# City of Miami Beach
# General Employees' Retirement Plan

## Emerging Markets Equity Manager Search
## Semi-Finalist Report

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# I. EXECUTIVE SUMMARY

Milliman's search for an Emerging Markets Equity manager has led to the selection of these four semi-finalist candidates for the Board's review:

| Firm | Product |
|---|---|
| Dimensional Fund Advisors L.P. | Emerging Markets All Cap Core Strategy |
| J.P. Morgan Investment Management Inc. | Global Emerging Markets - Discovery |
| Oaktree Capital Management, L.P. | Emerging Markets Equity |
| Quantitative Management Associates LLC. | Emerging Markets All Cap Equity |

Oaktree Capital Management, L.P. ("Oaktree") is an active manager that employs individual stock research analysts.

J.P. Morgan Investment Management Inc. ("JP Morgan") is an active manager that also employs individual stock research analysts. Note that "J.P. Morgan Investment Management Inc." is the legal entity responsible for the management of their product, while "J.P. Morgan Asset Management" is a marketing name. For consistency, this report will just use the name of the legal entity, while JP Morgan's questionnaire response in Section VI uses the marketing name.

Dimensional Fund Advisors L.P. ("DFA") is an active manager that integrates its research directly into its portfolio construction process, creating portfolios that exhibit some characteristics similar to passive managers including rules-based portfolio construction and low turnover.

Quantitative Management Associates LLC ("QMA") is also an active manager that integrates its research directly into its portfolio construction process, but it also integrates individual stock research analysts as a cross-check.

Additionally, Milliman understands that the Plan also wishes this report to include the passive manager Rhumbline, which only offers a separately managed account and thus did not pass Milliman's search for commingled investment vehicles. We include Rhumbline in selected sections of this report, including Section VI: Manager Responses.

| Firm | Product |
|---|---|
| Rhumbline Advisers | MSCI Emerging Markets Index Strategy |

More discussion on active management, passive management, their evolution, and Milliman's current perspective are presented in the Section II of this report.

## Selection Factors

In analyzing the semi-finalist candidates, we evaluated 18 factors (listed in the report body), and found that 10 factors best helped to differentiate the candidates. Note that some of these factors are more important than others. Our assessment of the relative pluses ("+"), minuses ("–"), or neutrality ("0") on these factors is shown in the following table:

| Differentiating Factors | DFA | JP Morgan | Oaktree | QMA |
|---|---|---|---|---|
| Ownership Structure | 0 | – | 0 | – |
| Firm Growth | + | 0 | 0 | 0 |
| Investment Team | 0 | – | 0 | 0 |
| Product Growth | 0 | – | 0 | 0 |
| Fees | + | 0 | 0 | – / +* |
| Investment Style Bias | 0 | 0 | – | + / –* |
| Geographic Diversification | 0 | 0 | – | + |
| Risk Management | 0 | 0 | – | 0 |
| Cash Management | + | 0 | 0 | 0 |
| Portfolio Turnover | + | 0 | 0 | – |

**All Cap / Core*

**Note the double assessments for QMA on Fees and Investment Style Bias apply first to the All Cap product and then to the Core product. Thus, our assessment on QMA All Cap is negative on Fees and positive on Investment Style Bias (full small cap exposure), while our assessment on QMA Core is positive on Fees and negative on Investment Style Bias (no small cap exposure).*

The remainder of this report describes this search and these Semi-Finalist candidates in more detail.

## Recommendation

Milliman would recommend interviewing all four of the semi-finalist candidates subject to the Plan's review of this report.

## II. ACTIVE & PASSIVE MANAGEMENT

The active management and passive management of portfolios have been evolving over time. In this section, Milliman provides its current perspective on this topic in the context of this evolution and the implications for this manager search.

### Traditional Active & Passive Management

Active management of investment securities, where a person or people make explicit and/or implicit decision to buy, hold, and/or sell securities, has been employed since the innovation of investment securities. In the last few decades of the 20th century, the connotation has slightly evolved to where the person or people (portfolio managers) seek to outperform an investment index such as the S&P 500 Index.

Passive management, where a portfolio management team seeks to closely replicate the performance of a popular investment index using techniques such as full replication or stratified sampling, was born in the 1970s and has been growing ever since.

### Characteristics

Passively managed portfolios tend to share many characteristics. They tend to be less expensive that actively managed portfolios, partly because there is typically no need for an expensive team of research analysts, and partly because passive management enjoys more economies of scale. Passively managed portfolios tend to have lower turnover than actively managed portfolios, because they typically reflect the turnover of their underlying indexes. Passively managed portfolios tend to hold more securities, either fully replicating all stocks in an index, or using sampling methodologies which too result in large numbers of securities and a very well-diversified portfolio.

Actively managed portfolios offer the promise of outperforming an index, typically for higher fees, higher costs, more turnover, and more concentrated portfolios (ranging from 40 to 150 securities).

From purely an investment perspective, the portfolio that offers the best performance net of all fees and expenses (both explicit and implicit) is the most attractive. This perspective has been manifested to generally argue that in very efficient corners of the market, passive management offers this best net performance, while in very inefficient corners of the market, active management offers this best net performance. Today, we would assert that US Large Cap Core is the most efficient corner of the equity market, while Emerging Markets, Emerging Markets Small Cap, and Frontier Markets are the most inefficient.

### Quantitative Active Management

A subset of active management is quantitative active management, where pure "quants" will perform factor-based investing by creating diversified portfolios with active exposure to market factors, like the value premium or the small-cap premium, which they believe will lead to outperformance.

Quantitative active management can share with passive management many approaches and methodologies, including risk-model-based optimization and minimization of security-specific risk.

Over the last decade, in part driven by the “quant meltdown” of August 2007, many quantitative managers have evolved to describe their processes as “systematic”, “disciplined”, “rules-based”, “scientific”, “quantamental”, or just simply “active”.

## Active Indexes & Passive Indexes

Milliman is now defining passive indexes as traditional float-adjusted market-cap weighted indexes that are commonly used in industry (e.g. S&P 500, MSCI EAFE, Barclays US Aggregate). We define active indexes as a rapidly growing set of mostly newer indexes that are not weighted by price or market cap that seek to offer investors a better index from a risk-adjusted return perspective. One of the better known approaches to active indexes is fundamentally-weighted indexing pioneered by Research Affiliates. However, even an equal-weighted index can be classified as an active index as it seeks to benefit from its exposure to small cap. (Of note, the first passively managed portfolio used the S&P 500 Equal-Weighted Index—the manager was Wells Fargo; the client was Samsonite.)

Many active indexes have been developed over recent years for Exchange-Traded Funds (ETFs). Many of these ETFs are what we would describe as passive management against an active index—a two-tiered description. There are on-going debates by index research industry leaders as to whether these constitute active or passive portfolios (and the financial media has latched onto the term “smart beta”); we at Milliman feel that our two-tiered description provides meaningful clarity in an institutional setting.

Milliman’s two-tiered approach leads to four combinations of indexes and management, which are depicted in the following graphic:

| | | **Management** | |
|---|---|---|---|
| | | Active | Passive |
| **Index** | Passive | Active Mgt against Passive Index | Passive Mgt against Passive Index |
| | Active | Active Mgt against Active Index | Active Mgt against Active Index |

The top row of the graphic shows traditional active and passive management against passive indexes. The bottom row introduces active and passive management against active indexes.

Quantitative active managers, by their rules-based nature, may use either explicit active indexes—or implicit active indexes. These implicit active indexes allow us to frame some quantitative active managers as passive managers against active indexes.

## Active & Passive Managers in this Search

With Emerging Markets still being one of the most inefficient corners of the equity world, Milliman believes there may be solid opportunities for better performance net of all fees and expenses with an active manager—or with a passive manager against an active index. Still, Emerging Markets equities are growing more efficient by the decade, and a passive manager against a passive index would be a reasonable choice today.

For passive managers against a passive index, we have included Rhumbline in this Search Report. Because Rhumbline does not offer a commingled vehicle (it only offers a separately managed account), it is not one of our semi-finalists.

There are other passive managers against passive indexes who nearly made our candidate list. These managers are Vanguard, Blackrock, Northern Trust, State Street Global Advisors, and Mellon Capital Management. These managers all offer commingled vehicles with total fees and fund expenses ranging from 0.10% to 0.30% according to our database.

JP Morgan and Oaktree are both active managers against passive benchmarks.

DFA and QMA are both quantitative active managers who could be described as passive managers against implicit active indexes, although it is doubtful that these firms would describe themselves in this manner. Moreover, QMA employs a score of research analysts to conduct financial statement analysis on securities to complement their quantitative process. Still, both DFA and QMA exhibit some characteristics of traditional passive managers, including somewhat lower management fees, less portfolio concentration with a larger number of stocks held, and, in the case of DFA, lower portfolio turnover.

# III. MANAGER SEARCH

## Search Overview

Following a request by the Plan, Milliman in February 2014 initiated an Emerging Markets Equity search.

Milliman decided upon the following steps in conducting the Emerging Markets Equity search:

A. Determine universes and benchmarks of Emerging Markets Equity products and Emerging Markets Equity managers

B. Determine criteria for selecting Emerging Markets Equity managers

C. Determine quantitative screening criteria to help limit universe (from A.) consistently with selection criteria (B.)

D. Determine limited universe by screening (from C.) in conjunction with Milliman's experience with and knowledge of managers

E. Develop Questionnaire for managers (from D.) consistent with selection criteria (B.)

F. Distribute Questionnaire to managers (from D.), giving managers 3 weeks to reply

G. Receive and review completed Questionnaires from managers

H. Determine subset of most attractive candidates consistently with selection criteria (B.)

I. Further review managers via in-person or telephone conversation

J. Write report summarizing most attractive candidates

K. Present report summary to the Board

Key decision steps were B., D., H., and I.

## Selection Criteria

Milliman determined 18 selection criteria to use in evaluating Emerging Markets Equity managers and products as follows:

| Selection Criteria | | |
|---|---|---|
| Organizational Stability | Investment Team | Geographic Diversification |
| Ownership Structure | Investment Process | Investment Style Bias |
| Firm Growth | Product Size | Risk Management |
| Litigation | Product Growth | Cash Management |
| Insurance Coverage | Product Capacity | Portfolio Turnover |
| IT Systems | Fees | Performance Profile |

These selection criteria were integrated into a comprehensive questionnaire for selected managers and for subsequent review and discussion of these managers.

## Selection of Candidates for Questionnaires

Milliman initiated the search by selecting multiple Emerging Markets Equity universes in the eVestment manager database which contained 376 Emerging Markets Equity products. Through a series of steps, Milliman utilized eVestment data on commingled fund availability and openness, universe fit, product fees, product assets, and product turnover in conjunction with Milliman's experience with and knowledge of managers to produce a list of nine reasonable candidates shown in the table below:

| Firm | Product |
|---|---|
| Acadian Asset Management LLC | Emerging Markets Equity |
| The Boston Company Asset Management, LLC | Emerging Markets Equity |
| Dimensional Fund Advisors L.P. | Emerging Markets All Cap Core Strategy |
| Genesis Asset Managers, LLP | Global Emerging Markets Equity |
| J.P. Morgan Investment Management Inc. | Global Emerging Markets - Diversified |
| Neuberger Berman | Emerging Markets Equity |
| Oaktree Capital Management, L.P. | Oaktree Emerging Markets Equity |
| PanAgora Asset Management, Inc. | Dynamic Emerging Markets Equity |
| Quantitative Management Associates LLC | Emerging Markets Core Equity |

Milliman sent these nine candidates a comprehensive questionnaire on February 25, 2014. Three of these candidates declined to respond because (despite the eVestment data) their commingled fund vehicles were closed to new investors. The remaining six candidates provided questionnaire responses by the March 19$^{th}$ due date.

Note that JP Morgan's well-diversified strategy named "Diversified" was no longer open to new investors, so JP Morgan (at Milliman's encouragement) submitted a questionnaire for their higher-risk, more-concentrated, higher-fee strategy named "Discovery".

Also note that QMA, in addition to their "Core" product, has an "All Cap" product which we felt may be more attractive as it includes a more meaningful allocation to small-cap stocks. QMA submitted a questionnaire for their All Cap product, although the Core product is also available, and selected data points are included in this report for comparative purposes.

## Selection of Semi-Finalist Candidates

Milliman reviewed and analyzed the completed responses from all of the six firms and held conference calls with candidates to ask further questions. Further performance analysis was conducted to expose any historical anomalies.

Internal discussions on the pros and cons of each manager, including the review of scoring sheets for each of the selection criteria listed above, led to two managers being eliminated and four managers being put forward.

The eliminated managers and the primary reasons for their eliminations are as follows:

| Firm | Reasons for Exclusion |
|---|---|
| Acadian Asset Management LLC | Lost 14 team members in last 4 years; firm and product growth has been weak; only partial exposure to small-cap sector of the market; a relatively high number of (albeit non-material) lawsuits and SEC findings |
| The Boston Company Asset Management, LLC | Team head has large number of responsibilities, including lead PM for Global Equity, Emerging Markets equity, and Multi-Asset Market Neutral, plus research coverage for Global Healthcare sector; high turnover range of 80-154%; firm assets declined from 2007 to 2013 |

The selected managers, first listed in the Executive Summary above, are shown again in the following table.

| Firm | Product |
|---|---|
| Dimensional Fund Advisors L.P. | Emerging Markets All Cap Core Strategy |
| J.P. Morgan Investment Management Inc. | Global Emerging Markets - Discovery* |
| Oaktree Capital Management, L.P. | Emerging Markets Equity |
| Quantitative Management Associates LLC. | Emerging Markets All Cap Equity** |
| | ** “Discovery” replaces” Diversified”* |
| | *** “All Cap” is in lieu of “Core”* |

The remainder of this report describes these semi-finalist candidates in more detail.

## III. SEMI-FINALIST COMPARISON

In the remainder of the report, we compare the semi-finalists, including:

- Product Comparison
- Portfolio Turnover Comparison
- Portfolio Exposure by Market-Cap Segment
- Historical Active Risk (Tracking Error)
- Fees & Expenses Comparison
- Individual Manager Pros and Cons
- Performance Comparison
- Performance Analytics (Section V)
- Complete Questionnaire Responses (Section VI)

### Product Comparison

The table below compares key product details of the semi-finalists.

| Firm | Year Firm Founded | Product Assets 12/31/13 | Portfolio Managers/ Analysts | Typical Number of Issues Held |
|---|---|---|---|---|
| DFA | 1981 | $18.2 billion | 24/23 | 3000-4300 |
| JP Morgan | 1984 | $0.5 billion | 2/26 | 60-80 |
| Oaktree | 1995 | $1.0 billion | 2/10 | 60-80 |
| QMA (All Cap) | 2004 | $0.5 billion | 4/5 | 400-500 |
| QMA (Core) | 2004 | $6.1 billion | 4/5 | 250-350 |

DFA's process results in holding almost all stocks in the Emerging Markets stock universe. For example, on 12/31/2013, they held 3,979 securities. Over time, this number may vary considerably.

### Portfolio Turnover Comparison

The table below compares the Calendar Year (CY) portfolio turnover for years 2007 through 2013:

| Firm | Minimum CY Turnover | Average CY Turnover | Maximum CY Turnover |
|---|---|---|---|
| DFA | 1% | 3% | 6% |
| JP Morgan | 22% | 39% | 54% |
| Oaktree | 45% | 58% | 77% |
| QPM (All Cap) | 64% | 90% | 114% |
| QPM (Core) | 93% | 108% | 129% |

Note that Oaktree and QPM (All Cap) have shorter histories. DFA's expected turnover is 5-10% annually, but its actual reported turnover is lower due to an artifact of the SEC Turnover Calculation which impacts products that experience strong and consistent inflows of assets.

## Portfolio Exposure by Market-Cap Segment

The table below compares the 12/31/2013 exposures to four market-cap sectors ("m" designates millions; "b" designates billions). All candidates have between 20% and 30% exposure to the two Small-Cap sectors. All numbers below are percentages.

| Firm | Smaller Small-Cap (<$800 m) | Larger Small-Cap ($800m - $2.5b) | Mid-Cap ($2.5b - $8b) | Large-Cap (>$8bil) |
|---|---|---|---|---|
| DFA | 12.1 | 14.9 | 23.9 | 49.1 |
| JP Morgan | 3.5 | 21.7 | 31.9 | 42.9 |
| Oaktree | 8.9 | 18.3 | 25.3 | 47.5 |
| QPM (All Cap) | 14.4 | 9.2 | 23.7 | 47.3 |
| QPM (Core) | 0.0 | 3.8 | 26.3 | 69.9 |

## Historical Active Risk (Tracking Error)

The table below compares the historical volatility of index-relative returns (the "active risk" or "tracking error") over five trailing time periods through 12/31/2013. The index is the MSCI Emerging Markets Investible Markets Index (Net Dividends). All numbers below are percentages. DFA and QMA have experienced lower risk, while Oaktree has experienced moderate risk, and JP Morgan has experienced the highest risk.

| Firm | 1 Yr | 2 Yrs | 3 Yrs | 5 Yrs | 7 Yrs |
|---|---|---|---|---|---|
| DFA | 1.5 | 2.0 | 2.6 | 2.9 | 4.1 |
| JP Morgan | 4.5 | 4.6 | 4.7 | 6.0 | 7.0 |
| Oaktree | 3.3 | 3.1 | | | |
| QMA (All Cap) | 1.5 | 1.6 | 2.3 | | |
| QMA (All Cap) | 1.5 | 1.8 | 2.4 | 2.2 | 2.3 |

## Fees & Expenses Comparison

The table below compares the recommended vehicles, the management fees, and other expenses. Custody charges are based on every share held in an account and pro-rated to clients in commingled accounts. Ticket charges are based on every trade as every trade has a trade ticket which carries a ticket charge which is also pro-rated to clients in commingled accounts.

| Firm | Recommended Vehicle | Management Fees on Vehicle | Custody Charges | Net Ticket Charges | Other/ Admin Expenses | Total |
|---|---|---|---|---|---|---|
| DFA | Institutional Mutual Fund | **0.55%** | 0.05% | — | 0.03% | **0.63%** |
| JP Morgan | Commingled Fund | **0.85%** | 0.12% | — | 0.05% | **1.02%** |
| Oaktree | Commingled Fund | **0.80%** | — | — | 0.20% | **1.00%** |
| QMA (All Cap) | Collective Trust | **0.75%** | 0.07% | 0.09% | 0.19% | **1.10%** |
| QMA (Core) | Collective Trust | **0.65%** | 0.07% | 0.04% | 0.05% | **0.81%** |

The QMA (All Cap) product requires special explanation given its highest total fees and expenses of 1.10% despite the median management of 0.75%. If the Plan were to select this product, it would represent the initial investor in this vehicle. Consequently, a number of expenses would be fully borne by the Plan until such time that other clients made investments into the vehicle. These full borne expenses include ticket charges which are estimated at 0.26% before a 0.17% subsidy for a net ticket charge of 0.07%—as well as fixed fund expenses including administrative, audit, accounting, legal, etc. Should other clients make investments into the vehicle, it is expected that the ticket charges and other fixed fund expenses would be shared pro-rata by all investors. While the total fees and expenses on this product are the highest in the table above, Milliman continues to believe that performance after all fees and expenses is a more important metric that costs alone. Additionally, one strategy available for the Plan is to initially invest in the lower cost QMA (Core) emerging markets product until such time that the QMA (All Cap) attracts additional clients and fund expense rates are lowered. The QMA (Core) management fee is 0.65%, and the total fees and expenses are 0.81%. Finally, these fees and expense estimates were provided by QMA to Milliman on 4/23/2014 as a revision to the fees and expenses estimates originally provided in their (attached) questionnaire response.

DFA has recommended their institutional mutual fund with total fees and expenses of 0.63%. DFA bundles their ticket charges into other/admin expenses. DFA also offers a separately managed account with a minimum account size of $100 million.

JP Morgan has recommended one of their commingle vehicles with total fees and expenses of 1.02%. JP Morgan also bundles their ticket charges into their custody charges. The vehicle follows their Global Emerging Markets "Discovery" strategy. Additionally, JP Morgan offers a separately managed account with a minimum account size of $50 million.

Oaktree has recommended their commingled fund with total fees of 1.00%. Oaktree caps all other fund expenses at 0.20% by subsidizing expenses above this rate. Additionally, Oaktree offers a separately managed account with a minimum account size of $100 million.

## Individual Manager Pros and Cons

The tables below provide a comparison of the pros and cons of the semi-finalists:

**Dimensional Fund Advisors**

| Pros | Cons |
|---|---|
| • Primarily owned by employees<br>• True all cap product with full exposure to small cap sector of the market<br>• No history of any litigation since 2007<br>• Strong employee compliance training and education<br>• Annual accounts and assets gains have been moderately to strongly greater than accounts and assets lost<br>• Assets more than doubled from 2007 to 2013<br>• Only 7 firm-wide employees lost in last 7 years<br>• 81 Emerging Markets accounts gained in last 4 years versus 1 account lost<br>• Team includes legendary David Booth<br>• Use of minimum liquidity filters<br>• Team approach; no stars<br>• Restricts risk countries<br>• No currency hedging: pure equity<br>• Good cash control<br>• Very low turnover at 1-6% per year<br>• Enterprise-wide risk management framework, including risk governance, risk, and risk monitoring and control<br>• Very attractive total fees and expenses at 63 bps | • Prior use of soft dollars (before stopping practice in December 2013) |

**J.P. Morgan Investment Management**

| Pros | Cons |
|---|---|
| • Large investment management firm with research from a broad, global analyst base<br>• Firm growth has been very consistent<br>• Sound fundamental investment philosophy<br>• Broad diversification with partial investment in small caps<br>• Portfolio is differentiated by a tilt to small- and mid-cap emerging market securities<br>• Opportunistic frontier market exposure<br>• Low portfolio turnover for a more concentrated EM active manager in the 22-55% range | • Head Portfolio Manager departed in March 2012 and was replaced with new Head PM, who has just wrapped up second year in role<br>• The Emerging Market team lost three individuals in 2013<br>• Expected tracking error: 8+%<br>• Moderately high fees: 85 basis points for management and an expected administration fee of 17 basis points; total fees of 102 basis points<br>• Products assets dropped substantially in the 2012-2013 time period<br>• Firm does not view this portfolio as an “EM starter portfolio” due to its concentration |

**Oaktree Capital Management**

| Pros | Cons |
|---|---|
| • Very well respected firm with deep investment experience<br>• Two PMs have managed an Emerging Market Absolute Return fund since 1997 and generated 900 bps of outperformance since inception<br>• The team has a long history and experience investing in emerging markets<br>• 4 analysts and 2 traders located in Asia (Singapore and Hong Kong). 5 analysts, 2 traders and the two PMs are in Stamford, Connecticut<br>• Vanguard performed due diligence on the Emerging Markets team and requested Oaktree to be a sub advisor to the Vanguard Emerging Market Select Fund; the genesis of the long-only strategy came at the request of Vanguard<br>• Robust trading, risk management, and research infrastructure<br>• Product assets have grown from $56 million to $1 billion in calendar year 2013 | • Limited official product performance history |

**Quantitative Management Associates**

| Pros | Cons |
|---|---|
| • Stable ownership structure/subsidiary of Prudential Investment Management<br>• Portfolio management team has extensive background and 23 years of average investment experience<br>• QMA was an Emerging Markets finalist for another Florida public client in 2012<br>• The all cap strategy offers the broadest exposure to the emerging market sector with deliberate and full exposure to the small cap segment<br>• Rigorous, rules-based process supplemented by research analysts conducting financial statement analysis<br>• Diversified exposure to 15 factors based on Valuation, Growth, Quality, Profitability and Financial Momentum<br>• QMA EM All Cap has outperformed benchmark in every calendar year since its 2009 inception<br>• QMA EM Core (managed by same team with same process) has outperformed benchmark in every calendar year since its 2002 inception<br>• QMA EM Core total fees and expenses of 0.91% are available as an alternative until All Cap fund's assets grow | • The All Cap commingled vehicle is looking for its first client and first assets; if the Plan were to become the first client, the total management fees (0.75%) plus all other expenses (0.65%) would total to 1.40% |

## Performance Comparison

The table below is for performance through 3/31/2014. Data longer than one year is annualized. The index is the MSCI Emerging Markets Investible Markets Index (Net Dividends). All numbers below are percentages. Note that the performance histories for Oaktree and QMA (All Cap) are shorter than the others.

### Calendar Year Total Returns

| Firm | 2014* | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|---|---|---|---|
| DFA | 0.66 | -1.86 | 20.99 | -20.06 | 24.50 | 84.94 | -50.32 | 38.39 | 31.92 |
| JP Morgan | 0.88 | 3.27 | 21.06 | -19.33 | 34.99 | 129.83 | -57.42 | 41.46 | 33.18 |
| Oaktree | -1.20 | 1.76 | 25.11 | | | | | | |
| QMA (All Cap) | -0.59 | 0.08 | 23.86 | -16.70 | 22.52 | | | | |
| QMA (Core) | -1.20 | -1.90 | 21.77 | -16.08 | 21.69 | 80.34 | -53.24 | 43.13 | 32.77 |
| **Index** | **-0.43** | **-2.20** | **18.68** | **-19.49** | **19.90** | **82.36** | **-53.78** | **39.83** | **31.71** |

**thru 3/31*

### Trailing Period Total Returns (through 3/31/2014)

| Firm | 1 Yr | 2 Yrs | 3 Yrs | 4 Yrs | 5 Yrs | 6 Yrs | 7 Yrs | 8 Yrs |
|---|---|---|---|---|---|---|---|---|
| DFA | -0.69 | 1.90 | -1.73 | 3.42 | 17.38 | 3.31 | 5.33 | 7.54 |
| JP Morgan | 1.56 | 4.11 | 1.61 | 6.16 | 25.61 | 7.30 | 8.11 | 10.59 |
| Oaktree | 0.00 | 4.94 | | | | | | |
| QMA (All Cap) | -1.62 | 3.10 | -0.39 | 5.27 | | | | |
| QMA (Core) | -2.62 | 1.09 | -1.69 | 4.13 | 16.70 | 2.08 | 5.05 | 7.06 |
| **Index** | **-1.68** | **0.53** | **-2.85** | **2.09** | **14.99** | **0.99** | **3.59** | **5.67** |

### Trailing Period Volatility (Standard Deviation of Total Returns)

| Firm | 1 Yr | 2 Yrs | 3 Yrs | 4 Yrs | 5 Yrs | 6 Yrs | 7 Yrs | 8 Yrs |
|---|---|---|---|---|---|---|---|---|
| DFA | 15.1 | 14.8 | 20.1 | 20.3 | 20.3 | 27.5 | 26.7 | 25.7 |
| JP Morgan | 15.8 | 14.0 | 18.0 | 18.4 | 18.5 | 29.1 | 28.4 | 27.2 |
| Oaktree | 14.8 | 15.0 | | | | | | |
| QMA (All Cap) | 14.4 | 14.3 | 20.2 | 20.2 | | | | |
| QMA (Core) | 14.6 | 14.7 | 20.2 | 20.2 | 20.1 | 26.8 | 26.5 | 25.5 |
| **Index** | 14.3 | 14.3 | 19.5 | 19.5 | 19.5 | 26.5 | 26.3 | 25.3 |

### Trailing Period Total Returns to Volatility Ratio

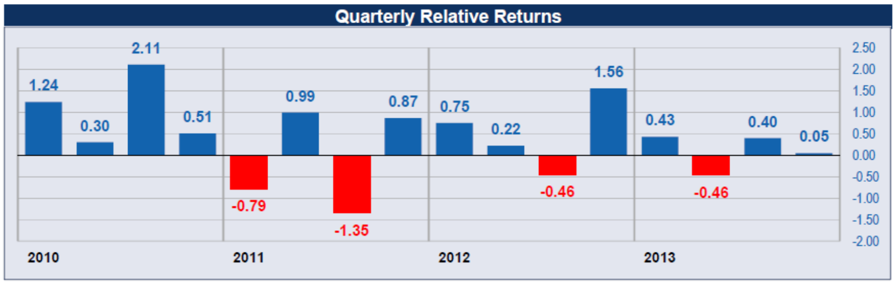
| Firm | 1 Yr | 2 Yrs | 3 Yrs | 4 Yrs | 5 Yrs | 6 Yrs | 7 Yrs | 8 Yrs |
|---|---|---|---|---|---|---|---|---|
| DFA | 0.0 | 0.1 | -0.1 | 0.2 | 0.9 | 0.1 | 0.2 | 0.3 |
| JP Morgan | 0.1 | 0.3 | 0.1 | 0.3 | 1.4 | 0.3 | 0.3 | 0.4 |
| Oaktree | 0.0 | 0.3 | | | | | | |
| QPM (All Cap) | -0.1 | 0.2 | 0.0 | 0.3 | | | | |
| QPM (Core) | -0.2 | 0.1 | -0.1 | 0.2 | 0.8 | 0.1 | 0.2 | 0.3 |
| **Index** | -0.1 | 0.0 | -0.1 | 0.1 | 0.8 | 0.0 | 0.1 | 0.2 |

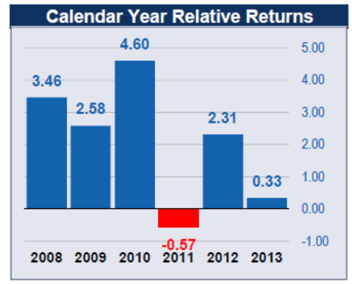
# Performance Picture

**Portfolio: Dimensional Fund Advisors**

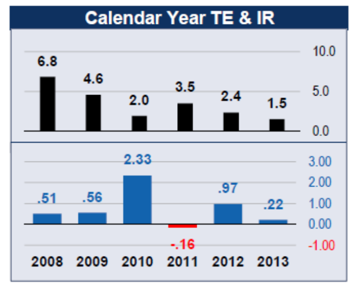
## December 31, 2013

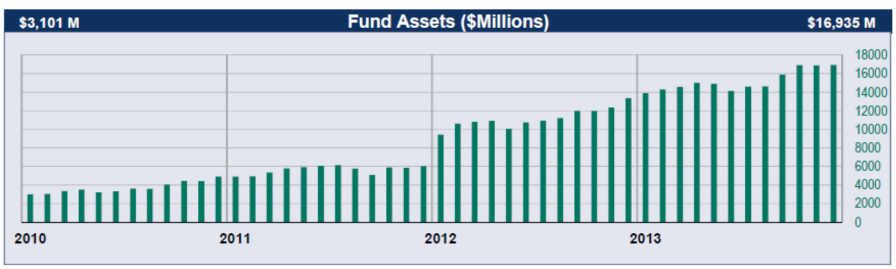
**Benchmark: MSCI Emerging Markets IMI (net divs)**








**Performance Table** *Annualized

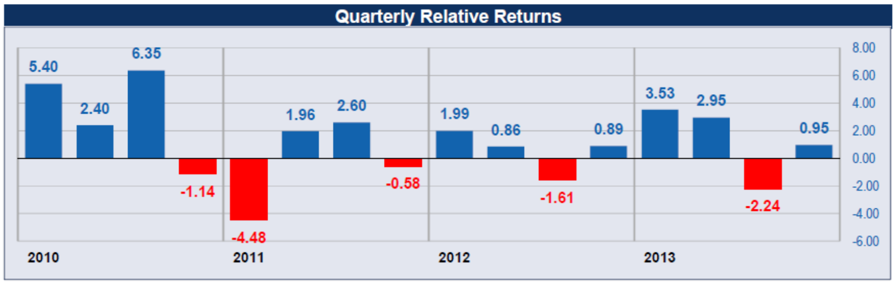
| (Period) | Portfolio | Bnchmk | Relative | TE | IR |
|---|---|---|---|---|---|
| 1m | -0.85 | -1.34 | 0.49 | – | – |
| 3m | 1.81 | 1.77 | 0.05 | 1.5 | .03 |
| 6m | 7.80 | 7.35 | 0.45 | 1.8 | .26 |
| 12m | -1.86 | -2.20 | 0.33 | 1.5 | .22 |
| 24m* | 8.97 | 7.74 | 1.23 | 2.0 | .62 |
| 36m* | -1.72 | -2.23 | 0.51 | 2.6 | .20 |
| 48m* | 4.26 | 2.88 | 1.38 | 2.4 | .56 |
| 60m* | 16.92 | 15.36 | 1.56 | 2.9 | .53 |
| YTD | -1.86 | -2.20 | 0.33 | 1.5 | .22 |

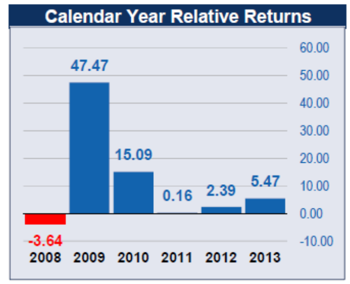
# Performance Picture

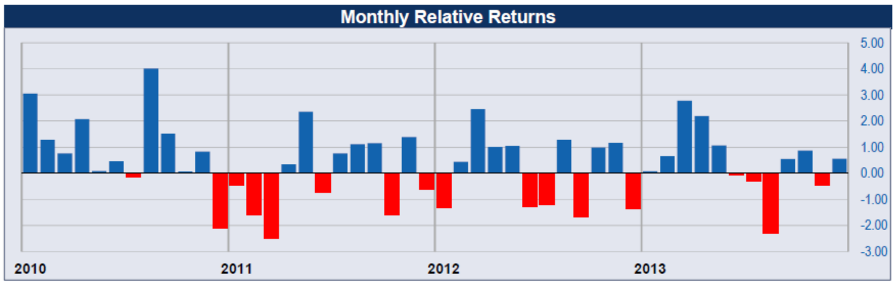
**Portfolio: JP Morgan**

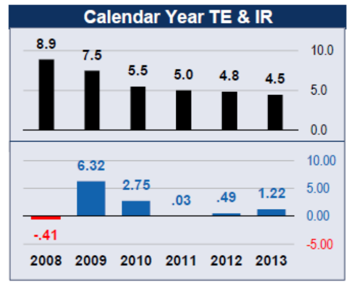
# December 31, 2013

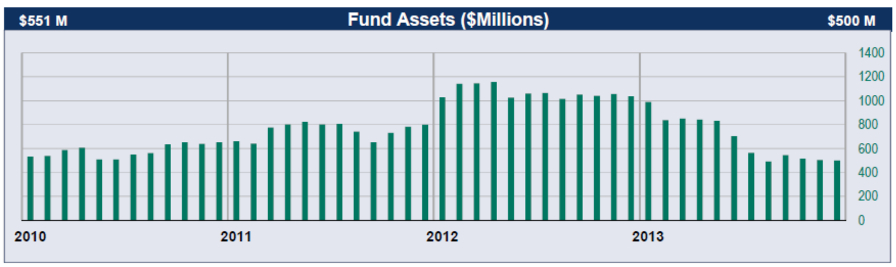
**Benchmark: MSCI Emerging Markets IMI (net divs)**




**Performance Table** *Annualized

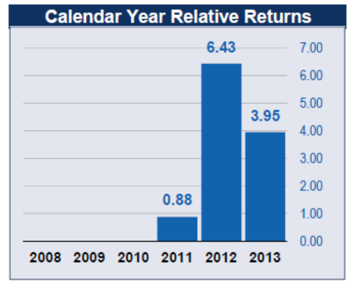
| (Period) | Portfolio | Bnchmk | Relative | TE | IR |
|---|---|---|---|---|---|
| 1m | -0.77 | -1.34 | 0.56 | – | – |
| 3m | 2.71 | 1.77 | 0.95 | 2.4 | .40 |
| 6m | 6.05 | 7.35 | -1.30 | 4.0 | -.32 |
| 12m | 3.27 | -2.20 | 5.47 | 4.5 | 1.22 |
| 24m* | 11.81 | 7.74 | 4.08 | 4.6 | .89 |
| 36m* | 0.29 | -2.23 | 2.52 | 4.7 | .54 |
| 48m* | 8.02 | 2.88 | 5.14 | 5.0 | 1.03 |
| 60m* | 25.63 | 15.36 | 10.26 | 6.0 | 1.70 |
| YTD | 3.27 | -2.20 | 5.47 | 4.5 | 1.22 |

## Performance Picture

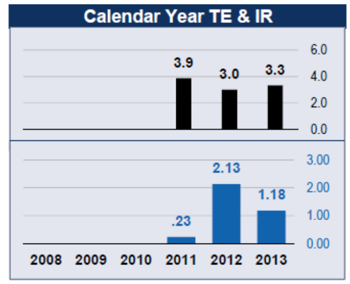
**Portfolio: Oaktree**

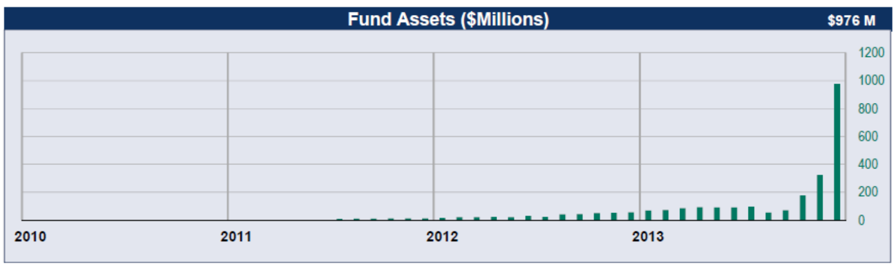
## June 30, 2011 – December 31, 2013

**Benchmark: MSCI Emerging Markets IMI (net divs)**






**Performance Table** *Annualized

| (Period) | Portfolio | Bnchmk | Relative | TE | IR |
|---|---|---|---|---|---|
| 1m | -0.62 | -1.34 | 0.72 | – | – |
| 3m | 4.97 | 1.77 | 3.20 | 2.1 | 1.51 |
| 6m | 9.58 | 7.35 | 2.23 | 3.2 | .69 |
| 12m | 1.76 | -2.20 | 3.95 | 3.3 | 1.18 |
| 24m* | 12.83 | 7.74 | 5.09 | 3.1 | 1.63 |
| 36m* | – | – | – | 3.2 | – |
| 48m* | – | – | – | 3.2 | – |
| 60m* | – | – | – | 3.2 | – |
| YTD | 1.76 | -2.20 | 3.95 | 3.3 | 1.18 |

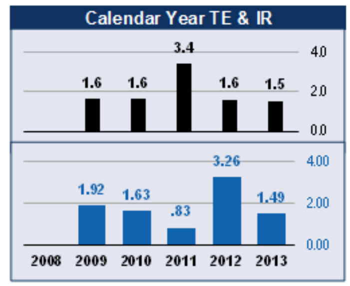
## Performance Picture

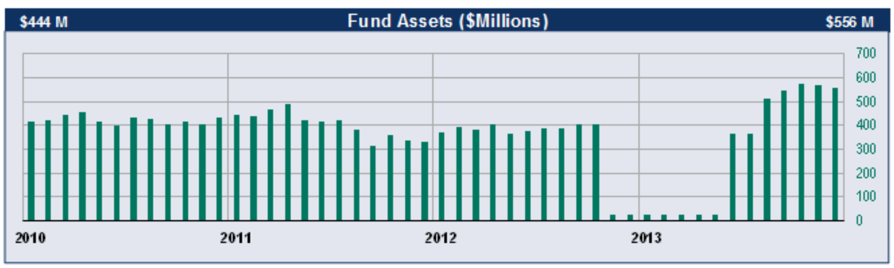
Portfolio: QMA (All Cap)

## April 30, 2009 – December 31, 2013

Benchmark: MSCI Emerging Markets IMI (net divs)




**Performance Table** *Annualized

| (Period) | Portfolio | Bnchmk | Relative | TE | IR |
|---|---|---|---|---|---|
| 1m | -1.88 | -1.34 | -0.54 | – | – |
| 3m | 1.48 | 1.77 | -0.28 | 1.6 | -.17 |
| 6m | 7.77 | 7.35 | 0.42 | 1.3 | .32 |
| 12m | 0.08 | -2.20 | 2.28 | 1.5 | 1.49 |
| 24m* | 11.34 | 7.74 | 3.60 | 1.6 | 2.32 |
| 36m* | 1.08 | -2.23 | 3.31 | 2.3 | 1.45 |
| 48m* | 6.05 | 2.88 | 3.17 | 2.1 | 1.49 |
| 60m* | – | – | – | 2.0 | – |
| YTD | 0.08 | -2.20 | 2.28 | 1.5 | 1.49 |

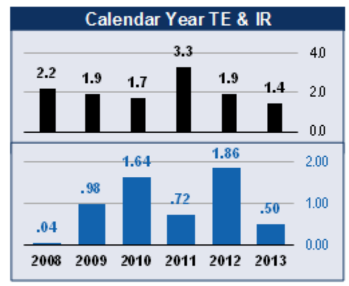
# Performance Picture

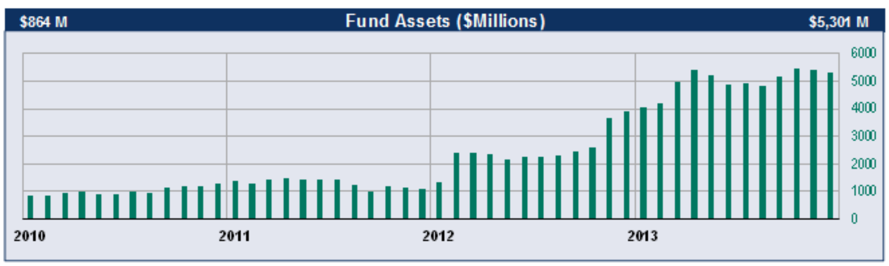
Portfolio: QMA (Core)

December 31, 2013

Benchmark: MSCI Emerging Markets (net divs)




**Performance Table** *Annualized

| (Period) | Portfolio | Bnchmk | Relative | TE | IR |
|---|---|---|---|---|---|
| 1m | -2.01 | -1.45 | -0.56 | – | – |
| 3m | 1.73 | 1.83 | -0.10 | 1.7 | -.06 |
| 6m | 8.13 | 7.70 | 0.43 | 1.2 | .35 |
| 12m | -1.90 | -2.60 | 0.70 | 1.4 | .50 |
| 24m* | 9.30 | 7.31 | 1.99 | 1.7 | 1.19 |
| 36m* | 0.09 | -2.06 | 2.15 | 2.3 | .94 |
| 48m* | 5.10 | 2.80 | 2.30 | 2.1 | 1.08 |
| 60m* | 17.08 | 14.79 | 2.29 | 2.1 | 1.10 |
| YTD | -1.90 | -2.60 | 0.70 | 1.4 | .50 |

Note: Here the QMA (Core) is compared to the MSCI Emerging Markets Index (net divs), which is the benchmark this product seeks to outperform.

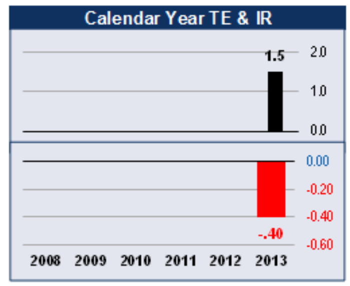
# Performance Picture

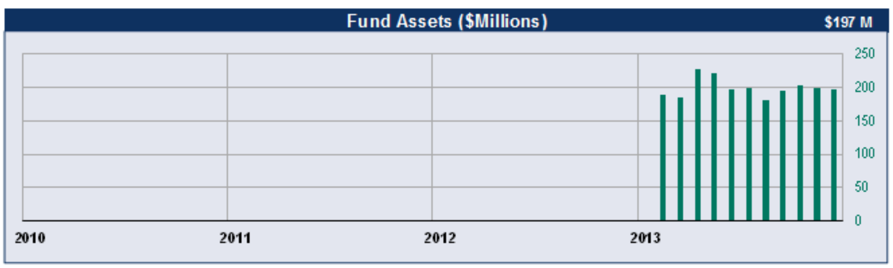
**Portfolio: Rhumbline**

## January 31, 2013 – December 31, 2013

**Benchmark: MSCI Emerging Markets IMI (net divs)**




**Performance Table** *Annualized

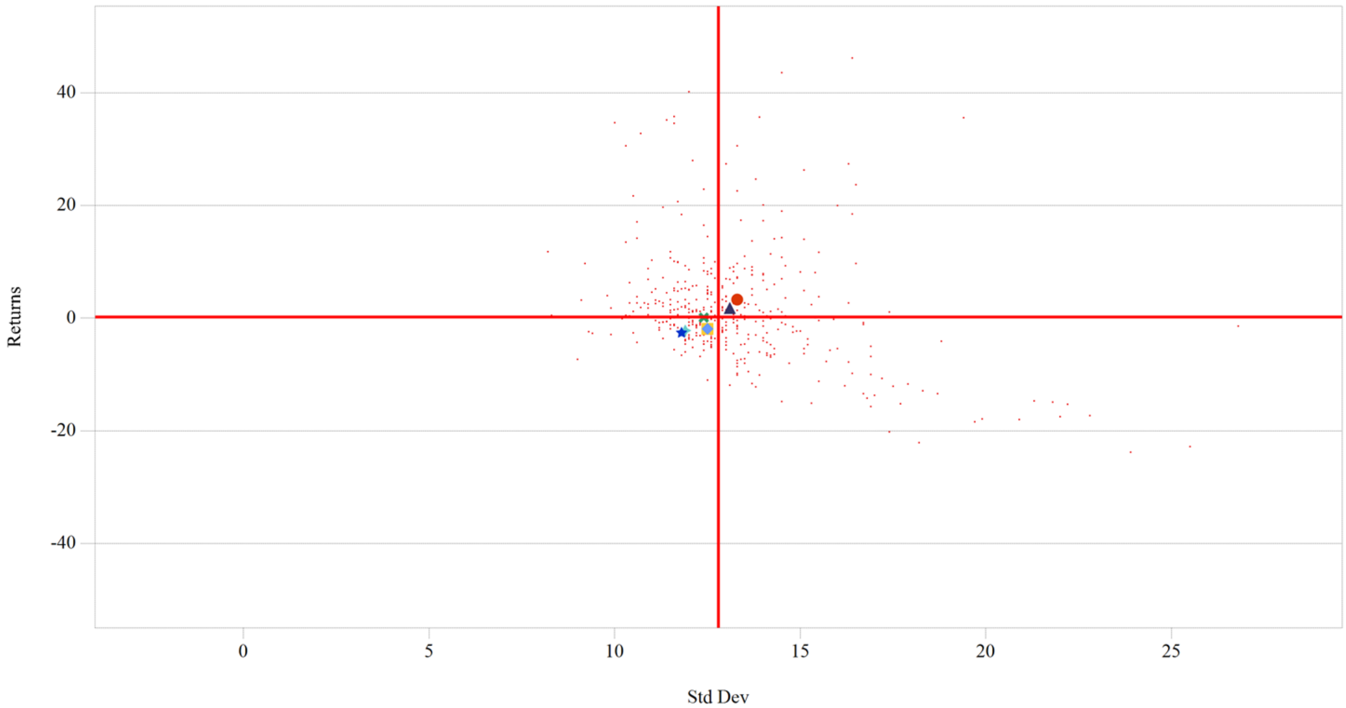
| (Period) | Portfolio | Brchmk | Relative | TE | IR |
|---|---|---|---|---|---|
| 1m | -1.76 | -1.34 | -0.42 | – | – |
| 3m | 1.20 | 1.77 | -0.57 | 0.8 | -.74 |
| 6m | 7.85 | 7.35 | 0.51 | 1.2 | .43 |
| 12m | – | – | – | 1.5 | – |
| 24m* | – | – | – | 1.5 | – |
| 36m* | – | – | – | 1.5 | – |
| 48m* | – | – | – | 1.5 | – |
| 60m* | – | – | – | 1.5 | – |
| YTD | -4.26 | -3.67 | -0.59 | 1.5 | -.40 |

# V. PERFORMANCE ANALYTICS

## Risk-Return Scatterplots

These scatterplots show the Semi-Finalist candidates and their eVestment Emerging Markets Equity universe peers across two dimensions: annualized return and annualized volatility (standard deviation of returns). Data is through 12/31/2013. The MSCI Emerging Markets IMI Index (Net Dividends) and the MSCI Emerging Markets Index are included as benchmarks.

### 1-Year



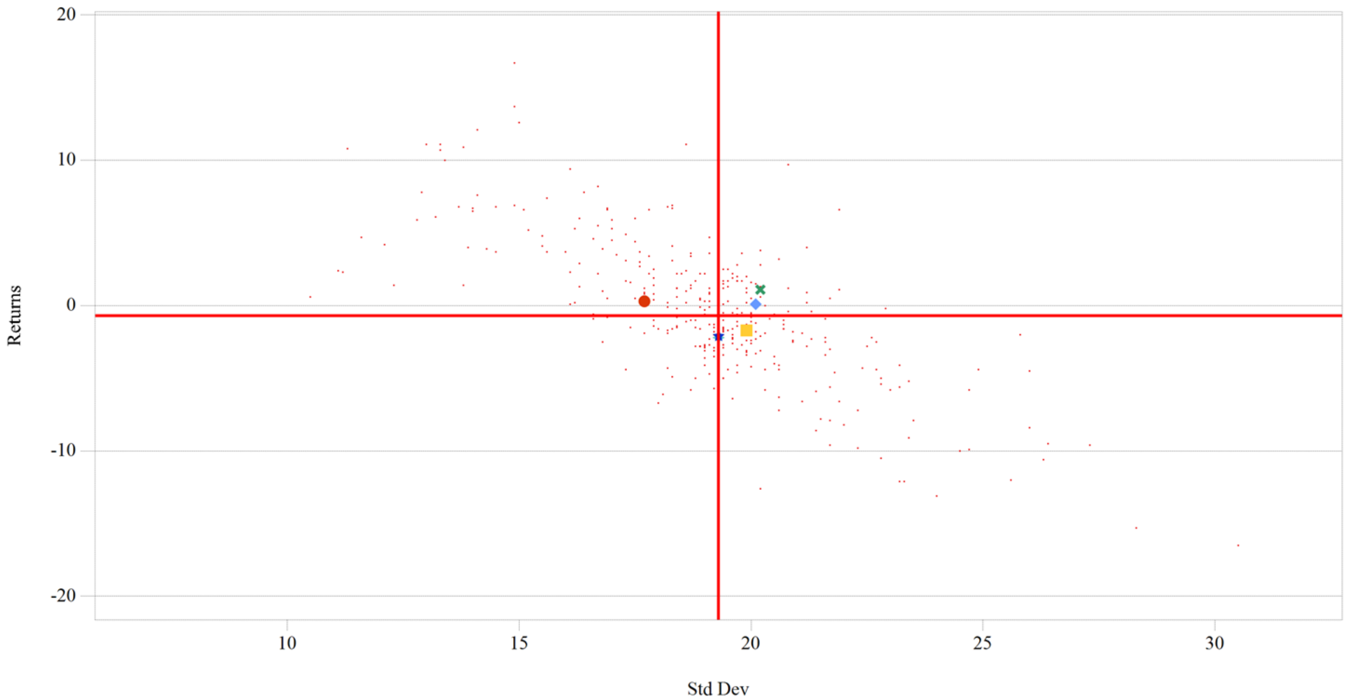

Universe: eVestment All Emerging Mkts Equity

As Of: December 31, 2013
1 Years

| | RM | Returns | Std Dev |
|---|---|---|---|
| Dimensional Fund Advisors L.P.: Emerging Markets All Cap Core Strategy | GF | -1.9 | 12.5 |
| J.P. Morgan Investment Management Inc.: Global Emerging Markets - Discovery | GF | 3.3 | 13.3 |
| Oaktree Capital Management, L.P.: Oaktree Emerging Markets Equity | GF | 1.8 | 13.1 |
| Quantitative Management Associates LLC: Emerging Markets All Cap Equity | GF | 0.1 | 12.4 |
| Quantitative Management Associates LLC: Emerging Markets Core Equity | GF | -1.9 | 12.5 |
| MSCI Index: MSCI EM IMI-ND | IX | -2.2 | 11.9 |
| MSCI Index: MSCI EM-ND | IX | -2.6 | 11.8 |
| Universe Median | | 0.2 | 12.8 |

Results displayed in US Dollar (USD)

## 3-Year



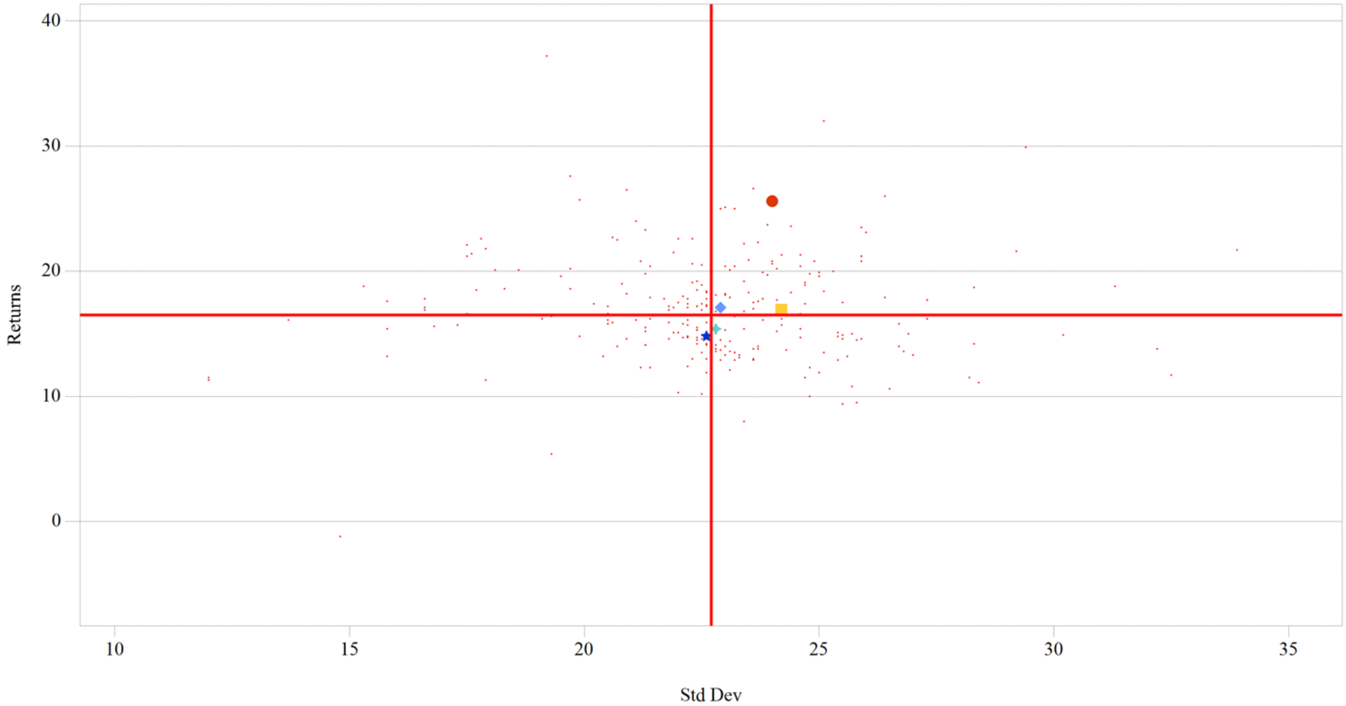

Universe: eVestment All Emerging Mkts Equity

As Of: December 31, 2013
3 Years

| | RM | Returns | Std Dev |
|---|---|---|---|
| Dimensional Fund Advisors L.P.: Emerging Markets All Cap Core Strategy | GF | -1.7 | 19.9 |
| J.P. Morgan Investment Management Inc.: Global Emerging Markets - Discovery | GF | 0.3 | 17.7 |
| Oaktree Capital Management, L.P.: Oaktree Emerging Markets Equity | GF | --- | --- |
| Quantitative Management Associates LLC: Emerging Markets All Cap Equity | GF | 1.1 | 20.2 |
| Quantitative Management Associates LLC: Emerging Markets Core Equity | GF | 0.1 | 20.1 |
| MSCI Index: MSCI EM IMI-ND | IX | -2.2 | 19.3 |
| MSCI Index: MSCI EM-ND | IX | -2.1 | 19.3 |
| Universe Median | | -0.7 | 19.3 |

Results displayed in US Dollar (USD)

## 5-Year




Universe: eVestment All Emerging Mkts Equity

As Of: December 31, 2013
5 Years

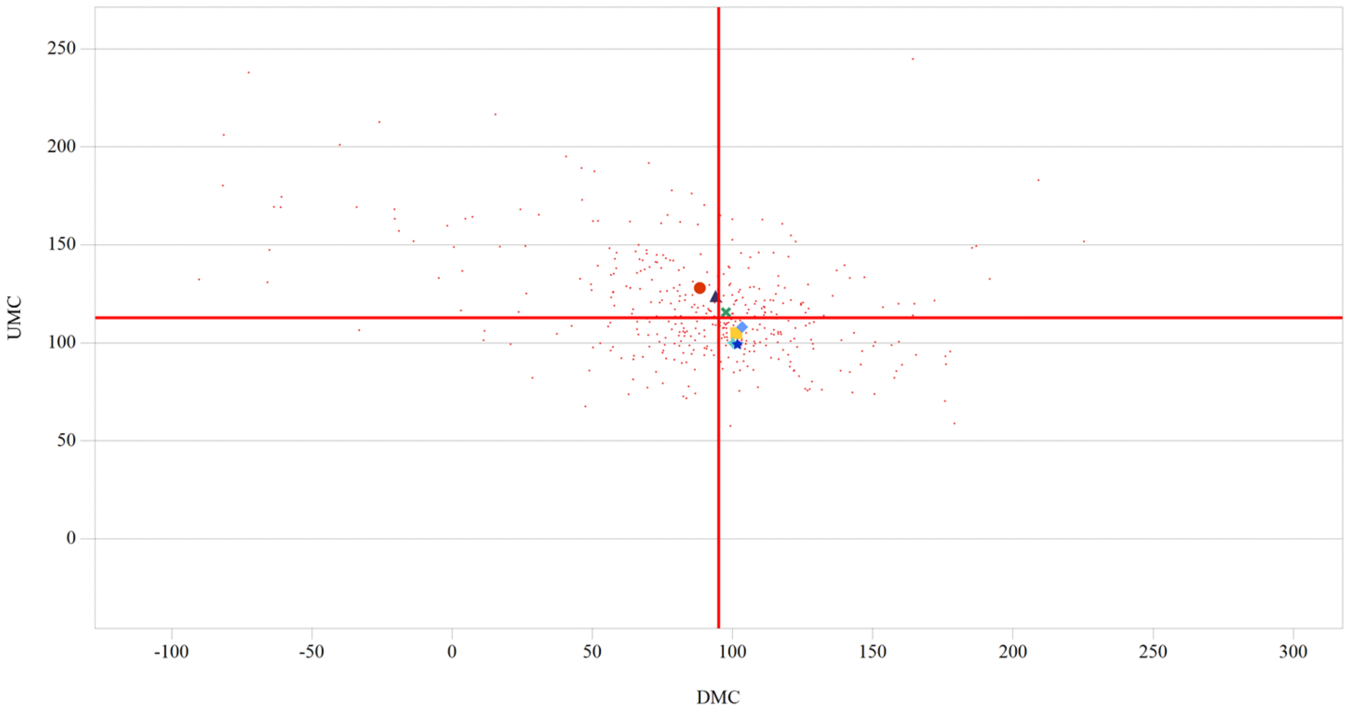
| | RM | Returns | Std Dev |
|---|---|---|---|
| Dimensional Fund Advisors L.P.: Emerging Markets All Cap Core Strategy | GF | 16.9 | 24.2 |
| J.P. Morgan Investment Management Inc.: Global Emerging Markets - Discovery | GF | 25.6 | 24.0 |
| Oaktree Capital Management, L.P.: Oaktree Emerging Markets Equity | GF | --- | --- |
| Quantitative Management Associates LLC: Emerging Markets All Cap Equity | GF | --- | --- |
| Quantitative Management Associates LLC: Emerging Markets Core Equity | GF | 17.1 | 22.9 |
| MSCI Index: MSCI EM IMI-ND | IX | 15.4 | 22.8 |
| MSCI Index: MSCI EM-ND | IX | 14.8 | 22.6 |
| Universe Median | | 16.5 | 22.7 |

Results displayed in US Dollar (USD)

## Upside-Downside Market Capture Scatterplots

These scatterplots show the Semi-Finalist candidates and their eVestment Emerging Markets Equity universe peers across two dimensions: upside market capture and downside market capture. Data is through December 31, 2013.

**1-Year**




Universe: eVestment All Emerging Mkts Equity

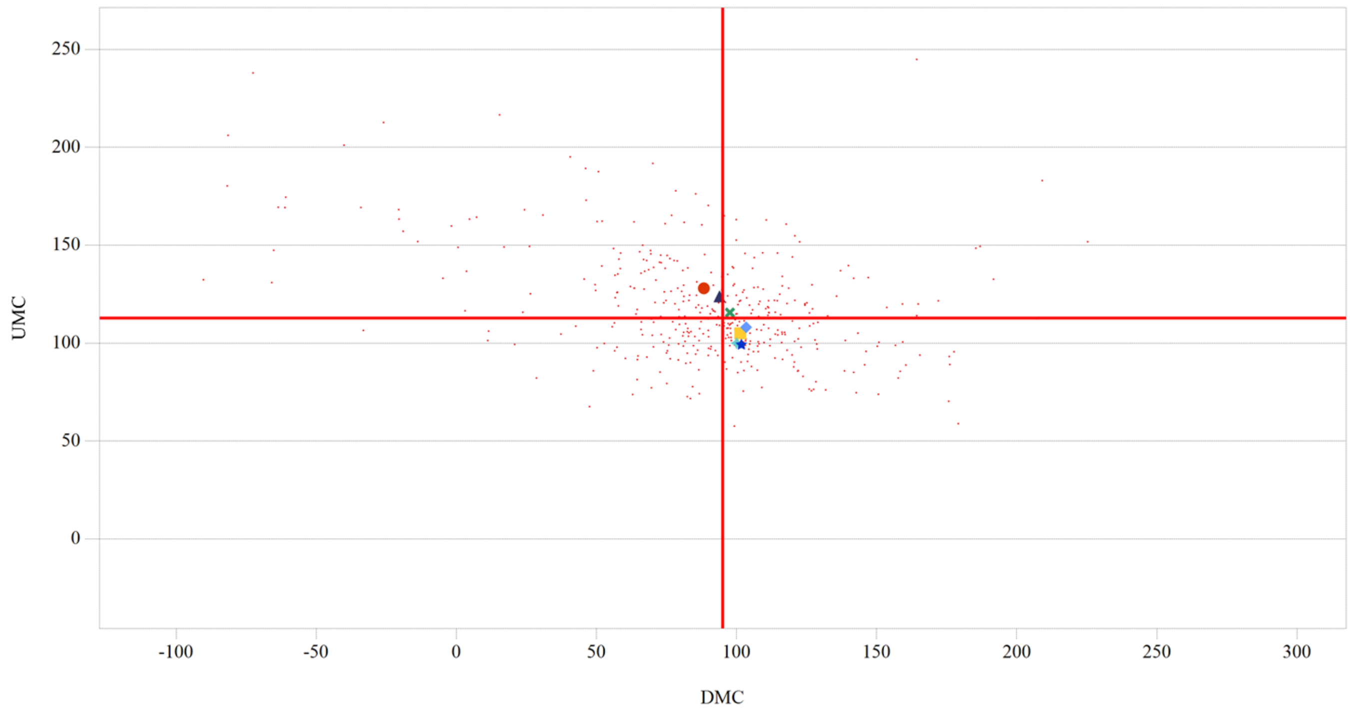
As Of: December 31, 2013
1 Years

| | RM | UMC | DMC |
|---|---|---|---|
| Dimensional Fund Advisors L.P.: Emerging Markets All Cap Core Strategy | GF | 105.0 | 101.4 |
| J.P. Morgan Investment Management Inc.: Global Emerging Markets - Discovery | GF | 128.0 | 88.3 |
| Oaktree Capital Management, L.P.: Oaktree Emerging Markets Equity | GF | 123.9 | 93.9 |
| Quantitative Management Associates LLC: Emerging Markets All Cap Equity | GF | 115.6 | 97.6 |
| Quantitative Management Associates LLC: Emerging Markets Core Equity | GF | 108.1 | 103.4 |
| MSCI Index: MSCI EM IMI-ND | IX | 100.0 | 100.0 |
| MSCI Index: MSCI EM-ND | IX | 99.2 | 101.7 |
| Universe Median | | 112.8 | 95.1 |

Results displayed in US Dollar (USD)

MSCI EM IMI-ND

## 3-Year




Universe: eVestment All Emerging Mkts Equity

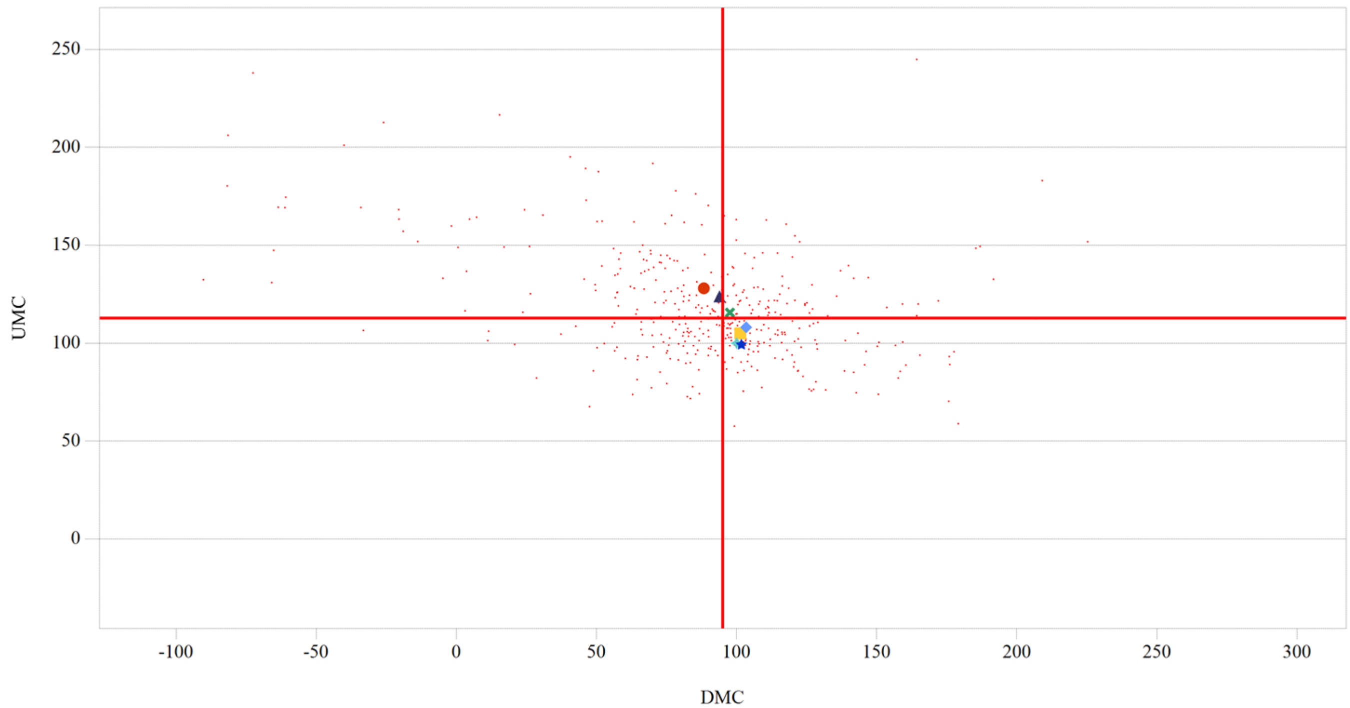
As Of: December 31, 2013
1 Years

| | RM | UMC | DMC |
|---|---|---|---|
| Dimensional Fund Advisors L.P.: Emerging Markets All Cap Core Strategy | GF | 105.0 | 101.4 |
| J.P. Morgan Investment Management Inc.: Global Emerging Markets - Discovery | GF | 128.0 | 88.3 |
| Oaktree Capital Management, L.P.: Oaktree Emerging Markets Equity | GF | 123.9 | 93.9 |
| Quantitative Management Associates LLC: Emerging Markets All Cap Equity | GF | 115.6 | 97.6 |
| Quantitative Management Associates LLC: Emerging Markets Core Equity | GF | 108.1 | 103.4 |
| MSCI Index: MSCI EM IMI-ND | IX | 100.0 | 100.0 |
| MSCI Index: MSCI EM-ND | IX | 99.2 | 101.7 |
| Universe Median | | 112.8 | 95.1 |

Results displayed in US Dollar (USD)

MSCI EM IMI-ND

## 5-Year




Universe: eVestment All Emerging Mkts Equity

As Of: December 31, 2013
1 Years

| | RM | UMC | DMC |
|---|---|---|---|
| Dimensional Fund Advisors L.P.: Emerging Markets All Cap Core Strategy | GF | 105.0 | 101.4 |
| J.P. Morgan Investment Management Inc.: Global Emerging Markets - Discovery | GF | 128.0 | 88.3 |
| Oaktree Capital Management, L.P.: Oaktree Emerging Markets Equity | GF | 123.9 | 93.9 |
| Quantitative Management Associates LLC: Emerging Markets All Cap Equity | GF | 115.6 | 97.6 |
| Quantitative Management Associates LLC: Emerging Markets Core Equity | GF | 108.1 | 103.4 |
| MSCI Index: MSCI EM IMI-ND | IX | 100.0 | 100.0 |
| MSCI Index: MSCI EM-ND | IX | 99.2 | 101.7 |
| Universe Median | | 112.8 | 95.1 |

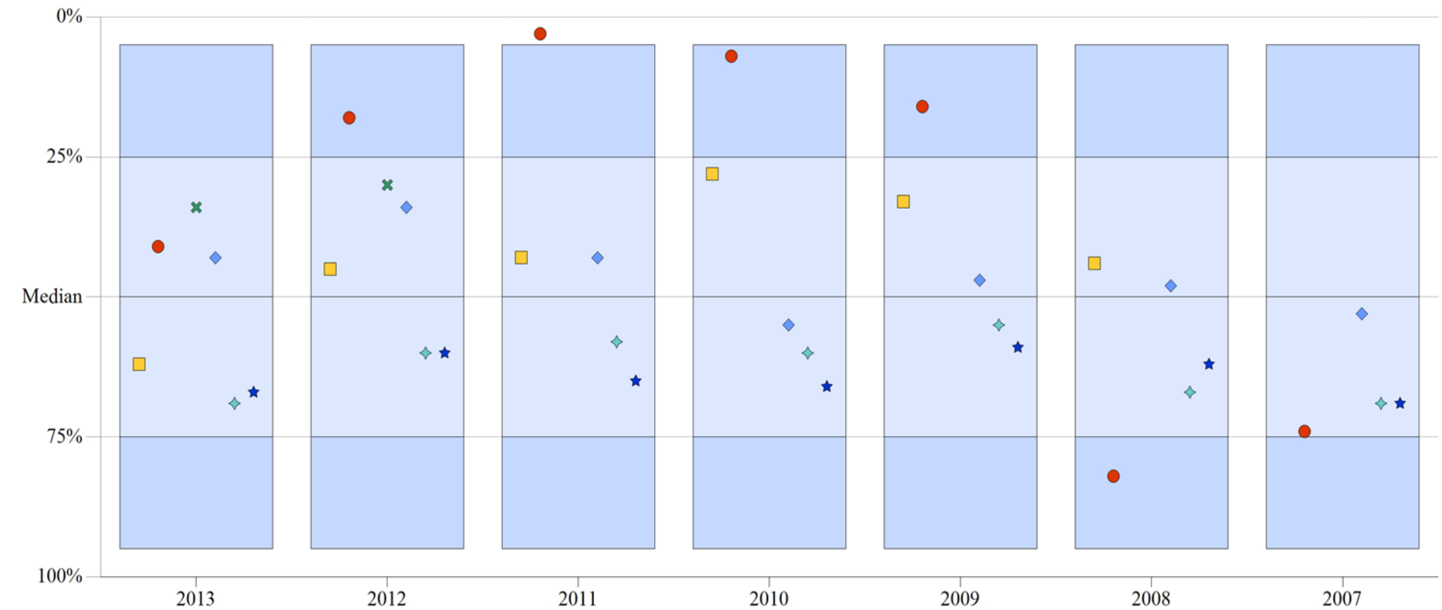
Results displayed in US Dollar (USD)

MSCI EM IMI-ND

## 3-Year Rolling-Period Statistics

These 3-Year Rolling Periods statistics show how the data has evolved over each of the last seven calendar year ends. Three sets of statistics are shown: Total Returns, Volatility (standard deviation of total returns), and Information Ratios. Data is through December 31, 2013.

### Total Returns

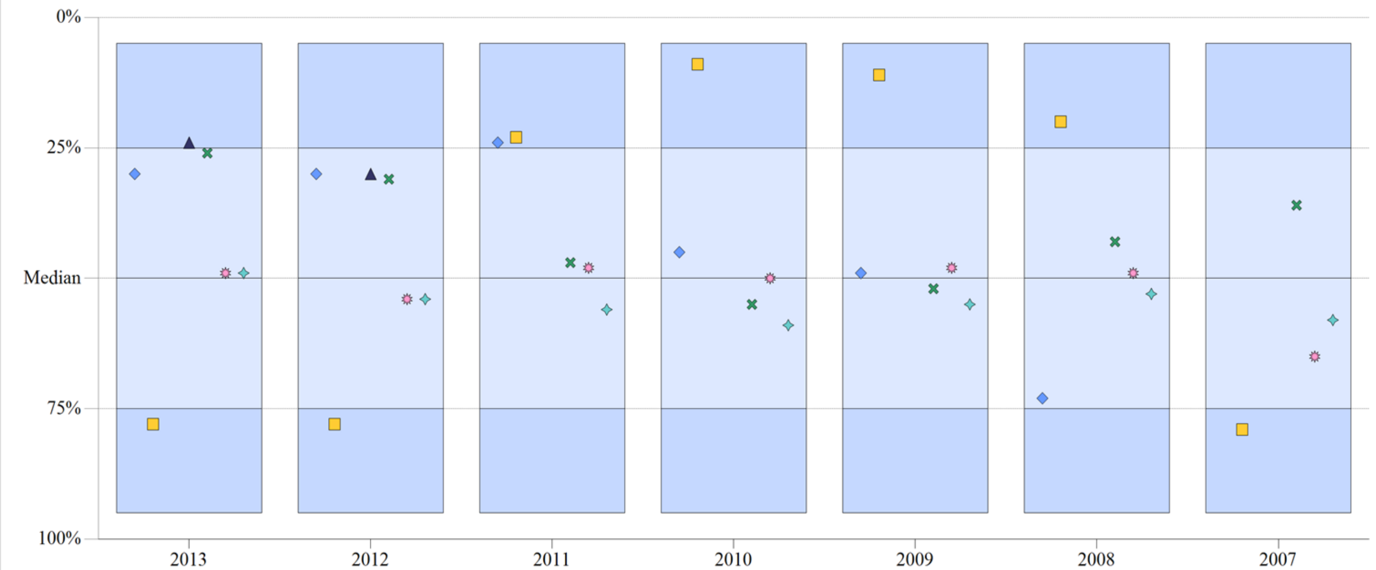



Universe:
eVestment All Emerging Mkts Equity

| | RM | 2013 | Rk | 2012 | Rk | 2011 | Rk | 2010 | Rk | 2009 | Rk | 2008 | Rk | 2007 | Rk |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Dimensional Fund Advis… | GF | -1.7 | 62 | 6.4 | 45 | 22.5 | 43 | 4.6 | 28 | 8.3 | 33 | -3.2 | 44 | --- | |
| J.P. Morgan Investment… | GF | 0.3 | 41 | 9.7 | 18 | 35.8 | 3 | 9.7 | 7 | 11.4 | 16 | -7.1 | 82 | 34.7 | 74 |
| Oaktree Capital Manage… | GF | --- | | --- | | --- | | --- | | --- | | --- | | --- | |
| Quantitative Managemen… | GF | 1.1 | 34 | 8.1 | 30 | --- | | --- | | --- | | --- | | --- | |
| Quantitative Managemen… | GF | 0.1 | 43 | 7.5 | 34 | 22.6 | 43 | 0.9 | 55 | 6.5 | 47 | -3.9 | 48 | 36.7 | 53 |
| MSCI Index: MSCI EM… | IX | -2.2 | 69 | 4.6 | 60 | 20.7 | 58 | 0.4 | 60 | 5.6 | 55 | -5.2 | 67 | 35.1 | 69 |
| MSCI Index: MSCI EM-… | IX | -2.1 | 67 | 4.7 | 60 | 20.1 | 65 | -0.3 | 66 | 5.1 | 59 | -4.9 | 62 | 35.2 | 69 |

Results displayed in US Dollar (USD)

## Volatility (Standard Deviation of Total Returns)

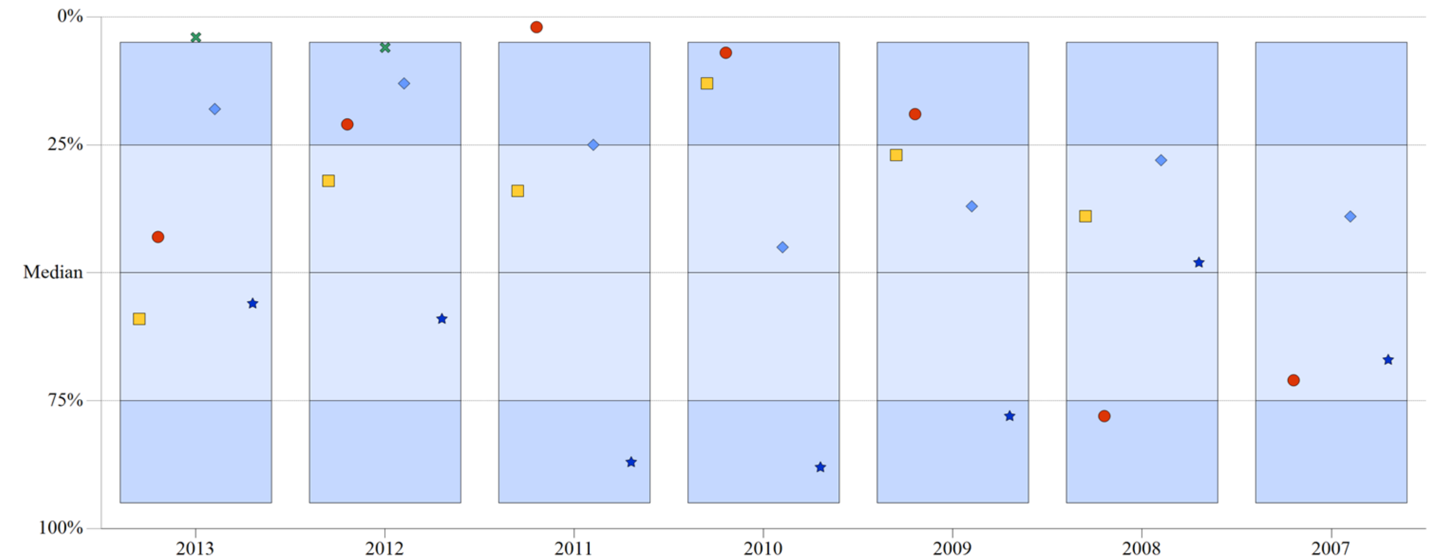



Universe:
eVestment All Emerging Mkts Equity

| | RM | 2013 | Rk | 2012 | Rk | 2011 | Rk | 2010 | Rk | 2009 | Rk | 2008 | Rk | 2007 | Rk |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Dimensional Fund Advis… | GF | 19.9 | 30 | 22.7 | 30 | 28.3 | 24 | 33.9 | 45 | 33.2 | 49 | 28.0 | 73 | --- | |
| J.P. Morgan Investment… | GF | 17.7 | 78 | 20.0 | 78 | 28.4 | 23 | 38.3 | 9 | 37.8 | 11 | 31.8 | 20 | 17.0 | 79 |
| Oaktree Capital Manage… | GF | --- | | --- | | --- | | --- | | --- | | --- | | --- | |
| Quantitative Managemen… | GF | 20.2 | 24 | 22.6 | 30 | --- | | --- | | --- | | --- | | --- | |
| Quantitative Managemen… | GF | 20.1 | 26 | 22.6 | 31 | 26.5 | 47 | 33.3 | 55 | 33.0 | 52 | 29.7 | 43 | 19.1 | 36 |
| MSCI Index: MSCI EM… | IX | 19.3 | 49 | 21.8 | 54 | 26.4 | 48 | 33.6 | 50 | 33.3 | 48 | 29.3 | 49 | 18.1 | 65 |
| MSCI Index: MSCI EM-… | IX | 19.3 | 49 | 21.8 | 54 | 26.1 | 56 | 33.0 | 59 | 32.8 | 55 | 29.1 | 53 | 18.4 | 58 |

Results displayed in US Dollar (USD)

## Information Ratios




Universe:
eVestment All Emerging Mkts Equity

| | RM | 2013 | Rk | 2012 | Rk | 2011 | Rk | 2010 | Rk | 2009 | Rk | 2008 | Rk | 2007 | Rk |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Dimensional Fund Advis… | GF | 0.2 | 59 | 0.7 | 32 | 0.5 | 34 | 0.9 | 13 | 0.5 | 27 | 0.4 | 39 | --- | |
| J.P. Morgan Investment… | GF | 0.5 | 43 | 1.0 | 21 | 2.2 | 2 | 1.2 | 7 | 0.6 | 19 | -0.2 | 78 | -0.1 | 71 |
| Oaktree Capital Manage… | GF | --- | | --- | | --- | | --- | | --- | | --- | | --- | |
| Quantitative Managemen… | GF | 1.4 | 4 | 1.5 | 6 | --- | | --- | | --- | | --- | | --- | |
| Quantitative Managemen… | GF | 1.0 | 18 | 1.2 | 13 | 0.7 | 25 | 0.2 | 45 | 0.3 | 37 | 0.6 | 28 | 0.7 | 39 |
| MSCI Index: MSCI EM… | IX | --- | | --- | | --- | | --- | | --- | | --- | | --- | |
| MSCI Index: MSCI EM-… | IX | 0.3 | 56 | 0.0 | 59 | -0.8 | 87 | -0.7 | 88 | -0.4 | 78 | 0.3 | 48 | 0.1 | 67 |

Results displayed in US Dollar (USD)

MSCI EM IMI-ND

## Definitions

**Excess Returns** – Returns in excess of the risk-free rate, a benchmark or in excess of another manager. A positive excess return indicates that the manager outperformed the benchmark for that period.

Given two return series (typically a manager and a benchmark), $x_1, \ldots, x_n$ and $y_1, \ldots, y_n$, the excess return series is defined as $er_1, \ldots, er_n = x_1 - y_1, \ldots, x_n - y_n$

Annualized Excess Return = Annualized Manager Return – Annualized Index Return

**Standard Deviation** – A measure of the average deviations of a return series from its mean; often used as a risk measure. A large standard deviation implies that there have been large swings or volatility in the manager's return series.

$$StDev_{(SD)} = \frac{[\sum (x_i - X)^2]^{1/2}}{n} \text{ or Square Root of the Variance} = \sqrt{(Var)}$$

$$\text{Ann StDev} = SD * \sqrt{(N_y)}$$

$x_i$ = the *ith* observation
X = mean return for series
n = the number of observations
$N_y$ = the number of periods in a year (4 if quarterly data, 12 of monthly data)

**Tracking Error** – A measure of the amount of active risk that is being taken by a manager. This statistic is computed by subtracting the return of a specified benchmark or index from the manager's return for each period and then calculating the standard deviation of those differences. A higher tracking error indicates a higher level of risk – not necessarily a higher level of return – being taken relative to the specified benchmark. Tracking error only accounts for deviations away from the benchmark, but does not signal in which directions these deviations occur (positive or negative).

TE = Standard Deviation of Excess Return

**Information Ratio** – This statistic is computed by subtracting the return of the market from the return of the manager to determine the excess return. The excess return is then divided by the standard deviation of the excess returns (or Tracking Error) to produce the information ratio. This ratio is a measure of the value added per unit of active risk by a manager over an index. Managers taking on higher levels of risk are expected to then generate higher levels of return, so a positive IR would indicate "efficient" use of risk by a manager. This is similar to the Sharpe Ratio, except this calculation is based on excess rates of return versus a benchmark instead of a risk-free rate.

$$IR = \frac{\text{Excess Return}}{\text{Tracking Error}}$$

**Sharpe Ratio** – This statistic is computed by subtracting the return of the risk-free index (typically 91-day T-bill or some other cash benchmark) from the return of the manager to determine the risk-adjusted excess return. This excess return is then divided by the standard deviation of the manager.

A manager taking on risk, as opposed to investing in cash, is expected to generate higher returns and Sharpe measures how well the manager generated returns with that risk. In other words, it is a measurement of efficiency utilizing the relationship between annualized risk-free return and standard deviation. The higher the Sharpe Ratio, the greater efficiency produced by this manager. For example, a Sharpe Ratio of 1 is better than a ratio of 0.5.

$$\text{Sharpe} = \frac{\text{Ann Rtn(x)} - \text{Ann Rtn}(R_f)}{\text{Standard Deviation of x}}$$

$R_f$ = Risk-free rate

**Alpha** – The incremental return of a manager when the market is stationary. In other words, it is the extra return due to non-market factors. This risk-adjusted factor takes into account both the performance of the market as a whole and the volatility of the manager. A positive alpha indicates that a manager has produced returns above the expected level at that risk level, and vice versa for a negative alpha. Alpha is the Y intercept of the regression line.

$$\text{Alpha}_{(a)} = X - [\text{Beta}*Y]$$

X = the mean return for the manager
Y = the mean return for the index

**Beta** – This is a measure of a portfolio's volatility. Statistically, beta is the covariance of the portfolio in relation to the market. A beta of 1.00 implies perfect historical correlation of movement with the market. A higher beta manager will rise and fall more rapidly than the market, whereas a lower beta manager will rise and fall slower. For example, a 1.10 beta portfolio has historically been 10% more volatile than the market.

$$\text{Beta}_{(\beta)} = \frac{[(n)*\Sigma(x_i*y_i)] - (\Sigma\, x_i)(\Sigma\, y_i)}{[(n)*\Sigma(y_i^2)] - (\Sigma\, y_i)^2}$$

n = the number of observations
xi = the return of the first data series (*ith* observation)
yi = the return of the second data series (*ith* observation)
Generially, xi = the manager's return series and yi will be a specified index (benchmark)

**R-Squared** – Otherwise known as the *Coefficient of Determination*, this statistic, like beta, is a measure of a manager's movement in relation to the market. Generally, the R-Squared of a manager versus a benchmark is a measure of how closely related the variance of the manager returns and the variance of the benchmark returns are. In other words, the R-Squared measures the percent of a manager's return patterns that are "explained" by the market and ranges from 0 to 1. For example, an r-squared of 0.90 means that 90% of a portfolio's return can be explained by movement in the broad market (benchmark).

$$\text{R-Squared} = (r)^2$$

r = correlation coefficient

## VI. QUESTIONNAIRE RESPONSES

The questionnaire responses for the semi-Finalist candidates along with Rhumbline appear in their complete form in the following tabs.

Tab A – Dimensional Fund Advisors

Tab B – J.P. Morgan Investment Management

Tab C – Oaktree Capital Management

Tab D – Quantitative Management Associates

Tab E – Rhumbline Advisers

## Organizational Background

**1. Please provide your firm name, along with the addresses and telephone numbers of your main and branch offices. What investment activity is conducted at each office?**

| Dimensional Fund Advisors | | | |
|---|---|---|---|
| **Location** | **Function** | **Telephone** | **Address** |
| **Austin, TX** *Headquarters* | ***Headquarters:*** Executive Management, Portfolio Management, Research, Compliance, and Client Service | (512) 306-7400 | Palisades West<br>6300 Bee Cave Road, Building One<br>Austin, TX 78746 |
| **Santa Monica, CA** | Portfolio Management, Research, Compliance, and Client Service | 310) 395-8005 | 1299 Ocean Avenue<br>Santa Monica, CA 90401 |
| **London, England** | Portfolio Management, Research, Compliance, and Client Service | +44 (0) 203 033 3300 | 20 Triton Street<br>Regent's Place<br>London NW1 3BF, United Kingdom |
| **Amsterdam, Netherlands** | Client Service, Compliance | +31 (20) 708-5840 | Amsterdam Symphony / HFC Plaza<br>Gustav Mahlerplein 113-115<br>1082 MS Amsterdam, Netherlands |
| **Sydney, Australia** | Portfolio Management, Research, Compliance, and Client Service | +61 (2) 8336-7100 | Level 43, 1 Macquarie Place<br>Sydney NSW 2000, Australia |
| **Vancouver, Canada** | Client Service, Compliance | (604) 685-1633 | 1500 West Georgia St, Suite 1520<br>Vancouver BC V6G 2Z6, Canada |
| **Toronto, Canada** | Client Service | (604) 631-5690 | 500 King Street West, 3rd Floor<br>Toronto, Ontario M5V 1L9, Canada |
| **Berlin, Germany** | Client Service, Compliance | +49 (30) 70015-9636 | Haus CUMBERLAND<br>Kurfürstendamm 194<br>D-10707 Berlin, Germany |
| **Tokyo, Japan** | Portfolio Management, Client Service, Compliance | +65 6340 1300 | 3-1-1 Marunouchi, Kokusai Building,<br>Suite 808<br>Tokyo, Chiyoda-ku, Japan |
| **Singapore** | Portfolio Management, Client Service, Compliance | +65 6340 1300 | 8 Marina View, Asia Square Tower 1, Suite #33-01<br>Singapore 018960 |

**2. Please provide the names, titles, telephone numbers, and email addresses of your firm's new business and database/questionnaire contacts.**

| | New Business Contact | Database/Questionnaire Contact |
|---|---|---|
| **Name** | Richard (Chip) Tatlow, CFA | Natalia Kynch |
| **Title** | Vice President - Institutional | Senior Associate |
| **Office** | 1 (512) 306-5172 | 1 (512) 306-2626 |
| **Phone** | 1 (415) 722-2268 | |
| **Email** | chip.tatlow@dimensional.com | natalia.knych@dimensional.com |

**3. When was your firm founded? When was it registered with the SEC?**

Dimensional Fund Advisors was founded in April 1981. Dimensional's SEC registration date as an investment adviser was August 1981.

**4. Is your firm willing to acknowledge that it is a fiduciary with respect to our client's account?**

Yes. For a mutual fund investment (as required by law), Dimensional would serve as a fiduciary to the fund for activities within the fund, and a fiduciary for reporting and other services provided outside of the fund.

**5. Describe your firm's ownership structure and explain any changes since January 1, 2007.**

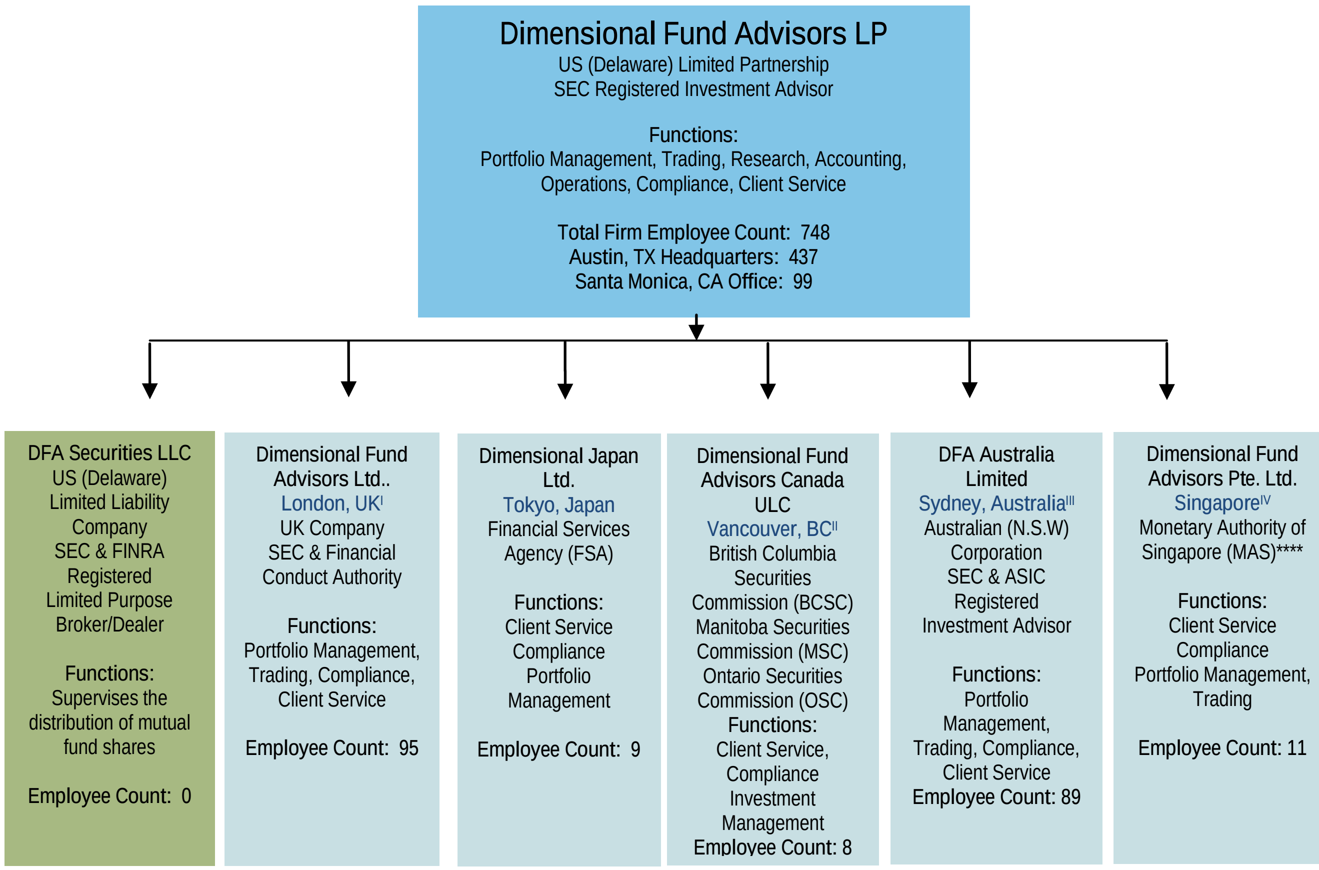
Dimensional Fund Advisors conducts business under the supervision of the Board of Directors of Dimensional Holdings Inc., the parent company and a Delaware corporation. Dimensional Holdings Inc. is the general partner of Dimensional Fund Advisors LP, an investment adviser registered with the U.S. Securities and Exchange Commission.

Dimensional Holdings Inc. is a private corporation. The Company's co-founders, board members, current and former employees and their respective families currently directly or indirectly hold approximately 70% of Dimensional Fund Advisor LP's beneficial interests. Other outside individual investors who are not engaged in Dimensional Fund Advisor LP's activities hold the remaining interests. Aided in part by a long-term incentive plan, current officers and employees represent a growing percentage of the share register. Dimensional* is headquartered in Austin, Texas with offices in Santa Monica, London, Sydney, Vancouver, Tokyo and Singapore. Dimensional also has client service offices in Toronto, Canada; Berlin, Germany; Amsterdam, The Netherlands; and Melbourne, Australia.

Dimensional is organized globally on a functional basis. The firm employs a team approach in all aspects of the firm's management, including portfolio management, trading, research, and client service functions. There are three primary groups to ensure that the firm's operations are in line with long-term goals and objectives: the Investment Policy Committee, the Investment Committee, and the Compliance Department. Dedicated groups of senior management are utilized to develop, maintain and monitor all crucial investment strategies, systems and client service functions.

There have been no significant changes in the ownership structure of the firm since January 1, 2007.

The following diagram outlines the firm's organization structure[+] for Dimensional Fund Advisors LP and its affiliated subsidiaries as of December 31, 2013.




\+ Represents an abridged organization chart as of [December 31, 2013]. Some affiliated entities have been omitted from this abridged chart.

[I] London office employee total include Netherlands and Berlin

[II] In addition to the above, Dimensional Fund Advisors Canada ULC is registered as an Exempt Market Dealer in all Canadian provinces.

[III] Sydney office employee total include Melbourne

[IV] Dimensional Fund Advisors Pte. Ltd. holds a capital markets services license for fund management serving accredited and institutional investors under the Singapore Securities and Futures Act

[*] As used in this document/section "Dimensional" refers to the Dimensional separate but affiliated entities generally, rather than to one specific entity. These entities include Dimensional Fund Advisors LP, DFA Australia Limited, Dimensional Fund Advisors Ltd., Dimensional Fund Advisors Canada ULC, Dimensional Japan Ltd. and Dimensional Fund Advisors Pte. Ltd.

**6. Discuss your firm's relationship with any parent or affiliated companies. Have these relationships changed since January 1, 2007?**

Please refer to the above response (5).

**7. State the carriers and the limits of errors and omissions and fiduciary liability insurance.**

Please refer to the table below detailing Dimensional's insurance coverage:

| Type | Carrier | Coverage Amount* | Deductible |
|---|---|---|---|
| **Errors & Omissions / Directors & Officers** | Zurich American Insurance Company<br>Arch Insurance Company<br>Illinois National Insurance Company (AIG)<br>Federal Insurance Company (Chubb)<br>ICI Mutual Insurance Company | $50 million | $2.5 million |
| **Financial Institution Investment Company Asset Protection Bond (Fidelity Bond)** | Federal Insurance Company | $25 million | $250,000 |
| **Financial Institution Bond (Form B-2)** | Federal Insurance Company | $25 million | $250,000 |

*The $25 million coverage amount noted for the B-2 Bond is an aggregate amount. Single loss limit is $15 million.

**8. Describe any litigation regarding your firm's investment activities since January 1, 2007. Is your firm expecting any new litigation?**

To our knowledge, neither Dimensional nor any of its subsidiaries, officers, or principals has been involved in litigation which had or is likely to have a material adverse effect on its investment management business since January 1, 2007. Dimensional is not expecting any new litigation.

**9. Describe any judgments against your firm by governmental and regulatory agencies since January 1, 2007. Also describe any current investigations.**

Dimensional has not received any judgments or settlements since January 1, 2007 in which it has been adjudicated liable for professional malpractice. There are no current investigations.

**10. Discuss any recent changes to the monitoring of employee compliance with firm policies.**

There have been no recent changes. However, Dimensional's monitoring of employee compliance with firm policies is ongoing. Dimensional's compliance training/education initiatives are discussed in detail below.

**Compliance Training and Education Overview**

**New Employee Orientation**
Under the direction of the Chief Compliance Officer, all newly hired employees are required to attend a compliance orientation. During this orientation, employees are required to complete a Code of Ethics Acknowledgement Form, both at the time of hire and annually thereafter, to acknowledge and certify that they have received, reviewed, understand and shall comply with the Code. In addition, all material amendments to, or any new interpretations of the Code, shall be conveyed to employees and require their acknowledgement of receipt and understanding of the amendments/interpretations. In addition to the Code of Ethics, employees are familiarized with a number of general policies included but not limited to, the Insider Trading Policy, Gift and Business Entertainment Policy and Supervision of Outside Activities of Dimensional employees.

**Annual Training Program**
On an annual basis all Dimensional FINRA registered employees participate in FINRA-mandated Firm Element Training. This is a firm-developed and administered training program designed to keep registered employees current on job and product-related subjects, such as:
- General investment features and associated risk factors
- Suitability and sales practice considerations
- Anti-money laundering regulation
- Applicable regulatory requirements
- Ethics and professional responsibility

**Ongoing Programs: Department-Specific Sessions, Wed-Based Training, Industry Conferences**
Supplementary to the annual training program, department specific training sessions and web-based training modules are completed by all employees on a range of topics including: new industry regulations information security, and sales and marketing regulation. Employees also attend industry conferences and training seminars on a regular basis to stay informed of new issues facing both their area of expertise and the industry as a whole.

**11. Please state the market value of assets under management for your firm for calendar year-ends starting with 2007. Also, please state accounts and assets gained, as well as accounts and assets lost over each of these periods.**

The following table represents new client accounts gained and lost since January 1, 2007.

| | TOTAL FIRM ASSETS | | | | |
|---|---|---|---|---|---|
| Year Ended | Market Value ($Millions) | # Accounts Gained | Assets Gained ($Millions) | # Accounts Lost | Assets Lost ($Millions) |
| **Dec 31, 2007** | $152,390 | 98 | $7,054 | 6 | $86 |
| **Dec 31, 2008** | $111,125 | 46 | $2,359 | 13 | $758 |
| **Dec 31, 2009** | $164,583 | 44 | $4,458 | 17 | $939 |
| **Dec 31, 2010** | $206,427 | 97 | $6,879 | 31 | $2,041 |
| **Dec 31, 2011** | $213,865 | 228 | $12,888 | 19 | $928 |
| **Dec 31, 2012** | $262,200 | 168 | $6,603 | 56 | $4,297 |
| **Dec 31, 2013** | $337,748 | 69 | $3,553 | 51 | $3,103 |

**12. Please state the market value of equity assets under management for your firm for calendar year-ends starting with 2007. Also, please state accounts and assets gained, as well as accounts and assets lost.**

The following table represents new client accounts gained and lost in equity strategies since January 1, 2007.

| | TOTAL EQUITY | | | | |
|---|---|---|---|---|---|
| Year Ended | Market Value ($Millions) | # Accounts Gained | Assets Gained ($Millions) | # Accounts Lost | Assets Lost ($Millions) |
| **Dec 31, 2007** | $134,238 | 96 | $7,030 | 6 | $86 |
| **Dec 31, 2008** | $82,961 | 43 | $2,269 | 13 | $758 |
| **Dec 31, 2009** | $128,250 | 38 | $3,518 | 15 | $872 |
| **Dec 31, 2010** | $164,398 | 92 | $6,795 | 30 | $1,962 |
| **Dec 31, 2011** | $162,048 | 218 | $10,823 | 19 | $928 |
| **Dec 31, 2012** | $203,281 | 152 | $5,094 | 55 | $4,285 |
| **Dec 31, 2013** | $263,547 | 65 | $3,429 | 49 | $2,845 |

**13. What has been the level of personnel turnover for investment professionals at the total firm level over each calendar year since January 1, 2007? Explain any large changes.**

We employ a team approach in all aspects of our firm's management. We have dedicated groups of senior management to develop, maintain and monitor all crucial investment strategies, systems, and client service functions. Should investment professionals leave the firm or be transferred to other accounts or duties, it would not have a detrimental effect on the operations of the firm, our products, or our ability to serve our clients.

There have not been significant changes to our investment personnel. The table below outlines additions and departures since January 1, 2007.

| | FIRM-WIDE | |
|---|---|---|
| Year thru: | Employees Added | Employees Lost |
| **Dec 31, 2007** | 0 | 1 |
| **Dec 31, 2008** | 2 | 1 |
| **Dec 31, 2009** | 0 | 0 |
| **Dec 31, 2010** | 2 | 1 |
| **Dec 31, 2011** | 4 | 0 |
| **Dec 31, 2012** | 6 | 2 |
| **Dec 31, 2013** | 8 | 2 |

## Emerging Markets Investment Services

**14. Please provide the name of your Emerging Markets product that you are recommending for our client. What vehicle is proposed for this mandate (please provide ticker symbol if applicable)? The size of this mandate is approximately $50 million.**

We are recommending an investment in our Emerging Markets Core Equity Portfolio (DFCEX), an institutional class mutual fund.

**15. Please state the market value of assets under management of your Emerging Markets product for calendar year-ends starting with 2007. Also, please state accounts and assets gained, as well as accounts and assets lost over each of these years.**

| | EMERGING MARKETS CORE EQUITY STRATEGY | | | | |
|---|---|---|---|---|---|
| Year Ended | Market Value ($Millions) | # Accounts Gained | Assets Gained ($Millions) | # Accounts Lost | Assets Lost ($Millions) |
| **Dec 31, 2007** | $1,908 | 1 | $101 | - | - |
| **Dec 31, 2008** | $1,393 | 1 | $10 | - | - |
| **Dec 31, 2009** | $2,967 | - | - | - | - |
| **Dec 31, 2010** | $5,118 | 12 | $914 | - | - |
| **Dec 31, 2011** | $9,210 | 30 | $1,368 | 1 | $12 |
| **Dec 31, 2012** | $14,893 | 29 | $964 | - | - |
| **Dec 31, 2013** | $18,211 | 9 | $417 | - | - |

**16. Provide the following information on the key members of the firm's Emerging Markets portfolio management team: names; titles and responsibilities; years of investment experience, years with firm, and years with the team. Please provide biographies.**

Dimensional manages assets using a team approach. The Investment Committee is responsible with the supervision of day-to-day investment management operations for all portfolios and is outlined below.

| Name | Title | Years Inv. Exp. | Years w/Firm | Years w/Team |
|---|---|---|---|---|
| Joseph Chi, CFA | Co-Head of Portfolio Management and Senior Portfolio Manager | 15 | 8 | 8 |
| David Booth | Chairman, Co-Chief Executive Officer and President | 42 | 33 | 33 |
| Eduardo Repetto, PhD | Co-Chief Executive Officer and Chief Investment Officer | 14 | 14 | 14 |
| Stephen Clark | Head of Global Institutional Services and Vice President | 17 | 13 | 13 |
| Robert Deere | Investment Director, Senior Portfolio Manager, and Vice President | 22 | 22 | 22 |
| Jed Fogdall | Co-Head of Portfolio Management and Senior Portfolio Manager | 9 | 9 | 9 |
| Henry Gray | Head of Global Equity Trading and Vice President | 22 | 18 | 18 |
| Joseph Kolerich | Senior Portfolio Manager and Vice President | 21 | 13 | 13 |
| Gerard O'Reilly, PhD | Head of Research and Vice President | 10 | 10 | 10 |
| David Plecha, CFA | Global Head of Fixed Income, Senior Portfolio Manager, and Vice President | 27 | 25 | 25 |
| Karen Umland, CFA | Head of Investment Strategies Group, Senior Portfolio Manager, and Vice President | 24 | 21 | 21 |

Please refer to ***Exhibit I*** for the biographies of the Investment Committee.

**17. What has been the level of personnel turnover for investment professionals at the Emerging Markets product level for each calendar year since January 1, 2007? Explain any large changes.**

| Year thru: | Emerging Markets Core Equity Portfolio | |
|---|---|---|
| | Employees Added | Employees Lost |
| **Dec 31, 2007** | 0 | 0 |
| **Dec 31, 2008** | 0 | 1 |
| **Dec 31, 2009** | 0 | 0 |
| **Dec 31, 2010** | 2 | 0 |
| **Dec 31, 2011** | 3 | 0 |
| **Dec 31, 2012** | 5 | 1 |
| **Dec 31, 2013** | 3 | 1 |

**18. As of December 31, 2013, provide the number of accounts, assets under management, median account size, and number of portfolio managers and analysts for the firm's Emerging Markets product.**

| Emerging Markets Core Equity Portfolio | | | | | | |
|---|---|---|---|---|---|---|
| Assets Under Mgt ($Millions) | Number of Investors | Median Client Size ($Millions) | Largest Client Size ($Millions) | # Portfolio Mgrs* | # Inv Analysts* | Number of Traders* |
| $12,716 | 294 | $28 | $342 | 24 | 23 | 20 |

*Dimensional manages assets using a team approach.

**19. Please provide the following information as of December 31, 2013 for each vehicle through which your Emerging Markets product is offered.**

| | Offered? (Y/N) | Assets ($Millions) | Account Minimum |
|---|---|---|---|
| **Separate Account** | Y | $4,540 | $100 |
| **Commingled Fund** | Y | $954 | $2 |
| **Mutual Fund** | Y | $12,716 | $2 |
| **Other (specify)** | N | - | - |

**20. Please discuss your capacity constraints. Is there a limit to the amount of assets the firm will manage in this Emerging Markets strategy? If yes, please specify current estimates or ranges.**

All of our emerging markets strategies are currently open for investment for existing and prospective clients. We do not currently anticipate any capacity constraints and there is no specific limit to the amount of assets Dimensional will manage in the Emerging Markets Core strategy.

We monitor capacity on a continual basis. When determining capacity constraints, Dimensional takes into consideration the percentage of the eligible universe for the strategy our holdings represent and whether we can still implement our patient trading strategy given our current size. Our portfolios are broadly diversified, investing in a large number of securities which enables us to manage a larger asset base than many of our competitors.

## Emerging Markets Investment Philosophy & Research Process

**21. Briefly describe the investment philosophy, strategy, style and distinguishing characteristics of your Emerging Markets product.**

Dimensional's philosophy of investing is based on rigorous empirical and academic research and over thirty years' experience structuring and implementing investment solutions to address global investors' needs. Summarizing our philosophy are the following three beliefs:

**Public capital markets work**
In liquid and competitive markets, market prices reflect available information about fundamental values and the aggregate risk and return expectations of all market participants.

As a result, Dimensional uses information in market prices to identify reliable dimensions of expected returns—market, size, relative price, and expected profitability—and to structure and implement strategies along those dimensions.

**Diversification is essential**
Diversification helps reduce uncertainty, manage risk, and increase the reliability of outcomes. Furthermore, diversification adds value by providing flexibility, which in turn allows for more effective management and trading of a portfolio.

**Managing trade-offs add value**
Investing involves trading off risks and costs with expected returns. By identifying and focusing on the trade-offs that matter for performance, we can add value by targeting market premiums efficiently and continuously, reducing the costs associated with turnover, and implementing a flexible trading strategy that enables opportunistic execution and minimizes costs.

We expect the Emerging Markets Core Equity Portfolio, over time, to outperform peers and conventional benchmarks because it offers the following distinguishing features that are sustainable competitive advantages:

**Increased factor exposure** – Multifactor exposure provides greater emphasis to securities with higher expected returns—smaller cap, lower relative price (value), and higher profitability—relative to market universe.

**Broad diversification** – The strategy minimizes security, sector, and country risk by holding thousands of stocks and by setting maximum industry and country weights.

**Minimum style drift** – Exclusion rules and continuous rebalancing help maintain asset class consistency while controlling turnover.

**Disciplined and transparent stock selection process** – Process-driven and team-based approach to portfolio management focuses on tradeoffs between competing premiums and costs.

**Low trading costs** – Self-directed trading reduces commissions paid while flexible and patient execution seeks to minimize market impact and exploit opportunities when buying and selling.

**22. Please provide a list of the types of securities (other than common stock and cash equivalents) that your firm currently holds in this product.**

The Emerging Markets Core Equity strategy typically purchases common equity securities but may also purchase ADRs and preferred equity securities where appropriate.

**23. Please provide a brief overview of the opportunities for investing in Emerging Market equities?**

Dimensional has been managing emerging markets equity portfolios for over 19 years, providing careful and consistent exposure to dimensional of expected returns within the emerging markets that academic and empirical research has proven to lead to higher expected returns. The firm launched its first emerging markets product in 1994 with our Emerging Markets Value Portfolio after research studies confirmed that emerging markets value stocks exhibited consistently higher returns than emerging markets growth stocks. Soon thereafter, the firm began managing our Emerging Markets Large Cap and Emerging Markets Small Cap Portfolios in order to provide investors with diversified exposure to emerging market companies.

In the early 2000s, Dimensional introduced a series of products with a more broad and diverse range of investments across domestic and international markets with slight tilts to value stocks and stocks with low market capitalizations. Hence, the firm launched the Emerging Markets Core Equity strategy in 2005.

**24. What is the firm's process for conducting individual security analysis or research, if relevant? What security characteristics are sought? What role does macro-economic research play in the Emerging Markets discipline's investment decision-making process? Also state the firm's sources of potential investment ideas.**

Dimensional applies a structured approach to portfolio construction that seeks to capture the specific dimensions of higher expected returns identified by academic research. For our Emerging Markets Core Equity strategy, Dimensional relies on three components of fundamental information: size, value, and expected profitability. These dimensions are the primary fundamental factors in determining our overall security selection.

**Market Capitalization, Value and Profitability Criteria**—Stocks in approved emerging markets countries are generally grouped by size and relative price characteristics. Dimensional's process constructs a five-by-five grid with 25 cells of stocks arranged from big to small and from growth to value (as measured by price-to-book). To achieve a value tilt relative to the market, the strategy's target multipliers are increased for stocks in the value (lowest PtB) category and decreased for those in the growth (highest P to Book) category. The Portfolio's small cap exposure is achieved by increasing the target multiplier of small stocks relative to their market weight while decreasing the target multiplier in large caps. Finally, stocks with higher profitability are overweighted relative those with lower profitability.

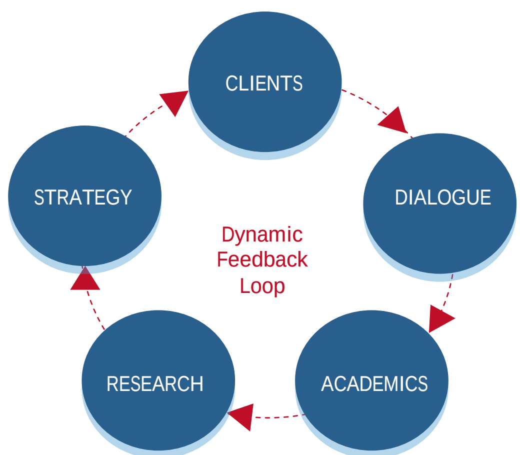
**Exclusion Rules**—We also employ exclusion rules that are designed to better target dimensions of expected returns and bring the asset class into better focus. We do this by excluding securities that do not meet our objectives for the strategy—those securities that either do not represent the asset class or do not offer higher expected returns. Examples of exclusions are:

- Securities that raise asset class concerns such as real estate investment trusts;
- Securities of companies that may expose investors to asymmetric information such as recent IPOs or companies that are in reported extreme distress or bankruptcy; or
- Securities of companies which are likely to be difficult to trade efficiently.

Dimensional's Research team is designed around analyzing theoretical ideas and testing them quantitatively. We do not employ traditional economists whose role is typically to speculate on the future direction of markets. Instead, Dimensional's Research team lets the markets serve as our prognosticator, with our analysis focused on systemic sources of higher expected returns and developing ways of extracting these premiums in the most efficient manner. Our research team collaborates with investment professionals on a continuous basis throughout the design, management, and implementation of the strategy. Additionally, we work with leading academics specializing in economics, finance, and market microstructure.

Historically ideas have been generated by our Investment Policy Committee, Research or Portfolio Management Teams as well as outside academics and clients. New strategies and ideas must be approved by the Investment Committee prior to implementation.

Our direct links to the academic community provide a large body of original research supporting existing investment strategies and creating the foundation for new investment approaches. Dimensional encourages a dialogue between investment personnel and clients to share this research and the resultant investment ideas and products. As such we act as a bridge between financial academia, our portfolio practitioners, and our clients—bringing academic theory to the real world of investing. See below for an illustration of this dynamic feedback loop.




**25. What is the number of securities regularly followed by security analysts and/or portfolio managers?**

Members of our research group do not cover individual stocks or sectors; instead the group maintains a database that covers over 40,000 securities which is used as our initial eligible universe for stock selection. This provides a distinctive advantage when selecting stocks for our equity portfolios and is strategically involved in the design and monitoring of portfolios through the creation of algorithms and systems based on current and historical securities data.

**26. How does your firm assess the liquidity of its Emerging Markets investments?**

Minimum liquidity filters are utilized during the qualitative screening process that helps determine our buy list. We are willing to hold stocks with less liquidity than those in most index funds or in actively managed portfolios. We are able do this both because we invest in a large number of securities and because we are patient and opportunistic traders. As of December 31, 2013, the Emerging Markets Core Equity Portfolio held 3,979 securities.

**27. What pricing sources are used for valuing securities, and what pricing procedures are employed to value portfolio holdings? Also, what procedures are employed to reconcile security prices with the custodian?**

Dimensional's pricing policies and procedures are outlined in our Procedures for Valuing Portfolio Securities and Assets Policy (the "Pricing Policy"). Various daily control procedures are performed by the Funds' accounting and administrative services agent, State Street Bank and Trust Company ("State Street"), to scrutinize the daily market prices of the portfolio securities and certain other assets of the Funds. Prices may be verified by comparison to prices obtained from a pricing service or broker/dealer other than the pricing service or broker/dealer that provided the prices being verified. Variances in excess of set thresholds are reviewed, investigated and resolved by Dimensional's Investment Committee or a Portfolio Manager with the assistance of State Street.

As Dimensional's middle office provider, Citibank (Citi) performs valuations and reconciliations between their records and each client's respective custodian/ fund accountant. On a daily basis, both the portfolio cash and security positions are reconciled against the custodian's records. If available from the custodian or fund accountant, Citi will also reconcile the daily total portfolio market value against the 3rd parties' records. A total portfolio valuation difference in excess of 10 basis points requires a detailed reconciliation of the full accounting records to be performed which includes a thorough review of all security prices as well as dividend income receivable balances. If the portfolio market value of the client's separately managed account is available on a monthly basis, then Citi will perform the portfolio market value reconciliation at the point in time the audited statements are finalized and available from the custodian/accounting agent. All reconciliations are reviewed on a daily/monthly basis by designated Citi Accounting Operations supervisory personnel.

## Emerging Markets Portfolio Construction and Management

**28. Describe in detail your Emerging Markets portfolio management process. If a team approach is used, state the names of the team members and explain the role(s) of each team member, with particular emphasis on geographical regions.**

Dimensional manages assets using a team approach consisting of the following highly interactive groups:

### Collaborative Approach to Investment Management

**Investment Policy Committee**

Considers changes to long-term investment strategy through the combined contributions of Research, Portfolio Management, and Trading.

**Investment Committee**

Joseph Chi serves as the chairperson of the Investment Committee, which, like the Investment Policy Committee includes senior executives and senior members of our portfolio management and research areas. The committee is responsible with the supervision of day-to-day investment management operations for all portfolios and has an average of 20 years investment experience.

**International Equity Portfolio Management Team**

This team implements the established investment guidelines and objectives for all non-US and emerging markets strategies. Portfolio managers seek to ensure that portfolios continuously target the identified sources of higher expected returns efficiently as possible.

**Global Equity Trading Team**

Led by Henry Gray, Head of Global Equity Trading, our traders employ a flexible and patient approach designed to reduce costs and exploit opportunities to buy and sell favourably priced stocks from counterparties who seek immediacy and liquidity.

**Research Team**

Dimensional's Research team is designed around analyzing theoretical ideas and testing them quantitatively. Our research team collaborates with investment professionals on a continuous basis throughout the design, management, and implementation of the strategy. Research efforts are directed by Gerard O'Reilly, PhD, Dimensional's Head of Research, and comprises approximately forty individuals—ten of whom hold PhDs.

Dimensional's Investment Committee is responsible for establishing the investment process and policies and providing ultimate oversight for all regions. Each member's responsibilities are outlined below.

| Investment Committee | |
|---|---|
| **Name** | **Responsibility** |
| Joseph Chi, CFA | Co-Head of Portfolio Management and Senior Portfolio Manager |
| David Booth | Chairman, Co-Chief Executive Officer and President |
| Eduardo Repetto, PhD | Co-Chief Executive Officer and Chief Investment Officer |
| Stephen Clark | Head of Global Institutional Services and Vice President |
| Robert Deere | Investment Director, Senior Portfolio Manager, and Vice President |
| Jed Fogdall | Co-Head of Portfolio Management and Senior Portfolio Manager |
| Henry Gray | Head of Global Equity Trading and Vice President |
| Joseph Kolerich | Senior Portfolio Manager and Vice President |
| Gerard O'Reilly, PhD | Head of Research and Vice President |
| David Plecha, CFA | Global Head of Fixed Income, Senior Portfolio Manager, and Vice President |
| Karen Umland, CFA | Head of Investment Strategies Group, Senior Portfolio Manager, and Vice President |

**29. What is your firm's level of expected long-term outperformance?**

Our portfolios are structured to provide consistent and reliable exposure to the risk factors that academic research has shown provide higher expected returns. As such, we construct broadly diversified portfolios that efficiently capture the desired risk factors and minimize company specific risk.

The Emerging Markets Core strategy is a market wide strategy that has greater exposure to small cap, value, and higher profitability stocks across a broad range of emerging markets. We expect this continuous exposure to lead to long term outperformance. Based on historical results, we expect the Emerging Markets Core strategy to outperform the MSCI Emerging Markets Index (net div.) over a complete market cycle by approximately 1-2%.

**30. State the typical benchmark(s) you use to measure the Emerging Markets product performance. Which benchmark do you believe is best?**

The Emerging Markets Core strategy is not structured to reflect a particular benchmark. Many clients have chosen the MSCI Emerging Markets Index (net div.) for performance comparison purposes based on its size and country representation.

**31. What are the current number and typical number of securities in the Emerging Markets portfolios? What are the maximum and the minimum number of securities?**

| Current Number (12/31/13) | Typical Number | Maximum Number | Minimum Number |
|---|---|---|---|
| 3,979 | 3,000- 4,300 | N/A | N/A |

**32. Please explain how country allocation decisions are made.**

Dimensional has strict qualitative country selection criteria for direct investments in local markets. For example a good legal system, orderly market mechanism, and fair treatment of foreign investors are some criteria that must be met to be eligible for investment. When investing directly in local markets, Dimensional sends senior investment personnel to the country or market where the securities trade to ensure that the market structure satisfies key criteria determined by the Investment Committee.

Dimensional uses a target weighting approach to country allocation. This approach is aimed to reduce the effect of specific country risk. Target weights vary by country and are limited to a maximum of 15% at time of purchase.

**33. What is the firm's approach to currency management? Will currencies be used as an active management tool? To what extent does your process employ any hedging?**

The Emerging Markets Core Equity strategy is unhedged and does not make an active attempt to manage currency.

**34. Explain the firm's portfolio approach to the level of cash and equivalent holdings. Specify the normal, maximum and minimum levels of cash holdings.**

The strategy is typically fully invested and cash positions are a product of cash flows, not investment strategy. Cash is kept at nominal levels and is typically between 0 – 2% of the portfolio. As of December 31, 2013, the Emerging Markets Core Equity Portfolio held 1.27% in cash.

**35. Describe the firm's Emerging Markets sell discipline.**

Portfolio managers use a proprietary portfolio management system which takes into consideration strategy-specific investment guidelines, buy and sell ranges, and available cash to assess potential buy/sell candidates at the time of rebalancing. A security becomes a sell candidate once it no longer fits our size/value/profitability requirements and passes our momentum screens. For an example, a security can become a sell candidate once it drops below the current market cap floor in its country, but will not be sold until it passes our momentum screens. Academic research has shown that over the mid-term (from 1–2 months to 6–12 months), stock returns may exhibit momentum. Dimensional's portfolio managers and traders incorporate the evidence of momentum when making both buy and sell decisions.

The sell criteria are designed to provide consistent and continuous focus on market premiums while pursuing low trading costs and low portfolio turnover. Buy/sell lists are then passed to the traders who assume responsibility for ensuring efficient implementation.

**36. What has been the average Emerging Markets portfolio/fund turnover for each year since January 1, 2007?**

| Year (as of October 31) | Turnover |
|---|---|
| **2007** | N/A |
| **2008** | 3% |
| **2009** | 6% |
| **2010** | 4% |
| **2011** | 1% |
| **2012** | 1% |
| **2013** | 1% |
| **Average** | 2.67% |

**37. Which one of the following descriptions best matches your exposure to Frontier Markets:**

**(A) None or virtually no exposure**

Currently our emerging markets strategies do not invest in frontier markets. Our approach to frontier markets does not differ from the strict country criteria used to select other emerging market countries to invest. As a result of our minimum country criteria screens, smaller or less liquid countries contained in the index are often excluded. As such, Dimensional does not currently invest in countries classified as frontier markets since they do not meet our minimum criteria. We are continually reviewing new countries for potential inclusion in our emerging markets strategies, including those classified as frontier markets.

(B) Full exposure
(C) Partial exposure
(D) Opportunistic exposure

**38. List the Emerging Market product's regional allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods.**

| Emerging Markets Core Equity Portfolio | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | YEAR-END | | | | | | | |
| Regions | 2013 | 2012 | 2011 | 2010 | 2009 | Avg | Min | Max |
| **Africa/Middle East** | 7.34% | 8.05% | 8.60% | 8.89% | 13.44% | 9.26% | 7.34% | 13.44% |
| **Asia/Pacific** | 63.41% | 62.50% | 60.38% | 60.72% | 56.69% | 60.74% | 56.69% | 63.41% |
| **Europe** | 9.13% | 7.69% | 7.54% | 8.39% | 9.16% | 8.38% | 7.54% | 9.16% |
| **Latin America** | 18.84% | 20.61% | 22.15% | 21.49% | 20.34% | 20.69% | 18.84% | 22.15% |
| **US/Canada*** | - | - | - | - | - | - | - | - |
| **Cash** | 1.27% | 1.15% | 1.33% | 0.51% | 0.37% | 0.93% | 0.37% | 1.33% |

***Please list any US/Canada securities by name.***

**39. List the Emerging Market product's country allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods. Please extend the table's rows to list all countries where investments were made.**

| Emerging Markets Core Equity Portfolio | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | YEAR-END | | | | | | | |
| Countries | 2013 | 2012 | 2011 | 2010 | 2009 | Avg | Min | Max |
| **Czech** | 0.29% | 0.34% | 0.37% | 0.42% | 0.61% | 0.41% | 0.29% | 0.61% |
| **Poland** | 2.00% | 1.61% | 1.50% | 1.63% | 1.88% | 1.72% | 1.50% | 2.00% |
| **Greece** | 0.34% | - | - | - | - | 0.07% | - | 0.34% |
| **Hungary** | 0.30% | 0.31% | 0.34% | 0.58% | 1.06% | 0.52% | 0.30% | 1.06% |
| **Russia** | 4.30% | 3.16% | 3.67% | 3.77% | 3.06% | 3.59% | 3.06% | 4.30% |
| **Turkey** | 2.01% | 2.36% | 1.64% | 2.02% | 2.49% | 2.10% | 1.64% | 2.49% |
| **Taiwan** | 15.44% | 13.28% | 12.13% | 12.99% | 12.27% | 13.22% | 12.13% | 15.44% |
| **China** | 15.32% | 15.45% | 14.96% | 13.30% | 12.04% | 14.21% | 12.04% | 15.45% |
| **India** | 7.21% | 7.70% | 7.51% | 10.86% | 12.01% | 9.06% | 7.21% | 12.01% |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Korea** | 15.18% | 15.03% | 14.91% | 13.81% | 11.72% | 14.13% | 11.72% | 15.18% |
| **Indonesia** | 2.48% | 3.33% | 3.77% | 3.19% | 2.51% | 3.06% | 2.48% | 3.77% |
| **Malaysia** | 4.59% | 3.85% | 3.97% | 3.63% | 3.71% | 3.95% | 3.63% | 4.59% |
| **Philippines** | 1.31% | 1.51% | 1.39% | 0.91% | 0.62% | 1.15% | 0.62% | 1.51% |
| **Thailand** | 2.71% | 3.08% | 2.54% | 2.35% | 2.02% | 2.54% | 2.02% | 3.08% |
| **Israel** | - | - | 0.01% | 0.01% | 3.77% | 0.76% | - | 3.77% |
| **Egypt** | 0.06% | 0.10% | 0.08% | 0.11% | - | 0.07% | - | 0.11% |
| **South Africa** | 7.38% | 8.04% | 8.63% | 8.82% | 9.73% | 8.52% | 7.38% | 9.73% |
| **Brazil** | 11.04% | 13.11% | 15.04% | 13.92% | 12.80% | 13.18% | 11.04% | 15.04% |
| **Chile** | 1.52% | 1.71% | 2.02% | 2.49% | 2.21% | 1.99% | 1.52% | 2.49% |
| **Colombia** | 0.60% | 0.46% | 0.28% | 0.19% | - | 0.31% | - | 0.60% |
| **Mexico** | 5.78% | 5.34% | 4.86% | 4.78% | 5.41% | 5.23% | 4.78% | 5.78% |
| **Peru** | 0.14% | 0.23% | 0.25% | 0.23% | - | 0.17% | - | 0.25% |
| **United Kingdom** | - | - | 0.12% | - | 0.09% | 0.04% | - | 0.12% |

**40. Which one of the following descriptions best matches your exposure to the Small Cap segment of the Emerging Market space:**

(E) None or virtually no exposure
**(F) Full exposure**

The Portfolio's small cap exposure is achieved by overweighting small stocks relative to their market weight and underweighting large cap stocks.

(G) Partial exposure
(H) Opportunistic exposure

**41. List the Emerging Markets product's market-cap range allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods.**

| Emerging Markets Core Equity Portfolio | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | YEAR-END | | | | | | | |
| Market-Cap Range | 2013 | 2012 | 2011 | 2010 | 2009 | Avg | Min | Max |
| **$250 million & Below** | 3.52% | 3.13% | 3.36% | 2.08% | 2.89% | 3.00% | 2.08% | 3.52% |
| **$250 – $800 million** | 8.62% | 8.18% | 8.02% | 7.63% | 8.85% | 8.26% | 7.63% | 8.85% |
| **$800 million – $2.5 billion** | 14.90% | 15.70% | 15.61% | 14.76% | 16.44% | 15.48% | 14.76% | 16.44% |
| **$2.5 – $8 billion** | 23.93% | 23.26% | 25.35% | 24.82% | 25.12% | 24.50% | 23.26% | 25.35% |
| **$8 – $25 billion** | 24.69% | 24.75% | 21.83% | 25.13% | 23.97% | 24.07% | 21.83% | 25.13% |
| **$25 – $80 billion** | 12.78% | 11.51% | 12.15% | 12.27% | 11.94% | 12.13% | 11.51% | 12.78% |
| **$80 – $250 billion** | 11.56% | 12.96% | 13.12% | 12.90% | 9.61% | 12.03% | 9.61% | 13.12% |
| **Above $250 billion** | - | 0.50% | 0.55% | 0.42% | 1.16% | 0.53% | - | 1.16% |

**42.** **List the Emerging Markets product's GICS sector allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods.**

| Emerging Markets Core Equity Portfolio | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | YEAR-END | | | | | | | |
| GICS Sectors | 2013 | 2012 | 2011 | 2010 | 2009 | Avg | Min | Max |
| **Information Technology** | 13.93% | 11.71% | 11.00% | 10.67% | 10.59% | 11.58% | 10.59% | 13.93% |
| **Telecom Services** | 4.27% | 4.69% | 5.61% | 4.87% | 5.62% | 5.01% | 4.27% | 5.62% |
| **Health Care** | 2.50% | 2.21% | 1.85% | 1.93% | 3.63% | 2.42% | 1.85% | 3.63% |
| **Consumer Staples** | 7.59% | 8.07% | 8.17% | 7.08% | 6.58% | 7.50% | 6.58% | 8.17% |
| **Consumer Discretionary** | 10.89% | 10.42% | 9.99% | 10.08% | 9.81% | 10.24% | 9.81% | 10.89% |
| **Financials** | 24.37% | 25.13% | 22.90% | 23.55% | 22.49% | 23.69% | 22.49% | 25.13% |
| **Industrials** | 10.96% | 11.03% | 10.51% | 11.33% | 10.72% | 10.91% | 10.51% | 11.33% |
| **Materials** | 12.52% | 13.70% | 14.76% | 16.13% | 16.59% | 14.74% | 12.52% | 16.59% |
| **Energy** | 9.22% | 9.51% | 11.38% | 11.03% | 10.45% | 10.32% | 9.22% | 11.38% |
| **Utilities** | 3.66% | 3.51% | 3.81% | 3.32% | 3.49% | 3.56% | 3.32% | 3.81% |
| **Other*** | 0.08% | 0.02% | - | - | 0.02% | 0.02% | - | 0.08% |

*Other may include REITs.

## Investment Management Fees, Etc.

**43.** **Provide your fee schedules on your Emerging Markets product for separate accounts, commingled and/or mutual funds. Please identify management fees and non-management/fund-administration fees/expenses separately if possible.**

The fee schedule for the Emerging Markets Core Equity Portfolio (I) DFCEX is as follows:

Management Fee: 0.55%
Other Expenses*: 0.08%
Net Expense Ratio: 0.63%

**Other expenses including custody, accounting, legal fees, etc. are estimated based on the most recent calendar year expenses as of 10/31/13.* The fund's prospectus contains more information on fees and expenses.

The minimum investment for a separate account is $100 million. Fees for separate accounts are discussed on a case-by-case basis.

**44.** **If a commingled/mutual fund is proposed, what are the custody costs, transfer agency fees, etc. of the trust. Are they an additional fee that is directly charged to the client?**

The above expense ratio includes all other expenses. The fund's prospectus contains more information on fees and expenses.

**45. Has the firm entered into incentive fee arrangements? If so, provide details.**

No. Clients invested in the Emerging Markets Core Equity Portfolio are subject to the above expense ratio. Separate account fees are discussed on a case-by-case basis.

**46. Does your firm use any service, information, or merchandise paid for with directed commissions? If yes, please list the service(s) received from such commissions.**

Dimensional ceased accruing soft dollar credits on December 31, 2013. As soon as practical, all remaining aspects of the soft dollar program will be wound down, including the use of any remaining soft dollar credits.

**47. Please provide access to an electronic copy of your firm's ADV. (Please do not send a hardcopy of your firm's ADV.)**

Please refer to ***Exhibit II*** in the email submission for Dimensional's form ADV.

**48. Please provide the name, address, telephone number and email address for three client references whom we may contact.**

| Client Name | Address | Contact Name | Telephone & Email |
|---|---|---|---|
| TECO Energy Group | 702 N Franklin St Tampa, FL 33602 | Bob Bincarousky, Corporate Finance Manager | (813) 228-4174 Bmbincarousky@tecoenergy.com |
| San Francisco City and County | 30 Van Ness Avenue, Suite 3000 San Francisco, CA 94102 | Bob Shaw, Managing Director of Equities and Fixed Income | (415) 487-7002 Bob.shaw@sfgov.org |
| Worcester Retirement System | City Hall 455 Main Street, Room 310 Worcester, MA 01608 | Robert Stearns, Chairman/Board Member | (508) 799-1053 stearnsr@worcesterma.gov |

Please contact us prior to contacting references.

## Emerging Markets Investment Performance

**49. Please send a supplemental spreadsheet with the following GIPS-compliant time-weighted monthly composite performance information since inception in the following five columns (in columns B-D please use five decimal digits if available):**

- **A. Month-end date (e.g. 12/31/2013)**
- **B. Monthly total return (gross)**
- **C. Monthly total return (net)**

D. **Monthly benchmark return (gross, please specify the benchmark)**
E. **Month-end market value of assets associated with this performance record**

Please refer to ***Exhibit III*** for performance information of the Emerging Markets All Cap Core Equity Composite, the composite in which the Emerging Markets Core Equity Portfolio is a member of and the MSCI Emerging Markets Index.

Please refer to **Exhibit IV** for performance information of the Emerging Markets Core Equity Portfolio and the MSCI Emerging Markets Index.

**50. What is your name for the composite? Are returns audited? By whom? Are returns GIPS compliant? For what time period?**

The Emerging Markets Core Equity Portfolio is a member of the Emerging Markets All Cap Core Equity Composite. Dimensional claims GIPS compliance from January 2002 to present. Dimensional has been independently verified on a firm level for the period January 1, 2007 through December 31, 2012 by Vincent Performance Services. Individual composites have not been verified.

## Emerging Markets Risk Management

**51. What are the historical and expected tracking errors of this Emerging Markets product?**

The strategy is not managed to a particular benchmark and therefore does not have a tracking error target. Based on historical results, we expect tracking error of the Emerging Markets Core Equity Portfolio versus the MSCI Emerging Markets Index to be in the range of 2-4%. Please refer to the below table for historical tracking error.

| | Trailing Periods | | |
|---|---|---|---|
| | 1 YR | 3 YR | 5 YR |
| **Tracking Error** | 1.94 | 2.80 | 3.25 |

**52. Describe in detail the key risks of the product and the risk management process.**

**Risk Management:**

We know that prudent risk management is important to our clients. Risk is inherent and cannot be entirely avoided, and management of risks is an essential undertaking for any firm. We believe that risk management is a continuous and evolving process that affects every aspect of our work and of our relationships with our clients. The evolving nature of the risk management process is evident both from the advancements of new technologies and systems which can assist in managing risks, and from the continuing availability of new processes and instruments. To accommodate the fluid nature of risk management, we have adopted an enterprise-wide risk management framework, a summary of which appears below.

- **Risk Governance:** Dimensional relies on its Board of Directors to set the tone for risk management efforts. The Board in general is responsible for establishing risk parameters and overseeing risk policies and assessments. The Board has delegated important aspects of risk policy implementation and oversight to the Risk Committee, the heads of the Dimensional's primary business units, and other senior management personnel. The Risk Committee has as a key objective the identification and evaluation of risks. The Risk Committee reviews risk reports; considers risk priorities; helps to evaluate broader risk monitoring and control measures; and analyzes risks across the global organization in a consistent manner. All levels of Dimensional personnel, including senior management and managers, are responsible for identifying risks within their business units and for the implementation of risk monitoring and controls within such units.

- **Risks:** Dimensional generally categorizes risks and their controls into several general risk groupings: investment risk, operational risk, and regulatory risk. These broad categories can be sub-divided into more specific types of risk categories, such as trading or portfolio management risk, legal and financial reporting risk, compliance risk, and technology risk.

- **Risk Monitoring and Controls:** Our investment philosophy and process, business model, and organizational culture assist us in how we monitor and control risks. Our risk management, monitoring and control measures are designed to address the risks that have been identified, while aiming to provide flexibility to address emerging risks that result from economic, market, political, and legal/regulatory developments. These monitoring and control measures are developed from a variety of sources, including legal and regulatory requirements, client agreements, disclosure documents, accounting standards, and our own view of appropriate practices.

**Emerging Markets Core Equity Portfolio Key Risks:** At the portfolio construction level, several controls are in place to assess and oversee portfolio risk. The most significant of these risks include size, valuation and issue selection. With regard to size and valuation, or style risk, we closely monitor the market capitalization and Price to Book ratios of individual securities and the portfolio in its entirety. We rely on diversification to reduce the specific risk of individual securities. Single security positions are limited to a maximum of 5% at time of purchase.

**53. What risk measures are used to quantify country risk? What additional risks are assigned to emerging markets versus developed markets?**

When constructing the initial emerging markets universe, the costs and frictions associated with accessing such markets must be considered. We apply certain minimum criteria that include market liquidity, fair treatment of foreign investors, adequate regulation at the exchange level, and reasonable accounting standards. In some cases, where local markets do not meet our criteria, we gain exposure through securities traded offshore, such as depository receipts traded on the U.S. and London exchanges.

**54. Please send as a supplement a copy of a *holdings-based* risk report that includes tracking error. If multiple versions are available, please send the version with the most graphics.**

Dimensional primarily uses internal proprietary tools for risk analysis, attribution and characteristics. However, the firm does use Wilshire Atlas and various other tools both as checks on our proprietary tools as well as to meet certain ad-hoc client information needs. Please refer to the attached holdings based risk report (***Exhibit V***) for the Representative Account of the Emerging Markets All Cap Core Equity Strategy vs. the MSCI Emerging Market Index as of 12/31/2013.

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# MILLIMAN INVESTMENT CONSULTING

## J.P. Morgan GEM Discovery Strategy

March 19, 2014

**For Institutional Use Only/Not For Public Distribution**

J.P.Morgan
Asset Management

## Organizational Background

**1. Please provide your firm name, along with the addresses and telephone numbers of your main and branch offices. What investment activity is conducted at each office?**

**Firm Name**
J.P. Morgan Asset Management ("JPMAM")[1]

**Offices**
We have investment management offices in over 40 locations throughout the world, as of December 31, 2013. Globally, JPMAM employs 20,091[2] staff, of whom 800 are investment professionals.

Please refer to the following table for key office locations with investment professionals, as of December 31, 2013.

*As of December 31, 2013*

| H.Q. Regional | Location | Number of Investment Professionals | Primary Function |
|---|---|---|---|
| ***Americas*** | | | |
| **Headquarters** | **J.P. Morgan Asset Management<br>270 Park Avenue<br>New York, NY 10017** | **287** | **Provides investment management services for Equity, Fixed Income, Real Assets, Hedge Funds, Asset Allocation and Private Equity.** |
| Regional | Highbridge Capital Management<br>40 West 57th Street<br>New York, NY 10019 | 24 | Provides investment management services for Highbridge Capital Management. |
| Regional | J.P. Morgan Asset Management<br>10 South Dearborn<br>Chicago, IL 60603 | 11 | Provides investment management services for Real Assets. |
| Regional | J.P. Morgan Asset Management<br>Towers of Kenwood<br>8044 Montgomery Road<br>Cincinnati, OH 45236 | 17 | Provides investment management services for Fixed Income. |
| Regional | J.P. Morgan Asset Management<br>Corporate Center Columbus<br>1111 Polaris Parkway<br>Columbus, OH 43240 | 73 | Provides investment management services for Equity and Fixed Income. |
| Regional | J.P. Morgan Asset Management<br>Chase Tower Indianapolis<br>1 E Ohio Street<br>Indianapolis, IN 46204 | 12 | Provides investment management services for Fixed Income. |

[1] *J.P. Morgan Investment Management Inc. ("JPMIM") is the legal entity responsible for the management of this product. J.P. Morgan Asset Management ("JPMAM") is the marketing name for the asset management business of JPMorgan Chase & Co. For the purposes of this document, we will use the marketing name when referencing our investment activities on behalf of J.P. Morgan Investment Management Inc.*

[2] *Based on the total employees for the Asset Management (J.P. Morgan Asset Management, Private Wealth Management, Private Bank) division of JPMorgan Chase & Co. as of December 31, 2013.*

| H.Q. Regional | Location | Number of Investment Professionals | Primary Function |
|---|---|---|---|
| Regional | J.P. Morgan Asset Management<br>One Federal Street<br>Boston, MA 02110 | 8 | Provides investment management services for Fixed Income. |
| Regional | J.P. Morgan Asset Management<br>Edificio Birmann 29<br>Av. Brigadeiro Faria Lima 3729<br>Sao Paulo, SP 04538-905<br>Brazil | 8 | Provides investment management services for Equity and Fixed Income. |
| ***European Offices*** | | | |
| Regional | J.P. Morgan Asset Management<br>Finsbury Dials<br>20 Finsbury Street<br>London EC2Y 9AQ<br>United Kingdom | 187 | Provides investment management services for Equity, Fixed Income, Asset Allocation, Hedge Funds, Real Assets and Private Equity. |
| Regional | J.P. Morgan (Suisse) S.A.<br>Rue De La Confederation 8 (CCA)<br>1204 Geneva, Switzerland | 8 | Provides investment management services for Hedge Funds. |
| ***Asia Pacific Offices*** | | | |
| Regional | J.P. Morgan Asset Management<br>JPMorgan Towers<br>Off CST Road, Kalina. Santacruz East<br>Mumbai, Maharashtra 400098<br>India | 7 | Provides investment management services for Equity, Fixed Income and Real Assets. |
| Regional | J.P. Morgan Asset Management<br>Chater House<br>8 Connaught Road, Central<br>Hong Kong, Spcl Adm Reg China 999077<br>Hong Kong | 41 | Provides investment management services for Equity, Fixed Income, Asset Allocation, Real Assets and Private Equity. |
| Regional | JPMorgan Chase Bank<br>20F & 21F, No.1, Songzhi Rd.<br>Taipei, 11047, Taiwan | 14 | Provides investment management services for Equity and Fixed Income. |
| Regional | JPMorgan Chase Bank<br>Marunouchi 2-7-3, Chiyoda-ku<br>Tokyo, 100-6432<br>Japan | 36 | Provides investment management services for Equity and Fixed Income. |
| Regional | JPMorgan Chase Bank<br>Singapore Capital Tower<br>168 Robinson Road<br>068912<br>Singapore | 14 | Provides investment management services for Asset Allocation, Equity and Hedge Funds. |

**2. Please provide the names, titles, telephone numbers, and email addresses of your firm's new business and database/questionnaire contacts.**

| | New Business Contact | Database/Questionnaire Contact |
|---|---|---|
| Name | Gerard Fancovic | Gerard Fancovic |
| Title | Executive Director | Executive Director |
| Office | 560 Mission Street, Floor 03<br>San Francisco, CA 94105 | 560 Mission Street, Floor 03<br>San Francisco, CA 94105 |
| Phone | (415) 315 7526 | (415) 315 7526 |
| Email | gerard.r.fancovic@jpmorgan.com | gerard.r.fancovic@jpmorgan.com |

**3. When was your firm founded? When was it registered with the SEC?**

JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of $2.4 trillion and operations worldwide as of December 31, 2013. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management, and private equity. The firm has a long history in the industry based on the many institutions that have formed what is today JPMorgan Chase & Co. The first bank to eventually become part of JPMorgan Chase, the Bank of the Manhattan Company, was established in 1799. On December 31, 2000 J.P. Morgan & Co. merged with Chase Manhattan Bank to form J.P. Morgan Chase & Co. On July 1, 2004, J.P. Morgan Chase & Co. and Bank One Corporation merged. The merged parent company, JPMorgan Chase & Co., is a component of the Dow Jones Industrial Average. JPMorgan Chase serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands.

The firm has been offering asset management services for over a century. J.P. Morgan Investment Management Inc. ("JPMIM") evolved from the Trust and Investment Division of J.P. Morgan & Co., Inc., and was registered with the SEC in 1984. JPMIM operates as a registered investment advisor entity under J.P. Morgan Asset Management, the brand name for the asset management business of JPMorgan Chase & Co.

**4. Is your firm willing to acknowledge that it is a fiduciary with respect to our client's account?**

We can and do take on full fiduciary responsibility as set forth by ERISA sections 3(38) and 3(21)(A)(ii), the highest fiduciary standard by law.

**5. Describe your firm's ownership structure and explain any changes since January 1, 2007.**

**Ownership Structure**
JPMIM, an SEC registered investment advisor, is an indirect wholly owned subsidiary of JPMorgan Chase & Co., a publicly traded corporation that is listed on the New York Stock Exchange (Ticker: JPM), with a market capitalization of $219.65 billion as of December 31, 2013.

Directors and employees of JPMIM own shares in the firm's parent company, JPMorgan Chase & Co. Specific ownership positions are unavailable for disclosure. As of December 31, 2013, employees of JPMorgan Chase & Co. held 5.0% of shares outstanding. This number excludes outstanding stock options.

**Recent Organizational Change**

In July 2012, JPMorgan Chase & Co. announced steps to unify some of its Chase-branded businesses to better serve consumer customers and more formally align two of its J.P. Morgan-branded wholesale franchises for the benefit of corporate and investor clients. Consumer & Business Banking and Card & Auto became Consumer & Community Banking, which over time, will also include Mortgage Banking. The Investment Bank (IB), Treasury & Securities Services (TSS), and the Global Corporate Bank businesses combined into the Corporate & Investment Bank. The company's Asset Management and Commercial Banking businesses, which serve a broad range of customers, companies and institutions, will remain separately managed from the other businesses.

**Ownership Changes**

There have been no changes in the ownership of the Firm over the past five years. The following are key acquisitions that took place:

In November 2010, JPMAM and Highbridge Capital LLC announced the acquisition of a majority stake in Gávea Investimentos. Founded in 2003 by Arminio Fraga, former President of the Central Bank of Brazil, Gávea has a premier reputation and brand name, with a growing global profile, particularly among institutional investors. Based in Rio de Janiero, Gávea manages macro and Brazil hedge funds, Brazil private equity funds and offers wealth management services.

In July 2009, JPMAM completed its purchase of Highbridge Capital Management. JPMAM entered into a strategic partnership with Highbridge in December 2004 and increased its ownership stake over the last five years, creating one of the largest and most significant strategic alliances in the hedge fund industry.

In September 2008, JPMorgan Chase & Co. acquired all deposits, assets and certain liabilities of Washington Mutual's banking operations from the Federal Deposit Insurance Corporation (FDIC). Excluded from the transaction were the senior unsecured debt, subordinated debt, and preferred stock of Washington Mutual's banks. JPMorgan Chase did not acquire any assets or liabilities of the banks' parent holding company (WM) or the holding company's non-bank subsidiaries.

In March 2008, JPMorgan Chase & Co. announced its intent to acquire The Bear Stearns Companies Inc. Shareholder approval was granted and JPMorgan and Bear Stearns officially merged, as of May 30, 2008.

**6. Discuss your firm's relationship with any parent or affiliated companies. Have these relationships changed since January 1, 2007?**

JPMIM has a material relationship with the affiliates listed below. Please refer to the attached Form ADV(s) for more information regarding the firms that have a relationship or arrangements with JPMIM that is material to its advisory business or its clients.

- **Broker-dealers, municipal securities dealers, or government securities broker or dealer (registered or unregistered)**

  - J.P. Morgan Securities LLC
  - J.P. Morgan Institutional Investments Inc.
  - J.P. Morgan Clearing Corp.

- **Other investment advisers (including financial planners)**

  - JF International Management Inc.
  - J.P. Morgan Private Investments Inc.

- J.P. Morgan Securities LLC
- J.P. Morgan Alternative Asset Management Inc.
- JPMorgan Asset Management (UK) Limited
- J.P. Morgan Institutional Investments Inc.
- Highbridge Capital Management, LLC
- J.P. Morgan Clearing Corp.
- Security Capital Research & Management Incorporated
- JPMorgan Chase Bank N.A.
- Beijing Equity Investment Development Management Co., LTD
- JPMorgan Asset Management Real Assets (Singapore) PTE LTD
- Gavea Investimentos LTDA

- **Registered municipal advisors**

  - J.P. Morgan Securities LLC
  - J.P. Morgan Institutional Investments Inc.

- **Registered security-based swap dealer**

  - J.P. Morgan Securities LLC
  - JPMorgan Chase Bank N.A.

- **Commodity pool operators or commodity trading advisors (whether registered or exempt from registration)**

  - J.P. Morgan Private Investments Inc.
  - J.P. Morgan Securities LLC
  - Highbridge Capital Management, LLC
  - J.P. Morgan Clearing Corp.
  - JPMorgan Chase Bank N.A.
  - Gavea Investimentos LTDA

- **Futures commission merchant**

  - J.P. Morgan Securities LLC

- **Banking or thrift institution**

  - JPMorgan Chase Bank N.A.

- **Trust company**

  - JPMorgan Chase Bank N.A.

- **Insurance companies or agencies**

  - J.P. Morgan Securities LLC
  - JPMorgan Life Limited

Please refer to the JPMorgan Chase & Co. Form 10-K Annual Report for a full list of JPMorgan Chase & Co. subsidiaries.



J.P.Morgan
Asset Management

**7. State the carriers and the limits of errors and omissions and fiduciary liability insurance.**

JPMorgan Chase & Co. (JPMC) maintains reasonable and customary forms of insurance to protect itself and its majority-owned subsidiaries against loss. Provided below is information regarding this coverage.

***Bankers Professional Liability****

| | |
|---|---|
| *Risks Covered:* | Bankers Professional Liability coverage indemnifies against loss arising from claims of alleged wrongful acts committed in the performance of professional services. |
| *Carrier:* | Park Assurance Company |
| *Level/Limit*: | $100,000,000 each wrongful act and aggregate |
| *Policy Period:* | January 15, 2014 – January 15, 2015 |

**Note: Bankers Professional Liability addresses errors, omissions and fiduciary liability.*

***Bankers Blanket Bond / Computer Misuse and Telephonic Misuse Insurance***

| | |
|---|---|
| *Risks Covered:* | Loss of Property (e.g., money, securities, and other tangible items of personal property) resulting directly from dishonest, fraudulent, malicious or deliberate criminal acts committed by an Employee; robbery, theft, burglary, or mysterious unexplainable disappearance; forged or counterfeit checks and securities; Computer Misuse and/or Telephonic Misuse committed by any person other than an identifiable Employee or Servicing Contractor. Coverage applies to Property (1) owned by JPMC, (2) held by JPMC for any purpose or in any capacity, (3) for which JPMC is legally liable, (4) in which JPMC has a pecuniary or other interest or (5) for which JPMC has instructions to insure. |
| *Carrier:* | Park Assurance Company |
| *Level/Limit:* | $300,000,000 per loss and aggregate |
| *Policy Period:* | July 1, 2013 – July 1, 2014 |

**8. Describe any litigation regarding your firm's investment activities since January 1, 2007. Is your firm expecting any new litigation?**

JPMorgan Chase & Co. and/or its subsidiaries (collectively, the "Firm") are defendants or putative defendants in numerous legal proceedings, including private, civil litigations and regulatory/government investigations. The litigations range from individual actions involving a single plaintiff to class action lawsuits with potentially millions of class members. Investigations involve both formal and informal proceedings, by both governmental agencies and self-regulatory organizations. These legal proceedings are at varying stages of adjudication, arbitration or investigation, and involve each of the Firm's lines of business and geographies and a wide variety of claims (including common law tort and contract claims and statutory antitrust, securities and consumer protection claims), some of which present novel legal theories. The Firm has established reserves for several hundred of its currently outstanding legal proceedings. The Firm accrues for potential liability arising from such proceedings when it is probable that such liability has been incurred and the amount of the loss can be reasonably estimated. The Firm evaluates its outstanding legal proceedings each quarter to assess its litigation reserves, and makes adjustments in such reserves, upwards or downwards, as appropriate, based on management's best judgment after consultation with counsel. The Firm periodically estimates the aggregate range of reasonably possible losses, in excess of reserves established, for its legal proceedings based upon currently available information for those proceedings in which the Firm is involved, taking into account the Firm's best estimate of such losses for those cases for which such estimate can be made. For certain cases, the Firm does not believe that an estimate can currently be made. The Firm's estimate involves significant judgment, given the varying stages of the proceedings (including the fact that many are currently in preliminary stages), the existence in many such proceedings of multiple defendants (including the Firm) whose share of liability has yet to be determined, the numerous yet-unresolved issues in many of the proceedings (including issues regarding class certification and the scope of many of the claims) and the attendant uncertainty of the various potential outcomes of such proceedings. Accordingly, the Firm's estimate will change from time to time, and actual losses may be more or less than the current estimate. After consultation with counsel and based on current knowledge, the Firm believes it has asserted meritorious defenses to the claims asserted against it in its currently outstanding legal proceedings, intends to defend itself vigorously in all such matters, and the Firm does not believe that any pending legal proceeding would have a material effect on the subject matter or its performance of the services contemplated by the Request for Proposal. For further discussion, please refer to JPMorgan Chase & Co.'s most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission.

**9. Describe any judgments against your firm by governmental and regulatory agencies since January 1, 2007. Also describe any current investigations.**

JPMIM is reviewed on a regular basis by various regulatory agencies such as the SEC, DOL, and the NFA. In connection with such examinations, to date, there have been no findings or violations that would have a material adverse effect on the Firm. The Firm reasonably believes it is currently in compliance with applicable laws and regulations.

In March 2013, the SEC conducted a routine examination of JPMIM along with other investment advisers within JPMAM. JPMIM subsequently received the SEC's deficiency letter and responded to such letter on July 25, 2013. The examination evaluated compliance with certain provisions of the federal securities laws with the primary focus on the use, review and validation of "Models". We do not believe that the findings or the Firm's actions in response to the suggestions and recommendations in the SEC's letter will have a material impact on our ability to conduct our investment management business.

For more details please refer to our response to Question 8 above.

**10. Discuss any recent changes to the monitoring of employee compliance with firm policies.**

There have been no significant changes to the monitoring of employee compliance with firm policies but we have enhanced our compliance program in the following areas: trade surveillance, access persons reporting, monitoring of window dressing and compliance risk assessment.

The Compliance Group fulfills its monitoring responsibilities regarding regulatory compliance on both a pre-trade and post-trade basis, combining advice and training activities with surveillance monitoring and oversight. The group provides continuous interaction and advice to asset management business personnel and is responsible for training activities regarding regulatory compliance.

Compliance educational programs are carried out on an annual basis unless a new policy is implemented, in which case training will be arranged for all relevant staff on an ad hoc basis. Attendance to any Compliance training program is compulsory. The training programs may take the form of electronic computer based training for regulatory rules and firm wide policies or more formalized presentations on specific topics that relate to the asset management business.

Attendance and completion of training is monitored through a compliance managed training and competence database. In addition, compliance with the Code of Conduct forms one of the terms of employment for all JPMorgan Chase employees, who are required to affirm that they have read and understood, and agree to comply with the Code of Conduct and local rules and policies. In addition, all Asset Management employees were required to complete on-line training on IT Control Policies and Code of Conduct on line affirmation via the company intranet. All U.S.-based Asset Management employees are also required to complete mandatory on-line Anti Money Laundering training. Breaches of the Code or any of the firm policies are investigated by a team consisting of Audit, Compliance, and Security Services. JPMAM view breaches as very serious and may lead to the dismissal of the employee involved.

**11. Please state the market value of assets under management for your firm for calendar year-ends starting with 2007. Also, please state accounts and assets gained, as well as accounts and assets lost over each of these periods.**

| | TOTAL FIRM ASSETS | | | | |
|---|---|---|---|---|---|
| Year Ended | Market Value ($Millions) | # Accounts Gained | Assets Gained ($Millions) | # Accounts Lost | Assets Lost ($Millions) |
| Dec 31, 2007 | $1,193,154 | 303 | $13,986 | 101 | $4,560 |
| Dec 31, 2008 | $1,133,229 | 131 | $14,287 | 81 | $14,806 |
| Dec 31, 2009 | $1,248,791 | 111 | $6,489 | 52 | $6,001 |
| Dec 31, 2010 | $1,298,252 | 155 | $11,033 | 119 | $3,516 |
| Dec 31, 2011 | $1,336,193 | 359 | $19,350 | 241 | $10,363 |
| Dec 31, 2012 | $1,426,402 | 272 | $24,189 | 211 | $7,081 |
| Dec 31, 2013 | $1,598,074 | 209 | $13,688 | 206 | $7,971 |

*Based on the AUM for the Asset Management (J.P. Morgan Asset Management, Private and Wealth Management, Private Bank) division of JPMorgan Chase & Co.*

**12. Please state the market value of equity assets under management for your firm for calendar year-ends starting with 2007. Also, please state accounts and assets gained, as well as accounts and assets lost.**

| | TOTAL EQUITY | | | | |
|---|---|---|---|---|---|
| Year Ended | Market Value ($Millions) | # Accounts Gained | Assets Gained ($Millions) | # Accounts Lost | Assets Lost ($Millions) |
| Dec 31, 2007 | $367,728 | 50 | $3,243 | 29 | $832 |
| Dec 31, 2008 | $207,896 | 25 | $2,208 | 25 | $2,014 |
| Dec 31, 2009 | $296,559 | 19 | $1,418 | 23 | $894 |
| Dec 31, 2010 | $356,413 | 32 | $1,487 | 6 | $1,187 |
| Dec 31, 2011 | $319,169 | 51 | $5,249 | 25 | $1,096 |
| Dec 31, 2012 | $377,851 | 53 | $5,602 | 30 | $1,743 |
| Dec 31, 2013 | $370,320 | 43 | $4,529 | 50 | $4,345 |

**13. What has been the level of personnel turnover for investment professionals at the total firm level over each calendar year since January 1, 2007? Explain any large changes.**

| | FIRM-WIDE | |
|---|---|---|
| Year thru: | Employees Added | Employees Lost |
| Dec 31, 2007 | 45 | 41 |
| Dec 31, 2008 | 45 | 83 |
| Dec 31, 2009 | 24 | 69 |

| Year thru: | FIRM-WIDE | |
|---|---|---|
| | Employees Added | Employees Lost |
| Dec 31, 2010 | 38 | 45 |
| Dec 31, 2011 | 34 | 28 |
| Dec 31, 2012 | 26 | 35 |
| Dec 31, 2003 | 42 | 30 |

*Based on the investment professionals for the Asset Management (J.P. Morgan Asset Management, Private and Wealth Management, Private Bank) division of JPMorgan Chase & Co.*

## Emerging Markets Investment Services

**14. Please provide the name of your Emerging Markets product that you are recommending for our client. What vehicle is proposed for this mandate (please provide ticker symbol if applicable)? The size of this mandate is approximately $50 million.**

We are proposing an investment in the JPM Global Emerging Markets Fund LLC (3c7) which follows our Global Emerging Markets (GEM) Discovery Strategy.

**15. Please state the market value of assets under management of your Emerging Markets product for calendar year-ends starting with 2007. Also, please state accounts and assets gained, as well as accounts and assets lost over each of these years.**

Please refer to our table below.

**GEM Discovery Strategy**

| Year Ended | SPECIFIED EMERGING MARKETS PRODUCT | | | | |
|---|---|---|---|---|---|
| | Market Value ($Millions) | # Accounts Gained | Assets Gained ($Millions) | # Accounts Lost | Assets Lost ($Millions) |
| Dec 31, 2007 | $331 | 0 | $0 | 0 | $0 |
| Dec 31, 2008 | $232 | 1 | $124 | 1 | $7 |
| Dec 31, 2009 | $551 | 0 | $0 | 2 | $23 |
| Dec 31, 2010 | $688 | 2 | $38 | 0 | $0 |
| Dec 31, 2011 | $893 | 7 | $309 | 0 | $0 |
| Dec 31, 2012 | $1,081 | 1 | $15 | 0 | $0 |
| Dec 31, 2013 | $500 | 2 | $8 | 4 | $272 |

*Source: JPMAM*
*The data above is shown for the GEM Discovery Strategy and also includes wins and losses for the underlying accounts within the JPM Global Emerging Markets Fund LLC (3c7).*

**16. Provide the following information on the key members of the firm's Emerging Markets portfolio management team: names; titles and responsibilities; years of investment experience, years with firm, and years with the team. Please provide biographies.**

Please find below the list of team members in the Emerging Markets Equity Team, as of March 2014. For biographies please refer to **Attachment A**.

| Name | Title | Years Inv. Exp. | Years w/Firm | Years w/Team |
|---|---|---|---|---|
| Richard Titherington | CIO & Portfolio Manager | 30 | 28 | 28 |
| Austin Forey | Portfolio Manager - GEM | 26 | 26 | 26 |
| Omar Negyal | Portfolio Manager - GEM | 14 | 1 | 1 |
| Leon Eidelman | Portfolio Manager - GEM | 11 | 11 | 10 |
| Anuj Arora | Portfolio Manager - GEM | 11 | 8 | 8 |
| Sebastian Luparia | Portfolio Manager - GEM | 20 | 17 | <1 |
| George Iwanicki | Portfolio Manager & Global Macro Strategist | 26 | 22 | 22 |
| Luis Carrillo | Portfolio Manager - Latin America | 21 | 15 | 15 |



J.P.Morgan
Asset Management

| Name | Title | Years Inv. Exp. | Years w/Firm | Years w/Team |
|---|---|---|---|---|
| Sophie Bosch de Hood | Portfolio Manager - Brazil | 14 | 14 | 14 |
| Oleg Biryulyov | Portfolio Manager - Emerging EMEA | 20 | 20 | 20 |
| Sonal Tanna | Portfolio Manager - Middle East & Africa | 14 | 14 | 14 |
| Amit Mehta | Portfolio Manager – GEM | 12 | 2 | 2 |
| Kate Murphy | Product-focused Analyst - GEM Diversified | 7 | 7 | 2 |
| Joyce Weng | Product-focused Analyst - GEM Diversified | 6 | 4 | 3 |
| Lina Nassar | Product-focused Analyst - GEM Diversified | 2 | 2 | 1 |
| Harold Yu | Product-focused Analyst - GEM Diversified | <1 | <1 | <1 |
| Xiaoyu Liu | Product-focused Analyst - GEM small caps | 6 | 6 | 6 |
| Mark Perrin | Product-focused Analyst - GEM small caps | 10 | <1 | <1 |
| Pandora Omaset | Product-focused Analyst – Africa | 18 | 14 | 6 |
| Habib Saikaly | Product-focused Analyst - Middle East & North Africa | 7 | 2 | 2 |
| Mark Ferguson | Head of Emerging Markets Equity Research and Financials Analyst | 14 | 14 | 3 |
| Chris Birney | Financials Analyst | 13 | 4 | 4 |
| Li Tan | Financials Analyst | 3 | 3 | 1 |
| Elizabeth Pang | Financials Analyst | 9 | 9 | 1 |
| Odette Wang | Consumer Analyst | 7 | 7 | 7 |
| Adam Spagnoletti | Consumer Analyst | 7 | 2 | 2 |
| Aline Gaspar | Consumer Analyst | 9 | 9 | 3 |
| Catherine Moong | Consumer Analyst | 13 | 8 | 1 |
| Gokhan Ates | Consumer Analyst | 9 | 3 | 3 |
| Yatian (Atena) Liu | Consumer Analyst | <1 | <1 | <1 |
| Simon Rogers | Natural Resources Analyst | 22 | 5 | 5 |
| Nika Lysogorskaya | Natural Resources Analyst | 8 | 3 | 3 |
| Sandro Apostolico | Natural Resources Analyst | 17 | 17 | 6 |
| Andrew Tan | Natural Resources Analyst | 19 | 6 | 1 |
| Felipe Teixeira | Industrials Analyst | 7 | 3 | 3 |
| Paul Chan | Industrials Analyst | 20 | 14 | 1 |
| John Citron | Industrials Analyst | 4 | 4 | 1 |
| Cheng-Joo Cheng | Industrials Analyst | 21 | 9 | 1 |

*There can be no assurance that the professionals currently employed by JPMAM mentioned above and throughout the remainder of this document will continue to be employed by JPMAM or that the past* *performance or success of any such professional serves as an indicator of such professional's future performance or success.*

**17. What has been the level of personnel turnover for investment professionals at the Emerging Markets product level for each calendar year since January 1, 2007? Explain any large changes.**

| Year thru: | EMERGING MARKETS PRODUCT SPECIFIC | |
|---|---|---|
| | Employees Added | Employees Lost |
| Dec 31, 2007 | 2 | 1 |
| Dec 31, 2008 | 1 | 0 |
| Dec 31, 2009 | 2 | 1 |
| Dec 31, 2010 | 3 | 0 |
| Dec 31, 2011 | 5 | 0 |
| Dec 31, 2012 | 2 | 1 |
| Dec 31, 2003 | 6 | 3 |

*Employees added and lost are those members of the Emerging Markets Equity Team that are relevant to the GEM Discovery Strategy.*

**18. As of December 31, 2013, provide the number of accounts, assets under management, median account size, and number of portfolio managers and analysts for the firm's Emerging Markets product.**

| Assets Under Mgt ($Millions) | Number of Investors | Median Client Size ($Millions) | Largest Client Size ($Millions) | Number of Portfolio Mgrs | Number of Inv Analysts | Number of Traders |
|---|---|---|---|---|---|---|
| $500 | 3* | $185 | $245 | 2** | 26*** | 36**** |

*As of December 31, 2013*
**The GEM Discovery Strategy consists of three mandates - the JPM Global Emerging Markets Fund LLC (3c7) - and two segregated accounts. This figure does not include the number of underlying investors in the JPM Global Emerging Markets Fund LLC (3c7).*
***This refers to the two portfolio managers for the JPM Global Emerging Markets Fund LLC (3c7), namely Leon Eidelman and Austin Forey. Please note that the Emerging Markets Equity Team contains 12 portfolio managers.*
****Total number of analysts in the Emerging Markets Equity Team.*
*****Equity traders based in London, New York and Hong Kong.*

**19. Please provide the following information as of December 31, 2013 for each vehicle through which your Emerging Markets product is offered.**

**GEM Discovery Strategy**

| | Offered? (Y/N) | Assets ($Millions) | Account Minimum ($Millions) |
|---|---|---|---|
| Separate Account | Y | $315 | $50 |
| Commingled Fund | Y | $185* | $1 |
| Mutual Fund | N | N/A | N/A |

*As of December 31, 2013*
**JPM Global Emerging Markets Fund LLC (3c7)*



J.P.Morgan
Asset Management

**20. Please discuss your capacity constraints. Is there a limit to the amount of assets the firm will manage in this Emerging Markets strategy? If yes, please specify current estimates or ranges.**

We are comfortable managing significant assets for our clients, and we believe our product and operational capacity exceed our current assets under management. However, we are not committed to amassing large amounts of assets for the sake of "growth" and we will not risk damaging the performance of a product or harm clients' appreciation of it. When approaching capacity, we would limit the acceptance of new accounts within the Strategy if we felt the value added to our existing clients would be compromised or diluted.

We consider the issue of capacity for our Emerging Market Equity Strategies through an analysis of each strategy's requirement for liquidity - a function of turnover versus available liquidity in the market. While market liquidity is subject to change, the analysis currently suggests that the GEM Discovery Strategy could be successfully managed at a size of approximately $2.5 billion, assuming normal market conditions. Our capacity analysis is revisited every six months by the Chief Investment Officer for Emerging Markets, Richard Titherington. The Emerging Markets Equity Team currently manages a total of $500 million within the GEM Discovery Strategy, as of December 31, 2013.

**Emerging Markets Investment Philosophy & Research Process**

**21. Briefly describe the investment philosophy, strategy, style and distinguishing characteristics of your Emerging Markets product.**

**Investment Philosophy**

We seek to outperform by compounding strong growth in profits over long periods. We do so by identifying high quality businesses through in-depth fundamental research. Our valuation process helps ensure we apply an appropriate valuation to the opportunity.

*The manager seeks to achieve the strategy's stated objectives. There can be no guarantee they will be achieved.*

Emerging Markets, given their developing status, are inherently inefficient with high volatility relative to developed markets.

Our investment approach is based on capitalizing on these fundamental characteristics over 3-5 years, which we believe to be a longer time frame than that of the average investor.

The two basic pillars of our investment philosophy are understanding and valuation. Our investment process is designed to enhance our understanding of the companies and countries we invest in and determine the correct valuation of growth prospects that our understanding leads us to expect.

Our GEM Discovery Strategy is managed against the MSCI Emerging Markets Investable Market Index (IMI) which reflects the fact that it is a Strategy which captures opportunities across the market capitalization spectrum. We believe that there is a strong case for active management in emerging markets across the market capitalization spectrum as there is less efficiency due to the lower coverage from the sell-side analyst community versus large caps. This allows JPMAM, as an active manager, the opportunity for enhanced alpha generation.

Additionally, we believe that a bias towards small and mid caps in emerging markets offers better exposure to the 'true' emerging markets story and the secular themes of consumption and infrastructure.

JPMAM is committed to making enhancements to our process that help us reflect changing market conditions and technological advances. Such enhancements are designed with the objective of helping us continue to achieve sustained outperformance for our emerging markets equity funds.

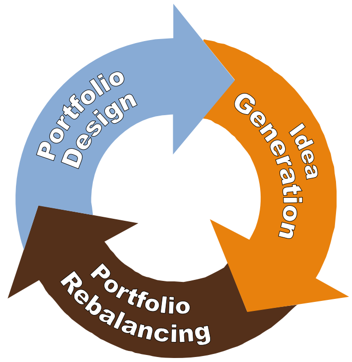
**Investment Process Summary**

At the heart of our fundamental, bottom-up investment process are two questions: is this the kind of business we want to own and at what price would we buy and sell it. The portfolio managers work closely with the analysts to build a deep understanding of the business to answer the first question by considering the underlying economics of the business, the duration of future growth and governance. If the business is deemed to be of sufficiently high quality based on these factors then the analyst's forecast for the stock's five year expected return is used to answer the second question. In this way, idea generation is a team activity while portfolio construction is the responsibility of the portfolio managers.

We look to take advantage of the high relative volatility of emerging markets by investing for the long-term, typically 3-5 years, which we believe is beyond the investment horizon of the average investor. Our investment process aims to achieve strong returns by combining ideas from our well-resourced and experienced team in an appropriate way according to each client's or Fund's risk profile and performance requirements. Portfolio managers are active participants in the process of idea generation, not simply passive recipients of the analysts' ideas. Our process can be summarized by the following diagram:

**Portfolio Design**

- Low running costs
- High level of active money
- Effective diversification




**Idea Generation**

- Is this the kind of business we want to own?
- At what price would we buy and sell the stock?

**Portfolio Rebalancing**

- How does a stock get into the portfolio?
- Maximize return, seek to manage risk

GEM Discovery is a high alpha, high conviction Strategy. Portfolios are managed from a primarily bottom-up perspective using the ideas generated by our team of 38 emerging markets investment professionals, as of December 31, 2013. The Strategy is managed against the MSCI Emerging Markets Investable Market Index (IMI) and normally has 60-80 holdings with a typical annual turnover of 20-40%.

The following sections provide an overview of our research and portfolio construction process.

## Research

### Bottom-up Fundamental Research

*Fundamental Expected Returns*
In-depth fundamental research on close to 700 emerging markets companies is conducted by the Emerging Markets Equity Team. Company visits form the cornerstone of our research approach at the stock level; in 2013, JPMAM investment professionals conducted 2,757 visits to Emerging Markets companies.

Analysts use their expertise to identify and research companies. Stocks are assessed using a two-part analysis which considers the dynamics of the business and qualitative factors (Strategic Classifications) as well as the four basic components of return and valuation (Five Year Expected Return). Strategic Classifications are used to answer the question – Is this the kind of business we want to own? Only if it is of sufficiently high quality will we consider the next question – At what price would we buy and sell the stock?

Considerable autonomy is given to analysts at the stock idea generation stage of the process.

*Strategic Classifications*
Analysts conduct research to understand the dynamics of the business, its growth prospects and the sustainability of its competitive position.

Our objective is to answer a simple question:
*Is this a business we want to own?*

To answer the question, we need to have views on three different, though inter-dependent areas:



J.P.Morgan
Asset Management

**ECONOMICS**: does the company produce good returns for shareholders? In order to understand economic returns we need to consider all factors which influence the amount of capital needed to run a business, the profits it makes by employing this capital, and the amount of capital that can be re-invested: these factors can be external to the company (macro and industry), or specific to it (company and management).

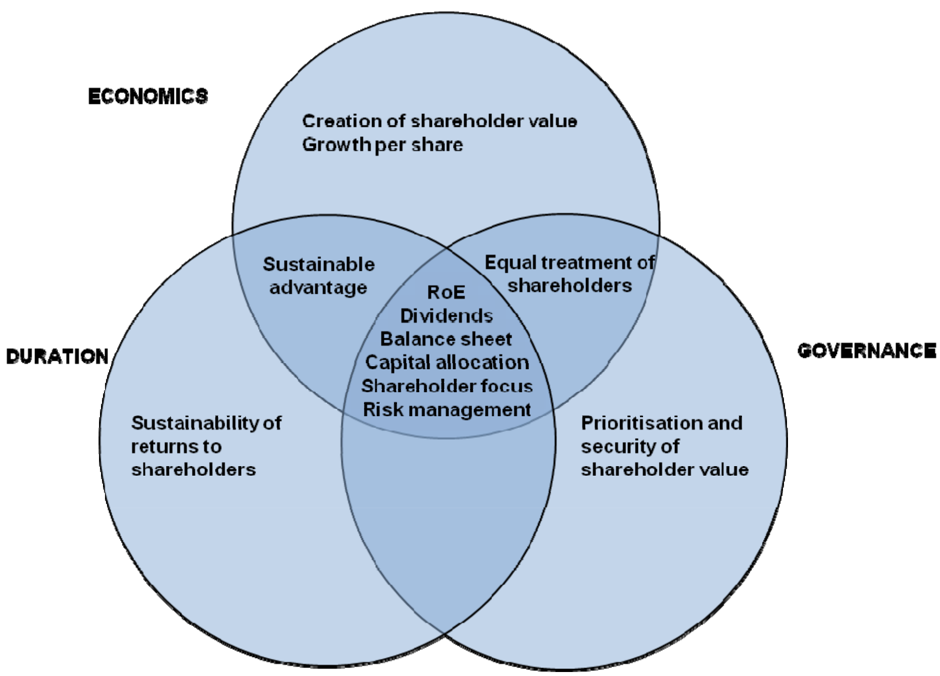
We think about both the probability that any factor will influence returns and the magnitude of the potential impact. Several factors are important.

Industry factors: capital intensity of the industry and the pricing power and impact of inflation on the industry. Company factors: strength of the company's position versus competitors/suppliers/customers/regulators/government. Management choices: balance sheet structure and capital management including dividend policy.

**DURATION:** can those returns be sustained in the future? A company's ability to sustain returns depends on a wide variety of factors; to have confidence in a company's duration, we need to have considered the potential impact on the business of several risk factors, including macro, industry and company factors as well as management choices.

Several factors have recurrent performance. Industry factors: the nature of the industry, especially as regards innovation and obsolescence, and growth. Company factors: the agenda of the owners. Management choices: skill in capital allocation, especially returns on incremental capital.

**GOVERNANCE**: will those returns accrue to shareholders in full, or be impaired by poor governance? Many different factors influence our view of governance. They can be viewed in two ways: both by source (macro/industry/company/management), and by cause (competence and motives). Macro and industry factors are almost always driven by motives; company and management factors by both motives and competence.




Following the analysis of these variables, an analyst assigns one of three Strategic Classifications to a company:

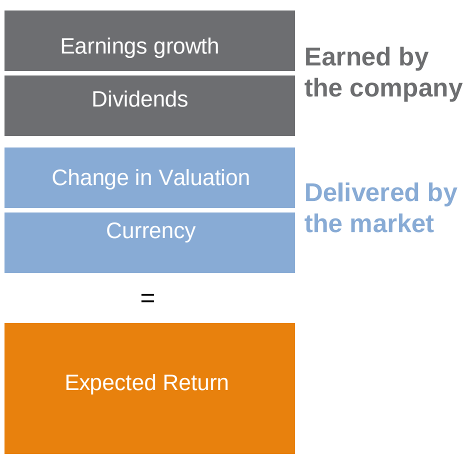
**Premium -** Companies which produce very good returns for shareholders (economics) and can continue to do so for a long time because they have a durable competitive position (duration). They do not impair returns to shareholders through poor capital allocation (competence) or because of divergent interests (motives).

**Quality -** Good businesses which make a good return, but our confidence in their long term value creation is lower than for premium companies.

**Trading –** companies where the long term creation of value for shareholders is unappealing, especially when viewed on a risk/reward basis. Instead, changes in valuation are needed rather than in underlying value created by the company.

The Chief Investment Officer, the Head of GEM Research and global portfolio managers review the Strategic Classifications of the companies covered on a regular basis to ensure consistency of the process worldwide.

*Five Year Expected Return*
The fundamental expected return for a company is evaluated through four sources of return: Earnings growth, dividend, change in valuation and currency.




Earnings growth is the fundamental value derived from the stream of future earnings accruing to shareholders. We look to value earnings growth over a five year time horizon. Secondly, we look at dividends which are the proportion of future earnings directly paid out to shareholders. These two components of return are influenced by the company management and in general we seek to invest in companies where the majority of the returns are driven by the company itself.

By contrast, the other two components of return are derived by the market. The change in valuation allows us to identify valuation anomalies that we expect to correct. The final component, which can have a significant impact on the return, is currency. We assume over the long-term currencies will trend to fair value. Analysts and portfolio managers use the five year fair value currency expectations produced by our team.

The forecast equity returns based on the four components are input into an online return expectation system (“Rigour Online”) by all analysts.

Strategic classifications and rankings are a means of communicating information using a common language and framework throughout the Team.

**Top-down Research**
While fundamental, bottom-up research is the driver of idea generation in the portfolio, the portfolio manager also has access to the top-down research conducted by members of the Team, which provides greater breadth of understanding.

When we think about the prospects for an individual stock, we have to have regard for the context within which the company operates (although this is not the same as making decisions at a macro level). Industry factors are important because they bear on the company's likely earnings power and future return on equity. For example, in banking we have to think about regulation and capital standards; in commodity sectors, we have to be aware of times when there may be a very asymmetrical risk around commodity prices and in all sectors, competitive factors matter. In addition, we are always interested in the effect of inflation on businesses (and often currency is a related consideration). Country-specific risk factors (governance, regulation, political risk, etc.) also have to be considered.

The top-down research is a combination of quantitative and qualitative analysis, which seeks to assess valuation, currency, style biases and global market context for the asset class, emerging countries and currencies.

**Valuation:** A proprietary valuation tool is used to rank countries and sectors. We analyze valuation and momentum factors to rank markets and sectors on a relative basis.

**Currency:** Currencies are assessed for relative value through the real effective exchange rate to identify whether a currency is over- or under- valued. A five year fair value currency targets for all major emerging world currencies is produced.

**Style:** Our team also produces regular sector and style analysis to add background to the bottom-up stock selection.

**Global Market Context:** The Team uses a variety of absolute and relative valuation measures and also consider themes, general macro and global sectoral effects to try to position the emerging markets equity asset class in a global context. Examples of this type of research include comparing valuations of emerging markets equity versus developed equities and emerging market debt, macro research on GDP growth and inflation and the impact on specific sectors and markets from anticipated changes in the yield curve. We also conduct regular discussions on sectors which have common global drivers such as technology and cyclicals.

**Communication of Research**
Effective communication is essential to ensure the best ideas are considered for the portfolio. A series of formal group-wide meetings and extensive informal information sharing amongst the Team serves to spread ideas rapidly and encourage debate. It also acts as an important filter in weeding out weak investment ideas.

- Team members communicate through a formal daily conference call to assess ideas on current market conditions, changes in valuations, industry and regional market conditions.

- On a weekly basis all team members meet for regional meetings to formalize their stock-specific views gained through extensive research and company visits. Global and regional emerging markets portfolio managers participate in each regional meeting to exchange ideas and encourage two-way communication.

- Regular discussions occur between relevant team members in those areas where global factors do have a common impact around the world, e.g., technology and cyclical industries. Additionally, team members look at specific themes from a broader perspective.

- Our portfolio managers meet formally on a monthly basis to review the output of our proprietary macro model and to overlay qualitative inputs, in order to evaluate overall positioning of portfolios.

- All portfolios are reviewed on a monthly basis by the Emerging Markets Chief Investment Officer. The CIO can discuss with individual portfolio managers or all team members the level of risk in their portfolios and where applicable, the action to be taken with regard to portfolio positions.

The outcomes of our micro and macro research on emerging markets, including strategic classifications and company visit notes, are available to all team members via FactSet. Five Year Expected Returns are input into ‘Rigour Online’, a comprehensive intranet-based database. This allows for effective communication and research sharing amongst team members.

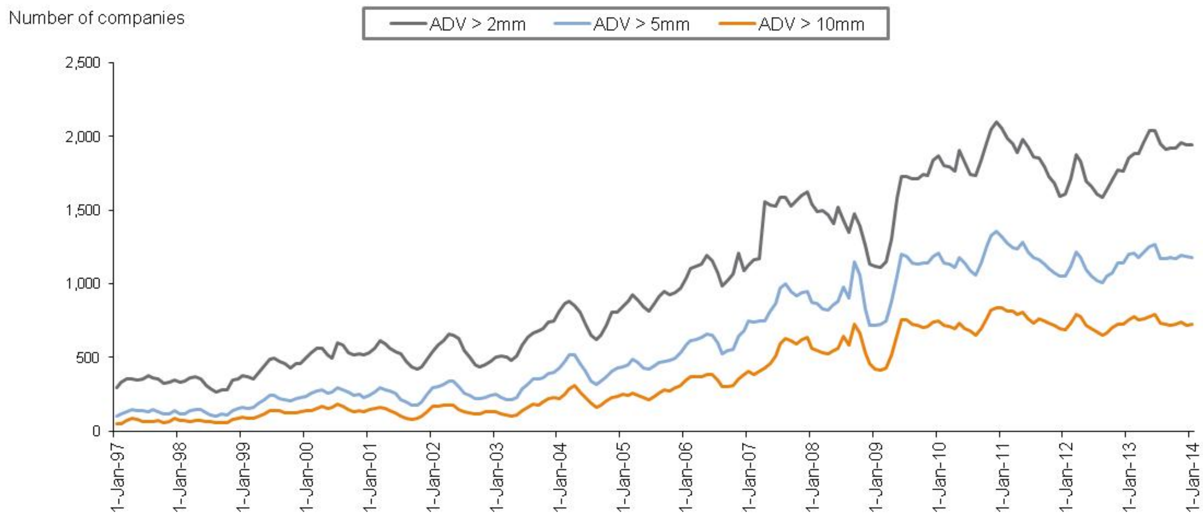
**22. Please provide a list of the types of securities (other than common stock and cash equivalents) that your firm currently holds in this product.**

The JPM Global Emerging Markets Fund LLC (3c7) will typically invest 100% in equity based assets such as ADRs, GDRs, 144as, RegS, warrants, and participatory notes, as well as ordinaries.

We do not generally use derivatives because the instruments available in emerging markets can lack liquidity, be of inconsistent quality and can be expensive in the event that they do not achieve the desired result. Derivatives can be used, specifically participatory notes, on occasion to invest in securities listed in a country where a client cannot invest directly due to local access limitations in separate accounts, though it is our strong preference to have direct access to all markets where we aim to invest.

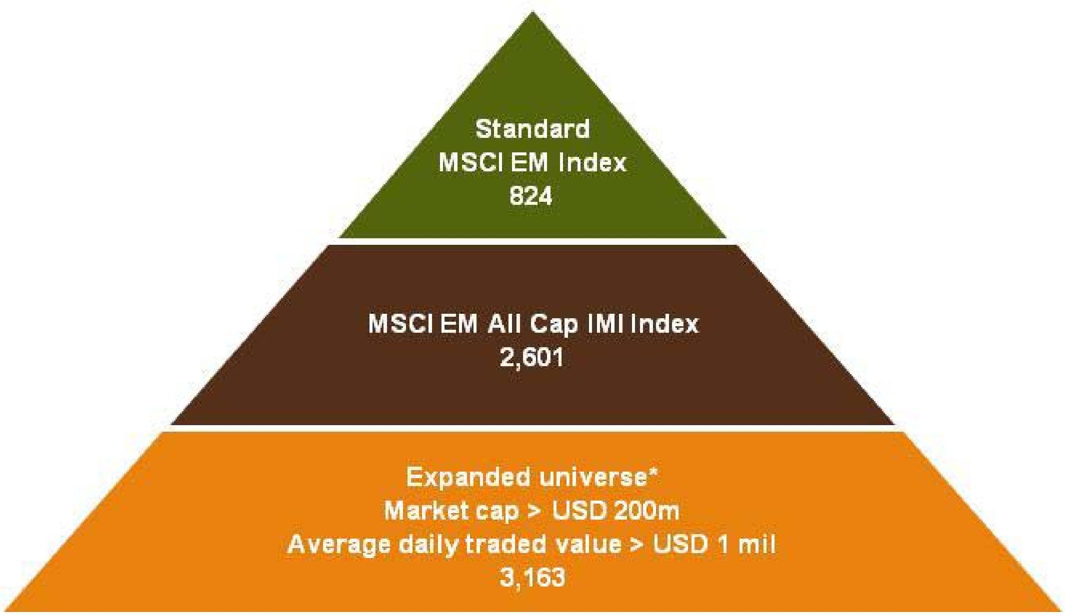
**23. Please provide a brief overview of the opportunities for investing in Emerging Market equities?**

Emerging Markets, given their developing status, are inherently inefficient with high volatility relative to developed markets. However, the opportunity set for investing in Emerging Markets continues to expand rapidly. This is a function of two complementary developments: an increase in the number of companies available for investment and an increase in overall market liquidity. Despite their ‘emerging’ status, these markets are highly liquid and the investable universe (average daily volume greater than $2 million) has grown four-fold since 2003:




*For illustrative purposes only.*

As market liquidity has improved over time, the amount of investible stocks has grown at a similar rate. As of February 28, 2013, there are more than 3,000 stocks in our investment universe, increasing the competitive advantage inherent in having an experienced and well-resourced analyst team:




*For illustrative purposes only.*

Our competitive advantages in emerging markets investing are illustrated through our specialist investment process, highly experienced team and commitment.

- We have a **specialist** emerging markets investment process, based on over 40 years of experience in this asset class. Our process is designed to capture the best long-term ideas.

- Our dedicated **well-resourced** and **experienced team** is structured to exceed the expectations of our clients. Our global and regional groups provide comprehensive local coverage, giving unique insight into how the varied and inefficient emerging markets of Emerging Asia, Latin America, Emerging Europe, the Middle East and Africa work. Our 38 emerging markets investment professionals have an average of 13 years' investment experience, and an average of 10 years' experience within the firm.

- We can demonstrate a **successful track record** across a range of global and regional emerging markets funds, and through a **variety of market environments**. The GEM Discovery Strategy has a track record of over 10 years.

- We are **committed to emerging markets asset management**, as evidenced by the extensive network of emerging market portfolio managers, emerging market analysts, global equity industry analysts, debt and currency teams spread throughout 10 locations around the globe.

- We believe that our vast experience in this asset class enables us to ensure **quality** in our valuation and due diligence procedures and exploit an information advantage.

- We undertake our own **independent research** which means we are not limited by depth of sell-side coverage. This enables us to exploit the primary sources of inefficiency that exist in the small cap universe.

*All data as of December 31, 2013. Past performance is not indicative of future results.*

**24. What is the firm's process for conducting individual security analysis or research, if relevant? What security characteristics are sought? What role does macro-economic research play in the Emerging Markets discipline's investment decision-making process? Also state the firm's sources of potential investment ideas.**

Please see our response to Question 21 for a detailed description of our process for conducting individual security analysis and research. Ultimate decision-making authority and accountability for the Strategy is assigned to the lead portfolio manager of the Strategy, Leon Eidelman. Bottom-up stock analysis is conducted by both portfolio managers and analysts; they are multi-cultural, multi-lingual, and sit in various locations around the globe to better understand the companies, sectors and markets in their respective areas. Top-down (Macro) analysis and research is conducted by the global macro strategist, George Iwanicki and assessed monthly by the global and regional portfolio managers. The investment professionals of the Team are organized in a flat management structure designed to combine the best elements of teamwork and individual responsibility. Leon is supported by advanced systems to ensure a smooth and efficient implementation of the investment process and strict adherence to regulatory and investment guideline requirements.

JPMAM generates its own in house proprietary research. Our research analysts are responsible for undertaking economic, industry and company analysis utilized in stock selection decisions by the portfolio managers. This affords us with competitive insights into the stocks we include in our portfolios.

Portfolio managers also conduct stock research but are ultimately responsible for managing their portfolios. They spend part of their time discussing and challenging the analysts on their stock recommendations and valuations, as well as sharing ideas with the other Emerging Markets Equity Team portfolio managers. The sector analysts are career analysts who report into the Head of Research.

**Sources of Research:**
The Emerging Markets Equity Team uses internal research as the primary source of idea generation, and conducts most of research internally, with limited usage of the sell-side research.

The research coverage of the Team goes well beyond that of the sell-side, which typically covers a shorter time horizon. Our focus on internal research, supported by the depth, breadth, stability and experience of the Team, offers distinct competitive advantages in identifying investment opportunities; by looking beyond the average investor's horizon, we can align research focus with the objectives of client portfolios.

External research providers being utilized include:

**FactSet** - offers financial information from an array of data sources with tools for screening and portfolio analysis

**IBES** - a database covering the brokerage industry's earnings expectations

**Bloomberg** – offers financial and market information

**25. What is the number of securities regularly followed by security analysts and/or portfolio managers?**

In-depth fundamental research on close to 700 emerging markets companies is conducted by the Emerging Markets Equity Team, as of December 31, 2013.

**26. How does your firm assess the liquidity of its Emerging Markets investments?**

Trading in illiquid stocks can be difficult and expensive. Therefore, we generally seek to invest in liquid securities for practical reasons. Our definition of "liquid" is stocks with at least $250 thousand in average daily trading value and a minimum of $200 million market cap. Our emphasis on holding portfolios comprised of liquid stocks ensures adequate control over all aspects of the portfolio and reduces the risks presented by client outflows during periods of low liquidity.

**27. What pricing sources are used for valuing securities, and what pricing procedures are employed to value portfolio holdings? Also, what procedures are employed to reconcile security prices with the custodian?**

**Valuation Process**
It is our policy to obtain independent market valuations for all securities that we hold. This is implemented by J.P. Morgan Investor Services ('Investor Services') through a series of external vendors, including Bloomberg, IDC, Reuters, Emstar & Extel. On a daily and monthly basis the valuations obtained are checked against secondary sources, and exceptions that fail the vendor-on-vendor and daily price variance tolerance checks are investigated manually. If pricing sources are not available to Investor Services they will escalate to our internal Data Management Group, which liaises with independent market pricing vendors (FTSpec, Bloomberg, Reuters etc.) and brokers for an independent price check. The in-house traders assist in sourcing independent broker valuations for very illiquid securities.

**Reconciliation Process**
The core back operational office functions of settlements, cash and stock reconciliations, corporate actions and portfolio accounting and valuation are provided by Investor Services, a division of J.P. Morgan Bank N.A., under an outsourcing agreement.

Investor Services are responsible for undertaking cash and security reconciliations with the custodian and, where relevant, the fund accountant.

Our operations oversight team manages the process as follows: we record details of all positions held in our accounts, and all pending transactions, in a database called the Position Tracking System (PTS). The information stored in this database is used as a basis to calculate valuations, which are used by all JPMAM Portfolio Management tools. The database receives real-time updates from the order execution system and SALERIO of all trades executed and confirmed during the course of the day. When the trade instruction is sent via the direct link to Investor Services, we receive an acknowledgement to confirm that it has been received into their core custody systems. Details of the trade will then be held in the PTS database until Investor Services send confirmation that the trade has settled in the market. We can use the information stored in the database to track the status of each trade at every stage of its life-cycle from execution through to confirmation of settlement.

To ensure that the positional and pending trade information contained in the PTS database is the same as that used by Investor Services in their Client Accounting/Reporting system, InvestOne Enterprise, we conduct twice-daily reconciliations between the data in PTS and that in the Investor Services' custody systems. A dedicated group at Investor Services are responsible for reviewing the results of these reconciliations, investigating any discrepancies and taking corrective action before the next reconciliation cycle. Investor Services then perform comparisons between their custody and accounting systems, to close the circle on the reconciliation.

**Emerging Markets Portfolio Construction and Management**

**28. Describe in detail your Emerging Markets portfolio management process. If a team approach is used, state the names of the team members and explain the role(s) of each team member, with particular emphasis on geographical regions.**

Portfolio construction is a disciplined and transparent process, and is the responsibility of the portfolio manager, Leon Eidelman. Portfolio managers add value by contributing context and judgment to the research conducted by our research analysts. The role of the portfolio manager is to capture and preserve alpha in the form of idea generation from research analysts and the Team of global portfolio managers, and to:

- own stocks with highest risk adjusted/return profile;
- ensure no single position can derail performance;
- build the portfolio from a large set of uncorrelated positions;
- concentrate on intended risks;
- tailor the portfolio to each client's or fund's specific investment restrictions and guidelines.

The GEM Discovery Strategy is a high alpha, high conviction Strategy, with active position sizes driven by conviction not market capitalization (i.e., active position sizes are not scaled by the stock's weight in the index). GEM Discovery portfolios typically have 60-80 holdings. The approach to portfolio construction is bottom-up, reflecting that the majority of our ideas of highest conviction are found at the stock level. Portfolio turnover is low, typically 20-40% p.a.

The two part research process described earlier serves as the primary source of idea generation for the portfolio construction process. We have a strong preference for company-specific factors when determining individual position sizes for three reasons: first, because they are the source of the greatest long-term differentiation in share price returns; second, because we believe we have more ability to appraise these factors; and third, because they are by definition the most diversifying factors, and therefore aid overall portfolio diversification.

Positions in the portfolio are driven by our highest conviction ideas; stocks with the highest five year expected returns are generally regarded by the Team as the most attractive, and therefore normally form the key positions in the portfolio. Aggregate country and sector exposures in the portfolio are a function of the individual stock decisions. Country, sector and stock positions are unconstrained but are closely monitored; the portfolio is constructed with a quality bias and longer-term orientation.

From the portfolio construction process, buy/sell orders are produced which are automatically checked against client or fund guidelines and electronically sent to the central dealing team for execution. The portfolio manager is overseen by Investment Directors and the Middle Office to ensure compliance with client and internal requirements. This oversight function is performed by the Middle Office on a daily basis to ensure compliance with guidelines and the CIO and Investment Directors monitor portfolios for consistency monthly and there is a formal quarterly review cycle.

**29. What is your firm's level of expected long-term outperformance?**

The GEM Discovery Strategy targets an excess return of 5%+ (gross of fees) over a full market cycle, 3 to 5 years versus the MSCI Emerging Markets Investable Markets Index.

*The manager seeks to achieve the stated objectives. There can be no guarantee the objectives will be met.*

**30. State the typical benchmark(s) you use to measure the Emerging Markets product performance. Which benchmark do you believe is best?**

The JPM Global Emerging Markets Fund LLC (3c7) is managed against the MSCI Emerging Markets IMI Net Index as the Fund aims to capture opportunities across the market capitalization spectrum. However, we are experienced in managing separate accounts in our GEM Discovery Strategy against other indices and would be happy to discuss your benchmark requirements with you at a later stage.

We believe the MSCI Emerging Markets IMI Index to be the most appropriate benchmark for managing the commingled fund, as it is most representative of our target investment universe and is widely used by our peers. However, it should be noted that the Fund is largely benchmark agnostic.

**31. What are the current number and typical number of securities in the Emerging Markets portfolios? What are the maximum and the minimum number of securities?**

| Current Number | Typical Number | Maximum Number | Minimum Number |
|---|---|---|---|
| 86* | 60-80 | No defined maximum | No defined minimum |

**For the JPM Global Emerging Markets Fund LLC (3c7), as of December 31, 2013.*

**32. Please explain how country allocation decisions are made,**

Since we focus on bottom-up stock selection, our country active weights are a product of our views on each stocks' prospects and not a direct consequence of our macro views on each country. We therefore do not aim to add value by over or underweighting countries based on our top-down research at a portfolio level. We instead incorporate our top-down research into our valuation process for the fundamental research our analysts conduct on the stocks they cover.

**33. What is the firm's approach to currency management? Will currencies be used as an active management tool? To what extent does your process employ any hedging?**

Typically we do not hedge currencies in emerging markets equity investing due to the cost of hedging, increased operational risk in terms of non deliverable forward (NDF) currencies and our longer term strategic bias. However, we do analyze currencies as part of our macro research and we incorporate these views into our stock research and portfolio positioning. In analyzing currencies, we look at two components: real under/over valuation and the nominal component proxied by the inflation differential with the U.S. (USD is our common currency). The real valuation looks at the real effective exchange rate over the long term and adjusts for factors like improving or deteriorating trade. At the stock level, our view on a currency's valuation is incorporated into the analyst's Five Year Expected Returns for each stock and will either add or detract from the overall expected return.

**34. Explain the firm's portfolio approach to the level of cash and equivalent holdings. Specify the normal, maximum and minimum levels of cash holdings.**

In general, we aim to be as fully invested as possible and do not hold cash for risk control purposes. Accordingly, cash is not normally a source of added value within our investment process and is only residual. Cash will typically make up less than 5% of the JPM Global Emerging Markets Fund LLC (3c7). The minimum level of cash is 0% and the maximum is 10%, but this may deviate when there are client inflows and outflows.

**35. Describe the firm's Emerging Markets sell discipline.**

Our buy and sell disciplines are driven by changes in the analysts views on the quality of the business (Strategic Classifications) and their conviction in its potential to generate outstanding returns (Five Year Expected Returns).

Once the portfolio manager has decided that they want to own a business (is this the kind of business we want to own?) based on our qualitative criteria, meetings with the company's management and intensive debate with the relevant analyst, the Five Year Expected Return provides the portfolio manager with a clear valuation signal to take action.

The decision to sell a stock will be the result of either a structural change in the business outlook - i.e., the business is no longer the kind of business we want to own – or depreciation in the relative attractiveness of the Five Year Expected Return. The decision to decrease an existing weighting occurs when the expected return falls due to valuation on the back of share price appreciation but the earnings outlook and assessment of the quality of the business remains unchanged. We regularly act on such valuation signals but given our long-term investment horizon, we are tolerant of relatively large changes in potential return.

In our buy and sell discipline we try to think in absolute terms, not just relative ones, and we try to find the best opportunities. Surrounding this approach is the assessment of risk, which could mitigate the potential return from an individual holding. In other words, we look at a trade-off between pure return and consistency and risk control, and the available risk adjusted return from a stock and the way it compares to all other opportunities also needs to be addressed.

**36. What has been the average Emerging Markets portfolio/fund turnover for each year since January 1, 2007?**

| Year | Turnover |
|---|---|
| Dec 31, 2007 | 49.4 |
| Dec 31, 2008 | 54.2 |
| Dec 31, 2009 | 42.4 |
| Dec 31, 2010 | 21.7 |
| Dec 31, 2011 | 21.9 |
| Dec 31, 2012 | 50.6 |
| Dec 31, 2013 | 34.7 |
| Average | 39.3 |

*Data is for the JPM Global Emerging Markets Fund LLC (3c7).*

**37. Which one of the following descriptions best matches your exposure to Frontier Markets:**

**a) None or virtually no exposure**
**b) Full exposure**
**c) Partial exposure**
**d) Opportunistic exposure**

We would consider our exposure to Frontier Markets as opportunistic (D). Our country positions are a product of our views on each stocks' prospects and not a direct consequence of our macro views on each country. If a Frontier Market stock looks attractive to our analysts and has sufficient liquidity, we will invest in it.

**38. List the Emerging Market product's regional allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods.**

| Regions | YEAR-END 2013 | 2012 | 2011 | 2010 | 2009 | Avg | Min | Max |
|---|---|---|---|---|---|---|---|---|
| Africa/Middle East | 17.54 | 13.20 | 9.89 | 10.23 | 6.57 | 11.49 | 6.57 | 17.54 |
| Asia/Pacific | 49.07 | 46.69 | 59.42 | 62.61 | 57.85 | 55.13 | 46.69 | 62.61 |
| Europe | 14.98 | 15.25 | 7.92 | 9.43 | 13.91 | 12.30 | 7.92 | 15.25 |
| Latin America | 15.66 | 16.86 | 16.68 | 15.03 | 14.53 | 15.75 | 14.53 | 16.86 |
| U.S./Canada* | 1.63 | 0.00 | 0.00 | 0.00 | 0.00 | 0.33 | 0.00 | 1.63 |
| Cash | 1.13 | 8.00 | 6.08 | 2.70 | 7.15 | 5.01 | 1.13 | 8.00 |

**Please list any U.S./Canada securities by name.*
*Epam Systems Inc (Information Technology sector)*
*Data is for the JPM Global Emerging Markets Fund LLC (3c7)*

**39. List the Emerging Market product's country allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods. Please extend the table's rows to list all countries where investments were made.**

| Countries (fill in) | YEAR-END 2013 | 2012 | 2011 | 2010 | 2009 | Avg | Min | Max |
|---|---|---|---|---|---|---|---|---|
| Argentina | 0 | 0 | 0 | 0.63 | 0.62 | 0.25 | 0.00 | 0.63 |
| Brazil | 6.52 | 9.96 | 10.26 | 11.50 | 9.59 | 9.57 | 6.52 | 11.50 |
| Canada | 0.00 | 0.00 | 0.00 | 0 | 0 | 0.00 | 0.00 | 0.00 |
| Chile | 0.00 | 0.90 | 1.60 | 0.00 | 0.00 | 0.50 | 0.00 | 1.60 |
| China | 18.63 | 20.60 | 32.67 | 33.31 | 31.53 | 27.35 | 18.63 | 33.31 |
| Colombia | 0.97 | 0.91 | 0.95 | 0.00 | 0.00 | 0.57 | 0.00 | 0.97 |
| Czech Republic | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Egypt | 1.20 | 0.84 | 1.35 | 3.22 | 2.76 | 1.87 | 0.84 | 3.22 |
| Greece | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 |
| Hungary | 0.00 | 1.37 | 0.57 | 0.88 | 0.00 | 0.56 | 0.00 | 1.37 |
| India | 13.62 | 9.66 | 7.64 | 10.67 | 7.62 | 9.84 | 7.62 | 13.62 |
| Indonesia | 3.91 | 4.65 | 0.00 | 0.00 | 1.35 | 1.98 | 0.00 | 4.65 |
| Israel | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Kazakhstan | 0 | 0.57 | 1.40 | 1.59 | 1.34 | 0.98 | 0.00 | 1.59 |
| Kenya | 0.55 | 0 | 0 | 0 | 0 | 0.11 | 0.00 | 0.55 |
| Korea | 4.84 | 5.98 | 10.29 | 8.49 | 9.79 | 7.88 | 4.84 | 10.29 |
| Luxembourg | 1.31 | 1.49 | 0 | 0 | 1.30 | 0.82 | 0.00 | 1.49 |
| Macau | 1.51 | 0 | 0 | 0 | 0 | 0.30 | 0.00 | 1.51 |
| Malaysia | 0.89 | 1.04 | 1.41 | 1.22 | 0.00 | 0.91 | 0.00 | 1.41 |
| Mexico | 5.25 | 3.66 | 3.87 | 2.90 | 4.31 | 4.00 | 2.90 | 5.25 |
| Morocco | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |



J.P.Morgan
Asset Management

| Countries (fill in) | YEAR-END 2013 | 2012 | 2011 | 2010 | 2009 | Avg | Min | Max |
|---|---|---|---|---|---|---|---|---|
| Nigeria | 3.93 | 0.96 | 0.91 | 1.09 | 0 | 1.38 | 0.00 | 3.93 |
| Panama | 1.53 | 0 | 0 | 0 | 0 | 0.31 | 0.00 | 1.53 |
| Peru | 1.40 | 1.44 | 0.00 | 0.00 | 0.00 | 0.57 | 0.00 | 1.44 |
| Philippines | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Poland | 1.48 | 1.82 | 0.43 | 0.00 | 0.00 | 0.75 | 0.00 | 1.82 |
| Russia | 5.21 | 2.71 | 2.01 | 3.31 | 7.66 | 4.18 | 2.01 | 7.66 |
| South Africa | 10.61 | 10.57 | 5.84 | 3.98 | 3.04 | 6.81 | 3.04 | 10.61 |
| Taiwan | 3.71 | 4.19 | 6.52 | 8.06 | 6.58 | 5.81 | 3.71 | 8.06 |
| Thailand | 1.96 | 0.58 | 0.89 | 0.86 | 0.98 | 1.05 | 0.58 | 1.96 |
| Turkey | 4.23 | 3.89 | 1.19 | 2.28 | 2.05 | 2.73 | 1.19 | 4.23 |
| UAE | 1.25 | 0.82 | 1.79 | 1.94 | 0.77 | 1.31 | 0.77 | 1.94 |
| Ukraine | 0.00 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 |
| United Kingdom | 2.75 | 3.39 | 2.33 | 1.38 | 1.56 | 2.28 | 1.38 | 3.39 |
| USA | 1.63 | 0.00 | 0.00 | 0.00 | 0.00 | 0.33 | 0.00 | 1.63 |
| Cash | 1.13 | 8.00 | 6.08 | 2.70 | 7.15 | 5.01 | 1.13 | 8.00 |

*Note: Data is for the JPM Global Emerging Markets Fund LLC (3c7)*

**40. Which one of the following descriptions best matches your exposure to the Small Cap segment of the Emerging Market space:**

**e) None or virtually no exposure**
**f) Full exposure**
**g) Partial exposure**
**h) Opportunistic exposure**

We would consider our exposure to Small Cap as partial (G). GEM Discovery is a flexible, all-cap portfolio with a small and mid cap bias. Therefore, it has consistently had partial exposure to smaller capitalization stocks within the asset class, though the exact weighing will be driven by our conviction in the individual opportunities rather than an explicit allocation target.

**41. List the Emerging Markets product's market-cap range allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods.**

| Market-Cap Range | YEAR-END 2013 | 2012 | 2011 | 2010 | 2009 | Avg | Min | Max |
|---|---|---|---|---|---|---|---|---|
| $250 million & Below | 0.00 | 0.00 | 1.92 | 2.26 | 4.37 | 1.71 | 0.00 | 4.37 |
| $250 – $800 million | 3.50 | 3.54 | 21.84 | 14.53 | 23.05 | 13.29 | 3.50 | 23.05 |
| $800 million – $2.5 billion | 21.67 | 23.94 | 26.41 | 28.14 | 20.57 | 24.15 | 20.57 | 28.14 |
| $2.5 – $8 billion | 31.89 | 27.65 | 20.52 | 28.33 | 24.26 | 26.53 | 20.52 | 31.89 |
| $8 – $25 billion | 23.25 | 25.51 | 17.26 | 15.58 | 16.08 | 19.54 | 15.58 | 25.51 |
| $25 – $80 billion | 14.72 | 13.10 | 8.00 | 7.10 | 8.99 | 10.38 | 7.10 | 14.72 |

| Market-Cap Range | YEAR-END 2013 | 2012 | 2011 | 2010 | 2009 | Avg | Min | Max |
|---|---|---|---|---|---|---|---|---|
| $80 – $250 billion | 4.98 | 6.26 | 4.05 | 4.06 | 2.68 | 4.41 | 2.68 | 6.26 |
| Above $250 billion | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

*Note: Data is for the JPM Global Emerging Markets Fund LLC (3c7)*

**42. List the Emerging Markets product's GICS sector allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods.**

| GICS Sectors | YEAR-END 2013 | 2012 | 2011 | 2010 | 2009 | Avg | Min | Max |
|---|---|---|---|---|---|---|---|---|
| Consumer Discretionary | 14.44 | 12.47 | 14.71 | 15.10 | 18.82 | 15.11 | 12.47 | 18.82 |
| Consumer Staples | 10.19 | 13.72 | 15.11 | 14.04 | 15.20 | 13.65 | 10.19 | 15.20 |
| Energy | 4.14 | 2.03 | 4.62 | 3.51 | 1.34 | 3.13 | 1.34 | 4.62 |
| Financials | 24.43 | 26.09 | 13.45 | 13.15 | 13.13 | 18.05 | 13.13 | 26.09 |
| Health Care | 2.41 | 2.10 | 7.99 | 8.87 | 5.20 | 5.31 | 2.10 | 8.87 |
| Industrials | 19.62 | 17.11 | 9.19 | 11.29 | 8.73 | 13.19 | 8.73 | 19.62 |
| Information Technology | 11.40 | 10.51 | 19.92 | 22.64 | 19.72 | 16.84 | 10.51 | 22.64 |
| Materials | 8.13 | 4.69 | 4.24 | 3.74 | 3.04 | 4.77 | 3.04 | 8.13 |
| Telecommunication Services | 2.59 | 2.30 | 4.68 | 3.81 | 7.68 | 4.21 | 2.30 | 7.68 |
| Utilities | 1.51 | 0.99 | 0.00 | 1.15 | 0.00 | 0.73 | 0.00 | 1.51 |
| Cash | 1.13 | 8.00 | 6.08 | 2.70 | 7.15 | 5.01 | 1.13 | 8.00 |

*Note: Data is for the JPM Global Emerging Markets Fund LLC (3c7)*

**Investment Management Fees, Etc.**

**43. Provide your fee schedules on your Emerging Markets product for separate accounts, commingled and/or mutual funds. Please identify management fees and non-management/fund-administration fees/expenses separately if possible.**

Our GEM Discovery Strategy is available via a 3c7 vehicle or as a separate account.

The proposed fee schedule for a segregated GEM Discovery account is as follows:

85 bps on 1st $100 million
80 bps on balance
Minimum investment: $50 million

The fee schedule for our GEM Discovery 3c7 vehicle, JPM Global Emerging Markets Fund LLC (3c7) is as follows:

85 bps on 1st $100 million
80 bps on balance
Minimum investment: $1 million

This would be subject to some flexibility depending on the client's specific requirements. We would also be happy to offer a performance based fee where regulations permit.

Our fees would be based on the market value of securities under management, including any cash awaiting investment, and charged quarterly in arrears. Fees are exclusive of custody charges and the usual transaction costs, such as brokerage charges and stamp duty, but inclusive of all investment management services, full administration and valuation services, client reporting, and six monthly review meetings.

**44. If a commingled/mutual fund is proposed, what are the custody costs, transfer agency fees, etc. of the trust. Are they an additional fee that is directly charged to the client?**

Operational and administration costs for the commingled fund, the JPM Global Emerging Markets Fund LLC, are charged within the fund's NAV.

**45. Has the firm entered into incentive fee arrangements? If so, provide details.**

The firm, from time to time, has agreed to offer performance based fees. Typically a performance fee is made up of a base fee and a percentage participation in the excess returns of the account after factoring in the base fee. These are normally calculated over rolling three year periods but can be for different time frames. We would be happy to discuss a performance fee structure for a separate account at a later stage in the selection process.

**46. Does your firm use any service, information, or merchandise paid for with directed commissions? If yes, please list the service(s) received from such commissions.**

**Commission Recapture and Directed Brokerage**
At JPMAM we have maintained a policy of using our best efforts to execute through client chosen brokers provided that we do not jeopardize the attainment of "best execution" for all clients.

**47. Please provide access to an electronic copy of your firm's ADV. (Please do not send a hardcopy of your firm's ADV.)**

Please refer to the attached JPMIM Form ADV Part 1A and JPMIM Form ADV Part 2A.

**48. Please provide the name, address, telephone number and email address for three client references whom we may contact.**

Due to our client confidentiality clauses, we are unable to disclose the names of our past or present clients. However, in future stages of the search, we would be happy to obtain the approval of our clients in using their names as references.

**Emerging Markets Investment Performance**

**49. Please send a supplemental spreadsheet with the following GIPS-compliant time-weighted monthly composite performance information since inception in the following five columns (in columns B-D please use five decimal digits if available):**

- **a. Month-end date (e.g. 12/31/2013)**
- **b. Monthly total return (gross)**
- **c. Monthly total return (net)**
- **d. Monthly benchmark return (gross, please specify the benchmark)**
- **e. Month-end market value of assets associated with this performance record**

Please refer to the two files attached that give monthly returns (gross and net) for the GEM Discovery composite – **Attachment B** and **Attachment C**.

**50. What is your name for the composite? Are returns audited? By whom? Are returns GIPS compliant? For what time period?**

The name of the composite is Global Emerging Markets Discovery.

HSBC Securities Services has been appointed by JPMAM to verify its claim of compliance with the Global Investment Performance Standards (GIPS).

It should be noted that verification is not mandatory and a firm can claim compliance with GIPS without being verified.

JPMAM's claim of compliance with GIPS has been verified by an independent third-party for the period from January 1, 1996 to December 31, 2011. From January 1, 2001, the verification has been carried out by HSBC Securities Services.

GIPS verification for 2012 is currently in progress.

## Emerging Markets Risk Management

**51. What are the historical and expected tracking errors of this Emerging Markets product?**

We do not target tracking error for the Strategy but would typically expect it to be in the 5-10% range.

Our objective is to maximize returns while seeking to manage risk. We measure risk in terms of total active position – which is the sum of all our overweight stock positions. In aggregate this tells us how the portfolio differs from the index and therefore how much capital is available to generate returns above the index. The target total active position is 85% to 100%.

Historical tracking error for the JPM Global Emerging Markets Fund LLC (3c7) is shown below:

| Year end | 1 Year Tracking Error % | 3 Year Tracking Error % |
|---|---|---|
| Dec 31, 2009 | 5.12% | 8.05% |
| Dec 31, 2010 | 3.40% | 6.62% |
| Dec 31, 2011 | 6.22% | 4.93% |
| Dec 31, 2012 | 5.45% | 5.18% |
| Dec 31, 2013 | 4.44% | 5.42% |

*Data is NAV - gross of fees in USD and is annualized.*
*The manager seeks to achieve the stated objectives. There can be no guarantee the objectives will be met. Past performance is not indicative of future results.*

**52. Describe in detail the key risks of the product and the risk management process.**

**Key Risks of the Product:**
This is an equity Fund investing in global emerging markets. Whilst the growth potential of global emerging market equities make this Fund very attractive for investors looking for high investment returns, investors in this Fund need to be comfortable with the additional political and economic risks associated with emerging market investments.

**Risk Management Process:**
We continually analyze the risks facing investors in the management of emerging markets equity portfolios. We achieve this primarily by adherence to our investment philosophy and principles and through the application of a disciplined process. We define risk in terms of both absolute and relative risks. Our approach to risk embraces not just risks against benchmarks, but also a variety of "real" or absolute risks; an ability to judge these remains a prerequisite for successful investment in emerging markets. These absolute risks are all ultimately concerned with the possibility of the permanent loss of capital; they include an assessment of the quality of information available from companies, the objectives and motivations of both management and controlling shareholders, the ease and costs of transacting, the quality of counterparties and the reliability of market processes. The following points summarize the issues surrounding absolute risks, and the steps we take to help mitigate and assess risk:

*Absolute Risk:*

- Our investment style with its particular emphasis on company visits and close working knowledge of management helps to safeguard against bankruptcy risk, by providing the kind of analysis needed to avoid investing in vulnerable companies. In 2013, we conducted 2,757 company visits. Macro-economic risks are reviewed regularly. Frequent conference calls between members of the Group provide the portfolio managers with a full consideration and understanding of factors, issues or events taking place at a global, regional or country level.



J.P.Morgan
Asset Management

- Dealing in illiquid stocks can be difficult and expensive. Our emphasis on holding portfolios comprised of liquid stocks ensures adequate control over all aspects of the portfolio and ensures against any distortions in the portfolio, for example through client outflows, which may accelerate in falling, illiquid markets. Risk from excessive dealing is avoided by minimizing the need to turn the portfolio through investment in quality companies with sustainable earnings, while we seek to minimize risk from poor quality execution by avoiding excessive dealing and by comparison with the independent ITG survey.

- We seek to circumvent counterparty risk by determining their credit worthiness and evaluating the appropriateness of their credit level through policies and procedures set by the Risk Management Group. We also monitor exposure levels for each counterparty on a daily basis. An assessment of a market's eligibility for investment is conducted by our Risk Management Group. Factors such as the reliability of market processes, supervision, accessibility, liquidity and repatriation are assessed in determining whether a market is eligible for investment.

*Relative Risk:*
We seek to manage risk relative to the benchmark primarily through the monitoring of active weights at the stock, sector and country level.

**53. What risk measures are used to quantify country risk? What additional risks are assigned to emerging markets versus developed markets?**

**Country Risk:**
Since we focus on bottom-up stock selection, our country active weights are a product of our views on each stocks' prospects and not a direct consequence of our macro views on each country. We therefore do not aim to add value by over or underweighting countries based on our top-down research at a portfolio level. We instead incorporate our top-down research into our valuation process for the fundamental research our analysts conduct on the stocks they cover.

Positions in the portfolio are driven by our highest conviction ideas; stocks with the highest five year expected returns are generally regarded by the Team as the most attractive, and therefore normally form the key positions in the portfolio. Aggregate country and sector exposures in the portfolio are a function of the individual stock decisions. Country, sector and stock positions are unconstrained but are closely monitored; the portfolio is constructed with a quality bias and longer-term orientation.

**Risks of Investing in Emerging Markets Versus Developed Markets:**

- The value of your investment may fall as well as rise and you may get back less than you originally invested.

- Because the Fund is aggressively managed, volatility may be high as the Fund may take larger position sizes, may have high turnover of holdings and at times may have a significant exposure to certain areas of the market.

- The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.

- Emerging markets may be subject to increased political, regulatory and economic instability, less developed custody and settlement practices, poor transparency and greater financial risks. Emerging market currencies may be subject to volatile price movements. Emerging market securities may also be subject to higher volatility and lower liquidity than non emerging market securities.



J.P.Morgan
Asset Management

- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging that may be used to minimize the effect of currency fluctuations may not always be successful.

**54. Please send as a supplement a copy of a holdings-based risk report that includes tracking error. If multiple versions are available, please send the version with the most graphics.**

Please refer to the attached risk report for the GEM Discovery composite – **Attachment D.**

## Disclaimer

*This material is intended to report solely on the investment strategies and opportunities identified by J.P. Morgan Asset Management. Additional information is available upon request. Information herein is believed to be reliable but J.P. Morgan Asset Management does not warrant its completeness or accuracy. Opinions and estimates constitute our judgment and are subject to change without notice. Past performance is not indicative of future results. The material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. J.P. Morgan Asset Management and/or its affiliates and employees may hold a position or act as market maker in the financial instruments of any issuer discussed herein or act as underwriter, placement agent, advisor or lender to such issuer. The investments and strategies discussed herein may not be suitable for all investors; if you have any doubts you should consult your J.P. Morgan Asset Management Client Adviser, Broker or Portfolio Manager. The material is not intended to provide, and should not be relied on for, accounting, legal or tax advice, or investment recommendations. You should consult your tax or legal adviser about the issues discussed herein. Indices do not include fees or operating expenses and are not available for actual investment. The investments discussed may fluctuate in price or value. Investors may get back less than they invested. Changes in rates of exchange may have an adverse effect on the value, price or income of investments.*

*The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for the Fund's portfolio or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general (or in particular, the prices of the types of securities in which a fund invests) may decline over short or extended periods of time. When the value of a fund's securities goes down, an investment in a fund decreases in value.*

*Changes in rates of exchange may have an adverse effect on the value, price or income of investments.*

*International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Also, some overseas markets may not be as politically and economically stable as the United States and other nations. The Fund's investments in emerging markets could lead to more volatility in the value of the Fund. As mentioned above, the normal risks of investing in foreign countries are heightened when investing in emerging markets. In addition, the small size of securities markets and the low trading volume may lead to a lack of liquidity, which leads to increased volatility. Also, emerging markets may not provide adequate legal protection for private or foreign investment or private property.*

*Investment advisory services provided by J.P. Morgan Investment Management Inc. The manager seeks to achieve the strategy's stated objectives. There can be no guarantee they will be achieved.*

*J.P. Morgan Asset Management is the marketing name for the asset management businesses of JPMorgan Chase & Co. Those businesses include, but are not limited to, J.P. Morgan Investment Management Inc., Security Capital Research & Management Incorporated and J.P. Morgan Alternative Asset Management, Inc., JPMorgan Chase Bank, N.A.*

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# Response to Questionnaire

CONFIDENTIAL

*issued to:* Milliman Investment Consulting
*date:* March 19, 2014
*for:* Oaktree Emerging Markets Equity Fund, L.P.

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# I. Organizational Background

**1) Please provide your firm name, along with the addresses and telephone numbers of your main and branch offices? What investment activity is conducted at each office?**

Oaktree Capital Management, L.P. (together, with its affiliates, “Oaktree”) maintains seventeen offices worldwide. Addresses, contact information and investment activities are provided below.

***Brentwood (opened June 2009)***
Oaktree Capital Management, L.P.
11611 San Vicente Blvd., Suite 710
Los Angeles, CA 90049
Tel: +1 310 442-0542
Investment activities: Power Opportunities

***Los Angeles (headquarters) (opened April 1995)***
Oaktree Capital Management, L.P.
333 South Grand Avenue, 28th Floor
Los Angeles, CA 90071
Tel: +1 213 830-6300
Investment activities: U.S. High Yield Bonds; U.S. Senior Loans; U.S. Convertibles; High Income Convertibles; Distressed Debt; Value Opportunities; Global Principal; Power Opportunities; Real Estate Opportunities; Real Estate Debt; Strategic Credit

***New York (opened June 1995)***
Oaktree Capital Management, L.P.
1301 Avenue of the Americas, 34th Floor
New York, New York 10019
Tel: +1 212 284-1900
Investment activities: Mezzanine Finance; Non-U.S. Convertibles; Global Principal; Real Estate Opportunities; Japan Opportunities; Emerging Market Opportunities; Real Estate Debt

***Stamford (Connecticut) (opened April 2006)***
Oaktree Capital Management, L.P.
680 Washington Blvd., 6th Floor
Stamford, CT 06901
Tel: +1 203 363-3200
Investment activities: Emerging Markets Equities

***Amsterdam (opened August 2008)***
*(office of affiliates of Oaktree-managed funds)*
Barbara Strozzilaan 201
1083 HN
Amsterdam
The Netherlands
Tel: +31 20 5792128
There are no investment activities performed at this office at the current time.

***Dubai (opened October 2013)***
Oaktree Capital Management (Dubai) Limited
Dubai International Financial Centre,
Office 5, The Gate Building, Level 15,
PO Box 121208

Dubai, United Arab Emirates
Tel: +1 971 440-19877
There are no investment activities performed at this office at the current time.

***Dublin (opened August 2013)***
*(office of affiliates of Oaktree-managed funds)*
2nd Floor
27 Merrion Square
Dublin 2
Ireland
Tel: +353 1 662 1301
There are no investment activities performed at this office at the current time.

***Frankfurt (opened July 2004)***
Oaktree GmbH
Frankfurter Welle
An der Welle 3
9th Floor
60322 Frankfurt Am Main, Germany
Tel: +49 69 244 339-3000
Non-discretionary advisory activities: Distressed Debt; European Principal; Real Estate Opportunities; Value Opportunities

***London (opened January 1999)***
Oaktree Capital Management (UK) LLP
27 Knightsbridge
London, SW1X 7LY
United Kingdom
Tel: +44 20 7201-4600
Investment activities: European High Yield Bonds; European Senior Loans; European Principal
Non-discretionary advisory activities: Distressed Debt; Value Opportunities; Real Estate Opportunities

***Luxembourg (opened December 2006)***
*(office of affiliates of Oaktree-managed funds)*
26A, boulevard Royal, 7th Floor
L-2449 Luxembourg
Tel: +352 26 63 25 47 00

***Paris (opened July 2008)***
Oaktree France S.A.S.
64, rue de Lisbonne
75008 Paris, France
Tel: +33 1 42 99 15 15
Non-discretionary advisory activities: European Principal

***Beijing (opened March 2007)***
Oaktree Capital (Beijing) Ltd.
Suite 8, 14th Floor
China World Office 1,
No. 1 Jianguomenwai Ave.
Chaoyang District,
Beijing 100004, China
Tel: +86 10 6535-0208

***Hong Kong (opened December 2005)***
Oaktree Capital (Hong Kong) Limited
Suite 2001, AIA Central
1 Connaught Road Central
Hong Kong
Tel: +852 3655-6800
Non-discretionary advisory activities: Asia Principal; Emerging Markets Absolute Return, Emerging Markets Equities

***Seoul (opened October 2007)***
Oaktree Capital (Seoul) Limited
6th Floor Pangaea B/D
67-8 Yangjae 1-dong, Seocho-gu
Seoul 137-889, Korea
Tel: +82 2 2191-8000
Non-discretionary advisory activities: Real Estate Opportunities

***Singapore (opened July 1998)***
Oaktree Capital Management Pte. Ltd.
80 Raffles Place
#51-03 UOB Plaza 1
Singapore 048624
Tel: +65 6305-6550
Non-discretionary advisory activities: Emerging Markets Absolute Return, Emerging Markets Equities

***Tokyo (opened August 1998)***
Oaktree Japan, GK
Atago Green Hills Mori Tower, 37th Floor
2-5-1 Atago, Minato-ku, Tokyo
Japan 105-6237
Tel: +81 3 5776-6760
Non-discretionary advisory activities: Asia Principal; Real Estate Opportunities; Japan Opportunities

2) **Please provide the names, titles, telephone numbers, and email addresses of the firm's new business and database/questionnaire contacts?**

| | New Business Contact | Database/Questionnaire Contact |
|---|---|---|
| Name | Jessica Curran | Mark McKee |
| Title | Senior Vice President | Associate |
| Office | Los Angeles | New York |
| Phone | (213) 830-6962 | (212) 284-1924 |
| Email | jcurran@oaktreecapital.com | mmckee@oatkreecapital.com |

3) **When was your firm founded? When was it registered with the SEC?**

Oaktree was originally formed as a California limited liability company on March 14, 1995. It converted to a Delaware limited partnership on May 24, 2007 and has a State of Delaware file number of 4359186. Oaktree is a registered as an investment adviser with the U.S. Securities and Exchange Commission (the "SEC") pursuant to the Investment Advisers Act of 1940, as amended. Oaktree's SEC File Number is 801-48923.

4) **Is your firm willing to acknowledge that it is a fiduciary with respect to our client's account?**

Yes, as a registered investment adviser, Oaktree is automatically subject to fiduciary duties imposed by Section 206 of the Investment Advisers Act of 1940. Oaktree also manages a number of plan asset funds and separate accounts, and in those cases is subject to ERISA's heightened fiduciary duties.

5) **Describe the firm's ownership structure and explain any changes since January 1, 2007.**

Oaktree is indirectly controlled by Oaktree Capital Group, LLC ("OCG"), a publicly-traded company listed on the New York Stock Exchange under the ticker symbol "OAK." OCG is indirectly controlled by our Principals, who hold approximately 96% of OCG's voting power. Our Principals, outside directors and certain executive officers indirectly own approximately 45% of Oaktree's equity interests. Public unitholders in OCG, other current employees, former employees, and a small group of longtime clients indirectly hold the remainder of Oaktree's equity interests.

Since the firm's formation in 1995, we have continued doing what the Principals initiated soon after Oaktree started; namely, periodically broadening ownership of Oaktree to include a larger number of senior employees. As of December 31, 2013, there are over 190 employee-owners.

In addition to broadening employee ownership, the following material changes in ownership have occurred since January 1, 2007.

- In 2007, OCG sold roughly 16% of its business to outside institutional investors in a private placement that resulted in OCG's Class A units becoming tradable on a private over-the-counter market developed by Goldman, Sachs & Co. for Tradable Unregistered Equity Securities, referred to as the GSTrUE OTC market.
- In June 2011, OCG, an indirect owner of Oaktree, our registered investment adviser, filed a registration statement with the U.S. Securities and Exchange Commission for an initial public offering of its Class A units. OCG's registration statement was declared effective with the SEC on April 11, 2012 and its Class A units began trading on the New York Stock Exchange on April 12, 2012 under the ticker symbol "OAK." After giving effect to the initial public offering and the company's use of proceeds as stated in the registration statement, approximately 51% of Oaktree's equity interests were held indirectly by our Principals, outside directors and certain executive officers and over 97% of the voting control of our business remained with our Principals.

- In May 2013, OCG completed a follow-on public offering of its Class A units.  After giving effect to the May 2013 offering and OCG's use of proceeds as stated in the prospectus supplement relating to such offering, approximately 47% of Oaktree's equity interests continue to be held indirectly by our Principals, outside directors and certain executive officers and approximately 97% of the voting control of our business remains with our Principals.
- In March 2014, OCG completed another follow-on offering of its Class A units.  After giving effect to the March 2014 offering and OCG's use of proceeds as stated in the prospectus supplement relating to such offering, approximately 45% of Oaktree's equity interests continue to be held indirectly by our Principals, outside directors and certain executive officers and approximately 96% of the voting control of our business remains with our Principals.

**6) Discuss your firm's relationship with any parent or affiliated companies.  Have these relationships changed since January 1, 2007?**

In addition to the detail provided in our response to Question 5, Oaktree is affiliated with ten main operating entities, which are described below.  Please refer to the chart illustrating the corporate structure of Oaktree (together with its affiliates) provided in Exhibit 1.  These relationships have not changed since January 1, 2007.

***OCM Investments, LLC***
OCM Investments, LLC ("OCM Investments") is a Delaware limited liability company formed on August 4, 2003.  Its purpose is to operate as a securities broker-dealer in connection with the private placement of interests in investment funds managed by Oaktree or any of its affiliates as general partner or investment manager.

***Oaktree International Holdings, LLC***
Oaktree International Holdings, LLC ("Oaktree International") is a Delaware limited liability company formed on August 3, 1998.  Its purpose is to act as a holding company for international activities, including the formation and ownership of foreign affiliates and the employment of certain overseas personnel.

***Oaktree GmbH***
Oaktree GmbH ("Oaktree Germany") is a German corporation (Gesellschaft mit beschränkter Haftung) formed on November 12, 2003.  Its purpose is to provide advisory services with respect to investments in Germany and in other regions of Europe.  Specifically, Oaktree Germany conducts market research, evaluates potential investments in Germany and other European countries and provides transactional liaison services to Oaktree. Oaktree Germany is based in Frankfurt.

***Oaktree Capital Management (UK) LLP***
Oaktree Capital Management (UK) LLP ("Oaktree UK") is a United Kingdom limited liability partnership formed on November 15, 2011.  On November 16, 2011, Oaktree UK acquired the entire business and assets of Oaktree Capital Management Limited, a United Kingdom private limited company formed on July 3, 1998.  Oaktree UK's purpose is to provide investment management services.  It acts as the investment manager to certain funds and as the sub-adviser to other Oaktree-managed investment funds.  Oaktree UK is based in London and is regulated by the Financial Conduct Authority (FCA), formerly known as the Financial Services Authority, of the United Kingdom.

***Oaktree France S.A.S.***
Oaktree France S.A.S. ("Oaktree France") is a French simplified joint stock company (société par actions simplifiée) formed on January 18, 2008.  Its purpose is to provide advisory services with respect to investments in France and in other regions of Europe.  Specifically, Oaktree France conducts market research, evaluates potential investments in France and other European countries and provides transactional liaison services to Oaktree. Oaktree France is based in Paris.

***Oaktree Capital (Beijing) Ltd.***

Oaktree Capital (Beijing) Ltd. ("Oaktree Beijing") was formed on January 16, 2007. Its purpose is to provide administrative support for investment opportunities in the Asia Pacific region in connection with the various strategies and investment funds that Oaktree manages.

***Oaktree Capital (Hong Kong) Limited***

Oaktree Capital (Hong Kong) Limited ("Oaktree Hong Kong") was formed on August 4, 2005. Its purpose is to provide asset management services and assistance in identifying and evaluating Asian investment opportunities in connection with the various strategies and investment funds that Oaktree manages. It acts as a sub-adviser to certain Oaktree-managed investment funds. Oaktree Hong Kong is based in Hong Kong and is registered with the Hong Kong Securities and Futures Commission to perform certain functions.

***Oaktree Capital (Seoul) Ltd.***

Oaktree Capital (Seoul) Ltd. ("Oaktree Seoul") was formed on November 1, 2004 as Pangaea Capital Advisors, LLC and renamed Oaktree Capital (Seoul) Ltd. on November 5, 2007. Its purpose is to provide assistance in identifying, researching and evaluating investment opportunities in the Asia Pacific region in connection with the various strategies and investment funds that Oaktree manages. It acts as a sub-adviser to certain Oaktree-managed investment funds.

***Oaktree Capital Management Pte. Ltd.***

Oaktree Capital Management Pte. Ltd. ("Oaktree Singapore") was formed as a private limited company under the laws of Singapore. Oaktree Singapore commenced business on July 3, 2006. Prior to such time, a representative office in Singapore was maintained under Oaktree's name from June 9, 1999 to June 6, 2006. Oaktree Singapore's purpose is to provide advisory services to Oaktree in connection with investment funds managed by Oaktree that are targeted in emerging markets as well as the Asia Pacific region in general. Specifically, Oaktree Singapore conducts market research and evaluates potential investments in those regions that may be appropriate for such investment funds and also assists Oaktree in implementing such advice and recommendations by trading in the securities of issuers that Oaktree Singapore has identified as part of its research and evaluation.

***Oaktree Japan, GK***

Oaktree Japan, GK ("Oaktree Japan") was formed as a Japanese Kabushiki Kaisha on August 13, 1998. Its purpose is to provide non-discretionary investment management services. Oaktree Japan is based in Tokyo and is registered as a non-discretionary investment advisor with the Kanto Local Finance Bureau.

**7) State the carriers and the limits of errors and omissions and fiduciary liability insurance.**

Oaktree maintains the following insurance policies:

**Errors & Omissions/Directors & Officers:** $175 million coverage, $2 million retention, Ace as primary layer carrier, policy term to April 9, 2014.

**Investment Company Blanket Bond (Crime Bond):** $100 million aggregate/$50 million single loss coverage, retention generally of $1 million, Chubb as primary layer carrier, term to May 1, 2014.

**Fiduciary Dishonesty Bond (ERISA bond):** $150 million in total coverage on a co-surety program, no retention, Chubb as primary layer carrier, term to May 1, 2014.

**8) Describe any litigation regarding your firm's investment activities since January 1, 2007. Is your firm expecting new litigation?**

Oaktree and its affiliates (including its portfolio companies) have historically been, and expect to be in the future, routinely involved in litigation arising in the ordinary course of their business and investing activities. In the case of Oaktree and its officers, this litigation often arises out of the business activities of its portfolio companies and Oaktree and its officers are simply additional named defendants. Examples of this type of litigation include landlord/tenant disputes and personal injury claims arising out of the business activities of entities held by Oaktree's Real Estate funds. Sometimes the claims involve Oaktree and its professionals more directly, such as, bankruptcy restructuring disputes arising out of the investment activities of Oaktree's Distressed Debt and Principal funds. No litigation to date has had a material adverse impact upon Oaktree or any of the funds it manages and Oaktree is not aware of any pending litigation that might reasonably be expected to have such an effect. No such litigation or examination ever involved any allegation of breach of duty by Oaktree to any of its investors.

**9) Describe any judgments against your firm by governmental and regulatory agencies since January 1, 2007. Also describe any current investigations.**

There have been no judgments against our firm by governmental or regulatory agencies over the past five years.

To the best of our knowledge, Oaktree is not party to pending litigation, investigation or other proceeding by a regulatory body.

**10) Discuss any recent changes to the monitoring of employee compliance with firm policies.**

There have not been any significant changes to our compliance program over the past twelve months. On January 1, 2013, our registration with the National Futures Association and the Commodity Futures Trading Commission ("CFTC") as a Commodity Trading Advisor and Commodity Pool Operator became effective. As such, we have developed new policies and procedures to enable us to adhere to the regulatory requirements associated with these registrations. The new policies and procedures have enhanced our Compliance program to enable us to meet our obligations under NFA and CFTC rules and regulations. Even absent of regulatory events, as detailed above, we strive to continually test and enhance our program and the technology used to facilitate Compliance monitoring.

**11) Please state the market value of assets under management for your firm for calendar year-ends starting with 2007. Also, please state accounts and assets gained, as well as accounts and assets lost over each of these periods.**

Below please find Oaktree's firm-wide historical assets under management and client gain/loss information.

| | Total Firm Assets (1) | | | | |
|---|---|---|---|---|---|
| | Market Value $(Millions) | # Accounts Gained (2) | Assets Gained $(Millions) | #Accounts Lost (2) | Assets Lost $(Millions) |
| Dec 31, 2007 | 52,613 | 673 | 17,067 | 59 | $527 |
| Dec 31, 2008 | 49,866 | 306 | 8,301 | 22 | 351 |
| Dec 31, 2009 | 73,281 | 455 | 8,524 | 47 | 1,104 |
| Dec 31, 2010 | 82,672 | 502 | 9,594 | 75 | 448 |
| Dec 31, 2011 | 74,857 | 318 | 5,952 | 80 | 1,782 |
| Dec 31, 2012 | 77,051 | 335 | 7,670 | 95 | 1,301 |
| Dec 31, 2013 | 83,605 | 383 | 7,829 | 65 | 1,216 |

*(1) Does not include Oaktree GP and affiliated assets.*

*(2) Accounts represent client relationships.*

**12) Please state the market value of equity assets under management for your firm for calendar year-ends starting with 2007. Also, please state accounts and assets gained, as well as accounts and assets lost.**

Below please find a breakdown of Oaktree's equity strategies assets under management and historical client gain/loss data.

| | Total Equity | | | | |
|---|---|---|---|---|---|
| | Market Value $(Millions) | # Accounts Gained (2) | Assets Gained $(Millions) (1) | #Accounts Lost (2) | Assets Lost $(Millions) (1) |
| Dec 31, 2007 | 1,372 | 22 | 67 | 23 | 96 |
| Dec 31, 2008 | 1,177 | 8 | 7 | 0 | 0 |
| Dec 31, 2009 | 863 | 4 | 46 | 24 | 289 |
| Dec 31, 2010 | 855 | 9 | 60 | 12 | 30 |
| Dec 31, 2011 | 695 | 12 | 129 | 16 | 49 |
| Dec 31, 2012 | 481 | 4 | 10 | 18 | 136 |
| Dec 31, 2013 | 1,455 | 14 | 849 | 8 | 36 |

(1) *Does not include Oaktree GP and affiliated assets.*

(2) *Accounts represent client relationships.*

**13) What has been the level of personnel turnover for investment professionals at the total firm level over each calendar year since January 1, 2007? Explain any large changes.**

Below please find Oaktree's investment professional turnover since January 2007. Investment personnel turnover is largely due to employees leaving to pursue other opportunities.

| | Employees Added(1) | Employees Lost(2) |
|---|---|---|
| Dec 31, 2007 | 25 | 6 |
| Dec 31, 2008 | 7 | 4 |
| Dec 31, 2009 | 6 | 11 |
| Dec 31, 2010 | 6 | 14 |
| Dec 31, 2011 | 8 | 10 |
| Dec 31, 2012 | 15 | 10 |
| Dec 31, 2013 | 14 | 15 |

(1) *Includes portfolio managers, research analysts and traders, vice president and above at the time of hire.*

(2) *Includes portfolio managers, research analysts and traders, vice president and above at the time of departure.*

## II. Emerging Markets Investment Services

**14) Please provide the name of your Emerging Markets product that you are recommending for our client. What vehicle is proposed for this mandate (please provide ticker symbol if applicable)? The size of this mandate is approximately $50 million.**

We are proposing the Oaktree Emerging Markets Equity Fund, L.P. (the "Fund"), the commingled fund in our Emerging Markets Equity strategy, for this mandate.

**15) Please state the market value of assets under management of your Emerging Markets product for calendar year-ends starting with 2007. Also, please state accounts and assets gained, as well as accounts and assets lost over each of these years.**

Below please find Oaktree's Emerging Markets Equity strategy assets under management and historical client gain/loss information.

| | Specified Emerging Market Equity Product (1) | | | | |
|---|---|---|---|---|---|
| | Market Value $(Millions) | # Accounts Gained (2) | Assets Gained $(Millions) | #Accounts Lost (2) | Assets Lost $(Millions) |
| Dec 31, 2007 | n/a | n/a | n/a | n/a | n/a |
| Dec 31, 2008 | n/a | n/a | n/a | n/a | n/a |
| Dec 31, 2009 | n/a | n/a | n/a | n/a | n/a |
| Dec 31, 2010 | n/a | n/a | n/a | n/a | n/a |
| Dec 31, 2011 | 12 | 1 | 4 | 0 | 0 |
| Dec 31, 2012 | 56 | 2 | 4 | 0 | 0 |
| Dec 31, 2013 | 1,034 | 1 | 2 | 1 | 11 |

*(1) Does not include Oaktree GP and affiliated assets.*

*(2) Accounts represent client relationships.*

**16) Provide the following information on the key members of the firm's Emerging Markets portfolio management team: names; titles and responsibilities; years of investment experience, years with firm, and years with the team. Please provide biographies.**

Below please find the investment professionals (vice president and above) with primary responsibility for the Fund as of December 31, 2013. For professional biographies and a team organizational chart, please refer to Exhibit 2 and Exhibit 3, respectively.

| Name | Title / Responsibilities(1) | Years' Experience(2) | Year with Firm/Product(2,3) |
|---|---|---|---|
| *Portfolio Management* | | | |
| Frank Carroll | Managing Director | 25 | 15 |
| Tim Jensen | Managing Director | 27 | 14 |
| *Stamford Analyst Team* | | | |
| Janet Wang | Managing Director | 15 | 12 |
| Jeanine Thomson | Senior Vice President | 16 | 9 |
| Karen Wang | Senior Vice President | 18 | 9 |
| *Singapore Analyst Team* | | | |
| Pearlyn Chong | Managing Director, Oaktree Capital Management Pte. Ltd. | 17 | 15 |
| Charlotte Liu | Vice President, Oaktree Capital Management Pte. Ltd. | 7 | 3 |

| Name | Title / Responsibilities[1] | Years' Experience[2] | Year with Firm/Product[2,3] |
|---|---|---|---|
| Robert Self | Vice President,<br>Oaktree Capital Management Pte. Ltd. | 13 | 3 |
| *Hong Kong Analyst Team* | | | |
| I-to Chang | Senior Vice President,<br>Oaktree Capital (Hong Kong) Limited | 14 | 8 |
| *Stamford Trading Team* | | | |
| Bill Kelly | Senior Vice President | 15 | 12 |
| *Singapore Trading Team* | | | |
| Andres Ramos | Senior Vice President,<br>Oaktree Capital Management Pte. Ltd. | 19 | 13 |
| Viren Shah | Senior Vice President,<br>Oaktree Capital Management Pte. Ltd. | 18 | 7 |

(1) *Title as of December 31, 2013.*

(2) *Figures rounded to the nearest whole number.*

(3) *Oaktree inception: April 1995.*

**17) What has been the level of personnel turnover for investment professionals at the Emerging Markets product level for each calendar year since January 1, 2007? Explain any large changes.**

Below please find product-level personnel turnover for each calendar year since January 1, 2007. Investment personnel turnover is largely due to employees leaving to pursue other opportunities.

| Year thru: | Emerging Markets Product Specific | |
|---|---|---|
| | Employees Added | Employees Lost |
| Dec 31, 2007 | 0 | 0 |
| Dec 31, 2008 | 1 | 0 |
| Dec 31, 2009 | 1 | 1 |
| Dec 31, 2010 | 2 | 2 |
| Dec 31, 2011 | 0 | 0 |
| Dec 31, 2012 | 1 | 3 |
| Dec 31, 2013 | 2 | 1 |

**18) As of December 31, 2013, provide the number of accounts, assets under management, median account size, and number of portfolio managers and analysts for the firm's Emerging Markets product.**

Below please find a breakdown of Oaktree's Emerging Markets Equity strategy assets under management, clients and investment professionals as of December 31, 2013.

| $ Assets Under Mgt | Number of Investors[1] | Median Client Size | Number of Portfolio Mgrs | Number of Inv Analysts |
|---|---|---|---|---|
| $1,034 (mm) | 15 | $28.72 (mm) | 2 | 10 |

*(1) Does not include Oaktree GP and affiliated entities.*

19) **Please provide the following information as of December 31, 2013 for each vehicle through which your Emerging Market product is offered:**

Provided in the table below is a representation of the various vehicles provided in Oaktree's Emerging Markets Equity strategy, with AUM as of December 31, 2013.

| | Offered? (Y/N) | Assets ($MM) | Acct Minimum |
|---|---|---|---|
| Separate Account | Y | $769.91 | $100 mm |
| Commingled Fund | Y | $148.15 | $2 mm |
| Mutual Fund (1) | Y | $115.46 | $2 mm |
| Other (specify) | n/a | n/a | n/a |

*(1) Represents Oaktree's proprietary sub-advised mutual fund vehicles.*

20) **Please discuss your capacity constraints. Is there a limit to the amount of assets the firm will manage in this Emerging Markets strategy? If yes, please specify current estimates or ranges.**

Since the inception of our Strategy we have managed a diversified portfolio, heavily weighted with liquid, large capitalization stocks. The Strategy was designed from inception to accommodate a much larger asset base without any need to alter stock selection decisions, processes or current positions held. Nevertheless, we believe that there are limits to the amount of money one can successfully manage in emerging markets equities utilizing a bottom-up approach, and thus we intend to cap asset growth well before approaching those levels. We do not currently have an estimate for when we might meet this target size.

In an effort to manage capacity at the portfolio level, we monitor position size relative to average daily trading volume, free float and percentage of company ownership held by the Strategy, among other criteria.

## III. Emerging Markets Investment Philosophy & Research Process

21) **Briefly describe the investment philosophy, strategy, style and distinguishing characteristics of your Emerging Markets product.**

The Fund's investment objective is to seek attractive risk-adjusted returns relative to the Morgan Stanley Capital International Emerging Markets Index Net (the "Benchmark") by investing primarily in equities listed in emerging markets. The portfolio managers believe that the long-term investment opportunities in emerging markets are favorable compared to those available in more developed markets, and that the opportunity for bottom-up managers with experience in undervalued situations will be significant due in part to the high rate of change in, and the volatility of, the emerging markets. Imperfections in the availability of information and significant variations from country to country render the securities markets in the world's emerging nations inefficient. As a result, over- and under-valuations occur that can be systematically taken advantage of by specialist managers with above-average insight. Thus, returns from hard work and skill are consistently available.

The managers seek to apply a number of bottom-up, fundamental techniques. The team researches industries, builds in-house models, and values companies by searching for valuation anomalies and opportunities. The team meets company management and reviews external research to gauge market expectations. Next, the team formulates investment theses to support their recommendations, identifying companies they expect to perform better than market expectations. The team also considers a company's valuation on both an absolute and relative basis compared with other companies in the same industry across countries and compared with other companies in other industries in the same country. Ideas are reviewed and approved by the managers whose decisions are based on investment theses and valuations.

Additionally, the team employs quantitative valuation techniques such as cash flow analysis and sector analysis as well as analysis of interest rate and political risk. The managers typically take macroeconomic and market conditions into consideration when assessing portfolio risk because emerging markets encompass a broad array of economies in varying stages of development, allowing benefits from diversification.

The co-portfolio managers attempt to strike a balance between diversifying among markets and sectors and limiting the number of investments in the Fund so as to allow it to benefit meaningfully from the most attractive opportunities.

We believe the distinguishing characteristics of the Fund include:

- Extensive Investment Experience. The portfolio managers each have more than 25 years experience investing over market cycles and in varied political and economic environments
  - Senior research analysts average 14 years of investing experience

- Proven Investment Performance. The 14-year track record in Oaktree's long/short Emerging Markets Absolute Return strategy demonstrates solid returns since inception with:
  - Added alpha (i.e., EMAR's since inception return exceeded what would have been expected given the strategy's overall net long exposure)
  - Demonstrated stock picking ability (e.g., the team has never used indices or baskets to achieve long or short exposure)
  - The proven application of a well-honed, bottom-up fundamental stock selection process

- EM Trading Expertise. The Strategy possesses a dedicated trading desk with four experienced traders
  - Benefits from longstanding relationships with brokers
  - Understands the nuances of each market

- Ability to Leverage Broad Oaktree Platform. The team's established research and operational infrastructure is supplemented by the broader Oaktree platform
  - Compliance officer focused on emerging markets equities
  - Heavy investment in research and analytics software

**22) Please provide a list of the types of securities (other than common stock and cash equivalents) that your firm currently holds in this product.**

The Fund may invest in privately placed securities, which may or may not relate to listed securities or carry near-term registration rights. It is an investment limitation of the Fund that its net assets invested in private placements that are both unrelated to listed securities and fail to convey near-term registration rights not exceed 5% of the Fund's net assets.

In addition, the Fund may enter into long positions through total return swaps ("TRS"), zero strike calls, p-notes and other derivatives and financial instruments. It is expected that TRS and such other derivatives and financial instruments will only be used when access to traditional equities in certain markets is restricted, when there is no other alternative than to invest through a TRS and such other derivatives and financial instruments, or when the use of a TRS and such other derivatives and financial instruments is more advantageous to the Fund. Furthermore, the Fund managers plan to fully collateralize all TRS investments up front and to treat those investments as full positions in the portfolio, thus limiting any potential excess exposure or risk. There is no set restriction on the Fund's use of TRS or such other derivatives and financial instruments, but the Fund managers anticipated the amount will be very low.

**23) Please provide a brief overview of the opportunities for investing in Emerging Markets equities.**

The Fund focuses primarily on the universe of emerging markets equities of companies located in Asia, Latin America, Eastern Europe, the Middle East and Africa. These markets include the countries covered by the Benchmark, and, to a lesser extent, the MSCI Frontier Index and other developing countries Although the Fund focuses on emerging markets, it may also invest in companies in developed markets that earn significant portions of their revenues from emerging markets. The Fund does not expect to invest more than 10% of its net assets in developed markets.

**24) What is the firm's process for conducting individual security analysis or research, if relevant? What security characteristics are sought? What role does macro-economic research play in the Emerging Markets discipline's investment decision-making process? Also state the firm's sources of potential investment ideas.**

We employ a bottom-up research approach that results in a naturally diversified portfolio of high-conviction investments. For the most part, the strategy's macro-allocations of capital to countries will result more from the bottom-up search for individual bargains than from a top-down decision to place investment emphasis on a particular country. These bottom-up decisions will, however, be subject to a top-down review in order to ensure that the risk resulting from country allocations is not excessive.

The Fund managers apply a number of bottom-up, fundamental techniques in their efforts to achieve the Fund's objectives. The investment team researches industries, builds in-house models and values companies searching for by valuation anomalies and opportunities. The team gauges market expectations through their meetings with company management and review of external research.

From this research foundation, the research analysts formulate investment theses to support their investment recommendations identifying companies that they expect to perform better than market expectations. In developing their recommendations, the team will also consider a company's valuation on both an absolute basis as well as on a relative basis compared with other companies in the same industry across countries and compared with other companies in other industries but in the same country.

The team's investment ideas will be reviewed and must be approved by the co-portfolio managers in order to be included in the Fund. Typically, approval by the co-portfolio managers will depend in large part on the investment theses and valuations as well as the fit in the Fund.

The steps in our investment research process are provided below.

***Idea Generation***
Our research analysts conduct fundamental research during which investment opportunities are identified. This fundamental research includes researching industries, building in-house models, and valuing companies. The goal of the research is to find valuation anomalies and opportunities. The research gathered by the research analysts is captured in our proprietary database. The database reflects information gathered from company meetings attended over the last 12 years and contains more than 55,000 entries. The database is used to populate our robust in-house valuation models with an average of 375 company-specific models actively maintained. The information from our proprietary database and in-house valuation models, together with internal stock screens, generates our focus list of companies.

***Evaluation of Selection Criterion***
From this research foundation, the research team will formulate investment theses to support their investment recommendations, identifying companies that they expect to perform better than market expectations. The investment theses are derived by evaluating the following selection criterion:

- Sound Management
- Quality business model
- Positive cash flow generation
- Strong market position
- Industry growth potential
- Sustainable advantages

In developing their recommendations, and reviewing the criterion listed above, the research team will also consider a company's valuation on both an absolute basis as well as on a relative basis compared with other companies in the same industry across countries and compared with other companies in other industries but in the same country.

***Selection of Target Investments***
The Research team's investment ideas, as outlined above, are reviewed. All investment ideas must be approved both portfolio managers in order to be included in the portfolio. Typically, portfolio manager approval depends in large part on the investment theses and valuations presented by the research analysts.

**25) What is the number of securities regularly followed by security analysts and/or portfolio managers?**

We continually update our research on a universe of approximately 400 stocks, from which we intend to build a portfolio of typically 60 to 80 positions.

**26) How does your firm assess the liquidity of its Emerging Markets Investments?**

To the extent that a country's security exchanges, trade settlement capabilities and legal/regulatory environment are acceptable to us, we will consider holding positions as long as we can deploy or withdraw at least $5 million in about six weeks time. We will only invest in less liquid listed equities if we believe there is a very high expected return.

We monitor the liquidity of our portfolios by comparing our position sizes to average daily trading volumes. Currently, we consider the Fund to be very liquid.

**27) What pricing sources are used for valuing securities, and what pricing procedures are employed to value portfolio holdings? Also, what procedures are employed to reconcile security prices with the custodian?**

All investments held by the Strategy are valued using Oaktree's firm-wide policy, as outlined below. Not all of the policies are applicable to all of Oaktree's strategies. Nearly all of the portfolio holdings have readily available market quotations which we obtain from multiple vendors and as such are valued using the methodology for Exchange-Traded Investments.

**<u>Valuation Methodology and Policies</u>**

Oaktree values client portfolios in accordance with generally accepted accounting principles ("GAAP") and based on the principles and methods of valuation summarized below.

GAAP establishes a hierarchal disclosure framework which prioritizes the inputs used in measuring investments at fair value into three levels based on their market observability. Market price observability is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Financial instruments with readily available quoted prices from an active market or for which fair value can be measured based on actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment inherent in measuring fair value.

Non-publicly traded debt and equity securities and other securities or instruments for which reliable market quotations are not available, are valued by management. These securities may initially be valued at the acquisition price as the best indicator of fair value. Subsequent valuations will depend on facts and circumstances known as of the valuation date and the application of valuation methodologies further described below.

***Exchange-Traded Investments***
Securities listed on one or more national securities exchanges are valued at their last reported sales price on the date of valuation. If no sale occurred on the valuation date, the security is valued at the mean of the last "bid" and "ask" prices on the valuation date. Securities that are not marketable due to legal restrictions that may limit or

restrict transferability are generally valued at a discount from quoted market prices. The discount would reflect the amount market participants would require due to the risk relating to the inability to access a public market for the security for the specified period and would vary depending on the nature and duration of the restriction and the risk and volatility of the underlying securities. Securities with longer duration restrictions or higher volatility are generally valued at a higher discount. Such discounts are generally estimated based on put option models or analysis of market studies. Instances where we have applied discounts to quoted prices of restricted listed securities have been infrequent.

***Non-Publicly Traded Equity***

The fair values of private equity and real estate investments are determined by using a market approach or income approach. A market approach utilizes valuations of comparable public companies and transactions and generally seeks to establish the enterprise value of the portfolio company using a market multiple approach. This approach takes into account a specific financial measure (such as EBITDA, adjusted EBITDA, free cash flow, net operating income, net income book value or net asset value) believed to be most relevant for the given company. Consideration may also be given to such factors as acquisition price of the security, historical and projected operational and financial results for the portfolio company, the strengths and weaknesses of the portfolio company relative to its comparable companies, industry trends, general economic and market conditions and other factors deemed relevant. The income approach is typically a discounted cash flow method that incorporates expected timing and level of cash flows. It incorporates assumptions in determining growth rates, income and expense projections, discount and capitalization rates, capital structure, terminal values and other factors. The applicability and weight assigned to market and income approaches are determined based on the availability of reliable projections and comparable companies and transactions.

The valuation of securities may be impacted by expectations of investors' receptiveness to a public offering of the securities, the size of the holding of the securities and any associated control, information with respect to transactions or offers for the securities (including the transaction pursuant to which the investment was made and the period of time elapsed from the date of the investment to the valuation date) and applicable restrictions on the transferability of the securities.

These valuation methodologies involve a significant degree of management judgment. Accordingly, valuations by Oaktree do not necessarily represent the amounts which may eventually be realized from sales or other dispositions of investments. Fair values may differ from the values that would have been used had a ready market for the investment existed, and the differences could be material.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

I. *Level I* – Quoted unadjusted prices for identical instruments in active markets to which we have access at the date of measurement. The types of investments in Level I include exchange-traded equities, debt and derivatives with quoted prices.

II. *Level II* – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are directly or indirectly observable. Level II inputs include prices in markets for which there are few transactions, the prices are not current, little public information exists or prices vary substantially over time or among brokered market makers. Other inputs include interest rates, yield curves, volatilities, prepayment risks, loss severities, credit risks and default rates. The types of investments in Level II generally include corporate bonds and loans, government and agency securities, less liquid and restricted equity investments, over-the-counter traded derivatives and other investments where the fair value is based on observable inputs.

III. *Level III* – Model-derived valuations for which one or more significant inputs are unobservable. These inputs reflect our assessment of the assumptions that market participants use to value the investment based on the best available information. The types of investments in Level III include non-publicly traded equity, debt, real estate and derivatives.

In some instances, an investment may fall into different levels of the fair value hierarchy. In such instances, the investment's level within the fair value hierarchy is based on the lowest of the three levels (with Level III being the lowest) that is significant to the value measurement.  The assessment of the significance of an input requires judgment and considers factors specific to the instrument.  Oaktree accounts for the transfer of assets into or out of each fair value hierarchy level as of the beginning of a reporting period.

***Asset Reconciliation***
The respective fund administrator (commingled funds) or custodian (separately managed accounts) maintains the official accounting books and records for the applicable portfolio.  Oaktree's accounting team maintains a shadow set of books and records internally using our internal accounting system, VPM.  Cash and position reconciliations are performed by Oaktree on a daily basis.  Income payments are posted contractually on payment date in the administrator's / custodian's accounting system, and in the event that income is not received, it will be identified on the daily cash reconciliation.  The daily reconciliation processes will identify any potential position breaks as a result of failed trades or other processing discrepancies and the Emerging Markets Equities Accounting & Operations groups will get involved to clear any reconciling items.
At the end of each month, there is a formal reconciliation process performed to ensure that the shadow books and records maintained internally at Oaktree and those maintained by administrator or custodian are in alignment and are reconciled fully.  Additionally, we expect the respective auditor for each commingled fund to test the ownership of the investments during the annual audit.

# IV. Emerging Markets Portfolio Construction and Management

**28) Describe in detail your Emerging Markets portfolio management process. If a team approach is used, state the names of the team members and explain the role(s) of each team member, with particular emphasis on geographical regions.**

Oaktree builds portfolios from the bottom-up and ensures broad diversification.  For a given company, the research analysts complete a thorough review of the security and presents his or her recommendations to the portfolio managers.  The investment ideas are reviewed by the portfolio managers who make the final decision on whether to buy the misvalued securities for inclusion in the portfolio.  Each portfolio and security is systematically monitored by the portfolio managers and the analysts on an ongoing basis to assure its investment thesis remains intact.

The size of a position reflects the portfolio managers' conviction in the investment idea as they want individual investments to have a meaningful impact on the portfolio.

Because our portfolio construction is bottom-up driven, the availability of opportunities in a given sector or country will determine the weightings.  By strategy design, we do not have to be in every country or sector and thus do not require a minimum allocation.  However, to avoid an over-concentration of portfolio risks, we do employ various limits of exposure at the country and industry level

We are firm believers in prudent diversification.  Therefore, the portfolio managers attempt to strike a balance between diversifying among markets and sectors and limiting the number of investments in the portfolio so as to allow it to benefit meaningfully from the most attractive opportunities.  While the large and growing pool of companies listed in emerging markets allows for the construction of a portfolio diversified across multiple industries and countries, the portfolio targets 60 to 80 names.

**Portfolio managers** – set investment strategy, construct portfolios, determine asset allocation, select securities and make all final investment decisions.  The co-portfolio managers select investments for the Strategy that are researched, vetted and approved by our research analysts.  Mr. Carroll and Mr. Jensen have ultimate decision making authority and accountability.

**Senior research analysts** – research industries and companies, build cash flow analyses, determine valuation targets, follow political/economic developments and monitor existing holdings.

**Junior research analysts** –conduct research and build cash flow models.

**Traders** – implement portfolio manager's trading instructions.

Research analysts are responsible for the Fund's research coverage. The senior research analysts are specialists and are responsible for specific sectors.

Below please find a list of our analysts and the areas which they cover.

| Name of Analyst | Area of Coverage | Location |
|---|---|---|
| Janet Wang | Energy and Consumer | Stamford |
| Jeanine Thomson | Consumer | Stamford |
| Karen Wang | Technology | Stamford |
| Pearlyn Chong | Properties | Singapore |
| Charlotte Liu | Transportation | Singapore |
| Robert Self | Financials | Singapore |
| I-to Chang | Manufacturing and Gaming | Hong Kong |
| Mark Hassey | Generalist | Stamford |
| Hank Mancuso | Generalist | Stamford |
| Jeremiah Schneider | Generalist | Stamford |

The team's investment ideas will be reviewed and must be approved by the co-portfolio managers in order to be included in the portfolio. Typically, investment approval by the co-portfolio managers will depend in large part on the investment thesis and valuation as well as the holding's overall fit in the portfolio. Mr. Carroll and Mr. Jensen have decision making authority and accountability.

**29) What is your firm's level of expected long-term outperformance?**

The investment objective of the Strategy is to seek attractive risk-adjusted returns relative to the Benchmark by investing primarily in equities listed in the Asia Pacific region, Latin America, Eastern Europe, the Middle East, Africa and Russia.

Over extended periods of time, we strive to outperform the Benchmark by at least 300 basis points. We expect our outperformance to be achieved from security selection stemming from our low-risk approach and bottom-up search for potential investments.

**30) State typical benchmark(s) you use to measure the Emerging Markets product performance. Which benchmark do you believe is best?**

The primary benchmark of the Fund is the Morgan Stanley Capital International Emerging Markets Index Net. We utilize the Benchmark as we believe it is the most comprehensive emerging markets index.

**31) What are the current number and typical number of securities in the Emerging Markets portfolios? What are the maximum and minimum number of securities?**

Below please find the current and typical number of securities as well as the maximum and minimum held in Oaktree's Emerging Markets Equity strategy representative account as of December 31, 2013.

| As of December 31, 2013 | Typical Number [(1)] | Max/Min (Range) |
|---|---|---|
| 62 | 74 | 60 - 80 |

*(1) Represents the average number of names held in the representative portfolio from the strategy's inception on June 27, 2011 through December 31, 2013.*

32) **Please explain how country allocation decisions are made.**

For the most part, the portfolio's macro-allocations of capital to countries will result more from the bottom-up search for individual bargains than from a top-down decision to place investment emphasis on a particular country. These bottom-up decisions will, however, be subject to a top-down review in order to ensure that the risk resulting from country allocations is not excessive.

33) **What is the firm's approach to currency management? Will currencies be used as an active management tool? To what extent does your process employ any hedging?**

We do not hedge our currency risk. In general, we believe there is more downside than upside to currency hedging.

34) **Explain the firm's portfolio approach to the level of cash and equivalent holdings. Specify the normal, maximum and minimum levels of cash holdings.**

We strive for the Fund to remain fully invested at all times, any cash held is a residual of our investment process. Since the inception of the Fund, cash has made up between approximately 0% - 5% of the Fund at any given point in time. Any excess cash held by the Fund, is held at the Fund's prime broker, Morgan Stanley, until it becomes invested.

35) **Describe the firm's sell discipline.**

Positions may be reduced or sold when *(a)* research identifies a deterioration in fundamentals, *(b)* research determines that the investment thesis has been proven incorrect, *(c)* more attractive opportunities are identified, or *(d)* macroeconomic factors turn negative.

36) **What has been the average Emerging Markets portfolio/fund turnover for each year since January 1, 2007?**

Below please find a summary of Oaktree's Emerging Markets Equity Composite average annualized yearly portfolio turnover.

| Year | Turnover (annual) |
|---|---|
| 2007 | N/A |
| 2008 | N/A |
| 2009 | N/A |
| 2010 | N/A |
| 2011 [(1)] | 44.81% |
| 2012 | 77.03% |
| 2013 | 52.55% |

*(1) Represents annualized portfolio turnover from June 27, 2011 through December 31, 2011.*

**37) Which one of the following descriptions best matches your exposure to Frontier Markets:**

(A) None or virtually no exposure **X**
(B) Full exposure
(C) Partial exposure
(D) Opportunistic exposure

**38) List the Emerging Market product's regional allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods.**

Below please find a breakdown of Oaktree's Emerging Markets Equity representative account historical regional exposure.

| | YEAR-END | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Regions** | **2013** | **2012** | **2011** | **2010 (1)** | **2009 (1)** | **Avg** | **Min** | **Max** |
| Africa/Middle East | 4.28% | 5.04% | 4.28% | n/a | n/a | 5.24% | 4.04% | 6.11% |
| Asia/Pacific | 55.61% | 58.25% | 59.36% | n/a | n/a | 58.50% | 55.06% | 62.48% |
| Europe | 12.31% | 11.76% | 11.01% | n/a | n/a | 11.59% | 10.27% | 13.27% |
| Latin America | 25.21% | 24.16% | 25.35% | n/a | n/a | 23.47% | 20.90% | 25.35% |
| US/Canada* | 0.00% | 0.00% | 0.00% | n/a | n/a | 0.00% | 0.00% | 0.00% |
| Cash | 2.60% | 0.80% | 0.00% | n/a | n/a | 2.71% | 0.00% | 5.99% |

(1) *Oaktree's Emerging Markets Equity strategy began in June 27, 2011.*

**39) List the Emerging Market product's country allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods. Please extend the table's rows to list all countries where investments were made.**

Below please find a breakdown of Oaktree's Emerging Markets Equity representative account historical country exposure.

| | YEAR-END | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Countries (fill in)** | **2013** | **2012** | **2011** | **2010 (1)** | **2009 (1)** | **Avg** | **Min** | **Max** |
| Argentina | 0.00% | 0.00% | 0.83% | n/a | n/a | 0.29% | 0.00% | 1.00% |
| Brazil | 14.90% | 14.74% | 16.70% | n/a | n/a | 14.87% | 12.77% | 16.91% |
| Chile | 0.00% | 0.94% | 1.96% | n/a | n/a | 1.06% | 0.00% | 1.96% |
| China | 27.67% | 22.46% | 16.64% | n/a | n/a | 22.23% | 16.64% | 27.67% |
| Colombia | 0.00% | 1.01% | 0.00% | n/a | n/a | 0.41% | 0.00% | 1.19% |
| Hong Kong | 0.00% | 2.64% | 2.65% | n/a | n/a | 1.67% | 0.00% | 3.72% |
| India | 6.91% | 7.15% | 9.02% | n/a | n/a | 8.13% | 6.79% | 11.17% |
| Indonesia | 2.44% | 2.73% | 4.05% | n/a | n/a | 3.23% | 2.44% | 4.71% |
| Korea | 8.38% | 11.33% | 11.43% | n/a | n/a | 10.17% | 8.35% | 13.14% |
| Malaysia | 0.00% | 1.43% | 3.09% | n/a | n/a | 1.78% | 0.00% | 3.09% |
| Mexico | 9.99% | 5.70% | 3.00% | n/a | n/a | 5.14% | 2.64% | 9.99% |
| Peru | 0.99% | 1.96% | 2.86% | n/a | n/a | 1.98% | 0.99% | 2.94% |
| Philippines | 0.00% | 0.00% | 0.74% | n/a | n/a | 0.31% | 0.00% | 0.83% |
| Qatar | 1.03% | 1.67% | 1.36% | n/a | n/a | 1.48% | 1.00% | 1.95% |
| Russia | 9.35% | 9.28% | 8.46% | n/a | n/a | 8.87% | 7.69% | 9.83% |
| Singapore | 0.00% | 0.82% | 1.00% | n/a | n/a | 0.72% | 0.00% | 1.13% |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| South Africa | 3.36% | 3.41% | 2.92% | n/a | n/a | 3.83% | 2.78% | 4.78% |
| Switzerland | 1.49% | 1.48% | 0.94% | n/a | n/a | 1.14% | 0.00% | 1.74% |
| Taiwan | 11.69% | 6.67% | 8.11% | n/a | n/a | 8.58% | 6.66% | 11.69% |
| Thailand | 0.00% | 3.49% | 2.63% | n/a | n/a | 2.39% | 0.00% | 3.79% |
| Turkey | 1.80% | 1.09% | 1.61% | n/a | n/a | 1.72% | 1.03% | 2.35% |
| Total | 100.00% | 100.00% | 100.00% | n/a | n/a | - | - | - |

(1) *Oaktree's Emerging Markets Equity strategy began in June 27, 2011.*

**40) Which one of the following descriptions best matches your exposure to the Small Cap segment of the Emerging Market space:**

(A) None or virtually no exposure X
(B) Full exposure
(C) Partial exposure
(D) Opportunistic exposure

**41) List the Emerging Markets product's market-cap range allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods.**

Below please find a breakdown of Oaktree's Emerging Markets Equity representative account market capitalization exposure.

| | YEAR-END | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Market Cap Range** | **2013** | **2012** | **2011** | **2010 (1)** | **2009 (1)** | **Avg** | **Min** | **Max** |
| $250 million & Below | 0.00% | 0.00% | 0.00% | n/a | n/a | 0.43% | 0.00% | 2.50% |
| $250 – $800 million | 0.00% | 0.00% | 0.43% | n/a | n/a | 0.06% | 0.00% | 0.50% |
| $800 million – $2.5 billion | 8.85% | 2.91% | 5.47% | n/a | n/a | 4.77% | 1.26% | 8.85% |
| $2.5 – $8 billion | 18.31% | 29.83% | 23.54% | n/a | n/a | 24.49% | 15.54% | 31.12% |
| $8 – $25 billion | 25.34% | 29.49% | 33.85% | n/a | n/a | 30.74% | 24.95% | 36.31% |
| $25 – $80 billion | 31.51% | 28.34% | 28.73% | n/a | n/a | 28.90% | 24.71% | 33.56% |
| $80 – $250 billion | 15.99% | 9.43% | 7.98% | n/a | n/a | 10.61% | 6.78% | 15.99% |
| Above $250 billion | 0.00% | 0.00% | 0.00% | n/a | n/a | 0.00% | 0.00% | 0.00% |
| Total | 100.00% | 100.00% | 100.00% | n/a | n/a | - | - | - |

**42) List the Emerging Markets product's GICS sector allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods.**

Below please find a breakdown of Oaktree's Emerging Markets Equity representative account GICS Sector exposure.

| | YEAR-END | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **GICS Sectors** | **2013** | **2012** | **2011** | **2010 (1)** | **2009 (1)** | **Avg** | **Min** | **Max** |
| Consumer Discretionary | 17.27% | 12.81% | 9.89% | n/a | n/a | 12.84% | 7.68% | 17.28% |
| Consumer Staples | 10.67% | 11.91% | 14.07% | n/a | n/a | 12.59% | 9.39% | 14.42% |
| Energy | 12.05% | 11.03% | 13.29% | n/a | n/a | 10.85% | 6.41% | 14.69% |
| Financials | 19.39% | 27.68% | 22.55% | n/a | n/a | 25.42% | 19.39% | 29.66% |
| Healthcare | 1.17% | 0.00% | 0.00% | n/a | n/a | 0.44% | 0.00% | 1.27% |
| Industrials | 2.07% | 5.43% | 4.02% | n/a | n/a | 4.03% | 1.77% | 6.22% |
| Information Technology | 20.43% | 12.41% | 11.30% | n/a | n/a | 13.65% | 10.68% | 20.54% |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Materials | 10.00% | 15.60% | 13.32% | n/a | n/a | 13.20% | 9.97% | 16.05% |
| Telecommunication Services | 6.95% | 2.28% | 10.32% | n/a | n/a | 6.46% | 2.28% | 10.32% |
| Utilities | 0.00% | 0.85% | 1.24% | n/a | n/a | 0.51% | 0.0% | 2.19% |
| Total | 100.00% | 100.00% | 100.00% | n/a | n/a | - | - | - |

(1) *Oaktree's Emerging Markets Equity strategy began in June 27, 2011.*

# V. Investment Management Fees, Etc.

**43) Provide your fee schedules on your Emerging Markets product for separate accounts, commingled and/or mutual funds. Please identify management fees and non-management/fund-administration fees/expenses separately if possible.**

The Fund's management fee is 0.80% of net asset value per annum, paid monthly in advance. In addition to management fees, participants in the Fund pay their *pro rata* share of the Fund's operating expenses. These expenses may include administration expenses, partnership expenses, professional fees (audit, tax, legal) and organization costs, and are broken out in the Fund's financial statements.

Fees for institutional separate accounts are determined on a case-by-case basis.

**44) If a commingled/mutual fund is proposed, what are the custody costs, transfer agency fees, etc. of the trust. Are they an additional fee that is directly charged to the client?**

Please refer to our response to Question 43.

**45) Has the firm entered into incentive fee arrangements? If so, provide details.**

If the client meets the $100 million minimum investment threshold to establish a separate account, we are prepared to discuss incentive fee arrangements. Currently, certain of Oaktree's separate account clients pay performance-based fees.

**46) Does your firm use any service, information, or merchandise paid for with directed commissions? If yes, please list the services received from such commissions.**

Oaktree currently has no soft dollar arrangements in place. The Fund has never used soft dollars.

**47) Please provide access to an electronic copy of your firm's ADV. (Please do not send a hardcopy of your firm's ADV.)**

Oaktree's Form ADV Parts 1, 2A and 2B may be accessed at http://www.adviserinfo.sec.gov/IAPD/Firm/106793.

**48) Please provide the name, address, telephone number and email address for three client references whom we may contact.**

Below please find three client references for our Emerging Markets Equities strategies.

| Client Name | Contact | Phone | Email | Address |
|---|---|---|---|---|
| M.J. Murdock Charitable Trust | Mark Pyatt | (360) 694-8415 | markp@murdock-trust.org | 703 Broadway Suite 710 Vancouver, WA 98660 |
| Bonita Bay Group | Ed Beimfohr | | ebeimfohr@windelsmarx.com | 3451 Bonita Bay Boulevard Suite 202 Bonita Springs, Florida 34134 |
| St. Michael's College | Shirley Goodell-Lackey | (802) 654-2586 | sgoodell-lackey@smcvt.edu | One Winooski Park Box 266 Colchester, Vermont 05439 |

# VI. Emerging Markets Investment Performance

**49) Please send a supplemental spreadsheet with the following GIPS-compliant time-weighted monthly composite performance information since inception in the following five columns (in columns B-D please use five decimal digits if available):**

**A. Month-end date (e.g. 12/31/2013)**
**B. Monthly total return (gross)**
**C. Monthly total return (net)**
**D. Monthly benchmark return (gross, please specify the benchmark)**
**E. Month-end market value of assets associated with this performance record**

Please refer to Exhibit 4 for GIPS-compliant time-weighted monthly composite performance information.

**50) What is your name for the composite? Are returns audited? By whom? Are returns GIPS compliant? For what time period?**

The name of the composite is Oaktree Capital Emerging Markets Equity (MSCI) Composite.

Oaktree claims compliance with the Global Investment Performance Standards (GIPS®) and has been independently verified for the periods from January 1, 1986 through December 31, 2012. Verification was conducted by PricewaterhouseCoopers ("PwC") for the periods from January 1, 1986 through December 31, 2005 and by Vincent Performance Services, LLC thereafter.

The Emerging Markets Equity (MSCI) Composite has been examined for the periods from July 1, 2011 (strategy inception) through December 31, 2012. The verification and performance examination reports are available upon request.

## VII. Emerging Markets Risk Management

**51) What are the historical and expected tracking errors of this Emerging Markets product?**

The Fund is constructed to be benchmark aware. Tracking error will reflect the positions where the portfolio managers' convictions differ from the Benchmark. Thus, some tracking error is expected as the Fund's intention is to generate alpha returns above those of the Benchmark.

Historically the tracking error of our Fund versus the Benchmark has been relatively low and currently is approximately 3%. Almost all of our tracking error is generated from stock selection, not industry or country allocation. We do not compare the Fund to the MSCI EM ND Index.

We expect tracking error to be in the low to mid-single digits.

**52) Describe in detail the key risks of the product and the risk management process.**

Our risk management philosophy is to construct a highly diversified portfolio across multiple industries and countries and to avoid concentrated bets that can sink performance. We do not manage the portfolio with a specific risk target, but risk management is a central element of our process. We manage correlation risk by measuring exposures relative to the Benchmark at the company, country and industry level, and we have established a variety of guidelines for maximum and minimum exposures. In addition, we are mindful of risks in other forms, such as fraud and the potential lack of transparency in financial reporting. Our efforts to control risk include on-site research, diversification management and constant attention to the portfolio's overall composition.

The co-portfolio managers and the experienced team of research analysts continuously monitor the composition of the portfolio to manage risks. Collectively the team monitors and analyzes issue exposure, industry exposure, country exposure, market capitalization and other relevant statistics of each portfolio on a continual basis. Risks are further mitigated at the security level via the utilization of an intensive bottom-up, company-specific research process performed by the team.

All trades are reviewed for compliance with investment guidelines and restrictions on trade date by the Global Investment Compliance team. The team also performs a month-end compliance review with respect to investment restrictions.

**53) What risk measures are used to quantify country risk? What additional risks are assigned to emerging markets versus developed markets?**

For the most part, the portfolio's macro-allocations of capital to countries will result more from the bottom-up search for individual bargains than from a top-down decision to place investment emphasis on a particular country. These bottom-up decisions will, however, be subject to a top-down review in order to ensure that the risk resulting from country allocations is not excessive.

It is an investment limitation of the Strategy that its investment in a single country will not be greater or less than that country's weighting in the Benchmark plus or minus (a) seven percentage points for countries constituting less than 10% of the Benchmark (including up to 7% in any country not included in the Benchmark) and (b) 15 percentage points for all other countries. There are no limitations relating to which country or countries the Strategy may choose for investment.

**54) Please send as a supplement a copy of a holdings-based risk report that includes tracking error. If multiple versions are available, please send the version with the most graphics.**

Please refer to Exhibit 5 for our holdings-based risk report including tracking error.

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# Emerging Markets Equity

## Investment Manager Questionnaire

As of December 31, 2013

Contact:

**Dorian Randy Young, CFA, CAIA**
Tel 415 394 3711
dorian.young@milliman.com

**Milliman, Inc.**
650 California Street, 17th Floor
San Francisco, California 94108
Tel 415 403 1333 Fax 415 403 1334
milliman.com

April 25, 2014

**Quantitative Management Associates LLC (QMA) can manage both separate account and commingled vehicles using its Emerging Markets All Cap Equity strategy. The commingled vehicle we are proposing for Milliman's client, currently unfunded, is the QMA Emerging Markets All Cap Equity Fund. This commingled vehicle is for qualified investors and is part of the Prudential Trust Company Collective Trust. The Collective Trust was formed to invest collectively and manage the assets of pension, profit-sharing, defined benefit or other qualified retirement plans exempt from taxation under the Internal Revenue Code of 1986, as amended. The Collective Trust has separate investment funds (the "Funds"). Prudential Trust Company is the trustee and manager of the Funds. Prudential Trust Company, a Pennsylvania banking corporation, is located in Scranton, Pennsylvania and is an indirect subsidiary of Prudential Financial, Inc. Prudential Trust Company has engaged QMA to advise the fund. QMA is a registered investment advisor.**

**Unless otherwise noted, the information provided herein is solely with respect to QMA and the QMA Emerging Markets All Cap Equity strategy in general.**

## Organizational Background

1. Please provide your firm name, along with the addresses and telephone numbers of your main and branch offices. What investment activity is conducted at each office?

**Name:** **Quantitative Management Associates LLC (QMA)**
**Address:** **Two Gateway Center, 6th Floor**
**McCarter Highway & Market Street**
**Newark, NJ 07102**
**Telephone Number:** **866-748-0643**
**Facsimile Number:** **973-367-1372**

**QMA's portfolio management, research, and trading for the strategy discussed in this proposal are carried out from our sole office in Newark, NJ.**

2. Please provide the names, titles, telephone numbers, and email addresses of your firm's new business and database/questionnaire contacts.

| | New Business Contact | Database/Questionnaire Contact |
|---|---|---|
| Name | **Timothy J. Crist** | **Richard Egbert** |
| Title | **Principal, Head of Consultant Relations** | **Vice President** |
| Office | **Newark, NJ** | **Newark, NJ** |
| Phone | **973-802-7399** | **973-367-3474** |
| Email | **tim.crist@qmassociates.com** | **richard.egbert@qmassociates.com** |

3. When was your firm founded? When was it registered with the SEC?

**QMA's investment team operated for many years within one of the asset management companies of Prudential Financial Inc. (Prudential Financial), known today as Prudential Investment Management (PIM) (such operations sometimes referred to as "QMA's predecessor"). QMA's predecessor began managing U.S. equity accounts for institutional clients in January 1975. In January 2004, QMA became an SEC-registered investment adviser and on July 1, 2004, the quantitative management business of PIM was transferred to QMA. No changes in investment professionals or process occurred as a result of this change in legal structure.**

4. Is your firm willing to acknowledge that it is a fiduciary with respect to our client's account?

**Yes.**

5. Describe your firm's ownership structure and explain any changes since January 1, 2007.

**QMA is a wholly-owned subsidiary of PIM and an indirect, wholly-owned subsidiary of Prudential Financial, a publicly held company. PIM owns 100% of QMA.**

**There have been no changes in QMA's ownership structure since January 1, 2007.**

6. Discuss your firm's relationship with any parent or affiliated companies. Have these relationships changed since January 1, 2007?

**QMA operates independently as a subsidiary of PIM. QMA is affiliated with many Prudential Financial companies, including Prudential Investment Management, Inc., Jennison Associates LLC, and The Prudential Insurance Company of America. A complete list of affiliates is available upon request.**

**There have been no changes in these relationships since January 1, 2007.**

7. State the carriers and the limits of errors and omissions and fiduciary liability insurance.

**Prudential Financial's professional liability (E&O) coverage and fidelity bonding (financial institution bond forms) are secured at the Enterprise level under a blended Executive Risk program. QMA is covered under this program. Prudential Financial maintains coverage of at least $350 million with a combination of self-insurance, commercial risk transfer, and coinsurance. There is a $250 million deductible per claim under this program (i.e., QMA would be responsible for the first $250 million of any loss related to its business).**

**The following carriers participate in the program, with Westchester Fire Insurance Company being the lead carrier:**

- **Westchester Fire Insurance Company**
- **Chubb**
- **Travelers**

8. Describe any litigation regarding your firm's investment activities since January 1, 2007. Is your firm expecting any new litigation?

**Since January 1, 2007, QMA has not been the subject of any litigation, nor, to our knowledge, has any litigation pending or threatened, in each case related to QMA's investment management activities.**

9. Describe any judgments against your firm by governmental and regulatory agencies since January 1, 2007. Also describe any current investigations.

**Since January 1, 2007, QMA has not been the subject of any judgments by any governmental or regulatory agencies related to QMA's investment management activities. There are no current investigations.**

10. Discuss any recent changes to the monitoring of employee compliance with firm policies.

**There have not been any recent changes to the monitoring of employee compliance with firm policies.**

11. Please state the market value of assets under management for your firm for calendar year-ends starting with 2007. Also, please state accounts and assets gained, as well as accounts and assets lost over each of these periods.

| Year Ended | TOTAL FIRM ASSETS | | | | |
|---|---|---|---|---|---|
| | Market Value ($Millions) | # Accounts Gained | Assets Gained ($Millions) | # Accounts Lost | Assets Lost ($Millions) |
| Dec 31, 2007 | $62,556 | 26 | $5,092 | 4 | $351 |
| Dec 31, 2008 | $53,457 | 18 | $18,569 | 8 | $779 |
| Dec 31, 2009 | $70,162 | 6 | $383 | 16 | $1,078 |
| Dec 31, 2010 | $79,735 | 3 | $40 | 10 | $2,226 |
| Dec 31, 2011 | $70,565 | 2 | $588 | 13 | $3,510 |
| Dec 31, 2012 | $86,274 | 11 | $3,101 | 9 | $2,614 |
| Dec 31, 2013 | $109,743 | 5 | $8,549 | 5 | $614 |

*Note: The "# Accounts Gained" and "# Accounts Lost" counts are total relationships gained or lost to QMA (clients with multiple accounts are counted once). The assets include all of the assets gained or lost (including assets of new accounts from existing clients and assets from lost accounts while still retaining the client).*

12. Please state the market value of equity assets under management for your firm for calendar year-ends starting with 2007. Also, please state accounts and assets gained, as well as accounts and assets lost.

| Year Ended | TOTAL EQUITY | | | | |
|---|---|---|---|---|---|
| | Market Value ($Millions) | # Accounts Gained | Assets Gained ($Millions) | # Accounts Lost | Assets Lost ($Millions) |
| Dec 31, 2007 | $62,556 | 26 | $5,092 | 4 | $351 |
| Dec 31, 2008 | $53,457 | 18 | $18,569 | 8 | $779 |
| Dec 31, 2009 | $70,162 | 6 | $383 | 16 | $1,078 |
| Dec 31, 2010 | $79,735 | 3 | $40 | 10 | $2,226 |
| Dec 31, 2011 | $70,565 | 2 | $588 | 13 | $3,510 |
| Dec 31, 2012 | $86,274 | 11 | $3,101 | 9 | $2,614 |
| Dec 31, 2013 | $109,743 | 5 | $8,549 | 5 | $614 |

*Note: The "# Accounts Gained" and "# Accounts Lost" counts are total relationships gained or lost to QMA (clients with multiple accounts are counted once). The assets include all of the assets gained or lost (including assets of new accounts from existing clients and assets from lost accounts while still retaining the client).*

13. What has been the level of personnel turnover for investment professionals at the total firm level over each calendar year since January 1, 2007? Explain any large changes.

| | FIRM-WIDE | |
|---|---|---|
| **Year thru:** | **Employees Added** | **Employees Lost** |
| Dec 31, 2007 | **1** | **0** |
| Dec 31, 2008 | **3** | **0** |
| Dec 31, 2009 | **1** | **1** |
| Dec 31, 2010 | **2** | **2** |
| Dec 31, 2011 | **2** | **2** |
| Dec 31, 2012 | **3** | **2** |
| Dec 31, 2013 | **6*** | **2** |

*Note: Figures exclude reclassifications, transfers, and promotions.*
** Our firm is deeply committed to our investment capabilities. We have added significant resources to our team over the past three years in response to current and future market demand.*

**Client benefits: Organizational Background**

- **Significant presence in the institutional marketplace, but small enough to respond quickly to client requests.**
- **Independently managed with access to parent company capital.**
- **Close proximity of employees promotes teamwork and idea sharing.**

## Emerging Markets Investment Services

14. Please provide the name of your Emerging Markets product that you are recommending for our client. What vehicle is proposed for this mandate (please provide ticker symbol if applicable)? The size of this mandate is approximately $50 million.

**QMA recommends a commingled vehicle for this mandate. The QMA Emerging Markets All Cap Equity Fund is for qualified investors and is part of the Prudential Trust Company Collective Trust. The Collective Trust was formed to invest collectively and manage the assets of pension, profit-sharing, defined benefit or other qualified retirement plans exempt from taxation under the Internal Revenue Code of 1986, as amended. The Collective Trust has separate investment funds (the "Funds"). Prudential Trust Company is the trustee and manager of the Funds. Prudential Trust Company, a Pennsylvania banking corporation, is located in Scranton, Pennsylvania and is an indirect subsidiary of Prudential Financial, Inc. Prudential Trust Company has engaged QMA to advise the fund.**

15. Please state the market value of assets under management of your Emerging Markets product for calendar year-ends starting with 2007. Also, please state accounts and assets gained, as well as accounts and assets lost over each of these years.

**Emerging Markets All Cap Equity:**

| | SPECIFIED EMERGING MARKETS PRODUCT | | | | |
|---|---|---|---|---|---|
| Year Ended | Market Value ($Millions) | # Accounts Gained | Assets Gained ($Millions) | # Accounts Lost | Assets Lost ($Millions) |
| Dec 31, 2007 | -- | -- | -- | -- | -- |
| Dec 31, 2008 | -- | -- | -- | -- | -- |
| Dec 31, 2009 | $443 | 0 | $0 | 0 | $0 |
| Dec 31, 2010 | $434 | 0 | $0 | 0 | $0 |
| Dec 31, 2011 | $330 | 0 | $0 | 0 | $0 |
| Dec 31, 2012 | $27 | 1 | $25 | 1* | $386 |
| Dec 31, 2013 | $556 | 4 | $521 | 0 | $0 |

*Note: The "# Accounts Gained" and "# Accounts Lost" counts are total relationships gained or lost to QMA (clients with multiple accounts are counted once). The assets include all of the assets gained or lost (including assets of new accounts from existing clients and assets from lost accounts while still retaining the client).*

*Not a loss to the firm. Client transferred assets to another strategy managed by QMA.

**QMA has managed Emerging Markets accounts since 2002. The chart below shows information on our long standing Emerging Markets Core Equity product.**

**Emerging Markets Core Equity:**

| Year Ended | SPECIFIED EMERGING MARKETS PRODUCT | | | | |
|---|---|---|---|---|---|
| | Market Value ($Millions) | # Accounts Gained | Assets Gained ($Millions) | # Accounts Lost | Assets Lost ($Millions) |
| Dec 31, 2007 | $816 | 0 | $0 | 0 | $0 |
| Dec 31, 2008 | $433 | 3 | $270 | 0 | $0 |
| Dec 31, 2009 | $864 | 1 | $186 | 0 | $0 |
| Dec 31, 2010 | $1,320 | 1 | $10 | 0 | $0 |
| Dec 31, 2011 | $1,475 | 2 | $398 | 0 | $0 |
| Dec 31, 2012 | $4,722 | 11 | $1,728 | 1 | $5 |
| Dec 31, 2013 | $6,144 | 7 | $691 | 1 | $42 |

*Note: The "# Accounts Gained" and "# Accounts Lost" counts are total relationships gained or lost to QMA (clients with multiple accounts are counted once). The assets include all of the assets gained or lost (including assets of new accounts from existing clients and assets from lost accounts while still retaining the client).*

16. Provide the following information on the key members of the firm's Emerging Markets portfolio management team: names; titles and responsibilities; years of investment experience, years with firm, and years with the team. Please provide biographies.

| Name | Title | Years Inv. Exp. | Years w/Firm* | Years w/Team |
|---|---|---|---|---|
| Jacob Pozharny | Head of Non-U.S. Core Equity team, Portfolio Management & Research | 21 | 4 | 4 |
| Wen Jin | Portfolio Manager, Portfolio Management & Research | 13 | 5 | 5 |
| John Van Belle | Portfolio Manager, Portfolio Management & Research | 40 | 30 | 11 |
| Ping Wang | Portfolio Manager, Portfolio Management & Research | 16 | 2 | 2 |
| Pavlos Alexandrakis | Managing Director & Product Specialist | 27 | 2 | 2 |

**Includes experience with QMA's predecessors or affiliates.*

**Jacob Pozharny, PhD,** is a Managing Director for QMA, as well as Head of Research and Portfolio Management for Non-US Core Equity. Jacob was previously a Managing Director and head of International Quantitative Equity at the TIAA-CREF organization and Teachers Advisors, Inc., where he was responsible for quantitative stock selection and portfolio construction for the international portfolios. Earlier in his career, Jacob held positions at the University of California, Nicholas-Applegate Capital Management and the Federal Reserve. He earned a BA in Economics, an MS in Statistics, an MS in Finance and Applied Economics and a PhD in Applied Statistics from the University of California.

**Wen Jin, PhD, CFA,** is a Principal and Portfolio Manager for QMA, working with the Non-US Core Equity team. His responsibilities include portfolio management, analysis and research. Prior to joining QMA, he was a Portfolio Manager and Director of Quantitative Strategy and Trading at Aristeia Capital Management, where he oversaw derivatives valuation, quantitative trading strategy development and portfolio management. Prior to that, Wen was a Quantitative Strategist in the options trading group at Citadel Investment Group. He earned a BS in Physics from University of Sciences and Technology of China, an MA and PhD in Physics from Columbia University and holds the Chartered Financial Analyst (CFA) designation.

**John Van Belle, PhD**, is a Managing Director for QMA, where he manages global and non-US portfolios. John has also been a Vice President in Currency Management Consulting at both Bankers Trust and Citibank. He began his career in the research department of the Federal Reserve Bank of New York. He has taught Economics and Finance at the University of Virginia and Rutgers Graduate School of Management and has published numerous articles in the fields of Economics and Finance. John earned a BS in Economics from St. Joseph's College and a PhD in Economics from the University of Virginia.

**Ping Wang, PhD,** is a Managing Director and Portfolio Manager for QMA, working with the Non-US Core Equity team. His responsibilities include portfolio management, analysis and research. Most recently, Ping worked at TIAA-CREF Asset Management, where he performed extensive research in portfolio construction and stock selection in international equity, and also served as portfolio manager on a variety of innovative international products. Previously, he was a Senior Quantitative Analyst at Allstate Investments, where he was responsible for designing and implementing credit analysis for a credit derivatives strategy. Earlier in his career, Ping held positions at Fusion Technology Institute and National Laboratories. He earned a BS in Physics from Beijing Normal University, a MS in Atomic and Molecular Physics from University of Science and Technology of China, and a PhD in Physics from the University of Wisconsin-Madison.

**Pavlos M. Alexandrakis, CFA**, is a Managing Director and Product Specialist for QMA, managing client relationships for QMA's Non-US Core Equity team. Prior to joining QMA, he was a senior client portfolio manager with Invesco's international and global equity teams and with JP Morgan Asset Management's international investment team. Previously, he managed non-US equity portfolios at Pioneer Investment Management, Smith Barney Asset Management, and Lazard Freres Asset Management. Pavlos earned a BBA in marketing and computer sciences and an MBA in international business and finance from George Washington University. He also undertook post-graduate studies in international economics at New York University, and he holds the Chartered Financial Analyst (CFA) designation.

17. What has been the level of personnel turnover for investment professionals at the Emerging Markets product level for each calendar year since January 1, 2007? Explain any large changes.

**Emerging Markets Equity Team:**

| | EMERGING MARKETS PRODUCT SPECIFIC | |
|---|---|---|
| Year thru: | Employees Added | Employees Lost |
| Dec 31, 2007 | 0 | 0 |
| Dec 31, 2008 | 1 | 0 |
| Dec 31, 2009 | 1 | 0 |
| Dec 31, 2010 | 0 | 0 |
| Dec 31, 2011 | 2 | 0 |
| Dec 31, 2012 | 1 | 1 |
| Dec 31, 2013 | 2 | 0 |

*Note: Figures exclude reclassifications.*

**Thus far in 2014, QMA has added two quantitative analysts to the Non-US Core Equity team; Andrew Goldberg, a portfolio manager, is leaving in May to pursue other opportunities.**

18. As of December 31, 2013, provide the number of accounts, assets under management, median account size, and number of portfolio managers and analysts for the firm's Emerging Markets product.

**Emerging Markets All Cap Equity:**

| Assets Under Mgt ($Millions) | Number of Investors | Median Client Size($Millions) | Largest Client Size($Millions) | Number of Portfolio Mgrs | Number of Inv Analysts | Number of Traders |
|---|---|---|---|---|---|---|
| $556 | 4 | $72 | $392 | 4 | 5 | 3 |

**QMA has managed Emerging Markets accounts since 2002. The chart below shows information on our long standing Emerging Markets Core Equity product.**

**Emerging Markets Core Equity:**

| Assets Under Mgt ($Millions) | Number of Investors | Median Client Size($Millions) | Largest Client Size($Millions) | Number of Portfolio Mgrs | Number of Inv Analysts | Number of Traders |
|---|---|---|---|---|---|---|
| $6,144 | 34 | $205 | $1,719 | 4 | 5 | 3 |

19. Please provide the following information as of December 31, 2013 for each vehicle through which your Emerging Markets product is offered.

**Emerging Markets All Cap Equity:**

| | Offered? (Y/N) | Assets ($Millions) | Account Minimum ($Millions) |
|---|---|---|---|
| Separate Account | Y | $556 | $100 |
| Commingled Fund | Y | * | $5 |
| Mutual Fund | N | N/A | N/A |
| Other (specify) | -- | -- | -- |

**Pending funding.*

20. Please discuss your capacity constraints. Is there a limit to the amount of assets the firm will manage in this Emerging Markets strategy? If yes, please specify current estimates or ranges.

**Capacity is an important factor in retaining alpha, and we monitor capacity levels and transactions costs for each of our strategies on an ongoing basis. Capacity figures are estimated using monthly simulations.**

**As of December 31 2013, QMA managed approximately $6.85 billion in large/mid cap emerging market strategies and around $110 million in small cap emerging market strategies. (Assets in our Emerging Markets All Cap Equity strategy are allocated toward our large/mid capacity and our small cap capacity on about an 85%/15% basis). In the current market environment, we estimate the capacity in our large/mid cap Emerging Markets strategies to be approximately $10-12 billion, with an additional $2-3 billion in small cap Emerging Markets.**

**Client benefits: Emerging Markets Investment Services**

- **Confidence that assets are invested by a stable, experienced and highly credentialed investment team.**
- **Over a decade of experience managing Emerging Markets accounts for institutional investors.**
- **Diverse product line-up in the Emerging Markets space.**
- **Capacity to manage against custom benchmarks.**

## Emerging Markets Investment Philosophy & Research Process

21. Briefly describe the investment philosophy, strategy, style and distinguishing characteristics of your Emerging Markets product.

**Investment Philosophy**

**QMA believes that the systematic application of rigorously evaluated fundamental metrics to emerging markets securities can add alpha in the long run.**

- **We believe that indicators of a security's future performance differ in effectiveness depending on the relative growth rate of companies within each sector. Our research and experience have shown that valuation measures matter more for slow growing companies and indicators relating to future growth prospects matter more for fast growing companies.**
- **We believe that an adaptive investment process is superior to a static one, and that adaptive models are especially important for investing in inefficient markets where growth rates have changed dramatically over the last decade by country, sector, and security. We believe that the most consistent way to deliver alpha is in a well-diversified, active, bottom-up, style-pure portfolio with systematic risk controls.**
- **We believe liquidity is a very important consideration in portfolio positioning.**

**Our view is that the most critical role of a portfolio manager is to maintain a portfolio's core exposures while mitigating adverse systematic risks and transaction costs. Our core investment philosophy has remained essentially unchanged since the inception of our Emerging Markets Core Equity strategy in 2002.**

**Strategy Process**

**The QMA team employs an active bottom-up, systematic stock selection strategy that is based on fundamentals. Our investment process focuses on fundamental metrics, specifically Valuation, Growth, Financial Momentum and Quality, to systematically evaluate 4,000 public companies in the MSCI® emerging markets universe. The process takes place in three key steps:**

**Step 1: Classify Stocks Within Sector by Long-Run Growth Rate**

**On a daily basis, our investment process arrays all stocks in the emerging market universe on a continuous spectrum, from lowest to highest within each sector, based on their growth expectations. We believe that indicators of a security's future performance differ in effectiveness depending on the relative growth rate of companies within each sector. Our research and experience have shown that valuation measures matter more for slow growing companies and indicators relating to future growth prospects matter more for fast growing companies.**

**Step 2: Evaluate the Attractiveness of Each Stock**

**QMA uses an adaptive alpha model, incorporating Valuation, Growth, Financial Momentum, and Quality factors to evaluate the attractiveness of each stock in the universe. The specific factors and their weights vary by sector. Based on the stock's growth rate within each sector, the model emphasizes variables related to valuation for slow growth stocks and signals related to future growth prospects of the company for fast growing stocks.**

- **Valuation factors include forward and historical earnings yield, book yield, sales yield, cash flow yield and dividend yield. In general, cash flow yield is emphasized more for cyclical sectors such as consumer discretionary while dividend yield is emphasized more for defensive sectors like utilities.**

- **Growth factors include earnings estimate, cash flow estimate, and sales estimate revisions made by security analysts following a stock.**

- **Financial Momentum measures include changes in dividends, earnings, sales, and gross cash flow. As is the case for valuation factors, cash flow is emphasized more for cyclical sectors while dividends are emphasized more for defensive sectors.**

- **Quality factors include a proprietary measurement of Accruals to gauge the efficacy of the Income Statement, while Accounting Bloat is utilized to measure the stability of the Balance Sheet.**

**Companies with the strongest growth may get as much as 80% weighting on Growth/Financial Momentum with the remainder roughly equally divided between Value and Quality. The median growth companies get an average of 40% weighting in both Growth/Financial Momentum and Value and 20% weighting in Quality. Companies with the least growth may get as much as 80% weighting on Value metrics with the remainder equally divided between Growth/Financial Momentum and Quality. The adaptive nature of the process allows the weightings to change as a company's growth rate changes. That is, if a company moves from the fastest growth to the slowest growth category, our model adapts and changes the allocation of weights on Value/ Growth/Quality from 10%/80%/10% to 80%/10%/10% for example. Our process responds quickly to changes in individual securities while maintaining an annual portfolio turnover level of about 80-120%. The alpha model is run daily.**

**Step 3: Construct Optimal Portfolio**

**Using an internally developed algorithm (portfolio "optimizer"), we construct portfolios that seek to maximize expected alpha (calculated in Step 2) subject to constraints designed to meet long-run expected active risk goals. The constraints limit portfolio deviations from the benchmark with respect to sector, country, region, size, growth and individual stock weight, among others. In addition, the optimizer considers expected transactions costs and trading liquidity, which is critical in emerging markets. Portfolios are generally rebalanced every two to three weeks.**

**The final result of portfolio construction is a liquid Emerging Markets portfolio that is cheaper (as measured by P/E and other valuation measures) than the benchmark while offering better growth prospects, and maintaining a similar Beta and Market Cap profile as the benchmark. The portfolio will have a balanced representation of Value, Growth, Financial Momentum, and Quality, and will always prefer idiosyncratic (i.e., stock-specific) to systematic (i.e., market) risk.**

**Style**

**Our systematic, risk managed, and benchmark-oriented process invests in both growth and value securities and is intended to provide style-neutral core exposure to the MSCI® Emerging Markets IMI (Net) index through all market conditions.**

**Distinguishing Characteristics**

**We believe our competitive advantage in emerging markets derives from a combination of our high breadth, adaptive, fundamentally-based systematic process, and the qualitative oversight of our dedicated team.**

**QMA has over a decade of experience in applying an adaptive model to analyze emerging securities depending on the relative growth rate of companies within each sector, as opposed to a static model that evaluates each stock similarly. We believe that adaptive models are especially important for investing in emerging markets where growth rates have changed dramatically over the last decade by country, sector and security. We employ sector-based factors that accommodate the different accounting standards and available data sets for emerging markets by focusing on sales, cash flow, and dividend, as well as earnings metrics.**

**Our ability to exploit the inefficiencies of emerging markets consistently with an active bottom-up, high breadth, systematic stock selection process is also a differentiator relative to competitors who incorporate top down macro factors into their process and/or manage concentrated portfolios. This is especially true when it comes to small cap stocks, as they tend to be even less affected by global, macroeconomic events. We continually research ways to most effectively classify stocks and to look for alpha factors that best measure Value, Growth, Financial Momentum, and Quality signals. We evaluate the effectiveness of any factor both from a theoretical or intuitive viewpoint. Through rigorous back testing we monitor the strength or effectiveness of the different factors in our model closely with regular factor-based attribution analysis.**

**Our qualitative oversight, another differentiator, ensures that our process is not “black box”, as the investment team incorporates traditional stock-level research and monitors fundamentals affecting the stocks that we follow to validate the model’s recommendations and to ensure they are not compromised by extenuating circumstances such as an impending acquisition or restructuring.**

**We also believe that our use of a proprietary optimizer, instead of a third party optimizer, reduces potential correlation with other quantitative and fundamental managers and the likelihood of trading the same stocks at the same time as other managers.**

**QMA's emerging markets portfolios are managed by a highly experienced and credentialed team of portfolio managers averaging 23 years of investment experience, each with doctorate degrees. QMA investment professionals who created and launched the Emerging Markets Core Equity strategy in 2002 are still with the firm, but the dedicated resources have grown substantially.**

22. Please provide a list of the types of securities (other than common stock and cash equivalents) that your firm currently holds in this product.

**The Emerging Markets All Cap Equity strategy is a stock-based strategy. If approved by the client, we would use fully-collateralized, exchange-listed Taiwan stock index futures to equitize cash in the portfolio. Taiwan futures enable us to invest receivables and to facilitate purchasing Taiwan securities because they require cash in advance to purchase them and they settle T+1. We will also use Exchange-Traded Funds (such as I-Shares) and Depository receipts, including ADRs, IDRs, and GDRs, or other similar securities convertible into securities of foreign issuers, in order to equitize cash or expand our opportunity set.**

23. Please provide a brief overview of the opportunities for investing in Emerging Market equities?

**Emerging market economies are quite dynamic, and sources of growth shift continuously over time within region, country, and sector. We believe an investment process that adapts dynamically to these changes in growth expectations is the most effective way of capitalizing on market inefficiencies. We array all stocks in our investment universe by their growth expectations and vary the importance of value metrics and growth metrics depending on the company's expected rate of growth. As expectations change, our model adapts and changes the relative weighting of value and growth metrics.**

**For emerging markets portfolios, accounting standards play an important role in evaluating data. Our review process strives to ensure that accounting consistencies are present. We employ rigorous statistical and accounting checks to ensure the robustness of data used in our stock selection model. In general, we have found that the less efficient the market is, the more effective the alpha market is. For this reason, we feel that an emerging markets strategy employing our approach is particularly ideal.**

**We believe that the most consistent way to deliver alpha is in a well diversified, active, bottom up, style-pure portfolio with systematic risk controls. QMA's use of a proprietary optimizer, real-time bid/ask spreads, and benchmark-related risk constraints permit us to focus our portfolios on alpha while constraining risk exposures.**

24. What is the firm's process for conducting individual security analysis or research, if relevant? What security characteristics are sought? What role does macro-economic research play in the Emerging Markets discipline's investment decision-making process? Also state the firm's sources of potential investment ideas.

**QMA's Emerging Markets All Cap Equity strategy is a bottom-up, stock-picking strategy driven by quantitative models based on fundamental insights. We do not employ a top-down approach or conduct company visits as part of our research and investment process. Research focuses on methods of building, monitoring, enhancing and implementing quantitative models used in security selection, risk management, and trading.**

**Our stock selection process is not "black box", however. The investment team incorporates traditional stock-level research and monitors fundamentals affecting the stocks that we own to validate the model's recommendations and to ensure they are not compromised by extenuating circumstances such as an impending acquisition or restructuring. In addition, the team routinely reviews both sell-side and academic research related to non-U.S. markets and quantitative techniques in an effort to discover new and applicable investment ideas. Research results are presented at regular research meetings and shared with all QMA investment professionals.**

**We place a strong emphasis on data integrity and employ rigorous statistical and accounting checks to ensure the data used in our stock selection model is robust. QMA's investment team reviews the data supplied to the models for accuracy. Once outliers are identified, we will halt trading on the stock until the data issues are resolved.**

25. What is the number of securities regularly followed by security analysts and/or portfolio managers?

**Breadth of coverage is a key aspect of quantitative investing. QMA collects data on about 4,000 emerging markets securities and evaluates all securities in the MSCI® Emerging Markets IMI Index.**

26. How does your firm assess the liquidity of its Emerging Markets investments?

**QMA pays close attention to liquidity in constructing and rebalancing Emerging Markets portfolios. Active positions in an individual security are generally kept at a maximum of less than 2 days of average daily trading volume. Trades are typically less than 25% of average daily trading volume for the stock. By executing small trades across a large number of stocks, we are able to perform transactions without affecting the overall market and avoid potential front running which larger managers with focused portfolios may encounter. This allows us to close out a portfolio's active weights in three business days if necessary. Our estimates of asset capacity for this strategy take into account these liquidity conditions.**

27. What pricing sources are used for valuing securities, and what pricing procedures are employed to value portfolio holdings? Also, what procedures are employed to reconcile security prices with the custodian?

**The following details the controls in place that QMA uses to manage the trade and settlement process.**

1. **Orders are input directly by the portfolio manager into the trade order system, Longview.**
2. **Trading is primarily handled electronically using QMA's trade order system.**
3. **Trades are transmitted electronically via SWIFT to the custodian. T-bills or futures trades are faxed or e-mailed.**
4. **Performance/Portfolio valuation is monitored by QMA's Performance Unit.**

**QMA reconciles portfolio holdings and cash against the custodian's records daily. Market value is reconciled monthly. Differences are identified and resolved in a timely fashion in coordination with the custodians and QMA traders.**

**The portfolio is officially priced by the custodian/fund accountant. QMA maintains daily prices within our recordkeeping system using Bloomberg and reconciles to the custodian's accounting records on a monthly basis.**

**QMA transmits trades via Society for Worldwide Interbank Financial Telecommunications (SWIFT) messages. If the recipient does not have SWIFT capabilities, QMA will work with the custodian on an acceptable method to both parties.**

**The majority of our FX transactions are executed utilizing a third party FX dealer and netting utility. In some instances, FX transactions are implemented via an electronic multibank trading network and bids are compared to prevailing spot rates on Bloomberg to ensure reasonableness. Operations confirm all trade details of an FX transaction on Trade date with the counter party. On the settlement date, the cash component is reconciled as part of our standard operating procedures.**

**QMA's compliance team performs pre- and post-trade compliance monitoring. Trade orders are screened "pre-trade" against certain compliance guidelines and restrictions. Trade orders that are flagged in this screening process require the review and override by a compliance associate before the trader can place the order, if the order is deemed permissible by compliance.**

**All trading activity is subject to review by a managing director responsible for trading oversight. This review is performed each morning following the overnight processing of trades. QMA also maintains policies for post-trade activities such as trade corrections and reallocations. Any corrections are approved by trading supervisors and input by Operations. Reallocations will be documented and reported to the compliance unit.**

**Client benefits: Emerging Markets Investment Philosophy & Research Process**

- **Long standing investment philosophy based on time-tested financial theory.**
- **Innovative use of adaptive models, which are key for investing in emerging markets, where growth rates can change dramatically by country, sector and security.**
- **Using a proprietary optimizer limits potential correlation with other managers and helps avoid trading the same stocks at the same time as other managers, thus reducing transaction costs and making our strategy complementary to other emerging market products.**
- **Performance consistency is more likely to be achieved with a high breadth, diversified, core equity portfolio.**
- **Style pure strategies allow for more confident asset allocation decisions by our clients.**

## Emerging Markets Portfolio Construction and Management

28. Describe in detail your Emerging Markets portfolio management process. If a team approach is used, state the names of the team members and explain the role(s) of each team member, with particular emphasis on geographical regions.

**Portfolio construction is a critical part of our investment process. Our Emerging Market portfolio construction process is engineered to balance risk, reward, transaction costs, and market liquidity.**

**Data Review**

**We place a strong emphasis on data integrity, and we were one of the first firms to make use of global point-in-time databases for our research. We employ rigorous statistical and accounting checks to ensure the data used in our stock selection model is robust. Over the course of the day, QMA receives accounting, pricing, fundamental and earnings estimate data on over 300 variables for approximately 4,000 emerging market stocks. QMA has developed models and processes to identify and review each data item on each stock, seeking to identify outliers and confirm the validity of the data. The process begins by grouping stocks into sectors, industries, sub-industries, countries and currencies. The current variables are then compared to historical figures for consistency. We look at the distribution of each variable as well as cross sectional correlations over time to ensure value and growth measures are behaving rationally. QMA's investment team spends approximately 40% of its time in this capacity to ensure the data supplied to the models for evaluation is accurate. Once outliers are identified, we will halt trading on the stock until the data issues are resolved.**

**In addition to the statistical and accounting checks described above, our international analysts manually verify the financials of 20-50 high impact companies daily. We employ a sophisticated rule based system to determine the highest likelihood of data problems in defining this set of companies. We scan for the largest daily changes in expected return forecasts compared to the previous day. We monitor the largest changes in our Growth, Quality, and Value models. We collate this information with signal decay information in each sector and region to allow for varied information flow. These scans produce a list of highest suspect companies that constitute the set of stocks whose financial statements are manually verified on a daily basis.**

**Liquidity**

**Our research indicates that the most important aspect of adding value consistently, especially in Emerging Markets, is to identify strong investment opportunities and to trade taking into account existing liquidity so as not to push prices and destroy the identified investment opportunity before positions are placed. Our research indicates that it is possible to trade as much as 25% of one day of volume without affecting prices. So our re-balances trade at most 25% of one day of volume. Further, we ensure that we run a liquid portfolio by maintaining both an over-weight or under-weight position of less than 2 days of average daily trading volume. Before any trade is executed, the return forecast is compared to the market impact and bid-ask spread to verify that the trade is economically viable. Emerging Market**

**bid-ask spreads are typically between 25-45 bps compared to 2-10 bps in more efficient markets. So the importance of this analysis is particularly critical.**

**Risk Management**

**Aside from liquidity constraints, we maintain a variety of portfolio controls to enhance performance consistency and maintain a diversified portfolio of 400-500 names across all Emerging Market sectors and countries. Our intent is to closely maintain the portfolio sector weights in alignment with benchmark weights, typically allowing up to 100 bps variation. However, our portfolio country weights are allowed to vary more significantly compared to the benchmark. Portfolios that target outperformance of 3% may be up to 2% over-weight or under-weight a country relative to the benchmark. These portfolios may be over-weight specific securities by as much as 1.5% as well. To enhance performance consistency, our portfolios are designed to perform in up and down markets with similar efficacy. Strict controls on market Beta are enforced through portfolio constraints, and typically our portfolios tightly match the Beta of the benchmark. Performance consistency is further enhanced by maintaining market cap neutrality. This ensures that the portfolio is not affected significantly by small companies outperforming large companies and vice versa.**

**Re-balancing**

**We target 80-120% of turnover annually. Portfolios are traded to maintain threshold levels of information content as measured by the portfolio's transfer coefficient (signal-to-bet correlation) targets identified in investment simulations. Typically portfolios maintain transfer coefficients of between 40-50%. A secondary motivation of portfolio re-balancing is maintaining exposure and balance to Value, Growth, Quality and Financial Momentum. Our research indicates that the fastest moving signals are least represented in the portfolio bets. Portfolio managers monitor these exposures and increase trading when exposures fall beneath simulation-established minimum partial transfer coefficients. A common cause for these partial transfer coefficients to degrade is new and changing accounting information that needs to be expressed in the portfolios' positions. Tracking errors are monitored on a daily basis. Our research indicates that it is always preferable to take on idiosyncratic risk to systematic risk in order to maintain performance consistency. Portfolio turnover may be used to maintain an appropriate balance between idiosyncratic and systematic risk. Finally the Active Share, the sum of the over-weights and under-weights, is maintained at a constant level. Although portfolio managers may re-balance to maintain a consistent level of Active Share, in practice it is the least likely trigger for a portfolio re-balance.**

**Tools**

**We use a proprietary optimization process in lieu of an "off-the-shelf", or third party optimization algorithm. We believe that our optimization algorithm effectively controls exposure to major risk factors, while simultaneously disentangling expected alpha from risk factors. Over the past few years our proprietary optimization process has been enhanced to allow for portfolios driven by the same stock selection process to produce portfolios with varying alpha targets per the discretion of the client.**

**The optimization process generates a basket of recommended trades that are reviewed by a portfolio manager, or senior member of the team, before trading. In general, the buy basket**

**is cheaper while having dramatically stronger profitability, growth and quality prospects compared to the sell basket. Similarly country over-weights are significantly cheaper while having dramatically stronger profitability, growth and quality prospects compared to country under-weights.**

**Although infrequent, recommended trades may be overridden in the event of unforeseen market conditions, or when changes in underlying data may not be adequately reflected in the underlying models. For example, corporate actions such as spin-offs may affect the veracity of valuation, quality and growth metrics. Similarly, management changes, dividend announcements, stock buy-backs and dilutions and fraud allegations will initiate a qualitative override of the model by a portfolio manager.**

**<u>Outcome</u>**

**The final result of portfolio construction is a liquid Emerging Markets portfolio that is cheaper (as measured by P/E and other valuation measures) than the benchmark while offering better growth prospects, and maintaining a similar Beta and Market Cap profile as the benchmark. The portfolio will have a balanced representation of Value, Growth, Financial Momentum, and Quality, and will always prefer idiosyncratic (i.e., stock-specific) to systematic (i.e., market) risk.**

**<u>Team Management</u>**

**Our emerging markets portfolios are team-managed. Jacob Pozharny, the head of the Non-US Core equity team, is responsible for portfolio management and research capabilities for the proposed strategy. In addition to Mr. Pozharny, John Van Belle, Ping Wang and Wen Jin are all portfolio managers responsible for this strategy. Each member of the team is responsible for research, data integrity and portfolio implementation. The buy and sell decisions are primarily model driven on a daily basis but the portfolio managers provide qualitative oversight to assure data integrity is accurately reflected into the process, and sign off on all trades.**

**The key members of the team responsible for the proposed strategy and their primary roles are listed in our response to question #16.**

29. What is your firm’s level of expected long-term outperformance?

**QMA’s proposed Emerging Markets All Cap Equity strategy seeks an excess return (gross of fees) of 2.5-3.5% vs. MSCI® Emerging Markets IMI Index with an expected long run active risk objective of 1-3% over a full market cycle*.**

**QMA has had consistent performance over long periods of time and we believe our investment approach is consistent and repeatable. This consistency can be seen in our Emerging Markets Core Equity (inception date 2002) and All Cap Equity strategies (inception date 2009). Our Core Equity and All Cap Equity strategies have achieved attractive information ratios since inception of the strategies. In addition, they each produced attractive batting averages (% of positive excess return months vs. benchmark) versus their corresponding peer groups*. (See Exhibit I & II).**

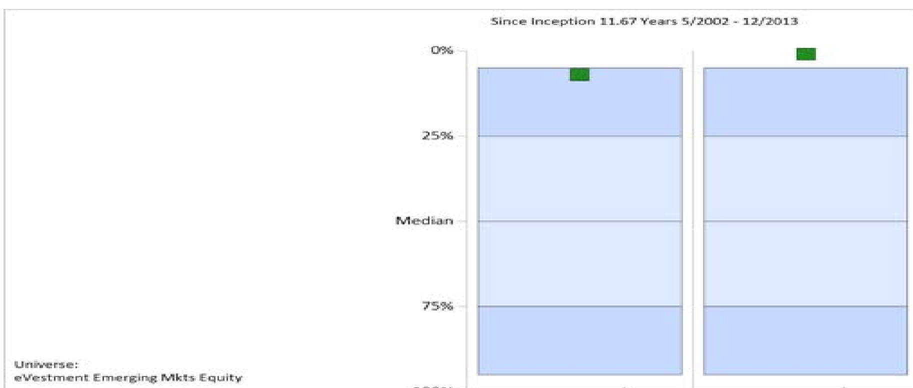
** There is no guarantee this objective will be met.  Past performance is not a guarantee or a reliable indicator of future results.*

### <u>Exhibit I:</u> Information Ratio and Batting Average vs. Emerging Markets All Cap Universe


| | Information Ratio | Rk | Batting Average | Rk |
|---|---|---|---|---|
| 5th percentile | 1.39 | | 0.68 | |
| 25th percentile | 0.81 | | 0.59 | |
| Median | 0.40 | | 0.54 | |
| 75th percentile | -0.10 | | 0.50 | |
| 95th percentile | -0.87 | | 0.39 | |
| # of Observations | 125 | | 125 | |
| QMA Emerging Markets All Cap | 1.69 | 3 | 0.70 | 3 |
| Results displayed in US Dollar (USD) | | | MSCI EM IMI-ND; [1] 5/2009 - 12/2013 | |

*Source:  QMA and eVestment Alliance. eVestment Alliance is an outside vendor whose software has been used to create this exhibit. QMA pays a fee for this software.  QMA has made efforts to confirm accuracy/reliability of the data provided by eVestment Alliance but we disclaim responsibility for its accuracy or completeness. Shown for illustrative purposes only. Please see 'Notes to Disclosure' page for Important Information including risk factors and disclosures. Past performance is not a guarantee or a reliable indicator of future results.*

### <u>Exhibit II:</u> Information Ratio and Batting Average vs. Emerging Markets Equity Universe




| | Information Ratio | Rk | Batting Average | Rk |
|---|---|---|---|---|
| 5th percentile | 1.02 | | 0.61 | |
| 25th percentile | 0.61 | | 0.58 | |
| Median | 0.33 | | 0.54 | |
| 75th percentile | 0.05 | | 0.51 | |
| 95th percentile | -0.45 | | 0.43 | |
| # of Observations | 109 | | 109 | |
| QMA Emerging Markets Core | 0.89 | 7 | 0.64 | 1 |
| Results displayed in US Dollar (USD) | | | MSCI EM-ND; [1] 5/2002 - 12/2013 | |

*Source:  QMA and eVestment Alliance. eVestment Alliance is an outside vendor whose software has been used to create this exhibit. QMA pays a fee for this software.  QMA has made efforts to confirm accuracy/reliability of the data provided by eVestment*

*Alliance but we disclaim responsibility for its accuracy or completeness. Shown for illustrative purposes only. Please see 'Notes to Disclosure' page for Important Information including risk factors and disclosures. Past performance is not a guarantee or a reliable indicator of future results.*

30. State the typical benchmark(s) you use to measure the Emerging Markets product performance. Which benchmark do you believe is best?

**Accounts in the Emerging Markets All Cap Equity Composite have utilized the MSCI® Emerging Markets IMI (Net) benchmark since inception. Our quantitative process is flexible and can accommodate most reasonable benchmarks and investment restrictions.**

31. What are the current number and typical number of securities in the Emerging Markets portfolios? What are the maximum and the minimum number of securities?

**Emerging Markets All Cap Equity:**

| Current Number | Typical Number(1) | Maximum Number(2) | Minimum Number(2) |
|---|---|---|---|
| 420 | 444 | 500 | 400 |

*(1) Average number of holdings of a representative account of the proposed strategy since inception.*
*(2) QMA does not target a specific number of portfolio holdings, which instead are a function of market conditions (i.e., the number of attractive stocks in the investment universe) and portfolio assets.*

32. Please explain how country allocation decisions are made,

**QMA uses a bottom-up process and any tilts are a result of bottom-up security selection, and are not made ex-ante. Country exposures are primarily influenced by the expected alpha of the stocks in each country. The more attractive the stocks, the more likely the optimized portfolio will overweight that country. Country exposures will be within ± 2% of the benchmark at the time of rebalance.***

** Guidelines are subject to change.*

33. What is the firm's approach to currency management? Will currencies be used as an active management tool? To what extent does your process employ any hedging?

**Portfolios are managed on an un-hedged, fully invested basis. We do not attempt to add value from currency management. Country weights are constrained to be close to benchmark weights, which means currency weights are also held close to benchmark.**

**Currency is part of the overall value of the stock in each country and is factored in our decision to overweight or underweight each particular stock.**

34. Explain the firm's portfolio approach to the level of cash and equivalent holdings. Specify the normal, maximum and minimum levels of cash holdings.

**Our goal is to be fully invested at all times. Un-invested cash is generally less than 0.5% of the portfolio and not considered as a method of risk control or value added.**

35. Describe the firm's Emerging Markets sell discipline.

**Our buy/sell discipline is a function of the output of our systematic stock selection process, portfolio optimizer, and portfolio construction model. Stocks with attractive valuation measures, positive growth (i.e., earnings, cash & sales estimate revisions), and/or high quality will result in a high ranking and will likely be included and overweight in the portfolio. Conversely, stocks with poor valuation measures, negative growth, and/or poor quality will result in a low ranking and will likely be underweight or excluded from the portfolio. Because the process is quantitatively-based, implementation is not exposed to style drift. Portfolio constraints are all incorporated in the optimizer and are reviewed daily. Performance attribution, using FactSet, is analyzed regularly to confirm that sources of return are consistent with ex ante expectations.**

36. What has been the average Emerging Markets portfolio/fund turnover for each year since January 1, 2007?

**Emerging Markets All Cap Equity Representative Account:**

| Year | Turnover |
|---|---|
| Dec 31, 2007 | -- |
| Dec 31, 2008 | -- |
| Dec 31, 2009* | -- |
| Dec 31, 2010 | 103% |
| Dec 31, 2011 | 80% |
| Dec 31, 2012 | 64% |
| Dec 31, 2013 | 114% |
| Average | 90% |

**Inception Date: May 1, 2009*
*As of 12/31/13*
*Source: QMA and Factset. Characteristics are subject to change.*

37. Which one of the following descriptions best matches your exposure to Frontier Markets:

**(A) <u>None or virtually no exposure</u>**
(B) Full exposure
(C) Partial exposure
(D) Opportunistic exposure

38. List the Emerging Market product's regional allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods.

**Emerging Markets All Cap Equity Representative Account:**

| Regions | YEAR-END 2013 | 2012 | 2011 | 2010 | 2009** | Avg | Min | Max |
|---|---|---|---|---|---|---|---|---|
| Africa/Middle East | 9.93 | 11.12 | 10.56 | 9.73 | 12.91 | 10.85 | 9.73 | 12.91 |
| Asia/Pacific | 63.71 | 60.81 | 59.20 | 58.98 | 57.01 | 59.94 | 57.01 | 63.71 |
| Europe | 7.84 | 8.32 | 8.36 | 9.20 | 8.56 | 8.46 | 7.84 | 9.20 |
| Latin America | 17.52 | 19.76 | 21.88 | 22.09 | 21.51 | 20.55 | 17.52 | 21.88 |
| US/Canada* | -- | -- | -- | -- | -- | -- | -- | -- |
| Cash | 0.48 | 0.18 | 0.20 | 0.07 | 0.07 | 0.20 | 0.07 | 0.48 |

**Please list any US/Canada securities by name.*
***Inception Date: May 1, 2009*
*As of 12/31/13*
*Source: QMA and Factset. Characteristics are subject to change.*
*Note: Figures above reflect percentage allocation in each region identified.*

39. List the Emerging Market product's country allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods. Please extend the table's rows to list all countries where investments were made.

**Emerging Markets All Cap Equity Representative Account:**

| Countries (fill in) | YEAR-END 2013 | 2012 | 2011 | 2010 | 2009* | Avg | Min | Max |
|---|---|---|---|---|---|---|---|---|
| Argentina | 0.00 | 0.00 | 0.00 | 0.00 | 0.03 | 0.00 | 0.00 | 0.03 |
| Brazil | 11.26 | 11.54 | 15.35 | 15.59 | 16.25 | 14.00 | 11.26 | 16.25 |
| Chile | 1.15 | 0.80 | 1.54 | 1.80 | 1.06 | 1.27 | 0.80 | 1.80 |
| China | 21.00 | 18.43 | 15.62 | 16.06 | 16.32 | 17.49 | 15.62 | 21.00 |
| Colombia | 0.85 | 1.56 | 0.73 | 0.38 | 0.19 | 0.74 | 0.19 | 1.56 |
| Czech Republic | 0.18 | 0.00 | 0.60 | 0.80 | 0.44 | 0.40 | 0.18 | 0.80 |
| Egypt | 0.01 | 0.09 | 0.02 | 0.03 | 0.23 | 0.08 | 0.01 | 0.23 |
| Greece | 0.38 | 0.00 | 0.00 | 0.00 | 0.00 | 0.08 | 0.00 | 0.38 |
| Hungary | 0.01 | 0.15 | 0.43 | 0.68 | 0.68 | 0.39 | 0.01 | 0.68 |
| India | 7.28 | 5.92 | 6.04 | 7.62 | 7.81 | 6.93 | 5.92 | 7.81 |
| Indonesia | 1.40 | 2.77 | 3.64 | 2.70 | 2.38 | 2.58 | 1.40 | 3.64 |
| Israel | 0.00 | 0.00 | 0.00 | 0.00 | 3.34 | 0.67 | 0.00 | 3.34 |
| Korea | 15.47 | 15.77 | 16.04 | 13.99 | 13.48 | 14.95 | 13.48 | 16.04 |
| Malaysia | 3.10 | 3.96 | 2.50 | 2.77 | 2.02 | 2.87 | 3.96 | 2.02 |
| Mexico | 4.10 | 4.72 | 3.74 | 4.13 | 3.81 | 4.10 | 4.72 | 3.74 |
| Morocco | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 | 0.00 | 0.00 | 0.01 |
| Peru | 0.15 | 1.14 | 0.52 | 0.19 | 0.17 | 0.43 | 0.15 | 1.14 |
| Phillippines | 1.26 | 1.40 | 0.98 | 0.96 | 0.31 | 0.98 | 0.31 | 1.40 |
| Poland | 1.93 | 2.51 | 1.54 | 1.52 | 1.29 | 1.76 | 1.29 | 2.51 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Russia | 5.34 | 5.66 | 5.80 | 6.20 | 6.15 | 5.83 | 5.34 | 6.20 |
| South Africa | 7.58 | 8.14 | 8.78 | 7.76 | 6.91 | 7.83 | 6.91 | 8.78 |
| Taiwan | 13.16 | 10.62 | 12.16 | 12.91 | 13.31 | 12.43 | 10.62 | 13.31 |
| Thailand | 2.04 | 1.95 | 2.22 | 1.97 | 1.40 | 1.92 | 1.40 | 2.22 |
| Turkey | 2.34 | 2.89 | 1.76 | 1.93 | 2.44 | 2.27 | 1.76 | 2.89 |

*Note: Figures above reflect percentage allocation in each country identified.*
**Inception Date: May 1, 2009*
*As of 12/31/13*
*Source: QMA and Factset. Characteristics are subject to change.*

40. Which one of the following descriptions best matches your exposure to the Small Cap segment of the Emerging Market space:
    (E) None or virtually no exposure
    (F) Full exposure
    **(G) Partial exposure**
    (H) Opportunistic exposure

41. List the Emerging Markets product's market-cap range allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods.

**Emerging Markets All Cap Equity Representative Account:**

| | YEAR-END | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Market-Cap Range | 2013 | 2012 | 2011 | 2010 | 2009* | Avg | Min | Max |
| $250 million & Below | 0.29 | 0.00 | 5.60 | 1.88 | 0.72 | 1.70 | 0.00 | 5.60 |
| $250 – $800 million | 4.89 | 0.00 | 7.31 | 5.23 | 5.24 | 4.53 | 0.00 | 7.31 |
| $800 million – $2.5 billion | 9.24 | 0.00 | 11.56 | 15.49 | 11.01 | 9.46 | 0.00 | 15.49 |
| $2.5 – $8 billion | 23.66 | 100.00 | 21.16 | 22.01 | 24.05 | 38.18 | 21.16 | 100.00 |
| $8 – $25 billion | 27.77 | 0.00 | 25.51 | 26.89 | 26.65 | 21.36 | 0.00 | 27.77 |
| $25 – $80 billion | 16.20 | 0.00 | 14.56 | 15.08 | 15.57 | 12.28 | 0.00 | 16.20 |
| $80 – $250 billion | 19.95 | 0.00 | 13.03 | 12.47 | 15.56 | 12.20 | 0.00 | 19.95 |
| Above $250 billion | 0.00 | 0.00 | 1.27 | 0.93 | 1.20 | 0.68 | 0.00 | 1.27 |

*Note: Figures above reflect percentage allocation in each market cap range identified.*
**Inception Date: May 1, 2009*
*As of 12/31/13*
*Source: QMA and Factset. Characteristics are subject to change.*

42. List the Emerging Markets product's GICS sector allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods.

**Emerging Markets All Cap Equity Representative Account:**

| | YEAR-END | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **GICS Sectors** | **2013** | **2012** | **2011** | **2010** | **2009*** | **Avg** | **Min** | **Max** |
| Information Technology | 16.75 | 14.47 | 14.22 | 14.12 | 14.35 | 14.78 | 14.12 | 16.75 |
| Telecom Services | 6.83 | 7.22 | 8.23 | 7.63 | 7.43 | 7.47 | 6.83 | 8.23 |
| Health Care | 2.07 | 2.07 | 1.06 | 0.99 | 2.63 | 1.76 | 0.99 | 2.63 |
| Consumer Staples | 8.50 | 8.16 | 7.66 | 6.19 | 4.93 | 7.09 | 4.93 | 8.50 |
| Consumer Discretionary | 10.62 | 8.96 | 9.56 | 8.43 | 7.73 | 9.06 | 7.73 | 10.62 |
| Financials | 25.70 | 25.89 | 24.68 | 24.42 | 24.43 | 25.02 | 24.42 | 25.89 |
| Industrials | 7.21 | 7.16 | 7.02 | 9.28 | 8.26 | 7.79 | 7.02 | 9.28 |
| Materials | 9.60 | 11.66 | 13.45 | 15.18 | 14.79 | 12.94 | 9.60 | 15.18 |
| Energy | 9.36 | 11.19 | 10.13 | 10.37 | 11.62 | 10.53 | 9.36 | 11.62 |
| Utilities | 3.35 | 3.23 | 3.98 | 3.39 | 3.83 | 3.56 | 3.23 | 3.98 |
| Other (please specify) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

*Note: Figures above reflect percentage allocation in each sector identified.*
**Inception Date: May 1, 2009*
*As of 12/31/13*
*Source: QMA and Factset. Characteristics are subject to change.*

**Client benefits: Emerging Markets Portfolio Construction and Management**

- **Focus on liquidity and trade volume helps reduce transaction costs.**
- **Portfolio performance and risk levels are regularly monitored for unexpected deviations from the benchmark using advanced visual statistical methods.**
- **Team-based structure and strong development plans ensure continuity of leadership.**
- **High batting average underscores consistency of the process.**

## Investment Management Fees, Etc.

43. Provide your fee schedules on your Emerging Markets product for separate accounts, commingled and/or mutual funds. Please identify management fees and non-management/fund-administration fees/expenses separately if possible.

**Emerging Markets All Cap Equity Investment Management Fees:**

**Separate Account and Commingled Fund:**
**0.75% on first $50 million**
**0.70% on next $50 million**
**0.65% thereafter**

**Separate account minimum account size is $100 Million.**
**Commingled fund minimum account size is $5 Million.**

**The investment management fee for the proposed QMA Emerging Markets All Cap Equity Fund is 75 basis points.**

**Custody costs, fund administration expenses, and other fund expenses will be charged to the Fund. Assuming no other participants in the fund, these expenses are estimated to be approximately 80-82 basis points for a $50 million account. However, QMA will cap these fund expenses, excluding the investment management fee, at 65 basis points for the proposed fund.**

**The investment management fee of 75 basis points is the only fee payable to QMA.**

**The QMA Emerging Markets All Cap Equity Fund is a commingled vehicle for qualified investors and is part of the Prudential Trust Company Collective Trust. Interests in the Fund would be offered by The Prudential Trust Company. QMA, the entity responding to this RFP, is the investment adviser to the Fund.**

44. If a commingled/mutual fund is proposed, what are the custody costs, transfer agency fees, etc. of the trust. Are they an additional fee that is directly charged to the client?

**Custody costs, fund administration expenses, and other fund expenses will be charged to the Fund. Assuming no other participants in the fund, these expenses are estimated to be approximately 80-82 basis points for a $50 million account. However, QMA will cap these fund expenses, excluding the investment management fee, at 65 basis points for the proposed fund.**

**The investment management fee of 75 basis points is the only fee payable to QMA.**

45. Has the firm entered into incentive fee arrangements? If so, provide details.

**QMA currently has clients with performance based fee arrangements. The typical performance based fee structure includes a base fee plus a percentage of the excess return net of the base fee.**

46. Does your firm use any service, information, or merchandise paid for with directed commissions? If yes, please list the service(s) received from such commissions.

**QMA does not use any service, information, or merchandise paid for with directed commissions. QMA does not utilize soft dollars.**

47. Please provide access to an electronic copy of your firm's ADV. (Please do not send a hardcopy of your firm's ADV.)

**A copy of QMA's Form ADV (Part I) is available at http://www.adviserinfo.sec.gov/IAPD**

48. Please provide the name, address, telephone number and email address for three client references whom we may contact.

**It is the policy of QMA to notify our clients in advance about reference calls and to minimize contact for reasons not related to the management of their portfolio. If we move forward in this RFP process, we will gladly provide references after first contacting our clients.**

## Emerging Markets Investment Performance

49. Please send a supplemental spreadsheet with the following GIPS-compliant time-weighted monthly composite performance information since inception in the following five columns (in columns B-D please use five decimal digits if available):

    A. Month-end date (e.g. 12/31/2013)
    B. Monthly total return (gross)
    C. Monthly total return (net)
    D. Monthly benchmark return (gross, please specify the benchmark)
    E. Month-end market value of assets associated with this performance record

**Please refer to Attachment I for QMA's Emerging Markets All Cap and Core Equity composite performance returns since inception.**

50. What is your name for the composite? Are returns audited? By whom? Are returns GIPS compliant? For what time period?

**QMA's Emerging Markets All Cap Equity composite has prepared and presented returns in compliance with the Global Investment Performance Standards (GIPS®) since inception. Yes, Vincent Performance Services LLC's examined the Emerging Markets All Cap Equity Composite for the period from May 1, 2009 to December 31, 2012.**

## Emerging Markets Risk Management

51. What are the historical and expected tracking errors of this Emerging Markets product?

**The long-run expected tracking error goal for our strategy is approximately 1-3% over a full market cycle, however we do not explicitly target short/medium-term tracking error. These guidelines are subject to change based on client risk tolerances and/or market conditions. We have the ability to manage portfolios at higher excess return and tracking error levels based on individual client preferences.**

**Emerging Markets All Cap Equity Composite:**

| Year | Tracking Error |
|---|---|
| Dec 31, 2009* | -- |
| Dec 31, 2010 | 1.61 |
| Dec 31, 2011 | 3.39** |
| Dec 31, 2012 | 1.61 |
| Dec 31, 2013 | 1.53 |

**Inception Date: May 1, 2009*
***High tracking error in 2011 was due to the impact of large flows from a client transferring assets to a different mandate with QMA.*
*Past performance is not a guarantee or a reliable indicator of future results.*

52. Describe in detail the key risks of the product and the risk management process.
53. What risk measures are used to quantify country risk? What additional risks are assigned to emerging markets versus developed markets?

**We seek to monitor and manage portfolio risk by:**

- **Diversifying across a large number of stocks**
- **Limiting exposure to systematic risks**
- **Incorporating liquidity constraints into the optimizer**
- **Ongoing performance and risk measurement**

**Using an internally developed portfolio optimizer, we construct portfolios that seek to maximize expected alpha subject to constraints designed to meet long-run expected active risk goals.**

**Each time we rebalance a portfolio, we impose country, sector, and individual security constraints, as well as limits on exposures to certain common risk factors versus the benchmark. The precise limits will vary with market conditions, long-run expected risk, efficacy of our process and other conditions.**

**The resulting portfolio is style pure (i.e., invested only in emerging market securities), core (i.e., with balanced exposure to value and growth), and focused on alpha opportunities. Active share is about 55%.**

**Common risk factor exposures and individual positions are reviewed regularly by portfolio managers during routine rebalances, or more frequently as warranted by market conditions. While portfolios are constructed using proprietary methods, as opposed to using commercially available programs, common risk factor exposures are occasionally checked using third-party risk management tools (primarily BARRA and FactSet).**

**The investment team analyzes a portfolio's dollars at risk, or the sum of the absolute value of all active weights (active share). We believe this measure, in tandem with expected tracking error, provides us with a better understanding of exposures relative to the benchmark. Expected tracking error is heavily dependent on the market and, in some cases, estimates can be off two-fold. QMA does not base its trades on BARRA forecasts. However, following our data integrity review process, the team utilizes the BARRA risk model to check tracking error estimates for all of QMA portfolios.**

**Liquidity constraints are incorporated in the optimizer, as we attempt to minimize trading costs and ensure that portfolios remain liquid. By executing small trades across a large number of stocks, we are able to execute transactions without affecting the overall market and avoid potential front running which larger managers with focused portfolios may encounter.**

**Portfolio performance and risk levels are routinely monitored for unexpected deviations from the benchmark. We use style analysis, multiple forms of attribution analysis, and numerous back-tests to assess performance vs. objectives. We also examine the value added from the various factors we use, as well as the performance of individual securities relative to expected alpha.**

**Investing in securities of non-U.S. issuers generally involves more risk than investing in those of U.S. issuers. Foreign political, economic and legal systems, especially in developing and emerging countries, may be less stable and more volatile than those in the U.S. Foreign legal systems generally have fewer regulatory requirements than does the U.S. legal system. The changing value of foreign currencies could also affect the value of securities. Foreign countries may impose restrictions on the ability of their issuers to make payment of principal and interest or dividends to investors located outside the country, due to the blockage of foreign currency exchanges or other problems. Investments in foreign securities may be subject to non-U.S. withholding and other taxes. Emerging market investments are typically subject to greater volatility and price declines than investments in developed markets.**

54. Please send as a supplement a copy of a *holdings-based* risk report that includes tracking error. If multiple versions are available, please send the version with the most graphics.

**QMA uses a wide variety of proprietary and third-party analytical tools to monitor performance and risk levels on a daily basis including attribution from FactSet Data Systems and risk measurement services including software provided by BARRA, which is used to independently evaluate portfolio exposure to other risk factors that we do not explicitly target.**

**Sample Risk Attribution of a Representative Account (Z Score %)**

| | |
|---|---|
| **Financial Momentum** | **28%** |
| **Value** | **30%** |
| **Volatility** | **1%** |
| **Size** | **-5%** |
| **Size Nonlinearity** | **7%** |
| **Growth** | **2%** |
| **Liquidity** | **7%** |
| **Financial Leverage** | **0%** |
| **Holdings** | **416** |
| **Active Share** | **55%** |
| **Systematic Tracking Error** | **1%** |
| **Specific Tracking Error** | **1%** |

*As of January 2, 2014*
*Source: QMA and Barra. Past performance is not a guarantee or reliable indicator of future results.*

**Client benefits: Emerging Markets Risk Management**

- **We seek to monitor and manage our clients' portfolio risk by diversifying across a large number of stocks, limiting exposure to systematic risks and ongoing performance and risk measurement.**
- **We construct portfolios that seek to maximize expected return subject to constraints designed to meet our clients' long-run expected active risk goals.**

Notes to Disclosure

IMPORTANT INFORMATION

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Investing in securities involves risk of loss that investors should be prepared to bear. In addition, model-based strategies present unique risks that may result in the model's not performing as expected. These risks include, for example, design flaws in the model; input, coding or similar errors; technology disruptions that make model implementation difficult or impossible; and errors in externally supplied data utilized in models. To the extent that portfolio manager judgment is applied to model output, decisions based on judgment may detract from the investment performance that might otherwise be generated by the model. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

Investing in securities of non-U.S. issuers generally involves more risk than investing in those of U.S. issuers. Foreign political, economic and legal systems, especially in developing and emerging countries, may be less stable and more volatile than those in the U.S. Foreign legal systems generally have fewer regulatory requirements than does the U.S. legal system. The changing value of foreign currencies could also affect the value of securities. Foreign countries may impose restrictions on the ability of their issuers to make payment of principal and interest or dividends to investors located outside the country, due to the blockage of foreign currency exchanges or other problems. Investments in foreign securities may be subject to non-U.S. withholding and other taxes. Emerging market investments are typically subject to greater volatility and price declines than investments in developed markets.

These materials do not take into account individual client circumstances, objectives or needs. No determination has been made regarding the suitability of any securities, financial instruments or strategies for particular clients or prospects. The information contained herein is provided on the basis and subject to the explanations, caveats and warnings set out in this notice and elsewhere herein.

The financial indices referenced herein are provided for informational purposes only. The manager's holdings and portfolio characteristics may differ from those of the benchmark(s). Additional factors impacting the performance displayed herein may include portfolio-rebalancing, the timing of cash flows, and differences in volatility, none of which impact the performance of the financial indices. Financial indices assume reinvestment of dividends but do not reflect the impact of fees, applicable taxes or trading costs which may also reduce the returns shown. You cannot invest directly in an index. The statistical data regarding such indices has been obtained from sources believed to be reliable but has not been independently verified.

The MSCI® Emerging Markets IMI Index is a free float-adjusted market capitalization index designed to measure equity market performance in the global emerging markets.

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# Emerging Markets Equity

## Investment Manager Questionnaire

As of December 31, 2013

Contact:

**Dorian Randy Young, CFA, CAIA**
Tel 415 394 3711
dorian.young@milliman.com

**Milliman, Inc.**
650 California Street, 17th Floor
San Francisco, California 94108
Tel 415 403 1333 Fax 415 403 1334
milliman.com

April 25, 2014

## Organizational Background

**1. Please provide your firm name, along with the addresses and telephone numbers of your main and branch offices. What investment activity is conducted at each office?**

RhumbLine Advisers
265 Franklin Street, 21st Floor
Boston, MA 02110

We have one office location (address above). We are strictly a passive investment manager. 100% of our revenue is derived from asset management. All activity takes place at this one office located in Boston's Financial District.

**2. Please provide the names, titles, telephone numbers, and email addresses of your firm's new business and database/questionnaire contacts.**

| | New Business Contact | Database/Questionnaire Contact |
|---|---|---|
| Name | Denise D'Entremont, General Partner | Denise D'Entremont, General Partner |
| Title | Director of Marketing & Client Service | Director of Marketing & Client Service |
| Office | 265 Franklin Street, 21st Floor<br>Boston, MA 02110 | 265 Franklin Street, 21st Floor<br>Boston, MA 02110 |
| Main Phone | (617) 345-0434 | (617) 345-0434 |
| Direct Phone | (617) 330-7353 | (617) 330-7353 |
| Cell Phone | (617) 257-1883 | (617) 257-1883 |
| Email | dad@indexmngr.com | dad@indexmngr.com |

**3. When was your firm founded? When was it registered with the SEC?**

RhumbLine Advisers was registered with the SEC on April 20, 1990, was incorporated on October 12, 1990 and began managing U.S. tax-exempt assets on December 31, 1990.

**4. Is your firm willing to acknowledge that it is a fiduciary with respect to our client's account?**

Yes.

**5. Describe your firm's ownership structure and explain any changes since January 1, 2007.**

RhumbLine Advisers is a Massachusetts Limited Partnership. We are 100% owned by current employees. Wayne Owen, Denise D'Entremont and Kim McCant are the General Partners and there are seven Limited Partners. On September 30, 2011, RhumbLine completed an internal purchase of the interest of our company founder J.D. Nelson. This was an internal purchase by the existing and current partners of the firm and a natural transition towards retirement for Mr. Nelson who retained a limited interest of 5%.

In June of 2013, we were deeply saddened to report the passing of Mr. Nelson. He was a man of enormous appeal and integrity who instilled in all RhumbLine employees the importance of being responsive to every client need. Recently, the existing partners completed the purchase of Mr. Nelson's remaining interest and can now confirm that we remain 100% employee owned with a majority (51%) minority and women-owned.

**6. Discuss your firm's relationship with any parent or affiliated companies. Have these relationships changed since January 1, 2007?**

We do not have a parent company nor are we affiliated with any other company.

**7. State the carriers and the limits of errors and omissions and fiduciary liability insurance.**

| Coverage | Limit of Liability |
|---|---|
| ERISA Bond | $500,000 per plan |
| Financial Institutions Bond | |
| Employee Dishonesty | $5,000,000 per loss |
| Trade or Loan Dishonesty | $5,000,000 per loss |
| Forgery or Alteration | $5,000,000 per loss |
| Professional Liability | $10,000,000 |
| Commercial General Liability | $1,000,000 each occurrence |
| Umbrella Liability | $4,000,000 aggregate |

**8. Describe any litigation regarding your firm's investment activities since January 1, 2007. Is your firm expecting any new litigation?**

One of our clients, a State college prepaid tuition fund, had a few participants in the Program file legal action against the Board, the State Treasurer, the consultant and all the money managers. This was initiated by two individuals when the market dropped by almost 50% from September 30, 2008 through March 31, 2009. We have been managing an index fund for over 12 years for this particular client and delivered exactly what was expected for returns. It is a case where RhumbLine should have never been included, but the individuals named all of the parties involved with the management of the assets.
As we expected, both cases were dismissed.

**9. Describe any judgments against your firm by governmental and regulatory agencies since January 1, 2007. Also describe any current investigations.**

There have been no judgments against our firm since January 1, 2007, nor are there any current investigations.

**10. Discuss any recent changes to the monitoring of employee compliance with firm policies.**

We have an in-house compliance team that provides many functions within the Firm.

The main functions of the Compliance team are to:

1. Design and implement programs and policies and procedures to ensure that all aspects of the business are compliant with federal, state and local regulatory requirements.
2. Maintain the firm's Code of Ethics and ensure compliance with the policies stated therein.
3. Serve in an oversight capacity to ensure that client portfolios are managed in line with their stated objectives and restrictions.
4. Track the laws and regulations that might affect the organization.
5. Uphold a strong culture of compliance throughout the firm.

We also utilize the services of an independent consultant, Peter F. Flynn, to conduct annual compliance reviews as well as providing ongoing support to our in-house compliance team. Mr. Flynn was a former Special Counsel of the SEC for more than 20 years prior to launching his own firm.

**11. Please state the market value of assets under management for your firm for calendar year-ends starting with 2007. Also, please state accounts and assets gained, as well as accounts and assets lost over each of these periods.**

| | TOTAL FIRM ASSETS | | | | |
|---|---|---|---|---|---|
| Year Ended | Market Value ($Millions) | # Accounts Gained | Assets Gained ($Millions) | # Accounts Lost | Assets Lost ($Millions) |
| Dec 31, 2007 | $19,108.7 | 52 | $5,218.1 | 12 | $488.1 |
| Dec 31, 2008 | $14,667.2 | 60 | $4,085.5 | 23 | $1,354.4 |
| Dec 31, 2009 | $19,458.1 | 27 | $732.4 | 15 | $414.7 |
| Dec 31, 2010 | $23,712.8 | 44 | $2,257.8 | 18 | $723.7 |
| Dec 31, 2011 | $25,121.8 | 33 | $5,258.8 | 37 | $2,520.7 |
| Dec 31, 2012 | $28,531.8 | 29 | $2,665.1 | 17 | $704.2 |
| Dec 31, 2013 | $34,693.7 | 43 | $2,260.6 | 18 | $1,089.7 |

**12. Please state the market value of equity assets under management for your firm for calendar year-ends starting with 2007. Also, please state accounts and assets gained, as well as accounts and assets lost.**

| | TOTAL EQUITY | | | | |
|---|---|---|---|---|---|
| Year Ended | Market Value ($Millions) | # Accounts Gained | Assets Gained ($Millions) | # Accounts Lost | Assets Lost ($Millions) |
| Dec 31, 2007 | $18,671.9 | 49 | $4,954.8 | 12 | $488.1 |
| Dec 31, 2008 | $14,099.4 | 58 | $4,037.6 | 22 | $1,347.3 |
| Dec 31, 2009 | $19,093.3 | 26 | $729.1 | 14 | $288.6 |
| Dec 31, 2010 | $23,369.4 | 44 | $2,257.8 | 16 | $707.0 |
| Dec 31, 2011 | $24,716.6 | 33 | $5,258.8 | 37 | $2,520.7 |
| Dec 31, 2012 | $27,802.7 | 26 | $2,585.5 | 17 | $704.2 |
| Dec 31, 2013 | $34,209.2 | 43 | $2,260.6 | 18 | $1,089.7 |

**13. What has been the level of personnel turnover for investment professionals at the total firm level over each calendar year since January 1, 2007? Explain any large changes.**

| | FIRM-WIDE | |
|---|---|---|
| Year thru: | Employees Added | Employees Lost |
| Dec 31, 2007 | 0 | 0 |
| Dec 31, 2008 | 0 | 0 |
| Dec 31, 2009 | 0 | 0 |
| Dec 31, 2010 | 0 | 0 |
| Dec 31, 2011 | 0 | 0 |
| Dec 31, 2012 | 0 | 0 |
| Dec 31, 2003 | 0 | 0 |

RhumbLine has extremely low turnover both within the investment team and firm-wide. The current investment team has been working together since 2005.

## Emerging Markets Investment Services

**14. Please provide the name of your Emerging Markets product that you are recommending for our client. What vehicle is proposed for this mandate (please provide ticker symbol if applicable)? The size of this mandate is approximately $50 million.**

We are recommending RhumbLine's MSCI Emerging Markets Index Strategy. This product is offered as a separate account.

**15. Please state the market value of assets under management of your Emerging Markets product for calendar year-ends starting with 2007. Also, please state accounts and assets gained, as well as accounts and assets lost over each of these years.**

| | SPECIFIED EMERGING MARKETS PRODUCT | | | | |
|---|---|---|---|---|---|
| Year Ended | Market Value ($Millions) | # Accounts Gained | Assets Gained ($Millions) | # Accounts Lost | Assets Lost ($Millions) |
| Dec 31, 2007 | - | - | - | - | - |
| Dec 31, 2008 | - | - | - | - | - |
| Dec 31, 2009 | - | - | - | - | - |
| Dec 31, 2010 | - | - | - | - | - |
| Dec 31, 2011 | - | - | - | - | - |
| Dec 31, 2012 | - | - | - | - | - |
| Dec 31, 2013 | $196.5 | 1 | $192.2 | 0 | 0 |

This product was funded in January 2013.

**16. Provide the following information on the key members of the firm's Emerging Markets portfolio management team: names; titles and responsibilities; years of investment experience, years with firm, and years with the team. Please provide biographies.**

| Name | Title | Years Inv. Exp. | Years w/Firm | Years w/Team |
|---|---|---|---|---|
| Norm Meltz | Director of Investments | 31 | 8 | 8 |
| Julie Lind | Portfolio Manager | 15 | 13 | 12 |
| Jeff Kusmierz | Portfolio Manager | 5 | 8 | 5 |

Please see attachment; *Biographies*.

**17. What has been the level of personnel turnover for investment professionals at the Emerging Markets product level for each calendar year since January 1, 2007? Explain any large changes.**

| Year thru: | EMERGING MARKETS PRODUCT SPECIFIC | |
|---|---|---|
| | Employees Added | Employees Lost |
| Dec 31, 2007 | 0 | 0 |
| Dec 31, 2008 | 0 | 0 |
| Dec 31, 2009 | 0 | 0 |
| Dec 31, 2010 | 0 | 0 |
| Dec 31, 2011 | 0 | 0 |
| Dec 31, 2012 | 0 | 0 |
| Dec 31, 2003 | 0 | 0 |

**18. As of December 31, 2013, provide the number of accounts, assets under management, median account size, and number of portfolio managers and analysts for the firm's Emerging Markets product.**

| Assets Under Mgt ($Millions) | Number of Investors | Median Client Size | Largest Client Size | Number of Portfolio Mgrs | Number of Inv Analysts | Number of Traders |
|---|---|---|---|---|---|---|
| $196.5 | 1 | $196.5 | $196.5 | 3 | - | - |

RhumbLine uses a team approach in managing our index portfolios. Norm Meltz, Director of Investment Management, has overall responsibility and has final discretion on all accounts. Jeff Kusmierz and Julie Lind are Portfolio Managers who work under Norm. All three are involved in management and trading.

**19. Please provide the following information as of December 31, 2013 for each vehicle through which your Emerging Markets product is offered.**

| | Offered? (Y/N) | Assets ($Millions) | Account Minimum |
|---|---|---|---|
| Separate Account | Y | $196.5 | $10M |
| Commingled Fund | N | - | - |
| Mutual Fund | N | - | - |
| Other (specify) | - | - | - |

**20. Please discuss your capacity constraints. Is there a limit to the amount of assets the firm will manage in this Emerging Markets strategy? If yes, please specify current estimates or ranges.**

There are no capacity constraints.

## Emerging Markets Investment Philosophy & Research Process

**21. Briefly describe the investment philosophy, strategy, style and distinguishing characteristics of your Emerging Markets product.**

RhumbLine will use optimizer/risk-model software to manage the Emerging Markets portfolio. We set the optimization parameters to create a portfolio with identical characteristics to those of the benchmark. Some of the characteristics we match to the benchmark include size, volatility, earnings, growth, industry weights, country weights, currency weights and beta. The universe of potential holdings includes all stocks included in the MSCI Emerging Markets Index. We may exclude stocks we deem too risky due to an insufficient regulatory environment in any country.

**22. Please provide a list of the types of securities (other than common stock and cash equivalents) that your firm currently holds in this product.**

We only hold common stock and cash equivalents in this product.

**23. Please provide a brief overview of the opportunities for investing in Emerging Market equities?**

As an index manager, we do not invest based on expected returns, however we do believe there is higher growth opportunities in emerging markets over the long-term.

**24. What is the firm's process for conducting individual security analysis or research, if relevant? What security characteristics are sought? What role does macro-economic research play in the Emerging Markets discipline's investment decision-making process? Also state the firm's sources of potential investment ideas.**

This question is more relevant to an active product. As an index manager, we do not conduct individual security analysis or research. All securities that are constituents of the underlying index are eligible for inclusion in the portfolio.

**25. What is the number of securities regularly followed by security analysts and/or portfolio managers?**

As a passive index manager, we do not follow individual securities. All securities that are constituents of the benchmark are eligible for inclusion in the portfolio.

**26. How does your firm assess the liquidity of its Emerging Markets investments?**

Our strategy as an index manager is to own securities in their capitalization weights. As a result we don't encounter liquidity problems often. We assess liquidity by comparing the orders we create through optimization with average daily volume.

**27. What pricing sources are used for valuing securities, and what pricing procedures are employed to value portfolio holdings? Also, what procedures are employed to reconcile security prices with the custodian?**

We have a month-end pricing review process in which we check prices against several sources including: IDC, Wilshire, Bloomberg and the custodian. For trading purposes, RhumbLine has relationships and interfaces with all of the major custodial banks via their online products and uses state-of-the-art settlement procedures. In addition, RhumbLine reconciles all trade positions, cash positions, dividends received, corporate actions and dividend accruals on a monthly basis. We work with the custodians to resolve differences and to ensure the accuracy of all accounting records.

## Emerging Markets Portfolio Construction and Management

**28. Describe in detail your Emerging Markets portfolio management process. If a team approach is used, state the names of the team members and explain the role(s) of each team member, with particular emphasis on geographical regions.**

RhumbLine uses a team approach in managing our index portfolios. Norm Meltz, Director of Investment Management, has overall responsibility and has final discretion on this strategy. Jeff Kusmierz and Julie Lind are Portfolio Managers who work under Norm and serve as backups. All three are involved in management and trading.

**29. What is your firm's level of expected long-term outperformance?**

For a $50MM mandate with no restrictions, we expect to track the MSCI Emerging Markets Index within +/-30 basis points.

**30. State the typical benchmark(s) you use to measure the Emerging Markets product performance. Which benchmark do you believe is best?**

This product is benchmarked to the MSCI Emerging Markets Index.

**31. What are the current number and typical number of securities in the Emerging Markets portfolios? What are the maximum and the minimum number of securities?**

| Current Number | Typical Number | Maximum Number | Minimum Number |
|---|---|---|---|
| 400 | 400 to 450 | 600 to 700 | 300 |

The account that we currently manage in this strategy has significant restrictions (approximately 20% of the weight of the index is in restricted securities).

**32. Please explain how country allocation decisions are made.**

Country allocation decisions are a bi-product of the index we are tracking. The optimizer creates a portfolio that matches the country allocation of the index.

**33. What is the firm's approach to currency management? Will currencies be used as an active management tool? To what extent does your process employ any hedging?**

As an index manager we do not make active currency decisions. We mirror the currency exposure of the index. We do not hedge.

**34. Explain the firm's portfolio approach to the level of cash and equivalent holdings. Specify the normal, maximum and minimum levels of cash holdings.**

We would keep a soft upper bound of 30 bps in cash.

**35. Describe the firm's Emerging Markets sell discipline.**

Sell decisions are made as needed to rebalance portfolios if any of the following occur: cash flows in or out of the portfolio, dividend income needs to be reinvested or there are changes in the constituents of the underlying benchmark.

**36. What has been the average Emerging Markets portfolio/fund turnover for each year since January 1, 2007?**

| Year | Turnover |
|---|---|
| Dec 31, 2007 | - |
| Dec 31, 2008 | - |
| Dec 31, 2009 | - |
| Dec 31, 2010 | - |
| Dec 31, 2011 | - |
| Dec 31, 2012 | - |
| Dec 31, 2013 | 17.8% |
| Average | 17.8% |

**37. Which one of the following descriptions best matches your exposure to Frontier Markets:**

**(A) None or virtually no exposure**
**(B) Full exposure**
**(C) Partial exposure**
**(D) Opportunistic exposure**

(A) None or virtually no exposure.

**38. List the Emerging Market product's regional allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods.**

| Regions | YEAR-END | | | | | Avg | Min | Max |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2011 | 2010 | 2009 | | | |
| Africa/Middle East | 9.99% | - | - | - | - | | | |
| Asia/Pacific | 63.34% | - | - | - | - | | | |
| Europe | 6.24% | - | - | - | - | | | |
| Latin America | 20.44% | - | - | - | - | | | |
| US/Canada* | - | - | - | - | - | | | |
| Cash | 0.20% | | | | | | | |

*Regional weight percentages exclude cash. The cash balance on 12/31/13 was 20 bps.*

**39. List the Emerging Market product's country allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods. Please extend the table's rows to list all countries where investments were made.**

| Countries (fill in) | YEAR-END | | | | | Avg | Min | Max |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2011 | 2010 | 2009 | | | |
| Brazil | 10.85% | - | - | - | - | | | |
| Chile | 2.08% | - | - | - | - | | | |
| China | 21.92% | - | - | - | - | | | |
| Colombia | 1.39% | - | - | - | - | | | |
| Czech Republic | 0.29% | - | - | - | - | | | |
| Egypt | 0.45% | - | - | - | - | | | |
| Hungary | 0.21% | - | - | - | - | | | |
| India | 5.72% | - | - | - | - | | | |
| Indonesia | 2.45% | - | - | - | - | | | |
| Malaysia | 3.55% | - | - | - | - | | | |
| Mexico | 5.96% | - | - | - | - | | | |
| Peru | 0.16% | - | - | - | - | | | |
| Philippines | 1.36% | - | - | - | - | | | |
| Poland | 1.98% | - | - | - | - | | | |
| Russia | 3.76% | - | - | - | - | | | |
| South Africa | 7.93% | - | - | - | - | | | |
| South Korea | 17.32% | - | - | - | - | | | |
| Taiwan | 8.84% | - | - | - | - | | | |
| Thailand | 2.18% | - | - | - | - | | | |
| Turkey | 1.61% | - | - | - | - | | | |

**40. Which one of the following descriptions best matches your exposure to the Small Cap segment of the Emerging Market space:**

**(E) None or virtually no exposure**
**(F) Full exposure**
**(G) Partial exposure**
**(H) Opportunistic exposure**

Our exposure to Small Cap mirrors the index.

**41. List the Emerging Markets product's market-cap range allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods.**

| Market-Cap Range | YEAR-END | | | | | Avg | Min | Max |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2011 | 2010 | 2009 | | | |
| $250 million & Below | - | - | - | - | - | | | |
| $250 – $800 million | 0.03% | - | - | - | - | | | |
| $800 million – $2.5 billion | 4.94% | - | - | - | - | | | |
| $2.5 – $8 billion | 26.06% | - | - | - | - | | | |
| $8 – $25 billion | 34.09% | - | - | - | - | | | |
| $25 – $80 billion | 21.09% | - | - | - | - | | | |
| $80 – $250 billion | 13.79% | - | - | - | - | | | |
| Above $250 billion | - | - | - | - | - | | | |

**42. List the Emerging Markets product's GICS sector allocations over each year since January 1, 2009 using year-end data. Also provide the average, minimum and maximum of each allocation over these periods.**

| GICS Sectors | YEAR-END | | | | | Avg | Min | Max |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2011 | 2010 | 2009 | | | |
| Information Technology | 12.01% | - | - | - | - | | | |
| Telecom Services | 8.86% | - | - | - | - | | | |
| Health Care | 0.90% | - | - | - | - | | | |
| Consumer Staples | 8.02% | - | - | - | - | | | |
| Consumer Discretionary | 11.05% | - | - | - | - | | | |
| Financials | 23.24% | - | - | - | - | | | |
| Industrials | 4.87% | - | - | - | - | | | |
| Materials | 9.37% | - | - | - | - | | | |
| Energy | 7.75% | - | - | - | - | | | |
| Utilities | 1.75% | - | - | - | - | | | |
| Not Classified | 12.19% | - | - | - | - | | | |

## Investment Management Fees, Etc.

**43. Provide your fee schedules on your Emerging Markets product for separate accounts, commingled and/or mutual funds. Please identify management fees and non-management/fund-administration fees/expenses separately if possible.**

Proposed Investment Management Fee:

First $200MM @ 12.5 bps
Excess @ 10.5 bps

Minimum Account Size: $25MM
Minimum Annual Fee: $50,000

**44. If a commingled/mutual fund is proposed, what are the custody costs, transfer agency fees, etc. of the trust. Are they an additional fee that is directly charged to the client?**

Not applicable – this product is offered as a separate account only.

**45. Has the firm entered into incentive fee arrangements? If so, provide details.**

No.

**46. Does your firm use any service, information, or merchandise paid for with directed commissions? If yes, please list the service(s) received from such commissions.**

RhumbLine typically does not allow soft dollar benefits; however, due to the volume of trading done with the brokerage firm, ITG, RhumbLine is permitted to use certain proprietary trading platforms and other software including an optimizer, risk model and trading cost data, which it receives at no cost. The software can be utilized for any client, for trading with any of RhumbLine's approved brokers. In using the software RhumbLine is (1) not obligated to use the broker that is providing the software and (2) when it does so, it does not "pay up" for any trades done with the broker.

**47. Please provide access to an electronic copy of your firm's ADV. (Please do not send a hardcopy of your firm's ADV.)**

Please see electronic attachment; *ADV I and II.*

**48. Please provide the name, address, telephone number and email address for three client references whom we may contact.**

| | |
|---|---|
| Client: | Philadelphia Board of Pensions & Retirement |
| Contact: | Sumit Handa, Chief Investment Officer |
| Address: | Two Penn Center Plaza, 16th Floor<br>1500 JFK Boulevard<br>Philadelphia, PA 19102 |
| Tel: | (215) 469-7486 |
| Email: | sumit.handa@phila.gov |

| | |
|---|---|
| Mandates: | Russell 1000, Russell 1000 Growth, Russell 2000 Growth, S&P500, Core Bond, FTSE NAREIT, MSCI Emerging Markets |
| AUM: | $1,068.9MM as of 12/31/13 |

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| | |
|---|---|
| Client: | Miami Beach Employee's Retirement Plan |
| Contact: | Rick Rivera, Pension Administrator |
| Address: | City Hall<br>1700 Convention Center Drive<br>Miami Beach, FL 33139 |
| Tel: | (305) 673-7437 |
| Email: | rickrivera@miamibeachfl.gov |
| Mandates: | S&P400, S&P500, Core Bond, S&P ADR |
| AUM: | $325.6MM as of 12/31/13 |

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| | |
|---|---|
| Client: | City of Orlando Pension Funds |
| Contact: | Chris McCullion, Treasurer |
| Address: | Finance Dept. – Treasury<br>P.O. Box 4990<br>Orlando, FL 32802-4990 |
| Tel: | (407) 246-2346 |
| Email: | Christopher.mccullion@cityoforlando.net |
| Mandates: | Russell 1000, S&P 500 |
| AUM: | $161.9MM as of 12/31/13 |

## Emerging Markets Investment Performance

**49. Please send a supplemental spreadsheet with the following GIPS-compliant time-weighted monthly composite performance information since inception in the following five columns (in columns B-D please use five decimal digits if available):**

**A. Month-end date (e.g. 12/31/2013)**
**B. Monthly total return (gross)**
**C. Monthly total return (net)**
**D. Monthly benchmark return (gross, please specify the benchmark)**
**E. Month-end market value of assets associated with this performance record**

Please see attachment: *Monthly Returns*.

**50. What is your name for the composite? Are returns audited? By whom? Are returns GIPS compliant? For what time period?**

The name of the composite is RhumbLine MSCI Emerging Markets Index. We are currently in the process of obtaining GIPS verification from Ashland Partners Inc. We anticipate the process to be completed by June 2014. The audit would go back to the inception of this product. We would be happy to forward a copy of the report upon completion.

## Emerging Markets Risk Management

**51. What are the historical and expected tracking errors of this Emerging Markets product?**

The account that we have currently manage in this strategy has significant restrictions (approximately 20% of the weight of the index is in restricted securities). As a result this account has a higher expected tracking error. For an unrestricted $50MM account, the expected tracking error would be +/- 30 bps annualized over a three year period.

**52. Describe in detail the key risks of the product and the risk management process.**

Benchmark tracking error is our primary measure used for risk management. Our risk control involves aligning the portfolio's characteristics with those of the benchmark in addition to maintaining individual security weights as close to those of the benchmark as possible. Every portfolio is reviewed on a daily basis using automated management reports that include daily, monthly and inception performance, when an account was last traded, cash balance, tracking error, restrictions and bank reconciliation data. Portfolios are rebalanced at least monthly to keep the tracking error and risk in line with the guidelines

**53. What risk measures are used to quantify country risk? What additional risks are assigned to emerging markets versus developed markets?**

We do not actively manage country risk. Our portfolio will match the characteristics and exposure of the underlying benchmark.

**54. Please send as a supplement a copy of a *holdings-based* risk report that includes tracking error. If multiple versions are available, please send the version with the most graphics.**

Please see attachment; *Risk Report*.

Please note this report was run on a highly restricted portfolio (2 countries are excluded as well as specific securities). Approximately 20% of the index weight is restricted.

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## Disclosures

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