

Public Employees' Retirement Board

June 12, 2014

Topic: Remove Vanguard Total Bond Index Fund (VBTSX) from 401(a) investment options.

Based on a recommendation from Wilshire Consultants, EIAC supports replacing the Vanguard Total Bond Index Fund with Prudential Fixed Income Fund plan effective.

Rationale: The Vanguard Total Bond Index Fund has been on probation status since the fourth quarter of 2013 due to poor performance and failure to meet standards outlined in the 401(a) investment policy statement.

Timeline:

1. **7/1/2014** – Written notification of fund termination to participants who are currently investing in the fund.
2. **7/31/2014** – Add new Prudential Fixed Income to 401(a) fund options.
3. **09/29/2014** – transfer any remaining investments from VBTSX to PDBZX.
4. **09/29/2014** – at close of market, remove Vanguard Total Bond Index Fund from option list.

Recommended Board motion:

Move to accept EIAC and Wilshire's recommendation to replace the Vanguard Total Bond Index Fund in the 401(a) plan with Prudential Fixed Income.

Recommend _____.

Moved by _____

Seconded by _____

Vote _____



State of Montana
Core Fixed Income Manager Search

Michael C. Schlachter, CFA
Managing Director

April 2014

- To filter through the **intermediate Core/Core+ fixed income** mutual fund universe, the following criteria were applied:
 - Open to new assets
 - Minimum 10-year track record for a product and/or portfolio manager
 - Outperformance of the Barclays' US Aggregate Bond Index for both 3- and 5-year periods
 - Sharpe ratio above the Barclays' US Aggregate Bond Index for both 3- and 5-year periods
 - Total strategy assets > \$1,000 MM
 - Portfolio constructed without high concentration (# of holdings to be > 100)
 - Overall Morningstar rating of 5 stars*

- */ We included PIMCO as the Fund is a flagship product and the manager won "Manager of the decade" award – currently rated 4 stars by Morningstar

Prudential – Total Return Bond Fund

- The Prudential Core Plus strategy is suitable for both stand alone and/or multi-manager assignments. The strategy seeks to add 150 basis points of alpha over the Barclays Capital Aggregate Index, with 250 basis points of tracking error. The strategy maintains duration of +/- 0.5. The firm implements the strategy through a pre-established risk budget that seeks modest increments of value from making small bets on multiple sources, such as sector allocation, subsector and industry allocation, security selection, and modest duration/yield curve positioning. The team is experienced with senior professionals averaging 20+ years of investment experience. The stability and experience of the team lead to a high score.

Loomis Sayles - Core Plus Bond Fund

- The Loomis Core Plus strategy is a benchmark agnostic, higher tracking error strategy. Given the liberal use of credit, the strategy is best suited for mandates seeking a more aggressive investment strategy or as a complementary manager to a more benchmark aware manager. Clients should be aware of the product's willingness to deviate from the benchmark which may lead to high tracking error. Fixed Income is overseen by CIO Jae Park, who has shifted the culture from a star system to team-managed portfolios over the past decade. This cultural shift has yielded more process controls and discipline into the firm, as well as a more collaborative atmosphere and sharing of investment functions within the investment teams. The key ingredient to the firm's success has been the culture of value investing under the auspices of Dan Fuss who serves as Vice Chairman of the firm.

DoubleLine- Core Fixed Income I

- DoubleLine Capital, located in Los Angeles, was founded in December 2009 by Jeffrey Gundlach, CEO and CIO, and Philip Barach, President; and has already grown to over \$47 billion AUM. The team is of exceptional quality and is starting out on solid footing. The team excels in the agency and non-agency mortgage space, where they add tremendous value. The Total Return MBS strategy is benchmarked to the Barclays Capital U.S. Mortgage Index with an ex-ante tracking error target between 125-250 basis points per annum. The strategy is well positioned for satellite or stand-alone mandates; however, clients should be aware of the anticipated overweight to mortgage-related securities.

TCW MetWest - Core Plus Fixed Income

- The Cole Plus Fixed Income strategy is managed on a team basis and takes a value driven, opportunistic approach to fixed income investing. Tad Rivelle is the lead portfolio manager and CIO for the strategy, following Mr. Gundlach's departure. On August 9, 2012, TCW and The Carlyle Group announced an agreement to acquire TCW from Societe Generale. As a result, TCW became independent and TCW employees increased their ownership to approximately 40%. The transaction was completed in February 2013. Senior investment professionals were required to sign 5 year contracts upon the completion of the Carlyle deal, boosting our confidence in a reduced level of turnover.

PIMCO – Core Plus Fixed Income – Total Return

- Pacific Investment Management Company LLC (PIMCO) is a major force in the fixed income asset management universe featuring superior operational infrastructure and risk management systems. Through its Global Secular Forum discussion, PIMCO investment professionals debate the economy's underlying risks, and forecast turning points. With its top-down macro approach and its in-depth bottom-up security selection process, a portfolio is built to express PIMCO's best ideas. One concern is PIMCO's extremely large asset base, which may limit the team's ability to move quickly into and out of markets and securities. Additional concerns revolve around key-man risk in Bill Gross, who won "Manager of the Decade (2000-2009)" award by Morningstar. The fund is currently rated 4 stars by Morningstar.

Vanguard – Total Bond Market Index

- The fund employs an indexing investment approach designed to track the performance of the Barclays U.S. Aggregate Float Adjusted Bond Index. This index measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year. The fund invests by sampling the index, meaning that it holds a range of securities that, in the aggregate, approximate the full index in terms of key risk factors and other characteristics. All of the fund's investments will be selected through the sampling process, and at least 80% of the fund's assets will be invested in bonds held in the index. The fund maintains a dollar-weighted average maturity consistent with that of the index, which currently ranges between 5 and 10 years. Morningstar reports that Gregory Davis, head of Vanguard's Bond Index Group was replaced in February 2013 by Joshua C. Barrickman, CFA.

Qualitative Scores by Wilshire's Manager Research Group



Manager	OVERALL	Organization (20%)	Information (20%)	Forecasting (20%)	Portfolio Construction (20%)	Implementation (10%)	Attribution (10%)
Prudential Fixed Income	3.90	3.50	4.00	4.00	4.00	4.00	4.00
PIMCO	3.35	2.75	4.50	3.50	2.00	3.50	4.50
Loomis, Sayles & Company, L.P.	3.25	3.50	3.50	3.50	2.50	4.00	2.50
TCW Group	3.15	3.00	3.50	3.00	3.00	3.50	3.00
DoubleLine	3.10	3.00	3.50	4.00	2.50	3.00	2.00
Vanguard Total Bond Market Index	no eval*						

Score Legend: 5 Excellent, 4 Good, 3 Above Average, 2 Below Average, 1 Unacceptable.

*/ Wilshire Manager Research produces Qualitative Scores on actively managed funds, so Vanguard Total Bond Market Index is not covered

Comparative Information



Manager/Product	Morningstar Rating	Product Inception	Product AUM (\$MM)	Firm AUM (\$MM)*	Firm Inception	Firm Location	Manager Tenure
Prudential Fixed Income	★★★★★	2010	\$2,900	\$1,060,000	1879	Newark, NJ	4 years
PIMCO	★★★★	1987	\$236,500	\$1,920,000	1971	Newport Beach, CA	27 years
Loomis, Sayles & Company, L.P.	★★★★★	1994	\$1,300	\$199,800	1926	Boston, MA	11 years
TCW Group	★★★★★	1993	\$7,600	\$131,900	1971	Los Angeles, CA	4 years
DoubleLine	★★★★★	2010	\$1,700	\$47,000	2010	Los Angeles, CA	4 years
Vanguard Total Bond Market Index	★★	1986	\$110,900	\$2,000,000	1975	Valley Forge, PA	1 year**

Manager/Product	# of Holdings	Avg Effective Duration	Avg Effective Maturity	Average Credit Quality	Trailing 12 months (TTM) Yield	Stated Expense Ratio***	Minimum Initial Investment	Mandate/Product Assets****
Prudential Fixed Income	1,140	6.10	8.80	BB	3.82%	0.52%	\$0	0.09%
PIMCO	19,808	5.37	6.04	N/A	2.09%	0.46%	\$1,000,000	0.00%
Loomis, Sayles & Company, L.P.	332	5.89	8.58	BBB	4.15%	0.54%	\$100,000	0.20%
TCW Group	582	4.22	5.02	BB	3.96%	0.44%	\$2,000	0.03%
DoubleLine	598	4.64	6.72	BB	4.29%	0.50%	\$100,000	0.15%
Vanguard Total Bond Market Index	15,753	5.47	7.50	AA	2.53%	0.08%	\$0	0.00%

* As of December 31, 2013

** Lead PM was replaced in 2013

*** Category average = 0.89% / Average of the five actively managed funds = 0.49%

**** Mandate size based on \$2.5MM - as of December 31, 2013

Comparative Performance – Calendar Year



Annual Calendar Year Returns - Absolute												
Manager	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Prudential Fixed Income (PDBZX)	-0.93	9.82	7.78	9.94	20.01	-3.31	5.69	4.64	2.71	5.13	6.45	6.61
PIMCO (PTRAX)	-2.16	10.10	3.90	8.56	13.55	4.56	8.82	3.74	2.63	4.87	5.31	9.92
Loomis, Sayles & Company, L.P.	-0.56	11.59	7.91	10.74	16.94	0.86	6.35	5.64	1.37	5.36	9.03	3.44
TCW Group	1.65	13.40	4.13	10.74	19.87	1.08	6.60	5.26	3.36	5.19	3.06	11.04
DoubleLine	-1.20	8.11	11.44	--	--	--	--	--	--	--	--	--
Vanguard Total Bond Market Index	-2.15	4.16	7.67	6.54	6.05	5.15	7.02	--	--	--	--	--
Barclays - U.S. Aggregate Index	-2.02	4.22	7.84	6.54	5.93	5.24	6.96	4.33	2.43	4.34	4.11	10.26

Annual Calendar Year Returns - Excess (versus Barclays - U.S. Aggregate Index)												
Manager	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Prudential Fixed Income	1.09	5.60	(0.06)	3.40	14.08	(8.55)	(1.27)	0.31	0.28	0.79	2.34	(3.65)
PIMCO	(0.14)	5.88	(3.94)	2.02	7.62	(0.68)	1.86	(0.59)	0.20	0.53	1.20	(0.34)
Loomis, Sayles & Company, L.P.	1.46	7.37	0.07	4.20	11.01	(4.38)	(0.61)	1.31	(1.06)	1.02	4.92	(6.82)
TCW Group	3.67	9.18	(3.71)	4.20	13.94	(4.16)	(0.36)	0.93	0.93	0.85	(1.05)	0.78
DoubleLine	0.82	3.89	3.60	--	--	--	--	--	--	--	--	--
Vanguard Total Bond Market Index	(0.13)	(0.06)	(0.17)	0.00	0.12	(0.09)	0.06	--	--	--	--	--

Comparative Performance – Cumulative



as of December 31, 2013

Annualized Cumulative Periods							
Manager	Quarter	1 year	2 years	3 years	5 years	7 years	10 Years
Prudential Fixed Income	0.79	-0.93	4.31	5.45	9.12	6.76	5.97
PIMCO	-0.10	-2.16	3.79	3.83	6.65	6.65	5.77
Loomis, Sayles & Company, L.P.	1.58	-0.56	5.34	6.19	9.17	7.54	6.50
TCW Group	1.14	1.65	7.36	6.28	9.76	8.03	6.99
DoubleLine	0.68	-1.20	3.35	5.98	--	--	--
<i>Vanguard Total Bond Market Index</i>	-0.20	-2.15	0.96	3.15	4.39	4.87	--
<i>Barclays - U.S. Aggregate Index</i>	-0.14	-2.02	1.05	3.26	4.44	4.91	4.55

Cumulative Excess Returns (versus Barclays US Aggregate Bond Index)							
Manager	Quarter	1 year	2 years	3 years	5 years	7 years	10 Years
Prudential Fixed Income	0.93	1.12	3.23	2.12	4.48	1.76	1.36
PIMCO	0.04	(0.14)	2.71	0.55	2.11	1.66	1.17
Loomis, Sayles & Company, L.P.	1.72	1.49	4.25	2.83	4.53	2.50	1.86
TCW Group	1.28	3.75	6.25	2.92	5.09	2.97	2.33
DoubleLine	0.82	0.84	2.28	2.63	--	--	--
<i>Vanguard Total Bond Market Index</i>	(0.06)	(0.12)	(0.09)	(0.11)	(0.05)	(0.04)	--

3 - Year as of 12/31/13 (versus Barclays US Aggregate Bond Index)				
Manager/Product	Excess Risk	Excess Return	Sharpe Ratio*	Info Ratio
Prudential Fixed Income	2.31	2.12	1.40	0.92
PIMCO	2.71	0.55	0.96	0.20
Loomis, Sayles & Company, L.P.	2.62	2.84	1.45	1.08
TCW Group	2.35	2.92	2.11	1.24
DoubleLine	1.19	2.63	1.85	2.20
Vanguard Total Bond Market Index	0.24	(0.11)	1.08	(0.48)

* Category average = 1.48, median = 1.43

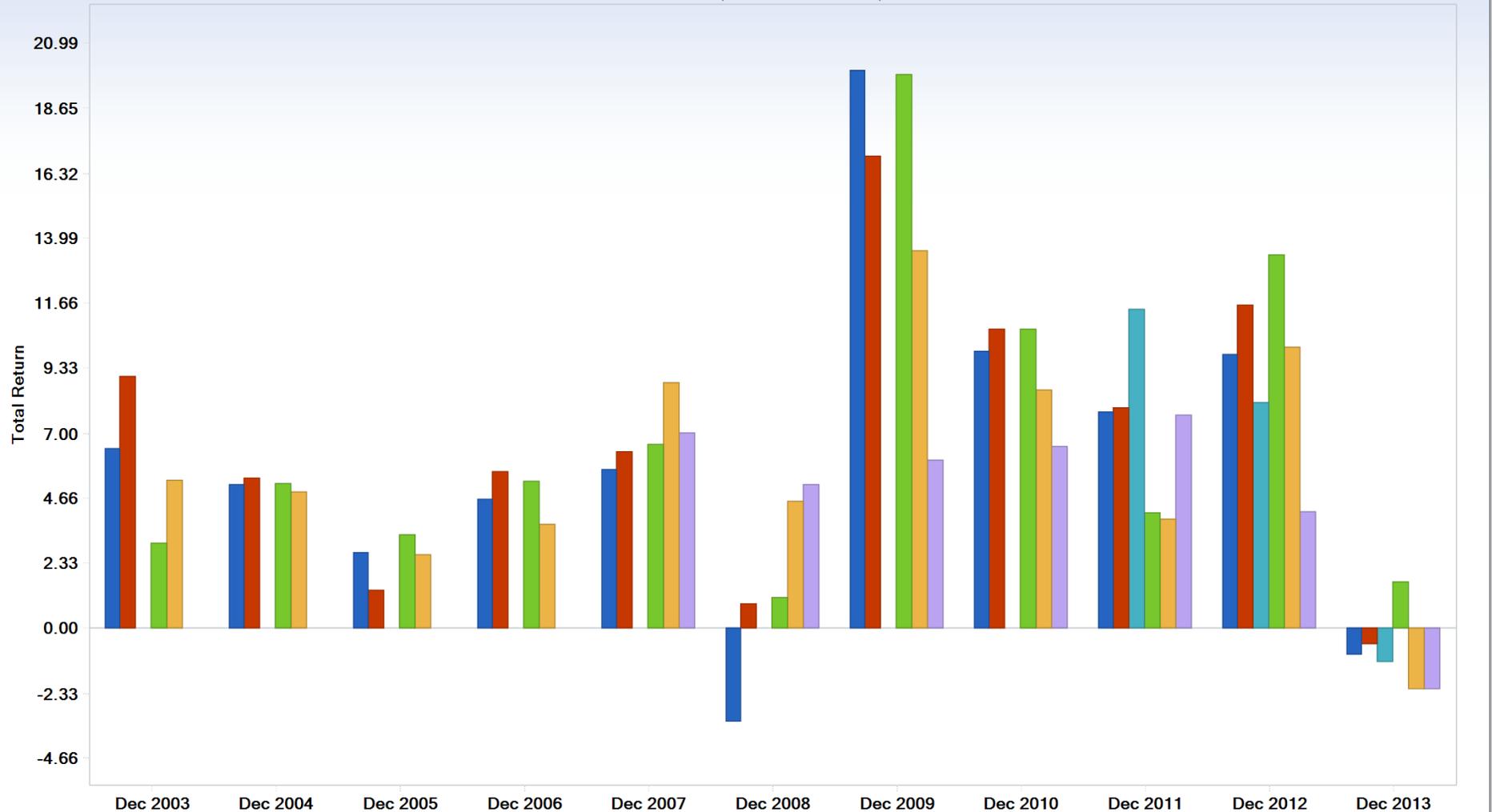
5 - Year as of 12/31/13 (versus Barclays US Aggregate Bond Index)				
Manager/Product	Excess Risk	Excess Return	Sharpe Ratio*	Info Ratio
Prudential Fixed Income	2.74	4.48	2.20	1.64
PIMCO	2.54	2.12	1.68	0.83
Loomis, Sayles & Company, L.P.	3.09	4.53	1.96	1.46
TCW Group	2.71	5.09	2.60	1.88
DoubleLine	--	--	--	--
Vanguard Total Bond Market Index	0.29	(0.05)	1.44	(0.17)

- Excess Risk = Standard deviation of excess returns
- Excess Return = Returns greater than those produced by the benchmark
- Sharpe Ratio = Excess return over the risk-free rate per unit of deviation (divided by excess risk)
- Information Ratio = Excess Return divided by Excess Risk

Calendar Year Returns

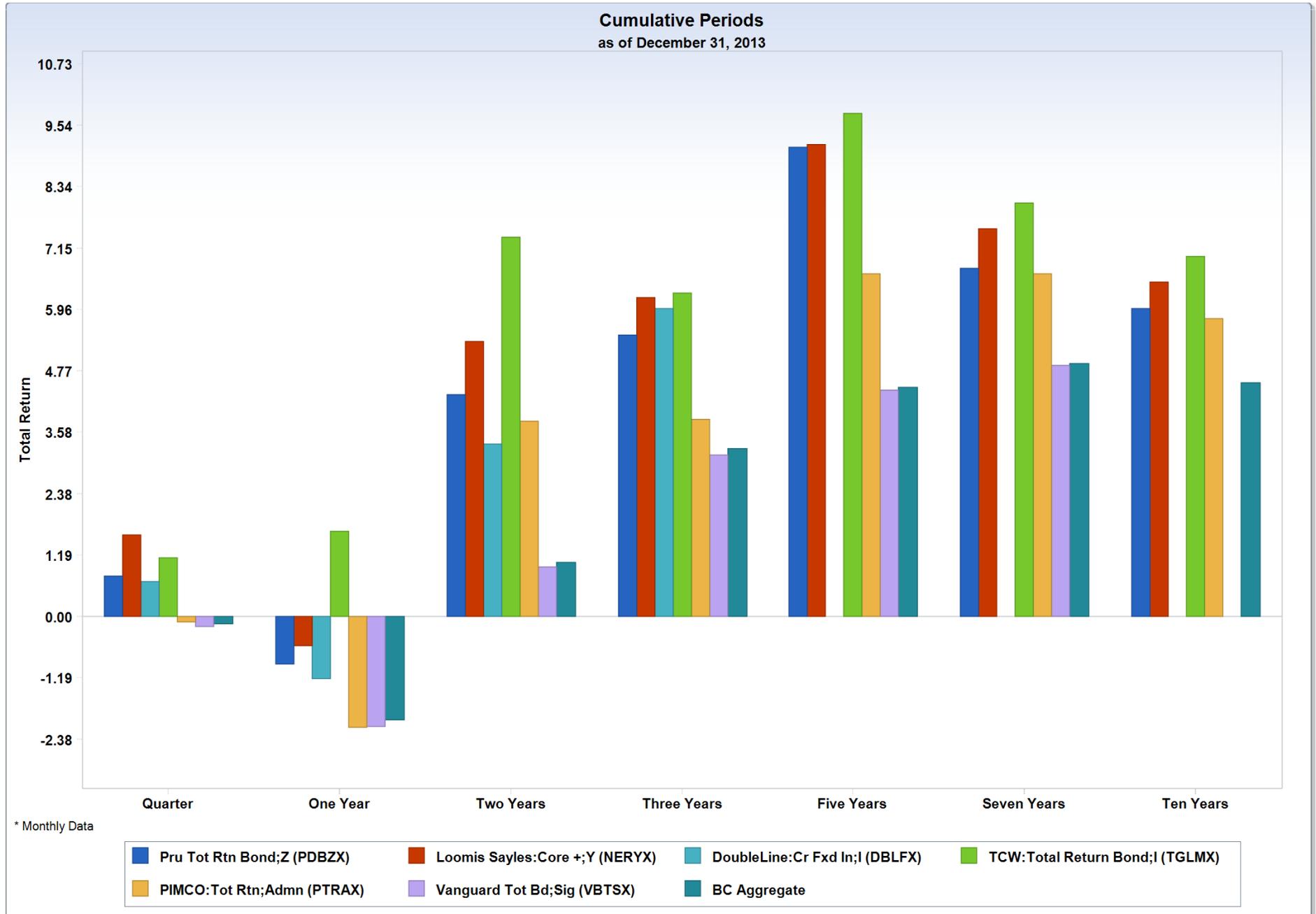


Annual Periodic Return
December 31, 2002 - December 31, 2013

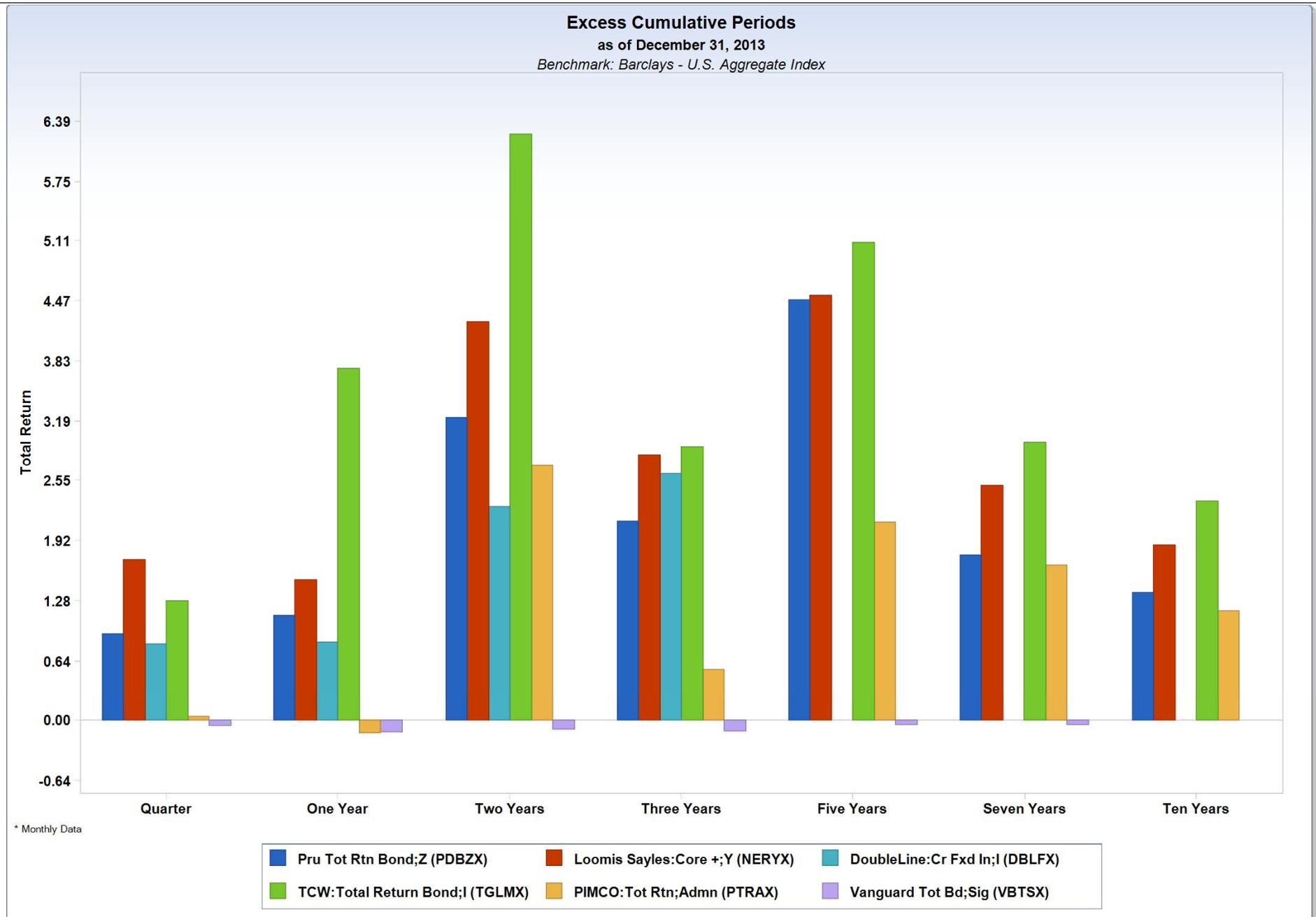


	Dec 2003	Dec 2004	Dec 2005	Dec 2006	Dec 2007	Dec 2008	Dec 2009	Dec 2010	Dec 2011	Dec 2012	Dec 2013
Pru Tot Rtn Bond;Z (PDBZX)	6.45	5.13	2.71	4.64	5.69	-3.31	20.01	9.94	7.78	9.82	-0.93
Loomis Sayles:Core +;Y (NERYX)	9.03	5.36	1.37	5.64	6.35	0.86	16.94	10.74	7.91	11.59	-0.56
DoubleLine:Cr Fxd In;I (DBLFX)									11.44	8.11	-1.20
TCW:Total Return Bond;I (TGLMX)	3.06	5.19	3.36	5.26	6.60	1.08	19.87	10.74	4.13	13.40	1.65
PIMCO:Tot Rtn;Admn (PTRAX)	5.31	4.87	2.63	3.74	8.82	4.56	13.55	8.56	3.90	10.10	-2.16
Vanguard Tot Bd;Sig (VBTSX)					7.02	5.15	6.05	6.54	7.67	4.16	-2.15

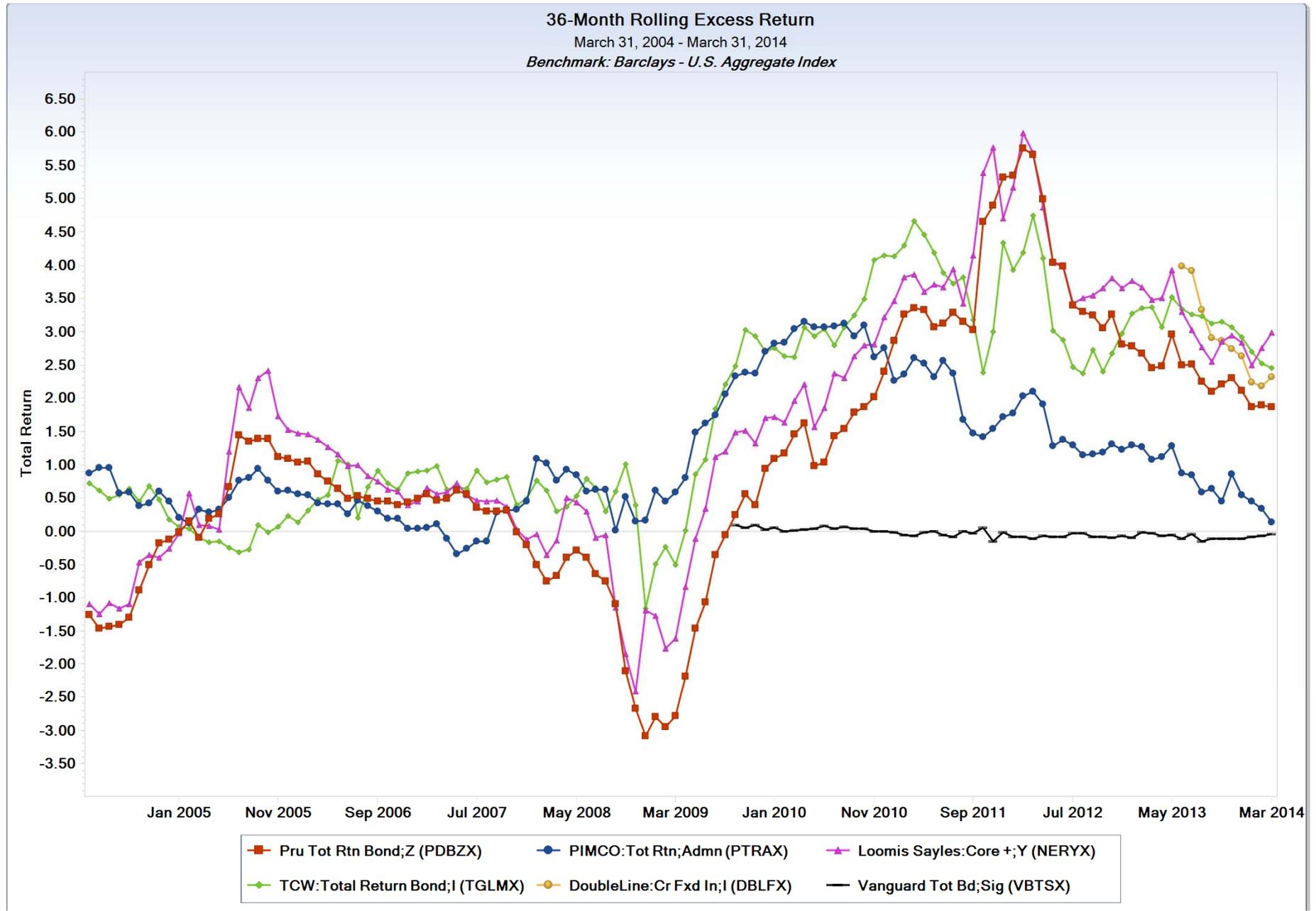
Cumulative Year Absolute Returns



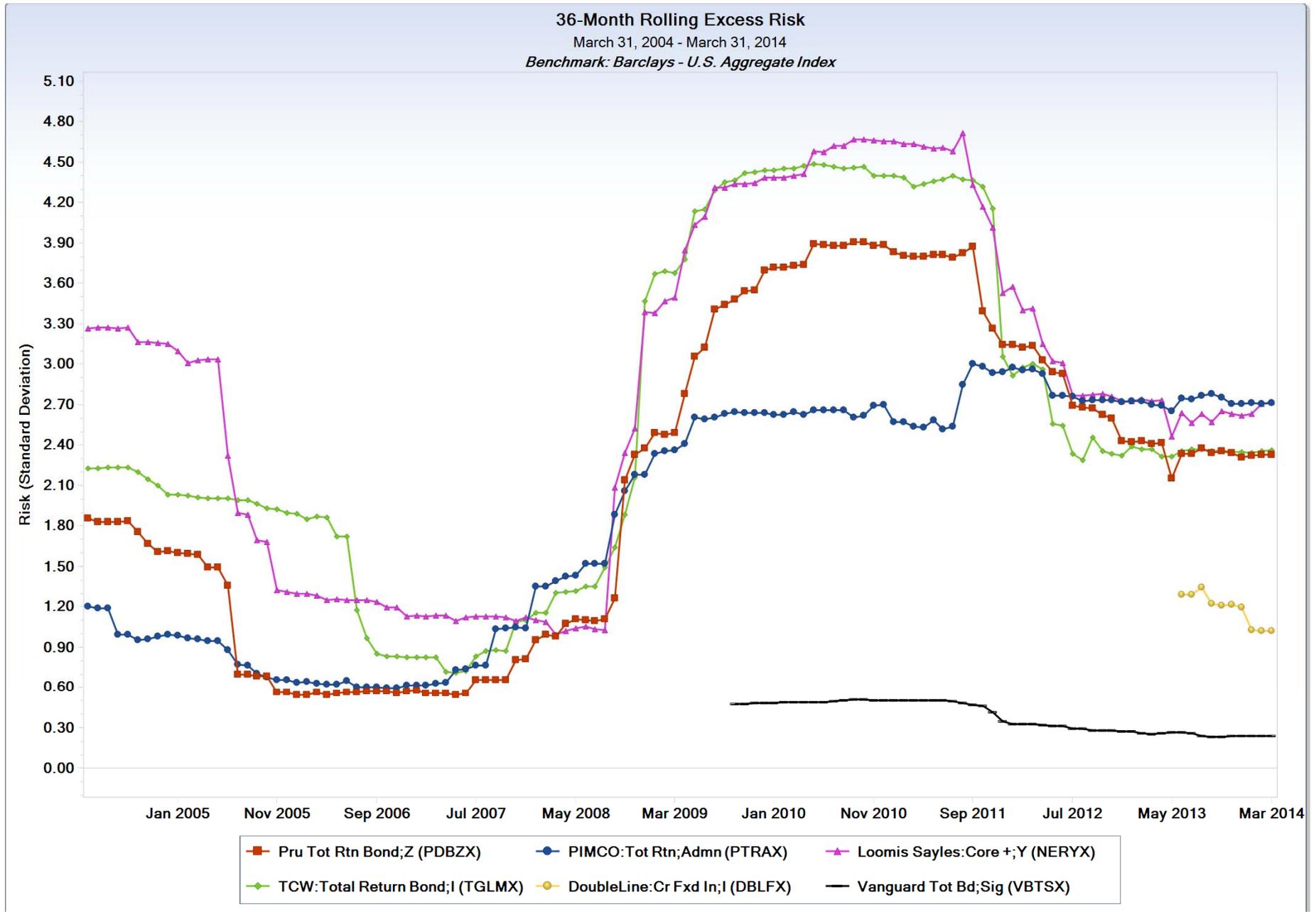
Cumulative Year Excess Returns



36-Month Excess Rolling Return v. Barclays US Agg Wilshire



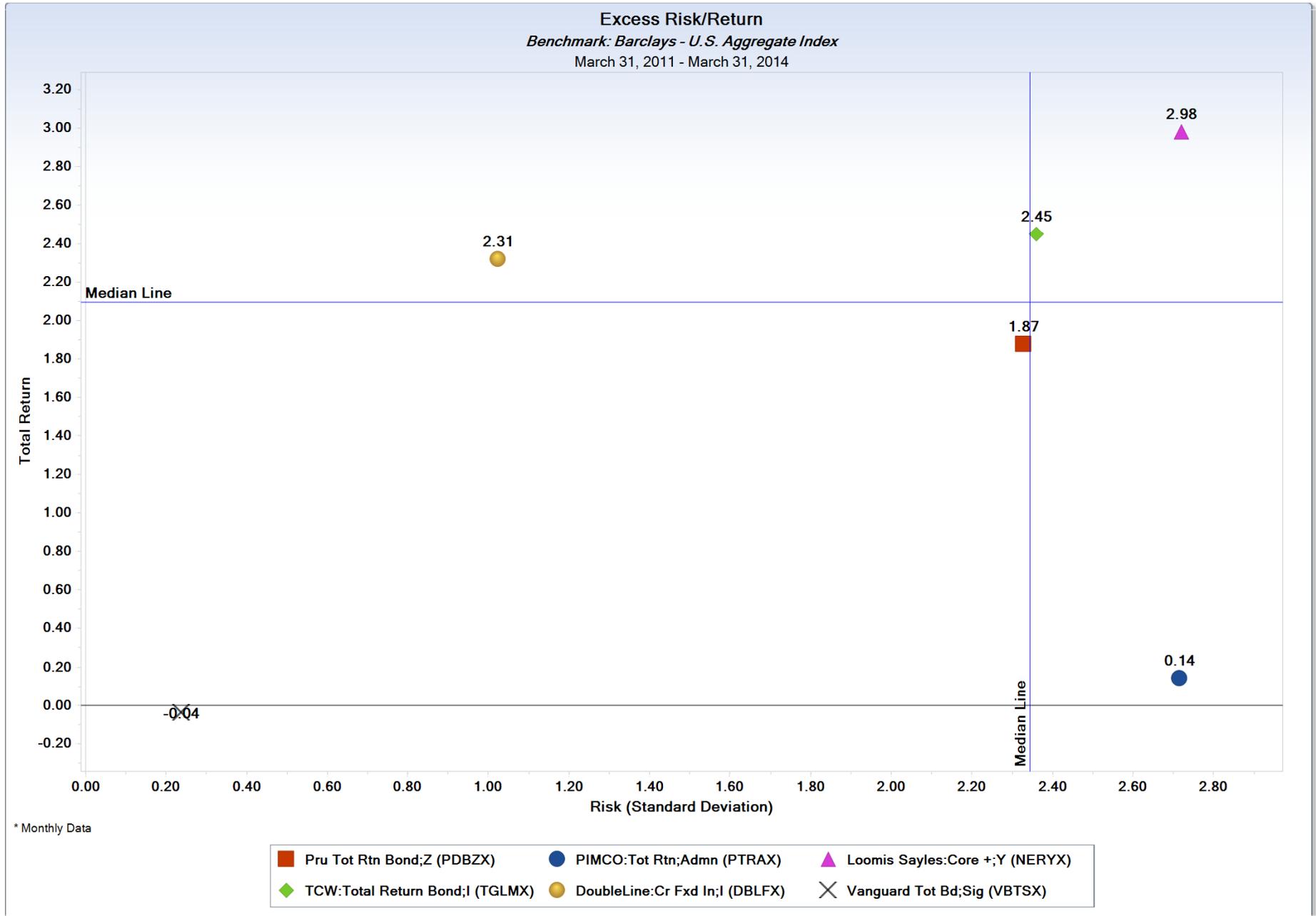
36-Month Tracking Error v. Barclays US Agg Index



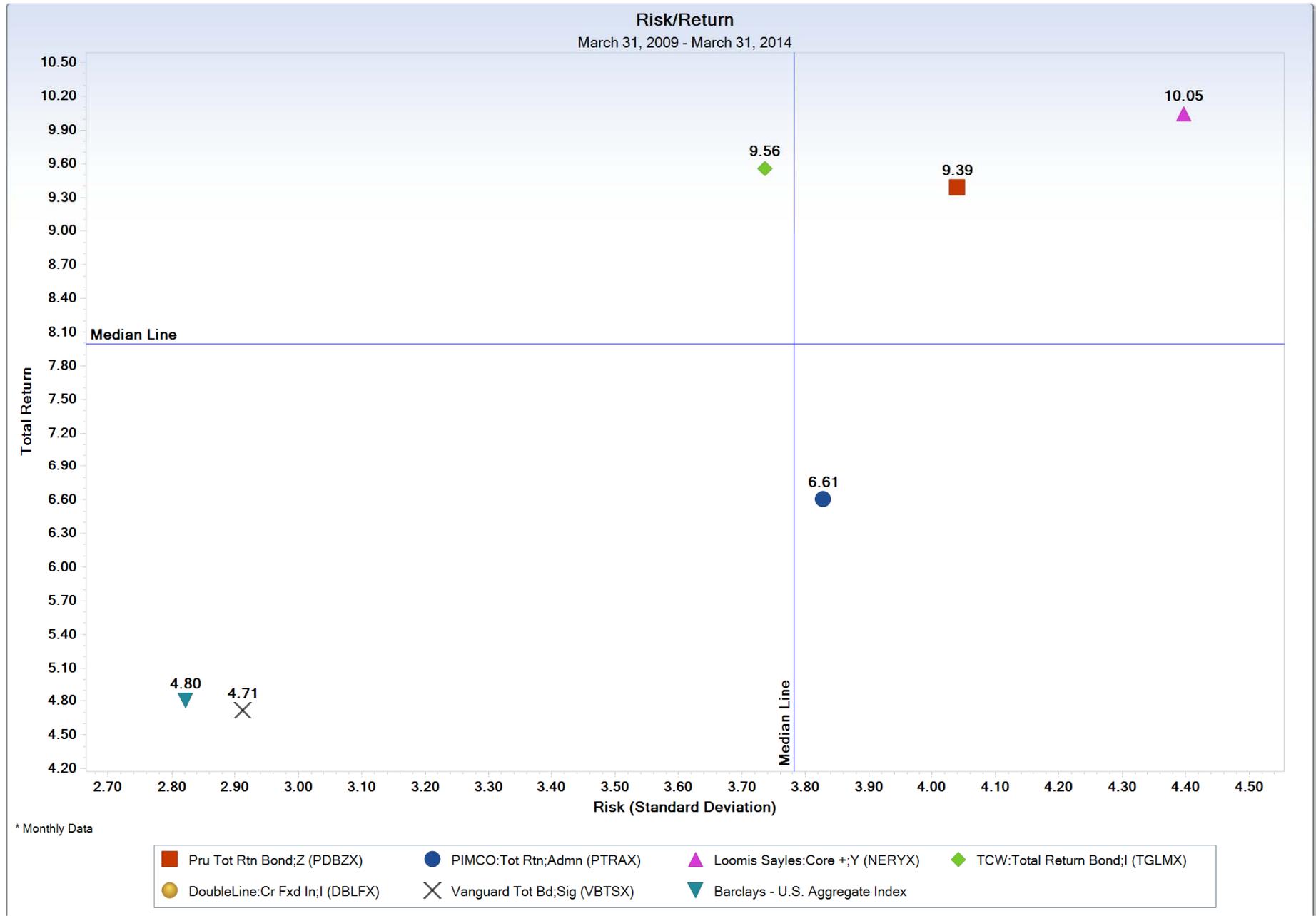
3-Year Risk/Return



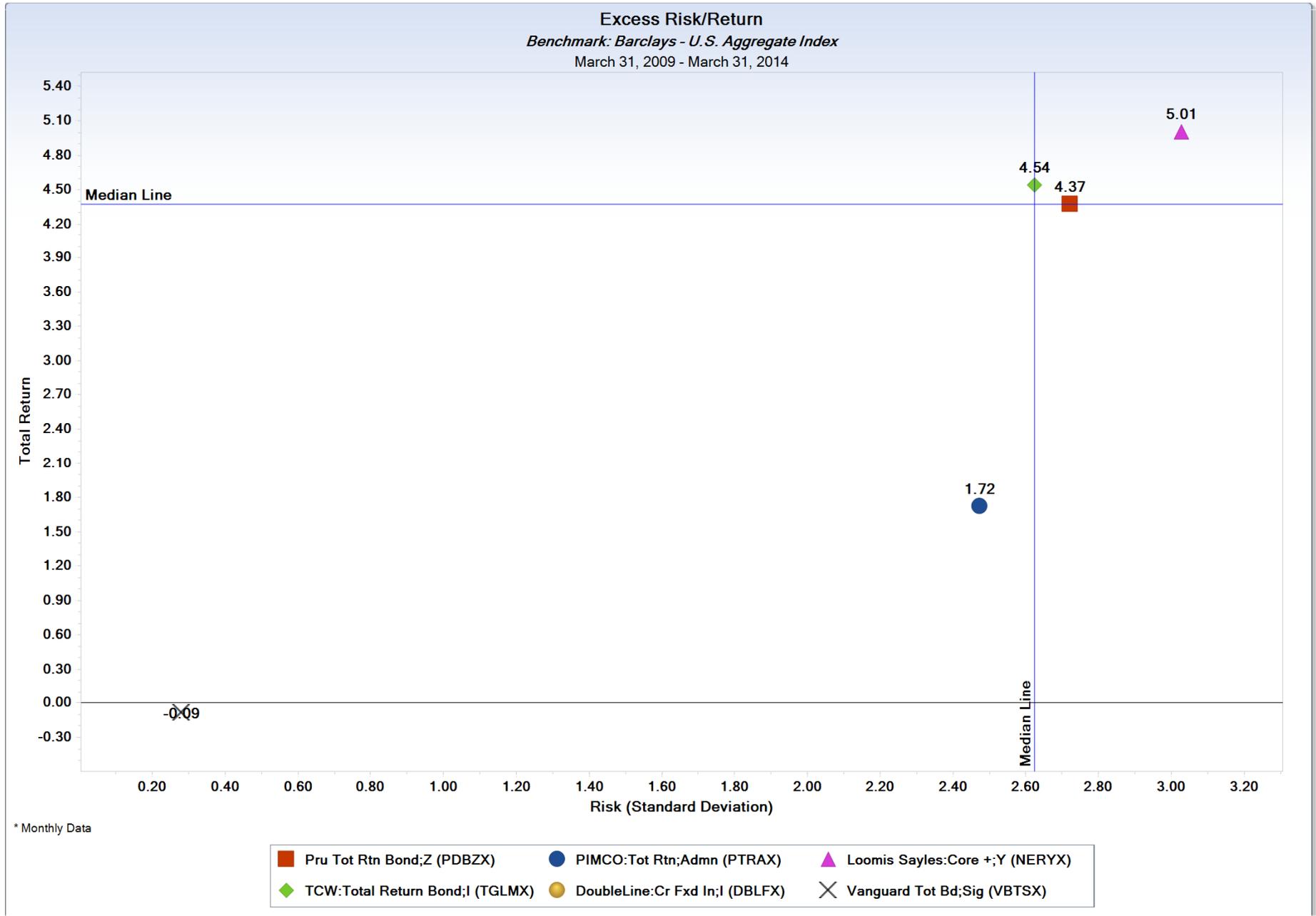
3-Year Excess Risk/Return



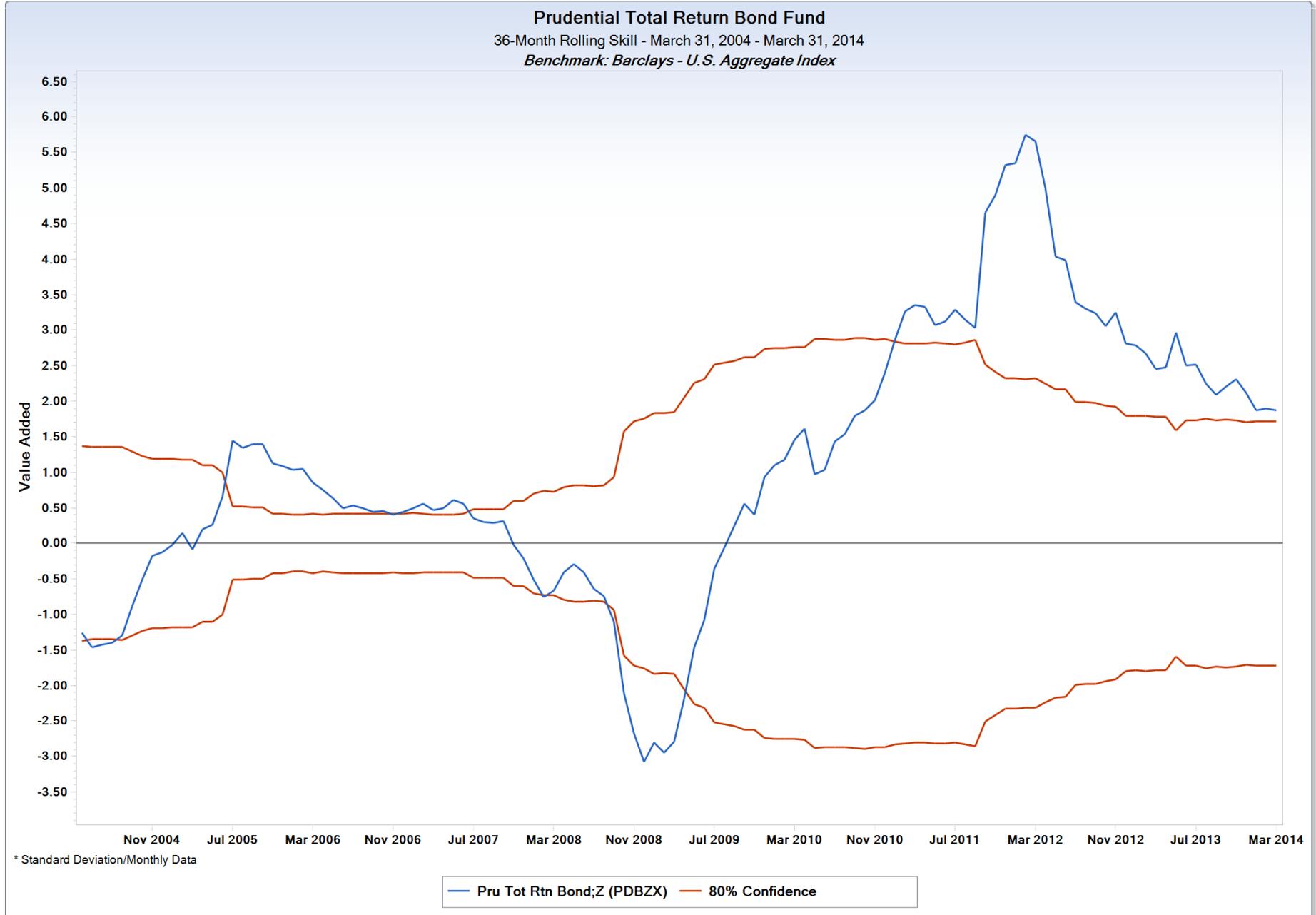
5-Year Risk/Return



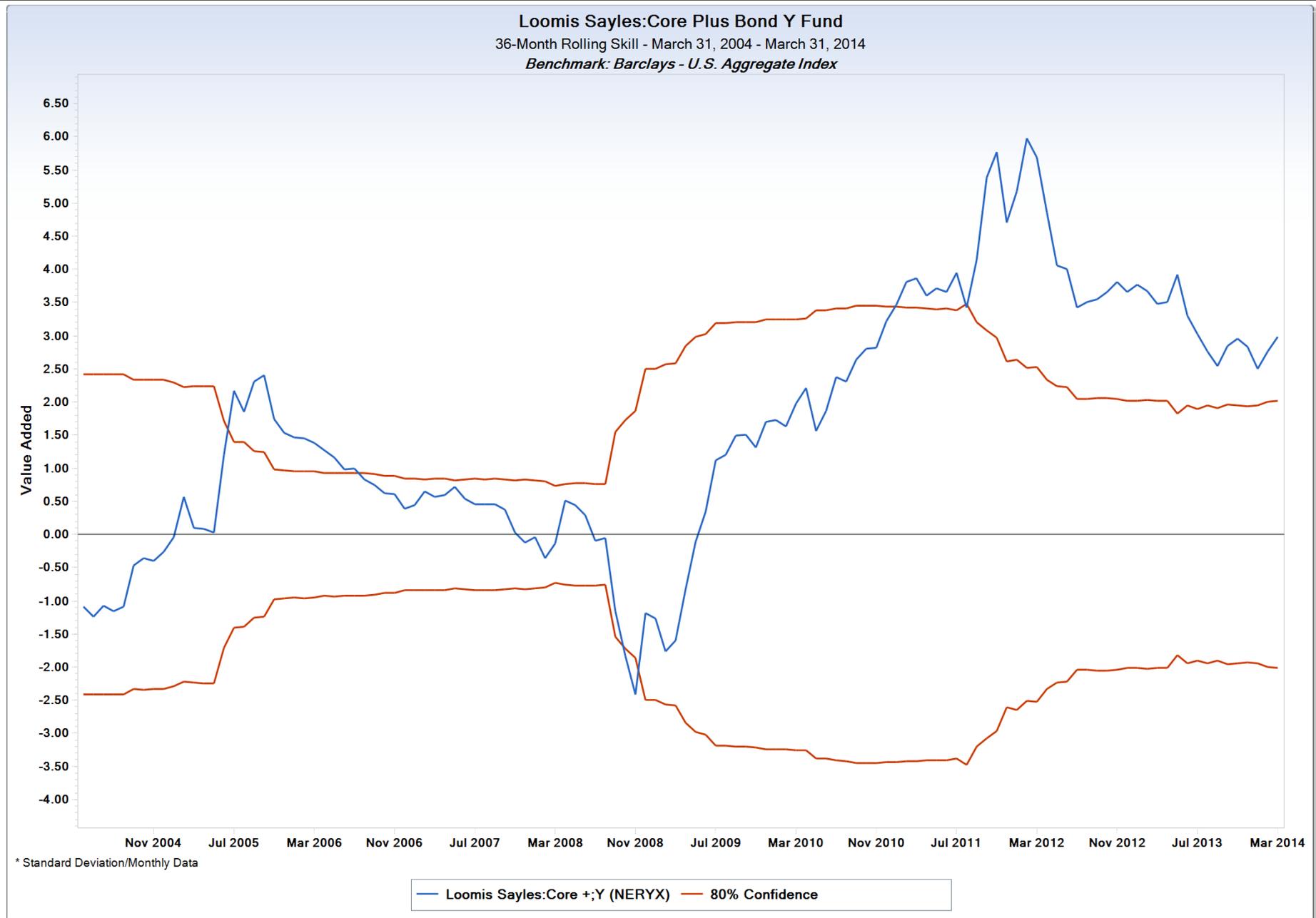
5-Year Excess Risk/Return



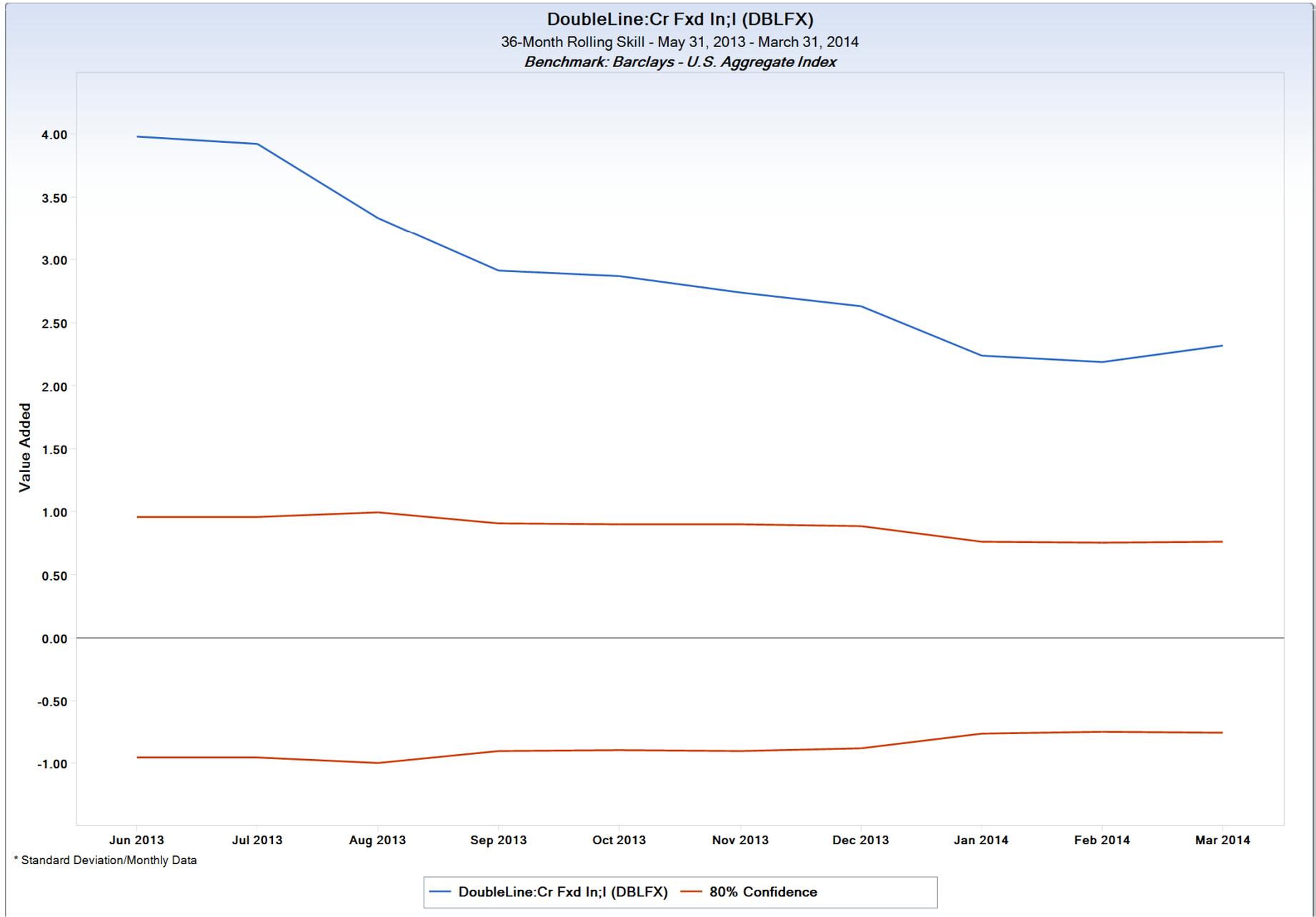
36-Month Rolling Skill – Prudential



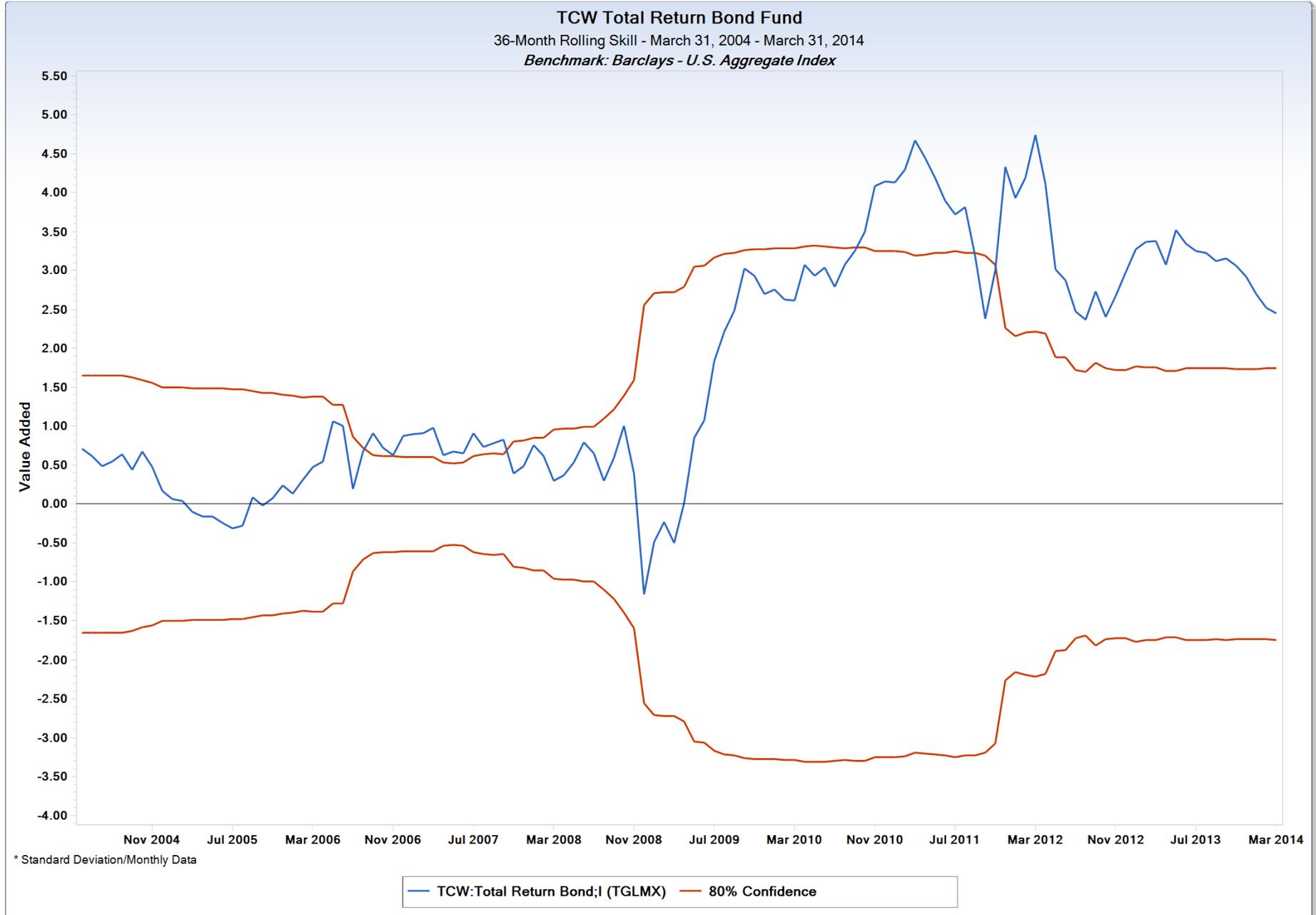
36-Month Rolling Skill – Loomis Sayles



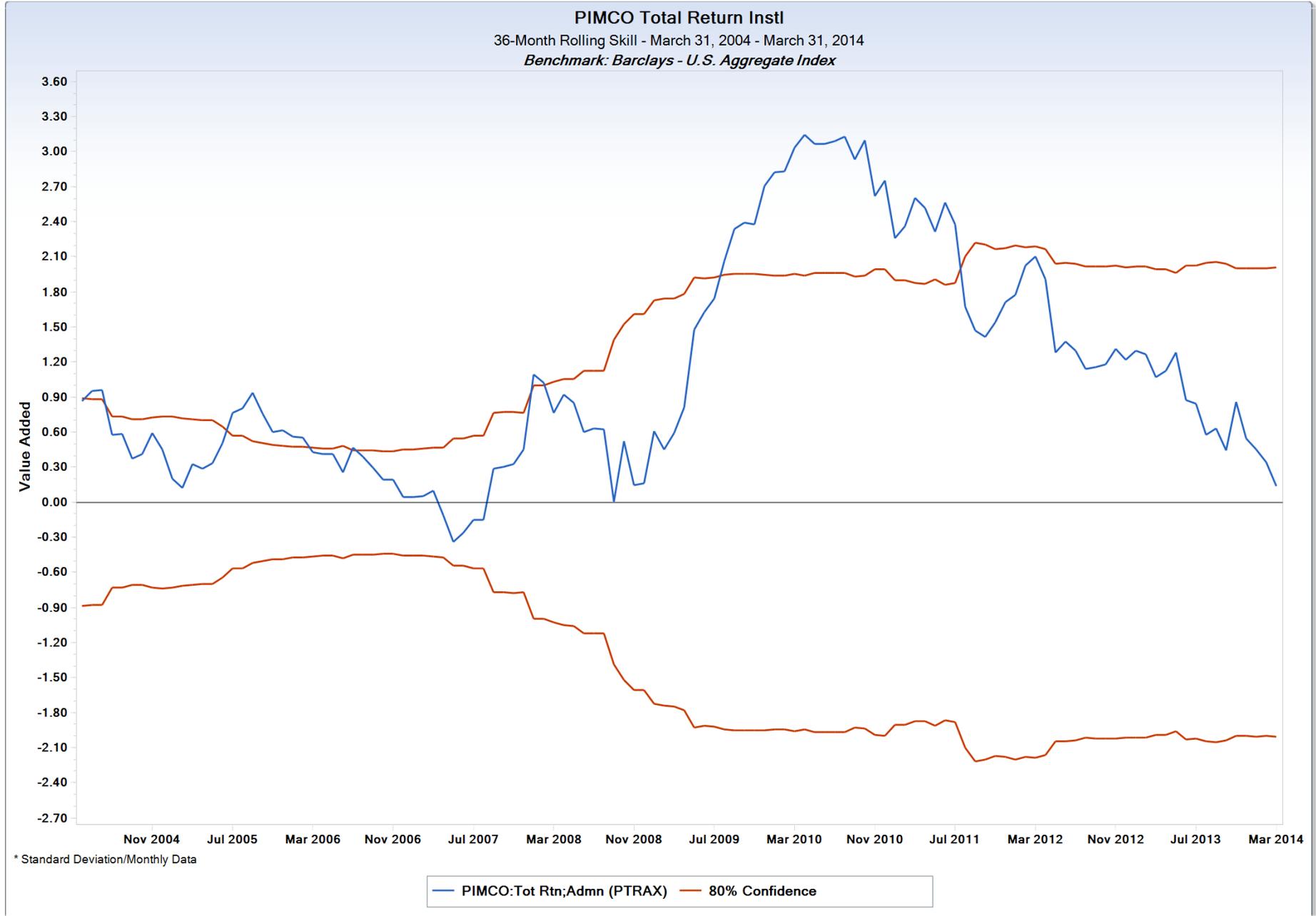
36-Month Rolling Skill – DoubleLine



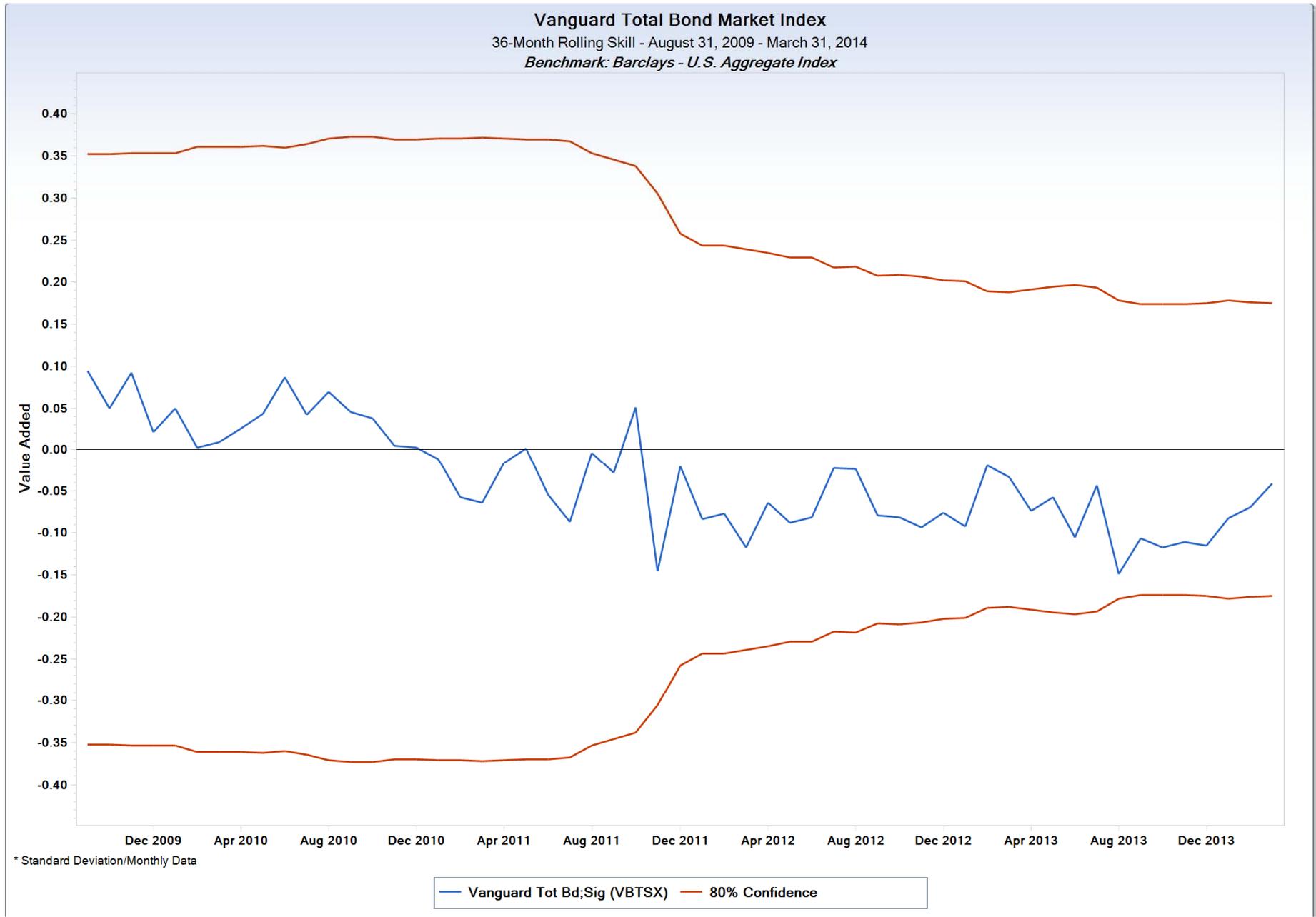
36-Month Rolling Skill – TCW MetWest Group



36-Month Rolling Skill – PIMCO Total Return Fund



36-Month Rolling Skill – Vanguard



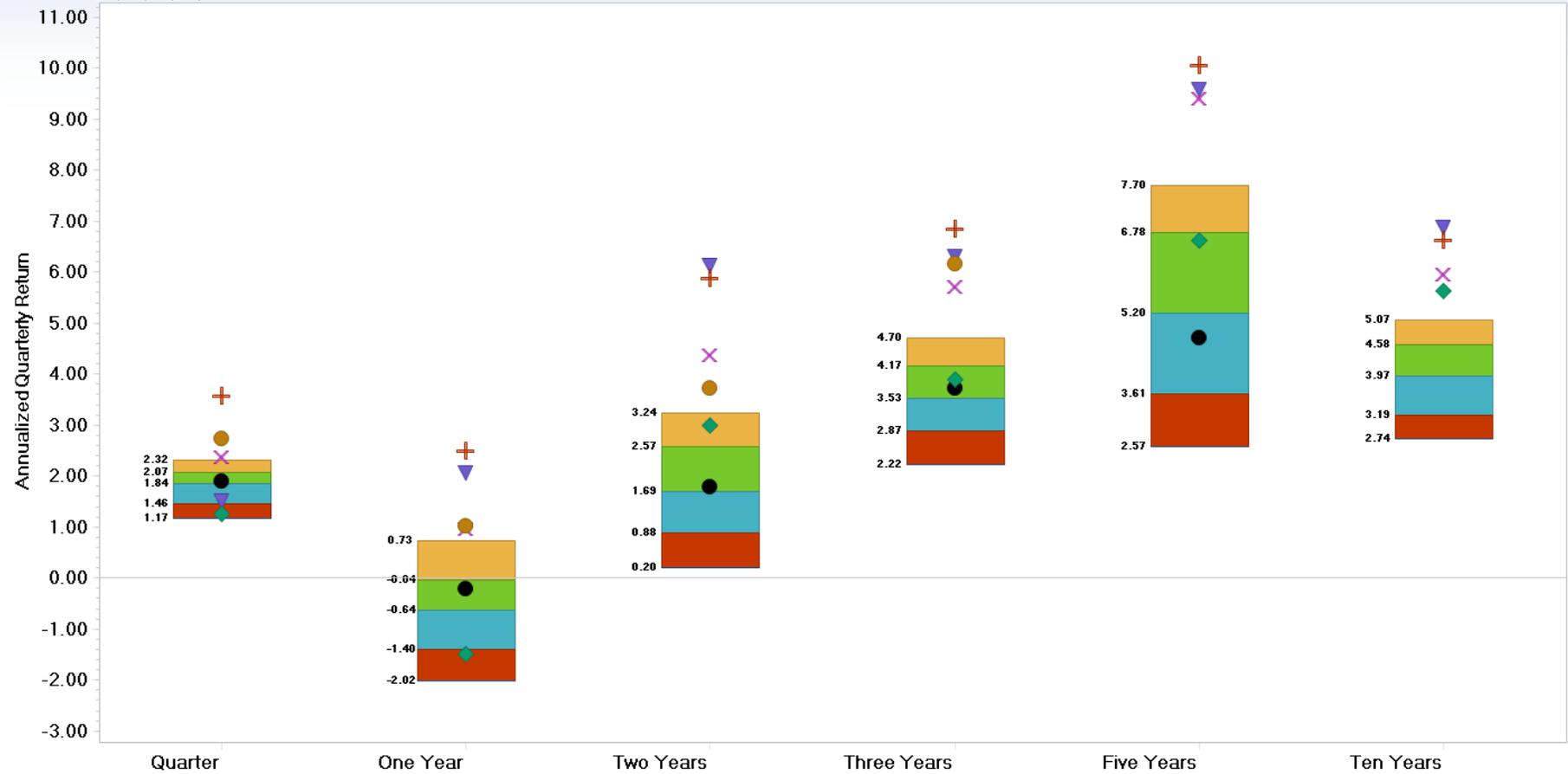
Peer Group Ranking

Universe Analysis

Period as of March 31, 2014

Universe: Wilshire Taxable Fixed Income Core

Percentiles: 10, 25, 50, 75, 90



	Quarter	One Year	Two Years	Three Years	Five Years	Ten Years
● DoubleLine:Cr Fxd In;l (DBLFX)	2.72 (3%)	1.02 (6%)	3.72 (6%)	6.15 (2%)		
+ Loomis Sayles:Core +;Y (NERYX)	3.57 (1%)	2.50 (1%)	5.88 (1%)	6.84 (1%)	10.05 (3%)	6.61 (1%)
◆ PIMCO:Tot Rtn;Admn (PTRAX)	1.25 (85%)	-1.48 (78%)	2.99 (15%)	3.89 (34%)	6.61 (29%)	5.63 (4%)
× Pru Tot Rtn Bond;Z (PDBZX)	2.36 (10%)	0.94 (7%)	4.35 (2%)	5.69 (2%)	9.39 (4%)	5.94 (2%)
▼ TCW:Total Return Bond;l (TGLMX)	1.51 (72%)	2.04 (1%)	6.12 (1%)	6.29 (1%)	9.56 (3%)	6.87 (1%)
● Vanguard Tot Bd;Sig (VBTSX)	1.90 (43%)	-0.22 (32%)	1.78 (47%)	3.71 (43%)	4.71 (58%)	
# of Products	459	459	428	408	354	255

- Wilshire believes an ideal intermediate bond mutual fund candidate should exhibit the following desired characteristics:
 - Stable tenure with its investment management team
 - Consistent tracking error relative to stated benchmark
 - The ability to add value over time while following a consistent strategy
 - Favorable risk-adjusted performance
 - Strong ranking relative to universe peers
 - Competitive fee rate relative to universe peers
- Based on the above mentioned evaluation criteria, all of the funds presented are good options. Prudential Total Return Bond fund (Q shares, Ticker: PTRQX) is recommended based on the long track record, high evaluation score and adequate diversification.

Form ADV Regulatory Disclosure Review



Wilshire reviewed the SEC Form ADV Part I and IIA (as posted on the SEC investment advisor search website at <http://www.adviserinfo.sec.gov>) of each investment manager in the table below only to determine whether the manager had made any disclosures in the listed categories. If the manager disclosed information in a category, it is the client's responsibility to review and assess the provided information. The information was collected as of the date(s) indicated and may change. Wilshire assumes no responsibility for the accuracy of the information provided by a manager.

Investment Manager	Date of Review	ADV Part I		ADV Part IIA		
		Item 11: Disclosure Information		Item 9: Disciplinary Information	Item 19 (D): Requirements for State-Registered Advisors	
		Form ADV Part I Date	Disclosure (Yes or No)	Disclosure (Yes or No)	Form ADV Part IIA Date	Disclosure (Yes or No)
Prudential Fixed Income	4/9/2014	3/31/2014	Yes	No	3/31/2014	N/A
PIMCO	4/9/2014	3/31/2014	Yes	No	3/31/2014	N/A
Loomis, Sayles & Company, L.P.	4/9/2014	3/31/2014	Yes	No	3/31/2014	N/A
TCW Group	4/9/2014	3/28/2014	No	No	3/28/2014	N/A
DoubleLine	4/9/2014	3/31/2014	No	No	3/31/2014	N/A
Vanguard Total Bond Market Index	4/9/2014	3/31/2014	Yes	No	3/31/2014	N/A

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***Wilshire Manager Research Evaluations
&
Morningstar Fund Reports***

Manager Research

Prudential Fixed Income

Core Plus

Summary

Qualitative
3.90

The Prudential Core Plus strategy is suitable for both stand alone and/or multi-manager assignments. The strategy seeks to add 150 basis points of alpha over the Barclays Capital Aggregate Index, with 250 basis points of tracking error. The strategy maintains duration of +/- 0.5. The firm implements the strategy through a pre-established risk budget that seeks modest increments of value from making small bets on multiple sources, such as sector allocation, subsector and industry allocation, security selection, and modest duration/yield curve positioning.

Key Criteria

I. Organization

Rating	Wt.
3.50	20%

Prudential Investment Management, Inc. (PIM) is a registered investment advisor established in 1984. PIM is an indirect subsidiary of Prudential Financial that became a publicly held company on 12/18/01. PIM's various units include Prudential Fixed Income and Prudential Real Estate Investors. In addition, PIM owns other investment management subsidiaries including Jennison Associates, LLC. Many of the investment professionals have stock options and/or restricted stock in Prudential Financial, Inc., the parent company, but total compensation is not directly tied to PIM. Compensation is received through a combination of base salary and performance-based incentive comp that consists of cash bonus, restricted stock and deferred grants (3Y cliff vesting). As of 4Q13, PIM reported \$348 billion of AUM managed by 65 investment managers and supported by 80 research analysts and 67 quant analysts. Of the AUM, \$9 billion is associated with the Core Plus strategy.

Michael Lillard, CIO oversees all fixed income products. The Core Plus strategy is led by Senior Portfolio Managers Richard Piccirillo and Mike Collins. Kay Willcox is set to retire in 3q14 and most of her time has been spent on the Core strategy. The Senior Investment Team meets quarterly and establishes a single, firm-wide "top-down" outlook on the economy and interest rate as well each sector of the bond market. The strategy is supported by sector teams that actively select and trade securities to generate excess return in their sectors.

The strategy is also supported by Quantitative Research and Risk Management Groups that develop sector allocation models and analytics used in US Government and mortgage security selection; Credit Research Team performs fundamental credit research on investment grade corporate bonds and Structured Products Research Group focuses on fundamental credit research of ABS, and a senior level Credit Committee to monitor all credit positions across Prudential Fixed Income.

The team is experienced with senior professionals averaging 20+ years of investment experience. The stability and experience of the team lead to a high score.

Prudential Fixed Income

Core Plus

II. Information	Rating	Wt.
	4.00	20%

Research is internally generated and assisted by external perspectives. Prudential believes that direct contacts at issuing companies provide the most valuable sources of information. Analysts use Edgar and Disclosure systems which provide on-line access to SEC filed documents. The team also supplements market intelligence from broker/dealers, rating agencies and vendors such as CreditSights to identify credit risks.

The research is done by three dedicated teams: 1) A 10-member Quantitative Research and Risk Management Groups develop asset allocation models and analytics used in US Government and mortgage security selection; 2) A 82-member Credit Research Team, with 29 members dedicated to investment grade bonds, conducts fundamental research on subsectors and issuers; 3) A 11-member structured product research group conducts fundamental research of ABS securities.

Several models are used by the Quant Team. In the US Government market, buy/sell decisions are made using a proprietary yield curve model (a Gaussian 2+ Arbitrage-Free option pricing construct) to identify attractive/unattractive securities. This model uses key parameters to fit prices simultaneously of actively traded, off-the-run US Treasuries and swaptions, defining each issue's "fundamental value" as the difference between its market yield and its fitted yield. In the Mortgage-Backed Securities market, buy/sell decisions result from evaluating the output of two proprietary models. One is an option-adjusted spread (OAS) model that provides OAS for every mortgage security in the universe versus both US Treasury and LIBOR curves. The second is an implied mortgage prepayment framework to analyze current mortgage market prices and interpret market prepayment expectations.

The strategy receives high marks relative to peers as the team's breadth is both large in personnel and seasoned in experience.

III. Forecasting	Rating	Wt.
	4.00	20%

Each quarter the senior investment team formally meets and establishes key themes including term structure and sector exposures. The key themes are reflected across all strategies taking into account mandate constraints. Once the sector allocation is set, the sector specialists select and trade securities.

Desktop-based quantitative models underpin individual security selections for the US Treasury, agency and mortgage-backed security markets, though the strategy does not rely exclusively on model outputs. The team may override models to reflect subjective views over technical supply factors or economic news. Corporate security selection is based on fundamental credit research. Research analysts conduct fundamental analysis on 38 corporate subsectors and approx. 600 issuers. PM contributes analyses from trading, spread and liquidity perspectives. Collectively, nine different scores (1-5 ranking, 5 being best) are assigned for each data point such as creditworthiness, liquidity, and yield spread. Each score is equally weighted to arrive at an overall weighted score on each issuer within each subsector. The relative value ranking produces a formal Corporate Bond Research List that provides a roadmap to over- and underweight recommendations.

The Quant Group continually evaluates the assumptions and other parameters behind the firm's models and revises or refits them as needed to maintain their relevancy and effectiveness in current markets. The firm notes that it has utilized these models for long periods of time because of theoretical soundness and empirical results of positive alpha generation over time.

Prudential Fixed Income

Core Plus

IV. Portfolio Construction	Rating	Wt.
	4.00	20%

The Prudential Core Plus strategy is suitable for both stand alone and/or multi-manager assignments. The strategy seeks to add 150 basis points of alpha over the Barclays Capital Aggregate Index, with 250 basis points of tracking error. The strategy maintains duration of +/- 0.5. The firm implements the strategy through a pre-established risk budget that seeks modest increments of value from making small bets on multiple sources, such as sector allocation, subsector and industry allocation, security selection, and modest duration/yield curve positioning.

Portfolio construction begins with the senior investment team's quarterly market outlook. Following that, the Portfolio Managers for the Core and Core Plus Fixed Income Strategies follow a disciplined process to construct the initial portfolios and then review them weekly. All Desk Heads, as well as the portfolio managers for the Core and Core Plus Strategies, meet weekly to discuss the latest market developments and trends. The senior members of the Core and Core Plus Fixed Income Strategy Teams then follow that meeting with a separate Weekly Sector Allocation meeting. Those meeting participants include the Chief Investment Officer, the Head of Quantitative Research and Risk Management, the Core and Core Plus Senior Portfolio Managers, the Chief Investment Strategist, and sector specialists for the Core and Core Plus sectors.

The team analyzes current portfolio positioning and sector allocations in the context of the current and expected market environment. The output of the Weekly Sector Allocation meetings is a clear "blueprint" for each client's portfolio in Core and Core Plus strategies that spells out agreed-upon positioning regarding the portfolio's risk profile, tracking error targets, duration and yield curve positioning, sector allocations, and other portfolio characteristics. The Senior PM is responsible for constructing the portfolio that effectively implements the risk budgets in the current market environment, while operating within both Prudential Fixed Income investment policy and client investment guidelines. The weight of each security in the portfolio is based on the credit analyst's conviction and ranking from the Corporate Bond Research List.

The strategy ranks well among peers due to its systematic and repeatable process.

V. Implementation	Rating	Wt.
	4.00	10%

Trading is handled by portfolio management teams that specialize in the specific sectors of the market. The trading floor is centrally located, thereby putting the specialists in close contact with traders and in touch with broker/dealer information flow. The portfolio managers and traders typically use various electronic methods to obtain competitive prices from several "Approved List" brokers and counterparties for each trade. Senior management closely monitors all trading in client portfolios for best price and execution. Both the Head of Fixed Income and a member of the Compliance unit monitor quarterly trade volume by broker-dealer, from both an overall firm standpoint and individual portfolio manager standpoint. The compliance unit includes 14 associates specifically dedicated to Prudential Fixed Income. Automated pre-trade compliance checks are performed with restrictions coded in the system. Calculation based guidelines are reviewed on a daily back end basis, supplemented by manual tests where applicable. PIM does not engage in soft dollar arrangements.

VI. Attribution	Rating	Wt.
	4.00	10%

Prudential maintains a very tight benchmark risk control. A pre-established risk budget specifies where active risk is to be taken and to what degree risks may be assumed. The following risks are analyzed and monitored daily: 1) Interest rate risk measured by key rate duration analysis; 2) Systematic risk measured by tracking error; 3) Residual risk, such as issuer and industry exposure; and 4) Intensive daily credit monitoring.

Prudential maintains a comprehensive proprietary performance attribution system (ARMS) that is fully integrated with trade capture, portfolio management, and risk management systems. The firm uses Aladdin as its trading system while PAM is used as its accounting and financial reporting system. Performance attribution for all portfolios is calculated daily and delivered monthly. Daily attribution includes sector, duration, yield curve, subsector, industry, and individual security. Portfolio managers review performance attribution monthly for the portfolios they manage evaluating each position to determine whether the result is as expected or whether repositioning is warranted. A separate Risk Manager also reviews these reports and discusses unusual items with the portfolio manager.

Rating Legend
5 Excellent
4 Good
3 Above Average
2 Below Average
1 Unacceptable

Prudential Fixed Income

Core Plus

Firm Information

Prudential Fixed Income

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FIRM FOUNDED: 1875

OWNERSHIP : Publicly Owned

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Manager Research

Pacific Investment Management Company LLC (PIMCO)

Core Plus - Total Return Full Authority

Summary

Qualitative
3.35

PIMCO is a major force in the fixed income asset management universe featuring superior operational infrastructure and risk management systems. Through its Global Secular Forum discussion, PIMCO investment professionals debate the economy's underlying risks, and forecast turning points. With its top-down macro approach and its in-depth bottom-up security selection process, a portfolio is built to express PIMCO's best ideas. One concern is PIMCO's extremely large asset base, which may limit the team's ability to move quickly into and out of markets and securities. Additional concerns revolve around key-man risk in Bill Gross.

Key Criteria

I. Organization	Rating	Wt.
	2.75	20%

Founded in 1971 as a subsidiary of Pacific Mutual, now Pacific Life, PIMCO has operated as an independent entity since 1982. In 2000, German financial services multinational, Allianz purchased the majority stake of PIMCO Advisors LP, the parent of PIMCO LLC.

PIMCO employs a hub and spoke system. The Investment Committee (IC) is considered the "brain" of the organization, consisting of permanent and rotating members. They determine top-down, global macroeconomic directions for all firm's strategies. These members sit on the trading floor, and are also responsible for the day-to-day management of strategies. Sector specialists and research analysts construct specific portfolios according to guidelines, and select individual securities. Bonuses are based on contribution to investment process, client retention, portfolio consistency, relative performance, and peer comparison. This organizational structure has been refined over the years.

In 2010, Changhong Zhu, a former IC member, resigned to become the CIO of China's currency regulator, the State Administration of Foreign Exchange (SAFE). In 2011, Paul McCulley, a former IC member, decided to retire. On the other hand, PIMCO has recruited some industry talents. In December 2009, former Goldman Sachs's Head of High Yield, Andrew Jessop, joined and Marc Seider was hired to take over Zhu's and McCulley's responsibilities.

The firm's rating is tempered due to Wilshire's concerns about recent instability with PIMCO's senior management. Chris Dialynas, Unconstrained Bond Fund PM, will be taking a sabbatical starting in the second quarter of 2014 and Mohamed El-Erian, CEO and co-CIO, resigned effective at the end of March 2014, both were permanent IC members. The Head of Global Equity, Neel Kashkari, also left shortly after joining the firm. The departures come at a difficult time for the firm as outflows were sizable, bond market performance was weak and growth of equity assets was immaterial. Bill Gross' key-man risk has always been a concern, but recent departures re-focus the void of the next generation of investment managers, and perhaps more importantly, the firm's culture. Turnover due to burn-out appears more rampant at PIMCO than at other firms. However, with Mohamed's departure, PIMCO has positively addressed several key concerns by separating the CEO and President roles, and creating a Deputy CIO program to incubate and promote the next generation of investment managers.

II. Information	Rating	Wt.
	4.50	20%

PIMCO devotes significant resources to gather, compile, and process information; thus it has established one of the top proprietary analytic and data distribution systems among its peers. As a large consumer of external data, PIMCO has access to numerous sources. It uses these sources both as a sounding board against their own independent research, as well as to develop and improve internal models. Credit analysts supplement external data with independently acquired information. Sources include qualitative information from industry road shows and on-site conversations with senior company management. An extensive warehouse centralizes data from internal and external sources. PIMCO maintains a library of information to support security evaluation, risk monitoring, and research distribution.

Pacific Investment Management Company LLC (PIMCO)

Core Plus - Total Return Full Authority

III. Forecasting	Rating	Wt.
	3.50	20%

Every May, PIMCO conducts a week-long Secular Forum to construct a three-to-five year outlook on fiscal and monetary policies, inflation, demographics, trades, and other factors that impact the global economy. Investment professionals together with external speakers present secular topics. The Forum serves as a backdrop for information exchange and debate, providing PIMCO's investment professionals with insights to form their economic outlooks. The firm also conducts quarterly Economic Outlooks that forecast economic growth and inflation over six-to-nine month periods. Regional teams from North America, Europe, Japan, and Emerging Markets present and discuss their research with the investment committee to compare and determine which regions will exceed or fall short of market expectations.

PIMCO's financial engineering team has internally developed over 30 models to identify relative values. But the firm does not employ a black box approach. Rather than relying purely on derived values, the portfolio managers are also expected to use their own experience and judgment, evaluating the data to choose worthy trading opportunities.

PIMCO has experienced bouts of underperformance followed by periods of strong performance in post-crisis years have caused increased volatility for the fund and the ranking has been tempered as a result.

IV. Portfolio Construction	Rating	Wt.
	2.00	20%

Portfolio construction begins with a model portfolio. Macro themes are drawn from the Global Secular Forum and the Quarterly Economic Outlook. With a team approach, the Shadow Investment Committee, regional teams, and specialty desks set targets on duration, yield curve, convexity, sector concentration, and credit quality for the specific strategies. The model portfolio is built with all these inputs. Portfolio managers, however, have some leeway to tilt their responsible portfolios toward or away from the model portfolio based on their own insight and research. Generalist and Specialist Portfolio Managers then perform security selection and implement the strategies.

Because of PIMCO's large asset base, it is difficult to invest in less liquid securities and markets; thus derivatives are widely employed to gain duration, sector, and security exposures. CDS, currency futures, interest-rate futures, and total return swaps are the common instruments used in building portfolios. These instruments don't always track their respective underlying securities (basis risk); large variances can be observed from time to time, introducing greater volatility. In addition, due to PIMCO Total Return's vast size, their portfolio holdings and structures are very complex and lack transparency, raising concern with regard to its manageability.

Plus exposures include non-dollar debt, emerging market debt, municipals, high yield, foreign currency, convertible bonds and preferred stocks. Non dollar exposures can be partially or fully hedged depending on risk budgeting and the value opportunities in the market. PIMCO has and will continue to expand its opportunity set in order to achieve above-benchmark returns. With this agenda in mind, the strategy is loosening its restrictions which would allow it to make aggressive investments. We remain confident in PIMCO's forecasting and risk-control capabilities, and believe that the firm will add value as the market changes direction and certain securities benefit as a result. However, with many of the Plus sectors at PIMCO's disposal and the firm's opportunistic mind set, the Total Return strategy will occasionally experience sizable variances and turbulent returns versus its benchmark.

V. Implementation	Rating	Wt.
	3.50	10%

PIMCO's internal systems helped the firm effectively implement and control its strategies despite substantial growth. Capacity and liquidity risks are a concern as the firm is one of the largest fixed income managers in the world with over \$1.6 trillion in assets under management, as of March 31, 2013.

Derivatives are used to improve liquidity and obtain exposures. Depending on their experience level, Generalist or Specialist Portfolio Managers execute trades. Turnover is generally higher than many of their peers and is seen as a source of value add for the strategy. All block trades are allocated on a pro-rata basis. The firm analyzes trade allocation periodically to determine whether it helped or hurt a portfolio. Trading costs average 0.125% or less expressed as bid/ask spread. Internal systems allow transparency necessary for the entire investment team to monitor portfolios.

The Chief Risk Officer sits on the trading floor allowing quick and easy interaction with portfolio managers to ensure portfolios remain within the direction of the model portfolio. Dispersion issues warrant attention given the vast size variance between small separate accounts (minimum \$75 million) and large commingled products (in the Billions).

Pacific Investment Management Company LLC (PIMCO)

Core Plus - Total Return Full Authority

VI. Attribution

Rating	Wt.
4.50	10%

PIMCO constantly develops extensive tools and analytic software for security modeling and risk management. These tools enable the investment team to effectively monitor portfolios and decompose performance across multiple dimensions. Internal systems consistently revalue securities versus potential investments for relative attractiveness. PIMCO can quickly identify risks as well as seek opportunities due to its ability to both analyze a portfolio as a whole and drill down to the individual security level.

Rating Legend
5 Excellent
4 Good
3 Above Average
2 Below Average
1 Unacceptable

Pacific Investment Management Company LLC (PIMCO)

Core Plus Fixed Income - Total Return

Firm Information

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(PIMCO)**

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FIRM FOUNDED: 1971

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Company

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Manager Research

Loomis, Sayles & Company, L.P.

Core Plus

Summary

Qualitative
3.25

The Loomis Core Plus strategy is a benchmark agnostic, higher tracking error strategy. Given the liberal use of credit, the strategy is best suited for mandates seeking a more aggressive investment strategy or as a complementary manager to a more benchmark aware manager. Clients should be aware of the product's willingness to deviate from the benchmark which may lead to high tracking error.

Key Criteria

I. Organization

Rating	Wt.
3.50	20%

Loomis Sayles was founded in 1926 and has evolved from a decentralized investment counselor model to a more centralized investment effort catering to both the institutional and retail marketplaces. The firm is a wholly owned subsidiary of Natixis Asset Management, whose parent Natixis Global Asset Management acquired the legacy Nvest holding company from New England Mutual in June 2000. The compensation at the firm includes performance bonuses for the investment professionals. While direct equity participation is not available to its employees, Loomis has implemented a long-term incentive plan that grants units based on company earnings, above an established threshold, and allows its employees to share in the success of the firm.

Fixed Income is overseen by CIO Jae Park, who has shifted the culture from a star system to team-managed portfolios over the past decade. This cultural shift has yielded more process controls and discipline into the firm, as well as a more collaborative atmosphere and sharing of investment functions within the investment teams. The key ingredient to the firm's success has been the culture of value investing under the auspices of Dan Fuss who serves as Vice Chairman of the firm.

The Core Plus team is led by Peter Palfrey and Rick Raczkowski who joined Loomis from Back Bay Advisors, a subsidiary of Natixis, in 2001. Mr. Palfrey and Mr. Raczkowski became lead portfolio managers with final decision making authority after the departure of Curt Mitchell in 2003. The team is backed by the Macro and Sector Teams, who conduct by the firm's top-down analysis. Loomis has been building a deeper bench with the addition of several professionals, including Chris Gootkind (Head of Credit Research), Alessandro Pagani (Head of Securitized), Kevin Kearns (Senior Derivatives Strategist and PM), and David Waldman (Head of Quantitative Research). Loomis has a long history managing value-driven, relative-return style portfolios, supported by a deep team of credit analysts.

The analyst team is comprised of over 20 senior analysts and is supported by over 20 junior credit analysts, research associates and assistants. Credit analysis is viewed as a career path rather than a stepping stone to portfolio management. Overall, the product is above average due to the tenure and experience of the portfolio management team and as well as the development of a more cohesive investment culture from its centralized investment operations.

II. Information

Rating	Wt.
3.50	20%

Loomis has established itself as a preeminent fixed income research house under the leadership of Jae Park and Dan Fuss. The group is comprised of a deep bench of credit analysts; many of whom have prior credit backgrounds and a long tenure with the firm. The fixed income product groups are supported by dedicated analysts covering global sovereigns and emerging market debt. The primary responsibility is to forecast credit trends over an 18-24 month horizon.

Analysts are expected to articulate a fundamental thesis on credit quality and all relevant risks. The team has broad coverage within the credit space versus other firms that rely on narrower coverage of a few select names and industries. The fixed income specialists also conduct research alongside the analysts with particular focus on certain segments of the market. The firm also has a proprietary team of economists to supplement economic analysis gathered from public sources and sell side research. Overall the product is above average in information gathering for its ability to cover the broad fixed income universe while having the ability to deeply research credit opportunities.

Loomis, Sayles & Company, L.P.

Core Plus

III. Forecasting	Rating	Wt.
	3.50	20%

The forecasting process begins with the Macro meeting, which is held formally once per month and informally as needed. This meeting is made up of the economic team, key portfolio managers, analysts as well as Jae Park, CIO, and Dan Fuss, Vice Chair. Economic forecasts are made, quarter by quarter, over an 18 month period. Sector teams provide a view of the attractiveness of each sector, as well as a fundamental, valuation, liquidity and volatility ranking of each credit within the sector. Sector team meetings are held formally twice per month, and informally most days following the firm's morning meeting. Portfolio positioning is top-down oriented and security selection within the product is bottom-up driven. All forecasts are produced in a systematic process and subject to peer reviews by members of the fixed income team, and as a result gives the product an edge versus peers.

IV. Portfolio Construction	Rating	Wt.
	2.50	20%

Loomis uses Barclays Point as well as two proprietary risk systems to decompose active risk to ensure that the portfolio is reflective of exposure targets developed by the Product team. Relative to other strategies at the firm, this strategy does not take large bets versus the benchmark. Portfolio characteristics will more closely mirror the benchmark versus other more aggressive strategies run by the team.

The product team constantly monitors the portfolio to make sure that risk exposures are in line with the risk budget set by the team as well as to identify trading opportunities thus improving the risk/return tradeoff of the portfolio. With its use of spread product, portfolios are constructed with a yield bias relative to the benchmark. The product is average versus peers due to the team's ability to translate its expected return forecasts into quantitative exposures and efficiently monitor risk allocation using factor models.

V. Implementation	Rating	Wt.
	4.00	10%

All trades are executed by dedicated sector fixed income traders allowing for a more seamless execution and implementation of the strategy. Loomis uses Charles River for pre- and post-trade compliance and trader compensation is tied to trade execution. On average, turnover is in the range of 50%.

VI. Attribution	Rating	Wt.
	2.50	10%

Loomis uses a multivariate attribution model provided by Portfolio Management Technologies (PMT). The model decomposes performance among duration, yield curve, sector, and security selection. Performance attribution is used in conjunction with ex-post tracking error to identify performance contribution and detraction. The process serves as a feedback mechanism to allowing the investment team to make adjustments when and where necessary. The model is able to deliver attribution among larger groupings, but is unable to provide attribution for single trades. The product is average in attribution.

Rating Legend
5 Excellent
4 Good
3 Above Average
2 Below Average
1 Unacceptable

Loomis, Sayles & Company, L.P.

Core Plus Fixed Income

Firm Information

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L.P.**

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Manager Research

TCW Group Inc.

TCW MetWest Core Plus Fixed Income

Summary

Qualitative

3.15

The TCW Core and Core Plus Fixed Income strategies take a value driven, opportunistic approach to fixed income investing. (Core: TGCFX (I-Class); Core Plus: MWTIX (I-Class).) TCW maintains an experienced team of fixed income professionals, researching and investing across the fixed income spectrum. The strategy is team managed and benefits from the diverse expertise of the Generalist Portfolio Team as well as the focused expertise of Specialist Portfolio Managers and Analysts.

On August 9, 2012, TCW and The Carlyle Group announced an agreement to acquire TCW from Soc Gen. As a result, TCW became independent and TCW employees increased their ownership to approximately 40%. The transaction was completed in February 2013.

Key Criteria

I. Organization

Rating

Wt.

3.00

20%

The TCW Group (TCW) is a provider of investment management services specializing in the institutional space offering investors products in U.S. Equities, U.S. Fixed Income, Alternatives and International strategies. Founded in 1971, the firm became a subsidiary of Société Générale Asset Management (SGAM) in July 2001 following a 51% acquisition of the firm's interests. SGAM is a publicly held financial firm based in Paris, France. On December 4, 2009, Metropolitan West Asset Management (MWAM) and TCW announced a definitive acquisition agreement. MWAM became a wholly owned subsidiary of TCW in 1Q11 2010. The MWAM team took over responsibility for all of TCW's fixed income portfolio management. The firm experienced significant turnover in the wake of the acquisition, losing a significant portion of its senior investment management personnel including CIO Jeffrey Gundlach. Then, on August 9, 2012, TCW and The Carlyle Group announced an agreement to acquire TCW from SGAM. As a result, TCW became independent and TCW employees increased their ownership to approximately 40%. The transaction was completed in February 2013.

The TCW Core and Core Plus Fixed Income strategy is managed on a team basis by the TCW Multi-strategy Fixed Income Committee and the portfolio managers from each sector. Tad Rivelle is the lead portfolio manager and CIO for the TCW Core Fixed Income strategy, following Mr. Gundlach's departure. TCW maintains a highly regarded and experienced group of Portfolio Managers and Research Analysts, who blend a top-down economic view with in-depth fundamental security analysis. We will continue to monitor the strategy for signs of organizational flux, but they have had recent stability. Senior investment professionals were required to sign 5 year contracts upon the completion of the Carlyle deal, boosting our confidence in a reduced level of turnover.

II. Information

Rating

Wt.

3.50

20%

Approximately 75% of the research is generated internally, with 25% from outside sources. Research is done by dedicated research analysts within each sector of the global bond universe. The team excels in gathering and analyzing fundamental information. Historically, the firm has demonstrated itself as a premier mortgage investor; however, given the recent turnover this expertise in this area has changed, but remains as a source of value add. Overall, the firm has adequate information resources and does an excellent job of information gathering and bottom-up, fundamental analysis.

TCW Group Inc.

TCW MetWest Core Plus Fixed Income

III. Forecasting	Rating	Wt.
	3.00	20%

The portfolio is constructed by first establishing a strategic baseline allocation, which addresses what sectors to include and in what exposure ranges. The portfolio allocation decisions are determined by the TCW Multi-strategy fixed income committee. The lead portfolio managers from each sector team, along with representatives of senior management, meet formally each month to analyze investment performance of the portfolio and decide whether sector allocation shifts are warranted.

The security selection process is done by the sector teams. The firm believes the best way to add value is to focus on security selection and sector rotation. Therefore, the portfolio duration is maintained within 1 year to the duration of the index. In addition, the yield curve structure of the portfolio is kept fairly close to that of the benchmark.

Treasury securities are utilized to manage the portfolio duration. Mortgage selection is an alpha driver for the portfolio. The investment grade credit team takes a long term buy and hold approach investing in high quality credits. Overall, the team seeks to add value from sector rotation and security selection, especially in the mortgage selection area. As a result, the portfolio tends to overweight mortgages. Therefore, when mortgages underperform, it is a headwind for this strategy.

IV. Portfolio Construction	Rating	Wt.
	3.00	20%

The Core and Core Plus strategies are benchmarked to the Barclays Capital Aggregate Bond index. The portfolio typically holds between 250 and 350 securities. Single issuers are limited to no more than 5% of the portfolio, with the exception of US government or Agency securities. Typical non-government security weightings range from 1-3%, depending on quality and liquidity. For liquidity purposes, the minimum deal size is typically \$150 million.

Duration is typically +/- 1 year versus the benchmark. Due to the firm's expertise in the mortgage area, the portfolio would almost always overweight mortgage sector. The average weight for mortgage sector is about 50%. Overall, the portfolio has a bias toward mortgage sector, and the team spends most of the risk budgets on sector allocation and security selection rather than top down macro bets. The Core Plus strategy typically allocates up to 20% in "plus" sectors, including high yield and global/emerging markets. The portfolio construction process ranks slightly above average.

V. Implementation	Rating	Wt.
	3.50	10%

The portfolio managers sit on the trading desk and are active in trading for the portfolio while developing ideas and analyzing securities. They also have dedicated traders that they can utilize. The firm employs two electric trading systems, TradeWeb and Market Axess, which provide live executable prices from multiple dealers. Trades are processed through Bloomberg's Portfolio Order and Management System. The expected annual turnover rate for the strategy is generally between 60% and 80%.

VI. Attribution	Rating	Wt.
	3.00	10%

The team reviews product performance on a monthly basis. Portfolio performance is broken down between contributions from industry and security selection. Attribution can also be performed based on other categories such as ratings tiers and maturity groups in order to identify other market trends. Analyst recommendations are also reviewed at the quarterly meeting as well where they are expected to give and take criticism over their recommendations. Such reviews are meant to be a constructive process, identifying past mistakes in order to improve the credit research process. TCW's consistent review of performance across its platform in order to improve and refine the investment process is above average versus peers.

Rating Legend
5 Excellent
4 Good
3 Above Average
2 Below Average
1 Unacceptable

TCW Group

TCW MetWest Core Plus Fixed Income

Firm Information

TCW Group

865 South Figueroa Street
Los Angeles, CA-90017
USA

CONTACT :

Chris Scibelli
Phone: 213-244-0867
FAX:
chris.scibelli@tcw.com

FIRM FOUNDED: 1971**OWNERSHIP :** Other - Explain below

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Wilshire Associates

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www.wilshire.com

Manager Research

DoubleLine Capital LP

Core Fixed Income

Summary

Qualitative
3.10

DoubleLine Capital, located in Los Angeles, was founded in December 2009 by Jeffrey Gundlach, CEO and CIO, and Philip Barach, President; and has already grown to over \$52 billion AUM. The team is of exceptional quality and is starting out on solid footing. The team excels in the agency and non-agency mortgage space, where they add tremendous value. The Total Return MBS strategy is benchmarked to the Barclays Capital U.S. Mortgage Index with an ex-ante tracking error target between 125-250 basis points per annum. The strategy is well positioned for satellite or stand-alone mandates; however, clients should be aware of the anticipated overweight to mortgage-related securities.

Key Criteria

I. Organization

Rating	Wt.
3.00	20%

DoubleLine Capital, located in Los Angeles, was founded in December 2009 by Jeffrey Gundlach, CEO and CIO, and Philip Barach, President. On January 1, 2013, DoubleLine Capital LP issued new partnership interests to approximately 45 employees. Additionally, DoubleLine Capital LP's business and operations were expanded to add equity investment advisory services. DoubleLine Capital LP continues to focus on the firm's fixed income business, the newly formed DoubleLine Equity LP focuses on the firm's equity business, and the newly formed DoubleLine Group LP serves as the consolidating vehicle to house key personnel who provide essential services to both DoubleLine Capital LP and DoubleLine Equity LP. All three vehicles are under the common control of DoubleLine Capital GP LLC, as general partner.

The firm manages fixed income portfolios with a focus on mortgage-backed securities. Mr. Gundlach and Mr. Barach are supported by over 40 investment professionals, including trading, risk management, portfolio analytics and client communications teams. The investment management teams sit together on a trading desk grouped by sector. BNY Mellon was contracted to provide back-office functions, such as settlement, portfolio accounting, and reconciliation services. U.S. Bancorp Fund Services, parent company of U.S. Bank, serves as the administrator of the DoubleLine Funds, and is responsible for the Funds' accounting, calculating the daily net asset value, as well as other administrative services. U.S. Bancorp Fund Services serves as the transfer agent to the DoubleLine Funds and U.S. Bank serves as the custodian to the DoubleLine Funds.

DoubleLine is a relatively young firm but the teams have worked together for years prior to forming the company. Currently, the firm manages over \$52 billion AUM, with over \$42 billion in the Total Return strategy. There have been two high level departures since 2009. In April 2010, CFO Greg Ward left the firm and was replaced by Joseph Sullivan. Then in June 2010, CCO Allan Toole left with his responsibilities being assumed by CCO Earl Lariscy and Executive Compliance Consultant Keith Kirk. Overall, the new firm has shown exceptional AUM growth since inception, through the leadership of Jeffrey Gundlach. Although the organization is slightly above average due to the ownership structure and team cohesiveness, the exponential growth, abbreviated firm history, as well as key-man risk of Mr. Gundlach will continue to be monitored.

II. Information

Rating	Wt.
3.50	20%

The research teams take a value-oriented approach to select credits which they believe are undervalued relative to fundamentals. This fundamental, bottom-up analysis is supplemented by company visits and meeting with management. MBS research is also conducted internally. The team uses collateral and loan level data to analyze credit performance from loss severity, pre-payment and default trend metrics. The MBS team also reviews top-down data to analyze areas that may affect the market, including legislation, residential servicers, and originators.

All DoubleLine teams have access to third party research but research is primarily conducted internally. Third party sources include, Bloomberg, Yieldbook, Loan Performance, Vichara, major credit ratings agencies, Credit Sights, and Trepp. Each credit sector team uses a research process driven by internal research that is unique to that sector. Therefore, the information process is above average.

DoubleLine Capital LP

Core Fixed Income

III. Forecasting	Rating	Wt.
	4.00	20%

DoubleLine builds portfolios with the goal of outperformance over a full market cycle while avoiding capital loss. Mr. Gundlach sets the firm’s macro view and investment goals leaving the security selection to the portfolio managers. Mr. Gundlach also makes sector allocation calls as part of the Fixed Income Asset Allocation committee. Individual security selection decisions are then made using bottom-up fundamental research and scenario analysis across rate and credit environments.

The team tries to only take risks when they feel there is an asymmetric risk-reward profile. Sector rotation is one of the main risk management tools used for downside protection; avoiding sectors they project will have poor performance. They prefer to make sector adjustments early to protect on the downside, even if that means giving up some remaining upside potential. The team also focuses on liquidity risk as a major component of valuation. They review factors such as issue size, issue sponsorship and the number of market dealers to evaluate liquidity. Derivatives are not often used, which helps reduce liquidity and counterparty risk. Therefore, the strategy is above average versus peers in forecasting.

IV. Portfolio Construction	Rating	Wt.
	2.50	20%

The Core Fixed Income strategy is benchmarked to the Barclays U.S. Aggregate Bond Index. In addition to the index constituents, the strategy may also invest in non-Agency mortgages, Municipals, High Yield, International Developed Sovereign and International Emerging Markets. Generous limits are set for allocations in each investible sector. The portfolio typically holds 250-300 securities with a maximum allocation of 5% to a single issuer. Duration is kept within a 0.75 years band around the benchmark and weighted average effective duration is normally between 2-8 years. The team expects to have 60% of performance attributable to security selection and 40% to sector rotation and a tracking error of 50-125bps. Although the risk management is sound, the strategy may have significant sector over- under-weights versus the benchmark, limiting the score.

V. Implementation	Rating	Wt.
	3.00	10%

DoubleLine has a staff of 18+ fixed income traders including the portfolio managers who trade for their respective sectors. In addition to execution, traders are involved in the idea generation process. The team tries to keep turnover low. This is accomplished by using cash flows from current investments to make adjustments to the portfolio and trying to avoid trading for minor gains. The firm also does not use many derivatives, which helps reduce turnover.

Client guidelines are entered into a compliance module, CMGR, which works with Bloomberg AIM, DoubleLine’s trade order management system. This system is used for pre-trade compliance checks and the Compliance Department is responsible for reviewing trades that have been processed.

VI. Attribution	Rating	Wt.
	2.00	10%

DoubleLine does not use any third party attribution or performance software. The Risk Management group works with the Portfolio Management group to provide reporting and analytics. The reports are customized to reflect the way the Portfolio Management group looks at the markets. Attribution is calculated for a monthly formal Fixed Income Asset Allocation committee meeting. It is also reviewed on a monthly basis by the Portfolio Attribution and RFP committee.

Rating Legend
5 Excellent
4 Good
3 Above Average
2 Below Average
1 Unacceptable

DoubleLine

Core Fixed Income

Firm Information

DoubleLine

333 South Grand Avenue, 18th
Floor
Los Angeles, CA-90071
USA

CONTACT :

Gregory Uythoven
Director, Marketing, Asset Allocation
Phone: 213.633.8430
FAX: 213.633.8397
greg.uythoven@doubleline.com

FIRM FOUNDED: 2009**OWNERSHIP :** Partnership

Firm ownership consists of 77% limited partnership interests owned by DoubleLine Principals, 1% owned by the general partner and a 22% stake owned by affiliates of Oaktree Capital Management, L.P.

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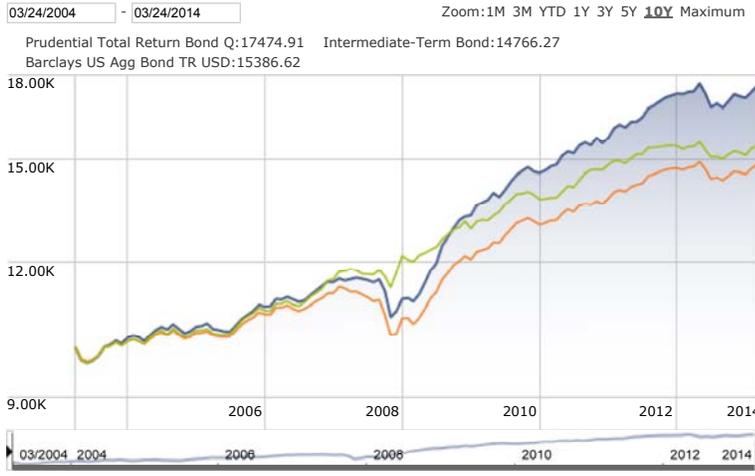
Prudential Total Return Bond Q PTRQX

NAV **\$14.15** NAV Day Change **↑0.01 | 0.07%**

As of Mon 03/24/2014 | USD

TTM Yield **3.82%** Load **None** Total Assets **\$ 2.9 bil** Expenses **0.52%** Fee Level **Below Average** Turnover **188%** Status **Open** Min. Inv. **\$ --**
 30-Day SEC Yield **2.88%** Category **Intermediate-Term Bond** Credit Quality/Interest Rate Sensitivity **Low/Moderate**

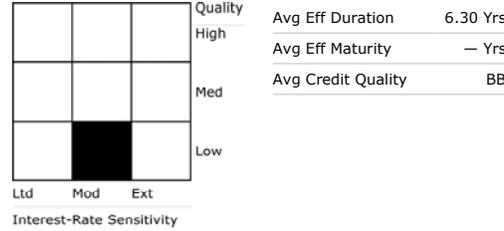
Growth of 10K PTRQX [More...](#)



Morningstar Risk Measures PTRQX [More...](#)

Risk vs. Category* (941) **High**
 Return vs. Category* (941) **High**
 *Overall Ranking Low Avg High

Style Map PTRQX [More...](#)



Morningstar's Take PTRQX [Access Premium with a free trial](#)

[Read full Analyst Report](#)

Stewardship Grade	Morningstar Pillars
Premium	Process Premium
	Performance Premium
Role in Portfolio	People Premium
Premium	Parent Premium
	Price Premium

Asset Allocation PTRQX [More...](#)

Type	% Net	% Short	% Long
Cash	3.24	0.00	3.24
US Stocks	0.00	0.00	0.00
Non US Stocks	0.00	0.00	0.00
Bonds	95.58	40.02	135.60
Other	1.18	0.08	1.26

Note: Contains derivatives or short positions
 As of 01/31/2014

Performance PTRQX [More...](#)

	YTD	1 Mo	1 Yr	3 Yr *	5 Yr *	10 Yr *
Growth of 10,000	10,202	10,022	10,068	11,784	15,724	17,473
Fund	2.02	0.22	0.68	5.62	9.47	5.74
+/- Barclays US Agg Bond TR USD	0.35	0.04	0.79	1.98	4.66	1.34
+/- Category	0.28	0.02	0.52	1.72	2.77	1.50
% Rank in Cat	28	50	30	7	—	—
# of Funds in Cat	1,107	1,110	1,077	940	805	579

* Annualized returns.
 Data as of 03/24/2014. Currency is displayed in USD.

Management PTRQX [More...](#)

	Start Date
Robert Tipp	10/30/2002
Kay T. Willcox	12/30/2008
Michael J. Collins	11/18/2009
Richard Piccirillo	12/31/2012
Gregory Peters	03/05/2014

News, Alerts, and Opinions PTRQX [More...](#)

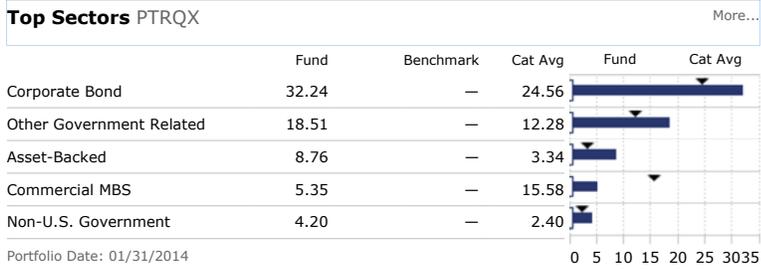
Filings PTRQX [More...](#)

Prospectus	Annual Report
Statement of Additional Information	Semi-Annual Report

Top Holdings PTRQX [More...](#)

	Weight %	Maturity Date	Amount	Value
Us 5yr Note Mar14 3/31/14	15.67	03/31/2014	0.00 Mil	491.18 Mil
Us 2yr Note Mar14 3/31/14	- 11.12	03/31/2014	0.00 Mil	-348.58 Mil
Us 10yr Note Fut Mar14	8.55	03/20/2014	0.00 Mil	268.10 Mil

Payb Cswap 0.00 1/25/15	- 1.85	01/25/2015	43.03 Mil	-58.01 Mil
Recv Cswap 0.00 1/25/15	1.82	01/25/2015	57.08 Mil	57.18 Mil
% Assets in Top 5 Holdings		13.08		
Increase	Decrease	New to Portfolio		
Portfolio Date : 01/31/2014				



Dividend and Capital Gains Distributions PTRQX

Distribution Date	Distribution NAV	Long-Term Capital Gain	Short-Term Capital Gain	Return of Capital	Dividend Income	Distribution Total
02/28/2014	14.24	0.0000	0.0000	0.0000	0.0419	0.0419
01/31/2014	14.12	0.0000	0.0000	0.0000	0.0491	0.0491
12/31/2013	13.99	0.0000	0.0000	0.0000	0.0468	0.0468
11/29/2013	14.08	0.0000	0.0000	0.0000	0.0496	0.0496
10/31/2013	14.20	0.0000	0.0000	0.0000	0.0467	0.0467

Currency: USD

S&P 500 index data: S&P 500 Copyright © 2014

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PIMCO Total Return Admin PTRAX

NAV **\$10.76** NAV Day Change **↓0.01 | -0.09%**

As of Mon 03/24/2014 | USD

TTM Yield **2.09%** Load **None** Total Assets **\$ 236.5 bil** Expenses **0.71%** Fee Level **High**

Turnover **380%** Status **Open** Min. Inv. **\$ 1 mil**

30-Day SEC Yield **1.31%** Category **Intermediate-Term Bond**

Credit Quality/Interest Rate Sensitivity **--**

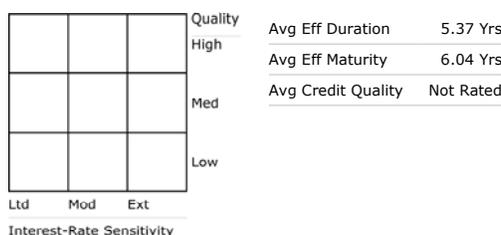
Growth of 10K PTRAX



Morningstar Risk Measures PTRAX

Risk vs. Category* **+Avg**
(941)
Return vs. Category* **+Avg**
(941)
*Overall Ranking **Low Avg High**

Style Map PTRAX



Morningstar's Take PTRAX **Access Premium with a free trial**

Still among the very best.

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Stewardship Grade

Premium

Role in Portfolio

Premium

Morningstar Pillars

Process **Premium**
Performance **Premium**
People **Premium**
Parent **Premium**
Price **Premium**

Performance PTRAX

	YTD	1 Mo	1 Yr	3 Yr *	5 Yr *	10 Yr *
Growth of 10,000	10,102	9,950	9,843	11,195	13,835	17,208
Fund	1.02	-0.50	-1.57	3.83	6.71	5.58
+/- Barclays US Agg Bond TR USD	-0.65	-0.68	-1.46	0.19	1.90	1.18
+/- Category	-0.72	-0.70	-1.73	-0.07	0.01	1.34
% Rank in Cat	88	97	93	52	49	8
# of Funds in Cat	1,107	1,110	1,077	940	805	579

* Annualized returns.
Data as of 03/24/2014. Currency is displayed in USD.

Top Holdings PTRAX

	Weight %	Maturity Date	Amount	Value
Fin Fut Euro\$ Cme 12/14/15	40.23	12/15/2015	386155.00	95452.69 Mil
Fin Fut Euro\$ Cme 09/14/15	25.99	09/15/2015	248844.00	61669.76 Mil

Asset Allocation PTRAX

Type	% Net	% Short	% Long
Cash	-141.95	174.67	32.72
Stocks	0.31	0.00	0.31
Bonds	232.80	8.23	241.03
Other	8.83	0.23	9.06

Note: Contains derivatives or short positions

As of 12/31/2013

Management PTRAX

William H. Gross **Start Date** 05/11/1987

News, Alerts, and Opinions PTRAX

- New Morningstar.com Analyst Report or Note **M***, 03/19/2014
- Fund Dividend Distribution **M***, 02/28/2014
- New portfolio **M***, 12/19/2013
- Top 10% of category in the last three months. **M***, 11/29/2013
- Leverage Edge **M***, 07/17/2013

Filings PTRAX

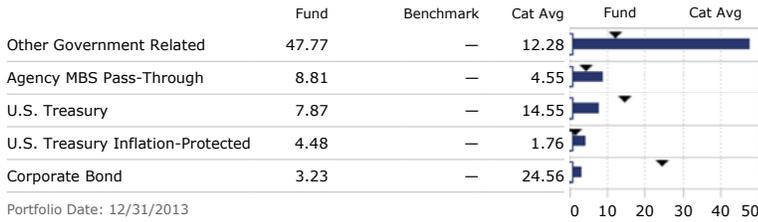
Prospectus	Annual Report
Statement of Additional Information	Semi-Annual Report

Fin Fut Euro\$ Cme 03/14/16	15.31	03/15/2016	147372.00	36316.15 Mil
Irs Usd 1.500 03/18/15-1y (Red) Cme	15.17	03/18/2016	35754.00	35990.80 Mil
Irs Usd 3.000 09/21/16-1y (Blu) Cme	9.38	09/21/2017	22157.50	22265.66 Mil

% Assets in Top 5 Holdings 106.08

Increase Decrease New to Portfolio
 Portfolio Date : 12/31/2013

Top Sectors PTRAX More...



Dividend and Capital Gains Distributions PTRAX

Distribution Date	Distribution NAV	Long-Term Capital Gain	Short-Term Capital Gain	Return of Capital	Dividend Income	Distribution Total
02/28/2014	10.86	0.0000	0.0000	0.0000	0.0139	0.0139
01/31/2014	10.82	0.0000	0.0000	0.0000	0.0122	0.0122
12/31/2013	10.69	0.0000	0.0000	0.0000	0.0122	0.0122
12/11/2013	10.75	0.0600	0.0115	0.0000	0.0000	0.0714
11/29/2013	10.88	0.0000	0.0000	0.0000	0.0178	0.0178

Currency: USD

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Loomis Sayles Core Plus Bond Y NERYX

NAV **\$13.25** NAV Day Change **↑0.01 | 0.08%**

TTM Yield **4.11%** Load **None** Total Assets **\$ 1.4 bil** Expenses **0.54%** Fee Level **Average**

Turnover **107%** Status **Open** Min. Inv. **\$ 100,000**

As of Tue 04/08/2014 | USD

30-Day SEC Yield **3.12%** Category **Intermediate-Term Bond**

Credit Quality/Interest Rate Sensitivity **Mid/Moderate**

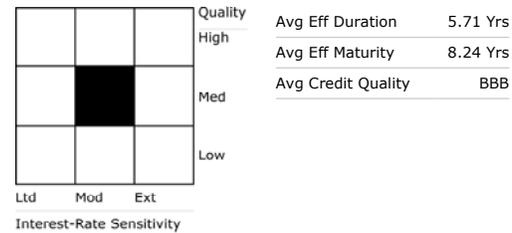
Growth of 10K NERYX [More...](#)



Morningstar Risk Measures NERYX [More...](#)

Risk vs. Category* (942) **High**
Return vs. Category* (942) **High**
*Overall Ranking Low Avg High

Style Map NERYX [More...](#)



Morningstar's Take NERYX [Access Premium with a free trial](#)

This less well-known Loomis Sayles fund has plenty to offer.

[Read full Analyst Report](#)

Stewardship Grade	Morningstar Pillars
Premium	Process Premium
Role in Portfolio	Performance Premium
Premium	People Premium
	Parent Premium
	Price Premium

Performance NERYX [More...](#)

	YTD	1 Mo	1 Yr	3 Yr *	5 Yr *	10 Yr *
Growth of 10,000	10,405	10,123	10,198	12,262	16,137	19,276
Fund	4.05	1.23	1.98	7.03	10.04	6.78
+/- Barclays US Agg Bond TR USD	1.82	0.45	2.36	3.05	5.17	2.15
+/- Category	1.72	0.51	1.92	2.88	3.38	2.34
% Rank in Cat	1	3	9	1	6	2
# of Funds in Cat	1,107	1,111	1,078	942	806	579

* Annualized returns.
Data as of 04/08/2014. Currency is displayed in USD.

Top Holdings NERYX [More...](#)

	Weight %	Maturity Date	Amount	Value
US Treasury Note 0.25%	7.56	09/30/2015	106.84 Mil	106.90 Mil
FNMA	4.07	—	55.02 Mil	57.50 Mil
Mex Bonos Desarr Fix Rt Bonds 06/21 6.5	3.51	06/10/2021	635.50 Mil	49.57 Mil

Asset Allocation NERYX [More...](#)

Type	% Net	% Short	% Long
Cash	7.92	0.00	7.92
US Stocks	0.00	0.00	0.00
Non US Stocks	0.00	0.00	0.00
Bonds	89.94	0.00	89.94
Other	2.14	0.00	2.14

Note: Contains derivatives or short positions

As of 02/28/2014

Management NERYX [More...](#)

	Start Date
Peter W. Palfrey	12/31/1996
Richard G. Raczkowski	05/01/1999

News, Alerts, and Opinions NERYX [More...](#)

- Fund Dividend Distribution [M*, 03/25/2014](#)
- New portfolio [M*, 03/17/2014](#)
- Top 10% of category in the last three months. [M*, 02/28/2014](#)
- Fixed-income Style Box change [M*, 01/10/2014](#)
- New Morningstar.com Analyst Report or Note [M*, 12/12/2013](#)

Filings NERYX [More...](#)

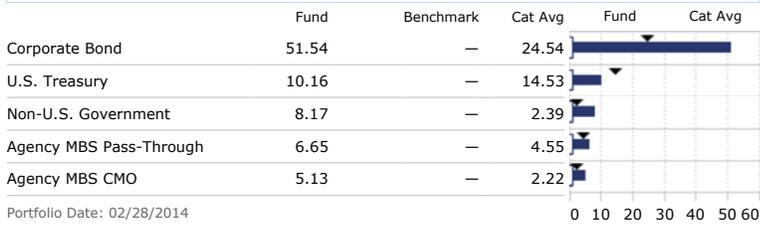
Prospectus	Annual Report
	Semi-Annual Report

Obrigacoes Do Tesouro Sr Unsecured 144a Regs 02/24 5	2.00	02/15/2024	19.28 Mil	28.26 Mil
US Treasury Note 0.375%	1.62	06/30/2015	22.87 Mil	22.93 Mil
% Assets in Top 5 Holdings	18.75			

Statement of Additional Information

Increase Decrease New to Portfolio
 Portfolio Date : 02/28/2014

Top Sectors NERYX More...



Dividend and Capital Gains Distributions NERYX

Distribution Date	Distribution NAV	Long-Term Capital Gain	Short-Term Capital Gain	Return of Capital	Dividend Income	Distribution Total
03/25/2014	13.15	0.0000	0.0000	0.0000	0.0413	0.0413
02/24/2014	13.07	0.0000	0.0000	0.0000	0.0363	0.0363
01/28/2014	12.96	0.0000	0.0000	0.0000	0.0406	0.0406
12/16/2013	12.86	0.0042	0.0000	0.0000	0.0548	0.0590
11/26/2013	12.94	0.0000	0.0000	0.0000	0.0422	0.0422

Currency: USD

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TCW Total Return Bond I TGLMX

NAV **\$10.12** NAV Day Change **0.00 | 0.00%**

As of Mon 03/24/2014 | USD

TTM Yield **3.96%** Load **None** Total Assets **\$ 7.6 bil** Expenses **0.44%** Fee Level **Below Average** Turnover **191%** Status **Open** Min. Inv. **\$ 2,000**
 30-Day SEC Yield **2.87%** Category **Intermediate-Term Bond** Credit Quality/Interest Rate Sensitivity **Low/Moderate**

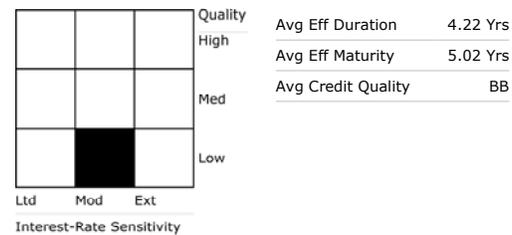
Growth of 10K TGLMX



Morningstar Risk Measures TGLMX

Risk vs. Category* (941) **Avg**
 Return vs. Category* (941) **High**
 *Overall Ranking **Low Avg High**

Style Map TGLMX



Asset Allocation TGLMX

Type	% Net	% Short	% Long
Cash	-3.15	3.65	0.50
US Stocks	0.00	0.00	0.00
Non US Stocks	0.00	0.00	0.00
Bonds	103.22	0.00	103.22
Other	-0.07	0.07	0.00

Note: Contains derivatives or short positions
 As of 02/28/2014

Management TGLMX

Start Date
Mitchell A. Flack
Tad Rivelle
Bryan T. Whalen

News, Alerts, and Opinions TGLMX

- New portfolio **M***, 03/17/2014
- Fund Dividend Distribution **M***, 02/28/2014
- Top 10% of category in the last three months. **M***, 09/30/2013
- New Morningstar.com Analyst Report or Note **M***, 09/27/2013
- Fixed-income Style Box change **M***, 07/30/2013

Filings TGLMX

- Prospectus
- Annual Report

Morningstar's Take TGLMX Access Premium with a free trial

The 10,000-foot view doesn't capture some significant changes to this fund's composition.

[Read full Analyst Report](#)

Stewardship Grade

Premium

Morningstar Pillars

Process	Premium
Performance	Premium
People	Premium
Parent	Premium
Price	Premium

Role in Portfolio

Premium

Performance TGLMX

	YTD	1 Mo	1 Yr	3 Yr *	5 Yr *	10 Yr *
Growth of 10,000	10,149	10,002	10,213	11,990	15,855	19,400
Fund	1.49	0.02	2.13	6.23	9.66	6.85
+/- Barclays US Agg Bond TR USD	-0.18	-0.16	2.25	2.59	4.84	2.45
+/- Category	-0.25	-0.18	1.97	2.33	2.95	2.62
% Rank in Cat	76	79	7	3	7	1
# of Funds in Cat	1,107	1,110	1,077	940	805	579

* Annualized returns.

Data as of 03/24/2014. Currency is displayed in USD.

Top Holdings TGLMX

	Weight %	Maturity Date	Amount	Value
Commit To Pur FnmA Sf Mtg	3.18	03/01/2044	235.95 Mil	239.23 Mil
US Treasury Note 0.25%	3.17	08/15/2015	238.26 Mil	238.47 Mil

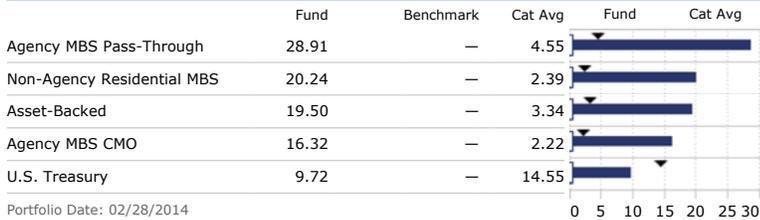
US Treasury Note 2.75%	2.78	02/15/2024	207.43 Mil	209.08 Mil
Commit To Pur Fnma Sf Mtg	2.57	03/01/2044	198.78 Mil	193.15 Mil
Commit To Pur Fnma Sf Mtg	2.20	03/01/2044	154.24 Mil	165.69 Mil

Statement of Additional Information Semi-Annual Report

% Assets in Top 5 Holdings **13.90**

Increase Decrease New to Portfolio
 Portfolio Date : 02/28/2014

Top Sectors TGLMX More...



Dividend and Capital Gains Distributions TGLMX

Distribution Date	Distribution NAV	Long-Term Capital Gain	Short-Term Capital Gain	Return of Capital	Dividend Income	Distribution Total
02/28/2014	10.15	0.0000	0.0000	0.0000	0.0220	0.0220
01/31/2014	10.14	0.0000	0.0000	0.0000	0.0275	0.0275
12/30/2013	10.03	0.0000	0.0000	0.0000	0.0300	0.0300
11/29/2013	10.10	0.0000	0.0000	0.0000	0.0300	0.0300
10/31/2013	10.13	0.0000	0.0000	0.0000	0.0350	0.0350

Currency: USD

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DoubleLine Core Fixed Income I DBLFX

NAV **\$10.88** NAV Day Change **0.00 | 0.00%**

TTM Yield **4.29%** Load **None** Total Assets **\$ 1.7 bil** Expenses **0.50%** Fee Level **Below Average** Turnover **83%** Status **Open** Min. Inv. **\$ 100,000**

As of Tue 03/25/2014 | USD

30-Day SEC Yield **4.03%** Category **Intermediate-Term Bond**

Credit Quality/Interest Rate Sensitivity **Low/Moderate**

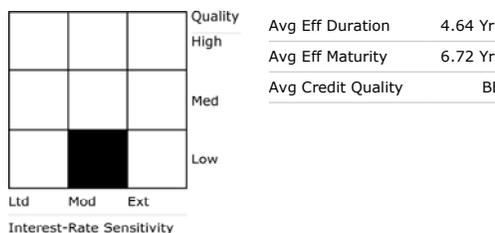
Growth of 10K DBLFX



Morningstar Risk Measures DBLFX

Risk vs. Category* (941) **+Avg**
Return vs. Category* (941) **High**
*Overall Ranking **Low Avg High**

Style Map DBLFX



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Stewardship Grade	Morningstar Pillars
Premium	Process Premium
Role in Portfolio	Performance Premium
Premium	People Premium
	Parent Premium
	Price Premium

Asset Allocation DBLFX



Performance DBLFX

	YTD	1 Mo	1 Yr	3 Yr *	5 Yr *	10 Yr *
Growth of 10,000	10,237	10,015	10,074	11,938	—	—
Fund	2.37	0.15	0.74	6.08	—	—
+/- Barclays US Agg Bond TR USD	0.67	0.21	0.84	2.37	—	—
+/- Category	0.62	0.17	0.57	2.14	—	—
% Rank in Cat	12	22	29	4	—	—
# of Funds in Cat	1,106	1,109	1,076	939	804	579

* Annualized returns.
Data as of 03/25/2014. Currency is displayed in USD.

Management DBLFX

Start Date **06/01/2010**
Jeffrey E. Gundlach

News, Alerts, and Opinions DBLFX

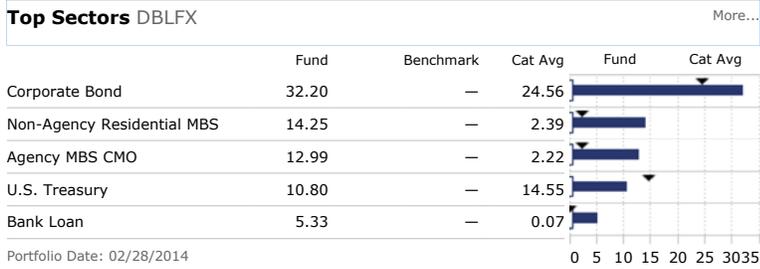
Filings DBLFX

Prospectus	Annual Report
Statement of Additional Information	Semi-Annual Report

Top Holdings DBLFX

	Weight %	Maturity Date	Amount	Value
DoubleLine Floating Rate I	6.08	—	10.28 Mil	104.46 Mil
US Treasury Note 1.625%	2.95	08/15/2022	54.00 Mil	50.60 Mil
US Treasury Note 1%	2.21	08/31/2019	39.50 Mil	38.02 Mil

US Treasury Note 1.875%	2.21	06/30/2020	38.10 Mil	37.93 Mil
US Treasury Note 2.75%	1.69	11/15/2023	28.80 Mil	29.10 Mil
% Assets in Top 5 Holdings		15.15		
Increase	Decrease	New to Portfolio		
Portfolio Date : 02/28/2014				



Dividend and Capital Gains Distributions DBLFX

Distribution Date	Distribution NAV	Long-Term Capital Gain	Short-Term Capital Gain	Return of Capital	Dividend Income	Distribution Total
02/28/2014	10.89	0.0000	0.0000	0.0000	0.0366	0.0366
01/31/2014	10.83	0.0000	0.0000	0.0000	0.0372	0.0372
12/31/2013	10.70	0.0000	0.0000	0.0000	0.0467	0.0467
12/04/2013	10.74	0.0355	0.0091	0.0000	0.0000	0.0446
11/29/2013	10.82	0.0000	0.0000	0.0000	0.0401	0.0401

Currency: USD

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Vanguard Total Bond Market Index Signal VBTSX

NAV **\$10.68** NAV Day Change **0.00 | 0.00%**

TTM Yield **2.53%** Load **None** Total Assets **\$ 110.9 bil** Expenses **0.08%** Fee Level **Low**

Turnover **73%** Status **Limited** Min. Inv. **\$ --**

As of Tue 03/25/2014 | USD

30-Day SEC Yield **2.20%** Category **Intermediate-Term Bond**

Credit Quality/Interest Rate Sensitivity **High/Moderate**

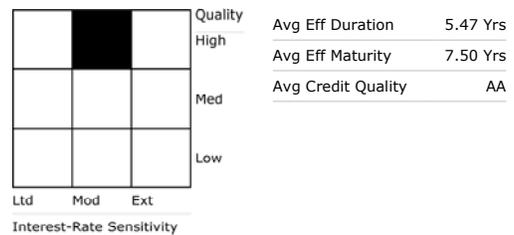
Growth of 10K VBTSX



Morningstar Risk Measures VBTSX

Risk vs. Category* (941) **-Avg**
 Return vs. Category* (941) **-Avg**
 *Overall Ranking: Low Avg High

Style Map VBTSX



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The recent credit rally hurt returns this year.

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Stewardship Grade	Morningstar Pillars
Premium	Process Premium
	Performance Premium
Role in Portfolio	People Premium
Premium	Parent Premium
	Price Premium

Asset Allocation VBTSX



Performance VBTSX

	YTD	1 Mo	1 Yr	3 Yr *	5 Yr *	10 Yr *
Growth of 10,000	10,174	10,020	9,983	11,112	12,631	15,329
Fund	1.74	0.20	-0.17	3.58	4.78	4.36
+/- Barclays US Agg Bond TR USD	0.07	0.03	-0.06	-0.07	-0.03	-0.04
+/- Category	0.00	0.01	-0.33	-0.33	-1.92	0.13
% Rank in Cat	53	53	58	61	82	—
# of Funds in Cat	1,107	1,110	1,077	940	805	579

* Annualized returns.
 Data as of 03/24/2014. Currency is displayed in USD.

Management VBTSX

Manager	Start Date
Kenneth Volpert	12/01/1992
Joshua C. Barrickman	02/22/2013

News, Alerts, and Opinions VBTSX

- New portfolio M*, 03/03/2014
- Change in Morningstar Fund Star Rating M*, 09/04/2013
- Should You Consider Floating-Rate Bank Loans Today? M*, 07/24/2013
- Marsico Loses Yet Another Mandate M*, 07/18/2013
- Is It Time to Peel Back on Bonds? M*, 07/14/2013

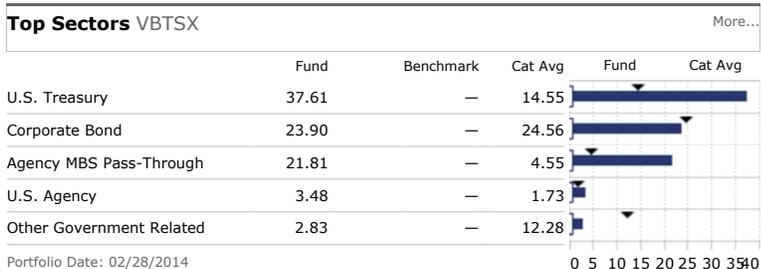
Top Holdings VBTSX

Weight %	Maturity Date	Amount	Value
US Treasury Note 0.375%	0.67	11/15/2015 774.37 Mil	775.94 Mil
US Treasury Note 0.25%	0.64	02/29/2016 734.60 Mil	733.45 Mil
US Treasury Note 0.375%	0.57	01/15/2016 652.45 Mil	653.47 Mil

Filings VBTSX

Prospectus	Annual Report
Statement of Additional Information	Semi-Annual Report

US Treasury Note 0.375%	0.57	06/15/2015	650.42 Mil	652.05 Mil
US Treasury Note 0.25%	0.55	05/15/2016	637.70 Mil	635.71 Mil
% Assets in Top 5 Holdings	3.00			
Increase	Decrease	New to Portfolio		
Portfolio Date : 02/28/2014				



Dividend and Capital Gains Distributions VBTSX

Distribution Date	Distribution NAV	Long-Term Capital Gain	Short-Term Capital Gain	Return of Capital	Dividend Income	Distribution Total
02/28/2014	10.73	0.0000	0.0000	0.0000	0.0223	0.0223
01/31/2014	10.70	0.0000	0.0000	0.0000	0.0241	0.0241
12/31/2013	10.56	0.0000	0.0000	0.0000	0.0241	0.0241
12/23/2013	10.59	0.0080	0.0000	0.0000	0.0000	0.0080
11/29/2013	10.66	0.0000	0.0000	0.0000	0.0236	0.0236

Currency: USD

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