



INVESTMENT ADVISORY COMMITTEE AGENDA SPECIAL MEETING

Friday, November 13, 2015
1:00 PM

Executive Conference Room, Level Three
Brea Civic & Cultural Center, 1 Civic Center Circle, Brea, California

CHAIR: Mayor Pro Tem Christine Marick
ALTERNATE: Council Member Marty Simonoff

Materials related to an item on this agenda submitted to the Investment Advisory Committee after distribution of the agenda packet are available for public inspection in the third floor lobby of the Civic and Cultural Center at 1 Civic Center Circle, Brea, CA during normal business hours. Such documents may also be available on the City's website subject to staff's ability to post documents before the meeting.

CALL TO ORDER / ROLL CALL

1. Matters from the Audience

CONSENT

2. Approval of Action Minutes for September 14, 2015 Meeting

Attachments

Minutes

DISCUSSION

3. Investment Strategies Related to the Public Agency's Post-Employment Benefits Trust Program Through Public Agency Retirement Services (PARS)

Attachments

Memorandum

Handout

NOTE: This agenda is subject to amendments up to 72 hours prior to the meeting date.

4. Schedule Next Meeting: Monday, December 14, 2015

cc: Council Member Cecilia Hupp
Council Member Glenn Parker
Council Member Steven Vargas

Special Accommodations

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (714) 990-7757. Notification 48 hours prior to the meeting will enable City staff to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

NOTE: This agenda is subject to amendments up to 72 hours prior to the meeting date.

City of Brea

COMMITTEE COMMUNICATION

FROM: City Manager

DATE: 11/13/2015

SUBJECT: Approval of Action Minutes for September 14, 2015 Meeting

Attachments

Minutes



INVESTMENT ADVISORY COMMITTEE MINUTES

Monday, September 14, 2015

10:00 AM

Executive Conference Room, Level Three

Brea Civic & Cultural Center, 1 Civic Center Circle, Brea, California

CALL TO ORDER / ROLL CALL

ATTENDEES: Christine Marick, Bill Dennehy, William Christensen, Gary Terrazas, Christian Bettenhausen, Bill Gallardo, Faith Madrazo, Alicia Brenner, Ana Conrique

1. Matters from the Audience – *None*.

CONSENT

2. Approval of Action Minutes for June 8, 2015 Meeting – *Approved*.
3. Review Treasurer's Report for the City of Brea for Period Ending August 31, 2015– *Approved*.
4. Review Treasurer's Report for the Successor Agency to the Brea Redevelopment Agency for Period Ending August 31, 2015– *Approved*.

DISCUSSION

5. Review Quarterly Report from Chandler Asset Management - Presentation by Bill Dennehy–*The Committee reviewed the quarterly report as presented and recommended forwarding to the City Council.*
6. Review of Public Agency Retirement (PARS) Trust Fund Investment Strategies to “Pre-Fund” City's Pension Obligations- *The Committee reviewed the memo and attachments as presented and recommended HighMark Capital Management to attend a future meeting to present available investment strategies through PARS. Committee questions for HighMark to be emailed to Alicia Brenner by mid October. The Committee also requested staff to provide the list of available fund balances for reference.*
7. Schedule Next Meeting:
Correction of next meeting date from Agenda, next meeting taking place on December 14, 2015 at 10:00 a.m.

Meeting Adjourned: 10:46 a.m.

City of Brea

COMMITTEE COMMUNICATION

FROM: City Manager

DATE: 11/13/2015

SUBJECT: Investment Strategies Related to the Public Agency's
Post-Employment Benefits Trust Program Through Public
Agency Retirement Services (PARS)

Attachments

Memorandum

Handout



CITY OF BREA

CITY MANAGER'S OFFICE

Memorandum

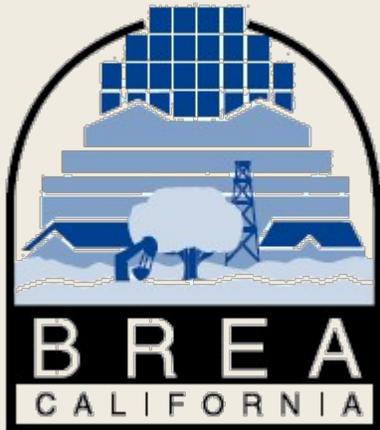
To: Investment Advisory Committee
From: Bill Gallardo, City Manager
Date: November 13, 2015
Re: **Discuss Investment Strategies related to the Public Agency's Post-Employment Benefits Trust Program through Public Agency Retirement Services (PARS)**

At our September 14, 2015 meeting, the Investment Advisory Committee (IAC) met and had an initial review of the five investment strategies available through HighMark Capital Management ("HighMark") for funds invested within the Public Agency's Post-Employment Benefits Trust Program ("Program") through PARS. HighMark is the designated firm to manage the portfolio, however the City can elect to use an alternative firm. The Committee recommended further review and requested that HighMark attend a future meeting to provide an overview of their portfolio management experience.

Subsequently, the City Council met on October 20th and authorized \$6 million of General Fund reserves to be invested within the Program. Prior to the funds being invested, the City Council designated the IAC to work with PARS to develop an investment plan and policy for the Program.

At our meeting, PARS along with HighMark will present an overview of their experience and services as well as facilitate discussion on the City's risk tolerance and investment strategies for the Program. They will also provide an overview of how to develop an investment plan and policy for the Program and the process moving forward. Attached is a handout of the presentation that will be discussed during our meeting.

PARS Pension Rate Stabilization Program (PRSP)



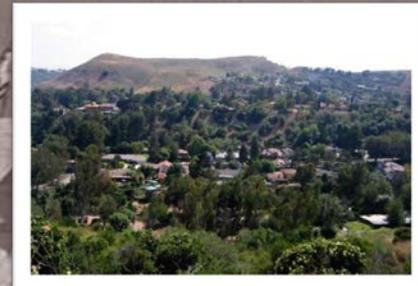
City of Brea

November 13, 2015

PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

TRUSTED SOLUTIONS. LASTING RESULTS.



Contacts

PARS

DENNIS YU, *CEBS Senior Vice President*

dyu@pars.org; 800.540.6369 ext. 104

HIGHMARK CAPITAL MANAGEMENT

KEITH STRIBLING, CFA *Vice President and Senior Portfolio Manager*

Keith.Stribling@highmarkcapital.com; 949.553.2591

Section 115 Trust

- Section 115 Trust can be used by local governments to fund essential governmental functions (i.e., retiree healthcare, pension)
- Any income derived from a Section 115 Trust is tax exempt
- Trust should be setup as an irrevocable trust designed to pre-fund retirement plan obligations
- Once contributions are placed into trust, assets from the trust can only be used for retirement plan purposes:
 - reimburse City for CalPERS contributions
 - assets can be transferred to CalPERS at anytime for pension
 - Retirement Plan expenses (actuarial valuation or audit)

PARS Introduction

PARS Programs

- Section 115 Trust for pre-funding Pension and OPEB obligations
- Alternate Retirement System (ARS) for part-time employees in lieu of Social Security
- Customized Defined Contribution programs to supplement CalPERS
- Accumulated Leave Conversion Program

PARS Trust Team

	 PARS		
Role	Trust Administrator and Consultant <ul style="list-style-type: none"> • Recordkeeping/Sub-trust accounting • Actuarial Coordination • Monitor Contributions/ Process Disbursements • Monitor Plan Compliance • Ongoing Client Liaison • Pre-fund Pension Option – NEW! 	Trustee <ul style="list-style-type: none"> • Safeguard plan assets • Oversight protection <ul style="list-style-type: none"> • Plan Fiduciary • Custodian of assets 	Investment Manager <ul style="list-style-type: none"> • An investment sub-advisor to U.S. Bank <ul style="list-style-type: none"> • Open architecture • Investment policy assistance
Corporate Experience	31 years (1984 – 2015)	152 years (1863 – 2015)	96 years (1919 – 2015)
OPEB Experience	19 years	10 years	19 years
Number of plans under administration	1,400+ plans for 700+ public agencies		
Dollars under administration	More than \$1.8 billion	More than \$4 trillion	More than \$15 billion under management

Investment Flexibility

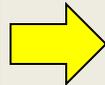
- City maintains the oversight of the investment manager and the portfolio's risk tolerance level
- Investment restrictions that apply to the general fund (CA Government Code 53601) are not applicable to assets held in an Irrevocable Section 115 Trust
- Assets held in an irrevocable trust can be invested per Government Code Section 53216.1
- Investment can be diversified and invested in a prudent fashion
- Investments can be tailored to the City's unique demographics
- Increased Risk Diversification

Pension Rate Stabilization Program

Simple Investment Approach

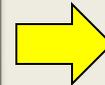
DISCUSSION PHASE

- **Target Discount Rate**
- Risk Tolerance
- Investment Philosophy
- Asset Allocation



MODEL PORTFOLIOS

- Conservative – 5%-20% Equity
- Mod-Conservative – 20%-40% Equity
- Moderate – 40%-60% Equity
- Balanced – 50%-70% Equity
- Cap. Appreciation – 65%-85% Equity



DEDICATED PORTFOLIO MANAGER

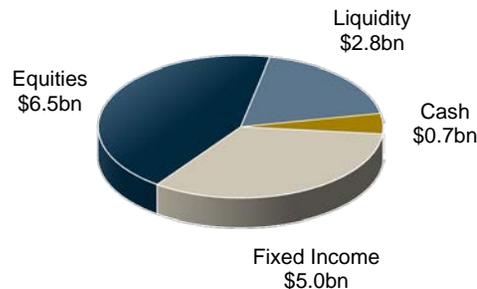
- **Makes Recommendation**
- Fiduciary Responsibility
- Drafts Investment Policy
- Annual On-site Reviews
- Cell phone access

FIRM OVERVIEW

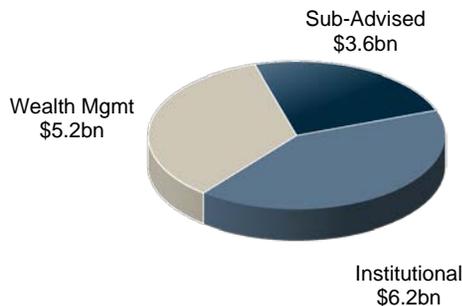
Assets Under Management as of 6/30/2015
\$15.0 Billion



Asset Class (\$B)



Client Base (\$B)

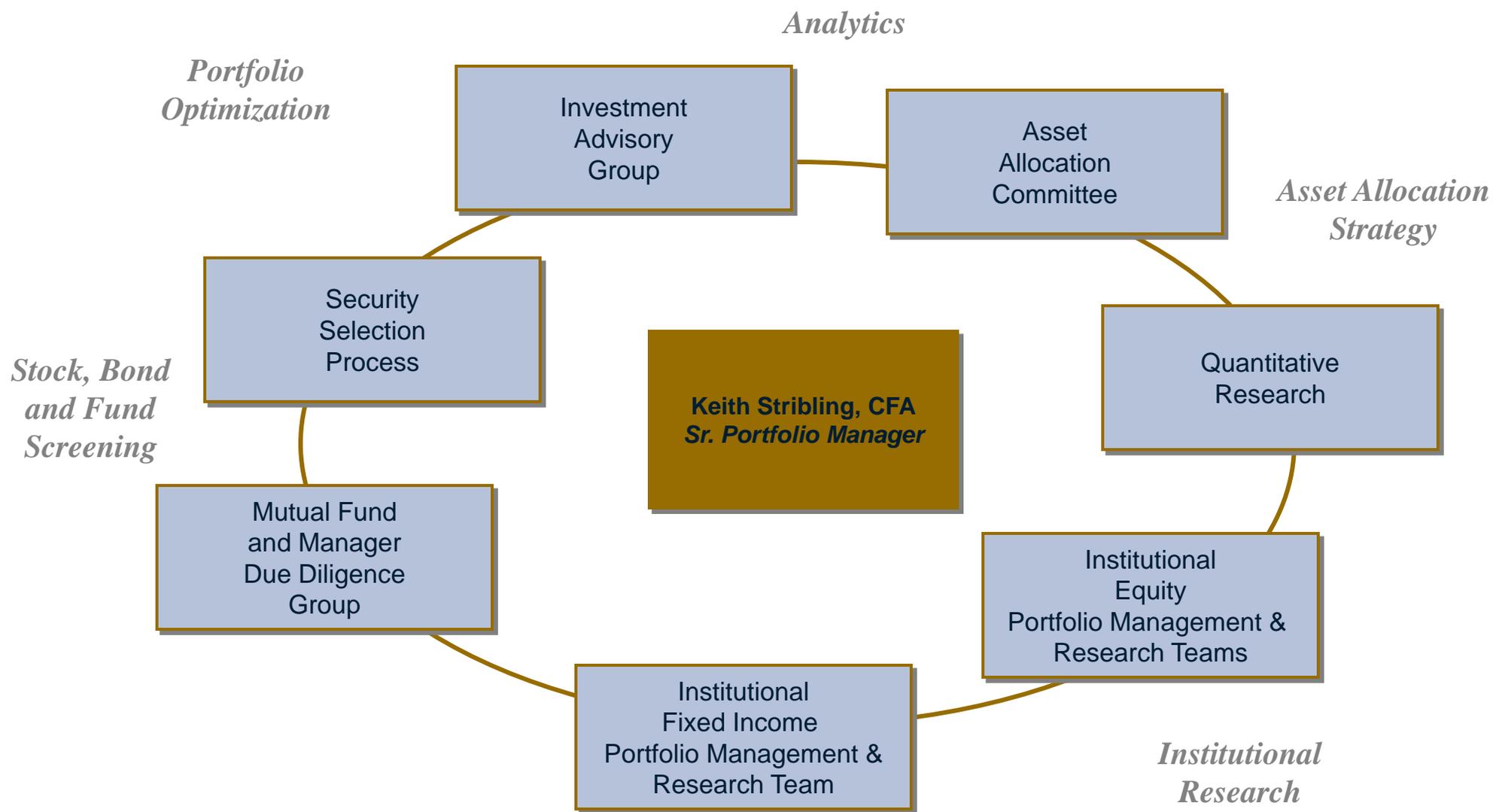


- With its predecessors, HighMark has been focused exclusively on investment management of client's assets since 1919.*
- Registered Investment Adviser with more than \$15.0 billion in assets under management.
- 53 investment professionals with an average of 22 years investment experience.
- 31 professionals hold the Chartered Financial Analyst® (CFA) designation.
- In-house investment research capabilities and access to top-tier investment managers.

*Including predecessor organizations. HighMark Capital Management, Inc., registered with the SEC as an investment adviser on August 7, 1998. All data as of June 30, 2015

OUR INVESTMENT CAPABILITIES

Our Senior Portfolio Managers are supported by deep investment resources and unique processes.



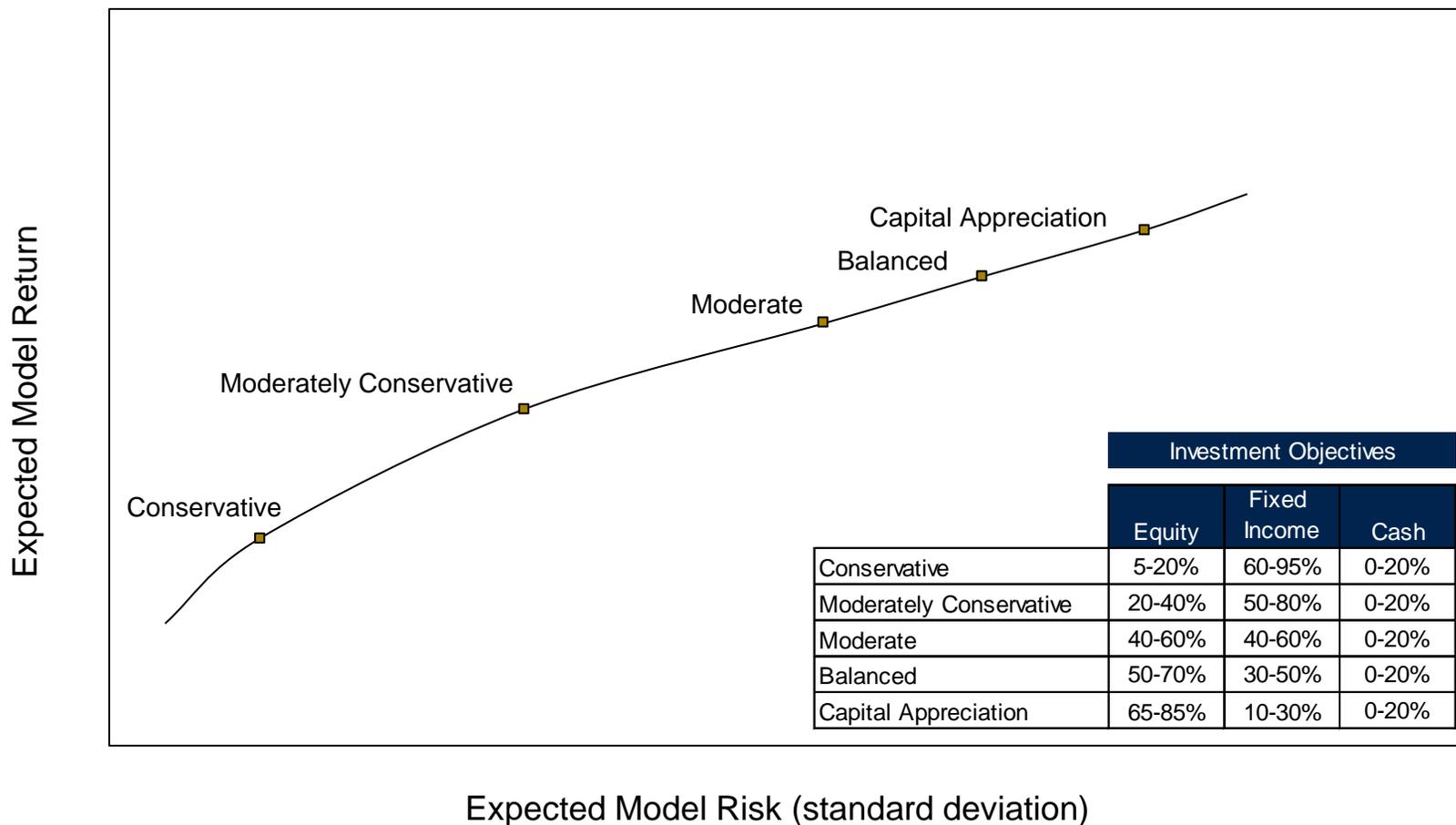
1. ESTABLISH: DETERMINE YOUR STRATEGIC ASSET ALLOCATION STRATEGY

Efficient Frontier:

Equity

Fixed Income

Cash



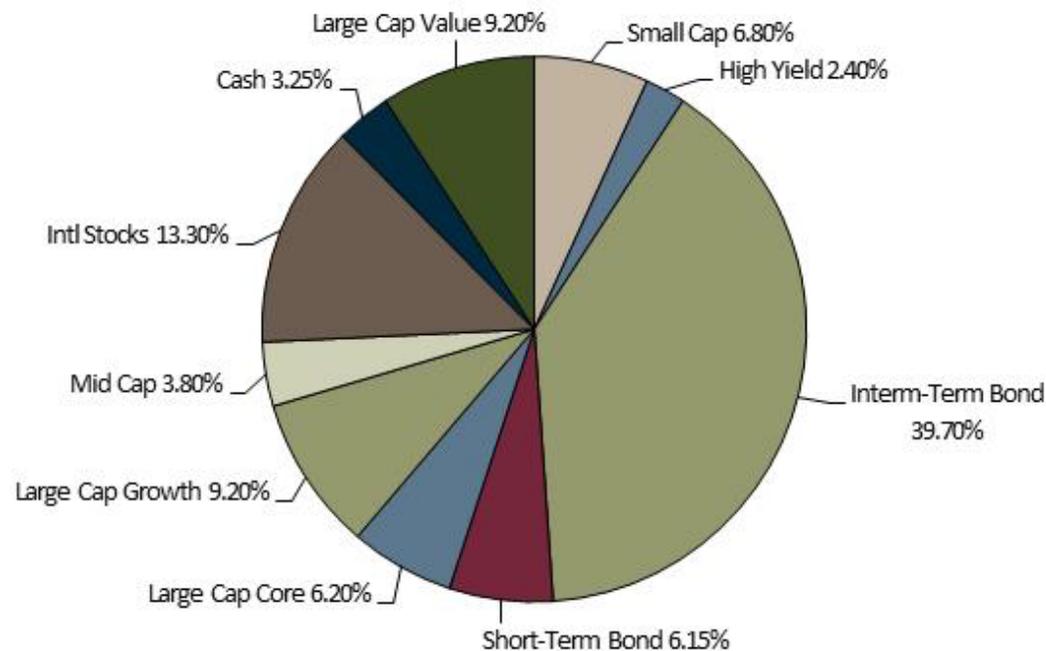
Each Investment Objective is a hypothetical construct only and does not reflect actual investment decisions or recommendations. Past performance is no indication of future results. Please refer to page entitled 'Disclosures' at the back of this presentation for more information.

2. CONSTRUCT YOUR PORTFOLIO: SAMPLE PORTFOLIO

Moderate Objective

Strategic Ranges	
Equity	40-60%
Fixed Income	40-60%
Cash	0-20%
Tactical Allocation	
Equity	48.50%
Fixed Income	48.25%
Cash	3.25%

Asset Allocation	
Equity	
Large Cap Core	6.20%
Large Cap Value	9.20%
Large Cap Growth	9.20%
Mid Cap Value	1.90%
Mid Cap Growth	1.90%
Small Cap Value	3.40%
Small Cap Growth	3.40%
International	7.60%
Tactical - Europe	2.80%
Emerging Markets	2.90%
Fixed Income	
Interm-Term	39.70%
Short-Term	6.15%
High Yield	2.40%
Cash	
	3.25%



*Each strategy represented in the Sample Portfolio is a hypothetical construct only and does not reflect actual investment decisions or recommendations. Past performance is no indication of future results. Please refer to page entitled 'Disclosures' at the back of this presentation for more information. Data is as of 7.31.2015.

2. CONSTRUCT YOUR PORTFOLIO: SAMPLE PORTFOLIO

	PARS Moderate	Ticker	Actively Managed Mutual Funds Fund Name
Equity	<60% equity		
Large Cap Core	6.20%	SMGIX	Columbia Contrarian Core Z
Large Cap Value	4.90%	LSGIX	Loomis Sayles Value Y
	4.30%	DODGX	Dodge & Cox Stock
Large Cap Growth	4.60%	HACAX	Harbor Capital Appreciation Instl
	4.60%	PRGFX	T. Rowe Price Growth Stock
Mid Cap Value	1.90%	TIMVX	TIAA-CREF Mid-Cap Value Inst.
Mid Cap Growth	1.90%	IYMIX	Ivy Mid Cap Growth I
Small Cap Value	3.40%	NSVAX	Columbia Small Cap Value II Z
Small Cap Growth	3.40%	PRNHX	T. Rowe Price New Horizons
International	3.80%	NWHNX	Nationwide Bailard International Equities Fund
	1.90%	DODFX	Dodge & Cox International Stock
	1.90%	MQGIX	MFS International Growth I
Tactical - Europe	2.80%	FEZ	SPDR EURO STOXX 50 ETF
Emerging Markets	2.90%	SEMNX	Schroder Emerging Market Equity Inv
	48.50%		
Fixed Income			
Short Term Bond	6.15%	VFSUX	Vanguard Short-Term Investment-Grade Adm
Interm Term Bond	19.85%	PTTRX	PIMCO Total Return Instl
	19.85%	NWJXX	Nationwide HighMark Bond Fund
High-Yield	2.40%	PHIYX	PIMCO High Yield Instl
	48.25%		
Cash	3.25%	FPZXX	First American Prime Obligation Z
TOTAL	100.00%		

Securities shown here may change from time to time, at the discretion of HighMark. Please refer to page entitled 'Disclosures' at the back of this presentation for more information.

3. REPORT: RESPONSIVE AND PROACTIVE CLIENT COMMUNICATION

HighMark's dedicated investment team continuously seeks to add value to our relationship with your organization.

- Integrated client service program established with PARS over the last 18 years
- We have a tradition of interactive client service to maintain a strong relationship
- Local portfolio manager
- You benefit from face-to-face meetings and scheduled conference calls with your client service team and portfolio management team
- You receive regular communications in a variety of formats
 - Account holdings and transactions
 - Quarterly performance evaluation reports
 - Investment outlook and economic updates

DISCLOSURES

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

This unaudited information is approved for one-on-one presentations only and is not intended for reproduction or distribution or to provide specific investment advice to any individual. Individual account management and construction will vary depending on each client's investment needs and objectives.

Unless otherwise specified, performance shown for individual mutual funds are net of expense ratios, which includes fees charged by ETFs or funds, but gross of HighMark's overall investment management fee to the account. HighMark and its affiliates do not receive compensation for the use of any non-proprietary fund.

Some information provided herein was obtained from third party sources deemed to be reliable; HighMark and its affiliates make no representations or warranties with respect to the timeliness, accuracy, or completeness of the information provided. Any information provided is subject to change without notice.

Each strategy represented in the Sample Portfolios are a hypothetical construct only and does not reflect actual investment decisions or recommendations. It does not reflect the liquidity constraints of actual fund investing or the impact that material economic and market factors may have on an investment adviser's decision-making. Investors cannot invest in the Sample or Alternative Portfolio and actual investment results may differ materially. The Sample Portfolios do not reflect the deduction of advisory fees, brokerage, commissions, or any other actual client expenses, which would reduce investor returns. Advisory fees are described in the Form ADV, Part 2A and are available upon request. The portfolios do not reflect the reinvestment of dividends, distributions, and other earnings.

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HighMark Capital Management Returns

PARS Diversified Portfolios

Returns are annualized as of June 30, 2015

	CURRENT EQUITY	1 YEAR	3 YEARS	5 YEARS
Capital Appreciation	75.00%	3.65%	11.73%	11.77%
Balanced	60.00%	3.11%	9.94%	10.53%
Moderate	50.00%	2.78%	8.45%	9.33%
Moderately Conservative	30.00%	2.08%	6.09%	7.06%
Conservative	15.00%	1.74%	4.19%	5.09%

Past performance is not a predictor or guarantee of future results.

PARS Plan Investments Compared to CalPERS

Returns are as of June 30, 2015

	3 MONTHS	1 YEAR	3 YEARS	5 YEARS
PARS/HighMark Capital Appreciation Returns	0.30%	3.65%	11.73%	11.77%
CalPERS CERBT Strategy 1 Returns	-0.93%	-0.11%	9.79%	10.62%
Difference	1.23%	3.76%	1.94%	1.15%

- Returns greater than 1 year are annualized
- Annualized Returns are gross of investment management fees, net of fund level fees.
- Past performance is not an indication of future results.

OPEB/Pension

Pre-Funding Fee Schedule

Trust Administration/Consulting Fees

Company Name	Plan Set Up Fee	Ongoing
PARS	None	0.25% for assets under \$5 million 0.25% for assets \$5-10 million 0.20% for assets \$10-15 million 0.15% for assets \$15-50 million 0.10% for assets over \$50 million

Discretionary Trustee/Investment Management Fees

Company Name	Plan Set Up Fee	Ongoing
U.S. Bank/HighMark Capital	None	0.35% for assets under \$5 million 0.25% for assets \$5—\$10 million 0.20% for assets \$10—\$15 million 0.15% for assets \$15—\$50 million 0.10% for assets over \$50 million

**Fees as of June 30, 2015. Subject to change due to rebalancing.*

PARS does not receive any compensation from the investments or any commissions, back-end loads, or any other forms of compensation.

Implementation Steps

- Step 1** City Council authorizes establishment of a Pension Trust and appoints a Plan Administrator
- Step 2** PARS provide legal documents for signature by Plan Administrator
- Step 3** Develop investment policy and guidelines for Investment Manager
 - setting discount rate
 - risk tolerance
 - Active or Passive; custom or model
 - prohibited investments outlined
- Step 4** Council approves initial deposit to Trust Fund
- Step 5** Develop policies and procedures for future annual contributions and/or disbursements
- Step 6** Annual Review of Investment Performance

WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

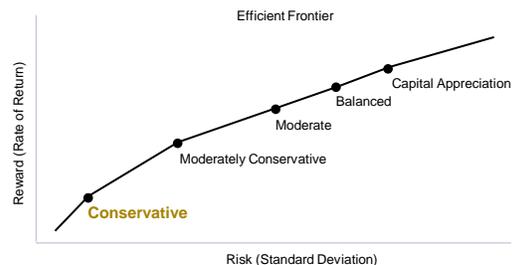
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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

Risk Management

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

INVESTMENT OBJECTIVE

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



ASSET ALLOCATION — CONSERVATIVE PORTFOLIO

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

ANNUALIZED TOTAL RETURNS

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

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	-0.80%	Current Quarter*	-1.01%
Blended Benchmark**	-0.86%	Blended Benchmark**	-0.86%
Year To Date*	1.03%	Year To Date*	0.42%
Blended Benchmark*	0.59%	Blended Benchmark*	0.59%
1 Year	1.74%	1 Year	1.45%
Blended Benchmark	1.98%	Blended Benchmark	1.98%
3 Year	4.19%	3 Year	3.69%
Blended Benchmark	3.62%	Blended Benchmark	3.62%
5 Year	5.09%	5 Year	4.67%
Blended Benchmark	4.31%	Blended Benchmark	4.31%
10 Year	4.83%	10 Year	4.41%
Blended Benchmark	4.24%	Blended Benchmark	4.24%

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

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-9.04%	2008	-6.70%
2009	15.59%	2009	10.49%
2010	8.68%	2010	7.67%
2011	2.19%	2011	3.70%
2012	8.45%	2012	6.22%
2013	3.69%	2013	3.40%
2014	3.88%	2014	4.32%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Date	07/2004	Inception Date	07/2004
No of Funds in Portfolio	19	No of Funds in Portfolio	14

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



350 California Street
Suite 1600
San Francisco, CA 94104
800.582.4734
www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$15.0 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

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

Kevin Churchill, CFA®, CFP®

Senior Portfolio Manager
Investment Experience: since 1996
HighMark Tenure: since 2012
Education: MS, Seattle University; BS, University of Puget Sound

Salvatore "Tory" Milazzo III, CFA®

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

J. Keith Stribling, CFA

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

Christiane Tsuda

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

Matthew Webber, CFA®

Senior Portfolio Manager
Investment Experience: since 1995
HighMark Tenure: since 2011
Education: BA, University of California, Santa Barbara

Anne Wimmer, CFA®

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

Asset Allocation Committee

Number of Members: 15
Average Years of Experience: 26
Average Tenure (Years): 14

Manager Review Group

Number of Members: 9
Average Years of Experience: 22
Average Tenure (Years): 8

SAMPLE HOLDINGS

HighMark Plus (Active)

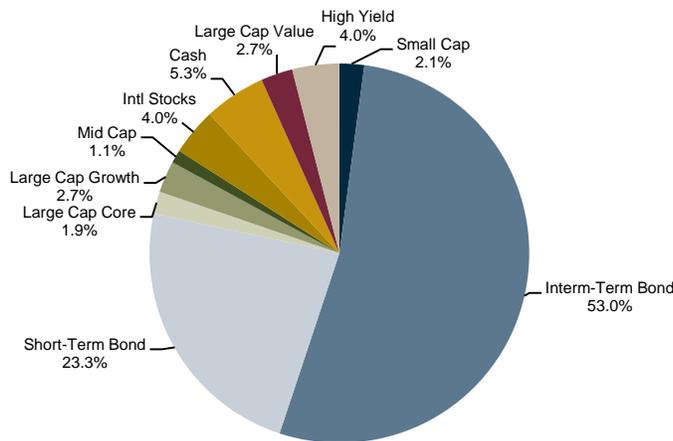
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- Columbia Small Cap Value II Z
- T. Rowe Price New Horizons
- Nationwide Bailard International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International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

Index Plus (Passive)

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

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

STYLE



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

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of June 30, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

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

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WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

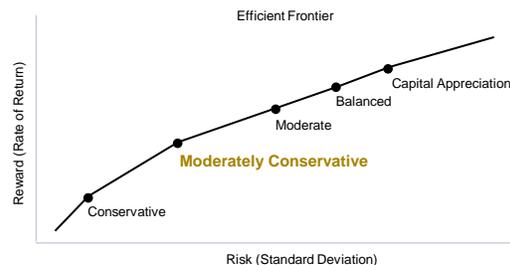
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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

Risk Management

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

INVESTMENT OBJECTIVE

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



ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO

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

ANNUALIZED TOTAL RETURNS

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

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	-0.65%	Current Quarter*	-1.00%
Blended Benchmark**	-0.84%	Blended Benchmark**	-0.84%
Year To Date*	1.43%	Year To Date*	0.73%
Blended Benchmark*	0.87%	Blended Benchmark*	0.87%
1 Year	2.08%	1 Year	2.03%
Blended Benchmark	2.58%	Blended Benchmark	2.58%
3 Year	6.09%	3 Year	5.60%
Blended Benchmark	5.77%	Blended Benchmark	5.77%
5 Year	7.06%	5 Year	6.63%
Blended Benchmark	6.52%	Blended Benchmark	6.52%
10 Year	5.43%	10 Year	5.04%
Blended Benchmark	4.97%	Blended Benchmark	4.97%

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

ANNUAL RETURNS

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

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	08/2004	Inception Data	05/2005
No of Funds in Portfolio	19	No of Funds in Portfolio	14

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



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ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$15.0 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

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

Kevin Churchill, CFA®, CFP®

Senior Portfolio Manager
Investment Experience: since 1996
HighMark Tenure: since 2012
Education: MS, Seattle University; BS, University of Puget Sound

Salvatore "Tory" Milazzo III, CFA®

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

J. Keith Stribling, CFA

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

Christiane Tsuda

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

Matthew Webber, CFA®

Senior Portfolio Manager
Investment Experience: since 1995
HighMark Tenure: since 2011
Education: BA, University of California, Santa Barbara

Anne Wimmer, CFA®

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

Asset Allocation Committee

Number of Members: 15
Average Years of Experience: 26
Average Tenure (Years): 14

Manager Review Group

Number of Members: 9
Average Years of Experience: 22
Average Tenure (Years): 8

SAMPLE HOLDINGS

HighMark Plus (Active)

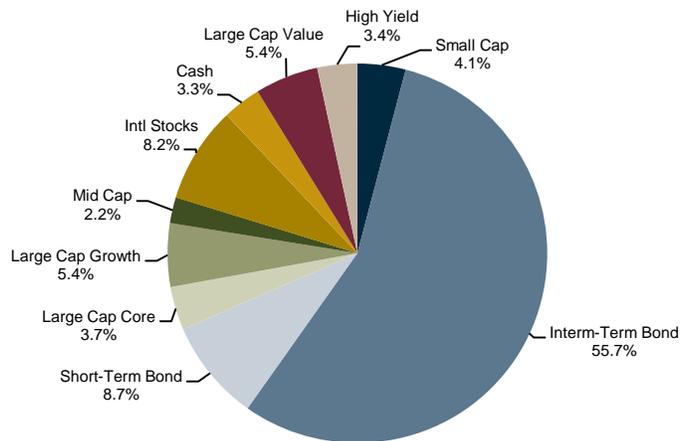
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- Columbia Small Cap Value II Z
- T. Rowe Price New Horizons
- Nationwide Bailard International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International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

Index Plus (Passive)

- iShares S&P 500
- iShares S&P 500/Value
- iShares S&P 500/Growth
- iShares Russell 2000 Value
- iShares Russell 2000 Growth
- iShares MSCI EAFE
- iShares Russell Midcap Value
- iShares Russell Midcap Growth
- iShares Barclays Aggregate Bond
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- SPDR Barclays High Yield Bond ETF
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STYLE



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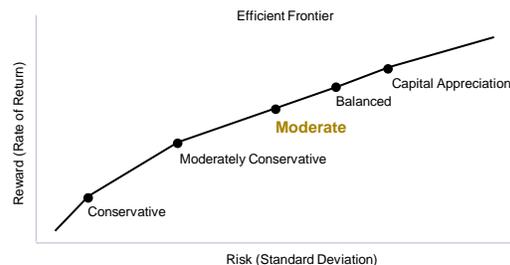
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The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund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

INVESTMENT OBJECTIVE

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



ASSET ALLOCATION — MODERATE PORTFOLIO

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

ANNUALIZED TOTAL RETURNS

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

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	-0.28%	Current Quarter*	-0.69%
Blended Benchmark**	-0.62%	Blended Benchmark**	-0.62%
Year To Date*	2.10%	Year To Date*	1.29%
Blended Benchmark*	1.30%	Blended Benchmark*	1.30%
1 Year	2.78%	1 Year	2.52%
Blended Benchmark	3.31%	Blended Benchmark	3.31%
3 Year	8.45%	3 Year	8.25%
Blended Benchmark	8.64%	Blended Benchmark	8.64%
5 Year	9.33%	5 Year	9.22%
Blended Benchmark	9.29%	Blended Benchmark	9.29%
10 Year	5.63%	Inception To Date (110-Mos.)	5.45%
Blended Benchmark	5.74%	Blended Benchmark	5.62%

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

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-22.88%	2008	-18.14%
2009	21.47%	2009	16.05%
2010	12.42%	2010	11.77%
2011	0.55%	2011	2.29%
2012	12.25%	2012	10.91%
2013	13.06%	2013	12.79%
2014	4.84%	2014	5.72%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Date	10/2004	Inception Date	05/2006
No of Funds in Portfolio	19	No of Funds in Portfolio	14

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



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

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Investment Experience: since 1996
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Number of Members: 15
Average Years of Experience: 26
Average Tenure (Years): 14

Manager Review Group

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SAMPLE HOLDINGS

HighMark Plus (Active)

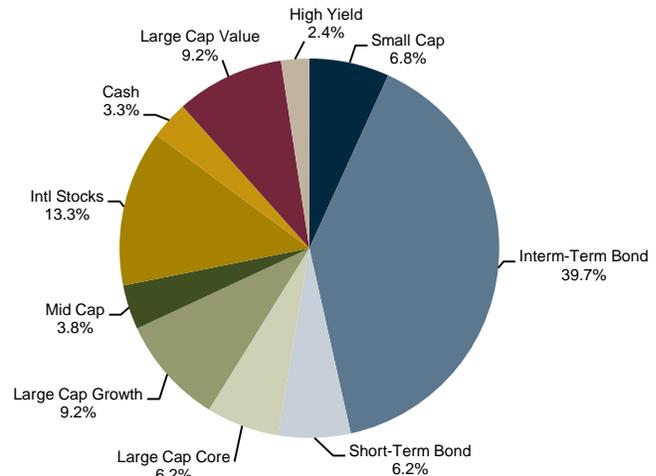
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- Columbia Small Cap Value II Z
- T. Rowe Price New Horizons
- Nationwide Bailard International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International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

Index Plus (Passive)

- iShares S&P 500
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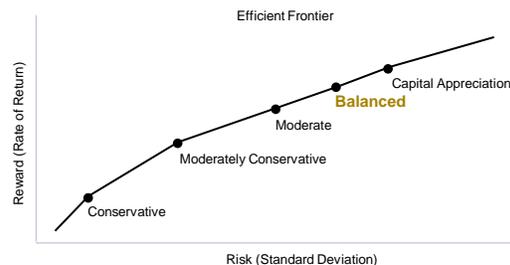
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INVESTMENT OBJECTIVE

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



ASSET ALLOCATION — BALANCED PORTFOLIO

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

ANNUALIZED TOTAL RETURNS

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

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	-0.05%	Current Quarter*	-0.56%
Blended Benchmark**	-0.51%	Blended Benchmark**	-0.51%
Year To Date*	2.57%	Year To Date*	1.49%
Blended Benchmark*	1.52%	Blended Benchmark*	1.52%
1 Year	3.11%	1 Year	2.69%
Blended Benchmark	3.69%	Blended Benchmark	3.69%
3 Year	9.94%	3 Year	9.53%
Blended Benchmark	10.12%	Blended Benchmark	10.12%
5 Year	10.53%	5 Year	10.35%
Blended Benchmark	10.77%	Blended Benchmark	10.77%
Inception to Date (105-Mos.)	5.33%	Inception to Date (93-Mos.)	4.62%
Blended Benchmark	5.89%	Blended Benchmark	5.16%

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

ANNUAL RETURNS

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

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Date	10/2006	Inception Date	10/2007
No of Funds in Portfolio	19	No of Funds in Portfolio	14

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Senior Portfolio Manager

Investment Experience: since 1994

HighMark Tenure: since 1997

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

Kevin Churchill, CFA®, CFP®

Senior Portfolio Manager

Investment Experience: since 1996

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HighMark Tenure: since 2014

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Investment Experience: since 1985

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Investment Experience: since 1995

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Anne Wimmer, CFA®

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2007

Education: BA, University of California, Santa Barbara

Asset Allocation Committee

Number of Members: 15

Average Years of Experience: 26

Average Tenure (Years): 14

Manager Review Group

Number of Members: 9

Average Years of Experience: 22

Average Tenure (Years): 8

SAMPLE HOLDINGS

HighMark Plus (Active)

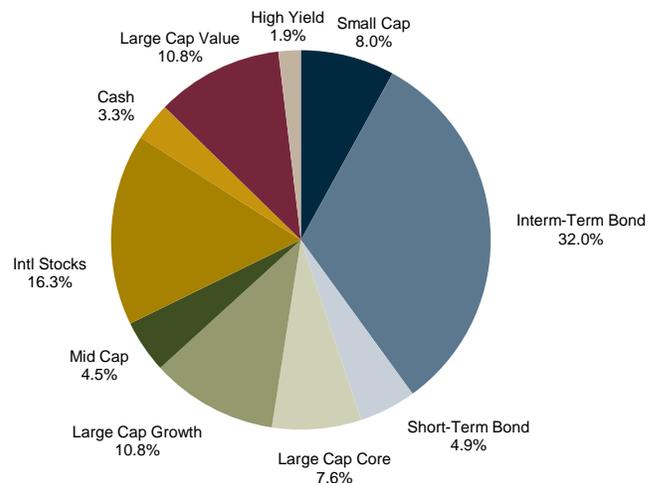
Columbia Contrarian Core Z
T. Rowe Price Growth Stock
Columbia Small Cap Value II Z
T. Rowe Price New Horizons
Nationwide Bailard International Equities
Nationwide HighMark Bond
Vanguard Short-Term Invest-Grade Adm
Loomis Sayles Value Y
PIMCO Total Return
Dodge & Cox International Stock
MFS International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

Index Plus (Passive)

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

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

STYLE



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

The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of June 30, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

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

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WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

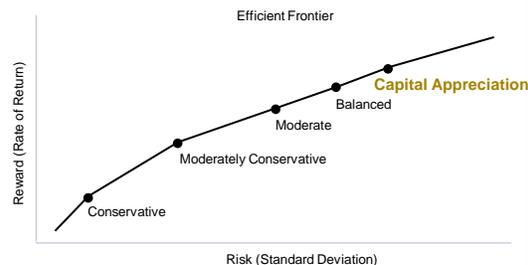
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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

Risk Management

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

INVESTMENT OBJECTIVE

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



ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	65 - 85%	75%	73%
Fixed Income	10 - 30%	20%	24%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS

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

Current Quarter*	0.30%
Blended Benchmark**	-0.29%
Year To Date*	2.79%
Blended Benchmark*	1.90%
1 Year	3.65%
Blended Benchmark	3.97%
3 Year	11.73%
Blended Benchmark	12.13%
5 Year	11.77%
Blended Benchmark	12.25%
Inception To Date (78-Mos.)	11.76%
Blended Benchmark	12.60%

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

ANNUAL RETURNS

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

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	01/2009	Inception Data	N/A
No of Funds in Portfolio	19	No of Funds in Portfolio	14

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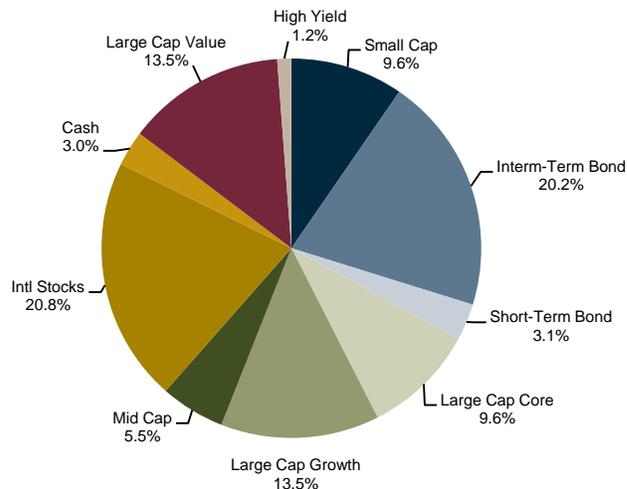
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- Columbia Small Cap Value II Z
- T. Rowe Price New Horizons
- Nationwide Bailard International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International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

Index Plus (Passive)

- iShares S&P 500
- iShares S&P 500/Value
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- iShares Russell 2000 Growth
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