

## WILLIS TOWERWEDGE RETIREMENT PLAN Review

For the Period Ending - December 2012



L O C K T O N   R E T I R E M E N T   S E R V I C E S

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## Section 1: Market Commentary



# On The Mark

Economic and Market Update

Fourth Quarter 2012

Issued by Lockton Retirement Services



## ECONOMIC SCORECARD FOR Q4 2012

Topic	Status	Comments
Economic growth	Low and choppy	<ul style="list-style-type: none"> <li>Industrial production increased 2.2% compared to a year ago. This is near the slowest rate of growth since the metric rebounded in 2010.</li> <li>Capacity utilization rates grew in the final two months of the quarter from 78.0% to 78.8%. For perspective, the metric peaked near 81% and troughed near 67%.</li> <li>Total retail sales rebounded to a 4.7% growth rate vs. last year and improved throughout the quarter.</li> <li>Housing starts (Dec: 954K annualized rate) were up 37% from last year. Highest level since 2008.</li> <li>Lending to businesses continues to recover, and is now 6% below the 2008 peak.</li> </ul>
Employment	High but continued improvement	<ul style="list-style-type: none"> <li>The official unemployment was flat at 7.8%, while the most comprehensive rate of underemployment fell from 14.7% in September to 14.4% in December.</li> <li>Private sector job creation continued to moderately improve in Q4 and the Government continued to reduce employment at all levels of government.</li> <li>The average duration of unemployment fell from 39.6 weeks in September to 38.1 weeks in December. The current level is within 3 weeks of the all-time high that was reached in 2011.</li> <li>The trend in the employment market continues to improve when compared to Q3.</li> </ul>
Inflation	Low and anchored	<ul style="list-style-type: none"> <li>Oil prices fell 9% to \$88 per barrel. Inflation rates have fallen this quarter and continue to be moderated by reduced input prices; core inflation rates (CPI: +1.7%, Core CPI: +1.9%) and Producer Price Index (PPI: +1.3%, Core PPI: +2.0%).</li> <li>10-year inflation expectations based on the spread between inflation-indexed and non inflation-indexed Treasury bonds rose 0.03% to 2.45% during Q4.</li> <li>Key measures of the money supply continue to grow, but at a decelerating pace. The money multiplier is increasing but still below one.</li> <li>Inflation has been falling this quarter and remains at low levels.</li> </ul>
Interest rates	All time lows	<ul style="list-style-type: none"> <li>The Treasury yield curve was relatively unchanged. Most interest rates remain at all-time lows.</li> <li>Credit spreads on corporate bonds tightened as investors became less concerned over the economy.</li> <li>Rates remain "favorable" from a borrowing perspective but "unfavorable" from a saving perspective.</li> </ul>
Markets	Steady for now . . .	<ul style="list-style-type: none"> <li>The S&amp;P 500 was flat for the quarter, but had a "V-shaped" sell-off and recovery after the election.</li> <li>Valuations have risen but remain reasonable with an S&amp;P 500 1-year forward P/E multiple of 13X.</li> <li>Earnings for 2013 are currently expected to be 13.8% higher than 2012.</li> </ul>

## Fourth Quarter 2012 • On The Mark

## MARKET UPDATE

## Annualized Return: Broad Market Equity Indices

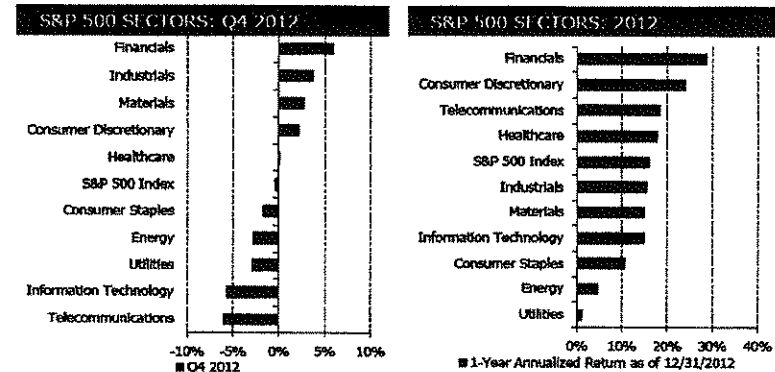
	Q4 2012	2012	1-Year	3-Year	5-Year	10-Year
Dow Jones Industrials	-1.74%	10.24%	10.24%	10.87%	2.62%	7.32%
S&P 500	-0.38%	16.00%	16.00%	10.87%	1.66%	7.10%
NASDAQ	-3.10%	15.91%	15.91%	9.99%	2.63%	8.50%
MSCI EAFE	6.57%	17.32%	17.32%	3.56%	-3.69%	8.21%
MSCI ACWI	2.88%	16.13%	16.13%	6.63%	-1.16%	8.11%
MSCI Emerging Markets	5.58%	18.22%	18.22%	4.66%	-0.92%	16.52%
MSCI US REIT	2.50%	17.77%	17.77%	18.04%	5.58%	11.58%
DJ UBS Commodity	-6.33%	-1.06%	-1.06%	0.07%	-5.17%	4.09%

Source: Dow Jones, Standard &amp; Poor's, NASDAQ, &amp; MSCI. Data as of: 12/31/2012.

- ❖ The U.S. stock market posted small losses during Q4 while keeping close tabs on Washington:
  - Markets fell sharply following Obama's re-election (-5%).
  - Losses were recovered as investors became more optimistic the "fiscal cliff" would be resolved (+5%).
- ❖ 2012 was a successful year in the stock market with most indices posting gains above 15%.
- ❖ Most indices now have a return above 8% for the last decade.
- ❖ Non-U.S. markets outperformed for the quarter and full year, but have lagged significantly over the last five years.
- ❖ Commodities posted losses, while REIT's delivered strong performance.

## Annualized Return: S&amp;P 500 Sectors

- ❖ Q4 2012 had a wide range of returns by sector:
  - Half of the sectors posted gains (led by Financials).
  - Half of the sectors posted losses. Telecom and Technology were the worst.
- ❖ Financials were the best performer for 2012, following several years of underperformance in the post-financial crisis era.
- ❖ Utilities and Energy were the laggards for the year, but still posted gains.



	Q4 2012		
	Value	Core	Growth
Large	1.52%	0.12%	-1.32%
Mid	3.93%	2.88%	1.69%
Small	3.22%	1.85%	0.45%

	2012		
	Value	Core	Growth
Large	17.51%	16.42%	15.26%
Mid	18.51%	17.28%	15.81%
Small	18.05%	16.35%	14.59%

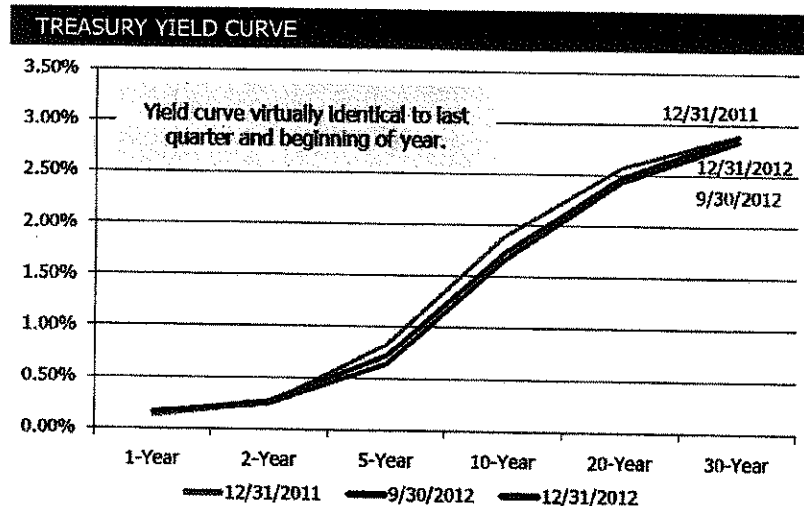
Source: Russell Investment Group. Data as of: 12/31/2012.

- ❖ Value outperformed Growth in the quarter and for the full year.
- ❖ Small caps outperformed for Q4, but there was very little differentiation by size for the full year.
- ❖ Mid Value was the best performing area of the U.S. market in 2012.



## MARKET UPDATE

### Treasury Yield Curve



Source: Federal Reserve, Moody's. Data as of 09/30/2012.

- Only minor changes in the yield curve: low and flat below three years and a normal upward sloping shape beyond that point.

### Fixed Income Yields and Spreads

	12/31/02	12/31/07	12/31/09	12/31/11	09/30/12	12/31/12
2-Year Treasury	1.61%	3.05%	1.14%	0.25%	0.25%	0.27%
5-Year Treasury	2.78%	3.45%	2.69%	0.83%	0.64%	0.72%
10-Year Treasury	3.83%	4.04%	3.85%	1.89%	1.66%	1.73%
Moody's Corporate Aaa	6.09%	5.41%	5.33%	3.77%	3.37%	3.62%
Spread vs. 10-Yr Treasury (bps):	+226	+137	+148	+188	+171	+189
Moody's Corporate Baa	7.31%	6.56%	6.39%	5.16%	4.71%	4.58%
Spread vs. 10-Yr Treasury (bps):	+348	+252	+254	+327	+305	+285

Source: Federal Reserve, Moody's. Data as of: 12/31/2012.

- Longer maturity Treasury yields rose by 0.05% to 0.10%.
- Credit spreads rose by 0.18% for Aaa debt while dropping by 0.20% for Baa bonds which indicates investors are stretching credit risk tolerance to find more yield.

### Annualized Return: Fixed Income Indices

	Q4 2012	2012	1-Year	3-Year	5-Year	10-Year
2-Year Treasury	0.05%	0.31%	0.31%	1.39%	2.59%	2.84%
5-Year Treasury	-0.01%	2.29%	2.29%	6.18%	6.12%	4.76%
10-Year Treasury	-0.23%	4.13%	4.13%	9.64%	7.38%	5.58%
BarCap US Aggregate	0.22%	4.22%	4.22%	6.19%	5.95%	5.18%
BarCap US Corp IG	1.06%	9.82%	9.82%	8.98%	7.87%	6.33%
BarCap US Corp HY	3.29%	15.81%	15.81%	11.86%	10.34%	10.62%
BarCap US TIPS	0.69%	6.98%	6.98%	8.90%	7.04%	6.65%
BarCap Global Aggregate	-0.48%	4.32%	4.32%	5.17%	5.44%	5.98%

Source: Barclay's Capital. Data as of: 12/31/2012.

- Longer duration treasuries had minor losses due to the small rise in yields.
- Credit-sensitive bonds were the best performers for the quarter due to the higher starting yields and falling spreads for lower quality issues.
- Over the longer-term periods, a combination of higher duration and higher credit risk delivered the best performance.
- U.S. and non-U.S. bonds have had similar returns in most trailing periods.
- Ten-year performance for stocks significantly above bonds providing a return to a normal upward sloping risk/return profile.

**Fund Scorecard**  
As of 12/31/2012

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
Fund/ Universe/ Benchmark	Return 3Yr	Return 5Yr	Return 1Yr Outperf. Index	Return 3Yr Outperf. Index	Return 5Yr Outperf. Index	Std Dev 5Yr Outperf. Index	Alpha 5Yr	Beta 5Yr	Info Ratio 5Yr	Overall Rating	Watch List Since
Weighted Percentage	15%	15%	5%	10%	15%	10%	10%	10%	10%		
<b>Principal Diversified Real Asset A (PRDAX)</b> Morningstar Moderate Allocation Benchmark: DJ US Moderate TR USD	Not Rated	Not Rated	Below	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated	●	2012-03-31
<b>American Beacon Lg Cap Value Inv (AAGPX)</b> Morningstar Large Value Benchmark: Russell 1000 Value TR USD	Exceeds	Below	Exceeds	Below	Below	Exceeds	Below	Below	Below	●	2012-03-31
<b>Diamond Hill Large Cap A (DHLAX)</b> Morningstar Large Value Benchmark: Russell 1000 Value TR USD	Below	Exceeds	Below	Below	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	●	
<b>Goldman Sachs Large Cap Value Instl (GSLIX)</b> Morningstar Large Value Benchmark: Russell 1000 Value TR USD	Below	Below	Exceeds	Below	Below	Exceeds	Below	Exceeds	Below	●	2012-03-31
<b>Janus Forty 8 (JARTX)</b> Morningstar Large Growth Benchmark: Russell 1000 Growth TR USD	Below	Below	Exceeds	Below	Below	Below	Below	Below	Below	●	2012-03-31

**Comments:** Ron Sachs (2008) is the portfolio manager for the fund. Ron has had success on previous portfolios, but the track record on this fund has been underwhelming. The fund has performed above median in 37% of its rolling 1-year periods and 0% of the rolling 3-year periods. The portfolio maintains a top decile risk level which helps explain the bottom decile performance in 2011 and the top decile performance in 2012. The outlier was 2010, as the portfolio struggled in a rising market. This was partially due to an overweight in financials throughout the year. This portfolio has the potential to deliver high levels of performance, but investors can be assured that the ride is likely to be a volatile one. It is likely that this portfolio will deliver top quartile performance in rising markets, and bottom quartile performance in defensive markets.

This evaluation about the funds in your plan has been prepared pursuant to your specific request. This scorecard should be considered together with the fund's performance and supporting detail analysis. This information is provided in order to assist in the prudent investment analysis of the funds in your plan and possible alternatives. Asset categories are determined by Morningstar for registered products. For unregistered products, asset categories are determined by fund provider. Benchmark indices are representative of each fund's investment style.

**Fund Scorecard Selected Measurement Criteria:**

- |   |  |
|---|--|
| (1) Return 3Yr : Highest 50%                    | (6) Std Dev 5Yr Outperf. Index : Lesser than 1.1 x |
| (2) Return 5Yr : Highest 50%                    | (7) Alpha 5Yr : Greater than 0%                    |
| (3) Return 1Yr Outperf. Index : Greater than 0% | (8) Beta 5Yr : Lowest 50%                          |
| (4) Return 3Yr Outperf. Index : Greater than 0% | (9) Info Ratio 5Yr : Highest 50%                   |
| (5) Return 5Yr Outperf. Index : Greater than 0% |  |

**This information is not intended as a solicitation for investment in any of the funds listed**

**Overall Rating Legend**

- |                |                |                 |
|----------------|----------------|-----------------|
| ● = Exceeds    | ○ = Below      | ● = Below       |
| Exceeds >= 50% | Below < 50%    | Below < 50%     |
|                | < 3 Quarter(s) | >= 3 Quarter(s) |

**Fund Scorecard**  
As of 12/31/2012

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
Fund/ Universe/ Benchmark	Return 3Yr	Return 5Yr	Return 1Yr Outperf. Index	Return 3Yr Outperf. Index	Return 5Yr Outperf. Index	Std Dev 5Yr Outperf. Index	Alpha 5Yr	Beta 5Yr	Info Ratio 5Yr	Overall Rating	Watch List Since
Weighted Percentage	15%	15%	5%	10%	15%	10%	10%	10%	10%		
<b>Prudential Jennison 20/20 Focus Z (PTWZX)</b> Morningstar Large Growth Benchmark: Russell 1000 Growth TR USD	Below	Exceeds	Below	Below	Below	Below	Below	Below	Exceeds	●	2012-03-31
<b>T. Rowe Price Growth Stock (PRGFX)</b> Morningstar Large Growth Benchmark: Russell 1000 Growth TR USD	Exceeds	Exceeds	Exceeds	Below	Below	Exceeds	Below	Below	Exceeds	●	
<b>T. Rowe Price Mid-Cap Value (TRMCX)</b> Morningstar Mid-Cap Value Benchmark: Russell Mid Cap Value TR USD	Below	Exceeds	Exceeds	Below	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	●	
<b>Royce Value Svc (RYVFX)</b> Morningstar Mid-Cap Blend Benchmark: Russell Mid Cap TR USD	Below	Exceeds	Below	Below	Exceeds	Exceeds	Exceeds	Below	Exceeds	●	
<b>Munder Mid-Cap Core Growth Y (MGOYX)</b> Morningstar Mid-Cap Growth Benchmark: Russell Mid Cap Growth TR USD	Exceeds	Below	Exceeds	Exceeds	Below	Exceeds	Below	Exceeds	Below	●	
<b>Fidelity Advisor Small Cap I (FSCIX)</b> Morningstar Small Blend Benchmark: Russell 2000 TR USD	Below	Below	Below	Below	Below	Exceeds	Below	Exceeds	Below	20	2012-12-31

**Comments:** James Harmon took over the portfolio from Harry Lange in 2006. The portfolio had success beating the benchmark and peers over longer periods, but performance in any given one year stretch has amounted to a volatile coin flip. In his 7 years on the portfolio, 3 calendar years were bottom 5%, 2 were top 5%, and 2 were near median. The portfolio has bottom quartile risk levels which gives it a tendency to trail by large amounts in quickly appreciating markets. This portfolio trailed the benchmark by over 10% in 2012, which placed it as one of the worst managers of the year. The portfolio has now underperformed in 3 straight years which drops 3-year performance metrics to the bottom of the category. The 5-year metrics are still 2nd quartile, but they are likely to have considerable downward pressure throughout 2013.

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**Fund Scorecard Selected Measurement Criteria:**

- |   |  |
|---|--|
| (1) Return 3Yr : Highest 50%                    | (6) Std Dev 5Yr Outperf. Index : Lesser than 1.1 x |
| (2) Return 5Yr : Highest 50%                    | (7) Alpha 5Yr : Greater than 0%                    |
| (3) Return 1Yr Outperf. Index : Greater than 0% | (8) Beta 5Yr : Lowest 50%                          |
| (4) Return 3Yr Outperf. Index : Greater than 0% | (9) Info Ratio 5Yr : Highest 50%                   |
| (5) Return 5Yr Outperf. Index : Greater than 0% |  |

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|----------------|----------------|-----------------|
| ● = Exceeds    | ○ = Below      | ● = Below       |
| Exceeds >= 50% | Below < 50%    | Below < 50%     |
|                | < 3 Quarter(s) | >= 3 Quarter(s) |

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**As of 12/31/2012**

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
Fund/ Universe/ Benchmark	Return 3Yr	Return 5Yr	Return 1Yr Outperf. Index	Return 3Yr Outperf. Index	Return 5Yr Outperf. Index	Std Dev 5Yr Outperf. Index	Alpha 5Yr	Beta 5Yr	Info Ratio 5Yr	Overall Rating	Watch List Since
Weighted Percentage	15%	15%	5%	10%	15%	10%	10%	10%	10%		
<b>MFS International Value R3 (MINGX)</b> Morningstar Foreign Large Value Benchmark: MSCI EAFE Value NR USD	Exceeds	Exceeds	Below	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	●	
<b>Thornburg International Value R4 (THVRX)</b> Morningstar Foreign Large Growth Benchmark: MSCI EAFE Growth NR USD	Below	Below	Below	Below	Exceeds	Exceeds	Below	Exceeds	Below	35	2012-09-30
<b>Comments:</b> Bill Fries has been the portfolio manager for the fund since 1998. The fund has a strong long-term track record and has outperformed the benchmark/peers in 36 of 40 rolling 5-year periods. The fund suffered four straight years of underperformance from 2009 ? 2012. These periods are negatively affecting the fund's 3 and 5-year performance rankings. Management invests on an opportunistic basis and looks for companies with an intrinsic value not recognized in the market place. Recent underperformance is attributed to stock selection in Emerging Markets, however, the fund has only underperformed the Index 2 of the last 10 calendar years. The portfolio was recently categorized to Foreign Large Growth, and performance is more favorable when compared to the core/blend benchmark and peer group.											
<b>Lazard Emerging Markets Equity Open (LZOEX)</b> Morningstar Diversified Emerging Mkts Benchmark: MSCI EM NR USD	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	●	
<b>Invesco Real Estate R5 (IARIX)</b> Morningstar Real Estate Benchmark: MSCI US REIT GR USD	Below	Exceeds	Below	Below	Below	Exceeds	Below	Exceeds	Exceeds	45	2012-12-31

**Comments:** Joe Rodriguez has been the portfolio manager of this strategy for nearly 18 years. The portfolio has a strong long-term track record as demonstrated by having a 5-year return above median in 34 of the last 40 quarters. Invesco Real Estate has lagged in the recent REIT recovery. Historically, investors in this fund capture about 90% of a bull market's returns, but above average returns in choppy and flat markets. Such was the case in 2007 and 2008, when the fund handily outperformed its peers. Current 3-year performance is near bottom decile, while the 5-year returns are upper 2nd quartile. The 5-year ranks are likely to move downward in 2013 and will likely continue to fall the scorecard.

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**Fund Scorecard Selected Measurement Criteria:**

- |   |  |
|---|--|
| (1) Return 3Yr : Highest 50%                    | (6) Std Dev 5Yr Outperf. Index : Lesser than 1.1 x |
| (2) Return 5Yr : Highest 50%                    | (7) Alpha 5Yr : Greater than 0%                    |
| (3) Return 1Yr Outperf. Index : Greater than 0% | (8) Beta 5Yr : Lowest 50%                          |
| (4) Return 3Yr Outperf. Index : Greater than 0% | (9) Info Ratio 5Yr : Highest 50%                   |
| (5) Return 5Yr Outperf. Index : Greater than 0% |  |

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- |                |                |                 |
|----------------|----------------|-----------------|
| ● = Exceeds    | ○ = Below      | ● = Below       |
| Exceeds >= 50% | Below < 50%    | Below < 50%     |
|                | < 3 Quarter(s) | >= 3 Quarter(s) |

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## Fund Scorecard

As of 12/31/2012

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## Index Funds

	(1)	(2)	(3)	(4)	(5)	(6)	(7)		
Fund/ Universe/ Benchmark	Expense Ratio	R-Sqrd 3Yr	Return 1Yr Outperf. Index	Return 3Yr Outperf. Index	Return 5Yr Outperf. Index	Return 10Yr Outperf. Index	R-Sqrd 5Yr	Overall Rating	Watch List Since
Weighted Percentage	25%	20%	5%	10%	10%	10%	20%		
<b>SunTrust Retirement 500 Index B</b> Morningstar Large Blend Benchmark: Russell 1000 TR USD	Exceeds	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated	●	

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**Fund Scorecard Selected Measurement Criteria:**

- (1) Expense Ratio : Lowest 25%  
 (2) R-Sqrd 3Yr : Highest 95%  
 (3) Return 1Yr Outperf. Index : Greater than 0.9 x  
 (4) Return 3Yr Outperf. Index : Greater than 0.9 x  
 (5) Return 5Yr Outperf. Index : Greater than 0.9 x  
 (6) Return 10Yr Outperf. Index : Greater than 0.9 x  
 (7) R-Sqrd 5Yr : Greater than 95%

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## Overall Rating Legend

- = Exceeds  
 Exceeds >= 50%  
 ○ = Below  
 Below < 50%  
 < 3 Quarter(s)  
 ● = Below  
 Below < 50%  
 >= 3 Quarter(s)

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## Performance Review &amp; Percentile Ranking

As of 12/31/2012

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Fund/ Universe/ Benchmark		QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	% Rank QTD*	% Rank 1 Yr*	% Rank 3 Yr*	% Rank 5 Yr*	% Rank 10 Yr*	Net Expense Ratio
<b>Federated Prime Obligs Instl Svc (PRSXX)</b>	●	0.00	0.01	0.01	0.01	0.61	1.73	43	46	58	18	23	0.45
Universe: Morningstar Money Market - Taxable		0.01	0.02	0.02	0.03	0.46	1.54	-	-	-	-	-	0.58
Benchmark: BofAML US Treasury Bill 3 Mon		0.04	0.11	0.11	0.11	0.52	1.78	-	-	-	-	-	-
<b>Federated US Treasury Cash Reserves Svc (TISXX)</b>	●	0.00	0.00	0.00	0.00	0.26	1.38	68	76	82	90	77	0.45
Universe: Morningstar Money Market - Taxable		0.01	0.02	0.02	0.03	0.46	1.54	-	-	-	-	-	0.58
Benchmark: BofAML US Treasury Bill 3 Mon		0.04	0.11	0.11	0.11	0.52	1.78	-	-	-	-	-	-
<b>Federated Mortgage Svc (FGFSX)</b>	45	0.04	3.16	3.16	4.25	4.51	4.13	18	30	79	74	57	0.88
Universe: Morningstar Intermediate Government		-0.17	2.80	2.80	5.01	5.06	4.18	-	-	-	-	-	0.98
Benchmark: Barclays US Govt Interm TR USD		0.03	1.73	1.73	4.25	4.51	4.10	-	-	-	-	-	-
<b>Harbor Bond Instl (HABDX)</b>	●	0.89	9.32	9.32	6.89	7.52	6.34	35	20	49	17	14	0.55
Universe: Morningstar Intermediate-Term Bond		0.76	7.01	7.01	6.96	6.08	5.12	-	-	-	-	-	0.92
Benchmark: Barclays US Agg Bond TR USD		0.21	4.21	4.21	6.19	5.95	5.18	-	-	-	-	-	-
<b>Harbor High-Yield Bond Instl (HYFAX)</b>	●	2.34	11.50	11.50	9.53	8.21	8.43	87	91	84	46	69	0.66
Universe: Morningstar High Yield Bond		3.07	14.67	14.67	10.49	8.02	8.87	-	-	-	-	-	1.15
Benchmark: Merrill Lynch High Yield U.S. Master II		3.18	15.58	15.58	11.60	10.01	10.39	-	-	-	-	-	-
<b>Fidelity Balanced (FBALX)</b>	45	0.21	12.90	12.90	9.30	2.81	8.21	82	30	14	40	5	0.60
Universe: Morningstar Moderate Allocation		1.13	11.71	11.71	7.70	2.32	6.40	-	-	-	-	-	1.33
Benchmark: DJ US Moderate TR USD		1.06	11.92	11.92	10.04	4.80	7.88	-	-	-	-	-	-
<b>Principal Diversified Real Asset A (PRDAX)</b>	●	-0.57	7.23	7.23	-	-	-	94	95	-	-	-	1.25
Universe: Morningstar Moderate Allocation		1.13	11.71	11.71	7.70	2.32	6.40	-	-	-	-	-	1.33
Benchmark: DJ US Moderate TR USD		1.06	11.92	11.92	10.04	4.80	7.88	-	-	-	-	-	-

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MIL

# Performance Review & Percentile Ranking As of 12/31/2012

# LockSMART®

STRATEGIC MONITORING AND RESEARCH TOOL

Fund/ Universe/ Benchmark		QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	% Rank QTD*	% Rank 1 Yr*	% Rank 3 Yr*	% Rank 5 Yr*	% Rank 10 Yr*	Net Expense Ratio
<b>American Beacon Lg Cap Value Inv (AAGPX)</b>	●	2.22	18.68	18.68	9.62	0.24	8.14	18	10	42	53	11	0.96
Universe: Morningstar Large Value		0.98	14.57	14.57	9.04	0.33	6.70	-	-	-	-	-	1.21
Benchmark: Russell 1000 Value TR USD		1.52	17.51	17.51	10.86	0.59	7.38	-	-	-	-	-	-
<b>Diamond Hill Large Cap A (DHLAX)</b>	●	0.96	12.29	12.29	7.90	1.62	9.28	50	79	73	27	2	1.06
Universe: Morningstar Large Value		0.98	14.57	14.57	9.04	0.33	6.70	-	-	-	-	-	1.21
Benchmark: Russell 1000 Value TR USD		1.52	17.51	17.51	10.86	0.59	7.38	-	-	-	-	-	-
<b>Goldman Sachs Large Cap Value Instl (GSLIX)</b>	●	1.99	19.62	19.62	7.81	-0.34	6.81	21	4	78	64	48	0.79
Universe: Morningstar Large Value		0.98	14.57	14.57	9.04	0.33	6.70	-	-	-	-	-	1.21
Benchmark: Russell 1000 Value TR USD		1.52	17.51	17.51	10.86	0.59	7.38	-	-	-	-	-	-
<b>SunTrust Retirement 500 Index B</b>	●	-	-	-	-	-	-	-	-	-	-	-	0.40
Universe: Morningstar Large Blend		0.49	14.96	14.96	9.05	0.68	6.64	-	-	-	-	-	1.18
Benchmark: Russell 1000 TR USD		0.12	16.42	16.42	11.12	1.92	7.52	-	-	-	-	-	-
<b>Janus Forty S (JARTX)</b>	●	0.41	23.65	23.65	6.57	-0.56	8.82	28	3	89	78	16	1.18
Universe: Morningstar Large Growth		-0.65	15.34	15.34	9.29	1.13	7.14	-	-	-	-	-	1.28
Benchmark: Russell 1000 Growth TR USD		-1.32	15.26	15.26	11.35	3.12	7.52	-	-	-	-	-	-
<b>Prudential Jennison 20/20 Focus Z (PTWZX)</b>	●	0.12	13.27	13.27	6.56	2.30	10.01	32	71	95	28	8	0.88
Universe: Morningstar Large Growth		-0.65	15.34	15.34	9.29	1.13	7.14	-	-	-	-	-	1.28
Benchmark: Russell 1000 Growth TR USD		-1.32	15.26	15.26	11.35	3.12	7.52	-	-	-	-	-	-
<b>T. Rowe Price Growth Stock (PRGFY)</b>	●	-1.04	18.92	18.92	11.25	2.64	8.25	54	14	18	23	22	0.70
Universe: Morningstar Large Growth		-0.65	15.34	15.34	9.29	1.13	7.14	-	-	-	-	-	1.28
Benchmark: Russell 1000 Growth TR USD		-1.32	15.26	15.26	11.35	3.12	7.52	-	-	-	-	-	-

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MILE

# Performance Review & Percentile Ranking

As of 12/31/2012

# LockSMART®

STRATEGIC MONITORING AND RESEARCH TOOL

Fund/ Universe/ Benchmark		QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	% Rank QTD*	% Rank 1 Yr*	% Rank 3 Yr*	% Rank 5 Yr*	% Rank 10 Yr*	Net Expense Ratio
<b>T. Rowe Price Mid-Cap Value (TRMCX)</b>	●	2.35	19.63	19.63	9.86	4.94	10.76	78	16	73	18	14	0.81
Universe: Morningstar Mid-Cap Value		3.35	16.60	16.60	10.77	2.87	9.14	-	-	-	-	-	1.33
Benchmark: Russell Mid Cap Value TR USD		3.93	18.51	18.51	13.39	3.79	10.63	-	-	-	-	-	-
<b>Royce Value Svc (RYVFX)</b>	●	3.15	9.66	9.66	8.23	3.83	13.23	57	91	85	31	4	1.46
Universe: Morningstar Mid-Cap Blend		3.38	16.15	16.15	10.83	2.26	8.88	-	-	-	-	-	1.30
Benchmark: Russell Mid Cap TR USD		2.88	17.28	17.26	13.15	3.57	10.65	-	-	-	-	-	-
<b>Munder Mid-Cap Core Growth Y (MGOYX)</b>	●	2.25	16.01	16.01	13.04	1.64	10.77	26	30	23	81	20	1.07
Universe: Morningstar Mid-Cap Growth		1.17	14.07	14.07	11.08	1.72	9.01	-	-	-	-	-	1.39
Benchmark: Russell Mid Cap Growth TR USD		1.69	15.81	15.81	12.91	3.23	10.32	-	-	-	-	-	-
<b>Fidelity Advisor Small Cap I (FSCIX)</b>	20	1.69	6.34	6.34	6.26	2.48	10.22	71	99	99	68	25	1.01
Universe: Morningstar Small Blend		2.54	15.46	15.46	11.88	3.09	9.30	-	-	-	-	-	1.36
Benchmark: Russell 2000 TR USD		1.85	16.35	16.35	12.25	3.56	9.72	-	-	-	-	-	-
<b>MFS International Value R3 (MINGX)</b>	●	2.51	15.78	15.78	7.41	1.01	10.68	97	63	4	4	4	1.21
Universe: Morningstar Foreign Large Value		6.66	16.21	16.21	3.04	-4.23	7.86	-	-	-	-	-	1.39
Benchmark: MSCI EAFE Value NR USD		7.39	17.89	17.69	2.19	-4.34	8.57	-	-	-	-	-	-
<b>Thornburg International Value R4 (THVRX)</b>	35	6.28	15.40	15.40	4.44	-2.72	10.49	65	75	73	61	22	1.25
Universe: Morningstar Foreign Large Growth		5.49	17.70	17.70	5.73	-2.35	8.97	-	-	-	-	-	1.43
Benchmark: MSCI EAFE Growth NR USD		5.77	16.86	16.86	4.85	-3.09	7.77	-	-	-	-	-	-
<b>Lazard Emerging Markets Equity Open (LZOEX)</b>	●	5.52	22.03	22.03	6.99	1.46	18.09	70	18	16	11	10	1.42
Universe: Morningstar Diversified Emerging Mkts		6.10	18.15	18.15	4.28	-2.13	15.46	-	-	-	-	-	1.66
Benchmark: MSCI EM NR USD		5.58	18.22	18.22	4.66	-0.92	16.52	-	-	-	-	-	-

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MILES &amp; STOCKER INVESTMENT ADVISORS, L.P.

MILES &amp; STOCKER INVESTMENT ADVISORS, L.P.

## Performance Review &amp; Percentile Rankings

As of 12/31/2012

**LockSMART®**  
 STRATEGIC MONITORING AND RESEARCH TOOL

Fund/ Universe/ Benchmark		QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	% Rank QTD*	% Rank 1 Yr*	% Rank 3 Yr*	% Rank 5 Yr*	% Rank 10 Yr*	Net Expense Ratio
Invesco Real Estate R6 (IARIX)	(45)	2.24	16.99	16.99	15.93	5.37	12.63	50	45	79	42	9	0.86
Universe: Morningstar Real Estate		2.32	17.60	17.60	17.29	4.86	10.66	-	-	-	-	-	1.39
Benchmark: MSCI US REIT GR USD		2.50	17.77	17.77	18.04	5.58	11.58	-	-	-	-	-	-

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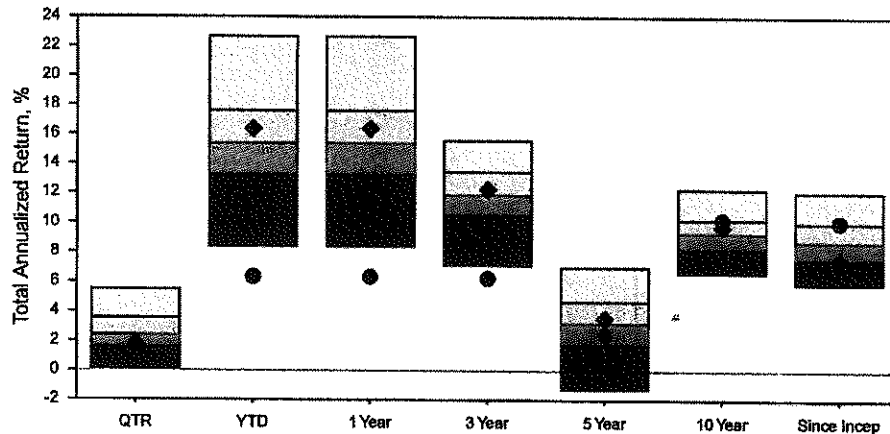
## Section 4: Individual Fund Analysis



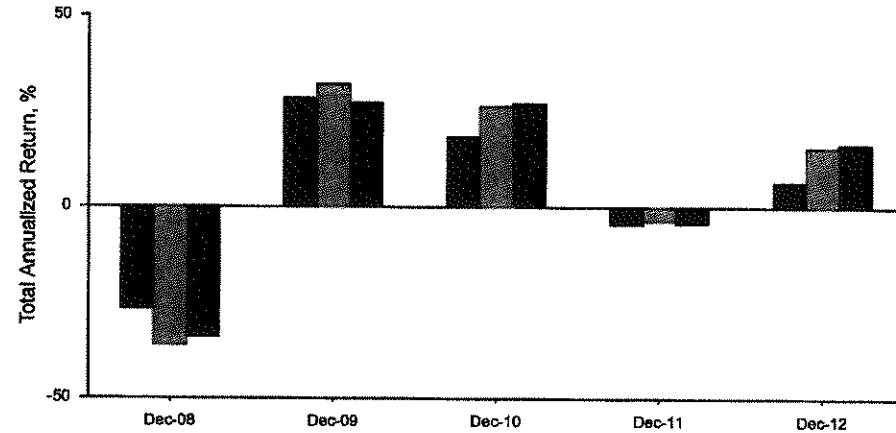
# Performance

**Product Name:** Fidelity Advisor Small Cap I  
**Inception Date:** 09-09-1998  
**Portfolio Manager:** James Harmon  
**Portfolio Manager Tenure:** 7.17 Years  
**Benchmark:** Russell 2000 TR USD  
**Universe:** Morningstar Small Blend  
**Date:** December 31, 2012

**Annualized Performance vs. Morningstar Small Blend**  
Oct 1998 - Dec 2012

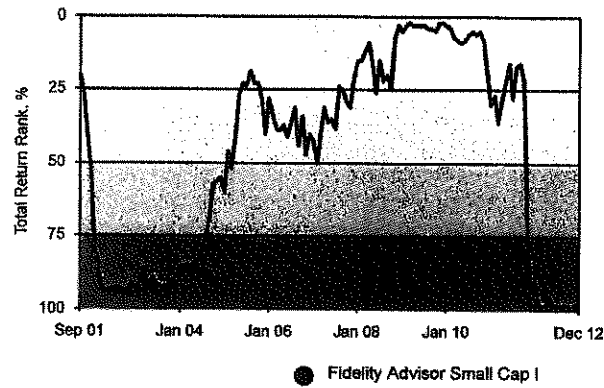


**Calendar Year Performance**  
Dec-2008 - Dec-2012

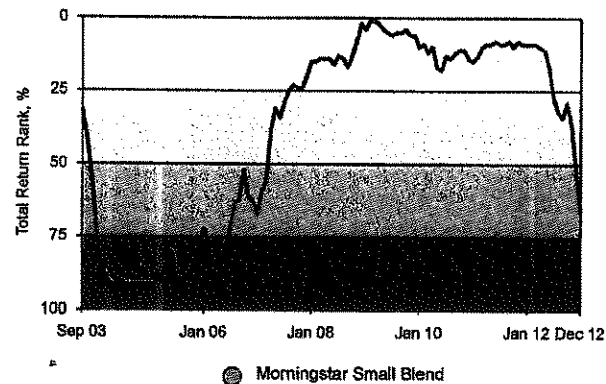


	QTR	YTD	1Yr	3Yr	5Yr	10Yr	ITD		2008	2009	2010	2011	2012
Fidelity Advisor Small Cap I	1.69	6.34	6.34	6.26	2.48	10.22	10.08	Fidelity Advisor Small Cap I	-26.58	28.31	18.09	-4.47	6.34
Russell 2000 TR USD	1.85	16.35	16.35	12.25	3.56	9.72	7.54	Russell 2000 TR USD	-33.79	27.17	26.85	-4.18	16.35
Morningstar Small Blend	2.54	15.46	15.46	11.88	3.09	9.30	9.05	Morningstar Small Blend	-35.99	31.87	26.08	-3.63	15.46

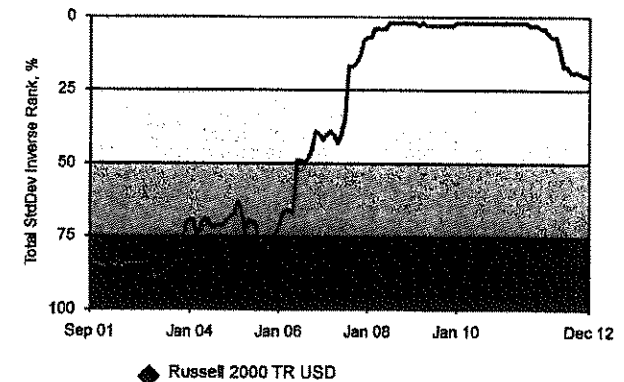
**3 Yr Rolling Performance Ranking vs. Morningstar Small Blend**  
Oct 1998 - Dec 2012



**5 Yr Rolling Performance Ranking vs. Morningstar Small Blend**  
Oct 1998 - Dec 2012



**3 Yr Rolling Risk Ranking vs. Morningstar Small Blend**  
Oct 1998 - Dec 2012



There is no assurance that the fund will meet its objective. Please see important performance disclosures attached.

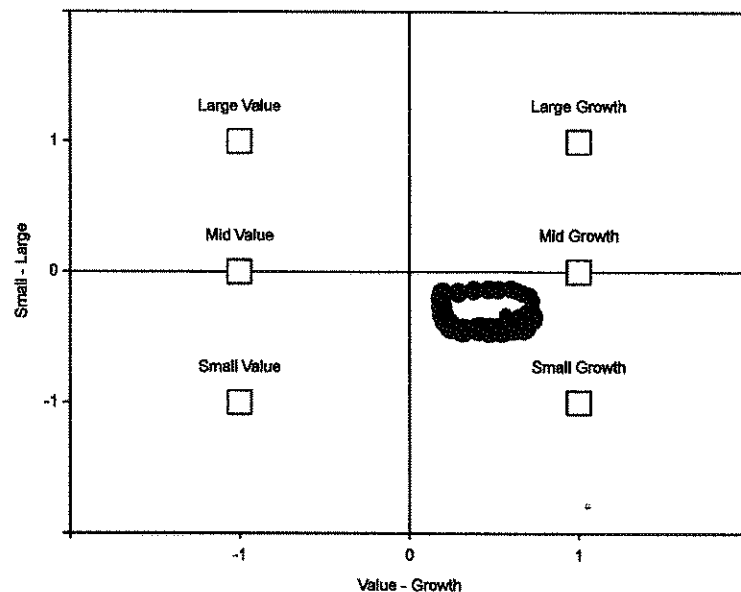
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# Risk & Style Analysis

**Product Name:** Fidelity Advisor Small Cap I  
**Inception Date:** 09-09-1998  
**Portfolio Manager:** James Harmon  
**Portfolio Manager Tenure:** 7.17 Years  
**Benchmark:** Russell 2000 TR USD  
**Universe:** Morningstar Small Blend  
**Date:** December 31, 2012

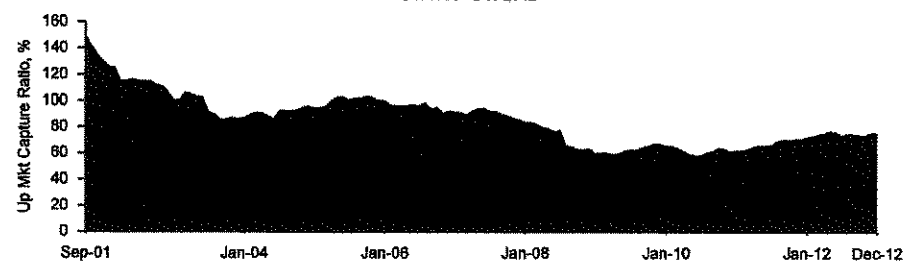
**Style Map**

12 Month moving average, Jan 2008 - Dec 2012



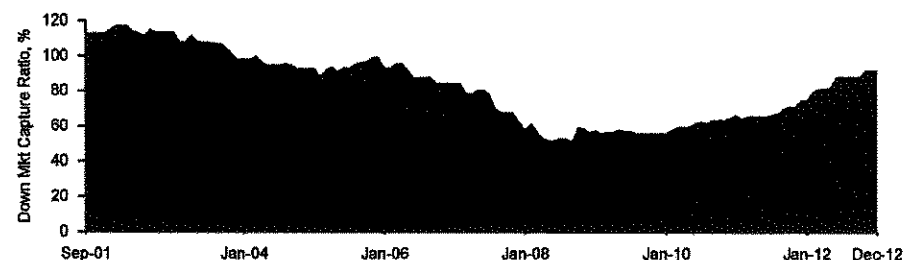
**36 Month Rolling Up Mkt Capture ratio**

Oct 1998 - Dec 2012



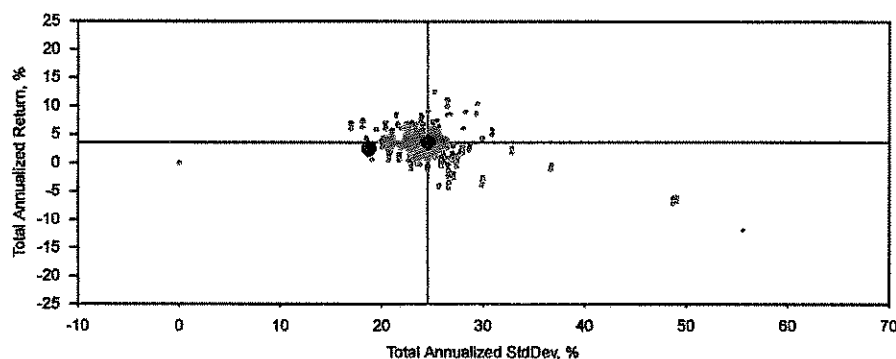
**36 Month Rolling Down Mkt Capture ratio**

Oct 1998 - Dec 2012



**Performance Vs. Risk**

Jan 2008 - Dec 2012



**3 Year Statistics**

	Fund	Benchmark	Universe
Alpha(%)	-4.19	0.00	0.05
Beta	0.88	1.00	0.97
R-Squared(%)	93.48	100.00	96.18
Std.Dev.	18.55	20.48	20.28
Info Ratio	-1.11	-	-0.33

**5 Year Statistics**

	Fund	Benchmark	Universe
Alpha(%)	-0.68	0.00	-0.25
Beta	0.72	1.00	0.98
R-Squared(%)	89.73	100.00	95.21
Std.Dev.	18.72	24.55	24.63
Info Ratio	-0.12	-	-0.22

● Fidelity Advisor Small Cap I

● Morningstar Small Blend

◆ Russell 2000 TR USD

There is no assurance that the fund will meet its objective. Please see important performance disclosures attached.

For Individual Plan Sponsor Use Only

Screening Process



## PERFORMANCE MEASUREMENT IN VOLATILE TIMES

*Originally published in On The Mark, Q3 2010*

The extreme swings in performance that were experienced in equity markets during 2008 and 2009 have a profound impact on the monitoring and performance measurement of portfolio holdings. In some instances, the conclusions drawn from return data or peer ranks can be misleading. 2011 will be a year where there is a high risk of drawing false conclusions based on performance data. Lockton wants to be proactive with this issue so that clients are well prepared for any performance oddities they encounter and can ultimately make better investment decisions as a result.

This situation is most easily communicated through an example using two very different investment managers in the same asset category. For this example, Lockton is comparing one of the most aggressive (high beta) large-cap value managers to one of the most conservative (low beta) managers.

**TABLE 1—CALENDAR YEAR EXCESS RETURN VS. RUSSELL 1000 VALUE**

	Aggressive Manager A	Conservative Manager C
2007	-2.43%	-1.97%
2008	-3.90%	16.80%
2009	10.74%	-7.46%
YTD	2.05%	1.37%

### Successfully Navigated Difficult Environment

Both of these managers handled the 2008-2009 market environments well and were able to add value for investors over the two-year period, but they did so in very different ways. Aggressive Manager A underperformed in the financial crisis of 2008 but led the charge in the 2009 recovery. Conservative Manager C protected investors from losses in 2008 but could not keep pace in the 2009 rally. These are more extreme examples, but as you may recall, this was a fairly similar pattern for many investment managers. Few managers were able to provide an excess return in both environments. Had an investor decided to replace Manager A with Manager C after 2008, the investor would have sustained losses in both years leading to a double-digit cumulative loss instead of the high single-digit gains achieved by sticking with either manager through both years. This situation is similar to and also responsible for the performance issues that will be encountered in 2011.

### Three-Year Performance Becomes Misleading in 2011

Table 2 shows excess return relative to the Russell 1000 Value both on a quarterly basis and a three-year annualized basis. The quarterly excess return for the two managers have a strong negative correlation to each other and saw large magnitude differences between 3Q08 and 3Q09. During 2011, the performance numbers for 2008 will begin to roll off the three-year number while retaining the 2009 numbers. This will skew the three-year investment return in favor of aggressive managers and be detrimental to conservative portfolios. To illustrate this point further, Lockton calculated return projections for both portfolios while assuming that the return for each portfolio and the index would be zero for the next five quarters. Manager C had a three-year annualized excess return of 6.42 percent at the end of Q310 vs. 1.42 percent for Manager A. While holding returns flat over the next five quarters, Manager C's return will fall to -1.76 percent while Manager A's return increases to 3.85 percent. It is important to note that the decline in performance is more of a perception issue than an actual decline in performance. This phenomenon is simply a timing difference due to end-point sensitivity with regards to the large 2008 performance numbers rolling off the three-year number.

	Quarterly Excess Return		3-Year Annualized Excess Return	
	Aggressive Manager A	Conservative Manager C	Aggressive Manager A	Conservative Manager C
1Q08	1.04%	3.05%	0.00%	-0.21%
2Q08	2.25%	1.11%	0.43%	0.52%
3Q08	-2.11%	6.01%	-0.91%	3.48%
4Q08	-5.68%	10.91%	-3.13%	7.57%
1Q09	0.04%	7.51%	-2.96%	10.15%
2Q09	6.86%	-9.20%	-1.81%	7.79%
3Q09	3.76%	-8.84%	0.03%	5.33%
4Q09	-0.30%	1.16%	-0.07%	6.13%
1Q10	3.07%	-3.25%	0.55%	5.30%
2Q10	-1.66%	4.33%	-0.55%	6.91%
3Q10	1.09%	-0.39%	1.42%	6.42%
4Q10	0.00%	0.00%	1.30%	5.99%
1Q11	0.00%	0.00%	0.97%	5.07%
2Q11	0.00%	0.00%	0.23%	4.77%
3Q11	0.00%	0.00%	0.99%	2.75%
4Q11	0.00%	0.00%	3.85%	-1.76%

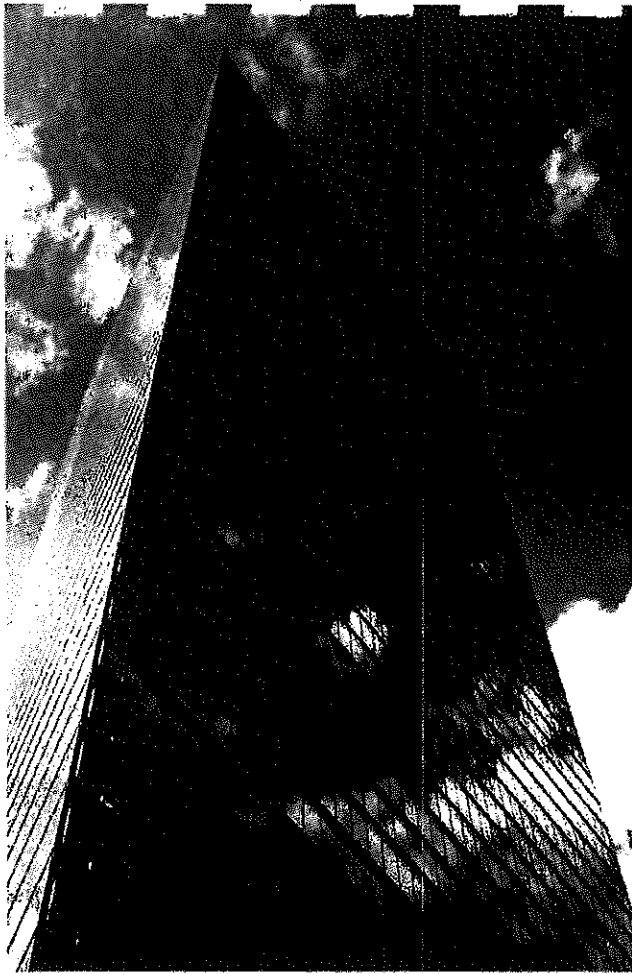
### What to Expect Throughout 2011:

- ❖ Expect "noise" in three-year numbers.
- ❖ Aggressive managers (high beta) should rise to the top of three-year ranks.
- ❖ Conservative managers (low beta) should fall to the bottom of three-year ranks.

### Ways to Control for This Impact:

- ❖ When analyzing three-year performance, pay more attention to risk-adjusted stats like Alpha or the Sharpe ratio.
- ❖ Use five-year return and other time periods that include the combined effects of 2008 and 2009.
- ❖ Do further research to uncover the primary drivers of outperformance or underperformance.

Performance monitoring tools that identify when portfolios fail to meet the Investment Policy Statement criteria are an important part of the investment review process; however, this scenario emphasizes why they should be used as an alerting device but not a decision tool. People must ultimately interpret the information and make critical investment decisions. It is likely that most plans will be affected by this issue over the next year either through routine monitoring of current holdings or when considering replacement options. Understanding how investment data is impacted by the volatile markets will make you a more informed fiduciary and lead to better investment decisions on your participant's behalf.



## Lockton 401K SCG Search Review

For the Period Ending - December 2012



L O C K T O N   R E T I R E M E N T   S E R V I C E S

## Section 1: Performance Review



**LOCKTON, INC.**  
**Lockton 401K SCG Search**  
**Fund Scorecard**  
**As of 12/31/2012**

**LockSMART®**  
 STRATEGIC MONITORING AND RESEARCH TOOL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
Fund/ Universe/ Benchmark	Return 3Yr	Return 5Yr	Return 1Yr Outperf. Index	Return 3Yr Outperf. Index	Return 5Yr Outperf. Index	Std. Dev. 5Yr Outperf. Index	Alpha 5Yr	Beta 5Yr	Info Ratio 5Yr	Overall Rating	Watch List Since
Weighted Percentage	15%	15%	5%	10%	15%	10%	10%	10%	10%		
<b>Fidelity Advisor Small Cap A (FSCDX)</b> <i>Morningstar Small Blend</i> <i>Benchmark: Russell 2000 TR USD</i>	Below	Below	Below	Below	Below	Exceeds	Below	Exceeds	Below	<b>20</b>	2012-12-31
<b>Comments:</b> James Harmon took over the portfolio from Harry Lange in 2006. The portfolio had success beating the benchmark and peers over longer periods, but performance in any given one year stretch has amounted to a volatile coin flip. In his 7 years on the portfolio, 3 calendar years were bottom 5%, 2 were top 5%, and 2 were near median. The portfolio has bottom quartile risk levels which gives it a tendency to trail by large amounts in quickly appreciating markets. This portfolio trailed the benchmark by over 10% in 2012, which placed it as one of the worst managers of the year. The portfolio has now underperformed in 3 straight years which drops 3-year performance metrics to the bottom of the category. The 5-year metrics are still 2nd quartile, but they are likely to have considerable downward pressure throughout 2013.											
<b>Eagle Small Cap Growth I (HSIIX)</b> <i>Morningstar Small Growth</i> <i>Benchmark: Russell 2000 Growth TR USD</i>	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	Below	Exceeds	●	
<b>ING SmallCap Opportunities I (NSPIX)</b> <i>Morningstar Small Growth</i> <i>Benchmark: Russell 2000 Growth TR USD</i>	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	●	

*This evaluation about the funds in your plan has been prepared pursuant to your specific request. This scorecard should be considered together with the fund's performance and supporting detail analysis. This information is provided in order to assist in the prudent investment analysis of the funds in your plan and possible alternatives. Asset categories are determined by Morningstar for registered products. For unregistered products, asset categories are determined by fund provider. Benchmark indices are representative of each fund's investment style.*

**Fund Scorecard Selected Measurement Criteria:**

- |   |  |
|---|--|
| (1) Return 3Yr : Highest 50%                    | (6) Std Dev 5Yr Outperf. Index : Lesser than 1.1 x |
| (2) Return 5Yr : Highest 50%                    | (7) Alpha 5Yr : Greater than 0%                    |
| (3) Return 1Yr Outperf. Index : Greater than 0% | (8) Beta 5Yr : Lowest 50%                          |
| (4) Return 3Yr Outperf. Index : Greater than 0% | (9) Info Ratio 5Yr : Highest 50%                   |
| (5) Return 5Yr Outperf. Index : Greater than 0% |  |

*This information is not intended as a solicitation for investment in any of the funds listed*

**Overall Rating Legend**

- |                |                |                 |
|----------------|----------------|-----------------|
| ● = Exceeds    | ○ = Below      | ● = Below       |
| Exceeds >= 50% | Below < 50%    | Below < 50%     |
|                | < 3 Quarter(s) | >= 3 Quarter(s) |



## Lockton 401K SCG Search Analysis (12-31-2012)

Total of 3 Managers in Lineup Reviewed.

Appropriate Category benchmark used for each investment

Portfolio	Fidelity Advisor Small Cap A				Eagle Small Cap Growth I				ING SmallCap Opportunities I					
Ticker	FSCDX (Open)				HSDX (Open)				HSPDX (Open)					
Morningstar Category	Small Blend				Small Growth				Small Growth					
Product Assets	\$3,707.61				\$2,890.57				\$213.24					
Manager Name (Tenure)	James M. Harrison (7.17 Years)				Bert L. Boken (19.67 Years)				Joseph Bassett (0.67 Years)					
Holdings	124 Stocks		0 Bonds		100 Stocks		0 Bonds		151 Stocks		0 Bonds			
Equity Holdings by Region	75.88% US		16.06% Non-US		8.06% Cash				96.23% US		1.21% Non-US		2.56% Cash	
Wtd Avg Mkt Cap (\$M)	\$1,407.07				\$2,013.84				\$1,584.93					
Turnover (%)	38%				44%				72%					
Net Expense Ratio (12B-1)	1.31% (0.25%)				0.82% (0%)				1.11% (NA%)					
Estimated Revenue Sharing by Share Class	Ticker	Exp Ratio	Rev Share		Ticker	Exp Ratio	Rev Share		Ticker	Exp Ratio	Rev Share			
	FSCDX	1.01	0.23		HSDX	0.82	0.07		HSPDX	1.11	0.24			
	FSCDX	1.31	0.45		HSRDX	0.83	0.17		HSOWX	1.16	---			
	FSCDX.hw	1.31	---		HSRUX	0.85	0.00		HSRUX	1.31	0.45			
	FSCITX	1.31	0.73		HSRDX	1.16	0.47		HSRDX.hw	1.31	---			
	FSCEX	2.06	1.20		HSRDX.hw	1.16	---		HSORX	1.78	---			
Consistency Analysis (40 Quarters Max)	1 Year	3 Year	5 Year	Composite	1 Year	3 Year	5 Year	Composite	1 Year	3 Year	5 Year	Composite		
Long Term Rolling Average	53%	63%	66%	60%	68%	88%	93%	83%	65%	68%	60%	64%		
Average Excess Return	2.2%	2.3%	2.2%	2.2%	4.78%	4.36%	3.64%	4.2%	6.28%	6.68%	4.74%	6.2%		
Standard Deviation of Excess Return	7.70%	4.22%	2.65%	4.78%	4.36%	3.64%	5.28%	6.68%	4.74%	4.74%	4.74%	4.74%		
Best Performance	14.0%	0.0%	0.0%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%		
Worst Performance	-19.12%	-7.27%	-4.74%	-10.06%	-2.68%	-0.50%	-19.06%	-18.06%	-11.65%	-19.06%	-18.06%	-11.65%		
Number of Quarters	10	10	10	10	10	10	10	10	10	10	10	10		
% of Time Spent in each Quartile	1 Year	3 Year	5 Year		1 Year	3 Year	5 Year		1 Year	3 Year	5 Year			
1st Quartile	27.5%	35.0%	47.4%		35.0%	52.5%	42.5%		32.5%	37.5%	40.0%			
2nd Quartile	15.0%	12.5%	15.0%		22.5%	25.0%	25.0%		15.0%	22.5%	10.0%			
Above Median	52.5%	67.5%	63.2%		57.5%	77.5%	90.0%		67.5%	62.5%	58.0%			
3rd Quartile	10.0%	8.0%	10.0%		12.5%	12.5%	12.5%		10.0%	10.0%	10.0%			
4th Quartile	30.0%	27.5%	23.7%		10.0%	0.0%	0.0%		10.0%	27.5%	40.0%			
Philosophy/Process														
Historical Return Profile														
Current View														
Risk Guidelines														
RPI Study	1 Year	3 Year Rank	5 Year	5 Year Rank	1 Year	3 Year Rank	5 Year	5 Year Rank	1 Year	3 Year Rank	5 Year	5 Year Rank		
Absolute Metrics														
Annualized Return	5.94%	99	7.17%	71	15.23%	10	5.64%	8	15.79%	7	6.04%	6		
Standard Deviation	6.23%	96	4.87%	91	12.13%	10	6.33%	10	12.22%	10	6.20%	8		
Sharpe Ratio	0.40	98	0.18	75	0.77	22	0.33	10	0.85	9	0.35	7		
Benchmark Relative Metrics														
Beta (RANK)	73%	95	73%	5	73%	21	73%	2	72%	7	73%	1		
Tracking Error	5.38%	21	9.11%	12	4.42%	58	4.25%	82	3.78%	79	3.83%	91		
Information Ratio	0.17	97	0.17%	8	0.02%	81	0.01%	93	0.01%	93	0.01%	93		
Alpha	-4.50%	96	-0.97%	70	2.29%	20	2.16%	9	3.60%	10	2.50%	7		
Best	28%	80	28%	5	28%	80	28%	5	28%	80	28%	5		
Upside Capture	75%	92	68%	99	103%	12	102%	10	95%	43	95%	37		
Downside Capture	92%	82	92%	9	92%	82	92%	9	92%	82	92%	9		
R-Squared	93%	87	90%	91	94%	52	97%	23	97%	21	96%	7		
Calendar Year Returns	Annualized Return	Excess Return	Rank		Annualized Return	Excess Return	Rank		Annualized Return	Excess Return	Rank			
2003	20.50%	7.72%	87		40.43%	-8.11%	86		46.24%	-8.36%	80			
2004	21.76%	5.55%	7		16.06%	3.13%	78		16.55%	-3.21%	78			
2005	7.49%	2.90%	39		1.43%	-7.77%	87		8.86%	4.70%	38			
2006	33.80%	18.05%	86		37.81%	8.06%	73		38.99%	-0.64%	81			
2007	12.63%	14.40%	4		7.39%	0.34%	89		9.78%	2.73%	45			
2008	23.02%	5.82%	52		28.25%	2.22%	82		28.62%	8.81%	35			
2009	18.02%	0.84%	83		34.83%	0.30%	84		31.61%	-2.68%	89			
2010	37.00%	26.69%	82		33.72%	8.33%	7		33.72%	8.33%	14			
2011	-4.68%	-20.83%	89		-1.62%	1.29%	36		0.68%	3.58%	20			
2012	3.72%	16.14%	92		12.86%	0.81%	57		13.24%	0.68%	82			
YTD	6.01%	10.13%	80		14.60%	0.01%	37		13.24%	0.68%	30			



## Lockton 401K SCG Search Analysis (12-31-2012)

Portfolio	Fidelity Advisor Small Cap A				Eagle Small Cap Growth I				ING SmallCap Opportunities I			
Ticker	FSCDX (Open)				HSIIX (Open)				NSPIX (Open)			
Morningstar Category	Small Blend				Small Growth				Small Growth			
Product Assets	\$3,707.01				\$2,890.57				\$211.24			
Manager Name (Tenure)	James M. Harmon (7.17 Years)				Bert L. Boksen (19.67 Years)				Joseph Basset (0.67 Years)			
Holdings	124 Stocks 0 Bonds				100 Stocks 0 Bonds				151 Stocks 0 Bonds			
Equity Holdings by Region	75.88%	16.06%	8.06%		95.24%	3.02%	1.74%		96.23%	1.21%	2.56%	
Wtd Avg Mkt Cap (\$M)	\$1,407.07				\$2,013.84				\$1,584.93			
Turnover (%)	38%				44%				72%			
Net Expense Ratio (12B-1)	1.31% (0.25%)				0.82% (0%)				1.11% (NA%)			
Consistency Analysis (40 Quarters Max)	1 Year	3 Year	5 Year	Composite	1 Year	3 Year	5 Year	Composite	1 Year	3 Year	5 Year	Composite
Long Term Rolling Average	53%	63%	66%	60%	68%	88%	93%	83%	65%	68%	60%	64%
Average Excess Return	7.26%	6.55%	6.55%	6.55%	12.38%	8.8%	8.6%	8.6%	12.38%	8.8%	8.6%	8.6%
Standard Deviation of Excess Return	7.70%	4.22%	2.65%		4.78%	4.36%	3.64%		6.28%	6.68%	4.74%	
Best Performance	19.12%	-7.27%	-4.74%		-10.06%	-2.68%	-0.50%		-19.06%	-18.06%	-11.65%	
Worst Performance	-19.12%	-7.27%	-4.74%		-10.06%	-2.68%	-0.50%		-19.06%	-18.06%	-11.65%	
Number of Quarters	40	40	40		40	40	40		40	40	40	
% of Time Spent in each Quartile	1 Year	3 Year	5 Year		1 Year	3 Year	5 Year		1 Year	3 Year	5 Year	
1st Quartile	27.5%	35.0%	47.4%		35.0%	52.5%	42.5%		32.5%	37.5%	40.0%	
2nd Quartile	27.5%	35.0%	47.4%		35.0%	52.5%	42.5%		32.5%	37.5%	40.0%	
Above Median	52.5%	67.5%	63.2%		57.5%	77.5%	90.0%		67.5%	62.5%	50.0%	
3rd Quartile	27.5%	35.0%	47.4%		35.0%	52.5%	42.5%		32.5%	37.5%	40.0%	
4th Quartile	30.0%	27.5%	23.7%		10.0%	0.0%	0.0%		10.0%	27.5%	40.0%	
MPT Stats	3 Year	Rank	5 Year	Rank	3 Year	Rank	5 Year	Rank	3 Year	Rank	5 Year	Rank
Absolute Metrics:												
Annualized Return	5.94%	99	2.17%	71	15.23%	10	5.64%	8	15.79%	7	6.04%	6
Standard Deviation	18.55%	88	18.1%	87	18.1%	87	18.1%	87	18.1%	87	18.1%	87
Sharpe Ratio	0.40	98	0.18	75	0.77	22	0.33	10	0.85	9	0.35	7
Benchmark-Relative Metrics:												
Excess Return	16.12%	29	1.36%	11	22.11%	10	1.16%	11	16.12%	29	1.36%	11
Tracking Error	5.38%	21	9.11%	12	4.42%	58	4.25%	82	3.78%	79	3.83%	91
Information Ratio	1.08	93	0.15	70	0.25	11	0.25	11	1.08	93	0.15	70
Alpha	-4.50%	96	-0.97%	70	2.39%	20	2.16%	9	3.60%	10	2.50%	7
Beta	0.88	94	0.72	72	0.72	10	0.72	10	0.88	94	0.72	72
Upside Capture	75%	92	68%	99	103%	12	102%	10	95%	43	95%	37
Downside Capture	75%	92	68%	99	103%	12	102%	10	95%	43	95%	37
R-Squared	93%	87	90%	91	96%	52	97%	23	97%	21	98%	7
Return												
Calendar Year Returns	Annualized Return	Excess Return	Rank		Annualized Return	Excess Return	Rank		Annualized Return	Excess Return	Rank	
2003	39.50%	7.75%	17		40.43%	1.23%	58		40.24%	8.36%	60	
2004	23.83%	5.83%	17		18.84%	2.73%	28		10.08%	4.21%	75	
2005	7.46%	2.90%	39		1.43%	2.72%	92		8.86%	4.70%	38	
2006	9.88%	-8.48%	95		17.81%	3.46%	13		17.90%	-0.43%	43	
2007	12.83%	14.40%	4		7.39%	0.34%	59		9.78%	2.73%	45	
2008	26.84%	8.95%	9		36.27%	2.11%	15		36.22%	1.97%	10	
2009	28.02%	0.84%	53		34.83%	0.56%	54		31.82%	-2.45%	69	
2010	12.80%	9.06%	95		34.83%	0.56%	54		31.82%	-2.45%	69	
2011	-4.80%	-0.62%	69		-1.62%	1.29%	36		0.68%	3.58%	20	
2012	9.01%	10.34%	99		14.80%	0.01%	27		15.26%	0.68%	30	
YTD	6.01%	10.34%	39		14.80%	0.01%	37		15.26%	0.68%	30	

Appropriate Category benchmark used for each investment

## Lockton 401K SCG Search Analysis (12-31-2012)

Total of 3 Managers in Lineup Reviewed.

Appropriate Category benchmark used for each Investment

Portfolio	Fidelity Advisor Small Cap A				Eagle Small Cap Growth I				ING SmallCap Opportunities I			
Ticker	FSCDX (Open)				HSDX (Open)				HSPDX (Open)			
Morningstar Category	Small Blend				Small Growth				Small Growth			
Product Assets	\$3,707.01				\$2,550.57				\$221.24			
Manager Tenure	James M. Harman (7.17 Years)				Bert L. Bohman (15.67 Years)				Joseph Robert (0.67 Years)			
Holdings	124 Stocks 16.06% Non-US 0 Bonds 8.06% Cash				100 Stocks 3.02% Non-US 1.74% Cash				151 Stocks 0 Bonds			
Equity Holdings by Region	75.88% US 16.06% Non-US 8.06% Cash				95.24% US 3.02% Non-US 1.74% Cash				96.23% US 1.21% Non-US 2.56% Cash			
Wtd Avg Mkt Cap (\$M)	\$1,407.07				\$2,013.84				\$1,584.93			
Turnover (%)	38%				44%				72%			
Net Expense Ratio (12B-1)	1.31% (0.25%)				0.82% (0%)				1.11% (NA%)			
Estimated Revenue Sharing by Share Class	Ticker	Exp Ratio	Rev Share		Ticker	Exp Ratio	Rev Share		Ticker	Exp Ratio	Rev Share	
	FSCDX	1.01	0.23		HSDX	0.82	0.07		HSPDX	1.11	0.26	
	FSCDX	1.31	0.45		HSDX	0.85	0.17		HSPDX	1.26	---	
	FSCDX	1.31	---		HSDX	0.85	0.06		HSPDX	1.51	0.45	
	FSCDX	1.31	0.73		HSDX	1.16	0.47		HSPDX	1.51	---	
	FSCDX	2.06	1.30		HSDX	1.16	---		HSPDX	1.74	---	
Consistency Analysis (40 Quarters Max)	1 Year	3 Year	5 Year	Composite	1 Year	3 Year	5 Year	Composite	1 Year	3 Year	5 Year	Composite
Long Term Batting Average	48%	71%	89%	69%	72%	93%	100%	88%	#N/A	#N/A	#N/A	#N/A
Average Excess Return	8.92%	5.57%	1.74%		4.18%	1.36%	0.96%		#N/A	#N/A	#N/A	
Standard Deviation of Excess Return	7.6%	5.0%	1.0%		10.6%	1.0%	0.6%		#N/A	#N/A	#N/A	
Best Performance	-19.12%	-7.27%	-1.38%		-6.25%	-2.03%	0.32%		#N/A	#N/A	#N/A	
Worst Performance	-19.12%	-7.27%	-1.38%		-6.25%	-2.03%	0.32%		#N/A	#N/A	#N/A	
Number of Outliers	25	1	1		25	1	1		25	1	1	
% of Time Spent in each Quartile	1 Year	3 Year	5 Year		1 Year	3 Year	5 Year		1 Year	3 Year	5 Year	
1st Quartile	36.0%	52.9%	66.7%		38.9%	50.0%	55.0%		#N/A	#N/A	#N/A	
2nd Quartile	36.0%	52.9%	66.7%		38.9%	50.0%	55.0%		#N/A	#N/A	#N/A	
Above Median	44.0%	70.6%	88.9%		63.9%	82.1%	100.0%		#N/A	#N/A	#N/A	
3rd Quartile	44.0%	70.6%	88.9%		63.9%	82.1%	100.0%		#N/A	#N/A	#N/A	
4th Quartile	40.0%	29.4%	0.0%		11.1%	0.0%	0.0%		#N/A	#N/A	#N/A	
Philosophy/Process												
Historical Return Profile												
Current View												
Risk Guidelines												
APT Stat	3 Year	3 Year Rank	5 Year	5 Year Rank	3 Year	3 Year Rank	5 Year	5 Year Rank	1 Year	3 Year Rank	5 Year	5 Year Rank
Absolute Metrics:												
Annualized Return	5.94%	99	2.17%	71	15.23%	10	5.64%	8	15.79%	7	6.04%	6
Standard Deviation	7.6%	99	5.0%	77	10.6%	10	1.0%	10	11.1%	7	2.1%	7
Sharpe Ratio	0.40	98	0.18	75	0.77	22	0.33	10	0.65	9	0.35	7
Benchmark-Relative Metrics:												
Tracking Error	5.98%	21	9.11%	12	4.42%	58	4.25%	82	3.78%	79	3.83%	91
Information Ratio	0.08	98	0.02	99	0.09	91	0.02	99	0.08	98	0.02	99
Alpha	-4.80%	96	-0.97%	70	2.39%	20	2.16%	9	3.60%	10	2.50%	7
Beta	0.93	91	0.77	81	0.93	91	0.93	91	0.93	91	0.93	91
Upside Capture	75%	92	68%	99	103%	12	102%	10	95%	43	95%	37
Downside Capture	93%	90	93%	99	93%	90	93%	99	93%	90	93%	99
R-Squared	93%	87	90%	91	96%	82	97%	23	97%	21	98%	7
Calendar Year Returns	Annualized Return	Excess Return	Rank		Annualized Return	Excess Return	Rank		Annualized Return	Excess Return	Rank	
2003	33.90%	7.70%	57		40.43%	11.0%	34		40.34%	-0.90%	89	
2004	13.70%	0.70%	17		16.00%	1.0%	8		16.00%	-0.21%	75	
2005	7.46%	2.90%	39		1.43%	-2.2%	51		8.94%	4.70%	39	
2006	9.80%	0.40%	85		12.81%	4.50%	10		9.80%	-0.40%	43	
2007	12.83%	14.40%	4		7.39%	0.34%	39		9.78%	2.73%	48	
2008	-26.84%	0.35%	7		-18.22%	1.7%	17		-26.84%	0.00%	90	
2009	28.02%	0.84%	53		24.83%	0.36%	84		31.82%	-2.8%	69	
2010	17.80%	-0.09%	95		23.73%	0.60%	7		25.73%	0.95%	16	
2011	-4.80%	-0.52%	88		-1.42%	1.29%	34		0.68%	3.84%	20	
2012	28.11%	-10.34%	98		14.00%	0.6%	87		19.28%	0.86%	30	
YTD	6.81%	-10.24%	99		14.60%	0.01%	37		15.26%	0.88%	30	

## Lockton 401K SCG Search Analysis (12-31-2012)

Portfolio	Fidelity Advisor Small Cap A				Eagle Small Cap Growth I				ING SmallCap Opportunities I			
Ticker	FSCDX (Open)				HSIIX (Open)				NSPIX (Open)			
Morningstar Category	Small Blend				Small Growth				Small Growth			
Product Assets	\$3,707.01				\$2,890.57				\$211.24			
Manager Tenure	James M. Harmon (7.17 Years)				Bert L. Bokan (19.67 Years)				Joseph Bassot (0.67 Years)			
Holdings	124 Stocks 0 Bonds				100 Stocks 0 Bonds				151 Stocks 0 Bonds			
Equity Holdings by Region	75.88% US 16.06% Non-US 8.06% Cash				95.24% US 3.02% Non-US 1.74% Cash				96.23% US 1.21% Non-US 2.56% Cash			
Wtd Avg Mkt Cap (\$M)	\$1,407.07				\$2,013.84				\$1,584.93			
Turnover (%)	38%				44%				72%			
Net Expense Ratio (12B-1)	1.31% (0.25%)				0.82% (0%)				1.11% (NA%)			
Consistency Analysis (10 Quarters Max)	1 Year	3 Year	5 Year	Composite	1 Year	3 Year	5 Year	Composite	1 Year	3 Year	5 Year	Composite
Long Term Batting Average	48%	71%	89%	69%	72%	93%	100%	88%	#N/A	#N/A	#N/A	#N/A
Average Excess Return	8.92%	5.57%	1.74%		4.18%	1.36%	0.96%		#N/A	#N/A	#N/A	
Standard Deviation of Excess Return	8.92%	5.57%	1.74%		4.18%	1.36%	0.96%		#N/A	#N/A	#N/A	
Best Performance	-19.12%	-7.27%	-1.38%		-6.25%	-2.03%	0.32%		#N/A	#N/A	#N/A	
Worst Performance	-19.12%	-7.27%	-1.38%		-6.25%	-2.03%	0.32%		#N/A	#N/A	#N/A	
Number of Quarters	10	10	10	10	10	10	10	10	10	10	10	10
% of Time Spent in each Quartile	1 Year	3 Year	5 Year		1 Year	3 Year	5 Year		1 Year	3 Year	5 Year	
1st Quartile	36.0%	52.9%	66.7%		38.9%	50.0%	55.0%		#N/A	#N/A	#N/A	
2nd Quartile	44.0%	70.6%	88.9%		63.9%	82.1%	100.0%		#N/A	#N/A	#N/A	
Above Median	44.0%	70.6%	88.9%		63.9%	82.1%	100.0%		#N/A	#N/A	#N/A	
3rd Quartile	40.0%	29.4%	0.0%		11.1%	0.0%	0.0%		#N/A	#N/A	#N/A	
4th Quartile	40.0%	29.4%	0.0%		11.1%	0.0%	0.0%		#N/A	#N/A	#N/A	
MPT Stats	3 Year	3 Year Rank	5 Year	5 Year Rank	3 Year	3 Year Rank	5 Year	5 Year Rank	3 Year	3 Year Rank	5 Year	5 Year Rank
Absolute Metrics:												
Annualized Return	5.94%	99	2.17%	71	15.23%	10	5.64%	8	15.79%	7	6.04%	6
Standard Deviation	18.25%	98	0.18	75	0.77	22	0.33	10	0.85	9	0.35	7
Sharpe Ratio	0.40	98	0.18	75	0.77	22	0.33	10	0.85	9	0.35	7
Benchmark-Relative Metrics:												
Excess Return	5.38%	21	9.11%	12	4.42%	58	4.25%	82	3.78%	79	3.83%	91
Tracking Error	5.38%	21	9.11%	12	4.42%	58	4.25%	82	3.78%	79	3.83%	91
Information Ratio	-4.50%	96	-0.97%	70	2.35%	20	2.16%	9	3.60%	10	2.50%	7
Alpha	-4.50%	96	-0.97%	70	2.35%	20	2.16%	9	3.60%	10	2.50%	7
Beta	75%	92	68%	99	103%	12	102%	10	95%	43	95%	37
Upside Capture	75%	92	68%	99	103%	12	102%	10	95%	43	95%	37
Downside Capture	93%	87	90%	91	96%	52	97%	23	97%	21	98%	7
R-Squared	93%	87	90%	91	96%	52	97%	23	97%	21	98%	7
Batting Average												
Calendar Year Returns	Annualize d Return	Excess Return	Rank		Annualize d Return	Excess Return	Rank		Annualize d Return	Excess Return	Rank	
2003	39.50%	7.75%	37		40.43%	8.71%	33		40.24%	8.50%	30	
2004	25.76%	2.15%	89		18.62%	1.23%	10		10.97%	-4.21%	75	
2005	7.46%	2.90%	39		1.43%	1.72%	92		8.86%	4.70%	38	
2006	0.88%	-6.48%	95		17.82%	8.49%	13		12.90%	-0.44%	47	
2007	12.83%	14.40%	4		7.39%	0.34%	89		9.78%	2.73%	45	
2008	-26.84%	-6.92%	9		36.12%	13.24%	14		34.12%	1.97%	10	
2009	28.02%	0.84%	53		34.83%	0.36%	84		31.82%	-2.85%	69	
2010	17.38%	-0.06%	93		31.74%	6.33%	7		15.75%	1.27%	16	
2011	-4.80%	-0.61%	89		-1.62%	1.29%	36		0.68%	3.58%	20	
2012	0.01%	-10.34%	99		14.60%	0.01%	37		15.26%	0.68%	30	
YTD	6.01%	-10.34%	99		14.60%	0.01%	37		15.26%	0.68%	30	

Appropriate Category benchmark used for each investment