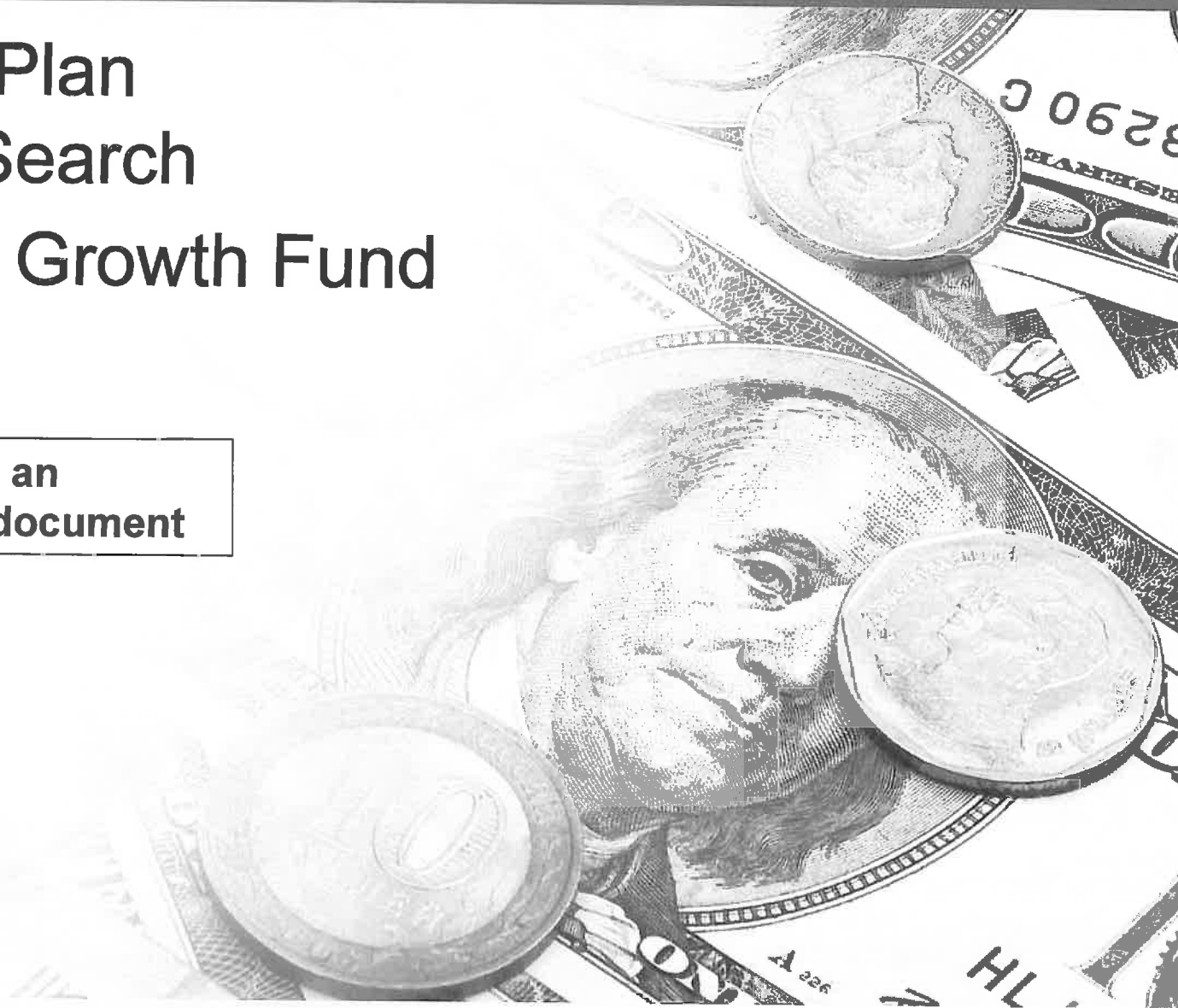


Client DC Plan Manager Search Small Cap Growth Fund

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Introduction

- Buck reviewed potential funds for a Small Cap Growth option in the sample client DC plan lineup to replace Wells Fargo. We reviewed funds based on quantitative factors such as performance, risk characteristics, manager tenure, and fees, along with qualitative factors, such as investment strategy and management team. Funds included in the analysis employ both active and passive approaches.
- We considered managers based upon a combination of independent source data (e.g., Morningstar) and our own experience and research.
- The universe of highly-ranked, available small cap growth funds has been greatly diminished. The total universe includes 242 distinct small growth funds (817 when you include multiple share classes). The preliminary screens we applied included:
 - Open to new investors
 - Minimum of \$250 million in assets under management (inclusive of all share classes)
 - Expense ratio of 1.16% or lower (the average no load fee for a small cap growth fund)
 - Manager tenure of at least 3 years (consistency of team)
 - Beat the Russell 2000 Growth in either the most recent 5 or 10 year period (reasonable performance)
- These screens reduced the number of available funds to 20.
- From this point, we conducted additional research to identify firms that were in fact available (certain funds were listed as open but actually had restrictions as to whom they were open or were in fact closed), offered true small cap growth exposure (some funds had more of a core style despite being listed as growth), and were a firm with which we had some familiarity, and met the qualitative issues we cared about regarding such issues such as firm, people, and process. In some cases, a strategy had a good long-term track record, but after discussions with the firm, we discovered that the strategy had recently changed. In other cases, we had firm level issues, such as with Janus, or strategy issues, such as with Alger.

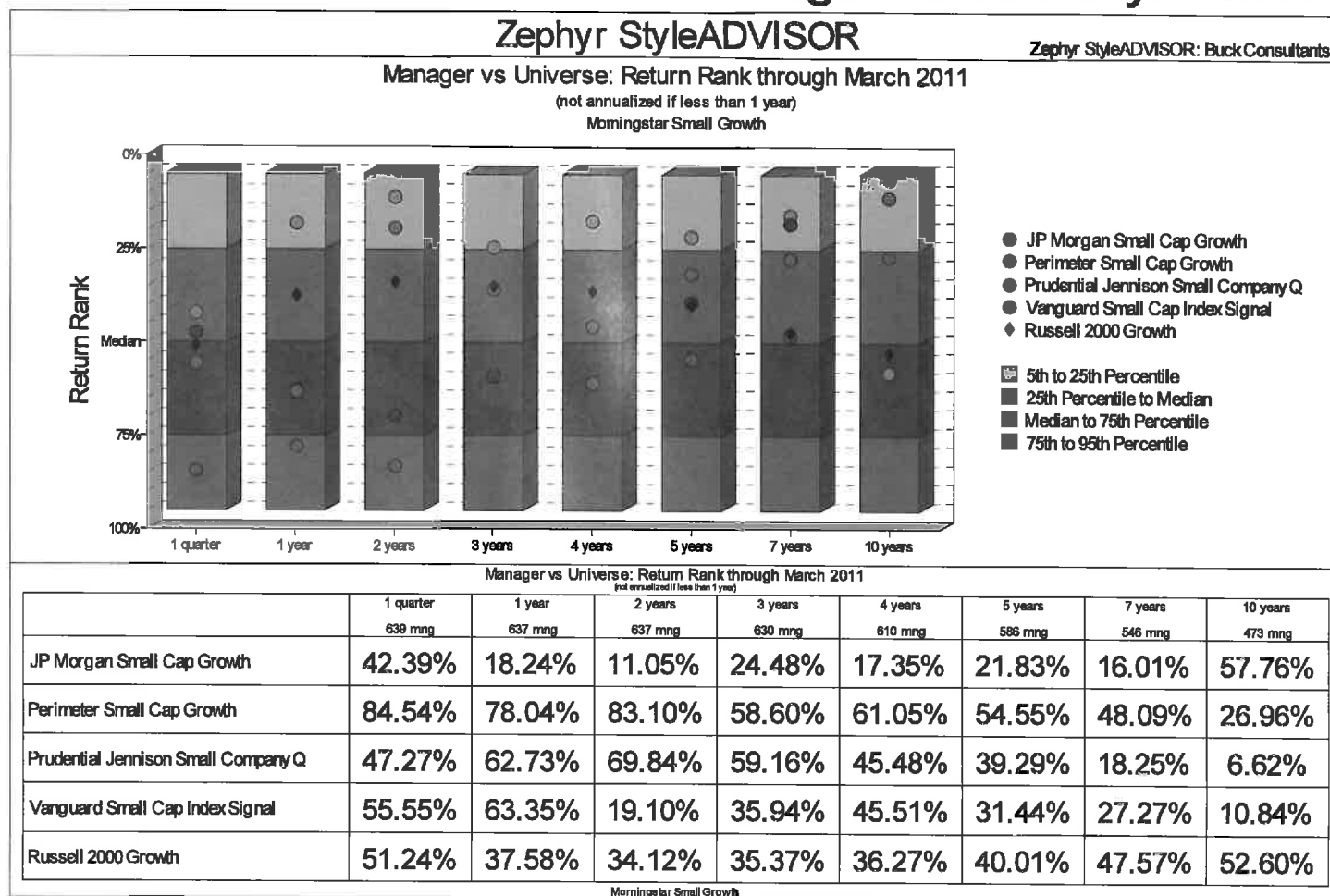
Introduction

- In the end we selected three products that we felt best represented the asset class and met our other considerations.
- In addition, we have included the Vanguard Small Cap Index fund in this report (which is already in the Plan) as a potential fund to which to map Wells Fargo assets. It presents an alternative plan structure that we think may be appealing. Wells Fargo would be eliminated and the plan would offer one actively managed small cap fund (Neuberger Berman Genesis) and one passively managed small cap fund (Vanguard).
- The funds we have included for your consideration are:
 - Perimeter Small Cap Growth
 - Prudential – Jennison Small Company
 - J. P. Morgan Small Cap Growth
 - Vanguard Small Cap Index
- Following are summary write-ups, along with statistics and graphs presenting the above listed products and the firms that offer them compared to a small cap growth benchmark (Russell 2000 Growth) and a small cap growth peer universe as of March 31, 2011.
- Note that return histories for the funds presented are those of the lowest fee share class for which the Plan would be eligible, and may provide comparably less revenue share offset compared to the existing Wells Fargo fund. As of March 31, 2011, the Wells Fargo fund possessed a 40 basis point revenue share offset, which translates into an annual \$17,256 for Plan fees (based on the 3/31 market value of \$4,314,707). Perimeter and JP Morgan both possess small-cap growth equity track records longer than that of their mutual fund. For them, we present separate account return histories adjusted for their mutual fund expense ratios.

Perimeter Small Cap Growth

- Focusing almost exclusively on the management of small-cap growth equity, Perimeter's investment philosophy is that such stocks offer the best opportunities for growth, but are also the most volatile of the equity styles. For this reason, their primary focus is on controlling risk and volatility by maintaining a widely diversified portfolio with an emphasis on high-quality, with the latter manifested in the form of a bias toward a growth-at-a-reasonable price (GARP) investment style orientation.
- The six-member investment team (consisting of a portfolio manager, director of research, and four research analysts), employs a methodology that combines quantitative screening and fundamental research to construct a widely diversified portfolio of 200 names to seek the alpha generation at a controlled level of risk. The investment process begins with an investable universe screened for appropriate market capitalization, leverage, and liquidity constraints. A quantitative ranking system is then applied to the resulting list that is composed of the following factors:
 - 40% Earnings Growth Momentum
 - 25% Earnings Expectation
 - 15% Price Momentum
 - 20% Valuation
- The portfolio manager has discretion to adjust the weightings of the various factors as he deems appropriate. Prospective investment candidates are then selected by identifying stocks whose scores enter the top two deciles of the quantitative rank. The PM and Director of Research qualitatively assess those stocks that appear to be the most promising and assign them to an analyst (all of whom are generalists) for further research. Investment ideas can only originate from the screening process, and not from the analyst. They believe that this helps analysts to approach companies with a "clean slate" and avoid potential bias. In researching companies, analysts particularly favor those with niche businesses that are sustainable with strong competitive advantage. After having conducted research, analysts will present prospective investments to the PM and Director of Research, and both must agree for a new stock to make its way into the portfolio. Analysts are also responsible for managing the position, and to recommend when the elimination of a position is appropriate.

Annualized Returns Universe Rankings Versus Style Universe



- JP Morgan has consistently outperformed the median fund for almost all of the annualized periods shown.
- Perimeter ranks above median for the trailing 7- and 10-year time period
- Prudential ranks above median over trailing 4-years and longer time periods. Ten-year return is in the top decile.

Risk Analysis – Five Year Period

Zephyr StyleADVISOR									
RiskAnalysis									
April 2006 - March 2011: Summary Statistics									
	Standard Deviation	Semi Standard Deviation	Maximum Drawdown	Tracking Error vs. Market	Batting Average vs. Market	Up Capture vs. Market	Down Capture vs. Market	Beta vs. Market	R-Squared vs. Market
JP Morgan Small Cap Growth	23.58%	18.15%	-55.45%	4.33%	50.00%	103.20%	99.06%	1.00	96.62%
Perimeter Small Cap Growth	22.13%	16.89%	-51.64%	3.31%	43.33%	92.24%	97.44%	0.95	98.03%
Prudential Jennison Small Company Q	21.94%	17.29%	-51.03%	5.18%	48.33%	86.26%	91.26%	0.93	95.02%
Vanguard Small Cap Index Signal	23.26%	17.72%	-53.84%	4.52%	58.33%	98.50%	97.99%	0.99	96.24%
Wells Fargo Advantage Small Cap Growth I	24.79%	18.87%	-52.06%	6.56%	58.33%	105.86%	96.13%	1.04	93.12%
Russell 2000 Growth	23.06%	17.75%	-52.31%	0.00%	0.00%	100.00%	100.00%	1.00	100.00%

Risk-Adjusted Return Analysis							
April 2006 - March 2011: Summary Statistics							
	Sharpe Ratio	Sortino Ratio (MAR = 0.00%)	Excess Return vs. Market	Alpha vs. Market	Information Ratio vs. Market	T Statistic vs. Market	Sig. Level vs. Market
JP Morgan Small Cap Growth	0.15	0.33	1.31%	1.36%	0.30	0.68	73.56%
Perimeter Small Cap Growth	0.06	0.21	-0.96%	-0.81%	-0.29	-0.65	72.79%
Prudential Jennison Small Company Q	0.10	0.27	0.04%	0.34%	0.01	0.02	50.62%
Vanguard Small Cap Index Signal	0.12	0.29	0.52%	0.61%	0.11	0.26	59.59%
Wells Fargo Advantage Small Cap Growth I	0.23	0.44	3.40%	3.46%	0.52	1.16	85.05%
Russell 2000 Growth	0.10	0.26	0.00%	0.00%	0.00	0.00	50.00%

- Distinctions are minimal over the past five years.
- Perimeter possesses negative alpha and information ratios for the trailing five-year record, but none of the funds outperformance levels are deemed statistically significant.
- JP Morgan has the best five-year risk-adjusted return, as indicated by alpha and information ratio.