

# Bay County VEBA

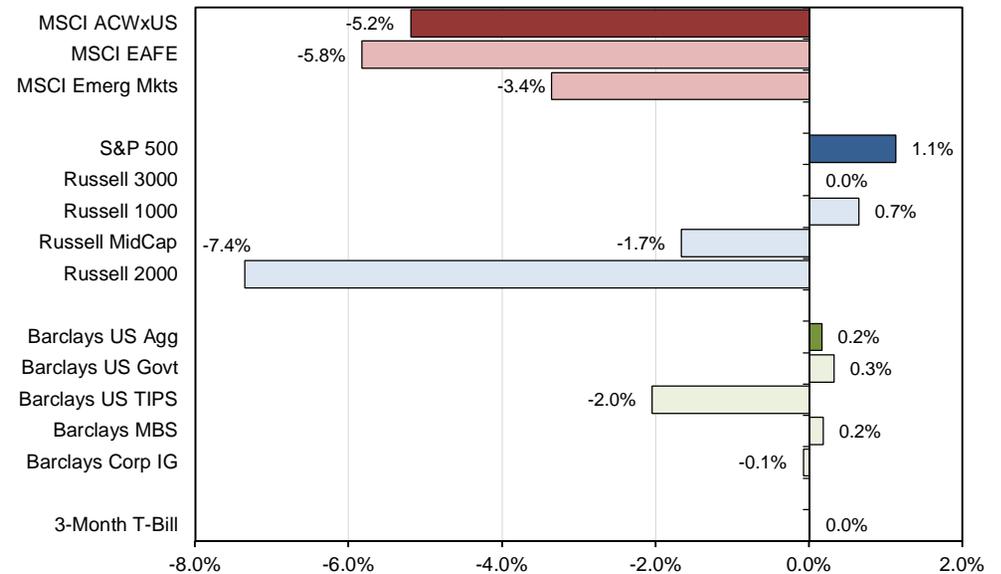
Investment Performance Review  
Quarter Ending  
September 30, 2014



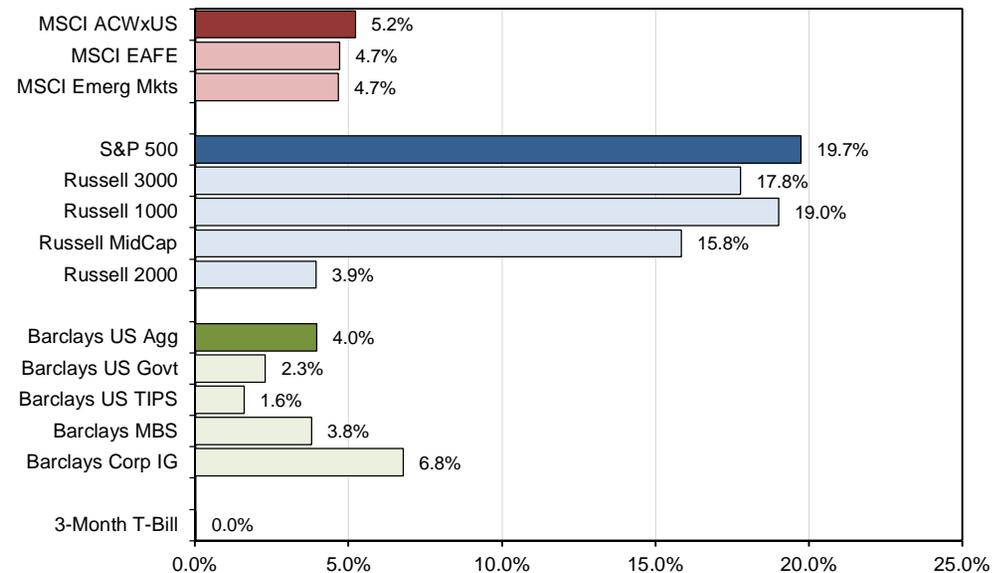
# 3rd Quarter 2014 Market Environment

- Large cap companies made it through the quarter relatively unscathed compared to their mid and small cap peers. While experiencing the same 'down-up-down' monthly pattern as seen in mid and small caps, the magnitude of the declines was far less pronounced. The strong +4.0% August return of large caps more than offset the minor declines in both July and September. The general consensus was that macro uncertainty (ISIS, Ukraine, Ebola, etc.) had a disproportionate impact on small and mid cap companies when compared to large caps, largely due to investor preference for safe haven blue chip equities.
- Small cap stocks experienced their worst quarter in three years and ended a streak of eight consecutive positive quarters. After months of worry expressed by small cap managers regarding stretched valuations for small cap companies, these fears were finally realized in the third quarter as the market sold off considerably. Unlike the first two quarters of the year, which were both marked by slow starts to the quarter followed by two consecutive up months, the third quarter saw the Russell 2000 decline -6.0% in July, followed by an increase of +5.0% in August, only to reverse course again in September, declining -6.0%.
- In international equity, emerging markets (-3.4%) once again outperformed developed markets (-5.8%) for the quarter. However, both market segments posted negative absolute returns, primarily driven by September's sell-off. While one-year returns for the three non-US equity indices remained in positive territory, they significantly lagged all domestic equity index performance with the exception of small caps.
- After moving higher in the first half of 2014, domestic bonds were essentially flat during the third quarter, rising just +0.2%. The trailing, one-year return remained in positive territory (+4.0%). Performance dispersion across sectors was low, as Government Bonds returned +0.3% followed by Mortgages at +0.2%. In contrast, Corporate Bonds lagged, declining -0.1% for the period. TIPS performance remained volatile, falling -2.0% after rising sharply in the first half of the year.

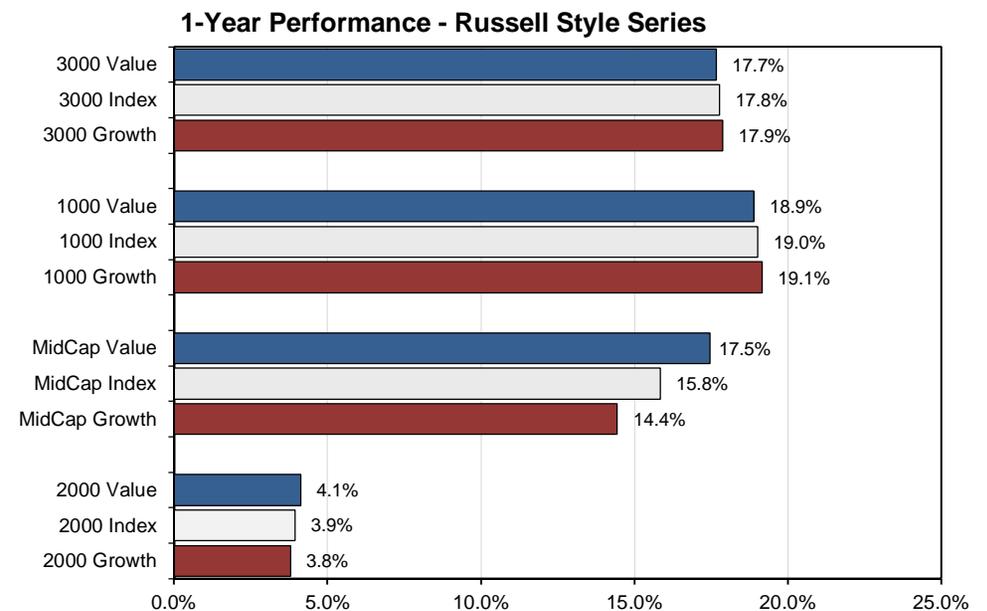
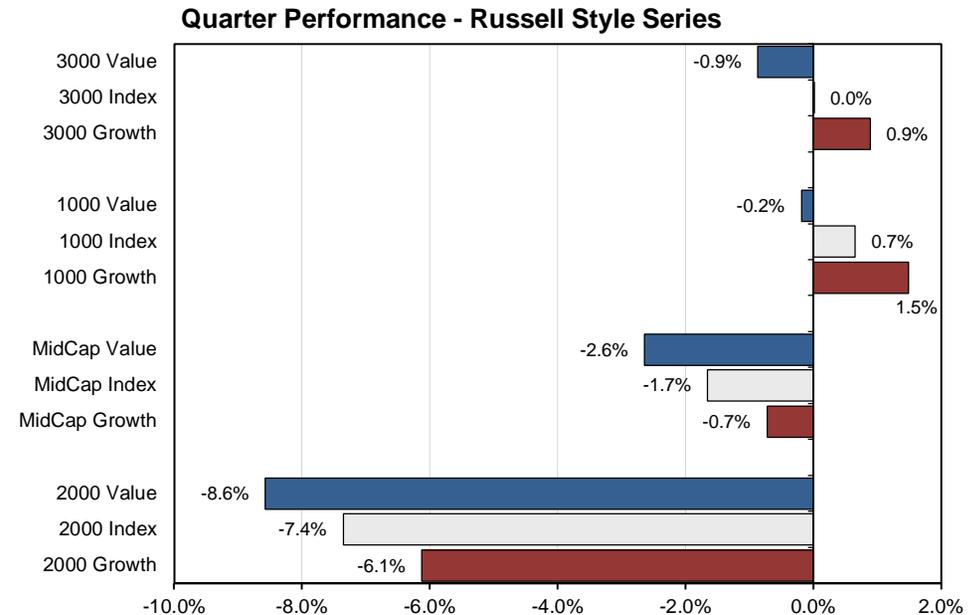
### Quarter Performance



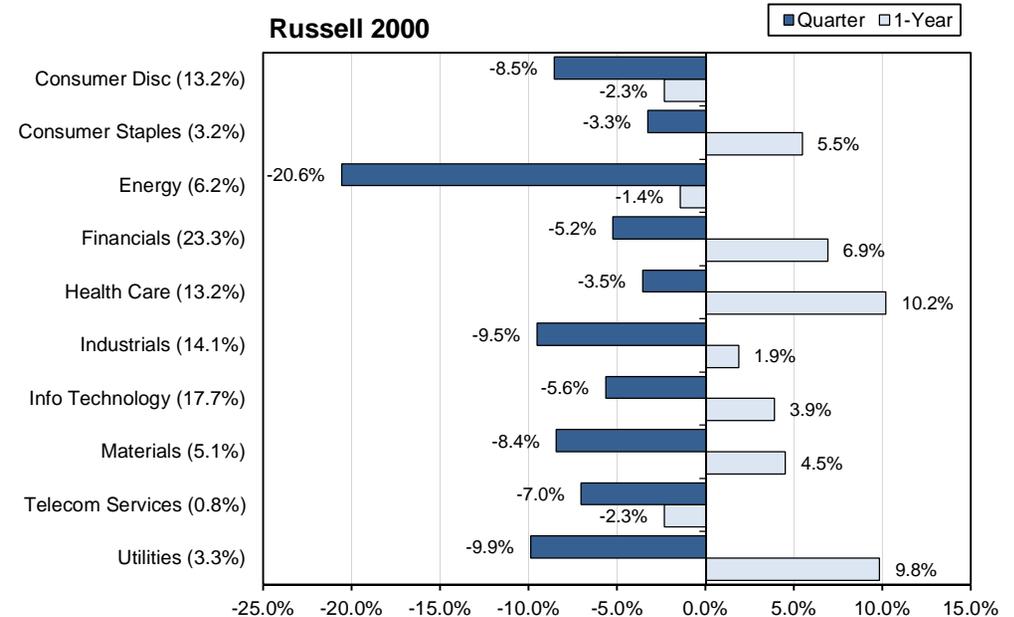
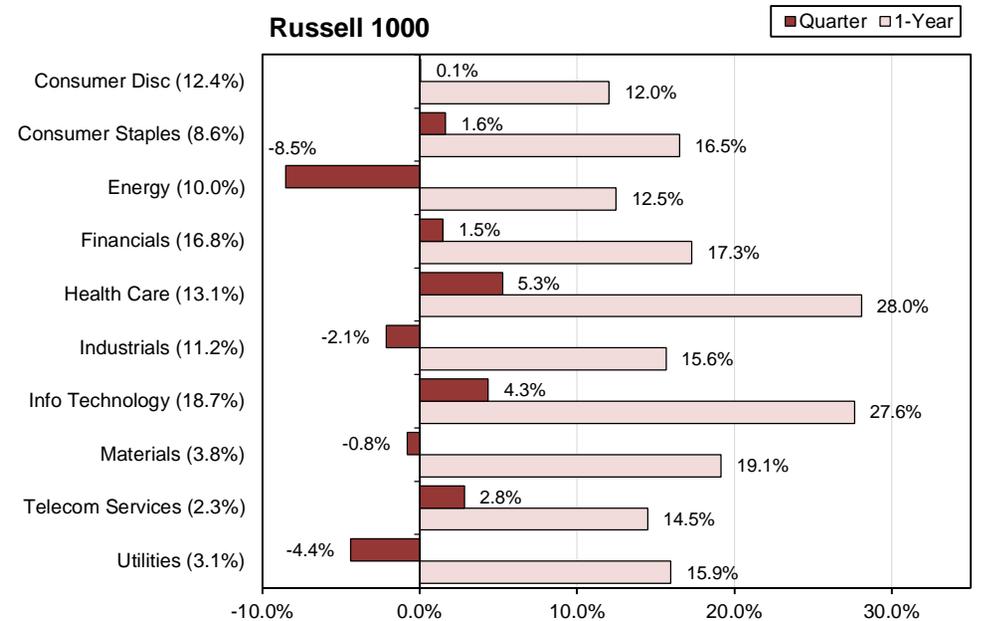
### 1-Year Performance



- Large cap stocks tend to outperform mid and small cap companies at the tail end of economic cycles, so the returns seen in the chart to the right were no surprise. However, the disparity of returns was somewhat unexpected and was largely driven by macro uncertainty and investor preference. With interest rates remaining low, equities remained the investment of choice by income-starved investors. Despite a challenged third quarter, dividend paying companies had a strong first half of the year, and a higher percentage of dividend payers resided in greater numbers in the larger market capitalization areas. In addition, investors often flocked to the security of large caps when macro uncertainties became more pronounced.
- The third quarter represented the second consecutive quarter in which small cap stocks lagged large cap stocks. Notably, the relative performance gap was the largest since the first quarter of 1999.
- Equities with the highest quartile dividend yield returned -5.6% during the period. This is a stark contrast from the first two quarters in which the highest yielding companies returned +10.2%. Much of this heightened volatility was attributed to the end of the Fed's quantitative easing (QE) program, which culminated in October. With the prospect of interest rates naturally creeping higher over time as a result of the additional stimulus, higher dividend paying companies temporarily suffered.
- The discrepancy in quarterly returns between growth and value benchmarks was largely related to performance within the Health Care sector. Health Care was the second best performing sector during the quarter in both value and growth benchmarks (only Financials were better in value; Consumer Staples in growth). However, Health Care made up a far higher percentage weight in the growth benchmarks, catapulting growth benchmarks ahead of value in all market capitalizations.
- As a result of the recent sell-off, on an absolute basis, small cap stocks became cheaper, when compared to their mid cap brethren, but remained more expensive than large caps. At 17.8x current P/E, small caps fell between mid caps (18.1x) and large caps (15.2x). On a relative P/E basis, when compared to 20-year average P/E ratios, value appeared overvalued across all capitalizations while growth was undervalued across the capitalization spectrum.



- There was wide economic sector performance dispersion during the third quarter. Within large caps, Health Care and Technology posted the strongest results. These two areas comprised a larger combined weight in the Russell 1000 Growth Index (42.0%) than in the Russell 1000 Value Index (22.9%). As a result, growth outpaced value during the third quarter. These sectors house some of the largest companies in the S&P 500 Index and many have led the index on a year-to-date basis.
- After performing very well in the second quarter, both the Energy and Utilities sectors experienced a reversal due to selling off during the third quarter. Energy did poorly in large caps (-8.5%) but fared even worse in the Russell 2000 Index of small cap companies, declining -20.6%. While seven of the ten S&P 500 economic sectors finished the third quarter higher, each sector of the Russell 2000 posted negative returns for the period.
- On a trailing P/E basis, Energy and Telecom Services were significantly cheaper than other sectors within the S&P 500. These two areas traded at 14.6x and 10.7x, respectively, which was well below the Index trailing P/E of 18.4x. On a relative basis, when compared to the 20-year average P/E ratio of 19.5x, the index was fairly valued to somewhat cheap. In fact, half the index trades below its long-term average P/E.
- Traditionally, September is the worst month for equity markets and this year was no exception. Despite a weak September, there is some reason for optimism. First, the US dollar (USD) continues to gain strength. Since many global commodities are priced in USD, the USD's strength has a downward pressure on commodity prices, particularly crude oil (-10%), which can fuel greater discretionary consumption and lead to stronger GDP growth. In addition, US companies have arguably superior relative fundamental growth prospects, which should provide support to domestic equities going forward.



**The Market Environment**  
**Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000**  
As of September 30, 2014

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Apple Inc	3.01%	9.0%	51.3%	Information Technology
Exxon Mobil Corporation	2.00%	-5.9%	12.4%	Energy
Microsoft Corp	1.90%	11.9%	43.3%	Information Technology
Johnson & Johnson	1.50%	2.6%	26.4%	Health Care
General Electric Co	1.27%	-1.7%	10.9%	Industrials
Berkshire Hathaway Inc Class B	1.25%	9.1%	21.7%	Financials
Wells Fargo & Co	1.23%	-0.6%	29.1%	Financials
JPMorgan Chase & Co	1.13%	5.3%	19.7%	Financials
Chevron Corp	1.13%	-7.8%	1.6%	Energy
Procter & Gamble Co	1.12%	7.4%	14.3%	Consumer Staples

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
United States Steel Corp	0.02%	50.6%	91.6%	Materials
United Therapeutics Corp	0.02%	45.4%	63.2%	Health Care
Weight Watchers International Inc	0.01%	36.0%	-26.6%	Consumer Discretionary
Concur Technologies Inc	0.03%	35.9%	14.8%	Information Technology
Veritiv Corp	0.00%	35.1%	NA	Industrials
Sigma-Aldrich Corp	0.06%	34.3%	61.0%	Materials
Pharmacyclics Inc	0.05%	30.9%	-15.1%	Health Care
American Eagle Outfitters	0.02%	30.5%	7.9%	Consumer Discretionary
Ulta Salon Cosmetics & Fragrances Inc	0.04%	29.3%	-1.1%	Consumer Discretionary
Dresser-Rand Group Inc	0.03%	29.1%	31.8%	Energy

Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Theravance Inc	0.02%	-42.0%	-47.5%	Health Care
SandRidge Energy Inc	0.02%	-40.0%	-26.8%	Energy
Nu Skin Enterprises Inc Class A	0.03%	-38.6%	-52.0%	Consumer Staples
Sears Holdings Corp	0.01%	-36.9%	-47.7%	Consumer Discretionary
Rite Aid Corp	0.00%	-32.5%	1.7%	Consumer Staples
Herbalife Ltd	0.03%	-32.2%	-36.7%	Consumer Staples
Aaron's Inc	0.01%	-31.7%	-12.0%	Consumer Discretionary
SeaWorld Entertainment Inc	0.01%	-31.4%	-33.1%	Consumer Discretionary
Kate Spade & Co	0.00%	-31.2%	4.4%	Consumer Discretionary
Cliffs Natural Resources Inc	0.02%	-30.4%	-47.8%	Materials

Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Puma Biotechnology Inc	0.35%	261.5%	344.6%	Health Care
Isis Pharmaceuticals	0.28%	12.7%	3.4%	Health Care
WEX Inc	0.27%	5.1%	25.7%	Information Technology
Team Health Holdings Inc	0.25%	16.1%	52.8%	Health Care
Graphic Packaging Holding Co	0.25%	6.2%	45.2%	Materials
Ultimate Software Group Inc	0.25%	2.4%	-4.0%	Information Technology
Prosperity Bancshares, Inc.	0.25%	-8.3%	-6.1%	Financials
Brunswick Corp	0.24%	0.3%	6.6%	Consumer Discretionary
RLJ Lodging Trust	0.23%	-0.4%	25.7%	Financials
CNO Financial Group Inc	0.23%	-4.4%	19.2%	Financials

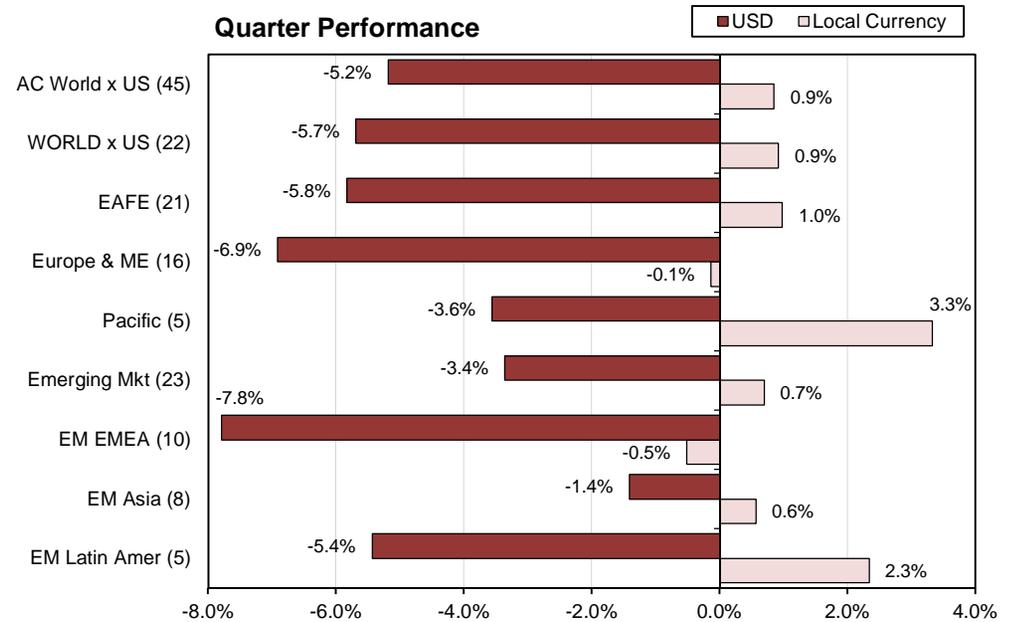
Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Puma Biotechnology Inc	0.35%	261.5%	344.6%	Health Care
AVANIR Pharmaceuticals Class A	0.13%	111.3%	181.8%	Health Care
EveryWare Global Inc	0.00%	102.3%	-76.9%	Consumer Discretionary
OvaScience Inc	0.02%	81.0%	67.5%	Health Care
Peregrine Semiconductor Corp	0.02%	80.3%	37.9%	Information Technology
Amicus Therapeutics Inc	0.00%	78.1%	156.5%	Health Care
IGI Inc	0.02%	75.5%	412.1%	Consumer Staples
Enphase Energy Inc	0.02%	75.3%	84.6%	Industrials
PTC Therapeutics Inc	0.06%	68.4%	105.1%	Health Care
Century Aluminum Co	0.08%	65.6%	223.4%	Materials

Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Nil Holdings Inc	0.00%	-90.0%	-99.1%	Telecommunication Services
Regado Biosciences Inc	0.00%	-83.4%	-83.1%	Health Care
Endeavour International Corp	0.00%	-78.2%	-94.4%	Energy
Body Central Corp	0.00%	-78.0%	-96.8%	Consumer Discretionary
Quicksilver Resources Inc	0.00%	-77.4%	-69.4%	Energy
Marrone Bio Innovations Inc	0.00%	-77.1%	-84.2%	Materials
ITT Educational Services, Inc.	0.01%	-74.3%	-86.2%	Consumer Discretionary
Vringo Inc	0.00%	-72.4%	-67.1%	Information Technology
Cytori Therapeutics Inc	0.00%	-71.7%	-71.0%	Health Care
L & L Energy, Inc.	0.00%	-69.9%	-91.6%	Energy

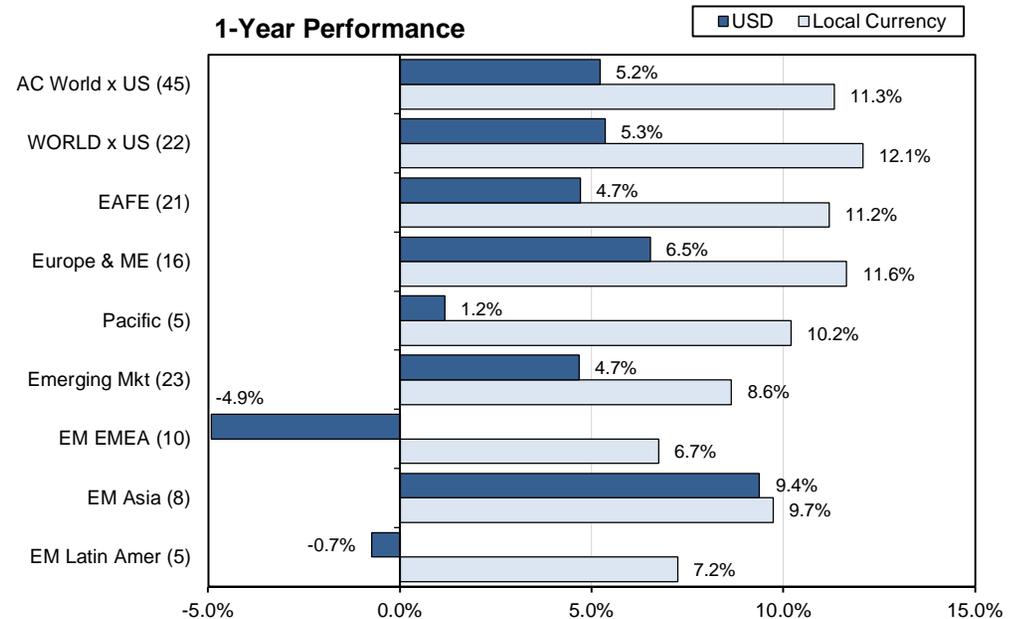
Source: Morningstar Direct

- After a relatively stable first half of 2014, volatility spiked during the third quarter. July and September were significant, negative months for the developed overseas indices, while August returns were slightly positive.
- Similar to last quarter, the range of returns for the individual countries outside of the US was wide. The only developed country whose equities ended the quarter in positive territory was Israel (+0.4%). The worst-performing developed country was Portugal (-24.9%) followed closely by Austria (-21.5%). On the emerging side, Egypt and the UAE were the top equity performers, up +28.2% and +22.9%, respectively. Greece was again the worst-performing equity market within the EM universe with a return of -20.0% for the quarter.
- During the third quarter, USD appreciation created a significant drag on returns for U.S. investors in overseas markets. All four of the broad, non-US equity indices shown to the right ended the quarter in positive territory when measured in local currency terms, but negative performance in USD.
- USD strength weighed on the Energy sector during the third quarter, which posted the weakest sector return (-10.0%) in the MSCI-ACWI xUS index. The Materials sector, which is also negatively impacted by USD strength, was the second worst performing sector within the MSCI ACWI x US index, returning -9.5% for the quarter. In the developed market MSCI-EAFE index, Health Care was the only sector to end the quarter in positive territory (+0.4%). Health Care (+9.9%) was also positive in the MSCI-EM index along with Telcom Services, which returned 6.2% for the third quarter.
- The Health Care sector's strength led growth to outperform value in both developed and emerging markets. Small cap stocks underperformed large caps in developed markets but outperformed in emerging markets.

**Quarter Performance**



**1-Year Performance**



Source: MSCI Global Index Monitor (Returns are Gross)

**The Market Environment**  
**U.S. Dollar International Index Attribution & Country Detail**  
As of September 30, 2014

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	11.6%	-8.4%	-1.9%
Consumer Staples	10.9%	-6.9%	3.1%
Energy	6.9%	-11.1%	7.6%
Financials	25.7%	-4.6%	3.7%
Health Care	11.2%	0.4%	20.9%
Industrials	12.5%	-7.0%	0.8%
Information Technology	4.7%	-0.7%	8.4%
Materials	7.7%	-9.3%	-2.6%
Telecommunication Services	4.9%	-5.2%	7.8%
Utilities	3.9%	-5.4%	10.4%
<b>Total</b>	<b>100.0%</b>	<b>-5.8%</b>	<b>4.7%</b>

MSCI - ACWixUS	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	10.6%	-7.7%	-0.3%
Consumer Staples	9.8%	-5.8%	2.6%
Energy	9.1%	-10.0%	4.6%
Financials	27.0%	-3.6%	5.0%
Health Care	8.7%	0.9%	21.1%
Industrials	10.9%	-5.7%	3.0%
Information Technology	7.0%	-3.5%	12.9%
Materials	8.0%	-9.5%	-3.8%
Telecommunication Services	5.3%	-1.9%	7.5%
Utilities	3.6%	-5.1%	10.9%
<b>Total</b>	<b>100.0%</b>	<b>-5.2%</b>	<b>5.2%</b>

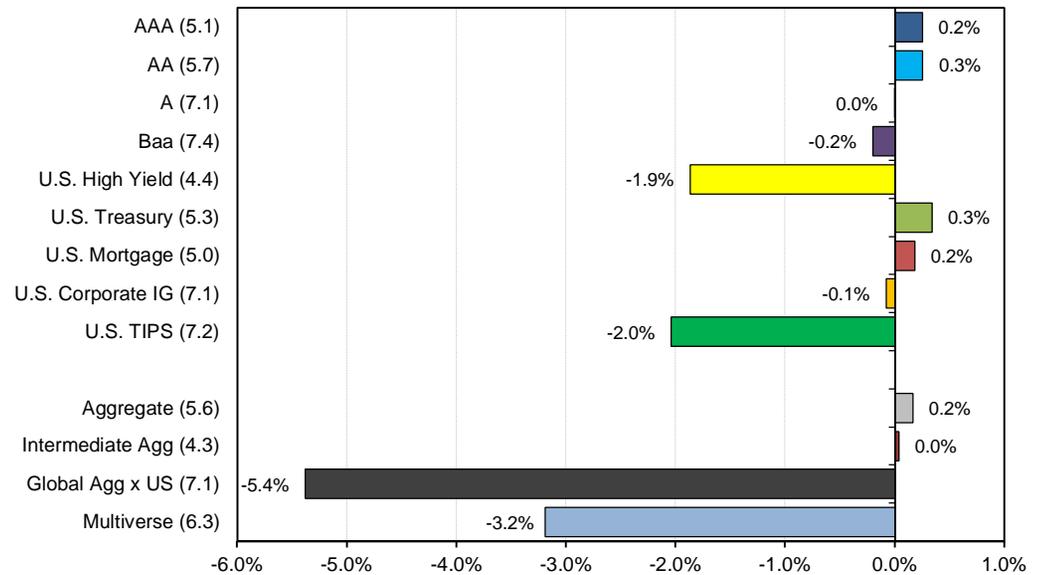
MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	9.0%	-6.4%	4.0%
Consumer Staples	8.3%	-2.4%	-1.3%
Energy	10.2%	-7.5%	-5.1%
Financials	27.5%	-1.1%	4.9%
Health Care	2.1%	9.9%	26.3%
Industrials	6.6%	-3.0%	4.6%
Information Technology	16.7%	-6.0%	17.2%
Materials	8.3%	-8.2%	-6.0%
Telecommunication Services	7.7%	6.2%	5.8%
Utilities	3.6%	-3.8%	14.4%
<b>Total</b>	<b>100.0%</b>	<b>-3.4%</b>	<b>4.7%</b>

Country	MSCI-EAFE Weight	MSCI-ACWixUS Weight	Quarter Return	1-Year Return
United Kingdom	21.3%	15.1%	-6.1%	6.2%
Japan	21.0%	14.8%	-2.2%	0.9%
France	9.9%	7.0%	-8.3%	2.6%
Switzerland	9.2%	6.5%	-4.4%	7.4%
Germany	8.8%	6.2%	-11.2%	2.6%
Australia	7.5%	5.3%	-7.9%	-0.5%
Spain	3.6%	2.6%	-7.4%	16.2%
Sweden	3.1%	2.2%	-5.8%	1.8%
Hong Kong	2.9%	2.1%	-2.6%	5.3%
Netherlands	2.7%	1.9%	-4.6%	5.4%
Italy	2.5%	1.8%	-8.6%	16.3%
Denmark	1.6%	1.1%	-3.8%	27.7%
Singapore	1.5%	1.1%	-1.2%	4.3%
Belgium	1.3%	0.9%	-3.7%	12.5%
Finland	0.9%	0.6%	-2.9%	15.1%
Norway	0.9%	0.6%	-7.4%	11.1%
Israel	0.6%	0.4%	0.4%	29.8%
Ireland	0.3%	0.2%	-3.1%	12.2%
Austria	0.2%	0.2%	-21.5%	-21.3%
Portugal	0.2%	0.1%	-24.9%	-18.1%
New Zealand	0.1%	0.1%	-8.7%	1.3%
<b>Total EAFE Countries</b>	<b>100.0%</b>	<b>70.7%</b>	<b>-5.8%</b>	<b>4.7%</b>
Canada		7.6%	-4.3%	11.6%
<b>Total Developed Countries</b>		<b>78.3%</b>	<b>-5.7%</b>	<b>5.3%</b>
China		4.2%	1.5%	4.9%
Korea		3.3%	-7.3%	0.6%
Taiwan		2.6%	-3.0%	12.9%
Brazil		2.2%	-8.6%	-4.3%
South Africa		1.6%	-6.5%	5.1%
India		1.5%	2.3%	37.6%
Mexico		1.2%	2.1%	11.9%
Russia		1.0%	-15.1%	-19.2%
Malaysia		0.9%	-3.2%	5.2%
Indonesia		0.6%	3.5%	20.5%
Thailand		0.5%	7.7%	11.8%
Poland		0.4%	-2.1%	4.3%
Turkey		0.3%	-11.8%	-8.4%
Chile		0.3%	-7.7%	-13.7%
Philippines		0.3%	4.2%	19.3%
Colombia		0.2%	-8.3%	-7.5%
Greece		0.1%	-20.0%	-7.1%
Qatar		0.1%	17.7%	36.8%
United Arab Emirates		0.1%	22.9%	72.6%
Peru		0.1%	-1.6%	14.7%
Egypt		0.1%	28.2%	68.9%
Czech Republic		0.1%	5.2%	16.5%
Hungary		0.0%	-12.8%	-22.0%
<b>Total Emerging Countries</b>		<b>21.7%</b>	<b>-3.4%</b>	<b>4.7%</b>
<b>Total ACWixUS Countries</b>		<b>100.0%</b>	<b>-5.2%</b>	<b>5.2%</b>

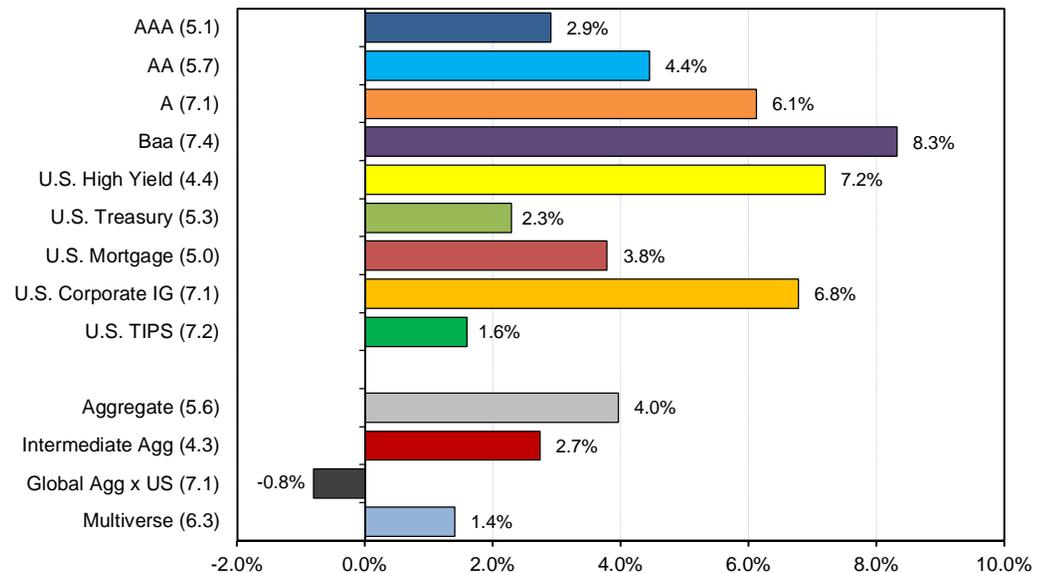
Source: MSCI Global Index Monitor (Returns are Gross in USD)

- Domestic bond markets were mostly flat in the third quarter, as economic fundamentals continued to indicate moderate growth and low inflation. Central bank policy remained mostly unchanged as the Federal Reserve remained on pace to end its QE program in October. Conversely, in September the European Central Bank announced additional interest rate cuts as well as the creation of their own bond buying (QE) program. The moves were designed to boost anemic growth in the Eurozone.
- In contrast to the second quarter, when all major sectors posted positive results, sector performance was mixed during the third quarter. Treasuries and mortgages rose +0.3% and +0.2%, respectively. These modest gains were partially off-set by weakness in corporate credit (-0.1%) and TIPS (-2.0%).
- After outperforming for several quarters, lower rated bonds lagged their higher quality peers. Baa-rated bonds lagged higher quality credits by 20 – 50 basis points (bps) during the period. On a one-year basis, Baa-rated bonds outpaced higher-rated credits by a wide margin.
- Longer-dated securities outperformed short and intermediate maturities despite the continued decline of the Federal Reserve’s QE program. The rally pushed the broad-based Barclays Aggregate Index ahead of the Barclays Intermediate Index by +0.2% for the quarter and +1.3% over the past twelve months.
- High Yield bonds fell -1.9%, marking the first negative quarterly return for the asset class since the second quarter of 2013. After exceeding investment grade bonds for seven consecutive quarters, high yield bonds trailed investment grade securities for the last six months, but remain ahead on a trailing one-year basis by 40 bps.
- The US bond market easily outpaced International bonds, represented by the Barclays Global Aggregate ex US Index, which was negatively impacted by USD strength by 560 bps. The third quarter’s weak performance by global bonds pushed one-year trailing domestic bond performance ahead by a wide margin.

**Quarter Performance**



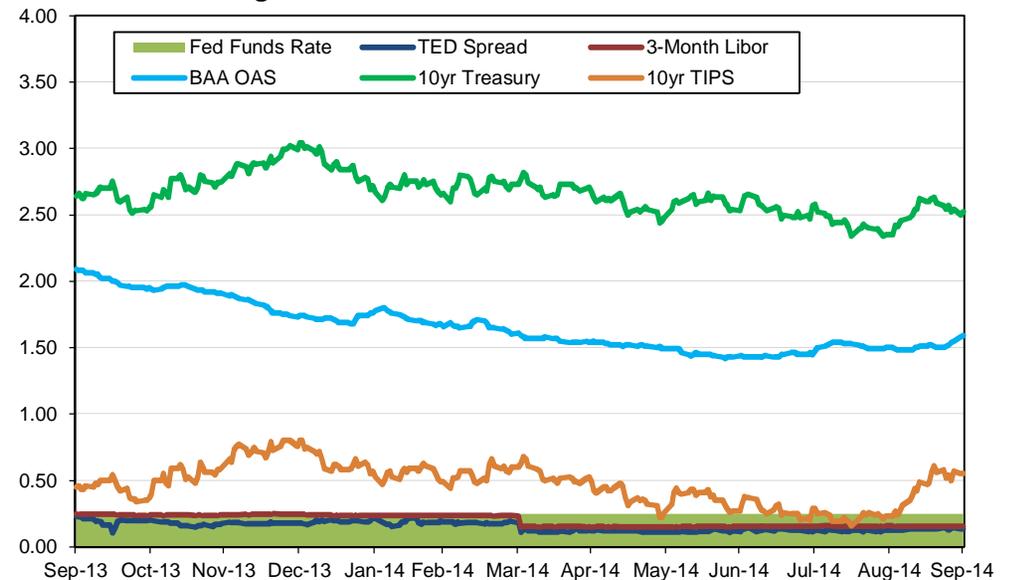
**1-Year Performance**



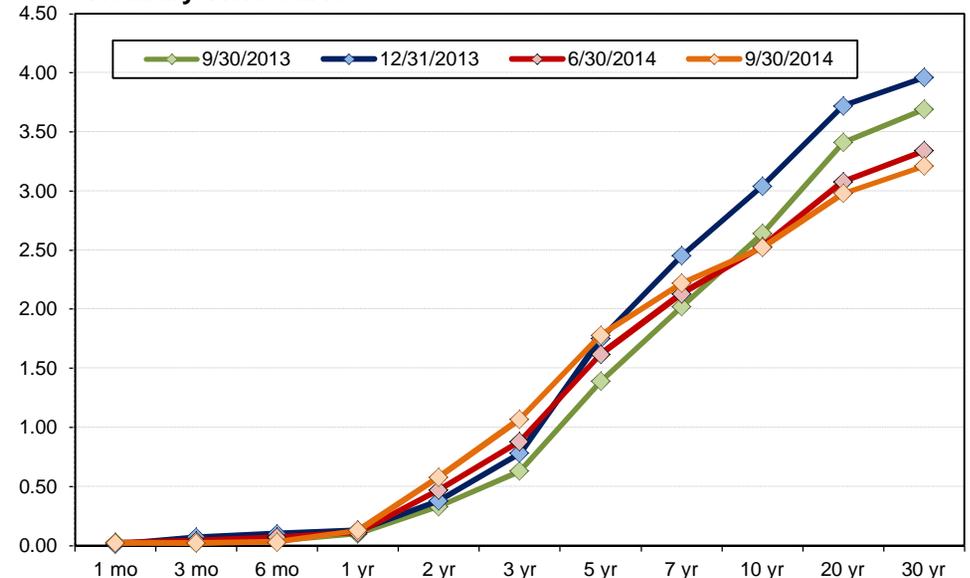
Source: Barclays Capital Live

- With the Fed's bond buying program drawing to a telegraphed close, investors are increasingly focused on the timing and magnitude of an eventual increase in interest rates and the impact it will have on bond portfolios.
- After moving sharply lower in the second quarter, option adjusted spreads on Baa-rated bonds widened by 15 bps during the third quarter. This spread widening has a negative impact on bond prices (which move in the opposite direction) and performance of lower quality credits. This quarter's rise in spreads erased the rally that occurred during the second quarter, though current spread levels remain below the level from one year ago.
- The yield curve in the US continued to flatten during the third quarter. Since prices and performance move in the opposite direction of yields, the long-end of the curve was the best performing maturity segment. The yield on the 10-year Treasury rose from 2.53% in early July and then steadily rallied to 2.34% by late August. In September, bonds retreated from the August rally, pushing the yield back to 2.52% by quarter-end.
- Yields on shorter-dated maturities were essentially unchanged as the Fed continued to hold the Fed fund rate near zero. Rates on intermediate maturities ended the quarter 10 to 20 bps higher.
- Since rising to more attractive yields in mid-to-late 2013, the yield curve has gradually flattened, spreads have narrowed, and interest rates have declined, particularly in longer-dated maturities. While this has resulted in mildly positive returns over the past twelve months, the return outlook is likely to be challenged by the prospect of higher interest rates in the future. The impact of any future rate increases will likely be exacerbated by the fact that low nominal yields and narrow credit spreads offer only a modest level of income to offset this interest rate risk, particularly if rates rise significantly and in a short period of time.

1-Year Trailing Market Rates



Treasury Yield Curve



Source: US Department of Treasury, FRED (Federal Reserve of St. Louis)

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**Total Fund** The VEBA Total Fund had a -0.5% return in the quarter and ranked in the top third of all Total Plans and above its policy benchmark. The 11.6% performance for the year was top quartile and above the policy, while the five year 9.3% return was bottom third. Compared to funds with a similar mix performance was top quartile for the quarter and year, and near top quartile for two years.

**Total Domestic Equities** The return ranked below the median for the quarter versus Combined Equities, but was above average for the year. It was top decile for two years. The performance in the quarter was above its equity policy index (62% Russell 1000, 38% Rusell 2500). It was above the policy for the year and two years.

- **Dodge & Cox Stock Fund** The fund had near top decile performance relative to Domestic Large Cap Value funds for the quarter and was above the Russell 1000 Value index. It was top decile and above the index for the year and two years.
- **Atalanta Sosnoff** The portfolio had below median performance relative to Domestic Large Cap Growth funds for the quarter. It was bottom third for year and below the median for two years. It was below the Russell 1000 Growth index plus 100 bps annually for all periods.
- **Lord Abbett** Performance in the quarter was top third versus Smid Cap Value funds and above the Russell 2500 Value index. It was in the top quartile and above the index for the year, and top quartile and above the index for two years.
- **CS McKee** Top quartile return in the quarter relative to Domestic Core Fixed Income funds and slightly above the Barclay's Aggregate Bond index. For the year, results were below average but above the index, while for two years, performance was bottom quartile and below the index.

**Financial Reconciliation**  
**Total Fund**  
**1 Quarter Ending September 30, 2014**

<b>1 Quarter</b>	<b>Market Value 07/01/2014</b>	<b>Net Flows</b>	<b>Return On Investment</b>	<b>Market Value 09/30/2014</b>
<b>VEBA Total Fund</b>	<b>40,699,003</b>	<b>323,785</b>	<b>-197,217</b>	<b>40,825,571</b>
<b>Total Domestic Equity</b>	<b>25,818,070</b>	<b>-</b>	<b>-242,173</b>	<b>25,575,897</b>
Dodge & Cox Stock Fund (DODGX)	9,610,180	-	89,313	9,699,493
Atalanta Sosnoff	9,102,021	-	70,437	9,172,458
Lord Abbett (LVOYX)	7,105,869	-	-401,923	6,703,946
<b>Total Domestic Fixed Income</b>				
CS McKee	14,384,796	625,000	44,943	15,054,739
<b>Cash</b>	<b>496,137</b>	<b>-301,215</b>	<b>13</b>	<b>194,935</b>

Financial Reconciliation  
Total Fund

January 1, 2014 To September 30, 2014

<b>Fiscal Year To Date</b>	<b>Market Value 01/01/2014</b>	<b>Net Flows</b>	<b>Return On Investment</b>	<b>Market Value 09/30/2014</b>
<b>VEBA Total Fund</b>	<b>38,466,843</b>	<b>536,201</b>	<b>1,822,527</b>	<b>40,825,571</b>
<b>Total Domestic Equity</b>	<b>24,351,766</b>	<b>-</b>	<b>1,224,131</b>	<b>25,575,897</b>
Dodge & Cox Stock Fund (DODGX)	8,980,051	-	719,442	9,699,493
Atalanta Sosnoff	8,765,110	-	407,348	9,172,458
Lord Abbett (LVOYX)	6,606,605	-	97,341	6,703,946
<b>Total Domestic Fixed Income</b>				
CS McKee	13,831,377	625,000	598,362	15,054,739
<b>Cash</b>	<b>283,700</b>	<b>-88,799</b>	<b>34</b>	<b>194,935</b>

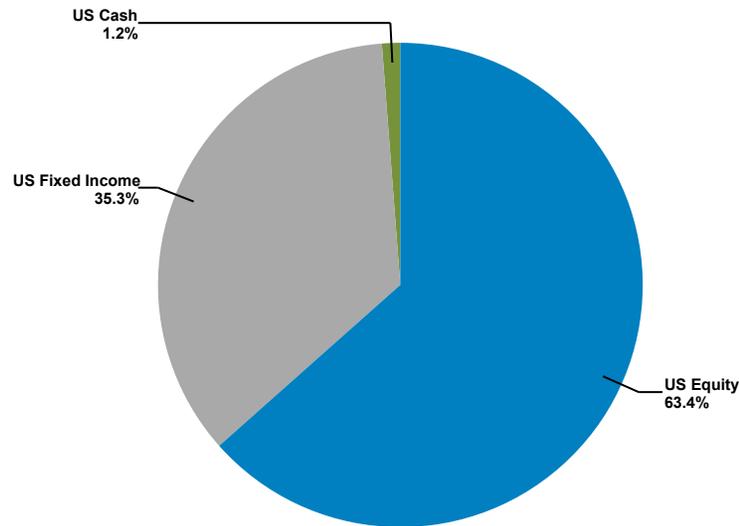
**Financial Reconciliation**  
**Total Fund**  
**1 Year Ending September 30, 2014**

<b>1 Year</b>	<b>Market Value 10/01/2013</b>	<b>Net Flows</b>	<b>Return On Investment</b>	<b>Market Value 09/30/2014</b>
<b>VEBA Total Fund</b>	<b>36,180,135</b>	<b>500,279</b>	<b>4,145,157</b>	<b>40,825,571</b>
<b>Total Domestic Equity</b>	<b>20,813,889</b>	<b>1,200,000</b>	<b>3,562,008</b>	<b>25,575,897</b>
Dodge & Cox Stock Fund (DODGX)	6,884,035	1,200,000	1,615,458	9,699,493
Atalanta Sosnoff	6,385,970	1,600,000	1,186,488	9,172,458
Lord Abbett (LVOYX)	7,543,884	-1,600,000	760,062	6,703,946
<b>Total Domestic Fixed Income</b>				
CS McKee	13,846,639	625,000	583,100	15,054,739
<b>Cash</b>	<b>1,519,607</b>	<b>-1,324,721</b>	<b>49</b>	<b>194,935</b>

Asset Allocation Attributes	Domestic Equity		Domestic Fixed Income		Cash Equivalent		Total Fund	
	(\$)	%	(\$)	%	(\$)	%	(\$)	%
<b>VEBA Total Fund</b>	<b>25,228</b>	<b>61.8</b>	<b>14,452</b>	<b>35.4</b>	<b>1,145</b>	<b>2.8</b>	<b>40,826</b>	<b>100.0</b>
<b>Total Domestic Equity</b>	<b>25,228</b>	<b>98.6</b>	-	-	<b>348</b>	<b>1.4</b>	<b>25,576</b>	<b>62.6</b>
Dodge & Cox Stock Fund (DODGX)	9,699	100.0	-	-	-	-	9,699	23.8
Atalanta Sosnoff	8,824	96.2	-	-	348	3.8	9,172	22.5
Lord Abbett (LVOYX)	6,704	100.0	-	-	-	-	6,704	16.4
<b>Total Domestic Fixed Income</b>								
CS McKee	-	-	14,452	96.0	602	4.0	15,055	36.9
<b>Cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>195</b>	<b>100.0</b>	<b>195</b>	<b>0.5</b>

**Asset Allocation By Asset Class**  
**Total Fund**  
 As of September 30, 2014

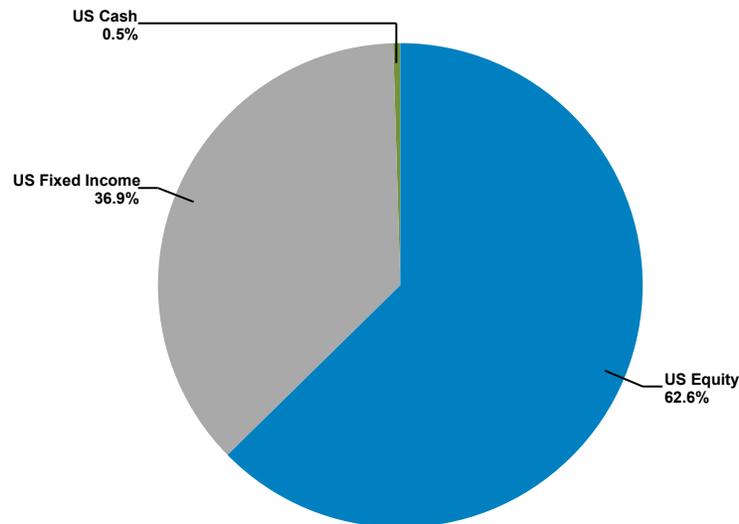
June 30, 2014 : \$40,699,003



**Allocation**

	Market Value	Allocation
US Equity	25,818,070	63.4
US Fixed Income	14,384,796	35.3
US Cash	496,137	1.2

September 30, 2014 : \$40,825,571



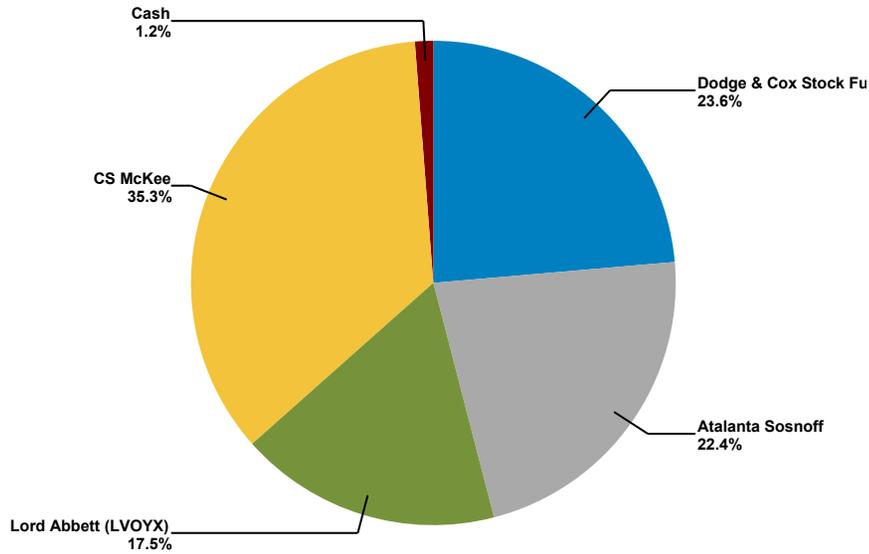
**Allocation**

	Market Value	Allocation
US Equity	25,575,897	62.6
US Fixed Income	15,054,739	36.9
US Cash	194,935	0.5

**Asset Allocation By Manager  
Total Fund**

As of September 30, 2014

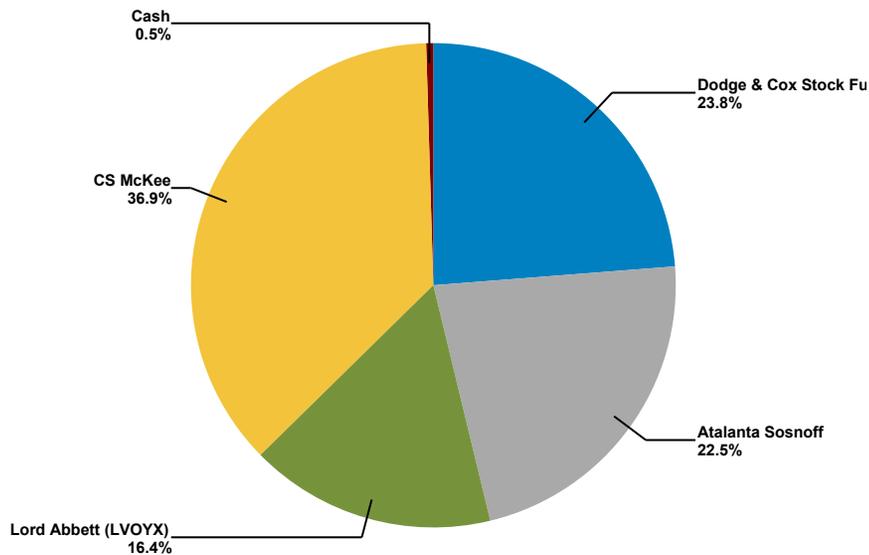
June 30, 2014 : \$40,699,003



**Allocation**

	Market Value	Allocation
Dodge & Cox Stock Fund (DODGX)	9,610,180	23.6
Atalanta Sosnoff	9,102,021	22.4
Lord Abbett (LVOYX)	7,105,869	17.5
CS McKee	14,384,796	35.3
Cash	496,137	1.2

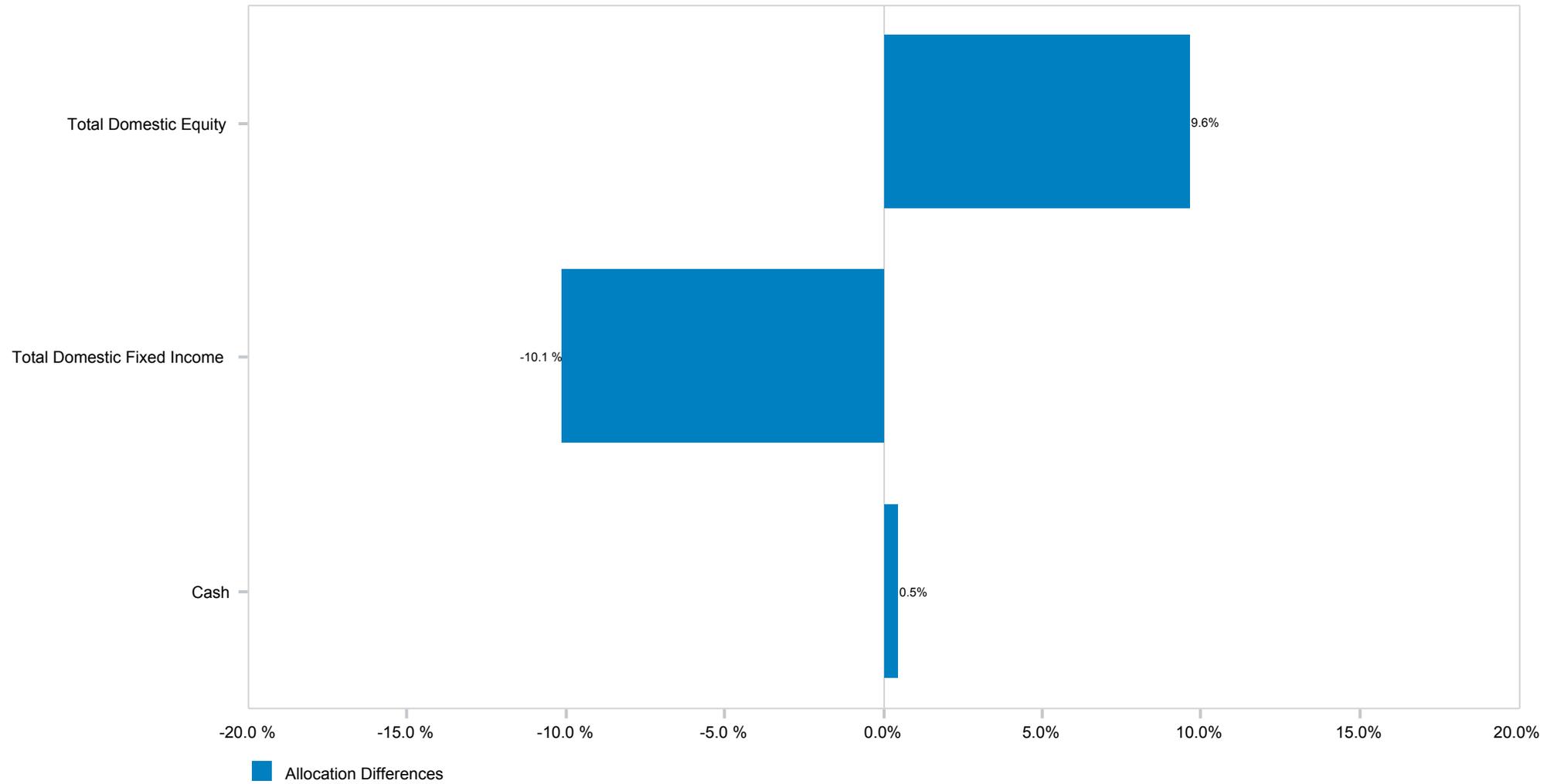
September 30, 2014 : \$40,825,571



**Allocation**

	Market Value	Allocation
Dodge & Cox Stock Fund (DODGX)	9,699,493	23.8
Atalanta Sosnoff	9,172,458	22.5
Lord Abbett (LVOYX)	6,703,946	16.4
CS McKee	15,054,739	36.9
Cash	194,935	0.5

Asset Allocation vs. Target Allocation

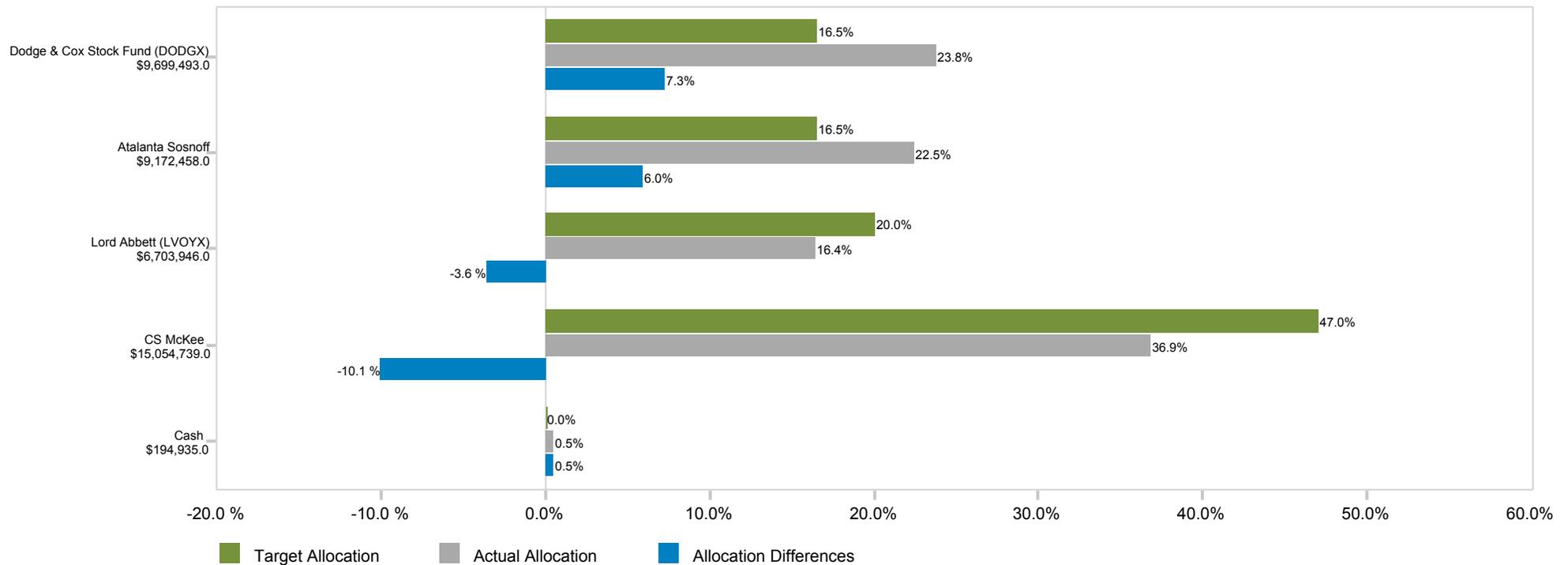


Asset Allocation vs. Target Allocation

	Market Value \$	Allocation (%)	Target (%)
Total Domestic Equity	25,575,897	62.6	53.0
Total Domestic Fixed Income	15,054,739	36.9	47.0
Cash	194,935	0.5	0.0
<b>Total Fund</b>	<b>40,825,571</b>	<b>100.0</b>	<b>100.0</b>

Asset Allocation Compliance

	Asset Allocation \$	Current Allocation (%)	Target Allocation (%)	Target Rebal. (\$000)	Differences (%)
VEBA Total Fund	40,825,571	100.0	100.0	-	0.0
Dodge & Cox Stock Fund (DODGX)	9,699,493	23.8	16.5	-2,963,274	7.3
Atalanta Sosnoff	9,172,458	22.5	16.5	-2,436,239	6.0
Lord Abbett (LVOYX)	6,703,946	16.4	20.0	1,461,168	-3.6
CS McKee	15,054,739	36.9	47.0	4,133,279	-10.1
Cash	194,935	0.5	0.0	-194,935	0.5



Comparative Performance

Total Fund

As of September 30, 2014

Comparative Performance										
	QTR		FYTD		1 YR		3 YR		5 YR	
<b>VEBA Total Fund</b>	<b>-0.48</b>	<b>(29)</b>	<b>4.73</b>	<b>(38)</b>	<b>11.59</b>	<b>(22)</b>	<b>14.59</b>	<b>(17)</b>	<b>9.26</b>	<b>(66)</b>
VEBA - Total Fund Policy	-0.98	(51)	4.84	(36)	10.08	(45)	N/A		N/A	
All Master Trust - Total Fund Median	-0.98		4.29		9.77		12.81		9.83	
<b>VEBA Total Fund</b>	<b>-0.48</b>	<b>(15)</b>	<b>4.73</b>	<b>(30)</b>	<b>11.59</b>	<b>(20)</b>	<b>14.59</b>	<b>(27)</b>	<b>9.26</b>	<b>(83)</b>
VEBA - Total Fund Policy	-0.98	(38)	4.84	(28)	10.08	(52)	N/A		N/A	
Master Trust >=55% and <70% Equity Median	-1.23		4.20		10.13		13.74		10.18	
<b>Total Domestic Equity</b>	<b>-0.94</b>	<b>(63)</b>	<b>5.03</b>	<b>(64)</b>	<b>16.58</b>	<b>(38)</b>	<b>N/A</b>		<b>N/A</b>	
VEBA - Total Domestic Equity Policy	-2.06	(89)	5.30	(57)	15.51	(53)	N/A		N/A	
Russell 3000 Index	0.01	(27)	6.95	(22)	17.76	(18)	23.08	(36)	15.78	(42)
All Master Trust-US Equity Segment Median	-0.62		5.56		15.69		22.58		15.62	
Dodge & Cox Stock Fund (DODGX)	0.93	(11)	8.01	(17)	20.93	(6)	N/A		N/A	
Russell 1000 Value Index	-0.19	(57)	8.07	(15)	18.89	(18)	23.93	(25)	15.26	(14)
IM U.S. Large Cap Value Equity (MF) Median	-0.11		6.80		17.14		22.74		13.63	
Atalanta Sosnoff	0.77	(61)	4.65	(75)	15.87	(72)	N/A		N/A	
Russell 1000G + 100BP	1.74	(33)	8.70	(22)	20.34	(26)	23.67	(25)	17.67	(16)
IM U.S. Large Cap Growth Equity (SA+CF) Median	1.19		6.47		17.98		22.39		15.81	
Lord Abbett (LVOYX)	-5.66	(31)	1.47	(18)	11.76	(15)	N/A		N/A	
Russell 2500 Value Index	-6.40	(48)	0.96	(26)	9.88	(34)	22.82	(39)	15.16	(26)
IM U.S. SMID Cap Value Equity (MF) Median	-6.45		-1.10		7.99		22.03		14.26	
<b>Total Domestic Fixed Income</b>										
CS McKee	0.33	(22)	4.34	(54)	4.23	(63)	N/A		N/A	
Barclays Aggregate Index	0.17	(67)	4.10	(78)	3.96	(82)	2.43	(91)	4.12	(88)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	0.21		4.40		4.50		3.23		4.81	
<b>Cash</b>	<b>0.00</b>		<b>0.01</b>		<b>0.01</b>		<b>0.00</b>		<b>0.00</b>	
90 Day U.S. Treasury Bill	0.01		0.04		0.04		0.06		0.08	

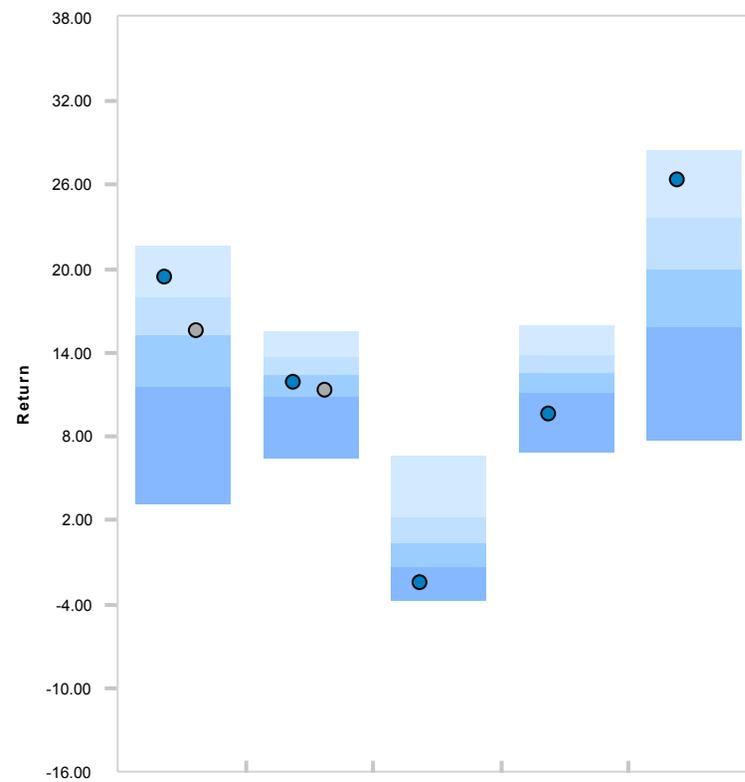
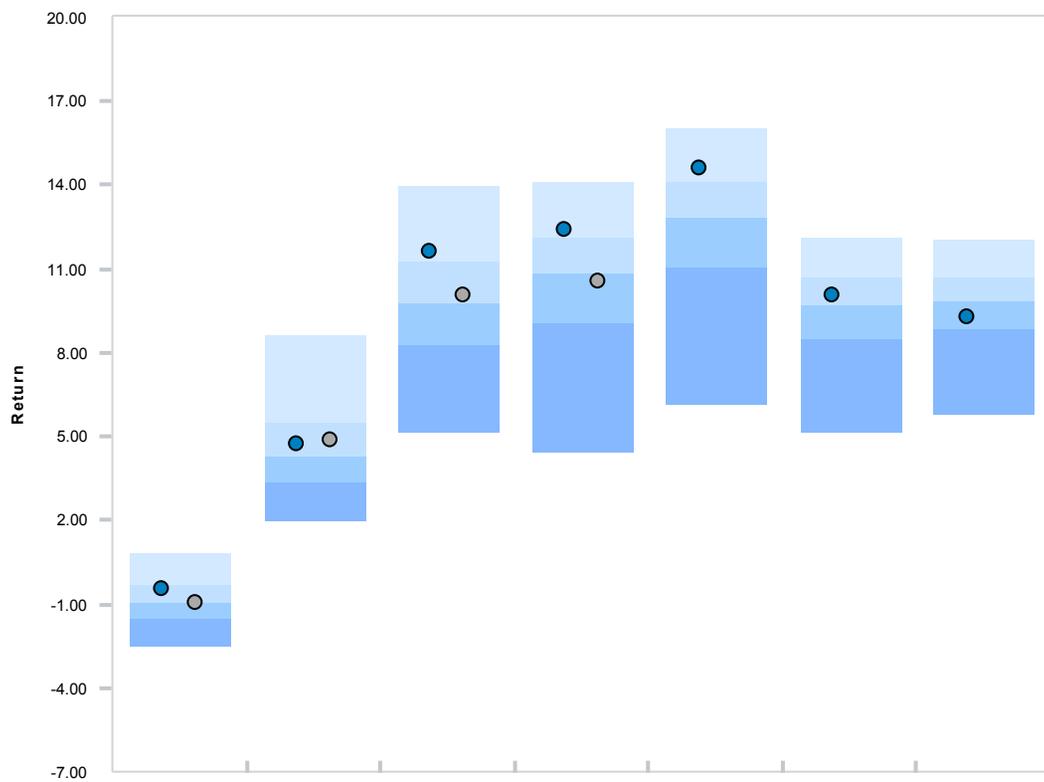
Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.

**Comparative Performance**  
**Total Fund**  
**Years Ending**

<b>Comparative Performance</b>	<b>1 Year Ending Sep-2014</b>		<b>1 Year Ending Sep-2013</b>		<b>1 Year Ending Sep-2012</b>		<b>1 Year Ending Sep-2011</b>		<b>1 Year Ending Sep-2010</b>	
<b>VEBA Total Fund</b>	<b>11.59</b>	<b>(22)</b>	<b>13.23</b>	<b>(29)</b>	<b>19.08</b>	<b>(22)</b>	<b>-2.49</b>	<b>(93)</b>	<b>6.12</b>	<b>(95)</b>
VEBA - Total Fund Policy	10.08	(45)	11.08	(58)	N/A		N/A		N/A	
All Master Trust - Total Fund Median	9.77		11.73		16.77		0.54		9.98	
<b>VEBA Total Fund</b>	<b>11.59</b>	<b>(20)</b>	<b>13.23</b>	<b>(44)</b>	<b>19.08</b>	<b>(40)</b>	<b>-2.49</b>	<b>(92)</b>	<b>6.12</b>	<b>(99)</b>
VEBA - Total Fund Policy	10.08	(52)	11.08	(82)	N/A		N/A		N/A	
Master Trust >=55% and <70% Equity Median	10.13		12.91		18.59		-0.20		10.18	
<b>Total Domestic Equity</b>	<b>16.58</b>	<b>(38)</b>	<b>27.28</b>	<b>(10)</b>	<b>N/A</b>		<b>N/A</b>		<b>N/A</b>	
VEBA - Total Domestic Equity Policy	15.51	(53)	23.42	(41)	N/A		N/A		N/A	
Russell 3000 Index	17.76	(18)	21.60	(66)	30.20	(30)	0.55	(48)	10.96	(61)
All Master Trust-US Equity Segment Median	15.69		22.77		29.23		0.44		11.36	
Dodge & Cox Stock Fund (DODGX)	20.93	(6)	29.96	(2)	N/A		N/A		N/A	
Russell 1000 Value Index	18.89	(18)	22.30	(51)	30.92	(13)	-1.89	(25)	8.90	(24)
IM U.S. Large Cap Value Equity (MF) Median	17.14		22.31		28.21		-3.68		6.86	
Atalanta Sosnoff	15.87	(72)	21.34	(42)	N/A		N/A		N/A	
Russell 1000G + 100BP	20.34	(26)	20.47	(51)	30.48	(28)	4.82	(22)	13.78	(26)
IM U.S. Large Cap Growth Equity (SA+CF) Median	17.98		20.48		27.47		1.30		11.28	
Lord Abbett (LVOYX)	11.76	(15)	30.19	(46)	N/A		N/A		N/A	
Russell 2500 Value Index	9.88	(34)	27.58	(71)	32.15	(26)	-4.70	(35)	14.74	(38)
IM U.S. SMID Cap Value Equity (MF) Median	7.99		29.50		29.64		-5.78		13.71	
<b>Total Domestic Fixed Income</b>										
CS McKee	4.23	(63)	-2.16	(95)	N/A		N/A		N/A	
Barclays Aggregate Index	3.96	(82)	-1.68	(80)	5.16	(91)	5.26	(50)	8.16	(87)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	4.50		-1.24		6.60		5.26		9.22	
<b>Cash</b>	<b>0.01</b>		<b>0.00</b>		<b>0.00</b>		<b>-0.03</b>		<b>0.02</b>	
90 Day U.S. Treasury Bill	0.04		0.08		0.05		0.13		0.12	

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.

Peer Group Analysis - All Master Trust - Total Fund



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Total Fund	-0.48 (29)	4.73 (38)	11.59 (22)	12.40 (21)	14.59 (17)	10.06 (42)	9.26 (66)
● Total Policy	-0.98 (51)	4.84 (36)	10.08 (45)	10.58 (55)	N/A	N/A	N/A
Median	-0.98	4.29	9.77	10.86	12.81	9.67	9.83

	2013	2012	2011	2010	2009
● Total Fund	19.39 (14)	11.91 (62)	-2.51 (89)	9.63 (87)	26.42 (11)
● Total Policy	15.51 (49)	11.24 (71)	N/A	N/A	N/A
Median	15.32	12.46	0.32	12.59	19.99

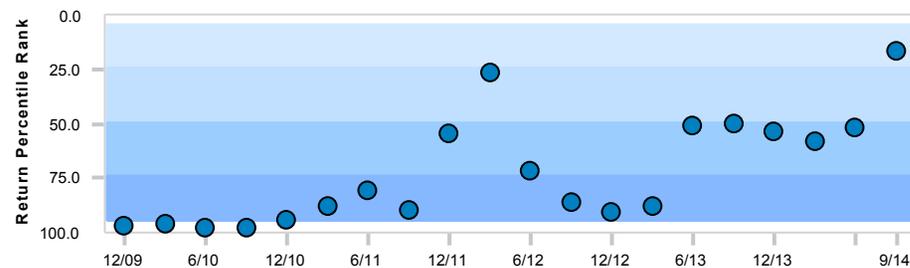
Comparative Performance

	1 Qtr Ending Jun-2014	1 Qtr Ending Mar-2014	1 Qtr Ending Dec-2013	1 Qtr Ending Sep-2013	1 Qtr Ending Jun-2013	1 Qtr Ending Mar-2013
Total Fund	3.24 (73)	1.93 (39)	6.55 (9)	4.01 (70)	1.20 (8)	6.44 (11)
Total Policy	3.50 (59)	2.29 (24)	5.00 (52)	3.56 (79)	0.09 (40)	6.14 (16)
All Master Trust - Total Fund Median	3.64	1.76	5.05	4.66	-0.17	4.88

### 3 Yr Rolling Under/Over Performance - 5 Years

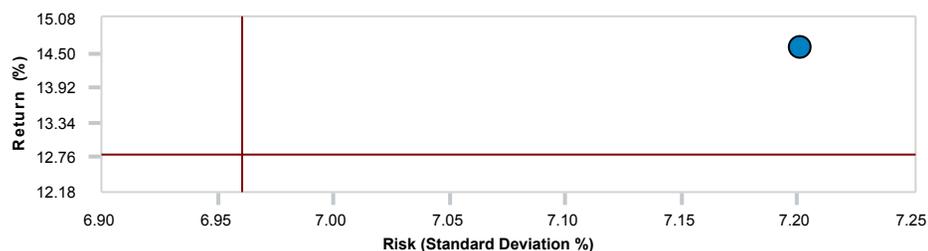
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### 3 Yr Rolling Percentile Ranking - 5 Years



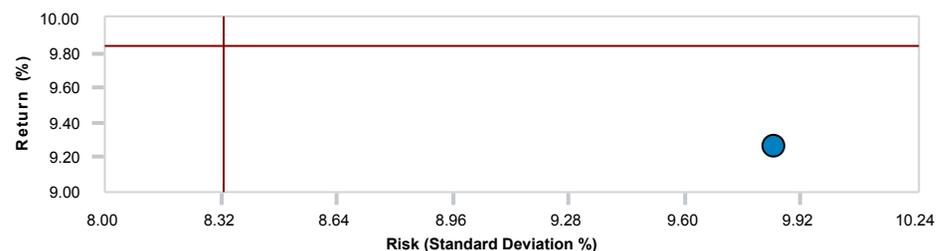
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Total Fund	20	1 (5%)	2 (10%)	6 (30%)	11 (55%)
Total Policy	0	0	0	0	0

### Peer Group Scattergram - 3 Years



	Return	Standard Deviation
Total Fund	14.59	7.20
Total Policy	N/A	N/A
Median	12.81	6.96

### Peer Group Scattergram - 5 Years



	Return	Standard Deviation
Total Fund	9.26	9.84
Total Policy	N/A	N/A
Median	9.84	8.33

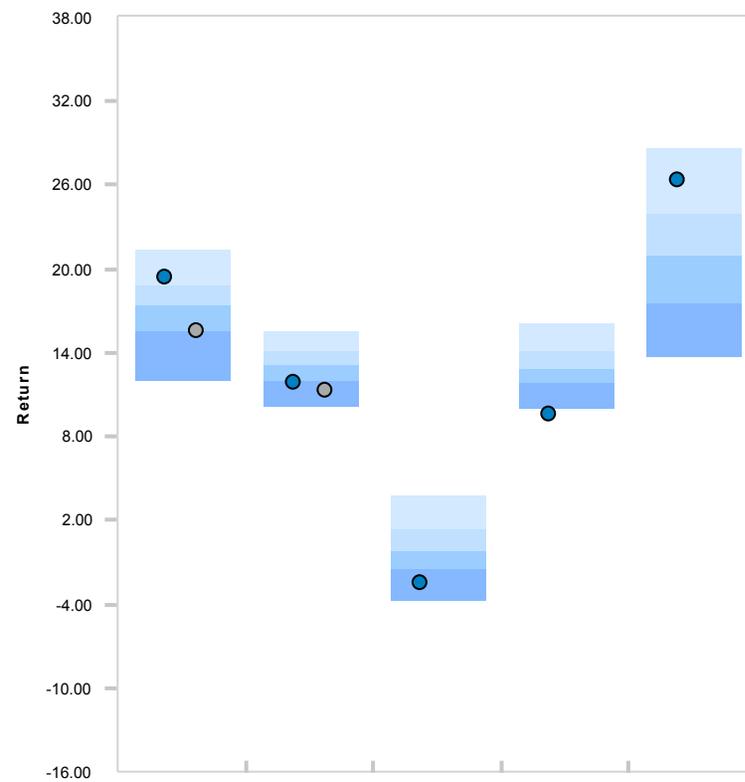
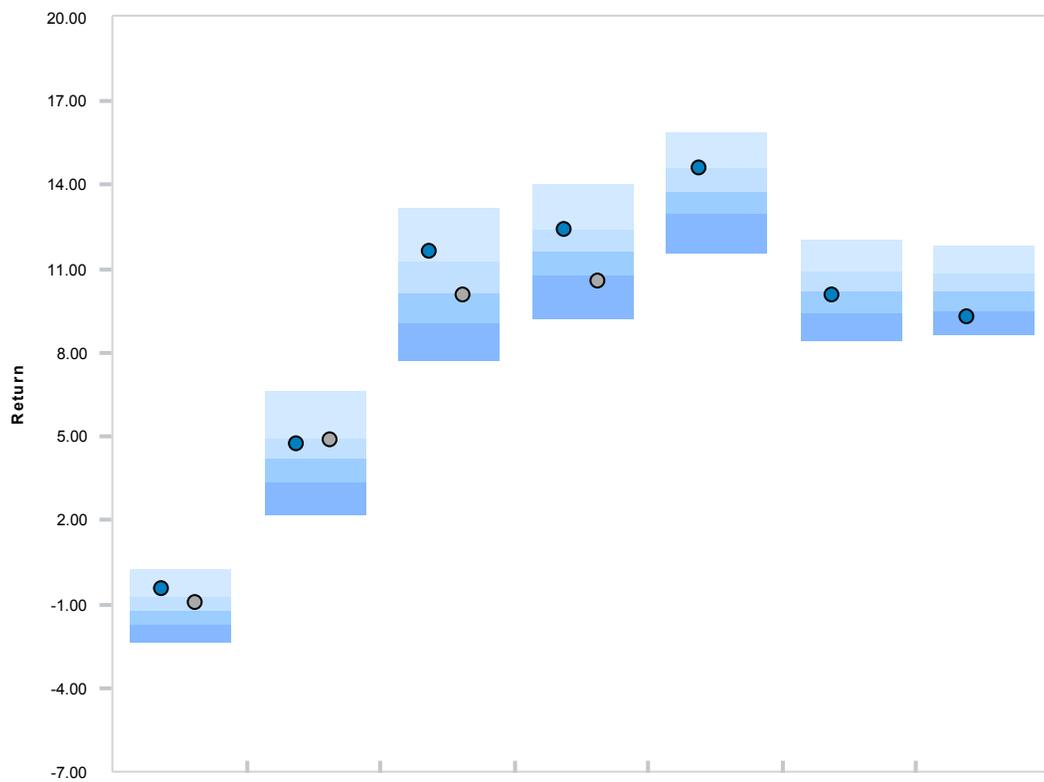
### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Policy	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

### Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Policy	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Peer Group Analysis - Master Trust >=55% and <70% Equity



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Total Fund	-0.48 (15)	4.73 (30)	11.59 (20)	12.40 (26)	14.59 (27)	10.06 (56)	9.26 (83)
● Total Policy	-0.98 (38)	4.84 (28)	10.08 (52)	10.58 (78)	N/A	N/A	N/A
Median	-1.23	4.20	10.13	11.59	13.74	10.22	10.18

	2013	2012	2011	2010	2009
● Total Fund	19.39 (19)	11.91 (77)	-2.51 (88)	9.63 (97)	26.42 (11)
● Total Policy	15.51 (77)	11.24 (85)	N/A	N/A	N/A
Median	17.40	13.07	-0.18	12.91	20.94

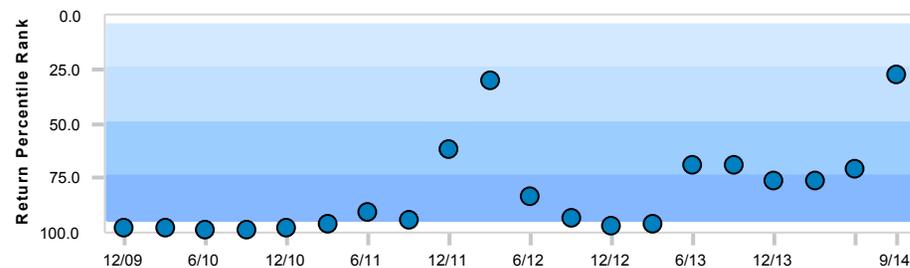
Comparative Performance

	1 Qtr Ending Jun-2014	1 Qtr Ending Mar-2014	1 Qtr Ending Dec-2013	1 Qtr Ending Sep-2013	1 Qtr Ending Jun-2013	1 Qtr Ending Mar-2013
Total Fund	3.24 (83)	1.93 (30)	6.55 (10)	4.01 (93)	1.20 (8)	6.44 (16)
Total Policy	3.50 (66)	2.29 (15)	5.00 (83)	3.56 (97)	0.09 (54)	6.14 (26)
Master Trust >=55% and <70% Equity Median	3.66	1.71	5.69	5.14	0.15	5.63

### 3 Yr Rolling Under/Over Performance - 5 Years

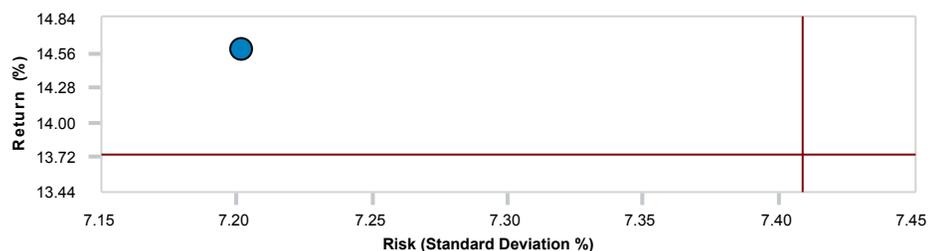
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### 3 Yr Rolling Percentile Ranking - 5 Years



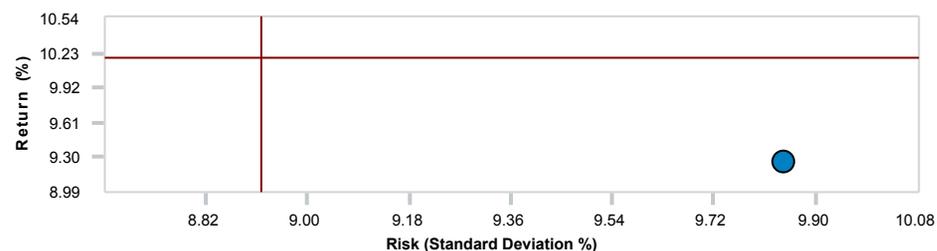
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Total Fund	20	0 (0%)	2 (10%)	4 (20%)	14 (70%)
Total Policy	0	0	0	0	0

### Peer Group Scattergram - 3 Years



	Return	Standard Deviation
Total Fund	14.59	7.20
Total Policy	N/A	N/A
Median	13.74	7.41

### Peer Group Scattergram - 5 Years



	Return	Standard Deviation
Total Fund	9.26	9.84
Total Policy	N/A	N/A
Median	10.19	8.92

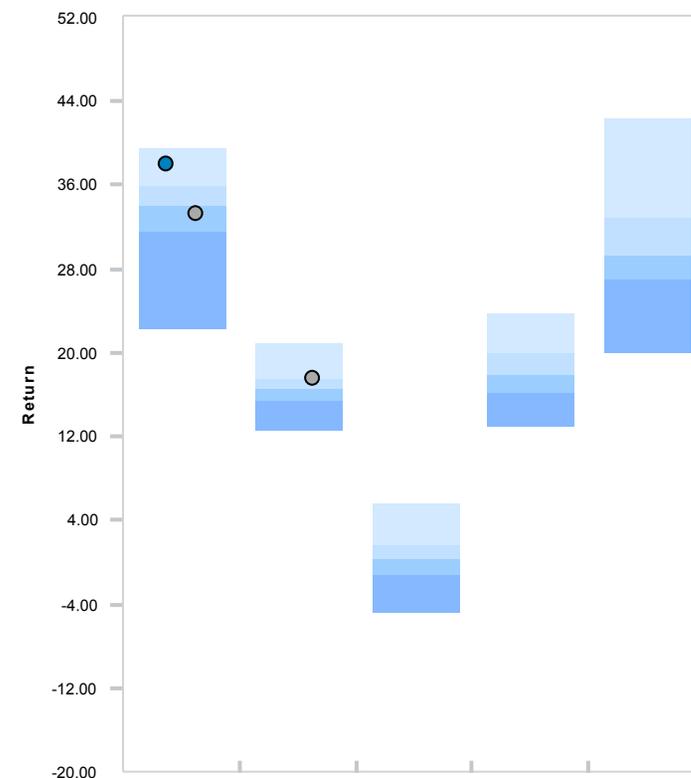
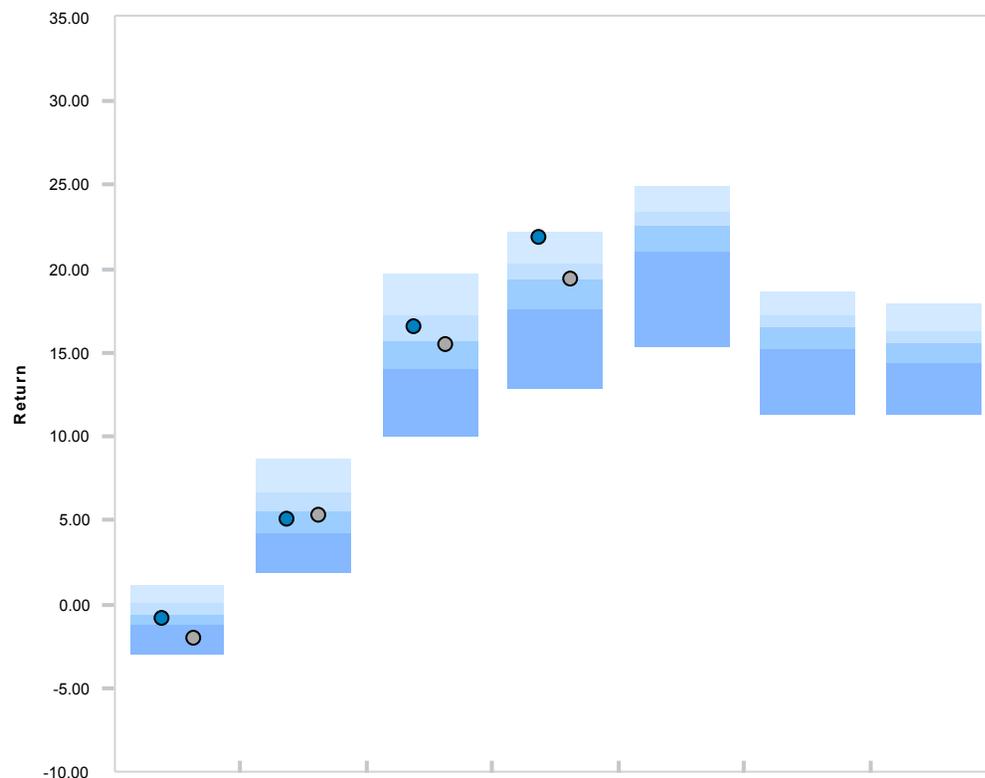
### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Policy	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

### Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Policy	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Peer Group Analysis - All Master Trust-US Equity Segment



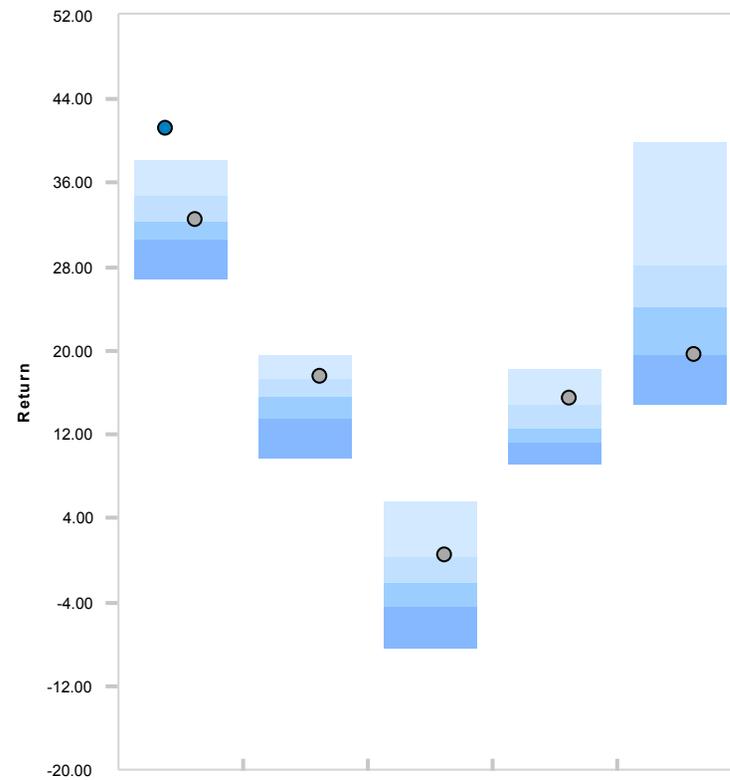
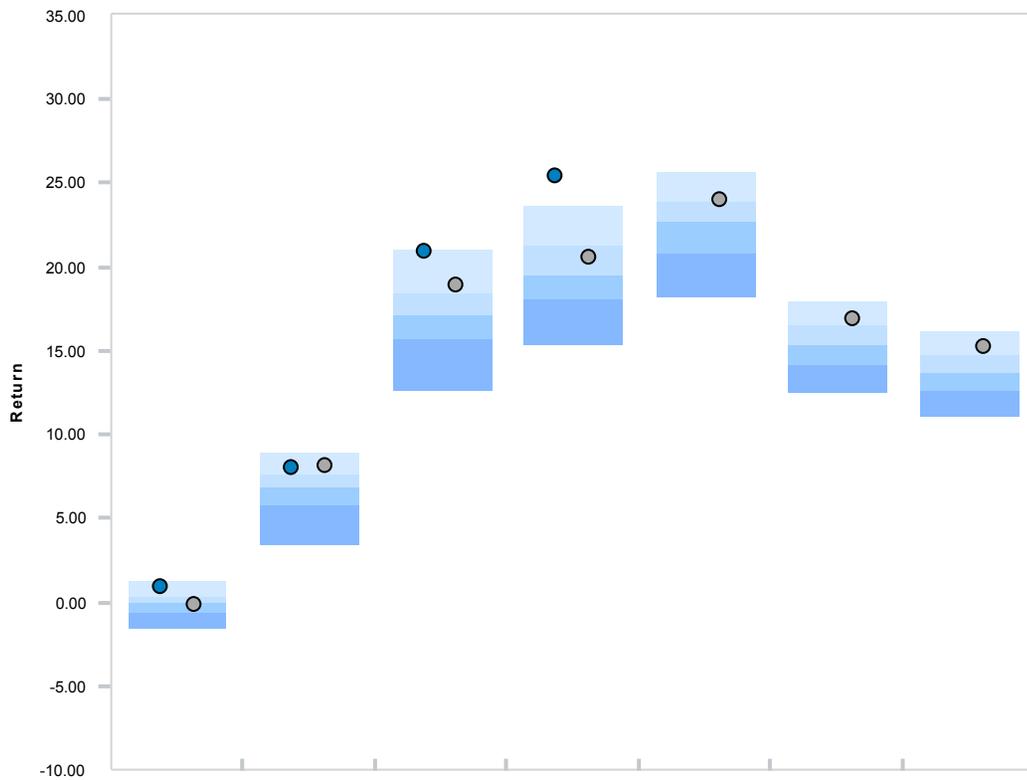
	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Total Dom Equity	-0.94 (63)	5.03 (64)	16.58 (38)	21.82 (8)	N/A	N/A	N/A
● Total Equity Policy	-2.06 (89)	5.30 (57)	15.51 (53)	19.40 (50)	N/A	N/A	N/A
Median	-0.62	5.56	15.69	19.36	22.58	16.47	15.62

	2013	2012	2011	2010	2009
● Total Dom Equity	37.95 (10)	N/A	N/A	N/A	N/A
● Total Equity Policy	33.21 (61)	17.49 (27)	N/A	N/A	N/A
Median	33.93	16.51	0.22	17.97	29.18

Comparative Performance

	1 Qtr Ending Jun-2014	1 Qtr Ending Mar-2014	1 Qtr Ending Dec-2013	1 Qtr Ending Sep-2013	1 Qtr Ending Jun-2013	1 Qtr Ending Mar-2013
Total Dom Equity	4.12 (71)	1.83 (52)	11.00 (8)	6.80 (51)	3.85 (9)	12.05 (13)
Total Domestic Equity Policy	4.78 (35)	2.61 (14)	9.70 (57)	6.18 (71)	2.23 (76)	11.87 (15)
All Master Trust-US Equity Segment Median	4.50	1.84	9.87	6.81	2.84	11.01

Peer Group Analysis - IM U.S. Large Cap Value Equity (MF)



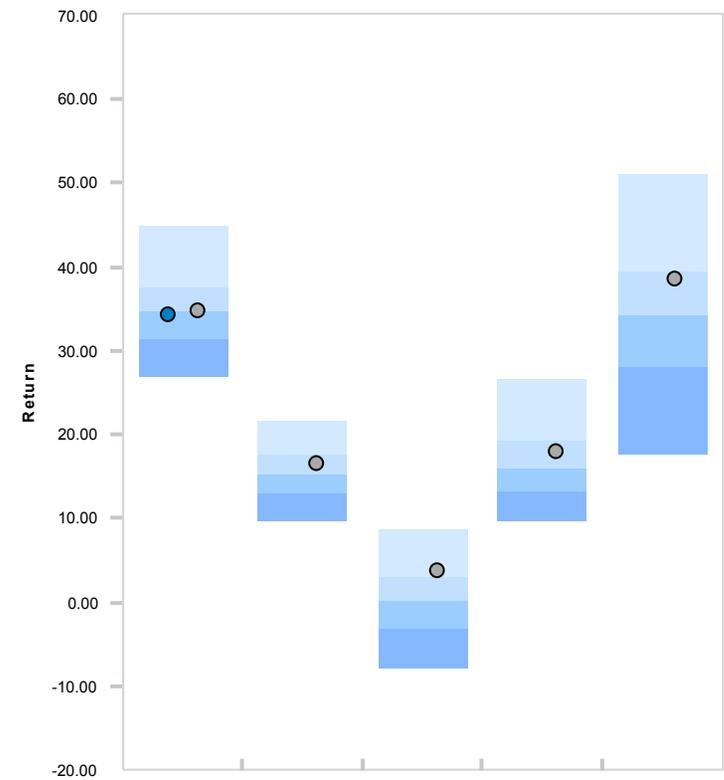
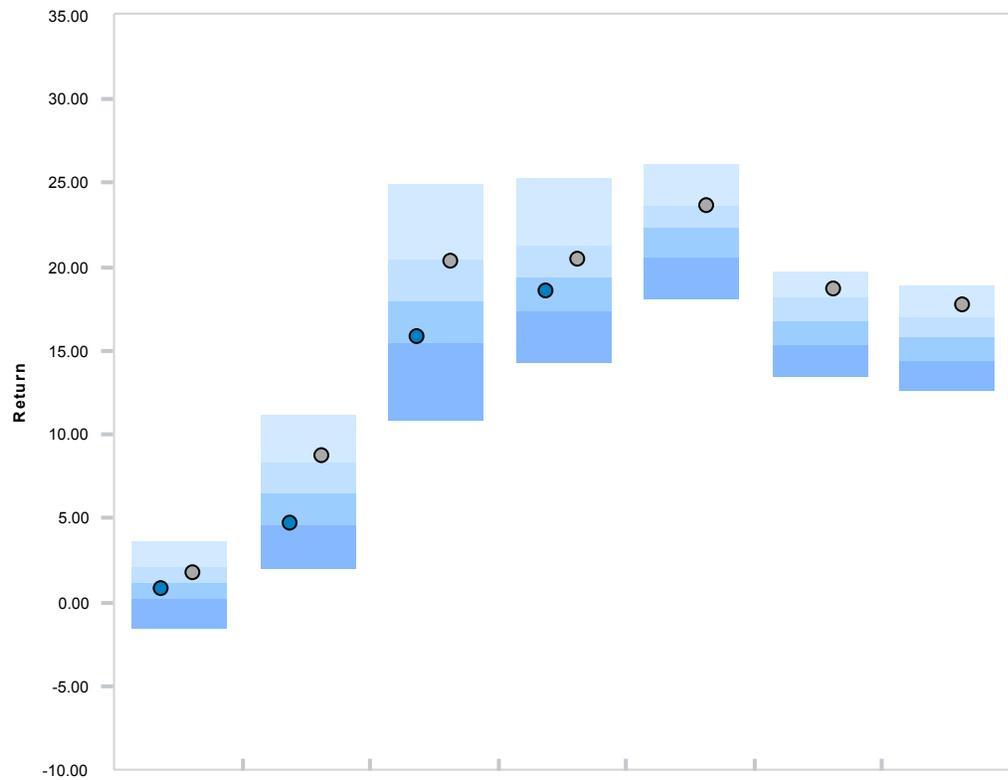
	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Dodge & Cox	0.93 (11)	8.01 (17)	20.93 (6)	25.36 (1)	N/A	N/A	N/A
● R1000 V	-0.19 (57)	8.07 (15)	18.89 (18)	20.58 (34)	23.93 (25)	16.90 (19)	15.26 (14)
Median	-0.11	6.80	17.14	19.54	22.74	15.37	13.63

	2013	2012	2011	2010	2009
● Dodge & Cox	41.28 (1)	N/A	N/A	N/A	N/A
● R1000 V	32.53 (47)	17.51 (24)	0.39 (23)	15.51 (19)	19.69 (74)
Median	32.24	15.55	-2.28	12.66	24.17

Comparative Performance

	1 Qtr Ending Jun-2014	1 Qtr Ending Mar-2014	1 Qtr Ending Dec-2013	1 Qtr Ending Sep-2013	1 Qtr Ending Jun-2013	1 Qtr Ending Mar-2013
Dodge & Cox	4.48 (43)	2.42 (42)	11.96 (3)	7.06 (7)	5.34 (7)	11.89 (27)
R1000 V	5.10 (24)	3.02 (13)	10.01 (45)	3.94 (77)	3.20 (67)	12.31 (14)
IM U.S. Large Cap Value Equity (MF) Median	4.34	2.30	9.78	4.61	3.73	11.25

**Peer Group Analysis - IM U.S. Large Cap Growth Equity (SA+CF)**



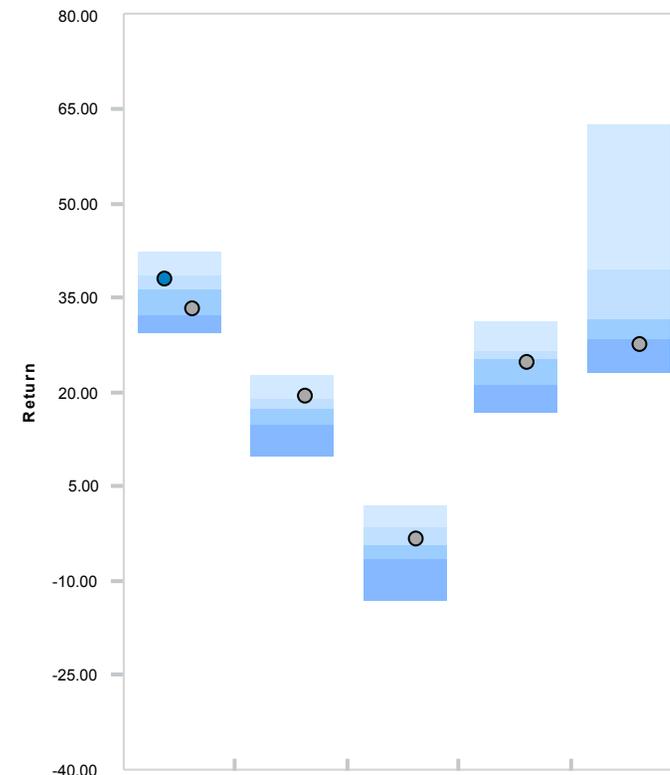
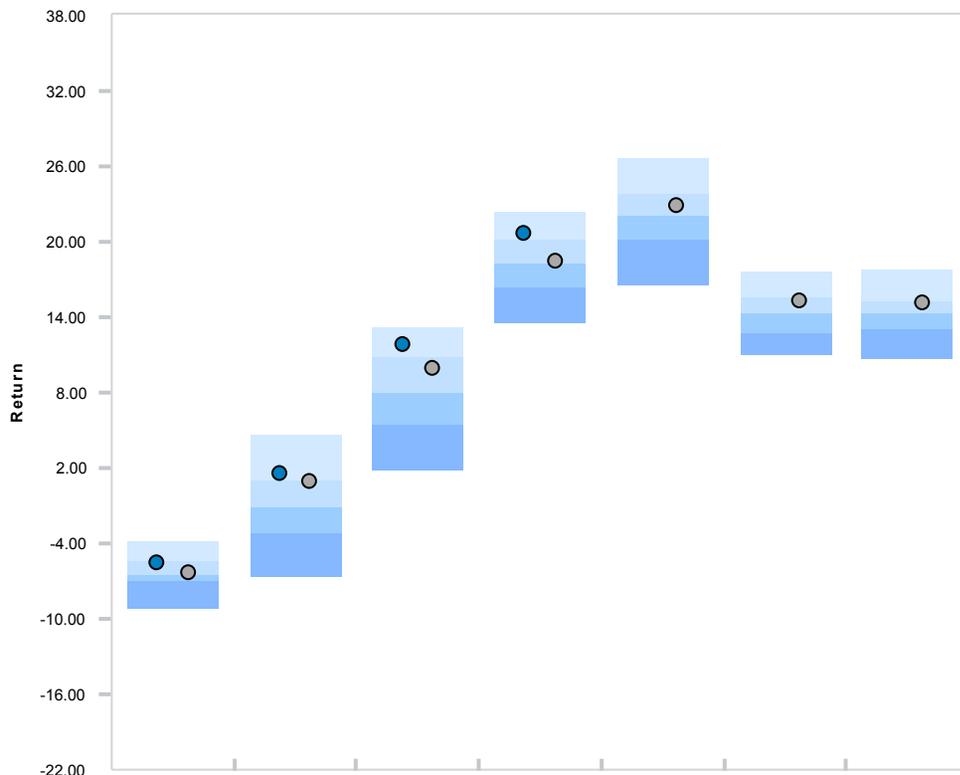
	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Atalanta Sosnoff	0.77 (61)	4.65 (75)	15.87 (72)	18.57 (62)	N/A	N/A	N/A
● R1000G+100BP	1.74 (33)	8.70 (22)	20.34 (26)	20.40 (36)	23.67 (25)	18.66 (17)	17.67 (16)
Median	1.19	6.47	17.98	19.40	22.39	16.79	15.81

	2013	2012	2011	2010	2009
● Atalanta Sosnoff	34.20 (56)	N/A	N/A	N/A	N/A
● R1000G+100BP	34.82 (49)	16.41 (40)	3.67 (21)	17.88 (35)	38.58 (29)
Median	34.61	15.18	0.07	16.02	34.35

**Comparative Performance**

	1 Qtr Ending Jun-2014	1 Qtr Ending Mar-2014	1 Qtr Ending Dec-2013	1 Qtr Ending Sep-2013	1 Qtr Ending Jun-2013	1 Qtr Ending Mar-2013
Atalanta Sosnoff	4.72 (43)	-0.84 (88)	10.72 (54)	6.27 (84)	4.10 (10)	9.57 (41)
R1000G + 100BP	5.39 (25)	1.37 (38)	10.71 (54)	8.38 (58)	2.32 (42)	9.82 (34)
IM U.S. Large Cap Growth Equity (SA+CF) Median	4.59	0.82	10.85	8.93	2.08	9.23

Peer Group Analysis - IM U.S. SMID Cap Value Equity (MF)



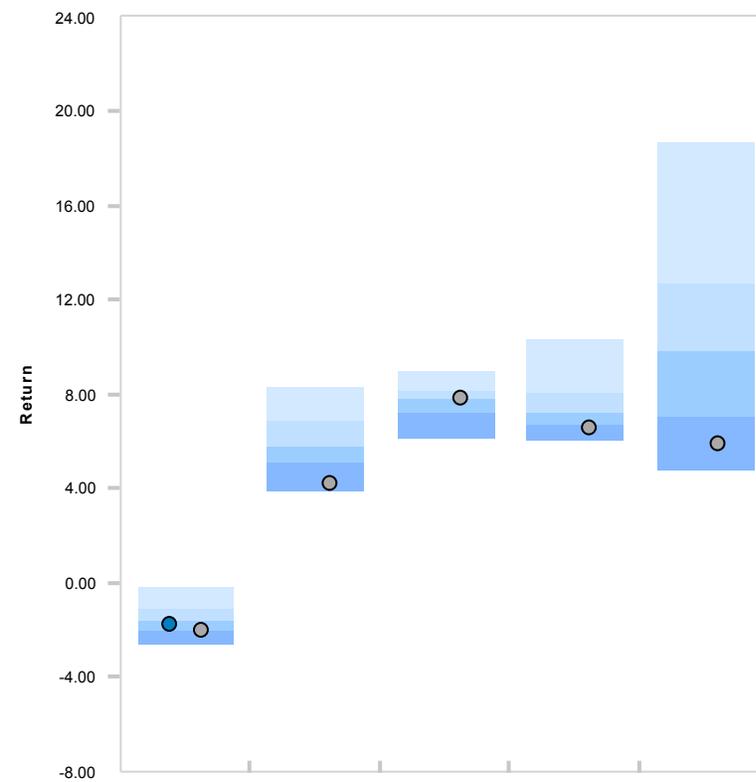
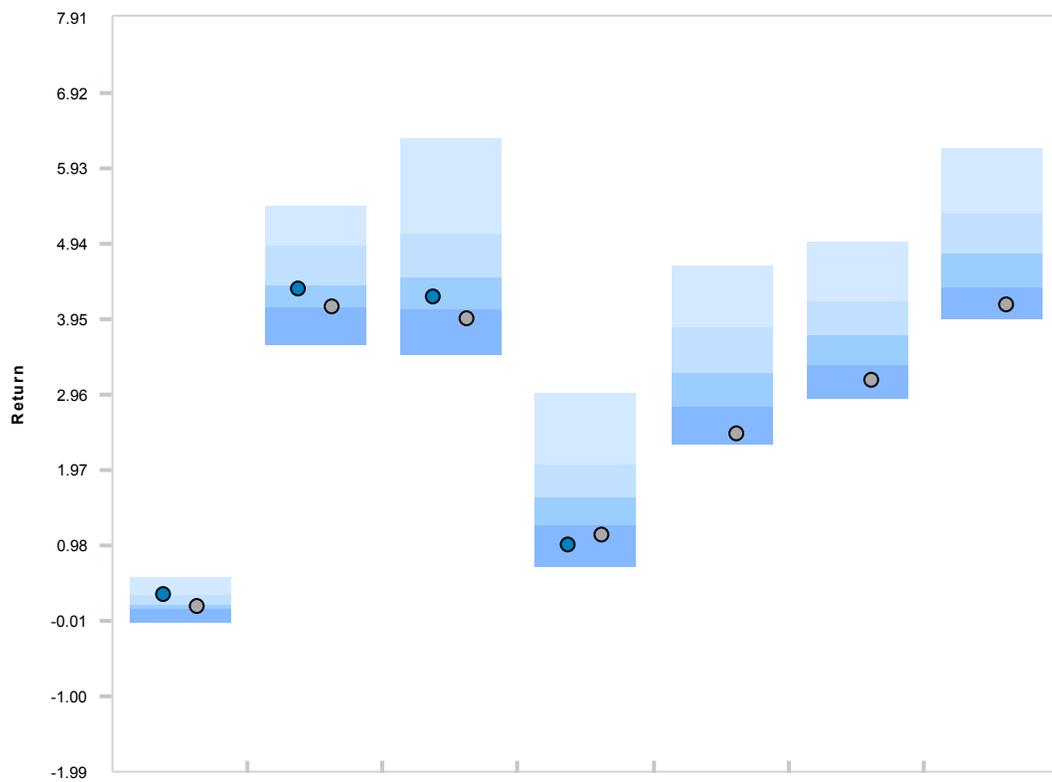
	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Lord Abbett (LVOYX)	-5.66 (31)	1.47 (18)	11.76 (15)	20.62 (19)	N/A	N/A	N/A
● R2500 Value	-6.40 (48)	0.96 (26)	9.88 (34)	18.40 (49)	22.82 (39)	15.27 (31)	15.16 (26)
Median	-6.45	-1.10	7.99	18.25	22.03	14.28	14.26

	2013	2012	2011	2010	2009
● Lord Abbett (LVOYX)	37.87 (34)	N/A	N/A	N/A	N/A
● R2500 Value	33.32 (68)	19.21 (21)	-3.36 (42)	24.82 (58)	27.68 (82)
Median	36.41	17.48	-4.16	25.24	31.56

Comparative Performance

	1 Qtr Ending Jun-2014	1 Qtr Ending Mar-2014	1 Qtr Ending Dec-2013	1 Qtr Ending Sep-2013	1 Qtr Ending Jun-2013	1 Qtr Ending Mar-2013
Lord Abbett (LVOYX)	2.86 (64)	4.56 (3)	10.14 (24)	6.99 (72)	2.33 (53)	14.34 (19)
Russell 2500 Value Index	4.20 (36)	3.52 (10)	8.83 (58)	6.43 (85)	1.54 (76)	13.35 (38)
IM U.S. SMID Cap Value Equity (MF) Median	3.24	1.77	9.18	7.89	2.39	12.93

**Peer Group Analysis - IM U.S. Broad Market Core Fixed Income (SA+CF)**



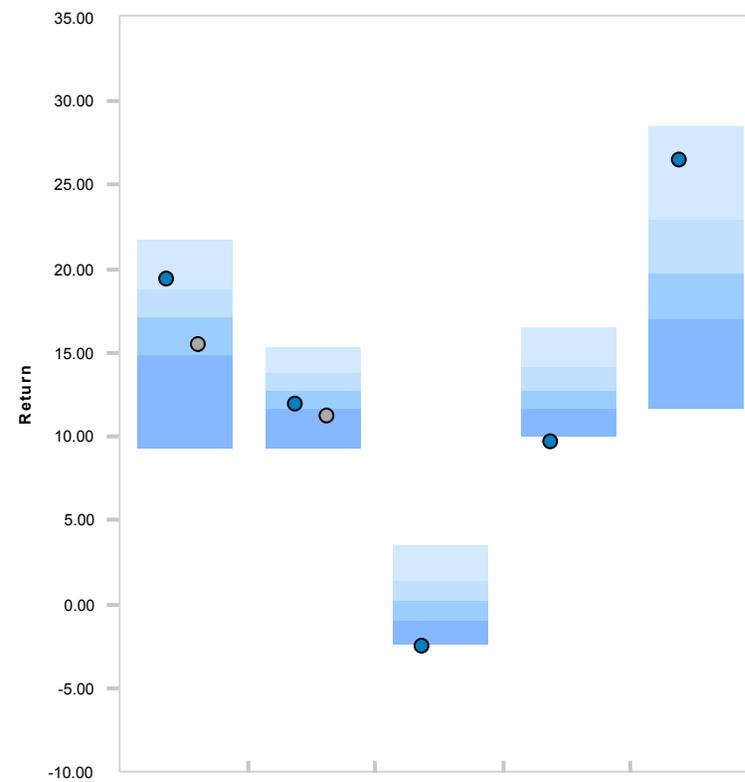
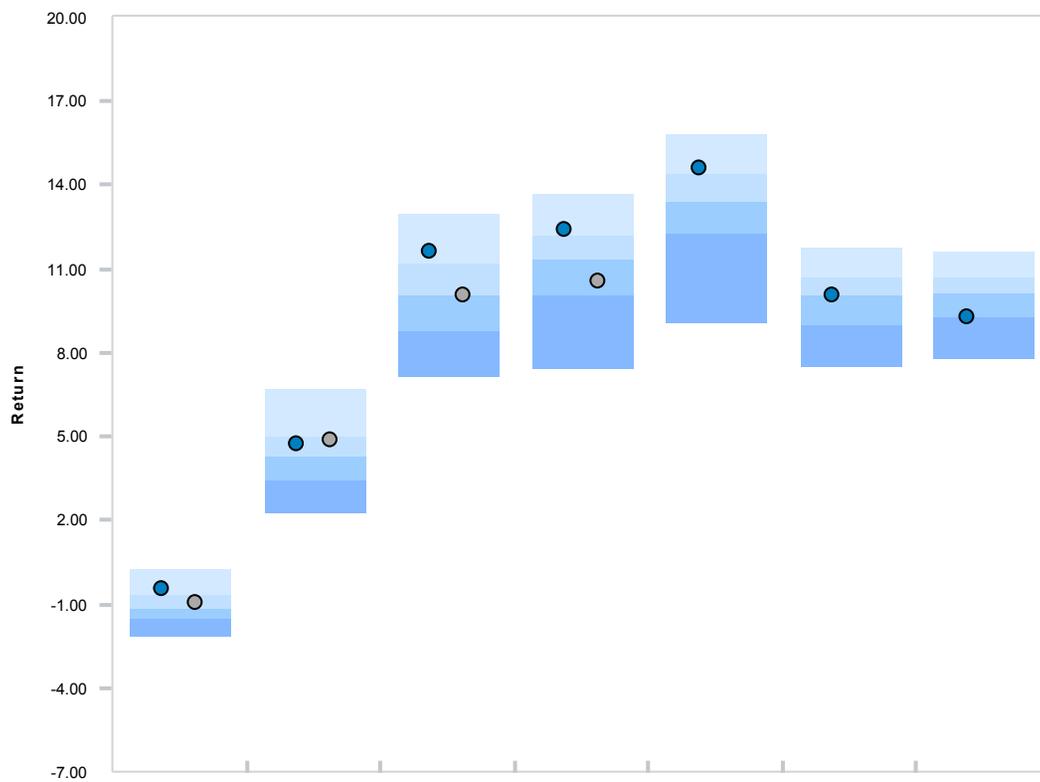
	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● CS McKee	0.33 (22)	4.34 (54)	4.23 (63)	0.99 (88)	N/A	N/A	N/A
● BC Agg	0.17 (67)	4.10 (78)	3.96 (82)	1.10 (84)	2.43 (91)	3.13 (90)	4.12 (88)
Median	0.21	4.40	4.50	1.60	3.23	3.75	4.81

	2013	2012	2011	2010	2009
● CS McKee	-1.75 (63)	N/A	N/A	N/A	N/A
● BC Agg	-2.02 (74)	4.21 (91)	7.84 (51)	6.54 (84)	5.93 (88)
Median	-1.56	5.83	7.84	7.22	9.82

**Comparative Performance**

	1 Qtr Ending Jun-2014	1 Qtr Ending Mar-2014	1 Qtr Ending Dec-2013	1 Qtr Ending Sep-2013	1 Qtr Ending Jun-2013	1 Qtr Ending Mar-2013
CS McKee	1.82 (91)	2.14 (36)	-0.11 (72)	0.46 (78)	-2.21 (21)	0.12 (45)
BC Agg	2.04 (72)	1.84 (77)	-0.14 (77)	0.57 (63)	-2.32 (39)	-0.12 (88)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	2.15	2.03	0.08	0.62	-2.42	0.09

Peer Group Analysis - All Public Plans-Total Fund



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Total Fund	-0.48 (17)	4.73 (34)	11.59 (19)	12.40 (21)	14.59 (20)	10.06 (50)	9.26 (76)
● Total Policy	-0.98 (43)	4.84 (32)	10.08 (50)	10.58 (66)	N/A	N/A	N/A
Median	-1.14	4.27	10.05	11.32	13.36	10.03	10.09

	2013	2012	2011	2010	2009
● Total Fund	19.39 (19)	11.91 (70)	-2.51 (96)	9.63 (97)	26.42 (10)
● Total Policy	15.51 (71)	11.24 (81)	N/A	N/A	N/A
Median	17.08	12.76	0.17	12.71	19.74

Comparative Performance

	1 Qtr Ending Jun-2014	1 Qtr Ending Mar-2014	1 Qtr Ending Dec-2013	1 Qtr Ending Sep-2013	1 Qtr Ending Jun-2013	1 Qtr Ending Mar-2013
Total Fund	3.24 (79)	1.93 (32)	6.55 (16)	4.01 (88)	1.20 (5)	6.44 (15)
Total Policy	3.50 (63)	2.29 (16)	5.00 (72)	3.56 (94)	0.09 (50)	6.14 (23)
All Public Plans-Total Fund Median	3.64	1.72	5.60	4.91	0.08	5.45

**Fund Information**

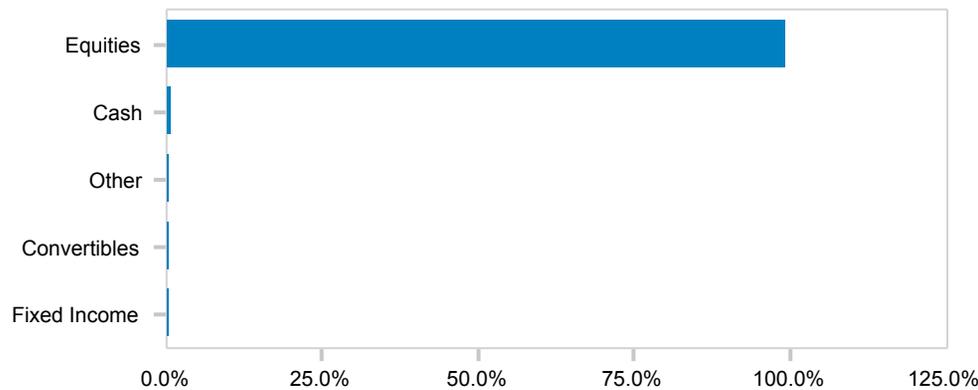
Fund Name : Dodge & Cox Funds: Dodge & Cox Stock Fund  
Fund Family : Dodge & Cox  
Ticker : DODGX  
Inception Date : 01/04/1965  
Fund Assets : \$58,691 Million  
Portfolio Turnover : 15%

Portfolio Assets : \$58,691 Million  
Portfolio Manager : Team Managed  
PM Tenure :  
Fund Style : IM U.S. Large Cap Value Equity (MF)  
Style Benchmark : Russell 1000 Value Index

**Fund Investment Policy**

The Fund seeks long-term growth of principal and income. A secondary objective is to achieve a reasonable current income.

**Asset Allocation As of 06/30/2014**



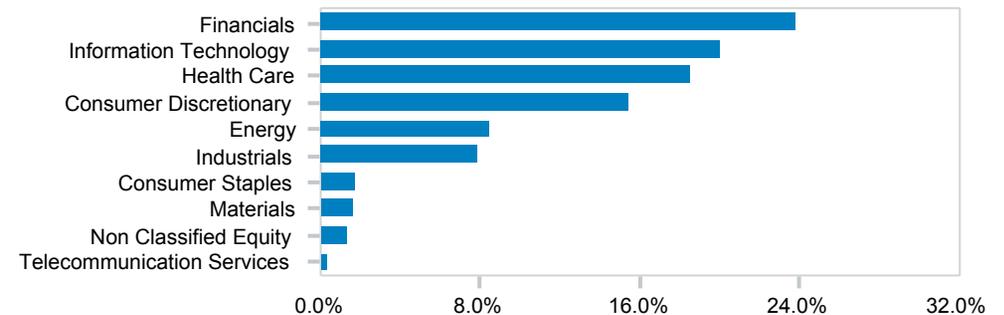
**Top Ten Securities As of 06/30/2014**

Hewlett-Packard Co ORD	4.1 %
Capital One Financial Corp ORD	4.0 %
Wells Fargo & Co ORD	4.0 %
Microsoft Corp ORD	3.6 %
Novartis AG DR	3.4 %
Comcast Corp ORD	3.1 %
Schlumberger NV ORD	2.8 %
Time Warner Inc ORD	2.7 %
Bank of New York Mellon Corp ORD	2.6 %
Charles Schwab Corp ORD	2.5 %

**Fund Characteristics As of 06/30/2014**

Total Securities	75
Avg. Market Cap	\$109,834 Million
P/E	20.5
P/B	3.2
Div. Yield	2.2%
Annual EPS	21.2
5Yr EPS	14.6
3Yr EPS Growth	10.2

**Sector/Quality Allocation As of 06/30/2014**



**Portfolio Characteristics (Benchmark: Russell 1000 Growth Index)**

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$)	127,910,749,732	116,514,235,556
Median Mkt. Cap (\$)	72,870,497,280	8,528,405,360
Price/Earnings ratio	19.3	21.9
Price/Book ratio	3.3	4.9
5 Yr. EPS Growth Rate (%)	17.2	17.8
Current Yield (%)	1.4	1.5
Beta	N/A	1.00
Number of Stocks	54	674

**Top Ten Equity Holdings (Benchmark: Russell 1000 Growth Index)**

	Portfolio Wt	Benchmark Wt	Active Wt	Qtr Rtrn
Apple Inc	4.9	5.9	-1.0	9.0
Canadian Pacific Railway	4.6	0.0	4.6	14.8
Microsoft Corp	4.3	2.4	1.9	11.9
Comcast Corp	4.0	1.3	2.7	0.6
McKesson Corp	3.2	0.4	2.8	4.7
Twenty-First Century Fox Inc	3.2	0.5	2.7	-2.1
Honeywell International Inc.	3.2	0.7	2.5	0.7
Schwab (Charles) Corp	3.2	0.1	3.1	9.4
United Technologies Corp	2.9	0.1	2.8	-8.0
CVS Health Corp	2.8	0.1	2.7	6.0

**Ten Best Performers (Benchmark: Russell 1000 Growth Index)**

	Portfolio Wt	Benchmark Wt	Active Wt	Quarterly Rtrn
Gilead Sciences Inc	2.1	1.6	0.5	28.4
Facebook Inc	1.6	1.5	0.1	17.5
Canadian Pacific Railway	4.6	0.0	4.6	14.8
Home Depot Inc. (The)	1.4	1.2	0.2	13.9
Microsoft Corp	4.3	2.4	1.9	11.9
Bank of America Corp	1.1	0.0	1.1	11.3
E. I. du Pont	1.0	0.6	0.4	10.4
Celgene Corp	0.5	0.7	-0.3	10.4
Schwab (Charles) Corp	3.2	0.1	3.1	9.4
Union Pacific Corp	1.0	1.0	0.0	9.2

**Ten Worst Performers (Benchmark: Russell 1000 Growth Index)**

	Portfolio Wt	Benchmark Wt	Active Wt	Quarterly Rtrn
American Airlines Group Inc	0.9	0.3	0.6	-17.2
Schlumberger Ltd	2.0	1.3	0.7	-13.5
TE Connectivity Ltd	1.1	0.0	1.1	-10.2
ConocoPhillips	2.4	0.0	2.4	-10.0
Halliburton Co	2.4	0.5	1.8	-9.0
United Technologies Corp	2.9	0.1	2.8	-8.0
American Express Co	1.9	0.8	1.1	-7.5
Delta Air Lines Inc.	1.0	0.0	1.0	-6.4
Adobe Systems Inc	0.6	0.3	0.2	-4.4
Priceline Group Inc (The)	0.6	0.6	0.0	-3.7

**Buy and Hold Sector Attribution (Benchmark: Russell 1000 Growth Index)**

	Allocation		Performance		Stock	Attribution		Portfolio Comparison	
	Portfolio	Benchmark	Portfolio	Benchmark		Sector	Total	Atalanta Sosnoff	
Consumer Discretionary	15.3	18.4	-0.89	0.54	-0.22	0.03	-0.19	Market Capitalization (%)	
Consumer Staples	2.9	10.5	6.20	0.77	0.16	0.05	0.21	Greater than 25000M	90.8
Energy	9.5	6.4	-10.69	-10.31	-0.04	-0.37	-0.41	16000M To 25000M	2.8
Financials	11.9	5.2	3.15	-1.41	0.54	-0.19	0.35	12000M To 16000M	1.8
Health Care	14.5	12.8	5.76	7.75	-0.29	0.11	-0.18	8000M To 12000M	1.4
Industrials	22.6	12.3	-0.39	-1.48	0.25	-0.30	-0.06	Cash	3.2
Information Technology	18.4	27.7	6.54	4.06	0.46	-0.24	0.21		
Materials	2.5	4.3	2.72	-0.17	0.07	0.03	0.10		
Telecommunication Services	0.0	2.3	0.00	3.83	0.00	-0.05	-0.05		
Utilities	0.0	0.1	0.00	-3.14	0.00	0.00	0.00		
Cash	2.5	0.0	0.01	0.00	0.00	-0.04	-0.04		
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>1.42</b>	<b>1.47</b>	<b>0.92</b>	<b>-0.97</b>	<b>-0.05</b>		

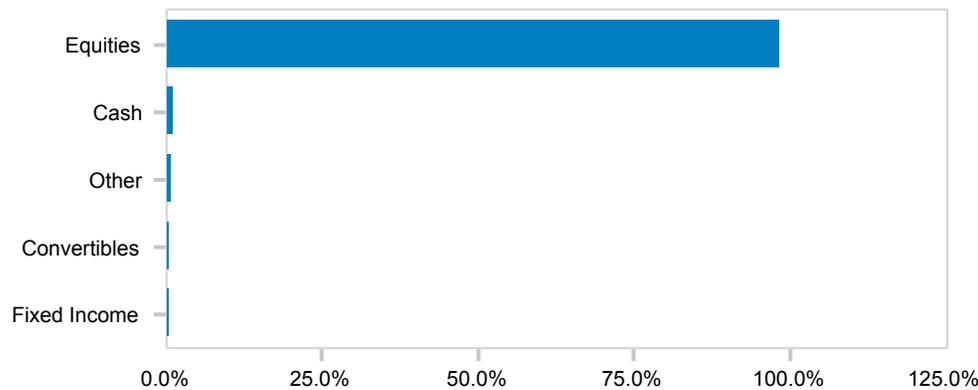
**Fund Information**

Fund Name :	Lord Abnett Securities Trust: Lord Abnett Value Opportunities Fund; Class I Shares	Portfolio Assets :	\$3,093 Million
Fund Family :	Lord Abnett & Co LLC	Portfolio Manager :	Maher/Maurer
Ticker :	LVOYX	PM Tenure :	2008--2007
Inception Date :	12/20/2005	Fund Style :	IM U.S. Mid Cap Core Equity (MF)
Fund Assets :	\$629 Million	Style Benchmark :	Russell Midcap Index
Portfolio Turnover :	69%		

**Fund Investment Policy**

The Fund seeks long-term capital appreciation. To pursue this goal, the Fund normally invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities of small and mid-sized companies.

**Asset Allocation As of 06/30/2014**



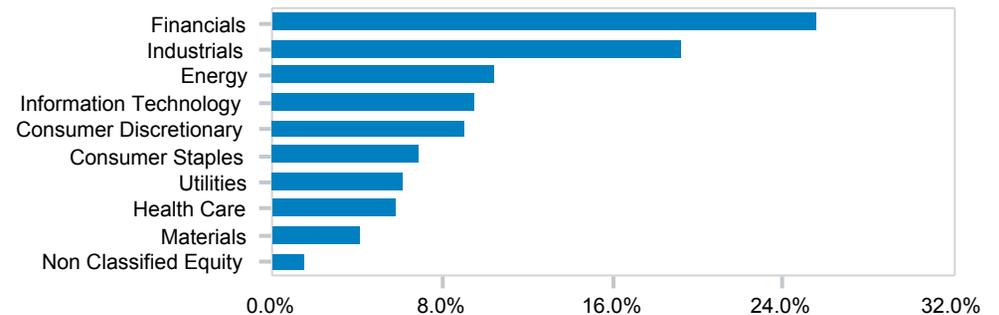
**Top Ten Securities As of 06/30/2014**

Akamai Technologies Inc ORD	2.1 %
Ryder System Inc ORD	1.8 %
PacWest Bancorp ORD	1.8 %
Marvell Technology Group Ltd ORD	1.8 %
HCC Insurance Holdings Inc ORD	1.8 %
Helmerich & Payne Inc ORD	1.7 %
Superior Energy Services Inc ORD	1.7 %
Jarden Corp ORD	1.6 %
Actavis PLC ORD	1.5 %
PerkinElmer Inc ORD	1.5 %

**Fund Characteristics As of 06/30/2014**

Total Securities	99
Avg. Market Cap	\$6,720 Million
P/E	27.0
P/B	3.4
Div. Yield	2.0%
Annual EPS	20.7
5Yr EPS	8.1
3Yr EPS Growth	13.0

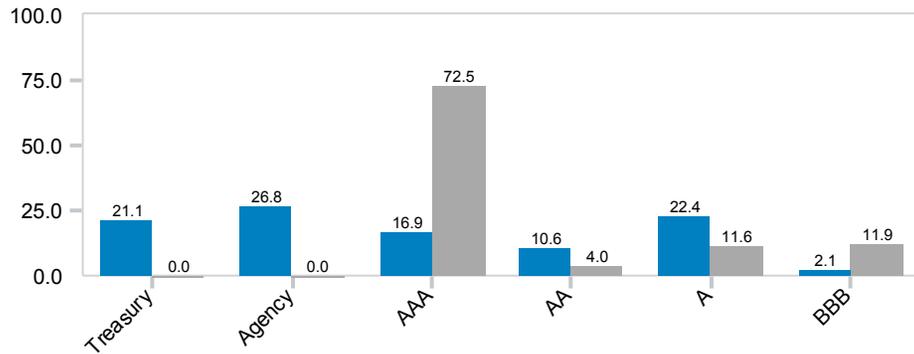
**Sector/Quality Allocation As of 06/30/2014**



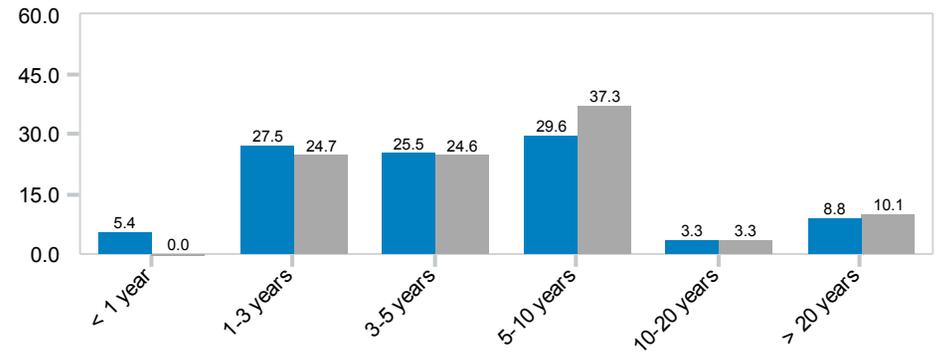
Portfolio Characteristics

	Portfolio	Benchmark
Avg. Maturity	6.63	7.14
Avg. Quality	Aa2	AA
Coupon Rate (%)	2.78	3.27
Current Yield	2.72	3.13
Effective Duration	5.17	5.36

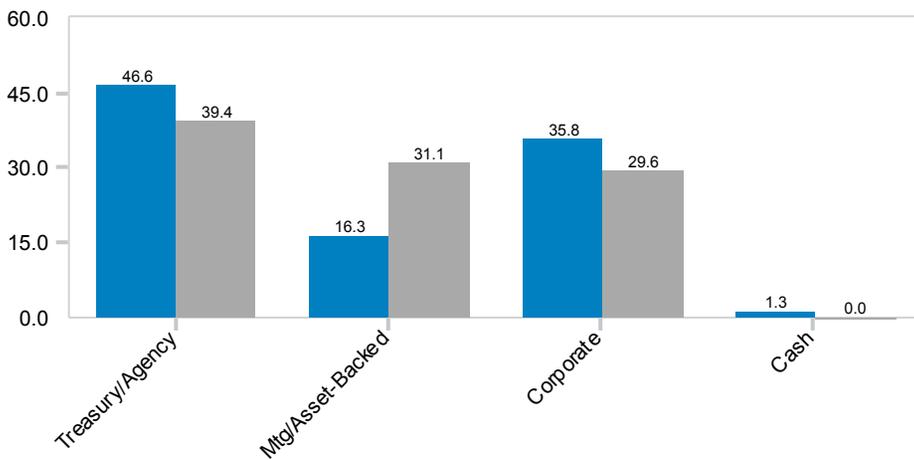
Credit Quality Distribution (%)



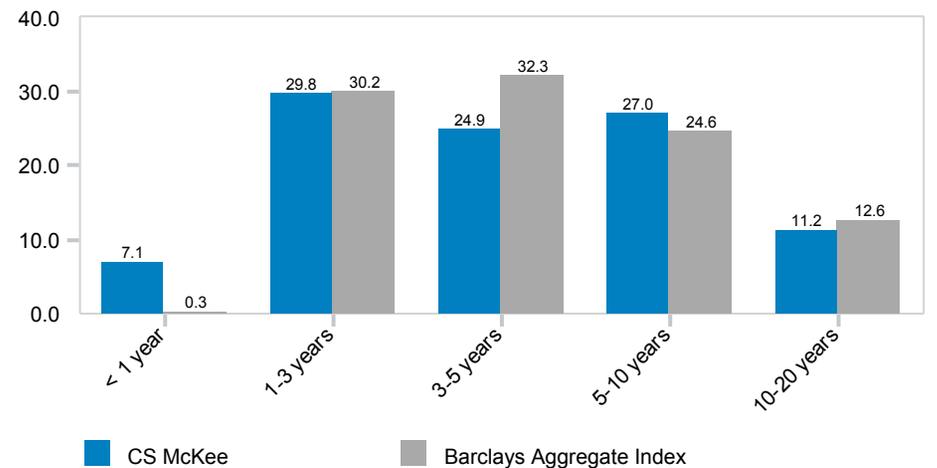
Maturity Distribution (%)



Sector Distribution (%)



Duration Distribution (%)



CS McKee

Barclays Aggregate Index

**Comparative Performance**  
**Total Fund Net**  
As of September 30, 2014

Comparative Performance	QTR	FYTD	1 YR	3 YR	5 YR
<b>VEBA Total Fund</b>	<b>-0.56</b>	<b>4.50</b>	<b>11.18</b>	<b>14.01</b>	<b>8.80</b>
VEBA - Total Fund Policy	-0.98	4.84	10.08	N/A	N/A
<b>Total Domestic Equity</b>	<b>-1.00</b>	<b>4.82</b>	<b>16.14</b>	<b>N/A</b>	<b>N/A</b>
VEBA - Total Domestic Equity Policy	-2.06	5.30	15.51	N/A	N/A
Russell 3000 Index	0.01	6.95	17.76	23.08	15.78
Atalanta Sosnoff	0.59	4.06	15.01	N/A	N/A
Russell 1000G + 100BP	1.74	8.70	20.34	23.67	17.67
Dodge & Cox Stock Fund (DODGX)	0.93	8.01	20.78	N/A	N/A
Russell 1000 Value Index	-0.19	8.07	18.89	23.93	15.26
Lord Abbett (LVOYX)	-5.66	1.47	11.49	N/A	N/A
Russell 2500 Value Index	-6.40	0.96	9.88	22.82	15.16
<b>Total Domestic Fixed Income</b>					
CS McKee	0.24	4.07	3.87	N/A	N/A
Barclays Aggregate Index	0.17	4.10	3.96	2.43	4.12
<b>Cash</b>	<b>0.00</b>	<b>0.01</b>	<b>0.01</b>	<b>0.00</b>	<b>0.00</b>
90 Day U.S. Treasury Bill	0.01	0.04	0.04	0.06	0.08

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.

	<b>Estimated Annual Fee (%)</b>	<b>Market Value (\$)</b>	<b>Estimated Annual Fee (\$)</b>	<b>Fee Schedule</b>
VEBA Total Fund	0.57	40,825,571	234,269	
Total Domestic Equity	0.71	25,575,897	181,578	
Dodge & Cox Stock Fund (DODGX)	0.52	9,699,493	50,437	0.52 % of Assets
Atalanta Sosnoff	0.75	9,172,458	68,793	0.75 % of Assets
Lord Abbett (LVOYX)	0.93	6,703,946	62,347	0.93 % of Assets
Total Domestic Fixed Income	0.35	15,054,739	52,692	
CS McKee	0.35	15,054,739	52,692	0.35 % of Assets
Cash		194,935	-	

**VEBA Total Fund Policy**

**Allocation Mandate**

**Weight (%)**

**Jan-2012**

Russell 1000 Index	33.00
Russell 2500 Value Index	20.00
Barclays Aggregate Index	47.00

**VEBA Total Domestic Equity Policy**

**Allocation Mandate**

**Weight (%)**

**Jan-2012**

Russell 1000 Index	62.00
Russell 2500 Value Index	38.00

<b>Active Return</b>	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
<b>Alpha</b>	- A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.
<b>Beta</b>	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
<b>Consistency</b>	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.
<b>Down Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
<b>Downside Risk</b>	- A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.
<b>Excess Return</b>	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
<b>Excess Risk</b>	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
<b>Information Ratio</b>	- This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.
<b>R-Squared</b>	- The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.
<b>Return</b>	- Compounded rate of return for the period.
<b>Sharpe Ratio</b>	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.
<b>Standard Deviation</b>	- A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.
<b>Tracking Error</b>	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
<b>Treynor Ratio</b>	- Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.
<b>Up Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.

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## Orlando

4901 Vineland Road, Suite 600  
Orlando, Florida 32811

866.240.7932

Chicago

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