



WRIGHT STATE
UNIVERSITY

Wright State University

Finance & Audit Committee Presentation

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SEI New ways.
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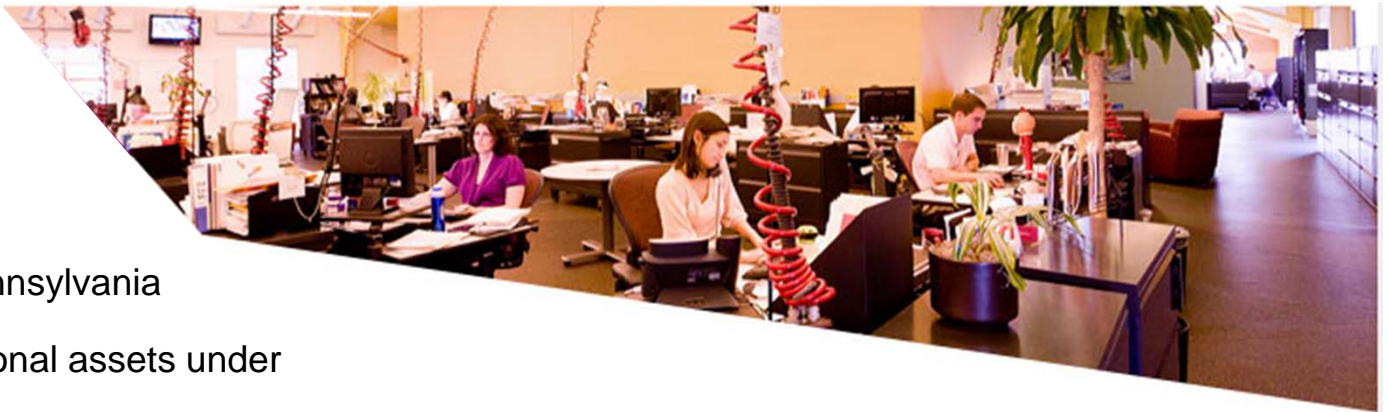
September 26th, 2014

Agenda

- **Introduction of SEI and team**
- **Discretionary Model**
- **WSU: Objectives, Observations and initial recommendations**
- **Process, Timeline and Next Steps**
- **IPS Changes**
- **Comparing the Portfolios – Old vs. New**
- **Appendix:**
 - ✓ **Additional information on SEI**
 - ✓ **Capital Finance Analysis**
 - ✓ **Team Biographies**
 - ✓ **Disclosures**

SEI overview: 20 years of taking accountability for client investment results

- Publicly held firm (NASDAQ: SEIC)
- Global company with U.S. headquarters in Oaks, Pennsylvania
- Over \$74 billion in institutional assets under management¹
- Serving 150 nonprofit clients worldwide



- A financially sound organization²
 - Repurchased more than \$933 million in SEI stock since January 2008
 - More than \$532 million of unrestricted cash on hand
- Providing discretionary asset management and investment outsourcing solutions for nonprofit clients for more than 20 years
- Significant annual investment in research tools and technology for investment management
- Dedicated group of market specialists and investment experts working with nonprofit clients



¹As of June 30, 2014. \$249 billion in firm wide assets under management. ²As of June 30, 2014. Source: SEI second quarter earnings release, July 23, 2014.

Representative SEI clients

Non-Profit/Healthcare

Capital Health System (Trenton, NJ)
Central Connecticut State University (New Britain, CT)
Children's Mercy Hospital (Kansas City, MO)
College of Central Florida Foundation, Inc. (Ocala, FL)
Columbus Jewish Foundation (Columbus, OH)
Cooper Health System (Cherry Hill, NJ)
Des Moines University (Des Moines, IA)
Fresno Regional Community Foundation (Fresno, CA)
La Salle University (Philadelphia, PA)
Lee Memorial Health System (Cape Coral, FL)
Marvin M. Schwan Charitable Fnd (Earth City, MO)
Reinhardt University (Waleska, GA)
Southwest Florida Community Fnd (Fort Myers, FL)
Springpoint Senior Living (Princeton, NJ)
Wright State University Foundation (Dayton, OH)

Corporate

Boston Mutual Life Insurance Co. (Boston, MA)
Brinks Company (Richmond, VA)
Clarks Companies, N.A. (Boston, MA)
Cliffs Natural Resources (Cleveland, OH)
Carmeuse North America Group (Pittsburgh, PA)
Covidien (Mansfield, MA)
Dayton Power & Light Company (Dayton, OH)
Ecolab, Inc. (St. Paul, MN)
Givaudan Corporation (Cincinnati, OH)
The J.M. Smucker Company (Orrville, OH)
Joy Global, Inc. (Milwaukee, WI)
Lafarge N.A. (Chicago, IL)
LVMH Moet Hennessy Louis Vuitton (New York, NY)
Mitsubishi Motors North America, Inc. (Cypress, CA)
Panasonic Corporation (Secaucus, NJ)

Representative clients reflect a partial list of US institutional clients selected from SEI's complete client roster with assets in excess of \$25 million that have provided SEI with permission to use their names in marketing materials. The inclusion of particular clients on this list does not constitute an endorsement or recommendation of SEI's products or services by such clients. Client list as of June 30, 2014.

Your SEI team of experts develops and executes an investment strategy based on organizational goals

Client Portfolio Manager



JP Cavaliere

Accountable for client investment strategy and implementation

- Regular portfolio and manager reviews
- Strategy to meet alpha objectives and portfolio goals
- Active point of view on global investment markets, asset classes, managers and investment vehicles
- Risk management
- Strategy and investment oversight
- Collaborates with asset allocation and manager research specialists

Advisory Expert



**MJ Bobyock,
CFA**

Responsible for creating asset allocation tied to client's goals and mitigating risk

- Industry trends and best practices
- Spending policy analysis
- Capital Market Assumptions
- Asset Allocation recommendations
- Investment Policy formulation
- Portfolio modeling and stress testing

MANAGER RESEARCH & SELECTION

- Portfolio construction
- Alpha source identification
- Equity, fixed income, alternative investments manager selection
- Dynamic asset allocation
- Ongoing manager oversight

ASSET ALLOCATION / RISK MANAGEMENT

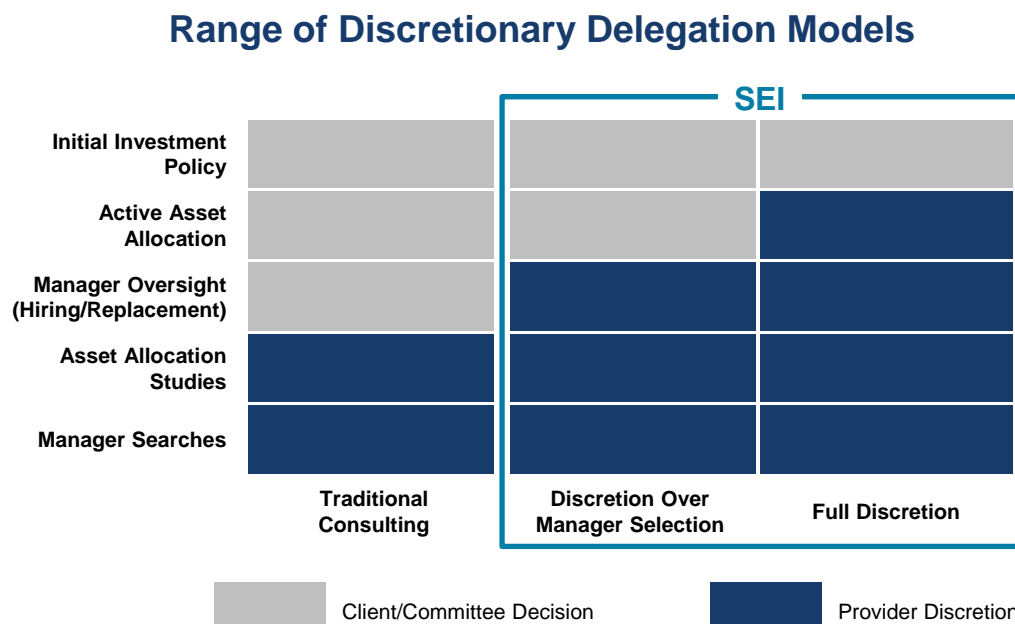
- Capital market assumptions
- Portfolio modeling
- Stress testing
- Active investment management
- Alpha source and tracking error analysis

CUSTODY / OPERATIONS

- custody services
- Integrated technology / reporting platform
- Securities trading

Flexible levels of delegation

- There are several levels of investment management delegation available
- The first level offers discretion for manager-related decisions, such as hiring and replacement
- Full discretion would include discretion over manager-related decisions and ongoing asset allocation changes in accordance with bands pre-established in the Investment Policy Statement
- SEI offers flexible levels of discretion based on the needs and goals of your organization



Potential Benefits:

- Opportunistic investments to take advantage of short-term market opportunities
- Ability to mitigate various risks to the portfolio
- Efficiently implement SEI's point of view

Wright State University Investment Fund Objectives

Investment Objectives – seek to maximize long-term total returns consistent with prudent levels of risk while maintaining compliance with the State of Ohio Guidelines

The Wright State University Investment Fund seeks to accomplish this investment objective through decisions that are in the best of interest of the Fund. Items to consider when evaluating investments:

- 1) **Safety:** investments should be made to preserve capital in the overall portfolio over time
- 2) **Liquidity:** maintain the ability to sell investments on short notice to raise cash needed to meet the University's operating requirements
- 3) **Return on Investments:** the overall portfolio should be constructed to achieve the highest level of total return with a prudent amount of market risk



Process, Timeline and Next Steps

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***ITN for
Investment
Advisory Services***

November 2013 – Cross functional review team formed

December 16, 2013 – ITN released

February 3, 2014 – Core team narrowed pool from 17 to 9 firms for further consideration

February 5, 2014 – Full committee selected 5 firms for presentations

April - May 2014 – Contract negotiations held with SEI

March 5-10, 2013 – Finalist firms presented to review committee

March 17, 2014 – SEI selected to begin contract negotiations

May 28, 2014 – Contracts with SEI executed

May 29 – June 30, 2014 – Conference calls held to discuss transition of assets

July - October 2014 – Conference calls held to develop metrics, discuss IPS revisions and transition to OCIO model, discuss diversifying strategies, transition portfolio assets, develop Board presentation

October 10, 2014 – Board considers approval of revised IPS

October – December 2014 – Educational sessions on Structured Credit and Private Real Estate

By January 2015 – SEI reallocates portfolio in accordance with updated IPS


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IPS Changes

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Wright State University Investment Fund

IPS Changes

- Wholesale changes within the WSU Investment Fund IPS to correspond with the new Outsource CIO/Fiduciary Manager model that the University has adopted

Previous IPS	Recommended IPS
Definitions, roles and responsibilities all written for work with a traditional consultant	Broader responsibilities for various university parties and more of an emphasis put on the Fiduciary Manager for manager selection, rebalancing, etc
Removal of any reference to investment consultant and investment manager duties	Fiduciary Manager reports to committees and board on changes to investment managers and asset class weights
Asset class targets were for Diversified Portfolio only	Combined targets/ranges to each WSU pool and look at a Total Combined level with recommended targets and ranges
Broad asset classes: Global Equity, Global Fixed Income, Real Assets and Diversifying Strategies	Broad asset classes: Global Equity, Global Fixed Income, Inflation Hedge Strategies and Alternatives
Definition of investments and restrictions were built toward the traditional consultant model	Broader explanations of investments in each asset class; kept restrictions in place where appropriate

Wright State University Investment Fund

IPS Changes

Original IPS Allocation and Ranges for Diversified Pool

Recommended IPS Allocation for Diversified Pool

<u>Asset Class</u>	<u>Target %</u>	<u>Range</u>	<u>Asset Class</u>	<u>Target %</u>
Global Equity	60%	50 – 75%	Global Equity	53%
U.S. Large/Mid Cap	25%		US Large Cap (S&P 500 Index)	10%
U.S. Small Cap	10%		US Managed Volatility	12%
International Equities	20%		U.S. Small/Mid Cap	3%
Developed Large Cap	12%		US Small Cap	3%
Developed Small Cap	3%		World ex-US Equities	15%
Emerging Markets	5%		Emerging Markets Equity	4%
Private Equity	5%		Dynamic Asset Allocation	6%
Global Fixed Income	20%	10 – 30%	Global Fixed Income	20%
Core / Core Plus Fixed Income	17%		Investment Grade Bonds	10%
TIPS	3%		High Yield	6%
			International Bonds	4%
Real Assets	15%	0 – 25%	Inflation Hedge	7%
Natural Resources (Commodities / MLPs / Private Energy)	10%		Multi-Asset Real Return	7%
Real Estate (Public/Private)	5%		Alternatives	20%
Diversifying Strategies	5%	0 – 10%	Hedge Funds	7%
			Structured Credit	6%
			Private Real Estate	3%
			Private Equity	4%

Alternative recommendations will be funded on December 31, 2014. This provides time for members of the Finance & Audit Committee and the WSU Management team to feel comfortable with additional education on these strategies.

Wright State University Investment Fund

IPS Changes – Addition of the Total Portfolio Allocation

Recommended IPS Allocation and Ranges for the Total Portfolio

<u>Asset Class</u>	<u>Target %</u>	<u>Target Range %</u>
Global Equity	35%	25 - 55%
US Large Cap (S&P 500 Index)	6%	0 - 25%
US Managed Volatility	8%	0 - 25%
U.S. Small/Mid Cap	2%	0 - 15%
US Small Cap	2%	0 - 15%
World ex-US Equities	10%	0 - 25%
Emerging Markets	3%	0 - 10%
Dynamic Asset Allocation	4%	0 - 10%
Global Fixed Income	47%	25 - 55%
Investment Grade Bonds	28%	0 - 30%
High Yield	3%	0 -15%
Emerging Markets Debt	4%	0 -15%
Cash and Cash Equivalents	12%	0 - 10%
Inflation Hedge	5%	0 - 15%
Multi-Asset Real Return	5%	0 -15%
Alternatives	13%	0 - 20%
Hedge Funds	4%	0 -15%
Structured Credit	4%	0 -10%
Private Real Estate	2%	0 -15%
Private Equity	3%	0 -10%

Alternative recommendations will be funded on December 31, 2014. This provides time for members of the Finance & Audit Committee and the WSU Management team to feel comfortable with additional education on these strategies.

Comparing the Portfolios

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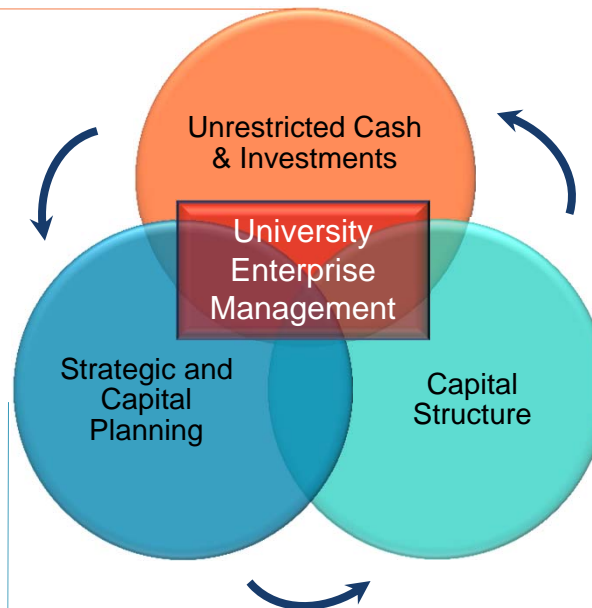
Total Enterprise Approach to Custom Investment Allocation

Unrestricted Cash & Investments

- Ability to meet short term operating needs
- Organization strategies and objectives
- Working capital requirements
- Possible spending/draw down requirements
- Asset allocations that allow one to adapt to changing market conditions
- Need for liquidity and compliance with State law

Capital Structure

- Credit rating implications/Moody's ratings
- Interest rate sensitivity to floating liabilities
- Risk tolerance of organization
- Capital Markets considerations
- Availability of credit facilities
- Existing debt policy: fixed/floating
- Restricted Assets



It is critical to understand how these various components interact and influence organizational objectives and each other

Strategic and Capital Planning

- Ability to fund strategies and objectives
- Enrollment/Tuition Considerations
- Competitive enhancements
- Alternative sources of revenue
- Expense optimization
- Existing credit rating and ability to access capital markets
- Foundation contribution to University operations

Wright State University Investment Fund

Observations & Initial Recommendations

Observations:

- Investment income budget approximately \$8.4 million
- Tuition and related increases low relative to state peers
- Ohio state appropriations contingent upon degree and course completion starting 2014
 - unknown impact to non- operating revenue
 - tuition and state appropriations historically over 50% of revenue source for programs
 - No longer reliant on federal loan subsidies
- Debt considerations
 - Recent debt issued earned A1 bond rating from Moody's
 - No immediate plans for increased debt
- Strategic initiatives
 - Increase innovative research initiatives – student engagement; grant potential
 - Graduation and career placement

Recommendations:

1. *Enhance return and income expectation of Liquidity pool*
2. *Increase income potential in Diversified Pool while reducing equity risk and adding managed volatility*
3. *Stress test allocations to see good, average and bad returns impact on financial metrics*
4. *Reduce slightly overall standard deviation while maintaining return target by introducing two alternatives*

Wright State University – prior to 7/1/14 transition (December 31, 2013 allocation)

Asset Class	Diversified Pool	Liquidity Pool (2/3 active)	Cash Pool (based on average)	Total Combined Target Portfolio	Total Combined Average Actual Portfolio (9% Cash Pool of Total Portfolio)
Russell 1000 Large Cap Index	25.0	-	-	16.0	19.0
Mid Cap Passive Equity	5.0	-	-	3.0	4.0
US Small Cap Equity	13.0	-	-	8.0	10.0
International Equity	15.0	-	-	10.0	11.0
Emerging Markets Equity	4.0	-	-	2.0	3.0
Total Equity	62.0	-	-	39.0	47.0
US High Yield	1.0	-	-	1.0	1.0
Emerging Markets Debt	3.0	-	-	2.0	2.0
Core Fixed Income	12.0	-	-	8.0	9.0
International Fixed Income	3.0	-	-	2.0	2.0
Short Term Bond	-	67.0	31.0	16.0	13.0
Short Term Bond Passive	-	33.0	-	5.0	5.0
TIPs	3.0	-	-	2.0	2.0
Cash	-	-	69.0	14.0	6.0
Total Fixed Income	22.0	100.0	100.0	50.0	40.0
Commodities	4.0	-	-	3.0	3.0
Total Inflation Hedge/Real Assets	4.0	-	-	3.0	3.0
Private Equity	1.0	-	-	1.0	1.0
MLPs	6.0	-	-	4.0	5.0
Hedge	5.0	-	-	3.0	4.0
Total Alternatives/Other	12.0	-	-	8.0	10.0
Net Expected Return	7.2%	2.2%	2.1%	5.6%	6.2%
Standard Deviation	15.1%	2.5%	1.1%	9.8%	11.7%
Risk of Loss (5 th percentile)	-14.1%	-1.5%	0.2%	-8.8%	-10.7%
Sharpe Ratio	0.38	0.18	-	0.41	0.40

Source: SEI Capital Market Assumptions updated June 2014. Please see important disclosures at the beginning of this section and at the back of the presentation.

Net of Fees

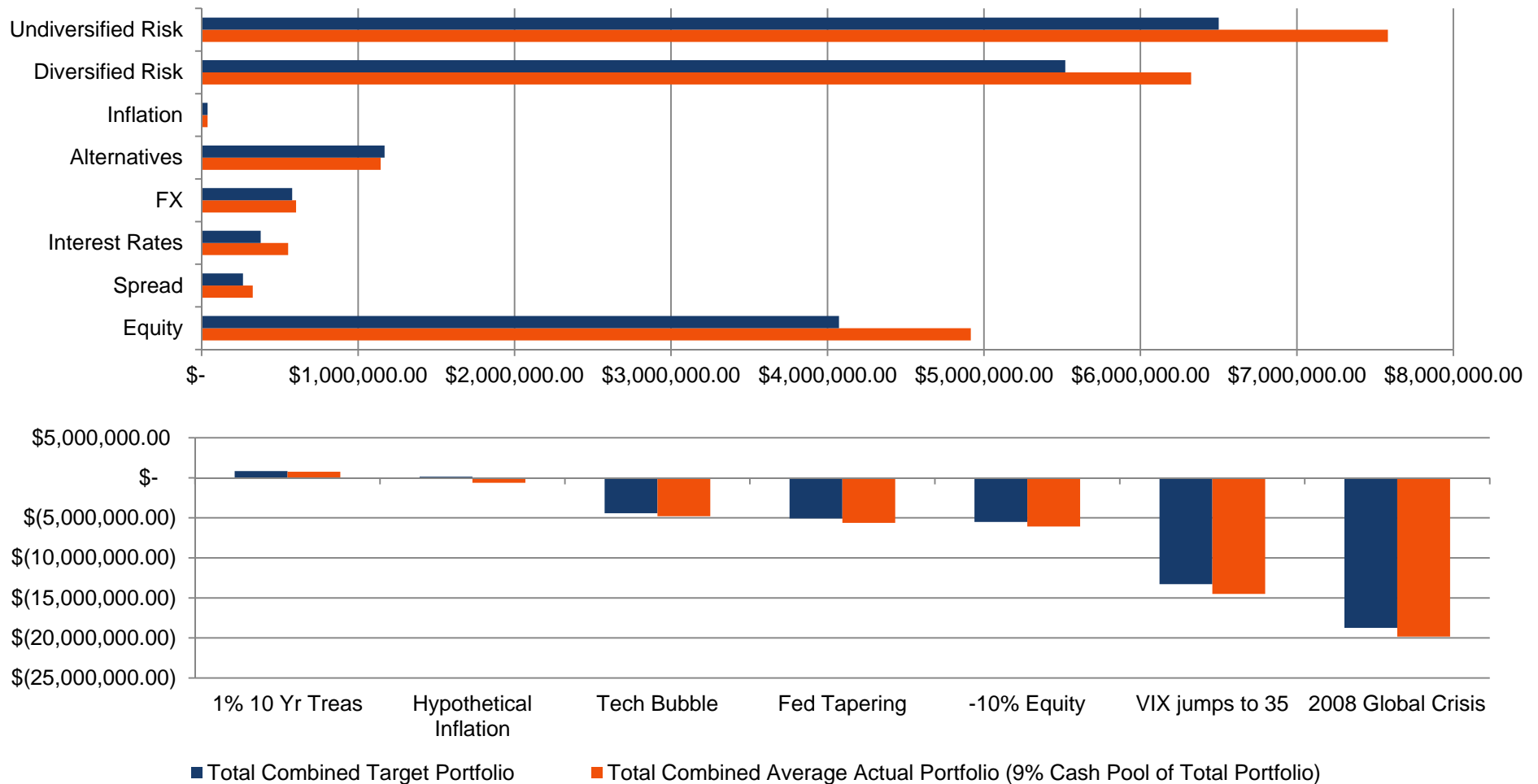
Wright State University – recommended portfolios

Asset Class	Diversified Pool	Liquidity Pool	Cash Pool (based on average)	Total Combined Target Portfolio	Total Combined Average Actual Portfolio (9% Cash Pool of Total Portfolio)
US Managed Volatility	12.0	-	-	8.0	9.0
S&P 500 Index	10.0	-	-	6.0	8.0
US Small/Mid Cap Equity Index	3.0	-	-	2.0	2.0
US Small Cap Equity	3.0	-	-	2.0	2.0
World Equity Ex-US	15.0	-	-	10.0	11.0
Emerging Markets Equity	4.0	-	-	3.0	3.0
Dynamic Asset Allocation	6.0	-	-	4.0	5.0
Total Equity	53.0	-	-	35.0	40.0
US High Yield	4.0	-	-	3.0	3.0
Emerging Markets Debt	6.0	-	-	4.0	5.0
Core Fixed Income	10.0	-	-	5.0	8.0
Limited Duration Fixed Income	-	60.0	-	9.0	9.0
Short Term Corporate Fixed Income	-	40.0	-	6.0	6.0
Short Term Bond	-	-	31.0	6.0	3.0
Cash	-	-	69.0	14.0	6.0
Total Fixed Income	20.0	100.0	100.0	47.0	40.0
Multi-Asset Real Return	7.0	-	-	5.0	5.0
Total Inflation Hedge/Real Assets	7.0	-	-	5.0	5.0
Moderate Volatility Hedge	7.0	-	-	4.0	5.0
Private Real Estate	3.0	-	-	2.0	2.0
Structured Credit	6.0	-	-	4.0	5.0
Private Equity	4.0	-	-	3.0	3.0
Total Alternatives/Other	20.0	-	-	13.0	15.0
Net Expected Return	7.5%	2.5%	2.1%	5.8%	6.4%
Standard Deviation	14.6%	2.9%	1.1%	9.8%	11.2%
Risk of Loss (5 th percentile)	-13.7%	-2.3%	0.0%	-9.1%	-10.4%
Sharpe Ratio	0.43	0.26	-	0.45	0.45

Source: SEI Capital Market Assumptions updated June 2014. Please see important disclosures at the beginning of this section and at the back of the presentation.

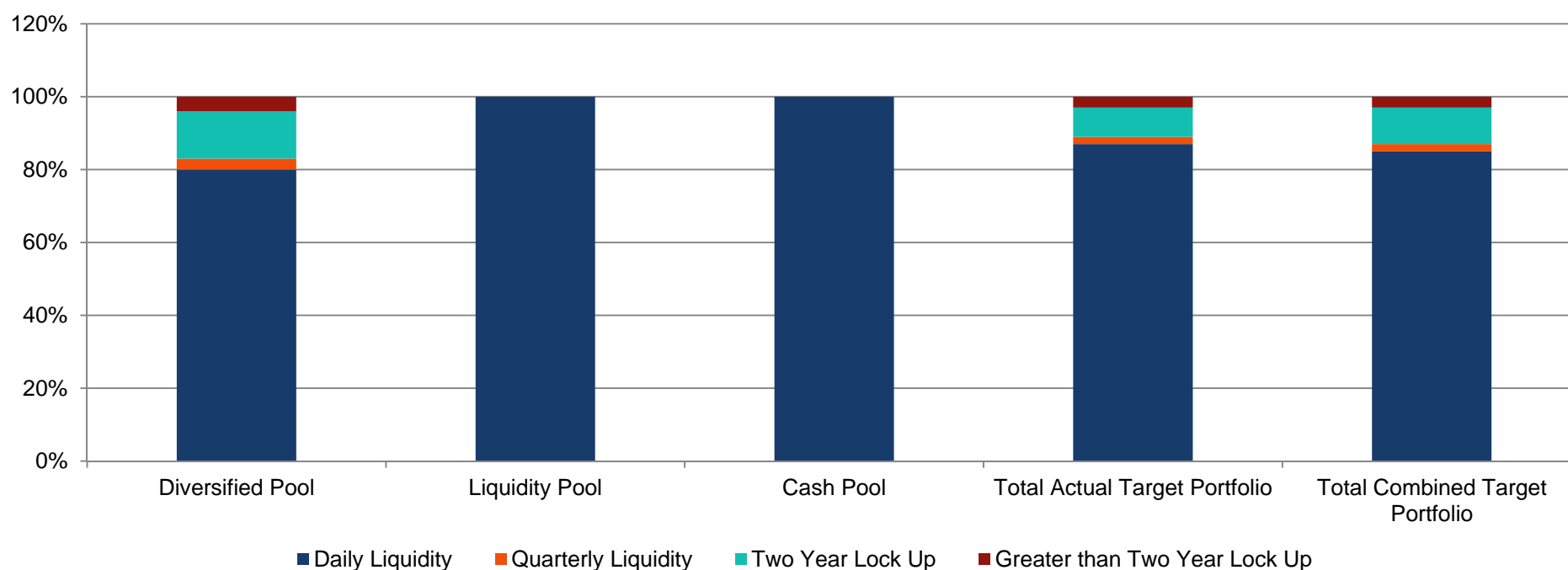
Net of Fees (Total Portfolio fees are SEI fees only – excludes outside cash held)

VAR (Value at Risk) Analysis – July 31, 2014



Source: Blackrock Portfolio Risk Tools, SEI Investment Management Unit
Risk" defined as standard deviation

Liquidity analysis for recommended portfolios

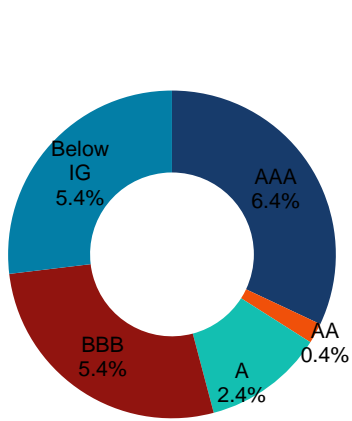


	Diversified Pool	Liquidity Pool	Cash Pool	Total Target Combined Portfolio	Total Actual Combined
Daily Liquidity	80%	100%	100%	87%	85%
Quarterly Liquidity	3%	0%	0%	2%	2%
Two Year Lock Up	13%	0%	0%	8%	10%
Greater than Two Year Lock Up	4%	0%	0%	3%	3%

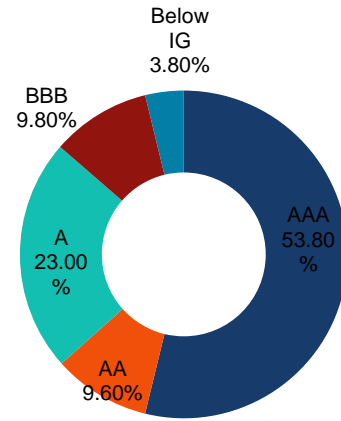
Source: SEI

Credit quality breakdown for current portfolios as a percentage of the portfolio

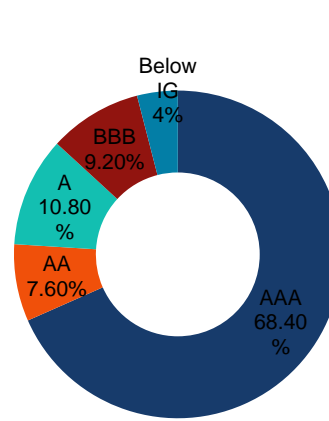
Diversified Pool



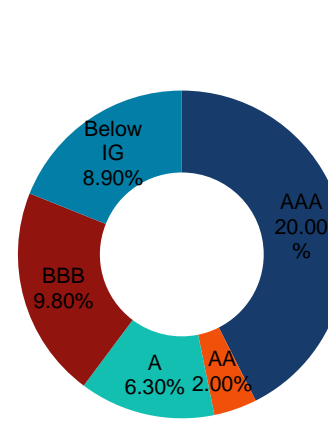
Liquidity Pool



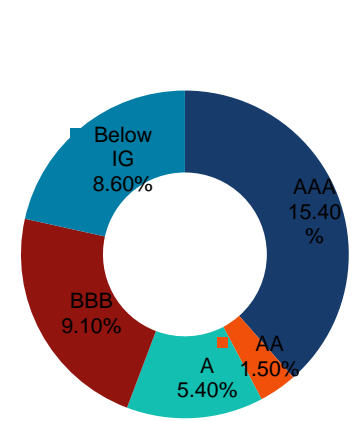
Cash Pool



Total Target Portfolio



Total Actual Portfolio



As of 6/30/14	Diversified Pool	Liquidity Pool	Cash Pool	Total Target Portfolio	Total Actual Portfolio
AAA	6.4%	53.8%	68.4%	20.0%	15.4%
AA	0.4%	9.6%	7.6%	2.0%	1.5%
A	2.4%	23.0%	10.8%	6.3%	5.4%
BBB	5.4%	9.8%	9.2%	9.8%	9.1%
Below IG	5.4%	3.8%	4%	8.9%	8.6%
Total Fixed Income Allocation	20%	100%	100%	47%	40%

Source: Blackrock, SEI.

Investment allocation strategy determined by institutional risk tolerance in financial operations and portfolio scenarios

1 Year Financial Projections *							
	Prior to Transition Portfolio			Proposed Portfolio			WSU Projection
Confidence Interval** (Downside Risk Year 10)	95th	50th	5th	95th	50th	5th	<i>Based on budget projections</i>
Expendable Net Assets (in millions)	\$201.5	\$175.8	\$153.6	\$202.1	\$176.1	\$153.9	\$167.5
Operating Expense (in millions)	\$360.7	\$360.7	\$360.7	\$360.7	\$360.7	\$360.7	\$360.7
Expendable Net Assets to Operating Expense	0.559	0.487	0.426	0.560	0.488	0.427	0.464
Primary Reserve Score	5	4	4	5	4	4	4
Expendable Net Assets (in millions)	\$201.5	\$175.8	\$153.6	\$202.1	\$176.1	\$153.9	\$167.5
Plant Debt (in millions)	\$106.9	\$106.9	\$106.9	\$106.9	\$106.9	\$106.9	\$106.9
Expendable Net Assets to Plant Debt	1.884	1.644	1.436	1.889	1.647	1.439	1.566
Viability Score	4	4	4	4	4	4	4
Change in Total Assets (in millions)	\$20.7	-\$5.0	-\$27.1	\$21.3	-\$4.7	-\$26.9	-\$1.6
Revenues, Operating and Non-Operating (in millions)	\$381.4	\$355.8	\$333.6	\$382.0	\$356.1	\$333.9	\$359.2
Change in Total Assets to Revenues	0.054	-0.014	-0.081	0.056	-0.013	-0.081	-0.004
Net Income Score	5	1	-	5	1	-	1
Senate Bill 6 Ratio	4.70	3.40	3.20	4.70	3.40	3.20	3.40

** 95th percentile is the good scenario, 50th percentile is the average scenario and 5th percentile is the poor scenario

Source: SEI Capital Market Assumptions updated June 2014. Please see important disclosures at the beginning of this section and at the back of the presentation. Financial Statements for Wright State University for June 30, 2013.

Gross of Fees

Summary of SEI as Fiduciary Manager

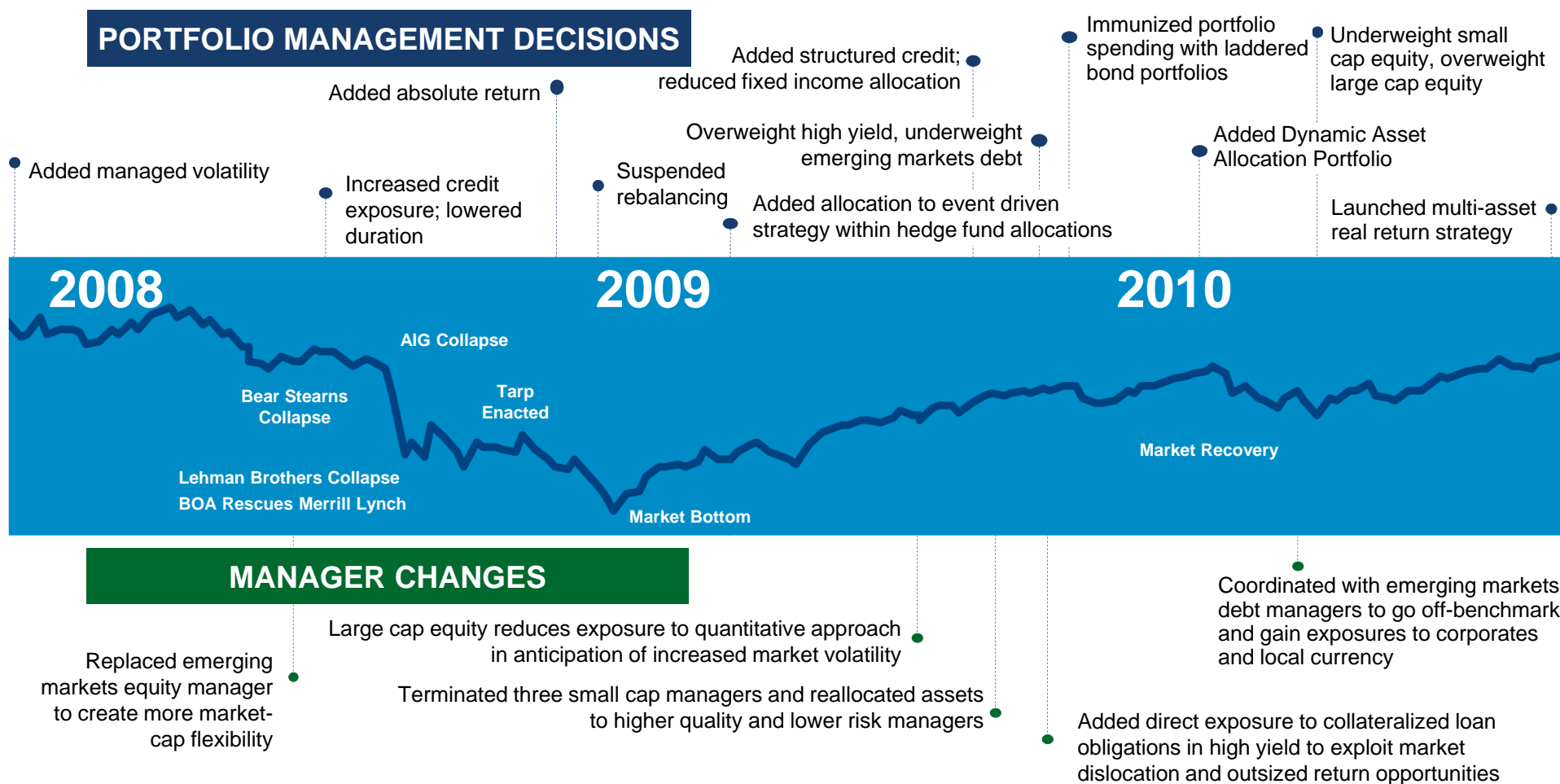
- ✓ More holistic approach to managing investment assets in conjunction with strategic and financial objectives
- ✓ Stress testing financial ratio metrics using good, average, and poor outcomes showed consistent results with desired ratio goals
- ✓ Recommended portfolios achieve return target with reduced volatility and added diversification benefits while maintaining appropriate liquidity
- ✓ Utilizing SEI's point of view in the markets and adjusting the portfolio(s) accordingly to take advantage of opportunities or reduce risks when appropriate.
- ✓ Eliminate the time it takes for committees to approve or terminate manager relationships

Appendix

Additional information on SEI
Capital Finance Analysis
Team Biographies
Capital Market Assumptions
Disclosures

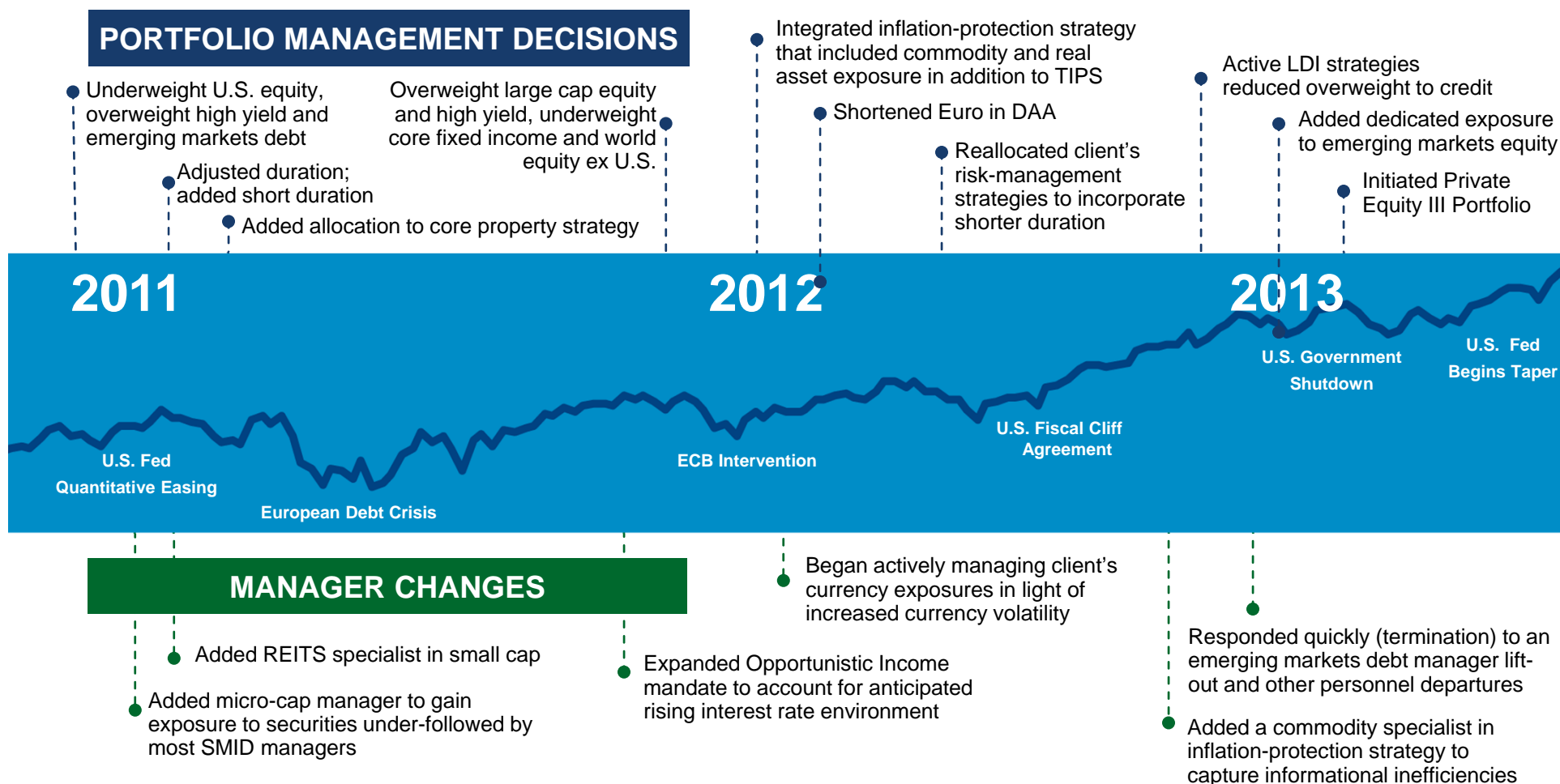
SEI New ways.
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Track record of active decision making



This information is presented to illustrate SIMC's approach to implementing active asset allocation investment strategy adjustments over various market cycles. It does not reflect the recommendation of any particular mutual fund, investment manager or other investment product and is not a complete list of the asset allocation investment strategy adjustments made over the time period referenced. Additional information concerning SIMC's asset allocation and investment strategy adjustments over the last year is available upon request. Past performance is not indicative of future results, and it should not be assumed that future recommendations will be profitable or will equal the performance of past recommendations.

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Implementing the portfolio: Well resourced team with more than 20-year heritage of selecting institutional managers

An experienced team of investment professionals

- SEI has over 20 years of manager selection and portfolio construction experience
- Approximately 90 credentialed investment professionals across the globe
- More than 60 CFAs, MBAs, or other advanced designations

Accountable to clients

- Significant level of senior investment team equity in SEI
- Compensation based on achieving performance within specified risk parameters
- No “pay to play”

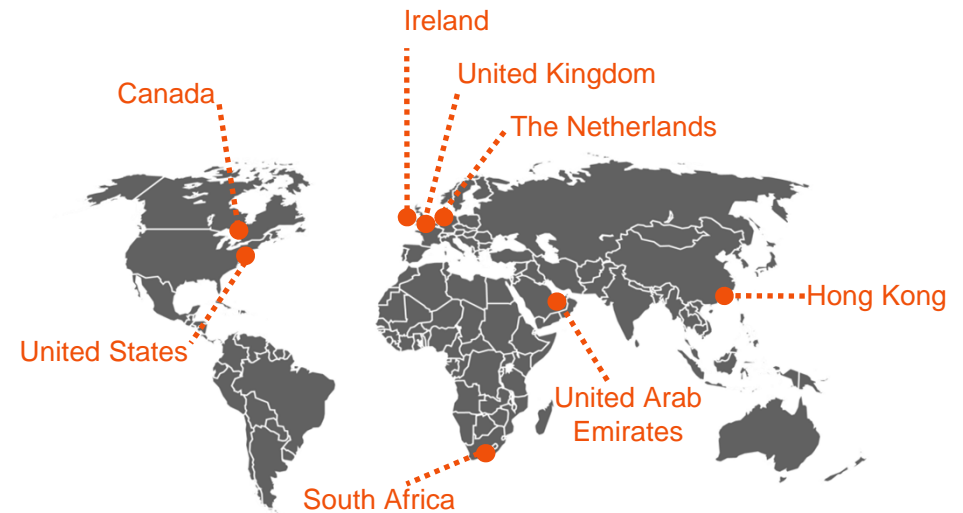
Globally integrated team-based structure

- Investment teams sharing best practices globally
- Teams focused on research and portfolio strategy
- Global investment strategy oversight by senior leaders

Investment disciplines

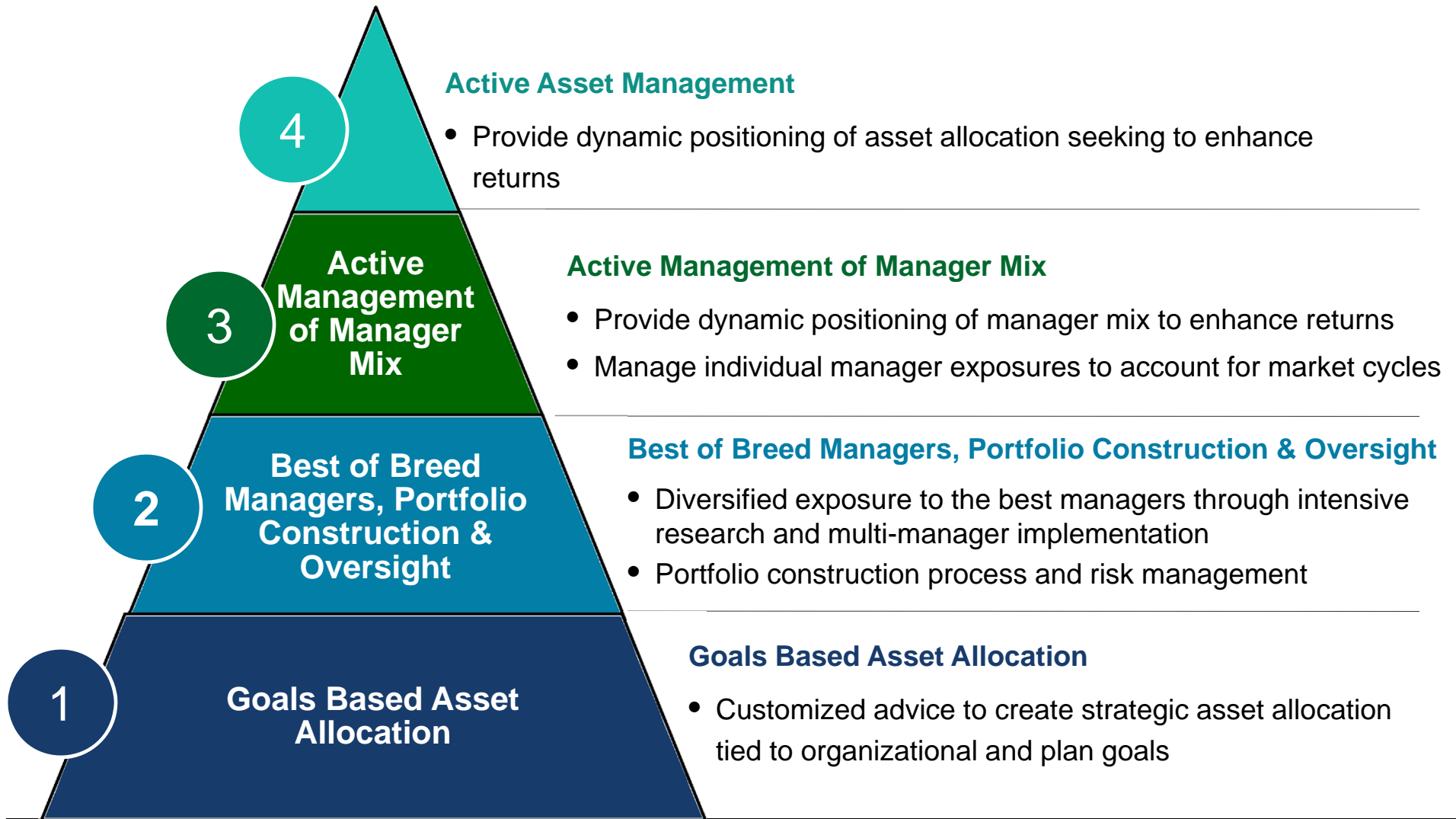
- Manager selection and continuous oversight
- Portfolio construction
- Risk management
- Equities
- Fixed income
- Alternative investments
- Dynamic asset allocation

Global Locations



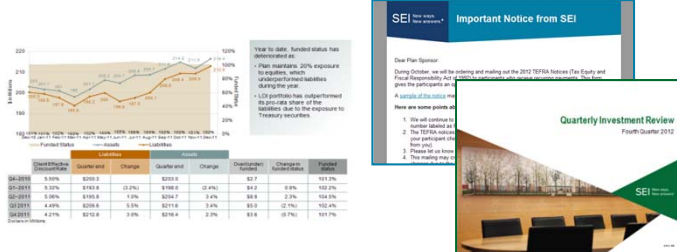
As of December 31, 2013.

SEI's active investment philosophy: Four levels of value add



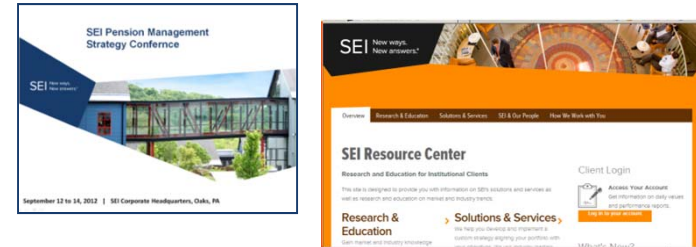
Client model focused on supporting good governance, sound decision making and achieving financial goals

Reporting



- Customized FMA reporting to evaluate progress against goals
- Timely, comprehensive performance reporting
- Quarterly investment review meetings
- Economic and market updates with SEI's point of view
- Legislative updates

Communication and Education



- Client Resource Center website
- E-communications on primary research and perspectives on industry trends
- Education on new investment strategies
- Committee member survey, support and education
- CPA and CFP continuing education credit program
- Client conferences and events

SEI is committed to our non-profit clients

Continued research / peer analysis through SEI sponsored Non-Profit Management Research Panel

- Recent topics include spending policy, governance, positioning portfolio in rising rate environment

SEI hosting Non-Profit Symposium for only non-profit clients in 2014

Active member / participant with highly respected industry groups:

- Council on Foundations
- National Association of College and University Business Officers (NACUBO)
- Association of Governing Boards (AGB) of Universities and Colleges
- Portfolio Whiteboard Project

SEI Institutional Group's contributed \$1.08M back to client causes in 2012

How does SEI's solution benefit the University?

Experienced	<ul style="list-style-type: none">• The largest provider of outsourced investment services*• 20 year track record
Resources/Expertise	<ul style="list-style-type: none">• 300 professionals available to support the university's needs
Customization	<ul style="list-style-type: none">• Portfolio built for specific needs of university• Asset allocation process customized
Diversification	<ul style="list-style-type: none">• Ability to fully diversify across and within asset classes without size constraints• More than 35 manager mandates across public markets
Access	<ul style="list-style-type: none">• Bring institutional managers with high minimums and limited capacity to smaller asset pools
Active Point of View	<ul style="list-style-type: none">• Continual updates on current market opportunities and optimal positioning
Efficiency	<ul style="list-style-type: none">• Operationally streamlined with one contract• Full audit support• Limited resources required
Transparency	<ul style="list-style-type: none">• Across managers within the portfolio• Fully transparent fee structure

Pensions & Investments 2013. Largest outsourcer based on worldwide clients among investment outsourcing managers with over \$50 billion in worldwide assets under management as of July 2013.

How do SEI clients benefit?

Track record of helping clients achieve goals

- Time-tested delegation model provided to institutional clients since 1992
- Heritage of identifying top-tier independent institutional managers
- Long-term track record of consistent investment results

Customized solutions focused on client needs

- Open architecture program with broad array of asset classes and choice of delegation level
- Custom asset allocation strategy with monitoring against goals
- Nimble active decision making, improved risk management and stress testing

Team of experts and resources act as extension of your team

- Expert resources in corporate finance, pension finance and investments
- Access to research and educational materials on SEI's Client Resource Center

Investment allocation strategy determined by institutional risk tolerance in financial operations and portfolio scenarios

1 Year Financial Projections *							
	Prior to Transition Portfolio			Proposed Portfolio			WSU Projection
Confidence Interval** (Downside Risk Year 10)	95th	50th	5th	95th	50th	5th	<i>Based on budget projections</i>
Unrestricted Net Assets (in millions)	\$131.4	\$113.0	\$97.0	\$131.8	\$113.2	\$97.3	\$107.0
Operating Expense (in millions)	\$338.0	\$338.0	\$338.0	\$338.0	\$338.0	\$338.0	\$338.0
Unrestricted Financial Resources to Operating Expense	0.39	0.33	0.29	0.39	0.33	0.29	0.32
Unrestricted Net Assets (in millions)	\$131.4	\$113.0	\$97.0	\$131.8	\$113.2	\$97.3	\$107.0
Debt (in millions)	\$123.7	\$123.7	\$123.7	\$123.7	\$123.7	\$123.7	\$123.7
Unrestricted Financial Resources to Debt	1.06	0.91	0.78	1.07	0.92	0.79	0.86
Total Revenues (in millions)	\$381.4	\$355.8	\$333.6	\$382.0	\$356.1	\$333.9	\$359.2
Less Capital Grants (in millions)	-\$2.0	-\$2.0	-\$2.0	-\$2.0	-\$2.0	-\$2.0	-\$2.0
Total Operating Revenues (in millions)	\$379.4	\$353.8	\$331.4	\$380.0	\$354.1	\$331.9	\$357.2
Change in Unrestricted Net Assets	-\$3.9	-\$3.4	-\$2.9	-\$3.9	-\$3.4	-\$2.9	-\$3.2
Change in Unrestricted Net Position to Total Operating Revenue	-1.03	-0.95	-0.87	-1.03	-0.95	-0.87	-0.89
WSU Financial Resources per FTE Actual (Measure of Reserves)	19,778	18,435	17,271	19,810	18,451	17,287	17,998

** 95th percentile is the good scenario, 50th percentile is the average scenario and 5th percentile is the poor scenario

Source: SEI Capital Market Assumptions updated June 2014. Please see important disclosures at the beginning of this section and at the back of the presentation. Financial Statements for Wright State University for June 30, 2013.

Gross of Fees

Investment allocation strategy determined by institutional risk tolerance in financial operations and portfolio scenarios

10 Year Financial Projections *							
	Prior to Transition Portfolio			Proposed Portfolio			WSU Projection
Confidence Interval** (Downside Risk Year 10)	95th	50th	5th	95th	50th	5th	<i>Based on budget projections</i>
Expendable Net Assets (in millions)	\$299.1	\$259.8	\$225.7	\$300.0	\$260.2	\$226.2	\$247.0
Operating Expense (in millions)	\$423.0	\$423.0	\$423.0	\$423.0	\$423.0	\$423.0	\$423.0
Expendable Net Assets to Operating Expense	0.707	0.614	0.534	0.709	0.615	0.535	0.584
Primary Reserve Score	5	5	5	5	5	5	5
Expendable Net Assets (in millions)	\$299.1	\$259.8	\$225.7	\$300.0	\$260.2	\$226.2	\$247.0
Plant Debt (in millions)	\$47.5	\$47.5	\$47.5	\$47.5	\$47.5	\$47.5	\$47.5
Expendable Net Assets to Plant Debt	6.297	5.469	4.752	6.316	5.479	4.762	5.200
Viability Score	5	5	5	5	5	5	5
Change in Total Assets (in millions)	\$35.0	-\$4.4	-\$38.4	\$35.9	-\$3.9	-\$38.0	-\$8.0
Revenues, Operating and Non-Operating (in millions)	\$458.0	\$418.7	\$384.7	\$459.0	\$419.2	\$385.1	\$415.1
Change in Total Assets to Revenues	0.076	-0.010	-0.100	0.078	-0.009	-0.099	-0.019
Net Income Score	5	1	-	5	1	-	1
Senate Bill 6 Ratio	5.00	4.20	4.00	5.00	4.20	4.00	4.20

** 95th percentile is the good scenario, 50th percentile is the average scenario and 5th percentile is the poor scenario

Source: SEI Capital Market Assumptions updated June 2014. Please see important disclosures at the beginning of this section and at the back of the presentation. Financial Statements for Wright State University for June 30, 2013.

Gross of Fees

Investment allocation strategy determined by institutional risk tolerance in financial operations and portfolio scenarios

10 Year Financial Projections *							
	Prior to Transition Portfolio			Proposed Portfolio			WSU Projection
Confidence Interval** (Downside Risk Year 10)	95th	50th	5th	95th	50th	5th	<i>Based on budget projections</i>
Unrestricted Net Assets (in millions)	\$280.8	\$241.4	\$207.4	\$281.7	\$241.9	\$207.8	\$228.6
Operating Expense (in millions)	\$395.8	\$395.8	\$395.8	\$395.8	\$395.8	\$395.8	\$395.8
Unrestricted Financial Resources to Operating Expense	0.71	0.61	0.52	0.71	0.61	0.53	0.58
Unrestricted Net Assets (in millions)	\$280.8	\$241.4	\$207.4	\$281.7	\$241.9	\$207.8	\$228.6
Debt (in millions)	\$121.3	\$121.3	\$121.3	\$121.3	\$121.3	\$121.3	\$121.3
Unrestricted Financial Resources to Debt	2.31	1.99	1.71	2.32	1.99	1.71	1.83
Total Revenues (in millions)	\$458.0	\$418.7	\$384.7	\$459.0	\$419.2	\$385.1	\$415.1
Less Capital Grants (in millions)	-\$5.7	-\$5.7	-\$5.7	-\$5.7	-\$5.7	-\$5.7	-\$5.7
Total Operating Revenues (in millions)	\$452.3	\$413.0	\$379.0	\$453.3	\$413.5	\$379.4	\$409.4
Change in Unrestricted Net Assets	\$8.3	\$7.1	\$6.1	\$8.3	\$7.2	\$6.1	\$6.8
Change in Unrestricted Net Position to Total Operating Revenue	1.84	1.73	1.62	1.84	1.73	1.62	1.65
WSU Financial Resources per FTE Actual (Measure of Reserves)	34,207	31,400	28,968	34,273	31,433	29,001	30,486

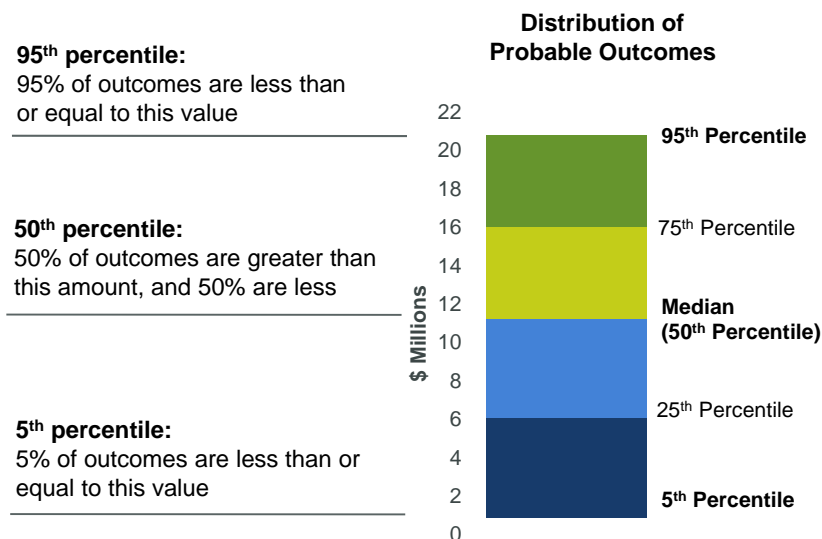
** 95th percentile is the good scenario, 50th percentile is the average scenario and 5th percentile is the poor scenario

Source: SEI Capital Market Assumptions updated June 2014. Please see important disclosures at the beginning of this section and at the back of the presentation. Financial Statements for Wright State University for June 30, 2013.

Gross of Fees

How we create probability distributions and what they mean

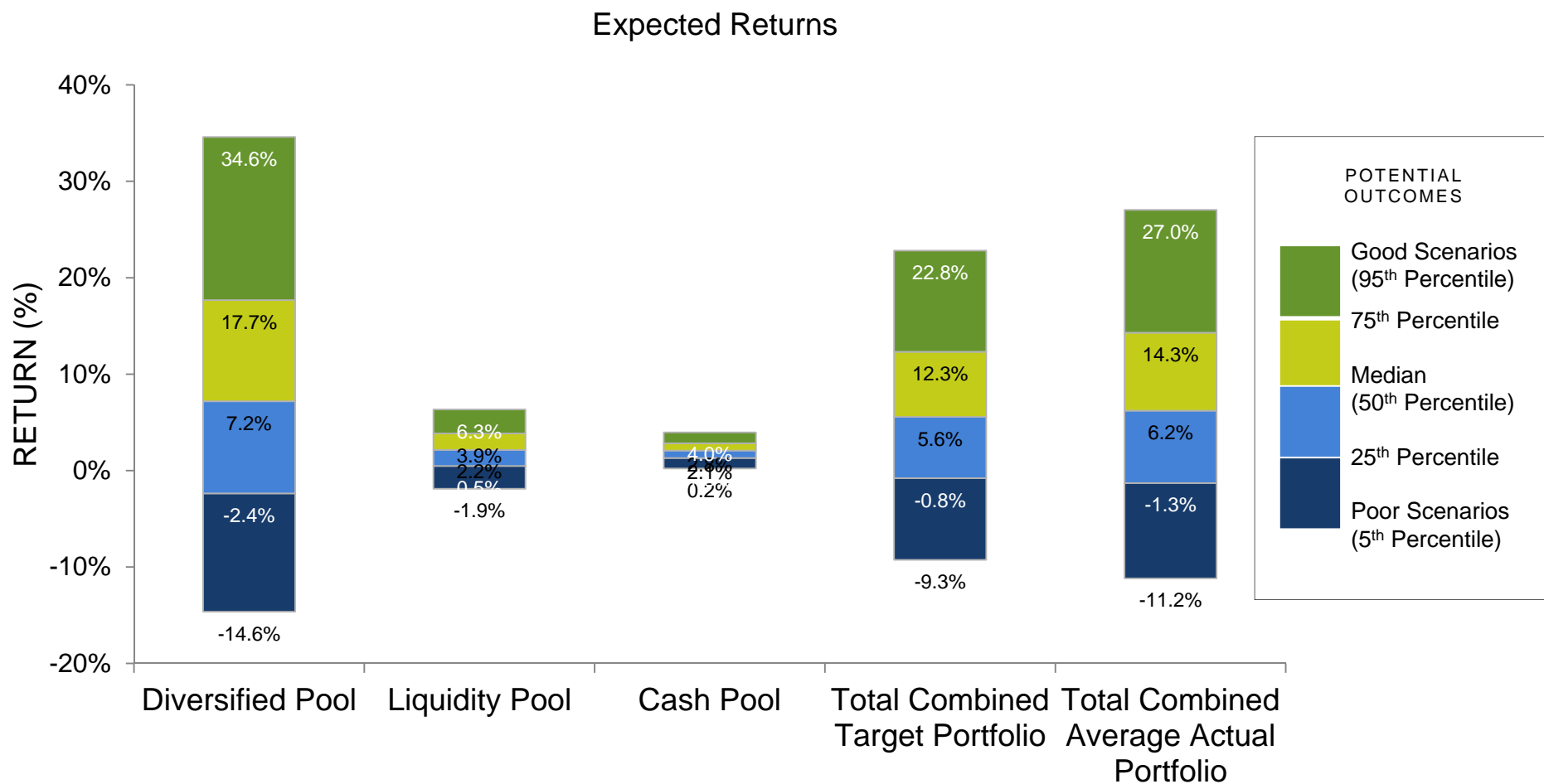
- The probability distribution graphs and / or tables that follow are meant to provide an overview of the range of possible outcomes for a given variable (e.g., returns, pension contributions, expense) for a given asset allocation.
- The probability distributions are generated using SEI's proprietary modeling tool and simulated capital market behavior.
- Capital market behavior is simulated for 1,000 possible scenarios based on expected performance of each asset class and reflecting current economic conditions. Capital market assumptions such as return, standard deviation and covariances are inputs into this process, combining with model parameters to create market scenarios.
- We use these 1,000 capital market scenarios to create 1,000 output scenarios for each variable being considered.
- A 90% confidence interval should be interpreted as 90% of the projected output variables, falling between the 5% and 95% results, based on SEI Capital Market Assumptions.
- This projection is hypothetical in nature, does not reflect actual investment results and is not a guarantee of future results.



About Capital Market Assumptions

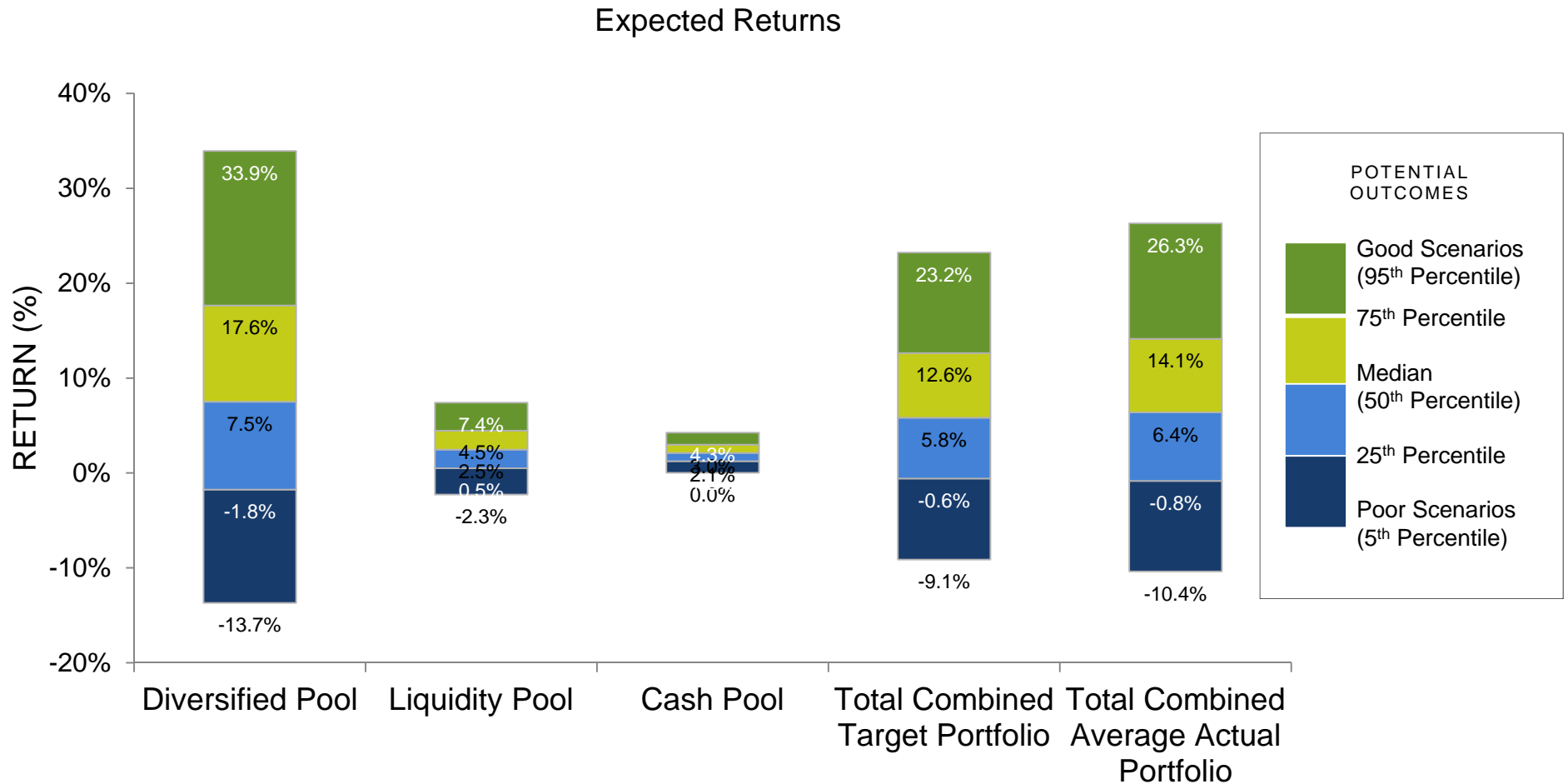
- SEI Investment Management Corporation develops forward-looking, long-term capital market assumptions for risk, return, and correlations for a variety of global asset classes, currencies, interest rates, and inflation.
- These assumptions are created using a combination of historical analysis, future market environment expectations and by applying our own judgment. In certain cases, alpha and tracking error estimates for a particular asset class are also factored into the assumptions.
- We believe this approach is less biased than using pure historical data, which may be affected by unsustainable trends or permanent material shifts in market conditions.

Annual expected return distribution – prior to transition



Source: SEI Capital Market Assumptions updated June 2014. Please see important disclosures at the beginning of this section and at the back of the presentation.
Net of Fees

Annual expected return distribution for recommended portfolios



Source: SEI Capital Market Assumptions updated June 2014. Please see important disclosures at the beginning of this section and at the back of the presentation.
 Net of Fees (Total Portfolio fees are SEI fees only – excludes outside cash held)

SEI Capital Market Assumptions - short term - June 2014

	Compound Return	Risk	Arithmetic Return	Inflation:	2.00%
US Small/Mid Cap Equity	8.89%	22.25%	11.37%		
Developed Markets Equities ex-US	8.65%	21.90%	11.05%		
Emerging Markets Equity	8.57%	30.27%	13.15%		
World Equity ex-US	8.38%	21.83%	10.76%		
US Private Equity	11.76%	20.11%	13.78%		
Private Equity	11.51%	18.89%	13.29%		
Core Fixed Income	3.70%	6.62%	3.92%		
U.S. High Yield	7.17%	12.75%	7.98%		
Emerging Markets Debt	8.24%	15.52%	9.44%		
Moderate Volatility Hedge	9.68%	16.61%	11.06%		
US Small Cap Equity	9.11%	23.44%	11.86%		
Short Term Corporate Fixed Income	2.96%	4.07%	3.05%		
US Managed Volatility Equity	7.49%	15.20%	8.65%		
Structured Credit	9.88%	21.00%	12.08%		
Master Limited Partnerships	6.96%	23.00%	9.61%		
Russell 1000 Large Cap Index	6.99%	19.00%	8.79%		
Cash Management Strategies (Prime)	2.07%	0.80%	2.07%		
Short-Duration Government	2.72%	2.61%	2.75%		
Short-Duration Government/Credit	2.51%	2.50%	2.54%		
Dynamic Asset Allocation	9.30%	19.92%	11.29%		
Multi-Asset	3.48%	8.85%	3.87%		
Private Real Estate	7.00%	19.26%	8.85%		
US Small/Mid Cap Equity Index	6.97%	21.88%	9.37%		
Commodities	3.93%	27.00%	7.57%		

Please see important disclosures at the beginning of this section and at the back of the presentation.

SEI Capital Market Assumptions - short term - June 2014

Correlations	US Small/Mid Cap Equity	Developed Markets Equities ex-US	Emerging Markets Equity	World Equity ex-US	US Private Equity	Private Equity	Core Fixed Income	U.S. High Yield	Emerging Markets Debt	Moderate Volatility Hedge	US Small Cap Equity	Short Term Corporate Fixed Income	US Managed Volatility Equity	Structured Credit	Master Limited Partnerships	Russell 1000 Large Cap Index	Cash Management Strategies (Prime)	Short-Duration Government	Short-Duration Government/Credit	Dynamic Asset Allocation	Multi-Asset	Private Real Estate	US Small/Mid Cap Equity Index	Commodities
	1.00	0.77	0.70	0.82	0.86	0.88	0.20	0.60	0.60	0.83	1.00	0.15	0.93	0.50	0.35	0.93	0.00	0.10	0.15	0.93	0.40	0.70	1.00	0.30
US Small/Mid Cap Equity	1.00																							
Developed Markets Equities ex-US	0.77	1.00																						
Emerging Markets Equity	0.70	0.59	1.00																					
World Equity ex-US	0.82	0.96	0.77	1.00																				
US Private Equity	0.86	0.68	0.75	0.77	1.00																			
Private Equity	0.88	0.87	0.70	0.87	0.83	1.00																		
Core Fixed Income	0.20	0.23	0.00	0.19	0.10	0.28	1.00																	
U.S. High Yield	0.60	0.50	0.60	0.56	0.70	0.75	0.40	1.00																
Emerging Markets Debt	0.60	0.54	0.80	0.66	0.60	0.65	0.50	0.75	1.00															
Moderate Volatility Hedge	0.83	0.63	0.87	0.76	0.80	0.80	0.10	0.75	0.70	1.00														
US Small Cap Equity	1.00	0.75	0.70	0.80	0.85	0.86	0.20	0.60	0.60	0.82	1.00													
Short Term Corporate Fixed Income	0.15	0.18	0.20	0.19	0.00	0.33	0.70	0.55	0.35	0.65	0.15	1.00												
US Managed Volatility Equity	0.93	0.82	0.75	0.88	0.85	0.88	0.30	0.60	0.65	0.80	0.90	0.20	1.00											
Structured Credit	0.50	0.41	0.45	0.47	0.60	0.61	0.00	0.80	0.50	0.75	0.50	0.50	0.50	1.00										
Master Limited Partnerships	0.35	0.27	0.40	0.33	0.40	0.42	0.15	0.50	0.40	0.75	0.35	0.45	0.35	0.50	1.00									
Russell 1000 Large Cap Index	0.93	0.82	0.75	0.88	0.85	0.88	0.30	0.60	0.65	0.80	0.90	0.20	1.00	0.50	0.35	1.00								
Cash Management Strategies (Prime)	0.00	0.00	0.00	0.00	0.00	0.00	0.30	0.00	0.20	0.15	0.00	0.45	0.00	0.00	0.10	0.00	1.00							
Short-Duration Government	0.10	0.14	0.00	0.14	0.00	0.23	0.92	0.50	0.45	0.10	0.05	0.70	0.25	-0.05	0.10	0.25	0.40	1.00						
Short-Duration Government/Credit	0.15	0.18	0.00	0.14	0.00	0.28	0.92	0.55	0.50	0.10	0.10	0.70	0.30	0.00	0.15	0.30	0.45	0.97	1.00					
Dynamic Asset Allocation	0.93	0.82	0.75	0.88	0.85	0.88	0.30	0.60	0.65	0.80	0.90	0.20	1.00	0.50	0.35	1.00	0.00	0.25	0.30	1.00				
Multi-Asset	0.40	0.38	0.50	0.43	0.35	0.44	0.35	0.45	0.50	0.50	0.40	0.40	0.40	0.40	0.35	0.40	0.05	0.30	0.30	0.40	1.00			
Private Real Estate	0.70	0.56	0.50	0.57	0.70	0.79	0.20	0.65	0.55	0.55	0.70	0.40	0.65	0.55	0.35	0.65	0.00	0.10	0.15	0.65	0.45	1.00		
US Small/Mid Cap Equity Index	1.00	0.77	0.70	0.82	0.86	0.88	0.20	0.60	0.60	0.83	1.00	0.15	0.93	0.50	0.35	0.93	0.00	0.10	0.15	0.93	0.40	0.70	1.00	
Commodities	0.30	0.24	0.40	0.30	0.25	0.28	0.00	0.30	0.30	0.45	0.30	0.30	0.25	0.40	0.25	0.25	0.00	0.05	0.05	0.25	0.86	0.25	0.30	1.00

Please see important disclosures at the beginning of this section and at the back of the presentation.

Team Biographies

John Paul (JP) Cavaliere
Client Portfolio Manager
Institutional Group – Client Portfolio Management Team

John Paul Cavaliere serves as a Client Portfolio Manager where he is responsible for providing advisory services to institutional clients regarding investment and risk management strategies, portfolio construction and charitable planned giving solutions to corporate, nonprofit and healthcare clients.

In his preceding role, he served as a Senior Analyst for the Advice Team where he was responsible for providing advice to clients around issues such as investment strategy, risk management and portfolio construction and their impacts upon organizational decisions and objectives. Prior to that, he was a Client Investment Strategist in SEI's Investment Management Unit, responsible for delivering SEI's investment philosophy, manager selection and asset allocation messaging to institutional clients. He was also involved with manager research, competitive analysis and performance positioning. John Paul began his career with SEI in 2004.

Additionally, he worked at BlackRock, where he was part of a team that was tasked with building and positioning separately managed account solutions for ultra high net worth clients.

Bachelor of Science in Business Administration with Finance and Economics concentrations, Drexel University

Year started with SEI: 2004

Year started in investment industry: 2004

Previous employer: BlackRock

Team Biographies

Mary Jane (MJ) Bobbyock, CFA
Nonprofit Director
Institutional Group - Advisory Team

MJ Bobbyock serves as a Nonprofit Director for the Advisory Team where she is responsible for overseeing investment strategy development and advice for SEI's nonprofit and endowment clients. She joined SEI in June 2012 and has over 28 years of experience in the investments industry. She has extensive experience delivering custom solutions to institutional clients in the nonprofit community, including asset allocation analysis, spending studies, investment policy guidance, portfolio construction and reporting best practices. MJ regularly speaks at industry conferences and events and has been interviewed by publications such as *The Chronicle of Philanthropy*, *Foundation & Endowment Intelligence*, *FundFire*, *Nonprofit News* and *The Nonprofit Times*. She also currently serves on the Board for Settlement Music School.

Prior to joining SEI, MJ spent five years at Russell Investments as a Senior Client Executive, where she provided advisory and investment management services to nonprofit clients. Prior to that, she spent 17 years at Miller, Anderson & Sherrerd which was acquired during that time by Morgan Stanley Investment Management. While at Morgan Stanley, MJ served most recently as Vice President for the Institutional Client Coverage Group.

Bachelor of Science in Finance, Villanova University
Master of Business Administration, Temple University
Licensed and Registered Representative, FINRA Series 63 (SEI Investments Distribution Company, member FINRA)
CFA Charterholder, CFA Institute
Board Member, Settlement Music School

Year started with SEI: 2012

Year started in investment industry: 1984

Previous employers: Russell Investments, Morgan Stanley Investment Management, Miller, Anderson & Sherrerd

Important information

SIMC develops forward-looking, long-term capital market assumptions for risk, return, and correlations for a variety of global asset classes, interest rates, and inflation. These assumptions are created using a combination of historical analysis, current market environment assessment and by applying our own judgment. In certain cases, alpha and tracking error estimates for a particular asset class are also factored into the assumptions. We believe this approach is less biased than using pure historical data, which is often biased by a particular time period or event.

The asset class assumptions are aggregated into a diversified portfolio, so that each portfolio can then be simulated through time using a monte-carlo simulation approach. This approach enables us to develop scenarios across a wide variety of market environments so that we can educate our clients with regard to the potential impact of market variability over time. Ultimately, the value of these assumptions is not in their accuracy as point estimates, but in their ability to capture relevant relationships and changes in those relationships as a function of economic and market influences.

The projections or other scenarios in this presentation are purely hypothetical and do not represent all possible outcomes. They do not reflect actual investment results and are not guarantees of future results. All opinions and estimates provided herein, including forecast of returns, reflect our judgment on the date of this report and are subject to change without notice. These opinions and analyses involve a number of assumptions which may not prove valid. The performance numbers are not necessarily indicative of the results you would obtain as a client of SIMC.

We believe our approach enables our clients to make more informed decisions related to the selection of their investment strategies.

For more information on how SIMC develops capital market assumptions, please refer to the SEI paper entitled *“Executive Summary: Developing Capital Market Assumptions for Asset Allocation Modeling.”* If you would like further information on the actual assumptions utilized, you may request them from your SEI representative.