



PROGRESS INVESTMENT  
MANAGEMENT COMPANY

# Manager of Emerging Managers Overview

Achieving Investment Excellence and Diversity through the SURS/Progress Partnership  
April 24, 2014

**Presented to:**

The Board of Trustees and Investment Staff  
State Universities Retirement System of Illinois

*Changing the Face of the Investment Management Industry<sup>sm</sup>*

**Progress Presenters:**

**Thurman V. White, Jr.**  
President & Chief Executive Officer

**Mona Williams**  
Executive Vice President

[www.progressinvestment.com](http://www.progressinvestment.com)

# Discussion Overview

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- A Snapshot View of Progress
- History and Our Role in the SURS/Progress Relationship
- The Business Case for Investing in Emerging Managers
- SURS' Emerging Manager Success Stories
- How We Define Success

## Appendix

- Progress Database
- Progress SURS Portfolios (as of February 28, 2014)
- Professional Biographies

# A Snapshot View of Progress

## Mission

We invest with emerging managers to deliver alpha and achieve other client objectives

## Vision

To become the Company most known for changing the face of the investment management industry

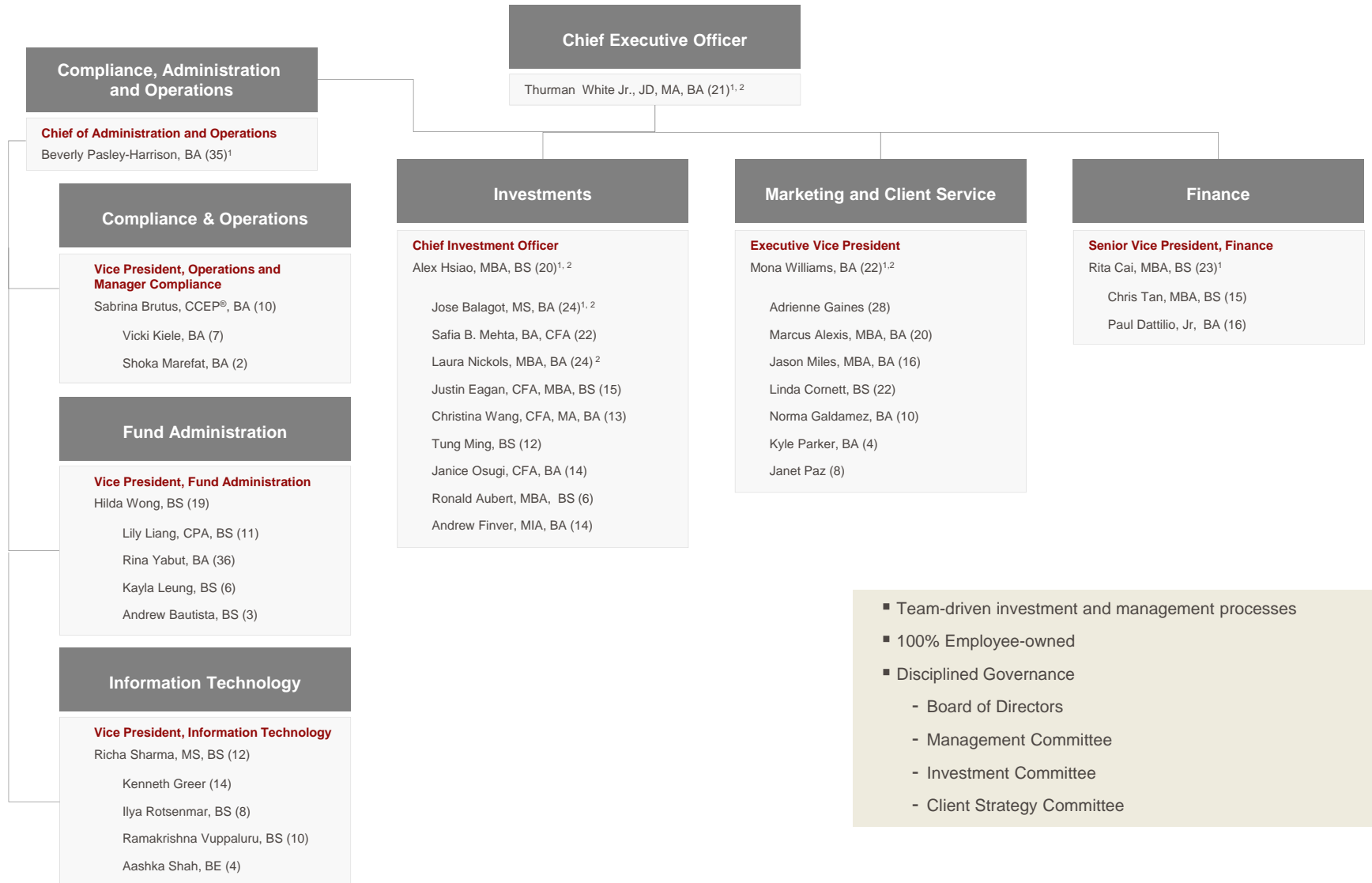
- We define and lead the industry
- We discover, fund and coach the next generation of talent
- We inform perceptions about the risks and opportunities for investing with emerging managers
- We build a culture that motivates and rewards performance

## Values

Excellence  
Integrity  
Leadership  
Diversity  
Teamwork

- Independent, 100% employee-owned MWBE-certified Registered Investment Adviser
- \$8.4 billion in AUM as of March 31, 2014
- Pioneer and leading manager of emerging managers: 23 years
- What differentiates our firm and benefits SURS:
  - **Alpha Focus:** Fiduciary mindset. Performance matters
  - **People:** Experienced and committed employee-owners
  - **Depth and Breadth of Experience:** 23 years - different asset classes, customized client investment models, hired/fired over 125 emerging managers and graduated 26 managers representing 31 investment strategies to direct hire assignments
  - **Knowledge Advantage:** Manager due diligence and selection. Portfolio construction and risk management. Manager assistance to mitigate emerging manager business and investment risks; empowers managers
  - **Organizational Scale/Capacity/Resources:** Intellectual capital, research database, due diligence, systems and analytic tools, client reporting and monitoring oversight to manage multiple mandates. Capacity for growth
  - **Culture:** Bold vision for “change”, empowerment and inclusion. Value-centric leadership model to set high performance expectations
  - **Consultative and Adaptive to a Broad Range of Client Needs:** Extension of staff and responsive high touch service. Knowledgeable about various public policy requirements and environments
  - **Non-Investment Alpha:** Thought leader. Share “best practices” with all stakeholders: clients, managers, consultants and MWBE brokers

# The Progress Team


**Notes:**

( ) Years of Industry Functional Experience

1 Management Team

2 Investment Committee Member

# Assets Under Management | \$8.4 Billion

As of March 31, 2014

## Public

California Public Employees' Retirement System  
 California State Teachers' Retirement System  
 County Employees' and Officers' Annuity & Benefit Fund of Cook County\*  
 Illinois Municipal Retirement Fund\*  
 Los Angeles City Employees' Retirement System  
 Maryland State Retirement and Pension System  
 Milwaukee County Employees' Retirement System  
 New York City Employees' Retirement System\*  
 New York City Board of Education Retirement System  
 New York City Fire Department Pension Fund\*  
 New York City Police Pension Fund\*  
 New York City Teachers' Retirement System\*  
 New York State Common Retirement Fund  
 New York State Teachers' Retirement Fund  
 Public School Teachers' Pension & Retirement Fund, Chicago  
 State of Connecticut Retirement Plans and Trust Funds\*  
 State Universities Retirement System of Illinois\*  
 Virginia Retirement System

## Corporate

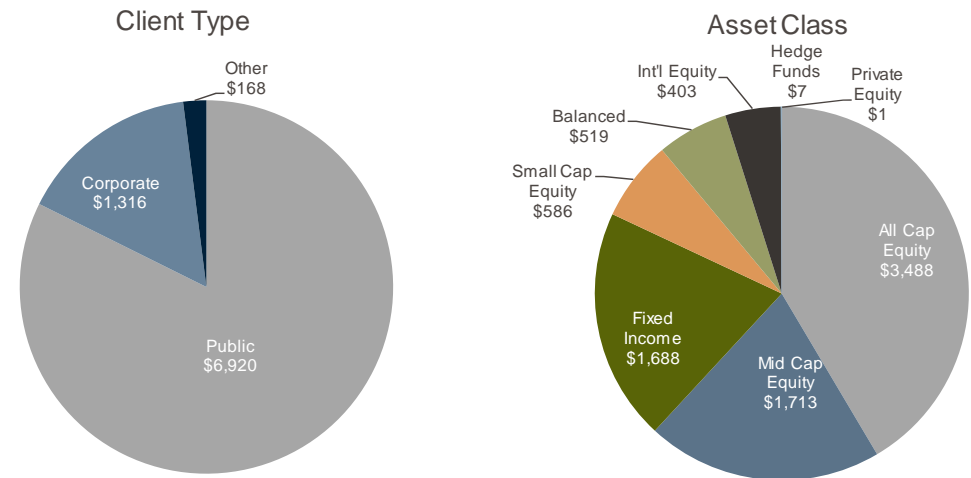
Aon Corporation\*  
 Bank of America  
 The Boeing Company\*  
 CVS Caremark Corporation  
 Ford Motor Company  
 General Electric Pension Trust\*  
 PPL Corporation

## Endowments, Foundations, Taft-Hartley and Faith-Based

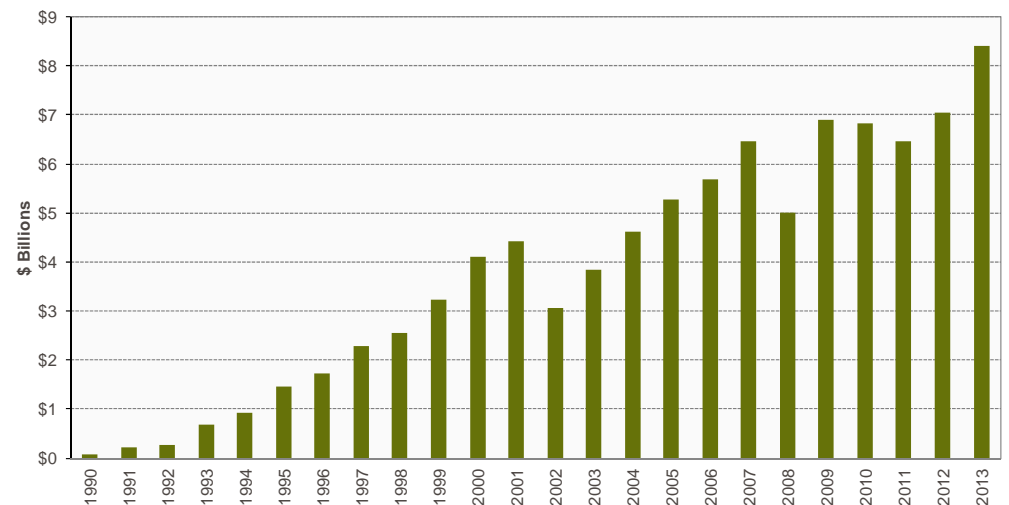
Board of Pensions, Evangelical Lutheran Church in America  
 The Boulé Foundation  
 Laborers' District Council Construction Industry Pension Fund  
 Massachusetts Bay Transportation Authority Retirement Fund  
 W.K. Kellogg Foundation\*

## Asset Breakdown

\$ in Millions



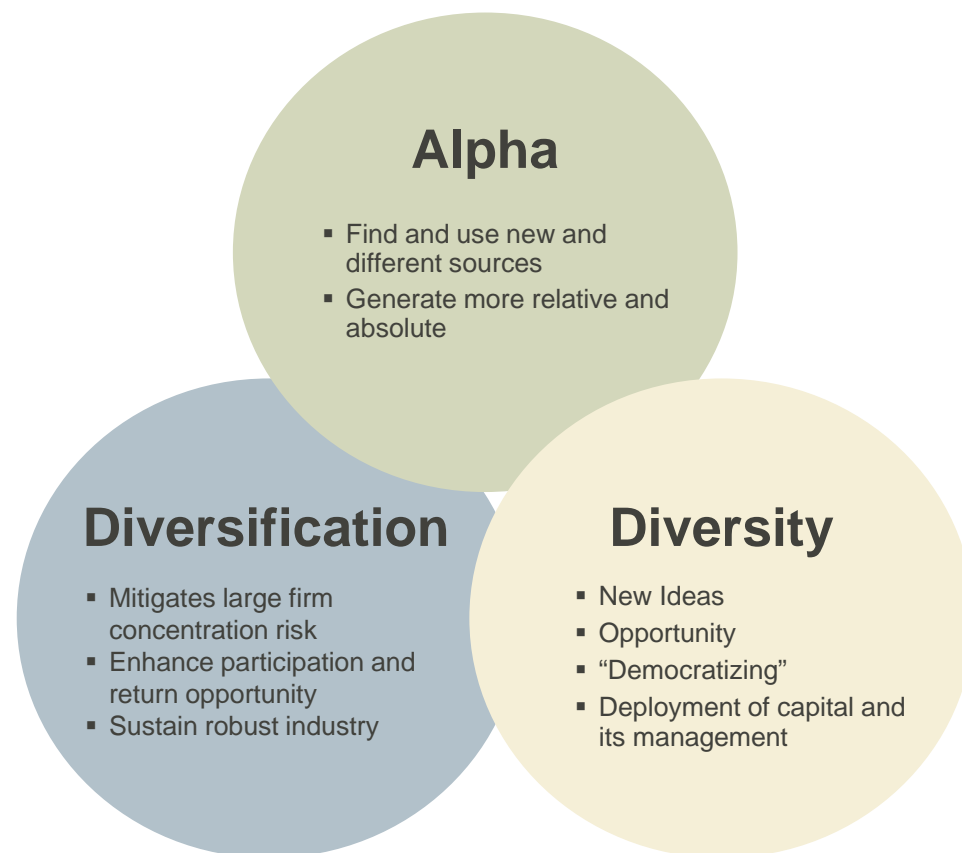
## Asset Growth



\* Multiple-Strategy Clients

## Relationship History | our role as SURS' manager of emerging managers

- The SURS/Progress partnership began in 1995 with an initial allocation of \$5 million in a single asset class.
- Since that time the relationship has evolved in size and scope and today totals \$647 million, invested in U.S. Equities, U.S. Fixed Income and International Equities.
- Since inception we have funded 73 highly-qualified, diverse managers to manage assets on behalf of SURS: 19 African American-owned firms, 14 Latino American-owned firms, 8 Asian American-owned firms, 22 woman-owned firms, 9 emerging firms (prior to Illinois PA 96-0006) and 1 Native American-owned firm.
- Today we fund 21 firms: 6 African American-owned firms; 5 Latino American-owned firms; 4 Asian American-owned firms; 6 woman-owned firms.
- We Provide Alpha, Diversity and Diversification:
  - Portfolios that are constructed to achieve both performance and policy objectives
  - An efficient and cost effective way to access Emerging Manager talent
  - An evergreen approach that provides asset opportunities to newer, younger and smaller firms
  - Manager assistance and coaching for all firms at critical stages of their development
  - Introduce new strategies (i.e., hedged equities, emerging market debt, etc.) to keep pace with SURS' evolving asset allocation needs
  - Shared best practices: Progress-sponsored conferences, forums, symposiums, roundtables, webinars and colloquiums are accessible to all clients and funded managers



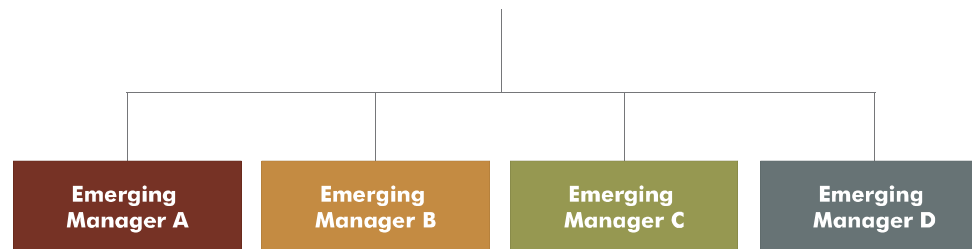
# Manager of Managers Value Proposition | a solutions-based approach

Institutional investors face various challenges when allocating to emerging managers (asset class, active vs. passive, direct vs. MoM). Progress plays critical roles by providing an efficient approach to accessing and managing smaller, younger, emerging firms. Key benefits include:

Portfolio Diversification	Efficiency	Dedicated Resources	Manager Assistance	Competitive Fee Structure
<ul style="list-style-type: none"> <li>– Focus on alpha generation</li> <li>– Reduced capacity and concentration risk</li> <li>– Portfolio construction and lifecycle management</li> <li>– Investment risk management</li> <li>– Can address manager overlap; complement to SURS' Manager Diversity Program</li> </ul>	<ul style="list-style-type: none"> <li>– Single point of contact</li> <li>– Focused sourcing and selection</li> <li>– Reduced administration and monitoring costs</li> <li>– Standalone or complement to direct hire program</li> </ul>	<ul style="list-style-type: none"> <li>– Extension of staff</li> <li>– Integrated team and technology infrastructure</li> <li>– Daily monitoring and compliance</li> <li>– “Non-investment” alpha</li> </ul>	<ul style="list-style-type: none"> <li>– Shared best practices to reduce business risk</li> <li>– Capital introductions to facilitate growth</li> <li>– Business risk management and mitigation</li> </ul>	<ul style="list-style-type: none"> <li>– No “Fee on Fee”</li> <li>– Split fee model</li> <li>– Split favors managers</li> </ul>



PROGRESS INVESTMENT  
MANAGEMENT COMPANY





# The Evolution of the Emerging Manager Industry

	1990	2014	Forward
Definition	Exclusively WMBE; <\$500M; independent	Minority, women, disabled, veteran and emerging firms; <\$10B; RIAs (SEC/State)	Global definition and global acceptance will expand opportunities
Universe	Small; predominantly public market asset classes	Robust; now includes alternative strategies—PE, Real Assets, Hedge Funds	Will continue to expand as EM alpha generation potential is recognized across asset classes
EM Service Providers	Few; not well known or visible	Entrance of mainstream players as service providers and minority stake “partners” further validates emerging manager investing	Continued influx of new players and consolidation of existing players as demand grows and expertise is required
Plan Sponsor Programs	Few formal programs	From opportunistic to formalized programs across the country	Global acceptance and institutionalization of programs as part of overall investment strategy
EM Profile	Single product firms; dominant shareholder ownership; manual processes	Multi product firms, including alternatives; broad ownership models; strategic partners; leverage technology and outsourcing options (back office, compliance, etc.)	Global firms, global products, global clients



# State of the Industry Today | concentration = opportunity for clients and managers

## Long-only Industry Concentration

- The largest 595 investment managers (>\$10 billion in AUM) represent 87.5% (\$51.4 trillion) of the global asset management industry
- The next 3,915 Emerging Managers (as defined by Illinois with less than \$10 billion in AUM) represent 12.5% (\$7.3 trillion) with MWBE firms representing less than 1% of the global asset management industry with a total AUM between \$400-500 billion

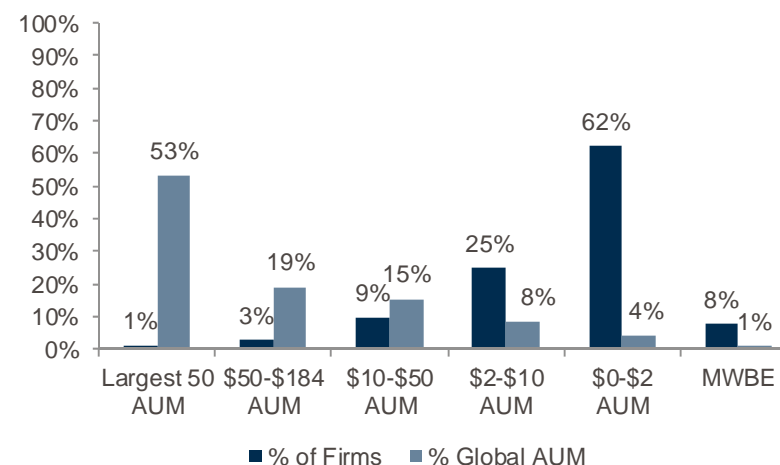
## Emerging Manager Advantage

- Research continues to support the performance and diversification value of emerging managers
- Emerging firms are well-resourced, technologically savvy, leverage outsourced solutions and have broader ownership models

## Current Environment

- New firm formations continue, but greater activity is around new products from existing firms and new firms in the hedge fund space
- Big themes: de-risking and the implication for emerging managers; re-purposing of assets; evolution of benchmarks; graduation
- Despite progress, myths about emerging managers and the Manager of Managers model prevail (fees, performance and risk)

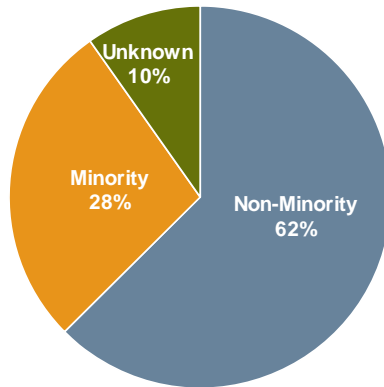
## Asset Management Industry Concentration



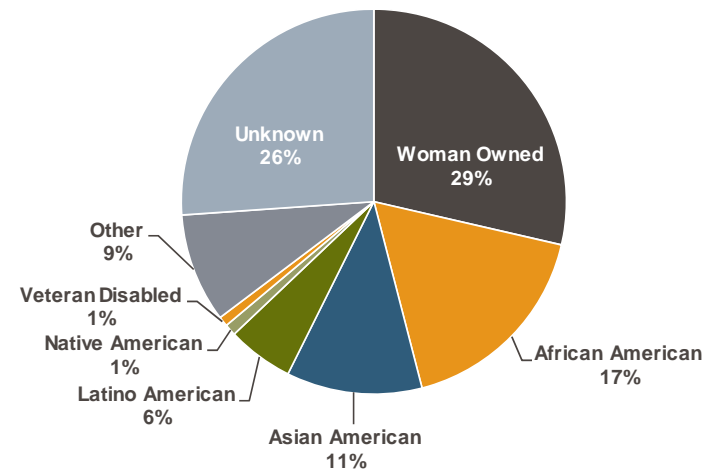
Source: Money Market Directories, eVestment, Progress Investment Management

# Progress Database | emerging long-only managers

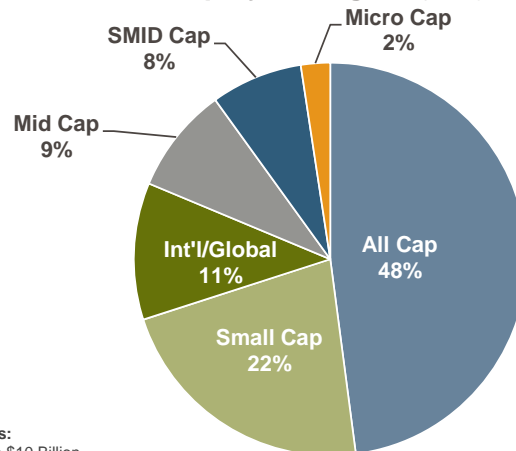
**Ownership (All - 1,923)**



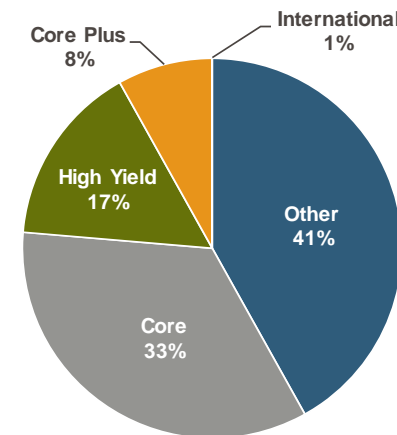
**Ownership (Minority Owned - 532)**



**Equity Managers (914)**



**Fixed Income Managers (148)**



**Specifications:**

AUM less than \$10 Billion  
 Woman- and minority-owned  
 At least 51% independently-owned  
 Registered Investment Advisors (SEC or State)

**Notes:**

Progress database of 1,923 emerging manager investment strategies. Please see the Appendices for a more detailed description of the current Progress emerging manager database. As of December, 2013.

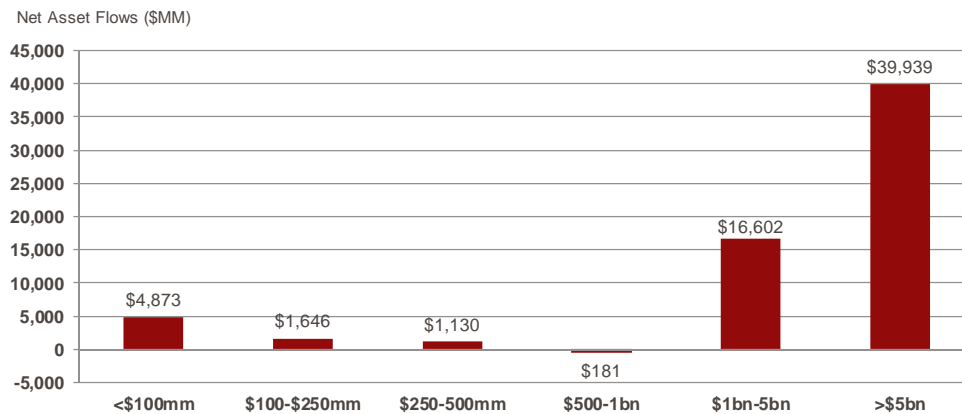
## State of the Industry | concentration = opportunity for investors in emerging hedge funds, too

The universe of global emerging hedge fund managers represents a unique opportunity for institutional investors

- **Untapped Talent** - Firms with greater than \$5 billion in AUM account for less than 5% of the total number of hedge funds, but receive a disproportionate amount of net asset flows. Consequently, investors miss opportunities to generate alpha with smaller firms
- **Maturing Ecosystem** - Elimination of banks' "internal" hedge funds, increased access to start-up capital, entrepreneurial initiative, and high quality, "turn-key" prime brokerage and consulting services eliminate barriers to entry for promising new firms

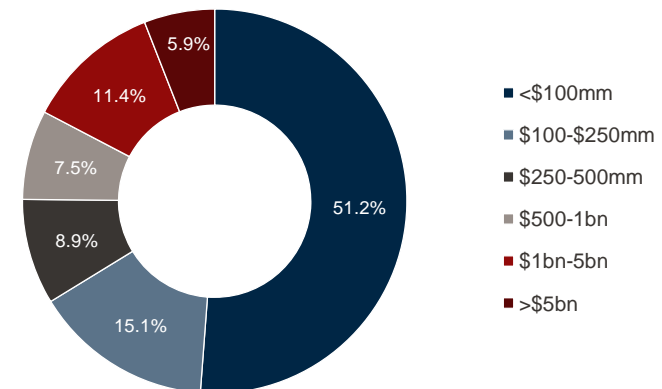
### Larger Hedge Funds Dominate Asset Flows...

Distribution of Net Asset Flows by AUM FY 2013



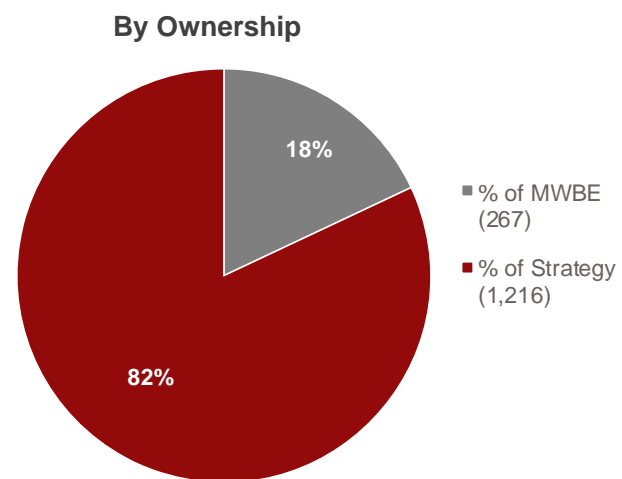
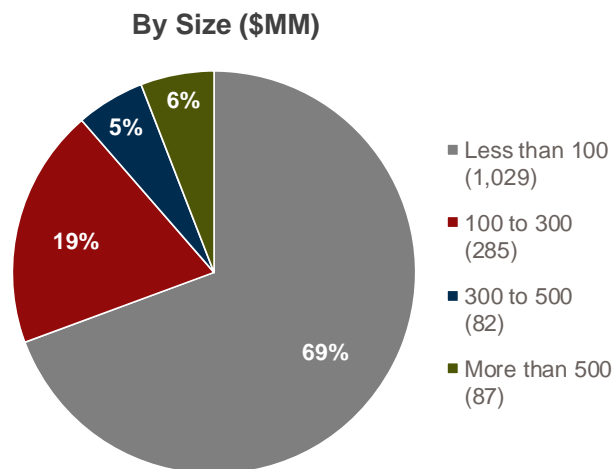
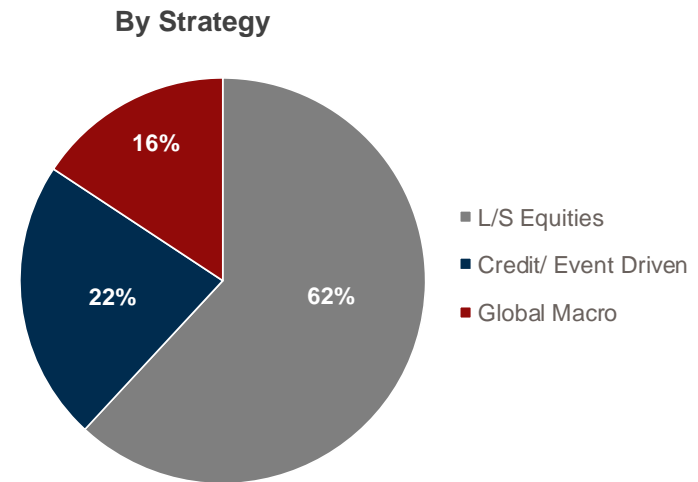
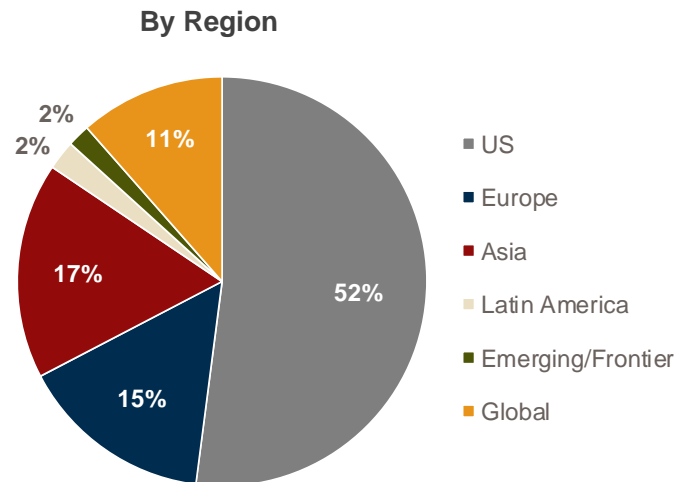
### ...But Smaller Funds are more Plentiful

Percentage of Total Number of Hedge Funds by Asset Size



## Progress Database | emerging hedge funds managers

- Progress has exposure to more than 1,500 emerging and MWBE hedge funds across the globe, employing a wide range of investment strategies and themes



"Emerging Hedge Funds" = generally less than \$300 million in AUM, or less than 3-Year track record. As of December 31, 2013.

# Widespread and Growing Utilization of Emerging Managers

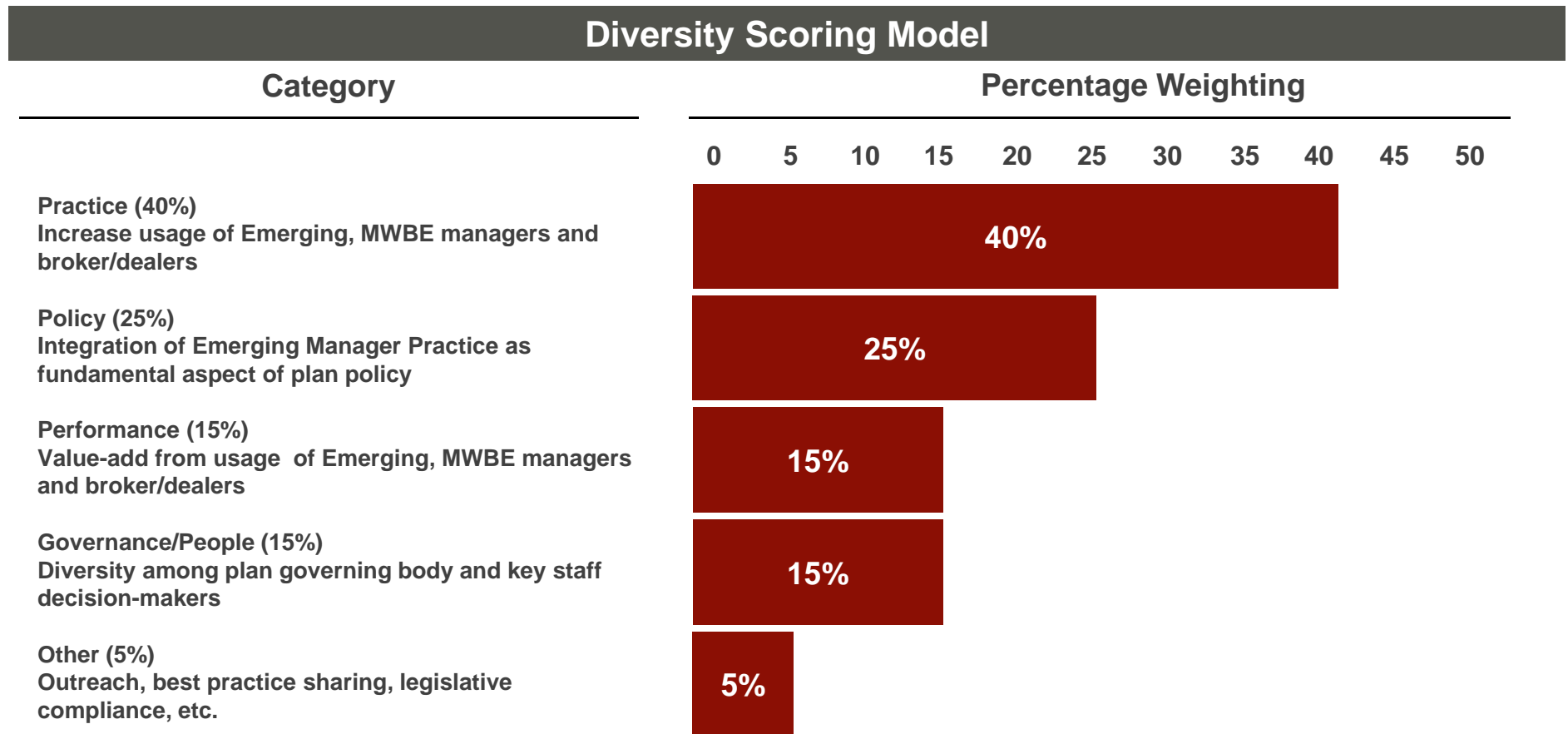
- 1199 SEIU Employees Benefit and Pension Funds
- Alameda County Employees' Retirement Association
- Arkansas Teacher Retirement System
- Bank of America Corporation
- Boeing Company, The
- Boulé Foundation
- California Public Employees' Retirement System
- California State Teachers' Retirement System
- Chicago Policemen's Annuity & Benefit Fund
- Chicago Teachers' Pension Fund
- City of Kansas City Employees' Retirement System
- City of Philadelphia Board of Pensions and Retirement
- Coca Cola Master Retirement Trust
- Contra Costa County Employees' Retirement Association
- Cook County Employees'
- Detroit General Retirement System
- District of Columbia Retirement Board
- Exelon Corporation
- GE Asset Management
- Illinois Municipal Retirement Fund
- Illinois State Board of Investment
- Indiana Public Employees' Retirement Fund
- Liberty Mutual Retirement Benefit Plan
- Los Angeles City Employees' Retirement System
- Los Angeles County Employees Retirement Association
- Maryland State Retirement & Pension System
- Massachusetts Bay Transportation Authority Ret. Fund
- Michigan Department of Treasury
- Minnesota State Board of Investment
- Municipal Employees' Annuity & Benefit Fund of Chicago
- New York City Board of Education Retirement System
- New York City Employees' Retirement System
- New York City Fire Department Pension Fund
- New York City Police Pension Fund
- New York State Common Retirement Fund
- New York State Teachers' Retirement System
- Ohio Public Employees Retirement System
- Oregon Public Employees Retirement Fund
- Pennsylvania Public School Employees' Retirement System
- Pennsylvania Treasury Department, The
- PG&E Corporation
- PPL Services Corporation
- Public School Teachers' Pension & Retirement Fund of Chicago
- San Antonio Fire & Police Pension Fund
- San Francisco City & County Employees' Retirement System
- San Joaquin County Employees' Retirement Association
- Seattle City Employees' Retirement System
- Shell Oil Company
- State of Connecticut Retirement Plans & Trust Funds
- State Universities Retirement System of Illinois
- Teacher Retirement System of Texas
- Teachers' Retirement System of the City of New York
- Teachers' Retirement System of the State of Illinois
- Verizon Communications, Inc.
- W.K. Kellogg Foundation

**Note:** Above is a representative list of known U.S. Pension Plans that have committed assets to emerging manager strategies:



## Plan Sponsor Diversity Scoring Model | overview

- Self-diagnostic tool to achieve Plan excellence in the areas of plan diversity and inclusion
- Targeted for public pension plans but can be customized for corporations, foundations and endowments
- Highlights best practices holistically



# Plan Sponsor Diversity Scoring Model | methodology

Sub Category	Poor 1	Below Average 2	Average 3	Above Average 4	Outstanding 5	Sub Weight
<b>Practice (40%)</b>						<b>2.00</b>
1 Total AUM allocated to MWBE Managers (\$mm)	\$0-500	\$500-1000	\$1000-1500	\$1500-2000	>\$2000	0.13
2 Total AUM allocated to MWBE Managers as % of Plan Assets	0-5%	5-10%	10-15%	15-20%	>20%	0.13
3 YOY % Growth in AUM allocated to MWBE Managers	0-5%	5-10%	10-15%	15-20%	>20%	0.13
4 Active AUM allocated to MWBE Managers (\$mm)	\$0-500	\$500-1000	\$1000-1500	\$1500-2000	>\$2000	0.13
5 Active AUM allocated to MWBE Managers as % of Plan Assets	0-5%	5-10%	10-15%	15-20%	>20%	0.13
6 Total # of MWBE Managers (Including MOM Managers)	0-5	5-10	10-15	15-20	>20	0.13
7 Total # of MWBE Managers as % of All Plan External Managers	0-5%	5-10%	10-15%	15-20%	>20%	0.13
8 Average AUM per MWBE Manager (\$mm)	\$0-50	\$50-100	\$100-150	\$150-200	>\$200	0.13
9 # of Asset Classes managed by MWBE Managers	0-2	2	3	4	>4	0.13
10 Commissions paid to MWBE Broker/Dealers (\$mm)	\$0-1	\$1-3	\$3-5	\$5-10	>\$10	0.13
11 Commissions paid to MWBE Broker/Dealers as % of annual commissions paid	\$0-5	\$5-10	\$10-15	\$15-20	>\$20	0.13
12 Fixed Income Market Value Traded using MWBE (\$mm)	\$0-500	\$500-1000	\$1000-1500	\$1500-2000	>\$2000	0.13
13 Fixed Income Market Value Traded using MWBE as % of all Fixed Income Traded	0-5%	5-10%	10-15%	15-20%	>20%	0.13
14 # of MWBE Direct Hires (Excl. MOM Portfolio Managers)	0-1	1-3	3-5	5-10	>10	0.13
15 # of MWBE Direct Hires as % of External Managers	0-5%	5-10%	10-15%	15-20%	>20%	0.13
<b>Policy (25%)</b>						<b>1.25</b>
16 Use of MWBE managers as part of Investment Policy	No Explicit Policy	Stated Policy	Written Policy	Metric Driven	Metric Driven w/ Reporting	0.25
17 Use of Emerging Managers as part of Investment Policy	No Explicit Policy	Stated Policy	Written Policy	Metric driven	Metric Driven w/ Reporting	0.25
18 Use of MWBE B/D as part of Investment Policy	No Explicit Policy	Stated Policy	Written Policy	Metric driven	Metric Driven w/ Reporting	0.25
19 Use of MWBE Vendors as part of Plan Policy	No Explicit Policy	Stated Policy	Written Policy	Metric driven	Metric Driven w/ Reporting	0.25
20 Age of Defined MWBE/Emerging Manager Program (Years)	0-1	1-3	3-5	5-10	>10	0.25
<b>Performance (15%)</b>						<b>0.75</b>
21 % MWBE Managers Outperforming Benchmarks	<30%	30-40%	40-50%	50-60%	>60%	0.19
22 % MWBE Equity Managers Outperforming Benchmarks	<30%	30-40%	40-50%	50-60%	>60%	0.19
23 % MWBE Fixed Income Managers Outperforming Benchmarks	<30%	30-40%	40-50%	50-60%	>60%	0.19
24 % MWBE Alternative Asset Managers Outperforming Benchmarks	<30%	30-40%	40-50%	50-60%	>60%	0.19
<b>Governance/Staff (15%)</b>						<b>0.75</b>
25 % Minority Board Composition	0-5%	5-10%	10-15%	15-20%	>20%	0.08
26 # Minority Board Composition	0-2	2	3	4	>4	0.08
27 % Female Board Composition	0-5%	5-10%	10-15%	15-20%	>20%	0.08
28 # Female Board Composition	0-2	2	3	4	>4	0.08
29 % Minority Executive/Investment Staff	0-5%	5-10%	10-15%	15-20%	>20%	0.08
30 # Minority Executive/Investment Staff	0-2	2	3	4	>4	0.08
31 % Female Executive/Investment Staff	0-5%	5-10%	10-15%	15-20%	>20%	0.08
32 # Female Executive/Investment Staff	0-2	2	3	4	>4	0.08
33 Minority/Female Recruiting Efforts or Internship Programs	No Explicit Policy	Stated Policy	Written Policy	Metric driven	Metric Driven w/ Reporting	0.08
<b>Other (5%)</b>						<b>0.25</b>
34 State Legislation	No Legislation	Legislation in Process	Signed Legislation	Signed Legislation w/ guidelines	Enforced Legislation	0.05
35 Active MWBE trade organization relationships (Toigo, NASP, etc.)	0-2	2	3	4	>4	0.05
36 Targeted Investment Consultant MWBE Objectives	No Explicit Policy	Stated Policy	Written Policy	Metric driven	Metric Driven w/ Reporting	0.05
37 Targeted Investment Consultant Emerging Manager Objectives	No Explicit Policy	Stated Policy	Written Policy	Metric driven	Metric Driven w/ Reporting	0.05
38 Annual Direct Outreach Events for MWBE	0-2	2	3	4	>4	0.05
<b>Score:</b>						<b>5.00</b>
<b>Grade:</b>						<b>(100%) A+</b>

\$ in Millions

# Plan Sponsor Diversity Scoring Model | hypothetical example

- Our methodology and the current results reveal that diversity as an explicit policy at the legislative level, combined with sweeping plan sponsor level inclusion practices, lead to higher diversity scores
  - Plan Sponsor A = 4.11/5.00 (82%)
  - Plan Sponsor B = 4.40/5.00 (88%)
  - Plan Sponsor C = 3.99/5.00 (80%)
  - Plan Sponsor D = 4.07/5.00 (81%)

Summary of Sub-Categories	BENCHMARK	Plan A	Plan B	Plan C	Plan D
<b>Practice (40%)</b>	<b>2.00</b>	<b>1.71</b>	<b>1.79</b>	<b>1.68</b>	<b>1.65</b>
1 Total AUM allocated to MWBE Managers (\$ value; % of total; YOY% Growth; AUM Per Manager, # of Asset Classes)	0.67	0.56	0.59	0.64	0.56
2 Total MWBE Managers and Direct Hires (absolute number; % of total)	0.53	0.53	0.53	0.43	0.53
3 Active AUM allocated to MWBE Managers (\$ value; % total)	0.27	0.16	0.27	0.16	0.16
4 Commissions and Fixed Income Market Value Traded using MWBE Broker/Dealers (\$ value; % of total)	0.53	0.45	0.40	0.45	0.40
<b>Policy (25%)</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.15</b>	<b>1.25</b>
5 Use of Emerging Managers, MWBE managers, MWBE B/D, MWBE Vendors as part of Policy	1.25	1.25	1.25	1.15	1.25
<b>Performance (15%)</b>	<b>0.75</b>	<b>0.45</b>	<b>0.45</b>	<b>0.45</b>	<b>0.45</b>
6 % MWBE Managers Outperforming Benchmarks By Asset Class (Equity, Fixed, Alternatives)	0.75	0.45	0.45	0.45	0.45
<b>Governance/Staff (15%)</b>	<b>0.75</b>	<b>0.57</b>	<b>0.73</b>	<b>0.58</b>	<b>0.57</b>
7 Minority/Female Board Composition, Executive/Investment Staff, and Recruiting Efforts	0.75	0.57	0.73	0.58	0.57
<b>Other (5%)</b>	<b>0.25</b>	<b>0.14</b>	<b>0.18</b>	<b>0.13</b>	<b>0.15</b>
8 State Legislation	0.05	0.05	0.05	0.05	0.05
9 Direct Out Reach Programs and Active MWBE trade organization relationships (Toigo, NASP, etc.)	0.10	0.05	0.09	0.04	0.06
10 Targeted Investment Consultant MWBE/Emerging Manager Objectives	0.10	0.04	0.04	0.04	0.04
<b>Total Score:</b>	<b>5.00</b>	<b>4.11</b>	<b>4.40</b>	<b>3.99</b>	<b>4.07</b>
<b>Grade:</b>	<b>100.0%</b>	<b>82.3%</b>	<b>88.0%</b>	<b>79.9%</b>	<b>81.4%</b>
	<b>A+</b>	<b>B</b>	<b>B+</b>	<b>B-</b>	<b>B</b>

Data Sources: Illinois Plan Sponsors 2011 Reports to General Assembly, Annual Financial Reports, and Investment Plans

# SURS Emerging Manager Success Stories

## Successful Incubations:

- Ativo Capital Management



## Robust Pipeline of Potential Direct-Hire Candidates:

- New Century Advisors
- LM Capital Group
- Garcia Hamilton & Associates, LP
- Herndon Capital Management
- Holland Capital Management
- Brown Capital Management
- Strategic Global Advisors, LLC



## New Funded Managers:

- Ramirez Capital Management
- Hanoverian Capital, Inc.
- StoneRidge Investment Partners
- Glovista Investments
- Vision Capital



## Strategic Ideas and Opportunities | 2014 and beyond

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Progress will continue to work with SURS to develop and implement strategies that create more opportunities for emerging managers and broker/dealers. We will:

- Identify new emerging manager ideas and funding opportunities across all asset classes, including emerging hedge funds
- Facilitate new manager and new product supply through:
  - The exploration and development of new vehicles (i.e., seeding and incubation platforms)
  - Targeted outreach to affinity groups in order to stimulate the “diverse manager” pipeline
  - Coaching emerging firms to bring new products to market
- Encourage increased use of minority and women-owned brokers by:
  - Providing regular information to all SURS’ managers on MWDV brokerage firms and their capabilities
  - Engaging MWDV firms through a competitive bidding process for transition management when rebalancing the SURS portfolio
  - Work with SURS to convene forums for dialogue and communication between emerging asset managers and broker dealers
- Provide data and best practices information to SURS Board and Committees as required
- Assist SURS in its interface and communication with the Illinois State Senate regarding SURS’ activities, progress and achievements with respect to MWDV usage, consistent with Illinois PA 96-0006



## Additional Discussion Items | 2014 and beyond

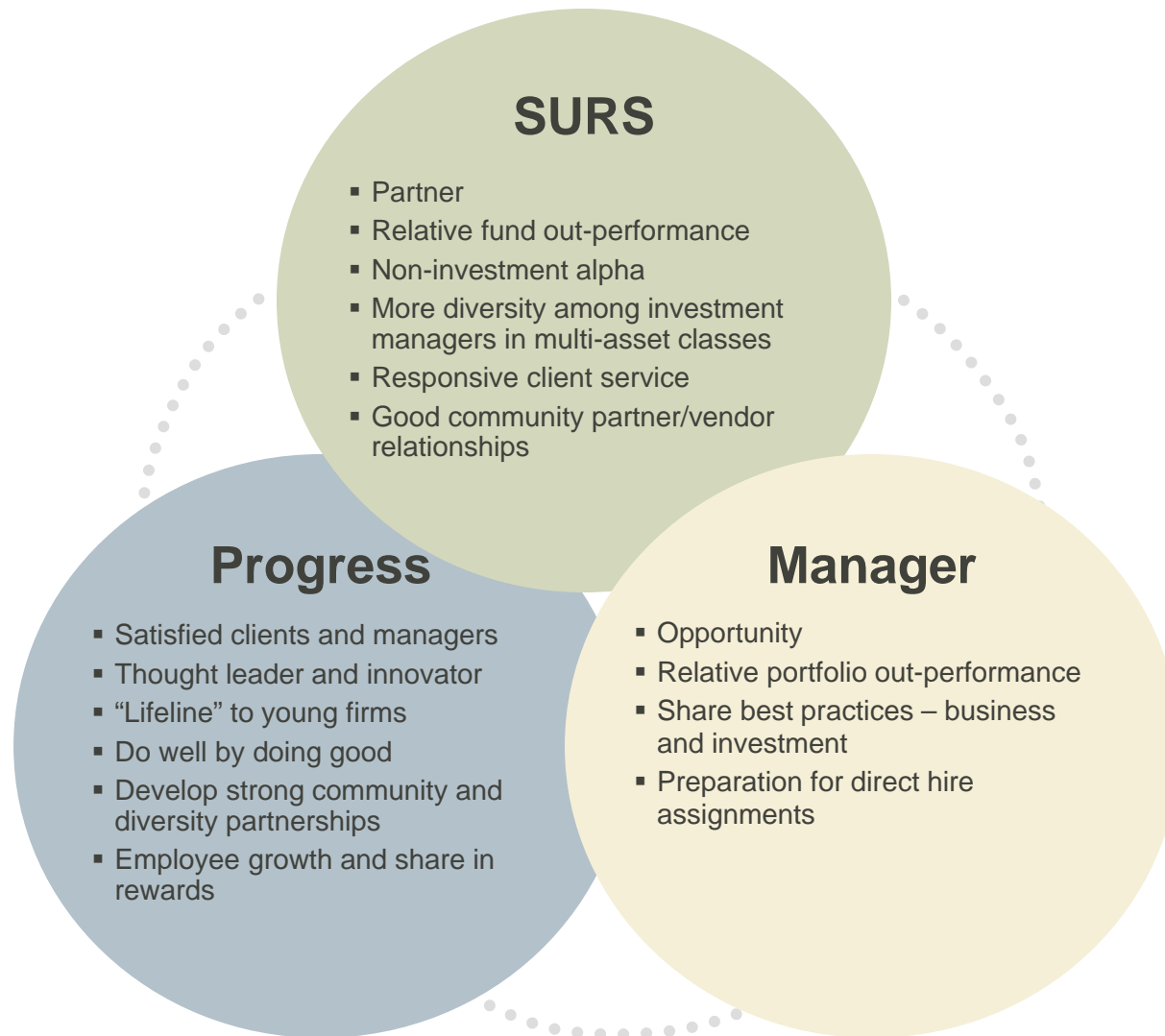
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How can Progress be additive relative to the proposed NEPC New Asset Class Recommendations?

### Considerations

- Reduced U.S. equity exposure and impact upon potential for expanded MWDBE engagement
- How hedged equity, other absolute return and commodities strategies are represented in the emerging manager universe
- Progress portfolio overlap with/complement to the SURS Manager Diversity Program: policies and other Progress client models

## Conclusion | how we define success



PROGRESS INVESTMENT  
MANAGEMENT COMPANY

Appendix | Progress Database

# The Progress Proprietary Database

As of March 31, 2014

## Size and Style Matrix

AUM	Emerging	African American	African American, Veteran /Disabled	Asian American	Latino American	Minority + Woman	Native American	Other Minority	Veteran /Disabled	Woman	Unknown	Grand Total
0-50	174	59	---	19	15	1	2	---	4	39	84	397
50-100	42	3	---	4	---	5	---	15	---	20	4	93
100-500	269	24	2	24	9	3	5	9	---	71	17	433
500-1,000	163	19	---	11	7	10	---	3	---	31	17	261
1,000-2,000	159	20	---	6	2	4	---	6	---	21	13	231
2,000-5,000	284	18	---	10	11	5	---	4	2	38	23	395
5,000 and Above	172	19	---	10	---	---	---	---	---	16	25	242
<b>Grand Total</b>	<b>1,263</b>	<b>162</b>	<b>2</b>	<b>84</b>	<b>44</b>	<b>28</b>	<b>7</b>	<b>37</b>	<b>6</b>	<b>236</b>	<b>183</b>	<b>2,052</b>

The following report is in IMS: MCS - Progress Database Style and Ownership Matrix

Asset Class	Emerging	African American	African American, Veteran /Disabled	Asian American	Latino American	Minority + Woman	Native American	Other Minority	Veteran /Disabled	Woman	Unknown	Grand Total
All Cap Core	48	2	---	3	1	---	---	1	---	10	4	69
All Cap Growth	38	2	---	4	3	---	---	2	---	6	4	59
All Cap Value	49	1	---	---	1	1	---	3	---	6	---	61
Alternatives	16	1	---	2	1	2	---	---	---	2	16	40
Emerging Markets	---	---	---	1	1	---	---	---	---	---	---	2
Emerging Market Debt	---	---	---	---	---	---	---	---	---	1	---	1
Fixed Income Core	53	10	---	2	4	2	---	2	---	7	4	84
Fixed Income Core Plus	13	2	---	3	1	1	---	---	---	1	1	22
Fixed Income High Yield	23	3	---	4	1	---	---	---	---	8	4	43
Fixed Income Intermediate Core	2	1	---	---	---	---	---	---	---	---	---	3
Fixed Income Other	65	13	---	1	2	1	---	---	---	17	9	108
Global Equity	8	---	---	3	1	2	---	---	---	1	---	15
Hedge Fund	48	6	---	7	3	1	2	1	---	9	4	81
International Equity	10	3	---	4	4	2	---	3	---	8	---	34
International Small Cap	---	1	---	---	---	---	---	---	---	---	---	1
International/Global Equity	101	10	---	8	---	2	---	2	---	22	11	156
Large Cap Core	97	6	---	5	3	1	---	3	2	21	15	153
Large Cap Growth	107	21	---	7	1	3	---	2	2	30	12	185
Large Cap Value	124	16	1	4	2	1	1	1	1	14	11	176
Micro Cap Core	7	---	---	---	3	---	---	---	---	1	---	11
Micro Cap Growth	8	---	---	---	---	---	---	1	---	---	2	11
Micro Cap Value	7	1	---	---	---	---	---	---	---	---	2	10
Mid Cap Core	23	7	---	---	1	---	---	---	---	10	2	43
Mid Cap Growth	29	11	---	4	1	2	---	---	---	10	3	60
Mid Cap Value	33	9	---	---	1	2	1	1	---	2	1	50
Other Equity	66	5	1	6	1	---	1	2	---	6	51	139
Small Cap Core	56	6	---	2	---	1	---	1	---	17	7	90
Small Cap Growth	74	11	---	8	3	1	---	3	1	11	11	123
Small Cap Value	85	10	---	3	3	1	1	5	---	4	3	115
SMID Cap Core	15	3	---	---	2	---	1	1	---	4	1	27
SMID Cap Growth	36	1	---	2	---	---	---	---	---	6	4	49
SMID Cap Value	22	---	---	1	---	2	---	3	---	2	1	31
<b>Grand Total</b>	<b>1,263</b>	<b>162</b>	<b>2</b>	<b>84</b>	<b>44</b>	<b>28</b>	<b>7</b>	<b>37</b>	<b>6</b>	<b>236</b>	<b>183</b>	<b>2,052</b>

### Notes:

Emerging: Male Caucasian of non minority descent  
Unknown: Not yet qualified but in our system

## Manager Research and Focus List (Strategies)

**Total Universe**  
2,052

**Research List**  
323

**Buy List**  
219

**Funded List**  
86

### Specifications

- AUM less than \$10 Billion
- Woman- and minority-owned
- At least 51% independently-owned
- Registered Investment Advisors

PROGRESS INVESTMENT  
MANAGEMENT COMPANY

**Progress/SURS Portfolios**



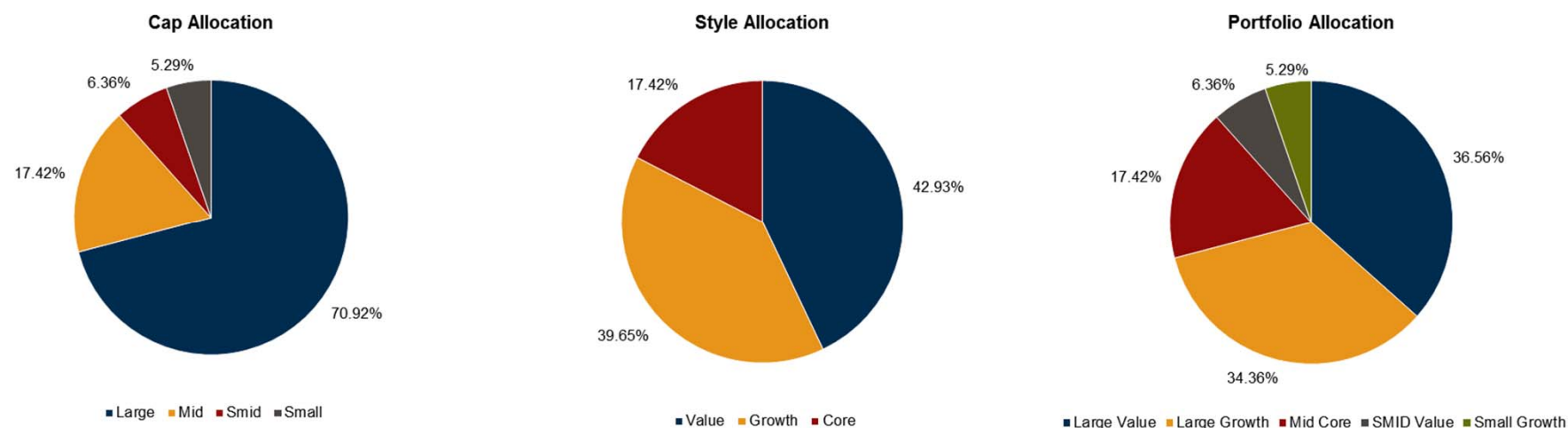
## 2013 Performance Summary | equity, fixed income and international

---

- All Cap Equity – Outperformed by 121 bps net (34.79 versus 33.57 for the Russell 3000 Index)
- Fixed Income – Outperformed by 45 bps net (-1.57 versus -2.02 for the Barclays Capital U.S. Aggregate Index)
- Non-U.S. Equity – Underperformed by 85 bps net (22.45 versus 23.30 for the MSCI EAFE Index); back in positive territory in 2014

# Asset Distribution | all cap equity

As of February 28, 2014



## Manager Profile, Allocation, and Status:

Portfolio Manager	Ownership Type	Location	Product	Portfolio Market Value (\$MM)	% of Portfolio	Portfolio Status	Firm AUM (\$MM)	% of Firm AUM
Fortaleza Asset Management, Inc.	Latino American/Woman Owned	Chicago, IL	Large Growth	29.53	8.25	Monitor	199	14.82
Holland Capital Management	African American	Chicago, IL	Large Growth	55.05	15.37	Good Standing	4,932	1.12
Vision Capital Management, Inc.	Woman Owned	Portland, OR	Large Growth	38.44	10.73	Good Standing	1,074	3.58
Affinity Investment Advisors, LLC	Asian American	Irvine, CA	Large Value	68.44	19.11	Good Standing	840	8.15
Herndon Capital Management	African American	Atlanta, GA	Large Value	62.48	17.45	Monitor	10,210	0.61
Hahn Capital Management	Woman Owned	San Francisco, CA	Mid Core	62.39	17.42	Good Standing	1,050	5.94
GW Capital, Inc.	Asian American	Bellevue, WA	SMID Value	22.79	6.36	Good Standing	2,930	0.78
StoneRidge Investment Partners	African American	Malvern, PA	Small Growth	18.95	5.29	Good Standing	1,013	1.87
<b>Total Fund</b>				<b>358.09</b>	<b>100.00</b>			

# Fund Performance | all cap equity

As of February 28, 2014

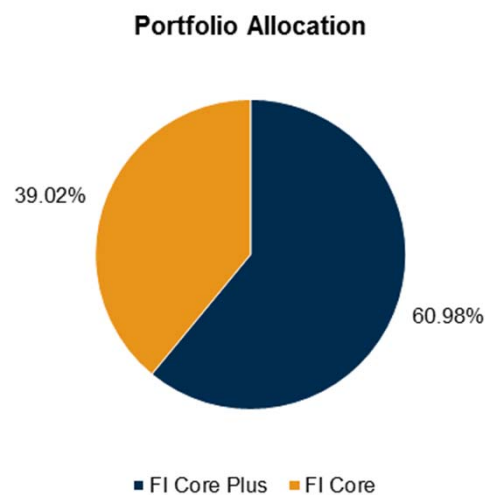
Cumulative Performance (%):		Annualized Returns*: Period Ending February 28, 2014								
Portfolio Manager	Style	1 Month	3 Months	6 Months	YTD	1 Year	3 Year	5 Year	Since Inception	Inception Date
Fortaleza Asset Management, Inc.	L/G	5.34	4.99	18.20	2.86	30.24	14.91	22.78	8.50	05/01/2008
Russell 1000 Growth Index		5.15	5.07	17.84	2.15	29.14	15.06	24.02	9.33	
Excess (+/-) Returns		0.19	-0.08	0.35	0.71	1.10	-0.15	-1.24	-0.83	
Holland Capital Management	L/G	5.60	5.36	17.16	2.29	27.52	15.16	---	17.87	01/14/2010
Russell 1000 Growth Index		5.15	5.07	17.84	2.15	29.14	15.06	---	18.04	
Excess (+/-) Returns		0.45	0.29	-0.68	0.14	-1.62	0.10	---	-0.17	
Vision Capital Management, Inc.	L/G	5.34	6.32	14.96	1.99	---	---	---	16.13	05/31/2013
Russell 1000 Growth Index		5.15	5.07	17.84	2.15	---	---	---	19.66	
Excess (+/-) Returns		0.19	1.25	-2.88	-0.16	---	---	---	-3.53	
Affinity Investment Advisors, LLC	L/V	4.88	4.00	16.76	1.25	---	---	---	17.89	05/31/2013
Russell 1000 Value Index		4.33	3.17	13.49	0.63	---	---	---	14.07	
Excess (+/-) Returns		0.55	0.82	3.27	0.62	---	---	---	3.83	
Herndon Capital Management	L/V	4.83	3.00	15.69	-0.16	23.43	14.23	25.32	10.24	05/01/2008
Russell 1000 Value Index		4.33	3.17	13.49	0.63	23.47	14.06	23.19	6.39	
Excess (+/-) Returns		0.50	-0.18	2.21	-0.79	-0.04	0.17	2.13	3.86	
Hahn Capital Management	M/C	4.52	1.61	9.89	-0.50	27.24	16.50	---	17.96	01/24/2011
Russell Midcap Index		5.87	6.90	17.66	3.81	29.11	15.06	---	16.02	
Excess (+/-) Returns		-1.35	-5.29	-7.78	-4.30	-1.87	1.43	---	1.94	
GW Capital, Inc.	SMID/V	4.84	4.11	14.74	0.96	25.82	14.42	28.15	10.90	05/01/2008
Russell 2500 Value Index		4.92	4.57	16.79	2.12	25.51	13.98	26.57	10.09	
Excess (+/-) Returns		-0.08	-0.46	-2.05	-1.16	0.31	0.44	1.58	0.81	
StoneRidge Investment Partners	S/G	5.61	3.87	20.11	2.19	---	---	---	31.11	05/31/2013
Russell 2000 Growth Index		4.83	5.13	19.20	3.02	---	---	---	24.94	
Excess (+/-) Returns		0.78	-1.25	0.91	-0.83	---	---	---	6.17	
State Universities Retirement System of Illinois (GROSS)		5.04	3.93	15.34	1.09	27.47	14.29	23.17	8.41	05/01/2008
State Universities Retirement System of Illinois (NET)		5.04	3.81	15.07	1.09	26.87	13.76	22.60	7.91	
Russell 3000 Index		4.74	4.11	15.83	1.43	26.74	14.59	23.87	8.13	
Excess (+/-) Returns (GROSS)		0.30	-0.18	-0.49	-0.34	0.72	-0.30	-0.70	0.28	
Excess (+/-) Returns (NET)		0.30	-0.30	-0.76	-0.34	0.13	-0.83	-1.27	-0.22	

Source: Progress Investment Management Company, LLC.

Note: Returns are final. (\*) Annualized for periods 1 year and longer. The Net of Fees returns prior to 2004 were based on the highest fee methodology. From 2004 and thereafter, the net returns are based on actual fees. Returns reflect the reinvestment of dividends and earnings. Index performance includes the reinvestment of dividends and earnings. Past performance is no guarantee of future results.

# Asset Distribution | fixed income

As of February 28, 2014



## Manager Profile, Allocation, and Status:

Portfolio Manager	Ownership Type	Location	Product	Portfolio Market Value (\$MM)	% of Portfolio	Portfolio Status	Firm AUM (\$MM)	% of Firm AUM
Garcia Hamilton & Associates, L.P	Latino American/Woman Owned	Houston, TX	FI Core	13.40	11.67	Good Standing	3,387	0.40
Piedmont Investment Advisors, LLC	African American	Durham, NC	FI Core	16.29	14.18	Good Standing	3	603.30
Ramirez Asset Management	Latino American	New York, NY	FI Core	15.13	13.17	Good Standing	584	2.59
Ambassador Capital Management	African American	Detroit, MI	FI Core Plus	23.39	20.37	Watch List	1,306	1.79
LM Capital Group, LLC	Latino American	San Diego, CA	FI Core Plus	23.13	20.14	Good Standing	4,867	0.48
New Century Advisors, LLC	Woman Owned	Chevy Chase, MD	FI Core Plus	23.51	20.47	Good Standing	1,752	1.34
<b>Total Fund</b>				<b>114.85</b>	<b>100.00</b>			

Note: Includes cash.

Source: Progress Investment Management Company, LLC

# Fund Performance | fixed income

As of February 28, 2014

Cumulative Performance (%):		Annualized Returns*: Period Ending February 28, 2014								
Portfolio Manager	Style	1 Month	3 Months	6 Months	YTD	1 Year	3 Year	5 Year	Since Inception	Inception Date
Garcia Hamilton & Associates, L.P	F/C	1.00	2.24	4.14	2.68	2.19	5.85	---	6.33	10/20/2009
Barclays Capital U.S. Aggregate		0.53	1.44	2.85	2.02	0.16	3.84	---	4.18	
Excess (+/-) Returns		0.47	0.80	1.29	0.66	2.03	2.01	---	2.16	
Piedmont Investment Advisors, LLC	F/C	0.69	1.71	3.46	2.20	0.58	4.59	7.03	5.45	05/01/2008
Barclays Capital U.S. Aggregate		0.53	1.44	2.85	2.02	0.16	3.84	5.14	4.73	
Excess (+/-) Returns		0.16	0.27	0.62	0.18	0.42	0.75	1.89	0.72	
Ramirez Asset Management	F/C	0.58	1.83	3.27	2.14	---	---	---	1.20	05/31/2013
Barclays Capital U.S. Aggregate		0.53	1.44	2.85	2.02	---	---	---	0.88	
Excess (+/-) Returns		0.05	0.40	0.42	0.12	---	---	---	0.32	
Ambassador Capital Management	F/C+	0.54	1.78	2.85	2.43	0.44	4.06	6.18	6.04	05/01/2008
Barclays Capital U.S. Aggregate		0.53	1.44	2.85	2.02	0.16	3.84	5.14	4.73	
Excess (+/-) Returns		0.01	0.35	0.01	0.41	0.28	0.22	1.04	1.31	
LM Capital Group, LLC	F/C+	1.03	1.60	3.85	2.16	1.01	5.04	7.28	5.81	05/01/2008
Barclays Capital U.S. Aggregate		0.53	1.44	2.85	2.02	0.16	3.84	5.14	4.73	
Excess (+/-) Returns		0.50	0.16	1.01	0.14	0.84	1.20	2.14	1.08	
New Century Advisors, LLC	F/C+	0.87	2.06	3.81	2.42	1.16	4.93	6.77	6.10	05/01/2008
Barclays Capital U.S. Aggregate		0.53	1.44	2.85	2.02	0.16	3.84	5.14	4.73	
Excess (+/-) Returns		0.34	0.63	0.97	0.41	0.99	1.09	1.63	1.37	
State Universities Retirement System of Illinois - Fixed (GROSS)		0.78	1.84	3.54	2.32	0.96	4.79	6.68	5.96	05/01/2008
State Universities Retirement System of Illinois - Fixed (NET)		0.78	1.72	3.29	2.32	0.50	4.30	6.18	5.47	
Barclays Capital U.S. Aggregate		0.53	1.44	2.85	2.02	0.16	3.84	5.14	4.73	
Excess (+/-) Returns (GROSS)		0.25	0.40	0.69	0.30	0.80	0.95	1.54	1.23	
Excess (+/-) Returns (NET)		0.25	0.28	0.44	0.30	0.33	0.46	1.04	0.74	

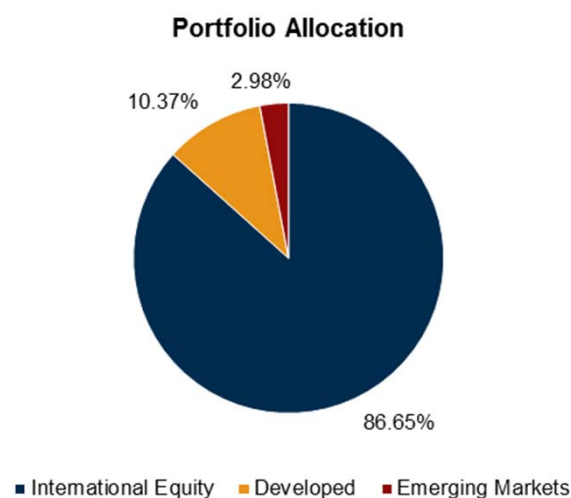
Source: Progress Investment Management Company, LLC.

Note: Returns are final. (\*) Annualized for periods 1 year and longer. The Net of Fees returns prior to 2004 were based on the highest fee methodology. From 2004 and thereafter, the net returns are based on actual fees. Returns reflect the reinvestment of dividends and earnings. Index performance includes the reinvestment of dividends and earnings. Past performance is no guarantee of future results.



# Asset Distribution | non-U.S. equity

As of February 28, 2014



## Manager Profile, Allocation, and Status:

Portfolio Manager	Ownership Type	Location	Product	Portfolio Market Value (\$MM)	% of Portfolio	Portfolio Status	Firm AUM (\$MM)	% of Firm AUM
Hanoverian Capital, Inc.	Woman Owned	Kennett Square, PA	Developed	18.23	10.36	Good Standing	228	8.01
Glovista Investments, LLC	Asian American/Latino American	Jersey City, NJ	Emerging Markets	5.24	2.98	Good Standing	857	0.61
Brown Capital Management, Inc.	African American	Baltimore, MD	International Equity	27.13	15.42	Good Standing	7,019	0.39
Cheswold Lane Asset Management, LLC	Woman Owned	West Conshohocken, PA	International Equity	30.12	17.12	Good Standing	327	9.21
John Hsu Capital Group, Inc.	Asian American	New York, NY	International Equity	18.75	10.66	Monitor	511	3.67
Sky Investment Counsel Inc.	Asian American/Woman Owned	Toronto, Ontario,	International Equity	32.33	18.38	Watch List	1,747	1.85
Strategic Global	Woman Owned	Newport Beach, CA	International Equity	43.96	24.99	Good Standing	562	7.82
<b>Total Fund</b>				<b>175.91</b>	<b>100.00</b>			

Note: Includes cash.

Source: Progress Investment Management Company, LLC

# Fund Performance | non-U.S. equity

As of February 28, 2014

Cumulative Performance (%):		Annualized Returns*: Period Ending February 28, 2014								Inception Date
Portfolio Manager	Style	1 Month	3 Months	6 Months	YTD	1 Year	3 Year	5 Year	Since Inception	
Glovista Investments, LLC	EMG	3.51	-4.46	3.54	-4.92	---	---	---	3.41	05/31/2013
MSCI Emerging Market Index		3.31	-4.80	4.77	-3.39	---	---	---	-2.58	
<b>Excess (+/-) Returns</b>		<b>0.20</b>	<b>0.34</b>	<b>-1.23</b>	<b>-1.52</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>5.99</b>	
Brown Capital Management, Inc.	INT/EQ	6.03	6.93	18.13	3.93	28.19	12.07	23.09	6.33	05/01/2008
MSCI EAFE Index		5.59	2.88	15.11	1.35	19.78	7.13	18.14	1.69	
<b>Excess (+/-) Returns</b>		<b>0.44</b>	<b>4.06</b>	<b>3.02</b>	<b>2.59</b>	<b>8.41</b>	<b>4.95</b>	<b>4.95</b>	<b>4.65</b>	
Cheswold Lane Asset Management, LLC	INT/EQ	5.31	1.36	9.73	0.16	14.80	7.05	---	7.66	10/20/2009
MSCI EAFE Index		5.59	2.88	15.11	1.35	19.78	7.13	---	9.06	
<b>Excess (+/-) Returns</b>		<b>-0.28</b>	<b>-1.51</b>	<b>-5.39</b>	<b>-1.18</b>	<b>-4.98</b>	<b>-0.08</b>	<b>---</b>	<b>-1.41</b>	
Hanoverian Capital, Inc.	INT/EQ	4.34	1.36	15.96	-0.98	---	---	---	17.84	05/31/2013
MSCI EAFE Index		5.59	2.88	15.11	1.35	---	---	---	15.39	
<b>Excess (+/-) Returns</b>		<b>-1.25</b>	<b>-1.52</b>	<b>0.84</b>	<b>-2.33</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>2.45</b>	
John Hsu Capital Group, Inc.	INT/EQ	6.51	4.37	20.21	1.88	27.35	5.36	20.86	4.45	05/01/2008
MSCI EAFE Index		5.59	2.88	15.11	1.35	19.78	7.13	18.14	1.69	
<b>Excess (+/-) Returns</b>		<b>0.92</b>	<b>1.50</b>	<b>5.09</b>	<b>0.53</b>	<b>7.57</b>	<b>-1.77</b>	<b>2.72</b>	<b>2.76</b>	
Sky Investment Counsel Inc.	INT/EQ	5.19	4.87	18.11	2.15	20.18	---	---	15.81	11/22/2011
MSCI EAFE Index		5.59	2.88	15.11	1.35	19.78	---	---	18.30	
<b>Excess (+/-) Returns</b>		<b>-0.40</b>	<b>1.99</b>	<b>2.99</b>	<b>0.80</b>	<b>0.40</b>	<b>---</b>	<b>---</b>	<b>-2.50</b>	
Strategic Global	INT/EQ	6.40	6.38	19.47	4.30	24.89	12.49	23.52	5.42	05/01/2008
MSCI EAFE Index		5.59	2.88	15.11	1.35	19.78	7.13	18.14	1.69	
<b>Excess (+/-) Returns</b>		<b>0.81</b>	<b>3.50</b>	<b>4.35</b>	<b>2.96</b>	<b>5.11</b>	<b>5.36</b>	<b>5.38</b>	<b>3.73</b>	
<b>State Universities Retirement System of Illinois - Non-U.S. (GROSS)</b>		<b>5.64</b>	<b>4.21</b>	<b>16.40</b>	<b>2.02</b>	<b>21.29</b>	<b>8.19</b>	<b>20.32</b>	<b>3.90</b>	<b>05/01/2008</b>
<b>State Universities Retirement System of Illinois - Non-U.S. (NET)</b>		<b>5.63</b>	<b>4.07</b>	<b>16.11</b>	<b>2.00</b>	<b>20.69</b>	<b>7.67</b>	<b>19.75</b>	<b>3.41</b>	
<b>MSCI EAFE Index</b>		<b>5.59</b>	<b>2.88</b>	<b>15.11</b>	<b>1.35</b>	<b>19.78</b>	<b>7.13</b>	<b>18.14</b>	<b>1.69</b>	
<b>Excess (+/-) Returns (GROSS)</b>		<b>0.05</b>	<b>1.33</b>	<b>1.29</b>	<b>0.67</b>	<b>1.51</b>	<b>1.06</b>	<b>2.17</b>	<b>2.21</b>	
<b>Excess (+/-) Returns (NET)</b>		<b>0.04</b>	<b>1.19</b>	<b>0.99</b>	<b>0.65</b>	<b>0.91</b>	<b>0.54</b>	<b>1.61</b>	<b>1.72</b>	

Source: Progress Investment Management Company, LLC.

Note: Returns are final. (\*) Annualized for periods 1 year and longer. The Net of Fees returns prior to 2004 were based on the highest fee methodology. From 2004 and thereafter, the net returns are based on actual fees. Returns reflect the reinvestment of dividends and earnings. Index performance includes the reinvestment of dividends and earnings. Past performance is no guarantee of future results.



# Disclosure Statement

1. The calculation of returns is computed monthly for each composite, including the reinvestment of dividends and interest, and all cash reserves. Both dividends and interest are accrued with valuation of securities based on trade-date. Monthly or quarterly returns for each composite are an asset-weighted composite of all discretionary accounts managed (including any terminated accounts) under that strategy.
2. Performance is Gross of Fees unless otherwise noted. Gross of Fees performance is calculated after the deduction of trading expenses, but does not reflect the deduction of management fees, custodial fees, or other fees.
3. Net of Fees performance is calculated as Gross of Fees less the management fees (and sub-advisor fees,) but before the deduction of custodial or other fees. Progress' management fees are described in our Form ADV.
4. The index returns include reinvestment of dividend income, but do not reflect the deduction of any transaction costs or management costs that would be involved in investing in the indices - the effect of these costs would be to lower the indicated index returns by an undetermined amount.
5. A complete list of Progress' composites, composite descriptions, and performance results is available upon request.
6. The definition of "firm" as used to determine Progress' total assets is the entirety of fee based assets managed under Progress.
7. All composites are representative of five or fewer portfolios.
8. All dollar figures in this presentation are expressed in U.S. dollars.
9. Past performance is not necessarily indicative of future results.

Example of impact of fees on gross performance of 20% annually, compounded over one (1), three (3), and five (5) years with quarterly fee payment:

In one-on-one presentations, Progress Investment Management Company may present performance returns gross of fees. Fees will reduce the returns of a client portfolio. Fees for the [ABC] strategy are generally [AMT] percent per annum. The fee schedule contained in Progress' Form ADV-Part II is available upon request. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) \$1 million investment, (b) portfolio return of 10% a year, and (c) 0.91% annual investment advisory fee would be \$10,010 in the first year and cumulative effects of \$59,905.76 over 5 years and \$152,073.97 over ten years. Actual investment advisory fees incurred by clients may vary based on portfolio size, fees, and performance returns.

Progress Investment Management Company, LLC ("Progress") claims compliance with the Global Investment Performance Standards. The GIPS® standards were promulgated by the CFA Institute as the industry standard for performance calculation and reporting. Progress' compliance with the GIPS® standards has been verified for the period from January 1, 2005 through December 31, 2012 by Ashland Partners & Company LLP.

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 policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The verification report(s) are available upon request.

PROGRESS INVESTMENT  
MANAGEMENT COMPANY

**Professional Biographies**

# Professional Biographies | executive leadership

## **Thurman V. White, Jr.** » President and Chief Executive Officer (1992)

Thurman is responsible for the vision and values of Progress, as well as leadership to achieve all the firm's operational, financial and strategic goals. He chairs the Management Committee and serves as a voting member of the Investment Committee. From 1992 to 1994, Thurman served as chief operating officer of Progress, with day-to-day oversight of the firm's operations, and he was responsible for developing and maintaining several key client relationships during a time of rapid business growth. From 1994 to 2001, Thurman served as managing director, where he took on a variety of senior leadership responsibilities, including product development, new business development and client retention. He served as the firm's product manager, leading its private-equity fund-of-funds strategy for investment in emerging private-equity partnerships. In 2000, he led the firm's effort on behalf of CalPERS to manage a \$40 million venture capital fund making direct investment in emerging investment management firms, and placing assets to manage with those firms from a \$1 billion pool. In 2001, Thurman was named president of Progress. In 2004, he guided senior management as it teamed with an outside investor in a successful management buyback of the firm, at which time he also became CEO. Since the management buyback, Thurman has piloted the firm as it has continued its steady growth in assets under management, expanded the firm's employee ownership and implemented a values-centric leadership model. Thurman has had previous line management and operating company experience with profit/loss responsibility, as well as public policy experience at the state legislative and federal agency levels. Thurman earned a bachelor of arts in public and international affairs from the Woodrow Wilson School at Princeton University, a master's degree in communications from Stanford University and a law degree from Boalt Hall, University of California, Berkeley. He has been a member of the California Bar since 1981.

## **Alex Hsiao** » Chief Investment Officer (2006)

Alex leads the investment team, overseeing all investment and fund-related activities at Progress, including quantitative evaluation, monitoring of manager performance, portfolio monitoring and analysis, manager selection and communication. He chairs the Investment Committee and is a voting member. He is also a member of the Management Committee. Prior to joining Progress, he served as the treasurer and chief investment officer of The California Endowment in Los Angeles. While there, he managed a portfolio of approximately \$4 billion in various traditional equity, fixed-income and alternative investment strategies. Prior to his work with The California Endowment, Mr. Hsiao worked for Bankers Trust in Hong Kong, where he managed a staff of 10 and served as a risk management analyst. Later, as vice president of Fixed Income, he managed a \$2 billion proprietary debt portfolio focused on undervalued assets throughout Asia. Alex earned a bachelor of science in managerial economics from the University of California, Davis and a master of business administration from the University of California, Irvine.

## **Jose Balagot** » Deputy Chief Investment Officer (1996)

As a member of the firm's Portfolio Management team, Jose leads the firm's manager research function and is involved in client portfolio construction, monitoring and rebalancing. He is a voting member of the Investment Committee and a member of the Management Committee. Prior to joining Progress, Jose was an international equity analyst for Bailard, Biehl and Kaiser, where he was responsible for database design, returns forecasting, performance measurement, attribution analysis and asset allocation modeling. Previously, he was an economic consultant for DRI/McGraw-Hill, building econometric forecasting models and market planning systems for Fortune 500 companies. Jose earned both bachelor of arts and master of science degrees in economics at the University of California, Santa Cruz.

## **Mona S. Williams** » Executive Vice President (2000)

Mona is responsible for the creation and implementation of new business development strategies, with specific emphasis on plan sponsors in the public, corporate and foundation/endowment areas nationwide. Under her leadership, her team develops all new client relationships and manages the firm's existing client and consultant relationships. Mona is a member of the Progress Board of Directors, serves on the Management Committee and is a voting member of the Investment Committee. Prior to joining Progress, she was director of marketing for Albriond Capital Management, where she was responsible for new business development, client service and client retention. She also served as the director of marketing for Capital Insight Brokerage. Her earlier experience includes positions in the institutional equities department of Bear Stearns and in the retail division of Merrill Lynch. Mona earned a bachelor of arts degree from the University of California, Berkeley. She is a board member of the National Association of Securities Professionals.

## **Beverly Pasley-Harrison** » Chief of Administration and Operations (1999)

Beverly oversees the Compliance, Administration and Operations functions of the firm. She is a current member of the Management Committee. Beverly has extensive experience in the financial services industry. She began her career working on the institutional-trading desk at Bateman Eichler, Hill Richards in Southern California, which resulted in a relationship with a major asset management firm in northern California. She eventually left Los Angeles to pursue what became a 10-year-long tenure in San Francisco with RCM Capital Management as a portfolio and research assistant. Subsequently, she joined Harris Bretall Sullivan & Smith as its director of operations, Gardner Rich & Co. as managing director and Cazenave & Co. as vice president and principal. Beverly earned a bachelor of science degree in business administration at the California State University, Long Beach. Beverly is a member of the Society and Corporate Compliance and Ethics.

## **Rita Cai** » Senior Vice President, Finance (2004)

Rita is responsible for all finance and accounting operations at Progress, including financial planning, internal controls and treasury functions. She is also heavily involved with both clients and sub managers regarding fees, contracts and other financial arrangements. Rita is a member of the Management Committee. Prior to joining Progress, Rita was a senior finance manager at Outsource, a venture investment company focused on infrastructure development projects in Asia. Previously, she was director of operations for Global Vision Technology, where she made a major contribution to the development and growth of a venture capital subsidiary during her nine years with the company. Prior to moving to the U.S., she worked as director of administration for the five-star Holiday Inn Yangtze Hotel, where she managed a staff of 15 and was responsible for budgeting and cost accounting. Rita earned a bachelor of science degree in finance from Chongqing University and a master of business administration degree in finance and accounting from Regis University.

# Professional Biographies | investments

## **Safia B. Mehta, CFA » Senior Vice President & Portfolio Manager (2014)**

As a member of the firm's investment team, Safia is responsible for managing client portfolios, including portfolio construction, manager evaluation, monitoring performance and rebalancing. Prior to joining Progress, Safia was a principal at North Point Advisors, where she was a member of the investment committee and responsible for all aspects of portfolio management utilizing emerging sub-advisors across various asset classes. Safia has over 22 years of investment management experience which includes oversight of over \$20 billion in assets for institutional pension plans invested across many asset classes with over 100 sub-advised strategies at Prudential Financial and management of over \$5 billion in pension assets for PepsiCo. Safia graduated with a bachelor of arts from the University of Toronto, Canada and holds the Chartered Financial Analyst (CFA) designation. Currently she is the VP, Chair of University Relations and Advocacy for the CFA Society of Stamford, Connecticut. She regularly speaks at investment industry conferences.

## **Laura K. Nickols » Vice President, Investments (1993)**

Laura is responsible for conducting research on funded and prospective managers, preparing research reports and making manager recommendations. Furthermore, she assists in the monitoring, analysis and evaluation of funded accounts. Laura is a voting member of the Investment Committee. Prior to joining Progress, she was a senior analyst at the University of California, Berkeley, in the Benefit Programs department. Previously, she was a consultant/analyst at William M. Mercer Asset Planning, where she was responsible for investment style analysis, asset allocation studies, manager search/analysis, and performance measurement and evaluation. She began her investment career at Callan Associates as an investment analyst. Laura earned a bachelor of arts degree from the University of California, Santa Cruz, and a master of business administration degree in finance from Golden Gate University.

## **Justin Eagan, CFA » Vice President, Investments (2012)**

Justin is responsible for conducting manager research on funded and prospective managers specializing in large and small cap domestic equity strategies. His primary focus is to find promising emerging manager strategies for the Progress platform and to monitor and manage a portfolio of our funded managers. Prior to joining Progress, Justin was Vice President and Senior Investment Manager Research Analyst at Morgan Stanley Smith Barney where he performed research and due diligence on mutual funds and separately managed accounts for Morgan Stanley's retail wrap channel investment programs covering domestic/global/international equity, fixed income and real estate securities strategies. Previously, he was at Deutsche Bank and JP Morgan as a Product Manager and Portfolio Associate. He began his career at Morgan Stanley Dean Witter. Justin earned a master of business administration in finance from St. John's University and a bachelor of science degree in accounting from Southern Connecticut State University. Justin is a CFA charter holder.

## **Christina Wang, CFA » Assistant Vice President and Associate Portfolio Manager (2009)**

Christina is responsible for manager sourcing, research and monitoring, performance measurement and evaluation, portfolio analytics, risk analysis, and research tools development. Prior to joining Progress, she was a Database Manager and Research Analyst at Freeman Associates Investment Management. She was responsible for database construction and monitoring, quantitative model analysis and research projects. Before joining Freeman, Christina worked at the Business and Economic Research Center at Middle Tennessee State University. She was responsible for the modeling of local economic leading indicators and other regional economic projects. Christina earned a master of economics degree from Middle Tennessee State University and a bachelor of arts degree in finance from Southwest University of Finance and Economics. Christina is currently pursuing a PhD in economics at Middle Tennessee State University and is a CFA charter holder.

## **Tung Ming » Senior Research Analyst (2001)**

Tung is responsible for assisting and supporting the Progress Investment team with respect to manager research and portfolio analytics. Prior to serving as an Investment Analyst, Tung was a Portfolio Accountant with Progress where he was responsible for fund accounting, calculating performance and monitoring compliance. Tung earned a bachelor of arts degree in finance from the University of Maryland at College Park.

## **Janice M. Osugi, CFA » Senior Research Analyst (2012)**

Janice is responsible for manager sourcing, research and monitoring, and supporting the analysis and evaluation of funded accounts. Janice has over 13 years of investment management and financial services experience. Prior to joining Progress, she was senior investment analyst for the Jewish Community Federation where she performed key roles in investment evaluation and oversight, promoting fiduciary best-practices for \$3 billion assets. Before the JCF, she spent eight years at Credit Suisse Private Banking where she was responsible for investment analysis, asset allocation, risk modeling, and performance measurement for her clients. Janice earned a bachelor of arts degree in economics from the University of California at Berkeley and is a CFA charter holder.

## **Ronald M. Aubert II » Research Analyst (2013)**

Ron is responsible for assisting and supporting the Investment team's manager sourcing, research and monitoring, portfolio analytics, and risk analysis efforts. Prior to joining Progress, Ron was a Junior Equity Research Analyst at Fiduciary Management Associates, LLC where he performed research on the consumer discretionary and technology industries for the firm's small and mid-capitalization products. Prior to his tenure with Fiduciary Management Associates, Ron was an Investment Banking Senior Analyst at Merrill Lynch & Co. where he focused on capital structure optimization for clients in the technology industry. Ron began his career at Ernst & Young, LLP as a Risk Advisory Associate. Ronald earned two bachelor of science degrees in accounting and business administration – corporate finance from the University of Southern California and a master of business administration degree with concentrations in economics, behavioral economics, finance, and entrepreneurship from The University of Chicago Booth School of Business.

## **Andrew Finver » Director of Hedge Fund Research (2013)**

Andrew is responsible for leading the research and manager sourcing for the firm's Hedge Fund platform. Andrew is involved with the selection and portfolio construction with regards to emerging hedge funds. Andrew has over 14 years of experience, most recently as the director of US research for The Torrey Funds, an emerging manager fund of funds. At Torrey, Andrew was a partner, served on the Investment Committee, and helped triple the firm's AUM. Prior to Torrey, Andrew was an analyst at Valenzuela Capital Partners and an associate in GE Capital's Structured Finance Group. He started his career in HSBC's merger & acquisitions team. Andrew earned a bachelor of arts degree in political studies/ psychology from Pitzer College in Claremont, CA, and a masters in international affairs from Columbia University.

# Professional Biographies | marketing and client service

## **Adrienne E. Gaines » Senior Vice President, Strategic Client Relations and Marketing (2010)**

Adrienne is responsible for strategic relationship management and business development in the public fund market. Additionally, she works with the Progress team on sales strategy, new product development, and the establishment of new distribution channels, namely Taft-Hartley. Prior to joining Progress, Adrienne was founder and Managing Member of AMA Advisors, an independently-owned strategic advisory and consulting firm directed toward investment managers. From 2001 to 2007, Adrienne was a partner at the Yucaipa Companies where she held a variety of leadership positions. Before Yucaipa, Adrienne was a Managing Director at Pacific Corporate Group, a private equity advisory and investment management firm. Adrienne has over 25 years of experience in investor relations, corporate affairs, marketing and business development. She has been professionally active in the investment community her entire career and has developed an extensive global network in the institutional investment industry.

## **Marcus L. Alexis » Senior Vice President, Marketing & Client Service (2013)**

Marcus is responsible for strategic relationship management and business development in the endowment, foundation and corporate markets. Additionally, he works with the Progress team on sales strategy, new product development, and the establishment of new distribution channels. Prior to joining Progress, Marcus was a director of relationship management at Bank of Montreal Asset Management. Prior to his work at Bank of Montreal, Marcus managed the private equity fund-of-funds client service team at Russell Investments; managed the western region consultant relations effort for Wellington Management Company and held business development roles at Allianz Global Investors and Bankers Trust Company. Overall, Marcus has 20 years of experience in institutional business development, client service and consultant relations. In addition to his work with U.S. based investors, he has experience marketing and servicing plan sponsors and consultants domiciled in Canada, the U.K., the Caribbean and Australia. Marcus earned a bachelor of arts degree from Stanford University and a master of business administration degree from the Kellogg School of Management at Northwestern University.

## **Jason Miles » Vice President, Strategy (2013)**

Jason is responsible for enhancing the firm's overall growth strategy via the marketing and client service group including positioning, product development, research and process improvement. Jason has over 16 years of experience executing global growth strategies for both private and public companies. He has significant experience in investment banking and capital market transactions including private placements, mergers, acquisitions, and joint ventures. Prior to joining Progress, Jason was vice president of mergers and acquisitions at Bank of America where he focused on corporate development transactions involving large financial institutions and service providers. Previously, Jason was a senior associate and founding member of Viant Capital, where he focused on transaction execution for emerging growth clients and strategic acquirers. Before Viant Capital, he was an associate and founding member of the Private Equity Placements Group at Banc of America Securities. Jason began his career as an analyst in the Private Capital Markets Group at Robertson Stephens. In the aggregate, Jason has closed over 90 strategic capital transactions totaling over \$7 billion. Jason earned a bachelor of arts degree in corporate finance from Morehouse College where he was a Roothbert Scholar and a master of business administration degree with concentrations in finance and entrepreneurial management from The Wharton School, University of Pennsylvania.

## **Linda D. Cornett » Assistant Vice President, Marketing and Client Service (2004)**

Linda is responsible for all aspects of internal client service. Linda's team ensures that all client and consultant reports are delivered accurately and on time. She is responsible for completing Requests for Proposals, assisting with the production of marketing materials, client presentations and updating commercial databases. Prior to joining Progress, Linda spent 13 years at State Street Corporation where she was an assistant vice president, client relationship management. Linda is a founding member and current acting president of the National Association of Securities Professionals, San Francisco Chapter. Linda earned a bachelor of science degree in business administration from the University of Phoenix.

# Professional Biographies | operations and compliance

## **Sabrina Brutus, CCEP** » Vice President, Operations and Manager Compliance (2011)

Sabrina is responsible for ensuring that the company's middle office operations and manager compliance procedures are rigorously applied in order to prevent violations of client guidelines and federal securities laws. She works closely with Investments, Marketing and Client Service, Finance and the CCO to mitigate operational risk for both the company and the managers. She is also responsible for monitoring legal and ethical business practices as defined by the SEC and other governing bodies. Prior to joining Progress, Sabrina served as chief compliance officer at Bivium Capital Partners, where she was responsible for leading the firm's compliance efforts, including designing and implementing internal controls, policies and procedures to assure compliance with applicable local, state and federal laws and regulations and third-party guidelines; administering the Code of Ethics; monitoring sub-advisers for compliance with portfolio and client investment guidelines; conducting compliance training; performing initial and continuing due diligence of sub-advisers, including on-site visits; managing audits and investigations into regulatory and compliance issues; and responding to requests for information from regulatory bodies. Sabrina was also responsible for the daily operations of the firm. Sabrina earned a bachelor of arts degree in english with a concentration in business administration from Rutgers, The State University of New Jersey. She is a member of the National Association of Securities Professionals, the National Society of Compliance Professionals, the Society of Corporate Compliance and Ethics, and is a Certified Compliance and Ethics Professional.

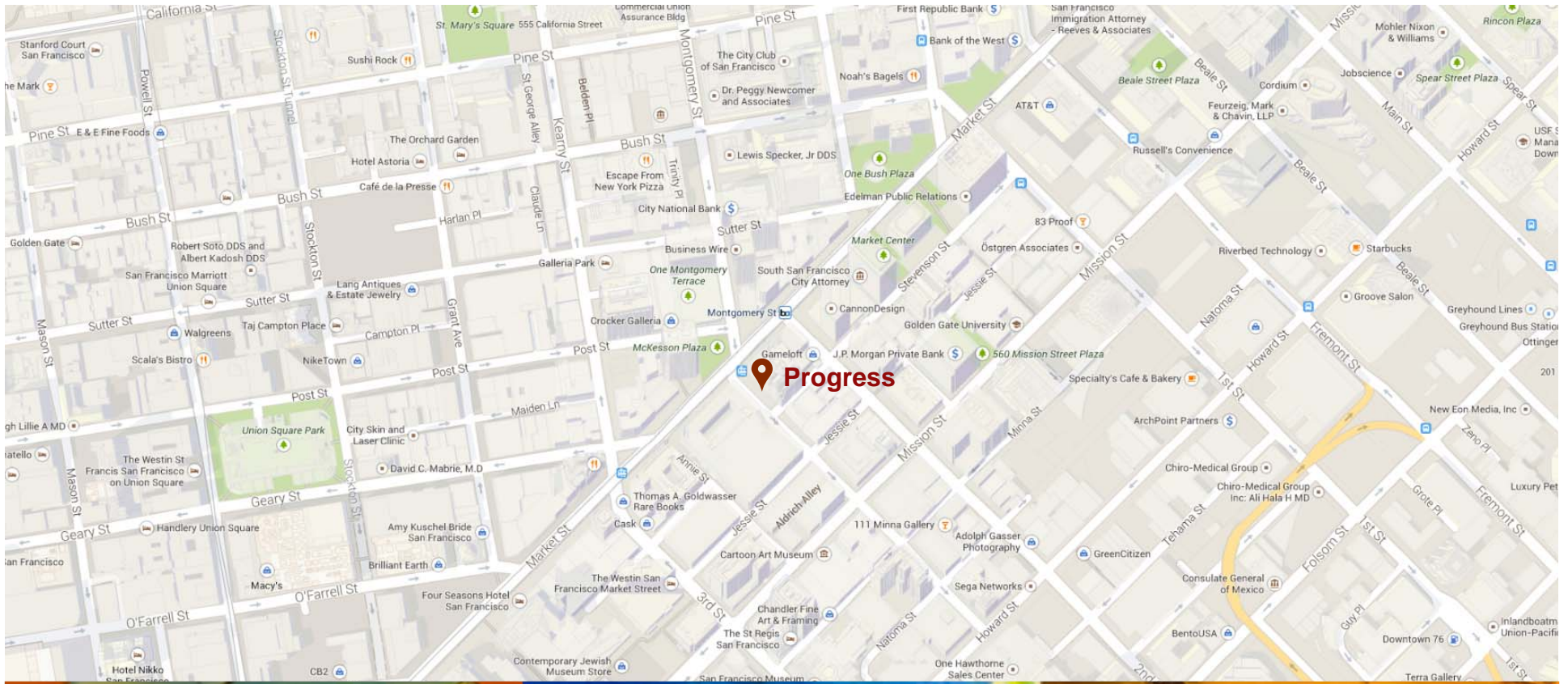
## **Hilda Wong** » Vice President, Fund Administration (2005)

Hilda primarily focuses on all aspects of investment operations, including fund account reconciliation, performance calculation and maintenance of fund transition in the accounting system. She also acts as a liaison between Progress, sub managers and custodians. Prior to Progress, she spent eight years in managing portfolio accounting and performance evaluation for the high-net-worth-individual accounts of Shuman & Schneider Investment Counsel. She then moved to Kaspick & Company (a subsidiary of TIAA-CREF) to serve as a portfolio-reporting analyst. Responsible for trust accounting, client appraisal and performance reporting for the planned-giving services of colleges, universities and other non-profits and foundations. She has been in the investment portfolio/fund accounting business since 1993, beginning her career as an operations analyst with The Boston Company Asset Management, (a subsidiary of Mellon Financial Corporation). Afterwards, she joined Gamboa & Company as a portfolio accountant, providing support of daily trading, monthly reconciliation, appraisal, performance and capital gains reporting of individual accounts. Hilda earned a bachelor of science degree in business administration and accounting from San Francisco State University.

## **Richa Sharma** » Vice President, Information Technology (2006)

Richa is responsible for all of the information technology-related initiatives at Progress, including projects and operations. Richa provides technical design and architecture guidance, as well as management for information-technology projects. Richa has vast experience in software development; she has led a variety of complex software projects for large, multinational organizations. Her core strengths include software-requirements design and development; configuration management; project management; and quality management. Richa earned a bachelor of science degree in mathematics and a master of computer applications degree, both at Himachal Pradesh University in India.





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