# Advisory Committee Agenda
# August 14, 2013
# Archives Building
# Salem, Oregon
# 9:30 a.m.

| ITEM # | ITEM | PRESENTER |
|---|---|---|
| I. | **Introduction** | |
| | A. Introduce new Advisory Members | Jeff Labhart |
| II. | **Approval of Minutes** | Jeff Labhart |
| III. | **Old Business** | |
| | Elect New Chair | Jeff Labhart |
| IV. | **Administrative Report** | |
| | A. Q2 2013 Service Review, Field Activities, Web Enhancements | Brian Merrick, Kenje Mallot, and Justin Naegle, ING |
| | B. Q2 2013 Performance Report | Ben Mahon, Treasury and Jake O'Shaughnessy, Arnerich Massena |
| | C. Financial Engines Update, Targeted Email to 35 and under, Plan Update | Gay Lynn Bath, OSGP |
| | D. State Q2 2013 Status | Karen Blanton, OSGP |
| | E. Local Government Q2 2013 Status | Jack Schafroth, OSGP |
| | F. Q2 2013 Plan Statistics | Kathy Gannon, OSGP |
| V. | **New Business** | |
| VI. | **Audience Participation** | Jeff Labhart |
| VII. | **Adjournment** | |
| | The next meeting is scheduled for November 13 in Salem. | Jeff Labhart |

On-line versions of the materials are made available to the committee and to the public at www.oregon.gov/pers/osgp one week prior to the meeting. Hard copies are available at the meetings.

**If you have a disability that requires any special material, services or assistance please call (503) 378-8979 at least 48 hours before the meeting.**


• **Keith Baldwin, Vice-Chair** • **Mark Carlton**
• **Jeffrey Labhart** • **Debbie Darst** • **Stefani Pastoor** • **Brady Boothe** • **Kevin Nordhill**

DRAFT

**ADVISORY COMMITTEE MEETING MINUTES**
**May 9, 2013**
**PERS Boardroom**
**TIGARD OREGON**

| **COMMITTEE MEMBERS PRESENT** | **STAFF MEMBERS PRESENT** |
|---|---|
| Pete Farrelly, Chair | Gay Lynn Bath, Manager |
| Jeff Labhart, Committee Member | Jon DuFrene, PERS |
| Debbie Darst, Committee Member | Kathy Gannon, Program Coordinator |
| Mark Carlton, Committee Member | Jack Schafroth, Local Government Representative |
| Priyanka Shukla, Committee Member | Denise Helms, Assistant to Manager |
| | Karen Blanton, Educational Representative |

## I. INTRODUCTION:

Meeting called to order by Chair Farrelly at 9:30 a.m. Chair Farrelly requested introductions from the new board members.

## II. APPROVAL OF MINUTES:

Chair Farrelly asked for any changes to the minutes from the February 14, 2013 meeting as presented. He then asked for a motion to approve the minutes. Mark Carlton made a motion to approve the minutes. Debbie Darst seconded the motion, and it carried unanimously.

## III. OLD BUSINESS:

None

## IV. ADMINISTRATIVE REPORT:

**A. LifePath® Fund Overview**: Brendon Bowe and Scott Dingwell from BlackRock gave an overview of the LifePath target date funds. Bowe provided slides showing the growth of the LifePath portfolios. He noted by 2020 they anticipate the assets be at $3.7 trillion; roughly 50 percent of all DC assets. These funds have become the centerpiece of most deferred compensation (DC) and 401(k) plans. Bowe explained education is very important. Dingwell talked about structuring and customizing participants' portfolios. Bath asked if they had communication regarding choosing more than one LifePath at a time; they are working on this.

**B. Q1 2013 Service Review, Field Activities:** Brian Merrick, Carol Cann, Kenje Mallot and Justin Naegle presented the first quarter ING report. Merrick shared ING Financial has changed their name to Voya Financial. Merrick noted we would not be seeing much change this year. Last week they communicated their initial public offering.

Carol Cann presented the executive summary. The plan assets are $1.399 billion as of March 31, 2013, which represents an increase of 11% over the past 12 months; 9% from earnings; 2% from positive net cash flow. The net cash flow remained positive at $4 million. Rollover contributions were back up to $7.3 million. In-service withdrawals decreased by $1.4 million, but termination distributions grew by $3 million from the prior quarter. There are 488 participants contributing to the Roth; 141 more than Q4 of 2012. The LifePath fund realized the greatest net transfer in of $5 million and the Intermediate Bond realized the greatest net transfer out $4.5 million.

Justin Naegle held 54 educational group meetings with an attendance of 744 participants. He also had 324 one-on-one consultations with plan participants. Naegle has held retirement planning workshops for women in Portland and Eugene with positive results. He has a new workshop titled "Investment Behavior."

**C. Q1 2013 Performance Report:** Jake O'Shaughnessey from Arnerich Massena went over the market review. Jake noted markets have been doing extremely well; the Dow continues to set new all-time highs.

**D. Financial Engines, Targeted Emails and Mailings for 2013, Plan Update:** Gay Lynn Bath gave an update on the status of bringing Financial Engines on board. DOJ indicated that statute would prohibit the plan form paying for this. Bath notes there are two options; use the reserve account or raise the administrative fee. The service would be about $6 a year per participant. Bath will keep the Committee informed on the progress. In the next newsletter Bath plans to ask participants their interest in bringing Financial Engines on board. Bath shared in the newsletter there is a new column called "Ask Kathy" wherein Kathy Gannon will answer questions from participants.

Bath thanked Chair Peter Farrelly and Committee member Priyanka Shukla for their service to the Committee over the past years. Retiree Sharlyn Rayment is also leaving the Committee but was not present.

Jon DuFrene is retiring on June 1st.

**E. State Q1 2013 Status:** Blanton explained she has had good response from the brown bag presentations. She is currently scheduling workshops for the state hospital; she has held 10 so far with excellent turnout. Blanton explained she would be reaching out to the universities to schedule some workshops.

**F. Local Government Q1 2013 Status:** Jack Schafroth gave the first quarter local government report. Enrollments are down from the first quarter of 2012. There was one new adoption; Wolf Creek Charter School District and there are six in progress. Schafroth noted he was trying to focus on getting more participants before bringing on any more local governments. Mark Carlton asked how many local governments are using OSGP exclusively, Schafroth thought about 2 percent.

**G. Q1 2013 Plan Statistics:** Kathy Gannon presented the first quarter statistics. Gannon notes hardships have decreased a small amount in the first quarter, rollovers in are down and rollovers out are up. Final paychecks have increased. Average loans are about 30; about the same amount in the previous months. The service purchase has gone up from 23 in first quarter last year to 45 this year first quarter.

**V. NEW BUSINESS: Elect new Chair:** It was decided to postpone until next meeting.

**VI. AUDIENCE PARTICIPATION:**
None

**ADJOURNMENT:** The next meeting is August 14, 2013 in Salem.

There being no further business, Chair Farrelly adjourned the meeting.

Respectfully submitted,

Denise A Helms
Assistant to the Deferred Compensation Manager

# Q2-2013
# Service Review for

oregon
SAVINGS GROWTH PLAN

**August 14, 2013**

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# Agenda

- ING Update
- Executive Summary
- Communications
- Local Office Update
- On-site Education and Support
- Retirement Readiness
- Second Quarter 2013 Report

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# ING Update

# Our Mission – Simple and Clear

**Mission: To make a secure financial future possible – one person, one family, one institution at a time**

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# Our Path Forward

oregon SAVINGS GROWTH PLAN

| 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|

**Positioning for the future**

- Announcement of Base Case Plan to Become Independent U.S. Company ✓
- New U.S. Management Team ✓
- Operational Separation Completed ✓
- $5B Credit Facility ✓
- $850M Senior Unsecured Debt Issued ✓
- S-1 Filed with SEC ✓
- $1 Billion Private Debt Offering ✓
- VOYA Financial ✓
- NYSE ✓

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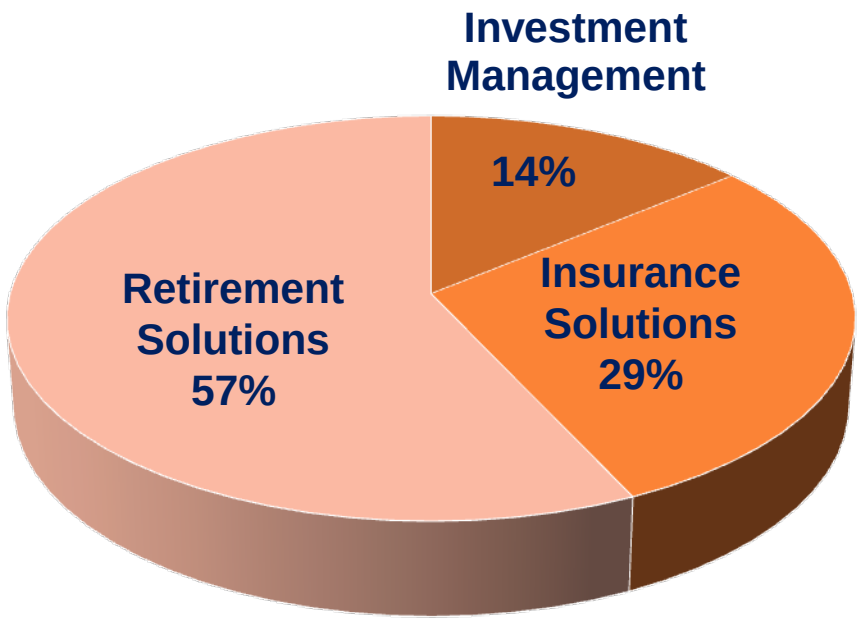
# Largest Public Recordkeeper in the U.S.

**ING has one of the highest industry client retention rates with an average relationship of 20+ years**

## Percent of ING U.S. Business




### Retirement Solutions

- #2 in DC Plan Sponsors – 47,988
- #3 in DC Participants – 5.1 million
- #5 in DC Assets – $301 billion

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U.S.

The use of Voya Orange reflects the optimism of our brand, while also leveraging the connection to ING

It's in the journey.
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FINANCIAL

# Executive Summary

# Executive Summary

**Assets and Cash Flow**

– Total plan assets = $1.410 billion as of June 30, 2013
  - Increase of 14% over the past 12 months
  - 12% from earnings; 2% from positive net cash flow

– Net cash flow increased to positive $4.8 million
  - Rollover contributions continued to climb, up to $8.6 million
  - Participants with Roth now up to 651 – 170 more than Q1 2013 (35% increase)
    - Overall, 300 more contributing participants
  - Roth contributions increased 40% to $386,798 for the quarter

**Investment Composition**

– Fourth straight quarter of net decrease in the Intermediate Bond Option

– The Intermediate Bond Option again realized the greatest **Net Transfers Out** ($5.2 million)

– The Stable Value Option realized the greatest **Net Transfers In** of $2.6 million

**Participant Activity**

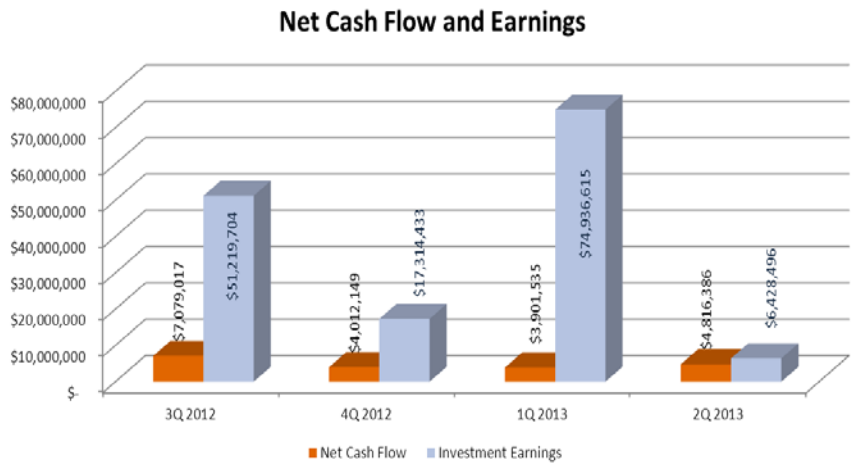
– Over $48 million in transfer activity during the quarter

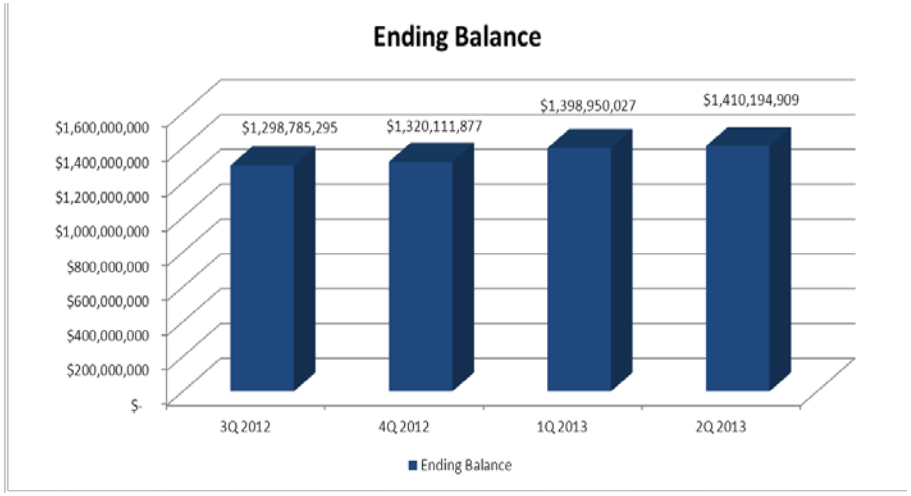
– Web sustained over 30,000 hits per month on average

– About 4,000 web visitors averaged 1,000 web-based transactions each month

– Average Speed of Answer (25 seconds in June) and Abandoned Call Rate (1.18%) decreased each month since March

# Net Cash Flow and Earnings by Quarter




| | 3Q 2012 | 4Q 2012 | 1Q 2013 | 2Q 2013 | Last 12 months |
|---|---|---|---|---|---|
| **Beginning Balance** | $ 1,240,486,574 | $ 1,298,785,295 | $ 1,320,111,877 | $ 1,398,950,027 | $ 1,240,486,574 |
| **Net Cash Flow** | $ 7,079,017 | $ 4,012,149 | $ 3,901,535 | $ 4,816,386 | $ 19,809,087 |
| **Investment Earnings** | $ 51,219,704 | $ 17,314,433 | $ 74,936,615 | $ 6,428,496 | $ 149,899,248 |
| **Ending Balance** | $ 1,298,785,295 | $ 1,320,111,877 | $ 1,398,950,027 | $ 1,410,194,909 | $ 1,410,194,909 |

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# Rollover Out Summary

Q2 2013

| Institution | # of Rollovers | % of Total | $ Rolled |
|---|---|---|---|
| Vanguard | 17 | 12% | $2,257,887 |
| Pershing LLC | 13 | 9% | $1,051,019 |
| Fidelity | 12 | 8% | $625,001 |
| Edward Jones | 11 | 7% | $783,088 |
| LPL Financial | 7 | 5% | $909,636 |

Total of 146 Total Rollovers Out (excluding IAP Rollovers to PERS)

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# Communications Update

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# Marketing & Communications for Q2

**Retirement Consulting – Oregon**

- Batch 1 of 2 – Mid June
- Batch 2 of 2 – Early August

| SEGMENT | SIZE | MATERIALS |
|---|---|---|
| Age 50 - 70 | 2928 | Cover letter + PFR materials (Plan for retirement) |
| Over 70 | 712 | Signed OSGP Cover letter only |

Under 50

**OSGP Custom cover letter with custom OSGP envelopes**

or

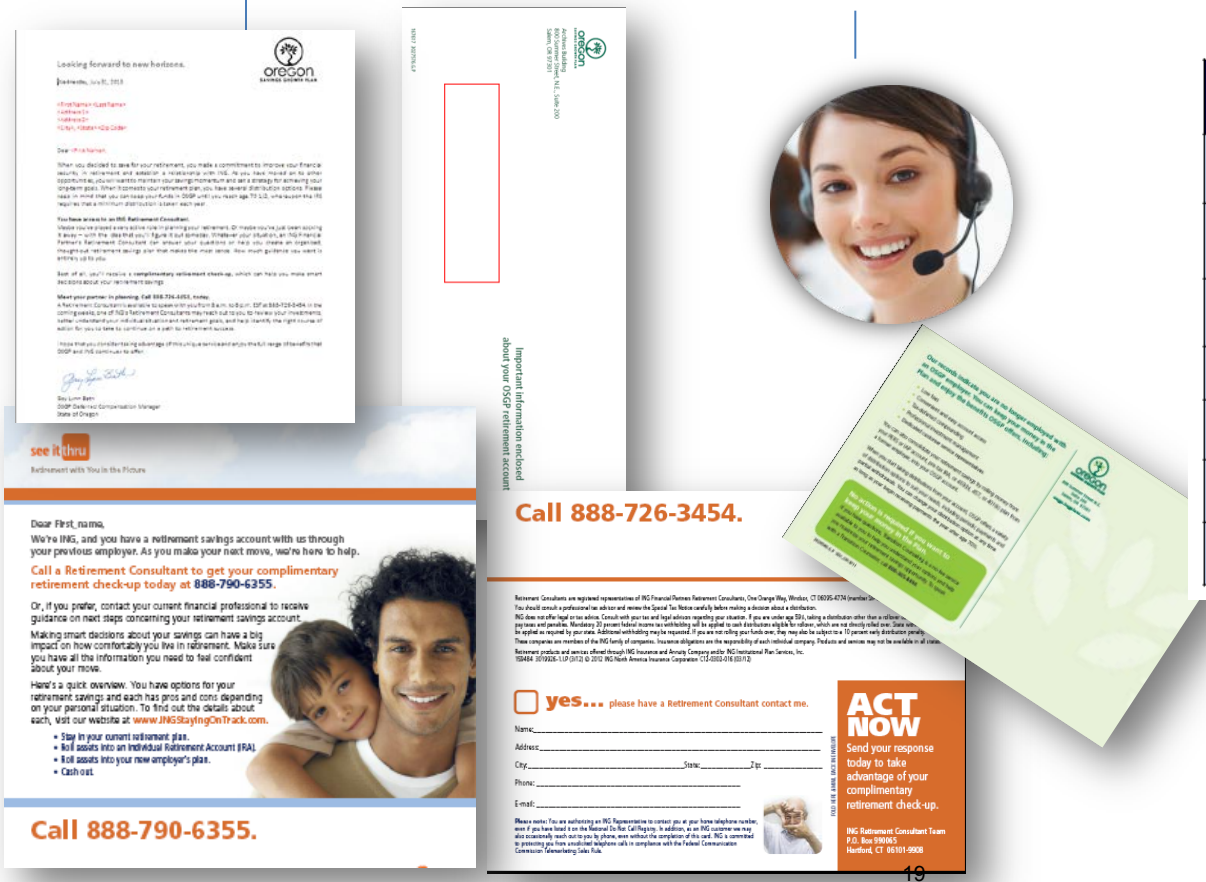
Age 50-70

# Marketing & Communications for Q2

## Retirement Consulting – Oregon

Initial mailing → Follow up phone call from RC → Evaluate Results

**June** — **July** — **October**

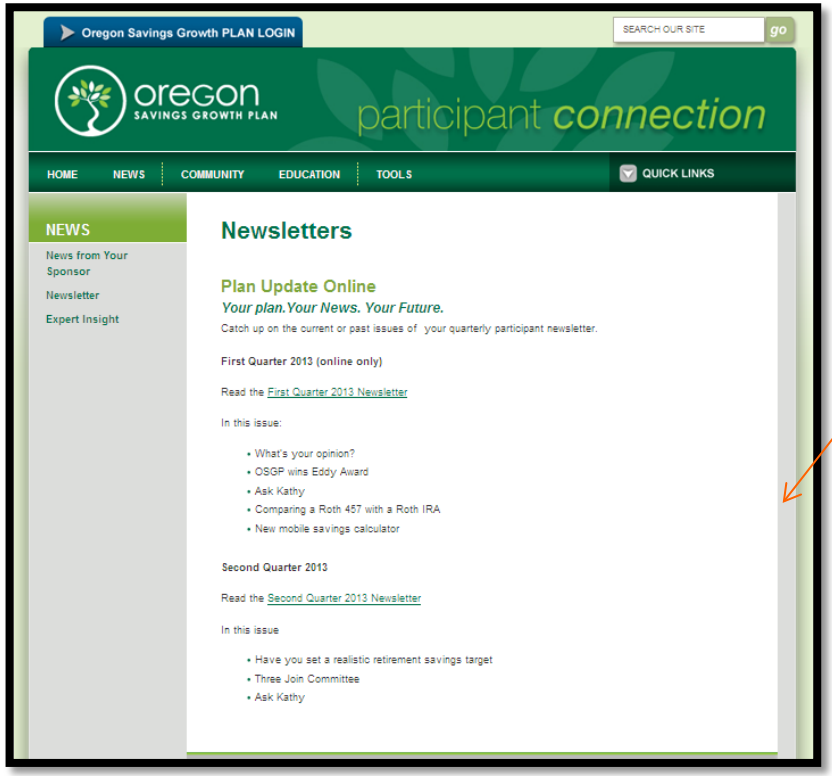



| Decision – 2011 | # Calls | % of ppts | % of Assets |
|---|---|---|---|
| Remained in the Plan | | | |
| Selected Alternate Carrier IRA | | | |
| Selected ING IRA | | | |
| Cash Distribution | | | |
| Total | | | |
| | | | |
| Other* | | | |

# Marketing & Communications for Q2

## Supporting materials – additional marketing

Second Quarter Newsletter




Newsletters Now Online!

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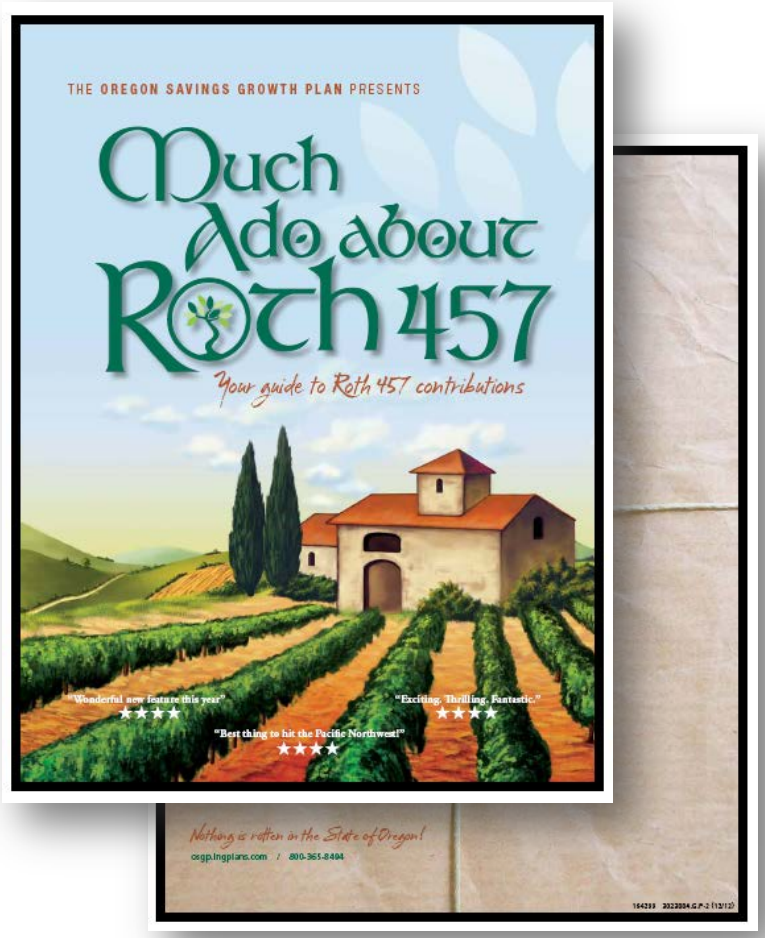
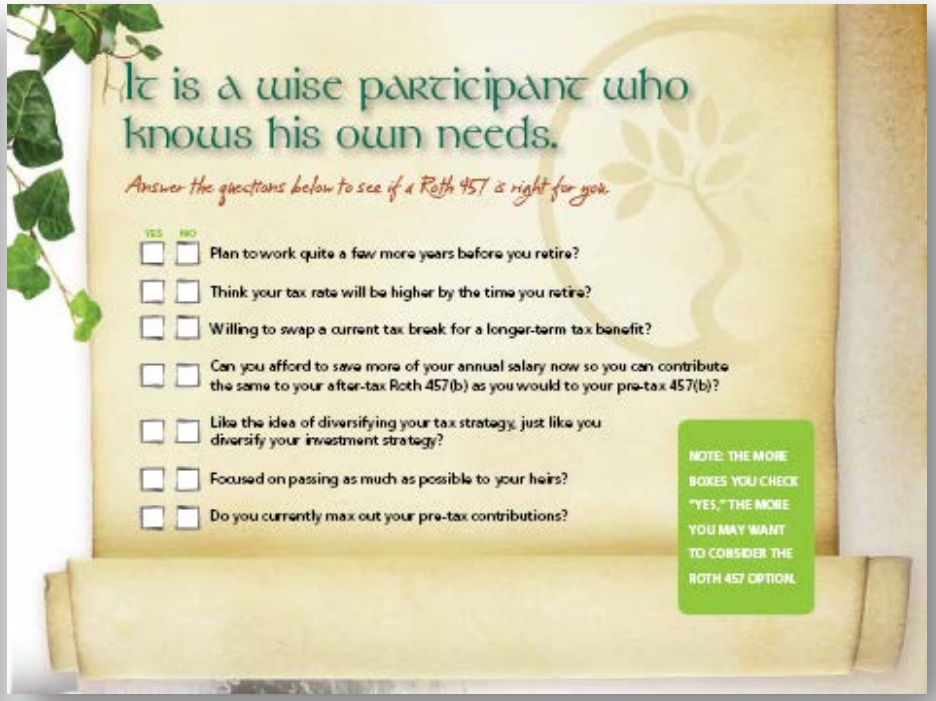
# Marketing & Communications for Roth 457

**2013 NAGDCA Award – Much Ado about Roth 457**
**Congratulations!**
**2013 NAGDCA Award Winner**

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# Local Office Update

# New and Terminated Local

## Governments/Agencies for Quarter

| New Agency | Effective Date |
|---|---|
| Coos County School District #8 | May 2013 |
| City of  Ontario | June 2013 |
| Coos County School District #41 | June 2013 |

| Terminated Agency | Effective Date |
|---|---|
| City of Lake Oswego | July 2013 |
| Metro | July 2013 |

# On-site Education and Support

# On-site Education & Support

*April 1, 2013 – June 30, 2013*

Meetings Held

- 58 educational group meetings with an attendance of 810 participants
- 319 one-on-one consultations with plan participants

Notable conferences attended

- Oregon State Fiscal Association

  May 7, 2013
- Oregon Spirits Tradeshow

  June 15, 2013

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# On-site Education & Support

1. How did you find out about the seminar?

| | |
|---|---|
| Human Resources/Employer | 64% |
| Mailing | 4% |
| E-mail | 18% |
| Poster/Flyer at Worksite | 5% |
| Co-worker | 6% |
| Other (website, etc.) | 3% |

2. If you took any action in your account as a result of education in the seminar, what was it?

| | |
|---|---|
| Increased contributions | 36% |
| Reviewed my investments | 41% |
| No action taken | 28% |
| Other, please specify | 12% |

3. If not currently participating in OSGP, will you begin saving in OSGP after attending the seminar?

| | |
|---|---|
| Yes | 82% |
| No | 18% |

4. *What is your age range?*

| Age Range | Percentage |
|---|---|
| Less than 30 | 9% |
| 30 to 40 | 16% |
| 41 to 50 | 32% |
| 51 to 60 | 33% |
| 61 to 70 | 10% |
| 71 to 80 | 0% |
| More than 80 | 0% |

| | |
|---|---|
| On-site seminars | 74% |
| Individual consultations | 19% |
| Mailings | 4% |
| Web seminars/recordings | 3% |

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# Retirement Readiness

# Employees Want Retirement Guidance…

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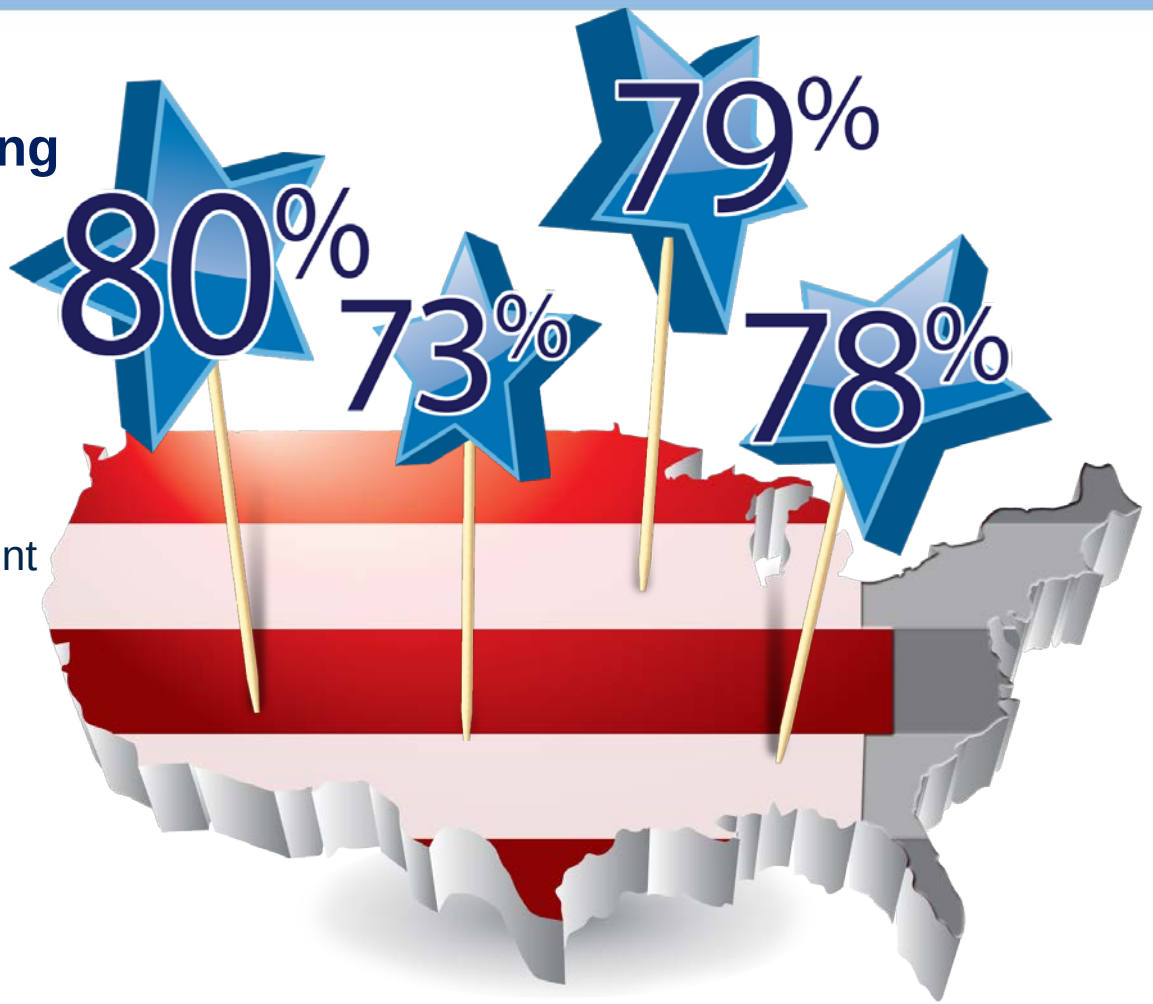
**Employees indicated that information on the following topics would be helpful…**

**79%** Providing advice on how to allocate retirement savings

**73%** Calculating the sources of your "future paycheck" in retirement

**80%** Providing advice on how to calculate financial needs for retirement

**78%** Providing an "annual financial check-up" to set and mark progress




Source: Joint research by ING Retirement Institute and Boston Consulting Group.

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# Helping Your Employees Become Retirement Ready

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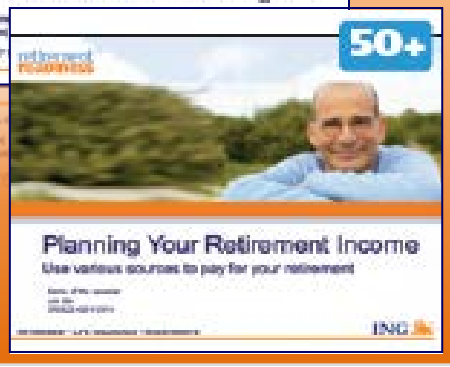
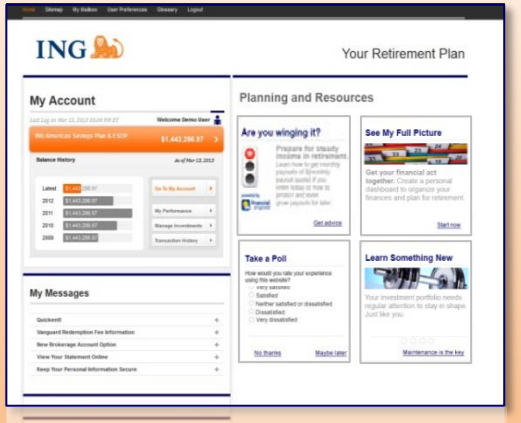
# Retirement Readiness

## Financial Education Workshops

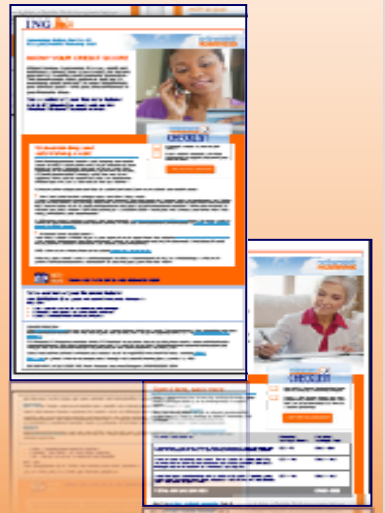



## Online Planning Tools




## Phone Based Advisors

## Educational Email Campaigns



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# Financial Education Workshops

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# Retirement Readiness

## Budgeting

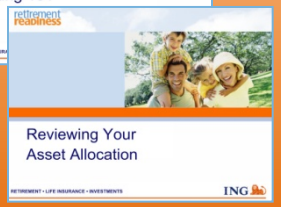
## College Funding

## Estate Planning

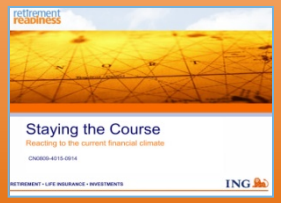
## Getting Organized

## Debt Management

## Investment Basics

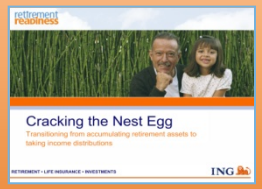



## Market Volatility




## Retirement Planning

## Retirement Income



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# Behavioral Finance, Shift to Mobile & Emerging Technologies

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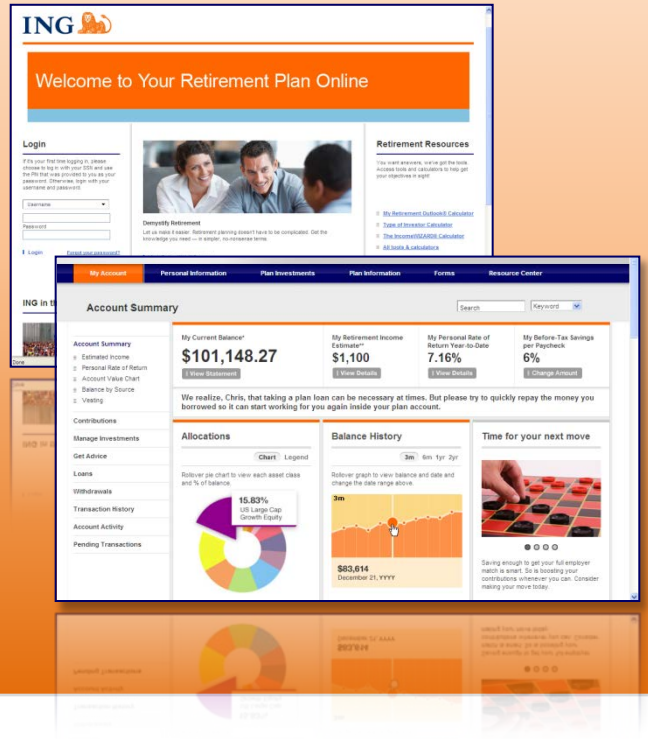
# Savings Innovation

## Participant Web




## Mobile App

## Game App

## INGCompareMe Mobile

Available in Android Market

Available on the App Store

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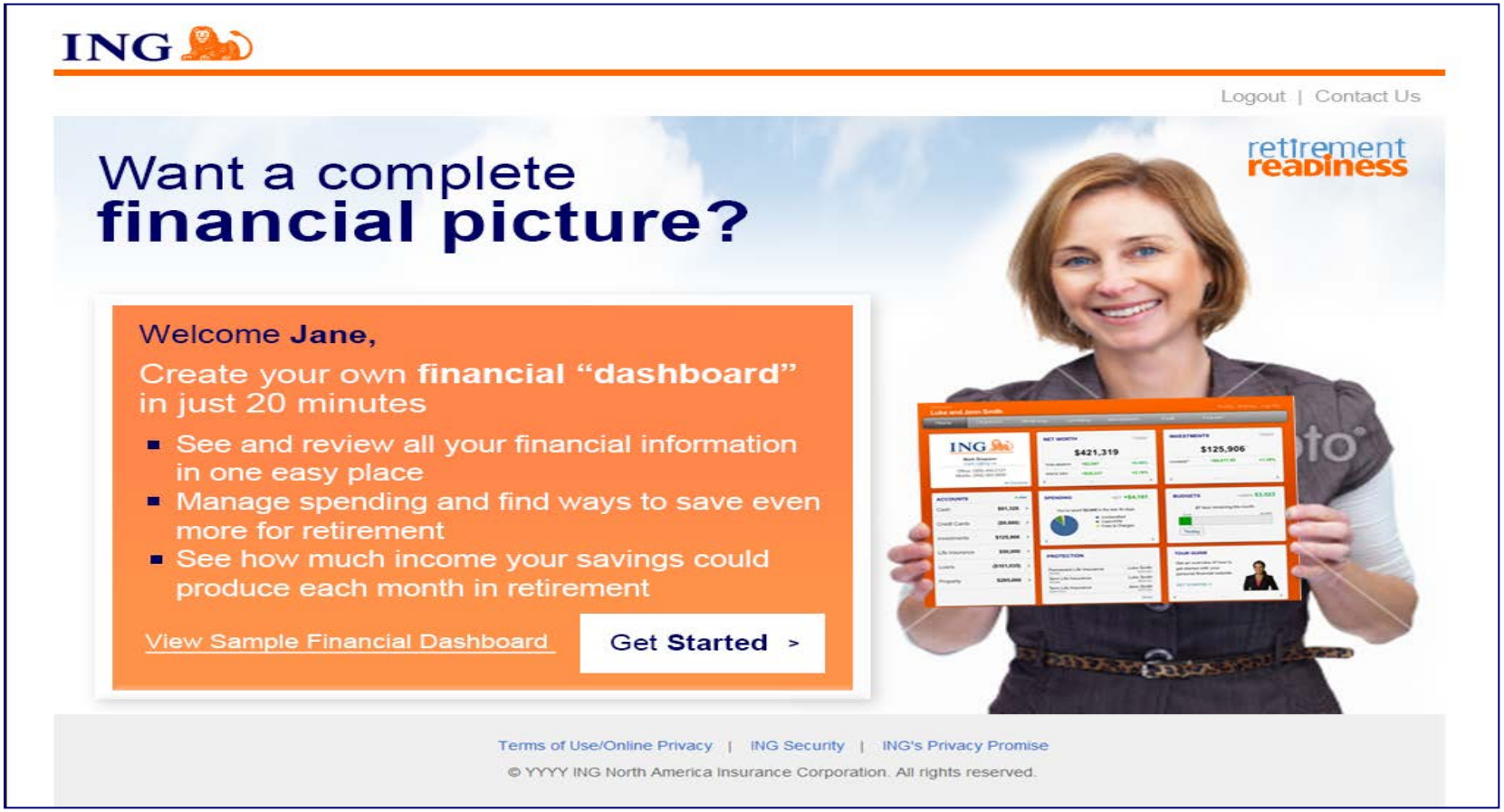
# Getting Started…

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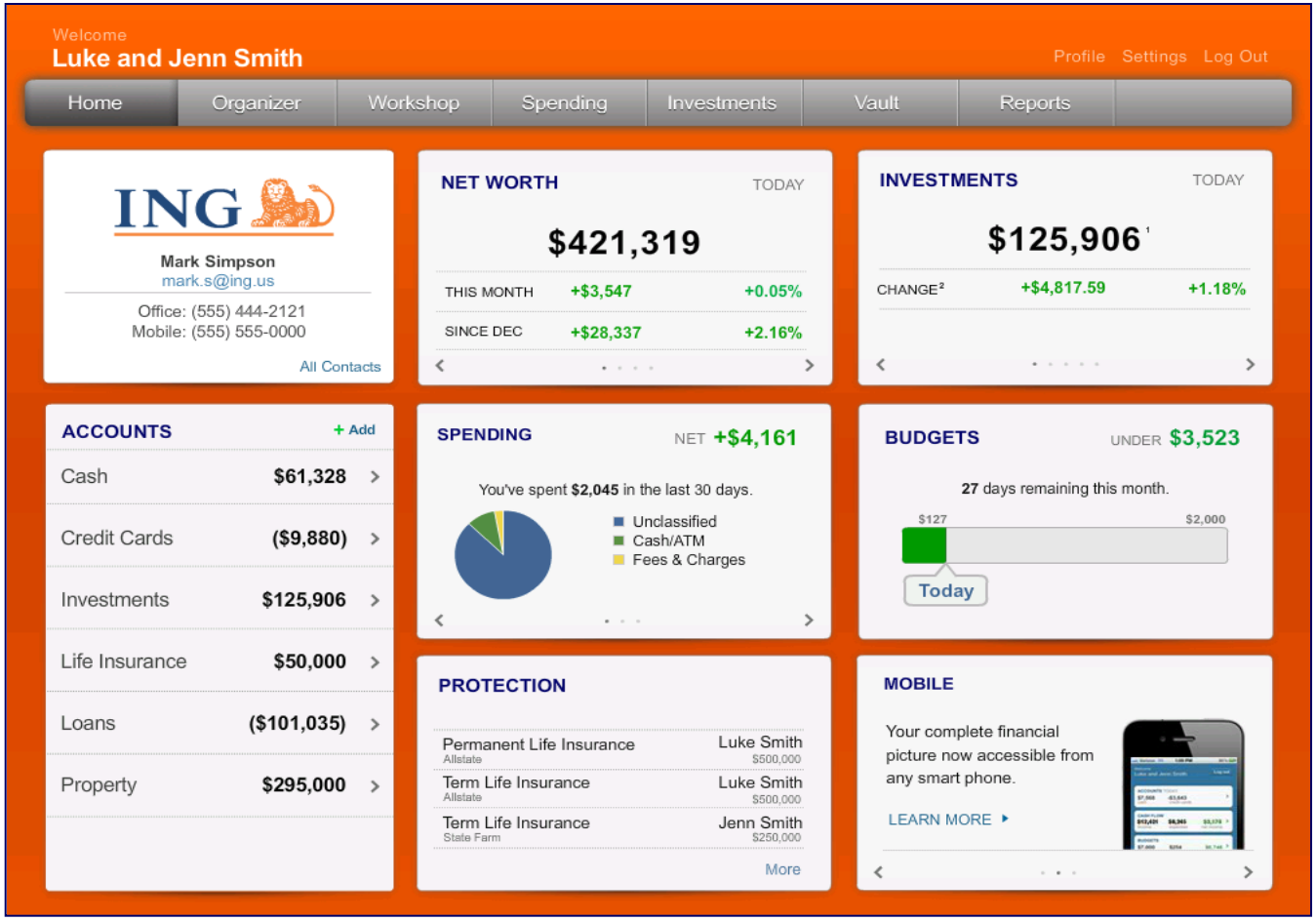
# Personal Financial Dashboard




For illustrative purposes only

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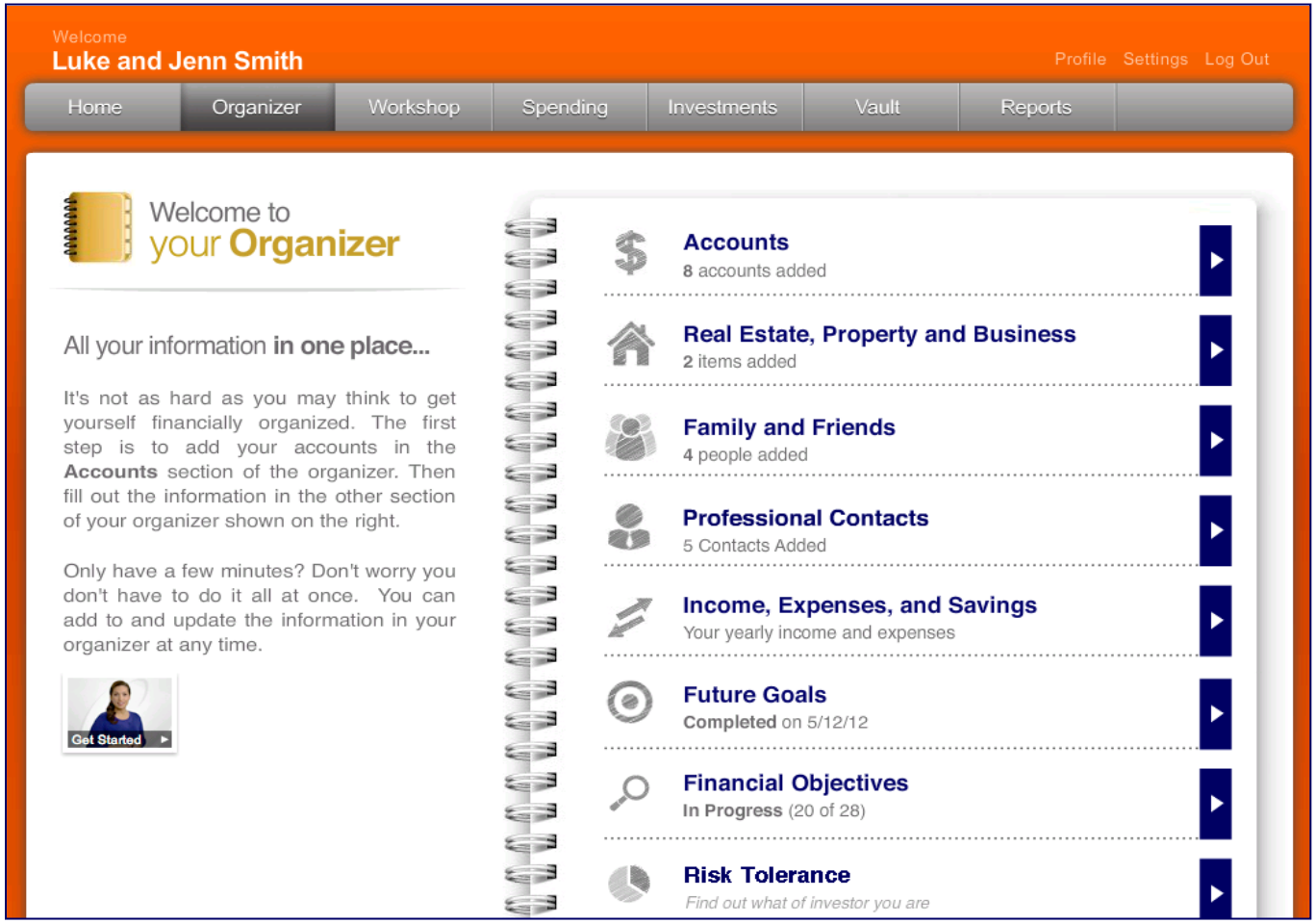
# Organize Your Financial Life

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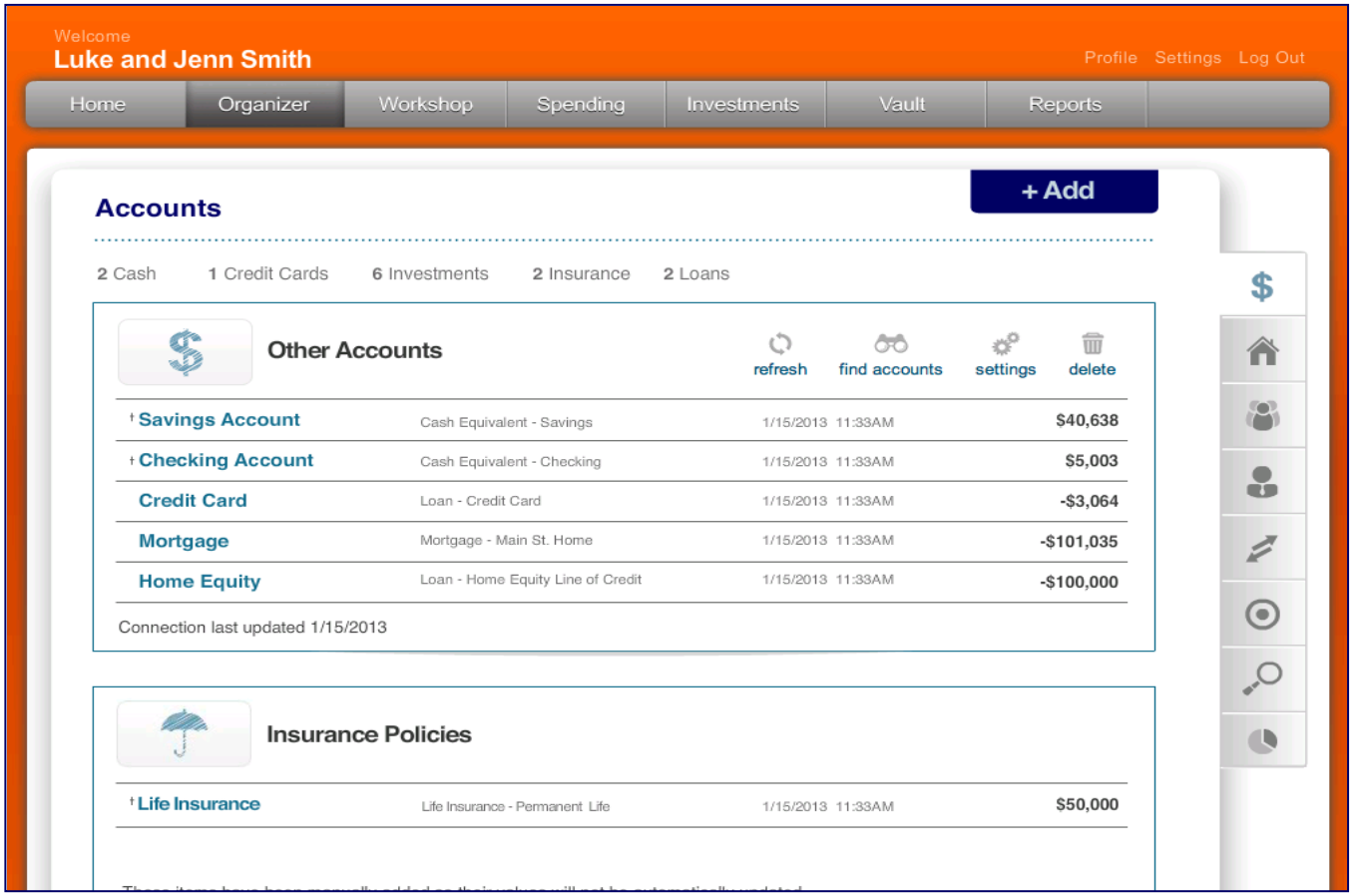
# Aggregate Your Account Information

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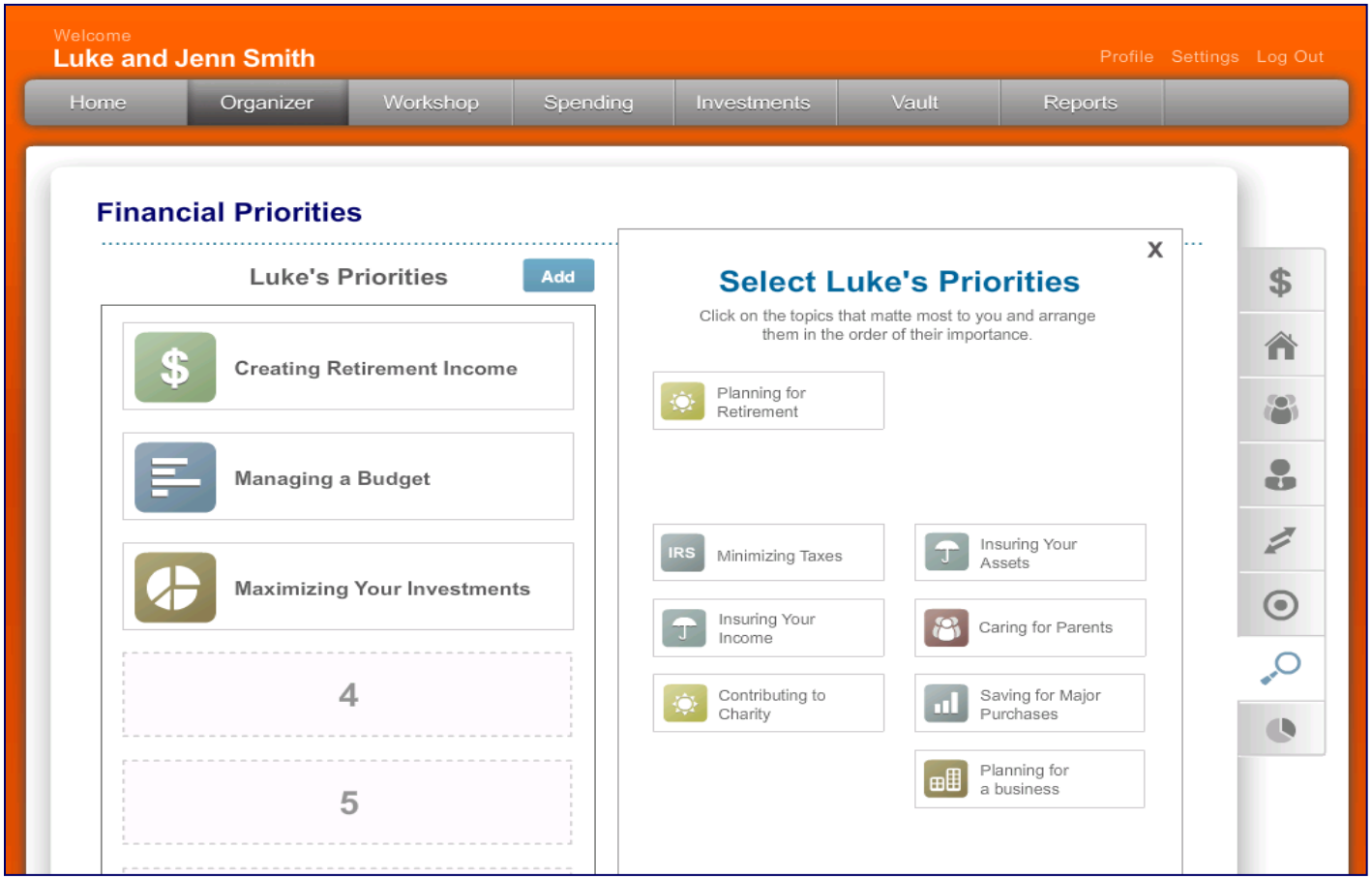
# Your Goals and Financial Priorities

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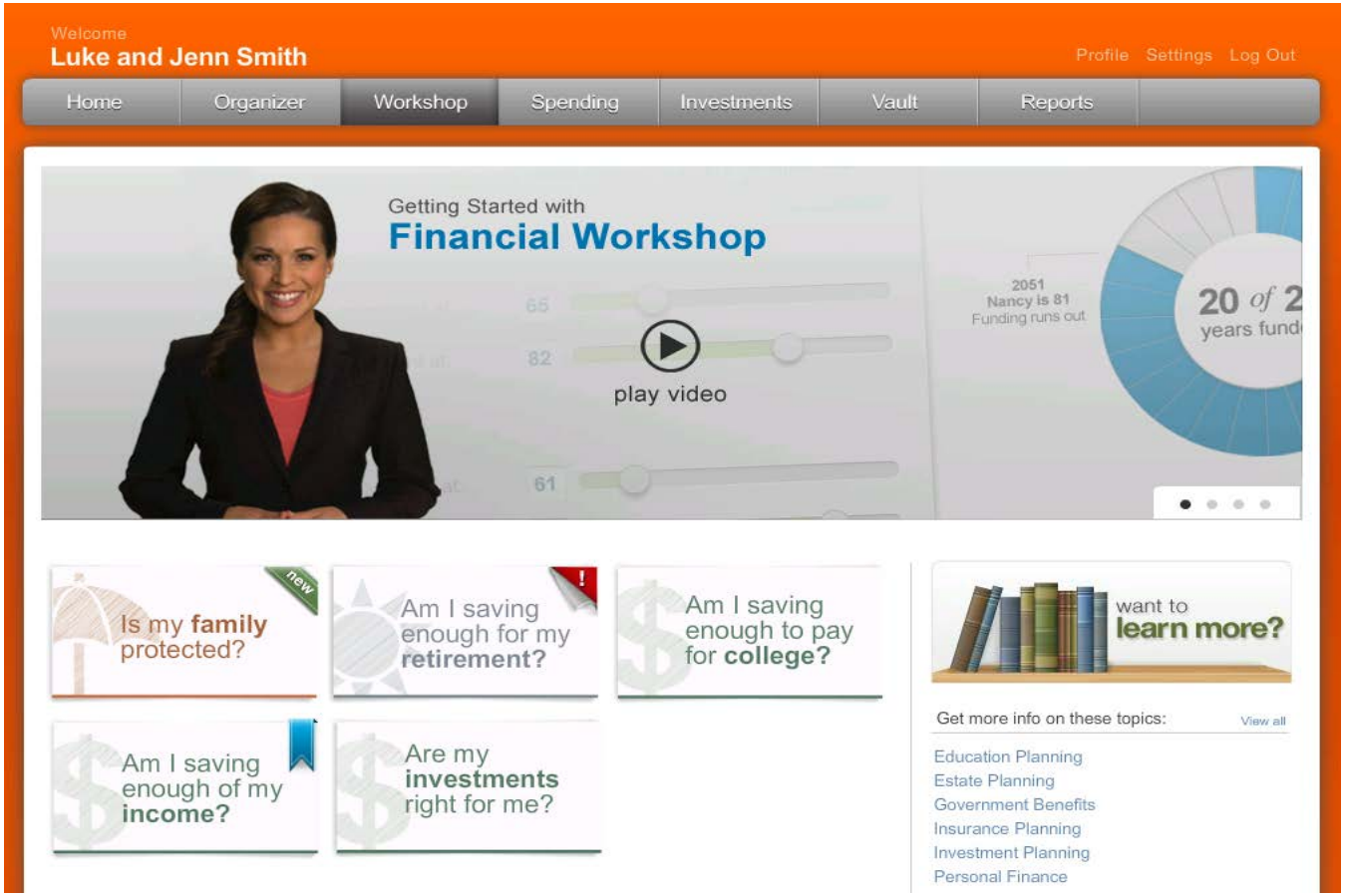
# Financial Literacy Workshops

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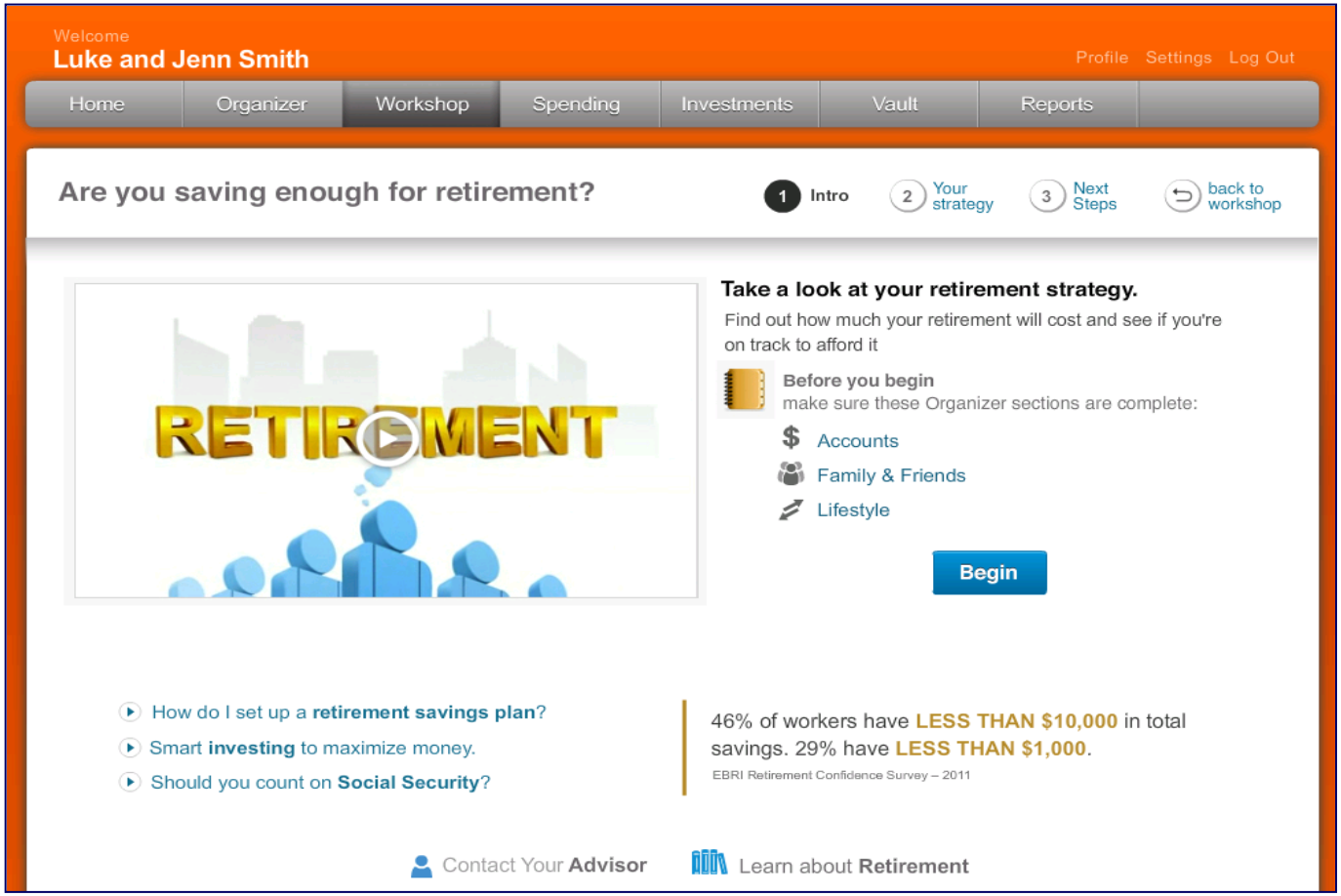
# Multi-Media Learning

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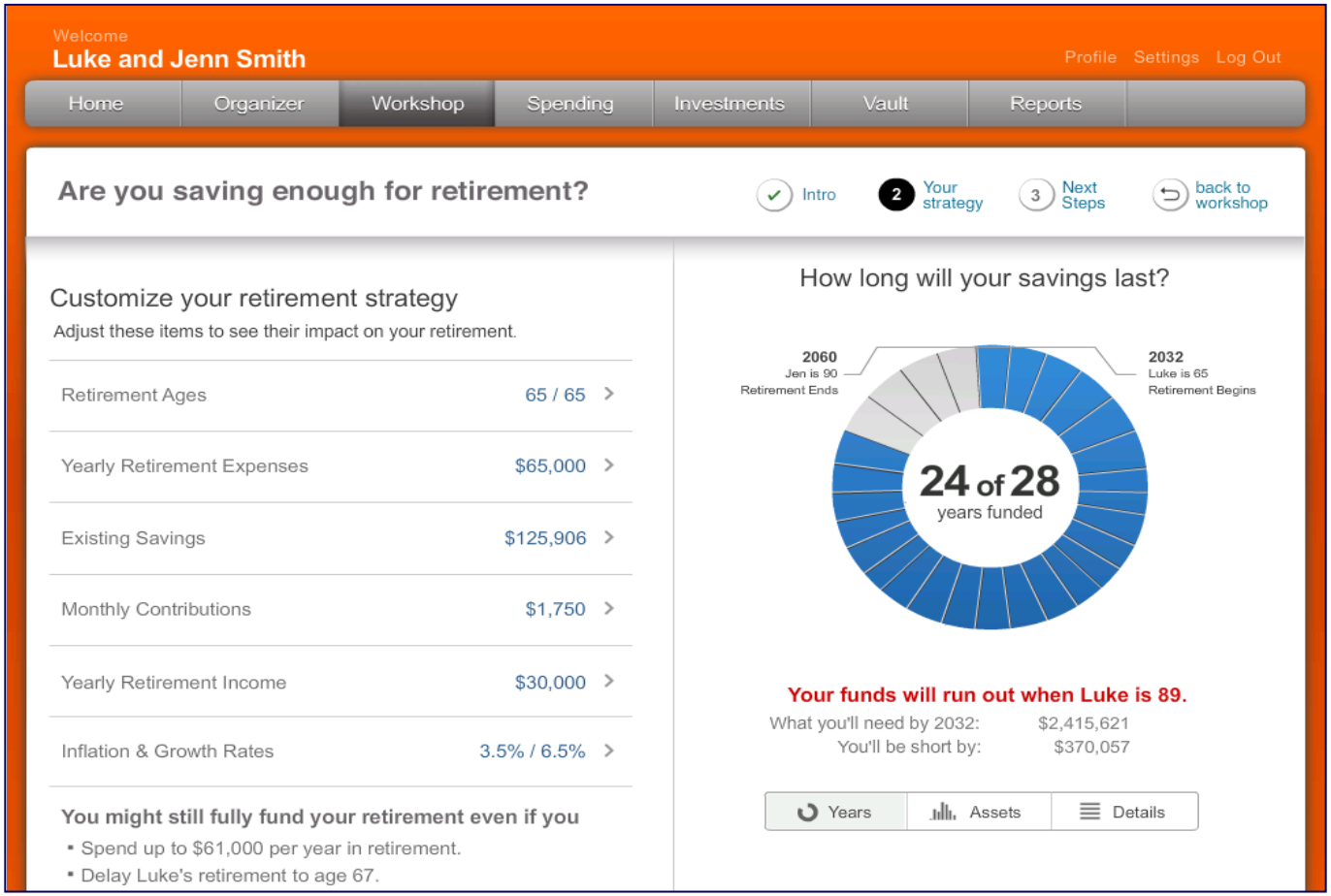
# Utilizing Personal Information for “What if” Analysis

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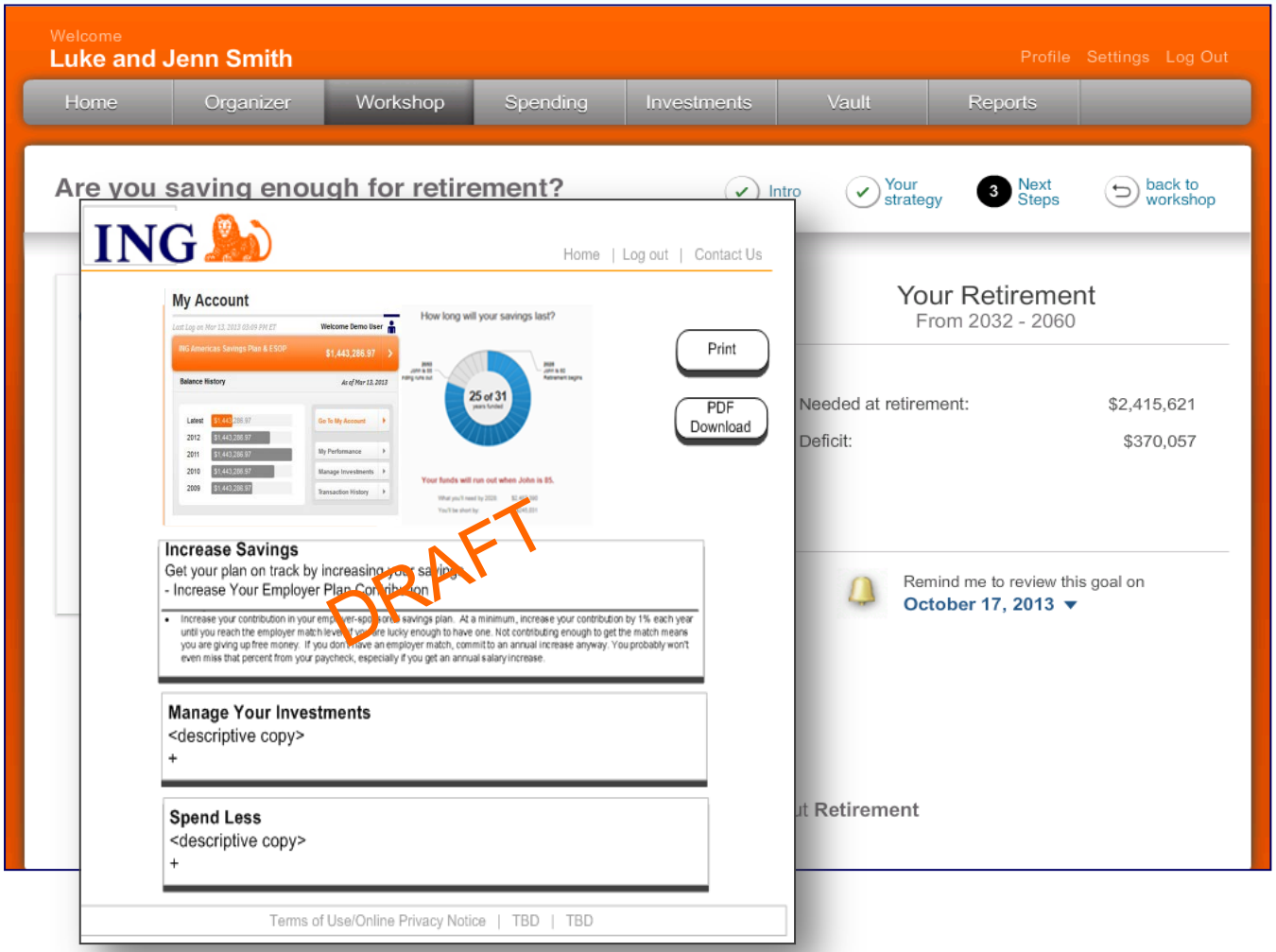
# Personal Action Item

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# Second Quarter 2013 Report

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# Cash Flow Summary

Period Ending June 30, 2013

OREGON SAVINGS GROWTH PLAN

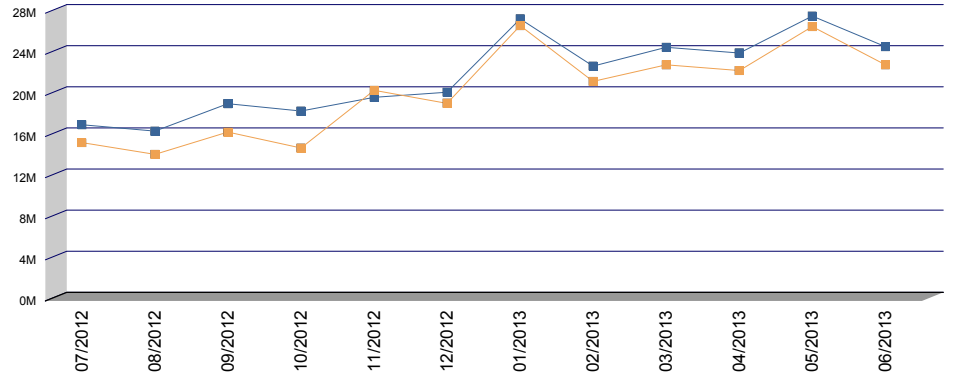
## Cash In

| | |
|---|---|
| Employee Before-tax Contributions | 17,156,698.64 |
| Employee After-tax Contributions | 0.00 |
| Roth 457 Contributions | 386,798.00 |
| Roth 457 Conversion | 52,081.73 |
| Roth Qual Plan Conversion | 6,230.83 |
| Rollover Contributions | 8,644,089.56 |
| Employer Contributions | 0.00 |
| Loan Repayments | 863,532.17 |
| Transfers In | 48,288,759.91 |
| Other | 1,187,171.88 |
| **Total Cash In** | **$76,585,362.72** |

## Cash Out

| | |
|---|---|
| Withdrawals | 2,179,069.97 |
| Installment Payments | 3,504,276.14 |
| Terminations | 16,409,240.90 |
| Loans Issued | 1,257,577.76 |
| Fees | 8,425.00 |
| Transfers Out | 47,515,559.94 |
| Other | 1,187,171.88 |
| **Total Cash Out** | **($72,061,321.59)** |

**Net Cash Flow** **$4,524,041.14**




| | Cash In | Cash Out | Net Cash |
|---|---|---|---|
| Jul 2012 | $17,135,127.48 | $15,397,738.39 | $1,737,389.09 |
| Aug 2012 | $16,518,629.35 | $14,265,399.37 | $2,253,229.98 |
| Sep 2012 | $19,181,010.40 | $16,427,011.20 | $2,753,999.20 |
| Oct 2012 | $18,465,797.10 | $14,866,717.01 | $3,599,080.09 |
| Nov 2012 | $19,820,533.51 | $20,478,975.32 | -$658,441.81 |
| Dec 2012 | $20,310,372.37 | $19,234,052.28 | $1,076,320.09 |
| Jan 2013 | $27,445,722.82 | $26,780,604.15 | $665,118.67 |
| Feb 2013 | $22,854,939.44 | $21,359,784.92 | $1,495,154.52 |
| Mar 2013 | $24,677,882.25 | $22,964,447.08 | $1,713,435.17 |
| Apr 2013 | $24,126,719.26 | $22,402,158.16 | $1,724,561.10 |
| May 2013 | $27,710,555.88 | $26,694,399.05 | $1,016,156.83 |
| Jun 2013 | $24,741,856.75 | $22,964,764.38 | $1,777,092.37 |
| | $262,989,146.61 | $243,836,051.31 | $19,153,095.30 |

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# Investment Balances by Quarter

Period Ending June 30, 2013

## OREGON SAVINGS GROWTH PLAN

| Investment Name | Q3 2012 | Q4 2012 | Q1 2013 | Q2 2013 |
|---|---|---|---|---|
| SHORT TERM FIXED OPTION | $51,218,467.59 | $51,353,497.39 | $50,364,901.09 | $49,936,034.56 |
| STABLE VALUE OPTION | $193,894,913.12 | $194,571,058.41 | $190,902,255.81 | $191,489,983.69 |
| LIFEPATH RETIREMENT FUND | $96,178,030.76 | $97,471,869.86 | $101,508,863.81 | $99,498,494.79 |
| LIFEPATH 2015 FUND | $87,295,227.16 | $88,332,064.22 | $92,920,862.65 | $91,381,506.84 |
| LIFEPATH 2020 FUND | $67,648,599.81 | $70,944,502.05 | $76,101,299.09 | $75,911,726.71 |
| LIFEPATH 2025 FUND | $34,442,191.30 | $36,186,756.44 | $39,529,539.82 | $40,624,785.23 |
| LIFEPATH 2030 FUND | $23,919,044.50 | $25,345,260.52 | $27,874,367.11 | $28,739,715.95 |
| LIFEPATH 2035 FUND | $16,014,366.60 | $16,796,274.05 | $18,936,913.15 | $19,609,981.90 |
| LIFEPATH 2040 FUND | $8,405,872.35 | $8,863,075.07 | $9,796,429.76 | $10,273,234.02 |
| LIFEPATH 2045 FUND | $3,702,353.15 | $3,952,789.39 | $4,334,257.87 | $4,634,972.93 |
| LIFEPATH 2050 FUND | $6,664,953.04 | $7,027,159.18 | $7,584,075.65 | $8,039,401.14 |
| LIFEPATH 2055 FUND | $265,988.61 | $500,704.69 | $746,988.31 | $1,071,174.06 |
| INTERMEDIATE BOND OPTION | $114,263,914.86 | $117,165,412.07 | $113,099,743.61 | $105,092,297.00 |
| LARGE COMP VALUE STOCK OPTION | $100,342,780.03 | $102,182,893.86 | $117,234,140.49 | $124,385,531.73 |
| STOCK INDEX OPTION | $122,263,973.58 | $121,252,373.34 | $134,780,613.67 | $140,233,436.64 |
| LARGE COMP GROWTH STOCK OPTION | $105,994,882.80 | $104,299,523.14 | $113,099,896.26 | $114,908,894.02 |
| INTERNATIONAL STK OPTION | $88,005,309.19 | $94,388,738.14 | $99,313,524.58 | $97,337,568.92 |
| SM/MID SIZE CO STK OPTION | $167,522,259.85 | $168,484,522.43 | $189,354,642.42 | $195,206,826.38 |
| SCHWAB PCRA | $2,654,012.31 | $2,833,430.37 | $3,276,472.26 | $3,255,679.26 |

# Asset Class by Quarter

Period Ending June 30, 2013

OREGON SAVINGS GROWTH PLAN

| Asset Class | Q3 2012 | Q4 2012 | Q1 2013 | Q2 2013 |
|---|---|---|---|---|
| International Equity | $88,005,309.19 | $94,388,738.14 | $99,313,524.58 | $97,337,568.92 |
| Lifestyle/Balanced | $344,536,627.28 | $355,420,455.47 | $379,333,597.22 | $379,784,993.57 |
| Stable Value/Money Market | $245,113,380.71 | $245,924,555.80 | $241,267,156.90 | $241,426,018.25 |
| Stock Index | $228,258,856.38 | $225,551,896.48 | $247,880,509.93 | $255,142,330.66 |
| US Fixed Income | $114,263,914.86 | $117,165,412.07 | $113,099,743.61 | $105,092,297.00 |
| US Large Cap Equity | $100,342,780.03 | $102,182,893.86 | $117,234,140.49 | $124,385,531.73 |
| US Small Cap Equity | $167,522,259.85 | $168,484,522.43 | $189,354,642.42 | $195,206,826.38 |

# Contributions by Fund

Period Ending June 30, 2013

## OREGON SAVINGS GROWTH PLAN

| Investment Name | Q3 2012 | Q4 2012 | Q1 2013 | Q2 2013 |
|---|---|---|---|---|
| INTERMEDIATE BOND OPTION | $2,389,385.54 | $2,042,775.26 | $1,979,227.01 | $1,754,658.71 |
| INTERNATIONAL STK OPTION | $1,574,162.98 | $1,711,399.15 | $1,789,095.45 | $1,681,226.57 |
| LARGE COMP GROWTH STOCK OPTION | $1,810,569.59 | $1,561,452.20 | $1,781,817.78 | $1,677,751.93 |
| LARGE COMP VALUE STOCK OPTION | $1,669,152.41 | $1,595,045.76 | $1,775,454.38 | $1,784,502.82 |
| LIFEPATH 2015 FUND | $1,984,588.66 | $1,695,354.13 | $1,884,249.93 | $2,442,863.57 |
| LIFEPATH 2020 FUND | $1,759,356.05 | $1,613,985.63 | $1,863,512.88 | $2,114,842.59 |
| LIFEPATH 2025 FUND | $1,030,228.95 | $1,036,776.46 | $1,489,258.58 | $1,361,901.40 |
| LIFEPATH 2030 FUND | $721,475.07 | $834,156.75 | $1,073,147.92 | $1,171,418.57 |
| LIFEPATH 2035 FUND | $620,021.79 | $619,123.65 | $903,701.26 | $782,710.24 |
| LIFEPATH 2040 FUND | $393,538.37 | $382,901.81 | $413,694.56 | $531,116.42 |
| LIFEPATH 2045 FUND | $200,155.49 | $214,242.75 | $241,321.97 | $298,383.99 |
| LIFEPATH 2050 FUND | $293,941.34 | $303,886.45 | $292,956.85 | $317,475.28 |
| LIFEPATH 2055 FUND | $137,331.24 | $70,557.89 | $25,685.55 | $47,745.90 |
| LIFEPATH RETIREMENT FUND | $1,755,398.93 | $1,788,776.03 | $1,475,340.41 | $2,461,592.15 |
| SHORT TERM FIXED OPTION | $695,852.81 | $705,279.92 | $724,221.61 | $668,639.45 |
| SM/MID SIZE CO STK OPTION | $2,371,639.21 | $2,354,499.73 | $2,569,986.65 | $2,498,419.07 |
| STABLE VALUE OPTION | $3,003,941.90 | $2,722,958.49 | $2,419,853.27 | $2,686,763.60 |
| STOCK INDEX OPTION | $1,550,959.44 | $1,590,526.69 | $1,682,998.03 | $1,957,655.67 |
| **Total** | **23,961,699.77** | **22,843,698.75** | **24,385,524.09** | **26,239,667.93** |

# Contributions by Source

Period Ending June 30, 2013

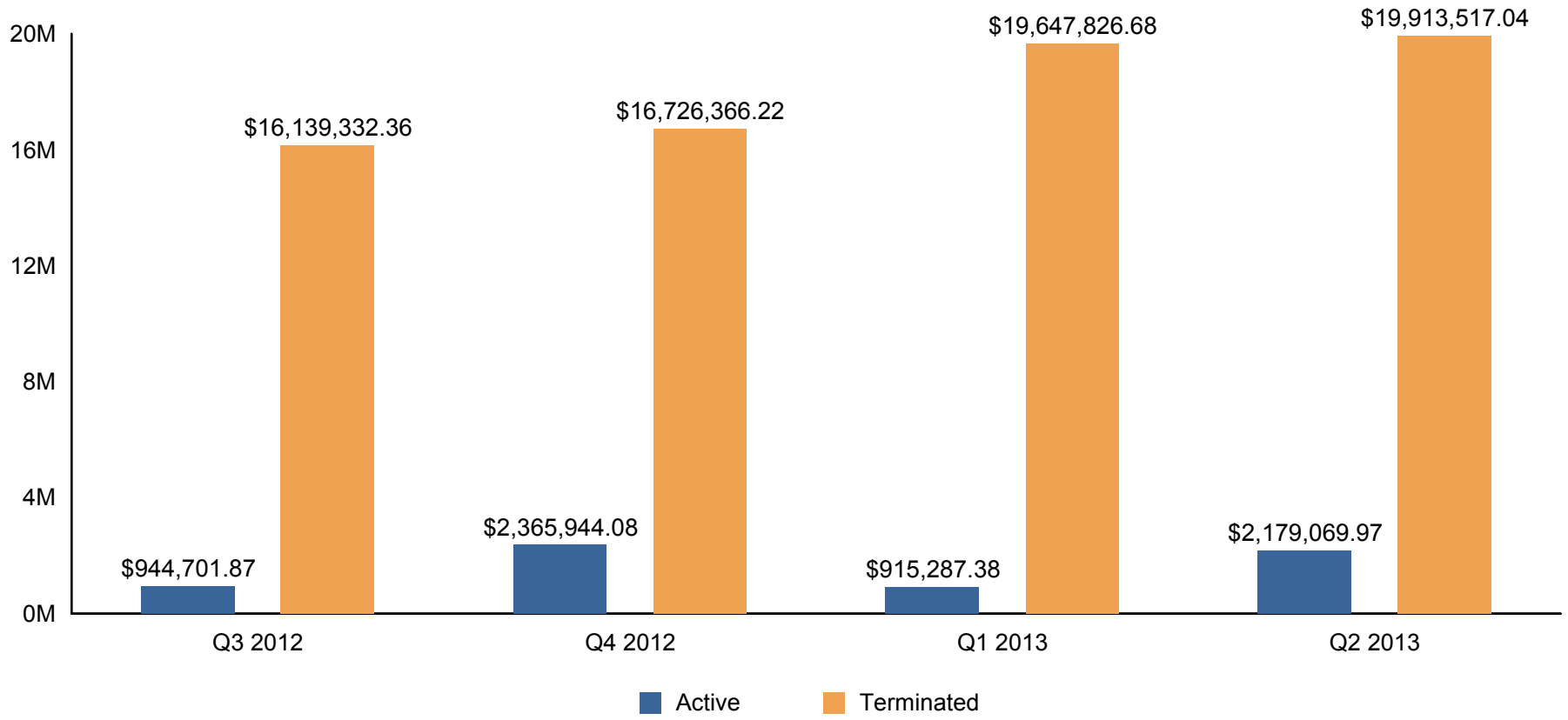
## OREGON SAVINGS GROWTH PLAN

| Source Name | April 2013 | May 2013 | June 2013 | Total |
|---|---|---|---|---|
| Roth Qual Plan Converstion | $0.00 | $0.00 | $6,230.83 | $6,230.83 |
| Employee Before-tax Contributions | $5,674,155.35 | $5,684,418.22 | $5,791,894.24 | $17,150,467.81 |
| Rollover Contributions | $2,995,215.98 | $3,689,915.80 | $1,958,957.78 | $8,644,089.56 |
| Roth 457 Contributions | $116,206.37 | $126,215.08 | $144,376.55 | $386,798.00 |
| Roth 457 Conversion | $52,081.73 | $0.00 | $0.00 | $52,081.73 |
| **Total** | **$8,837,659.43** | **$9,500,549.10** | **$7,901,459.40** | **$26,239,667.93** |

| Source Name | Q3 2012 | Q4 2012 | Q1 2013 | Q2 2013 | Total |
|---|---|---|---|---|---|
| Roth Qual Plan Converstion | $0.00 | $0.00 | $0.00 | $6,230.83 | $6,230.83 |
| Employee Before-tax Contributions | $16,571,474.71 | $16,699,234.13 | $16,725,020.80 | $17,150,467.81 | $67,146,197.45 |
| Rollover Contributions | $7,386,548.06 | $5,909,813.35 | $7,354,364.85 | $8,644,089.56 | $29,294,815.82 |
| Roth 457 Contributions | $3,677.00 | $157,932.18 | $276,138.44 | $386,798.00 | $824,545.62 |
| Roth 457 Conversion | $0.00 | $56,719.09 | $30,000.00 | $52,081.73 | $138,800.82 |
| Roth Qual Plan Conversion | $0.00 | $20,000.00 | $0.00 | $0.00 | $20,000.00 |
| **Total** | **$23,961,699.77** | **$22,843,698.75** | **$24,385,524.09** | **$26,239,667.93** | **$97,430,590.54** |

# Total Distributions

Period Ending June 30, 2013




| Total Distributions | |
|---|---|
| Active | $6,405,003.30 |
| Terminated | $72,427,042.30 |

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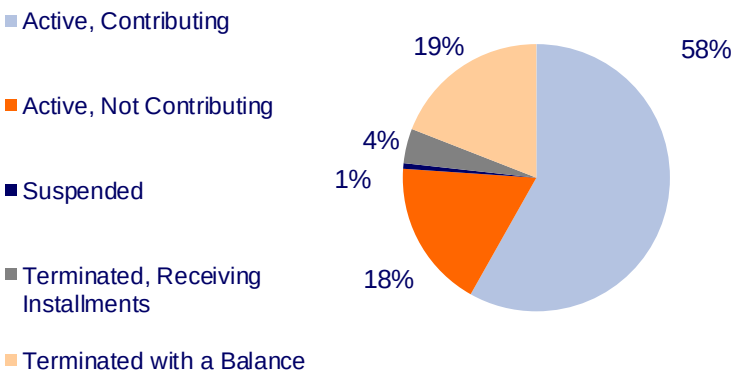
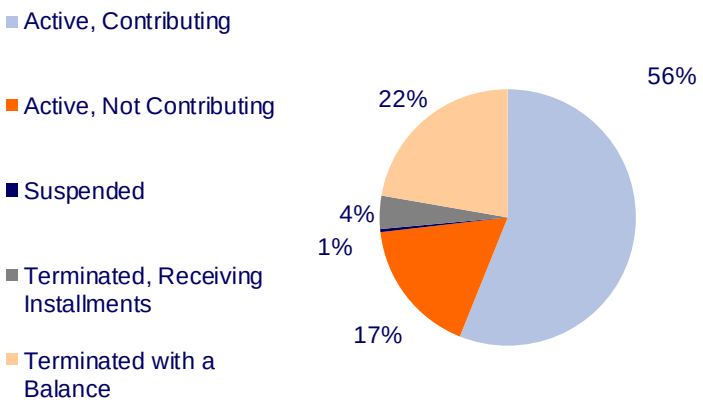
# Participant Status Summary

As of March 31, 2013




| Participant Status | Number of Participants |
|---|---|
| Active, Contributing | 13,647 |
| Active, Not Contributing | 4,201 |
| Suspended | 158 |
| Terminated, Receiving Installments | 983 |
| Terminated with a Balance | 4,474 |
| **Total:** | **23,463** |

As of June 30, 2013

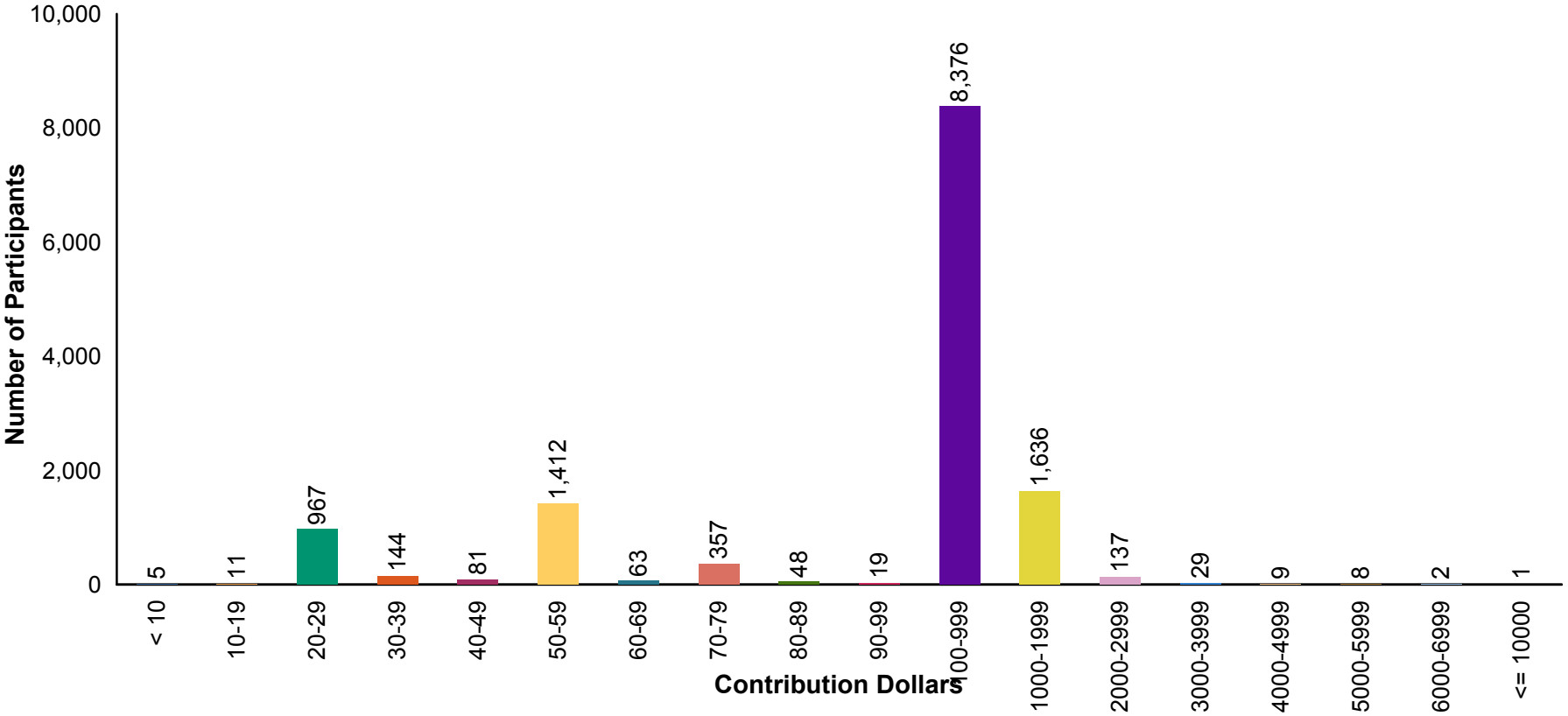



| Participant Status | Number of Participants |
|---|---|
| Active, Contributing | 13,750 |
| Active, Not Contributing | 4,187 |
| Suspended | 96 |
| Terminated, Receiving Installments | 1,021 |
| Terminated with a Balance | 5,461 |
| **Total:** | **24,515** |

# Before-tax Contribution Amount Summary

Period Ending June 30, 2013

OREGON SAVINGS GROWTH PLAN




**Total Number of Participants: 13,305**

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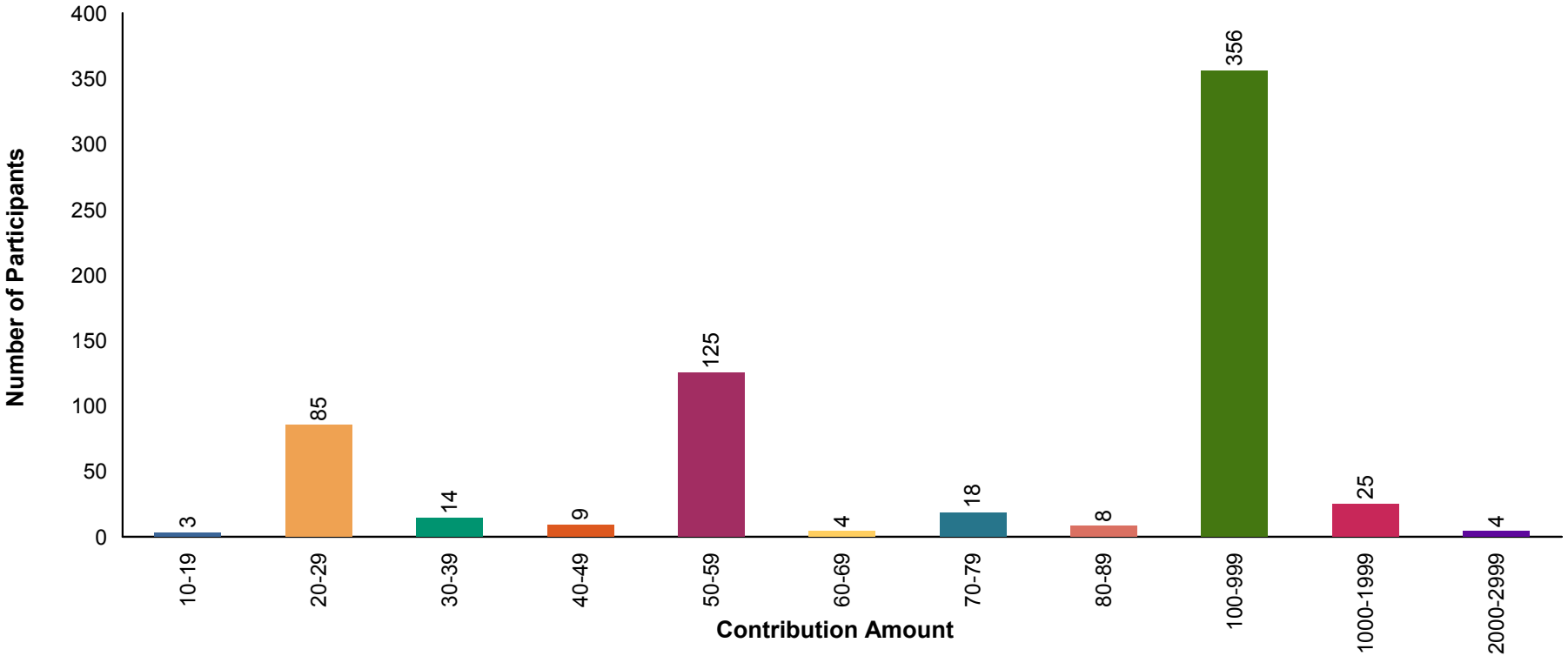
# Roth Contribution Amount Summary

As of June 30, 2013

## OREGON SAVINGS GROWTH PLAN




**Total Number of Participants: 651**

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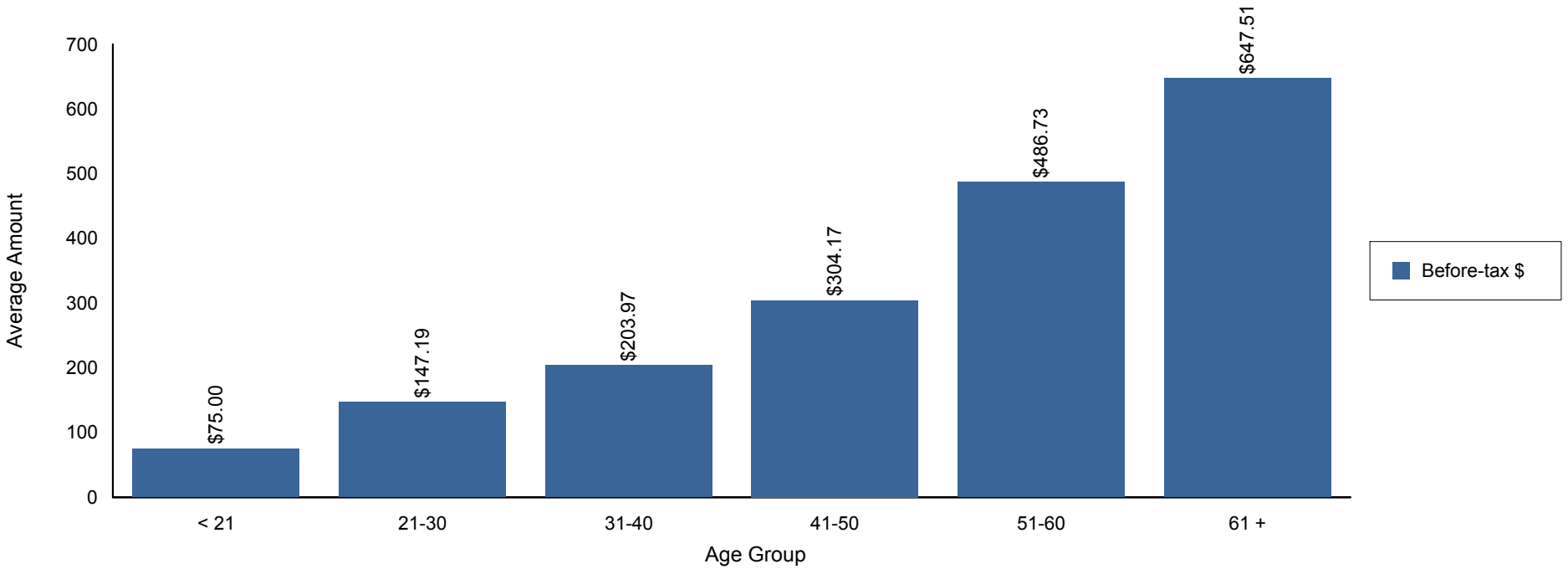
# Average Contribution Amount

Period Ending June 30, 2013

## OREGON SAVINGS GROWTH PLAN




| | |
|---|---|
| < 21 | $75.00 |
| 21-30 | $147.19 |
| 31-40 | $203.97 |
| 41-50 | $304.17 |
| 51-60 | $486.73 |
| 61 + | $647.51 |
| **Average** | **$399.91** |

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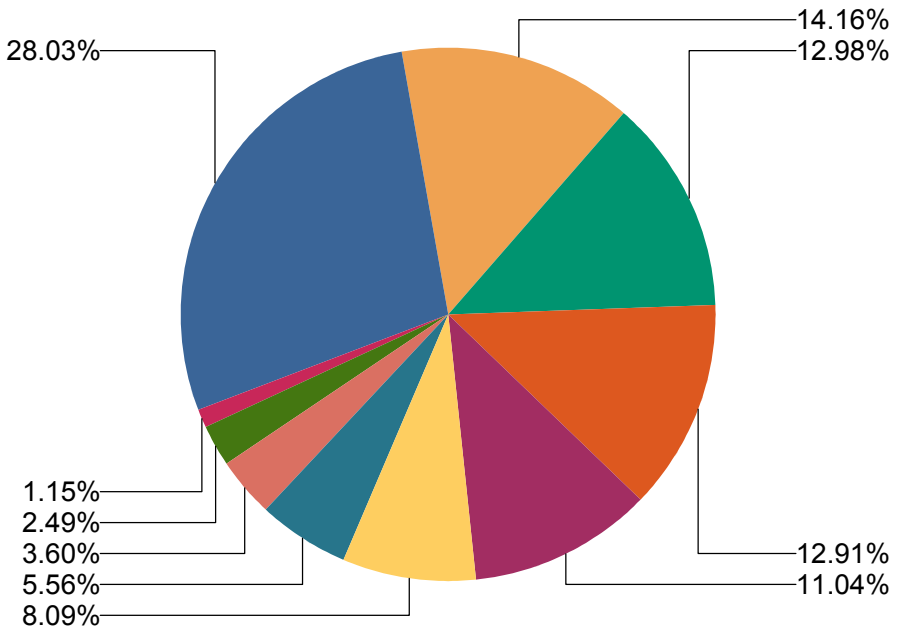
# Participants with Balances by Number of Investments

Period Ending June 30, 2013

OREGON SAVINGS GROWTH PLAN




| Number of Investments | Number of Participants |
|---|---|
| 1 | 6871 |
| 2 | 3471 |
| 3 | 3181 |
| 4 | 3164 |
| 5 | 2706 |
| 6 | 1984 |
| 7 | 1362 |
| 8 | 883 |
| 9 | 610 |
| 10 or More | 283 |
| Total: | 24515 |

**Average Number of Funds: 4**

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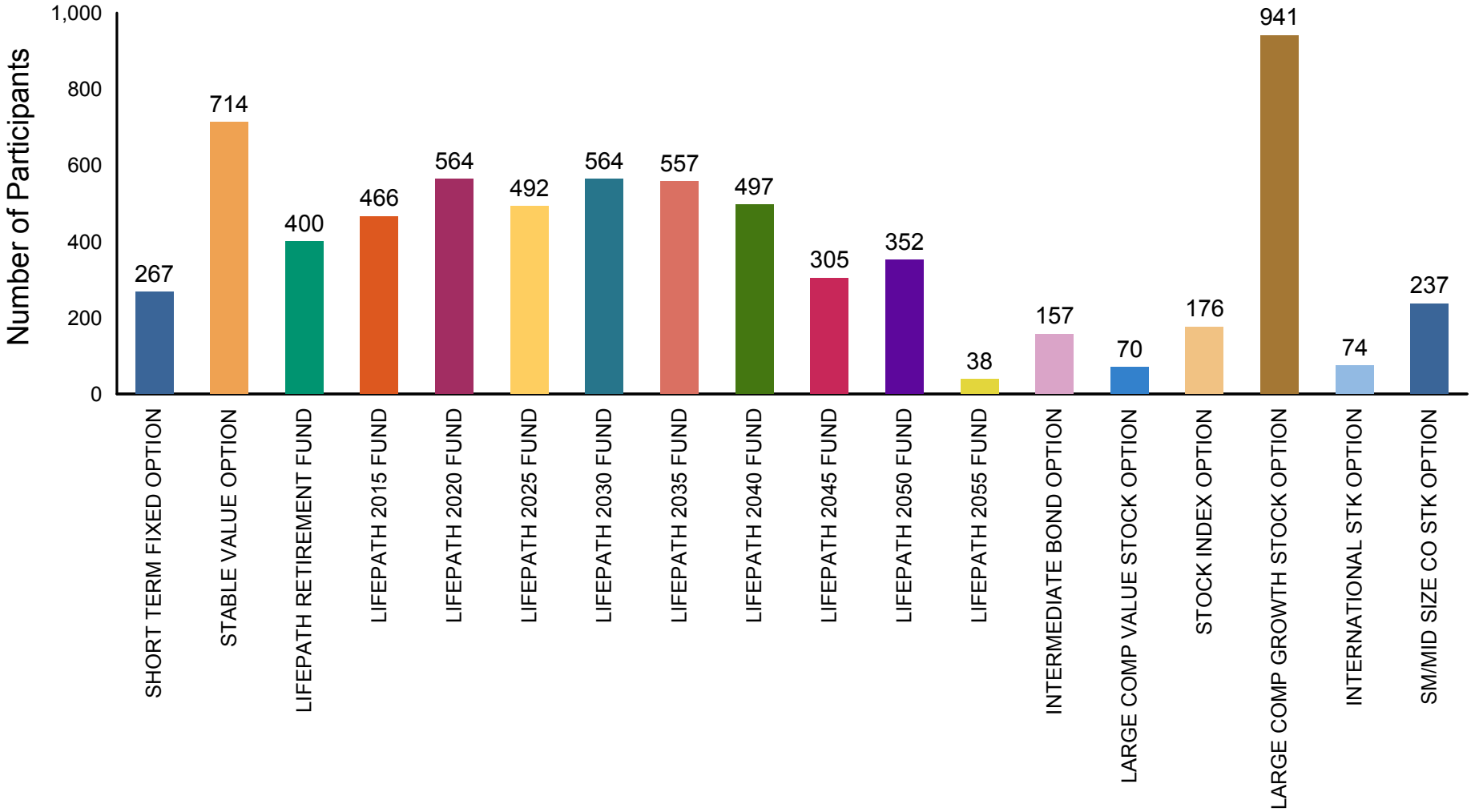
# Participants with a Balance in a Single Investment

Period Ending June 30, 2013

OREGON SAVINGS GROWTH PLAN

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# Loan Summary

Period Ending June 30, 2013

## OREGON SAVINGS GROWTH PLAN

| | |
|---|---|
| Total Participants with Loans: | 1,360 |
| Total Number of Outstanding Loans: | 1,360 |
| Number of General Loans: | 1,316 |
| Number of Residential Loans: | 44 |
| Total Outstanding Loan Balance: | $8,388,398.06 |
| General Loan Balance: | $7,644,536.11 |
| Residential Loan Balance: | $743,861.95 |
| Number of Re-amortized Loans during the period: | 2 |
| Number of Loan Defaults during the period: | 0 |

# Balances by Investment

Period Ending June 30, 2013

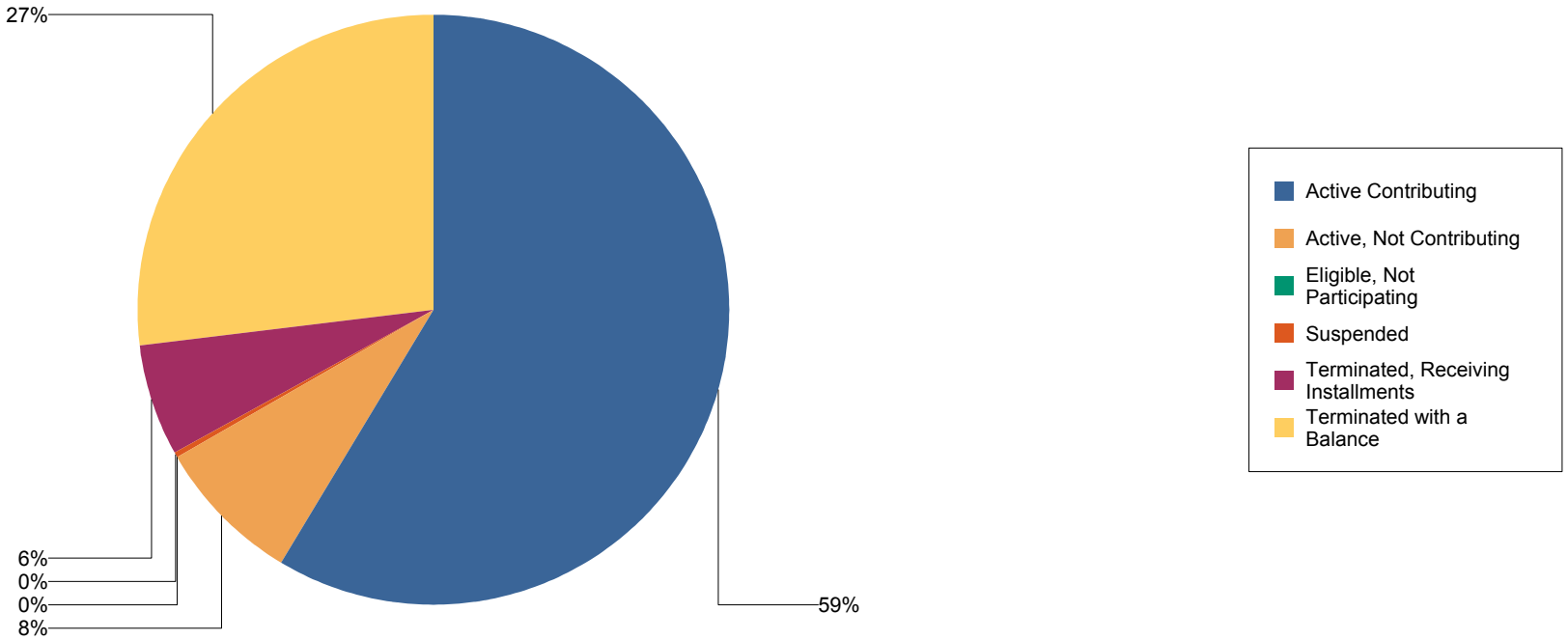
## OREGON SAVINGS GROWTH PLAN

| Investment | Investment Balance | Number of Participants | Average Participant | Percentage of Plan Assets |
|---|---|---|---|---|
| SHORT TERM FIXED OPTION | $49,936,034.56 | 3,683 | $13,558.52 | 3.56% |
| STABLE VALUE OPTION | $191,489,983.69 | 7,902 | $24,233.10 | 13.66% |
| LIFEPATH RETIREMENT FUND | $99,498,494.79 | 2,396 | $41,526.92 | 7.10% |
| LIFEPATH 2015 FUND | $91,381,506.84 | 2,619 | $34,891.76 | 6.52% |
| LIFEPATH 2020 FUND | $75,911,726.71 | 2,924 | $25,961.60 | 5.42% |
| LIFEPATH 2025 FUND | $40,624,785.23 | 2,349 | $17,294.50 | 2.90% |
| LIFEPATH 2030 FUND | $28,739,715.95 | 2,098 | $13,698.63 | 2.05% |
| LIFEPATH 2035 FUND | $19,609,981.90 | 1,862 | $10,531.68 | 1.40% |
| LIFEPATH 2040 FUND | $10,273,234.02 | 1,386 | $7,412.15 | 0.73% |
| LIFEPATH 2045 FUND | $4,634,972.93 | 799 | $5,800.97 | 0.33% |
| LIFEPATH 2050 FUND | $8,039,401.14 | 857 | $9,380.86 | 0.57% |
| LIFEPATH 2055 FUND | $1,071,174.06 | 139 | $7,706.29 | 0.08% |
| INTERMEDIATE BOND OPTION | $105,092,297.00 | 7,259 | $14,477.52 | 7.50% |
| LARGE COMP VALUE STOCK OPTION | $124,385,531.73 | 9,482 | $13,118.07 | 8.87% |
| STOCK INDEX OPTION | $140,233,436.64 | 8,780 | $15,971.92 | 10.01% |
| LARGE COMP GROWTH STOCK OPTION | $114,908,894.02 | 10,658 | $10,781.47 | 8.20% |
| INTERNATIONAL STK OPTION | $97,337,568.92 | 10,082 | $9,654.59 | 6.94% |
| SM/MID SIZE CO STK OPTION | $195,206,826.38 | 11,353 | $17,194.29 | 13.93% |
| SCHWAB PCRA | $3,255,679.26 | 58 | $56,132.40 | 0.23% |
| **Total Investment Balance:** | **$1,401,631,245.77** | | | |
| **Total Loan Fund:** | **$8,362,609.68** | | | |

# Balance by Participant Status

Period Ending June 30, 2013

## OREGON SAVINGS GROWTH PLAN




| Participant Status | Participant Balance |
|---|---|
| Active Contributing | $828,362,505.97 |
| Active, Not Contributing | 111,996,199.69 |
| Suspended | $3,900,566.13 |
| Terminated, Receiving Installments | $87,828,689.02 |
| Terminated with a Balance | $378,106,948.44 |
| **Total:** | **$1,410,194,909.25** |

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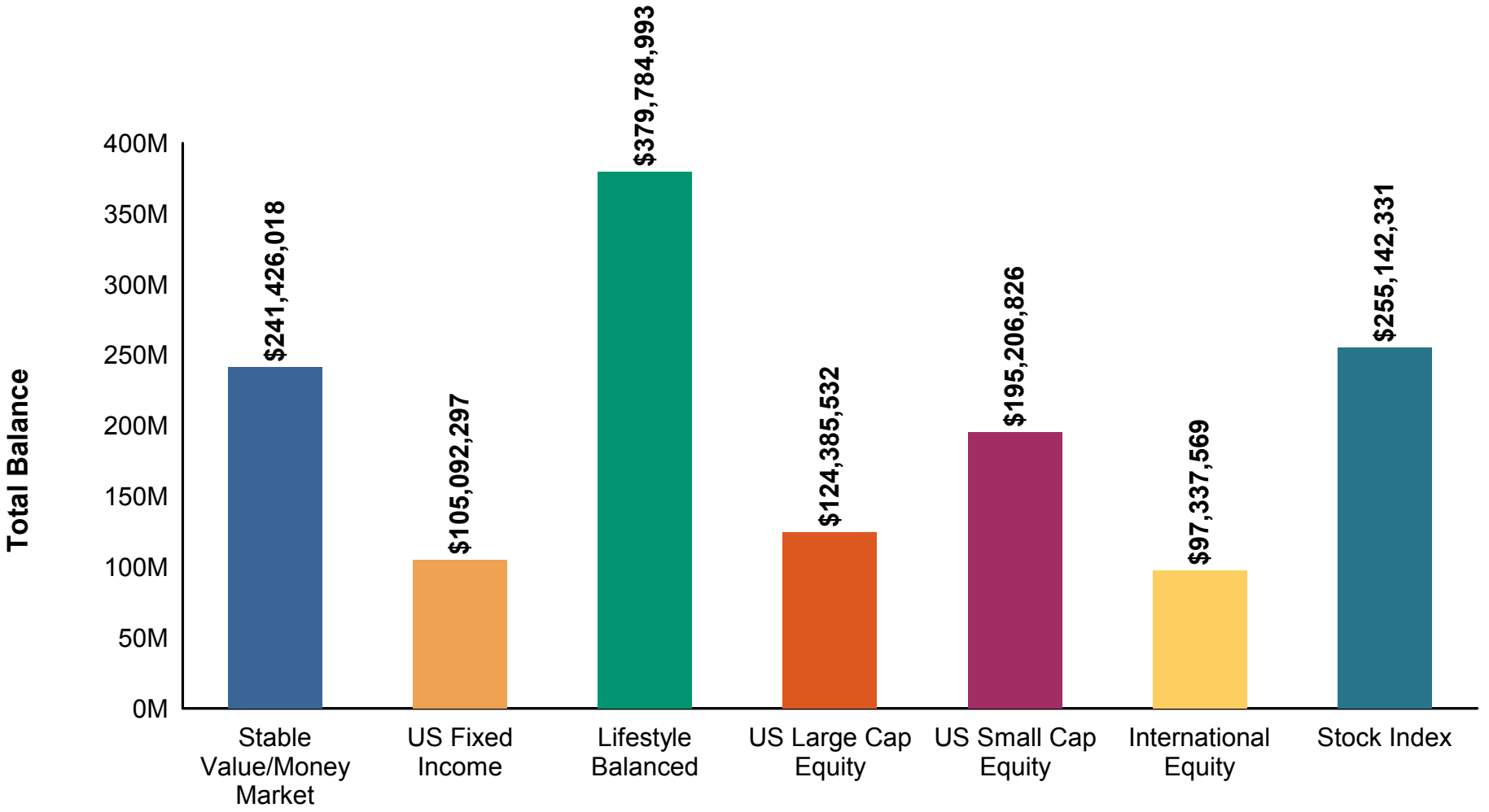
# Asset Class Summary

Period Ending June 30, 2013

OREGON SAVINGS GROWTH PLAN

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# Asset Class Summary

Period Ending June 30, 2013

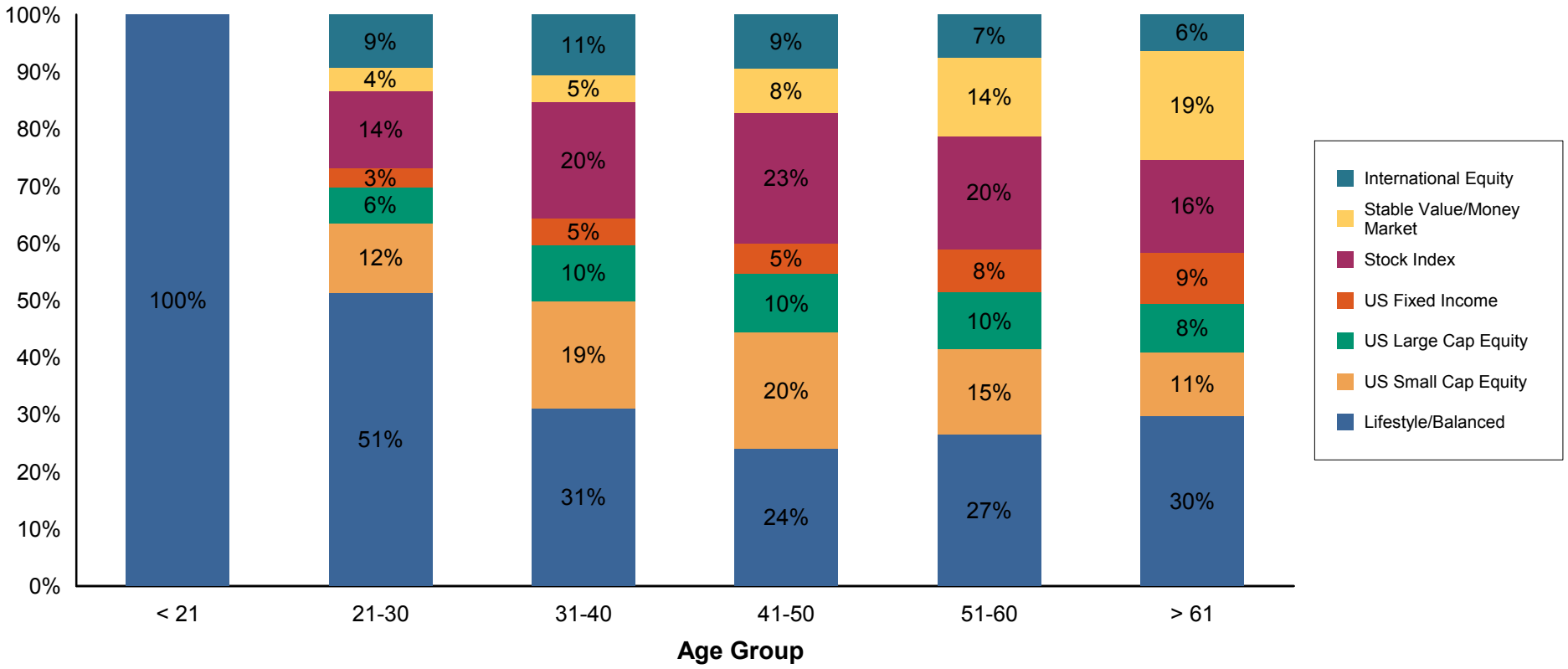
OREGON SAVINGS GROWTH PLAN

| Asset Class | Balance | Percentage of Total Assets |
|---|---|---|
| Stable Value/Money Market | $241,426,018 | 17.12% |
| US Fixed Income | $105,092,297 | 7.45% |
| Lifestyle/Balanced | $379,784,993 | 26.93% |
| US Large Cap Equity | $124,385,532 | 8.82% |
| US Small Cap Equity | $195,206,826 | 13.84% |
| International Equity | $97,337,569 | 6.90% |
| Stock Index | $255,142,331 | 18.09% |

# Asset Class Balances by Age Group

Period Ending June 30, 2013

OREGON SAVINGS GROWTH PLAN




| Age Range | < 21 | 21 - 30 | 31 - 40 | 41 - 50 | 51 - 60 | > 61 |
|---|---|---|---|---|---|---|
| Total Balance | $2,557 | $4,190,336 | $55,050,978 | $190,708,913 | $429,840,454 | $249,428,912 |
| Total Participants | 2 | 688 | 3,080 | 4,916 | 6,434 | 2,838 |

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# Transfer Activity by Investment

Period Ending June 30, 2013

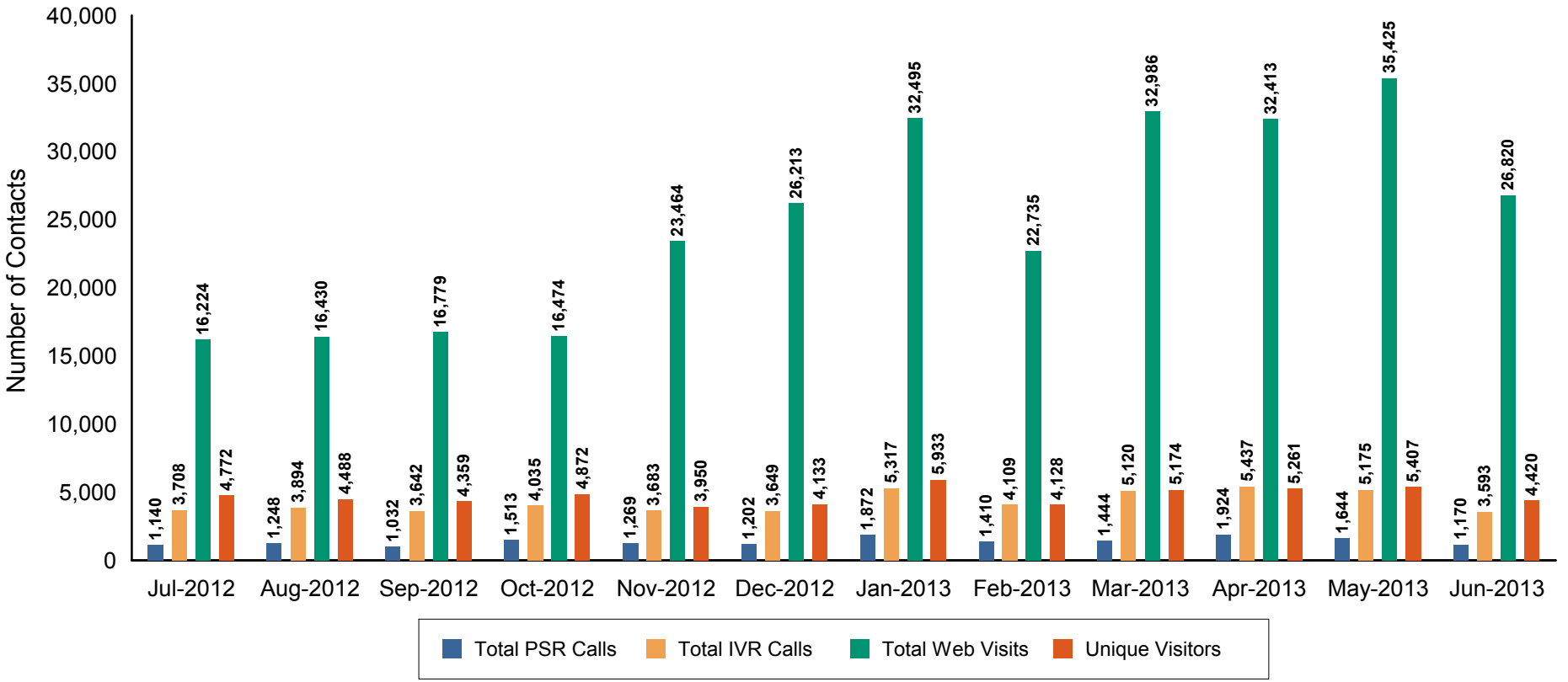
OREGON SAVINGS GROWTH PLAN

| Investment Name | Transfers In | Transfers Out | Net |
|---|---|---|---|
| SHORT TERM FIXED OPTION | $4,533,730.11 | -$4,236,135.55 | $297,594.56 |
| STABLE VALUE OPTION | $8,095,227.00 | -$5,430,650.03 | $2,664,576.97 |
| LIFEPATH RETIREMENT FUND | $3,087,817.33 | -$2,741,127.89 | $346,689.44 |
| LIFEPATH 2015 FUND | $2,136,236.70 | -$3,057,503.94 | -$921,267.24 |
| LIFEPATH 2020 FUND | $1,972,461.42 | -$2,358,261.56 | -$385,800.14 |
| LIFEPATH 2025 FUND | $1,368,308.46 | -$735,823.87 | $632,484.59 |
| LIFEPATH 2030 FUND | $604,800.60 | -$437,719.37 | $167,081.23 |
| LIFEPATH 2035 FUND | $342,150.64 | -$189,162.39 | $152,988.25 |
| LIFEPATH 2040 FUND | $245,340.19 | -$79,109.69 | $166,230.50 |
| LIFEPATH 2045 FUND | $121,559.27 | -$68,634.90 | $52,924.37 |
| LIFEPATH 2050 FUND | $375,740.40 | -$122,675.94 | $253,064.46 |
| LIFEPATH 2055 FUND | $383,293.17 | -$97,266.06 | $286,027.11 |
| INTERMEDIATE BOND OPTION | $3,262,041.19 | -$8,445,831.65 | -$5,183,790.46 |
| LARGE COMP VALUE STOCK OPTION | $5,786,030.05 | -$3,560,695.61 | $2,225,334.44 |
| STOCK INDEX OPTION | $4,467,962.00 | -$2,937,726.61 | $1,530,235.39 |
| LARGE COMP GROWTH STOCK OPTION | $2,773,245.17 | -$3,485,445.99 | -$712,200.82 |
| INTERNATIONAL STK OPTION | $1,595,134.81 | -$3,149,314.04 | -$1,554,179.23 |
| SM/MID SIZE CO STK OPTION | $6,968,940.74 | -$6,254,900.24 | $714,040.50 |
| SCHWAB PCRA | $168,740.66 | -$127,574.61 | $41,166.05 |

# Participant Contact Summary

Period Ending June 30, 2013

## OREGON SAVINGS

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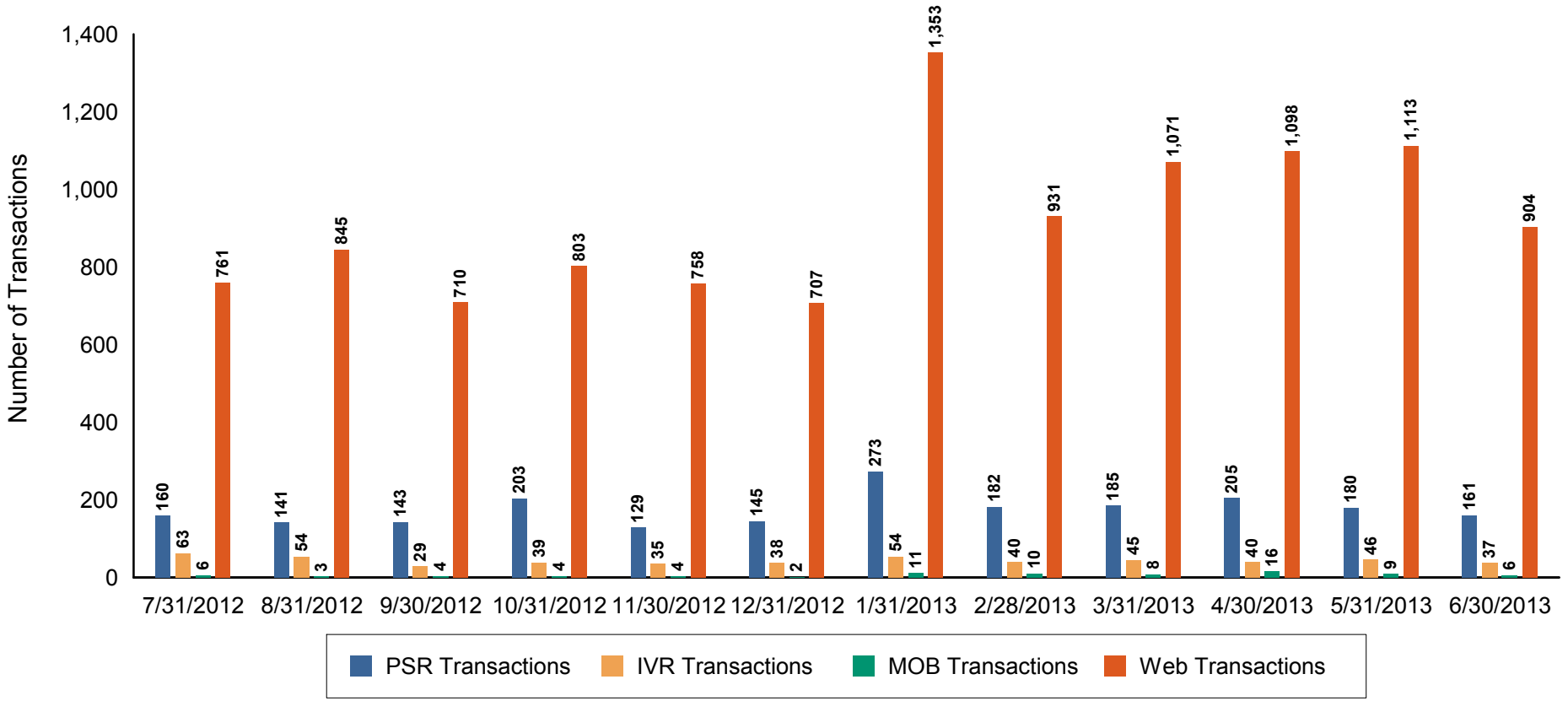
# Paperless Transaction Summary

Period Ending June 30, 2013

## OREGON SAVINGS

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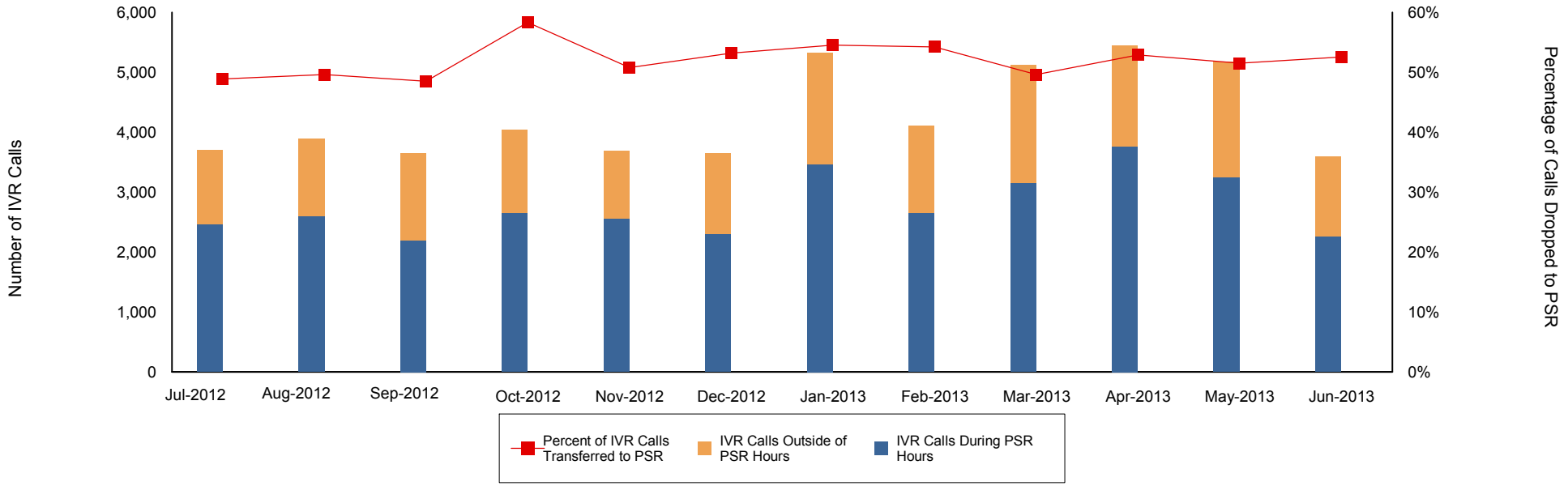
# IVR Activity

Period Ending June 30, 2013

## OREGON SAVINGS




| Date | Total IVR Calls | IVR Calls During PSR Hours | IVR Calls Outside of PSR Hours | IVR Calls Transferred to PSR | Percent of IVR Calls Transferred to PSR |
|---|---|---|---|---|---|
| Jul-2012 | 3,708 | 2,473 | 1,235 | 1,209 | 48.89 |
| Aug-2012 | 3,894 | 2,605 | 1,289 | 1,292 | 49.60 |
| Sep-2012 | 3,642 | 2,190 | 1,452 | 1,062 | 48.49 |
| Oct-2012 | 4,035 | 2,652 | 1,383 | 1,547 | 58.33 |
| Nov-2012 | 3,683 | 2,555 | 1,128 | 1,297 | 50.76 |
| Dec-2012 | 3,649 | 2,309 | 1,340 | 1,228 | 53.18 |
| Jan-2013 | 5,317 | 3,462 | 1,855 | 1,888 | 54.53 |
| Feb-2013 | 4,109 | 2,654 | 1,455 | 1,439 | 54.22 |
| Mar-2013 | 5,120 | 3,146 | 1,974 | 1,560 | 49.59 |
| Apr-2013 | 5,437 | 3,760 | 1,677 | 1,988 | 52.87 |
| May-2013 | 5,175 | 3,252 | 1,923 | 1,675 | 51.51 |
| Jun-2013 | 3,593 | 2,265 | 1,328 | 1,190 | 52.54 |

# PSR Activity

Period Ending June 30, 2013

## OREGON SAVINGS

| Reporting Period | PSR Call Volume | Average Speed of Answer (Seconds) | Average Call Length (Minutes) |
|---|---|---|---|
| Jul-2012 | 1,140 | 70 | 5.22 |
| Aug-2012 | 1,248 | 42 | 5.17 |
| Sep-2012 | 1,032 | 39 | 5.42 |
| Oct-2012 | 1,513 | 27 | 5.42 |
| Nov-2012 | 1,269 | 33 | 5.43 |
| Dec-2012 | 1,202 | 27 | 5.27 |
| Jan-2013 | 1,872 | 19 | 5.02 |
| Feb-2013 | 1,410 | 33 | 4.55 |
| Mar-2013 | 1,444 | 99 | 4.85 |
| Apr-2013 | 1,924 | 47 | 4.70 |
| May-2013 | 1,644 | 32 | 4.45 |
| Jun-2013 | 1,170 | 25 | 4.53 |

# PSR Activity

Period Ending June 30, 2013

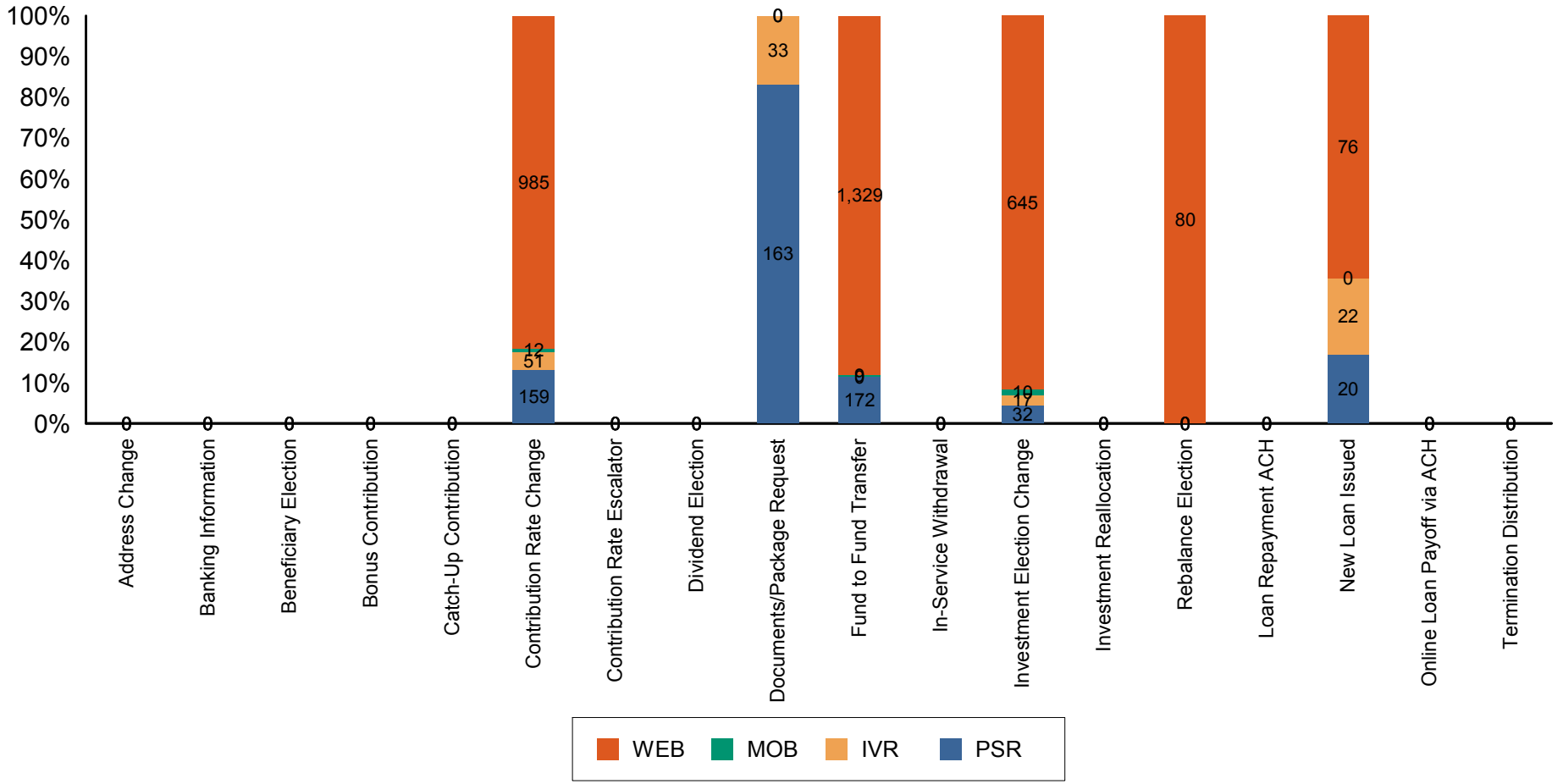
OREGON SAVINGS

| Reporting Period | PSR Call Volumes | Number of Abandoned Calls | Percent of Abandoned Calls |
|---|---|---|---|
| **Jul-2012** | 1,140 | 65 | 5.38% |
| **Aug-2012** | 1,248 | 43 | 3.33% |
| **Sep-2012** | 1,032 | 27 | 2.54% |
| **Oct-2012** | 1,513 | 29 | 1.87% |
| **Nov-2012** | 1,269 | 27 | 2.08% |
| **Dec-2012** | 1,202 | 23 | 1.87% |
| **Jan-2013** | 1,872 | 14 | 0.74% |
| **Feb-2013** | 1,410 | 24 | 1.67% |
| **Mar-2013** | 1,444 | 108 | 6.92% |
| **Apr-2013** | 1,924 | 59 | 2.97% |
| **May-2013** | 1,644 | 29 | 1.73% |
| **Jun-2013** | 1,170 | 14 | 1.18% |

# Paperless Transactions by Channel

Period Ending June 30, 2013

## OREGON SAVINGS GROWTH PLAN



# Paperless Transactions by Channel (IVR/PSR/WEB/MOB Combined)

Period Ending June 30, 2013

OREGON SAVINGS GROWTH PLAN

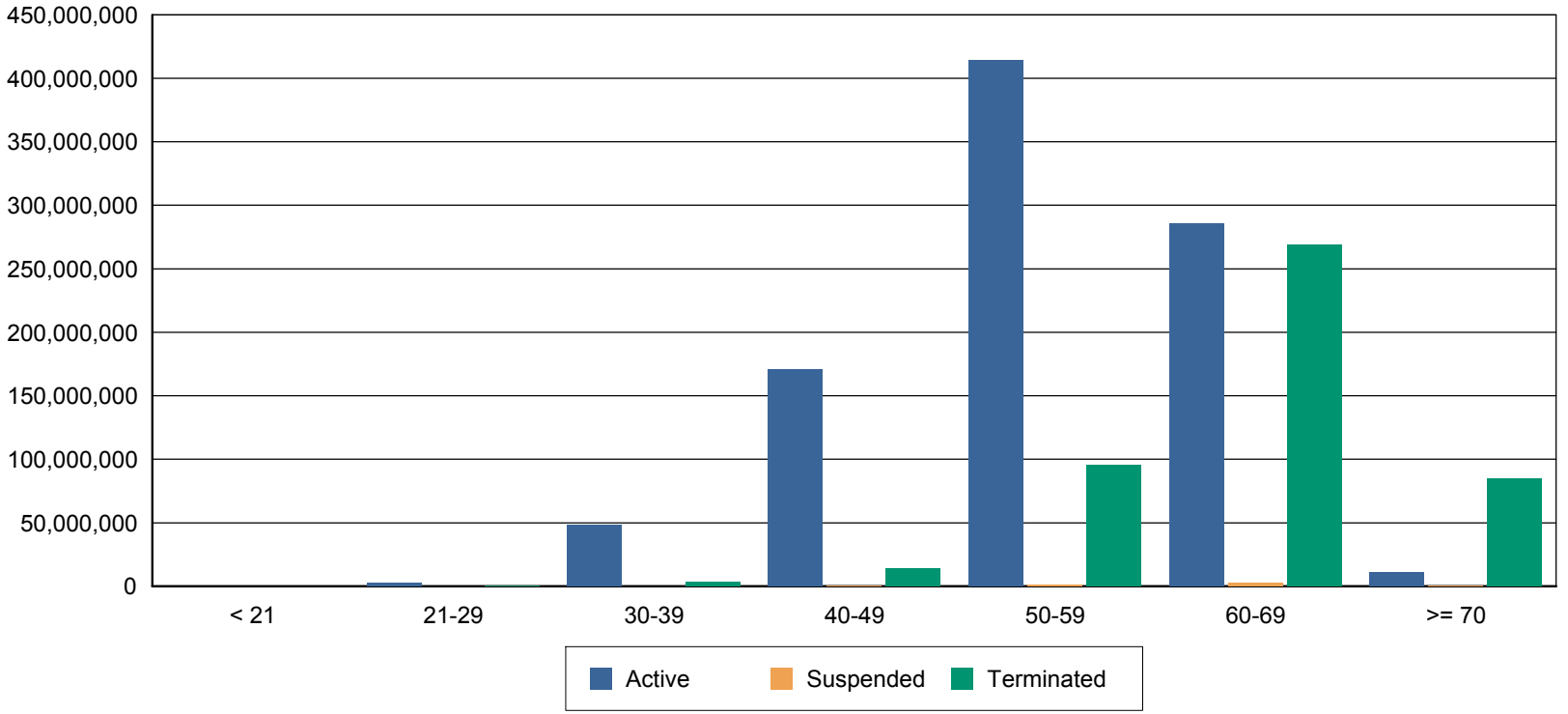
| Paperless Transaction Description | Transaction Volume |
|---|---|
| Address Change | 0 |
| Banking Information | 0 |
| Beneficiary Election | 0 |
| Bonus Contribution | 0 |
| Catch-up Contribution | 0 |
| Contribution Rate Change | 1,207 |
| Contribution Rate Escalator | 0 |
| Dividend Election | 0 |
| Document/Package Request | 196 |
| Fund to Fund Transfer | 1,510 |
| In-service Withdrawal | 0 |
| Investment Election Change | 704 |
| Investment Reallocation | 0 |
| Rebalance Election | 80 |
| Loan Repayment ACH Election | 0 |
| New Loans Issued | 118 |
| Online Loan Payoff via ACH | 0 |
| Termination Distribution | 0 |

**Enrollments for the Period: 0**

# Balances by Age and Status

Period Ending June 30, 2013

## OREGON SAVINGS GROWTH PLAN




| Status | < 21 | 21-29 | 30-39 | 40-49 | 50-59 | 60-69 | >= 70 |
|---|---|---|---|---|---|---|---|
| Active | $2,557 | $2,581,929 | $47,898,900 | $171,012,758 | $414,003,388 | $285,438,058 | $11,120,820 |
| Suspended | $0 | $57 | $21,954 | $127,475 | $1,303,565 | $2,250,918 | $134,283 |
| Terminated | $0 | $191,184 | $2,970,673 | $13,655,198 | $95,107,849 | $269,000,185 | $84,809,494 |

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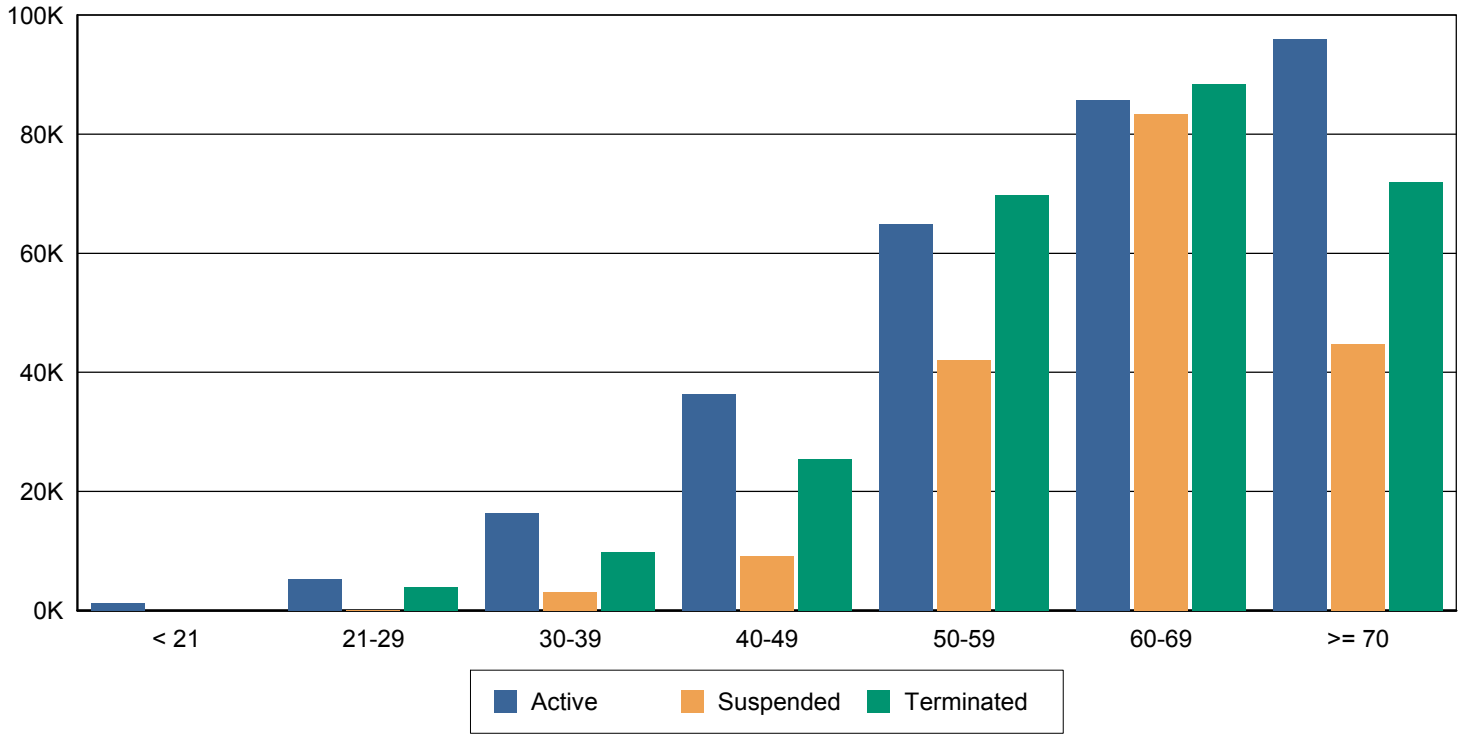
# Average Balances by Age and Status

Period Ending June 30, 2013

## OREGON SAVINGS GROWTH PLAN




| Status | < 21 | 21-29 | 30-39 | 40-49 | 50-59 | 60-69 | >= 70 |
|---|---|---|---|---|---|---|---|
| Active | $1,278 | $5,269 | $16,370 | $36,262 | $64,891 | $85,769 | $95,869 |
| Suspended | $0 | $57 | $3,136 | $9,105 | $42,050 | $83,367 | $44,761 |
| Terminated | $0 | $3,983 | $9,804 | $25,381 | $69,830 | $88,371 | $71,933 |

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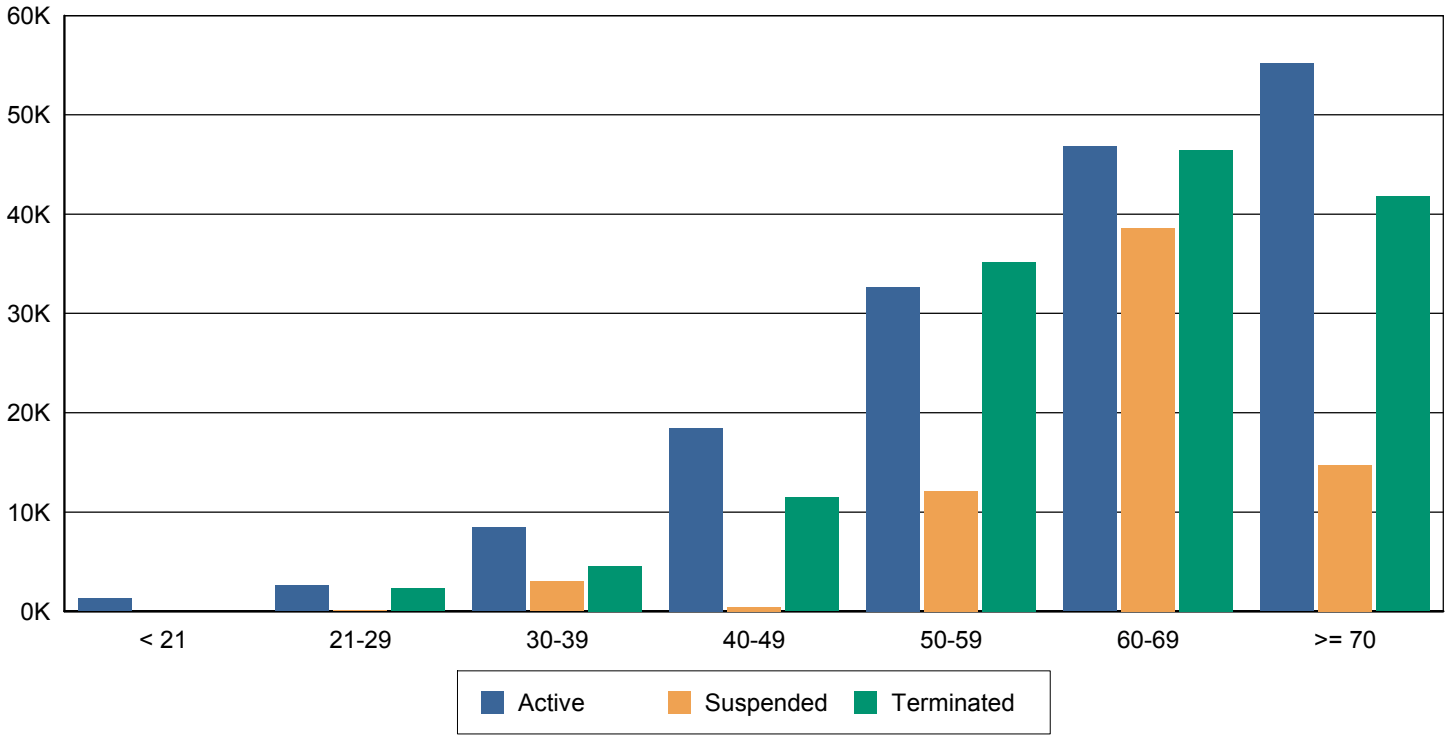
# Median Balance by Age and Status

Period Ending June 30, 2013

OREGON SAVINGS GROWTH PLAN




| Status | < 21 | 21-29 | 30-39 | 40-49 | 50-59 | 60-69 | >= 70 |
|---|---|---|---|---|---|---|---|
| Active | $1,278 | $2,597 | $8,453 | $18,472 | $32,657 | $46,836 | $55,168 |
| Suspended | $0 | $57 | $3,026 | $434 | $12,099 | $38,609 | $14,745 |
| Terminated | $0 | $2,283 | $4,546 | $11,466 | $35,172 | $46,488 | $41,772 |

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# Oregon Savings Growth Plan

## Performance Results

## as of April 30, 2013

Updated on 5/6/2013

| OPTION<br>*BENCHMARKS (for comparison)* | 1 Month | 3 Months | Year to Date | Annualized | | | | | | 10 Years |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | From Inception 10/31/96 | Since 10/31/01 | 1 Year | 2 Years | 3 Years | 5 Years | |
| Short-Term Fixed Option | -0.01% | -0.03% | -0.04% | 2.55% | 1.54% | -0.09% | -0.12% | -0.10% | 0.13% | 1.57% |
| *91-Day T-Bill* | *0.01%* | *0.03%* | *0.03%* | *2.82%* | *1.76%* | *0.12%* | *0.09%* | *0.11%* | *0.33%* | 1.77% |
| Stable Value Option | 0.13% | 0.38% | 0.50% | 3.96% | 3.25% | 1.49% | 1.48% | 1.56% | 2.01% | 3.07% |
| *91-Day T-Bill* | 0.01% | 0.03% | 0.03% | 2.82% | 1.76% | 0.12% | 0.09% | 0.11% | 0.33% | 1.77% |
| *Rolling Average 5 Year CMT*** | 0.14% | 0.42% | 0.57% | 4.48% | 3.79% | 1.88% | 2.24% | 2.57% | 3.05% | 3.57% |
| Intermediate-Bond Option | 1.11% | 1.65% | 1.18% | 5.95% | 5.66% | 5.23% | 6.33% | 6.29% | 6.85% | 5.45% |
| *BC Aggregate* | *1.01%* | *1.60%* | *0.89%* | *6.11%* | *5.28%* | *3.68%* | *5.59%* | *5.51%* | *5.72%* | 5.04% |
| Large Company Value Stock Option | 1.76% | 7.62% | 14.52% | 7.30% | 6.76% | 22.39% | 10.62% | 12.16% | 4.19% | 8.47% |
| *Russell 1000 Value* | *1.51%* | *7.05%* | *14.01%* | *7.93%* | *6.78%* | *21.80%* | *10.93%* | *12.35%* | *4.17%* | 8.42% |
| Stock Index Option | 1.60% | 6.97% | 12.81% | 7.02% | 6.14% | 17.00% | 9.92% | 12.60% | 5.49% | 8.28% |
| *Russell 3000* | *1.64%* | *7.02%* | *12.89%* | *7.27%* | *6.34%* | *17.21%* | *10.09%* | *12.78%* | *5.63%* | 8.48% |
| Large Company Growth Stock Option | 1.52% | 6.26% | 11.05% | 5.50% | 5.16% | 12.10% | 9.55% | 12.99% | 5.85% | 7.60% |
| *Russell 1000 Growth* | *2.12%* | *7.27%* | *11.87%* | *5.99%* | *5.36%* | *12.60%* | *9.90%* | *13.44%* | *6.66%* | 8.08% |
| International Stock Option | 4.21% | 3.46% | 7.89% | 6.32% | 7.71% | 17.28% | 1.58% | 7.56% | -0.18% | 9.62% |
| *MSCI EAFE* | 5.21% | *5.07%* | *10.61%* | *4.89%* | *6.82%* | *19.39%* | *2.02%* | *7.44%* | *-0.93%* | 9.23% |
| Small/Mid-Size Company Stock Option | -0.54% | 4.87% | 11.58% | 10.26% | 9.92% | 16.09% | 6.51% | 11.77% | 7.70% | 11.41% |
| *Russell 2500* | *0.31%* | *5.95%* | *13.20%* | *9.37%* | *9.64%* | *18.96%* | *7.85%* | *12.95%* | *7.95%* | 11.38% |
| LifePath® Retirement | 1.31% | 2.81% | *4.20%* | | | 7.81% | 5.74% | 7.51% | 5.11% | |
| LifePath® 2015 | 1.38% | 2.95% | *4.59%* | | | 8.40% | 5.47% | 7.75% | 4.32% | |
| LifePath® 2020 | 1.56% | 3.41% | *5.71%* | | | 9.75% | 5.57% | 8.28% | 4.20% | |
| LifePath® 2025 | 1.83% | 3.89% | *6.61%* | | | 10.96% | 5.78% | 8.73% | 4.08% | |
| LifePath® 2030 | 1.94% | 4.25% | *7.21%* | | | 11.97% | 5.82% | 9.09% | 3.91% | |
| LifePath® 2035 | 2.13% | 4.62% | *7.93%* | | | 12.93% | 5.92% | 9.44% | 3.76% | |
| LifePath® 2040 | 2.25% | 4.87% | *8.53%* | | | 13.65% | 5.90% | 9.66% | 3.57% | |
| LifePath® 2045 | 2.45% | 5.11% | *9.14%* | | | 14.49% | 5.97% | 9.91% | 3.40% | |
| LifePath® 2050 | 2.44% | 5.37% | *9.62%* | | | 15.11% | 6.00% | 10.17% | 3.60% | |
| LifePath® 2055 | 2.58% | 5.56% | *10.11%* | | | | | | | |

**5 Year Rolling Average of the 5 Year Constant Maturing Treasury Yield.

**Performance figures are net all fees including management, recordkeeping and other administrative fees. The results shown represent past performance and should not be considered a representation of performance of the options in the future. Investment returns and principal are not guaranteed.**

Monthly performance results are published on the PERS web page at www.pers.state.or.us
To access current account information 24 hours a day call our Customer Service Center at 1-800-365-8494.

# Oregon Savings Growth Plan

**Performance Results**

**as of May 31, 2013**

Updated on 6/7/2013

| OPTION<br>*BENCHMARKS (for comparison)* | 1 Month | 3 Months | Year to Date | Annualized | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | From Inception 10/31/96 | Since 10/31/01 | 1 Year | 2 Years | 3 Years | 5 Years | 10 Years |
| Short-Term Fixed Option | -0.01% | -0.03% | -0.05% | 2.53% | 1.53% | -0.10% | -0.12% | -0.10% | 0.10% | 1.56% |
| *91-Day T-Bill* | *0.01%* | *0.03%* | *0.03%* | *2.81%* | *1.75%* | *0.12%* | *0.09%* | *0.11%* | *0.32%* | 1.76% |
| Stable Value Option | 0.12% | 0.38% | 0.61% | 3.94% | 3.24% | 1.48% | 1.48% | 1.54% | 1.95% | 3.05% |
| *91-Day T-Bill* | 0.01% | 0.03% | 0.03% | 2.81% | 1.75% | 0.12% | 0.09% | 0.11% | 0.32% | 1.76% |
| *Rolling Average 5 Year CMT*** | 0.13% | 0.41% | 0.70% | 4.46% | 3.77% | 1.83% | 2.18% | 2.52% | 3.01% | 3.54% |
| Intermediate-Bond Option | -1.88% | -0.74% | -0.72% | 5.80% | 5.44% | 2.30% | 4.69% | 5.48% | 6.55% | 5.06% |
| *BC Aggregate* | *-1.78%* | *-0.71%* | *-0.91%* | *5.96%* | *5.08%* | *0.91%* | *3.97%* | *4.59%* | *5.50%* | 4.66% |
| Large Company Value Stock Option | 3.02% | 9.37% | 17.97% | 7.45% | 6.98% | 35.25% | 12.98% | 16.64% | 4.71% | 8.08% |
| *Russell 1000 Value* | *2.57%* | *8.24%* | *16.93%* | *8.06%* | *6.96%* | *32.71%* | *12.94%* | *16.59%* | *4.73%* | 8.02% |
| Stock Index Option | 2.37% | 8.09% | 15.49% | 7.14% | 6.31% | 27.72% | 11.86% | 16.65% | 5.57% | 7.91% |
| *Russell 3000* | *2.36%* | *8.11%* | *15.55%* | *7.38%* | *6.51%* | *27.88%* | *12.02%* | *16.82%* | *5.69%* | 8.09% |
| Large Company Growth Stock Option | 1.98% | 7.36% | 13.24% | 5.60% | 5.29% | 22.36% | 11.34% | 16.77% | 5.59% | 7.19% |
| *Russell 1000 Growth* | *1.86%* | *7.92%* | *13.95%* | *6.08%* | *5.49%* | *22.55%* | *11.52%* | *17.20%* | *6.28%* | 7.75% |
| International Stock Option | -1.66% | 2.85% | 6.10% | 6.17% | 7.49% | 29.59% | 2.21% | 11.05% | -0.81% | 8.76% |
| *MSCI EAFE* | -2.41% | *3.51%* | *7.94%* | *4.71%* | *6.55%* | *31.62%* | *2.30%* | *11.00%* | *-1.60%* | 8.32% |
| Small/Mid-Size Company Stock Option | 3.96% | 7.84% | 15.99% | 10.46% | 10.21% | 29.73% | 9.69% | 16.17% | 7.64% | 10.93% |
| *Russell 2500* | *3.09%* | *7.98%* | *16.69%* | *9.52%* | *9.85%* | *31.63%* | *10.16%* | *17.08%* | *7.61%* | 10.67% |
| LifePath® Retirement | -1.17% | 1.22% | *2.98%* | | | 9.10% | 5.17% | 8.12% | 4.83% | |
| LifePath® 2015 | -1.15% | 1.45% | *3.39%* | | | 10.37% | 4.96% | 8.80% | 3.98% | |
| LifePath® 2020 | -0.99% | 2.05% | *4.66%* | | | 13.03% | 5.34% | 9.75% | 3.83% | |
| LifePath® 2025 | -0.92% | 2.60% | *5.63%* | | | 15.23% | 5.69% | 10.52% | 3.68% | |
| LifePath® 2030 | -0.85% | 2.98% | *6.30%* | | | 17.16% | 5.88% | 11.18% | 3.52% | |
| LifePath® 2035 | -0.86% | 3.28% | *7.01%* | | | 18.76% | 6.08% | 11.76% | 3.33% | |
| LifePath® 2040 | -0.70% | 3.69% | *7.78%* | | | 20.34% | 6.20% | 12.32% | 3.16% | |
| LifePath® 2045 | -0.70% | 4.01% | *8.37%* | | | 21.88% | 6.33% | 12.77% | 2.97% | |
| LifePath® 2050 | -0.62% | 4.27% | *8.94%* | | | 23.32% | 6.45% | 13.31% | 3.12% | |
| LifePath® 2055 | -0.59% | 4.51% | *9.46%* | | | | | | | |

**5 Year Rolling Average of the 5 Year Constant Maturing Treasury Yield.

**Performance figures are net all fees including management, recordkeeping and other administrative fees. The results shown represent past performance and should not be considered a representation of performance of the options in the future. Investment returns and principal are not guaranteed.**

Monthly performance results are published on the PERS web page at www.pers.state.or.us

To access current account information 24 hours a day call our Customer Service Center at 1-800-365-8494.

# Oregon Savings Growth Plan

## Performance Results

## as of June 30, 2013

Updated on 7/5/2013

| OPTION<br>*BENCHMARKS (for comparison)* | 1 Month | 3 Months | Year to Date | Annualized | | | | | | 10 Years |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | From Inception 10/31/96 | Since 10/31/01 | 1 Year | 2 Years | 3 Years | 5 Years | |
| Short-Term Fixed Option | -0.01% | -0.03% | -0.06% | 2.52% | 1.52% | -0.10% | -0.12% | -0.11% | 0.06% | 1.55% |
| *91-Day T-Bill* | *0.01%* | *0.02%* | *0.04%* | *2.79%* | *1.74%* | *0.11%* | *0.08%* | *0.11%* | *0.29%* | 1.74% |
| Stable Value Option | 0.12% | 0.37% | 0.73% | 3.93% | 3.23% | 1.49% | 1.47% | 1.53% | 1.90% | 3.03% |
| *91-Day T-Bill* | 0.01% | 0.02% | 0.04% | 2.79% | 1.74% | 0.11% | 0.08% | 0.11% | 0.29% | 1.74% |
| *Rolling Average 5 Year CMT*** | 0.13% | 0.40% | 0.83% | 4.45% | 3.76% | 1.78% | 2.13% | 2.47% | 2.97% | 3.51% |
| Intermediate-Bond Option | -1.85% | -2.63% | -2.56% | 5.65% | 5.23% | 0.21% | 3.95% | 4.34% | 6.23% | 4.86% |
| *BC Aggregate* | *-1.55%* | *-2.32%* | *-2.44%* | *5.83%* | *4.90%* | *-0.69%* | *3.31%* | *3.51%* | *5.19%* | 4.52% |
| Large Company Value Stock Option | -0.73% | 4.05% | 17.10% | 7.37% | 6.86% | 28.06% | 13.84% | 18.62% | 6.74% | 7.87% |
| *Russell 1000 Value* | *-0.88%* | *3.20%* | *15.90%* | *7.96%* | *6.83%* | *25.32%* | *13.62%* | *18.51%* | *6.67%* | 7.79% |
| Stock Index Option | -1.33% | 2.63% | 13.96% | 7.01% | 6.14% | 21.27% | 12.16% | 18.46% | 7.12% | 7.63% |
| *Russell 3000* | *-1.30%* | *2.69%* | *14.06%* | *7.26%* | *6.34%* | *21.46%* | *12.31%* | *18.63%* | *7.25%* | 7.81% |
| Large Company Growth Stock Option | -1.67% | 1.80% | 11.35% | 5.46% | 5.10% | 17.44% | 11.18% | 18.46% | 6.97% | 6.90% |
| *Russell 1000 Growth* | *-1.88%* | *2.06%* | *11.80%* | *5.93%* | *5.28%* | *17.07%* | *11.27%* | *18.68%* | *7.47%* | 7.40% |
| International Stock Option | -3.46% | -1.07% | 2.42% | 5.92% | 7.11% | 18.01% | 1.16% | 10.24% | 0.43% | 8.11% |
| *MSCI EAFE* | -3.55% | *-0.98%* | *4.10%* | *4.46%* | *6.17%* | *18.62%* | *1.10%* | *10.04%* | *-0.63%* | 7.67% |
| Small/Mid-Size Company Stock Option | -0.80% | 2.57% | 15.06% | 10.35% | 10.06% | 24.05% | 10.35% | 18.69% | 9.32% | 10.57% |
| *Russell 2500* | *-1.09%* | *2.27%* | *15.42%* | *9.40%* | *9.67%* | *25.61%* | *10.79%* | *19.57%* | *9.21%* | 10.34% |
| LifePath® Retirement | -2.04% | -1.92% | *0.88%* | | | 5.10% | 4.55% | 7.67% | 5.06% | |
| LifePath® 2015 | -1.98% | -1.76% | *1.35%* | | | 6.10% | 4.50% | 8.55% | 4.53% | |
| LifePath® 2020 | -2.07% | -1.53% | *2.49%* | | | 7.99% | 4.93% | 9.64% | 4.56% | |
| LifePath® 2025 | -2.17% | -1.30% | *3.33%* | | | 9.49% | 5.23% | 10.60% | 4.52% | |
| LifePath® 2030 | -2.20% | -1.15% | *3.96%* | | | 10.79% | 5.51% | 11.41% | 4.50% | |
| LifePath® 2035 | -2.14% | -0.90% | *4.72%* | | | 12.16% | 5.76% | 12.13% | 4.43% | |
| LifePath® 2040 | -2.24% | -0.74% | *5.36%* | | | 13.22% | 5.94% | 12.78% | 4.33% | |
| LifePath® 2045 | -2.18% | -0.49% | *6.01%* | | | 14.40% | 6.11% | 13.43% | 4.27% | |
| LifePath® 2050 | -2.26% | -0.48% | *6.48%* | | | 15.51% | 6.25% | 14.01% | 4.43% | |
| LifePath® 2055 | -2.32% | -0.38% | *6.93%* | | | | | | | |

**5 Year Rolling Average of the 5 Year Constant Maturing Treasury Yield.

**Performance figures are net all fees including management, recordkeeping and other administrative fees. The results shown represent past performance and should not be considered a representation of performance of the options in the future. Investment returns and principal are not guaranteed.**

Monthly performance results are published on the PERS web page at www.pers.state.or.us
To access current account information 24 hours a day call our Customer Service Center at 1-800-365-8494.

**TED WHEELER**
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**STATE OF OREGON**
**OREGON STATE TREASURY**
159 STATE CAPITOL, 900 COURT ST NE
SALEM, OREGON 97301-4043

Date: August 6, 2013

To: Oregon Investment Council

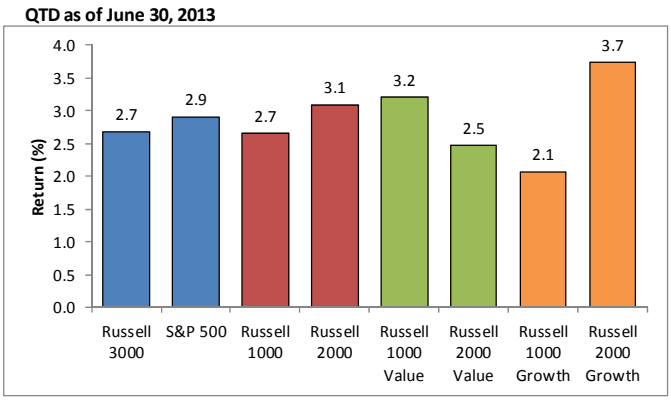
From: Ben Mahon, Public Equity Investment Officer

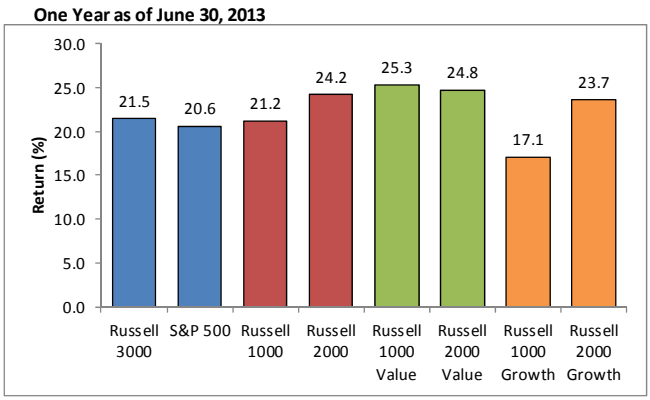
Re: 2nd Quarter 2013 Reporting, Deferred Compensation Program

## BACKGROUND

The **U.S. stock market**, as measured by the Russell 3000 index, posted a total return of 2.7 percent during the second quarter. The market's quarterly increase was realized despite giving back -1.3 percent in June, its first monthly loss since October 2012. Solid gains in April and May (up 1.6 and 2.4 percent, respectively) propelled U.S. stocks to notch an impressive 14.1 percent advance through the midpoint of calendar year 2013. This marked the best first half of a calendar year since 1998, when the U.S. stock market was up 15.5 percent. The one-year return stands at a notable 21.5 percent.

Small capitalization stocks extended their lead over large cap stocks, with the Russell 2000 index outperforming the Russell 1000 index by 0.4 percent (3.1 percent versus 2.7 percent). Among large cap stocks, value-oriented issues outperformed growth equities; however, the heightened interest-rate sensitivity of small cap value stocks led to these issues underperforming small cap growth equities. Micro cap led the market again, returning 5.1 percent during the second quarter, and 18.3 percent year-to-date.

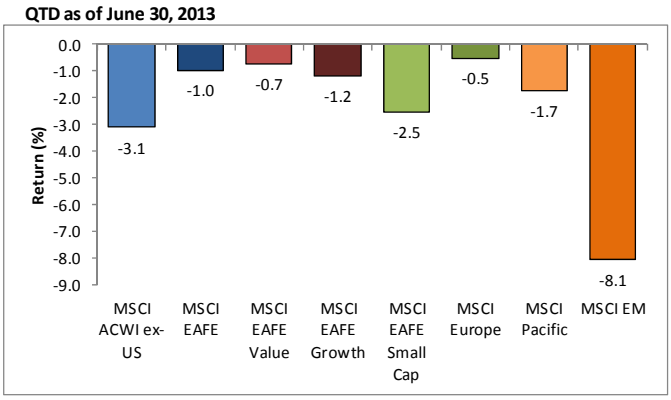


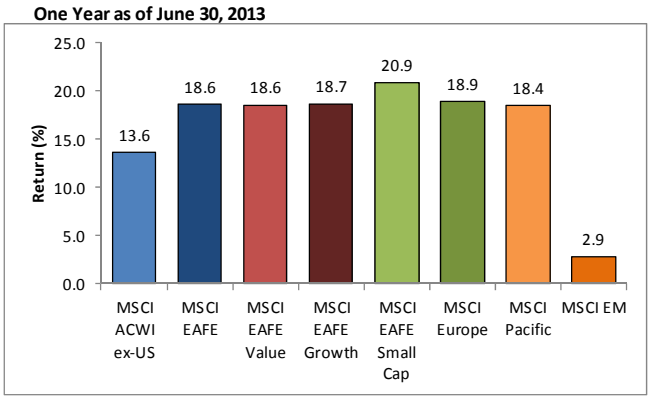




The best performing economic sectors of the stock market in the second quarter reflected stronger consumer sentiment and increased spending; Consumer Discretionary, Financials, and Health Care names led other sectors with returns of 7.0 percent, 5.2 percent, and 4.2 percent, respectively. The weakest performing sector was Materials, with a -2.6 percent return.

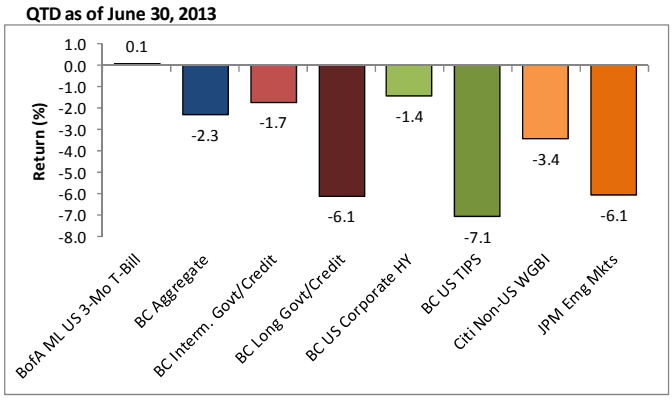
The **non-U.S. markets**, represented by the MSCI World ex-U.S. index, outpaced the emerging markets, as represented by the MSCI EM index, by nearly 7 percentage points. Around the world, only a few markets ended in positive territory. Continued optimism over Abenomics led to an increase of 4.4 percent in Japanese equities during the second quarter. Fears of Fed tapering and a Chinese slowdown as well as political unrest in Brazil and Turkey hurt sentiment towards emerging market equities. The MSCI EM index fell 8.1 percent during the second quarter.

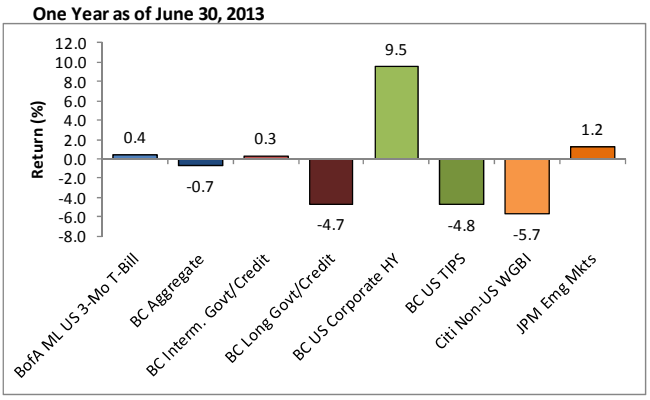
Dispersion among sectors widened in the quarter, with Consumer Discretionary stocks outperforming Materials names by nearly 16 percentage points.




In **U.S. Fixed Income**, Treasury yields moved markedly higher as investors considered how the Fed might ultimately end quantitative easing. The Barclays Aggregate index declined -2.3 percent, driven by rising rates and widening investment-grade credit spreads. Non-U.S. fixed income performed roughly in-line with U.S.-based paper, although the strength of the U.S. dollar eroded performance on unhedged assets.




The yield curve steepened during the quarter, with the spread between two-year and 30-year Treasuries widening 31 basis points to 316 basis points. As noted below, the 10-year Treasury yield expanded 65 basis points higher, up from 1.87 percent to 2.52 percent.

| Treasury Yield Curve Rates | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Date** | **1 Mo** | **3 Mo** | **6 Mo** | **1 Yr** | **2 Yr** | **3 Yr** | **5 Yr** | **7 Yr** | **10 Yr** | **20 Yr** | **30 Yr** |
| 12/31/2012 | 0.02 | 0.05 | 0.11 | 0.16 | 0.25 | 0.36 | 0.72 | 1.18 | 1.78 | 2.54 | 2.95 |
| 3/28/2013 | 0.04 | 0.07 | 0.11 | 0.14 | 0.25 | 0.36 | 0.77 | 1.24 | 1.87 | 2.71 | 3.10 |
| 6/28/2013 | 0.02 | 0.04 | 0.10 | 0.15 | 0.36 | 0.66 | 1.41 | 1.96 | 2.52 | 3.22 | 3.52 |
| Qtr change | -0.02 | -0.03 | -0.01 | +0.01 | +0.11 | +0.30 | +0.64 | +0.72 | +0.65 | +0.51 | +0.42 |

**OSGP OPTIONS REVIEW**

Performance for all options is reported net of investment management fees.

The **Short-Term Fixed Option** posted a net of fees return of -0.03%, underperforming the performance of its benchmark (91-day Treasury bill) by 0.05%. The negative return in this option continues to be explained by two factors: 1) historically low yields on Treasury securities; and 2) recordkeeping and administrative fees of the OSGP of 10 bps and 8 bps, respectively. State Street Global Markets (SSgM) Government Short Term Investment Fund (GSTIF) is the sole provider within the Short-Term Fixed Option and was selected as a conservative investment option, whose mandate is to invest in short-term U.S. Treasury instruments and to maintain an average maturity of the fund of less than 90 days. Given the expectation that the Fed will keep Treasury rates at low levels (3-month Treasury yields dipped as low as 0.02% at the end of 2011) for the foreseeable future, yields within the portfolio will continue to be low, causing the returns associated with this option to be negative after fees.

The **Stable Value Option** posted a return of 0.37%, outperforming the 91-day Treasury Bill by 0.35% but underperforming the Rolling Average 5-Year Constant Maturity Treasury Yield by 0.03%.

The **Intermediate-Bond Option** posted a return of -2.63%, underperforming the benchmark (Barclays Aggregate Bond Index) for the quarter by 0.31%.

The **Large Cap Value Equity Option** posted a return of 4.05% for the quarter, outperforming the Russell 1000 Value Index by 0.85%.

The **Total Market Equity Index Option** posted a return of 2.63%, underperforming the index (Russell 3000 Index) by 0.06%.

The **Large Cap Growth Equity Option** posted a return of 1.80% for the quarter, underperforming the Russell 1000 Growth Index by 0.26%.

The **International Stock Option** posted a return of 1.07% for the quarter, underperforming the benchmark (MSCI EAFE Index) by 0.09%.

The **Small/Mid Cap Equity Option** posted a return of 2.57% for the quarter, outperforming the benchmark (Russell 2500 Index) by 0.30%.

The **Blackrock LifePath Retirement Funds** all performed in line with their respective custom indices.

The **Charles Schwab Brokerage Window** finished the quarter with $3.2 million in assets. Given that the average plan participation rate in Self-Directed Brokerage Option ranges from 3 percent to 5 percent, we expect assets in this option to stabilize at about $40 million.

**OSGP WATCHLIST**

**Wells Capital's** U.S. large cap growth strategy tripped the performance shortfall trigger in July 2010 for underperforming in the three-, four-, and five-year trailing periods. While staff has continued confidence in the strategy, the underperformance compels Watchlist status, and is being monitored as part of the OPERF separately managed account.

**OSGP INVESTMENT CONSULTANT REVIEW**

Following this memo, you will find the second quarter 2013 quarterly performance review created by the **Arnerich Massena**.

# Oregon Savings Growth Plan

**Performance Results**

**as of June 30, 2013**

Updated on 7/5/2013

| OPTION<br>*BENCHMARKS (for comparison)* | 1 Month | 3 Months | Year to Date | Annualized | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | From Inception 10/31/96 | Since 10/31/01 | 1 Year | 2 Years | 3 Years | 5 Years | 10 Years |
| Short-Term Fixed Option | -0.01% | -0.03% | -0.06% | 2.52% | 1.52% | -0.10% | -0.12% | -0.11% | 0.06% | 1.55% |
| *91-Day T-Bill* | *0.01%* | *0.02%* | *0.04%* | *2.79%* | *1.74%* | *0.11%* | *0.08%* | *0.11%* | *0.29%* | 1.74% |
| Stable Value Option | 0.12% | 0.37% | 0.73% | 3.93% | 3.23% | 1.49% | 1.47% | 1.53% | 1.90% | 3.03% |
| *91-Day T-Bill* | 0.01% | 0.02% | 0.04% | 2.79% | 1.74% | 0.11% | 0.08% | 0.11% | 0.29% | 1.74% |
| *Rolling Average 5 Year CMT*** | 0.13% | 0.40% | 0.83% | 4.45% | 3.76% | 1.78% | 2.13% | 2.47% | 2.97% | 3.51% |
| Intermediate-Bond Option | -1.85% | -2.63% | -2.56% | 5.65% | 5.23% | 0.21% | 3.95% | 4.34% | 6.23% | 4.86% |
| *BC Aggregate* | *-1.55%* | *-2.32%* | *-2.44%* | *5.83%* | *4.90%* | *-0.69%* | *3.31%* | *3.51%* | *5.19%* | 4.52% |
| Large Company Value Stock Option | -0.73% | 4.05% | 17.10% | 7.37% | 6.86% | 28.06% | 13.84% | 18.62% | 6.74% | 7.87% |
| *Russell 1000 Value* | *-0.88%* | *3.20%* | *15.90%* | *7.96%* | *6.83%* | *25.32%* | *13.62%* | *18.51%* | *6.67%* | 7.79% |
| Stock Index Option | -1.33% | 2.63% | 13.96% | 7.01% | 6.14% | 21.27% | 12.16% | 18.46% | 7.12% | 7.63% |
| *Russell 3000* | *-1.30%* | *2.69%* | *14.06%* | *7.26%* | *6.34%* | *21.46%* | *12.31%* | *18.63%* | *7.25%* | 7.81% |
| Large Company Growth Stock Option | -1.67% | 1.80% | 11.35% | 5.46% | 5.10% | 17.44% | 11.18% | 18.46% | 6.97% | 6.90% |
| *Russell 1000 Growth* | *-1.88%* | *2.06%* | *11.80%* | *5.93%* | *5.28%* | *17.07%* | *11.27%* | *18.68%* | *7.47%* | 7.40% |
| International Stock Option | -3.46% | -1.07% | 2.42% | 5.92% | 7.11% | 18.01% | 1.16% | 10.24% | 0.43% | 8.11% |
| *MSCI EAFE* | *-3.55%* | *-0.98%* | *4.10%* | *4.46%* | *6.17%* | *18.62%* | *1.10%* | *10.04%* | *-0.63%* | 7.67% |
| Small/Mid-Size Company Stock Option | -0.80% | 2.57% | 15.06% | 10.35% | 10.06% | 24.05% | 10.35% | 18.69% | 9.32% | 10.57% |
| *Russell 2500* | *-1.09%* | *2.27%* | *15.42%* | *9.40%* | *9.67%* | *25.61%* | *10.79%* | *19.57%* | *9.21%* | 10.34% |
| LifePath® Retirement | -2.04% | -1.92% | *0.88%* | | | 5.10% | 4.55% | 7.67% | 5.06% | |
| LifePath® 2015 | -1.98% | -1.76% | *1.35%* | | | 6.10% | 4.50% | 8.55% | 4.53% | |
| LifePath® 2020 | -2.07% | -1.53% | *2.49%* | | | 7.99% | 4.93% | 9.64% | 4.56% | |
| LifePath® 2025 | -2.17% | -1.30% | *3.33%* | | | 9.49% | 5.23% | 10.60% | 4.52% | |
| LifePath® 2030 | -2.20% | -1.15% | *3.96%* | | | 10.79% | 5.51% | 11.41% | 4.50% | |
| LifePath® 2035 | -2.14% | -0.90% | *4.72%* | | | 12.16% | 5.76% | 12.13% | 4.43% | |
| LifePath® 2040 | -2.24% | -0.74% | *5.36%* | | | 13.22% | 5.94% | 12.78% | 4.33% | |
| LifePath® 2045 | -2.18% | -0.49% | *6.01%* | | | 14.40% | 6.11% | 13.43% | 4.27% | |
| LifePath® 2050 | -2.26% | -0.48% | *6.48%* | | | 15.51% | 6.25% | 14.01% | 4.43% | |
| LifePath® 2055 | -2.32% | -0.38% | *6.93%* | | | | | | | |

**5 Year Rolling Average of the 5 Year Constant Maturing Treasury Yield.

**Performance figures are net all fees including management, recordkeeping and other administrative fees. The results shown represent past performance and should not be considered a representation of performance of the options in the future. Investment returns and principal are not guaranteed.**

Arnerich Massena
Building Better Portfolios

# Oregon Savings Growth Plan 457

Performance Review
June 30, 2013

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Fax: 503-239-0369
E-mail: general@am-a.com

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joshaughnessy@am-a.com

Investment Analyst: **Bryan Shipley**
bshipley@am-a.com

Performance Measurement Analyst: **Tyler Bernstein**
tbernstein@am-a.com

# Oregon Savings Growth Plan 457

## Table of Contents - June 30, 2013


**Section 1** — **Portfolio Summary**

Manager Diversification

Asset Allocation

Evaluation Notes

Performance Results

**Section 2** — **Research**

Performance Attributions

**Section 3** — **Market Overviews**

Economic Overview
Fixed Income Markets Overview
US Equity Markets Overview International Markets Overview
Annual Equity Asset Class and Style Returns

Arnerich Massena

Building Better Portfolios

Selected pages of this report are left blank
to properly display facing pages.

# Oregon Savings Growth Plan 457

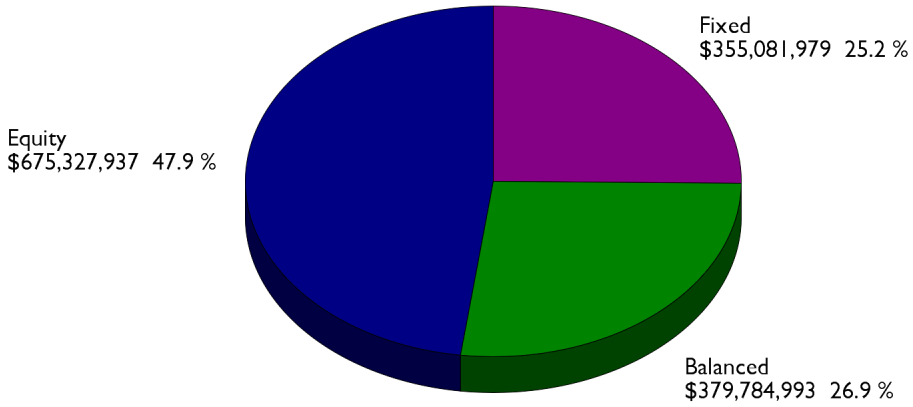
## Manager Diversification as of June 30, 2013

| | Market Value | Actual |
|---|---|---|
| Loans | $8,563,664 | 0.6% |
| Loan Fund | $8,563,664 | 0.6% |
| Money Market | $49,936,035 | 3.5% |
| Short Term Fixed Option | $49,936,035 | 3.5% |
| Stable Value | $191,489,983 | 13.6% |
| Stable Value Option - OSGP | $191,489,983 | 13.6% |
| Fixed | $105,092,297 | 7.5% |
| Intermediate Bond Option - OSGP | $105,092,297 | 7.5% |
| Balanced | $379,784,993 | 26.9% |
| BR LP 2015 Index Q | $91,381,507 | 6.5% |
| BR LP 2020 Index Q | $75,911,727 | 5.4% |
| BR LP 2025 Index Q | $40,624,785 | 2.9% |
| BR LP 2030 Index Q | $28,739,716 | 2.0% |
| BR LP 2035 Index Q | $19,609,982 | 1.4% |
| BR LP 2040 Index Q | $10,273,234 | 0.7% |
| BR LP 2045 Index Q | $4,634,973 | 0.3% |
| BR LP 2050 Index Q | $8,039,401 | 0.6% |
| BR LP 2055 Index Q | $1,071,174 | 0.1% |
| BR LP Ret Indx Q | $99,498,495 | 7.1% |
| Large Cap | $379,527,863 | 26.9% |
| Large Company Growth Stock Option - OSGP | $114,908,894 | 8.2% |
| Large Company Value Stock Option - OSGP | $124,385,532 | 8.8% |
| Total Market Equity Index Option - OSGP | $140,233,437 | 9.9% |
| Small-Mid Cap | $195,206,826 | 13.8% |
| Small-Mid Size Company Stock Option - OSGP | $195,206,826 | 13.8% |
| International | $97,337,569 | 6.9% |
| International Stock Option - OSGP | $97,337,569 | 6.9% |

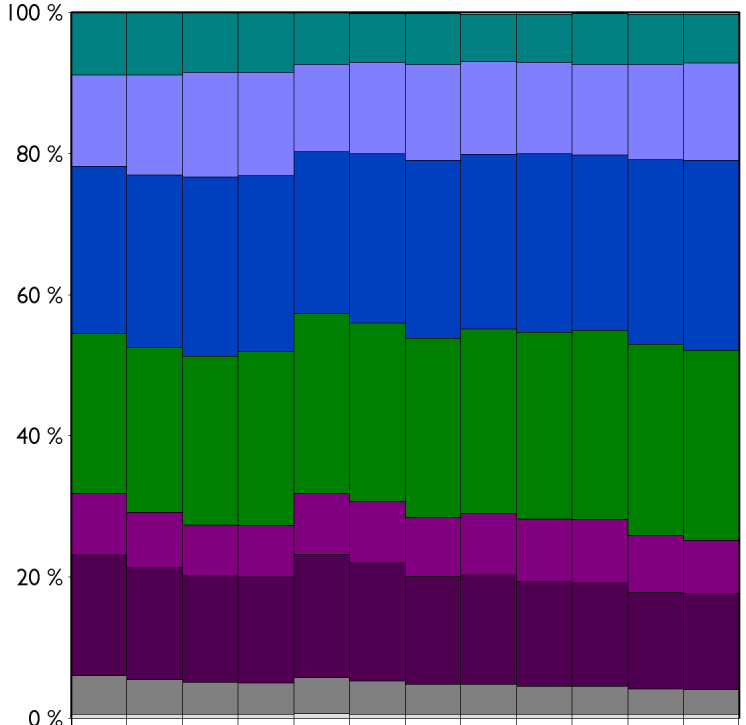
| | Market Value | Actual |
|---|---|---|
| Self Directed | $3,255,679 | 0.2% |
| Self-Directed Option | $3,255,679 | 0.2% |
| Oregon Savings Growth Plan | $1,410,194,909 | 100.0% |

# Oregon Savings Growth Plan 457

Total Assets: $1,410,194,909




## Historical Asset Allocation as of June 30, 2013




| | 3Q 10 | 4Q 10 | 1Q 11 | 2Q 11 | 3Q 11 | 4Q 11 | 1Q 12 | 2Q 12 | 3Q 12 | 4Q 12 | 1Q 13 | 2Q 13 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Self Directed | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| International | 8.8 | 8.8 | 8.5 | 8.4 | 7.3 | 6.9 | 7.2 | 6.7 | 6.8 | 7.2 | 7.1 | 6.9 |
| Small-Mid Cap | 12.9 | 14.1 | 14.8 | 14.6 | 12.3 | 12.9 | 13.6 | 13.1 | 12.9 | 12.8 | 13.5 | 13.8 |
| Large Cap | 23.7 | 24.5 | 25.4 | 25.0 | 23.0 | 24.0 | 25.2 | 24.8 | 25.3 | 24.8 | 26.1 | 26.9 |
| Balanced | 22.7 | 23.3 | 23.9 | 24.6 | 25.5 | 25.3 | 25.4 | 26.1 | 26.5 | 26.9 | 27.1 | 26.9 |
| Fixed | 8.7 | 7.9 | 7.2 | 7.3 | 8.6 | 8.7 | 8.3 | 8.7 | 8.8 | 8.9 | 8.1 | 7.5 |
| Stable Value | 17.1 | 15.8 | 15.1 | 15.0 | 17.4 | 16.7 | 15.3 | 15.5 | 14.9 | 14.7 | 13.6 | 13.6 |
| Money Market | 5.4 | 4.9 | 4.5 | 4.4 | 5.1 | 4.7 | 4.2 | 4.2 | 3.9 | 3.9 | 3.6 | 3.5 |
| Loans | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| Total Assets (Millions $) | 1,071 | 1,146 | 1,197 | 1,204 | 1,092 | 1,169 | 1,263 | 1,241 | 1,299 | 1,320 | 1,399 | 1,410 |

# Oregon Savings Growth Plan 457

## Performance Measurement Notes as of June 30, 2013

| Product Name | Report Short Name | Ticker |
|---|---|---|
| Loan Fund | Loan Fund | N/A |
| Short Term Fixed Option - OSGP | Short Term Fixed Option | N/A |
| Stable Value Option - OSGP | Stable Value Option - OSGP | N/A |
| Intermediate Bond Option - OSGP | Intermediate Bond Option - OSGP | N/A |
| BlackRock LP 2015 Index Q | BR LP 2015 Index Q | N/A |
| BlackRock LP 2020 Index Q | BR LP 2020 Index Q | N/A |
| BlackRock LP 2025 Index Q | BR LP 2025 Index Q | N/A |
| BlackRock LP 2030 Index Q | BR LP 2030 Index Q | N/A |
| BlackRock LP 2035 Index Q | BR LP 2035 Index Q | N/A |
| BlackRock LP 2040 Index Q | BR LP 2040 Index Q | N/A |
| BlackRock LP 2045 Index Q | BR LP 2045 Index Q | N/A |
| BlackRock LP 2050 Index Q | BR LP 2050 Index Q | N/A |
| BlackRock LP 2055 Index Q | BR LP 2055 Index Q | N/A |
| BlackRock LP Retirement Index Q | BR LP Ret Indx Q | N/A |
| Large Company Growth Stock Option - OSGP | Large Company Growth Stock Option - OSGP | N/A |
| Large Company Value Stock Option - OSGP | Large Company Value Stock Option - OSGP | N/A |
| Total Market Equity Index Option - OSGP | Total Market Equity Index Option - OSGP | N/A |
| Small-Mid Size Company Stock Option - OSGP | Small-Mid Size Company Stock Option - OSGP | N/A |
| International Stock Option - OSGP | International Stock Option - OSGP | N/A |
| Self-Directed Option | Self-Directed Option | N/A |

### Fund Manager Review Key

| Symbol | Perf Ranking | Style/Cap Consist | Expense Ratio | Manager Tenure |
|---|---|---|---|---|
| | 25th Percentile and Better | Consistent | 0.1% or more below average | greater than 36 months |
| | 26th to 50th Percentile | N/A | .01% to .09% below average | 25 - 36 months |
|  | 51st to 75th Percentile | Not Consistent | .01% to .09% above average | 13 - 24 months |
| | 76th Percentile and Below | N/A | 0.1% or more above average | 12 months or less |

### Performance Reporting Notes:

There are no performance notes at this time.

# Oregon Savings Growth Plan 457

## Fund Manager Review Summary as of June 30, 2013

| | | Qtr. End | Performance Rankings 1 Yr. | 3 Yrs. | 5 Yrs. | 10 Yrs. | Style/Cap Consist. | Expense Ratio | Avg. Mgmt Tenure |
|---|---|---|---|---|---|---|---|---|---|
| **Fixed** | | | | | | | | | |
| Intermediate Bond Option - OSGP | N/A | 2Q13 | 54 | 39 | 27 | 24 | N/A | N/A | N/A |
| | | 1Q13 | 52 | 34 | 26 | 25 | | | |
| **Balanced** | | | | | | | | | |
| BR LP 2015 Index Q | N/A | 2Q13 | 82 | 58 | 30 | N/A | N/A | N/A | N/A |
| | | 1Q13 | 68 | 41 | 28 | N/A | | | |
| BR LP 2020 Index Q | N/A | 2Q13 | 69 | 54 | 30 | N/A | N/A | N/A | N/A |
| | | 1Q13 | 49 | 41 | 27 | N/A | | | |
| BR LP 2025 Index Q | N/A | 2Q13 | 81 | 67 | 29 | N/A | N/A | N/A | N/A |
| | | 1Q13 | 54 | 38 | 25 | N/A | | | |
| BR LP 2030 Index Q | N/A | 2Q13 | 75 | 55 | 28 | N/A | N/A | N/A | N/A |
| | | 1Q13 | 47 | 37 | 24 | N/A | | | |
| BR LP 2035 Index Q | N/A | 2Q13 | 87 | 68 | 34 | N/A | N/A | N/A | N/A |
| | | 1Q13 | 49 | 37 | 34 | N/A | | | |
| BR LP 2040 Index Q | N/A | 2Q13 | 75 | 49 | 34 | N/A | N/A | N/A | N/A |
| | | 1Q13 | 34 | 32 | 35 | N/A | | | |
| BR LP 2045 Index Q | N/A | 2Q13 | 75 | 46 | 37 | N/A | N/A | N/A | N/A |
| | | 1Q13 | 35 | 32 | 40 | N/A | | | |
| BR LP 2050 Index Q | N/A | 2Q13 | 63 | 17 | 36 | N/A | N/A | N/A | N/A |
| | | 1Q13 | 16 | 21 | 35 | N/A | | | |
| BR LP 2055 Index Q | N/A | 2Q13 | 60 | N/A | N/A | N/A | N/A | N/A | N/A |
| | | 1Q13 | 8 | N/A | N/A | N/A | | | |

- Performance results are net of investment advisory fees and/or expense ratio.
- Percentile rankings are based on the applicable Morningstar peer group universe assigned.

# Oregon Savings Growth Plan 457

## Fund Manager Review Summary as of June 30, 2013

| | | Qtr. End | Performance Rankings 1 Yr. | 3 Yrs. | 5 Yrs. | 10 Yrs. | Style/Cap Consist. | Expense Ratio | Avg. Mgmt Tenure |
|---|---|---|---|---|---|---|---|---|---|
| **Balanced(Cont.)** | | | | | | | | | |
| BR LP Ret Indx Q | N/A | 2Q13 | 57 | 36 | 21 | N/A | N/A | N/A | N/A |
| | | 1Q13 | 47 | 25 | 13 | N/A | | | |
| **Large Cap** | | | | | | | | | |
| Large Company Growth Stock Option - OSGP | N/A | 2Q13 | 45 | 17 | 29 | 51 | N/A | N/A | N/A |
| | | 1Q13 | 34 | 16 | 28 | 49 | | | |
| Large Company Value Stock Option - OSGP | N/A | 2Q13 | 11 | 15 | 37 | 25 | N/A | N/A | N/A |
| | | 1Q13 | 7 | 25 | 43 | 26 | | | |
| Total Market Equity Index Option - OSGP | N/A | 2Q13 | 39 | 15 | 19 | 21 | N/A | N/A | N/A |
| | | 1Q13 | 21 | 12 | 18 | 22 | | | |
| **Small-Mid Cap** | | | | | | | | | |
| Small-Mid Size Company Stock Option - OSGP | N/A | 2Q13 | 51 | 41 | 30 | 21 | N/A | N/A | N/A |
| | | 1Q13 | 61 | 42 | 25 | 19 | | | |
| **International** | | | | | | | | | |
| International Stock Option - OSGP | N/A | 2Q13 | 31 | 38 | 29 | 33 | N/A | N/A | N/A |
| | | 1Q13 | 38 | 36 | 34 | 26 | | | |

- Performance results are net of investment advisory fees and/or expense ratio.
- Percentile rankings are based on the applicable Morningstar peer group universe assigned.

# Oregon Savings Growth Plan 457

## Trailing Period Performance and Relative Rank as of June 30, 2013

| Product | Curr Qtr | YTD | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year |
|---|---|---|---|---|---|---|---|
| Short Term Fixed Option - N/A | 0.0 | 0.0 | 0.1 | 0.1 | 0.3 | 1.5 | 1.8 |
| *T-Bills* | *0.0* | *0.0* | *0.1* | *0.1* | *0.3* | *1.4* | *1.7* |
| Money Market Taxable | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 1.3 | 1.5 |
| Peer Group Rank | 12 | 11 | 10 | 11 | 29 | 20 | 12 |
| Stable Value Option - OSGP - N/A | 0.4 | 0.8 | 1.7 | 1.7 | 2.1 | 2.8 | 3.3 |
| *T-Bills* | *0.0* | *0.0* | *0.1* | *0.1* | *0.3* | *1.4* | *1.7* |
| *eA Stable Value Median* | *0.4* | *1.0* | *2.1* | *2.6* | *3.1* | *3.6* | *3.9* |
| Intermediate Bond Option - OSGP - N/A | (2.6) | (2.5) | 0.3 | 4.5 | 6.4 | 6.1 | 5.0 |
| *BC Aggregate Bond Index* | *(2.3)* | *(2.4)* | *(0.7)* | *3.5* | *5.2* | *5.6* | *4.5* |
| Intermediate-Term Bond | (2.6) | (2.5) | 0.5 | 4.1 | 5.6 | 5.5 | 4.4 |
| Peer Group Rank | 43 | 47 | 54 | 39 | 27 | 30 | 24 |
| BR LP 2015 Index Q - N/A | (1.7) | 1.4 | 6.3 | 8.8 | 4.7 | - | - |
| *BlackRock 2015 Index* | *(1.8)* | *1.5* | *6.2* | *8.7* | *4.8* | *5.0* | *6.3* |
| Target Date 2011-2015 | (1.3) | 2.3 | 8.4 | 9.1 | 4.2 | 3.5 | - |
| Peer Group Rank | 74 | 77 | 82 | 58 | 30 | - | - |
| BR LP 2020 Index Q - N/A | (1.5) | 2.6 | 8.2 | 9.8 | 4.8 | - | - |
| *BlackRock 2020 Index* | *(1.5)* | *2.5* | *8.1* | *9.8* | *4.8* | *4.9* | *6.6* |
| Target Date 2016-2020 | (1.1) | 3.3 | 9.7 | 10.0 | 4.2 | 3.9 | - |
| Peer Group Rank | 72 | 66 | 69 | 54 | 30 | - | - |

- Performance results are NET of Management Fees and/or Expense Ratios and reflect the impact of dividends and earnings. Returns reflect generic fund performance as reported by the fund managers. Actual results may vary due to cash flows and/or other account specific activity. Past performance is not indicative of future returns.
- Percentile rankings are based on the applicable Morningstar peer group universe assigned.

# Oregon Savings Growth Plan 457

## Trailing Period Performance and Relative Rank as of June 30, 2013

| Product | Curr Qtr | YTD | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year |
|---|---|---|---|---|---|---|---|
| BR LP 2025 Index Q - N/A | (1.3) | 3.4 | 9.7 | 10.8 | 4.7 | - | - |
| *BlackRock 2025 Index* | *(1.3)* | *3.4* | *9.6* | *10.7* | *4.7* | *4.8* | *6.7* |
| Target Date 2021-2025 | (0.6) | 4.8 | 12.1 | 11.3 | 4.2 | 3.3 | - |
| Peer Group Rank | 86 | 77 | 81 | 67 | 29 | - | - |
| BR LP 2030 Index Q - N/A | (1.1) | 4.0 | 10.9 | 11.6 | 4.7 | - | - |
| *BlackRock 2030 Index* | *(1.0)* | *4.3* | *11.1* | *11.5* | *4.7* | *4.7* | *6.9* |
| Target Date 2026-2030 | (0.3) | 5.5 | 13.2 | 11.8 | 4.0 | 3.5 | - |
| Peer Group Rank | 78 | 77 | 75 | 55 | 28 | - | - |
| BR LP 2035 Index Q - N/A | (0.9) | 4.8 | 12.4 | 12.3 | 4.6 | - | - |
| *BlackRock 2035 Index* | *(0.9)* | *5.0* | *12.3* | *12.2* | *4.6* | *4.5* | *7.0* |
| Target Date 2031-2035 | 0.2 | 6.6 | 15.3 | 12.9 | 4.2 | 3.4 | - |
| Peer Group Rank | 88 | 88 | 87 | 68 | 34 | - | - |
| BR LP 2040 Index Q - N/A | (0.7) | 5.4 | 13.4 | 13.0 | 4.5 | - | - |
| *BlackRock 2040 Index* | *(0.7)* | *5.6* | *13.5* | *12.9* | *4.5* | *4.4* | *7.1* |
| Target Date 2036-2040 | 0.2 | 7.0 | 15.5 | 12.9 | 3.9 | 3.5 | - |
| Peer Group Rank | 79 | 76 | 75 | 49 | 34 | - | - |
| BR LP 2045 Index Q - N/A | (0.4) | 6.1 | 14.6 | 13.6 | 4.5 | - | - |
| *BlackRock 2045 Index* | *(0.5)* | *6.3* | *14.6* | *13.5* | *4.4* | *4.3* | *7.2* |
| Target Date 2041-2045 | 0.4 | 7.5 | 16.3 | 13.5 | 4.0 | 3.2 | - |
| Peer Group Rank | 87 | 79 | 75 | 46 | 37 | - | - |
| BR LP 2050 Index Q - N/A | (0.4) | 6.6 | 15.7 | 14.2 | 4.6 | - | - |
| *BlackRock 2050 Index* | *(0.4)* | *6.8* | *15.6* | *14.0* | *4.6* | *4.5* | *7.6* |
| Target Date 2046-2050 | 0.3 | 7.5 | 16.4 | 13.4 | 4.1 | - | - |
| Peer Group Rank | 79 | 70 | 63 | 17 | 36 | - | - |

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- Percentile rankings are based on the applicable Morningstar peer group universe assigned.

# Oregon Savings Growth Plan 457

## Trailing Period Performance and Relative Rank as of June 30, 2013

| Product | Curr Qtr | YTD | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year |
|---|---|---|---|---|---|---|---|
| BR LP 2055 Index Q - N/A | (0.3) | 7.0 | 16.6 | - | - | - | - |
| *BlackRock 2055 Index* | *(0.3)* | *7.3* | *16.5* | - | - | - | - |
| Target Date 2051+ | 0.4 | 7.6 | 16.9 | 13.6 | - | - | - |
| Peer Group Rank | 92 | 77 | 60 | - | - | - | - |
| BR LP Ret Indx Q - N/A | (1.9) | 1.0 | 5.3 | 7.9 | 5.3 | - | - |
| *BlackRock Retirement Index* | *(1.9)* | *0.9* | *5.2* | *7.8* | *5.3* | *5.5* | *5.9* |
| Retirement Income | (1.4) | 1.2 | 5.7 | 7.1 | 4.6 | 4.3 | - |
| Peer Group Rank | 70 | 55 | 57 | 36 | 21 | - | - |
| Large Company Growth Stock Option - OSGP - N/A | 1.8 | 11.4 | 17.5 | 18.5 | 6.9 | 5.9 | 6.9 |
| *S&P 500 Index* | *2.9* | *13.8* | *20.6* | *18.5* | *7.0* | *5.7* | *7.3* |
| *Russell 1000 Growth Index* | *2.1* | *11.8* | *17.1* | *18.7* | *7.5* | *7.0* | *7.4* |
| Large Growth | 2.0 | 11.0 | 17.0 | 16.5 | 5.6 | 5.6 | 6.9 |
| Peer Group Rank | 56 | 43 | 45 | 17 | 29 | 43 | 51 |
| Large Company Value Stock Option - OSGP - N/A | 4.1 | 17.2 | 28.2 | 18.8 | 6.8 | 4.6 | 7.9 |
| *S&P 500 Index* | *2.9* | *13.8* | *20.6* | *18.5* | *7.0* | *5.7* | *7.3* |
| *Russell 1000 Value Index* | *3.2* | *15.9* | *25.3* | *18.5* | *6.7* | *4.6* | *7.8* |
| Large Value | 3.4 | 15.0 | 23.3 | 17.0 | 6.2 | 4.5 | 7.2 |
| Peer Group Rank | 27 | 14 | 11 | 15 | 37 | 47 | 25 |
| Total Market Equity Index Option - OSGP - N/A | 2.7 | 14.0 | 21.5 | 18.6 | 7.3 | 5.8 | 7.8 |
| *S&P 500 Index* | *2.9* | *13.8* | *20.6* | *18.5* | *7.0* | *5.7* | *7.3* |
| *Russell 3000 Index* | *2.7* | *14.1* | *21.5* | *18.6* | *7.2* | *5.8* | *7.8* |
| Large Blend | 2.7 | 13.6 | 20.5 | 16.9 | 5.9 | 4.9 | 6.8 |
| Peer Group Rank | 51 | 37 | 39 | 15 | 19 | 20 | 21 |

- Performance results are NET of Management Fees and/or Expense Ratios and reflect the impact of dividends and earnings. Returns reflect generic fund performance as reported by the fund managers. Actual results may vary due to cash flows and/or other account specific activity. Past performance is not indicative of future returns.
- Percentile rankings are based on the applicable Morningstar peer group universe assigned.

# Oregon Savings Growth Plan 457

## Trailing Period Performance and Relative Rank as of June 30, 2013

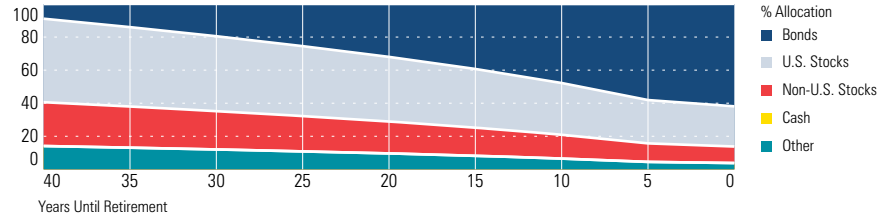
| Product | Curr Qtr | YTD | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year |
|---|---|---|---|---|---|---|---|
| Small-Mid Size Company Stock Option - OSGP - N/A | 2.6 | 15.1 | 24.2 | 18.7 | 9.3 | 7.0 | 10.5 |
| *Russell 2500 Index* | *2.3* | *15.4* | *25.6* | *19.6* | *9.2* | *6.8* | *10.3* |
| Small Blend | 2.6 | 15.4 | 24.3 | 18.2 | 8.0 | 5.3 | 9.3 |
| Peer Group Rank | 50 | 54 | 51 | 41 | 30 | 17 | 21 |
| International Stock Option - OSGP - N/A | (1.1) | 2.4 | 18.0 | 10.2 | 0.2 | 1.8 | 7.9 |
| *MSCI ACWI ex-US* | *(2.9)* | *0.3* | *14.1* | *8.5* | *(0.3)* | *2.6* | *9.1* |
| *MSCI EAFE Index* | *(0.7)* | *4.5* | *19.1* | *10.6* | *(0.2)* | *1.9* | *8.2* |
| Foreign Large Blend | (1.0) | 2.8 | 16.2 | 9.5 | (0.9) | 1.4 | 7.3 |
| Peer Group Rank | 54 | 56 | 31 | 38 | 29 | 40 | 33 |

- Performance results are NET of Management Fees and/or Expense Ratios and reflect the impact of dividends and earnings. Returns reflect generic fund performance as reported by the fund managers. Actual results may vary due to cash flows and/or other account specific activity. Past performance is not indicative of future returns.
- Percentile rankings are based on the applicable Morningstar peer group universe assigned.

# LifePath® Index 2015 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Barclays U.S. Aggregate Bond Index | LifePath® Index 2015 Custom Benchmark | Target Date 2011-2015 | ★★★★ See disclosure for details. | Average | Below Average |

## Allocation of Stocks and Bonds




## Investment Objective and Strategy

The Fund provides long-term investors with an asset allocation strategy designed to maximize assets for retirement, or for other purposes, consistent with the risk that investors, on average, may be willing to accept given their investment time horizon.

The Fund is a collective investment trust maintained and managed by BlackRock Institutional Trust Company, N.A. ("BTC").

The Fund shall be invested and reinvested in securities and other assets with the objective of providing maximum total return consistent with the quantitatively measured risk investors, on average, at various stages in their employment cycle, may be willing to accept in an effort to maximize assets available during the period chosen for retirement.

The Fund's investments may include: equity securities (including those issued by real estate companies); depository receipts; debt securities and other fixed income obligations (including those issued or guaranteed by the U.S. government, its agencies or instrumentalities, and those issued by corporations or other entities); mortgage-backed securities; other asset-backed securities; commodities; and/or cash equivalents.

The Fund may invest in securities and other obligations of U.S. issuers or non-U.S. issuers, and those issuers may be of any market capitalization. The Fund's fixed income investments may be investment-grade or non-investment grade, and may include securities and other obligations of any maturity.

In addition to, or in lieu of, investing in the assets listed above, the Fund may engage in structured transactions in these asset classes, as well as over-the-counter forward contracts, swaps and options. When deemed appropriate by BTC, the Fund may invest in futures contracts, for the purpose of acting as a temporary substitute for investment in securities and/or to gain exposure to commodities.

The difference between the normal and current securities holdings for the Fund varies over time and is based on the factors analyzed by the asset allocation model used by BTC to manage the Fund. The normal asset allocations will gradually change over the investment horizon of the Fund to become more heavily oriented toward debt and debt-like securities. As time passes, the Fund is managed more conservatively in terms of its allocation to equity securities and markets, on the premise that individuals investing for retirement desire to reduce investment risk in their retirement accounts as their retirement date approaches.

BTC employs a proprietary investment model that analyzes securities market data, including risk, correlation and expected return statistics, to recommend the portfolio allocation among the asset classes.

Rather than choosing specific securities within each asset class, BTC selects among indices representing segments of the global equity and debt markets and invests in securities that comprise the chosen index. The Fund generally invests in a chosen index through a series of collective investment trusts managed and trusteed by BTC, each such fund representing one of the indices (each, an "Underlying Fund").

In the event of a conflict between this summary description of the Fund's investment objective and principal investment strategies and the Trust Document under which the Fund was established, the Trust Document will govern. For more information related to the Fund, please see the Fund's Trust Document, Profile and most recent audited financial statements.

## Portfolio Analysis

| **Top 10 Holdings** as of 06-30-13 | % Assets |
|---|---|
| U.S. Debt Index Fund E | 49.38 |
| Equity Index Fund E | 20.49 |
| BlackRock MSCI ACWI ex-U.S. IMI Index Fund E | 11.24 |
| U.S. Treasury Inflation Protected Securities Fund E | 8.11 |
| Extended Equity Market Fund E | 6.16 |
| BlackRock Dow Jones-UBS Commodity Index Daily Fund E | 3.56 |
| Developed Real Estate Index Fund E | 1.05 |

| **Morningstar Super Sectors** as of 06-30-13 | % Fund |
|---|---|
| Cyclical | 39.33 |
| Sensitive | 38.02 |
| Defensive | 22.65 |

| **Morningstar F-I Sectors** as of 06-30-13 | % Fund | % Category |
|---|---|---|
| Government | 47.19 | 34.20 |
| Corporate | 16.44 | 23.26 |
| Securitized | 21.62 | 20.44 |
| Municipal | 0.65 | 0.64 |
| Cash | 14.11 | 18.61 |
| Other | 0.00 | 2.86 |

## Investment Information

**Operations and Management**

| | |
|---|---|
| Product Inception Date | 01-02-08 |
| Strategy Inception Date | 07-05-06 |
| Total Fund Assets ($mil) | 652.73 |
| Investment Manager | BlackRock Institutional Trust Company NA |

| | |
|---|---|
| Annual Turnover Ratio % | 22.26 |

**Fees and Expenses** as of 12-31-12

| | |
|---|---|
| Total Annual Operating Expense % | 0.11% |
| Total Annual Operating Expense per $1000 | $1.10 |

**Additional Information for Total Annual Operating Expense**

The Total Annual Operating Expense ("TAOE") ratio noted above reflects a management fee and administrative costs. The administrative costs are capped at two (2) basis points (0.02%) per year. There may be other fees and expenses not reflected in the TAOE ratio noted above that bear on the value of the investment. The Portfolio Turnover Rate is that of the collective investment fund in which the Fund invests exclusively, either directly or indirectly.



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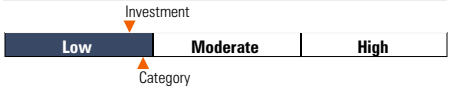
# LifePath® Index 2015 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Barclays U.S. Aggregate Bond Index | LifePath® Index 2015 Custom Benchmark | Target Date 2011-2015 | ★★★★ See disclosure for details. | Average | Below Average |

## Benchmark Description

The LifePath® Index 2015 Fund's Custom Benchmark is a comparison benchmark for the performance of the Fund. The Custom Benchmark is calculated using blended returns of third party indices that proportionally reflect the respective weightings of the Fund's asset classes. The third party index proportions of the Custom Benchmark are adjusted quarterly to reflect the Fund's changing asset allocations over time. As the Fund's asset classes have been re-defined or added over time, the indices used to calculate the Custom Benchmark have changed accordingly. As of December 31, 2012, the indices used to calculate the Custom Benchmark are: S&P 500 Index, Dow Jones U.S. Completion Total Stock Market Index, MSCI ACWI ex-US IMI Net Dividend Return Index SM, Barclays U.S. Aggregate Bond Index, Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index, FTSE EPRA/NAREIT Developed Index, and the Dow Jones UBS Commodity Index.

## Volatility Analysis




In the past, this investment has shown a relatively small range of price fluctuations relative to other investments. Based on this measure, currently more than two thirds of all investments have shown higher levels of risk. Consequently, this investment may appeal to investors looking for a conservative investment strategy.

| Best 3 Month Return | Worst 3 Month Return |
|---|---|
| 17.57% | -20.32% |
| (Mar '09 - May '09) | (Sep '08 - Nov '08) |

## Performance

| Since Inception | 10 Year | 5 Year | 3 Year | 1 Year | YTD | |
|---|---|---|---|---|---|---|
| 5.02 | — | 4.74 | 8.75 | 6.29 | 1.44 | Investment Return % |
| 5.66 | — | 5.19 | 3.51 | -0.69 | -2.44 | Primary Bmark Return % |
| 5.06 | — | 4.77 | 8.73 | 6.18 | 1.46 | Custom Bmark Return % |
| — | — | ★★★★ | ★★★ | — | — | Morningstar Rating™ |
| — | — | 96 | 141 | — | — | # of Funds in Category |

**Performance Disclosure: The Fund's returns are net of an investment management fee, currently at an annual rate of 0.10%. The Fund's performance reflects fund level administrative costs capped at 0.02% per year. Since its inception the Fund has invested all of its assets in LifePath Index 2015 Fund F. Returns shown for periods prior to the Fund's inception are those of the LifePath Index 2015 Fund F net of the Fund's investment management fee.**

## Principal Risks

Any of the principal risks summarized below may adversely affect the Fund's net asset value, performance, and ability to meet its investment objective. An investment in the Fund is not a bank deposit, is not guaranteed by BlackRock, Inc. or any of its affiliates, and is not insured by the Federal Deposit Insurance Corporation or any other agency of the U.S. government.

Underlying Fund Risk 1: The investment objective and strategies of a collective investment trust in which the Fund invests ("Underlying Fund") may differ from the Fund, and there is no assurance that an Underlying Fund will achieve its objective.

Active Strategy Risk: Active strategies could result in underperformance as compared to funds with similar investment objectives and strategies.

Equity Investment Risk: The price of an equity security fluctuates based on changes in the issuer's financial condition and overall market and economic conditions. Equity securities are subject to changes in value that may be more volatile than other asset classes.

Fixed Income Investment Risk 1: An increase in interest rates may cause the value of fixed-income securities held by the Fund to decline. The Fund's income may decline when interest rates fall. Debt issuers may not honor their obligations. Securities that are rated below investment grade may be more volatile and less liquid than higher-rated securities of similar maturity.

Foreign Investment Risk 1: The Fund may suffer losses due to political, legal, economic and geographic events affecting a non-U.S. issuer or market. The prices of non-U.S. securities may be more volatile than those of securities issued by U.S. corporations or other U.S. entities. Securities of non-U.S. issuers denominated in non-U.S. currencies will expose the Fund to fluctuations in foreign currency exchange prices.

Target Date Risk: A "target date" fund may incur losses close to or after the fund's target retirement date, and there is no guarantee that the Fund will provide adequate income for an investor's retirement.

Asset Allocation Model Risk: The asset allocation model may not effectively maximize returns or minimize risk, or be appropriate for every investor seeking a particular risk profile.

Commodity-Related Investment Risk 2: The value of commodity-linked derivative investments may be significantly affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.

Securities Lending Risk 1: The Fund may engage in securities lending, which involves borrower credit risk, settlement risk, and cash collateral-related risks, such as the risk that the return on the cash collateral is insufficient to cover the fees the Fund is committed to pay and the risk that cash collateral may be invested in securities or other instruments that suffer losses or become illiquid.

Derivatives Risk 1: Investments in derivatives (such as futures contracts, forward contracts, swaps and options) may reduce the Fund's returns and/or increase volatility. Fluctuations in the values of derivatives may not correlate perfectly with the overall securities markets. The other party in the transaction may not fulfill its contractual obligation. The possible lack of a liquid secondary market for derivatives could expose the Fund to losses.

Real Estate-Related Securities Risk 2: Real estate values can be negatively affected by many factors including both the general and local economies, the amount of new construction in a particular area, the laws and regulations affecting real estate, the costs of owning, maintaining and improving real estate, availability of mortgages, and changes in interest rates.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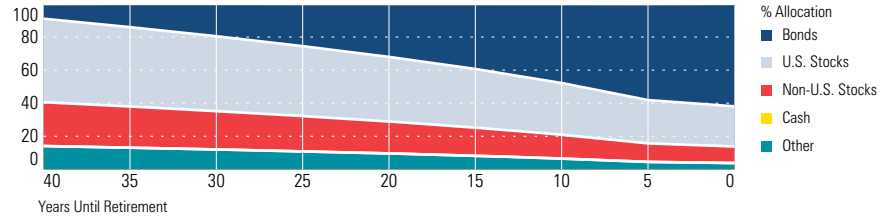
MORNINGSTAR®

# LifePath® Index 2020 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Standard & Poor's 500® Index | LifePath® Index 2020 Custom Benchmark | Target Date 2016-2020 | ★★★★ See disclosure for details. | Average | Below Average |

## Allocation of Stocks and Bonds




## Investment Objective and Strategy

The Fund provides long-term investors with an asset allocation strategy designed to maximize assets for retirement, or for other purposes, consistent with the risk that investors, on average, may be willing to accept given their investment time horizon.

The Fund is a collective investment trust maintained and managed by BlackRock Institutional Trust Company, N.A. ("BTC").

The Fund shall be invested and reinvested in securities and other assets with the objective of providing maximum total return consistent with the quantitatively measured risk investors, on average, at various stages in their employment cycle, may be willing to accept in an effort to maximize assets available during the period chosen for retirement.

The Fund's investments may include: equity securities (including those issued by real estate companies); depository receipts; debt securities and other fixed income obligations (including those issued or guaranteed by the U.S. government, its agencies or instrumentalities, and those issued by corporations or other entities); mortgage-backed securities; other asset-backed securities; commodities; and/or cash equivalents.

The Fund may invest in securities and other obligations of U.S. issuers or non-U.S. issuers, and those issuers may be of any market capitalization. The Fund's fixed income investments may be investment-grade or non-investment grade, and may include securities and other obligations of any maturity.

In addition to, or in lieu of, investing in the assets listed above, the Fund may engage in structured transactions in these asset classes, as well as over-the-counter forward contracts, swaps and options. When deemed appropriate by BTC, the Fund may invest in futures contracts, for the purpose of acting as a temporary substitute for investment in securities and/or to gain exposure to commodities.

The difference between the normal and current securities holdings for the Fund varies over time and is based on the factors analyzed by the asset allocation model used by BTC to manage the Fund. The normal asset allocations will gradually change over the investment horizon of the Fund to become more heavily oriented toward debt and debt-like securities. As time passes, the Fund is managed more conservatively in terms of its allocation to equity securities and markets, on the premise that individuals investing for retirement desire to reduce investment risk in their retirement accounts as their retirement date approaches.

BTC employs a proprietary investment model that analyzes securities market data, including risk, correlation and expected return statistics, to recommend the portfolio allocation among the asset classes.

Rather than choosing specific securities within each asset class, BTC selects among indices representing segments of the global equity and debt markets and invests in securities that comprise the chosen index. The Fund generally invests in a chosen index through a series of collective investment trusts managed and trusteed by BTC, each such fund representing one of the indices (each, an "Underlying Fund").

In the event of a conflict between this summary description of the Fund's investment objective and principal investment strategies and the Trust Document under which the Fund was established, the Trust Document will govern. For more information related to the Fund, please see the Fund's Trust Document, Profile and most recent audited financial statements.

## Portfolio Analysis

| **Top 10 Holdings** as of 06-30-13 | % Assets |
|---|---|
| U.S. Debt Index Fund E | 40.67 |
| Equity Index Fund E | 24.87 |
| BlackRock MSCI ACWI ex-U.S. IMI Index Fund E | 14.46 |
| Extended Equity Market Fund E | 6.75 |
| U.S. Treasury Inflation Protected Securities Fund E | 6.56 |
| BlackRock Dow Jones-UBS Commodity Index Daily Fund E | 3.70 |
| Developed Real Estate Index Fund E | 3.00 |

| **Morningstar Super Sectors** as of 06-30-13 | % Fund |
|---|---|
| Cyclical | 41.38 |
| Sensitive | 36.67 |
| Defensive | 21.94 |

| **Morningstar F-I Sectors** as of 06-30-13 | % Fund | % Category |
|---|---|---|
| Government | 46.22 | 33.84 |
| Corporate | 16.20 | 21.05 |
| Securitized | 21.28 | 19.24 |
| Municipal | 0.64 | 0.69 |
| Cash | 15.66 | 22.52 |
| Other | 0.00 | 2.66 |

## Investment Information

**Operations and Management**

| | |
|---|---|
| Product Inception Date | 01-02-08 |
| Strategy Inception Date | 08-01-05 |
| Total Fund Assets ($mil) | 1,370.51 |
| Investment Manager | BlackRock Institutional Trust Company NA |

| | |
|---|---|
| Annual Turnover Ratio % | 24.02 |

**Fees and Expenses** as of 12-31-12

| | |
|---|---|
| Total Annual Operating Expense % | 0.11% |
| Total Annual Operating Expense per $1000 | $1.10 |

**Additional Information for Total Annual Operating Expense**

The Total Annual Operating Expense ("TAOE") ratio noted above reflects a management fee and administrative costs. The administrative costs are capped at two (2) basis points (0.02%) per year. There may be other fees and expenses not reflected in the TAOE ratio noted above that bear on the value of the investment. The Portfolio Turnover Rate is that of the collective investment fund in which the Fund invests exclusively, either directly or indirectly.



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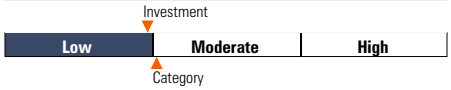
# LifePath® Index 2020 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Standard & Poor's 500® Index | LifePath® Index 2020 Custom Benchmark | Target Date 2016-2020 | ★★★★ See disclosure for details. | Average | Below Average |

## Benchmark Description

The LifePath® Index 2020 Fund's Custom Benchmark is a comparison benchmark for the performance of the Fund. The Custom Benchmark is calculated using blended returns of third party indices that proportionally reflect the respective weightings of the Fund's asset classes. The third party index proportions of the Custom Benchmark are adjusted quarterly to reflect the Fund's changing asset allocations over time. As the Fund's asset classes have been re-defined or added over time, the indices used to calculate the Custom Benchmark have changed accordingly. As of December 31, 2012, the indices used to calculate the Custom Benchmark are: S&P 500 Index, Dow Jones U.S. Completion Total Stock Market Index, MSCI ACWI ex-US IMI Net Dividend Return Index SM, Barclays U.S. Aggregate Bond Index, Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index, FTSE EPRA/NAREIT Developed Index, and the Dow Jones UBS Commodity Index.

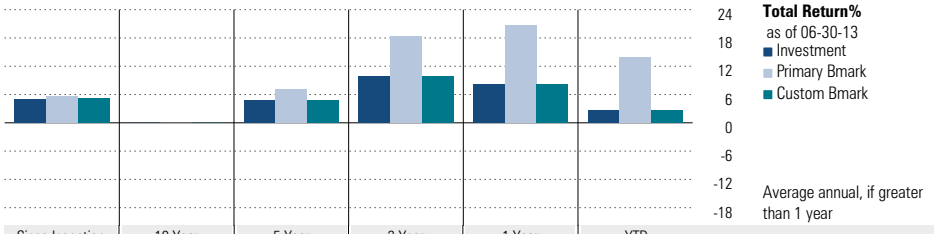
## Volatility Analysis




In the past, this investment has shown a relatively small range of price fluctuations relative to other investments. Based on this measure, currently more than two thirds of all investments have shown higher levels of risk. Consequently, this investment may appeal to investors looking for a conservative investment strategy.

| Best 3 Month Return | Worst 3 Month Return |
|---|---|
| 20.46% | -23.13% |
| (Mar '09 - May '09) | (Sep '08 - Nov '08) |

## Performance




| Since Inception | 10 Year | 5 Year | 3 Year | 1 Year | YTD | |
|---|---|---|---|---|---|---|
| 5.09 | — | 4.76 | 9.84 | 8.18 | 2.59 | Investment Return % |
| 5.59 | — | 7.01 | 18.45 | 20.60 | 13.82 | Primary Bmark Return % |
| 5.15 | — | 4.77 | 9.83 | 8.07 | 2.55 | Custom Bmark Return % |
| — | — | ★★★★ | ★★★ | — | — | Morningstar Rating™ |
| — | — | 149 | 186 | — | — | # of Funds in Category |

**Performance Disclosure: The Fund's returns are net of an investment management fee, currently at an annual rate of 0.10%. The Fund's performance reflects fund level administrative costs capped at 0.02% per year. Since its inception the Fund has invested all of its assets in LifePath Index 2020 Fund F. Returns shown for periods prior to the Fund's inception are those of the LifePath Index 2020 Fund F net of the Fund's investment management fee.**

## Principal Risks

Any of the principal risks summarized below may adversely affect the Fund's net asset value, performance, and ability to meet its investment objective. An investment in the Fund is not a bank deposit, is not guaranteed by BlackRock, Inc. or any of its affiliates, and is not insured by the Federal Deposit Insurance Corporation or any other agency of the U.S. government.

Underlying Fund Risk 1: The investment objective and strategies of a collective investment trust in which the Fund invests ("Underlying Fund") may differ from the Fund, and there is no assurance that an Underlying Fund will achieve its objective.

Active Strategy Risk: Active strategies could result in underperformance as compared to funds with similar investment objectives and strategies.

Equity Investment Risk: The price of an equity security fluctuates based on changes in the issuer's financial condition and overall market and economic conditions. Equity securities are subject to changes in value that may be more volatile than other asset classes.

Fixed Income Investment Risk 1: An increase in interest rates may cause the value of fixed-income securities held by the Fund to decline. The Fund's income may decline when interest rates fall. Debt issuers may not honor their obligations. Securities that are rated below investment grade may be more volatile and less liquid than higher-rated securities of similar maturity.

Foreign Investment Risk 1: The Fund may suffer losses due to political, legal, economic and geographic events affecting a non-U.S. issuer or market. The prices of non-U.S. securities may be more volatile than those of securities issued by U.S. corporations or other U.S. entities. Securities of non-U.S. issuers denominated in non-U.S. currencies will expose the Fund to fluctuations in foreign currency exchange prices.

Target Date Risk: A "target date" fund may incur losses close to or after the fund's target retirement date, and there is no guarantee that the Fund will provide adequate income for an investor's retirement.

Asset Allocation Model Risk: The asset allocation model may not effectively maximize returns or minimize risk, or be appropriate for every investor seeking a particular risk profile.

Commodity-Related Investment Risk 2: The value of commodity-linked derivative investments may be significantly affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.

Securities Lending Risk 1: The Fund may engage in securities lending, which involves borrower credit risk, settlement risk, and cash collateral-related risks, such as the risk that the return on the cash collateral is insufficient to cover the fees the Fund is committed to pay and the risk that cash collateral may be invested in securities or other instruments that suffer losses or become illiquid.

Derivatives Risk 1: Investments in derivatives (such as futures contracts, forward contracts, swaps and options) may reduce the Fund's returns and/or increase volatility. Fluctuations in the values of derivatives may not correlate perfectly with the overall securities markets. The other party in the transaction may not fulfill its contractual obligation. The possible lack of a liquid secondary market for derivatives could expose the Fund to losses.

Real Estate-Related Securities Risk 2: Real estate values can be negatively affected by many factors including both the general and local economies, the amount of new construction in a particular area, the laws and regulations affecting real estate, the costs of owning, maintaining and improving real estate, availability of mortgages, and changes in interest rates.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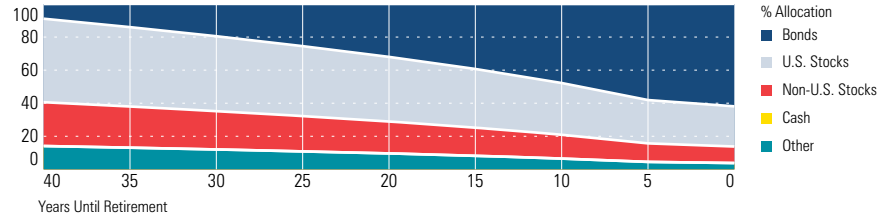
MORNINGSTAR®

# LifePath® Index 2025 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Standard & Poor's 500® Index | LifePath® Index 2025 Custom Benchmark | Target Date 2021-2025 | ★★★★ See disclosure for details. | Average | Low |

## Allocation of Stocks and Bonds




## Investment Objective and Strategy

The Fund provides long-term investors with an asset allocation strategy designed to maximize assets for retirement, or for other purposes, consistent with the risk that investors, on average, may be willing to accept given their investment time horizon.

The Fund is a collective investment trust maintained and managed by BlackRock Institutional Trust Company, N.A. ("BTC").

The Fund shall be invested and reinvested in securities and other assets with the objective of providing maximum total return consistent with the quantitatively measured risk investors, on average, at various stages in their employment cycle, may be willing to accept in an effort to maximize assets available during the period chosen for retirement.

The Fund's investments may include: equity securities (including those issued by real estate companies); depository receipts; debt securities and other fixed income obligations (including those issued or guaranteed by the U.S. government, its agencies or instrumentalities, and those issued by corporations or other entities); mortgage-backed securities; other asset-backed securities; commodities; and/or cash equivalents.

The Fund may invest in securities and other obligations of U.S. issuers or non-U.S. issuers, and those issuers may be of any market capitalization. The Fund's fixed income investments may be investment-grade or non-investment grade, and may include securities and other obligations of any maturity.

In addition to, or in lieu of, investing in the assets listed above, the Fund may engage in structured transactions in these asset classes, as well as over-the-counter forward contracts, swaps and options. When deemed appropriate by BTC, the Fund may invest in futures contracts, for the purpose of acting as a temporary substitute for investment in securities and/or to gain exposure to commodities.

The difference between the normal and current securities holdings for the Fund varies over time and is based on the factors analyzed by the asset allocation model used by BTC to manage the Fund. The normal asset allocations will gradually change over the investment horizon of the Fund to become more heavily oriented toward debt and debt-like securities. As time passes, the Fund is managed more conservatively in terms of its allocation to equity securities and markets, on the premise that individuals investing for retirement desire to reduce investment risk in their retirement accounts as their retirement date approaches.

BTC employs a proprietary investment model that analyzes securities market data, including risk, correlation and expected return statistics, to recommend the portfolio allocation among the asset classes.

Rather than choosing specific securities within each asset class, BTC selects among indices representing segments of the global equity and debt markets and invests in securities that comprise the chosen index. The Fund generally invests in a chosen index through a series of collective investment trusts managed and trusteed by BTC, each such fund representing one of the indices (each, an "Underlying Fund").

In the event of a conflict between this summary description of the Fund's investment objective and principal investment strategies and the Trust Document under which the Fund was established, the Trust Document will govern. For more information related to the Fund, please see the Fund's Trust Document, Profile and most recent audited financial statements.

## Portfolio Analysis

| **Top 10 Holdings** as of 06-30-13 | % Assets |
|---|---|
| U.S. Debt Index Fund E | 33.62 |
| Equity Index Fund E | 28.71 |
| BlackRock MSCI ACWI ex-U.S. IMI Index Fund E | 17.04 |
| Extended Equity Market Fund E | 7.20 |
| U.S. Treasury Inflation Protected Securities Fund E | 5.22 |
| Developed Real Estate Index Fund E | 4.45 |
| BlackRock Dow Jones-UBS Commodity Index Daily Fund E | 3.77 |

| **Morningstar Super Sectors** as of 06-30-13 | % Fund |
|---|---|
| Cyclical | 42.34 |
| Sensitive | 36.05 |
| Defensive | 21.62 |

| **Morningstar F-I Sectors** as of 06-30-13 | % Fund | % Category |
|---|---|---|
| Government | 45.03 | 31.50 |
| Corporate | 15.97 | 23.32 |
| Securitized | 20.96 | 19.54 |
| Municipal | 0.63 | 0.63 |
| Cash | 17.41 | 21.67 |
| Other | 0.00 | 3.33 |

## Investment Information

**Operations and Management**

| | |
|---|---|
| Product Inception Date | 01-02-08 |
| Strategy Inception Date | 07-05-06 |
| Total Fund Assets ($mil) | 1,009.09 |
| Investment Manager | BlackRock Institutional Trust Company NA |

| | |
|---|---|
| Annual Turnover Ratio % | 20.15 |

**Fees and Expenses** as of 12-31-12

| | |
|---|---|
| Total Annual Operating Expense % | 0.11% |
| Total Annual Operating Expense per $1000 | $1.10 |

**Additional Information for Total Annual Operating Expense**

The Total Annual Operating Expense ("TAOE") ratio noted above reflects a management fee and administrative costs. The administrative costs are capped at two (2) basis points (0.02%) per year. There may be other fees and expenses not reflected in the TAOE ratio noted above that bear on the value of the investment. The Portfolio Turnover Rate is that of the collective investment fund in which the Fund invests exclusively, either directly or indirectly.



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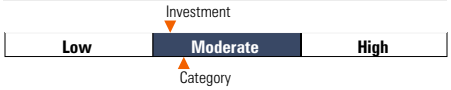
# LifePath® Index 2025 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Standard & Poor's 500® Index | LifePath® Index 2025 Custom Benchmark | Target Date 2021-2025 | ★★★★ See disclosure for details. | Average | Low |

## Benchmark Description

The LifePath® Index 2025 Fund's Custom Benchmark is a comparison benchmark for the performance of the Fund. The Custom Benchmark is calculated using blended returns of third party indices that proportionally reflect the respective weightings of the Fund's asset classes. The third party index proportions of the Custom Benchmark are adjusted quarterly to reflect the Fund's changing asset allocations over time. As the Fund's asset classes have been re-defined or added over time, the indices used to calculate the Custom Benchmark have changed accordingly. As of December 31, 2012, the indices used to calculate the Custom Benchmark are: S&P 500 Index, Dow Jones U.S. Completion Total Stock Market Index, MSCI ACWI ex-US IMI Net Dividend Return Index SM, Barclays U.S. Aggregate Bond Index, Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index, FTSE EPRA/NAREIT Developed Index, and the Dow Jones UBS Commodity Index.

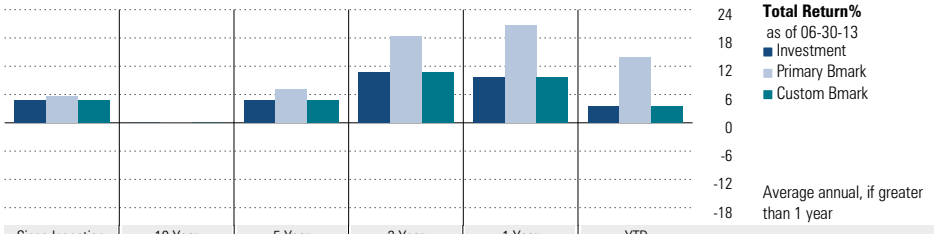
## Volatility Analysis




In the past, this investment has shown a relatively moderate range of price fluctuations relative to other investments. This investment may experience larger or smaller price declines or price increases depending on market conditions. Some of this risk may be offset by owning other investments with different portfolio makeups or investment strategies.

| Best 3 Month Return | Worst 3 Month Return |
|---|---|
| 22.82% | -25.46% |
| (Mar '09 - May '09) | (Sep '08 - Nov '08) |

## Performance




| Since Inception | 10 Year | 5 Year | 3 Year | 1 Year | YTD | |
|---|---|---|---|---|---|---|
| 4.83 | — | 4.73 | 10.80 | 9.68 | 3.42 | Investment Return % |
| 5.66 | — | 7.01 | 18.45 | 20.60 | 13.82 | Primary Bmark Return % |
| 4.84 | — | 4.73 | 10.73 | 9.64 | 3.45 | Custom Bmark Return % |
| — | — | ★★★★ | ★★★ | — | — | Morningstar Rating™ |
| — | — | 91 | 134 | — | — | # of Funds in Category |

**Performance Disclosure: The Fund's returns are net of an investment management fee, currently at an annual rate of 0.10%. The Fund's performance reflects fund level administrative costs capped at 0.02% per year. Since its inception the Fund has invested all of its assets in LifePath Index 2025 Fund F. Returns shown for periods prior to the Fund's inception are those of the LifePath Index 2025 Fund F net of the Fund's investment management fee.**

## Principal Risks

Any of the principal risks summarized below may adversely affect the Fund's net asset value, performance, and ability to meet its investment objective. An investment in the Fund is not a bank deposit, is not guaranteed by BlackRock, Inc. or any of its affiliates, and is not insured by the Federal Deposit Insurance Corporation or any other agency of the U.S. government.

Underlying Fund Risk 1: The investment objective and strategies of a collective investment trust in which the Fund invests ("Underlying Fund") may differ from the Fund, and there is no assurance that an Underlying Fund will achieve its objective.

Active Strategy Risk: Active strategies could result in underperformance as compared to funds with similar investment objectives and strategies.

Equity Investment Risk: The price of an equity security fluctuates based on changes in the issuer's financial condition and overall market and economic conditions. Equity securities are subject to changes in value that may be more volatile than other asset classes.

Fixed Income Investment Risk 1: An increase in interest rates may cause the value of fixed-income securities held by the Fund to decline. The Fund's income may decline when interest rates fall. Debt issuers may not honor their obligations. Securities that are rated below investment grade may be more volatile and less liquid than higher-rated securities of similar maturity.

Foreign Investment Risk 1: The Fund may suffer losses due to political, legal, economic and geographic events affecting a non-U.S. issuer or market. The prices of non-U.S. securities may be more volatile than those of securities issued by U.S. corporations or other U.S. entities. Securities of non-U.S. issuers denominated in non-U.S. currencies will expose the Fund to fluctuations in foreign currency exchange prices.

Target Date Risk: A "target date" fund may incur losses close to or after the fund's target retirement date, and there is no guarantee that the Fund will provide adequate income for an investor's retirement.

Asset Allocation Model Risk: The asset allocation model may not effectively maximize returns or minimize risk, or be appropriate for every investor seeking a particular risk profile.

Commodity-Related Investment Risk 2: The value of commodity-linked derivative investments may be significantly affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.

Securities Lending Risk 1: The Fund may engage in securities lending, which involves borrower credit risk, settlement risk, and cash collateral-related risks, such as the risk that the return on the cash collateral is insufficient to cover the fees the Fund is committed to pay and the risk that cash collateral may be invested in securities or other instruments that suffer losses or become illiquid.

Derivatives Risk 1: Investments in derivatives (such as futures contracts, forward contracts, swaps and options) may reduce the Fund's returns and/or increase volatility. Fluctuations in the values of derivatives may not correlate perfectly with the overall securities markets. The other party in the transaction may not fulfill its contractual obligation. The possible lack of a liquid secondary market for derivatives could expose the Fund to losses.

Real Estate-Related Securities Risk 2: Real estate values can be negatively affected by many factors including both the general and local economies, the amount of new construction in a particular area, the laws and regulations affecting real estate, the costs of owning, maintaining and improving real estate, availability of mortgages, and changes in interest rates.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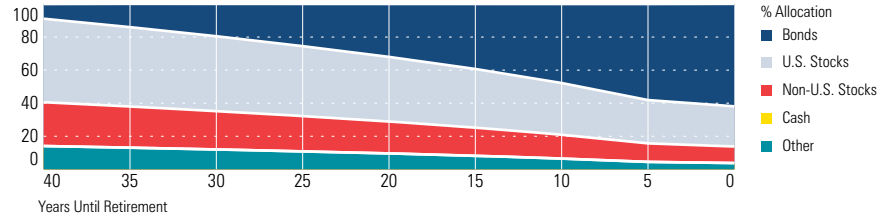
MORNINGSTAR®

# LifePath® Index 2030 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Standard & Poor's 500® Index | LifePath® Index 2030 Custom Benchmark | Target Date 2026-2030 | ★★★★ See disclosure for details. | Average | Below Average |

## Allocation of Stocks and Bonds




## Investment Objective and Strategy

The Fund provides long-term investors with an asset allocation strategy designed to maximize assets for retirement, or for other purposes, consistent with the risk that investors, on average, may be willing to accept given their investment time horizon.

The Fund is a collective investment trust maintained and managed by BlackRock Institutional Trust Company, N.A. ("BTC").

The Fund shall be invested and reinvested in securities and other assets with the objective of providing maximum total return consistent with the quantitatively measured risk investors, on average, at various stages in their employment cycle, may be willing to accept in an effort to maximize assets available during the period chosen for retirement.

The Fund's investments may include: equity securities (including those issued by real estate companies); depository receipts; debt securities and other fixed income obligations (including those issued or guaranteed by the U.S. government, its agencies or instrumentalities, and those issued by corporations or other entities); mortgage-backed securities; other asset-backed securities; commodities; and/or cash equivalents.

The Fund may invest in securities and other obligations of U.S. issuers or non-U.S. issuers, and those issuers may be of any market capitalization. The Fund's fixed income investments may be investment-grade or non-investment grade, and may include securities and other obligations of any maturity.

In addition to, or in lieu of, investing in the assets listed above, the Fund may engage in structured transactions in these asset classes, as well as over-the-counter forward contracts, swaps and options. When deemed appropriate by BTC, the Fund may invest in futures contracts, for the purpose of acting as a temporary substitute for investment in securities and/or to gain exposure to commodities.

The difference between the normal and current securities holdings for the Fund varies over time and is based on the factors analyzed by the asset allocation model used by BTC to manage the Fund. The normal asset allocations will gradually change over the investment horizon of the Fund to become more heavily oriented toward debt and debt-like securities. As time passes, the Fund is managed more conservatively in terms of its allocation to equity securities and markets, on the premise that individuals investing for retirement desire to reduce investment risk in their retirement accounts as their retirement date approaches.

BTC employs a proprietary investment model that analyzes securities market data, including risk, correlation and expected return statistics, to recommend the portfolio allocation among the asset classes.

Rather than choosing specific securities within each asset class, BTC selects among indices representing segments of the global equity and debt markets and invests in securities that comprise the chosen index. The Fund generally invests in a chosen index through a series of collective investment trusts managed and trusteed by BTC, each such fund representing one of the indices (each, an "Underlying Fund").

In the event of a conflict between this summary description of the Fund's investment objective and principal investment strategies and the Trust Document under which the Fund was established, the Trust Document will govern. For more information related to the Fund, please see the Fund's Trust Document, Profile and most recent audited financial statements.

## Portfolio Analysis

| **Top 10 Holdings** as of 06-30-13 | % Assets |
|---|---|
| Equity Index Fund E | 31.81 |
| U.S. Debt Index Fund E | 27.57 |
| BlackRock MSCI ACWI ex-U.S. IMI Index Fund E | 19.48 |
| Extended Equity Market Fund E | 7.48 |
| Developed Real Estate Index Fund E | 5.73 |
| U.S. Treasury Inflation Protected Securities Fund E | 4.07 |
| BlackRock Dow Jones-UBS Commodity Index Daily Fund E | 3.85 |

| **Morningstar Super Sectors** as of 06-30-13 | % Fund |
|---|---|
| Cyclical | 43.04 |
| Sensitive | 35.57 |
| Defensive | 21.39 |

| **Morningstar F-I Sectors** as of 06-30-13 | % Fund | % Category |
|---|---|---|
| Government | 43.55 | 30.91 |
| Corporate | 15.68 | 20.67 |
| Securitized | 20.54 | 16.81 |
| Municipal | 0.61 | 0.67 |
| Cash | 19.61 | 27.55 |
| Other | 0.00 | 3.39 |

## Investment Information

**Operations and Management**

| | |
|---|---|
| Product Inception Date | 01-02-08 |
| Strategy Inception Date | 08-01-05 |
| Total Fund Assets ($mil) | 1,288.92 |
| Investment Manager | BlackRock Institutional Trust Company NA |

| | |
|---|---|
| Annual Turnover Ratio % | 23.29 |

**Fees and Expenses** as of 12-31-12

| | |
|---|---|
| Total Annual Operating Expense % | 0.11% |
| Total Annual Operating Expense per $1000 | $1.10 |

**Additional Information for Total Annual Operating Expense**

The Total Annual Operating Expense ("TAOE") ratio noted above reflects a management fee and administrative costs. The administrative costs are capped at two (2) basis points (0.02%) per year. There may be other fees and expenses not reflected in the TAOE ratio noted above that bear on the value of the investment. The Portfolio Turnover Rate is that of the collective investment fund in which the Fund invests exclusively, either directly or indirectly.



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# LifePath® Index 2030 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Standard & Poor's 500® Index | LifePath® Index 2030 Custom Benchmark | Target Date 2026-2030 | ★★★★ See disclosure for details. | Average | Below Average |

## Benchmark Description

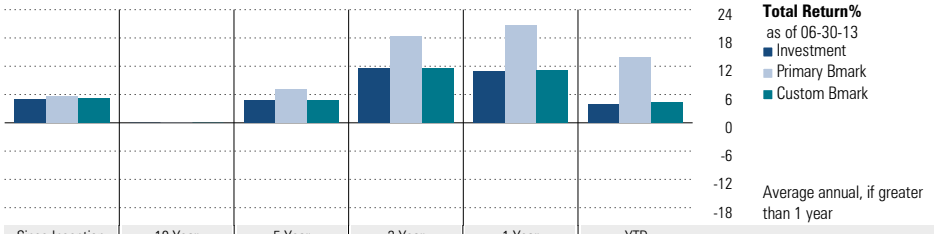
The LifePath® Index 2030 Fund's Custom Benchmark is a comparison benchmark for the performance of the Fund. The Custom Benchmark is calculated using blended returns of third party indices that proportionally reflect the respective weightings of the Fund's asset classes. The third party index proportions of the Custom Benchmark are adjusted quarterly to reflect the Fund's changing asset allocations over time. As the Fund's asset classes have been re-defined or added over time, the indices used to calculate the Custom Benchmark have changed accordingly. As of December 31, 2012, the indices used to calculate the Custom Benchmark are: S&P 500 Index, Dow Jones U.S. Completion Total Stock Market Index, MSCI ACWI ex-US IMI Net Dividend Return Index SM, Barclays U.S. Aggregate Bond Index, Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index, FTSE EPRA/NAREIT Developed Index, and the Dow Jones UBS Commodity Index.

## Volatility Analysis

In the past, this investment has shown a relatively moderate range of price fluctuations relative to other investments. This investment may experience larger or smaller price declines or price increases depending on market conditions. Some of this risk may be offset by owning other investments with different portfolio makeups or investment strategies.

| Best 3 Month Return | Worst 3 Month Return |
|---|---|
| 25.08% | -27.46% |
| (Mar '09 - May '09) | (Sep '08 - Nov '08) |

## Performance




| Since Inception | 10 Year | 5 Year | 3 Year | 1 Year | YTD | |
|---|---|---|---|---|---|---|
| 5.06 | — | 4.69 | 11.60 | 10.94 | 4.01 | Investment Return % |
| 5.59 | — | 7.01 | 18.45 | 20.60 | 13.82 | Primary Bmark Return % |
| 5.11 | — | 4.67 | 11.52 | 11.03 | 4.25 | Custom Bmark Return % |
| — | — | ★★★★ | ★★★ | — | — | Morningstar Rating™ |
| — | — | 149 | 186 | — | — | # of Funds in Category |

**Performance Disclosure: The Fund's returns are net of an investment management fee, currently at an annual rate of 0.10%. The Fund's performance reflects fund level administrative costs capped at 0.02% per year. Since its inception the Fund has invested all of its assets in LifePath Index 2030 Fund F. Returns shown for periods prior to the Fund's inception are those of the LifePath Index 2030 Fund F net of the Fund's investment management fee.**

## Principal Risks

Any of the principal risks summarized below may adversely affect the Fund's net asset value, performance, and ability to meet its investment objective. An investment in the Fund is not a bank deposit, is not guaranteed by BlackRock, Inc. or any of its affiliates, and is not insured by the Federal Deposit Insurance Corporation or any other agency of the U.S. government.

Underlying Fund Risk 1: The investment objective and strategies of a collective investment trust in which the Fund invests ("Underlying Fund") may differ from the Fund, and there is no assurance that an Underlying Fund will achieve its objective.

Active Strategy Risk: Active strategies could result in underperformance as compared to funds with similar investment objectives and strategies.

Equity Investment Risk: The price of an equity security fluctuates based on changes in the issuer's financial condition and overall market and economic conditions. Equity securities are subject to changes in value that may be more volatile than other asset classes.

Fixed Income Investment Risk 1: An increase in interest rates may cause the value of fixed-income securities held by the Fund to decline. The Fund's income may decline when interest rates fall. Debt issuers may not honor their obligations. Securities that are rated below investment grade may be more volatile and less liquid than higher-rated securities of similar maturity.

Foreign Investment Risk 1: The Fund may suffer losses due to political, legal, economic and geographic events affecting a non-U.S. issuer or market. The prices of non-U.S. securities may be more volatile than those of securities issued by U.S. corporations or other U.S. entities. Securities of non-U.S. issuers denominated in non-U.S. currencies will expose the Fund to fluctuations in foreign currency exchange prices.

Target Date Risk: A "target date" fund may incur losses close to or after the fund's target retirement date, and there is no guarantee that the Fund will provide adequate income for an investor's retirement.

Asset Allocation Model Risk: The asset allocation model may not effectively maximize returns or minimize risk, or be appropriate for every investor seeking a particular risk profile.

Commodity-Related Investment Risk 2: The value of commodity-linked derivative investments may be significantly affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.

Securities Lending Risk 1: The Fund may engage in securities lending, which involves borrower credit risk, settlement risk, and cash collateral-related risks, such as the risk that the return on the cash collateral is insufficient to cover the fees the Fund is committed to pay and the risk that cash collateral may be invested in securities or other instruments that suffer losses or become illiquid.

Derivatives Risk 1: Investments in derivatives (such as futures contracts, forward contracts, swaps and options) may reduce the Fund's returns and/or increase volatility. Fluctuations in the values of derivatives may not correlate perfectly with the overall securities markets. The other party in the transaction may not fulfill its contractual obligation. The possible lack of a liquid secondary market for derivatives could expose the Fund to losses.

Real Estate-Related Securities Risk 2: Real estate values can be negatively affected by many factors including both the general and local economies, the amount of new construction in a particular area, the laws and regulations affecting real estate, the costs of owning, maintaining and improving real estate, availability of mortgages, and changes in interest rates.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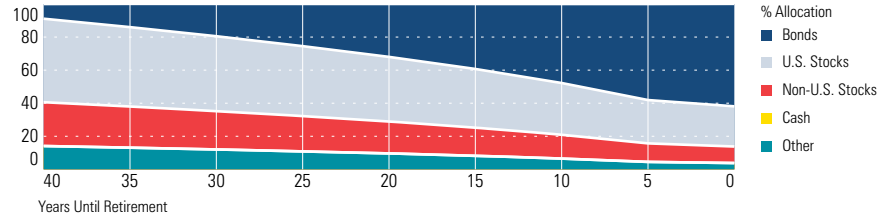
# LifePath® Index 2035 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Standard & Poor's 500® Index | LifePath® Index 2035 Custom Benchmark | Target Date 2031-2035 | ★★★★ See disclosure for details. | Average | Below Average |

## Allocation of Stocks and Bonds




## Investment Objective and Strategy

The Fund provides long-term investors with an asset allocation strategy designed to maximize assets for retirement, or for other purposes, consistent with the risk that investors, on average, may be willing to accept given their investment time horizon.

The Fund is a collective investment trust maintained and managed by BlackRock Institutional Trust Company, N.A. ("BTC").

The Fund shall be invested and reinvested in securities and other assets with the objective of providing maximum total return consistent with the quantitatively measured risk investors, on average, at various stages in their employment cycle, may be willing to accept in an effort to maximize assets available during the period chosen for retirement.

The Fund's investments may include: equity securities (including those issued by real estate companies); depository receipts; debt securities and other fixed income obligations (including those issued or guaranteed by the U.S. government, its agencies or instrumentalities, and those issued by corporations or other entities); mortgage-backed securities; other asset-backed securities; commodities; and/or cash equivalents.

The Fund may invest in securities and other obligations of U.S. issuers or non-U.S. issuers, and those issuers may be of any market capitalization. The Fund's fixed income investments may be investment-grade or non-investment grade, and may include securities and other obligations of any maturity.

In addition to, or in lieu of, investing in the assets listed above, the Fund may engage in structured transactions in these asset classes, as well as over-the-counter forward contracts, swaps and options. When deemed appropriate by BTC, the Fund may invest in futures contracts, for the purpose of acting as a temporary substitute for investment in securities and/or to gain exposure to commodities.

The difference between the normal and current securities holdings for the Fund varies over time and is based on the factors analyzed by the asset allocation model used by BTC to manage the Fund. The normal asset allocations will gradually change over the investment horizon of the Fund to become more heavily oriented toward debt and debt-like securities. As time passes, the Fund is managed more conservatively in terms of its allocation to equity securities and markets, on the premise that individuals investing for retirement desire to reduce investment risk in their retirement accounts as their retirement date approaches.

BTC employs a proprietary investment model that analyzes securities market data, including risk, correlation and expected return statistics, to recommend the portfolio allocation among the asset classes.

Rather than choosing specific securities within each asset class, BTC selects among indices representing segments of the global equity and debt markets and invests in securities that comprise the chosen index. The Fund generally invests in a chosen index through a series of collective investment trusts managed and trusteed by BTC, each such fund representing one of the indices (each, an "Underlying Fund").

In the event of a conflict between this summary description of the Fund's investment objective and principal investment strategies and the Trust Document under which the Fund was established, the Trust Document will govern. For more information related to the Fund, please see the Fund's Trust Document, Profile and most recent audited financial statements.

## Portfolio Analysis

| **Top 10 Holdings** as of 06-30-13 | % Assets |
|---|---|
| Equity Index Fund E | 34.70 |
| U.S. Debt Index Fund E | 22.25 |
| BlackRock MSCI ACWI ex-U.S. IMI Index Fund E | 21.59 |
| Extended Equity Market Fund E | 7.73 |
| Developed Real Estate Index Fund E | 6.92 |
| BlackRock Dow Jones-UBS Commodity Index Daily Fund E | 3.87 |
| U.S. Treasury Inflation Protected Securities Fund E | 2.95 |

| **Morningstar Super Sectors** as of 06-30-13 | % Fund |
|---|---|
| Cyclical | 43.54 |
| Sensitive | 35.23 |
| Defensive | 21.22 |

| **Morningstar F-I Sectors** as of 06-30-13 | % Fund | % Category |
|---|---|---|
| Government | 41.55 | 25.94 |
| Corporate | 15.40 | 22.39 |
| Securitized | 20.13 | 17.32 |
| Municipal | 0.60 | 0.61 |
| Cash | 22.31 | 29.34 |
| Other | 0.00 | 4.40 |

## Investment Information

**Operations and Management**

| | |
|---|---|
| Product Inception Date | 01-02-08 |
| Strategy Inception Date | 07-05-06 |
| Total Fund Assets ($mil) | 769.96 |
| Investment Manager | BlackRock Institutional Trust Company NA |

| | |
|---|---|
| Annual Turnover Ratio % | 22.32 |

**Fees and Expenses** as of 12-31-12

| | |
|---|---|
| Total Annual Operating Expense % | 0.11% |
| Total Annual Operating Expense per $1000 | $1.10 |

**Additional Information for Total Annual Operating Expense**

The Total Annual Operating Expense ("TAOE") ratio noted above reflects a management fee and administrative costs. The administrative costs are capped at two (2) basis points (0.02%) per year. There may be other fees and expenses not reflected in the TAOE ratio noted above that bear on the value of the investment. The Portfolio Turnover Rate is that of the collective investment fund in which the Fund invests exclusively, either directly or indirectly.



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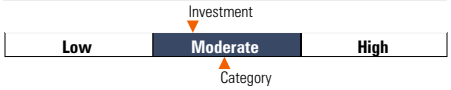
# LifePath® Index 2035 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Standard & Poor's 500® Index | LifePath® Index 2035 Custom Benchmark | Target Date 2031-2035 | ★★★★ See disclosure for details. | Average | Below Average |

## Benchmark Description

The LifePath® Index 2035 Fund's Custom Benchmark is a comparison benchmark for the performance of the Fund. The Custom Benchmark is calculated using blended returns of third party indices that proportionally reflect the respective weightings of the Fund's asset classes. The third party index proportions of the Custom Benchmark are adjusted quarterly to reflect the Fund's changing asset allocations over time. As the Fund's asset classes have been re-defined or added over time, the indices used to calculate the Custom Benchmark have changed accordingly. As of December 31, 2012, the indices used to calculate the Custom Benchmark are: S&P 500 Index, Dow Jones U.S. Completion Total Stock Market Index, MSCI ACWI ex-US IMI Net Dividend Return Index SM, Barclays U.S. Aggregate Bond Index, Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index, FTSE EPRA/NAREIT Developed Index, and the Dow Jones UBS Commodity Index.

## Volatility Analysis




In the past, this investment has shown a relatively moderate range of price fluctuations relative to other investments. This investment may experience larger or smaller price declines or price increases depending on market conditions. Some of this risk may be offset by owning other investments with different portfolio makeups or investment strategies.

| Best 3 Month Return | Worst 3 Month Return |
|---|---|
| 27.24% | -29.39% |
| (Mar '09 - May '09) | (Sep '08 - Nov '08) |

## Performance

| Since Inception | 10 Year | 5 Year | 3 Year | 1 Year | YTD | |
|---|---|---|---|---|---|---|
| 4.60 | — | 4.64 | 12.34 | 12.37 | 4.81 | Investment Return % |
| 5.66 | — | 7.01 | 18.45 | 20.60 | 13.82 | Primary Bmark Return % |
| 4.58 | — | 4.59 | 12.23 | 12.29 | 4.96 | Custom Bmark Return % |
| — | — | ★★★★ | ★★★ | — | — | Morningstar Rating™ |
| — | — | 91 | 134 | — | — | # of Funds in Category |

**Performance Disclosure: The Fund's returns are net of an investment management fee, currently at an annual rate of 0.10%. The Fund's performance reflects fund level administrative costs capped at 0.02% per year. Since its inception the Fund has invested all of its assets in LifePath Index 2035 Fund F. Returns shown for periods prior to the Fund's inception are those of the LifePath Index 2035 Fund F net of the Fund's investment management fee.**

## Principal Risks

Any of the principal risks summarized below may adversely affect the Fund's net asset value, performance, and ability to meet its investment objective. An investment in the Fund is not a bank deposit, is not guaranteed by BlackRock, Inc. or any of its affiliates, and is not insured by the Federal Deposit Insurance Corporation or any other agency of the U.S. government.

Underlying Fund Risk 1: The investment objective and strategies of a collective investment trust in which the Fund invests ("Underlying Fund") may differ from the Fund, and there is no assurance that an Underlying Fund will achieve its objective.

Active Strategy Risk: Active strategies could result in underperformance as compared to funds with similar investment objectives and strategies.

Equity Investment Risk: The price of an equity security fluctuates based on changes in the issuer's financial condition and overall market and economic conditions. Equity securities are subject to changes in value that may be more volatile than other asset classes.

Fixed Income Investment Risk 1: An increase in interest rates may cause the value of fixed-income securities held by the Fund to decline. The Fund's income may decline when interest rates fall. Debt issuers may not honor their obligations. Securities that are rated below investment grade may be more volatile and less liquid than higher-rated securities of similar maturity.

Foreign Investment Risk 1: The Fund may suffer losses due to political, legal, economic and geographic events affecting a non-U.S. issuer or market. The prices of non-U.S. securities may be more volatile than those of securities issued by U.S. corporations or other U.S. entities. Securities of non-U.S. issuers denominated in non-U.S. currencies will expose the Fund to fluctuations in foreign currency exchange prices.

Target Date Risk: A "target date" fund may incur losses close to or after the fund's target retirement date, and there is no guarantee that the Fund will provide adequate income for an investor's retirement.

Asset Allocation Model Risk: The asset allocation model may not effectively maximize returns or minimize risk, or be appropriate for every investor seeking a particular risk profile.

Commodity-Related Investment Risk 2: The value of commodity-linked derivative investments may be significantly affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.

Securities Lending Risk 1: The Fund may engage in securities lending, which involves borrower credit risk, settlement risk, and cash collateral-related risks, such as the risk that the return on the cash collateral is insufficient to cover the fees the Fund is committed to pay and the risk that cash collateral may be invested in securities or other instruments that suffer losses or become illiquid.

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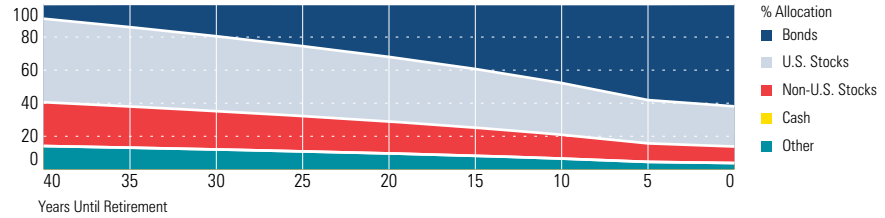
# LifePath® Index 2040 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Standard & Poor's 500® Index | LifePath® Index 2040 Custom Benchmark | Target Date 2036-2040 | ★★★ See disclosure for details. | Average | Average |

## Allocation of Stocks and Bonds




## Investment Objective and Strategy

The Fund provides long-term investors with an asset allocation strategy designed to maximize assets for retirement, or for other purposes, consistent with the risk that investors, on average, may be willing to accept given their investment time horizon.

The Fund is a collective investment trust maintained and managed by BlackRock Institutional Trust Company, N.A. ("BTC").

The Fund shall be invested and reinvested in securities and other assets with the objective of providing maximum total return consistent with the quantitatively measured risk investors, on average, at various stages in their employment cycle, may be willing to accept in an effort to maximize assets available during the period chosen for retirement.

The Fund's investments may include: equity securities (including those issued by real estate companies); depository receipts; debt securities and other fixed income obligations (including those issued or guaranteed by the U.S. government, its agencies or instrumentalities, and those issued by corporations or other entities); mortgage-backed securities; other asset-backed securities; commodities; and/or cash equivalents.

The Fund may invest in securities and other obligations of U.S. issuers or non-U.S. issuers, and those issuers may be of any market capitalization. The Fund's fixed income investments may be investment-grade or non-investment grade, and may include securities and other obligations of any maturity.

In addition to, or in lieu of, investing in the assets listed above, the Fund may engage in structured transactions in these asset classes, as well as over-the-counter forward contracts, swaps and options. When deemed appropriate by BTC, the Fund may invest in futures contracts, for the purpose of acting as a temporary substitute for investment in securities and/or to gain exposure to commodities.

The difference between the normal and current securities holdings for the Fund varies over time and is based on the factors analyzed by the asset allocation model used by BTC to manage the Fund. The normal asset allocations will gradually change over the investment horizon of the Fund to become more heavily oriented toward debt and debt-like securities. As time passes, the Fund is managed more conservatively in terms of its allocation to equity securities and markets, on the premise that individuals investing for retirement desire to reduce investment risk in their retirement accounts as their retirement date approaches.

BTC employs a proprietary investment model that analyzes securities market data, including risk, correlation and expected return statistics, to recommend the portfolio allocation among the asset classes.

Rather than choosing specific securities within each asset class, BTC selects among indices representing segments of the global equity and debt markets and invests in securities that comprise the chosen index. The Fund generally invests in a chosen index through a series of collective investment trusts managed and trusteed by BTC, each such fund representing one of the indices (each, an "Underlying Fund").

In the event of a conflict between this summary description of the Fund's investment objective and principal investment strategies and the Trust Document under which the Fund was established, the Trust Document will govern. For more information related to the Fund, please see the Fund's Trust Document, Profile and most recent audited financial statements.

## Portfolio Analysis

| **Top 10 Holdings** as of 06-30-13 | % Assets |
|---|---|
| Equity Index Fund E | 37.34 |
| BlackRock MSCI ACWI ex-U.S. IMI Index Fund E | 23.29 |
| U.S. Debt Index Fund E | 17.50 |
| Developed Real Estate Index Fund E | 8.10 |
| Extended Equity Market Fund E | 8.01 |
| BlackRock Dow Jones-UBS Commodity Index Daily Fund E | 3.94 |
| U.S. Treasury Inflation Protected Securities Fund E | 1.82 |

| **Morningstar Super Sectors** as of 06-30-13 | % Fund |
|---|---|
| Cyclical | 43.99 |
| Sensitive | 34.93 |
| Defensive | 21.06 |

| **Morningstar F-I Sectors** as of 06-30-13 | % Fund | % Category |
|---|---|---|
| Government | 38.44 | 26.11 |
| Corporate | 15.07 | 19.61 |
| Securitized | 19.65 | 15.39 |
| Municipal | 0.59 | 0.65 |
| Cash | 26.25 | 33.70 |
| Other | 0.00 | 4.55 |

## Investment Information

**Operations and Management**

| | |
|---|---|
| Product Inception Date | 01-02-08 |
| Strategy Inception Date | 08-01-05 |
| Total Fund Assets ($mil) | 900.72 |
| Investment Manager | BlackRock Institutional Trust Company NA |

| | |
|---|---|
| Annual Turnover Ratio % | 25.53 |

**Fees and Expenses** as of 12-31-12

| | |
|---|---|
| Total Annual Operating Expense % | 0.11% |
| Total Annual Operating Expense per $1000 | $1.10 |

**Additional Information for Total Annual Operating Expense**

The Total Annual Operating Expense ("TAOE") ratio noted above reflects a management fee and administrative costs. The administrative costs are capped at two (2) basis points (0.02%) per year. There may be other fees and expenses not reflected in the TAOE ratio noted above that bear on the value of the investment. The Portfolio Turnover Rate is that of the collective investment fund in which the Fund invests exclusively, either directly or indirectly.



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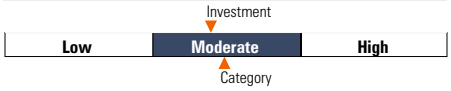
# LifePath® Index 2040 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Standard & Poor's 500® Index | LifePath® Index 2040 Custom Benchmark | Target Date 2036-2040 | ★★★ See disclosure for details. | Average | Average |

## Benchmark Description

The LifePath® Index 2040 Fund's Custom Benchmark is a comparison benchmark for the performance of the Fund. The Custom Benchmark is calculated using blended returns of third party indices that proportionally reflect the respective weightings of the Fund's asset classes. The third party index proportions of the Custom Benchmark are adjusted quarterly to reflect the Fund's changing asset allocations over time. As the Fund's asset classes have been re-defined or added over time, the indices used to calculate the Custom Benchmark have changed accordingly. As of December 31, 2012, the indices used to calculate the Custom Benchmark are: S&P 500 Index, Dow Jones U.S. Completion Total Stock Market Index, MSCI ACWI ex-US IMI Net Dividend Return Index SM, Barclays U.S. Aggregate Bond Index, Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index, FTSE EPRA/NAREIT Developed Index, and the Dow Jones UBS Commodity Index.

## Volatility Analysis




In the past, this investment has shown a relatively moderate range of price fluctuations relative to other investments. This investment may experience larger or smaller price declines or price increases depending on market conditions. Some of this risk may be offset by owning other investments with different portfolio makeups or investment strategies.

| Best 3 Month Return | Worst 3 Month Return |
|---|---|
| 29.27% | -31.03% |
| (Mar '09 - May '09) | (Sep '08 - Nov '08) |

## Performance

| Since Inception | 10 Year | 5 Year | 3 Year | 1 Year | YTD | |
|---|---|---|---|---|---|---|
| 4.94 | — | 4.54 | 12.99 | 13.42 | 5.45 | Investment Return % |
| 5.59 | — | 7.01 | 18.45 | 20.60 | 13.82 | Primary Bmark Return % |
| 4.98 | — | 4.50 | 12.87 | 13.46 | 5.62 | Custom Bmark Return % |
| — | — | ★★★ | ★★★ | — | — | Morningstar Rating™ |
| — | — | 142 | 182 | — | — | # of Funds in Category |

**Performance Disclosure: The Fund's returns are net of an investment management fee, currently at an annual rate of 0.10%. The Fund's performance reflects fund level administrative costs capped at 0.02% per year. Since its inception the Fund has invested all of its assets in LifePath Index 2040 Fund F. Returns shown for periods prior to the Fund's inception are those of the LifePath Index 2040 Fund F net of the Fund's investment management fee.**

## Principal Risks

Any of the principal risks summarized below may adversely affect the Fund's net asset value, performance, and ability to meet its investment objective. An investment in the Fund is not a bank deposit, is not guaranteed by BlackRock, Inc. or any of its affiliates, and is not insured by the Federal Deposit Insurance Corporation or any other agency of the U.S. government.

Underlying Fund Risk 1: The investment objective and strategies of a collective investment trust in which the Fund invests ("Underlying Fund") may differ from the Fund, and there is no assurance that an Underlying Fund will achieve its objective.

Active Strategy Risk: Active strategies could result in underperformance as compared to funds with similar investment objectives and strategies.

Equity Investment Risk: The price of an equity security fluctuates based on changes in the issuer's financial condition and overall market and economic conditions. Equity securities are subject to changes in value that may be more volatile than other asset classes.

Fixed Income Investment Risk 1: An increase in interest rates may cause the value of fixed-income securities held by the Fund to decline. The Fund's income may decline when interest rates fall. Debt issuers may not honor their obligations. Securities that are rated below investment grade may be more volatile and less liquid than higher-rated securities of similar maturity.

Foreign Investment Risk 1: The Fund may suffer losses due to political, legal, economic and geographic events affecting a non-U.S. issuer or market. The prices of non-U.S. securities may be more volatile than those of securities issued by U.S. corporations or other U.S. entities. Securities of non-U.S. issuers denominated in non-U.S. currencies will expose the Fund to fluctuations in foreign currency exchange prices.

Target Date Risk: A "target date" fund may incur losses close to or after the fund's target retirement date, and there is no guarantee that the Fund will provide adequate income for an investor's retirement.

Asset Allocation Model Risk: The asset allocation model may not effectively maximize returns or minimize risk, or be appropriate for every investor seeking a particular risk profile.

Commodity-Related Investment Risk 2: The value of commodity-linked derivative investments may be significantly affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.

Securities Lending Risk 1: The Fund may engage in securities lending, which involves borrower credit risk, settlement risk, and cash collateral-related risks, such as the risk that the return on the cash collateral is insufficient to cover the fees the Fund is committed to pay and the risk that cash collateral may be invested in securities or other instruments that suffer losses or become illiquid.

Derivatives Risk 1: Investments in derivatives (such as futures contracts, forward contracts, swaps and options) may reduce the Fund's returns and/or increase volatility. Fluctuations in the values of derivatives may not correlate perfectly with the overall securities markets. The other party in the transaction may not fulfill its contractual obligation. The possible lack of a liquid secondary market for derivatives could expose the Fund to losses.

Real Estate-Related Securities Risk 2: Real estate values can be negatively affected by many factors including both the general and local economies, the amount of new construction in a particular area, the laws and regulations affecting real estate, the costs of owning, maintaining and improving real estate, availability of mortgages, and changes in interest rates.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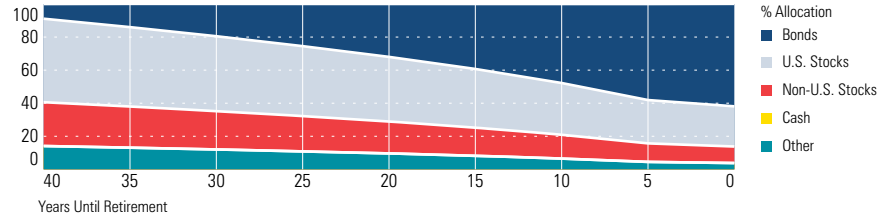
MORNINGSTAR®

# LifePath® Index 2045 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Standard & Poor's 500® Index | LifePath® Index 2045 Custom Benchmark | Target Date 2041-2045 | ★★★ See disclosure for details. | Average | Average |

## Allocation of Stocks and Bonds




## Investment Objective and Strategy

The Fund provides long-term investors with an asset allocation strategy designed to maximize assets for retirement, or for other purposes, consistent with the risk that investors, on average, may be willing to accept given their investment time horizon.

The Fund is a collective investment trust maintained and managed by BlackRock Institutional Trust Company, N.A. ("BTC").

The Fund shall be invested and reinvested in securities and other assets with the objective of providing maximum total return consistent with the quantitatively measured risk investors, on average, at various stages in their employment cycle, may be willing to accept in an effort to maximize assets available during the period chosen for retirement.

The Fund's investments may include: equity securities (including those issued by real estate companies); depository receipts; debt securities and other fixed income obligations (including those issued or guaranteed by the U.S. government, its agencies or instrumentalities, and those issued by corporations or other entities); mortgage-backed securities; other asset-backed securities; commodities; and/or cash equivalents.

The Fund may invest in securities and other obligations of U.S. issuers or non-U.S. issuers, and those issuers may be of any market capitalization. The Fund's fixed income investments may be investment-grade or non-investment grade, and may include securities and other obligations of any maturity.

In addition to, or in lieu of, investing in the assets listed above, the Fund may engage in structured transactions in these asset classes, as well as over-the-counter forward contracts, swaps and options. When deemed appropriate by BTC, the Fund may invest in futures contracts, for the purpose of acting as a temporary substitute for investment in securities and/or to gain exposure to commodities.

The difference between the normal and current securities holdings for the Fund varies over time and is based on the factors analyzed by the asset allocation model used by BTC to manage the Fund. The normal asset allocations will gradually change over the investment horizon of the Fund to become more heavily oriented toward debt and debt-like securities. As time passes, the Fund is managed more conservatively in terms of its allocation to equity securities and markets, on the premise that individuals investing for retirement desire to reduce investment risk in their retirement accounts as their retirement date approaches.

BTC employs a proprietary investment model that analyzes securities market data, including risk, correlation and expected return statistics, to recommend the portfolio allocation among the asset classes.

Rather than choosing specific securities within each asset class, BTC selects among indices representing segments of the global equity and debt markets and invests in securities that comprise the chosen index. The Fund generally invests in a chosen index through a series of collective investment trusts managed and trusteed by BTC, each such fund representing one of the indices (each, an "Underlying Fund").

In the event of a conflict between this summary description of the Fund's investment objective and principal investment strategies and the Trust Document under which the Fund was established, the Trust Document will govern. For more information related to the Fund, please see the Fund's Trust Document, Profile and most recent audited financial statements.

## Portfolio Analysis

| **Top 10 Holdings** as of 06-30-13 | % Assets |
|---|---|
| Equity Index Fund E | 39.78 |
| BlackRock MSCI ACWI ex-U.S. IMI Index Fund E | 25.11 |
| U.S. Debt Index Fund E | 13.70 |
| Developed Real Estate Index Fund E | 9.14 |
| Extended Equity Market Fund E | 8.26 |
| BlackRock Dow Jones-UBS Commodity Index Daily Fund E | 4.01 |

| **Morningstar Super Sectors** as of 06-30-13 | % Fund |
|---|---|
| Cyclical | 44.33 |
| Sensitive | 34.71 |
| Defensive | 20.94 |

| **Morningstar F-I Sectors** as of 06-30-13 | % Fund | % Category |
|---|---|---|
| Government | 31.32 | 22.63 |
| Corporate | 15.39 | 21.14 |
| Securitized | 19.97 | 15.69 |
| Municipal | 0.60 | 0.57 |
| Cash | 32.73 | 34.79 |
| Other | 0.00 | 5.19 |

## Investment Information

**Operations and Management**

| | |
|---|---|
| Product Inception Date | 01-02-08 |
| Strategy Inception Date | 07-05-06 |
| Total Fund Assets ($mil) | 406.06 |
| Investment Manager | BlackRock Institutional Trust Company NA |

| | |
|---|---|
| Annual Turnover Ratio % | 18.18 |

**Fees and Expenses** as of 12-31-12

| | |
|---|---|
| Total Annual Operating Expense % | 0.12% |
| Total Annual Operating Expense per $1000 | $1.20 |

**Additional Information for Total Annual Operating Expense**

The Total Annual Operating Expense ("TAOE") ratio noted above reflects a management fee and administrative costs. The administrative costs are capped at two (2) basis points (0.02%) per year. There may be other fees and expenses not reflected in the TAOE ratio noted above that bear on the value of the investment. The Portfolio Turnover Rate is that of the collective investment fund in which the Fund invests exclusively, either directly or indirectly.



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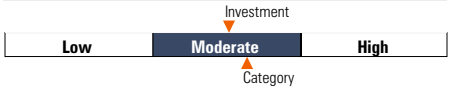
# LifePath® Index 2045 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Standard & Poor's 500® Index | LifePath® Index 2045 Custom Benchmark | Target Date 2041-2045 | ★★★ See disclosure for details. | Average | Average |

## Benchmark Description

The LifePath® Index 2045 Fund's Custom Benchmark is a comparison benchmark for the performance of the Fund. The Custom Benchmark is calculated using blended returns of third party indices that proportionally reflect the respective weightings of the Fund's asset classes. The third party index proportions of the Custom Benchmark are adjusted quarterly to reflect the Fund's changing asset allocations over time. As the Fund's asset classes have been re-defined or added over time, the indices used to calculate the Custom Benchmark have changed accordingly. As of December 31, 2012, the indices used to calculate the Custom Benchmark are: S&P 500 Index, Dow Jones U.S. Completion Total Stock Market Index, MSCI ACWI ex-US IMI Net Dividend Return Index SM, Barclays U.S. Aggregate Bond Index, Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index, FTSE EPRA/NAREIT Developed Index, and the Dow Jones UBS Commodity Index.

## Volatility Analysis




In the past, this investment has shown a relatively moderate range of price fluctuations relative to other investments. This investment may experience larger or smaller price declines or price increases depending on market conditions. Some of this risk may be offset by owning other investments with different portfolio makeups or investment strategies.

| Best 3 Month Return | Worst 3 Month Return |
|---|---|
| 31.12% | -32.51% |
| (Mar '09 - May '09) | (Sep '08 - Nov '08) |

## Performance

| Since Inception | 10 Year | 5 Year | 3 Year | 1 Year | YTD | |
|---|---|---|---|---|---|---|
| 4.31 | — | 4.47 | 13.64 | 14.60 | 6.10 | Investment Return % |
| 5.66 | — | 7.01 | 18.45 | 20.60 | 13.82 | Primary Bmark Return % |
| 4.31 | — | 4.40 | 13.46 | 14.59 | 6.28 | Custom Bmark Return % |
| — | — | ★★★ | ★★★ | — | — | Morningstar Rating™ |
| — | — | 89 | 133 | — | — | # of Funds in Category |

**Performance Disclosure: The Fund's returns are net of an investment management fee, currently at an annual rate of 0.10%. The Fund's performance reflects fund level administrative costs capped at 0.02% per year. Since its inception the Fund has invested all of its assets in LifePath Index 2045 Fund F. Returns shown for periods prior to the Fund's inception are those of the LifePath Index 2045 Fund F net of the Fund's investment management fee.**

## Principal Risks

Any of the principal risks summarized below may adversely affect the Fund's net asset value, performance, and ability to meet its investment objective. An investment in the Fund is not a bank deposit, is not guaranteed by BlackRock, Inc. or any of its affiliates, and is not insured by the Federal Deposit Insurance Corporation or any other agency of the U.S. government.

Underlying Fund Risk 1: The investment objective and strategies of a collective investment trust in which the Fund invests ("Underlying Fund") may differ from the Fund, and there is no assurance that an Underlying Fund will achieve its objective.

Active Strategy Risk: Active strategies could result in underperformance as compared to funds with similar investment objectives and strategies.

Equity Investment Risk: The price of an equity security fluctuates based on changes in the issuer's financial condition and overall market and economic conditions. Equity securities are subject to changes in value that may be more volatile than other asset classes.

Fixed Income Investment Risk 1: An increase in interest rates may cause the value of fixed-income securities held by the Fund to decline. The Fund's income may decline when interest rates fall. Debt issuers may not honor their obligations. Securities that are rated below investment grade may be more volatile and less liquid than higher-rated securities of similar maturity.

Foreign Investment Risk 1: The Fund may suffer losses due to political, legal, economic and geographic events affecting a non-U.S. issuer or market. The prices of non-U.S. securities may be more volatile than those of securities issued by U.S. corporations or other U.S. entities. Securities of non-U.S. issuers denominated in non-U.S. currencies will expose the Fund to fluctuations in foreign currency exchange prices.

Target Date Risk: A "target date" fund may incur losses close to or after the fund's target retirement date, and there is no guarantee that the Fund will provide adequate income for an investor's retirement.

Asset Allocation Model Risk: The asset allocation model may not effectively maximize returns or minimize risk, or be appropriate for every investor seeking a particular risk profile.

Commodity-Related Investment Risk 2: The value of commodity-linked derivative investments may be significantly affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.

Securities Lending Risk 1: The Fund may engage in securities lending, which involves borrower credit risk, settlement risk, and cash collateral-related risks, such as the risk that the return on the cash collateral is insufficient to cover the fees the Fund is committed to pay and the risk that cash collateral may be invested in securities or other instruments that suffer losses or become illiquid.

Derivatives Risk 1: Investments in derivatives (such as futures contracts, forward contracts, swaps and options) may reduce the Fund's returns and/or increase volatility. Fluctuations in the values of derivatives may not correlate perfectly with the overall securities markets. The other party in the transaction may not fulfill its contractual obligation. The possible lack of a liquid secondary market for derivatives could expose the Fund to losses.

Real Estate-Related Securities Risk 2: Real estate values can be negatively affected by many factors including both the general and local economies, the amount of new construction in a particular area, the laws and regulations affecting real estate, the costs of owning, maintaining and improving real estate, availability of mortgages, and changes in interest rates.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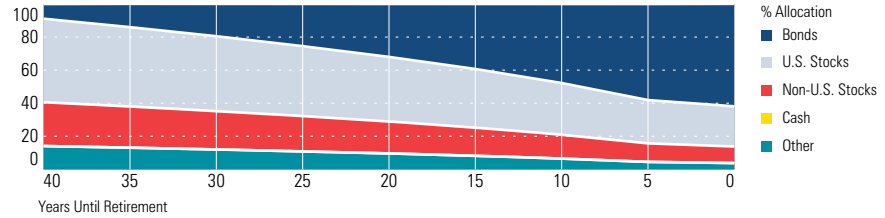
# LifePath® Index 2050 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Standard & Poor's 500® Index | LifePath® Index 2050 Custom Benchmark | Target Date 2046-2050 | ★★★ See disclosure for details. | Average | Above Average |

## Allocation of Stocks and Bonds




## Investment Objective and Strategy

The Fund provides long-term investors with an asset allocation strategy designed to maximize assets for retirement, or for other purposes, consistent with the risk that investors, on average, may be willing to accept given their investment time horizon.

The Fund is a collective investment trust maintained and managed by BlackRock Institutional Trust Company, N.A. ("BTC").

The Fund shall be invested and reinvested in securities and other assets with the objective of providing maximum total return consistent with the quantitatively measured risk investors, on average, at various stages in their employment cycle, may be willing to accept in an effort to maximize assets available during the period chosen for retirement.

The Fund's investments may include: equity securities (including those issued by real estate companies); depository receipts; debt securities and other fixed income obligations (including those issued or guaranteed by the U.S. government, its agencies or instrumentalities, and those issued by corporations or other entities); mortgage-backed securities; other asset-backed securities; commodities; and/or cash equivalents.

The Fund may invest in securities and other obligations of U.S. issuers or non-U.S. issuers, and those issuers may be of any market capitalization. The Fund's fixed income investments may be investment-grade or non-investment grade, and may include securities and other obligations of any maturity.

In addition to, or in lieu of, investing in the assets listed above, the Fund may engage in structured transactions in these asset classes, as well as over-the-counter forward contracts, swaps and options. When deemed appropriate by BTC, the Fund may invest in futures contracts, for the purpose of acting as a temporary substitute for investment in securities and/or to gain exposure to commodities.

The difference between the normal and current securities holdings for the Fund varies over time and is based on the factors analyzed by the asset allocation model used by BTC to manage the Fund. The normal asset allocations will gradually change over the investment horizon of the Fund to become more heavily oriented toward debt and debt-like securities. As time passes, the Fund is managed more conservatively in terms of its allocation to equity securities and markets, on the premise that individuals investing for retirement desire to reduce investment risk in their retirement accounts as their retirement date approaches.

BTC employs a proprietary investment model that analyzes securities market data, including risk, correlation and expected return statistics, to recommend the portfolio allocation among the asset classes.

Rather than choosing specific securities within each asset class, BTC selects among indices representing segments of the global equity and debt markets and invests in securities that comprise the chosen index. The Fund generally invests in a chosen index through a series of collective investment trusts managed and trusteed by BTC, each such fund representing one of the indices (each, an "Underlying Fund").

In the event of a conflict between this summary description of the Fund's investment objective and principal investment strategies and the Trust Document under which the Fund was established, the Trust Document will govern. For more information related to the Fund, please see the Fund's Trust Document, Profile and most recent audited financial statements.

## Portfolio Analysis

| **Top 10 Holdings** as of 06-30-13 | % Assets |
|---|---|
| Equity Index Fund E | 42.01 |
| BlackRock MSCI ACWI ex-U.S. IMI Index Fund E | 26.57 |
| Developed Real Estate Index Fund E | 10.13 |
| U.S. Debt Index Fund E | 8.94 |
| Extended Equity Market Fund E | 8.51 |
| BlackRock Dow Jones-UBS Commodity Index Daily Fund E | 3.85 |

| **Morningstar Super Sectors** as of 06-30-13 | % Fund |
|---|---|
| Cyclical | 44.63 |
| Sensitive | 34.52 |
| Defensive | 20.85 |

| **Morningstar F-I Sectors** as of 06-30-13 | % Fund | % Category |
|---|---|---|
| Government | 27.77 | 21.99 |
| Corporate | 13.77 | 20.45 |
| Securitized | 17.70 | 14.80 |
| Municipal | 0.53 | 0.64 |
| Cash | 40.23 | 36.12 |
| Other | 0.00 | 6.00 |

## Investment Information

**Operations and Management**

| | |
|---|---|
| Product Inception Date | 01-02-08 |
| Strategy Inception Date | 09-30-07 |
| Total Fund Assets ($mil) | 352.35 |
| Investment Manager | BlackRock Institutional Trust Company NA |

| | |
|---|---|
| Annual Turnover Ratio % | 15.69 |

**Fees and Expenses** as of 12-31-12

| | |
|---|---|
| Total Annual Operating Expense % | 0.12% |
| Total Annual Operating Expense per $1000 | $1.20 |

**Additional Information for Total Annual Operating Expense**

The Total Annual Operating Expense ("TAOE") ratio noted above reflects a management fee and administrative costs. The administrative costs are capped at two (2) basis points (0.02%) per year. There may be other fees and expenses not reflected in the TAOE ratio noted above that bear on the value of the investment. The Portfolio Turnover Rate is that of the collective investment fund in which the Fund invests exclusively, either directly or indirectly.



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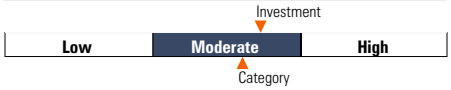
# LifePath® Index 2050 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Standard & Poor's 500® Index | LifePath® Index 2050 Custom Benchmark | Target Date 2046-2050 | ★★★ See disclosure for details. | Average | Above Average |

## Benchmark Description

The LifePath® Index 2050 Fund's Custom Benchmark is a comparison benchmark for the performance of the Fund. The Custom Benchmark is calculated using blended returns of third party indices that proportionally reflect the respective weightings of the Fund's asset classes. The third party index proportions of the Custom Benchmark are adjusted quarterly to reflect the Fund's changing asset allocations over time. As the Fund's asset classes have been re-defined or added over time, the indices used to calculate the Custom Benchmark have changed accordingly. As of December 31, 2012, the indices used to calculate the Custom Benchmark are: S&P 500 Index, Dow Jones U.S. Completion Total Stock Market Index, MSCI ACWI ex-US IMI Net Dividend Return Index SM, Barclays U.S. Aggregate Bond Index, Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index, FTSE EPRA/NAREIT Developed Index, and the Dow Jones UBS Commodity Index.

## Volatility Analysis




In the past, this investment has shown a relatively moderate range of price fluctuations relative to other investments. This investment may experience larger or smaller price declines or price increases depending on market conditions. Some of this risk may be offset by owning other investments with different portfolio makeups or investment strategies.

| Best 3 Month Return | Worst 3 Month Return |
|---|---|
| 32.73% | -33.37% |
| (Mar '09 - May '09) | (Sep '08 - Nov '08) |

## Performance

| Since Inception | 10 Year | 5 Year | 3 Year | 1 Year | YTD | |
|---|---|---|---|---|---|---|
| 1.54 | — | 4.64 | 14.22 | 15.71 | 6.58 | Investment Return % |
| 3.15 | — | 7.01 | 18.45 | 20.60 | 13.82 | Primary Bmark Return % |
| 1.51 | — | 4.60 | 14.03 | 15.57 | 6.80 | Custom Bmark Return % |
| — | — | ★★★ | ★★★★ | — | — | Morningstar Rating™ |
| — | — | 102 | 145 | — | — | # of Funds in Category |

**Performance Disclosure: The Fund's returns are net of an investment management fee, currently at an annual rate of 0.10%. The Fund's performance reflects fund level administrative costs capped at 0.02% per year. Since its inception the Fund has invested all of its assets in LifePath Index 2050 Fund F. Returns shown for periods prior to the Fund's inception are those of the LifePath Index 2050 Fund F net of the Fund's investment management fee.**

## Principal Risks

Any of the principal risks summarized below may adversely affect the Fund's net asset value, performance, and ability to meet its investment objective. An investment in the Fund is not a bank deposit, is not guaranteed by BlackRock, Inc. or any of its affiliates, and is not insured by the Federal Deposit Insurance Corporation or any other agency of the U.S. government.

Underlying Fund Risk 1: The investment objective and strategies of a collective investment trust in which the Fund invests ("Underlying Fund") may differ from the Fund, and there is no assurance that an Underlying Fund will achieve its objective.

Active Strategy Risk: Active strategies could result in underperformance as compared to funds with similar investment objectives and strategies.

Equity Investment Risk: The price of an equity security fluctuates based on changes in the issuer's financial condition and overall market and economic conditions. Equity securities are subject to changes in value that may be more volatile than other asset classes.

Fixed Income Investment Risk 1: An increase in interest rates may cause the value of fixed-income securities held by the Fund to decline. The Fund's income may decline when interest rates fall. Debt issuers may not honor their obligations. Securities that are rated below investment grade may be more volatile and less liquid than higher-rated securities of similar maturity.

Foreign Investment Risk 1: The Fund may suffer losses due to political, legal, economic and geographic events affecting a non-U.S. issuer or market. The prices of non-U.S. securities may be more volatile than those of securities issued by U.S. corporations or other U.S. entities. Securities of non-U.S. issuers denominated in non-U.S. currencies will expose the Fund to fluctuations in foreign currency exchange prices.

Target Date Risk: A "target date" fund may incur losses close to or after the fund's target retirement date, and there is no guarantee that the Fund will provide adequate income for an investor's retirement.

Asset Allocation Model Risk: The asset allocation model may not effectively maximize returns or minimize risk, or be appropriate for every investor seeking a particular risk profile.

Commodity-Related Investment Risk 2: The value of commodity-linked derivative investments may be significantly affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.

Securities Lending Risk 1: The Fund may engage in securities lending, which involves borrower credit risk, settlement risk, and cash collateral-related risks, such as the risk that the return on the cash collateral is insufficient to cover the fees the Fund is committed to pay and the risk that cash collateral may be invested in securities or other instruments that suffer losses or become illiquid.

Derivatives Risk 1: Investments in derivatives (such as futures contracts, forward contracts, swaps and options) may reduce the Fund's returns and/or increase volatility. Fluctuations in the values of derivatives may not correlate perfectly with the overall securities markets. The other party in the transaction may not fulfill its contractual obligation. The possible lack of a liquid secondary market for derivatives could expose the Fund to losses.

Real Estate-Related Securities Risk 2: Real estate values can be negatively affected by many factors including both the general and local economies, the amount of new construction in a particular area, the laws and regulations affecting real estate, the costs of owning, maintaining and improving real estate, availability of mortgages, and changes in interest rates.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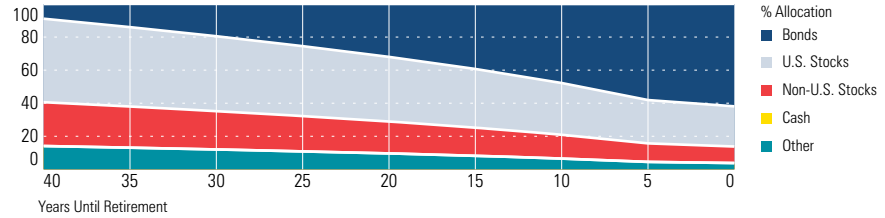
MORNINGSTAR®

# LifePath® Index 2055 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Standard & Poor's 500® Index | LifePath® Index 2055 Custom Benchmark | Target Date 2051+ | ★★★★ See disclosure for details. | Above Average | Above Average |

## Allocation of Stocks and Bonds




## Investment Objective and Strategy

The Fund provides long-term investors with an asset allocation strategy designed to maximize assets for retirement, or for other purposes, consistent with the risk that investors, on average, may be willing to accept given their investment time horizon.

The Fund is a collective investment trust maintained and managed by BlackRock Institutional Trust Company, N.A. ("BTC").

The Fund shall be invested and reinvested in securities and other assets with the objective of providing maximum total return consistent with the quantitatively measured risk investors, on average, at various stages in their employment cycle, may be willing to accept in an effort to maximize assets available during the period chosen for retirement.

The Fund's investments may include: equity securities (including those issued by real estate companies); depository receipts; debt securities and other fixed income obligations (including those issued or guaranteed by the U.S. government, its agencies or instrumentalities, and those issued by corporations or other entities); mortgage-backed securities; other asset-backed securities; commodities; and/or cash equivalents.

The Fund may invest in securities and other obligations of U.S. issuers or non-U.S. issuers, and those issuers may be of any market capitalization. The Fund's fixed income investments may be investment-grade or non-investment grade, and may include securities and other obligations of any maturity.

In addition to, or in lieu of, investing in the assets listed above, the Fund may engage in structured transactions in these asset classes, as well as over-the-counter forward contracts, swaps and options. When deemed appropriate by BTC, the Fund may invest in futures contracts, for the purpose of acting as a temporary substitute for investment in securities and/or to gain exposure to commodities.

The difference between the normal and current securities holdings for the Fund varies over time and is based on the factors analyzed by the asset allocation model used by BTC to manage the Fund. The normal asset allocations will gradually change over the investment horizon of the Fund to become more heavily oriented toward debt and debt-like securities. As time passes, the Fund is managed more conservatively in terms of its allocation to equity securities and markets, on the premise that individuals investing for retirement desire to reduce investment risk in their retirement accounts as their retirement date approaches.

BTC employs a proprietary investment model that analyzes securities market data, including risk, correlation and expected return statistics, to recommend the portfolio allocation among the asset classes.

Rather than choosing specific securities within each asset class, BTC selects among indices representing segments of the global equity and debt markets and invests in securities that comprise the chosen index. The Fund generally invests in a chosen index through a series of collective investment trusts managed and trusteed by BTC, each such fund representing one of the indices (each, an "Underlying Fund").

In the event of a conflict between this summary description of the Fund's investment objective and principal investment strategies and the Trust Document under which the Fund was established, the Trust Document will govern. For more information related to the Fund, please see the Fund's Trust Document, Profile and most recent audited financial statements.

## Portfolio Analysis

| **Top 10 Holdings** as of 06-30-13 | % Assets |
|---|---|
| Equity Index Fund E | 43.52 |
| BlackRock MSCI ACWI ex-U.S. IMI Index Fund E | 27.91 |
| Developed Real Estate Index Fund E | 11.44 |
| Extended Equity Market Fund E | 9.38 |
| BlackRock Dow Jones-UBS Commodity Index Daily Fund E | 4.01 |
| U.S. Debt Index Fund E | 3.74 |

| **Morningstar Super Sectors** as of 06-30-13 | % Fund |
|---|---|
| Cyclical | 45.14 |
| Sensitive | 34.23 |
| Defensive | 20.63 |

| **Morningstar F-I Sectors** as of 06-30-13 | % Fund | % Category |
|---|---|---|
| Government | 18.31 | 19.46 |
| Corporate | 9.41 | 25.86 |
| Securitized | 11.67 | 13.20 |
| Municipal | 0.35 | 0.49 |
| Cash | 60.26 | 38.29 |
| Other | 0.00 | 2.70 |

## Investment Information

**Operations and Management**

| | |
|---|---|
| Product Inception Date | 01-03-11 |
| Strategy Inception Date | 05-19-10 |
| Total Fund Assets ($mil) | 93.51 |
| Investment Manager | BlackRock Institutional Trust Company NA |

| | |
|---|---|
| Annual Turnover Ratio % | 32.63 |

**Fees and Expenses** as of 12-31-12

| | |
|---|---|
| Total Annual Operating Expense % | 0.12% |
| Total Annual Operating Expense per $1000 | $1.20 |

**Additional Information for Total Annual Operating Expense**

The Total Annual Operating Expense ("TAOE") ratio noted above reflects a management fee and administrative costs. The administrative costs are capped at two (2) basis points (0.02%) per year. There may be other fees and expenses not reflected in the TAOE ratio noted above that bear on the value of the investment. The Portfolio Turnover Rate is that of the collective investment fund in which the Fund invests exclusively, either directly or indirectly.



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# LifePath® Index 2055 Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Standard & Poor's 500® Index | LifePath® Index 2055 Custom Benchmark | Target Date 2051+ | ★★★★ See disclosure for details. | Above Average | Above Average |

## Benchmark Description

The LifePath® Index 2055 Fund's Custom Benchmark is a comparison benchmark for the performance of the Fund. The Custom Benchmark is calculated using blended returns of third party indices that proportionally reflect the respective weightings of the Fund's asset classes. The third party index proportions of the Custom Benchmark are adjusted quarterly to reflect the Fund's changing asset allocations over time. As the Fund's asset classes have been re-defined or added over time, the indices used to calculate the Custom Benchmark have changed accordingly. As of December 31, 2012, the indices used to calculate the Custom Benchmark are: S&P 500 Index, Dow Jones U.S. Completion Total Stock Market Index, MSCI ACWI ex-US IMI Net Dividend Return Index SM, Barclays U.S. Aggregate Bond Index, Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index, FTSE EPRA/NAREIT Developed Index, and the Dow Jones UBS Commodity Index.

## Volatility Analysis

In the past, this investment has shown a relatively moderate range of price fluctuations relative to other investments. This investment may experience larger or smaller price declines or price increases depending on market conditions. Some of this risk may be offset by owning other investments with different portfolio makeups or investment strategies.

| Best 3 Month Return | Worst 3 Month Return |
|---|---|
| 13.74% | -16.51% |
| (Jul '10 - Sep '10) | (Jul '11 - Sep '11) |

## Performance

| Since Inception | 10 Year | 5 Year | 3 Year | 1 Year | YTD | |
|---|---|---|---|---|---|---|
| 11.79 | — | — | 14.46 | 16.57 | 7.02 | Investment Return % |
| 14.86 | — | — | 18.45 | 20.60 | 13.82 | Primary Bmark Return % |
| 11.82 | — | — | 14.29 | 16.51 | 7.26 | Custom Bmark Return % |
| — | — | — | ★★★★ | — | — | Morningstar Rating™ |
| — | — | — | 49 | — | — | # of Funds in Category |

**Performance Disclosure: The Fund's returns are net of an investment management fee, currently at an annual rate of 0.10%. The Fund's performance reflects fund level administrative costs capped at 0.02% per year. Since its inception the Fund has invested all of its assets in LifePath Index 2055 Fund F. Returns shown for periods prior to the Fund's inception are those of the LifePath Index 2055 Fund F net of the Fund's investment management fee.**

## Principal Risks

Any of the principal risks summarized below may adversely affect the Fund's net asset value, performance, and ability to meet its investment objective. An investment in the Fund is not a bank deposit, is not guaranteed by BlackRock, Inc. or any of its affiliates, and is not insured by the Federal Deposit Insurance Corporation or any other agency of the U.S. government.

Underlying Fund Risk 1: The investment objective and strategies of a collective investment trust in which the Fund invests ("Underlying Fund") may differ from the Fund, and there is no assurance that an Underlying Fund will achieve its objective.

Active Strategy Risk: Active strategies could result in underperformance as compared to funds with similar investment objectives and strategies.

Equity Investment Risk: The price of an equity security fluctuates based on changes in the issuer's financial condition and overall market and economic conditions. Equity securities are subject to changes in value that may be more volatile than other asset classes.

Fixed Income Investment Risk 1: An increase in interest rates may cause the value of fixed-income securities held by the Fund to decline. The Fund's income may decline when interest rates fall. Debt issuers may not honor their obligations. Securities that are rated below investment grade may be more volatile and less liquid than higher-rated securities of similar maturity.

Foreign Investment Risk 1: The Fund may suffer losses due to political, legal, economic and geographic events affecting a non-U.S. issuer or market. The prices of non-U.S. securities may be more volatile than those of securities issued by U.S. corporations or other U.S. entities. Securities of non-U.S. issuers denominated in non-U.S. currencies will expose the Fund to fluctuations in foreign currency exchange prices.

Target Date Risk: A "target date" fund may incur losses close to or after the fund's target retirement date, and there is no guarantee that the Fund will provide adequate income for an investor's retirement.

Asset Allocation Model Risk: The asset allocation model may not effectively maximize returns or minimize risk, or be appropriate for every investor seeking a particular risk profile.

Commodity-Related Investment Risk 2: The value of commodity-linked derivative investments may be significantly affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.

Securities Lending Risk 1: The Fund may engage in securities lending, which involves borrower credit risk, settlement risk, and cash collateral-related risks, such as the risk that the return on the cash collateral is insufficient to cover the fees the Fund is committed to pay and the risk that cash collateral may be invested in securities or other instruments that suffer losses or become illiquid.

Derivatives Risk 1: Investments in derivatives (such as futures contracts, forward contracts, swaps and options) may reduce the Fund's returns and/or increase volatility. Fluctuations in the values of derivatives may not correlate perfectly with the overall securities markets. The other party in the transaction may not fulfill its contractual obligation. The possible lack of a liquid secondary market for derivatives could expose the Fund to losses.

Real Estate-Related Securities Risk 2: Real estate values can be negatively affected by many factors including both the general and local economies, the amount of new construction in a particular area, the laws and regulations affecting real estate, the costs of owning, maintaining and improving real estate, availability of mortgages, and changes in interest rates.


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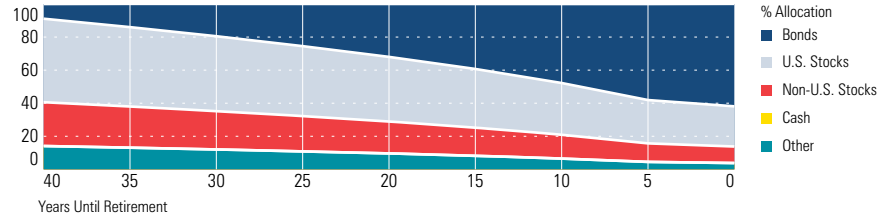
# LifePath® Index Retirement Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Barclays U.S. Aggregate Bond Index | LifePath® Index Retirement Custom Benchmark | Retirement Income | ★★★★ See disclosure for details. | Above Average | Average |

## Allocation of Stocks and Bonds




## Investment Objective and Strategy

The Fund provides long-term investors with an asset allocation strategy designed to maximize assets for retirement, or for other purposes, consistent with the risk that investors, on average, may be willing to accept given their investment time horizon.

The Fund is a collective investment trust maintained and managed by BlackRock Institutional Trust Company, N.A. ("BTC").

The Fund shall be invested and reinvested in securities and other assets with the objective of providing maximum total return consistent with the quantitatively measured risk investors, on average, at various stages in their employment cycle, may be willing to accept in an effort to maximize assets available during the period chosen for retirement.

The Fund's investments may include: equity securities (including those issued by real estate companies); depository receipts; debt securities and other fixed income obligations (including those issued or guaranteed by the U.S. government, its agencies or instrumentalities, and those issued by corporations or other entities); mortgage-backed securities; other asset-backed securities; commodities; and/or cash equivalents.

The Fund may invest in securities and other obligations of U.S. issuers or non-U.S. issuers, and those issuers may be of any market capitalization. The Fund's fixed income investments may be investment-grade or non-investment grade, and may include securities and other obligations of any maturity.

In addition to, or in lieu of, investing in the assets listed above, the Fund may engage in structured transactions in these asset classes, as well as over-the-counter forward contracts, swaps and options. When deemed appropriate by BTC, the Fund may invest in futures contracts, for the purpose of acting as a temporary substitute for investment in securities and/or to gain exposure to commodities.

The difference between the normal and current securities holdings for the Fund varies over time and is based on the factors analyzed by the asset allocation model used by BTC to manage the Fund. The normal asset allocations will gradually change over the investment horizon of the Fund to become more heavily oriented toward debt and debt-like securities. As time passes, the Fund is managed more conservatively in terms of its allocation to equity securities and markets, on the premise that individuals investing for retirement desire to reduce investment risk in their retirement accounts as their retirement date approaches.

BTC employs a proprietary investment model that analyzes securities market data, including risk, correlation and expected return statistics, to recommend the portfolio allocation among the asset classes.

Rather than choosing specific securities within each asset class, BTC selects among indices representing segments of the global equity and debt markets and invests in securities that comprise the chosen index. The Fund generally invests in a chosen index through a series of collective investment trusts managed and trusteed by BTC, each such fund representing one of the indices (each, an "Underlying Fund").

In the event of a conflict between this summary description of the Fund's investment objective and principal investment strategies and the Trust Document under which the Fund was established, the Trust Document will govern. For more information related to the Fund, please see the Fund's Trust Document, Profile and most recent audited financial statements.

## Portfolio Analysis

| **Top 10 Holdings** as of 06-30-13 | % Assets |
|---|---|
| U.S. Debt Index Fund E | 52.75 |
| Equity Index Fund E | 18.46 |
| BlackRock MSCI ACWI ex-U.S. IMI Index Fund E | 9.88 |
| U.S. Treasury Inflation Protected Securities Fund E | 8.94 |
| Extended Equity Market Fund E | 6.00 |
| BlackRock Dow Jones-UBS Commodity Index Daily Fund E | 3.50 |
| Developed Real Estate Index Fund E | 0.48 |

| **Morningstar Super Sectors** as of 06-30-13 | % Fund |
|---|---|
| Cyclical | 38.62 |
| Sensitive | 38.52 |
| Defensive | 22.86 |

| **Morningstar F-I Sectors** as of 06-30-13 | % Fund | % Category |
|---|---|---|
| Government | 47.68 | 33.58 |
| Corporate | 16.45 | 21.45 |
| Securitized | 21.65 | 19.59 |
| Municipal | 0.65 | 0.69 |
| Cash | 13.57 | 22.88 |
| Other | 0.00 | 1.81 |

## Investment Information

**Operations and Management**

| | |
|---|---|
| Product Inception Date | 01-02-08 |
| Strategy Inception Date | 08-01-05 |
| Total Fund Assets ($mil) | 659.20 |
| Investment Manager | BlackRock Institutional Trust Company NA |

| | |
|---|---|
| Annual Turnover Ratio % | 21.65 |

**Fees and Expenses** as of 12-31-12

| | |
|---|---|
| Total Annual Operating Expense % | 0.11% |
| Total Annual Operating Expense per $1000 | $1.10 |

**Additional Information for Total Annual Operating Expense**

The Total Annual Operating Expense ("TAOE") ratio noted above reflects a management fee and administrative costs. The administrative costs are capped at two (2) basis points (0.02%) per year. There may be other fees and expenses not reflected in the TAOE ratio noted above that bear on the value of the investment. The Portfolio Turnover Rate is that of the collective investment fund in which the Fund invests exclusively, either directly or indirectly.



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# LifePath® Index Retirement Fund Q

| Primary Benchmark | Custom Benchmark | Morningstar Category | Overall Morningstar Rating™ | Morningstar Return | Morningstar Risk |
|---|---|---|---|---|---|
| Barclays U.S. Aggregate Bond Index | LifePath® Index Retirement Custom Benchmark | Retirement Income | ★★★★ See disclosure for details. | Above Average | Average |

## Benchmark Description

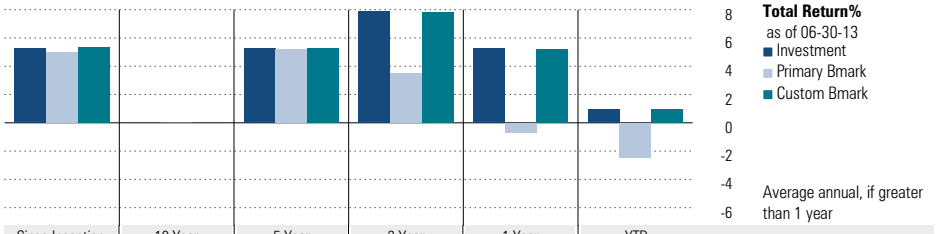
The LifePath® Index Retirement Fund's Custom Benchmark is a comparison benchmark for the performance of the Fund. The Custom Benchmark is calculated using blended returns of third party indices that proportionally reflect the respective weightings of the Fund's asset classes. The third party index proportions of the Custom Benchmark are adjusted quarterly to reflect the Fund's changing asset allocations over time. As the Fund's asset classes have been re-defined or added over time, the indices used to calculate the Custom Benchmark have changed accordingly. As of December 31, 2012, the indices used to calculate the Custom Benchmark are: S&P 500 Index, Dow Jones U.S. Completion Total Stock Market Index, MSCI ACWI ex-US IMI Net Dividend Return Index , Barclays U.S. Aggregate Bond Index, Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index, FTSE EPRA/NAREIT Developed Index, and the Dow Jones UBS Commodity Index.

## Volatility Analysis

In the past, this investment has shown a relatively small range of price fluctuations relative to other investments. Based on this measure, currently more than two thirds of all investments have shown higher levels of risk. Consequently, this investment may appeal to investors looking for a conservative investment strategy.

| Best 3 Month Return | Worst 3 Month Return |
|---|---|
| 13.52% | -15.30% |
| (Mar '09 - May '09) | (Sep '08 - Nov '08) |

## Performance




| Since Inception | 10 Year | 5 Year | 3 Year | 1 Year | YTD | |
|---|---|---|---|---|---|---|
| 5.28 | — | 5.27 | 7.87 | 5.29 | 0.97 | Investment Return % |
| 4.97 | — | 5.19 | 3.51 | -0.69 | -2.44 | Primary Bmark Return % |
| 5.33 | — | 5.28 | 7.83 | 5.17 | 0.92 | Custom Bmark Return % |
| — | — | ★★★★ | ★★★★ | — | — | Morningstar Rating™ |
| — | — | 217 | 273 | — | — | # of Funds in Category |

**Performance Disclosure: The Fund's returns are net of an investment management fee, currently at an annual rate of 0.10%. The Fund's performance reflects fund level administrative costs capped at 0.02% per year. Since its inception the Fund has invested all of its assets in LifePath Index Retirement Fund F. Returns shown for periods prior to the Fund's inception are those of the LifePath Index Retirement Fund F net of the Fund's investment management fee.**

## Principal Risks

Any of the principal risks summarized below may adversely affect the Fund's net asset value, performance, and ability to meet its investment objective. An investment in the Fund is not a bank deposit, is not guaranteed by BlackRock, Inc. or any of its affiliates, and is not insured by the Federal Deposit Insurance Corporation or any other agency of the U.S. government.

Underlying Fund Risk 1: The investment objective and strategies of a collective investment trust in which the Fund invests ("Underlying Fund") may differ from the Fund, and there is no assurance that an Underlying Fund will achieve its objective.

Active Strategy Risk: Active strategies could result in underperformance as compared to funds with similar investment objectives and strategies.

Equity Investment Risk: The price of an equity security fluctuates based on changes in the issuer's financial condition and overall market and economic conditions. Equity securities are subject to changes in value that may be more volatile than other asset classes.

Fixed Income Investment Risk 1: An increase in interest rates may cause the value of fixed-income securities held by the Fund to decline. The Fund's income may decline when interest rates fall. Debt issuers may not honor their obligations. Securities that are rated below investment grade may be more volatile and less liquid than higher-rated securities of similar maturity.

Foreign Investment Risk 1: The Fund may suffer losses due to political, legal, economic and geographic events affecting a non-U.S. issuer or market. The prices of non-U.S. securities may be more volatile than those of securities issued by U.S. corporations or other U.S. entities. Securities of non-U.S. issuers denominated in non-U.S. currencies will expose the Fund to fluctuations in foreign currency exchange prices.

Target Date Risk: A "target date" fund may incur losses close to or after the fund's target retirement date, and there is no guarantee that the Fund will provide adequate income for an investor's retirement.

Asset Allocation Model Risk: The asset allocation model may not effectively maximize returns or minimize risk, or be appropriate for every investor seeking a particular risk profile.

Commodity-Related Investment Risk 2: The value of commodity-linked derivative investments may be significantly affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.

Securities Lending Risk 1: The Fund may engage in securities lending, which involves borrower credit risk, settlement risk, and cash collateral-related risks, such as the risk that the return on the cash collateral is insufficient to cover the fees the Fund is committed to pay and the risk that cash collateral may be invested in securities or other instruments that suffer losses or become illiquid.

Derivatives Risk 1: Investments in derivatives (such as futures contracts, forward contracts, swaps and options) may reduce the Fund's returns and/or increase volatility. Fluctuations in the values of derivatives may not correlate perfectly with the overall securities markets. The other party in the transaction may not fulfill its contractual obligation. The possible lack of a liquid secondary market for derivatives could expose the Fund to losses.

Real Estate-Related Securities Risk 2: Real estate values can be negatively affected by many factors including both the general and local economies, the amount of new construction in a particular area, the laws and regulations affecting real estate, the costs of owning, maintaining and improving real estate, availability of mortgages, and changes in interest rates.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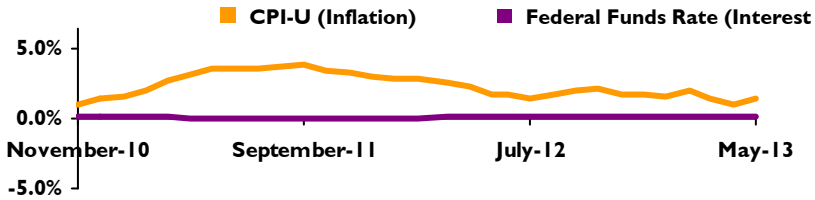
Care has been taken in the preparation of this report and review of the information provided. However, Arnerich Massena, Inc. makes no warranties regarding, and disclaims responsibility for, the accuracy or completeness of such information.

## Fund Manager Review Key

| Symbol | Performance | Style Consistency | Expense Ratio | Tenure |
|---|---|---|---|---|
| Above Expectations | 25th Percentile and Better | No change in last 36 months | .1% or more below average | Consistent |
| Meeting Expectations | 26th to 50th Percentile | Change in last 25-36 months | .01% to .09% below average | N/A |
| Marginal | 51st to 75th Percentile | Change in last 13-24 months | .01% to .09% above average | Not Consistent |
| Below Expectations | 76th Percentile and Below | Change in last 12 months | .1% or more above average | N/A |

# Economic Overview

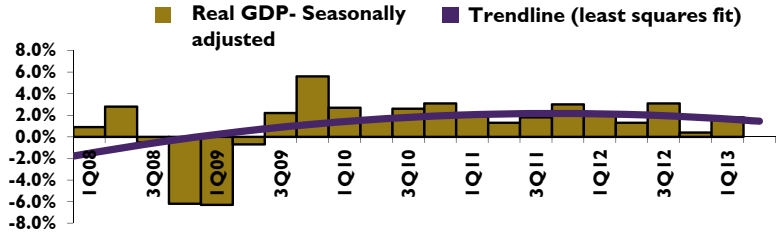
## Fixed Income: Federal Funds Rate & CPI (Inflation)




## Fixed Income Indexes

| | Performance | | Trailing Return (years) | | | |
|---|---|---|---|---|---|---|
| | QTR | YTD | 1 | 3 | 5 | 10 |
| BC Aggregate Bond | -2.3% | -2.4% | -0.7% | 3.5% | 5.2% | 4.5% |
| BC 1-3 Yr Gov't/Cred | -0.1% | 0.1% | 0.7% | 1.3% | 2.5% | 2.9% |
| 90 Day T-Bills | 0.0% | 0.0% | 0.1% | 0.1% | 0.2% | 1.6% |
| BC Global Aggregate | -2.8% | -4.8% | -2.2% | 3.6% | 3.7% | 4.8% |

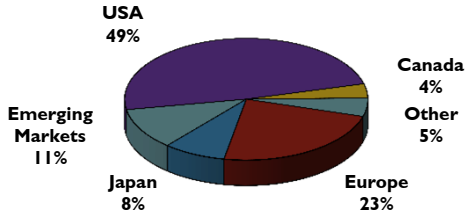
## U.S. Equities: Gross Domestic Product




## U.S. Equity Indexes

| | Performance | | Trailing Return (years) | | | |
|---|---|---|---|---|---|---|
| | QTR | YTD | 1 | 3 | 5 | 10 |
| S&P 500 | 2.9% | 13.8% | 20.6% | 18.5% | 7.0% | 7.3% |
| Russell Midcap | 2.2% | 15.5% | 25.4% | 19.5% | 8.3% | 10.6% |
| Russell 2000 | 3.1% | 15.9% | 24.2% | 18.7% | 8.8% | 9.5% |
| NASDAQ Composite | 4.5% | 13.4% | 17.6% | 18.6% | 9.4% | 8.6% |
| DJ-UBS Commodity | -9.5% | -10.5% | -8.0% | -0.3% | -11.6% | 2.4% |
| GSCI Commodity | -5.9% | -5.4% | 2.0% | 4.7% | -15.2% | 1.4% |

## International: World Stock Market Capitalization




## International Indexes

| | Performance | | Trailing Return (years) | | | |
|---|---|---|---|---|---|---|
| | QTR | YTD | 1 | 3 | 5 | 10 |
| MSCI ACWI | -0.2% | 6.4% | 17.2% | 13.0% | 2.9% | 8.1% |
| MSCI ACWI ex-US | -2.9% | 0.3% | 14.1% | 8.5% | -0.3% | 9.1% |
| MSCI Europe | -0.1% | 2.7% | 19.6% | 11.2% | -0.7% | 8.1% |
| MSCI Pacific | -1.7% | 7.9% | 18.6% | 9.7% | 1.2% | 8.4% |
| MSCI EMF | -8.0% | -9.4% | 3.2% | 3.7% | -0.1% | 14.0% |

## Commentary

On the back of continued monetary easing by the Federal Reserve (QE3), the U.S. economy continues to plod along in a slow climb. In the first quarter of 2013, the U.S. posted its 15th consecutive quarter of growth, growing at an annualized rate of 1.8%. This was slightly less than the 2% GDP growth forecast by many economists for that period. Unemployment dropped slightly from 7.8% at the start of the year to 7.6% by the end of May, as jobs were added in the services, retail, and healthcare sectors. This steadily improving employment environment contributed to consumer confidence, which reached a five-year high in June. Additionally, the Case-Shiller Home Price Index rose by almost 12.1% in April from a year earlier, further contributing to the boost in consumer sentiment. While the long-term effects of the Fed's current monetary policies remain unknown, the Fed Chairman reiterated during the second quarter that the quantitative easing program will most likely continue through at least the first half of 2014 (although at perhaps a slightly slower pace). During the second quarter, returns on U.S. government bonds were negative due to a rise in interest rates that more than wiped out the interest income earned during the period. With Treasury bond yields hovering in the zero to three percent range, the outlook for future returns from government bonds remains limited. High yield bonds also delivered negative returns during the period, as investors pulled money out of taxable bond investments. U.S., international, and emerging markets stocks experienced significant volatility during the second quarter of 2013. While domestic stocks finished up for the quarter, international and emerging markets stocks were hit hard as investors sold assets to raise cash. The U.S. Fed Chairman's comments about the potential for reduced bond purchases starting in 2014 most likely contributed to the widespread sell-off of financial assets.

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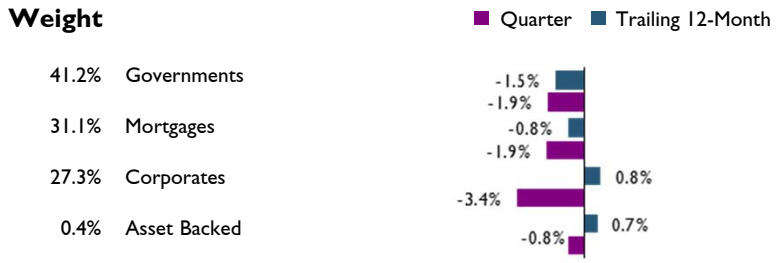
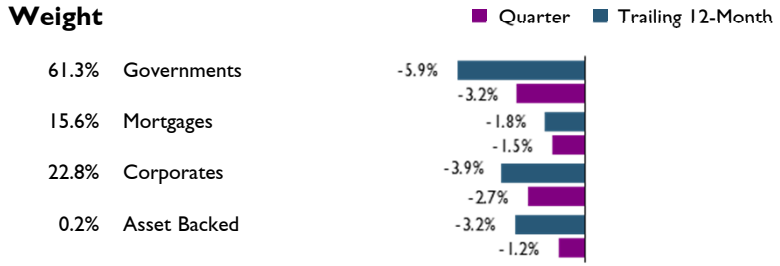
# Fixed Income Markets Overview

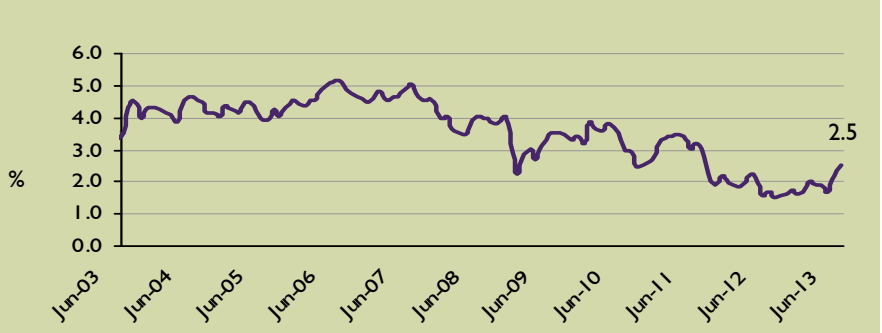
## Barclays Capital Aggregate Bond Index Sector Weights & Returns




## Barclays Capital Global Aggregate Bond Index Sector Weights & Returns




## 10-Year Treasury Yields




## Short Term and Low Duration Indexes

| | Performance | | | Trailing Return (years) | | | |
|---|---|---|---|---|---|---|---|
| | Duration | QTR | YTD | 1 | 3 | 5 | 10 |
| 90 Day T-Bills | 90 Days | 0.0% | 0.0% | 0.1% | 0.1% | 0.2% | 1.6% |
| BC 1-3 Yr Gov't/Credit | 1.9 Years | -0.1% | 0.1% | 0.7% | 1.3% | 2.5% | 2.9% |

## Intermediate and Long Duration Indexes

| | Performance | | | Trailing Return (years) | | | |
|---|---|---|---|---|---|---|---|
| | Duration | QTR | YTD | 1 | 3 | 5 | 10 |
| BC Int Agg Bond | 4.3 Years | -1.8% | -1.6% | -0.1% | 3.0% | 4.8% | 4.3% |
| BC Aggregate Bond | 5.5 Years | -2.3% | -2.4% | -0.7% | 3.5% | 5.2% | 4.5% |
| BC Government Bond | 5.0 Years | -1.9% | -2.0% | -1.5% | 2.9% | 4.4% | 4.1% |
| BC US TIPS | 7.2 Years | -7.1% | -7.4% | -4.8% | 4.6% | 4.4% | 5.2% |
| BC Muni Bond Index | 7.9 Years | -3.0% | -2.7% | 0.2% | 4.5% | 5.3% | 4.4% |

## Other Indexes

| | Performance | | | Trailing Return (years) | | | |
|---|---|---|---|---|---|---|---|
| | Duration | QTR | YTD | 1 | 3 | 5 | 10 |
| BC High Yield Bond | 4.4 Years | -1.4% | 1.4% | 9.5% | 10.7% | 10.9% | 8.9% |
| BC Mortgage | 5.2 Years | -2.0% | -2.0% | -1.1% | 2.5% | 4.8% | 4.7% |
| BC Majors ex-US | 7.5 Years | -3.6% | -7.7% | -7.1% | 2.3% | 2.9% | 4.8% |
| BC Global Aggregate | 6.2 Years | -2.8% | -4.8% | -2.2% | 3.6% | 3.7% | 4.8% |

## Commentary

Following a three-decade long bull market in bonds, the various worries that have shadowed bonds in recent years finally resulted in disappointing performance in the second quarter. U.S. TIPS were hit the hardest due to their longer duration, down 7.1% for the quarter and down 7.4% year-to-date, respectively. Given ongoing global monetary policy initiatives and historically low interest rates, investors need to be aware of fixed income risks and should reevaluate their desired risk and return in this new fixed income paradigm. Inflation already outstrips the yield from many fixed income options and a spike in interest rates will most likely lead to negative total returns. Investors should remain cognizant of the risks in fixed income and be wary of reaching for yield in fixed income strategies. As discussed last quarter, the most appropriate option for this balanced approach may be to employ an actively managed, "unconstrained" fixed income strategy. These unconstrained bond strategies offer a simple solution for portfolio construction, allowing the manager to strategically take advantage of the shifting fixed income landscape.

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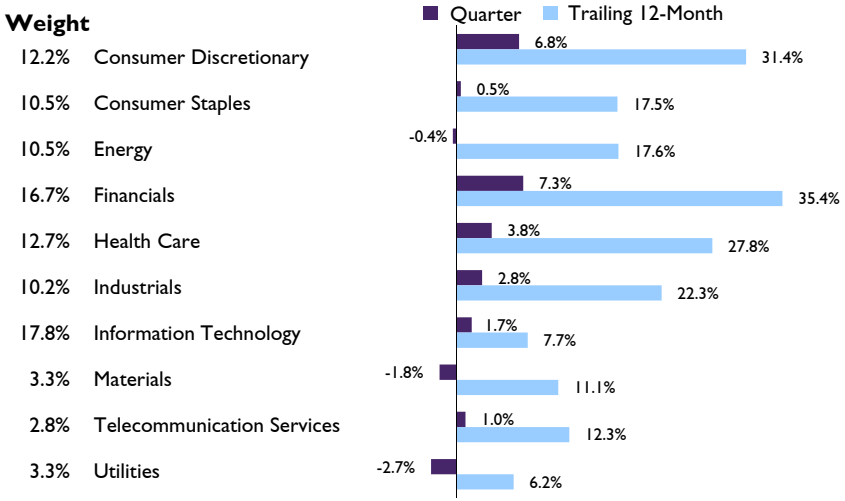
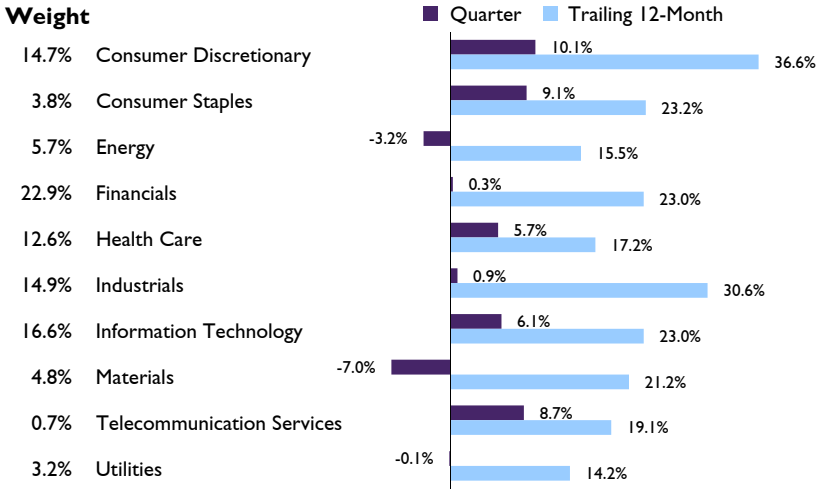
# U.S. Equity Markets Overview

## Large Cap: S&P 500 Index Sector Weights and Returns




## Small Cap: Russell 2000 Index Sector Weights and Returns




## Large Cap Indexes

| | Performance | | Trailing Return (years) | | | |
|---|---|---|---|---|---|---|
| | QTR | YTD | 1 | 3 | 5 | 10 |
| S&P 500 | 2.9% | 13.8% | 20.6% | 18.5% | 7.0% | 7.3% |
| Russell 1000 Value | 3.2% | 15.9% | 25.3% | 18.5% | 6.7% | 7.8% |
| Russell 1000 Growth | 2.1% | 11.8% | 17.1% | 18.7% | 7.5% | 7.4% |

## Mid Cap Indexes

| | Performance | | Trailing Return (years) | | | |
|---|---|---|---|---|---|---|
| | QTR | YTD | 1 | 3 | 5 | 10 |
| Russell Midcap | 2.2% | 15.5% | 25.4% | 19.5% | 8.3% | 10.6% |
| Russell Midcap Value | 1.7% | 16.1% | 27.7% | 19.5% | 8.9% | 10.9% |
| Russell Midcap Growth | 2.9% | 14.7% | 22.9% | 19.5% | 7.6% | 9.9% |

## Small Cap Indexes

| | Performance | | Trailing Return (years) | | | |
|---|---|---|---|---|---|---|
| | QTR | YTD | 1 | 3 | 5 | 10 |
| Russell 2000 | 3.1% | 15.9% | 24.2% | 18.7% | 8.8% | 9.5% |
| Russell 2000 Value | 2.5% | 14.4% | 24.8% | 17.3% | 8.6% | 9.3% |
| Russell 2000 Growth | 3.7% | 17.4% | 23.7% | 20.0% | 8.9% | 9.6% |

## Commentary

After closing out the first quarter of 2013 at an historic high, the S&P 500 Index continued to rise, returning 2.9% in the second quarter. Value stocks continued to outperform growth stocks; for the year, the Russell 1000 Value Index has outperformed the Russell 1000 Growth Index by 7.2%. Investors continued to sell out of fixed income investments and dividend paying stocks and into Consumer Discretionary stocks as low borrowing costs and improvements in household debt levels spurred consumer spending. The U.S. Federal Reserve Chairman's comments regarding a potential slowing of its $85 billion in monthly Treasury purchases caused investors to move away from riskier investments, resulting in a spike in short-term volatility. The rise in the Case-Shiller Home Price Index by 12.1% in April from the previous year contributed to a boost in consumer confidence and helped move stock prices higher during the quarter.

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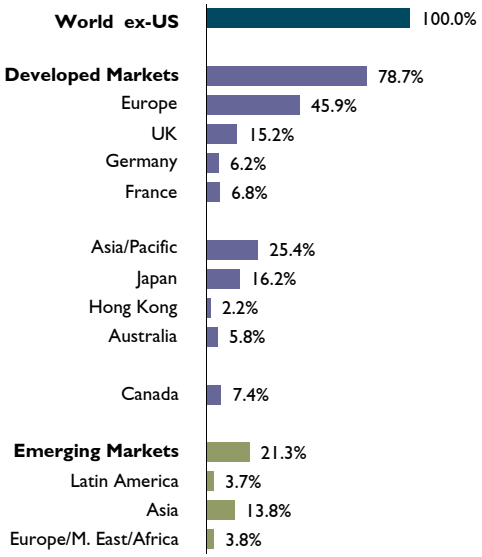
# International Markets Overview

## International Markets Weights



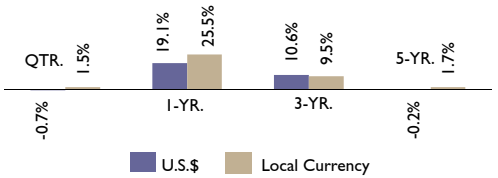

*The graph above and the weights below are a representation of the world's capital markets as expressed by the MSCI ACWI ex-US, a market capitalization weighted index combining the world's developed and emerging markets, excluding the United States.

## Returns (in U.S. Dollars)

| Country/Region | QTR. | 1-YR. | 3-YR. | 5-YR. |
|---|---|---|---|---|
| **World ex-US (MSCI ACWI ex-US)** | **-2.9%** | **14.1%** | **8.5%** | **-0.3%** |
| **Developed Markets (MSCI EAFE)** | **-0.7%** | **19.1%** | **10.6%** | **-0.2%** |
| **Europe (MSCI Europe)** | **-0.1%** | **19.6%** | **11.2%** | **-0.7%** |
| UK | -2.2% | 11.9% | 12.7% | 0.5% |
| Germany | 3.4% | 28.2% | 13.0% | -0.3% |
| France | 3.5% | 24.0% | 9.8% | -2.2% |
| **Asia/Pacific (MSCI Pacific)** | **-1.7%** | **18.6%** | **9.7%** | **1.2%** |
| Japan | 4.4% | 22.4% | 8.8% | 0.0% |
| Hong Kong | -4.6% | 17.4% | 10.8% | 5.6% |
| Australia | -13.9% | 11.0% | 11.7% | 2.4% |
| **Canada** | **-7.3%** | **4.6%** | **4.8%** | **-2.0%** |
| **Emerging Markets (MSCI EM)** | **-8.0%** | **3.2%** | **3.7%** | **-0.1%** |
| Latin America (MSCI EM Latin America) | -15.5% | -6.8% | -1.2% | -4.7% |
| Asia (MSCI EM Asia) | -5.2% | 7.9% | 5.3% | 3.4% |
| Eur/M.East/Africa (MSCI EM Europe/Middle East) | -8.7% | 3.9% | 3.6% | -6.9% |
| **World Growth (MSCI ACWI Growth ex-US)** | **-2.8%** | **14.8%** | **9.1%** | **-0.7%** |
| **World Value (MSCI ACWI Value ex-US)** | **-3.0%** | **13.5%** | **7.8%** | **0.0%** |
| **World Small (MSCI World Small Cap ex-US)** | **-3.3%** | **18.3%** | **11.2%** | **2.4%** |

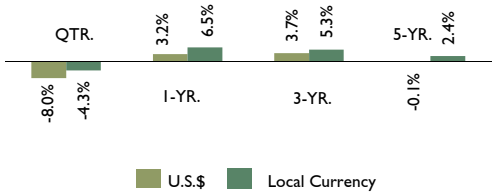
## U.S. Dollar vs. Local Currency Returns

**Developed (MSCI EAFE)**




| Local Currency | Exchange Rate as of 3/31/2013 | Exchange Rate as of 6/30/2013 | % Change To US$ |
|---|---|---|---|
| Yen | 94.160 | 99.100 | -5.2% |
| Euro | 0.780 | 0.769 | 1.5% |
| Pound | 0.658 | 0.657 | 0.0% |
| Swiss Franc | 0.949 | 0.944 | 0.5% |

**Emerging (MSCI EM)**




## Other Countries and Weights

| Developed | WT. | Emerging | WT. |
|---|---|---|---|
| Austria | 0.2% | Brazil | 1.8% |
| Belgium | 0.8% | Chile | 0.4% |
| Denmark | 0.8% | China | 4.1% |
| Finland | 0.6% | Colombia | 0.2% |
| Greece | 0.0% | Czech Rep. | 0.1% |
| Ireland | 0.2% | Hungary | 0.1% |
| Israel | 0.4% | India | 1.5% |
| Italy | 1.4% | Indonesia | 0.7% |
| New Zealand | 0.1% | Korea | 3.1% |
| Norway | 0.6% | Malaysia | 0.9% |
| Netherlands | 1.8% | Mexico | 1.2% |
| Portugal | 0.1% | Peru | - |
| Singapore | 1.2% | Philippines | 0.2% |
| Spain | 2.0% | Poland | 0.3% |
| Sweden | 2.2% | Russia | 1.3% |
| Switzerland | 6.6% | South Africa | 1.6% |
| | | Taiwan | 2.7% |
| | | Thailand | 0.6% |
| | | Turkey | 0.4% |

## Commentary

International equity markets continued to diverge with the United States in the second quarter of 2013; the MSCI ACWI ex-U.S. declined 2.9% for the quarter, compared to a gain of 2.9% for the S&P 500 Index. Emerging markets fell by 8.0%, as measured by the MSCI Emerging Markets Index. The wide divergence for the quarter and year to date was largely due to continued credit and economic instability in Europe (most recently, Cyprus received a financial bailout) and a sluggish Chinese economy. In the Eurozone, economies are showing mixed signals; investor confidence in June posted its highest level in over a year and consumer spending has increased in recent months. At the same time, manufacturing data appears weak and taxes have been rising across the Eurozone, putting pressure on local populations. Overall, unemployment in Europe remains in the high single to double digits and year-over-year real GDP growth over the last four quarters has been negative. China's credit-infused growth has recently shown signs of slowing. Property prices are over-inflated in China, and government subsidies are, by some sources, accounting for a third of Chinese industrial output. Elsewhere in Asia, Japan saw a return of 4.4% in U.S. dollars (versus a local return of 10.3%), as their monetary policy continues to devalue their currency versus the dollar. The Latin American region of emerging markets accounts for the largest declines during the quarter and year to date, due mainly to weakening currencies relative to the U.S. dollar and falling commodities prices. Meanwhile, global investors continued to closely monitor key economic metrics released from the U.S. to gauge the relative attractiveness of their international investments.

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# Annual Asset Class Returns (1999 - Present)

*Indexes Ranked from Best to Worst Performance*

| 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Long/Short 44.2% | Commodities 31.8% | Real Estate 8.9% | Commodities 25.9% | Global Stocks 34.6% | Global Stocks 15.8% | Commodities 21.4% | Global Stocks 21.5% | Real Estate 18.3% | Global Bonds 4.8% | High Yield 58.2% | Commodities 16.8% | Real Estate 18.3% | Global Stocks 16.8% |
| Global Stocks 26.8% | Real Estate 13.6% | TIPS 7.9% | TIPS 16.6% | High Yield 29.0% | Real Estate 12.1% | Real Estate 19.8% | Real Estate 17.6% | Commodities 16.2% | Real Estate 2.9% | Global Stocks 35.4% | High Yield 15.1% | TIPS 13.6% | High Yield 15.8% |
| Commodities 24.4% | TIPS 13.2% | High Yield 5.3% | Global Bonds 16.5% | Commodities 23.9% | High Yield 11.1% | Global Stocks 11.4% | High Yield 11.9% | Global Stocks 12.2% | Cash 1.8% | Long/Short 24.6% | Global Stocks 13.2% | Global Bonds 5.6% | Real Estate 11.8% |
| Low Volatility 18.9% | Long/Short 9.1% | Cash 4.1% | Real Estate 4.3% | Long/Short 20.5% | Global Bonds 9.3% | Long/Short 10.6% | Long/Short 11.7% | TIPS 11.6% | Inflation 0.1% | Commodities 18.9% | Long/Short 10.5% | High Yield 5.0% | Long/Short 7.4% |
| Real Estate 12.8% | Cash 6.0% | Low Volatility 3.1% | Low Volatility 3.6% | Global Bonds 12.5% | Commodities 9.2% | Low Volatility 5.1% | Low Volatility 9.2% | Long/Short 10.5% | TIPS -2.4% | TIPS 11.4% | Real Estate 7.4% | Inflation 3.0% | TIPS 7.0% |
| Cash 4.7% | Low Volatility 5.8% | Global Bonds 1.6% | Inflation 2.4% | Low Volatility 9.0% | TIPS 8.5% | Inflation 3.4% | Global Bonds 6.6% | Global Bonds 9.5% | Low Volatility -19.9% | Low Volatility 9.7% | TIPS 6.3% | Cash 0.1% | Global Bonds 4.3% |
| Inflation 2.7% | Inflation 3.4% | Inflation 1.6% | Cash 1.7% | Real Estate 8.8% | Long/Short 7.7% | Cash 3.0% | Cash 4.8% | Low Volatility 7.7% | High Yield -26.2% | Global Bonds 6.9% | Global Bonds 5.5% | Low Volatility -3.6% | Low Volatility 4.2% |
| TIPS 2.4% | Global Bonds 3.2% | Long/Short 0.4% | High Yield -1.4% | TIPS 8.4% | Low Volatility 5.8% | TIPS 2.8% | Inflation 2.5% | Cash 4.7% | Long/Short -26.6% | Inflation 2.7% | Low Volatility 5.1% | Global Stocks -6.9% | Inflation 1.7% |
| High Yield 2.4% | High Yield -5.9% | Global Stocks -15.9% | Long/Short -4.7% | Inflation 1.9% | Inflation 3.3% | High Yield 2.7% | Commodities 2.1% | Inflation 4.1% | Commodities -35.7% | Cash 0.2% | Inflation 1.5% | Long/Short -8.4% | Cash 0.1% |
| Global Bonds -5.2% | Global Stocks -13.9% | Commodities -19.5% | Global Stocks -19.0% | Cash 1.1% | Cash 1.2% | Global Bonds -4.5% | TIPS 0.4% | High Yield 1.9% | Global Stocks -41.9% | Real Estate -35.0% | Cash 0.1% | Commodities -13.3% | Commodities -1.1% |

| | | | |
|---|---|---|---|
| **Global Bonds** (BC Global Aggregate) | **Low Volatility Hedge** (HFRI Conservative Index) | **Long/Short Hedge** (HFRI Equity Hedge Index) | **Commodities** (DJ UBS Commodities Index) | **Cash** (90 day T-bill) |
| **Inflation** (US CPI) | **High Yield** (BC High Yield) | **TIPS** (BC US TIPS) | **Private Real Estate** (NCREIF Townsend Core*) | **Global Stocks** (MSCI ACWI) |

*NCREIF Townsend Core returns are reported on a one-quarter lag. Returns represented here are from the time period of 10/31/2011-9/30/2012.

**This chart shows that different asset classes have come in and out of favor over time. This demonstrates the importance of managing risk through diversification.**

**Arnerich Massena, Inc.**

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# The Schwab Self-Directed Brokerage Account Quarterly Report
# For the Oregon Savings Growth Plan as of 6/30/2013

charles SCHWAB

## Plan Profile Information

| Company Name | Oregon Savings Growth |
|---|---|
| Total PCRA Assets | $3,259,290 |
| Total PCRA Accounts | 58 |
| Total Advisor Managed PCRA Assets | $321,029 |
| Total Advisor Managed PCRA Accounts | 4 |

## PCRA Participant Profile Information

| | |
|---|---|
| PCRA Accounts Opened This Quarter | 9 |
| PCRA Assets In and Out This Quarter* | $40,426 |
| Average PCRA Account Balance | $56,195 |

## Average Positions (Per Acct)

| | |
|---|---|
| Cash & Equivalents | 1.2 |
| Equities | 2.0 |
| Mutual Funds | 2.1 |
| Total | 5.3 |

## Average Trades (Per Acct)

| | |
|---|---|
| Equities | 2.5 |
| Mutual Funds | 1.1 |
| Total | 3.6 |

| Top 10 Equity Holdings | Ticker Symbols | $ Equity Assets | % Equity Assets |
|---|---|---|---|
| SPDR GOLD TRUST | GLD | $70,870 | 6.56 |
| POWERSHS QQQ TRUST SER 1 | QQQ | $53,907 | 4.99 |
| S P D R S&P 500 ETF TR | SPY | $53,016 | 4.91 |
| VANGUARD DIV APPRCIATION | VIG | $52,155 | 4.83 |
| SPDR DOW JONES INDL AVG INDUST | DIA | $51,018 | 4.72 |
| SCHW INTL SCAP ETF | SCHC | $41,502 | 3.84 |
| GLOBAL X NEW ETF | URA | $38,336 | 3.55 |
| GUGGENHEIM EXCH TRD FD | CSD | $37,739 | 3.49 |
| SCHW EMG MKT EQ ETF | SCHE | $35,598 | 3.30 |
| SCH ST US TRSR ETF | SCHO | $27,400 | 2.54 |

| Top 10 Mutual Fund Holdings | Ticker Symbols | $ MF Assets | % MF Assets |
|---|---|---|---|
| VANGUARD WELLESLEY | VWINX | $147,134 | 12.19 |
| T ROWE PRICE CAPITAL | PRWCX | $76,524 | 6.34 |
| PERMANENT PORTFOLIO | PRPFX | $74,117 | 6.14 |
| PACIFIC FINANCIAL CORE | PFLQX | $73,237 | 6.07 |
| COLUMBIA ACORN FUND | ACRNX | $69,250 | 5.74 |
| PACIFIC FINANCIAL | PFLPX | $58,022 | 4.81 |
| VANGUARD GNMA FUND | VFIIX | $49,297 | 4.08 |
| COLUMBIA ACORN INTL FD | ACINX | $31,880 | 2.64 |
| PACIFIC FINANCIAL INTL | PFLIX | $27,756 | 2.30 |
| PACIFIC FINANCIAL | PFTLX | $24,110 | 2.00 |

| Money Market Fund Balance | Ticker Symbols | Total Value |
|---|---|---|
| SCHWAB MONEY MARKET FUND | SWMXX | $920,137 |

* Assets In and Out includes contributions and distributions
Top 10 Mutual Funds % does not include Money Market Funds.

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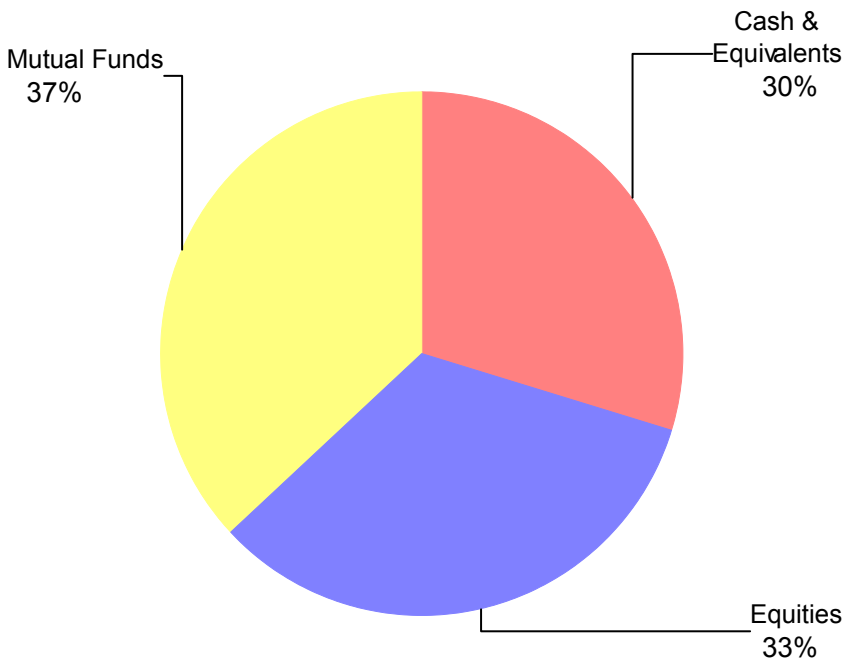
# The Schwab Self-Directed Brokerage Account Quarterly Report
# For the Oregon Savings Growth Plan as of 6/30/2013

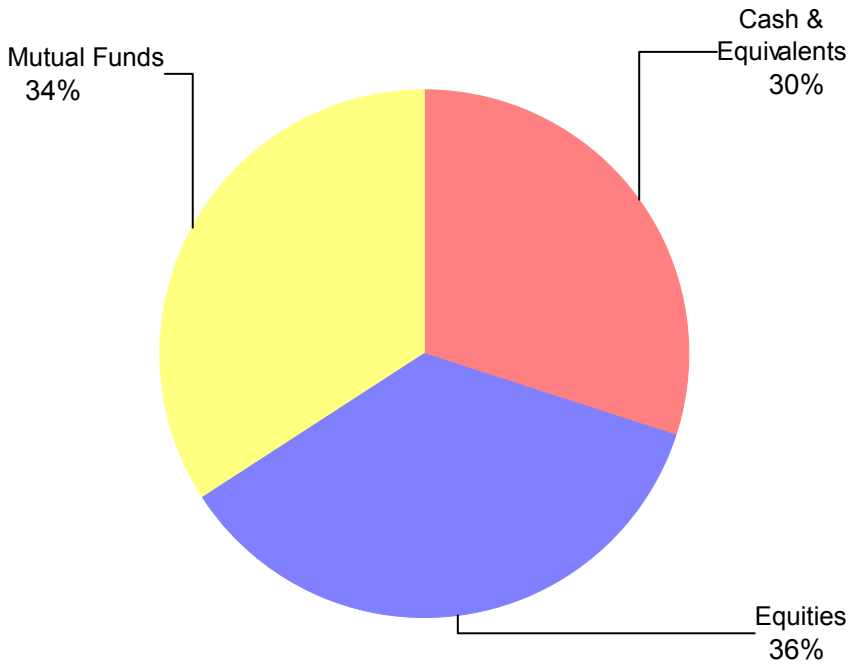
charles SCHWAB

**Market Value Allocation - Asset Classes**
(Quarter over Quarter)

**06/30/2013**




**03/31/2013**




This chart illustrates the percent of PCRA participant assets in each noted asset class as percentage of total PCRA assets. Percentages are calculated as of month-end. Money market mutual funds are classified under Cash & Equivalents.

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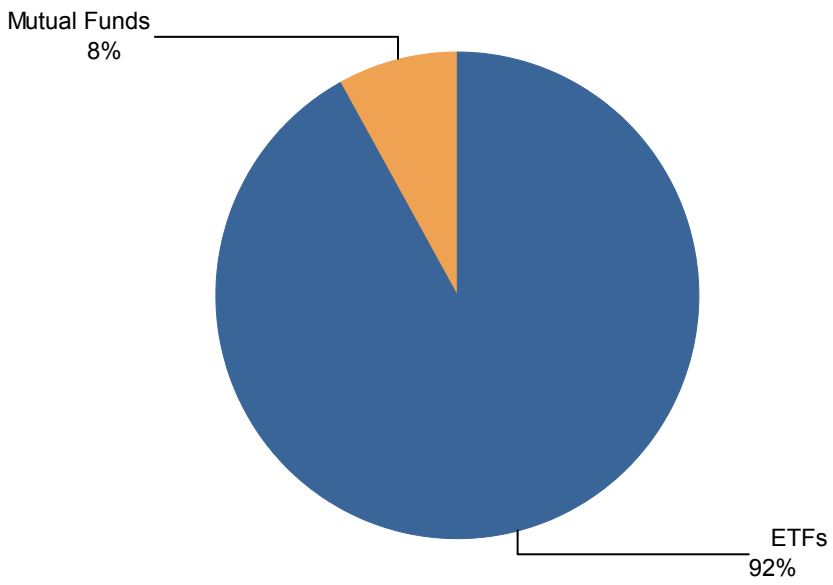
# The Schwab Self-Directed Brokerage Account Quarterly Report
# For the Oregon Savings Growth Plan as of 6/30/2013

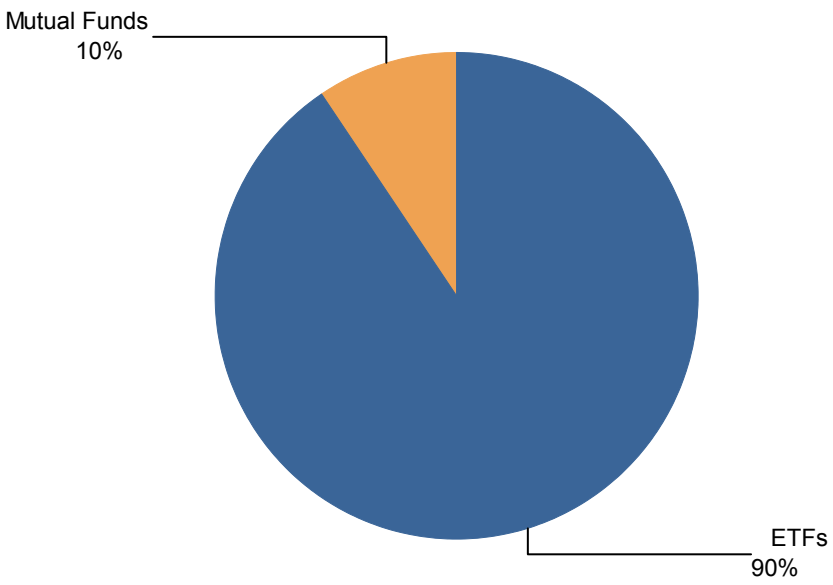
charles SCHWAB

## Market Value Allocation - Equity Sectors

**06/30/2013**




**03/31/2013**




This chart illustrates the percent of PCRA participant assets in each equity sector, as classified by Standard & Poor's, as a percentage of total PCRA assets within equity securities. Percentages are calculated as of month-end.

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# The Schwab Self-Directed Brokerage Account Quarterly Report
# For the Oregon Savings Growth Plan as of 6/30/2013

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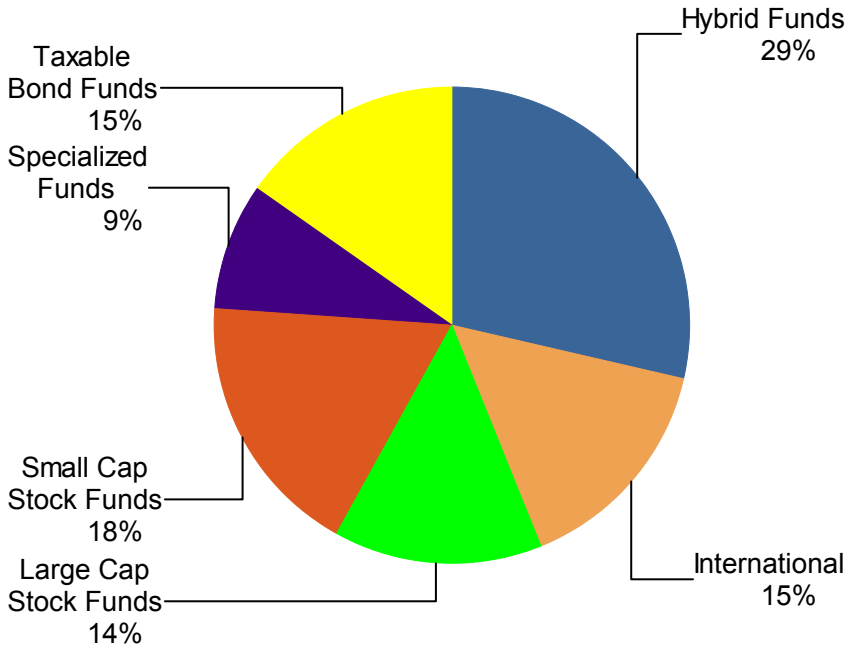
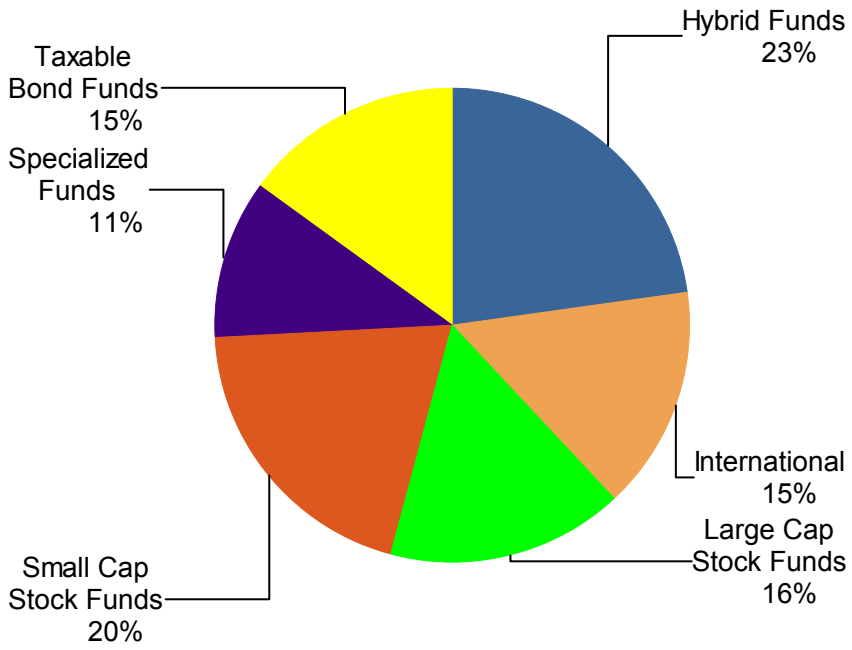
## Market Value Allocation - Mutual Funds

**06/30/2013**




**03/31/2013**




This chart illustrates the percent of PCRA participant assets in each mutual fund category, as classified by Morningstar Inc., as a percentage of total PCRA long-term mutual fund assets. Percentages are calculated as of month-end. Small cap funds are subject to greater volatility than those in other asset categories. International investments are subject to additional risks such as currency fluctuation, political instability and the potential for illiquid markets. Since sector funds focus investments on companies involved in a particular sector, the funds may involve a greater degree of risk than an investment in other mutual funds with greater diversification. All data is for informational purposes only.

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**The Schwab Self-Directed Brokerage Account Quarterly Report**
**For the Oregon Savings Growth Plan as of 6/30/2013**

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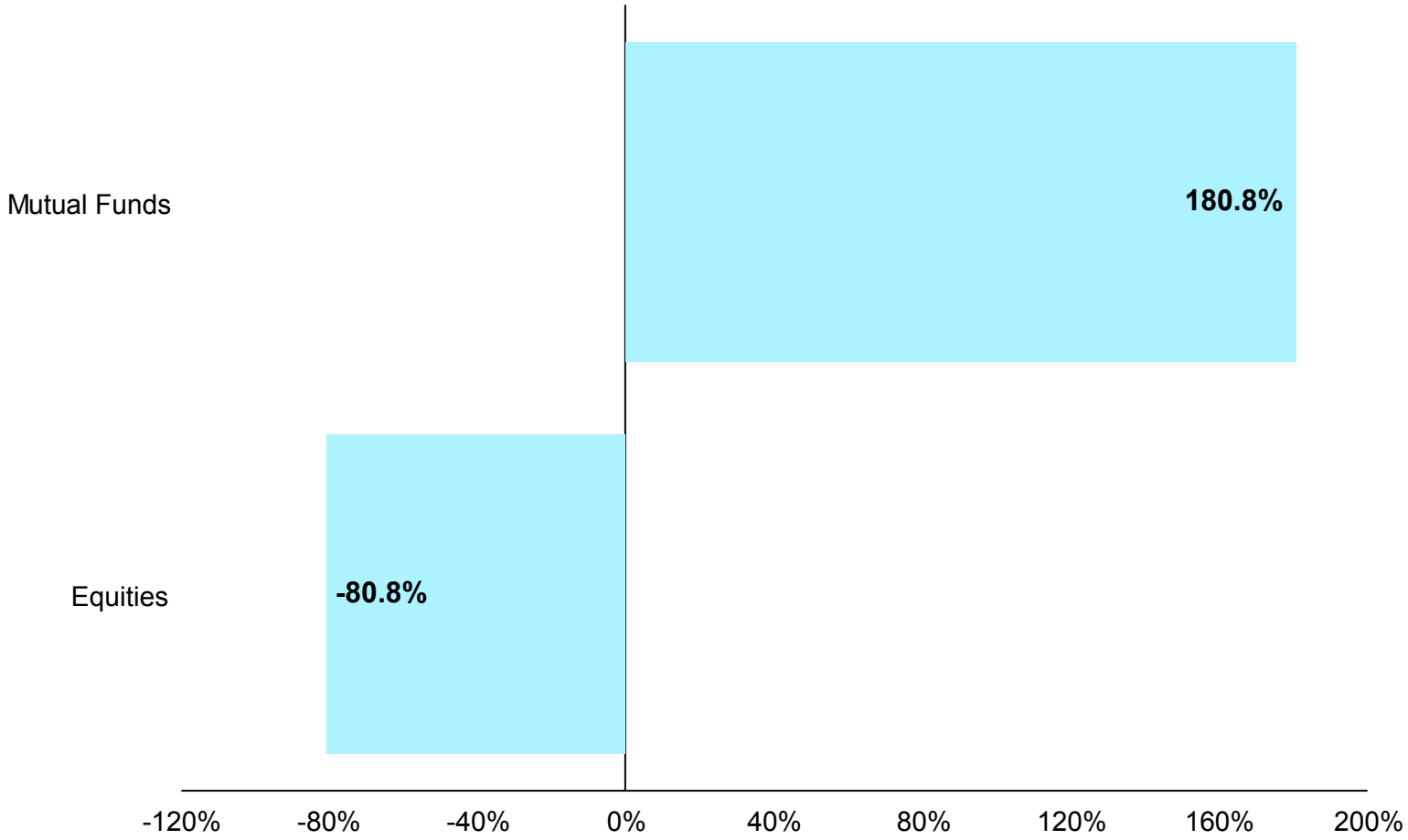
**Net Asset Flow - Asset Class**
(3-month period ending **6/30/2013**)




The chart illustrates the percent of total net flows within each asset class over the last three-month period. Net flow percentages are calculated by adding the purchases and sales amounts within each respective asset class and dividing by the total net flows over the period. All data is for informational purposes only.

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**The Schwab Self-Directed Brokerage Account Quarterly Report**
**For the Oregon Savings Growth Plan as of 6/30/2013**

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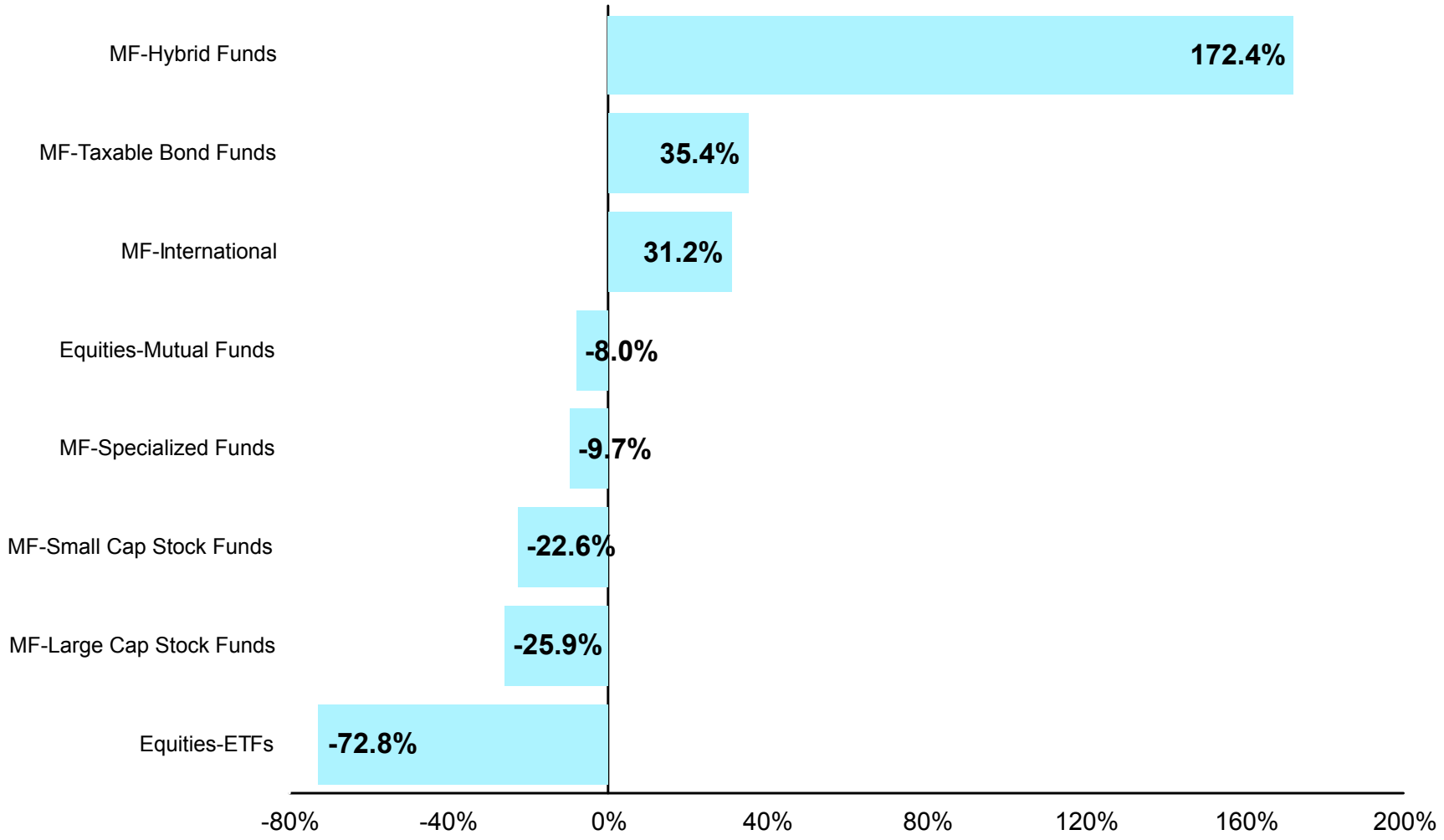
**Net Asset Flow - All Investment Categories**
(3-month period ending **6/30/2013**)




The chart illustrates the percent of total net flows within each investment category, as classified by Standard & Poor's and Morningstar Inc., over the last three-month period. Net flow percentages are calculated by adding the purchases and sales amounts within each respective investment category and dividing by the total net flows over the period. Data is for informational purposes only.

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**The Schwab Self-Directed Brokerage Account Quarterly Report**
**For the Oregon Savings Growth Plan as of 6/30/2013**

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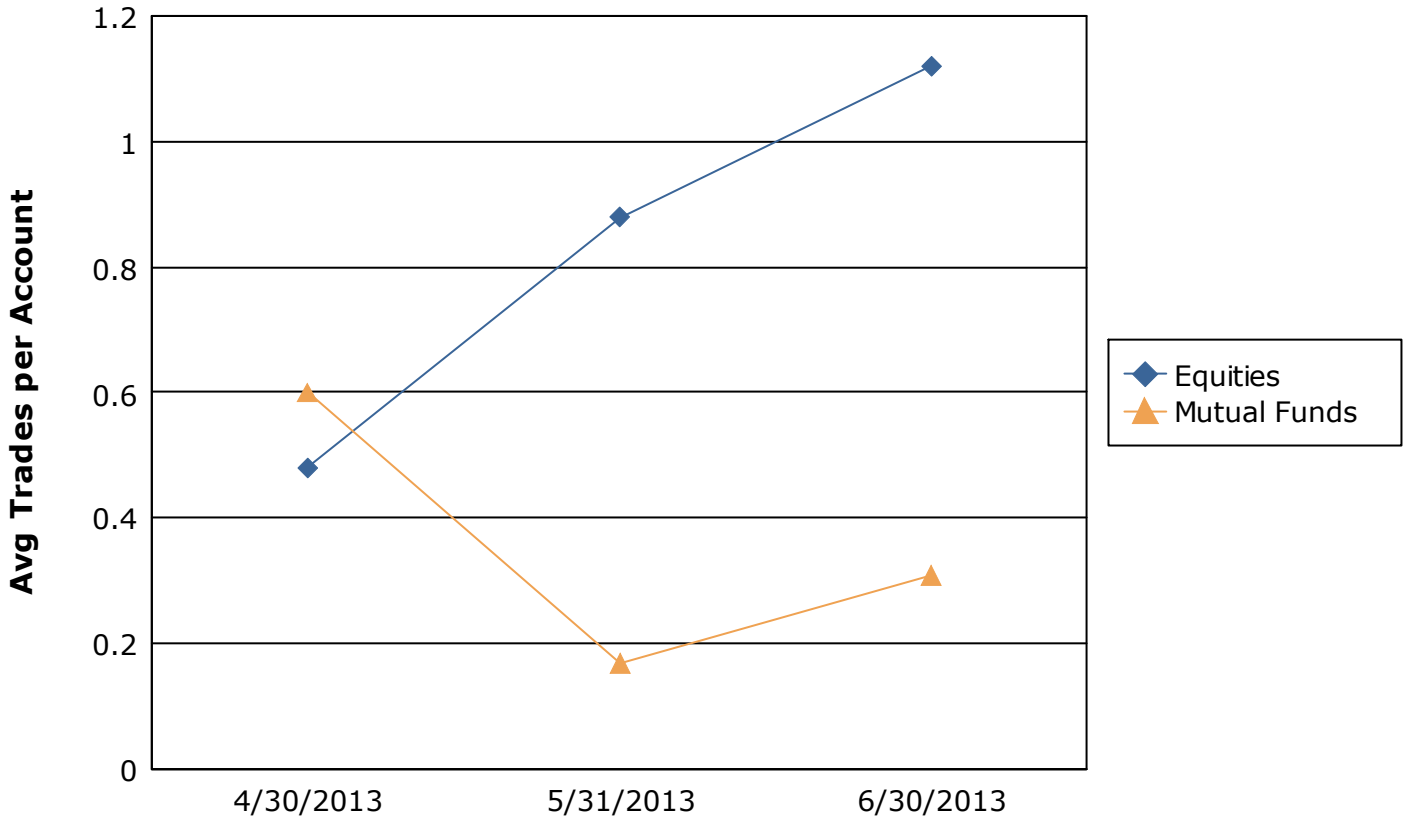
**Average Monthly Trades Per Account**
(3-month period ending **6/30/2013**)




This chart illustrates the trades per account in each noted asset class over the last three-month period. Data is for informational purposes only.

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**The Schwab Self-Directed Brokerage Account Quarterly Report**
**For the Oregon Savings Growth Plan as of 6/30/2013**

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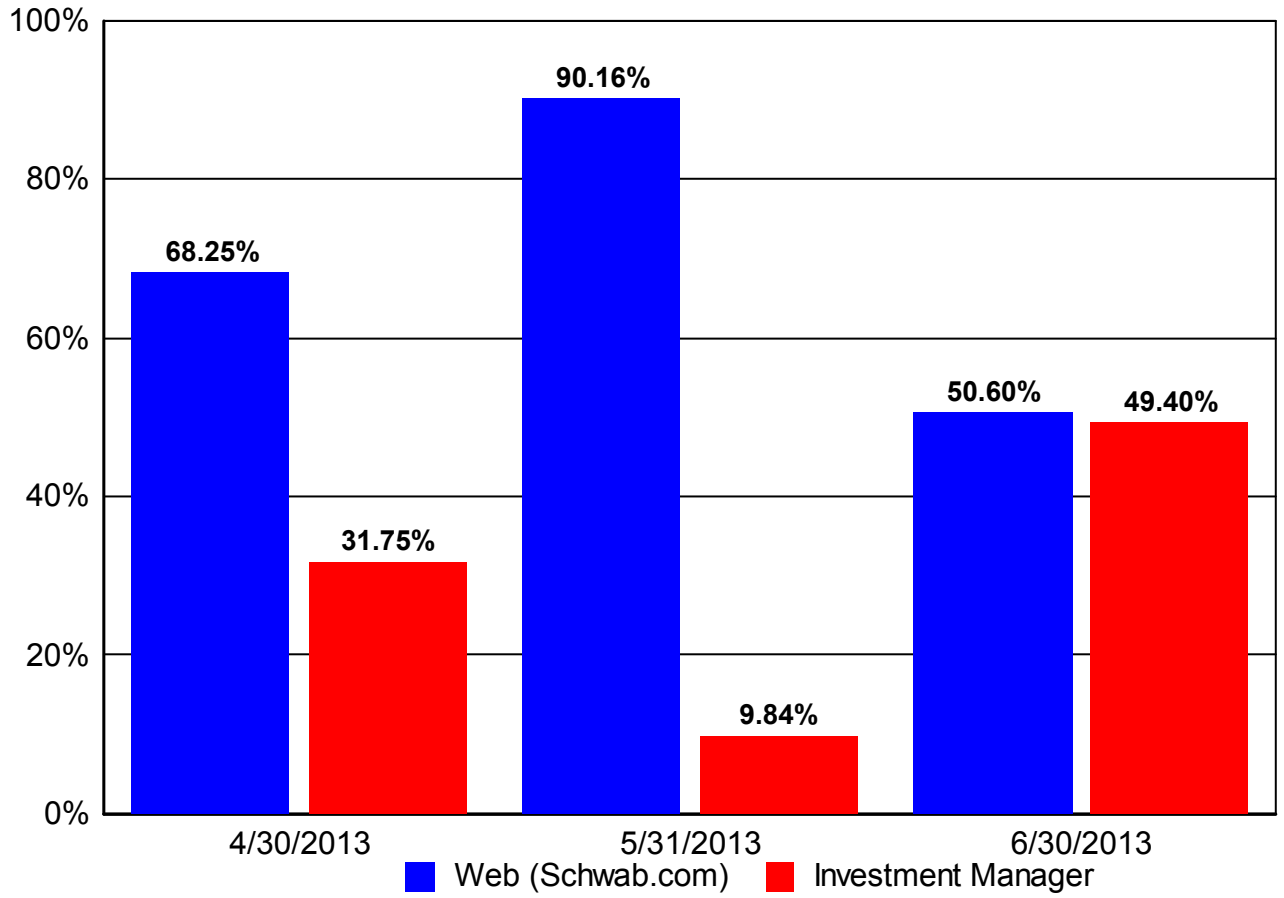
**Trading Channel Mix**
(Month over Month)




This chart illustrates the trading channel participants used to place trade orders over the last three-month period. Data is for informational purposes only.

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SAVINGS GROWTH PLAN

SECOND QUARTER
2013

plan update

# Have you set a realistic retirement savings target?

## Completing a retirement needs calculation can be an important planning step.

According to the *2013 Retirement Confidence Survey* conducted by the Employee Benefit Research Institute (EBRI), only 46 percent of workers have set their retirement savings target. More than half (53 percent) of those surveyed say they or their spouse have never tried to calculate how much they will need to have saved by the time they retire.

Why does this matter? Because those who have not calculated their retirement income needs tend to overestimate the amount they should try to set aside. According to the survey, nearly 23 percent believe they need to save 30 percent of their income or more. Unrealistically high savings targets may lower confidence about having a financially secure retirement. By contrast, 31 percent of workers who have done a calculation report they are very confident about their ability to accumulate enough money for retirement.

To calculate what you will need and set a realistic savings target, try the tools and services available to you through OSGP.

Use the **calculators** under *Resource Center* at **http://osgp.ingplans.com**. The **My Retirement Outlook®** calculator provides an integrated retirement and paycheck analysis that estimates how much you might need to save annually and per paycheck to potentially reach your financial objective. The analysis takes into account your current retirement savings, ongoing OSGP contributions, pension and Social Security benefits.

Come to a **Planning and Investing Workshop** to learn how to calculate your savings objective. Feel free to bring your PERS, Social Security and OSGP statements to the workshop. Go to **www.oregon.gov/pers/OSGP** and click on **OSGP Workshop Schedule** to sign up.

If you would like a **brown-bag presentation** to be held at your worksite on setting a realistic savings target and other financial topics, ask your employer to make the request by calling **(503) 378-3730**.

You can get help with defining your retirement saving target and income needs from a **local financial planner** for a reasonable fee. If you are interested, ask for a referral to a local ING Certified Financial Planner by calling Justin Naegle, the local ING representative, at **(503) 378-3471** or sending an e-mail to **Justin.Naegle@us.ing.com**.

**Registered Representative of ING Investment Advisors, LLC (member SIPC).**

*Neither ING U.S. nor its affiliated companies or representatives provide tax or legal advice. Please consult a tax adviser or attorney before making a tax-related investment/insurance decision.*

## advisory corner

### Three join Committee

OSGP is happy to announce the addition of three new Advisory Committee members.

**Stefani Pastoor**, Office Specialist at the State Hospital, has been a great advocate for OSGP, helping set up workshops as well as assisting her coworkers with enrollment. She believes that it is her duty to share OSGP with her coworkers. In fact, she has been so involved that people at her agency refer to her as "OSGP Stefani."

**Brady Boothe**, forensic scientist for the State Police in Springfield, understands the importance of saving for retirement and likes talking to others about OSGP. He is already brainstorming some ideas for increased participation and education for the Plan. We are also hoping he will give us some insight into the exciting world of forensic science.

**Kevin Nordhill** is a retired investment officer from State Treasury. While at Treasury, Kevin managed the public equity component of the Oregon Public Employees Retirement Fund (OPERF) and the OSGP investments. He worked closely with OSGP management, and has a long history with the Plan's investment structure.

We would like to thank Pete Farrelly, Priyanka Shukla and Sharlyn Rayment for their service on the Advisory Committee. We will miss them and appreciate all of their work and commitment to OSGP.

### Upcoming Advisory Committee Meeting

**August 14, 2013 • 9:30 a.m.**
**Archives Building**
**800 Summer Street NE, Suite 200**
**Salem**

# Ask Kathy

**If you are retired or no longer working for an employer that offers OSGP as a supplemental retirement plan, and you have a question, just Ask Kathy. Send an e-mail to osgpcustsvc.PERS@state.or.us. Please write *Ask Kathy* in the subject line.**

### I am leaving my job. What can I expect when I receive my final paycheck?

When you leave service, your employer will pay you for your time worked plus all accumulated vacation and compensation time. The final check is usually one consolidated check. Because the final check is viewed as one month of income, it is taxed as one month's income, so you could see a large amount of federal and state taxes withheld.

You can contribute up to 100 percent of your final paycheck up to your annual maximum contribution amount to your OSGP account if you wish. If you are already contributing to OSGP, your previously elected contribution will continue to apply to the final check without any additional action on your part. You only need to take action if you wish to change your current election to contribute to the OSGP.

If you wish to change your contribution, you must make your request 31 calendar days in advance. Under IRS requirements, the change must be made no later than the end of the month before the month in which the amounts in your final paycheck would otherwise be paid or made available to you. Complete and submit a ***Final Paycheck Form*** available online at **www.oregon.gov/pers/osgp** under **Forms**, then **Final Paycheck Provision** or call **(503) 378-3730** to request the form.

### During my year of retirement or termination, what can I contribute to my OSGP account?

Under IRS rules, you may contribute up to the maximum annual contribution of $17,500 in 2013. If you are age 50 or older in 2013, you may contribute an extra $5,500 for a total maximum of $23,000. If you retire or separate from service in 2013, you can contribute the maximum amount that applies to you. There are a few ways to reach the annual maximum prior to retirement or termination:

- You can increase your monthly contribution for the remaining pay periods. If you would like to increase your contribution over the $1,458 monthly limit, call **(503) 378-3730**.
- Or you can contribute a larger dollar amount from your final paycheck, which usually includes vacation and/or compensation hours.

If you had elected to contribute under the 457 Special Three-Year Catch-Up, please call the OSGP office at **(503) 378-3730** for additional information regarding the implications of your terminating employment. If you are eligible for both the 457 Special Three-Year Catch-Up and the Age 50+ Catch-Up in the same tax year, IRS rules provide that you can use the catch-up that lets you defer the most. However, you cannot contribute under both catch-ups in the same tax year.

### Will contributing to OSGP account reduce my income for my PERS account?

No. PERS will use your gross income prior to any deductions, including OSGP. Your OSGP contributions will not affect your PERS benefit.

oregon
SAVINGS GROWTH PLAN

**OSGP website:**
http://osgp.ingplans.com

**OSGP Information Line:**
(800) 365-8494

**PERS/OSGP website:**
www.oregon.gov/PERS/OSGP

*Editorial contributions:*
*Gay Lynn Bath, OSGP • David Crosley, PERS*

*Information from registered Plan Service Representatives is for educational purposes only and is not legal, tax or investment advice.* ***Local Plan Service Representatives are registered representatives of ING Investment Advisors, LLC (member SIPC).***

*This newsletter is not intended to provide legal, tax or investment advice. For such advice, participants should contact their legal, tax or investment advisers.*
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## *quarterly calendar*

**Transactions made on this date when the New York Stock Exchange (NYSE) is closed will be processed the following business day that the NYSE is open.**

- **Monday, September 2, 2013**

*CN0528-10301-0615 SKU#OR2Q13*

# DEFERRED COMPENSATION GOALS FOR 2013

*The program will focus on two main goals in 2013. These goals and their associated strategies will allow for the expected growth of the program, improve administrative efficiency, lower administrative fees, and increased staff skills to support the program and provide excellent customer service to participants.*

*Goal 1:* **Increase participation in the plan.**

| Status | Strategy | Due date | Responsible leader | Q2 Status |
|---|---|---|---|---|
| Increase EE Workshop attendance by 5% over 2012<br><br>2012 2178<br>2013 Goal: 2286<br><br>1st Quarter: 260<br>2nd Quarter: 478<br>3rd Quarter:<br>4th Quarter: | • Update workshop mailer/flyer<br>• Utilize new enrollment process by sending email reminder, invitation to invite a friend.<br>• Create payroll stuffers for paychecks and direct deposits<br>• Advertise workshops and seminars on ilearnoregon.<br>• Pre-call state agencies two weeks before workshops are scheduled | Ongoing<br><br>Ongoing | Karen Blanton | Pre calling agencies and dropping into agencies and local government offices the day before the workshops. |
| Keep new enrollments from "OSGP Highlights" workshop attendees above 65%<br><br>1st Quarter: 64%<br>2nd Quarter: 64.5%<br>3rd Quarter:<br>4th Quarter: | • Hold "enrollment workshop" at 11:00a on day of open workshops.<br>• Postcard/email attendees that haven't enrolled. | Ongoing<br><br>Ongoing | Karen Blanton | Enrollment workshop is held after the wealth builder's workshop. |

# DEFERRED COMPENSATION GOALS FOR 2013

*Goal 1:* **Increase participation in the plan.**

| Deliverable | Strategy | Due date | Responsible leader | Q2 Status |
|---|---|---|---|---|
| Increase the number of worksite/Brown Bag presentations hold at status quo 2012.<br><br>2013: 160<br><br>1st Quarter: 41<br>2nd Quarter: 54<br>3rd Quarter:<br>4th Quarter: | • Promote these presentations in Perspective, the Plan Update, on websites and in the workshops.<br>• Direct mail all agencies under 50 employees with list of "Brown Bag" workshops. | Ongoing | Karen Blanton | Developed new e mail flyer to increase participation and e mailed to agencies 2 weeks prior to brown bag sessions.<br><br>Contacted prior agencies to schedule follow up sessions.<br><br>. |
| Increase Participation for state agencies by 2%<br><br>2013: 29.88%<br><br>1st Quarter: 22.8%<br>2nd Quarter: 24.2%<br>3rd Quarter:<br>4th Quarter: | • Review each agency/commission participation quarterly and look for opportunities to do new employee orientation/training with HR.<br>• Develop targeted mailings for those agencies with low participation. (new hire, under 30, age 40 – 50, etc.)<br>• Use pay stub messages to draw attention to OSGP | Ongoing | Karen Blanton | Fostered opportunities to speak at annual training requirement events such as DOC, Employment and Revenue.<br><br>Promoting new Roth 457 at current workshops.<br><br>Scheduled open house for Pendleton Corrections Facility.<br><br>State of Oregon Hospital account |
| Enhance Plan Communications forms/flyers/documents | Mail "Communication packet" to all commissions and agency addresses outside of Salem and Portland | | Karen Blanton | Flyers and announcements sent through PERS mailing system. |

# DEFERRED COMPENSATION GOALS FOR 2013

*Goal 2:* **Increase the assets in the plan.**

| Deliverable | Strategy | Due date | Responsible leader | Q2 Status |
|---|---|---|---|---|
| Increase average monthly deferrals from OSPS by 5%<br><br>2012: $416<br>2013 Goal: $436<br><br>1st Quarter: $373<br>2nd Quarter: $406<br>3rd Quarter:<br>4th Quarter: | • Target mailings to age 50 plus individuals highlighting tax-deferred saving<br>• Educate on Pay stub flyer-Give examples of savings potential-give examples of where dollars can be found.<br>• At workshops, advise participants to use a percent of pay rather than a dollar amount.<br>• Develop new DHS training seminar on the maintaining your account on line | Ongoing | Karen Blanton | Developed new Roth 457 power point presentation.<br><br>Developed new Netlink training seminar on "maintaining your account on line." |
| Increase enrollments from Higher Education by 30% over 2012.<br><br>2012:79<br>2013 goal: 102<br><br>1st Quarter: 16<br>2nd Quarter 17<br>3rd Quarter:<br>4th Quarter: | • Have a booth a OSU benefit fairs.(these will be held in March)<br>• Marketing campaign with OSU, targeting employees max out 403(b).<br>• Hold workshops on all campuses<br>• Direct Mail Participants-schedule One on One | Ongoing<br><br>Ongoing | Karen Blanton | Scheduled one on ones, in OSU and on the PSU campus, referred to Justin.<br><br>Established ongoing workshop events for OSU & U of O & PSU. Added WOS onto a quarterly rotation. |

# DEFERRED COMPENSATION GOALS FOR 2013

*Goal 2:* **Increase the assets in the plan.**

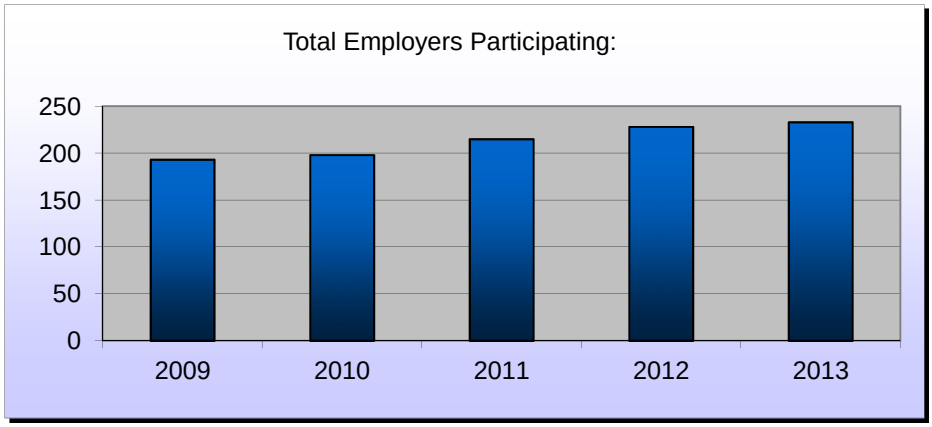
| Deliverable | Strategy | Due date | Responsible leader | Q2 Status |
|---|---|---|---|---|
| Increase rollovers into the plan by 10%<br><br>2012: 710<br>2013 Goal: 781<br><br>1st Quarter: 173<br>2nd Quarter: 206<br>3rd Quarter:<br>4th Quarter: | • Q3 article on IAP Account-Rollover in Form<br>• Target Mailer all new state employees with letter and Rollover in form<br>• Q3 article in Perspective on "The power of diversification" | Ongoing | Karen Blanton/Kathy Gannon/ Gay Lynn Bath/ING<br>Karen Blanton<br><br>Karen Blanton | |
| Reduce Rollouts by 5% from 2012 numbers<br><br>2012: 485<br>2013 Goal: 460<br><br>1st Quarter: 146<br>2nd Quarter: 125<br>3rd Quarter:<br>4th Quarter: | • Q3 article on selecting an investment manager<br>• Direct Mail participants who submit retirement papers explaining options, invite to workshop | Ongoing | Karen Blanton | Enhanced the retirement workshop power point to include the value of low fees, and flexibility in OSGP program. |

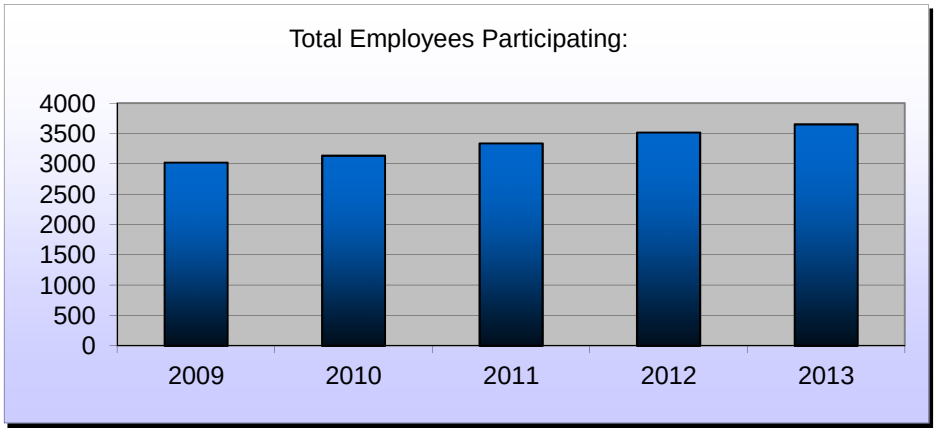
# Local Government Program Status

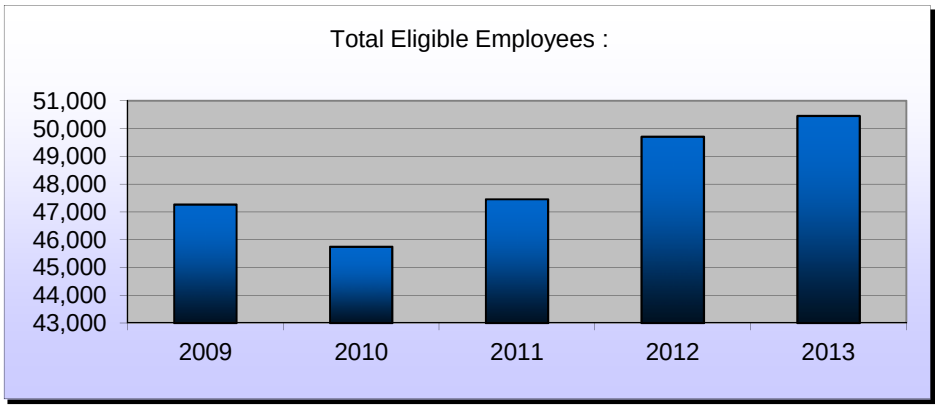
| Employer groups participating: | Q2 2009 | Q2 2010 | Q2 2011 | Q2 2012 | Q2 2013 |
|---|---|---|---|---|---|
| Counties | 9 | 8 | 8 | 9 | 10 |
| Cities | 45 | 45 | 49 | 51 | 51 |
| Special districts | 70 | 71 | 82 | 84 | 83 |
| School districts | 69 | 74 | 76 | 84 | 89 |
| **Total employers participating:** | 193 | 198 | 215 | 228 | 233 |
| **Total employees participating:** | 3023 | 3137 | 3341 | 3521 | 3655 |
| **Total eligible employees:** | 47,269 | 45,750 | 47,461 | 49,708 | 50,456 |
| **Percent participating:** | 6.3% | 6.8% | 7.0% | 7.0% | 7.2% |
| **Average monthly deferrals made:** | $847,039 | $858,279 | $955,899 | $961,974 | $1,016,721 |
| **Total local government assets:** | $61,096,241 | $74,947,636 | $101,522,101 | $115,143,867 | $147,738,503 |

# OREGON SAVINGS GROWTH PLAN

## Local Government Program Status

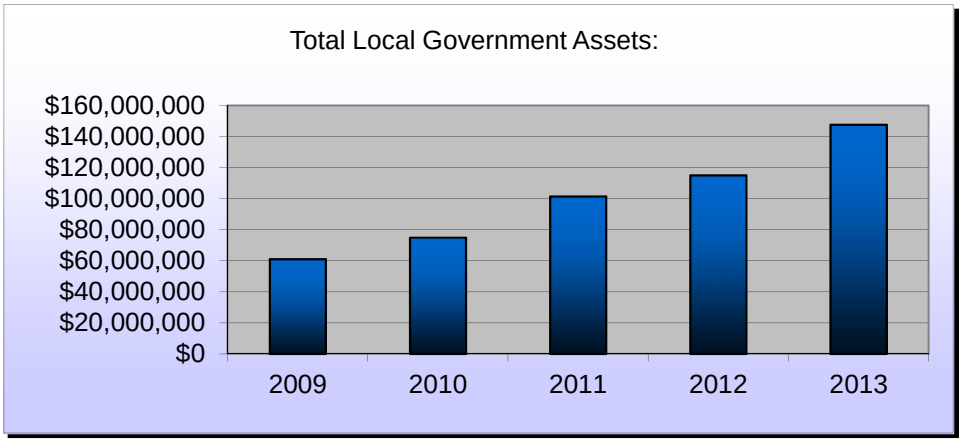


# OREGON SAVINGS GROWTH PLAN

## Local Government Program Status



# Local Government Report

## 2013 - Second Quarter Review

### New Employer Adoption:

MYRTLE POINT SCHOOL DISTRICT
COQUILLE SCHOOL DISTRICT
CITY OF ONTARIO

### Adoptions in Progress:

ODELL SANITARY DISTRICT
CITY OF KIEZER
LOCAL GOVERNMENT PERSONNEL INSTITUTE
TILLAMOOK SCHOOL DISTRICT
CENTRAL LINN SCHOOL DISTRICT
NORTH MARION SCHOOL DISTRICT
CITY OF SALEM
JEFFERSON COUNTY SOIL AND WATER

### Professional Organization Attendance as Vendors

**NONE**

### Educational Outreach

SUMMARY OF EMPLOYER / EMPLOYEE CONTACTS

| | |
|---|---|
| WORKSHOP 1 | 10 |
| WORKSHOP 2 | 4 |
| RETIREMENT WKSP | 0 |
| BROWN BAGS | 11 |
| BENEFITS FAIR | 0 |
| SITE VISIT | 47 |
| VENDOR FAIR | 0 |
| EMPLOYER VISITS | 4 |

TOTAL CONTACTS 76

# Participating Local Government Employers

ORS 243.474 authorizes the state to offer its 457 deferred compensation program to all Oregon public employers including special districts, local governments, and school districts. The Oregon Savings Growth Plan (the deferred compensation program) has only recently been made available to public employees other than state employees.

Employers interested in participating in our program must follow these steps:

- Establish an eligible 457 deferred compensation plan. This program must meet all the requirements of IRC 457.
- Adopt a resolution authorizing the Oregon Savings Growth Plan to be offered as one of the investment providers for your 457 program.
- Enter into an agreement with PERS for the administrative services provided to all participating employers.

For more information or to receive an adoption packet, please call (503) 378-8567. We look forward to discussing how this plan can help meet your employer and employee needs to better plan for successful retirements.

Since it was made available to all public employers, the following employers have chosen to participate in the Oregon Savings Growth Plan. Eligible employees of these public employers can obtain information about the plan by calling 503-378-8567 and requesting an enrollment kit. The employers are:

| Counties | Cities | Community Colleges | School Districts/ESD | Special Districts |
|---|---|---|---|---|
| Baker | Banks | Central Oregon Community College | A.C.E. Academy | Applegate Fire Dist. |
| Benton | Canyonville | Chemeketa Community College | Albany SD | Aumsville RFPD |
| Clatsop | Carlton | Columbia Gorge Community College | Amity SD | Aurora RFPD |
| Coos | Clatskanie | Lane Community College | Baker County SD | Baker County Library District |
| Douglas | Coburg | Mt. Hood Community College | Banks SD | Black Butte Police Dept. |
| Lake | Coos Bay | Portland Community College | Bend/La Pine SD | Black Butte RFPD |

| Counties | Cities | Community Colleges | School Districts/ESD | Special Districts |
|---|---|---|---|---|
| Marion | Cottage Grove | Southwestern Oregon Community College | Blue Mountain Community College | Canby Utility |
| Polk | Dayton | Umpqua Community College | Cascade SD | COIC |
| Umatilla | Depoe Bay | Oregon CC Association | Centennial SD | Clackamas County Housing Authority |
| Yamhill | Drain | Clackamas Community College | Central Curry SD | Clackamas County Fire District |
| | Dufur | | Coquille SD | Clackamas County Soil and Water |
| | Durham | | Corvallis SD | Clackamas River Water |
| | Elkton | | David Douglas SD | Clatskanie PUD |
| | Florence | | Dayton Public Schools | Clatskanie RFPD |
| | Gearhart | | Douglas County SD | Columbia 911 Comm. District |
| | Grants Pass | | Douglas ESD | Depoe Bay RFPD |
| | Halsey | | Echo School District | Community Services Const. |
| | Harrisburg | | Elgin SD | Crook County RFPD |
| | Hermiston | | Falls City SD | Curry Public Library District |
| | Hillsboro | | Forest Grove SD | Deschutes County RFPD |
| | Hubbard | | Gladstone SD | Deschutes Valley Water District |
| | Independence | | Glendale SD | Estacada RFPD |
| | Irrigon | | Grants Pass School District | Green Sanitary District |
| | Joseph | | Gresham-Barlow School District | Harney District Hospital |
| | Junction City | | High Desert ESD | Hermiston Fire and Rescue |
| | Lafayette | | Harrisburg SD | Hubbard RFPD |
| | Lake Oswego | | Hermiston SD | Ice Fountain Water District |
| | Lincoln City | | Hood River County SD | Jefferson Parks & Rec District |
| | Lowell | | Ione SD | Juntura Rural Road District |
| | Madras | | Jefferson SD | Lane Council of Governments |
| | Milwaukie | | Kings Valley Charter | Lane County Fire District 1 |
| | Molalla | | Knappa SD | Lebanon Fire District |
| | North Plains | | La Grande SD | Linn-Benton Housing Authority |

| Counties | Cities | Community Colleges | School Districts/ESD | Special Districts |
|---|---|---|---|---|
| | Nyssa | | Lake County ESD | Marion County H.A. |
| | Oakridge | | Lake Oswego SD | McKenzie Fire and Rescue |
| | Ontario | | Lane County ESD | McMinnville Water and Light |
| | Pendleton | | Lincoln County SD | METRO |
| | Pilot Rock | | Linn-Benton-Lincoln ESD | Mist-Birkenfeld RFPD |
| | Rainier | | Long Creek SD | NWSDS |
| | Rockaway Beach | | Malheur ESD | Nestucca RFPD |
| | Rogue River | | Malheur County SD | North Bend Coos/Curry H.A. |
| | Sandy | | McMinnville SD | North Lincoln Fire & Rescue |
| | Sisters | | Morrow County SD | North Wasco Park & Rec. |
| | Springfield | | Multnomah ESD | Oregon Consortium |
| | Stayton | | Myrtle Point SD | Oregon Health Insurance Exchange |
| | St. Helens | | North Bend SD | Oregon School Boards Assoc. |
| | Talent | | Northwest Regional ESD | Oregon Trail Library District |
| | Veneta | | Ontario SD | Philomath Fire and Rescue |
| | Waldport | | Oregon City SD | Polk County Fire District |
| | | | Oregon Trail SD | Port of Astoria |
| | | | Pendleton SD | Port of Garibaldi |
| | | | Phoenix/Talent S.D. | Port of Hood River |
| | | | Pilot Rock SD | Port of Newport |
| | | | Port Orford/Langlois SD | Port of St. Helens |
| | | | Redmond SD | Rainbow Water District |
| | | | Roseburg SD #4 | Redmond Fire & Rescue |
| | | | Salem-Keizer SD | R.O.C.N. Task Force |
| | | | Scio SD | Sandy Fire District |
| | | | Silver Falls SD | Scappoose Rural Fire |
| | | | South Coast ESD | Silverton Fire District |

| Counties | Cities | Community Colleges | School Districts/ESD | Special Districts |
|---|---|---|---|---|
| | | | South Lane School Dist. | Sisters Camp Sherman Fire |
| | | | Southwestern Oregon Community College | Siuslaw Library Dist. |
| | | | Stanfield School District | Siuslaw School District |
| | | | Sunny Wolf Carter School | Suburban East Salem Water District |
| | | | Sutherlin SD | SW Lincoln County Water District |
| | | | Sweet Home SD | Stayton RFPD |
| | | | Umatilla/Morrow ESD | Sunrise Water Authority |
| | | | Wallowa ESD | Talant Urban Renewal District |
| | | | Wallowa School District | Tillamook 911 Dist. |
| | | | Warrenton/Hammond SD | Tualatin Valley Irrigation District |
| | | | West Linn Wilsonville SD | TVF&R |
| | | | Willamette ESD | Tualatin Valley Water District |
| | | | Winston-Dillard SD | Umatilla Co Soil & Water |
| | | | Yamhill/Carlton SD | Umpqua Regional Council of Gov. |
| | | | | Wash County Fire District |
| | | | | Water Wonderland Improvement District |
| | | | | West Multnomah Soil and Water Conservation Dist. |
| | | | | West Slope Water District |
| | | | | Westland Irrigation Dist. |
| | | | | Winchester Bay Sanitary District |
| | | | | Winston-Dillard RFPD |
| | | | | Winston-Dillard Water District |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

# 2013 2nd Quarter Over All Program Stats

| MONTH | April | May | June | Quarter Total | 2nd Quarter Total 2012 | Percentage Difference |
|---|---|---|---|---|---|---|
| **Monthly Contribution Totals (Month of deposit to participant account)** | | | | | | |
| **OSPS** | $4,187,428.25 | $4,221,631.39 | $4,219,070.13 | **$12,628,129.77** | **$12,538,153.50** | 0.7% |
| **Higher Ed** | $478,996.69 | $486,034.36 | $462,300.73 | **$1,427,331.78** | **$1,296,655.74** | 10.1% |
| **Misc. Agencies** | $144,217.87 | $145,697.58 | $144,013.20 | **$433,928.65** | **$482,772.70** | -10.1% |
| **Local Governments** | $977,805.51 | $963,180.91 | $1,109,179.46 | **$3,050,165.88** | **$2,885,923.43** | 5.7% |
| **Total Monthly Contributions** | $5,788,448.32 | $5,816,544.24 | $5,934,563.52 | **$17,539,556.08** | **$17,203,505.37** | 2.0% |
| **New Enrollments (Month of deposit to participant account)** | | | | | | |
| **New Participants - OSPS** | 60 | 116 | 142 | **318** | **232** | 37.1% |
| **New Participants - Higher Ed** | 5 | 7 | 5 | **17** | **13** | 30.8% |
| **New Participants - Misc. Agencies** | 0 | 0 | 1 | **1** | **4** | -75.0% |
| **New Participants - Local Governments** | 33 | 34 | 34 | **101** | **114** | -11.4% |
| **Total New Participants** | 98 | 157 | 182 | **437** | **363** | 20.4% |
| **New Enrollments - Roth 457 (Month of deposit to participant account)** | | | | | | |
| | | | | | **1st Quarter 2013** | |
| **New Participants - OSPS** | 15 | 18 | 24 | **57** | **39** | |
| **New Participants - Higher Ed** | 2 | 3 | 3 | **8** | **1** | |
| **New Participants - Misc. Agencies** | 0 | 0 | 1 | **1** | **0** | |
| **New Participants - Local Governments** | 2 | 1 | 0 | **3** | **0** | |
| **Total New Participants** | 19 | 22 | 28 | **69** | **40** | |
| **Eligible Employees** | | | | | Jun-12 | |
| **OSPS** | 37,783 | 37,873 | 38,240 | | 37,307 | 2.5% |
| **Higher Ed** | 15,237 | 15,237 | 15,177 | | 15,094 | 0.5% |
| **Misc. Agencies** | 583 | 583 | 583 | | 583 | 0.0% |
| **Local Governments** | 51,211 | 51,324 | 50,456 | | 49,708 | 1.5% |
| **Total Eigible Employees** | 104,814 | 105,017 | 104,456 | | 102,692 | 1.7% |

# 2013 2nd Quarter Over All Program Stats

| MONTH | Apri | May | June | Quarter Total | 2nd Quarter Total 2012 | Percentage Difference |
|---|---|---|---|---|---|---|
| **Total Participants (anyone with an account balance employed or terminated)** | | | | | Jun-12 | |
| **OSPS** | 18,327 | 18,378 | 19,014 | | 18,334 | 3.7% |
| **Higher Ed** | 904 | 906 | 944 | | 882 | 7.0% |
| **Misc. Agencies** | 374 | 375 | 399 | | 380 | 5.0% |
| **Local Governments** | 3,586 | 3,589 | 3,655 | | 3,521 | 3.8% |
| **No payroll locations(benef/alternates/sub accounts)** | 302 | 300 | 510 | | 302 | 68.9% |
| **Total Participating Employees** | 23,493 | 23,548 | 24,522 | | 23,343 | 5.1% |
| **Total Active Employees (Contributing/Non-Contributing)** | | | | **percentage of eligible employees (June 2013)** | Jun-12 | **Percentage Difference** |
| **OSPS** | 13,574 | 13,567 | 13,438 | **35.14%** | 13,694 | -1.9% |
| **Higher Ed** | 773 | 778 | 783 | **5.16%** | 754 | 3.8% |
| **Misc. Agencies** | 284 | 283 | 280 | **48.03%** | 291 | -3.8% |
| **Local Governments** | 3,196 | 3,190 | 3,215 | **6.37%** | 3,265 | -1.5% |
| **Total** | 17,827 | 17,818 | 17,716 | **16.96%** | 18,004 | -1.6% |
| **Total Active Contributing Employees (as of month posted to account)** | | | | **percentage of eligible employees (June 2013)** | Jun-12 | |
| **OSPS** | 10,817 | 10,895 | 10,790 | **28.22%** | 10,986 | -1.8% |
| **Higher Ed** | 496 | 509 | 510 | **3.36%** | 491 | 3.9% |
| **Misc. Agencies** | 236 | 235 | 233 | **39.97%** | 239 | -2.5% |
| **Local Governments** | 2,094 | 2,139 | 2,112 | **4.19%** | 2,207 | -4.3% |
| **Total Participating Employees** | 13,643 | 13,778 | 13,645 | **13.06%** | 13,923 | -2.0% |

# 2013 2nd Quarter Over All Program Stats

| MONTH | April | May | June | Quarter Total | 2nd Quarter Total 2012 | Percentage Difference |
|---|---|---|---|---|---|---|
| **Special Programs (as of month posted to account)** | | | | | | |
| **Max Plus** | 19 | 0 | 8 | **27** | **21** | 28.6% |
| **Catch-Up 50+** | 3 | 12 | 11 | **26** | **11** | 136.4% |
| **Catch-Up 3 YR** | 0 | 5 | 0 | **5** | **2** | 150.0% |
| **Final Paycheck Deferral** | 13 | 10 | 26 | **49** | **29** | 69.0% |
| **Temporary Employees** | 2 | 0 | 5 | **7** | **6** | 16.7% |
| **Number of New Loan Issued (as of month loan requested)** | | | | | | |
| **OSPS** | 30 | 44 | 39 | **113** | **125** | -9.6% |
| **Higher Ed** | 0 | 1 | 2 | **3** | **2** | 50.0% |
| **Misc. Agencies** | 0 | 0 | 0 | **0** | **1** | -100.0% |
| **Local Governments** | 2 | 2 | 1 | **5** | **5** | 0.0% |
| **Total** | 32 | 47 | 42 | **121** | **133** | -9.0% |
| **New Loans Issued Total Dollars (as of month of loan request)** | | | | | | |
| **OSPS** | $296,422.62 | $426,604.50 | $428,335.64 | **$1,151,362.76** | **$1,016,247.64** | |
| **Higher Ed** | $0.00 | $50,000.00 | $21,100.00 | **$71,100.00** | **$33,890.06** | |
| **Misc. Agencies** | $0.00 | $0.00 | $0.00 | **$0.00** | **$22,500.00** | |
| **Local Governments** | $21,250.00 | $10,365.00 | $3,500.00 | **$35,115.00** | **$35,240.00** | |
| **Total** | $317,672.62 | $486,969.50 | $452,935.64 | **$1,257,577.76** | **$1,107,877.70** | 13.5% |
| **Loan Program Total Payments (as of month posted to account)** | | | | | | |
| **OSPS** | $237,558.16 | $236,672.84 | $235,656.78 | **$709,887.78** | **$695,759.00** | |
| **Higher Ed** | $2,934.19 | $2,934.19 | $2,934.19 | **$8,802.57** | **$6,738.67** | |
| **Misc. Agencies** | $11,413.38 | $9,869.02 | $9,869.02 | **$31,151.42** | **$25,868.66** | |
| **Local Governments** | $6,600.47 | $5,380.69 | $6,027.27 | **$18,008.43** | **$12,048.15** | |
| **Loan Pay Off** | $16,761.71 | $69,380.06 | $9,540.20 | **$95,681.97** | **$33,729.04** | |
| **Total** | $275,267.91 | $324,236.80 | $264,027.46 | **$863,532.17** | **$774,143.52** | |

# 2013 2nd Quarter Over All Program Stats

| MONTH | April | May | June | Quarter Total | 2nd Quarter Total 2012 | Percentage Difference |
|---|---|---|---|---|---|---|
| **Unforeseeable Emergency Withdrawals** | | | | | | |
| **Requests** | 12 | 7 | 13 | **32** | **38** | -15.8% |
| **Approved** | 7 | 7 | 12 | **26** | **38** | -31.6% |
| **Denied** | 2 | 0 | 1 | **3** | **0** | |
| **Request Withdrawn** | 3 | 0 | 0 | **3** | **0** | |
| **With loans** | 3 | 3 | 6 | **12** | **29** | -58.6% |
| **Without loans** | 9 | 4 | 7 | **20** | **9** | 122.2% |
| **Dollars Withdrawn** | $52,330.59 | $35,013.06 | $93,643.91 | **$180,987.56** | **$114,772.42** | 57.7% |
| **Number Rollover/Transfers** | | | | | | |
| **State Rollover/Transfers In** | 57 | 97 | 52 | **206** | **134** | 53.7% |
| **Local Government Rollover/Transfers In** | 27 | 12 | 14 | **53** | **50** | 6.0% |
| **Total Rollover/Transfer In** | 84 | 109 | 66 | **259** | **184** | 40.8% |
| **State Rollover/Transfers Out** | 37 | 51 | 37 | **125** | **112** | 11.6% |
| **Local Government Rollover/Transfers Out** | 10 | 11 | 5 | **26** | **17** | 52.9% |
| **Total Rollover/Transfer Out** | 47 | 62 | 42 | **151** | **129** | 17.1% |
| **Prior Service Time Purchase Transfer Out** | 26 | 37 | 40 | **103** | **71** | 45.1% |
| **Rollover/Transfers Dollars** | | | | | | |
| **State Rollover/Transfers In** | $2,660,680.39 | $3,519,281.00 | $1,685,397.71 | **$7,865,359.10** | **$3,645,122.09** | 115.8% |
| **Local Government Rollover/Transfers In** | $960,109.32 | $293,819.90 | $305,534.02 | **$1,559,463.24** | **$1,187,869.53** | 31.3% |
| **Total Rollover/Transfer In** | $3,620,789.71 | $3,813,100.90 | $1,990,931.73 | **$9,424,822.34** | **$4,832,991.62** | 95.0% |
| **State Rollover/Transfers Out** | $3,703,865.01 | $4,565,631.97 | $3,061,683.87 | **$11,331,180.85** | **$9,343,935.36** | 21.3% |
| **Local Government Rollover/Transfers Out** | $941,271.03 | $715,658.87 | $279,059.89 | **$1,935,989.79** | **$512,227.34** | 278.0% |
| **Total Rollover/Transfer Out** | $4,645,136.04 | $5,281,290.84 | $3,340,743.76 | **$13,267,170.64** | **$9,856,162.70** | 34.6% |
| **Prior Service Time Purchase Transfer Out** | $420,636.18 | $662,097.35 | $444,304.41 | **$1,527,037.94** | **$951,610.61** | 60.5% |
| **Terminated Participants** | | | | | | |
| | 97 | 81 | 93 | **271** | **126** | |
| **Settlement Agreements Processed** | | | | | | |
| | 59 | 70 | 69 | **198** | **159** | |