



Wilshire

2011 Active Management Review

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Introduction

The purpose of this paper is to provide a review of active management in traditional asset classes. The report is intended to serve as a resource document for reference when conducting manager searches and contemplating the role of active management within various areas of the capital markets. As such, it is constructed to be heavy on statistical information with some brief commentary to make specific observations. This is the second annual installment of the report, whose structure we expect will continue to evolve through time. As always, we welcome your feedback and suggestions in increasing its value to your organization.

The primary resources for the paper are Wilshire's proprietary manager database (Wilshire Compass Portal / a.k.a. Wilshire OdysseySM) and analytical tool (Wilshire CompassSM). Wilshire Compass is an investment technology system with capabilities in asset allocation, investment structure and manager and total fund evaluation. Wilshire does not charge any fee, direct or indirect, for manager participation in our database. As of December 2011, Wilshire's manager database covers over 8,400 investment products, over 24,000 mutual funds and approximately 5,000 hedge funds. With the exception of hedge fund and mutual fund databases, which are provided in part by external vendors, manager data is obtained directly from investment managers who fill out Wilshire's quantitative and qualitative questionnaires on a regular basis. Because there is no manual input, the data is not subject to error after it enters Wilshire's database, although it is open to data entry error from the managers themselves. Wilshire has a dedicated operations team in the Consulting division that works directly with managers to assist in ensuring the timeliness and quality of manager-supplied information.

Unless otherwise stated, all returns used throughout the analysis reflect gross-of-fee performance, so the results will overstate actual realized returns. As with any study conducted on a database populated by investment managers, it is subject to familiar biases such as survivorship bias, backfill bias and misclassification of strategies. While we believe it can be instructive to analyze the contents of our database, the reader should be aware of the possible biases in this study.

The manager universes used in this paper are Wilshire Defined Universes, which represent manager segmentations constructed from returns-based and holdings-based style analysis. We process portfolio equity holdings submitted by managers through Wilshire's equity analytics system, Wilshire AtlasSM, to calculate portfolio

characteristics. Wilshire gathers portfolio characteristics directly from fixed income managers in order to mitigate the impact of OTC pricing in fixed income markets. The methodology for Wilshire Defined Universe construction is included in the appendix. We further analyzed the quantitative output and applied minor qualitative overrides to assign each strategy to its most appropriate universe.

The layout of the paper begins with a study of systematic returns and the underlying factors driving market returns over the last five years. We then shift to a review of active management results in US Equity style segments, Non-US Equity, Emerging Markets Equity, Core Fixed Income and High Yield Fixed Income.

Market Environment

It is difficult to glean an accurate perspective of the performance of active management without a clear understanding of the underlying market environment. Most active strategies, even those driven by bottom-up, security specific processes, carry some persistent exposure to one or more systematic factors of the market. In this section we leave aside statistics that measure active management and, instead, focus on the general market environment, the relative behavior of various market segments and the underlying currents of certain systematic market factors. We hope to present a high level perspective of important market drivers during the one-, three- and five-year time periods that can be applied to reaching a better understanding of individual manager performance during these intervals.

The table below shows the performance of major market indexes from 2007 to 2011 in a heat map display. Market returns are sorted in descending order from the highest to the lowest asset class return. The column to the right is the five year annualized return as of December 2011.

Exhibit 1
Calendar Year-End Market Returns

| 2007 | 2008 | 2009 | 2010 | 2011 | 2007-2011 |
|----------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------|
| Emrg Mrkts 39.8% | Core Bond 5.2% | Emrg Mrkts 79.0% | REITs 28.6% | U.S. TIPS 13.6% | U.S. TIPS 8.0% |
| Commodities 16.2% | T-Bills 2.0% | High Yield 58.2% | Emrg Mrkts 19.2% | REITs 9.2% | High Yield 7.5% |
| U.S. TIPS 11.6% | U.S. TIPS -2.3% | Developed 32.5% | U.S. Equity 17.2% | Core Bond 7.8% | Core Bond 6.5% |
| Developed 11.6% | High Yield -26.2% | REITs 28.6% | Commodities 16.8% | High Yield 5.0% | Emrg Mrkts 2.7% |
| Core Bond 7.0% | Commodities -35.6% | U.S. Equity 28.3% | High Yield 15.1% | U.S. Equity 1.0% | T-Bills 1.5% |
| U.S. Equity 5.6% | U.S. Equity -37.2% | Commodities 18.9% | Developed 8.2% | T-Bills 0.1% | U.S. Equity 0.1% |
| T-Bills 5.0% | REITs -39.2% | U.S. TIPS 11.4% | Core Bond 6.5% | Developed -11.7% | REITs -2.0% |
| High Yield 1.9% | Developed -43.1% | Core Bond 5.9% | U.S. TIPS 6.3% | Commodities -13.3% | Commodities -2.1% |
| REITs -17.5% | Emrg Mrkts -53.2% | T-Bills 0.2% | T-Bills 0.1% | Emrg Mrkts -18.2% | Developed -4.3% |

Source: Wilshire Compass

It is evident from Exhibit 1 above that in 2011 yield oriented and higher quality assets performed better than riskier assets. This also appears to be true for the 5 year period from 2007 to 2011 with US TIPS, High Yield and Core Bond assets strongly outperforming other market segments.

In Exhibit 2 below, we continue with a comparison of periodic returns for various indicative market indexes, including a comparison of related index pairs.

Exhibit 2
Systematic Market/Factor Returns (Annualized)
As of 12/31/2011

| Index | One Year | Three Years | Five Years |
|---------------------------------|---------------|---------------|---------------|
| Wilshire US Large Cap | 1.59% | 14.24% | -0.03% |
| Wilshire US Small Cap | -3.40% | 20.87% | 2.29% |
| Large minus Small | 4.99% | -6.63% | -2.33% |
| Wilshire US 2500 Value | 2.77% | 12.79% | -1.58% |
| Wilshire US 2500 Growth | -0.74% | 16.87% | 1.86% |
| Value minus Growth | 3.50% | -4.08% | -3.44% |
| MSCI Emerging Markets (\$ Net) | -18.42% | 20.07% | 2.40% |
| MSCI EAFE (\$ Net) | -12.14% | 7.65% | -4.72% |
| Emerging minus Developed | -6.28% | 12.42% | 7.12% |
| MSCI ACWI-X US (LC Net) | -12.16% | 7.60% | -4.38% |
| MSCI ACWI-X US (\$ Net) | -13.71% | 10.71% | -2.92% |
| Local minus USD | 1.54% | -3.11% | -1.46% |
| Barclays Capital US High Yield | 4.98% | 24.12% | 7.54% |
| Barclays Capital US Aggregate | 7.84% | 6.78% | 6.50% |
| High Yield minus Core | -2.86% | 17.34% | 1.04% |

Source: Wilshire Compass

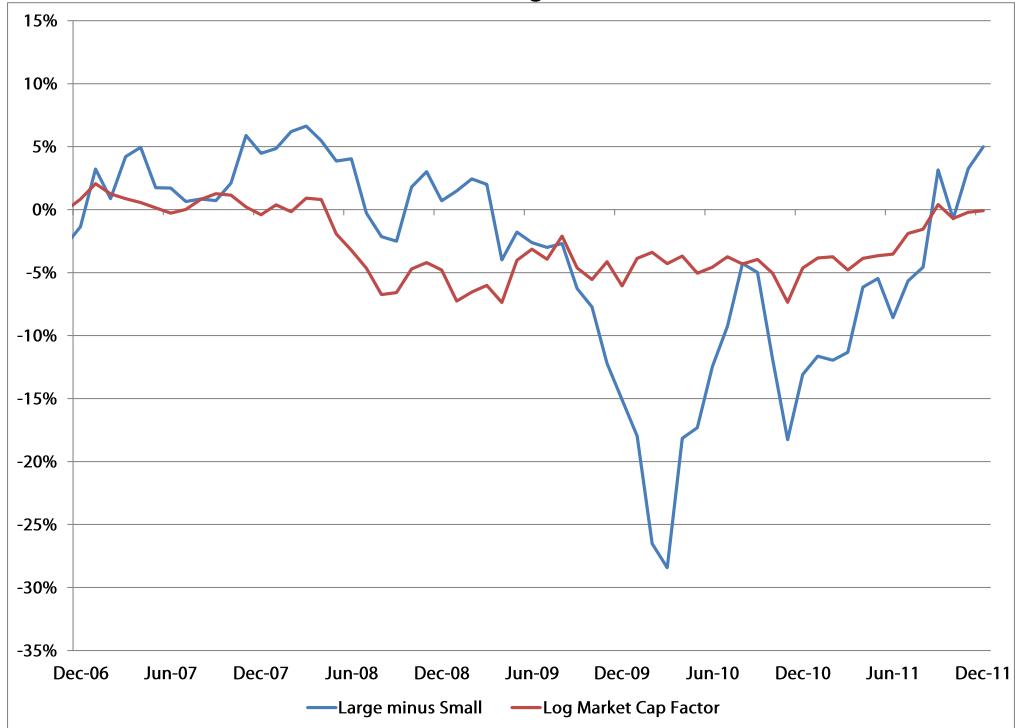
For each index pair in the table above (i.e. Large vs. Small, Value vs. Growth, etc.), we provide a summary row to highlight the arithmetic difference between index returns. This orientation of the data can be quite helpful in identifying areas of large relative performance differences and how these patterns may have created a headwind or tailwind for individual active strategies with tilts into or away from a particular market segment. For example, notice the 4.99%, -6.63% and -2.33% relative returns highlighted in the top panel that correspond, respectively, to the one-, three- and five-year return differences between the Wilshire US Large-Cap IndexSM and the Wilshire US Small-Cap IndexSM. This demonstrates that large capitalization stocks outperformed small cap stocks during the most recent one year period, but underperformed during the three and five year periods. This suggests that managers carrying a consistent relative bias towards smaller companies would have experienced a headwind in the most recent year, but would have benefitted from a tailwind versus their benchmark and/or peers in the three and five year periods. We will take a deeper dive into the performance of specific market factors in the remainder of this section.

US Equity: Size

The relative behavior of stocks of various capitalization sizes is a key market dynamic that can influence the performance of some active strategies in a material way. Below, we review the size factor during various time periods from two different angles. First, as we did in the previous table, we simply contrast the returns of large cap stocks to smaller stocks through a direct comparison of the Wilshire US Large Cap Index vs. the Wilshire US Small Cap Index. The blue line in the chart below reflects this relative performance on a one-year rolling basis, rising when large cap stocks outperformed smaller stocks and falling when they lag. The red line in the exhibit displays the Log Market Cap factor from the Wilshire GR6 Equity Risk ModelSM. The underlying factor returns of the risk model are derived from a multi-factor regression of security returns against a variety of factors and, therefore, reflect the net impact of capitalization differences among securities' behavior outside of what is explained by other model factors.* The Log Market Cap factor's impact on relative portfolio performance would depend on the portfolio's net exposure versus its benchmark. For perspective on the scaling magnitude of the Log Market Cap factor, at the end of December 2011, the net exposure of the Wilshire US Large-Cap Index relative to the Wilshire US Small-Cap Index was 1.93, suggesting that a Log Market Cap factor return of 1.00% would contribute 1.93% to relative index performance.

* The Wilshire GR6 Risk Model includes six fundamental factors (Log Market Cap, BP Ratio, EP Ratio, Volatility, Momentum, Historic Beta) and industry classification.

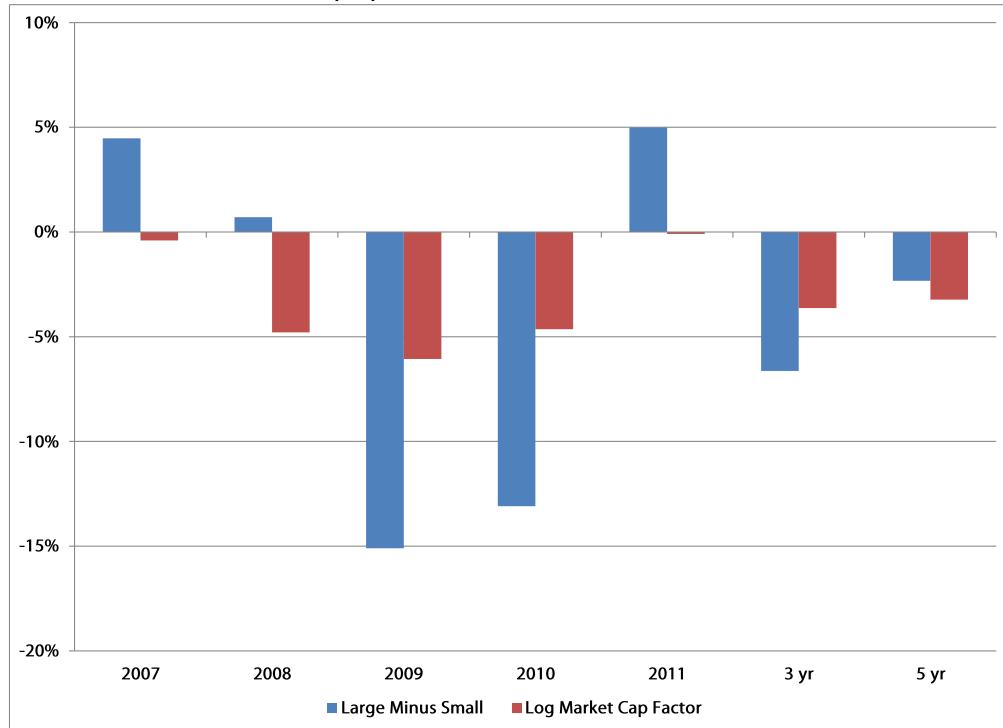
Exhibit 3
US Equity: Size Factor
1-Year Rolling Returns



Source: Wilshire Compass and Wilshire Atlas

Below, we show the two size measures during the one-, three- and five-year intervals reviewed earlier for active performance as well as the individual annual returns over the past five years.

Exhibit 4
US Equity: Size Factor
1-, 3-, 5-Years and Annual Returns



Source: Wilshire Compass and Wilshire Atlas

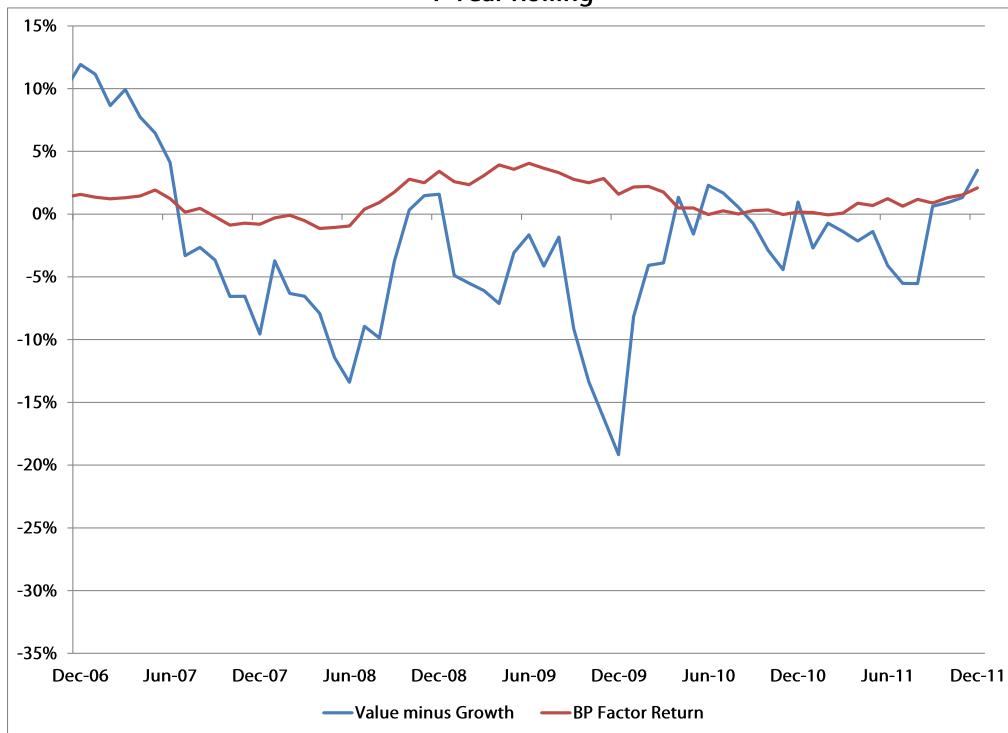
As can be seen in the chart above, both measures of performance by size demonstrate the relative performance edge of smaller stocks. The most recent year saw a reversal of the previous two years with tilts toward larger capitalization stocks paying off in 2011. However, during a longer three and five year period, a tilt toward smaller cap stocks would have contributed positively to relative performance.

US Equity: Style

Various style factors can have an important impact on the relative behavior of stocks. As we presented above for the size factor, we examine the behavior of the style factor during various time periods from the same two perspectives; directly from index returns and with components from the Wilshire GR6 Equity Risk Model. The blue line in the chart below reflects the relative performance of the Wilshire 2500 Value IndexSM versus the Wilshire 2500 Growth IndexSM on a one-year rolling basis, rising when value stocks outperformed growth stocks and falling when they lag. Second, we review the book-to-price (BP) factor, a fundamental ratio that plays a key role in the index methodologies of various index providers when separating stocks between "growth" and "value." The red line in the exhibit displays the BP factor from the Wilshire GR6 US

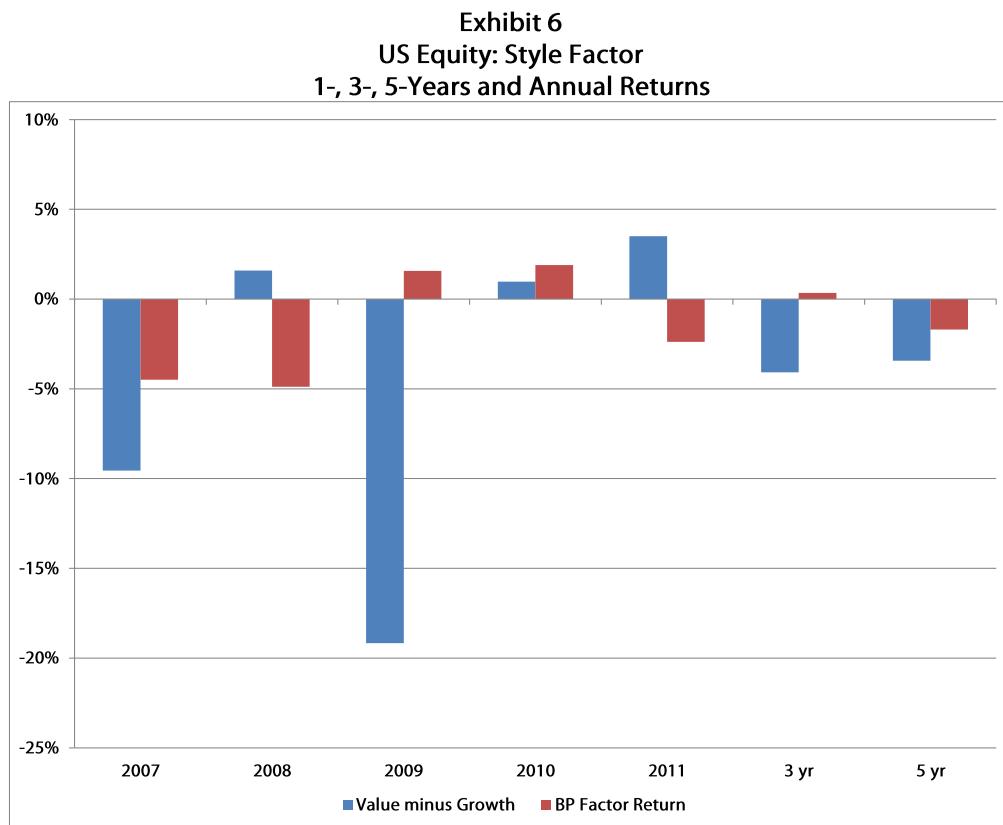
Equity Risk Model. As with the Log Market Cap factor, the BP factor's impact on relative portfolio performance would depend on a portfolio's net exposure versus its benchmark. For perspective on the scaling magnitude of the BP factor, at the end of December 2011, the net exposure of the Wilshire US 2500 Value Index relative to the Wilshire US 2500 Growth Index was 0.78, suggesting that a BP factor return of 1.00% would contribute 0.78% to relative index performance.

Exhibit 5
US Equity: Style Factor
1-Year Rolling



Source: Wilshire Compass and Wilshire Atlas

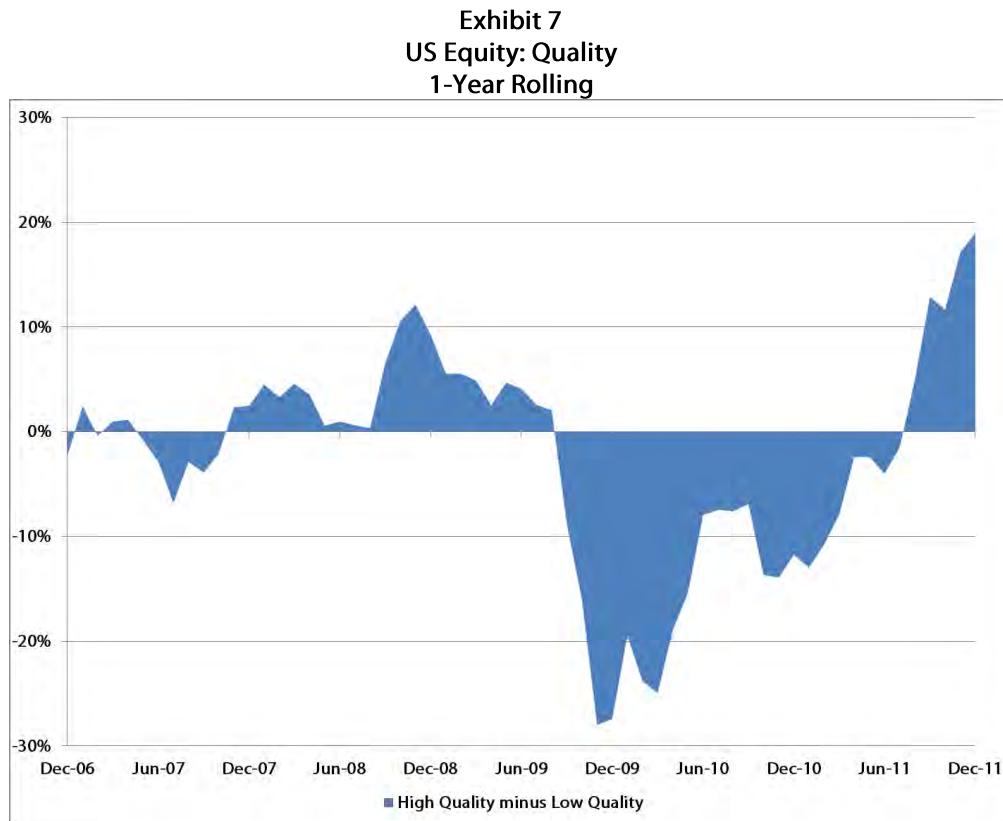
Below, we show the two style measures during the one-, three- and five-year intervals reviewed earlier for active performance as well as the individual annual returns over the past five years. As can be seen from the chart, relative performance of value versus growth stocks has been somewhat mixed during the past five years with a slight edge to growth due in most part to the large relative outperformance in 2009.



Source: Wilshire Compass and Wilshire Atlas

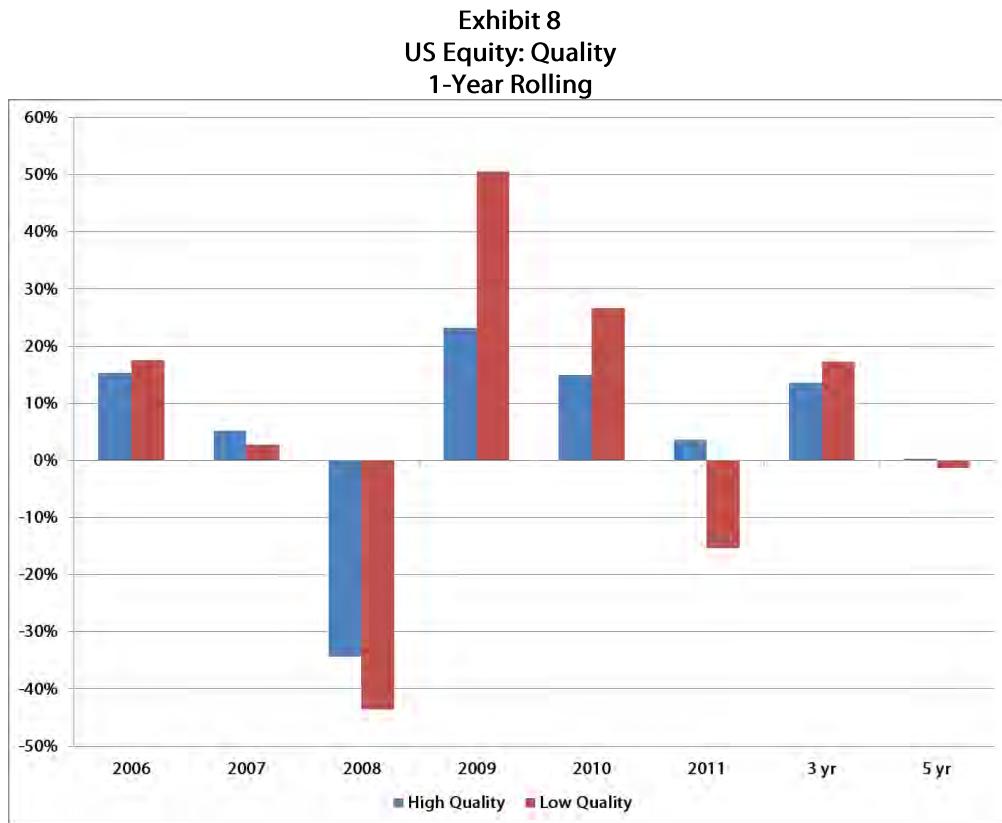
US Equity: Quality

Bias towards high or low quality companies can affect the relative performance of strategies at various points in a business cycle. The graph below utilizes Wilshire Atlas to look at the difference in performance of high quality companies versus low quality companies in the Wilshire 5000 Total Market IndexSM. We utilized the S&P equity quality ratings and define High Quality as stocks rated B and above and Low Quality as those rated B- and below. The graph below depicts high quality company returns minus low quality company returns on a one-year rolling basis. The solid area on the chart is positive when high quality companies outperform and negative when low quality companies outperform. As demonstrated in the chart, lower quality stocks led the 2009 'junk' rally, but this trend reversed in the more recent time period with higher quality companies outperforming.



Source: Wilshire Atlas

Below, we show the two quality measures during the one-, three- and five-year intervals as well as the individual annual returns during the past five years. The chart below displays that during the last five years high or low quality companies had significant return differences in any given calendar year, but during the entire five-year period the difference is relatively small.

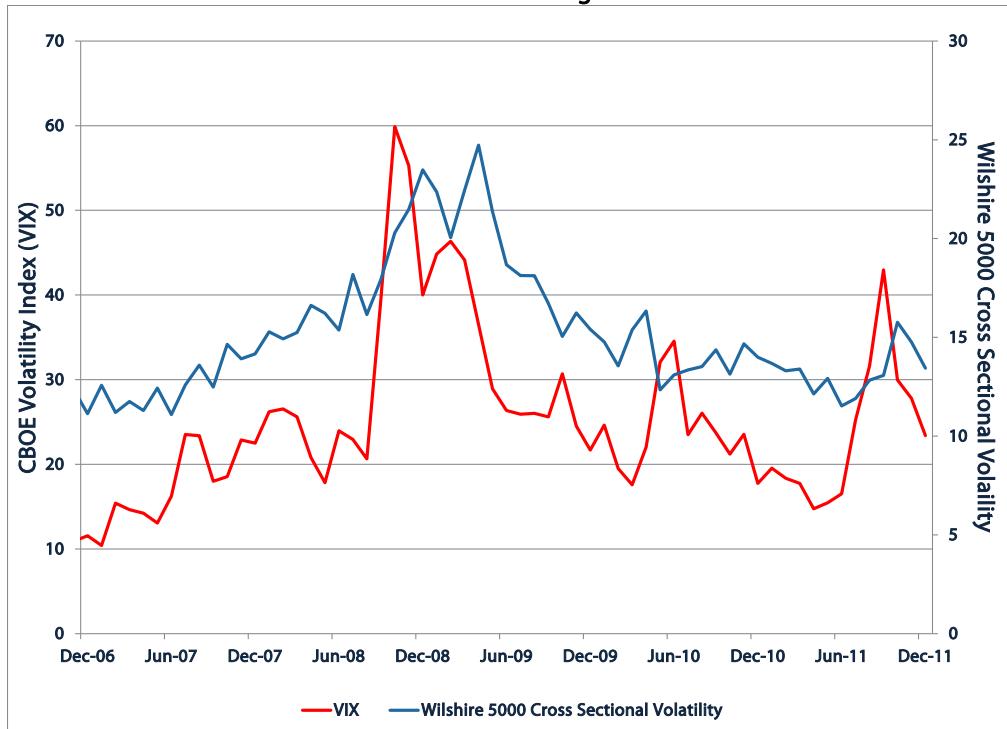


US Equity: Volatility

Security price volatility is not only a key market indicator of risk regimes, but can also be an important signal as to the general environment for active management. Below, we begin first by looking at the stock market's general level of volatility across two dimensions to assess the level of pricing risk over recent years. The red line in the exhibit below graphs the monthly price of the CBOE Volatility Index (VIX), a widely followed measure of market risk. As can be seen, market volatility was low and stable through 2006 and the first half of 2007, rose in 2007 before spiking in 2008 following the Lehman collapse. The index began moderating in the second half of 2009 with a late 2009 and early 2010 rise. In 2011, the VIX spiked again during the mid-summer market turmoil. The blue line in the exhibit shows the level of monthly cross-sectional volatility of all stocks in the Wilshire 5000 Total Market IndexSM. Unlike the VIX, which provides a view of the risk of the overall market across time periods, the cross-sectional risk statistic helps to reveal the underlying risk of securities to one another over a discrete period. This can be particularly useful in identifying those periods of time that may have provided an attractive environment for skillful active managers. For example, when cross-sectional risk is low, it suggests that there is a relatively low

level of price differentiation among individual securities, providing scarce opportunity for security selection to contribute meaningfully to excess returns. As can be seen in the exhibit, cross-sectional risk did rise notably through the 2007 to 2008 environment before moderating from 2009 through 2011. The moderation in cross-sectional volatility could lead to a difficult environment for US equity managers.

Exhibit 9
Equity Market Volatility
1-Year Rolling



Source: Wilshire Compass and Wilshire Atlas

Another important perspective regarding volatility is its role as a systematic risk factor in explaining elements of security pricing. In this way, volatility as a factor can be examined similarly to our discussion of the Log of Market Cap and BP factors above. In the following exhibit, we chart the Volatility factor from the Wilshire GR6 Risk Model. When the line is moving upward, more volatile stocks are enjoying relative outperformance versus less volatile securities and vice versa when the line is moving lower. As can be seen, volatile stocks suffered during the 2007-2008 market sell-off and during the most recent one-year period. Strategies holding more volatile securities would have had a very difficult time keeping up with benchmarks and peers during those particular environments. In 2011, a similar pattern re-emerges with high volatility securities faring worse than lower volatility securities.

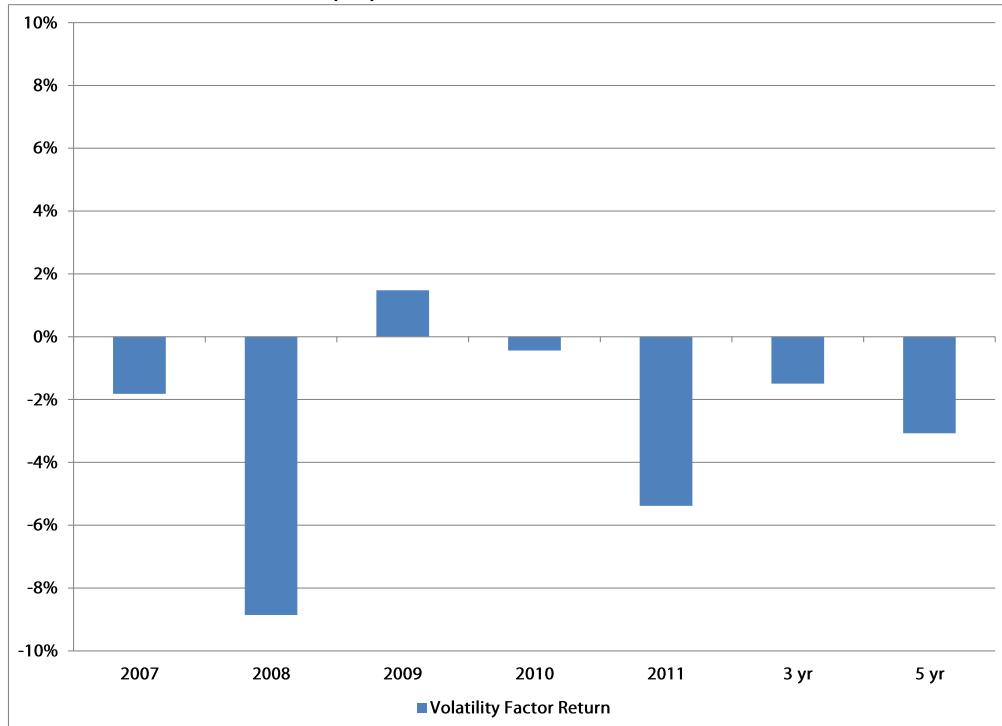
Exhibit 10
US Equity: Volatility Factor
1-Year Rolling



Source: Wilshire Atlas

Below, we show the Volatility factor during the one-, three- and five-year intervals reviewed earlier for active performance as well as the individual annual returns during the past five years. As noted above, the large negative factor returns in 2008 and 2011 demonstrates that exposure to more volatile stocks detracted from performance during the last five years.

Exhibit 11
US Equity: Volatility Factor
1-, 3-, 5-Years and Annual Returns



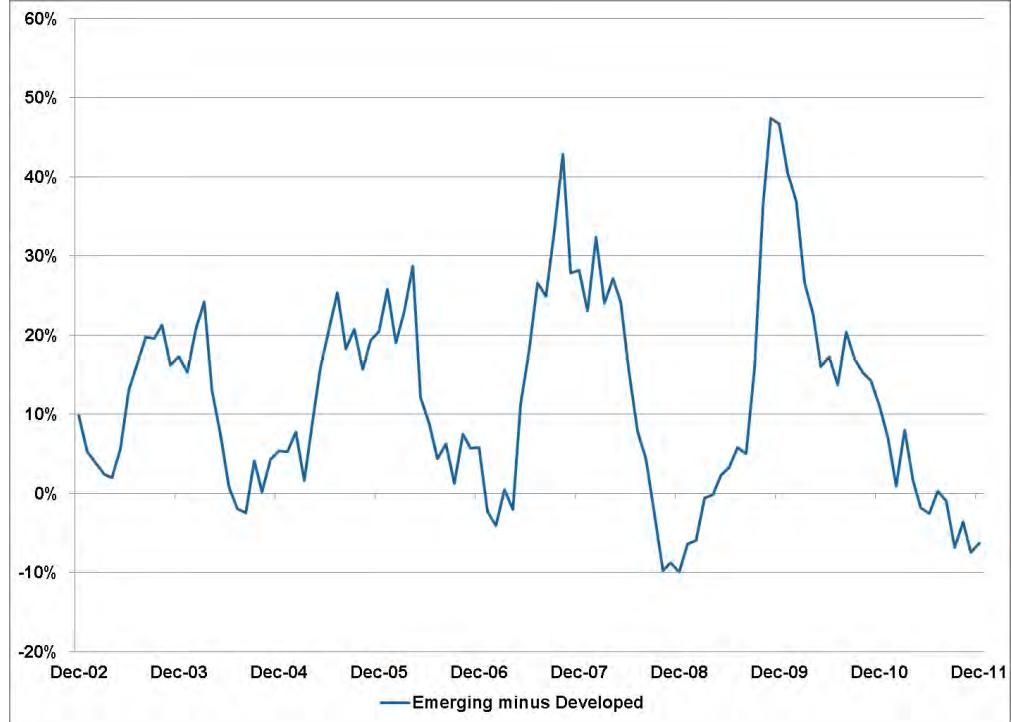
Source: Wilshire Atlas

Non-US Equity: Emerging vs. Developed Markets

In the area of international equity investing, a manager's general approach to the emerging markets can have a large impact on the strategies relative performance versus their benchmark and peers. Even developed market, EAFE type strategies, can take a "plus" approach that leads to persistent exposure to the emerging markets despite the absence of such names in the stated reference benchmark. As such, it is important to monitor the relative performance of the emerging versus developed markets to understand how a persistent tilt towards the emerging markets can influence manager returns during various market intervals.

The following chart displays the relative performance difference of the MSCI Emerging Markets Index against the MSCI EAFE Index during one-year rolling periods since December 2002. The emerging market factor seemed to peak in 2009 with a persistent decline to the most recent period where developed markets outperformed emerging markets.

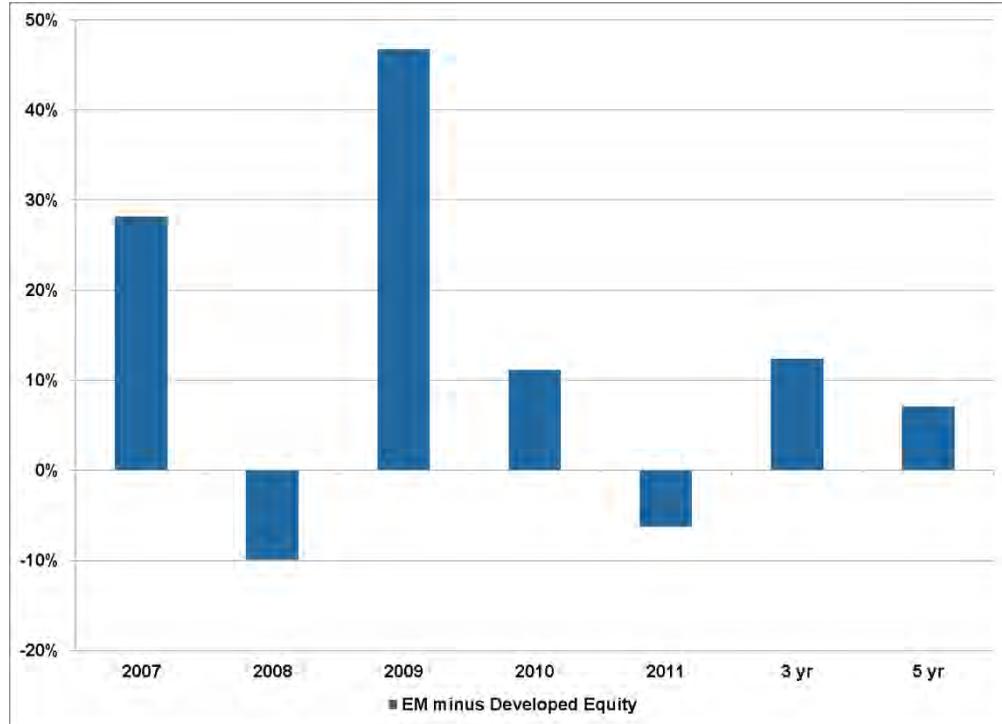
Exhibit 12
Non-US Equity: Emerging Markets
1-Year Rolling



Source: Wilshire Compass

Below we display the emerging markets factor during the past five individual years as well as for the three- and five-year periods through December 2011. With the exception of 2008 and 2011, this has been a positive market cycle for the relative performance of the emerging markets factor, with 2009 standing out as a banner year versus the developed markets.

Exhibit 13
Non-US Equity: Emerging Markets
1-, 3-, 5-Years and Annual Returns



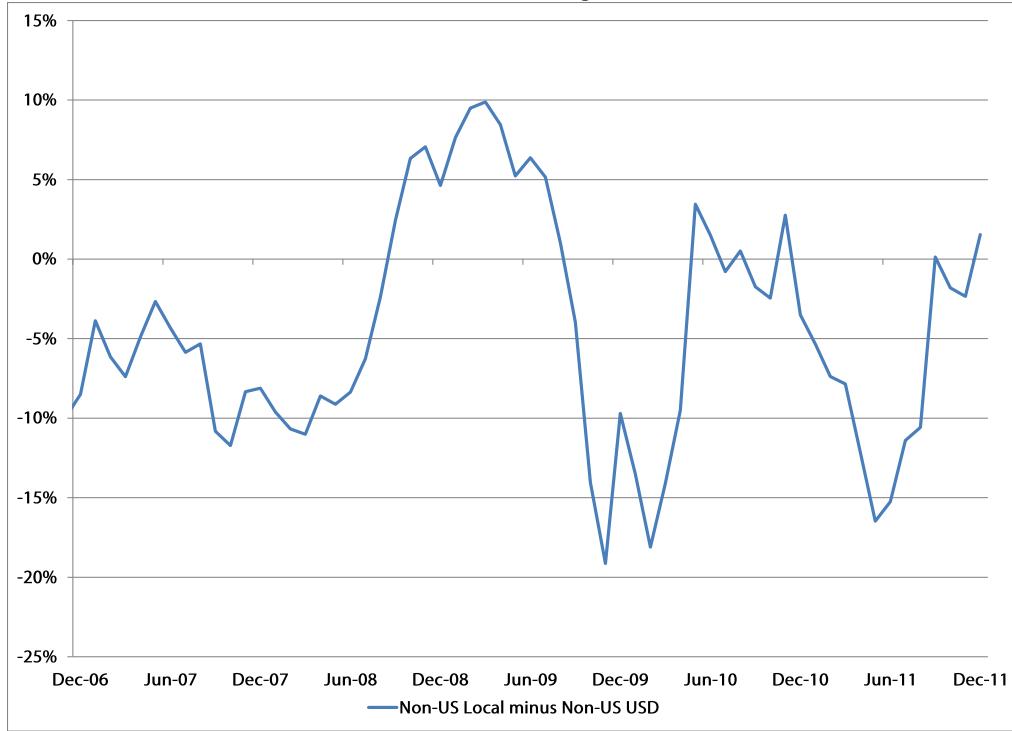
Source: Wilshire Compass

Non-US Equity: Currency

Currency fluctuations can have a dramatic impact on the returns realized by investors holding assets denominated in a foreign currency. While it is not common, some international equity strategies employ various levels of currency hedging to control some of the volatility associated with holding foreign currencies. The magnitude and persistence of these hedges can have meaningful contributions to the returns of such strategies. Below, we show this currency effect from the perspective of a US Dollar-based investment in the MSCI ACWI ex US Index. The line represents the one-year rolling difference between the index's local currency return versus its return expressed in US Dollars. When the line plots above zero, a currency hedged strategy should experience a positive relative advantage versus the benchmark and other unhedged international strategies. As can be seen in the chart, managers employing a hedging strategy experienced a large relative headwind through the 2006, 2007, 2009, and through 2010 and mid 2011 market environments because their hedges lost value against a falling US Dollar. In 2009 and mid-way through 2011 in particular, the relative drag on a fully hedged portfolio would have been in excess of 15% versus the

unhedged market.* Another way to view the chart is that when the graph is negative an unhedged dollar investment in foreign countries received a tailwind from a depreciating dollar.

Exhibit 14
Non-US Equity: Currency Effect
1-Year Rolling

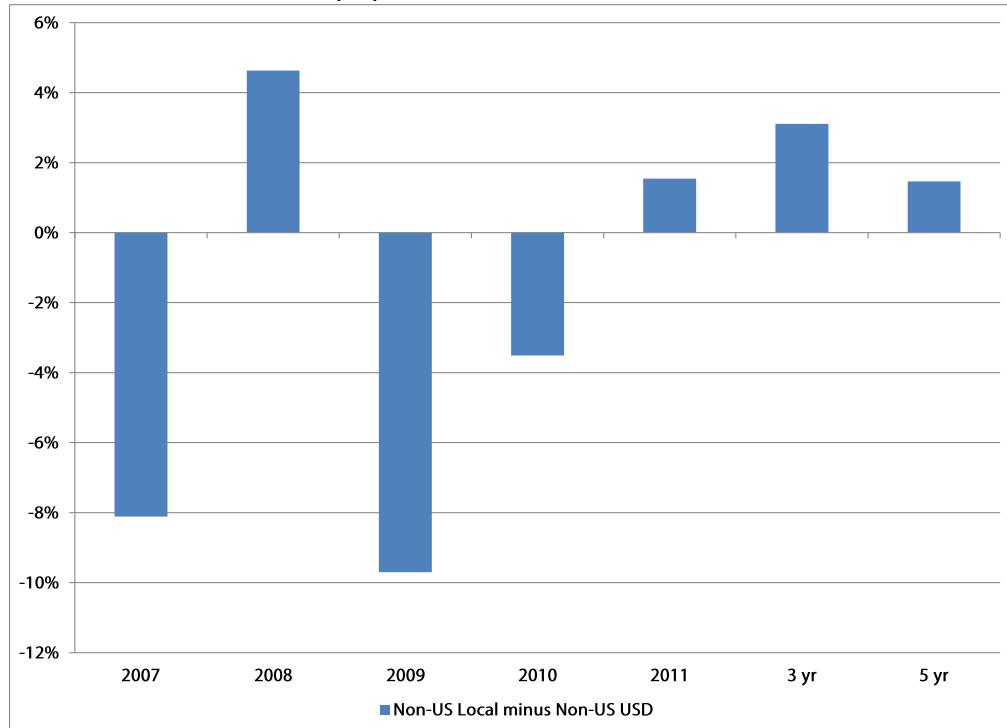


Source: Wilshire Compass

Below we display the variance between the MSCI ACWI ex US in local currency terms versus US dollar terms during the past five individual years as well as for the three- and five-year periods through December 2011. With the exception of 2008, this has been a consistently negative environment for the US Dollar, potentially contributing to negative relative performance for those strategies hedging foreign currencies, but a boon for unhedged dollar investors in foreign markets.

* Note that this methodology merely provides an indication of what a fully hedged strategy might have produced, as it simply takes the difference between USD and local currency returns, thus ignores the implicit and explicit costs of hedging (including the interest rate differentials priced into currency derivatives).

Exhibit 15
Non-US Equity: Currency Effect
1-, 3-, 5-Years and Annual Returns

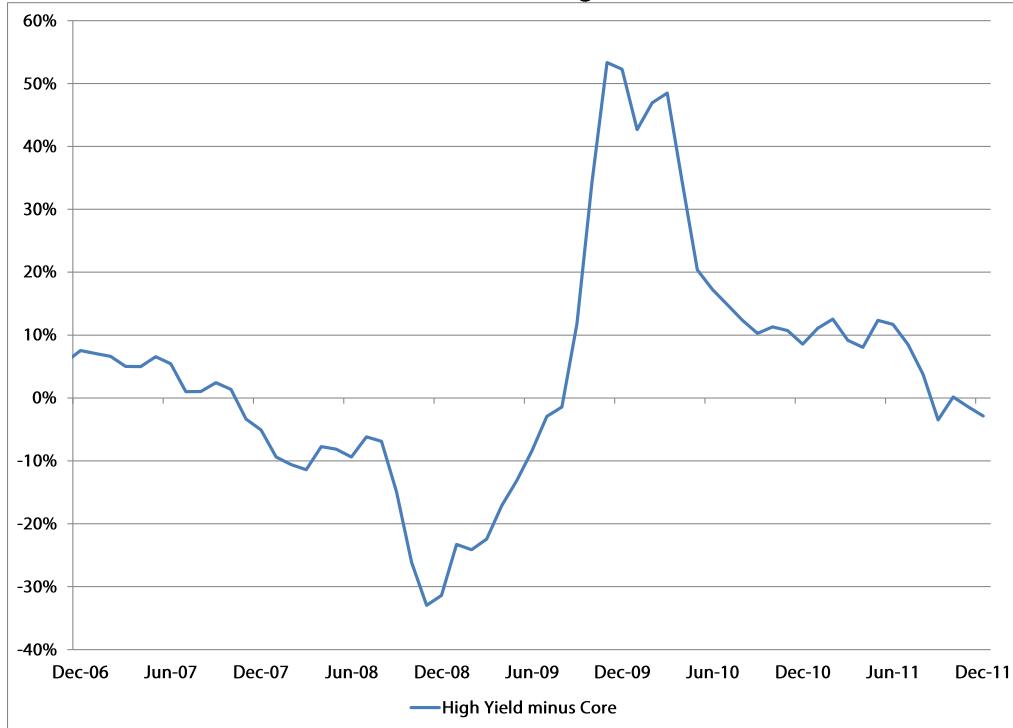


Source: Wilshire Compass

Fixed Income: High Yield vs. Investment Grade

While there are many systematic factors that can drive the relative performance of fixed income strategies, the extent of credit risk taken by particular strategies can have a notable impact on benchmark and peer comparisons. This point became abundantly clear during the 2007 to 2008 global financial crisis, as Core and Core Plus managers who reached for yield through relatively large holdings of non-investment grade credit suffered significant relative losses. Below, we chart this factor influence with a simple rolling one-year return comparison of the Barclays Capital High Yield Index versus the Barclays Capital US Aggregate Index. The chart dramatically reveals the significant underperformance of the high yield sector during the worst of the credit crisis in 2008.

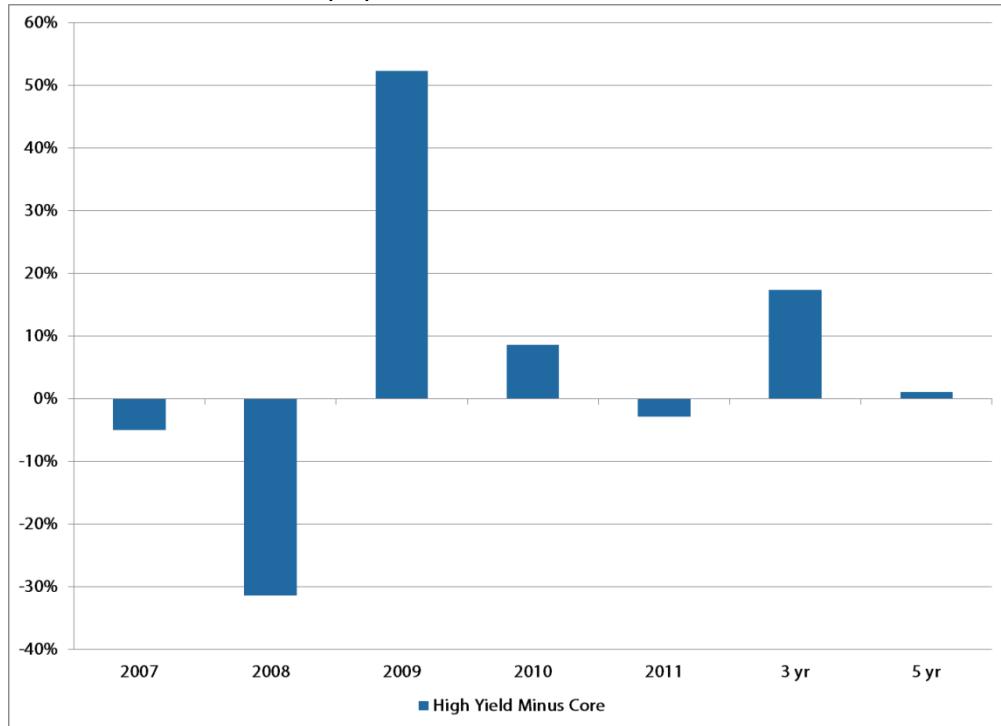
Exhibit 16
Fixed Income: High Yield Factor
1-Year Rolling



Source: Wilshire Compass

Below we examine the same relative performance comparison between high yield and core bonds during the past five individual years and for the three- and five-year periods through December 2011. Notice the sharp reversal in relative performance in 2008 and 2009, with high yield suffering huge relative losses during the heights of the credit crisis and rebounding strongly during 2009.

Exhibit 17
Fixed Income: High Yield Factor
1-, 3-, 5-Years and Annual Returns



Source: Wilshire Compass

Active Management Summary

We now shift to a review of active management by presenting Exhibit 18 below, which displays the index's percentile universe ranking in each traditional asset class. A high ranking, colored in red, reflects a benchmark that performed well versus the universe of active managers, suggesting poor performance for active management. A low ranking, colored in blue, means the opposite and indicates that a high proportion of managers were able to outperform the benchmark.

Exhibit 18
Benchmark Percentile Rankings
As of 12/31/2011

| Wilshire Defined Universes | | Index Percentile Ranking | | |
|---|--|--------------------------|--------------|--------------|
| | | 1 Year | 3 Year | 5 Year |
| Equity Style Index | Quartile | 1st Quartile | 2nd Quartile | 3rd Quartile |
| | | 4th Quartile | | |
| | Large Core Wilshire US Large-Cap Index | 48 | 37 | 53 |
| | Large Value Wilshire US Large-Cap Value Index | 30 | 61 | 73 |
| | Large Growth Wilshire US Large-Cap Growth Index | 52 | 48 | 57 |
| Small Core Wilshire US Small-Cap Index | | 54 | 24 | 30 |
| Small Value Wilshire US Small-Cap Value Index | | 53 | 57 | 56 |
| Small Growth Wilshire US Small-Cap Growth Index | | 51 | 23 | 35 |
| EAFFE MSCI EAFE Index (\$N) | | 74 | 71 | 77 |
| Emerging Markets MSCI Emerging Markets Index (\$N) | | 39 | 58 | 51 |
| Fixed Income | | | | |
| Core Fixed Income Barclays Capital US AG Index | | 38 | 67 | 73 |
| US High Yield Barclays Capital US HY Index | | 42 | 10 | 36 |

Source: Wilshire Compass

The next table shows the excess returns within each universe broken out by selected percentile breakpoints and serves as an alternative perspective to the previous table. This orientation of the data helps identify at what point within the universe distribution that managers were able to generate positive excess returns.

Exhibit 19
Universe Breakpoints
As of 12/31/2011

| Wilshire Defined Universes | | Universe Breakpoints | | |
|--|-------------|----------------------|---------|---------|
| Asset Class | Breakpoints | 1 Year | 3 Years | 5 Years |
| Large Core Wilshire US Large-Cap Index | 10% | 3.40 | 1.77 | 2.56 |
| | 25% | 2.12 | 0.53 | 1.21 |
| | 50% | -0.18 | -0.45 | 0.10 |
| | 75% | -2.20 | -1.72 | -0.64 |
| | 90% | -5.45 | -3.14 | -1.51 |
| Large Value Wilshire US Large-Cap Value Index | 10% | 4.66 | 3.17 | 4.91 |
| | 25% | 0.81 | 1.98 | 2.87 |
| | 50% | -1.96 | 0.53 | 1.04 |
| | 75% | -4.44 | -0.78 | -0.13 |
| | 90% | -7.67 | -2.32 | -1.15 |
| Large Growth Wilshire US Large-Cap Growth Index | 10% | 5.21 | 3.63 | 2.93 |
| | 25% | 2.79 | 1.68 | 1.68 |
| | 50% | 0.23 | -0.06 | 0.35 |
| | 75% | -2.90 | -1.70 | -0.82 |
| | 90% | -6.11 | -3.17 | -1.94 |
| Small Core Wilshire US Small-Cap Index | 10% | 4.92 | 2.92 | 2.34 |
| | 25% | 3.01 | -0.05 | 0.67 |
| | 50% | 0.33 | -2.46 | -1.10 |
| | 75% | -2.72 | -4.09 | -2.78 |
| | 90% | -7.90 | -6.07 | -4.09 |
| Small Value Wilshire US Small-Cap Value Index | 10% | 7.32 | 4.45 | 3.05 |
| | 25% | 3.85 | 2.41 | 2.03 |
| | 50% | 0.56 | 0.28 | 0.53 |
| | 75% | -1.67 | -1.98 | -1.77 |
| | 90% | -4.86 | -3.93 | -3.79 |
| Small Growth Wilshire US Small-Cap Growth Index | 10% | 6.51 | 2.10 | 2.44 |
| | 25% | 3.12 | -0.18 | 0.68 |
| | 50% | 0.30 | -2.70 | -0.78 |
| | 75% | -4.00 | -4.94 | -2.36 |
| | 90% | -7.25 | -6.32 | -4.38 |
| EAFE MSCI EAFE Index (\$ Net) | 10% | 6.15 | 6.09 | 4.90 |
| | 25% | 3.51 | 3.36 | 2.73 |
| | 50% | 1.74 | 0.82 | 1.31 |
| | 75% | -0.05 | -0.23 | 0.08 |
| | 90% | -2.48 | -1.60 | -0.93 |
| Emerging Markets MSCI Emerging Markets Index (\$ Net) | 10% | 3.00 | 5.74 | 5.80 |
| | 25% | 1.79 | 3.59 | 2.72 |
| | 50% | -2.61 | 0.43 | 0.16 |
| | 75% | -4.72 | -1.36 | -1.81 |
| | 90% | -6.90 | -2.40 | -2.80 |
| Core Fixed Income Barclays Capital US Aggregate | 10% | 0.99 | 2.79 | 1.09 |
| | 25% | 0.18 | 1.81 | 0.66 |
| | 50% | -0.45 | 0.59 | 0.34 |
| | 75% | -1.48 | -0.32 | -0.11 |
| | 90% | -1.97 | -1.05 | -0.50 |
| US High Yield Barclays High Yield Index | 10% | 1.94 | 0.18 | 1.05 |
| | 25% | 0.95 | -1.66 | 0.28 |
| | 50% | -0.45 | -3.21 | -0.38 |
| | 75% | -1.92 | -5.09 | -1.25 |
| | 90% | -4.07 | -6.93 | -2.96 |

Source: Wilshire Compass

Investment Category Detailed Statistics

In this section of the report we will step through each of the investment categories individually to provide a more detailed understanding of manager performance within each universe. The following exhibits are provided within three page sub-sections for each individual universe.

- **Universe Statistics Table:** The Universe Statistics Table at the top of the first page provides the index rankings, number of products included and the mean and median excess returns for the preceding one-, three- and five-year time periods. This table is helpful in identifying the breadth of coverage and general level of active management success within each universe.
- **Manager Consistency Table (Excess Returns):** The Manager Consistency Table in the bottom-left panel of the first page compares the consistency of relative manager success in delivering excess returns across two consecutive, but distinct, three-year market intervals. The data are presented to identify the percentage breakdown of all the managers within a given quartile in the previous three-year period across performance quartiles in the most recent three-year period. As an example to understand the table, if one reads across the 1st quartile ranking row and down the 3rd quartile column, the intersection indicates the percentage of managers that were in the 1st quartile in 2008 and 3rd quartile in 2011. The no data row indicates managers that do not have return information for 2008 but do have returns reported for 2011. As a point of reference, if manager performance was completely random in nature (i.e. no positive or negative consistency), one would expect to see 25% of managers fall in each grid.
- **Manager Consistency Table (Information Ratio):** Unlike the Excess Returns Consistency Table described above, the Manager Consistency Table in the bottom-right of the first page attempts to normalize performance by risk when testing for consistency. The table compares the consistency of relative manager success by information ratios across two consecutive, but distinct, three-year market intervals. As with the Excess Returns Consistency Table, the data are presented to identify the percentage breakdown of all the managers within a given quartile in the previous three-year period across performance quartiles in the most recent three-year period.
- **Rolling Excess Return Percentiles Chart:** The Rolling Excess Return Percentiles Chart at the top of the second page displays the 10th, 25th, 50th (median), 75th and 90th percentile excess returns through time. The chart includes three-year rolling data (12 quarters) from December 2006 through December 2011 and is helpful in seeing the consistency of 3-year excess returns across the distribution of managers.

- **Rolling Information Ratio Percentiles Chart:** The Rolling Information Ratio Percentiles Chart at the bottom of the second page displays the 10th, 25th, 50th (median), 75th and 90th percentile information ratios through time. The chart includes three-year rolling data (12 quarters) from December 2006 through December 2011 and is helpful in seeing the consistency of 3-year risk-adjusted excess returns across the distribution of managers. This presentation of manager results can be quite useful in assisting in the development of excess return expectations for managers of varying risk levels (i.e. by multiplying a forecasted information ratio by the manager's expected tracking error).
- **Excess Return vs. Excess Risk Scatter Plot:** The Excess Return vs. Excess Risk Scatter Plot on the third page provides a graphical representation of the trade-off between excess return and excess risk (tracking error) for all managers in the universe during the previous five years. Median return and risk lines are included to clearly display the mid-point across these two dimensions.

US Large Core Equity*
(Benchmark: Wilshire US Large-Cap Index)
(Universe: Wilshire Defined US Large Core)

Large Core managers have had a difficult time producing positive returns versus the Wilshire US Large Cap Index in all three time periods with median excess returns of -0.18%, -0.45% and 0.10%, respectively, for the one-, three-, and five-year time periods. Though positive in direction, the modest 0.10% median excess return during the past five years would lead to relative underperformance when deducting manager fees. In 2011, the downward trend of excess return increased both in absolute and risk adjusted measurements. There appears to be a moderately high level of inconsistency in this style with only 33% of 2008 1st quartile managers staying in the top two quartiles and 64% of 2008 4th quartile managers landing in the top two quartiles.

Universe Statistics

| As of 12/31/2011 | 1 Year | 3 Years | 5 Years |
|-----------------------|--------|---------|---------|
| Index Ranking | 48 | 37 | 53 |
| Number of Products | 285 | 285 | 273 |
| Average Excess Return | -0.51 | -0.57 | 0.35 |
| Median Excess Return | -0.18 | -0.45 | 0.10 |
| Average IR | 0.05 | -0.18 | 0.09 |
| Median IR | -0.09 | -0.14 | 0.03 |

Manager Consistency
Annualized Quarterly Excess Returns

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 15% | 18% | 25% | 37% | 96% |
| 2 nd | 23% | 26% | 27% | 23% | 98% |
| 3 rd | 19% | 30% | 33% | 16% | 99% |
| 4 th | 42% | 22% | 15% | 19% | 99% |
| No Data | 23% | 23% | 15% | 31% | 92% |

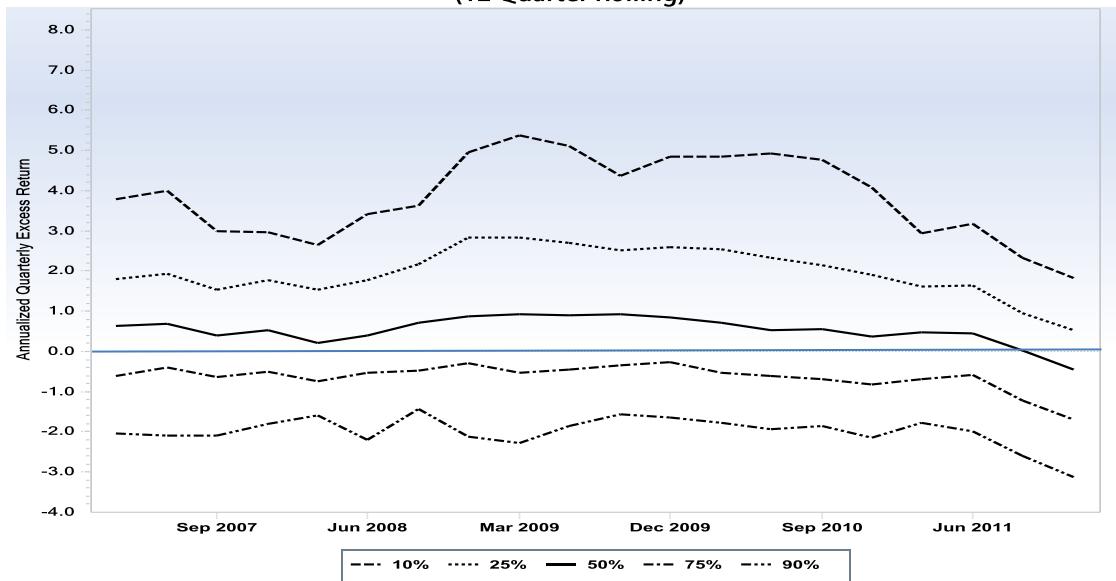
Manager Consistency
Information Ratio

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 18% | 18% | 28% | 33% | 97% |
| 2 nd | 20% | 22% | 25% | 31% | 97% |
| 3 rd | 26% | 24% | 26% | 23% | 98% |
| 4 th | 34% | 33% | 22% | 9% | 99% |
| No Data | 25% | 21% | 14% | 32% | 93% |

* Source: Wilshire Compass

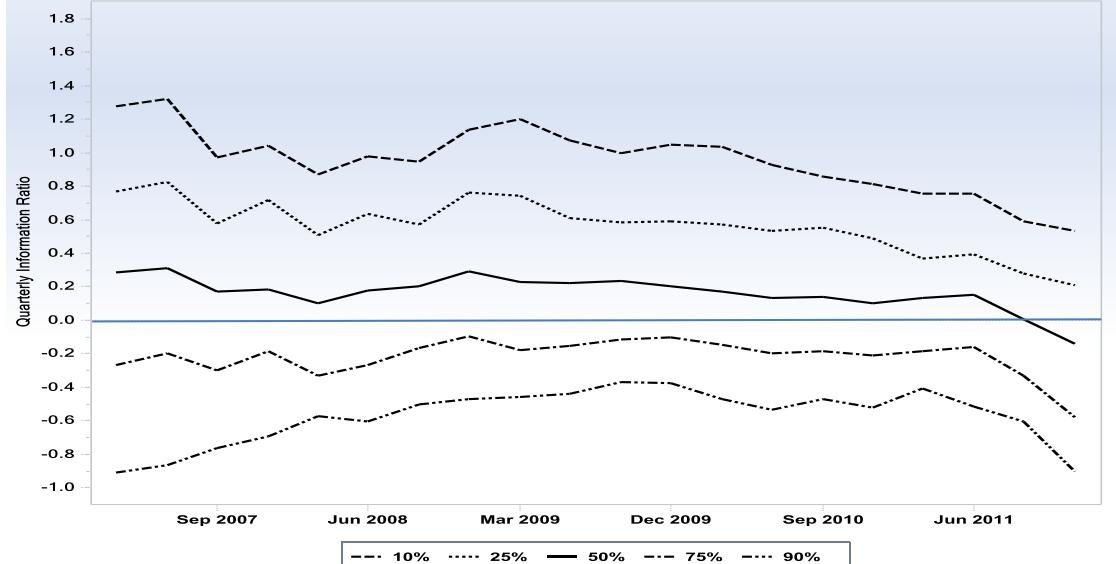
US Large Core Equity

Excess Return Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

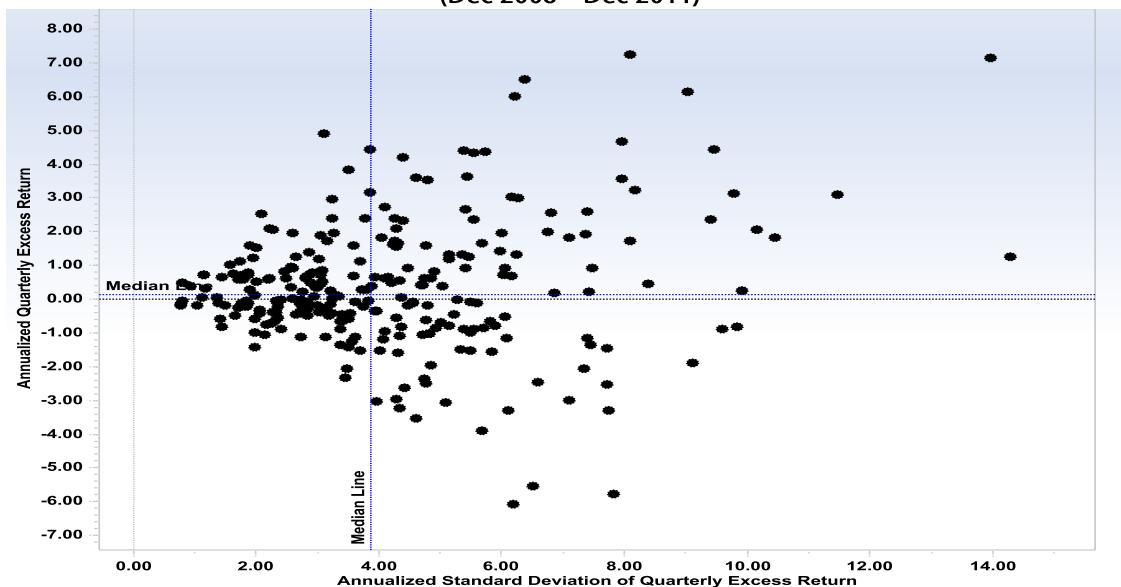
Information Ratio Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

US Large Core Equity

Excess Return vs. Excess Risk Scatter Plot
(Dec 2006 – Dec 2011)



Source: Wilshire Compass

US Large Value Equity*
 (Benchmark: Wilshire US Large-Cap Value Index)
 (Universe: Wilshire Defined US Large Value)

Large Value managers have had mixed results producing returns versus the Wilshire US Large Cap Value Index with median excess returns of -1.96%, 0.53% and 1.04%, respectively, for the one-, three-, and five-year time periods. The Large Value universe appears to be in a downward trend from a period of strong active management. In 2009, the Wilshire US Large Value Index placed above the 90th percentile in the universe, on a three year basis. However, in 2011, the universe ranked in the 61st percentile. The Large Value universe has demonstrated strong consistency during this period with 64% of 2008 top quartile managers remaining in the top two quartiles.

Universe Statistics

| As of 12/31/2011 | 1 Year | 3 Years | 5 Years |
|-----------------------|--------|---------|---------|
| Index Ranking | 30 | 61 | 73 |
| Number of Products | 203 | 203 | 194 |
| Average Excess Return | -1.77 | 0.48 | 1.49 |
| Median Excess Return | -1.96 | 0.53 | 1.04 |
| Average IR | -0.37 | 0.09 | 0.30 |
| Median IR | -0.61 | 0.11 | 0.26 |

Manager Consistency
Annualized Quarterly Excess Returns

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 30% | 34% | 15% | 21% | 100% |
| 2 nd | 26% | 15% | 30% | 28% | 100% |
| 3 rd | 21% | 30% | 23% | 26% | 100% |
| 4 th | 21% | 23% | 32% | 23% | 100% |
| No Data | 29% | 12% | 24% | 29% | 94% |

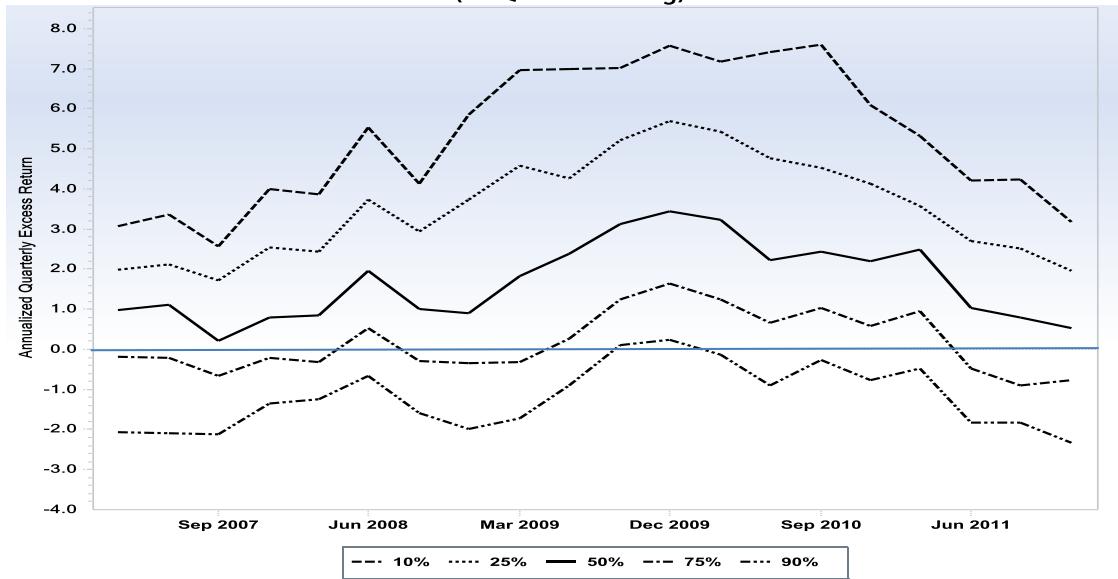
Manager Consistency
Information Ratio

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 30% | 32% | 21% | 17% | 100% |
| 2 nd | 26% | 13% | 24% | 37% | 100% |
| 3 rd | 24% | 35% | 20% | 22% | 100% |
| 4 th | 21% | 21% | 36% | 21% | 100% |
| No Data | 22% | 17% | 22% | 33% | 94% |

* Source: Wilshire Compass

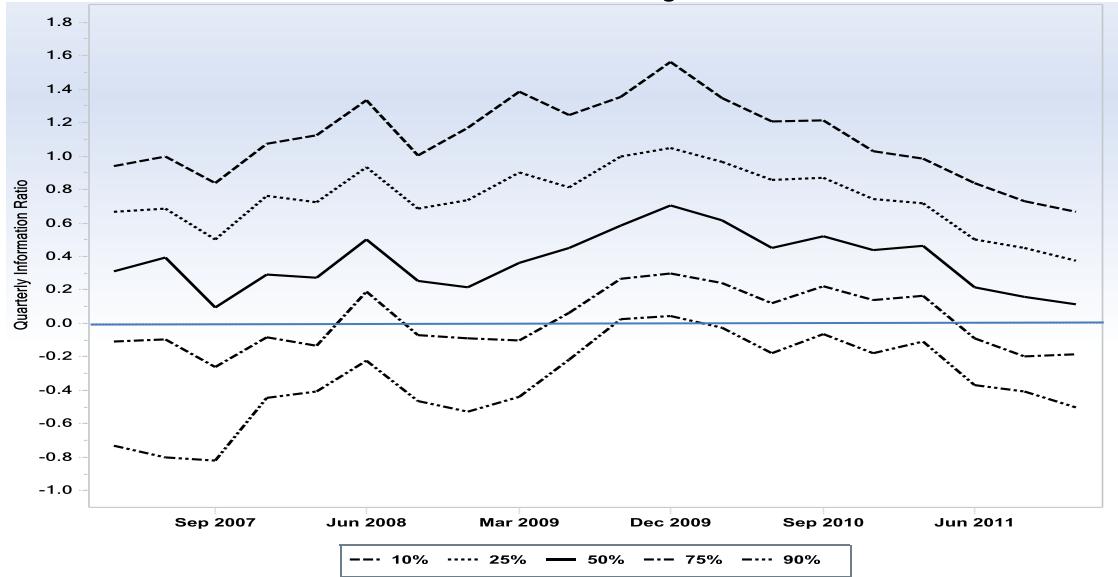
US Large Value Equity

Excess Return Percentiles
(12 Quarter Rolling)

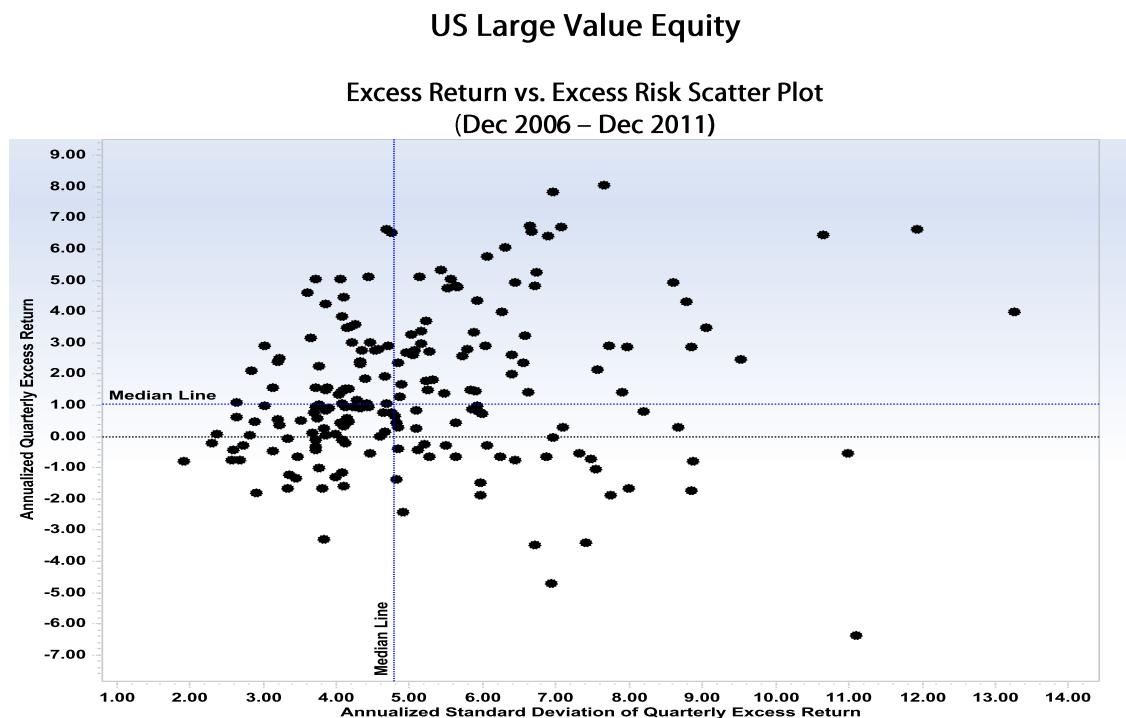


Source: Wilshire Compass

Information Ratio Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass



Source: Wilshire Compass

US Large Growth Equity*

(Benchmark: Wilshire US Large-Cap Growth Index)
(Universe: Wilshire Defined US Large Growth)

Large Growth managers have shown lackluster results in producing excess returns versus the Wilshire US Large Cap Growth Index with median excess returns of 0.23%, -0.06% and 0.36%, respectively, for the one-, three-, and five-year time periods. During the time period under investigation, the Large Growth universe appears to be an archetypical universe in an efficient market with an even distribution around zero excess return and stability over time. Both consistency tables demonstrate that it is difficult to stay in the top quartile in both absolute and risk adjusted measurements.

Universe Statistics

| As of 12/31/2011 | 1 Year | 3 Years | 5 Years |
|-----------------------|--------|---------|---------|
| Index Ranking | 52 | 48 | 57 |
| Number of Products | 331 | 331 | 314 |
| Average Excess Return | -0.15 | 0.15 | 0.46 |
| Median Excess Return | 0.23 | -0.06 | 0.35 |
| Average IR | 0.00 | 0.02 | 0.09 |
| Median IR | 0.06 | -0.02 | 0.07 |

Manager Consistency
Annualized Quarterly Excess Returns

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 12% | 20% | 24% | 45% | 100% |
| 2 nd | 18% | 23% | 30% | 30% | 100% |
| 3 rd | 24% | 31% | 27% | 19% | 100% |
| 4 th | 39% | 27% | 20% | 14% | 100% |
| No Data | 40% | 20% | 23% | 9% | 91% |

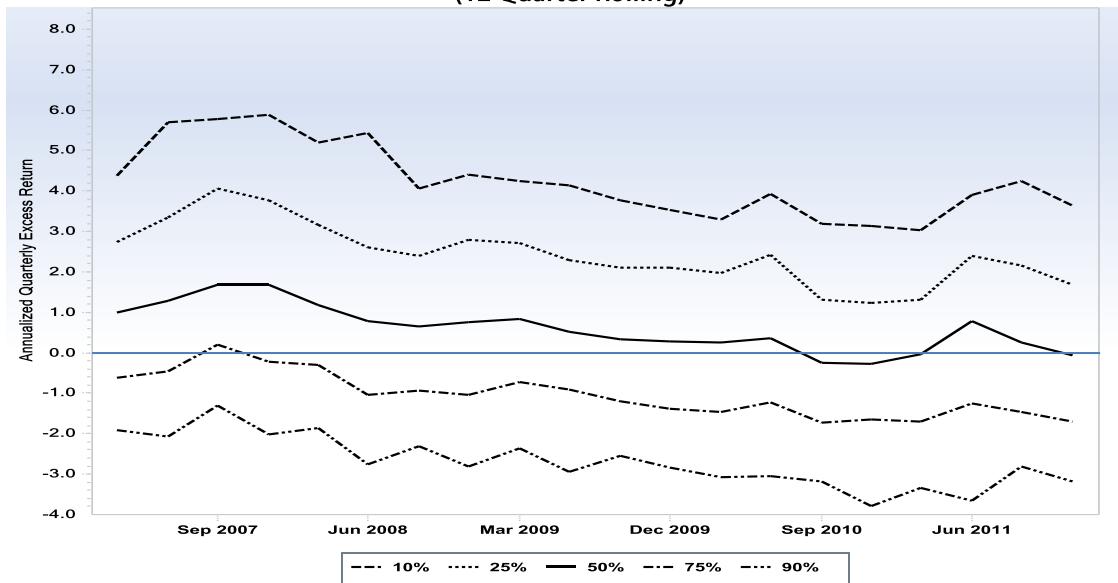
Manager Consistency
Information Ratio

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 12% | 18% | 25% | 45% | 100% |
| 2 nd | 21% | 27% | 24% | 28% | 100% |
| 3 rd | 27% | 27% | 27% | 19% | 100% |
| 4 th | 36% | 25% | 23% | 16% | 100% |
| No Data | 32% | 26% | 26% | 8% | 92% |

* Source: Wilshire Compass

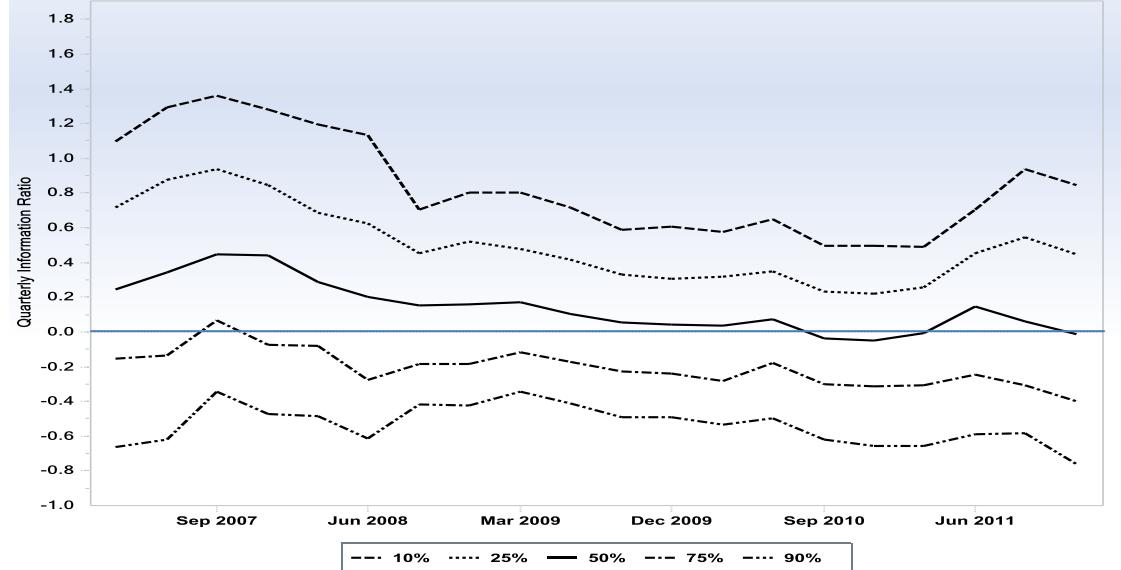
US Large Growth Equity

Excess Return Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

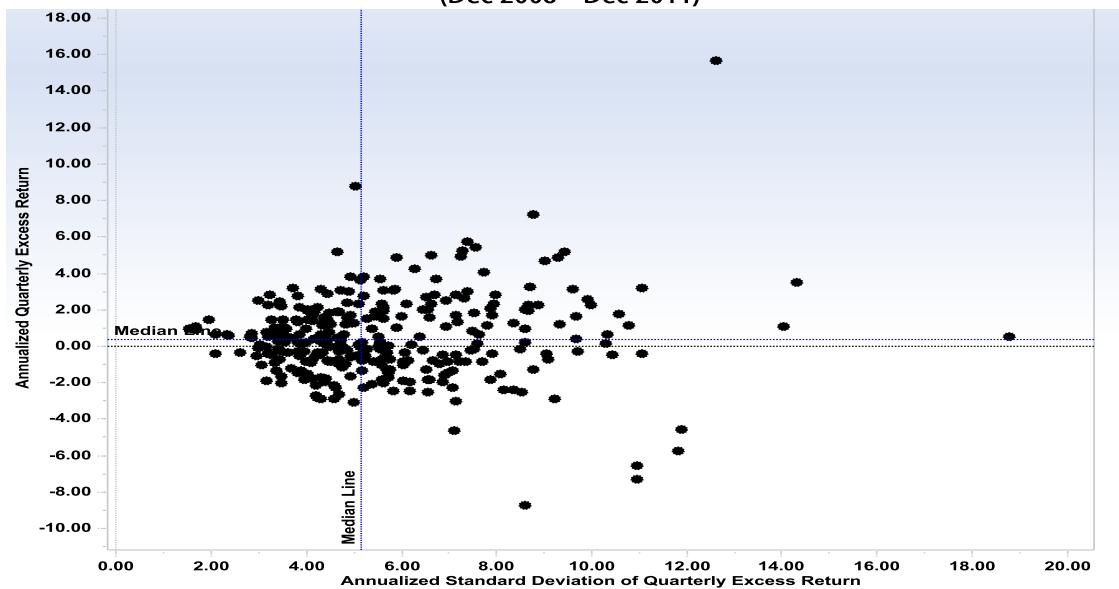
Information Ratio Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

US Large Growth Equity

Excess Return vs. Excess Risk Scatter Plot
(Dec 2006 – Dec 2011)



Source: Wilshire Compass

US Small Core Equity*
(Benchmark: Wilshire US Small-Cap Index)
(Universe: Wilshire Defined US Small Cap)

Despite moderate positive relative performance in 2011, active management has had a difficult time in the US Small Core Equity segment with median excess returns of 0.33%, -2.46% and -1.10%, respectively, for the one-, three- and five-year time periods. In addition, the distribution of absolute excess returns has widened in recent time periods. There seems to be mixed results in the consistency return graphs. It was difficult for managers to stay in the first quartile with only 7% of 1st quartile managers staying in that quartile. However, a large proportion did not drop far with 41% of top quartile managers falling to the 2nd quartile.

Universe Statistics

| As of 12/31/2011 | 1 Year | 3 Years | 5 Years |
|-----------------------|--------|---------|---------|
| Index Ranking | 54 | 24 | 30 |
| Number of Products | 129 | 129 | 123 |
| Average Excess Return | -0.57 | -2.01 | -1.10 |
| Median Excess Return | 0.33 | -2.46 | -1.10 |
| Average IR | 0.10 | -0.43 | -0.19 |
| Median IR | 0.10 | -0.52 | -0.20 |

Manager Consistency
Annualized Quarterly Excess Returns

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 7% | 41% | 28% | 24% | 100% |
| 2 nd | 25% | 25% | 25% | 25% | 100% |
| 3 rd | 25% | 18% | 25% | 32% | 100% |
| 4 th | 45% | 21% | 17% | 17% | 100% |
| No Data | 25% | 6% | 31% | 31% | 94% |

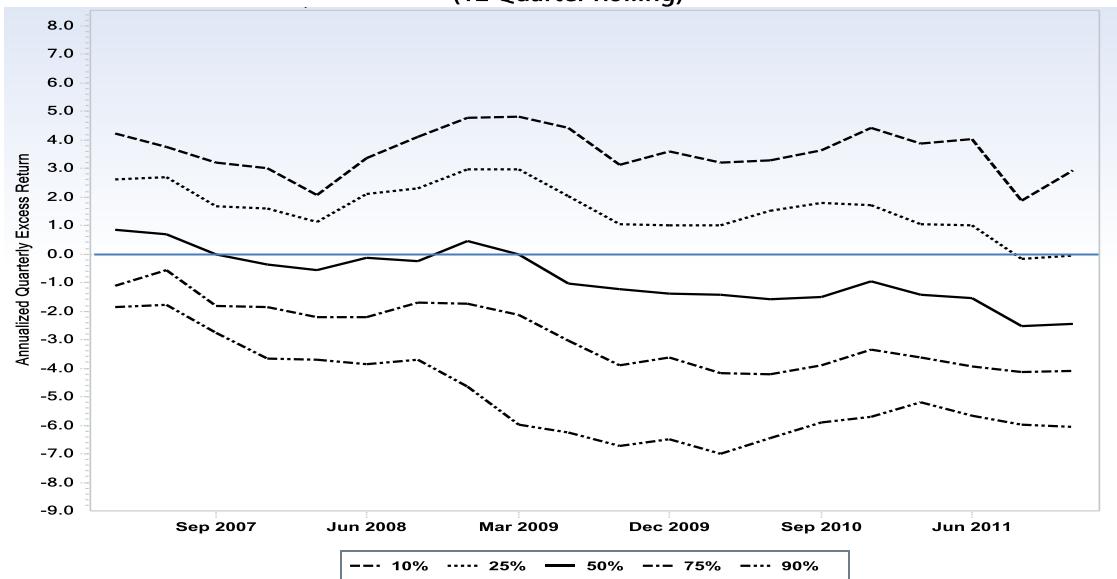
Manager Consistency
Information Ratio

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 7% | 41% | 17% | 34% | 100% |
| 2 nd | 25% | 25% | 29% | 21% | 100% |
| 3 rd | 21% | 18% | 36% | 25% | 100% |
| 4 th | 48% | 17% | 14% | 21% | 100% |
| No Data | 25% | 13% | 31% | 25% | 94% |

* Source: Wilshire Compass

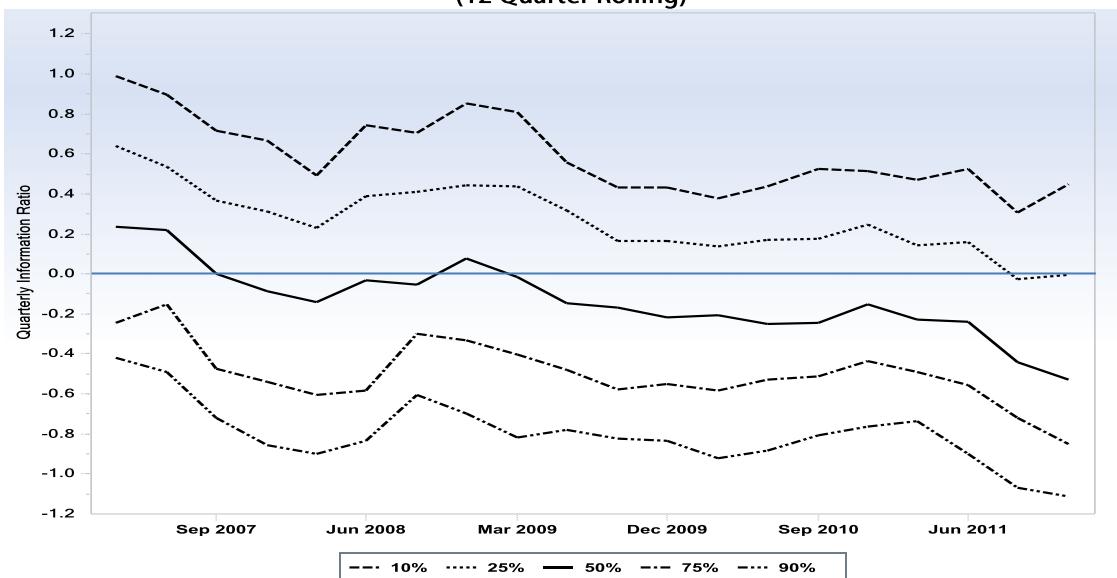
US Small Core Equity

Excess Return Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

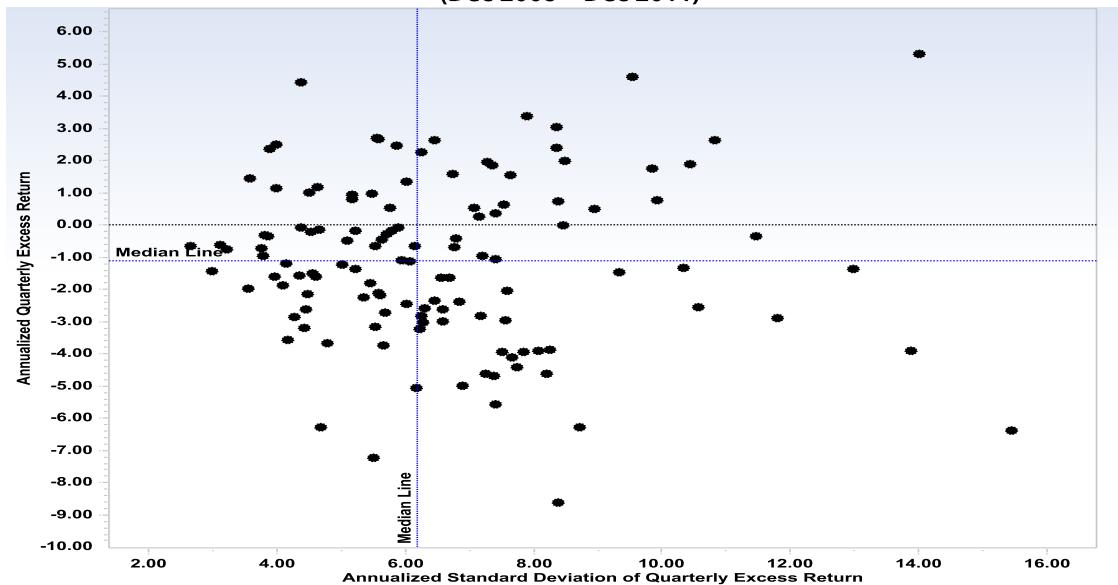
Information Ratio Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

US Small Core Equity

Excess Return vs. Excess Risk Scatter Plot
(Dec 2006 – Dec 2011)



Source: Wilshire Compass

US Small Value Equity*

(Benchmark: Wilshire US Small-Cap Value Index)
(Universe: Wilshire Defined US Small Cap Value)

Median excess returns within the Small Value universe have been moderately positive with 0.56%, 0.28% and 0.53% returns, respectively, for the 1-, 3-, and 5-year periods. The excess return distribution for the universe was fairly tight prior to the financial crisis and widened significantly since that time. The universe is evenly distributed with half of the managers outperforming the index and the other half underperforming. Disappointingly, the universe showed no consistent top quartile managers with 0% of the 2008 1st quartile managers remaining in the top quartile in 2011 and a staggering 43% dropping into the 4th quartile in 2011.

Universe Statistics

| As of 12/31/2011 | 1 Year | 3 Years | 5 Years |
|----------------------|--------|---------|---------|
| Index Ranking | 53 | 57 | 56 |
| Number of Products | 57 | 57 | 55 |
| Mean Excess Return | 0.36 | 0.47 | -0.14 |
| Median Excess Return | 0.56 | 0.28 | 0.53 |
| Average IR | 0.28 | 0.03 | 0.02 |
| Median IR | 0.13 | 0.04 | 0.08 |

Manager Consistency
Annualized Quarterly Excess Returns

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 0% | 21% | 36% | 43% | 100% |
| 2 nd | 25% | 25% | 17% | 33% | 100% |
| 3 rd | 54% | 15% | 15% | 15% | 100% |
| 4 th | 21% | 21% | 36% | 21% | 100% |
| No Data | 50% | 50% | 0% | 0% | 100% |

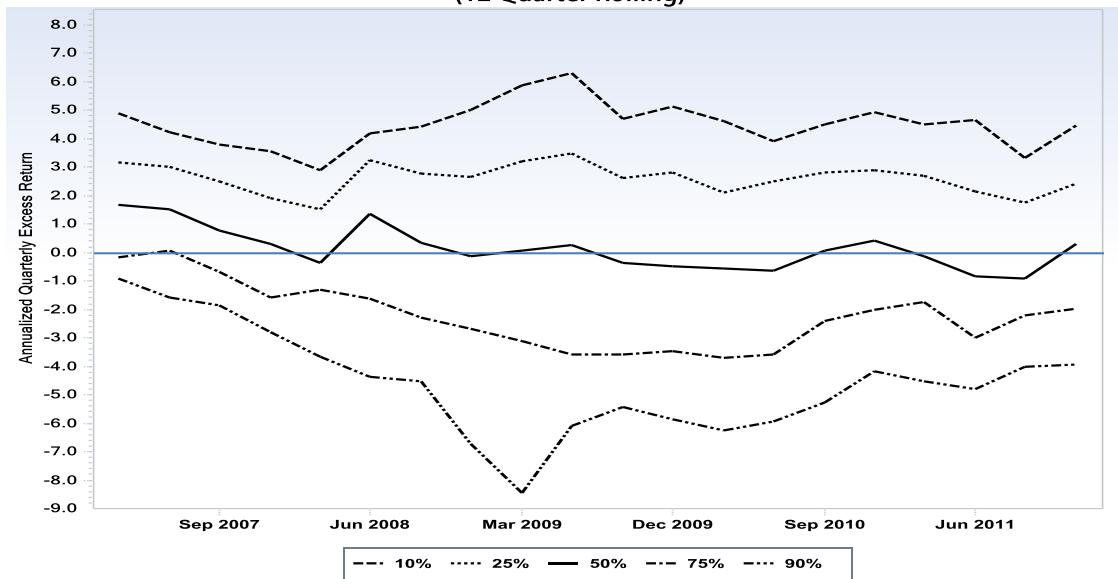
Manager Consistency
Information Ratio

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 0% | 14% | 36% | 50% | 100% |
| 2 nd | 33% | 25% | 17% | 25% | 100% |
| 3 rd | 38% | 31% | 15% | 15% | 100% |
| 4 th | 21% | 21% | 36% | 21% | 100% |
| No Data | 75% | 25% | 0% | 0% | 100% |

* Source: Wilshire Compass

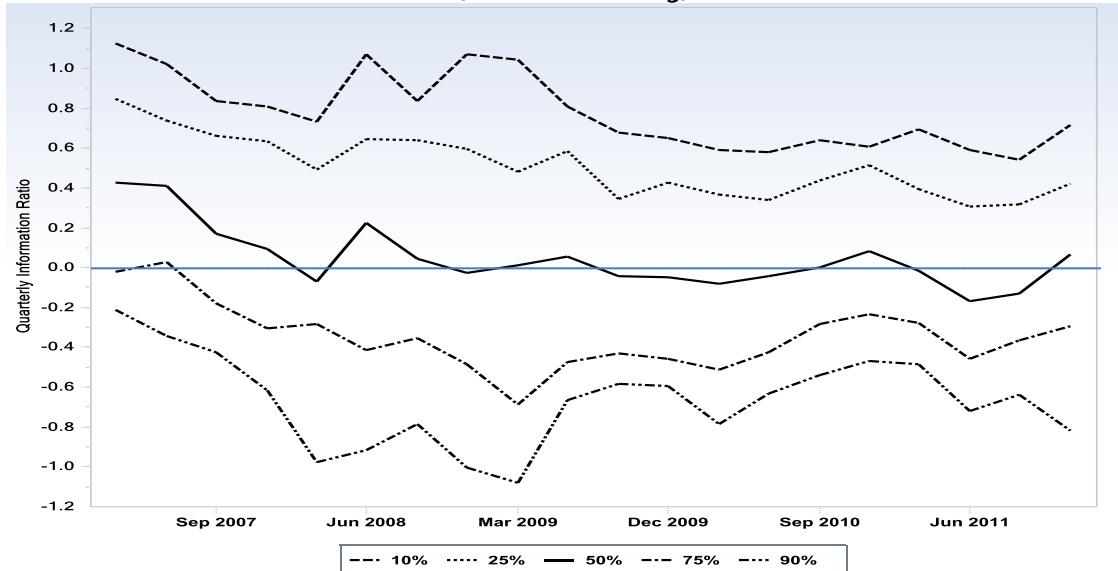
US Small Value Equity

Excess Return Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

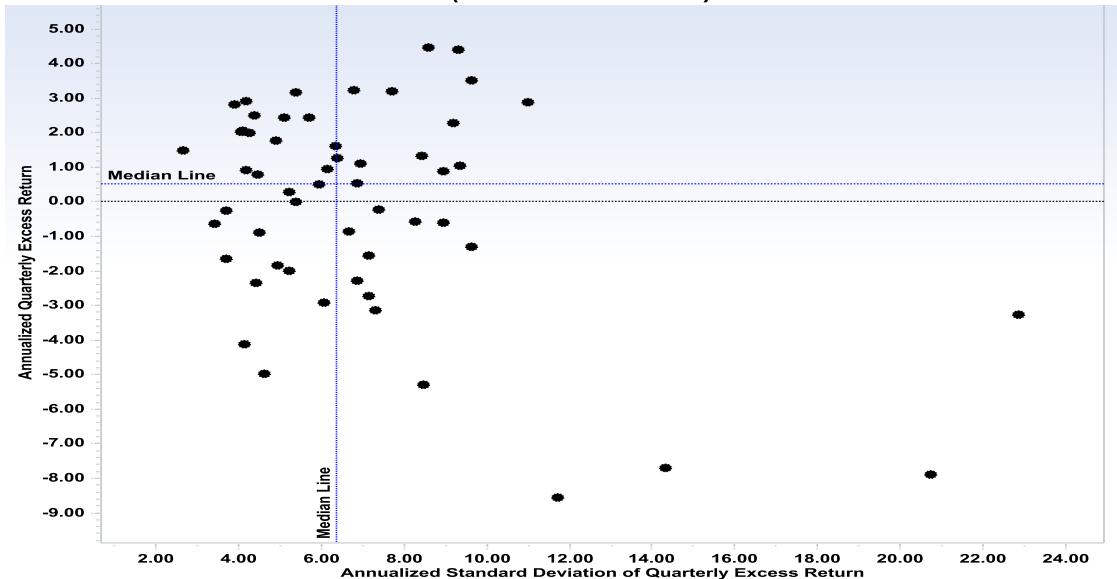
Information Ratio Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

US Small Value Equity

Excess Return vs. Excess Risk Scatter Plot
(Dec 2006 – Dec 2011)



Source: Wilshire Compass

US Small Growth Equity*

(Benchmark: Wilshire US Small-Cap Growth Index)
(Universe: Wilshire Defined US Small Cap Growth)

The Small Growth manager universe has delivered disappointing median excess returns of 0.30%, -2.70% and -0.78% for the one-, three- and five-year periods, respectively. Compared to the other small cap segments, Small Growth managers displayed the highest level of dispersion in returns during the past year, with a 13.76% difference separating the 10th and 90th percentile performers. The Small Growth universe displayed a low level of consistency and instead revealed a significant amount of performance rotation with 42% of 2008 4th quartile managers landing in the 1st quartile in 2011.

Universe Statistics

| As of 12/31/2011 | 1 Year | 3 Years | 5 Years |
|-----------------------|--------|---------|---------|
| Index Ranking | 51 | 23 | 35 |
| Number of Products | 185 | 185 | 173 |
| Average Excess Return | -0.42 | -2.43 | -0.89 |
| Median Excess Return | 0.30 | -2.70 | -0.78 |
| Average IR | -0.03 | -0.40 | -0.14 |
| Median IR | 0.04 | -0.42 | -0.12 |

Manager Consistency Annualized Quarterly Excess Returns

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 14% | 26% | 33% | 28% | 100% |
| 2 nd | 14% | 35% | 19% | 33% | 100% |
| 3 rd | 30% | 26% | 28% | 16% | 100% |
| 4 th | 42% | 16% | 16% | 23% | 98% |
| No Data | 29% | 7% | 36% | 29% | 100% |

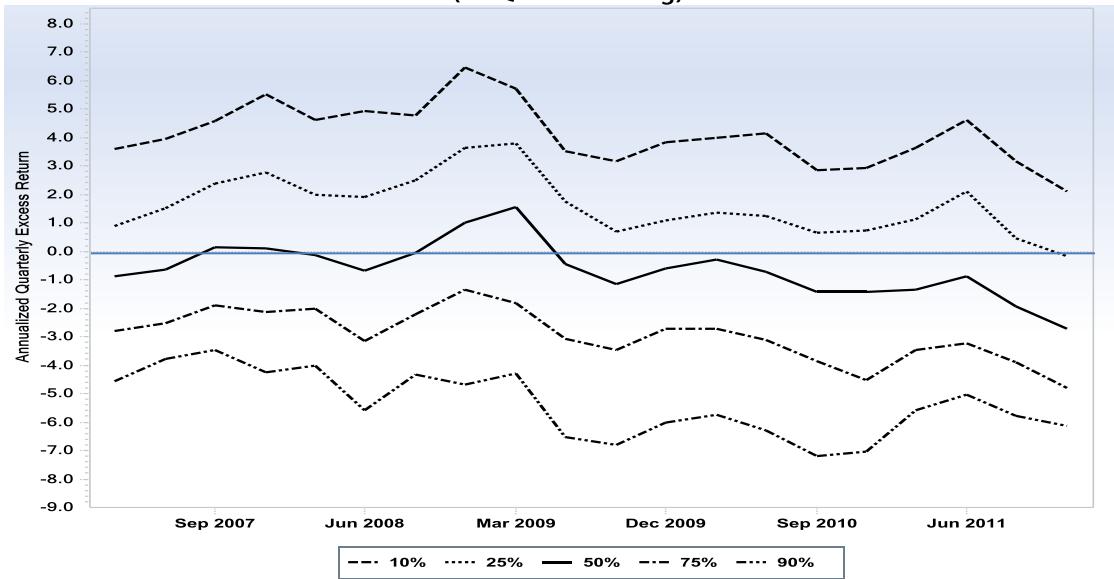
Manager Consistency Information Ratio

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 12% | 21% | 26% | 42% | 100% |
| 2 nd | 16% | 40% | 26% | 19% | 100% |
| 3 rd | 33% | 21% | 28% | 19% | 100% |
| 4 th | 40% | 19% | 19% | 21% | 98% |
| No Data | 29% | 14% | 29% | 29% | 100% |

* Source: Wilshire Compass

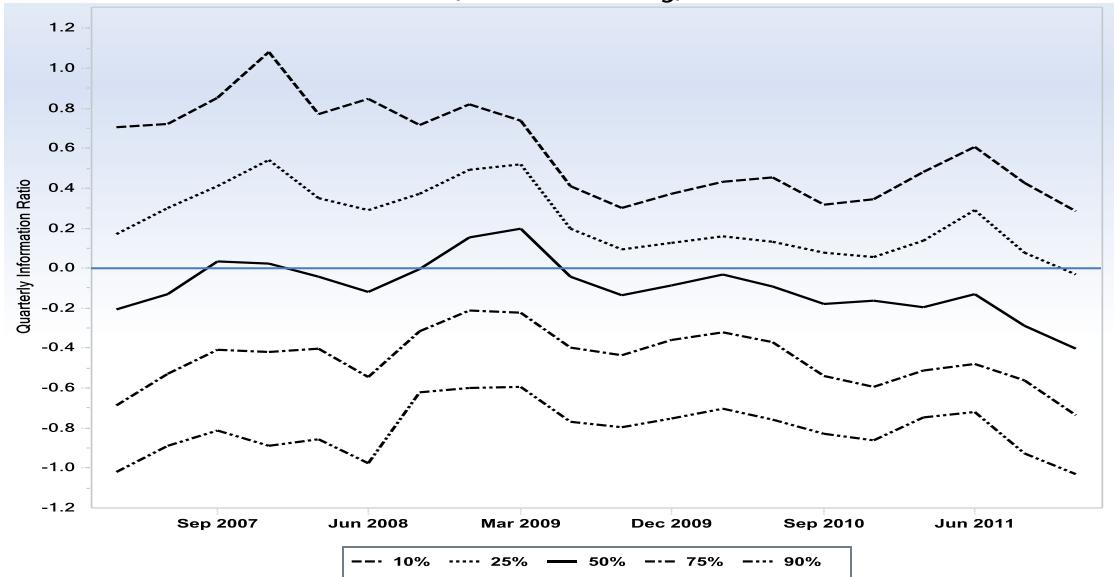
US Small Growth Equity

Excess Return Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

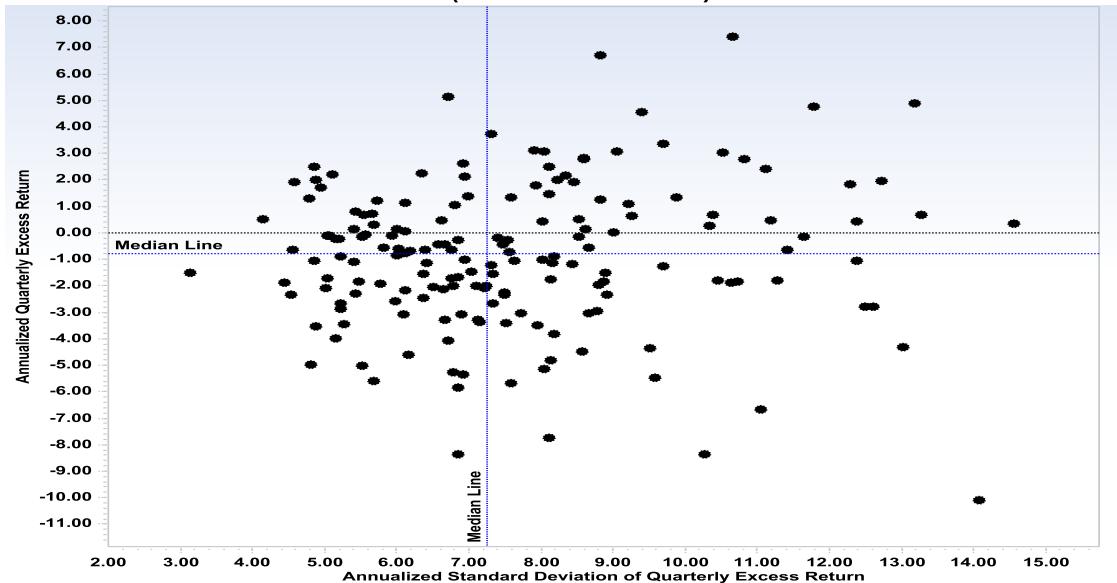
Information Ratio Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

US Small Growth Equity

Excess Return vs. Excess Risk Scatter Plot
(Dec 2006 – Dec 2011)



Source: Wilshire Compass

Developed Non-US Equity*
(Benchmark: MSCI EAFE Index (\$ Net))
(Universe: Wilshire Defined EAFE)

Developed Non-US Equity managers performed well versus the benchmark with median excess returns for the 1-, 3-, and 5-year periods of 1.74%, 0.82% and 1.31%, respectively. On a risk adjusted basis, managers performed well with median information ratios of 0.53, 0.32 and 0.35 during the same time periods. Manager consistency was fairly strong in absolute excess returns; however, there was very low consistency in risk adjusted returns with only 6% of 2008 top quartile managers staying in the top quartile.

Universe Statistics

| As of 12/31/2011 | 1 Year | 3 Years | 5 Years |
|-----------------------|--------|---------|---------|
| Index Ranking | 74 | 71 | 77 |
| Number of Products | 86 | 83 | 78 |
| Average Excess Return | 2.06 | 1.79 | 1.64 |
| Median Excess Return | 1.74 | 0.82 | 1.31 |
| Average IR | 0.56 | 0.39 | 0.34 |
| Median IR | 0.53 | 0.32 | 0.35 |

Manager Consistency
Annualized Quarterly Excess Returns

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 28% | 22% | 22% | 28% | 100% |
| 2 nd | 29% | 18% | 18% | 35% | 100% |
| 3 rd | 24% | 41% | 35% | 0% | 100% |
| 4 th | 22% | 28% | 17% | 33% | 100% |
| No Data | 21% | 7% | 36% | 14% | 79% |

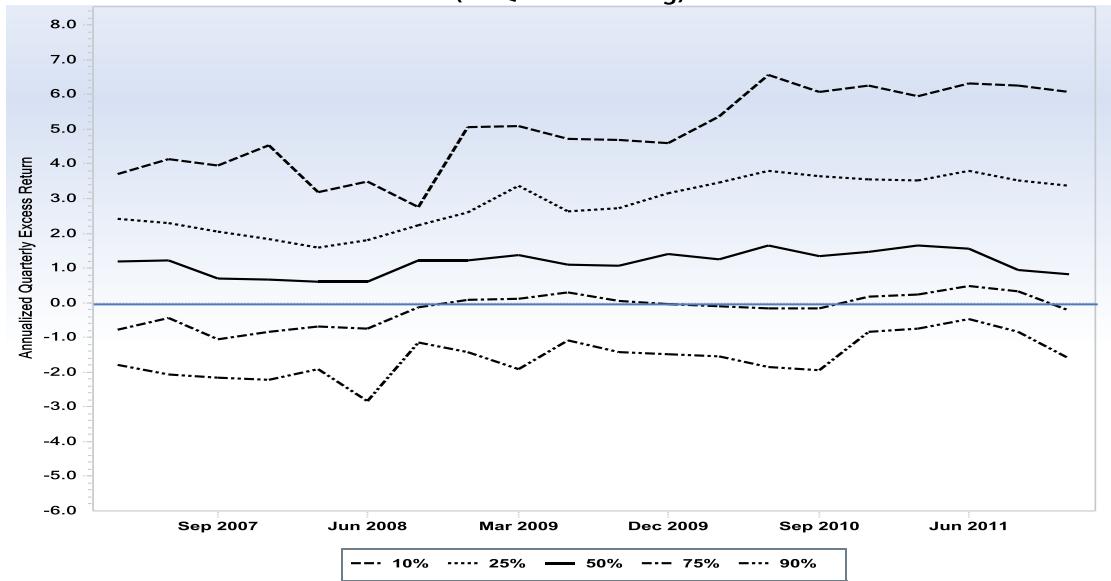
Manager Consistency
Information Ratio

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 6% | 33% | 17% | 44% | 100% |
| 2 nd | 29% | 29% | 24% | 18% | 100% |
| 3 rd | 47% | 12% | 29% | 12% | 100% |
| 4 th | 28% | 22% | 17% | 33% | 100% |
| No Data | 14% | 14% | 36% | 14% | 79% |

* Source: Wilshire Compass

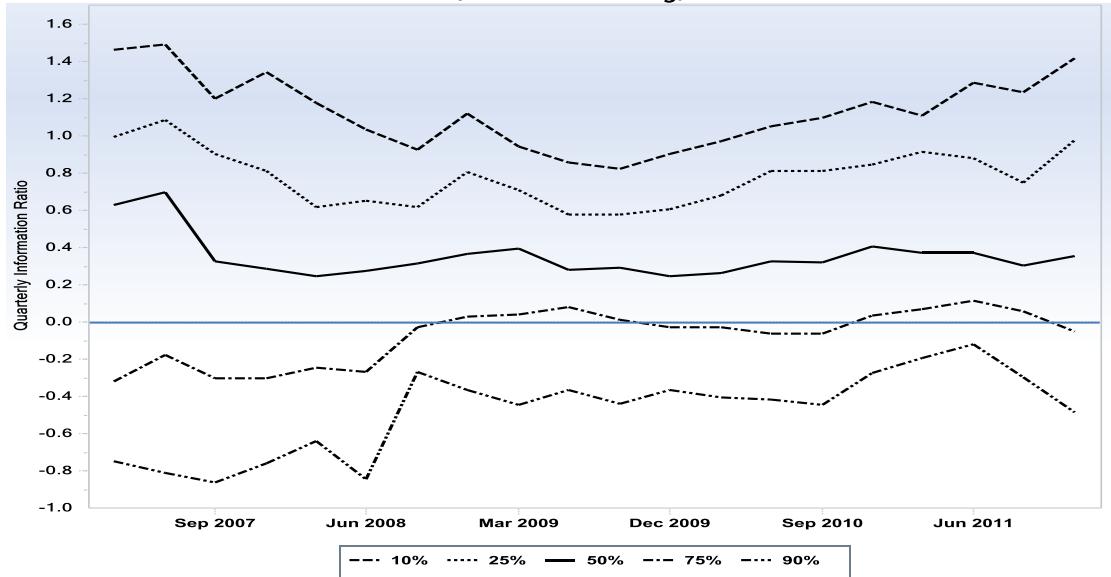
Developed Non-US Equity

Excess Return Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

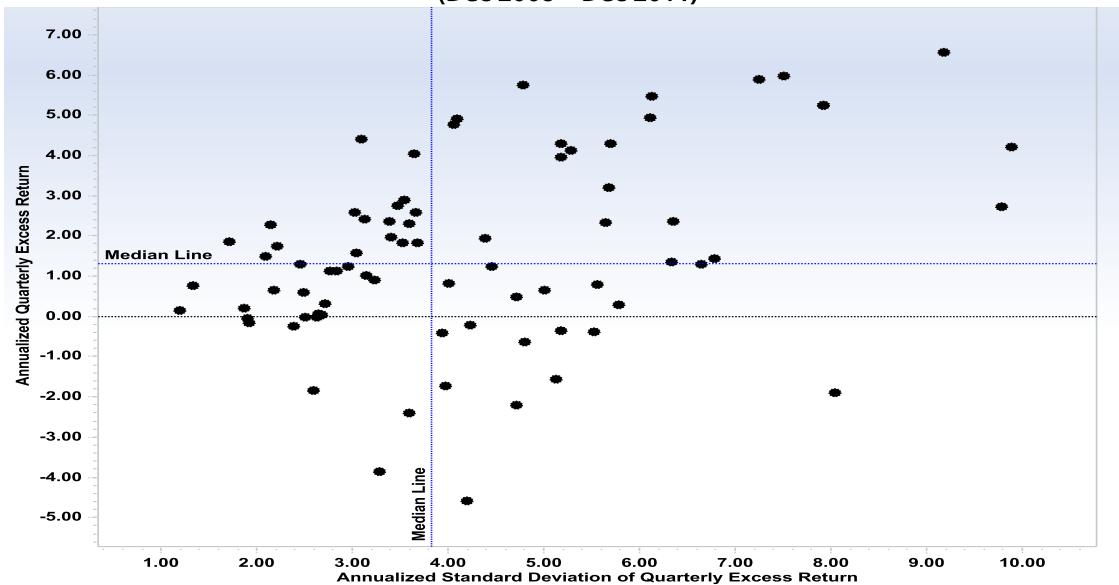
Information Ratio Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

Developed Non-US Equity

Excess Return vs. Excess Risk Scatter Plot
(Dec 2006 – Dec 2011)



Source: Wilshire Compass

Emerging Markets Equity*

(Benchmark: MSCI Emerging Markets Index (\$ Net))
(Universe: Wilshire Defined Emerging Markets)

Emerging Markets Equity managers had weak results versus the benchmark with median excess returns for the 1-, 3-, and 5-year periods of -2.61%, 0.43% and 0.16%, respectively. The top quartile managers significantly outperformed the peer group with a large dispersion evident on the rolling excess return and rolling risk adjusted return graphs. The universe showed a very high consistency for the best performers in this particular time period with 50% of 2008 top quartile managers remaining in the 1st quartile position in 2011.

Universe Statistics

| As of 12/31/2011 | 1 Year | 3 Years | 5 Years |
|-----------------------|--------|---------|---------|
| Index Ranking | 39 | 58 | 51 |
| Number of Products | 60 | 49 | 39 |
| Average Excess Return | -1.76 | 1.29 | 0.74 |
| Median Excess Return | -2.61 | 0.43 | 0.16 |
| Average IR | -0.54 | 0.15 | 0.04 |
| Median IR | -0.45 | 0.06 | -0.03 |

Manager Consistency
Annualized Quarterly Excess Returns

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 50% | 13% | 25% | 13% | 100% |
| 2 nd | 11% | 33% | 44% | 11% | 100% |
| 3 rd | 11% | 22% | 11% | 56% | 100% |
| 4 th | 0% | 22% | 33% | 44% | 100% |
| No Data | 24% | 12% | 8% | 8% | 52% |

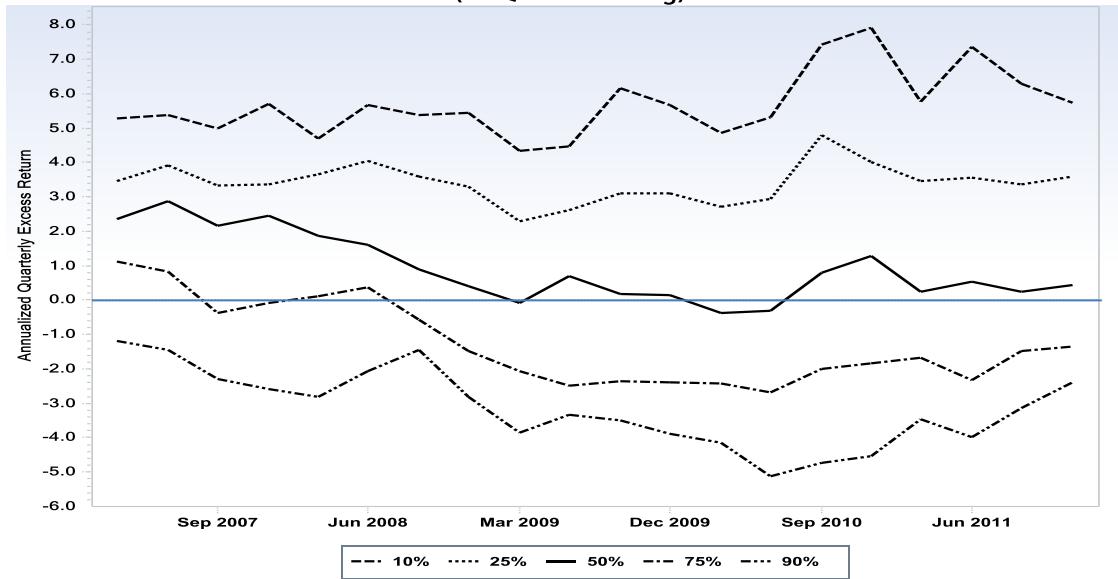
Manager Consistency
Information Ratio

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 33% | 33% | 33% | 0% | 100% |
| 2 nd | 13% | 25% | 50% | 13% | 100% |
| 3 rd | 11% | 11% | 22% | 56% | 100% |
| 4 th | 0% | 33% | 11% | 56% | 100% |
| No Data | 28% | 12% | 8% | 4% | 52% |

* Source: Wilshire Compass

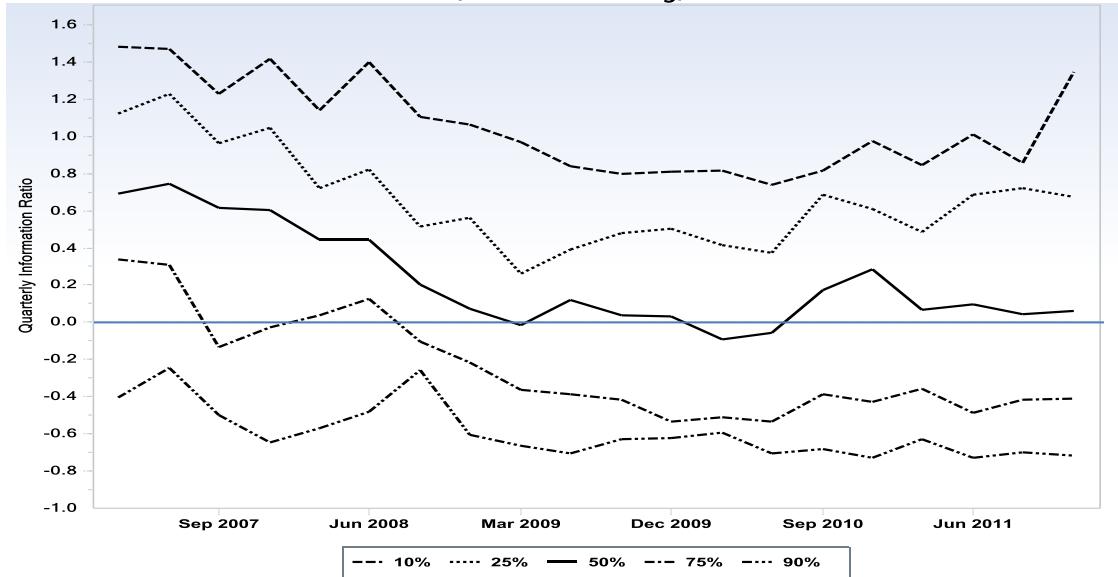
Emerging Markets Equity

Excess Return Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

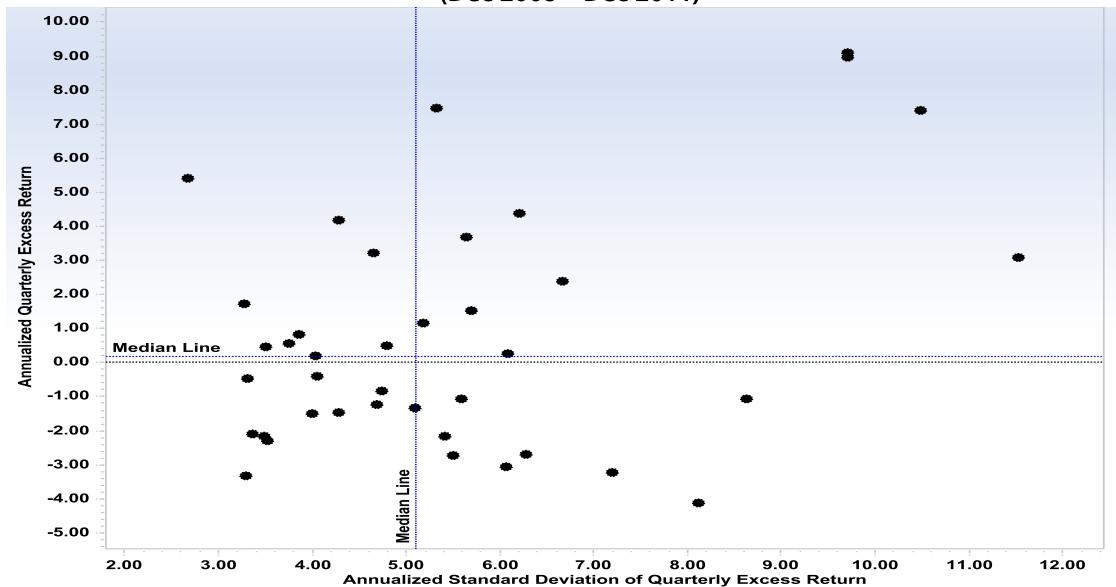
Information Ratio Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

Emerging Markets Equity

Excess Return vs. Excess Risk Scatter Plot
(Dec 2006 – Dec 2011)



Source: Wilshire Compass

Core Fixed Income*

(Benchmark: Barclays Capital US Aggregate Index)
(Universe: Wilshire Defined Core)

Core Fixed Income managers had mixed results versus the benchmark with median excess returns for the 1-, 3-, and 5-year periods of -0.45%, 0.59% and 0.34%, respectively. Core Fixed Income has experienced a difficult period for active management with the financial crisis and the most recent rally in long US Treasury bonds. The rolling universe graph shows a fairly narrow distribution going into the financial crisis with a significant dispersion following the Lehman bankruptcy in September 2008. Then in the most current one year period the dispersion widens out again with the rally in long dated US Treasuries and TIPS. There was little consistency in the universe with only 6% of 2008 1st quartile managers staying in the 1st and 2nd quartiles in the 2011 period and 76% of 2008 4th quartile managers placing in the 1st quartile in 2011.

Universe Statistics

| As of 12/31/2011 | 1 Year | 3 Years | 5 Years |
|-----------------------|--------|---------|---------|
| Index Ranking | 38 | 67 | 73 |
| Number of Products | 142 | 137 | 130 |
| Average Excess Return | -0.52 | 0.89 | 0.25 |
| Median Excess Return | -0.45 | 0.59 | 0.34 |
| Average IR | -0.39 | 0.52 | 0.22 |
| Median IR | -0.47 | 0.69 | 0.24 |

Manager Consistency
Annualized Quarterly Excess Returns

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 0% | 6% | 29% | 61% | 97% |
| 2 nd | 6% | 23% | 52% | 19% | 100% |
| 3 rd | 24% | 45% | 18% | 12% | 100% |
| 4 th | 76% | 15% | 6% | 0% | 97% |
| No Data | 0% | 25% | 8% | 25% | 58% |

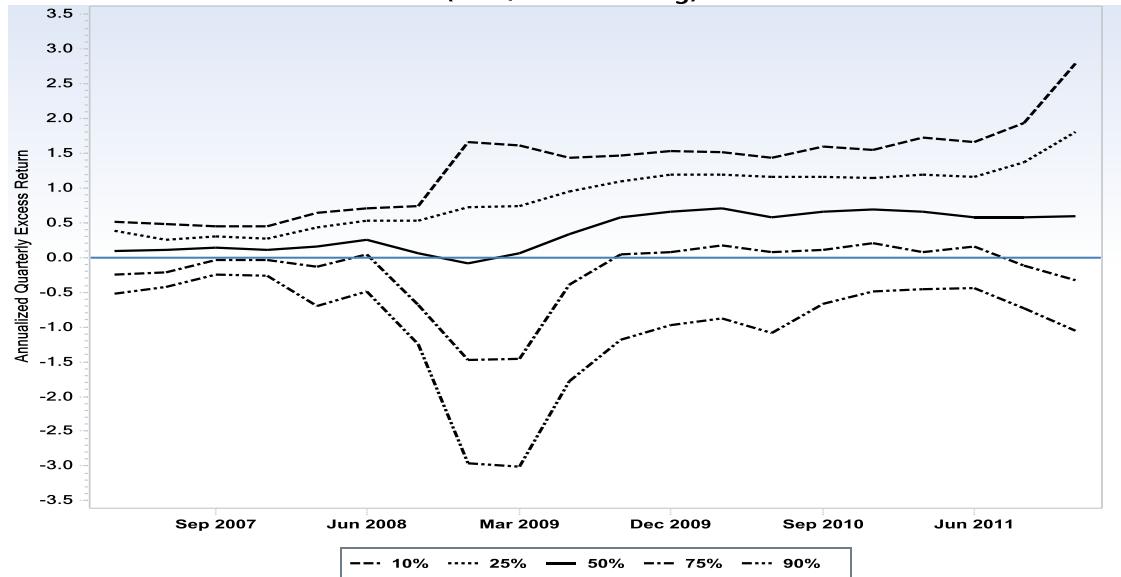
Manager Consistency
Information Ratio

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 3% | 6% | 34% | 53% | 97% |
| 2 nd | 13% | 22% | 38% | 28% | 100% |
| 3 rd | 25% | 41% | 25% | 9% | 100% |
| 4 th | 63% | 28% | 6% | 0% | 97% |
| No Data | 8% | 17% | 8% | 25% | 58% |

* Source: Wilshire Compass

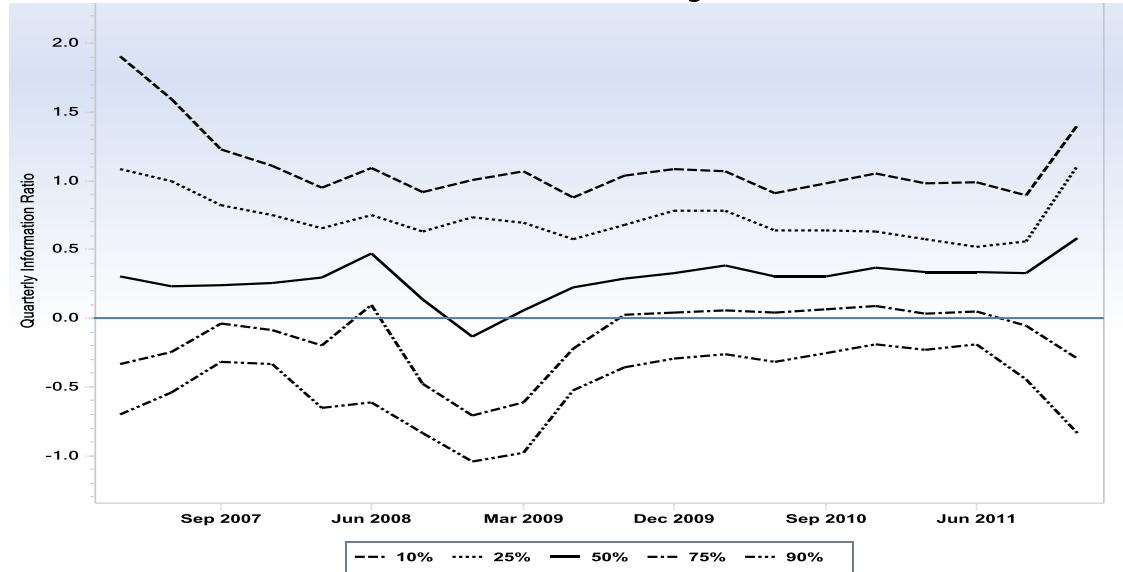
Core Fixed Income

Excess Return Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

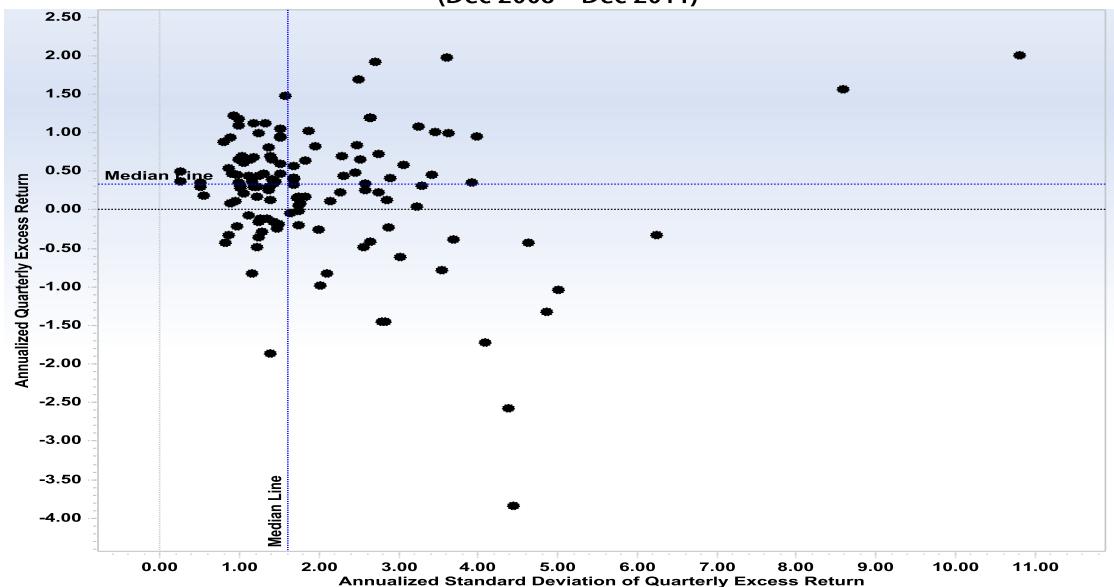
Information Ratio Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

Core Fixed Income

Excess Return vs. Excess Risk Scatter Plot
(Dec 2006 – Dec 2011)



Source: Wilshire Compass

Core Fixed Income Summary

| December 31, 2011 | 1 yr | 3 yr | 5 yr | 10 yr |
|-----------------------------------|------|------|------|-------|
| Barclays Aggregate Bond Index | 7.8 | 6.8 | 6.5 | 5.8 |
| Barclays Treasury Index | 9.8 | 3.9 | 6.8 | 5.7 |
| Barclays Gov't-Related Index | 6.7 | 4.7 | 6.1 | 5.5 |
| Barclays Securitized Index | 6.2 | 6.8 | 6.4 | 5.6 |
| Barclays Corporate IG Index | 8.1 | 11.8 | 6.8 | 6.4 |
| | | | | |
| Barclays LT Gov't/Credit Index | 22.5 | 11.2 | 9.7 | 8.5 |
| Barclays Long-Term Treasury Index | 29.9 | 7.4 | 11.0 | 8.9 |
| Barclays U.S. TIPS Index | 13.6 | 10.4 | 8.0 | 7.6 |
| Barclays High Yield Index | 5.0 | 24.1 | 7.5 | 8.9 |
| Treasury Bills | 0.1 | 0.1 | 1.5 | 2.0 |

Source: Wilshire Compass

High Yield Fixed Income*
 (Benchmark: Barclays Capital High Yield Index)
 (Universe: Wilshire Defined High Yield)

High Yield managers produced disappointing median excess returns of -0.45%, -3.21% and -0.38% for the most recent one-, three- and five-year periods, respectively. Active management has become more difficult in the high yield segment with the rolling excess return and information ratio graphs demonstrating an obvious downward trend since 2008 with the index falling in the 10th percentile for the three year return. The High Yield universe demonstrated performance rotation with only 7% of 2008 1st quartile return strategies staying in the top quartile with a startling 65% of 2008 4th quartile managers placing in the top quartile. The US High Yield Summary table on the third page shows that exposure to high quality paid off in 2011 and the previous five years, but in the intermediate 3 year period, low quality outperformed.

Universe Statistics

| As of 12/31/2011 | 1 Year | 3 Years | 5 Years |
|-----------------------|--------|---------|---------|
| Index Ranking | 42 | 10 | 36 |
| Number of Products | 129 | 124 | 118 |
| Average Excess Return | -0.98 | -3.22 | -0.59 |
| Median Excess Return | -0.45 | -3.21 | -0.38 |
| Average IR | -0.19 | -0.72 | -0.09 |
| Median IR | -0.24 | -0.81 | -0.08 |

Manager Consistency
Annualized Quarterly Excess Returns

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 7% | 19% | 26% | 48% | 100% |
| 2 nd | 15% | 33% | 37% | 15% | 100% |
| 3 rd | 22% | 48% | 19% | 11% | 100% |
| 4 th | 65% | 12% | 12% | 12% | 100% |
| No Data | 9% | 4% | 26% | 30% | 70% |

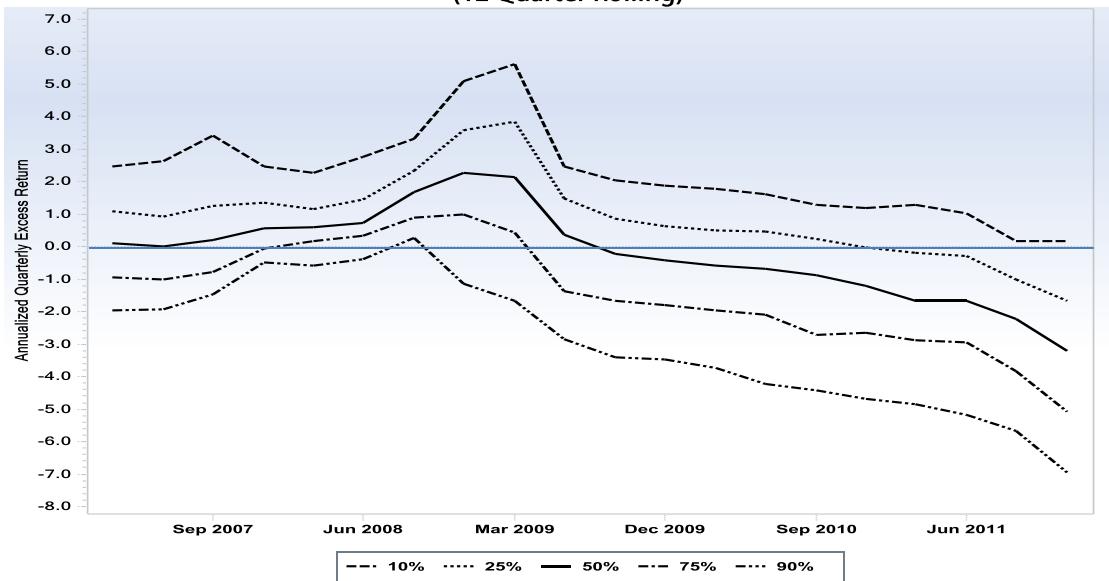
Manager Consistency
Information Ratio

| 3 Year Quartile Rank 2008 | 3 Year Quartile Rank 2011 | | | | |
|------------------------------------|------------------------------|-----------------|-----------------|-----------------|-------|
| | 1 st | 2 nd | 3 rd | 4 th | Total |
| 1 st | 15% | 15% | 30% | 41% | 100% |
| 2 nd | 15% | 27% | 27% | 31% | 100% |
| 3 rd | 19% | 41% | 22% | 19% | 100% |
| 4 th | 56% | 15% | 19% | 11% | 100% |
| No Data | 13% | 17% | 22% | 17% | 70% |

* Source: Wilshire Compass

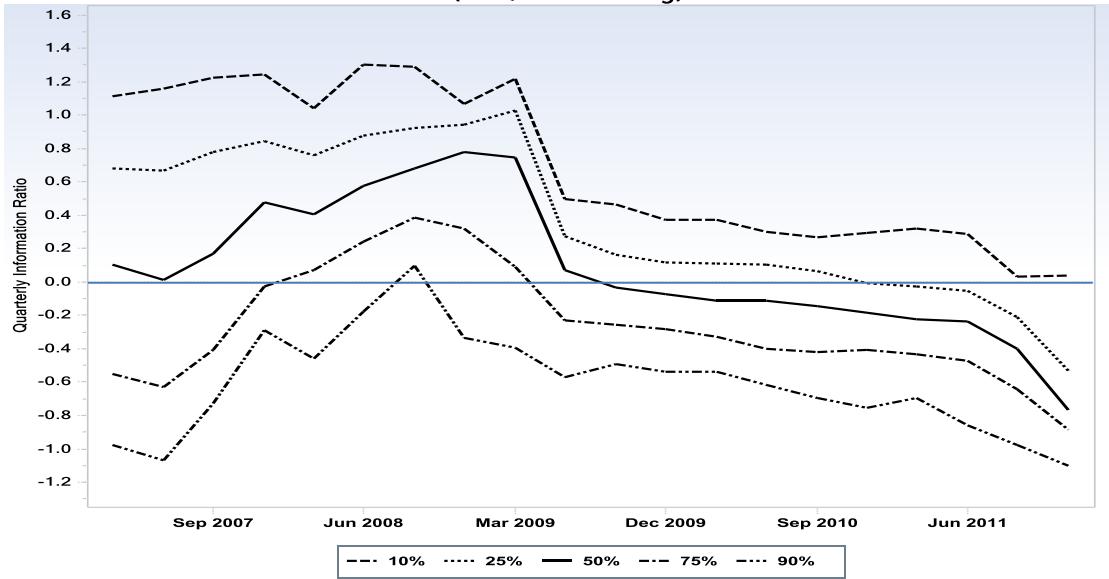
High Yield Fixed Income

Excess Return Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

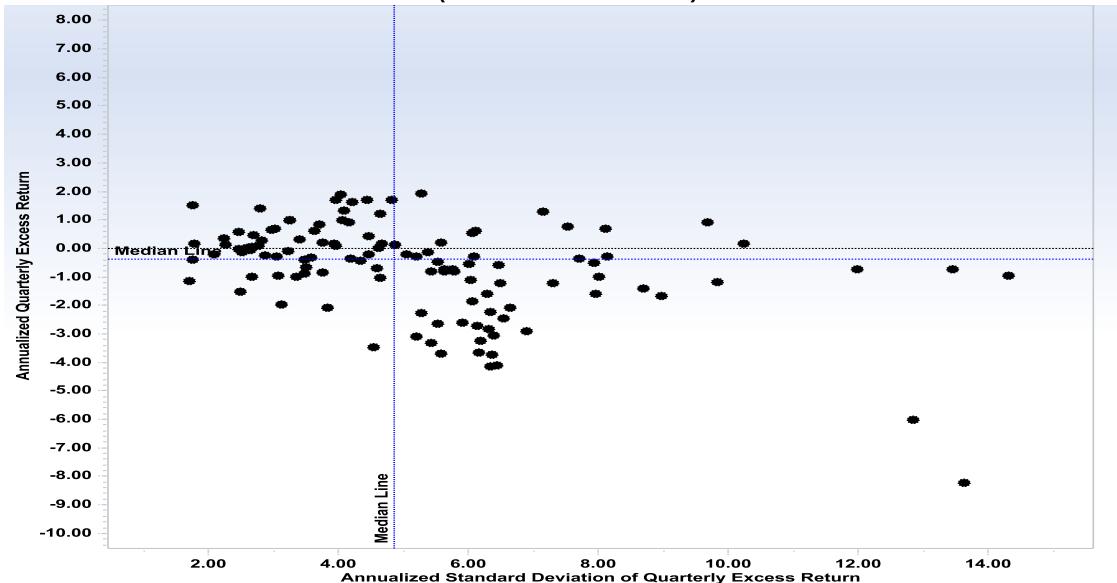
Information Ratio Percentiles
(12 Quarter Rolling)



Source: Wilshire Compass

High Yield Fixed Income*

Excess Return vs. Excess Risk Scatter Plot
(Dec 2006 – Dec 2011)



Source: Wilshire Compass

US High Yield Summary

| December 31, 2011 | Index Weight | 1 Yr | 3 Yr | 5 Yr | 10 yr |
|-----------------------------|--------------|-------|------|------|-------|
| Barclays High Yield Index | 100.0 | 5.0 | 24.1 | 7.5 | 8.9 |
| Quality Distribution | | | | | |
| Ba US High Yield | 40.1 | 6.8 | 21.4 | 8.5 | 8.2 |
| B US High Yield | 43.3 | 5.4 | 20.2 | 5.6 | 7.9 |
| Caa US High Yield | 14.5 | 1.2 | 31.0 | 4.5 | 9.3 |
| Ca to D US High Yield | 1.9 | -12.4 | 39.6 | 3.3 | 12.3 |
| Non-Rated US High Yield | 0.2 | 6.8 | 14.8 | -2.5 | 7.6 |

Source: Barclays Capital

* We would like to thank Mayank Prasad for his due diligence in the data collection for this report.

Appendix

Standard Wilshire Universes
Calculation Methodology and Rules
US & Non US Equity, Fixed Income
US Equity Database

I. Large Growth Universe

- A. The Product Type as described by the manager must be Equity, Index, Balanced, or Other.
- B. The R2 resulting from a four-factor1 returns-based style analysis over a 3-year period ending the prior quarter must be 0.70 or greater.
 - 1) The four factors used in the style analysis are the Wilshire Large Growth, Wilshire Large Value Index, Wilshire Small Growth Index and Wilshire Small Value Index. This Analysis requires a minimum 3-year monthly return history as of the prior quarter for each product.
 - 2) The Total Large allocation is calculated by adding the Wilshire Large Growth Index and Wilshire Large Value Index allocations from a four-factor returns- based style analysis over the trailing 3 years.
 - 3) The Total Growth allocation is calculated by adding the Wilshire Large Growth Index and Wilshire Small Growth Index allocations from four-factor returns- based style analysis over the trailing 3 years.
 - 4) The Total Value allocation is calculated by adding the Wilshire Large Value Index and Wilshire Small Value Index allocations from four-factor returns- based style analysis over the trailing 3 years.
- C. The Size Score, as calculated using Wilshire's proprietary holdings-based methodology, must average greater than or equal to 30 over a two-quarter period ending the prior quarter.
- D. The Style Score, as calculated using Wilshire's proprietary holdings-based methodology, must average greater than or equal to 25 over a two-quarter period ending the prior quarter.
- E. The allocation to Total Large must be greater than or equal to 50% for the prior quarter four-factor 3-year returns-based style analysis2.
- F. The allocation to Total Growth must be greater than or equal to 50% for the prior quarter four-factor 3-year returns-based style analysis3.

II. Large Value Universe

- A. The Product Type as described by the manager must be Equity, Index, Balanced, or Other.
- B. The R2 resulting from a four-factor returns-based style analysis over a 3-year period ending the prior quarter must be 0.70 or greater.
- C. The Size Score, as calculated using Wilshire's proprietary holdings-based methodology, must average greater than or equal to 30 over a two-quarter period ending the prior quarter.
- D. The Style Score, as calculated using Wilshire's proprietary holdings-based methodology, must average less than or equal to -25 over a two quarter period ending the prior quarter.
- E. The allocation to Total Large must be greater than or equal to 50% for the prior quarter four-factor 3-year returns-based style analysis.
- F. The allocation to Total Value must be greater than or equal to 50% for the prior quarter four-factor 3-year returns-based style analysis4.

III. Large Core Universe

- A. The Product Type as described by the manager must be Equity, Index, Balanced, or Other.
- B. The R2 resulting from a four-factor returns-based style analysis over a 3-year period ending the prior quarter must be 0.70 or greater.

- C. The Size Score, as calculated using Wilshire's proprietary holdings-based methodology, must average greater than or equal to 30 over a two-quarter period ending the prior quarter.
- D. The Style Score, as calculated using Wilshire's proprietary holdings-based methodology, must average between -25 and 25 over a two-quarter period ending the prior quarter.
- E. The allocation to Total Large must be greater than or equal to 50% for the prior quarter four-factor 3-

IV. Small Growth Universe

- A. The Product Type as described by the manager must be Equity, Index, Balanced, or Other.
- B. The R2 resulting from a four-factor returns-based style analysis over a 3-year period ending the prior quarter must be 0.70 or greater.
- C. The Size Score, as calculated using Wilshire's proprietary holdings-based methodology, must average less than or equal -30 over a two quarter period ending the prior quarter.
- D. The Style Score, as calculated using Wilshire's proprietary holdings-based methodology, must average greater than or equal to 25 over a two quarter period ending the prior quarter.
- E. The allocation to Total Small must be greater than or equal to 50% for the prior quarter four-factor 3-year returns-based style analysis.
- F. The allocation to Total Growth must be greater than or equal to 50% for the prior quarter four-factor 3-year returns-based style analysis.

V. Small Value Universe

- A. The Product Type as described by the manager must be Equity, Index, Balanced, or Other.
- B. The R2 resulting from a four-factor returns-based style analysis over a 3-year period ending the prior quarter must be 0.70 or greater.
- C. The Size Score, as calculated using Wilshire's proprietary holdings-based methodology, must average less than or equal -30 over a two quarter period ending the prior quarter.
- D. The Style Score, as calculated using Wilshire's proprietary holdings-based methodology, must average less than or equal to -25 over a two quarter period ending the prior quarter.
- E. The allocation to Total Small must be greater than or equal to 50% for the prior quarter four-factor 3-year returns-based style analysis.
- F. The allocation to Total Value must be greater than or equal to 50% for the prior quarter four-factor 3-year returns-based style analysis.

VI. Small Core Universe

- A. The Product Type as described by the manager must be Equity, Index, Balanced, or Other.
- B. The R2 resulting from a four-factor returns-based style analysis over a 3-year period ending the prior quarter must be 0.70 or greater.
- C. The Size Score, as calculated using Wilshire's proprietary holdings-based methodology, must average less than or equal -30 over a two quarter period ending the prior quarter.
- D. The Style Score, as calculated using Wilshire's proprietary holdings-based methodology, must average between -25 and 25 over a two quarter period ending the prior quarter.
- E. The allocation to Total Small must be greater than or equal to 50% for the prior quarter four-factor 3-year returns-based style analysis.

Non-US Equity Database

I. EAFE Universe

- A. The Product Type as described by the manager may not be REIT, Hedge Fund, Hedge Fund of Fund, or Alternative.
- B. The allocation to Developed (EAFFE) Countries, as described by Morgan Stanley Capital Indices, must be greater than or equal to 90% over a two quarter average ending the prior quarter.

- C. The allocation to European Countries, as described by Morgan Stanley Capital Indices, must be less than 80% over a two quarter average ending the prior quarter.
- D. The allocation to Pacific Countries, as described by Morgan Stanley Capital Indices, must be less than 80% over a two quarter average ending the prior quarter.
- E. The allocation to Emerging Countries, as described by Morgan Stanley Capital Indices, must be less than or equal to 10% over a two quarter average ending the prior quarter.
- F. No weighting to an individual country may be greater than 50% over a two-quarter average ending the prior quarter.

II. Emerging Markets Universe

- A. The Product Type as described by the manager may not be REIT, Hedge Fund, Hedge Fund of Fund, or Alternative.
- B. The allocation to Developed (EAFE) Countries, as described by Morgan Stanley Capital Indices, must be less than or equal to 50% over a two quarter average ending the prior quarter.
- C. The allocation to European Countries, as described by Morgan Stanley Capital Indices, must be less than 15% over a two-quarter average ending the prior quarter
- D. The allocation to Pacific Countries, as described by Morgan Stanley Capital Indices, must be less than 25% over a two-quarter average ending the prior quarter.
- E. The allocation to US stocks must be less than 5% over a two-quarter average ending the prior quarter over a two-quarter average ending the prior quarter.

Fixed Income

I. High Yield Universe

- A. Average quality must average less than 3.99 for a two-quarter period ending the prior quarter.
- B. The Average Quality cannot be 0 for either of the two quarters in the average calculation.
- C. The Sector Focus described by the manager may not be Municipal.

II. Core Universe

- A. Average Quality must average more than 6.0 for a two-quarter period ending the prior quarter.
- B. The effective duration of the portfolio must average between 3.5 and 6.5 for a two-quarter period ending one the prior quarter.
- C. The allocation to Mortgage Backed Securities (% MBS Sect) must be less than or equal to 50% for a two-quarter period ending the prior quarter.
- D. The allocation to Municipal Securities (% Municipal Sect) must be less than or equal to 10% for a two-quarter period ending the prior quarter.
- E. The Sector Focus described by the manager may not be Municipal or TIPS.
- F. B. The allocation to Municipal Securities must be greater than or equal to 80% for a two quarter period ending the prior quarter.

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