City of Marietta Employees Pension Plan

Investment Performance Analysis

For Period Ended
September 30, 2013

We have compiled the accompanying summary of the market value, performance statistics and performance results of City of Marietta Employees Pension Plan as of September 30, 2013. Our responsibility is to evaluate the performance results of the investment advisors or unregistered money managers through comparisons with market indices and other universe performance data deemed appropriate and to make observations and recommendations thereon.

We performed time-weighted rates of return and internal rate of return calculations in accordance with standards recommended by the CFA Institute. The calculations performed are based on information provided to us by the custodians, administrators, investment advisors, and/or unregistered money managers. Our approach is to analyze transactions reflected in the custodian and/or administrator statements as well as review the audited market values of the portfolio. This provides us with a reasonable basis, not absolute, that the investment information presented is free from a significant misstatement. We believe that our method of evaluating and measuring performance results contained herein provides us a reasonable basis for our observations and recommendations.

The investment information referred to above presents the market value as of September 30, 2013 and the performance results of the investment advisors or unregistered money managers for the calendar quarter. Based on our procedures, nothing came to our attention that would cause us to believe the information is significantly misstated; however, we do not warrant the complete accuracy of the information.

GAVION does not provide legal or tax advice to clients. All clients with tax considerations, including the effect of UBTI resulting from alternative investment strategies, are strongly urged to consult their tax advisers regarding such issues. A copy of GAVION's current Form ADV Part II may be obtained by contacting the firm's compliance department at (901)-761-8080.

GAVION, LLC

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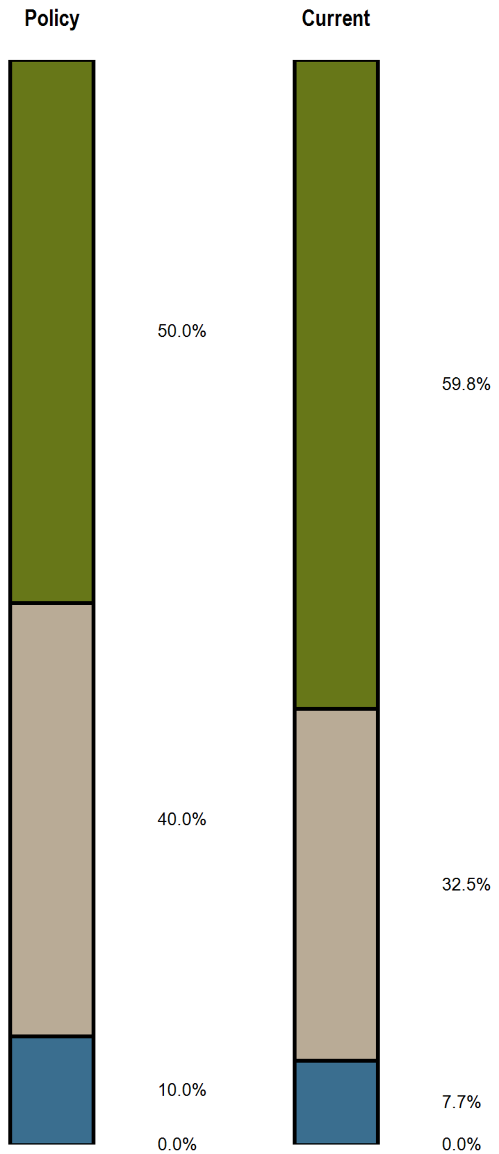
Total Fund Analysis

Asset Allocation vs. Target Policy

Total Portfolio



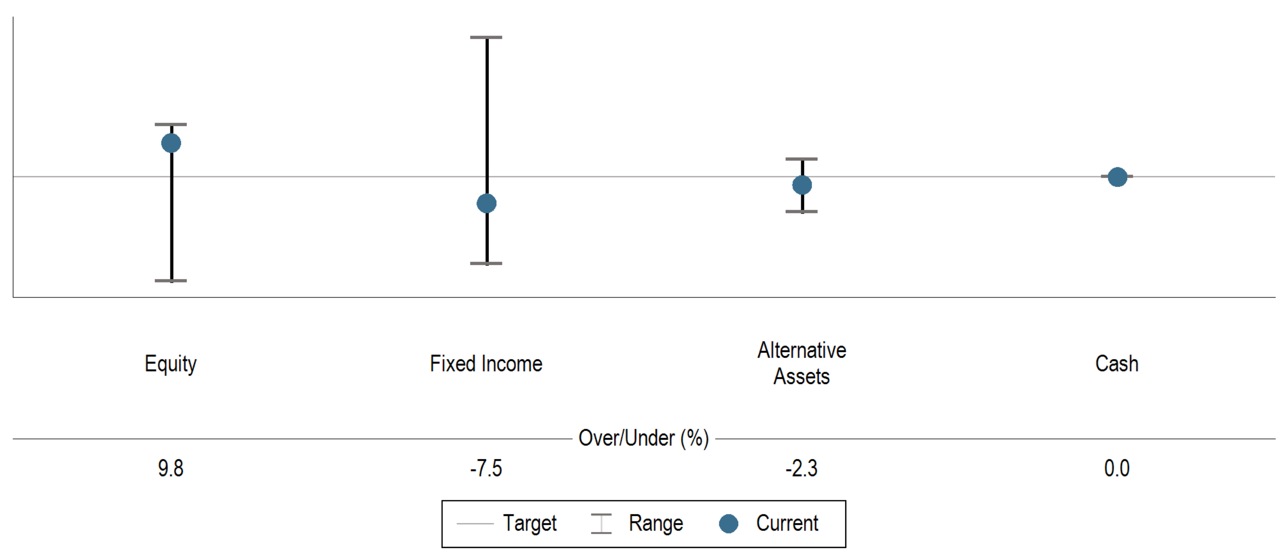
Asset Allocation vs. Target

As Of September 30, 2013

	Policy Range	Policy	%	Current	%	Difference*	%
Equity	20.0% - 65.0%	$43,827,627	50.0%	$52,396,363	59.8%	$8,568,736	9.8%
Fixed Income	15.0% - 80.0%	$35,062,101	40.0%	$28,461,482	32.5%	-$6,600,619	-7.5%
Alternative Assets	0.0% - 15.0%	$8,765,525	10.0%	$6,787,214	7.7%	-$1,978,311	-2.3%
Cash	0.0% - 0.0%	$0	0.0%	$10,194	0.0%	$10,194	0.0%
Total		**$87,655,253**	**100.0%**	**$87,655,253**	**100.0%**		

*Difference between Policy and Current Allocation

Actual vs. Target



Cash Flow Summary

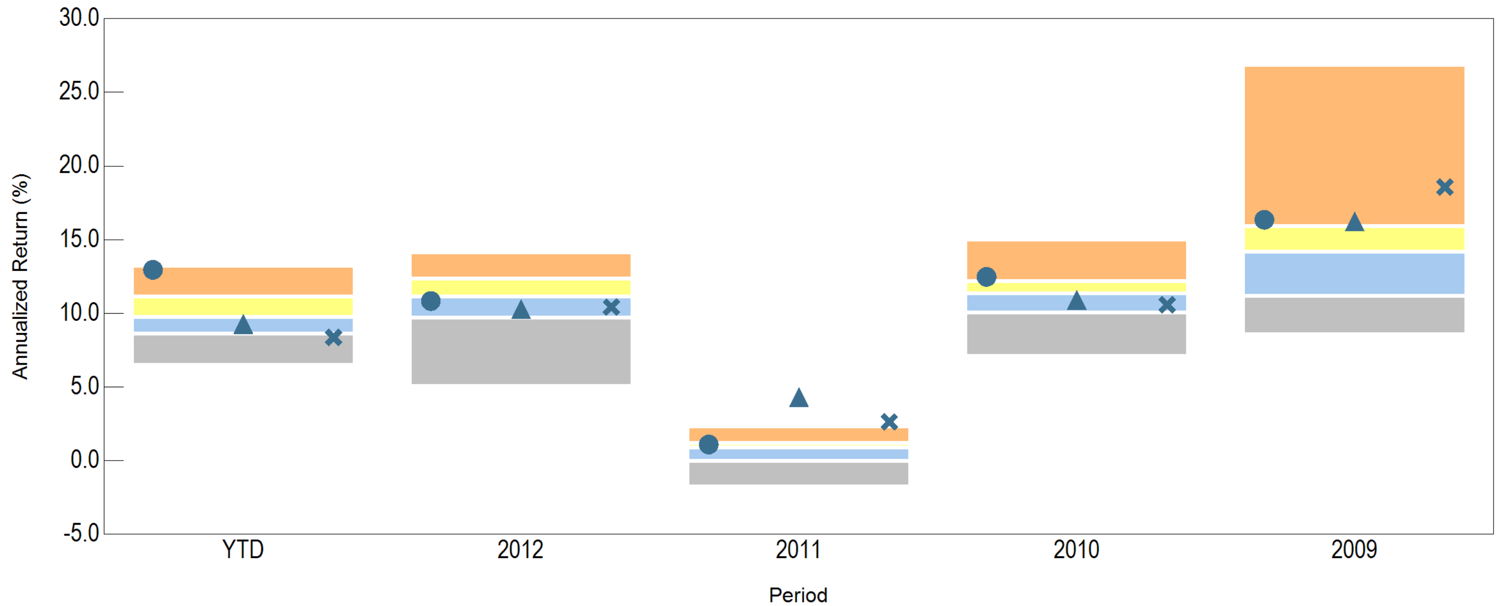
	Fiscal YTD Ending September 30, 2013						
	Beginning Market Value	Withdrawals	Contributions	Fees	Net Investment Change	Ending Market Value	Period Return
Eagle Capital Management	$17,502,612	-$1,769	$0	-$35,942	$1,135,616	$18,636,459	6.49%
Advisory Research Small Mid Cap Value	$14,040,287	-$1,518	$0	-$35,083	$1,289,967	$15,328,737	9.19%
Westfield Capital All Cap	$15,093,888	-$1,625	$0	$0	$1,558,947	$16,651,209	10.33%
Energy Opportunities Capital	$1,651,318	-$620	$0	-$4,127	$129,260	$1,779,958	7.83%
Sage Advisory Core Taxable Fixed Income	$14,028,476	-$44,783	$0	-$13,494	$37,602	$14,021,295	0.27%
MacKay Shields Core Investment Grade Fund	$14,349,475	$0	$0	$0	$90,712	$14,440,187	0.63%
Victory Investment Grade Convertible Securities	$6,418,308	-$1,672	$0	$0	$370,577	$6,787,214	5.77%
Cash	$3,956	-$35,563	$41,800	$0	$1	$10,194	0.01%
Total	**$83,088,320**	**-$87,548**	**$41,800**	**-$88,646**	**$4,612,681**	**$87,655,253**	**5.55%**

Performance Summary

Total Portfolio

	Market Value ($)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception Return (%)	Inception Since
			Ending September 30, 2013							
Total Fund	**87,655,253**	**100.0**	**5.6**	**13.0**	**14.2**	**10.3**	**9.1**	**6.8**	**8.5**	**Dec-90**
45% S&P 500 / 45% Barclays Agg / 10% ML Conv			*3.3*	*9.3*	*9.3*	*9.6*	*7.7*	*6.2*	*8.4*	*Dec-90*
35% S&P 500 / 45% Barclays Agg / 10% ML Conv / 10% ACWI x US			*3.8*	*8.4*	*9.0*	*8.6*	*7.9*	*6.3*	*--*	*Dec-90*
Total Equity	**52,396,363**	**59.8**	**8.5**	**23.0**	**25.3**	**16.8**	**13.3**	**--**	**11.1**	**Aug-08**
S&P 500			*5.2*	*19.8*	*19.3*	*16.3*	*10.0*	*7.6*	*7.8*	*Aug-08*
Total Domestic Equity	**52,396,363**	**59.8**	**8.5**	**23.0**	**24.7**	**18.0**	**--**	**--**	**22.0**	**Feb-09**
Eagle Capital Management	18,636,459	21.3	6.5	23.0	25.8	18.6	--	--	22.6	Mar-09
S&P 500			*5.2*	*19.8*	*19.3*	*16.3*	*10.0*	*7.6*	*20.6*	*Mar-09*
Advisory Research Small Mid Cap Value	15,328,737	17.5	9.2	21.3	21.6	17.8	--	--	22.4	Mar-09
Russell 2500 Value			*6.4*	*22.5*	*27.6*	*17.1*	*11.1*	*10.0*	*24.6*	*Mar-09*
Westfield Capital All Cap	16,651,209	19.0	10.3	24.5	26.7	17.5	--	--	20.7	Mar-09
Russell 3000 Growth			*8.5*	*21.8*	*20.3*	*17.2*	*12.2*	*8.0*	*21.7*	*Mar-09*
Energy Opportunities Capital	1,779,958	2.0	7.8	22.6	20.2	11.0	--	--	8.0	Mar-10
OIH/XLE Blended Energy Index			*8.2*	*19.7*	*16.7*	*12.2*	*4.8*	*13.6*	*9.6*	*Mar-10*
Total Fixed Income	**28,461,482**	**32.5**	**0.5**	**-1.8**	**-1.5**	**2.3**	**5.0**	**--**	**4.6**	**Aug-08**
Sage Advisory Core Taxable Fixed Income	14,021,295	16.0	0.3	-1.9	-1.4	2.8	--	--	3.8	Dec-09
Barclays Aggregate			*0.6*	*-1.9*	*-1.7*	*2.9*	*5.4*	*4.6*	*4.4*	*Dec-09*
MacKay Shields Core Investment Grade Fund	14,440,187	16.5	0.6	-1.6	--	--	--	--	-1.6	Jan-13
Barclays Govt/Credit			*0.4*	*-2.3*	*-2.0*	*2.9*	*5.7*	*4.5*	*-2.3*	*Jan-13*
Total Alternative	**6,787,214**	**7.7**	**5.8**	**13.8**	**13.9**	**8.3**	**--**	**--**	**12.2**	**Mar-09**
Victory Investment Grade Convertible Securities	6,787,214	7.7	5.8	13.8	13.9	8.3	--	--	12.2	Mar-09
Merrill Lynch Investment Grade Convertibles ex 144a			*7.0*	*16.0*	*16.7*	*9.0*	*8.9*	*4.3*	*12.9*	*Mar-09*
Total Cash	**10,194**	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**	**--**	**--**	**0.3**	**Feb-09**
Cash	10,194	0.0	0.0	0.0	0.1	0.2	--	--	0.4	Feb-09
91 Day T-Bills			*0.0*	*0.0*	*0.1*	*0.1*	*0.1*	*1.6*	*0.1*	*Feb-09*

Universe Comparison — Total Portfolio



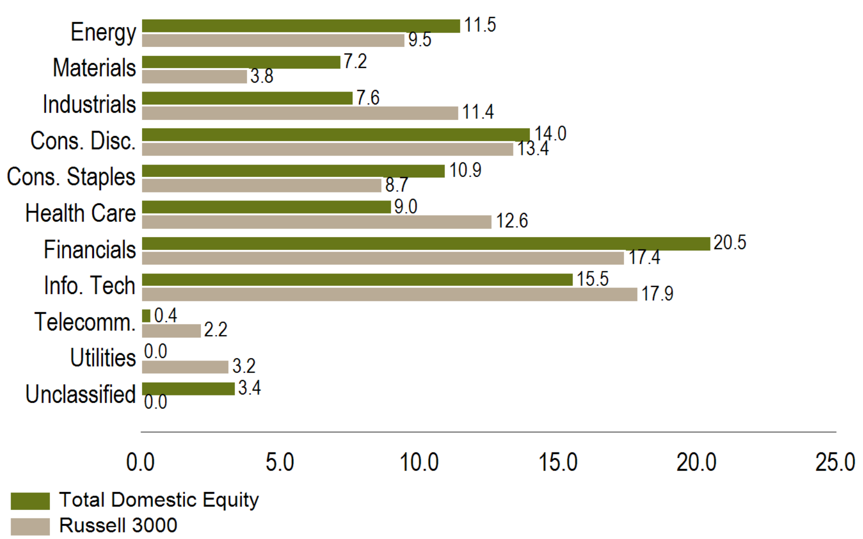
Return (Rank)	YTD		2012		2011		2010		2009	
5th Percentile	13.2		14.1		2.3		15.0		26.9	
25th Percentile	11.2		12.4		1.2		12.2		15.9	
Median	9.8		11.1		0.9		11.4		14.2	
75th Percentile	8.6		9.8		0.0		10.1		11.2	
95th Percentile	6.5		5.1		-1.7		7.1		8.6	
# of Portfolios	51		48		25		23		21	
● Total Fund	13.0	(11)	10.8	(58)	1.1	(42)	12.5	(23)	16.4	(20)
▲ 45% S&P 500 / 45% Barclays Agg / 10% ML C	9.3	(61)	10.3	(67)	4.3	(1)	10.9	(56)	16.2	(22)
✕ 35% S&P 500 / 45% Barclays Agg / 10% ML C	8.4	(79)	10.4	(64)	2.6	(1)	10.6	(61)	18.6	(19)

Domestic Equity Analysis

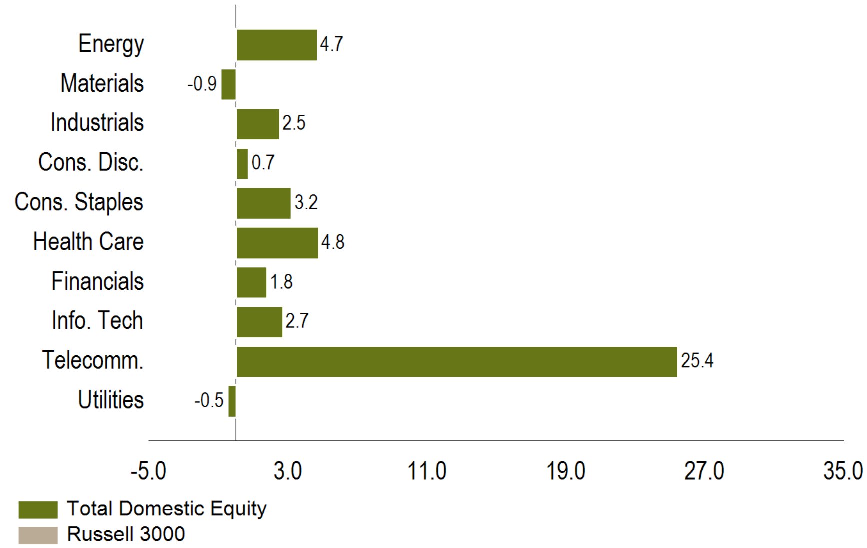
Equity Characteristics

	Portfolio	Russell 3000
Number of Holdings	158	2,965
Weighted Avg. Market Cap. ($B)	54.90	84.04
Median Market Cap. ($B)	10.39	1.31
Price To Earnings	26.60	20.25
Price To Book	3.58	3.49
Price To Sales	2.49	2.30
Return on Equity (%)	15.23	17.23
Yield (%)	1.11	1.93

Sector Allocation (%) vs Russell 3000



Sector Excess Returns (%) vs Russell 3000



Equity Analysis

Total Domestic Equity

Top Holdings

BERKSHIRE HATHAWAY 'B'	2.69%
ORACLE	2.45%
GOOGLE 'A'	2.15%
AON CLASS A	2.00%
MICROSOFT	1.96%
ECOLAB	1.84%
NOBLE ENERGY	1.76%
MONDELEZ INTERNATIONAL CL.A	1.74%
LIBERTY GLOBAL PLC SHS CL C ISIN #GB00B8W67B19	1.67%
THERMO FISHER SCIENTIFIC	1.67%

Top Positive Relative Contributors in Percentage

	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
MOLEX 'A' (MOLXA)	1.02%		0.39%	54.95%
GULFPORT EN. (GPOR)	1.31%	0.03%	0.37%	36.63%
CELGENE (CELG)	1.53%	0.34%	0.33%	31.76%
AON CLASS A (AON)	1.96%	0.12%	0.28%	15.98%
ECOLAB (ECL)	1.80%	0.14%	0.25%	16.21%
PIONEER NTRL.RES. (PXD)	1.10%	0.14%	0.25%	30.46%
OSHKOSH (OSK)	1.20%	0.02%	0.23%	29.00%
TWENTY-FIRST CENTURY FOX CL.A (FOXA)	0.00%		0.20%	16.94%
VISTEON (VC)	1.07%	0.02%	0.19%	19.84%
NOBLE ENERGY (NBL)	1.73%	0.13%	0.19%	11.85%

Top Negative Relative Contributors in Percentage

	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
APPLE (AAPL)	1.45%	2.37%	-0.13%	21.03%
INTREPID POTASH (IPI)	0.68%	0.00%	-0.10%	-17.69%
SCHLUMBERGER (SLB)	0.21%	0.62%	-0.09%	23.78%
ALEXANDER & BALDWIN (ALEX)	1.11%	0.01%	-0.08%	-9.38%
TESORO (TSO)	0.30%	0.03%	-0.07%	-15.49%
MDC HDG. (MDC)	0.56%	0.01%	-0.05%	-7.69%
COCA COLA (KO)	1.33%	0.77%	-0.05%	-4.87%
EOG RES. (EOG)	0.09%	0.24%	-0.04%	28.72%
PLAINS ALL AMER.PIPE.LP. UNIT (PAA)	0.51%		-0.03%	-4.60%
TITAN INTL.ILLINOIS (TWI)	0.00%		-0.02%	-13.19%

Investment Manager Analysis

Eagle Capital Management

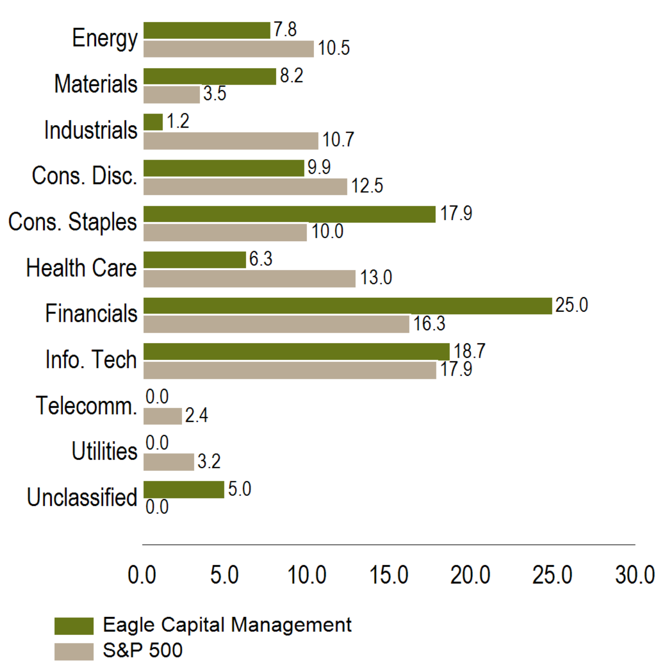
September 30, 2013

Eagle's decision-making process is a bottom-up focus on companies undergoing significant change. They are looking for management teams with a vision to meaningfully change the company over the next three to five years. They must understand the corporation's strategy, evaluate it, judge management's record and ability to execute and ensure that they have the necessary resources. They then confirm that the company is undervalued. Their universe is ranked from companies that they know from adjacent opportunities and from dialogues with cutting-edge thinkers in different industries. While they use databases to highlight mispriced stocks, they do not take reported numbers at face value. Almost all of their value-added comes from original research. Frequent meetings with management, other employees and competitors, suppliers, and customers are integral to their process.

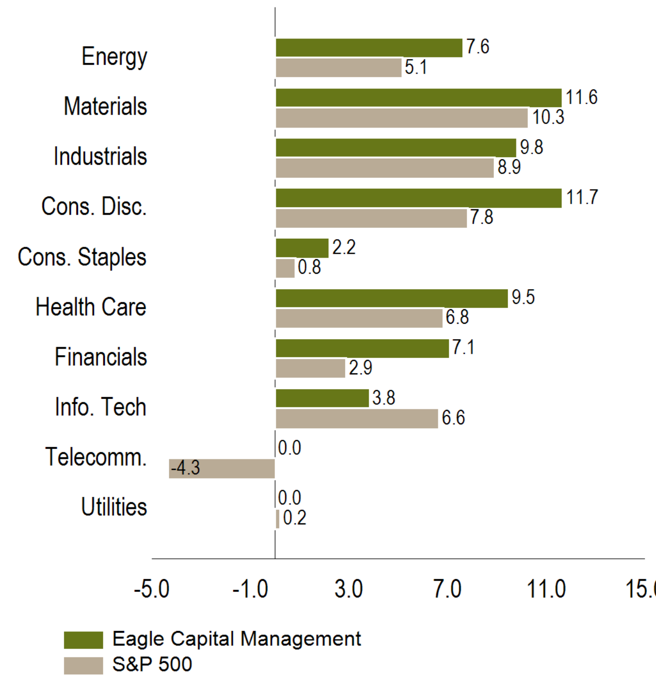
Top Holdings

BERKSHIRE HATHAWAY 'B'	7.5%
ORACLE	6.8%
AON CLASS A	5.5%
MICROSOFT	5.4%
ECOLAB	5.1%
NOBLE ENERGY	4.7%
LIBERTY GLOBAL PLC SHS CL C ISIN #GB00B8W67B19	4.6%
TWENTY-FIRST CENTURY FOX CL.A WNI.	4.2%
MORGAN STANLEY	4.2%
COCA COLA	3.8%

Sector Allocation (%) vs S&P 500



Sector Returns (%) vs S&P 500

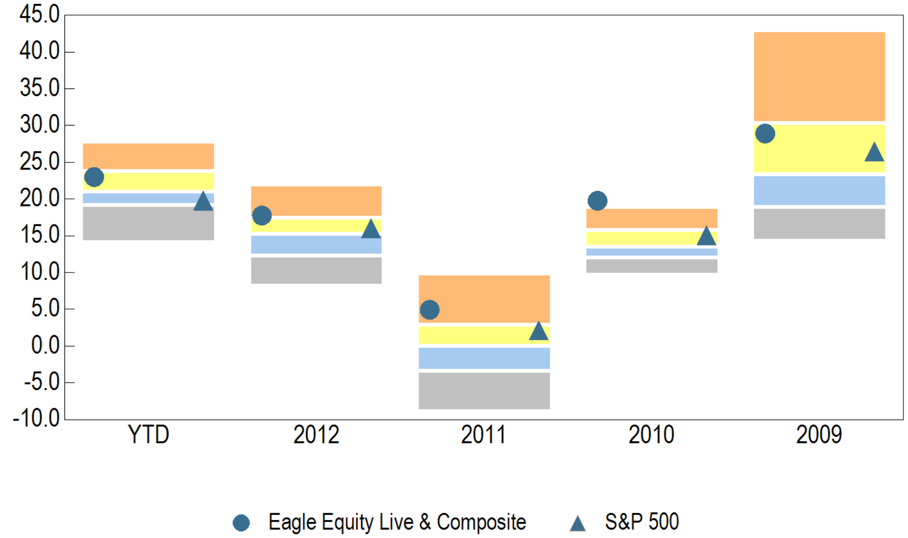


	Third Quarter		Year-To-Date		1 Year Ending 9/30/13		3 Years Ending 9/30/13		5 Years Ending 9/30/13	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Eagle Equity Live & Composite	**6.5 %**	**19**	**23.0 %**	**33**	**25.8 %**	**26**	**18.6 %**	**8**	**12.7 %**	**11**
S&P 500	5.2	49	19.8	67	19.3	76	16.3	35	10.0	46

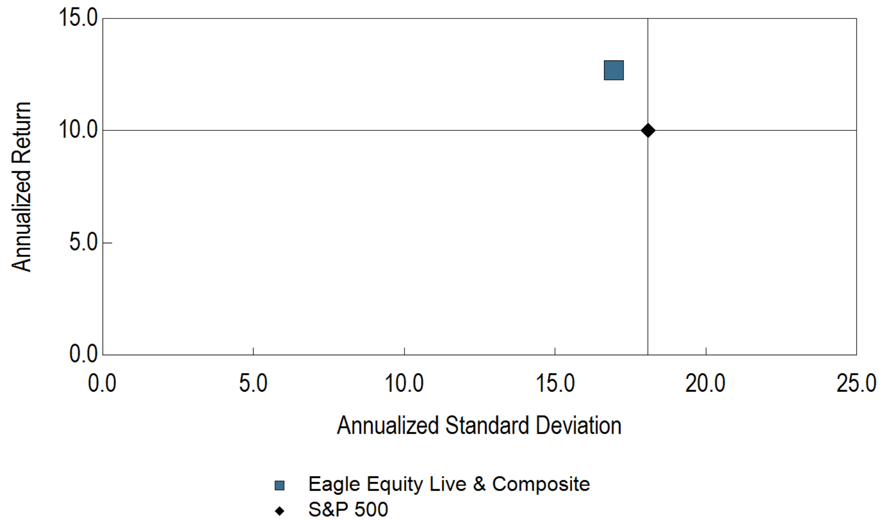
Characteristics

	Portfolio	S&P 500
PORTFOLIO CHARACTERISTICS		
Price To Earnings	22.16	19.13
P/E Excluding Negative Earnings	22.16	19.18
P/E Median	19.59	19.60
Price To Book	3.08	3.55
Price To Book Median	2.98	2.89
Price To Cash Flow	13.40	12.00
Price To Sales	2.27	2.14
Dividend Yield (%)	1.33	2.13
Weighted Ave. Market Cap. ($B)	90.59	103.01
Median Market Cap. ($B)	43.04	15.04

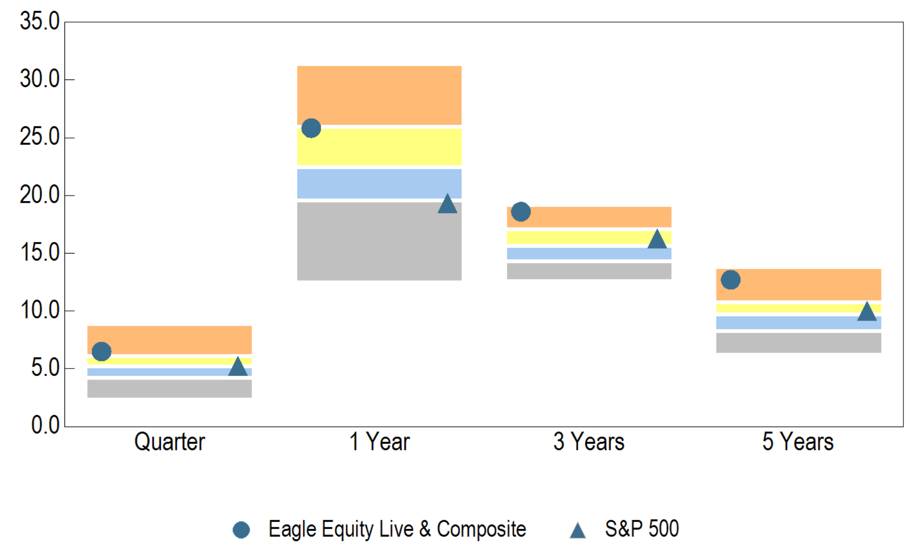
eA US Large Cap Value Equity Net Accounts
Ending September 30, 2013



Annualized Return vs. Annualized Standard Deviation
5 Years Ending September 30, 2013



eA US Large Cap Value Equity Net Accounts
Ending September 30, 2013



Advisory Research Small Mid Cap Value

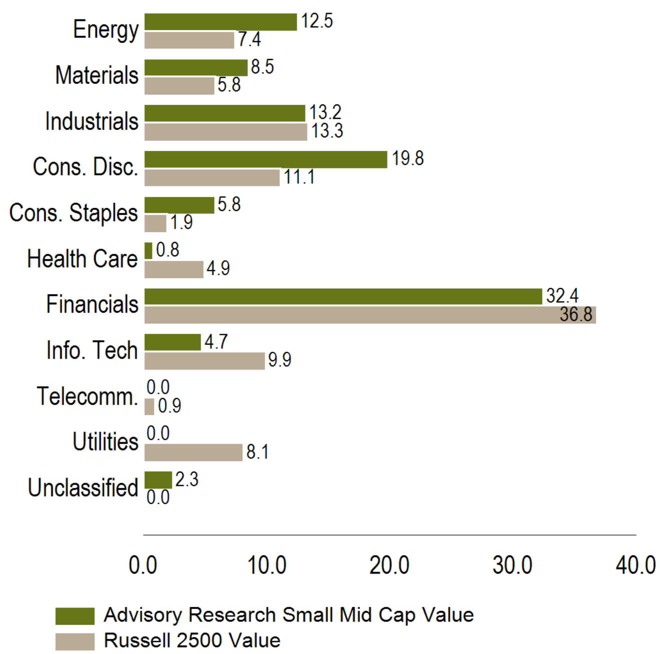
September 30, 2013

Advisory Research's Small-Mid Cap Value philosophy focuses on the investment of stocks that are believed to be undervalued on a price-to-book basis. These stocks have, in their opinion, minimal downside risk. The companies that provide the firm with the best opportunities are those with undervalued assets that are typically off the radar screens of most firms or have been abandoned by the investment community. Once these companies have been pinpointed, the firm attempts to identify a catalyst that will cause the valuation of the company to be realized in the market place.

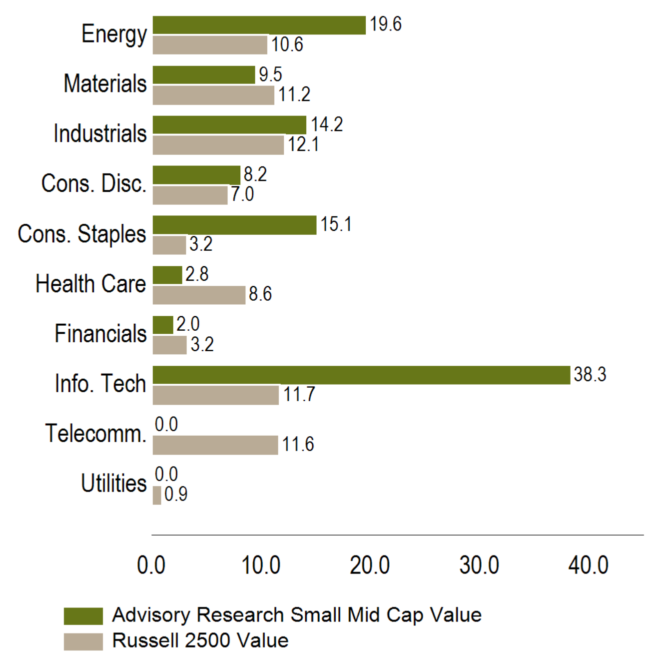
Top Holdings

GULFPORT EN.	4.6%
CIT GROUP	4.2%
OSHKOSH	4.2%
SUSSER HOLDINGS	3.8%
VISTEON	3.7%
TRIBUNE NEW CL.A	3.6%
MOLEX 'A'	3.6%
PIONEER NTRL.RES.	3.6%
OWENS CORNING	3.3%
COMERICA	3.3%

Sector Allocation (%) vs Russell 2500 Value



Sector Returns (%) vs Russell 2500 Value

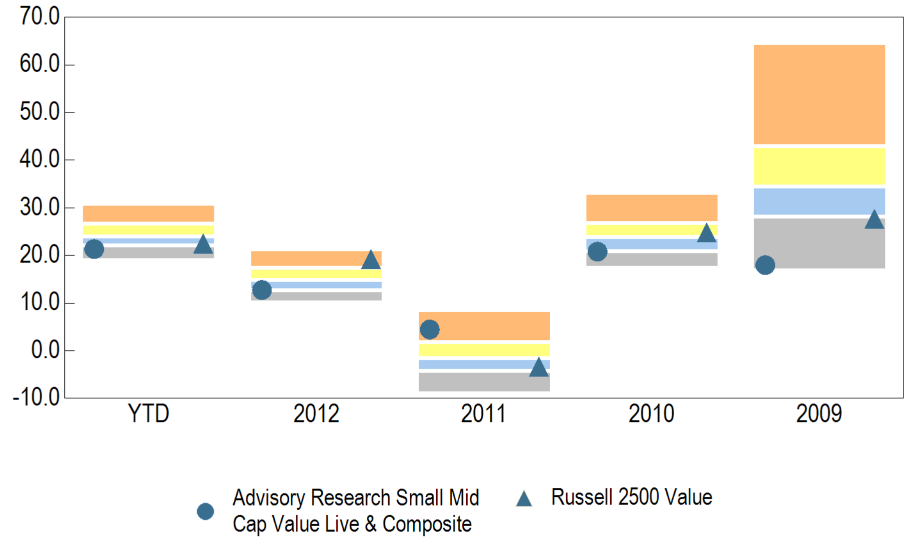


	Third Quarter		Year-To-Date		1 Year Ending 9/30/13		3 Years Ending 9/30/13		5 Years Ending 9/30/13	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Advisory Research Small Mid Cap Value Live & Composite	**9.2 %**	**32**	**21.3 %**	**84**	**21.6 %**	**98**	**17.8 %**	**28**	**10.9 %**	**72**
Russell 2500 Value	6.4	87	22.5	70	27.6	64	17.1	47	11.1	72

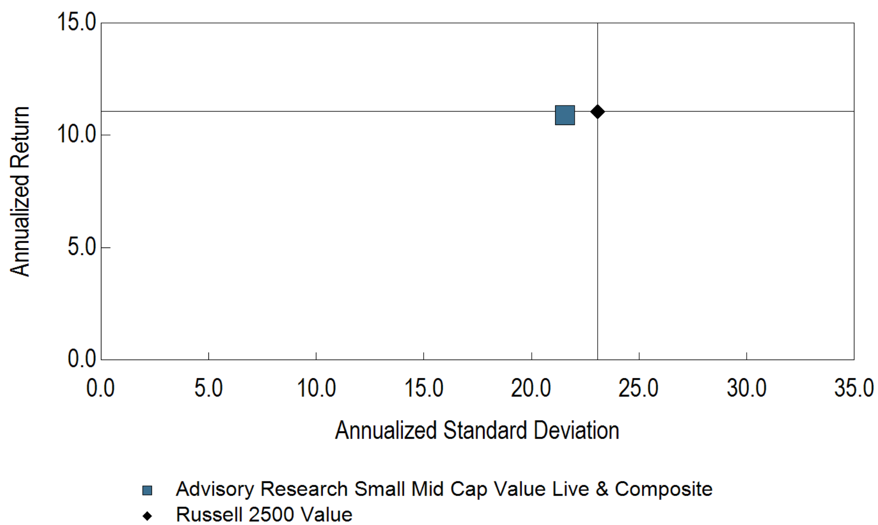
Characteristics

	Portfolio	
PORTFOLIO CHARACTERISTICS		
Price To Earnings	31.22	
P/E Excluding Negative Earnings	31.22	
P/E Median	18.93	
Price To Book	2.16	
Price To Book Median	1.75	
Price To Cash Flow	12.74	
Price To Sales	2.14	
Dividend Yield (%)	0.96	
Weighted Ave. Market Cap. ($B)	5.61	0.00
Median Market Cap. ($B)	3.45	0.00

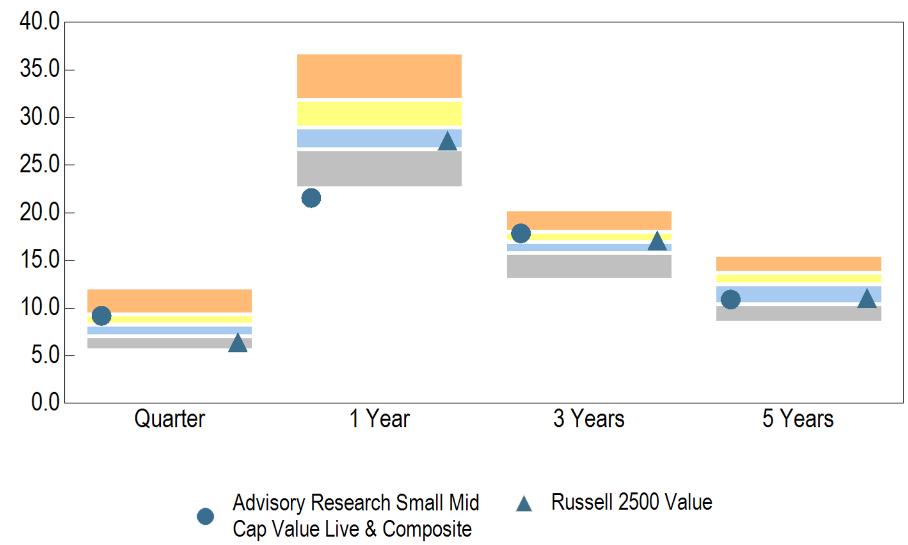
eA US Small-Mid Cap Value Equity Net Accounts
Ending September 30, 2013



Annualized Return vs. Annualized Standard Deviation
5 Years Ending September 30, 2013



eA US Small-Mid Cap Value Equity Net Accounts
Ending September 30, 2013



Westfield Capital All Cap

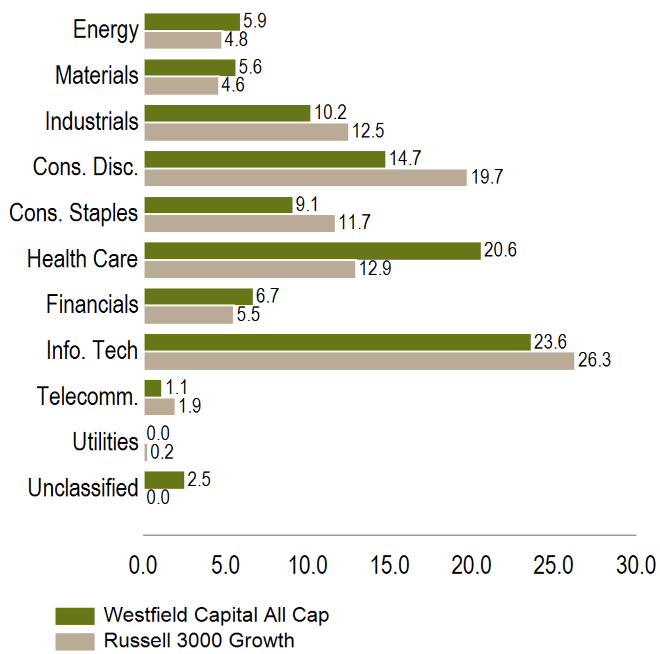
September 30, 2013

Westfield is a fundamental, bottom-up manager investing in earnings growth stocks due to their conviction that stocks follow earnings progress and that they offer the best opportunity for superior real rates of return. Westfield generates themes to drive investment ideas in specific areas throughout the capitalization spectrum. This is particularly the case in cyclical sectors such as energy. The firm does utilize screens; however, most of their themes are driven from their understanding of the sectors that each analyst covers. The analysts' network and industry knowledge are the most critical components of the idea generation stage, and as bottom up investors, Westfield does not use the benchmark as a part of the portfolio construction process.

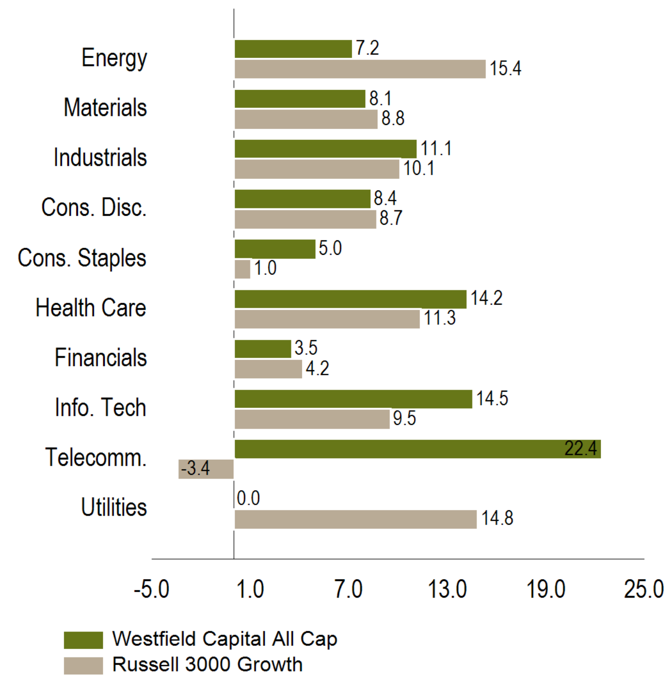
Top Holdings

CELGENE	4.9%
APPLE	4.7%
GOOGLE 'A'	3.4%
ALLIANCE DATA SYSTEMS	2.9%
BRISTOL MYERS SQUIBB	2.5%
VISA 'A'	2.4%
AMERICAN INTL.GP.	2.3%
THERMO FISHER SCIENTIFIC	2.2%
ACTAVIS	2.1%
WILLIAMS-SONOMA	2.1%

Sector Allocation (%) vs Russell 3000 Growth



Sector Returns (%) vs Russell 3000 Growth

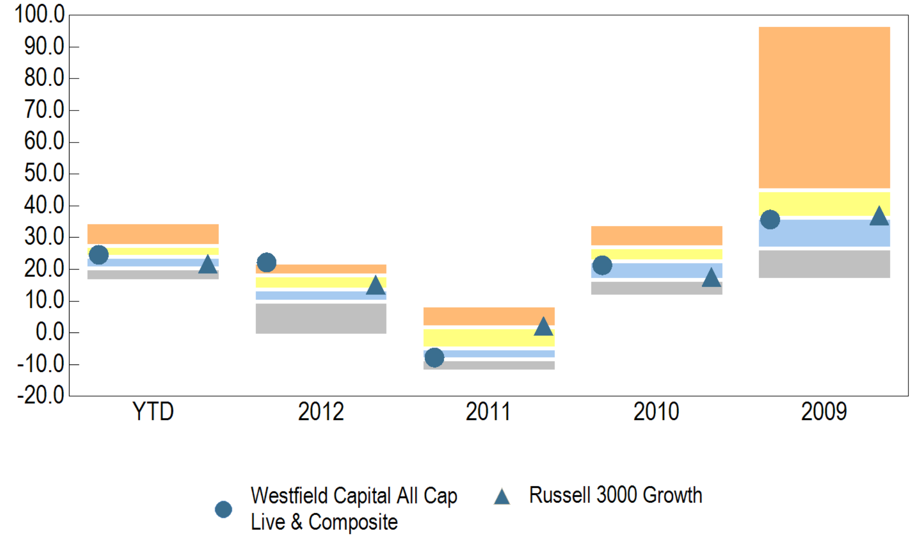


	Third Quarter		Year-To-Date		1 Year Ending 9/30/13		3 Years Ending 9/30/13		5 Years Ending 9/30/13	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Westfield Capital All Cap Live & Composite	**10.3 %**	**55**	**24.5 %**	**42**	**26.7 %**	**32**	**17.5 %**	**42**	**11.9 %**	**52**
Russell 3000 Growth	8.5	83	21.8	68	20.3	66	17.2	48	12.2	44

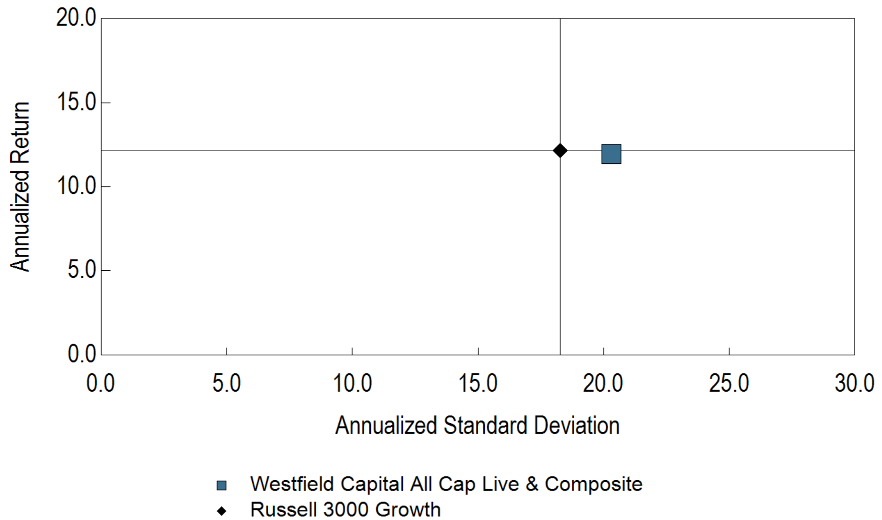
Characteristics

	Portfolio	Russell 3000 Growth
PORTFOLIO CHARACTERISTICS		
Price To Earnings	28.08	23.01
P/E Excluding Negative Earnings	28.08	23.35
P/E Median	23.60	21.21
Price To Book	5.68	5.42
Price To Book Median	4.03	3.64
Price To Cash Flow	17.98	14.89
Price To Sales	3.06	2.92
Dividend Yield (%)	1.02	1.56
Weighted Ave. Market Cap. ($B)	64.73	77.65
Median Market Cap. ($B)	19.18	1.53

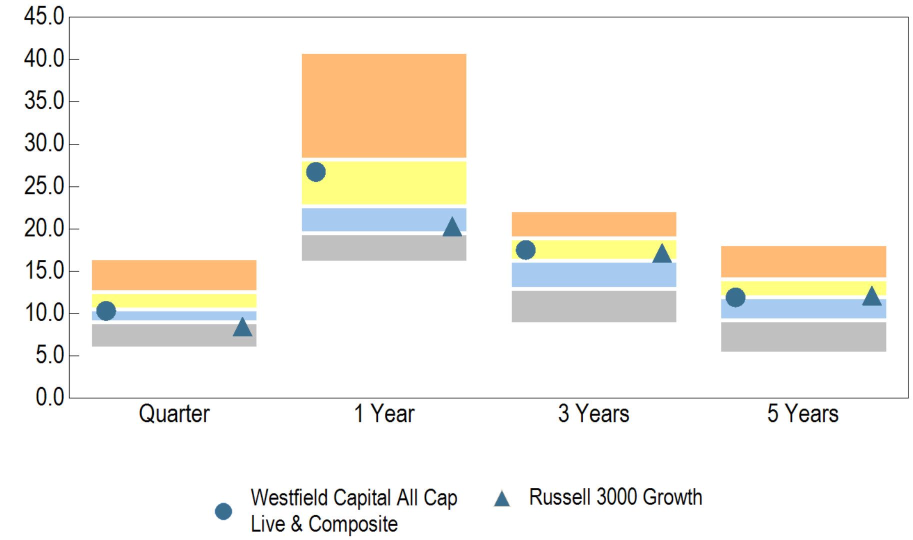
eA US All Cap Growth Equity Net Accounts
Ending September 30, 2013



Annualized Return vs. Annualized Standard Deviation
5 Years Ending September 30, 2013



eA US All Cap Growth Equity Net Accounts
Ending September 30, 2013



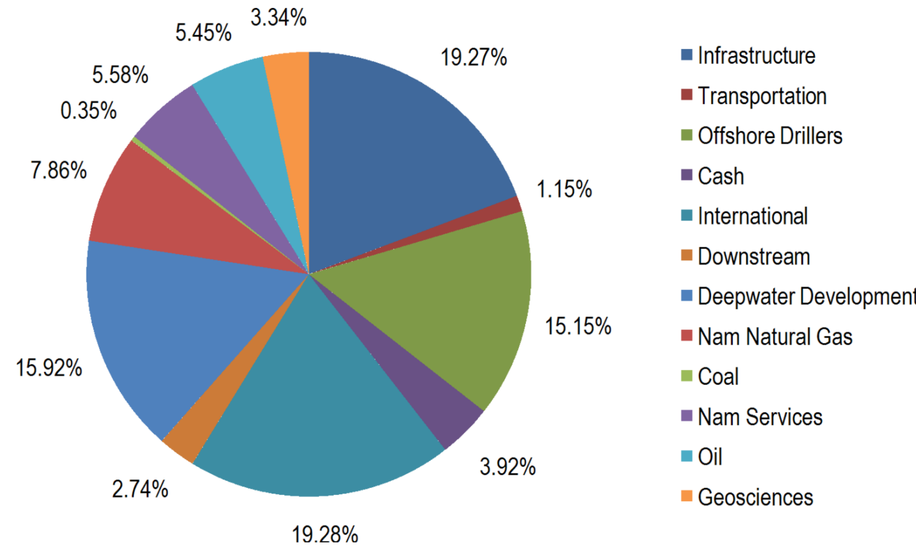
Energy Opportunities Capital

September 30, 2013

Orleans Capital Management and Simmons & Co. formed Energy Opportunities Capital Management, L.L.C. (EOCM) as a separate entity to manage the Energy Opportunities and the related Alternative Energy investment strategies. The Energy Opportunities strategy is a long only equity investment vehicle designed to take advantage of current energy market fundamentals and the continued energy upcycle. The strategy consists of separately managed accounts with identical holdings. Investment decisions are based upon macro energy fundamentals as well as company specific data gathered and analyzed by Simmons. The portfolio consists of publicly traded securities and currently is comprised of 35 holdings. Market capitalizations of these holdings range from $400 million to in excess of $6 billion. Security selection is designed to take advantage of the flow of economics within the energy sector by emphasizing certain energy subsectors (drillers, oil service, refiners) and to focus on companies with superior earnings growth.

Top Holdings

HALLIBURTON	7.8%
OCEANEERING	7.3%
NATIONAL OILWELL VARCO	6.4%
SCHLUMBERGER	6.3%
FMC TECHNOLOGIES	6.1%
CAMERON INTERNATIONAL	5.8%
ENSCO CLASS A	5.2%
DRIL-QUIP	4.6%
BAKER HUGHES	4.1%
ATWOOD OCEANICS	3.8%

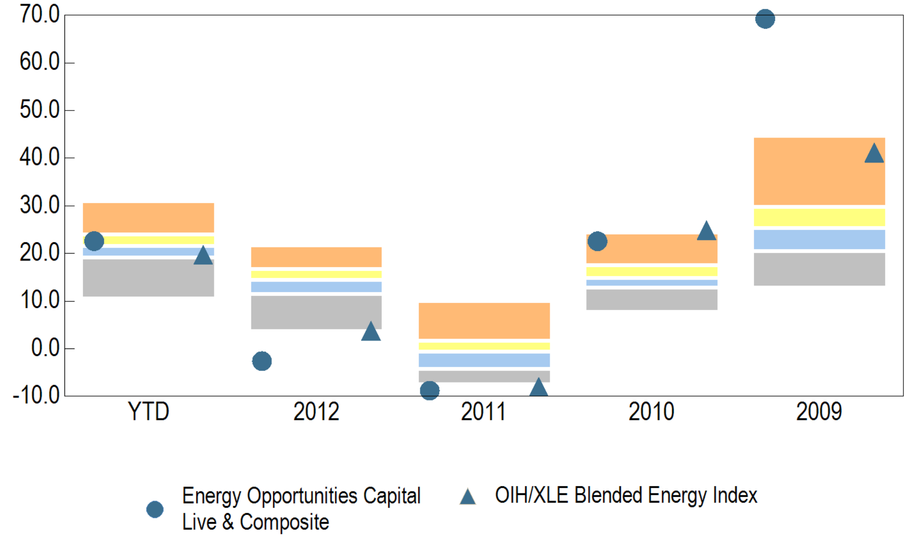


	Third Quarter	Year-To-Date	1 Year Ending 9/30/13	3 Years Ending 9/30/13	5 Years Ending 9/30/13
Energy Opportunities Capital Live & Composite	**7.8 %**	**22.6 %**	**20.2 %**	**11.0 %**	**5.0 %**
OIH/XLE Blended Energy Index	8.2	19.7	16.7	12.2	4.8

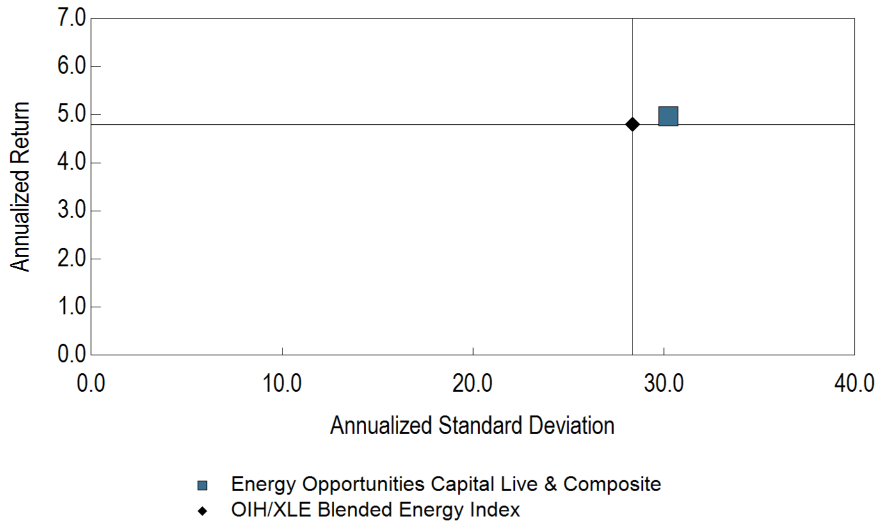
Characteristics

	Portfolio
PORTFOLIO CHARACTERISTICS	
Price To Earnings	23.02
P/E Excluding Negative Earnings	23.13
P/E Median	19.92
Price To Book	2.90
Price To Book Median	1.93
Price To Cash Flow	11.80
Price To Sales	2.31
Dividend Yield (%)	0.93
Weighted Ave. Market Cap. ($B)	23.69
Median Market Cap. ($B)	9.57

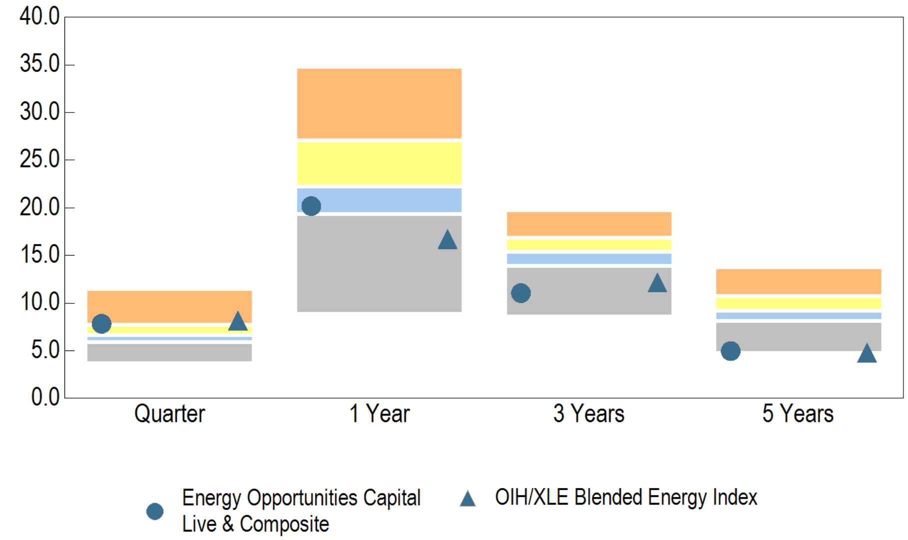
eA US All Cap Core Equity Net Accounts
Ending September 30, 2013



Annualized Return vs. Annualized Standard Deviation
5 Years Ending September 30, 2013



eA US All Cap Core Equity Net Accounts
Ending September 30, 2013



Sage Advisory Core Taxable Fixed Income — September 30, 2013

Sage Advisory employs a value-oriented comprehensive portfolio management approach blending active duration management, market sector rotation and undervalued security selection. Cash will be used for duration adjustment purposes or as part of a defensive mode, which could be as high as 30%. The strategy looks to provide consistent quarterly total returns while minimizing downside risk in any environment.

Top Holdings

Federated Prime Obligations Money Market Fund Class Institutiona	25.78%
FNMA TBA 30YR 3.500% 10/15/40	14.27%
UNITED STATES TREASURY	3.62%
Unknown - 01F0304A3	3.32%
FNMA CONV. 15YR	3.01%
UNITED STATES TREASURY	3.00%
UNITED STATES TREASURY	2.99%
UNITED STATES TREASURY	1.95%
FN 906059	1.28%
UNITED STATES TREASURY	1.17%

Sector Distribution History

	Sage Advisory Core Taxable Fixed Income	Barclays Aggregate
	Q3-13	Q3-13
UST/Agency	17.7%	42.2%
Corporate	77.6%	21.9%
MBS	8.2%	31.2%
ABS	21.2%	0.4%
Foreign	--	4.3%
Muni	0.8%	--
Other	-25.5%	--

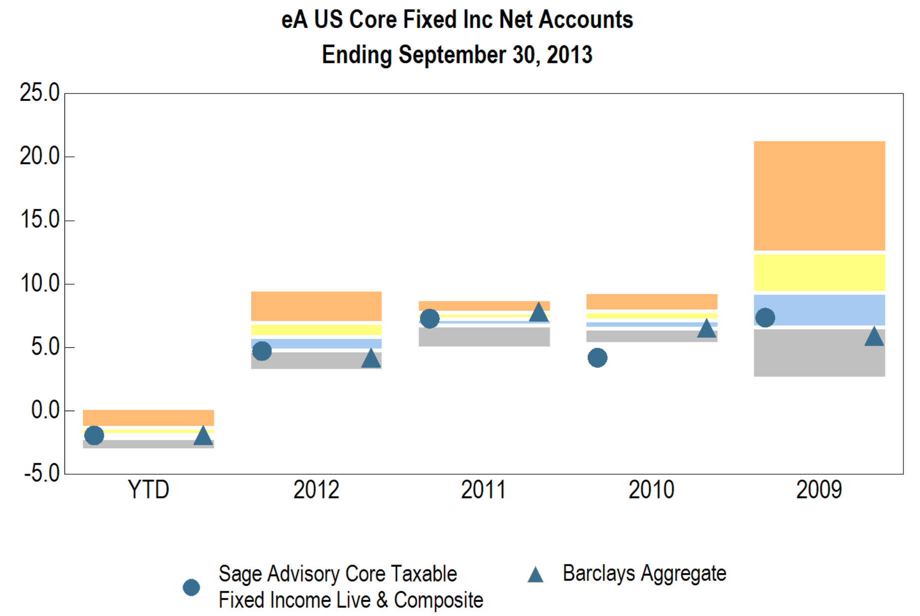
Quality Distribution History

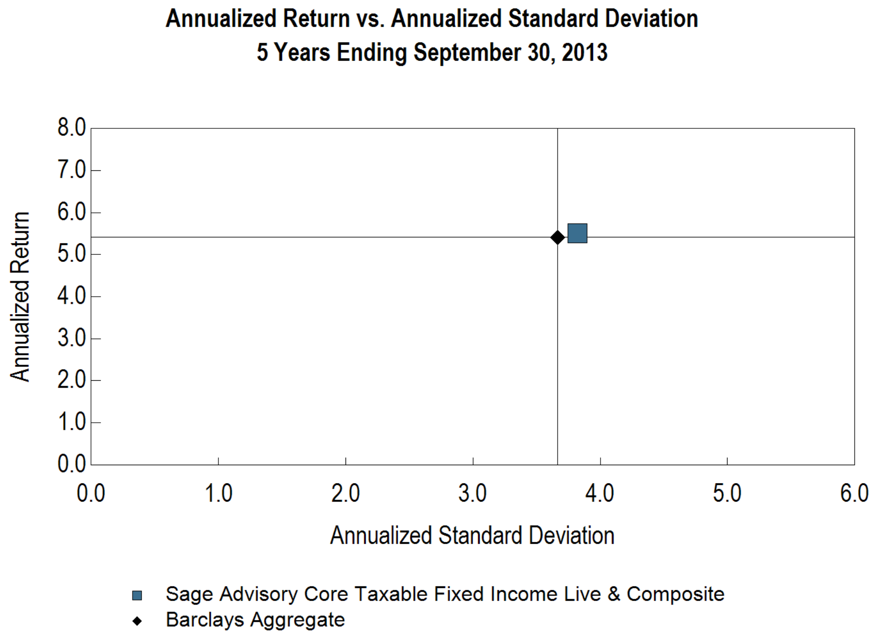
	Sage Advisory Core Taxable Fixed Income	Barclays Aggregate
	Q3-13	Q3-13
AAA	9.3%	72.7%
AA	32.3%	5.0%
A	28.4%	10.9%
BBB	30.1%	11.4%
BB and Below	--	0.0%
Not Rated	--	--

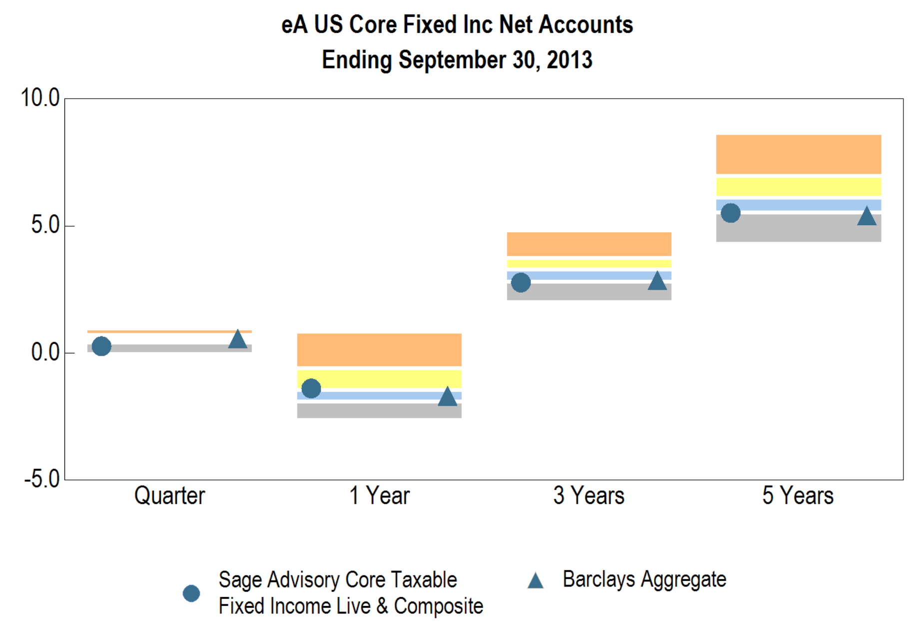
	Third Quarter		Year-To-Date		1 Year Ending 9/30/13		3 Years Ending 9/30/13		5 Years Ending 9/30/13	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Sage Advisory Core Taxable Fixed Income Live & Composite	**0.3 %**	**88**	**-1.9 %**	**56**	**-1.4 %**	**47**	**2.8 %**	**81**	**5.5 %**	**77**
Barclays Aggregate	0.6	56	-1.9	52	-1.7	67	2.9	72	5.4	80

Characteristic History

	Sage Advisory Core Taxable Fixed Income	Barclays Aggregate
	Q3-13	Q3-13
Yield to Maturity	2.2%	2.3%
Avg. Eff. Maturity	6.8 yrs.	7.5 yrs.
Avg. Duration	5.2 yrs.	5.5 yrs.
Avg. Quality	A	--







MacKay Shields Core Investment Grade Fund

September 30, 2013

The investment objective of the MacKay Shields Core Investment Grade Fund is to outperform the Barclays Capital U.S. Aggregate Bond Index (the Index). The Index is an unmanaged index comprised of publicly placed, non-convertible coupon bearing U.S. debt instruments having a maturity of at least one year. The Fund seeks to achieve it's investment objective by selectively investing in a diversified portfolio of fixed and floating rate notes and bonds offering relatively attractive current market yields after adjusting for pertinent risks (including security structure and creditworthiness). Such instruments are rated investment grade.

Top Holdings

CASH - USD	6.00%
FN 30yr	5.52%
FN 30yr	5.44%
FH 30yr GOLD	3.62%
UST 2.875 11/15/42 When Iss	2.28%
FN SECURITY	2.23%
Freddie Mac Q05805	2.10%
FN 30yr HIGH LTV	2.03%
PEGATRON	2.01%
FNMA CONV 30 YR SF	1.90%

Sector Distribution History

	MacKay Shields Core Investment Grade Fund	Barclays Govt/Credit
	Q3-13	Q3-13
UST/Agency	6.2%	68.0%
Corporate	48.4%	32.0%
MBS	42.4%	--
ABS	1.2%	--
Foreign	1.5%	--
Muni	--	--
Other	0.2%	--

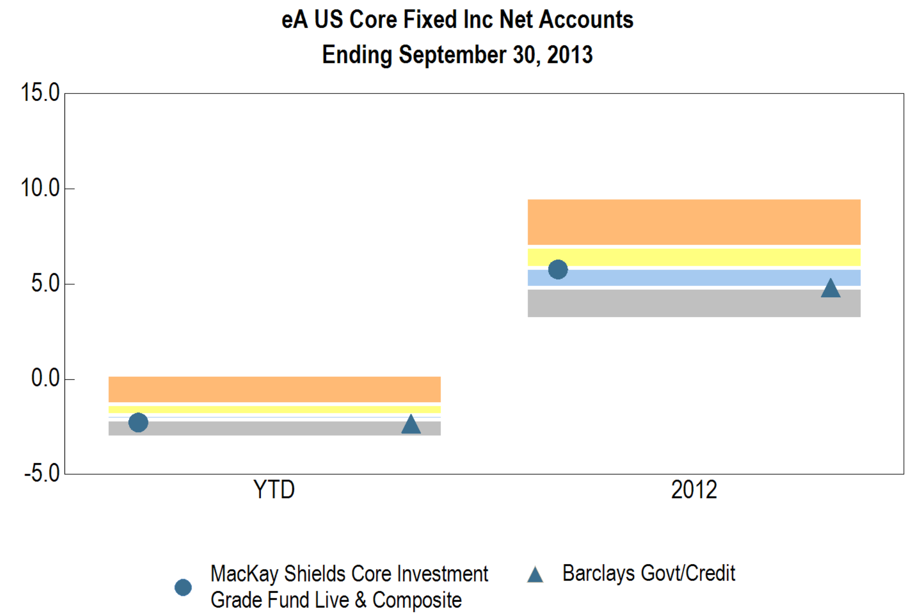
Quality Distribution History

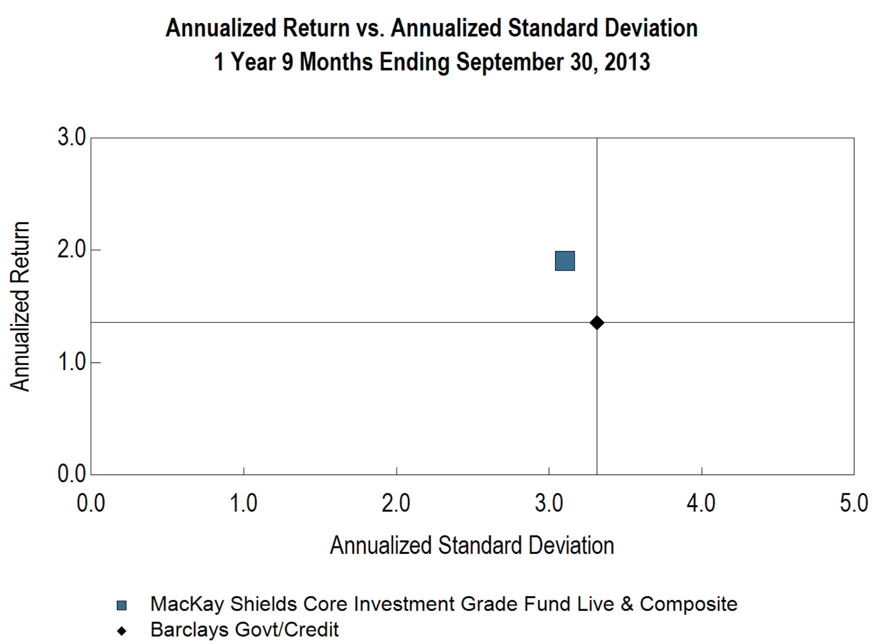
	MacKay Shields Core Investment Grade Fund	Barclays Govt/Credit
	Q3-13	Q3-13
AAA	2.6%	61.1%
AA	51.3%	6.9%
A	23.4%	15.6%
BBB	22.6%	16.4%
BB and Below	--	--
Not Rated	--	--

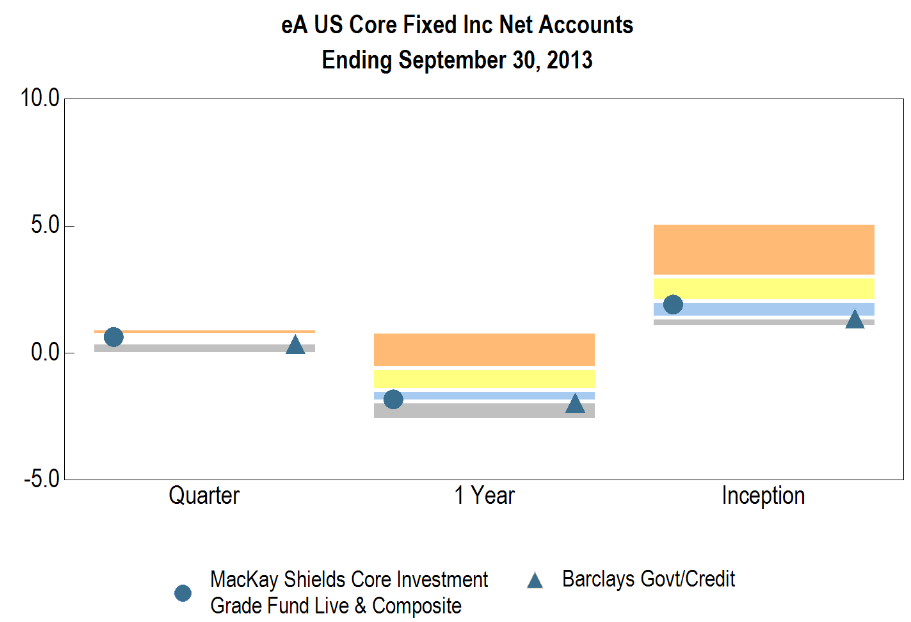
	Third Quarter		Year-To-Date		1 Year Ending 9/30/13		Since Inception		Inception Date
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	
MacKay Shields Core Investment Grade Fund Live & Composite	**0.6 %**	**42**	**-2.3 %**	**85**	**-1.8 %**	**71**	**1.9 %**	**59**	**1/1/12**
Barclays Govt/Credit	0.4	83	-2.3	86	-2.0	79	1.4	80	

Characteristic History

	MacKay Shields Core Investment Grade Fund	Barclays Govt/Credit
	Q3-13	Q3-13
Yield to Maturity	2.9%	2.0%
Avg. Eff. Maturity	7.1 yrs.	7.7 yrs.
Avg. Duration	5.3 yrs.	5.7 yrs.
Avg. Quality	A	--





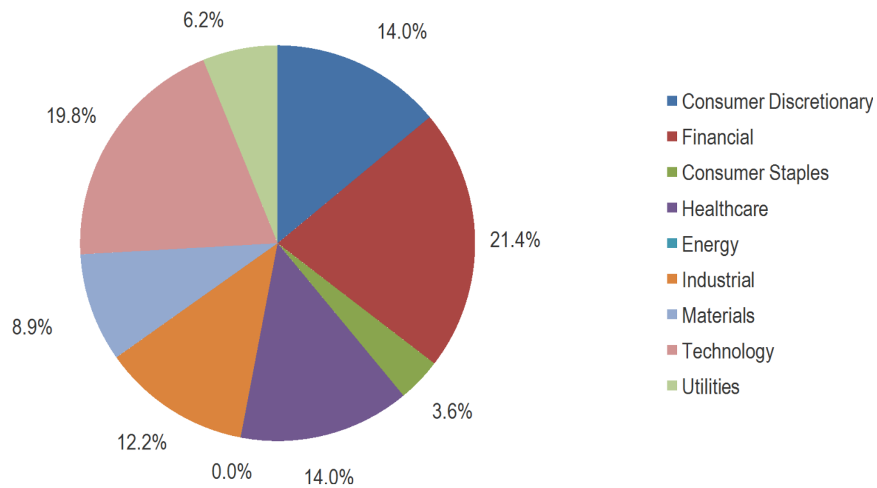


Victory Investment Grade Convertible Securities September 30, 2013

Process focuses on the intrinsic value of the underlying common stock as well as on the convertible security itself. The underlying equity analysis looks for the best combination of intrinsic value, statistical cheapness and earnings revision. The underlying fixed income analysis encompasses financial statement factors in addition to trends of pertinent financial ratios such as pre-tax interest coverage, current ratio, return on equity and profit margins. Convertible characteristics they analyze include quality, intrinsic value, conversion premium, break-even, investment value, yield advantage, call and put features, liquidity, and sensitivity/horizon analysis. They purchase when the underlying equity exhibits superior valuation characteristics, coupled with the most compelling combination of statistical cheapness and earnings revision; underlying bond exhibits solid cash flow or improving fundamentals; and convertible particulars are attractive.

Top Holdings

Federated Prime Obligations Money Market Fund Class Institutiona	10.70%
GILEAD SCIENCES INC	7.16%
INTEL CORP	5.08%
EMC CORP	4.96%
WELLS FARGO & CO	4.96%
METLIFE	4.78%
PRICELINE COM INC 1.25% DUE 03-15-2015	3.25%
UNITED TECHNOLOGIES UNT.	3.24%
NEW YORK COMMUNITY CAPITAL TRUST V	2.68%
PRICELINE.COM INC	2.50%



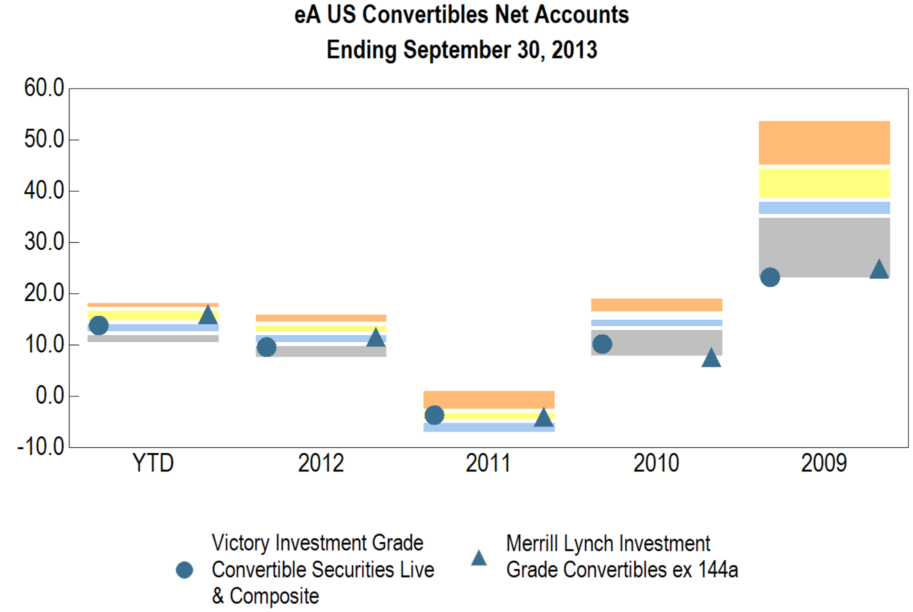
Quality Distribution History

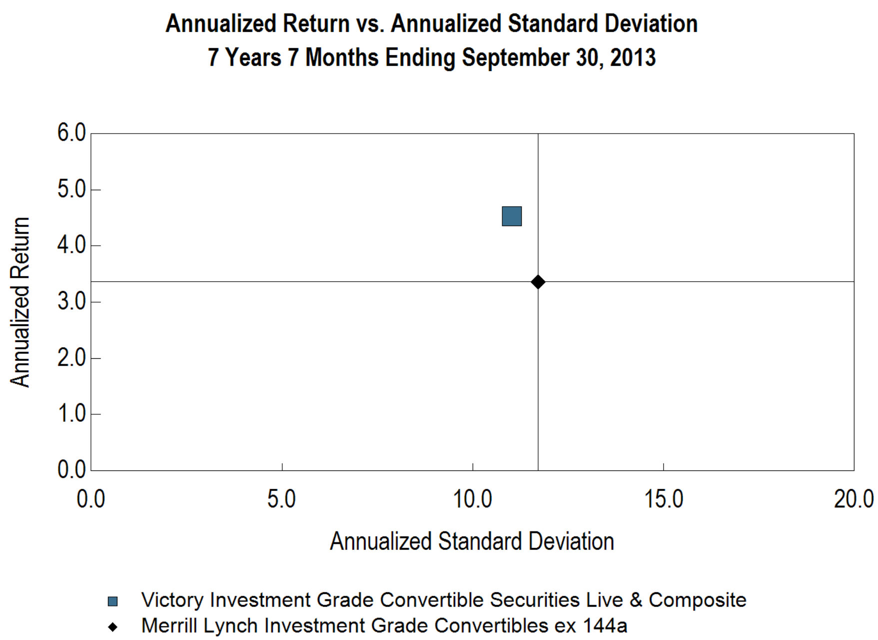
	Q3-13
AAA	3.0%
AA	--
A	33.6%
BBB	58.6%
BB and Below	4.8%
Not Rated	--

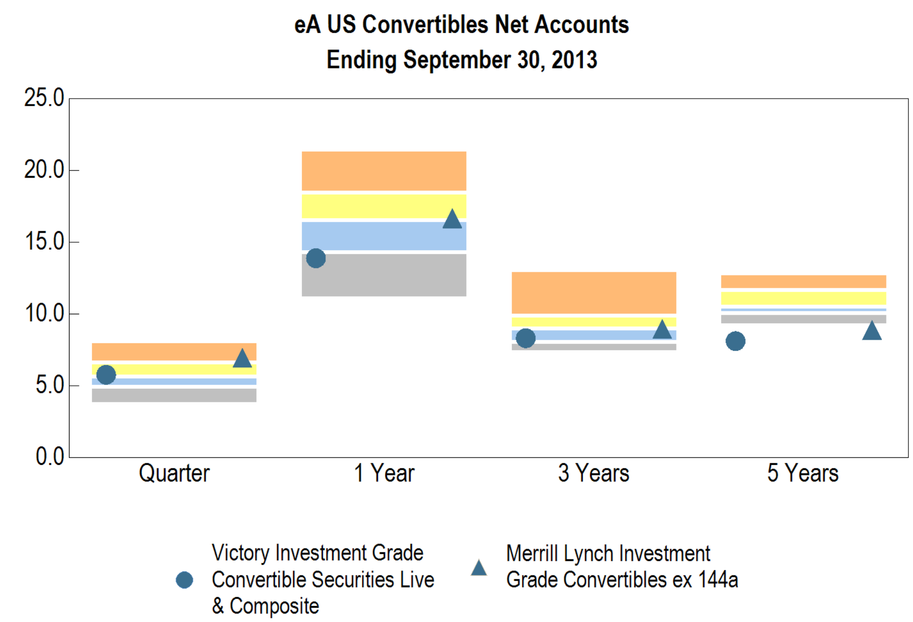
	Third Quarter		Year-To-Date		1 Year Ending 9/30/13		3 Years Ending 9/30/13		5 Years Ending 9/30/13	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Victory Investment Grade Convertible Securities Live & Composite	**5.8 %**	**48**	**13.8 %**	**56**	**13.9 %**	**78**	**8.3 %**	**71**	**8.1 %**	**99**
Merrill Lynch Investment Grade Convertibles ex 144a	7.0	22	16.0	31	16.7	46	9.0	52	8.9	99

Characteristic History

	Q3-13
Yield to Maturity	2.6%
Avg. Eff. Maturity	15.1 yrs.
Avg. Duration	7.2 yrs.
Avg. Quality	BBB







Notes

(1) Fiscal Year end is June 30.

(2) Performance figures prior to October 1, 2008 were provided by the prior consultant.

(3) The Broad Market Index was comprised of 55% S&P 500 and 45% Barclays Aggregate from 12/30/1990 to 03/31/2009. The Index was changed on 03/31/2009 to include convertibles in the benchmark.

(4) Prior to June 2010, the OIH/XLE index was comprised of 50% IXE and 50% OSX.