

**CITY OF BISMARCK DEFERRED SICK LEAVE FUND
INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2014**

| | September-14 | | | | | | | | Current FYTD | | Prior Year FY14 | | 3 Years Ended 6/30/2014 | | 5 Years Ended 6/30/2014 | |
|--|----------------|---------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|-----------------|----------------------|-------------------------|----------------------|-------------------------|--|
| | Market Value | Allocation | | Quarter | | Month | | Gross ⁽¹⁾ | Net | Gross ⁽¹⁾ | Net | Gross ⁽¹⁾ | Net | Gross ⁽¹⁾ | Net | |
| | | Actual | Policy | Gross ⁽¹⁾ | Net | Gross ⁽¹⁾ | Net | | | | | | | | | |
| TOTAL DEFERRED SICK LEAVE FUND | 842,530 | 100.0% | 100.0% | -0.77% | -0.81% | -1.60% | -1.60% | -0.77% | -0.81% | 12.53% | 12.32% | 9.47% | 9.25% | 11.58% | 11.33% | |
| <i>POLICY TARGET BENCHMARK</i> | | | | <i>-0.75%</i> | <i>-0.75%</i> | <i>-1.39%</i> | <i>-1.39%</i> | <i>-0.75%</i> | <i>-0.75%</i> | <i>9.97%</i> | <i>9.97%</i> | <i>6.63%</i> | <i>6.63%</i> | <i>8.29%</i> | <i>8.29%</i> | |
| ATTRIBUTION ANALYSIS | | | | | | | | | | | | | | | | |
| Asset Allocation | | | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | -0.02% | -0.02% | 0.06% | 0.06% | | | |
| Manager Selection | | | | -0.02% | -0.07% | -0.21% | -0.21% | -0.02% | -0.07% | 2.58% | 2.38% | 2.79% | 2.56% | | | |
| TOTAL RELATIVE RETURN | | | | -0.02% | -0.07% | -0.21% | -0.21% | -0.02% | -0.07% | 2.56% | 2.35% | 2.84% | 2.61% | 3.29% | 3.04% | |
| LARGE CAP DOMESTIC EQUITY | | | | | | | | | | | | | | | | |
| Los Angeles Capital | 37,733 | 4.5% | 4.5% | 1.58% | 1.54% | -1.74% | -1.74% | 1.58% | 1.54% | 25.79% | 25.57% | 17.16% | 16.94% | 7.73% | 7.51% | |
| <i>Russell 1000 Growth</i> | | | | 1.49% | 1.49% | -1.45% | -1.45% | 1.49% | 1.49% | 26.92% | 26.92% | 16.26% | 16.26% | 7.47% | 7.47% | |
| LSV | 37,558 | 4.5% | 4.5% | -0.46% | -0.52% | -2.68% | -2.68% | -0.46% | -0.52% | 28.33% | 28.01% | 19.09% | 18.79% | 8.24% | 7.86% | |
| <i>Russell 1000 Value</i> | | | | -0.19% | -0.19% | -2.06% | -2.06% | -0.19% | -0.19% | 23.81% | 23.81% | 16.92% | 16.92% | 6.67% | 6.67% | |
| LA Capital | 25,093 | 3.0% | 3.0% | 0.86% | 0.83% | -2.02% | -2.02% | 0.86% | 0.83% | 24.29% | 24.15% | 17.14% | 16.95% | 8.08% | 7.81% | |
| <i>Russell 1000</i> | | | | 0.65% | 0.65% | -1.75% | -1.75% | 0.65% | 0.65% | 25.36% | 25.36% | 16.63% | 16.63% | 7.12% | 7.12% | |
| Clifton Group | 25,364 | 3.0% | 3.0% | 1.18% | 1.11% | -1.45% | -1.45% | 1.18% | 1.11% | 24.75% | 24.63% | 16.93% | 16.80% | 19.96% | 19.63% | |
| <i>S&P 500</i> | | | | 1.13% | 1.13% | -1.40% | -1.40% | 1.13% | 1.13% | 24.61% | 24.61% | 16.58% | 16.58% | 18.83% | 18.83% | |
| TOTAL LARGE CAP DOMESTIC EQUITY | 125,747 | 14.9% | 15.0% | 0.73% | 0.68% | -2.02% | -2.02% | 0.73% | 0.68% | 26.07% | 25.85% | 17.73% | 17.51% | 19.57% | 19.28% | |
| <i>Russell 1000</i> | | | | 0.65% | 0.65% | -1.75% | -1.75% | 0.65% | 0.65% | 25.36% | 25.36% | 17.02% | 17.02% | 19.10% | 19.10% | |
| SMALL CAP DOMESTIC EQUITY | | | | | | | | | | | | | | | | |
| Research Affiliates | 13,436 | 1.6% | 2.5% | -7.00% | -7.07% | -5.70% | -5.70% | -7.00% | -7.07% | 24.68% | 24.29% | 16.34% | 15.88% | 22.98% | 22.51% | |
| Clifton | 28,831 | 3.4% | 2.5% | -7.23% | -7.41% | -6.12% | -6.12% | -7.23% | -7.41% | 24.67% | 24.17% | 15.76% | 15.30% | 22.16% | 21.67% | |
| TOTAL SMALL CAP DOMESTIC EQUITY | 42,267 | 5.0% | 5.0% | -7.08% | -7.23% | -5.98% | -5.98% | -7.08% | -7.23% | 24.78% | 24.34% | 16.10% | 15.64% | 22.49% | 22.01% | |
| <i>Russell 2000</i> | | | | -7.36% | -7.36% | -6.05% | -6.05% | -7.36% | -7.36% | 23.64% | 23.64% | 14.57% | 14.57% | 20.21% | 20.21% | |
| INTERNATIONAL EQUITY | | | | | | | | | | | | | | | | |
| Capital Group | 33,723 | 4.0% | 4.0% | -5.78% | -5.86% | -3.92% | -3.92% | -5.78% | -5.86% | 20.70% | 20.25% | 8.58% | 8.03% | 12.11% | 11.55% | |
| LSV | 33,361 | 4.0% | 4.0% | -6.45% | -6.53% | -4.56% | -4.56% | -6.45% | -6.53% | 27.25% | 26.77% | 9.54% | 9.04% | 12.20% | 11.69% | |
| <i>MSCI EAFE</i> | | | | -5.88% | -5.88% | -3.84% | -3.84% | -5.88% | -5.88% | 23.57% | 23.57% | 8.10% | 8.10% | 11.11% | 11.11% | |
| DFA | 8,269 | 1.0% | 1.0% | -8.53% | -8.53% | 4.18% | -5.82% | -8.53% | -8.53% | 36.58% | 35.75% | 12.25% | 11.48% | 16.48% | 15.74% | |
| Vanguard (1) | 8,377 | 1.0% | 1.0% | -5.84% | -5.84% | -4.43% | -4.43% | -5.84% | -5.84% | 29.97% | 29.46% | 9.31% | 8.86% | 14.93% | 14.49% | |
| <i>S&P/Citigroup Broad Market Index < \$2BN</i> | | | | -5.94% | -5.94% | -5.33% | -5.33% | -5.94% | -5.94% | 26.39% | 26.39% | 8.21% | 8.21% | 8.21% | 13.10% | |
| TOTAL INTERNATIONAL EQUITY | 83,729 | 9.9% | 10.0% | -6.33% | -6.39% | -4.41% | -4.41% | -6.33% | -6.39% | 25.76% | 25.26% | 9.31% | 8.77% | 12.94% | 12.39% | |
| <i>MSCI EAFE</i> | | | | -5.88% | -5.88% | -3.84% | -3.84% | -5.88% | -5.88% | 23.57% | 23.57% | 8.10% | 8.10% | 11.11% | 11.11% | |
| FIXED INCOME | | | | | | | | | | | | | | | | |
| Western Asset | 175,093 | 20.8% | 20.8% | 0.36% | 0.32% | -0.77% | -0.77% | 0.36% | 0.32% | 6.13% | 5.99% | 5.69% | 5.52% | 8.72% | 8.54% | |
| Prudential | 44,267 | 5.3% | 5.2% | -0.31% | -0.38% | -1.31% | -1.31% | -0.31% | -0.38% | 6.71% | 6.42% | 6.06% | 5.76% | 8.55% | 8.25% | |
| PIMCO (DiSCO) (1) | 25,626 | 3.0% | 3.0% | 1.43% | 1.43% | 0.80% | 0.80% | 1.43% | 1.43% | 12.02% | 12.02% | N/A | N/A | N/A | N/A | |
| PIMCO (BRAVO II) (1) | 5,913 | 0.7% | 0.7% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | N/A | N/A | N/A | N/A | N/A | N/A | |
| <i>BC Aggregate</i> | | | | 0.17% | 0.17% | -0.68% | -0.68% | 0.17% | 0.17% | 4.37% | 4.37% | 3.66% | 3.66% | 4.85% | 4.85% | |
| Declaration (Total Return) (1) | 45,636 | 5.4% | 5.4% | 0.65% | 0.65% | 0.68% | 0.68% | 0.65% | 0.65% | N/A | N/A | N/A | N/A | N/A | N/A | |
| <i>3m LIBOR</i> | | | | 0.06% | 0.06% | 0.02% | 0.02% | 0.06% | 0.06% | | | | | | | |

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| | September-14 | | | | | | | Current FYTD | | Prior Year FY14 | | 3 Years Ended 6/30/2014 | | 5 Years Ended 6/30/2014 | |
|---|----------------|--------------|--------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|--------------|-------------------------|--------------|-------------------------|--------------|
| | Market Value | Allocation | | Quarter | | Month | | Gross ⁽¹⁾ | Net | Gross ⁽¹⁾ | Net | Gross ⁽¹⁾ | Net | Gross ⁽¹⁾ | Net |
| | | Actual | Policy | Gross ⁽¹⁾ | Net | Gross ⁽¹⁾ | Net | | | | | | | | |
| State Street <i>BC Gov/Credit</i> | 77,668 | 9.2% | 9.1% | 0.16% | 0.15% | -0.91% | -0.92% | 0.16% | 0.15% | 4.26% | 4.23% | N/A | N/A | N/A | N/A |
| | | | | 0.17% | 0.17% | -0.91% | -0.91% | 0.17% | 0.17% | 4.28% | 4.28% | | | | |
| Wells Capital <i>BC US Credit BAA</i> | 175,784 | 20.9% | 20.8% | -0.12% | -0.17% | -1.52% | -1.52% | -0.12% | -0.17% | 10.01% | 9.79% | 7.70% | 7.48% | 10.19% | 9.97% |
| | | | | -1.60% | -1.60% | -1.78% | -1.78% | -1.60% | -1.60% | 9.46% | 9.46% | 7.12% | 7.12% | 9.05% | 9.05% |
| TOTAL FIXED INCOME <i>BC Aggregate</i> | 549,987 | 65.3% | 65.0% | 0.20% | 0.16% | -0.86% | -0.86% | 0.20% | 0.16% | 7.76% | 7.60% | 7.48% | 7.29% | 9.42% | 9.23% |
| | | | | 0.17% | 0.17% | -0.68% | -0.68% | 0.17% | 0.17% | 4.37% | 4.37% | 3.66% | 3.66% | 4.85% | 4.85% |
| CASH EQUIVALENTS | | | | | | | | | | | | | | | |
| Northern Trust (1) | 40,799 | | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.01% | 0.01% | N/A | N/A | N/A | N/A |
| TOTAL CASH EQUIVALENTS <i>90 Day T-Bill</i> | 40,799 | 4.8% | 5.0% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.01% | 0.01% | 0.17% | 0.17% | 0.24% | 0.24% |
| | | | | 0.01% | 0.01% | 0.00% | 0.00% | 0.01% | 0.01% | 0.06% | 0.06% | 0.08% | 0.08% | 0.11% | 0.11% |

NOTE: Monthly returns and market values are preliminary and subject to change.

Effective July 1, 2013, net of fee returns are calculated on a cash basis in the month paid. Prior years were accrual based and split evenly over the 12 months of the fiscal year.

(1) All limited partnership-type (and mutual funds as of 7/1/14) investment returns will only be reported net of fees, which is standard practice by the investment consultant.