



2013 ANNUAL INVESTMENT REVIEW

PRESENTED TO:

HUMBOLDT AREA FOUNDATION INVESTMENT COMMITTEE

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MARCH 7, 2014

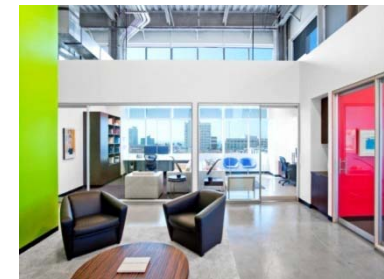
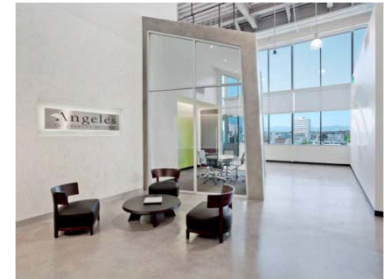


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AGENDA

- Overview
- Highlights of HAF 2013 Investment Performance Review
- Appendix



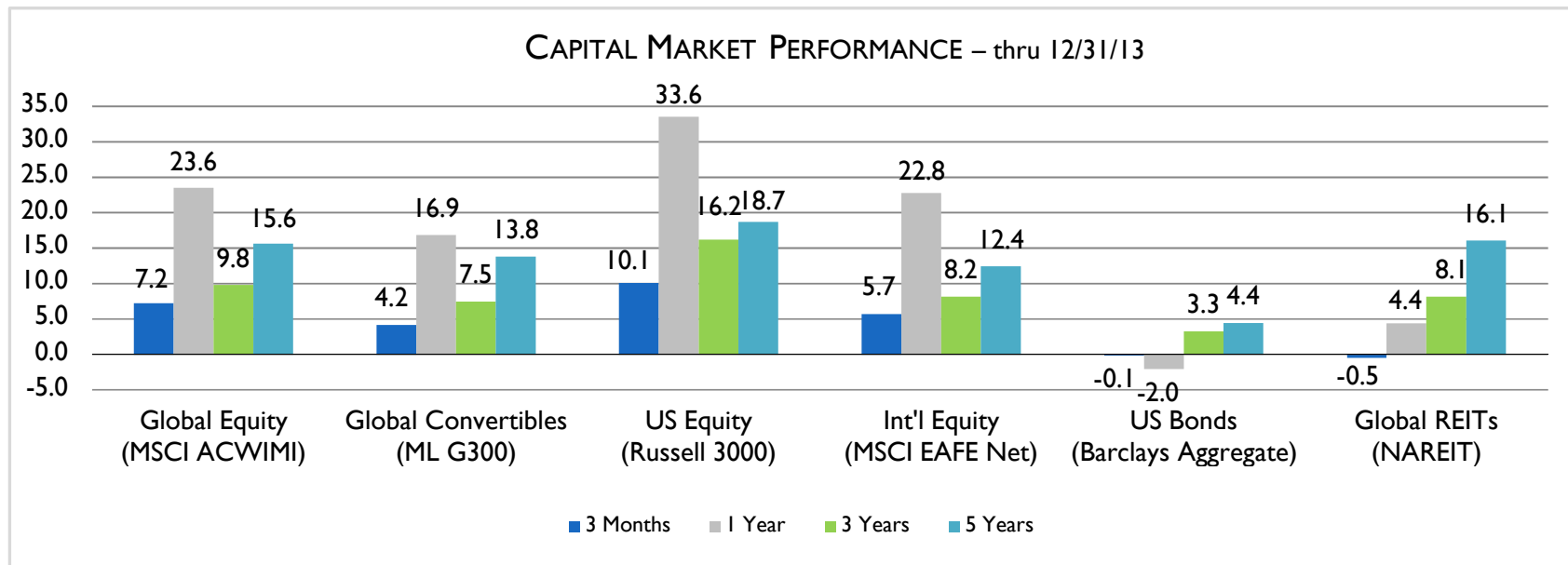
ANGELES AND HAF

- Angeles has worked with the Humboldt Area Foundation since 2003.
 - From 2003 to 2007, Angeles worked with HAF on a project basis.
 - Since 2007, Angeles has offered advice and recommendations on any investment-related issues that arise during the year
 - In the fall of 2011, the Medium Term Investment Pool was established for investors with a shorter time horizon and/or lower risk tolerance than those invested in HAF's Long Term Investment Pool. This pool is now comprised of HAF assets for operations.

- Angeles is experienced in working with non-profits like HAF.
 - Our firm is 100% employee-owned by seven active employees.
 - Institutional and private investors are Angeles' sole source of revenue.
 - We have 53 clients, of which approximately two-thirds are non-profits.

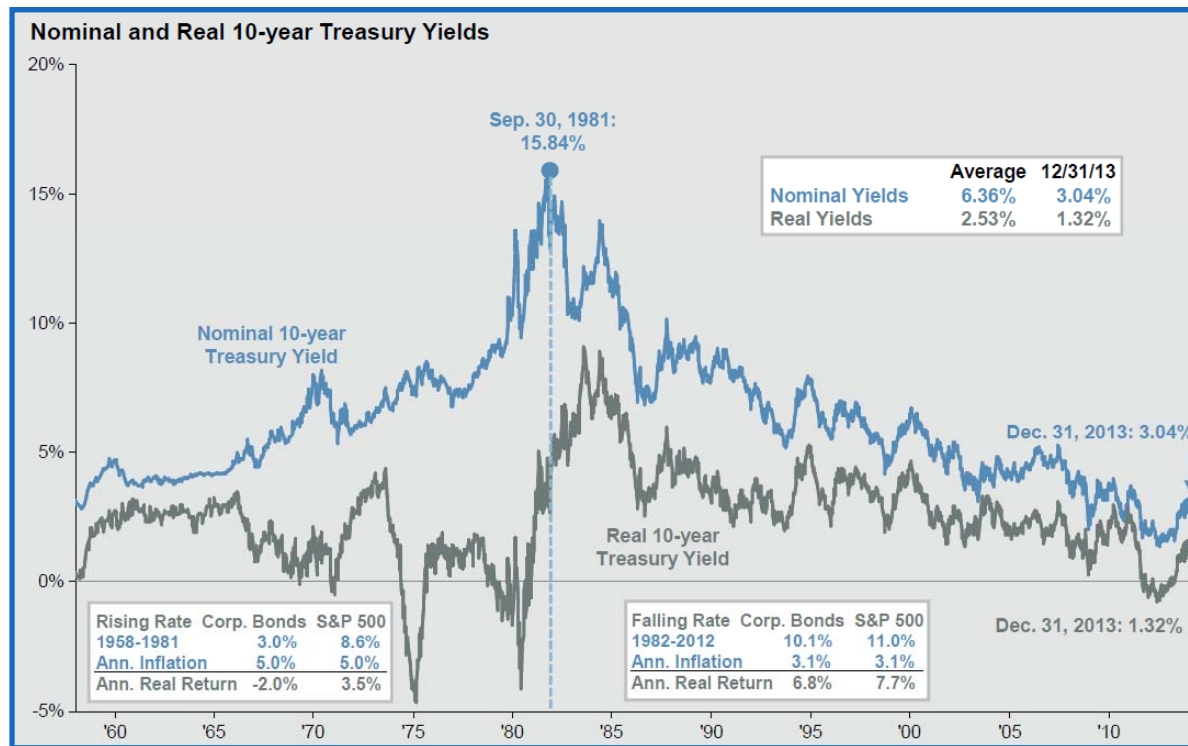
2013: CAPITAL MARKET ENVIRONMENT

- Global equity markets, as measured by the MSCI ACWIMI, returned 23.6% in 2013.
 - US equities were strongest, with a return of 33.6% during 2013.
 - Developed equities were also strong in 2013 with a 22.8% return, but emerging markets swooned, returning -2.6%.
- Investment grade US bonds fell 2.0% in 2013.
- Global REITs were also held back by rising interest rates, and gained only 4.4% in 2013. European REITs were particularly strong, rising 16.2%.



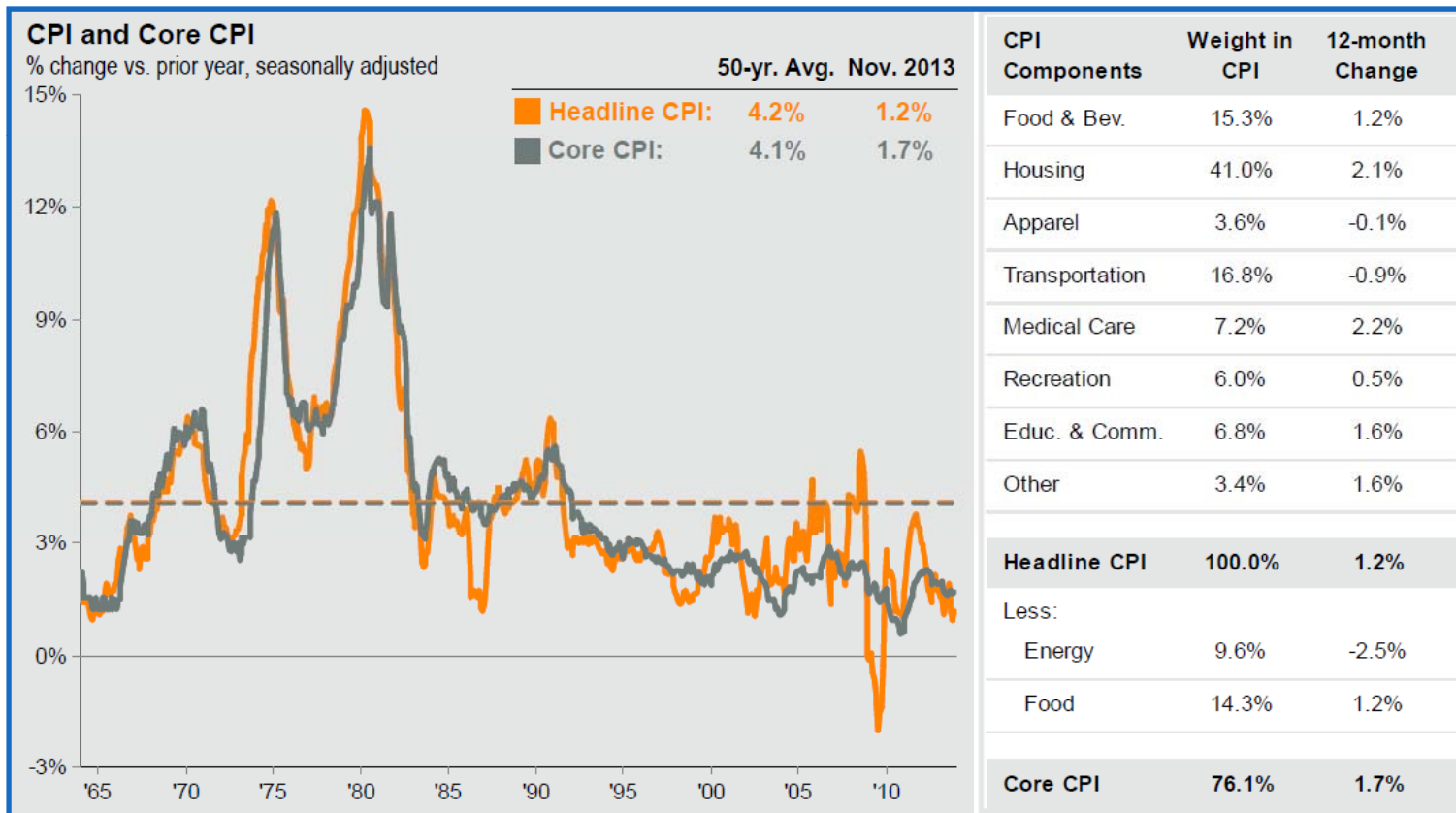
INTEREST RATES AND YIELD CURVES

- In the lead up to Fed tapering, the yield curve steepened and long term rates rose. However, the Federal Reserve strengthened its forward guidance to maintain low near term rates.
 - The Fed vowed not to raise short term rates until unemployment moves below 6.5% and inflation moves closer to 2%.
 - The yield on the 10-Year Treasury ended the fourth quarter at 3.0%, more than a full percentage point above its level in December 2012.



US INFLATION

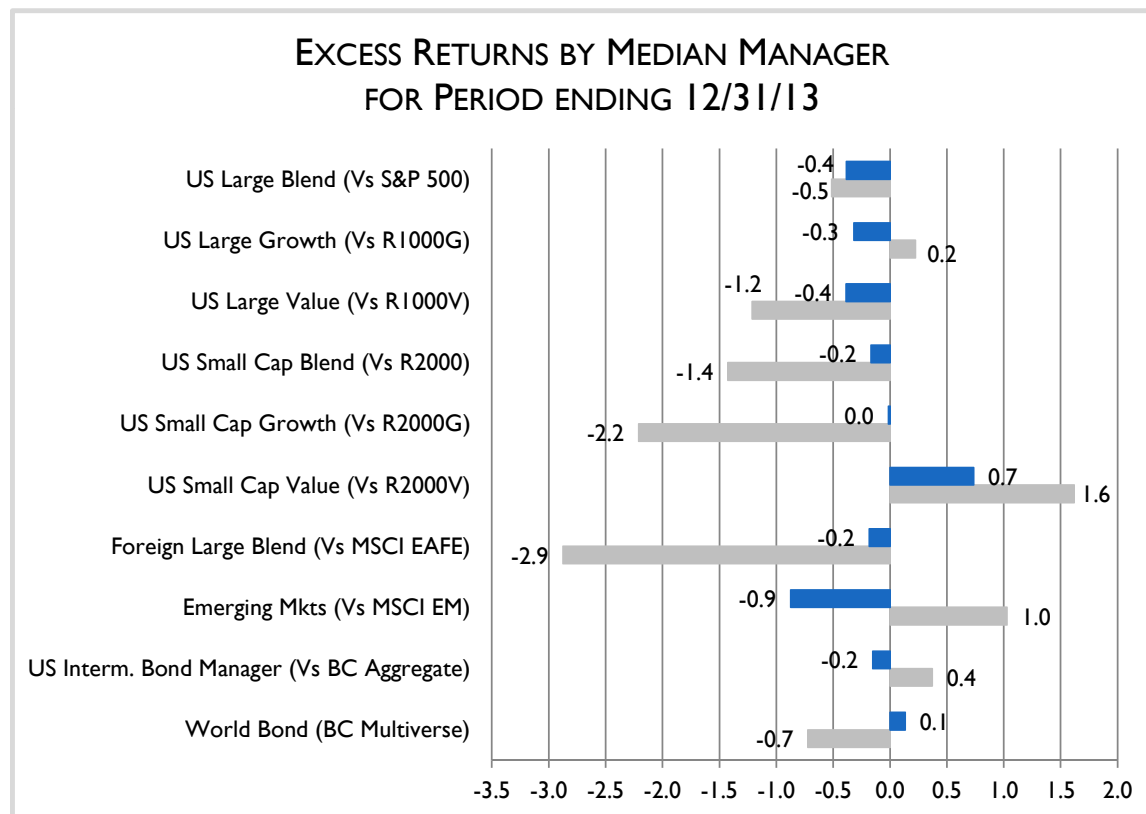
- Headline CPI and Core CPI are up 1.5% and 1.7%, respectively over the trailing year ending December 31, 2013.
 - Inflation remains below the Fed's long run target of 2.0%.



Source: BLS, FactSet, JP Morgan Asset Management. CPI used is CPI-U and values shown are % change vs. 1 year ago and reflect November 2013 CPI data. CPI component weights are as of December 2012 and 12-month change reflects non-seasonally adjusted data through November 2013. Core CPI is defined as CPI excluding food and energy prices. Data are as of 12/31/13.

ACTIVE MANAGEMENT RESULTS

- Over the trailing year, US Large Growth, US Small Cap Value, the US Intermediate Bond Manager, and World Bond produced positive excess returns versus their indices.
- Over the past 10-year period, median manager performance has lagged or matched the index in all categories with the exception of US Small Cap Value and World Bond.



■ 1-Year Return ■ 10-Year Return

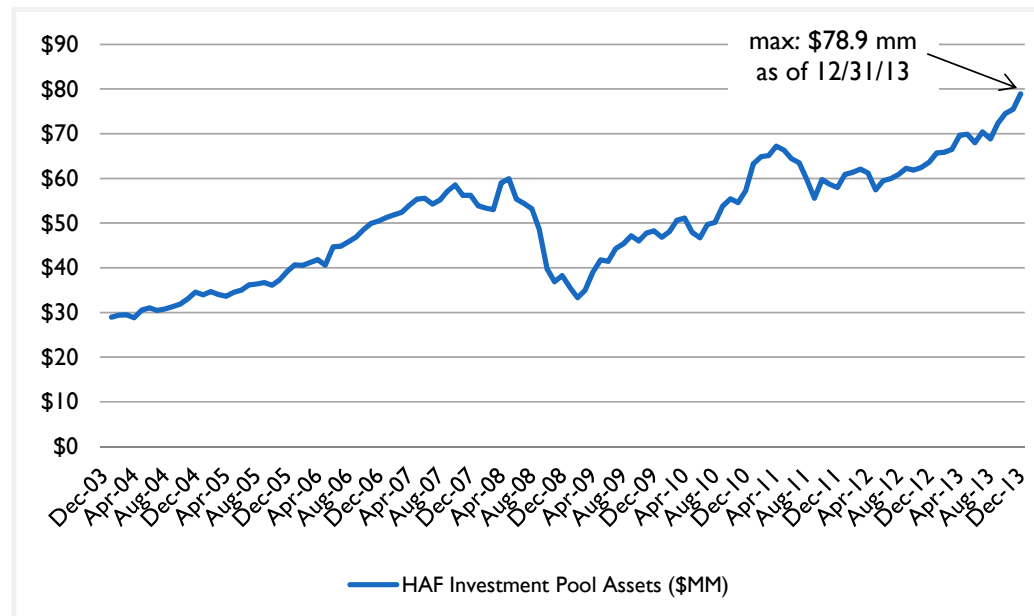
Source: Morningstar; all results are net of fees and as of 12/31/13

HIGHLIGHTS OF 2013 HAF REVIEW

INVESTMENT PORTFOLIO

- HAF's Long Term Investment Pool assets totaled \$78.9 million on December 31, 2013, up from \$63.6 million at the end of 2012.
- US equity markets drove strong performance, helped by improving economic conditions and expansionary monetary policy from the US Federal Reserve and central banks around the world.
- The Medium Term Investment Pool assets ended the year with \$726K in assets.

HAF LONG TERM INVESTMENT POOL – DECEMBER 31, 2013 ASSETS (\$78.9 MM)



HIGHLIGHTS OF 2013 HAF REVIEW

ASSET ALLOCATION

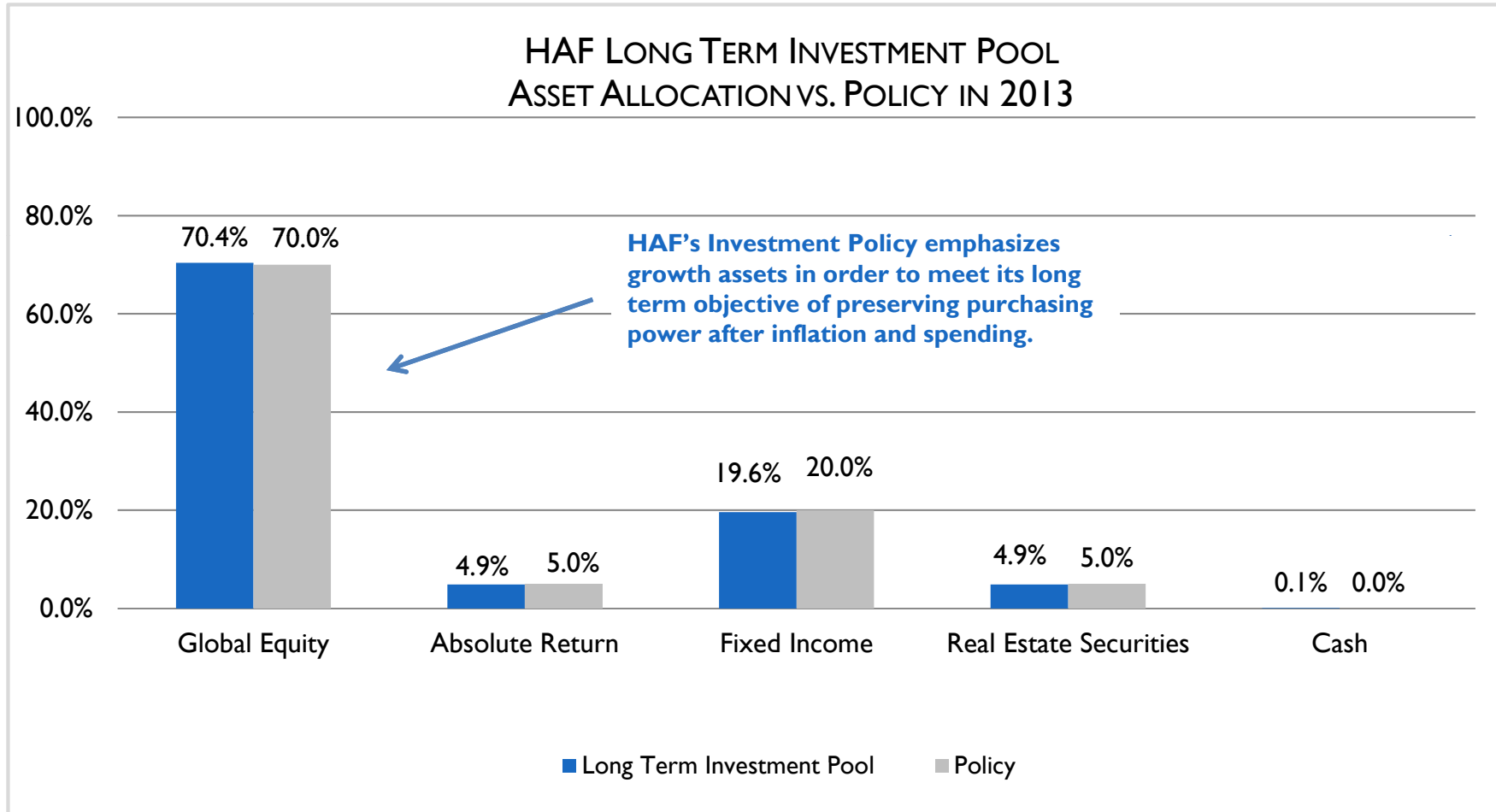
Long Term Investment Pool	HAF Target Allocation	Actual Allocation (12/31/13)	Difference
Global Equity	70.0%	70.4%	-0.4%
Absolute Return	5.0%	4.9%	0.1%
Fixed Income	20.0%	19.6%	0.4%
Real Estate Securities	5.0%	4.9%	0.1%
Cash	0.0%	0.1%	-0.1%

Medium Term Investment Pool	HAF Target Allocation	Actual Allocation (12/31/13)	Difference
US Equity	17.5%	19.9%	-2.4%
Int'l Equity	17.5%	18.5%	-1.0%
Fixed Income	60.0%	56.6%	3.4%
Real Estate Securities	5.0%	4.5%	0.5%
Cash	0.0%	0.5%	-0.5%

Note: Totals may not sum to 100%. HAF assets for Absolute Return were transferred at the end of the year and invested at the beginning of January 2014.

ASSET ALLOCATION

LONG TERM INVESTMENT POOL



HIGHLIGHTS OF 2013 HAF REVIEW

ASSET ALLOCATION

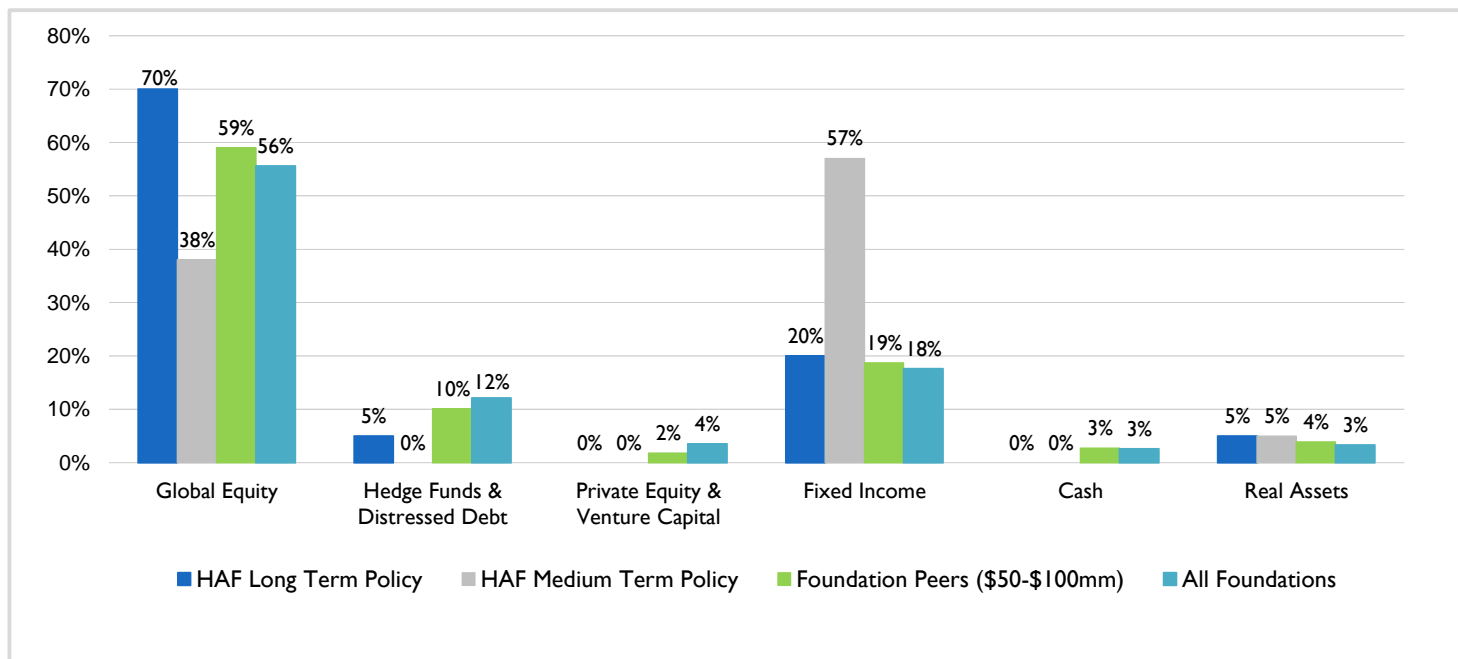
- As of December 31, 2013 the HAF's Long Term Investment Pool was slightly underweight fixed income, real estate securities, and absolute return while being overweight global equity.
 - Absolute Return is a new asset class for HAF, which approved adding hedge funds in November 2013. HAF implemented this decision effective January 1, 2014.
 - The addition of a 5% target for Absolute Return/Hedge Funds was accompanied by a commensurate reduction in fixed income from 25% to 20%.
 - Allocations to all asset classes were in compliance with allowable ranges at the end of 2013.

HIGHLIGHTS OF 2013 HAF REVIEW

PEER COMPARISON

- In comparison to similarly sized Community Foundation peers (\$50-\$100mm), HAF's long term investment policy allocations are overweight global equity, real assets, and fixed income, while underweight alternative asset classes, including hedge funds and distressed debt as well as private equity and venture capital.
- Compared to all Community Foundation peers, HAF's medium term investment policy was underweight global equity, while overweight fixed income and real assets.

HAF ASSET ALLOCATION VS. COMMUNITY FOUNDATION PEERS



Source: Council on Foundations, 2013, based on 162 Community Foundation participants that provided asset allocation information.

EXPECTATIONS FOR THE FUTURE

- **The Foundation's primary investment goal is to preserve purchasing power after inflation and spending.**

$$\begin{array}{rclcl}
 \textit{Return hurdle} & = & \textit{Spending} & + & \textit{Inflation} \\
 6.25 & = & 4.0\% & + & 2.25
 \end{array}$$

ANGELES' PROJECTED LONG TERM (>10 YEARS)
 ASSET CLASS RETURN AND RISK ASSUMPTIONS
 AS OF JANUARY 2014
 (NET OF FEES AND TRANSACTIONS COSTS)

	Expected Return	Expected Risk
Global Equity	7.5%	17.0%
Absolute Return	6.5%	9.0%
Global Real Estate Securities	6.0%	19.0%
Core Fixed Income	2.75%	5.0%

HIGHLIGHTS OF 2013 HAF REVIEW

EXPECTED RETURNS

- Based on the long term capital market assumptions for future returns and HAF's current policy targets, we estimate that the expected return of the HAF Long Term Investment Pool will be 6.4% without excess returns, and 7.0% with excess returns.
 - Versus last year, our expected returns for core fixed income rose from 2.5% to 2.75%.
 - Risk (volatility) assumptions regarding global equities, hedge funds, and global real estate were reduced by 1% due to market deleveraging and structure improvements in the overall economy.
 - All other return and risk assumptions remain unchanged, including future long term inflation at 2.25% annualized.

HAF LONG TERM INVESTMENT POOL¹

	Long Term Inv. Pool
Global Equity	70%
Absolute Return	5%
Global REITs	5%
Fixed Income	20%
Expected Return	6.4
Expected Excess Return	0.6
Expected Return Incl. Manager Excess Returns	7.0
Expected Risk	13.1
Sharpe Ratio	0.32
<i>Probability of a Loss:</i>	
1-Year	32%
5-Years	17%
10-Years	10%
<i>2 Standard Deviation Event</i>	
Very Bad Scenario**	-22.2

** Very Bad Scenario assumes that correlations across asset classes go to 1 and each class experiences a two standard deviation negative event.

¹The Total Fund's expected excess return from manager outperformance is a weighted sum of the underlying asset class composites' excess returns. Global equity's expected excess return is 0.5%, absolute return's expected excess return is 2.0%, core fixed income's expected excess return is 0.5%, and REITs' excess return expectation is 0% (given DFA's passively managed approach in its REIT portfolios).

HIGHLIGHTS OF 2013 HAF REVIEW

LONG TERM INVESTMENT POOL PERFORMANCE THRU 12/31/13

- HAF's Long Term Investment Pool returned 18.1% in 2013.
- Based on Council on Foundation data on 162 community foundations, in 2013 the Long Term Investment Pool outperformed the median community foundation return of 15.9%.
- All asset classes in the Long Term Pool outperformed their benchmarks during 2103.

	% of Fund	Annualized					Since Fund Inception [^]	Inception Date
		1 Year	3 Year	5 Year	7 Year	9 Year		
Total Fund	100%	18.1	8.4	13.3	3.9	5.7	6.4	12/31/2003
<i>Policy Index¹</i>		<i>15.7</i>	<i>8.7</i>	<i>13.6</i>	<i>4.5</i>	<i>6.0</i>	<i>6.6</i>	
Global Equity²	70.4%	25.9	10.5	16.3	4.8	7.0	7.8	12/31/2003
<i>Global Equity Blended Index³</i>		<i>23.6</i>	<i>10.4</i>	<i>16.0</i>	<i>4.1</i>	<i>6.1</i>	<i>6.9</i>	
Fixed Income	19.6%	1.3	4.4	6.3	2.7	3.1	3.4	12/31/2003
<i>Fixed Income Blended Index⁴</i>		<i>-1.8</i>	<i>3.6</i>	<i>5.3</i>	<i>5.1</i>	<i>4.8</i>	<i>4.8</i>	
Real Estate Securities	4.9%	1.8	8.2	15.7	0.1	4.9	7.3	12/31/2003
<i>Real Estate Blended Index⁵</i>		<i>1.7</i>	<i>7.8</i>	<i>15.7</i>	<i>0.1</i>	<i>5.1</i>	<i>7.7</i>	
Absolute Return	4.9%	–	–	–	–	–	–	12/31/2013
<i>HFRI Fund of Funds Index</i>		<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	
Total Cash	0.1%	0.0	0.0	0.0	1.0	1.6	1.6	12/31/2003
<i>90-day T-Bills</i>		<i>0.0</i>	<i>0.1</i>	<i>0.1</i>	<i>1.0</i>	<i>1.6</i>	<i>1.6</i>	

CALENDAR YEAR RETURNS: LONG TERM INVESTMENT POOL

	% of Fund	Calendar Years									
		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total Fund	100%	18.1	13.8	-5.2	13.7	28.9	-33.9	5.7	15.4	9.0	13.2
<i>Policy Index¹</i>		<i>15.7</i>	<i>14.4</i>	<i>-2.8</i>	<i>13.8</i>	<i>29.1</i>	<i>-32.3</i>	<i>6.6</i>	<i>15.5</i>	<i>7.1</i>	<i>12.3</i>
Global Equity²	70.4%	25.9	17.8	-8.9	15.5	36.6	-40.2	9.0	17.2	13.0	15.8
<i>Global Equity Blended Index³</i>		<i>23.6</i>	<i>16.8</i>	<i>-6.9</i>	<i>14.9</i>	<i>35.9</i>	<i>-41.8</i>	<i>8.4</i>	<i>18.4</i>	<i>8.5</i>	<i>14.0</i>
Fixed Income	19.6%	1.3	4.6	7.3	7.5	11.2	-14.2	3.2	6.8	2.2	6.5
<i>Fixed Income Blended Index⁴</i>		<i>-1.8</i>	<i>-1.3</i>	<i>5.5</i>	<i>7.4</i>	<i>7.2</i>	<i>8.6</i>	<i>2.4</i>	<i>6.5</i>	<i>5.0</i>	<i>5.0</i>
Real Estate Securities	4.9%	1.8	23.5	0.8	23.7	32.2	-40.5	-18.7	35.3	13.2	32.1
<i>Real Estate Blended Index⁵</i>		<i>1.7</i>	<i>23.2</i>	<i>0.1</i>	<i>22.8</i>	<i>34.4</i>	<i>-40.7</i>	<i>-17.9</i>	<i>35.9</i>	<i>14.1</i>	<i>34.8</i>
Absolute Return	4.9%	--	--	--	--	--	--	--	--	--	--
<i>HFRI Fund of Funds Index</i>		--	--	--	--	--	--	--	--	--	--
Total Cash	0.1%	0.0	0.0	0.0	0.0	0.1	2.0	4.8	4.8	3.0	1.2
<i>90-day T-Bills</i>		<i>0.0</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.2</i>	<i>1.8</i>	<i>4.7</i>	<i>4.8</i>	<i>3.0</i>	<i>1.2</i>

HIGHLIGHTS OF 2013 HAF REVIEW

MEDIUM TERM INVESTMENT POOL PERFORMANCE THRU 12/31/13

- HAF's Medium Term Investment Pool returned 7.9% in 2013.
- In 2013 the Medium Term Investment Pool underperformed the median community foundation return of 15.9%. This is due to the portfolio's emphasis on lower returning fixed income assets.

	% of Total Fund	4th Quarter	FYTD	1 Year	Fund Inception
Total Fund	100%	2.9%	6.5%	7.9%	Nov-11
Policy Index ¹		2.5%	5.8%	7.2%	
US Equity	19.9%				
Vanguard Total Stock Market Index Fund	19.9%	10.1%	17.0%	33.5%	Jul-12
Russell 3000 Index		10.1%	17.1%	33.6%	
International Equity	18.5%				
Vanguard All World ex-US Index Fund	18.5%	4.8%	15.5%	14.5%	Jul-12
FTSE All World ex-US Index		4.7%	15.4%	15.6%	
Fixed Income	56.6%				
Vanguard Total Bond Market Index	21.8%	-0.2%	0.4%	-2.1%	Dec-11
DFA Short-Term Extended Quality	11.5%	-0.5%	1.0%	--	Mar-13
PIMCO Income Fund	23.3%	0.2%	3.3%	--	Mar-13
Fixed Income Blended Index²		-0.1%	0.5%	-1.6%	
Real Estate Securities	4.5%				
DFA Global Real Estate Securities	4.5%	-0.9%	-1.0%	1.8%	Jul-12
S&P Global REIT Index		-1.0%	-1.2%	1.7%	

Note: See Appendix for footnotes

HIGHLIGHTS OF 2013 HAF REVIEW

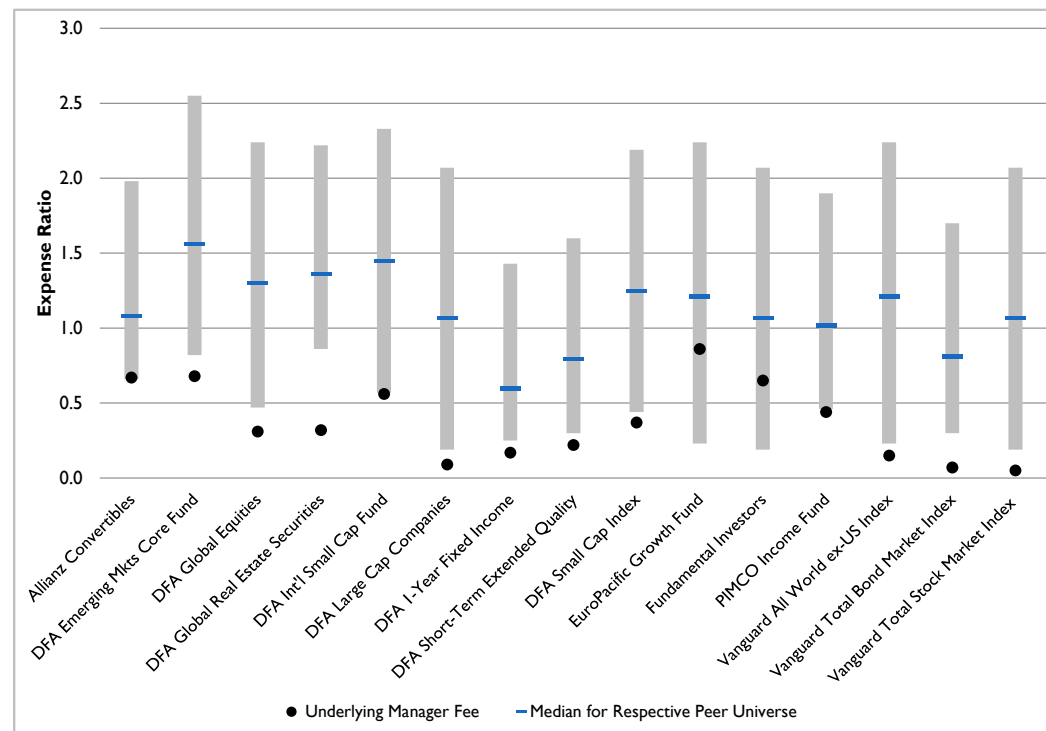
ORGANIZATIONS

- The five firms which HAF has chosen to manage investment assets remain solid and stable organizations.
 - American Funds
 - Dimensional Fund Advisors
 - Vanguard Group
 - Allianz Global Investors Capital
 - PIMCO
- Angeles retains its confidence in these organizations. We do not recommend any changes at this time.
- Angeles will continue to work the HAF Investment Committee on reviewing investment managers and recommending changes as needed.

HIGHLIGHTS OF 2013 HAF REVIEW

COST REVIEW

- HAF's portfolio continues to be cost-effective.
 - Fees charged by the Foundation's managers are well below the median for funds in each of their respective universes
 - All funds, with exception to American Funds, charge fees that lie in the bottom 5% versus peers. Fees for American Funds are well below average.
 - Based on the approved target asset allocations and fund fees as of 12/31/13, the weighted fees for investment management services for the Long Term Investment Pool and the Medium Term Investment Pool were 44 basis points and 20 basis points, respectively.



Note: Data regarding expense ratios and respective peer universes are sourced from Morningstar. Each circle represents the listed manager's net expense ratio. The blue bars show the fees for the 50th percentile, while the gray bars represent fees for the 95th and 5th percentile fund within the respective peer universe.

SUMMARY OF CURRENT FUNDS LONG TERM INVESTMENT POOL

DATA AS OF 12/31/13

	Ticker	Assets (MM) as of 12/31/13	Expense Ratio (bps)	Turnover	Number of Holdings	Morningstar Rating
Global Equity						
DFA Large Cap Companies	DFUSX	\$5,153.3	9	3%	500	★★★★★
DFA Small Cap Index	DFSTX	\$8,075.0	37	10%	2189	★★★★★
Fundamental Investors	ANCFX	\$65,081.6	65	28%	180	★★★★
DFA Emerging Mkts Core Fund	DFCEX	\$13,071.1	63	1%	3979	★★★★★
DFA Int'l Small Cap Fund	DFISX	\$9,059.3	54	--	4279	★★★★
DFA Global Equities	DGEIX	\$3,292.0	31	--	12,063	★★★★★
Allianz Convertibles	ANNPX	\$2,604.5	65	81%	128	★★★★★★
EuroPacific Growth Fund	AEPGX	\$118,029.1	86	27%	280	★★★★★
Fixed Income						
PIMCO Income Fund	PIMIX	\$30,743.2	44	226%	4000	★★★★★★
Vanguard Total Bond Market Index	VBTIX	\$110,883.6	7	73%	6166	★★★★
DFA 1-Year Fixed Income	DFIHX	\$9,051.9	17	62%	179	★★★★
Real Estate Securities						
DFA Global Real Estate Securities	DFGEX	\$2,295.2	32	--	351	★★★★★★

SUMMARY OF CURRENT FUNDS MEDIUM TERM INVESTMENT POOL

DATA AS OF 12/31/13

	Ticker	Assets (MM) as of 12/31/13	Expense Ratio (bps)	Turnover	Number of Holdings	Morningstar Rating
US Equity						
Vanguard Total Stock Market Index Fund	VTSSX	\$301,983.1	5	3%	3657	★★★★★
International Equity						
Vanguard All World ex-US Index Fund	VFWAX	\$19,909.2	15	8%	2343	★★★★
Fixed Income						
PIMCO Income Fund	PIMIX	\$30,743.2	44	226%	400	★★★★★★
DFA Short-Term Extended Quality	DFEQX	\$3,594.2	22	19%	356	★★★★★
Vanguard Total Bond Market Index	VBTIX	\$110,883.6	7	73%	6166	★★★★
Real Estate Securities						
DFA Global Real Estate Securities	DFGEX	\$2,338.5	32	--	351	★★★★★★

PERFORMANCE OF CURRENT LONG TERM POOL FUNDS: AMERICAN FUNDS (AS OF 12/31/13)

Fund Name	Ticker	Net Assets		Annlzd Return				% Rank in Cat			
		\$MM	Exp Ratio	1 Yr	3 Yr	5 Yr	10 Yr	1 Yr	3 Yr	5 Yr	10 Yr
Fundamental Investors Fund	ANCFX	\$65,082	0.65%	31.5	14.8	18.1	9.1	56	52	26	7
Morningstar Large Blend Average			1.11%	31.3	14.1	16.8	6.6				
S&P 500 Index				32.4	16.2	17.9	7.4				
EuroPacific Growth Fund	AEPGX	\$118,029	0.86%	20.2	7.4	13.5	8.9	46	40	23	12
Morningstar Foreign Large Blend Average			1.23%	19.3	6.7	11.9	6.4				
MSCI ACWI ex-US Index				15.3	5.1	12.8	7.6				

Performance rankings are as of 12/31/13 and rank manager's performance relative to peers. Provided by Morningstar; 1=Best, 100=Worst. Listed net assets are for the share class in which HAF invests. Overall assets in the strategy are larger.

PERFORMANCE OF LONG TERM POOL FUNDS: DIMENSIONAL FUND ADVISORS (AS OF 12/31/13)

Fund Name	Ticker	Net Assets		Annzld	Annzld	Annzld	Annzld	Rank	Rank	Rank	Rank
		\$MM	Exp Ratio	Return	Return	Return	Return	in Cat	in Cat	in Cat	in Cat
				1 Yr	3 Yr	5 Yr	10 Yr	1 Yr	3 Yr	5 Yr	10 Yr
DFA Global Real Estate	DFGEX	\$2,339	0.32%	1.8	8.5	16.0	--	78	9	12	--
Morningstar Global Real Estate Average			1.42%	2.7	6.5	14.1	--				
S&P Global REIT Index				1.7	7.8	15.0	--				
DFA U.S. Small Cap	DFSTX	\$8,230	0.37%	42.2	17.7	23.8	10.1	17	18	9	22
Morningstar Small Blend Average			1.29%	37.6	14.9	20.3	8.7				
Russell 2000 Index				38.8	15.7	20.1	9.1				
DFA US Large Co	DFUSX	\$5,175	0.09%	32.3	16.1	17.9	7.4	42	23	31	34
Morningstar Large Blend Average			1.11%	31.3	14.1	16.8	6.6				
S&P 500 Index				32.4	16.2	17.9	7.4				
DFA Emerging Mkts Core Equities	DFCEX	\$13,003	0.63%	-2.6	-2.4	16.1	--	58	58	19	--
Morningstar Diversified Emerging Mkts Average			1.59%	-0.7	-1.9	14.2	--				
MSCI Emerging Mkts Net Div				-2.6	-2.1	14.8	--				
DFA International Small Cap	DFISX	\$9,206	0.54%	27.4	8.6	17.7	10.3	49	53	60	41
Morningstar Foreign Small/Mid Blend Average			1.45%	24.6	8.1	16.8	10.0				
MSCI ACWI Ex US Small Cap Index				19.7	5.0	18.7	10.1				
DFA Global Equities	DGEIX	\$3,329	0.31%	29.1	12.2	17.8	8.5	26	27	21	30
Morningstar World Stock Average			1.35%	24.7	9.9	15.1	7.2				
MSCI ACWI IMI				23.6	9.8	15.6	7.6				
DFA One-Year Fixed-Income I	DFIHX	\$9,083	0.17%	0.3	0.6	1.0	2.2	59	62	68	31
Morningstar Ultrashort Bond			0.62%	0.5	0.9	2.4	1.4				
BofA ML 6 Month Treasuries				0.1	0.2	0.3	1.9				
DFA Short-Term Extended Quality	DFEQX	\$3,594	0.22%	0.4	2.3	--	--	48	35	--	--
Morningstar Short-Term Bond			0.85%	0.4	1.9	--	--				
BofA ML 1-5 Year US Corporate and Gov't				0.3	2.0	--	--				

Performance rankings are as of 12/31/13 and rank manager's performance relative to peers. Provided by Morningstar; 1=Best, 100=Worst. Listed net assets are for the share class in which HAF invests. Overall assets in the strategy are larger.

PERFORMANCE OF CURRENT FUNDS: VANGUARD (AS OF 12/31/13)

Fund Name	Ticker	Net Assets		Annlzd Return				Rank	Rank	Rank	Rank
		\$MM	Exp Ratio	1 Yr	3 Yr	5 Yr	10 Yr	in Cat 1 Yr	in Cat 3 Yr	in Cat 5 Yr	in Cat 10 Yr
Vanguard All World ex-US Index Fund	VFWAX	\$19,909	0.15%	14.5	5.2	12.6	--	87	82	42	--
Morningstar Foreign Large Blend			1.23%	19.3	6.7	11.9	--				
FTSE All World ex-US Index				15.6	5.6	13.6	--				
Vanguard Total Bond Market Index Fund	VBPIX	\$110,884	0.07%	-2.1	3.2	4.4	4.6	67	67	83	42
Morningstar Intermediate-Term Bond Average			0.89%	-1.4	3.7	6.4	4.1				
Barclays Aggregate Index				-2.0	3.3	4.4	4.5				
Vanguard Total Stock Market Index Fund	VTSSX	\$301,983	0.05%	33.5	16.2	18.9	8.1	31	20	16	19
Morningstar Large Blend			1.11%	31.3	14.1	16.8	6.6				
Russell 3000 Index				33.6	16.2	18.7	7.9				

Performance rankings are as of 12/31/13 and rank manager's performance relative to peers. Provided by Morningstar; 1=Best, 100=Worst. Listed net assets are for the share class in which HAF invests. Overall assets in the strategy are larger.

PERFORMANCE OF CURRENT FUNDS: ALLIANZ AND PIMCO (AS OF 12/31/13)

Fund Name	Ticker	Net Assets		Annlzd	Annlzd	Annlzd	Annlzd	Rank	Rank	Rank	Rank
		\$MM	Exp Ratio	Return	Return	Return	Return	in Cat	in Cat	in Cat	in Cat
				1 Yr	3 Yr	5 Yr	10 Yr	1 Yr	3 Yr	5 Yr	10 Yr
Allianz Convertibles Fund	ANNPX	\$2,605	0.65%	25.6	11.2	18.1	9.9	7	1	21	1
Morningstar Convertibles Average			1.24%	21.6	8.5	16.5	6.6				
BofA ML All US Convertibles				24.9	10.8	18.8	7.1				
PIMCO Income Fund	PIMIX	\$30,743	0.44%	4.8	10.8	14.4	--	19	1	17	--
Morningstar Multisector Bond Average			1.12%	2.2	5.5	10.3	--				
Barclays Aggregate Index				-2.0	3.3	4.4	--				

Performance rankings are as of 12/31/13 and rank manager's performance relative to peers. Provided by Morningstar; 1=Best, 100=Worst. Listed net assets are for the share class in which HAF invests. Overall assets in the strategy are larger.

APPENDIX

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¹ Effective April 1, 2013, the Policy Index = 70% MSCI All Country World Investable Market Index, 25% Barclays Aggregate Index, and 5% S&P Global REIT Index. From August 1, 2012 to March 31, 2013, the Policy Index = 70% MSCI All Country World Investable Market Index, 25% Barclays Universal Index, and 5% S&P Global REIT Index. From June 1, 2008 to July 31, 2012, the Policy Index = 35% Russell 3000 Index, 35% MSCI All Country World Ex US Investable Market Index, 25% Barclays Capital Universal Index (formerly Lehman Brothers Universal Index) and 5% Blended REIT Index. The Blended REIT Index consists of 50% Wilshire REIT Index and 50% S&P/Citi Global Ex US REIT Broad Market Index. From June 1, 2006 to May 31, 2008, the policy index consists of 50% Russell 3000 Index, 20% MSCI ACWI Ex-US Index, 25% Barclays Capital Universal Index (formerly Lehman Brothers Universal Index), and 5% DJ Wilshire REIT Index. Prior to June 1, 2006, the policy index consists of 50% Russell 3000 Index, 15% MSCI ACWI Ex-US Index, 30% Barclays Capital Universal Index (formerly Lehman Brothers Universal Index), and 5% DJ Wilshire REIT Index.

² Historical performance of the Global Equity composite is based on the consolidated weighted returns of the US Equity and International Equity composites.

³ Effective August 1, 2012, the Global Equity Blended Index consists of 100% MSCI All Country World Investable Market Index. Prior to August 1, 2012, the blended benchmark is calculated based on the weighted returns of the US Equity Benchmark and the International Equity Benchmark. From June 1, 2008 to August 1, 2012, the blended index consists of 50% Russell 3000 Index and 50% MSCI All Country World Ex US Investable Market Index. From June 1, 2006 to May 31, 2008, the blended index consists of 71.4% Russell 3000 Index and 28.6% MSCI ACWI Ex-US Index. Prior to June 1, 2006, the blended index consists of 76.9% Russell 3000 Index and 23.1% MSCI ACWI Ex-US Index.

⁴ Effective April 1, 2013, the Fixed Income Blended Index consists of 100% Barclays Aggregate Index. Prior to April 1, 2013, the blended benchmark consisted of 100% Barclays Universal Index.

⁵ Real Estate Securities benchmark is a custom blended benchmark: Effective August 1, 2012, the benchmark consists of 100% S&P Global REIT Index. From June 1, 2008 to July 31, 2012, the benchmark consists of 50% DJ Wilshire RE Securities and 50% S&P/Citi Global US RE Index. Prior to 6/1/08, the benchmark consists of 100% DJ Wilshire RE Secs.

^Returns are annualized for periods greater than a year.

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¹ Effective April 1, 2013, the Policy Benchmark = 17.5% Russell 3000 Index, 17.5% FTSE All World ex-US Index, 5% S&P Global REIT Index, 48% Barclays Aggregate Index, and 12% BofA ML 1-5 Year US Corp/Govt Index. From August 1, 2012 to March 31, 2013, the Policy Benchmark = 17.5% Russell 3000 Index, 17.5% FTSE All World ex-US Index, 5% S&P Global REIT Index, 44% Barclays Aggregate Index, and 16% Barclays 1-5 Year Government Index. Prior to August 1, 2012, the Policy Benchmark = 17.5% Russell 3000 Index, 17.5% MSCI All Country World Ex US Investable Market Index, 44% Barclays Capital Universal Index (formerly Lehman Brothers Universal Index), 16% Barclays Capital 1-5 Year Govt Index, and 5% Blended REIT Index. The Blended REIT Index consisted of 50% DJ Wilshire US Select REIT Index and 50% S&P/Citi Global Ex US REIT Broad Market Index.

² Effective April 1, 2013, the benchmark consists of 80% Barclays Aggregate Index and 20% BofA ML 1-5 Year US Corp/Govt Index. Prior to April 1, 2013, the benchmark consisted of 73.3% Barclays Aggregate Index and 26.7% Barclays 1-5 Year Government Index.