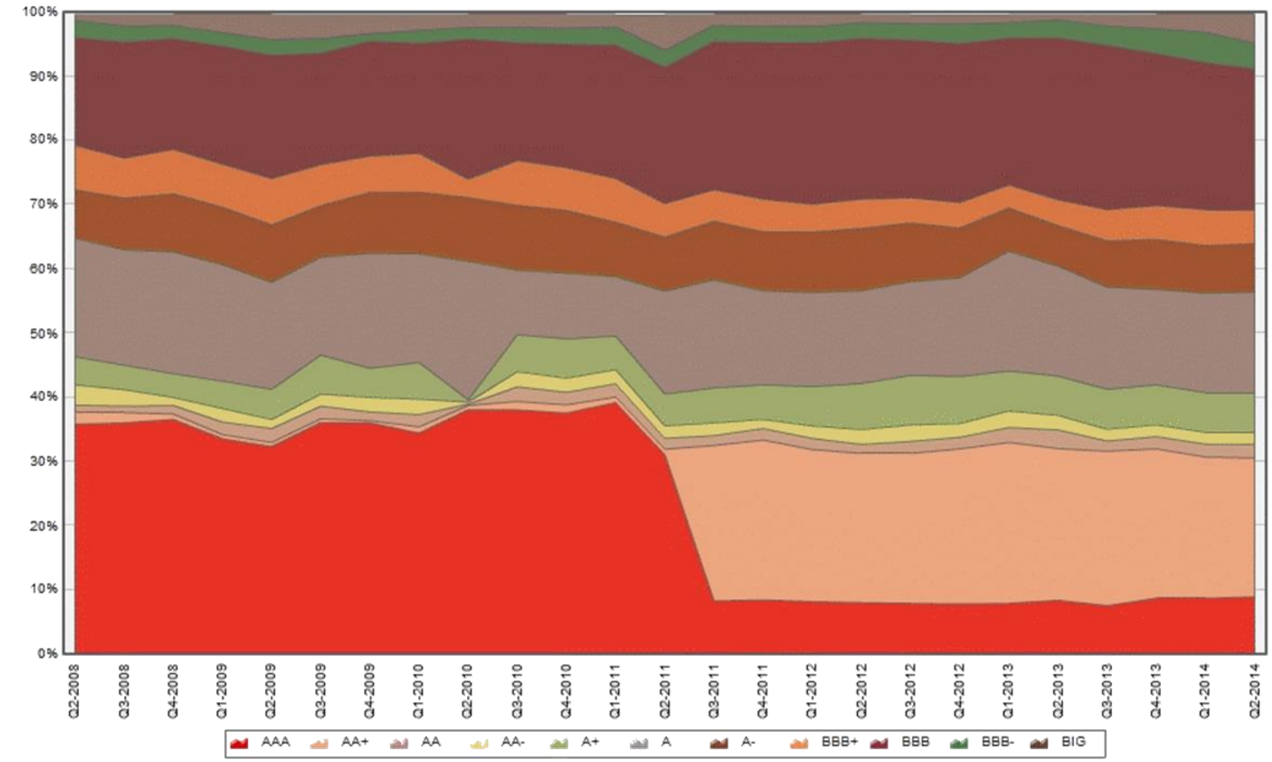
InsurerCIO's Investment Reporting Package (Sample)

STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

ANALYZE

How Should You Be Reviewing Your Investment Portfolio?

Detailed Historical Credit Rating Allocation



	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BIG
Q2-2014	8.97%	21.68%	2.10%	1.92%	6.22%	15.71%	7.60%	5.26%	22.09%	3.95%	4.50%

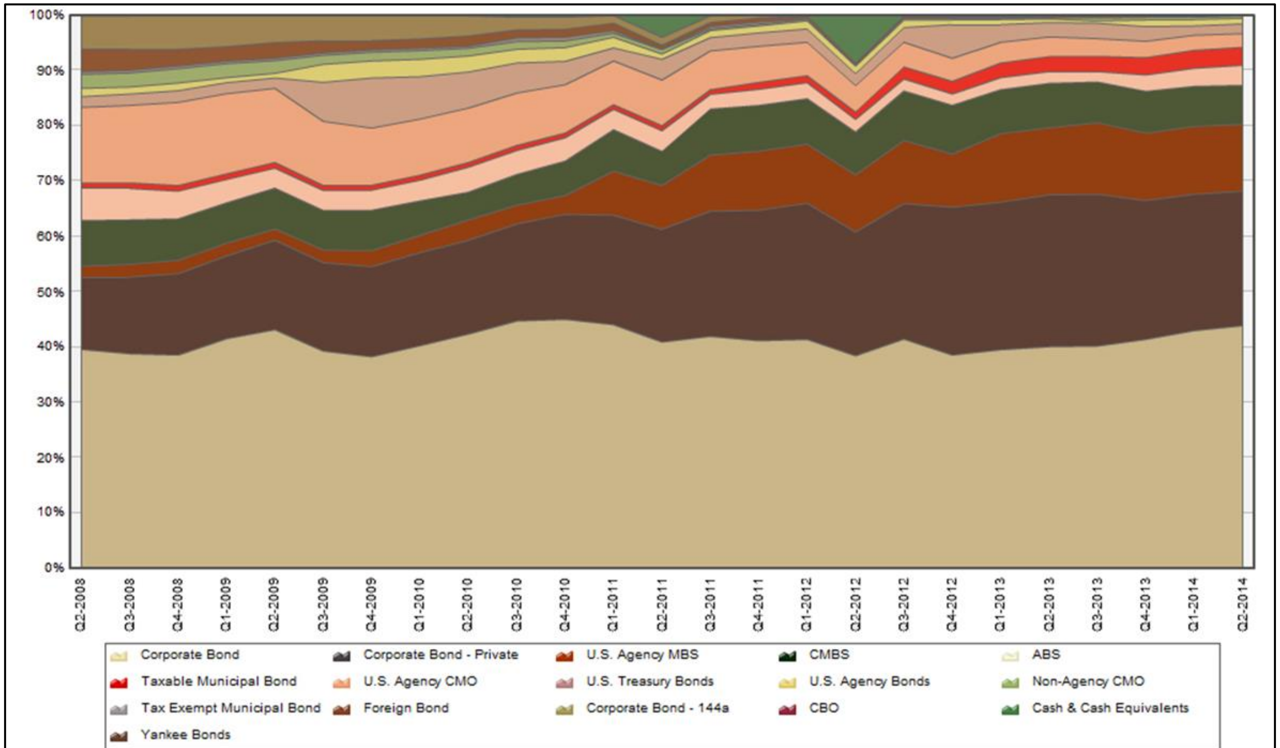
What This Shows:

Fixed income portfolio credit rating allocation by sector, quarterly over the last six years. This can also be viewed in a summarized version.

Significance:

Insurers tend to make changes to their portfolio slowly from quarter to quarter, keeping in mind realized gain or loss limits, etc. However, this report allows you to see trends over a longer-term horizon, since small changes over a long period of time can equate to very large changes. Thus, this report allows you to see trends in credit rating exposure over the last six years.

Detailed Historical Asset Allocation Summary



	Corporate Bond	Corporate Bond - Private	U.S. Agency MBS	CMBS	ABS	Taxable Municipal Bond	U.S. Agency CMO	U.S. Treasury Bonds	U.S. Agency Bonds	Non-Agency CMO	Tax Exempt Municipal Bond	Foreign Bond	Corporate Bond - 144a	CBO	Cash & Cash Equivalents	Yankee Bonds
Q2-2014	43.89%	24.36%	12.07%	7.06%	3.65%	3.24%	2.51%	1.76%	1.04%	0.42%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

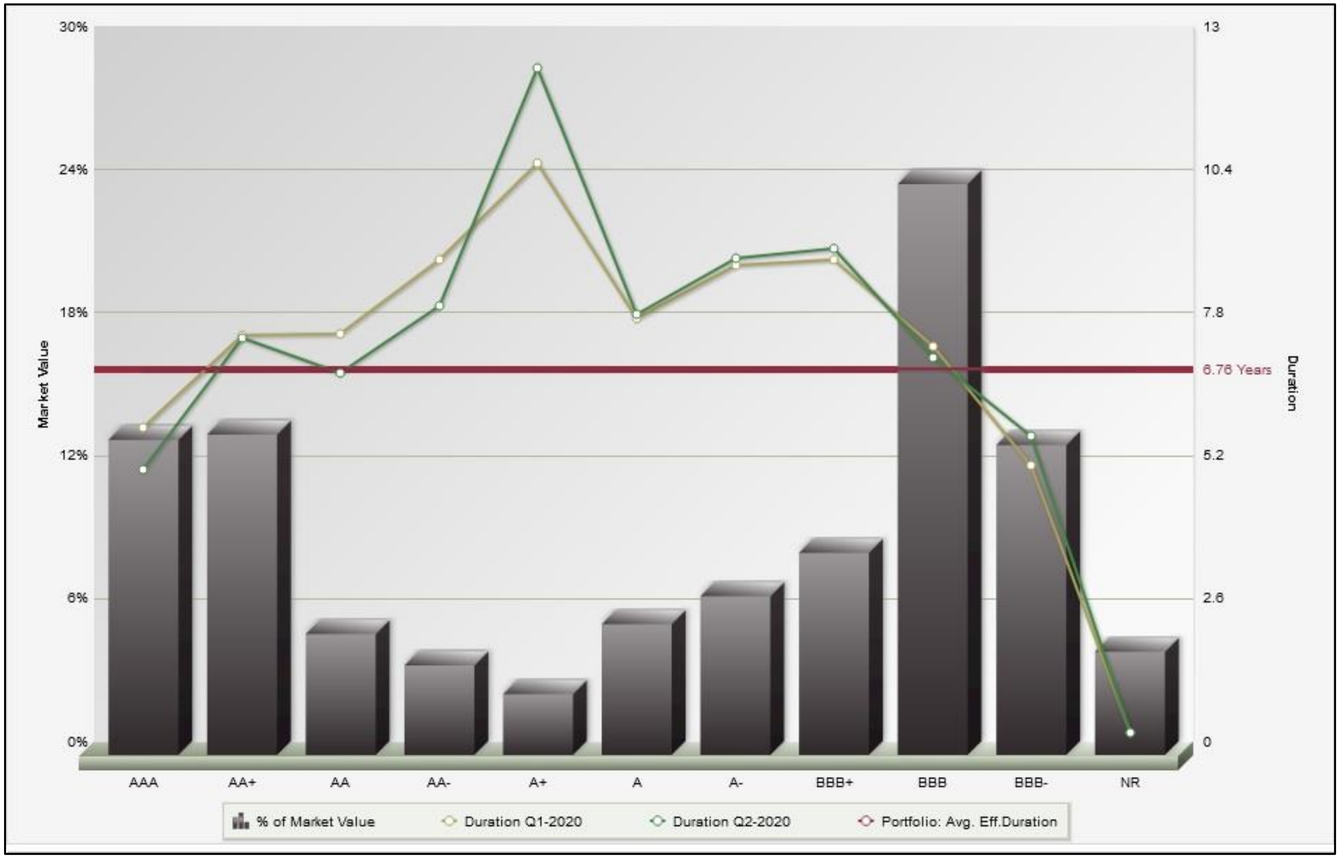
What This Shows:

Fixed income portfolio asset allocation by sector over the last six years. This chart can be viewed in either a detailed or summarized version.

Significance:

Insurers tend to make changes to their portfolio slowly from quarter to quarter, keeping in mind realized gain or loss limits, etc. However, this report allows you to see trends over a longer-term horizon, since small changes over a long period of time can equate to very large changes. Thus, this report allows you to see trends in the mix of fixed income sectors over the last six years.

Credit Duration



What This Shows:

This graph combines credit and interest rate risk. Each vertical bar shows the percentage of the fixed income portfolio invested in each credit rating. The horizontal line shows the average portfolio duration, while the other lines connect the points corresponding to the duration (interest rate risk) within a given credit rating.

Significance:

Combining credit and interest rate risk simultaneously can be problematical. Ideally, the duration for any given credit rating will not vary much from the portfolio's overall duration.

Average Credit Rating

Average Credit Ratings

Portfolio: Total Portfolio

Quarter: 2nd Q, 20

		Moody*	Detailed	Summarized	RBC
2nd Q, 20	Factor Average	1.15%	6.72	3.79	1.39%
	Average Credit Rating	BBB+	A	A	A
1st Q, 20	Factor Average	1.15%	6.73	3.81	1.39%
	Average Credit Rating	BBB+	A	A	A
4th Q, 19	Factor Average	1.22%	7.15	4.01	1.47%
	Average Credit Rating	BBB+	A	A	A-
3rd Q, 19	Factor Average	1.22%	7.16	4.03	1.47%
	Average Credit Rating	BBB+	A	A	A-
2nd Q, 19	Factor Average	1.22%	7.13	4.03	1.46%
	Average Credit Rating	BBB+	A	A	A-

*Using Moody's 5-Year cumulative issuer default rates.

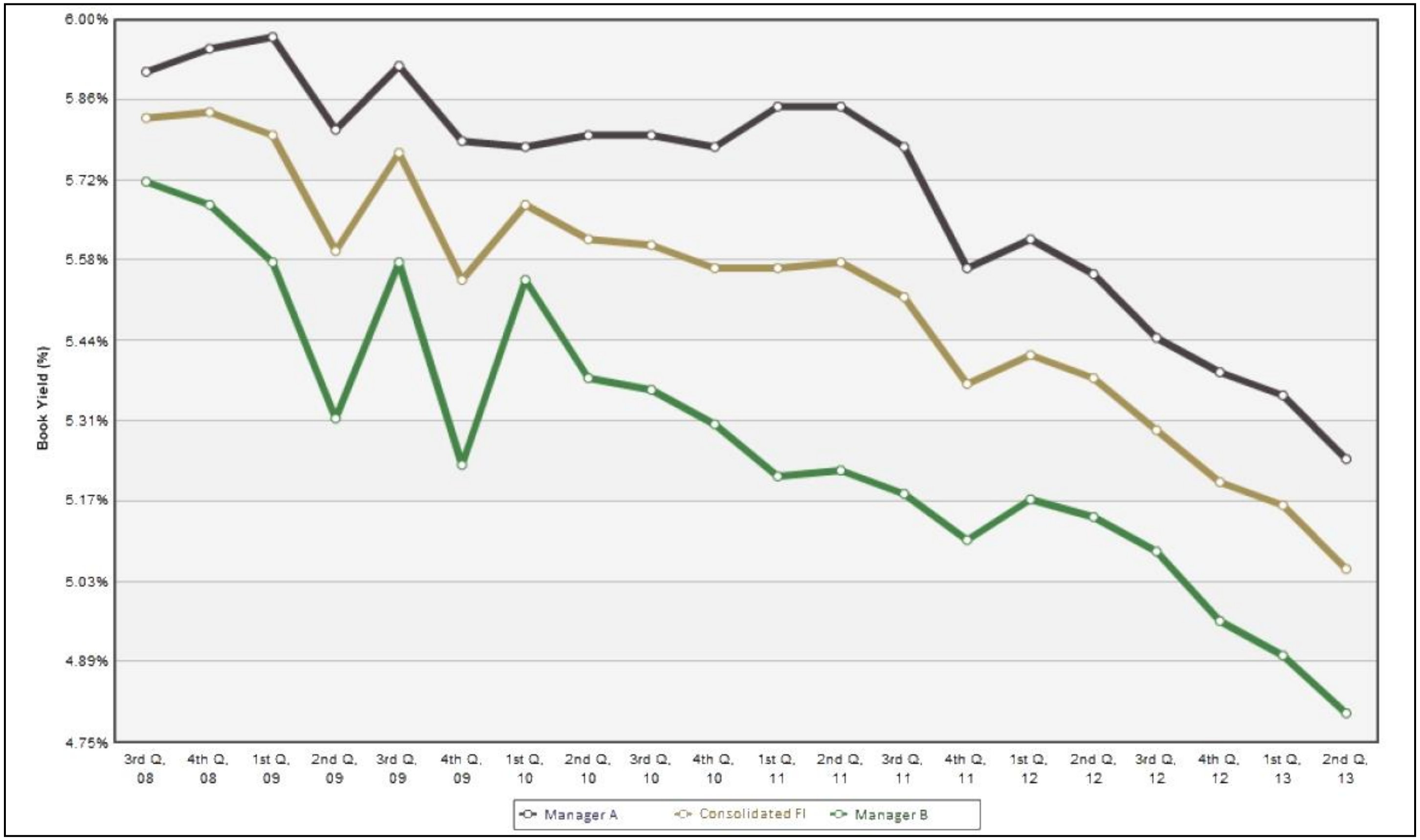
What This Shows:

Using long term Moody's default factors we find that the default probability increases in much greater than a linear way. By re-weighting each bond's probability of default using those factors and then determining the average credit quality, we get a better idea of the portfolio's "true" average credit rating. This table compares that "true" average credit rating (Moody column) to the linear calculation assuming it uses the +/- in credit ratings (Detailed) or does not use the +/- (Summarized).

Significance:

To add perspective, the 'factor average' found in the Moody column provides the weighted expected long term default rate of the portfolio.

Book Yield Trend



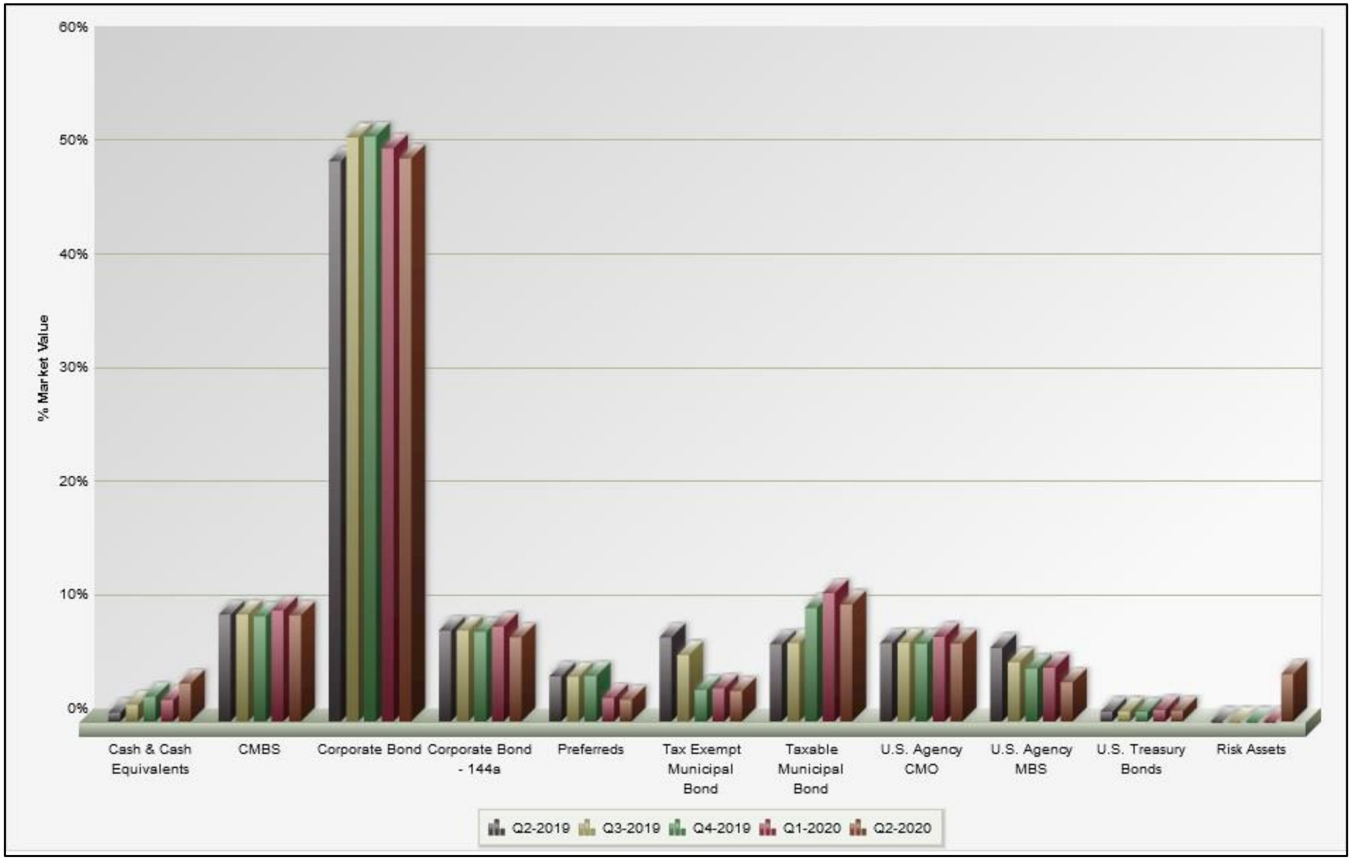
What This Shows:

Portfolio book yield over time.

Significance:

In a low-rate environment, where market yields on new purchases are below portfolio book yield, an ongoing decline in book yield is expected. But how far has it changed over time?

Asset Allocation %



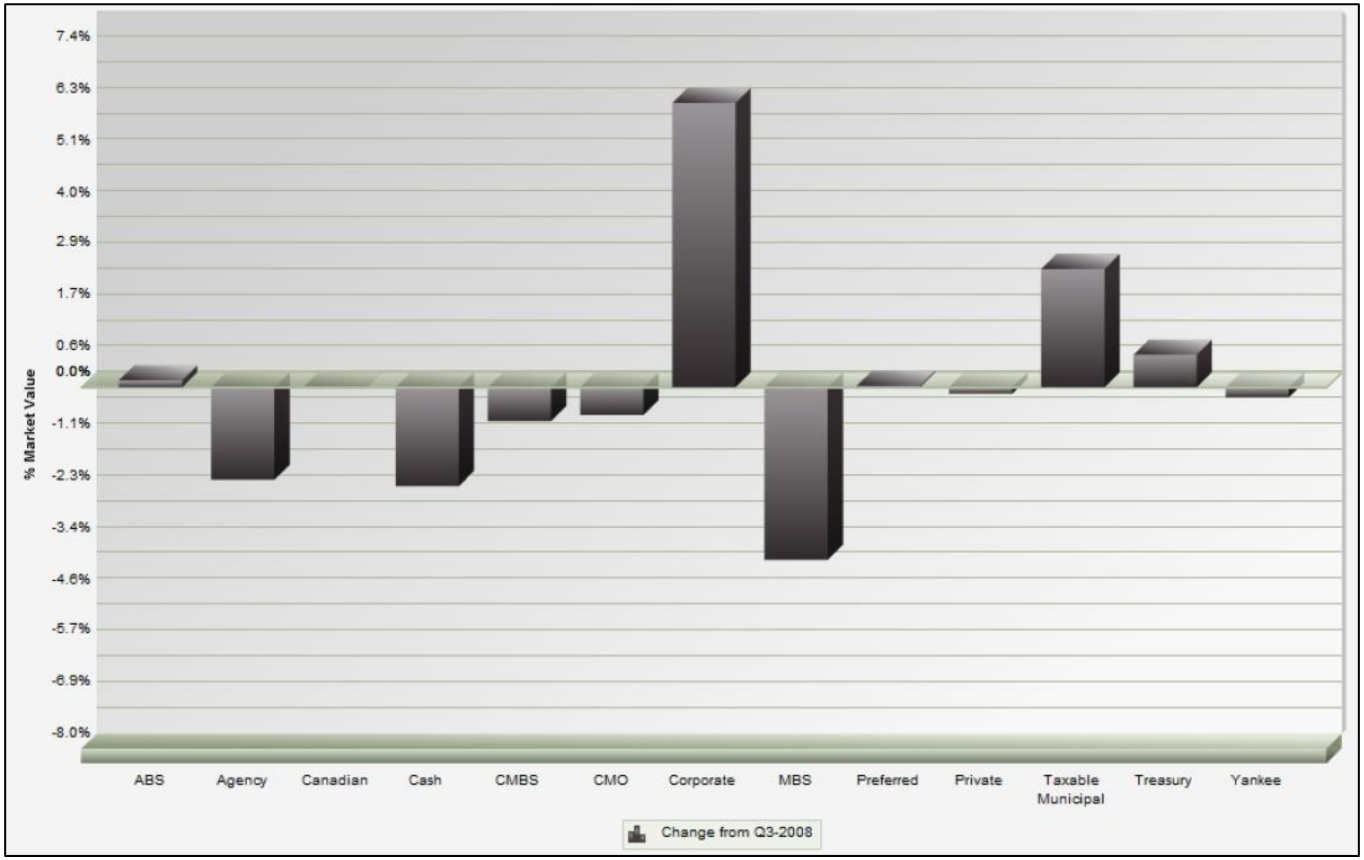
What This Shows:

Fixed income portfolio asset allocation over the last five quarters.

Significance:

Behind every fixed income portfolio is an allocation amongst similar, yet different, asset classes. Insurers tend to have portfolios tilted more towards 'spread' sectors and away from lower yielding US Treasuries and Agencies. This report allows you to see trends in the mix of sectors over the last five quarters.

Asset Allocation Change



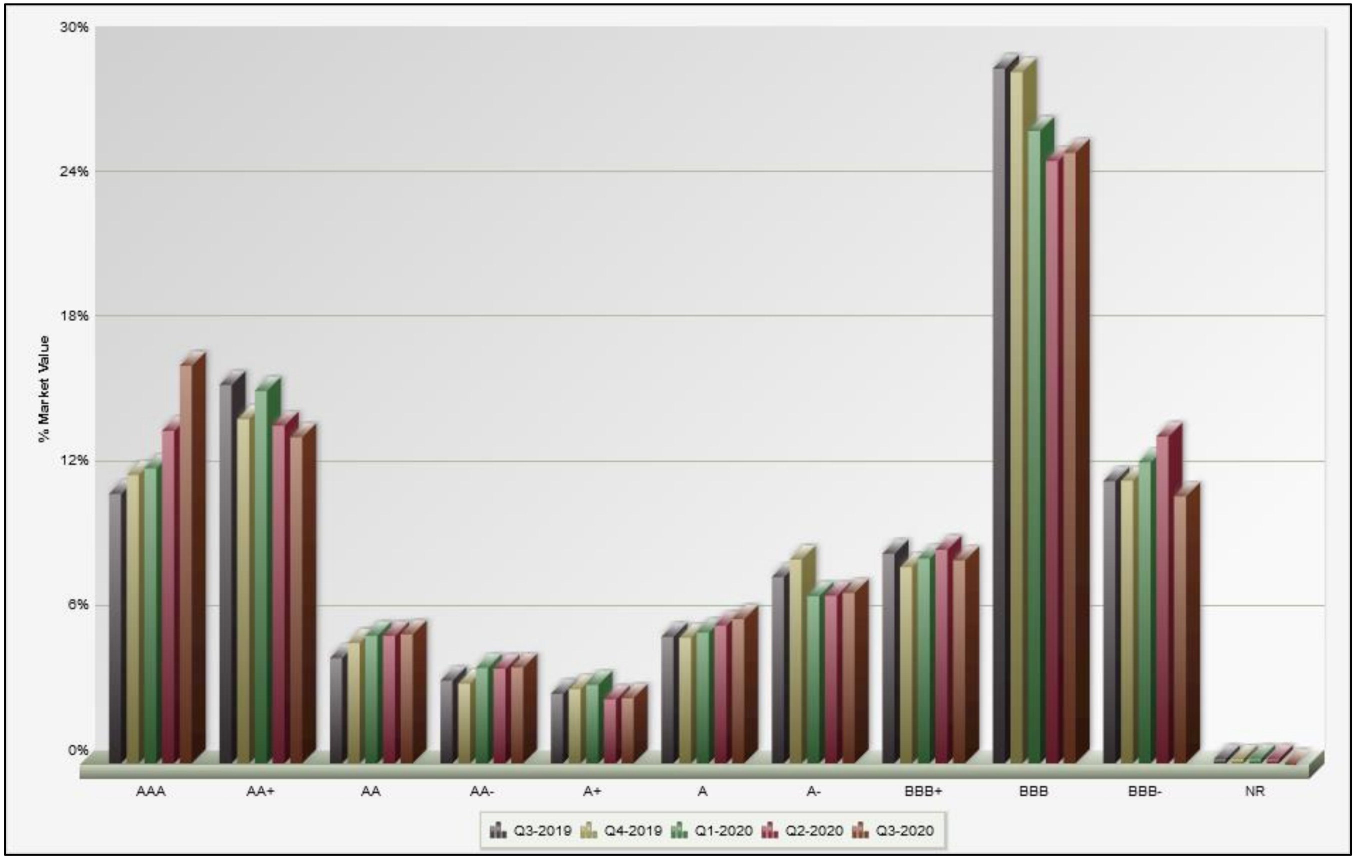
What This Shows:

Change in fixed income portfolio asset allocation from the prior quarter.

Significance:

Major changes in fixed income portfolio asset allocation are spotted quickly by reviewing this graph.

Credit Rating Detail



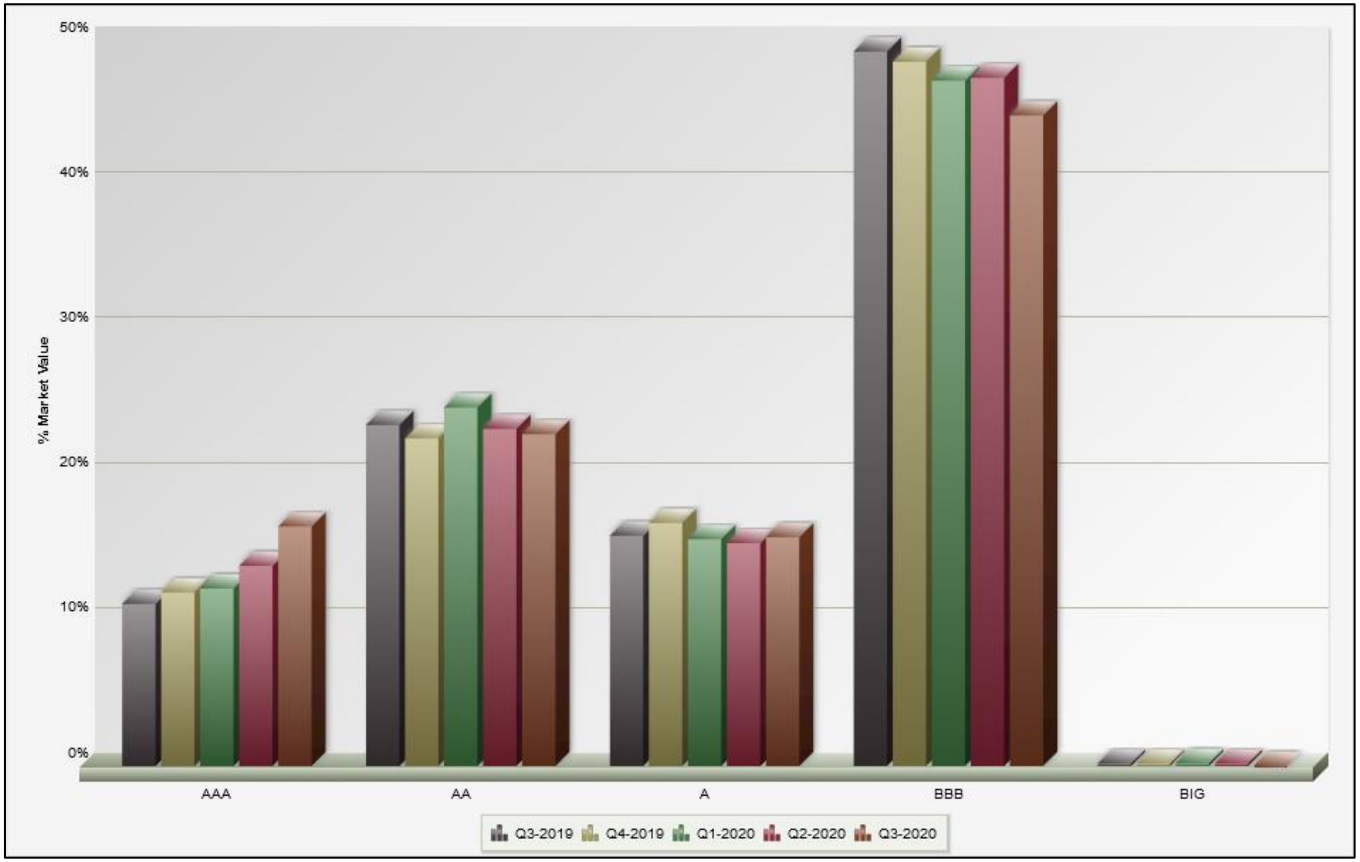
What This Shows:

Percentage of the fixed income portfolio invested in any given detailed credit rating over the last five quarters.

Significance:

One of the most important decisions in fixed income portfolio construction is its exposure to credit risk. This report allows you to see trends in this allocation over the last five quarters.

Credit Summary



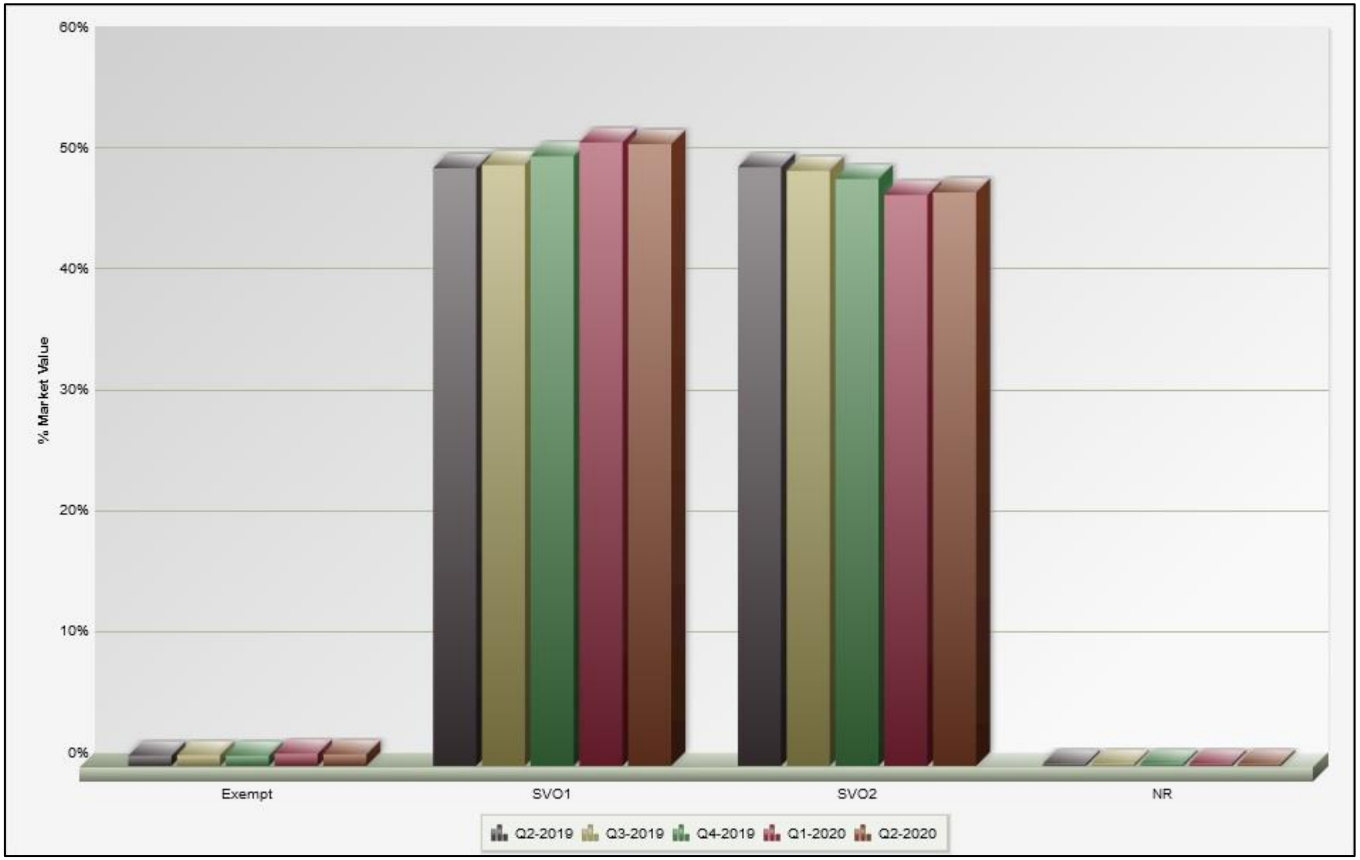
What This Shows:

Percentage of the fixed income portfolio invested in any given summarized credit rating over the last five quarters.

Significance:

One of the most important decisions in fixed income portfolio construction is its exposure to credit risk. This report allows you to see trends in this allocation over the last five quarters.

SVO Rating



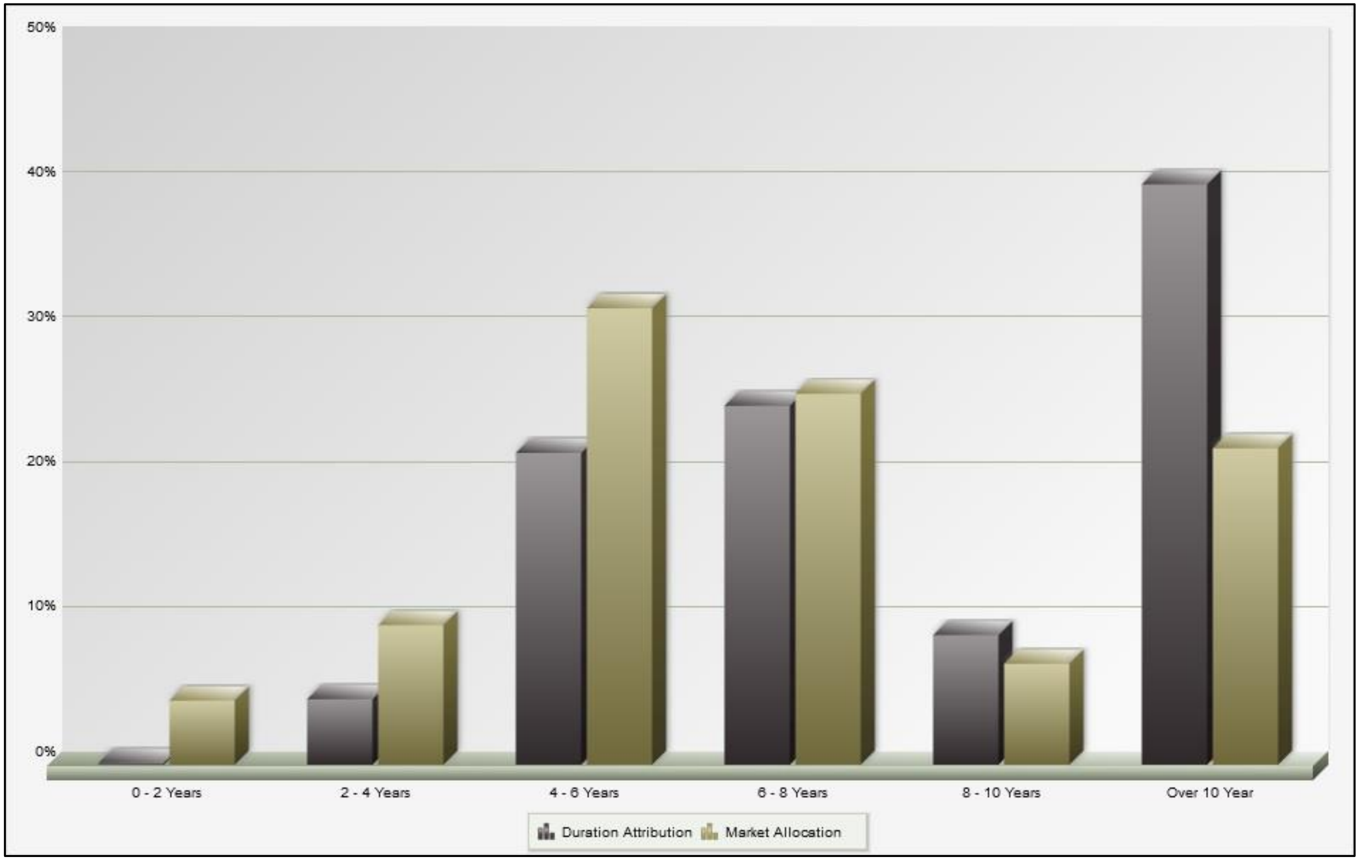
What This Shows:

The Securities Valuation Office (SVO) of the NAIC requires that US insurer fixed income investments have an SVO credit rating, ranging from 1 to 6. This report uses that table to imply the correct SVO rating for each security in the fixed income portfolio; and then show the percentage of the fixed income portfolio invested in any given SVO rating over the last five quarters.

Significance:

One of the most important decisions in fixed income portfolio construction is its exposure to credit risk. This report allows you to see trends in this allocation over the last five quarters, as would be seen through the 'eyes' of the SVO.

Duration Profile



What This Shows:

Duration Profile shows places the bonds in the portfolio into six pre-determined duration buckets.

Significance:

We know the portfolio's average duration, but how are the bonds that make up that duration determining how we get that average duration? Are a small amount of long duration bonds pulling up portfolio duration or is it a more even spread through the different duration buckets? Knowing where duration is occurring can provide a better understanding on how sensitive the portfolio may be to changes in the shape of the yield curve.

Credit Exposure

Bond #	Cusip	AssetType	Issuer	Par	Market Value	% of Port MV	Book Value	CR	Duration	Maturity
1	816300AD	Corporate Bond	SELECTIVE INS GROUP INC Co:1 Lot:1	1,500,000	2,086,022	1.83%	1,769,754	BBB	9.534	11/15/2034
2	3137FDW9	U.S. Agency CMO	FREDDIE MAC 4753	1,750,000	1,956,129	1.71%	1,649,153	AA+	12.703	02/15/2048
3	3137FDUF	U.S. Agency CMO	FREDDIE MAC 4754	1,750,000	1,914,321	1.68%	1,820,846	AA+	7.714	12/15/2036
4	3137F3TQ	U.S. Agency CMO	FREDDIE MAC 4764	1,750,000	1,854,388	1.63%	1,731,185	AA+	6.335	07/15/2045
5	77810254	Taxable Municipal Bond	ROSEVILLE MINN INDPT SCH DIST	1,590,000	1,755,947	1.54%	1,584,724	AA	7.360	02/01/2029
6	64971XBB	Taxable Municipal Bond	NEW YORK N Y CITY TRANSITIONAL	1,500,000	1,647,645	1.44%	1,525,399	AA+	8.371	08/01/2030
7	20453KAA	Corporate Bond	COMPASS BANK	1,500,000	1,612,166	1.41%	1,459,363	BBB	4.027	04/10/2025
8	101137AE	Corporate Bond	BOSTON SCIENTIFIC CORP Co:1 Lot:1	1,000,000	1,485,089	1.30%	1,298,228	BBB-	10.299	11/15/2035
9	3137F44B	U.S. Agency CMO	FREDDIE MAC REMICS 4781	1,250,000	1,333,442	1.17%	1,264,737	AA+	5.856	08/15/2038
10	482480AF	Corporate Bond	KLA-TENCOR CORP Co:1 Lot:1	1,000,000	1,322,384	1.16%	1,016,515	BBB+	10.010	11/01/2034
Top 10					16,967,533	14.87% of MV				
Fixed Income					114,075,237					

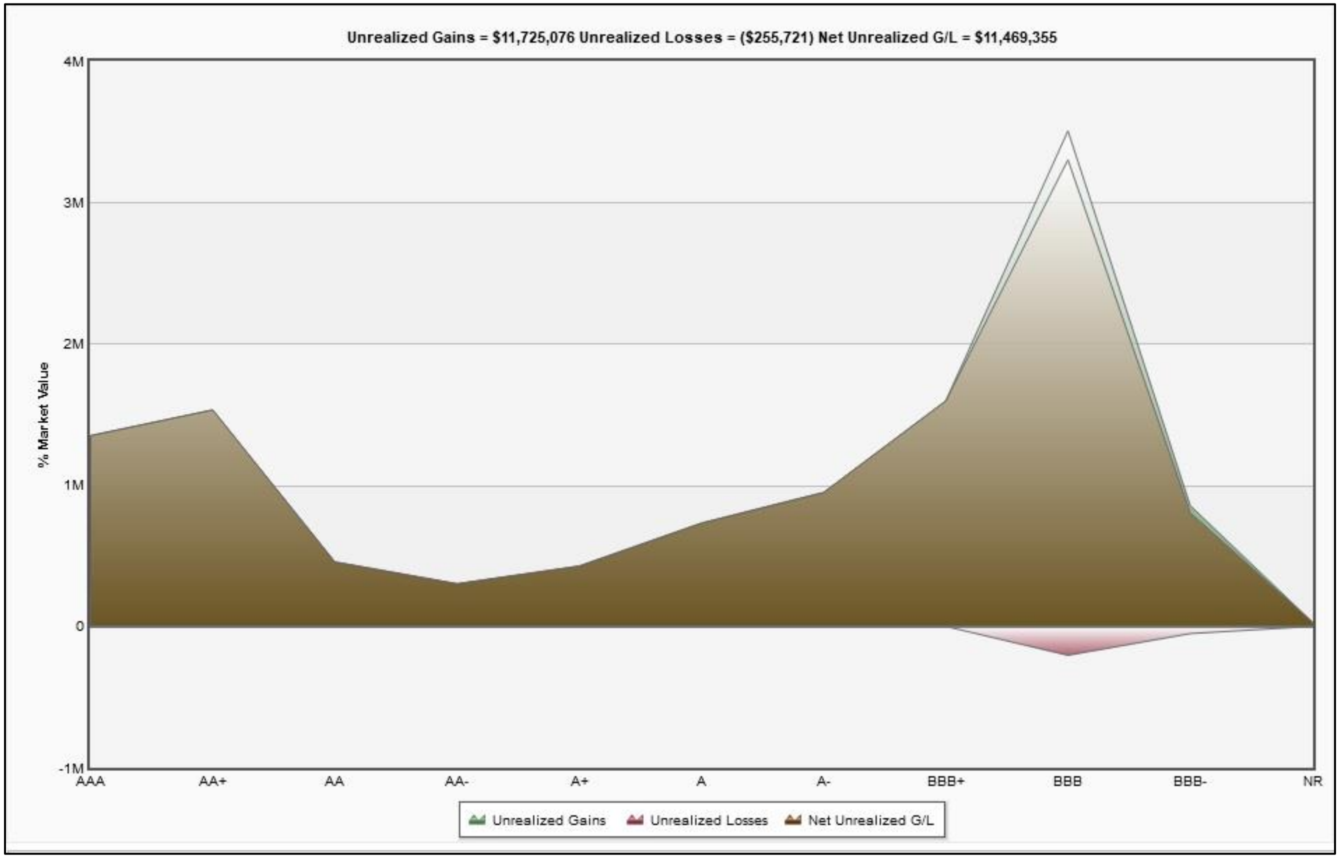
What This Shows:

The top ten largest individual securities held in the portfolio, their respective market values, how much of the overall portfolio they are, their book value, credit rating, duration and maturity. The table also sums these top ten exposures and compares that total to portfolio market value.

Significance:

This table provides a glimpse at which bonds are the largest in the portfolio and, thus, provides an idea of what degree the portfolio is diversified.

Unrealized G/L – Fixed Income



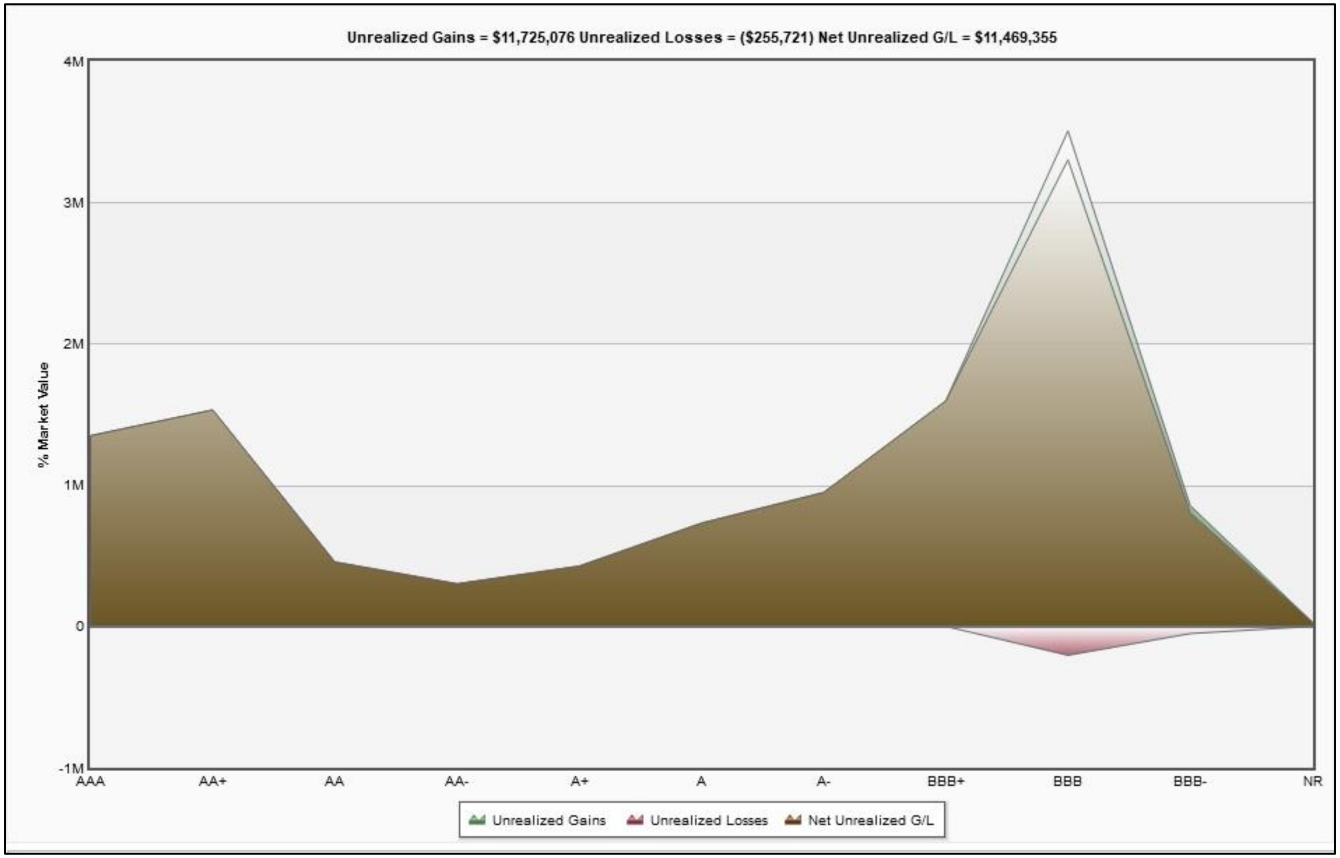
What This Shows:

What are gross unrealized gains and losses, as well as net gains or losses for bonds in various credit rating categories.

Significance:

To the extent that your company may require taking gains or losses, their availability may be limited, not only by the portfolio's overall net realized gain or loss position but by their availability within a given credit rating. If gains or losses are unusually large for a given credit rating, it may be worthwhile to determine the source of such gains or losses.

Unrealized G/L – Fixed Income



What This Shows:

What are gross unrealized gains and losses, as well as net gains or losses for bonds in various credit rating categories.

Significance:

To the extent that your company may require taking gains or losses, their availability may be limited, not only by the portfolio's overall net realized gain or loss position but by their availability within a given credit rating. If gains or losses are unusually large for a given credit rating, it may be worthwhile to determine the source of such gains or losses.

Change Over Time Report

	3rd Q, 20	2nd Q, 20	Prior Quarter Chg.	3rd Q, 19	Previous 12 Month Chg.
Market Value w/o accrued	114,075,237	115,333,489	-1,258,252	115,103,654	-1,028,417
Book Value	101,672,911	103,864,117	-2,191,206	106,914,510	-5,241,599
Unrealized G/L	12,402,309	11,469,355	932,954	8,189,129	4,213,180
Average Duration	6.86	7.05	-0.19	7.26	-0.40
Average Book Yield %	3.85	4.00	-0.15	4.09	-0.23
Average Market Yield %	2.10	2.44	-0.35	3.02	-0.93

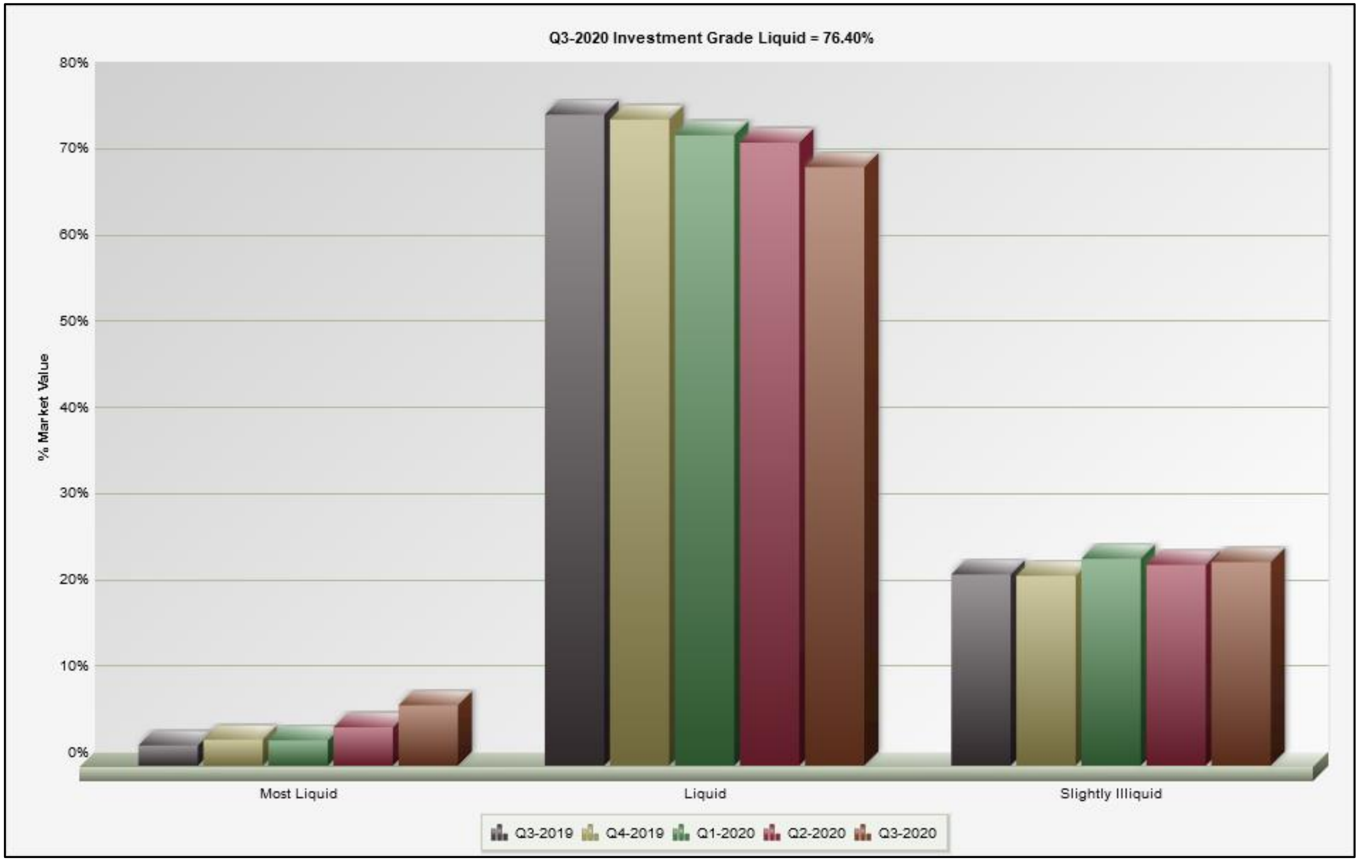
What This Shows:

Changes from the prior quarter and year in market value, book value, unrealized gain (loss), duration, book yield and market yield.

Significance:

Changes in key items such as duration, book yield and market yield often come slowly on a quarter-to-quarter basis. However, when viewed over a longer period, like a year, changes in duration will reveal the portfolio's increased or decreased interest rate risk, while changes in book yield will ultimately impact investment income and bottom-line profitability.

Implied Portfolio Liquidity



What This Shows:

This graph arbitrarily places certain asset classes in three basic liquidity buckets: Most Liquid, Liquid and Slightly Liquid. It is not designed to make a judgment on specific issues within the asset classes and it does not take into account limitations past possible liquidity.

Significance:

Liquidity risk is very difficult to quantify. This very basic approach attempts to raise the issue and be a starting point for discussions, especially as there are major changes over time or if the portfolio appears to be too liquid or not liquid enough based upon this very initial view.

Potential Impairment Report (OTTI)

OTTI (Watch List <= 90%)

Consolidated Fixed Income

2nd Q, 11

0.0 up to 0.5
0.5 up to 0.7
0.7 up to 1.0

Cusip	Issuer	AssetType	Quantity	Book Value	Market Value	MV/BV	Unrealized G/L	Duration	Book Yield	CR
921796LA	VMF 2001-A B2	ABS	1,108,424	1,260,386	929,145	73.7%	-331,241	2.66	8.00	BBB
12628KAK	CSAB 2006-3 A5A	ABS	2,641,825	2,639,953	1,947,625	73.8%	-692,328	5.39	6.21	AA-
12668XAF	CWL 2006-S8 A6	ABS	2,222,109	2,235,432	1,660,460	74.3%	-574,972	2.39	5.53	B-
760985WY	RAMP 2003-RS5 AI5	ABS	393,582	393,170	332,698	84.6%	-60,472	4.01	4.87	B-
921796JF	VMF 2000-A IB2	ABS	148,132	167,285	145,144	86.8%	-22,141	3.61	8.15	BBB+
32051GLK	FHASI 2005-2 B2	CMO	870,422	118,273	88,659	75.0%	-29,613	0.81	5.72	CC
31392GWD	FNW 2003-WI M	CMO	372,972	374,508	309,693	82.7%	-64,815	3.29	5.70	AA
12545EAF	CWHL 2007-J2 2A5	Non-Agency CMO	1,661,145	1,666,291	1,092,634	65.6%	-573,657	4.06	5.91	CC
93935PAA	WMALT 2007-1 1A1	Non-Agency CMO	3,347,838	3,373,142	2,613,145	77.5%	-759,997	6.58	5.92	CCC-
32051GJW	FHAMS 2005 - FA2 B2	Non-Agency CMO	446,410	17,633	14,190	80.5%	-3,444	0.57	5.58	CC
46629SAE	JPMMT 2006-S4 A5	Non-Agency CMO	3,500,000	3,501,664	2,927,152	83.6%	-574,513	11.20	5.99	C
36186YAF	HICKAM AIR FORCE HOUSING TRUST 07-HCKM	Non-Agency CMO	3,750,000	3,727,420	3,210,188	86.1%	-517,232	10.16	6.15	AAA
126694JT	CWHL 2005-24 A3	Non-Agency CMO	3,323,473	3,272,995	2,821,565	86.2%	-451,429	9.01	5.81	BB
05948XBS	BOAMS 2003-D 2A1	Non-Agency CMO	55,010	60,074	53,015	88.3%	-7,059	1.08	2.88	BBB
02148AAE	CWALT 2006-34 A5	Non-Agency CMO	2,987,254	2,195,393	1,952,660	88.9%	-242,732	17.85	6.15	C
598329AC	MIDWEST FAMILY HOUSING	Taxable Municipal	1,000,000	1,000,000	682,830	68.3%	-317,170	11.50	5.53	BB-
Grand Total:	16		27,828,596	26,003,619	20,780,803		($5,222,815)			

% of Portfolio @ BV 5.73%
% of Portfolio @ MV 4.38%

What This Shows:

Other than temporary impairment (OTTI) usually occurs when a security's fair market value is below 80% of book value for a consecutive six months or more. However, this report screens for securities below 90% of book value, color coding the amount of book to market value percentage depending upon how serious the value drop is.

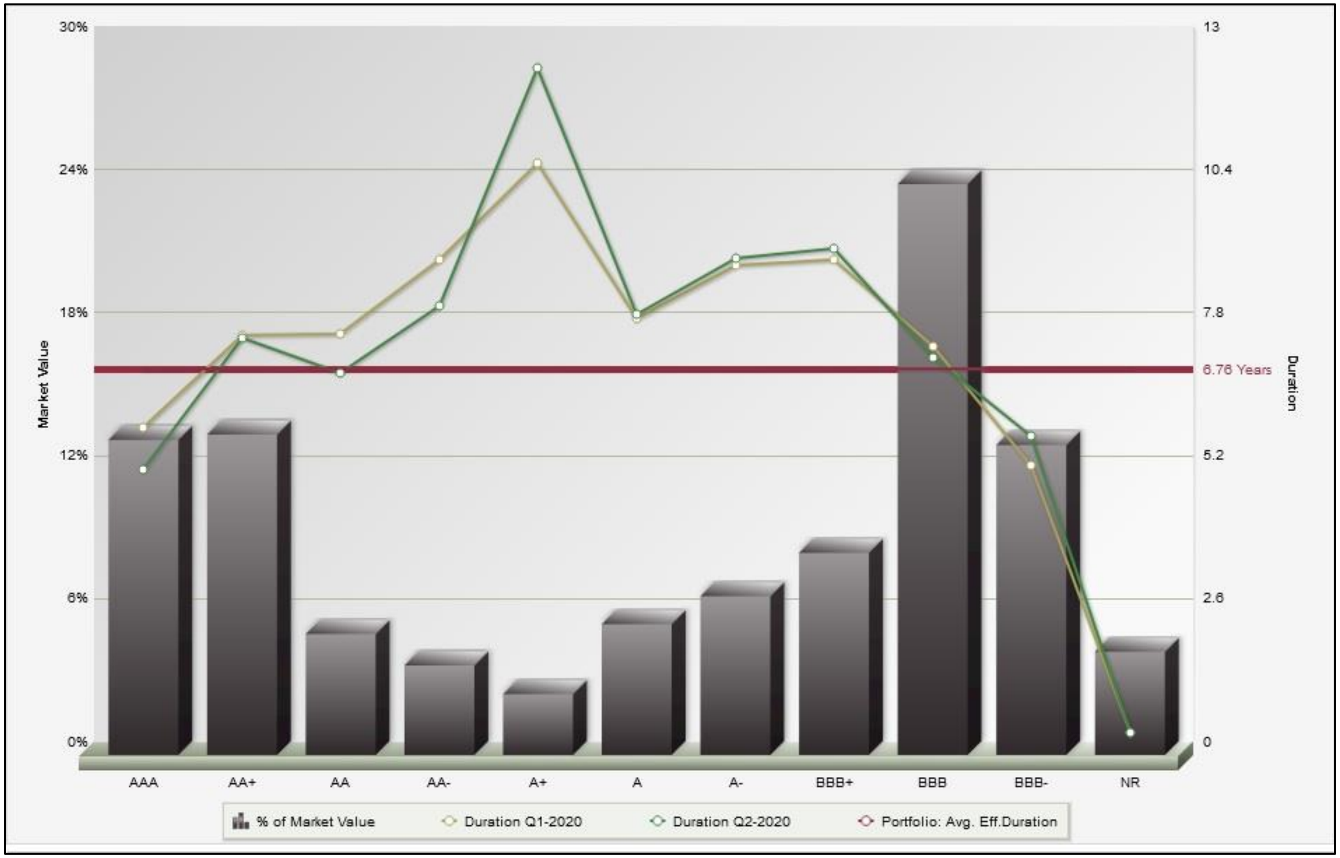
Significance:

This report serves as an 'early warning' for such securities, as it screens for securities that are valued below 90% of book, showing key statistics including book value, unrealized loss, duration, book yield and credit rating.

DISCOVER

Important Questions to Ask Your Investment Manager

Credit Duration



What should you ask your investment manager?

Are you combining credit and interest rate risk within a given credit rating? Why is this the case (if so)? Have you considered the risks inherent with that strategy and are we being compensated for taking that risk? How?

Average Credit Rating

Average Credit Ratings

Portfolio: Total Portfolio
Quarter: 2nd Q, 20

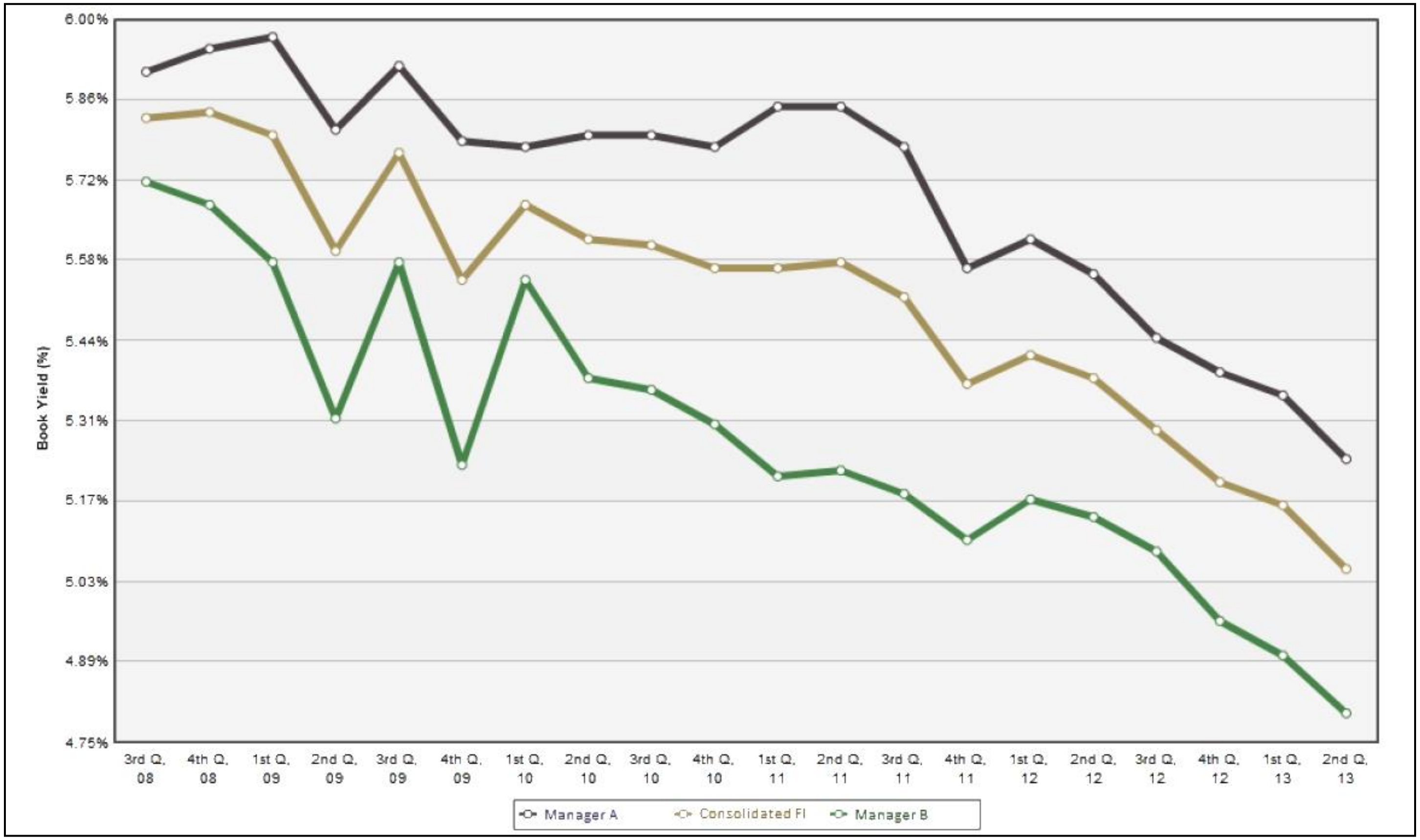
		Moody*	Detailed	Summarized	RBC
2nd Q, 20	Factor Average	1.15%	6.72	3.79	1.39%
	Average Credit Rating	BBB+	A	A	A
1st Q, 20	Factor Average	1.15%	6.73	3.81	1.39%
	Average Credit Rating	BBB+	A	A	A
4th Q, 19	Factor Average	1.22%	7.15	4.01	1.47%
	Average Credit Rating	BBB+	A	A	A-
3rd Q, 19	Factor Average	1.22%	7.16	4.03	1.47%
	Average Credit Rating	BBB+	A	A	A-
2nd Q, 19	Factor Average	1.22%	7.13	4.03	1.46%
	Average Credit Rating	BBB+	A	A	A-

*Using Moody's 5-Year cumulative issuer default rates.

What should you ask your investment manager?

Given that our Moody's default factor is x.xx% for our portfolio, do you think we are being compensated for the portfolio credit risk we are taking and why? (If true) Why has our Moody's expected default factor increased (decreased) over time?

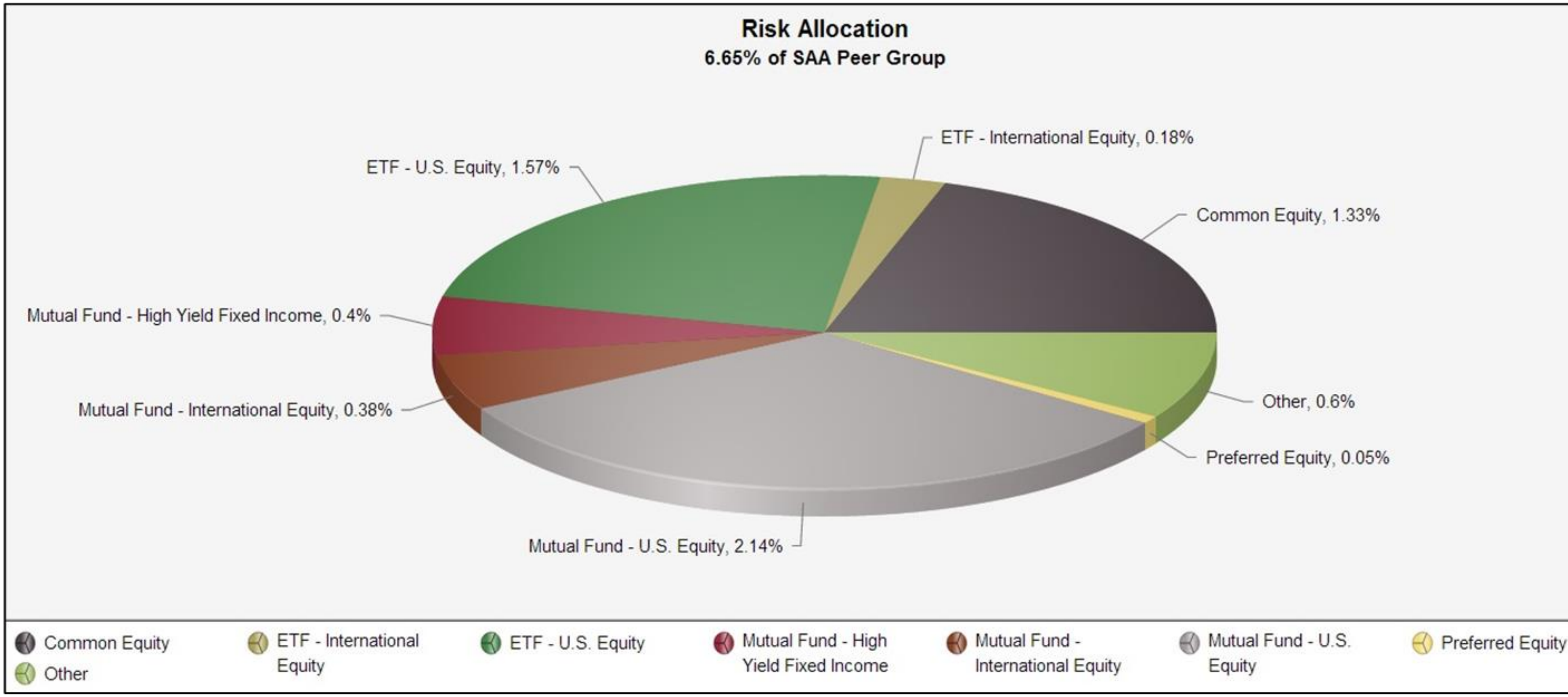
Book Yield Trend



What should you ask your investment manager?

Why did our book yield trend in the manner shown on the graph? What do you expect this graph will look like if we projected it over the next few years, assuming no change in rates, rates moving up/down by x basis points? (If the expected trend in book yield is insufficient) How can we prudently 'bend the curve' to a better than projected result?

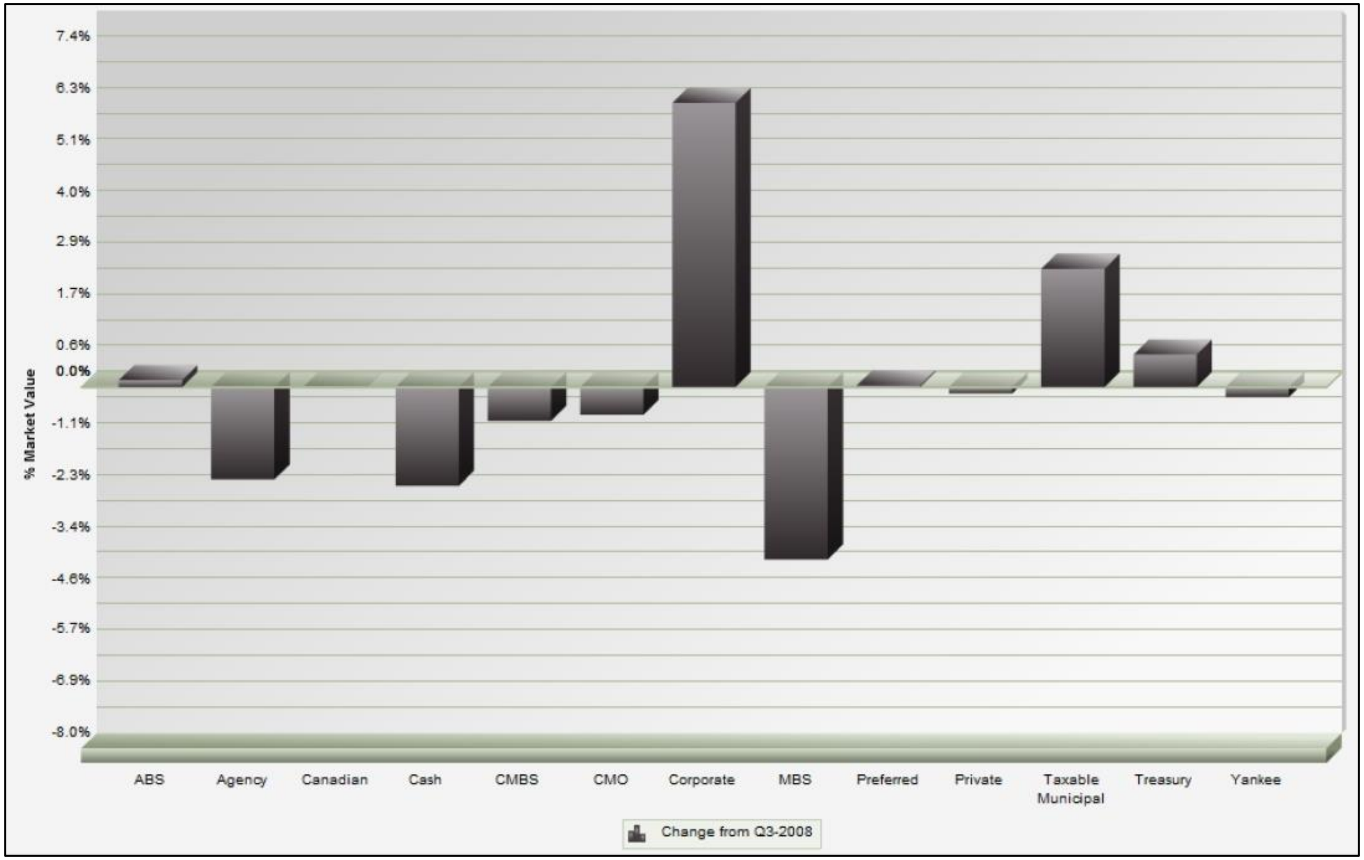
Risk Allocation



What should you ask your investment manager?

Why does my portfolio have this amount in ‘risky assets’ (non-investment Why does my ‘risky asset’ portfolio have this mix? When was the last time allocation to see if it is part of the correct strategic asset allocation for our expected long run return from this ‘risky asset’ portfolio? What is the the ‘risky asset’ portfolio? In a ‘worst case’ scenario, how will our surplus be would this impact relevant ratios, like the Best Capital Adequacy Ratio?

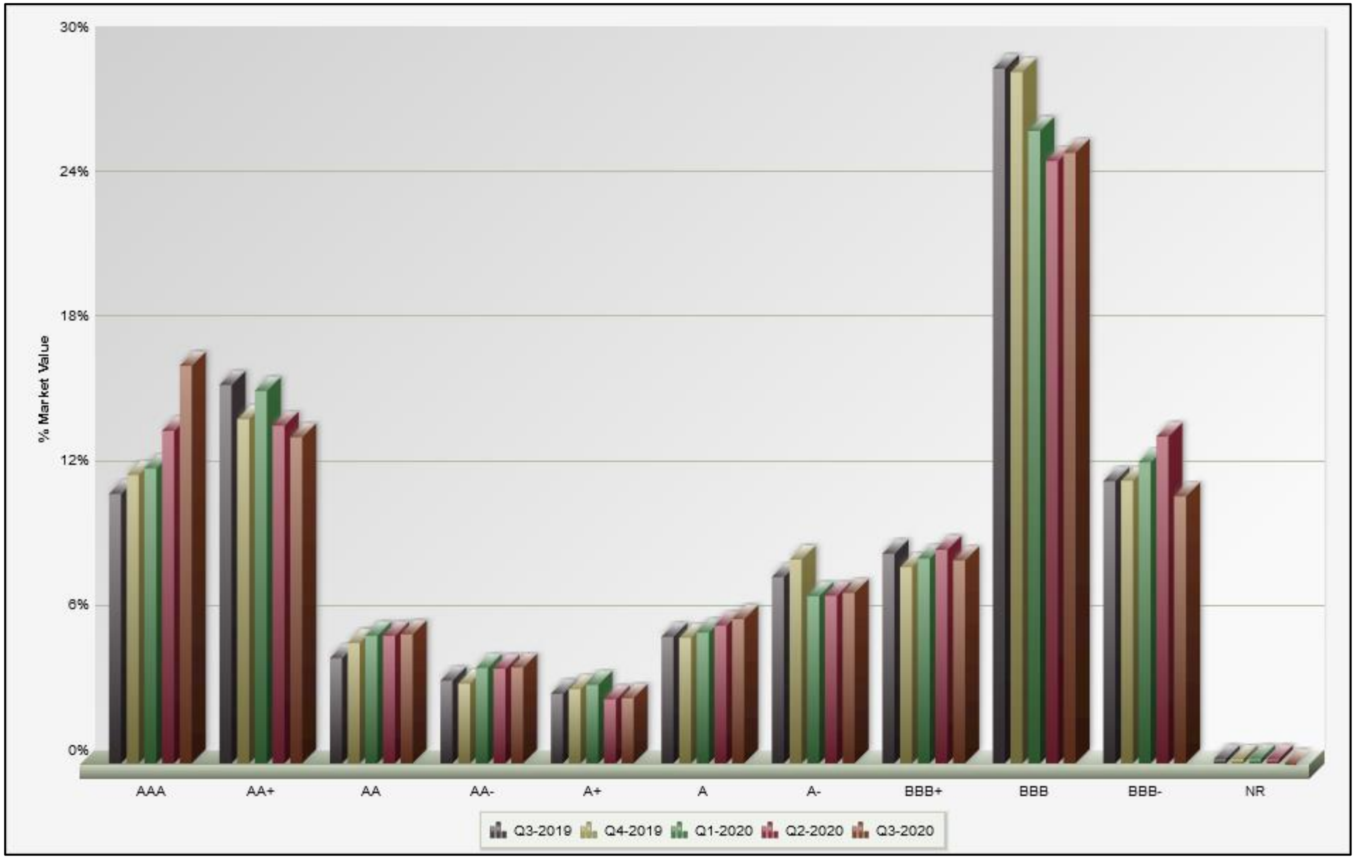
Asset Allocation Change



What should you ask your investment manager?

Why did a given asset class increase or decrease over time? What are your investment theses and how do they relate to your investment strategy for our company?

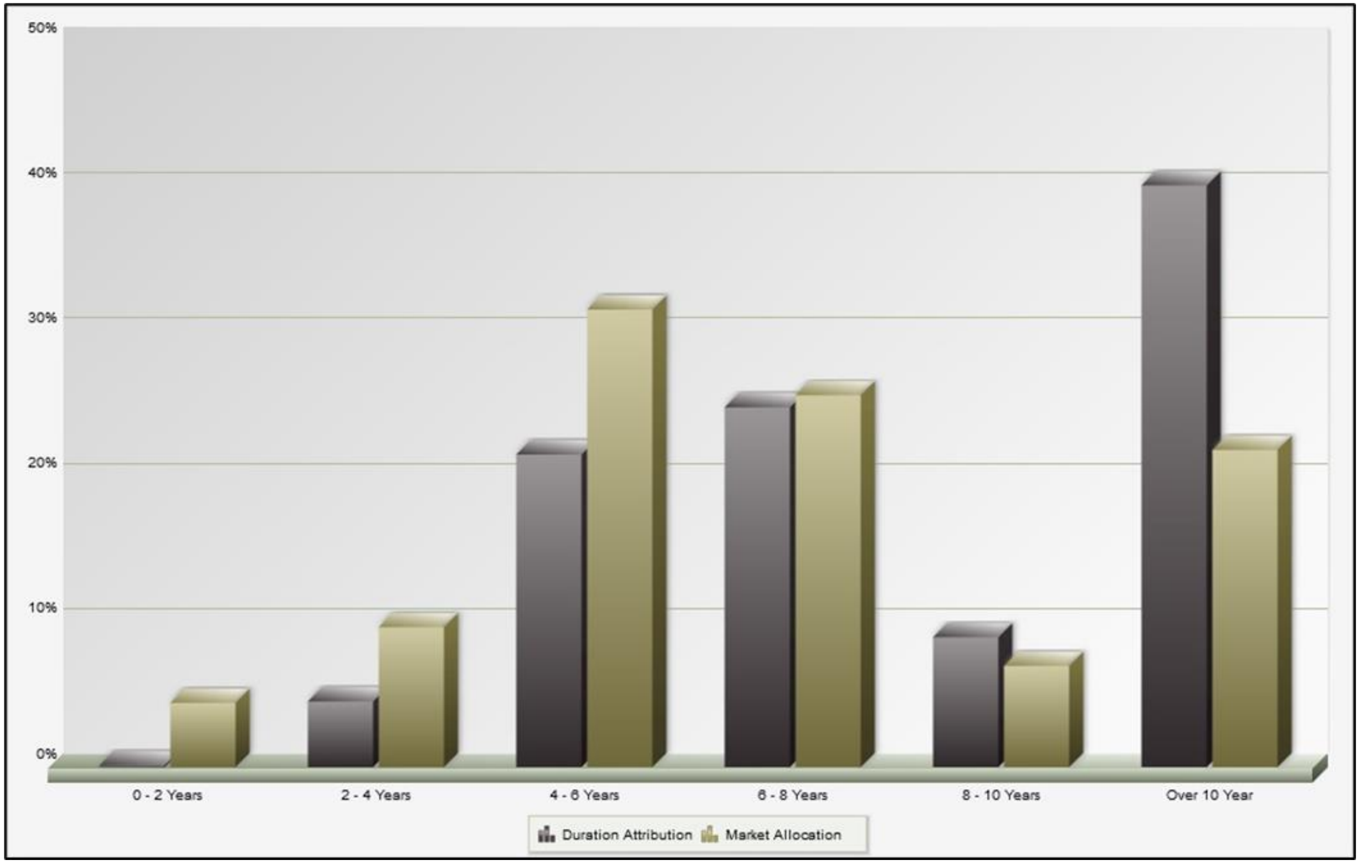
Credit Rating Detail



What should you ask your investment manager?

Why did a given credit rating category increase? Was this due to a purposeful strategy on your part, or were upgrades/downgrades by the rating agencies a primary reason and to what extent? Specifically, what securities are on your credit ‘watch’ list and why? Why should we continue to hold or sell these securities?

Duration Profile



What should you ask your investment manager?

What is your strategy for taking interest rate risk? Are you trying to over/underweight duration versus the benchmark and why? How would movements in the yield curve effect our portfolio?

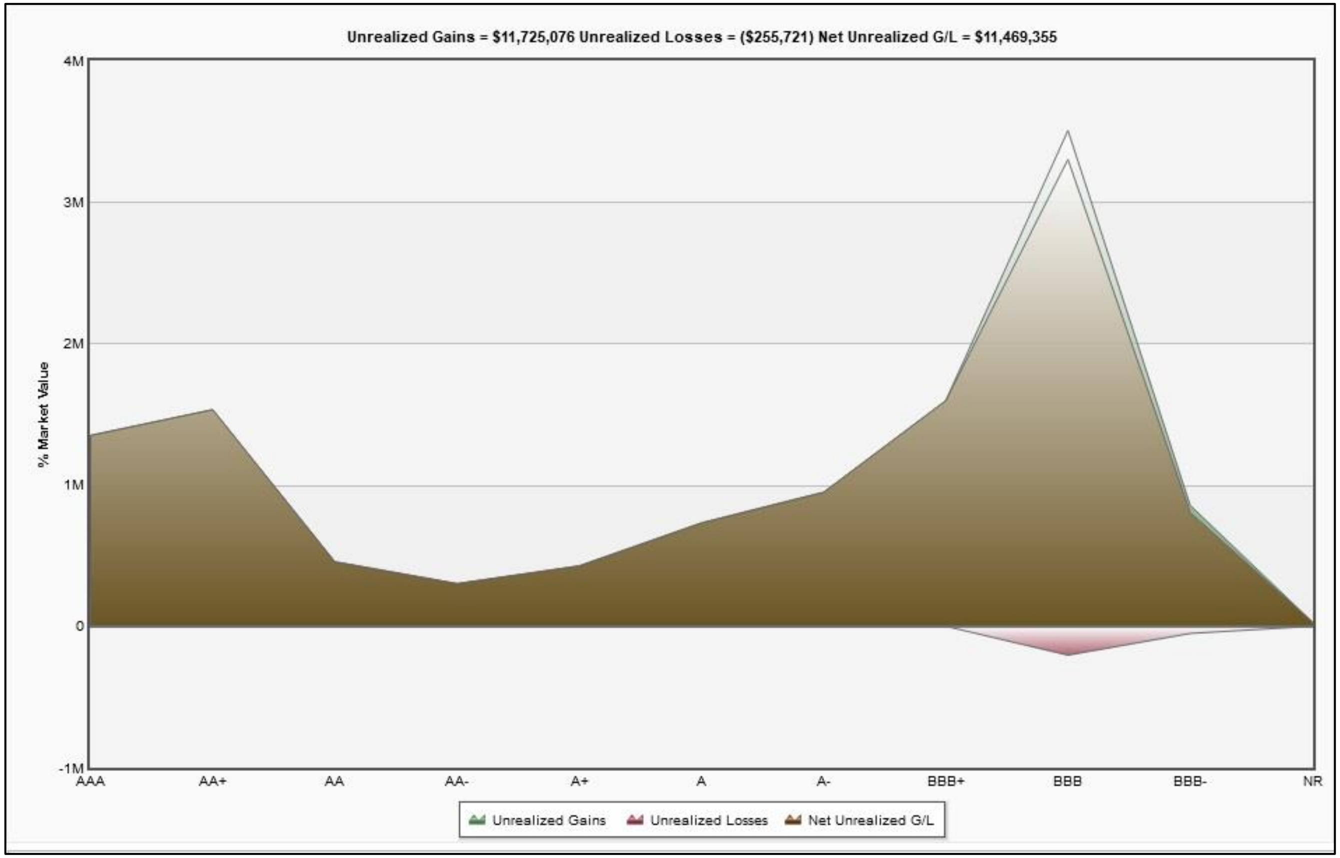
Credit Exposure

Bond #	Cusip	AssetType	Issuer	Par	Market Value	% of Port MV	Book Value	CR	Duration	Maturity
1	816300AD	Corporate Bond	SELECTIVE INS GROUP INC Co:1 Lot:1	1,500,000	2,086,022	1.83%	1,769,754	BBB	9.534	11/15/2034
2	3137FDW9	U.S. Agency CMO	FREDDIE MAC 4753	1,750,000	1,956,129	1.71%	1,649,153	AA+	12.703	02/15/2048
3	3137FDUF	U.S. Agency CMO	FREDDIE MAC 4754	1,750,000	1,914,321	1.68%	1,820,846	AA+	7.714	12/15/2036
4	3137F3TQ	U.S. Agency CMO	FREDDIE MAC 4764	1,750,000	1,854,388	1.63%	1,731,185	AA+	6.335	07/15/2045
5	77810254	Taxable Municipal Bond	ROSEVILLE MINN INDPT SCH DIST	1,590,000	1,755,947	1.54%	1,584,724	AA	7.360	02/01/2029
6	64971XBB	Taxable Municipal Bond	NEW YORK N Y CITY TRANSITIONAL	1,500,000	1,647,645	1.44%	1,525,399	AA+	8.371	08/01/2030
7	20453KAA	Corporate Bond	COMPASS BANK	1,500,000	1,612,166	1.41%	1,459,363	BBB	4.027	04/10/2025
8	101137AE	Corporate Bond	BOSTON SCIENTIFIC CORP Co:1 Lot:1	1,000,000	1,485,089	1.30%	1,298,228	BBB-	10.299	11/15/2035
9	3137F44B	U.S. Agency CMO	FREDDIE MAC REMICS 4781	1,250,000	1,333,442	1.17%	1,264,737	AA+	5.856	08/15/2038
10	482480AF	Corporate Bond	KLA-TENCOR CORP Co:1 Lot:1	1,000,000	1,322,384	1.16%	1,016,515	BBB+	10.010	11/01/2034
Top 10					16,967,533	14.87% of MV				
Fixed Income					114,075,237					

What should you ask your investment manager?

Please explain the rationale behind owning some of these largest positions. (If there is an unusual large position or positions) What is your investment thesis behind holding this security? What are the risks? How are we being compensated for that risk?

Unrealized G/L – Fixed Income



What should you ask your investment manager?

Please explain why our unrealized gain/loss is unusually high in a given credit rating. Given our company's policy to limit realized losses (if that is the case), how much flexibility do you have in managing the portfolio? Is it sufficient flexibility or should we consider loosening any restrictions for realized losses or other factors and why?

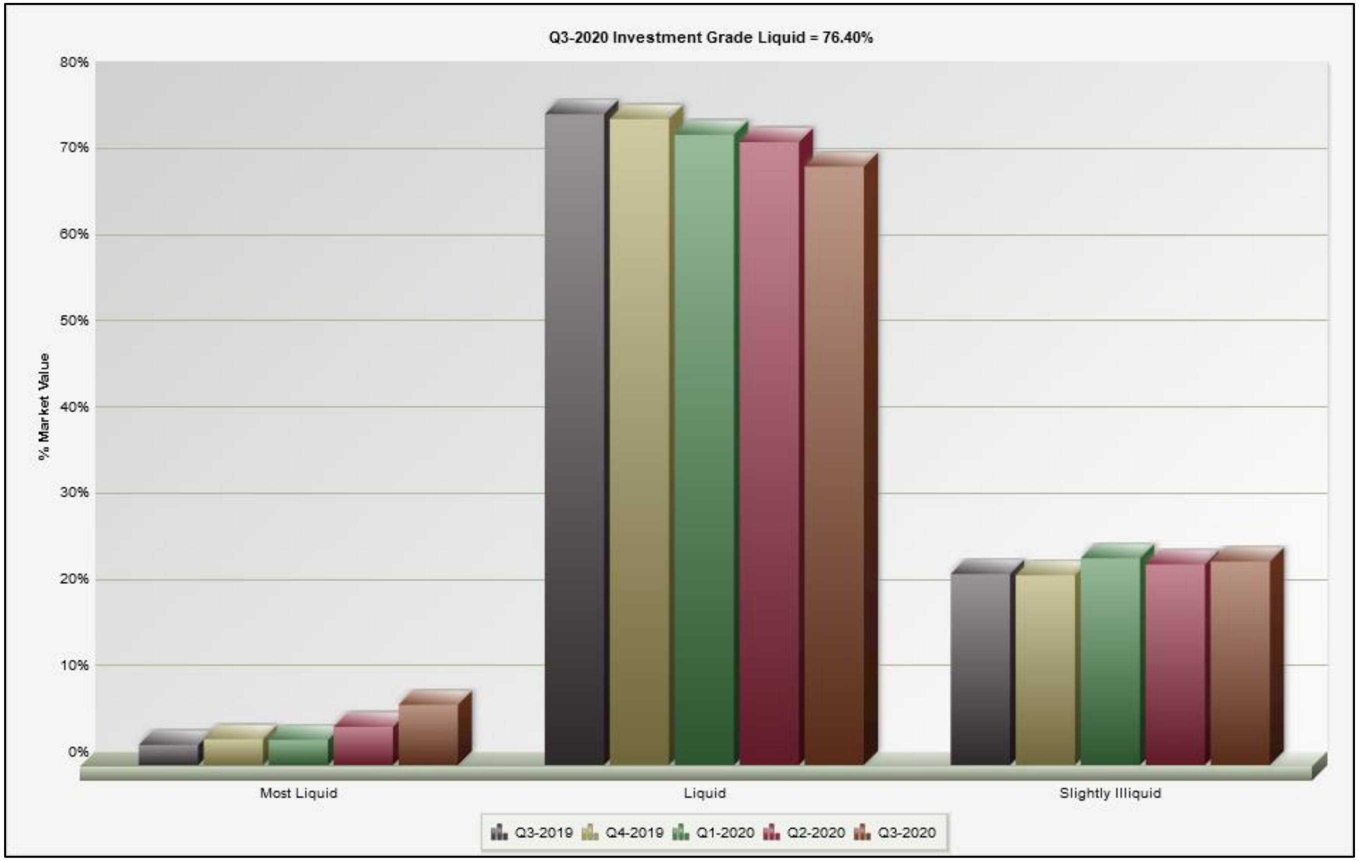
Change Over Time Report

	3rd Q, 20	2nd Q, 20	Prior Quarter Chg.	3rd Q, 19	Previous 12 Month Chg.
Market Value w/o accrued	114,075,237	115,333,489	-1,258,252	115,103,654	-1,028,417
Book Value	101,672,911	103,864,117	-2,191,206	106,914,510	-5,241,599
Unrealized G/L	12,402,309	11,469,355	932,954	8,189,129	4,213,180
Average Duration	6.86	7.05	-0.19	7.26	-0.40
Average Book Yield %	3.85	4.00	-0.15	4.09	-0.23
Average Market Yield %	2.10	2.44	-0.35	3.02	-0.93

What should you ask your investment manager?

Why did our portfolio book yield, duration, unrealized gain/loss change from last quarter and last year? What do you expect going forward?

Implied Portfolio Liquidity



What should you ask your investment manager?

Are we taking on too much or too little liquidity risk? Do you think our portfolio is sufficiently liquid and why? (If appropriate) Are there asset classes we should consider where we can be compensated for taking on liquidity risk and why?

Potential Impairment Report (OTTI)

OTTI (Watch List <= 90%)

Consolidated Fixed Income

2nd Q, 11

0.0 up to 0.5
0.5 up to 0.7
0.7 up to 1.0

Cusip	Issuer	AssetType	Quantity	Book Value	Market Value	MV/BV	Unrealized G/L	Duration	Book Yield	CR
921796LA	VMF 2001-A B2	ABS	1,108,424	1,260,386	929,145	73.7%	-331,241	2.66	8.00	BBB
12628KAK	CSAB 2006-3 A5A	ABS	2,641,825	2,639,953	1,947,625	73.8%	-692,328	5.39	6.21	AA-
12668XAF	CWL 2006-S8 A6	ABS	2,222,109	2,235,432	1,660,460	74.3%	-574,972	2.39	5.53	B-
760985WY	RAMP 2003-RS5 AI5	ABS	393,582	393,170	332,698	84.6%	-60,472	4.01	4.87	B-
921796JF	VMF 2000-A IB2	ABS	148,132	167,285	145,144	86.8%	-22,141	3.61	8.15	BBB+
32051GLK	FHASI 2005-2 B2	CMO	870,422	118,273	88,659	75.0%	-29,613	0.81	5.72	CC
31392GWD	FNW 2003-WI M	CMO	372,972	374,508	309,693	82.7%	-64,815	3.29	5.70	AA
12545EAF	CWHL 2007-J2 2A5	Non-Agency CMO	1,661,145	1,666,291	1,092,634	65.6%	-573,657	4.06	5.91	CC
93935PAA	WMALT 2007-1 1A1	Non-Agency CMO	3,347,838	3,373,142	2,613,145	77.5%	-759,997	6.58	5.92	CCC-
32051GJW	FHAMS 2005 - FA2 B2	Non-Agency CMO	446,410	17,633	14,190	80.5%	-3,444	0.57	5.58	CC
46629SAE	JPMMT 2006-S4 A5	Non-Agency CMO	3,500,000	3,501,664	2,927,152	83.6%	-574,513	11.20	5.99	C
36186YAF	HICKAM AIR FORCE HOUSING TRUST 07-HCKM	Non-Agency CMO	3,750,000	3,727,420	3,210,188	86.1%	-517,232	10.16	6.15	AAA
126694JT	CWHL 2005-24 A3	Non-Agency CMO	3,323,473	3,272,995	2,821,565	86.2%	-451,429	9.01	5.81	BB
05948XBS	BOAMS 2003-D 2A1	Non-Agency CMO	55,010	60,074	53,015	88.3%	-7,059	1.08	2.88	BBB
02148AAE	CWALT 2006-34 A5	Non-Agency CMO	2,987,254	2,195,393	1,952,660	88.9%	-242,732	17.85	6.15	C
598329AC	MIDWEST FAMILY HOUSING	Taxable Municipal	1,000,000	1,000,000	682,830	68.3%	-317,170	11.50	5.53	BB-
Grand Total:	16		27,828,596	26,003,619	20,780,803		($5,222,815)			

% of Portfolio @ BV 5.73%
% of Portfolio @ MV 4.38%

What should you ask your investment manager?

Which of these securities are you most concerned with and why? Are there any securities not on this list that are on your 'credit watch' list and why?

PERFORMANCE

How Is Your Portfolio Really Performing?

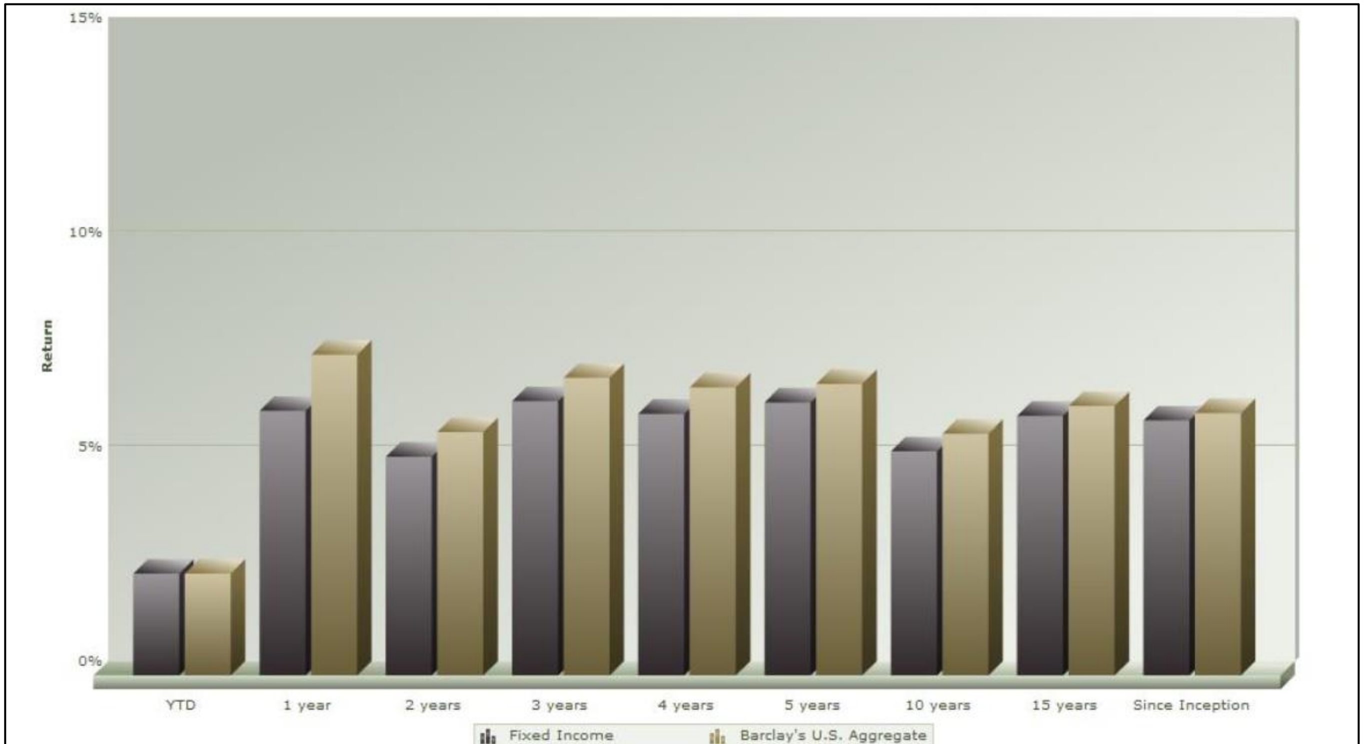
Trailing Returns Summary

Portfolio	Market Value ($)	% of Portfolio	Report Qtr	YTD	1yr	2yr	3yr	5yr	10yr	Inception
Total Consolidated	$1,260,394,201	100.0%	3.55%	3.55%	1.23%	4.02%	6.15%	8.78%	4.96%	6.01%
Blended Benchmark			3.39%	3.39%	0.85%	3.46%	5.93%	7.80%	4.96%	5.82%
Difference			↑ 0.16%	↑ 0.16%	↑ 0.38%	↑ 0.56%	↑ 0.22%	↑ 0.98%	↓ 0%	↑ 0.19%
Consolidated Fixed Income	$1,223,947,791	97.1%	3.68%	3.68%	0.73%	3.73%	5.91%	8.41%	4.84%	5.94%
Blended Benchmark			3.48%	3.48%	0.37%	3.16%	5.70%	7.49%	4.87%	5.80%
Difference			↑ 0.2%	↑ 0.2%	↑ 0.36%	↑ 0.57%	↑ 0.21%	↑ 0.92%	↓ -0.03%	↑ 0.14%
Fixed Income Portfolio 1	$666,145,106	52.9%	3.76%	3.76%	1.41%	4.01%	6.02%	9.06%	5.04%	6.07%
Customized Benchmark			3.48%	3.48%	0.37%	3.16%	5.70%	7.49%	4.87%	4.98%
Difference			↑ 0.28%	↑ 0.28%	↑ 1.04%	↑ 0.85%	↑ 0.32%	↑ 1.57%	↑ 0.17%	↑ 1.09%
Fixed Income Portfolio 2	$557,802,685	44.3%	3.58%	3.58%	-0.17%	3.37%	5.77%	7.49%	4.54%	4.68%
Customized Benchmark			3.48%	3.48%	0.37%	3.16%	5.70%	7.49%	4.87%	4.98%
Difference			↑ 0.1%	↑ 0.1%	↓ -0.54%	↑ 0.21%	↑ 0.07%	↓ 0%	↓ -0.33%	↓ -0.3%
Equity Portfolio	$36,446,410	2.9%	-0.40%	-0.40%	19.84%	13.46%	12.32%	18.41%	6.38%	5.58%
Benchmark - Russell 1000 Growth			0.95%	0.95%	19.74%	14.00%	12.43%	18.43%	6.68%	5.80%
Difference			↓ -1.35%	↓ -1.35%	↑ 0.1%	↓ -0.54%	↓ -0.11%	↓ -0.02%	↓ -0.3%	↓ -0.22%

What This Shows:

The table shows performance against the relevant benchmark for various fixed income portfolios and equity portfolios. Fixed income portfolios, in the example, are also shown combined. Then, the fixed income and equity portfolios' performances are combined for a 'Total Consolidated' viewpoint. We also use red and green arrows to note over/under performance. Since over or under performance in a relatively small portfolio may not greatly impact the overall portfolio, we show the ending market value for each fixed and equity portfolio, as well as the percentage invested in each.

Manager v Benchmark Return - Cumulative

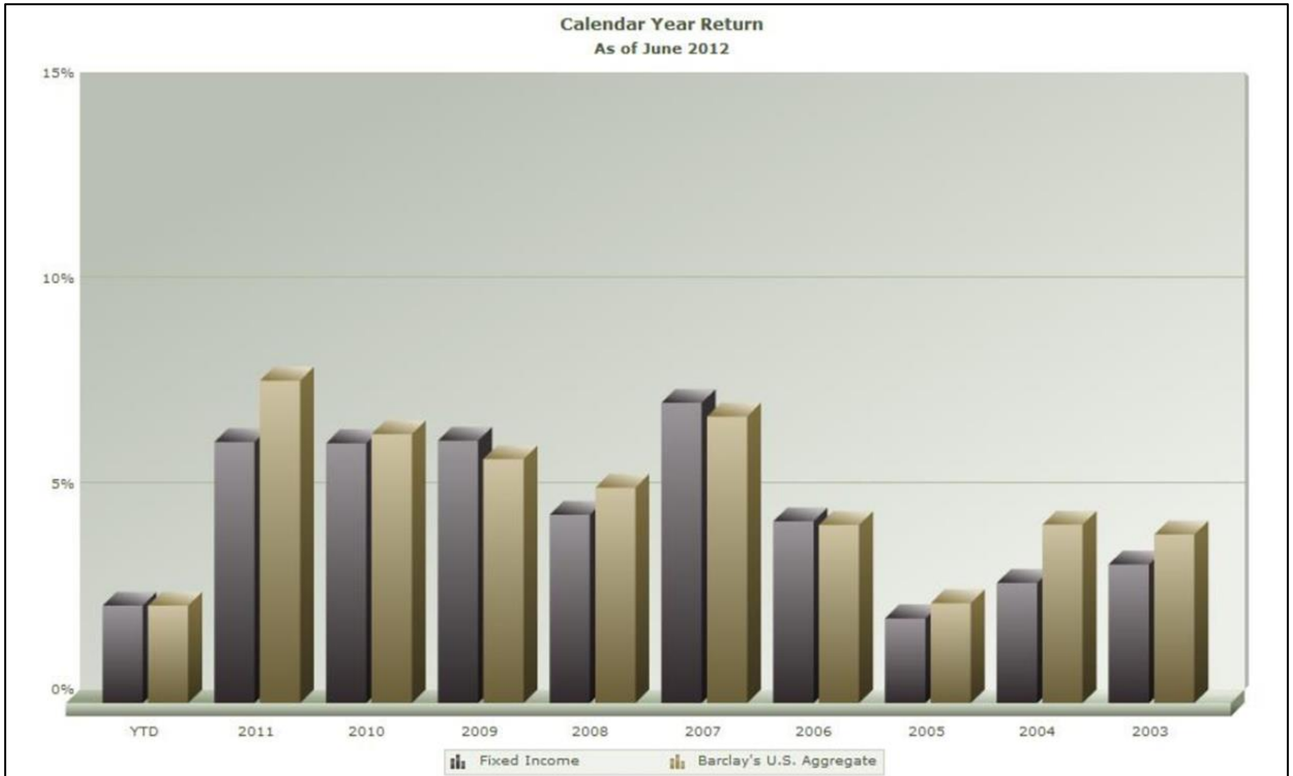


	YTD	1 year	2 years	3 years	4 years	5 years	10 years	15 years	Since Inception
Fixed Income	2.37%	6.17%	5.1%	6.39%	6.1%	6.36%	5.22%	6.05%	5.94%
Barclay's U.S. Aggregate	2.37%	7.47%	5.67%	6.93%	6.71%	6.79%	5.63%	6.27%	6.11%

What This Shows:

This graph compares portfolio performance to its benchmark over several different time periods. Please keep in mind that an unusual over or under performance in a given year can severely skew these results. Also, please remember that this does not answer the question of whether the correct benchmark is being used. Since, over the long run, 95%+ of investment grade bond portfolio returns are yield related, it will be important to have a carefully constructed custom benchmark that is more yield focused than a generic index like the Barclay's US Aggregate (which has about 2/3 in lower yielding US Treasuries). This will set a higher hurdle for manager performance.

Manager v Benchmark Return – By Calendar Year

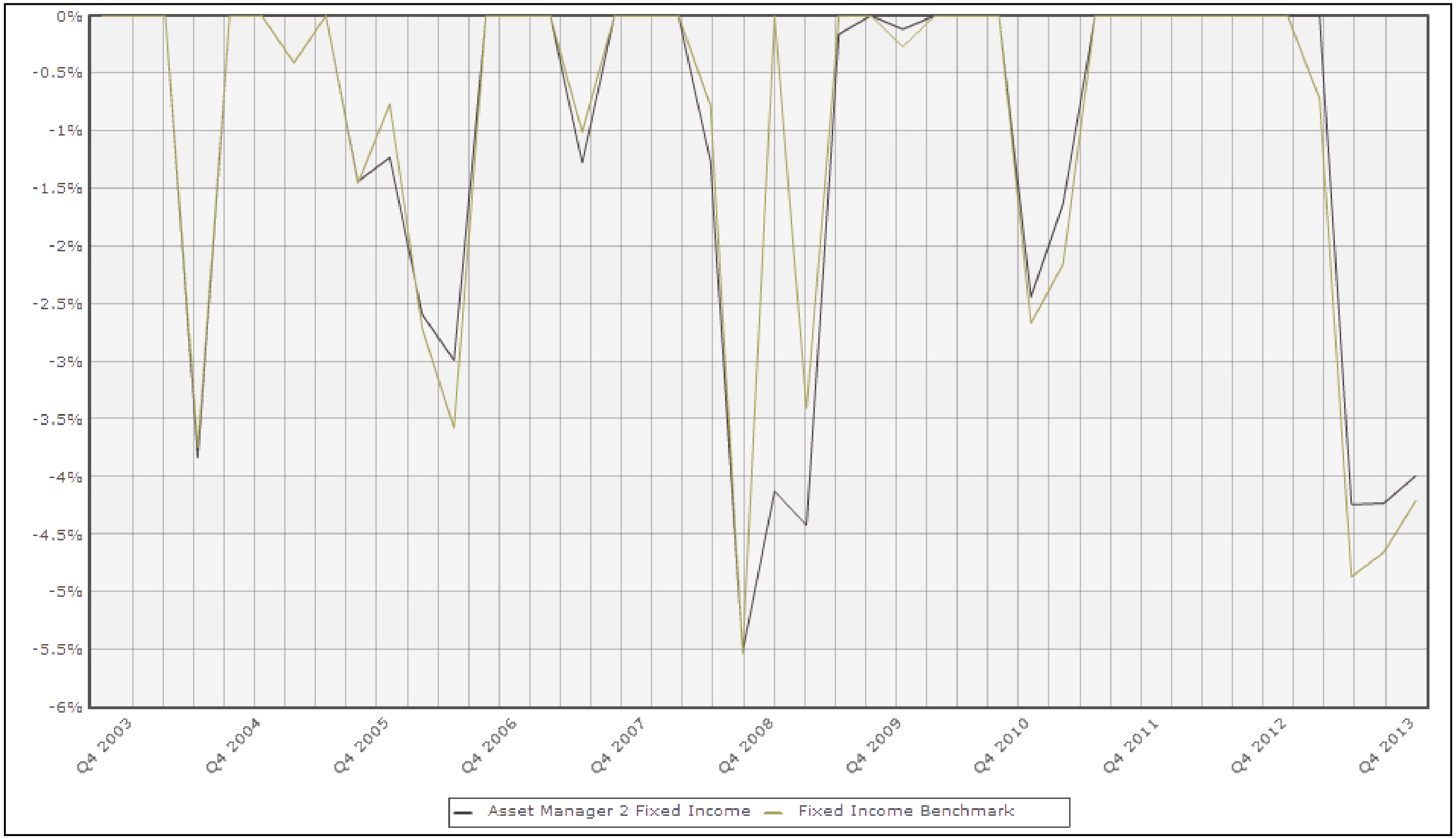


	YTD	2011	2010	2009	2008	2007	2006	2005	2004	2003
Fixed Income	2.37%	6.35%	6.32%	6.38%	4.58%	7.3%	4.42%	2.06%	2.92%	3.37%
Barclay's U.S. Aggregate	2.37%	7.84%	6.54%	5.93%	5.24%	6.97%	4.33%	2.43%	4.34%	4.1%

What This Shows:

Since cumulative performance can be skewed by an unusually good or bad year for the investment manager's performance versus the benchmark, it is important to view results year by year.

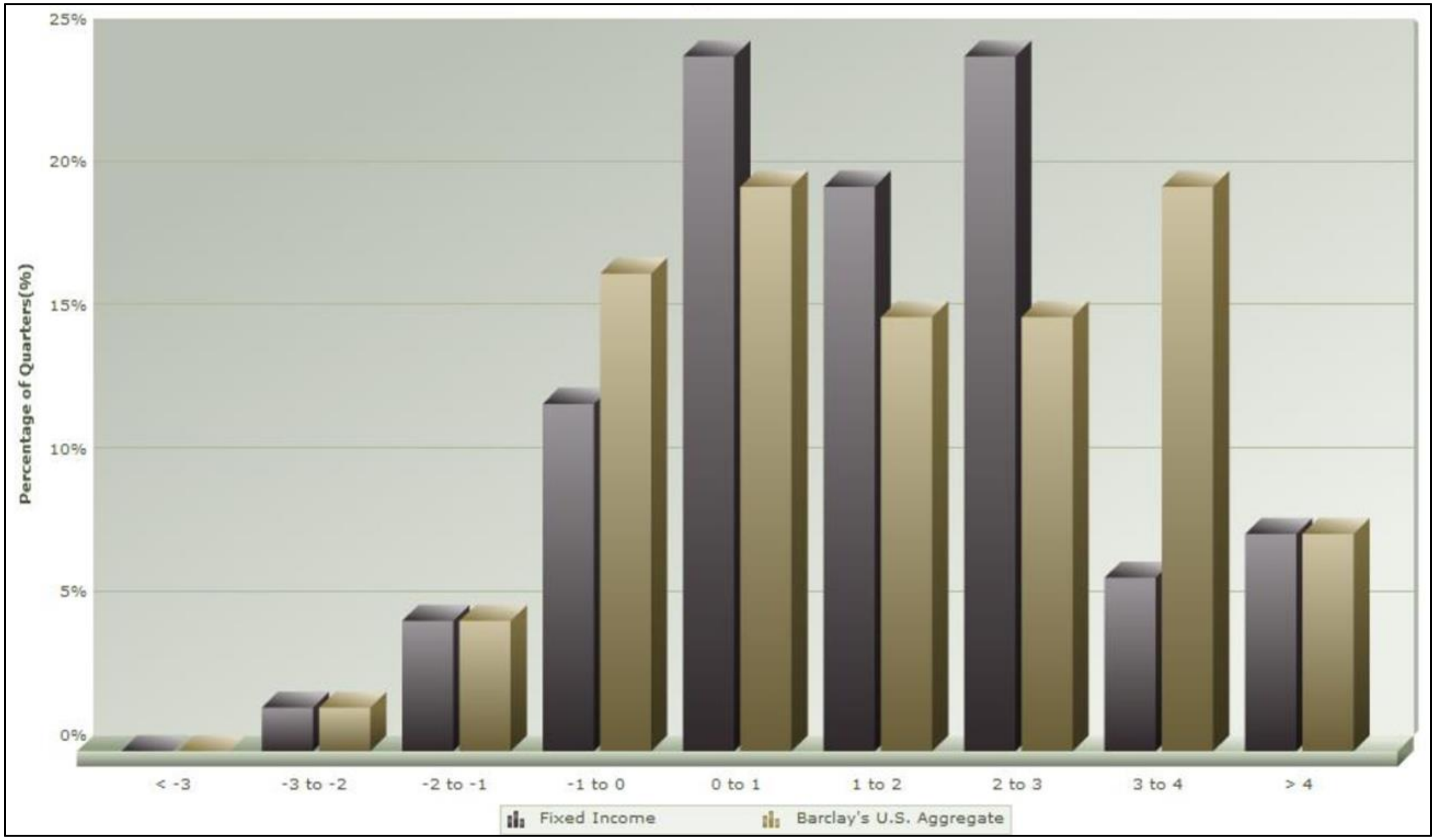
Drawdown



What This Shows:

How bad did the portfolio's value get as compared to its benchmark? Drawdown starts to appear on this graph once value turns downward. It stays down until portfolio value recovers, but starts again once the value turns down. These 'icicles' show how deep the drawdown was and for how long (width of the 'icicle') as well as when they occurred. Although this graph is for the fixed income portfolio, this can also be applied to other portfolios, including equities, where value changes make drawdown even more important to view.

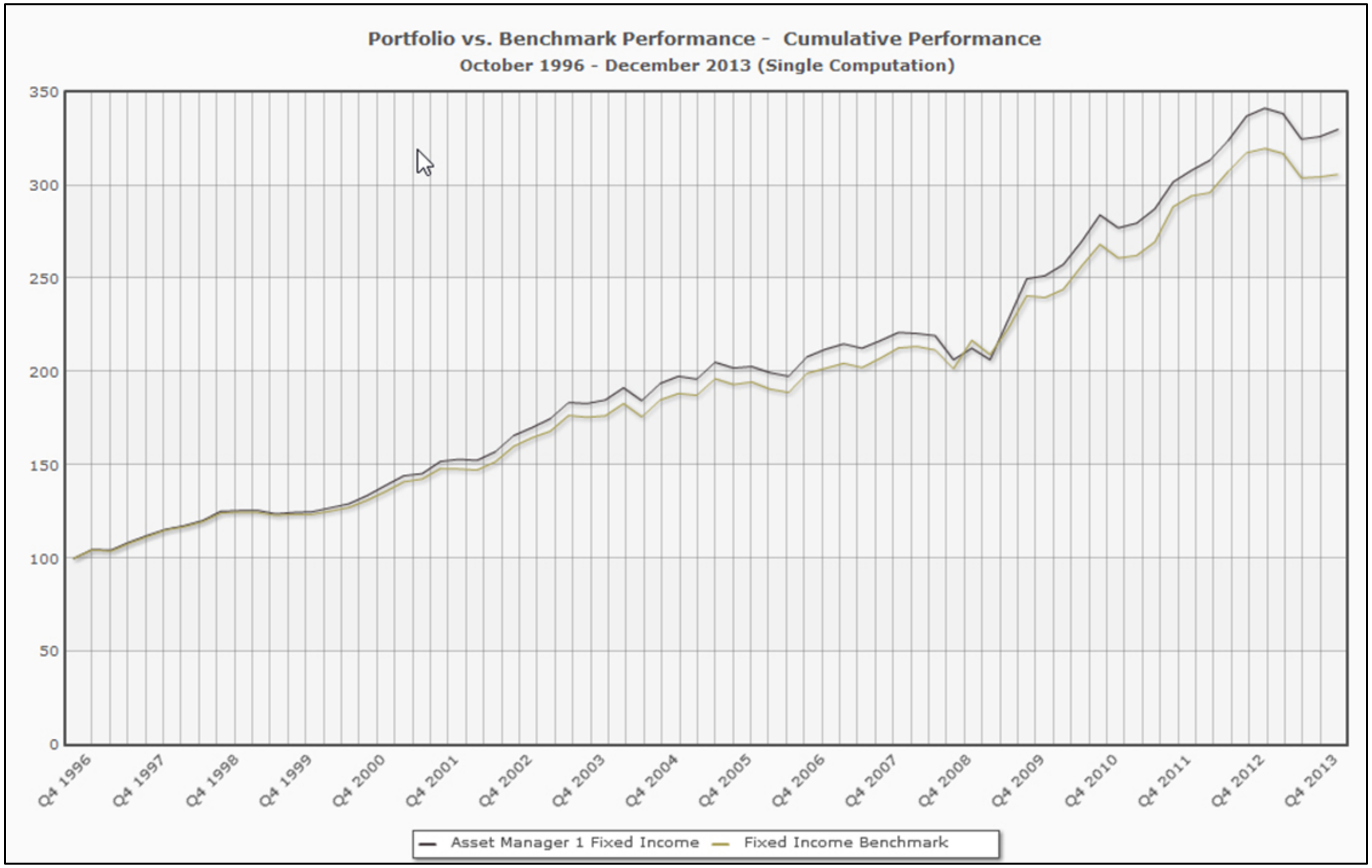
Histogram of Returns



What This Shows:

How many quarters were 'up' and 'down' and by how much? This histogram provides an idea of how volatile past quarterly performance has been, as compared to the benchmark.

Cumulative Manager Performance



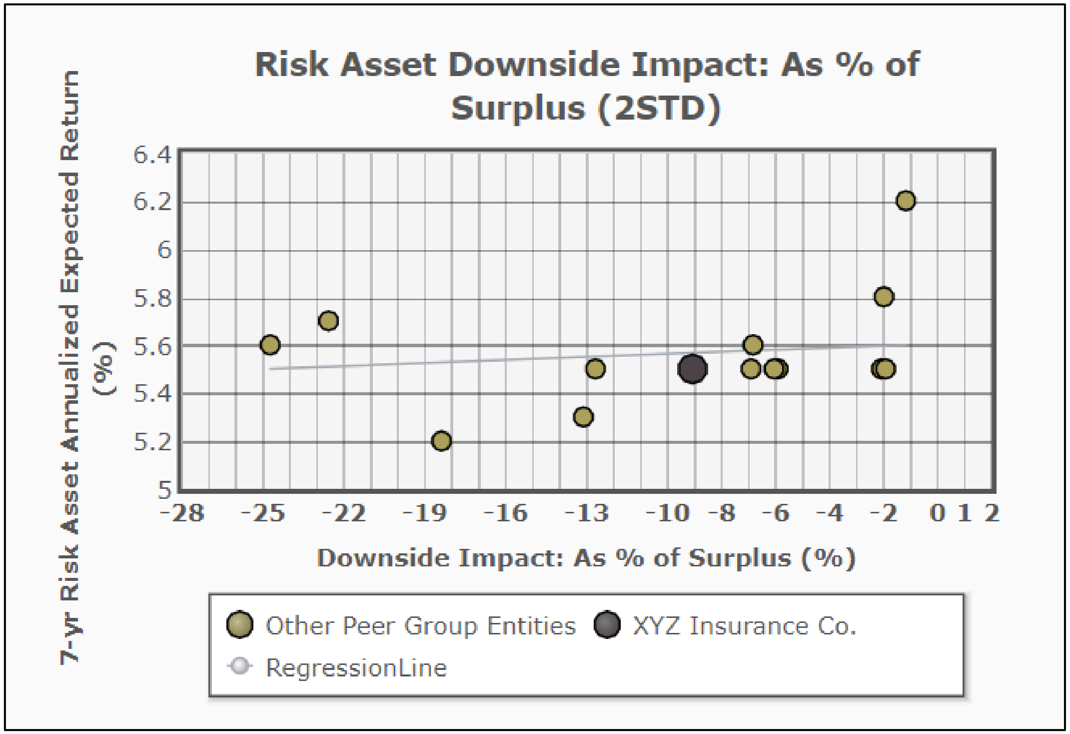
What This Shows:

This is the traditional 'value of one dollar' invested in the portfolio (or benchmark) graph. Instead of one dollar it starts at a value of 100 and shows cumulative over/under performance at various points in time.

COMPARE

How Should You Be Reviewing Your Investment Portfolio?

Risk Asset Downside Impact: As % of Surplus (2STD)

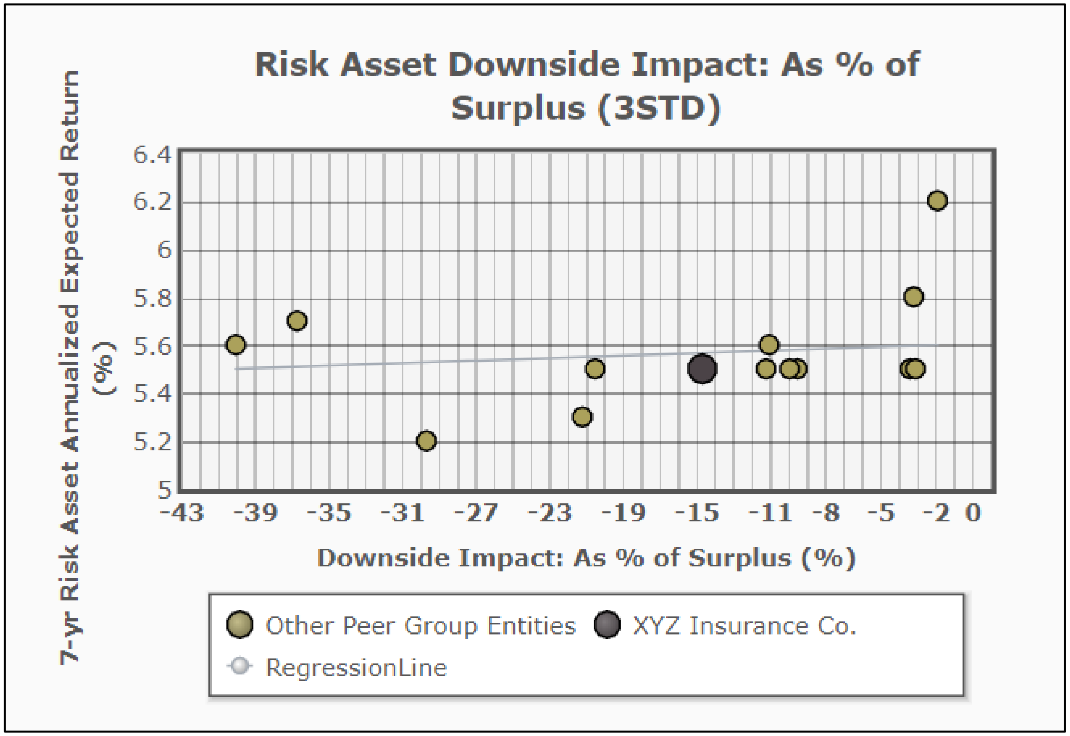


This chart reflects the expected annualized return of your company's risk asset portfolio and the potential downside impact to surplus, adjusted for deferred federal income taxes, from market movements in risk assets*. Surplus growth and declines are primarily driven by the return and volatility characteristics in risk assets.

This broadly reflects your company's risk asset appetite, implied by your asset allocation. Are you comfortable with the potential shock to your surplus given a 2-standard deviation (95th percentile) volatility event? If your surplus looks mostly unaffected by a 2 STD risk asset event, should you consider adding risk asset exposure in order to gain additional return?

**Before Any Applicable Tax Effects*

Risk Asset Downside Impact: As % of Surplus (3STD)

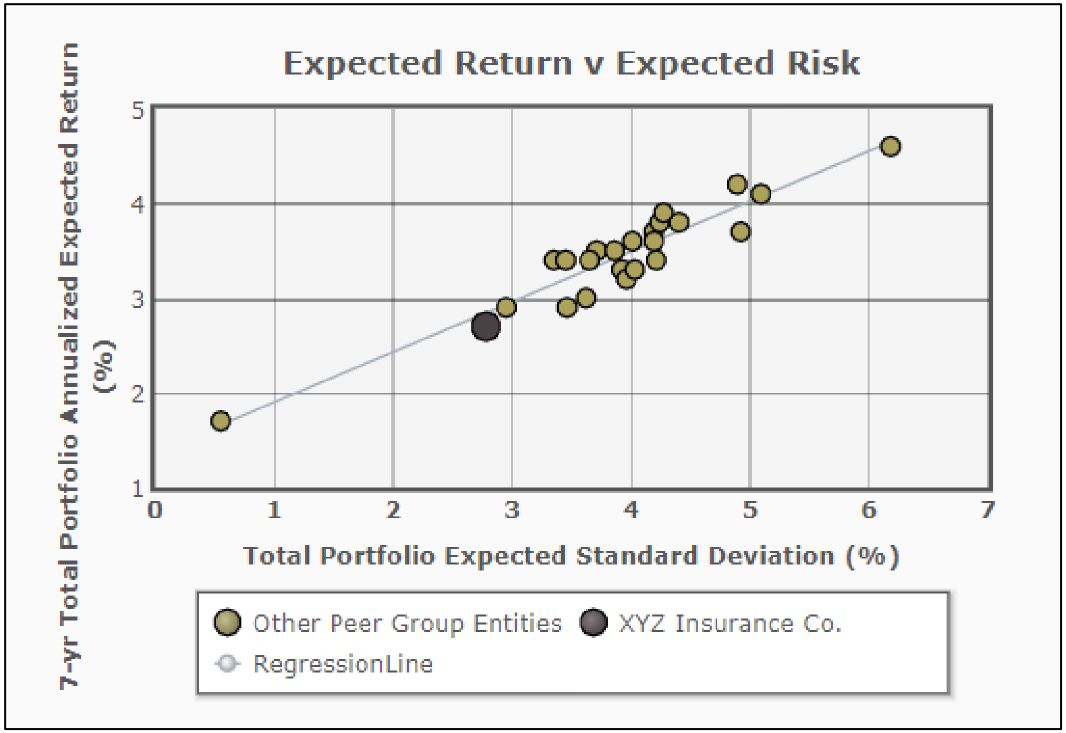


This chart reflects the expected annualized return of your company's risk asset portfolio and the potential downside impact to surplus, adjusted for deferred federal income taxes, from market movements in risk assets*. Surplus growth and declines are primarily driven by the return and volatility characteristics in risk assets.

This broadly reflects your company's risk asset appetite, implied by your asset allocation. Are you comfortable with the potential shock to your surplus given a 3-standard deviation (99.7th percentile) volatility event? If your surplus looks mostly unaffected by a 3 STD risk asset event, should you consider adding risk asset exposure in order to gain additional return?

**Before Any Applicable Tax Effects*

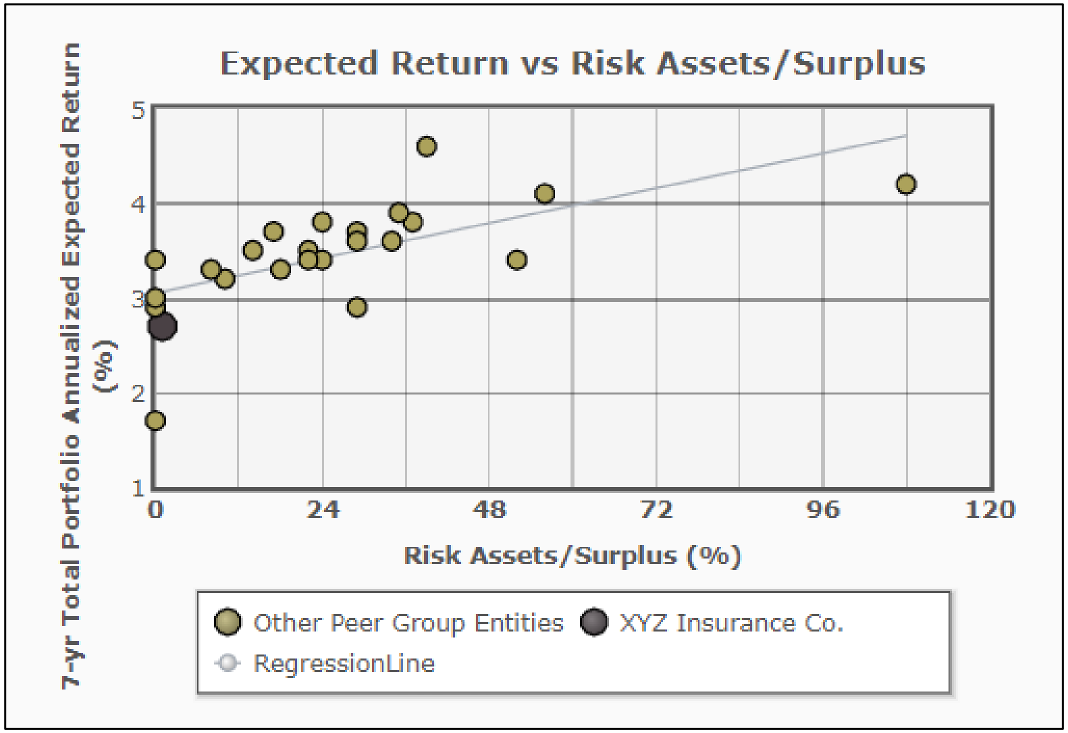
Expected Return v Expected Risk



This chart broadly indicates your company's expected return to your portfolio standard deviation relative to your peers. Expected return is not a guaranteed rate of return, but rather, a forecast of the future value of the portfolio. The standard deviation reflects your portfolio's expected volatility.

Investment opportunities should always be made in conjunction with their risk characteristics. Portfolio risk can be reduced by holding combinations of assets that are diversified and less correlated.

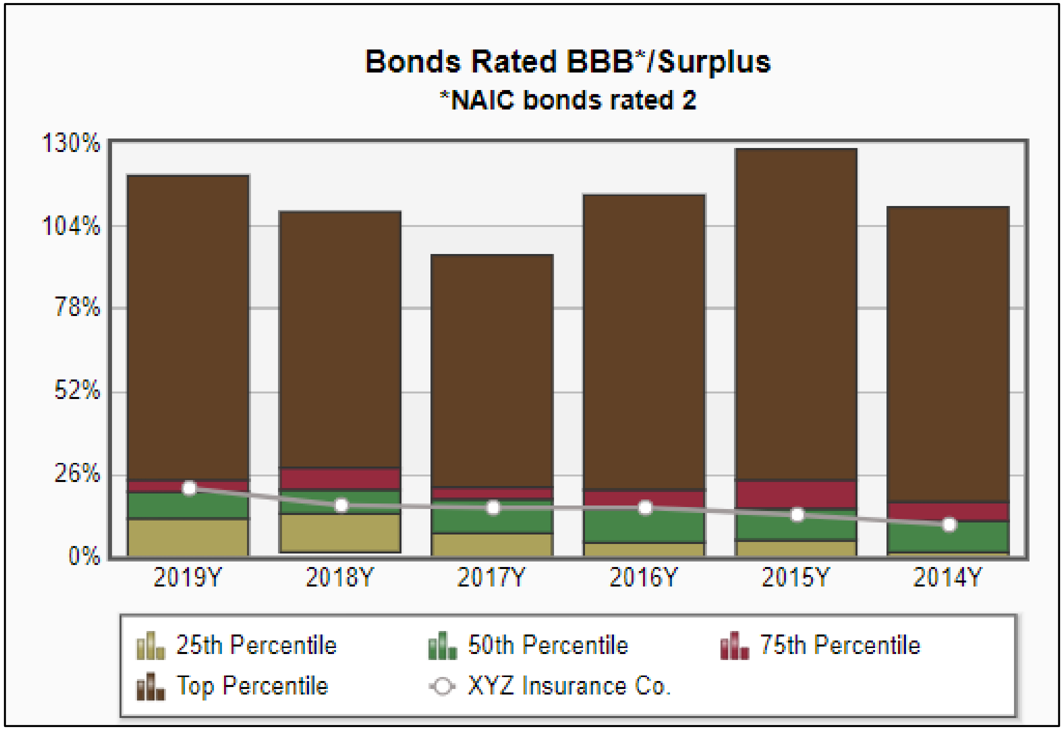
Expected Return v Risk Assets/Surplus



This chart broadly indicates your company's expected return relative to the risk assets/surplus ratio. Risk assets include High Yield bonds, Common Stock, Preferred Stock, and long-term Schedule Ba investments.

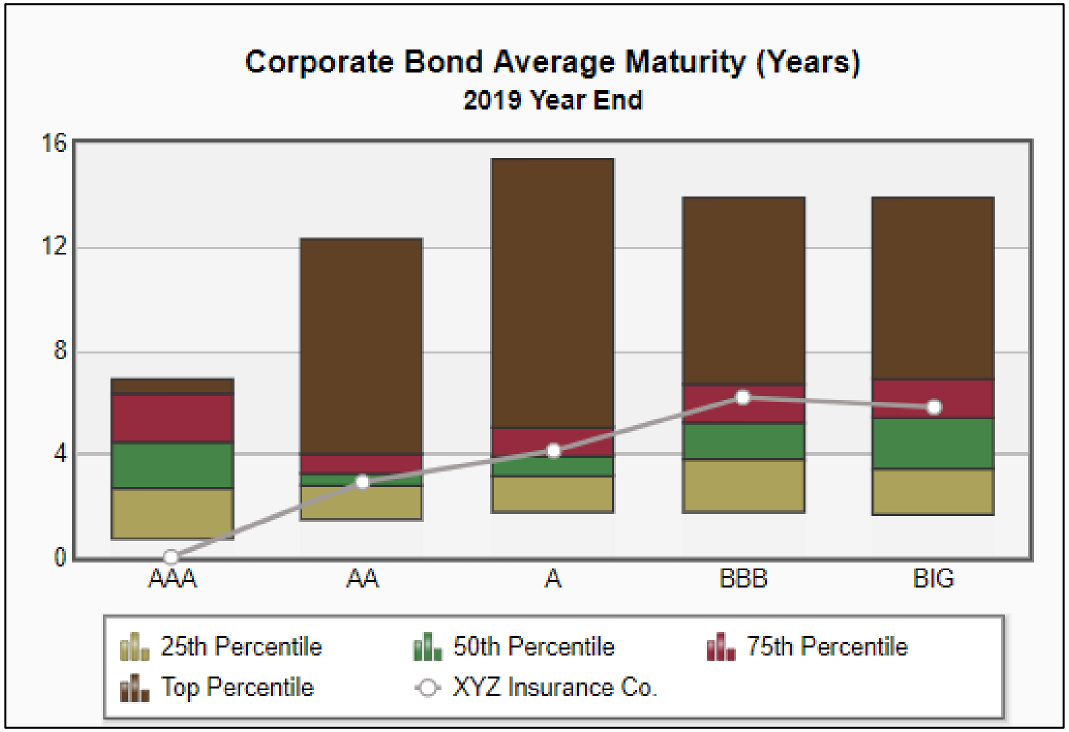
Increasing the amount of risk assets relative to surplus should correspond with an increase in expected return. A strong surplus position may allow your company to take on additional risk. Leveraging too much risk relative to your surplus that is not properly compensated can be detrimental to your investment portfolio

Bonds Rated BBB*/Surplus



This chart indicates your company's fixed income exposure to BBB rated bonds relative to your peers. Companies tend to increase BBB allocations when seeking greater investment income or future returns.

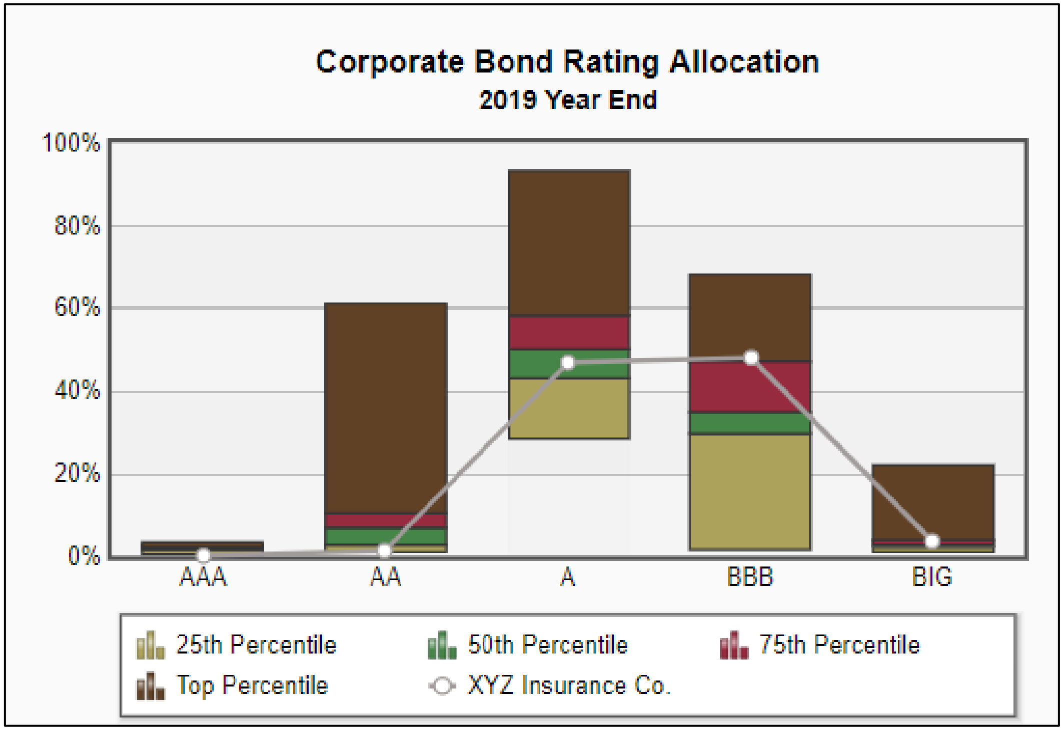
Corporate Bond Average Maturity (Years)



This chart displays what your company's average maturity is for each credit rating bucket relative to your peers within your corporate bond allocation.

This is a measurement in years for how long it takes for the price of a bond to be repaid by its internal cash flows (coupons and principal repayment at maturity). Bonds with higher maturities carry more interest rate risk and have higher price volatility. Combining more interest rate risk with a lower credit profile could also be a concern.

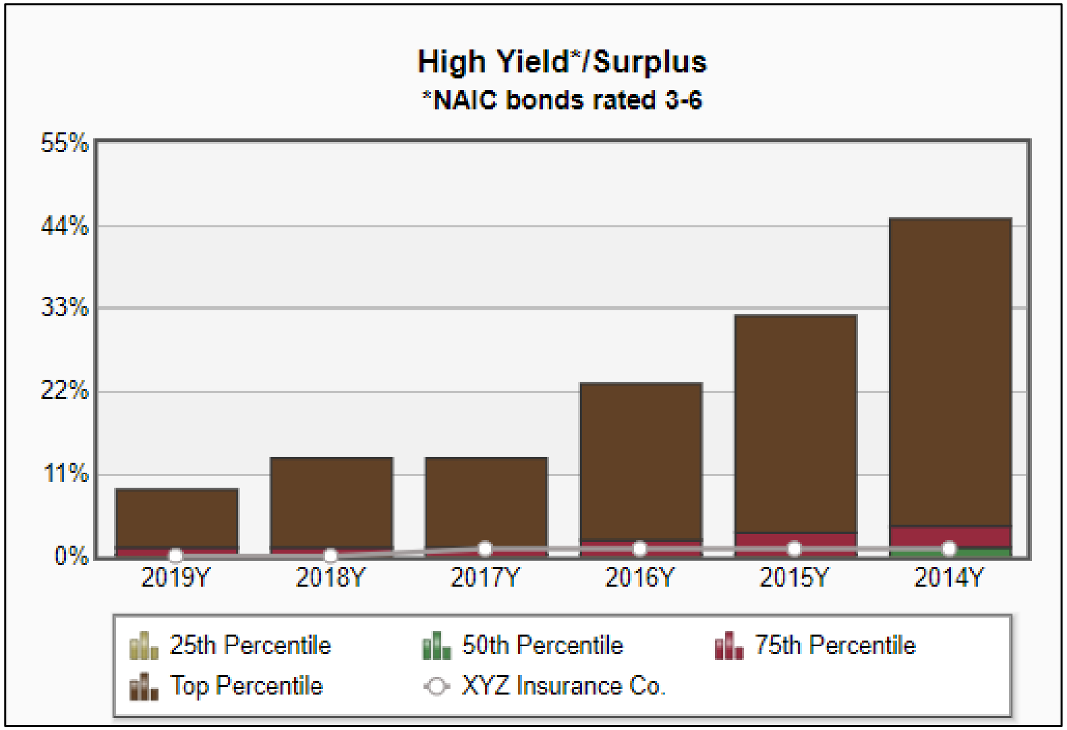
Corporate Bond Rating Allocation



This chart indicates your company's allocation to corporate bonds broken down by credit rating category relative to your peers.

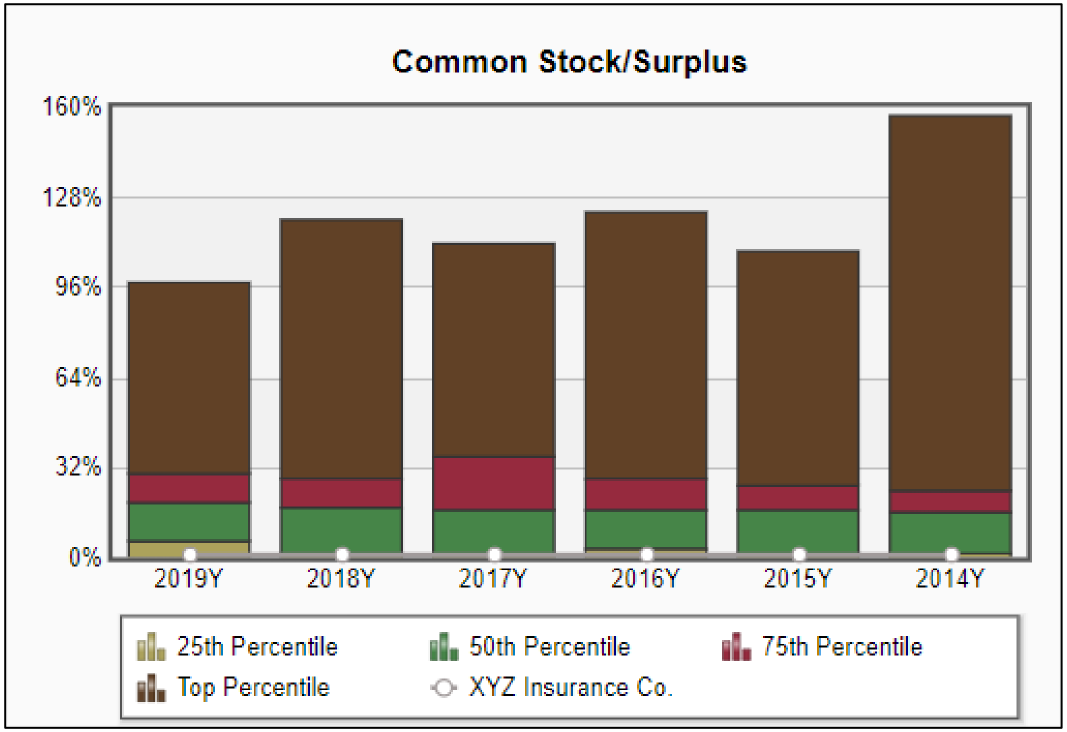
Corporate bonds are typically higher risk than government bonds which typically leads to higher yields. The lower an issuer's credit quality, the more costly it becomes to issue debt due to its increased chances of default.

High Yield/Surplus



This chart indicates your company's allocation to NAIC rated bonds 3 to 6 relative to your peers. High Yield bonds carry a higher risk of default; however, these bonds pay a higher yield than investment grade bonds.

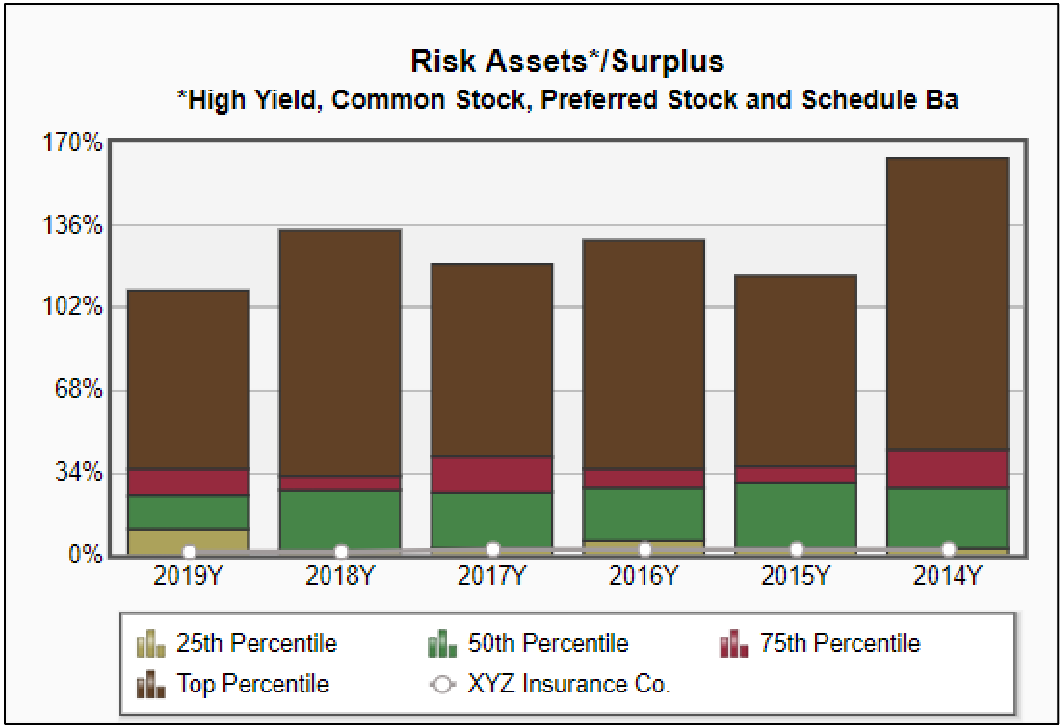
Common Stock/Surplus



This chart indicates your company's common stock allocation relative to your peers.

Common stocks typically offer greater returns than bonds but carry higher risk of loss as well as increased return volatility. If your portfolio holds a large percentage of surplus in common stocks and stocks suffer significant losses (e.g. 2008), your surplus position could be materially impacted.

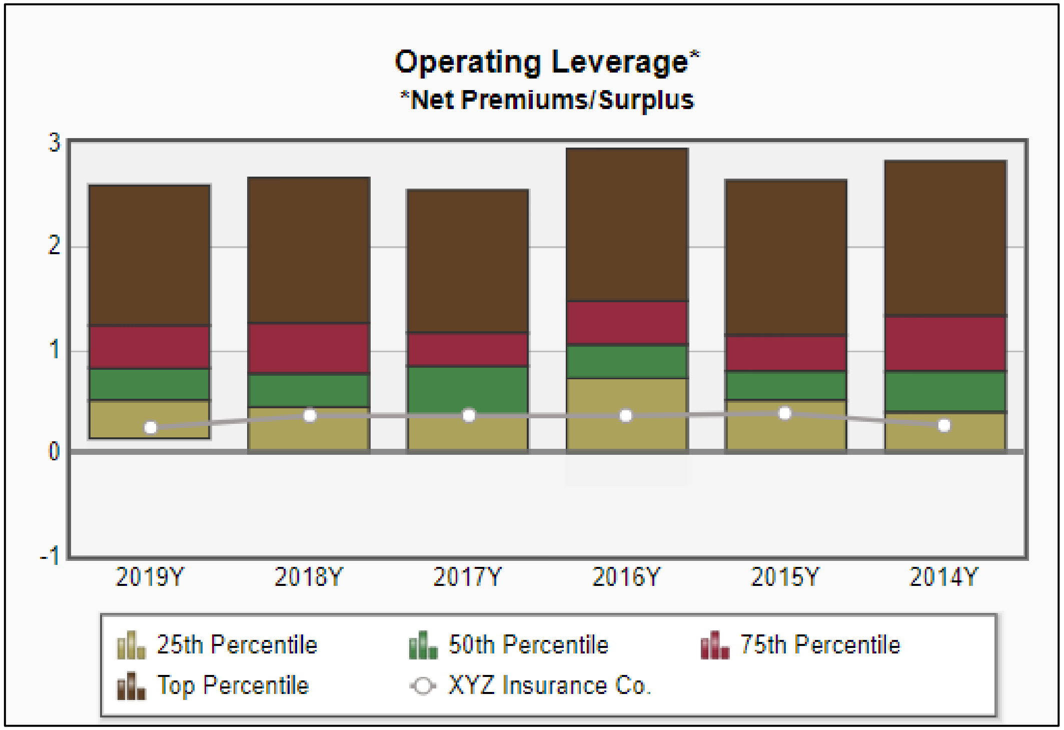
Risk Assets/Surplus



This chart broadly indicates your company's allocation to "risk assets" relative to your peers. Risk assets typically consist of High Yield bonds, Common Stock, Preferred Stock, and long-term Schedule Ba investments which may include a number of other asset classes (real estate, hedge funds etc.).

Since returns are not guaranteed, an increase in your risk asset bucket over time should be yielding you an appropriate increase in return. If your company is in a lower quartile, it is important to consider if any added benefits could be gained from your portfolio adjusted for risk.

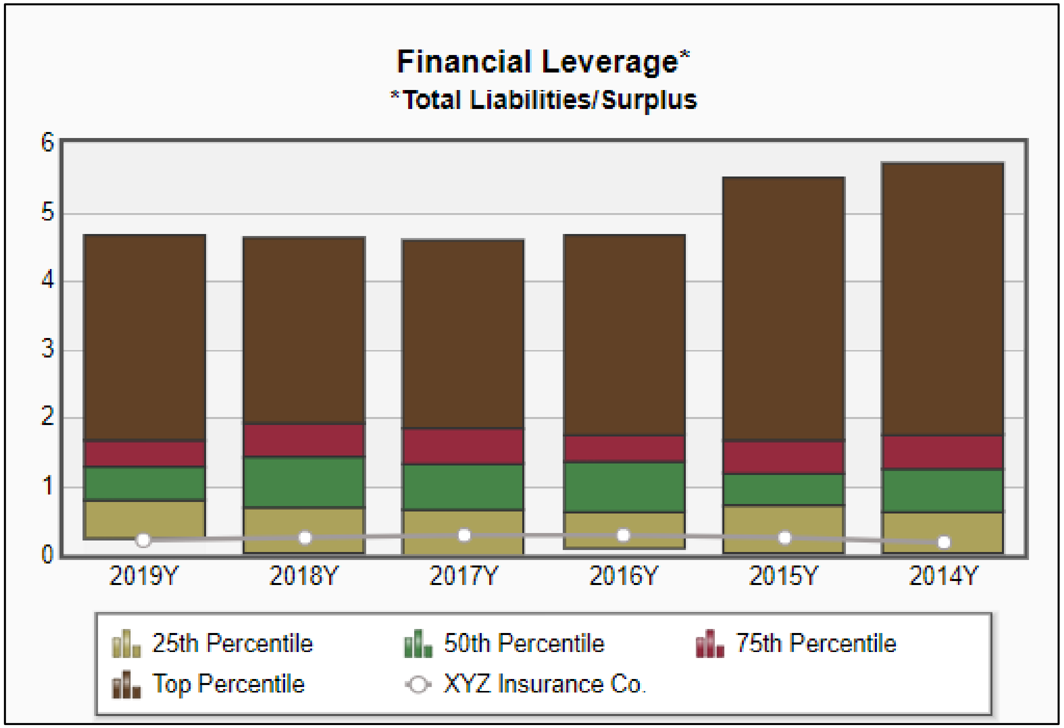
Operating Leverage



This ratio measures a company's net retained premium in relation to its surplus. This ratio measures the company's exposure to pricing errors in its current book of business. A company should demonstrate a controlled business growth with quality surplus growth from strong internal capital generation.

It is also important to look at your company's operating leverage in conjunction with the risk profile of your investment portfolio. With lower operating leverage, one may be able to take on more investment risk.

Financial Leverage



This chart indicates the total liabilities to surplus relative to your company's peers. This measures a company's exposure to unpaid obligations, unearned premiums, and exposure to reserving errors.