmark by 50 basis points with a 17.4% return. **Fred Alger** posted a 14.3% return, underperforming its benchmark by (2.0%). The Energy, Materials, and Consumer Discretionary sectors detracted from relative performance. **T. Rowe Price LCG** outperformed its benchmark by 2.6% with a return of 18.9%. Selection within seven of the ten GICS sectors contributed to the relative outperformance. **Earnest Partners'** latest 3-year return of 15.7% bested its benchmark by 1.1%. Selection within Telecommunication Services, Health Care, Industrials, and Materials aided the relative outperformance. **Frontier** posted a 13.2% return, underperforming the Russell 2000 Growth Index by (1.3%). Weighting differences throughout the portfolio, as well as selection within Consumer Discretionary, Producer Durables, and Energy, detracted from the relative performance.

Latest Five Years

During the latest 5-year period, **BlackRock** matched its benchmark with a return of 19.3%. **MFS** finished the period trailing the Russell 1000 Value Index return by (1.7%). Selection within Financials, Information Technology, and Health Care detracted from relative performance. **T. Rowe Price LCV** outperformed its benchmark by 40 basis points with a 19.6% return. **Fred Alger** posted a 19.9% return, besting its benchmark by 70 basis points. **Earnest Partners** generated a 20.8% return, outperforming its benchmark by 90 basis points.

International Equity – Periods ending June 30, 2014

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
BlackRock	579,014	Developed Markets	4.6	24.8	---	---	19.5	9/2012
<i>MSCI World ex US IMI ND Index</i>	---	---	<i>4.4</i>	<i>24.5</i>	---	---	<i>19.1</i>	---
Invesco [^]	5	Developed Markets	---	---	---	---	---	6/2004
MFS	571,330	Developed Markets	4.8	22.4	---	---	23.8	7/2012
<i>MSCI World ex US IMI ND Index</i>	---	---	<i>4.4</i>	<i>24.5</i>	---	---	<i>21.0</i>	---
The Boston Company [^]	50	Developed Markets	---	---	---	---	---	3/2005
<i>MSCI World ex US IMI ND Index</i>	---	---	---	---	---	---	---	---
Pyramis	569,033	Developed Markets	3.0	22.4	8.8	13.3	7.5	11/2004
<i>MSCI World ex US IMI ND Index (blend – Pyramis)³</i>	---	---	<i>4.4</i>	<i>24.5</i>	<i>7.7</i>	<i>12.1</i>	<i>6.6</i>	---
L.A. Capital	234,594	Emerging Markets	6.9	12.5	---	---	6.0	9/2012
<i>MSCI EMF IMI ND Index</i>	---	---	<i>6.4</i>	<i>14.3</i>	---	---	<i>5.5</i>	---
Vontobel	244,076	Emerging Markets	8.0	9.8	---	---	3.3	12/2012
<i>MSCI EMF IMI ND Index</i>	---	---	<i>6.4</i>	<i>14.3</i>	---	---	<i>2.7</i>	---

* Performance is calculated based on the first full month of performance since funding.

** Inception date reflects the month when portfolio received initial funding.

[^] In process of liquidation/transfer.

As a result of the 2011 International Equity Structure Review, significant changes have been implemented with regard to WPERP's International Equity portfolio; the emerging markets portion has been brought to a market weighting, Invesco has been replaced with a passive manager (BlackRock), MFS has replaced The Boston Company for developed markets, L.A. Capital has replaced The Boston Company for emerging markets, and T. Rowe Price has been terminated and replaced with Vontobel for emerging markets. Residual amounts still remain in old accounts.

Latest Quarter

During the second quarter of 2014, three of WPERP's four reporting active international equity managers outperformed their respective benchmarks.

BlackRock, the Plan's passive developed international manager, performed in-line with the benchmark, generating a 4.6% quarterly return. **MFS**, the Plan's active international relative value manager, outperformed its benchmark by 40 basis points, producing a 4.8% quarterly return. **Pyramis**, the Plan's active international growth manager, trailed the MSCI World ex US IMI ND Index (blend) by (1.4%) due primarily to positioning within the Financials, Industrials, and Materials sectors. **L.A. Capital**, one of the Plan's active emerging markets managers, outperformed the MSCI Emerging Markets IMI ND Index by 50 basis points with a 6.9% return. **Vontobel**, the Plan's other active emerging markets manager, bested the MSCI Emerging Markets IMI ND Index by 1.6% with an 8.0% quarterly return. Stock selection within Financials, Consumer Staples, and Information Technology contributed to the relative outperformance.

³ Pyramis' benchmark is MSCI EAFE ND thru 12/31/08, and MSCI World ex US IMI ND from 1/1/09 to the present.

Latest Year

During the latest 1-year period, **BlackRock** slightly outperformed its benchmark by 30 basis points with a return of 24.8%. **MFS** lagged its benchmark by (2.1%), returning 22.4% for the period. Active weighting and stock selection within Consumer Staples and Energy, as well as a modest cash position, detracted from the relative performance. **Pyramis** completed the period with a 22.4% return, trailing its benchmark by (2.1%). The Materials and Financials sectors detracted from the relative performance. **L.A. Capital** trailed its benchmark by (1.8%), generating a 12.5% return over the year. The portfolio's lower exposure to distressed companies was the largest detractor as these riskier companies were rewarded during the period. **Vontobel** lagged its benchmark by (4.5%) with a 9.8% return. An overweight to Consumer Staples and an underweight to Information Technology negatively impacted the relative performance over the period.

Latest Three Years

Pyramis bested its benchmark by 1.1%, returning 8.8% for the period. The regional portfolios in Europe, Japan, and Canada aided the relative outperformance.

Latest Five Years

Pyramis returned 13.3%, outperforming its benchmark by 1.2%. The regional portfolios in Europe, Japan, and Canada aided the relative outperformance.

Fixed Income – Periods ending June 30, 2014

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
JP Morgan	873,766	Core	1.9	4.5	4.1	---	4.8	4/2010
<i>BC Aggregate Index</i>	---	---	<i>2.0</i>	<i>4.4</i>	<i>3.7</i>	---	<i>4.2</i>	---
Wells	895,036	Core	2.2	4.9	4.8	6.2	6.0	7/2004
<i>BC Aggregate Index</i>	---	---	<i>2.0</i>	<i>4.4</i>	<i>3.7</i>	<i>4.9</i>	<i>4.9</i>	---
Loomis	104,714	High Yield	4.3	14.8	10.5	16.0	10.2	3/2005
<i>BC High Yield Index</i>	---	---	<i>2.4</i>	<i>11.7</i>	<i>9.5</i>	<i>14.0</i>	<i>8.9</i>	---
Wells High Yield	100,171	High Yield	2.5	10.7	8.4	11.9	7.9	11/2004
<i>BC High Yield Index</i>	---	---	<i>2.4</i>	<i>11.7</i>	<i>9.5</i>	<i>14.0</i>	<i>8.6</i>	---

* Performance is calculated based on the first full month of performance since funding.

** Inception date reflects the month when portfolio received initial funding.

The Fixed Income portfolio is currently being restructured to include Principal Protection and Global Credit components.

Latest Quarter

During the second quarter of 2014, three of WPERP's four reporting fixed income managers outperformed their respective benchmarks.

JP Morgan, one of the Plan's two core fixed income managers, performed in-line with the BC Aggregate Index with a 1.9% quarterly return. **Wells**, the Plan's other core fixed income manager, marginally bested the BC Aggregate Index, generating a 2.2% quarterly return. **Loomis Sayles**, one of the Plan's two high yield managers, outperformed the BC High Yield Index by 1.9% with a 4.3% quarterly return. Security selection within Industrials was the primary driver of the outperformance. The Plan's other high yield manager, **Wells High Yield**, finished the quarter in-line with the BC High Yield Index with a 2.5% quarterly return.

Latest Year

JP Morgan finished the latest 1-year period with a 4.5% return, performing in-line with its benchmark. **Wells** generated a 4.9% return and outperformed its benchmark by 50 basis points. **Loomis Sayles** generated a 14.8% return and outperformed its benchmark by 3.1%. Convertible securities and selection within Industrials were significant contributors to the outperformance. **Wells High Yield** finished the period returning 10.7%, underperforming its benchmark by (1.0%). The portfolio's relative underperformance was largely driven by its more conservative holdings than the broad market.

Latest Three Years

JP Morgan finished the latest 3-year period with a 4.1% return, outperforming the benchmark by 40 basis points. **Wells** finished the latest 3-year period posting a 4.8% return and outperformed its benchmark by 1.1%, due primarily to security selection. **Loomis Sayles** generated a 10.5% return and outperformed its benchmark by 1.0%. Convertible securities and selection within Industrials were significant contributors to the outperformance. **Wells High Yield** posted an 8.4% return, underperforming its benchmark by (1.1%). The portfolio's relative underperformance was largely driven by its more conservative holdings than the broad market.

Latest Five Years

Wells finished the latest 5-year period with a 6.2% return and outperformed its benchmark by 1.3%. Strong security selection and sector positioning aided the relative outperformance. **Loomis Sayles** completed the period with a 16.0% return, outperforming its benchmark by 2.0%. Strong security selection, and specifically a lower credit quality bias and exposure to convertible securities, contributed to the relative outperformance. **Wells High Yield** posted an 11.9% return, underperforming its benchmark by (2.1%). The portfolio's relative underperformance was largely driven by its more conservative holdings than the broad market.

Covered Calls – Periods ending June 30, 2014

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
Gateway (replication)	343,999	Covered Calls	3.1	14.0	---	---	10.9	5/2012
Gateway (non-replication)	343,876	Covered Calls	3.1	13.1	---	---	13.0	5/2012
<i>CBOE BXM Index</i>	---	---	<i>3.1</i>	<i>14.1</i>	---	---	<i>11.1</i>	---

* Performance is calculated based on the first full month of performance since funding.

** Inception date reflects the month when portfolio received initial funding.

Latest Quarter

During the second quarter of 2014, both of Gateway's portfolios matched the benchmark return of 3.1%.

Latest Year

Over the latest 1-year period, Gateway's replication portfolio performed in-line with the benchmark, while the active portfolio underperformed by (1.0%). Underperformance over the period can be attributed to Gateway's more diversified options portfolio (multiple maturities and strike prices) versus the CBOE BXM Index's rules-based, concentrated options portfolio (single maturity, single strike price).

Real Return – Periods ending June 30, 2014

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception**	Inception Date***
Aetos Capital*^ (net of fees)	4,178	Hedge FOFs	---	---	---	---	---	2/2007
GAM* (net of fees)	79,936	Hedge FOFs	-1.0	---	---	---	0.1	11/2013
<i>T-Bills + 3%*</i>	---	---	<i>0.8</i>	---	---	---	<i>1.0</i>	---
Morgan Stanley*^^ (net of fees)	79,467	Hedge FOFs	---	---	---	---	---	2/2014
<i>T-Bills + 3%*</i>	---	---	---	---	---	---	---	---
WAMCO* (gross of fees)	261,125	GILS	2.7	-4.7	3.9	---	3.7	4/2010
<i>BC WGILB Index*,****</i>	---	---	<i>2.4</i>	<i>-4.9</i>	<i>3.9</i>	---	<i>4.0</i>	---
Invesco*. (gross of fees)	100,294	Commodities	1.4	---	---	---	-4.8	8/2013
<i>DJ-UBS Commodity Index*</i>	---	---	<i>7.0</i>	---	---	---	<i>3.2</i>	---
Hancock Timber^^ (net of fees)	2,509	Timber	---	---	---	---	---	1/2014

* Returns are lagged one quarter.

** Performance is calculated based on the first full month of performance since funding.

*** Inception date reflects the month when portfolio received initial funding.

**** Barclays Capital World Govt Inflation-Linked All Maturities USA Hedged Bond Index (series L).

^ In process of liquidation/transfer.

^^ Funded during the period.

The WPERP Board recently selected a Timber manager (Hancock), who called capital during the period. Additionally, the Plan funded a newly selected Divergent Hedge Fund-of-Funds manager (GAM) during the fourth quarter. Furthermore, Aetos has been terminated and has been replaced by the newly selected Convergent Hedge Fund-of-Funds manager (Morgan Stanley). Morgan Stanley was funded during the first quarter.

Latest Quarter

GAM posted a minus (1.0%) return for the quarter, underperforming the Tbill+3% by (1.8%). **WAMCO**, the Plan's GILS (Global Inflation-Linked Securities) manager, posted a quarterly return of 2.7%, besting the BC WGILB Index by 30 basis points. **Invesco**, the Plan's commodities manager, underperformed its benchmark by (5.6%) with a 1.4% quarterly return.

Latest Year

Over the latest 1-year period, **WAMCO** generated a minus (4.7%) return, outperforming its benchmark by 20 basis points.

Latest Three Years

WAMCO finished the latest 3-year period with a 3.9% return, matching its benchmark.

Private Equity and Real Estate - Periods ending June 30, 2014

Asset Class	Mkt Value (\$000)	Quarter	1 YR	3 YR	5 YR	Since Inception***	Inception Date****
Private Equity*	176,157	2.8	19.5	13.8	17.2	10.6	6/2006
<i>Russell 3000 + 3% (PE blend)* **</i>	---	<i>2.7</i>	<i>26.2</i>	<i>19.6</i>	<i>19.9</i>	<i>12.9</i>	---
Real Estate*	312,116	2.9	15.6	16.3	9.7	4.8	1/2007
<i>NCREIF*</i>	---	<i>2.7</i>	<i>11.2</i>	<i>11.7</i>	<i>7.9</i>	<i>5.4</i>	---

* Returns are lagged one quarter and net of fees.

** The policy benchmark for the Private Equity asset class is a blended benchmark composed of Cambridge US Private Equity Index and the Cambridge US Venture Capital Index thru 9/30/11, and Russell 3000 + 3% to present.

*** Performance is calculated based on the first full period of performance since funding.

**** Inception date reflects the month when portfolio received initial funding.

The **Private Equity** portfolio consists of fifteen investments including **Lexington VI, Lexington VII, Landmark XIII, Landmark XIV, Capital Dynamics** (previously HRJ Capital), **Fisher Lynch, Oaktree V, Energy Cap, Audax Mezz, Vista Equity IV, Ares IV, Energy Cap IX, Silver Lake IV, Landmark XV**, and **Apollo VIII**. The Private Equity portfolio performed in-line with the Russell 3000 + 3% (PE Blend) over the most recent quarter, but lagged over the longer time periods due in large part to strong performance within the public markets. This discrepancy warrants possible review of benchmark appropriateness.

The **Real Estate** portfolio currently consists of nineteen investments including **Prisa, Prisa II, JP Morgan Strategic, CB Richard Ellis, Mesa West, Lone Star II, Lone Star VII, Invesco, DRA, AG Core, PCCP, Blackstone, ARS VI, Bristol II, DFA, Mesa West III, Torchlight Debt IV, Heitman**, and **Blackstone Europe**. The portfolio outperformed the NCREIF Index across all trailing time periods.

WPERP RETIREMENT PLAN MANAGERS ON WATCH

Return vs. Benchmark Since Watch

As of June 30, 2014

Portfolio	Style Group	Concern	Begin Watch Status	Last Reviewed	Performance Since Begin Watch Status*					
					First Month	First 3 Months	First 6 Months	First 9 Months	First 12 Months	Since Placed on Watch
Frontier	Small Cap Growth	Performance	6/1/2012	11/13/2013	2.7	4.1	7.5	18.4	29.5	25.3
Russell 2000 Growth					5.2	7.0	7.6	19.3	30.9	26.1
Frontier vs. Target	Russell 2000 Growth				(2.5)	(2.9)	(0.1)	(0.9)	(1.4)	(0.8)

*Performance data provided by Mellon and LDZ.

Periods marked as '----' do not indicate that returns are not available for these periods; only that the manager in question has not been on watch status for these periods.

Managers on Watch

Frontier was placed on watch status beginning 6/1/2012 due to short-term performance. Watch status was extended at the 3/27/2013 Board meeting. WPERP will begin a formal RFP process to review the mandate in the near-term.

Managers Removed/Terminated from Watch Status (Latest 1-year period)

Fred Alger was placed on watch status beginning 6/1/2012 due to short-term performance. Watch status was extended at the 3/27/2013 Board meeting. Fred Alger was removed from watch status in November 2013.

MFS LCV was placed on watch status beginning 9/1/2012 due to medium-term performance. Watch status was extended at the 5/15/2013 Board meeting. MFS LCV was removed from watch status in November 2013.

Aetos was placed on watch status beginning 12/1/2011 due to long-term performance, and ultimately terminated during the HFOF manager search process.

Gateway was placed on watch status beginning 4/1/2013 due to organizational concerns. Gateway was removed from watch status in February 2014.

Pyramis was placed on watch status beginning 5/1/2013 due to organizational concerns. Subsequent to quarter end, Pyramis has been removed from watch status in April 2014.

WPERP Retirement Plan Estimated Performance Results
Net and Gross of Fees Comparison
For Quarter Ending 6/30/2014

Asset Class	Manager	Market Value ²	Performance, % ²		Difference	
			Net	Gross	Percentage	Market Value
Domestic Equity						
Large Core Passive	BlackRock	1,070,969,229	5.09%	5.10%	-0.01%	-107,097
Large Value	MFS	553,742,437	3.42%	3.50%	-0.08%	-437,457
Large Value	T. Rowe Price	565,640,829	4.91%	5.00%	-0.09%	-494,936
Large Growth	Fred Alger	597,364,833	5.52%	5.60%	-0.08%	-492,826
Large Growth	T. Rowe Price	582,461,578	3.21%	3.30%	-0.09%	-509,654
Small Value	Earnest Partners	144,036,229	3.24%	3.40%	-0.16%	-230,458
Small Growth	Frontier	142,867,805	-1.25%	-1.00%	-0.25%	-357,170
		\$3,657,082,940				
International Equity						
Developed Passive	BlackRock	579,014,221	4.59%	4.60%	-0.01%	-57,901
Developed Markets	MFS	571,330,433	4.70%	4.80%	-0.10%	-591,327
Developed Markets	Pyramis	569,033,446	2.92%	3.00%	-0.09%	-483,678
Emerging Markets	L.A. Capital	234,594,389	6.71%	6.90%	-0.19%	-439,864
Emerging Markets	Vontobel	244,075,856	7.78%	8.00%	-0.23%	-549,171
	Interim / residual	55,633	---	---	---	---
		\$2,198,103,978				
Domestic Fixed Income						
Core	JP Morgan	873,766,403	1.88%	1.90%	-0.03%	-218,442
Core	Wells	895,036,261	2.17%	2.20%	-0.03%	-268,511
High Yield	Loomis Sayles	104,713,991	4.18%	4.30%	-0.13%	-130,892
High Yield	Wells	100,170,656	2.39%	2.50%	-0.12%	-115,196
		\$1,973,687,311				
Covered Calls						
Replication	Gateway	343,999,314	3.05%	3.10%	-0.05%	-172,000
Non-replication	Gateway	343,875,921	3.00%	3.10%	-0.10%	-343,876
		\$687,875,235				
Real Return ³						
	Aetos	4,178,281	---	---	---	---
	GAM	79,936,000	-1.00%	-0.80%	-0.20%	-160,192
	Morgan Stanley	79,467,039	---	---	---	---
	WAMCO	261,124,683	2.65%	2.70%	-0.05%	-130,562
	Invesco	100,294,054	1.35%	1.40%	-0.05%	-50,147
		\$525,000,057				
Private Equity ³						
	Aggregate*	176,157,127	2.80%	3.11%	-0.31%	-547,293
		\$176,157,127				
Real Estate ³						
	Aggregate	312,115,603	2.90%	3.13%	-0.23%	-709,766
		\$312,115,603				
Cash						
		\$85,980,425	---	0.00%	---	---
TOTAL PORTFOLIO ¹						
		\$9,636,080,868	3.52%	3.60%	-0.08%	-\$7,598,416
Total Fund Policy						
			---	3.70%	---	---

¹ Total portfolio market value includes a balance of \$23.4 million in transition accounts and a negative balance of (\$3.3) million in securities lending.

² Returns and market values calculated using data from Mellon and LDZ.

³ Hedge FoFs, Private Equity, and Real Estate asset classes report net-of-fee returns.

* Numerous partnerships are still in the investment period, and thus the true management fees are based on committed capital.

WPERP DISABILITY PLAN REVIEW

The WPERP Disability Portfolio ended the second quarter of 2014 with an aggregate value of approximately \$36.8 million.

Portfolio Performance Overview

Periods ending June 30, 2014, Gross of Fees

Asset Class	Quarter	1 Year	3 Year	5 Year	Since Inception**	Inception Date***
Total Portfolio	2.2	5.2	4.9	6.1	---	---
<i>Policy Benchmark*</i>	<i>1.9</i>	<i>4.2</i>	<i>3.5</i>	<i>4.6</i>	---	---
Wells	2.2	5.2	4.9	6.5	6.0	7/2004
<i>BC Aggregate</i>	<i>2.0</i>	<i>4.4</i>	<i>3.7</i>	<i>4.9</i>	<i>4.9</i>	---

* Policy benchmark consists of 95% BC Aggregate Bond Index and 5% Citigroup T-Bill.

** Performance is calculated based on the first full month of performance since funding.

*** Inception date reflects the month when portfolio received initial funding.

2Q 2014 – During the quarter, the Disability Plan posted a 2.2% return and outperformed its policy benchmark by 30 basis points. The benchmark portfolio consists of passively managed asset class portfolios held at the Disability Plan's policy weightings.

Longer Term – Over the latest 1-, 3-, and 5-year periods, the Disability Plan outperformed its policy benchmark by 1.0%, 1.4%, and 1.5%, respectively.

Portfolio Strategic Allocation (as of 6/30/14)

Segment	Actual \$(000)	Actual %	Target %	Variance
Total Portfolio	\$36,782	100	100	---
Fixed Income	36,563	99	95	4
Wells	36,563	99	95	4
Cash	219	1	5	-4

Strategic Allocation – The Disability Plan target allocation consists of 95% fixed income investments and 5% cash. At the close of 2Q 2014, there was one fixed income manager, Wells. The total fund was 99% invested in this manager.

WPERP DEATH PLAN REVIEW

The WPERP Death Portfolio ended the second quarter of 2014 with an aggregate value of approximately \$27.8 million.

Portfolio Performance Overview

Periods ending June 30, 2014, Gross of Fees

Asset Class	Quarter	1 Year	3 Year	5 Year	Since Inception**	Inception Date***
Total Portfolio	2.2	5.1	4.7	5.8	---	---
<i>Policy Benchmark*</i>	<i>2.0</i>	<i>4.2</i>	<i>3.5</i>	<i>4.7</i>	---	---
Wells	2.2	5.2	4.9	6.5	6.0	7/2004
<i>BC Aggregate</i>	<i>2.0</i>	<i>4.4</i>	<i>3.7</i>	<i>4.9</i>	<i>4.9</i>	---

* Policy benchmark consists of 96% BC Aggregate Bond Index and 4% Citigroup T-Bill.

** Performance is calculated based on the first full month of performance since funding.

*** Inception date reflects the month when portfolio received initial funding.

2Q 2014 – During the quarter, the Death Plan posted a 2.2% return and outperformed its policy benchmark by 20 basis points. The benchmark portfolio consists of passively managed asset class portfolios held at the Death Plan's policy weightings.

Longer Term – Over the latest 1-, 3-, and 5-year periods, the Death Plan outperformed its policy benchmark by 0.9%, 1.2%, and 1.1%, respectively.

Portfolio Strategic Allocation (as of 6/30/14)

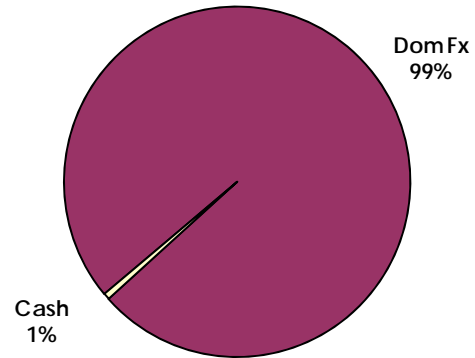
Segment	Actual \$(000)	Actual %	Target %	Variance
Total Portfolio	\$27,793	100	100	---
Fixed Income	26,575	96	96	---
Wells	26,575	96	96	---
Cash	1,218	4	4	---

Strategic Allocation – The Death Benefit Plan target allocation consists of 96% fixed income investments and 4% cash. At the close of 2Q 2014, there was one fixed income manager, Wells. The total fund was 96% invested in this manager.

Actual Strategic Allocation Comparison – Disability and Death Plans

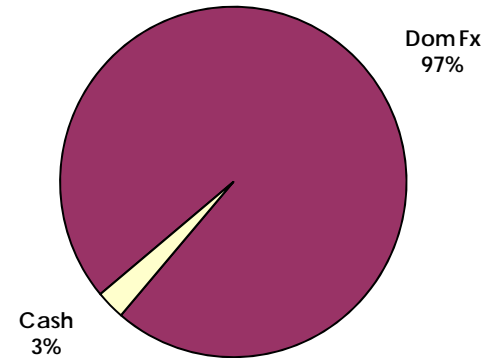
June 30, 2014

Disability

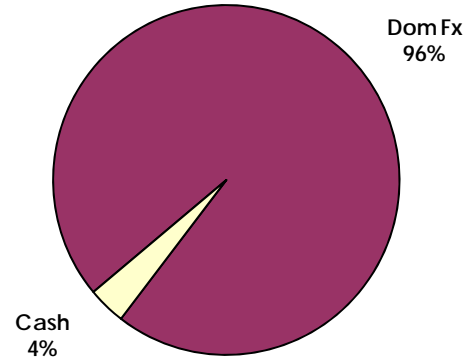


June 30, 2013

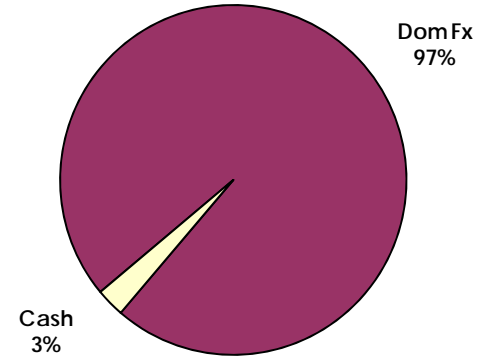
Disability



Death



Death



HEALTH PLAN REVIEW

The WPERP Health Plan ended the second quarter of 2014 with an aggregate value of approximately \$1.6 billion.

Portfolio Performance Overview

Periods ending June 30, 2014, Gross of Fees

Asset Class	Quarter	1 Year	3 Year	5 Year	Since Inception*	Inception Date**
Total Health	3.6	16.8	10.1	12.2	6.3	12/2006
<i>Policy Benchmark¹</i>	<i>3.7</i>	<i>16.9</i>	<i>10.2</i>	<i>12.4</i>	<i>5.9</i>	---
Domestic Equity	4.3	26.9	16.7	19.3	7.0	1/2007
<i>Russell 3000 (blend)²</i>	<i>4.9</i>	<i>25.2</i>	<i>16.5</i>	<i>19.3</i>	<i>7.0</i>	---
International Equity	4.9	20.2	5.7	---	6.9	9/2009
<i>MSCI ACWI ex U.S. IMI ND</i>	<i>4.9</i>	<i>22.3</i>	<i>5.8</i>	---	<i>7.8</i>	---
Fixed Income	2.0	5.3	4.9	6.3	6.6	1/2007
<i>BC Universal (blend)³</i>	<i>2.2</i>	<i>5.2</i>	<i>4.2</i>	<i>5.6</i>	<i>5.5</i>	---
Covered Calls	3.1	13.5	---	---	11.2	5/2012
<i>CBOE BXM</i>	<i>3.1</i>	<i>14.1</i>	---	---	<i>11.1</i>	---
Real Return ⁴	1.4	-4.6	3.7	---	4.4	7/2010
<i>CPI + 3% (blend)^{4,5}</i>	<i>1.2</i>	<i>4.5</i>	<i>3.5</i>	---	<i>3.5</i>	---
Private Equity ⁴	2.7	17.4	14.5	24.4	21.1	9/2008
<i>Russell 3000 + 3% (PE blend)^{4,6}</i>	<i>2.7</i>	<i>26.2</i>	<i>19.6</i>	<i>19.9</i>	<i>13.8</i>	---
Real Estate ⁴	3.7	30.8	21.6	---	15.4	1/2010
<i>NCREIF⁴</i>	<i>2.7</i>	<i>11.2</i>	<i>11.7</i>	---	<i>12.2</i>	---
Cash	0.0	0.1	0.1	0.2	1.2	12/2006
<i>Citigroup T-bills</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.1</i>	<i>0.9</i>	---

* Performance is calculated based on the first full month of performance since funding.

** Inception date reflects the month when portfolio received initial funding.

The Health Plan Total Portfolio performed in-line with its policy benchmark over the latest quarter and most recent 1- and 3-year periods. Over the latest 5-year period, the portfolio lagged its benchmark by (20) basis points, returning 12.2%.

¹ See Appendix for a description of the Health Plan policy benchmark.

² The policy benchmark for the Domestic Equity asset class is Russell 1000 thru 9/30/09, and Russell 3000 from 10/1/09 to the present.

³ The policy benchmark for the Fixed Income asset class is BC Aggregate thru 9/30/09, and BC Universal from 10/1/09 to the present.

⁴ Returns are lagged one quarter.

⁵ The policy benchmark for the Real Return asset class is T-bills + 3% thru 6/30/13, and CPI + 3% to present.

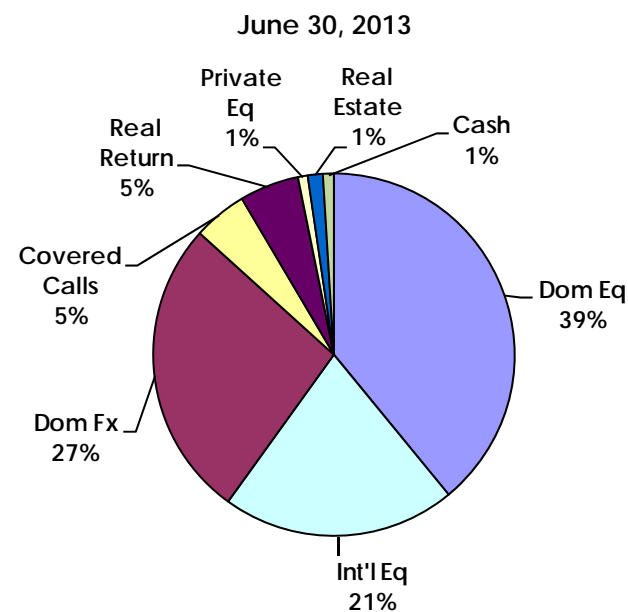
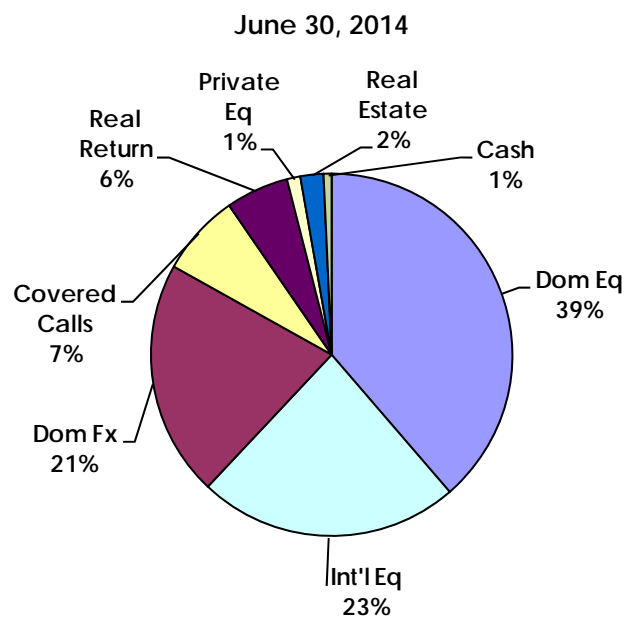
⁶ The policy benchmark PE is a blended benchmark composed of Cambridge US PE Index and the Cambridge US Venture Capital Index thru 9/30/11, and Russell 3000 + 3% to present.

Portfolio Strategic Allocation (as of 6/30/14)

Segment	Actual (\$MM)	Actual %	Target %	Variance
Health Plan*	1,613	100	100	---
Domestic Equity	621	39	33	6
International Equity	375	23	21	2
Fixed Income	339	21	24	-3
Covered Calls	117	7	5	2
Real Return	90	6	6	---
Private Equity	19	1	5	-4
Real Estate	33	2	5	-3
Cash	12	1	1	---

* Includes a balance of \$6.1 million in transition assets and a negative balance of (\$21,348) in securities lending.

As of June 30, 2014, the Total Health Portfolio had a 62% allocation in Equities, 21% in Fixed Income, 7% in Covered Calls, 6% in Real Return, 1% in Private Equity, 2% in Real Estate, and 1% in Cash. During the latest 1-year period, the actual weighting of Fixed Income decreased by (6%), while the actual weightings of International Equity, Covered Calls, Real Return, and Real Estate increased by 2%, 2%, 1%, and 1%, respectively. The Domestic Equity, Private Equity, and Cash allocations remained unchanged.



PERFORMANCE ATTRIBUTION – HEALTH PLAN

Performance Attribution - 2Q 2014

	Policy		Portfolio		Impact on Return			
	Allocation	Return	Allocation*	Return	Weighting	Selection	Interaction	Total
Domestic Equity	33.0%	4.9	38.7%	4.3	0.1	(0.2)	(0.0)	(0.2)
International Equity	21.0%	4.9	23.4%	4.9	0.0	0.0	0.0	0.0
Fixed Income	24.0%	2.2	21.1%	2.0	0.0	(0.0)	0.0	0.0
Covered Calls	5.0%	3.1	7.3%	3.1	(0.0)	0.0	0.0	(0.0)
Real Return	6.0%	1.2	5.6%	1.4	0.0	0.0	(0.0)	0.0
Private Equity	5.0%	2.7	1.2%	2.7	0.0	0.0	0.0	0.0
Real Estate	5.0%	2.7	2.1%	3.7	0.0	0.1	(0.0)	0.1
Cash	1.0%	0.0	0.7%	0.0	0.0	0.0	(0.0)	0.0
Total	100.0%	3.7	100.0%	3.6	0.2	(0.2)	(0.1)	(0.0)

* Portfolio allocation utilizes beginning-of-the period market values.

Performance Attribution - Trailing 12-month

	Policy		Portfolio		Impact on Return			
	Allocation*	Return	Allocation*	Return	Weighting	Selection	Interaction	Total
Domestic Equity	33.0%	25.2	38.4%	26.9	0.3	0.4	0.1	0.8
International Equity	21.0%	22.3	23.3%	20.2	(0.0)	(0.4)	0.0	(0.5)
Fixed Income	24.0%	5.2	21.9%	5.3	(0.0)	(0.0)	0.0	(0.0)
Covered Calls	5.0%	14.1	7.4%	13.5	0.1	(0.0)	(0.0)	0.0
Real Return	6.0%	4.5	5.5%	(4.6)	0.1	(0.5)	0.1	(0.4)
Private Equity	5.0%	26.2	1.1%	17.4	(0.4)	(0.7)	0.6	(0.5)
Real Estate	5.0%	11.2	1.8%	30.8	0.2	1.0	(0.7)	0.5
Cash	1.0%	0.0	0.7%	0.1	0.0	0.0	(0.0)	0.0
Total	100.0%	16.9	100.0%	16.8	0.3	(0.3)	0.0	(0.0)

* Portfolio allocation utilizes average market values over the trailing four quarters; Policy allocation utilizes average target allocations over the trailing four quarters.

- During the most recent quarter, the Total Health Portfolio performed in-line with its policy benchmark. Selection within Domestic Equity detracted from the relative performance, while marginal weighting throughout the portfolio contributed to relative results.
- During the trailing 12-month period, the Total Health Portfolio performed in-line with its policy benchmark. An overweight and selection within Domestic Equity, along with weighting and selection within Real Estate, contributed to the relative performance. Selection within International Equity, Real Return, and Private Equity, along with an underweight to Private Equity, were the primary detractors from the relative performance. The relative underperformance over the period by the Private Equity class is a result of very strong public equity market returns (i.e., the current Private Equity benchmark). The underweight of the Private Equity class is due to the deliberate phased-in funding of the class.

WPERP HEALTH PLAN MANAGER PERFORMANCE

Domestic Equity - Periods ending June 30, 2014

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
BlackRock	181,677	Large Cap Core	5.1	25.4	16.8	19.4	6.9	1/2007
<i>Russell 1000 Index</i>	---	---	<i>5.1</i>	<i>25.4</i>	<i>16.6</i>	<i>19.3</i>	<i>6.8</i>	---
MFS	94,777	Large Cap Value	3.5	22.3	16.7	---	15.5	9/2009
<i>Russell 1000 Value Index</i>	---	---	<i>5.1</i>	<i>23.8</i>	<i>16.9</i>	---	<i>16.2</i>	---
T. Rowe Price	96,806	Large Cap Value	5.0	24.6	17.4	---	16.9	9/2009
<i>Russell 1000 Value Index</i>	---	---	<i>5.1</i>	<i>23.8</i>	<i>16.9</i>	---	<i>16.2</i>	---
Fred Alger	102,344	Large Cap Growth	5.5	33.2	14.4	---	16.8	9/2009
<i>Russell 1000 Growth Index</i>	---	---	<i>5.1</i>	<i>26.9</i>	<i>16.3</i>	---	<i>17.1</i>	---
T. Rowe Price	96,765	Large Cap Growth	3.3	32.0	18.9	---	16.4	4/2010
<i>Russell 1000 Growth Index</i>	---	---	<i>5.1</i>	<i>26.9</i>	<i>16.3</i>	---	<i>15.9</i>	---
Earnest Partners	24,532	Small Cap Value	3.4	23.8	15.0	---	17.4	9/2009
<i>Russell 2000 Value Index</i>	---	---	<i>2.4</i>	<i>22.5</i>	<i>14.6</i>	---	<i>15.9</i>	---
Frontier	24,342	Small Cap Growth	-1.0	24.4	13.2	---	15.1	4/2010
<i>Russell 2000 Growth Index</i>	---	---	<i>1.7</i>	<i>24.7</i>	<i>14.5</i>	---	<i>16.3</i>	---

* Performance is calculated based on the first full month of performance since funding.

** Inception date reflects the month when portfolio received initial funding.

International Equity - Periods ending June 30, 2014

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
BlackRock	98,492	Developed Markets	4.6	25.0	---	---	19.6	9/2012
<i>MSCI World ex US IMI ND Index</i>	---	---	<i>4.4</i>	<i>24.5</i>	---	---	<i>19.1</i>	---
Invesco [^]	2	Developed Markets	---	---	---	---	---	9/2009
MFS	98,071	Developed Markets	4.8	22.5	---	---	23.8	7/2012
<i>MSCI World ex US IMI ND Index</i>	---	---	<i>4.4</i>	<i>24.5</i>	---	---	<i>21.0</i>	---
Pyramis	96,763	Developed Markets	3.0	21.9	8.7	---	9.9	9/2009
<i>MSCI World ex US IMI ND Index</i>	---	---	<i>4.4</i>	<i>24.5</i>	<i>7.7</i>	---	<i>8.6</i>	---
L.A. Capital	40,134	Emerging Markets	6.9	12.5	---	---	6.0	9/2012
<i>MSCI EMF IMI ND Index</i>	---	---	<i>6.4</i>	<i>14.3</i>	---	---	<i>5.5</i>	---
Vontobel	41,772	Emerging Markets	8.0	9.8	---	---	3.3	12/2012
<i>MSCI EMF IMI ND Index</i>	---	---	<i>6.4</i>	<i>14.3</i>	---	---	<i>2.7</i>	---

* Performance is calculated based on the first full month of performance since funding.

** Inception date reflects the month when portfolio received initial funding.

[^] In process of liquidation/transfer.

Fixed Income - Periods ending June 30, 2014

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
JP Morgan	150,761	Core	1.8	4.4	4.0	---	4.7	4/2010
<i>BC Aggregate Index</i>	---	---	<i>2.0</i>	<i>4.4</i>	<i>3.7</i>	---	<i>4.2</i>	---
Wells	153,334	Core	2.2	4.9	4.8	6.2	6.5	1/2007
<i>BC Aggregate Index</i>	---	---	<i>2.0</i>	<i>4.4</i>	<i>3.7</i>	<i>4.9</i>	<i>5.1</i>	---
Wells High Yield	34,640	High Yield	2.5	10.8	8.5	---	9.7	9/2009
<i>BC High Yield Index</i>	---	---	<i>2.4</i>	<i>11.7</i>	<i>9.5</i>	---	<i>11.6</i>	---

* Performance is calculated based on the first full month of performance since funding.

** Inception date reflects the month when portfolio received initial funding.

Covered Calls - Periods ending June 30, 2014

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
Gateway (replication)	58,673	Covered Calls	3.1	14.0	---	---	11.0	5/2012
Gateway (non-replication)	58,681	Covered Calls	3.1	13.2	---	---	13.0	5/2012
<i>CBOE BXM Index</i>	---	---	<i>3.1</i>	<i>14.1</i>	---	---	<i>11.0</i>	---

* Performance is calculated based on the first full month of performance since funding.

** Inception date reflects the month when portfolio received initial funding.

Real Return - Periods ending June 30, 2014

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception**	Inception Date***
Aetos Capital*^ (net of fees)	907	Hedge FOFs	---	---	---	---	---	9/2010
GAM* (net of fees)	12,990	Hedge FOFs	-1.0	---	---	---	0.1	11/2013
<i>T-Bills + 3%*</i>	---	---	<i>0.8</i>	---	---	---	<i>1.0</i>	---
Morgan Stanley*^^ (net of fees)	12,913	Hedge FOFs	---	---	---	---	---	2/2014
<i>T-Bills + 3%*</i>	---	---	---	---	---	---	---	---
WAMCO* (gross of fees)	45,837	GILS	2.7	-4.7	3.9	---	3.7	4/2010
<i>BC WGILB Index****</i>	---	---	<i>2.4</i>	<i>-4.9</i>	<i>3.9</i>	---	<i>4.0</i>	---
Invesco* (gross of fees)	17,571	Commodities	1.3	---	---	---	-4.8	8/2013
<i>DJ-UBS Commodity Index*</i>	---	---	<i>7.0</i>	---	---	---	<i>3.2</i>	---
Hancock Timber^^ (net of fees)	627	Timber	---	---	---	---	---	1/2014

* Returns are lagged one quarter.

** Performance is calculated based on the first full month of performance since funding.

*** Inception date reflects the month when portfolio received initial funding.

**** Barclays Capital World Govt Inflation-Linked All Maturities USA Hedged Bond Index (series L).

^ In process of liquidation/transfer.

^^ Funded during the period.

Private Equity and Real Estate - Periods ending June 30, 2014

Asset Class	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
Private Equity***	19,242	Private Equity	2.7	17.4	14.5	24.4	21.1	9/2008
<i>R3000 + 3% (PE blend)***,****</i>	---	---	<i>2.7</i>	<i>26.2</i>	<i>19.6</i>	<i>19.9</i>	<i>13.8</i>	---
Real Estate***	33,282	Real Estate	3.7	30.8	21.6	---	15.4	1/2010
<i>NCREIF***</i>	---	---	<i>2.7</i>	<i>11.2</i>	<i>11.7</i>	---	<i>12.2</i>	---

* Performance is calculated based on the first full month of performance since funding.

** Inception date reflects the month when portfolio received initial funding.

*** Returns are lagged one quarter and net of fees.

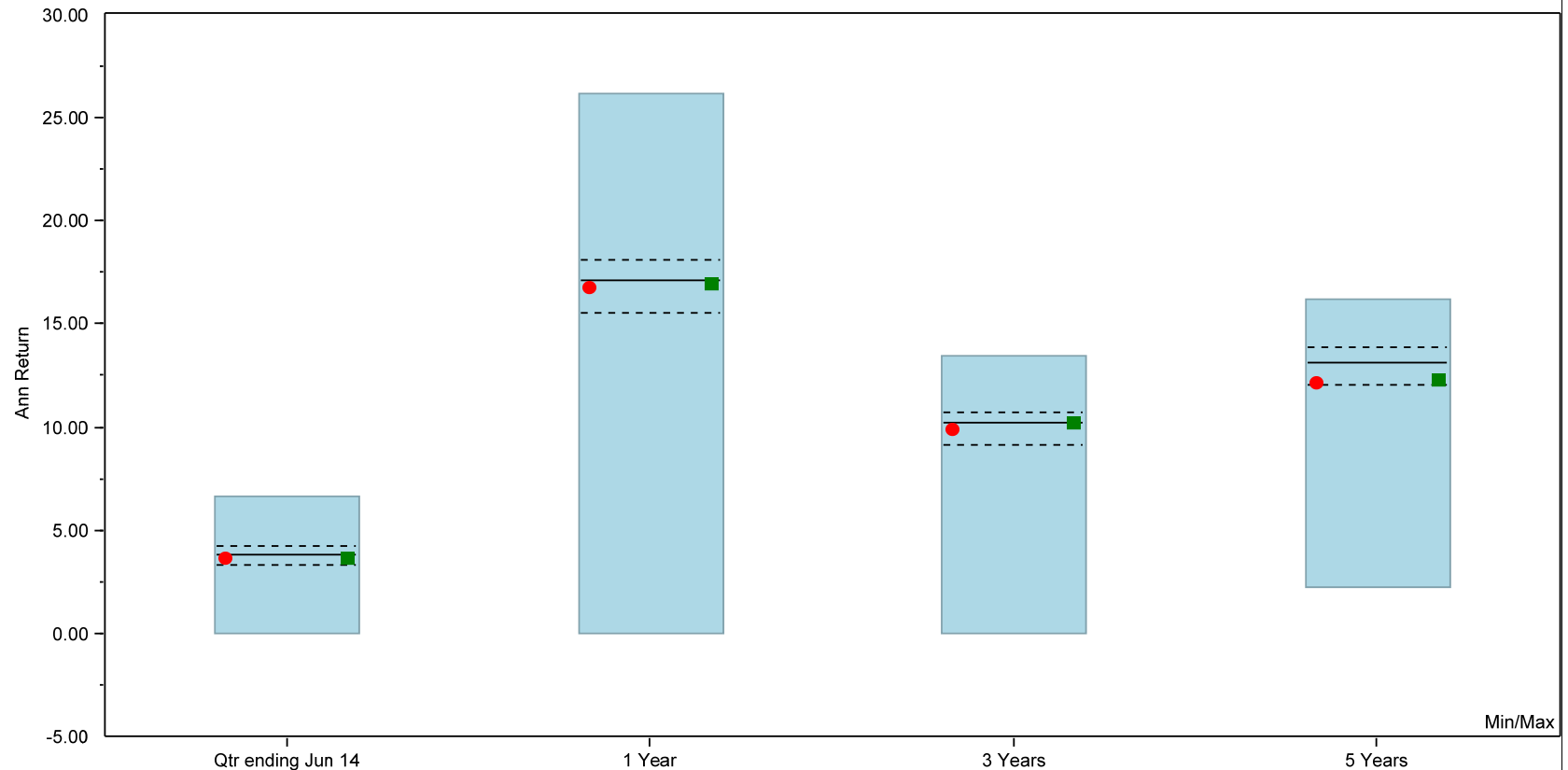
**** The policy benchmark for the Private Equity asset class is a blended benchmark composed of Cambridge US Private Equity Index and the Cambridge US Venture Capital Index thru 9/30/11, and Russell 3000 + 3% to present.

Water and Power Employees' Retirement Plan

TOTAL FUNDS - PUBLIC (USD) - Monthly

As of June 30, 2014

Cumulative Performance Comparisons



	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank
Maximum	6.60			26.17			13.47			16.18		
25th Percentile	4.19			18.14			10.69			13.83		
Median Percentile	3.84			17.14			10.19			13.12		
75th Percentile	3.28			15.51			9.11			12.07		
Minimum	0.00			0.01			-0.05			2.23		
# of Portfolios	107			105			93			88		
● Total Fund	3.62	63	68	16.80	56	59	9.84	59	56	12.10	75	66
■ Policy Benchmark	3.66	62	67	16.94	53	56	10.18	51	48	12.28	73	65

Universe Source: The Bank of New York Mellon Corporation; Universe Status: Final

Notes:

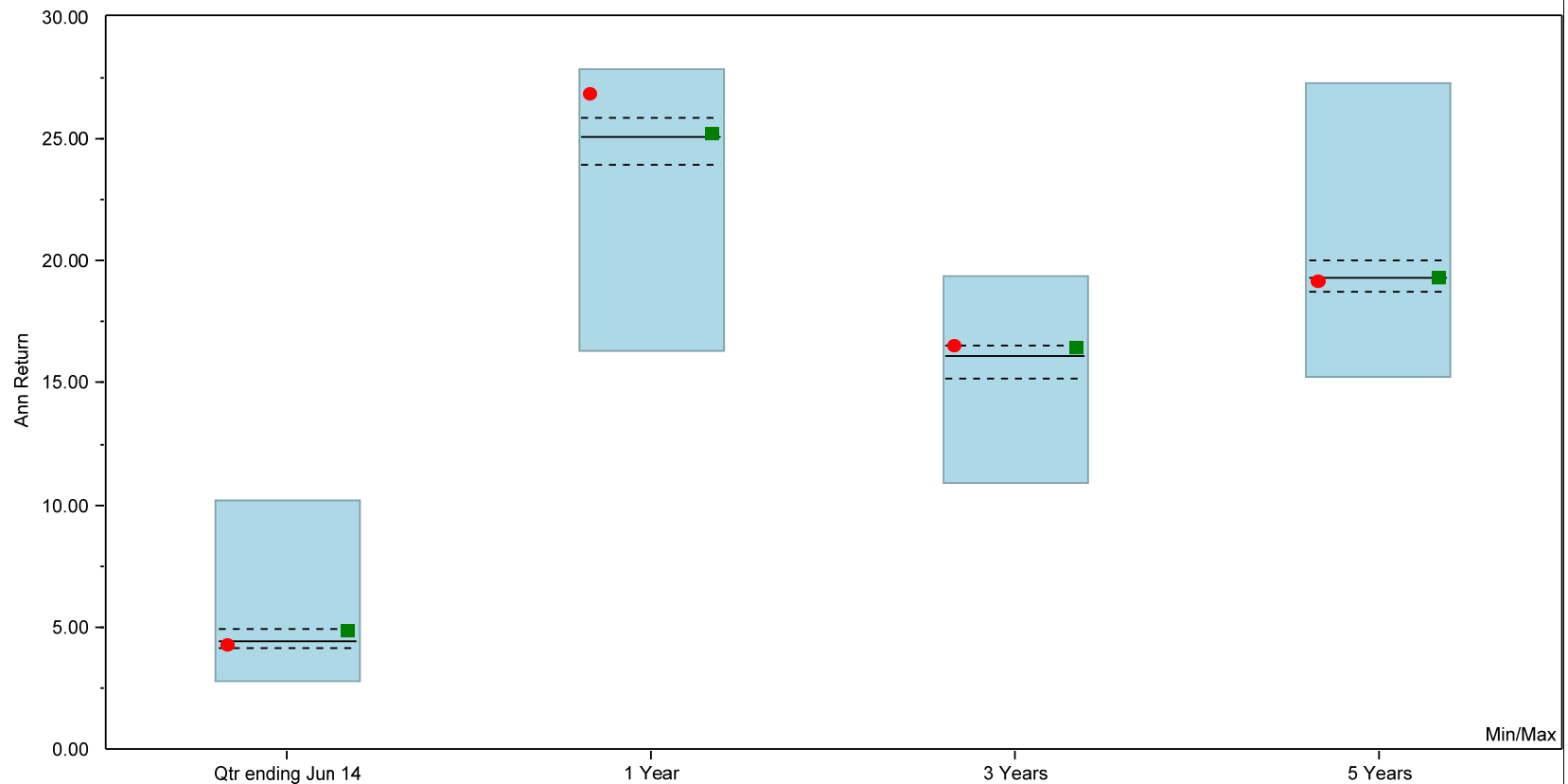
Performance and related statistics calculated using Mellon's Workbench E-Chart
All performance is shown **gross of fees**.

Water and Power Employees' Retirement Plan

US Equity Segment - Public (USD) - Monthly

As of June 30, 2014

Cumulative Performance Comparisons



	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank
Maximum	10.19			27.85			19.37			27.26		
25th Percentile	4.92			25.89			16.54			20.05		
Median Percentile	4.41			25.11			16.11			19.32		
75th Percentile	4.12			23.95			15.20			18.76		
Minimum	2.78			16.31			10.94			15.25		
# of Portfolios	87			82			75			61		
● Domestic Equity	4.30	59	52	26.86	7	6	16.56	25	19	19.18	60	37
■ Russell 3000 (blend)	4.87	26	23	25.22	44	37	16.46	29	22	19.33	50	31

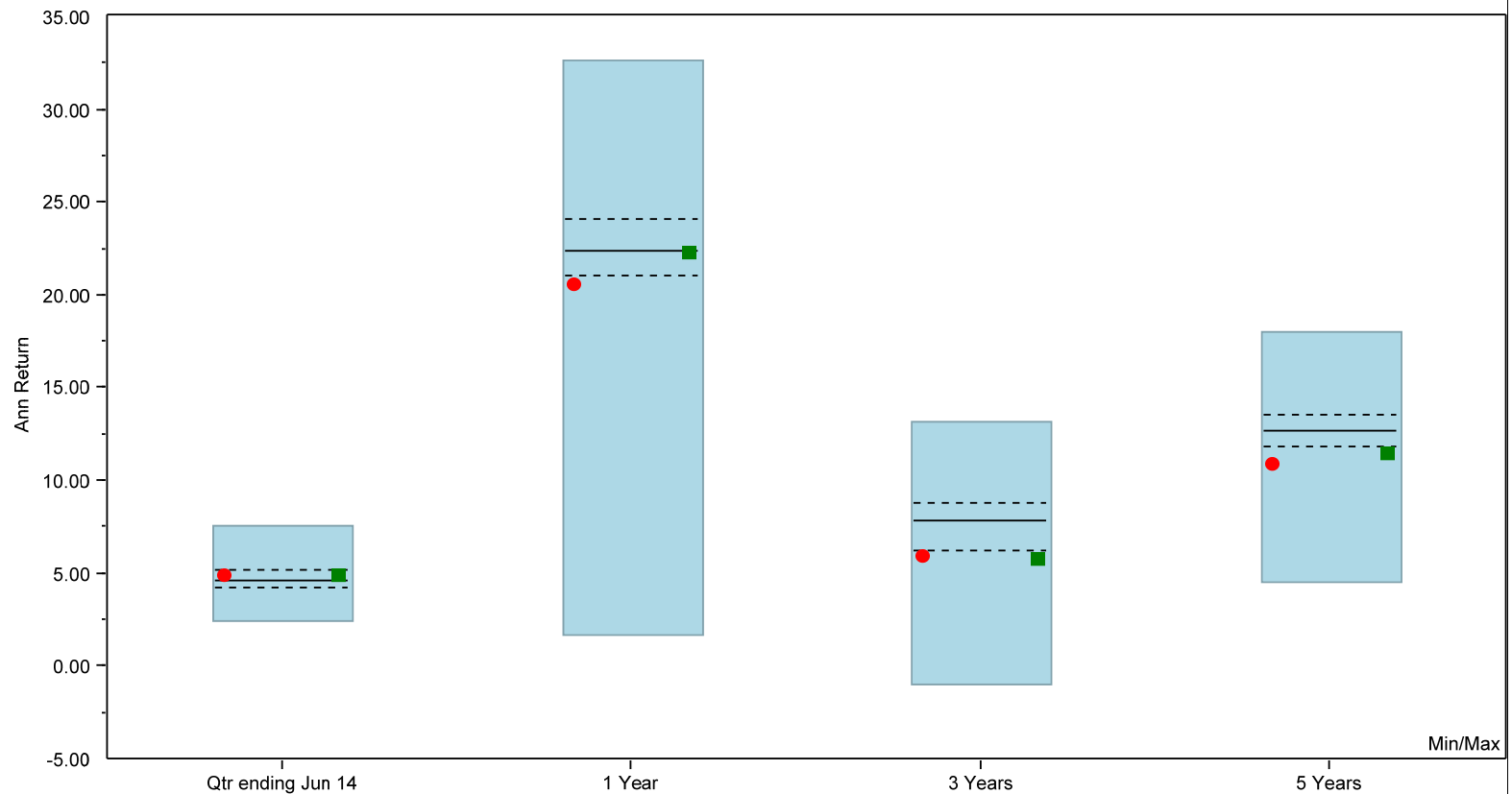
Universe Source: The Bank of New York Mellon Corporation; Universe Status: Final

Water and Power Employees' Retirement Plan

Non-US Equity Segment - Public (USD) - Monthly

As of June 30, 2014

Cumulative Performance Comparisons



	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank
Maximum	7.56			32.58			13.19			17.96		
25th Percentile	5.15			24.11			8.76			13.48		
Median Percentile	4.57			22.33			7.80			12.70		
75th Percentile	4.18			21.05			6.21			11.79		
Minimum	2.37			1.66			-1.01			4.52		
# of Portfolios	82			78			67			55		
● International Equity	4.86	39	32	20.54	83	65	5.92	82	56	10.82	89	50
■ MSCI ACWI ex US IMI (blend)	4.85	39	32	22.29	52	41	5.76	83	57	11.43	86	48

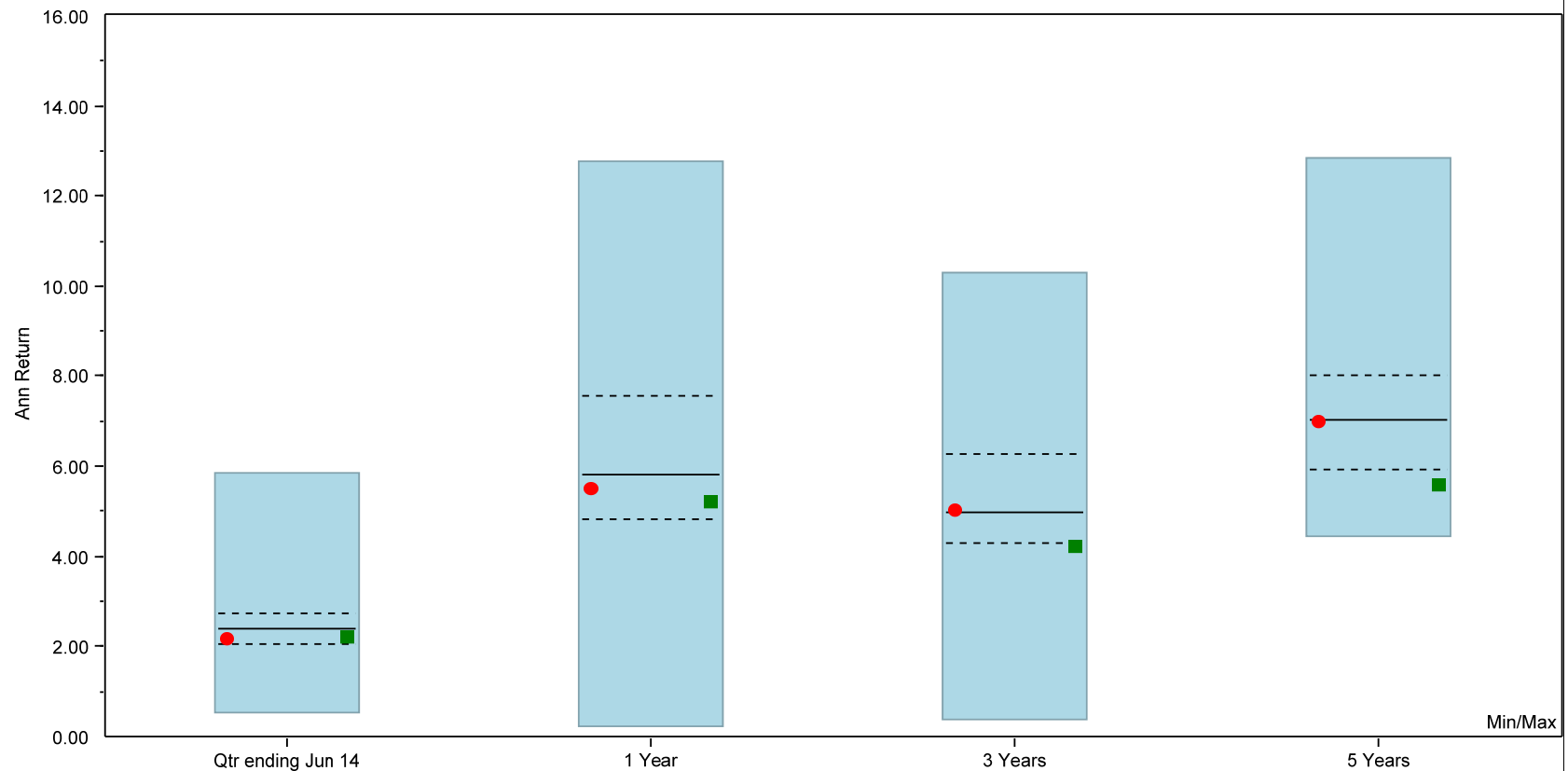
Universe Source: The Bank of New York Mellon Corporation; Universe Status: Final

Water and Power Employees' Retirement Plan

US Fixed Income Segment - Public (USD) - Monthly

As of June 30, 2014

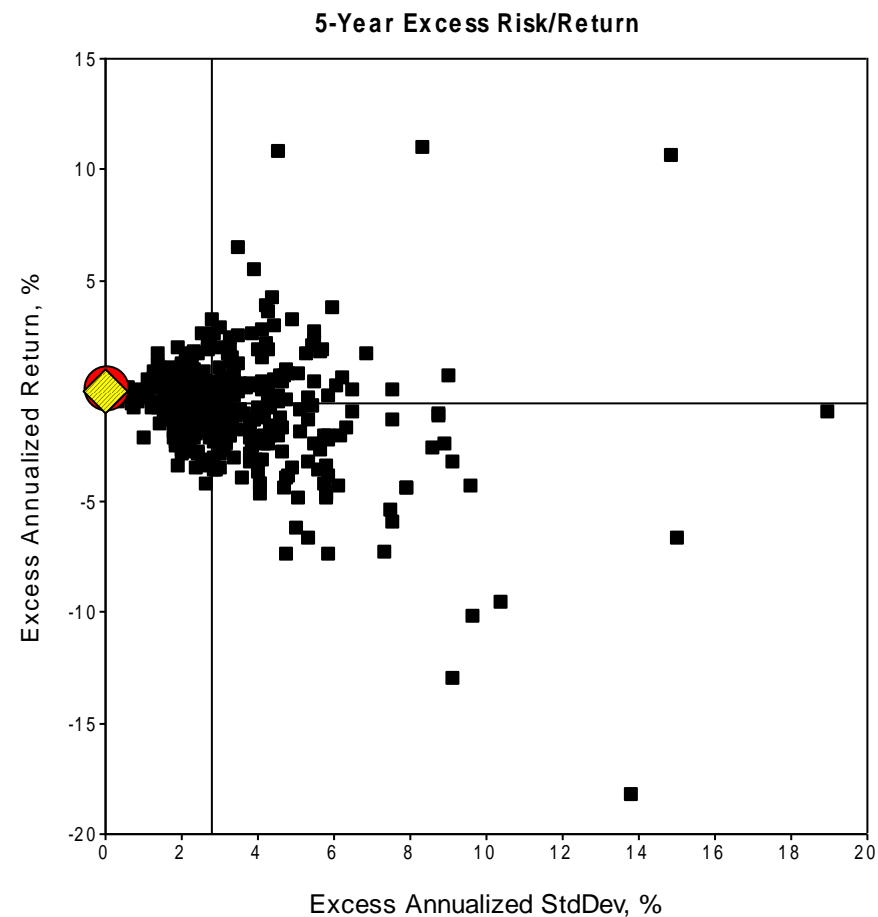
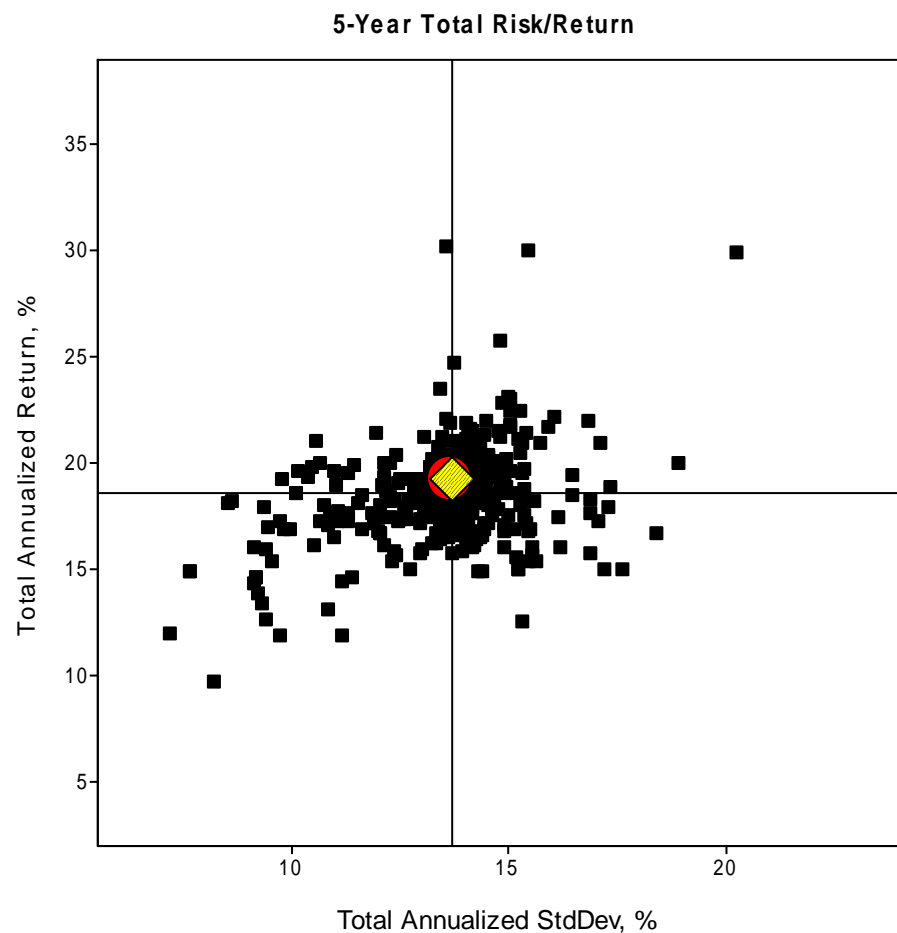
Cumulative Performance Comparisons



	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank
Maximum	5.87			12.77			10.29			12.85		
25th Percentile	2.74			7.56			6.28			8.00		
Median Percentile	2.41			5.83			5.00			7.04		
75th Percentile	2.06			4.83			4.30			5.94		
Minimum	0.53			0.22			0.38			4.44		
# of Portfolios	82			78			71			55		
● Fixed Income	2.17	66	55	5.53	61	48	5.03	49	35	6.98	53	30
■ BC Universal	2.20	65	54	5.20	64	51	4.22	79	57	5.58	80	45

Universe Source: The Bank of New York Mellon Corporation; Universe Status: Final

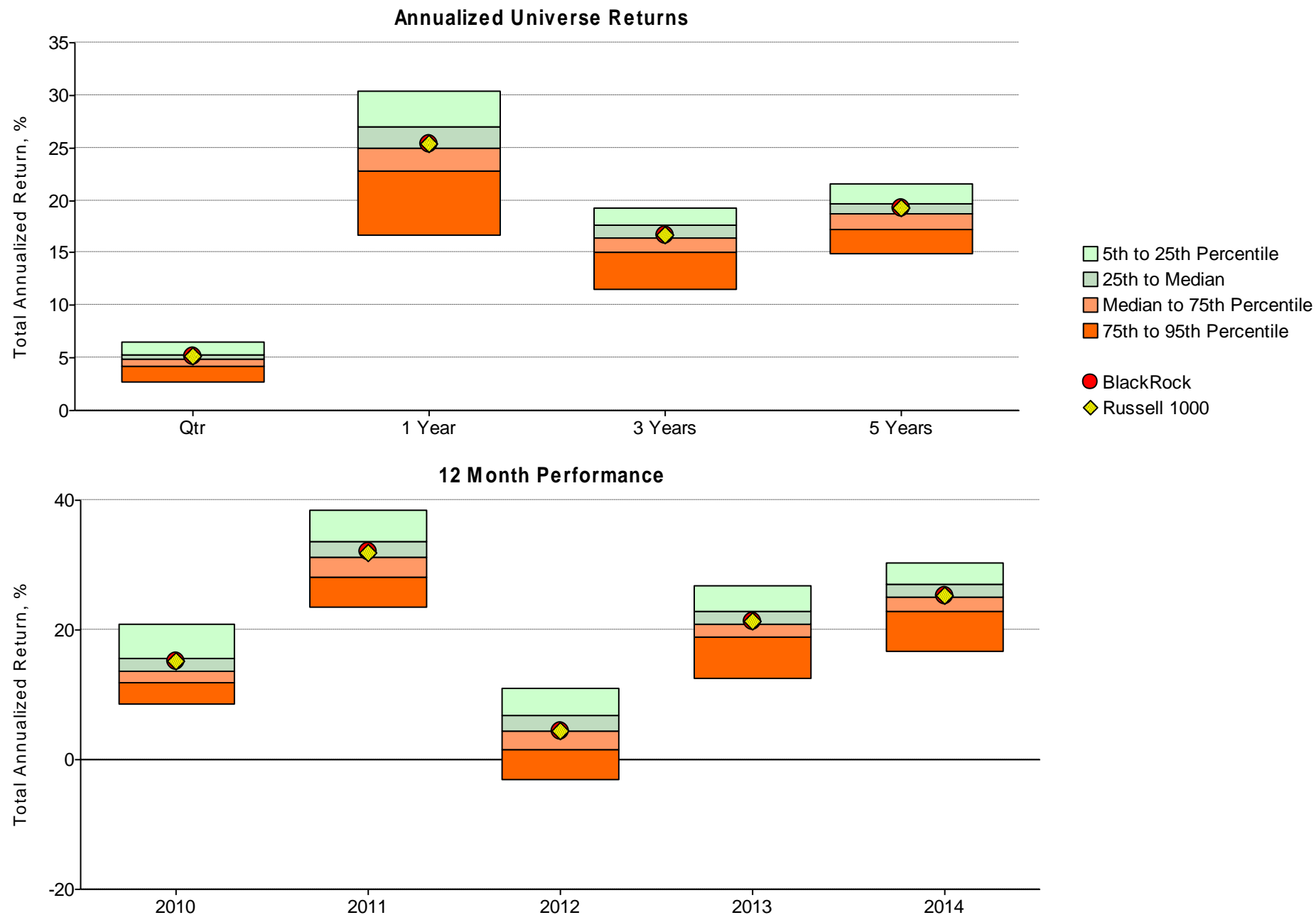
WPERP Large Cap Core Manager Comparisons as of June 30, 2014



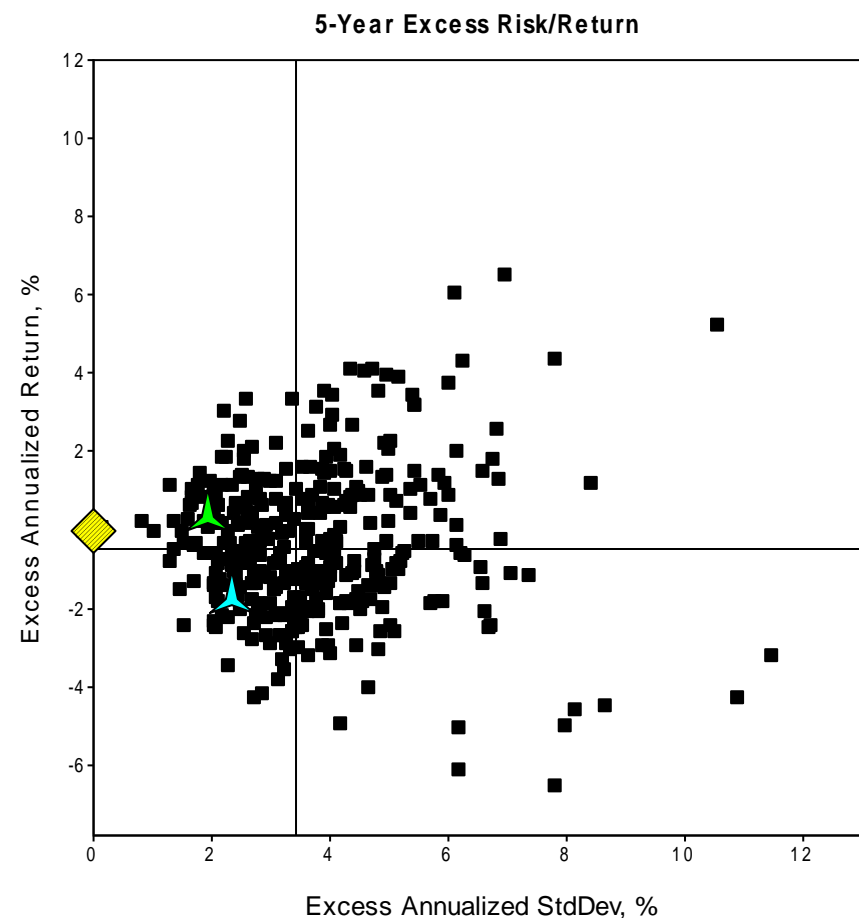
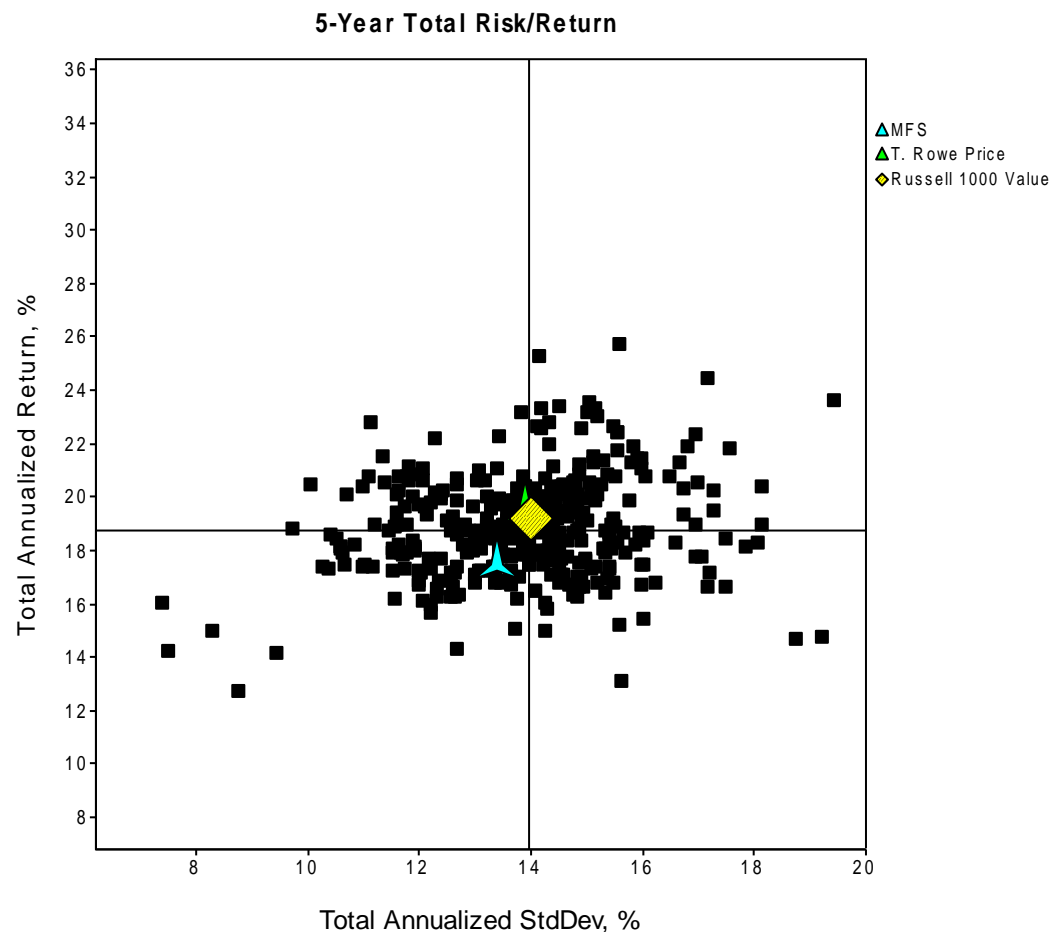
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
BlackRock	19.31	13.66	1.41
Russell 1000	19.25	13.66	1.41
Large Cap Manager Universe Median	18.66	13.68	1.39

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
BlackRock	0.06	0.07	0.88
Russell 1000	0.00	0.00	NA
Large Cap Manager Universe Median	-0.59	2.81	-0.25

WPERP Large Cap Core Manager Comparisons as of June 30, 2014



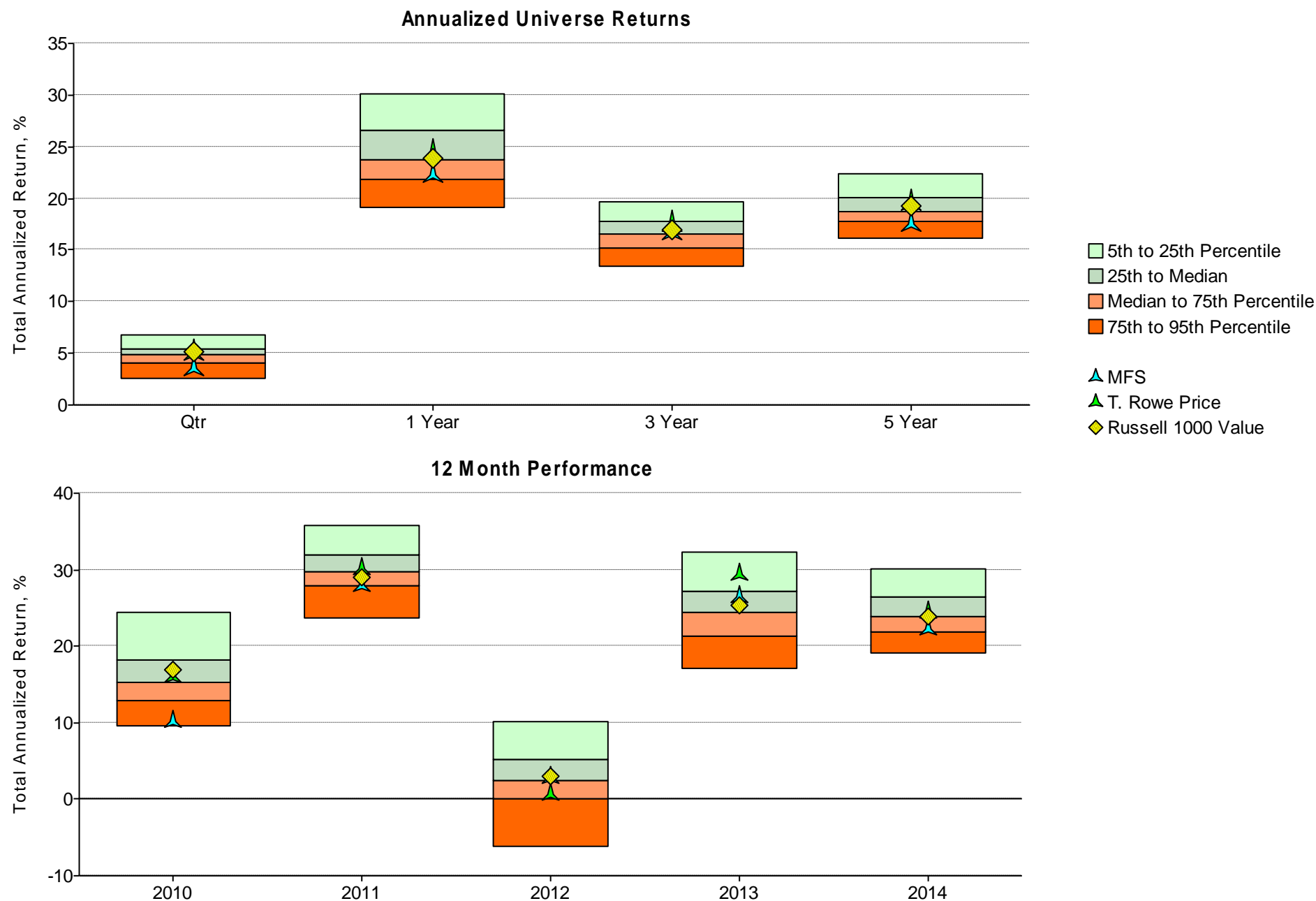
WPERP Large Cap Value Manager Comparisons as of June 30, 2014



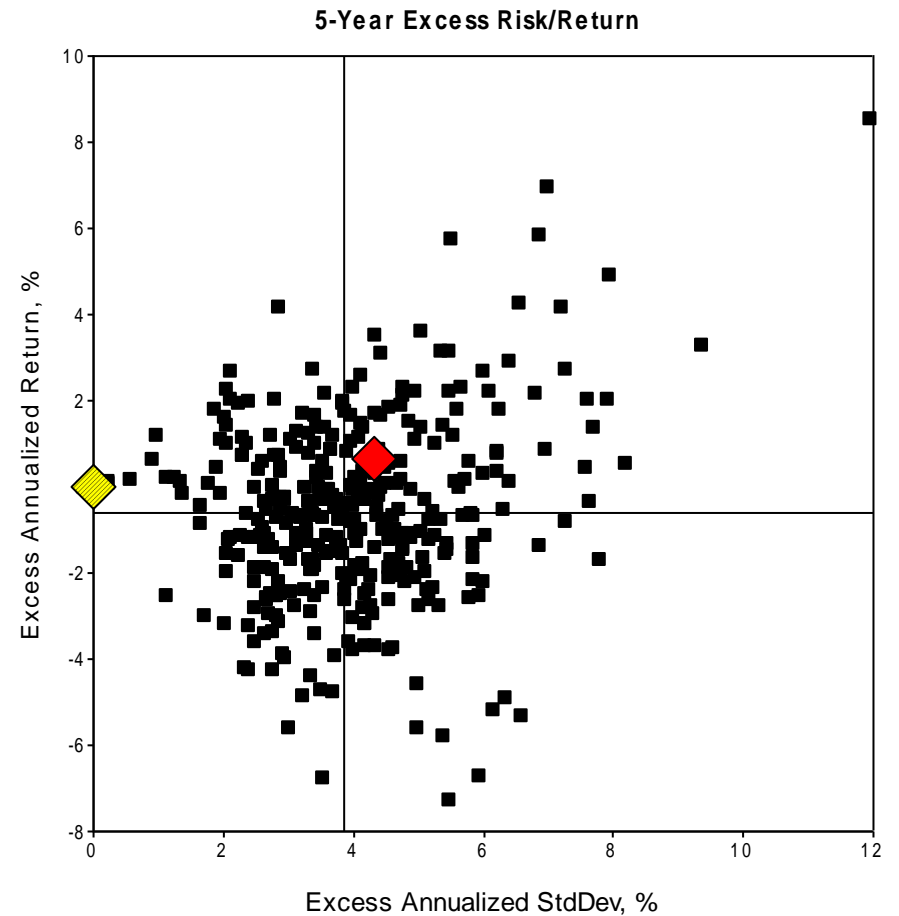
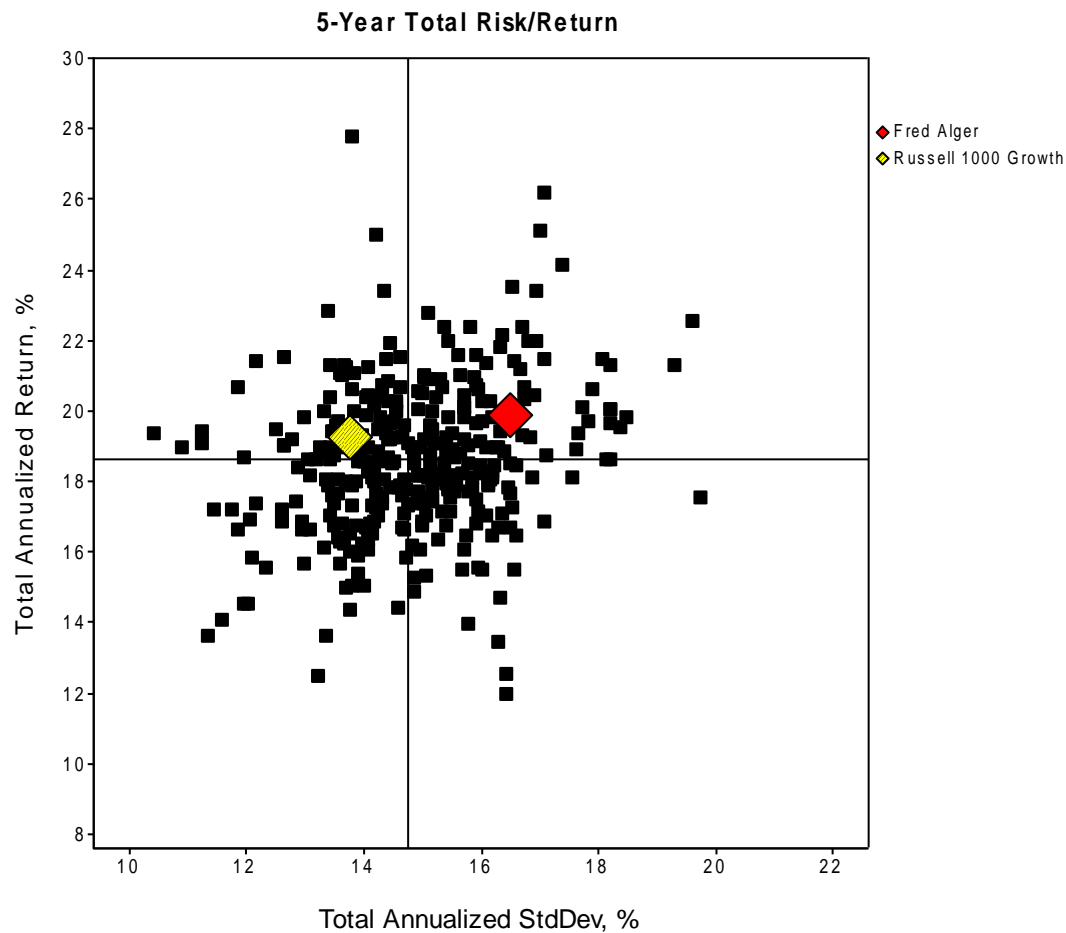
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
MFS	17.48	13.39	1.31
T. Rowe Price	19.56	13.90	1.41
Russell 1000 Value	19.23	14.00	1.37
Large Value Manager Universe Median	18.74	13.96	1.36

	Annualized Excess Return, %	Annualized Excess StDev, %	Sharpe Ratio, Excess
MFS	-1.75	2.36	-0.74
T. Rowe Price	0.33	1.94	0.17
Russell 1000 Value	0.00	0.00	NA
Large Value Manager Universe Median	-0.49	3.44	-0.15

WPERP Large Cap Value Manager Comparisons as of June 30, 2014



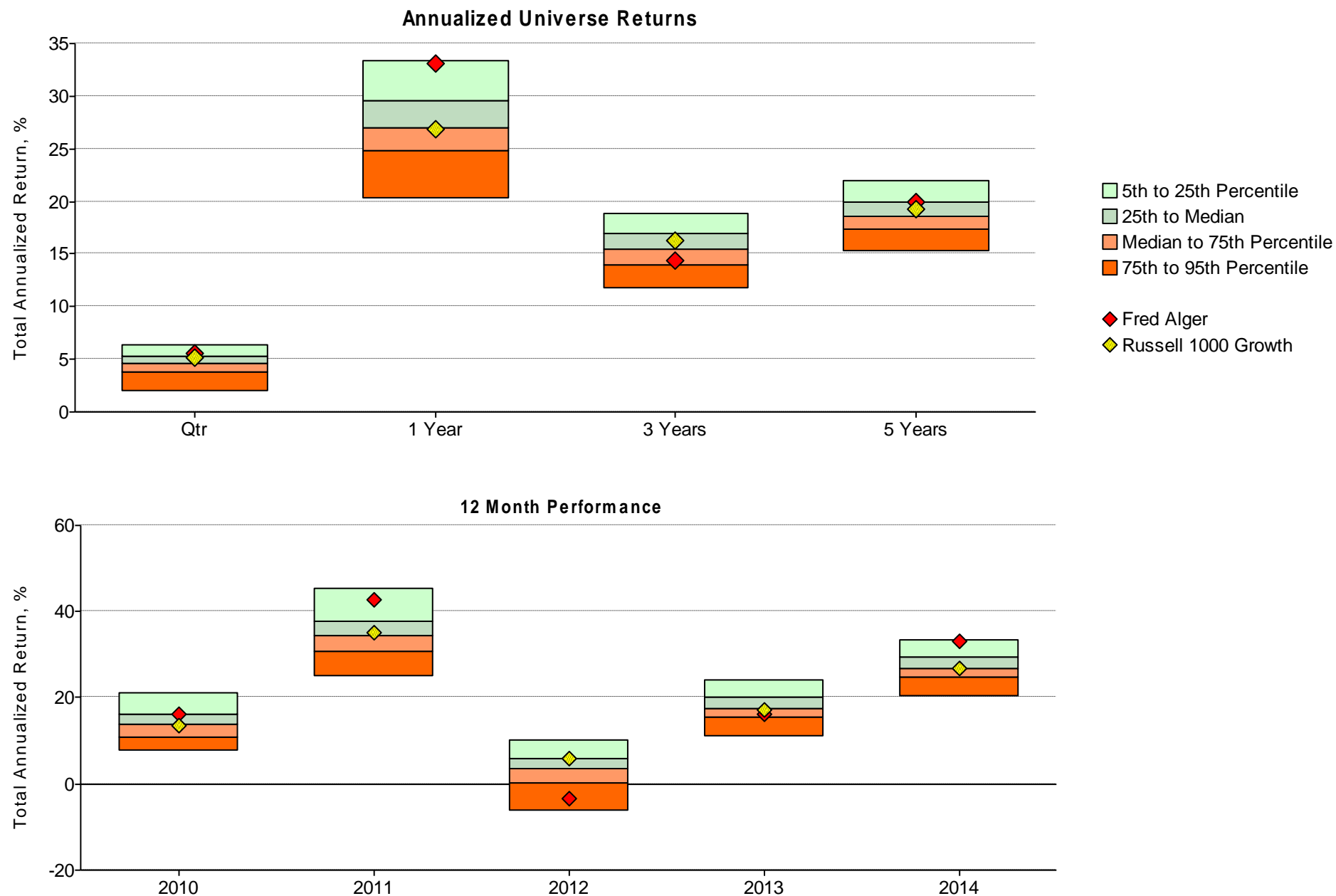
WPERP Large Cap Growth Manager Comparisons as of June 30, 2014



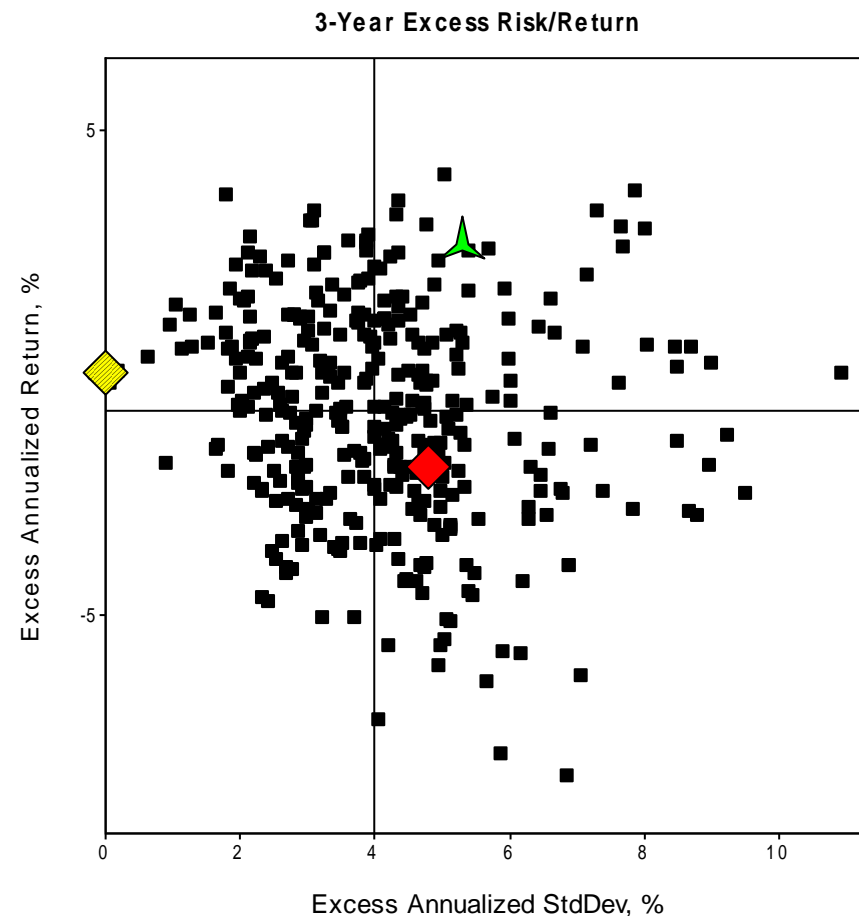
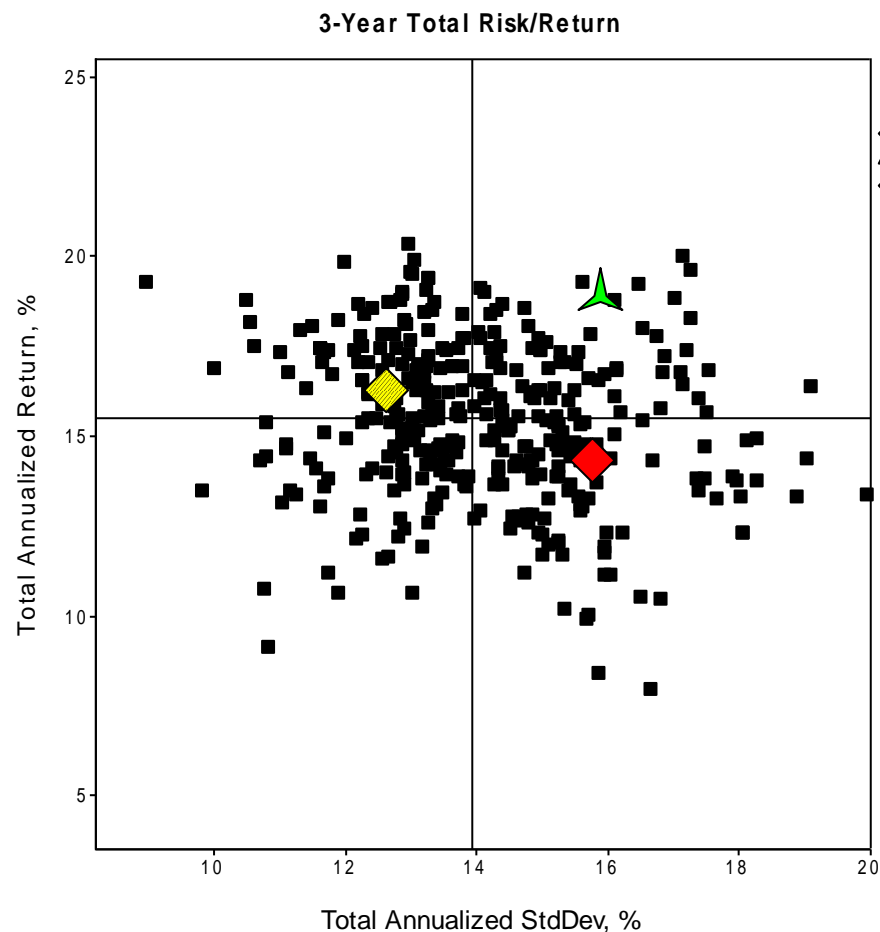
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Fred Alger	19.88	16.51	1.20
Russell 1000 Growth	19.24	13.76	1.40
Large Growth Manager Universe Median	18.64	14.75	1.26

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Fred Alger	0.64	4.32	0.15
Russell 1000 Growth	0.00	0.00	NA
Large Growth Manager Universe Median	-0.60	3.84	-0.16

WPERP Large Cap Growth Manager Comparisons as of June 30, 2014



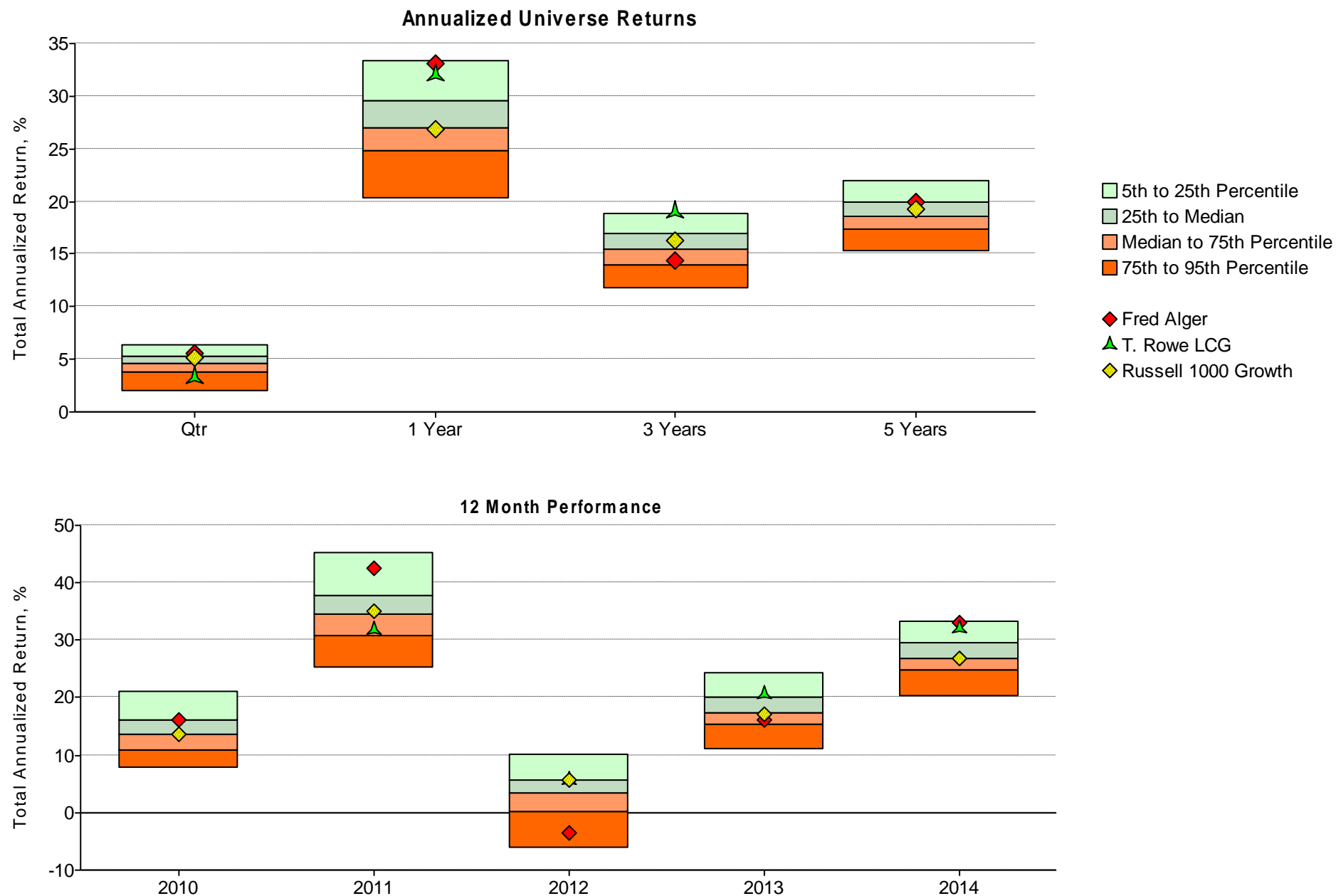
WPERP Large Cap Growth Manager Comparisons as of June 30, 2014



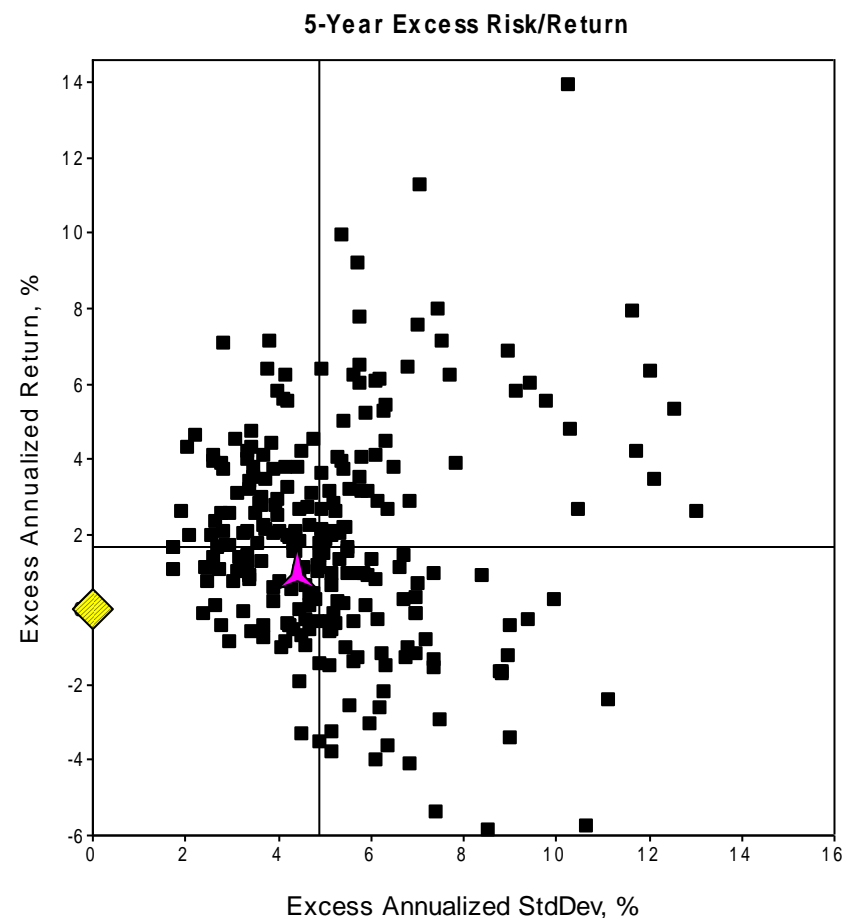
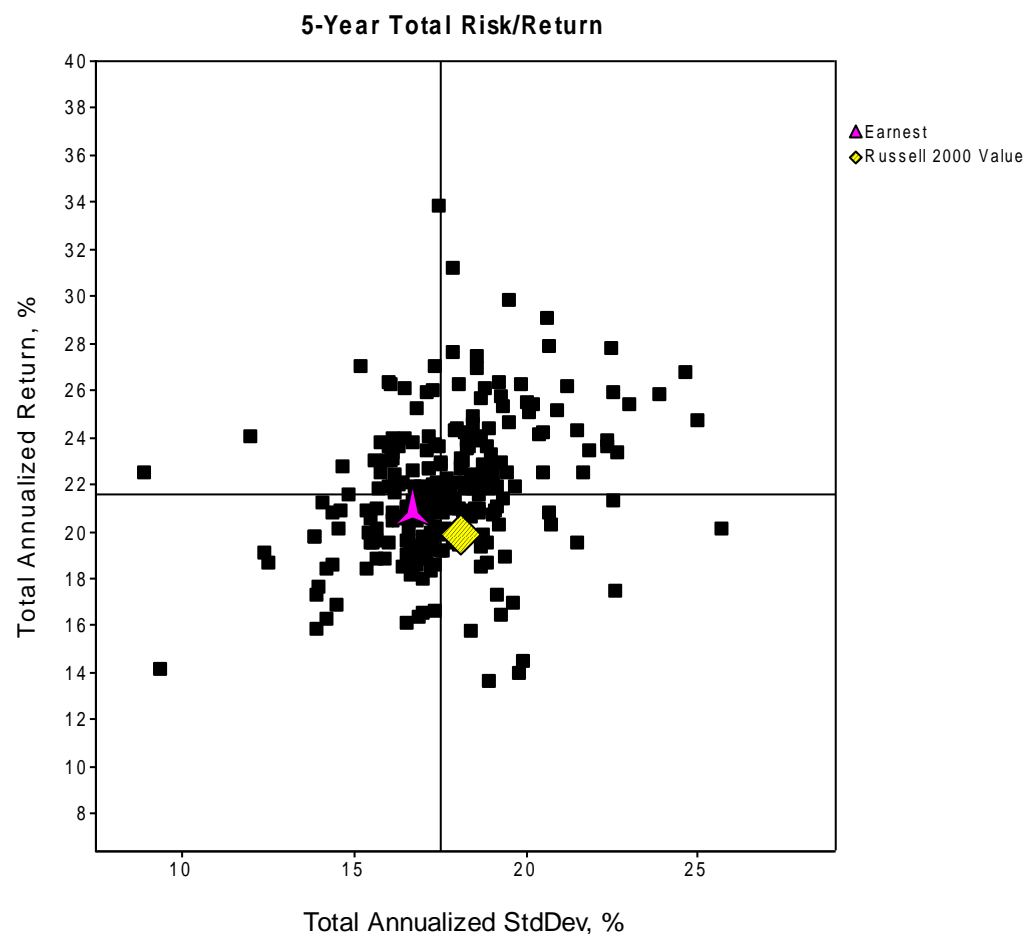
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Fred Alger	14.32	15.76	0.91
T. Rowe LCG	18.93	15.88	1.19
Russell 1000 Growth	16.26	12.61	1.29
Large Growth Manager Universe Median	15.49	13.93	1.10

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Fred Alger	-1.94	4.79	-0.40
T. Rowe LCG	2.68	5.31	0.50
Russell 1000 Growth	0.00	0.00	NA
Large Growth Manager Universe Median	-0.76	3.99	-0.21

WPERP Large Cap Growth Manager Comparisons as of June 30, 2014



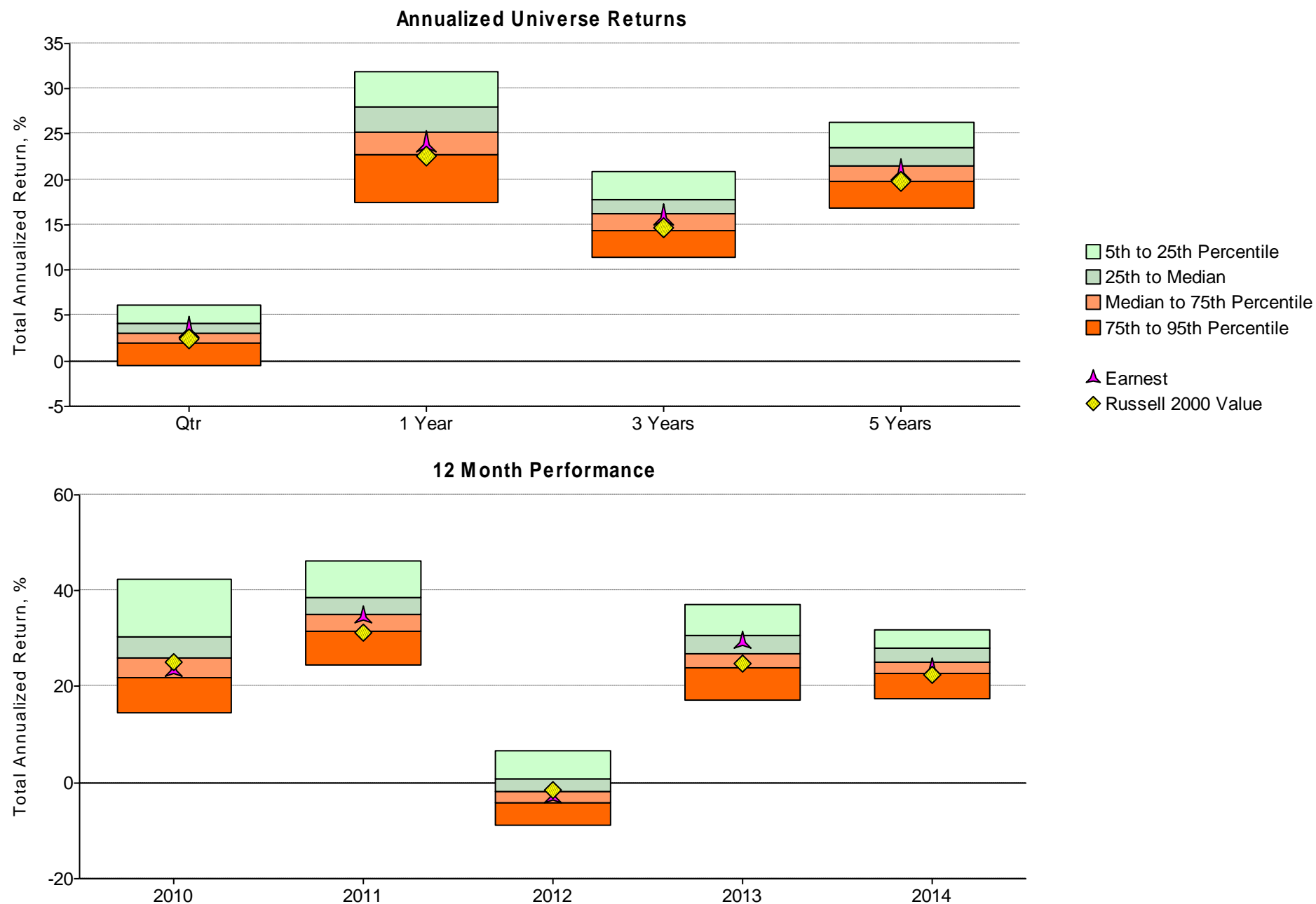
WPERP Small Cap Value Manager Comparisons as of June 30, 2014



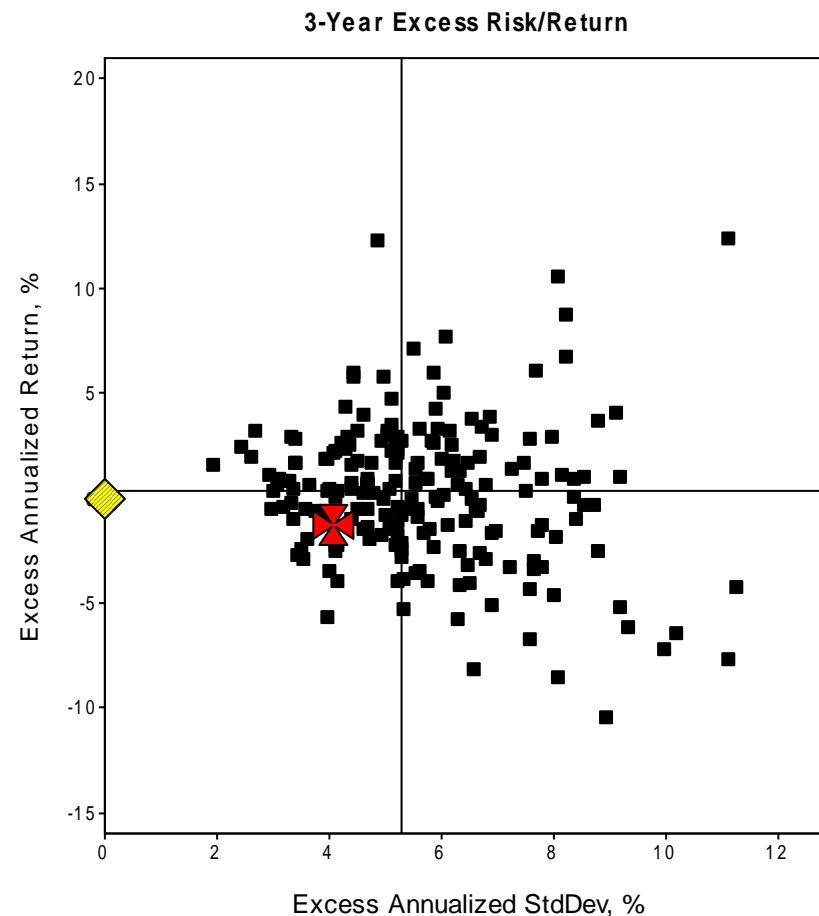
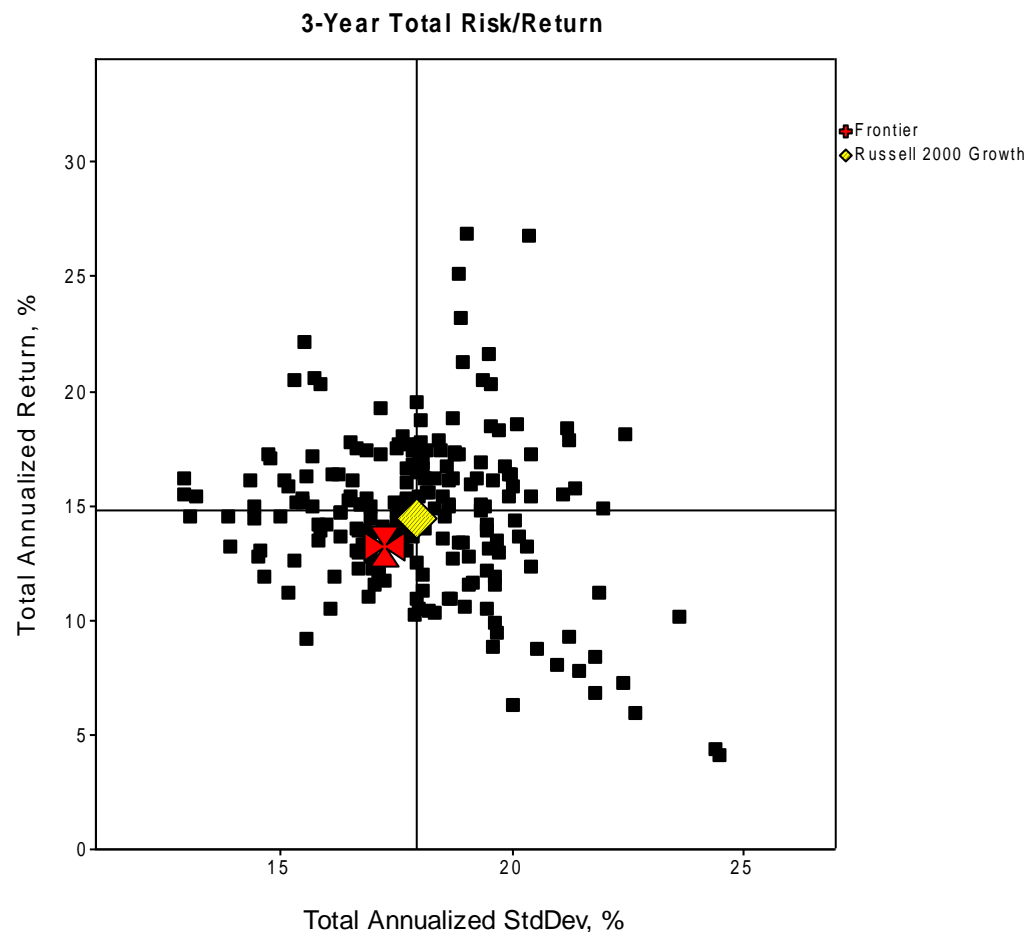
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Earnest	20.78	16.70	1.24
Russell 2000 Value	19.88	18.08	1.10
Small Cap Value Universe Median	21.57	17.51	1.23

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Earnest	0.91	4.39	0.21
Russell 2000 Value	0.00	0.00	NA
Small Cap Value Universe Median	1.69	4.90	0.40

WPERP Small Cap Value Manager Comparisons as of June 30, 2014



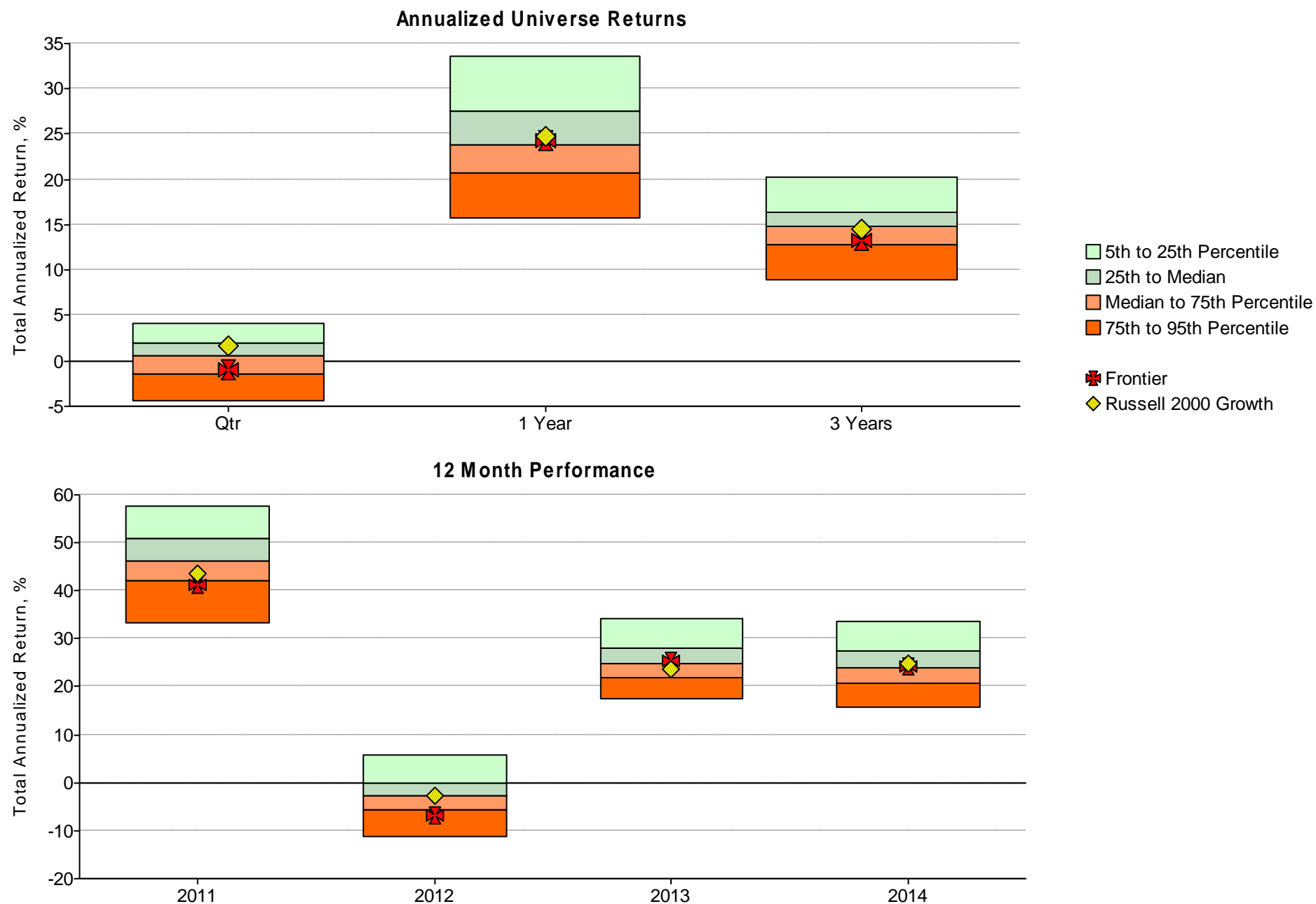
WPERP Small Cap Growth Manager Comparisons as of June 30, 2014



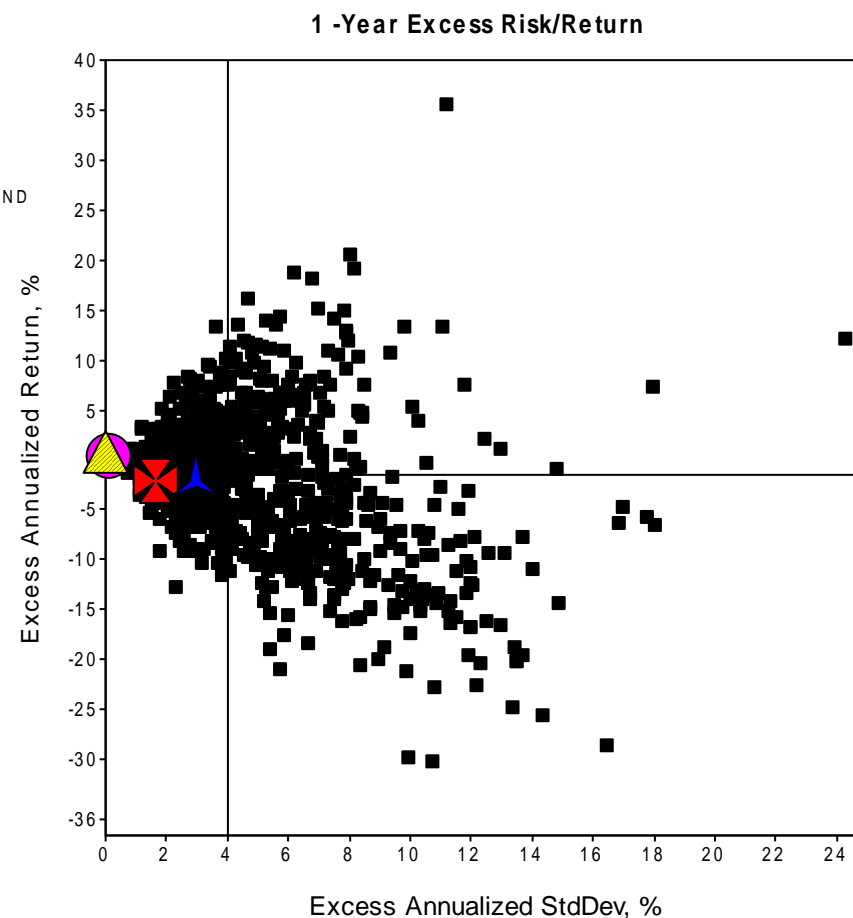
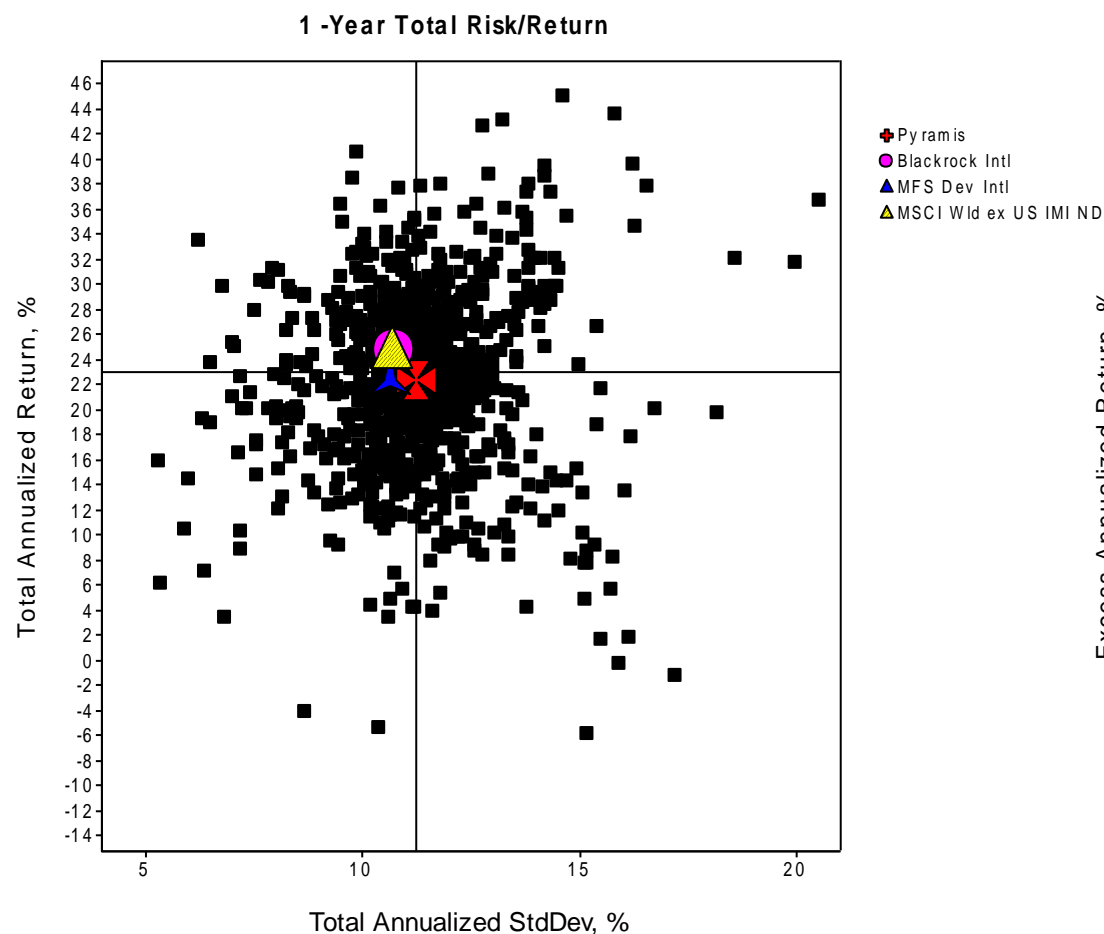
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Frontier	13.23	17.25	0.77
Russell 2000 Growth	14.49	17.94	0.81
Small Cap Growth Universe Median	14.80	17.95	0.83

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Frontier	-1.26	4.07	-0.31
Russell 2000 Growth	0.00	0.00	NA
Small Cap Growth Universe Median	0.31	5.28	0.09

WPERP Small Cap Growth Manager Comparisons as of June 30, 2014



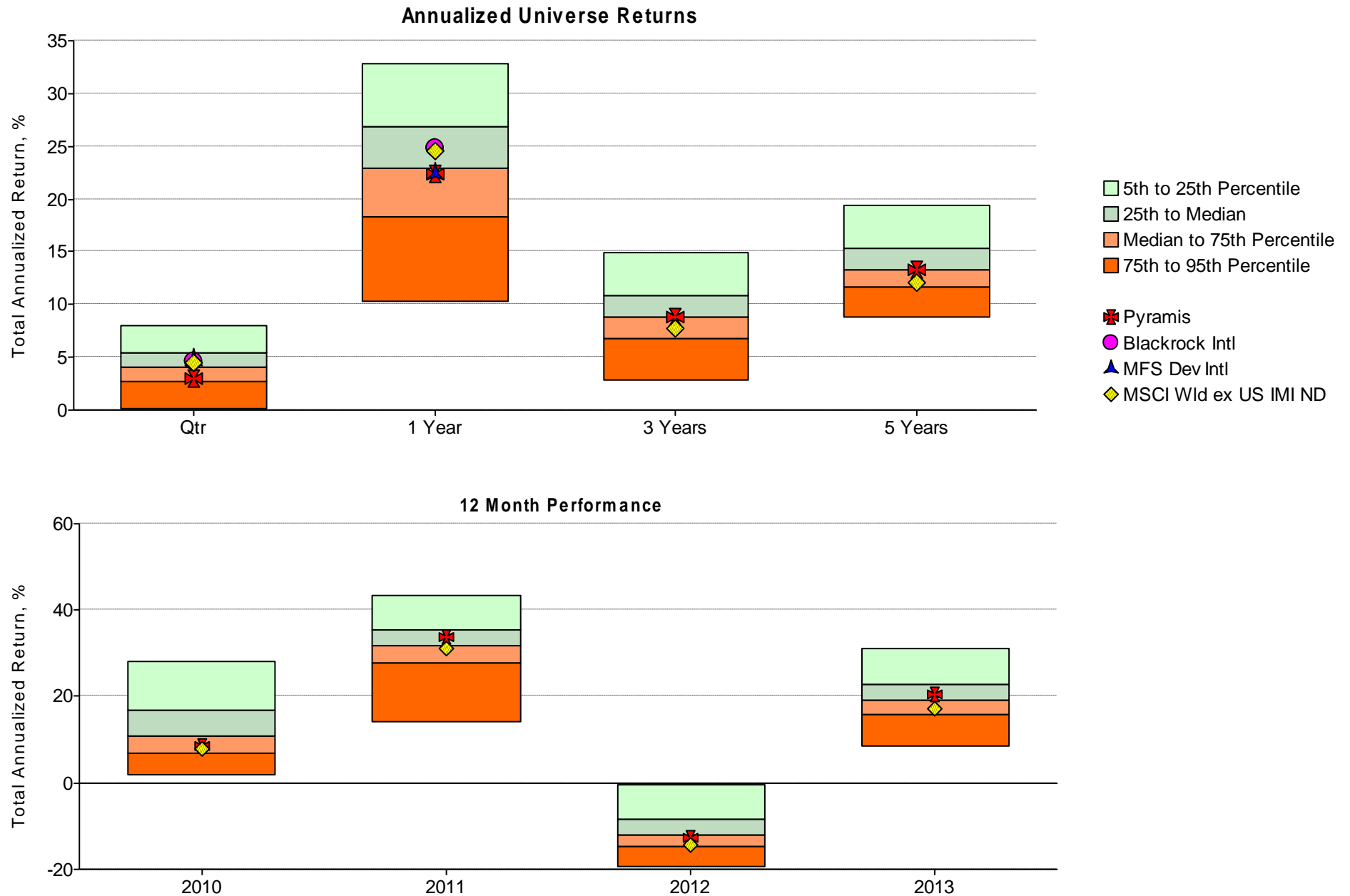
WPERP International Equity Manager Comparisons as of June 30, 2014



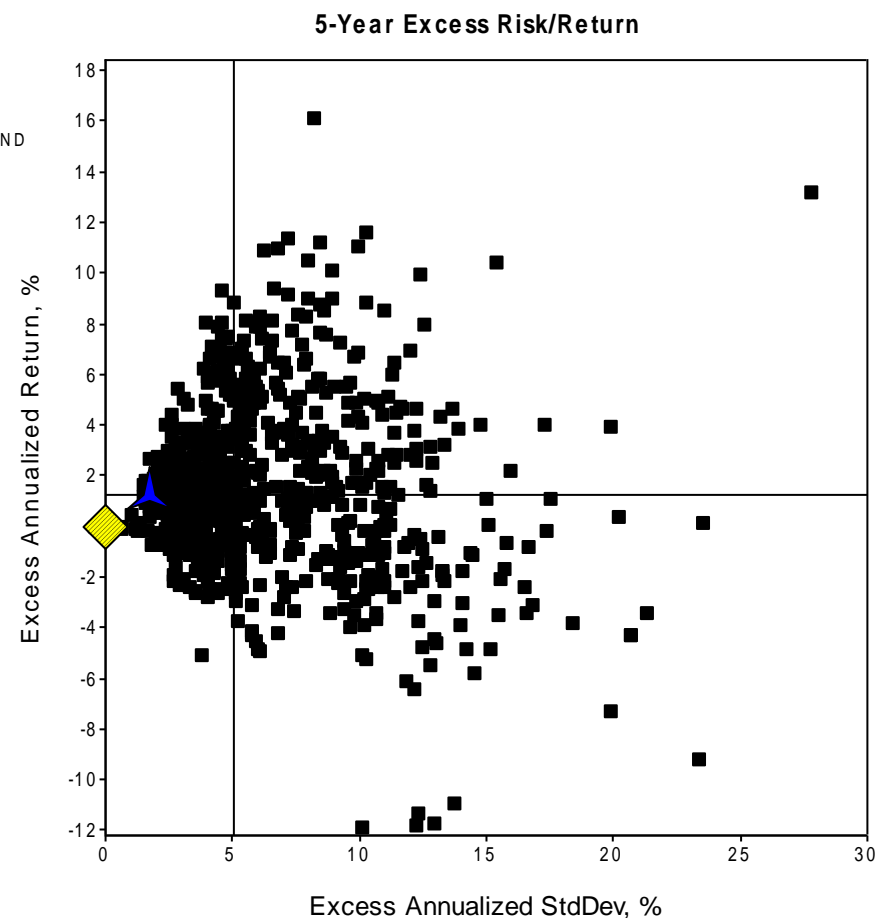
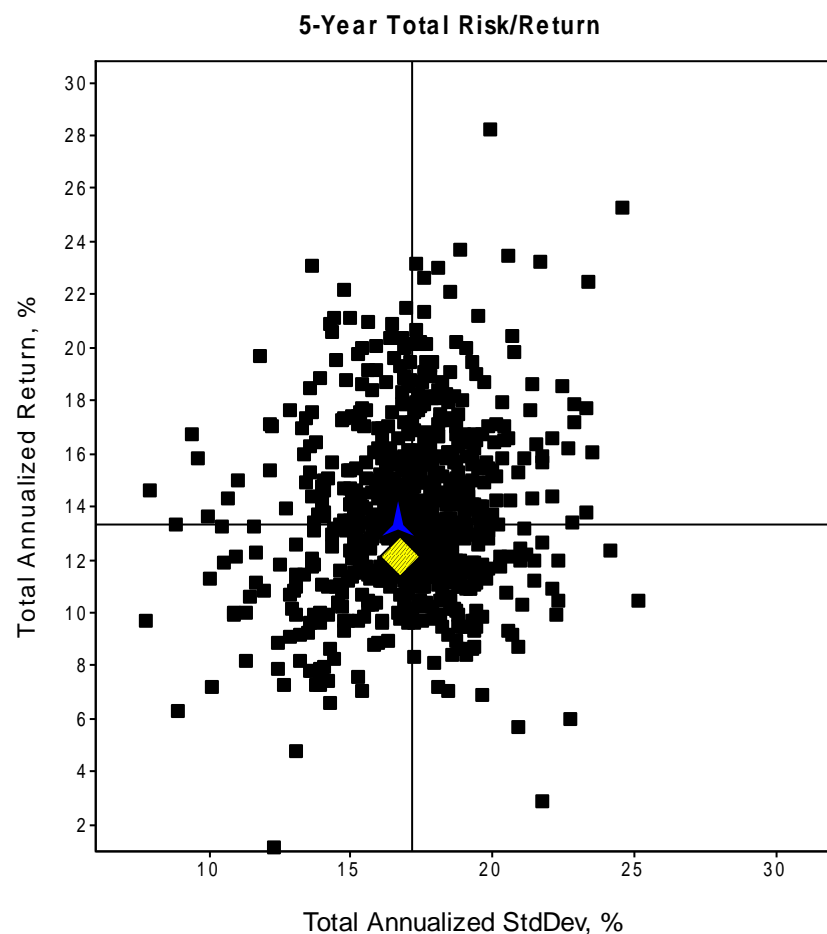
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Pyramis	22.42	11.25	1.99
Blackrock Intl	24.80	10.72	2.31
MFS Dev Intl	22.41	10.64	2.11
MSCI Wld ex US IMI ND	24.52	10.70	2.29
International Equity Universe Median	22.97	11.25	2.04

	Annualized Excess Return, %	Annualized Excess StDev, %	Sharpe Ratio, Excess
Pyramis	-2.11	1.67	-1.26
Blackrock Intl	0.28	0.13	2.12
MFS Dev Intl	-2.12	2.98	-0.71
MSCI Wld ex US IMI ND	0.00	0.00	NA
International Equity Universe Median	-1.55	4.02	-0.48

WPERP International Equity Manager Comparisons as of June 30, 2014



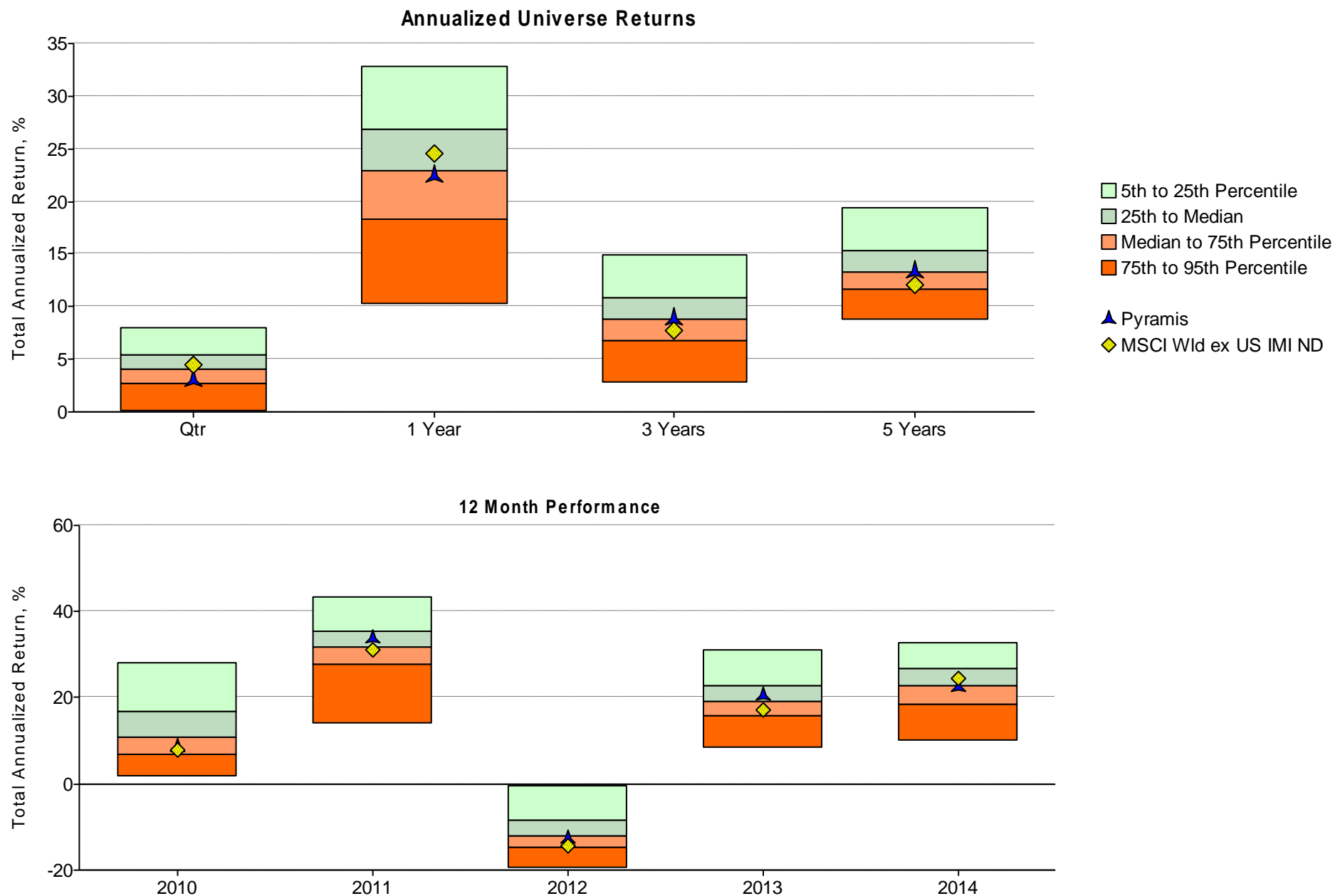
WPERP International Equity Manager Comparisons as of June 30, 2014



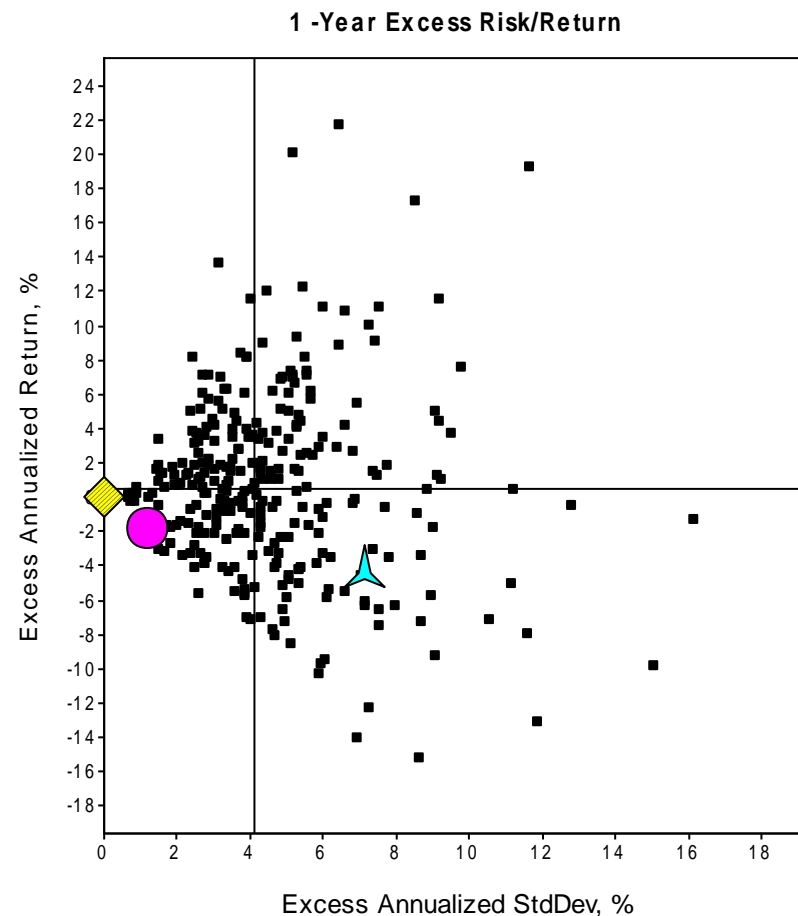
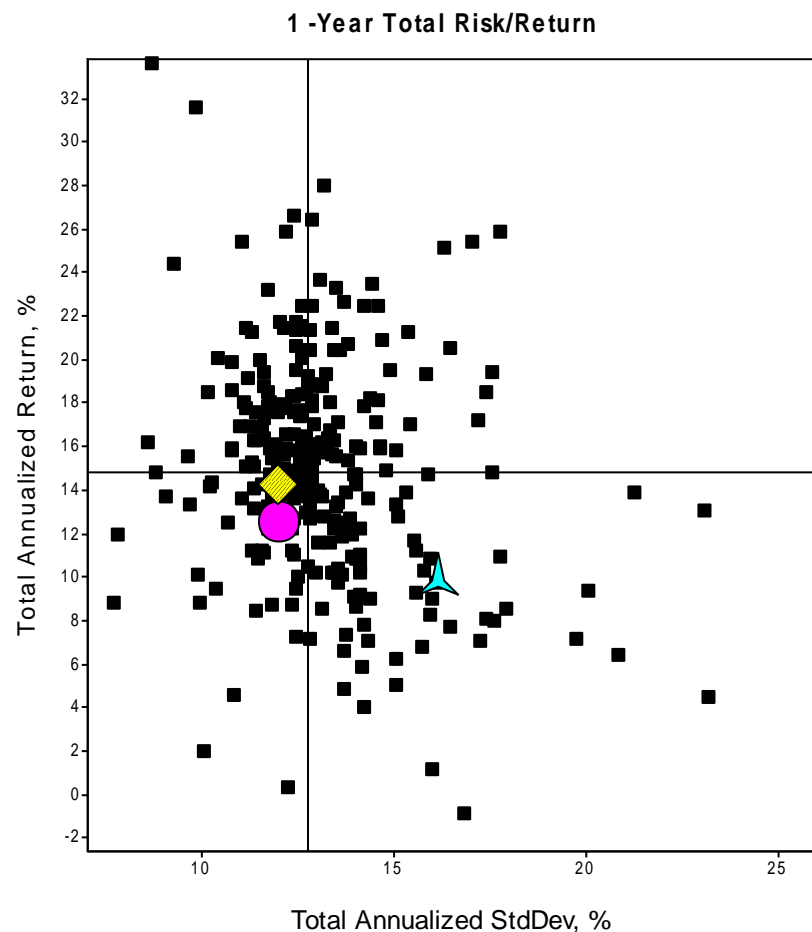
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Pyramis	13.35	16.66	0.80
MSCI Wld ex US IMI ND	12.09	16.76	0.72
International Equity Universe Median	13.31	17.19	0.78

	Annualized Excess Return, %	Annualized Excess StDev, %	Sharpe Ratio, Excess
Pyramis	1.25	1.70	0.74
MSCI Wld ex US IMI ND	0.00	0.00	NA
International Equity Universe Median	1.22	5.09	0.25

WPERP International Equity Manager Comparisons as of June 30, 2014



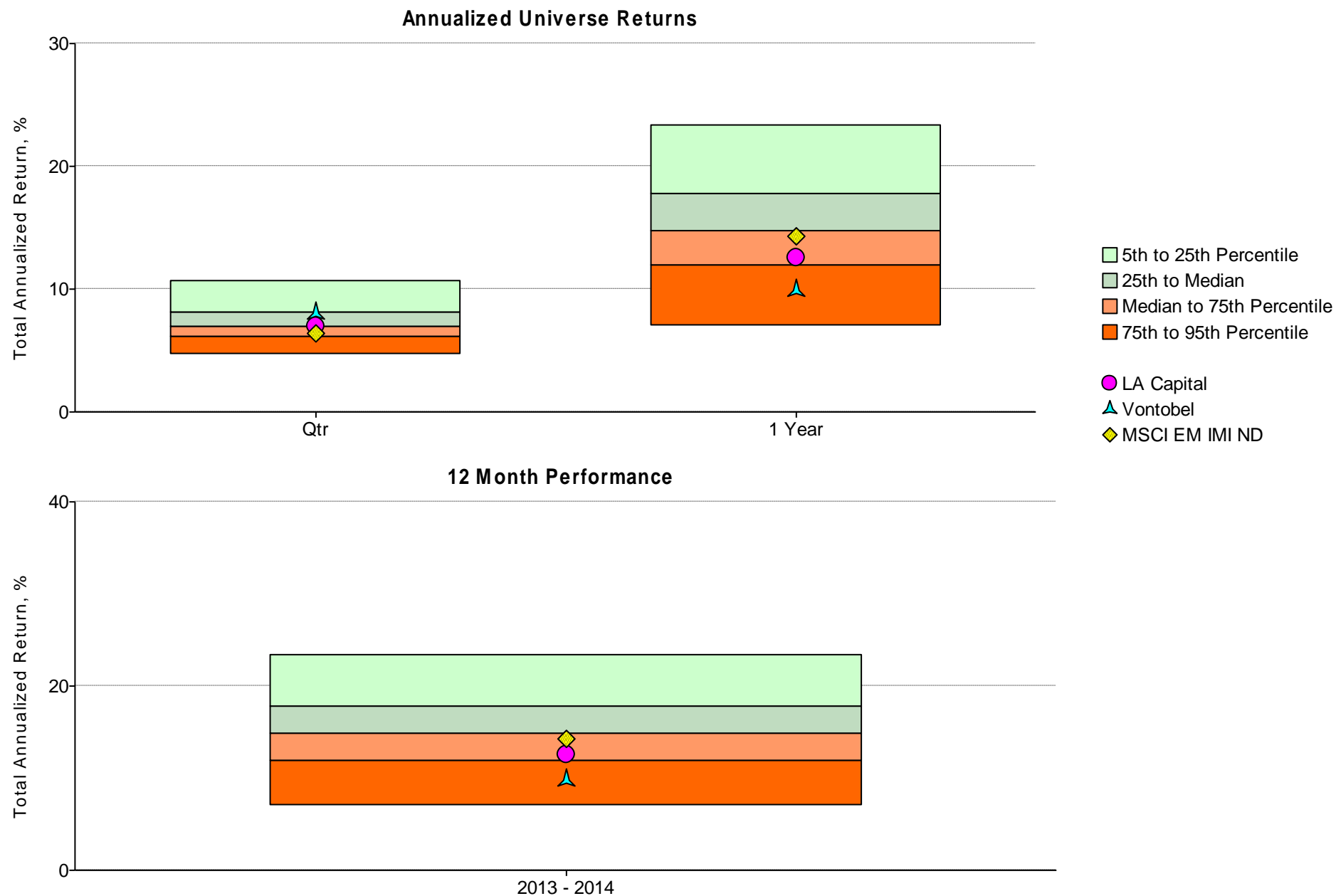
WPERP Emerging Market Equity Manager Comparisons as of June 30, 2014



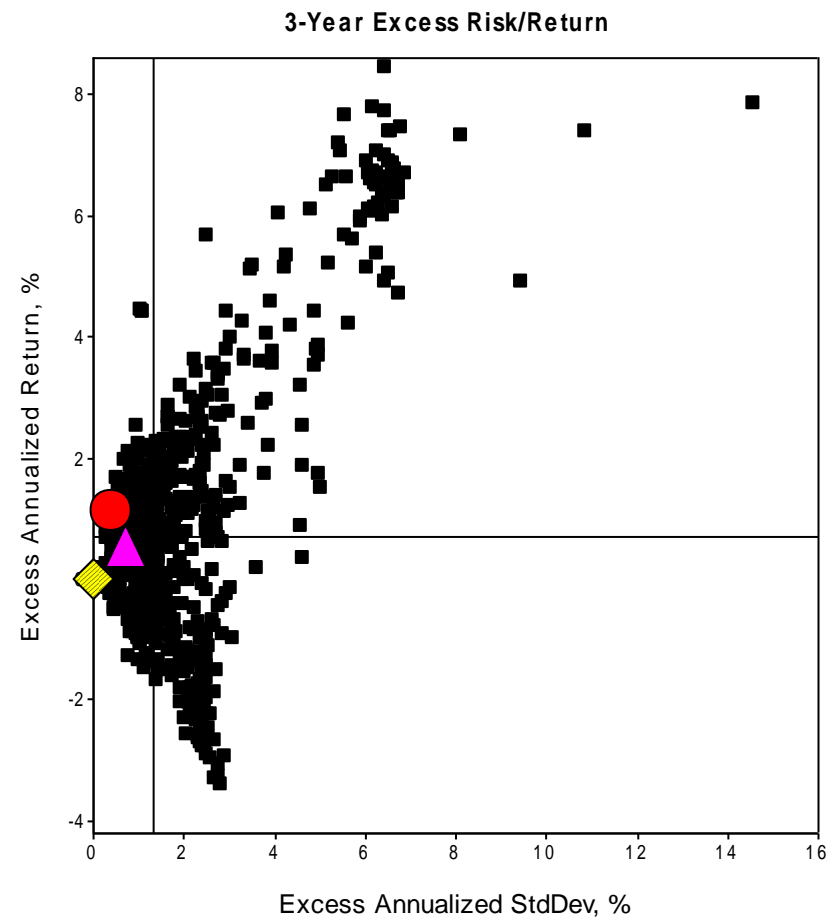
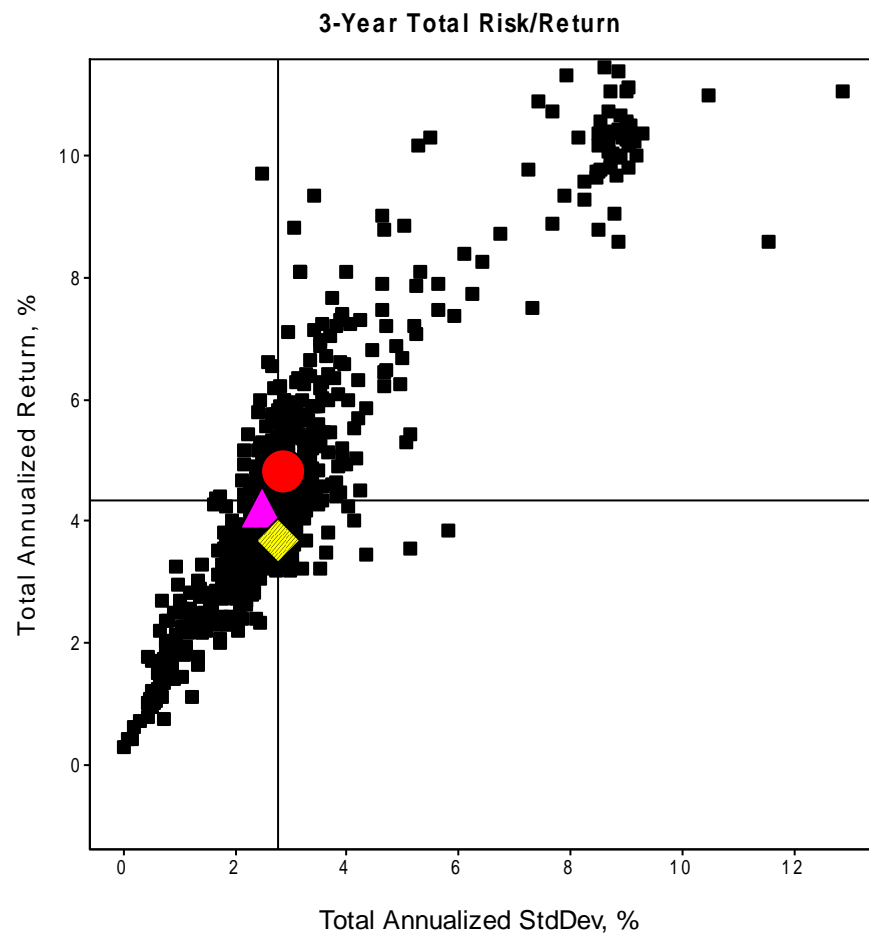
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
LA Capital	12.52	12.00	1.04
Vontobel	9.83	16.11	0.61
MSCI EM IMI ND	14.31	11.98	1.19
Emerging Equity Universe Median	14.81	12.73	1.18

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
LA Capital	-1.79	1.22	-1.47
Vontobel	-4.47	7.10	-0.63
MSCI EM IMI ND	0.00	0.00	NA
Emerging Equity Universe Median	0.50	4.09	0.17

WPERP Emerging Market Equity Manager Comparisons as of June 30, 2014



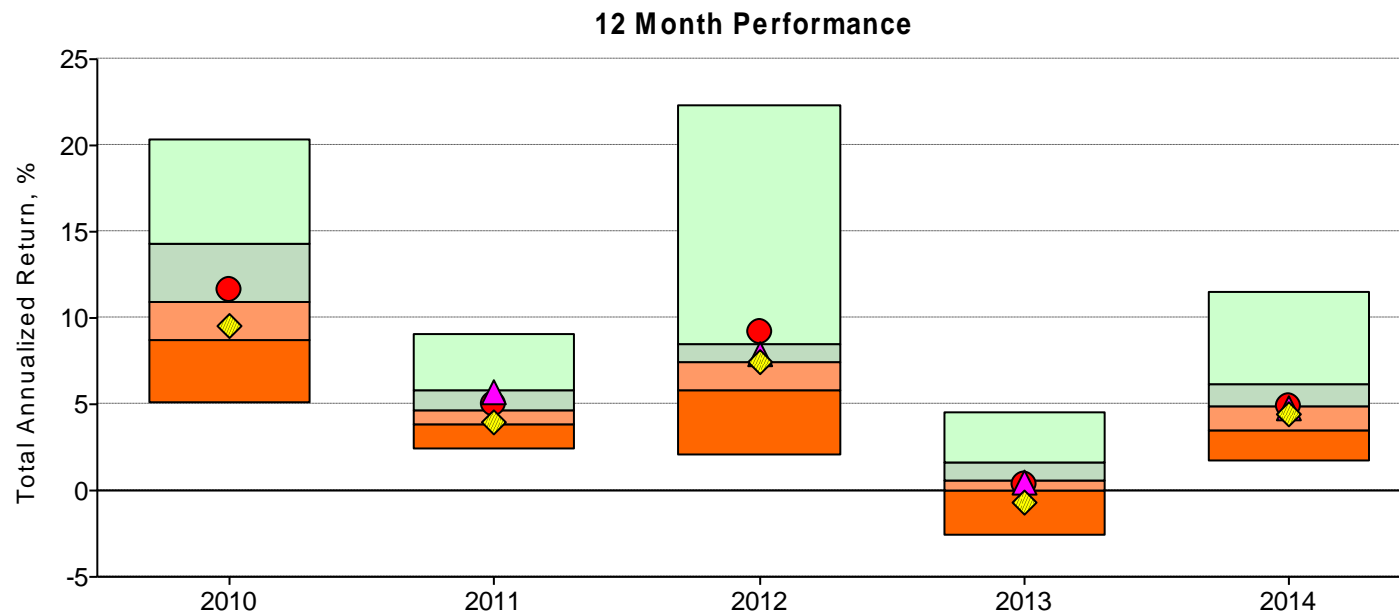
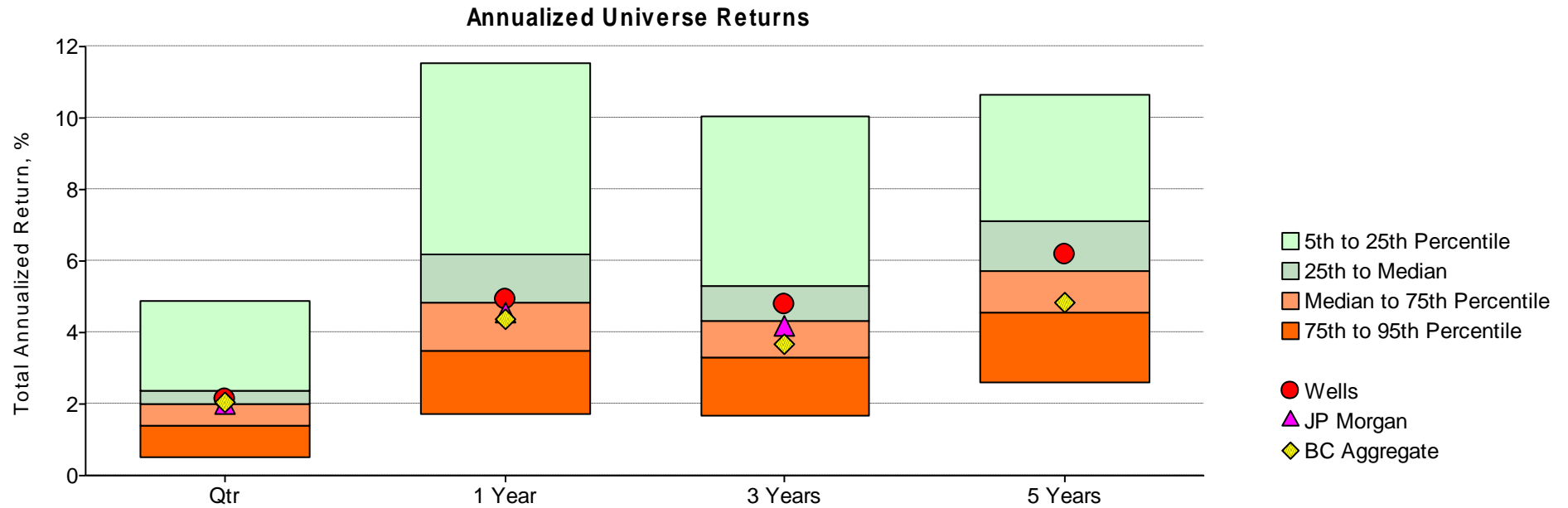
WPERP Fixed Income Manager Comparisons as of June 30, 2014



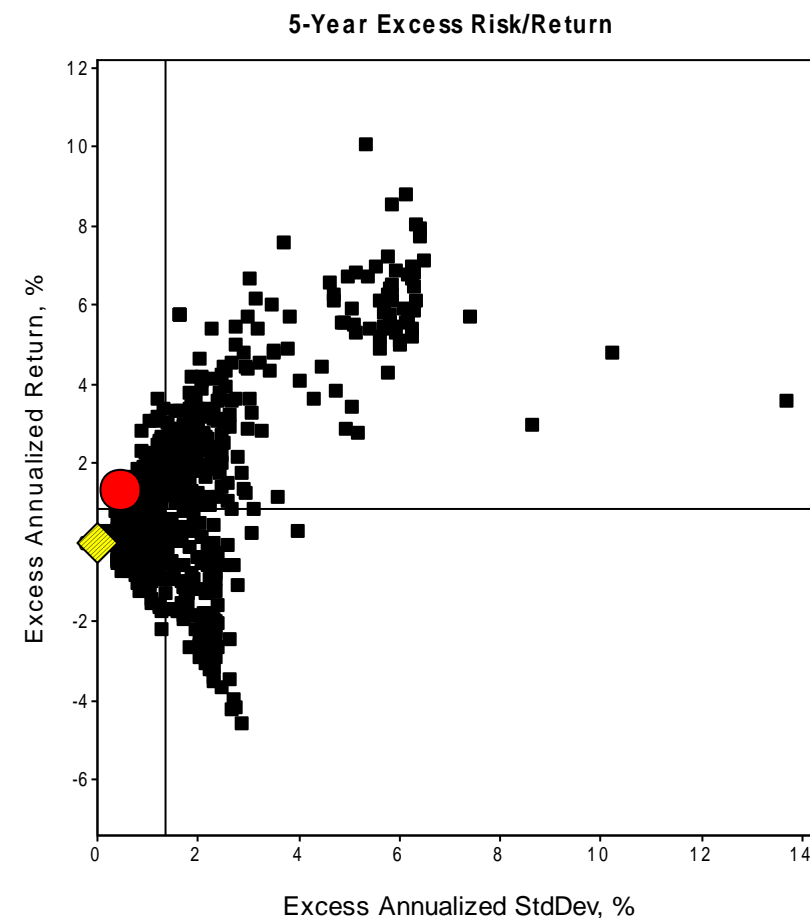
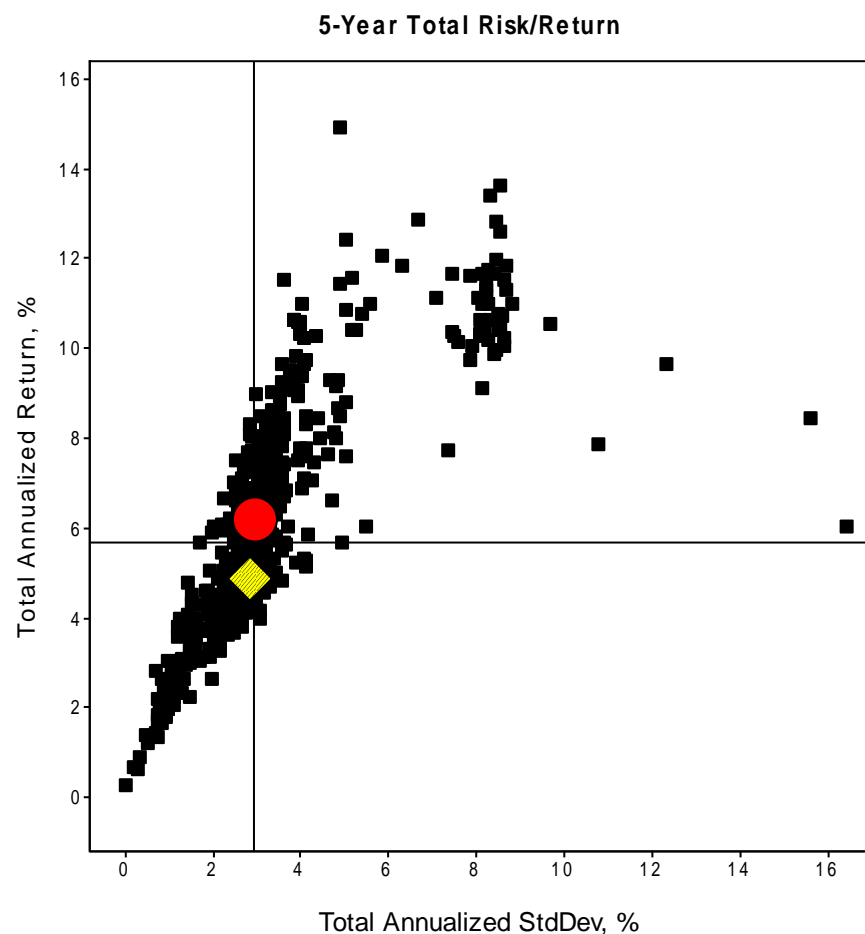
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Wells	4.79	2.88	1.66
JP Morgan	4.10	2.47	1.66
BC Aggregate	3.66	2.77	1.32
U.S. Fixed Income Universe Median	4.35	2.76	1.59

	Annualized Excess Return, %	Annualized Excess StDev, %	Sharpe Ratio, Excess
Wells	1.13	0.39	2.88
JP Morgan	0.43	0.69	0.62
BC Aggregate	0.00	0.00	NA
U.S. Fixed Income Universe Median	0.68	1.32	0.61

WPERP Fixed Income Manager Comparisons as of June 30, 2014



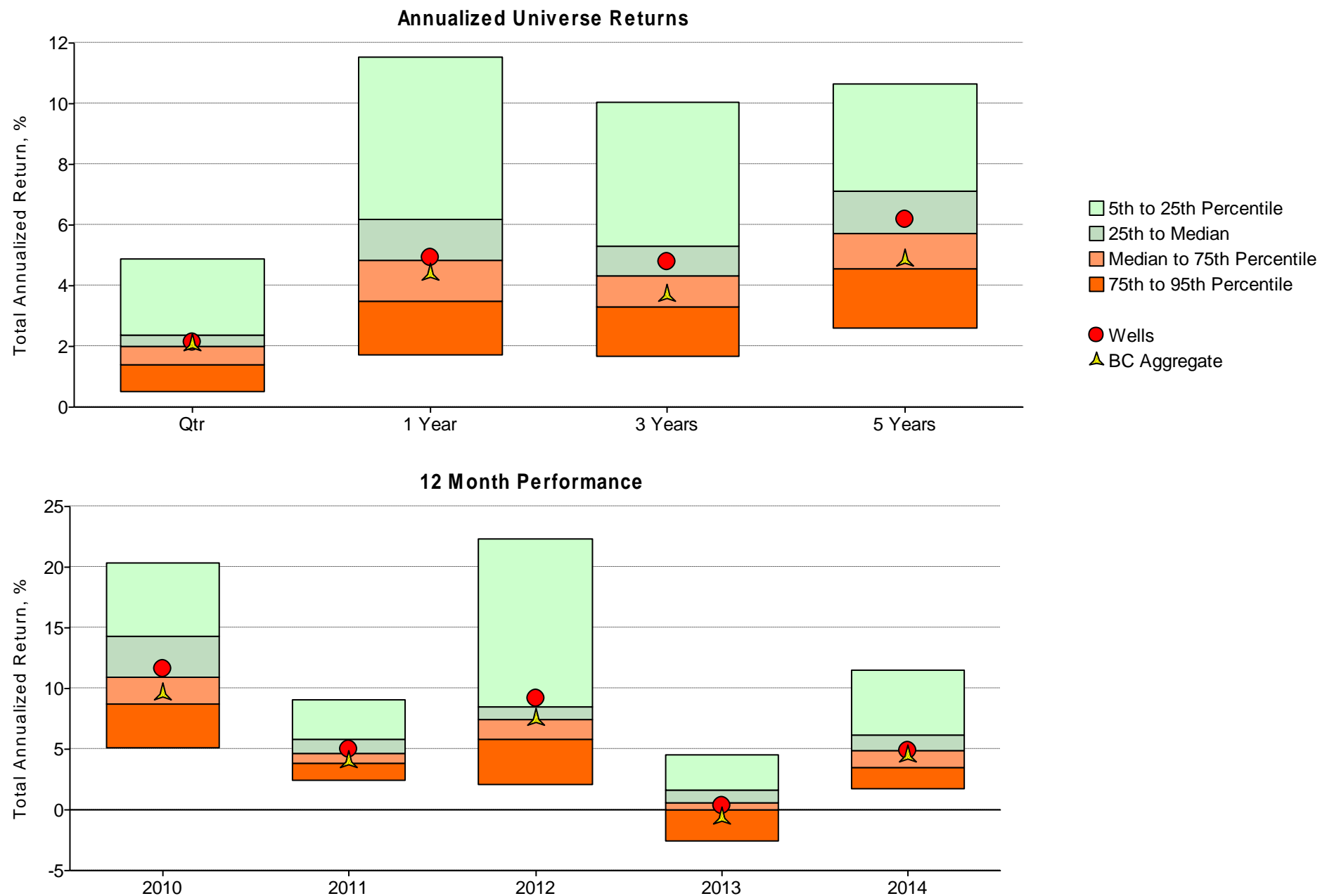
WPERP Fixed Income Manager Comparisons as of June 30, 2014



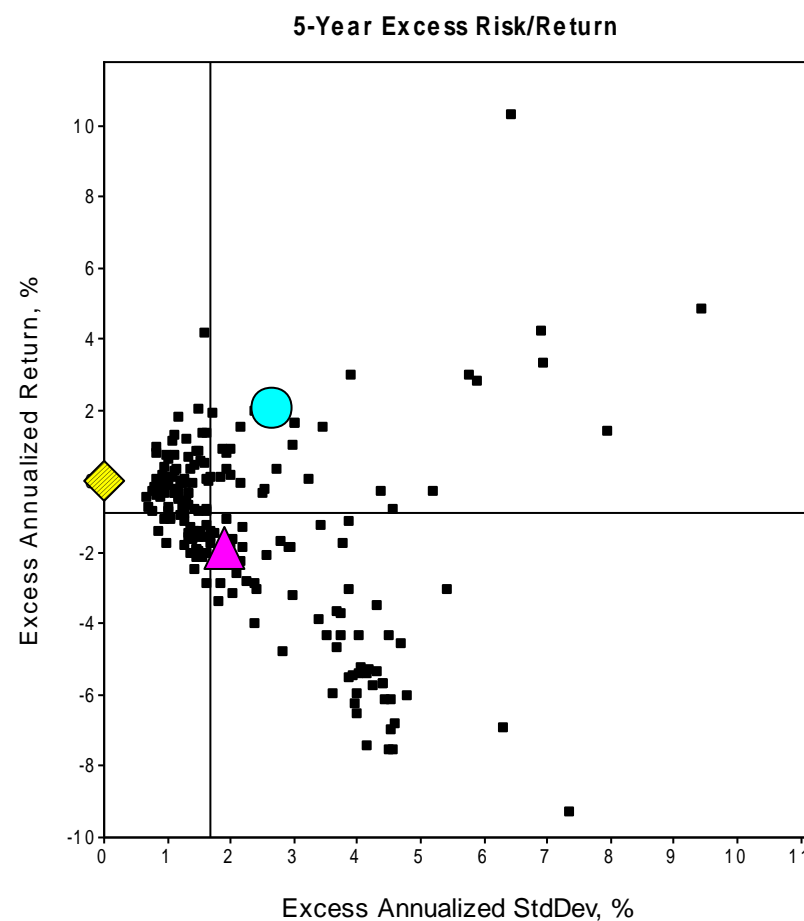
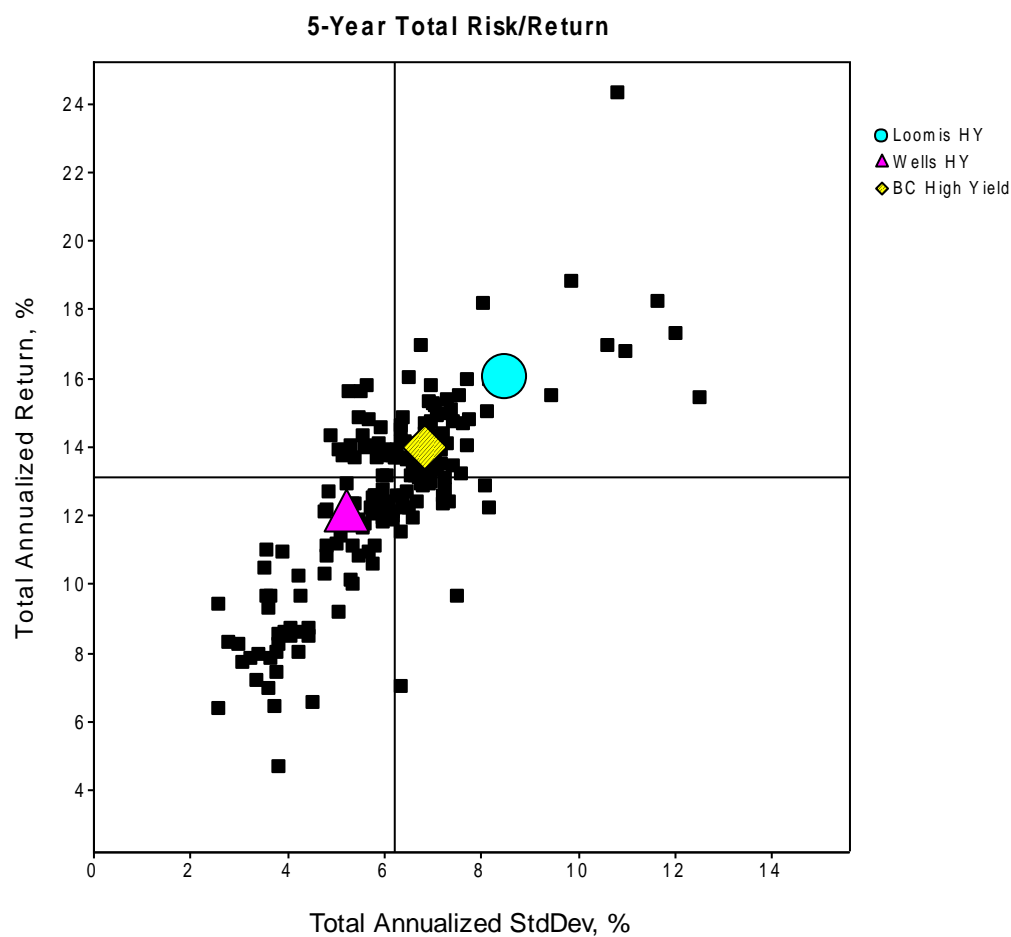
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Wells	6.18	2.99	2.07
BC Aggregate	4.85	2.85	1.70
Fixed Income Manager Universe Median	5.70	2.91	2.02

	Annualized Excess Return, %	Annualized Excess StDev, %	Sharpe Ratio, Excess
Wells	1.33	0.49	2.70
BC Aggregate	0.00	0.00	NA
Fixed Income Manager Universe Median	0.84	1.33	0.81

WPERP Fixed Income Manager Comparisons as of June 30, 2014



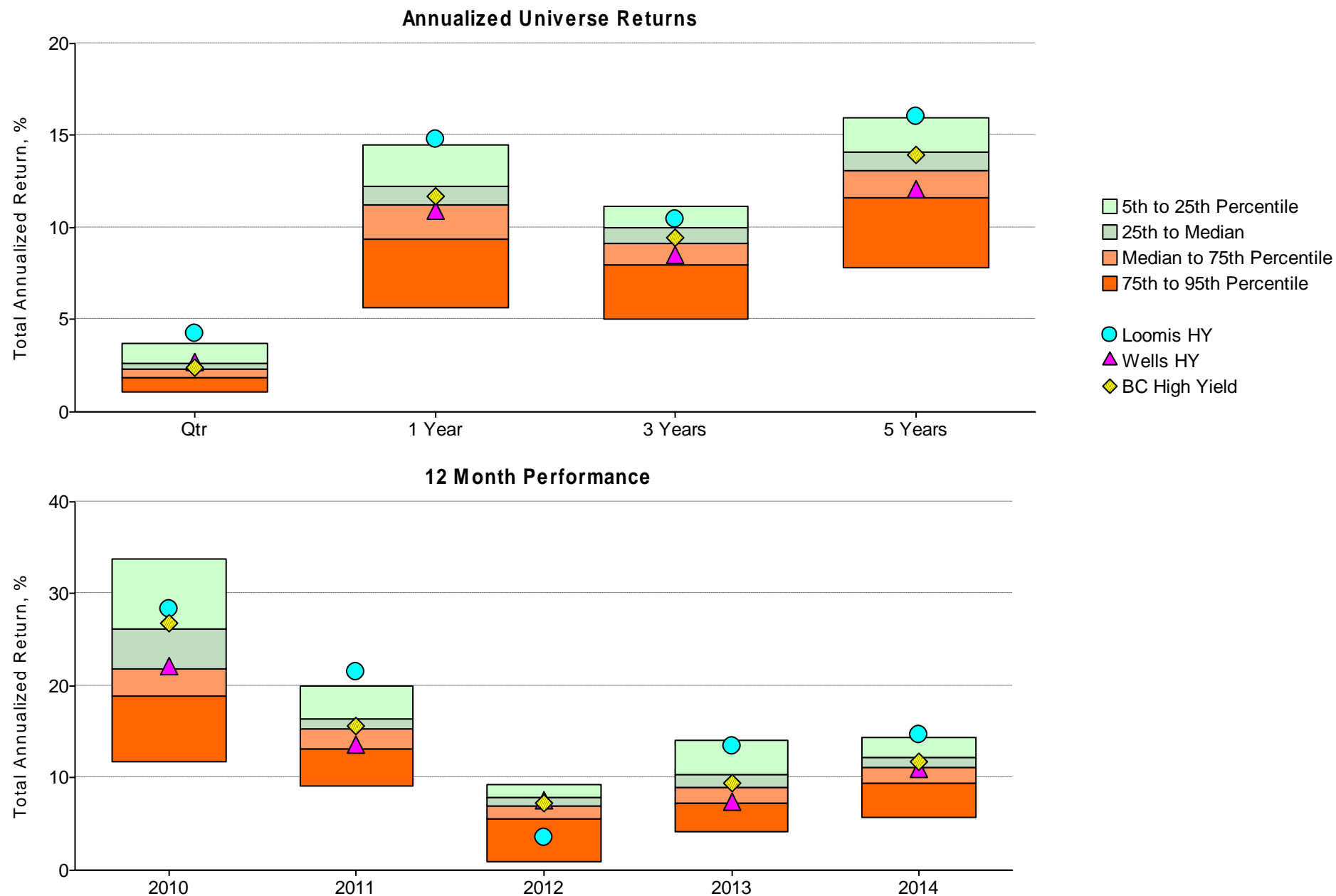
WPERP High Yield Manager Comparisons as of June 30, 2014



	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Loomis HY	16.05	8.47	1.90
Wells HY	11.94	5.23	2.28
BC High Yield	13.98	6.82	2.05
U.S. High Yield Universe Median	13.13	6.19	2.09

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Loomis HY	2.07	2.65	0.78
Wells HY	-2.04	1.89	-1.08
BC High Yield	0.00	0.00	NA
U.S. High Yield Universe Median	-0.85	1.67	-0.57

WPERP High Yield Manager Comparisons as of June 30, 2014



APPENDIX

MANAGER WATCH CRITERIA

Asset Class	Short-term (Rolling 12 month periods)	Medium-term (Rolling 36 month periods)	Long-term
Active Domestic Equity	Portfolio Return < Benchmark Return – 3.0% at 2 consecutive calendar qtr end dates.	Portfolio Annlzd. Return < Benchmark Annlzd. Return – 1.5% at 2 consecutive calendar qtr end dates.	VRR < 0.98 at 2 consecutive calendar qtr end dates.
Passive Domestic Equity	Tracking Error > 0.35% at 2 consecutive calendar qtr end dates	Tracking Error > 0.20% at 2 consecutive calendar qtr end dates.	Portfolio Annlzd. Return < Benchmark Annlzd. Return –0.10% at 2 consecutive calendar qtr end dates.
Active International Equity	Portfolio Return < Benchmark Return – 4.5% at 2 consecutive calendar qtr end dates.	Portfolio Annlzd. Return < Benchmark Annlzd. Return – 2.5% for 2 consecutive calendar qtr end dates.	VRR < 0.98 at 2 consecutive calendar qtr end dates.
Active Fixed Income	Portfolio Return < Benchmark Return – 1.0% at 2 consecutive calendar qtr end dates.	Portfolio Annlzd. Return < Benchmark Annlzd. Return – 0.6% at 2 consecutive calendar qtr end dates.	VRR < 0.99 at 2 consecutive calendar qtrs.
Fund of Hedge Funds (Real Return)	Portfolio Return < Benchmark Return – 3.5% at 2 consecutive calendar qtr end dates.	Portfolio Annlzd. Return < Benchmark Annlzd. Return – 2.5% at 2 consecutive calendar qtr end dates.	VRR < 1.00 at 2 consecutive calendar qtr end dates.
Global Inflation Linked Securities (Real Return)	Portfolio Return < Benchmark Return – 2.0% at 2 consecutive calendar qtr end dates.	Portfolio Annlzd. Return < Benchmark Annlzd. Return – 1.5% at 2 consecutive calendar qtr end dates.	VRR < 0.99 at 2 consecutive calendar qtr end dates.

*All portfolio returns are gross of manager fees.

SUMMARY OF WPERP RETIREMENT PLAN PORTFOLIO TRANSITIONS

Manager	Mandate	Funded	Terminated
2003			
BlackRock (formerly Merrill Lynch)	Passive Core	3Q 2003	---
Northern Trust	Passive Core	3Q 2003	1Q 2005
2004			
Fred Alger	Large Cap Growth	1Q 2004	---
Intech	Large Cap Growth	1Q 2004	3Q 2009
MFS	Large Cap Value	1Q 2004	---
Invesco	International	2Q 2004	4Q 2011
T. Rowe Price	Large Cap Value	3Q 2004	---
ING/Aeltus	Core Fixed Income	3Q 2004	4Q 2009
Wells Capital	Core Fixed Income	3Q 2004	---
Bank of New York	Small Cap Growth	4Q 2004	1Q 2006
Earnest Partners	Small Cap Value	4Q 2004	---
Pyramis (formerly Fidelity)	International	4Q 2004	---
Wells Capital	High Yield	4Q 2004	---
2005			
Boston Company	International	1Q 2005	4Q 2011
Loomis Sayles	High Yield	1Q 2005	---
Boston Company	Emerging Markets	1Q 2005	4Q 2011
T. Rowe Price	Emerging Markets	1Q 2005	3Q 2011
Boston Company	Large Cap Active	---	1Q 2005
2006			
Lexington VI	Private Equity	3Q 2006	---
Northpointe	Small Cap Growth	3Q 2006	2Q 2009
Paradigm	Small Cap Growth	3Q 2006	1Q 2010
Landmark XIII	Private Equity	4Q 2006	---
Prisa	Real Estate	4Q 2006	---
2007			
Aetos	Hedge Fund	1Q 2007	2Q 2013
PAAMCO	Hedge Fund	1Q 2007	4Q 2010
Prisa II	Real Estate	2Q 2007	---
JPM Strategic	Real Estate	3Q 2007	---
2008			
HRJ	Private Equity	1Q 2008	---
Fisher Lynch	Private Equity	2Q 2008	---
CB Richard Ellis	Real Estate	2Q 2008	---
Landmark XIV	Private Equity	3Q 2008	---
2009			
Oaktree V	Private Equity	1Q 2009	---

(Continued)

Manager	Mandate	Funded	Terminated
2010			
Mesa West	Real Estate	1Q 2010	---
Lexington VII	Private Equity	1Q 2010	---
T. Rowe Price	Large Cap Growth	2Q 2010	---
Frontier	Small Cap Growth	2Q 2010	---
JP Morgan	Core Fixed Income	2Q 2010	---
WAMCO	GILS	2Q 2010	---
2011			
EnergyCap VIII	Private Equity	1Q 2011	---
Audax Mezz III	Private Equity	1Q 2011	---
Lone Star II	Real Estate	2Q 2011	---
Lone Star VII	Real Estate	2Q 2011	---
Invesco	Real Estate	3Q 2011	---
Vista Equity Partners IV	Private Equity	4Q 2011	---
DRA	Real Estate	4Q 2011	---
2012			
AG Core	Real Estate	1Q 2012	---
Gateway (replication)	Covered Calls	2Q 2012	---
Gateway (non-replication)	Covered Calls	2Q 2012	---
BlackRock	Developed International	3Q 2012	---
MFS	Developed International	3Q 2012	---
L.A. Capital	Emerging Markets	3Q 2012	---
PCCP	Real Estate	3Q 2012	---
Blackstone	Real Estate	3Q 2012	---
ARS VI	Real Estate	3Q 2012	---
Bristol Value II	Real Estate	4Q 2012	---
AresCorp. Opp. IV	Private Equity	4Q 2012	---
Vontobel	Emerging Markets	4Q 2012	---
2013			
EnergyCap IX	Private Equity	1Q 2013	---
DFA	Real Estate	1Q 2013	---
Torchlight Debt Opp IV	Real Estate	3Q 2013	---
Mesa West Fund III	Real Estate	3Q 2013	---
Invesco Commodity	Commodities	3Q 2013	---
Heitman	Real Estate	4Q 2013	---
Silver Lake IV	Private Equity	4Q 2013	---
GAM	Hedge Fund	4Q 2013	---

SUMMARY OF WPERP RETIREMENT PLAN PORTFOLIO TRANSITIONS

(Continued)

Manager	Mandate	Funded	Terminated
2014			
Brep Europe IV	Real Estate	1Q 2014	---
Morgan Stanley	Hedge Fund	1Q 2014	---
Apollo VIII	Private Equity	1Q 2014	---
Landmark XV	Private Equity	1Q 2014	---
Hancock	Timber	2Q 2014	---

WPERP RETIREMENT PLAN POLICY BENCHMARK DESCRIPTION

Time Period	Policy Benchmarks
Thru 3/31/2003	60% S&P 500 30% Citigroup BIG 10% Citigroup T-Bill
4/1/2003-12/31/2006	40% Russell 3000 15% MSCI ACWI ex U.S. 35% BC Universal 1% T-Bill <i>The Plan had allocated 5% to Alternatives and 4% to Real Estate asset classes. Since both of these asset classes were not funded until 1Q 2007, the policy benchmark was calculated on a pro-weighted basis (on total of 91%) during this period.</i>
1/1/2007-2/28/2007	40% Russell 3000 15% MSCI ACWI ex U.S. 35% BC Universal 4% NCREIF Lag 4.25% Cambridge U.S. Private Equity Lag , 0.75% Cambridge U.S. Venture Capital Lag 1% T-Bill
3/1/2007-6/30/2008	40% Russell 3000 15% MSCI ACWI ex U.S. 35% BC Universal 4% NCREIF Lag 3.40% Cambridge U.S. Private Equity Lag , 0.60% Cambridge U.S. Venture Capital Lag 1% T-Bill + 3% Lag 1% T-Bill
7/1/2008-12/31/2008	40% Russell 3000 24% MSCI ACWI ex U.S. 30% BC Universal 2% NCREIF Lag 0.85% Cambridge U.S. Private Equity Lag , 0.15% Cambridge U.S. Venture Capital Lag 2% T-Bill + 3% Lag 1% T-Bill
1/1/2009-6/30/2009	40% Russell 3000 24% MSCI ACWI ex U.S. IMI 30% BC Universal 2% NCREIF Lag 0.85% Cambridge U.S. Private Equity Lag , 0.15% Cambridge U.S. Venture Capital Lag 2% T-Bill + 3% Lag 1% T-Bill

WPERP RETIREMENT PLAN POLICY BENCHMARK DESCRIPTION - CONTINUED

Time Period	Policy Benchmarks
7/1/2009-9/30/2010	33% Russell 3000 17% MSCI ACWI ex U.S. IMI 40% BC Universal 3% NCREIF Lag 1.70% Cambridge U.S. Private Equity Lag , 0.30% Cambridge U.S. Venture Capital Lag 3% T-Bills + 3% Lag 2% T-Bill
10/1/2010-9/30/2011	34% Russell 3000 20% MSCI ACWI ex U.S. IMI 33% BC Universal 4% NCREIF Lag 2.55% Cambridge U.S. Private Equity Lag , 0.45% Cambridge U.S. Venture Capital Lag 5% T-Bills + 3% Lag 1% T-Bill
10/1/2011-3/31/2012	35% Russell 3000 22% MSCI ACWI ex U.S. IMI 33% BC Universal 2% NCREIF Lag 2% Russell 3000 + 3% Lag 5% T-Bills + 3% Lag 1% T-Bill
4/1/2012-6/30/2013	34% Russell 3000 21% MSCI ACWI ex U.S. IMI 25% BC Universal 5% CBOE BXM 4% NCREIF Lag 4% Russell 3000 + 3% Lag 6% T-Bills + 3% Lag 1% T-Bill
7/1/2013 - Present	33% Russell 3000 21% MSCI ACWI ex U.S. IMI 24% BC Universal 5% CBOE BXM 5% NCREIF Lag 5% Russell 3000 + 3% Lag 6% CPI + 3% Lag 1% T-Bill

WPERP HEALTH PLAN POLICY BENCHMARK DESCRIPTION

Time Period	Policy Benchmarks
Thru 9/30/2009	60% Russell 3000 40% BC Universal
10/1/09-6/30/10	37% Russell 3000 15% MSCI ACWI ex U.S. IMI 45% BC Universal 0.85% Cambridge U.S. Private Equity Lag , 0.15% Cambridge U.S. Venture Capital Lag 2% T-Bill
7/1/2010-9/30/2011	34% Russell 3000 18% MSCI ACWI ex U.S. IMI 42% BC Universal 0.85% Cambridge U.S. Private Equity Lag , 0.15% Cambridge U.S. Venture Capital Lag 3% T-Bill + 3% Lag 2% T-Bill
10/1/2011-3/31/2012	36% Russell 3000 20% MSCI ACWI ex U.S. IMI 36% BC Universal 1% NCREIF Lag 1% Russell 3000 + 3% Lag 5% T-Bill + 3% Lag 1% T-Bill
4/1/2012-6/30/2013	35% Russell 3000 21% MSCI ACWI ex U.S. IMI 26% BC Universal 5% CBOE BXM 3% NCREIF Lag 3% Russell 3000 + 3% Lag 6% T-Bills + 3% Lag 1% T-Bill
7/1/2013 - Present	33% Russell 3000 21% MSCI ACWI ex U.S. IMI 24% BC Universal 5% CBOE BXM 5% NCREIF Lag 5% Russell 3000 + 3% Lag 6% CPI + 3% Lag 1% T-Bill

WPERP EVOLVING INVESTMENT POLICY

Retirement Plan Evolving Investment Policy Allocations

Asset Class	10/1/2011- 3/31/2012	4/1/2012- 6/30/2013	7/1/2013- 6/30/2014
Domestic Equity	35	34	33
International Equity	22	21	21
Fixed Income	33	25	24
Covered Calls	0	5	5
Real Return	5	6	6
Private Equity	2	4	5
Real Estate	2	4	5
Cash	1	1	1

Health Plan Evolving Investment Policy Allocations

Asset Class	10/1/2011- 3/31/2012	4/1/2012- 6/30/2013	7/1/2013- 6/30/2014
Domestic Equity	36	35	33
International Equity	20	21	21
Fixed Income	36	26	24
Covered Calls	0	5	5
Real Return	5	6	6
Private Equity	1	3	5
Real Estate	1	3	5
Cash	1	1	1

PERFORMANCE ATTRIBUTION GLOSSARY

Performance Attribution - the process of comparing a portfolio's performance with its benchmark, and identify and quantify sources of differential returns (also called active returns).

Differential Returns / Active Returns / Value Added – The difference between the return on a portfolio and the return on the benchmark.

Impact on Return

Attribution Segment	Definition	Formula	Where:
Weighting (also called allocation, sector allocation, or pure sector allocation)	The effects of portfolio manager decisions to over/underweight each sector	Allocation $(w_i - W_i) \times (b_i - b)$	w_i = portfolio segment weight W_i = benchmark segment weight b_i = benchmark segment return b = total benchmark return
Selection (also called within-sector selection)	The effects of portfolio manager decision to buy specific securities	Selection $(r_i - b_i) \times W_i$	r_i = portfolio segment return b_i = benchmark segment return W_i = benchmark segment weight
Interaction (also called allocation/selection interaction)	The effects of portfolio managers decisions to security selection can inadvertently cause sector over/underweighting.	Interaction $(r_i - b_i) \times (w_i - W_i)$	r_i = portfolio segment return b_i = benchmark segment return w_i = portfolio segment weight W_i = benchmark segment weight

GLOSSARY OF TERMS

Alpha - The premium an investment earns above a set standard. This is usually measured in terms of a common index (i.e., how the stock performs independent of the market). An Alpha is usually generated by regressing a security's excess return on the S&P 500 excess return.

Annualized Performance - The annual rate of return that when compounded t times generates the same t -period holding return as actually occurred from period 1 to period t .

Batting Average - Percentage of periods a portfolio outperforms a given index.

Beta - The measure of an asset's risk in relation to the Market (for example, the S&P 500) or to an alternative benchmark or factors. Roughly speaking, a security with a Beta of 1.5 will have moved, on average, 1.5 times the market return.

Bottom-up - A management style that de-emphasizes the significance of economic and market cycles, focusing instead on the analysis of individual securities.

Dividend Discount Model - A method to value the common stock of a company that is based on the present value of the expected future dividends.

Growth Stocks - Common stock of a company that has an opportunity to invest money and earn more than the opportunity cost of capital.

Information Ratio - The ratio of annualized expected residual return to residual risk. A central measurement for active management, value added is proportional to the square of the information ratio.

R-Squared - Square of the correlation coefficient. The proportion of the variability in one series that can be explained by the variability of one or more other series in a regression model. A measure of the quality of fit. 100% R-square means perfect predictability.

Standard Deviation - The square root of the variance. A measure of dispersion of a set of data from its mean.

Sharpe Ratio - A measure of a portfolio's excess return relative to the total variability of the portfolio.

Style Analysis - A returns-based analysis using a multi-factor attribution model. The model calculates a product's average exposure to particular investment styles over time (i.e., the product's normal style benchmark).

Top-down - Investment style that begins with an assessment of the overall economic environment and makes a general asset allocation decision regarding various sectors of the financial markets and various industries.

Tracking Error - The standard deviation of the difference between the performance of a portfolio and an appropriate benchmark.

Turnover - For mutual funds, a measure of trading activity during the previous year, expressed as a percentage of the average total assets of the fund. A turnover rate of 25% means that the value of trades represented one-fourth of the assets of the fund.

Value Stocks - Stocks with low price/book ratios or price/earnings ratios. Historically, value stocks have enjoyed higher average returns than growth stocks (stocks with high price/book or P/E ratios) in a variety of countries.

DEFINITION OF BENCHMARKS

BC Aggregate: an index comprised of approximately 6,000 publicly traded investment-grade bonds including U.S. Government, mortgage-backed, corporate, and yankee bonds with an approximate average maturity of 10 years.

BC High Yield: covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included. Must be rated high-yield (Ba1/BB+ or lower) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. All issues must have at least one year to final maturity regardless of call features and have at least \$150 million par amount outstanding.

BC Multiverse Non-US Hedged: provides a broad-based measure of the international fixed-income bond market. The index represents the union of the BC Global Aggregate Index and the BC Global High Yield Index. In this sense, the term "Multiverse" refers to the concept of multiple universes in a single macro index.

BC U.S. Credit: includes publicly issued U.S. corporate and foreign debentures and secured notes that which are rated investment grade or higher by Moody's Investor Services, Standard and Poor's Corporation, or Fitch Investor's Service, with all issues having at least one year to maturity and an outstanding par value of at least \$250 million. Issues must be publicly issued, dollar-denominated and non-convertible.

BC U.S. Government: includes treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year) and agencies (i.e., publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government).

BC Universal: includes market coverage by the Aggregate Bond Index fixed rate debt issues, which are rated investment grade or higher by Moody's Investor Services, Standard and Poor's Corporation, or Fitch Investor's Service, with all issues having at least one year to maturity and an outstanding par value of at least \$100 million) and includes exposures to high yield CMBS securities. All returns are market value weighted inclusive of accrued interest.

BC World Govt Inflation-Linked Bond (WGILB): measures the performance of the major government inflation-linked bond markets. The index is designed to include only those markets in which a global government linker fund is likely and able to invest. To be included a market must have aggregate issuance of \$4 billion or more and have minimum rating of A3/A- for G7 and euro-zone issuers, Aa3/AA- otherwise, using the middle rating from Moody's, S&P and Fitch ("two out of three" rule). The index is available in local currency and in most major currencies hedged or un-hedged.

CBOE S&P 500 BuyWrite Index (BXM): is a benchmark index designed to track the performance of a hypothetical buy-write strategy on the S&P 500 Index. Announced in April 2002, the BXM Index was developed by the CBOE in cooperation with Standard & Poor's. To help in the development of the BXM Index, the CBOE commissioned Professor Robert Whaley to compile and analyze relevant data from the time period from June 1988 through December 2001. Data on daily BXM prices now is available from June 30, 1986, to the present time (see below). The BXM is a passive total return index based on (1) buying an S&P 500 stock index portfolio, and (2) "writing" (or selling) the near-term S&P 500 Index (SPXSM) "covered" call option, generally on the third Friday of each month. The SPX call written will have about one month remaining to expiration, with an exercise price just above the prevailing index level (i.e., slightly out of the money). The SPX call is held until expiration and cash settled, at which time a new one-month, near-the-money call is written. Please visit the BXM FAQ for more information about the construction of the index.

Citigroup 3-Month Treasury Bills (T-bills): tracks the performance of U.S. Treasury bills with 3-month maturity.

MSCI ACWI ex US ND: comprises both developed and emerging markets less the United States. As of August 2008, the index consisted of 23 countries classified as developed markets and 25 classified as emerging markets. This series approximates the minimum possible dividend reinvestment. The dividend is reinvested after deduction of withholding tax, applying the rate to non-resident individuals who do not benefit from double taxation treaties. MSCI Barra uses withholding tax rates applicable to Luxembourg holding companies, as Luxembourg applies the highest rates.

MSCI EAFE Free (Europe, Australasia, Far East) ND: is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. This series approximates the minimum possible dividend reinvestment. The dividend is reinvested after deduction of withholding tax, applying the rate to non-resident individuals who do not benefit from double taxation treaties. MSCI Barra uses withholding tax rates applicable to Luxembourg holding companies, as Luxembourg applies the highest rates.

MSCI EM (Emerging Markets) GD: is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. This series approximates the maximum possible dividend reinvestment. The amount reinvested is the entire dividend distributed to individuals resident in the country of the company, but does not include tax credits.

MSCI Europe is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. As of June 2007, this index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

MSCI Pacific is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. As of June 2007, this index consisted of the following 5 Developed Market countries: Australia, Hong Kong, Japan, New Zealand, and Singapore.

NAREIT Index: consists of all tax-qualified REITs listed on the New York Stock Exchange, American Stock Exchange, and the NASDAQ National Market System. The data is market weighted.

NCREIF Property Index: the NPI contains investment-grade, non-agricultural, income-producing properties which may be financed in excess of 5% gross market value; were acquired on behalf of tax exempt institutions; and are held in a fiduciary environment. Returns are gross of fees; including income, realized gains/losses, and appreciation/depreciation; and are market value weighted. Index is lagged one quarter.

Russell 1000: measures the performance of the 1,000 largest securities in the Russell 3000 Index. Russell 1000 is highly correlated with the S&P 500 Index and capitalization-weighted.

Russell 1000 Growth: measures the performance of those Russell 1000 securities with a greater-than-average growth orientation. Securities in this index tend to exhibit higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values than the Value universe.

Russell 1000 Value: measures the performance of those Russell 1000 securities with a less-than-average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values than the Growth universe.

Russell 2000: measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

Russell 2000 Growth: measures the performance of those Russell 2000 securities with a greater-than-average growth orientation. Securities in this index tend to exhibit higher price-to-book and price-to-earnings ratios.

Russell 2000 Value: measures the performance of those Russell 2000 securities with a less-than-average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-to-earnings ratios.

Russell 3000: represents the largest 3,000 US companies based on total market capitalization, representing approximately 98% of the investable US equity market.

RISK METRICS DESCRIPTION – Rationale for selection and calculation methodology**US Equity Markets:**

Metric: P/E ratio = Price / "Normalized" earnings for the S&P 500 Index

To represent the price of US equity markets, we have chosen the S&P 500 index. This index has the longest published history of price, is well known, and also has reliable, long-term, published quarterly earnings. The price=P of the P/E ratio is the current price of the market index (the average daily price of the most recent full month for the S&P 500 index). Equity markets are very volatile. Prices fluctuate significantly during normal times and extremely during periods of market stress or euphoria. Therefore, developing a measure of earnings power (E) which is stable is vitally important, if the measure is to provide insight. While equity prices can and do double, or get cut in half, real earnings power does not change nearly as much. Therefore, we have selected a well known measure of real, stable earnings power developed by Yale Professor Robert Shiller known as the Shiller E-10. The calculation of E-10 is simply the average real annual earnings over the past 10 years. Over 10 years, the earnings shenanigans and boom and bust levels of earnings tend to even out (and often times get restated). Therefore, this earnings statistic gives a reasonably stable, slow-to-change estimate of average real earnings power for the index. Professor Shiller's data and calculation of the E-10 are available on his website at <http://www.econ.yale.edu/~shiller/data.htm>. We have used his data as the base for our calculations. Details of the theoretical justification behind the measure can be found in his book *Irrational Exuberance* [Princeton University Press 2000, Broadway Books 2001, 2nd ed., 2005].

Developed Equity Markets Excluding the US:

Metric: P/E ratio = Price / "Normalized" earnings for the MSCI EAFE Index

To represent the price of non-US developed equity markets, we have chosen the MSCI EAFE index. This index has the longest published history of price for non-US developed equities. The price=P of the P/E ratio is the current price of the market index (the average daily price of the most recent full month for the MSCI EAFE index). The price level of this index is available starting in December 1969. Again, for the reasons described above, we elected to use the Shiller E-10 as our measure of earnings (E). Since 12/1972, a monthly price earnings ratio is available from MSCI. Using this quoted ratio, we have backed out the implied trailing-twelve month earnings of the EAFE index for each month from 12/1972 to the present. These annualized earnings are then inflation adjusted using CPI-U to represent real earnings in US dollar terms for each time period. The Shiller E-10 for the EAFE index (10 year average real earnings) is calculated in the same manner as detailed above.

However, we do not believe that the pricing and earnings history of the EAFE markets are long enough to be a reliable representation of pricing history for developed market equities outside of the US. Therefore, in constructing the Long-Term Average Historical P/E for developed ex-US equities for comparison purposes, we have elected to use the US equity market as a developed market proxy, from 1881 to 1982. This lowers the Long-Term Average Historical P/E considerably. We believe this methodology provides a more realistic historical comparison for a market with a relatively short history.

RISK METRICS DESCRIPTION – Rationale for selection and calculation methodology

Emerging Market Equity Markets:

Metric: Ratio of Emerging Market P/E Ratio to Developed Market P/E Ratio

To represent the Emerging Markets P/E Ratio, we have chosen the MSCI Emerging Market Free Index, which has P/E data back to January 1995 on Bloomberg. To represent the Developed Markets PE Ratio, we have chosen the MSCI World Index, which also has data back to January 1995 on Bloomberg. Although there are issues with published, single time period P/E ratios, in which the denominator effect can cause large movements, we feel that the information contained in such movements will alert investors to market activity that they will want to interpret.

US Private Equity Markets:

Metrics: S&P LCD Average EBITDA Multiples Paid in LBOs and US Quarterly Deal Volume

The Average Purchase Price to EBITDA multiples paid in LBOs is published quarterly by S&P in their LCD study. This is the total price paid (both equity and debt) over the trailing-twelve month EBITDA (earnings before interest, taxes, depreciation and amortization) as calculated by S&P LCD. This is the relevant, high-level pricing metric that private equity managers use in assessing deals. Data is published monthly.

US quarterly deal volume for private equity is the total deal volume in \$ billions (both equity and debt) reported in the quarter by Thomson Reuters Buyouts. This metric gives a measure of the level of activity in the market. Data is published quarterly.

US Private Real Estate Markets:

Metrics: US Cap Rates, Cap Rate Spreads, and Transactions as a % of Market Value

Real estate cap rates are a measure of the price paid in the market to acquire properties versus their annualized income generation before financing costs (NOI=net operating income). The data, published by NCREIF, describes completed and leased properties (core) on an unleveraged basis. We chose to use current value cap rates. These are capitalization rates from properties that were revalued during the quarter. This data relies on estimates of value and therefore tends to be lagging (estimated prices are slower to rise and slower to fall than transaction prices). The data is published quarterly.

Spreads between the cap rate (described above) and the 10-year nominal Treasury yield, indicate a measure of the cost of properties versus a current measure of the cost of financing.

Transactions as a % of Market Value Trailing Four Quarters is a measure of property turnover activity in the NCREIF Universe. This quarterly metric is a measure of activity in the market.

Credit Markets Fixed Income:

Metric: Spreads

The absolute level of spreads over treasuries and spread trends (widening / narrowing) are good indicators of credit risk in the fixed income markets. Spreads incorporate estimates of future default, but can also be driven by technical dislocations in the fixed income markets. Abnormally narrow spreads (relative to historical levels) indicate higher levels of valuation risk, wide spreads indicate lower levels of valuation risk and / or elevated default fears. Investment grade bond spreads are represented by the Barclays Capital US Corporate Investment Grade Index Intermediate Component. The high yield corporate bond spreads are represented by the Barclays Capital US Corporate High Yield Index.

RISK METRICS DESCRIPTION – Rationale for selection and calculation methodology

Measure of Equity Market Fear / Uncertainty

Metric: VIX – Measure of implied option volatility for US equity markets

The VIX is a key measure of near-term volatility conveyed by implied volatility of S&P 500 index option prices. VIX increases with uncertainty and fear. Stocks and the VIX are negatively correlated. Volatility tends to spike when equity markets fall.

Measure of Monetary Policy

Metric: Yield Curve Slope

We calculate the yield curve slope as the 10 year treasury yield minus the 1 year treasury yield. When the yield curve slope is zero or negative, this is a signal to pay attention. A negative yield curve slope signals lower rates in the future, caused by a contraction in economic activity. Recessions are typically preceded by an inverted (negatively sloped) yield curve. A very steep yield curve (2 or greater) indicates a large difference between shorter-term interest rates (the 1 year rate) and longer-term rates (the 10 year rate). This can signal expansion in economic activity in the future, or merely higher future interest rates.

Measures of US Inflation Expectations

Metrics: Breakeven Inflation and Inflation Adjusted Commodity Prices

Inflation is a very important indicator impacting all assets and financial instruments. Breakeven inflation is calculated as the 10 year nominal treasury yield minus the 10 year real yield on US TIPS (treasury inflation protected securities). Abnormally low long-term inflation expectations are indicative of deflationary fears. A rapid rise in breakeven inflation indicates an acceleration in inflationary expectations as market participants sell nominal treasuries and buy TIPS. If breakeven inflation continues to rise quarter over quarter, this is a signal of inflationary worries rising, which may cause Fed action and / or dollar decline.

Commodity price movement (above the rate of inflation) is an indication of anticipated inflation caused by real global economic activity putting pressure on resource prices. We calculate this metric by adjusted in the Dow Jones UBS Commodity Index (formerly Dow Jones AIG Commodity Index) by US CPI-U. While rising commodity prices will not necessarily translate to higher US inflation, higher US inflation will likely show up in higher commodity prices, particularly if world economic activity is robust.

These two measures of anticipated inflation can, and often are, conflicting.

RISK METRICS DESCRIPTION – Rationale for selection and calculation methodology

Measures of US Treasury Bond Interest Rate Risk

Metrics: 10-Year Treasury Forward-Looking Real Yield and 10-Year Treasury Duration

The expected annualized real yield of the 10 year US Treasury Bond is a measure of valuation risk for US Treasuries. A low real yield means investors will accept a low rate of expected return for the certainty of receiving their nominal cash flows. PCA estimates the expected annualized real yield by subtracting an estimate of expected 10 year inflation (produced by the Survey of Professional Forecasters as collected by the Federal Reserve Bank of Philadelphia), from the 10 year Treasury constant maturity interest rate.

Duration for the 10-Year Treasury Bond is calculated based on the current yield and a price of 100. This is a measure of expected percentage movements in the price of the bond based on small movements in percentage yield. We make no attempt to account for convexity.

Definition of “extreme” metric readings

A metric reading is defined as “extreme” if the metric reading is in the top or bottom decile of its historical readings. These “extreme” reading should cause the reader to pay attention. These metrics have reverted toward their mean values in the past.

RISK METRICS DESCRIPTION – PCA Market Sentiment IndicatorWhat is the PCA Market Sentiment Indicator (PMSI)?

The PMSI is a measure meant to gauge the market's sentiment regarding economic growth risk. Growth risk cuts across most financial assets, and is the largest risk exposure that most portfolios bear. The PMSI takes into account the momentum¹ (trend over time, positive or negative) of the economic growth risk exposure of publicly traded stocks and bonds, as a signal of the future direction of growth risk returns; either positive (risk seeking market sentiment), or negative (risk averse market sentiment).

How do I read the PCA Market Sentiment Indicator (PMSI) graph?

Simply put, the PMSI is a color coded indicator that signals the market's sentiment regarding economic growth risk. It is read left to right chronologically. A green indicator on the PMSI indicates that the market's sentiment towards growth risk is positive. A gray indicator indicates that the market's sentiment towards growth risk is neutral or inconclusive. A red indicator indicates that the market's sentiment towards growth risk is negative. The black line on the graph is the level of the PMSI. The degree of the signal above or below the neutral reading is an indication the signal's current strength.

How is the PCA Market Sentiment Indicator (PMSI) Constructed?

The PMSI is constructed from two sub-elements representing investor sentiment in stocks and bonds:

1. Stock return momentum: Return momentum for the S&P 500 Equity Index (trailing 12-months)
2. Bond yield spread momentum: Momentum of bond yield spreads (excess of the measured bond yield over the identical duration U.S. Treasury bond yield) for corporate bonds (trailing 12-months) for both investment grade bonds (75% weight) and high yield bonds (25% weight). The scale of this measure is adjusted to match that of the stock return momentum measure.

The black line reading on the graph is calculated as the average of the stock return momentum measure and the bonds spread momentum measure. The color reading on the graph is determined as follows:

1. If both stock return momentum and bond spread momentum are positive = GREEN (positive)
2. If one of the momentum indicators is positive, and the other negative = GRAY (inconclusive)
3. If both stock return momentum and bond spread momentum are negative = RED (negative)

What does the PCA Market Sentiment Indicator (PMSI) mean? Why might it be useful?

There is strong evidence that time series momentum is significant and persistent.² In particular, across an extensive array of asset classes, the sign of the trailing 12-month return (positive or negative) is indicative of future returns (positive or negative) over the next 12 month period. The PMSI is constructed to measure this momentum in stocks and corporate bond spreads. A reading of green or red is agreement of both the equity and bond measures, indicating that it is likely that this trend (positive or negative) will continue over the next 12 months. When the measures disagree, the indicator turns gray. A gray reading does not necessarily mean a new trend is occurring, as the indicator may move back to green, or into the red from there. The level of the reading (black line) and the number of months at the red or green reading, gives the user additional information on which to form an opinion, and potentially take action.

¹ Momentum is defined as the persistence of relative performance. There is a significant amount of academic evidence indicating that positive momentum (e.g., strong performing stocks over the recent past continue to post strong performance into the near future) exists over near-to-intermediate holding periods. See, for example, "Understanding Momentum," *Financial Analysts Journal*, Scowcroft, Sefton, March, 2005.

² "Time Series Momentum" Moskowitz, Ooi, Pedersen, August 2010 <http://pages.stern.nyu.edu/~lpederse/papers/TimeSeriesMomentum.pdf>

BENCHMARKS USED IN ECONOMIC AND MARKET OVERVIEW

US Equity = Russell 3000 Index

Non-US Equity = MSCI EAFE

Real Estate = NCREIF

Public Real Estate = NAREIT

US Debt = BC Universal Index

Domestic Large Cap = Russell 1000

Domestic Small Cap = Russell 2000

Growth = Russell 3000 Growth Index

Value = Russell 3000 Value Index

Pacific = MSCI Pacific

Europe = MSCI Europe

Emerging = MSCI Emerging Markets Free

Private Real Estate = NCREIF Index

Credit = BC U.S. Credit Index

Government = BC Government Index

Mortgage = BC Mortgage Index

High Yield = BC High Yield Index