



Cleveland Public Library

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Investment Review for the Period Ending 12/31/2013

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Investment Guidelines

Cleveland Public Library Investment Guidelines

Asset Allocation

	<u>Normal Position</u>	<u>Range</u>
Equities	60%	50%-70%
Fixed Income	40%	30%-50%
Cash		0% - 5%

The portfolio's gross allocation shall not deviate outside of the above ranges without prior approval from the Library.

Equities

	<u>Target</u>	<u>Range</u>
Large Capitalization	85%	70-100%
Small Capitalization	10%	0-20%
International Equities	5%	0-10%

Equity investments should be broadly diversified. No more than 5% of the equity portfolio, based on market value, shall be invested in any one company. Short sales, private securities, letter stock, commodities, and put and call contracts are expressly prohibited. Mutual Funds are acceptable alternatives to separately managed portfolios.

The equity benchmark is the S&P 500.

Fixed Income

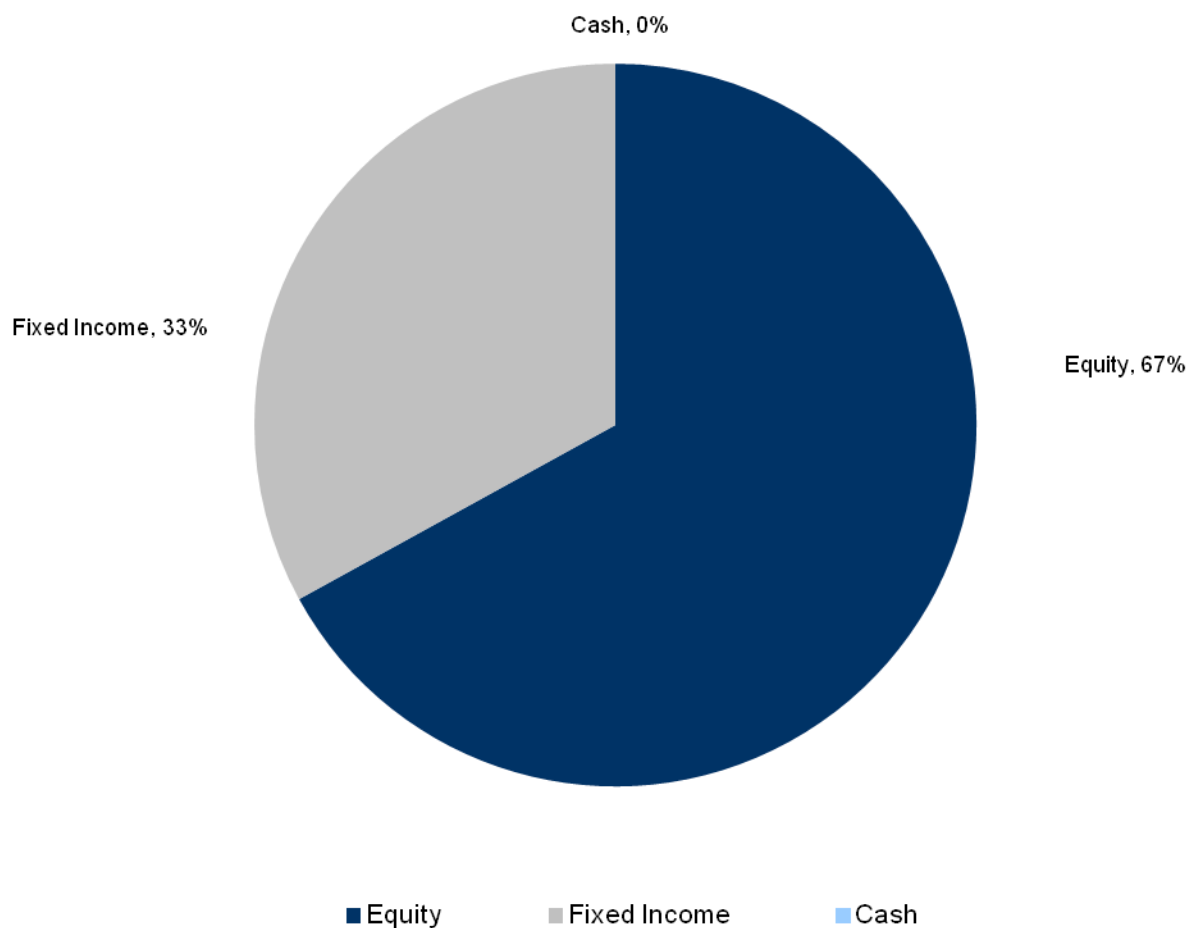
Allowable fixed income investments include readily marketable issues of the U.S. Government and its Agencies, U.S. Government guaranteed issues, and the readily marketable debt securities of U.S. corporations.

The fixed income portion of the portfolio is further limited in that holdings must carry a credit rating of at least A or equivalent at the time of purchase.

The fixed income benchmark is the Barclays Intermediate Government/Credit Bond Index.

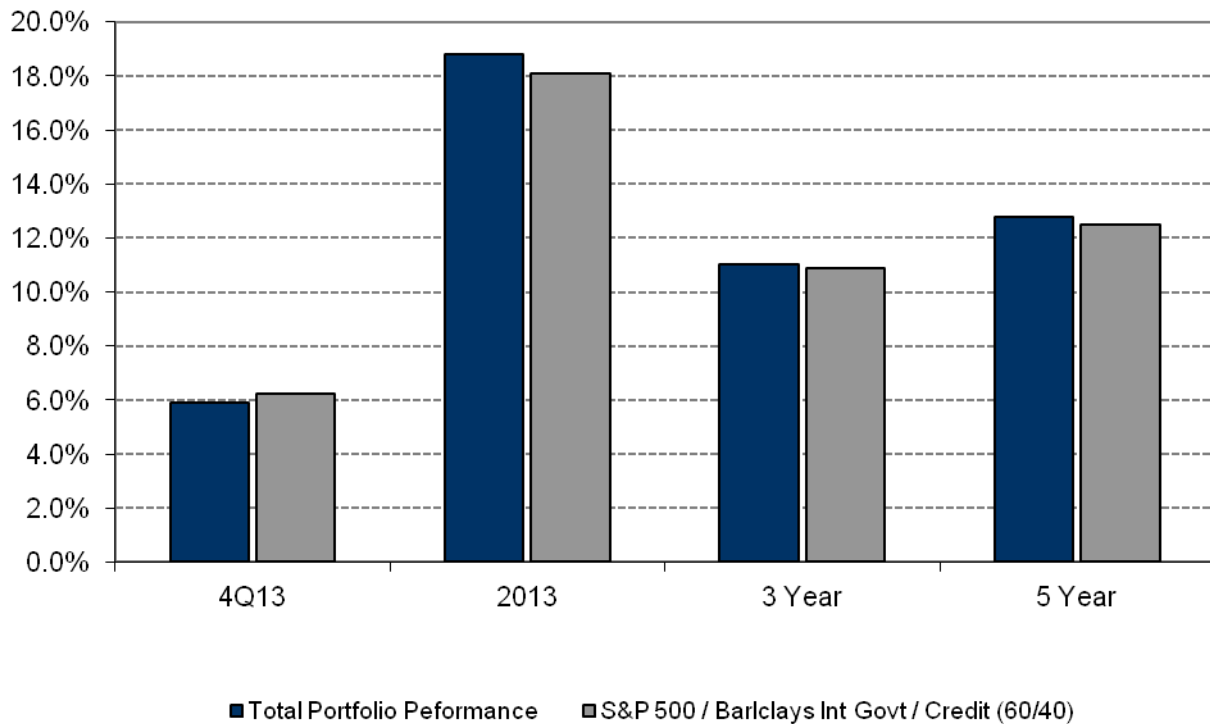
Account Review

Asset Allocation Summary (as of 12/31/2013)



	Market Value	Current Weight	Target Range	Difference
Equity	\$13,210,706	67%	50% - 70%	+7%
Fixed Income	\$6,472,557	33%	30% - 50%	-7%
Cash	\$68,663	0%	0% - 5%	+0%
Total Portfolio	\$19,751,926	100%	100%	0%

Portfolio Performance (as of 12/31/2013)



	4Q13	2013	3 Year	5 Year
Total Portfolio Performance	5.92%	18.81%	11.01%	12.78%
S&P 500 / Barclays Intermediate Govt/Credit (60/40)	6.21%	18.10%	10.89%	12.49%

Total Equities	9.27%	29.99%	15.44%	17.37%
S&P 500 Index	10.51%	32.39%	16.18%	17.94%
MSCI EAFE Index (Net)	5.71%	22.78%	8.17%	12.44%

Total Fixed Income	-0.10%	-1.01%	2.65%	4.02%
Barclays Intermediate Govt/Credit Index	-0.02%	-0.86%	2.91%	3.96%

Mutual Fund Performance (as of 12/31/2013)

	4Q13	2013	3 Yr	5 Yr	Equity Allocation
PNC Large Cap Core – Composite* S&P 500	10.24% 10.51%	26.01% 32.39%	14.49% 16.18%	16.40% 17.94%	53.5%
iShares Russell Midcap ETF** Russell Midcap	8.31% 8.39%	34.53% 34.76%	15.66% 15.88%	22.23% 22.36%	14.0%
PNC Small Cap Fund Russell 2000	6.93% 8.72%	42.17% 38.82%	20.95% 15.67%	23.90% 20.08%	20.4%
PNC International Equity Fund MSCI EAFE Net	9.49% 5.71%	29.90% 22.78%	10.83% 8.17%	17.59% 12.44%	12.2%

Performance data is presented on a fiscal year basis. Returns for periods greater than one year have been annualized. The mutual fund performance reflects the performance of the Fund and may not be representative of actual holding periods or portfolio returns.

*Returns for the PNC Large Cap Core are preliminary.

**iShares Russell Midcap ETF Inception 1/15/2013

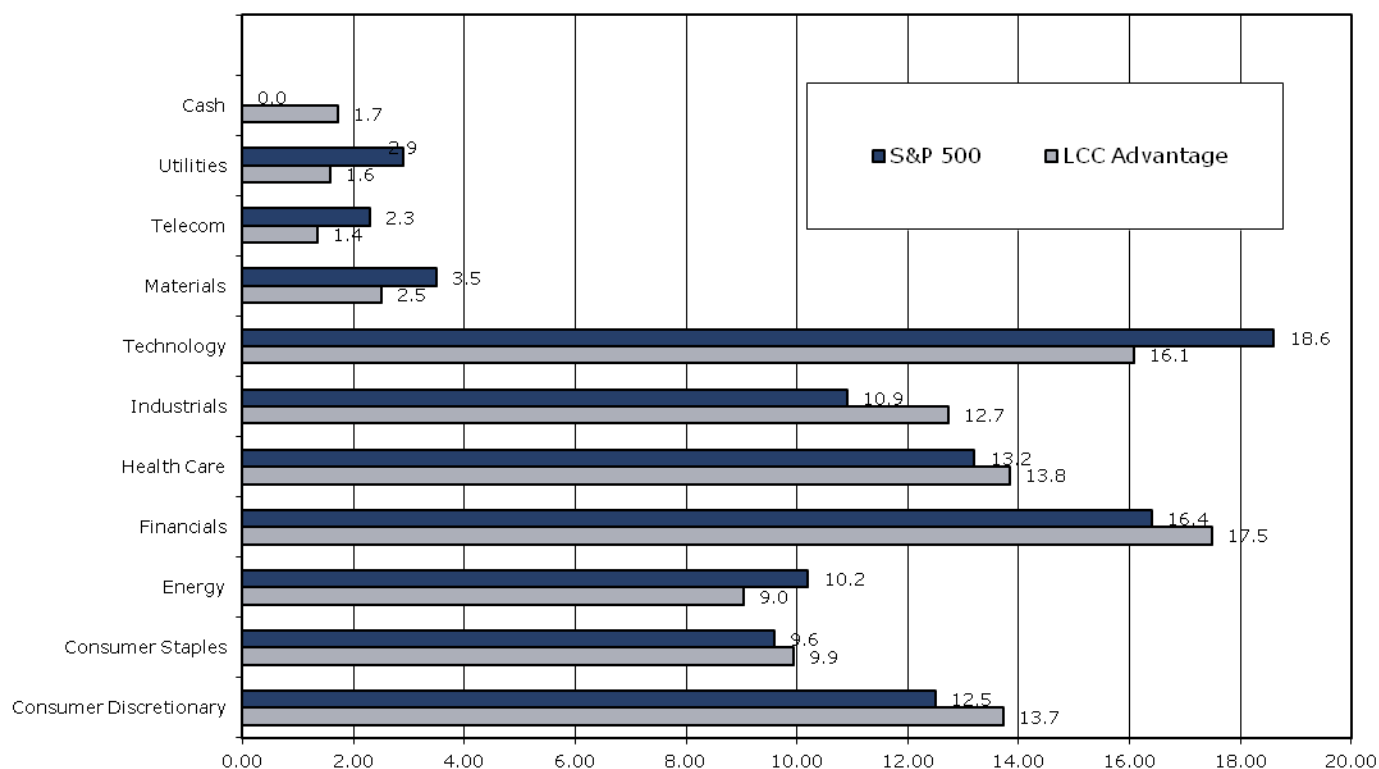
Large Cap Core Advantage Portfolio

Portfolio Statistics (as of 12/31/2013)

Portfolio Valuation

	Number of Holdings	Dividend Yield
PNC Large Cap Core Advantage	69	1.7%
S&P 500	500	1.9%

Sector Allocation

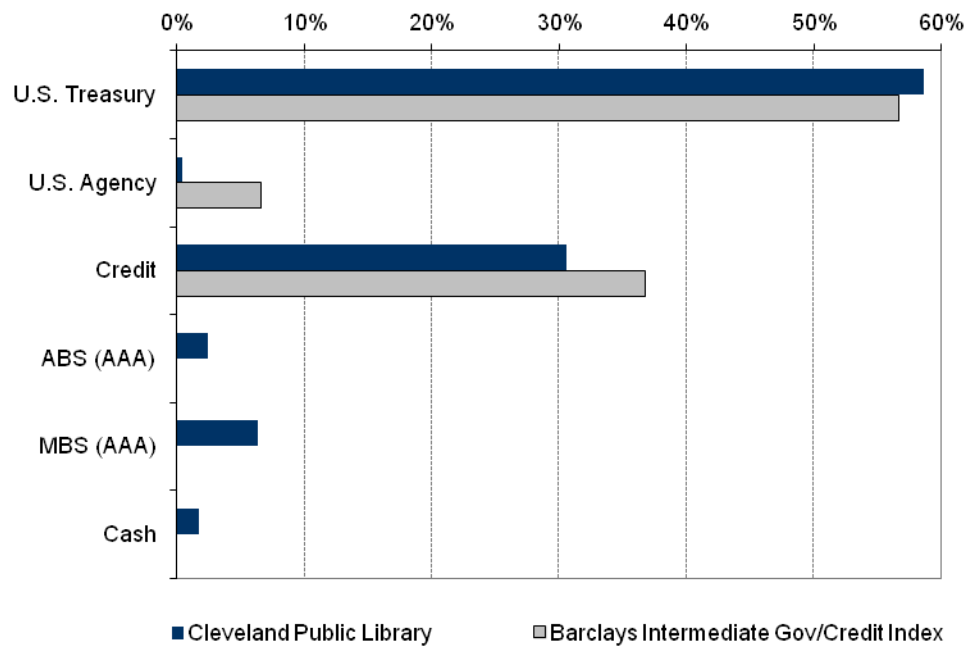


Top 10 Holdings

	Security Name	Wgt.
1	Apple Inc	4.0%
2	General Electric Co	2.8%
3	Proctor & Gamble Co	2.7%
4	Wells Fargo & Co	2.3%
5	Google Inc	2.2%

	Security Name	Wgt.
6	JP Morgan Chase & Co	2.2%
7	Johnson & Johnson	2.1%
8	Oracle Corp	1.9%
9	Shire PLC	1.9%
10	The Hershey Company	1.7%

Fixed Income Allocation (as of 12/31/2013)



	Market Value	Current Weight	Index Weight*	Difference
U.S. Treasury	\$3,791,715	58.6%	56.7%	+1.9%
U.S. Agency	\$27,484	0.4%	6.6%	-6.2%
Credit	\$1,982,785	30.6%	36.7%	-6.1%
ABS (AAA rated)	\$153,727	2.4%	0.0%	+2.4%
MBS (AAA rated)	\$405,032	6.3%	0.0%	+6.3%
Cash	\$111,813	1.7%	0.0%	+1.7%
Total Portfolio	\$6,472,557	100.0%	100.0%	-

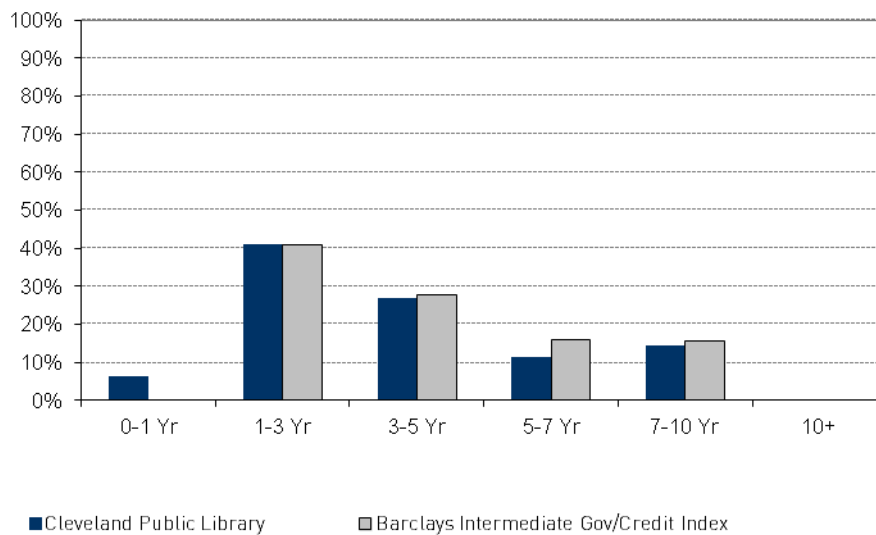
*Barclays Intermediate Gov/Credit Index

Fixed Income Structure (as of 12/31/2013)

Portfolio Statistics

	Duration	YTM	Avg. Life	Avg. Coupon
Cleveland Public Library	3.36 yrs	1.39%	3.67 yrs	2.18%
Barclays Intermediate Gov/Credit Index	3.84 yrs	1.61%	4.18 yrs	2.60%

Weighted Average Life Buckets



Quality Allocation

	AAA	AA	A	BBB	Avg.
Cleveland Public Library	72%	9%	19%	0%	AA1
Barclays Intermediate Gov/Credit Index	67%	5%	14%	14%	AA1

Holdings (as of 12/31/2013)

SHARES (UNITS)	TICKER	SECURITY DESCRIPTION	COUPON/ MAT DATE	MARKET VALUE	TAX COST	RECENT PRICE	ANNUAL DIVIDEND	ANNUAL INCOME	YIELD	% ASSET CLASS	% OF PORTFOLIO
EQUITIES											
LARGE CAP CORE											
CONSUMER DISCRETIONARY											
1,650	bby	Best Buy Co Inc		65,802	64,425	39.88	0.68	1,122	1.7	0.5%	0.3%
1,380	cbs	CBS Corp Cl B		87,961	69,342	63.74	0.48	662	0.8	0.7%	0.4%
2,160	cmcsa	Comcast Corp Cl A		112,244	51,160	51.97	0.78	1,685	1.5	0.8%	0.6%
1,160	dis	Walt Disney Co		88,624	51,723	76.40	0.86	998	1.1	0.7%	0.4%
6,610	f	Ford Motor Company		101,992	109,980	15.43	0.40	2,644	2.6	0.8%	0.5%
1,050	hd	Home Depot Inc		86,457	45,361	82.34	1.56	1,638	1.9	0.7%	0.4%
930	lvs	Las Vegas Sands Corp		73,349	67,507	78.87	1.40	1,302	1.8	0.6%	0.4%
1,080	nke	Nike Inc Cl B		84,931	59,017	78.64	0.96	1,037	1.2	0.6%	0.4%
630	pwh	PVH Corp		85,693	61,708	136.02	0.15	95	0.1	0.6%	0.4%
670	pii	Polaris Industries Inc		97,579	55,237	145.64	1.68	1,126	1.2	0.7%	0.5%
1,150	wyn	Wyndham Worldwide Corp		84,744	71,902	73.69	1.16	1,334	1.6	0.6%	0.4%
TOTAL CONSUMER DISCRETIONARY				969,376	707,361			13,642	1.4	7.3%	4.9%
CONSUMER STAPLES											
2,530	mo	Altria Group Inc		97,127	93,561	38.39	1.92	4,858	5.0	0.7%	0.5%
1,680	cvs	CVS Caremark Corp		120,238	87,093	71.57	1.10	1,848	1.5	0.9%	0.6%
2,420	ko	Coca-Cola Co		99,970	68,778	41.31	1.12	2,710	2.7	0.8%	0.5%
1,250	hsy	The Hershey Company		121,538	58,785	97.23	1.94	2,425	2.0	0.9%	0.6%
530	nus	Nu Skin Enterprises Inc Cl A		73,257	70,693	138.22	1.20	636	0.9	0.6%	0.4%
2,330	pg	Procter & Gamble Co		189,685	142,391	81.41	2.41	5,606	3.0	1.4%	1.0%
TOTAL CONSUMER STAPLES				701,814	521,301			18,083	2.6	5.3%	3.6%
ENERGY											
800	cvx	Chevron Corp		99,928	57,402	124.91	4.00	3,200	3.2	0.8%	0.5%
1,200	cop	ConocoPhillips		84,780	79,540	70.65	2.76	3,312	3.9	0.6%	0.4%
500	eog	EOG Resources Inc		83,920	73,394	167.84	0.75	375	0.4	0.6%	0.4%
840	xom	Exxon Mobil Corp		85,008	57,353	101.20	2.52	2,117	2.5	0.6%	0.4%
1,560	hal	Halliburton Co		79,170	65,664	50.75	0.60	936	1.2	0.6%	0.4%
1,060	hp	Helmerich & Payne Inc		89,125	68,162	84.08	2.50	2,650	3.0	0.7%	0.5%
1,290	sib	Schlumberger Ltd		116,242	110,898	90.11	1.25	1,612	1.4	0.9%	0.6%
TOTAL ENERGY				638,173	512,413			14,202	2.2	4.8%	3.2%
FINANCIAL											
1,140	axp	American Express Co		103,432	47,266	90.73	0.92	1,049	1.0	0.8%	0.5%
1,120	cb	Chubb Corp		108,226	46,219	96.63	1.76	1,971	1.8	0.8%	0.5%
2,180	c	Citigroup Inc		113,600	88,808	52.11	0.04	87	0.1	0.9%	0.6%
1,440	dfs	Discover Financial Services		80,568	50,939	55.95	0.80	1,152	1.4	0.6%	0.4%
4,660	fitb	Fifth Third Bancorp		98,000	66,168	21.03	0.48	2,237	2.3	0.7%	0.5%
1,610	ben	Franklin Resources Inc		92,945	82,715	57.73	0.48	773	0.8	0.7%	0.5%
510	gs	Goldman Sachs Group Inc		90,403	74,426	177.26	2.20	1,122	1.2	0.7%	0.5%
2,665	jpm	JPMorgan Chase & Co		155,849	70,190	58.48	1.52	4,051	2.6	1.2%	0.8%
1,660	inc	Lincoln Financial Group		85,689	81,198	51.62	0.64	1,062	1.2	0.6%	0.4%
6,230	rf	Regions Financial Corp		61,615	60,987	9.89	0.12	748	1.2	0.5%	0.3%
3,600	wfc	Wells Fargo & Co		163,440	95,889	45.40	1.20	4,320	2.6	1.2%	0.8%
2,250	ivz	Invesco Ltd		81,900	74,155	36.40	0.90	2,025	2.5	0.6%	0.4%
TOTAL FINANCIAL				1,235,666	838,961			20,597	1.7	9.4%	6.3%
HEALTH CARE											
1,730	aet	Aetna Inc		118,661	107,060	68.59	0.90	1,557	1.3	0.9%	0.6%
740	agn	Allergan Inc		82,199	33,344	111.08	0.20	148	0.2	0.6%	0.4%
1,070	bax	Baxter International Inc		74,419	78,367	69.55	1.96	2,097	2.8	0.6%	0.4%
670	bdx	Becton Dickinson & Co		74,028	60,781	110.49	2.18	1,461	2.0	0.6%	0.4%
440	celg	Celgene Corp		74,346	62,654	168.97	0.00	0	0.0	0.6%	0.4%
1,610	jrj	Johnson & Johnson		147,460	97,210	91.59	2.64	4,250	2.9	1.1%	0.7%
670	mck	McKesson Corp		108,138	103,527	161.40	0.96	643	0.6	0.8%	0.5%
1,290	ocr	Omnicare Inc		77,864	76,183	60.36	0.80	1,032	1.3	0.6%	0.4%
933	shpg	Shire Plc ADR		131,824	69,253	141.29	0.53	493	0.4	1.0%	0.7%
700	jazz	Jazz Pharmaceuticals Plc		88,592	61,427	126.56	0.00	0	0.0	0.7%	0.4%
TOTAL HEALTH CARE				977,530	749,805			11,681	1.2	7.4%	4.9%
INDUSTRIALS											
1,030	beav	B/E Aerospace Inc		89,641	64,964	87.03	0.00	0	0.0	0.7%	0.5%
790	ba	Boeing Co		107,827	56,355	136.49	2.92	2,307	2.1	0.8%	0.5%
440	cp	Canadian Pacific Railway Ltd		66,581	64,061	151.32	1.33	584	0.9	0.5%	0.3%
3,560	dal	Delta Air Lines Inc		97,793	76,141	27.47	0.24	854	0.9	0.7%	0.5%
7,110	ge	General Electric Co		199,293	132,851	28.03	0.88	6,257	3.1	1.5%	1.0%
530	lmt	Lockheed Martin Corp		78,790	74,939	148.66	5.32	2,820	3.6	0.6%	0.4%
970	man	ManpowerGroup		83,284	78,191	85.86	0.92	892	1.1	0.6%	0.4%
426	unp	Union Pacific Corp		71,568	31,398	168.00	3.16	1,346	1.9	0.5%	0.4%
910	utx	United Technologies Corp		103,558	40,911	113.80	2.36	2,148	2.1	0.8%	0.5%
TOTAL INDUSTRIALS				898,335	619,811			17,208	1.9	6.8%	4.5%
INFORMATION TECHNOLOGY											
510	aapl	Apple Inc		286,120	141,864	561.02	12.20	6,222	2.2	2.2%	1.4%
3,290	cscs	Cisco Systems Inc		73,795	62,397	22.43	0.68	2,237	3.0	0.6%	0.4%
1,490	ebay	eBay Inc		81,749	51,020	54.87	0.00	0	0.0	0.6%	0.4%
140	goog	Google Inc Cl A		156,899	66,881	1120.71	0.00	0	0.0	1.2%	0.8%
1,645	msft	Microsoft Corp		61,539	14,124	37.41	1.12	1,842	3.0	0.5%	0.3%
3,470	orcl	Oracle Corp		132,762	84,524	38.26	0.48	1,666	1.3	1.0%	0.7%
1,360	qcom	Qualcomm Inc		100,980	70,690	74.25	1.40	1,904	1.9	0.8%	0.5%
340	v	Visa Inc		75,711	53,571	222.68	1.60	544	0.7	0.6%	0.4%

Holdings (as of 12/31/2013)

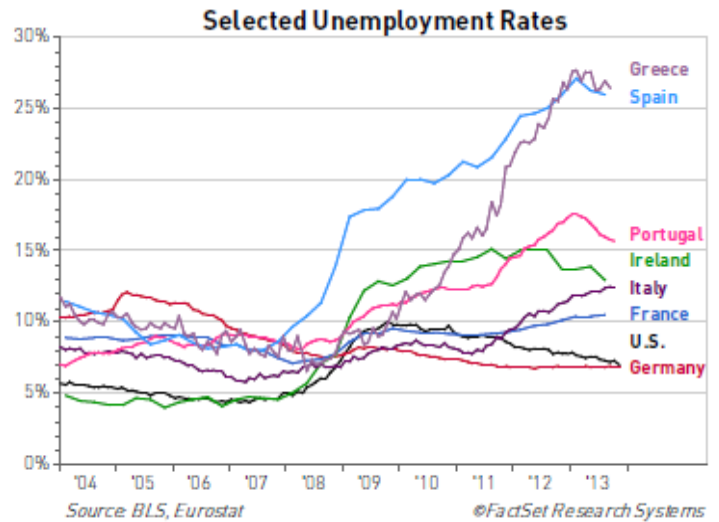
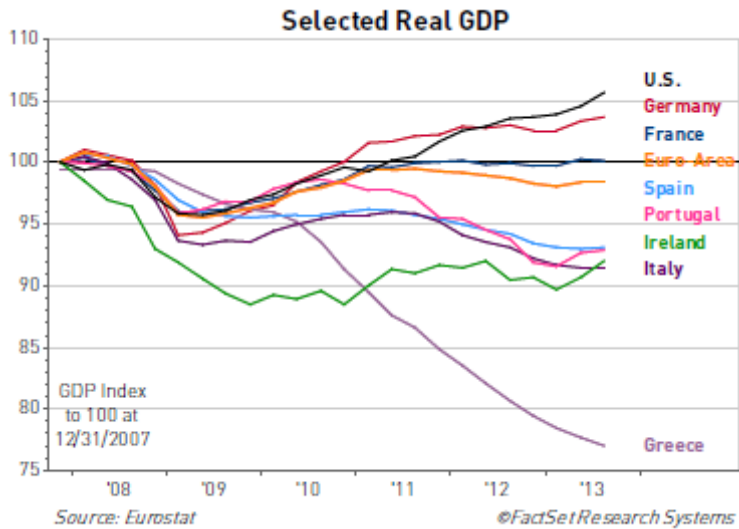
SHARES (UNITS)	TICKER	SECURITY DESCRIPTION	COUPON/ MAT DATE	MARKET VALUE	TAX COST	RECENT PRICE	ANNUAL DIVIDEND	ANNUAL INCOME	YIELD	% ASSET CLASS	% OF PORTFOLIO
INFORMATION TECHNOLOGY (Continued)											
2,180	yhoo	Yahoo! Inc		88,159	61,033	40.44	0.00	0	0.0	0.7%	0.4%
1,690	nxpi	NXP Semiconductors NV		77,622	71,822	45.93	0.00	0	0.0	0.6%	0.4%
TOTAL INFORMATION TECHNOLOGY				1,135,337	677,927			14,415	1.3	8.6%	5.7%
MATERIALS											
1,070	meoh	Methanex Corp		63,387	68,878	59.24	0.80	856	1.4	0.5%	0.3%
600	ppg	PPG Industries Inc		113,796	109,541	189.66	2.44	1,464	1.3	0.9%	0.6%
TOTAL MATERIALS				177,183	178,419			2,320	1.3	1.3%	0.9%
TELECOMMUNICATION SERVICES											
1,960	vz	Verizon Communications Inc		96,314	104,811	49.14	2.12	4,155	4.3	0.7%	0.5%
TOTAL TELECOMMUNICATION SERVICES				96,314	104,811			4,155	4.3	0.7%	0.5%
UTILITIES											
2,700	wec	Wisconsin Energy Corp		111,618	54,485	41.34	1.53	4,131	3.7	0.8%	0.6%
TOTAL UTILITIES				111,618	54,485			4,131	3.7	0.8%	0.6%
MONEY MARKET											
114,582		PNC Treasury Money Market Dividend Accrual		114,582	114,582	1.00	0.00	11	0.0	0.9%	0.6%
TOTAL MONEY MARKET				7,612	114,582			0	0.0	0.1%	0.0%
TOTAL LARGE CAP CORE				122,194	114,582			11	0.0	0.9%	0.6%
EQUITY FUNDS											
12,304	iwr	iShares Russell Midcap ETF		1,845,354	1,535,468	149.98	1.97	24,251	1.3	14.0%	9.3%
80,326	piuix	PNC International Equity Fund		1,610,532	948,138	15.67	0.29	23,616	1.5	12.2%	8.2%
129,575	ppcix	PNC Small Cap Fund		2,691,279	1,082,086	14.81	0.00	0	0.0	20.4%	13.6%
TOTAL EQUITY FUNDS				6,147,165	3,565,692			47,867	0.8	46.5%	31.1%
TOTAL EQUITIES				13,210,706	8,645,569			168,311	1.3	100.0%	66.9%
FIXED INCOME											
ASSET BACKED SECURITIES											
25,000	65476vac3	Nissan Auto Lease Trust Ser 2013-A Cl A3	0.610% Due 04-15-16	24,994	25,000	99.98		153	0.6	0.4%	0.1%
10,000	43812xac9	Honda Auto Rec Owner Trust Ser 2013-3 Cl A3	0.770% Due 05-15-17	10,034	9,998	100.34		77	0.6	0.2%	0.1%
20,000	89236vac4	Toyota Auto Rec Owner Trust Ser 2013-B Cl A3	0.890% Due 07-17-17	20,093	19,999	100.47		178	0.6	0.3%	0.1%
100,000	36159jdh1	GE Capital CC Master Note Trust Ser 2012-6 Cl A1.360% Due 08-17-20		98,528	99,961	98.53		1,360	1.8	1.5%	0.5%
Accrued Income				79						0.0%	0.0%
TOTAL ASSET BACKED SECURITIES				153,727	154,958			1,768	1.4	2.4%	0.8%
CORPORATE BONDS											
20,000	976656ca4	Wisconsin Electric Power	6.000% Due 04-01-14	20,268	19,961	101.34		1,200	0.6	0.3%	0.1%
10,000	478160bc7	Johnson & Johnson	0.331% Due 05-15-14	10,002	10,053	100.02		36	0.2	0.2%	0.1%
15,000	89114qaa6	Toronto-Dominion Bank	1.375% Due 07-14-14	15,092	15,035	100.61		206	0.2	0.2%	0.1%
20,000	87612eax4	Target Corp	0.416% Due 07-18-14	20,020	19,984	100.10		88	0.4	0.3%	0.1%
25,000	61747wak5	Morgan Stanley	2.875% Due 07-28-14	25,324	24,022	101.30		719	0.6	0.4%	0.1%
20,000	172967fa4	Citigroup Inc	6.010% Due 01-15-15	21,061	21,946	105.30		1,202	0.9	0.3%	0.1%
35,000	78008t2c7	Royal Bank of Canada	1.150% Due 03-13-15	35,290	35,084	100.83		403	0.5	0.5%	0.2%
15,000	68323abj2	Province of Ontario Canada	0.950% Due 05-26-15	15,115	14,997	100.77		143	0.4	0.2%	0.1%
30,000	06366rnb4	Bank of Montreal	0.713% Due 09-11-15	30,140	30,000	100.47		221	0.4	0.5%	0.2%
15,000	00440ean7	Ace INA Holdings Inc	2.600% Due 11-23-15	15,518	14,986	103.46		390	0.8	0.2%	0.1%
50,000	742718bz1	Procter & Gamble Co	4.850% Due 12-15-15	54,079	57,065	108.16		2,425	0.6	0.8%	0.3%
20,000	611662bm8	Monsanto Co	2.750% Due 04-15-16	20,851	19,957	104.25		550	0.9	0.3%	0.1%
10,000	136069fv6	Canadian Imperial Bank of Commerce	0.766% Due 07-18-16	10,040	10,000	100.40		79	0.5	0.2%	0.1%
20,000	0258m0dh9	American Express Credit Corp	0.747% Due 07-29-16	20,097	20,000	100.49		157	0.6	0.3%	0.1%
25,000	02665waa9	American Honda Finance Corp	0.744% Due 10-07-16	25,130	25,000	100.52		185	0.5	0.4%	0.1%
20,000	191216bc3	Coca-Cola Co	0.342% Due 11-01-16	20,017	20,025	100.08		68	0.7	0.3%	0.1%
30,000	21686cad2	Rabobank Nederland UTREC	3.375% Due 01-19-17	31,587	31,290	105.29		1,013	1.6	0.5%	0.2%
55,000	78011dac8	Royal Bank of Canada	1.200% Due 09-19-17	54,496	54,995	99.08		660	1.5	0.8%	0.3%
15,000	14916rab0	Catholic Health Initiatives	1.600% Due 11-01-17	14,539	14,996	96.93		240	2.4	0.2%	0.1%
20,000	166764aa8	Chevron Corp	1.104% Due 12-05-17	19,560	20,000	97.80		221	1.7	0.3%	0.1%
25,000	369604bc6	General Electric Company	5.250% Due 12-06-17	28,299	29,285	113.19		1,313	1.8	0.4%	0.1%
15,000	949746nx5	Wells Fargo & Co	5.625% Due 12-11-17	17,193	17,391	114.62		844	1.8	0.3%	0.1%
20,000	25468pcb0	Walt Disney Co	5.875% Due 12-15-17	23,246	24,573	116.23		1,175	1.6	0.4%	0.1%
25,000	064159be5	Bank of Nova Scotia	1.375% Due 12-18-17	24,534	24,972	98.13		344	1.9	0.4%	0.1%
10,000	26442cac8	Duke Energy Carolinas	5.250% Due 01-15-18	11,305	9,966	113.05		525	1.9	0.2%	0.1%
25,000	911312ah9	United Parcel Service Inc	5.500% Due 01-15-18	28,598	28,283	114.39		1,375	1.8	0.4%	0.1%
10,000	693304al1	Peco Energy Co	5.350% Due 03-01-18	11,345	9,983	113.45		535	2.0	0.2%	0.1%
25,000	585055ba3	Medtronic Inc	1.375% Due 04-01-18	24,541	24,803	98.17		344	1.8	0.4%	0.1%
25,000	24422eqr3	John Deere Capital Corp	5.350% Due 04-03-18	28,323	24,924	113.29		1,338	2.1	0.4%	0.1%
15,000	59018yn64	Merrill Lynch & Co Inc	6.875% Due 04-25-18	17,736	16,275	118.24		1,031	2.4	0.3%	0.1%
15,000	927804ff6	Virginia Electric and Power Co	5.400% Due 04-30-18	17,025	16,704	113.50		810	2.1	0.3%	0.1%
20,000	05565qce6	BP Capital Markets Plc	1.375% Due 05-10-18	19,411	19,944	97.06		275	2.1	0.3%	0.1%
20,000	373334jk8	Georgia Power Co	5.400% Due 06-01-18	22,554	22,066	112.77		1,080	2.3	0.3%	0.1%
45,000	478160au8	Johnson & Johnson	5.150% Due 07-15-18	51,206	51,646	113.79		2,318	2.0	0.8%	0.3%
20,000	68323aaau8	Province of Ontario Canada	3.000% Due 07-16-18	20,992	21,110	104.96		600	1.6	0.3%	0.1%
30,000	961214cc5	Westpac Banking Corp	2.250% Due 07-30-18	30,109	30,021	100.36		675	2.2	0.5%	0.2%
20,000	097014am6	Boeing Capital Corp	2.900% Due 08-15-18	20,806	19,901	104.03		580	2.0	0.3%	0.1%
25,000	05574lpt9	BNP Paribas SA	2.700% Due 08-20-18	25,469	24,954	101.88		675	2.3	0.4%	0.1%
30,000	002799al8	Abbey National Treasury Service	3.050% Due 08-23-18	30,826	30,170	102.75		915	2.4	0.5%	0.2%
25,000	68389xaq8	Oracle Corp	2.375% Due 01-15-19	25,224	25,141	100.90		594	2.2	0.4%	0.1%
20,000	144141cz9	Progress Energy Carolinas	5.300% Due 01-15-19	22,748	19,982	113.74		1,060	2.4	0.4%	0.1%

Holdings (as of 12/31/2013)

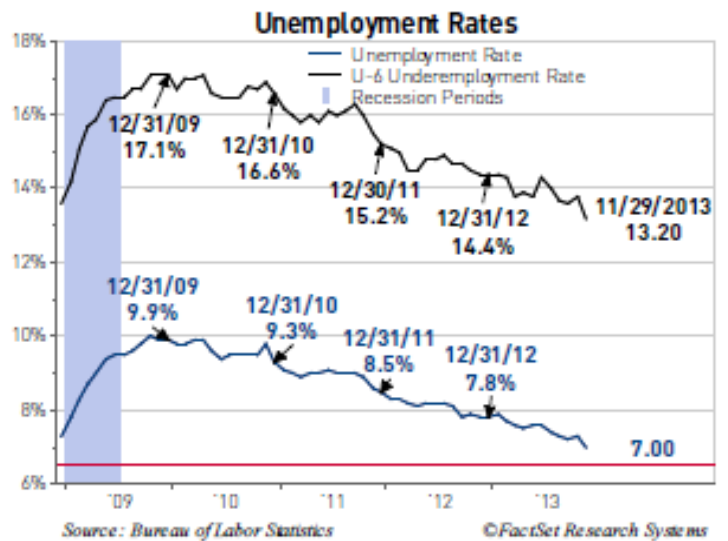
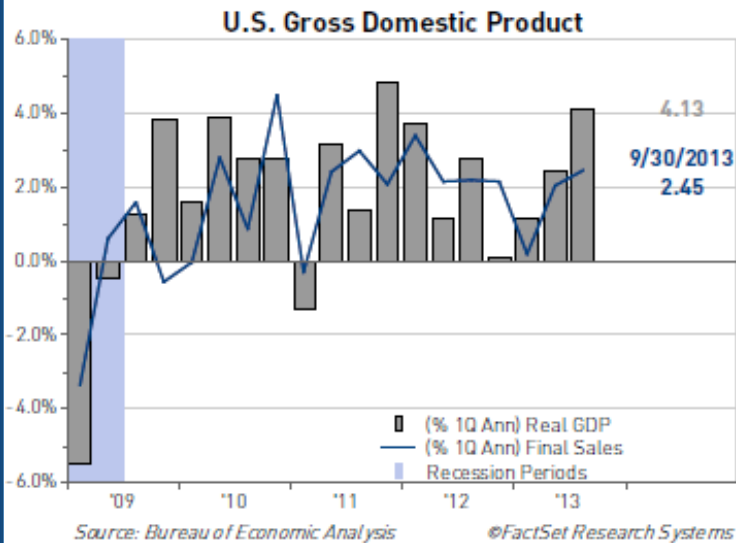
SHARES (UNITS)	TICKER	SECURITY DESCRIPTION	COUPON/ MAT DATE	MARKET VALUE	TAX COST	RECENT PRICE	ANNUAL DIVIDEND	ANNUAL INCOME	YIELD	% ASSET CLASS	% OF PORTFOLIO
CORPORATE BONDS (Continued)											
30,000	58013meg5	McDonald's Corp	5.000% Due 02-01-19	33,805	33,583	112.68		1,500	2.3	0.5%	0.2%
20,000	59156rat5	MetLife Inc	7.717% Due 02-15-19	24,790	24,700	123.95		1,543	2.7	0.4%	0.1%
20,000	05531fab9	BB&T Corp	6.850% Due 04-30-19	24,050	24,791	120.25		1,370	2.7	0.4%	0.1%
15,000	65334hak8	Nexen Inc	6.200% Due 07-30-19	17,292	18,673	115.28		930	3.2	0.3%	0.1%
20,000	36962g4j0	General Electric Capital Corp	5.500% Due 01-08-20	22,903	21,652	114.52		1,100	2.9	0.4%	0.1%
20,000	17275rah5	Cisco Systems Inc	4.450% Due 01-15-20	21,813	23,019	109.07		890	2.8	0.3%	0.1%
25,000	20825cau8	ConocoPhillips	6.000% Due 01-15-20	29,328	29,794	117.31		1,500	2.9	0.5%	0.1%
15,000	03523tav0	Anheuser-Busch InBev Worldwide Inc	5.000% Due 04-15-20	16,976	16,977	113.17		750	2.7	0.3%	0.1%
25,000	268648aq5	EMC Corp	2.650% Due 06-01-20	24,485	24,909	97.94		663	3.0	0.4%	0.1%
35,000	931142cu5	Wal-Mart Stores Inc	3.625% Due 07-08-20	36,675	38,042	104.79		1,269	2.8	0.6%	0.2%
10,000	263901ac4	Duke Energy Indiana Inc	3.750% Due 07-15-20	10,366	10,901	103.66		375	3.1	0.2%	0.1%
35,000	594918ah7	Microsoft Corp	3.000% Due 10-01-20	35,673	34,698	101.92		1,050	2.7	0.6%	0.2%
15,000	58933yaa3	Merck & Co Inc	3.875% Due 01-15-21	15,821	17,000	105.47		581	3.0	0.2%	0.1%
30,000	828807cf2	Simon Property Group LP	4.375% Due 03-01-21	31,720	33,059	105.73		1,313	3.5	0.5%	0.2%
15,000	80105nag0	Sanofi-Aventis	4.000% Due 03-29-21	15,714	15,102	104.76		600	3.3	0.2%	0.1%
20,000	437076aw2	Home Depot Inc	4.400% Due 04-01-21	21,599	22,619	108.00		880	3.1	0.3%	0.1%
25,000	92343vax2	Verizon Communications Inc	4.600% Due 04-01-21	26,408	28,818	105.63		1,150	3.7	0.4%	0.1%
20,000	404280ak5	HSBC Holdings Plc	5.100% Due 04-05-21	22,229	21,112	111.15		1,020	3.4	0.3%	0.1%
40,000	46625hhz6	JPMorgan Chase & Co	4.625% Due 05-10-21	43,120	45,404	107.80		1,850	3.4	0.7%	0.2%
40,000	00206rax0	AT&T Inc	4.450% Due 05-15-21	42,113	44,586	105.28		1,780	3.6	0.7%	0.2%
30,000	38259pab8	Google Inc	3.625% Due 05-19-21	31,281	33,118	104.27		1,088	3.0	0.5%	0.2%
25,000	149123bv2	Caterpillar Inc	3.900% Due 05-27-21	25,968	26,025	103.87		975	3.3	0.4%	0.1%
25,000	695114cm8	PacificCorp	3.850% Due 06-15-21	25,892	27,753	103.57		963	3.3	0.4%	0.1%
25,000	084670bc1	Berkshire Hathaway Inc	3.750% Due 08-15-21	25,776	25,836	103.10		938	3.3	0.4%	0.1%
20,000	89233p5f9	Toyota Motor Credit Corp	3.400% Due 09-15-21	20,304	20,082	101.52		680	3.2	0.3%	0.1%
30,000	06406hby4	Bank of New York Mellon	3.550% Due 09-23-21	30,694	31,983	102.31		1,065	3.2	0.5%	0.2%
30,000	458140aj9	Intel Corp	3.300% Due 10-01-21	29,805	30,508	99.35		990	3.4	0.5%	0.2%
35,000	713448by3	PepsiCo Inc	2.750% Due 03-05-22	33,254	34,820	95.01		963	3.5	0.5%	0.2%
10,000	05565qbz0	BP Capital Markets Plc	3.245% Due 05-06-22	9,693	9,705	96.93		325	3.7	0.1%	0.0%
25,000	377373ad7	GlaxoSmithKline Capital Inc	2.850% Due 05-08-22	23,579	24,679	94.32		713	3.6	0.4%	0.1%
25,000	278642ae3	eBay Inc	2.600% Due 07-15-22	22,993	24,397	91.97		650	3.7	0.4%	0.1%
25,000	91159jaa4	US Bancorp	2.950% Due 07-15-22	23,228	24,622	92.91		738	3.9	0.4%	0.1%
15,000	665859an4	Northern Trust Corp	2.375% Due 08-02-22	13,858	14,958	92.39		356	3.4	0.2%	0.1%
20,000	071813bf5	Baxter International Inc	2.400% Due 08-15-22	18,130	19,203	90.65		480	3.7	0.3%	0.1%
20,000	207597ef8	Connecticut Light & Power	2.500% Due 01-15-23	18,279	19,870	91.39		500	3.7	0.3%	0.1%
70,000	037833ak6	Apple Inc	2.400% Due 05-03-23	62,945	68,535	89.92		1,680	3.7	1.0%	0.3%
25,000	341081fj1	Florida Power & Light Co	2.750% Due 06-01-23	23,400	23,933	93.60		688	3.6	0.4%	0.1%
30,000	842400fy4	Southern California Edison Co	3.500% Due 10-01-23	29,402	30,138	98.01		1,050	3.8	0.5%	0.1%
		Accrued Income		17,714						0.3%	0.1%
TOTAL CORPORATE BONDS				1,982,785	1,991,091			65,560	2.3	30.6%	10.0%
U.S. AGENCIES											
25,000	3133xvrk9	Federal Home Loan Bank Accrued Income	4.125% Due 12-13-19	27,432	27,620	109.73		1,031	2.4	0.4%	0.1%
				52						0.0%	0.0%
TOTAL U.S. AGENCIES				27,484	27,620			1,031	2.4	0.4%	0.1%
MORTGAGE BACKED SECURITIES											
34,248	3138eguc6	FNMA 15yr Pool #AL0578	3.500% Due 08-01-26	35,834	36,479	104.63		1,199	2.2	0.6%	0.2%
63,388	31417dck7	FNMA 15 yr Pool #AB6373	3.000% Due 10-01-27	64,764	67,194	102.17		1,902	2.5	1.0%	0.3%
111,101	31416jxj9	FNMA 30yr Pool #AB2077	4.000% Due 01-01-41	114,653	109,687	103.20		4,444	3.4	1.8%	0.6%
48,648	3138a5ff4	FNMA 30yr Pool #AH3765	4.000% Due 01-01-41	50,111	52,107	103.01		1,946	3.4	0.8%	0.3%
30,790	31416xq52	FNMA 30yr Pool #AB2275	4.500% Due 02-01-41	32,706	31,526	106.22		1,386	3.3	0.5%	0.2%
61,961	31418adh8	FNMA 30yr Pool #MA1003	3.500% Due 03-01-42	61,614	63,055	99.44		2,169	3.6	1.0%	0.3%
44,343	3138mlks2	FNMA 30yr Pool #AQ4804	3.500% Due 11-01-42	44,094	47,225	99.44		1,552	3.6	0.7%	0.2%
		Accrued Income		1,257						0.0%	0.0%
TOTAL MORTGAGE BACKED SECURITIES				405,032	407,272			14,596	3.2	6.3%	2.1%
U.S. TREASURIES											
200,000	912828lk4	United States Treasury Note	2.375% Due 08-31-14	202,946	204,008	101.47		4,750	0.2	3.1%	1.0%
390,000	912828mh0	United States Treasury Note	2.250% Due 01-31-15	398,685	402,068	102.23		8,775	0.2	6.2%	2.0%
540,000	912828uk4	United States Treasury Note	0.250% Due 01-31-15	540,443	540,000	100.08		1,350	0.2	8.3%	2.7%
265,000	912828nv8	United States Treasury Note	1.250% Due 08-31-15	269,214	270,549	101.59		3,313	0.3	4.2%	1.4%
140,000	912828pe4	United States Treasury Note	1.250% Due 10-31-15	142,318	140,336	101.66		1,750	0.3	2.2%	0.7%
440,000	912828ug3	United States Treasury Note	0.375% Due 01-15-16	439,828	439,691	99.96		1,650	0.4	6.8%	2.2%
510,000	912828lp3	United States Treasury Note	3.000% Due 09-30-16	542,033	547,282	106.28		15,300	0.7	8.4%	2.7%
355,000	912828rx0	United States Treasury Note	0.875% Due 12-31-16	355,777	356,775	100.22		3,106	0.8	5.5%	1.8%
105,000	912828sm3	United States Treasury Note	1.000% Due 03-31-17	105,230	105,445	100.22		1,050	0.9	1.6%	0.5%
495,000	912828re2	United States Treasury Note	1.500% Due 08-31-18	492,485	500,659	99.49		7,425	1.6	7.6%	2.5%
100,000	912828sd3	United States Treasury Note	1.250% Due 01-31-19	97,523	98,348	97.52		1,250	1.8	1.5%	0.5%
115,000	912828pc8	United States Treasury Note	2.625% Due 11-15-20	116,869	119,091	101.63		3,019	2.4	1.8%	0.6%
75,000	912828rc6	United States Treasury Note	2.125% Due 08-15-21	72,656	73,808	96.88		1,594	2.6	1.1%	0.4%
		Accrued Income		15,707						0.2%	0.1%
TOTAL U.S. TREASURIES				3,791,715	3,798,059			54,331	0.7	58.6%	19.2%
MONEY MARKET FUNDS											
147,667		PNC Treasury Money Market Accrued Income		111,809	111,809	1.00	0.00	11	0.0	1.7%	0.6%
				4							
TOTAL MONEY MARKET FUNDS				111,813	111,809			11	0.0	1.7%	0.6%
TOTAL FIXED INCOME				6,472,557	6,490,811			137,298	1.5	100.0%	32.8%
CASH											
68,661		PNC Treasury Money Market Accrued Income		68,661	68,661	1.00	0.00	7	0.0	100.0%	0.3%
				2							
TOTAL CASH				68,663	68,661			7	0.0	100.0%	0.3%
GRAND TOTAL				19,751,926	15,205,040			305,616	1.3		100.0%

Market Outlook and Strategy

Market Outlook and Strategy

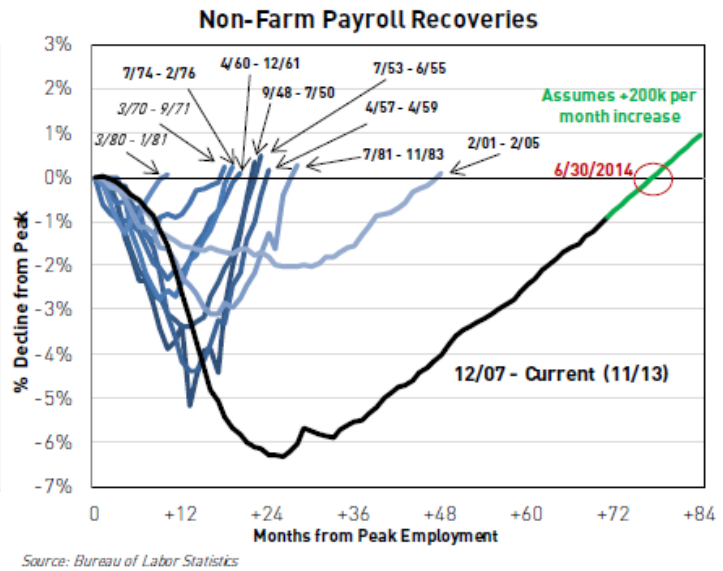
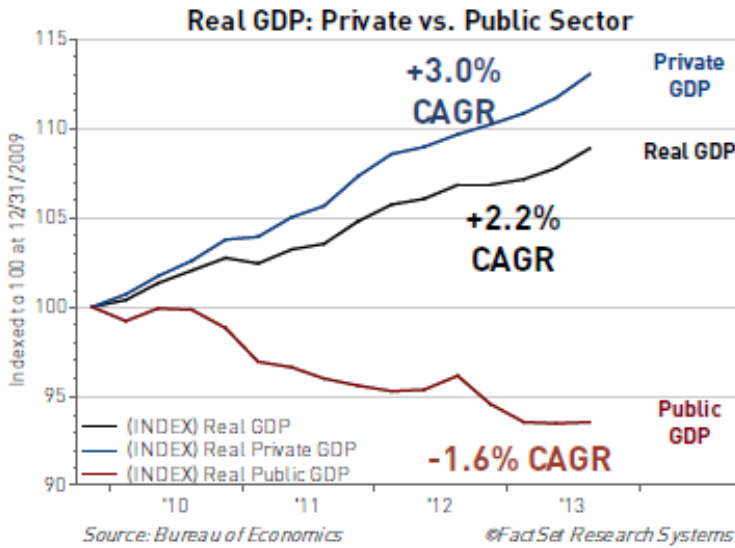


Economic conditions in the Eurozone remain bifurcated between Germany, and countries in the periphery, in terms of the stages of recovery and levels of unemployment. Some Eurozone nations have been able to stabilize growth and improve fiscal deficits.

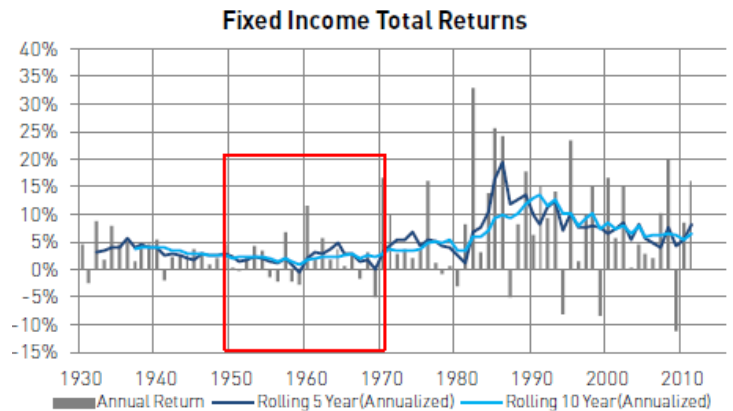
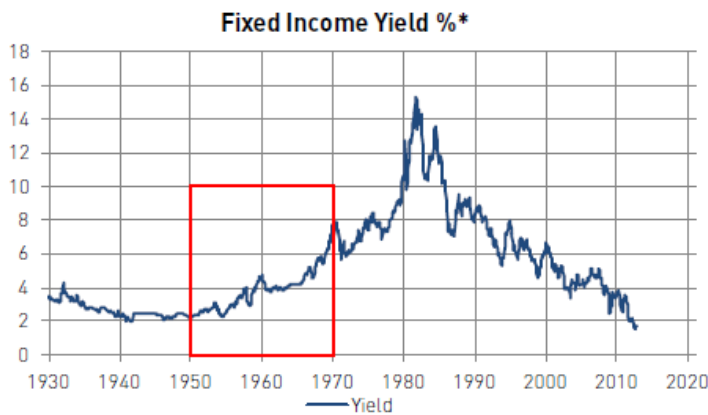


Domestic monetary policy is shifting from highly-accommodative to accommodative as the U.S. employment situation improves. Tapering of quantitative easing is underway; however, the short-term interest rate environment is expected to remain low throughout the year.

Market Outlook and Strategy



The longest recovery in the history of the U.S. payroll data could break even mid-year 2014 if the pace of 200k per month in jobs increase continues. Leading employment indicators for large and small businesses signal strengthening employment activity.



Source: Yields from Federal Reserve.

Annual Total Returns from http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/histretSP.html

Fixed income yields, while improved, remain relatively unattractive compared to longer-term averages. Investment-grade and high-yield spreads could continue to narrow relative to comparable Treasury yields as long as corporate health continues to remain favorable. At such low levels of yield, fixed income total returns remain vulnerable to losses in the face of rising interest rates.

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Investments: Not FDIC Insured. No Bank Guarantee. May Lose Value.

Opinions, estimates, forecasts and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. The views and strategies described may not be suitable for all investors. Indices do not include fees or operating expenses and are not available for actual investment. The information contained herein employs proprietary projections of expected returns, as well as estimates of their future volatility.

The relative relationships and forecasts contained herein are based upon proprietary research, developed through analysis of historical data and capital markets theory. These estimates have certain inherent limitations and, unlike an actual performance record, they do not reflect actual trading, liquidity constraints, fees or other costs. References to future net returns are not promises or even estimates of actual returns that a client portfolio may achieve. The forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation.

Performance results are gross of investment management fees and do not reflect the deduction of custody fees, where applicable. All returns are net of execution costs and exclude the effect of any income taxes. The deduction of an advisory fee reduces an investor’s return. Actual account performance will vary depending on individual portfolio security selection and the applicable fee schedule. Performance results are shown based on time weighted rates of return calculated on a monthly basis. The monthly rate of return for an eligible account is the percentage change in the market value of the account during the month, taking into account the effect of any cash additions or withdrawals that occur during the month.

The value of investments and the income from them may fluctuate and your investment is not guaranteed. Past performance is no guarantee of future results. Please note current performance may be higher or lower than the performance data shown. Please note that investments in foreign markets are subject to special currency, political and economic risks. Exchange rates may cause the value of underlying overseas investments to go down or up. Investments in emerging markets may be more volatile than other markets and the risk to your capital is therefore greater. Also, the economic and political situations may be more volatile than in established economies and these may adversely influence the value of investments made.

Performance results reflect the reinvestment of interest, dividends and realized capitals gains, and include cash, cash equivalents, convertible securities, and preferred securities, if applicable. Trade-date accounting methods are used. The U.S. dollar is the currency used to calculate performance. Dividends and interest are recorded on an accrual basis, and are net of all applicable foreign withholding taxes, if any. Investments are priced using an independent pricing service.

When mutual fund performance is presented in this review, it is annualized performance data presented on a fiscal year basis. It is represented by the largest portfolio managed under the fund style, as of the stated date, and is for illustration purposes only. Returns for periods greater than one year have been annualized. The mutual fund performance reflects the performance of the Fund and may not be representative of actual holding periods or portfolio returns. Portfolio holdings are subject to change at any time.

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