

OPEB Prefunding Trust Program Client Review



Coastside Fire Protection District

May 25, 2016

PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

TRUSTED SOLUTIONS. LASTING RESULTS.



Contacts

PARS





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OPEB Trust Team

	 		
Role	Trust Administrator and Consultant <ul style="list-style-type: none"> • Recordkeeping/Sub-trust accounting • Actuarial Coordination • Monitor Contributions/ Process Disbursements • Monitor Plan Compliance • Ongoing Client Liaison • Pre-fund Pension Option 	Trustee <ul style="list-style-type: none"> • Safeguard plan assets • Oversight protection <ul style="list-style-type: none"> • Plan Fiduciary • Custodian of assets 	Investment Manager <ul style="list-style-type: none"> • An investment sub-advisor to U.S. Bank <ul style="list-style-type: none"> • Open architecture • Investment policy assistance
Corporate Experience	32 years <i>(1984 – 2016)</i>	153 years <i>(1863 – 2016)</i>	97 years <i>(1919 – 2016)</i>
OPEB Experience	20 years	10 years	18 years
Number of plans under administration	1,400 plans for 700 public agencies		
Dollars under administration	More than \$1.8 billion	More than \$4 trillion	More than \$15.3 billion under management

More than 200 OPEB/Pension Clients

Cities & Towns

Alameda
 Atherton
 Bakersfield
 Bell Gardens
 Brea – **PENSION ALSO**
 Brisbane
 Camarillo
 Colma – **PENSION ALSO**
 Commerce
 Coronado – **PENSION ALSO**
 Covina
 Crescent City
 Cupertino
 Duarte
 Elk Grove
 Fountain Valley
 Fullerton – **PENSION ALSO**
 Galt
 Half Moon Bay
 Healdsburg – **PENSION ONLY**
 Hercules
 Hermosa Beach
 Huntington Beach – **PENSION ALSO**
 La Mesa – **PENSION ALSO**
 La Verne
 Lake Forest – **PENSION ALSO**
 Lakewood
 Livermore
 Mammoth Lakes
 Morgan Hill – **PENSION ALSO**
 Napa – **PENSION ALSO**
 Norwalk
 Novato
 Rancho Cucamonga – **PENSION ALSO**
 Redding
 Rialto
 Richmond
 Rohnert Park – **PENSION ONLY**
 Rosemead
 San Leandro
 Santa Clara
 Santa Clarita
 Sausalito – **PENSION ALSO**
 Solana Beach – **PENSION ALSO**
 Temple City
 Tiburon – **PENSION ALSO**
 Union City
 Upland – **PENSION ALSO**
 Woodland
 Yountville
 Yucca Valley

Counties

Amador
 Contra Costa
 Humboldt – **PENSION ONLY**
 Imperial
 Inyo
 Kern
 Merced
 Mono
 Plumas
 San Benito
 Shasta
 Solano – **PENSION ALSO**
 Sonoma
 Sutter – **PENSION ALSO**
 Trinity
 Yolo

Special Districts

Bodega Bay Public Utility District
 Calaveras County Water District
 California Joint Powers IA
 California Joint Powers RMA
 Central Contra Costa Sanitary District
 Central Contra Costa Transit Authority
 Coachella Valley Water District
 Coastside Fire Protection District
 Contra Costa Mosquito & Vector Control District
 Crestline Village Water District
 Delta Diablo
 Desert Recreation District
 Eastern Sierra Community Services District
 Fresno Irrigation District
 Fresno Metropolitan Flood Control District
 Glenn-Colusa Irrigation District
 Great Basin Unified APCD – **PENSION ALSO**
 Hayward Area Recreation & Park District
 Housing Authority of the County of Contra Costa
 Housing Authority of the County of San Bernardino
 Humboldt No. 1 Fire Protection District
 Menlo Park Fire Protection District
 Mesa Water District
 Metropolitan Transportation Commission
 Mid-Peninsula Water District
 City of Camarillo
 Montecito Fire Protection District
 Monterey Bay Unified Air Pollution Control District
 Moraga-Orinda Fire Protection District
 Municipal Water District of Orange County
 Orange County Vector Control District
 Orange County Water District
 Placer County Resource Conservation District
 Rancho Cucamonga Fire Protection District – **PENSION ALSO**
 Rancho Murrieta Community Services District
 Rowland Water District
 San Mateo County MVCD
 Santa Barbara County Law Library
 Santa Cruz Regional 9-1-1
 South Montebello Irrigation District
 South Orange County Wastewater Authority
 South Placer Fire Protection District
 Southern Marin Fire Protection District
 Superior Court of CA, County of Contra Costa
 Superior Court of CA, County of Imperial
 Superior Court of CA, County of Inyo
 Superior Court of CA,
 County of Kern – **PENSION ALSO**
 Superior Court of CA, County of Marin
 Superior Court of CA, County of Merced
 Superior Court of CA, County of Orange
 Superior Court of CA, County of San Mateo
 Superior Court of CA, County of Shasta
 Superior Court of CA, County of Siskiyou
 Superior Court of CA, County of Sonoma
 Twentynine Palms Water District – **PENSION ALSO**
 Vallejo Sanitation & Flood Control District
 Ventura Regional Sanitation District
 Walnut Valley Water District
 West County Wastewater District
 Western Riverside Council of Governments

Updated: May 2016

Plan Overview

Type of Plan: IRC Section 115 Irrevocable Exclusive Benefit Trust

Trustee Approach: Discretionary

Plan Effective Date: May 1, 2009

Plan Administrator: Paul Cole - Assistant Fire Chief, Board Secretary

Current Investment Strategy: Balanced HM Plus (Active)

-Selected 5/1/2009

As of 3/31/2016:

Initial Contribution: June 2009 - \$550,000

Additional Contributions: \$1,617,183

Total Contributions: \$2,167,183

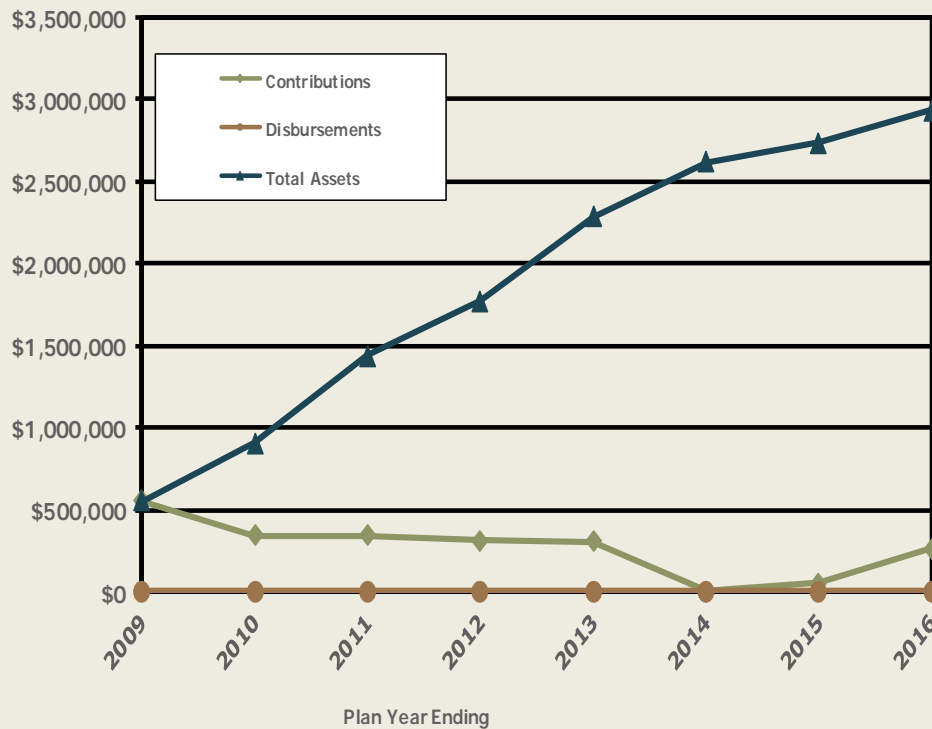
Disbursements: \$0

Total Investment Earnings: \$831,282

Account Balance: \$2,928,227

Summary of the Plan Activity

Coastside Fire Protection District
Total Assets, Contributions & Disbursements



Plan Y/E	Contributions	Disbursements	Total Assets
Jun -09	\$550,000	\$0	\$550,561
Jun -10	\$344,000	\$0	\$903,275
Jun -11	\$344,000	\$0	\$1,436,574
Jun -12	\$309,100	\$0	\$1,770,285
Jun -13	\$304,000	\$0	\$2,282,446
Jun -14	\$0	\$0	\$2,616,985
Jun -15	\$52,000	\$0	\$2,735,918
Jun -16 *	\$264,083	\$0	\$2,928,227

* Plan Year Ending June 2016 is based on 9 months of activity through 3/31/2016.

Actuarial Results

We have received the actuarial reports prepared by Total Compensation Systems with a valuation date of July 1, 2015. In the tables below, we have summarized the results.

Demographic Study

	July 1, 2015 Valuation
Active Participants	0
Retirees	28
Total Plan Members	28

Actuarial Results (continued)

	July 1, 2015 Valuation 6.20% Discount Rate
Actuarial Accrued Liability (AAL)	\$4,005,517
Actuarial Value of Assets	\$2,735,918
Unfunded Actuarial Accrued Liability (UAAL)	\$1,269,599
Normal Cost	\$0
UAAL Amortization	\$81,397
Annual Required Contribution (ARC)	\$81,397
Pay-As-You-Go	\$307,306*

Investment Review

Coastside Fire Protection District

April 30, 2016

Presented By:

Andrew Brown, CFA

DISCUSSION HIGHLIGHTS – Coastside Fire Protection District

Investment objective – Balanced HM Plus

Asset Allocation: PARS/PRHCP Balanced HM Plus May 2016

Allocation Target – 57.5% stocks (50-70% range), 40% bonds (30-50% range), 2.5% cash (0-20% range)

- Large cap 28.5%, mid-cap 3.5%, small cap 10.75%, international 13.75% Real estate 1%

Performance: PARS/PRHCP Balanced HM Plus

(as of 4-30-2016) Gross of investment management fees, net of fund fees

- Quarter: 5.07%
- 1-Year: -2.02%
- 3-Year: 5.00%
- 5-Year: 5.62%
- Inception to date (6/2009) 9.17%
- Bonds – High Yield hurt, short duration
- Stocks –
 - Large cap disappointing Growth – Value tilt.
 - International equities dollar impacted. Emerging markets turn around?
 - Initiated a position in REITs
 - Small cap and mid cap declines. Mid-cap reconfiguration.

12-month changes

- Mid cap index
- REITs

Outlook 2016

- Oil, China, and the Fed
- International – Central banks supporting Japan and Europe
- GDP est. 2% in 2016
- Unemployment 4.9% in 2016
- Fed Funds 1% in 2016
- 10-Year treasury 2.3%

Selected Period Performance
PARS/PRHCP BALANCED HM PLUS
Account 6746019207
Period Ending: 04/30/2016

Sector	3 Months	1 Year	3 Years	5 Years	Since Inception (82 Months)
Cash Equivalents	.07	.13	.05	.04	.08
<i>iMoneyNet, Inc. Taxable</i>	<i>.03</i>	<i>.05</i>	<i>.03</i>	<i>.02</i>	<i>.03</i>
Total Fixed Income	2.40	1.92	1.73	3.29	4.72
<i>BC US Aggregate Bd Index</i>	<i>2.02</i>	<i>2.72</i>	<i>2.29</i>	<i>3.60</i>	<i>4.42</i>
Total Equities	7.20	-4.99	7.27	7.10	12.26
Large Cap Funds	6.37	-1.99	10.28	9.59	13.38
<i>S&P 500 Composite Index</i>	<i>7.05</i>	<i>1.21</i>	<i>11.26</i>	<i>11.02</i>	<i>14.97</i>
Mid Cap Funds	11.84	-5.79	7.24	7.19	
<i>Russell Midcap Index</i>	<i>10.57</i>	<i>-2.14</i>	<i>10.37</i>	<i>9.88</i>	<i>16.54</i>
Small Cap Funds	7.94	-2.98	10.27	9.25	16.54
<i>Russell 2000 Index</i>	<i>9.67</i>	<i>-5.94</i>	<i>7.53</i>	<i>6.98</i>	<i>13.94</i>
REIT Funds	5.95				
<i>Wilshire REIT Index</i>	<i>6.49</i>	<i>8.05</i>	<i>7.73</i>	<i>10.23</i>	<i>20.09</i>
International Equities	6.98	-11.55	-0.75	-1.13	5.67
<i>MSCI EAFE Index</i>	<i>7.58</i>	<i>-9.32</i>	<i>1.47</i>	<i>1.69</i>	<i>6.79</i>
<i>MSCI EM Free Index</i>	<i>13.66</i>	<i>-17.87</i>	<i>-4.57</i>	<i>-4.61</i>	<i>3.87</i>
Total Managed Portfolio	5.07	-2.02	5.00	5.62	9.17

Account Inception: 6/4/2009

Returns are gross of account level investment advisory fees and net of any fees, including fees to manage mutual fund or exchange traded fund holdings. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured, have no bank guarantee, and may lose value.

ASSET ALLOCATION

As of April 30, 2016

Current Asset Allocation		Investment Vehicle	
Equity		Range: 50%-70%	57.11%
Large Cap Core	SMGIX	Columbia Contrarian Core Cl Z	6.55%
Large Cap Value	DODGX	Dodge & Cox Stock Fund	6.57%
	LSGIX	Loomis Sayles Value Fund	6.58%
Large Cap Growth	HACAX	Harbor Capital Appreciation Instl	3.78%
	PRGFX	T. Rowe Price Growth Stock Fund	3.82%
Mid Cap Core	IWR	iShares Russell MidCap Index Fund	3.39%
Mid Cap Value	IWS	iShares Russell MidCap Value Fund	1.11%
Small Cap Value	NSVAX	Columbia Small Cap Value Fund II	6.50%
Small Cap Growth	PRNHX	T. Rowe Price New Horizons Fund	4.00%
International Core	NWHNX	Nationwide Baidard Intl Equities Fund	4.53%
International Value	DODFX	Dodge & Cox International Stock Fund	2.39%
International Growth	MQGIX	MFS International Growth Fund	2.29%
Tactical - Europe	FEZ	SPDR EURO STOXX 50 ETF	2.61%
Emerging Markets	SEMNX	Schroder Emerging Market Equity	2.02%
Real Estate	FARCX	Nuveen Real Estate Secs I Fund	0.96%
Fixed Income		Range: 30%-50%	38.83%
Short-Term	VFSUX	Vanguard Short-Term Corp Adm Fund	5.89%
Intermediate-Term	NWJXX	Nationwide HighMark Bond Fund	15.51%
	PTTRX	PIMCO Total Return Instl Fund	16.18%
High Yield	PHIYX	PIMCO High Yield Instl	1.25%
Cash		Range: 0%-20%	4.06%
	FPZXX	First American Prime Obligations Fund	4.06%
TOTAL			100.00%

COASTSIDE FIRE PROTECTION DISTRICT

For Period Ending April 30, 2016

LARGE CAP EQUITY FUNDS							
Fund Name	1-Month Return	3-Month Return	Year-to- Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Columbia Contrarian Core CI Z	0.57	6.34	1.19	1.70	12.26	11.66	9.19
Dodge & Cox Stock	2.12	8.56	1.11	-4.82	9.57	9.78	5.00
Harbor Capital Appreciation Instl	-0.68	2.61	-6.13	-2.52	12.94	10.99	7.59
Loomis Sayles Value Fund	1.99	7.89	0.30	-4.48	8.24	8.84	6.10
T. Rowe Price Growth Stock	-0.32	3.81	-5.67	-1.65	13.10	11.59	8.08
S&P 500 Index	0.39	7.05	1.74	1.21	11.26	11.02	6.91
MID CAP EQUITY FUNDS							
iShares Russell Midcap Value	2.11	12.27	6.06	-0.36	10.02	10.23	7.18
iShares Russell Midcap Index	1.03	10.51	3.26	-2.28	10.19	9.72	7.33
SMALL CAP EQUITY FUNDS							
Columbia Small Cap Value II Z	0.65	8.36	1.31	-3.87	8.55	7.43	5.87
T. Rowe Price New Horizons	1.11	6.85	-3.04	-3.23	11.79	11.69	9.22
Russell 2000 Index	1.57	9.67	0.03	-5.94	7.53	6.98	5.42
INTERNATIONAL EQUITY FUNDS							
Dodge & Cox Intl Stock	3.56	10.02	-0.33	-17.90	1.15	0.92	2.17
Nationwide Bailard Intl Equities	1.87	4.66	-0.26	-7.04	3.30	2.22	2.29
MFS International Growth I	0.86	6.59	2.41	-5.57	1.26	1.98	3.78
MSCI EAFE Index	2.90	7.58	-0.20	-9.32	1.48	1.69	1.61
Schroder Emerging Market Equity	0.53	9.73	3.58	-16.76	-5.07	-4.40	2.73
MSCI Emerging Markets Index	0.54	13.66	6.29	-17.87	-4.57	-4.61	2.37
SPDR Euro Stoxx 50 ETF	1.88	6.00	-1.45	-11.90	1.93	-1.56	0.09
REAL ESTATE FUNDS							
Nuveen Real Estate Securities I	-2.72	5.92	1.91	7.25	7.22	9.79	7.75
BOND FUNDS							
Nationwide HighMark Bond Fid	1.00	3.65	4.34	2.82	2.22	3.78	5.20
Pimco Total Return Inst'l	0.44	1.21	2.23	1.34	1.28	3.41	6.05
Vanguard Short-Term Investment-Grade Adm	0.45	1.66	2.22	2.06	1.83	2.29	3.70
BarCap US Aggregate Bond	0.38	2.02	3.43	2.72	2.29	3.60	4.95
PIMCO High Yield Instl	2.49	6.23	5.27	-0.16	2.77	5.12	6.45
Credit Suisse HY	3.87	8.91	7.10	-2.04	2.09	5.10	6.88

Source: SEI Investments, Morningstar Investments

Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.

PARS DIVERSIFIED PORTFOLIOS
CONSERVATIVE

Q1 2016

WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

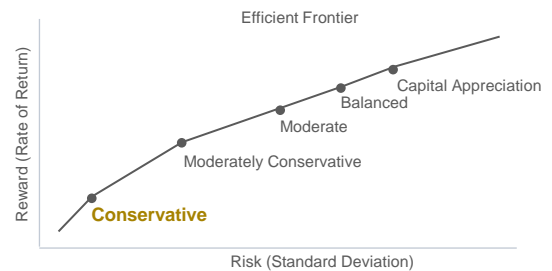
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide a consistent level of inflation-protected income over the long-term. The major portion of the assets will be fixed income related. Equity securities are utilized to provide inflation protection.



ASSET ALLOCATION — CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	5 – 20%	15%	14%
Fixed Income	60 – 95%	80%	80%
Cash	0 – 20%	5%	6%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)

Current Quarter*	2.17%
Blended Benchmark**	2.07%
Year To Date*	2.17%
Blended Benchmark*	2.07%
1 Year	0.61%
Blended Benchmark	0.91%
3 Year	2.76%
Blended Benchmark	2.95%
5 Year	3.79%
Blended Benchmark	3.59%
10 Year	4.57%
Blended Benchmark	4.23%

Index Plus (Passive)

Current Quarter*	2.27%
Blended Benchmark**	2.07%
Year To Date*	2.27%
Blended Benchmark*	2.07%
1 Year	0.87%
Blended Benchmark	0.91%
3 Year	2.82%
Blended Benchmark	2.95%
5 Year	3.74%
Blended Benchmark	3.59%
10 Year	4.23%
Blended Benchmark	4.23%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 7.5% S&P500, 1.5% Russell Mid Cap, 2.5% Russell 2000, 1% MSCI EM FREE, 2% MSCI EAFE, 52.25% BC US Agg, 25.75% ML 1-3 Yr US Corp/Gov't, 2% US High Yield Master II, 0.5% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 12% S&P 500, 1% Russell 2000, 2% MSCI EAFE, 40% ML 1-3 Year Corp./Gov't, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 15% S&P 500, 40% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)

2008	-9.04%
2009	15.59%
2010	8.68%
2011	2.19%
2012	8.45%
2013	3.69%
2014	3.88%
2015	0.29%

Index Plus (Passive)

2008	-6.70%
2009	10.49%
2010	7.67%
2011	3.70%
2012	6.22%
2013	3.40%
2014	4.32%
2015	0.06%

PORTFOLIO FACTS

HighMark Plus (Active)

Inception Date	07/2004
No of Funds in Portfolio	20

Index Plus (Passive)

Inception Date	07/2004
No of Funds in Portfolio	15

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

SAMPLE HOLDINGS

HighMark Plus (Active)

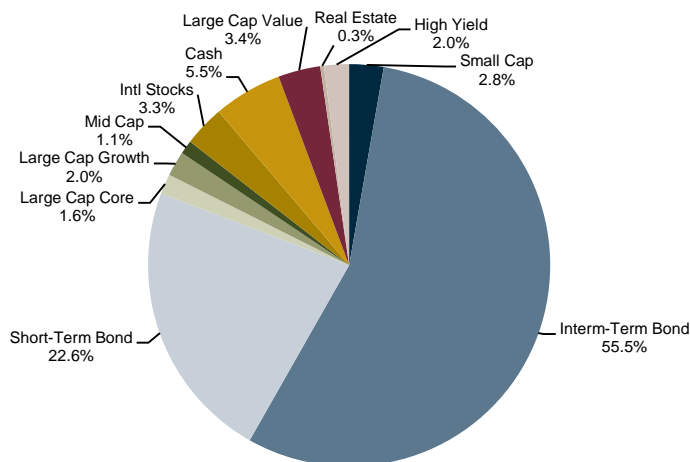
Columbia Contrarian Core Z
T. Rowe Price Growth Stock
Columbia Small Cap Value II Z
T. Rowe Price New Horizons
Nationwide Bailard International Equities
Nationwide HighMark Bond
Vanguard Short-Term Invest-Grade Adm
Loomis Sayles Value Y
PIMCO Total Return
Dodge & Cox International Stock
MFS International Growth I
First American Prime Obligation Z
iShares Russell Mid-Cap ETF
iShares Russell Mid-Cap Value
Harbor Capital Appreciation
Schroder Emerging Market Equity
Dodge & Cox Stock
SPDR Euro Stoxx 50 ETF
PIMCO High Yield
Nuveen Real Estate Securities I

Index Plus (Passive)

iShares S&P 500
iShares S&P 500/Value
iShares S&P 500/Growth
iShares Russell 2000 Value
iShares Russell 2000 Growth
iShares MSCI EAFE
iShares Russell Mid-Cap ETF
iShares Russell Mid-Cap Value
iShares Barclays Aggregate Bond
Vanguard Short-Term Invest-Grade Adm
First American Prime Obligation Z
SPDR Euro Stoxx 50 ETF
SPDR Barclays High Yield Bond ETF
Vanguard FTSE Emerging Markets ETF
Vanguard REIT ETF

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Conservative active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of March 31, 2016, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

HIGHMARK CAPITAL MANAGEMENT

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www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$14.9 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Andrew Bates, CFA®

Portfolio Manager
Investment Experience: since 2008
HighMark Tenure: since 2015
Education: BS, University of Colorado

Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA®

Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda

Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®

Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Asset Allocation Committee

Number of Members: 16
Average Years of Experience: 25
Average Tenure (Years): 12

Manager Review Group

Number of Members: 8
Average Years of Experience: 18
Average Tenure (Years): 6

PARS DIVERSIFIED PORTFOLIOS
MODERATELY CONSERVATIVE

Q1 2016

WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

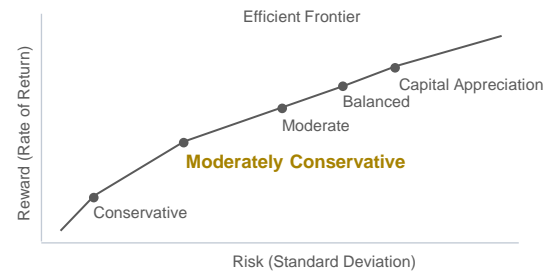
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.



ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	20 - 40%	30%	29%
Fixed Income	50 - 80%	65%	68%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	1.28%	Current Quarter*	2.18%
Blended Benchmark**	2.03%	Blended Benchmark**	2.03%
Year To Date*	1.28%	Year To Date*	2.18%
Blended Benchmark*	2.03%	Blended Benchmark*	2.03%
1 Year	-0.49%	1 Year	0.24%
Blended Benchmark	0.44%	Blended Benchmark	0.44%
3 Year	3.42%	3 Year	3.77%
Blended Benchmark	4.09%	Blended Benchmark	4.09%
5 Year	4.60%	5 Year	4.68%
Blended Benchmark	4.85%	Blended Benchmark	4.85%
10 Year	4.83%	10 Year	4.59%
Blended Benchmark	4.78%	Blended Benchmark	4.78%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 15.5% S&P500, 3% Russell Mid Cap, 4.5% Russell 2000, 2% MSCI EM FREE, 4% MSCI EAFE, 49.25% BC US Agg, 14% ML 1-3 Yr US Corp/Gov't, 1.75% US High Yield Master II, 1% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 25% S&P 500; 1.5% Russell 2000, 3.5% MSCI EAFE, 25% ML 1-3 Year Corp./Gov't, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 30% S&P 500, 25% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-15.37%	2008	-12.40%
2009	18.71%	2009	11.92%
2010	10.46%	2010	9.72%
2011	1.75%	2011	3.24%
2012	10.88%	2012	8.24%
2013	7.30%	2013	6.78%
2014	4.41%	2014	5.40%
2015	0.32%	2015	-0.18%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	08/2004	Inception Data	05/2005
No of Funds in Portfolio	20	No of Funds in Portfolio	15

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

SAMPLE HOLDINGS

HighMark Plus (Active)

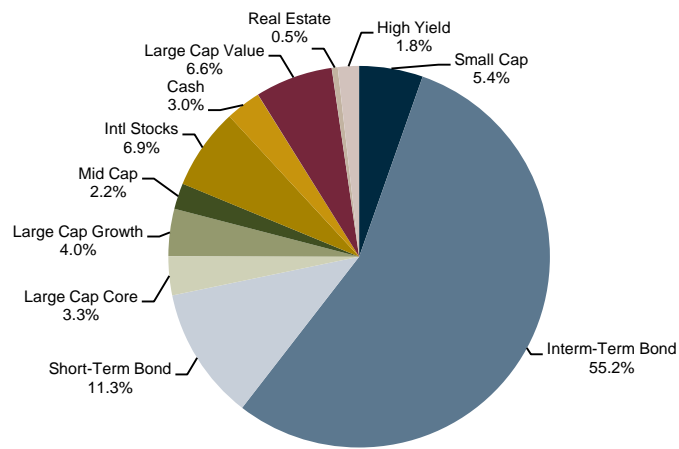
Columbia Contrarian Core Z
T. Rowe Price Growth Stock
Columbia Small Cap Value II Z
T. Rowe Price New Horizons
Nationwide Baird International Equities
Nationwide HighMark Bond
Vanguard Short-Term Invest-Grade Adm
Loomis Sayles Value Y
PIMCO Total Return
Dodge & Cox International Stock
MFS International Growth I
First American Prime Obligation Z
iShares Russell Mid-Cap ETF
iShares Russell Mid-Cap Value
Harbor Capital Appreciation
Schroder Emerging Market Equity
Dodge & Cox Stock
SPDR Euro Stoxx 50 ETF
PIMCO High Yield
Nuveen Real Estate Securities I

Index Plus (Passive)

iShares S&P 500
iShares S&P 500/Value
iShares S&P 500/Growth
iShares Russell 2000 Value
iShares Russell 2000 Growth
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Vanguard FTSE Emerging Markets ETF
Vanguard REIT ETF

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Moderately Conservative active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of March 31, 2016, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFJ Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFJ Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

HIGHMARK CAPITAL MANAGEMENT

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San Francisco, CA 94104
800-582-4734

www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$14.9 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

Senior Portfolio Manager

Investment Experience: since 1994

HighMark Tenure: since 1997

Education: MBA, University of Southern California; BA, University of Southern California

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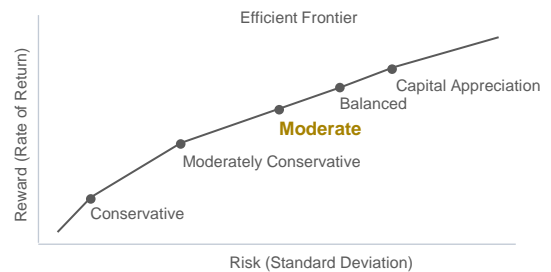
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The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.



ASSET ALLOCATION — MODERATE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	48%
Fixed Income	40 - 60%	45%	49%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)

Current Quarter*	0.74%
Blended Benchmark**	1.74%
Year To Date*	0.74%
Blended Benchmark*	1.74%
1 Year	-1.47%
Blended Benchmark	-0.31%
3 Year	4.53%
Blended Benchmark	5.47%
5 Year	5.53%
Blended Benchmark	6.27%
10 Year	4.76%
Blended Benchmark	5.24%

Index Plus (Passive)

Current Quarter*	1.64%
Blended Benchmark**	1.74%
Year To Date*	1.64%
Blended Benchmark*	1.74%
1 Year	-0.87%
Blended Benchmark	-0.31%
3 Year	4.84%
Blended Benchmark	5.47%
5 Year	5.80%
Blended Benchmark	6.27%
Inception To Date (119-Mos.)	5.01%
Blended Benchmark	5.22%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM FREE, 6% MSCI EAFE, 33.50% BC US Agg, 10% ML 1-3 Yr US Corp/Gov't, 1.50% US High Yield Master II, 1.75% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 43% S&P 500, 2% Russell 2000, 5% MSCI EAFE, 15% ML 1-3 Year Corp./Gov't, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 50% S&P 500, 15% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)

2008	-22.88%
2009	21.47%
2010	12.42%
2011	0.55%
2012	12.25%
2013	13.06%
2014	4.84%
2015	0.14%

Index Plus (Passive)

2008	-18.14%
2009	16.05%
2010	11.77%
2011	2.29%
2012	10.91%
2013	12.79%
2014	5.72%
2015	-0.52%

PORTFOLIO FACTS

HighMark Plus (Active)

Inception Data	10/2004
No of Funds in Portfolio	20

Index Plus (Passive)

Inception Data	05/2006
No of Funds in Portfolio	15

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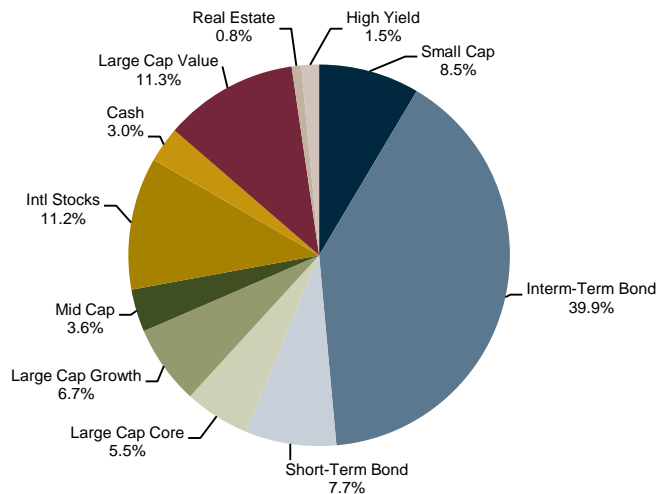
Columbia Contrarian Core Z
T. Rowe Price Growth Stock
Columbia Small Cap Value II Z
T. Rowe Price New Horizons
Nationwide Bailard International Equities
Nationwide HighMark Bond
Vanguard Short-Term Invest-Grade Adm
Loomis Sayles Value Y
PIMCO Total Return
Dodge & Cox International Stock
MFS International Growth I
First American Prime Obligation Z
iShares Russell Mid-Cap ETF
iShares Russell Mid-Cap Value
Harbor Capital Appreciation
Schroder Emerging Market Equity
Dodge & Cox Stock
SPDR Euro Stoxx 50 ETF
PIMCO High Yield
Nuveen Real Estate Securities I

Index Plus (Passive)

iShares S&P 500
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STYLE



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PARS DIVERSIFIED PORTFOLIOS
BALANCED

Q1 2016

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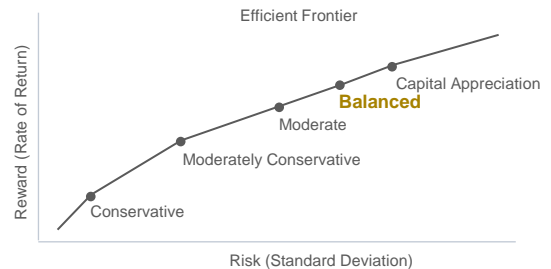
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The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return.



ASSET ALLOCATION — BALANCED PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	50 – 70%	60%	58%
Fixed Income	30 – 50%	35%	39%
Cash	0 – 20%	5%	3%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	0.25%	Current Quarter*	1.45%
Blended Benchmark**	1.59%	Blended Benchmark**	1.59%
Year To Date*	0.25%	Year To Date*	1.45%
Blended Benchmark*	1.59%	Blended Benchmark*	1.59%
1 Year	-2.27%	1 Year	-1.40%
Blended Benchmark	-0.72%	Blended Benchmark	-0.72%
3 Year	5.04%	3 Year	5.37%
Blended Benchmark	6.15%	Blended Benchmark	6.15%
5 Year	5.91%	5 Year	6.24%
Blended Benchmark	7.04%	Blended Benchmark	7.04%
Inception to Date (114-Mos.)	4.66%	Inception to Date (102-Mos.)	4.10%
Blended Benchmark	5.39%	Blended Benchmark	4.67%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 32% S&P500, 6% Russell Mid Cap, 9% Russell 2000, 4% MSCI EM FREE, 7% MSCI EAFE, 27% BC US Agg, 6.75% ML 1-3 Yr US Corp/Gov't, 1.25% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 51% S&P 500; 3% Russell 2000, 6% MSCI EAFE, 5% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 60% S&P 500, 5% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-25.72%	2008	-23.22%
2009	21.36%	2009	17.62%
2010	14.11%	2010	12.76%
2011	-0.46%	2011	1.60%
2012	13.25%	2012	11.93%
2013	16.61%	2013	15.63%
2014	4.70%	2014	6.08%
2015	0.04%	2015	-0.81%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	10/2006	Inception Data	10/2007
No of Funds in Portfolio	20	No of Funds in Portfolio	15

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SAMPLE HOLDINGS

HighMark Plus (Active)

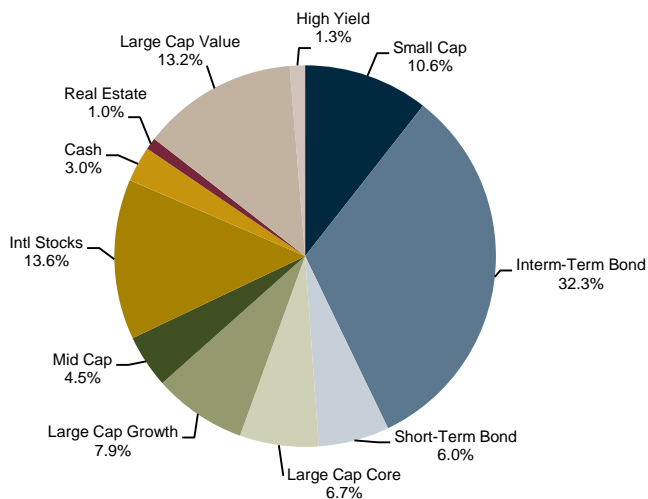
Columbia Contrarian Core Z
T. Rowe Price Growth Stock
Columbia Small Cap Value II Z
T. Rowe Price New Horizons
Nationwide Baird International Equities
Nationwide HighMark Bond
Vanguard Short-Term Invest-Grade Adm
Loomis Sayles Value Y
PIMCO Total Return
Dodge & Cox International Stock
MFS International Growth I
First American Prime Obligation Z
iShares Russell Mid-Cap ETF
iShares Russell Mid-Cap Value
Harbor Capital Appreciation
Schroder Emerging Market Equity
Dodge & Cox Stock
SPDR Euro Stoxx 50 ETF
PIMCO High Yield
Nuveen Real Estate Securities I

Index Plus (Passive)

iShares S&P 500
iShares S&P 500/Value
iShares S&P 500/Growth
iShares Russell 2000 Value
iShares Russell 2000 Growth
iShares MSCI EAFE
iShares Russell Mid-Cap ETF
iShares Russell Mid-Cap Value
iShares Barclays Aggregate Bond
Vanguard Short-Term Invest-Grade Adm
First American Prime Obligation Z
SPDR Euro Stoxx 50 ETF
SPDR Barclays High Yield Bond ETF
Vanguard FTSE Emerging Markets ETF
Vanguard REIT ETF

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Balanced active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of March 31, 2016, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

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ABOUT THE ADVISER

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ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

Senior Portfolio Manager

Investment Experience: since 1994

HighMark Tenure: since 1997

Education: MBA, University of Southern California; BA, University of Southern California

Andrew Bates, CFA®

Portfolio Manager

Investment Experience: since 2008

HighMark Tenure: since 2015

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Salvatore "Tory" Milazzo III, CFA®

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HighMark Tenure: since 2014

Education: BA, Colgate University

J. Keith Stribling, CFA®

Senior Portfolio Manager

Investment Experience: since 1985

HighMark Tenure: since 1995

Education: BA, Stetson University

Christiane Tsuda

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2010

Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2007

Education: BA, University of California, Santa Barbara

Asset Allocation Committee

Number of Members: 16

Average Years of Experience: 25

Average Tenure (Years): 12

Manager Review Group

Number of Members: 8

Average Years of Experience: 18

Average Tenure (Years): 6

WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

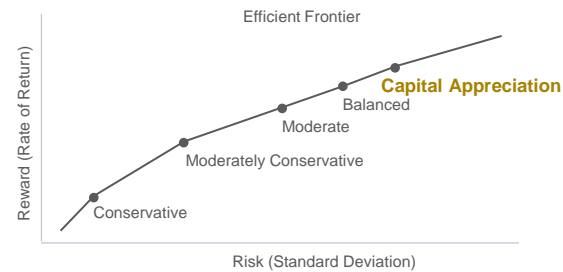
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

The primary goal of the Capital Appreciation objective is growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.



ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	65 - 85%	75%	72%
Fixed Income	10 - 30%	20%	25%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

Current Quarter*	0.53%
Blended Benchmark**	1.27%
Year To Date*	0.53%
Blended Benchmark*	1.27%
1 Year	-2.16%
Blended Benchmark	-1.51%
3 Year	6.55%
Blended Benchmark	6.98%
5 Year	6.64%
Blended Benchmark	7.24%
Inception to Date (87-Mos.)	10.10%
Blended Benchmark	11.04%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 39.5% S&P500, 7.5% Russell Mid Cap, 10.5% Russell 2000, 5.25% MSCI EM FREE, 10.25% MSCI EAFE, 16% BC US Agg, 3% ML 1-3 Yr US Corp/Gov't, 1% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

2008	N/A%
2009	23.77%
2010	12.95%
2011	-1.35%
2012	13.87%
2013	20.33%
2014	6.05%
2015	-0.27%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	01/2009	Inception Data	N/A
No of Funds in Portfolio	20	No of Funds in Portfolio	15

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

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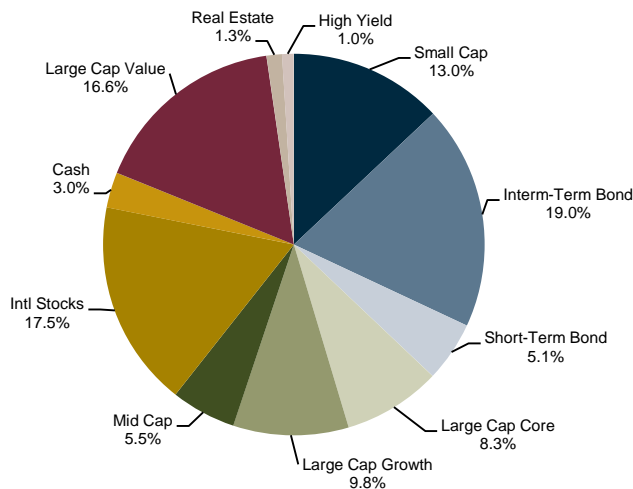
Columbia Contrarian Core Z
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 T. Rowe Price New Horizons
 Nationwide Baird International Equities
 Nationwide HighMark Bond
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 Loomis Sayles Value Y
 PIMCO Total Return
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