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July Update | As of June 30, 2015

JUNE 2015 IN REVIEW

ECONOMY:

MORE SIGNS OF A SPRING ECONOMIC REBOUND

Economic Data

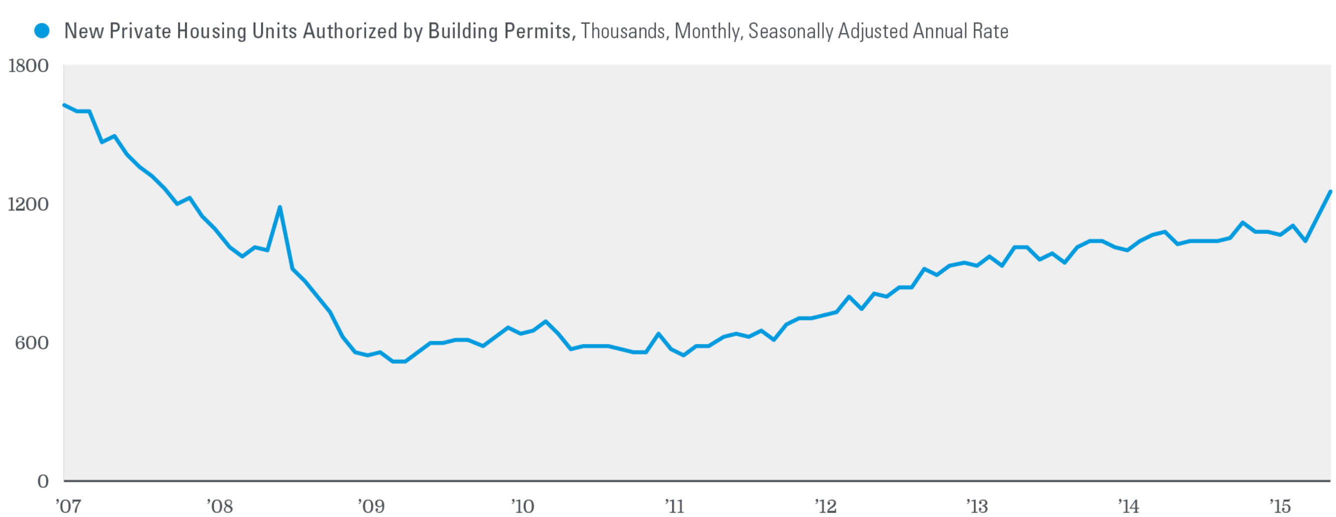
Stronger and more consistent signs of an economic rebound from first quarter weakness were the main themes in June's data releases (which largely reflect economic activity in May). An upward revision to Q1 2015's gross domestic product (GDP) growth, from -0.7% to -0.2%, also shed a somewhat more positive light on the prior quarter. Second quarter numbers continue to reflect a divide between consumer-driven economic data, which are leading the turnaround, and manufacturing data, which are rebounding more slowly, held back by lingering effects from the strong dollar and slowing capital expenditures in the oil patch.

Labor markets continue to improve. The Bureau of Labor Statistics' Employment Situation report showed the economy created 280,000 net new jobs in May, well above expectations (+226,000). The +280,000 reading was a big improvement from the 221,000 jobs created in April and the 119,000 created in March. The unemployment rate ticked up 0.1% to 5.5% while wage growth accelerated slightly from 2.2% to 2.3%.

Retail sales, which for some time have largely fallen short of analysts' expectations for a lift from lower energy prices, accelerated sharply in May; the key retail sales measure excluding autos and gasoline topped expectations, as did retail sales excluding building materials and food services. Overall consumer spending in May also rose solidly, as incomes rose and the savings rate, which had been rising, saw a small downtick. Housing-related numbers were also a source of some positive surprises this month. Permits for new housing in May jumped to their highest level since before the recession, posting a second consecutive strong month, and both new and existing home sales topped expectations and accelerated from the prior month.

May manufacturing data, however, was mixed. The Institute for Supply Management's (ISM) Manufacturing Purchasing Managers' Index (PMI) for May rose for the first time since September 2014 and remains in expansionary territory, although only modestly so. Industrial production for May contracted outright versus

HOUSING PERMITS



Source: LPL Research, Federal Reserve 06/30/15 consensus expectations for expansion, including weakness in the manufacturing component. Durable goods orders for May also slipped, driven by the volatile aircraft component, but orders and shipments for nondefense capital goods excluding aircraft (core durable goods) were in-line with expectations and accelerated from downwardly revised April readings. Core shipments, which feed directly into the business capital spending portion of GDP, remain on track for the first quarterly gain since Q3 2014.

Improving trade data in May highlighted that the negative economic impact of the West Coast port strike has begun to wind down. Imports fell over 3% following a spike in April due to catch-up following the strike. At the same time, exports rose and the trade surplus in services expanded, showing the continued importance of good old American know-how to the U.S. economy.

The Conference Board's Leading Economic Index (LEI) for May posted a solid upside surprise and accelerated from the prior month, continuing to support a low probability of a recession in the next year. Strong growth in building permits and a steepening yield curve made the largest contributions to month-over-month growth. In addition, the pace and size of positive economic surprises, as measured by Citigroup's Economic Surprise Index, improved steadily in June.

Central Banks

Markets responded positively to the Federal Reserve's (Fed) policy statement following the conclusion of the Federal Open Market Committee (FOMC) June 16 – 17 meeting. The statement, and press conference by Fed Chair Janet Yellen, maintained a balanced tone with a dovish leaning and continued to emphasize the Fed would not act precipitously to raise rates, the pace of rate increases would likely be moderate, and any decision would be data dependent. G20 major economies that lowered rates in June included India, South Korea, Russia, and China. In addition, the Bank of Japan and European Central Bank (ECB) continue to implement quantitative easing (QE). Brazil was the only G20 central bank to raise rates in June.

ISM MANUFACTURING PMI

Source: LPL Research, Institute for Supply Management (ISM) 06/30/15

GLOBAL EQUITIES:

GREECE DEFAULT BRINGS LATE MONTH VOLATILITY

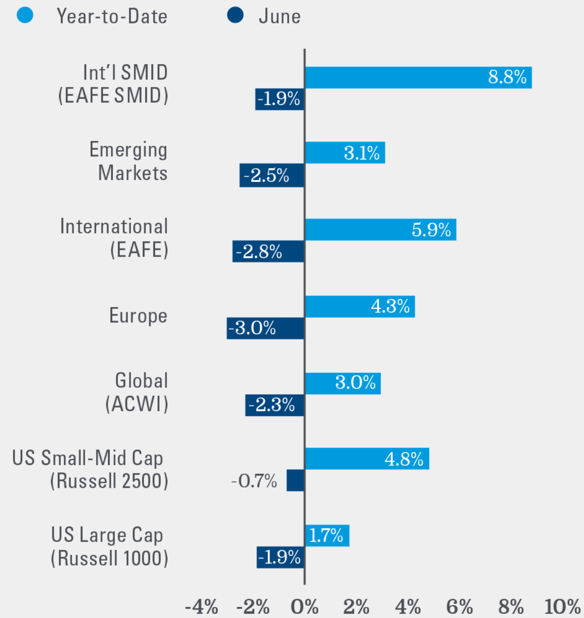
U.S.

U.S. stocks fell modestly in June. They held on to monthly gains with one week left in the month before several market concerns — primarily Greece but also stock market volatility in China and risk of default in Puerto Rico — contributed to market declines that left the S&P 500 down 1.9% for the month. Volatility generally remained low throughout 2015, up until Greece failed to reach an agreement to free up more rescue funds or to extend its bailout over the weekend of June 27. The news that Greece would default on its payment due to the International Monetary Fund (IMF) drove the biggest one-day percentage decline in the S&P 500 Index since February 3, 2014. The total return of the S&P 500 year to date stands at 1.2%.

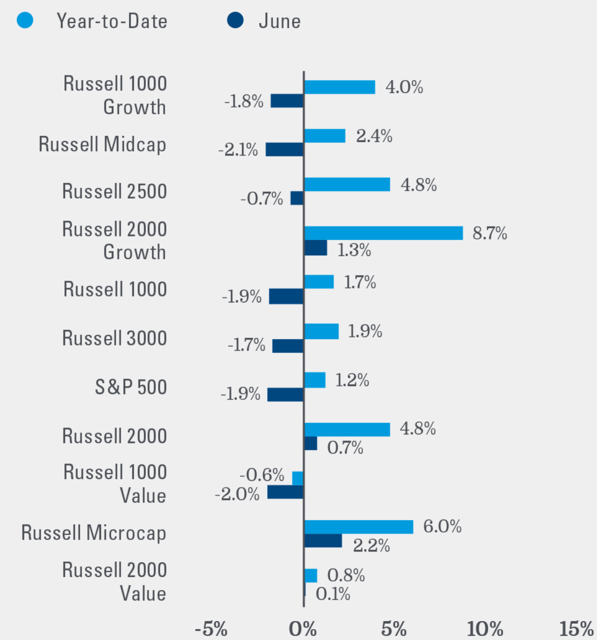
Looking beyond Greece, the U.S. macroeconomic backdrop has improved and was supportive of gains throughout the first three weeks or so of the month. As discussed above, more signs that U.S. economic growth was picking up emerged in June after the slow start to the year. This improved economic backdrop should help to support the near-term earnings outlook. At the same time, despite improving domestic economic data, the Fed may be slow in starting to hike interest rates and the pace of subsequent hikes is expected to be gradual (developments in Greece may even slow this timetable further), a factor that likely helped limit the magnitude of the decline in the waning moments of the quarter. This has generally created a favorable environment for stocks, in our view, as the second half of the year begins.

Consumer discretionary was the only sector to rise for the month, although financials and healthcare suffered only marginal losses (less than 1%). Consumer discretionary got a boost from the better housing data during the month. Positive fundamentals have supported the healthcare sector even amid the uncertainty — though now resolved — surrounding the Supreme Court ruling on the Affordable Care Act issued on June 25. Financials, despite Greece jitters, garnered support from rising interest rates, which benefit

GLOBAL INDEX PERFORMANCE



DOMESTIC INDEX PERFORMANCE



Source: LPL Research, FactSet 06/30/15

Indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

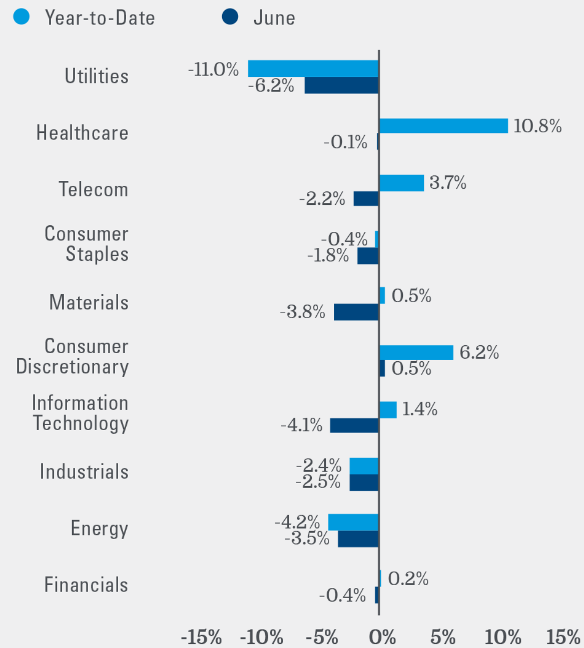
Stock investing involves risk, including loss of principal.

International and emerging markets investing involves special risks, such as currency fluctuation and political instability, and may not be suitable for all investors.

lending margins for banks and reinvestment rates on insurers' bond portfolios. On the downside, utilities lost the most ground during the month, falling 6% as rising interest rates hurt the higher-yielding sector. Earnings weakness weighed on semiconductor stocks, which contributed to technology sector underperformance. Healthcare and consumer discretionary have produced the best returns among equity sectors year to date.

In terms of market capitalization, small caps enjoyed another strong month with the Russell 2000 outpacing the return of the large cap Russell 1000 by more than 2%. Small cap strength was broad based as 9 of 10 small cap equity sectors outpaced their large cap counterparts. The outperformance appeared in part a function of relatively less business exposure overseas where the market's growth concerns have been centered. Small caps have outperformed large caps year to date by 3% thanks to the Russell 2000's 4.8% return and continue to recapture relative losses versus large caps from 2014.

RUSSELL 1000 SECTOR PERFORMANCE



Source: LPL Research, FactSet 06/30/15

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Because of its narrow focus, sector investing will be subject to greater volatility than investing more broadly across many sectors and companies.

International Developed/Emerging Markets

Overseas markets gave investors a wild ride during June with several moves of 3% within the month. In the end, it was a down month for both the MSCI EAFE Index (-2.8%) and the MSCI Emerging Markets Index (-2.5%), with each producing larger losses than the S&P 500. The biggest drivers of the weakness, which came to the fore during the last week of the month, were Greece's default on its payment due to the IMF and stock market volatility in China. As in the U.S., the economic backdrop in the developed world (Greece aside) has improved with raised economic growth expectations (based on Bloomberg consensus estimates) and solid year-over-year earnings gains over the past three months. Exporters in Europe and Japan received a boost from their weaker currencies, mostly resulting from bold monetary policy from their central banks. Weaker currencies also boosted profits for international companies operating in the U.S. due to currency translation impacts.

Among developed markets, Germany and France held up relatively well during the month, while commodity-sensitive Australia lagged. In emerging markets (EM), China was hit hardest amid concerns about excessive margin lending fueling a stock market bubble, even amid more stimulative policy actions from the Chinese government and central bank, while Brazil managed a positive month. Year to date, the 5.9% and 3.1% returns for the MSCI EAFE and EM indexes, respectively, are both ahead of the S&P 500's 1.2% return.

FIXED INCOME:

VOLATILITY RISES AS BOND WEAKNESS CONTINUES IN JUNE

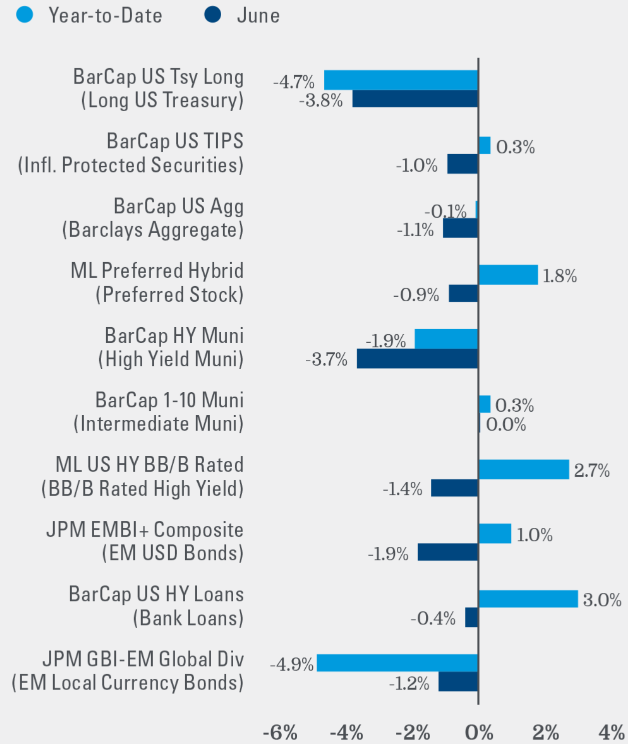
Interest rates rose modestly during June, with the 10-year Treasury yield rising from 2.1% at the end of May to 2.4% at the end of June. The backdrop of rising interest rates was a headwind for fixed income, and June proved to be another challenging month as a result. The overall market, represented by the Barclays Aggregate, posted a 1.1% loss for the month.

Economic data releases in June, particularly consumer-driven data, were largely supportive of a strengthening recovery and led yields higher, with the 10-year Treasury yield climbing to 2.5% intra-month. However, a likely default by Greece and the uncertainty around a resolution to its debt negotiations prompted a flight to safety, helping pressure yields lower off their intra-month highs.

The rise in interest rates resulted in a modest loss for Treasuries, returning -0.9% for the month, as measured by the Barclays U.S. Treasury Index. Treasuries outperformed the Barclays Aggregate, as increasing uncertainty around events in Greece and Puerto Rico were a headwind for more economically sensitive sectors. High-yield corporate bonds, based on the Barclays High Yield Bond Index, underperformed the Barclays Aggregate Index, posting a total return of a -1.5%.

Entering the seasonally strong period of July and August, municipal bonds enjoyed richening valuations over the month, allowing municipals to outperform Treasuries. Intermediate municipals were flat during the month. However, the deteriorating situation with Puerto Rico resulted in a large loss for municipal high-yield, down 3.7% for the month.

FIXED INCOME PERFORMANCE



US TREASURY YIELDS

Security	5/31/15	6/30/15	Change in Yield
3 Month	0.01	0.01	0.00
2 Year	0.61	0.64	0.03
5 Year	1.49	1.63	0.14
10 Year	2.12	2.35	0.23
30 Year	2.88	3.11	0.23

AAA MUNICIPAL YIELDS

Security	5/31/15	6/30/15	Change in Yield
2 Year	0.61	0.66	0.05
5 Year	1.41	1.45	0.04
10 Year	2.43	2.47	0.04
20 Year	3.87	3.91	0.04
30 Year	4.57	4.60	0.03

Source: LPL Research, Bloomberg, FactSet 06/30/15

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Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values and yields will decline as interest rates rise, and bonds are subject to availability and change in price.

ALTERNATIVES:

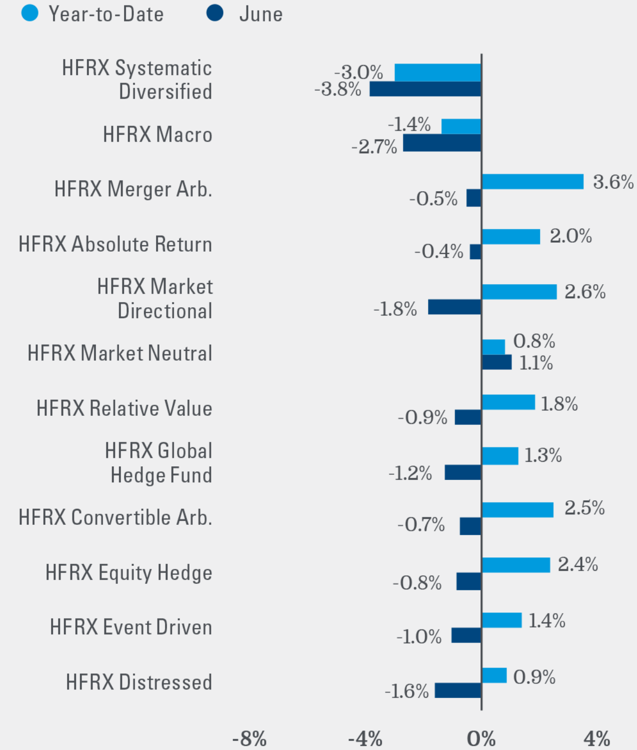
EQUITY MARKET NEUTRAL LONE GAINER

A late month sell-off across risk assets weighed heavily on alternative investments in June, with all but low-beta equity market neutral managers (+1.1%) ending the month in negative territory. Performance in this space was most impressive during the last few trading days, as managers here were a source of positive performance, while the broader market dropped significantly. More directional long/short equity managers struggled, as the HFRX Equity Hedge Index fell 0.8%, bringing year-to-date performance to 2.4%.

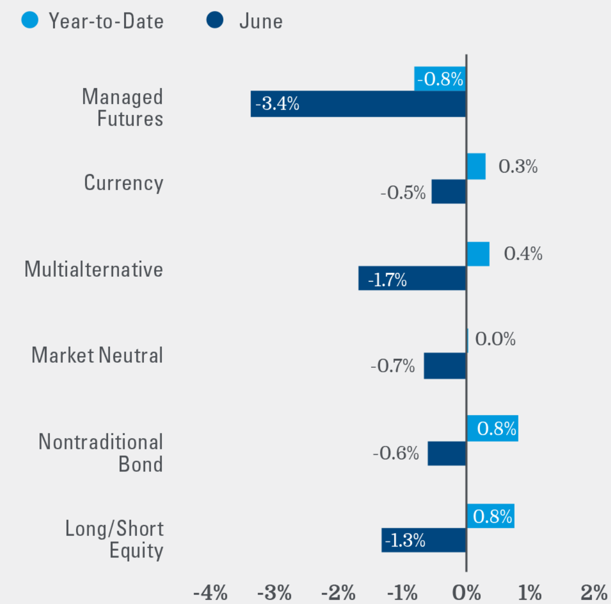
Event driven strategies encountered their first monthly loss since January 2015, falling 1.0%, as equity positioning was dragged down along with the broader market. While event driven managers focus on idiosyncratic opportunities that are typically independent of broader market movements, in the short term these positions may sell off in the event of a steep market drop. Managed futures also faced another difficult month, as long positioning in global equities, specifically in Asian markets, weighed on performance. Gains in agriculture commodity contracts helped offset these losses, as flooding in portions of the U.S. delayed planting and lowered inventory levels. After an impressive run from May 2014 through March 2015 (HFRX Systematic Diversified was up 11.2%), managed futures managers have been hindered by several markets trading in a sideways pattern, thus lacking significant trend signals.

Year to date, the broad-based HFRX Global Hedge Fund Index is up 1.3% versus the 1.2% return of the S&P 500. Of significance is how widespread the gains have been across the underlying strategies, as 10 of 12 categories are in positive territory — 8 of which have returns in excess of the S&P 500.

HFRX INDEX PERFORMANCE



MORNINGSTAR INDEX PERFORMANCE



Source: LPL Research, FactSet 06/30/15

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Alternative strategies may not be suitable for all investors and should be considered as an investment for the risk capital portion of the investor's portfolio. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses.

ANOTHER DISAPPOINTING MONTH FOR LIQUID REAL ASSETS

Liquid real assets (LRA) lost ground for the month of June, as lower oil prices contributed to declines in master limited partnerships (MLP) and commodities. REITs suffered losses due to rising rates as well as the increased possibility of an impending rate hike by the Fed.

MLPs & Global Listed Infrastructure

MLPs had another month of underperformance, returning -8.3% compared with the S&P 500's return of -1.9%. Rising rates and lower oil prices aided in the sector's decline. The Alerian MLP Index had negative returns in four of the six months so far in 2015 and underperformed the S&P 500 Index in five of those six months. The specter of rising rates and depressed oil prices continues to weigh on this sector.

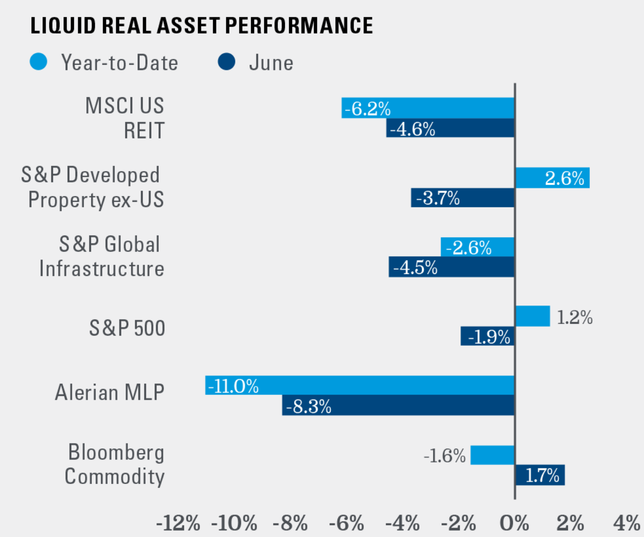
Global infrastructure fell for the second month in a row, returning -4.5% during June. The decline was led by Asia, which lagged the index overall for the month. Energy infrastructure companies, similarly to MLPs, also fell. Higher-yielding investments in the U.S. sold off, which served as another factor in the sector's decline. The S&P 500 utilities sector index fell -6.0%, lagging the S&P 500.

REITs

Higher interest rates and lack of demand led the way for poor returns in the REIT sector in June. The Fed's posturing around a 2015 rate hike has diminished investors' appetite for yield securities, including REITs. The MSCI REIT Index fell -4.6% for the month, continuing a streak of three months of negative returns. Diversified, healthcare, retail, and specialized REITs lagged the index overall.

Commodities

The Bloomberg Commodity Index was modestly higher for the month, ending up 1.7%, with a high dispersion of returns amongst its constituents. This occurred with a backdrop of a weaker dollar. The energy complex sold off relatively significantly outside of natural gas, which was positive. Oil declined slightly (WTI down -1.4%), while natural gas was up 7.2%. The precious metals complex lost ground with silver underperforming the index substantially.



Source: LPL Research, FactSet 06/30/15

Extreme weather in the Midwest contributed to higher grain prices. Wheat and corn gained more than 20% in June. Central and western Europe continued to experience dry and hot weather, which also factored into returns in the agriculture complex.

IMPORTANT DISCLOSURES

Stock and Pooled Investment Risks

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not ensure against market risk.

Investments in specialized industry sectors have additional risks, which are outlined in the prospectus. Please read the fund's prospectus for more information onrisks, fees, and other important information.

Bond and Debt Equity Risks

Government bonds and Treasury bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

High-yield/junk bonds are not investment-grade securities, involve substantial risks, and generally should be part of the diversified portfolio of sophisticated investors.

Investing in foreign and emerging markets debt securities involves special additional risks. These risks include, but are not limited to, currency risk, geopolitical and regulatory risk, and risk associated with varying settlement standards.

Municipal bonds are subject to availability, price, and to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rate rise. Interest income may be subject to the alternative minimum tax. Federally tax-free but other state and local taxes may apply.

Treasury Inflation-Protected Securities (TIPS) help eliminate inflation risk to your portfolio, as the principal is adjusted semiannually for inflation based on the Consumer Price Index (CPI)— while providing a real rate of return guaranteed by the U.S. government. However, a few things you need to be aware of is that the CPI might not accurately match the general inflation rate; so the principal balance on TIPS may not keep pace with the actual rate of inflation. The real interest yields on TIPS may rise, especially if there is a sharp spike in interest rates. If so, the rate of return on TIPS could lag behind other types of inflation-protected securities, like floating rate notes and T-bills. TIPS do not pay the inflation-adjusted balance until maturity, and the accrued principal on TIPS could decline, if there is deflation.

Alternative Risks

Currency risk is a form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged.

Investing in real estate/REITs involves special risks such as potential illiquidity and may not be suitable for all investors. There is no assurance that the investment objectives of this program will be attained.

Commodity-linked investments may be more volatile and less liquid than the underlying instruments or measures, and their value may be affected by the performance of the overall commodities baskets as well as weather, geopolitical events, and regulatory developments.

Investing in MLPs involves additional risks as compared with the risks of investing in common stock, including risks related to cash flow, dilution, and voting rights.

MLPs may trade less frequently than larger companies due to their smaller capitalizations, which may result in erratic price movement or difficulty in buying or selling. MLPs are subject to significant regulation and may be adversely affected by changes in the regulatory environment, including the risk that an MLP could lose its tax status as a partnership. Additional management fees and other expenses are associated with investing in MLP funds.

Currency risk is a form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged.

Long/short equity funds are subject to normal alternative investment risks, including potentially higher fees; while there is additional management risk, as the manager is attempting to accurately anticipate the likely movement of both their long and short holdings. There is also the risk of "beta-mismatch," in which long positions could lose more than short positions during falling markets.

Global macro strategies attempt to profit from anticipated price movements in stock markets, interest rates, foreign exchange and physical commodities. Global macro risks include but are not limited to imperfect knowledge of macro events, divergent movement from macro events, loss of principal, and related geopolitical risks.

Event driven strategies, such as merger arbitrage, consist of buying shares of the target company in a proposed merger and fully or partially hedging the exposure to the acquirer by shorting the stock of the acquiring company or other means. This strategy involves significant risk as events may not occur as planned and disruptions to a planned merger may result in significant loss to a hedged position.

DEFINITIONS

Different agencies employ different rating scales for credit quality. Standard & Poor's (S&P) and Fitch both use scales from AAA (highest) through AA, A, BBB, BB, B, CCC, CC, C to D(lowest). Moody's uses a scale from Aaa (highest) through Aa, A, Baa, Ba, B, Caa, Ca to C (lowest).

The Citigroup Economic Surprise Index is an objective and quantitative measure of economic news. It is defined as weighted historical standard deviations of data surprises (actual releases versus Bloomberg survey median). A positive reading of the Economic Surprise Index suggests that economic releases have on balance beaten consensus. The index is calculated daily in a rolling three-month window.

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

The Employment Cost Index (ECI) measures the change in the cost of labor, free from the influence of employment shifts among occupations and industries and is published by the Bureau of Labor Statistics.

The monthly jobs report (known as the employment situation report) is a set of labor market indicators based on two separate surveys distributed in one monthly report by the U.S. Bureau of Labor Statistics (BLS). The report includes the unemployment rate, non-farm payroll employment, the average number of hours per week worked in the non-farm sector, and the average basic hourly rate for major industries.

Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments, and exports less imports that occur within a defined territory.

The Leading Economic Indicators (LEI) Index is a measure of economic variables, such as private-sector wages, that tends to show the direction of future economic activity.

The S&P/Case-Shiller home price index tracks monthly changes in the value of residential real estate in 20 metropolitan regions across the U.S. The composite indexes and the regional indexes are seen by the markets as measuring changes in existing home prices and are based on single-family home re-sales.

Purchasing Managers' Indexes (PMI) are economic indicators derived from monthly surveys of private sector companies, and are intended to show the economic health of the manufacturing sector. A PMI of more than 50 indicates expansion in the manufacturing sector, a reading below 50 indicates contraction, and a reading of 50 indicates no change. The two principal producers of PMIs are Markit Group, which conducts PMIs for over 30 countries worldwide, and the Institute for Supply Management (ISM), which conducts PMIs for the US.

Beta measures a portfolio's volatility relative to its benchmark. A Beta greater than 1 suggests the portfolio has historically been more volatile than its benchmark. A Beta less than 1 suggests the portfolio has historically been less volatile than its benchmark.

INDEX DEFINITIONS

The **Alerian MLP Index** is a composite of the 50 most prominent energy master limited partnerships that provides investors with an unbiased, comprehensive benchmark for this emerging asset class. The index, which is calculated using a float-adjusted, capitalization-weighted methodology, is disseminated in real time on a price-return basis (NYSE: AMZ) and on a total-return basis (NYSE: AMZX).

The **Barclays U.S. Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS (agency and non-agency).

The **Barclays U.S. Aggregate Securitized MBS Index** tracks agency mortgage backed pass-through securities (both fixed-rate and hybrid (ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

The **Barclays Capital High Yield Index** covers the universe of publicly issued debt obligations rated below investment grade. Bonds must be rated below investment grade or high yield (Ba1/BB+ or lower), by at least two of the following ratings agencies: Moody's, S&P, and Fitch. Bonds must also have at least one year to maturity, have at least $150 million in par value outstanding, and must be U.S. dollar denominated and nonconvertible. Bonds issued by countries designated as emerging markets are excluded.

The **Barclays Corporate Investment Grade Credit Index** is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixedrate, taxable corporate bond market. It includes USD-denominated securities publicly issued by U.S. and non-U.S. industrial, utility, and financial issuers that meet specified maturity, liquidity, and quality requirements.

The **Barclays U.S. High-Yield Loan Index** tracks the market for dollar-denominated floating-rate leveraged loans. Instead of individual securities, the U.S. High- Yield Loan Index is composed of loan tranches that may contain multiple contracts at the borrower level.

The **Barclays Municipal High Yield Bond Index** is comprised of bonds with maturities greater than one year, having a par value of at least $3 million issued as part of a transaction size greater than $20 million, and rated no higher than 'BB+' or equivalent by any of the three principal rating agencies. (The long and the short wzare subindexes of the Municipal Bond Index, based on duration length.)

The **Barclays U.S. TIPS Index** is a rules-based, market value-weighted index that tracks Inflation-Protected Securities issued by the U.S. Treasury. The U.S. TIPS Index is a subset of the Global Inflation-Linked Index, with a 36% market value weight in the index (as of December 2007), but is not eligible for other nominal treasury or aggregate indexes In order to prevent the erosion of purchasing power, TIPS are indexed to the nonseasonally adjusted Consumer Price Index for All Urban Consumers, or the CPI-U (CPI).

The **Barclays U.S. Treasury Index** is an unmanaged index of public debt obligations of the U.S. Treasury with a remaining maturity of one year or more. The index does not include T-bills (due to the maturity constraint), zero coupon bonds (strips), or Treasury Inflation-Protected Securities (TIPS). (The long and the intermediate are subindexes of the U.S. Treasury Index, based on duration length.)

The **Bloomberg Commodity Index** is calculated on an excess return basis and composed of futures contracts on 22 physical commodities. It reflects the return of underlying commodity futures price movements.

The **BofA Merrill Lynch BB-B U.S. High Yield Constrained Index** contains all securities in the BofA Merrill Lynch US High Yield Index rated BB+ through B- by S&P (or equivalent as rated by Moody's or Fitch), but caps issuer exposure at 2%. Index constituents are capitalization-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%.

The **BofA Merrill Lynch U.S. Convertibles Ex-Mandatory Index** is a rule-driven Index designed to capture the organic evolution of the U.S. convertible market and adjust automatically based on any changes in the market such as size of the market, industry skew, structure popularity, issuer size or equity sensitivity. The index rules include issues: U.S. dollar denominated greater than $50M in aggregate market value that are publicly traded (including 144A) in the U.S. market but are not currently in bankruptcy. Exclusions are synthetic convertibles and mandatory convertibles.

The **Dow Jones Industrial Average Index** is comprised of U.S.-listed stocks of companies that produce other (non-transportation and non-utility) goods and services. The Dow Jones industrial averages are maintained by editors of The Wall Street Journal. While the stock selection process is somewhat subjective, a stock typically is added only if the company has an excellent reputation, demonstrates sustained growth, is of interest to a large number of investors, and accurately represents the market sectors covered by the average. The Dow Jones averages are unique in that they are price weighted; therefore, their component weightings are affected only by changes in the stocks' prices.

The **Dow Jones U.S. Select REIT Index** (formerly the DJ Wilshire REIT) intends to measure the performance of publicly traded REITs and REIT-like securities. The index is a subset of the Dow Jones U.S. Select Real Estate Securities Index (RESI), which represents equity REITs and real estate operating companies (REOCs) traded in the U.S. The indices are designed to serve as proxies for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate.

The **HFRX Absolute Return Index** is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage.

The **HFRX Distressed Restructuring Index** strategies employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings. Managers are typically actively involved with the management of these companies, frequently involved on creditors' committees in negotiating the exchange of securities for alternative obligations, either swaps of debt, equity, or hybrid securities. Managers employ fundamental credit processes focused on valuation and asset coverage of securities of distressed firms; in most cases portfolio exposures are concentrated in instruments that are publicly traded, in some cases actively and in others under reduced liquidity, but in general for which a reasonable public market exists. In contrast to special situations, distressed strategies employ primarily debt (greater than 60%) but also may maintain related equity exposure.

The **HFRX Equity Hedge Index**, also known as long/short equity, combines core long holdings of equities with short sales of stock or stock index options. Equity hedge portfolios may be anywhere from net long to net short, depending on market conditions. Equity hedge managers generally increase net long exposure in bull markets and decrease net long exposure (or even are net short) in a bear market. Generally, the short exposure is intended to generate an ongoing positive return in addition to acting as a hedge against a general stock market decline. Stock index put options are also often used as a hedge against market risk. Profits are made when long positions appreciate and stocks sold short depreciate. Conversely, losses are incurred when long positions depreciate or the value of stocks sold short appreciates. Equity hedge managers' source of return is similar to that of traditional stock pickers on the upside, but they use short selling and hedging to attempt to outperform the market on the downside.

The **HFRX Equity Market Neutral Index** strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. These can include both factor-based and statistical arbitrage/trading strategies. Factor-based investment strategies include strategies in which the investment thesis is predicated on the systematic analysis of common relationships between securities. In many but not all cases, portfolios are constructed to be neutral to one or multiple variables, such as broader equity markets in dollar or beta terms, and leverage is frequently employed to enhance the return profile of the positions identified. Statistical arbitrage/trading strategies consist of strategies in which the investment thesis is predicated on exploiting pricing anomalies that may occur as a function of expected mean reversion inherent in security prices; high frequency techniques may be employed and trading strategies may also be employed on the basis on technical analysis or opportunistically to exploit new information the investment manager believes has not been fully, completely, or accurately discounted into current security prices. Equity market neutral strategies typically maintain characteristic net equity market exposure no greater than 10% long or short.

The **HFRX Event Driven Index** managers maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety, including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance, or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event driven exposure includes a combination of sensitivities to equity markets, credit markets and idiosyncratic, company-specific developments. Investment theses are typically predicated on fundamental characteristics (as opposed to quantitative), with the realization of the thesis predicated on a specific development exogenous to the existing capital structure.

The **HFRX Global Hedge Fund Index** is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies, including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.

The **HFRX Macro Index** strategy managers trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency, and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top-down and bottom-up theses, quantitative and fundamental approaches, and long- and short-term holding periods. Although some strategies employ RV techniques, macro strategies are distinct from RV strategies in that the primary investment thesis is predicated on predicted or future movements in the underlying instruments, rather than realization of a valuation discrepancy between securities. In a similar way, while both macro and equity hedge managers may hold equity securities, the overriding investment thesis is predicated on the impact movements in underlying macroeconomic variables may have on security prices, as opposed to EH, in which the fundamental characteristics on the company are the most significant and integral to investment thesis.

The **HFRX Macro: Systematic Diversified CTA Index** strategies have investment processes typically as function of mathematical, algorithmic, and technical models, with little or no influence of individuals over the portfolio positioning. Strategies employ an investment process designed to identify opportunities in markets exhibiting trending or momentum characteristics across individual instruments or asset classes. Strategies typically employ a quantitative process that focuses on statistically robust or technical patterns in the return series of the asset, and they typically focus on highly liquid instruments and maintain shorter holding periods than either discretionary or mean reverting strategies. Although some strategies seek to employ counter trend models, strategies benefit most from an environment characterized by persistent, discernible trending behavior. Systematic diversified strategies typically would expect to have no greater than 35% of the portfolio in either dedicated currency or commodity exposures over a given market cycle.

The **HFRX Market Directional Index** is comprised of all eligible hedge fund strategies, including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. As a component of the optimization process, the index selects constituents which characteristically exhibit higher volatilities and higher correlations to standard directional benchmarks of equity, bond market, and hedge fund industry.

The **HFRX Merger Arbitrage Index** strategies employ an investment process primarily focused on opportunities in equity and equity-related instruments of companies that are currently engaged in a corporate transaction. Merger arbitrage involves primarily announced transactions, typically with limited or no exposure to situations that pre- or post-date, or situations in which no formal announcement is expected to occur. Opportunities are frequently presented in cross border, collared, and international transactions that incorporate multiple geographic regulatory institutions, with typically involve minimal exposure to corporate credits.Merger arbitrage strategies typically have over 75% of positions in announced transactions over a given market cycle.

The **HFRX Relative Value Arbitrage Index** includes managers who maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types range broadly across equity, fixed income, derivative, or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk adjusted spread between these instruments represents an attractive opportunity for the investment manager. RV position may be involved in corporate transactions also, but as opposed to ED exposures, the investment thesis is predicated on the realization of a pricing discrepancy between related securities, as opposed to the outcome of the corporate transaction.

The **HFRX RV: FI-Convertible Arbitrage Index** includes strategies in which the investment thesis is predicated on realization of a spread between related instruments in which one or multiple components of the spread is a convertible fixed income instrument. Strategies employ an investment process designed to isolate attractive opportunities between the price of a convertible security and the price of a non-convertible security, typically of the same issuer. Convertible arbitrage positions maintain characteristic sensitivities to credit quality the issuer, implied and realized volatility of the underlying instruments, levels of interest rates and the valuation of the issuer's equity, among other more general market and idiosyncratic sensitivities.

The **J.P. Morgan GBI Global ex-U.S. Hedged Index** tracks fixed rate issuances from high-income countries spanning the globe, launched in 1989.

The **JPM GBI Global ex-U.S. Unhedged Index** generally tracks fixed rate issuances form high-income countries spanning North America, Europe, and Asia, not including the United States.

The **JPM GBI-EM Global Diversified Index** limits the weights of those index countries with larger debt stocks by only including a specified portion of these countries as eligible, current face amounts of debt outstanding.

The **JPM ELMI+ and JPM ELMI+ Composite Indexes** measure the performance of debt issued by emerging markets in the local currency.

The **Merrill Lynch Preferred Stock Hybrid Securities Index** is an unmanaged index consisting of a set of investment-grade, exchange-traded preferred stocks with outstanding market values of at least $50 million that are covered by Merrill Lynch Fixed Income Research.

The **MSCI AC Asia Pacific ex-Japan Index** captures large and mid cap representation across four of five developed markets countries (excluding Japan) and eight emerging markets countries in the Asia Pacific region. With 682 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **MSCI ACWI ex-U.S. Index** captures large and mid cap representation across 22 of 23 developed markets (DM) countries (excluding the U.S.) and 23 emerging markets (EM) countries. With 1,839 constituents, the index covers approximately 85% of the global equity opportunity set outside the U.S.

The **MSCI ACWI ex-U.S. SMID Cap Index** captures mid and small cap representation across 22 of 23 developed market (DM) countries (excluding the U.S.) and 23 emerging markets countries. With 5,164 constituents, the index covers approximately 28% of the free float-adjusted market capitalization in each country.

The **MSCI EAFE Index** is recognized as the pre-eminent benchmark in the United States to measure international equity performance. It comprises the MSCI country indexes that represent developed markets outside of North America: Europe, Australasia, and the Far East.

The **MSCI EAFE SMID Cap Index** captures mid and small cap representation across developed market countries around the world, excluding the U.S. and Canada. With 2,695 constituents, the index covers approximately 28% of the free float-adjusted market capitalization in each country.

The **MSCI Emerging Markets Index** captures large and mid cap representation across 23 emerging markets (EM) countries. With 822 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **MSCI Emerging Markets EMEA Index** captures large and mid cap representation across eight emerging markets (EM) countries in Europe, the Middle East and Africa (EMEA). With 162 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **MSCI Emerging Markets (EM) Latin America Index** captures large and mid cap representation across five emerging markets (EM) countries in Latin America. With 137 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **MSCI Europe Index** is a free float-adjusted, market capitalization-weighted index that is designed to measure the equity market performance of the developed markets in Europe.

The **MSCI Frontier Markets Index** captures large and mid cap representation across 24 frontier markets (FM) countries. The index includes 127 constituents, covering about 85% of the free float-adjusted market capitalization in each country.

The **MSCI Japan Index** is a free float-adjusted, market capitalization-weighted index that is designed to track the equity market performance of Japanese securities listed on Tokyo Stock Exchange, Osaka Stock Exchange, JASDAQ, and Nagoya Stock Exchange.

The **MSCI U.S. REIT Index** is a free float-adjusted market capitalization index that is comprised of equity REITs. The index is based on MSCI USA Investable Market Index (IMI), its parent index that captures large, mid, and small caps securities. With 139 constituents, it represents about 99% of the U.S. REIT universe and securities are classified in the REIT sector according to the Global Industry Classification Standard (GICS). It, however, excludes mortgage REITs and selected specialized REITs.

The **Russell 1000 Index** measures the performance of the large cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.

The **Russell 1000 Value Index** measures the performance of the large cap value segment of the U.S. equity universe.

The **Russell 1000 Growth Index** measures the performance of the large cap growth segment of the U.S. equity universe.

The **Russell 2000 Index** measures the performance of the small cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index.

The **Russell 2000 Growth Index** measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000 Value Index** measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2500 Index** is a broad index featuring 2,500 stocks that cover the small and mid cap market capitalizations. The Russell 2500 is a market capitalization-weighted index that includes the smallest 2,500 companies covered in the Russell 3000 universe of U.S.-based listed equities.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell 3000 Growth Index** measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 3000 Value Index** measures the performance of the broad value segment of U.S. equity value universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell Microcap Index** measures the performance of the microcap segment of the U.S. equity market. Microcap stocks make up less than 3% of the U.S. equity market (by market cap) and consist of the smallest 1,000 securities in the small-cap Russell 2000 Index, plus the next 1,000 smallest eligible securities by market cap.

The **Russell Midcap Index** offers investors access to the mid cap segment of the U.S. equity universe. The Russell Midcap Index is constructed to provide a comprehensive and unbiased barometer for the mid cap segment and is completely reconstituted annually to ensure that larger stocks do not distort the performance and characteristics of the true mid cap opportunity set. The Russell Midcap Index includes the smallest 800 securities in the Russell 1000.

The **Russell Midcap Growth Index** offers investors access to the mid cap growth segment of the U.S. equity universe. The Russell Midcap Growth Index is constructed to provide a comprehensive and unbiased barometer of the mid cap growth market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine growth probability approximates the aggregate mid cap growth manager's opportunity set.

The **Russell Midcap Value Index** offers investors access to the mid cap value segment of the U.S. equity universe. The Russell Midcap Value Index is constructed to provide a comprehensive and unbiased barometer of the mid cap value market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine value probability approximates the aggregate mid cap value manager's opportunity set.

The **S&P 500 Index** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **S&P Global Infrastructure Index** is comprised of 75 of the largest publicly listed infrastructure companies that meet specific investability requirements. The index is designed to provide liquid exposure to the leading publicly listed companies in the global infrastructure industry, from both developed markets and emerging markets.

The **S&P Utilities Index** is comprised primarily of companies involved in water and electrical power and natural gas distribution industries.

The **S&P Developed Ex-U.S. Property** defines and measures the investable universe of publicly traded property companies domiciled in developed countries outside of the U.S. The companies included are engaged in real estate related activities, such as property ownership, management, development, rental and investment.

The **USD Index** measures the performance of the U.S. dollar against a basket of foreign currencies: EUR, JPY, GBP, CAD, CHF and SEK. The U.S. Dollar Index goes up when the dollar gains "strength" compared to other currencies.