

**Summary of Investments**

	Total Cost	Market Value	% of Total Portfolio	Current Yield	Estimated Annual Income
<b>Cash/Cash Equivalent</b>					
CASH & CASH EQUIVALENT	46,810.62	46,810.62	3.0	0.3	117.03
<b>TOTAL Cash/Cash Equivalent</b>	<b>46,810.62</b>	<b>46,810.62</b>	<b>3.0</b>	<b>0.3</b>	<b>117.03</b>
<b>Equities</b>					
FINANCIALS	223,141.96	366,411.48	23.7	2.0	7,233.50
INDUSTRIALS	160,663.90	261,404.96	16.9	1.4	3,713.46
CONSUMER STAPLES	154,836.19	191,946.55	12.4	1.3	2,507.40
MATERIALS	99,668.78	189,758.05	12.3	0.8	1,512.00
ENERGY	121,959.85	189,606.76	12.2	1.8	3,480.75
CONSUMER DISCRETIONARY	59,259.34	112,928.25	7.3	0.0	0.00
HEALTH CARE	12,724.57	66,014.70	4.3	0.0	0.00
TELECOMMUNICATION SERVICES	17,856.91	51,847.20	3.3	0.0	0.00
INFORMATION TECHNOLOGY	19,998.73	39,064.10	2.5	2.6	1,017.00
UTILITIES	29,087.80	31,270.70	2.0	3.0	946.80
<b>TOTAL Equities</b>	<b>899,198.03</b>	<b>1,500,252.75</b>	<b>96.9</b>	<b>1.4</b>	<b>20,410.91</b>
<b>TOTAL Accruals</b>	<b>1,333.73</b>	<b>1,333.73</b>	<b>0.1</b>		
<b>TOTAL PORTFOLIO</b>	<b>947,342.38</b>	<b>1,548,397.10</b>	<b>100.0</b>	<b>1.3</b>	<b>20,527.94</b>

**Portfolio Performance (%) - Gross of Fees**

	Latest Month	Latest 3 Months	Year To Date	1 Year	2 Year*	3 Year*	5 Year*	7 Year*	10 Year*	Since Inception*
<b>TOTAL</b>	<b>0.70</b>	<b>1.65</b>	<b>1.65</b>	<b>19.90</b>	<b>20.36</b>	<b>13.78</b>	<b>26.52</b>	<b>N/A</b>	<b>N/A</b>	<b>20.44</b>
<b>RUSSELL 2500 VALUE</b>	<b>1.37</b>	<b>3.52</b>	<b>3.52</b>	<b>21.76</b>	<b>21.47</b>	<b>13.88</b>	<b>24.81</b>	<b>N/A</b>	<b>N/A</b>	<b>17.54</b>

\*Annualized for periods more than one year

**Portfolio Appraisal**

				Average		Current		%	Current	Estimated
	Cusip	Symbol	Quantity	Cost	Total Cost	Price	Market Value	Portfolio	Yield	Annual Income
<b>Cash/Cash Equivalent</b>										
<b>TOTAL Cash/Cash Equivalent</b>					<b>46,810.62</b>		<b>46,810.62</b>	<b>3.0</b>	<b>0.3</b>	<b>117.03</b>
<b>Equities</b>										
<b>CONSUMER DISCRETIONARY</b>					<b>59,259.34</b>		<b>112,928.25</b>	<b>7.3</b>	<b>0.0</b>	<b>0.00</b>
HERTZ GLOBAL HOLDINGS	42805T105	HTZ	2,300	13.67	31,443.18	26.64	61,272.00	4.0	0.0	0.00
LIVE NATION ENTERTAINMENT INC	538034109	LYV	2,375	11.71	27,816.16	21.75	51,656.25	3.3	0.0	0.00
<b>CONSUMER STAPLES</b>					<b>154,836.19</b>		<b>191,946.55</b>	<b>12.4</b>	<b>1.3</b>	<b>2,507.40</b>
CASEY'S GENERAL STORES INC	147528103	CASY	665	63.56	42,266.59	67.59	44,947.35	2.9	1.1	478.80
DARLING INTERNATIONAL	237266101	DAR	2,690	14.84	39,916.53	20.02	53,853.80	3.5	0.0	0.00
HILLSHIRE BRANDS CO	432589109	HSH	1,230	28.76	35,380.48	37.26	45,829.80	3.0	1.9	861.00
INGREDION INC	457187102	INGR	695	53.63	37,272.59	68.08	47,315.60	3.1	2.5	1,167.60
<b>ENERGY</b>					<b>121,959.85</b>		<b>189,606.76</b>	<b>12.2</b>	<b>1.8</b>	<b>3,480.75</b>
OIL STATES INTERNATIONAL INC	678026105	OIS	280	74.35	20,816.62	98.60	27,608.00	1.8	0.0	0.00
ONEOK INC	682680103	OKE	550	13.36	7,350.42	59.25	32,587.50	2.1	2.7	880.00
TIDEWATER INC	886423102	TDW	870	49.39	42,973.06	48.62	42,299.40	2.7	2.1	870.00
WILLIAMS COS INC	969457100	WMB	1,075	10.77	11,579.14	40.58	43,623.50	2.8	4.0	1,730.75
WPX ENERGY INC	98212B103	WPX	2,412	16.27	39,240.61	18.03	43,488.36	2.8	0.0	0.00
<b>FINANCIALS</b>					<b>223,141.96</b>		<b>366,411.48</b>	<b>23.7</b>	<b>2.0</b>	<b>7,233.50</b>
ASSURED GUARANTY LTD	G0585R106	AGO	1,865	18.67	34,825.50	25.32	47,221.80	3.0	1.7	820.60
BANKUNITED INC	06652K103	BKU	1,420	30.73	43,642.29	34.77	49,373.40	3.2	2.4	1,192.80
CNO FINANCIAL GROUP	12621E103	CNO	1,890	4.63	8,750.89	18.10	34,209.00	2.2	1.3	453.60
GENWORTH FINANCIAL INC	37247D106	GNW	4,585	6.82	31,273.62	17.73	81,292.05	5.3	0.0	0.00
KEYCORP	493267108	KEY	3,905	8.59	33,526.50	14.24	55,607.20	3.6	1.5	859.10
MBIA INC	55262C100	MBI	2,137	14.54	31,074.33	13.99	29,896.63	1.9	0.0	0.00
OMEGA HEALTHCARE	681936100	OHI	985	12.78	12,591.67	33.52	33,017.20	2.1	5.8	1,930.60
REDWOOD TRUST INC	758075402	RWT	1,765	15.56	27,457.16	20.28	35,794.20	2.3	5.5	1,976.80
<b>HEALTH CARE</b>					<b>12,724.57</b>		<b>66,014.70</b>	<b>4.3</b>	<b>0.0</b>	<b>0.00</b>
BROOKDALE SENIOR LIVING	112463104	BKD	1,970	6.46	12,724.57	33.51	66,014.70	4.3	0.0	0.00

**Portfolio Appraisal**

				Average		Current		%	Current	Estimated	
	Cusip	Symbol	Quantity	Cost	Total Cost	Price	Market Value	Portfolio	Yield	Annual Income	
<b>Equities</b>											
<b>INDUSTRIALS</b>					<b>160,663.90</b>		<b>261,404.96</b>	<b>16.9</b>	<b>1.4</b>	<b>3,713.46</b>	
	CINTAS CORP	172908105	CTAS	930	30.56	28,420.60	59.61	55,437.30	3.6	1.3	716.10
	FLUOR CORPORATION	343412102	FLR	465	45.79	21,292.04	77.73	36,144.45	2.3	1.1	390.60
	IRON MOUNTAIN	462846106	IRM	1,513	24.57	37,176.36	27.57	41,713.41	2.7	3.9	1,634.04
	MANPOWERGROUP INC	56418H100	MAN	370	46.80	17,315.09	78.83	29,167.10	1.9	1.2	340.40
	VERISK ANALYTICS	92345Y106	VRSK	900	29.47	26,521.27	59.96	53,964.00	3.5	0.0	0.00
	XYLEM INC	98419M100	XYL	1,235	24.24	29,938.54	36.42	44,978.70	2.9	1.4	632.32
<b>INFORMATION TECHNOLOGY</b>					<b>19,998.73</b>		<b>39,064.10</b>	<b>2.5</b>	<b>2.6</b>	<b>1,017.00</b>	
	KLA TENCOR	482480100	KLAC	565	35.40	19,998.73	69.14	39,064.10	2.5	2.6	1,017.00
<b>MATERIALS</b>					<b>99,668.78</b>		<b>189,758.05</b>	<b>12.3</b>	<b>0.8</b>	<b>1,512.00</b>	
	ASHLAND INC	044209104	ASH	325	56.86	18,479.66	99.48	32,331.00	2.1	1.4	442.00
	CROWN HOLDINGS INC	228368106	CCK	1,110	19.08	21,178.02	44.74	49,661.40	3.2	0.0	0.00
	MEADWESTVACO CORP	583334107	MWV	1,070	15.12	16,179.93	37.64	40,274.80	2.6	2.7	1,070.00
	OWENS ILLINOIS	690768403	OI	1,995	21.97	43,831.17	33.83	67,490.85	4.4	0.0	0.00
<b>TELECOMMUNICATION SERVICES</b>					<b>17,856.91</b>		<b>51,847.20</b>	<b>3.3</b>	<b>0.0</b>	<b>0.00</b>	
	SBA COMMUNICATIONS	78388J106	SBAC	570	31.33	17,856.91	90.96	51,847.20	3.3	0.0	0.00
<b>UTILITIES</b>					<b>29,087.80</b>		<b>31,270.70</b>	<b>2.0</b>	<b>3.0</b>	<b>946.80</b>	
	QUESTAR CORP	748356102	STR	1,315	22.12	29,087.80	23.78	31,270.70	2.0	3.0	946.80
<b>TOTAL Equities</b>					<b>899,198.03</b>		<b>1,500,252.75</b>	<b>96.9</b>	<b>1.4</b>	<b>20,410.91</b>	
<b>TOTAL Accruals</b>					<b>1,333.73</b>		<b>1,333.73</b>	<b>0.1</b>			
<b>TOTAL PORTFOLIO</b>					<b>947,342.38</b>		<b>1,548,397.10</b>	<b>100</b>	<b>1.3</b>	<b>20,527.94</b>	

### Corporate Actions

Ex-Date	Quantity	Ticker - Security	Description	Price	Amount
<b>Stock Dividends</b>					
2/3/2014	146	OGS - ONE GAS INC	STOCK SPIN OFF FROM ONEOK INC	7.57	1,105.93
<b>TOTAL Stock Dividends</b>					<b>1,105.93</b>

### Purchases

Trade Date	Settle Date	Quantity	Security	Price	Com.	Fees	Amount	Broker	Clearing Broker
<b>Purchases</b>									
1/29/2014	2/3/2014	545	TIDEWATER INC	51.46	10.90	0.00	28,058.78	BNYConvergex	Bank of New York #100
2/3/2014	2/6/2014	345	CASEY`S GENERAL STORES INC	67.97	6.90	0.00	23,455.27	BNYConvergex	Bank of New York #100
3/24/2014	3/27/2014	2,137	MBIA INC	14.53	21.37	0.00	31,074.33	J.P. Morgan Securities	JP Morgan #352
<b>TOTAL Purchases</b>					<b>39.17</b>	<b>0.00</b>	<b>82,588.38</b>		

### Sales

Trade Date	Settle Date	Quantity	Security	Price	Com.	Fees	Amount	Broker	Clearing Broker
<b>Sales</b>									
1/17/2014	1/23/2014	1,110	SLM CORPORATION	24.73	11.10	0.48	27,438.50	J.P. Morgan Securities	JP Morgan #352
1/21/2014	1/24/2014	270	SLM CORPORATION	24.27	2.70	0.12	6,551.05	J.P. Morgan Securities	JP Morgan #352
2/20/2014	2/25/2014	4,185	FOREST OIL CORP	3.09	41.85	0.23	12,898.78	UBS Algorithmic Trading	UBS Financial Services #642
3/5/2014	3/10/2014	146	ONE GAS INC	35.05	1.46	0.09	5,115.66	J.P. Morgan Securities	JP Morgan #352
3/19/2014	3/24/2014	25	ASHLAND INC	96.82	0.50	0.06	2,419.82	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	125	ASSURED GUARANTY LTD	26.44	2.50	0.08	3,302.43	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	95	BANKUNITED INC	33.94	1.90	0.08	3,222.64	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	130	BROOKDALE SENIOR LIVING	33.68	2.60	0.10	4,375.71	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	45	CASEY`S GENERAL STORES INC	69.73	0.90	0.07	3,136.88	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	65	CINTAS CORP	59.77	1.30	0.09	3,883.45	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	125	CNO FINANCIAL GROUP	18.77	2.50	0.06	2,343.90	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	75	CROWN HOLDINGS INC	44.04	1.50	0.08	3,301.43	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	185	DARLING INTERNATIONAL	19.84	3.70	0.09	3,666.92	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	35	FLUOR CORPORATION	75.71	0.70	0.06	2,649.09	BNYConvergex	Bank of New York #100

**Sales**

Trade Date	Settle Date	Quantity	Security	Price	Com.	Fees	Amount	Broker	Clearing Broker
3/19/2014	3/24/2014	310	GENWORTH FINANCIAL INC	17.60	6.20	0.13	5,449.70	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	160	HERTZ GLOBAL HOLDINGS	27.20	3.20	0.10	4,348.72	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	85	HILLSHIRE BRANDS CO	37.21	1.70	0.07	3,161.11	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	40	INGREDION INC	66.23	0.80	0.06	2,648.34	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	95	IRON MOUNTAIN	28.25	1.90	0.06	2,681.80	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	255	KEYCORP	14.17	5.10	0.08	3,608.20	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	35	KLA TENCOR	68.83	0.70	0.06	2,408.41	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	155	LIVE NATION ENTERTAINMENT INC	22.96	3.10	0.08	3,555.88	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	20	MANPOWERGROUP INC	77.76	0.40	0.04	1,554.76	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	65	MEADWESTVACO CORP	36.58	1.30	0.06	2,376.35	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	15	OIL STATES INTERNATIONAL INC	97.40	0.30	0.04	1,460.66	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	60	OMEGA HEALTHCARE	32.19	1.20	0.05	1,930.25	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	35	ONEOK INC	59.75	0.70	0.05	2,090.39	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	125	OWENS ILLINOIS	32.35	2.50	0.09	4,041.24	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	85	QUESTAR CORP	23.81	1.70	0.05	2,022.11	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	110	REDWOOD TRUST INC	20.65	2.20	0.06	2,269.25	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	35	SBA COMMUNICATIONS	93.57	0.70	0.08	3,274.17	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	55	TIDEWATER INC	46.58	1.10	0.06	2,560.47	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	55	VERISK ANALYTICS	62.96	1.10	0.08	3,461.81	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	65	WILLIAMS COS INC	41.73	1.30	0.06	2,711.11	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	160	WPX ENERGY INC	18.20	3.20	0.07	2,908.75	BNYConvergex	Bank of New York #100
3/19/2014	3/24/2014	80	XYLEM INC	36.55	1.60	0.07	2,922.34	BNYConvergex	Bank of New York #100
<b>TOTAL Sales</b>					<b>117.21</b>	<b>3.19</b>	<b>147,752.08</b>		

**Realized Gains and Losses**

Sell Date	Shares	Security	Proceeds (\$)	Cost Basis (\$)	Gain or Loss	
					Short Term (\$)	Long Term (\$)
1/17/2014	1,110	SLM CORPORATION	27,438.50	6,454.35	0.00	20,984.15
1/21/2014	270	SLM CORPORATION	6,551.05	1,507.22	0.00	5,043.83
2/20/2014	4,185	FOREST OIL CORP	12,898.78	24,268.83	-6,196.25	-5,173.80
3/5/2014	146	ONE GAS INC	5,115.66	1,105.93	0.00	4,009.73

**Realized Gains and Losses**

Sell Date	Shares	Security	Proceeds (\$)	Cost Basis (\$)	Gain or Loss	
					Short Term (\$)	Long Term (\$)
3/19/2014	125	ASSURED GUARANTY LTD	3,302.43	2,213.06	0.00	1,089.37
3/19/2014	25	ASHLAND INC	2,419.82	1,423.67	0.00	996.15
3/19/2014	130	BROOKDALE SENIOR LIVING	4,375.71	623.70	0.00	3,752.01
3/19/2014	95	BANKUNITED INC	3,222.64	2,922.55	300.09	0.00
3/19/2014	45	CASEY'S GENERAL STORES INC	3,136.88	2,659.54	477.34	0.00
3/19/2014	75	CROWN HOLDINGS INC	3,301.43	1,430.95	0.00	1,870.48
3/19/2014	125	CNO FINANCIAL GROUP	2,343.90	578.76	0.00	1,765.14
3/19/2014	65	CINTAS CORP	3,883.45	1,985.13	0.00	1,898.32
3/19/2014	185	DARLING INTERNATIONAL	3,666.92	2,476.95	0.00	1,189.97
3/19/2014	35	FLUOR CORPORATION	2,649.09	1,348.66	0.00	1,300.43
3/19/2014	310	GENWORTH FINANCIAL INC	5,449.70	2,876.77	0.00	2,572.93
3/19/2014	85	HILLSHIRE BRANDS CO	3,161.11	2,403.49	0.00	757.62
3/19/2014	160	HERTZ GLOBAL HOLDINGS	4,348.72	1,648.14	0.00	2,700.58
3/19/2014	40	INGREDION INC	2,648.34	1,892.76	0.00	755.58
3/19/2014	95	IRON MOUNTAIN	2,681.80	2,131.97	0.00	549.83
3/19/2014	255	KEYCORP	3,608.20	1,936.39	0.00	1,671.81
3/19/2014	35	KLA TENCOR	2,408.41	1,100.73	0.00	1,307.68
3/19/2014	155	LIVE NATION ENTERTAINMENT INC	3,555.88	1,696.54	0.00	1,859.34
3/19/2014	20	MANPOWERGROUP INC	1,554.76	928.55	0.00	626.21
3/19/2014	65	MEADWESTVACO CORP	2,376.35	771.66	0.00	1,604.69
3/19/2014	60	OMEGA HEALTHCARE	1,930.25	767.01	0.00	1,163.24
3/19/2014	125	OWENS ILLINOIS	4,041.24	2,956.66	0.00	1,084.58
3/19/2014	15	OIL STATES INTERNATIONAL INC	1,460.66	1,221.08	0.00	239.59
3/19/2014	35	ONEOK INC	2,090.39	467.75	0.00	1,622.64
3/19/2014	110	REDWOOD TRUST INC	2,269.25	1,616.36	0.00	652.89
3/19/2014	35	SBA COMMUNICATIONS	3,274.17	894.22	0.00	2,379.95
3/19/2014	85	QUESTAR CORP	2,022.11	1,880.20	141.91	0.00
3/19/2014	55	TIDEWATER INC	2,560.47	2,212.60	0.00	347.88
3/19/2014	55	VERISK ANALYTICS	3,461.81	1,482.23	0.00	1,979.58
3/19/2014	65	WILLIAMS COS INC	2,711.11	732.83	0.00	1,978.28
3/19/2014	160	WPX ENERGY INC	2,908.75	1,226.79	0.00	1,681.96

**Realized Gains and Losses**

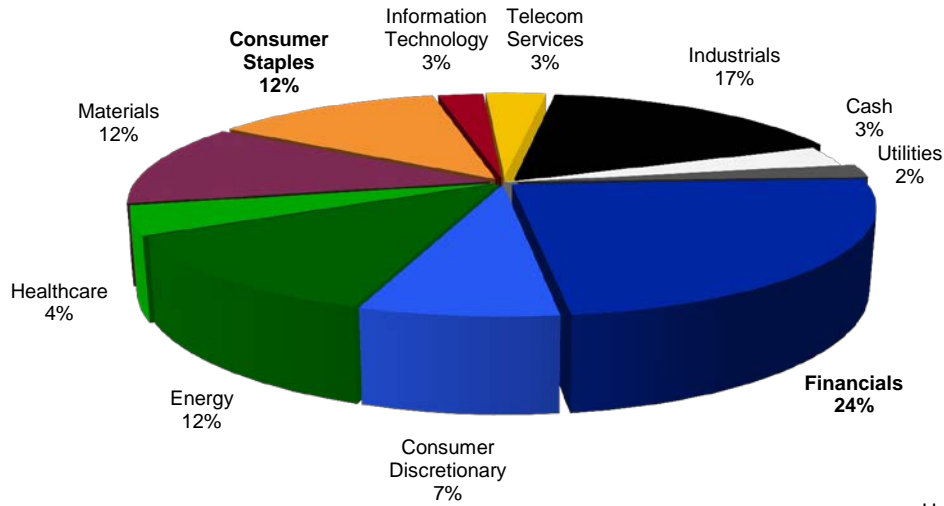
Sell Date	Shares	Security	Proceeds (\$)	Cost Basis (\$)	Gain or Loss	
					Short Term (\$)	Long Term (\$)
3/19/2014	80	XYLEM INC	2,922.34	1,958.96	0.00	963.38
<b>TOTAL Realized Gains and Losses</b>			<b>147,752.08</b>	<b>85,802.98</b>	<b>-5,276.91</b>	<b>67,226.01</b>

<b>Income</b>		
<b>Pay Date</b>	<b>Security</b>	<b>Amount</b>
1/3/2014	FLUOR CORPORATION	80.00
1/8/2014	HILLSHIRE BRANDS CO	230.13
1/15/2014	IRON MOUNTAIN	434.16
1/23/2014	BANKUNITED INC	318.15
1/27/2014	INGREDION INC	308.70
2/12/2014	EQUITY - ONE GAS INC	8.31
2/17/2014	OMEGA HEALTHCARE	512.05
2/17/2014	CASEY'S GENERAL STORES INC	65.70
2/18/2014	ONEOK INC	234.00
3/3/2014	MEADWESTVACO CORP	1,418.75
3/3/2014	KLA TENCOR	270.00
3/5/2014	ASSURED GUARANTY LTD	218.90
3/10/2014	QUESTAR CORP	252.00
3/14/2014	KEYCORP	228.80
3/14/2014	TIDEWATER INC	231.25
3/15/2014	ASHLAND INC	119.00
3/19/2014	XYLEM INC	168.32
3/24/2014	CNO FINANCIAL GROUP	120.90
3/31/2014	WILLIAMS COS INC	458.85
3/31/2014	REDWOOD TRUST INC	525.00
<b>TOTAL DIVIDENDS</b>		<b>6,202.97</b>
1/31/2014	JANUARY CASH & CASH EQUIVALENT INCOME	20.98
2/28/2014	FEBRUARY CASH & CASH EQUIVALENT INCOME	15.14
3/31/2014	MARCH CASH & CASH EQUIVALENT INCOME	17.81
<b>TOTAL CASH &amp; CASH EQUIVALENT</b>		<b>53.93</b>
<b>TOTAL INCOME</b>		<b>6,256.90</b>



**Sector Selection**

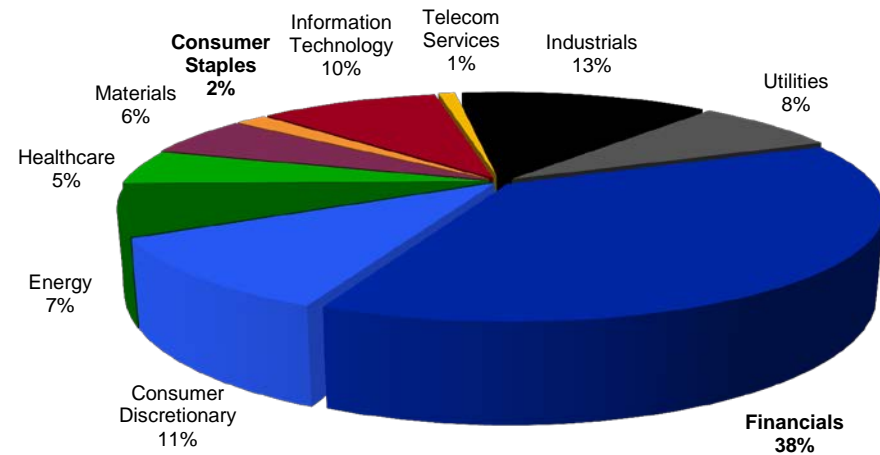
**Ormond Beach  
Police Pension Plan**



**Largest Variances vs. Russell 2500 V**

Consumer Staples: +10%  
Financials: -14%

**Russell 2500 Value\***



\* Source: Frank Russell Co. GICS Classification

## Quarterly Commentary

The US equity markets started 2014 fighting many battles. The never ending winter in the Midwest and East coast took a toll on an already sluggish economy. Increased geopolitical turmoil raised global anxieties -- with the Russia/Ukraine face off being Exhibit A. Add these to an already fair-to-overpriced stock market coming off a 30%+ annual return and what do investors get? For the US Small-Mid Cap market, as measured by the Russell 2500 Index, about a 2.3% quarterly return. The beginning to 2014 lies in stark contrast to the two preceding year first quarters in US Small-Mid Cap, each of whom returned more than 12%. Last year, we wrote when the Russell 2500 starts a year strong like that, on average the full year annual return exceeds 20%. Calendar year 2013 hit that mark and then some. We'll see where the 2.3% start (3.5% for the Russell 2500 Value) leads us for the rest of 2014. In a trend reversal, the market leadership role switched somewhere in the middle of last quarter from Growth to Value. Similarly, it switched from US Small Cap to Mid and Large Cap during March. The winner for the quarter was Mid Cap Value, as demonstrated by the Russell Mid Cap Value Index returning 5.2%.

The ride to get to the 3.5% Russell 2500 Value return during the quarter produced adrenaline among Small-Mid Cap investors. January brought a decent drop in return, February brought it back and then some, and March topped off the quarter with a sigh. The right places to be were similar to the right places to be in the 1st Quarter of 2013 with Utilities and REITs among the leaders. Since the talk of tapering began in the 2nd Quarter of 2013, these areas have generally been underperformers as investors moved away from more yield oriented stocks. Energy was another strong sector last quarter. On the flipside, Consumer Staples and Industrials wallowed at the bottom of the pile. The quarter had a value feel to it as stocks with lower P/E ratios generally outperformed those with higher ones. The larger market cap segments of the Small-Mid Cap market fared better as well. Interesting, even though Utilities and REITs did so well, dividend payers and non-dividend payers as a group had similar returns for the quarter.

Specific to the GW Capital portfolio, we were disappointed to underperform both the Russell 2500 Core and Value indices for the 1st Quarter. Given that GW Capital has built a higher quality more value oriented portfolio, the trend reversal favoring Value over Growth last quarter should have helped our performance somewhat, but it didn't show. Against the Russell 2500 index, Sector Allocation had a relatively neutral impact, but detracted in the portfolios vs the Value index. Issue Selection was the larger detraction versus both indices.

Starting with Sector Allocation, we had some winners and some losers, but each were modest in direction and impact and when combined had minimal impact on the portfolio. However, tilting the scales toward the downside was our large overweight to the worst performing sector, Consumer Staples.

In terms of Issue Selection, the portfolio had very mixed results with five of our sectors delivering issue selection returns greater than the comparable market sector and five of our sectors coming out worse than the comparable. Unfortunately, the end result was not a push as our underperformance in Energy stocks and Industrial stocks far outweighed the outperformance in stocks from other sectors. Although the portfolio held five stocks with double digit positive returns, we also had three stocks with double digit negative returns and a few more in high-single digits. Nonetheless, when all good and bad merged together, Issue Selection was the primary detractor for the quarter.

The quarter saw minimal trading activity as we only added one new stock in Financials and had two outright sales – one in Energy and the other in Financials. We added to two existing holdings and trimmed none. We also sold a stock that came into the portfolio through a spin-off from an existing holding.

## Quarterly Commentary

For the 5th year in a row, we hold firm to our economic outlook of Two steps forward – One and a half steps back. As we saw last quarter and noted in the opening paragraph, there's no shortage of elements to inspire volatility in the US equity markets. We still keep a wary eye towards China, with economic reports there remaining mixed and the country still in a longer-term, downward trend. On the positive side, signs of stabilization and even gradual improvement are showing in Europe and we are still hearing more positive comments from the companies we follow there. Back in the US, a promising initial report of 4th Quarter 2013 GDP at 3.2% was later revised down to 2.4% -- further indication that this slow growth economic recovery will continue. As shown by the more modest market start to 2014, we do not anticipate a repeat of the extreme returns generated in 2013, but mid to high single digit US stock market returns in 2014 may be plausible. No reason for a ticker-tape parade, but we don't see an immediate concern for economic trend reversal in the near-term. Liquidity and the corporate bond market remain favorable for companies. High Yield bond spreads tightened and last quarter saw the largest amount of investment grade corporate new issuance for a January – March quarter. Nonetheless, we are constantly evaluating (and re-evaluating) our outlook while seeking thematic and bottom-up opportunities to exploit in the markets.

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First Quarter Proxy Vote Record

Date Voted	Record Date	Shares Voted	Ticker	Issuer	Proposal Description	Vote	Vote Consistent With Guidelines	Reason Not Voted
January 14, 2014	December 2, 2013	350	ASH	ASHLAND INC	ELECTION OF CLASS I DIRECTORS - ALL	FOR	YES	N/A
					RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FOR FISCAL YEAR 2014	FOR	YES	N/A
					A NON-BINDING ADVISORY RESOLUTION APPROVING THE COMPENSATION PAID TO ASHLAND'S NAMED EXECUTIVE OFFICERS, AS DISCLOSED PURSUANT TO ITEM 402 OF REGULATION S-K, INCLUDING THE COMPENSATION DISCUSSION AND ANALYSIS, COMPENSATION TABLES, AND NARRATIVE DISCUSSION	FOR	YES	N/A
					A PROPOSED AMENDMENT TO ASHLAND'S THIRD RESTATED ARTICLES OF INCORPORATION TO PROVIDE FOR THE PHASED-IN DECLASSIFICATION OF THE BOARD OF DIRECTORS	FOR	YES	N/A