

Summary of Investments

| | Total Cost | Market Value | % of Total Portfolio | Current Yield | Estimated Annual Income |
|--|---------------------|---------------------|----------------------|---------------|-------------------------|
| <u>CASH & CASH EQUIVALENT</u> | | | | | |
| CASH & CASH EQUIVALENT | 98,702.86 | 98,702.86 | 8.6 | 0.0 | 19.74 |
| TOTAL Cash & Cash Equivalent | 98,702.86 | 98,702.86 | 8.6 | 0.0 | 19.74 |
| <u>EQUITIES</u> | | | | | |
| FINANCIALS | 215,787.30 | 272,747.17 | 23.7 | 3.6 | 9,769.08 |
| INDUSTRIALS | 102,441.32 | 151,553.90 | 13.2 | 0.8 | 1,275.52 |
| MATERIALS | 112,679.24 | 140,644.95 | 12.2 | 1.4 | 1,957.00 |
| CONSUMER DISCRETIONARY | 135,710.61 | 129,211.69 | 11.3 | 0.5 | 701.00 |
| INFORMATION TECHNOLOGY | 99,292.20 | 101,398.95 | 8.8 | 1.0 | 1,031.20 |
| HEALTH CARE | 78,601.13 | 99,170.00 | 8.6 | 0.8 | 809.60 |
| CONSUMER STAPLES | 72,438.02 | 80,109.16 | 7.0 | 0.5 | 394.24 |
| UTILITIES | 51,722.77 | 46,368.06 | 4.0 | 4.1 | 1,903.44 |
| ENERGY | 49,093.46 | 27,646.60 | 2.4 | 7.6 | 2,089.50 |
| TOTAL Equities | 917,766.05 | 1,048,850.48 | 91.3 | 1.9 | 19,930.58 |
| TOTAL Accruals | 929.10 | 929.10 | 0.1 | | |
| TOTAL PORTFOLIO | 1,017,398.01 | 1,148,482.44 | 100.0 | 1.7 | 19,950.32 |

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* |
|---------------------------|--------------|-----------------|--------------|--------|---------|---------|---------|---------|----------|------------------|
| TOTAL | -2.96 | -9.37 | -11.76 | -9.68 | -1.53 | 7.83 | 11.02 | N/A | N/A | 13.68 |
| RUSSELL 2500 VALUE | -3.53 | -9.58 | -8.04 | -2.44 | 3.54 | 11.00 | 11.49 | N/A | N/A | 12.68 |

*Annualized for periods more than one year

GW Capital, Inc. urges you to compare our firm's statement with the statement you receive directly from your qualified custodian. GW Capital, Inc. statements are reconciled with the custodian and prepared on a trade-date basis. Your custodian statement(s) may be prepared on a trade-date or settlement-date basis. Please contact us immediately with any questions.

Portfolio Appraisal

| | | | | Average | | Current | | % | Current | Estimated |
|---|-----------|--------|----------|----------|-------------------|----------|-------------------|-------------|------------|-----------------|
| | Cusip | Ticker | Quantity | Cost | Total Cost | Price | Market Value | Portfolio | Yield | Annual |
| | | | | | | | | | | Income |
| CASH & CASH EQUIVALENT | | | | | | | | | | |
| TOTAL Cash & Cash Equivalent | | | | | 98,702.86 | | 98,702.86 | 8.6 | 0.0 | 19.74 |
| EQUITIES | | | | | | | | | | |
| CONSUMER DISCRETIONARY | | | | | 135,710.61 | | 129,211.69 | 11.3 | 0.5 | 701.00 |
| CABLE ONE INC | 12685J105 | CABO | 59 | 421.26 | 24,854.32 | 419.42 | 24,745.78 | 2.2 | 0.0 | 0.00 |
| HERTZ GLOBAL HOLDINGS | 42805T105 | HTZ | 1,495 | 22.03 | 32,938.08 | 16.73 | 25,011.35 | 2.2 | 0.0 | 0.00 |
| LIVE NATION ENTERTAINMENT INC | 538034109 | LYV | 1,125 | 12.40 | 13,955.18 | 24.04 | 27,045.00 | 2.4 | 0.0 | 0.00 |
| NVR INC | 62944T105 | NVR | 18 | 1,397.74 | 25,159.29 | 1,525.22 | 27,453.96 | 2.4 | 0.0 | 0.00 |
| TRIBUNE MEDIA CO | 896047503 | TRCO | 701 | 55.35 | 38,803.74 | 35.60 | 24,955.60 | 2.2 | 2.8 | 701.00 |
| CONSUMER STAPLES | | | | | 72,438.02 | | 80,109.16 | 7.0 | 0.5 | 394.24 |
| CASEY'S GENERAL STORES INC | 147528103 | CASY | 448 | 65.25 | 29,231.42 | 102.92 | 46,108.16 | 4.0 | 0.9 | 394.24 |
| DARLING INGREDIENTS INC. | 237266101 | DAR | 3,025 | 14.28 | 43,206.60 | 11.24 | 34,001.00 | 3.0 | 0.0 | 0.00 |
| ENERGY | | | | | 49,093.46 | | 27,646.60 | 2.4 | 7.6 | 2,089.50 |
| ONEOK INC | 682680103 | OKE | 475 | 13.63 | 6,474.33 | 32.20 | 15,295.00 | 1.3 | 7.5 | 1,149.50 |
| TIDEWATER INC | 886423102 | TDW | 940 | 45.34 | 42,619.13 | 13.14 | 12,351.60 | 1.1 | 7.6 | 940.00 |
| FINANCIALS | | | | | 215,787.30 | | 272,747.17 | 23.7 | 3.6 | 9,769.08 |
| ASSURED GUARANTY LTD | G0585R106 | AGO | 1,600 | 18.82 | 30,111.23 | 25.00 | 40,000.00 | 3.5 | 1.9 | 768.00 |
| BANKUNITED INC | 06652K103 | BKU | 1,220 | 30.73 | 37,494.64 | 35.75 | 43,615.00 | 3.8 | 2.3 | 1,024.80 |
| CNO FINANCIAL GROUP | 12621E103 | CNO | 1,620 | 4.61 | 7,460.44 | 18.81 | 30,472.20 | 2.7 | 1.5 | 453.60 |
| GENWORTH FINANCIAL INC | 37247D106 | GNW | 4,670 | 7.01 | 32,736.90 | 4.62 | 21,575.40 | 1.9 | 0.0 | 0.00 |
| IRON MOUNTAIN | 46284V101 | IRM | 957 | 26.77 | 25,621.28 | 31.02 | 29,686.14 | 2.6 | 6.1 | 1,818.30 |
| KEYCORP | 493267108 | KEY | 2,655 | 8.90 | 23,628.21 | 13.01 | 34,541.55 | 3.0 | 2.3 | 796.50 |
| OMEGA HEALTHCARE | 681936100 | OHI | 835 | 12.78 | 10,674.17 | 35.15 | 29,350.25 | 2.6 | 6.3 | 1,837.00 |
| PLUM CREEK TIMBER CO | 729251108 | PCL | 313 | 37.39 | 11,703.86 | 39.51 | 12,366.63 | 1.1 | 4.5 | 550.88 |
| REDWOOD TRUST INC | 758075402 | RWT | 2,250 | 16.16 | 36,356.57 | 13.84 | 31,140.00 | 2.7 | 8.1 | 2,520.00 |
| HEALTH CARE | | | | | 78,601.13 | | 99,170.00 | 8.6 | 0.8 | 809.60 |
| BROOKDALE SENIOR LIVING | 112463104 | BKD | 1,355 | 7.41 | 10,041.48 | 22.96 | 31,110.80 | 2.7 | 0.0 | 0.00 |
| HEALTHSOUTH CORP | 421924309 | HLS | 880 | 37.47 | 32,971.52 | 38.37 | 33,765.60 | 2.9 | 2.4 | 809.60 |
| TARO PHARMACEUTICAL IND LTD | M8737E108 | TARO | 240 | 148.28 | 35,588.13 | 142.89 | 34,293.60 | 3.0 | 0.0 | 0.00 |

Portfolio Appraisal

| | | | | Average | | Current | | % | Current | Estimated | |
|-------------------------------|----------------------|-----------|----------|---------|-------------------|---------------------|-------------------|---------------------|--------------|-----------------|------------------|
| | Cusip | Ticker | Quantity | Cost | Total Cost | Price | Market Value | Portfolio | Yield | Annual | |
| | | | | | | | | | | Income | |
| EQUITIES | | | | | | | | | | | |
| INDUSTRIALS | | | | | 102,441.32 | | 151,553.90 | 13.2 | 0.8 | 1,275.52 | |
| | FLUOR CORPORATION | 343412102 | FLR | 375 | 44.96 | 16,860.36 | 42.35 | 15,881.25 | 1.4 | 2.0 | 315.00 |
| | MANPOWERGROUP INC | 56418H100 | MAN | 210 | 57.98 | 12,176.67 | 81.89 | 17,196.90 | 1.5 | 2.0 | 336.00 |
| | UNIFIRST CORPORATION | 904708104 | UNF | 260 | 96.87 | 25,185.97 | 106.81 | 27,770.60 | 2.4 | 0.1 | 39.00 |
| | VERISK ANALYTICS | 92345Y106 | VRSK | 765 | 30.05 | 22,988.91 | 73.91 | 56,541.15 | 4.9 | 0.0 | 0.00 |
| | XYLEM INC | 98419M100 | XYL | 1,040 | 24.26 | 25,229.41 | 32.85 | 34,164.00 | 3.0 | 1.7 | 585.52 |
| INFORMATION TECHNOLOGY | | | | | 99,292.20 | | 101,398.95 | 8.8 | 1.0 | 1,031.20 | |
| | ARRIS GROUP INC | 04270V106 | ARRS | 895 | 29.75 | 26,625.53 | 25.97 | 23,243.15 | 2.0 | 0.0 | 0.00 |
| | INGRAM MICRO INC | 457153104 | IM | 1,070 | 24.80 | 26,533.97 | 27.24 | 29,146.80 | 2.5 | 1.5 | 428.00 |
| | LITTELFUSE INC | 537008104 | LFUS | 295 | 86.26 | 25,448.05 | 91.15 | 26,889.25 | 2.3 | 1.3 | 342.20 |
| | PLANTRONICS INC | 727493108 | PLT | 435 | 47.55 | 20,684.65 | 50.85 | 22,119.75 | 1.9 | 1.2 | 261.00 |
| MATERIALS | | | | | 112,679.24 | | 140,644.95 | 12.2 | 1.4 | 1,957.00 | |
| | ASHLAND INC | 044209104 | ASH | 275 | 56.87 | 15,638.95 | 100.62 | 27,670.50 | 2.4 | 1.6 | 429.00 |
| | CROWN HOLDINGS INC | 228368106 | CCK | 960 | 19.08 | 18,316.13 | 45.75 | 43,920.00 | 3.8 | 0.0 | 0.00 |
| | DOMTAR CORP | 257559203 | UFS | 955 | 43.93 | 41,950.08 | 35.75 | 34,141.25 | 3.0 | 4.5 | 1,528.00 |
| | OWENS ILLINOIS | 690768403 | OI | 1,685 | 21.82 | 36,774.08 | 20.72 | 34,913.20 | 3.0 | 0.0 | 0.00 |
| UTILITIES | | | | | 51,722.77 | | 46,368.06 | 4.0 | 4.1 | 1,903.44 | |
| | NORTHWESTERN CORP | 668074305 | NWE | 252 | 52.77 | 13,297.29 | 53.83 | 13,565.16 | 1.2 | 3.6 | 483.84 |
| | QUESTAR CORP | 748356102 | STR | 1,690 | 22.74 | 38,425.48 | 19.41 | 32,802.90 | 2.9 | 4.3 | 1,419.60 |
| TOTAL Equities | | | | | | 917,766.05 | | 1,048,850.48 | 91.3 | 1.9 | 19,930.58 |
| TOTAL Accruals | | | | | | 929.10 | | 929.10 | 0.1 | | |
| TOTAL PORTFOLIO | | | | | | 1,017,398.01 | | 1,148,482.44 | 100.0 | 1.7 | 19,950.32 |

Purchases

| Trade Date | Settle Date | Quantity | Security | Ticker | Price | Com | Fees | Amount | Broker | Clearing Broker |
|------------------------|-------------|----------|--------------------------|--------|----------|--------------|-------------|------------------|---------------------------|-----------------------------|
| PURCHASES | | | | | | | | | | |
| 7/1/2015 | 7/7/2015 | 59 | CABLE ONE INC | CABO | 421.24 | 1.18 | 0.00 | 24,854.32 | Sanford C. Bernstein & Co | Sanford C. Bernstein |
| 7/14/2015 | 7/17/2015 | 9 | NVR INC | NVR | 1,393.79 | 0.18 | 0.00 | 12,544.31 | JMP Securities LLC | National Financial Services |
| 7/14/2015 | 7/17/2015 | 9 | NVR INC | NVR | 1,401.64 | 0.18 | 0.00 | 12,614.98 | JMP Securities LLC | National Financial Services |
| 9/10/2015 | 9/15/2015 | 31 | PLUM CREEK TIMBER CO | PCL | 37.37 | 0.62 | 0.00 | 1,159.17 | BNYConvergex | Bank of New York |
| 9/10/2015 | 9/15/2015 | 282 | PLUM CREEK TIMBER CO | PCL | 37.37 | 5.64 | 0.00 | 10,544.69 | D.A. Davidson & Co. | D.A. Davidson & Co. |
| 9/22/2015 | 9/25/2015 | 610 | DARLING INGREDIENTS INC. | DAR | 11.46 | 12.20 | 0.00 | 7,002.62 | Avondale Partners, LLC | National Financial Services |
| 9/23/2015 | 9/28/2015 | 125 | DARLING INGREDIENTS INC. | DAR | 11.47 | 2.50 | 0.00 | 1,436.58 | Avondale Partners, LLC | National Financial Services |
| TOTAL Purchases | | | | | | 22.50 | 0.00 | 70,156.67 | | |

Sales

| Trade Date | Settle Date | Quantity | Security | Ticker | Price | Com | Fees | Amount | Broker | Clearing Broker |
|--------------------|-------------|----------|----------------------------|--------|--------|--------------|-------------|-------------------|------------------------|-------------------|
| SALES | | | | | | | | | | |
| 7/1/2015 | 7/7/2015 | 225 | MANPOWERGROUP INC | MAN | 89.66 | 1.13 | 0.38 | 20,172.71 | RBC Dain Algo | RBC Dain Rauscher |
| 7/1/2015 | 7/7/2015 | 3,264 | MBIA INC | MBI | 5.90 | 65.28 | 0.36 | 19,178.90 | BTIG Execution Desk | Goldman Sachs |
| 7/24/2015 | 7/29/2015 | 575 | GENERAC HOLDINGS INC | GNRC | 34.83 | 5.75 | 0.37 | 20,020.21 | Jefferies Algo Trading | Jefferies Group |
| 8/18/2015 | 8/21/2015 | 248 | NORTHWESTERN CORP | NWE | 55.70 | 1.24 | 0.26 | 13,813.07 | Wells Fargo Algo | Wells Fargo |
| 9/1/2015 | 9/4/2015 | 117 | CASEY'S GENERAL STORES INC | CASY | 104.80 | 0.59 | 0.23 | 12,260.63 | Wells Fargo Algo | Wells Fargo |
| 9/16/2015 | 9/21/2015 | 694 | MEDIA GENERAL INC | MEG | 11.05 | 3.47 | 0.15 | 7,667.44 | Wells Fargo Algo | Wells Fargo |
| 9/17/2015 | 9/22/2015 | 82 | MEDIA GENERAL INC | MEG | 11.25 | 0.41 | 0.02 | 921.86 | Wells Fargo Algo | Wells Fargo |
| 9/18/2015 | 9/23/2015 | 570 | MEDIA GENERAL INC | MEG | 11.62 | 2.85 | 0.13 | 6,618.37 | Wells Fargo Algo | Wells Fargo |
| 9/21/2015 | 9/24/2015 | 254 | MEDIA GENERAL INC | MEG | 11.63 | 1.27 | 0.06 | 2,951.95 | Wells Fargo Algo | Wells Fargo |
| TOTAL Sales | | | | | | 81.99 | 1.96 | 103,605.14 | | |

Realized Gains and Losses

| Sell Date | Shares | Security | Ticker | Proceeds (\$) | Cost Basis (\$) | Gain or Loss | |
|--|--------|----------------------------|--------|-------------------|-------------------|------------------|-------------------|
| | | | | | | Short Term (\$) | Long Term (\$) |
| 7/1/2015 | 225 | MANPOWERGROUP INC | MAN | 20,172.71 | 10,507.45 | 0.00 | 9,665.26 |
| 7/1/2015 | 3,264 | MBIA INC | MBI | 19,178.90 | 44,413.92 | 0.00 | -25,235.02 |
| 7/24/2015 | 575 | GENERAC HOLDINGS INC | GNRC | 20,020.21 | 27,151.68 | 0.00 | -7,131.47 |
| 8/18/2015 | 248 | NORTHWESTERN CORP | NWE | 13,813.07 | 13,024.27 | 788.80 | 0.00 |
| 9/1/2015 | 117 | CASEY'S GENERAL STORES INC | CASY | 12,260.63 | 6,913.40 | 0.00 | 5,347.23 |
| 9/16/2015 | 694 | MEDIA GENERAL INC | MEG | 7,667.44 | 11,651.91 | -3,984.47 | 0.00 |
| 9/17/2015 | 82 | MEDIA GENERAL INC | MEG | 921.86 | 1,376.74 | -454.88 | 0.00 |
| 9/18/2015 | 570 | MEDIA GENERAL INC | MEG | 6,618.37 | 9,665.95 | -3,047.58 | 0.00 |
| 9/21/2015 | 254 | MEDIA GENERAL INC | MEG | 2,951.95 | 4,309.16 | -1,357.21 | 0.00 |
| TOTAL Realized Gains and Losses | | | | 103,605.14 | 129,014.48 | -8,055.34 | -17,354.00 |

Income

| Pay Date | Security | Ticker | Amount |
|---|---|---------------|-----------------|
| 7/2/2015 | FLUOR CORPORATION | FLR | 78.75 |
| 7/2/2015 | UNIFIRST CORPORATION | UNF | 9.75 |
| 7/15/2015 | HEALTHSOUTH CORP | HLS | 184.80 |
| 7/15/2015 | BANKUNITED INC | BKU | 256.20 |
| 7/15/2015 | DOMTAR CORP | UFS | 382.00 |
| 8/14/2015 | ONEOK INC | OKE | 287.38 |
| 8/17/2015 | OMEGA HEALTHCARE | OHI | 459.25 |
| 8/17/2015 | CASEY'S GENERAL STORES INC | CASY | 124.30 |
| 8/24/2015 | TRIBUNE MEDIA CO | TRCO | 175.25 |
| 9/2/2015 | ASSURED GUARANTY LTD | AGO | 192.00 |
| 9/3/2015 | LITTELFUSE INC | LFUS | 85.55 |
| 9/10/2015 | PLANTRONICS INC | PLT | 65.25 |
| 9/14/2015 | QUESTAR CORP | STR | 354.90 |
| 9/15/2015 | ASHLAND INC | ASH | 107.25 |
| 9/15/2015 | INGRAM MICRO INC | IM | 107.00 |
| 9/15/2015 | KEYCORP | KEY | 199.13 |
| 9/15/2015 | TIDEWATER INC | TDW | 235.00 |
| 9/23/2015 | XYLEM INC | XYL | 146.43 |
| 9/24/2015 | CNO FINANCIAL GROUP | CNO | 113.40 |
| 9/30/2015 | IRON MOUNTAIN | IRM | 454.57 |
| 9/30/2015 | NORTHWESTERN CORP | NWE | 120.96 |
| 9/30/2015 | REDWOOD TRUST INC | RWT | 630.00 |
| TOTAL DIVIDENDS | | | 4,769.12 |
| 7/31/2015 | JULY CASH & CASH EQUIVALENT INCOME | | 1.10 |
| 8/31/2015 | AUGUST CASH & CASH EQUIVALENT INCOME | | 1.31 |
| 9/30/2015 | SEPTEMBER CASH & CASH EQUIVALENT INCOME | | 1.56 |
| TOTAL CASH & CASH EQUIVALENT | | | 3.97 |
| TOTAL INCOME | | | 4,773.09 |

Third Quarter Proxy Vote Record

| Date Voted | Record Date | Shares Voted | Ticker | Issuer | Proposal Description | Vote | Vote Consistent With Guidelines | Reason Not Voted |
|---------------|--------------|--------------|--------|------------------|---|------|---------------------------------|------------------|
| July 13, 2015 | May 15, 2015 | 835 | OHI | OMEGA HEALTHCARE | ELECTION OF DIRECTORS - ALL | FOR | YES | N/A |
| | | | | | APPROVAL OF AN AMENDMENT TO OMEGA HEALTHCARE INVESTORS, INC.'S CHARTER TO DECLASSIFY OMEGA HEALTHCARE INVESTORS, INC.'S BOARD OF DIRECTORS AND PROVIDE THAT DIRECTORS SHALL BE ELECTED FOR ONE YEAR TERMS | FOR | YES | N/A |
| | | | | | RATIFICATION OF INDEPENDENT AUDITORS ERNST & YOUNG LLP | FOR | YES | N/A |
| July 21, 2015 | June 1, 2015 | 435 | PLT | PLANTRONICS, INC | APPROVAL, ON AN ADVISORY BASIS, OF EXECUTIVE COMPENSATION | FOR | YES | N/A |
| | | | | | ELECTION OF DIRECTORS - ALL | FOR | YES | N/A |
| | | | | | APPROVE AN AMENDMENT TO THE 2003 STOCK PLAN INCREASING THE NUMBER OF SHARES OF COMMON STOCK ISSUABLE THEREUNDER BY 1,000,000 | FOR | YES | N/A |
| | | | | | RATIFY THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF PLANTRONICS, INC. FOR FISCAL YEAR 2016 | FOR | YES | N/A |
| July 21, 2015 | June 8, 2015 | 940 | TDW | TIDEWATER INC | APPROVE, ON AN ADVISORY BASIS, THE COMPENSATION OF PLANTRONICS, INC.'S NAMED EXECUTIVE OFFICERS | FOR | YES | N/A |
| | | | | | ELECTION OF DIRECTORS - ALL | FOR | YES | N/A |
| | | | | | SAY ON PAY VOTE - AN ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION AS DISCLOSED IN THE PROXY STATEMENT | FOR | YES | N/A |
| | | | | | RATIFICATION OF THE SELECTION OF DELOITTE & TOUCHE LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING MARCH 31, 2016 | FOR | YES | N/A |

Quarterly Commentary

The US equity markets ran into the correction mode buzzsaw during the 3rd Quarter with Small Cap losing the biggest slice followed in market cap order by SMID, Mid and Large. The decline, as represented by the Russell indices: 2000 was down 11.9%, 2500 down 10.3%, Mid Cap down 8.0% and 1000 down 6.8%. In Small and SMID Cap, at least 5 of the sector groups were down double-digits with Energy leading the plunge across the board. Even the high flying Healthcare sector lost decent ground. Small and SMID Cap saw a shift in sentiment between Value and Growth during the quarter. Whereas Growth had dominated in the first two quarters of 2015 (and most of 2013-14), Value took the prize last quarter (although Growth still leads for the year). Quality counted last quarter. Not only with higher market cap performing better, but also lower beta, lower debt to cap, earnings versus non-earning companies and dividend payers versus non-dividend payers.

As for the GW Capital SMID portfolio, we were pleased to beat the Russell 2500 handily last quarter. Having the market finally reward Value over Growth certainly helped when comparing us to the Core index. In comparison to the Russell 2500 Value, we performed relatively in-line (just a tick better), but it was close. After underperforming significantly in each of the prior 4 quarters, we are hopeful that this is more than a pause in disappointing results, but actually represents a turn in GW Capital's relative performance. We remain believers in our long-term process. We continue to have conviction in our ability to add value and keep marching forward.

In terms of attribution, whether measuring against the Core or Value index, Issue Selection delivered positive results that led to the overall outperformance. Sector Allocation had a neutral impact against the Core index and was a large negative against the Value index. The portfolio was also aided by its modest cash position. With such a negative market return, any amount of cash held provides excess return to the portfolio (just as the opposite effect occurs in large market rallies).

Starting with Sector Allocation, the two areas detracting the most were our overweight to the Materials sector and our underweight to Financials. Materials was one of the worst performing sectors while Financials was the 2nd best performing market sector behind Utilities. The largest variation from Core to Value would be the sector hit delivered by the portfolio's underweight to Financials. As the underweight is more significant against the Value index, the detraction was greater. On the plus side, the portfolio benefitted again from its underweight to the worst performing Energy sector.

Issue Selection, which has been the leading cause of our underperformance the prior four quarters, helped the portfolio to its relative outperformance in the 3rd Quarter. The most significant contribution on a relative basis came from our holdings in Industrials, Materials and Technology. While the Materials and Industrials market sectors were among the worst performers in the quarter, our stocks in aggregate fared much better. Although the market quarter was one of the worst in years for SMID Cap, our portfolio had twelve stocks (more than 25% of the portfolio) with an absolute positive return on the quarter. The top performer, a Utility stock, returned almost 12% for the quarter. On the downside, our worst performing stock came from the Energy sector. Other significant underperformers were shared among several other sectors including Healthcare and Consumer Discretionary (one of which we sold).

Transactions picked up this quarter as compared to the last one. Although we continue to believe that many of the best value opportunities available in the SMID Cap market are already held in our portfolio, we sold three companies outright and brought three new stocks into the fold. Unfortunately, each of the three sales were due to price declines or other concerns with the companies. Our goal (and preference) is to be selling into strength as companies achieve upside (not downside) valuation targets. Of the three new purchases, two were housing related as that has been an area of interest for us in 2015. We were relatively active trading around existing positions, too. We trimmed three stocks on strength and added to a stock that has been a long-term holding but has had price weakness in the past few quarters.

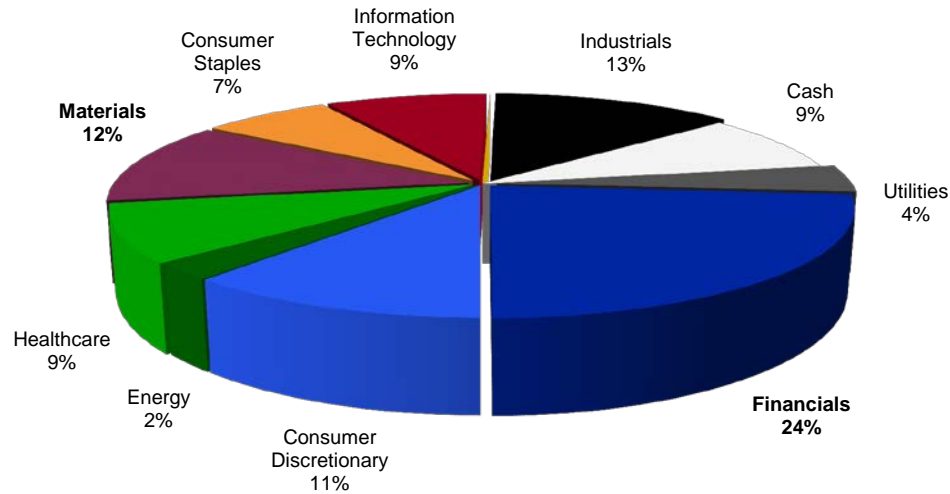
Quarterly Commentary

We end the 3rd Quarter less optimistic regarding the US and Global economies than we started it. This view derives not only from concerns regarding global growth (we've noted our cautious eye toward China for awhile now), but more specifically focusing on US high yield bond spreads. These spreads now exceed their 25-year historical average after widening more than 150 bps during the quarter. In fact, high yield spreads are nearly double where they were at the end of 2nd Quarter 2014 and at levels not seen since year-end 2011 (which followed the previous Greek crisis and S&P's downgrade of US Treasuries). As long-term believers that corporate yield spreads most often lead equities (our canary in the coal mine), we view this action as a more distinct waving of the caution flag. This cautious view is balanced by the modest economic growth (revised up from the initial report of a decline) seen in the 1st Quarter and the strong 3.9% bounce seen in the 2nd Quarter (revised up significantly from the initial report). Expectations are for a more modest GDP report in the just finished 3rd Quarter. Employment reports remain mixed as the unemployment rate hangs around 5%, but less jobs are being added, especially when compared to 2014. Geopolitical risks along with economic and monetary issues behind other major currencies have maintained strength for the US Dollar, although its level has stabilized of late. Even with the caution flag waving, the US economy remains an oasis of growth in the global economy, even at such modest levels. This combination of good and bad has us maintaining our economic outlook of Two steps forward – One and a half steps back.

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Sector Selection

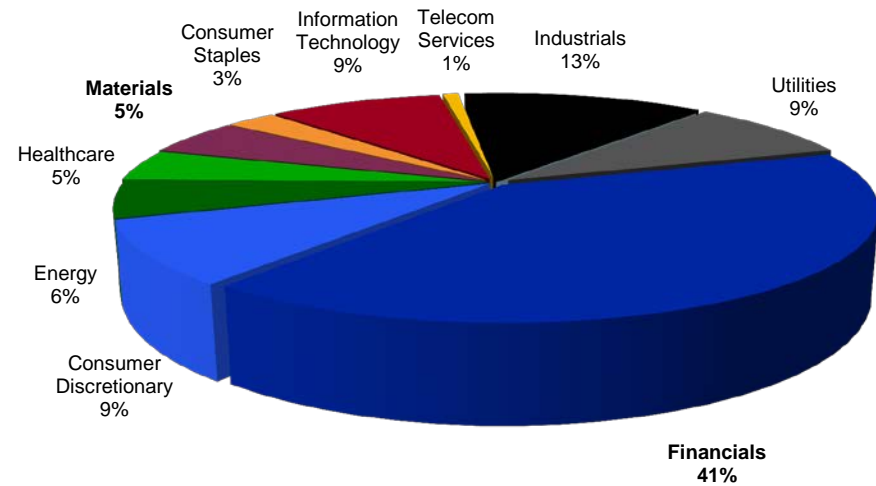
**Ormond Beach
Firefighters Pension Plan**



Largest Variances vs. Russell 2500 V

Materials: +7%
Financials: -17%

Russell 2500 Value*



* Source: Frank Russell Co. GICS Classification