Multnomah GROUP

Institutional Retirement Plan Consulting

Investment Performance Review

Capital Markets Review
Performance as of September 28, 2012

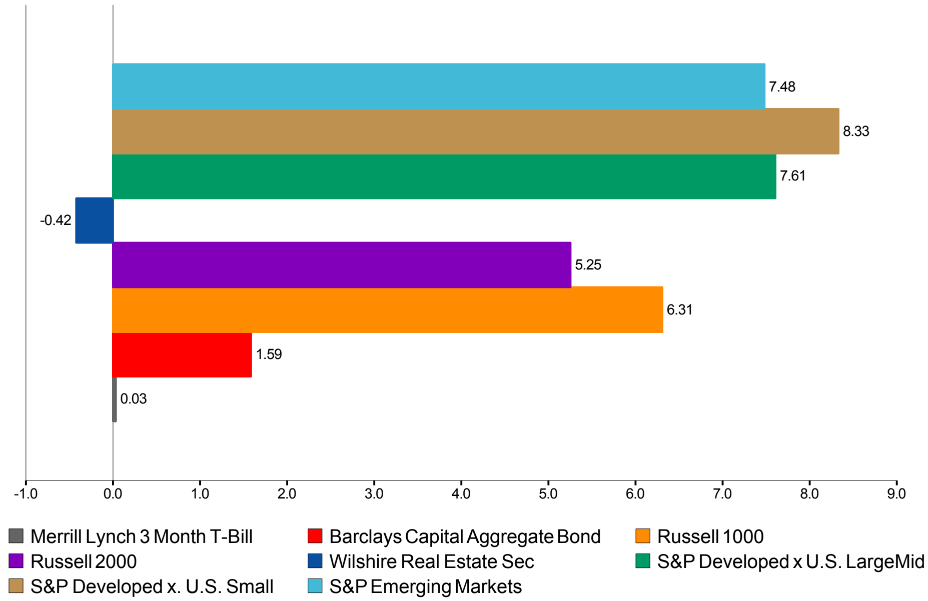
Global Markets Perspective

Market Overview

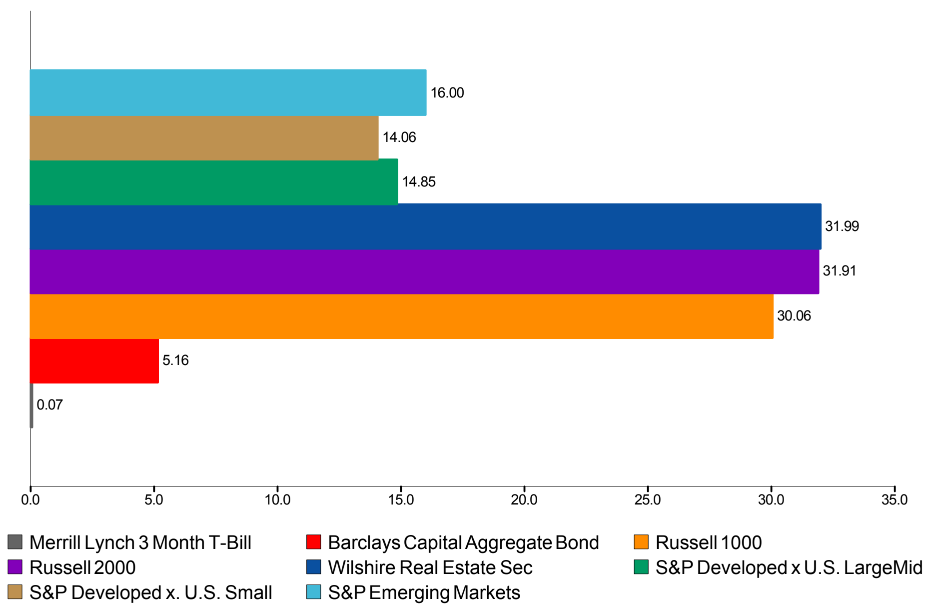
Global equity markets rallied during the quarter, reversing course from the prior period and pushing equities into positive territory for the year. The strong equity returns came in spite of a recession in Europe and anemic growth in the U.S. economy. Unemployment continues to trend down slightly, but at a pace that is slower than expected following a recession. Unemployment is highest for those with less than a high school degree (12.0%), while those with a college degree or greater had an unemployment rate of 4.4%. The differential between those two groups points to the challenges of this recovery; industries such as construction and manufacturing are not rebounding quickly enough to create strong job growth.

Across the globe, central bank actions continue to keep pressure on interest rates in an effort to stimulate economic activity. The Federal Reserve has maintained a target of 0.00%-0.25% for the Federal Funds Rate and provided guidance that it expects rates to stay in this range until late 2014 at the earliest. In Europe, the European Central Bank announced a program to buy member countries' sovereign debt in order to keep yield spreads from expanding too greatly. There is a concern that the stimulus programs being implemented by central banks will create high inflation, but so far inflation is a non-factor.

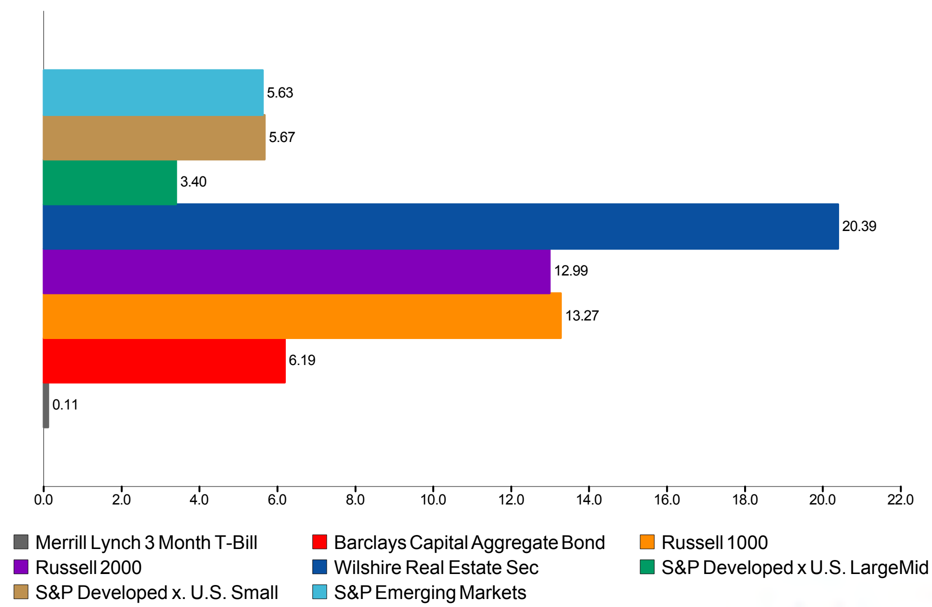
Last Quarter Performance



One Year Performance



Three Year Annualized Performance



As of September 28, 2012

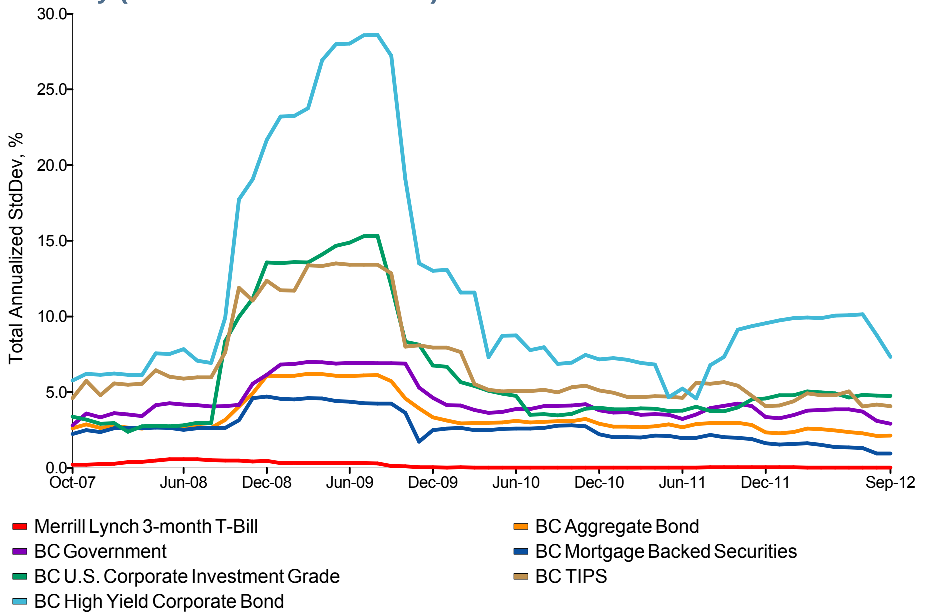
U.S. Fixed Income

Fixed Income Overview

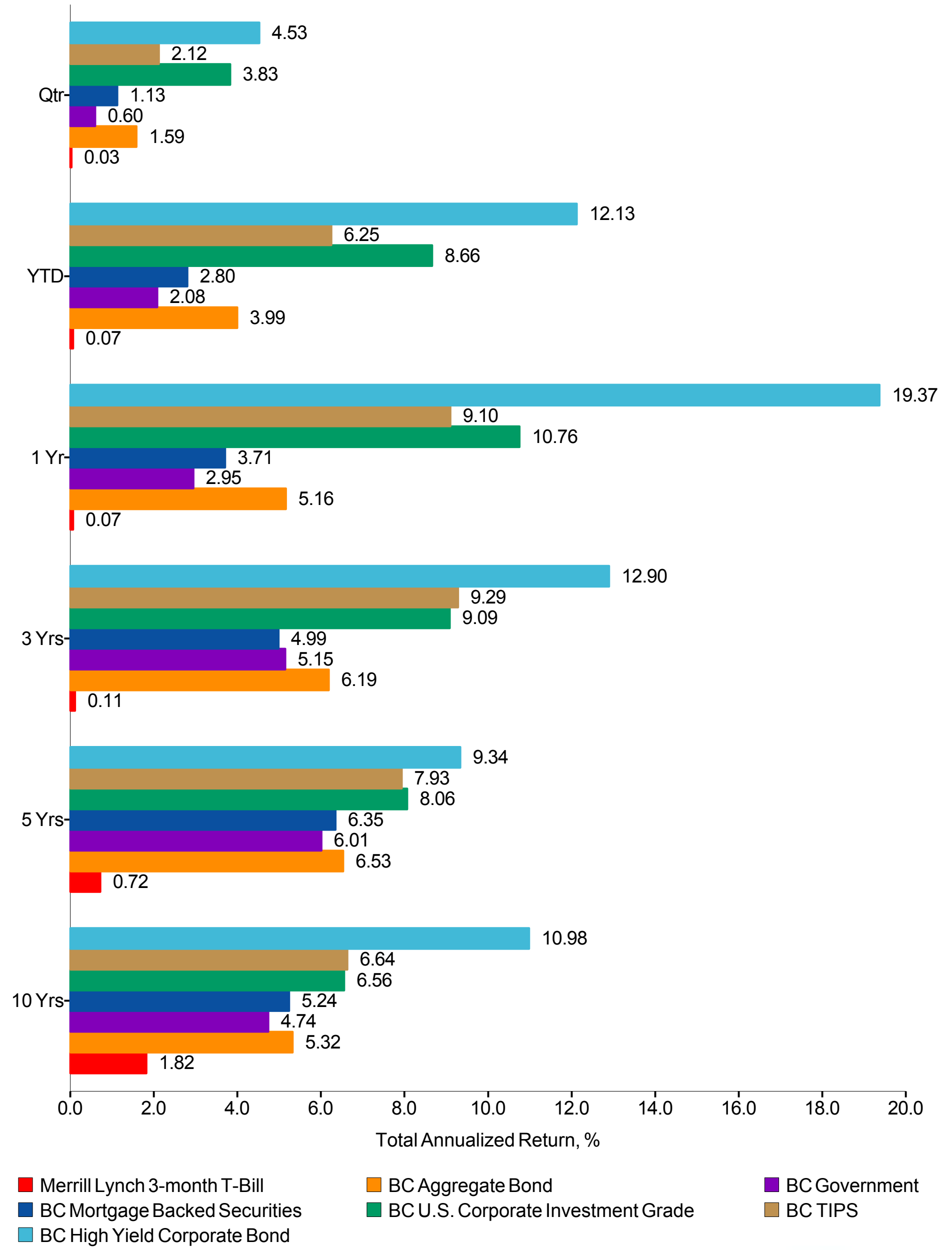
Interest rates held steady during the quarter as the strong gains in equities did not translate to downward pressure on bond prices. The 10-Year U.S. Treasury yield was 1.65% as of 9/30/2012, down just 0.02% from 6/30/2012. Within the broad fixed income market, riskier sectors such as high yield and investment grade corporate bonds outperformed Treasuries and mortgage-backed securities.

The Federal Reserve continues to target low rates and in mid-September announced the launch of its QE3 program. QE3 consists of the Fed buying upwards of $40 billion in mortgage-backed securities per month. The program is open-ended with no finite end date. The objectives are to support the mortgage market and to put pressure on long-term interest rates, assuming that low long-term rates will cause capital flows out of fixed income and lead to investments that will stimulate economic growth. The Fed has focused on quantitative easing as a tool since it cannot go lower with its Fed Funds Rate and rate manipulation alone has been ineffective in stimulating economic growth. The Fed was able to launch QE3 because concerns about its expansionary monetary policy over the past few years have not yet translated into realized higher inflation. Inflation has been running less than 3% on a consistent basis and has shown no signs of spiking in the near term.

Volatility (12M Standard Deviation)



Performance (Annualized)



As of September 28, 2012

U.S. Equity

U.S. Equity Overview

The U.S. equity market has continued its bull run that began when the market reached bottom in March 2009. With high volatility, and some bad stretches mixed in, the S&P 500 Index has gained 129.6% since its March 2009 low, and is up 2.7% from its prior market high in October 2007. The bull market has coincided with strong corporate earnings growth that has driven the market over the past few years. Companies were able to quickly and aggressively cut costs in the recession and have benefitted with expanded margins and profits. Because earnings growth has coincided with the equity market gains, most current market valuation metrics are below their recent historical averages. While valuations remain reasonable, there are concerns about a lack of top line revenue growth and the potential for compressed margins creating a difficult environment to grow earnings.

The quarter saw strong gains in economically sensitive sectors such as energy, consumer discretionary, and technology. More defensive sectors such as utilities and consumer staples struggled on a relative basis, although the worst performing sector (utilities) lost only -0.53%. Heading into year-end it looks like the market will continue to be impacted on a short-term basis by macroeconomic news and political headlines, but as the last few years have shown us, in the long term the market continues to be driven by company fundamentals.

Returns by Style (Russell Style Indices)

Last Quarter

	Value	Blend	Growth
Large	6.51	6.31	6.11
Mid	5.80	5.59	5.35
Small	5.67	5.25	4.84

Last 1 Year

	Value	Blend	Growth
Large	30.92	30.06	29.19
Mid	29.28	28.03	26.69
Small	32.63	31.91	31.18

Last 3 Years

	Value	Blend	Growth
Large	11.84	13.27	14.73
Mid	13.86	14.26	14.73
Small	11.72	12.99	14.19

Last 5 Years

	Value	Blend	Growth
Large	-0.90	1.22	3.24
Mid	1.73	2.24	2.54
Small	1.35	2.21	2.96

Returns by Sector (S&P 500 Index Sectors)

	Cons Disc	Cons Staples	Energy	Financials	Health Care	Industrials	Info Tech	Materials	Telecom Svcs	Utilities	S&P 500 Index
Qtr (%)	7.45	3.84	10.14	6.95	6.16	3.62	7.45	5.10	8.05	-0.53	6.35
1 Yr (%)	36.64	24.30	27.14	34.77	29.54	29.60	32.41	29.19	35.84	12.90	30.20
3 Yrs (%)	21.50	15.48	12.73	3.02	14.24	13.88	15.01	9.85	19.58	12.25	13.20
5 Yrs (%)	6.82	8.15	0.99	-12.69	4.77	-0.58	4.81	-0.04	2.72	2.42	1.05
10 Yrs (%)	9.00	8.93	14.56	-0.46	6.65	8.08	11.51	10.32	11.90	11.27	8.01

As of September 28, 2012

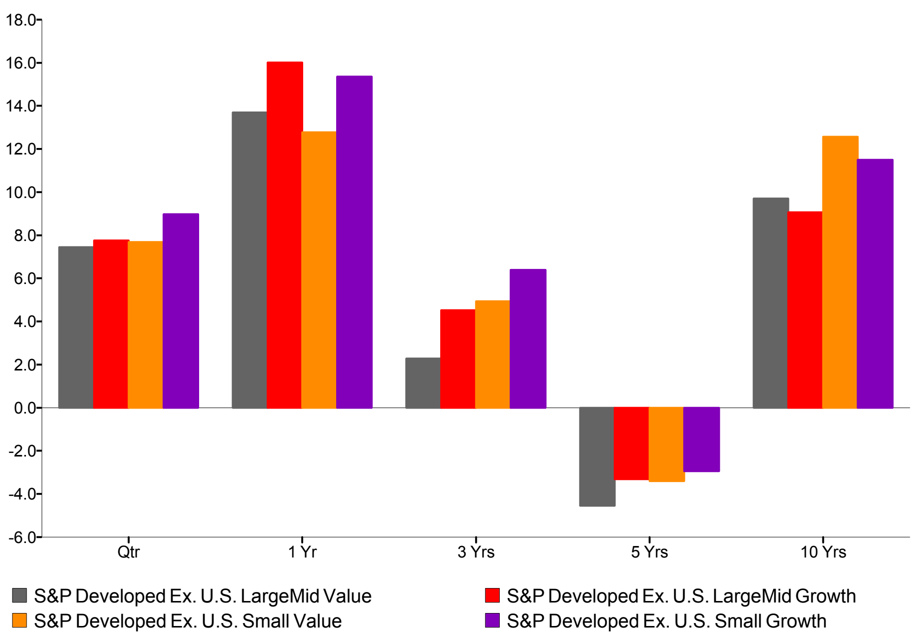
International Equity

International Equity Overview

Europe continues to remind us that economic performance and market results are not perfectly correlated. While Europe slipped into a recession, the S&P Europe Broad Market Index gained 8.99% during the third quarter and 18.26% over the past 12 months. Europe continues to struggle with a sovereign debt crisis that began a few years ago and shows no sign of resolving itself in the near term. During the quarter, European equity markets reacted positively to comments at the end of July by Mario Draghi, President of the European Central Bank, that "…the ECB is willing to do whatever it takes to preserve the euro…", and to the ECB bond buying program that was announced in September.

On a relative basis, Asian developed markets underperformed the U.S. and Europe, with Japan being the greatest drag on regional performance. Emerging market equities posted solid results with the S&P Emerging Markets BMI gaining 7.48% during the quarter. While returns during the quarter were positive for most global equity markets, international market valuations continue to be attractive relative to their own history and to U.S. equities.

Performance by Market Cap/Style (Annualized)



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Performance by Region (Annualized)

	Qtr	1 Yr	3 Yrs	5 Yrs	10 Yrs
Developed World	***6.93***	***22.36***	***8.38***	***-1.27***	***9.22***
North America	***6.63***	***28.76***	***12.91***	***1.36***	***9.10***
Canada	11.03	14.91	8.18	0.02	15.40
United States	6.22	30.26	13.42	1.50	8.74
Europe	***8.99***	***18.26***	***2.99***	***-4.89***	***10.01***
Austria	8.32	6.83	-7.33	-13.48	9.81
Belgium	10.28	30.11	5.33	-8.87	10.28
Denmark	12.01	36.25	10.00	-1.38	16.88
Finland	10.10	5.09	-5.76	-14.44	5.49
France	7.38	13.20	-2.17	-6.63	9.21
Germany	13.28	25.42	4.21	-4.18	13.14
Greece	18.85	-7.75	-39.40	-34.01	-4.71
Ireland	5.85	28.07	2.65	-14.92	3.71
Italy	7.63	3.56	-12.92	-15.48	3.46
Luxembourg	1.09	2.47	-8.72	-15.07	NA
Netherlands	8.41	17.45	1.23	-5.66	9.61
Norway	13.02	29.88	11.41	-3.78	18.32
Portugal	13.62	-14.26	-15.30	-14.65	5.54
Spain	11.88	-6.65	-12.43	-10.31	10.32
Sweden	11.04	29.68	12.38	0.01	17.69
Switzerland	7.73	16.86	7.15	1.31	11.13
United Kingdom	7.76	22.11	8.76	-2.56	9.41
Asia Pacific	***4.91***	***9.74***	***4.13***	***-3.00***	***8.33***
Australia	10.28	21.70	7.10	-0.53	16.22
Hong Kong	11.51	24.99	8.75	0.98	14.24
Japan	-0.39	-1.37	0.13	-5.63	4.08
New Zealand	17.42	24.44	13.33	0.68	14.01
Singapore	11.59	27.13	12.10	2.67	15.94
Republic of Korea	10.44	23.28	10.43	-0.87	15.28
Emerging Markets	***7.48***	***16.00***	***5.63***	***-0.63***	***18.00***
European Emerging	9.54	15.84	4.86	-6.66	15.35
Asia Pacific Emerging	8.20	15.87	5.73	-1.07	14.77
Latin America	5.27	14.97	4.24	1.38	26.03
Mid-East and Africa	6.86	19.65	10.10	4.73	20.15