



SAMPLE

**Commodities Fund of Hedge Funds Search
2010**

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★ **SEGAL ADVISORS**

Search Parameters

> Mandate

- Total mandate is \$7.5 million.

> Purpose

- Implement a diversified commodity fund of hedge funds portfolio.

> Benchmark

- None (To be decided after the final selection in conjunction with the manager selected).

> Candidates

- Blackstone Alternative Asset Management L.P. – Blackstone Resources Select Offshore Fund Ltd.
- J.P. Morgan Alternative Asset Management, Inc. – J.P. Morgan Commodity Strategies, Ltd.
- K2 Advisors, L.L.C. – K2 Commodities Fund, Ltd
- Pinnacle Asset Management, L.P. – Pinnacle Natural Resources, L.P.

> Basic Requirements

- Willing to assume discretionary investment responsibility in accordance with Fund guidelines.
- Provide periodic written reports and meetings with respect to their operations.
- The firm must fully disclose any arrangements maintained whereby the firm or any individual within the firm pays referral fees, finder's fees, soft dollars or other similar consideration or benefits to consultants, brokers or any other third party.

Search Process

- The manager selection process marries quantitative analysis with a thorough qualitative assessment, which Segal Advisors has developed over years of due diligence and monitoring experience. Segal Advisors does not utilize a manager rating system or manager approved list. Due to client-specific target goals, we believe that every search is unique.
- Quantitative analysis is primarily utilized during an initial screening of a broad universe in order to develop a focused list of potential candidates for further review. The quantitative screens are broad and geared to identify managers that fall within the client and Plan's risk tolerance, consistently meet or exceed performance expectations, exhibit style purity, and demonstrate desired risk-adjusted performance attributes. Analysts examine the results of the quantitative screens in order to develop a comprehensive focus list of investment managers.
- Qualitative analysis includes an assessment of each organization's stability, investment style, and product characteristics based upon existing experiences. At this point in the process, the focus list is narrowed down to managers that will receive the Segal Advisors' proprietary Request For Proposal (RFP).
- Completed RFPs are assigned to an action team, consisting of a research analyst supported by a back-up team member. This team thoroughly reviews the response and arranges conference calls, meetings, or on-site due diligence to analyze and review the following areas:

Organization	Investment Philosophy and Process	Professional Staff
<ul style="list-style-type: none"> • Ownership structure and changes in ownership • Resources • Legal/Regulatory • Compliance and risk management • Assets under management 	<ul style="list-style-type: none"> • Investment philosophy • Differentiating characteristics • Consistency of process • Universe • Portfolio structure • Buy/Sell disciplines • Risk controls • Correlation between process and performance 	<ul style="list-style-type: none"> • History and stability of the investment team • Credentials • Tenure with the firm and specific strategy • Incentives alignment • Turnover

- Detailed notes and observations are compiled and stored in Segal Advisors' internet-accessible proprietary database, CMS.
- The action team meets with other members of the Research Group and the Consulting Group to discuss each manager in order to select the finalist group to be included in the client search book. From here, the assigned research analyst will compile the information to complete the executive summary and quantitative portion of the search report, which goes through a final review by senior members of the Research Group.
- All information throughout this report is as of September 30, 2010 unless otherwise indicated.

*Due Diligence Materials: All due diligence materials are available upon request.

Blackstone Alternative Asset Management L.P. — Blackstone Resources Select Offshore Fund Ltd.

> Organization/Assets:

- **Ownership/Evolution:** Founded in 1990, Blackstone Alternative Asset Management L.P. (BAAM) is the alternative hedged investments division of The Blackstone Group (Blackstone). In May 2007, Blackstone sold a 9.4% stake of the firm to an investment vehicle established by the People's Republic of China. In June of 2007, the firm underwent an initial public offering. Investors in the IPO owned a 14.2% stake in the firm. The remaining 76.4% of the firm is owned by its partners and other employees.
- **Firm focus:** BAAM focuses on fund of hedge funds.
- **Unique attribute:** BAAM is one of the largest hedge fund investors, which provides the firm leverage in all aspects of hedge fund investing. Although BAAM focuses solely on fund of hedge funds, its affiliated firms cover the alternative investment space extensively.

> People:

- **Team history:** Kristen Eshak, MD, Head of Commodities, is responsible for the day-to-day management of the Fund. Prior to joining Blackstone in 2004, Ms. Eshak worked at J.P. Morgan focusing on interest rate derivatives and commodity derivatives. Ms. Eshak is supported by Michael Purvis, MD (joined the firm in 2001); Xinyu Liu, MD (2009); Michael Tungate, Commodity Analyst (2008); and Pallavi Reddy, Analyst (2010).
- **Key decision maker(s):** The Executive Committee comprises 24 MDs of the firm, most being Heads of various teams, and are part of the firm's Senior Management; Investment Team; Investor Solutions; Operations, Administration and Finance; Business Financial Evaluation; and Legal & Product Development.
- **Compensation structure:** Three elements: (1) base salary; (2) discretionary bonus driven by the profitability of the firm and performance of the Funds; and (3) equity units that vest over three years.

- **Analyst support/division of responsibilities:** The investment team is supported by an eight member Operating Committee which includes Ms. Eshak, Mr. Purvis and Mr. Tungate. The Operating Committee is responsible for the development and maintenance of the Fund and its related benchmarks.
- **Personnel turnover:** Andrew Deck, Analyst, left the firm in 2008. Mr. Deck was a dedicated analyst for commodities and was replaced by Mr. Tungate.

> Fund Strategy:

- **Investment philosophy:** Resources Select is a long-biased commodity fund that aims to outperform the Blackstone Commodity Index (BXCI). The weightings of the BXCI are the average of the components in the Dow Jones UBS and the S&P GSCI Indices (with annual rebalancing and equal weighting of WTI and Brent Crude). The BXCI has a rebalancing and roll management schedule, which is in contrast to the conventional indices. The underlying managers are expected to outperform the respective sectors of BXCI by utilizing the inefficiencies present in the commodities market.
- **Manager Focus/Research/Monitoring:** The Fund seeks to allocate resources to select managers that have long proven track records and are fundamental discretionary in orientation. The managers are provided specific sector focused mandates, which are tied to BXCI sectors with specific limitations on the amount of leverage, gross sector exposure, the type of securities they can utilize and how the collateral can be managed. This is achieved by Blackstone by structuring separate accounts with the underlying managers. Each manager is underwritten on a yearly basis by a four member team comprised of members from Investment, Risk Management, Business and Financial Evaluation and Legal Review & Negotiation teams at BAAM.

J.P. Morgan Alternative Asset Management, Inc. — J.P. Morgan Commodity Strategies, Ltd.

> Organization/Assets:

- **Ownership/Evolution:** J.P. Morgan & Co. was founded in its original form in 1871 by J. Pierpont Morgan. J.P. Morgan Alternative Asset Management Inc. (JPMAAM) began as Chase Manhattan Capital Finance Corporation, and on February 22, 1991, became registered as an investment advisor with the SEC. In April 1995, JPMAAM launched its first alpha generating hedge fund of funds – J.P. Morgan Multi-Strategy Fund, Ltd.
- **Firm focus:** JPMAAM focuses on hedge fund of funds.
- **Unique attribute:** JPMAAM leverages the global resources of its parent firm, employees 66 professionals, manages \$8B billion in assets, and invests with over 70 hedge funds.

> People:

- **Team history:** JPMAAM is co-headed by Paul Zummo, CIO (joined firm in 1994) and Corey Case COO (2001). Messrs. Zummo and Case have worked together for over nine years and Mr. Zummo, co-founder of the JPMAAM, has been the CIO since the inception. Bryan Patterson, VP, (2004) is the PM for the proposed product.
- **Key decision maker(s):** Day-to-day activities are overseen by Mr. Patterson. All investment decisions are the responsibility of the six member Investment Committee (IC); however, Messrs. Zummo and Case must give approval, and Andreas Deutschmann, head of Risk Management & Quantitative Analysis, may veto IC approval for investment on the basis of operational risk concerns.
- **Compensation structure:** Two elements: (1) base salary may be 10-70% of compensation; (2) performance-based bonus may be 30-90% of total compensation. For key professionals, a portion of the annual bonus pool is deferred and allocated to one of JPMAAM's hedge fund of funds and is subject to a 3-year vesting schedule.

- **Analyst support/division of responsibilities:** The portfolio management team is separated into specialist strategy teams, Richard Bersch is the head of the Relative Value, Opportunistic/Macro, and Credit strategies, and Scot Norden is head of the Long/Short Equities, Short Selling and Event Driven strategies. The Risk Management & Quantitative Analysis team, focuses on risk management across the platform and operational due diligence is the collective work of JPMAAM's Finance, Operations, Risk Management and Product Development professionals.
- **Personnel turnover:** Over the last five years, turnover has been minimal considering the size of the organization. Departures have been primarily from the risk management, portfolio management group, and opportunistic fund area.

> Fund Strategy:

- **Investment philosophy:** The strategy is absolute return focused and utilizes underlying managers that pursue either relative value or directional strategies, or a combination of the two. Investment decisions of underlying Funds are based upon fundamental commodity research (including views on weather, growing conditions, changes in the political or legal landscape, the costs of storage and transportation, population and dietary trends, analysts estimates, inventory levels, industry consolidation, disease, foreign exchange rates, interest rate levels, infrastructure issues, and exploration). Some Funds may choose to invest assets using technical analysis.
- **Manager Focus/Research/Monitoring:** JPMAAM focuses on managers that have expertise in physical markets and have the ability to take delivery of commodities if necessary. JPMAAM invests with managers that have at least 12 months of operating history, at least \$50M in assets managed, and are able to provide transparent monthly reporting. On-going monitoring is the collective work of the PM Group, Risk Management, and Operations Group.

K2 Advisors, L.L.C — K2 Commodities Fund, Ltd.

> Organization/Assets:

- **Ownership/Evolution:** Founded in 1994, K2 Advisors, L.L.C. (K2), is majority owned by its 23 employees. K2 was wholly owned by its founding partners William Douglass III and David Saunders until April 2007, when TA Associates bought a minority interest in K2. At that time, equity ownership was expanded to include senior management and other employees.
- **Firm focus:** K2 focuses on fund of hedge funds.
- **Unique attribute:** K2 is institutionally focused with 40% of its assets in custom mandates. The firm does not invest in managers that do not provide position level transparency.

> People:

- **Team history:** Messrs. Douglass and Saunders have primary responsibility for the product. Mr. Douglass has a sales and business management background and he started devoting 100% of his time to K2 in 1997. Mr. Saunders has a trading and risk management background and worked at various hedge funds and an Asia focused investment bank prior to devoting 100% of his time to K2 in 2000. Messrs. Douglass and Saunders are supported by five due diligence teams: Strategy and People, Portfolio, Risk, Operational, and Legal.
- **Key decision maker(s):** Each of the five due diligence teams has veto power. Messrs. Douglass and Saunders have final say in all manager related decisions.
- **Compensation structure:** Four elements: (1) base salary; (2) discretionary bonus driven by the profitability of the firm and performance of the Funds; (3) equity units; and (4) deferred compensation plan that tracks the performance of K2 Investment Partners, L.P.

- **Analyst support/division of responsibilities:** The five due diligence teams are required to carry out individual due diligence as well as monitor every manager, and has the power to veto or fire a manager.
- **Personnel turnover:** There have been five Managing Director level and eight Director level departures from the firm in the past five years including the CFO, Head of Research and General Counsel. K2 has replaced all the senior investment professionals that left the firm.

> Fund Strategy:

- **Investment philosophy:** K2 Commodities Fund is absolute return focused and aims to generate positive returns by utilizing fundamental discretionary managers. The underlying managers are expected to exploit the inefficiencies present in the commodities market. K2 does not provide any investment related restrictions to its managers and sector exposures are a result of individual manager exposures. Apart from the sectors in a typical commodity index K2 also invests in managers that trade in Extraction, Shipping and Production sectors, which are related to commodities. K2 employs managers that utilize derivatives as well as equities.
- **Manager Focus/Research/Monitoring:** The Fund seeks to allocate resources to a diversified suite of managers that pass its due diligence process. Managers that have been approved are given full discretion over their portfolios, but are monitored by K2 on a monthly basis. K2 only invests in managers that provide it with position level monthly portfolio transparency. K2 is typically invested in managers through their commingled pools and typically likes to limit its investment size in a manager's fund to 10% of its total assets. Each manager has to be approved by the five due diligence teams and can be terminated based on a recommendation from any one of the five teams.

Pinnacle Asset Management, L.P. — Pinnacle Natural Resources, L.P.

> Organization/Assets:

- **Ownership/Evolution:** Pinnacle Asset Management, L.P. (Pinnacle) was founded in 2003 and today is privately held by a combination of employees (80%) and a passive external partner owner, Appex Equity Partners (20%). Pinnacle is an investment advisor registered with the SEC.
- **Firm focus:** The Firm is primarily focused on its multi-manager commodities strategy with a limited focus on long/short equities.
- **Unique attribute:** Pinnacle's product was one of the first in the space and is focused on emerging managers and seeding new traders.

> People:

- **Team history:** Jason Kellman, Managing Partner and CIO, joined the firm in 2003 as an Associate Director of Research, and became CIO in 2005 when Ernest Scalaman, CIO left the firm. Mr. Kellman was the driver behind the creation of the product and strategy.
- **Key decision maker(s):** Decisions must be unanimous and are made by a four member Investment Committee (IC), with each member holding veto power. The Firm is highly focused on maintaining investment idea generation at the senior investment professional level.
- **Compensation structure:** Two elements: (1) base salary; and (2) performance-based bonus.
- **Analyst support/division of responsibilities:** The three member senior investment team are generalists, and are supported by seven professionals, and two business teams, operations & accounting and investor services. The Firm utilizes service providers for IT, compliance and administration.

- **Personnel turnover:** The Firm has lost one senior professional, Ernest Scalaman, CIO, who left in 2005.

> Fund Strategy:

- **Investment philosophy:** The Fund is a multi-manager fund that pursues active, fundamental, discretionary investment strategies in the global commodity markets. The Manager aims to diversify the Fund across trading strategies: directional, relative value, volatility-based trading, physical/financial arbitrage, and market making. The Fund is focused on investing in commodities through managed accounts with emerging managers, that can take the physical delivery of assets, if necessary. The Fund utilizes a core satellite approach, with petroleum & products, natural gas, base/precious metals, and agriculture as the anchor to the portfolio. The satellite strategies include: coffee, cocoa, cotton, livestock (hogs, cattle), forest products, foreign exchange rate, PacRim electricity, orange juice, and European electricity.
- **Manager Focus/Research/Monitoring:** Pinnacle focuses on managers that have expertise in physical markets and have the ability to take delivery of commodities, if necessary. The Manager has an affinity towards uncovering skilled managers before they are broadly recognized by the market place. Monitoring takes place on a daily/weekly/monthly basis when the information is available. Pinnacle stated that they have good visibility into 80% of their managers underlying holdings. The firm is focused on uncovering managers that have the appropriate skill sets rather than new investment approaches or investment models. The firm does not hire any investment professionals on its team that have a commodities background as it does not want any personal biases creeping into the due diligence process.

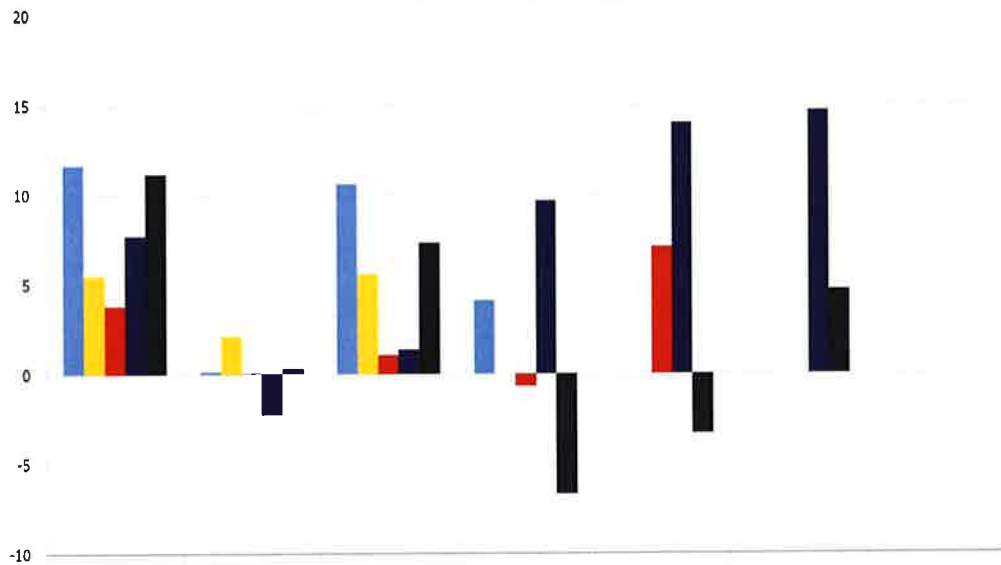
Key Fund Comparative Information

	Fund Characteristics			
	Blackstone	J.P. Morgan	K2	Pinnacle
Vehicle Information				
Vehicle Inception Date	May-2007	May-2008	January-2010	Oct-2003
Gross Market Value (\$Billions)	\$1.2B	\$0.01B	\$0.2B	\$1.7B
# of Underlying Managers	5	8	15	35
Diversification				
Strategy Focus	Long-biased active management approach to benchmark investing	Directional, relative value, or a combination of the two	Active, non-directional, relative value approach	Directional, relative value, volatility-based trading, physical/financial arbitrage, and market making
Sector Focus	Energy: WTI crude, brent crude, heating oil, RBOB gasoline, gasoil, natural gas; Agricultural: grains, livestock; Metals: gold, silver, aluminum, copper, lead, nickel, zinc	Agricultural: grains, livestock; Energy: oil, gas, alternative; Precious and industrial metals: gold, silver, copper, aluminum; and Specialty commodities: Infrastructure, project finance	Agricultural, emissions, energy, transportation, water, power, MLPs, alternative energy, base metals, and precious metals	Petroleum & products, natural gas, base/precious metals, and agriculture as the anchor to the portfolio. The satellite strategies include: coffee, cocoa, cotton, livestock (hogs, cattle), forest products, foreign exchange rate, PacRim electricity, orange juice, and European electricity
Geographical Focus	Global	Global	Global	Global
Performance Expectations				
Return Focus	Fund seeks to outperform the BXC1	Absolute return, the Fund seeks to return 15%+ net	Absolute return, the Fund seeks to return 10-14%	Absolute return
Preferred Index	BXC1	Does not use an index	Does not use an index	Does not use an index
Liquidity				
Lock-Up	1-year	1-year	1-year	Depends on investor share class election: could be 1-3 years
Capital Withdrawal	Monthly with 35 days prior notice	Quarterly with 95 day redemption notification	Quarterly upon 91 days' written notice	Depends on investor share class election: quarterly + 90 days, or annual + 180 days
Early Redemption Fee	1%	N/A	N/A	5%

Returns: Annualized MRQ, YTD, 1, 3, 5, 7 & 10 Years

■ Blackstone Alternative Asset Management: Blackstone Resources S...
■ J.P. Morgan Alternative Asset Management, Inc.: J.P. Morgan Comm...
■ K2 Advisors, L.L.C.: K2 Commodities Fund, Ltd
■ Pinnacle Asset Management, L.P.: Pinnacle Natural Resources, L.P.
■ Spliced Commodity Index

Returns: MRQ, YTD, 1, 3, 5, 7 & 10 Years

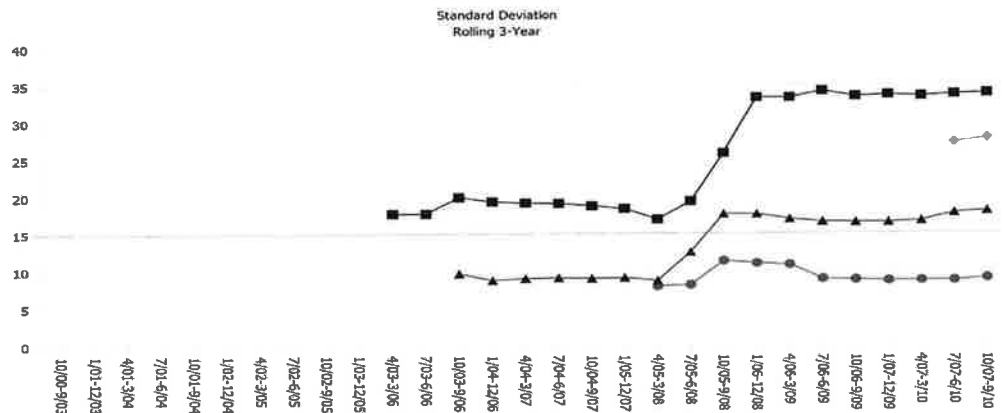


	DS	VT	RM	MRQ	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Blackstone Alternative As...	IM	CFE	NF	11.65	0.16	10.62	4.10	---	---	---
J.P. Morgan Alternative...	IM	CFE	NF	5.51	2.13	5.60	---	---	---	---
K2 Advisors, L.L.C.	IM	CFE	NF	3.80	0.04	1.05	-0.68	7.09	---	---
Pinnacle Asset Managem...	IM	CFE	NF	7.71	-2.25	1.37	9.67	14.00	14.69	---
Spliced Commodity Index	--	---	BP	11.18	0.26	7.30	-6.68	-3.34	4.64	---

Results displayed in US Dollar (USD)

Standard Deviation: 3-Year Rolling

- ◆ Blackstone Alternative Asset Management: Blackstone Resources S...
- J.P. Morgan Alternative Asset Management, Inc.: J.P. Morgan Comm...
- K2 Advisors, L.L.C.: K2 Commodities Fund, Ltd
- ▲ Pinnacle Asset Management, L.P.: Pinnacle Natural Resources, L.P.
- Spliced Commodity Index



	DS	VT	RM	10/00-9/03	1/01-12/03	4/01-3/04	7/01-6/04	10/01-9/04	1/02-12/04	4/02-3/05	7/02-6/05	10/02-9/05	1/03-12/05	4/03-3/06	7/03-6/06
◆ Blackstone Alternativ...	IM	CFE	NF	---	---	---	---	---	---	---	---	---	---	---	---
■ J.P. Morgan Alternati...	IM	CFE	NF	---	---	---	---	---	---	---	---	---	---	---	---
● K2 Advisors, L.L.C.	IM	CFE	NF	---	---	---	---	---	---	---	---	---	---	---	---
▲ Pinnacle Asset Mana...	IM	CFE	NF	---	---	---	---	---	---	---	---	---	---	17.78	17.79
◆ Spliced Commodity I...	---	---	BP	---	---	---	---	---	---	---	---	---	---	---	---

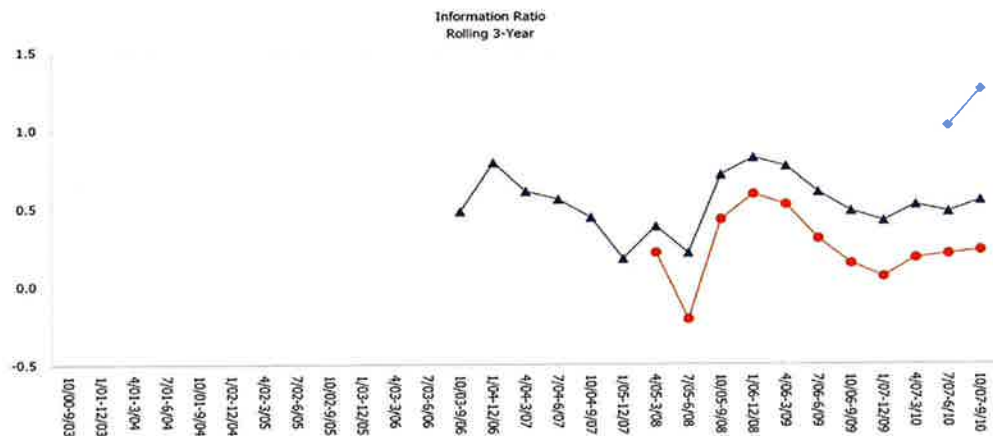
	10/03-9/06	1/04-12/06	4/04-3/07	7/04-6/07	10/04-9/07	1/05-12/07	4/05-3/08	7/05-6/08	10/05-9/08	1/06-12/08	4/06-3/09	7/06-6/09
◆ Blackstone Alternative Asset Managem...	---	---	---	---	---	---	---	---	---	---	---	---
■ J.P. Morgan Alternative Asset Managem...	---	---	---	---	---	---	---	---	---	---	---	---
● K2 Advisors, L.L.C.	---	---	---	---	---	---	7.93	8.11	11.31	10.99	10.79	8.89
▲ Pinnacle Asset Management, L.P.	9.69	8.79	9.04	9.12	9.02	9.11	8.70	12.51	17.67	17.64	16.97	16.61
■ Spliced Commodity Index	19.97	19.38	19.22	19.14	18.81	18.39	16.94	19.36	25.84	33.32	33.32	34.19

	10/06-9/09	1/07-12/09	4/07-3/10	7/07-6/10	10/07-9/10
◆ Blackstone Alternative Asset Managem...	---	---	---	27.21	27.73
■ J.P. Morgan Alternative Asset Managem...	---	---	---	---	---
● K2 Advisors, L.L.C.	8.76	8.62	8.65	8.63	8.94
▲ Pinnacle Asset Management, L.P.	16.54	16.53	16.71	17.76	18.03
■ Spliced Commodity Index	33.47	33.66	33.50	33.72	33.67

Results displayed in US Dollar (USD)

Information Ratio: 3-Year Rolling

- ◆ Blackstone Alternative Asset Management: Blackstone Resources S...
- J.P. Morgan Alternative Asset Management, Inc.: J.P. Morgan Comm...
- K2 Advisors, L.L.C.: K2 Commodities Fund, Ltd
- ▲ Pinnacle Asset Management, L.P.: Pinnacle Natural Resources, L.P.

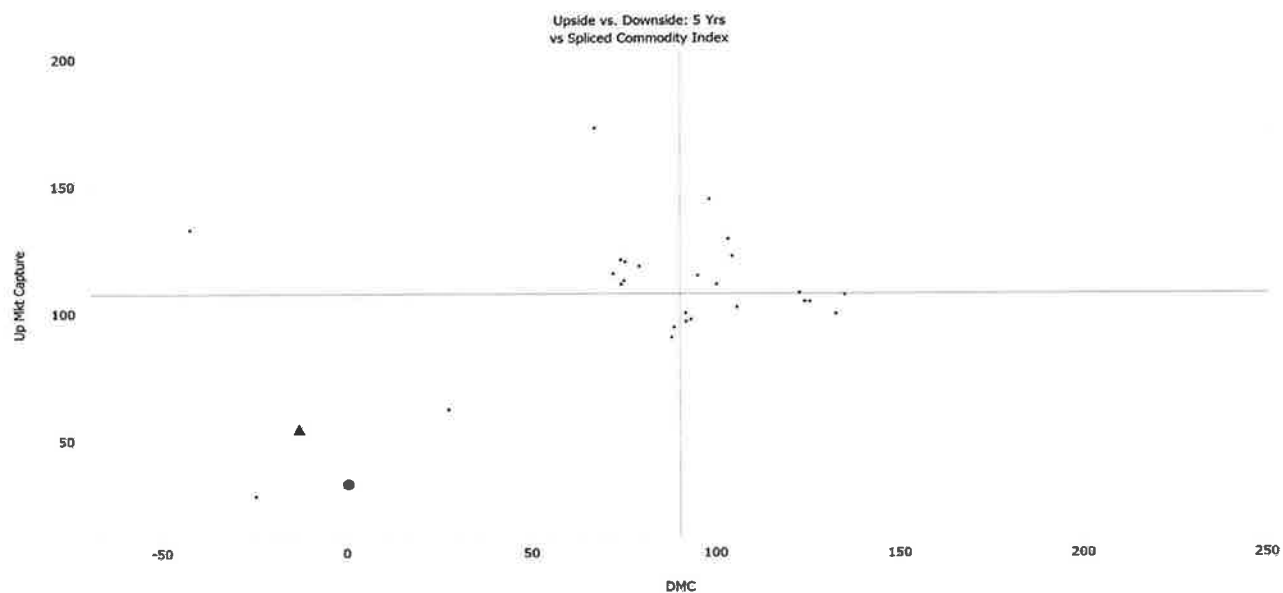


	DS	VT	RM	10/00-9/03	1/01-12/03	4/01-3/04	7/01-6/04	10/01-9/04	1/02-12/04	4/02-3/05	7/02-6/05	10/02-9/05	1/03-12/05	4/03-3/06	7/03-6/06
◆ Blackstone Alternative...	IM	CFE	NF	---	---	---	---	---	---	---	---	---	---	---	---
■ J.P. Morgan Alternati...	IM	CFE	NF	---	---	---	---	---	---	---	---	---	---	---	---
● K2 Advisors, L.L.C.	IM	CFE	NF	---	---	---	---	---	---	---	---	---	---	---	---
▲ Pinnacle Asset Mana...	IM	CFE	NF	---	---	---	---	---	---	---	---	---	---	---	---
				10/03-9/06	1/04-12/06	4/04-3/07	7/04-6/07	10/04-9/07	1/05-12/07	4/05-3/08	7/05-6/08	10/05-9/08	1/06-12/08	4/06-3/09	7/06-6/09
◆ Blackstone Alternative Asset Managem...				---	---	---	---	---	---	---	---	---	---	---	---
■ J.P. Morgan Alternative Asset Managem...				---	---	---	---	---	---	0.21	-0.21	0.43	0.59	0.52	0.30
● K2 Advisors, L.L.C.				---	---	---	---	---	---	0.38	0.21	0.71	0.82	0.77	0.60
▲ Pinnacle Asset Management, L.P.				0.48	0.79	0.61	0.56	0.44	0.18						
				10/06-9/09	1/07-12/09	4/07-3/10	7/07-6/10	10/07-9/10							
◆ Blackstone Alternative Asset Managem...				---	---	---	1.02	1.25							
■ J.P. Morgan Alternative Asset Managem...				---	---	---	---	---							
● K2 Advisors, L.L.C.				0.14	0.06	0.18	0.20	0.23							
▲ Pinnacle Asset Management, L.P.				0.48	0.42	0.52	0.47	0.55							

Results displayed in US Dollar (USD)

Spliced Commodity Index

Upside vs. Downside: 5 Years



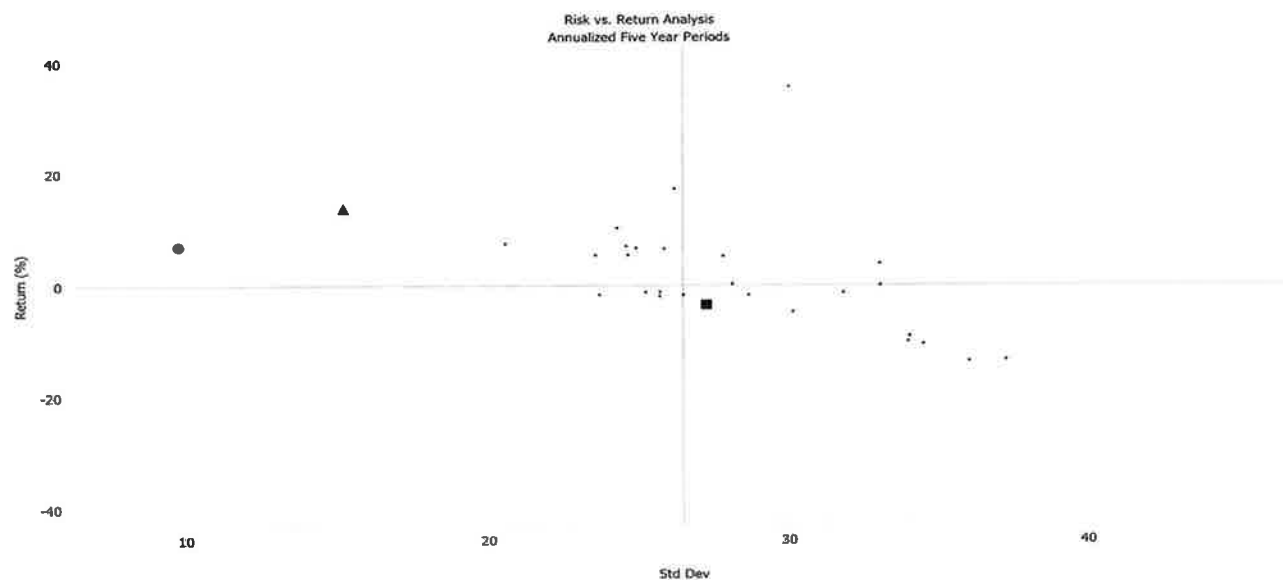
Universe: eA Commodities

As of: September, 30 2010
5 Years

	DS	VT	RM	Up Mkt Capture	DMC
◆ Blackstone Alternative Asset Management: Blackstone Resources Select Offshore Fund Ltd.	IM	CFE	NF	---	---
■ J.P. Morgan Alternative Asset Management, Inc.: J.P. Morgan Commodity Strategies, Ltd.	IM	CFE	NF	---	---
● K2 Advisors, L.L.C.: K2 Commodities Fund, Ltd	IM	CFE	NF	33.19	0.44
▲ Pinnacle Asset Management, L.P.: Pinnacle Natural Resources, L.P.	IM	CFE	NF	54.39	-12.91
+ Universe Median				107.75	90.37

Results displayed in US Dollar (USD)

Risk vs. Reward: 5 Years



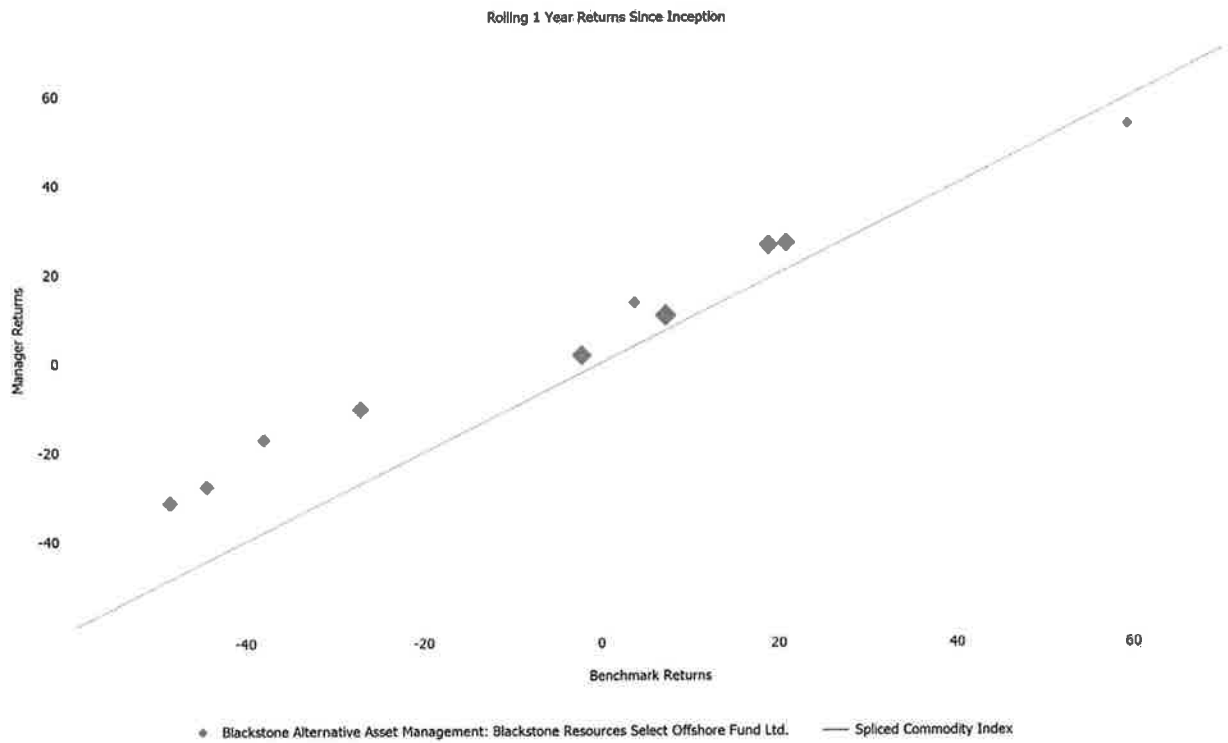
Universe: eA Commodities

As of: September, 30 2010
5 Years

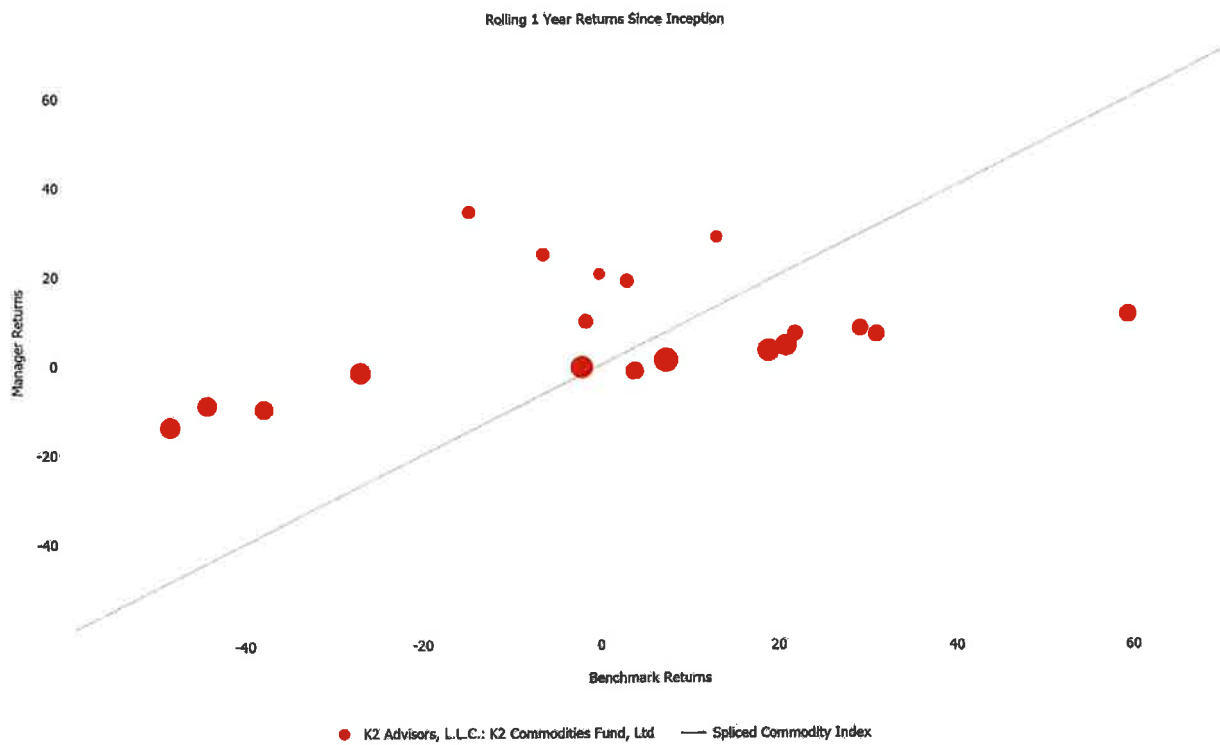
	DS	VT	RM	Return (%)	Std Dev
◆ Blackstone Alternative Asset Management: Blackstone Resources Select Offshore Fund Ltd.	IM	CFE	NF	---	---
■ J.P. Morgan Alternative Asset Management, Inc.: J.P. Morgan Commodity Strategies, Ltd.	IM	CFE	NF	---	---
● K2 Advisors, L.L.C.: K2 Commodities Fund, Ltd	IM	CFE	NF	7.09	9.75
▲ Pinnacle Asset Management, L.P.: Pinnacle Natural Resources, L.P.	IM	CFE	NF	14.00	15.23
■ Spliced Commodity Index	--	---	BP	-3.34	27.28
+ Universe Median				0.18	26.52

Results displayed in US Dollar (USD)

Rolling 1 Years Returns Since Inception: Blackstone



Rolling 1 Years Returns Since Inception: K2



Litigation

- The information found below comes directly from the RFP response that Segal Advisors received from each of the prospective investment managers. The specific question asked was: *"Has the firm, its parent organization, subsidiaries, affiliates or any key personnel been subject to any litigation or legal proceedings related to investment operations during the past ten years? If yes, please explain."*
- **Blackstone Alternative Asset Management L.P. – Blackstone Resources Select Offshore Fund Ltd.**
 - There is not pending or, to the knowledge of BAAM, threatened any action, suit or proceeding before or by any court or other governmental body to which BAAM is a party, or to which any of their assets is subject, which might reasonably be expected to result in any material adverse change in the condition, financial or otherwise, business or prospects of BAAM. Neither BAAM, has received any notice of an investigation regarding non-compliance by the Manager with applicable laws, rules or regulations. During 2004, a lawsuit was filed against The Blackstone Group L.P., BAAM and J. Tomilson Hill by an executive search firm. The plaintiff claimed that it was owed fees for placing a senior person within BAAM. The lawsuit was settled in June 2007.
- **J.P. Morgan Alternative Asset Management, Inc. – J.P. Morgan Commodity Strategies, Ltd.**
 - No. There has not been any regulatory disciplinary action, business litigation or other legal proceedings related to JPMAAM's investment activities against JPMAAM or its employees, nor is there any regulatory action currently pending against JPMAAM. From time to time, JPMorgan Chase & Co., (our parent company) and its subsidiaries, including its asset management subsidiaries, have been named as defendants in actions alleging securities laws and other violations.
- **K2 Advisors, L.L.C. – K2 Commodities Fund, Ltd**
 - K2 is currently involved in litigation with a former employee. K2 has been successful in dismissing certain of the claims related to this action (including being successful in dismissing all claims against K2 principals) and continues to defend itself against the remaining claims, and has filed counterclaims in the matter.
- **Pinnacle Asset Management, L.P. – Pinnacle Natural Resources, L.P.**
 - Pinnacle is not aware of any such litigation or legal proceedings.

Investment Terminology *continued*

- > **Downside/UpSide Market Capture** A measurement of portfolio performance as compared to the benchmark. Market capture indicates how much, on average, a portfolio captures in performance terms relative to its benchmark. A downside market capture of 90% indicates that, on average, if the benchmark is down 10% for a given period, the portfolio would only be down 9%. An upside market capture of 110% indicates that, on average, if the benchmark is up 10% for a given period, the portfolio would be up 11%. Market capture quantifies the average magnitude of any excess performance (or shortfall) as compared to the benchmark. All other factors being equal, an upside market capture of over 100% and a downside market capture of less than 100% is generally preferred, although the market capture can be an indication of overall portfolio volatility as compared to the benchmark.
- > **Information Ratio** A measurement of portfolio efficiency. It quantifies the excess return earned per unit of active risk assumed. The information ratio is the excess return divided by the tracking error. A relatively higher information ratio is indicative of excess positive, risk-adjusted performance. When comparing portfolios, the highest absolute information ratio is generally preferred.
- > **Sharpe Ratio** A measurement of reward per unit of risk, with risk being defined as a portfolio's standard deviation. It is the risk-adjusted excess performance while taking into account the risk-free return (i.e. T-Bill or similar proxy) and the portfolio standard deviation. When comparing portfolios, the highest absolute Sharpe ratio is generally preferred.
- > **Standard Deviation** A statistical measure of relative dispersion as compared to the expected (average) return. Calculating the standard deviation is a method of quantifying the total risk of a portfolio, or the given benchmark. In general terms, the standard deviation of a portfolio will help to define a range of expected returns. In percentage terms, one standard deviation will encompass 68% of the expected returns, two standard deviations will encompass 95% of the expected returns and three standard deviations will encompass 99% of the expected returns. For example, if a portfolio has an expected return of 5% and a standard deviation of 2.5%, 68% of the time the portfolio expected return should be between 2.5 to 7.5%, 95% of the time between 0.0 to 10.0% and 99% of the time between -2.5 to 12.5%.
- > **Tracking Error** Tracking error is the standard deviation of the excess returns and is used as a measure to quantify active risk. The excess returns as compared to the benchmark can be positive or negative. Conceptually, tracking error is identical to standard deviation, although calculated from a different array of data. For example, if a portfolio has a tracking error of 2%, 68% of the time the portfolio expected return should be between +/- 2% of the benchmark return, 95% of the time between +/- 4% and 99% of the time between +/- 6%.
- > **Volatility** A measure of the size and frequency of the fluctuations in the value of a stock, bond or a portfolio. The greater the volatility, the higher the risk involved in holding the investment.



SAMPLE

Large Cap Growth Search

2011

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★ **SEGAL ADVISORS**

Search Parameters

> **Mandate**

- Large Cap Growth portfolio targeted at approximately \$110 million.

> **Benchmark**

- Russell 1000 Growth Index

> **Purpose**

- Search for an active large cap growth manager to potentially replace a passively managed strategy.

> **Candidates**

- Fred Alger Management, Inc. – Capital Appreciation
- Wellington Management Company, LLP – Opportunistic Growth
- Winslow Capital Management, Inc. – Large Cap Growth Equity

> **Basic Requirements**

- Qualified and willing to serve as an investment manager as that term is used in ERISA.
- Registered investment advisor under the Investment Advisors Act of 1940.
- Willing to assume discretionary investment responsibility in accordance with Fund guidelines.
- Provide periodic written reports and meetings with respect to their operations.
- The firm must fully disclose any arrangements maintained whereby the firm or any individual within the firm pays referral fees, finder's fees, soft dollars or other similar consideration or benefits to consultants, brokers or any other third party.

Search Process

- The manager selection process combines quantitative analysis with a thorough qualitative assessment, which Segal Advisors has developed over years of due diligence and monitoring experience. Segal Advisors does not utilize a manager rating system or manager approved list. Due to client-specific goals, we believe that every search is unique.
- Quantitative analysis is primarily utilized during an initial screening of a broad universe in order to develop a focused list of potential candidates for further review. The quantitative screens are broad and geared to identify managers that fall within the client and Plan's risk tolerance, consistently meet or exceed performance expectations, exhibit style purity, and demonstrate desired risk-adjusted performance attributes. Analysts examine the results of the quantitative screens in order to develop a comprehensive focus list of investment managers.
- Qualitative analysis includes an assessment of each organization's stability, investment style, and product characteristics based upon existing experiences. At this point in the process, the focus list is narrowed down to managers that will receive Segal Advisors' proprietary Request For Proposal (RFP).
- Completed RFPs are assigned to an action team, consisting of a research analyst supported by a back-up team member. This team thoroughly reviews the response and arranges conference calls, meetings, and/or on-site due diligence to analyze and review the following areas:

Organization	Investment Philosophy and Process	Professional Staff
<ul style="list-style-type: none"> • Ownership structure and changes in ownership • Resources • Legal/Regulatory • Compliance and risk management • Assets under management 	<ul style="list-style-type: none"> • Investment philosophy • Differentiating characteristics • Consistency of process • Universe • Portfolio structure • Buy/Sell disciplines • Risk controls • Correlation between process and performance 	<ul style="list-style-type: none"> • History and stability of the investment team • Credentials • Tenure with the firm and specific strategy • Incentives alignment • Turnover

- Detailed notes and observations are compiled and stored in Segal Advisors' internet-accessible proprietary database, CMS.
- The action team meets with other members of the Research and Consulting Groups to discuss each manager in order to select the group of finalists to be included in the client search book. From there, the assigned research analyst will compile the information to complete the executive summary and quantitative portion of the search report, which goes through a final review by senior members of the Research Group.
- All information throughout this report is as of December 31, 2010, unless otherwise indicated.

*Due Diligence Materials: All due diligence materials are available upon request.

Fred Alger — Capital Appreciation

> Organization:

- **Ownership/Evolution:** 100% owned by Alger family members: Hilary Alger (33%), Nicole Alger (33%), Alexandra Alger (33%), and Dan Chung (1%). Mr. Chung is married to Alexandra Alger. Effective December 31, 2009, Alger created various programs, which provide phantom equity incentives for its CEO and key personnel.
- **Firm focus:** 100% investment management with focus on independent, bottom-up, fundamental growth research.
- **Unique attribute:** Female, family-owned firm, where each owner is married to a senior member of the firm.

> People:

- **Team history:** Fred Alger revolves around the development of their research analysts through a three-tiered structure, based on seniority.
- **Key decision maker(s):** Patrick Kelly, CFA, SVP, PM joined the firm in 1999 as an analyst and was promoted to PM in 2002. Mr. Kelly is supported by 24 analysts.
- **Analyst support/division of responsibilities:** Analysts are sector/industry focused and are responsible for generating new ideas and continual monitoring of stocks.
- **Compensation structure:** Three elements: (1) base salary greater than industry average; (2) performance-based bonus; and (3) long-term deferred compensation with a three- to five-year vesting period.
- **Personnel turnover:** Fred Alger expects turnover within its analyst-ranks. There have been no senior departures from the team over the past five years.

> Investment Strategy:

- **Investment philosophy:** Evaluates companies utilizing a bottom-up fundamental approach that focuses on high unit volume growth and positive life cycle changes. These two types of growth companies are characterized by growing demand, strong business model, market dominance, and high free cash flow or more established companies exhibiting product innovation, new regulations, new management, or new acquisition.
- **Investable universe:** All domestic stocks are initially screened for high unit volume growth and positive life cycle change, the universe consists of 1,200 stocks and an additional 2,400 are monitored.
- **Sell criteria:** Any of the three conditions: (1) stock reaches target price; (2) more attractive opportunities are uncovered; (3) company fundamentals fail to meet target price and/or reevaluation of the original rationale for purchase.
- **Differentiators:** Focuses on rapidly growing companies, which may result in high volatility.

> Risk Controls:

- **Number of positions:** 85-120 securities.
- **Stock and sector limits:** Initial position of 1.5-3% with a maximum holding position of 5% of a portfolio. Total sector and industry exposure is limited to 40% and 20%, respectively.
- **Turnover:** 200-300%.

Wellington — Opportunistic Growth

> Organization:

- **Ownership/Evolution:** In 1979, Wellington Management was purchased by its key employees. The firm is currently structured as a limited liability partnership, and is privately owned by 121 partners, who are active employees.
- **Firm focus:** Diversified global asset management firm, which manages traditional equity and fixed income, asset allocation, and liquid alternative strategies.
- **Unique attribute:** Firm has a flat management structure, separating investment functions from business functions so that investment professionals can focus on investment returns.

> People:

- **Team History:** Andrew Shilling, CFA, who took over as lead PM in 2000 manages the strategy. Mr. Shilling is supported by Phillip Perelmuter and Steven Angeli, CFA. The product was originally managed by David Scutter, who retired in 1998. Robert Rands, PM of Diversified Growth product, managed the product for two years, prior to 2000.
- **Key decision maker(s):** Andrew Shilling, CFA.
- **Analyst support/division on responsibilities:** The PMs are assisted by the larger Wellington Growth team, which consists of four other PMs that manage assets across the capitalization range and eight dedicated growth analysts. In addition, the team leverages off Wellington's 50 global industry analysts.
- **Compensation structure:** Two components: 1) base salary; 2) merit-based compensation dictated by the performance of the firm and an individual's contribution to performance, which is measured once a year; more emphasis is placed on three-year results.

- **Personnel turnover:** In Q1 2010, John Boselli, co-PM since 2002, transitioned from the growth team. The team has lost five analysts while gaining eight over the last five years. Effective May 1, 2011, Mr. Perelmuter will transition off the Portfolio and will become the firm's Director of Investment Research. Phil Ruedi, currently an equity research analyst on the strategy, will support Mr. Shilling.

> Investment Strategy:

- **Investment philosophy:** The team seeks companies with a sustainable growth focus and superior business model by examining organic growth, barriers to entry, high return on capital, and strong management. The team looks out over the 3-5 year horizon and models companies using discounted cash flow. Companies are ranked on a sector basis by upside potential and look to buy companies where the growth is sustainable over time. A company with sustainable growth must have a cost advantage, customer advantage or a competitive advantage. This advantage is factored into proprietary revenue forecasts and price targets. The product is bottom-up in nature.
- **Investable universe:** All public companies that have demonstrated above average growth. The team defines the universe as stocks with expected growth greater than the broad growth of the market and a market capitalization greater than \$4B.
- **Sell criteria:** Securities will be trimmed and eventually sold if the valuation becomes less attractive or growth appears to be less sustainable.

Winslow — Large Cap Growth Equity

> Organization:

- **Ownership/Evolution:** Based in Minneapolis, MN, Winslow Capital Management, Inc. (Winslow) was founded in 1992 and was previously 100% employee owned by its four founders. On July 1, 2005, Winslow's small growth team spun out to form Summit Creek Advisors. On November 19, 2008, Winslow reached an agreement to become a wholly owned subsidiary of Nuveen Investments. Nuveen is in the process of acquiring 100% of Winslow's outstanding equity over the next five years. The transaction closed on December 26, 2008, and Winslow received the first payout, comprising 50% of the total earn out, on this date. The remaining 50% will be paid out at year three (25%) and year five (25%).
- **Firm focus:** This firm is currently focused solely on large cap growth equity management for institutional clients, but previously managed small and mid growth.
- **Unique attribute:** The firm manages only a single strategy, their Large Cap Growth Equity product.

> People:

- **Team history:** Clark Winslow, CEO, CIO, PM/Analyst, Justin Kelly, MD, PM/Analyst, and Bart Wear, CFA, MD, PM/Analyst manage the strategy. Mr. Kelly joined in 1999 and covers the technology and energy sectors. Mr. Wear joined in 1997 and covers the financials, and consumer sectors. Mr. Winslow is considered a generalist and focuses on macroeconomic factors.
- **Key decision maker(s):** Justin Kelly and Bart Wear.
- **Analyst support/division of responsibilities:** Three dedicated analysts support the Large Cap Growth product. Analysts are assigned specific sectors.

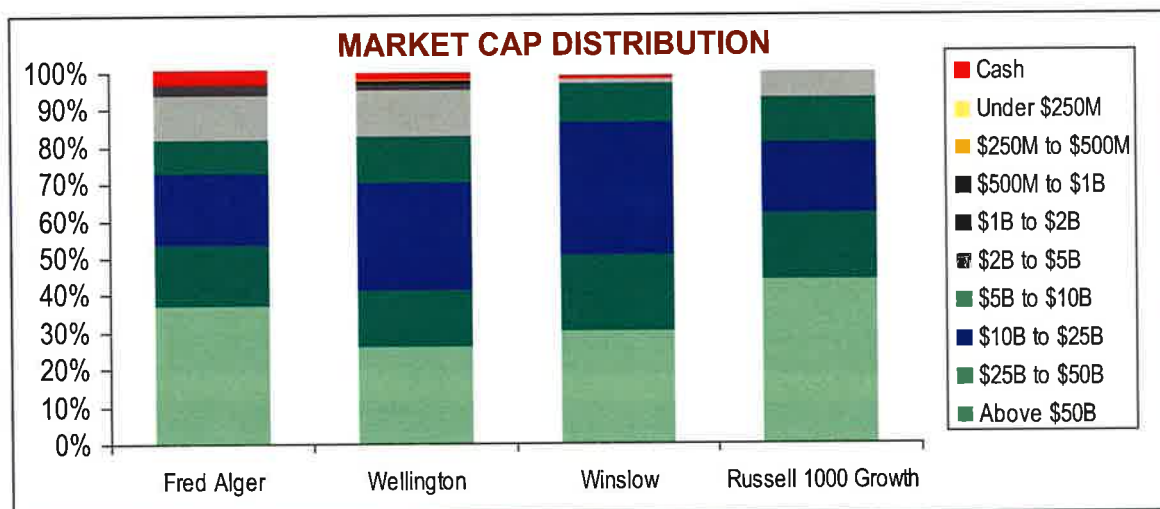
- **Compensation structure:** Investment team members receive a base salary, a performance-based bonus, and a five year vesting unit investing plan based on the EBITDA of Nuveen. Additionally, PMs have long-term employment agreements.
- **Personnel turnover:** There has been no turnover since the inception of the strategy.

> Investment Strategy:

- **Investment philosophy:** Seeks companies that are growing 2.5x faster than the S&P 500 Index growth rate. The companies in their universe have expected future earnings growth of 15-20% and fall into three categories: long-term sustainable earnings growth, cyclical growth, and newer industries experiencing rapid growth with less analyst coverage. The team runs screens monthly, or as needed, to identify stocks with strong revenue/earnings growth, earnings consistency/revisions, and high free cash flow relative to earnings. A more in-depth review of these companies is conducted to identify competitive advantages, high quality growth, strong management teams, and high ROIC. The team seeks to identify upside surprise potential and to construct earnings estimates. The focus is on balance sheet and cash flow analysis, visiting companies and customers/suppliers, as well as Wall Street research, including hedge fund and peer group ownership and views on companies. Heavy emphasis is placed on valuation, where P/E ratios are compared to the index, peer group, growth rate, and ROIC.
- **Investable universe:** Companies with market capitalizations above \$4B at the time of purchase.

Comparative Equity

	Portfolio Characteristics		
	Fred Alger	Wellington	Winslow
Number of Securities			
Universe	2,400	1,000	300
Closely Followed	1,200	450	100
Typical Portfolio	85-120	100-150	55-65
Typical Annual Turnover Rate	200-300%	N/A	75%
Market Capitalization Range (\$M)			
Minimum	\$623	\$370	\$4,324
Weighted Average	\$61,010	\$50,187	\$57,640
Maximum	\$295,455	\$296,896	\$293,510
Growth Classification	Aggressive Growth	Traditional Growth	Traditional Growth
P/E (1 year forward)	16.4x	14.3x	22.6x
P/B (1 year forward)	3.2x	3.2x	3.8x



Product Summary

Product	Vehicle proposed	Alternative vehicles available	Product Assets (Billions)	Management Fee on \$110 Million
Fred Alger Management, Inc.	Separate Account	Institutional MF	\$6.1	0.586% / \$645,000 ¹
Wellington Management Company, LLP	Separate Account	Commingled	\$5.6	0.618% / \$680,000 ²
Winslow Capital Management, Inc.	Separate Account	Commingled, Institutional MF	\$17.0	0.568% / \$625,000 ³

¹ The Fred Alger fee is based on the following fee schedule: 65 basis points on the first \$50 million of assets under management; 55 basis points on the next \$50 million of assets under management; 45 basis points on the next \$150 million of assets under management; and 35 basis points on assets over \$250 million.

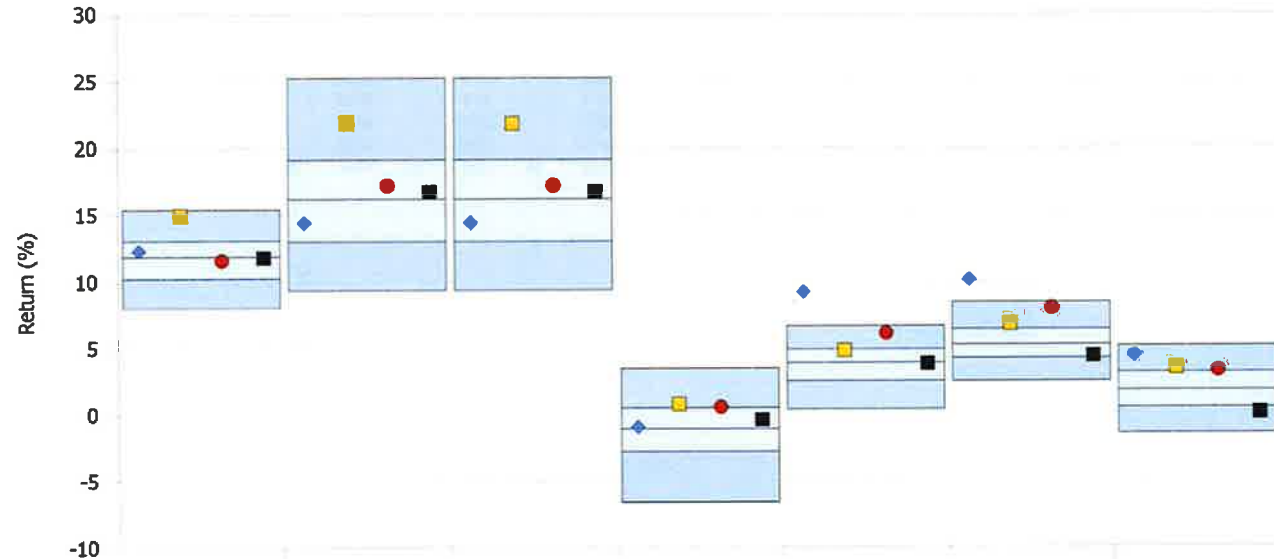
² The Wellington fee is based on the following fee schedule: 75 basis points on the first \$25 million, 65 basis points on the next \$25 million, and 55 basis points on the remainder.

³ The Winslow fee is based on the following fee schedule: 60 basis points on the first \$50 million, 55 basis points on the next \$50 million, 50 basis points on the next \$150 million, 45 basis points on the next \$250 million, 40 basis points on the next \$500 million and 35 basis points over \$1 billion.

Returns: Annualized MRQ, YTD, 1, 3, 5, 7 & 10 Years

- ◆ Alger: Capital Appreciation
- Wellington Mgmt: Opportunistic Growth
- Winslow Capital: Large Cap Growth
- Russell 1000 Growth

Universe Ranking Analysis
MRQ, YTD, 1, 3, 5, 7 & 10 Years
As of: December 31, 2010



Universe:
eA US Large Cap Growth Equity

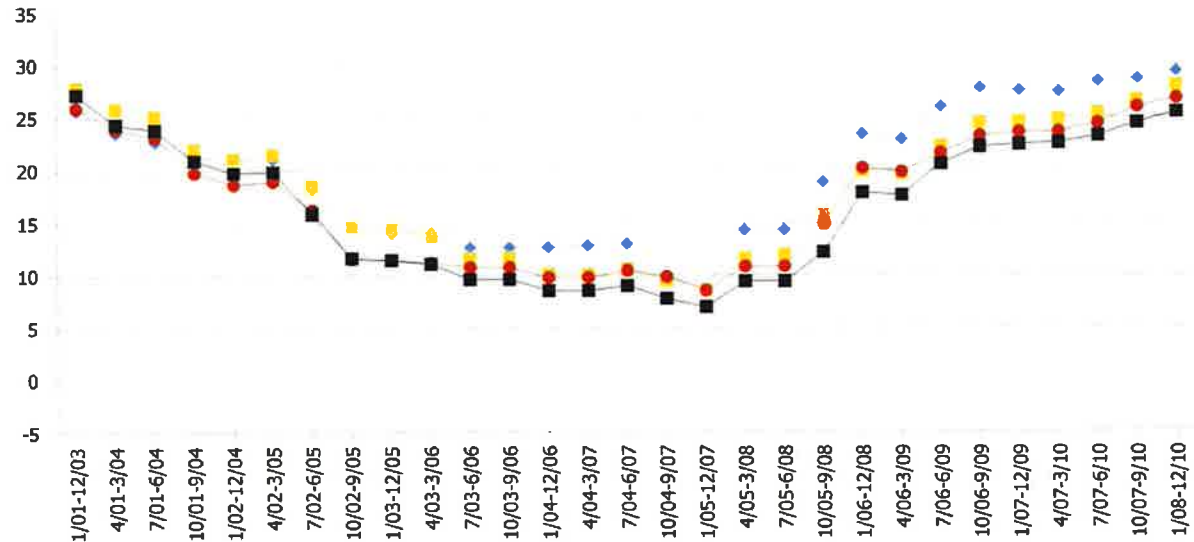
	DS	VT	RM	MRQ	Rk	1 Yr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	7 Yrs	Rk	10 Yrs	Rk
5th percentile				15.44		25.26		25.26		3.40		6.58		8.38		5.10	
25th percentile				13.12		19.13		19.13		0.42		4.86		6.34		3.07	
Median				11.91		16.23		16.23		-1.18		3.83		5.18		1.71	
75th percentile				10.27		13.01		13.01		-2.87		2.40		4.18		0.43	
95th percentile				8.04		9.37		9.37		-6.69		0.28		2.39		-1.55	
# of Observations				391		390		390		381		354		320		272	
◆ Alger	IM	SA	GF	12.35	39	14.42	65	14.42	65	-1.02	47	9.21	1	10.11	1	4.40	9
■ Wellington Mgmt	IM	SA	GF	15.03	6	21.88	11	21.88	11	0.70	21	4.74	28	6.70	20	3.39	20
● Winslow Capital	IM	SA	GF	11.63	55	17.23	40	17.23	40	0.50	24	6.05	9	7.96	7	3.20	22
■ Russell 1000 Growth	IM	—	IX	11.83	51	16.71	46	16.71	46	-0.47	37	3.75	52	4.33	71	0.02	82

Results displayed in US Dollar (USD)

Standard Deviation: 3-Year Rolling

- ◆ Alger: Capital Appreciation
- Wellington Mgmt: Opportunistic Growth
- Winslow Capital: Large Cap Growth
- Russell 1000 Growth

Standard Deviation
Rolling 3-Year



	DS	VT	RM	1/01-12/03	4/01-3/04	7/01-6/04	10/01-9/04	1/02-12/04	4/02-3/05	7/02-6/05	10/02-9/05	1/03-12/05	4/03-3/06	7/03-6/06	10/03-9/06	1/04-12/06
◆ Alger	IM	SA	GF	25.69	23.59	22.78	21.25	21.17	21.06	18.16	14.63	14.08	14.13	12.71	12.69	12.75
■ Wellington Mgmt	IM	SA	GF	27.99	25.89	25.21	22.10	21.16	21.57	18.44	14.67	14.48	13.74	11.70	11.73	10.17
● Winslow Capital	IM	SA	GF	26.04	24.00	23.24	19.80	18.68	18.96	16.25	11.62	11.55	11.25	10.81	10.81	9.81
■ Russell 1000 Growth	-	-	IX	27.29	24.41	23.91	21.00	19.78	19.88	15.90	11.69	11.48	11.15	9.68	9.68	8.57

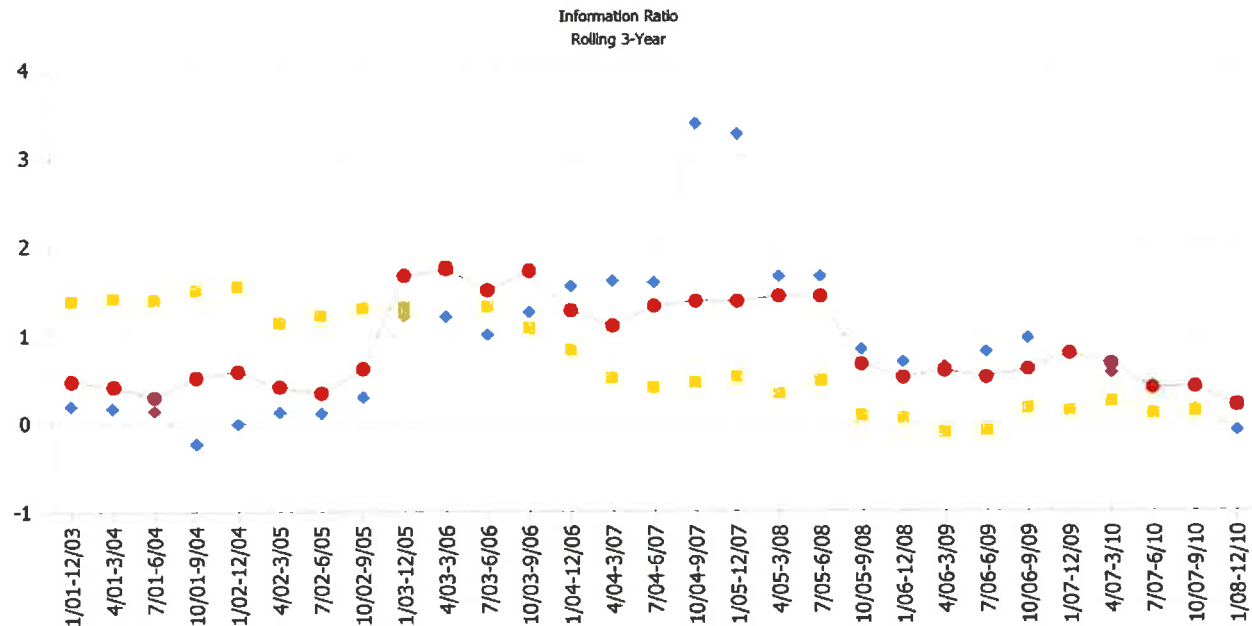
	4/04-3/07	7/04-6/07	10/04-9/07	1/05-12/07	4/05-3/08	7/05-6/08	10/05-9/08	1/06-12/08	4/06-3/09	7/06-6/09	10/06-9/09	1/07-12/09	4/07-3/10
◆ Alger	12.90	13.07	9.87	8.78	14.37	14.37	18.85	23.41	22.91	25.99	27.80	27.55	27.43
■ Wellington Mgmt	10.12	10.64	9.50	8.61	11.67	11.95	15.67	19.90	19.62	22.27	24.45	24.57	24.79
● Winslow Capital	9.81	10.47	9.89	8.56	10.83	10.85	14.91	20.19	19.81	21.63	23.22	23.56	23.61
■ Russell 1000 Gr...	8.55	9.04	7.78	6.98	9.42	9.41	12.18	17.81	17.55	20.61	22.21	22.44	22.59

	7/07-6/10	10/07-9/10	1/08-12/10
◆ Alger	28.43	28.66	29.42
■ Wellington Mgmt	25.36	26.61	28.01
● Winslow Capital	24.40	25.99	26.79
■ Russell 1000 Gr...	23.20	24.46	25.45

Results displayed in US Dollar (USD)

Information Ratio: 3-Year Rolling

- ◆ Alger: Capital Appreciation
- Wellington Mgmt: Opportunistic Growth
- Winslow Capital: Large Cap Growth



	DS	VT	RM	1/01-12/03	4/01-3/04	7/01-6/04	10/01-9/04	1/02-12/04	4/02-3/05	7/02-6/05	10/02-9/05	1/03-12/05	4/03-3/06	7/03-6/06	10/03-9/06	1/04-12/06
◆ Alger	IM	SA	GF	0.21	0.18	0.14	-0.23	-0.01	0.13	0.11	0.30	1.22	1.21	1.01	1.26	1.56
■ Wellington Mgmt	IM	SA	GF	1.39	1.43	1.41	1.51	1.56	1.14	1.22	1.31	1.32	1.76	1.33	1.09	0.84
● Winslow Capital	IM	SA	GF	0.48	0.42	0.30	0.52	0.59	0.41	0.35	0.62	1.68	1.75	1.51	1.73	1.28

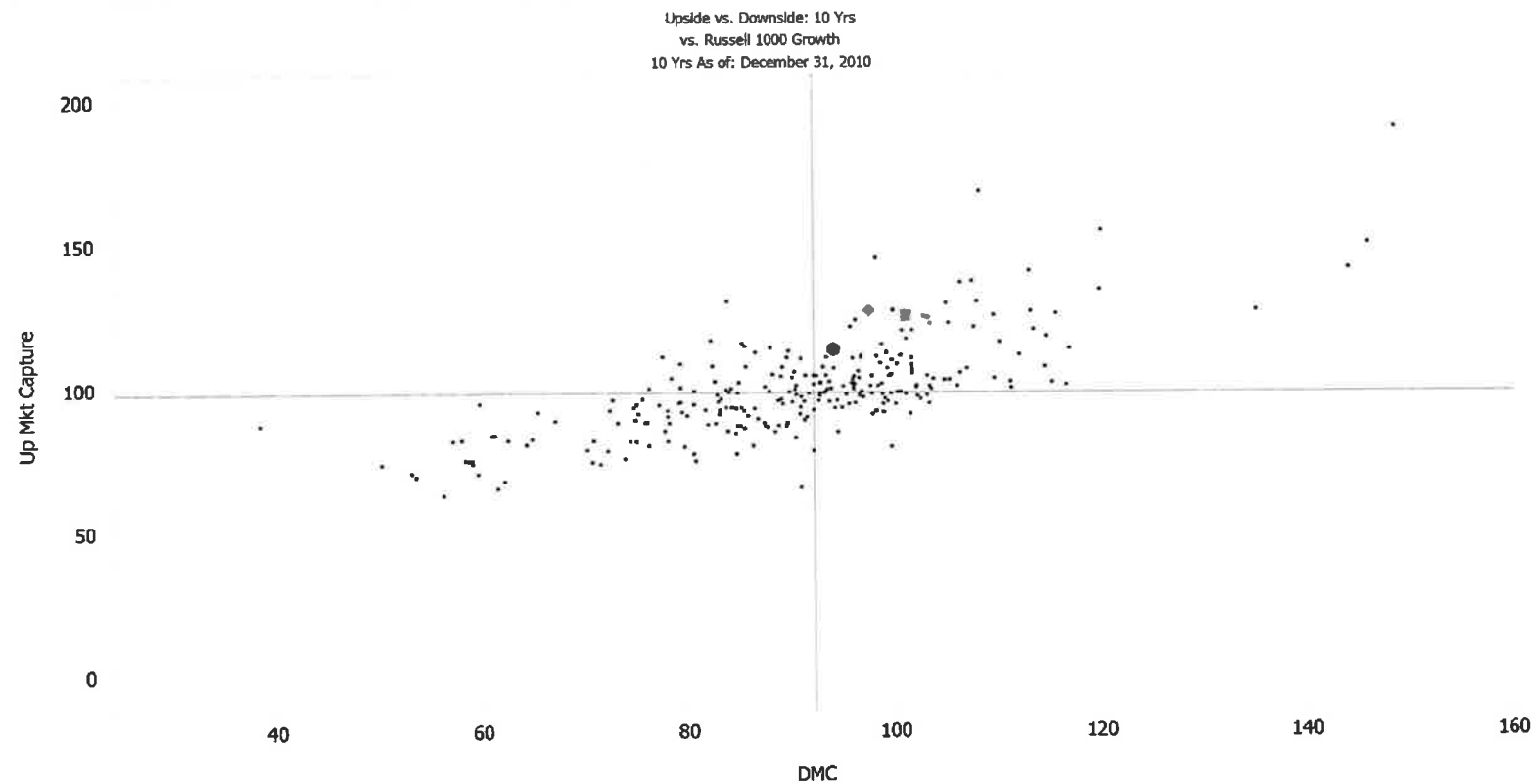
	4/04-3/07	7/04-6/07	10/04-9/07	1/05-12/07	4/05-3/08	7/05-6/08	10/05-9/08	1/06-12/08	4/06-3/09	7/06-6/09	10/06-9/09	1/07-12/09	4/07-3/10
◆ Alger	1.62	1.60	3.39	3.27	1.66	1.66	0.84	0.70	0.64	0.81	0.97	0.77	0.57
■ Wellington...	0.52	0.41	0.46	0.53	0.34	0.48	0.09	0.06	-0.10	-0.09	0.17	0.14	0.25
● Winslow Ca...	1.11	1.33	1.39	1.39	1.44	1.44	0.67	0.52	0.60	0.52	0.61	0.79	0.67

	7/07-6/10	10/07-9/10	1/08-12/10
◆ Alger	0.41	0.16	-0.09
■ Wellington...	0.11	0.13	0.21
● Winslow Ca...	0.40	0.41	0.20

Results displayed in US Dollar (USD)

Russell 1000 Growth

Upside vs. Downside: 10 Years



Universe: eA US Large Cap Growth Equity

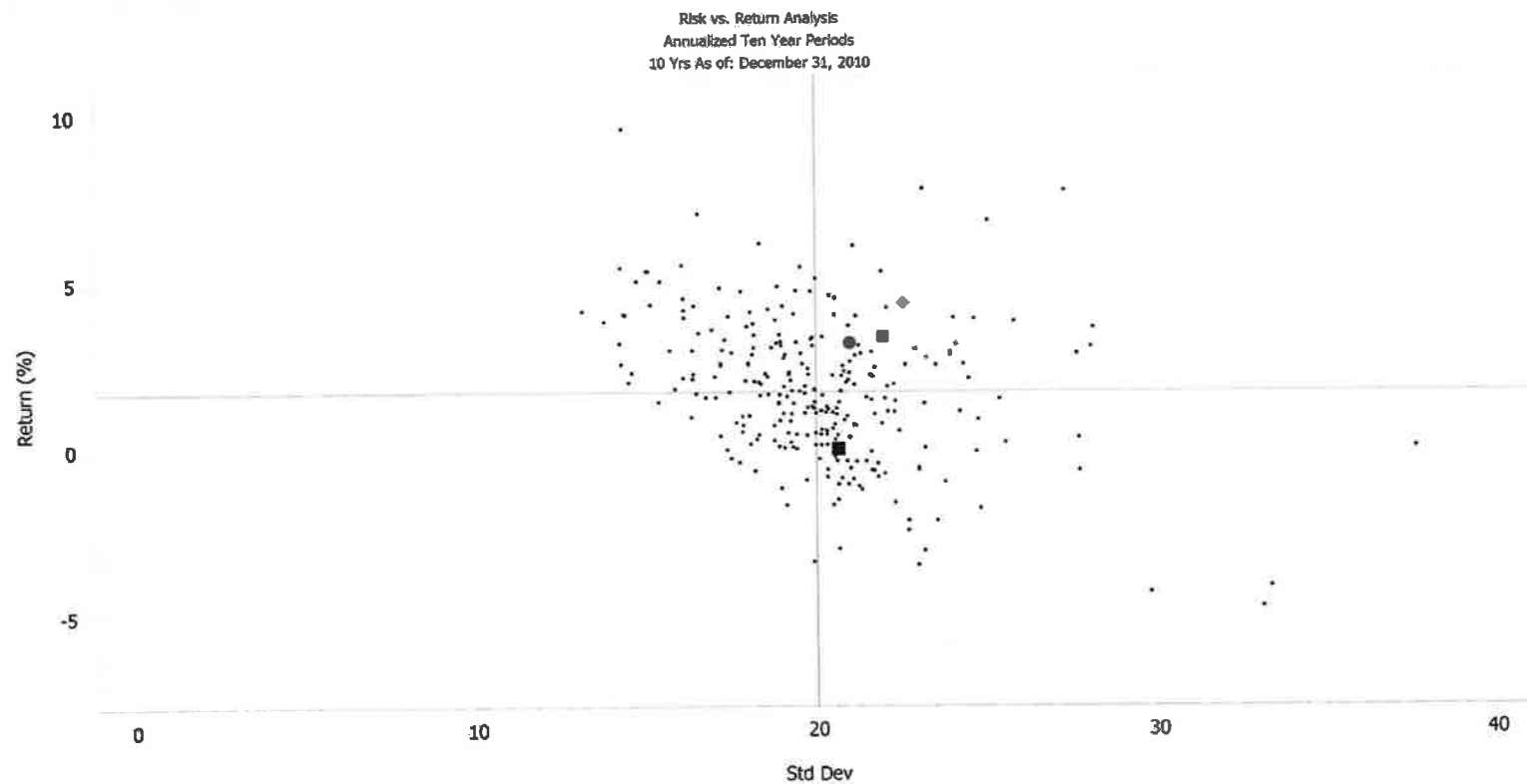
As of: December 31, 2010
10 Years

	DS	VT	RM	Up Mkt Capture	DMC
◆ Alger	IM	SA	GF	126.91	97.73
■ Wellington Mgmt	IM	SA	GF	125.22	101.26
● Winslow Capital	IM	SA	GF	113.37	94.15
+ Universe Median				98.55	92.24

Results displayed in US Dollar (USD)

Russell 1000 Growth

Risk vs. Reward: 10 Years



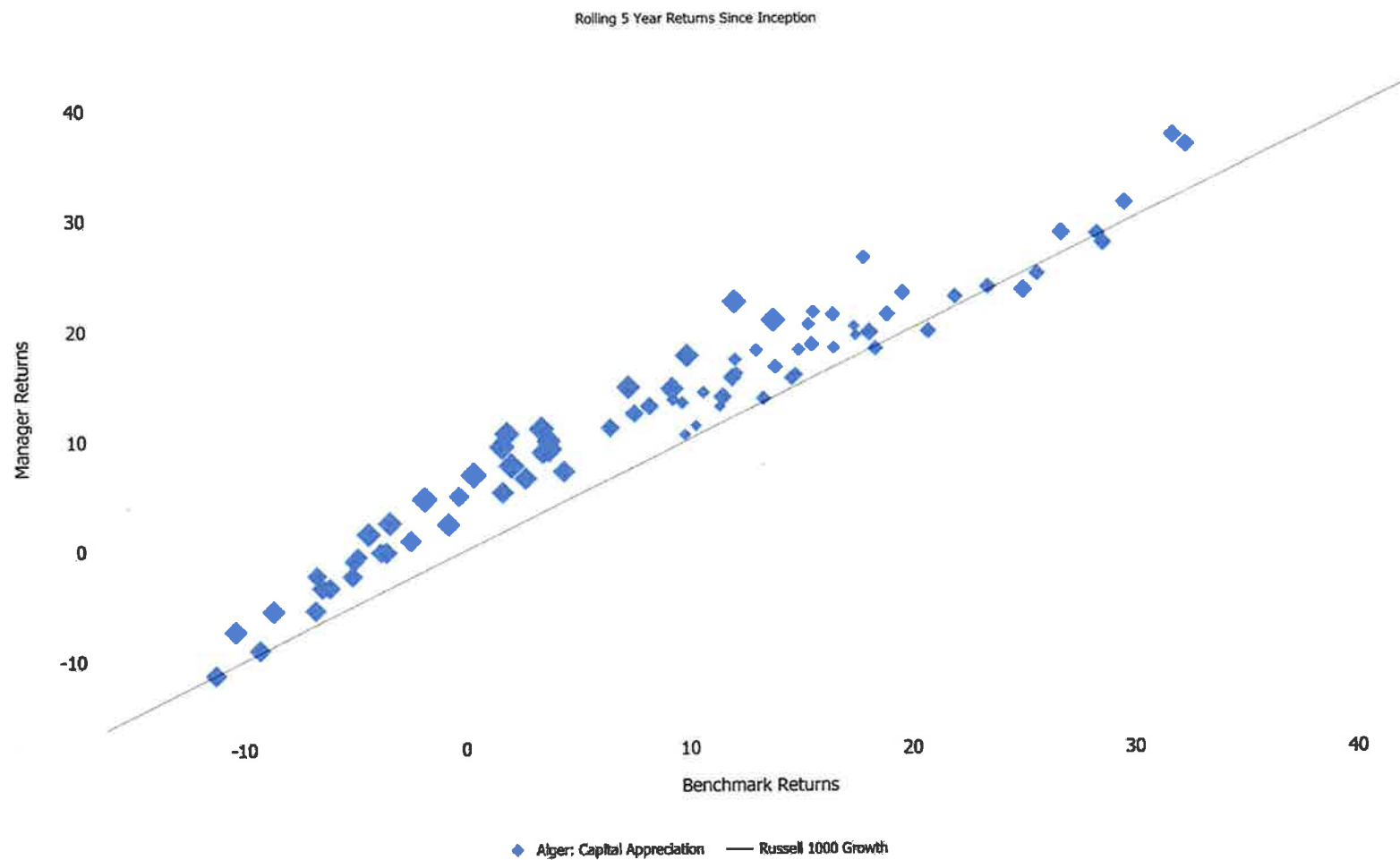
Universe: eA US Large Cap Growth Equity

As of: December 31, 2010
10 Years

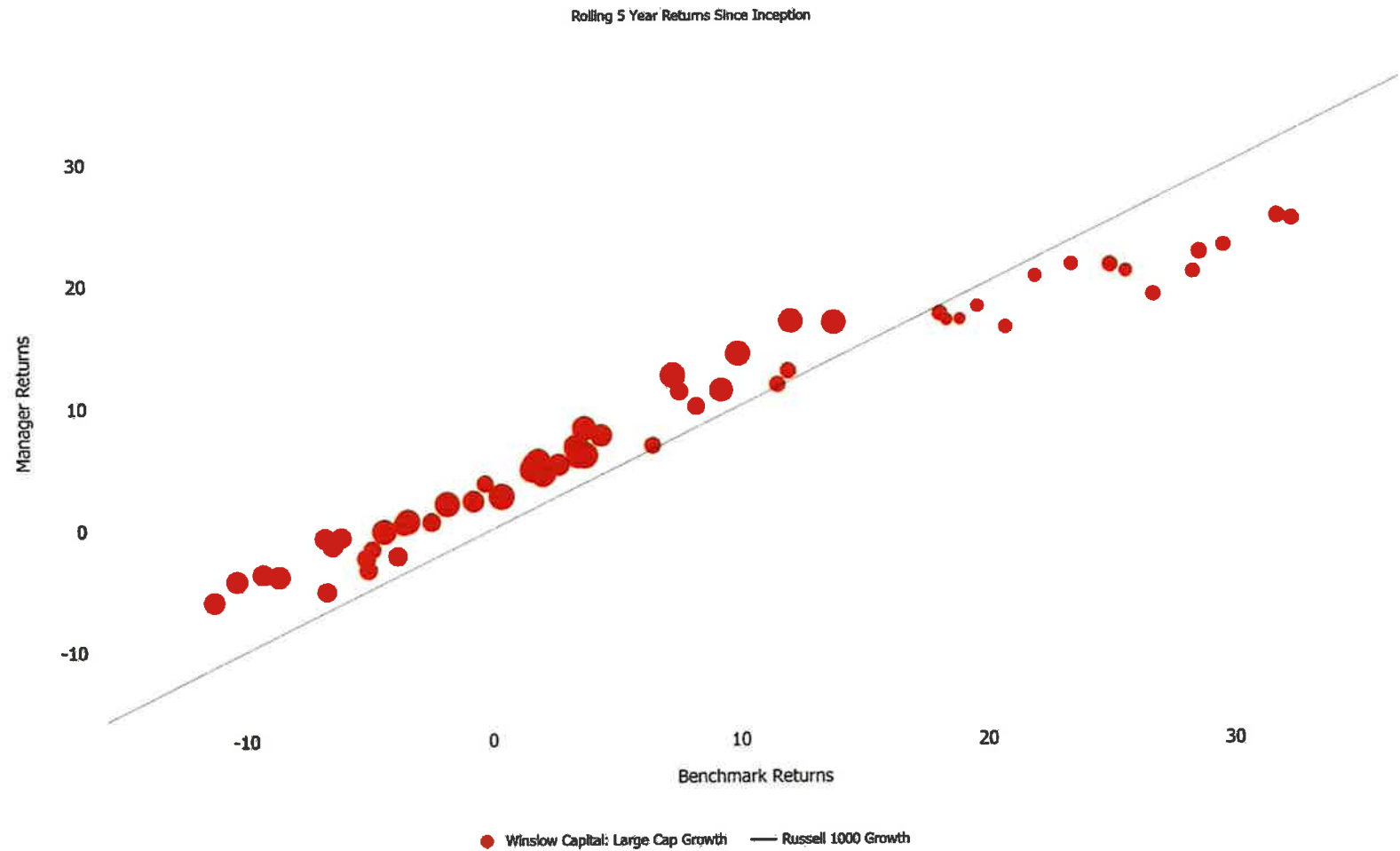
	DS	VT	RM	Return (%)	Std Dev
◆ Alger	IM	SA	GF	4.40	22.55
■ Wellington Mgmt	IM	SA	GF	3.39	21.96
● Winslow Capital	IM	SA	GF	3.20	20.99
■ Russell 1000 Growth	--	---	IX	0.02	20.65
+ Universe Median				1.74	19.99

Results displayed in US Dollar (USD)

Rolling 5 Years Returns Since Inception: Fred Alger



Rolling 5 Years Returns Since Inception: Winslow



Litigation *continued*

- 2) Wellington Management periodically receives requests and subpoenas from the US Securities and Exchange Commission (SEC) to provide information in regulatory and legal proceedings regarding Wellington Management's trading activities, securities of companies followed by the firm and, in some cases, clients of the firm. From time to time, Wellington Management also receives requests from the SEC (or other regulators) for information on industry topics and practices. To the best of our knowledge and except as otherwise disclosed, Wellington Management is not the subject of any such inquiries or proceedings.

In February 2004, we were informed by the SEC that an investigation had been initiated into some aspects of our trading and investment allocation policies and practices. In June 2007, the SEC notified Wellington Management that they had concluded their investigation. No enforcement action was recommended.

- *Pending:* In March 2004, prior to the conclusion of its investigation, the SEC referred a portion of their inquiry to the US Department of Labor (DOL), which oversees certain aspects of Wellington Management's US employee benefit plan clients. The issue referred to the DOL relates to the use of electronic communication networks for trading securities on behalf of certain US employee benefit plan clients. Although the SEC notified Wellington Management in June 2007 that they had concluded their investigation and that no enforcement action was recommended, we have not been informed by the DOL as to the status of their inquiry.

We would be pleased to address any further questions regarding these matters.

➤ **Winslow Capital Management, Inc.**

- 1) Winslow Capital Management itself is not and has not been subject to any litigation or legal proceedings related to investment operations during its history.

Winslow Capital Management is a subsidiary of Nuveen and is an affiliate of Nuveen's other subsidiaries, which include a number of SEC registered investment advisers and a broker-dealer. Nuveen and its subsidiaries are collectively referred to as the "firm." From time to time, the firm and its employees may receive inquiries or other requests for information in connection with investigations conducted by various regulatory authorities, including but not limited to the SEC and various state securities regulators. The firm routinely cooperates with such requests. The firm is also involved, from time to time, in civil legal proceedings concerning matters arising in connection with the conduct of its business. The firm will report all material proceedings in which there has been a final determination against it in the relevant subsidiary's Form ADV and/or Form BD, as required. A copy of Winslow Capital's Form ADV Part II is available upon request. Winslow Capital's Form ADV Part I may be viewed online at <http://www.sec.gov>.

In 2009, Financial Industry Regulatory Authority ("FINRA") initiated an inquiry into activities by Nuveen Investments, Inc.'s broker dealer subsidiary, Nuveen Investments, LLC relating to the marketing and distribution of auction rate preferred securities ("ARPS"). FINRA's staff has notified Nuveen's broker dealer that the staff has made a preliminary determination to recommend that a disciplinary action be brought against the broker dealer. The potential charges recommended by the staff of FINRA in such action would allege that certain ARPS marketing materials provided by Nuveen's broker dealer were false and misleading from 2006 to 2008 and also would allege failures by Nuveen's broker dealer relating to its supervisory system with respect to the marketing of ARPS during that period. The staff of FINRA has provided Nuveen's broker dealer an opportunity to make a written submission to FINRA to aid its consideration of whether to revise and/or go forward with the staff's preliminary determination to recommend disciplinary action. Nuveen's broker dealer has prepared such a submission responding to the potential allegations and asserting its defenses. Nuveen's broker dealer anticipates continuing to discuss these matters with the staff of FINRA.

Investment Terminology

- **Alpha** The excess return of a portfolio generally attributable to active manager skill. It is the extra risk-adjusted return over the benchmark. This risk-adjusted factor takes into account both the performance of the benchmark and the volatility of the portfolio. Positive alpha indicates that a manager has produced returns above expectations at that risk level. Negative alpha indicates that a manager has produced negative relative returns at that risk level. When selecting between active investment managers, a higher alpha is generally preferred. In contrast, a pure passive strategy would have an alpha of 0.
- **Batting Average** A measurement of a manager's ability to consistently match or exceed the benchmark. It is the number of periods of matching or excess performance as compared to the benchmark over the selected time horizon. A batting average of .750 indicates that the manager matched or exceeded the benchmark exactly three-quarters of the time (i.e., three out of four calendar quarters). Batting average does not quantify the magnitude of any excess performance.
- **Beta** is the systematic risk of the portfolio. Measured by the slope of the least squares regression, beta is the measure of portfolio risk which cannot be removed through diversification. Beta is also known as market risk. Beta is a statistical estimate of the average change in the portfolio's performance with a corresponding 1.0 percent change in the risk index. A beta of 1.0 indicates that the portfolio moves, on average, lock step with the risk index. A beta in excess of 1.0 indicates that the portfolio is highly sensitive to movements in the risk index. A beta of 1.5, for example, indicates that the portfolio tends to move 1.5 percent with every 1.0 percent movement in the risk index. A beta of less than 1.0 indicates that the portfolio is not as sensitive to movements in the risk index. A beta of 0.5, for example, indicates that the portfolio moves only 0.5 percent for every 1.0 percent movement in the risk index.
- **Correlation Coefficient (R)** The correlation coefficient measures the extent of linear association between 2 variables. The range of possible correlation coefficients is -1.0 to $+1.0$. A correlation coefficient of 0.0 indicates that the 2 variables are not correlated. Zero correlation would imply that the 2 variables move completely independently of each other over time. The correlation coefficients -1.0 and $+1.0$ indicates perfect correlation. Negative correlation coefficients imply that the 2 variables move in opposite directions and positive correlation coefficients imply causality. The fact that 2 variables are highly correlated does not imply that one variable caused the other to behave in a particular fashion.
- **Coefficient of Determination (R²)** R squared, the coefficient of determination, measures the strength of the least squares regression relationship between the portfolio (the dependent variable) and the risk index (the independent variable). The statistic reveals the extent to which the variability in the dependent variable can be explained by the variability in the independent variable. The strength of the R-squared statistic will reflect on the strength of alpha and beta. A weak R-squared, for example, would indicate that alpha and beta cannot be strictly interpreted. For example, with regard to an investment manager's product being regressed against an index, a R-squared of 0.75 implies that 75% of that manager's returns can be explained by the index.
- **Diversification** Minimizing of non-systematic portfolio risk by investing assets in several securities and investment categories with low correlation between each other.