INVESTMENT UPDATE: COLEMAN FOUNDATION February, 3 2016

To: Michael W. Hennessy (MH), Esther Barron, & R. Michael Furlong

From: Daniel B. Wanzenberg (DW) & Trevor C. Davies (TD)

Re: **Investment Update**

The start of 2016 has brought heightened volatility to the capital markets, both in the U.S. and globally. There has been an increased amount of uncertainty surrounding several different issues:

- The state and direction of the Chinese economy
- The level/price of Oil and commodities generally
- The Syrian War
- Multiple government yields turning negative
- The heightened perception for a major slowing in the US Economy and the corresponding effect of interest rate policy
- Balance Sheets of major European Banking Institutions

The U.S. stock market is down 10% year-to-date and comes off of a flat 2015, which has caused investments to retreat to 2014 and earlier levels. The downdraft has affected almost all sectors of the market, with only Telecom and Utilities providing a safe harbor. Smaller capitalization stocks have dramatically underperformed not just in 2016, but really since the start of the 3rd quarter of last year. Most small capitalization indices are down twice (-20%+) as much as larger capitalization indices. More comments at BOD Meeting. The small cap sell off has been in all areas, with Information Technology and Healthcare (particularly Biotech) seeing especially aggressive declines. There has also been major negative activity in financial stocks due to the reassessment of further rate hikes in 2016 and the corresponding shape of the yield curve.

The important nexus lies between the Chinese economic expectations, its effect on global commodity prices, and the potential deflationary effects on input costs which historically has proven to be a positive catalyst and should be a good thing in most times, but with global growth being subdued it provides a circular reinforcement of negative sentiment.

All said it has been a tough start to the year, but current valuation levels seem reasonable to a bit overdone. There is a greater upside potential versus further sustained losses in the equity markets, although it may take the better part of 2016 to build back, with the expected level of volatility remaining heightened.

Allocation and Performance (please see the asset allocation spreadsheet which is at the end of this report, for reference as of 1/31/2016. (All returns are expressed gross of fees unless stated otherwise)

Cash: *Trend – steady* (Current 0.4% vs. Target 1.0%)

Our cash position ($563,372) is on target. Also, the Lord Abbott short-term bonds fund ($5.8M) and our current position with our Private Equity Investments (mostly return of capital) both serve to ease any liquidity needs.

Equity: *Trend – on target* (Current 68.9% vs. Target 70.0%)

***US Public Equity (*review manager commentaries and additional attachments performance attribution)**

(-) **Dana:** Dana underperformed the S&P 500 index (5.02% vs. 7.04%) for the 4th quarter.

(+) **In-House Equities:** CFI currently owns 16 stocks in the in-house account; the basket is well diversified by sector and names and has performed very well again in the 4th Quarter on a relative (S&P 500) basis. Standouts in the quarter were again Google and Amazon, while Apple and Hershey were detractors. The combined return for our in-house equities in the 4th quarter, 2015 was +9.84% vs. S&P 500 +7.04%.

(+) **Pinnacle Associates:** Pinnacle outperformed the Russell 2500 Growth index (10.42% vs. 3.81%) during the quarter.

(+) **EARNEST Partners (EP):** EP's SMIDV portfolio outperformed the Russell 2500 Value index (4.51% vs. 2.78%) for the quarter.

(-) **Fuller & Thaler (F&T)**: The F&T Micro-cap portfolio underperformed the Russell Microcap index (1.76% vs. 3.74%) for the quarter.

International Equity:

(+) **Oakmark Global Select:** The Oakmark Global Select outperformed the MSCI EAFE index (7.42% vs. 4.71%) for the quarter. The portfolio ended the quarter with 46% European exposure, 4% Japanese, 5% South Korean and 45% in North America. The largest contributor to performance for the quarter was Alphabet, up 25% while Amazon was the largest contributor for the year, up over 100%.

(+) **WCM Focused Growth:** WCM Focused Growth outperformed the MSCI EAFE index (6.92% vs. 4.71%) for the quarter. For 4Q 2015 the WCM portfolio outperformance was again broad based by sector, plus their continued structural underweight in Energy helped.

Private Equity:

CFI now is invested in five funds managed by two different firms (Portfolio Advisors and Brickman) in the Private Equity space.

Portfolio Advisors: CFI started investing in these Funds in 2007 and 2008. All three Funds will no longer make any major new investments and any remaining commitments will be used as a reserve for existing investments and netted against distributions from each fund as needed. All of these Funds are in the process of liquidation of their Investments and returning the proceeds to Investors. The following is the current recap of CFI's 12-31-15 Estimated Market Values (MV) of each Commitment and Proceeds Return to CFI for the Year 2015:

Equity Fund IV 12-31-15 MV $3,933,140 with Distributions in 2015 of $1,604,099

Equity Fund V 12-31-15 MV $2,931,750 with Distributions in 2015 of $741,513

Secondary Fund 12-31-15 MV $1,926,240 with Distributions in 2015 of $658,985

For the Year 2015 PA Funds had a net return of capital (Distributions) of $3,004,597, Up from $2,817,114 in 2014 and $2,066,817 in 2013. Distributions may have peaked in 2015, but these Distributions have dramatically increased the Overall Performance of these Funds thru this liquidation process. Total MV PA Funds at 12-31-15 is $8,791,130.

Brickman Real Estate LP (Brickman Fund V and Fund VI) Fund V during All of 2015, called $0 for new investments, and returned Capital of $1,967,518 from the sale of two building. Current Estimated MV of Fund V is $5,171,679. Fund V will no longer make any major investments in Buildings, only improvements to currently owned Buildings. Fund V is also in the process of liquidation of their Buildings over the next several years which will affect the Overall Performance of this Fund, but the outlook for the Overall Performance is looking very good. On 2-02-16 Fund V made a distribution of $997,331 from another sale. On July 2, 2014 CFI committed $5 Million to Brickman's Fund VI, first capital call 7-30-15 of $1,385,281 and a second call of $194,805. To Date – Fund VI has closed on six properties for about $80MM in equity. Estimated MV of Fund VI at 12-31-15 is $2,003,153. Fund VI on 2-10-16 will make additional capital call of $541,126 from current activity.

Fixed Income: *Trend – steady* (Current 31% vs. Target 29%)

We are a target weight to fixed income.

(=) Wasmer Schroeder (WS) Traditional: WS performed in-line with the Barclays Agg. 3-5 yr. index (-0.34% vs. -0.65%) for the quarter.

(=) Wasmer Schroeder CMBS: The strategy returned 0.92% gross of fees for the 4th Qtr. 2015, and 4.36% for All 2015. With duration of less than one year, and having an expected annual return of 3.0% the strategy is performing as expected.

(+) **Franklin-Templeton:** The Franklin-Templeton Global Bond Fund outperformed the BofAML Global Bond index (2.26% vs. -0.13%) for the quarter.

(=) Goldman Sachs Broad Street Realty Fund: We received $233,936 in Interest for 2015, made three additional capital calls totaling $3,600,000 to bring an Estimate MV of $5,628,147 at 12-31-15. This investment is still in its transitional, call to investment, stage and we will continue to watch closely as the portfolio becomes more fully invested but it's looking good.

(=) Goldman Sachs Multi-Manager Alternative – Mutual Fund: On September 3, 2015 CFI invested $3,000,000 in this Fund at $10.48 for 286,259.54 Shares. At 12-31-15 the MV was $2,914,616,

Open Items:

Selling Franklin Templeton Global Bond Fund

Dana Small Cap Core vs Earnest Partners Small Cap Value

Opportunistic Investments given the market conditions

Met with Portfolio Advisors (1/27/2016) – on hold with potential new investments into Private Equity

Meeting with Lord Abbot (2/25/2016) to review income sources

Daniel B. Wanzenberg

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Trevor C. Davies

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Dana Investment Advisors

Market Commentary:

Courtesy of an October surge, the S&P 500 Index generated a nice return of +7.04% during the fourth quarter. For the full year 2015, the S&P 500 Index experienced a slight price decline, but with dividends the index produced a positive total return of +1.38%. The Dana Large Cap Equity Strategy generated a total return of +5.10% in the fourth quarter 2015. Most stocks lagged the S&P 500 Index during the fourth quarter and full-year 2015, as leadership was concentrated in large, high-valuation growth stocks. The ten largest companies in the S&P 500 Index had average returns of +14.43% during the most recent quarter and +22.07% for calendar 2015, while the averages for all 500 stocks in the index were +4.83% and down -1.32% for the fourth quarter and full year, respectively. Amazon accounted for most of the S&P 500 Index positive performance for the year, and removing just two companies, Amazon and Alphabet (Google), from the index would have pushed its total return negative for the year.

December finally saw the Fed increase its benchmark short-term interest rate range, having long telegraphed the move. Longer interest rates showed little reaction. We anticipate further increases in interest rates by the Fed in 2016, unless U.S. economic performance turns negative. Global economic growth will likely remain sluggish. We continue to expect modest positive performance from U.S. companies and their stocks. Premium valuations will linger for the limited number of companies with substantial revenue growth, but rising interest rates could exert downward pressure on valuations. Dana's portfolios should benefit from renewed attention to valuations, and from improving breadth in the market.

SECTOR CONTRIBUTORS

Energy – a strong quarter from Chevron Corporation (CVX) and continued good performance from Tesoro Corporation (TSO)

Consumer Staples – double-digit positive returns from Dr Pepper Snapple Group, Inc. (DPS), The Kroger Company (KR), and Kimberly-Clark Corporation (KMB)

SECTOR DETRACTORS

Consumer Discretionary – portfolios were hurt by poor performance from Macy's, Inc. (M) and Target Corporation (TGT); lack of exposure to Amazon.com, Inc. (AMZN) was also a major source of relative weakness

Information Technology – negative returns from Skyworks Solutions, Inc. (SWKS), Amdocs Ltd (DOX), and Broadridge Financial Solutions, Inc. (BR) created a drag in a sector where we had three holdings up over 20%

SELECT ADDITIONS

Cardinal Health, Inc. (CAH) – CAH has raised FY16 guidance twice since June; the company's branded drug contracts are relatively insulated from pricing volatility; recent acquisitions and strength in international and specialty segments are driving double-digit revenue growth

Lear Corporation (LEA) – global auto supplier; lower raw material costs, favorable product cycles, a mix shift to larger vehicles, higher unit production in North America and Europe, and uncertainty at a key competitor are all positive factors

SELECT DELETIONS

HCA Holdings, Inc. (HCA) – HCA missed EPS expectations in its most recent quarter; system-wide costs escalated faster than the top line, depressing operating margins; labor and drug cost inflation are headwinds along with reimbursement challenges related to patients dropping from exchanges and losing insurance; these headwinds are likely to persist over the next several quarters

Magna International, Inc. (MGA) – this long-term portfolio position has performed well over its holding period, but missed consensus EPS estimates in its most recent quarter because of capacity constraints during a large production ramp, an execution misstep expected to carry over into FY16

EARNEST Partners

Market Commentary

Global equity markets generally posted gains during the 4th quarter of 2015. The U.S. small cap market, represented by the Russell 2000® Index, gained almost 4% for the quarter. The U.S. large cap Russell 1000® Index also finished the quarter with an increase of over 6%. International equity markets, as represented by the MSCI ACWI ex-U.S. Index, gained 3% during the quarter. Emerging markets once again trailed developed markets, returning only 1% during the quarter. While equity markets generally regained ground in the fourth quarter, most equity markets ended the year in negative territory, although U.S. large cap stocks managed to post a small gain for the year.

In December, the U.S. Federal Reserve (Fed) finally acted on its stated intention to raise the short-term benchmark rate in the U.S. The Fed had maintained its Fed Funds rate near 0% for seven years following the financial crisis in 2008. Chairwoman Yellen characterized the move as a "process of normalization" and reiterated that future increases would be gradual and would depend on economic conditions. The Fed cited U.S. economic improvement and sustained employment levels as reasons for the move. The

U.S. unemployment rate dipped to 5% toward the end of the year, the lowest level since 2008. Third quarter U.S. GDP was approximately 2% following an increase of almost 4% in the second quarter. Consumer spending has been growing at roughly 2.5% on an annualized basis, and after-tax incomes have been increasing at an even faster pace, which is expected to support future spending. Although U.S. short term interest rates rose, inflation expectations remained low, and therefore longer dated interest rates such as the 10 year Treasury, commonly used to price mortgages and corporate bond issuances, ended 2015 where it began - yielding approximately 2.2%.

As the Fed cast its vote of confidence for the U.S. economy, many other developed markets faced economic headwinds and central bankers around the globe took action to support their economies. The European Central Bank (ECB) announced a cut in one of its key interest rates in an attempt to stimulate lending. The bank reduced the rate on deposits from commercial banks from negative 0.2% to negative 0.3% to incentivize banks to lend excess cash. The ECB also indicated that it was willing to consider further measures to support the European economy. Similar to Europe, Japan grappled with anemic economic growth in 2015 and its central bank responded by announcing additional economic stimulus measures. Japan continues to struggle with structural issues associated with an aging population, stronger manufacturing competition, and currency appreciation versus many of its Asian peers. Japan has the highest Government Debt-to-GDP ratio of any developed nation at 230%, almost triple the U.S. percentage. Despite this outsized debt, the Nikkei 225 index gained over 9% during the quarter as investors anticipated further economic support from the central bank, despite an unemployment rate that neared its 20 year low during 2015.

In response to global economic concerns and heightened expectations for supply, most commodities traded lower in the 4th quarter with nearly all broad energy and metals commodities ending the year lower. Crude oil lost more than 15% during the quarter and ended the year down over 30%. OPEC has maintained production levels despite the price decline, and Iran is set to introduce new supply to the global markets following the removal of sanctions as part of the recent nuclear agreement. Further, late in the 4th quarter, U.S. Congressional leaders tentatively agreed to lift a 40-year ban on crude oil exports. These developments are expected to keep global oil supplies high, while demand continues to suffer as a result of slumping economic growth around the world.

Emerging markets underperformed developed markets during both the quarter and full year. Despite compelling valuations that are near record lows relative to developed markets, investors remained cautious given commodity price declines, political uncertainty, and the expectation of rising interest rates in the U.S. and the accompanying strength in the U.S. dollar. Within Brazil, efforts to impeach President Dilma Rousseff continued as the economy struggles with the sharp drop in the price of iron ore and other commodities, and she remains entangled with a corruption scandal involving her own Workers' Party. However, as the quarter unfolded, the Brazilian Real stabilized ending multiple quarters of declines in value and finishing the quarter with a modest gain of 0.7% in value versus the U.S. Dollar. China posted a slight decline in 3rd quarter GDP growth to 6.9%. While China's GDP growth outpaces

every major economy in the world, its manufacturing sector slowed again at the end of the year. The country continues to struggle with its transition from an export-dominated manufacturing economy to one more balanced with services and domestic consumption. The Chinese government and its central bank have announced they stand ready to provide more stimulus to ease the transition, and regulators are undertaking additional efforts to unlink the Chinese Yuan from the U.S. dollar which would help support the manufacturing sector.

Small/Mid Cap Value – Strategy Commentary

The U.S. equity market ended the year with positive returns in the quarter with the Russell 2500 Value® Index rising over 3% for the quarter but finished down 4% for the year. The EARNEST Partners Small/Mid Cap Value portfolio outperformed the benchmark during the quarter and remains well ahead of the benchmark for the year. Despite a relative overweight to Materials and Industrials, both of which were among the worst performing sectors for the year, the portfolio's holdings significantly outperformed their peers in the index as investors rewarded fundamentally sound enterprises. Stock selection was positive in 8 of 10 economic sectors for the year, contributing to the portfolio's strong relative performance in 2015.

Contributing to performance for the quarter, Moog is a worldwide designer and manufacturer of precision control components and systems. The company's actuation device products include flight control systems for high-performance aircraft, thermal management controls for space stations, and controls for automated industrial machinery. A key driver for performance during the quarter was strength in the company's aerospace segment, which collectively represents more than 50% of revenue. Moog also benefitted from higher industrial automation sales and increased cash flow from operating activities. Additionally, management reaffirmed higher EPS guidance for 2016 as fundamentals continue to remain strong. The stock ended the quarter up 12%. The company continues attracting new business while also maintaining exiting relationships as the incumbent service provider. With a strong reputation for quality among program managers and design engineers, Moog remains the vendor of choice for new bids which should drive further market share expansion and earnings growth over our investment horizon.

Based in San Jose, California, Xilinx is the leader in one of the fastest growing segments of the semiconductor industry known as Programmable Logic Devices (PLD). Xilinx's chips offer increased flexibility and rapid time-to-market for electronics manufactures to better compete in an industry with evolving technology and shrinking product cycles. Xilinx continues seeing demand for its next generation components outpace consensus forecasts. Recovery in the wireless infrastructure market enabled the company to outperform earnings estimates and resulted in shares rising 11% during the quarter. The company also announced it is collaborating with Qualcomm to deliver computing solutions that enable new levels of efficiency and performance to Qualcomm's extensive server platform. Xilinx continues to gain ground on its main competitor. At the 28nm manufacturing node, Xilinx likely holds

over 70% market share, vastly improved from the sub-50% share of previous generations. Early signals also indicate that this leadership will continue at the next generation of 20nm node, which should propel further share gains and potential multiple expansion.

Detracting from performance for the quarter, the original maker of Bubble Wrap®, Sealed Air Corporation is a packaging company serving an array of end markets. The company manufactures a host of products that range from protecting and sustaining food, applications for cleaning and hygiene, as well as wrapping for pharmaceutical and medical devices. The company reported earnings during the quarter that showed a 3% boost in organic sales within its Food Care business, but investor concern over its exposure to less developed economies sent shares lower by 5% for the quarter. While a proportion of the company's revenue is generated from emerging markets, this presents an opportunity to serve a large population with growing incomes and strong demand for protein-rich foods. Despite the pull-back, the stock closed the calendar year up 3%. As a market leader within the packaging space, we believe Sealed Air should benefit from a re-evaluation of several positive catalysts that should have a favorable impact on the company's ability to drive positive earnings growth in excess of current market expectations.

Pinnacle Associates

Market Commentary

After a roller coaster year in the financial markets, the major stock market indexes finished largely flat in 2015. This seemingly benign result did not present the full picture of how difficult 2015 was. For example, on the New York Stock Exchange in 2015, there were 1,549 stocks that gained in price versus 3,277 that fell in price. The decline/advance ratio of 2.11:1 was the most negative in many years. Similarly, on the NASDAQ market, 1,254 stocks rose and 1,835 fell, a decline/advance ratio of 1.46:1 (cited in The Wall Street Journal). Many of the stock market indexes, especially the big capitalization ones like the S&P 500, were bolstered by the strong performance of a few stocks while the average stock languished.

After the sharp decline in the third quarter of 2015, the stock market averages recovered somewhat in the fourth quarter. Nevertheless, many of the problems which have concerned investors still remain.

Worldwide economic growth continues to be subpar. The U.S. is growing at 2%, Europe is flat and several emerging economics are rapidly decelerating (China) or already are in a recession (Russia and Brazil). We now recognize that plunging prices for oil and gas and other commodities are reflecting two things: large amounts of oversupply and weak demand. As 2015 ended, it became evident that 2016 could result in a new worldwide recession.

Nevertheless, the U.S. Federal Reserve Board raised short-term interest rates in December for the first time in nine years. The Fed's goal was to start normalizing interest rates after a long period of penalizing savers and helping borrowers. Nevertheless, in a world which is struggling to grow, this move will have the effect of bolstering the already strong dollar and will hurt emerging economies which have a lot of dollar denominated debt. The stock market, which initially rallied on this news, experienced a significant sell-off in late December, which continued early in the New Year.

On the geopolitical front, the news was not good. Terrorist attacks in France and California suppressed confidence. There are many flash points of conflict in the world today. ISIS vs. the West and Iran vs. Saudi Arabia are two ongoing problems that will not end soon.

As we go into 2016, the stock market faces some significant headwinds. Equity valuations are high and have been supported by low interest rates. If the Federal Reserve Board continues to raise rates, this will hurt stock prices. Companies worldwide are very cautious. They are directing excess cash generation into stock buybacks and dividend increases not capital spending. A recent article in The Wall Street Journal reported that business investment rose only 2.2% in the last year, one of the worst performances of the six-year-old expansion. Spending on mining and oil field equipment fell 46%, reflecting the depression in commodity prices and the slowdown in China. In addition, wage pressures are beginning to build which will have a negative effect on corporate margins.

In the fixed income market, junk bonds were under heavy selling pressure as the year ended. Following ongoing weakness in energy junk bonds, the market was jolted by the announcement that a major, publicly traded junk bond
mutual fund had decided to halt investor redemptions because it was unable to sell the holdings in its portfolio. We have been concerned about strains and reduced liquidity in this segment of the bond market and this event further damaged investors' confidence. In addition, Puerto Rico defaulted on its debt in late 2015, further pressuring the high-yield market.

Looking ahead, there are some bright spots. We are not in a recession nor is one likely in 2016. While short-term rates rose, long-term rates are stable, indicating more rate increases may not be necessary. While valuations are stretched, companies continue to generate high levels of profits and cash flow albeit from cost reductions rather than robust revenue gains. Interest rates are low, and should continue to support equity valuations. Other events that should have a positive effect are: the opening of the Panama Canal locks in April 2016. A third set of locks will begin handling ships as much as 2.6 times the size of the largest ships that can now go through the waterway. U.S. ports from New York to Galveston have been preparing for the increased traffic. The Port of Houston has just completed installing four cranes that are 30 stories high. The Trans-Pacific Trade Agreement could be approved by the 12 nations that together account for 40% of global output. The presidential election in the U.S. could be a positive for the U.S. economy if the new president's domestic policy is more business friendly

than it has been in the past eight years. The bull market that began in 2009 is old. Nevertheless, we continue to research and invest in those companies that can grow despite the challenging environment.

Small/Mid Cap Growth – Strategy Commentary

Strengths

1. Health Care
2. Consumer Discretionary
3. Information Technology
4. Telecom Services

Weaknesses

1. Industrials

The Russell 2500 Growth Index returned +3.81%* in the fourth quarter and the Small/Mid Cap portfolio outperformed with a total return of +10.41%.

After a difficult third quarter, the fourth quarter proved to be rewarding on an absolute and relative basis. The strong quarterly performance propelled our full year results ahead of the benchmark.

The portfolio outperformed the Russell 2500 Growth Index due to strength across multiple sectors including Health Care, Consumer Discretionary, Technology and Telecom. In Healthcare we saw a broad rebound from a tough Q3 where the sector was hurt by fears of government price controls. In addition, we had some company specific positives during the quarter. Foremost was Dyax Corp., which nearly doubled in value after it agreed to be acquired by Shire Pharmaceuticals. Isis Pharmaceuticals was the second largest Health Care contributor, advancing over 40% after the company reported positive phase 2 data for its treatment for amyloidosis. This drug is partnered with Glaxo Smithkline. Regeneron Pharmaceuticals and Seattle Genetics, both up 16%, also added to performance. Consumer Discretionary holdings were led by cruise line operator Royal Caribbean, which released stronger than expected Q3 earnings and increased guidance. Fundamentals remain strong and the company is beginning to see benefits from its expansion into Asia. TV broadcasters Sinclair Broadcasting and Tegna Inc. were up 29% and 15% respectively after strong Q3 results which showed an improvement in ad trends. The forward outlook is positive in our view due to political ads in the 2016 election year and the FCC's planned auction of wireless spectrum held by the broadcasters. Technology, like Health Care, rebounded from a difficult third quarter. Top holding Lam Research, a leading semiconductor capital equipment supplier, announced the acquisition of peer KLA Tencor in October. The deal was viewed favorably by investors when the rationale for the deal was detailed. Also boosting Lam was Intel's

announcement of additional investment in memory chip capacity. Trimble Navigation shares outperformed after solid quarterly results. Shares rose sharply from an oversold level in Q3, when investors feared an earnings disappointment was possible. Looking ahead, the passage of a new federal highway spending bill should benefit the company. Cable TV equipment supplier Arris Group rose 17% in Q4. Investors had feared that Arris' announced acquisition of competitor Pace, which is expected to be meaningfully additive to Arris' earnings, might not win government approval. During Q4 Arris won regulatory approval in many jurisdictions, increasing investor confidence that the deal would go through (The deal closed in early January). In Telecom, long haul and metro fiber network operator Level 3 Communications rose 24% after solid earnings, a welcome relief after earnings disappointed the previous quarter. Satellite telecom and data service provider Iridium Communications jumped 37% due to better than expected Q3 results and positive developments for its Aireon joint venture. Aireon represents the company's next generation, global air traffic control system. During the quarter Aireon signed a long term services agreement with South Africa's Air Traffic and Navigation Services, marking the seventh such agreement, along with nine others where a memorandum of understanding has been reached. We believe this momentum will lead to an agreement with the FAA in the U.S., a meaningful catalyst and endorsement of the technology.

Poor performance in the Industrials sector represented one partial offset to the positive results noted above. Diesel engine manufacturer Cummins Inc. and railroad operator Kansas City Southern both announced weak Q3 results and guidance. The industrial area remains pressured by declining commodity prices. Additionally, dry bulk shipper

Diana Shipping followed the trend down in shipping asset values and day rates. Diana is unique in the industry with its strong balance sheet and low debt granting it the ability to acquire vessels at depressed values. Given the current market conditions we expect scrapping of vessels to rise, providing Diana with opportunities to consolidate the supply base.

During the quarter we initiated new positions in shipping transportation company Diana Shipping and biotech firm Prothena Corp., which is investigating treatments for Parkinson's disease and amyloidosis. We also added to existing positions Immunogen Inc., Macrogenics Inc., PTC Therapeutics, Lazard and Starz. We reduced our weighting in Precision Castparts.

Fuller & Thaler

Our portfolio had five takeovers during the fourth quarter, and 12 for the year. While we had a large number of acquisitions, the majority was not bought out at large premiums and did not buttress performance significantly.

Also interesting (and frustrating) was that liquidity worked in the portfolio's favor during the quarter, with more liquid stocks within the Russell Microcap Index doing better on average, yet the portfolio still underperformed. Microcap is the land of large winners and losers, and losses in three of our larger

positions (one in Financials, one in Health Care and one in Telecom) cost the portfolio nearly 250bps in relative performance.

Overall, our portfolio returned +1.51% net of fees compared to +3.74% for the Russell Microcap Index during 4Q15. With the sell-off of early 2016, the peak-to-trough drawdown has reached in excess of 24% for the portfolio and 21% for the benchmark. Drawdowns of this magnitude – with the exception of 2000-02 and 2007-09 – typically are brief. We hope some of the 10 new names purchased during the quarter will be part of the next rally and help perpetuate the long-term outperformance this strategy has achieved for our clients.

The Micro-Cap Strategy in the fourth quarter saw under performance in November and December and out performance in October. Underperformance in the quarter basically came from stock selection in the consumer discretionary and consumer staples sectors, the telecommunication sector and the industrial sector.

Stocks in both the value and growth portion of the portfolio were major contributors to the underperformance. Names that hurt performance included Inteliquent (IQNT), Artic Cat (ACAT), Evine Live (EVLV), Famous Dave's (DAVE), Cenveo (CVO) and YRC Worldwide (YRCW). Zeltiq Aesthetics (ZLTQ) was a loser in the healthcare sector but was overshadowed by the strong performance in that sector by Pacific Biosciences (PACB). Portfolio positioning is unchanged with a continued underweight in financials and continued over weights in technology and consumer discretionary. Merger and acquisition activity has picked up in the micro-cap space this year with twelve portfolio companies being acquired through the end of the year; four in the fourth quarter including Wilshire Bancorp (WIBC), Hutchison Technology (HTCH), Matson Technology (MTSN), and RealD (RLD).

There have been a number of new opportunities in the micro cap area recently, with 10 new names added to the portfolio in the last quarter; six growth (one upgrade) and four value stocks. We expect the Micro-Cap Strategy to continue to provide superior performance over the long run as a result of its ability to identify and take advantage of mis-priced stocks across a spectrum of industries and sectors due to behavioral bias.

Wasmer Schroeder

- The Coleman Foundation outperformed its benchmark in 2015. The portfolio gained 2.31% gross of fees compared to 1.07% for the Barclays Capital Intermediate US Government/Credit benchmark.

- The Coleman Foundation CMBS account has returned 4.36% through September against 0.63% for the Barclays CMBS AAA 1-3.5 Year Index. The performance of the account exceeded our expectations due to better performance of the underlying loans in the deals.

- The primary reason for the outperformance, much like last year, was the portfolio's allocation to taxable municipal bonds instead of US Treasuries. This was the best performing sector in both the portfolio as well as the benchmark.

- The corporate bonds in the portfolio outperformed those in the index due to better credit quality. Last quarter, lower rated investment grade corporate bonds came under pressure and saw their spreads move out to the widest levels of 2015.

- The portfolio ended September with an effective duration of 4.05, compared to 3.97 of the benchmark. Curve placement was neutral compared to the index.

- At the end of the year sector allocations were approximately 39% corporate bonds, 54% taxable municipals, 4% government related, 1% securitized and the remainder in cash.

- The portfolio will maintain its higher credit quality in 2016 as we expect volatility to continue into the New Year but will be looking to take advantage of any opportunities presented by market conditions. From a duration management perspective, we continue to be relatively neutral to the benchmark.