

Investment Performance



July 31, 2013

by



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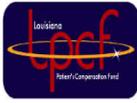
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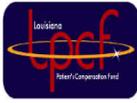


INVESTMENT PERFORMANCE

Pretax, Net of Fees Performance as of July 31, 2013

Portfolio	Market Value (\$000s)	% of Overall Portfolio	Quarter	YTD	Two Quarters	Three Quarters	One Year	Three Years	Five Years	Since Inception	Inception Date
PCF Composite	815,372	100.0%									
Pretax Performance			(1.32%)	(0.99%)	(0.77%)	(1.06%)	(0.93%)	NA	NA	0.33%	1/1/2012
¹ <u>Blended Benchmark</u>			(1.27%)	(0.66%)	(0.30%)	(0.63%)	(0.37%)	NA	NA	1.23%	
Relative Performance			(0.04%)	(0.33%)	(0.48%)	(0.43%)	(0.55%)	NA	NA	(0.89%)	
Cash	330,766	40.6%									
JP Morgan			0.05%	0.13%	0.11%	0.16%	0.20%	NA	NA	0.21%	1/1/2012
<u>Merrill 91 Day T-Bill</u>			0.02%	0.05%	0.05%	0.08%	0.11%	NA	NA	0.10%	
Relative Performance			0.03%	0.08%	0.06%	0.08%	0.09%	NA	NA	0.11%	
Core Fixed Income Composite	414,235	50.8%									
<u>Barclays Aggregate</u>			(3.17%)	(2.31%)	(1.62%)	(2.30%)	(1.91%)	NA	NA	1.14%	1/1/2012
Relative Performance			(0.11%)	(0.68%)	(0.91%)	(0.84%)	(1.05%)	NA	NA	(1.57%)	
High Yield Bank Loan Composite	27,865	3.4%									
<u>S&P LSTA Index</u>			0.59%	NA	NA	NA	NA	NA	NA	1.19%	4/1/2013
Relative Performance			0.03%	NA	NA	NA	NA	NA	NA	0.14%	
High Yield Bond Composite	10,233	1.3%									
¹ <u>Blended Benchmark</u>			(1.32%)	NA	NA	NA	NA	NA	NA	(1.32%)	5/1/2013
Relative Performance			(0.35%)	NA	NA	NA	NA	NA	NA	(0.35%)	
Total Equity Composite	32,273	4.0%									
¹ <u>Blended Benchmark</u>			5.92%	19.58%	13.36%	21.72%	NA	NA	NA	21.72%	11/1/2012
Relative Performance			0.09%	0.11%	0.09%	0.13%	NA	NA	NA	0.13%	

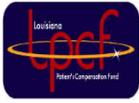
¹The blended benchmark consists of a market-weighted blend of the underlying portfolio benchmarks.



INVESTMENT PERFORMANCE

Pretax, Net of Fees Performance as of July 31, 2013

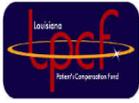
Portfolio	Market Value (\$000s)	% of Overall Portfolio	One Month	Quarter	YTD	Two Quarters	Three Quarters	One Year	Three Years	Five Years	Since Inception	Inception Date
Core Fixed Income Composite	414,235	50.8%	0.17%	(3.28%)	(2.99%)	(2.53%)	(3.13%)	(2.96%)	NA	NA	(0.44%)	1/1/2012
<u>Barclays Aggregate</u>			0.14%	(3.17%)	(2.31%)	(1.62%)	(2.30%)	(1.91%)	NA	NA	1.14%	
Relative Performance			0.03%	(0.11%)	(0.68%)	(0.91%)	(0.84%)	(1.05%)	NA	NA	(1.57%)	
Treasurer's Office	16,087	2.0%	0.07%	(1.43%)	(1.14%)	(0.68%)	(1.29%)	(1.11%)	NA	NA	0.76%	1/1/2012
<u>Barclays Aggregate</u>			0.14%	(3.17%)	(2.31%)	(1.62%)	(2.30%)	(1.91%)	NA	NA	1.14%	
Relative Performance			(0.07%)	1.74%	1.17%	0.95%	1.01%	0.80%	NA	NA	(0.38%)	
PIMCO Total Return Fund	39,645	4.9%	0.49%	(4.27%)	NA	NA	NA	NA	NA	NA	(3.14%)	4/1/2013
<u>Barclays Aggregate</u>			0.14%	(3.17%)	NA	NA	NA	NA	NA	NA	(2.19%)	
Relative Performance			0.35%	(1.10%)	NA	NA	NA	NA	NA	NA	(0.95%)	
Lord Abnett Core Bond Fund	99,423	12.2%	0.01%	(3.63%)	NA	NA	NA	NA	NA	NA	(2.66%)	4/1/2013
<u>Barclays Aggregate</u>			0.14%	(3.17%)	NA	NA	NA	NA	NA	NA	(2.19%)	
Relative Performance			(0.13%)	(0.46%)	NA	NA	NA	NA	NA	NA	(0.47%)	
Wells Fargo Core Bond Fund	99,483	12.2%	0.15%	(3.62%)	NA	NA	NA	NA	NA	NA	(2.62%)	4/1/2013
<u>Barclays Aggregate</u>			0.14%	(3.17%)	NA	NA	NA	NA	NA	NA	(2.19%)	
Relative Performance			0.02%	(0.45%)	NA	NA	NA	NA	NA	NA	(0.42%)	
Vanguard Total Bond Fund	159,596	19.6%	0.21%	(3.12%)	NA	NA	NA	NA	NA	NA	(2.23%)	4/1/2013
<u>Barclays Aggregate</u>			0.14%	(3.17%)	NA	NA	NA	NA	NA	NA	(2.19%)	
Relative Performance			0.07%	0.06%	NA	NA	NA	NA	NA	NA	(0.03%)	



INVESTMENT PERFORMANCE

Pretax, Net of Fees Performance as of July 31, 2013

Portfolio	Market Value (\$000s)	% of Overall Portfolio	One Month	Quarter	YTD	One Year	Three Years	Five Years	Since Inception	Inception Date
High Yield Bank Loan Composite	27,865	3.4%	1.00%	0.62%	NA	NA	NA	NA	1.33%	4/1/2013
<u>S&P LSTA Index</u>			0.99%	0.59%	NA	NA	NA	NA	1.19%	
Relative Performance			0.01%	0.03%	NA	NA	NA	NA	0.14%	
John Hancock High Yield Bank Loan	13,146	1.6%	0.96%	0.29%	NA	NA	NA	NA	0.90%	4/1/2013
<u>S&P LSTA Index</u>			0.99%	0.59%	NA	NA	NA	NA	1.19%	
Relative Performance			(0.03%)	(0.29%)	NA	NA	NA	NA	(0.28%)	
Oppenheimer High Yield Bank Loan	14,719	1.8%	1.04%	0.91%	NA	NA	NA	NA	1.73%	4/1/2013
<u>S&P LSTA Index</u>			0.99%	0.59%	NA	NA	NA	NA	1.19%	
Relative Performance			0.04%	0.33%	NA	NA	NA	NA	0.54%	

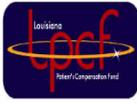


INVESTMENT PERFORMANCE

Pretax, Net of Fees Performance as of July 31, 2013

Portfolio	Market Value (\$000s)	% of Overall Portfolio	One Month	Quarter	YTD	One Year	Three Years	Five Years	Since Inception	Inception Date
High Yield Bond Composite	10,233	1.3%	2.03%	(1.66%)	NA	NA	NA	NA	(1.66%)	5/1/2013
¹ <u>Blended Benchmark</u>			1.89%	(1.32%)	NA	NA	NA	NA	(1.32%)	
Relative Performance			0.15%	(0.35%)	NA	NA	NA	NA	(0.35%)	
Neuberger High Yield	5,120	0.6%	2.32%	(1.44%)	NA	NA	NA	NA	(1.44%)	5/1/2013
<u>ML HY Master II Constrained</u>			1.88%	(1.33%)	NA	NA	NA	NA	(1.33%)	
Relative Performance			0.44%	(0.11%)	NA	NA	NA	NA	(0.11%)	
Ridgworth High Yield	5,113	0.6%	1.75%	NA	NA	NA	NA	NA	(0.93%)	6/1/2013
<u>BC US Corporate High Yield</u>			1.90%	NA	NA	NA	NA	NA	(0.78%)	
Relative Performance			(0.15%)	NA	NA	NA	NA	NA	(0.15%)	

¹The blended benchmark consists of a market-weighted blend of the underlying portfolio benchmarks.



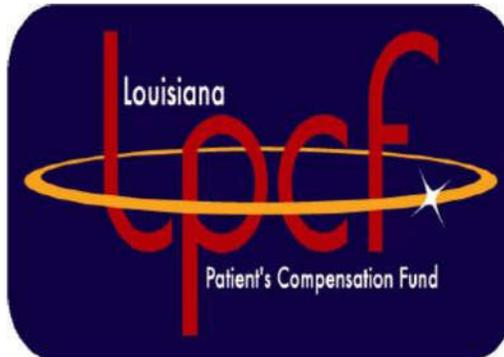
INVESTMENT PERFORMANCE

Pretax, Net of Fees Performance as of July 31, 2013

Portfolio	Market Value (\$000s)	% of Overall Portfolio	One Month	Quarter	YTD	Two Quarters	Three Quarters	One Year	Three Years	Five Years	Since Inception	Inception Date
Total Equity Composite	32,273	4.0%	5.40%	6.00%	19.69%	13.45%	21.84%	NA	NA	NA	21.84%	11/1/2012
¹ <u>Blended Benchmark</u>			5.31%	5.92%	19.58%	13.36%	21.72%	NA	NA	NA	21.72%	
Relative Performance			0.08%	0.09%	0.11%	0.09%	0.13%	NA	NA	NA	0.13%	
Domestic Equity Composite												
Vanguard Total Stock Market Fund	27,459	3.4%	5.48%	6.59%	20.36%	14.08%	22.52%	NA	NA	NA	22.52%	11/1/2012
<u>MSCI US Broad Market Index</u>			5.47%	6.57%	20.32%	14.06%	22.47%	NA	NA	NA	22.47%	
Relative Performance			0.01%	0.02%	0.04%	0.02%	0.05%	NA	NA	NA	0.05%	
International Equity Composite	4,815	0.6%	4.89%	(2.41%)	NA	NA	NA	NA	NA	NA	(2.41%)	5/1/2013
<u>MSCI ACWI ex US</u>			4.38%	(2.46%)	NA	NA	NA	NA	NA	NA	(2.46%)	
Relative Performance			0.51%	0.05%	NA	NA	NA	NA	NA	NA	0.05%	
Vanguard Total International Stock Func	2,415	0.3%	4.59%	(2.30%)	NA	NA	NA	NA	NA	NA	(2.30%)	5/1/2013
<u>MSCI ACWI ex US</u>			4.38%	(2.46%)	NA	NA	NA	NA	NA	NA	(2.46%)	
Relative Performance			0.21%	0.16%	NA	NA	NA	NA	NA	NA	0.16%	
Allianz NFJ International Value Fund	905	0.1%	4.45%	(2.61%)	NA	NA	NA	NA	NA	NA	(2.61%)	5/1/2013
<u>MSCI ACWI ex US</u>			4.38%	(2.46%)	NA	NA	NA	NA	NA	NA	(2.46%)	
Relative Performance			0.07%	(0.15%)	NA	NA	NA	NA	NA	NA	(0.15%)	
Harbor International Fund	573	0.1%	5.33%	NA	NA	NA	NA	NA	NA	NA	0.53%	6/1/2013
<u>MSCI ACWI ex US</u>			4.38%	NA	NA	NA	NA	NA	NA	NA	(0.15%)	
Relative Performance			0.95%	NA	NA	NA	NA	NA	NA	NA	0.68%	
PIMCO International StockPLUS	922	0.1%	5.56%	NA	NA	NA	NA	NA	NA	NA	1.21%	6/1/2013
<u>MSCI ACWI ex US</u>			4.38%	NA	NA	NA	NA	NA	NA	NA	(0.15%)	
Relative Performance			1.18%	NA	NA	NA	NA	NA	NA	NA	1.36%	

¹The blended benchmark consists of a market-weighted blend of the underlying portfolio benchmarks.

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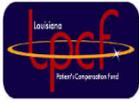
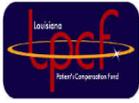


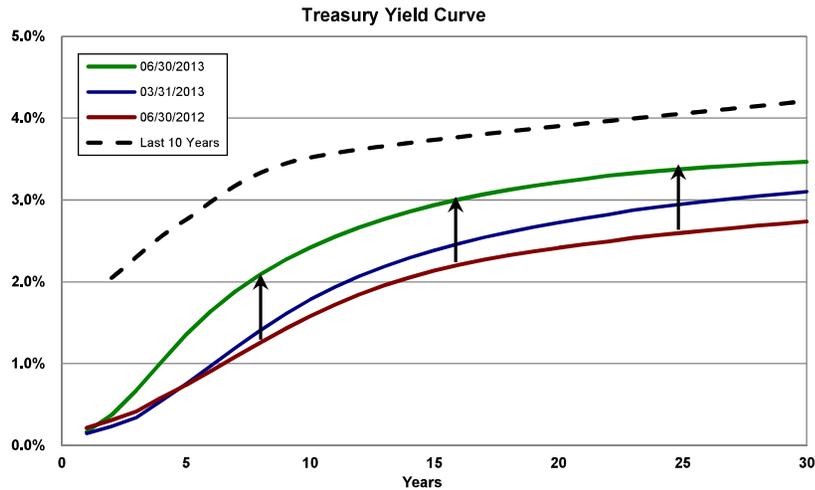
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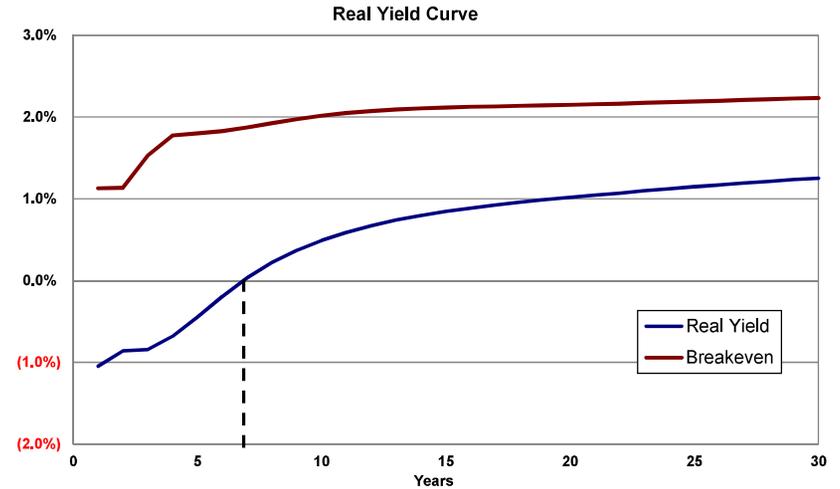


CAPITAL MARKETS SUMMARY 2nd QUARTER 2013

U.S. Treasury Rates



U.S. Breakeven Inflation Rates

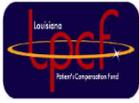


Fixed Income Markets

		QTD	YTD	1 YR	3 YR	5 YR	10 YR
Cash	ML 91 Day T-bills	0.0%	0.0%	0.1%	0.1%	0.3%	1.7%
Investment Grade	Barclays Cap. Aggregate	-2.3%	-2.4%	-0.7%	3.5%	5.2%	4.5%
	U.S. Treasury	-1.9%	-2.1%	-1.6%	3.1%	4.5%	4.1%
	U.S. Agency	-1.5%	-1.5%	-0.6%	2.0%	3.7%	3.7%
	U.S. Credit	-3.4%	-3.6%	0.8%	5.5%	7.0%	5.1%
	ABS	-0.8%	-0.8%	0.7%	3.0%	5.1%	3.5%
	MBS	-2.0%	-2.0%	-1.1%	2.5%	4.9%	4.7%
	CMBS	-1.7%	-1.4%	3.8%	7.6%	7.3%	4.8%
	Barclays Cap. U.S. TIPS	-7.1%	-7.4%	-4.8%	4.6%	4.4%	5.2%
Muni	Barclays Cap. Municipal	-3.0%	-2.7%	0.2%	4.5%	5.3%	4.4%
High Yield	BC High Yield Bank Loans	0.2%	2.4%	7.6%	6.8%	6.4%	N/A
	BC High Yield	-1.4%	1.4%	9.5%	10.7%	10.9%	8.9%

Equity Markets

		QTD	YTD	1 YR	3 YR	5 YR	10 YR
Large Cap	S&P 500	2.9%	13.8%	20.6%	18.5%	7.0%	7.3%
	S&P 500 - Value	3.4%	15.7%	25.0%	18.1%	6.5%	7.6%
	S&P 500 - Growth	2.5%	12.0%	16.8%	18.9%	7.6%	7.1%
Small Cap	Russell 2000	3.1%	15.9%	24.2%	18.7%	8.8%	9.5%
	Russell 2000 - Value	2.5%	14.4%	24.8%	17.3%	8.6%	9.3%
	Russell 2000 - Growth	3.7%	17.4%	23.7%	20.0%	8.9%	9.6%
International (net)	MSCI EAFE	-1.0%	4.1%	18.6%	10.0%	-0.6%	7.7%
	MSCI EAFE - Value	-0.7%	2.7%	18.6%	9.2%	-0.9%	7.6%
	MSCI EAFE - Growth	-1.2%	5.5%	18.7%	10.9%	-0.4%	7.7%
	MSCI Emerging Markets	-8.1%	-9.6%	2.8%	3.4%	-0.4%	13.7%



EXECUTIVE SUMMARY

June 30, 2013

Summary

➤ For the quarter:

• Portfolio update:

- ✓ Cardinal is reviewing the PCF's 42 fixed income manager proposals.
- ✓ The allocations to Core Bonds, High Yield, High Yield Bank Loans, and International Equity began taking place during the second quarter.

• Capital Markets:

- ✓ Interest rates spiked, leading to negative investment-grade bond returns. In other words, our timing to start investing in core bonds was a bit unfortunate. This risk is why Cardinal suggested that the PCF invest over time, as you are doing.
- ✓ Notice the equity returns:
 - ☐ Diversification is a long-term concept.
 - ☐ The US did well; EAFE lost a little; then Emerging Markets lost -8%.

• Performance:

- ✓ The PCF's overall portfolio trailed the benchmark by ~37 basis points (-1.37% v. -1.01%). This was driven by the new fixed income managers. This simply was a bad quarter to take risk.
- ✓ Interest rates remain near historic lows as the cash portfolio returned 0.06% for the quarter versus the benchmark of 0.02%.
- ✓ Equities did great, but were only 3% of the portfolio.

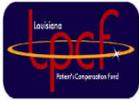
➤ For the past year:

• Capital Markets:

- ✓ While interest rates have increased, U.S. Treasury yields are still well-below their 10-year average.
- ✓ Investment-grade bonds lost about -1%, but HYBL and high yield bonds earned roughly 8-10%.
- ✓ Developed markets, US and EAFE, enjoyed double-digit returns, while Emerging Markets earned about 2.8%.

• Performance:

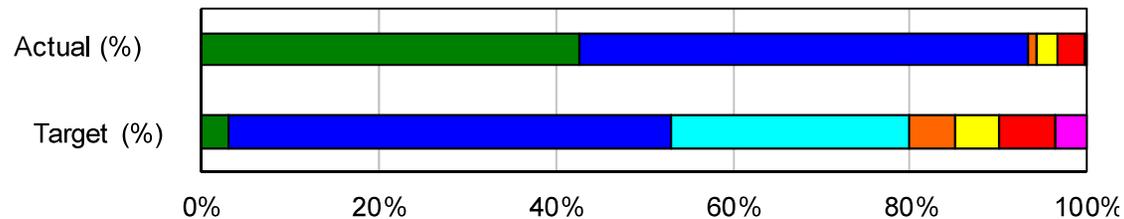
- ✓ The PCF's overall portfolio underperformed the benchmark by 0.85%, returning -0.67% vs. 0.18% for the benchmark.
- ✓ Equities entered the portfolio in November, so they only had a moderate effect on the portfolio.



COMPANY COMPOSITE June 30, 2013

Total Company Allocation by Asset Class (\$000s)

	Actual (\$000s)	Actual (%)	Target (%)
■ Cash	347,943	42.6%	3.0%
■ Core Investment-Grade Bonds	415,578	50.8%	50.0%
■ Short Term Investment-Grade Bonds	-	0.0%	27.0%
■ High Yield Bonds	6,639	0.8%	5.0%
■ High Yield Bank Loans	20,723	2.5%	5.0%
■ Domestic Equity	23,414	2.9%	6.5%
■ International Equity	3,242	0.4%	3.5%
Total	817,538	100.0%	100.0%

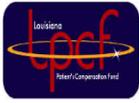


- The PCF’s transition to the approved target asset allocation continues to be a work-in-progress.

- The PCF gets closer to its target allocations every month.

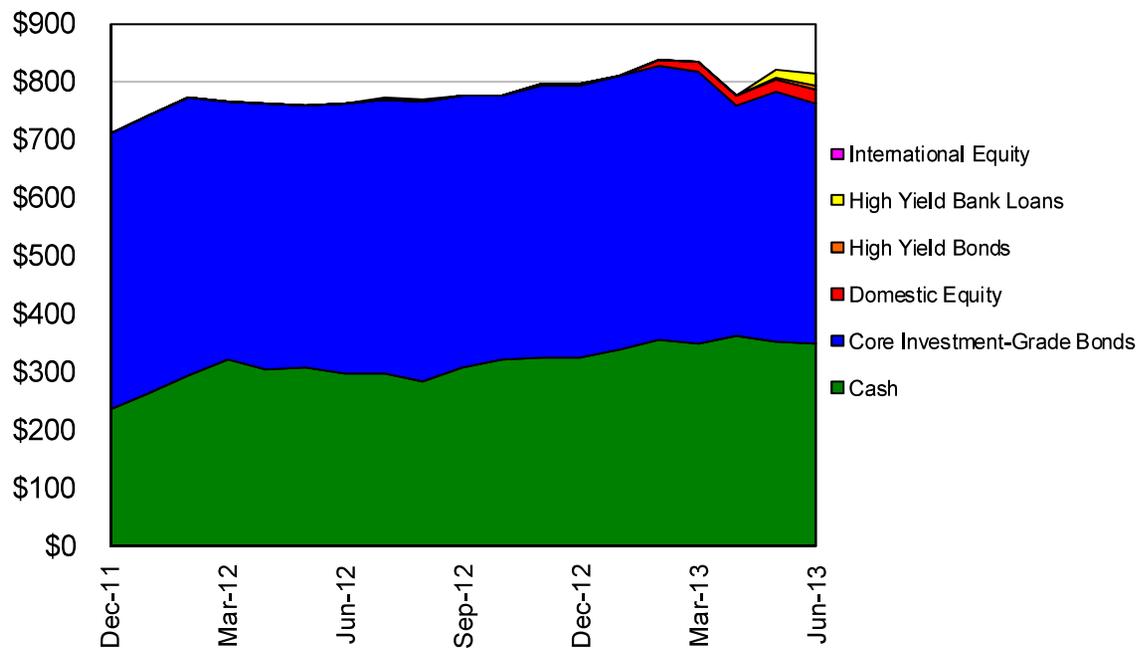
- We suggest revisiting the strategic asset allocation, given the change in the law which clarifies the PCF’s discretion in how to invest what is currently called the “Short Term” portfolio. This is likely to get combined with the Core Investment-Grade Bonds, which could have implications for the other asset classes. We could do this later in the fall, after the fixed income search is complete.

- Also, Cardinal recommends keeping the Cash where it is, then using it as the initial funding for the new fixed income manager(s).

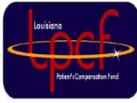


COMPANY COMPOSITE June 30, 2013

Company Growth by Asset Class (\$MM)



- This chart shows the portfolio's size and composition over time. Each asset class is shown with a different color. This shows that the PCF is becoming bigger and more diversified.
- The PCF portfolio has grown during the year from about \$714 MM in assets to \$817 MM.
- Core Fixed Income continues to be the largest portion of the asset allocation.
- Equities continue to grow through additional investments and strong returns.



INVESTMENT PERFORMANCE

Pretax, Net of Fees Performance as of June 30, 2013

Portfolio	Market Value (\$000s)	% of Overall Portfolio	Quarter	YTD	Three Quarters	One Year	Three Years	Five Years	Since Inception	Inception Date
PCF Composite	817,538	100.0%								
Pretax Performance			(1.39%)	(1.32%)	(1.39%)	(0.68%)	NA	NA	0.13%	1/1/2012
¹ <u>Blended Benchmark</u>			(1.01%)	(0.96%)	(0.82%)	0.16%	NA	NA	1.09%	
Relative Performance			(0.37%)	(0.35%)	(0.57%)	(0.85%)	NA	NA	(0.96%)	
Cash	347,943	42.6%								
JP Morgan			0.06%	0.11%	0.16%	0.20%	NA	NA	0.21%	1/1/2012
<u>Merrill 91 Day T-Bill</u>			0.02%	0.04%	0.08%	0.11%	NA	NA	0.10%	
Relative Performance			0.03%	0.07%	0.08%	0.09%	NA	NA	0.11%	
Core Fixed Income Composite	415,578	50.8%	(3.03%)	(3.15%)	(3.31%)	(2.21%)	NA	NA	(0.57%)	1/1/2012
<u>Barclays Aggregate</u>			(2.33%)	(2.45%)	(2.24%)	(0.69%)	NA	NA	1.11%	
Relative Performance			(0.71%)	(0.71%)	(1.07%)	(1.52%)	NA	NA	(1.68%)	
High Yield Bank Loan Composite	20,723	2.5%	0.33%	NA	NA	NA	NA	NA	0.33%	4/1/2013
<u>S&P LSTA Index</u>			0.20%	NA	NA	NA	NA	NA	0.20%	
Relative Performance			0.13%	NA	NA	NA	NA	NA	0.13%	
High Yield Bond Composite	6,639	0.8%	NA	NA	NA	NA	NA	NA	(3.62%)	5/1/2013
¹ <u>Blended Benchmark</u>			NA	NA	NA	NA	NA	NA	(3.15%)	
Relative Performance			NA	NA	NA	NA	NA	NA	(0.48%)	
Total Equity Composite	26,656	3.3%	2.28%	13.56%	NA	NA	NA	NA	15.60%	11/1/2012
¹ <u>Blended Benchmark</u>			2.29%	13.56%	NA	NA	NA	NA	15.59%	
Relative Performance			(0.01%)	0.00%	NA	NA	NA	NA	0.02%	

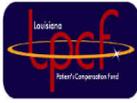
➤ This shows the performance of the PCF's total portfolio and each asset class over time and against the appropriate benchmarks.

- We dive deeper into each asset class on subsequent pages.
- As finance geeks, we love this page. As sane people, you probably do not.

➤ This tells us that:

- The overall portfolio lost money and underperformed its benchmarks over the past year (black box at top).
- Core Fixed Income lost money, driven by higher interest rates, but High Yield Bank Loans and Equities helped.

¹The blended benchmark consists of a market-weighted blend of the underlying portfolio benchmarks.

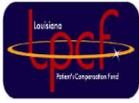


INVESTMENT PERFORMANCE

Pretax, Net of Fees Performance as of June 30, 2013

Portfolio	Market Value (\$000s)	% of Overall Portfolio	Quarter	YTD	Three Quarters	One Year	Three Years	Five Years	Since Inception	Inception Date
Core Fixed Income Composite	415,578	50.8%	(3.03%)	(3.15%)	(3.31%)	(2.21%)	NA	NA	(0.57%)	1/1/2012
<u>Barclays Aggregate</u>			(2.33%)	(2.45%)	(2.24%)	(0.69%)	NA	NA	1.11%	
Relative Performance			(0.71%)	(0.71%)	(1.07%)	(1.52%)	NA	NA	(1.68%)	
Treasurer's Office	18,118	2.2%	(1.09%)	(1.21%)	(1.37%)	(0.25%)	NA	NA	0.75%	1/1/2012
<u>Barclays Aggregate</u>			(2.33%)	(2.45%)	(2.24%)	(0.69%)	NA	NA	1.11%	
Relative Performance			1.24%	1.23%	0.87%	0.44%	NA	NA	(0.36%)	
PIMCO Total Return Fund	39,452	4.8%	(3.61%)	NA	NA	NA	NA	NA	(3.61%)	4/1/2013
<u>Barclays Aggregate</u>			(2.33%)	NA	NA	NA	NA	NA	(2.33%)	
Relative Performance			(1.29%)	NA	NA	NA	NA	NA	(1.29%)	
Lord Abbett Core Bond Fund	99,412	12.2%	(2.68%)	NA	NA	NA	NA	NA	(2.68%)	4/1/2013
<u>Barclays Aggregate</u>			(2.33%)	NA	NA	NA	NA	NA	(2.33%)	
Relative Performance			(0.35%)	NA	NA	NA	NA	NA	(0.35%)	
Wells Fargo Core Bond Fund	99,330	12.1%	(2.77%)	NA	NA	NA	NA	NA	(2.77%)	4/1/2013
<u>Barclays Aggregate</u>			(2.33%)	NA	NA	NA	NA	NA	(2.33%)	
Relative Performance			(0.44%)	NA	NA	NA	NA	NA	(0.44%)	
Vanguard Total Bond Fund	159,265	19.5%	(2.43%)	NA	NA	NA	NA	NA	(2.43%)	4/1/2013
<u>Barclays Aggregate</u>			(2.33%)	NA	NA	NA	NA	NA	(2.33%)	
Relative Performance			(0.10%)	NA	NA	NA	NA	NA	(0.10%)	

- Notice, the boxed section at the top was one of the sections on the prior page. We do this so you can start at the top, then dig down into the portfolio as you go through the report.
- Over the past quarter, Treasuries and Agencies did better than Corporate and Mortgage bonds. Also, longer-dated bonds did far worse than shorter-dated bonds. Therefore:
 - The Treasurer's Office did best (high quality & short maturity as the portfolio is being sold) and
 - PIMCO did the worst.
- We are not worried about this. As you will see on the coming pages, the PCF's managers have nice yield advantages against the index, which is promising for future returns relative to the index.

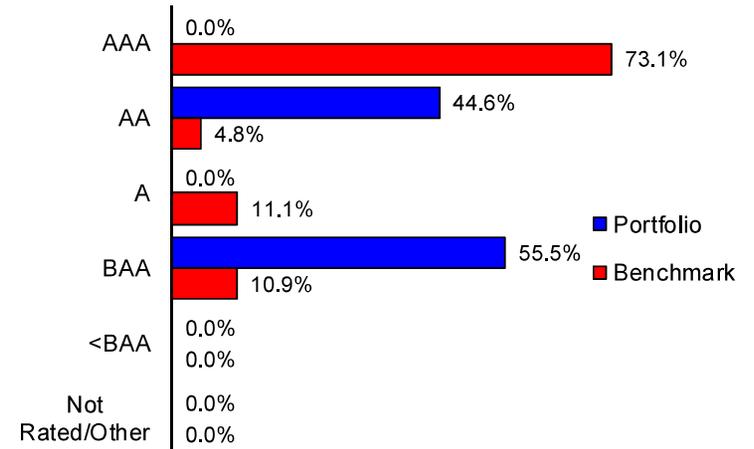


PCF - FIXED INCOME

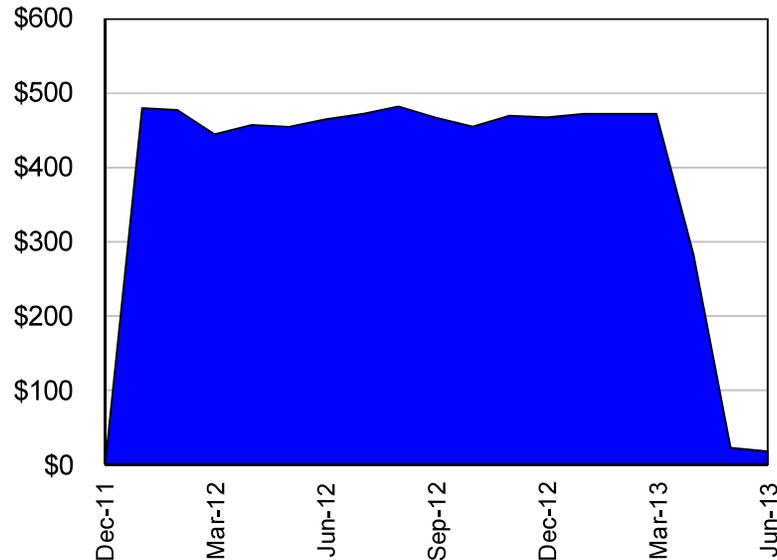
Portfolio Characteristics

	PCF as of		BC Aggregate as of
	3/31/13	6/30/13	6/30/13
# of Securities	55	3	8,395
Effective Duration	4.8 years	0.9 years	5.5 years
Average Coupon	2.3%	1.6%	3.4%
Average Credit Quality	AA2	A-	AA1/AA2

Quarter End Quality Distribution

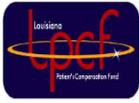


Asset Growth (\$MM)



Sector Allocation

	PCF as of		Barclays Aggregate as of	Δ
	3/31/13	6/30/13	6/30/13	
Treasuries	25.8%	0.0%	36.5%	-36.5%
Govt Related	33.8%	11.3%	10.5%	0.8%
Corporate	40.3%	88.7%	21.6%	67.1%
Securitized	0.1%	0.0%	31.4%	-31.4%
Cash/Other	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	



PIMCO TOTAL RETURN FUND

Portfolio Characteristics

	PIMCO Total Return as of		BC Aggregate as of
	3/31/13	6/30/13	6/30/13
Effective Duration	4.7 years	5.8 years	5.5 years
Effective Maturity	6.7 years	6.5 years	7.5 years
Average Coupon	3.4%	3.0%	3.4%
Average Credit Quality	A+	AA-	AA1/AA2

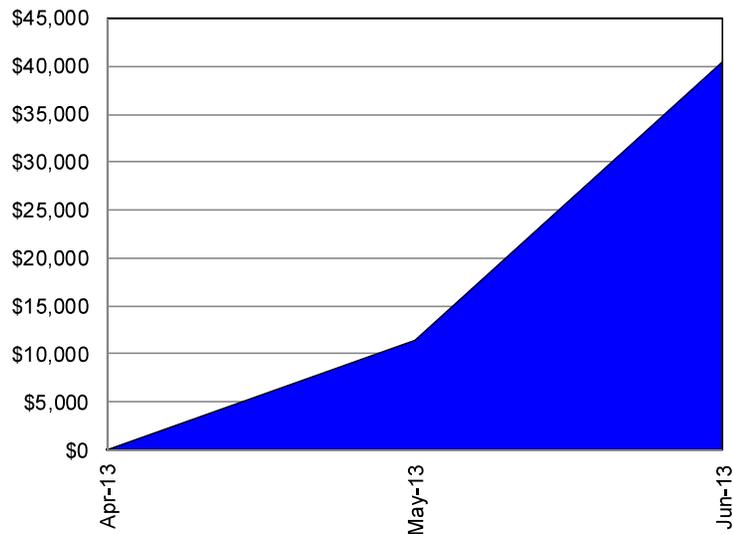
Advisor's Mandate

- Actively managed index fund (PTTRX)
- Inception: April 2013
- Objective: Exceed the performance of the BCAG.
- Annual Fee = 0.46%

Commentary

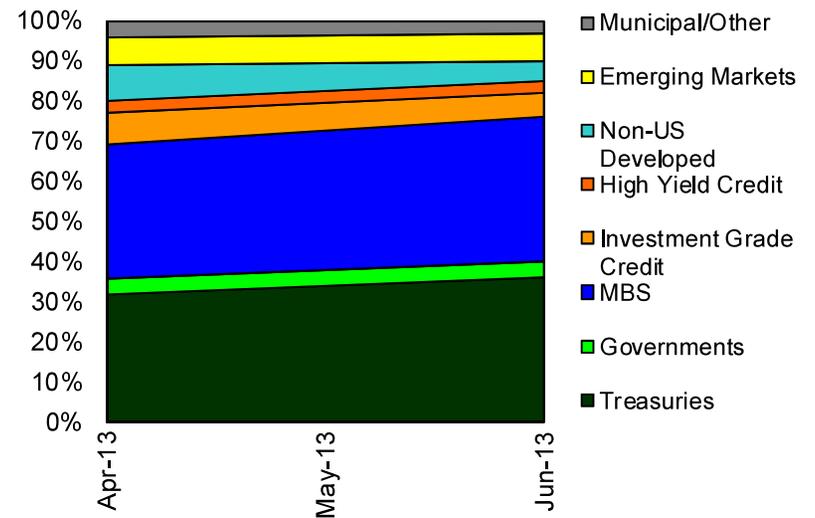
- Because of its use of derivatives and leverage, this fund is different than the others.
- PIMCO is the only one of the PCF's managers that takes active duration bets. Over time, they have done very well with this approach. Unfortunately, PIMCO got it wrong in June.

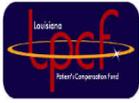
Asset Growth (\$mm)



Source: PIMCO, Bloomberg, CIA analysis

Historical Sector Distribution





LORD ABBETT CORE BOND FUND

Portfolio Characteristics

	Lord Abbett as of		BC Aggregate as of
	3/31/13	6/30/13	6/30/13
Effective Duration	5.2 years	5.5 years	5.5 years
Yield to Maturity	3.1%	2.6%	2.4%
Average Coupon	4.3%	3.7%	3.4%
Average Credit Quality	A	A	AA1/AA2

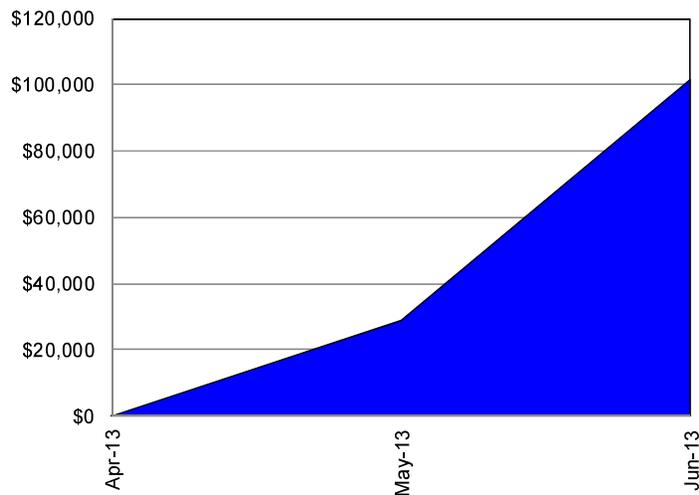
Advisor's Mandate

- Actively managed index fund (LCRYX)
- Inception: April 2013
- Exceed the performance of the Barclays US Aggregate Index.
- Annual Fee = 0.66%

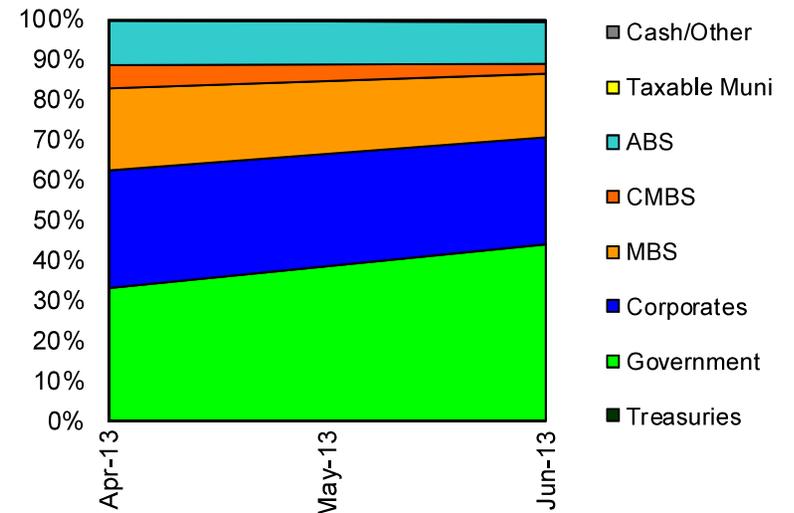
Commentary

- Lord Abbett underperformed by 35 basis points (0.35%) for the quarter, which was the best relative performance for the active managers.
- Notice, Lord Abbett has a yield advantage of 0.2% compared to the index.

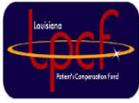
Asset Growth (\$mm)



Sector Allocation



Source: Lord Abbett, Bloomberg, CIA analysis



WELLS FARGO CORE BOND FUND

Portfolio Characteristics

	Wells Fargo as of		BC Aggregate as of
	3/31/13	6/30/13	6/30/13
Effective Duration	5.1 years	5.4 years	5.5 years
Yield to Maturity	1.9%	2.5%	2.4%
Average Coupon	N/A	3.1%	3.4%
Average Credit Quality	AA	AA	AA1/AA2

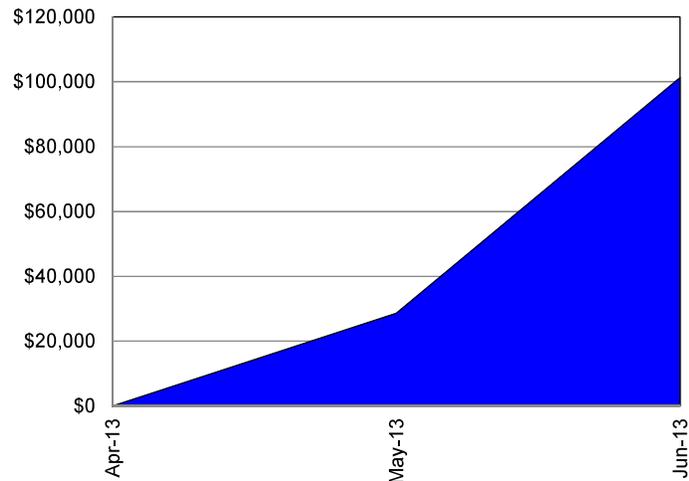
Advisor's Mandate

- Actively managed index fund (MBFIX)
- Inception: April 2013
- Exceed the performance of the Barclays US Aggregate Index.
- Annual Fee = 0.42%

Commentary

- Wells Fargo underperformed by 0.44% for the quarter.
- This fund has a slight yield advantage versus the index.

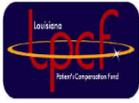
Asset Growth (\$mm)



Source: Wells Fargo, Bloomberg, CIA analysis

Sector Allocation

	Wells Fargo as of <u>6/30/13</u>	BC Aggregate as of <u>6/30/13</u>	Δ
Treasuries/Agencies	20.0%	46.8%	-26.8%
Corporates	21.0%	21.7%	-0.7%
MBS	31.0%	29.3%	1.7%
CMBS	10.0%	1.8%	8.2%
ABS	17.0%	0.4%	16.6%
Taxable Muni	0.0%	0.0%	0.0%
Cash/Other	<u>1.0%</u>	<u>0.0%</u>	1.0%
Total	100.0%	100.0%	



VANGUARD TOTAL BOND FUND

Portfolio Characteristics

	Vanguard Total Bond as of		BC Aggregate as of
	3/31/13	6/30/13	6/30/13
Effective Duration	5.3 years	5.1 years	5.5 years
Average Maturity	7.3 years	7.2 years	7.5 years
Yield to Maturity	1.8%	2.3%	2.4%
Average Coupon	3.6%	3.5%	3.4%

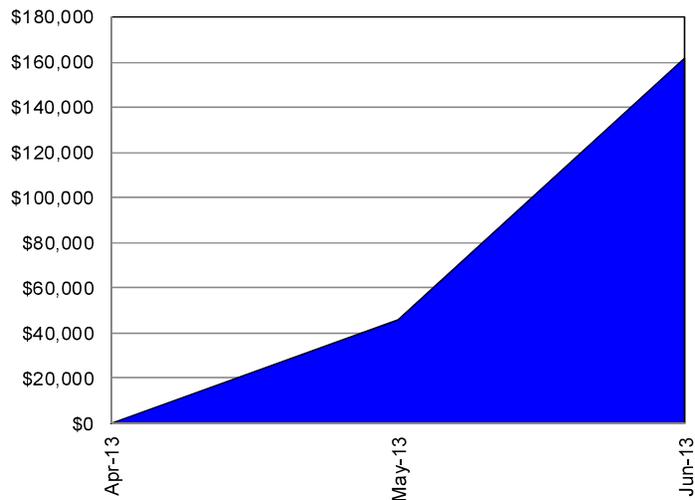
Advisor's Mandate

- Passively managed index fund (VBTIX)
- Inception: April 2013
- Objective: match the performance of the BCAG
- Annual Fee = 0.07%

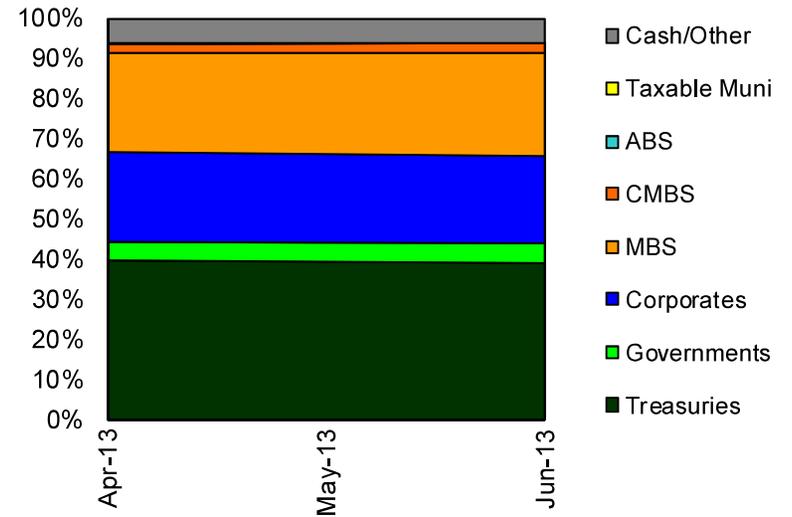
Commentary

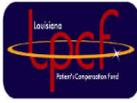
- Vanguard has the largest allocation and provides predictability compared to the index.
- This fund is likely to do better than the other managers when risk is doing poorly and Treasuries are doing relatively well ... like this past quarter.

Asset Growth (\$mm)



Historical Sector Distribution



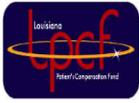


INVESTMENT PERFORMANCE

Pretax, Net of Fees Performance as of *June 30, 2013*

Portfolio	Market Value (\$000s)	% of Overall Portfolio	Quarter	YTD	Three Quarters	One Year	Three Years	Five Years	Since Inception	Inception Date
High Yield Bank Loan Composite	20,723	2.5%	0.33%	NA	NA	NA	NA	NA	0.33%	4/1/2013
<u>S&P LSTA Index</u>			0.20%	NA	NA	NA	NA	NA	0.20%	
Relative Performance			0.13%	NA	NA	NA	NA	NA	0.13%	
John Hancock High Yield Bank Loan	9,346	1.1%	(0.05%)	NA	NA	NA	NA	NA	(0.05%)	4/1/2013
<u>S&P LSTA Index</u>			0.20%	NA	NA	NA	NA	NA	0.20%	
Relative Performance			(0.25%)	NA	NA	NA	NA	NA	(0.25%)	
Oppenheimer High Yield Bank Loan	11,377	1.4%	0.69%	NA	NA	NA	NA	NA	0.69%	4/1/2013
<u>S&P LSTA Index</u>			0.20%	NA	NA	NA	NA	NA	0.20%	
Relative Performance			0.49%	NA	NA	NA	NA	NA	0.49%	

- One quarter's worth of data is not meaningful for interpreting performance. Regardless, let's discuss what this table will show over time.
- This shows that the total High Yield Bank Loan Composite (red box):
 - was worth nearly \$21 MM,
 - is 2.5% of the PCF's portfolio, and
 - earned 0.33% for the quarter.
- This also shows that the PCF's managers beat the benchmark by 0.13%, driven by Oppenheimer's strong results (blue boxes).



JOHN HANCOCK- FLOATING RATE INCOME FUND

Portfolio Characteristics

	John Hancock HYBL		S&P LSTA
	as of 3/31/13	as of 6/30/13	as of 6/30/13
Number of Issues	243	276	942
Average Spread	5.2%	5.3%	5.4%
Avg Credit Quality	BB-	BB-	B+
Avg Days to Reset	48	46	N/A

Advisor's Mandate

- Actively-Managed High Yield Bank Loan Fund (JFIRX)
- Inception: April 2013
- Objective: exceed total return of the S&P LSTA index
- Annual fee 0.50%

Commentary

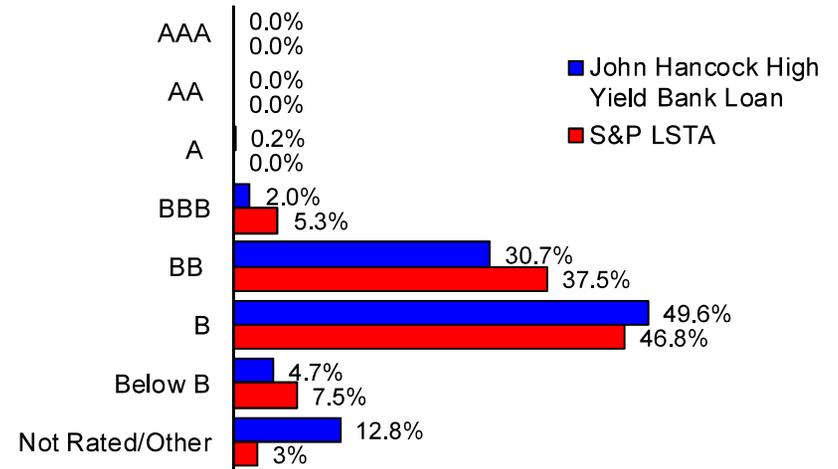
- As a BB- rated portfolio, this fund has quite a bit of credit risk.
- On the other hand, with a 5.3% average spread against LIBOR, this fund's yield is significantly higher than the core bond managers, who are closer to 2.5%.

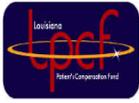
Asset Growth (\$000s)



Source: John Hancock, Bloomberg, CIA analysis

Quarter End Quality Distribution





OPPENHEIMER SENIOR FLOATING RATE FUND

Portfolio Characteristics

	Oppenheimer Fund as of		S&P LSTA as of
	3/31/13	6/30/13	6/30/13
Number of Issues	449	658	1403
Average Spread	5.8%	5.8%	5.4%
Avg Credit Quality	N/A	N/A	B+
Average Coupon	5.6%	5.6%	4.8%

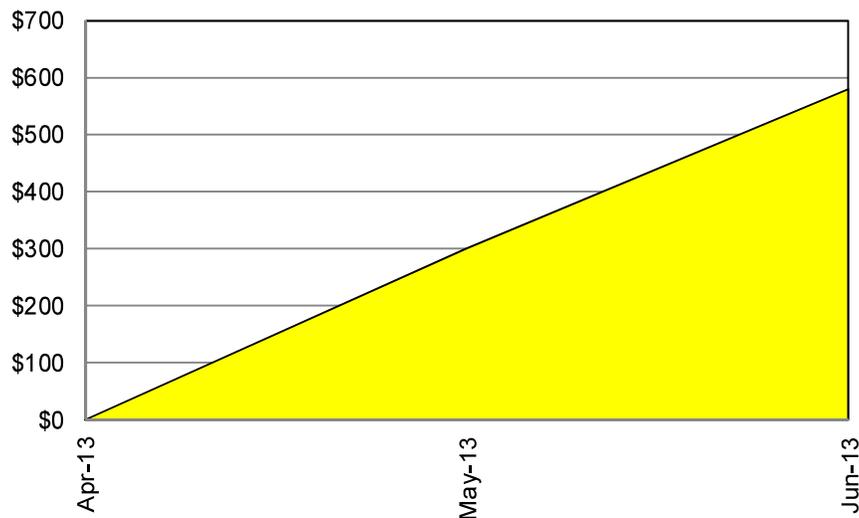
Advisor's Mandate

- Actively-Managed High Yield Bank Loan Fund (OOSIX)
- Inception: April 2013
- Exceed total return of the S&P LSTA index
- Annual fee 0.68%

Commentary

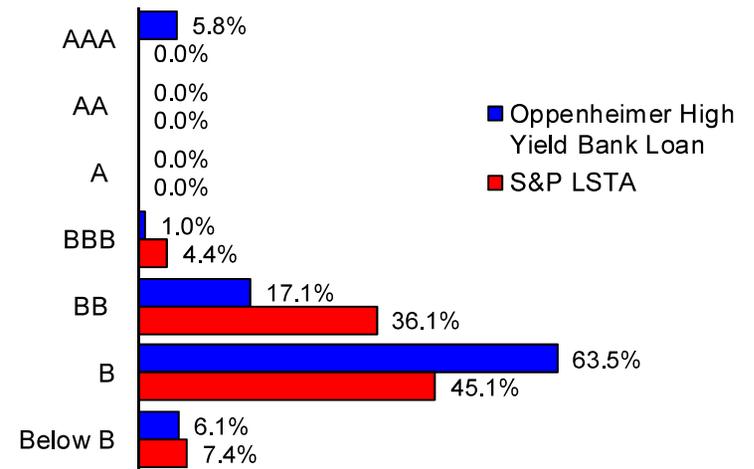
- Oppenheimer did very well this past quarter relative to the index, outperforming by 49 basis points.
- Oppenheimer takes significant credit risk, with a much higher B weighting than John Hancock (prior page), and this results in a higher 5.8% average spread.

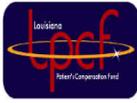
Asset Growth (\$000s)



Source: Oppenheimer, Bloomberg, CIA Analysis

Quarter End Quality Distribution





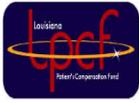
INVESTMENT PERFORMANCE

Pretax, Net of Fees Performance as of *June 30, 2013*

Portfolio	Market Value (\$000s)	% of Overall Portfolio	Quarter	YTD	Three Quarters	One Year	Three Years	Five Years	Since Inception	Inception Date
High Yield Bond Composite	6,639	0.8%	NA	NA	NA	NA	NA	NA	(3.62%)	5/1/2013
¹ <u>Blended Benchmark</u>			NA	NA	NA	NA	NA	NA	(3.15%)	
Relative Performance			NA	NA	NA	NA	NA	NA	(0.48%)	
Neuberger High Yield	3,308	0.4%	NA	NA	NA	NA	NA	NA	(3.67%)	5/1/2013
<u>ML HY Master II Constrained</u>			NA	NA	NA	NA	NA	NA	(3.15%)	
Relative Performance			NA	NA	NA	NA	NA	NA	(0.52%)	
Ridgeworth High Yield	3,330	0.4%	NA	NA	NA	NA	NA	NA	(2.63%)	6/1/2013
<u>BC US Corporate High Yield</u>			NA	NA	NA	NA	NA	NA	(2.62%)	
Relative Performance			NA	NA	NA	NA	NA	NA	(0.01%)	

- The PCF has just started funding these managers. Notice, only 0.8% of the PCF's portfolio currently is in High Yield Bonds.
- While we sure would rather see positive returns to start off, this is why Cardinal recommended that the PCF spread its investments over time.

¹The blended benchmark consists of a market-weighted blend of the underlying portfolio benchmarks.



NEUBERGER BERMAN HIGH INCOME BOND FUND

Portfolio Characteristics

	Neuberger HY as of		ML HY Master II Constr as of
	3/31/13	6/30/13	6/30/13
No. of Holdings	300	308	2,143
Average Duration	3.8 years	3.6 years	5.0 years
Avg. Yield to Maturity	6.2%	6.1%	7.0%
Avg. Credit Quality	B	BB-	B+
Average Coupon	7.5%	7.3%	7.6%

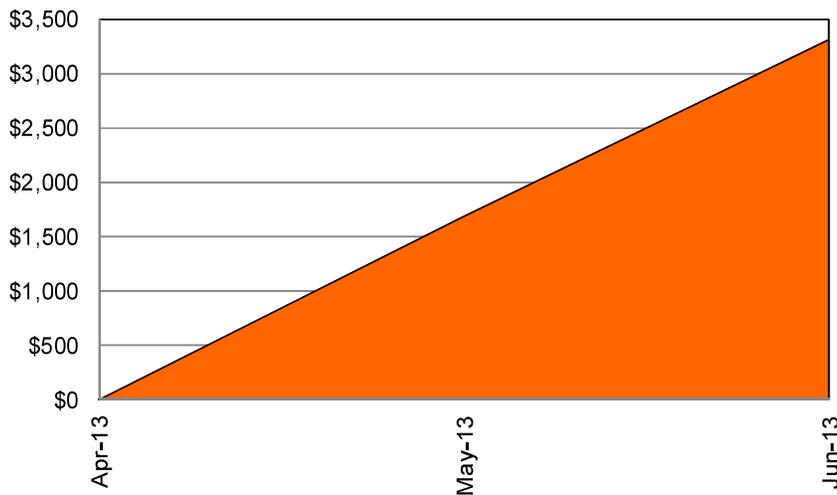
Advisor's Mandate

- Fixed Income – High Yield Bond Fund (NHILX)
- Inception: May 2013
- Objective: exceed the ML HY Master II Constrained index
- Annual fee 0.70%

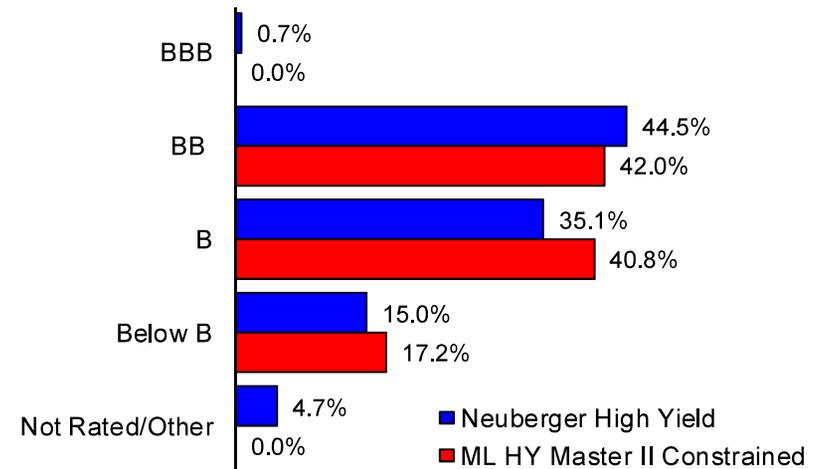
Commentary

- Neuberger is taking less credit and duration risk than the index, and has a slightly lower yield.
- Neuberger's yield is 6.1%, well above the core fixed income managers' yields of roughly 2.5%.

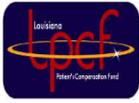
Asset Growth (\$000s)



Quarter End Quality Distribution



Source: Neuberger Berman, Bloomberg, CIA Analysis



RIDGEWORTH HIGH INCOME BOND FUND

Portfolio Characteristics

	Ridgeworth High Income Bond as of		BC US Corp High Yield as of
	3/31/13	6/30/13	6/30/13
No. of Holdings	251	256	2,025
Duration	4.3 years	4.6 years	4.4 years
Avg Credit Quality	B	B	B1/B2
Yield to Maturity	5.59%	6.73%	7.02%
Average Coupon	6.76%	7.06%	7.53%

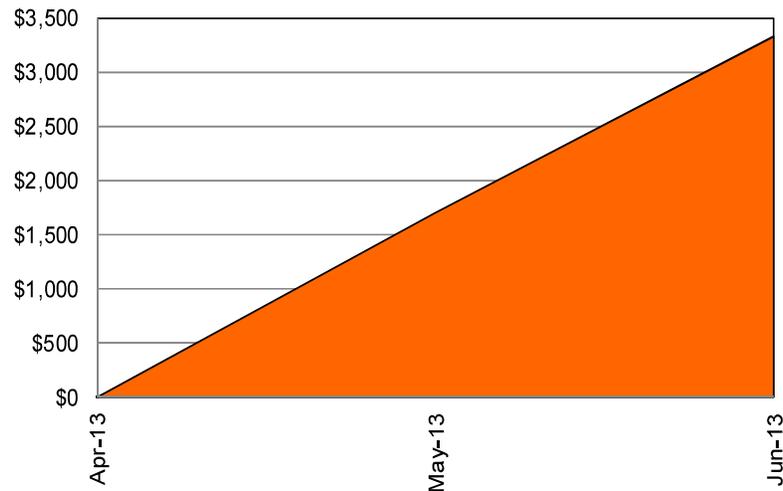
Advisor's Mandate

- Fixed Income – High Yield Bond Fund (STHTX)
- Inception: June 2013
- Exceed total return of the BC US Corporate High Yield Index
- Annual fee 0.71%

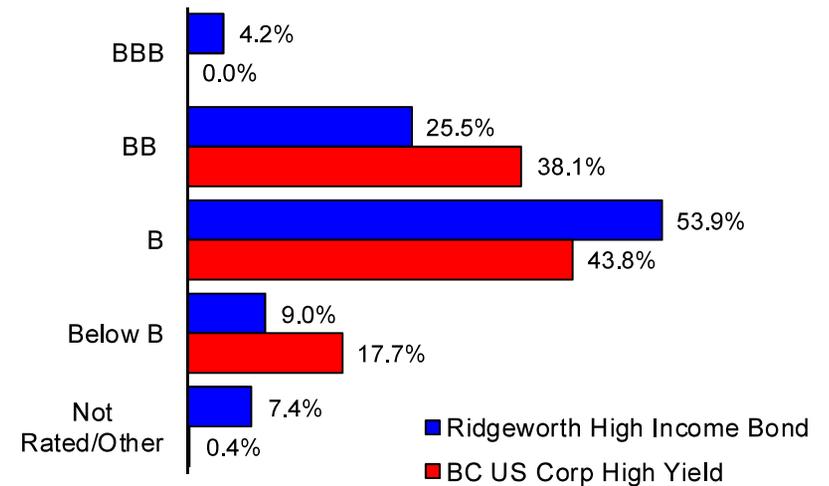
Commentary

- Ridgeworth's fund has slightly lower yield than the index and significantly more credit risk than Neuberger Berman.

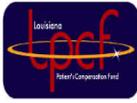
Asset Growth (\$000s)



Quarter End Quality Distribution



Source: Ridgeworth, Bloomberg, CIA Analysis



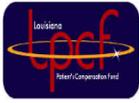
INVESTMENT PERFORMANCE

Pretax, Net of Fees Performance as of June 30, 2013

Portfolio	Market Value (\$000s)	% of Overall Portfolio	Quarter	YTD	Three Quarters	One Year	Three Years	Five Years	Since Inception	Inception Date
Total Equity Composite	26,656	3.3%	2.28%	13.56%	NA	NA	NA	NA	15.60%	11/1/2012
¹ <u>Blended Benchmark</u>			2.29%	13.56%	NA	NA	NA	NA	15.59%	
Relative Performance			(0.01%)	0.00%	NA	NA	NA	NA	0.02%	
Domestic Equity Composite										
Vanguard Total Stock Market Fund	23,414	2.9%	2.77%	14.10%	NA	NA	NA	NA	16.15%	11/1/2012
<u>MSCI US Broad Market Index</u>			2.76%	14.08%	NA	NA	NA	NA	16.11%	
Relative Performance			0.01%	0.02%	NA	NA	NA	NA	0.04%	
International Equity Composite										
MSCI ACWI ex US	3,242	0.4%	NA	NA	NA	NA	NA	NA	(6.96%)	5/1/2013
Relative Performance			NA	NA	NA	NA	NA	NA	(0.41%)	
Vanguard Total International Stock Fund	1,521	0.2%	NA	NA	NA	NA	NA	NA	(6.59%)	5/1/2013
<u>MSCI ACWI ex US</u>			NA	NA	NA	NA	NA	NA	(6.55%)	
Relative Performance			NA	NA	NA	NA	NA	NA	(0.04%)	
Allianz NFJ International Value Fund	570	0.1%	NA	NA	NA	NA	NA	NA	(6.76%)	5/1/2013
<u>MSCI ACWI ex US</u>			NA	NA	NA	NA	NA	NA	(6.55%)	
Relative Performance			NA	NA	NA	NA	NA	NA	(0.21%)	
Harbor International Fund	573	0.1%	NA	NA	NA	NA	NA	NA	(4.55%)	6/1/2013
<u>MSCI ACWI ex US</u>			NA	NA	NA	NA	NA	NA	(4.34%)	
Relative Performance			NA	NA	NA	NA	NA	NA	(0.21%)	
PIMCO International StockPLUS	578	0.1%	NA	NA	NA	NA	NA	NA	(4.12%)	6/1/2013
<u>MSCI ACWI ex US</u>			NA	NA	NA	NA	NA	NA	(4.34%)	
Relative Performance			NA	NA	NA	NA	NA	NA	0.22%	

- The PCF has owned most of these funds for less than one quarter.
- Basically, this just shows:
 - Vanguard is doing a nice job matching the appropriate indexes.
 - Equities currently are 3.3% of the PCF's portfolio.
 - The PCF has earned 15.6% in its equity portfolio since last November.

¹The blended benchmark consists of a market-weighted blend of the underlying portfolio benchmarks.



VANGUARD TOTAL STOCK MARKET INDEX FUND

Portfolio Characteristics

	Vanguard Total Stock Market Fund as of		MSCI US Broad Market Index
	3/31/13	6/30/13	6/30/13
No. of Securities	3,241	3,550	3,594
P/E Ratio	18.0x	18.5x	18.5x
Price/Book Ratio	2.3x	2.3x	2.4x
Avg Mkt Cap (billions)	\$ 38.4	\$ 38.5	\$ 38.5
Return on Equity	16.9%	16.6%	16.5%
% in Top 10 Holdings	15.1%	14.8%	14.8%

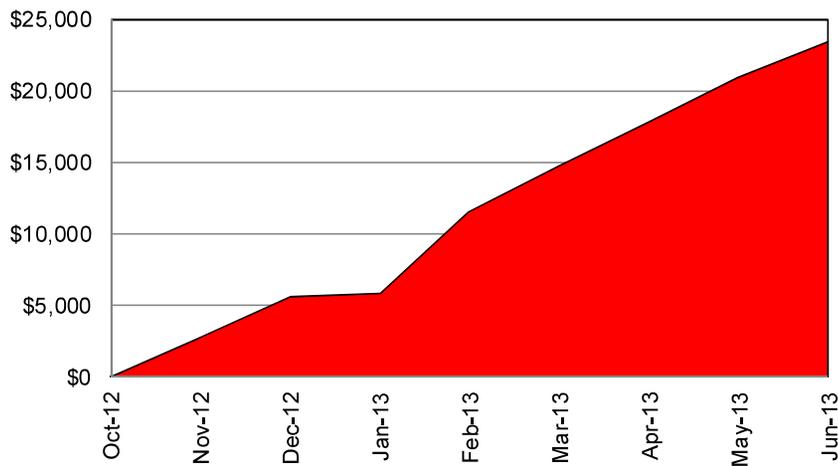
Advisor's Mandate

- Passively managed equity index fund (VITSX)
- Inception: November 1, 2012
- Objective: Match the MSCI US Broad Market index.
- Annual Fee = 0.04%

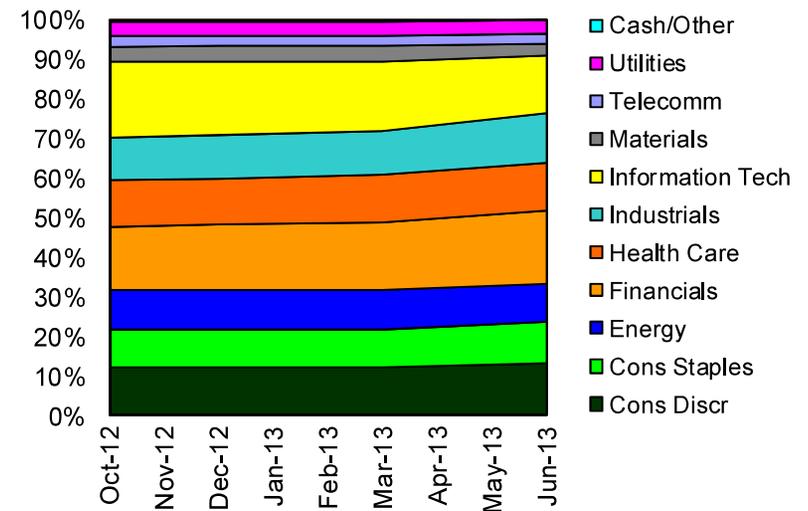
Commentary

- Vanguard is doing a nice job matching the index. Actually, Vanguard has slightly outperformed, net of fees.
- **The annual fee was recently reduced to 0.04%, from 0.05%. This will result in a savings of about \$5,000 per year.**

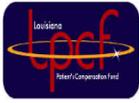
Asset Growth (\$mm)



Historical Sector Distribution



Source: Vanguard, Bloomberg, CIA analysis



VANGUARD TOTAL INTERNATIONAL STOCK FUND

Portfolio Characteristics

	Vanguard Total Intl Stock Fund as of		MSCI ACWI ex US as of
	3/31/13	6/30/13	6/30/13
No. of Holdings	6,134	5,719	1,823
P/E Ratio	16.6x	16.4x	13.6x
Price/Book Ratio	1.6x	1.5x	1.5x
Avg Mkt Cap (billion)	\$24.1	\$22.9	\$40.90
Dividend Yield	3.0%	3.0%	3.2%
Return on Equity	14.9%	14.3%	14.9%
% in Top 10 Holdings	9.1%	8.5%	8.4%

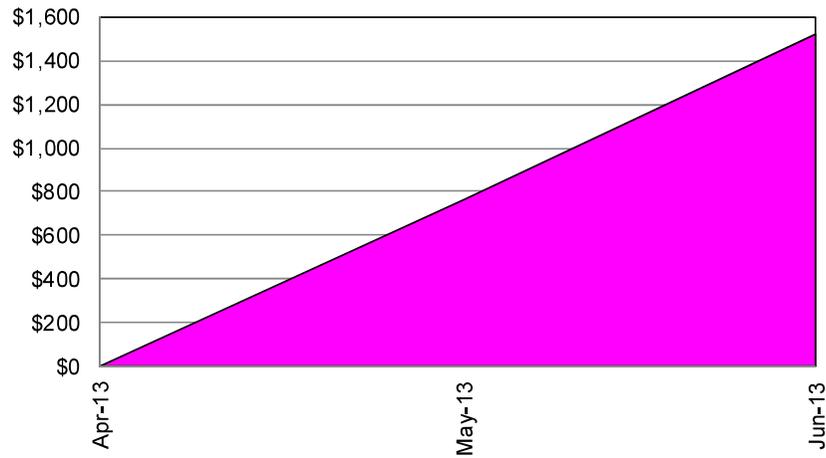
Advisor's Mandate

- Passively managed equity index fund (VTSNX)
- Inception: May 2013
- Objective: Match performance of the MSCI ACWI ex US index
- Annual Fee = 0.12%

Commentary

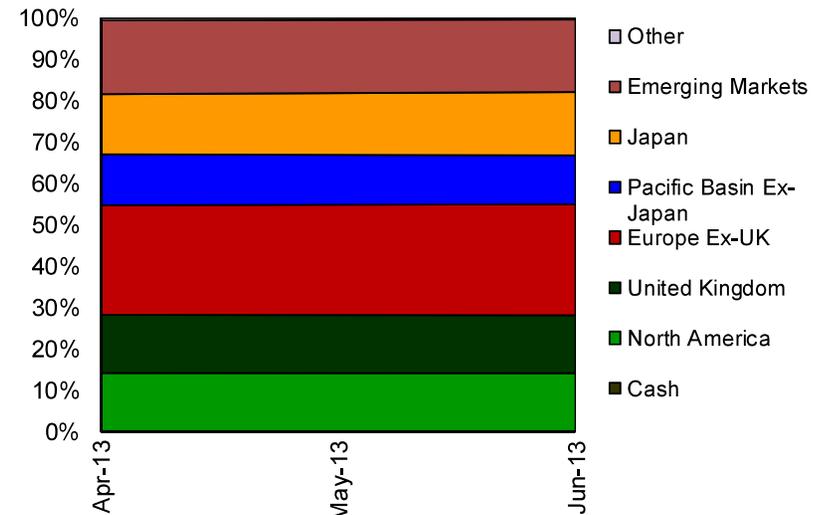
- This is a hugely diversified, low-cost fund.

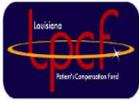
Asset Growth (\$mm)



Source: Vanguard, Bloomberg, CIA Analysis

Historical Country Distribution





ALLIANZ NFJ INTERNATIONAL VALUE FUND

Portfolio Characteristics

	Allianz NFJ as of		MSCI ACWI ex
	3/31/13	6/30/13	6/30/13
No. of Holdings	58	61	1,823
P/E Ratio	10.6x	9.4x	13.6x
Price/Book Ratio	1.4x	1.3x	1.5x
Avg Mkt Cap (billion)	\$45.0	\$25.0	\$40.90
Dividend Yield	3.0%	3.2%	3.2%
Return on Equity	15.1%	14.4%	14.9%
% in Top 10 Holdings	27.0%	26.6%	8.4%

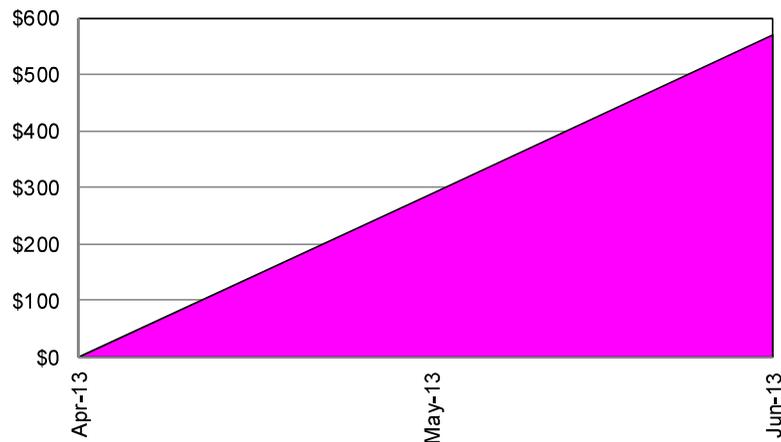
Advisor's Mandate

- Actively managed equity index fund (ANJIX)
- Inception: May 2013
- Objective: Exceed the return of the MSCI ACWI ex US Index
- Annual fee 0.88%

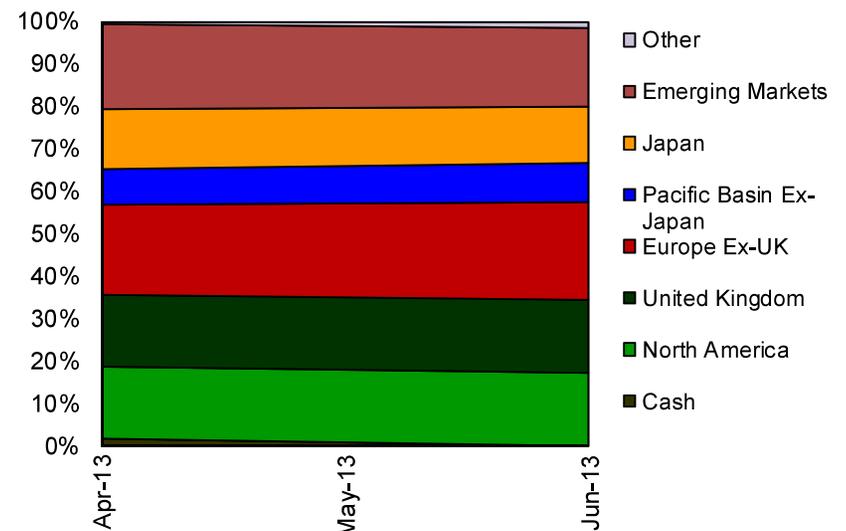
Commentary

- This is a concentrated fund with just 61 holdings.
- This is demonstrating its value credentials with a PE ratio well below the index's.

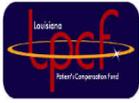
Asset Growth (\$mm)



Historical Country Distribution



Source: Allianz NFJ, Bloomberg, CIA Analysis



HARBOR INTERNATIONAL FUND

Portfolio Characteristics

	Harbor as of		MSCI
	3/31/13	6/30/13	ACWI ex 6/30/13
No. of Holdings	73	78	1,823
P/E Ratio	8.1x	9.1x	13.6x
Price/Book Ratio	1.9x	1.7x	1.5x
Avg Mkt Cap (billion)	\$70.30	\$58.90	\$40.90
Dividend Yield	2.7%	2.9%	3.2%
Return on Equity	13.9%	15.0%	14.9%
% in Top 10 Holdings	23.9%	23.7%	8.4%

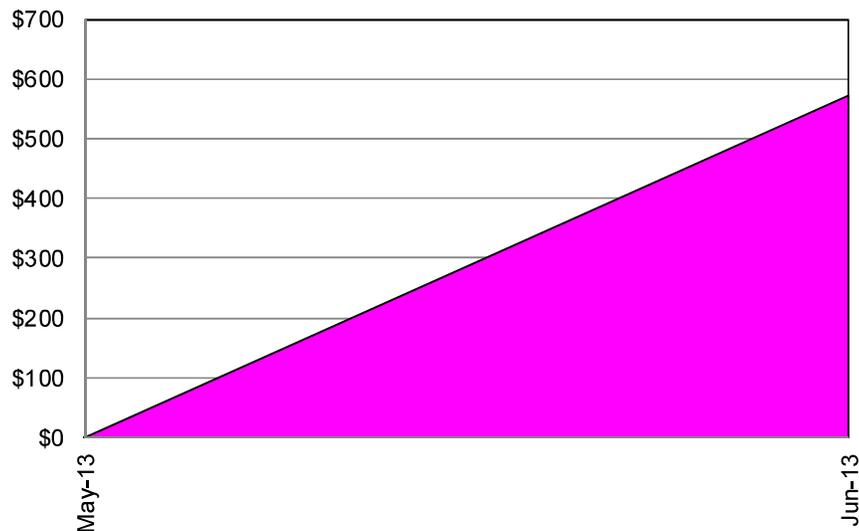
Advisor's Mandate

- Actively managed equity index fund (HAINX)
- Inception: June 2013
- Objective: Exceed the total return of the MSCI ACWI ex US Index
- Annual Fee = 0.78%

Commentary

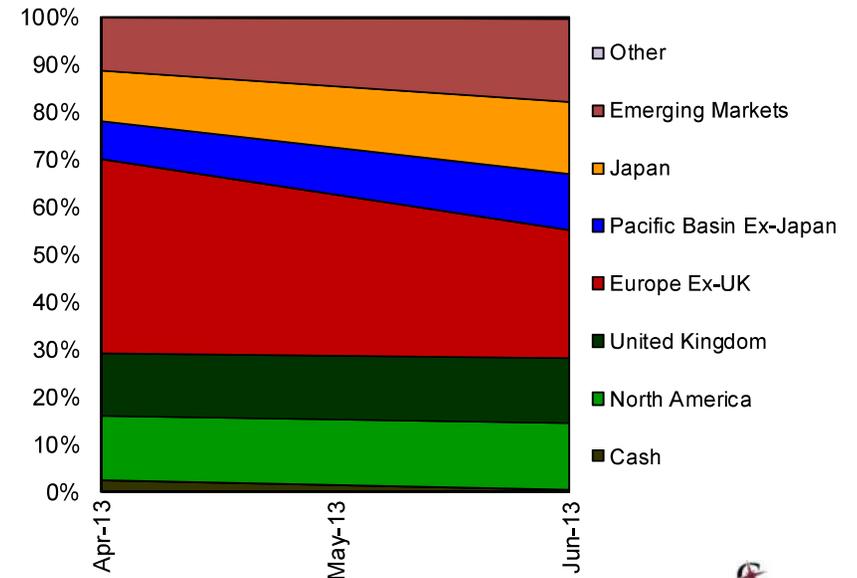
- This is a concentrated fund with just 78 holdings.
- Like the Allianz NFJ fund, this is demonstrating its value credentials with a PE ratio well below the index's.

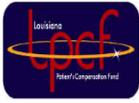
Asset Growth (\$mm)



Source: Harbor Capital, Bloomberg, CIA Analysis

Historical Country Distribution





PIMCO INTERNATIONAL STOCKSPUS FUND

Portfolio Characteristics

	PIMCO Intl StocksPLUS as of	
	3/31/13	6/30/13
Fund Assets	\$1,173.0	\$1,112.9
Effective Duration	4.7 years	4.6 years
Effective Maturity	7.0 years	6.1 years

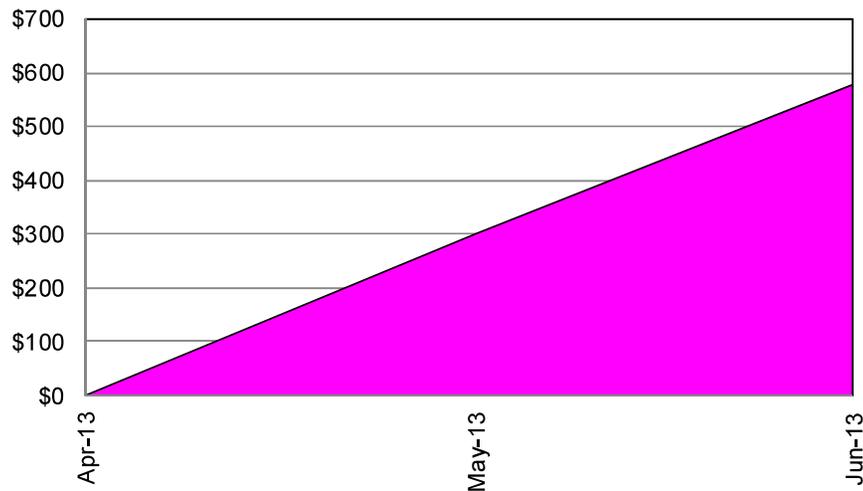
Advisor's Mandate

- Actively managed equity index fund (PSKIX)
- Inception: June 2013
- Exceed total return of the MSCI ACWI ex US Index
- Annual Fee = 0.64%

Commentary

- Recall, this fund has a very different strategy. It gets equity exposure through derivatives, then invests the collateral in bonds. This is why we show bond attributes in the "Portfolio Characteristics" section for this fund.

Asset Growth (\$mm)



Sector Allocation

	PIMCO Intl StockPLUS as of	
	3/31/13	6/30/13
Government-Related	18.0%	17.0%
Mortgage	29.0%	42.0%
Investment Grade Credit	13.0%	10.0%
High Yield Credit	2.0%	4.0%
Non-US Developed	14.0%	6.0%
Emerging Markets	7.0%	7.0%
Municipal/Other	17.0%	14.0%
Total	100.0%	100.0%



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