

# City and County of Denver Deferred Compensation Plan Stable Value Fund

## Investment Objective

The City and County of Denver Deferred Compensation Plan Stable Value Fund (the “Fund”) is a conservative investment option that is designed to provide plan participants with principal preservation and a positive interest crediting rate. Participants have daily access to their Stable Value Fund balance at contract value, which is equal to their principal balance plus any accrued interest. The ability to transact at contract value is provided through the use of investment contracts in the portfolio, which are purchased from multiple financial institutions. All contract issuers will have investment grade credit ratings at the time of issuance and the credit quality ratings will be monitored on an ongoing basis.

## Investment Strategy

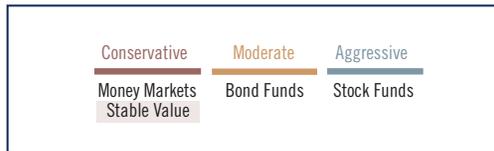
The City and County of Denver Deferred Compensation Plan Stable Value Fund, managed by Galliard Capital Management, is primarily comprised of investment contracts issued by financial institutions and other eligible stable value investments. All contract issuers and securities utilized in the portfolio are rated investment grade by one of the Nationally Recognized Statistical Rating Organizations at time of purchase. The types of investment contracts in which the Fund invests include Guaranteed Investment Contracts (GICs), Separate Account GICs, and Security Backed Investment Contracts. These types of contracts seek to provide participants with safety of principal and accrued interest as well as a stable crediting rate.

**Guaranteed Investment Contracts (GICs)** are issued by life insurance companies which guarantee the return of principal and a stated rate of interest. The guarantee is backed by the General Account of the insurance company

**Separate Account GICs** are GICs issued by an insurance company and are maintained within a separate account. Separate Account GICs are typically backed by segregated portfolios of fixed income securities.

**Security Backed Investment Contracts** are comprised of two components: 1) investment contracts issued by a financial institution and 2) underlying portfolios of fixed income securities (i.e. bonds) whose market prices fluctuate. The investment contract is designed to allow participants to transact at book value (principal plus accrued interest) without reference to the price fluctuations of the underlying fixed income securities.

## Investment Risk



The Fund's investment contracts are designed to allow for participant transactions at book value. A principal risk of the Fund is investment contract risk. This includes the risk that the issuer will default on its obligation under the contract or that another event of default may occur under the contract rendering it invalid; that the contract will lapse before a replacement contract with favorable terms can be secured; or that the occurrence of certain other events including employer-initiated events, could cause the contract to lose its book value withdrawal features. These risks may result in a loss in value to a contract holder. Other primary risks include default risk, which is the possibility that instruments the Fund holds will not meet scheduled interest and/or principal payments; interest rate risk, which includes the risk of reinvesting cash flows at lower interest rates; and liquidity risk, which includes the effect of very large unexpected withdrawals on the Fund's total value. The occurrence of any of these events could cause the Fund to lose value.

## Fund Crediting Rate

The crediting rate on the new Denver Stable Value Fund will be established in January 2014 when the existing portfolio holdings transition to Galliard Capital Management. Galliard will purchase new investments for the Stable Value Fund and the crediting rate will be based both on the amount of the liquidations from the current investment providers and the level of market interest rates in January of 2014. Galliard's most recent estimate of the crediting rate is based on the August 31, 2013 contract values and market interest rates. If the portfolio were to have transitioned on August 31, 2013, the crediting rate would have been in the range of 3.50% to 4.00%.\*

## Fund Advisor

Galliard Capital Management is the Fund's Advisor. Galliard specializes in stable value management and currently manages more than \$85.4 billion in assets for institutional investors.

The Stable Value Fund, managed exclusively for the City and County of Denver Deferred Compensation Plan, is expected to fund in early January 2014. It is anticipated that performance and fund characteristics, such as the makeup of the portfolio, will be available 1Q'14.

\* The estimated range is based on anticipated allocations and funding timing in addition to market conditions as of August 31, 2013. The actual allocations and crediting rate will not be determined until the Stable Value Fund is established in January 2014, and changing circumstances in the market may cause the crediting rate to be outside of the estimated range. Fees have been estimated based on Galliard's experience with contract issuers. Actual fees may vary from these estimates once the contract issuers underwrite the Denver Deferred Compensation Plan.

**The Fund and the underlying collective funds are not insured by the FDIC, Federal Reserve Bank, nor guaranteed by Wells Fargo or any affiliate, including Galliard Capital Management.** For further information on the Fund, see your company representative.