WHO WE ARE  IR+M OVERVIEW

+ INDEPENDENT FIRM
25+ year history, privately owned
35 employee shareholders
$43.5 billion in assets under management
Exclusive US fixed income management
Consistent management team since inception
10+ year average tenure at IR+M for portfolio management team
Solid performance over many market cycles

+ VALUE-ORIENTED APPROACH
Diligent focus on markets offering structural and price advantages
Determined effort to “take what the market gives”
Active risk management
Proven ability to add best ideas in meaningful position sizes
Bottom-up investment process that avoids macro-based bets
“Benchmark aware, but not beholden” approach

+ COLLABORATIVE CULTURE
High energy team of experienced and curious individuals
Balanced approach to investment discipline and opportunity
Open office environment that fosters interaction across teams
Collaborative decision making by portfolio managers
Coordinated client service and portfolio management teams

+ CLIENT FOCUS
Tailored solutions that meet client investment objectives
Proactive client service and timely communication
Accessible investment team
Broad market and specialized strategies
Separate account and private investment fund management
Solid experience transitioning assets in-kind

As of 7/31/14
INDEPENDENT FIRM  +  COLLABORATIVE CULTURE  +  VALUE-ORIENTED APPROACH  +  CLIENT FOCUS

IR+M OVERVIEW
WHO WE ARE  KEY FACTS

INDEPENDENT FIRM

• 25+ year history, privately owned
• 35 employee shareholders
• $43.5 billion in assets under management
• Exclusive US fixed income management
• Consistent management team since inception
• 10+ year average tenure at IR+M for portfolio management team
• Solid performance over many market cycles

ASSETS BY INVESTMENT STRATEGY

<table>
<thead>
<tr>
<th>Broad Market Strategies ($24.7bn)</th>
<th>Focused Market Strategies ($18.8bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short</td>
<td>Corporate/Liability Driven Investing</td>
</tr>
<tr>
<td>Intermediate</td>
<td>Municipal</td>
</tr>
<tr>
<td>Core</td>
<td>Inflation Protection</td>
</tr>
<tr>
<td>Crossover</td>
<td>Government</td>
</tr>
<tr>
<td>Long</td>
<td>Convertible</td>
</tr>
</tbody>
</table>

ASSETS BY CLIENT TYPE

- 25% Corporate
- 22% Not-for-Profit
- 15% Insurance
- 14% Sub-Advisory
- 9% Government
- 9% Private
- 6% Taft Hartley/Union/Other

As of 7/31/14
### WHO WE ARE  
**DIVERSITY OF CLIENTS**

#### HEALTHCARE: 38
- Adventist Health System
- Allina Health System
- Boston Medical Center Corporation
- Carolinas HealthCare Foundation, Inc.
- CT Children's Medical Center
- DeKalb Regional Health System, Inc.
- Henry Ford Health System
- Hoag Memorial Hospital Presbyterian
- Lutheran Medical Center
- Maine Medical Center
- Massachusetts Medical Society
- Memorial Sloan-Kettering Cancer Center
- MetroWest Community Health Care Foundation
- Moses Cone Health System
- NewYork-Presbyterian Hospital
- Regenstrief Foundation, Inc.
- Rochester General Hospital
- Southcoast Hospital Group
- Sturdy Memorial Hospital
- Trinity Regional Medical Center
- Tufts Medical Center
- UMass Memorial Health Care

#### INSURANCE: 39
- American Bankers Mutual Insurance
- Anthem Physicians Assurance Corporation
- Anthem Insurance Companies, Inc
- Anthem Health Plans of Kentucky, Inc
- Attorneys' Liability Assurance Society
- AvMed Health Plans
- BETA Healthcare Group
- Blue Cross Blue Shield of Kansas
- Blue Cross Blue Shield of Massachusetts
- Blue Cross Blue Shield of Tennessee
- CareMore Health Plan
- CCC Investment Trust
- Cidel Bank & Trust Inc.
- Cidel Fund Management Inc.
- Commonwealth Professional Assurance Co.
- Empire HealthChoice Assurance, Inc
- Excellus Health Plan, Inc.
- Fallon Community Health Plan
- MAG Mutual Insurance Co.
- MedAmerica Insurance Company
- MedAmerica Insurance Company of Florida
- MedAmerica Insurance Company of New York
- MIG Assurance (Cayman) Ltd
- Mountain States Healthcare
- MVP Health Plan, Inc.
- Neighborhood Health Plan of Rhode Island
- New Life Insurance Company
- Tufts Associated Health Plans
- Vermont League of Cities & Towns
- Volunteer State Health Plan, Inc.

#### EDUCATION: 43
- Arizona State University
- Claremont McKenna College
- Colby College
- Ithaca College
- Kingswood Oxford School
- Norwich University
- The Rockefeller University
- St. Lawrence University
- Syracuse University
- Temple University
- Texas Tech University
- Trinity University
- University of Arkansas
- University of Illinois Foundation
- University of Maine System
- University of Massachusetts
- University of San Diego
- West Virginia University Foundation

#### UNION AND TAFT HARTLEY: 22
- Laborers' International Union of North America
- New England Health Care Employees’ Pension Fund
- Pipeliners Benefit Fund
- Teamsters Joint Council Pension Fund
- Sheet Metal Workers Pension Fund
- Social Service Employees Union Annuity Fund
- Union Individual Account Retirement Fund
- United Food and Commercial Workers
- United Scenic Artists

#### CORPORATE: 59
- AMETEK, Inc.
- Belk, Inc.
- Blue Hills Bank
- Cisco Systems
- HARSCO
- Jones Day
- Kaman Corporation
- MBTA Retirement Fund
- Merck & Co., Inc.
- Neiman Marcus Group, Inc.
- Northrop Grumman, Inc.
- Pitcairn Financial Group
- SBC Holdings, Inc.
- Textron, Inc.

#### ENDOWMENT, FOUNDATION, & OTHER: 51
- American Insurance Association
- The Boston Foundation
- Bill and Melinda Gates Foundation
- Central New York Community Foundation
- The Charles Hayden Foundation
- The Community Foundation for Greater New Haven, Inc.
- Fund for New Jersey
- Hartford Foundation for Public Giving
- IEEE, Inc.
- Kline Galland Foundation
- The McConnell Foundation
- MSPCA
- The Oregon Community Foundation
- Queen Lili‘uokalani Trust
- The Rhode Island Community Foundation
- The Samuel Roberts Noble Foundation
- The Trustees of Reservations
- Yawkey Foundation

#### FAITH-BASED: 23
- American Bible Society
- Archdiocese of Cincinnati
- Campus Crusade for Christ Inc.
- Catholic Relief Services
- Church of the Brethren Benefit Trust
- Diocese of Buffalo
- Diocese of Rockville Centre
- The First Church of Christ, Scientist
- Knights of Columbus
- Northern California Conference of Seventh-Day Adventists
- Sisters of the Precious Blood

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This is a partial list of IR+M’s clients as of 7/31/14. The list excludes confidential clients. It is not known whether the clients listed here approve or disapprove of IR+M or of the investment advisory services provided.
COLLABORATIVE CULTURE

- Credit, Mortgage, Municipal, Convertible, Government, and Portfolio Risk Management Teams all work together
- Portfolio Managers lead and the team environment welcomes broad discussion
- Client service works hand-in-hand with investment team
### WHO WE ARE  INVESTMENT PROFESSIONALS

#### MANAGING PRINCIPALS

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Years of Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jack Sommers, CFA</td>
<td>Managing Principal</td>
<td>29</td>
</tr>
<tr>
<td>Bill O'Malley, CFA</td>
<td>Managing Principal</td>
<td>26</td>
</tr>
<tr>
<td>John Sommers</td>
<td>Managing Principal</td>
<td>49</td>
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</table>

#### PORTFOLIO MANAGEMENT TEAM

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Years of Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ed Ingalls, CFA</td>
<td>Credit Team</td>
<td>35</td>
</tr>
<tr>
<td>Julia Hébert, CFA</td>
<td>Credit Team</td>
<td>8</td>
</tr>
<tr>
<td>Jen Karpinski</td>
<td>Credit Team</td>
<td>5</td>
</tr>
<tr>
<td>Bill O'Neill, CFA</td>
<td>Credit Team</td>
<td>14</td>
</tr>
<tr>
<td>Matt Walker, CFA</td>
<td>Credit Team</td>
<td>11</td>
</tr>
<tr>
<td>Sarah Kilpatrick</td>
<td>Portfolio Risk Team</td>
<td>12</td>
</tr>
<tr>
<td>Mike Sheldon, CFA</td>
<td>Securitized Team</td>
<td>23</td>
</tr>
<tr>
<td>Jake Remley, CFA</td>
<td>Securitized Team</td>
<td>13</td>
</tr>
<tr>
<td>Jim Gubitosi, CFA</td>
<td>Securitized Team</td>
<td>10</td>
</tr>
<tr>
<td>Paul Clifford, CFA</td>
<td>Municipal Team</td>
<td>28</td>
</tr>
<tr>
<td>Mary Farrell, CFA</td>
<td>Municipal Team</td>
<td>27</td>
</tr>
</tbody>
</table>

#### ANALYSTS (20)

<table>
<thead>
<tr>
<th>Title</th>
<th>Years of Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul Clifford, CFA</td>
<td>28</td>
</tr>
<tr>
<td>Mary Farrell, CFA</td>
<td>27</td>
</tr>
<tr>
<td>Jim Gubitosi, CFA</td>
<td>10</td>
</tr>
<tr>
<td>Jen Karpinski</td>
<td>5</td>
</tr>
<tr>
<td>Julia Hébert, CFA</td>
<td>8</td>
</tr>
<tr>
<td>Ed Ingalls, CFA</td>
<td>35</td>
</tr>
<tr>
<td>Sarah Kilpatrick</td>
<td>12</td>
</tr>
<tr>
<td>Bill O'Neill, CFA</td>
<td>14</td>
</tr>
<tr>
<td>Matt Walker, CFA</td>
<td>11</td>
</tr>
<tr>
<td>Mike Sheldon, CFA</td>
<td>23</td>
</tr>
<tr>
<td>Jake Remley, CFA</td>
<td>13</td>
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<td>Jim Gubitosi, CFA</td>
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<tr>
<td>Paul Clifford, CFA</td>
<td>28</td>
</tr>
<tr>
<td>Mary Farrell, CFA</td>
<td>27</td>
</tr>
</tbody>
</table>

#### CLIENT TEAM

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brian Houle, CFA</td>
<td>Principal</td>
</tr>
<tr>
<td>Eric Mueller, CFA</td>
<td>Senior Vice President</td>
</tr>
<tr>
<td>Stephen Weiss, CFA</td>
<td>Principal</td>
</tr>
<tr>
<td>Matt Drasser</td>
<td>Vice President</td>
</tr>
<tr>
<td>Brooke Anderson, CFA</td>
<td>Senior Vice President</td>
</tr>
<tr>
<td>Rob Lund, CFA</td>
<td>Vice President</td>
</tr>
<tr>
<td>Jamie Gordon, CFA</td>
<td>Senior Vice President</td>
</tr>
<tr>
<td>Tim Boomer, FSA</td>
<td>LDI Specialist</td>
</tr>
<tr>
<td>Angela Meringoff, CFA</td>
<td>Senior Vice President</td>
</tr>
</tbody>
</table>

As of 7/31/14  
*In the numbers above, one of our analysts works on both credit and municipals and is double counted.*
INVESTMENT STRATEGY + PROCESS
VALUE-ORIENTED APPROACH

+ Target duration neutral to benchmark

+ Emphasize undervalued sectors
  - Introduce incremental risk to portfolios when compensation is attractive
  - Reduce risk when spread sectors are rich

+ Capitalize on our strengths: experience and security selection
  - Seek securities with embedded, often over-looked, value
  - Take what the market gives you
HOW WE WORK INVESTMENT PROCESS

VALUE-ORIENTED APPROACH

Bottom-up security selection

FIXED INCOME UNIVERSE

Corporate
Securitized
Government
Municipal
Convertible

INVESTMENT PROCESS FILTERS

Credit
Structure
Price

IMPLEMENTATION

Best ideas
Relative Value/Targets
Implementation
Portfolio

Bonds we don’t like
**VALUE-ORIENTED APPROACH**

Complexity and universe sizes create overlooked opportunities that can produce attractive return profiles¹

- Diversified combination of attractive investment grade structures
- Potential for yield, OAS, and convexity advantages

<table>
<thead>
<tr>
<th>Universe Size</th>
<th>Put Bonds</th>
<th>Century Bonds</th>
<th>Step-up Coupons</th>
<th>Convertibles</th>
<th>Enhanced Credit Protection Bonds</th>
<th>Super Sr. CMBS</th>
<th>Seasoned Agency Pass-Throughs²</th>
<th>Agency Hybrid ARMs³</th>
<th>Agency Multi-Family MBS</th>
<th>Small Business Admin. Debentures (SBA)</th>
<th>BABs / Taxable Munis</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7bn</td>
<td>$14bn</td>
<td>$30bn</td>
<td>$46bn</td>
<td>$200bn</td>
<td>$84bn</td>
<td>$87bn</td>
<td>$69bn</td>
<td>$220bn</td>
<td>$27bn</td>
<td>$433bn</td>
<td></td>
</tr>
<tr>
<td>Appeal</td>
<td>Cheap convexity</td>
<td>Extra yield and convexity</td>
<td>Coupon increase upon downgrade</td>
<td>Competitive yield plus equity upside potential</td>
<td>Extra layer of credit enhancement</td>
<td>Yield and 30% credit enhancement</td>
<td>Agency credit with attractive yield and comparable liquidity to Treasuries</td>
<td>Agency credit with extension protection and cheap optionality</td>
<td>Agency credit with attractive yield and potential kicker</td>
<td>Full faith and credit with embedded call protection</td>
<td>Attractive yield with strong credit</td>
</tr>
<tr>
<td>Typical Yield Spread</td>
<td>Flat to +50 to bullets</td>
<td>+60 to +80 to 30 year bullets</td>
<td>Even to bullets</td>
<td>Even to positive to similar corporates</td>
<td>+50 to +150 to similar corporates</td>
<td>+40 to +150 to Treasuries</td>
<td>+30 to +60 to Treasuries</td>
<td>+5 to +45 to Treasuries</td>
<td>+15 to +75 to Treasuries</td>
<td>+40 to +95 to Treasuries</td>
<td>Even to +50 to similar corporates</td>
</tr>
</tbody>
</table>

¹All statistics are IR+M approximations as of 7/31/14. Yield spreads are levels we target to add exposure; yields may change. ²Fannie and Freddie 2005 and earlier, 5% coupon 30-year maturity, Barclays Aggregate Index-eligible. ³Barclays Aggregate Index-eligible.
HOW WE WORK  INVESTMENT PROCESS

RELATIVE VALUE + TARGETS

Securities and Broad Sector Targets
- Municipal
- Corporate
- Government
- Convertible
- Securitized

IMPLEMENTATION

Target Team
- Portfolio-Specific Implementation
- Day-to-Day Monitoring
- Nimble Approach

Sector Teams
- Security-Level Implementation/Trading
- Risk Team Collaboration
- Common Sense Overlay

Portfolio Risk Team
- Low Dispersion
- Portfolio Analytics/Monitoring
- Trade Allocation

- Experienced investment team debates value across sectors
- Portfolio managers set broad sector targets driven by bottom-up process
- Target portfolios provide a road map for security purchases

- Portfolio constructed of best ideas
- Diversified portfolios with meaningful position sizes
- Broad accounts and specialty mandates
- Iterative process

Portfolio
VALUE-ORIENTED APPROACH

Interesting opportunities:

- Unique structures
- Off-the-run points on the yield curve

\[1\text{Spread example is for illustrative purposes only. This is not a recommendation to purchase or sell any specific security. Actual results may differ.}\]
VALUE-ORIENTED APPROACH

**Agency Hybrid ARMS**
- Primarily floating-rate securities
- Capture large portion of OAS
- $69bn universe provides opportunity for security selection

**Agency Fixed-Rate MBS**
- Specified pass-through pools, CMOs
- Provide better cash flow characteristics vs. generic TBA pools
- Strong liquidity profile

**Agency Multi-Family MBS**
- Agency guaranteed multi-family program
- Loan level and structural features help provide cash flow stability
- $220bn universe

**CMBS**
- Preference for Super Senior securities
- Primarily seasoned holdings with attractive cash flow characteristics
- Well diversified collateral pools

**ABS**
- Senior cards, autos, and equipment deals
- Liquid
- Front-end yield pick-up

**SBA**
- 504 Loan Program
- Full faith and credit of the US Treasury
- Embedded prepayment protection

---

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>7/31/14</th>
<th>IR+M Securitized Portfolio¹</th>
<th>Barclays Securitized Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>OAS (bp)</td>
<td>65</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Effective Duration (yrs)</td>
<td>3.22</td>
<td>5.01</td>
<td></td>
</tr>
<tr>
<td>Convexity</td>
<td>(0.54)</td>
<td>(1.32)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>12/31/13</th>
<th>IR+M Securitized Portfolio¹</th>
<th>Barclays Securitized Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>OAS (bp)</td>
<td>66</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Effective Duration (yrs)</td>
<td>3.12</td>
<td>5.44</td>
<td></td>
</tr>
<tr>
<td>Convexity</td>
<td>(0.75)</td>
<td>(1.00)</td>
<td></td>
</tr>
</tbody>
</table>

---

**MBS Durations: IR+M Sample² vs. Barclays Aggregate MBS Index**

---

¹Sample IR+M Securitized Portfolio as of 7/31/14
²Sample IR+M Agency MBS Portfolio as of 7/31/14

There are limitations in sample results, including the fact that such results neither represent trading nor reflect the impact that economic market factors might have had on the management of the account if the adviser had been managing an actual clients money. Actual results may differ. A similar analysis can be provided of any portfolio we manage.

Sources: Bloomberg and Barclays
• Formal and informal meetings, accompanied by scheduled publications and analysis, structure our investment decision making process

<table>
<thead>
<tr>
<th>DAILY</th>
<th>WEEKLY</th>
<th>MONTHLY</th>
<th>QUARTERLY</th>
</tr>
</thead>
</table>
| • Market update meeting (“The Huddle”)  
• Real-time cross sector market discussion  
• Primary and secondary market analysis  
• Research  
• Portfolio vs. index analytics  
• Compliance testing  
• Performance review  
• End of day market recap  
| • Portfolio Manager special topics meeting  
• Sector weighting meeting  
• Sector Team research debriefs  
• Strategy chart pack  
• Portfolio risk review  
• Portfolio relative positioning discussion  
| • Attribution  
• Securitized sector surveillance  
• Month-end rebalancing  
• Credit Team trade recap  
• Gain/loss analysis  
| • Analyst sector reviews  
• Analyst credit/earnings review  
• Credit fundamentals chart pack  

**HOW WE WORK  PORTFOLIO RISK MANAGEMENT**

**INVESTMENT TEAM**
- Sector Target Setting
- Buy-Sell Decisions

**PORTFOLIO RISK MANAGEMENT TEAM**
- Target Management Application
  - LatentZero®
    - Management of:
      - Guidelines
      - Sector Targets
      - Duration Exposure
      - Cash Flows
      - Allocations
  - IR+M Portfolio
    - Barclays POINT®
      - Holdings + Portfolio Risk
      - Sensitivity Analysis
      - Benchmark Analysis
      - Optimization

**COMPLIANCE TEAM**
- Client Guidelines
- Firm Guidelines
- Guideline Exception Reports
  - Social Restrictions
  - Quality Exposure
  - Sector Concentration
  - Industry Constraints
  - Issue/Issuer Limits
STRATEGY OVERVIEW
IR+M AGGREGATE
## 7/31/14
### Characteristics

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>IR+M Aggregate Portfolio¹</th>
<th>Barclays Aggregate Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield (%)²</td>
<td>2.66</td>
<td>2.33</td>
</tr>
<tr>
<td>Spread to Tsy (bp)</td>
<td>75</td>
<td>40</td>
</tr>
<tr>
<td>Effective Duration (yrs)</td>
<td>5.45</td>
<td>5.63</td>
</tr>
<tr>
<td>Convexity</td>
<td>0.33</td>
<td>0.09</td>
</tr>
<tr>
<td>Average Quality (M/S&amp;P)</td>
<td>Aa2/AA-</td>
<td>Aa2/AA</td>
</tr>
</tbody>
</table>

### Rating Distribution (%)

<table>
<thead>
<tr>
<th>Rating</th>
<th>IR+M Aggregate Portfolio¹</th>
<th>Barclays Aggregate Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aaa</td>
<td>57.0</td>
<td>71.5</td>
</tr>
<tr>
<td>Aa</td>
<td>7.7</td>
<td>4.9</td>
</tr>
<tr>
<td>A</td>
<td>17.2</td>
<td>11.6</td>
</tr>
<tr>
<td>Baa</td>
<td>17.4</td>
<td>12.0</td>
</tr>
<tr>
<td>Cash</td>
<td>0.7</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
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</tbody>
</table>

### Sector Distribution (%)

<table>
<thead>
<tr>
<th>Sector</th>
<th>IR+M Aggregate Portfolio¹</th>
<th>Barclays Aggregate Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>26.7</td>
<td>39.0</td>
</tr>
<tr>
<td>Treasury</td>
<td>13.3</td>
<td>35.4</td>
</tr>
<tr>
<td>Agency</td>
<td>0.4</td>
<td>3.3</td>
</tr>
<tr>
<td>Govt Guaranteed</td>
<td>13.0</td>
<td>0.3</td>
</tr>
<tr>
<td>Credit</td>
<td>31.5</td>
<td>28.6</td>
</tr>
<tr>
<td>Finance</td>
<td>9.8</td>
<td>7.6</td>
</tr>
<tr>
<td>Industrial</td>
<td>16.9</td>
<td>13.9</td>
</tr>
<tr>
<td>Utility</td>
<td>2.1</td>
<td>1.8</td>
</tr>
<tr>
<td>Non-Corporate</td>
<td>2.7</td>
<td>5.3</td>
</tr>
<tr>
<td>Securitized</td>
<td>37.4</td>
<td>31.4</td>
</tr>
<tr>
<td>RMBS</td>
<td>20.5</td>
<td>28.9</td>
</tr>
<tr>
<td>ABS</td>
<td>3.5</td>
<td>0.5</td>
</tr>
<tr>
<td>CMBS</td>
<td>13.4</td>
<td>2.0</td>
</tr>
<tr>
<td>Municipal</td>
<td>3.7</td>
<td>1.0</td>
</tr>
<tr>
<td>GO</td>
<td>0.9</td>
<td>0.4</td>
</tr>
<tr>
<td>Revenue</td>
<td>2.8</td>
<td>0.6</td>
</tr>
<tr>
<td>Cash</td>
<td>0.7</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

¹Representative portfolio characteristics. Some statistics require assumptions for calculations which can be disclosed upon request. A similar analysis can be provided for any portfolio we manage. The representative portfolio information is supplemental to the IR+M Composite Disclosures at the end of the presentation.

²Yields are represented as of the above date and are subject to change.

Source: Barclays
IR+M AGGREGATE STRATEGY PERFORMANCE

IR+M Aggregate Composite vs. Barclays Aggregate Index
Investment Results¹
(7/31/14)

<table>
<thead>
<tr>
<th>Period</th>
<th>IR+M Aggregate Composite</th>
<th>Barclays Aggregate Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>YTD 2014</td>
<td>4.66</td>
<td>3.67</td>
</tr>
<tr>
<td>1 Year</td>
<td>5.43</td>
<td>3.97</td>
</tr>
<tr>
<td>3 Year</td>
<td>4.36</td>
<td>3.04</td>
</tr>
<tr>
<td>5 Year</td>
<td>5.64</td>
<td>4.47</td>
</tr>
<tr>
<td>7 Year</td>
<td>6.09</td>
<td>5.18</td>
</tr>
<tr>
<td>10 Year</td>
<td>5.64</td>
<td>4.81</td>
</tr>
<tr>
<td>Since Inception²</td>
<td>6.72</td>
<td>6.00</td>
</tr>
</tbody>
</table>

¹The investment results shown do not reflect the deduction of investment advisory fees. The investment advisory fees charged by Income Research & Management are described in Part 2A of IR+M's Form ADV, which is available upon request. Actual returns will be reduced by advisory fees and any other expenses (custodial, etc.) that may be incurred in the management of an investment account. Investment management fees do have an effect on the investment results achieved by a client. For instance, on a $100 million portfolio, an example IR+M fee might be 0.28%. A gross hypothetical return of 10.00% in a given year would be reduced to 9.72% if the client's annual investment management fee were 0.28%. Over a 5-year period of annual 10% returns, a gross return of 61.05% would be reduced to 59.01% after the deduction of investment management fees. Other strategies may have different standard fees. Total returns including realized and unrealized gains plus interest and dividends are used to calculate investment results. Cash is included in performance calculation. All returns are expressed in US$ terms. Trade date accounting and valuation are used. Past performance is not indicative of future results. Please see additional disclosures for important composite investment results information. Periods over one year are annualized.

²Inception: 12/31/91 – 7/31/14. Annualized. A similar analysis can be provided for any time period since inception.
2008/2009 MARKET ENVIRONMENT AND RESULTS

2008 – 2009: Corporate Spreads vs. 10 Year Treasury Yields¹

IR+M Aggregate Composite vs. Barclays Aggregate Index Monthly Investment Results²

¹Source: Barclays
²The investment results shown do not reflect the deduction of investment advisory fees. The investment advisory fees charged by Income Research & Management are described in Part 2A of IR+M’s Form ADV, which is available upon request. Actual returns will be reduced by advisory fees and any other expenses (custodial, etc.) that may be incurred in the management of an investment account. Investment management fees do have an effect on the investment results achieved by a client. For instance, on a $100 million portfolio, an example IR+M fee might be 0.28%. A gross hypothetical return of 10.00% in a given year would be reduced to 9.72% if the client’s annual investment management fee were 0.28%. Over a 5-year period of annual 10% returns, a gross return of 61.05% would be reduced to 59.01% after the deduction of investment management fees. Other strategies may have different standard fees. Total returns including realized and unrealized gains plus interest and dividends are used to calculate investment performance. Cash is included in performance calculation. All returns are expressed in US$ terms. Trade date accounting and valuation are used. Past performance is not indicative of future results. Please see additional disclosures for important composite performance information.
IR+M Aggregate Composite inception date: 12/31/91
2008 MARKET AND PORTFOLIO ANALYSIS

**2008: Corporate Spreads vs. 10 Year Treasury Yields¹**

- Barclays Corporate Index Spread
- 10 Year Treasury Yield

---

**IR+M Aggregate Portfolio Sector Overweight/Underweight vs. Barclays Aggregate Index²**

- Government
- Corporate/Securitized/Municipal

---

¹Source: Barclays
²Source: IR+M Analytics and Barclays. Representative portfolio characteristics. A similar analysis can be provided for any portfolio we manage. The representative portfolio information is supplemental to the IR+M Composite Disclosures at the end of the presentation.
• Fixed income total return is comprised of income return and price return
• Rising interest rates can cause declining price returns; however, this can be offset by increasing income from higher reinvestment rates
• Investors with long-term time horizons may benefit from rising rates through higher return from income
• The illustrative example below shows a hypothetical return for a portfolio with the following characteristics:
  • 5-year duration
  • 2% starting yield
  • 1.5% instantaneous parallel rate shift

**Long Term Investors Benefit if Rates Rise**

Value ($)

Time Horizon (Yrs)
Historical Market Data During Periods of Rising Fed Funds Rates

<table>
<thead>
<tr>
<th></th>
<th>Period 1 2/1/94-2/28/95</th>
<th>Period 2 6/1/99-5/31/00</th>
<th>Period 3 6/1/04-6/30/06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-of-Period Fed Funds Rate (%)</td>
<td>3.00</td>
<td>4.75</td>
<td>1.00</td>
</tr>
<tr>
<td>End-of-Period Fed Funds Rate (%)</td>
<td>6.00</td>
<td>6.50</td>
<td>5.25</td>
</tr>
<tr>
<td>Number of Fed Funds Rate Increases</td>
<td>7</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td>Duration of Increases (months)</td>
<td>12</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>Start-of-Period Barclays Aggregate Index Yield (%)</td>
<td>5.62</td>
<td>6.40</td>
<td>4.64</td>
</tr>
<tr>
<td>End-of-Period Barclays Aggregate Index Yield (%)</td>
<td>7.50</td>
<td>7.52</td>
<td>5.79</td>
</tr>
</tbody>
</table>

Historical Analysis

- Since 1994, there have been three distinct time periods of increasing Federal Funds rates.
- Federal Funds rates impact short-term rates, while intermediate and long-term rates can be affected by other economic factors.
- Each period of rising Federal Funds rates was different in the magnitude and duration of the rate increase.
- Despite increased price volatility, the cumulative total return of the Barclays Aggregate Index remained positive during each period.
- Past periods may not be indicative of future returns as yields are currently at a much lower starting point.

Source: Barclays and Federal Reserve
The views contained in this presentation are those of IR+M and are based on information obtained by IR+M from sources that are believed to be reliable. Actual results may differ.
IR+M AGGREGATE PORTFOLIO  SCENARIO ANALYSIS (INTEREST RATE)

IR+M Aggregate Portfolio¹ vs. Barclays Aggregate Index
Total Return²
(7/31/14 – 7/31/15)

Total Returns (%)

Interest Rate Change (bp)

1 Represented portfolio characteristics. Some statistics require assumptions for calculations which can be disclosed upon request.
2 Returns can vary from these scenarios which assume parallel yield curve shift, reinvestment of income at the yield to maturity, unchanged spreads and volatility; 1 year horizon. This is a forward looking analysis and it should not be assumed that past performance is a guarantee of future results. Return scenarios do not reflect the deductions of investment advisory fees. A similar analysis can be provided on any portfolio we manage. Actual results may vary.

Sources: IR+M and Barclays as of 7/31/14
Barclays Aggregate Index Treasury Market Value Weight vs. 10-Year Treasury Yield
(11/30/99 – 7/31/14)

Source: Barclays POINT® as of 7/31/14
MARKET UPDATE  ECONOMIC ENVIRONMENT

The chart above illustrates 2004-2014 economic events that we believe had an impact on the market.

- 6/06: Fed rate hike cycle ends
- 9/08: Federal Gov’t takes over Fannie Mae and Freddle Mac
- 12/08-6/10: QE1
- 11/10-6/11: QE2
- 9/11: Fed announces Operation Twist
- 9/12: QE3 begins
- 12/12: Fed announces it will purchase $45bn of Treasuries/month indefinitely
- 12/13: Fed taper begins

Source: Barclays as of 7/31/14

The chart above illustrates 2004-2014 economic events that we believe had an impact on the market.
MARKET UPDATE  ECONOMIC ENVIRONMENT

US Gross Domestic Product¹

- The US economy contracted in the first quarter of 2014 for the first time in three years – adverse weather conditions hampered economic activity.
- US economic activity rebounded in the second quarter as labor market conditions improved – US gross domestic product (GDP) grew at a 4.0% annual rate¹.
- The unemployment rate fell to 6.2%, an almost 6-year low¹.
- Inflation moved toward the Fed’s long-term objective of 2.0%, as consumer sentiment and producer pricing power improved.

Current Economic Environment

Non-Farm Payrolls and Labor-Force Participation¹

Consumer Confidence and Inflation¹

¹Source: Bloomberg as of 7/31/14
Despite positive trends in economic data, US Treasury yields generally moved lower year-to-date. Contributing factors included: abundant global liquidity, low rates abroad, and short-covering of bets that rates would go higher.

- The Fed reduced its monthly bond-buying program to $25 billion/month starting in August¹.
- Market volatility fell even as the Fed cut monetary stimulus.
- The Fed maintained its commitment to low short-term rates, which may keep longer-dated Treasury yields anchored.

**10-Year Government Yields¹,²**

<table>
<thead>
<tr>
<th>Country</th>
<th>7/31/2013</th>
<th>7/31/2014</th>
<th>YoY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>2.58</td>
<td>2.56</td>
<td>-0.02</td>
</tr>
<tr>
<td>Italy</td>
<td>4.41</td>
<td>2.70</td>
<td>-1.71</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2.36</td>
<td>2.60</td>
<td>0.24</td>
</tr>
<tr>
<td>Spain</td>
<td>4.65</td>
<td>2.51</td>
<td>-2.14</td>
</tr>
<tr>
<td>France</td>
<td>2.23</td>
<td>1.53</td>
<td>-0.70</td>
</tr>
<tr>
<td>Germany</td>
<td>1.67</td>
<td>1.16</td>
<td>-0.51</td>
</tr>
<tr>
<td>Japan</td>
<td>0.80</td>
<td>0.54</td>
<td>-0.26</td>
</tr>
</tbody>
</table>

**10-Year Treasury Yield and Volatility¹**

**2-10 Year Treasury Yield Spread¹**

¹Source: Bloomberg as of 7/31/14
²Yields are quoted in local currencies
• Corporate fundamentals revealed mixed trends in the first quarter
• Corporate profitability improved but revenue growth remained at low levels – price/earnings multiples rose despite soft growth
• Companies continued to use excess liquidity to fund shareholder friendly initiatives
• A-rated companies were more aggressively returning cash flow to shareholders compared to BBB-rated companies

¹Source: Capital IQ as of 3/31/14; universe includes IR+M non-financial holdings
²Source: JPMorgan as of 3/31/14
MARKET UPDATE  CORPORATE SECTOR

Corporate Issuance and Spreads\(^1,2\)

- Gross Issuance (LHS)
- Net Issuance (LHS)
- Corporate OAS (RHS)

Barclays Corporate Index Market Value and Turnover\(^2\)

- BC Corp Index Market Value (LHS)
- Monthly Turnover (RHS)

Technical Environment

- Investment grade corporate issuance totaled nearly $600 billion year-to-date as companies took advantage of low borrowing costs\(^1\)
  - Net issuance was in-line with the long-term average as redemptions increased
- Fixed income trading volume stabilized despite market growth
- Corporate spreads tightened to pre-crisis levels and investors were compensated less for taking on risk

Corporate Spreads by Quality\(^2\)

1Source: JPMorgan as of 7/31/14
2Source: Barclays as of 7/31/14
MARKET UPDATE  SECURITIZED SECTOR

CMBS New Issue Fundamentals\(^2\)

<table>
<thead>
<tr>
<th>Index Level</th>
<th>2Q10</th>
<th>4Q10</th>
<th>2Q11</th>
<th>4Q11</th>
<th>2Q12</th>
<th>4Q12</th>
<th>2Q13</th>
<th>4Q13</th>
<th>2Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan-to-Value (RHS)</td>
<td>14%</td>
<td>13%</td>
<td>12%</td>
<td>11%</td>
<td>10%</td>
<td>9%</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Debt Yield (LHS)</td>
<td>7%</td>
<td>8%</td>
<td>9%</td>
<td>10%</td>
<td>11%</td>
<td>12%</td>
<td>13%</td>
<td>14%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Fundamental Environment

- New issue CMBS showed signs of weaker underwriting standards as investor risk appetite returned
- Real estate prices increased as financing conditions improved and mortgage rates remained low
  - Prices in major commercial markets surpassed pre-crisis levels
- MBS performance varied across the coupon stack
  - Prepayments increased in lower coupons as home demand recovered and stabilized in higher coupons as refinancing incentive fell

Commercial and Residential Property Prices\(^1,3\)

<table>
<thead>
<tr>
<th>Index Level</th>
<th>2Q10</th>
<th>4Q10</th>
<th>2Q11</th>
<th>4Q11</th>
<th>2Q12</th>
<th>4Q12</th>
<th>2Q13</th>
<th>4Q13</th>
<th>2Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody’s CPPI (National)</td>
<td>200</td>
<td>180</td>
<td>160</td>
<td>140</td>
<td>120</td>
<td>100</td>
<td>80</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>Moody’s CPPI (Major Markets)</td>
<td>200</td>
<td>180</td>
<td>160</td>
<td>140</td>
<td>120</td>
<td>100</td>
<td>80</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>Case-Shiller Home Price Index</td>
<td>200</td>
<td>180</td>
<td>160</td>
<td>140</td>
<td>120</td>
<td>100</td>
<td>80</td>
<td>60</td>
<td>40</td>
</tr>
</tbody>
</table>

MBS Prepayment Speeds by Coupon\(^3\)

- 2.5% 30-Year Mortgage
- 4% 30-Year Mortgage
- 6% 30-Year Mortgage

\(^1\)Source: Moody’s as of 7/31/14
\(^2\)Source: Barclays as of 7/31/14
\(^3\)Sources: Bloomberg as of 7/31/14
MARKET UPDATE  SECURITIZED SECTOR

Conduit CMBS Technical Environment

- Year-to-date CMBS issuance was lighter than anticipated, totaling $29.8 billion across 26 deals through July 2014.
- Despite continued tapering, the Fed’s monthly Agency MBS purchases represented a larger share of net issuance as mortgage production fell.
- Mortgage applications stabilized in the second quarter as persistently low mortgage rates led to refinancing burnout – lower mortgage origination could reduce Agency MBS supply in the second half of 2014.

Technical Environment

Agency MBS Issuance vs. Fed Purchases

Mortgage Applications

¹Sources: JPMorgan and IR+M as of 7/31/14
²Source: Barclays as of 7/31/14
³Source: Bloomberg as of 7/31/14
MARKET UPDATE  TIPS

TIPS Real Yield Curve¹

TIPS Update

- TIPS generated positive absolute returns across the curve in the second quarter, benefitting from both lower real yields and positive inflation accruals
  - Intermediate TIPS returned 2.94% in the second quarter¹
- The Consumer Price Index (CPI) rose by 0.4% in May, the greatest increase since February 2013
  - Realized inflation picked up, but core goods CPI lagged headline inflation

Breakeven Inflation & CPI²

TIPS Update

- TIPS generated positive absolute returns across the curve in the second quarter, benefitting from both lower real yields and positive inflation accruals
  - Intermediate TIPS returned 2.94% in the second quarter¹
- The Consumer Price Index (CPI) rose by 0.4% in May, the greatest increase since February 2013
  - Realized inflation picked up, but core goods CPI lagged headline inflation

Services vs. Goods CPI²

¹Source: Barclays as of 7/31/14
²Source: Bloomberg as of 7/31/14
MARKET UPDATE THEMES AND IR+M POSITIONING

Market State

• The strong year-to-date rally in rates surprised some market participants
• The Fed continued its measured exit from the bond market, and market volatility trended lower
• Strong market technicals supported corporate and securitized bond spreads
• US corporate credit fundamentals remained solid, but revenue growth slowed

IR+M Positioning Themes

• We trimmed risk in the portfolios as we felt there was not adequate compensation for stepping down in credit quality
• Our portfolios have ample exposure to high quality, more liquid bonds to provide flexibility and protect from downside risk
• Our primary tools going forward will be security selection and opportunistic deployment of portfolio liquidity

The views contained in this report are those of IR+M as of 7/31/14 and are based on information obtained by IR+M from sources that are believed to be reliable.
## WHO WE ARE  ANALYST TEAM

### CREDIT (CORPORATE)

<table>
<thead>
<tr>
<th>Research</th>
<th>Portfolio Risk</th>
<th>Trading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kara Maloy, CFA  &lt;br&gt;Senior Research Analyst  &lt;br&gt;8 years experience</td>
<td>Kristoff Nelson, CFA  &lt;br&gt;Senior Research Analyst  &lt;br&gt;6 years experience</td>
<td>Nate Hollingsworth, CFA  &lt;br&gt;Senior Portfolio Risk Analyst  &lt;br&gt;8 years experience</td>
</tr>
<tr>
<td>Rob Nuccio, CFA  &lt;br&gt;Research Analyst  &lt;br&gt;6 years experience</td>
<td>Luke Ferriter, CFA  &lt;br&gt;Research Analyst  &lt;br&gt;10 years experience</td>
<td>Lucas Murray  &lt;br&gt;SVP, Senior Trader  &lt;br&gt;10 years experience</td>
</tr>
</tbody>
</table>

**Credit Portfolio Managers: 5**

### SECURITIZED/GOVERNMENT

<table>
<thead>
<tr>
<th>Research</th>
<th>Portfolio Risk</th>
<th>Trading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rachel Campbell  &lt;br&gt;Senior Research Analyst  &lt;br&gt;8 years experience</td>
<td>Josip Zdrilic  &lt;br&gt;Senior Research Analyst  &lt;br&gt;9 years experience</td>
<td>Allysen Mattison, CFA  &lt;br&gt;SVP, Senior Portfolio Risk Analyst  &lt;br&gt;9 years experience</td>
</tr>
<tr>
<td>Ralph Saturné  &lt;br&gt;Research Analyst  &lt;br&gt;7 years experience</td>
<td>Jim Loftus  &lt;br&gt;Portfolio Risk Analyst  &lt;br&gt;6 years experience</td>
<td>Andy Tenczar  &lt;br&gt;Senior Trader  &lt;br&gt;16 years experience</td>
</tr>
</tbody>
</table>

**Securitizied/Government Portfolio Managers: 4**

### CREDIT (MUNICIPAL)

<table>
<thead>
<tr>
<th>Research</th>
<th>Portfolio Risk</th>
<th>Trading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wesly Pate, CFA  &lt;br&gt;SVP, Senior Research Analyst  &lt;br&gt;8 years experience</td>
<td>Kristoff Nelson, CFA  &lt;br&gt;Senior Research Analyst  &lt;br&gt;6 years experience</td>
<td>Tucker Lannon  &lt;br&gt;Senior Portfolio Risk Analyst  &lt;br&gt;9 years experience</td>
</tr>
<tr>
<td>John Costello  &lt;br&gt;Research Analyst  &lt;br&gt;2 years experience</td>
<td>Jeremy Holtz, CFA  &lt;br&gt;Portfolio Risk Analyst  &lt;br&gt;8 years experience</td>
<td>Justin Quattrini, CFA  &lt;br&gt;Senior Trader  &lt;br&gt;11 years experience</td>
</tr>
</tbody>
</table>

**Municipal Portfolio Managers: 2**

As of 7/31/14  
*In the numbers above, one of our analysts works on both credit and municipals and is double counted.*
IR+M COMPOSITE DISCLOSURES – 12/31/13

Aggregate Composite
January 1, 1992 through December 31, 2013

<table>
<thead>
<tr>
<th>Year</th>
<th>Returns (%)</th>
<th>Number of Portfolios</th>
<th>Dispersion (%)</th>
<th>Assets (USD, mm)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross Net Benchmark ≤ 5</td>
<td></td>
<td></td>
<td>Composite Firm</td>
</tr>
<tr>
<td>1992</td>
<td>8.06 7.69 7.40</td>
<td>5</td>
<td>N/A</td>
<td>9 538</td>
</tr>
<tr>
<td>1993</td>
<td>11.95 11.57 9.75</td>
<td>5</td>
<td>N/A</td>
<td>21 803</td>
</tr>
<tr>
<td>1994</td>
<td>(1.80) (2.15) (2.92)</td>
<td>5</td>
<td>N/A</td>
<td>18 957</td>
</tr>
<tr>
<td>1995</td>
<td>18.90 18.50 18.47</td>
<td>5</td>
<td>N/A</td>
<td>97 1,700</td>
</tr>
<tr>
<td>1996</td>
<td>4.53  4.17  3.63</td>
<td>5</td>
<td>N/A</td>
<td>100 1,964</td>
</tr>
<tr>
<td>1997</td>
<td>9.22  8.85  9.65</td>
<td>5</td>
<td>N/A</td>
<td>108 2,420</td>
</tr>
<tr>
<td>1998</td>
<td>7.61  7.24  8.69</td>
<td>6</td>
<td>0.10</td>
<td>293 3,041</td>
</tr>
<tr>
<td>1999</td>
<td>0.45  0.10  (0.82)</td>
<td>6</td>
<td>0.08</td>
<td>239 3,374</td>
</tr>
<tr>
<td>2000</td>
<td>10.19 9.81 11.63</td>
<td>7</td>
<td>0.63</td>
<td>162 3,620</td>
</tr>
<tr>
<td>2001</td>
<td>10.38 10.01 8.44</td>
<td>7</td>
<td>0.22</td>
<td>111 3,705</td>
</tr>
<tr>
<td>2002</td>
<td>9.32  8.94 10.26</td>
<td>7</td>
<td>0.24</td>
<td>181 3,847</td>
</tr>
</tbody>
</table>

In 2002, one portfolio with a bundled fee entered the composite; in 2010, a second portfolio with a bundled fee entered the composite. The fee paid by the client also includes custody and administration charges. The following table shows the total percentage of composite assets composed of the bundled fee portfolio:

<table>
<thead>
<tr>
<th>Year</th>
<th>MV of bundled fee portfolio</th>
<th>% of Composite Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>76,803,782</td>
<td>44%</td>
</tr>
<tr>
<td>2003</td>
<td>93,316,232</td>
<td>13%</td>
</tr>
<tr>
<td>2004</td>
<td>195,948,763</td>
<td>21%</td>
</tr>
<tr>
<td>2005</td>
<td>253,157,416</td>
<td>20%</td>
</tr>
<tr>
<td>2006</td>
<td>368,023,419</td>
<td>20%</td>
</tr>
<tr>
<td>2007</td>
<td>466,900,208</td>
<td>18%</td>
</tr>
<tr>
<td>2008</td>
<td>569,165,956</td>
<td>22%</td>
</tr>
</tbody>
</table>

The three-year annualized ex-post standard deviation of the composite and benchmark as of year end is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Composite 3-Yr St Dev (%)</th>
<th>Benchmark 3-Yr St Dev (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>3.35</td>
<td>2.78</td>
</tr>
<tr>
<td>2012</td>
<td>2.49</td>
<td>2.38</td>
</tr>
<tr>
<td>2013</td>
<td>2.89</td>
<td>2.71</td>
</tr>
</tbody>
</table>

Income Research & Management (“IR+M”) is an independent investment management firm with approximately $37.2 billion in assets under management. IR+M has no subsidiaries or divisions, all business is done at IR+M and all assets are managed by IR+M. A complete list of composite descriptions is available upon request. IR+M claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. IR+M has been independently verified for the period January 1, 2000 through December 31, 2013 by ACA Performance Services. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s processes and procedures are designed to calculate and present performance in compliance with the GIPS standards. Benchmark returns are not covered by the report of independent verifiers. The Aggregate Composite has been examined for the period January 1, 2000 through December 31, 2013. The verification and performance examination reports are available upon request.
Aggregate Composite Continued

Valuations are computed, performance is reported, and fees are based on U.S. dollars. Gross-of-fee performance returns are presented before management and custodial fees but after all trading expenses. Net-of-fees performance returns are calculated by deducting the highest fee rate from the current associated fee schedule; the fees are deducted quarterly, using one-fourth of the annual fee rate. Fees disclosed are the standard management fee for that strategy. Actual management fees may be different than those illustrated in this disclosure. Additional information regarding valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

Dispersion is calculated using the equal-weighted standard deviation of all portfolios that were included in the composite for the entire year. Dispersion is not calculated for years with five or fewer portfolios in the composite for the entire year.

This composite utilizes a Significant Cash Flow Policy, which is described as follows. Prior to 1/1/10, if cash flows exceeded 5%, IR+M removed the portfolio from the composite, effective as of the last full month of management prior to the cash flow, if the impact to the performance of the composite was greater than the absolute value of 0.02%. For periods beginning 1/1/10 or later, IR+M will remove a portfolio from a composite if an external contribution or withdrawal (flow) is significant. The portfolio will be removed as of the last full month of management prior to the flow. IR+M defines a flow (either cash or securities) as significant by mandate according to the following criteria: Government mandates: No level – all portfolios left in regardless of size of flow; Corporate/Broad market/TIPS: 25% of beginning portfolio value; Convertibles/Municipals: 10% of beginning portfolio value. Portfolios will re-enter the composite according to the Entering Composites criteria detailed in the IR+M GIPS Policy Manual. Additional information regarding the treatment of significant cash flows is available on request.

Derivatives, if used in those accounts whose guidelines permit their use, are primarily engaged as hedging instruments. Interest Rate Swaps and Treasury-bond futures may be used to manage a portfolio’s duration, and Credit Default Swaps may be used in strategies to isolate a particular issuer’s credit risk.

The Aggregate Composite is comprised of separately managed institutional portfolios mainly invested in a diversified range of domestic, investment grade, fixed income securities. The objective of the mandate is to outperform the benchmark on a total return basis while staying within the boundaries of individual client guidelines. The securities’ typical maturity range is between 1-12 years. The benchmark for the composite is the Barclays Aggregate Index. The standard management fee schedule is 0.35% on the initial $25mm, 0.30% on the next $25mm, 0.25% on the next $25mm, and 0.20% on amounts over $75mm. The composite was created on 12/31/91.
Disclosure Statement:

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