

Legacy Fund (Diversified Growth)

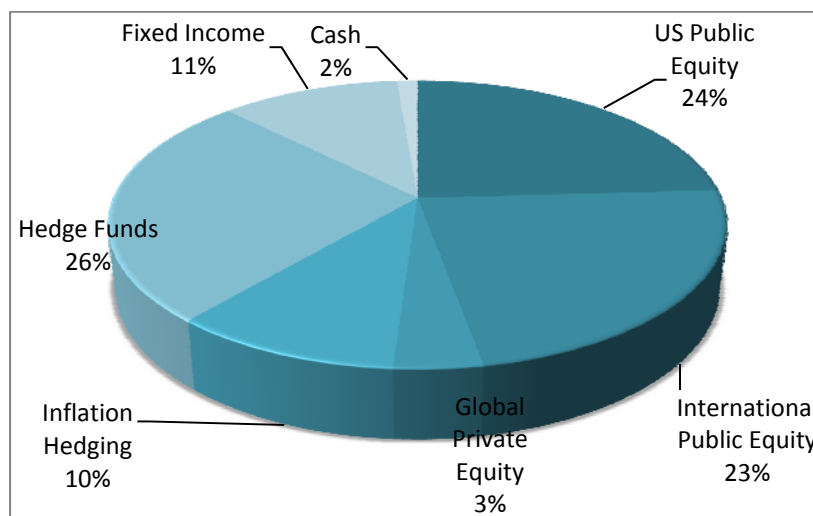
First Quarter, 2013 – Market Update

The first quarter of 2013 seemed a replay of the first quarters of the past few years, with markets running before the wind of global quantitative easing. The notable differences being: the absence of fear (expressing itself in the first negative quarterly return for the Barclay's Aggregate bond index since the 4th quarter of 2010), improving economic fundamentals in the United States and the embrace of quantitative easing in Japan. The exception to the broad equity rally were found with losses in commodities (-4.56%) and emerging markets (-1.6%) driven largely by concerns that excessive lending in China was leading to a hard landing with a new leadership that is comfortable with slower growth.

Strategically, the Legacy Fund has been underweight fixed income almost since inception and we have since drawn down our allocation to an asset class that is destined to deliver on the promise to pay negative real returns.

Tactically, we have funded positions in lower volatility hedge funds by eliminating our exposure to high yield fixed income and reducing holdings in US Treasuries to policy minimums in an attempt to limit the "return free risk" on offer. In domestic equities we are adding two active value managers, replacing a high quality index, in an effort to navigate a market that appears to be reaching ahead of fundamentals. Lastly, we are maintaining our rebalancing discipline, by adding to positions in emerging markets and real assets.

Asset Allocation – 3/31/2013



Investment Returns

%	1st Quarter	YTD	1 Yr.	3 yr. (Annualized)	Annualized Since Inception (8/17/2009)
Legacy Fund (Diversified Growth)	4.8	4.8	8.6	6.6	8.8
CPI + 5%	2.63	2.63	6.44	7.27	N/A
MSCI ACWI (80%) / Barclays Aggregate (20%)¹	5.6	5.6	10.1	8.3	10.3
Blended Benchmark²	3.2	3.2	6.7	7.3	8.5

¹ Effective 1/1/2012 the equity benchmark used by the Fund was switched from the S&P 500 to the MSCI All Cap World Index to reflect the Fund's global equity strategy. That benchmark is used in this naïve benchmark analysis.

² The Blended Benchmark consists of the proportional benchmarks for each component asset class.

