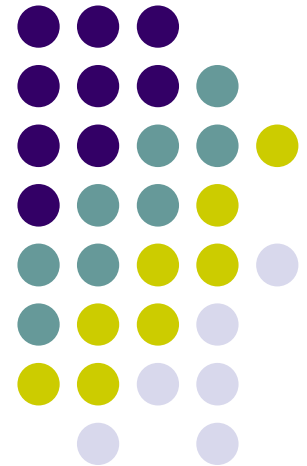
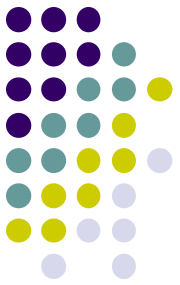


Pieper Challenge Grant and Match program 2014 Annual Report



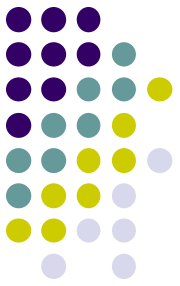
Prepared by Marquette University – College of Business Administration

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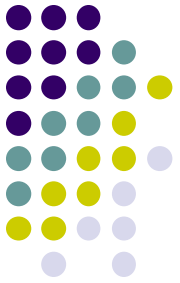
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Grantee Summary



- The Pieper Family Foundation has created Challenge Grant and Match program 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. Morningstar performance data is used to evaluate performance. The Challenge Grant and Match program completed the transition from Lipper data in 2014. 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 & Match results for 2014. Grantees reported results in a range of +3% to +12% compared to +12% for the Vanguard Total Stock Market Index.
- Longer term performance proved more challenging, particularly compared to inflation. During the last 10 years, there was a significant equity bear market; as a result, half of the Grantees earned returns that met the absolute return goal of CPI +5% annually. Only one of ten earned returns in excess of the broad U.S. market over five years and none earned returns in excess of this benchmark over ten years.
- **Over the decade all of the Grantees have sharpened their investment policy focus and oversight. Like most investors, over half of the Grantees have experienced missteps during their participation in the Pieper Challenge (primarily early on in their tenure). Corrections by the Grantees have produced fruit, in the form of higher and more stable returns.**

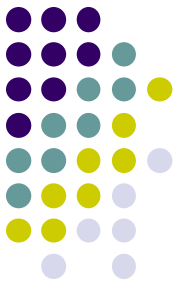
Performance Summary



- All ten Grantee funds earned a positive return in 2014. The Vanguard Total Stock Market Index Fund gained 12.5% for the year. One of the ten Grantees performed as well as or better than the Vanguard Total Stock Market Index.
- The highest return for 2014 was 12.5%, achieved by Grantee Nine. The lowest return for 2014 was 3.3% earned by Grantee Ten.
- Four of the ten Grantees gained more than the 2014 increase of the CPI +5% (5.8%). This benchmark is used as a goal of earning the rate of inflation to preserve purchasing power, plus a risk premium.
- Four Grantees' five-year performance was in the top quartile versus the Morningstar Aggressive Allocation comparison group. Grantee Nine had the highest five-year average return (15.6%/year). Grantee Two (+12.4%/year), Grantee One (+12.0%/year), and Grantee Four (+10.9%) also had first quartile rankings over the five year period
- Grantee performance since inception is summarized on the next page. We are interested in Grantees' change in relative performance over time. In other words, have Grantees learned lessons from participating in the Challenge Grant Program that they have implemented to improve performance over time? Here is a directional summary of quartile performance over time (sorted by Grantee number, not relative performance):

Improved/consistent performance	Worsened performance
1	3
2	5
4	7
6	8
9	10

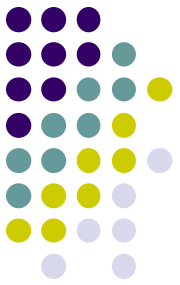
Value creation over time



- The Pieper Challenge Grant and Match program allows for half of the annual gain to be withdrawn for spending by the Grantee and half to be added back to the principal of the portfolio.
- A summary of what \$1 at inception has grown to for each Grantee:

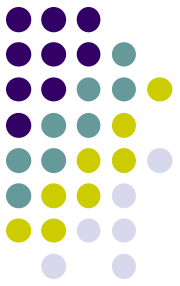
Grantee	Inception	Total for spending	Currently in portfolio
1	1999	\$0.42	\$1.54
2	1997	\$0.79	\$2.24
3	1999	\$0.22	\$1.23
4	1999	\$0.48	\$1.56
5	1999	\$0.24	\$1.17
6	2000	\$0.22	\$1.25
7	2000	\$0.38	\$1.42
8	2002	\$0.30	\$1.37
9	2003	\$0.47	\$1.70
10	2002	\$0.30	\$1.34

Grantee Fund Performance Since Inception



Grantee	Return /year	Inception	Quartile	Progress
1	4.7%	1999	2	Improved
2	9.2%	1997	1	Consistent
3	2.6%	1999	4	Worsened
4	5.2%	1999	1	Improved
5	2.4%	1999	4	Worsened
6	3.1%	2000	3	Consistent
7	5.6%	2000	2	Worsened
8	4.6%	2002	3	Worsened
9	7.9%	2003	2	Improved
10	4.7%	2002	3	Worsened

- 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 9/1/2000.
 - Grantee Eight – inception date is 1/1/2002.
 - Grantee Nine – inception date is 11/1/2003.
 - Grantee Ten – inception date is 9/31/2002.



Evaluation Method

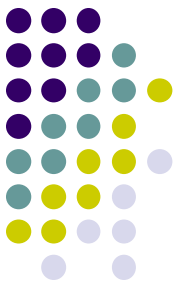
- Performance of each total Pieper Challenge and Match Fund is compared:
 - among the Grantees
 - versus the Vanguard Total US Stock Market Index Fund, as a tool for evaluation against all publicly traded U.S. stocks
 - against the Consumer Price Index +5% to consider growth of purchasing power plus a market risk premium.
 - against the Morningstar Aggressive Allocation composite, a widely-used benchmark for diversified, growth-oriented portfolios
- Each individual fund is compared with its respective industry peer group. Up through 2012, this peer group was calculated by Lipper. Starting in 2013, we are using the Morningstar peer group.

Grantee	2014 Return	Investment Policy	
	(%)	Stocks (%)	Bonds (%)
1	6.8	80	20
2	5.9	100	0
3	5.5	65	35
4	7.1	60	40
5	4.1	100	0
6	5.5	75	25
7	5.5	85	15
8	5.5	75	25
9	12.5	100	0
10	3.3	80	20
Vanguard Total Stock Mkt Index	12.5		
CPI +5%	5.8		
Morningstar Aggressive Allocation	5.7		

Grantee Fund Performance Summary Table



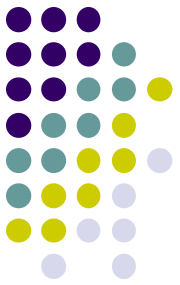
Investment Performance	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Grantee One	6.3	16.4	4.8	-38.9	32.9	18.5	-2.6	14.8	24.4	6.8
Grantee Two	7.5	15.9	4.0	-40.7	36.3	17.8	-3.3	15.4	28.8	5.9
Grantee Three	3.7	5.9	7.9	-10.1	14.3	9.8	2.2	11.0	8.5	5.5
Grantee Four	6.0	9.2	9.3	-22.6	28.0	13.0	3.8	12.9	18.3	7.1
Grantee Five	8.7	3.2	-7.4	-44.4	22.4	19.1	-7.2	13.2	12.5	4.1
Grantee Six	5.0	8.8	12.4	-35.3	38.2	12.9	0.7	11.5	15.2	5.5
Grantee Seven	8.5	16.6	10.2	-31.1	22.1	12.9	-0.8	10.5	13.6	5.5
Grantee Eight	3.4	15.6	7.1	-36.8	29.9	16.2	-7.3	14.9	14.9	5.5
Grantee Nine	2.0	23.2	4.9	-38.7	24.2	17.1	1.1	16.4	33.5	12.5
Grantee Ten	4.5	12.3	5.4	-32.2	33.3	13.8	-5.0	15.0	21.6	3.3
Benchmarks										
Vanguard Total Stock Mkt Index Fund	6.0	15.5	5.5	-37.0	28.7	17.1	1.0	16.3	33.5	12.5
Consumer Price Index +5%	3.4	7.5	9.1	5.1	7.7	6.5	8.2	6.8	6.5	5.8
Morningstar Aggressive Allocation	7.4	13.1	7.4	-34.3	29.4	13.5	-3.8	13.4	21.3	5.7
Greater Milwaukee Foundation - Investment Pool	8.5	14.9	8.0	-25.6	25.1	13.5	0.1	13.1	16.7	4.4
Greater Milwaukee Foundation - US Bank Pool	8.8	14.2	9.2	-26.7	28.0	12.4	-1.3	13.8	17.2	4.7
Greater Milwaukee Foundation - JP Morgan Pool	7.6	15.6	7.9	-26.4	30.2	14.4	0.1	13.8	17.2	6.6
Greater Milwaukee Foundation - BMO Global Asset Mgt Pool	8.9	14.7	8.2	-28.2	26.1	14.3	-3.5	14.1	20.2	6.1



Grantee Fund Performance Summary Table

Investment Performance	Annualized		5-year	10-year
	5 Year	10 Year	Morningstar Category Quartile	Morningstar Category Quartile
Grantee One	12.0%	6.4%	1	2
Grantee Two	12.4%	6.5%	1	2
Grantee Three	7.3%	5.7%	4	3
Grantee Four	10.9%	7.7%	1	1
Grantee Five	7.9%	0.4%	4	4
Grantee Six	9.0%	5.9%	4	2
Grantee Seven	8.2%	5.7%	4	3
Grantee Eight	8.4%	4.7%	4	4
Grantee Nine	15.6%	7.6%	1	1
Grantee Ten	9.3%	5.7%	3	3
Benchmarks				
Vanguard Total Stock Mkt Index Fund	15.6%	8.0%	1	1
Consumer Price Index +5%	6.7%	6.6%	4	1
Morningstar Aggressive Allocation	9.7%	5.8%	3	3
Greater Milwaukee Foundation - Investment Pool	9.4%	7.0%	3	1
Greater Milwaukee Foundation - US Bank Pool	9.1%	7.0%	3	1
Greater Milwaukee Foundation - JP Morgan Pool	10.2%	7.7%	1	1
Greater Milwaukee Foundation - BMO Global Asset Mgt Pool	9.9%	7.0%	3	1

Annualized return rankings



5-year annualized returns

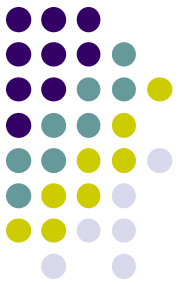
Grantee	Return
9	15.6%
<i>Vanguard Total Mkt</i>	15.6%
2	12.4%
1	12.0%
4	10.9%
<i>Morningstar Agg Alloc</i>	9.7%
10	9.3%
6	9.0%
8	8.4%
7	8.2%
5	7.9%
3	7.3%
<i>CPI + 5%</i>	6.7%

10-year annualized returns

Grantee	Return
<i>Vanguard Total Mkt</i>	8.0%
4	7.7%
9	7.6%
<i>Morningstar Agg Alloc</i>	6.6%
2	6.5%
1	6.4%
6	5.9%
<i>CPI + 5%</i>	5.8%
3	5.7%
7	5.7%
10	5.7%
8	4.7%
5	0.4%

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 Treasury bond’s return, for example) per unit of risk. Higher Sharpe ratios imply better risk-adjusted performance.



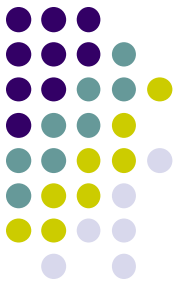
5-year Sharpe ratio

Grantee	Ratio
<i>CPI + 5%</i>	6.24
3	1.72
4	1.72
6	1.32
9	1.24
<i>Vanguard Total Mkt</i>	1.23
7	1.17
1	1.03
2	0.92
<i>Morningstar Agg Alloc</i>	0.90
10	0.77
8	0.72
5	0.66

10-year Sharpe ratio

Grantee	Ratio
<i>CPI + 5%</i>	2.31
3	0.43
4	0.38
<i>Vanguard Total Mkt</i>	0.27
9	0.24
7	0.19
1	0.18
<i>Morningstar Agg Alloc</i>	0.17
2	0.17
6	0.17
10	0.16
8	0.10
5	-0.13

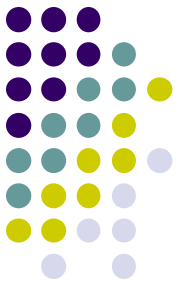
General Market Performance Overview



Index	2014
S&P 500	13.7%
Dow	10.0%
Russell 2000	4.9%
MSCI EAFE	-4.2%
MSCI EM	-2.1%
Barclays T-Bill	0.1%
Barclays Agg	6.0%

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.