

Pension Trust

1000 Mill Street
San Luis Obispo, CA 93408
(805) 781-5465 Phone
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www.SLOPensionTrust.org



AGENDA

PENSION TRUST BOARD OF TRUSTEES

Monday, May 22, 2017 9:30 AM
Board of Supervisors Chambers
County Government Center
San Luis Obispo, CA 93408

PUBLIC COMMENT

1. Public Comment: Members of the public wishing to address the Board on matters other than scheduled items may do so when recognized by the Chair. Presentations are limited to three minutes per individual.

ORGANIZATIONAL

None

CONSENT

2. Minutes of the Regular Meeting of April 24, 2017 (Approve Without Correction).
3. Report of Deposits and Contributions for the month of April 2017 (Receive and File).
4. Report of Service Retirements, Disability Retirements and DROP Participants for the month of April (Receive, Approve and File).
5. Applications & Elections to participate in the Deferred Retirement Option Program (DROP) received through May 5, 2017 (Receive, Approve and File).

APPLICATIONS FOR DISABILITY RETIREMENT

6. Application for Ordinary Disability Retirement (Case 2017-03) (Recommend Approval)

OLD BUSINESS

7. Fiduciary Properties Inc. – Property Tax Dispute (Receive and File)

NEW BUSINESS

8. Administrative Budget for Fiscal Year 2017-2018 - Proposed – (Recommend Approval)
9. Disability Hearings – Interim Process Amendment (Recommend Approval).

INVESTMENTS

10. Quarterly Investment Report for the 1st Quarter of 2017 – Presentation by Scott Whalen, Verus (Receive and File).
11. Monthly Investment Report for March 2017 (Receive and File).
12. Investment Policy Statement – Amend Benchmark (Recommend Approval).
13. Investment Educational Presentation – Risk Mitigation Strategies – Presentation by Michael Connor and Matt Clark of PIMCO (Receive and File).
14. Asset Allocation - (Review, Discuss, and Direct Staff as necessary).

OPERATIONS

15. Staff Reports
16. General Counsel Reports
17. Committee Reports:
 - a. Audit Committee No Report
 - b. Personnel Committee No Report
 - c. PAS Replacement Committee No Report
18. Upcoming Board Topics (subject to change):
 - a. May 22, 2017 afternoon – Special Meetings (two meetings)
 - i. Disability Hearing continuation from 9/27/16 (2 cases)

- b. June 26, 2017
 - i. Annual Financial Statement Audit – Report from auditors
 - ii. 2017 Actuarial Valuation – Results – Setting of ARC – Funding Policy Projections
 - iii. Prefunding of FY17-18 Employer Contributions
- c. July 24, 2017
 - i. 2017 Actuarial Audit – RFP results – actuary selection
 - ii. Financial Auditor engagement
- d. August 28, 2017
 - i. Quarterly Investment Report
 - ii. Investment Educational Presentation

19. Trustee Comments

REFERRED ITEMS

None

ADDED ITEMS

None

CLOSED SESSION

20. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION. The Board will convene in closed session pursuant to paragraph (1) of subdivision (d) of Gov. Code section 54956.9 to discuss existing litigation. One (1) case: San Luis Obispo County Deputy County Counsel Association et al. v. San Luis Obispo County Pension Trust Board et al.

ADJOURNMENT

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Board of Trustees

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APRIL 24, 2017 MINUTES OF THE REGULAR MEETING OF THE PENSION TRUST BOARD OF TRUSTEES

BOARD MEMBERS PRESENT: Matt Janssen, President
Will Clemens, Vice President
Guy Savage
Gere Sibbach
Jim Hamilton
Jim Erb
Jeff Hamm

STAFF: Carl Nelson
Andrea Paley
Amy Burke

COUNSEL: Chris Waddell, Esq.

OTHERS: Larry Batcheldor, SLOCREA
Lesa Gofourth, Assessor
Ross Felthousen, Assessor
Michael Hobbs, Human Resources
Myca Conaway, IT

The meeting was called to order by President Janssen at 9:30 AM, who presided over same.

AGENDA ITEM NO. 1: PUBLIC COMMENT.

Lesa Gofourth of the Assessor's office spoke to the Board regarding property tax assessment penalties related to the Pension Trust's local real estate subsidiary, Fiduciary Properties, Inc. (FPI). Ms. Gofourth reported that a recent hearing on property tax assessment penalties appeared to be related to the Pension Trust's real estate manager and the filing of documents with the State Board of Equalization. Ms. Gofourth was concerned over such fines being passed on to the Pension Trust and felt that such cost should be borne by the firm responsible.

Ross Felthousen of the Assessor's office spoke to the Board regarding the same situation.

Staff was aware of the property tax dispute involving FPI and will respond to these concerns with a report at the next Regular Meeting.

ORGANIZATIONAL:

None.

CONSENT:

AGENDA ITEM NO. 2 - 5: CONSENT.

Upon the motion of Mr. Hamm, seconded by Mr. Savage, and unanimously passed, the following action was taken:

- ITEM 2:** The Minutes of the Regular Meeting of March 27, 2017 were approved without correction.
- ITEM 3:** The Report of Deposits and Contributions for the Month of March 2017, was received and filed.
- ITEM 4:** The Report of Service Retirements, Disability and DROP Retirements for the month of March 2017, was received, approved and filed.
- ITEM 5:** The Report of Applications for participation in the Deferred Retirement Option Program received through April 7, 2017 was received, approved and filed.

APPLICATIONS FOR DISABILITY RETIREMENT:

None.

OLD BUSINESS:

None.

NEW BUSINESS:

AGENDA ITEM NO. 6: PENSION TRUST ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2017/2018 PROPOSED.

** 9:40 Mr. Waddell left the meeting, returning at the conclusion of this item at 9:46 am.

Staff summarized highlights of the draft Fiscal Year 2017/2018 Pension Trust Administrative Budget. Upon receiving no changes to the draft, staff advised they would bring back the Pension Trust Administrative Budget for Fiscal Year 2017/2018 at the next Regular Meeting for review and approval.

AGENDA ITEM NO. 7: EMPLOYER CONTRIBUTIONS PREFUNDING DISCOUNT RATE SETTING PROCESS.

Upon the motion of Mr. Janssen, seconded by Mr. Erb, and unanimously passed, the Fiscal Year 2014/2015 Prefunding Agreement was to be amended to calculate the amount of the prepayment “to a specific rate to be determined annually by the Board of Trustees.”

AGENDA ITEM NO. 8: BOARD EDUCATION BY CHRIS WADDELL FIDUCIARY RESPONSIBILITIES REFRESHER.

** 10:20 am – Mr. Sibbach arrived at this time during the above mentioned educational presentation.

General Counsel Waddell of Olson Hagel and Fishburn, LLP presented an annual refresher briefing on Fiduciary Responsibilities. No action was taken on this item.

** 11:08 am – President Janssen called a recess resuming the meeting at 11:21 am.

AGENDA ITEM NO. 9: ACTUARIAL FUNDING POLICY AND PRACTICES.

The outline of a presentation entitled “Actuarial Funding Policies and Practices for Public Pension Plans” was duly agendized and placed on the April 22 agenda at the advance request of Trustee Savage, with the concurrence of Executive Secretary Nelson.. The Board engaged in a thorough discussion of funding policies and no action was taken on this item.

INVESTMENTS:

AGENDA ITEM NO. 10: MONTHLY INVESTMENT REPORT FOR PERIOD ENDING MARCH 31, 2017.

Upon the motion of Mr. Erb, seconded by Mr. Janssen, and unanimously passed, the Investment Report for the period ended March 31, 2017 was received and filed.

AGENDA ITEM NO. 11: ASSET ALLOCATION.

Staff reported that no action regarding investment asset allocations were necessary at this time.

OPERATIONS:

AGENDA ITEM NO. 12: STAFF ORAL REPORTS.

- A)** Staff announced that Trustee Jim Hamilton’s term is due to expire and an official notice for filing for candidacy will be posted soon.
- B)** Staff informed the Board of the status with the transition from Empower Retirement to Nationwide Retirement Solutions includes the Pension Trust with regard to the DROP program.
- C)** Staff distributed a report on long term investment return illustrations per a recent request from Trustee Clemens.

AGENDA ITEM NO. 13: GENERAL COUNSEL ORAL REPORTS.

- A)** Mr. Waddell updated the Board on the Marin Case, stating no new actions at this point.
- B)** He also discussed the City of San Diego Proposition B status.

AGENDA ITEM NO. 14: COMMITTEE REPORTS – AS NEEDED.

- A)** AUDIT COMMITTEE: Mr. Erb reported the entrance meeting with Brown Armstrong Accounting firm had occurred and the exit meeting will be held in late May or early June.
- B)** PERSONNEL COMMITTEE: No report.
- C)** PENSION ADMINISTRATION SYSTEM REPLACEMENT (PASR) COMMITTEE: Mr. Savage reported out that the project is going well, deliverables appear to be on track and on budget.

AGENDA ITEM NO. 15: UPCOMING BOARD TOPICS.

The planned topics for the next three board meetings were included in the agenda summary. This is an information item, nothing further to report.

AGENDA ITEM NO. 16: TRUSTEE COMMENTS.

Mr. Savage reported on his recent attendance to the CALAPRS Advanced Training workshop sharing that the focus was on governance.

REFERRED ITEMS: None.

ADDED ITEMS: None.

CLOSED SESSION:

**AGENDA ITEM NO. 17: CONFERENCE WITH LEGAL COUNSEL
– EXISTING LITIGATION.**

General Counsel Waddell advised the Board the scheduled close session had been canceled.

ADJOURNMENT.

There being no further business, the meeting was adjourned at 12:00 p.m. The next Regular Meeting was set for May 22, 2017, at 9:30 a.m., in the Board of Supervisors Chambers, New County Government Center, San Luis Obispo, California 93408.

Respectfully submitted,

**Carl Nelson
Executive Secretary**

**REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF
APRIL 2017**

PP 8 4/14/2017	Pensionable	Employer	Employer	Employee	Employee	Combined	Additional	Buy	TOTAL
By Employer and Tier:	Salary	Contributions	Rate	Contributions	Rate	Rate	Contributions	Backs	Contributions
County Tier 1	4,094,060.09	908,410.25	22.19%	768,715.31	18.78%	40.96%	1,757.50	699.91	1,679,582.97
County Tier 2	869,049.16	197,182.11	22.69%	106,845.38	12.29%	34.98%	271.74	760.78	305,060.01
County Tier 3	1,694,649.61	355,800.82	21.00%	178,664.46	10.52%	31.52%	-	450.56	534,915.84
Superior Court Tier 1	303,318.53	65,398.85	21.56%	38,982.83	12.85%	34.41%	-	-	104,381.68
Superior Court Tier 3	46,675.61	9,259.57	19.84%	3,557.02	7.62%	27.46%	-	114.54	12,931.13
APCD Tier 1	74,113.18	15,593.08	21.04%	13,633.43	18.40%	39.43%	-	-	29,226.51
APCD Tier 3	6,399.20	1,338.73	20.92%	730.25	11.41%	32.33%	-	-	2,068.98
Pension Trust Staff Tier 1	14,289.01	3,066.56	21.46%	2,766.34	19.36%	40.82%	-	-	5,832.90
Pension Trust Staff Tier 2	10,556.00	2,270.65	21.51%	1,105.45	10.47%	31.98%	14.86	-	3,390.96
Pension Trust Staff Tier 3	8,822.76	1,892.48	21.45%	1,036.27	11.75%	33.20%	-	-	2,928.75
LAFCO Tier 1	11,575.09	3,009.53	26.00%	1,849.40	15.98%	41.98%	-	-	4,858.93
	7,133,508.24	1,563,222.63	21.91%	1,117,886.14	15.67%	37.58%	2,044.10	2,025.79	\$ 2,685,178.66
PP 9 4/28/2017									
By Employer and Tier:	Pensionable	Employer	Employer	Employee	Employee	Combined	Additional	Buy	TOTAL
	Salary	Contributions	Rate	Contributions	Rate	Rate	Contributions	Backs	Contributions
County Tier 1	4,099,919.17	909,646.56	22.19%	770,145.12	18.78%	40.97%	1,757.50	699.91	1,682,249.09
County Tier 2	882,501.46	199,893.40	22.65%	108,356.72	12.28%	34.93%	271.74	760.78	309,282.64
County Tier 3	1,685,211.50	354,144.13	21.01%	177,682.13	10.52%	31.54%	-	450.56	532,276.82
Superior Court Tier 1	299,493.02	64,604.83	21.57%	38,529.72	12.86%	34.44%	-	-	103,134.55
Superior Court Tier 3	48,011.43	9,513.68	19.82%	3,574.79	7.45%	27.26%	-	114.54	13,203.01
APCD Tier 1	74,113.20	15,593.08	21.04%	13,633.43	18.40%	39.43%	-	-	29,226.51
APCD Tier 3	6,399.20	1,338.73	20.92%	730.25	11.41%	32.33%	-	-	2,068.98
Pension Trust Staff Tier 1	10,232.17	2,244.93	21.94%	2,005.68	19.60%	41.54%	-	-	4,250.61
Pension Trust Staff Tier 2	7,336.80	1,609.69	21.94%	799.71	10.90%	32.84%	-	-	2,409.40
Pension Trust Staff Tier 3	7,885.16	1,691.37	21.45%	928.50	11.78%	33.23%	-	-	2,619.87
LAFCO Tier 1	11,575.09	3,009.53	26.00%	1,849.40	15.98%	41.98%	-	-	4,858.93
	7,132,678.20	1,563,289.93	21.92%	1,118,235.45	15.68%	37.59%	2,029.24	2,025.79	\$ 2,685,580.41
TOTAL FOR THE MONTH	14,266,186.44	3,126,512.56	21.92%	2,236,121.59	15.67%	37.59%	4,073.34	4,051.58	\$ 5,370,759.07
TOTAL YEAR TO DATE	64,280,177.14	13,920,796.60	21.66%	9,930,296.48	15.45%	37.10%	24,480.46	211,715.49	24,087,289.03

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**REPORT OF SERVICE & DISABILITY RETIREMENTS
& DROP PARTICIPANTS FOR THE MONTH OF:**

APRIL 2017

RETIREE NAME	DEPARTMENT	DATE	MONTHLY ALLOWANCE
CALDEIRA, CYNTHIA	DRUG & ALCOHOL	04-22-2017	1142.21
JUSTUS, JODY	BEHAVIORAL HEALTH	04-09-2017	1263.79
LEWELLING, ANTHONY (DROP)	FACILITY MAINTENANCE	04-01-2017	2381.32
PRICE, SHERYL	SUPERIOR COURT	04-19-2017	3252.37 3.16*
RAMINHA, DANITA (Ordinary Disability)	SUPERIOR COURT	04-06-2017	2911.46 12.23*
STONE, VICTORIA	HEALTH AGENCY	04-08-2017	947.74
TRYON, ROSE	RECIPROCAL / SOCIAL SERVICES	04-01-2017	Awaiting calcs
WEEDEN, GLORIA	RESERVE / GENERAL HOSPITAL	04-14-2017	722.76 3.43*
ADDENDUM:			
GEORGE, MICHELLE	RECIPROCAL / SOCIAL SERVICES	08-05-2016	Option selection
BOZNER, LORI	RECIPROCAL / PROBATION	12-31-2016	Option selection
SPARKS, MATTHEW	RESERVE / SHERIFF DEPT	03-16-2017	1207.13

* Employee Additional Contribution Allowance (per Sections 5.07, 27.12, 28.12, 29.12, 30.12, and 31.12 of the Plan)

** Social Security Coordinated Temporary Annuity (per Section 13.06 of the Plan)

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Board of Trustees

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San Luis Obispo County
Pension Trust
SLOOPT

Date: May 22, 2017
To: Board of Trustees
From: Carl Nelson – Executive Secretary

Agenda Item 5: Applications & Elections to Participate in the Deferred Retirement Option Program (DROP)

Recomendation:

It is recommended that you receive and approve the Application & Election to Participate in DROP for the individuals listed below.

Discussion:

The San Luis Obispo County Pension Trust has received an Application & Election to Participate in DROP from the following members listed below:

JUNE 1, 2017	David M. Walker, Sheriff Department
JUNE 1, 2017	Patrick Zuchelli, Sheriff Department
JUNE 1, 2017	Scott Curry, Sheriff Department
JULY 1, 2017	James P. Erb, Auditor-Controller/Treasurer/Tax Collector

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Date: May 22, 2017

To: Board of Trustees

From: Carl Nelson – Executive Secretary
Amy Burke – Deputy Executive Secretary

Agenda Item 7: Fiduciary Properties, Inc. – Property Tax Dispute

At the April 24, 2017 Board of Trustees meeting during the Public Comment portion of the agenda, comments were received that addressed a property tax penalty affecting the Pension Trust's real estate holding subsidiary, Fiduciary Properties, Inc (FPI). Staff indicated that it was aware of the property tax dispute and would provide a report at the next regular Board meeting.

During 2014, the Pension Trust hired American Realty Advisors (ARA) to provide professional portfolio management and oversight for the disposition and sale of several directly owned local real estate investments for FPI. The attached letter from American Realty Advisors, the portfolio manager for the FPI owned portfolio of local real estate, reports on the property tax dispute and related penalties. The Pension Trust through its FPI subsidiary has not been responsible for payment of these penalties.

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May 11, 2017

Via E-Mail and IntraLinks

Mr. Carl Nelson
Executive Secretary & CIO
San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, CA 93408

Re: San Luis Obispo County Pension Trust
Real Estate Separate Account
FPI Properties and Property Tax Penalties

Dear Carl:

In February 2015, San Luis Obispo County Pension Trust (“Pension Trust”) engaged American Realty Advisors (“ARA”) as its real estate investment manager to take over the management and disposition of various real estate assets in San Luis Obispo owned by Fiduciary Properties, Inc. (“FPI”), a tax exempt entity owned by the Pension Trust. Among the many actions taken as part of the takeover of these assets, ARA, working with experts in order to protect the tax exempt nature of the Pension Trust’s investments, formed Fiduciary Properties Holding Corporation (“FPHC”) to be wholly owned by the Pension Trust and the ownership of FPI was transferred from the Pension Trust to FPHC.

The transaction was between one wholly owned entity of the Pension Trust and another wholly owned entity of the Pension Trust. Given the affiliated relationship between the two entities, we and our consultants did not believe that the BOE-100-B form (Statement of Change in Control and Ownership of Legal Entities) would be required to be submitted to the State of California Board of Equalization within 90 days of the formation of FPHC. Instead, we filed it when the two entities merged and the surviving entity became the owner of the real estate. In December 2015, ARA filed form BOE-100-B with the State Board of Equalization on behalf of Fiduciary Properties, Inc., a Delaware corporation, owner of 8 buildings located in San Luis Obispo, California.

In October 2016, ARA received notice that a penalty of \$24,345 would be applied for “failure to timely file form BOE-100-B with the State Board of Equalization per Section 482(B).” We appealed the penalty, as we did not think it appropriate, seeking an abatement of the penalty, but that appeal was denied.

ARA, while it believes the appeal was improperly denied, has taken full accountability for this matter and has reimbursed FPI in the full amount of the penalty associated with the unsuccessful appeal to the Board of Equalization. Consequently, the Pension Trust has suffered no loss as a result and in fact has been able to benefit since the date of the takeover by ARA’s ability to

successfully manage the sale of five of these assets and the positioning of the remaining assets for future sale, making it possible for the Pension Trust to redeploy such funds into alternative investments.

Sincerely,



David Hubbs
Executive Vice President, Portfolio Management
ARA | American Realty Advisors
Direct Dial: 818.409.3216
E-Mail Address: dhubbs@aracapital.com

DH/cbn

cc: Ms. Kristin Adrian
Mr. Glenn Anderson
Mr. Jay Butterfield
Ms. Amy Burke
Mr. Scott Darling
Mr. Kirk Helgeson
Mr. Stanley Iezman
Mr. Alex Miller
Ms. Teri Noble
Mr. Dan Robinson
Mr. Paul Vacheron
Ms. Anna Yiu

Board of Trustees

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Date: May 22, 2017

To: Board of Trustees

From: Carl Nelson – Executive Secretary
Amy Burke – Deputy Executive Secretary

Agenda Item 8: Administrative Budget for Fiscal Year 2017-2018

Recommendation:

It is recommended that the Board of Trustees (“BoT”) approve –

- The attached proposed Administrative Budget for the Fiscal Year 2017-2018 (“FY17/18”) (Attachment).
- An increase, as budgeted, in the retainer for General Counsel services from \$143,000/year to \$166,400/year.

Discussion:

The BoT was presented with a draft proposed Budget for FY17/18 at the prior regular BoT meeting held April 24, 2017. Hearing no objections or requests for changes or updates, staff is now presenting the proposed Budget for FY17/18 for formal approval. Please be advised that staff has made a few very minor rounding adjustments that were not included in the originally proposed document that amounted in total to an aggregate increase of \$95. The expense categories presented in the attached proposed Administrative Budget for the FY17/18 have been updated based upon varied assumptions, prior year experiences, and staff’s best estimates of future events. Overall staff believes a 8.3% increase in the total budgeted amount when compared to the Fiscal Year 2016-2017 budget is appropriate. This represents a \$222,000 increase compared to prior year from \$2.68 million to \$2.91 million. The main reason for this increase is additional Actuarial costs associated with a bi-annual Experience Study and Actuarial Audit.

This proposed administrative budget amount represents 0.25% of the total unaudited Net Position of the SLOCPT as of December 31, 2016. These administrative costs are in addition to investment management costs. Verus estimated Investment Manager expenses of \$6.8 million or 0.57% of market value as of December 31, 2016. The total cost of administration and investment

management for the SLOCPT is estimated at 0.82% of assets. Another comparison is the administrative budget as a percentage of Actuarial Accrued Liability. Based on the January 1, 2016 Actuarial Accrued Liability the FY17-18 proposed administrative budget is 0.15%.

- **Investment Expense (discretionary)** – Expense includes Investment Consultant (Verus) and Custodian Bank (JP Morgan) fees (does not include Investment Management fees) which are based on contracts and largely determined by quarterly market values of investment assets. Prediction is based on the unaudited market value of investment assets as of 12/31/2016, adding the assumption of a 6.27% investment return that was taken from Verus’ Capital Market Expectations report presented earlier this year.
- **Personnel Services** – Includes all expenses related to SLOCPT’s staff. Assumes the following: 1) 3% increase in salaries consistent with the San Luis Obispo’s County’s (“County”) actual adoption of prevailing wage increases for FY17/18, 2) payroll tax rates will stay consistent with 2017 rates currently in place, 3) cafeteria benefit of \$11,700 annually per eligible employee (benchmarked to County positions in Bargain Units 7 & 11), 4) employer pension rate increase of 1.5% effective with the pay period that includes 12/31/2017, and 5) applicable salary increases and promotions for staff members determined to be eligible based on annual review cycles.
- **Professional Services** –
 - Accounting & Auditing: Based on quoted price form 2013 engagement letter with Brown Armstrong (SLOCPT’s annual financial statement audit firm). The 2016 Audit is the last of the current 5 year engagement letter with Brown Armstrong. Staff will be discussing later in the year with the Board about continuing with the current auditor or issuing an RFP.
 - Actuarial: Based on 2017 engagement letter with Gabriel, Roeder, Smith (SLOCPT’s Actuary). Also includes estimate of expected costs relating to additional Actuarial services performed throughout the year as well as an experience study to be performed in 2018. Additionally, estimated costs associated with the planned Actuarial Audit in the amount of \$60,000 have contributed to the increase in expected expenses.
 - Legal – General Counsel: Based on General Counsel retainer agreement. *Note that this proposed budget incorporates a 16.7% increase in the annual retainer rate for General Counsel. General Counsel’s fees have not increased in the over 4 years since Olson Hagel Fishburn was first retained. This proposed budget approval includes an explicit authorization of an increase in the annual retainer for Olson Hagel Fishburn from \$143,000 to \$166,400 for General Counsel Services.*
 - Legal – Other: Legal costs also include legal consultation relating to investment contracts, and a contingency for legal fees associated with litigation. Finally, an assumption of a \$20,000 increase for legal fees related to disability hearings has been included consistent with recent Board approvals of a revised disability hearing process using referees.
 - Medical Evaluations – Disabilities: Assumes costs associated with medical review services to be performed by MMRO.

- Human Resources Consulting: Based on estimated costs associated with services provided by the County's Human Resources Department.
 - Information Technology Services: Includes expenses relating to RAD software system maintenance (per contract) and County IT's services.
 - Banking & Payroll: Includes estimated banking fees for SLOCPT's two banking relationships (Union Bank and Pacific Premier) and fees associated with payroll services provided by Paychex. Increase is due to staff's decision to maintain higher average balances within the County's Treasury account rather than to offset fees by maintain balances with the banks. Interest credited is currently greater than fee offsets.
 - Other Professional Services: Based on estimated expense for professional services not related to categories listed above. Increase is due to larger fee association with SLOCPT's current death audit service.
- **Other Expenses –**
 - Trustee Election Expenses: County Clerk Recorder fees relating to annual Trustee elections. Actual cost will be lower if there is an uncontested candidacy.
 - Insurance: Includes Fiduciary, General and Cyber liability coverages. Estimate is based on current year expense plus 5%.
 - Building & Maintenance: Estimate based on current year expenses.
 - Office Expense: Expense includes general office supplies, printing and mailing services provided by ASAP Reprographics, and document destruction services provided by Docuteam. Reduction due to overestimate of general office supply costs for FY 16/17.
 - Memberships & Publications: Includes industry specific memberships and publications.
 - Postage: Estimate based on FY16/17 experience.
 - Communications: Includes cost associated with telephone services provided by County IT. Estimate is based on County supplied budget document.
 - Training & Travel: Based on current year actual costs.
 - Information Technology: Expense includes all purchases relating to tangible IT equipment. Assumes staggered four-year replacement cycle for office computers. Decrease is due to purchase of new scanners in FY16/17 that will not need to be duplicated in FY17/18
 - Equipment: Includes expenses associated with two copier leases and office furniture purchases. Decrease associated with savings associated with the replacement of an expensive copier lease that was up for renewal in early 2017.
 - **Contingencies – 5% of total budget to be used for unexpected expenses.**

San Luis Obispo County Pension Trust
PROPOSED ADMINISTRATIVE BUDGET:
Fiscal Year 2017-2018

	FY15-16 Actual Expenses	FY16-17 Estimated Expenses	FY16-17 Adopted Budget	FY17-18 Proposed Budget	Increase/ Decrease From PY
INVESTMENT EXPENSE (discretionary):					
Invest. Exp. (Discretionary)	\$ 379,463	\$ 454,000	\$ 455,000	\$ 461,000	\$ 6,000
ADMINISTRATIVE EXPENSE:					
Personnel Services	\$ 1,162,693	\$ 1,271,000	\$ 1,271,200	\$ 1,340,500	\$ 69,300
Professional Service					
Accounting & Auditing	47,812	51,000	50,600	53,000	2,400
Actuarial	108,333	84,000	83,000	170,000	87,000
Legal	202,162	210,000	187,500	231,400	43,900
Medical Evaluations - Disabilities	3,000	22,000	21,500	21,500	-
Human Resources Consulting	441	5,000	5,000	5,000	-
Information Technology Services	334,023	174,000	174,400	175,000	600
Banking and Payroll	12,387	19,000	10,500	22,500	12,000
Other Professional Services	-	2,000	500	2,500	2,000
Total Professional Services	\$ 708,158	\$ 567,000	\$ 533,000	\$ 680,900	\$ 147,900
Other Expenses					
Trustee Election Expenses	-	6,000	6,000	6,000	-
Insurance	112,046	117,000	119,000	123,000	4,000
Building Maintenance	31,626	27,000	33,000	33,500	500
Office Expense	19,585	24,000	30,900	27,000	(3,900)
Memberships & Publications	4,608	5,000	5,400	5,100	(300)
Postage	23,260	27,000	27,000	27,000	-
Communications	3,733	5,000	5,000	5,000	-
Training & Travel	23,003	43,000	55,900	49,000	(6,900)
Information Technology	2,783	7,000	6,500	4,500	(2,000)
Equipment	11,614	8,000	11,600	8,000	(3,600)
Total Other Expenses	\$ 232,258	\$ 269,000	\$ 300,300	\$ 288,100	\$ (12,200)
Contingencies	\$ -	\$ -	\$ 128,000	\$ 139,000	\$ 11,000
TOTAL ADMINISTRATIVE	\$ 2,103,109	\$ 2,107,000	\$ 2,232,500	\$ 2,448,500	\$ 216,000
ADMIN. + INVEST. (discretionary)	\$ 2,482,572	\$ 2,561,000	\$ 2,687,500	\$ 2,909,500	\$ 222,000

Increase from Prior Year Budget

8.3%

Board of Trustees

1000 Mill Street
San Luis Obispo, CA 93408
Phone: (805) 781-5465
Fax: (805) 781-5697
www.SLOPensionTrust.org



Date: May 22, 2017

To: Board of Trustees

From: Carl Nelson – Executive Secretary
Amy Burke – Deputy Executive Secretary
Chris Waddell – General Counsel

Agenda Item Number 9: Disability Hearings—Interim Process Amendment

Recommendation:

Staff and the General Counsel recommend that the Board of Trustees adopt the attached revised resolution providing for an interim hearing process in disability retirement matters in order to provide for the authority of the Referee to issue subpoenas for witnesses and the production of documents.

Discussion:

At its March 27, 2017 meeting, the Board of Trustees (BOT) adopted, on an interim basis, revisions to the existing rules regarding the consideration of applications for disability retirement set forth in Appendix E of the Plan that provide for an evidentiary hearing to be conducted by a referee as opposed to the Board. These interim revisions were adopted pending submission to and approval by the County Board of Supervisors (BOS) of permanent revisions to the entirety of Appendix E.

In reviewing the interim hearing process following its adoption, the General Counsel noted that no provision was made for the issuance by the Referee of subpoenas for witnesses and the production of documents, which under some circumstances may be required in order to ensure that a complete record may be developed during the hearing. The purpose of this item is to provide to the Referee the necessary authority to do so. The additional language providing for such authority is highlighted for ease of reference and is contained in Section 4.04(b) of the attachment to the revised resolution. If the Board of Trustees approves this additional language, we will include it in the permanent revisions to Appendix E when submitted to the BOS for adoption.

Respectfully submitted,

Carl Nelson
Executive Secretary

Amy Burke
Deputy Executive Secretary

Chris Waddell
General Counsel

Attachment

**SAN LUIS OBISPO COUNTY
PENSION TRUST**

PRESENT: Matt Janssen, Jim Erb, Jeff Hamm, Guy Savage, Gere Sibbach

ABSENT: Will Clemens, James Hamilton

RESOLUTION NO. 2017- 03 -- REVISED

A Resolution Adopting an Interim Hearing Process for Disability Applications

Whereas, under Section 3.04(b) of Appendix A of the San Luis Obispo County Employees Retirement Plan (“Plan”), if the Executive Secretary is not satisfied with the medical reports and documents submitted in support of an application for Disability, including applications for Industrial Disability, the Executive Secretary shall make no recommendation as to the application and shall set the matter for hearing before the Board of Trustees; and

Whereas, Article 4 of Appendix A of the Plan referenced above sets forth a “trial type” process for hearings before the Board of Trustees; and

Whereas, the Board of Trustees has identified concerns with the existing process and has adopted revisions to Article 4 of Appendix A which, consistent with the practice at most other California public retirement systems, would employ a referee in the first instance to conduct a hearing, develop and evidentiary record, and prepare a written report to the Board that includes a summary of the evidence, proposed findings of fact, and a recommended decision; and

Whereas, while the above-referenced revisions must be adopted by the San Luis Obispo County Board of Supervisors before taking permanent effect, section 4.07 of existing Appendix A provides that the Board of Trustees may order for good cause that a hearing before it may be conducted in an alternative manner; and

Whereas, because the need to conduct a disability hearing may arise prior to the time that the Board of Supervisors adopts the above-referenced revisions, the Board of Trustees finds that good cause exists to adopt the attached revisions to Article 4 on an interim basis as authorized by section 4.07 of existing Appendix A;

Now Therefore Be It Resolved and Ordered as follows:

1. It is resolved by the Board of Trustees of the San Luis Obispo County Pension Trust that the attached process may be followed on an interim basis in any upcoming disability hearings as determined to be appropriate by the Board of Trustees.

Adopted: May 22, 2017

Approved as to Form and Legal Effect

Christopher W. Waddell
General Counsel

SIGNED: _____
Matt Janssen
President, Board of Trustees
San Luis Obispo County Pension Trust

ATTEST: _____
Carl Nelson, Executive Secretary

APPENDIX: E – Applications For Disability

RULES FOR PROCESSING APPLICATIONS FOR DISABILITY RETIREMENT ALLOWANCE

SAN LUIS OBISPO COUNTY PENSION TRUST

ARTICLE 4: HEARINGS

Section 4.01: Setting of Hearing. ~~Allowing sufficient time for notice, hearings before the Board of Trustees shall, if practicable, be set for the next meeting of the Board of Trustees occurring after the processing of the application under Article 3 of these rules has occurred. If the Executive Secretary determines that a hearing shall be set pursuant to Section 3.04 of these rules, the Executive Secretary shall select and appoint a referee from the Board of Trustees' list of approved Referees. Referees will be assigned to hear applications on a rotating basis unless the assignment involves an application previously heard by a referee, in which case that referee will be assigned to the matter if available.~~

Section 4.02: ~~Hearing Files~~Referees. ~~Each hearing shall be listed in the files of the Pension Trust under the name of the Member of the Pension Trust for or through whom benefits, rights, and privileges are claimed, whether such Member is the applicant or not. Reference to the hearing shall be by the name of the Member. The Board of Trustees' primary goal is the selection and retention of referees who will consider the underlying evidence and make recommendations to the Board of Trustees on a *de novo* basis, without giving weight to prior administrative actions or recommendations. During the conduct of disability retirement proceedings, the Referee constitutes the duly authorized representative of the Board of Trustees. Like the Board of Trustees, referees are expected to consider evidence and argument neutrally, with no pre-disposition towards the grant or denial of disability retirement applications. The Board of Trustees' duty is to determine whether the granting of a disability retirement in a particular case has merit based on the law and the evidence. The Board of Trustee's policy is to encourage a full and accurate fact finding. The Pension Trust is equally well served by a grant as by a denial where the decision is based on the law and the evidence.~~

Section 4.03: Notice of Hearing. ~~The Executive Secretary shall give notice of hearing to the applicant and all parties at least ten days prior to the hearing. A copy of these rules shall be furnished to the applicant and to any party requesting a copy of these rules at the time notice of hearing is given. Once a Referee has been assigned to hear a matter, the Notice of Referee Assignment shall be served by the Executive Secretary on the Referee and the parties, setting forth the issues for hearing, and with instructions that the hearing be set not less than 30 days and not more than 120 days of the service date of the Notice. The Notice shall describe hearing procedures, and be served with a copy of these procedures. The Notice shall further direct that the hearing will~~

be held in the City of San Luis Obispo, California unless the Executive Secretary determines that good cause exists for the hearing to be held in an alternate location.

Section 4.04: Pre-Hearing Procedures.

(a) Any interested party may request that the Referee schedule a pre-hearing telephone conference to set a hearing date and to discuss preliminary issues. In cases where the applicant is not represented by legal counsel, a mandatory pre-hearing phone conference will be scheduled to discuss the hearing procedures with the applicant and set a hearing date. Once the hearing date is set, the Referee will issue to the parties a Hearing Notice listing the time, date and location of the hearing and the issues to be heard. Where applicable, the Executive Secretary will provide a copy of the Hearing Notice to the employing department and the County or employing member district.

(b) Subpoenas to compel the attendance of witnesses and the production of documents or things will be issued by the Referee, at the request of either party, pursuant to the procedures set forth in Government Code Sections 11450.5 through 11450.50.

Section 4.0405: Continuances. ~~The Executive Secretary or the Board of Trustees~~Referee may continue a hearing to a later meeting with the consent of the applicant and all parties. In the event the applicant and all parties do not consent to a continuance, the Referee shall decide whether to grant the continuance and may do so only upon a clear showing of good cause~~matter will be referred to the Board of Trustees for its decision.~~

Section 4.0506: Report of Hearings. ~~Hearings may be conducted without a stenographic reporter or recording machine unless some person interested in the hearing requests at least 5 days before the date set for the hearing that such hearing be reported or recorded and pays the cost or fee for such reporting or recording~~Every hearing shall be reported by a certified shorthand reporter. Conferences shall be reported only if so ordered in advance by the Referee. The Executive Secretary shall arrange for a reporter to be present whenever one is required. Except as provided in Section 4.14, the reporter's notes shall be transcribed only if requested by the Referee or an interested party, in which case the requesting party, if not the Referee, shall pay the transcription costs. The non-requesting parties may, at their expense, order certified copies directly from the court reporting service.

~~**Section 4.06: Determination by Board of Trustees.** In the event of a hearing as provided for herein, the Board of Trustees shall determine all material issues raised by the application.~~

Section 4.07: Rules for Hearings. Unless the Board of Trustees otherwise orders for good cause, all hearings before the ~~Board of Trustees~~Referee shall be conducted in the following manner:

~~(a) (a) Presiding Officer.~~ ~~The President of the Board of Trustees presides over all hearings, and in the absence of the President the Vice president shall preside, and in the absence of both, the Board of Trustees shall select a presiding officer pro tem. The presiding officer~~Referee shall exercise reasonable control over the proceedings. In addition to other duties, the ~~presiding officer~~Referee shall set the date, time and place of the hearing, confirm the issues to be heard pursuant to the Hearing Notice, rule on

the admissibility of evidence, question witnesses and determine whether the matter shall proceed or be adjourned subject to continuation.

- ~~(b) Any and shall order a party to yield the floor when the party's allotted time has been consumed or when the orderly and expeditious conduct of the hearing requires it. interested party desiring to introduce evidence at a hearing shall serve all other interested parties with a written statement identifying all writings that the party will introduce and all witnesses that the party will call to testify. If any of the identified writings have not previously been served, a copy thereof shall be attached to the statement. In addition to stating the name, address, and telephone number of each witness, the statement shall contain a summary of the testimony that the witness is expected to give. If service is made by personal delivery, the date of delivery shall be no later than the twentieth day before the hearing; if service is made by mail, the date of mailing shall be no later than the twenty-fifth day before the hearing.~~
- ~~(a) The presiding officer may permit such questioning and other participation in the proceedings by members of the Board of Trustees, or others, as will best serve the purposes of these rules.~~
- ~~(b) (b) Quorum. No hearing before the Board of Trustees shall be held unless at least a quorum of the Board of Trustees is present. The same Trustees must be in attendance throughout the hearing and only those Trustees who have been in attendance throughout the hearing may vote thereon.~~
- (c) Representation By Legal Counsel. Any applicant or party and/or the Executive Secretary shall be entitled to be represented by legal counsel, at such person's own expense, at any hearing ~~before the Board of Trustees~~. After an attorney at law appears at a hearing on behalf of an applicant or party, or after the Executive Secretary or Referee has received written notice that an attorney at law is appearing on behalf of the applicant or a party, all notices required by these rules shall thereafter be served upon such attorney at law. Substitution of or dismissal of an attorney by an applicant or a party shall be made in the manner provided in ~~Sections 284, 285 and 286 of~~ the Code of Civil Procedure.

Section 4.08: Order of Business for Hearing. Unless the ~~presiding officer~~Referee rules that it is not necessary to so proceed in a particular hearing, all hearings shall proceed in the following manner:

- (a) The ~~presiding officer~~Referee will read the title of the case and ask for appearances for the applicant and for all parties. ~~This information shall be recorded in the minutes of the Board of Trustees.~~ The ~~presiding officer~~Referee will inquire if the applicant and all parties are ready to proceed.
- (b) If the applicant and all parties are ready to proceed, the ~~presiding officer~~Referee will mark for identification only and not as evidence, all papers in the official file of the hearing, which should include:

- (1) The application for the benefit, allowance, right or privilege.
 - (2) The notice to the applicant of the date set for hearing, with proof of service.
 - (3) Other documents in the official files.
- (c) The Executive Secretary or ~~other person authorized by the presiding officer~~his or her designee shall read the application unless waived by the applicant and the parties.
 - (d) The applicant shall present his or her evidence. The applicant shall have the burden of proof.
 - (e) Each other party shall then present its evidence, in the order determined by the ~~presiding officer~~Referee.
 - (f) The Executive Secretary or other person representing the Executive Secretary shall then present his or her evidence.
 - (g) The applicant and each party will be allowed to cross-examine witnesses.
 - (h) Upon application to the ~~presiding officer~~Referee, the applicant and each party may present rebuttal evidence.
 - (i) Upon the conclusion of all testimony, the ~~presiding officer~~Referee will inquire if the applicant and all parties are ready to submit the matter for decision.
 - (j) The hearing will then be closed and the matter submitted to the ~~Board of Trustees~~Referee for decision. If further documentary evidence is to be filed, the ~~Board of Trustees~~Referee may allow time for filing and serving such documentary evidence, and order that the matter will be deemed submitted after such period unless the applicant or any party objects to such documentary evidence within ten (10) days after it is filed. Copies of such documentary evidence shall be served on the applicant and on all parties who appeared at the hearing. Any post-hearing briefs shall be simultaneously submitted on a date directed by the Referee within 30 days of the last day of hearing, followed by simultaneous reply briefs on a date directed by the Referee within 10 days of the date set for post-hearing brief submittal. Such briefing periods shall only be extended by the Referee for good cause.
 - (k) Within forty-five days after a matter is submitted to a Referee for a decision, or upon the completion of post-hearing briefing, whichever is later, the Referee shall file with the Executive Secretary and serve upon all interested parties a written report that includes a summary of the evidence, proposed findings of fact, recommended decision and proof of service.
 - (l) The interested parties shall have ten days (plus 5 days if served by mail) from the date the Referee's report is served to file written objections with the Executive Secretary, along with proof of service upon all other interested parties. Any timely filed objections shall be incorporated in the record to be considered by the Board of Trustees. The Board of Trustees has discretion to decline consideration of untimely written objections, or oral objections or argument from any party that has not filed timely written objections.

Section 4.09: Rules of Evidence for Hearings.

- (a) The hearing need not be conducted according to technical rules of evidence relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might

make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining any direct evidence but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions. Admissibility of physicians' reports is governed by Section 4.11 and Section 4.12 of these rules.

Section 4.10: Witnesses.

- (a) Each party shall have the right to call and examine witnesses and to cross-examine opposing witnesses on any matter relevant to the issues.
- (b) Oral evidence shall be taken only on oath or affirmation.
- (c) If the applicant or any other party does not testify in his own behalf, he may be called and examined as if under cross-examination.
- (d) Refusal of any applicant or party to submit to examination or to answer relevant questions shall be grounds for considering such questions for the purposes of that hearing, to be answered in a way unfavorable to the refusing party, ~~and such refusal may result in dismissing the application of the applicant or party seeking affirmative relief.~~

Section 4.11: Documentary Evidence; Medical Reports.

- (a) Government Records. Certified copies of the reports or records of any governmental agency, division or bureau will be accepted as evidence in lieu of the original thereof.
- (b) Medical Reports. The Board of Trustees favors the production of medical evidence in the form of written reports. These reports should include:
 - (1) History of the injury or illness;
 - (2) The patient's complaints;
 - (3) Source of all facts set forth in the history and complaints;
 - (4) Findings on examination;
 - (5) Opinion as to the extent of disability and working ability;
 - (6) Cause of the disability;
 - (7) Medical treatment indicated;
 - (8) Likelihood of permanent disability;
 - (9) Opinion as to whether or not the patient is permanently incapacitated physically or mentally for the performance of his duties in the service;
 - (10) The reasons for these opinions.

Section 4.12: Cross Examination of Physician on Medical Report.

- (a) The right of cross-examination of a physician on his or her written report may be deemed waived where the report of the physician has been filed with the ~~Board of Trustees~~ Referee and served upon the applicant and any other parties ten (10) days or more prior to the hearing of the case and the applicant nor any party within five (5) days of such service requests to cross-examine the said physician.
- (b) The right of cross-examination of a physician on his or her written report may not be deemed waived where such request is made and the physician is produced at the hearing

or good cause has been shown for not producing the physician. The applicant or the party submitting the written report of the physician shall, if requested by any opposing party, join in the request that the physician appear at the hearing; however, the person instituting the request that the physician be produced for cross-examination shall pay the physician's fee for such appearance. The ~~Board of Trustees~~Referee may require that this fee be deposited in advance of appearance.

Section 4.13: Continuances by the ~~Board of Trustees~~Referee; Additional Evidence, Examinations. The ~~Board of Trustees~~Referee may on ~~its~~his or her own motion continue any hearing to another time and place, order additional evidence to be presented, order additional medical examinations of the applicant, or allow other evidence to be gathered and presented, as in its determination a proper presentation of the case requires.

Section 4.14: Decision of the Board of Trustees. When a Referee's report is filed with the Executive Secretary pursuant to section 4.08(k), the Executive Secretary shall cause the matter to be placed on the agenda of the next regular Board of Trustees' meeting to take place after the expiration of the period in which the interested parties may file written objections, unless the expiration of that period occurs less than two weeks before the next regular meeting, in which case the matter shall be placed on the regular meeting agenda for the following month. The Board may, but is not required to, hear oral argument from any interested party that has filed timely written objections. If permissible under the Ralph M. Brown Act, the Board of Trustees shall hear disability retirement matters in closed session unless the member requests that the matter be heard in public session. The Board of Trustees shall take one of the following actions:

- (a) Approve and adopt the proposed findings and recommendations of the Referee; or
- (b) Approve and adopt the proposed evidentiary findings of the Referee and upon those findings take such action as in the Board of Trustee's opinion is indicated by such evidentiary findings;
- (c) Require a transcript or summary of all the testimony, plus all other evidence received by the Referee, and upon receipt thereof take such action as in the Board's opinion is indicated by such evidence; or
- (d) Refer the matter back to the Referee for further proceedings, with or without instructions.

~~The Board of Trustees shall render its decision by the second regular meeting following the meeting at which the matter is submitted for decision.~~ Any finding or decision of the Board of Trustees must be made by the affirmative votes of at least four Trustees. A failure~~If the Board of Trustees fails to reach a finding or decision to obtain the affirmative votes of at least four Trustees within 100 days of the filing of the Referee's report, the Referee's report shall be deemed adopted by the Board of Trustees. is a failure to find in favor of the applicant and constitutes a denial of the application, or that portion of the application, on which the vote is taken.~~

Section 4.15: Notice of Decision. Written notice of the decision of the Board of Trustees; ~~containing findings of fact and conclusions of law~~ shall be delivered or mailed to the applicant and each party within ten days following the date the decision is rendered.

Board of Trustees

1000 Mill Street
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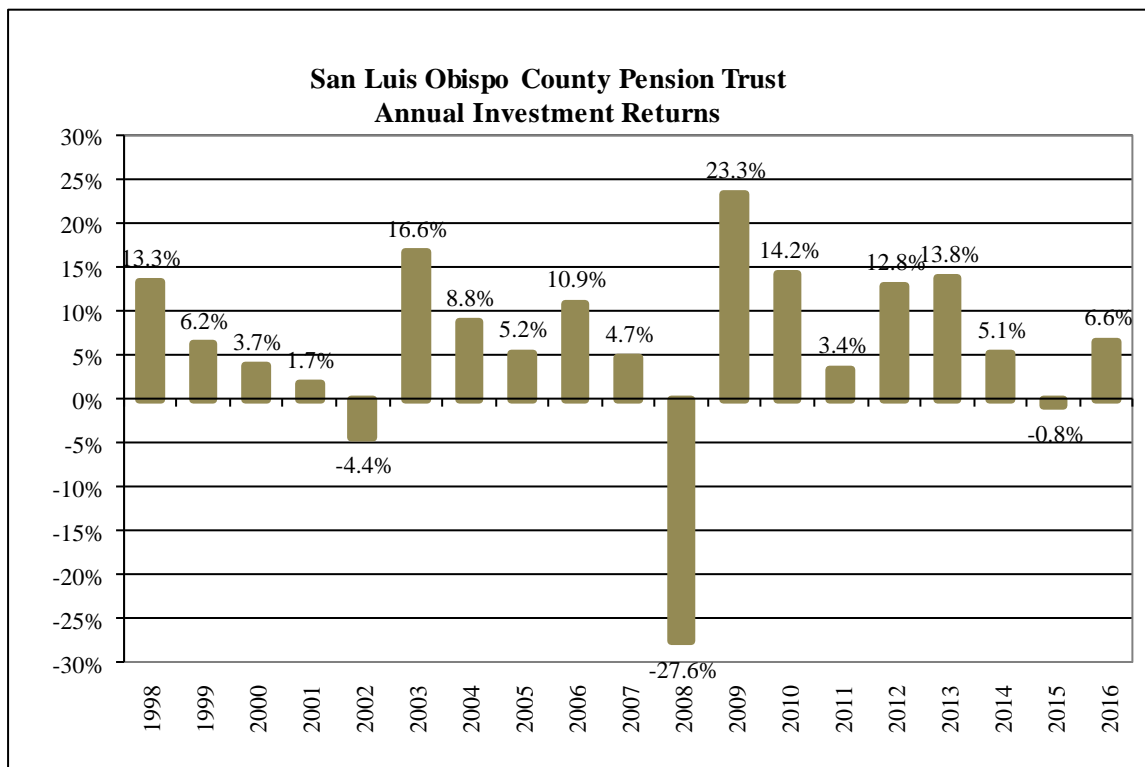
Date: May 22, 2017

To: Board of Trustees

From: Carl Nelson – Executive Secretary
Amy Burke – Deputy Executive Secretary

Agenda Item 10: Quarterly Investment Report for the 1st Quarter of 2017

Attached to this memo is the 1Q17 quarterly investment report prepared by the Trust’s investment consultant Verus. Scott Whalen of Verus will make a detailed presentation and discuss the quarterly report. The long term history of the rates of return gross of fees of the Pension Trust are shown below as an extension of the data in the Verus report. The Verus report shows the 1Q17 rate of return on the Pension Trust to be 4.7%.



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**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



PERIOD ENDING: MARCH 31, 2017

Investment Performance Review for

San Luis Obispo County Pension Trust

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[VERUSINVESTMENTS.COM](https://www.verusinvestments.com)

SEATTLE 206-622-3700

LOS ANGELES 310-297-1777

SAN FRANCISCO 415-362-3484

Investment Landscape

TAB I

Investment Performance
Review

TAB II



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

2ND QUARTER 2017
Investment Landscape

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1st quarter summary

THE ECONOMIC CLIMATE

- Developed economies continued to experience steady, moderate expansion with fourth quarter real GDP growth in the U.S., the Eurozone, and Japan all between 1.5-2.0%. The base effect of lower oil prices led to higher year-over-year headline inflation in many countries. **p. 16**
- During the first quarter, the global economy exhibited a coordinated pick up in economic activity. Data generally exceeded expectations, especially in the U.S. and the Eurozone. **p. 18**

MARKET PORTFOLIO IMPACTS

- The U.S. Treasury curve flattened in the first quarter. Short-term rates were driven higher by the Fed, while the long end of the curve remained unchanged. Even with Fed tightening, the U.S. may not be in a typical rising rate environment. **p. 22**
- A better outlook for commodity performance, as well as a flattening of the futures curve in some markets increases the attractiveness of commodities as an inflation hedge. **p. 38**

THE INVESTMENT CLIMATE

- While central banks are still accommodative outside of the U.S., most appear to be in later stages of the easing cycle. Developed central banks appear to be broadly entering a period of policy normalization. **p. 22**
- The market is expecting better earnings growth in U.S. equities. According to FactSet, the estimated Q1 earnings growth for the S&P 500 is 9.2% from the previous year. Higher earnings growth may help justify above average valuations. **p. 29**

ASSET ALLOCATION ISSUES

- Stabilizing currencies and commodity prices, as well as higher growth outlooks, may benefit emerging market equities. **p. 33**
- With U.S. Treasury yields still at historic lows and the expectation of additional tightening from the Fed, investors may not be adequately compensated for taking duration risk in the current environment. **p.23**

We continue to be neutral towards risk

What drove the market in Q1?

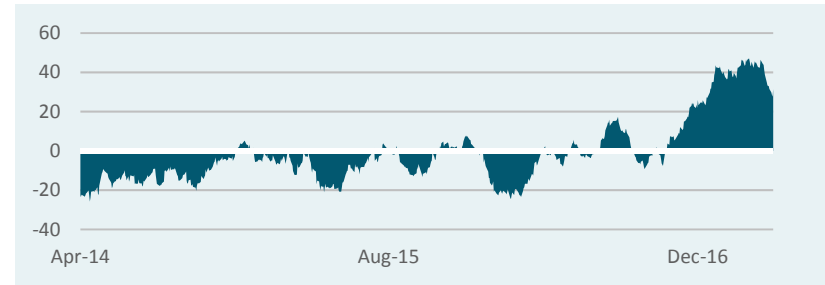
“The Global Economy Enjoys a Synchronized Upswing”

CITI GLOBAL ECONOMIC SURPRISE INDEX

Oct 31 st	Nov 30 th	Dec 31 st	Jan 31 st	Feb 28 th	Mar 31 st
3.1	17.1	27.0	37.0	43.8	38.8

Source: The Economist, March 16th 2017

CITI GLOBAL ECONOMIC SURPRISE INDEX



Source: Bloomberg, 4/13/17

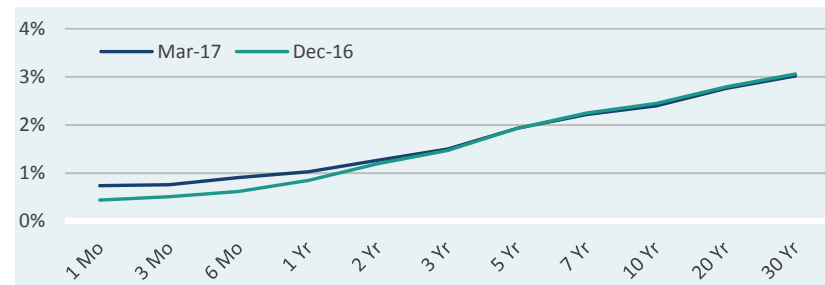
“Rates Rise, But Yield Curve Keeps Flattening”

U.S. TREASURY 10-YR MINUS 2-YEAR YIELD SPREAD

Oct 31 st	Nov 30 th	Dec 31 st	Jan 31 st	Feb 28 th	Mar 31 st
0.98%	1.26%	1.25%	1.26%	1.14%	1.13%

Source: Barron's, March 28th 2017

U.S. TREASURY CURVE



Source: Bloomberg, as of 3/31/17

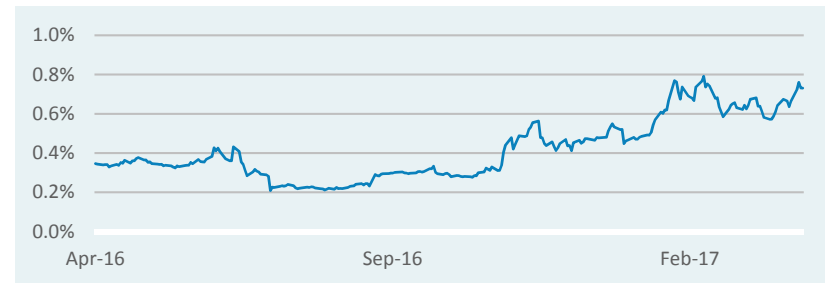
“French Political Turmoil Hits Bond Spreads”

GERMAN-FRENCH 10-YR YIELD SPREAD

Oct 31 st	Nov 30 th	Dec 31 st	Jan 31 st	Feb 28 th	Mar 31 st
0.30%	0.48%	0.48%	0.60%	0.68%	0.64%

Source: Financial Times, February 6th 2017

GERMAN-FRENCH 10-YR YIELD SPREAD



Source: Bloomberg, as of 4/12/17 – German 10yr yield minus French 10yr yield

“The Market Conundrum of (Low) Volatility and Uncertainty”

CBOE VIX (10-YEAR AVERAGE, 20.7)

Oct 31 st	Nov 30 th	Dec 31 st	Jan 31 st	Feb 28 th	Mar 31 st
17.1	13.3	14.0	12.0	12.9	12.4

Source: Bloomberg, January 30th 2017

Economic environment

U.S. economics summary

— U.S. real GDP grew 2.0% YoY in Q4, up from 1.7% in Q3. Moderate increases in consumer spending continued to be the main driver of the economy.

— Inflation moved higher as headline CPI increased 2.8% YoY in February. Core inflation, however, increased only modestly to 2.2%. Most of the rise was caused by the low base effect from falling oil prices last year.

— The Fed continued tighter monetary policy by raising the target federal funds rate 25 bps to 0.75-1.00% at its March meeting. The FOMC dot plot indicates two more rate hikes in 2017, while the market has only priced in one more increase.

— The March Fed meeting minutes revealed that the central bank

may begin shrinking its balance sheet as early as December, representing a form of monetary tightening. It remains unclear whether the Fed will stop rolling over maturing securities or actively sell in the open market.

— On average, 178,000 jobs were added each month during Q1, and unemployment fell 0.2% to 4.5%. Data continued to indicate a tighter labor market, though wage growth is lackluster. Real hourly earnings fell 0.1% in February from the prior year.

— Soft data (consumer & business sentiment) improved markedly following the U.S. presidential election. We are continuing to monitor the degree to which soft data flows through to actual spending and investment patterns. At this point evidence still is lacking.

	Most Recent	12 Months Prior
GDP (<i>annual YoY</i>)	2.0% <i>12/31/16</i>	1.9% <i>12/31/15</i>
Inflation (<i>CPI YoY, Headline</i>)	2.8% <i>2/28/17</i>	1.0% <i>2/29/16</i>
Expected Inflation (<i>5yr-5yr forward</i>)	2.2% <i>3/31/17</i>	1.8% <i>3/31/16</i>
Fed Funds Rate	0.75% <i>3/31/17</i>	0.25% <i>3/31/16</i>
10 Year Rate	2.4% <i>3/31/17</i>	1.8% <i>3/31/16</i>
U-3 Unemployment	4.5% <i>3/31/17</i>	5.0% <i>3/31/16</i>
U-6 Unemployment	8.9% <i>3/31/17</i>	9.8% <i>3/31/16</i>

U.S. economics – GDP growth

Real GDP grew 2.0% YoY in Q4 (2.1% quarterly annualized rate) as slow but positive economic growth continued.

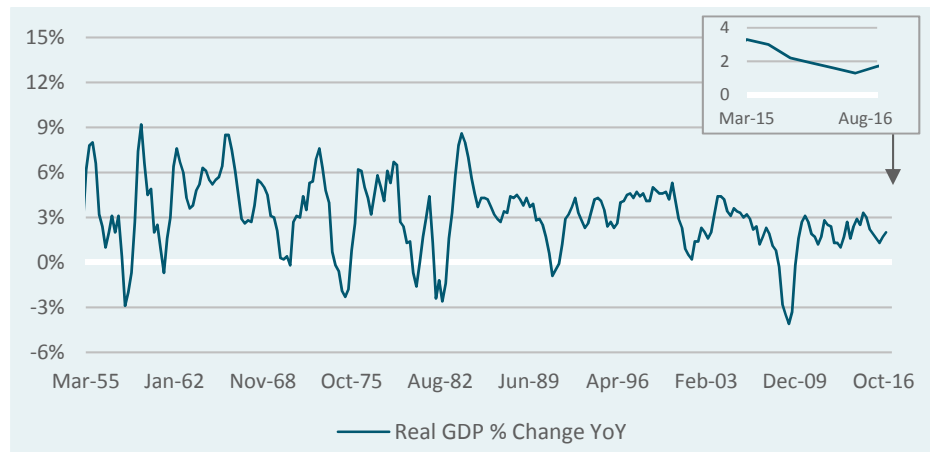
Personal consumption contributed 2.4% to quarterly GDP growth, and was once again the main driver of improvement in the economy. Rising post-election consumer confidence did not immediately flow through to the real economy, but may support increased spending in coming quarters.

Private domestic investment also contributed to growth. A widening trade deficit from both an increase in imports and a decrease in exports was the largest detractor from GDP growth.

The Atlanta Fed GDP Now forecast for Q1 was 0.5% as of April 14th. The forecast was revised downward throughout the quarter mainly due to softer personal spending data. Part of this weakness can be attributed to a temporary decline in utilities spending from milder winter weather.

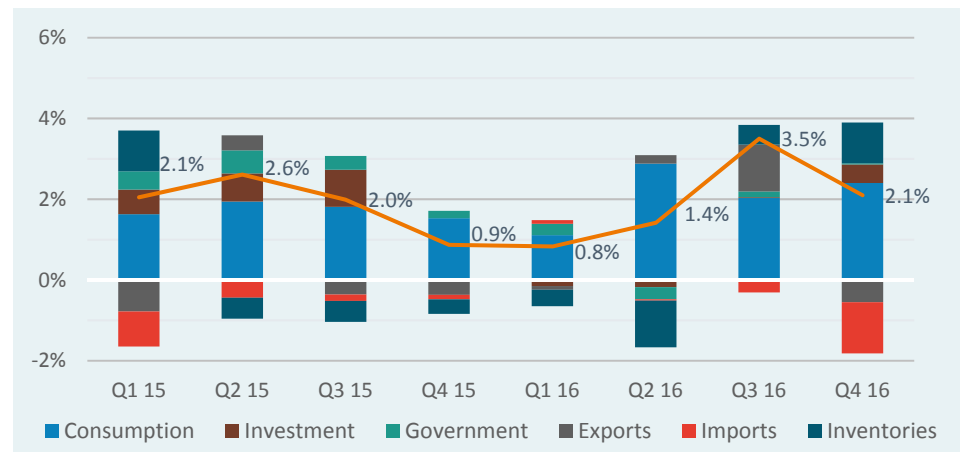
The U.S. economy continued to grow at a moderate pace

U.S. REAL GDP GROWTH



Source: FRED, as of 12/31/16

U.S. GDP COMPONENTS



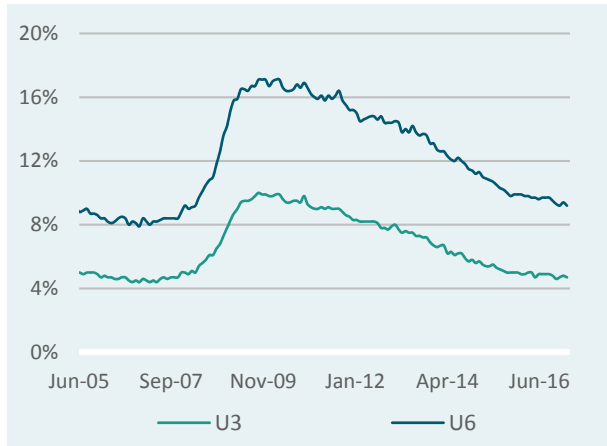
Source: BEA, annualized quarterly rate, as of 12/31/16

U.S. economics – Labor market

Moderate additions to payrolls and higher employment indicate a tighter labor market. Job gains averaged 178,000 per month in the first quarter, slightly below the expansion average of 199,000. The headline unemployment rate fell to a nearly decade low of 4.5%. The broader U-6 unemployment rate, which includes discouraged workers who want a job but have given up looking, and part-time workers who would like to be full-time, fell to a cyclical low of 8.9%. The participation rate rose to 63.0%, an increase of 0.3%.

The number of job openings in the economy is relatively high, likely due to a lack of supply. Companies are having a difficult time finding qualified workers to fill open positions. While most employment data suggests a tight labor market, wage growth has been unusually muted throughout this cycle. As the U.S. economic expansion ages, we would expect companies to raise wages in order to attract and retain workers. However, real average hourly earnings fell 0.1% in February YoY.

U.S. UNEMPLOYMENT



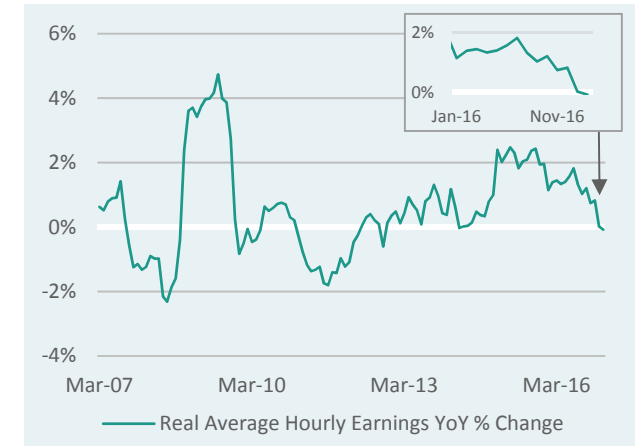
Source: FRED, as of 2/28/17

JOB OPENINGS



Source: FRED, as of 2/28/17

REAL AVERAGE HOURLY EARNINGS



Source: FRED, as of 2/28/17

A closer look at participation

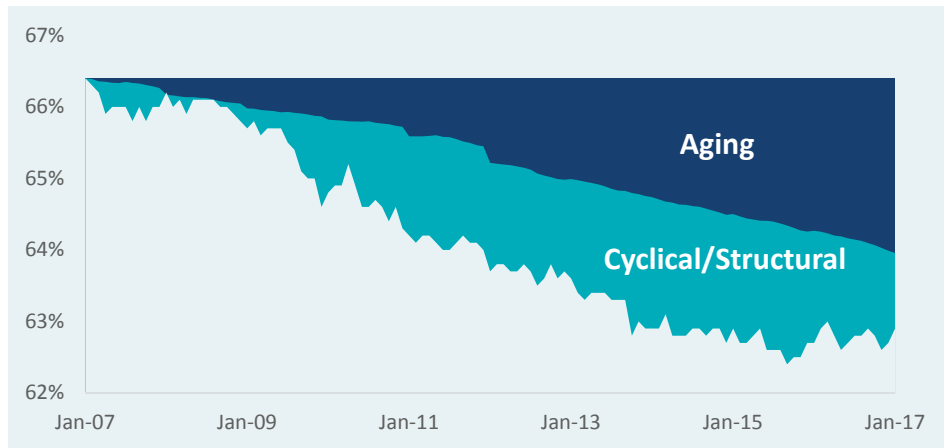
The labor force participation rate has fallen significantly following the financial crisis. While most of the drop can be attributed to an aging population, one-third is a result of structural issues, and possibly some remaining cyclical factors. Stripping out the aging effect by looking at the core working age group shows a drop of 1.9% in participation over the past 10 years.

Unlike cyclical factors that move with the economic cycle, structural issues in the labor market may be more or less permanent. This is important because fewer workers participating in the economy will result in slower growth,

all else equal. Workers reentering the economy, however, could provide some protection against rapid wage price inflation, and therefore mitigate the risk that rapid wage inflation disrupts economic growth.

Structural issues that may explain lower participation include an increased number of unqualified workers due to a lack of requisite skills and education and those with criminal felony convictions. There may also be fewer incentives for people outside of the workforce to return because of slow wage growth and a greater reliance on permanent federal disability.

U.S. LABOR FORCE PARTICIPATION



Source: BLS, Verus, as of 1/31/17

CORE AGE GROUP (25-54) PARTICIPATION



Source: BLS, as of 1/31/17

U.S. economics – The consumer

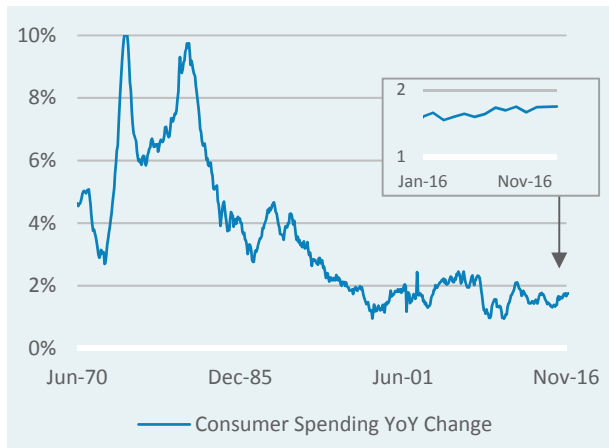
Higher interest rates are expected to be a headwind for U.S. consumers, but other fundamentals reflect a positive overall environment. Much of the economic growth in the current cycle has been attributed to moderate, steady increases in consumer spending. In February, consumer spending grew 1.7% from the previous year. While positive spending growth has been consistent, there has yet to be a material flow through effect from the jump in confidence following the U.S. election in November.

An increase in financial assets during the current recovery has led to large gains in household net worth. The wealth effect, in which consumers increase spending habits based on a higher level of perceived wealth could have a positive impact on economic growth.

Although the consumer has led the economic expansion, credit has not been used as much as in previous cycles. Consumer credit growth has been moderate and household balance sheets remain relatively healthy.

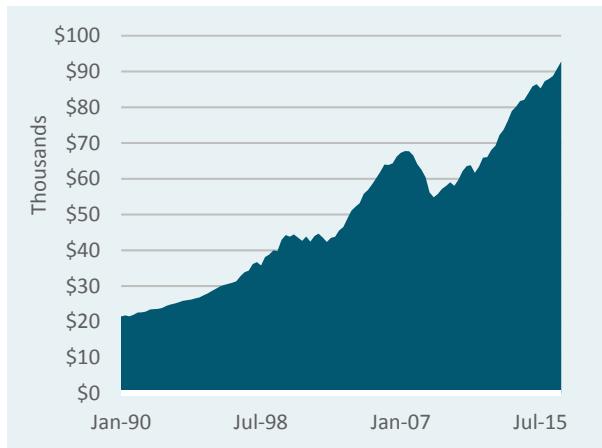
Steady increases in consumer spending has driven recent growth

CONSUMER SPENDING



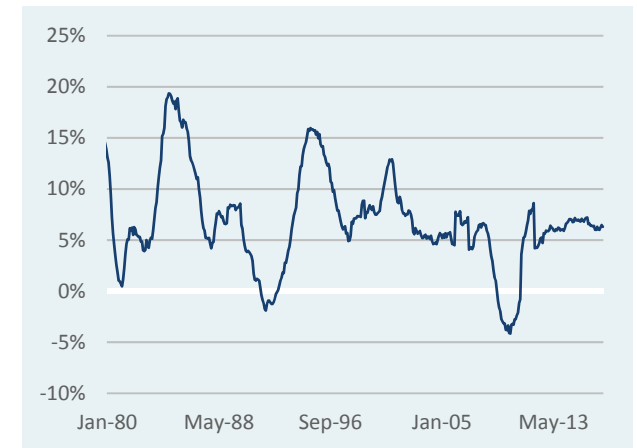
Source: Bloomberg, as of 2/28/17

HOUSEHOLD NET WORTH



Source: FRED, as of 1/31/17

CONSUMER CREDIT GROWTH



Source: FRED, as of 1/31/17

U.S. economics – Sentiment

Consumer sentiment fell slightly over the quarter, but the overall level remains high. The University of Michigan Consumer Sentiment Index was 96.9 at the end of March, compared to the long-term average of 85.6. Consumers cited three key components for the greater optimism: higher incomes, favorable job prospects, and low inflation expectations. Consumer sentiment and hard data do not always align as sentiment builds and falls more slowly through time.

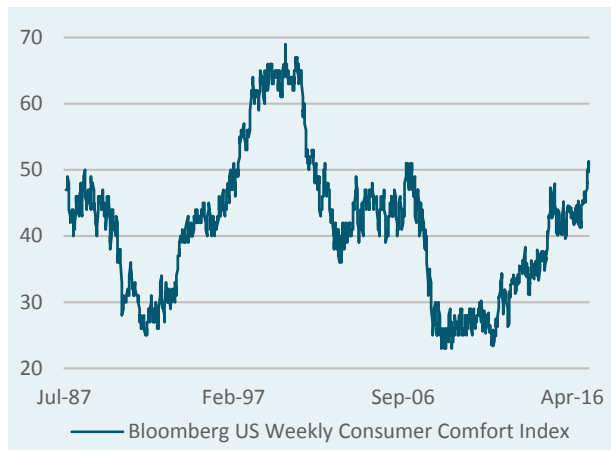
The University of Michigan survey also identified a disconnect in consumer sentiment across political party

affiliations. Democrats expect an immediate recession, while Republicans expect robust economic growth. The index of consumer expectations was 50.5 points higher for Republicans than Democrats. Continued political uncertainty could weigh on sentiment in the coming months.

U.S. economic data has exceeded expectations - a trend that started prior to the election. The Citi Economic Surprise Index was 48 at quarter-end, its highest level in more than three years. However, much of the uptick in this indicator has been driven by “soft” data that has yet to flow through to the real economy.

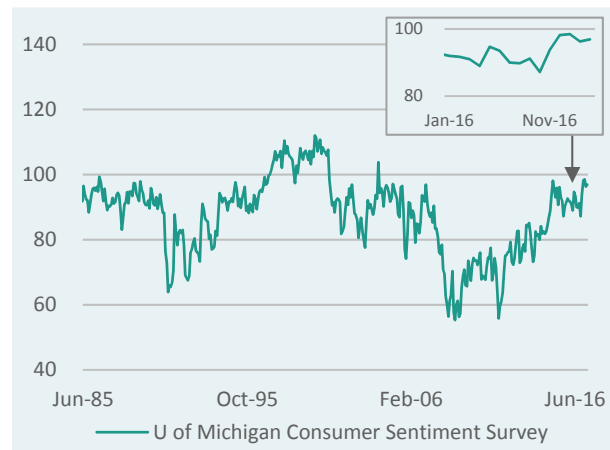
Overall, consumers remain optimistic about the economy

CONSUMER COMFORT INDEX



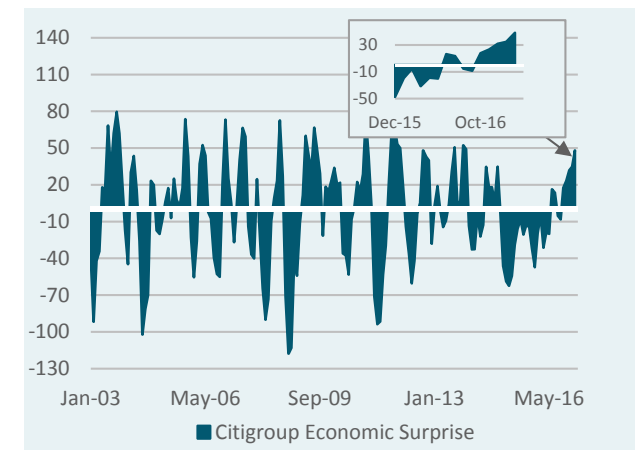
Source: Bloomberg, as of 3/19/17 (see Appendix)

CONSUMER SENTIMENT



Source: University of Michigan, as of 3/31/17 (see Appendix)

U.S. ECONOMIC SURPRISE



Source: Bloomberg, as of 3/31/17 (see Appendix)

U.S. economics – Housing

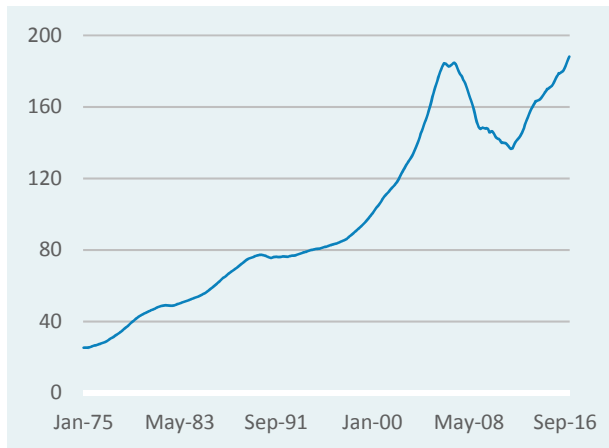
Despite higher mortgage rates since November, home prices in the U.S. have moved upward. Over the 12 months ending in January, the Case-Shiller National Home Price Index rose 5.8%. This price gauge has rallied 37.7% since bottoming in January of 2012 and is now slightly higher than the previous peak.

While increases in interest rates may act as a headwind, the housing market is supported by strong demand for single-family homes and historically low supply,

in addition to an overall financially healthy consumer base. At the current rate of sales it would take only 5.4 months to completely sell the entire supply of homes.

Housing starts and building permits have been steadily trending upwards with homebuilders ramping up construction to meet outsized market demand. New homes coming on line may put downward pressure on prices.

CASE-SHILLER HOME PRICE INDEX



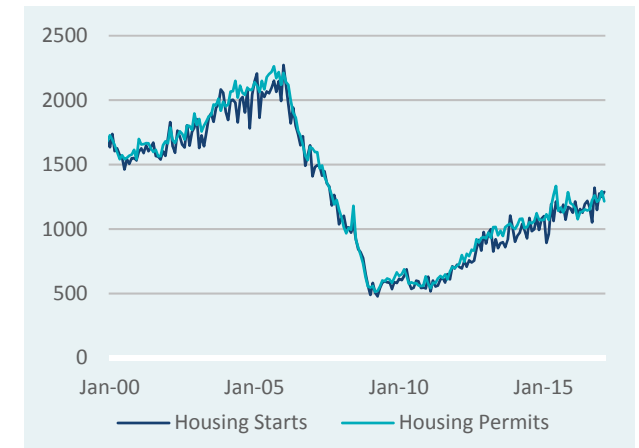
Source: FRED, as of 1/31/17

MONTHLY SUPPLY OF HOMES



Source: FRED, as of 2/28/17

HOUSING STARTS AND PERMITS



Source: FRED, as of 2/28/17

U.S. economics – Inflation

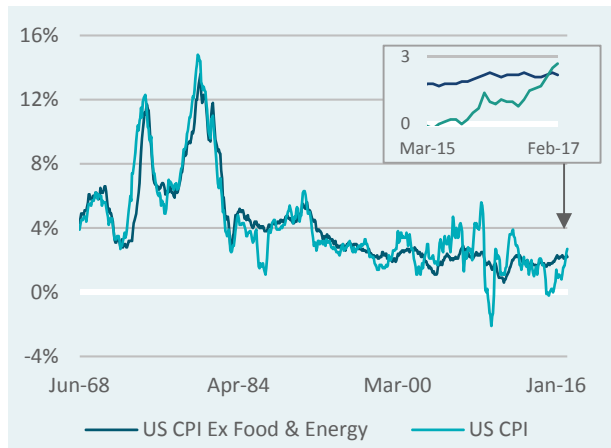
Headline CPI rose 2.8% in February from the previous year, its highest rate in five years. Much of this jump in inflation can be attributed to the base effect of low oil prices one year ago. The energy component of the CPI basket increased 15.6%. Core inflation remained unchanged at 2.2%.

After rising considerably following the presidential election, market inflation expectations were mostly unchanged during the first quarter. The 10-year TIPS

breakeven inflation rate finished the period at 2.0%. The market continues to discount low levels of future inflation relative to history. In comparison, consumers are expecting 2.5% annualized inflation over the next 5-10 years, according to the University of Michigan survey.

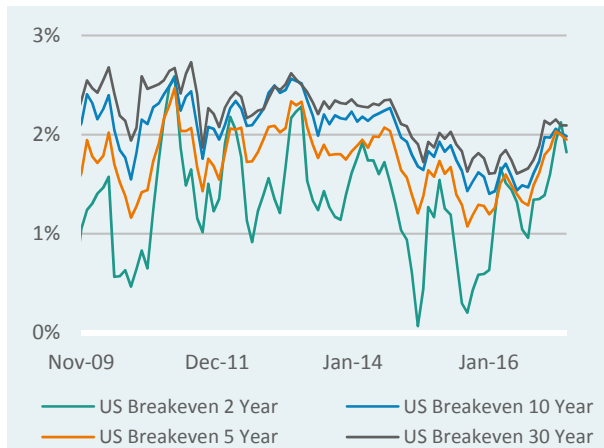
Our view remains that the market may be underpricing expected inflation at a time when inflation risks are skewed to the upside.

U.S. CPI (YOY)



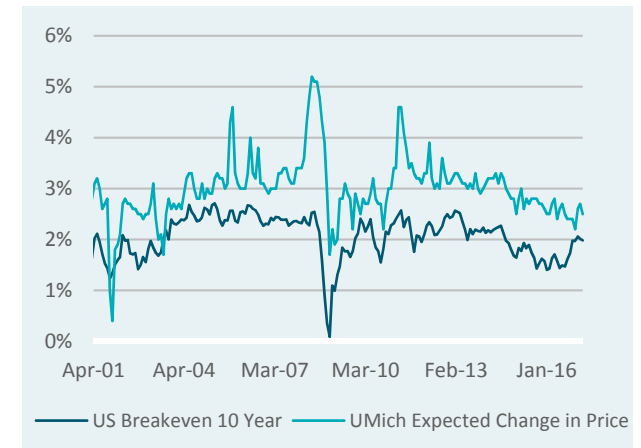
Source: FRED, as of 2/28/17

U.S. TIPS BREAKEVEN RATES



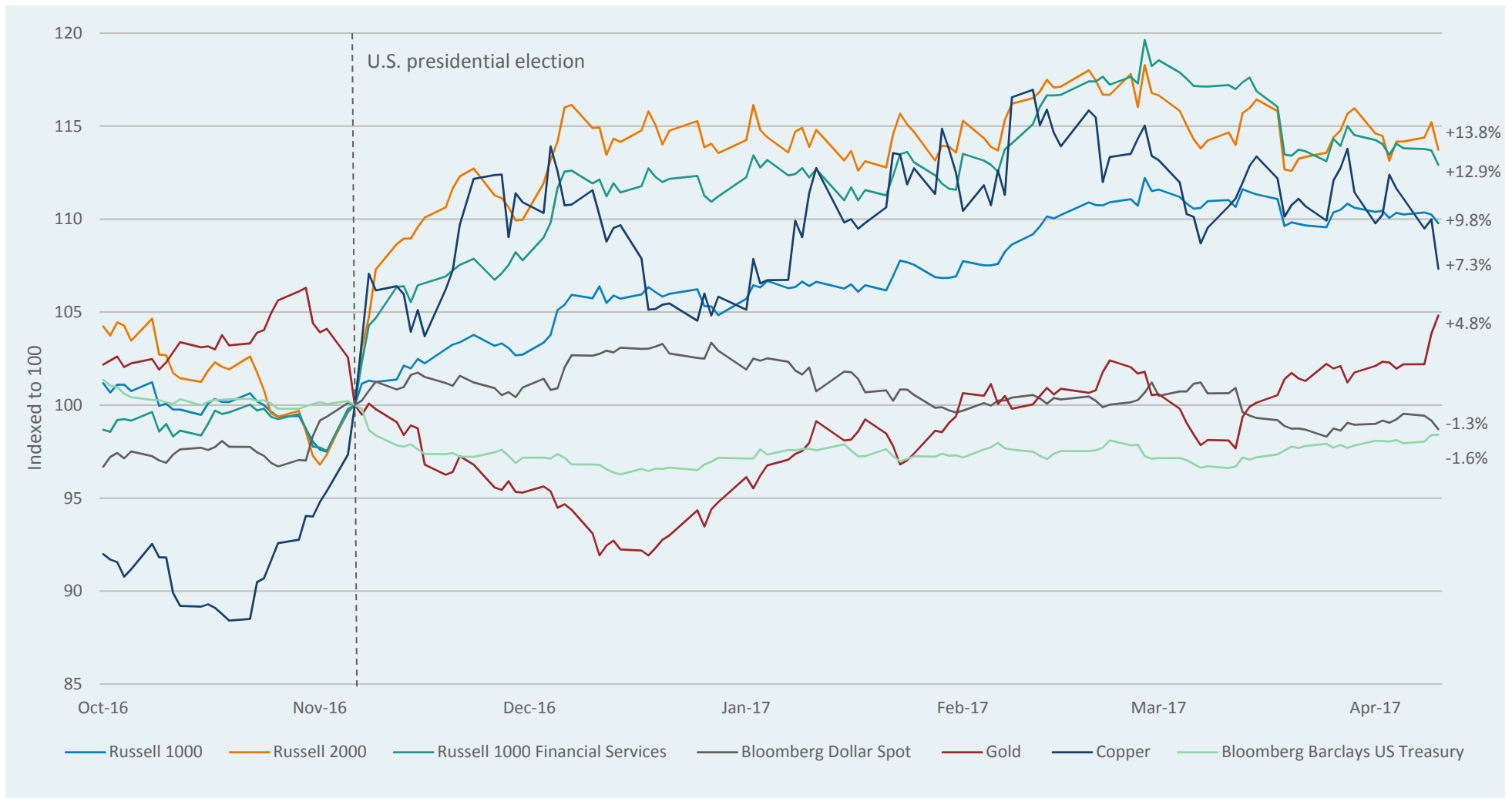
Source: FRED, as of 3/31/17

INFLATION EXPECTATIONS



Source: Bloomberg, as of 3/31/17

Post-election price movements



Source: Bloomberg, 10/3/16-4/10/17

An update on political policies

POLICY AREA	
Taxes	<ul style="list-style-type: none">— Much of the optimism surrounding Trump’s victory in November was based on his promise to cut taxes for individuals and businesses.— President Trump has stated that he wants to find a solution to repealing and replacing the Affordable Healthcare Act (ACA) prior to working on tax reforms. No further details have been released.— The tentative deadline for the tax plan was originally set for August by Treasury Secretary Mnuchin, but it appears this may be pushed back further, and the actual timing remains unknown.
Trade	<ul style="list-style-type: none">— In one of his first acts as president, Donald Trump delivered on a campaign promise and removed the U.S. from the Trans Pacific Partnership (TPP) in an effort to move away from multilateral trade agreements.— After making many other “America first” trade policy promises, including withdrawing from NAFTA and implementing a border adjustment tax (BAT), the new administration appears to have softened its stance.— Rather than a complete overhaul of U.S. trade policy, it may be more likely that President Trump makes smaller tweaks, such as renegotiating and stepping up enforcement of existing trade deals.
Deregulation	<ul style="list-style-type: none">— President Trump signed an executive order to reduce the regulatory burden on businesses by requiring federal regulators to kill two existing regulations for every new rule introduced.— In perhaps the biggest blow to the administration thus far, House Republican leaders pulled legislation to repeal parts of the ACA before a single vote was cast, exposing a divided Republican Congress.— House Republicans announced a plan to introduce legislation that would overhaul Dodd Frank, although opposition from Senate Democrats is expected to be strong.
Infrastructure	<ul style="list-style-type: none">— Infrastructure is another area in which President Trump has not provided much in terms of additional details after promising a \$1 trillion dollar spending initiative through private tax breaks during his campaign.— With the current focus on healthcare, and the lack of progress on tax reform, it is possible that the new administration may push back the timeline for introducing its infrastructure plan.

International economics summary

- Developed countries once again experienced moderate positive growth in the fourth quarter, in line with the trend of recent years. Real GDP in the U.S., Europe, and Japan grew between 1.5-2.0%.
- The low base effect of the drop in energy prices that occurred in Q1 2016 helped boost inflation across the globe. With energy prices stabilizing over recent months, it is possible the jump in inflation is only transitory.
- Developed world unemployment rates declined over the quarter. In the Euro Area, the unemployment rate fell to a nearly eight year low of 9.5%, although this is still well above its pre-crisis level of 7.3%.
- The economic recovery in Europe has also picked up in terms of higher growth and inflation. Much of this recovery can be attributed to the core countries, rather than

the periphery. However, significant tail risks remain including the French election, ECB tapering, and Brexit negotiations.

- On March 29th, the British Prime Minister, Theresa May, filed the official papers to withdraw the U.K. from the European Union. Article 50 of the Treaty of Lisbon outlines a two year timeframe for negotiations to take place.
- As many expected, Emmanuel Macron and Marine Le Pen were the top two vote getters in the first round of the French election. Macron and Le Pen will have a runoff vote on May 7th, where Macron is heavily favored, according to the most recent polls. Equity markets reacted positively to the results and the euro strengthened.

Area	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	2.0% 12/31/16	2.7% 2/28/17	4.5% 3/31/17
Western Europe	1.8% 12/31/16	1.5% 3/31/17	8.6% 12/31/16
Japan	1.6% 12/31/16	0.3% 2/28/17	2.8% 2/28/17
BRIC Nations	5.2% 12/31/16	3.1% 12/31/16	5.5% 12/31/16
Brazil	(2.5%) 12/31/16	4.6% 3/31/17	12.9% 3/31/17
Russia	0.3% 12/31/16	4.3% 3/31/17	5.4% 12/31/16
India	7.0% 12/31/16	3.7% 2/28/17	7.1% 12/31/15
China	6.8% 12/31/16	0.8% 2/28/17	4.0% 12/30/16

International economics

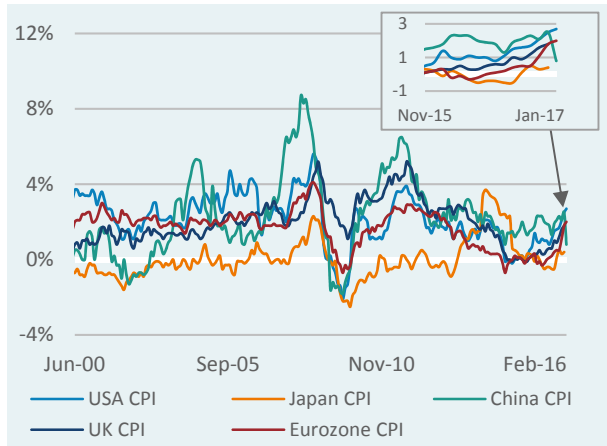
A coordinated uptick in global economic sentiment occurred in recent quarters, and data continued to exceed expectations in Q1. Outside of the U.S., central banks remain relatively accommodative, and developed economies have experienced moderate growth and higher inflation. Real year-over-year GDP growth in the Euro Area and Japan came in at 1.8% and 1.6%, respectively.

In the Eurozone, headline CPI in February reached 2.0% YoY for the first time in the recovery. However, core

inflation, which excludes food and energy prices, only rose 0.7%, well below the ECB's target of 2.0%. A weaker British pound helped boost U.K. headline inflation to 2.3% in February, the highest rate in more than three years.

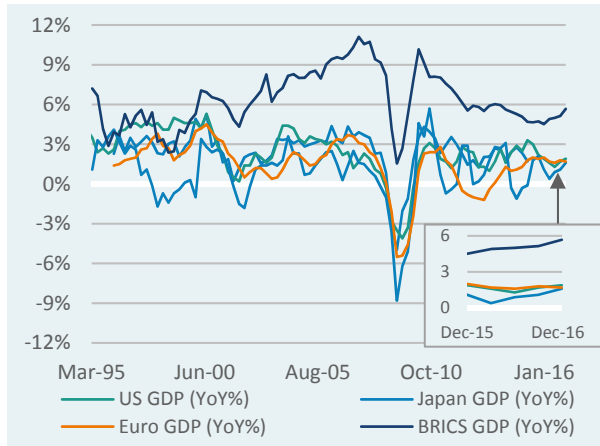
Real GDP growth in the BRICS countries, the five major emerging economies, was 5.2% in the fourth quarter. Once again, India and China were the main drivers of growth. Russia experienced positive growth for the first time in seven quarters, while Brazil remained in a recession.

INTERNATIONAL INFLATION



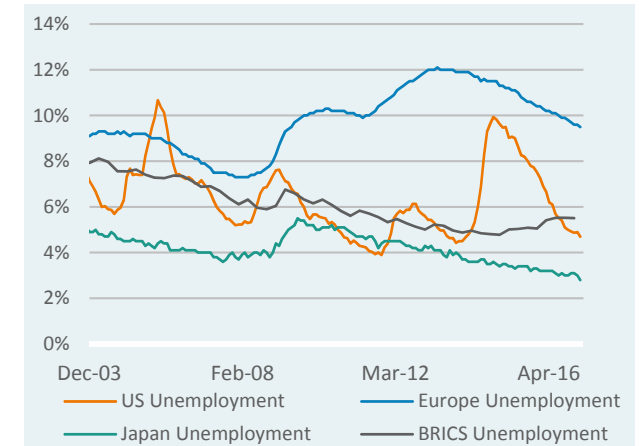
Source: Bloomberg, as of 2/28/17

REAL GDP GROWTH



Source: Bloomberg, as of 12/31/16

GLOBAL UNEMPLOYMENT



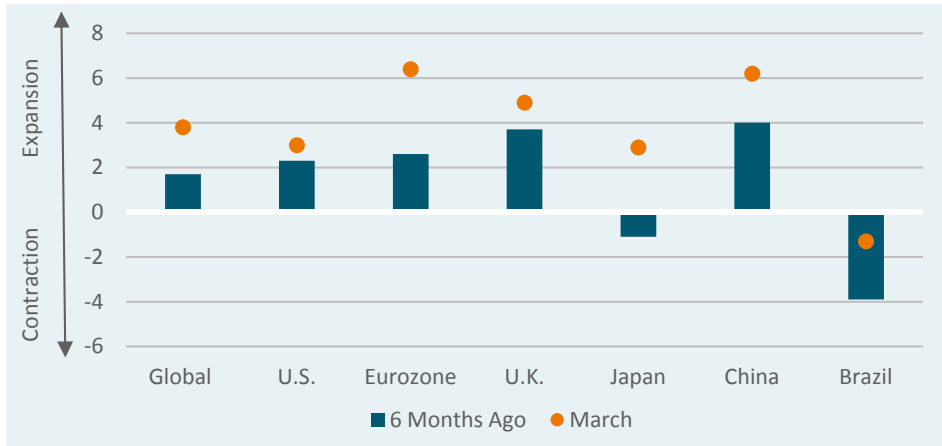
Source: Bloomberg, as of 2/28/17 or most recent release

Global economic pickup

There has been a general pick up in global economic conditions over the past six months, a trend that started prior to the U.S. presidential election. Purchasing managers' indexes (PMI), which are derived from monthly surveys of private companies, have increased across nearly all major economies. The global composite PMI increased from 51.7 in September to 53.8 in March. Readings above 50 indicate economic expansion and have historically held some explanatory power of future economic growth.

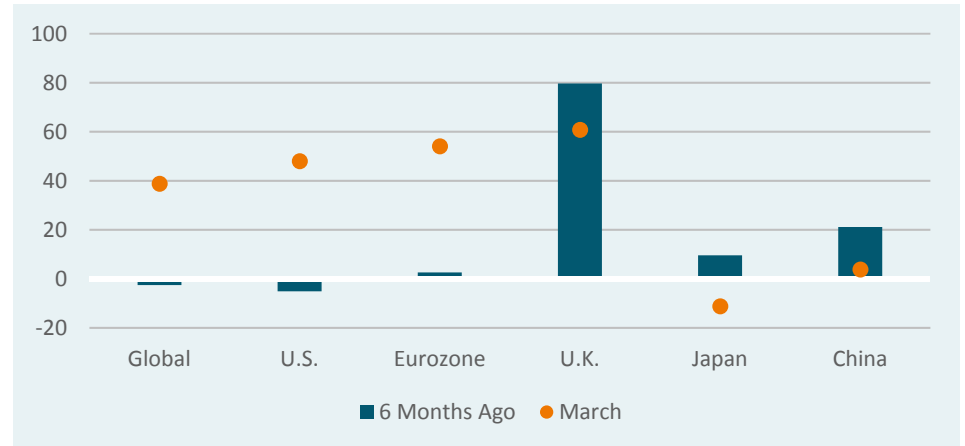
Global economic data has also been coming in above expectations, as indicated by the Citi Economic Surprise Index (CESI). The Global CESI increased to 38.8 in March from -2.6 six months earlier. However, much of this move has been driven by "soft" data, such as sentiment and confidence indicators, which have not always flowed through to the real economy. If higher sentiment and confidence does lead to increased spending and production, it will be a boost to economic growth.

PURCHASING MANAGERS' INDEXES



Source: Bloomberg, as of 3/31/17

CITI ECONOMIC SURPRISE INDEXES



Source: Bloomberg, as of 3/31/17

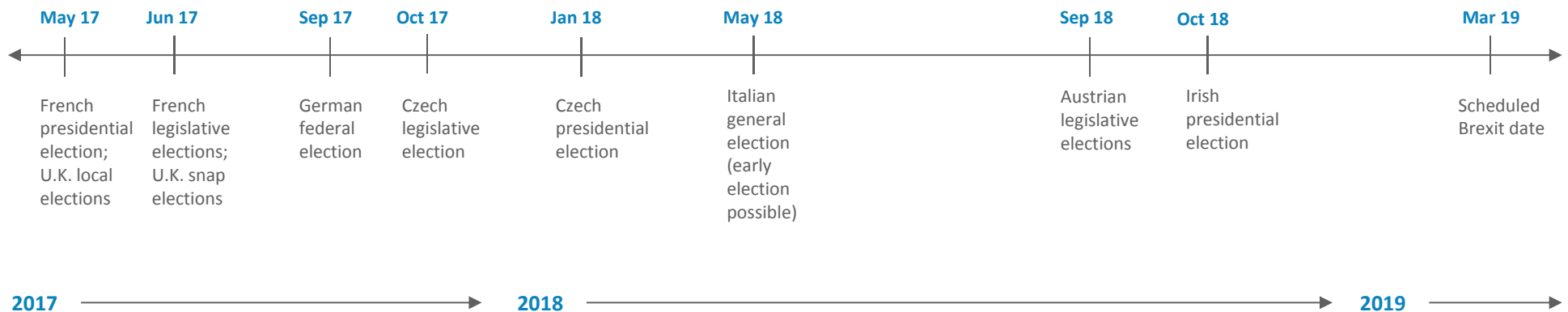
The European election cascade

Following the U.K.'s decision last June to leave the European Union, the rise in populism in Europe and corresponding political risks to the currency bloc have been heavily scrutinized. While the upcoming French presidential election has dominated the headlines, several other important elections coming up will help shape the future of Europe.

The presidential election in France may pose the largest political risk to the region. Far-right, euroskeptic candidate, Marine Le Pen, has gained popularity running on the platform to remove France from the European Union and the use of the euro. Le Pen and centrist

candidate, Emmanuel Macron, were the top two vote getters in the first round of the election and will go head to head on May 7th. Macron is favored in the polls and market fears of a Frexit have subsided.

However, the threat of populism in Europe remains. Other elections, such as the German federal election in September and the Italian general election in early 2018 at the latest, will also be important as populist parties have gained popularity in countries across Europe. Additional risks loom in periphery countries like the Czech Republic, as debates heat up regarding EU membership referendums.



Fixed income rates & credit

Interest rate environment

- U.S. Treasuries have an attractive yield relative to other developed sovereign bonds, but remain historically expensive.
- Despite broad agreement that the U.S. has entered an environment of rising interest rates, the broad yield curve rose very little over the past year. However, the short end of the curve has increased in line with Federal Reserve rate rises. Inflation has historically had a significant impact on the yield curve, which indicates investors should keep an eye on inflation trends.
- In March, the Federal Reserve announced a change to the federal funds target rate from 0.50-0.75% to 0.75-1.00%. The move resulted in the U.S. Treasury curve flattening moderately as short-term interest rates increased and long-term rates remained materially unchanged. The Fed has indicated two additional rate hikes are expected to occur this year.
- Developed sovereign yields are expected to rise only modestly over the next year, with very little movement expected in longer dated bonds. Central banks of most developed economies are nearing the end of the monetary easing cycle or have begun to pull back, as in the case of the U.S. Federal Reserve.
- Many emerging market governments continue with monetary easing, suggesting these economies may be in an earlier stage of the economic cycle.

Area	Short Term (3M)	10 Year
United States	0.75%	2.39%
Germany	(0.92%)	0.33%
France	(0.57%)	0.97%
Spain	(0.39%)	1.65%
Italy	(0.34%)	2.31%
Greece	2.39%	6.90%
U.K.	0.13%	1.14%
Japan	(0.20%)	0.07%
Australia	1.59%	2.70%
China	2.93%	3.28%
Brazil	10.91%	10.06%
Russia	9.50%	7.87%

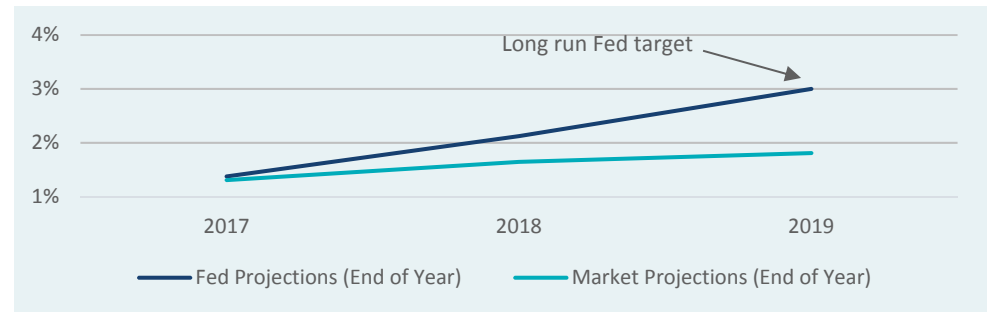
Source: Bloomberg, as of 3/31/17

Monetary tightening

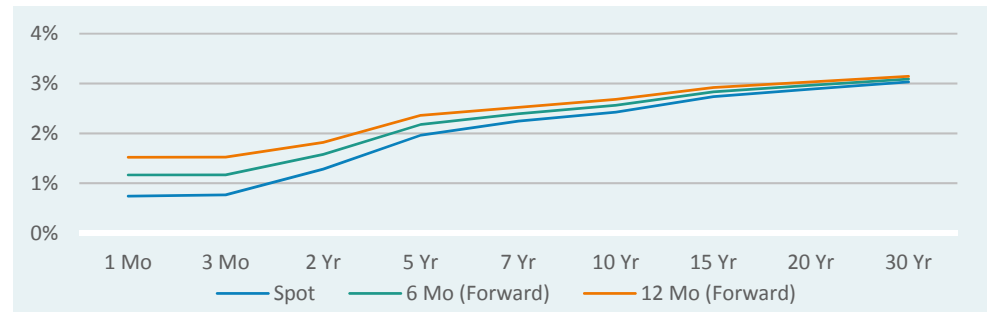
- The Federal Reserve hiked interest rates for the second time in March, raising the federal funds target to 0.75-1.00%. Given the increased pace of tightening and more hawkish tone from the Fed, there has been much discussion regarding the effects of a rising rate environment in the U.S.
- While the Fed expects short-term rates to normalize to 3% by 2019, the market is pricing in movement to only 1.8%. The market also does not expect much change in the long-end of the curve with the 10-year Treasury yield priced to rise only 26 bps over the next year. We believe that the market view of the path of interest rates is reasonable, and that there is a greater likelihood of surprisingly slow, rather than surprisingly fast, rate rises.
- Another unknown aspect of monetary policy relates to the Fed's \$4.5 trillion balance sheet. In the most recent meeting minutes it was noted that an unwinding of the balance sheet may begin at the end of the year. It remains unclear whether the Fed will simply stop reinvesting securities or actively sell in the market. A sale would be the more aggressive option, but either action would equate to monetary tightening, which may slow the expected pace of federal fund rate hikes.

Source: Bloomberg, FRED, as of 3/31/17

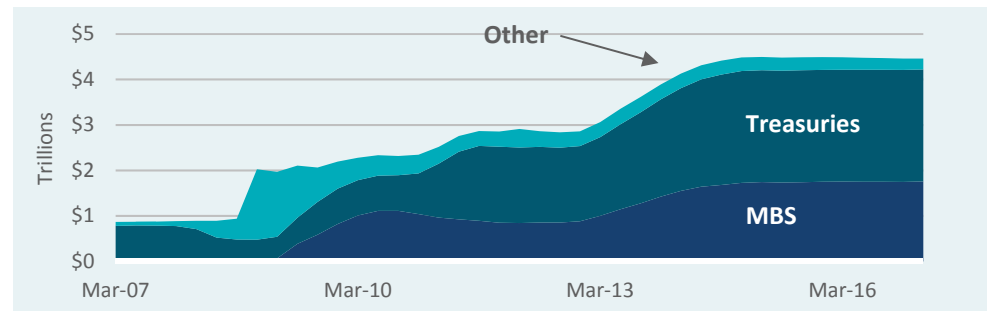
FED FUNDS PROJECTED RATE



U.S. TREASURY FORWARD YIELD CURVE

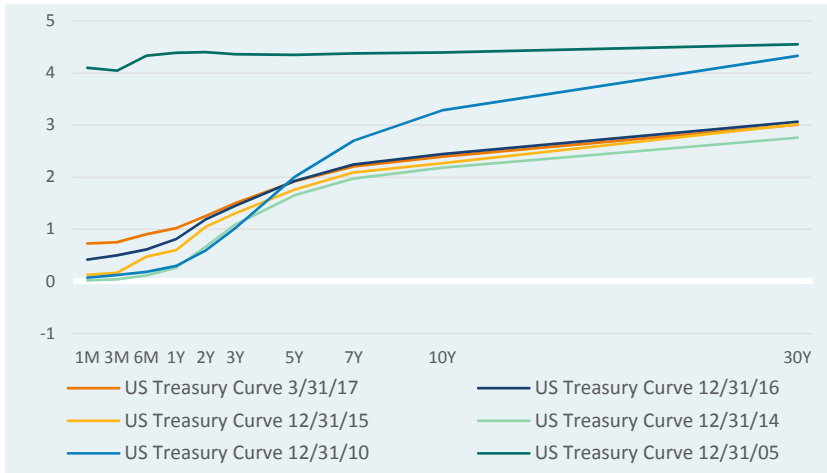


FEDERAL RESERVE BALANCE SHEET

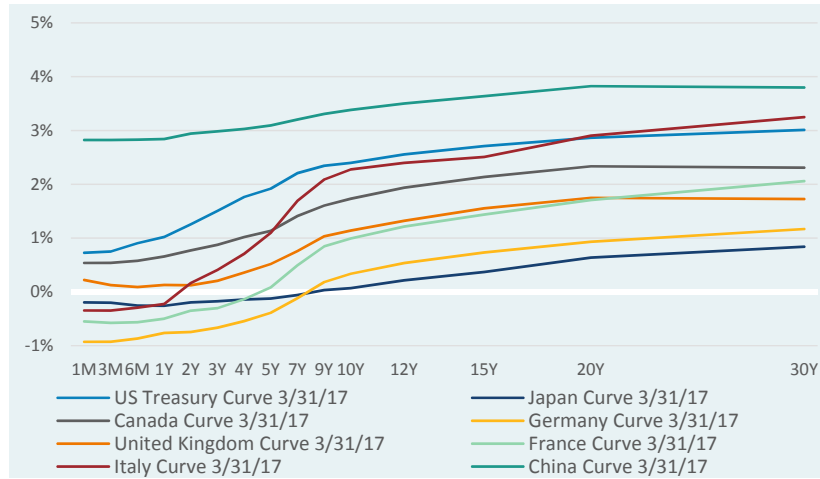


Yield environment

U.S. YIELD CURVE

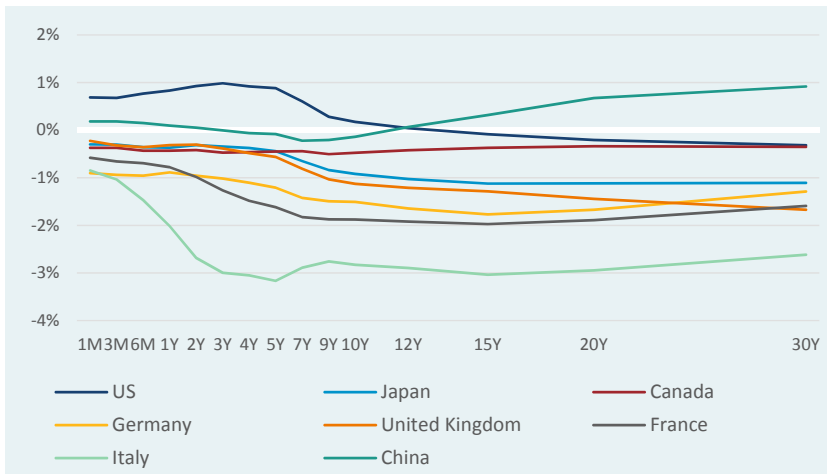


GLOBAL GOVERNMENT YIELD CURVES

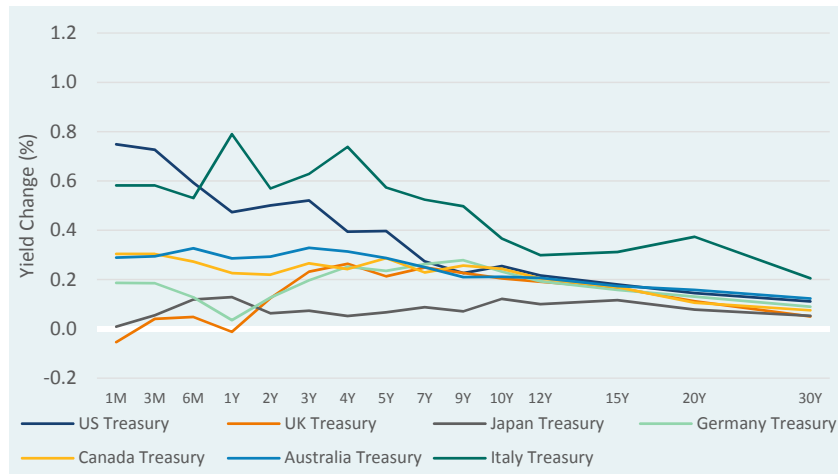


Global investors continue to prefer U.S. Treasuries due to higher relative yields

YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 3/31/17

Credit environment

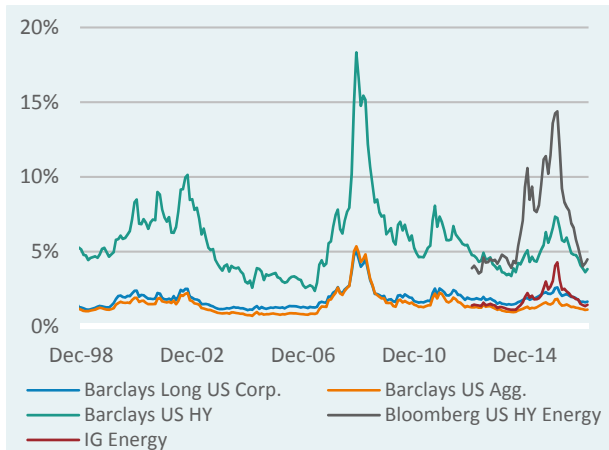
U.S. high yield option-adjusted spreads compressed slightly during the first quarter to 3.9% and the asset class generated a 2.7% return (BBgBarc U.S. Corp. High Yield Index). High yield spreads are now tighter than those of bank loans on a duration neutral basis, despite being of generally lower credit quality and higher in the capital structure. Bank loans may provide a better risk-return tradeoff in the current environment.

Upbeat consumer sentiment, stronger labor markets, and a generally brighter picture for the U.S. economy all bode well for credit markets. Although spreads have tightened

to levels consistent with a mid-to-later stage economic cycle, no overheating or obvious threats to the credit markets seem apparent.

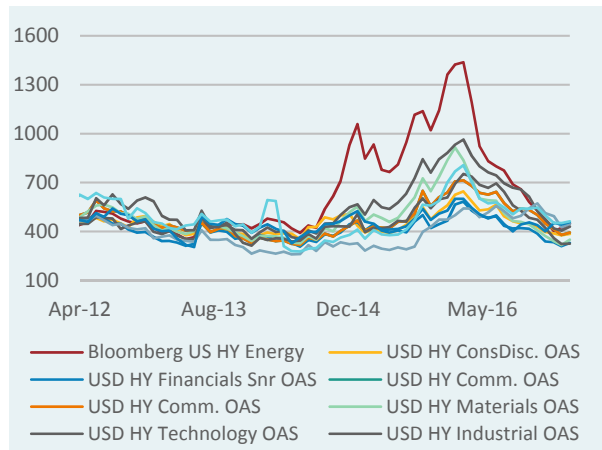
The Federal Reserve voted to increase interest rates by 0.25% in March. The speed of rate rises has underwhelmed the market for some time, and the market is expecting this slow pace to continue. Investors may be well served by limiting duration risk, though the probability of a sharp bond selloff (quickly rising rates) seems low.

CREDIT SPREADS



Source: Barclays Capital Indices, Bloomberg, as of 3/31/17

HIGH YIELD SECTOR SPREADS



Source: Bloomberg, as of 3/31/17

SPREADS

Market	Credit Spread (3/31/17)	Credit Spread (1 Year Ago)
Long US Corporate	1.5%	2.1%
US Aggregate	0.9%	1.1%
US High Yield	4.1%	7.0%
US High Yield Energy	4.5%	11.9%
US Bank Loans	3.8%	3.9%

Source: Barclays, Credit Suisse, Bloomberg, as of 3/31/17

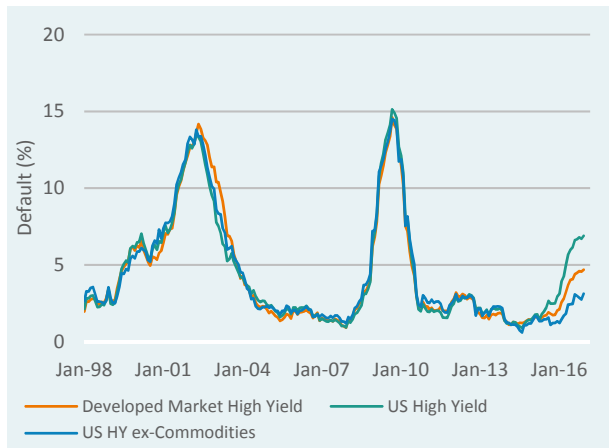
Issuance and default

Both U.S. senior loan and high yield markets continue to stabilize with the majority of par defaults last year coming from energy and metals/mining sectors. Rolling default rates should fall as commodity prices continue to recover and commodity price-induced credit problems have less impact on the credit universe. Active management may offer value to investors in the high yield space.

Global high yield and bank loan issuance has continued at a similar pace to what was seen last year. Lower spread levels lessen the borrowing costs for these issuers. The direction of interest rates will likely impact issuance trends in the near future.

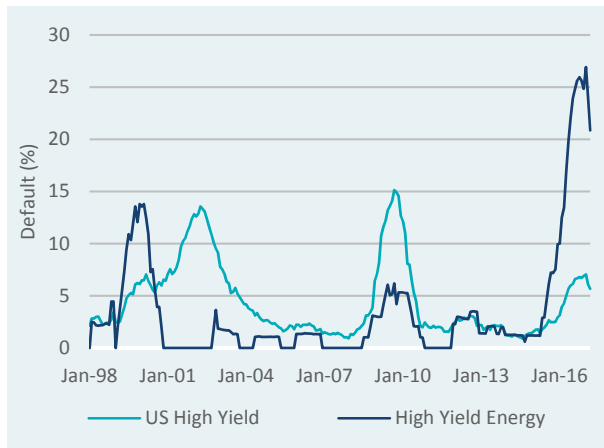
The effect of commodity related defaults should subside

HY DEFAULT TRENDS (ROLLING 1 YEAR)



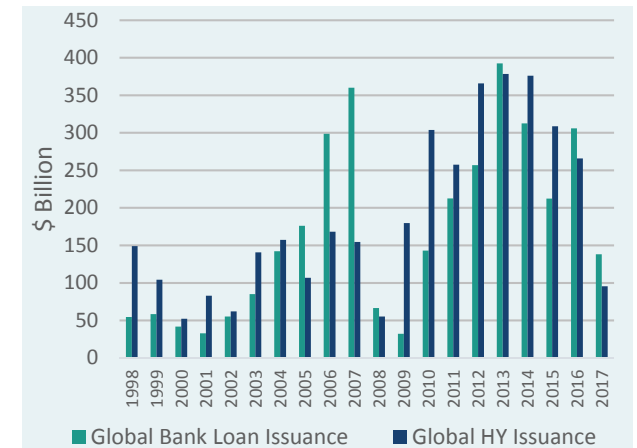
Source: BofA Merrill Lynch, as of 3/31/17

ENERGY DEFAULT TRENDS



Source: BofA Merrill Lynch, as of 3/31/17

GLOBAL ISSUANCE



Source: Bloomberg, BofA Merrill Lynch, as of 3/31/17

Equity

Equity environment

— The U.S. economic environment has shifted in a materially more positive direction, post-election. This move was reflected in an upward adjustment to equity prices. We are relatively bullish on U.S. earnings growth in the near term, but remain concerned that investors are paying for this excess growth upfront through higher valuations. We maintain a neutral weight to U.S. equities.

— According to FactSet, the estimated Q1 2017 earnings growth rate of the S&P 500 was 9.2% YoY. The estimate was revised downward from 12.5% on December 31st due to negative EPS guidance in the Materials and Consumer Discretionary sectors.

— Growth equities outperformed value equities in Q1. The Russell

1000 Growth Index and Russell 1000 Value Index returned 8.9% and 3.3%, respectively.

— The U.S. dollar fell 3.6% in Q1 on a trade-weighted basis, which has affected the returns of portfolios with unhedged currency exposure.

— As discussed recently in our *Sound Thinking* research piece, investors should be mindful of their biases in portfolio construction. One particularly prevalent bias is the tendency for investors to hold greater exposure to the markets where they reside (home country bias). As with any portfolio tilt, investors should understand why they hold it, have a solid basis for the exposure, and understand the tracking error the position introduces to the portfolio.

	QTD TOTAL RETURN		YTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)	(unhedged)	(hedged)
US Large Cap (Russell 1000)	6.0%		6.0%		17.4%	
US Small Cap (Russell 2000)	2.5%		2.5%		26.2%	
US Large Value (Russell 1000 Value)	3.3%		3.3%		19.2%	
US Large Growth (Russell 1000 Growth)	8.9%		8.9%		15.8%	
International Large (MSCI EAFE)	7.2%	5.0%	7.2%	5.0%	11.7%	18.9%
Eurozone (Euro Stoxx 50)	8.3%	7.2%	8.3%	7.2%	12.9%	21.7%
U.K. (FTSE 100)	4.9%	3.8%	4.9%	3.8%	7.3%	23.3%
Japan (NIKKEI 225)	4.3%	0.1%	4.3%	0.1%	15.8%	14.7%
Emerging Markets (MSCI Emerging Markets)	11.4%	7.3%	11.4%	7.3%	17.2%	12.5%

Source: Russell Investments, MSCI, STOXX, FTSE, Nikkei, as of 3/31/17

Domestic equity

The U.S. economic environment has shifted in a materially more positive direction, post-election, as reflected by rising in equity prices. We are relatively bullish on U.S. earnings growth in the near term but remain concerned that investors are paying for this excess growth upfront through higher valuations. We maintain a neutral weight to U.S. equities.

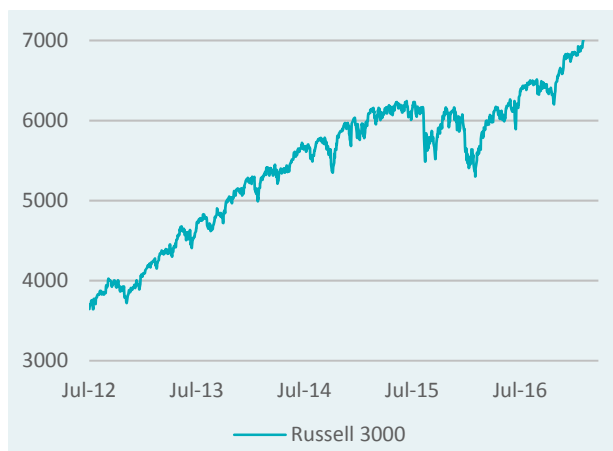
Higher equity prices and earnings expectations have been influenced by corporate tax cuts and deregulation

proposed by the new administration. There have been no further details released on timing of tax cuts, and lofty expectations may leave room for disappointment.

According to FactSet, Q1 2017 S&P 500 earnings are expected to grow 9.2% YoY. The estimate was revised downward from 12.5% on December 31st due to negative EPS guidance in the Materials and Consumer Discretionary sectors.

Investors may be paying for higher earnings growth through elevated valuations

U.S. EQUITIES



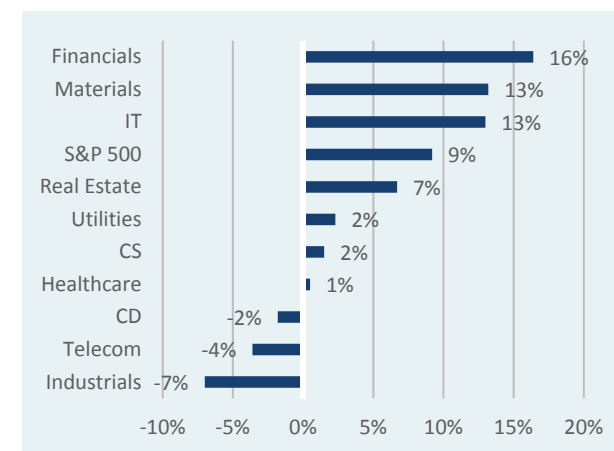
Source: Russell Investments, as of 4/3/17

S&P 500 EPS GROWTH



Source: Bloomberg, as of 12/31/16

Q1 FORECAST EPS GROWTH



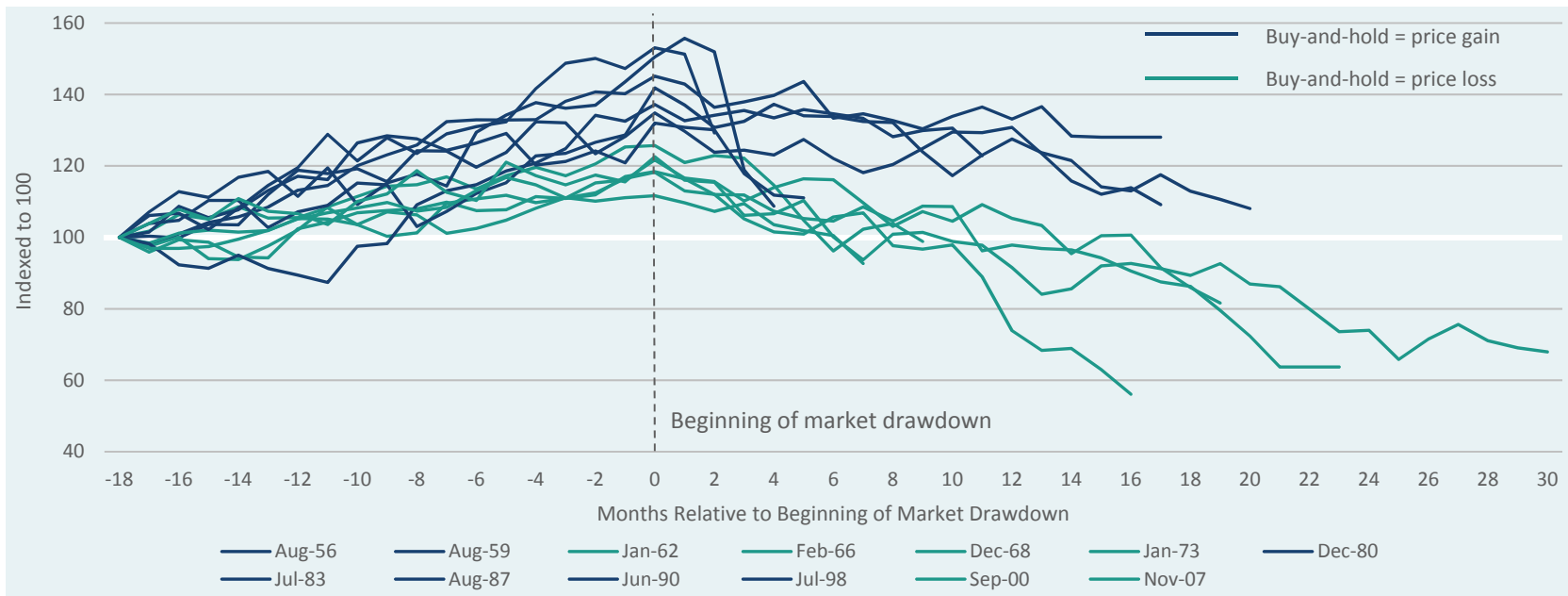
Source: FactSet, as of 4/14/17

Equity market corrections

With above average U.S. equity valuations and a bull market that has lasted nearly nine years, there has been speculation that a market correction is approaching. While we remain concerned about valuations we do not believe that equities are necessarily in the final stages of the cycle, nor that market corrections are predictable. It is important to remember that equity drawdowns are normal, and should be viewed in the proper context.

The chart below shows the cumulative price movement of the S&P 500 during equity market corrections of at least 10%, starting from 18 months prior to the drawdown. In many instances, late cycle equity gains were enough to offset the entire drawdown, outside of major financial collapses. Market timing can be especially dangerous in these instances if an investor gets out of the market too early.

Equity market corrections are normal and should be viewed in the proper context



Source: Bloomberg

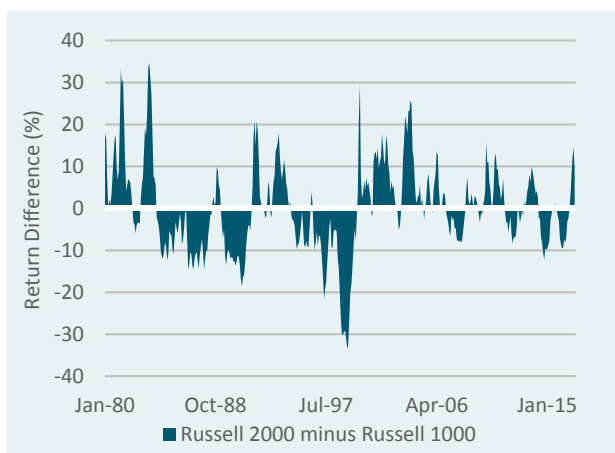
Domestic equity size and style

Growth equities outperformed value equities during the quarter. The Russell 1000 Growth Index and Russell 1000 Value Index returned 8.9% and 3.3%, respectively. Financial sector performance had a significant effect on the value premium, affected by uncertainty around the direction of interest rates and deregulation proposals.

U.S. large cap equities outperformed small cap during the quarter, though small caps have delivered strong

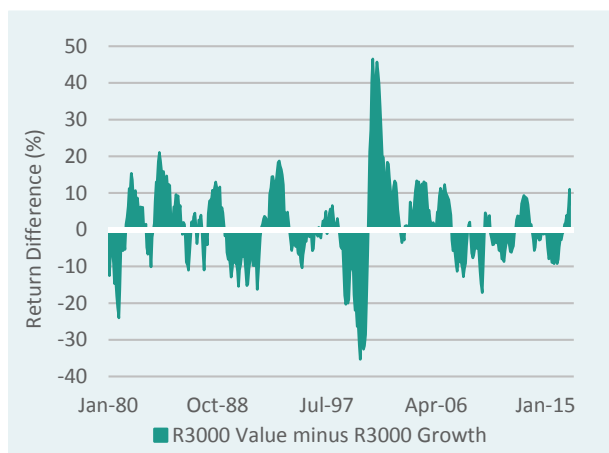
year-over-year outperformance. Small cap equity valuations remain considerably elevated relative to large cap equities which will likely act as a headwind to future performance. However, if President Trump's deregulation proposals are seen through, this should benefit smaller American companies. Further U.S. dollar appreciation would also benefit smaller companies on a relative basis due to less international currency exposure.

SMALL CAP VS LARGE CAP (YOY)



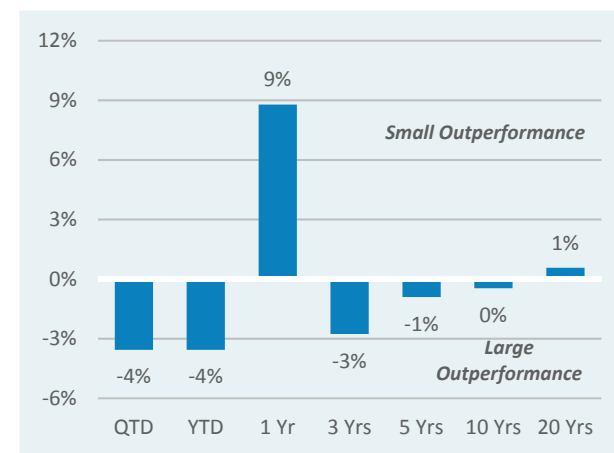
Source: Russell Investments, as of 3/31/17

VALUE VS GROWTH (YOY)



Source: Russell Investments, as of 3/31/17

U.S. LARGE VS. SMALL RELATIVE PERFORMANCE



Source: Morningstar, as of 3/31/17

International equity

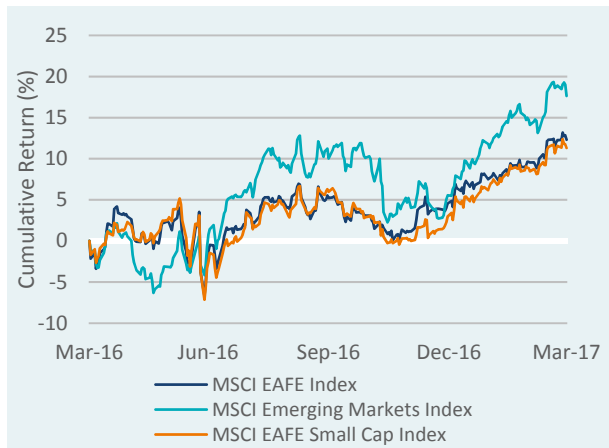
International equity markets outperformed domestic equities over the quarter. The MSCI ACWI ex U.S. returned 7.9% on an unhedged basis while the S&P 500 returned 6.1%.

International and emerging markets continue to trade at lower valuation levels than domestic markets, based on a variety of metrics. Despite our positive outlook for earnings growth in the U.S., the upside for domestic equities appears limited due to the optimism already baked into the price. International markets likely possess greater upside potential through either valuation

expansion or earnings growth surprise, simply due to current valuation levels. However, tail risks are also apparent in these markets. We believe a neutral weight is appropriate.

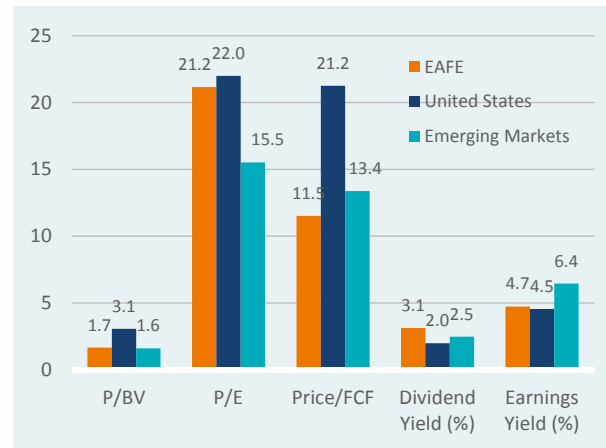
The U.S. dollar fell 3.6% in Q1 on a trade-weighted basis, and continued to contribute volatility to portfolios with unhedged currency exposure. Emerging market currencies exhibited further recovery during the quarter (MSCI EM 11.4% unhedged return vs. 7.3% hedged return) while the yen appreciated (4.3% NIKKEI 225 unhedged return vs. 0.1% hedged).

GLOBAL EQUITY PERFORMANCE



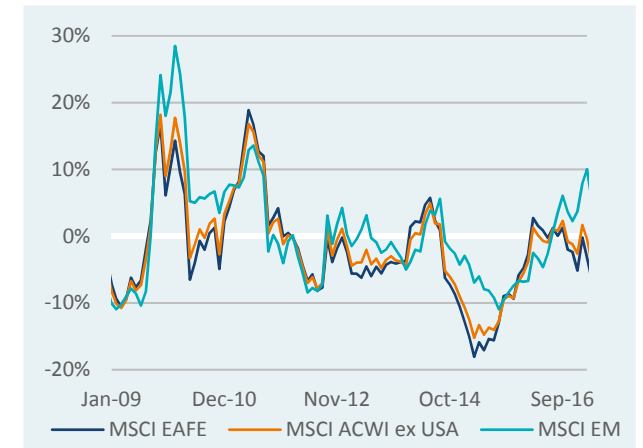
Source: Bloomberg, as of 3/31/17

VALUATIONS



Source: Bloomberg, MSCI, as of 3/31/17 - 3 month average

EFFECT OF CURRENCY (1 YEAR ROLLING)



Source: MSCI, as of 3/31/17

Emerging market equity

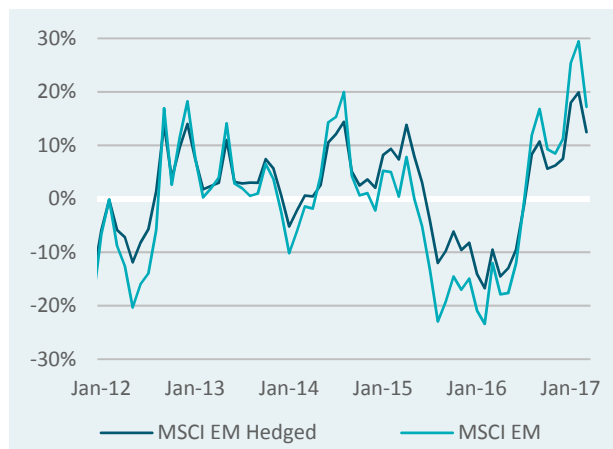
Emerging market equities extended their positive run in the first quarter, as the unhedged MSCI Emerging Markets index returned 11.4% (7.3% hedged). Performance was bolstered by strong global growth and stable commodity prices which have correlated highly with emerging market equities in the past. Steady demand from developed markets encouraged manufacturing in emerging economies as seen by increases in aggregate purchasing managers' indices (PMI).

Valuations increased moderately over the past three years but remain at attractive levels relative to EAFE and U.S. equities. Earnings growth estimates were highest in the Technology and Financial sectors, concentrated mainly in Korea and China.

Fundamentals are improving in emerging economies

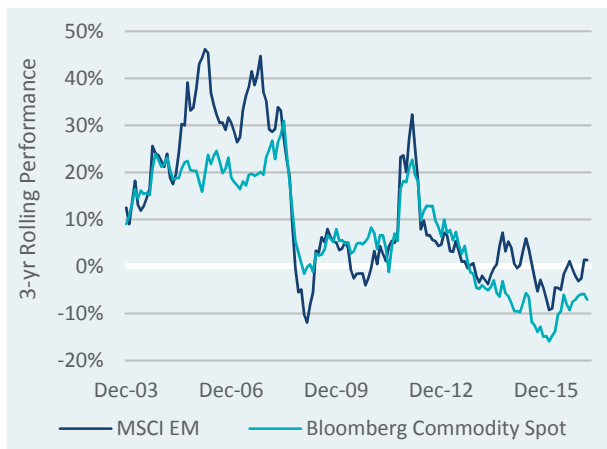
Positive long-term growth expectations are not without potential disruptions. We remain particularly watchful of U.S. trade policies and upcoming elections in France, Germany, and Turkey.

12-MONTH ROLLING PERFORMANCE



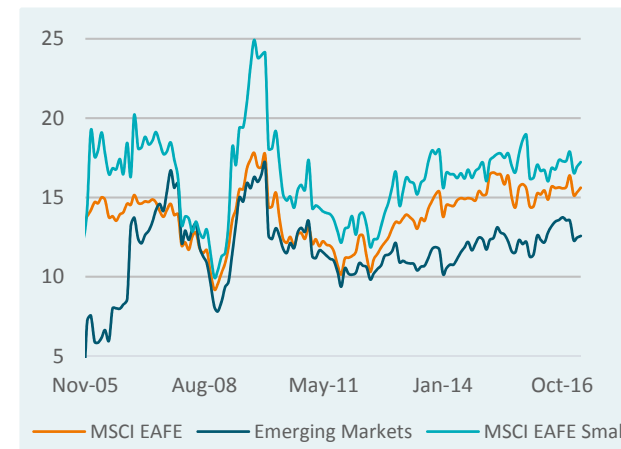
Source: MPI, as of 3/31/17

COMMODITY PRICES & EM PERFORMANCE



Source: Bloomberg, as of 3/31/17

FORWARD P/E RATIOS



Source: Bloomberg as of 3/31/17

Equity valuations

The outlook for corporate earnings growth improved in Q1 which contributed to mildly lower forward P/E multiples. Overall, valuations remain elevated, consistent with mid-to-later stages of the economic cycle and an environment of low interest rates and moderate inflation. As the global economy transitions towards higher rates and inflation, valuations may shift to a lower, more normal level.

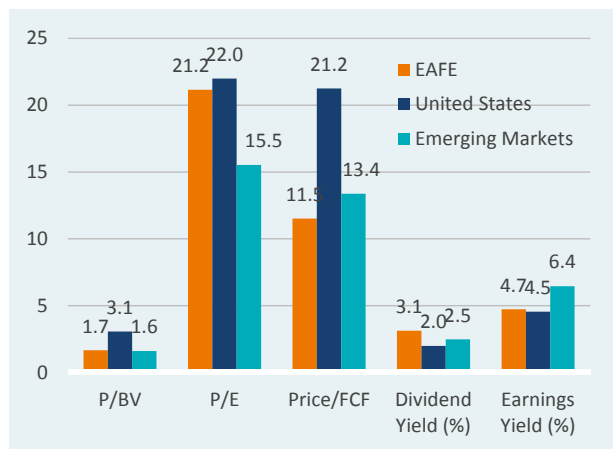
The S&P 500 sits at a forward P/E of 18.3, above the 20-

year average of 16.9, but within a single standard deviation of the average. The valuation of domestic equities is richer than international equities and emerging markets, as measured by trailing P/E and price-to-free cash flow ratios.

Further positive earnings and earnings expectations surprises would of course bode well for valuation levels as investors are properly compensated for above-average equity prices.

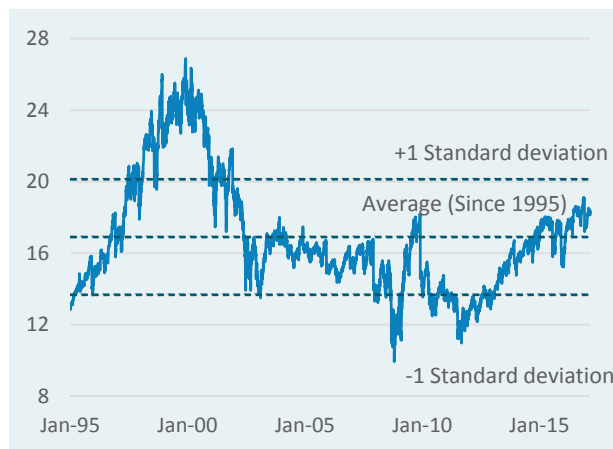
Valuations are above average, but not unusual

MSCI VALUATION METRICS (3 MONTH AVERAGE)



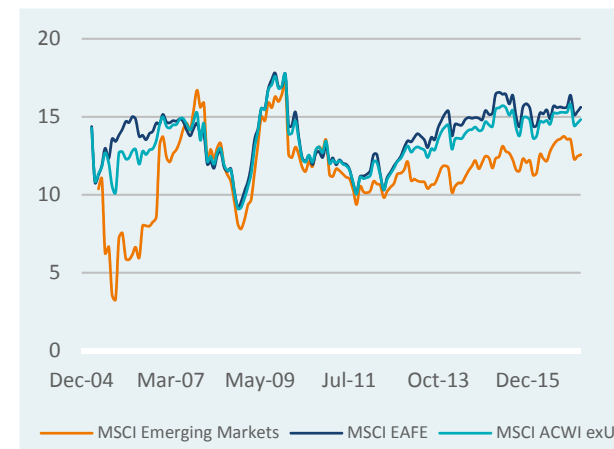
Source: Bloomberg, as of 3/31/17

S&P 500 FORWARD P/E



Source: Bloomberg, as of 3/31/17

INTERNATIONAL FORWARD P/E RATIOS



Source: Bloomberg, as of 3/31/17

Equity volatility

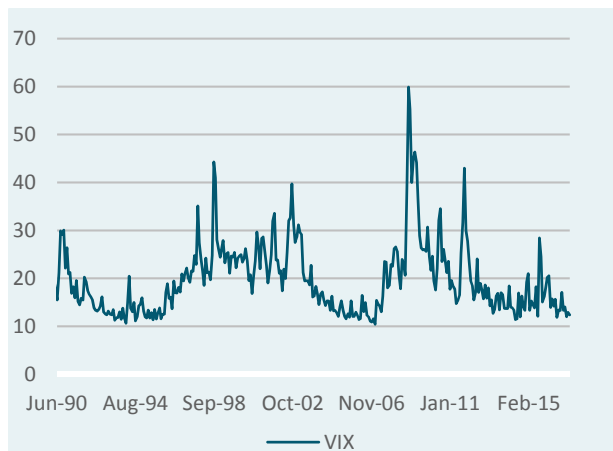
Equity volatility was considerably low in the first quarter. Realized volatility of the S&P 500 was 6.7%, the lowest mark since the beginning of this business cycle. Implied volatility, as indicated by the VIX, is also below average, despite greater political uncertainty. However, it is important to remember that volatility can return quickly. Other measures of equity risk, such as option skews, show that investors are paying a premium for large downside risk protection. Traditional measures of

volatility may be understating equity market risk.

International and emerging equities followed in a similar trend with below average realized volatility. Currency continued to play an important role in unhedged international equity exposure. Over the last ten years, unhedged currency exposure increased the annualized standard deviation of the MSCI EAFE and EM indices by 4% and 6%, respectively.

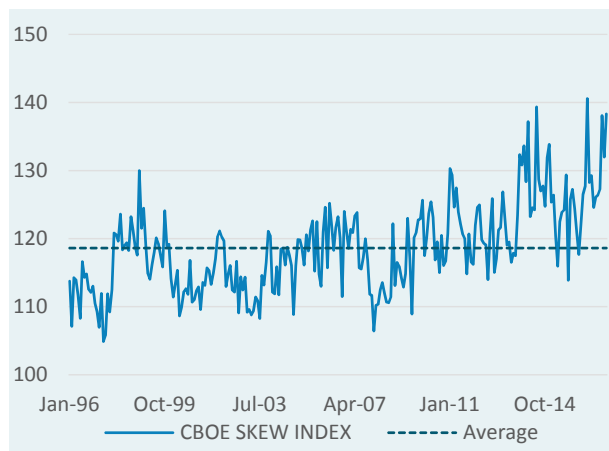
Equity volatility is low, but can return quickly

U.S. IMPLIED VOLATILITY



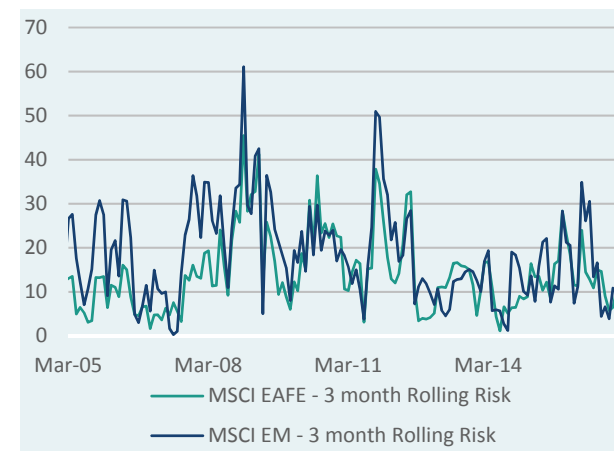
Source: CBOE, as of 3/31/17

U.S. VOLATILITY SKEW



Source: CBOE, as of 3/31/17

INTERNATIONAL EQUITY VOLATILITY



Source: MSCI, as of 3/31/17

Long-term equity performance



Source: MPI, as of 3/31/17

Other assets

Commodities

Commodity performance has been lackluster over the past decade, delivering negative returns through the global financial crisis and the recent oil crisis. Much of this performance has been caused not by price movement, but by the shape of commodity futures curves. An upward sloping curve creates a drag for investors as a higher price is paid to enter each futures contract, and a downward sloping curve creates positive carry for investors as prices paid for futures contracts are lower. This premium/discount is a major determinant of commodity performance, and is known as “roll yield”. Roll yield can be negatively affected by

commodity crises as current contract prices drop further than distant prices and the curve becomes steeper.

As commodity prices moderate, futures curves have flattened and negative roll yield has begun to dissipate. Oil in particular significantly impacts overall roll yield due to its larger weight in commodities indices. Oil has exhibited a flatter curve shape recently. We are continuing to monitor these effects since a neutral or positive roll return would help to materially improve commodity returns.

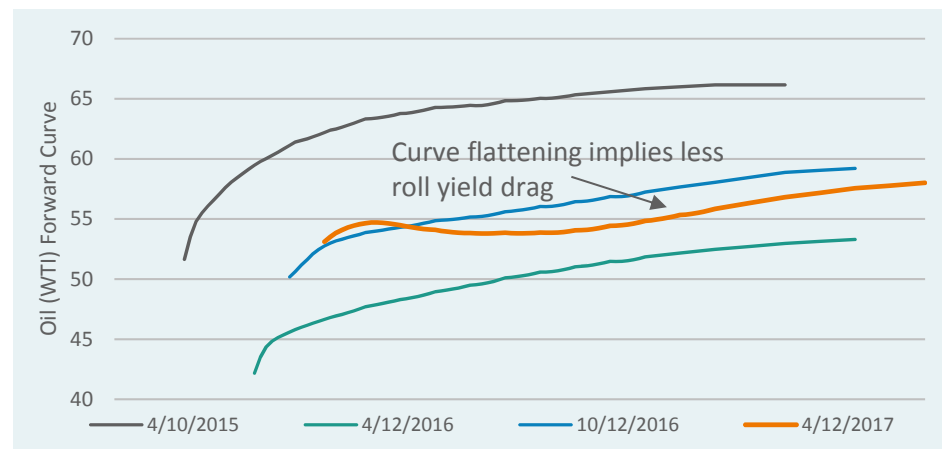
The drag from negative roll yield is abating, improving the outlook for commodities performance

ROLL RETURN



Source: Standard & Poor's, Goldman Sachs, as of 3/31/17

CURVE SHAPE



Source: Bloomberg, as of 4/12/17

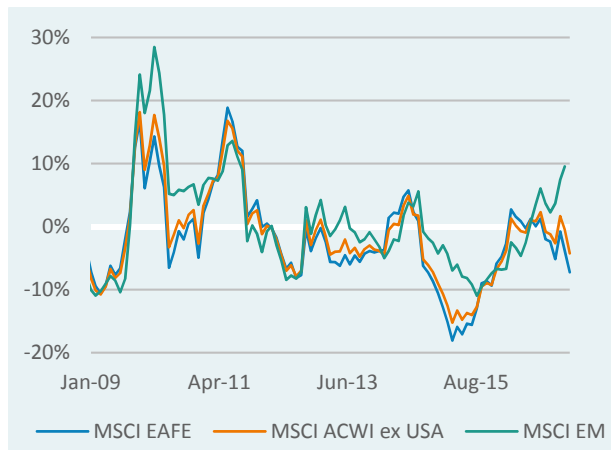
Currency

In the first quarter, the U.S. dollar reversed part of its gains following the presidential election in November. On a trade weighted basis, the dollar was down 3.6% against a basket of major currencies. Currency movement has been an important influence in unhedged foreign asset exposure. Over the past year, U.S. dollar strength has eroded positive equity returns in developed markets, while dollar weakness against emerging markets has added to returns.

Emerging market currencies rallied in the first quarter following a sharp decline to end last year. The JPM Emerging Market Currency Index was up 2.5%.

While long-term movements in the U.S. are often driven by broad mean reversion to fair value based on purchasing power parity, shorter term moves are still likely to be heavily influenced by developments in foreign trade policy, where much uncertainty remains.

EFFECT OF CURRENCY (1YR ROLLING)



Source: MPI, as of 3/31/17

LONG-TERM TRADE WEIGHTED DOLLAR



Source: FRED, as of 4/7/17

JPM EM CURRENCY INDEX



Source: Bloomberg, as of 3/31/17

Appendix

Periodic table of returns – March 2017

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD	5-Year	10-Year
Emerging Markets Equity	16.6	38.4	23.2	35.2	38.7	66.4	31.8	14.0	25.9	56.3	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	11.4	13.3	9.1
Large Cap Growth	8.1	37.8	23.1	32.9	27.0	43.1	22.8	8.4	10.3	48.5	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	8.9	13.3	8.1
International Equity	6.4	37.2	22.4	31.8	20.3	33.2	12.2	7.3	6.7	47.3	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	0.9	17.3	7.2	13.1	7.6
Large Cap Equity	4.4	31.0	21.6	30.5	19.3	27.3	11.6	3.3	1.6	46.0	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	12.1	6.0	12.5	7.1
Small Cap Growth	3.2	28.5	21.4	22.4	16.2	26.5	7.0	2.8	1.0	39.2	16.5	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.0	11.8	5.3	12.4	6.7
60/40 Global Portfolio	2.6	25.7	16.5	16.2	15.6	24.3	6.0	2.5	-5.9	30.0	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	11.3	4.8	12.1	6.1
Large Cap Value	0.4	19.6	14.4	13.9	8.7	21.3	4.1	-2.4	-6.0	29.9	14.3	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	-0.8	11.2	3.3	10.7	5.9
Small Cap Equity	-1.5	18.5	11.3	12.9	4.9	20.9	-3.0	-5.6	-11.4	29.7	12.9	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	-1.4	8.0	2.5	5.8	4.3
Hedge Funds of Funds	-1.8	15.2	10.3	10.6	1.2	13.2	-7.3	-9.1	-15.5	25.2	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	7.1	2.0	5.2	4.0
Real Estate	-2.0	11.6	9.9	9.7	-2.5	11.4	-7.8	-9.2	-15.7	23.9	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	5.7	1.6	3.1	2.7
US Bonds	-2.4	11.1	6.4	5.2	-5.1	7.3	-14.0	-12.4	-20.5	11.6	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.6	0.8	2.3	1.2
Cash	-2.9	7.5	6.0	2.1	-6.5	4.8	-22.4	-19.5	-21.7	9.0	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	0.1	0.8	1.1
Small Cap Value	-3.5	5.7	5.1	-3.4	-25.3	-0.8	-22.4	-20.4	-27.9	4.1	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	0.5	-0.1	0.1	0.5
Commodities	-7.3	-5.2	3.6	-11.6	-27.0	-1.5	-30.6	-21.2	-30.3	1.0	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	0.3	-2.3	-9.5	-6.2

WORST

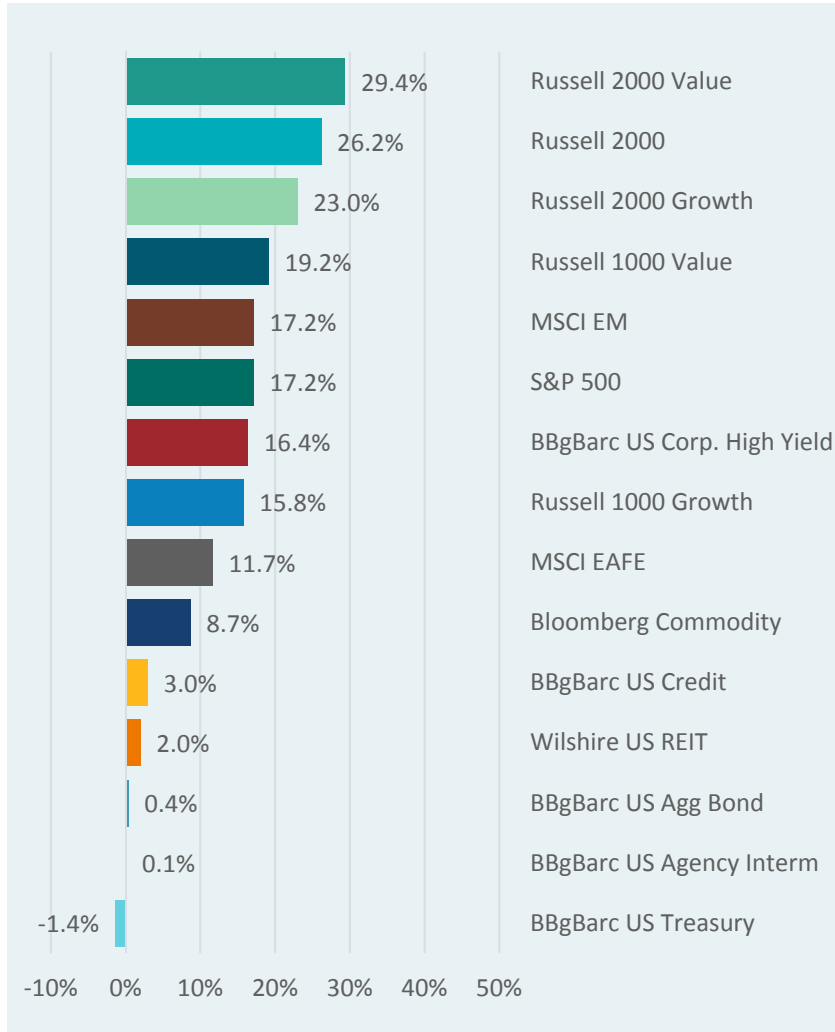
BEST

- Large Cap Equity
- Small Cap Growth
- Commodities
- Large Cap Value
- International Equity
- Real Estate
- Large Cap Growth
- Emerging Markets Equity
- Hedge Funds of Funds
- US Bonds
- 60% MSCI ACWI/40% BC Global Bond
- Cash

Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, BBgBarc US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, BBgBarc Global Bond. NCREIF Property performance data as of 3/31/17.

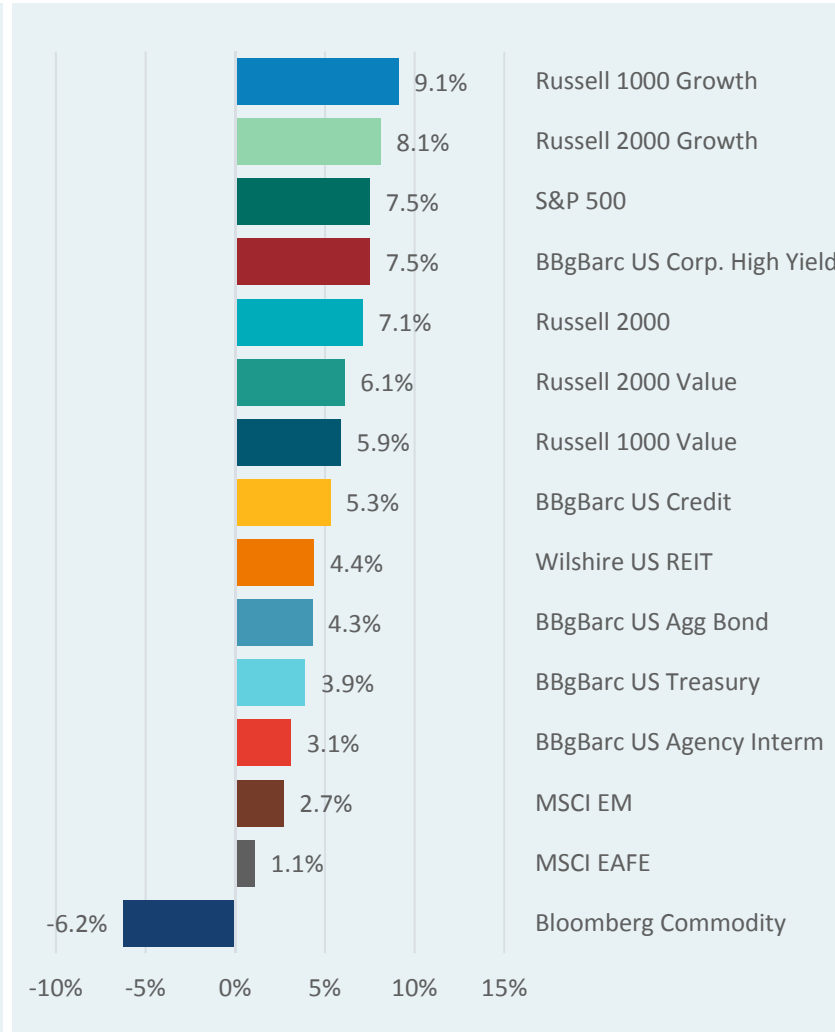
Major asset class returns

ONE YEAR ENDING MARCH



Source: Morningstar, as of 3/31/17

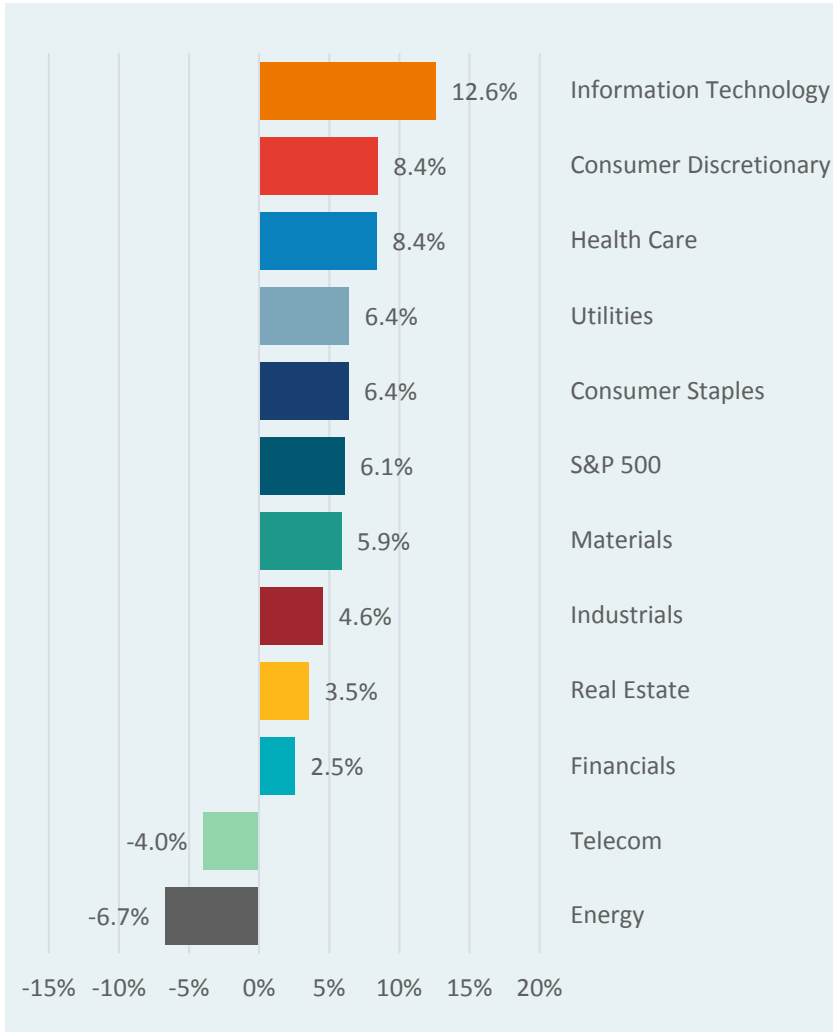
TEN YEARS ENDING MARCH



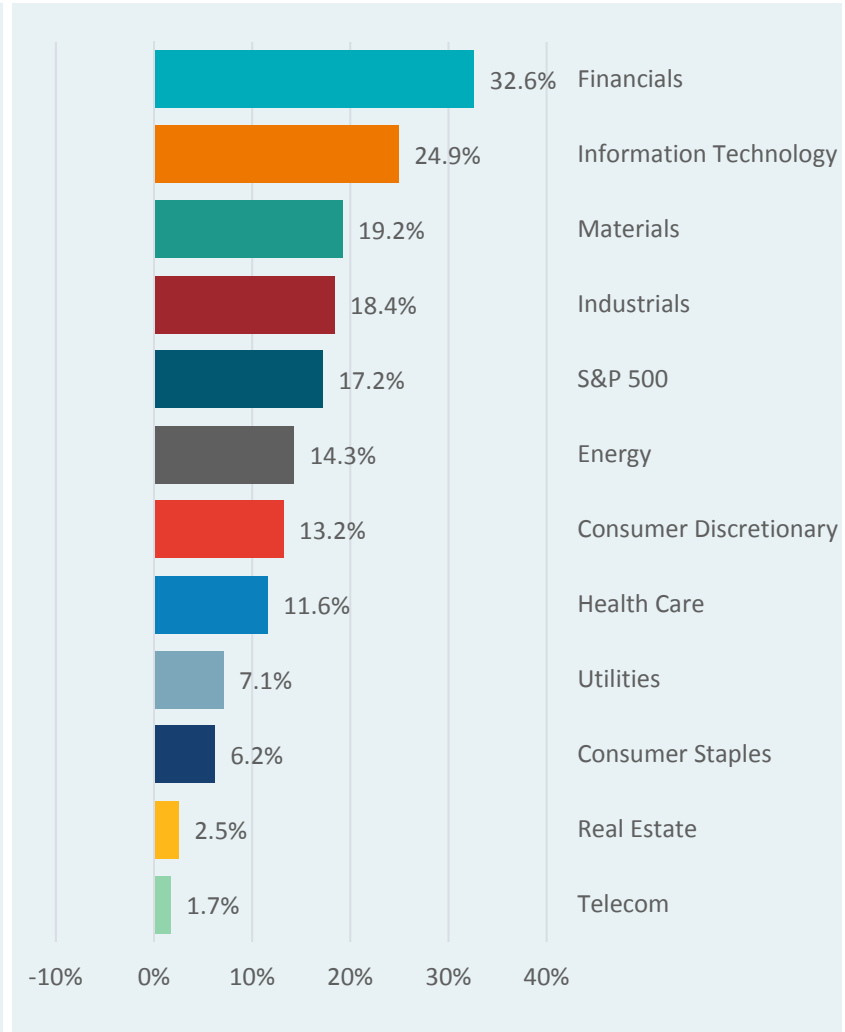
Source: Morningstar, as of 3/31/17

S&P 500 and S&P 500 sector returns

1ST QUARTER



ONE YEAR ENDING MARCH



Source: Morningstar, as of 3/31/17

Source: Morningstar, as of 3/31/17

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	0.1	6.1	6.1	17.2	10.4	13.3	7.5
S&P 500 Equal Weighted	0.0	5.4	5.4	17.4	9.6	14.0	8.7
DJ Industrial Average	(0.6)	5.2	5.2	19.9	10.6	12.2	8.1
Russell Top 200	0.2	6.4	6.4	17.6	10.6	13.3	7.5
Russell 1000	0.1	6.0	6.0	17.4	10.0	13.3	7.6
Russell 2000	0.1	2.5	2.5	26.2	7.2	12.4	7.1
Russell 3000	0.1	5.7	5.7	18.1	9.8	13.2	7.5
Russell Mid Cap	(0.2)	5.1	5.1	17.0	8.5	13.1	7.9
Style Index							
Russell 1000 Growth	1.2	8.9	8.9	15.8	11.3	13.3	9.1
Russell 1000 Value	(1.0)	3.3	3.3	19.2	8.7	13.1	5.9
Russell 2000 Growth	1.2	5.3	5.3	23.0	6.7	12.1	8.1
Russell 2000 Value	(0.8)	(0.1)	(0.1)	29.4	7.6	12.5	6.1

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	1.2	6.9	6.9	15.0	5.1	8.4	4.0
MSCI ACWI ex US	2.5	7.9	7.9	13.1	0.6	4.4	1.4
MSCI EAFE	2.8	7.2	7.2	11.7	0.5	5.8	1.1
MSCI EM	2.5	11.4	11.4	17.2	1.2	0.8	2.7
MSCI EAFE Small Cap	2.0	8.0	8.0	11.0	3.6	9.2	3.0
Style Index							
MSCI EAFE Growth	2.7	8.5	8.5	7.4	1.5	6.0	2.0
MSCI EAFE Value	2.8	6.0	6.0	16.0	(0.6)	5.6	0.0
Regional Index							
MSCI UK	1.7	5.0	5.0	7.4	(2.6)	3.5	0.5
MSCI Japan	(0.4)	4.5	4.5	14.4	6.0	6.8	0.6
MSCI Euro	6.2	8.5	8.5	12.8	(1.3)	6.4	(0.2)
MSCI EM Asia	3.3	13.4	13.4	18.0	4.5	4.4	4.7
MSCI EM Latin American	0.6	12.1	12.1	23.3	(4.0)	(6.1)	0.8

Source: Morningstar, as of 3/31/17

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
BBgBarc US Treasury USTIPS	(0.1)	1.3	1.3	1.5	2.0	1.0	4.2
BBgBarc US Treasury Bills	0.0	0.1	0.1	0.4	0.2	0.2	0.8
BBgBarc US Agg Bond	(0.1)	0.8	0.8	0.4	2.7	2.3	4.3
Duration							
BBgBarc US Treasury 1-3 Yr	0.0	0.3	0.3	0.2	0.7	0.6	2.0
BBgBarc US Treasury Long	(0.6)	1.4	1.4	(5.0)	5.8	4.0	6.7
BBgBarc US Treasury	(0.0)	0.7	0.7	(1.4)	2.1	1.6	3.9
Issuer							
BBgBarc US MBS	0.0	0.5	0.5	0.2	2.7	2.0	4.2
BBgBarc US Corp. High Yield	(0.2)	2.7	2.7	16.4	4.6	6.8	7.5
BBgBarc US Agency Interim	0.0	0.5	0.5	0.1	1.4	1.2	3.1
BBgBarc US Credit	(0.2)	1.3	1.3	3.0	3.5	3.7	5.3

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	(2.7)	(2.3)	(2.3)	8.7	(13.9)	(9.5)	(6.2)
Wilshire US REIT	(2.7)	0.0	0.0	2.0	10.2	9.8	4.4
CS Leveraged Loans	0.1	1.2	1.2	9.7	3.7	4.9	4.2
Regional Index							
JPM EMBI Global Div	0.4	3.9	3.9	8.9	6.2	5.8	7.0
JPM GBI-EM Global Div	2.3	6.5	6.5	5.5	(2.7)	(1.6)	4.1
Hedge Funds							
HFRI Composite	0.2	2.3	2.3	8.6	2.8	4.0	3.3
HFRI FOF Composite	0.1	2.0	2.0	5.9	1.7	3.1	1.2
Currency (Spot)							
Euro	0.7	1.4	1.4	(6.1)	(8.1)	(4.3)	(2.2)
Pound	0.5	1.2	1.2	(13.0)	(9.1)	(4.8)	(4.4)
Yen	0.4	4.7	4.7	0.9	(2.6)	(5.9)	0.6

Definitions

Bloomberg US Weekly Consumer Comfort Index - tracks the public's economic attitudes each week, providing a high-frequency read on consumer sentiment. The index, based on cell and landline telephone interviews with a random, representative national sample of U.S. adults, tracks Americans' ratings of the national economy, their personal finances and the buying climate on a weekly basis, with views of the economy's direction measured separately each month. (www.lanqerresearch.com)

University of Michigan Consumer Sentiment Index - A survey of consumer attitudes concerning both the present situation as well as expectations regarding economic conditions conducted by the University of Michigan. For the preliminary release approximately three hundred consumers are surveyed while five hundred are interviewed for the final figure. The level of consumer sentiment is related to the strength of consumer spending. (www.Bloomberg.com)

Citi Economic Surprise Index - objective and quantitative measures of economic news. Defined as weighted historical standard deviations of data surprises (actual releases vs Bloomberg survey median). A positive reading of the Economic Surprise Index suggests that economic releases have on balance been beating consensus. The indices are calculated daily in a rolling three-month window. The weights of economic indicators are derived from relative high-frequency spot FX impacts of 1 standard deviation data surprises. The indices also employ a time decay function to replicate the limited memory of markets. (www.Bloomberg.com)

Merrill Lynch Option Volatility Estimate (MOVE) Index - a yield curve weighted index comprised of a weighted set of 1-month Treasury options, including 2.5.10 and 30 year tenor contracts. This index is an indicator of the expected (implied) future volatility in the rate markets. (www.Bloomberg.com)

OECD Consumer Confidence Index - based on households' plans for major purchases and their economic situation, both currently and their expectations for the immediate future. Opinions compared to a "normal" state are collected and the difference between positive and negative answers provides a qualitative index on economic conditions. (<https://data.oecd.org/>)

OECD Business Confidence Index - based on enterprises' assessment of production, orders and stocks, as well as its current position and expectations for the immediate future. Opinions compared to a "normal" state are collected and the difference between positive and negative answers provides a qualitative index on economic conditions. (<https://data.oecd.org/>)

NFIB Small Business Outlook - Small Business Economic Trends (SBET) is a monthly assessment of the U.S. small-business economy and its near-term prospects. Its data are collected through mail surveys to random samples of the National Federal of Independent Business (NFIB) membership. The survey contains three broad question types: recent performance, near-term forecasts, and demographics. The topics addressed include: outlook, sales, earnings, employment, employee compensation, investment, inventories, credit conditions, and single most important problem. (<http://www.nfib-sbet.org/about/>)

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San Luis Obispo County Pension Trust

Investment Performance Review

Period Ending: March 31, 2017



VERUSINVESTMENTS.COM

SEATTLE 206-622-3700

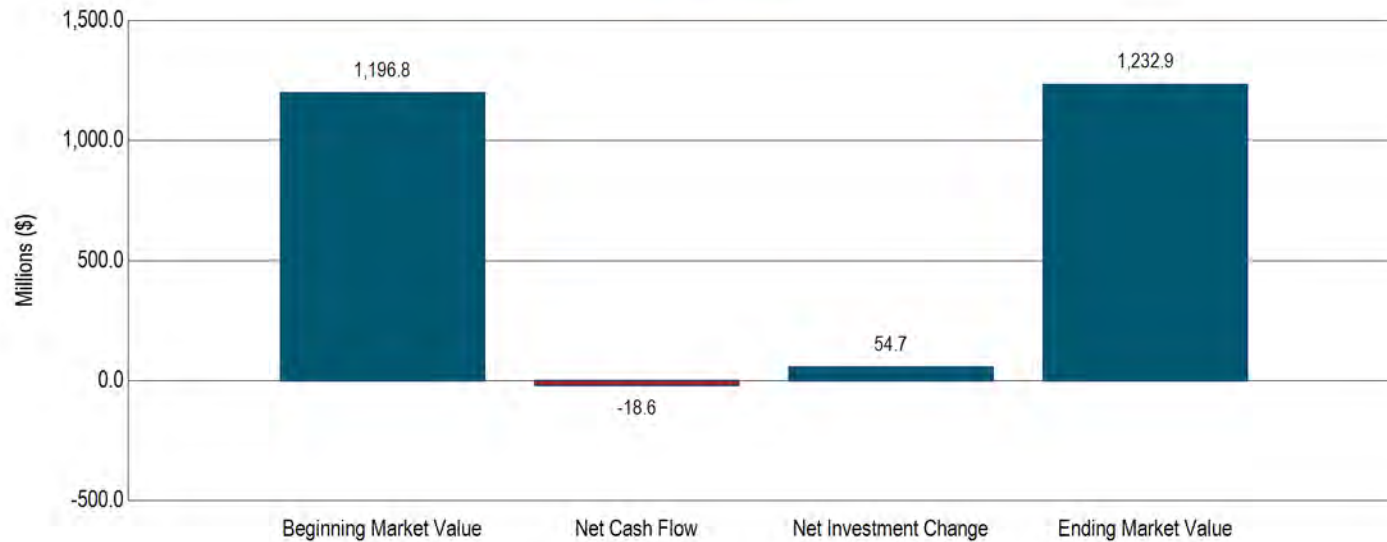
LOS ANGELES 310-297-1777

SAN FRANCISCO 415-362-3484

Portfolio Reconciliation

	Last Three Months	Year-To-Date	One Year
Beginning Market Value	\$1,196,774,651	\$1,196,774,651	\$1,157,029,784
Net Cash Flow	-\$18,598,708	-\$18,598,708	-\$26,319,256
Net Investment Change	\$54,744,304	\$54,744,304	\$102,209,720
Ending Market Value	\$1,232,920,247	\$1,232,920,247	\$1,232,920,247

Change in Market Value
Last Three Months



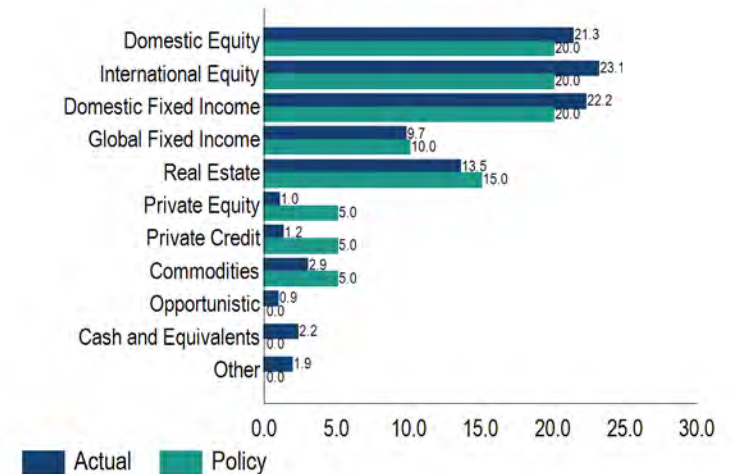
Contributions and withdrawals may include intra-account transfers between managers/funds.

Total Fund Executive Summary (Gross of Fees)

Period Ending: March 31, 2017

	QTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Total Fund	4.7	27	9.2	89	4.4	86	7.1	67
<i>Policy Index</i>	3.5	90	9.7	83	4.6	80	6.6	81
Total Fund ex Clifton	4.5	35	9.0	90	4.3	86	7.1	68
<i>Policy Index</i>	3.5	90	9.7	83	4.6	80	6.6	81
Total Domestic Equity	6.1	44	17.2	36	9.9	40	13.2	44
<i>Russell 3000</i>	5.7	55	18.1	26	9.8	42	13.2	44
Total International Equity	8.7	17	12.6	37	1.7	65	6.9	63
<i>MSCI ACWI ex USA Gross</i>	8.0	37	13.7	21	1.0	76	4.8	98
Total Domestic Fixed Income	1.4	37	3.0	36	3.3	41	3.0	51
<i>BBgBarc US Aggregate TR</i>	0.8	69	0.4	85	2.7	59	2.3	66
Total Global Fixed	6.5	1	2.8	44	-1.8	92	0.3	78
<i>Citi World Govt Bond Index</i>	1.6	77	-3.7	91	-1.2	88	-0.6	94
Total Real Estate	2.2	--	8.1	--	12.0	--	11.8	--
<i>NCREIF Property Index</i>	1.6	--	7.3	--	10.6	--	10.7	--
Total Commodities	-1.0	--	10.9	--	-12.7	--	-9.0	--
<i>Bloomberg Commodity Index TR USD</i>	-2.3	--	8.7	--	-13.9	--	-9.5	--
Total Private Equity	6.2	--	18.0	--	17.2	--	16.6	--
<i>Russell 3000 + 3%</i>	6.5	--	21.6	--	13.0	--	16.5	--
Total Private Credit	-2.5	--	--	--	--	--	--	--
<i>BBgBarc High Yield +2% (Lagged)</i>	2.3	--	--	--	--	--	--	--
Total Cash	0.2	--	0.6	--	0.5	--	0.4	--
<i>91 Day T-Bills</i>	0.1	--	0.4	--	0.2	--	0.1	--
Total Opportunistic	0.0	--	10.5	--	5.5	--	11.0	--
<i>Russell 3000 + 3%</i>	6.5	--	21.6	--	13.0	--	16.5	--

Actual vs Target Allocation (%)



Rolling Annualized Excess Performance and Tracking Error
Total Fund vs. Policy Index



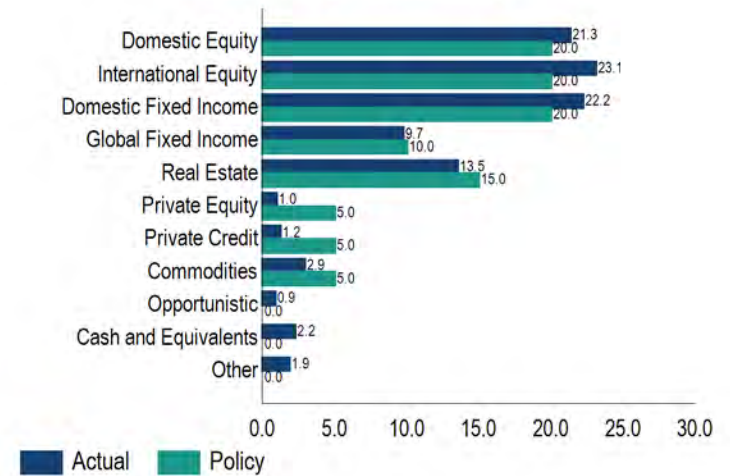
New Policy Index as of 10/1/2016: 20% Russell 3000, 20% MSCI ACWI ex. US, 30% BBgBarc Aggregate, 15% NCREIF Property, 5% Bloomberg Commodity Index, 5% Russell 3000 +3%, 5% BBgBarc High Yield +2% (Lagged). Private Equity, Private Credit and Opportunistic composite returns are lagged by one quarter. Stone Harbor funded 7/9/13. Gresham TAP funded 8/30/13. Pacific Asset Corporate Loan funded 9/1/2014. All returns are (G) Gross of fees. Effective 1/01/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation.

Total Fund Executive Summary (Net of Fees)

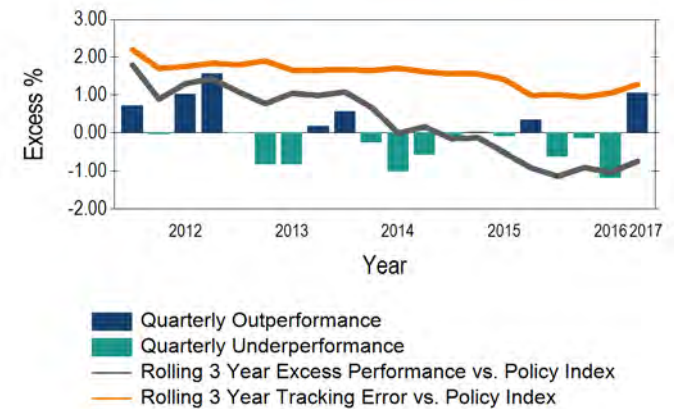
Period Ending: March 31, 2017

	QTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Total Fund	4.6	31	8.7	91	3.9	93	6.6	84
<i>Policy Index</i>	3.5	90	9.7	83	4.6	80	6.6	81
Total Fund ex Clifton	4.4	43	8.6	94	3.8	93	6.5	85
<i>Policy Index</i>	3.5	90	9.7	83	4.6	80	6.6	81
Total Domestic Equity	6.0	48	16.9	40	9.5	48	12.7	56
<i>Russell 3000</i>	5.7	55	18.1	26	9.8	42	13.2	44
Total International Equity	8.6	18	11.9	43	1.0	76	6.1	84
<i>MSCI ACWI ex USA Gross</i>	8.0	37	13.7	21	1.0	76	4.8	98
Total Domestic Fixed Income	1.3	40	2.8	37	3.0	49	2.7	56
<i>BBgBarc US Aggregate TR</i>	0.8	69	0.4	85	2.7	59	2.3	66
Total Global Fixed	6.3	2	2.1	48	-2.5	95	-0.3	92
<i>Citi World Govt Bond Index</i>	1.6	77	-3.7	91	-1.2	88	-0.6	94
Total Real Estate	2.2	--	7.4	--	11.2	--	11.0	--
<i>NCREIF Property Index</i>	1.6	--	7.3	--	10.6	--	10.7	--
Total Commodities	-1.0	--	10.3	--	-13.3	--	-9.5	--
<i>Bloomberg Commodity Index TR USD</i>	-2.3	--	8.7	--	-13.9	--	-9.5	--
Total Private Equity	6.2	--	16.4	--	15.1	--	11.3	--
<i>Russell 3000 + 3%</i>	6.5	--	21.6	--	13.0	--	16.5	--
Total Private Credit	-2.5	--	--	--	--	--	--	--
<i>BBgBarc High Yield +2% (Lagged)</i>	2.3	--	--	--	--	--	--	--
Total Cash	0.2	--	0.6	--	0.5	--	0.4	--
<i>91 Day T-Bills</i>	0.1	--	0.4	--	0.2	--	0.1	--
Total Opportunistic	0.0	--	9.5	--	5.0	--	10.6	--
<i>Russell 3000 + 3%</i>	6.5	--	21.6	--	13.0	--	16.5	--

Actual vs Target Allocation (%)



Rolling Annualized Excess Performance and Tracking Error
Total Fund vs. Policy Index



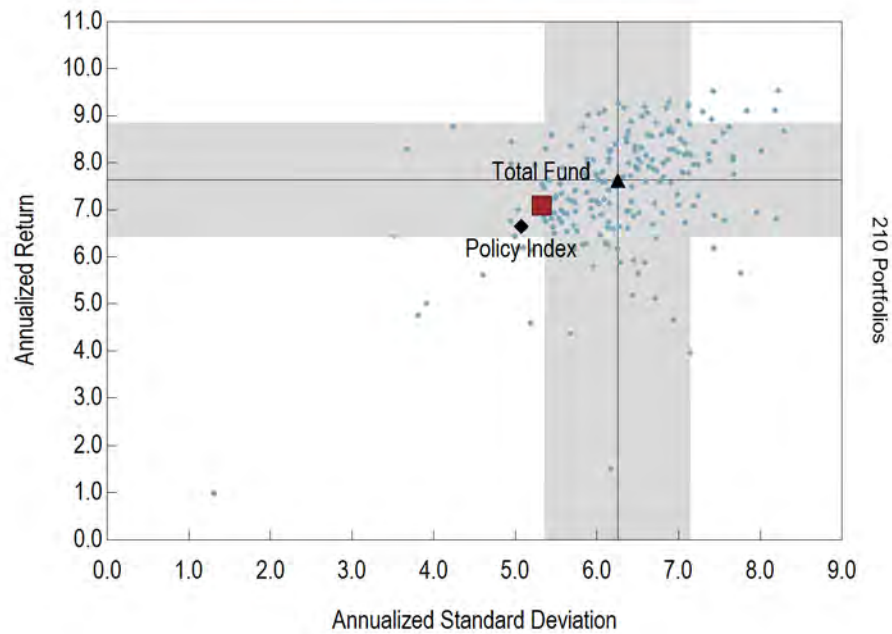
New Policy Index as of 12/1/2016: 20% Russell 3000, 20% MSCI ACWI ex. US, 30% BBgBarc Aggregate, 15% NCREIF Property, 5% Bloomberg Commodity Index, 5% Russell 3000 +3%, 5% BBgBarc High Yield +2% (Lagged). Private Equity, Private Credit and Opportunistic composite returns are lagged by one quarter. Stone Harbor funded 7/9/13. Gresham TAP funded 8/30/13. Pacific Asset Corporate Loan funded 9/1/2014. All returns are (N) Net of fees. Effective 1/01/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation.

Total Fund
Risk Analysis - 5 Years (Gross of Fees)

Period Ending: March 31, 2017

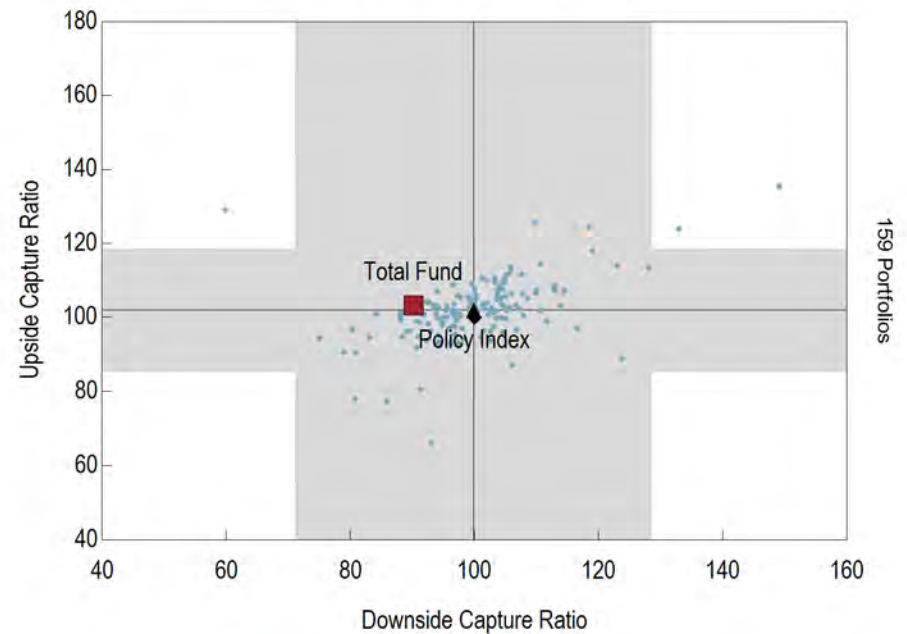
	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
Total Fund	7.09%	0.44%	5.32%	0.38%	1.01	1.46%	0.92	1.31	0.30	103.21%	90.15%

Annualized Return vs. Annualized Standard Deviation



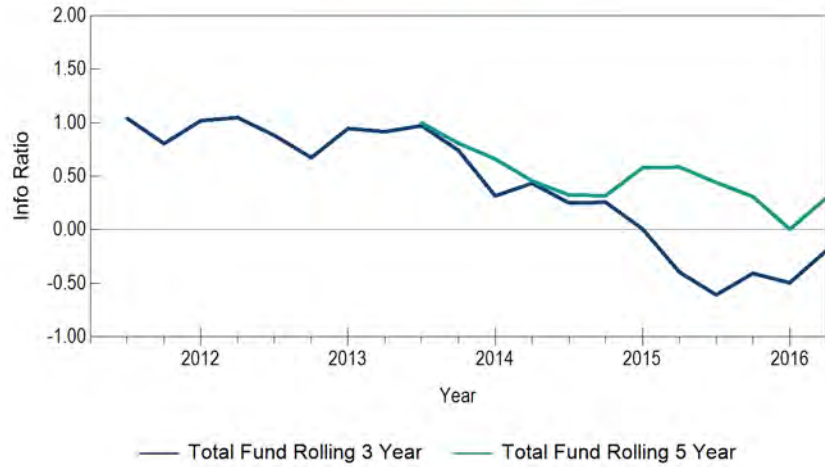
- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Gross

Upside Capture Ratio vs. Downside Capture Ratio

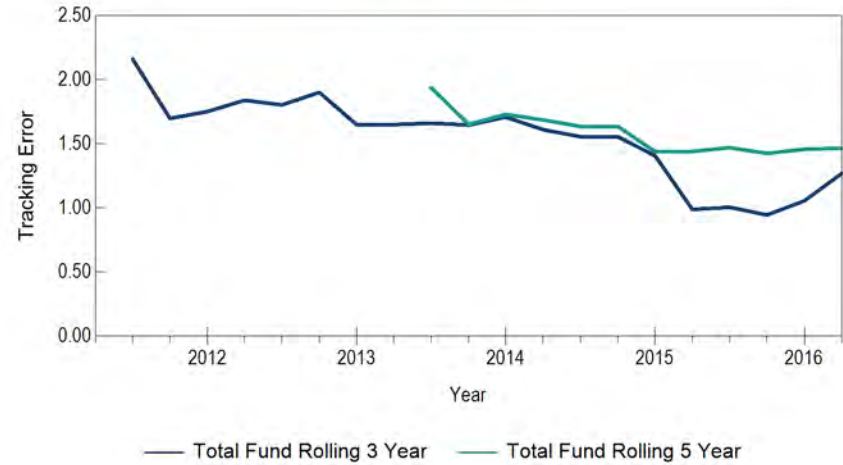


- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Gross

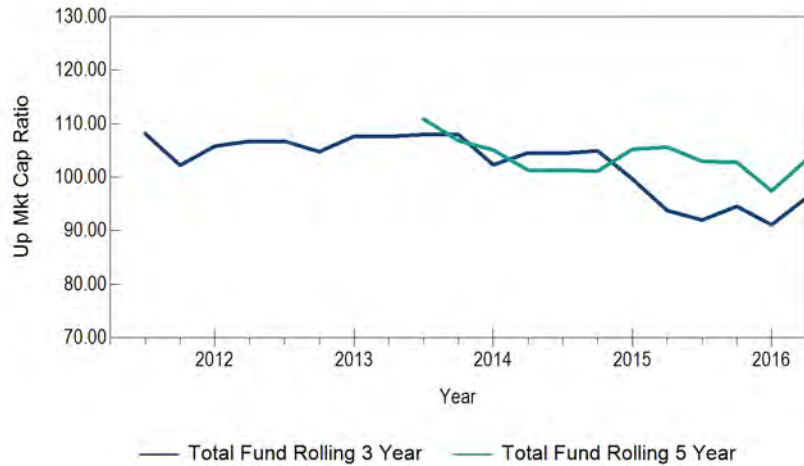
Rolling Information Ratio



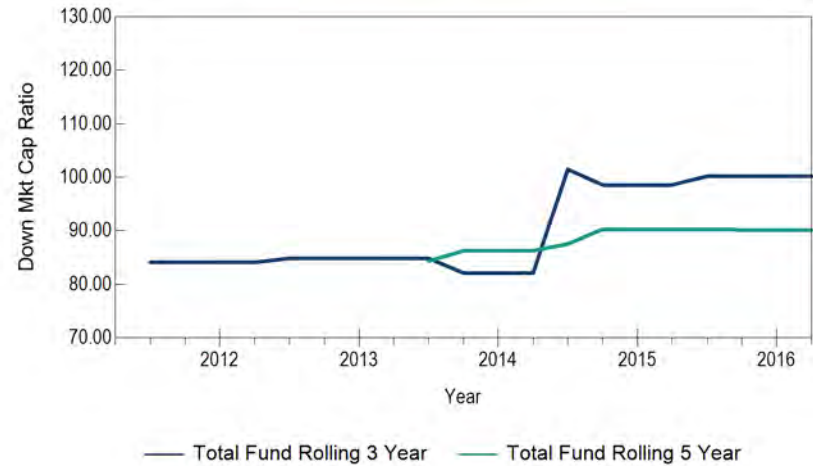
Rolling Tracking Error



Rolling Up Market Capture Ratio (%)



Rolling Down Market Capture Ratio (%)



Total Fund Performance Summary (Gross of Fees)

Period Ending: March 31, 2017

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012	Return	Since
Total Fund	1,232,920,247	100.0	4.7	9.2	4.4	7.1	--	6.6	-0.8	5.1	13.8	12.8	--	
Policy Index			3.5	9.7	4.6	6.6	--	7.8	-0.5	5.2	13.4	11.6	--	
InvestorForce Public DB Gross Rank			27	89	86	67	--	84	74	66	71	40	--	
Total Fund ex Clifton	1,210,017,327	98.1	4.5	9.0	4.3	7.1	4.9	6.6	-0.8	5.2	13.8	12.7	--	
Policy Index			3.5	9.7	4.6	6.6	5.0	7.8	-0.5	5.2	13.4	11.6	--	
InvestorForce Public DB Gross Rank			35	90	86	68	77	83	75	64	72	43	--	
Total Domestic Equity	263,117,934	21.3	6.1	17.2	9.9	13.2	8.5	13.0	1.2	11.0	32.2	12.8	--	
Russell 3000			5.7	18.1	9.8	13.2	7.5	12.7	0.5	12.6	33.6	16.4	--	
eA US Large Cap Core Equity Gross Rank			44	36	40	44	27	20	44	83	60	79	--	
SSGA S&P 500 Flag.	10,866,477	0.9	6.1	17.2	10.4	13.4	--	12.0	1.5	13.7	32.4	16.1	12.5	Feb-11
S&P 500			6.1	17.2	10.4	13.3	--	12.0	1.4	13.7	32.4	16.0	12.4	Feb-11
eA US Large Cap Core Equity Gross Rank			44	36	24	37	--	31	40	42	58	39	42	Feb-11
PIMCO RAE Fundamental PLUS Instl	51,798,649	4.2	3.7	16.1	8.6	13.6	7.6	15.9	-2.7	12.7	36.0	16.8	7.7	Nov-07
S&P 500			6.1	17.2	10.4	13.3	7.5	12.0	1.4	13.7	32.4	16.0	7.4	Nov-07
eA US Large Cap Core Equity Gross Rank			95	48	68	27	63	6	86	58	22	29	55	Nov-07
Loomis Sayles Large Cap Growth	76,234,447	6.2	8.9	--	--	--	--	--	--	--	--	--	8.9	Dec-16
Russell 1000 Growth			8.9	--	--	--	--	--	--	--	--	--	8.9	Dec-16
eA US Large Cap Growth Equity Gross Rank			50	--	--	--	--	--	--	--	--	--	50	Dec-16
Boston Partners Large Cap Value	72,241,606	5.9	--	--	--	--	--	--	--	--	--	--	3.2	Jan-17
Russell 1000 Value			--	--	--	--	--	--	--	--	--	--	2.5	Jan-17
eA US Large Cap Value Equity Gross Rank			--	--	--	--	--	--	--	--	--	--	--	Jan-17
Atlanta Capital Mgmt	51,976,755	4.2	5.5	14.5	12.1	14.7	--	12.6	10.4	5.8	37.8	15.5	18.5	Aug-10
Russell 2500			3.8	21.5	7.4	12.6	--	17.6	-2.9	7.1	36.8	17.9	15.3	Aug-10
eA US Small-Mid Cap Equity Gross Rank			36	89	3	15	--	62	1	56	52	55	1	Aug-10
Total International Equity	284,642,848	23.1	8.7	12.6	1.7	6.9	2.8	2.2	-4.3	2.1	17.9	21.5	--	
MSCI ACWI ex USA Gross			8.0	13.7	1.0	4.8	1.8	5.0	-5.3	-3.4	15.8	17.4	--	
eA EAFE All Cap Equity Gross Rank			17	37	65	63	48	43	90	3	94	37	--	
Dodge & Cox Intl Stock	151,665,516	12.3	9.5	23.8	1.4	8.0	--	9.0	-10.8	0.7	27.1	21.8	2.4	Dec-07
MSCI EAFE Gross			7.4	12.2	1.0	6.3	--	1.5	-0.4	-4.5	23.3	17.9	0.7	Dec-07
eA All EAFE Equity Gross Rank			13	2	67	38	--	3	99	13	32	37	45	Dec-07
WCM International Growth	132,960,647	10.8	--	--	--	--	--	--	--	--	--	--	3.9	Feb-17
MSCI ACWI ex USA Gross			--	--	--	--	--	--	--	--	--	--	4.3	Feb-17
eA ACWI ex-US All Cap Growth Eq Gross Rank			--	--	--	--	--	--	--	--	--	--	--	Feb-17

Since Inception ranking is from the beginning of the first complete month of performance. Research Affiliates converted to PIMCO RAE Fundamental Plus Instl on 6/5/15 (performance prior to this date represents previously held Research Affiliates Equity US Large, L.P.). ARA American funded 6/22/2016. Fidelity Real Estate Growth II liquidated 12/31/2015. Loomis Sayles Large Cap Growth funded 12/31/2016. Direct Real Estate is lagged one quarter. Boston Partners funded 1/31/2017. Vontobel liquidated 2/15/2017. As of 3/31/2017 Vontobel has \$16,685 in residual cash. WCM International funded 2/15/2017. PIMCO Core Plus liquidated 1/6/2017. As of 3/31/2017, PIMCO Core Plus has \$55,646 residual cash. BlackRock Core and Dodge & Cox Income funded 1/19/2017.

Total Fund Performance Summary (Gross of Fees)

Period Ending: March 31, 2017

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012	Return	Since
Total Domestic Fixed Income	273,808,826	22.2	1.4	3.0	3.3	3.0	3.6	4.5	1.1	4.7	-2.7	7.9	--	
BBgBarc US Aggregate TR			0.8	0.4	2.7	2.3	4.3	2.6	0.6	6.0	-2.0	4.2	--	
eA All US Fixed Inc Gross Rank			37	36	41	51	76	40	36	46	88	36	--	
BlackRock Core Bond	93,836,698	7.6	--	--	--	--	--	--	--	--	--	--	0.8	Jan-17
BBgBarc US Aggregate TR			--	--	--	--	--	--	--	--	--	--	0.6	Jan-17
eA US Core Fixed Inc Gross Rank			--	--	--	--	--	--	--	--	--	--	--	Jan-17
Dodge & Cox Income Fund	94,322,682	7.7	--	--	--	--	--	--	--	--	--	--	0.9	Jan-17
BBgBarc US Aggregate TR			--	--	--	--	--	--	--	--	--	--	0.6	Jan-17
eA US Core Fixed Inc Gross Rank			--	--	--	--	--	--	--	--	--	--	--	Jan-17
Pacific Asset Corporate Loan	66,627,611	5.4	1.4	8.8	--	--	--	9.2	2.5	--	--	--	4.5	Sep-14
S&P/LSTA Leveraged Loan Index			1.1	9.7	--	--	--	10.2	-0.7	--	--	--	3.6	Sep-14
eA Float-Rate Bank Loan Gross Rank			21	48	--	--	--	51	9	--	--	--	22	Sep-14
SSGA TIPS	18,966,185	1.5	1.3	1.5	2.0	1.0	--	4.7	-1.5	3.6	-8.6	6.9	2.0	Jul-11
BBgBarc US TIPS TR			1.3	1.5	2.0	1.0	--	4.7	-1.4	3.6	-8.6	7.0	2.0	Jul-11
eA TIPS / Infl Indexed Fixed Inc Gross Rank			72	76	52	69	--	51	64	44	77	67	22	Jul-11
Total Global Fixed	120,120,242	9.7	6.5	2.8	-1.8	0.3	--	5.8	-11.8	-2.2	-3.8	13.8	--	
Citi World Govt Bond Index			1.6	-3.7	-1.2	-0.6	--	1.6	-3.6	-0.5	-4.0	1.6	--	
eA Global Fixed Inc Unhedged Gross Rank			1	44	92	78	--	30	99	94	82	30	--	
Brandywine Global Fixed Income	60,539,192	4.9	5.0	-1.3	-1.0	1.3	--	2.2	-9.3	2.9	-1.6	13.8	4.0	Nov-07
JPM GBI Global TR USD			1.4	-3.5	-0.6	-0.3	--	1.6	-2.6	0.7	-4.5	1.3	2.6	Nov-07
eA Global Fixed Inc Unhedged Gross Rank			4	76	86	60	--	71	96	43	59	30	39	Nov-07
Stone Harbor Local Markets Ins	59,581,050	4.8	8.1	7.3	-2.8	--	--	9.9	-14.4	-7.7	--	--	-2.6	Jul-13
JPM GBI-EM Global Diversified TR USD			6.5	5.5	-2.7	--	--	9.9	-14.9	-5.7	--	--	-2.0	Jul-13
eA All Emg Mkts Fixed Inc Gross Rank			6	75	95	--	--	67	79	98	--	--	97	Jul-13
Total Real Estate	166,884,581	13.5	2.2	8.1	12.0	11.8	5.0	7.8	18.0	10.4	12.9	9.8	--	
NCREIF Property Index			1.6	7.3	10.6	10.7	6.7	8.0	13.3	11.8	11.0	10.5	--	
ARA American Strategic Value Realty	11,149,843	0.9	2.7	--	--	--	--	--	--	--	--	--	8.4	Jun-16
NCREIF-ODCE			1.8	--	--	--	--	--	--	--	--	--	6.1	Jun-16
NCREIF Property Index			1.6	--	--	--	--	--	--	--	--	--	5.1	Jun-16
Direct Real Estate	11,499,343	0.9	5.5	9.2	12.8	10.4	5.9	5.5	22.9	6.1	5.2	9.2	--	
NCREIF-ODCE			1.8	8.3	11.8	12.0	5.6	8.8	15.0	12.5	13.9	10.9	--	
NCREIF Property Index			1.6	7.3	10.6	10.7	6.7	8.0	13.3	11.8	11.0	10.5	--	

Since Inception ranking is from the beginning of the first complete month of performance. Research Affiliates converted to PIMCO RAE Fundamental Plus Instl on 6/5/15 (performance prior to this date represents previously held Research Affiliates Equity US Large, L.P.). ARA American funded 6/22/2016. Fidelity Real Estate Growth II liquidated 12/31/2015. Loomis Sayles Large Cap Growth funded 12/31/2016. Direct Real Estate is lagged one quarter. Boston Partners funded 1/31/2017. Vontobel liquidated 2/15/2017. As of 3/31/2017 Vontobel has \$16,685 in residual cash. WCM International funded 2/15/2017. PIMCO Core Plus liquidated 1/6/2017. As of 3/31/2017, PIMCO Core Plus has \$55,646 residual cash. BlackRock Core and Dodge & Cox Income funded 1/19/2017.

Total Fund
Performance Summary (Gross of Fees)

Period Ending: March 31, 2017

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012	Return	Since
JP Morgan Core Real Estate	143,655,432	11.7	1.7	8.2	11.3	12.3	--	8.4	15.2	11.2	15.9	12.1	5.5	Mar-08
NCREIF-ODCE			1.8	8.3	11.8	12.0	--	8.8	15.0	12.5	13.9	10.9	4.9	Mar-08
NCREIF Property Index			1.6	7.3	10.6	10.7	--	8.0	13.3	11.8	11.0	10.5	6.1	Mar-08
Fidelity Real Estate Growth III	579,963	0.0	-0.7	-2.6	19.6	18.7	--	1.3	35.8	28.2	20.9	12.1	-3.2	Jul-07
NCREIF-ODCE			1.8	8.3	11.8	12.0	--	8.8	15.0	12.5	13.9	10.9	5.3	Jul-07
NCREIF Property Index			1.6	7.3	10.6	10.7	--	8.0	13.3	11.8	11.0	10.5	6.5	Jul-07
Total Commodities	36,148,030	2.9	-1.0	10.9	-12.7	-9.0	--	12.6	-25.2	-16.0	-9.1	-0.9	--	
Bloomberg Commodity Index TR USD			-2.3	8.7	-13.9	-9.5	--	11.8	-24.7	-17.0	-9.5	-1.1	--	
Gresham MTAP Commodity Builder	36,148,030	2.9	-1.0	10.9	-12.7	--	--	12.6	-25.2	-16.0	--	--	-10.2	Aug-13
Bloomberg Commodity Index TR USD			-2.3	8.7	-13.9	--	--	11.8	-24.7	-17.0	--	--	-11.0	Aug-13
Total Cash	27,488,573	2.2	0.2	0.6	0.5	0.4	1.1	0.5	0.4	0.3	0.3	0.4	--	
91 Day T-Bills			0.1	0.4	0.2	0.1	0.5	0.3	0.0	0.0	0.0	0.1	--	
Cash Account	27,488,573	2.2	0.2	0.6	0.5	0.4	1.1	0.5	0.4	0.3	0.3	0.4	--	
91 Day T-Bills			0.1	0.4	0.2	0.1	0.5	0.3	0.0	0.0	0.0	0.1	--	

Since Inception ranking is from the beginning of the first complete month of performance. Research Affiliates converted to PIMCO RAE Fundamental Plus Instl on 6/5/15 (performance prior to this date represents previously held Research Affiliates Equity US Large, L.P.). ARA American funded 6/22/2016. Fidelity Real Estate Growth II liquidated 12/31/2015. Loomis Sayles Large Cap Growth funded 12/31/2016. Direct Real Estate is lagged one quarter. Boston Partners funded 1/31/2017. Vontobel liquidated 2/15/2017. As of 3/31/2017 Vontobel has \$16,685 in residual cash. WCM International funded 2/15/2017. PIMCO Core Plus liquidated 1/6/2017. As of 3/31/2017, PIMCO Core Plus has \$55,646 cash residuals. BlackRock Core and Dodge & Cox Income funded 1/19/2017.

Total Fund
Performance Summary (Net of Fees)

Period Ending: March 31, 2017

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Fund	1,232,920,247	100.0	4.6	8.7	3.9	6.6	--	6.0	-1.3	4.6	13.3	12.3
<i>Policy Index</i>			3.5	9.7	4.6	6.6	--	7.8	-0.5	5.2	13.4	11.6
Total Fund ex Clifton	1,210,017,327	98.1	4.4	8.6	3.8	6.5	--	6.1	-1.3	4.7	13.2	12.2
<i>Policy Index</i>			3.5	9.7	4.6	6.6	--	7.8	-0.5	5.2	13.4	11.6
Total Domestic Equity	263,117,934	21.3	6.0	16.9	9.5	12.7	--	12.7	0.8	10.5	31.6	12.3
<i>Russell 3000</i>			5.7	18.1	9.8	13.2	--	12.7	0.5	12.6	33.6	16.4
SSGA S&P 500 Flag.	10,866,477	0.9	6.1	17.2	10.4	13.3	--	12.0	1.4	13.7	32.4	15.9
<i>S&P 500</i>			6.1	17.2	10.4	13.3	--	12.0	1.4	13.7	32.4	16.0
PIMCO RAE Fundamental PLUS Instl	51,798,649	4.2	3.5	15.6	8.1	13.2	7.2	15.4	-3.2	12.3	35.6	16.7
<i>S&P 500</i>			6.1	17.2	10.4	13.3	7.5	12.0	1.4	13.7	32.4	16.0
Loomis Sayles Large Cap Growth	76,234,447	6.2	8.8	--	--	--	--	--	--	--	--	--
<i>Russell 1000 Growth</i>			8.9	--	--	--	--	--	--	--	--	--
Boston Partners Large Cap Value	72,241,606	5.9	--	--	--	--	--	--	--	--	--	--
<i>Russell 1000 Value</i>			--	--	--	--	--	--	--	--	--	--
Atlanta Capital Mgmt	51,976,755	4.2	5.3	13.6	11.3	13.9	--	11.7	9.6	5.0	37.0	14.7
<i>Russell 2500</i>			3.8	21.5	7.4	12.6	--	17.6	-2.9	7.1	36.8	17.9
Total International Equity	284,642,848	23.1	8.6	11.9	1.0	6.1	--	1.6	-4.9	1.4	17.0	20.6
<i>MSCI ACWI ex USA Gross</i>			8.0	13.7	1.0	4.8	--	5.0	-5.3	-3.4	15.8	17.4
Dodge & Cox Intl Stock	151,665,516	12.3	9.3	23.0	0.7	7.3	--	8.3	-11.4	0.1	26.3	21.0
<i>MSCI EAFE Gross</i>			7.4	12.2	1.0	6.3	--	1.5	-0.4	-4.5	23.3	17.9
WCM International Growth	132,960,647	10.8	--	--	--	--	--	--	--	--	--	--
<i>MSCI ACWI ex USA Gross</i>			--	--	--	--	--	--	--	--	--	--
Total Domestic Fixed Income	273,808,826	22.2	1.3	2.8	3.0	2.7	--	4.2	0.9	4.4	-3.0	7.6
<i>BBgBarc US Aggregate TR</i>			0.8	0.4	2.7	2.3	--	2.6	0.6	6.0	-2.0	4.2
BlackRock Core Bond	93,836,698	7.6	--	--	--	--	--	--	--	--	--	--
<i>BBgBarc US Aggregate TR</i>			--	--	--	--	--	--	--	--	--	--
Dodge & Cox Income Fund	94,322,682	7.7	--	--	--	--	--	--	--	--	--	--
<i>BBgBarc US Aggregate TR</i>			--	--	--	--	--	--	--	--	--	--
Pacific Asset Corporate Loan	66,627,611	5.4	1.3	8.4	--	--	--	8.8	2.1	--	--	--
<i>S&P/LSTA Leveraged Loan Index</i>			1.1	9.7	--	--	--	10.2	-0.7	--	--	--
SSGA TIPS	18,966,185	1.5	1.2	1.4	2.0	0.9	--	4.6	-1.5	3.6	-8.7	6.9
<i>BBgBarc US TIPS TR</i>			1.3	1.5	2.0	1.0	--	4.7	-1.4	3.6	-8.6	7.0

Research Affiliates converted to PIMCO RAE Fundamental Plus Instl on 6/5/15 (performance prior to this date represents previously held Research Affiliates Equity US Large, L.P.). ARA American funded 6/22/2016. Fidelity Real Estate Growth II liquidated 12/31/2015. Loomis Sayles Large Cap Growth funded 12/31/2016. Direct Real Estate is lagged one quarter. Boston Partners funded 1/31/2017. Vontobel liquidated 2/15/2017. As of 3/31/2017 Vontobel has \$16,685 in residual cash. WCM International funded 2/15/2017. PIMCO Core Plus liquidated 1/6/2017. As of 3/31/2017, PIMCO Core plus has \$55,646 residual cash. BlackRock Core and Dodge & Cox Income funded 1/19/2017.

Total Fund
Performance Summary (Net of Fees)

Period Ending: March 31, 2017

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Global Fixed	120,120,242	9.7	6.3	2.1	-2.5	-0.3	--	5.1	-12.4	-2.8	-4.4	13.1
<i>Citi World Govt Bond Index</i>			1.6	-3.7	-1.2	-0.6	--	1.6	-3.6	-0.5	-4.0	1.6
Brandywine Global Fixed Income	60,539,192	4.9	4.9	-1.8	-1.5	0.8	--	1.7	-9.7	2.4	-2.3	13.1
<i>JPM GBI Global TR USD</i>			1.4	-3.5	-0.6	-0.3	--	1.6	-2.6	0.7	-4.5	1.3
Stone Harbor Local Markets Ins	59,581,050	4.8	7.8	6.4	-3.7	--	--	9.0	-15.1	-8.6	--	--
<i>JPM GBI-EM Global Diversified TR USD</i>			6.5	5.5	-2.7	--	--	9.9	-14.9	-5.7	--	--
Total Real Estate	166,884,581	13.5	2.2	7.4	11.2	11.0	--	6.8	16.9	9.6	12.1	9.2
<i>NCREIF Property Index</i>			1.6	7.3	10.6	10.7	--	8.0	13.3	11.8	11.0	10.5
ARA American Strategic Value Realty	11,149,843	0.9	2.7	--	--	--	--	--	--	--	--	--
<i>NCREIF-ODCE</i>			1.8	--	--	--	--	--	--	--	--	--
<i>NCREIF Property Index</i>			1.6	--	--	--	--	--	--	--	--	--
Direct Real Estate	11,499,343	0.9	5.5	8.9	12.4	10.2	5.8	4.9	22.2	6.1	5.2	9.2
<i>NCREIF-ODCE</i>			1.8	8.3	11.8	12.0	5.6	8.8	15.0	12.5	13.9	10.9
<i>NCREIF Property Index</i>			1.6	7.3	10.6	10.7	6.7	8.0	13.3	11.8	11.0	10.5
JP Morgan Core Real Estate	143,655,432	11.7	1.7	7.3	10.3	11.2	--	7.3	14.1	10.0	14.8	11.0
<i>NCREIF-ODCE</i>			1.8	8.3	11.8	12.0	--	8.8	15.0	12.5	13.9	10.9
<i>NCREIF Property Index</i>			1.6	7.3	10.6	10.7	--	8.0	13.3	11.8	11.0	10.5
Fidelity Real Estate Growth III	579,963	0.0	-0.7	-3.6	18.2	17.2	--	-0.1	34.0	26.7	19.3	10.6
<i>NCREIF-ODCE</i>			1.8	8.3	11.8	12.0	--	8.8	15.0	12.5	13.9	10.9
<i>NCREIF Property Index</i>			1.6	7.3	10.6	10.7	--	8.0	13.3	11.8	11.0	10.5
Total Commodities	36,148,030	2.9	-1.0	10.3	-13.3	-9.5	--	11.8	-25.8	-16.6	-9.5	-1.2
<i>Bloomberg Commodity Index TR USD</i>			-2.3	8.7	-13.9	-9.5	--	11.8	-24.7	-17.0	-9.5	-1.1
Gresham MTAP Commodity Builder	36,148,030	2.9	-1.0	10.3	-13.3	--	--	11.8	-25.8	-16.6	--	--
<i>Bloomberg Commodity Index TR USD</i>			-2.3	8.7	-13.9	--	--	11.8	-24.7	-17.0	--	--
Total Cash	27,488,573	2.2	0.2	0.6	0.5	0.4	1.1	0.5	0.4	0.3	0.3	0.4
<i>91 Day T-Bills</i>			0.1	0.4	0.2	0.1	0.5	0.3	0.0	0.0	0.0	0.1
Cash Account	27,488,573	2.2	0.2	0.6	0.5	0.4	1.1	0.5	0.4	0.3	0.3	0.4
<i>91 Day T-Bills</i>			0.1	0.4	0.2	0.1	0.5	0.3	0.0	0.0	0.0	0.1

Research Affiliates converted to PIMCO RAE Fundamental Plus Instl on 6/5/15 (performance prior to this date represents previously held Research Affiliates Equity US Large, L.P.). ARA American funded 6/22/2016. Fidelity Real Estate Growth II liquidated 12/31/2015. Loomis Sayles Large Cap Growth funded 12/31/2016. Direct Real Estate is lagged one quarter. Boston Partners funded 1/31/2017. Vontobel liquidated 2/15/2017. As of 3/31/2017 Vontobel has \$16,685 in residual cash. WCM International funded 2/15/2017. PIMCO Core Plus liquidated 1/6/2017. As of 3/31/2017, PIMCO Core plus has \$55,646 residual cash. BlackRock Core and Dodge & Cox Income funded 1/19/2017.

Investment Manager
Performance Analysis - 3 & 5 Years (Net of Fees)

Period Ending: March 31, 2017

3 Years

	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
SSGA S&P 500 Flag.	10.39%	0.02%	7.14%	0.04%	1.00	0.04%	1.00	1.44	0.49	100.01%	99.22%
PIMCO RAE Fundamental PLUS Instl	8.12%	-2.25%	7.27%	-1.67%	0.94	2.70%	0.86	1.10	-0.83	82.90%	111.96%
Atlanta Capital Mgmt	11.26%	3.83%	8.24%	6.32%	0.67	5.71%	0.70	1.35	0.67	103.26%	45.31%
Dodge & Cox Intl Stock	0.72%	-0.25%	13.80%	-0.41%	1.17	5.71%	0.85	0.04	-0.04	100.31%	102.82%
SSGA TIPS	1.96%	-0.07%	4.32%	-0.07%	1.00	0.02%	1.00	0.42	-3.25	99.23%	101.43%
Brandywine Global Fixed Income	-1.46%	-0.91%	8.59%	-0.96%	0.92	5.10%	0.65	-0.19	-0.18	83.98%	101.96%
Stone Harbor Local Markets Ins	-3.69%	-1.02%	13.24%	-0.85%	1.06	1.79%	0.98	-0.29	-0.57	101.61%	108.48%
Direct Real Estate	12.41%	0.62%	8.19%	-5.89%	1.55	7.91%	0.08	1.50	0.08	105.93%	--
JP Morgan Core Real Estate	10.29%	-1.50%	1.52%	-0.49%	0.91	0.76%	0.76	6.66	-1.97	86.03%	--
Fidelity Real Estate Growth III	18.21%	6.43%	10.86%	-48.31%	5.64	9.82%	0.57	1.66	0.65	164.28%	--
Gresham MTAP Commodity Builder	-13.27%	0.64%	15.99%	0.39%	0.98	2.05%	0.98	-0.84	0.31	103.19%	98.17%

5 Years

	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
SSGA S&P 500 Flag.	13.31%	0.01%	8.18%	0.02%	1.00	0.04%	1.00	1.61	0.40	100.02%	99.49%
PIMCO RAE Fundamental PLUS Instl	13.20%	-0.10%	8.55%	-0.01%	0.99	2.65%	0.90	1.53	-0.04	95.72%	82.74%
Atlanta Capital Mgmt	13.88%	1.28%	9.57%	3.82%	0.80	4.99%	0.78	1.44	0.26	93.31%	57.59%
Dodge & Cox Intl Stock	7.33%	1.01%	13.47%	0.24%	1.12	4.88%	0.88	0.54	0.21	110.26%	100.01%
SSGA TIPS	0.91%	-0.07%	5.15%	-0.07%	1.00	0.02%	1.00	0.15	-3.07	99.05%	100.77%
Brandywine Global Fixed Income	0.83%	1.11%	7.26%	1.07%	0.86	4.66%	0.60	0.10	0.24	89.84%	73.39%
Direct Real Estate	10.21%	-1.77%	6.51%	-0.12%	0.86	6.42%	0.03	1.55	-0.28	82.26%	--
JP Morgan Core Real Estate	11.24%	-0.74%	1.51%	-0.31%	0.96	0.87%	0.67	7.35	-0.85	92.45%	--
Fidelity Real Estate Growth III	17.17%	5.19%	8.44%	-36.42%	4.47	7.62%	0.47	2.02	0.68	158.90%	--

Private Markets
Non Marketable Securities Overview

Period Ending: March 31, 2017

Vintage	Manager & Fund Name	Estimated 3/31 Market Value ³	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value as of IRR date	Distrib./ Paid-In (DPI) ¹	Tot. Value/ Paid-In (TVPI) ²	Net IRR Since Inception ⁵	IRR Date
2011	HarbourVest Partners IX-Buyout Fund L.P.	\$11,896,312	\$20,000,000	\$12,050,000	60%	\$7,950,000	\$4,157,950	\$12,694,821	34.5%	133.2%	15.7%	12/31/16
2010	KKR Mezzanine Partners I L.P. ⁶	\$8,318,972	\$20,000,000	\$20,000,000	100%	\$0	\$20,819,895	\$8,318,974	104.1%	145.7%	8.0%	12/31/16
2010	PIMCO Distressed Credit Fund ⁴	\$2,240,492	\$20,000,000	\$20,000,000	100%	\$0	\$25,623,865	\$2,240,492	128.1%	139.3%	12.3%	12/31/16
2016	TPG Diversified Credit Program	\$15,350,517	\$75,000,000	\$15,682,095	21%	\$59,317,905	\$0	-	0.0%	97.9%	-	-
Total Alternative Illiquids		\$37,806,293	\$135,000,000	\$67,732,095	50%	\$67,267,905	\$50,601,710	\$23,254,287	34.3%	109.0%		
% of Portfolio (Market Value)		3.1%										

	Management Fee	Admin Fee	Interest Expense	Other Expense	Total Expense ⁷
HarbourVest Partners IX-Buyout Fund L.P.	\$49,799	\$0	\$0	\$845	\$50,644
KKR Mezzanine Partners I L.P.	\$31,153	\$0	\$0	\$0	\$31,153
PIMCO Distressed Credit Fund ⁴	\$12,589	\$2,518	\$0	\$2,566	\$17,673
TPG Diversified Credit Program	\$35,317	\$20,960	\$3,970	\$7,133	\$67,380
	\$128,858	\$23,478	\$3,970	\$10,544	\$166,850

¹(DPI) is equal to (capital returned / capital called)

²(TVPI) is equal to (market value + capital returned) / capital called

³Last known market value + capital calls - distributions (market values as of 12/31/2016)

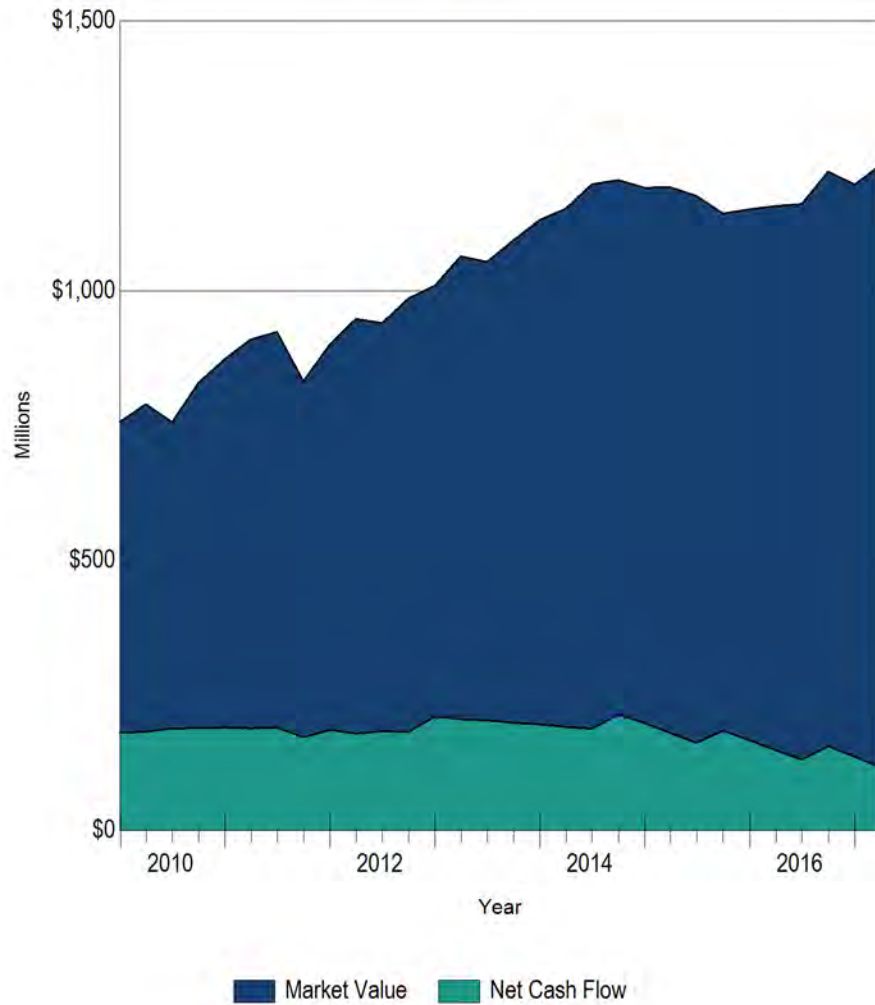
⁴Investment period ended, no further capital to be called.

⁵Net IRR is calculated on the cash flows of the underlying investments of the fund and is net of the underlying fund fees and carried interest

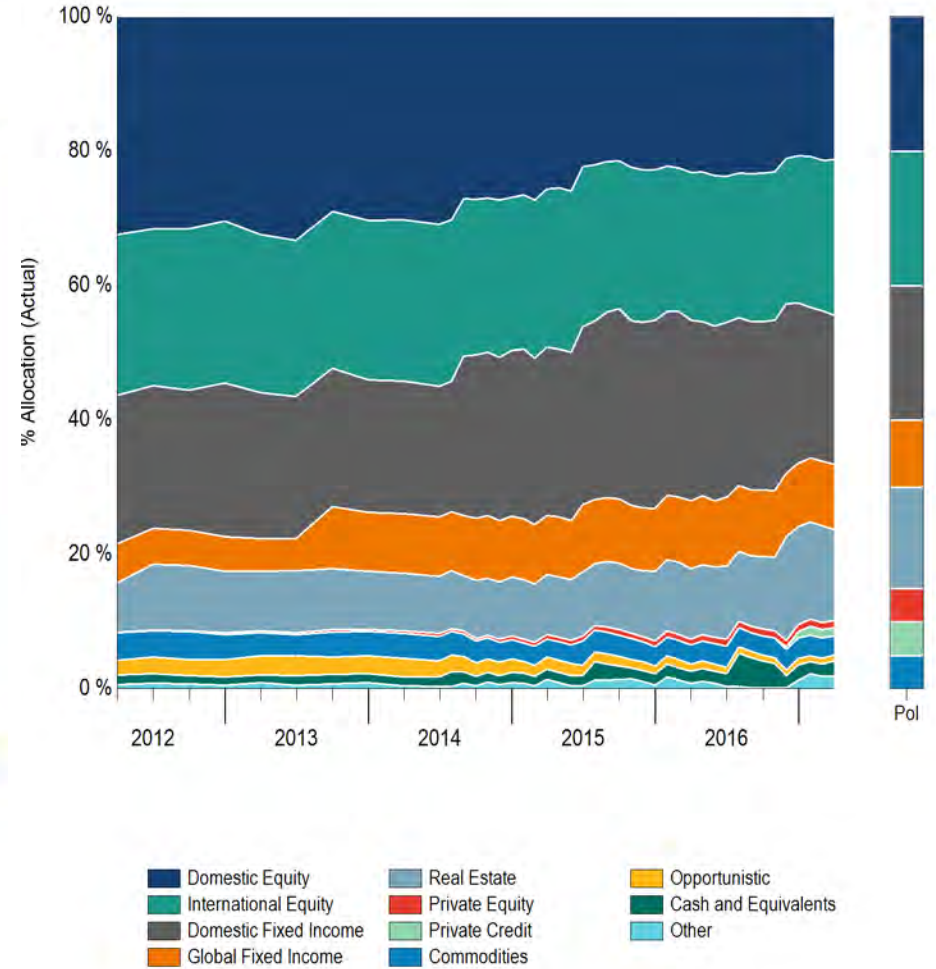
⁶KKR: Total capital called is \$23,437,136, which includes recycled distributions. Unused capital commitment is \$2,109,437 after including distribution proceeds available for reinvestment

⁷All fees and expenses are for 4Q 2016

Market Value History



Asset Allocation History



*Other balance represents Clifton Group

Total Fund
Asset Allocation vs. Policy

Period Ending: March 31, 2017



	Current Balance	Current Allocation	Policy	Difference	Policy Range	Within IPS Range?
Domestic Equity	\$263,117,934	21.3%	20.0%	\$16,533,884	15.0% - 30.0%	Yes
International Equity	\$284,642,848	23.1%	20.0%	\$38,058,799	15.0% - 30.0%	Yes
Domestic Fixed Income	\$273,808,826	22.2%	20.0%	\$27,224,776	10.0% - 30.0%	Yes
Global Fixed Income	\$120,120,242	9.7%	10.0%	-\$3,171,782	0.0% - 20.0%	Yes
Real Estate	\$166,884,581	13.5%	15.0%	-\$18,053,456	5.0% - 20.0%	Yes
Private Equity	\$11,896,312	1.0%	5.0%	-\$49,749,700	0.0% - 10.0%	Yes
Private Credit	\$15,350,517	1.2%	5.0%	-\$46,295,495	0.0% - 10.0%	Yes
Commodities	\$36,148,030	2.9%	5.0%	-\$25,497,983	0.0% - 10.0%	Yes
Opportunistic	\$10,559,464	0.9%	0.0%	\$10,559,464	0.0% - 10.0%	Yes
Cash and Equivalents	\$27,488,573	2.2%	0.0%	\$27,488,573	0.0% - 5.0%	Yes
Other	\$22,902,920	1.9%	--	\$22,902,920	--	No
Total	\$1,232,920,247	100.0%	100.0%			

*Other balance represents Clifton Group

Total Fund Investment Fund Fee Analysis

Period Ending: March 31, 2017

Account	Fee Schedule	Market Value As of 3/31/2017	% of Portfolio	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
ARA American Strategic Value Realty	1.25% of First \$10.0 Mil, 1.20% of Next \$15.0 Mil, 1.10% of Next \$25.0 Mil, 1.00% Thereafter	\$11,149,843	0.9%	\$138,798	1.24%
Atlanta Capital Mgmt	0.80% of First \$50.0 Mil, 0.70% of Next \$100.0 Mil, 0.60% Thereafter	\$51,976,755	4.2%	\$413,837	0.80%
BlackRock Core Bond	0.28% of First \$100.0 Mil, 0.26% Thereafter	\$93,836,698	7.6%	\$262,743	0.28%
Boston Partners Large Cap Value	No Fee	\$72,241,606	5.9%	--	--
Brandywine Global Fixed Income	0.45% of First \$50.0 Mil, 0.40% of Next \$50.0 Mil, 0.35% Thereafter	\$60,539,192	4.9%	\$267,157	0.44%
Cash Account	No Fee	\$27,488,573	2.2%	--	--
Direct Real Estate	No Fee	\$11,499,343	0.9%	--	--
Dodge & Cox Income Fund	0.43% of Assets	\$94,322,682	7.7%	\$405,588	0.43%
Dodge & Cox Intl Stock	0.64% of Assets	\$151,665,516	12.3%	\$970,659	0.64%
Fidelity Real Estate Growth III	1.40% of Assets	\$579,963	0.0%	\$8,119	1.40%
Gresham MTAP Commodity Builder	0.75% of First \$50.0 Mil, 0.50% Thereafter	\$36,148,030	2.9%	\$271,110	0.75%
Harbourvest Partners IX Buyout Fund L.P.	\$200,000 Annually	\$11,896,312	1.0%	\$200,000	1.68%
JP Morgan Core Real Estate	1.00% of Assets	\$143,655,432	11.7%	\$1,436,554	1.00%
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	\$300,000 Annually	\$8,318,972	0.7%	\$300,000	3.61%
Loomis Sayles Large Cap Growth	0.45% of First \$100.0 Mil, 0.40% Thereafter	\$76,234,447	6.2%	\$343,055	0.45%
Pacific Asset Corporate Loan	0.37% of Assets	\$66,627,611	5.4%	\$246,522	0.37%
PIMCO Distressed Credit Fund	\$150,000 Annually	\$2,240,492	0.2%	\$150,000	6.69%
PIMCO RAE Fundamental PLUS Instl	0.40% of Assets	\$51,798,649	4.2%	\$207,195	0.40%
SSGA S&P 500 Flag.	0.04% of First \$100.0 Mil, 0.03% Thereafter	\$10,866,477	0.9%	\$4,347	0.04%
SSGA TIPS	0.05% of First \$100.0 Mil, 0.04% Thereafter	\$18,966,185	1.5%	\$10,242	0.05%
Stone Harbor Local Markets Ins	0.89% of Assets	\$59,581,050	4.8%	\$530,271	0.89%
The Clifton Group	\$50,000 Annually	\$22,902,920	1.9%	\$50,000	0.22%
TPG Diversified Credit Program	Please see footnote	\$15,350,517	1.2%	--	--
WCM International Growth	0.70% of Assets	\$132,960,647	10.8%	\$930,725	0.70%
Investment Management Fee		\$1,232,847,912	100.0%	\$7,146,922	0.58%

*HarbourVest, KKR and PIMCO Distressed Credit fees are estimated gross management fees only and do not include incentive allocations or offsetting cash flows received by the fund.

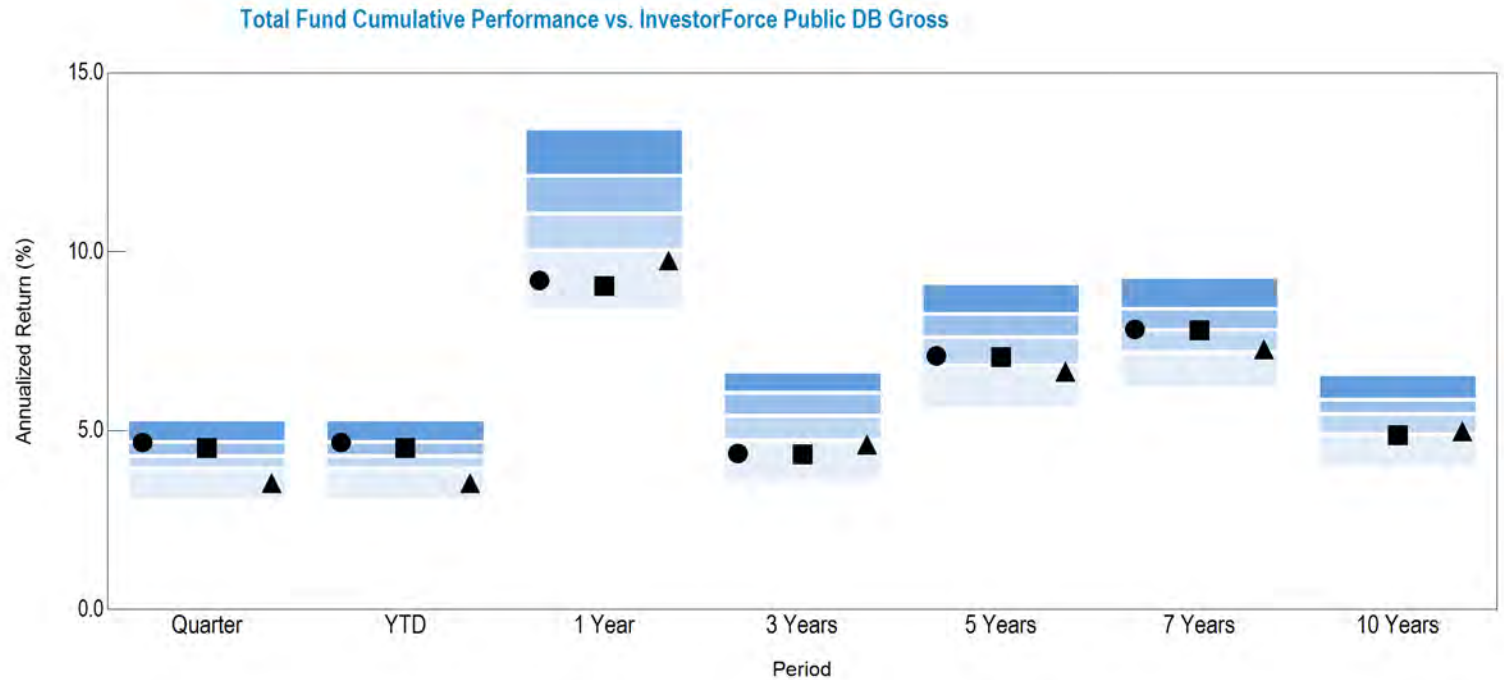
*Clifton Group fee schedule represents contractual minimum fee. Actual fee charged is \$1,500 per month through at least 6/30/2015.

*TPG: No management fee at SMA level. Subject to the annual fees of each of the underlying TSSP funds. (1) TAO 65bps on unfunded commitments and 1.35% on remaining capital contributions (long-term designation) (2) TSLE 1.5% on commitments, 1.25% on remaining capital contributions post commitment period (3) TICP 30bps on remaining capital contributions.

Total Fund

Peer Universe Comparison: Cumulative Performance (Gross of Fees)

Period Ending: March 31, 2017



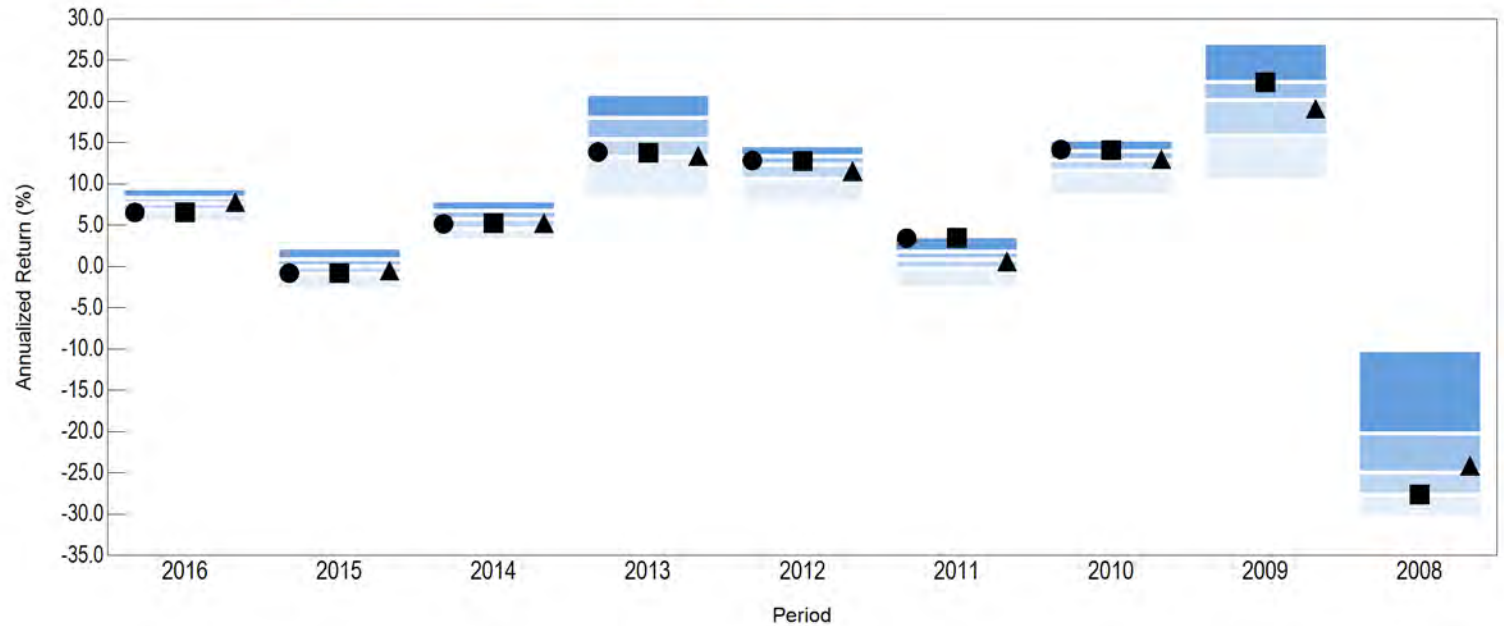
	Quarter		YTD		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	5.3	5.3	13.4	6.6	9.1	9.3	6.6							
25th Percentile	4.7	4.7	12.1	6.1	8.3	8.4	5.9							
Median	4.3	4.3	11.1	5.4	7.6	7.8	5.5							
75th Percentile	4.0	4.0	10.1	4.8	6.8	7.2	4.9							
95th Percentile	3.1	3.1	8.4	3.6	5.6	6.2	4.0							
# of Portfolios	257	257	249	228	210	181	166							
● Total Fund	4.7 (27)	4.7 (27)	9.2 (89)	4.4 (86)	7.1 (67)	7.8 (50)	-- (--)							
■ Total Fund ex Clifton	4.5 (35)	4.5 (35)	9.0 (90)	4.3 (86)	7.1 (68)	7.8 (52)	4.9 (77)							
▲ Policy Index	3.5 (90)	3.5 (90)	9.7 (83)	4.6 (80)	6.6 (81)	7.3 (73)	5.0 (73)							

Total Fund

Peer Universe Comparison: Consecutive Periods (Gross of Fees)

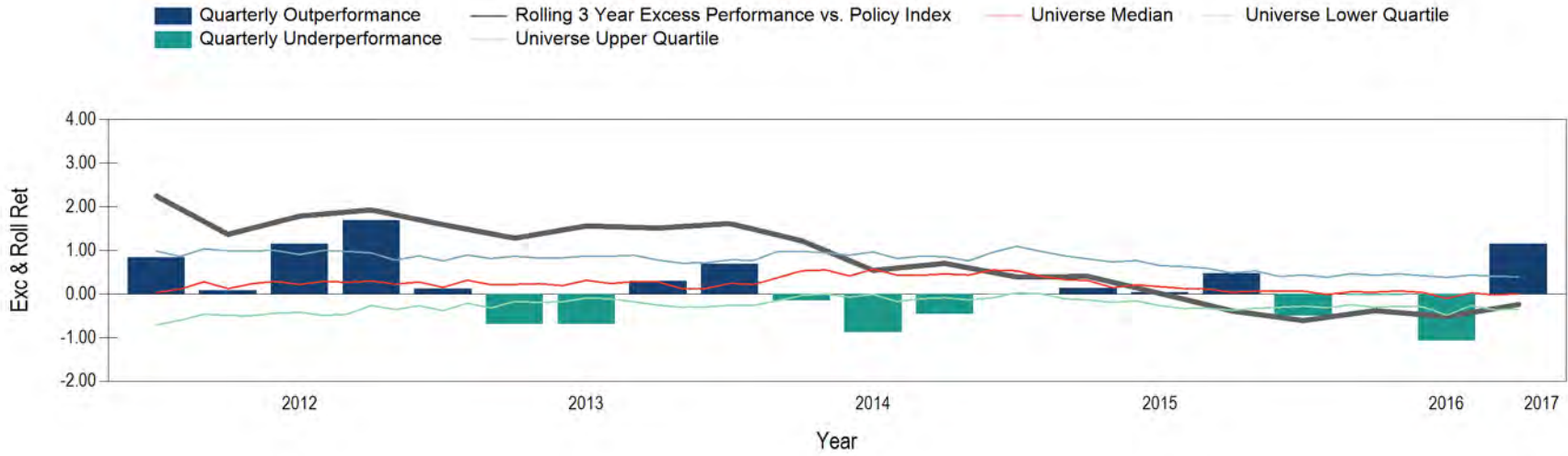
Period Ending: March 31, 2017

Total Fund Consecutive Periods vs. InvestorForce Public DB Gross

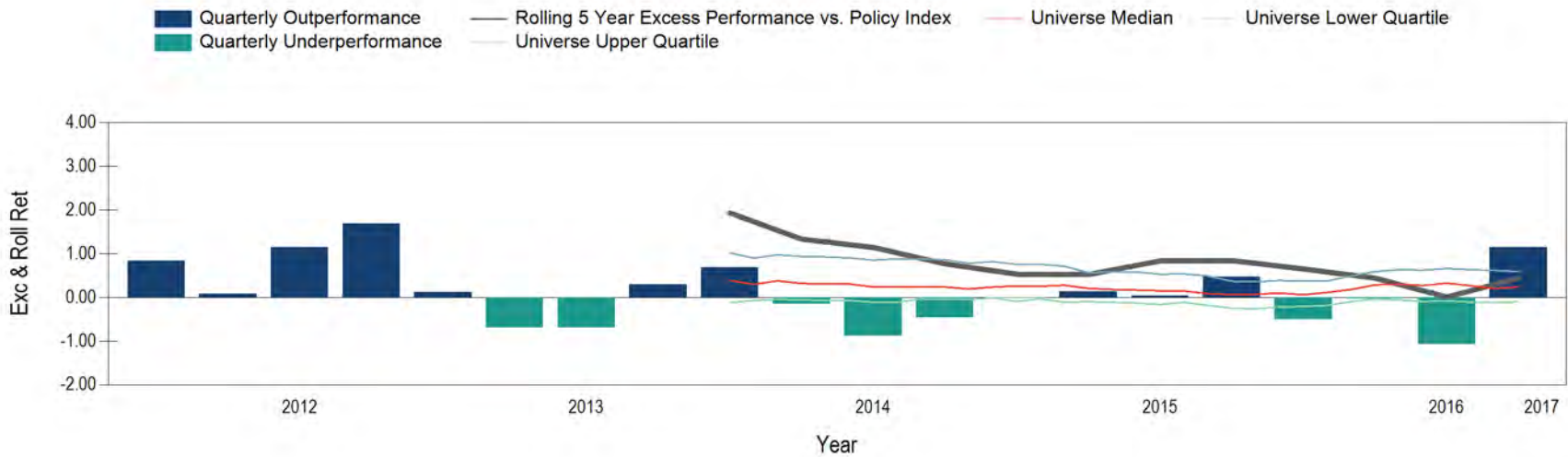


	2016		2015		2014		2013		2012		2011		2010		2009		2008	
5th Percentile	9.4	2.2	8.0	20.8	14.6	3.6	15.4	27.0	-10.1									
25th Percentile	8.4	0.9	6.8	18.0	13.4	1.9	14.0	22.4	-20.1									
Median	7.7	0.1	5.8	15.5	12.4	0.9	12.9	20.2	-24.9									
75th Percentile	6.9	-0.9	4.6	13.3	10.7	-0.3	11.7	15.9	-27.6									
95th Percentile	5.3	-2.6	3.2	8.5	7.8	-2.5	8.6	10.5	-30.3									
# of Portfolios	305	316	248	231	236	206	188	184	181									
● Total Fund	6.6 (84)	-0.8 (74)	5.1 (66)	13.8 (71)	12.8 (40)	3.4 (6)	14.2 (21)	-- (--)	-- (--)									
■ Total Fund ex Clifton	6.6 (83)	-0.8 (75)	5.2 (64)	13.8 (72)	12.7 (43)	3.5 (6)	14.1 (24)	22.3 (27)	-27.6 (76)									
▲ Policy Index	7.8 (49)	-0.5 (67)	5.2 (64)	13.4 (74)	11.6 (69)	0.6 (60)	13.0 (48)	19.1 (57)	-24.1 (44)									

Rolling 3 Year Annualized Excess Performance



Rolling 5 Year Annualized Excess Performance

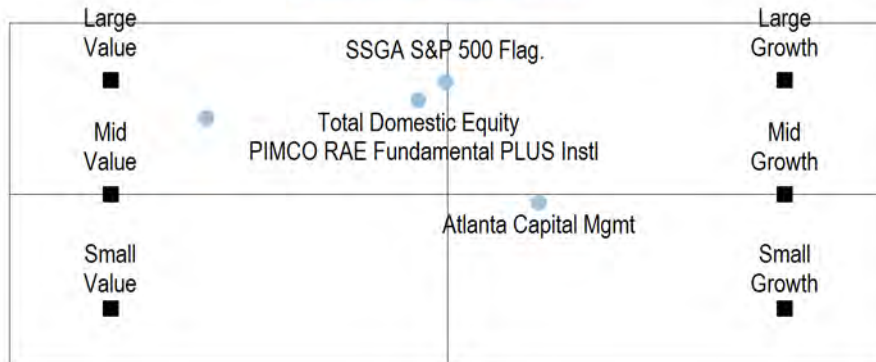


Total Domestic Equity
Asset Class Overview (Gross of Fees)

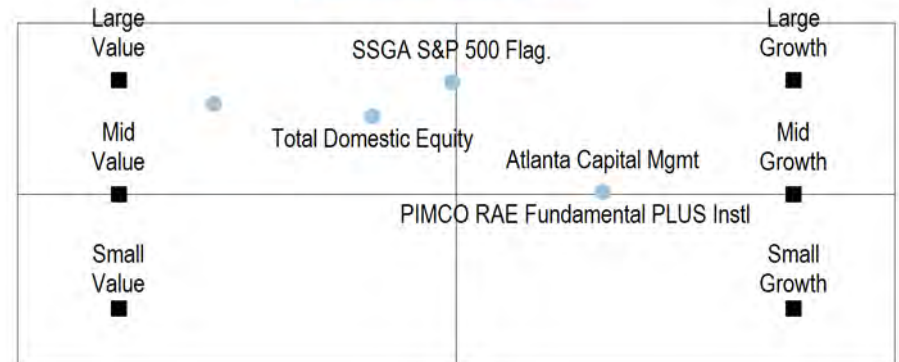
Period Ending: March 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Domestic Equity	263,117,934	6.1	17.2	9.9	13.2	8.5	13.0	1.2	11.0	32.2	12.8
<i>Russell 3000</i>		5.7	18.1	9.8	13.2	7.5	12.7	0.5	12.6	33.6	16.4
<i>eA US Large Cap Core Equity Gross Rank</i>		44	36	40	44	27	20	44	83	60	79
SSGA S&P 500 Flag.	10,866,477	6.1	17.2	10.4	13.4	--	12.0	1.5	13.7	32.4	16.1
<i>S&P 500</i>		6.1	17.2	10.4	13.3	--	12.0	1.4	13.7	32.4	16.0
<i>eA US Large Cap Core Equity Gross Rank</i>		44	36	24	37	--	31	40	42	58	39
PIMCO RAE Fundamental PLUS Instl	51,798,649	3.7	16.1	8.6	13.6	7.6	15.9	-2.7	12.7	36.0	16.8
<i>S&P 500</i>		6.1	17.2	10.4	13.3	7.5	12.0	1.4	13.7	32.4	16.0
<i>eA US Large Cap Core Equity Gross Rank</i>		95	48	68	27	63	6	86	58	22	29
Loomis Sayles Large Cap Growth	76,234,447	8.9	--	--	--	--	--	--	--	--	--
<i>Russell 1000 Growth</i>		8.9	--	--	--	--	--	--	--	--	--
<i>eA US Large Cap Growth Equity Gross Rank</i>		50	--	--	--	--	--	--	--	--	--
Boston Partners Large Cap Value	72,241,606	--	--	--	--	--	--	--	--	--	--
<i>Russell 1000 Value</i>		--	--	--	--	--	--	--	--	--	--
<i>eA US Large Cap Value Equity Gross Rank</i>		--	--	--	--	--	--	--	--	--	--
Atlanta Capital Mgmt	51,976,755	5.5	14.5	12.1	14.7	--	12.6	10.4	5.8	37.8	15.5
<i>Russell 2500</i>		3.8	21.5	7.4	12.6	--	17.6	-2.9	7.1	36.8	17.9
<i>eA US Small-Mid Cap Equity Gross Rank</i>		36	89	3	15	--	62	1	56	52	55

U.S. Effective Style Map
3 Years Ending March 31, 2017



U.S. Effective Style Map
5 Years Ending March 31, 2017



Total Domestic Equity
Asset Class Overview (Net of Fees)

Period Ending: March 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Domestic Equity	263,117,934	6.0	16.9	9.5	12.7	--	12.7	0.8	10.5	31.6	12.3
<i>Russell 3000</i>		5.7	18.1	9.8	13.2	--	12.7	0.5	12.6	33.6	16.4
SSGA S&P 500 Flag.	10,866,477	6.1	17.2	10.4	13.3	--	12.0	1.4	13.7	32.4	15.9
<i>S&P 500</i>		6.1	17.2	10.4	13.3	--	12.0	1.4	13.7	32.4	16.0
PIMCO RAE Fundamental PLUS Instl	51,798,649	3.5	15.6	8.1	13.2	7.2	15.4	-3.2	12.3	35.6	16.7
<i>S&P 500</i>		6.1	17.2	10.4	13.3	7.5	12.0	1.4	13.7	32.4	16.0
Loomis Sayles Large Cap Growth	76,234,447	8.8	--	--	--	--	--	--	--	--	--
<i>Russell 1000 Growth</i>		8.9	--	--	--	--	--	--	--	--	--
Boston Partners Large Cap Value	72,241,606	--	--	--	--	--	--	--	--	--	--
<i>Russell 1000 Value</i>		--	--	--	--	--	--	--	--	--	--
Atlanta Capital Mgmt	51,976,755	5.3	13.6	11.3	13.9	--	11.7	9.6	5.0	37.0	14.7
<i>Russell 2500</i>		3.8	21.5	7.4	12.6	--	17.6	-2.9	7.1	36.8	17.9

Total Domestic Equity
Asset Class Overview (Net of Fees)

Period Ending: March 31, 2017

Common Holdings Matrix
As of March 31, 2017

	SSGA S&P 500 Flag.		Atlanta Capital Mgmt	
	#	%	#	%
SSGA S&P 500 Flag.	--	--	10	20.06
Atlanta Capital Mgmt	10	0.52	--	--

Correlation Matrix
Last 5 Years

	Total Domestic Equity	SSGA S&P 500 Flag.	PIMCO RAE Fundamental PLUS Instl	Loomis Sayles Large Cap Growth	Boston Partners Large Cap Value	Atlanta Capital Mgmt	Russell 3000
Total Domestic Equity	1.00	--	--	--	--	--	--
SSGA S&P 500 Flag.	0.95	1.00	--	--	--	--	--
PIMCO RAE Fundamental PLUS Instl	0.95	0.95	1.00	--	--	--	--
Loomis Sayles Large Cap Growth	--	--	--	--	--	--	--
Boston Partners Large Cap Value	--	--	--	--	--	--	--
Atlanta Capital Mgmt	0.88	0.84	0.83	--	--	1.00	--
Russell 3000	0.96	0.99	0.96	--	--	0.87	1.00

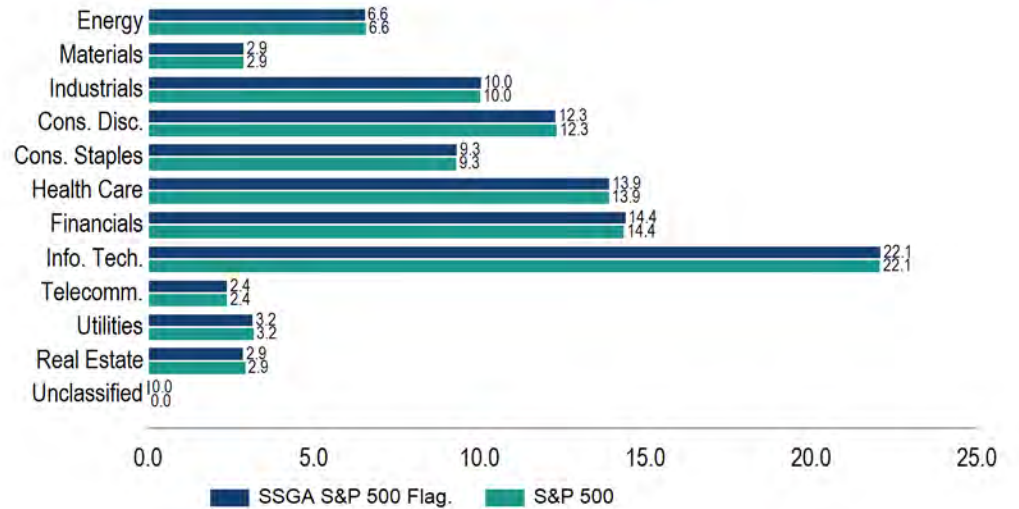
SSGA S&P 500 Flag.
 Manager Portfolio Overview

Period Ending: March 31, 2017

Characteristics

	Portfolio	S&P 500
Number of Holdings	508	505
Weighted Avg. Market Cap. (\$B)	151.71	151.40
Median Market Cap. (\$B)	19.87	19.87
Price To Earnings	24.59	23.73
Price To Book	4.89	4.42
Price To Sales	3.58	3.31
Return on Equity (%)	21.02	18.81
Yield (%)	2.02	2.02
Beta	1.00	1.00

Sector Allocation (%) vs S&P 500



*Unclassified includes Cash

Top Holdings
 Ending Period Weight

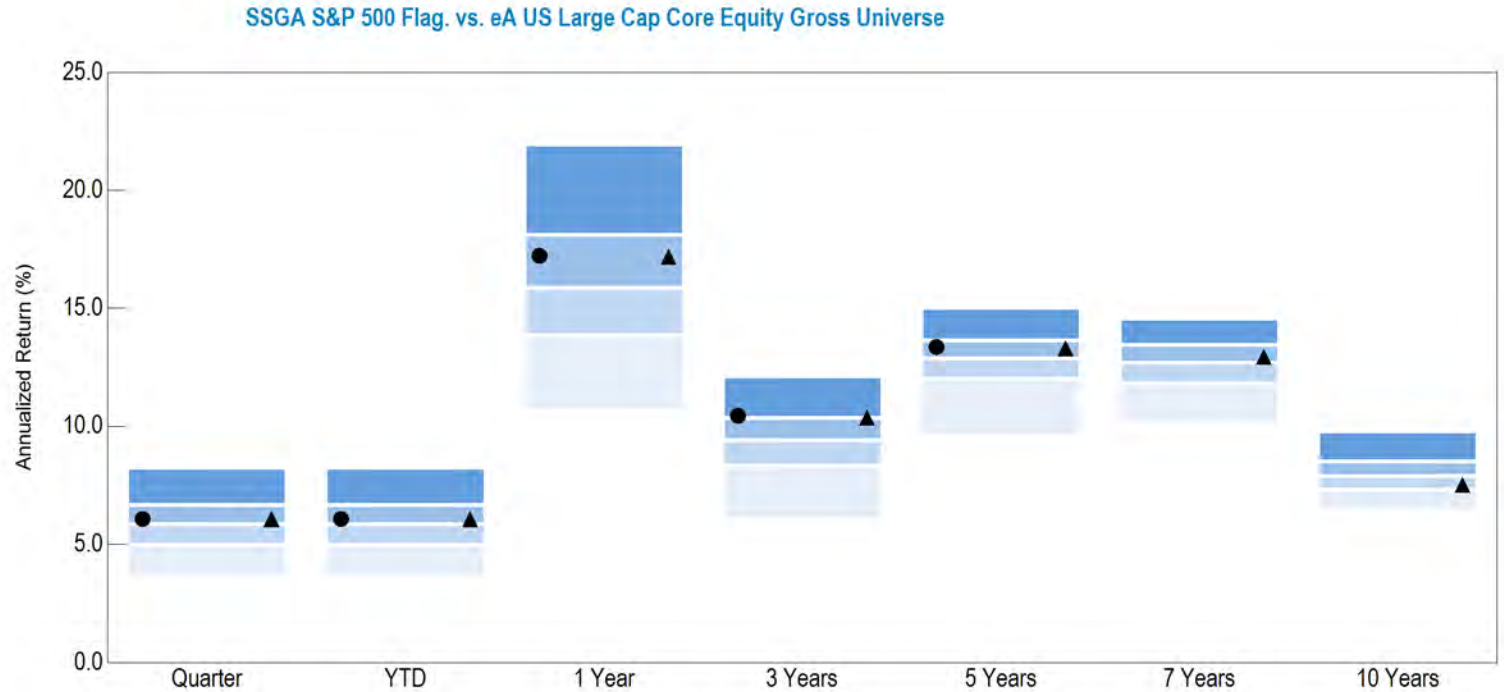
APPLE	3.73%
MICROSOFT	2.51%
AMAZON.COM	1.73%
EXXON MOBIL	1.68%
JOHNSON & JOHNSON	1.67%
FACEBOOK CLASS A	1.65%
BERKSHIRE HATHAWAY 'B'	1.56%
JP MORGAN CHASE & CO.	1.55%
GENERAL ELECTRIC	1.29%
AT&T	1.26%
Total	18.63%

Top Contributors

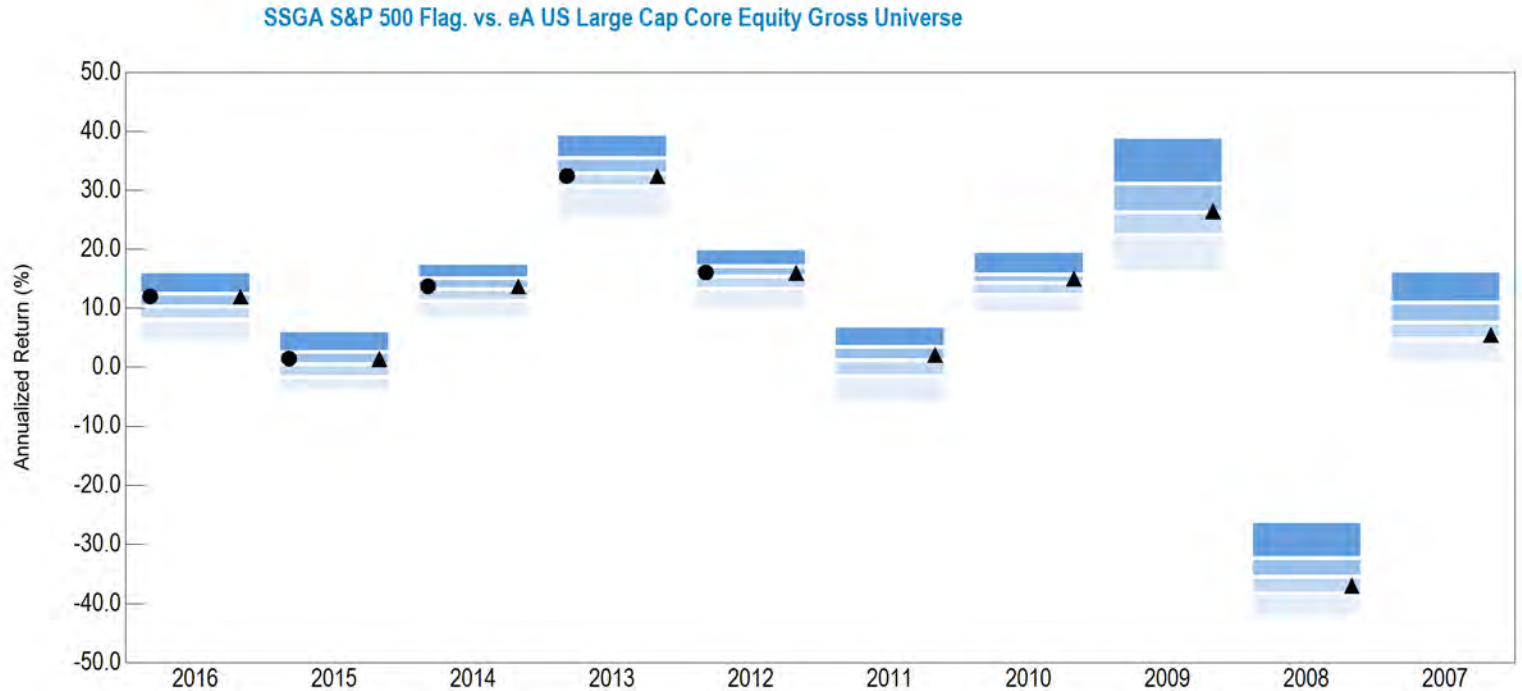
	Avg Wgt	Return	Contribution
APPLE	3.22	24.57	0.79
FACEBOOK CLASS A	1.40	23.47	0.33
AMAZON.COM	1.54	18.23	0.28
PHILIP MORRIS INTL.	0.73	24.53	0.18
MICROSOFT	2.52	6.63	0.17
JOHNSON & JOHNSON	1.63	8.81	0.14
VISA 'A'	0.77	14.12	0.11
CISCO SYSTEMS	0.79	12.81	0.10
ORACLE	0.61	16.47	0.10
PROCTER & GAMBLE	1.17	7.70	0.09

Bottom Contributors

	Avg Wgt	Return	Contribution
EXXON MOBIL	1.95	-8.30	-0.16
CHEVRON	1.15	-7.90	-0.09
VERIZON COMMUNICATIONS	1.13	-7.68	-0.09
GENERAL ELECTRIC	1.46	-4.94	-0.07
QUALCOMM	0.50	-11.23	-0.06
TARGET	0.21	-22.88	-0.05
SCHLUMBERGER	0.60	-6.40	-0.04
BRISTOL MYERS SQUIBB	0.50	-6.33	-0.03
OCCIDENTAL PTL.	0.28	-9.96	-0.03
KROGER	0.17	-14.24	-0.02

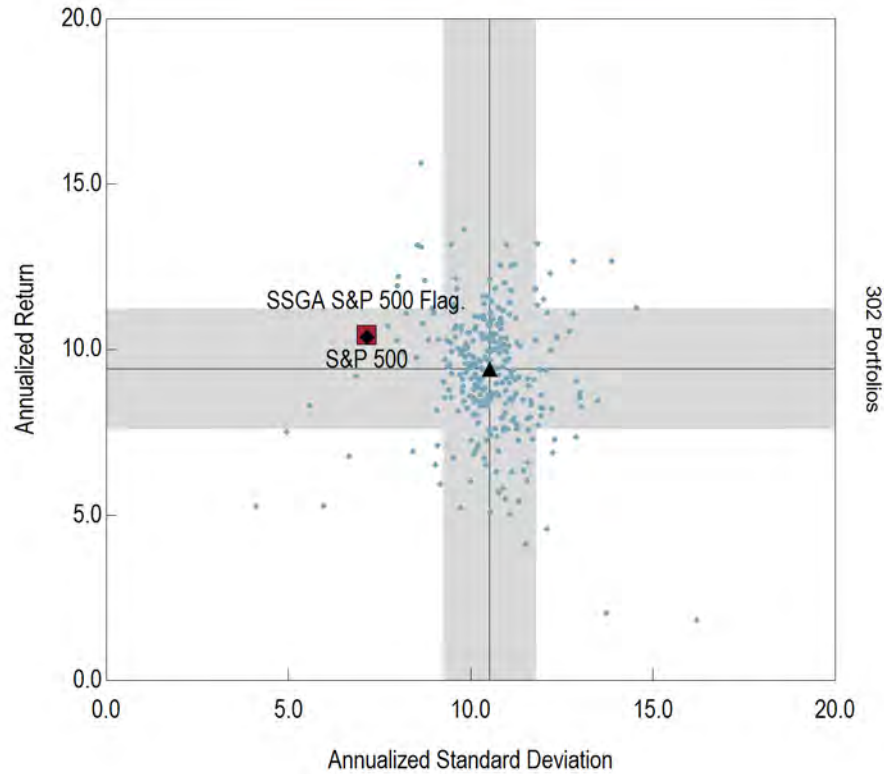


	Quarter		YTD		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	8.2		8.2		21.9		12.1		15.0		14.5		9.8	
25th Percentile	6.7		6.7		18.1		10.4		13.7		13.5		8.5	
Median	5.9		5.9		15.9		9.4		12.9		12.7		7.9	
75th Percentile	5.0		5.0		13.9		8.3		12.0		11.8		7.3	
95th Percentile	3.6		3.6		10.7		6.1		9.6		10.2		6.4	
# of Portfolios	309		309		309		302		279		253		228	
● SSGA S&P 500 Flag.	6.1	(44)	6.1	(44)	17.2	(36)	10.4	(24)	13.4	(37)	--	(--)	--	(--)
▲ S&P 500	6.1	(44)	6.1	(44)	17.2	(36)	10.4	(26)	13.3	(38)	12.9	(46)	7.5	(67)



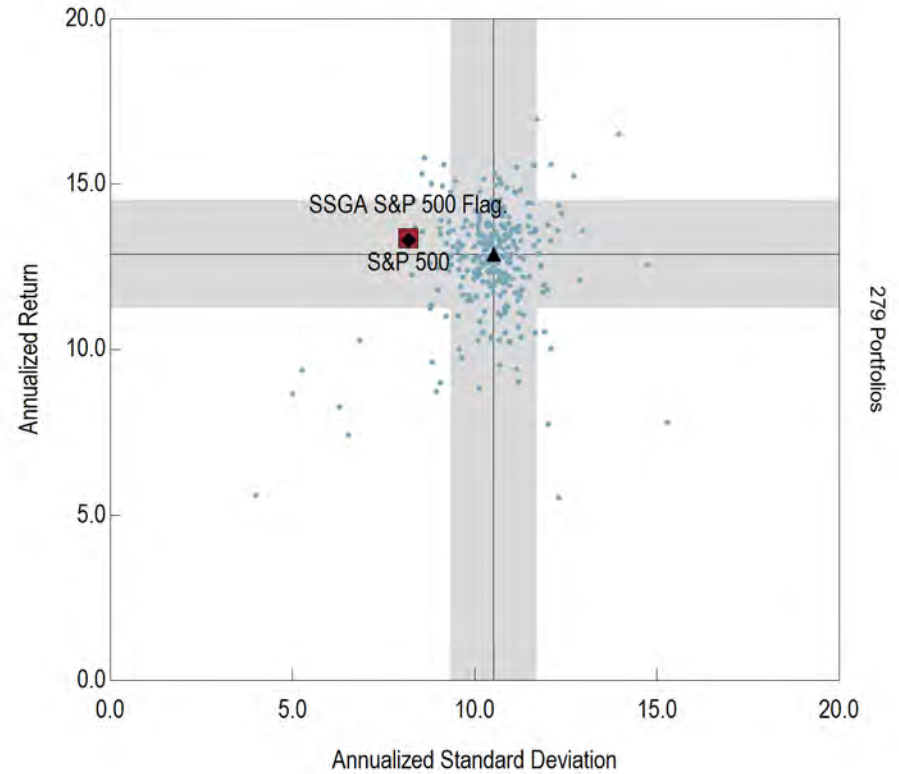
	Return (Rank)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
5th Percentile	16.3	6.3	17.7	39.6	20.1	7.0	19.7	39.1	-26.1	16.3
25th Percentile	12.5	2.7	15.1	35.5	17.2	3.6	15.8	31.2	-32.3	11.1
Median	10.4	0.6	13.3	32.9	15.4	1.3	14.4	26.3	-35.4	7.7
75th Percentile	8.2	-1.6	11.4	30.8	13.4	-1.5	12.3	22.6	-38.1	4.9
95th Percentile	4.3	-4.1	8.2	25.4	9.8	-5.9	9.1	16.1	-42.3	0.7
# of Portfolios	308	267	267	261	254	259	254	280	312	320
● SSGA S&P 500 Flag.	12.0 (31)	1.5 (40)	13.7 (42)	32.4 (58)	16.1 (39)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
▲ S&P 500	12.0 (31)	1.4 (42)	13.7 (42)	32.4 (58)	16.0 (41)	2.1 (40)	15.1 (37)	26.5 (48)	-37.0 (62)	5.5 (71)

Annualized Return vs. Annualized Standard Deviation
 3 Years Ending March 31, 2017



- SSGA S&P 500 Flag.
- ◆ S&P 500
- ▲ Universe Median
- 68% Confidence Interval
- eA US Large Cap Core Equity Gross

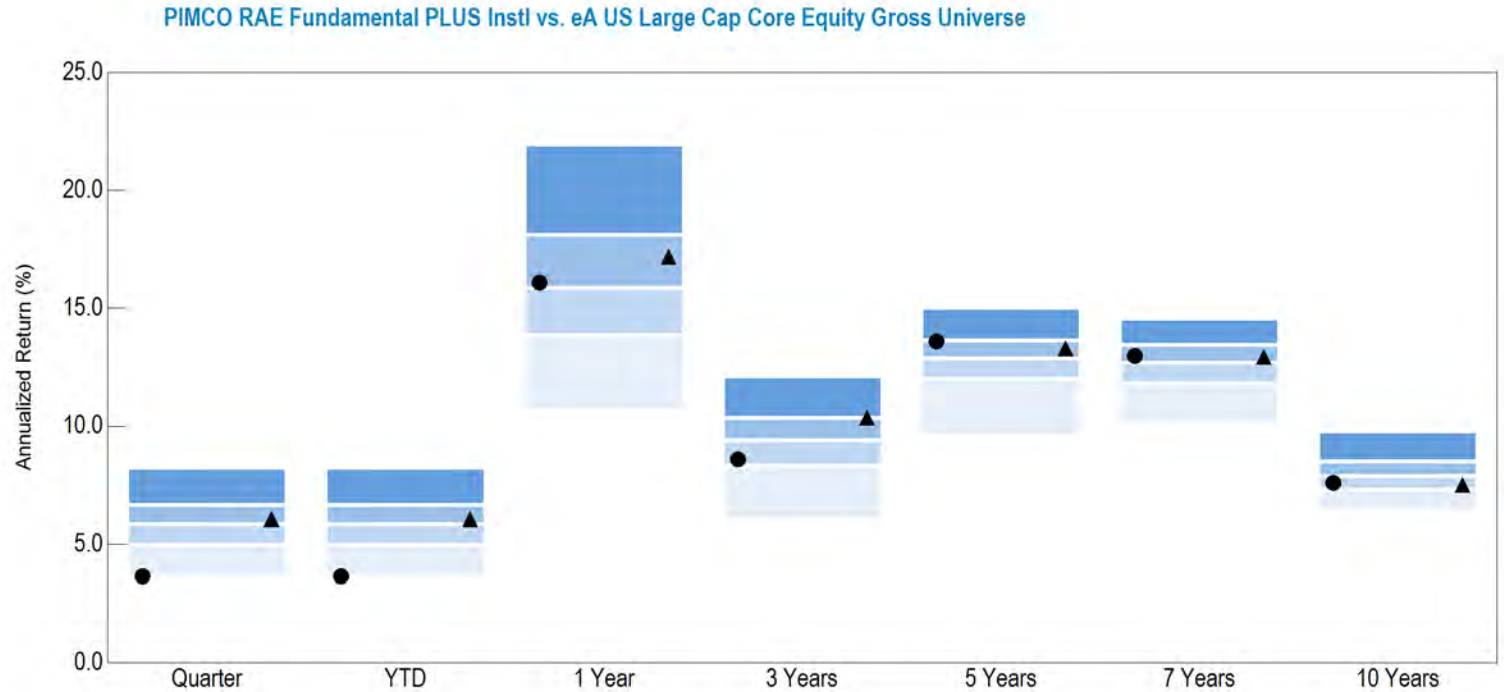
Annualized Return vs. Annualized Standard Deviation
 5 Years Ending March 31, 2017



- SSGA S&P 500 Flag.
- ◆ S&P 500
- ▲ Universe Median
- 68% Confidence Interval
- eA US Large Cap Core Equity Gross

PIMCO RAE Fundamental PLUS Instl
 Cumulative Performance Comparison (Gross of Fees)

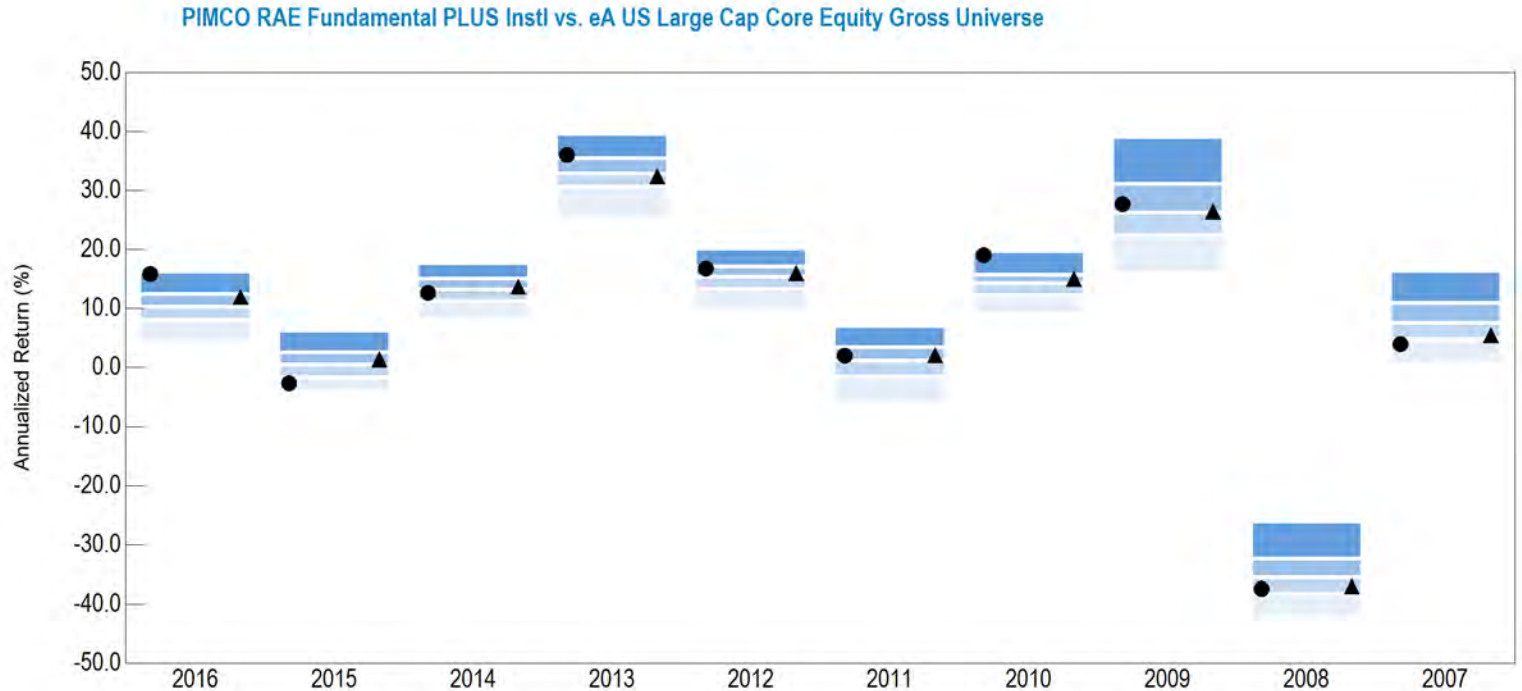
Period Ending: March 31, 2017



	Quarter		YTD		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	8.2		8.2		21.9		12.1		15.0		14.5		9.8	
25th Percentile	6.7		6.7		18.1		10.4		13.7		13.5		8.5	
Median	5.9		5.9		15.9		9.4		12.9		12.7		7.9	
75th Percentile	5.0		5.0		13.9		8.3		12.0		11.8		7.3	
95th Percentile	3.6		3.6		10.7		6.1		9.6		10.2		6.4	
# of Portfolios	309		309		309		302		279		253		228	
● PIMCO RAE Fundamental PLUS Instl	3.7	(95)	3.7	(95)	16.1	(48)	8.6	(68)	13.6	(27)	13.0	(44)	7.6	(63)
▲ S&P 500	6.1	(44)	6.1	(44)	17.2	(36)	10.4	(26)	13.3	(38)	12.9	(46)	7.5	(67)

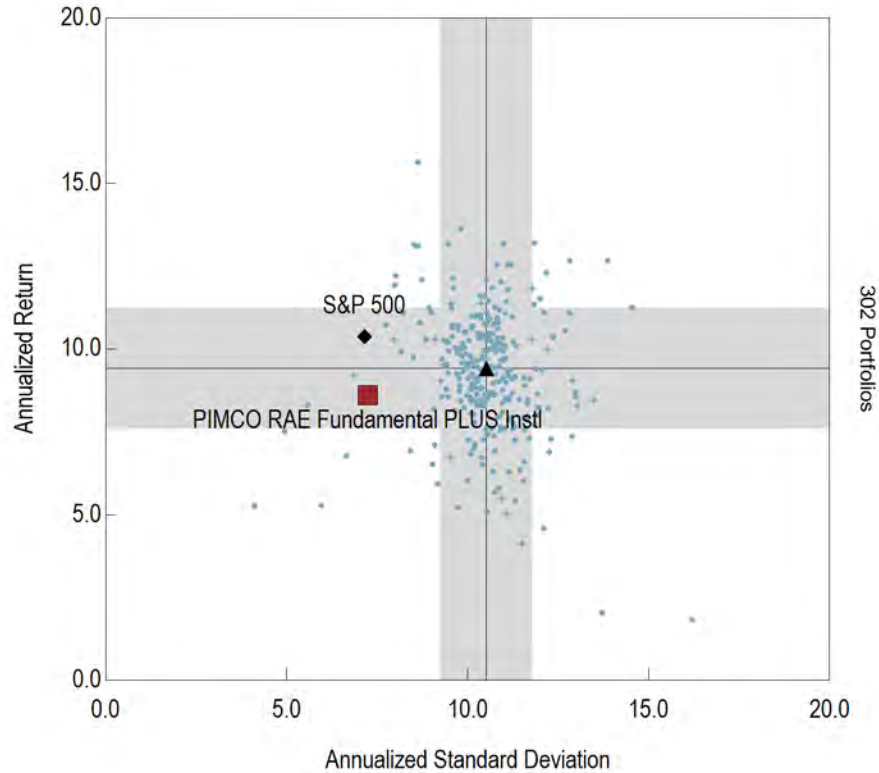
PIMCO RAE Fundamental PLUS Instl
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: March 31, 2017



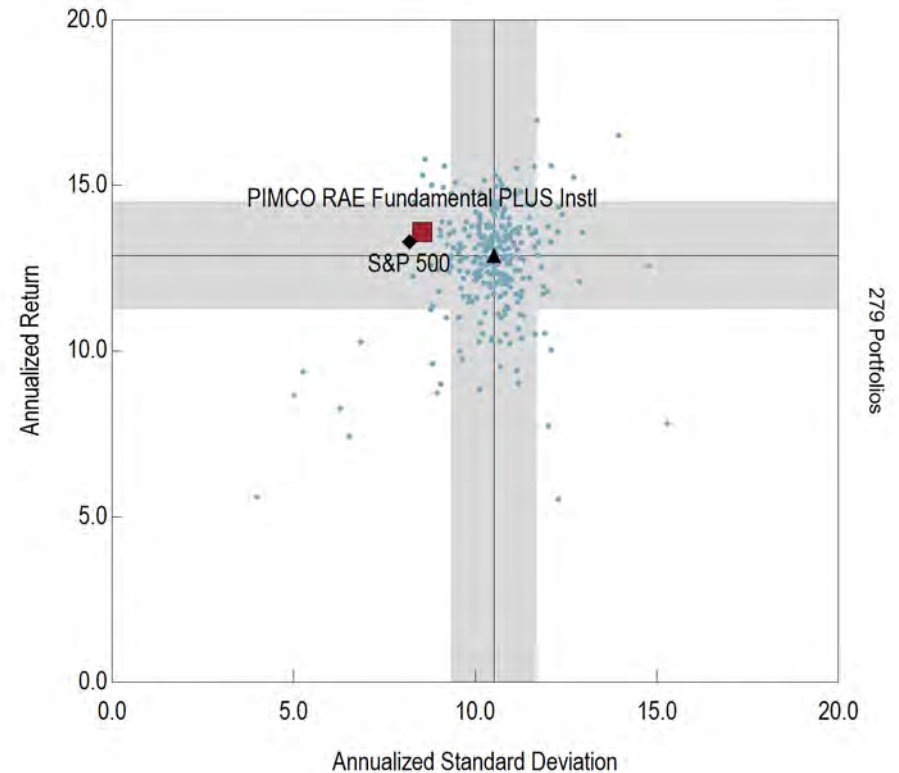
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Return (Rank)										
5th Percentile	16.3	6.3	17.7	39.6	20.1	7.0	19.7	39.1	-26.1	16.3
25th Percentile	12.5	2.7	15.1	35.5	17.2	3.6	15.8	31.2	-32.3	11.1
Median	10.4	0.6	13.3	32.9	15.4	1.3	14.4	26.3	-35.4	7.7
75th Percentile	8.2	-1.6	11.4	30.8	13.4	-1.5	12.3	22.6	-38.1	4.9
95th Percentile	4.3	-4.1	8.2	25.4	9.8	-5.9	9.1	16.1	-42.3	0.7
# of Portfolios	308	267	267	261	254	259	254	280	312	320
● PIMCO RAE Fundamental PLUS Instl	15.9 (6)	-2.7 (86)	12.7 (58)	36.0 (22)	16.8 (29)	2.0 (41)	19.0 (7)	27.7 (42)	-37.4 (68)	4.0 (80)
▲ S&P 500	12.0 (31)	1.4 (42)	13.7 (42)	32.4 (58)	16.0 (41)	2.1 (40)	15.1 (37)	26.5 (48)	-37.0 (62)	5.5 (71)

Annualized Return vs. Annualized Standard Deviation
 3 Years Ending March 31, 2017

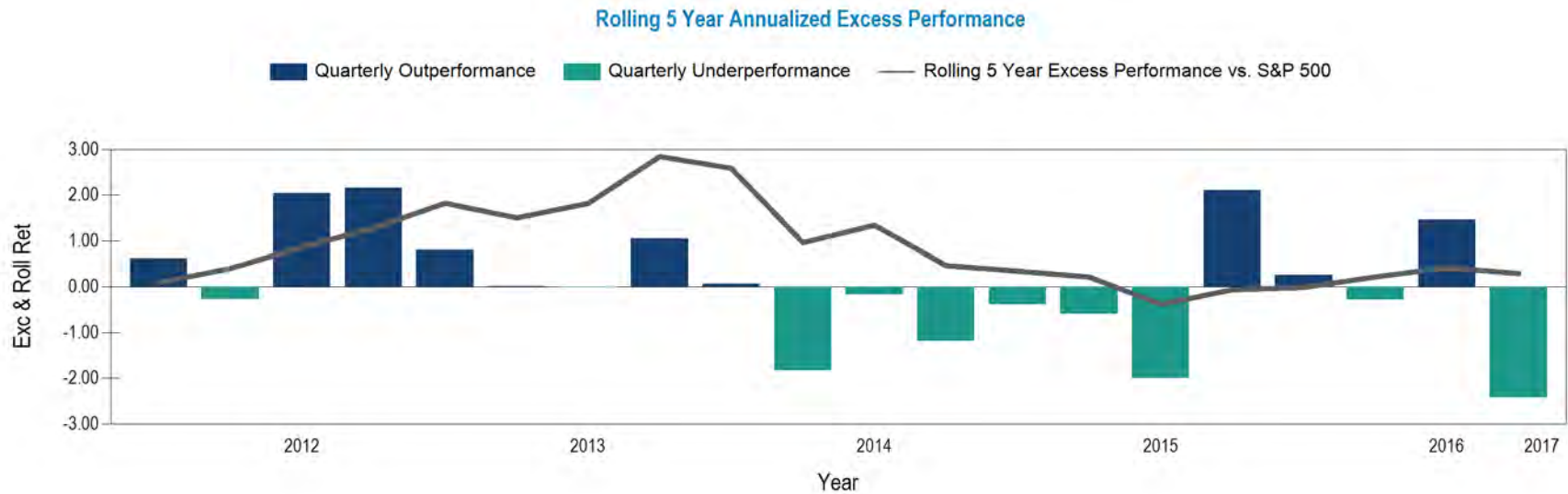
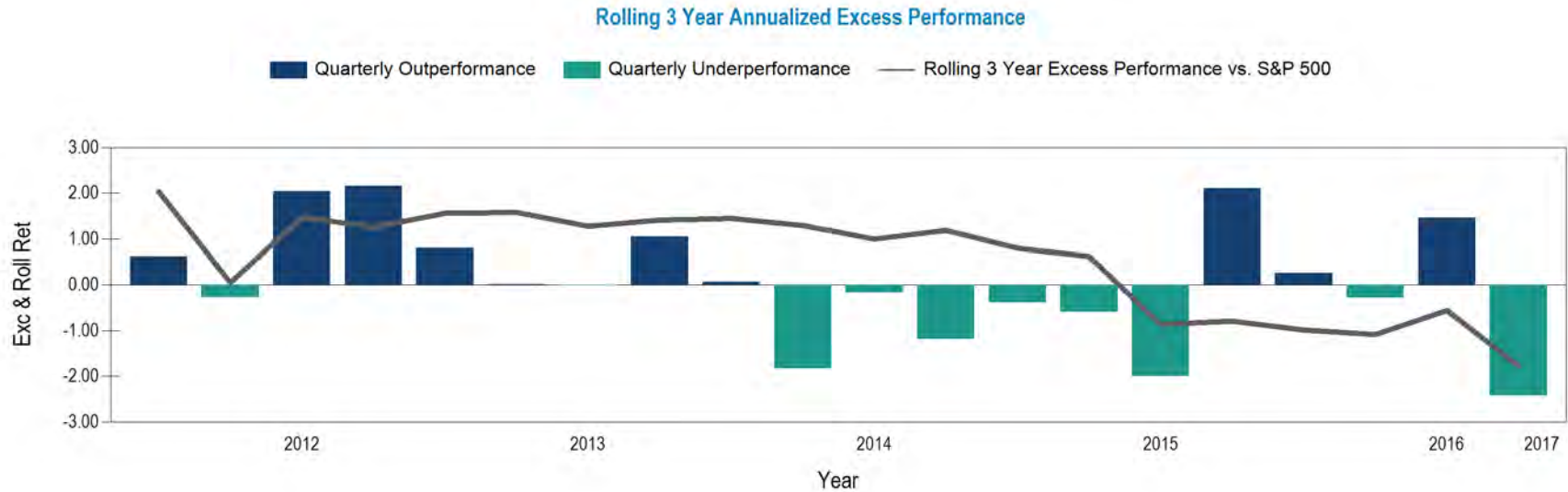


- PIMCO RAE Fundamental PLUS Instl
- ◆ S&P 500
- ▲ Universe Median
- 68% Confidence Interval
- eA US Large Cap Core Equity Gross

Annualized Return vs. Annualized Standard Deviation
 5 Years Ending March 31, 2017



- PIMCO RAE Fundamental PLUS Instl
- ◆ S&P 500
- ▲ Universe Median
- 68% Confidence Interval
- eA US Large Cap Core Equity Gross



Characteristics

	Portfolio	Russell 2500
Number of Holdings	50	2,440
Weighted Avg. Market Cap. (\$B)	7.45	4.58
Median Market Cap. (\$B)	7.03	1.10
Price To Earnings	32.60	24.39
Price To Book	5.61	3.21
Price To Sales	3.56	3.15
Return on Equity (%)	20.61	12.10
Yield (%)	0.76	1.37
Beta	0.67	1.00

Sector Allocation (%) vs Russell 2500



*Unclassified includes Cash

Top Holdings
 Ending Period Weight

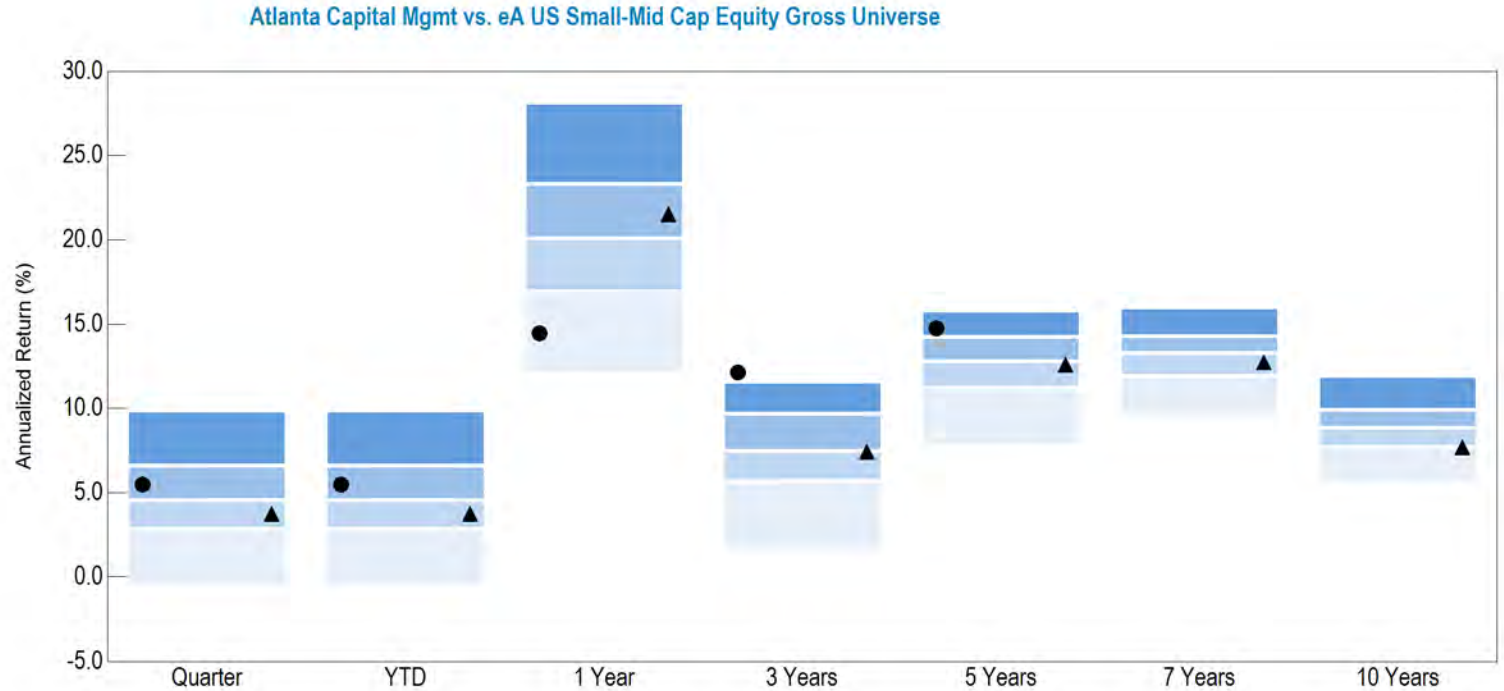
MARKEL	4.54%
TELEFLEX	4.25%
ANSYS	4.05%
SEI INVESTMENTS	3.37%
DENTSPLY INTL.	3.07%
BIO-RAD LABORATORIES 'A'	2.89%
BLACKBAUD	2.75%
MANHATTAN ASSOCS.	2.70%
AFFILIATED MANAGERS	2.68%
HUNT JB TRANSPORT SVS.	2.67%
Total	32.97%

Top Contributors

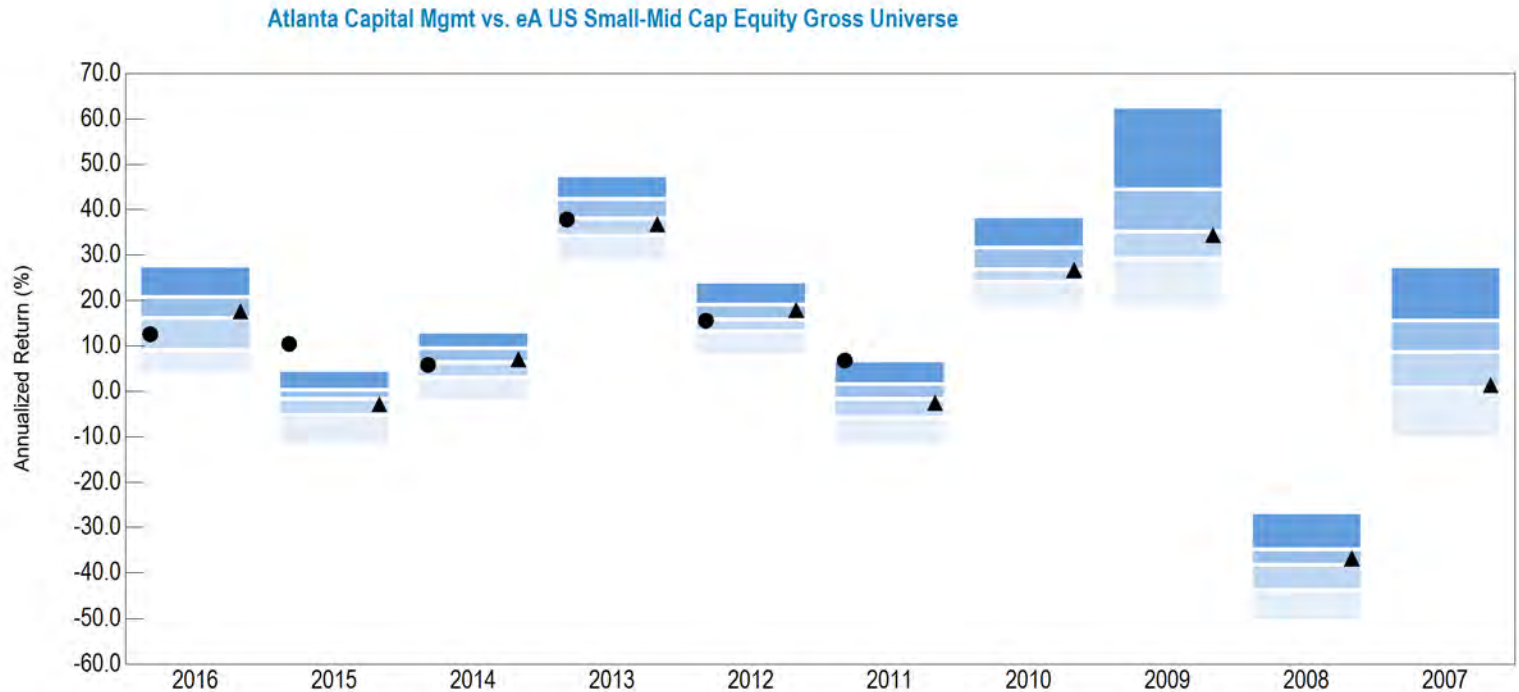
	Avg Wgt	Return	Contribution
IDEXX LABORATORIES	2.63	31.84	0.84
TELEFLEX	3.69	20.43	0.75
ANSYS	3.66	15.55	0.57
BLACKBAUD	2.40	19.99	0.48
TRANSUNION	1.55	23.99	0.37
MARKEL	4.40	7.89	0.35
AFFILIATED MANAGERS	2.48	12.97	0.32
BIO-RAD LABORATORIES 'A'	2.76	9.36	0.26
CDW	2.25	11.08	0.25
DENTSPLY INTL.	2.97	8.31	0.25

Bottom Contributors

	Avg Wgt	Return	Contribution
SALLY BEAUTY HOLDINGS	3.20	-22.63	-0.72
ACUITY BRANDS	2.62	-11.58	-0.30
HUNT JB TRANSPORT SVS.	2.96	-5.27	-0.16
WEX	2.03	-7.26	-0.15
WESTAMERICA BANCORP.	1.23	-10.65	-0.13
CARLISLE COS.	2.54	-3.20	-0.08
UMPQUA HOLDINGS	1.74	-4.66	-0.08
DRIL-QUIP	0.62	-9.16	-0.06
MANHATTAN ASSOCS.	2.88	-1.85	-0.05
ARTISAN PTNS.ASTMGMT.	0.52	-4.28	-0.02

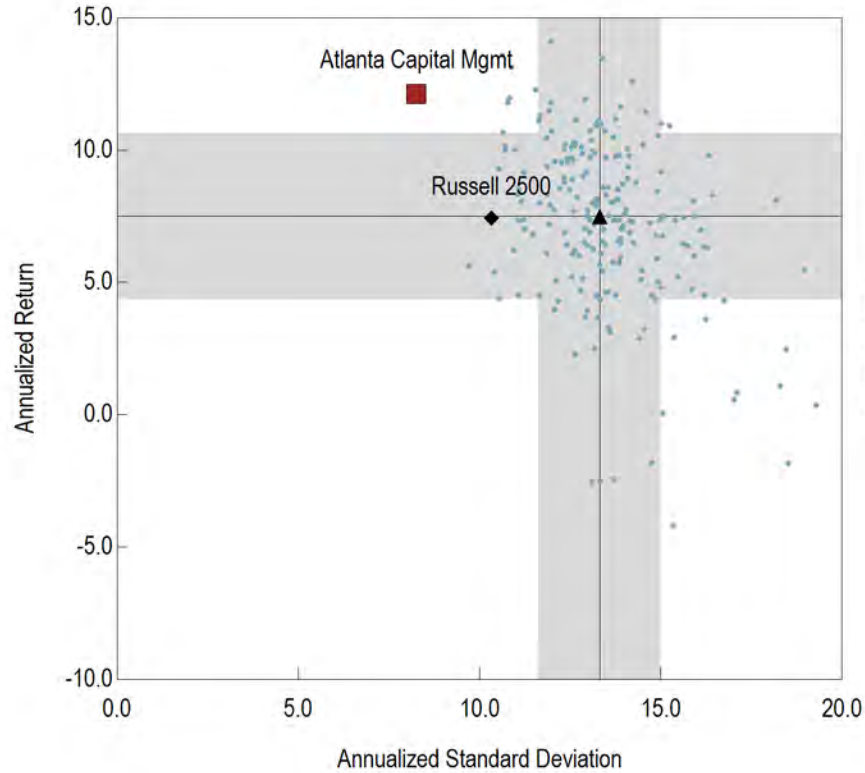


	Quarter		YTD		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	9.9	9.9	28.1	11.6	15.8	16.0	11.9							
25th Percentile	6.6	6.6	23.4	9.7	14.3	14.3	9.9							
Median	4.6	4.6	20.1	7.5	12.8	13.3	8.9							
75th Percentile	2.9	2.9	17.0	5.7	11.3	11.9	7.7							
95th Percentile	-0.5	-0.5	12.1	1.6	7.8	9.5	5.6							
# of Portfolios	221	221	221	209	196	173	143							
● Atlanta Capital Mgmt	5.5 (36)	5.5 (36)	14.5 (89)	12.1 (3)	14.7 (15)	-- (--)	-- (--)							
▲ Russell 2500	3.8 (64)	3.8 (64)	21.5 (37)	7.4 (51)	12.6 (54)	12.7 (63)	7.7 (76)							



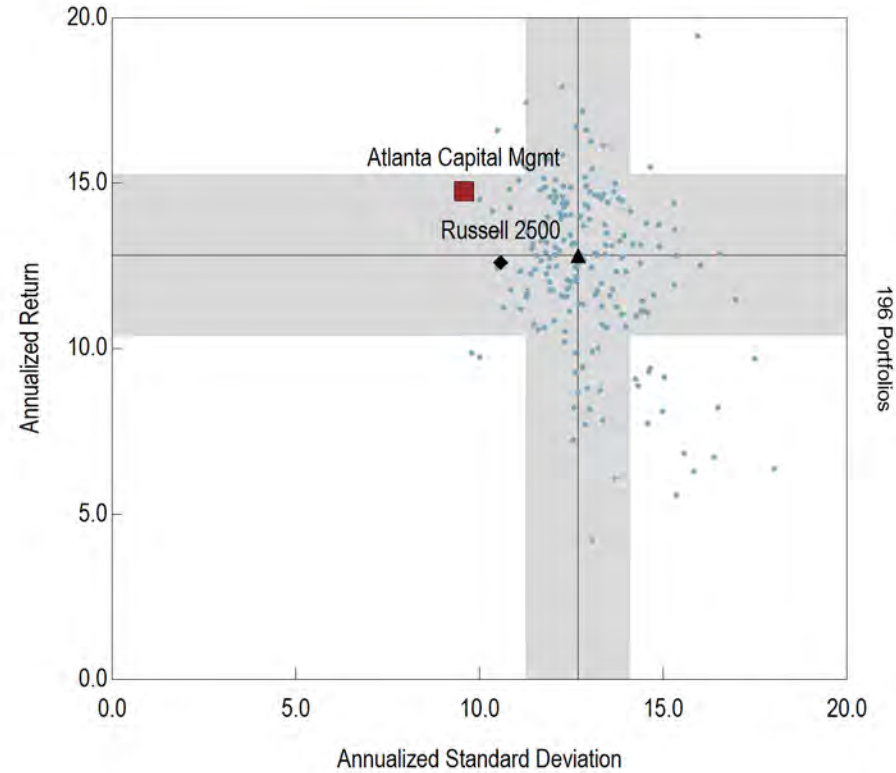
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Return (Rank)										
5th Percentile	27.6	4.6	13.0	47.6	24.1	6.8	38.5	62.6	-26.7	27.5
25th Percentile	20.8	0.4	9.6	42.5	19.2	1.7	31.7	44.6	-34.7	15.7
Median	16.1	-1.5	6.5	38.2	16.0	-1.5	26.9	35.2	-38.1	8.8
75th Percentile	9.2	-5.0	3.1	34.4	13.3	-5.6	24.3	29.4	-43.6	0.9
95th Percentile	3.8	-11.6	-2.3	28.7	7.8	-11.6	18.7	18.7	-50.3	-10.4
# of Portfolios	238	215	210	210	216	211	210	226	243	239
● Atlanta Capital Mgmt	12.6 (62)	10.4 (1)	5.8 (56)	37.8 (52)	15.5 (55)	6.8 (5)	-- (--)	-- (--)	-- (--)	-- (--)
▲ Russell 2500	17.6 (38)	-2.9 (64)	7.1 (46)	36.8 (58)	17.9 (36)	-2.5 (56)	26.7 (52)	34.4 (55)	-36.8 (37)	1.4 (74)

Annualized Return vs. Annualized Standard Deviation
 3 Years Ending March 31, 2017

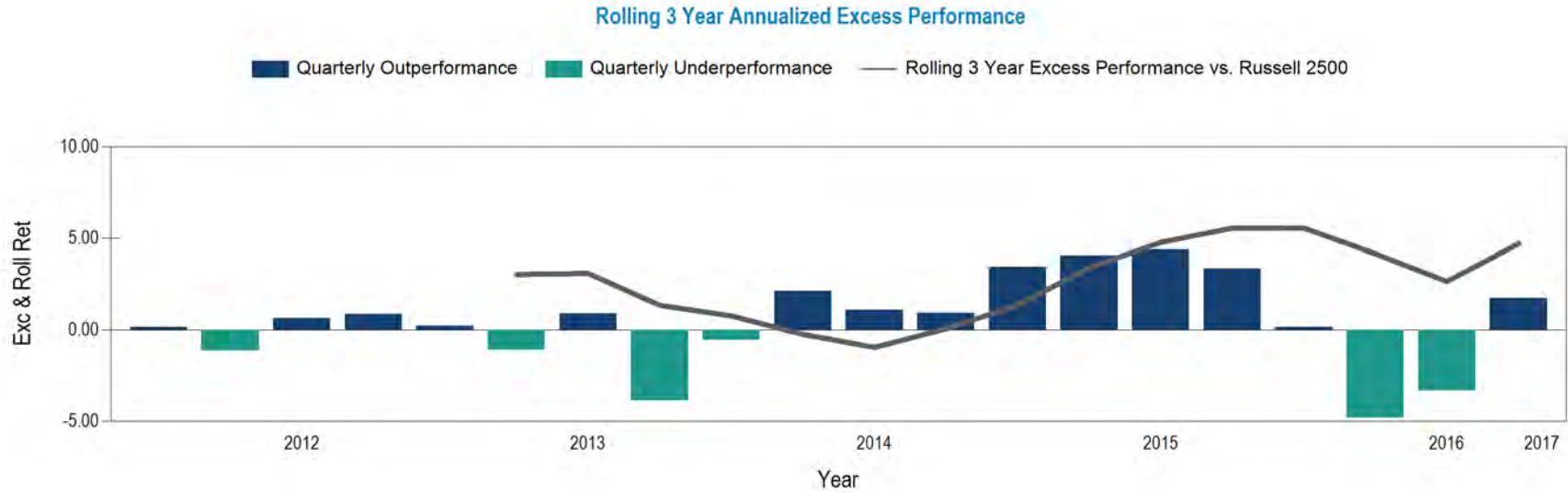


- Atlanta Capital Mgmt
- ◆ Russell 2500
- ▲ Universe Median
- ▭ 68% Confidence Interval
- eA US Small-Mid Cap Equity Gross

Annualized Return vs. Annualized Standard Deviation
 5 Years Ending March 31, 2017



- Atlanta Capital Mgmt
- ◆ Russell 2500
- ▲ Universe Median
- ▭ 68% Confidence Interval
- eA US Small-Mid Cap Equity Gross



Total International Equity
Asset Class Overview (Gross of Fees)

Period Ending: March 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total International Equity	284,642,848	8.7	12.6	1.7	6.9	2.8	2.2	-4.3	2.1	17.9	21.5
MSCI ACWI ex USA Gross		8.0	13.7	1.0	4.8	1.8	5.0	-5.3	-3.4	15.8	17.4
eA EAFE All Cap Equity Gross Rank		17	37	65	63	48	43	90	3	94	37
Dodge & Cox Intl Stock	151,665,516	9.5	23.8	1.4	8.0	--	9.0	-10.8	0.7	27.1	21.8
MSCI EAFE Gross		7.4	12.2	1.0	6.3	--	1.5	-0.4	-4.5	23.3	17.9
eA All EAFE Equity Gross Rank		13	2	67	38	--	3	99	13	32	37
WCM International Growth	132,960,647	--	--	--	--	--	--	--	--	--	--
MSCI ACWI ex USA Gross		--	--	--	--	--	--	--	--	--	--
eA ACWI ex-US All Cap Growth Eq Gross Rank		--	--	--	--	--	--	--	--	--	--

EAFE Effective Style Map
3 Years Ending March 31, 2017



EAFE Effective Style Map
5 Years Ending March 31, 2017



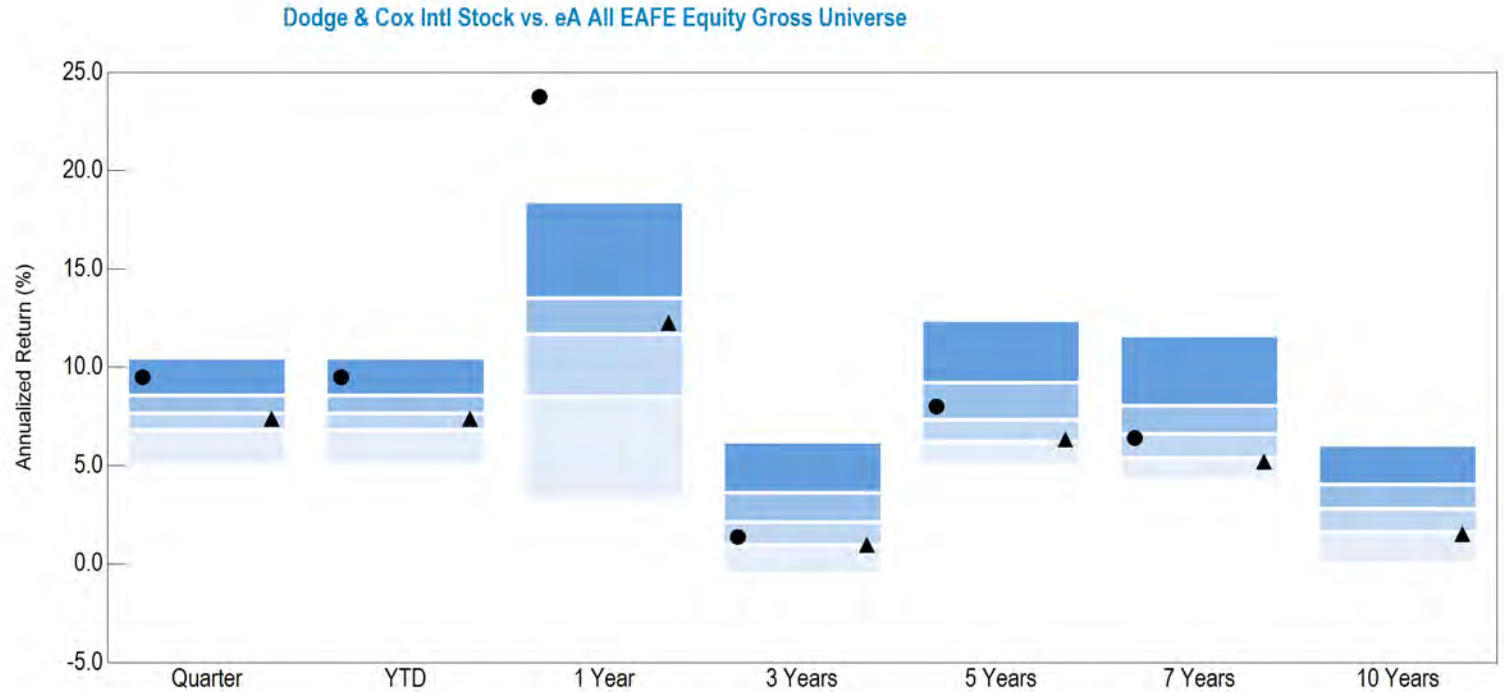
Total International Equity
 Asset Class Overview (Net of Fees)

Period Ending: March 31, 2017

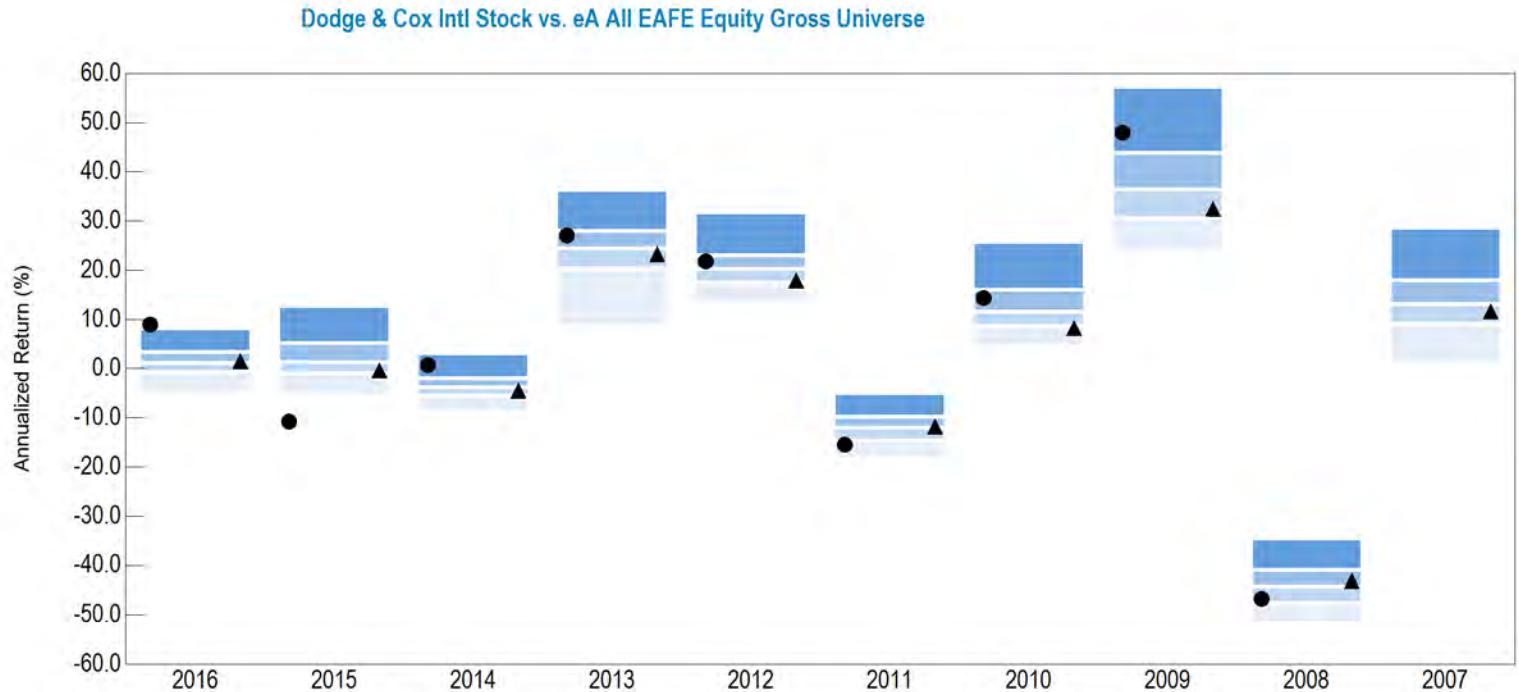
	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total International Equity	284,642,848	8.6	11.9	1.0	6.1	--	1.6	-4.9	1.4	17.0	20.6
<i>MSCI ACWI ex USA Gross</i>		8.0	13.7	1.0	4.8	--	5.0	-5.3	-3.4	15.8	17.4
Dodge & Cox Intl Stock	151,665,516	9.3	23.0	0.7	7.3	--	8.3	-11.4	0.1	26.3	21.0
<i>MSCI EAFE Gross</i>		7.4	12.2	1.0	6.3	--	1.5	-0.4	-4.5	23.3	17.9
WCM International Growth	132,960,647	--	--	--	--	--	--	--	--	--	--
<i>MSCI ACWI ex USA Gross</i>		--	--	--	--	--	--	--	--	--	--

Dodge & Cox Intl Stock
 Cumulative Performance Comparison (Gross of Fees)

Period Ending: March 31, 2017

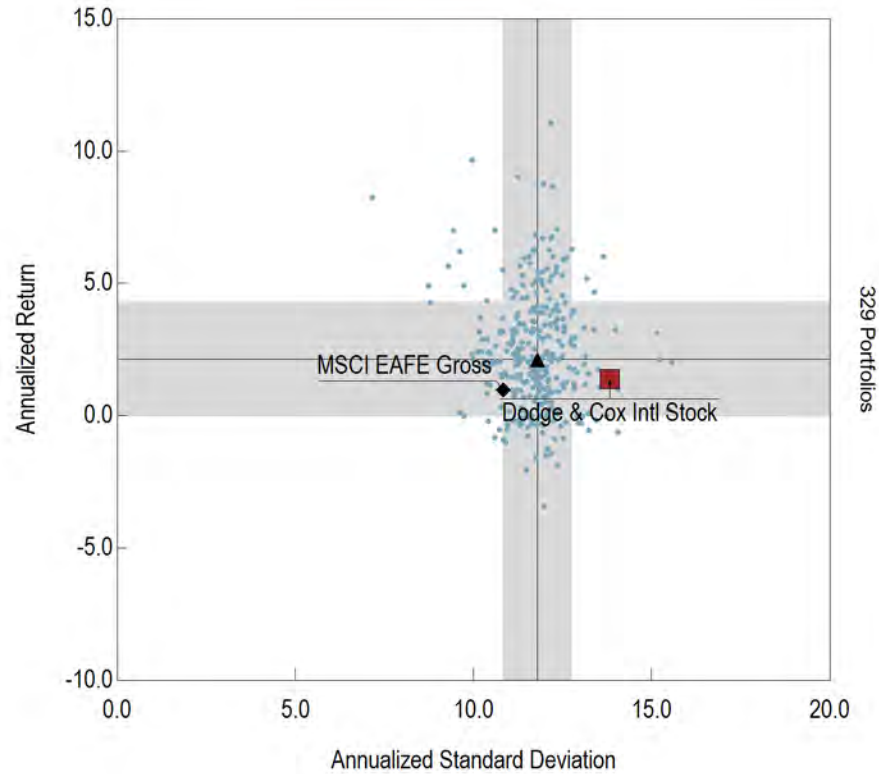


	Return (Rank)													
	Quarter		YTD		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	10.5		10.5		18.4		6.2		12.4		11.6		6.1	
25th Percentile	8.6		8.6		13.5		3.6		9.2		8.1		4.1	
Median	7.7		7.7		11.7		2.1		7.4		6.6		2.8	
75th Percentile	6.8		6.8		8.5		0.9		6.2		5.4		1.6	
95th Percentile	5.0		5.0		3.3		-0.5		5.0		4.3		0.1	
# of Portfolios	353		353		352		329		299		280		229	
● Dodge & Cox Intl Stock	9.5	(13)	9.5	(13)	23.8	(2)	1.4	(67)	8.0	(38)	6.4	(56)	--	(--)
▲ MSCI EAFE Gross	7.4	(61)	7.4	(61)	12.2	(42)	1.0	(75)	6.3	(73)	5.2	(83)	1.5	(79)



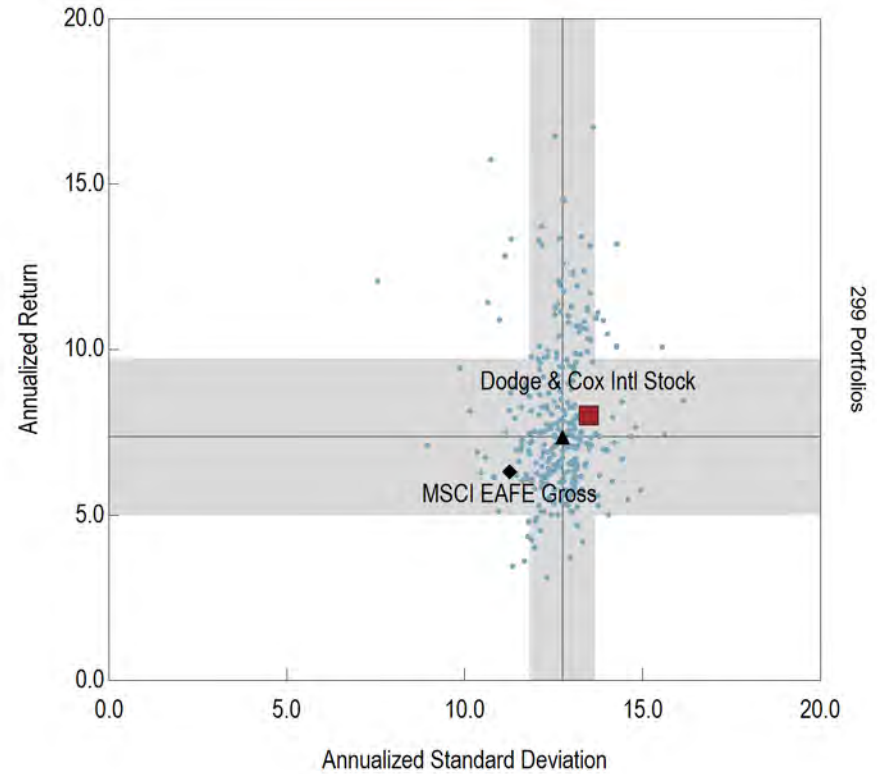
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Return (Rank)										
5th Percentile	8.1	12.6	3.0	36.3	31.7	-5.1	25.7	57.3	-34.5	28.5
25th Percentile	3.4	5.2	-1.9	28.1	23.1	-9.7	16.1	44.0	-40.8	18.0
Median	1.3	1.4	-3.7	24.6	20.4	-12.0	11.7	36.5	-44.1	13.2
75th Percentile	-0.6	-0.9	-5.4	20.5	17.5	-14.5	8.7	30.7	-47.5	9.1
95th Percentile	-4.9	-5.4	-8.6	8.6	13.3	-18.2	4.6	23.7	-51.5	1.2
# of Portfolios	350	325	314	284	263	278	352	455	477	466
● Dodge & Cox Intl Stock	9.0 (3)	-10.8 (99)	0.7 (13)	27.1 (32)	21.8 (37)	-15.5 (82)	14.4 (36)	48.0 (17)	-46.7 (69)	-- (--)
▲ MSCI EAFE Gross	1.5 (47)	-0.4 (66)	-4.5 (60)	23.3 (60)	17.9 (72)	-11.7 (47)	8.2 (78)	32.5 (67)	-43.1 (41)	11.6 (59)

Annualized Return vs. Annualized Standard Deviation
 3 Years Ending March 31, 2017

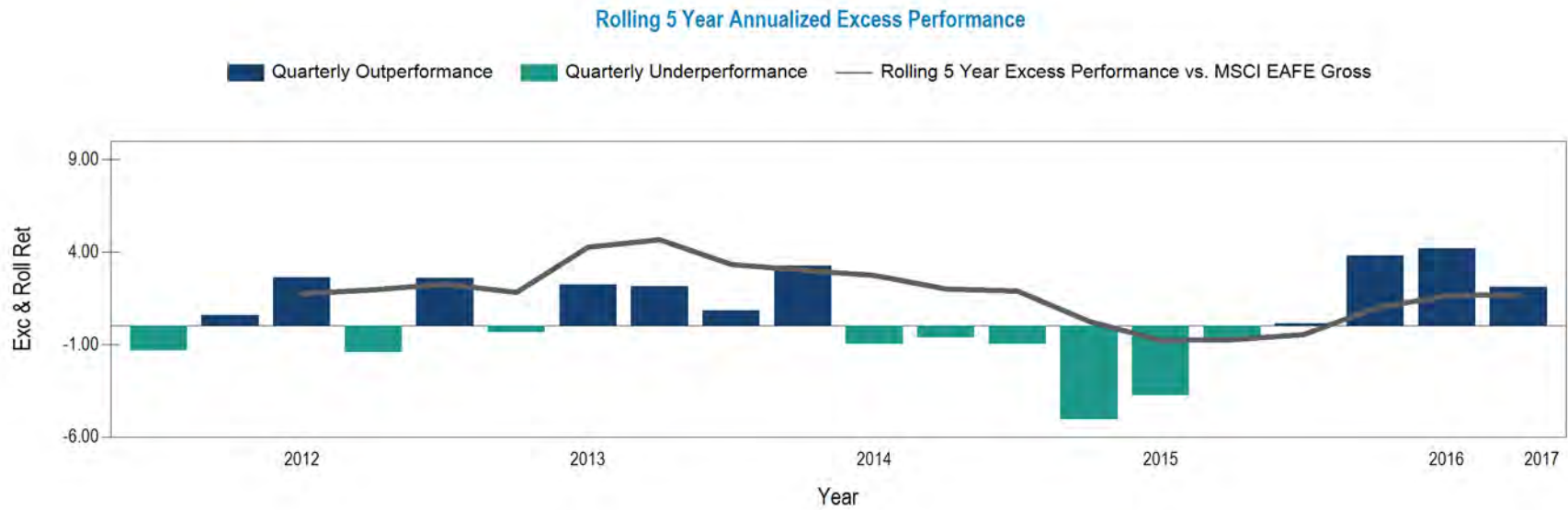
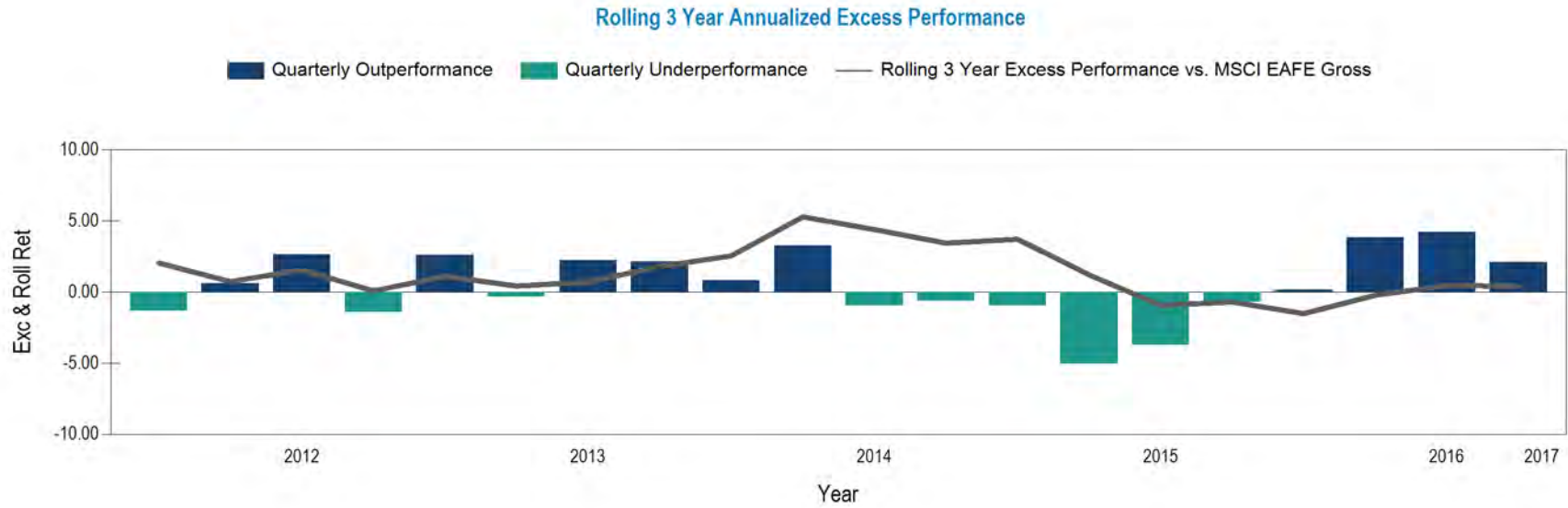


- Dodge & Cox Intl Stock
- ◆ MSCI EAFE Gross
- ▲ Universe Median
- 68% Confidence Interval
- eA All EAFE Equity Gross

Annualized Return vs. Annualized Standard Deviation
 5 Years Ending March 31, 2017



- Dodge & Cox Intl Stock
- ◆ MSCI EAFE Gross
- ▲ Universe Median
- 68% Confidence Interval
- eA All EAFE Equity Gross

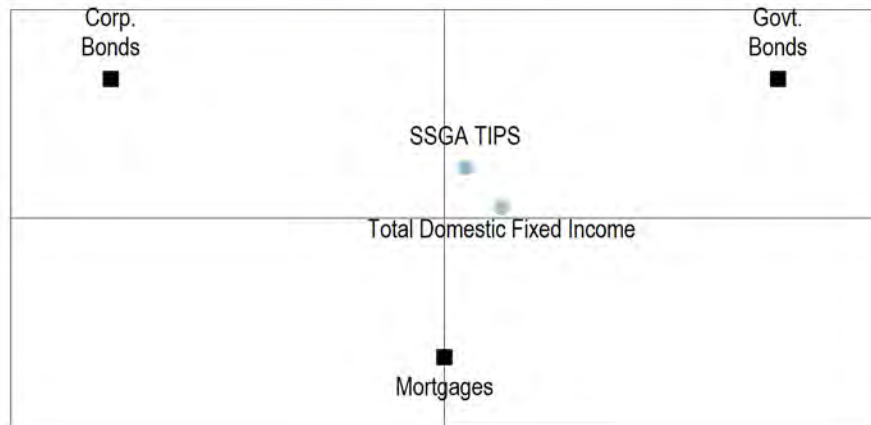


Total Domestic Fixed Income Asset Class Overview (Gross of Fees)

Period Ending: March 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Domestic Fixed Income	273,808,826	1.4	3.0	3.3	3.0	3.6	4.5	1.1	4.7	-2.7	7.9
<i>BBgBarc US Aggregate TR</i>		0.8	0.4	2.7	2.3	4.3	2.6	0.6	6.0	-2.0	4.2
<i>eA All US Fixed Inc Gross Rank</i>		37	36	41	51	76	40	36	46	88	36
BlackRock Core Bond	93,836,698	--	--	--	--	--	--	--	--	--	--
<i>BBgBarc US Aggregate TR</i>		--	--	--	--	--	--	--	--	--	--
<i>eA US Core Fixed Inc Gross Rank</i>		--	--	--	--	--	--	--	--	--	--
Dodge & Cox Income Fund	94,322,682	--	--	--	--	--	--	--	--	--	--
<i>BBgBarc US Aggregate TR</i>		--	--	--	--	--	--	--	--	--	--
<i>eA US Core Fixed Inc Gross Rank</i>		--	--	--	--	--	--	--	--	--	--
Pacific Asset Corporate Loan	66,627,611	1.4	8.8	--	--	--	9.2	2.5	--	--	--
<i>S&P/LSTA Leveraged Loan Index</i>		1.1	9.7	--	--	--	10.2	-0.7	--	--	--
<i>eA Float-Rate Bank Loan Gross Rank</i>		21	48	--	--	--	51	9	--	--	--
SSGA TIPS	18,966,185	1.3	1.5	2.0	1.0	--	4.7	-1.5	3.6	-8.6	6.9
<i>BBgBarc US TIPS TR</i>		1.3	1.5	2.0	1.0	--	4.7	-1.4	3.6	-8.6	7.0
<i>eA TIPS / Infl Indexed Fixed Inc Gross Rank</i>		72	76	52	69	--	51	64	44	77	67

Fixed Income Effective Style Map
3 Years Ending March 31, 2017



Fixed Income Effective Style Map
5 Years Ending March 31, 2017



Total Domestic Fixed Income
Asset Class Overview (Net of Fees)

Period Ending: March 31, 2017

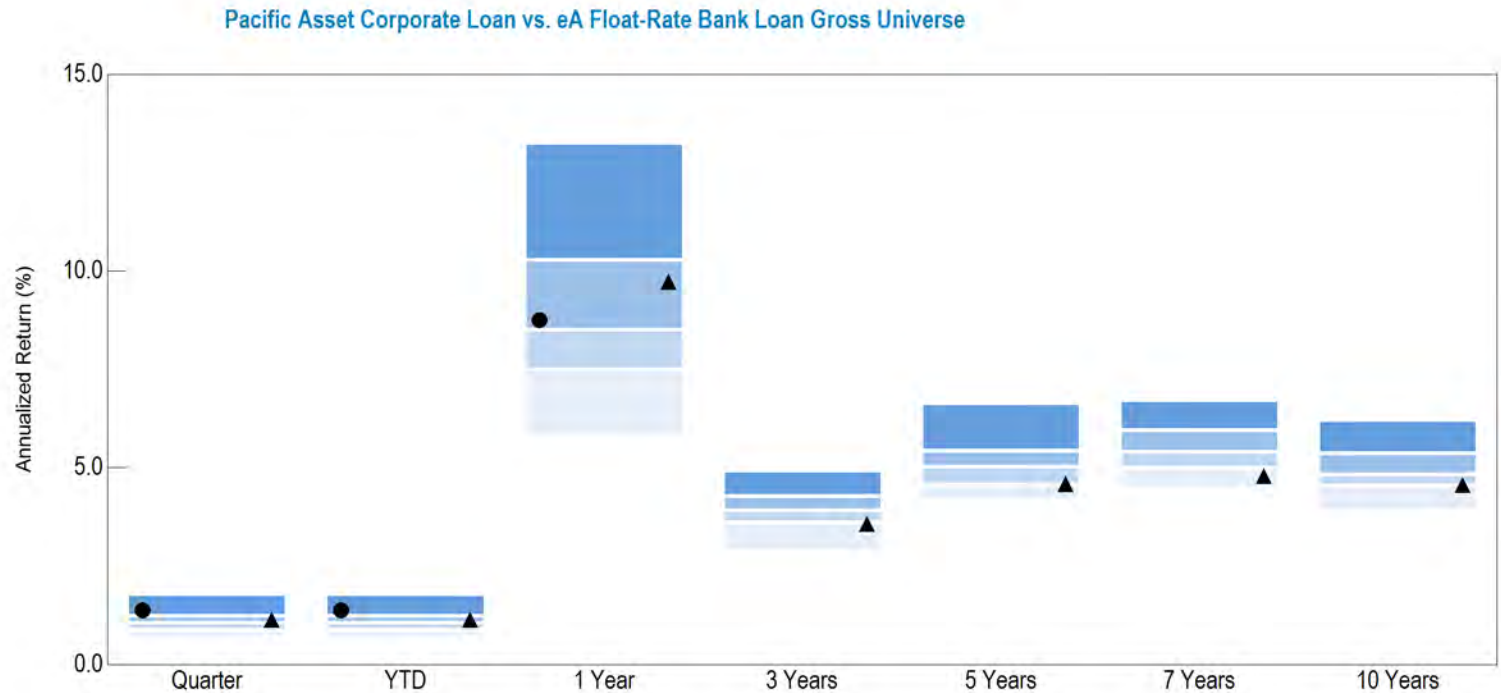
	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Domestic Fixed Income	273,808,826	1.3	2.8	3.0	2.7	--	4.2	0.9	4.4	-3.0	7.6
<i>BBgBarc US Aggregate TR</i>		0.8	0.4	2.7	2.3	--	2.6	0.6	6.0	-2.0	4.2
BlackRock Core Bond	93,836,698	--	--	--	--	--	--	--	--	--	--
<i>BBgBarc US Aggregate TR</i>		--	--	--	--	--	--	--	--	--	--
Dodge & Cox Income Fund	94,322,682	--	--	--	--	--	--	--	--	--	--
<i>BBgBarc US Aggregate TR</i>		--	--	--	--	--	--	--	--	--	--
Pacific Asset Corporate Loan	66,627,611	1.3	8.4	--	--	--	8.8	2.1	--	--	--
<i>S&P/LSTA Leveraged Loan Index</i>		1.1	9.7	--	--	--	10.2	-0.7	--	--	--
SSGA TIPS	18,966,185	1.2	1.4	2.0	0.9	--	4.6	-1.5	3.6	-8.7	6.9
<i>BBgBarc US TIPS TR</i>		1.3	1.5	2.0	1.0	--	4.7	-1.4	3.6	-8.6	7.0

Correlation Matrix
Last 5 Years

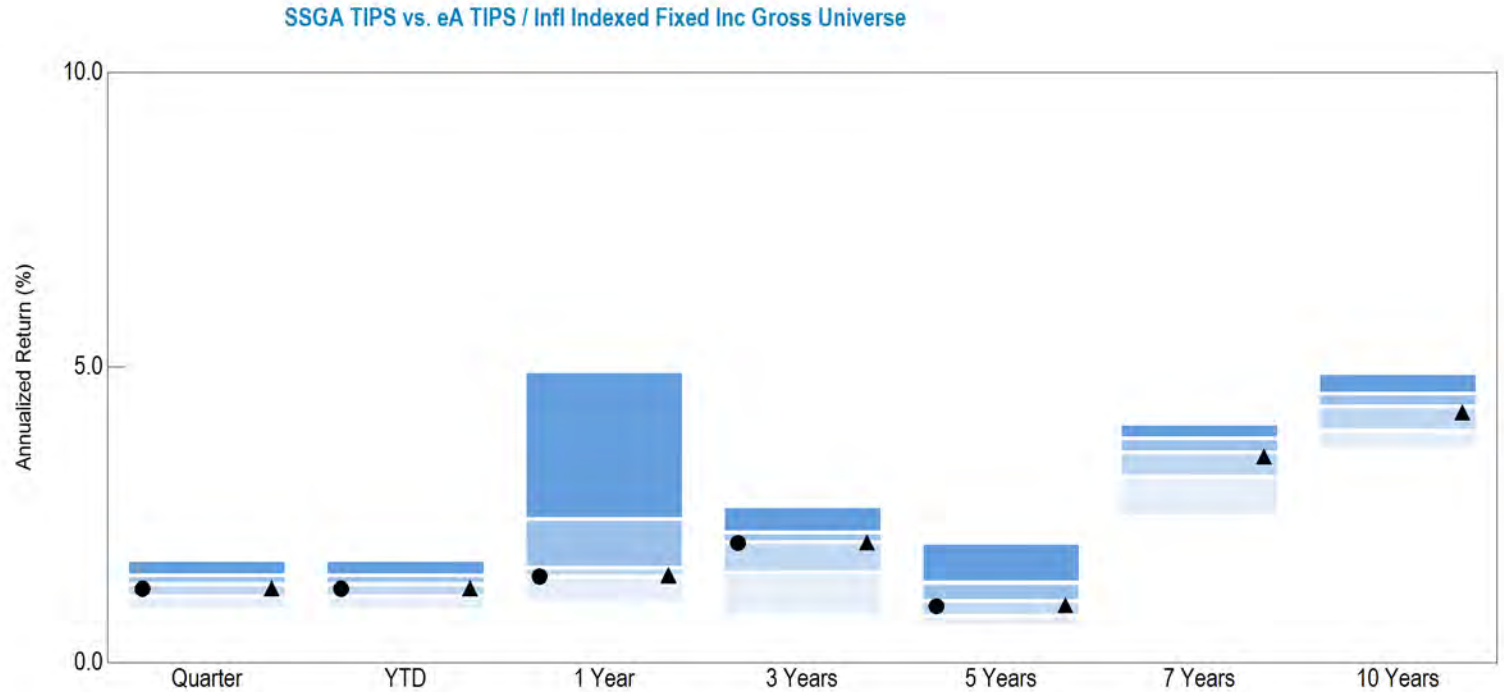
	Total Domestic Fixed Income	BlackRock Core Bond	Dodge & Cox Income Fund	Pacific Asset Corporate Loan	SSGA TIPS	BBgBarc US Aggregate TR
Total Domestic Fixed Income	1.00	--	--	--	--	--
BlackRock Core Bond	--	--	--	--	--	--
Dodge & Cox Income Fund	--	--	--	--	--	--
Pacific Asset Corporate Loan	--	--	--	--	--	--
SSGA TIPS	0.95	--	--	--	1.00	--
BBgBarc US Aggregate TR	0.92	--	--	--	0.83	1.00

Pacific Asset Corporate Loan
Cumulative Performance Comparison (Gross of Fees)

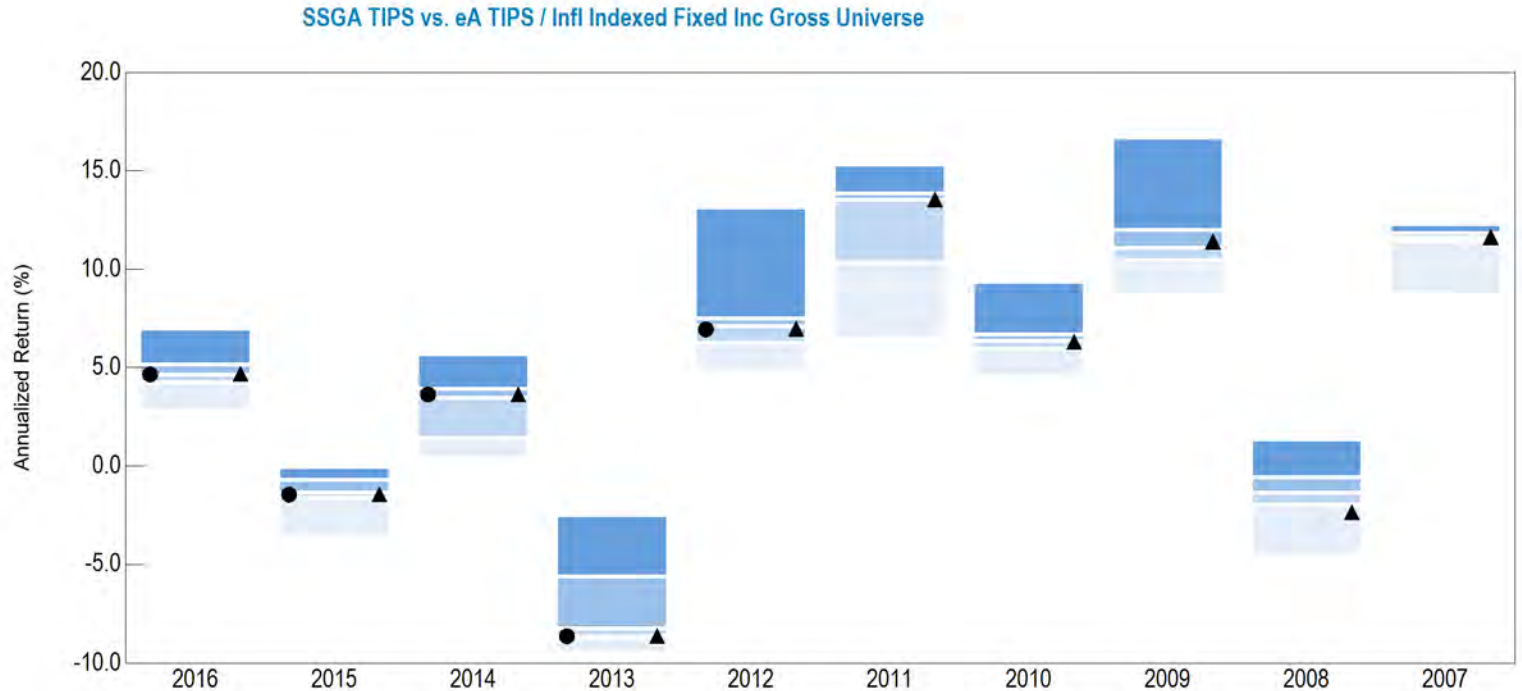
Period Ending: March 31, 2017



	Quarter		YTD		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	1.8	1.8	1.8	1.8	13.3	4.9	6.6	6.7	6.2					
25th Percentile	1.3	1.3	1.3	1.3	10.3	4.3	5.4	6.0	5.4					
Median	1.1	1.1	1.1	1.1	8.5	3.9	5.0	5.4	4.8					
75th Percentile	0.9	0.9	0.9	0.9	7.5	3.6	4.6	5.0	4.6					
95th Percentile	0.7	0.7	0.7	0.7	5.8	2.9	4.2	4.5	3.9					
# of Portfolios	66	66	66	66	66	66	57	47	30					
● Pacific Asset Corporate Loan	1.4	(21)	1.4	(21)	8.8	(48)	--	(--)	--	(--)	--	(--)	--	(--)
▲ S&P/LSTA Leveraged Loan Index	1.1	(38)	1.1	(38)	9.7	(32)	3.6	(77)	4.6	(75)	4.8	(84)	4.6	(76)

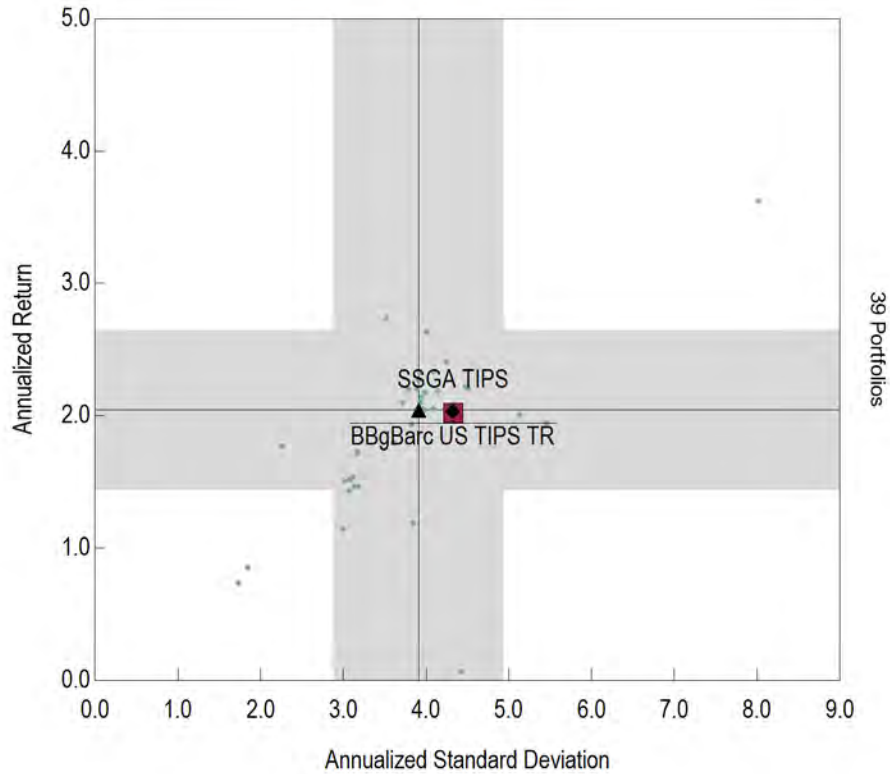


	Quarter		YTD		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	1.7	1.7	1.7	1.7	4.9	4.9	2.6	2.6	2.0	2.0	4.0	4.0	4.9	4.9
25th Percentile	1.5	1.5	1.5	1.5	2.4	2.4	2.2	2.2	1.4	1.4	3.8	3.8	4.6	4.6
Median	1.3	1.3	1.3	1.3	1.6	1.6	2.0	2.0	1.0	1.0	3.6	3.6	4.3	4.3
75th Percentile	1.1	1.1	1.1	1.1	1.5	1.5	1.5	1.5	0.8	0.8	3.1	3.1	3.9	3.9
95th Percentile	0.9	0.9	0.9	0.9	1.0	1.0	0.8	0.8	0.6	0.6	2.5	2.5	3.6	3.6
# of Portfolios	39	39	39	39	39	39	39	39	38	38	34	34	27	27
● SSGA TIPS	1.3 (72)	1.3 (72)	1.3 (72)	1.3 (72)	1.5 (76)	1.5 (76)	2.0 (52)	2.0 (52)	1.0 (69)	1.0 (69)	-- (--)	-- (--)	-- (--)	-- (--)
▲ BBgBarc US TIPS TR	1.3 (65)	1.3 (65)	1.3 (65)	1.3 (65)	1.5 (73)	1.5 (73)	2.0 (51)	2.0 (51)	1.0 (67)	1.0 (67)	3.5 (68)	3.5 (68)	4.2 (68)	4.2 (68)



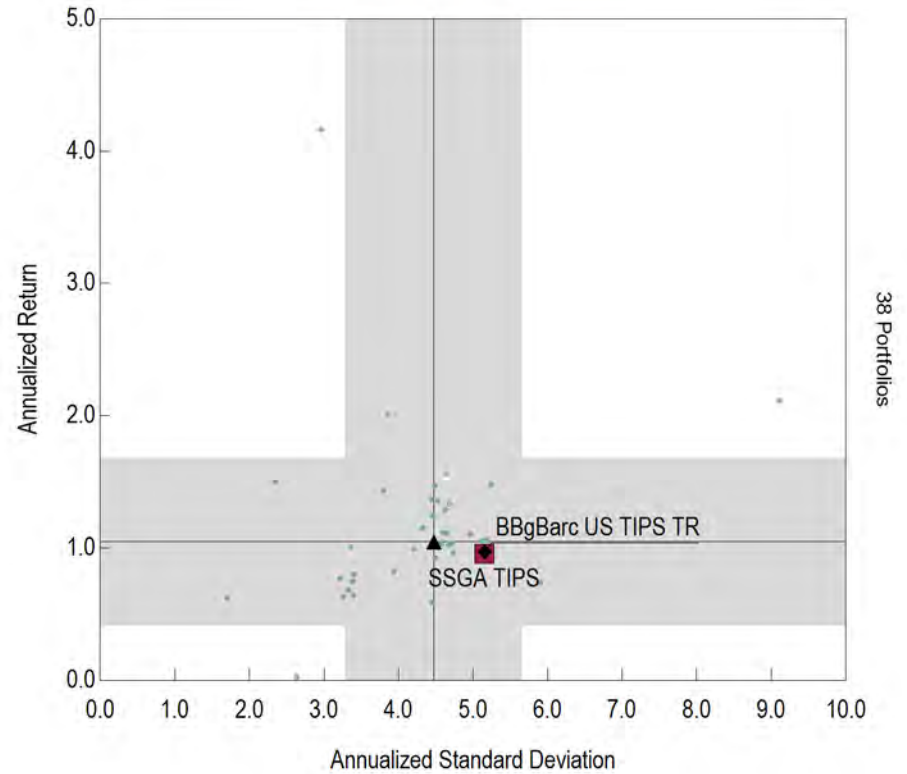
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
5th Percentile	7.0	-0.1	5.7	-2.5	13.1	15.3	9.4	16.7	1.3	12.3
25th Percentile	5.2	-0.7	4.0	-5.6	7.5	13.9	6.7	12.0	-0.5	11.8
Median	4.7	-1.3	3.5	-8.2	7.1	13.5	6.4	11.1	-1.4	11.6
75th Percentile	4.3	-1.6	1.4	-8.6	6.3	10.4	6.0	10.5	-1.9	11.5
95th Percentile	2.8	-3.6	0.4	-9.4	4.9	6.6	4.6	8.7	-4.6	8.8
# of Portfolios	42	44	50	43	43	47	39	37	40	37
● SSGA TIPS	4.7 (51)	-1.5 (64)	3.6 (44)	-8.6 (77)	6.9 (67)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
▲ BBgBarc US TIPS TR	4.7 (47)	-1.4 (59)	3.6 (44)	-8.6 (76)	7.0 (66)	13.6 (49)	6.3 (57)	11.4 (35)	-2.4 (85)	11.6 (49)

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2017



- SSGA TIPS
- ◆ BBgBarc US TIPS TR
- ▲ Universe Median
- 68% Confidence Interval
- eA TIPS / Infl Indexed Fixed Inc Gross

Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2017



- SSGA TIPS
- ◆ BBgBarc US TIPS TR
- ▲ Universe Median
- 68% Confidence Interval
- eA TIPS / Infl Indexed Fixed Inc Gross

Total Global Fixed
Asset Class Overview (Gross of Fees)

Period Ending: March 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Global Fixed	120,120,242	6.5	2.8	-1.8	0.3	--	5.8	-11.8	-2.2	-3.8	13.8
<i>Citi World Govt Bond Index</i>		1.6	-3.7	-1.2	-0.6	--	1.6	-3.6	-0.5	-4.0	1.6
<i>eA Global Fixed Inc Unhedged Gross Rank</i>		1	44	92	78	--	30	99	94	82	30
Brandywine Global Fixed Income	60,539,192	5.0	-1.3	-1.0	1.3	--	2.2	-9.3	2.9	-1.6	13.8
<i>JPM GBI Global TR USD</i>		1.4	-3.5	-0.6	-0.3	--	1.6	-2.6	0.7	-4.5	1.3
<i>eA Global Fixed Inc Unhedged Gross Rank</i>		4	76	86	60	--	71	96	43	59	30
Stone Harbor Local Markets Ins	59,581,050	8.1	7.3	-2.8	--	--	9.9	-14.4	-7.7	--	--
<i>JPM GBI-EM Global Diversified TR USD</i>		6.5	5.5	-2.7	--	--	9.9	-14.9	-5.7	--	--
<i>eA All Emg Mkts Fixed Inc Gross Rank</i>		6	75	95	--	--	67	79	98	--	--

Total Global Fixed
Asset Class Overview (Net of Fees)

Period Ending: March 31, 2017

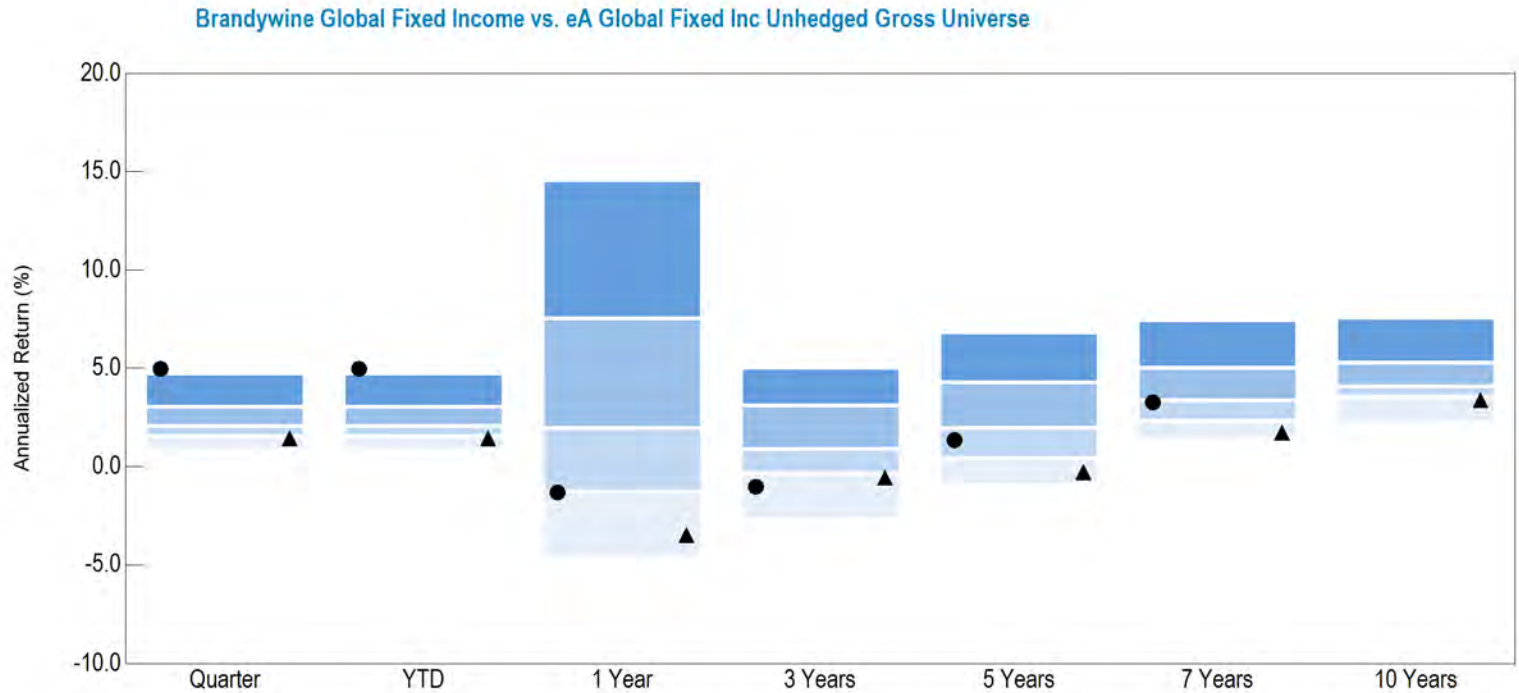
	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Global Fixed	120,120,242	6.3	2.1	-2.5	-0.3	--	5.1	-12.4	-2.8	-4.4	13.1
<i>Citi World Govt Bond Index</i>		1.6	-3.7	-1.2	-0.6	--	1.6	-3.6	-0.5	-4.0	1.6
Brandywine Global Fixed Income	60,539,192	4.9	-1.8	-1.5	0.8	--	1.7	-9.7	2.4	-2.3	13.1
<i>JPM GBI Global TR USD</i>		1.4	-3.5	-0.6	-0.3	--	1.6	-2.6	0.7	-4.5	1.3
Stone Harbor Local Markets Ins	59,581,050	7.8	6.4	-3.7	--	--	9.0	-15.1	-8.6	--	--
<i>JPM GBI-EM Global Diversified TR USD</i>		6.5	5.5	-2.7	--	--	9.9	-14.9	-5.7	--	--

Correlation Matrix
Last 5 Years

	Total Global Fixed	Brandywine Global Fixed Income	Stone Harbor Local Markets Ins	Citi World Govt Bond Index
Total Global Fixed	1.00	--	--	--
Brandywine Global Fixed Income	0.96	1.00	--	--
Stone Harbor Local Markets Ins	--	--	--	--
Citi World Govt Bond Index	0.72	0.80	--	1.00

Brandywine Global Fixed Income
 Cumulative Performance Comparison (Gross of Fees)

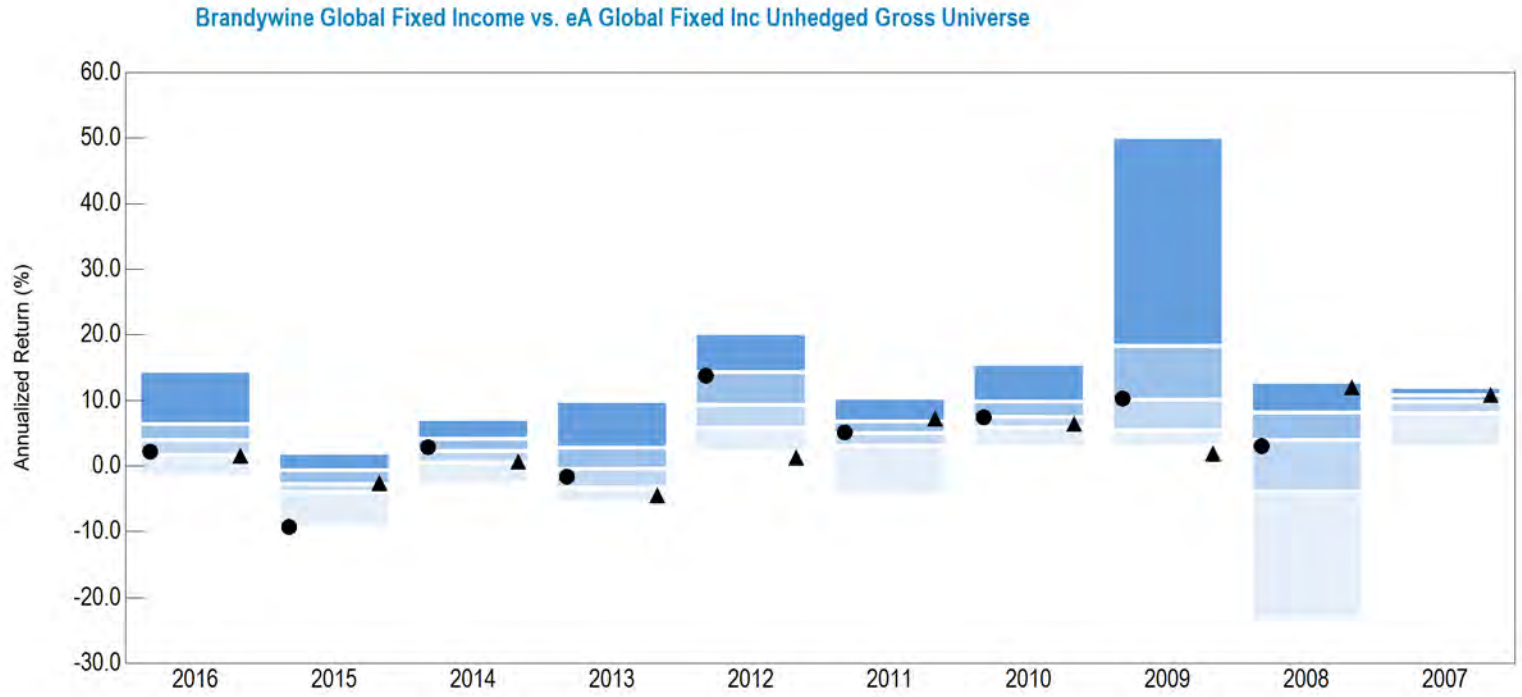
Period Ending: March 31, 2017



	Return (Rank)													
	Quarter		YTD		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	4.7	4.7	4.7	4.7	14.6	14.6	5.0	5.0	6.8	6.8	7.4	7.4	7.5	7.5
25th Percentile	3.1	3.1	3.1	3.1	7.6	7.6	3.1	3.1	4.3	4.3	5.1	5.1	5.3	5.3
Median	2.1	2.1	2.1	2.1	2.0	2.0	0.9	0.9	2.0	2.0	3.4	3.4	4.1	4.1
75th Percentile	1.6	1.6	1.6	1.6	-1.2	-1.2	-0.3	-0.3	0.4	0.4	2.3	2.3	3.6	3.6
95th Percentile	0.8	0.8	0.8	0.8	-4.6	-4.6	-2.7	-2.7	-0.9	-0.9	1.4	1.4	2.2	2.2
# of Portfolios	221	221	221	221	221	221	206	206	172	172	141	141	100	100
● Brandywine Global Fixed Income	5.0	(4)	5.0	(4)	-1.3	(76)	-1.0	(86)	1.3	(60)	3.3	(54)	--	(--)
▲ JPM GBI Global TR USD	1.4	(82)	1.4	(82)	-3.5	(90)	-0.6	(81)	-0.3	(91)	1.7	(91)	3.4	(84)

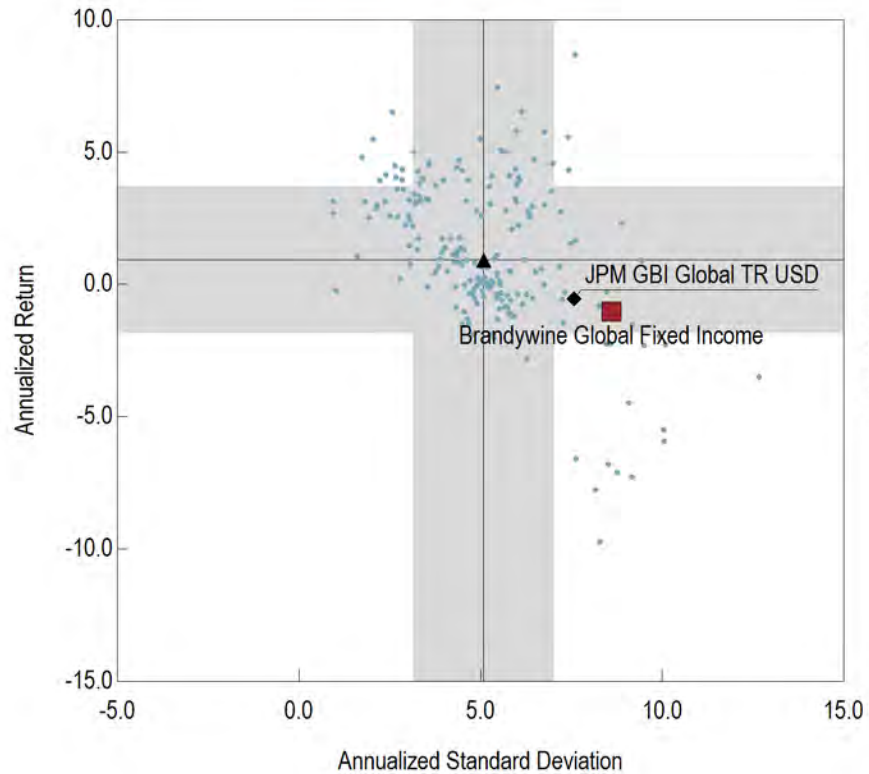
Brandywine Global Fixed Income
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: March 31, 2017



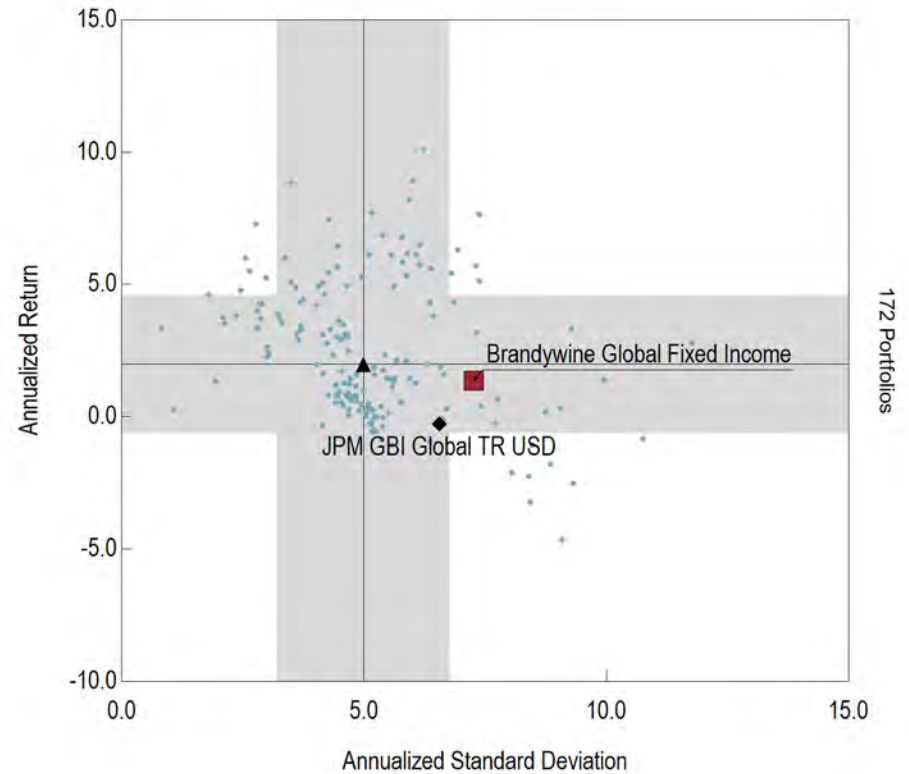
	Return (Rank)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
5th Percentile	14.5	2.0	7.1	9.8	20.2	10.4	15.5	50.1	12.8	12.0
25th Percentile	6.5	-0.6	4.2	2.8	14.3	6.9	9.9	18.4	8.2	10.9
Median	4.0	-2.7	2.3	-0.4	9.4	5.0	7.5	10.1	4.0	9.9
75th Percentile	1.8	-4.0	0.6	-3.2	5.9	3.2	6.0	5.4	-3.8	8.1
95th Percentile	-1.5	-9.2	-2.7	-5.6	2.2	-4.2	3.0	3.2	-23.0	3.0
# of Portfolios	221	189	159	142	118	108	76	72	73	73
● Brandywine Global Fixed Income	2.2 (71)	-9.3 (96)	2.9 (43)	-1.6 (59)	13.8 (30)	5.1 (49)	7.4 (52)	10.3 (49)	3.0 (53)	-- (--)
▲ JPM GBI Global TR USD	1.6 (79)	-2.6 (48)	0.7 (75)	-4.5 (89)	1.3 (98)	7.2 (19)	6.4 (72)	1.9 (99)	12.0 (7)	10.8 (29)

Annualized Return vs. Annualized Standard Deviation
 3 Years Ending March 31, 2017



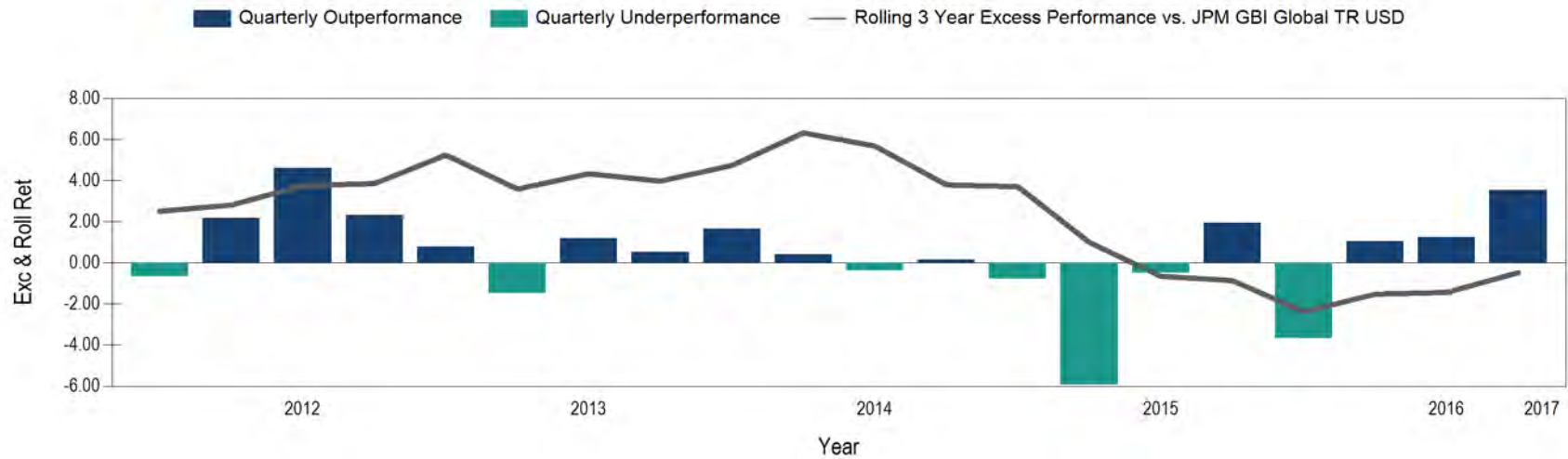
- Brandywine Global Fixed Income
- ◆ JPM GBI Global TR USD
- ▲ Universe Median
- 68% Confidence Interval
- eA Global Fixed Inc Unhedged Gross

Annualized Return vs. Annualized Standard Deviation
 5 Years Ending March 31, 2017

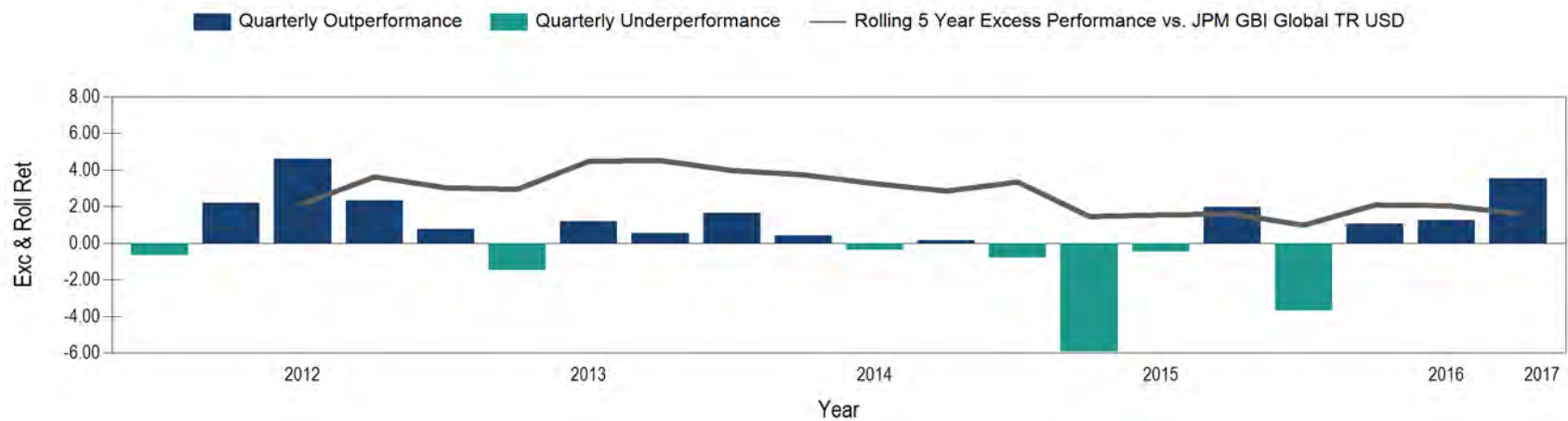


- Brandywine Global Fixed Income
- ◆ JPM GBI Global TR USD
- ▲ Universe Median
- 68% Confidence Interval
- eA Global Fixed Inc Unhedged Gross

Rolling 3 Year Annualized Excess Performance

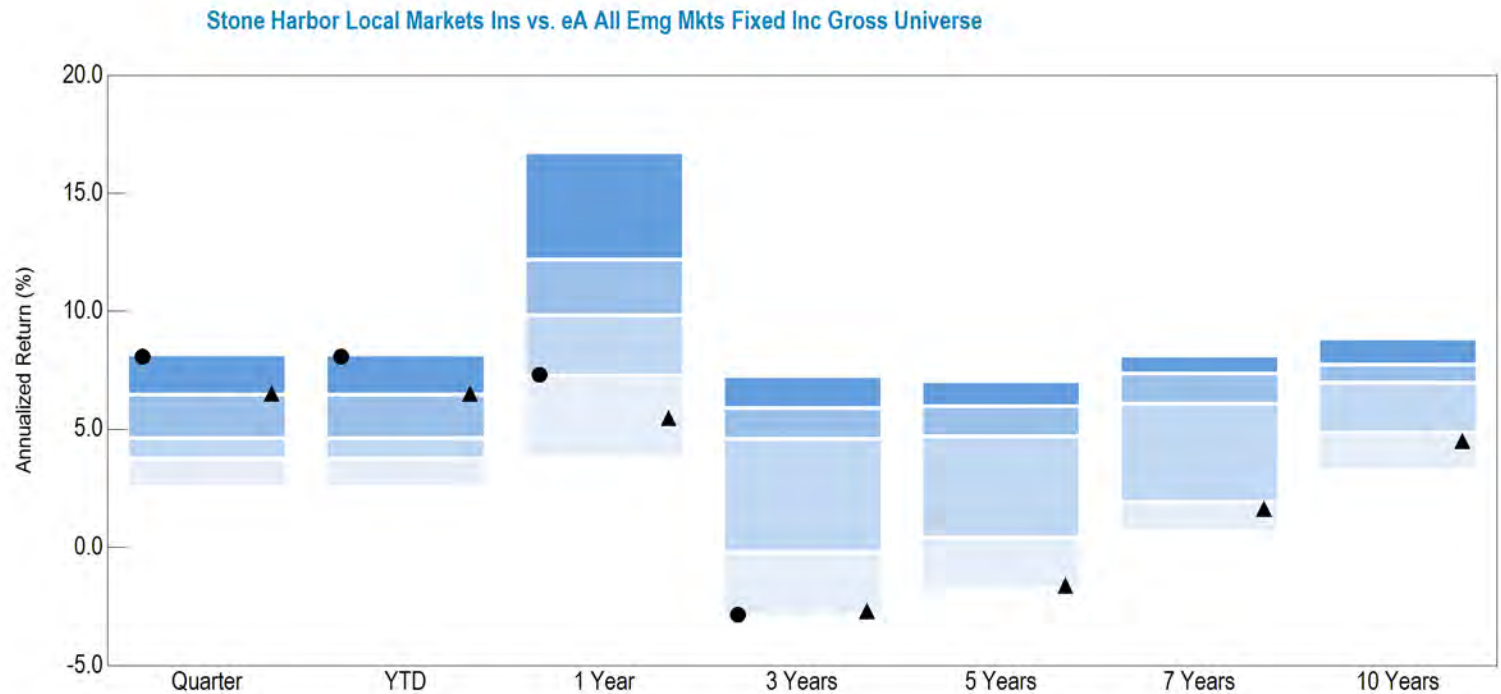


Rolling 5 Year Annualized Excess Performance



Stone Harbor Local Markets Ins
 Cumulative Performance Comparison (Gross of Fees)

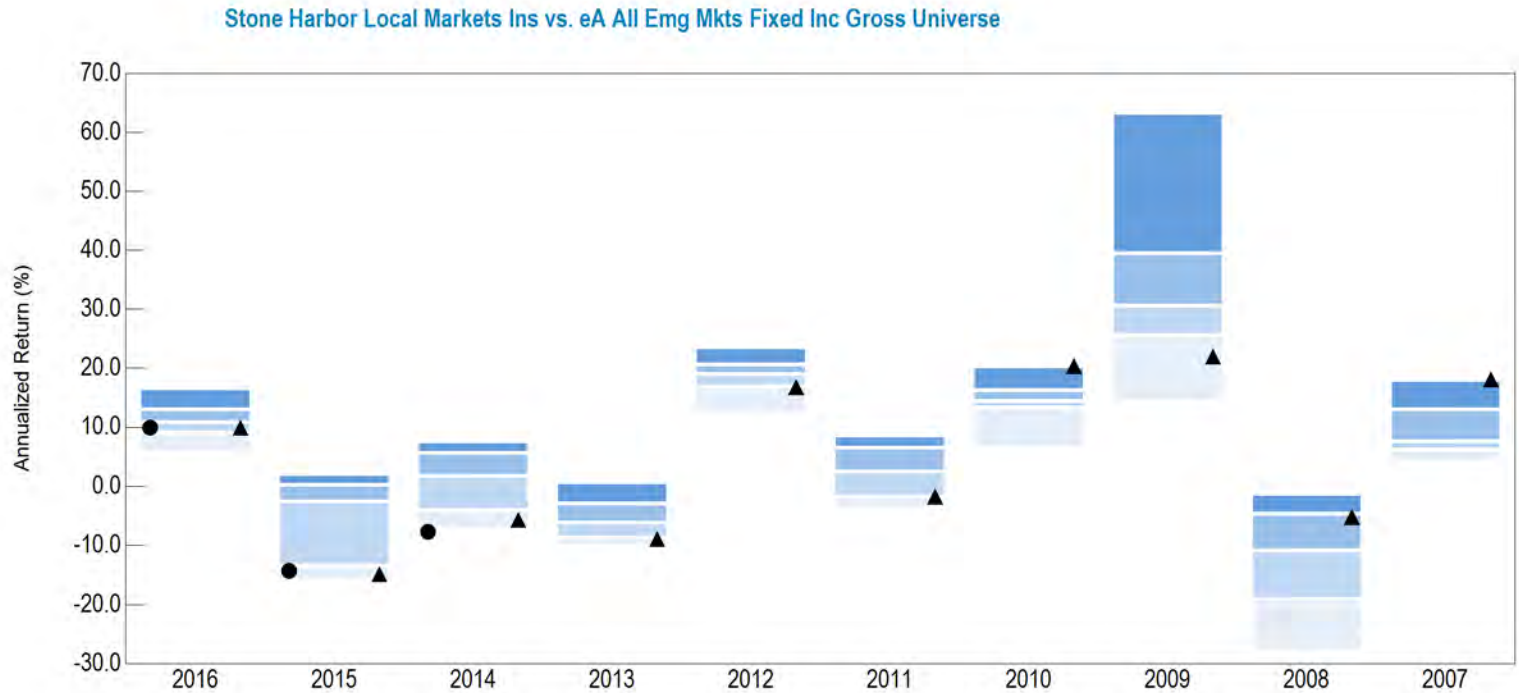
Period Ending: March 31, 2017



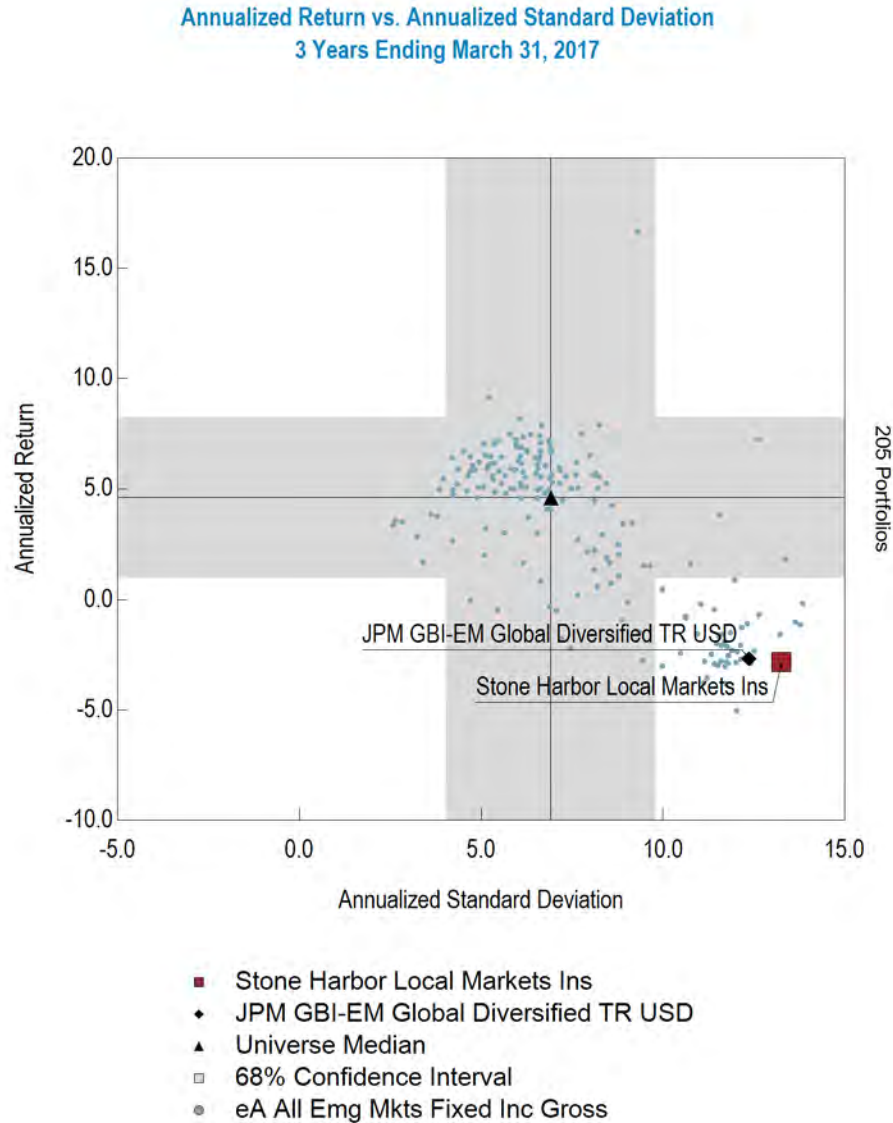
	Quarter		YTD		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	8.2	8.2	16.7	7.2	7.0	8.1	8.8							
25th Percentile	6.5	6.5	12.2	5.9	6.0	7.4	7.7							
Median	4.6	4.6	9.8	4.6	4.7	6.1	7.0							
75th Percentile	3.8	3.8	7.3	-0.2	0.4	1.9	4.9							
95th Percentile	2.6	2.6	3.8	-2.8	-1.7	0.7	3.3							
# of Portfolios	225	225	225	205	163	111	79							
● Stone Harbor Local Markets Ins	8.1	(6)	8.1	(6)	7.3	(75)	-2.8	(95)	--	(--)	--	(--)	--	(--)
▲ JPM GBI-EM Global Diversified TR USD	6.5	(25)	6.5	(25)	5.5	(89)	-2.7	(93)	-1.6	(93)	1.6	(79)	4.5	(82)

Stone Harbor Local Markets Ins
 Consecutive Performance Comparison (Gross of Fees)

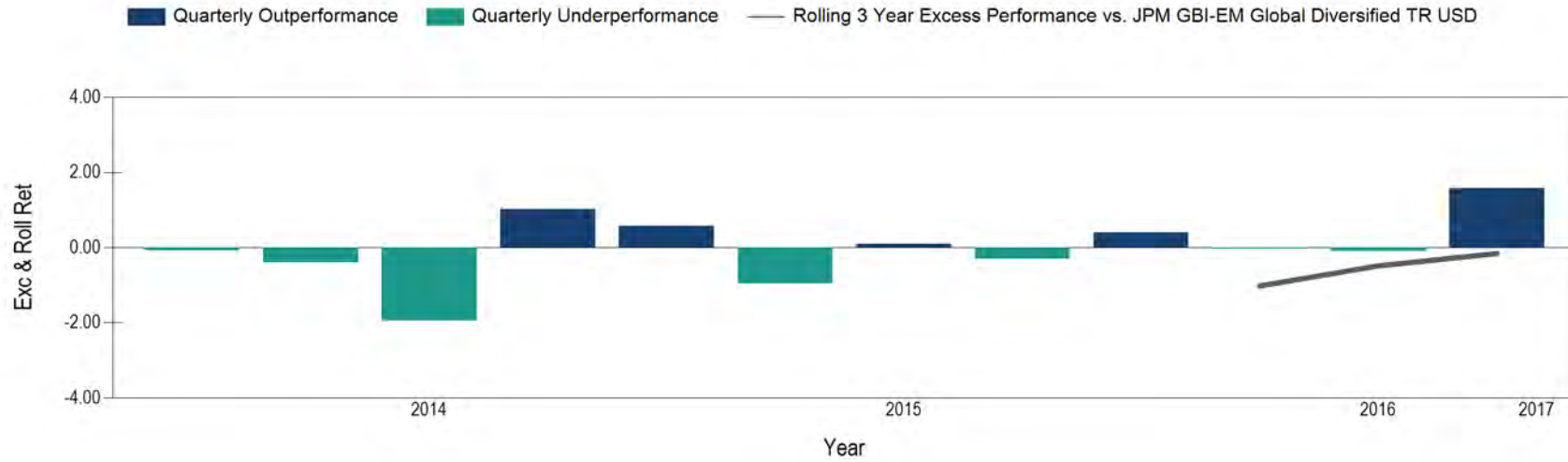
Period Ending: March 31, 2017



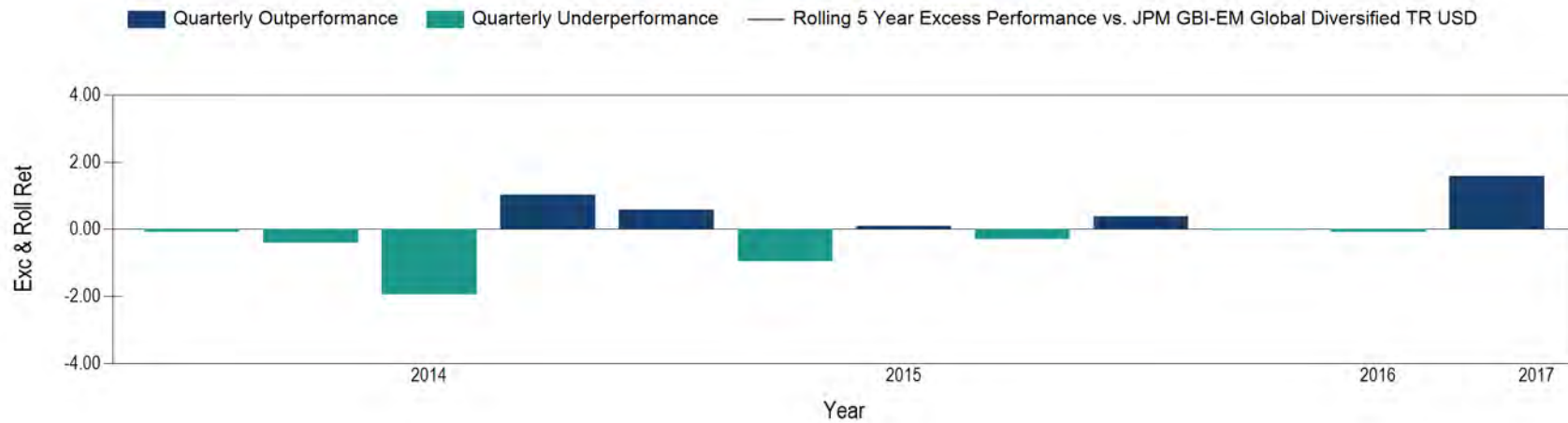
	Return (Rank)															
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007						
5th Percentile	16.6	2.1	7.6	0.7	23.6	8.6	20.3	63.2	-1.3	18.0						
25th Percentile	13.1	0.3	5.7	-2.9	20.7	6.6	16.3	39.6	-4.6	13.1						
Median	10.9	-2.6	1.8	-6.1	19.1	2.6	14.5	30.7	-10.8	7.7						
75th Percentile	9.2	-13.4	-4.0	-8.6	17.0	-1.6	13.4	25.6	-18.9	6.2						
95th Percentile	5.9	-15.9	-7.2	-10.2	12.5	-3.6	6.6	14.4	-27.7	4.2						
# of Portfolios	247	159	148	129	108	75	55	27	30	25						
● Stone Harbor Local Markets Ins	9.9 (67)	-14.4 (79)	-7.7 (98)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)						
▲ JPM GBI-EM Global Diversified TR USD	9.9 (67)	-14.9 (84)	-5.7 (91)	-9.0 (82)	16.8 (80)	-1.8 (77)	20.4 (5)	22.0 (85)	-5.2 (28)	18.1 (5)						



Rolling 3 Year Annualized Excess Performance



Rolling 5 Year Annualized Excess Performance

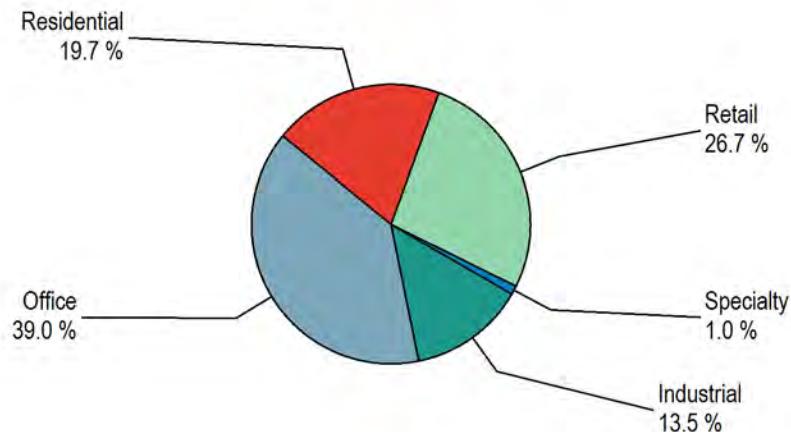


Total Real Estate
Asset Class Overview (Gross of Fees)

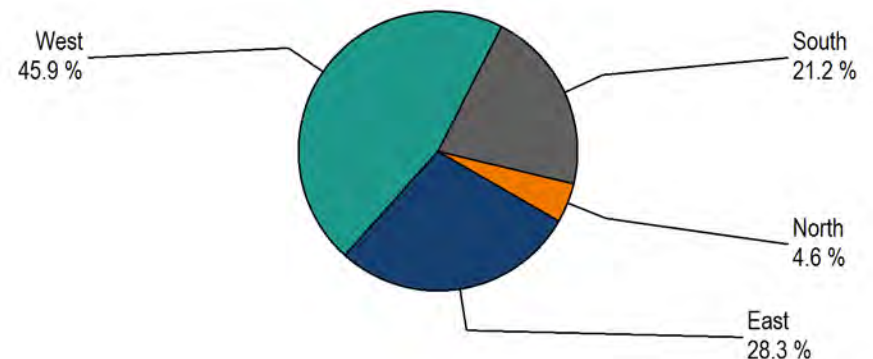
Period Ending: March 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Real Estate	166,884,581	2.2	8.1	12.0	11.8	5.0	7.8	18.0	10.4	12.9	9.8
<i>NCREIF Property Index</i>		1.6	7.3	10.6	10.7	6.7	8.0	13.3	11.8	11.0	10.5
ARA American Strategic Value Realty	11,149,843	2.7	--	--	--	--	--	--	--	--	--
<i>NCREIF-ODCE</i>		1.8	--	--	--	--	--	--	--	--	--
<i>NCREIF Property Index</i>		1.6	--	--	--	--	--	--	--	--	--
Direct Real Estate	11,499,343	5.5	9.2	12.8	10.4	5.9	5.5	22.9	6.1	5.2	9.2
<i>NCREIF-ODCE</i>		1.8	8.3	11.8	12.0	5.6	8.8	15.0	12.5	13.9	10.9
<i>NCREIF Property Index</i>		1.6	7.3	10.6	10.7	6.7	8.0	13.3	11.8	11.0	10.5
JP Morgan Core Real Estate	143,655,432	1.7	8.2	11.3	12.3	--	8.4	15.2	11.2	15.9	12.1
<i>NCREIF-ODCE</i>		1.8	8.3	11.8	12.0	--	8.8	15.0	12.5	13.9	10.9
<i>NCREIF Property Index</i>		1.6	7.3	10.6	10.7	--	8.0	13.3	11.8	11.0	10.5
Fidelity Real Estate Growth III	579,963	-0.7	-2.6	19.6	18.7	--	1.3	35.8	28.2	20.9	12.1
<i>NCREIF-ODCE</i>		1.8	8.3	11.8	12.0	--	8.8	15.0	12.5	13.9	10.9
<i>NCREIF Property Index</i>		1.6	7.3	10.6	10.7	--	8.0	13.3	11.8	11.0	10.5

Property Type Allocation
Allocation as of March 31, 2017



Geographic Diversification
Allocation as of March 31, 2017



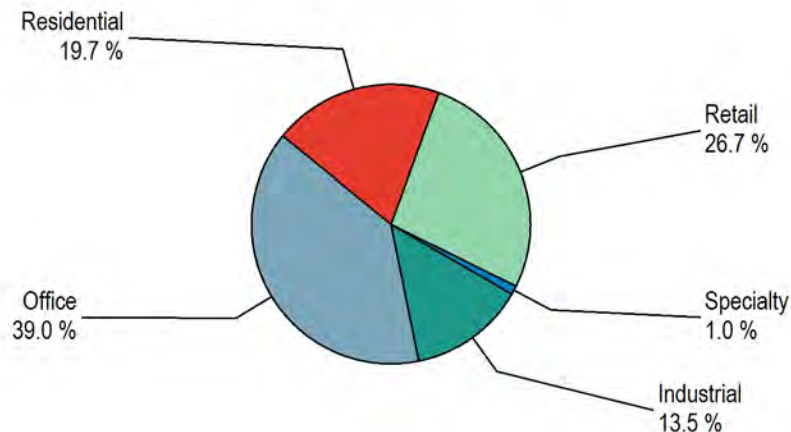
ARA American Strategic Value Realty funded 6/22/2016. Property Allocation and Geographic Diversification analytics exclude Direct Real Estate and ARA American. Direct Real Estate is lagged one quarter.

Total Real Estate Asset Class Overview (Net of Fees)

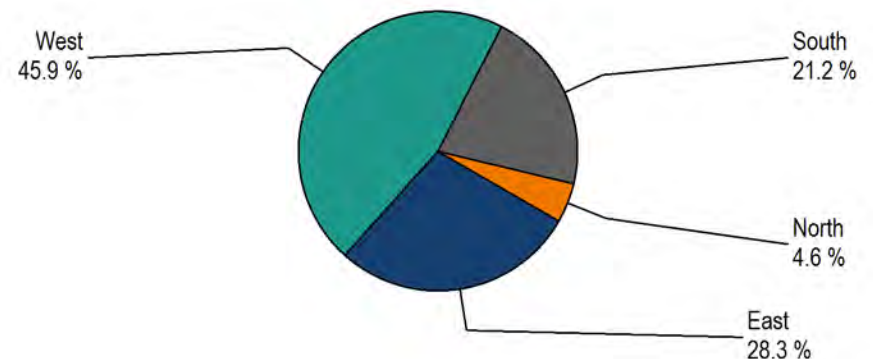
Period Ending: March 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Real Estate	166,884,581	2.2	7.4	11.2	11.0	--	6.8	16.9	9.6	12.1	9.2
<i>NCREIF Property Index</i>		1.6	7.3	10.6	10.7	--	8.0	13.3	11.8	11.0	10.5
ARA American Strategic Value Realty	11,149,843	2.7	--	--	--	--	--	--	--	--	--
<i>NCREIF-ODCE</i>		1.8	--	--	--	--	--	--	--	--	--
<i>NCREIF Property Index</i>		1.6	--	--	--	--	--	--	--	--	--
Direct Real Estate	11,499,343	5.5	8.9	12.4	10.2	5.8	4.9	22.2	6.1	5.2	9.2
<i>NCREIF-ODCE</i>		1.8	8.3	11.8	12.0	5.6	8.8	15.0	12.5	13.9	10.9
<i>NCREIF Property Index</i>		1.6	7.3	10.6	10.7	6.7	8.0	13.3	11.8	11.0	10.5
JP Morgan Core Real Estate	143,655,432	1.7	7.3	10.3	11.2	--	7.3	14.1	10.0	14.8	11.0
<i>NCREIF-ODCE</i>		1.8	8.3	11.8	12.0	--	8.8	15.0	12.5	13.9	10.9
<i>NCREIF Property Index</i>		1.6	7.3	10.6	10.7	--	8.0	13.3	11.8	11.0	10.5
Fidelity Real Estate Growth III	579,963	-0.7	-3.6	18.2	17.2	--	-0.1	34.0	26.7	19.3	10.6
<i>NCREIF-ODCE</i>		1.8	8.3	11.8	12.0	--	8.8	15.0	12.5	13.9	10.9
<i>NCREIF Property Index</i>		1.6	7.3	10.6	10.7	--	8.0	13.3	11.8	11.0	10.5

Property Type Allocation
Allocation as of March 31, 2017



Geographic Diversification
Allocation as of March 31, 2017



ARA American Strategic Value Realty funded 6/22/2016. Property Allocation and Geographic Diversification analytics exclude Direct Real Estate and ARA American. Direct Real Estate is lagged one quarter.

Total Commodities
 Asset Class Summary (Gross of Fees)

Period Ending: March 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Commodities	36,148,030	-1.0	10.9	-12.7	-9.0	--	12.6	-25.2	-16.0	-9.1	-0.9
<i>Bloomberg Commodity Index TR USD</i>		-2.3	8.7	-13.9	-9.5	--	11.8	-24.7	-17.0	-9.5	-1.1
Gresham MTAP Commodity Builder	36,148,030	-1.0	10.9	-12.7	--	--	12.6	-25.2	-16.0	--	--
<i>Bloomberg Commodity Index TR USD</i>		-2.3	8.7	-13.9	--	--	11.8	-24.7	-17.0	--	--

Total Commodities
 Asset Class Summary (Net of Fees)

Period Ending: March 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Commodities	36,148,030	-1.0	10.3	-13.3	-9.5	--	11.8	-25.8	-16.6	-9.5	-1.2
<i>Bloomberg Commodity Index TR USD</i>		-2.3	8.7	-13.9	-9.5	--	11.8	-24.7	-17.0	-9.5	-1.1
Gresham MTAP Commodity Builder	36,148,030	-1.0	10.3	-13.3	--	--	11.8	-25.8	-16.6	--	--
<i>Bloomberg Commodity Index TR USD</i>		-2.3	8.7	-13.9	--	--	11.8	-24.7	-17.0	--	--

Performance Return Calculations

Performance is calculated using Modified Dietz and for time periods with large cash flow (generally greater than 10% of portfolio value), Time Weighted Rates of Return (TWRR) methodologies. Monthly returns are geometrically linked and annualized for periods longer than one year.

Data Source

Verus is an independent third party consulting firm and calculates returns from best source book of record data. Returns calculated by Verus may deviate from those shown by the manager in part, but not limited to, differences in prices and market values reported by the custodian and manager, as well as significant cash flows into or out of an account. It is the responsibility of the manager and custodian to provide insight into the pricing methodologies and any difference in valuation.

Illiquid Alternatives

Due to the inability to receive final valuation prior to report production, closed end funds (including but are not limited to Real Estate, Hedge Funds, Private Equity, and Private Credit) performance is typically reported at a one-quarter lag. Valuation is reported at a one-quarter lag, adjusted for current quarter flow (cash flows are captured real time). Closed end fund performance is calculated using a time-weighted return methodology consistent with all portfolio and total fund performance calculations. For Private Markets, performance reports also include Verus-calculated multiples based on flows and valuations (e.g. DPI and TVPI) and manager-provided IRRs.

Manager Line Up

Manager	Inception Date	Data Source	Manager	Inception Date	Data Source
SSGA S&P 500 Flagship	02/25/2011	State Street	Stone Harbor Local Markets Ins	07/09/2013	Stone Harbor
PIMCO RAE Fundamental PLUS	11/30/2007	J.P. Morgan	Direct Real Estate	-	American Realty Adv.
Loomis Sayles Large Cap Growth	12/31/2016	J.P. Morgan	JP Morgan Core Real Estate	03/06/2008	J.P. Morgan
Boston Partners Large Cap Value	01/31/2017	Boston Partners	Fidelity Real Estate Growth III	07/31/2007	J.P. Morgan
Atlanta Capital Management	08/31/2010	J.P. Morgan	Gresham MTAP Commodity	08/31/2013	BNY Mellon
Dodge & Cox Intl Stock	12/06/2007	J.P. Morgan	Cash Account	-	SLOCPT
WCM International Growth	02/15/2017	WCM	HarbourVest Partners IX-Buyout	2011 ¹	HarbourVest
BlackRock Core Bond	01/19/2017	J.P. Morgan	KKR Mezzanine Partners	2010 ¹	KKR
Dodge & Cox Income	01/19/2017	Deutsche Bank	PIMCO Distressed Credit Fund	2010 ¹	Brown Brothers Harriman
Pacific Asset Corporate Loan	09/01/2014	Deutsche Bank	ARA American Strategic Value	6/22/2016	American Realty Adv.
SSGA TIPS	07/12/2011	State Street	TPG Diversified Credit Program	2016 ¹	TPG
Brandywine Global Fixed	11/30/2007	J.P. Morgan			

¹Represents fund vintage year.

Policy & Custom Index Composition

Policy Index (10/1/2016-Current)	20% Russell 3000, 20% MSCI ACWI ex-US (Gross), 30% BBgBarc U.S. Aggregate, 15% NCREIF Property Index, 5% Bloomberg Commodity Index, 5% Russell 3000+ 300 bps, 5% BBgBarc High Yield +2% (lagged).
Policy Index (7/1/2014-9/30/2016)	23% Russell 3000, 22% MSCI ACWI ex-US (Gross), 35% BBgBarc U.S. Aggregate, 10% NCREIF Property Index, 5% Bloomberg Commodity Index, 5% Russell 3000+ 300 bps.
Policy Index (7/1/2013-6/30/2014)	27% Russell 3000, 23% MSCI ACWI ex-US (Gross), 30% BBgBarc U.S. Aggregate, 10% NCREIF Property Index, 5% Bloomberg
Policy Index (4/1/2011-6/30/2013)	27% Russell 3000, 23% MSCI ACWI ex-US (Gross), 20% BBgBarc U.S. Aggregate, 5% Citi World Gov't Bond, 5% Barclays US TIPS, 10%

Glossary

Allocation Effect: An attribution effect that describes the amount attributable to the managers' asset allocation decisions, relative to the benchmark.

Alpha: The excess return of a portfolio after adjusting for market risk. This excess return is attributable to the selection skill of the portfolio manager. Alpha is calculated as: $\text{Portfolio Return} - [\text{Risk-free Rate} + \text{Portfolio Beta} \times (\text{Market Return} - \text{Risk-free Rate})]$.

Benchmark R-squared: Measures how well the Benchmark return series fits the manager's return series. The higher the Benchmark R-squared, the more appropriate the benchmark is for the manager.

Beta: A measure of systematic, or market risk; the part of risk in a portfolio or security that is attributable to general market movements. Beta is calculated by dividing the covariance of a security by the variance of the market.

Book-to-Market: The ratio of book value per share to market price per share. Growth managers typically have low book-to-market ratios while value managers typically have high book-to-market ratios.

Capture Ratio: A statistical measure of an investment manager's overall performance in up or down markets. The capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen (up market) or fallen (down market). The capture ratio is calculated by dividing the manager's returns by the returns of the index during the up/down market, and multiplying that factor by 100.

Correlation: A measure of the relative movement of returns of one security or asset class relative to another over time. A correlation of 1 means the returns of two securities move in lock step, a correlation of -1 means the returns of two securities move in the exact opposite direction over time. Correlation is used as a measure to help maximize the benefits of diversification when constructing an investment portfolio.

Excess Return: A measure of the difference in appreciation or depreciation in the price of an investment compared to its benchmark, over a given time period. This is usually expressed as a percentage and may be annualized over a number of years or represent a single period.

Information Ratio: A measure of a manager's ability to earn excess return without incurring additional risk. Information ratio is calculated as: excess return divided by tracking error.

Interaction Effect: An attribution effect that describes the portion of active management that is contributable to the cross interaction between the allocation and selection effect. This can also be explained as an effect that cannot be easily traced to a source.

Portfolio Turnover: The percentage of a portfolio that is sold and replaced (turned over) during a given time period. Low portfolio turnover is indicative of a buy and hold strategy while high portfolio turnover implies a more active form of management.

Price-to-Earnings Ratio (P/E): Also called the earnings multiplier, it is calculated by dividing the price of a company's stock into earnings per share. Growth managers typically hold stocks with high price-to-earnings ratios whereas value managers hold stocks with low price-to-earnings ratios.

R-Squared: Also called the coefficient of determination, it measures the amount of variation in one variable explained by variations in another, i.e., the goodness of fit to a benchmark. In the case of investments, the term is used to explain the amount of variation in a security or portfolio explained by movements in the market or the portfolio's benchmark.

Selection Effect: An attribution effect that describes the amount attributable to the managers' stock selection decisions, relative to the benchmark.

Sharpe Ratio: A measure of portfolio efficiency. The Sharpe Ratio indicates excess portfolio return for each unit of risk associated with achieving the excess return. The higher the Sharpe Ratio, the more efficient the portfolio. Sharpe ratio is calculated as: $\text{Portfolio Excess Return} / \text{Portfolio Standard Deviation}$.

Sortino Ratio: Measures the risk-adjusted return of an investment, portfolio, or strategy. It is a modification of the Sharpe Ratio, but penalizes only those returns falling below a specified benchmark. The Sortino Ratio uses downside deviation in the denominator rather than standard deviation, like the Sharpe Ratio.

Standard Deviation: A measure of volatility, or risk, inherent in a security or portfolio. The standard deviation of a series is a measure of the extent to which observations in the series differ from the arithmetic mean of the series. For example, if a security has an average annual rate of return of 10% and a standard deviation of 5%, then two-thirds of the time, one would expect to receive an annual rate of return between 5% and 15%.

Style Analysis: A return based analysis designed to identify combinations of passive investments to closely replicate the performance of funds

Style Map: A specialized form or scatter plot chart typically used to show where a Manager lies in relation to a set of style indices on a two-dimensional plane. This is simply a way of viewing the asset loadings in a different context. The coordinates are calculated by rescaling the asset loadings to range from -1 to 1 on each axis and are dependent on the Style Indices comprising the Map.

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Verus receives universe data from InvestorForce, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. Verus will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.

Board of Trustees

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Date: May 22, 2017

To: Board of Trustees

From: Carl Nelson – Executive Secretary
Amy Burke – Deputy Executive Secretary

Agenda Item 11: Investment Report for April 2017

	April	Year to Date 2017	2016	2015	2014	2013
Total Trust Investments (\$ 000s)	\$1,242,834		\$1,196,775 year end	\$1,148,315 year end	\$1,190,316 year end	\$1,131,022 year end
Total Fund Return	1.3% Gross	6.0% Gross	6.6 % Gross	-1.1 % Gross	5.1 % Gross	13.8% Gross
Policy Index Return (r)	1.0%	4.5%	7.7 %	-0.8 %	5.2 %	13.4%

(r) Policy index as of Aug. 2016 revision to Strategic Asset Allocation Policy: 20% domestic equity, 20% international equity, 15% core bonds, 5% bank loans, 5% global bonds, 5% emerging market debt, 15% real estate, 5% commodities, 5% private equity, 5% private credit.

The Economy:

The main factors in the global economy for April and into mid-May have been –

- **Fed Policy** – Despite the weak 1Q17 GDP growth rate the Fed is still expected to stick to the apparent plan for three more rate increases in 2017. The Fed is well aware of the seasonal 1st quarter weakness in GDP growth and likely does not view it as a problem. The Fed’s dual mandate for price stability and employment targets a core inflation rate of 2.0%. Core inflation as measured by the Personal Consumption Expenditures (PCE) deflator finished the 1st quarter

under 2% - below the Fed target, but underlying inflationary trends support the Fed still favoring further rate increases. Also, the employment cost index increased in 1Q17 by a larger than expected 0.8% reflecting wage growth pressures on inflation. At the FOMC meeting on May 3rd, as expected, no action was taken, but consensus expectations are for a Fed rate increase in June. This is supported by mildly “hawkish” comments from the Fed on May 3rd referencing economic growth increasing and low unemployment.

- **Economic Growth - US:** US domestic GDP growth in 1Q17 came in at a disappointing +0.7% annual rate, slightly below expectations. The last several years have exhibited a 1st quarter seasonality in GDP growth rates with the 1st quarter being lower followed by three remaining quarters of moderate growth. The 1Q17 slowdown in GDP was related to lower consumer consumption which followed a strong 4Q16 with near record vehicle sales late in 2016. Consumer confidence remains at elevated levels bolstering expectations for an uptick in GDP growth in the remainder of 2017. In addition, the 1st quarter saw an increase in net exports and a strong, +9.4% increase in business investment, auguries of continued growth potential. With much of the rapid appreciation in the US Dollar already done in 2016, the outlook for export fueled manufacturing will have less of a currency headwind.
- **Economic Growth - Global:** Similar to the US, global growth rates weakened in 1Q17 largely due to a lower rate of growth in China (albeit still in the mid 6% range. Globally, estimates are that 1Q17 GDP growth was around 2.9% following a 3.7% rate in 4Q16. Emerging market growth appears to be on track to provide much of the improvement expected in 2017 GDP growth. The Eurozone growth was also lower in the 1st quarter, but is expected to grow at about a 2% rate in 2017. Capital markets reacted positively ahead of the May 7th French election with relief over the election of the centrist, pro-Euro Macron.
- **Employment -** The US unemployment rate edged even lower in April to a decade-low of 4.4%. This rate is well below the 4.7% unemployment rate that the Fed estimates as the “full employment” rate of long term equilibrium. The broader measure of unemployment that includes under-employment known as U-6, fell to a nine-year low of 8.6%. After the disappointing new-jobs creation rate of +79k in March, the April new jobs number came in at a robust +211k. Economists estimate that a rate of new job creation at present in the area of 177K/month is sufficient to keep the unemployment rate from rising. Average hourly earnings also rose by 0.3% in April for a year-over-year growth in earnings of +2.5%. For local comparison, the March unemployment rate in San Luis Obispo County was 3.8% and for California it was 4.9%.

Investment Markets:

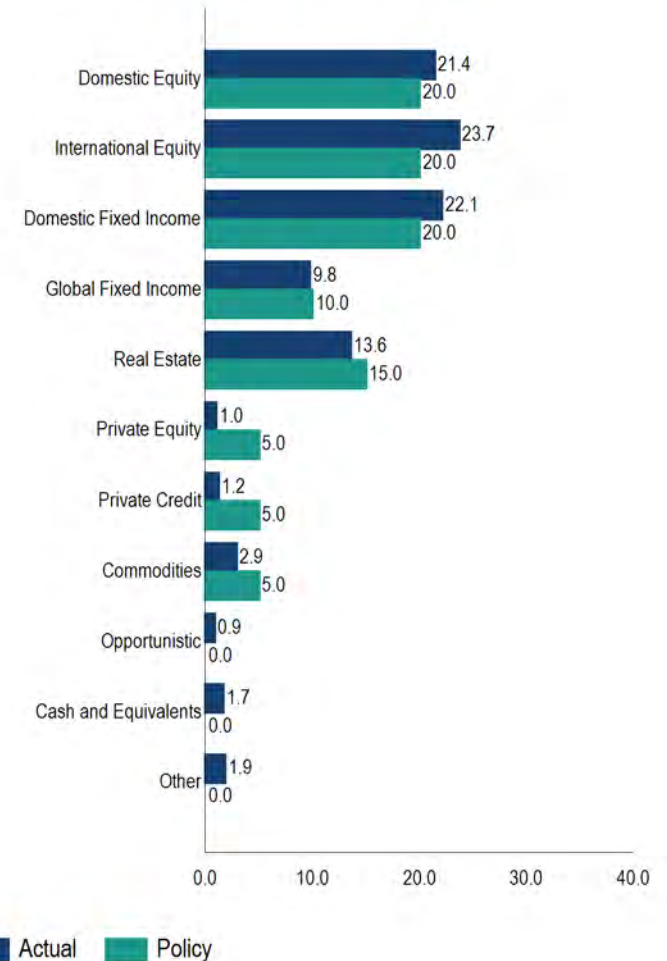
The attached report from Verus covers the investment returns of the SLOCPT portfolio and general market conditions through the end of April. The strong investment performance in the first three months of 2017 reflects resurgent growth in the global economy and predictable interest rate outlooks. However, relatively high valuation levels in domestic and global equities and low levels of volatility, suggest that the present sanguine investment environment is vulnerable to shock from events. An example of this was served up on May 17th when doubts about tax reform and presidential politics came to the fore for the capital markets and the S&P 500 fell 1.82% for the day only to recover 1.0% in the next two trading days to May 19th.

San Luis Obispo County Pension Trust
 Executive Summary - Preliminary (Gross of Fees)

Period Ending: April 30, 2017

	Market Value	% of Portfolio	1 Mo	YTD
Total Fund	1,242,833,716	100.0	1.3	6.0
Total Fund ex Clifton	1,219,811,178	98.1	1.3	5.9
Policy Index			1.0	4.5
Total Domestic Equity	265,844,177	21.4	1.1	7.2
Russell 3000			1.1	6.9
SSGA S&P 500 Flag.	10,978,149	0.9	1.0	7.2
S&P 500			1.0	7.2
PIMCO RAE Fundamental PLUS Instl	51,650,794	4.2	-0.3	3.4
S&P 500			1.0	7.2
Loomis Sayles Large Cap Growth	78,257,169	6.3	2.8	11.9
Russell 1000 Growth			2.3	11.4
Boston Partners Large Cap Value	72,377,165	5.8	0.2	--
Russell 1000 Value			-0.2	--
Atlanta Capital Mgmt	52,580,900	4.2	1.2	6.7
Russell 2500			0.8	4.6
Total International Equity	294,125,465	23.7	3.4	12.4
MSCI ACWI ex USA Gross			2.2	10.4
Dodge & Cox Intl Stock	155,489,016	12.5	2.6	12.3
MSCI EAFE Gross			2.6	10.2
WCM International Growth	138,636,449	11.2	4.3	--
MSCI ACWI ex USA Gross			2.2	--
Total Domestic Fixed Income	274,501,080	22.1	0.3	1.6
BBgBarc US Aggregate TR			0.8	1.6
BlackRock Core Bond	93,534,861	7.5	-0.3	--
BBgBarc US Aggregate TR			0.8	--
Dodge & Cox Income Fund	94,875,888	7.6	0.6	--
BBgBarc US Aggregate TR			0.8	--
Pacific Asset Corporate Loan	66,961,000	5.4	0.5	1.9
S&P/LSTA Leveraged Loan Index			0.4	1.6
SSGA TIPS	19,080,755	1.5	0.6	1.9
BBgBarc US TIPS TR			0.6	1.9

Actual vs Target Allocation (%)



*Other balance represents Clifton Group.

Policy Index (10/1/2016): 20% Russell 3000, 20% MSCI ACWI ex. US, 30% BBgBarc Aggregate, 15% NCREIF Property, 5% Bloomberg Commodity, 5% Russell 3000 + 300 bp, 5% BBgBarc High Yield + 200 bp lagged. Effective 1/01/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation. ARA American funded 6/22/2016. ARA American and Direct Real Estate MVs as of 3/31/2017 +/- calls and distributions. Fidelity Real Estate Growth II liquidated 12/31/2015. TPG funded 11/21/16. Loomis Sayles LC Growth funded 12/31/16. PIMCO Core Plus liquidated 1/6/2017. BlackRock Core Bond funded 1/19/2017. Dodge & Cox Income Fund funded 1/19/2017. Boston Partners funded 2/1/2017. WCM Intl Growth replaced Vontobel on 2/15/2017. Pathway 9 funded 4/7/2017. All data is preliminary.

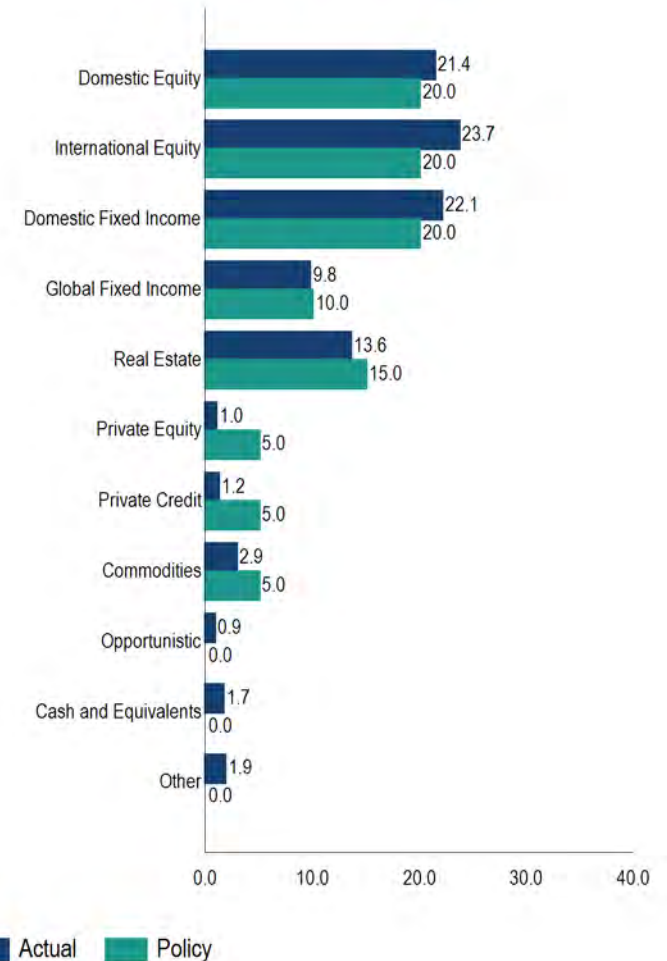
San Luis Obispo County Pension Trust

Executive Summary - Preliminary (Gross of Fees)

Period Ending: April 30, 2017

	Market Value	% of Portfolio	1 Mo	YTD
Total Global Fixed	121,322,624	9.8	1.0	7.6
<i>Citi World Govt Bond Index</i>			1.3	2.9
Brandywine Global Fixed Income	61,043,085	4.9	0.8	5.8
<i>JPM GBI Global TR USD</i>			1.3	2.7
Stone Harbor Local Markets Ins	60,279,539	4.9	1.2	9.4
<i>JPM GBI-EM Global Diversified TR USD</i>			1.2	7.7
Total Real Estate	168,746,485	13.6	1.0	3.2
<i>NCREIF Property Index</i>			0.0	1.6
ARA American Strategic Value Realty	11,149,843	0.9	0.0	2.7
<i>NCREIF-ODCE</i>			0.0	1.8
<i>NCREIF Property Index</i>			0.0	1.6
Direct Real Estate	12,996,972	1.0	6.6	12.4
<i>NCREIF-ODCE</i>			0.0	1.8
<i>NCREIF Property Index</i>			0.0	1.6
JP Morgan Core Real Estate	144,017,753	11.6	0.2	1.8
<i>NCREIF-ODCE</i>			0.0	1.8
<i>NCREIF Property Index</i>			0.0	1.6
Fidelity Real Estate Growth III	581,917	0.0	0.3	-0.4
<i>NCREIF-ODCE</i>			0.0	1.8
<i>NCREIF Property Index</i>			0.0	1.6
Total Commodities	35,807,279	2.9	-0.9	-1.9
<i>Bloomberg Commodity Index TR USD</i>			-1.5	-3.8
Gresham MTAP Commodity Builder	35,807,279	2.9	-0.9	-1.9
<i>Bloomberg Commodity Index TR USD</i>			-1.5	-3.8
Total Private Equity	12,609,013	1.0		
Harbourvest Partners IX Buyout Fund L.P.	11,896,312	1.0		
Pathway 9	712,701	0.1		
<i>Russell 3000 +3%</i>				

Actual vs Target Allocation (%)



*Other balance represents Clifton Group.

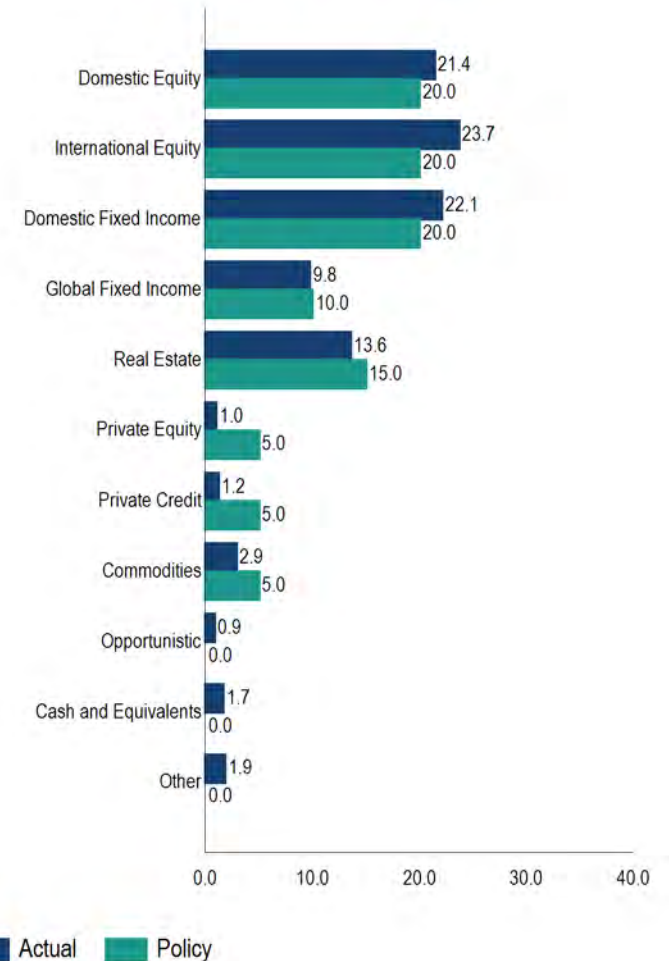
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San Luis Obispo County Pension Trust
 Executive Summary - Preliminary (Gross of Fees)

Period Ending: April 30, 2017

	Market Value	% of Portfolio	1 Mo	YTD
Total Private Credit	15,350,517	1.2		
TPG Diversified Credit Program	15,350,517	1.2		
BBgBarc High Yield +2% (Lagged)				
Total Cash	20,785,478	1.7	0.2	0.4
91 Day T-Bills			0.1	0.2
Cash Account	20,785,478	1.7	0.2	0.4
91 Day T-Bills			0.1	0.2
Total Opportunistic	10,719,060	0.9		
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	8,478,568	0.7		
PIMCO Distressed Credit Fund	2,240,492	0.2		
CPI + 5%				

Actual vs Target Allocation (%)



*Other balance represents Clifton Group.

Policy Index (10/1/2016): 20% Russell 3000, 20% MSCI ACWI ex. US, 30% BBgBarc Aggregate, 15% NCREIF Property, 5% Bloomberg Commodity, 5% Russell 3000 + 300 bp, 5% BBgBarc High Yield + 200 bp lagged. Effective 1/01/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation. ARA American funded 6/22/2016. ARA American and Direct Real Estate MVs as of 3/31/2017 +/- calls and distributions. Fidelity Real Estate Growth II liquidated 12/31/2015. TPG funded 11/21/16. Loomis Sayles LC Growth funded 12/31/16. PIMCO Core Plus liquidated 1/6/2017. BlackRock Core Bond funded 1/19/2017. Dodge & Cox Income Fund funded 1/19/2017. Boston Partners funded 2/1/2017. WCM Intl Growth replaced Vontobel on 2/15/2017. Pathway 9 funded 4/7/2017. All data is preliminary.



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

APRIL 2017
Capital Markets Update

Market commentary

ECONOMIC CLIMATE

- Real GDP grew 1.9% YoY in the first quarter (0.7% QoQ annualized). The pace of growth was below the Bloomberg consensus estimate of 1.1% QoQ, negatively affected by lower than anticipated government spending and an increase in imports.
- Economic growth was also affected by consumer spending, which was lower than in previous quarters. Consumer spending was negatively influenced by a decrease in automobile sales.
- The U.S. economy added 211,000 non-farm jobs in April, above the consensus estimate of 185,000. The unemployment rate fell from 4.5% to 4.4%, partially influenced by a decrease in the participation rate from 63.0% to 62.9%.
- Headline CPI increased by 2.4% year-over-year in March, down 41 bps from February. Core CPI increased 2.0% over the previous year, down 21 bps from the prior month.
- The ISM Manufacturing index decreased in April from 57.2 to 54.8, below the consensus estimate of 56.5. The report was a break from the recent upward trend, however, readings above 50 still indicate general expansion in manufacturing.

DOMESTIC EQUITIES

- Domestic equities increased in April. The S&P 500 returned 1.0% during the month, and the index has risen 7.2% year-to-date.
- According to FactSet, 83% of S&P 500 companies had reported Q1 earnings as of May 5th, and the blended year-over-year earnings growth rate was 13.5%. This was above the previous estimate of 9.0% on March 31st.

DOMESTIC FIXED INCOME

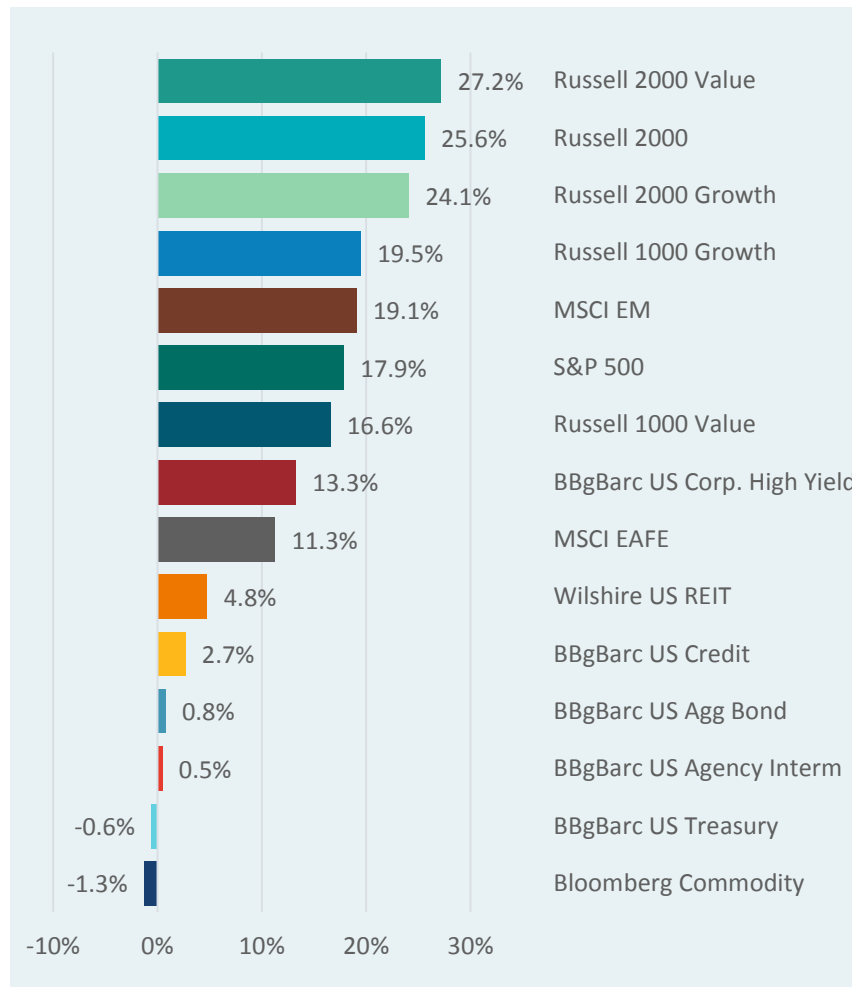
- Domestic fixed income returns were positive in April. The Bloomberg Barclays U.S. Aggregate returned 0.8%.
- The U.S. Treasury curve flattened slightly in April, with the 10-year minus 2-year Treasury yield spread contracting 11 bps to 1.06%.
- Medium and longer-term interest rates continued downward from recent highs. The 10-year Treasury yield ended April at 2.29%, down from 2.40% at prior month end and the recent high of 2.62% on March 13th.

INTERNATIONAL MARKETS

- International equities outperformed domestic equities (S&P 500 1.0%) as the unhedged MSCI ACWI ex U.S. index returned 2.1% (1.6% hedged). Eurozone equities contributed to the outperformance as the MSCI Euro returned 4.0% in the month.
- Real U.K. GDP increased 2.1% year-over-year in the first quarter, below the consensus estimate of 2.3%. Positive manufacturing output was muted by lower than anticipated growth in retail sales and services.
- Real GDP growth in the Euro area grew at 1.7% year-over-year in the first quarter. The European Commission forecasted 2017 GDP growth of 1.5%.
- Pro European Union candidate Emmanuel Macron defeated Marine Le Pen of the National Front party in the final ballot of the French Election. The president elect took office on May 14th.

Major asset class returns

ONE YEAR ENDING APRIL



Source: Morningstar, as of 4/30/17

TEN YEARS ENDING APRIL

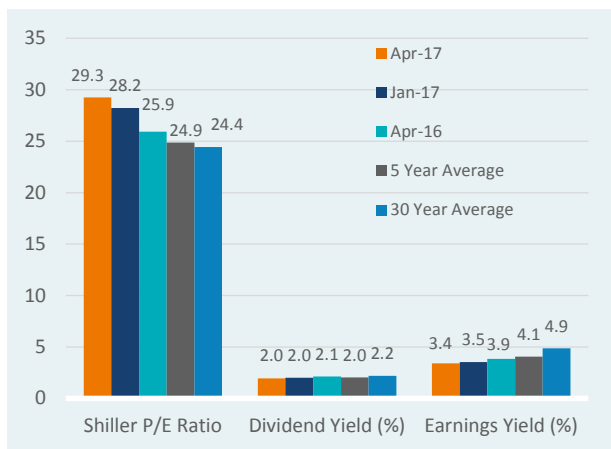


Source: Morningstar, as of 4/30/17

U.S. large cap equities

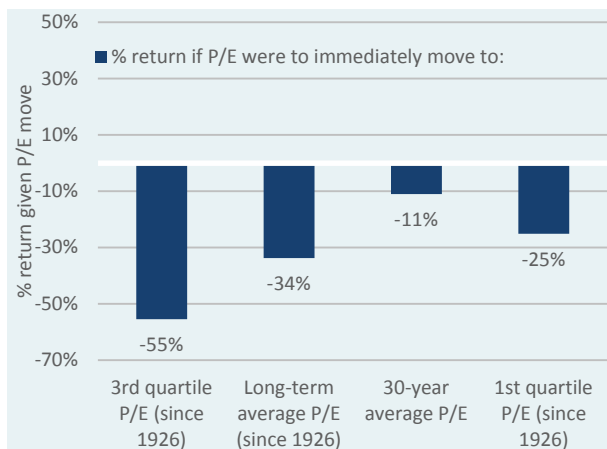
- The S&P 500 returned 1.0% in April. According to FactSet, the blended year-over-year Q1 earnings growth rate of 13.5% was the highest since Q3 2011. Ten of the eleven sectors have reported positive year-over-year earnings growth, led by Energy, Financials, and Information Technology.
- In April, Information Technology and Consumer Discretionary companies outperformed the S&P 500 index (+1.0%). The sectors returned 2.5% and 2.4%, respectively.
- The two worst performing sectors were Telecom Services and Energy, returning -3.3% and -2.8%, respectively. Telecom earnings growth was -0.8% in the first quarter. Energy stocks benefited from 21.9% earnings growth, but were negatively affected by declining energy prices.
- The trailing P/E ratio of the S&P 500 declined from 21.8 to 21.3 in April on positive earnings reports. The valuation remained elevated above its 5-year average of 17.8.

US LARGE CAP (S&P 500) VALUATION SNAPSHOT



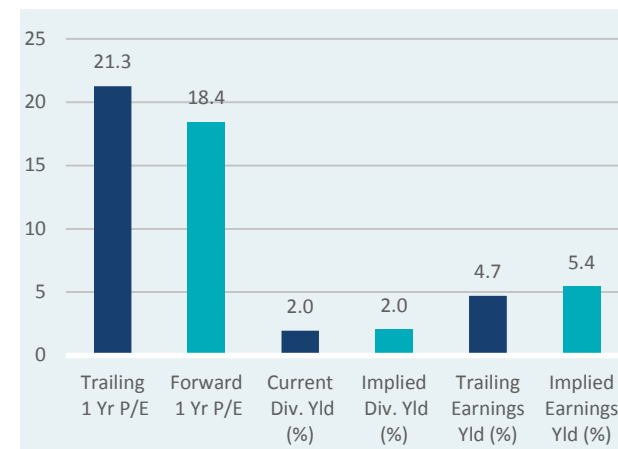
Source: Yale/Shiller, as of 4/30/17

RETURNS IF P/E MOVED TO HISTORIC LEVEL



Source: Yale/Shiller, Verus, as of 4/30/17

S&P 500 VALUATION SNAPSHOT

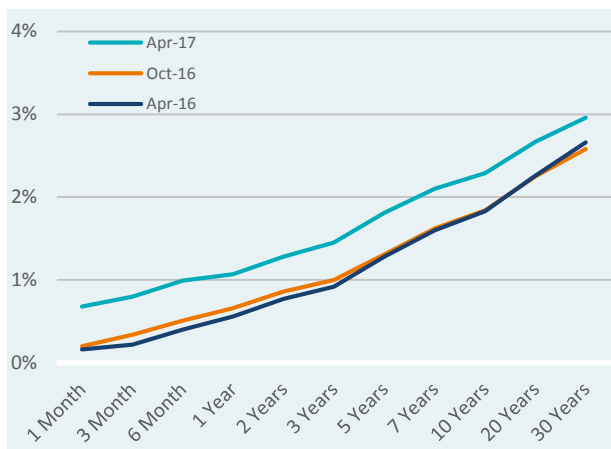


Source: Bloomberg, as of 4/30/17

Fixed income

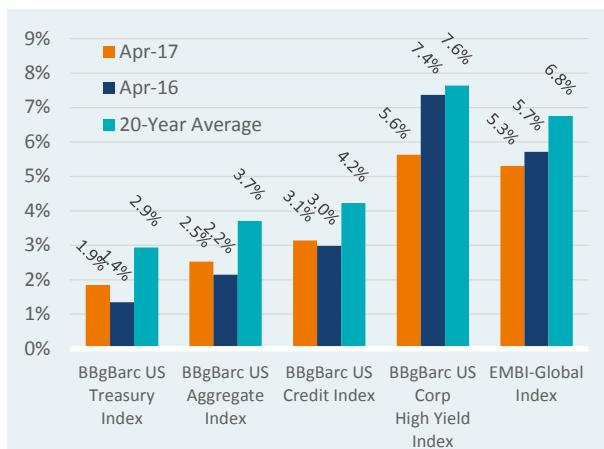
- The Federal Reserve chose to hold the federal funds rate at its current range of 0.75% - 1.00%. The market is pricing in the next rate hike to occur at the June meeting, according to federal funds futures prices.
- In April, the Bloomberg Barclays Treasury Long index (+1.5%) outperformed the U.S. Aggregate index (+0.8%). The longer duration index benefitted from a slight flattening of the yield curve, as the 10-year and 20-year yields fell by 11 bps and 9 bps, respectively.
- Market based inflation expectations fell slightly during the month. The 10-year TIPS breakeven rate decreased to 1.9%, down from 2.0% in March and 2.1% in January.
- According to Bloomberg, leveraged loan issuance in Q1 hit its highest quarterly rate since 1999, at approximately \$434 billion in loans. The repricing and issuance of loans may have been influenced by expectations of interest rate hikes later in the year.

U.S. TREASURY YIELD CURVE



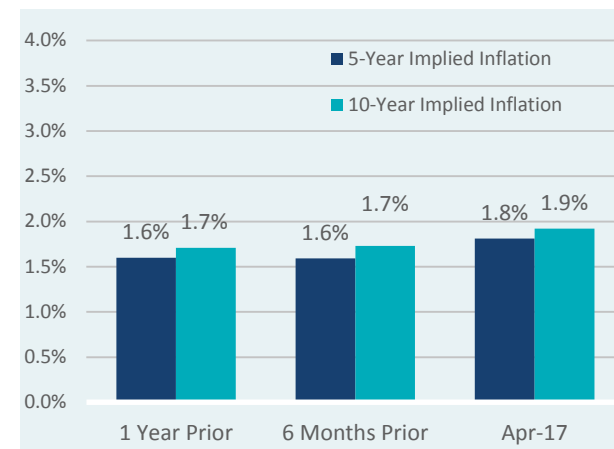
Source: Federal Reserve, as of 4/30/17

NOMINAL FIXED INCOME YIELDS



Source: Morningstar, as of 4/30/17

IMPLIED INFLATION (TIPS BREAKEVEN)

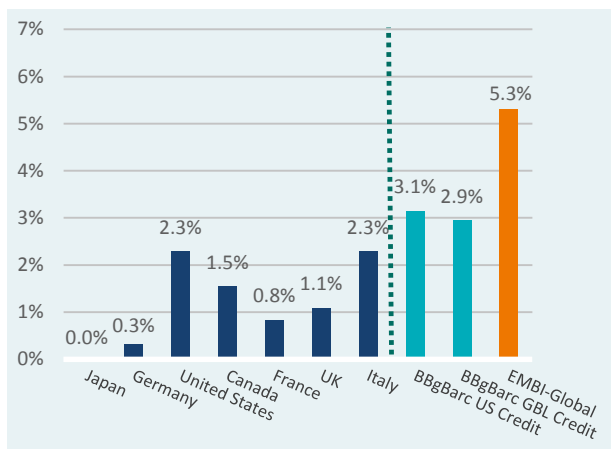


Source: Federal Reserve, as of 4/30/17

Global markets

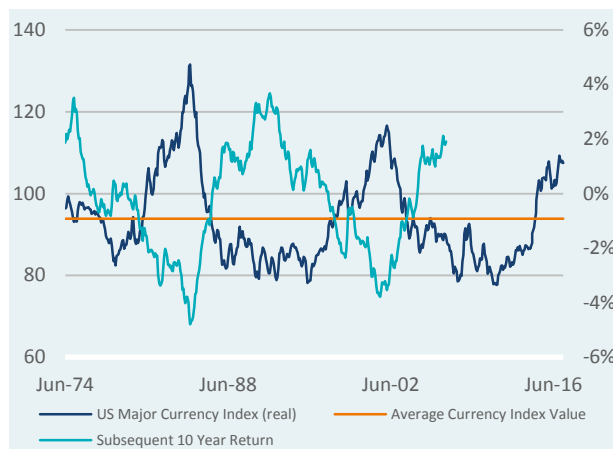
- Global sovereign bond yields were generally lower in April. The French 10-year yield experienced the largest change, decreasing by 13 bps.
- The U.S. major currency index decreased -0.5% to 107.5 in April against a trade weighted basket of currencies. The index was down 1.6% year-to-date but remained well above its long-term average of 93.8.
- Valuations of international, emerging, and U.S. equities fell slightly in April due to positive Q1 earnings growth. Emerging market equities remain the cheapest based on P/E and P/FCF valuations.
- Trans-Pacific Partnership (TPP) trade talks resumed in Canada for the first time since the U.S. withdrew from negotiations in January. The future of the pact will be determined by the 10 remaining countries at the APEC trade summit in November.

GLOBAL SOVEREIGN 10 YEAR INDEX YIELDS



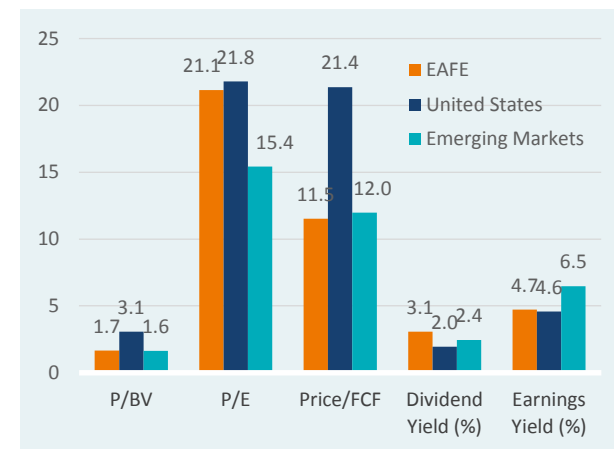
Source: Morningstar, as of 4/30/17

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 4/30/17

MSCI VALUATION METRICS (3 MONTH AVERAGE)



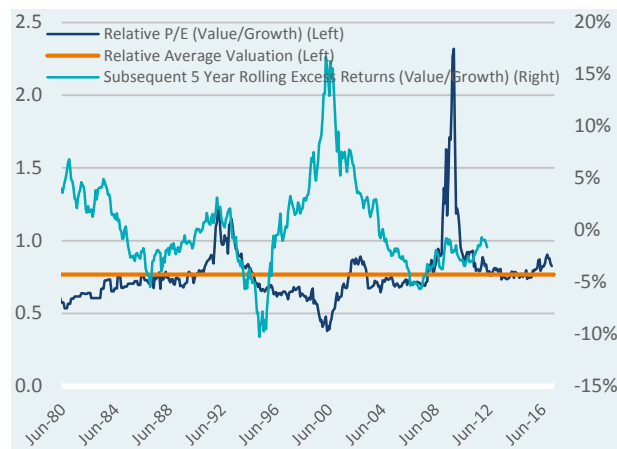
Source: Bloomberg, as of 4/30/17

Style tilts: U.S. large value vs. growth

- For a fourth consecutive month, growth equities outperformed value equities. In April, the Russell 1000 Growth Index and Russell 1000 Value Index returned 2.3% and -0.2%, respectively. The large cap growth index has outperformed value by 8.3% year-to-date.
- In April, the Russell 1000 Growth index had a 5-year EPS growth rate of 9.8%, significantly higher than the Russell 1000 Value which was only 2.3%.

- The outperformance of growth equities in April was attributable to a higher relative concentration of Consumer Discretionary and Technology companies. The two sectors returned 2.6% and 2.4%, respectively.
- As calculated by the Sharpe ratio, growth equities have provided higher risk adjusted returns over the 3-year, 5-year and 10-year periods, despite strong outperformance of value equities in 2016.

RELATIVE TRAILING PE RATIO OF U.S. VALUE VS. GROWTH



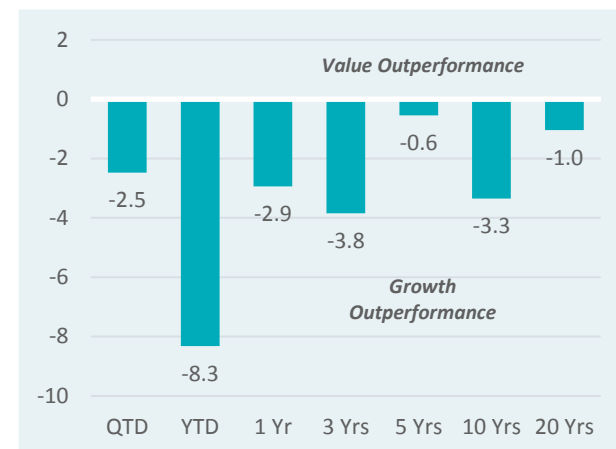
Source: Russell, Bloomberg, as of 4/30/17

U.S. VALUE VS. GROWTH ABSOLUTE PERFORMANCE

	RUSSELL 1000 VALUE	RUSSELL 1000 GROWTH
	ANNUALIZED RETURN TO DATE %	
QTD	(0.2)	2.3
YTD	3.1	11.4
1 YEAR	16.6	19.5
3 YEARS	8.3	12.1
5 YEARS	13.3	13.9
10 YEARS	5.5	8.9
20 YEARS	8.1	7.1
	SHARPE RATIO	
3 YEARS	0.79	1.07
5 YEARS	1.23	1.27
10 YEARS	0.38	0.59
20 YEARS	0.45	0.36

Source: Morningstar, as of 4/30/17

U.S. VALUE VS. GROWTH RELATIVE PERFORMANCE

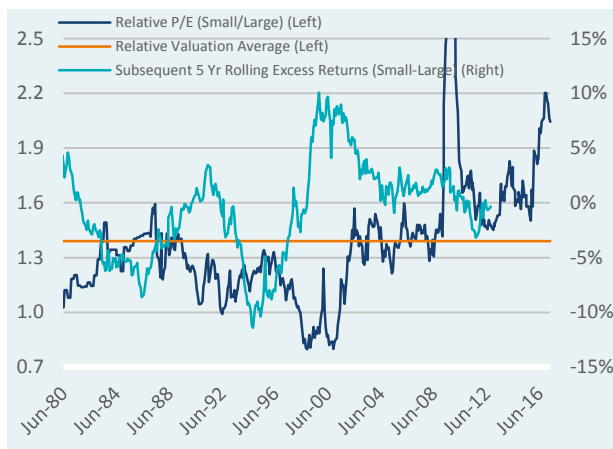


Source: Morningstar, as of 4/30/17

Style tilts: U.S. large vs. small

- U.S. small cap equities performance was on par with large cap equities in April, as the Russell 2000 index and Russell 1000 index both returned 1.1%.
- The relative trailing P/E ratio of small to large equities regressed moderately from a 7-year high (2.2) in December to 2.04 in April. The ratio remained well above the long-term average of 1.39.
- In the calendar year of 2016 small cap equities outperformed large cap equities by 10.3%. In 2017, large cap equities have reversed that trend with a relative outperformance of 3.6% year-to-date.
- Large cap equities have provided superior risk-adjusted returns (Sharpe ratio) relative to small cap equities over the periods examined below. The difference was mainly attributed to the consistently higher realized volatility of small cap equities.

RELATIVE TRAILING PE RATIO OF U.S. SMALL VS. LARGE



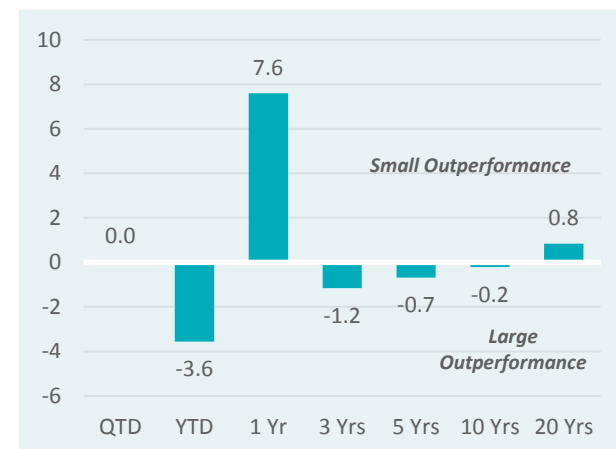
Source: Russell, Bloomberg, as of 4/30/17

U.S. LARGE VS. SMALL ABSOLUTE PERFORMANCE

	RUSSELL 1000 INDEX	RUSSELL 2000 INDEX
	ANNUALIZED RETURN TO DATE %	ANNUALIZED RETURN TO DATE %
QTD	1.1	1.1
YTD	7.1	3.6
1 YEAR	18.0	25.6
3 YEARS	10.2	9.0
5 YEARS	13.6	12.9
10 YEARS	7.3	7.0
20 YEARS	7.9	8.7
	SHARPE RATIO	SHARPE RATIO
3 YEARS	0.96	0.62
5 YEARS	1.29	0.92
10 YEARS	0.49	0.41
20 YEARS	0.43	0.41

Source: Morningstar, as of 4/30/17

U.S. LARGE VS. SMALL RELATIVE PERFORMANCE



Source: Morningstar, as of 4/30/17

Commodities

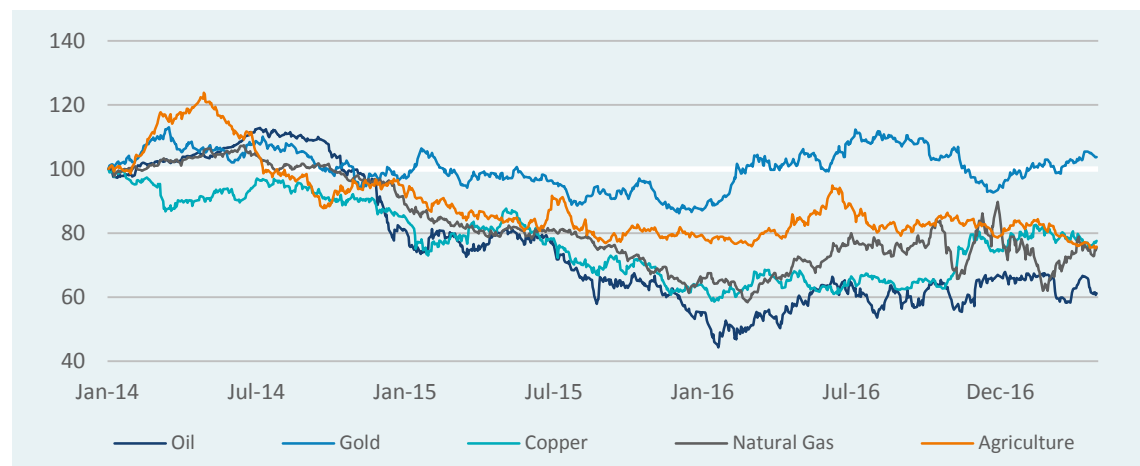
- The Bloomberg Commodity index returned -1.5% in April. The Livestock sub-index (+7.4%) significantly outperformed the broad index, bolstered by tight supply and seasonal demand that led to an 11.9% month-over-month increase in Cattle futures.
- WTI Crude Oil edged lower by -2.5% and ended the month at \$49.33 per barrel. The decrease in prices occurred despite multiple OPEC members comments signaling an extension of the production cuts.
- Precious Metals was the second highest returning commodity sub-index - returning -0.6% in April. The positive price increase in gold (+1.4%) was offset by a drop in Silver which fell by -5.4%.
- Sugar futures continued their downward trend and fell by -4.0% in April. The commodity is down -31.1% from October of 2017.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1Year	3Year	5Year	10Year
Bloomberg Commodity	(1.5)	(1.5)	(3.8)	(1.3)	(15.0)	(9.7)	(6.5)
Bloomberg Agriculture	(1.2)	(1.2)	(4.2)	(9.2)	(14.7)	(8.3)	(1.0)
Bloomberg Energy	(3.0)	(3.0)	(14.1)	(2.9)	(29.8)	(17.7)	(17.6)
Bloomberg Grains	(0.8)	(0.8)	(2.2)	(15.3)	(17.5)	(9.4)	(2.4)
Bloomberg Industrial Metals	(3.4)	(3.4)	4.0	13.7	(4.8)	(7.0)	(7.3)
Bloomberg Livestock	7.4	7.4	7.6	4.0	(7.1)	(1.4)	(7.1)
Bloomberg Petroleum	(4.4)	(4.4)	(13.2)	(6.1)	(29.7)	(19.4)	(11.2)
Bloomberg Precious Metals	(0.6)	(0.6)	9.1	(3.3)	(2.1)	(7.4)	4.8
Bloomberg Softs	(3.5)	(3.5)	(8.2)	2.6	(12.5)	(9.8)	(0.9)

Source: Morningstar, as of 4/30/17

COMMODITY PERFORMANCE



Source: Bloomberg, as of 4/30/17

Appendix

Periodic table of returns

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD	5-Year	10-Year
Emerging Markets Equity	16.6	38.4	23.2	35.2	38.7	66.4	31.8	14.0	25.9	56.3	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	13.9	13.9	8.9
Large Cap Growth	8.1	37.8	23.1	32.9	27.0	43.1	22.8	8.4	10.3	48.5	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	11.4	13.6	8.0
International Equity	6.4	37.2	22.4	31.8	20.3	33.2	12.2	7.3	6.7	47.3	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	0.9	17.3	10.0	13.3	7.3
Small Cap Growth	4.4	31.0	21.6	30.5	19.3	27.3	11.6	3.3	1.6	46.0	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	12.1	7.3	13.0	7.0
Large Cap Equity	3.2	28.5	21.4	22.4	16.2	26.5	7.0	2.8	1.0	39.2	16.5	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.0	11.8	7.1	12.9	6.7
60/40 Global Portfolio	2.6	25.7	16.5	16.2	15.6	24.3	6.0	2.5	-5.9	30.0	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	11.3	6.3	12.9	6.0
Small Cap Equity	0.4	19.6	14.4	13.9	8.7	21.3	4.1	-2.4	-6.0	29.9	14.3	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	-0.8	11.2	3.6	10.7	5.5
Large Cap Value	-1.5	18.5	11.3	12.9	4.9	20.9	-3.0	-5.6	-11.4	29.7	12.9	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	-1.4	8.0	3.1	6.8	4.3
Hedge Funds of Funds	-1.8	15.2	10.3	10.6	1.2	13.2	-7.3	-9.1	-15.5	25.2	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	7.1	3.0	5.6	3.9
US Bonds	-2.0	11.6	9.9	9.7	-2.5	11.4	-7.8	-9.2	-15.7	23.9	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	5.7	1.6	3.4	2.5
Real Estate	-2.4	11.1	6.4	5.2	-5.1	7.3	-14.0	-12.4	-20.5	11.6	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.6	1.6	2.3	1.1
Small Cap Value	-2.9	7.5	6.0	2.1	-6.5	4.8	-22.4	-19.5	-21.7	9.0	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	0.3	1.5	0.9
Cash	-3.5	5.7	5.1	-3.4	-25.3	-0.8	-22.4	-20.4	-27.9	4.1	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	0.5	0.2	0.1	0.5
Commodities	-7.3	-5.2	3.6	-11.6	-27.0	-1.5	-30.6	-21.2	-30.3	1.0	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	0.3	-3.8	-9.7	-6.5

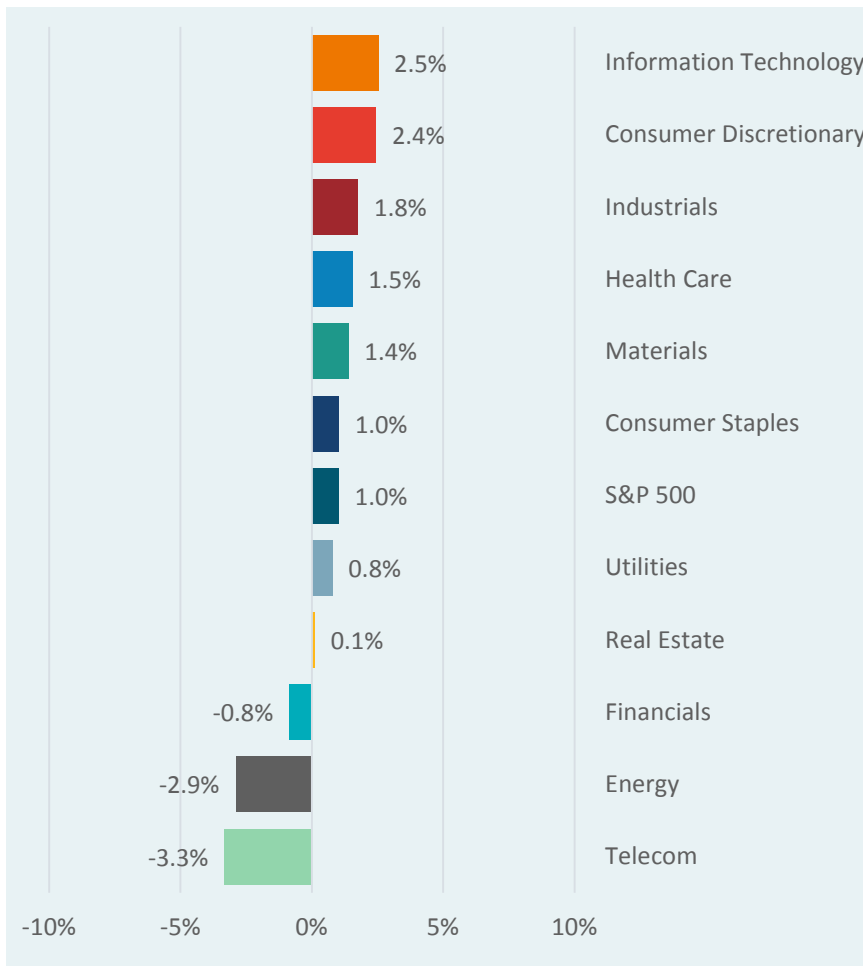
WORST

- Large Cap Equity
- Small Cap Growth
- Commodities
- Large Cap Value
- International Equity
- Real Estate
- Emerging Markets Equity
- Hedge Funds of Funds
- US Bonds
- 60% MSCI ACWI/40% BBgBarc Global Bond
- Cash

Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, BBgBarc US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, BBgBarc Global Bond. NCREIF Property Index performance data as of 3/31/17.

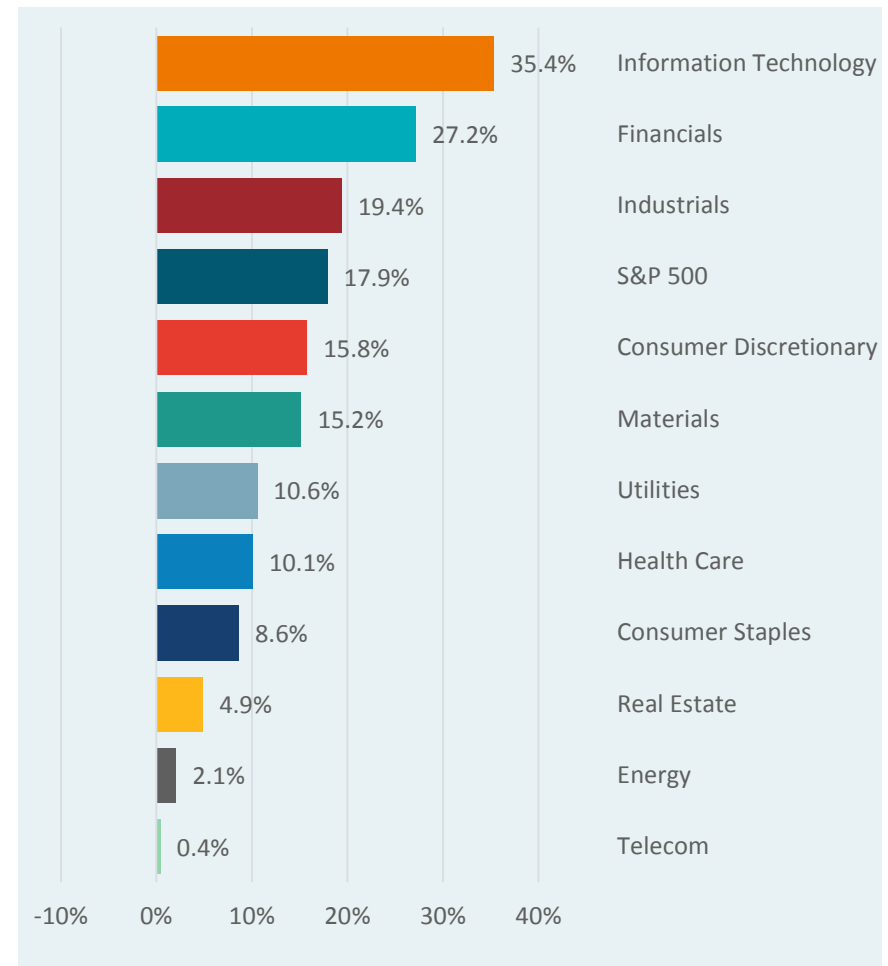
S&P 500 and S&P 500 sector returns

QTD



Source: Morningstar, as of 4/30/17

ONE YEAR ENDING APRIL



Source: Morningstar, as of 4/30/17

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	1.0	1.0	7.2	17.9	10.5	13.7	7.2
S&P 500 Equal Weighted	0.7	0.7	6.1	16.8	9.7	14.4	8.3
DJ Industrial Average	1.4	1.4	6.7	20.9	10.8	12.4	7.6
Russell Top 200	1.2	1.2	7.6	18.6	10.7	13.7	7.1
Russell 1000	1.1	1.1	7.1	18.0	10.2	13.6	7.3
Russell 2000	1.1	1.1	3.6	25.6	9.0	12.9	7.0
Russell 3000	1.1	1.1	6.9	18.6	10.1	13.6	7.2
Russell Mid Cap	0.8	0.8	6.0	16.7	9.0	13.3	7.6
Style Index							
Russell 1000 Growth	2.3	2.3	11.4	19.5	12.1	13.9	8.9
Russell 1000 Value	(0.2)	(0.2)	3.1	16.6	8.3	13.3	5.5
Russell 2000 Growth	1.8	1.8	7.3	24.1	9.3	12.9	8.0
Russell 2000 Value	0.4	0.4	0.3	27.2	8.7	13.0	6.0

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	1.6	1.6	8.6	15.1	5.3	9.0	3.7
MSCI ACWI ex US	2.1	2.1	10.2	12.6	0.8	5.1	1.1
MSCI EAFE	2.5	2.5	10.0	11.3	0.9	6.8	0.9
MSCI EM	2.2	2.2	13.9	19.1	1.8	1.5	2.5
MSCI EAFE Small Cap	4.3	4.3	12.6	13.1	5.3	10.2	3.1
Style Index							
MSCI EAFE Growth	3.0	3.0	11.8	8.6	2.3	6.8	1.9
MSCI EAFE Value	2.1	2.1	8.3	13.9	(0.6)	6.7	(0.2)
Regional Index							
MSCI UK	2.1	2.1	7.2	6.0	(3.3)	3.6	0.3
MSCI Japan	1.0	1.0	5.6	10.5	7.3	7.7	0.9
MSCI Euro	4.0	4.0	12.8	15.4	(0.7)	8.6	(0.6)
MSCI EM Asia	2.1	2.1	15.8	22.1	5.2	4.8	4.5
MSCI EM Latin American	(0.0)	(0.0)	12.1	16.3	(4.8)	(5.4)	0.3

Source: Morningstar, as of 4/30/17

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
BBgBarc US Treasury US TIPS	0.6	0.6	1.9	1.7	1.8	0.7	4.2
BBgBarc US Treasury Bills	0.1	0.1	0.2	0.4	0.2	0.2	0.7
BBgBarc US Agg Bond	0.8	0.8	1.6	0.8	2.7	2.3	4.3
Duration							
BBgBarc US Treasury 1-3 Yr	0.1	0.1	0.4	0.3	0.7	0.6	2.0
BBgBarc US Treasury Long	1.5	1.5	3.0	(3.1)	5.7	3.5	6.8
BBgBarc US Treasury	0.7	0.7	1.4	(0.6)	2.1	1.5	3.9
Issuer							
BBgBarc US MBS	0.7	0.7	1.1	0.7	2.6	2.0	4.2
BBgBarc US Corp. High Yield	1.2	1.2	3.9	13.3	4.7	6.8	7.4
BBgBarc US Agency Interm	0.3	0.3	0.8	0.5	1.4	1.1	3.1
BBgBarc US Credit	1.0	1.0	2.3	2.7	3.5	3.6	5.3

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	(1.5)	(1.5)	(3.8)	(1.3)	(15.0)	(9.7)	(6.5)
Wilshire US REIT	(0.1)	(0.1)	(0.0)	4.8	8.9	9.1	4.4
CS Leveraged Loans	0.4	0.4	1.6	8.2	3.8	4.8	4.2
Regional Index							
JPM EMBI Global Div	1.5	1.5	5.4	8.6	6.3	5.8	7.1
JPM GBI-EM Global Div	1.2	1.2	7.7	4.0	(2.6)	(1.6)	3.9
Hedge Funds							
HFRI Composite	0.6	0.6	3.1	8.2	3.1	4.3	3.2
HFRI FOF Composite	0.6	0.6	3.0	6.3	2.2	3.4	1.1
Currency (Spot)							
Euro	1.8	1.8	3.2	(4.9)	(7.7)	(3.8)	(2.2)
Pound	3.5	3.5	4.7	(11.7)	(8.5)	(4.4)	(4.3)
Yen	(0.0)	(0.0)	4.6	(4.0)	(2.9)	(6.5)	0.7

Definitions

ISM Manufacturing Index – based on data compiled from purchasing and supply executives nationwide. Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (New Orders, Backlog of Orders, New Export Orders, Imports, Production, Supplier Deliveries, Inventories, Customers' Inventories, Employment and Prices), this report shows the percentage reporting each response, the net difference between the number of responses in the positive economic direction and the negative economic direction, and the diffusion index. (www.instituteforsupplymanagement.org)

Notices & disclosures

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Date: May 22, 2017

To: Board of Trustees

From: Carl Nelson – Executive Secretary
Amy Burke – Deputy Executive Secretary
Scott Whalen - Verus

Agenda Item 12: Investment Policy Statement – Amend Benchmark

Recommendation:

The Pension Trust’s investment consultant, Verus, and Staff recommend that Addendum A of the Investment Policy Statement be amended to add a performance benchmark for the Private Credit Asset Class. The recommended benchmark is the Barclays Capital High Yield index + 200 basis points.

Discussion:

At the August 2016 Board of Trustees meeting, the Investment Policy Statement (IPS) for the Pension Trust was amended with modified asset allocation targets in Addendum A to the IPS. The IPS Addendum A includes performance benchmarks for each asset class. Verus, as the Pension Trust’s investment consultant, recommends completing Addendum A by adding in a performance benchmark appropriate for Private Credit. This benchmark had been under analysis at the time of the August 2016 IPS amendment. Consistent with other Verus clients, the firm is recommending the use of the Barclays Capital High Yield index + 200 basis points.

San Luis Obispo County Pension Trust
Asset Allocation Policy

ADDENDUM A

Asset Allocation Policy Adopted May 22, 2017	2016 Policy	2016 Min. Max.		Performance Benchmark
Equities - US				
Large Cap US Equity	16%	11%	21%	varies with Mgr.
Small / Mid Cap US Equity	4%	2%	9%	varies with Mgr.
Equities - US - Total	20%	15%	30%	Russell 3000
Equities - International				
International	13%	8%	18%	MSCI EAFE
International - Emerging Mkt.s	7%	0%	12%	
Equities - Intl. - Total	20%	15%	30%	MSCI ACWI ex. US
EQUITIES - Total	40%	30%	50%	
Fixed Income				
Bonds - Core+	15%	10%	20%	BC Aggregate Bond
Bank Loans	5%	0%	10%	S&P LSTA
Bonds - Global	5%	0%	10%	Citi World Govt. Bond
Bonds - Emerging Market	5%	0%	10%	JPM GBI EM
BONDS - Total	30%	25%	45%	BC Aggregate Bond
Real Estate				
Real Estate - Core	10%	5%	15%	NCREIF
Real Estate - Value Add	5%	0%	10%	NCREIF
Real Estate - Directly owned	0%	0%	4%	NCREIF
REAL ESTATE - Total	15%	5%	20%	NCREIF
Commodities				
Commodities - Active	5%	0%	10%	DJ UBS Commodities
COMMODITIES - Total	5%	0%	10%	DJ UBS Commodities
Alternative Assets				
Private Equity	5%	0%	10%	Russell 3000 + 3%
Private Credit	5%	0%	10%	BC High Yield +2%
ALT. ASSETS - Total	10%	0%	20%	Russell 3000 + 3%
Opportunistic				
Opportunistic	varies	0%	10%	Russell 3000 + 3%
Liquidity				
Cash Equivalents	0% *	0%	5% *	T-Bills
Cash Overlay	0% *	NA	NA *	Policy Mix
LIQUIDITY - Total	0%	0%	5%	T-Bills
TOTAL	100%			

* Net 0% exposure due to Cash Overlay when activated.
Policy level of Treasury cash = 3 mth.s benefits = ~2% of total

Board of Trustees

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Date: May 22, 2017

To: Board of Trustees

From: Carl Nelson – Executive Secretary
Amy Burke – Deputy Executive Secretary

Agenda Item 13: Investment Educational Presentation – Risk Mitigation Strategies

Matt Clark and Michael Connor of PIMCO will present an investment educational presentation on Risk Mitigation Strategies.

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Date: May 22, 2017

To: Board of Trustees

From: Carl Nelson – Executive Secretary
Amy Burke – Deputy Executive Secretary

Agenda Item 14: Asset Allocation May 2017

This item on the agenda provides a properly noticed opportunity for the Board of Trustees to discuss and take action if necessary regarding asset allocation and related investment matters.