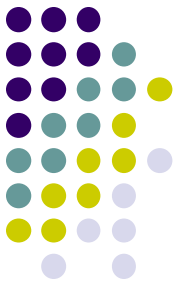


Pieper Challenge Grants Summary For Grantees 2012 Annual Report



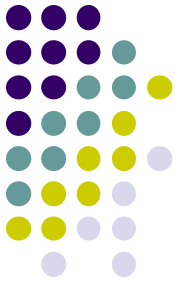
Prepared by Marquette University – College of Business Administration

Grantee Summary



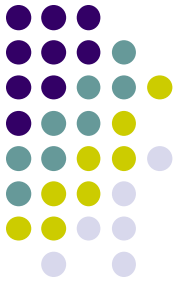
- The Pieper Family Foundation has created Challenge Grants to stimulate the trustees of not-for-profits to sharpen their investment policy and oversight. The objective of these grants is growth of capital and the expectation is that investment results will fall within the upper quartile of diversified U.S. equity funds' returns over time.
- Pieper Fund returns are provided by each Grantee. The Grantees also provide a description of how their Pieper Fund is invested and the current investment policy. Lipper, Inc. performance data is used to evaluate performance. The Challenge Grant program is undergoing a transition to Morningstar data, which will be finalized with 2013's report. Morningstar is widely accepted in the investment industry.
- In addition to comparing performance to large groups of peers, results are compared to the Consumer Price Index, a measure of inflation, plus 5% to reflect a risk premium and the desire to create an absolute and growing source of support for each Grantee.
- Ten Grantees reported on their Pieper Challenge Grant results for 2012. All grantees reported results in a range of +10% to +16% compared to +16% for the Vanguard Total Stock Market Index. Only one of the ten Grantees earned a higher return than the broad U.S. stock market.
- Longer term performance proved more challenging, particularly compared to inflation. During the last 10 years, there have been two significant equity bear markets; as a result, only three of the Grantees earned returns that met the absolute return goal of CPI +5% annually. Four of ten earned returns in excess of the broad U.S. market over five years and only one of nine with ten year records earned returns in excess of this benchmark.
- Over the decade all of the Grantees have sharpened their investment policy focus and oversight.

Grantee Summary

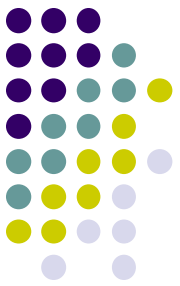


- Ten Grantees reported on Pieper Funds investments in 2012.
- All Grantees were cooperative in sending information.
- Notable changes during the year:
 - Grantee Two –Introduced a 6% position to Invesco Risk-Balanced Fund . This is the first time this Grantee has used a flexible allocation fund (i.e. can shift between stocks, bonds, commodities, etc.). Historically, the portfolio has utilized only equity funds.
 - Grantee Ten– Changed a number of mutual funds.
- No Grantees are invested only in short-term investments and/or cash.

Performance Summary



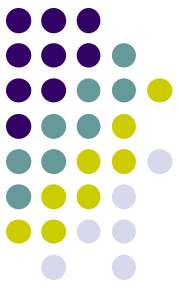
- All ten Grantee funds earned a positive return in 2012. The Vanguard Total Stock Market Index Fund gained 16.3% for the year. Only one of the ten Grantees performed as well as or better than the Vanguard Total Stock Market Index.
- The highest return for 2012 was 16.4%, achieved by Grantee Nine. The lowest return for 2012 was 10.5% earned by Grantee Seven.
- All of the Grantees gained more than the 2012 increase of the CPI +5% (6.76%). This benchmark is used as a goal of earning the rate of inflation to preserve purchasing power, plus a risk premium.
- Two Grantees' five-year performance was in the top quartile versus either the Lipper Super Growth or Lipper Super Combo comparison groups. Grantee Four had the highest five-year cumulative return at 31%, placing it in the first quartile versus both the Lipper Super Growth and Lipper Super Combo groups. Grantee Three also had first quartile rankings with a five-year cumulative return of 27%. Both Grantees allocate more than one-third of their portfolios to fixed income.
- Nine Grantees have ten year performance records. The cumulative returns are listed below:
 - Grantee One : +104%
 - Grantee Two : +109%
 - Grantee Three : +108%
 - Grantee Four : +123%
 - Grantee Five : +31%
 - Grantee Six : +94%
 - Grantee Seven: +76%
 - Grantee Eight : +71%
 - Grantee Ten : +40%



Evaluation Method

- Performance of each total Pieper Challenge Fund is compared:
 - among the Grantees
 - versus the Vanguard Total US Stock Market Index Fund, as a tool for evaluation against all publicly traded U.S. stocks
 - against the Consumer Price Index +5% to consider growth of purchasing power plus a market risk premium.
 - New for 2012: against the Morningstar Aggressive Allocation composite, a widely-used benchmark for diversified, growth-oriented portfolios

Grantee	2012 Return	Investment Policy	
	(%)	Stocks (%)	Bonds (%)
1	14.76%	80	20
2	15.44%	100	0
3	11.00%	30	70
4	13.81%	60	40
5	13.23%	100	0
6	11.48%	60	40
7	10.49%	85	15
8	14.89%	80	20
9	16.38%	100	0
10	15.00%	75	25
Vanguard Total Stock Market Index	16.25%		
CPI +5%	6.76%		
Morningstar Aggressive Allocation	13.42%		



Evaluation Method

- Performance of each total fund and underlying investments (mutual funds or separately managed accounts) are compared:

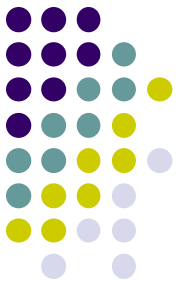
By quartile rank --

- among all Growth funds (Lipper Super Growth Group);
- among the combination of all Core, Growth and Value funds (Lipper Super Combo Group);
- within the appropriate Lipper peer group universe for each mutual fund or separately managed account.

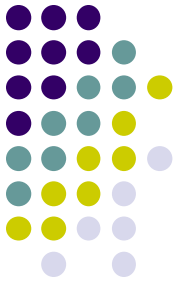
Lipper Super Growth Quartiles			
Quartile	Cumulative Return %		
	10 Years	5 Years	1 Year
Max	270.58	78.85	41.71
#1	148.51	17.89	16.95
#2	114.91	8.47	14.63
#3	89.15	-0.53	12.27
Min	-41.27	-63.31	-42.54

Lipper Super Combo Quartiles			
Quartile	Cumulative Return %		
	10 Years	5 Years	1 Year
Max	341.94	428.64	41.71
#1	144.81	17.69	17.3
#2	110.7	8.14	15.21
#3	86.38	0	12.78
Min	-41.27	-63.31	-42.54

Evaluation Method



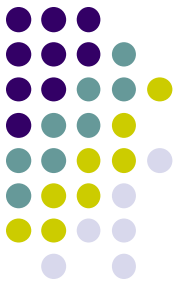
- In conjunction with the transition of Challenge Grants administration from Clearly Gull to Marquette University, benchmark data is transitioning from Lipper to Morningstar. This will be complete with 2013's annual report (the 2012 report includes elements of both Lipper and Morningstar).
- Morningstar is a leading provider of independent investment research in North America, Europe, Australia, and Asia. The company provides data on approximately 422,000 investment offerings, including stocks, mutual funds, and similar vehicles, along with real-time global market data on more than 9 million equities, indexes, futures, options, commodities, and precious metals, in addition to foreign exchange and Treasury markets.
- The company developed the popular “style box” concept (e.g. large-cap growth, small-cap value) and 5-star mutual fund rating system.
- Using Morningstar data will allow Marquette University to provide the Pieper Family Foundation with additional analysis on Grantee risk-adjusted returns. We will be able to better understand not only portfolio returns over time, but also the level of risk that went into achieving these returns.
- An example of risk-adjusted return analysis is the Grantee Sharpe ratio rankings on page 12.



Grantee Fund Performance Summary Table

Investment Performance	% Total Return										Annualized	
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	5 Year	10 Year
Grantee One												
Pieper Funds	14.76	-2.63	18.48	32.85	-38.91	4.82	16.40	6.30	11.60	31.60	1.45	7.42
Other Pieper Challenge	14.76	-2.53	18.49	32.85	-38.92	4.87	16.43	6.20	11.40	31.60	1.47	7.43
Combined Pieper	14.76	-2.58	18.49	32.85	-38.92	4.85	16.42	6.25	11.50	31.60	1.46	7.42
Grantee Two												
Pieper Challenge Fund	15.44	-3.27	17.80	36.30	-40.70	4.00	15.90	7.50	12.20	35.60	1.23	7.68
Pieper Family Fund	15.44	-3.27	17.80	36.30	-40.70	4.00	15.90	7.50	12.20	35.60	1.23	7.68
Grantee Three												
Pieper Fund	11.00	2.19	9.75	14.25	-10.12	7.90	5.91	3.69	9.94	25.31	5.03	7.63
Grantee Four												
Pieper Fund	13.81	3.45	12.95	27.95	-22.58	9.27	9.20	5.97	13.95	18.00	5.67	8.40
Grantee Five												
Pieper Funds	13.23	-7.18	19.05	22.42	-44.43	-7.39	3.23	8.73	12.70	31.67	-3.17	2.76
Grantee Six												
Pieper Fund	11.48	0.73	12.86	38.15	-35.28	12.36	8.79	4.99	13.65	17.57	2.53	6.87
Grantee Seven												
Pieper Fund	10.49	-0.80	12.90	22.10	-31.10	10.20	16.60	8.50	6.60	13.80	0.81	5.82
Grantee Eight												
Pieper Combined Fund	14.89	-7.30	16.20	29.91	-36.84	7.06	15.62	3.41	9.20	21.00	0.31	5.56
Grantee Nine												
Pieper Family Fund	16.38	1.09	17.05	24.19	-38.67	4.90	23.16	1.99	9.10	3.20	0.96	N/A
Grantee Ten												
Pieper Challenge Fund	15.00	-5.03	13.80	33.26	-32.20	5.35	12.30	4.50	0.30	0.53	2.35	3.42
Pieper Family Fund	15.00	-5.03	13.80	33.26	-32.20	5.35	12.30	4.50	0.30	0.53	2.35	3.42
Benchmarks												
Vanguard Total Stock Mkt Index Fund	16.25	0.96	17.09	28.70	-37.04	5.49	15.51	5.98	12.52	31.35	2.17	7.83
Consumer Price Index +5%	6.76	8.22	6.68	7.96	5.21	9.39	7.78	8.69	8.52	7.08	6.96	7.62
Morningstar Aggressive Allocation	13.42	-3.80	13.49	29.37	-34.34	7.43	13.07	7.35	10.93	25.10	1.02	6.65
Greater Milwaukee Foundation - Corporate Assets Pool	13.1	0.1	13.5	25.1	-25.6	8.0	14.9	8.5	10.9	26.1	3.5	8.4
Greater Milwaukee Foundation - US Bank Pool	13.8	-1.3	12.4	28.0	-26.7	9.2	14.2	8.8	11.3	26.3	3.4	8.5
Greater Milwaukee Foundation - JP Morgan Pool	13.8	0.1	14.4	30.2	-26.4	7.9	15.6	7.6	12.4	25.4	4.5	9.0
Greater Milwaukee Foundation - BMO Harris Bank Pool	14.1	-3.5	14.3	26.1	-28.2	8.2	14.7	8.9	10.8	25.5	2.7	7.9
Greater Milwaukee Foundation - Corporate Assets Pool											<u>10-Year Return (Ann)</u>	
											8.4	
Greater Milwaukee Foundation - Average of Three Largest Trust Pools											<u>15-Year Return (Ann)</u>	
											6.3	

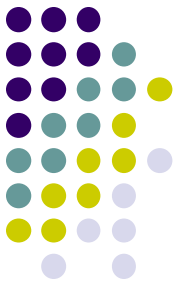
Bolded Grantee returns outperformed its market benchmark for the corresponding period.



Grantee Fund Performance Summary Table

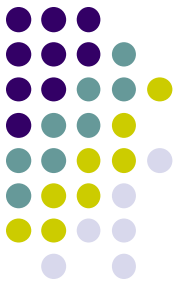
Investment Performance	From 12/31/07 to 12/31/12			From 12/31/02 to 12/31/12		
	Lipper Quartile Rank			Lipper Quartile Rank		
	5 Year Cum Super Growth	Super	Combo	10 Year Cum Super Growth	Super	Combo
Grantee One						
Pieper Funds	7.45	3	3	104.66	3	3
Other Pieper Challenge	7.55	3	3	104.45	3	3
Combined Pieper	7.50	3	3	104.58	3	3
Grantee Two						
Pieper Challenge Fund	6.32	3	3	109.60	3	3
Pieper Family Fund	6.32	3	3	109.60	3	3
Grantee Three						
Pieper Fund	27.84	1	1	108.69	3	3
Grantee Four						
Pieper Fund	31.73	1	1	123.97	2	2
Grantee Five						
Pieper Funds	-14.88	4	4	31.30	4	4
Grantee Six						
Pieper Fund	13.31	2	2	94.31	3	3
Grantee Seven						
Pieper Fund	4.10	3	3	76.06	4	4
Grantee Eight						
Pieper Combined Fund	1.54	3	3	71.74	4	4
Grantee Nine						
Pieper Family Fund	4.89	3	3	N/A	N/A	N/A
Grantee Ten						
Pieper Challenge Fund	12.29	3	3	39.99	4	4
Pieper Family Fund	12.29	3	3	39.99	4	4
Benchmarks						
Vanguard Total Stock Mkt Index Fund	11.35	1	1	112.53	3	2
Consumer Price Index +5%	40.00	1	1	108.47	3	3
Morningstar Aggressive Allocation	5.19	3	3	90.34	3	3
Greater Milwaukee Foundation - Corporate Assets Pool	18.77	1	1	124.02	2	2
Greater Milwaukee Foundation - US Bank Pool	18.20	1	1	126.10	2	2
Greater Milwaukee Foundation - JP Morgan Pool	24.62	1	1	136.74	2	2
Greater Milwaukee Foundation - BMO Harris Bank Pool	14.25	2	2	113.90	2	2

Grantee Fund Performance Summary Table



- Endnotes:
 - Full calendar year performance for each Grantee is presented and analyzed in this report.
 - Grantee One – performance in 1999 and 2000 is a simple average of two managers during a transition in management.
 - Grantee Four – inception date is 3/31/1999.
 - Grantee Six – inception date is 11/20/2000.
 - Grantee Seven – inception date is 9/1/200.
 - Grantee Eight – inception date is 1/1/2002.
 - Grantee Nine – inception date is 11/1/2003.
 - Grantee Ten – inception date is 9/31/2002.

Annualized return rankings



5-year annualized returns

Grantee	Return
<i>CPI + 5%</i>	6.96%
Grantee 4	5.67%
Grantee 3	5.03%
Grantee 6	2.53%
Grantee 10	2.35%
<i>Vanguard Total Mkt</i>	2.17%
Grantee 1	1.46%
Grantee 2	1.23%
<i>Morningstar Agg Alloc</i>	1.02%
Grantee 9	0.96%
Grantee 7	0.81%
Grantee 8	0.31%
Grantee 5	-3.17%

10-year annualized returns

Grantee	Return
Grantee 4	8.40%
<i>Vanguard Total Mkt</i>	7.83%
Grantee 2	7.68%
Grantee 3	7.63%
<i>CPI + 5%</i>	7.62%
Grantee 1	7.42%
Grantee 6	6.87%
<i>Morningstar Agg Alloc</i>	6.65%
Grantee 7	5.82%
Grantee 8	5.56%
Grantee 10	3.42%
Grantee 5	2.76%

Sharpe ratio rankings



- Sharpe ratio is a measure of risk-adjusted return. It measures excess return (i.e. risk premium – the return achieved above the 10-year Treasury bond’s return, for example) per unit of risk. Higher Sharpe ratios imply better risk-adjusted performance.

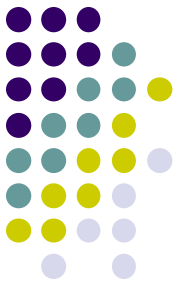
5-year Sharpe ratio

Grantee	Ratio
<i>CPI + 5%</i>	2.403
Grantee 4	0.009
Grantee 3	-0.048
<i>Vanguard Total Mkt</i>	-0.130
Grantee 6	-0.111
Grantee 10	-0.127
Grantee 2	-0.146
Grantee 1	-0.147
Grantee 9	-0.180
<i>Morningstar Agg Alloc</i>	-0.185
Grantee 8	-0.199
Grantee 7	-0.228
Grantee 5	-0.313

10-year Sharpe ratio

Grantee	Ratio
<i>CPI + 5%</i>	2.403
Grantee 3	0.324
Grantee 4	0.283
<i>Vanguard Total Mkt</i>	0.165
Grantee 2	0.137
Grantee 1	0.134
Grantee 6	0.118
<i>Morningstar Agg Alloc</i>	0.111
Grantee 7	0.763
Grantee 8	0.046
Grantee 10	-0.076
Grantee 5	-0.091

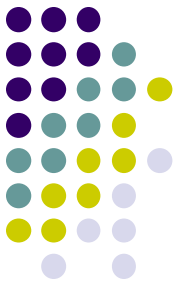
General Market Performance Overview



Index	2012
S&P 500	16.0%
Dow	10.2%
Russell 2000	16.3%
MSCI EAFE	17.9%
MSCI EM	18.6%
Barclays T-Bill	0.1%
Barclays Agg	4.2%
ML High Yield	18.8%

Total return = Price change + income

Performance disclaimer



- This report has been prepared by undergraduate students in Marquette University's College of Business Administration. Every effort has been made to calculate and report accurate information.
- The information contained in this summary is prepared from records which Marquette University considers reliable. However it is not intended to and should not be used as a substitute for periodic statements that you receive on a regular basis from your investment advisor and custodian. Please compare the data on this document carefully with your monthly statements to verify its accuracy.
- If you discover an error in this report, please report it to Dan Geigler, Adjunct Instructor, daniel.geigler@mu.edu.