

Board of Trustees

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



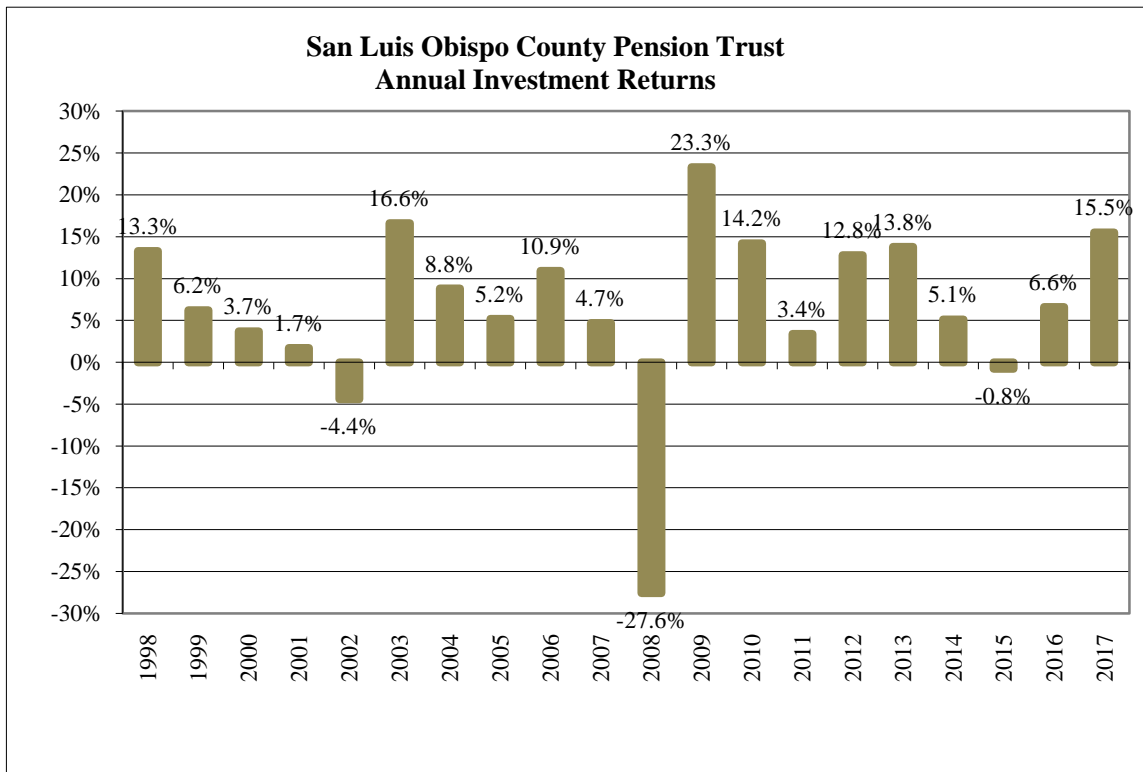
Date: February 26, 2018

To: Board of Trustees

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

Agenda Item 9: Quarterly Investment Report for the 4th Quarter of 2017

Attached to this memo is the 4Q17 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.



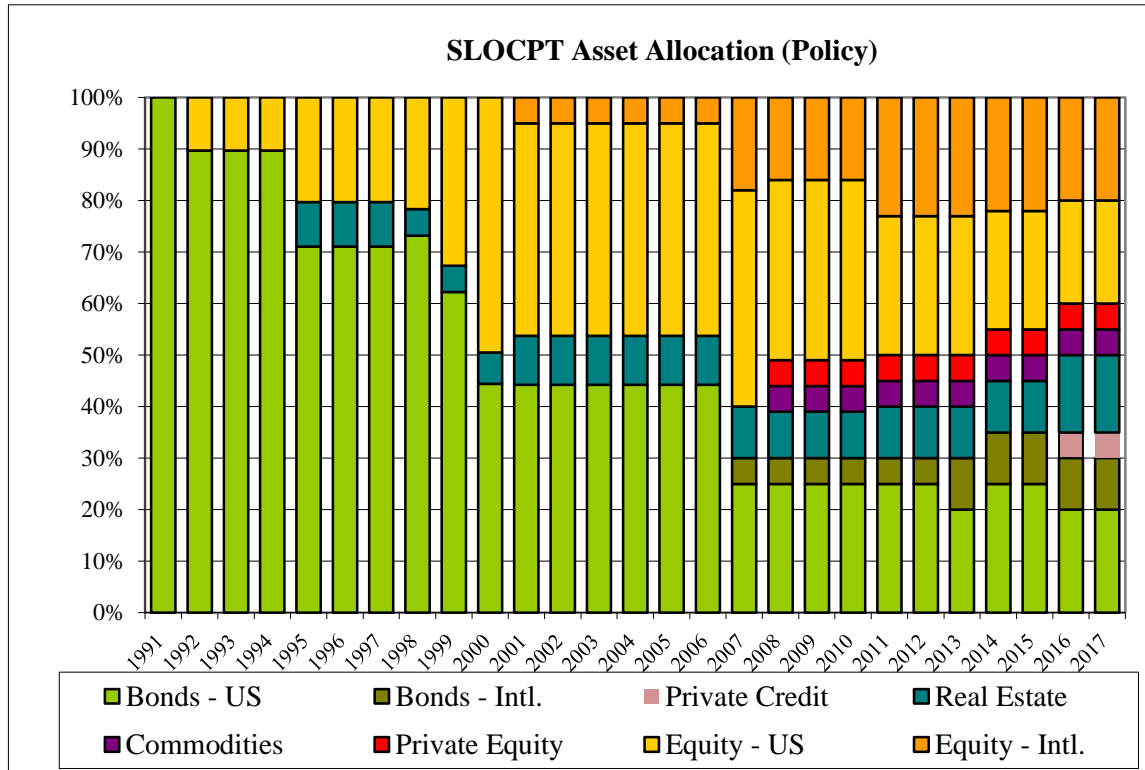
Cumulative rates of return for years ending December 31, 2017 are shown below on an annualized basis (gross of fees).

1 year	3 years	5 years	10 years	15 years	20 years
15.5%	6.9%	7.9%	5.7%	6.8%	6.1%

The rates of return for the Pension Trust are heavily influenced by the 2008 Global Financial Crisis (GFC) and market crash. To illustrate this, annualized rates of return for years ending December 31st for periods before, during and after the 2008 market crash are shown below.

Pre GFC 8 years 2000-2007	GFC 2008	“Bounceback” 2009	Post GFC 8 years 2010-2017
+5.7%	-27.6%	+23.3%	+8.7%

The Asset Allocation policy of the Pension Trust is a key determinant of investment returns and the following graph shows the history of asset allocation mix policy.





**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



PERIOD ENDING: DECEMBER 31, 2017

Investment Performance Review for

San Luis Obispo County Pension Trust

Table of Contents



[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**

1ST QUARTER 2018
Investment Landscape

Table of Contents



VERUSINVESTMENTS.COM

SEATTLE 206-622-3700

LOS ANGELES 310-297-1777

SAN FRANCISCO 415-362-3484

Economic environment 5

Fixed income rates & credit 18

Equity 24

Other assets 35

Appendix 38

4th quarter summary

THE ECONOMIC CLIMATE

- Global growth forecasts for 2018 have been revised higher, most notably in the Eurozone. U.S. expected 2018 GDP growth is 2.6%, above the expansion average. [p. 15](#)
- The Eurozone has experienced an impressive economic recovery. In the third quarter, real GDP accelerated to 2.6%, the fastest pace of growth since 2011. [p. 16](#)
- The House and Senate agreed to a final tax bill that was signed into law by President Trump on December 22nd. The bill, formally known as the Tax Cuts & Jobs Act, represents a major overhaul of the U.S. tax system. [p. 27](#)

PORTFOLIO IMPACTS

- A synchronized pickup in global economic growth, low inflation, strong employment, and accommodative central banks should support global equities moving forward. We recommend maintaining an overweight equity position. [p. 14](#)
- Markets remain expensive by most measures. However, it is important to note the merits and flaws of various valuation metrics. [p. 32](#)

THE INVESTMENT CLIMATE

- Global equities produced strong returns over the quarter and finished the year on a positive note. Emerging market equities led the way, driven by high earnings growth and expansion of valuation multiples off of low levels. [p. 25](#)
- The outlook for U.S. equity earnings has improved further, following the signing of the Tax Cuts and Jobs Act. S&P 500 earnings expectations for 2018 were revised upwards from 11.1% to 13.1%. [p. 27](#)
- U.S. high yield spreads became increasingly tight. Credit premiums are near all time lows, which may warrant an underweight to U.S. credit. [p. 22](#)

ASSET ALLOCATION ISSUES

- Risk assets continue to deliver strong performance, fueled by improving fundamentals and accelerating growth. The current environment appears accommodative for further gains. [p. 4](#)
- Equity volatility is very low, helped by stable economic conditions and inflation. Historically, low volatility has indicated less risk of an equity downside event. [p. 33](#)

We believe a moderate overweight to risk is warranted

What drove the market in Q4?

“Tax plan optimism propels Wall Street to record highs”

S&P 500 HIGH TAX RATE BASKET MONTHLY RETURN

Jul	Aug	Sep	Oct	Nov	Dec
0.9%	-1.9%	4.1%	0.5%	6.1%	5.8%

Article Source: Reuters, December 18th, 2017

“GDP swings up to 3.2% for best gain in three years”

U.S. REAL GDP (QUARTERLY ANNUALIZED RATE)

Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17
2.2%	2.8%	1.8%	1.2%	3.1%	3.2%

Article Source: U.S. News & World Report, November 29th, 2017

“U.S. yield curve hits its flattest point since November 2007”

10-YEAR MINUS 2-YEAR TREASURY YIELD SPREAD (BPS)

Jul	Aug	Sep	Oct	Nov	Dec
94	78	84	78	62	52

Article Source: Financial Times, November 21st, 2017

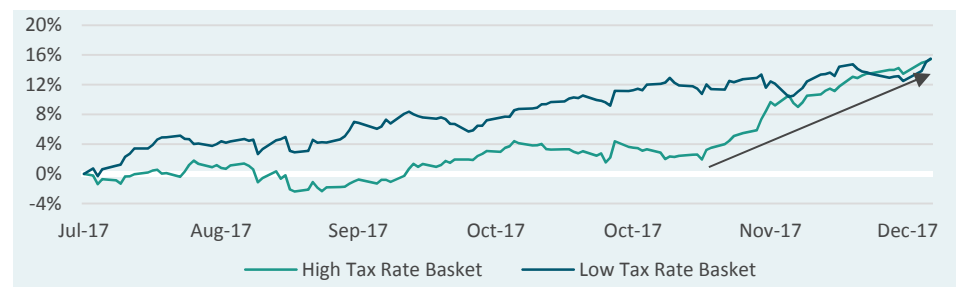
“Global manufacturers strain to keep up with faster economy”

GLOBAL PURCHASING MANAGERS INDEX (PMI)

Jul	Aug	Sep	Oct	Nov	Dec
53	53	53	54	54	55

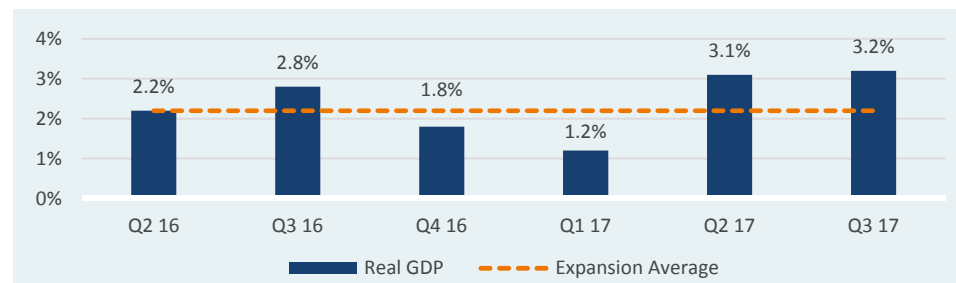
Article Source: Bloomberg, January 2nd, 2018

S&P 500 HIGH TAX RATE VS. LOW TAX RATE BASKET



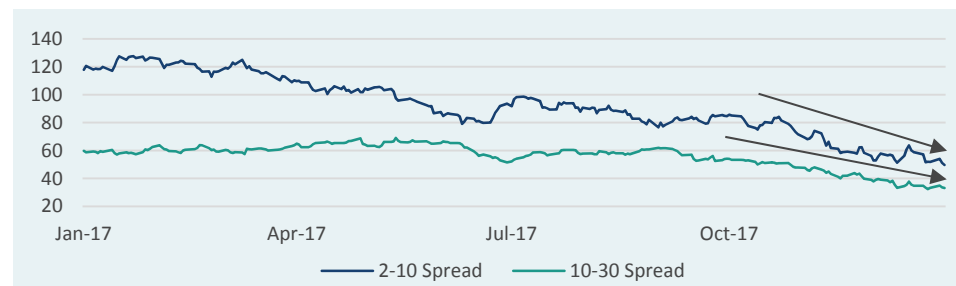
Source: Verus, Bloomberg, as of 1/4/18

REAL GDP VS. EXPANSION AVERAGE



Source: FRED, as of 9/30/17, quarterly annualized rate

U.S. YIELD CURVE SPREADS (BPS)



Source: Bloomberg, as of 1/4/18

Economic environment

U.S. economics summary

- U.S. real GDP grew 2.3% from the previous year in Q3, the fastest pace in more than two years. Growth was driven by consumer spending, private inventory accumulation, and business investment.
- Growth in business investment has provided a material support to the economy over recent periods for the first time in the recovery. Rising domestic and external demand has influenced companies to ramp up production. Survey based measures indicate firms are planning to increase capex over the next six months.
- Core inflation rose slightly from 1.7% to 1.8% over the quarter, driven by higher shelter prices. Strong demand, higher raw material prices, and a weaker dollar may provide modest pressures on inflation, but overall levels remain low. Any material rise in inflation would likely be met by more aggressive monetary tightening than what is priced into markets.
- The U3 unemployment rate fell further from 4.2% to 4.1%, its lowest level in 17 years.
- Net job creation averaged 204,000 per month in Q3 - above the expansion average of 196,000. Despite robust job gains and low unemployment, wage growth remained modest at 2.5% YoY.
- The Fed raised interest rates for the third time this year to a target rate of 1.25-1.50%. Fed dot plots indicate three more interest rate hikes in 2018, while the market is only forecasting two. Officials noted that strong economic growth is expected to continue, and raised the 2018 GDP forecast from 2.1% to 2.5%.

	Most Recent	12 Months Prior
GDP (YoY)	2.3% 9/30/17	1.5% 9/30/16
Inflation (CPI YoY, Core)	1.8% 12/31/17	2.2% 12/31/16
Expected Inflation (5yr-5yr forward)	2.1% 12/31/17	2.1% 12/31/16
Fed Funds Target Range	1.25 – 1.50% 12/31/17	0.50 – 0.75% 12/31/16
10 Year Rate	2.4% 12/31/17	2.4% 12/31/16
U-3 Unemployment	4.1% 12/31/17	4.7% 12/31/16
U-6 Unemployment	8.1% 12/31/17	9.1% 12/31/16

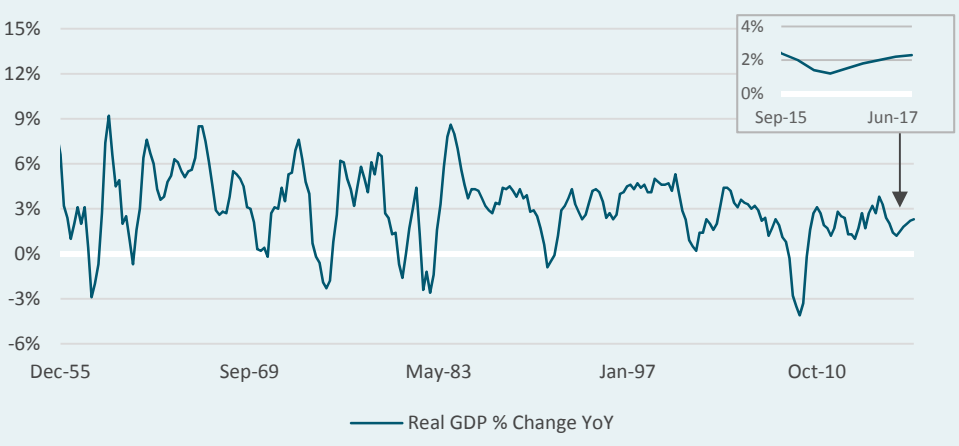
GDP growth

Real GDP rose by 2.3% from the previous year (3.2% quarterly annualized rate) in Q3, the fastest pace of growth in two years. Economic growth picked up meaningfully in 2017 and consumer and business surveys indicate further strength. Support to the economy includes strong consumer demand both domestically and abroad, low unemployment, and stable core inflation. Despite Fed moves toward normalizing monetary policy, financial conditions have yet to slow down the expansion, likely due to a slower pace of interest rate hikes than expected by the market.

All major components of the economy were positive contributors to growth in Q3, which has only happened in 6% of quarters since 1947. The main source of growth was consumer spending, which rose 2.5% from the previous quarter and contributed 1.4% to the overall growth rate. A faster pace of inventory accumulation was the second largest contributor to GDP, followed by non-residential business investment. According to the Atlanta Fed GDPNow forecast, real GDP growth is expected to be 3.3% in Q4. Looking ahead to 2018, we believe the economic backdrop is positive, and will remain supportive of the recent pickup in growth.

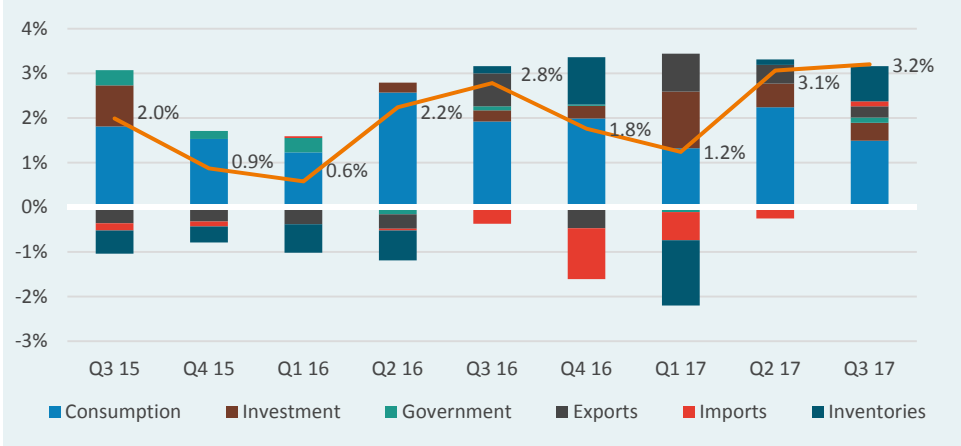
Economic growth has accelerated over the past two quarters

U.S. REAL GDP GROWTH (YOY)



Source: Bloomberg, as of 9/30/17

U.S. GDP COMPONENTS



Source: BEA, annualized quarterly rate, as of 9/30/17

Business investment

During most of the current expansion, corporate investment has been minimal. Many companies have held higher than normal cash balances or used the abundant liquidity created by easy monetary policy to buy back stock. Over the past year, however, there has been a meaningful increase in business capital expenditure (capex) as firms have needed to ramp up production to meet rising global demand. With the labor market close to full employment and jobs more difficult to fill, businesses may rely on investment to meet rising demand. Moving

forward, business capex will likely be an important factor if economic growth is set to continue.

Survey based measures indicate that businesses are making plans to increase investment over the next six months. In addition to rising demand, the changes to the U.S. tax code should provide incentives for businesses to invest. Most notably, the mandatory repatriation of foreign profits at a special tax rate will give firms an ample source of cash that can be used for investment.

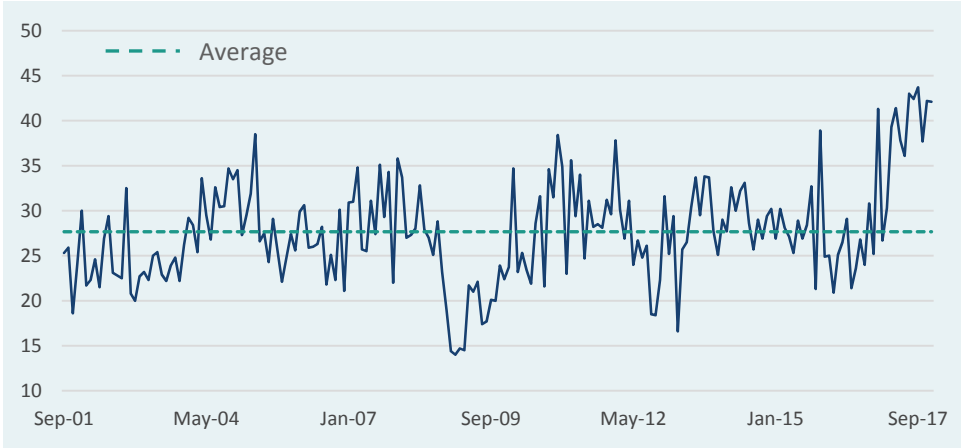
Business investment has been a material contributor to the recent pickup in growth

NON-FINANCIAL CORPORATE CAPEX GROWTH (YOY)



Source: Bloomberg, as of 9/30/17

SIX MONTH FORECAST OF CAPEX INCREASES



Source: Philadelphia FRB Business Outlook Survey, the x-axis represents the % of firms expecting to increase capex minus the % of firms expecting to decrease capex over the next six months

Inflation

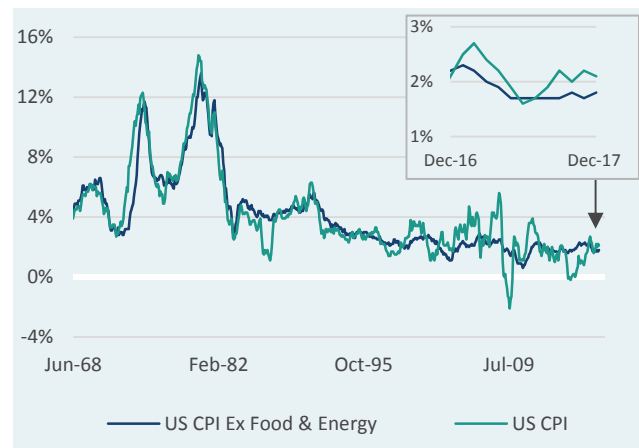
Core U.S. inflation picked up slightly to 1.8% YoY in December, a rise from 1.7% in September. Increases in housing and healthcare costs contributed to the move. Headline inflation fell from 2.2% to 2.1% over the quarter.

Market based inflation expectations increased slightly as the 10-year TIPS breakeven inflation rate moved from 1.8% to 2.0%. Investors expect inflation to stay low for the long-run based on market pricing.

Low inflation remains a roadblock for central banks hoping to normalize interest rates. However, lower inflation may benefit markets overall by dampening the need for central bank market intervention, which contributes to lower borrowing costs and lower market volatility through greater price stability. The current inflation level may provide markets with a happy medium.

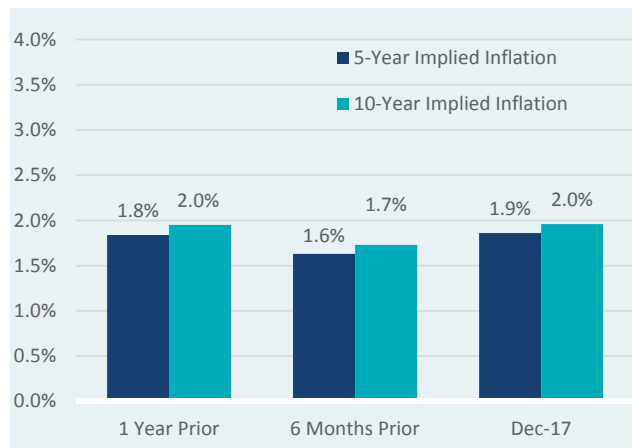
Low inflation may be supportive of further economic expansion

U.S. CPI (YOY)



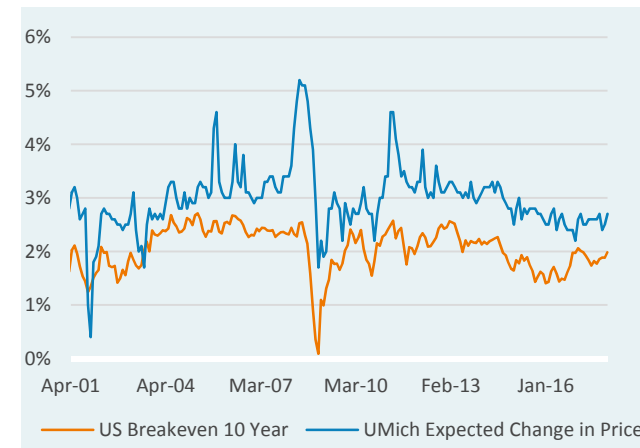
Source: FRED, as of 12/31/17

U.S. TIPS BREAKEVEN RATES



Source: Federal Reserve, as of 12/31/17

INFLATION EXPECTATIONS



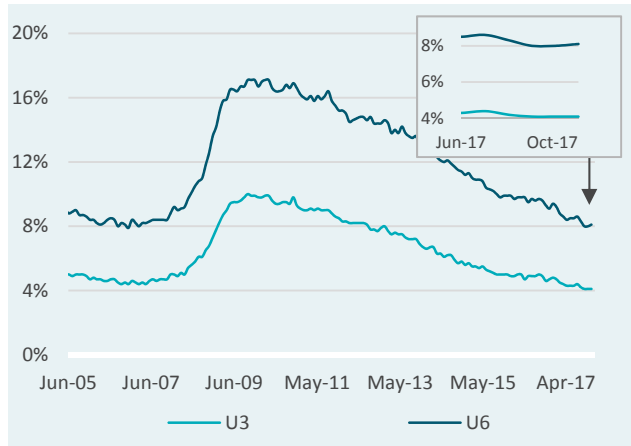
Source: Bloomberg, as of 12/31/17

Labor market

The U.S. labor market tightened further as unemployment fell from 4.2% to 4.1% over the quarter. Net job creation was robust, averaging 204,000 per month in the third quarter, higher than the expansion average of 196,000. A falling unemployment rate and above average job creation points toward some remaining slack in the labor market despite the longer length of the recovery relative to history. Wage growth improved modestly at 2.5% YoY, but remains below average relative to past economic expansions.

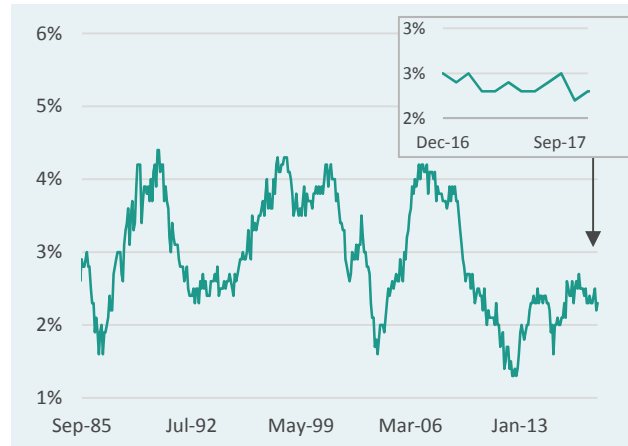
In previous quarters, we noted that the headline unemployment rate may be overstating tight labor market conditions due to discouraged or longer-term unemployed workers not included in traditional measures. It appears these individuals are slowly making their way back into the labor force, especially during the past two years. The core age (25-54) participation rate was 81.9% in December, up from a low of 80.6% in September of 2015. This figure was 83.3% prior to the global financial crisis, suggesting there may still be room for additional workers to reenter the labor force.

UNEMPLOYMENT RATE



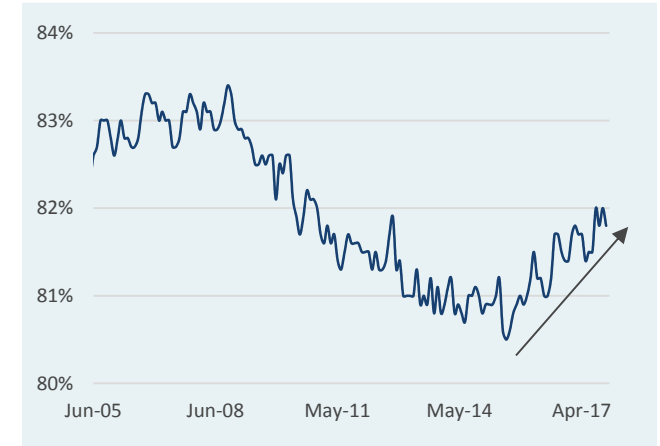
Source: FRED, as of 12/31/17

AVERAGE HOURLY EARNINGS (YOY)



Source: Bloomberg, as of 11/30/17

CORE AGE PARTICIPATION RATE



Source: FRED, as of 12/31/17

The consumer

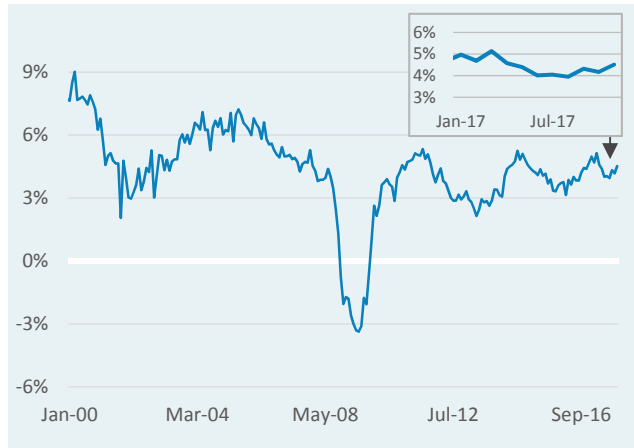
Positive economic conditions are providing continued support to strong consumer demand, although this has not led to signs of late-cycle overheating. Consumer spending was 4.5% YoY in November, up from 4.0% three months prior.

Low unemployment, low inflation, and modest wage gains have helped create consistent growth in consumer spending. Monetary tightening has yet to have a material negative impact on consumers through higher borrowing costs and increasing interest payments on existing debt. Furthermore,

a portion of individual costs are determined by the long end of the curve, which has remained fairly stable.

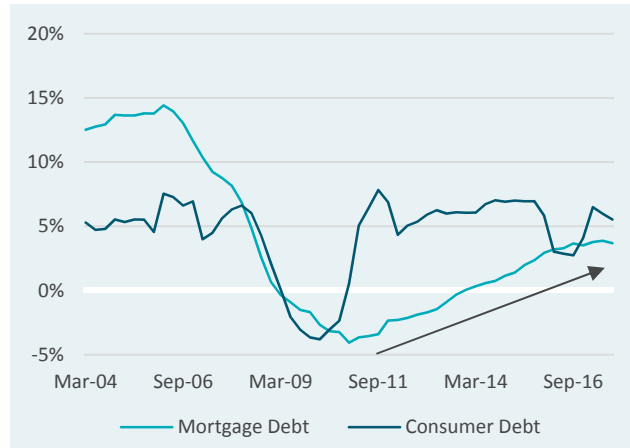
Low interest rates have not led individuals to take on large debt loads as both borrowers and lenders remain cautious. Consumer debt has seen modest growth, while mortgage debt is still recovering from a sharp decline following the 2008-2009 financial crisis. Growth in consumer debt has been mostly fueled by increases in student and auto loans, which would likely be impacted by further interest rate rises.

CONSUMER SPENDING (YOY GROWTH)



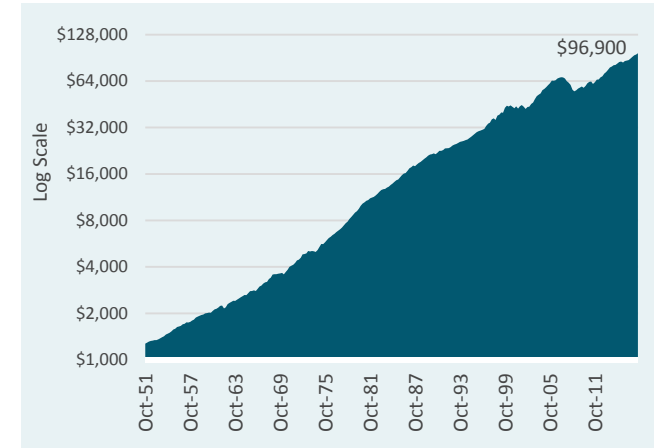
Source: Bloomberg, as of 11/30/17

DEBT GROWTH (YOY)



Source: FRED, as of 9/30/17

HOUSEHOLD NET WORTH



Source: Bloomberg, as of 7/31/17

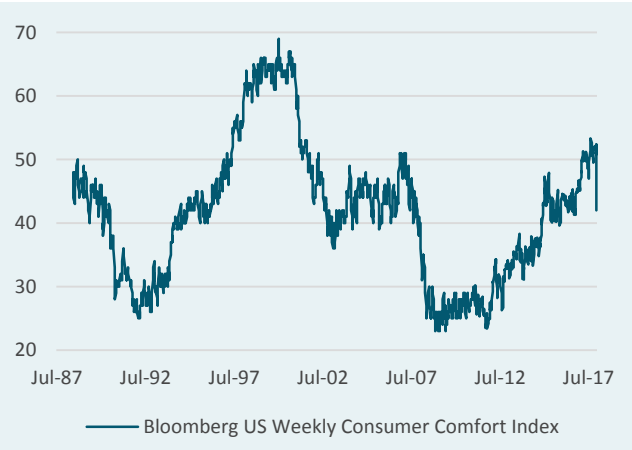
Sentiment

Measures of consumer and business sentiment remained above average in the fourth quarter. The University of Michigan Consumer Sentiment Index was 95.9 in December, which placed it in the 85th percentile relative to its own history, since 1978. The average value of the index in 2017 was the highest since 2000, driven by consumers' positive attitudes toward current economic conditions. U.S. tax reform did not result in an increase in sentiment and was only mentioned by 29% of respondents, who demonstrated mixed reactions.

The NFIB Small Business Optimism Index increased to 107.5 in November – near a record high. This indicator jumped following the election in 2016 and has stayed high, reflecting positive attitudes towards policy changes, deregulation, and economic conditions. A net 37% of small businesses expect the economy to improve and a net 27% are planning on increasing capital outlays. Companies also reported that finding qualified workers to hire is getting increasingly difficult. Higher labor costs would be a headwind to small businesses.

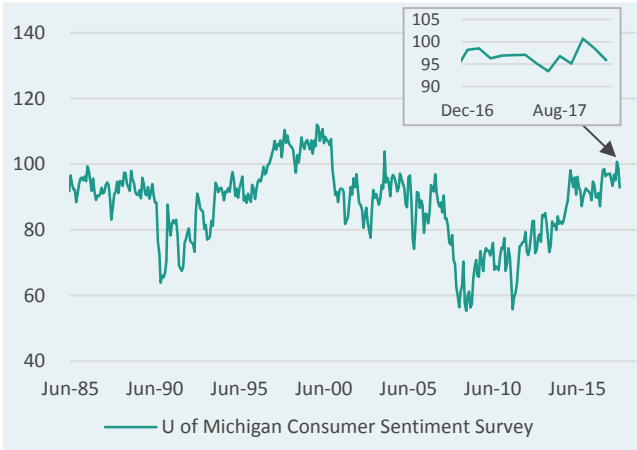
Consumers and small businesses have a positive outlook on the economy

CONSUMER COMFORT INDEX



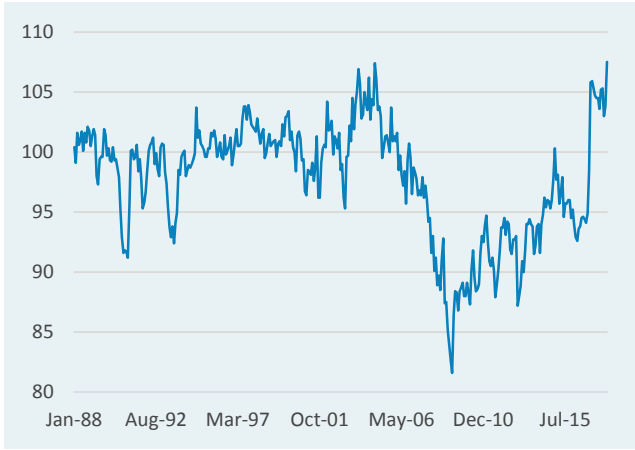
Source: Bloomberg, as of 12/31/17 (see Appendix)

CONSUMER SENTIMENT



Source: University of Michigan, as of 12/31/17 (see Appendix)

NFIB SMALL BUSINESS OPTIMISM INDEX



Source: NFIB, as of 11/30/17 (see Appendix for details)

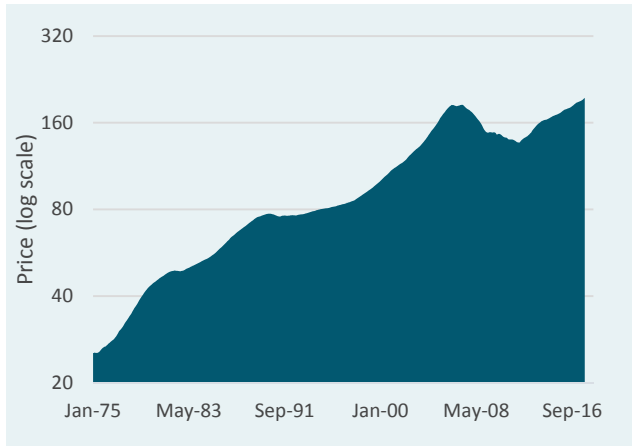
Housing

Growth in U.S. home prices has steadily accelerated over the past three years. National home prices increased 6.2% YoY in October, according to the S&P/Case-Shiller Index, up from a growth rate of 5.2% one year prior. Sales growth continued to be constrained by a lack of supply, which has helped lead to higher prices due to demand outpacing supply. At the current sales rate, it would take only 4.7 months to completely exhaust the supply in the market, below the long-term historical average of 6.1.

Thus far, tightening from the Fed has not led to a material rise in mortgage rates. Home ownership has remained affordable as lower interest costs have somewhat offset rising home prices.

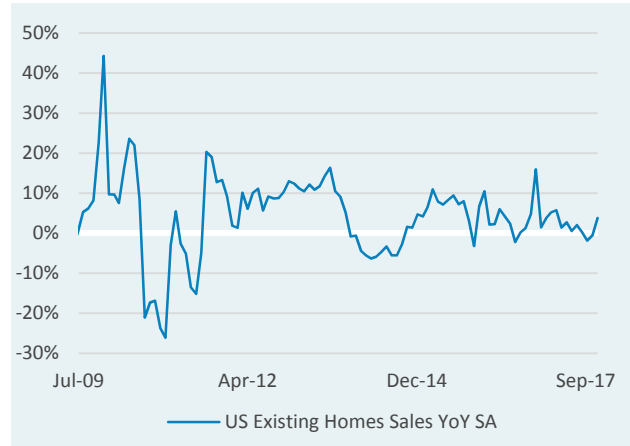
Total mortgage debt outstanding has just recently recovered from the global financial crisis. Mortgage lending standards are still tight, which has led to a higher quality pool of mortgage borrowers relative to past cycles.

CASE-SHILLER HOME PRICE INDEX



Source: FRED, as of 10/31/17

HOUSING SALES



Source: Bloomberg, as of 11/30/17

MONTHLY SUPPLY OF HOMES



Source: FRED, as of 11/30/17

International economics summary

- Economic growth advanced in the third quarter across developed and emerging markets. The United States grew at 2.3% YoY, the Eurozone improved to 2.6%, and overall growth in the BRICS nations accelerated to 5.6%. Central bank policy is still broadly accommodative, which is supportive of continued progress.
- Expectations for global GDP growth for the next two years has been revised upward in the past six months, according to the consensus estimate from Bloomberg. The upward revision to global growth forecasts were driven by the Eurozone and emerging markets.
- A pickup in lending and investment, strong external demand, and accommodative monetary policy has helped fuel an impressive economic recovery in the Eurozone. GDP grew 2.6% in Q3 from the

previous year and the unemployment rate fell to 8.8%, the lowest level in nine years.

- PMIs across major markets were all above 50, indicating further expansion in the manufacturing sector.
- There are still concerns of a hard landing in China because the central bank has been tightening financial conditions on the short-end of the yield curve to reign in excessive leverage. Thus far, this process has been successful with economic growth slowing only moderately.
- Low inflation in developed economies has persisted, contributing to slower monetary tightening as central banks have been reluctant to raise rates too quickly.

Area	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	2.3% <i>9/30/17</i>	2.1% <i>12/31/17</i>	4.1% <i>12/31/17</i>
Western Europe	2.5% <i>9/30/17</i>	1.6% <i>12/31/17</i>	7.4% <i>12/31/17</i>
Japan	2.1% <i>9/30/17</i>	0.6% <i>11/30/17</i>	2.7% <i>11/30/17</i>
BRICS Nations	5.6% <i>9/30/17</i>	2.0% <i>12/31/17</i>	5.7% <i>9/30/17</i>
Brazil	1.4% <i>9/30/17</i>	3.0% <i>12/31/17</i>	12.1% <i>12/31/17</i>
Russia	1.8% <i>9/30/17</i>	2.5% <i>12/31/17</i>	5.1% <i>11/30/17</i>
India	5.3% <i>9/30/17</i>	4.9% <i>11/30/17</i>	8.0% <i>12/31/16</i>
China	6.8% <i>9/30/17</i>	1.8% <i>12/31/17</i>	4.0% <i>9/30/17</i>

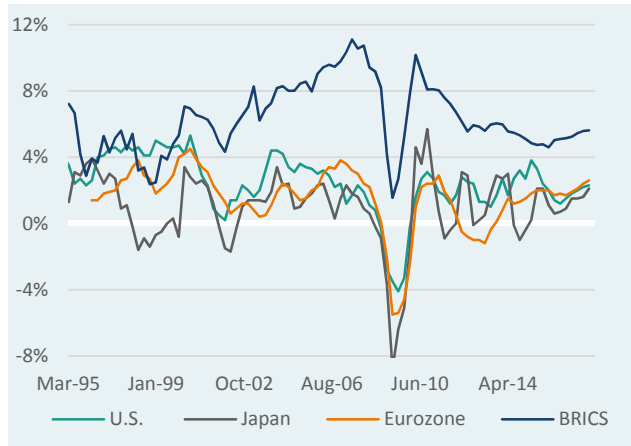
International economics

Economic growth accelerated broadly over the quarter, while inflation remained moderate in the developed world and fell in many emerging markets. Emerging economies appear to be very early in their cycle. Brazil and Russia recently pulled out of recession, with economic slack and room for expansion. Improving economic conditions and rising global demand have led to a material pickup in growth expectations for future years. The consensus forecast for 2018 Eurozone real GDP growth was revised upwards by 50 bps over the past six months.

Central bank policies in developed markets remained accommodative, but the intent to move towards tighter financial conditions has been clearly communicated. Stimulus from central banks, notably the ECB and BOJ, is likely still necessary to support the recent improvement in economic growth. A lack of pressure in inflation, however, should allow central banks to take a careful approach to future policy changes.

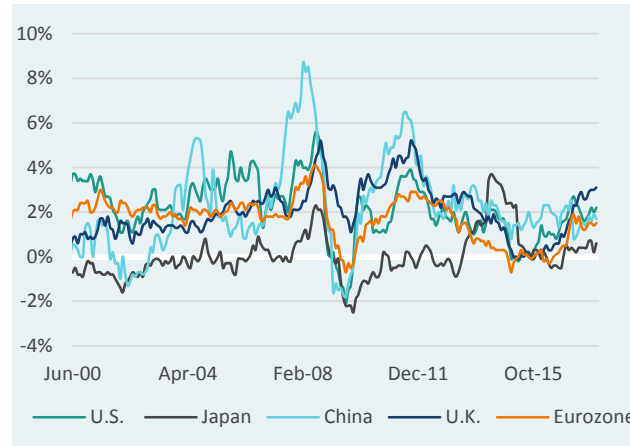
Growth accelerated, while inflation remained moderate

REAL GDP GROWTH (YOY)



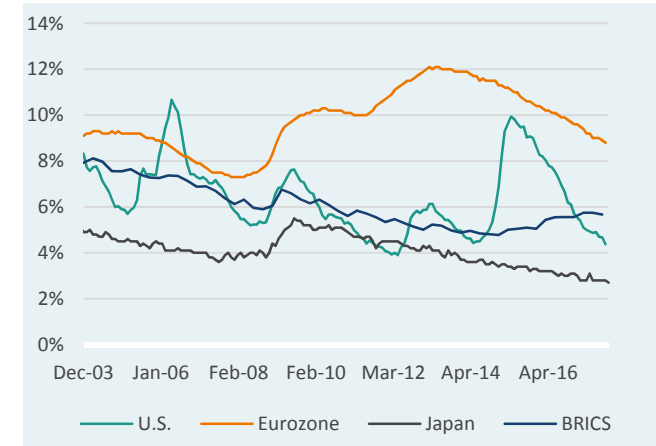
Source: Bloomberg, as of 9/30/17

INFLATION (CPI)



Source: Bloomberg, as of 11/30/17

UNEMPLOYMENT



Source: Bloomberg, as of 11/30/17 or most recent release

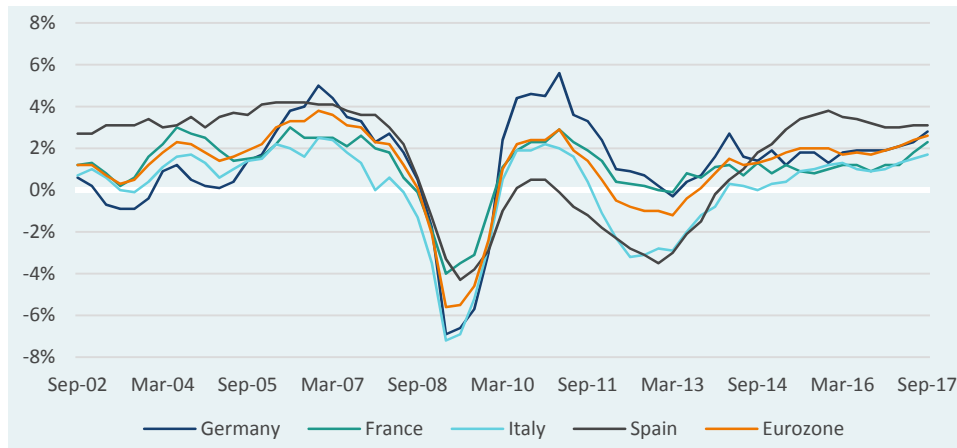
Eurozone economic recovery

A pickup in lending and investment, strong external demand, and accommodative monetary policy has helped fuel an impressive economic recovery in the Eurozone. In Q3, real GDP was 2.6% YoY - its highest rate of growth since 2011. Economic data has come in better than expected for most of the past year and economic forecasts have been revised upwards significantly. Additionally, labor markets have also improved markedly with the overall Eurozone unemployment rate falling from 9.6% to 8.8% over the past year, with further room for improvement.

The continuing recovery is not without risks. Most notably, economies are still heavily reliant on monetary stimulus. The ECB has already started to taper asset purchases, although any additional tightening will likely be considered with caution. The recovery in economic conditions has been led by Germany, while periphery countries such as Italy and Spain have lagged behind and are still experiencing high unemployment rates. Finally, political risk in Europe, such as the Italian election this year, is still lurking in the background.

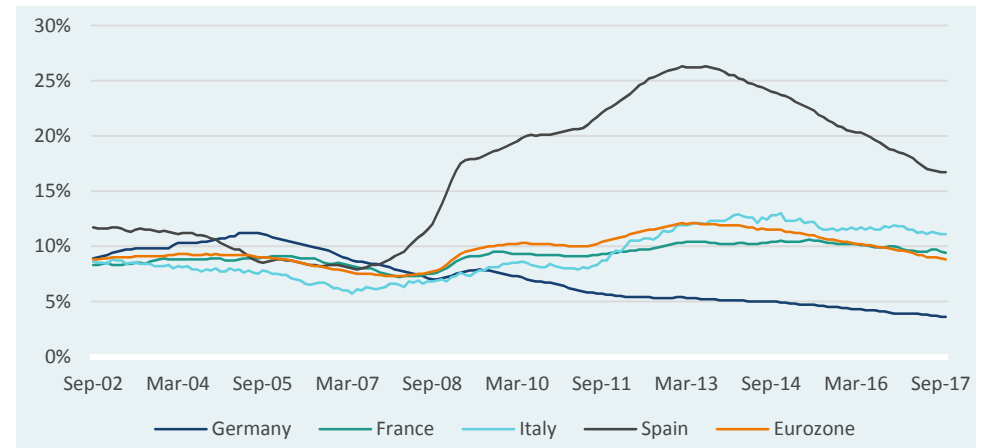
The Eurozone is experiencing an impressive economic recovery

REAL GDP GROWTH



Source: Bloomberg, as of 9/30/17

UNEMPLOYMENT RATE



Source: Bloomberg, as of 10/31/17

Global PMIs

PMI 1 YEAR (CROSS SECTION) – BLUE HIGH / ORANGE LOW

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Manufacturing												
Global	53	53	53	53	53	53	53	53	53	54	54	55
Developed	54	54	54	54	54	54	54	54	55	55	56	56
US	56	58	57	55	55	58	56	59	61	59	58	60
UK	55	55	54	57	56	54	55	57	56	56	58	56
Eurozone	55	55	56	57	57	57	57	57	58	59	60	61
Germany	56	57	58	58	60	60	58	59	61	61	63	63
Japan	53	53	52	53	53	52	52	52	53	53	54	54
EM	51	51	52	51	51	51	51	52	51	51	52	52
Services												
Global	54	53	54	54	54	54	54	54	54	54	54	54
Developed	55	54	54	54	54	55	55	55	55	55	54	54
US	57	58	55	58	57	57	54	55	60	60	57	56
UK	55	53	55	56	54	53	54	53	54	56	54	54
Eurozone	54	56	56	56	56	55	55	55	56	55	56	57
Germany	53	54	56	55	55	54	53	54	56	55	54	56
Japan	52	51	53	52	53	53	52	52	51	53	51	51
EM	54	56	56	56	56	55	55	55	56	55	56	57

Source: Bloomberg, as of 12/31/17 – PMIs are based on survey data compiled from purchasing and supply managers. Survey questions are asked about several different components of each sector, such as new orders, employment, prices, etc. The final PMI reading is based on the percentage of respondents with a positive view on the sector. A reading above 50 indicates expansion in the sector while a reading below 50 indicates contraction. Historically, PMIs have had a relatively strong positive relationship with actual economic activity.

Fixed income rates & credit

Interest rate environment

- On December 13th, the Federal Reserve raised the benchmark interest rate by 25 bps to a target range of 1.25%-1.50%. The Fed has communicated three rate hikes in 2018, while the market is pricing in only two.
- U.S. Treasury yields experienced significant increases on the short end of the curve, while longer term rates were modestly higher. The 2- and 10-year yields rose 40 bps and 8 bps, respectively. The increase in short-term rates was likely caused by the Fed raising overnight borrowing rates.
- The Fed began to reduce its balance sheet slowly. Approximately \$30 billion in Treasuries and mortgage-backed securities were trimmed from the balance sheet over the quarter, which did not have a material impact on the market.
- Minutes from the ECB meeting in December showed that officials discussed additional tapering of asset purchases in early 2018 due to stronger than expected economic growth.
- Markets generally expect minimal yield rises across developed markets – between 0% and 0.3% movement over the next year in U.S., U.K., German, and Japanese sovereign bonds. However, we remain watchful of bond market reactions to balance sheet unwinding, given the unprecedented size of central bank assets.
- We remain underweight to U.S. and developed sovereign bonds (currency hedged) primarily due to low yields. It is important to keep in mind the diversification benefits that fixed income provides to the portfolio, despite near record prices.

Area	Short Term (3M)	10 Year
United States	1.38%	2.41%
Germany	(0.80%)	0.42%
France	(0.78%)	0.78%
Spain	(0.58%)	1.56%
Italy	(0.63%)	2.00%
Greece	1.40%	4.10%
U.K.	0.36%	1.19%
Japan	(0.15%)	0.04%
Australia	1.74%	2.63%
China	3.95%	3.90%
Brazil	6.77%	10.25%
Russia	6.55%	7.42%

Source: Bloomberg, as of 12/31/17

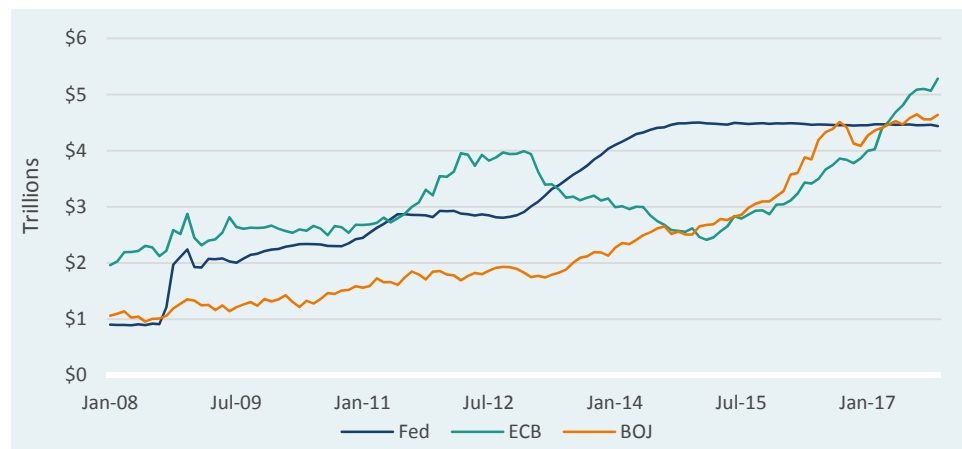
Monetary policy

The global shift towards tighter monetary policy will be an important theme in financial markets moving forward, and the possibility of a policy mistake represents a major risk. Thus far, the Fed is the only major central bank to take steps to tighten policy by raising interest rates and trimming its balance sheet. Moderate inflation has allowed the Fed to take a cautious approach to tightening, which at this point does not appear to have had a material impact on markets. While other central banks remain accommodative, several have begun tightening, including a rate hike from the BOE, and asset purchase tapering from the ECB.

Looking ahead at the next two years, there is not much monetary tightening priced into markets, which creates greater chance of a negative surprise. In the current cycle, central banks have been cautious and worked hard to clearly communicate changes in policy to avoid market surprises. We think this behavior is likely to continue, but with so little priced into markets even a slightly faster pace of tightening than expected might have a significant impact. A policy mistake is especially a concern for the Eurozone and Japan because improving economic conditions are probably still dependent on support from monetary stimulus.

Very little monetary tightening is priced into markets

MAJOR CENTRAL BANK BALANCE SHEET SIZE



Source: Bloomberg, as of 11/30/17

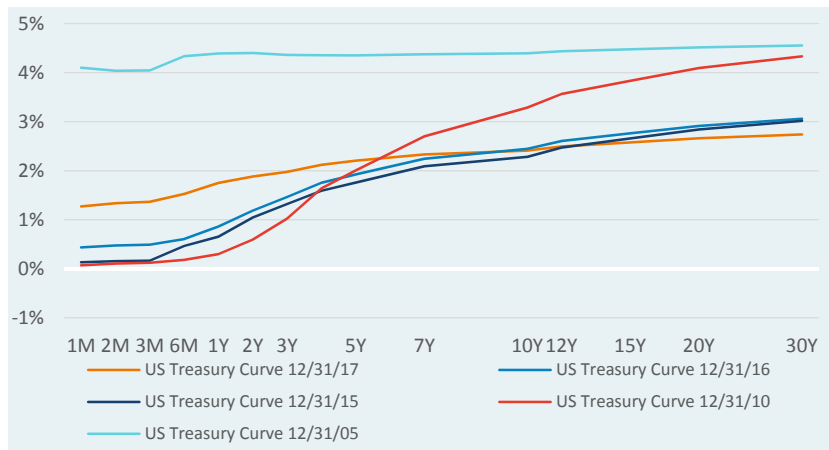
MAJOR CENTRAL BANK POLICY RATES AND EXPECTATIONS

	Policy Rate	Rate Hikes in 2017	Market Pricing YE 2018	Market Pricing YE 2019
Fed	1.4%	3	1.9%	2.1%
ECB	-0.4%	0	-0.3%	-0.1%
BOJ	-0.1%	0	-0.1%	0.0%
BOE	0.5%	1	0.7%	0.9%

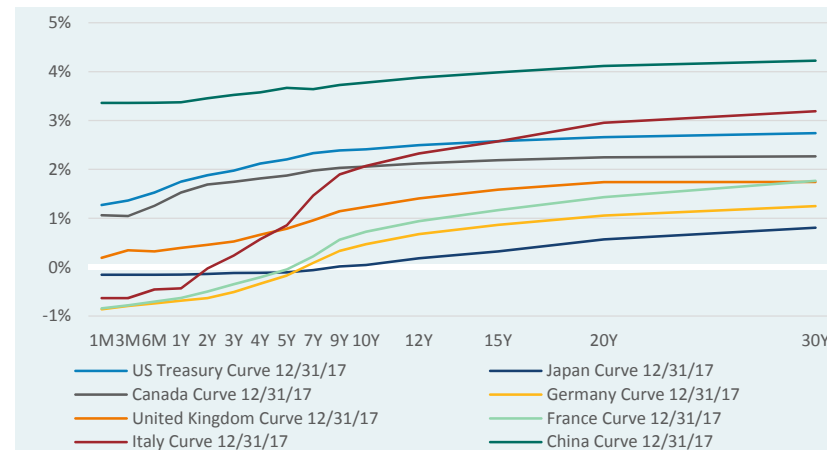
Source: Bloomberg, as of 1/4/18

Yield environment

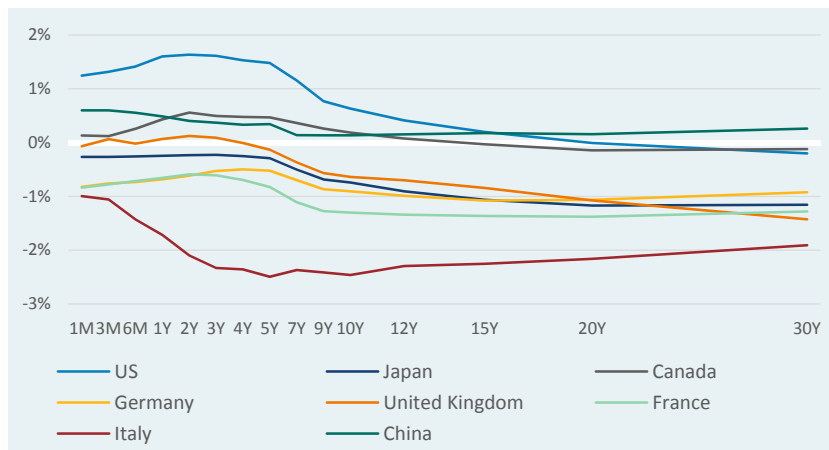
U.S. YIELD CURVE



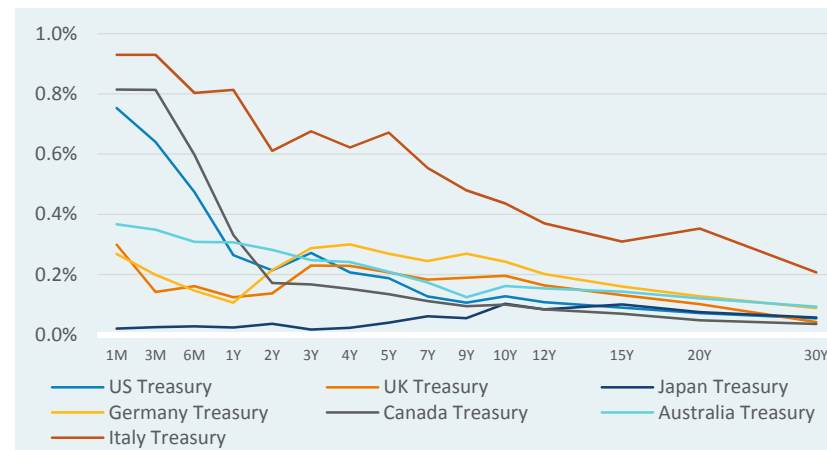
GLOBAL GOVERNMENT YIELD CURVES



YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 12/31/17

Credit environment

Credit spreads fell throughout 2017 to all-time tight levels. U.S. high yield option-adjusted spreads compressed in the fourth quarter to 3.4%, and the asset class generated a 0.5% total return for the quarter and 7.5% for 2017 (BBgBarc U.S. Corp. High Yield Index). High yield spreads are tighter than those of bank loans on a duration-neutral basis.

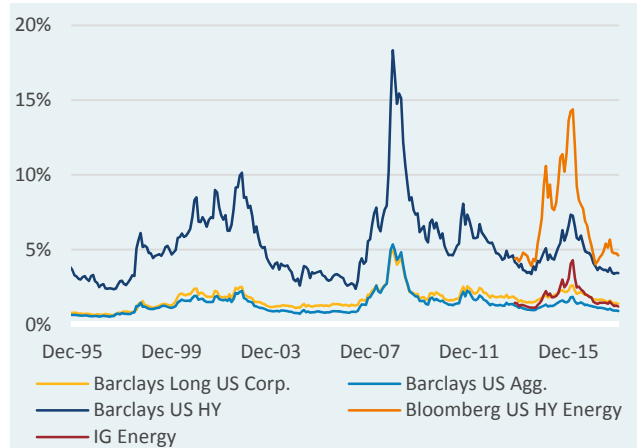
Credit spreads in both high yield and loans have continued to tighten close to multi-year lows, driven by strong corporate fundamentals and general macroeconomic improvement.

The combination of tighter credit spreads and higher yields over Treasuries led credit to broadly outperform U.S. Treasuries in Q4. High yield spreads began the year at 4.1% and tightened by 66 bps in 2017. Credit spreads have historically been a good indicator of future performance relative to Treasuries.

Based on low interest rates and tight spreads, we recommend an underweight to U.S. investment and high yield credit.

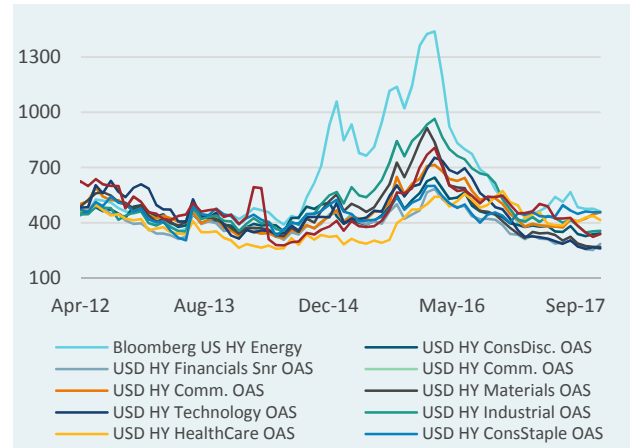
Credit spreads are tight across the capital structure

SPREADS



Source: Barclays, Bloomberg, as of 12/31/17

HIGH YIELD SECTOR SPREADS (BPS)



Source: Bloomberg, as of 12/31/17

Market	Credit Spread (12/31/17)	Credit Spread (1 Year Ago)
Long US Corporate	1.4%	1.6%
US Aggregate	0.9%	1.2%
US High Yield	3.4%	4.1%
US High Yield Energy	4.6%	4.6%
US Bank Loans	3.6%	3.9%

Source: Barclays, Credit Suisse, Bloomberg, as of 12/31/17

Issuance and default

Default activity remains low and stable in U.S. and international credit markets. The par-weighted U.S. default rate remains below its long-term average of 3.0-3.5%. Four U.S. companies defaulted in December totaling \$1.6 Billion in bonds and \$582 Million in loans. Total default activity during 2017 was at levels not seen since 2013.

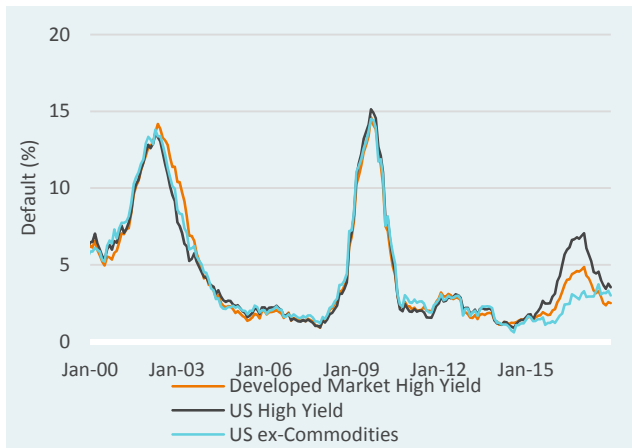
Senior loan and high yield markets normalized in 2017, compared to 2016 when a majority of defaults were generated from energy and metals/mining sectors.

Issuance in bonds and loans both increased in 2017. The majority of proceeds were used for refinancing activity as the market continues to be borrower-friendly, allowing issuers to refinance at lower rates.

Active management may offer value to investors in the high yield space.

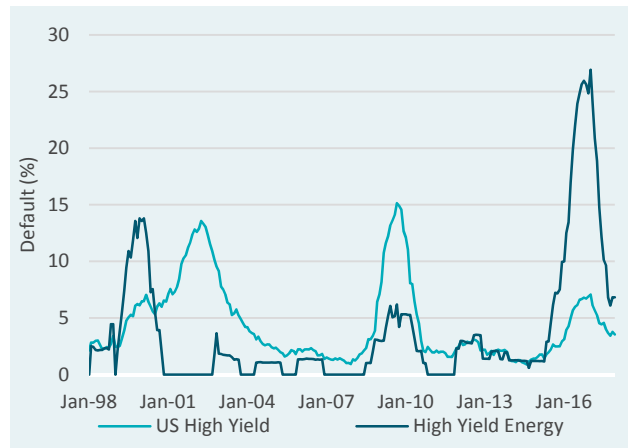
The effects of commodity related defaults are subsiding

HY DEFAULT TRENDS (ROLLING 1 YEAR)



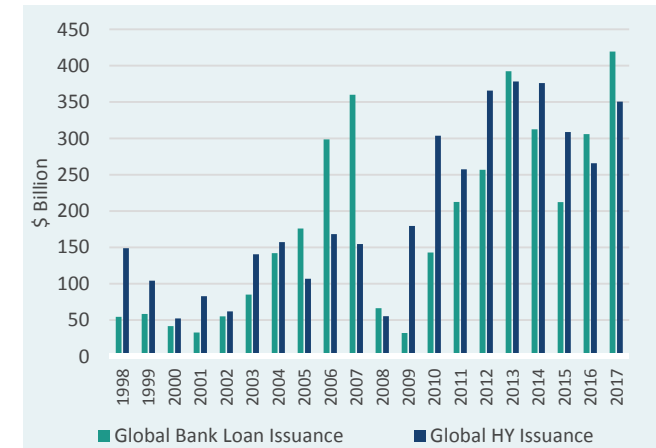
Source: BofA Merrill Lynch, as of 12/31/17

ENERGY DEFAULT TRENDS



Source: BofA Merrill Lynch, as of 12/31/17

GLOBAL ISSUANCE



Source: Bloomberg, BofA Merrill Lynch, as of 12/31/17

Equity

Equity environment

- We maintain an overweight position to equities with a preference for emerging markets. Equity markets delivered strong returns over the quarter and were supported by robust earnings growth. Emerging markets provided outsized gains as is often the case in periods of strong economic growth.
- U.S. corporate earnings are expected to increase by 13.1% YoY in 2018 according to Factset. Expectations improved by a net 2% following the Tax Cuts & Jobs Act, which lowered the corporate tax rate from 35% to 21%, effective January 1st, 2018. Energy and Financial sectors are expected to lead in earnings with growth of 47% and 25%, respectively.
- The way businesses spend tax savings may have significant positive effects on wages, capital investment, and equity returns.

We will be monitoring this activity throughout the year.

- Equity volatility has stayed extraordinarily low. U.S. market volatility over the past year was 3.9% (S&P 500), followed by International at 4.2% (MSCI EAFE) and emerging markets at 6.5% (MSCI Emerging Markets). Low equity volatility has historically indicated less risk of an equity downside event.
- Currency movement contributed to volatility and uncertainty in international assets for investors with unhedged exposure. Recently, the U.S. dollar has weakened, creating a tailwind for unhedged performance.

	QTD TOTAL RETURN		YTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)	(unhedged)	(hedged)
US Large Cap (Russell 1000)	6.6%		21.7%		21.7%	
US Small Cap (Russell 2000)	3.3%		14.6%		14.6%	
US Large Value (Russell 1000 Value)	5.3%		13.7%		13.7%	
US Large Growth (Russell 1000 Growth)	7.9%		30.2%		30.2%	
International Large (MSCI EAFE)	4.3%	4.0%	25.7%	16.8%	25.7%	16.8%
Eurozone (Euro Stoxx 50)	(0.4%)	(1.8%)	25.3%	11.1%	25.3%	11.1%
U.K. (FTSE 100)	6.0%	5.3%	22.6%	12.9%	22.6%	12.9%
Japan (NIKKEI 225)	12.0%	12.3%	25.7%	21.9%	25.7%	21.9%
Emerging Markets (MSCI Emerging Markets)	7.3%	5.3%	37.3%	28.6%	37.3%	28.6%

Source: Russell Investments, MSCI, STOXX, FTSE, Nikkei, as of 12/31/17

Domestic equity

U.S. equities produced gains over the quarter (S&P 500 +6.6%), adding to record highs. Over the past year, U.S. equity performance (S&P 500 +21.8%) has lagged international developed equities (MSCI EAFE +25.0%) and emerging markets (MSCI Emerging Markets +37.3%). Performance of each equity market is in line with the degree of earnings growth – emerging markets have produced the strongest year-over-year growth and the U.S. has produced the weakest earnings growth. However, earnings growth in the U.S. has still been strong relative to history.

U.S. corporate earnings are expected to increase by 13.1% YoY in 2018, according to Factset. Forecasts were revised upwards by a net 2% following the passing of tax cuts. Energy and Financial sectors are expected to lead in earnings with growth of 47% and 25%, respectively. The way businesses spend additional tax savings may have significant positive effects on wages, capital investment, and equity returns. We will be monitoring the situation throughout the year.

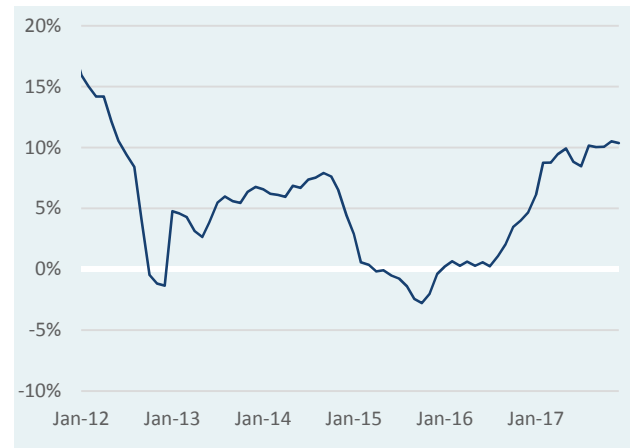
We maintain a neutral weight to U.S. equities

U.S. EQUITIES



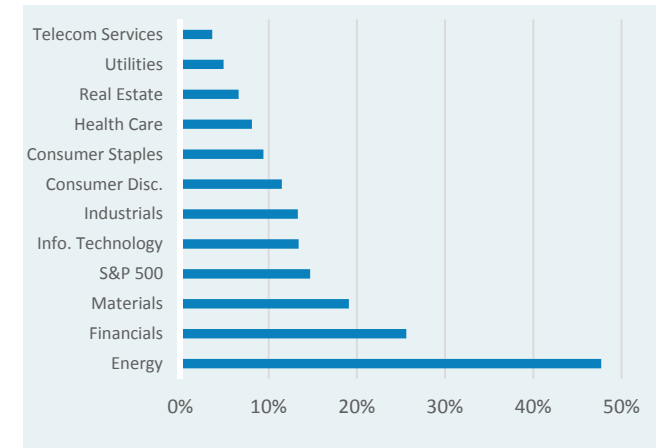
Source: Russell Investments, as of 12/31/17

EARNINGS GROWTH



Source: MSCI, as of 12/31/17, YoY growth in forward earnings

2018 S&P 500 EARNINGS EXPECTATIONS



Source: FactSet, as of 1/12/18

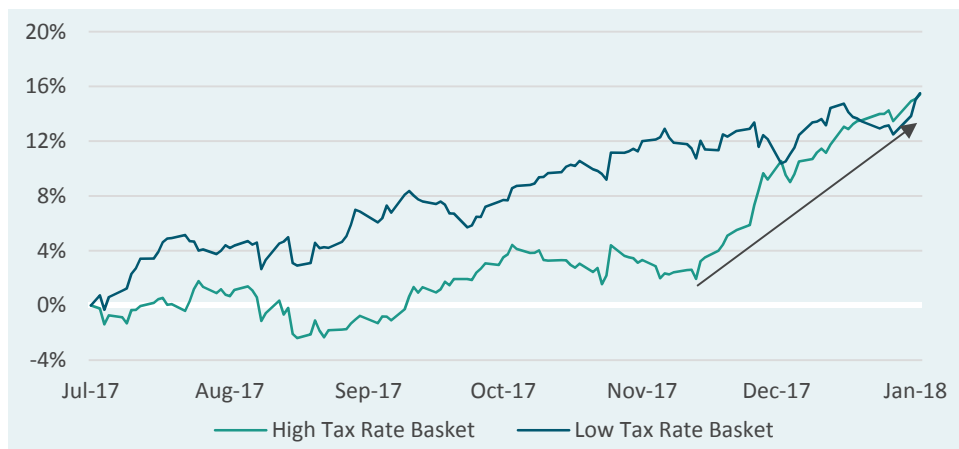
U.S. tax reform

The House and Senate passed a final tax bill, which was then signed into law by President Trump on December 22, 2017. The most widely publicized component of the bill is a corporate tax cut that lowers the statutory tax rate from 35% to 21%. The tax cut should result in a material boost to corporate earnings, which was priced into markets as the proposal was negotiated. Equities with relatively high effective tax rates significantly outperformed those with low effective tax rates since November. We believe that higher earnings growth resulting from the one-time tax cut is likely fully priced into equities.

The second component to the tax cut relates to the way corporations choose to use the savings. Its impact is more difficult to determine. In the past, firms have used tax savings to return capital to shareholders, which will likely play an important role once again. We believe that in the current economic and deregulatory environment, a material gain in business investment and wages is possible. A rise in investment could lead to further earnings growth and would have a more lasting impact on the economy than if firms simply return the savings to shareholders.

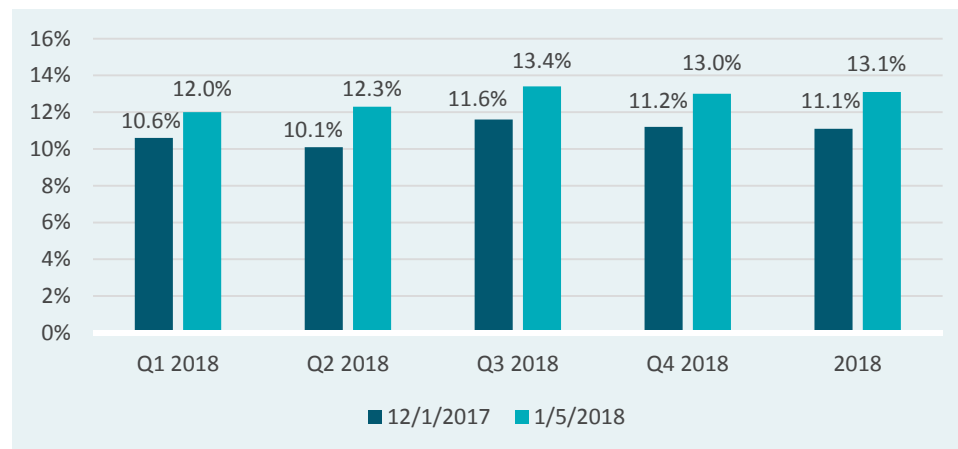
Corporate tax cuts will be a boost to earnings

S&P 500 HIGH TAX RATE VS. LOW TAX RATE BASKET



Source: Bloomberg, Verus, as of 1/4/18

S&P 500 2018 EARNINGS EXPECTATIONS



Source: FactSet, as of 1/5/18

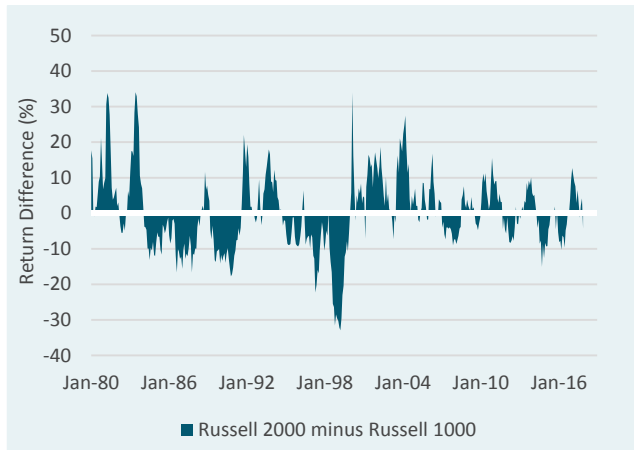
Domestic equity size and style

Large cap equities (Russell 1000 +6.6%) continued to outperform small cap equities (Russell 2000 +3.3%) during the quarter. Small cap stocks are very expensive relative to history based on traditional measures. It appears that a greater number of companies in the small cap universe with low or negative earnings has contributed to rising price-to-earnings multiples of the index.

technology sector performance (growth stocks are highly concentrated in the tech sector). Value has now underperformed on a 1-, 3-, 5-, and 10-year basis. Value stocks have underperformed over a 10-year period only twice in the past 100 years – during the great depression (1937) and during the dotcom bubble (1999). Both of these occasions were followed by an impressive bounce back in value performance.

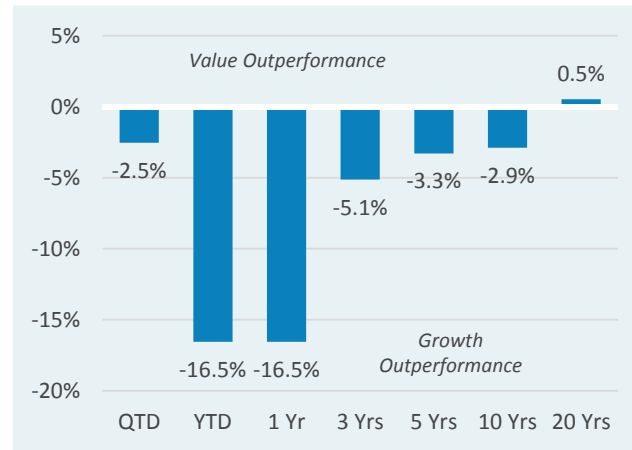
Value equities underperformed growth equities over the quarter and the past year – caused by extremely positive

SMALL CAP VS LARGE CAP (YOY)



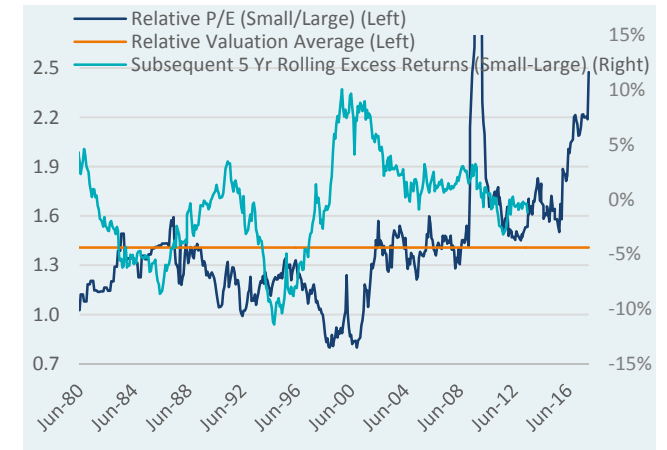
Source: Russell Investments, as of 12/31/17

U.S. VALUE VS GROWTH RELATIVE PERFORMANCE



Source: Morningstar, as of 12/31/17

U.S. LARGE VS. SMALL RELATIVE VALUATIONS



Source: Russell, Bloomberg, as of 12/31/17

International developed equity

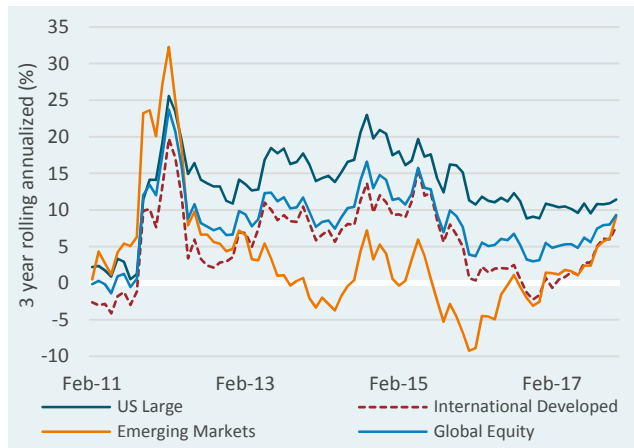
International equities lagged U.S. equities during the fourth quarter as U.S. tax reform contributed to a strong domestic rally. The MSCI EAFE Index returned 4.3% (+4.0% hedged) while the S&P 500 returned 6.6%. Emerging markets continued to outperform (MSCI EM +7.4% unhedged).

Japan outperformed among developed markets, which is particularly notable when considering the pessimism baked into Japan's equity valuations. Japan generated a

12.0% return in the fourth quarter and a 25.7% return in 2017 (Nikkei 225 unhedged). Recent equity gains were fundamentally supported by earnings growth.

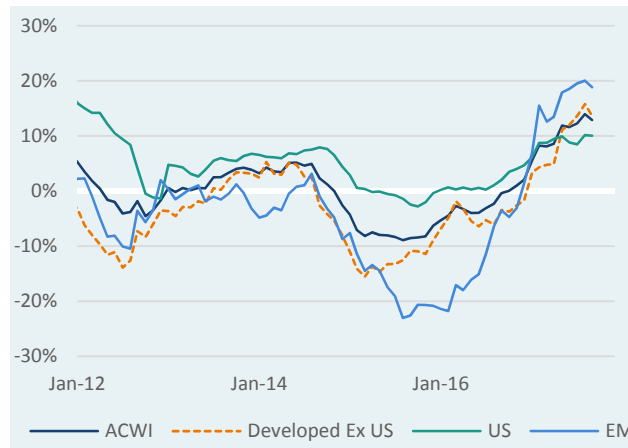
Currency effects added a positive 0.3% to the unhedged MSCI EAFE in Q4 (+8.9% year-to-date), as the U.S. dollar weakened slightly against a trade weighted basket of currencies.

EQUITY PERFORMANCE (3YR ROLLING)



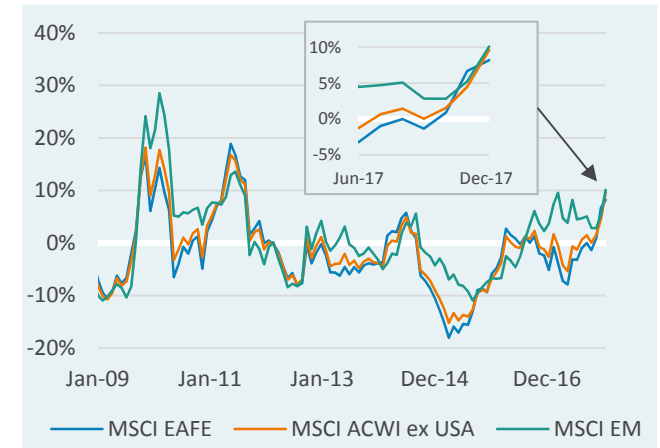
Source: Bloomberg, as of 12/31/17

EARNINGS GROWTH



Source: MSCI, as of 12/31/17 – YoY growth in forward earnings

EFFECT OF CURRENCY (1 YEAR ROLLING)



Source: MSCI, as of 12/31/17

Emerging market equity

We maintain an overweight to emerging market equities. These markets have led the way in economic growth, earnings, and equity performance. Emerging market equities delivered exceptional returns in 2017 (MSCI Emerging Markets +37.3%) relative to developed markets (MSCI ACWI +24.2%) and during the fourth quarter (7.4% vs. 4.2%).

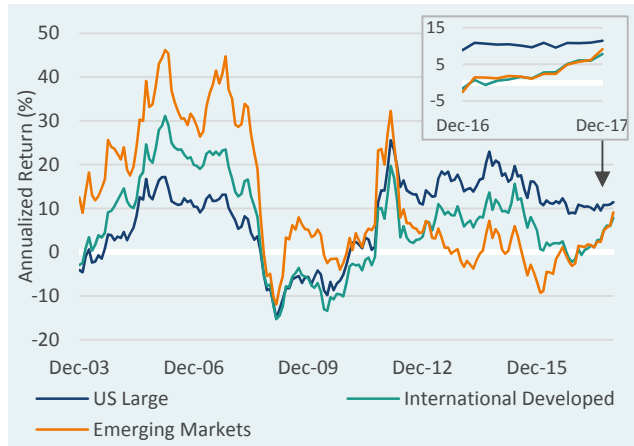
Emerging markets have lagged the U.S. significantly since the global financial crisis, prior to the recent rotation. Emerging market currencies remain depressed relative to

history, and a reversal could provide additional tailwinds to recent outperformance.

Equity multiples have risen modestly, supported by a brighter earnings outlook. As these economies evolve, it has become more difficult to refer to emerging markets as a distinct category. Different levels of economic progress, capital market development, and valuations can be witnessed across emerging market indices. Active management is typically preferred in this asset class.

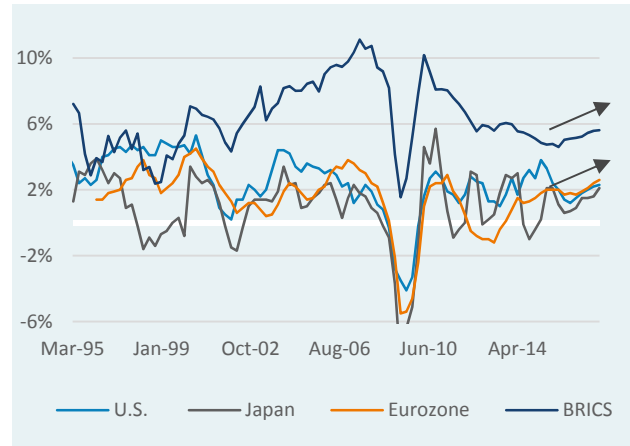
Coordinated global growth has helped propel emerging market equities

EQUITY PERFORMANCE (3YR ROLLING)



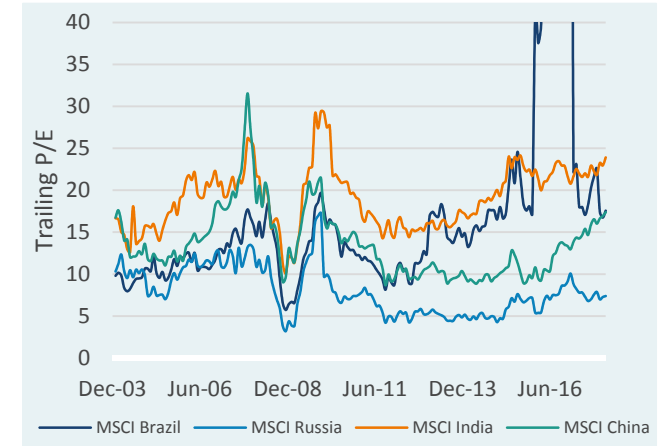
Source: Standard & Poor's, MSCI, as of 12/31/17

ECONOMIC MOMENTUM



Source: Bloomberg, as of 9/30/17

BRIC VALUATIONS



Source: MSCI, as of 12/31/17

Equity valuations

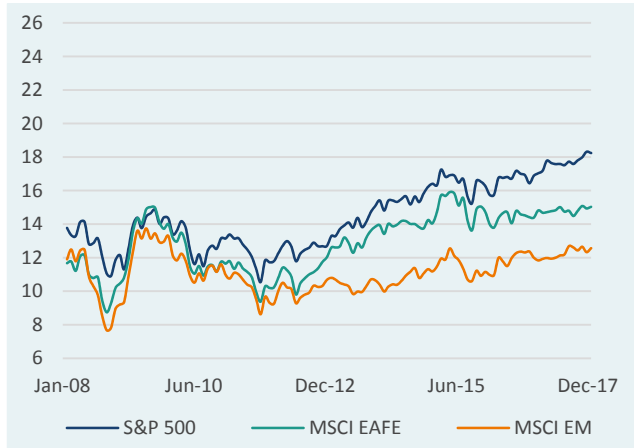
Equity valuations grew slightly richer over the quarter and remain high. However, strong underlying earnings growth has sustained above-average performance. Global economic acceleration, robust earnings growth, and accommodative monetary policies contribute to our view that a risk overweight position is warranted.

Comparing valuation increases to earnings growth demonstrates that the recent pickup in equity performance is fundamentally driven (fueled by earnings rather than higher equity prices). In this environment the forward P/E measure tends to provide a more accurate representation of

valuations. Equity price is a product of expectations for future earnings and cash flows. The forward P/E measure takes into account future earnings while the trailing P/E focuses on past earnings, which leads the trailing P/E measure to incorrectly rise during times when prices and earnings may in fact be rising at the same pace (implying no true valuation movement).

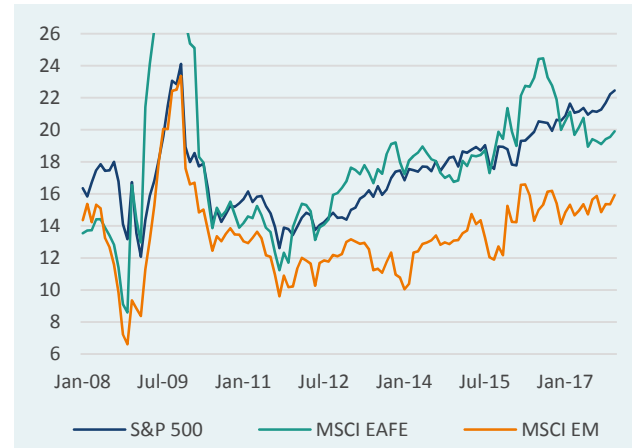
Higher valuations imply lower future equity returns over the longer-term. However, over shorter periods of time equities may produce strong returns despite high valuations, as seen recently.

FORWARD P/E RATIOS



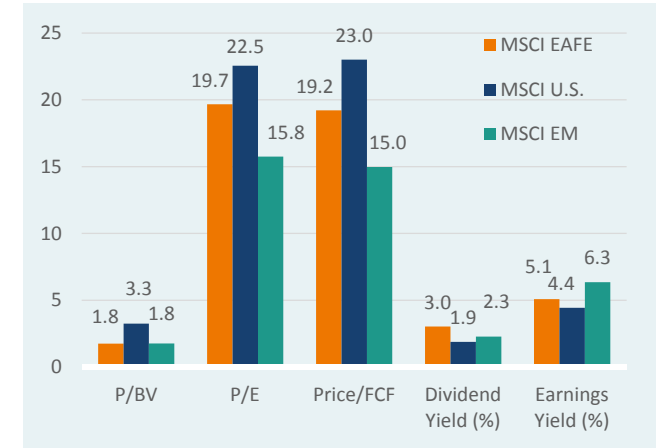
Source: MSCI, as of 12/31/17

TRAILING P/E RATIOS



Source: Bloomberg, as of 12/31/17

VALUATION METRICS



Source: Bloomberg, as of 12/31/17 - trailing P/E

Shiller P/E



- The Shiller P/E, or CAPE ratio (cyclically adjusted price-to-earnings), uses current market price divided by average real (inflation-adjusted) corporate earnings of the past 10 years to arrive at a valuation multiple.
- The CAPE ratio is currently very high relative to history, though this can be partly explained by the fact that the past 10 years of earnings includes the global financial crisis – one of worst earnings depressions in history (which has pushed the CAPE ratio upward).
- The chart on the left illustrates that the CAPE ratio will come down significantly in the near future, all other things being equal, as the global financial crisis falls out of the CAPE's 10 year earnings window.

Source: Robert Shiller, *Verus* – The light blue line is Robert Shiller's CAPE ratio over the past 30 years. Each line illustrates how the CAPE ratio will move assuming various after-inflation earnings growth rates, and assuming equity prices increase at the rate of inflation.

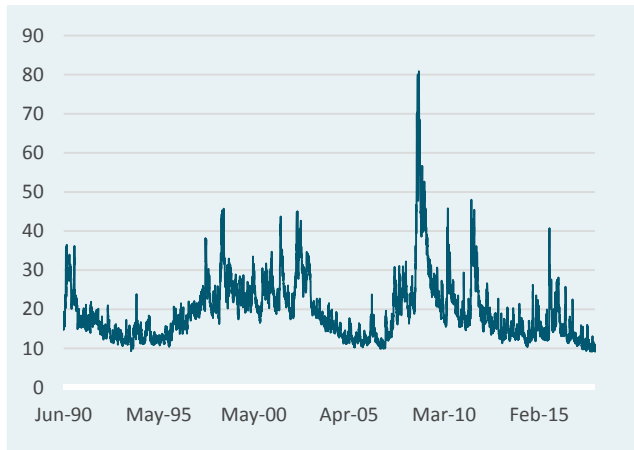
Equity volatility

Equity volatility has stayed extraordinarily low. U.S. market volatility over the past year was 3.9% (S&P 500), compared to its historical average annualized volatility of 14.2%. International equity volatility has also been low with developed markets at 4.2% (MSCI EAFE) and emerging markets at 6.5% (MSCI Emerging Markets). Implied volatility as indicated by the VIX has also remained suppressed. Muted volatility environments have historically resulted in a lower probability of a significant market drawdown.

The current low volatility environment has been influenced by very few significant economic surprises. Steady increases in GDP growth and consistent inflation, which is likely a byproduct of central bank intervention, has helped lead to stable asset price movements. Volatility may begin to return to more normal levels if central banks stay on course with monetary tightening. However, central banks will likely remain very sensitive to contributing to market volatility.

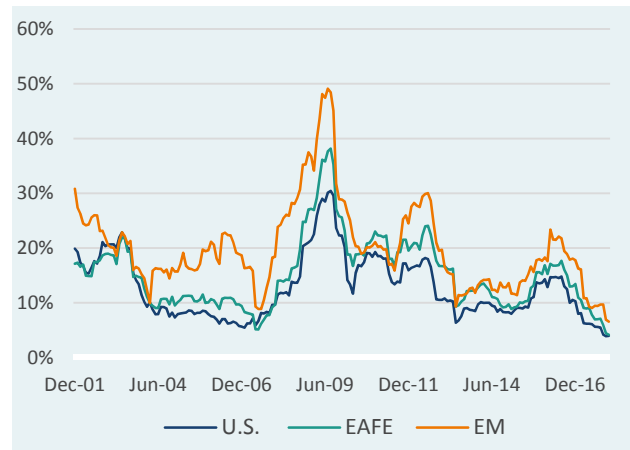
Equity volatility has trended downwards

U.S. IMPLIED VOLATILITY (VIX)



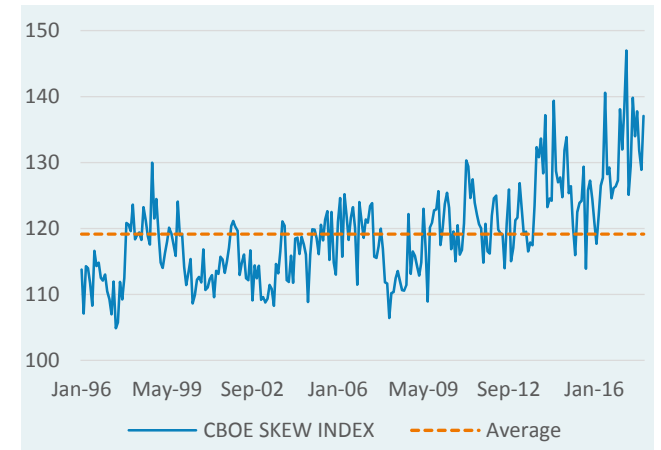
Source: CBOE, as of 12/31/17

REALIZED 1-YEAR ROLLING VOLATILITY



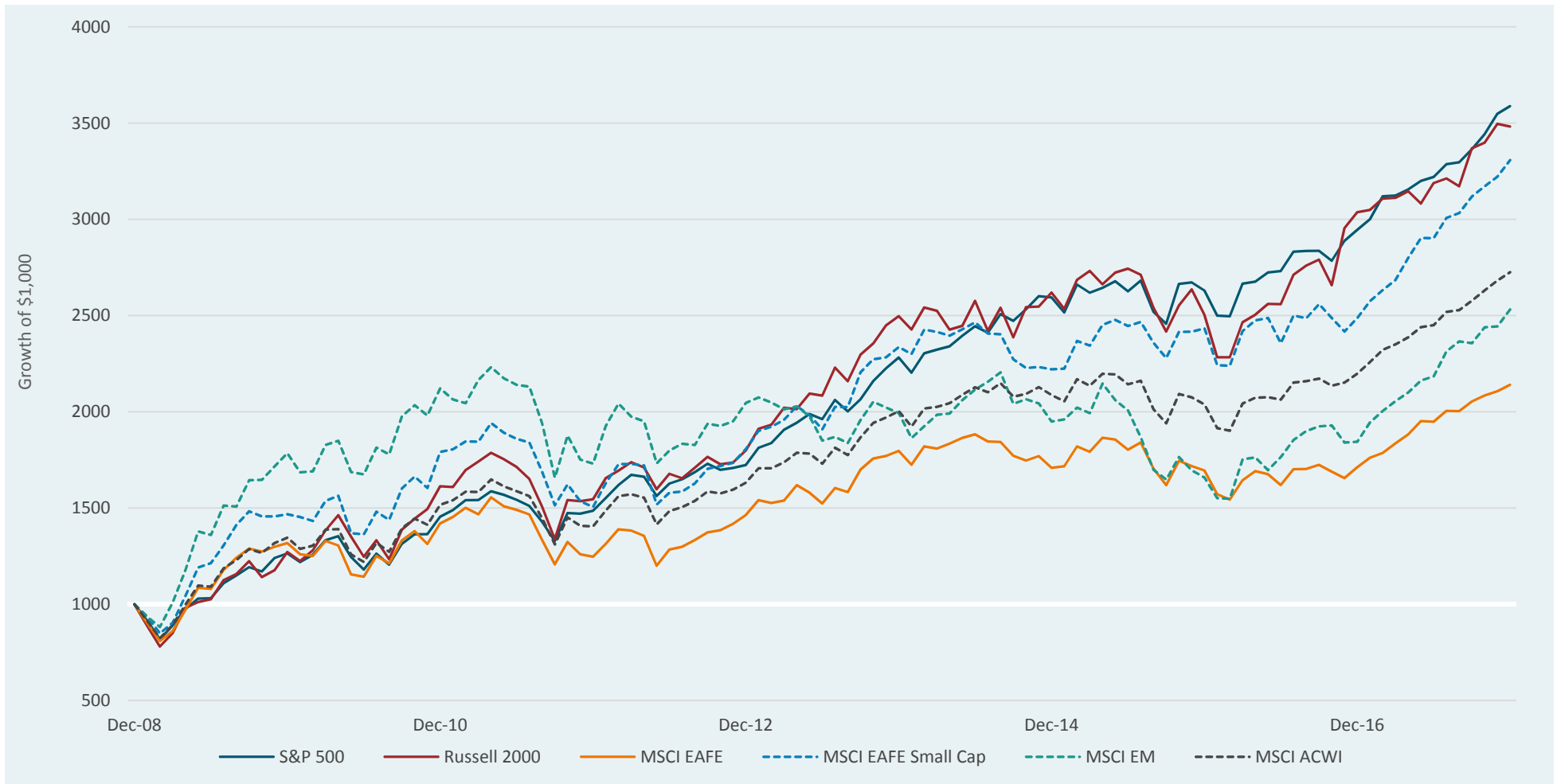
Source: Bloomberg, as of 12/31/17

U.S. VOLATILITY SKEW



Source: CBOE, as of 12/31/17

Long-term equity performance



Source: MPI, as of 12/31/17

Other assets

Real estate

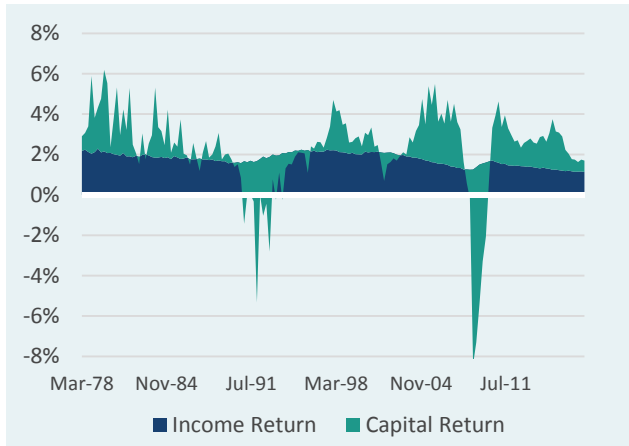
The core real estate market experienced lower returns in recent quarters than earlier in the cycle as price appreciation has slowed. In the third quarter, the NCREIF Property Index returned 1.7%, of which a net 1.1% came from income. With cap rates at 4.4% as of September 30th, further real estate price appreciation may be difficult. Income will likely continue to play a central role in overall returns.

Although valuations are high, fundamentals remain positive. Growth in net operating income (NOI) has leveled out, but is still healthy at 5.2% and transaction volumes are

above average. NOI growth has been driven by industrial properties, which have benefitted from the expansion of e-commerce. On the other side of the e-commerce trend, retail properties have experienced weak NOI growth. The downtrend in vacancy rates has flattened out, but vacancies are still low relative to history at 6.7%.

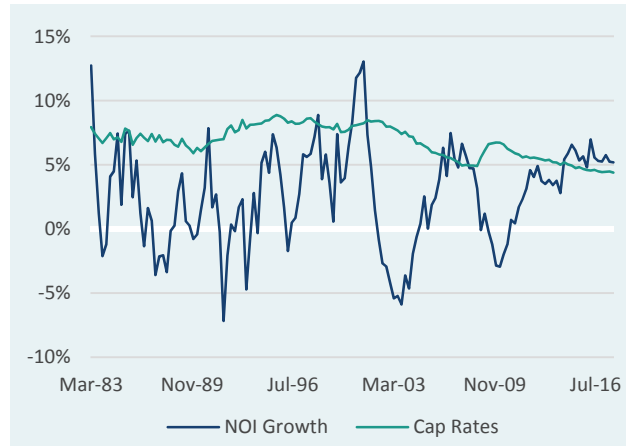
Given where real estate stands in the cycle, we recommend a conservative approach to leverage, liquidity, and quality. We are more constructive on core real estate, as opposed to value add or opportunistic.

NCREIF PROPERTY INDEX RETURNS



Source: NCREIF, as of 9/30/17

NOI GROWTH & CAP RATES



Source: NCREIF, as of 9/30/17

VACANCY RATES



Source: NCREIF, as of 9/30/17

Currency

The U.S. dollar was little changed in the fourth quarter, but finished the year down 7%. Investors with unhedged international asset exposure have seen large disparities in performance as currency movement continued to contribute to volatility and uncertainty.

Recent strengthening of developed and developing economies relative to the U.S. has likely contributed to U.S. dollar weakness. The U.S. Federal Reserve is engaged in monetary tightening, which implies a stronger dollar on a standalone basis. However, U.S. growth expectations

have shifted relative to international economies which has influenced exchange rates and contributed to recent U.S. dollar movement. Fluctuations in relative growth expectations implies changes in expected inflation and interest rate levels, which directly impacts the foreign exchange market.

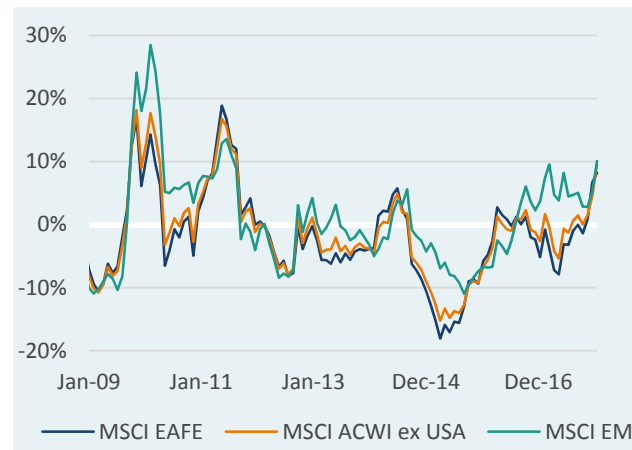
Forecasting currency movement over short periods of time can be extremely difficult. Hedging currency risk is an appropriate method for mitigating currency volatility and uncertainty.

U.S. DOLLAR TRADE WEIGHTED INDEX



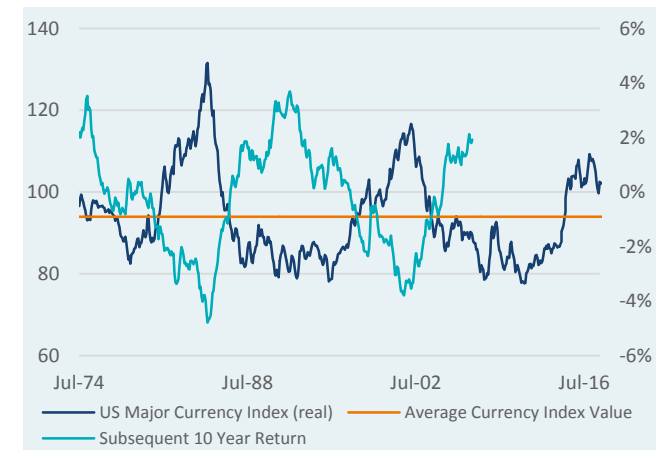
Source: Federal Reserve, as of 12/27/17

EFFECT OF CURRENCY (1-YEAR ROLLING)



Source: MPI, as of 12/31/17

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 12/31/17

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	37.3	17.3	10.0
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	30.2	15.2	9.2
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	25.0	15.7	8.7
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	22.2	14.1	8.6
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	21.7	14.0	8.2
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	17.1	13.0	7.1
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	14.6	10.3	6.2
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	13.7	7.9	4.3
Small Cap Value	-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	7.8	6.8	4.0
Hedge Funds of Funds	-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	7.7	4.3	1.9
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	5.1	4.0	1.7
US Bonds	-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	3.5	2.1	1.1
Commodities	-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	1.7	0.3	0.3
Cash	-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	0.9	-8.5	-6.8

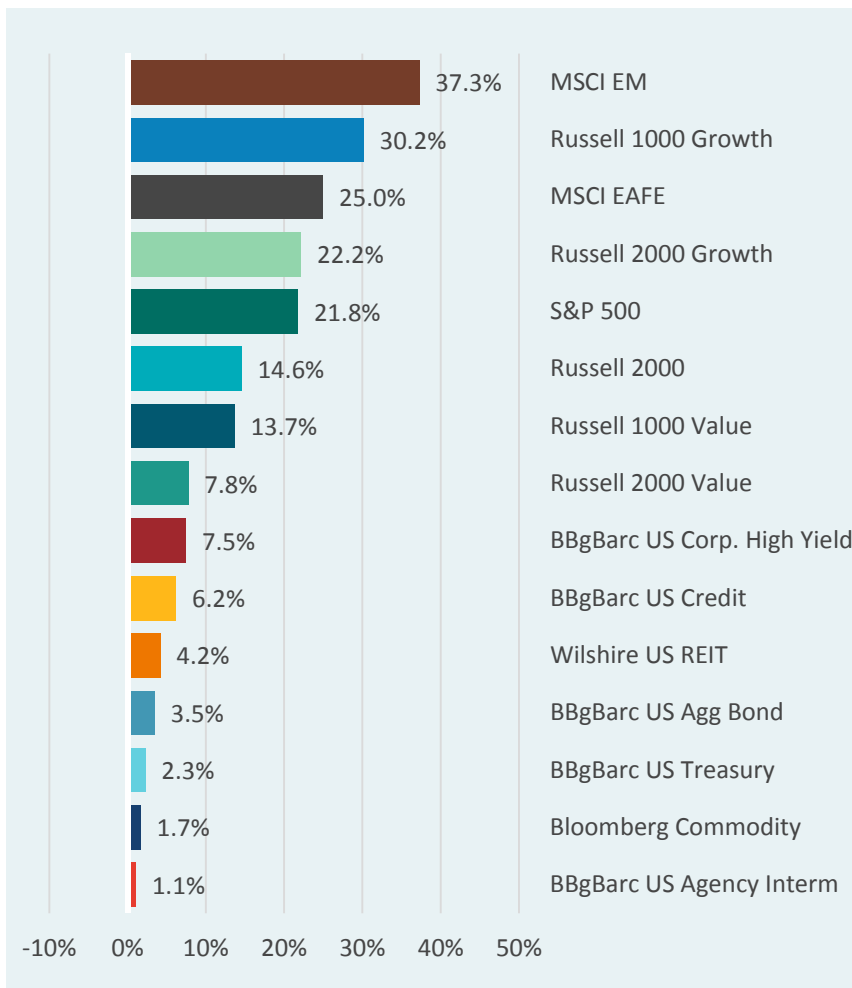
WORST

- 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% 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 9/30/17.

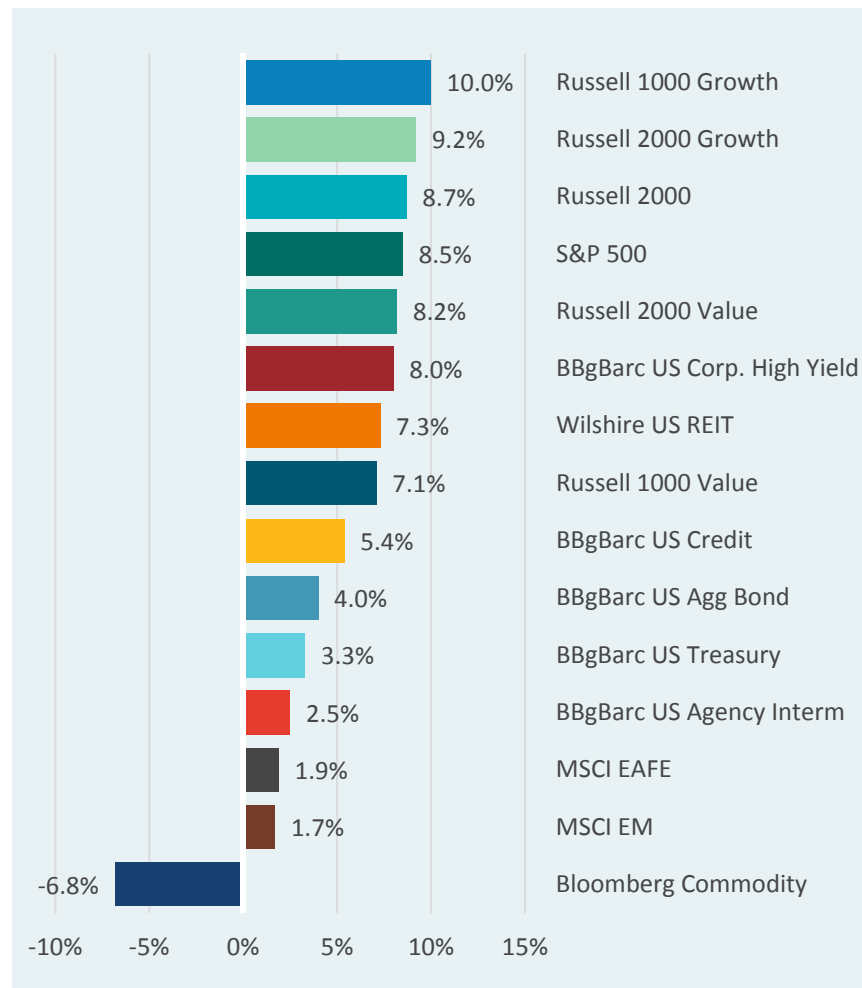
Major asset class returns

ONE YEAR ENDING DECEMBER



Source: Morningstar, as of 12/31/17

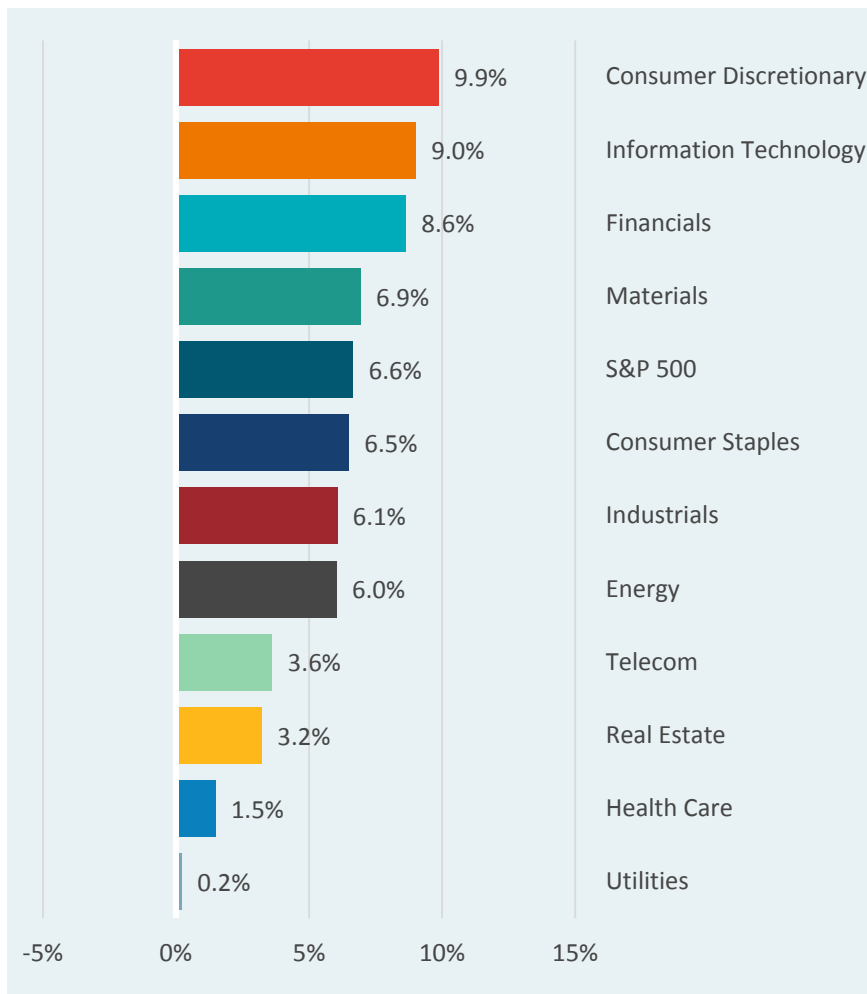
TEN YEARS ENDING DECEMBER



Source: Morningstar, as of 12/31/17

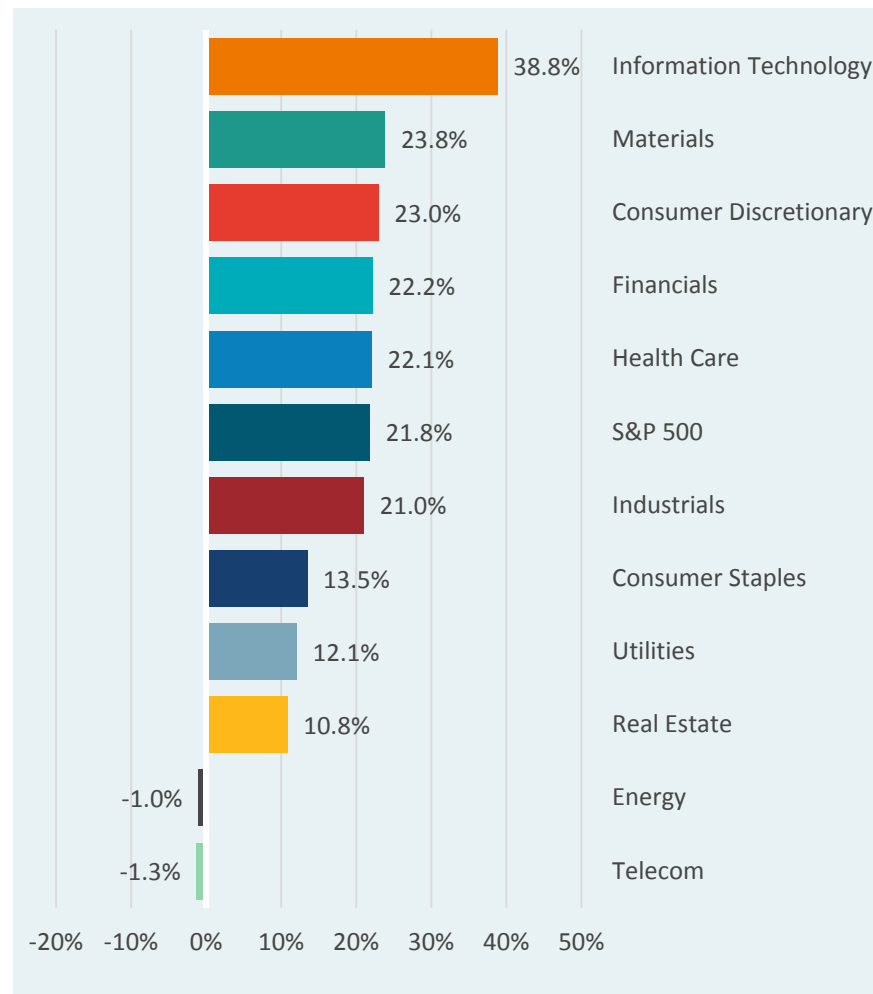
S&P 500 sector returns

4TH QUARTER



Source: Morningstar, as of 12/31/17

ONE YEAR ENDING DECEMBER



Source: Morningstar, as of 12/31/17

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	1.1	6.6	21.8	21.8	11.4	15.8	8.5
S&P 500 Equal Weighted	1.2	6.2	18.9	18.9	10.1	15.8	10.2
DJ Industrial Average	1.9	11.0	28.1	28.1	14.4	16.4	9.3
Russell Top 200	1.2	6.8	23.0	23.0	11.9	16.0	8.4
Russell 1000	1.1	6.6	21.7	21.7	11.2	15.7	8.6
Russell 2000	(0.4)	3.3	14.6	14.6	10.0	14.1	8.7
Russell 3000	1.0	6.3	21.1	21.1	11.1	15.6	8.6
Russell Mid Cap	0.9	6.1	18.5	18.5	9.6	15.0	9.1
Style Index							
Russell 1000 Growth	0.8	7.9	30.2	30.2	13.8	17.3	10.0
Russell 1000 Value	1.5	5.3	13.7	13.7	8.7	14.0	7.1
Russell 2000 Growth	0.1	4.6	22.2	22.2	10.3	15.2	9.2
Russell 2000 Value	(1.0)	2.0	7.8	7.8	9.5	13.0	8.2

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	1.6	5.7	24.0	24.0	9.3	10.8	4.7
MSCI ACWI ex US	2.2	5.0	27.2	27.2	7.8	6.8	1.8
MSCI EAFE	1.6	4.2	25.0	25.0	7.8	7.9	1.9
MSCI EM	3.6	7.4	37.3	37.3	9.1	4.3	1.7
MSCI EAFE Small Cap	2.7	6.1	33.0	33.0	14.2	12.9	5.8
Style Index							
MSCI EAFE Growth	1.7	5.2	28.9	28.9	9.2	8.8	2.7
MSCI EAFE Value	1.5	3.2	21.4	21.4	6.4	6.9	1.1
Regional Index							
MSCI UK	5.0	5.7	22.3	22.3	4.1	5.2	1.5
MSCI Japan	0.7	8.5	24.0	24.0	11.6	11.2	3.2
MSCI Euro	(0.5)	0.4	26.5	26.5	7.6	7.9	(0.3)
MSCI EM Asia	2.8	8.4	42.8	42.8	11.0	7.9	3.6
MSCI EM Latin American	4.4	(2.3)	23.7	23.7	3.8	(3.2)	(1.7)

Source: Morningstar, as of 12/31/17

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
BBgBarc US Treasury US TIPS	0.9	1.3	3.0	3.0	2.1	0.1	3.5
BBgBarc US Treasury Bills	0.1	0.2	0.8	0.8	0.4	0.3	0.5
BBgBarc US Agg Bond	0.5	0.4	3.5	3.5	2.2	2.1	4.0
Duration							
BBgBarc US Treasury 1-3 Yr	0.0	(0.3)	0.4	0.4	0.6	0.6	1.5
BBgBarc US Treasury Long	1.7	2.4	8.5	8.5	2.8	3.5	6.6
BBgBarc US Treasury	0.3	0.1	2.3	2.3	1.4	1.3	3.3
Issuer							
BBgBarc US MBS	0.3	0.2	2.5	2.5	1.9	2.0	3.8
BBgBarc US Corp. High Yield	0.3	0.5	7.5	7.5	6.4	5.8	8.0
BBgBarc US Agency Interm	0.0	(0.3)	1.1	1.1	1.1	1.0	2.5
BBgBarc US Credit	0.8	1.0	6.2	6.2	3.6	3.2	5.4

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	3.0	4.7	1.7	1.7	(5.0)	(8.5)	(6.8)
Wilshire US REIT	(0.1)	1.7	4.2	4.2	5.2	9.3	7.3
CS Leveraged Loans	0.4	1.2	4.2	4.2	4.5	4.3	4.6
Regional Index							
JPM EMBI Global Div	0.7	1.2	10.3	10.3	7.1	4.6	7.3
JPM GBI-EM Global Div	2.0	0.8	15.2	15.2	2.5	(1.5)	3.6
Hedge Funds							
HFRI Composite	0.9	2.5	8.5	8.5	4.2	4.9	3.2
HFRI FOF Composite	0.9	2.0	7.7	7.7	2.6	4.0	1.1
Currency (Spot)							
Euro	0.7	1.6	13.8	13.8	(0.3)	(1.9)	(1.9)
Pound	(0.1)	0.8	9.5	9.5	(4.6)	(3.6)	(3.8)
Yen	(0.7)	(0.1)	3.5	3.5	2.1	(5.2)	(0.1)

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.Bloombera.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)

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/>)

Notices & disclosures

Past performance is no guarantee of future results. This report or presentation is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and should not be relied upon by retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. The opinions and information expressed are current as of the date provided or cited only and are subject to change without notice. This information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. Verus Advisory Inc. and Verus Investors, LLC expressly disclaim any and all implied warranties or originality, accuracy, completeness, non-infringement, merchantability and fitness for a particular purpose. This report or presentation cannot be used by the recipient for advertising or sales promotion purposes.

The material may include estimates, outlooks, projections and other "forward-looking statements." Such statements can be identified by the use of terminology such as "believes," "expects," "may," "will," "should," "anticipates," or the negative of any of the foregoing or comparable terminology, or by discussion of strategy, or assumptions such as economic conditions underlying other statements. No assurance can be given that future results described or implied by any forward looking information will be achieved. Actual events may differ significantly from those presented. Investing entails risks, including possible loss of principal. Risk controls and models do not promise any level of performance or guarantee against loss of principal.

"VERUS ADVISORY™ and VERUS INVESTORS™ and any associated designs are the respective trademarks of Verus Advisory, Inc. and Verus Investors, LLC. Additional information is available upon request.

San Luis Obispo County Pension Trust

Investment Performance Review
Period Ending: December 31, 2017



VERUSINVESTMENTS.COM

SEATTLE 206-622-3700

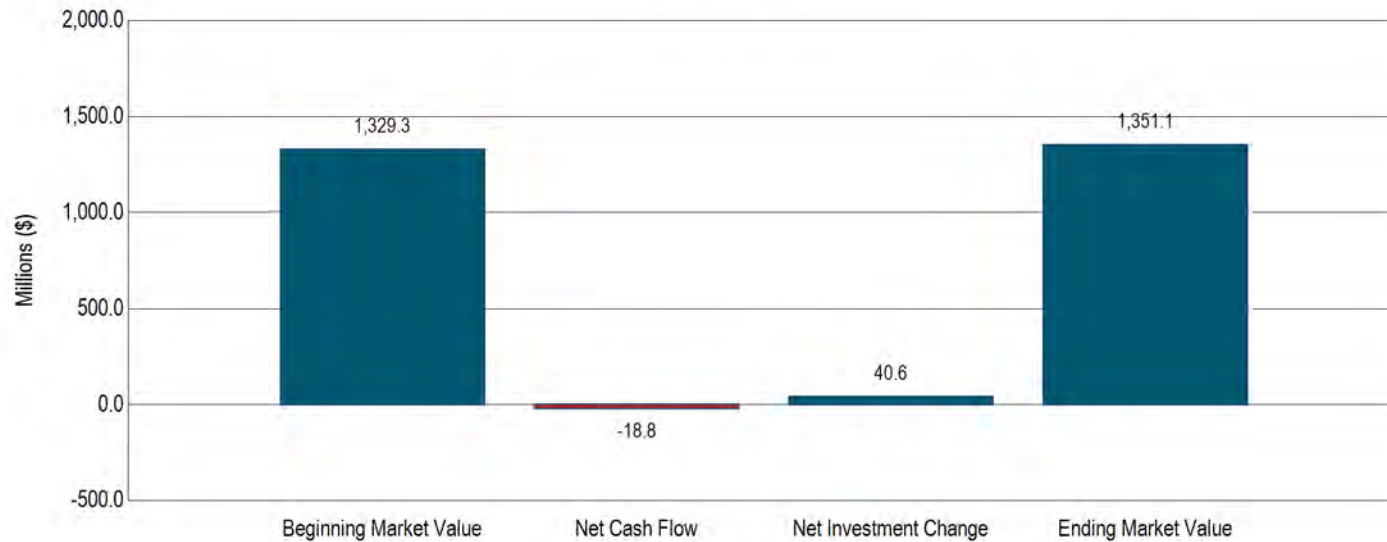
LOS ANGELES 310-297-1777

SAN FRANCISCO 415-362-3484

Portfolio Reconciliation

	Last Three Months	Year-To-Date	One Year
Beginning Market Value	\$1,329,260,323	\$1,196,774,651	\$1,196,774,651
Net Cash Flow	-\$18,755,055	-\$24,823,504	-\$24,823,504
Net Investment Change	\$40,588,302	\$179,142,422	\$179,142,422
Ending Market Value	\$1,351,093,570	\$1,351,093,570	\$1,351,093,570

Change in Market Value
Last Three Months



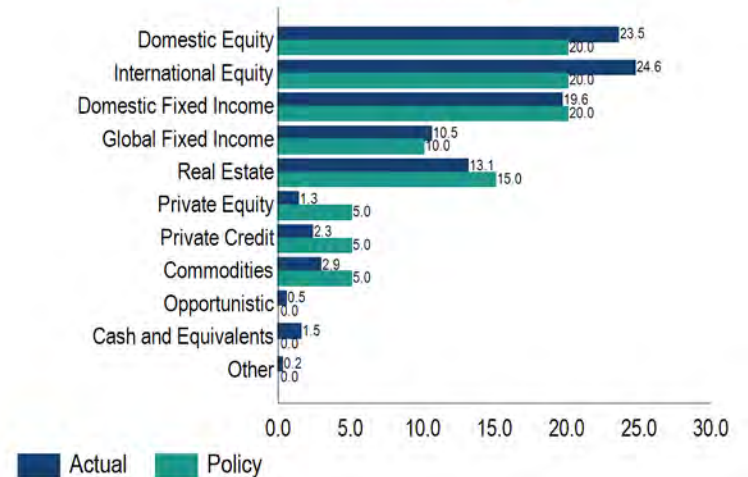
Contributions and withdrawals may include intra-account transfers between managers/funds. Beginning Market Value reflects downward revision in Pathway Private Equity in September.

Total Fund Executive Summary (Gross of Fees)

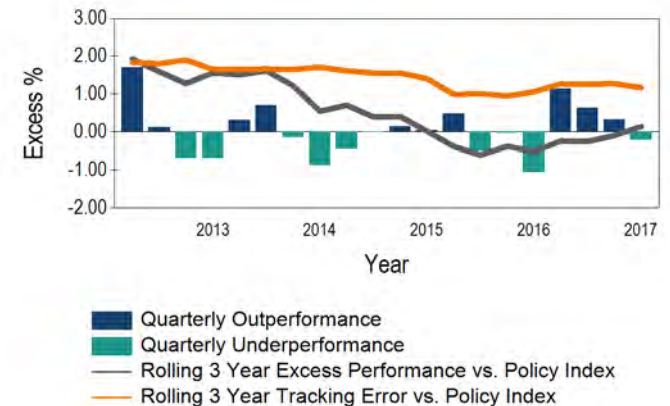
Period Ending: December 31, 2017

	QTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Total Fund	3.1	82	15.5	47	6.9	75	7.9	78
<i>Policy Index</i>	3.4	69	13.4	86	6.7	77	7.7	81
Total Fund ex Overlay	3.2	82	15.4	50	6.8	76	7.9	78
<i>Policy Index</i>	3.4	69	13.4	86	6.7	77	7.7	81
Total Domestic Equity	7.4	3	25.1	4	12.7	2	16.0	12
<i>Russell 3000</i>	6.3	38	21.1	37	11.1	36	15.6	34
Total International Equity	3.3	94	26.6	81	7.4	90	8.3	45
<i>MSCI ACWI ex USA Gross</i>	5.1	43	27.8	67	8.3	69	7.3	73
Total Domestic Fixed Income	0.8	22	4.3	50	3.3	34	2.3	60
<i>BBgBarc US Aggregate TR</i>	0.4	59	3.5	62	2.2	63	2.1	63
Total Global Fixed	0.1	71	14.4	29	2.2	93	0.1	90
<i>Citi World Govt Bond Index</i>	1.0	35	7.5	86	1.7	96	0.1	90
Total Real Estate	1.9	--	7.8	--	11.1	--	11.3	--
<i>NCREIF Property Index</i>	1.8	--	7.0	--	9.4	--	10.2	--
Total Commodities	6.6	--	6.2	--	-3.7	--	-7.3	--
<i>Bloomberg Commodity Index TR USD</i>	4.7	--	1.7	--	-5.0	--	-8.5	--
Total Private Equity	3.5	--	19.9	--	18.3	--	18.8	--
<i>Russell 3000 + 3%</i>	7.1	--	24.7	--	14.4	--	19.0	--
Total Private Credit	1.5	--	0.3	--	--	--	--	--
<i>BBgBarc High Yield +2% (Lagged)</i>	2.5	--	11.0	--	--	--	--	--
Total Cash	0.4	--	1.0	--	0.6	--	0.5	--
<i>91 Day T-Bills</i>	0.3	--	0.9	--	0.4	--	0.3	--
Total Opportunistic	-0.7	--	6.5	--	5.1	--	9.6	--
<i>Russell 3000 + 3%</i>	7.1	--	24.7	--	14.4	--	19.0	--

Actual vs Target Allocation (%)



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



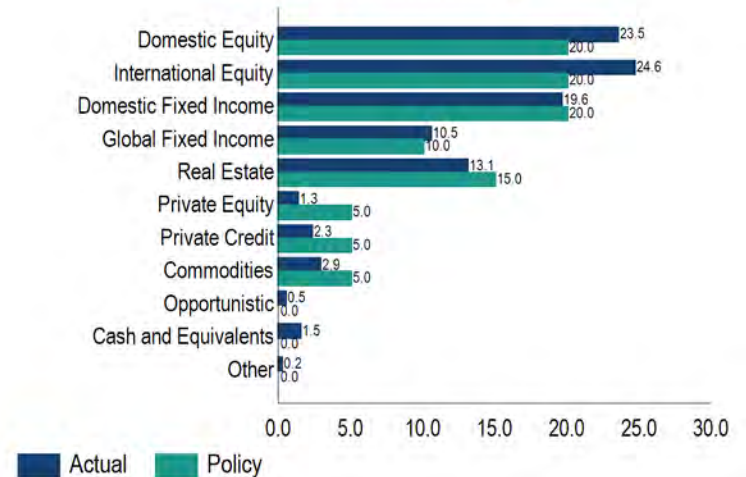
New Policy Index as of 10/1/2016: 20% Russell 3000, 20% MSCI ACWI ex. US, 30% BBgBarc Aggregate, 15% NCREIF Property, 5% Bloomberg Commodity Index, 5% Russell 3000 +3%, 5% BBgBarc High Yield +2% (Lagged). Private Equity, Private Credit and Opportunistic composite returns are lagged by one quarter. Stone Harbor funded 7/9/13. Gresham TAP funded 8/30/13. Pacific Asset Corporate Loan funded 9/1/2014. Pathway Private Equity Fund Investors 9 L.P. funded 4/7/2017. 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)

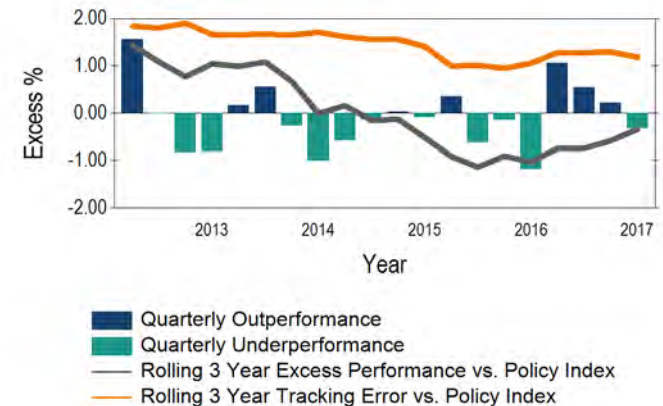
Period Ending: December 31, 2017

	QTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Total Fund	3.0	86	15.0	55	6.4	88	7.4	88
<i>Policy Index</i>	3.4	69	13.4	86	6.7	77	7.7	81
Total Fund ex Overlay	3.1	86	14.9	58	6.3	89	7.3	88
<i>Policy Index</i>	3.4	69	13.4	86	6.7	77	7.7	81
Total Domestic Equity	7.3	4	24.5	4	12.3	4	15.5	39
<i>Russell 3000</i>	6.3	38	21.1	37	11.1	36	15.6	34
Total International Equity	3.2	97	25.8	88	6.7	96	7.6	64
<i>MSCI ACWI ex USA Gross</i>	5.1	43	27.8	67	8.3	69	7.3	73
Total Domestic Fixed Income	0.7	31	3.9	57	3.0	41	2.1	63
<i>BBgBarc US Aggregate TR</i>	0.4	59	3.5	62	2.2	63	2.1	63
Total Global Fixed	0.0	77	13.7	37	1.6	97	-0.5	96
<i>Citi World Govt Bond Index</i>	1.0	35	7.5	86	1.7	96	0.1	90
Total Real Estate	1.9	--	7.8	--	10.4	--	10.6	--
<i>NCREIF Property Index</i>	1.8	--	7.0	--	9.4	--	10.2	--
Total Commodities	6.6	--	6.2	--	-4.1	--	-7.8	--
<i>Bloomberg Commodity Index TR USD</i>	4.7	--	1.7	--	-5.0	--	-8.5	--
Total Private Equity	3.5	--	19.9	--	17.0	--	16.0	--
<i>Russell 3000 + 3%</i>	7.1	--	24.7	--	14.4	--	19.0	--
Total Private Credit	1.5	--	0.3	--	--	--	--	--
<i>BBgBarc High Yield +2% (Lagged)</i>	2.5	--	11.0	--	--	--	--	--
Total Cash	0.4	--	1.0	--	0.6	--	0.5	--
<i>91 Day T-Bills</i>	0.3	--	0.9	--	0.4	--	0.3	--
Total Opportunistic	-0.7	--	6.5	--	4.6	--	9.3	--
<i>Russell 3000 + 3%</i>	7.1	--	24.7	--	14.4	--	19.0	--

Actual vs Target Allocation (%)



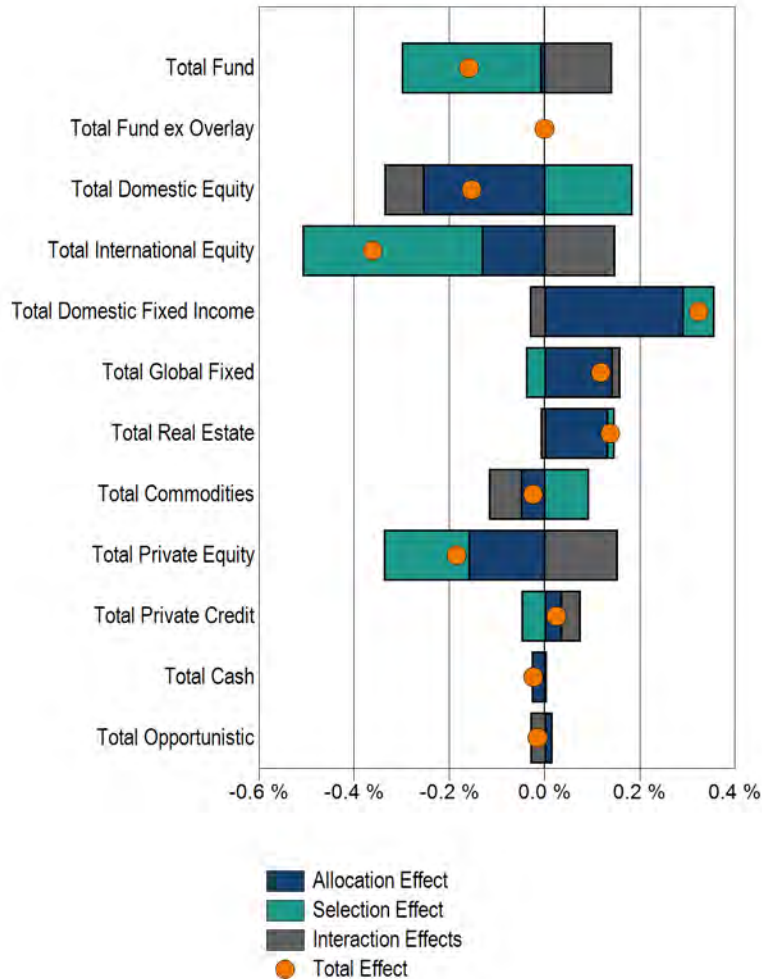
Rolling Annualized Excess Performance and Tracking Error
Total Fund vs. Policy Index



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. Pathway Private Equity Fund Investors 9 L.P. funded 4/7/2017. 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.

Performance Attribution

Attribution Effects
3 Months Ending December 31, 2017



	Last 3 Mo.	YTD
Wtd. Actual Return	3.05%	14.91%
Wtd. Index Return *	3.37%	13.40%
Excess Return	-0.31%	1.50%
Selection Effect	-0.29%	1.04%
Allocation Effect	-0.01%	0.10%
Interaction Effect	0.14%	-0.39%

*Calculated from policy benchmark returns and policy weightings of each component of the policy benchmark.

Attribution Summary
3 Months Ending December 31, 2017

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total Fund ex Overlay	3.06%	3.37%	-0.31%	--	--	--	--
Total Domestic Equity	7.26%	6.34%	0.92%	0.18%	-0.26%	-0.08%	-0.15%
Total International Equity	3.18%	5.06%	-1.89%	-0.37%	-0.13%	0.15%	-0.36%
Total Domestic Fixed Income	0.70%	0.39%	0.31%	0.06%	0.29%	-0.03%	0.32%
Total Global Fixed	-0.05%	0.39%	-0.44%	-0.04%	0.14%	0.01%	0.12%
Total Real Estate	1.89%	1.80%	0.09%	0.01%	0.13%	-0.01%	0.14%
Total Commodities	6.55%	4.71%	1.85%	0.09%	-0.05%	-0.07%	-0.02%
Total Private Equity	3.51%	7.11%	-3.60%	-0.18%	-0.16%	0.15%	-0.19%
Total Private Credit	1.53%	2.48%	-0.95%	-0.05%	0.04%	0.04%	0.02%
Total Cash	0.37%	0.30%	0.07%	0.00%	-0.03%	0.00%	-0.02%
Total Opportunistic	-0.65%	7.11%	-7.76%	0.00%	0.01%	-0.03%	-0.01%
Total	3.05%	3.37%	-0.31%	-0.29%	-0.01%	0.14%	-0.16%

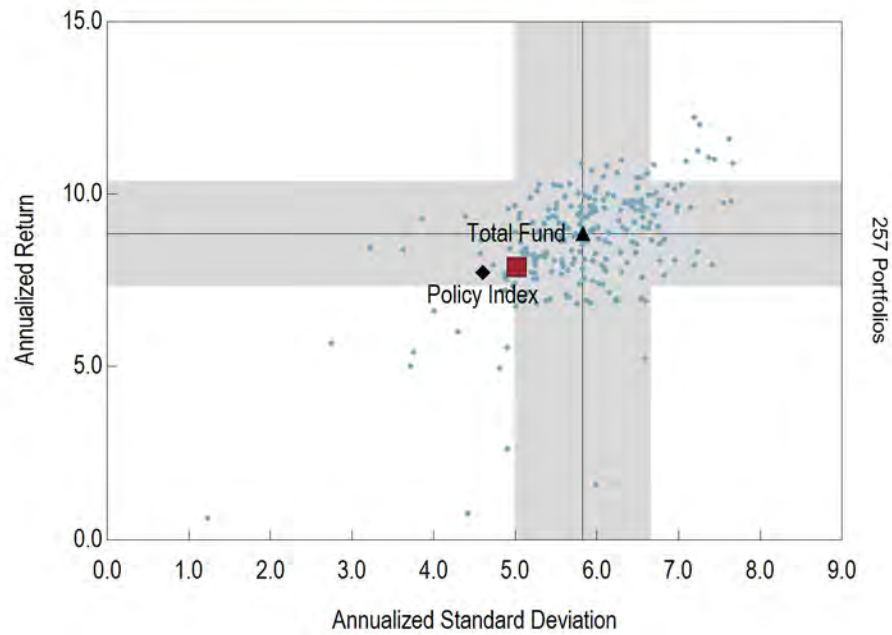
Weighted returns shown in attribution analysis may differ from actual returns. Wtd. Actual Return is the sum of the products of each group's return and its respective weight at the beginning of the period.

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

Period Ending: December 31, 2017

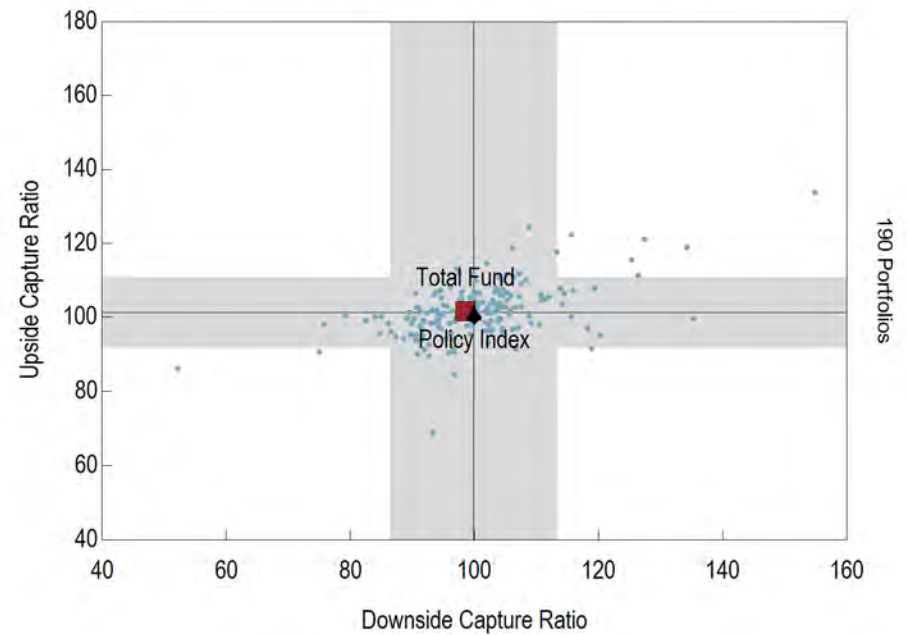
	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
Total Fund	7.88%	0.15%	5.01%	-0.23%	1.05	1.37%	0.93	1.52	0.11	101.66%	98.56%

Annualized Return vs. Annualized Standard Deviation



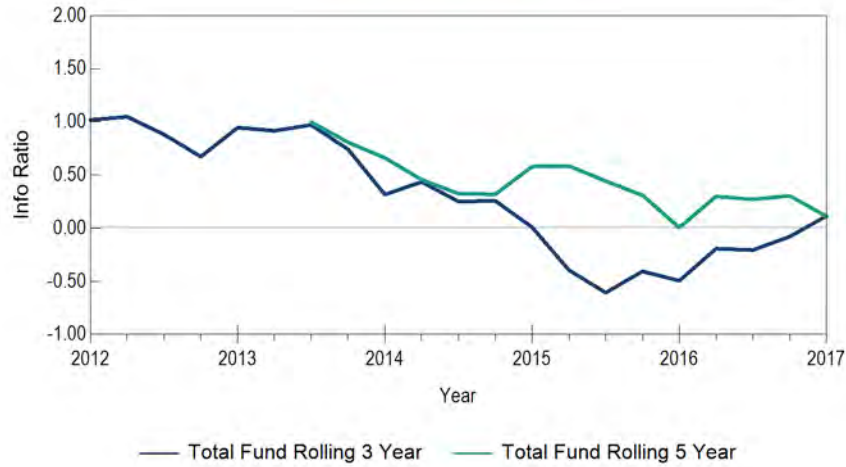
- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Gross

Upside Capture Ratio vs. Downside Capture Ratio

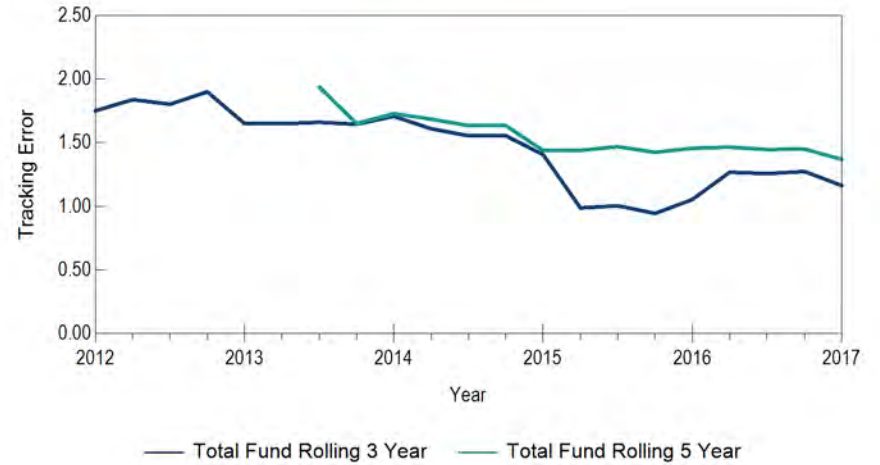


- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Gross

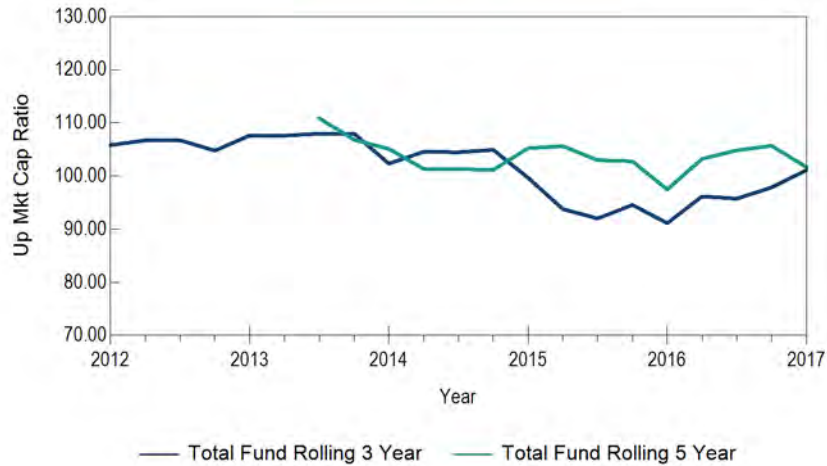
Rolling Information Ratio



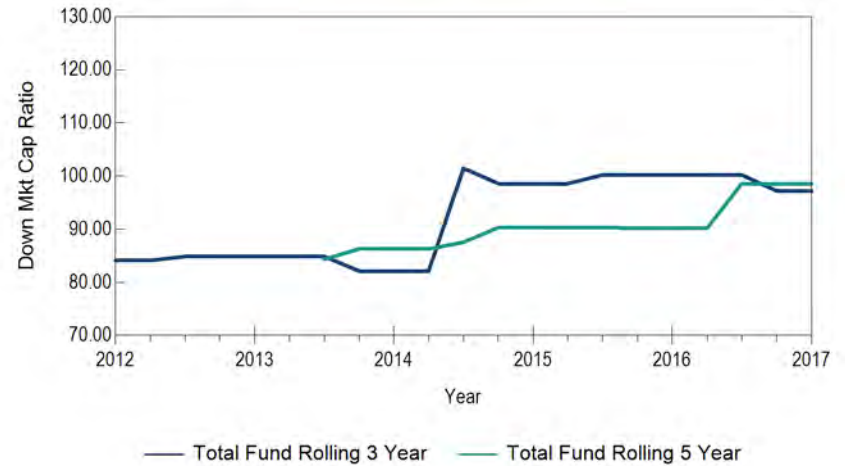
Rolling Tracking Error



Rolling Up Market Capture Ratio (%)



Rolling Down Market Capture Ratio (%)



Total Fund Performance Summary (Gross of Fees)

Period Ending: December 31, 2017

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013	Return	Since
Total Fund	1,351,093,570	100.0	3.1	15.5	6.9	7.9	--	15.5	6.6	-0.8	5.1	13.8	--	
<i>InvestorForce Public DB Gross Rank</i>			82	47	75	78	--	47	84	74	66	71	--	
Total Fund ex Overlay	1,348,263,839	99.8	3.2	15.4	6.8	7.9	5.6	15.4	6.6	-0.8	5.2	13.8	--	
<i>Policy Index</i>			3.4	13.4	6.7	7.7	5.2	13.4	7.8	-0.5	5.2	13.4	--	
<i>InvestorForce Public DB Gross Rank</i>			82	50	76	78	69	50	83	75	64	72	--	
Total Domestic Equity	317,439,236	23.5	7.4	25.1	12.7	16.0	9.9	25.1	13.0	1.2	11.0	32.2	--	
<i>Russell 3000</i>			6.3	21.1	11.1	15.6	8.6	21.1	12.7	0.5	12.6	33.6	--	
<i>InvestorForce Public DB US Eq Gross Rank</i>			3	4	2	12	2	4	48	18	60	91	--	
SSGA S&P 500 Flag.	12,484,961	0.9	6.7	21.9	11.5	15.9	--	21.9	12.0	1.5	13.7	32.4	13.3	Feb-11
<i>S&P 500</i>			6.6	21.8	11.4	15.8	--	21.8	12.0	1.4	13.7	32.4	13.3	Feb-11
<i>eV US Large Cap Core Equity Gross Rank</i>			57	52	33	43	--	52	31	40	42	58	47	Feb-11
PIMCO RAE Fundamental PLUS Instl	59,414,678	4.4	7.4	17.0	9.7	15.1	8.6	17.0	15.9	-2.7	12.7	36.0	8.4	Nov-07
<i>S&P 500</i>			6.6	21.8	11.4	15.8	8.5	21.8	12.0	1.4	13.7	32.4	8.3	Nov-07
<i>eV US Large Cap Core Equity Gross Rank</i>			37	89	77	62	61	89	6	86	58	22	67	Nov-07
Loomis Sayles Large Cap Growth	96,816,677	7.2	6.5	34.1	--	--	--	34.1	--	--	--	--	34.1	Dec-16
<i>Russell 1000 Growth</i>			7.9	30.2	--	--	--	30.2	--	--	--	--	30.2	Dec-16
<i>eV US Large Cap Growth Equity Gross Rank</i>			63	16	--	--	--	16	--	--	--	--	16	Dec-16
Boston Partners Large Cap Value	86,347,222	6.4	7.0	--	--	--	--	--	--	--	--	--	19.0	Jan-17
<i>Russell 1000 Value</i>			5.3	--	--	--	--	--	--	--	--	--	12.9	Jan-17
<i>eV US Large Cap Value Equity Gross Rank</i>			34	--	--	--	--	--	--	--	--	--	3	Jan-17
Atlanta Capital Mgmt	62,375,698	4.6	9.5	26.6	16.3	18.1	--	26.6	12.6	10.4	5.8	37.8	19.4	Aug-10
<i>Russell 2500</i>			5.2	16.8	10.1	14.3	--	16.8	17.6	-2.9	7.1	36.8	15.5	Aug-10
<i>eV US Small-Mid Cap Equity Gross Rank</i>			3	15	1	4	--	15	62	1	56	52	1	Aug-10
Total International Equity	332,949,417	24.6	3.3	26.6	7.4	8.3	3.9	26.6	2.2	-4.3	2.1	17.9	--	
<i>MSCI ACWI ex USA Gross</i>			5.1	27.8	8.3	7.3	2.3	27.8	5.0	-5.3	-3.4	15.8	--	
<i>InvestorForce Public DB ex-US Eq Gross Rank</i>			94	81	90	45	19	81	82	68	1	50	--	
Dodge & Cox Intl Stock	171,958,176	12.7	1.4	24.7	6.6	9.2	3.7	24.7	9.0	-10.8	0.7	27.1	3.6	Dec-07
<i>MSCI EAFE Gross</i>			4.3	25.6	8.3	8.4	2.4	25.6	1.5	-0.4	-4.5	23.3	2.2	Dec-07
<i>eV All EAFE Equity Gross Rank</i>			99	74	93	57	51	74	3	99	13	32	57	Dec-07
WCM International Growth	160,991,241	11.9	5.5	--	--	--	--	--	--	--	--	--	23.9	Feb-17
<i>MSCI ACWI ex USA Gross</i>			5.1	--	--	--	--	--	--	--	--	--	21.4	Feb-17
<i>eV ACWI ex-US All Cap Growth Eq Gross Rank</i>			49	--	--	--	--	--	--	--	--	--	43	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. WCM International funded 2/15/2017. PIMCO Core Plus liquidated 1/6/2017. BlackRock Core and Dodge & Cox Income funded 1/19/2017. Pathway Private Equity Fund Investors 9 L.P. funded 4/7/2017. Fidelity Real Estate Growth III liquidated 12/29/2017.

Total Fund
Performance Summary (Gross of Fees)

Period Ending: December 31, 2017

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013	Return	Since
Total Domestic Fixed Income	264,752,519	19.6	0.8	4.3	3.3	2.3	3.7	4.3	4.5	1.1	4.7	-2.7	--	
BBgBarc US Aggregate TR			0.4	3.5	2.2	2.1	4.0	3.5	2.6	0.6	6.0	-2.0	--	
InvestorForce Public DB US Fix Inc Gross Rank			22	50	34	60	65	50	49	17	68	95	--	
BlackRock Core Bond	95,690,196	7.1	0.5	--	--	--	--	--	--	--	--	--	3.0	Jan-17
BBgBarc US Aggregate TR			0.4	--	--	--	--	--	--	--	--	--	3.3	Jan-17
eV US Core Fixed Inc Gross Rank			42	--	--	--	--	--	--	--	--	--	57	Jan-17
Dodge & Cox Income Fund	100,300,932	7.4	0.6	--	--	--	--	--	--	--	--	--	4.4	Jan-17
BBgBarc US Aggregate TR			0.4	--	--	--	--	--	--	--	--	--	3.3	Jan-17
eV US Core Fixed Inc Gross Rank			32	--	--	--	--	--	--	--	--	--	3	Jan-17
Pacific Asset Corporate Loan	68,761,046	5.1	1.4	4.9	5.5	--	--	4.9	9.2	2.5	--	--	4.5	Sep-14
S&P/LSTA Leveraged Loan Index			1.1	4.1	4.4	--	--	4.1	10.2	-0.7	--	--	3.6	Sep-14
eV Float-Rate Bank Loan Gross Rank			18	26	19	--	--	26	51	9	--	--	26	Sep-14
SSGA TIPS	345	0.0	0.7	2.5	1.9	0.0	--	2.5	4.7	-1.5	3.6	-8.6	1.9	Jul-11
BBgBarc US TIPS TR			1.3	3.0	2.1	0.1	--	3.0	4.7	-1.4	3.6	-8.6	2.0	Jul-11
eV US TIPS / Inflation Fixed Inc Gross Rank			78	79	84	91	--	79	51	64	44	77	28	Jul-11
Total Global Fixed	142,353,544	10.5	0.1	14.4	2.2	0.1	3.9	14.4	5.8	-11.8	-2.2	-3.8	--	
Citi World Govt Bond Index			1.0	7.5	1.7	0.1	2.7	7.5	1.6	-3.6	-0.5	-4.0	--	
InvestorForce Public DB Gbl Fix Inc Gross Rank			71	29	93	90	99	29	67	95	93	59	--	
Brandywine Global Fixed Income	71,619,914	5.3	-0.3	12.5	1.4	1.1	4.4	12.5	2.2	-9.3	2.9	-1.6	4.4	Nov-07
Citi WGBI ex US			1.6	10.3	2.0	-0.3	2.4	10.3	1.8	-5.5	-2.7	-4.6	2.4	Nov-07
eV Global Fixed Inc Unhedged Gross Rank			95	9	87	71	38	9	71	96	43	59	38	Nov-07
Stone Harbor Local Markets Ins	70,733,630	5.2	0.5	16.4	3.1	--	--	16.4	9.9	-14.4	-7.7	--	-0.5	Jul-13
JPM GBI-EM Global Diversified TR USD			0.8	15.2	2.5	--	--	15.2	9.9	-14.9	-5.7	--	0.1	Jul-13
eV All Emg Mkts Fixed Inc Gross Rank			83	14	84	--	--	14	67	79	98	--	99	Jul-13
Total Real Estate	176,449,539	13.1	1.9	7.8	11.1	11.3	4.9	7.8	7.8	18.0	10.4	12.9	--	
NCREIF Property Index			1.8	7.0	9.4	10.2	6.1	7.0	8.0	13.3	11.8	11.0	--	
JP Morgan Core Real Estate	151,102,074	11.2	1.5	6.1	9.9	11.3	--	6.1	8.4	15.2	11.2	15.9	5.5	Mar-08
NCREIF-ODCE			2.1	7.6	10.4	11.5	--	7.6	8.8	15.0	12.5	13.9	5.1	Mar-08
NCREIF Property Index			1.8	7.0	9.4	10.2	--	7.0	8.0	13.3	11.8	11.0	6.2	Mar-08
ARA American Strategic Value Realty	11,657,191	0.9	2.1	7.4	--	--	--	7.4	--	--	--	--	8.7	Jun-16
NCREIF-ODCE			2.1	7.6	--	--	--	7.6	--	--	--	--	8.0	Jun-16
NCREIF Property Index			1.8	7.0	--	--	--	7.0	--	--	--	--	7.0	Jun-16

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. WCM International funded 2/15/2017. PIMCO Core Plus liquidated 1/6/2017. BlackRock Core and Dodge & Cox Income funded 1/19/2017. Pathway Private Equity Fund Investors 9 L.P. funded 4/7/2017. Fidelity Real Estate Growth III liquidated 12/29/2017.

Total Fund
Performance Summary (Gross of Fees)

Period Ending: December 31, 2017

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013	Return	Since
Direct Real Estate	13,690,274	1.0	5.4	20.6	16.1	11.8	6.5	20.6	5.5	22.9	6.1	5.2	--	
<i>NCREIF-ODCE</i>			2.1	7.6	10.4	11.5	5.0	7.6	8.8	15.0	12.5	13.9	--	
<i>NCREIF Property Index</i>			1.8	7.0	9.4	10.2	6.1	7.0	8.0	13.3	11.8	11.0	--	
Total Commodities	38,772,152	2.9	6.6	6.2	-3.7	-7.3	--	6.2	12.6	-25.2	-16.0	-9.1	--	
<i>Bloomberg Commodity Index TR USD</i>			4.7	1.7	-5.0	-8.5	--	1.7	11.8	-24.7	-17.0	-9.5	--	
Gresham MTAP Commodity Builder	38,772,152	2.9	6.6	6.2	-3.7	--	--	6.2	12.6	-25.2	-16.0	--	-7.1	Aug-13
<i>Bloomberg Commodity Index TR USD</i>			4.7	1.7	-5.0	--	--	1.7	11.8	-24.7	-17.0	--	-8.4	Aug-13
Total Cash	20,219,515	1.5	0.4	1.0	0.6	0.5	0.8	1.0	0.5	0.4	0.3	0.3	--	
91 Day T-Bills			0.3	0.9	0.4	0.3	0.3	0.9	0.3	0.0	0.0	0.0	--	
Cash Account	20,219,515	1.5	0.4	1.0	0.6	0.5	0.8	1.0	0.5	0.4	0.3	0.3	--	
91 Day T-Bills			0.3	0.9	0.4	0.3	0.3	0.9	0.3	0.0	0.0	0.0	--	

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. WCM International funded 2/15/2017. PIMCO Core Plus liquidated 1/6/2017. BlackRock Core and Dodge & Cox Income funded 1/19/2017. Pathway Private Equity Fund Investors 9 L.P. funded 4/7/2017. Fidelity Real Estate Growth III liquidated 12/29/2017.

Total Fund
Performance Summary (Net of Fees)

Period Ending: December 31, 2017

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013
Total Fund	1,351,093,570	100.0	3.0	15.0	6.4	7.4	--	15.0	6.0	-1.3	4.6	13.3
Total Fund ex Overlay	1,348,263,839	99.8	3.1	14.9	6.3	7.3	--	14.9	6.1	-1.3	4.7	13.2
<i>Policy Index</i>			3.4	13.4	6.7	7.7	--	13.4	7.8	-0.5	5.2	13.4
Total Domestic Equity	317,439,236	23.5	7.3	24.5	12.3	15.5	--	24.5	12.7	0.8	10.5	31.6
<i>Russell 3000</i>			6.3	21.1	11.1	15.6	--	21.1	12.7	0.5	12.6	33.6
SSGA S&P 500 Flag.	12,484,961	0.9	6.6	21.8	11.4	15.8	--	21.8	12.0	1.4	13.7	32.4
<i>S&P 500</i>			6.6	21.8	11.4	15.8	--	21.8	12.0	1.4	13.7	32.4
PIMCO RAE Fundamental PLUS Instl	59,414,678	4.4	7.2	16.5	9.2	14.7	8.3	16.5	15.4	-3.2	12.3	35.6
<i>S&P 500</i>			6.6	21.8	11.4	15.8	8.5	21.8	12.0	1.4	13.7	32.4
Loomis Sayles Large Cap Growth	96,816,677	7.2	6.4	33.5	--	--	--	33.5	--	--	--	--
<i>Russell 1000 Growth</i>			7.9	30.2	--	--	--	30.2	--	--	--	--
Boston Partners Large Cap Value	86,347,222	6.4	6.9	--	--	--	--	--	--	--	--	--
<i>Russell 1000 Value</i>			5.3	--	--	--	--	--	--	--	--	--
Atlanta Capital Mgmt	62,375,698	4.6	9.3	25.6	15.4	17.2	--	25.6	11.7	9.6	5.0	37.0
<i>Russell 2500</i>			5.2	16.8	10.1	14.3	--	16.8	17.6	-2.9	7.1	36.8
Total International Equity	332,949,417	24.6	3.2	25.8	6.7	7.6	--	25.8	1.6	-4.9	1.4	17.0
<i>MSCI ACWI ex USA Gross</i>			5.1	27.8	8.3	7.3	--	27.8	5.0	-5.3	-3.4	15.8
Dodge & Cox Intl Stock	171,958,176	12.7	1.2	23.9	6.0	8.5	3.2	23.9	8.3	-11.4	0.1	26.3
<i>MSCI EAFE Gross</i>			4.3	25.6	8.3	8.4	2.4	25.6	1.5	-0.4	-4.5	23.3
WCM International Growth	160,991,241	11.9	5.4	--	--	--	--	--	--	--	--	--
<i>MSCI ACWI ex USA Gross</i>			5.1	--	--	--	--	--	--	--	--	--
Total Domestic Fixed Income	264,752,519	19.6	0.7	3.9	3.0	2.1	--	3.9	4.2	0.9	4.4	-3.0
<i>BBgBarc US Aggregate TR</i>			0.4	3.5	2.2	2.1	--	3.5	2.6	0.6	6.0	-2.0
BlackRock Core Bond	95,690,196	7.1	0.5	--	--	--	--	--	--	--	--	--
<i>BBgBarc US Aggregate TR</i>			0.4	--	--	--	--	--	--	--	--	--
Dodge & Cox Income Fund	100,300,932	7.4	0.5	--	--	--	--	--	--	--	--	--
<i>BBgBarc US Aggregate TR</i>			0.4	--	--	--	--	--	--	--	--	--
Pacific Asset Corporate Loan	68,761,046	5.1	1.3	4.6	5.1	--	--	4.6	8.8	2.1	--	--
<i>S&P/LSTA Leveraged Loan Index</i>			1.1	4.1	4.4	--	--	4.1	10.2	-0.7	--	--
SSGA TIPS	345	0.0	0.7	2.4	1.8	0.0	--	2.4	4.6	-1.5	3.6	-8.7
<i>BBgBarc US TIPS TR</i>			1.3	3.0	2.1	0.1	--	3.0	4.7	-1.4	3.6	-8.6

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. WCM International funded 2/15/2017. PIMCO Core Plus liquidated 1/6/2017. BlackRock Core and Dodge & Cox Income funded 1/19/2017. Pathway Private Equity Fund Investors 9 L.P. funded 4/7/2017. Fidelity Real Estate Growth III liquidated 12/29/2017.

Total Fund
Performance Summary (Net of Fees)

Period Ending: December 31, 2017

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013
Total Global Fixed	142,353,544	10.5	0.0	13.7	1.6	-0.5	--	13.7	5.1	-12.4	-2.8	-4.4
<i>Citi World Govt Bond Index</i>			1.0	7.5	1.7	0.1	--	7.5	1.6	-3.6	-0.5	-4.0
Brandywine Global Fixed Income	71,619,914	5.3	-0.4	12.0	1.0	0.6	--	12.0	1.7	-9.7	2.4	-2.3
<i>Citi WGBI ex US</i>			1.6	10.3	2.0	-0.3	--	10.3	1.8	-5.5	-2.7	-4.6
Stone Harbor Local Markets Ins	70,733,630	5.2	0.3	15.4	2.2	--	--	15.4	9.0	-15.1	-8.6	--
<i>JPM GBI-EM Global Diversified TR USD</i>			0.8	15.2	2.5	--	--	15.2	9.9	-14.9	-5.7	--
Total Real Estate	176,449,539	13.1	1.9	7.8	10.4	10.6	--	7.8	6.8	16.9	9.6	12.1
<i>NCREIF Property Index</i>			1.8	7.0	9.4	10.2	--	7.0	8.0	13.3	11.8	11.0
JP Morgan Core Real Estate	151,102,074	11.2	1.5	6.1	9.1	10.4	--	6.1	7.3	14.1	10.0	14.8
<i>NCREIF-ODCE</i>			2.1	7.6	10.4	11.5	--	7.6	8.8	15.0	12.5	13.9
<i>NCREIF Property Index</i>			1.8	7.0	9.4	10.2	--	7.0	8.0	13.3	11.8	11.0
ARA American Strategic Value Realty	11,657,191	0.9	2.1	7.4	--	--	--	7.4	--	--	--	--
<i>NCREIF-ODCE</i>			2.1	7.6	--	--	--	7.6	--	--	--	--
<i>NCREIF Property Index</i>			1.8	7.0	--	--	--	7.0	--	--	--	--
Direct Real Estate	13,690,274	1.0	5.4	20.6	15.7	11.5	6.4	20.6	4.9	22.2	6.1	5.2
<i>NCREIF-ODCE</i>			2.1	7.6	10.4	11.5	5.0	7.6	8.8	15.0	12.5	13.9
<i>NCREIF Property Index</i>			1.8	7.0	9.4	10.2	6.1	7.0	8.0	13.3	11.8	11.0
Total Commodities	38,772,152	2.9	6.6	6.2	-4.1	-7.8	--	6.2	11.8	-25.8	-16.6	-9.5
<i>Bloomberg Commodity Index TR USD</i>			4.7	1.7	-5.0	-8.5	--	1.7	11.8	-24.7	-17.0	-9.5
Gresham MTAP Commodity Builder	38,772,152	2.9	6.6	6.2	-4.1	--	--	6.2	11.8	-25.8	-16.6	--
<i>Bloomberg Commodity Index TR USD</i>			4.7	1.7	-5.0	--	--	1.7	11.8	-24.7	-17.0	--
Total Cash	20,219,515	1.5	0.4	1.0	0.6	0.5	0.8	1.0	0.5	0.4	0.3	0.3
<i>91 Day T-Bills</i>			0.3	0.9	0.4	0.3	0.3	0.9	0.3	0.0	0.0	0.0
Cash Account	20,219,515	1.5	0.4	1.0	0.6	0.5	0.8	1.0	0.5	0.4	0.3	0.3
<i>91 Day T-Bills</i>			0.3	0.9	0.4	0.3	0.3	0.9	0.3	0.0	0.0	0.0

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. WCM International funded 2/15/2017. PIMCO Core Plus liquidated 1/6/2017. BlackRock Core and Dodge & Cox Income funded 1/19/2017. Pathway Private Equity Fund Investors 9 L.P. funded 4/7/2017. Fidelity Real Estate Growth III liquidated 12/29/2017.

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

Period Ending: December 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.	11.43%	0.02%	7.27%	0.04%	1.00	0.04%	1.00	1.52	0.49	100.00%	99.22%
PIMCO RAE Fundamental PLUS Instl	9.18%	-2.23%	7.48%	-1.64%	0.95	2.91%	0.85	1.18	-0.77	84.23%	111.96%
Atlanta Capital Mgmt	15.41%	5.33%	7.71%	9.04%	0.63	6.13%	0.56	1.95	0.87	121.15%	34.80%
Dodge & Cox Intl Stock	5.96%	-2.34%	13.62%	-4.15%	1.22	5.72%	0.85	0.41	-0.41	88.94%	116.91%
Pacific Asset Corporate Loan	5.13%	0.69%	1.91%	2.54%	0.58	1.43%	0.89	2.46	0.49	94.94%	20.85%
SSGA TIPS	1.81%	-0.24%	3.55%	-0.22%	0.99	0.30%	0.99	0.40	-0.79	94.56%	101.53%
Brandywine Global Fixed Income	0.96%	-1.03%	8.59%	-0.48%	0.72	5.52%	0.69	0.06	-0.19	63.43%	73.65%
Stone Harbor Local Markets Ins	2.18%	-0.34%	11.89%	-0.42%	1.03	1.36%	0.99	0.15	-0.25	98.24%	102.18%
JP Morgan Core Real Estate	9.13%	-1.29%	1.74%	-1.84%	1.05	0.48%	0.93	5.02	-2.71	86.50%	--
Direct Real Estate	15.65%	5.23%	8.35%	2.86%	1.23	8.13%	0.05	1.83	0.64	157.93%	--
Gresham MTAP Commodity Builder	-4.14%	0.89%	14.88%	0.91%	1.00	2.07%	0.98	-0.30	0.43	107.99%	98.19%

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.	15.80%	0.01%	7.48%	0.03%	1.00	0.03%	1.00	2.08	0.35	100.00%	99.22%
PIMCO RAE Fundamental PLUS Instl	14.67%	-1.12%	8.33%	-1.96%	1.05	2.70%	0.90	1.73	-0.41	92.85%	111.96%
Atlanta Capital Mgmt	17.19%	2.86%	9.22%	6.01%	0.78	5.36%	0.72	1.84	0.53	105.15%	45.31%
Dodge & Cox Intl Stock	8.50%	0.11%	12.20%	-0.46%	1.07	5.04%	0.83	0.68	0.02	97.77%	94.51%
SSGA TIPS	-0.03%	-0.17%	4.90%	-0.16%	0.99	0.23%	1.00	-0.06	-0.72	95.90%	100.75%
Brandywine Global Fixed Income	0.59%	0.89%	7.20%	0.79%	0.68	4.92%	0.69	0.05	0.18	66.74%	63.61%
Direct Real Estate	11.54%	0.01%	6.81%	9.70%	0.16	6.92%	0.00	1.66	0.00	100.15%	--
JP Morgan Core Real Estate	10.41%	-1.11%	1.73%	-1.68%	1.05	0.78%	0.80	5.88	-1.43	88.36%	--

Private Markets
Non Marketable Securities Overview

Period Ending: December 31, 2017

Vintage	Manager & Fund Name	Estimated 12/31 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.	\$12,464,670	\$20,000,000	\$12,650,000	63%	\$7,350,000	\$5,569,600	\$12,947,988	44.0%	142.6%	16.8%	9/30/17
2010	KKR Mezzanine Partners I L.P. ⁶	\$5,228,751	\$20,000,000	\$20,000,000	100%	\$0	\$24,650,233	\$8,460,682	123.3%	149.4%	8.0%	9/30/17
2010	PIMCO Distressed Credit Fund ⁴	\$1,248,698	\$20,000,000	\$20,000,000	100%	\$0	\$26,747,593	\$1,248,698	133.7%	140.0%	12.6%	9/30/17
2016	TPG Diversified Credit Program	\$30,978,587	\$75,000,000	\$30,623,000	41%	\$44,377,000	\$459,765	\$22,592,364	1.5%	102.7%	6.1%	9/30/17
2017	Pathway Private Equity Fund Investors 9 L.P.	\$5,407,212	\$65,000,000	\$5,480,301	8%	\$59,519,699	-	-	-	-	-	-
Total Alternative Illiquids		\$55,327,918	\$200,000,000	\$88,753,301	44%	\$111,246,699	\$57,427,191	\$45,249,732	51.0%	115.7%		
% of Portfolio (Market Value)		4.1%										

	Management Fee	Admin Fee	Interest Expense	Other Expense	Total Expense ⁷
HarbourVest Partners IX-Buyout Fund L.P.	\$49,727	\$0	\$0	\$13,281	\$63,008
KKR Mezzanine Partners I L.P.	\$30,586	\$0	\$0	\$0	\$30,586
PIMCO Distressed Credit Fund ⁴	\$401	\$80	\$0	\$4,562	\$5,043
TPG Diversified Credit Program	\$27,210	\$0	\$0	\$0	\$27,210
Pathway Private Equity Fund Investors 9 L.P.	-	-	-	-	-
	\$107,924	\$80	\$0	\$17,843	\$125,847

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 9/30/2017)

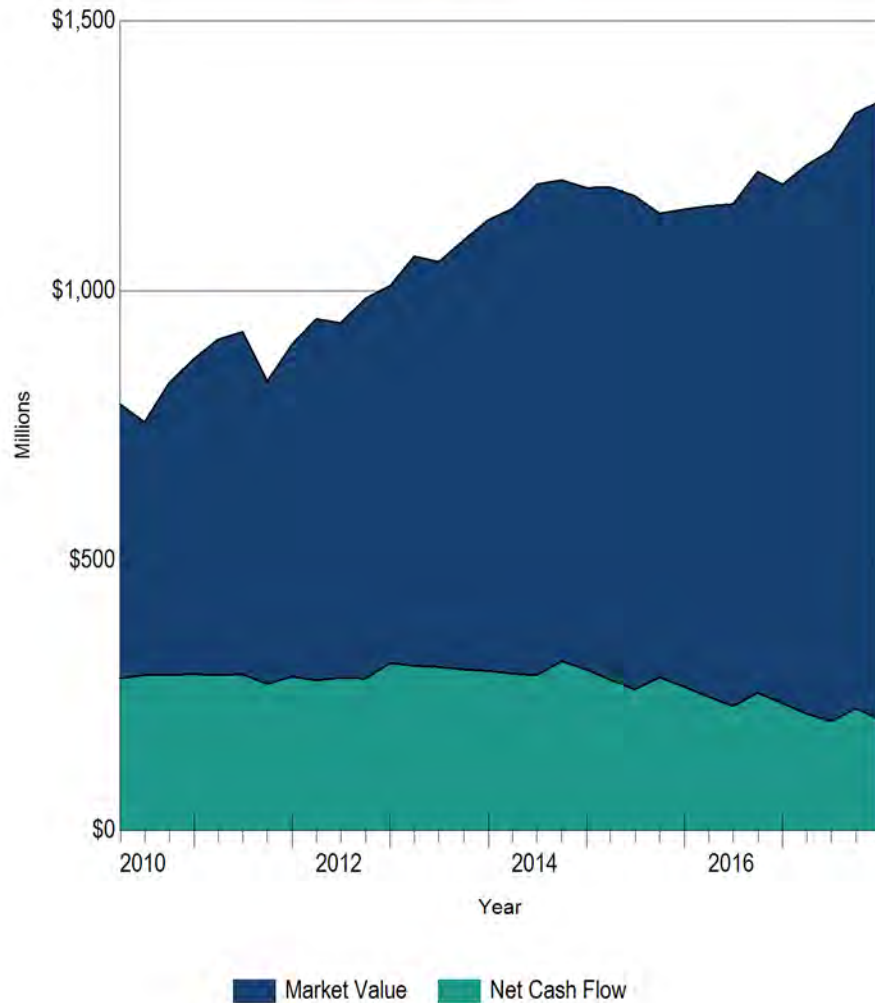
⁴Investment period ended, no further capital to be called.

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

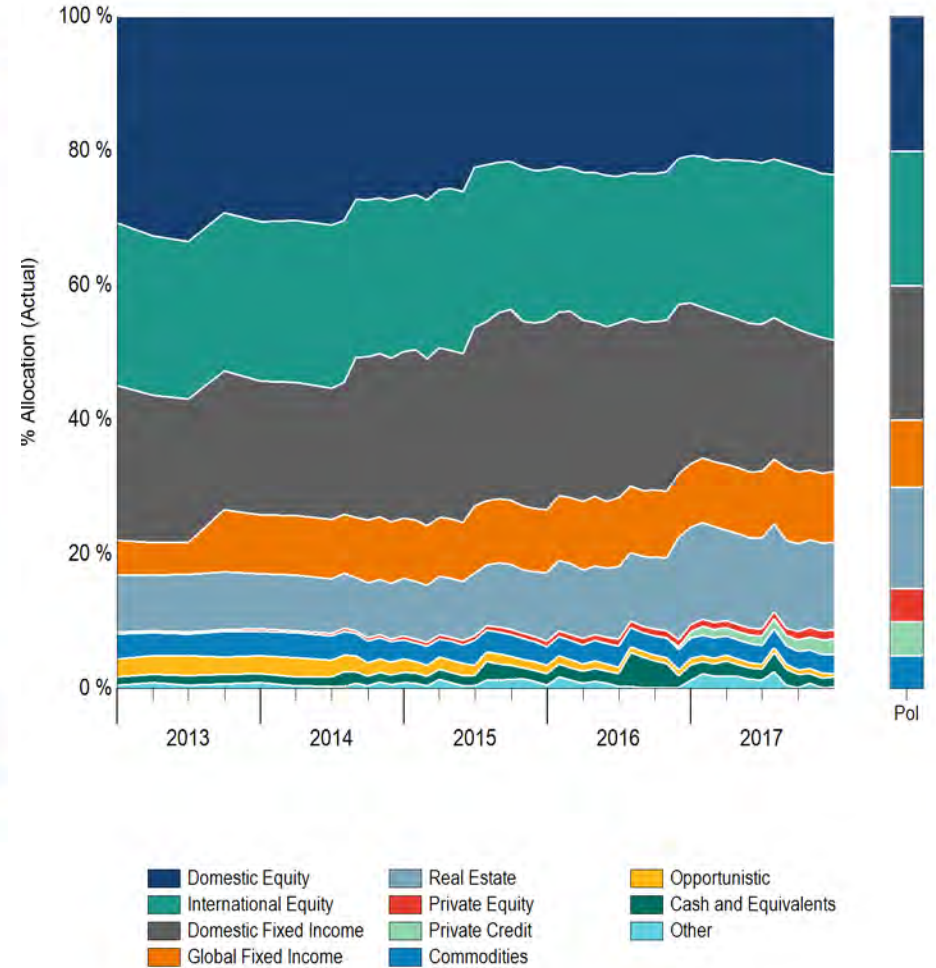
⁶KKR: As of 3Q2017, total capital called is \$23,593,570, which includes recycled distributions. Unused capital commitment is \$1,953,003 after including distribution proceeds available for reinvestment

⁷All fees and expenses are for 3Q 2017

Market Value History



Asset Allocation History



*Other balance represents Clifton Group

Total Fund
Asset Allocation vs. Policy

Period Ending: December 31, 2017



Total Fund Investment Fund Fee Analysis

Period Ending: December 31, 2017

Account	Fee Schedule	Market Value As of 12/31/2017	% 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	\$11,657,191	0.9%	\$144,886	1.24%
Atlanta Capital Mgmt	0.80% of First \$50.0 Mil, 0.70% of Next \$100.0 Mil, 0.60% Thereafter	\$62,375,698	4.6%	\$486,630	0.78%
BlackRock Core Bond	0.28% of First \$100.0 Mil, 0.26% Thereafter	\$95,690,196	7.1%	\$267,933	0.28%
Boston Partners Large Cap Value	0.40% of Assets	\$86,347,222	6.4%	\$345,389	0.40%
Brandywine Global Fixed Income	0.45% of First \$50.0 Mil, 0.40% of Next \$50.0 Mil, 0.35% Thereafter	\$71,619,914	5.3%	\$311,480	0.43%
Cash Account	No Fee	\$20,219,515	1.5%	--	--
Direct Real Estate	No Fee	\$13,690,274	1.0%	--	--
Dodge & Cox Income Fund	0.43% of Assets	\$100,300,932	7.4%	\$431,294	0.43%
Dodge & Cox Intl Stock	0.64% of Assets	\$171,958,176	12.7%	\$1,100,532	0.64%
Gresham MTAP Commodity Builder	0.75% of First \$50.0 Mil, 0.50% Thereafter	\$38,772,152	2.9%	\$290,791	0.75%
Harbourvest Partners IX Buyout Fund L.P.	\$200,000 Annually	\$12,464,670	0.9%	\$200,000	1.60%
JP Morgan Core Real Estate	1.00% of Assets	\$151,102,074	11.2%	\$1,511,021	1.00%
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	\$300,000 Annually	\$5,228,751	0.4%	\$300,000	5.74%
Loomis Sayles Large Cap Growth	0.45% of First \$100.0 Mil, 0.40% Thereafter	\$96,816,677	7.2%	\$435,675	0.45%
Pacific Asset Corporate Loan	0.37% of Assets	\$68,761,046	5.1%	\$254,416	0.37%
Pathway Private Equity Fund Investors 9 L.P.	Please see footnote	\$5,407,212	0.4%	--	--
PIMCO Distressed Credit Fund	\$150,000 Annually	\$1,248,698	0.1%	\$150,000	12.01%
PIMCO RAE Fundamental PLUS Instl	0.40% of Assets	\$59,414,678	4.4%	\$237,659	0.40%
SSGA S&P 500 Flag.	0.04% of First \$100.0 Mil, 0.03% Thereafter	\$12,484,961	0.9%	\$4,994	0.04%
SSGA TIPS	0.05% of First \$100.0 Mil, 0.04% Thereafter	\$345	0.0%	\$0	0.05%
Stone Harbor Local Markets Ins	0.88% of Assets	\$70,733,630	5.2%	\$622,456	0.88%
The Clifton Group	\$50,000 Annually	\$2,829,730	0.2%	\$50,000	1.77%
TPG Diversified Credit Program	Please see footnote	\$30,978,587	2.3%	--	--
WCM International Growth	0.70% of Assets	\$160,991,241	11.9%	\$1,126,939	0.70%
Investment Management Fee		\$1,351,093,570	100.0%	\$8,272,094	0.61%

*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. Pathway fee steps up and down over time, with an effective average of 0.71% up to \$25m, 0.67% up to \$50m, 0.63% up to \$75m, and 0.40% above \$75m.

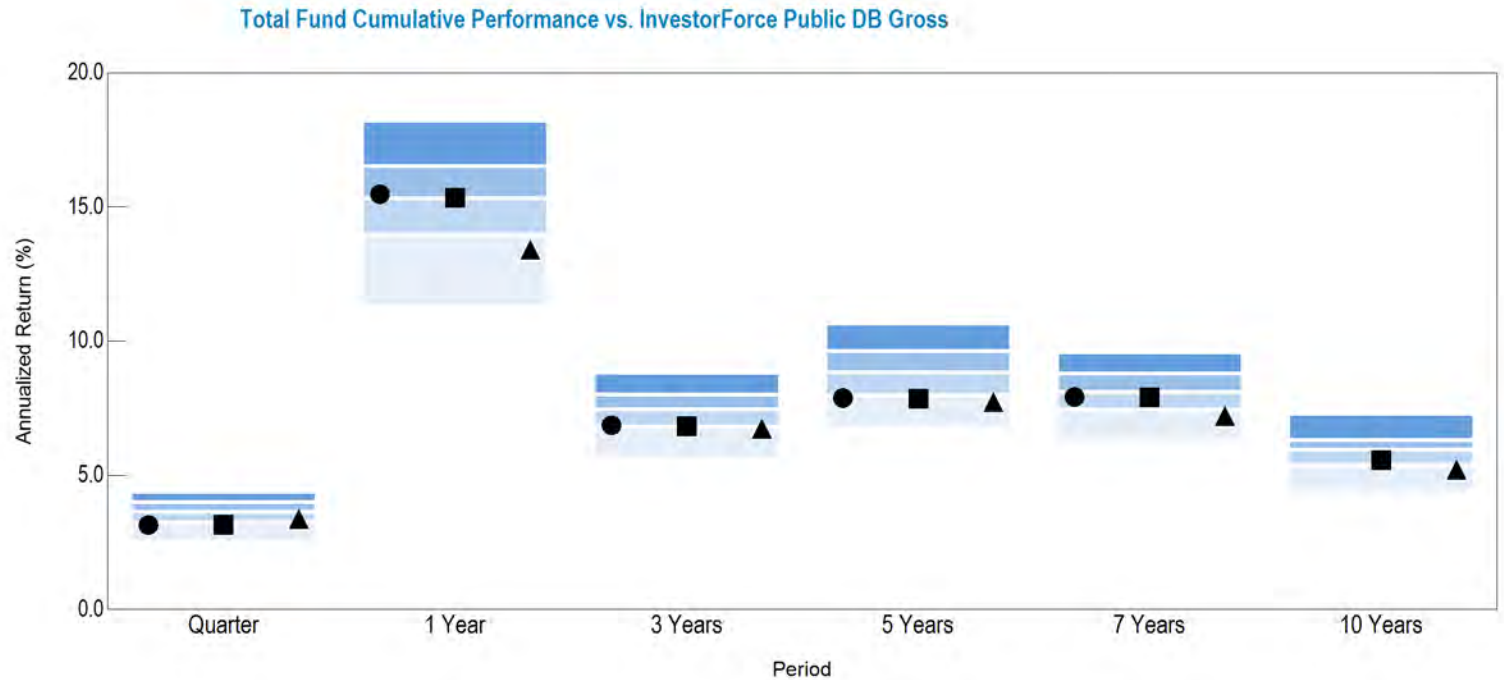
*Clifton Group fee schedule represents contractual minimum fee. Actual fee charged is \$1,500 per month through at least 6/30/2015.

*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: December 31, 2017



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	4.4		18.2		8.8		10.6		9.6		7.3	
25th Percentile	4.0		16.5		8.0		9.6		8.8		6.3	
Median	3.7		15.3		7.5		8.9		8.1		6.0	
75th Percentile	3.3		14.0		6.8		8.0		7.5		5.4	
95th Percentile	2.5		11.3		5.6		6.8		6.3		4.3	
# of Portfolios	307		304		279		257		226		207	
● Total Fund	3.1	(82)	15.5	(47)	6.9	(75)	7.9	(78)	7.9	(55)	--	(--)
■ Total Fund ex Overlay	3.2	(82)	15.4	(50)	6.8	(76)	7.9	(78)	7.9	(55)	5.6	(69)
▲ Policy Index	3.4	(69)	13.4	(86)	6.7	(77)	7.7	(81)	7.2	(82)	5.2	(82)

Total Fund

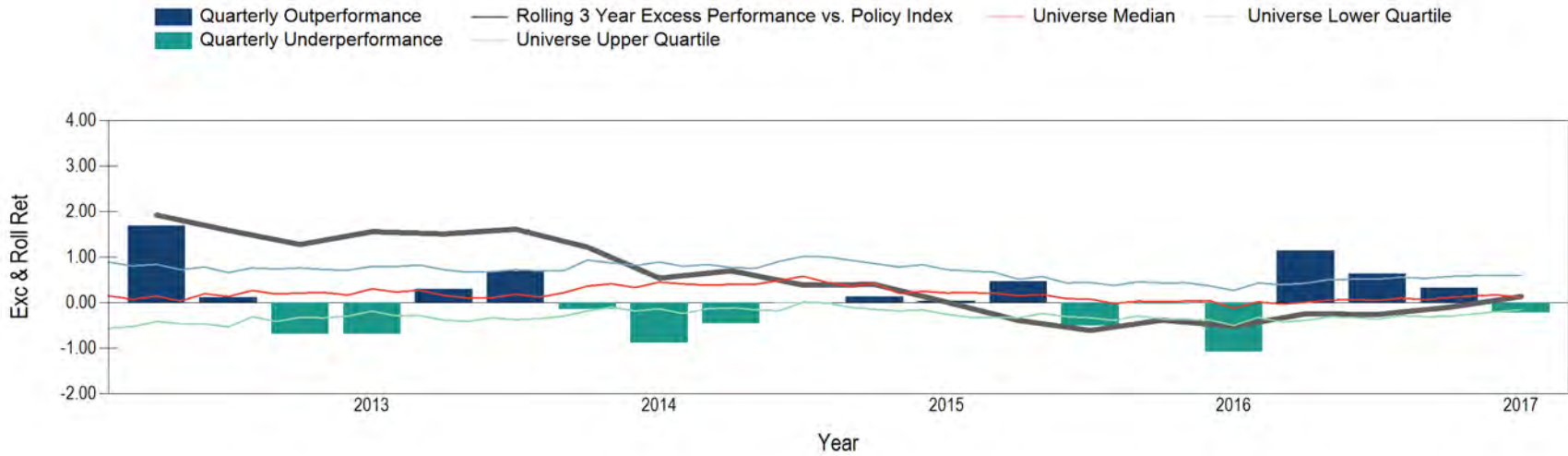
Peer Universe Comparison: Consecutive Periods (Gross of Fees)

Period Ending: December 31, 2017

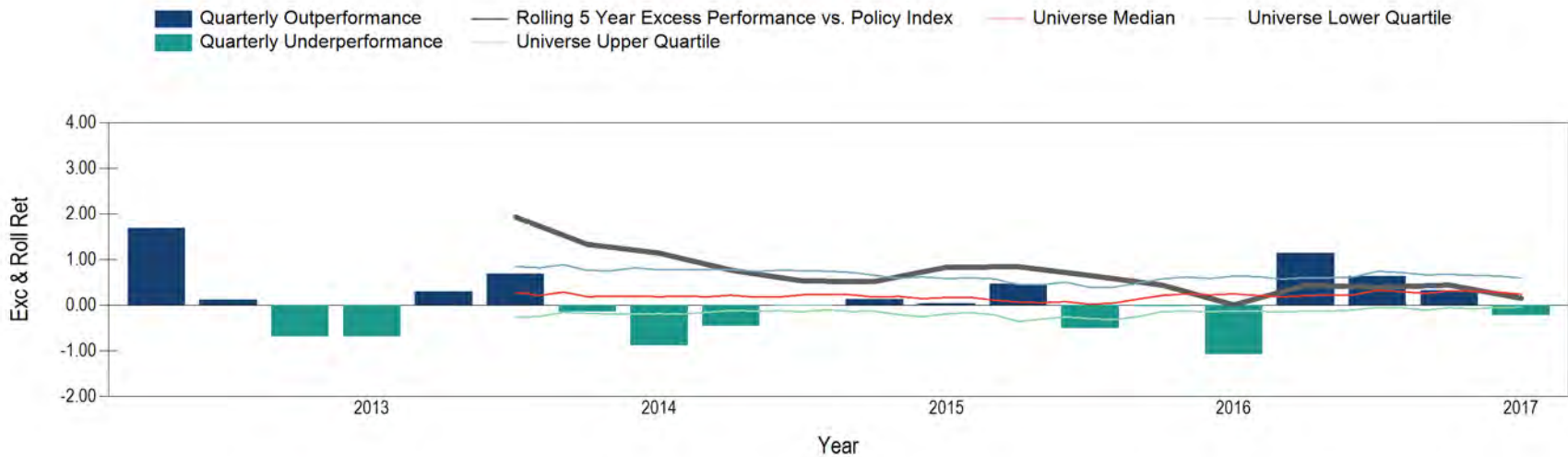


	2017	2016	2015	2014	2013	2012	2011	2010	2009
Return (Rank)									
5th Percentile	18.2	9.4	2.2	8.0	20.8	14.6	3.6	15.4	27.0
25th Percentile	16.5	8.4	0.9	6.8	18.0	13.4	1.9	14.0	22.4
Median	15.3	7.7	0.1	5.8	15.5	12.4	0.9	12.9	20.2
75th Percentile	14.0	6.9	-0.9	4.6	13.3	10.7	-0.3	11.7	15.9
95th Percentile	11.3	5.3	-2.6	3.2	8.5	7.8	-2.5	8.6	10.5
# of Portfolios	304	305	316	248	231	236	206	188	184
● Total Fund	15.5 (47)	6.6 (84)	-0.8 (74)	5.1 (66)	13.8 (71)	12.8 (40)	3.4 (6)	14.2 (21)	-- (--)
■ Total Fund ex Overlay	15.4 (50)	6.6 (83)	-0.8 (75)	5.2 (64)	13.8 (72)	12.7 (43)	3.5 (6)	14.1 (24)	22.3 (27)
▲ Policy Index	13.4 (86)	7.8 (49)	-0.5 (67)	5.2 (64)	13.4 (74)	11.6 (69)	0.6 (60)	13.0 (48)	19.1 (57)

Rolling 3 Year Annualized Excess Performance



Rolling 5 Year Annualized Excess Performance

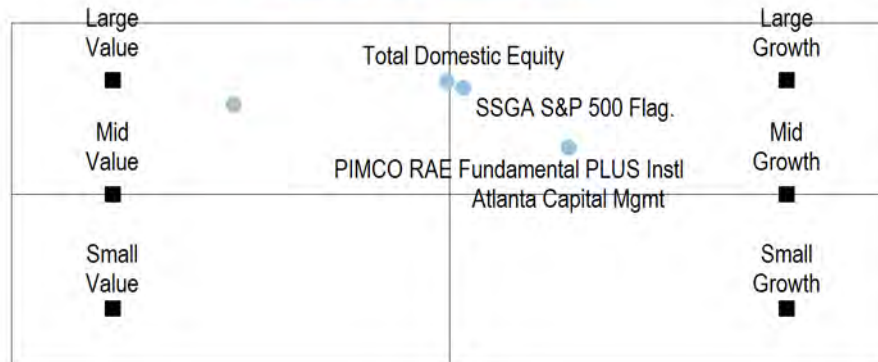


Total Domestic Equity
Asset Class Overview (Gross of Fees)

Period Ending: December 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013
Total Domestic Equity	317,439,236	7.4	25.1	12.7	16.0	9.9	25.1	13.0	1.2	11.0	32.2
<i>Russell 3000</i>		6.3	21.1	11.1	15.6	8.6	21.1	12.7	0.5	12.6	33.6
<i>InvestorForce Public DB US Eq Gross Rank</i>		3	4	2	12	2	4	48	18	60	91
SSGA S&P 500 Flag.	12,484,961	6.7	21.9	11.5	15.9	--	21.9	12.0	1.5	13.7	32.4
<i>S&P 500</i>		6.6	21.8	11.4	15.8	--	21.8	12.0	1.4	13.7	32.4
<i>eV US Large Cap Core Equity Gross Rank</i>		57	52	33	43	--	52	31	40	42	58
PIMCO RAE Fundamental PLUS Instl	59,414,678	7.4	17.0	9.7	15.1	8.6	17.0	15.9	-2.7	12.7	36.0
<i>S&P 500</i>		6.6	21.8	11.4	15.8	8.5	21.8	12.0	1.4	13.7	32.4
<i>eV US Large Cap Core Equity Gross Rank</i>		37	89	77	62	61	89	6	86	58	22
Loomis Sayles Large Cap Growth	96,816,677	6.5	34.1	--	--	--	34.1	--	--	--	--
<i>Russell 1000 Growth</i>		7.9	30.2	--	--	--	30.2	--	--	--	--
<i>eV US Large Cap Growth Equity Gross Rank</i>		63	16	--	--	--	16	--	--	--	--
Boston Partners Large Cap Value	86,347,222	7.0	--	--	--	--	--	--	--	--	--
<i>Russell 1000 Value</i>		5.3	--	--	--	--	--	--	--	--	--
<i>eV US Large Cap Value Equity Gross Rank</i>		34	--	--	--	--	--	--	--	--	--
Atlanta Capital Mgmt	62,375,698	9.5	26.6	16.3	18.1	--	26.6	12.6	10.4	5.8	37.8
<i>Russell 2500</i>		5.2	16.8	10.1	14.3	--	16.8	17.6	-2.9	7.1	36.8
<i>eV US Small-Mid Cap Equity Gross Rank</i>		3	15	1	4	--	15	62	1	56	52

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



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



Total Domestic Equity
Asset Class Overview (Net of Fees)

Period Ending: December 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013
Total Domestic Equity	317,439,236	7.3	24.5	12.3	15.5	--	24.5	12.7	0.8	10.5	31.6
<i>Russell 3000</i>		6.3	21.1	11.1	15.6	--	21.1	12.7	0.5	12.6	33.6
SSGA S&P 500 Flag.	12,484,961	6.6	21.8	11.4	15.8	--	21.8	12.0	1.4	13.7	32.4
<i>S&P 500</i>		6.6	21.8	11.4	15.8	--	21.8	12.0	1.4	13.7	32.4
PIMCO RAE Fundamental PLUS Instl	59,414,678	7.2	16.5	9.2	14.7	8.3	16.5	15.4	-3.2	12.3	35.6
<i>S&P 500</i>		6.6	21.8	11.4	15.8	8.5	21.8	12.0	1.4	13.7	32.4
Loomis Sayles Large Cap Growth	96,816,677	6.4	33.5	--	--	--	33.5	--	--	--	--
<i>Russell 1000 Growth</i>		7.9	30.2	--	--	--	30.2	--	--	--	--
Boston Partners Large Cap Value	86,347,222	6.9	--	--	--	--	--	--	--	--	--
<i>Russell 1000 Value</i>		5.3	--	--	--	--	--	--	--	--	--
Atlanta Capital Mgmt	62,375,698	9.3	25.6	15.4	17.2	--	25.6	11.7	9.6	5.0	37.0
<i>Russell 2500</i>		5.2	16.8	10.1	14.3	--	16.8	17.6	-2.9	7.1	36.8

Total Domestic Equity
 Asset Class Overview (Net of Fees)

Period Ending: December 31, 2017

Common Holdings Matrix
 As of December 31, 2017

	SSGA S&P 500 Flag.		Atlanta Capital Mgmt	
	#	%	#	%
SSGA S&P 500 Flag.	--	--	10	21.15
Atlanta Capital Mgmt	10	0.47	--	--

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	0.93	0.95	1.00	--	--	--	--
Loomis Sayles Large Cap Growth	--	--	--	--	--	--	--
Boston Partners Large Cap Value	--	--	--	--	--	--	--
Atlanta Capital Mgmt	0.88	0.84	0.81	--	--	1.00	--
Russell 3000	0.96	0.99	0.95	--	--	0.87	1.00

SSGA S&P 500 Flag.
 Manager Portfolio Overview

Period Ending: December 31, 2017

Characteristics

	Portfolio	S&P 500
Number of Holdings	504	505
Weighted Avg. Market Cap. (\$B)	180.38	180.13
Median Market Cap. (\$B)	21.48	21.55
Price To Earnings	27.47	24.81
Price To Book	6.06	4.93
Price To Sales	3.80	3.50
Return on Equity (%)	24.52	20.41
Yield (%)	1.88	1.87
Beta	1.00	1.00

Sector Allocation (%) vs S&P 500



*Unclassified includes Cash

Top Holdings
 Ending Period Weight

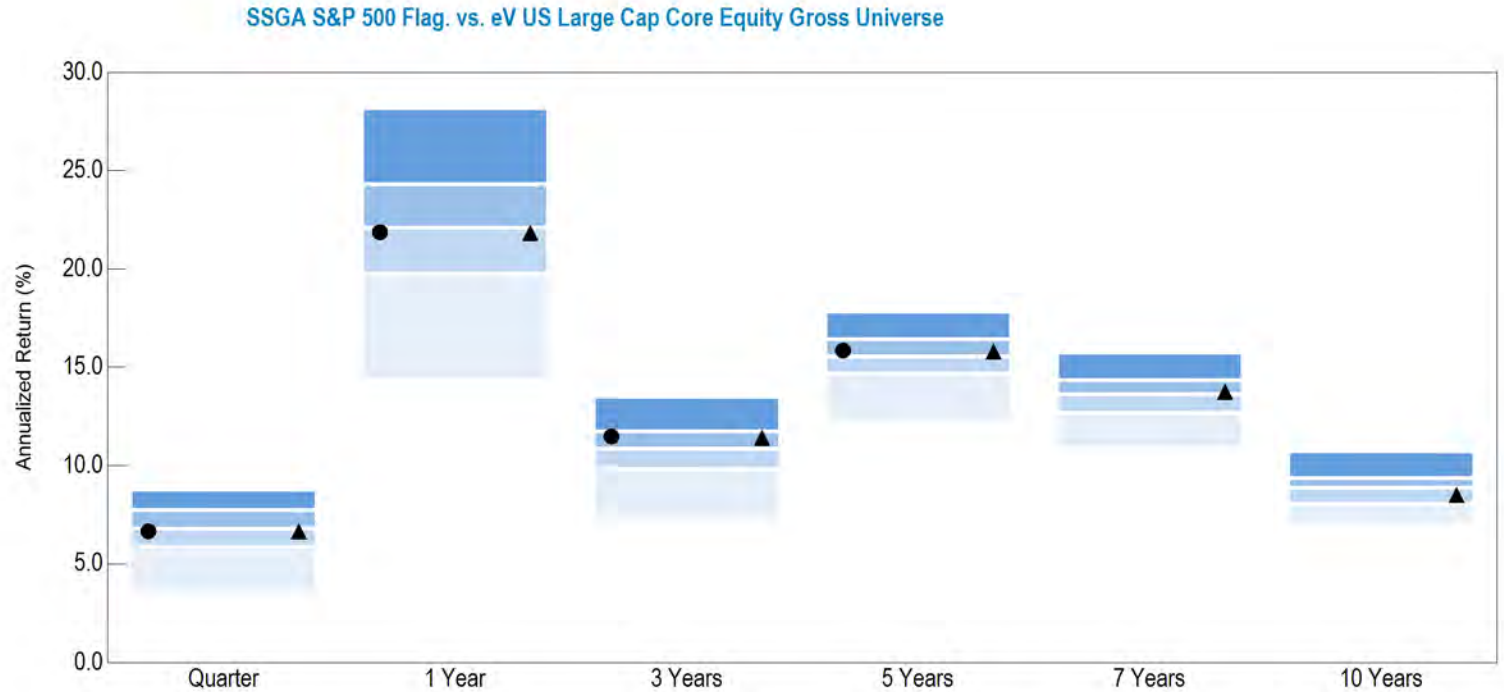
APPLE	3.81%
MICROSOFT	2.90%
AMAZON.COM	2.05%
FACEBOOK CLASS A	1.84%
BERKSHIRE HATHAWAY 'B'	1.67%
JOHNSON & JOHNSON	1.65%
JP MORGAN CHASE & CO.	1.63%
EXXON MOBIL	1.56%
ALPHABET 'C'	1.39%
ALPHABET A	1.38%
Total	19.88%

Top Contributors

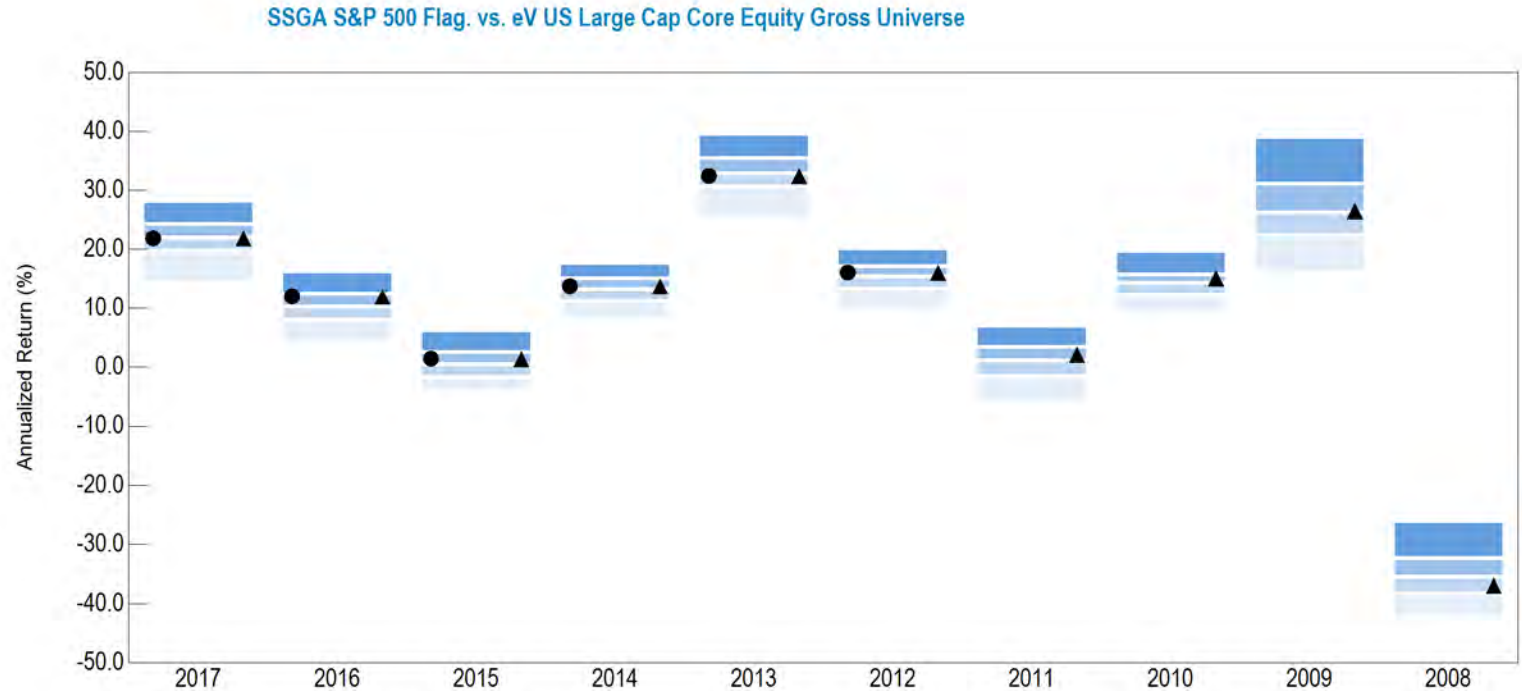
	Avg Wgt	Return	Contribution
MICROSOFT	2.67	15.42	0.41
AMAZON.COM	1.78	21.65	0.39
APPLE	3.70	10.20	0.38
JP MORGAN CHASE & CO.	1.56	12.61	0.20
BANK OF AMERICA	1.16	16.99	0.20
INTEL	0.83	21.93	0.18
HOME DEPOT	0.90	16.46	0.15
WALMART	0.53	27.04	0.14
BERKSHIRE HATHAWAY 'B'	1.64	8.13	0.13
JOHNSON & JOHNSON	1.62	8.12	0.13

Bottom Contributors

	Avg Wgt	Return	Contribution
GENERAL ELECTRIC	0.97	-27.34	-0.27
CELGENE	0.53	-28.43	-0.15
MERCK & COMPANY	0.81	-11.37	-0.09
ALLERGAN	0.32	-19.87	-0.06
PG&E	0.16	-34.16	-0.05
GILEAD SCIENCES	0.49	-10.96	-0.05
CVS HEALTH	0.39	-10.26	-0.04
AMGEN	0.63	-6.10	-0.04
TIME WARNER	0.37	-10.37	-0.04
PHILIP MORRIS INTL.	0.80	-3.85	-0.03

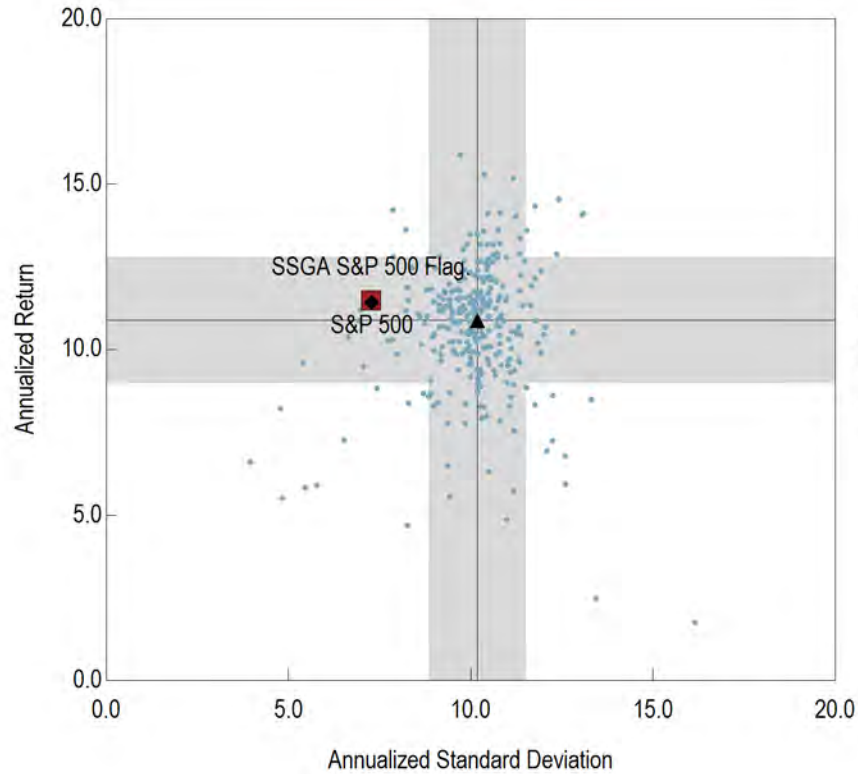


	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	8.8		28.2		13.5		17.8		15.7		10.7	
25th Percentile	7.8		24.3		11.7		16.4		14.4		9.4	
Median	6.8		22.1		10.9		15.6		13.6		8.9	
75th Percentile	5.9		19.8		9.8		14.7		12.7		8.1	
95th Percentile	3.6		14.4		7.2		12.2		10.9		7.0	
# of Portfolios	318		318		308		289		263		232	
● SSGA S&P 500 Flag.	6.7	(57)	21.9	(52)	11.5	(33)	15.9	(43)	--	(--)	--	(--)
▲ S&P 500	6.6	(57)	21.8	(53)	11.4	(36)	15.8	(45)	13.8	(47)	8.5	(66)



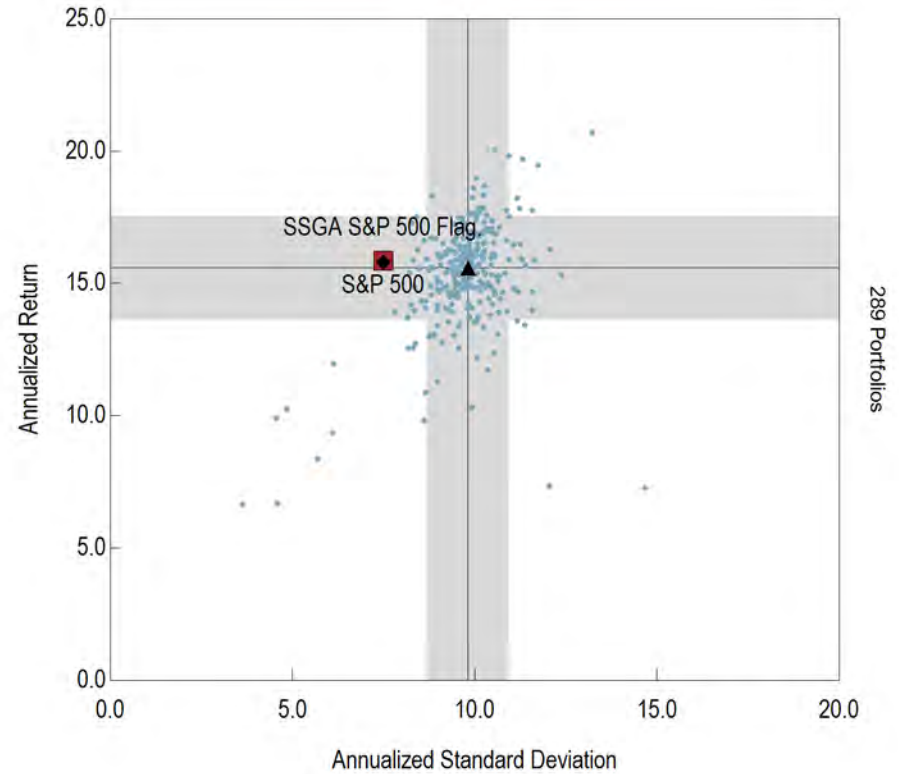
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Return (Rank)										
5th Percentile	28.2	16.3	6.3	17.7	39.6	20.1	7.0	19.7	39.1	-26.1
25th Percentile	24.3	12.5	2.7	15.1	35.5	17.2	3.6	15.8	31.2	-32.3
Median	22.1	10.4	0.6	13.3	32.9	15.4	1.3	14.4	26.3	-35.4
75th Percentile	19.8	8.2	-1.6	11.4	30.8	13.4	-1.5	12.3	22.6	-38.1
95th Percentile	14.4	4.3	-4.1	8.2	25.4	9.8	-5.9	9.1	16.1	-42.3
# of Portfolios	318	308	267	267	261	254	259	254	280	312
● SSGA S&P 500 Flag.	21.9 (52)	12.0 (31)	1.5 (40)	13.7 (42)	32.4 (58)	16.1 (39)	-- (--)	-- (--)	-- (--)	-- (--)
▲ S&P 500	21.8 (53)	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)

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



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

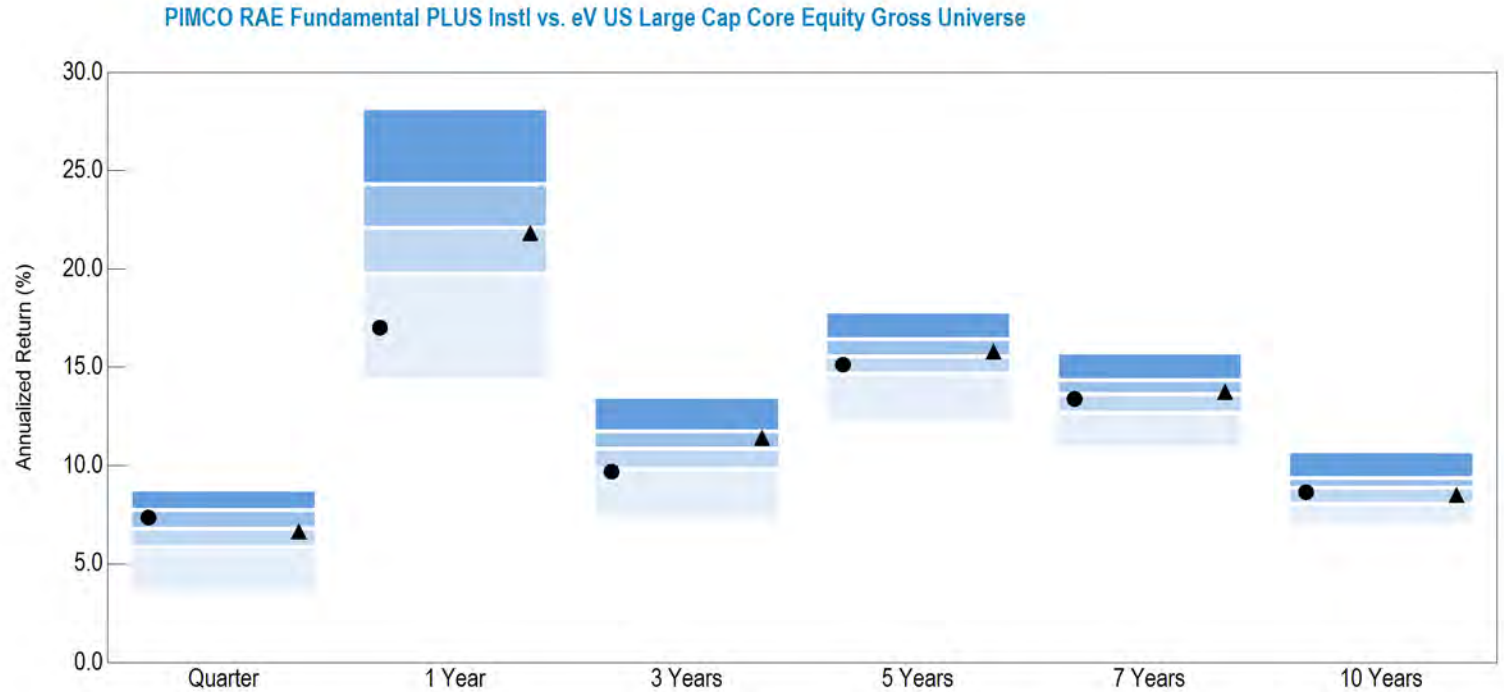
Annualized Return vs. Annualized Standard Deviation
 5 Years Ending December 31, 2017



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

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

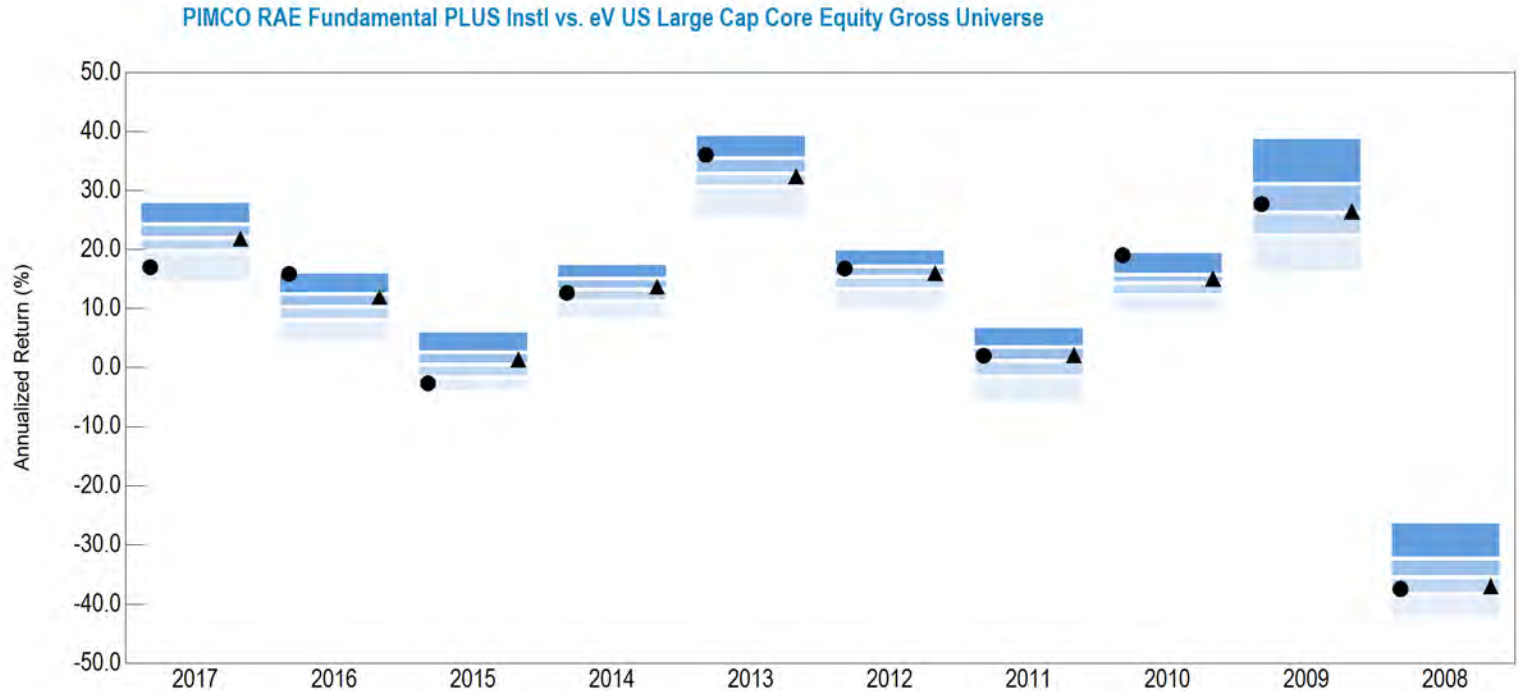
Period Ending: December 31, 2017



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	8.8		28.2		13.5		17.8		15.7		10.7	
25th Percentile	7.8		24.3		11.7		16.4		14.4		9.4	
Median	6.8		22.1		10.9		15.6		13.6		8.9	
75th Percentile	5.9		19.8		9.8		14.7		12.7		8.1	
95th Percentile	3.6		14.4		7.2		12.2		10.9		7.0	
# of Portfolios	318		318		308		289		263		232	
● PIMCO RAE Fundamental PLUS Instl	7.4	(37)	17.0	(89)	9.7	(77)	15.1	(62)	13.4	(58)	8.6	(61)
▲ S&P 500	6.6	(57)	21.8	(53)	11.4	(36)	15.8	(45)	13.8	(47)	8.5	(66)

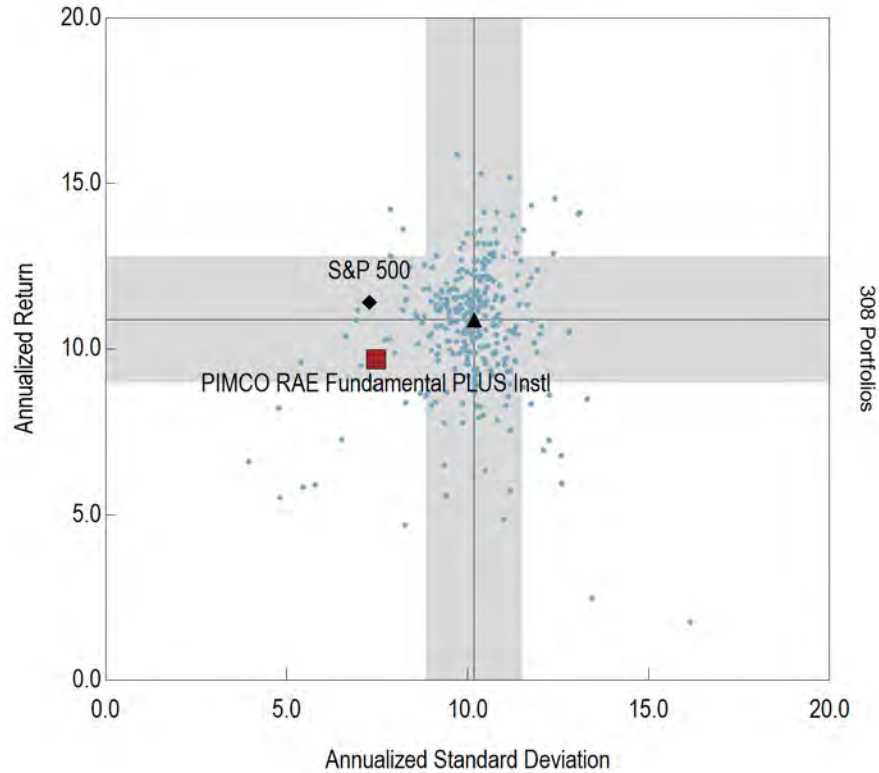
PIMCO RAE Fundamental PLUS Instl
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: December 31, 2017



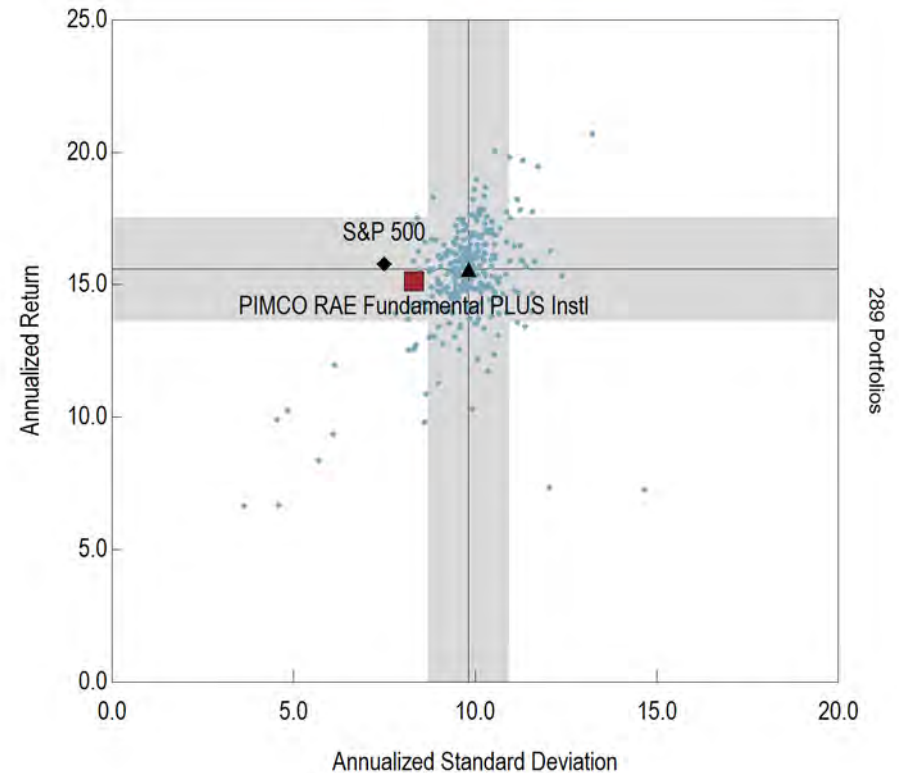
	Return (Rank)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
5th Percentile	28.2	16.3	6.3	17.7	39.6	20.1	7.0	19.7	39.1	-26.1
25th Percentile	24.3	12.5	2.7	15.1	35.5	17.2	3.6	15.8	31.2	-32.3
Median	22.1	10.4	0.6	13.3	32.9	15.4	1.3	14.4	26.3	-35.4
75th Percentile	19.8	8.2	-1.6	11.4	30.8	13.4	-1.5	12.3	22.6	-38.1
95th Percentile	14.4	4.3	-4.1	8.2	25.4	9.8	-5.9	9.1	16.1	-42.3
# of Portfolios	318	308	267	267	261	254	259	254	280	312
● PIMCO RAE Fundamental PLUS Instl	17.0 (89)	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)
▲ S&P 500	21.8 (53)	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)

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

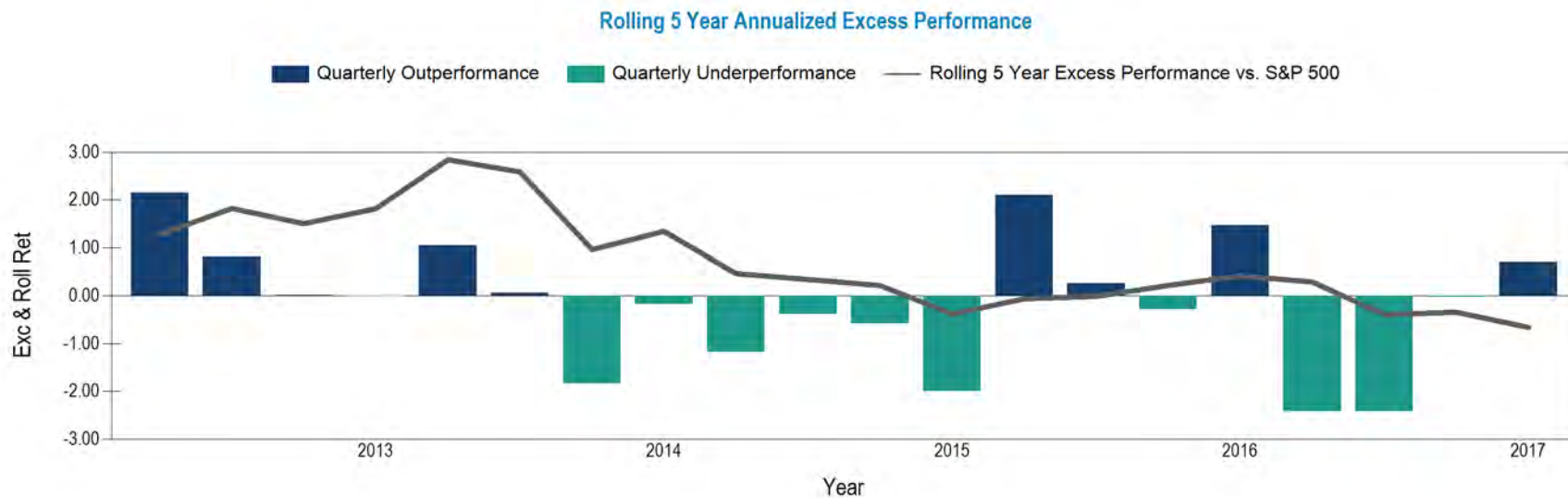
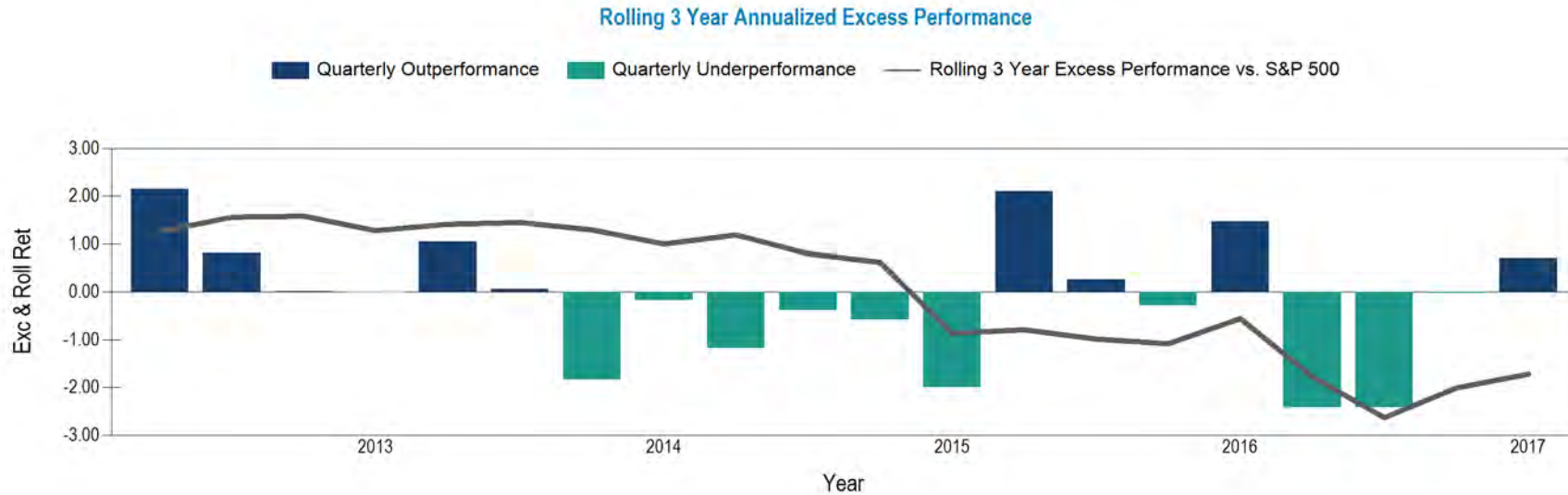


- PIMCO RAE Fundamental PLUS Instl
- ◆ S&P 500
- ▲ Universe Median
- 68% Confidence Interval
- eV US Large Cap Core Equity Gross

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



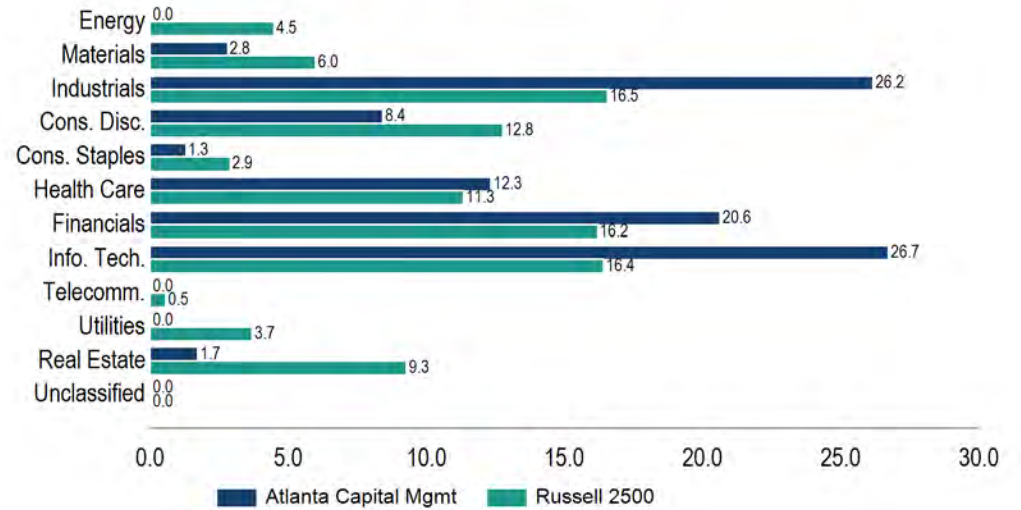
- PIMCO RAE Fundamental PLUS Instl
- ◆ S&P 500
- ▲ Universe Median
- 68% Confidence Interval
- eV US Large Cap Core Equity Gross



Characteristics

	Portfolio	Russell 2500
Number of Holdings	46	2,472
Weighted Avg. Market Cap. (\$B)	8.63	5.12
Median Market Cap. (\$B)	7.58	1.20
Price To Earnings	43.31	22.36
Price To Book	6.49	3.73
Price To Sales	3.48	3.24
Return on Equity (%)	20.22	10.62
Yield (%)	0.68	1.22
Beta	0.63	1.00

Sector Allocation (%) vs Russell 2500



*Unclassified includes Cash

Top Holdings
Ending Period Weight

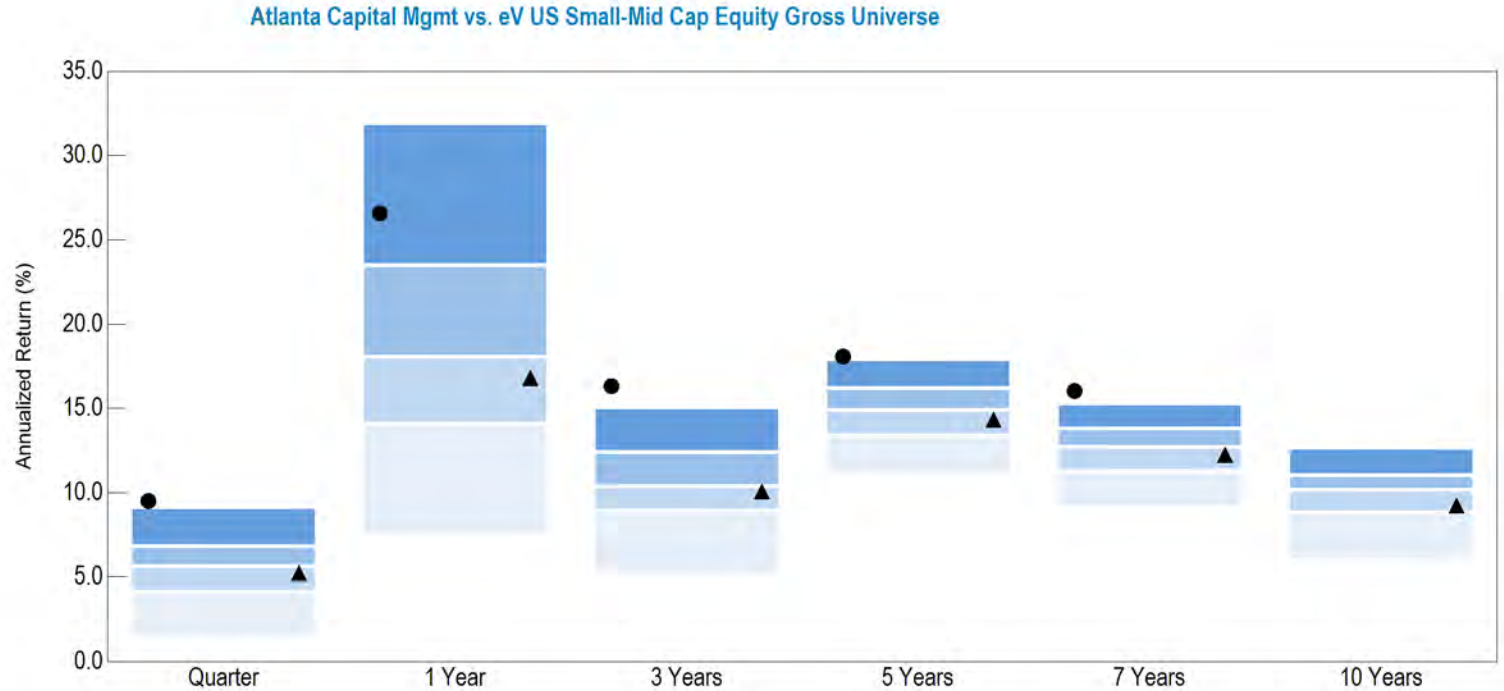
MARKEL	4.12%
ANSYS	4.11%
TELEFLEX	4.02%
SEI INVESTMENTS	4.00%
TRANSUNION	3.54%
HUNT JB TRANSPORT SVS.	3.17%
ARAMARK	2.89%
BIO-RAD LABORATORIES 'A'	2.89%
BLACKBAUD	2.83%
CDW	2.81%
Total	34.38%

Top Contributors

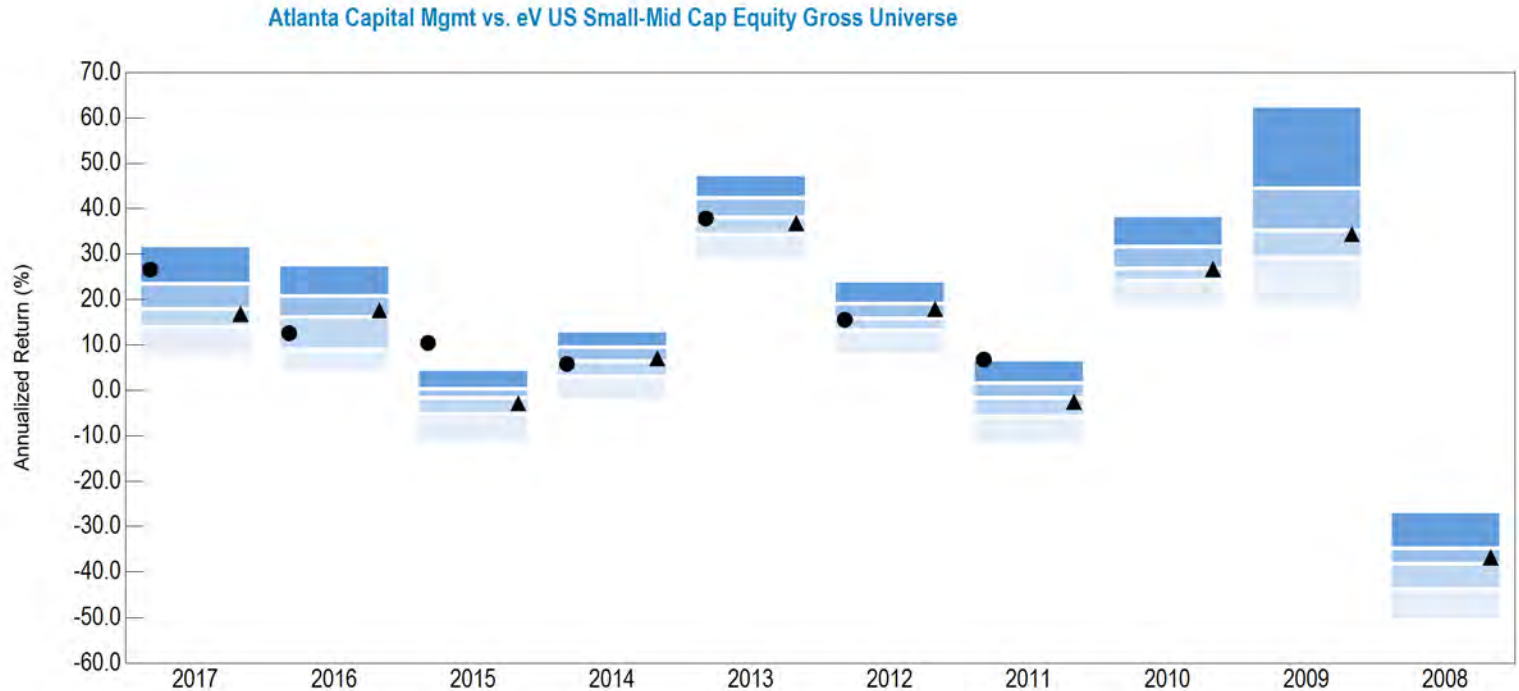
	Avg Wgt	Return	Contribution
ANSYS	4.21	20.26	0.85
SEI INVESTMENTS	3.70	18.18	0.67
WEX	2.42	25.85	0.63
TRANSUNION	3.31	16.29	0.54
NORDSON	1.76	23.81	0.42
MANHATTAN ASSOCS.	1.96	19.17	0.38
LENNOX INTL.	2.18	16.65	0.36
COPART	1.35	25.66	0.35
CARLISLE COS.	2.46	13.71	0.34
JACK HENRY & ASSOCS.	2.37	14.10	0.33

Bottom Contributors

	Avg Wgt	Return	Contribution
HENRY SCHEIN	1.09	-14.77	-0.16
SALLY BEAUTY HOLDINGS	2.06	-4.19	-0.09
GARTNER 'A'	2.12	-1.01	-0.02
APTARGROUP	1.87	0.33	0.01
WESTAMERICA BANCORP.	1.01	0.72	0.01
KIRBY	1.96	1.29	0.03
RPM INTERNATIONAL	1.14	2.73	0.03
CHURCH & DWIGHT CO.	1.34	3.98	0.05
ACUITY BRANDS	2.05	2.84	0.06
TRIMBLE	1.74	3.54	0.06

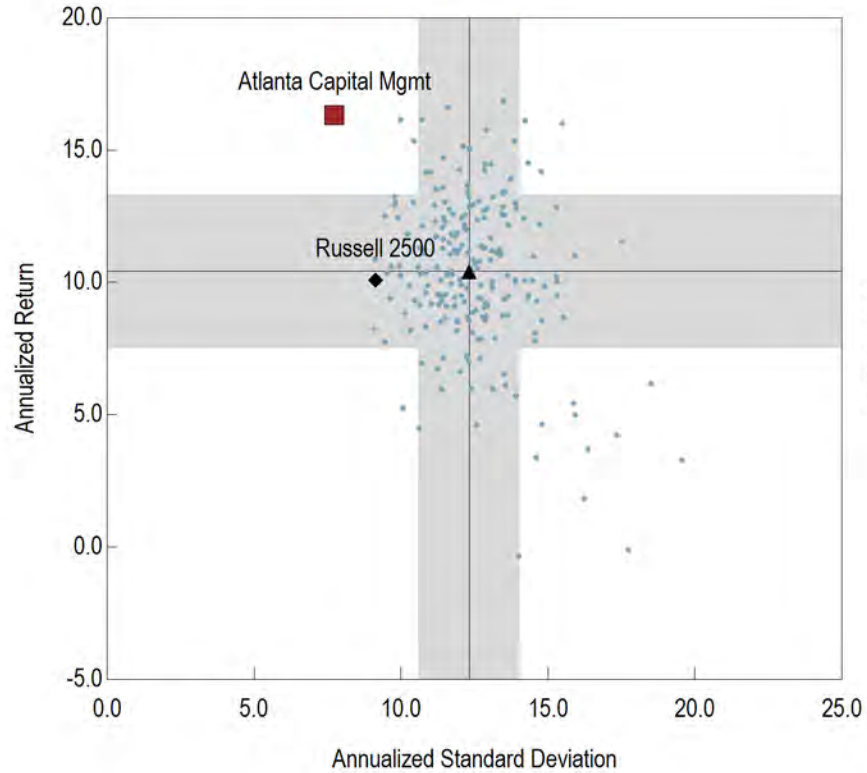


	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
Return (Rank)												
5th Percentile	9.1		31.9		15.0		17.9		15.3		12.6	
25th Percentile	6.8		23.5		12.4		16.2		13.8		11.1	
Median	5.7		18.1		10.4		14.9		12.7		10.2	
75th Percentile	4.2		14.1		9.0		13.4		11.3		8.9	
95th Percentile	1.4		7.5		5.2		11.0		9.1		6.0	
# of Portfolios	234		233		215		199		179		150	
● Atlanta Capital Mgmt	9.5	(3)	26.6	(15)	16.3	(1)	18.1	(4)	16.0	(3)	--	(--)
▲ Russell 2500	5.2	(61)	16.8	(61)	10.1	(57)	14.3	(62)	12.2	(63)	9.2	(71)



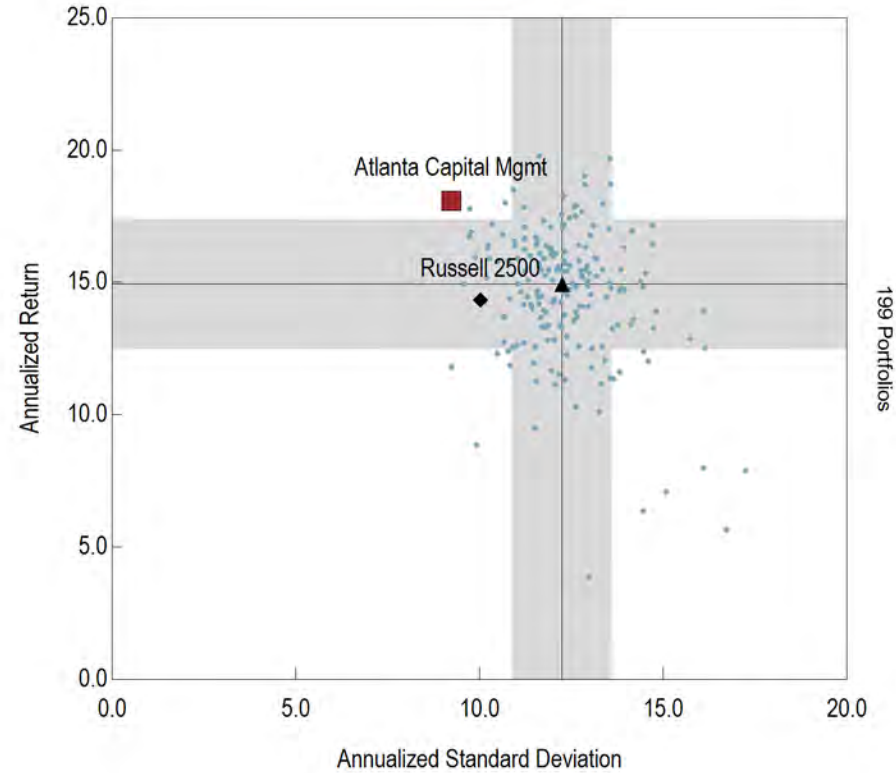
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Return (Rank)										
5th Percentile	31.9	27.6	4.6	13.0	47.6	24.1	6.8	38.5	62.6	-26.7
25th Percentile	23.5	20.8	0.4	9.6	42.5	19.2	1.7	31.7	44.6	-34.7
Median	18.1	16.1	-1.5	6.5	38.2	16.0	-1.5	26.9	35.2	-38.1
75th Percentile	14.1	9.2	-5.0	3.1	34.4	13.3	-5.6	24.3	29.4	-43.6
95th Percentile	7.5	3.8	-11.6	-2.3	28.7	7.8	-11.6	18.7	18.7	-50.3
# of Portfolios	233	238	215	210	210	216	211	210	226	243
● Atlanta Capital Mgmt	26.6 (15)	12.6 (62)	10.4 (1)	5.8 (56)	37.8 (52)	15.5 (55)	6.8 (5)	-- (--)	-- (--)	-- (--)
▲ Russell 2500	16.8 (61)	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)

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

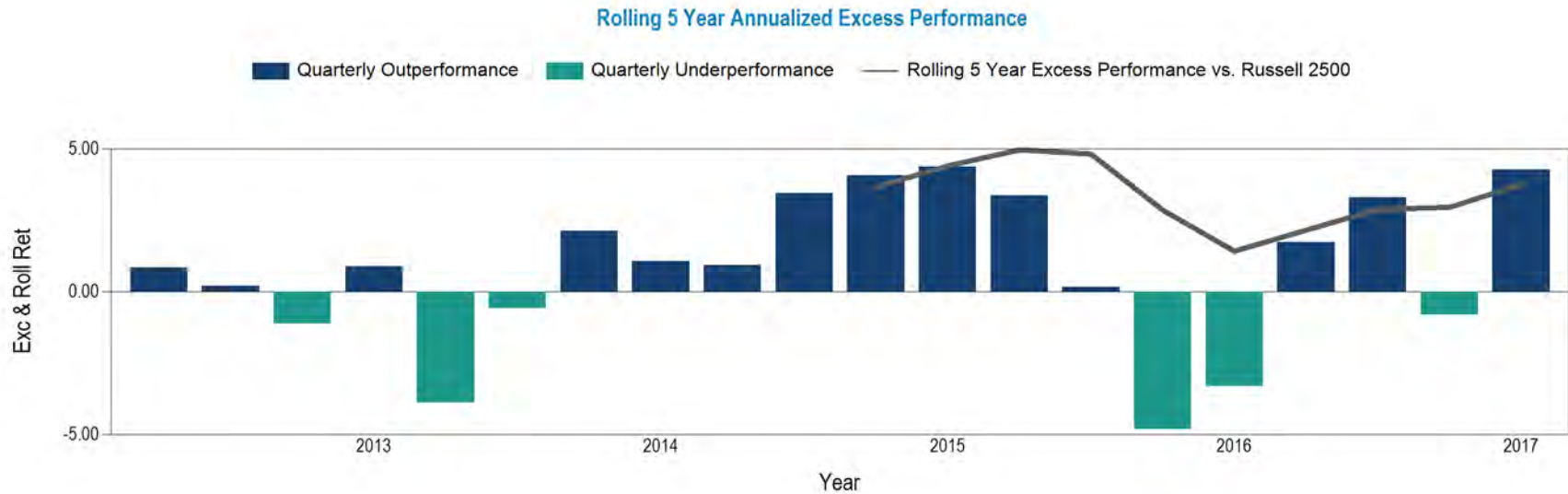


- Atlanta Capital Mgmt
- ◆ Russell 2500
- ▲ Universe Median
- 68% Confidence Interval
- eV US Small-Mid Cap Equity Gross

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



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



Total International Equity
Asset Class Overview (Gross of Fees)

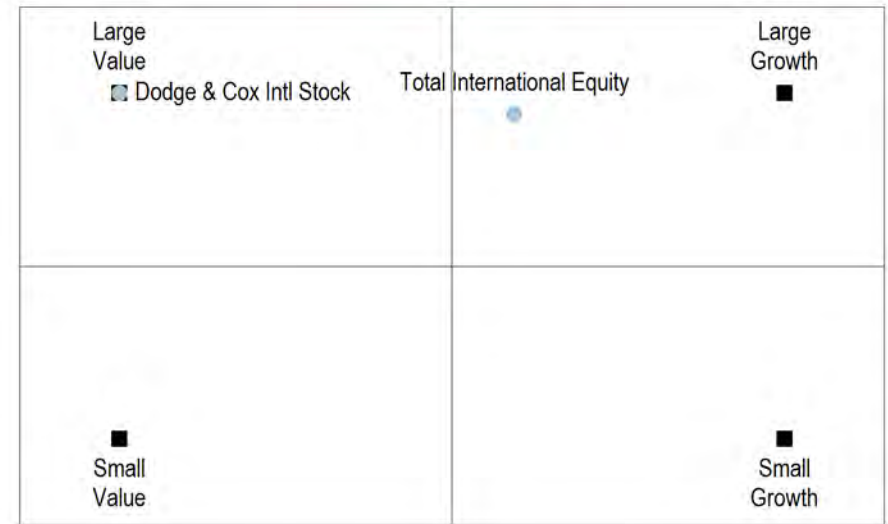
Period Ending: December 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013
Total International Equity	332,949,417	3.3	26.6	7.4	8.3	3.9	26.6	2.2	-4.3	2.1	17.9
MSCI ACWI ex USA Gross		5.1	27.8	8.3	7.3	2.3	27.8	5.0	-5.3	-3.4	15.8
InvestorForce Public DB ex-US Eq Gross Rank		94	81	90	45	19	81	82	68	1	50
Dodge & Cox Intl Stock	171,958,176	1.4	24.7	6.6	9.2	3.7	24.7	9.0	-10.8	0.7	27.1
MSCI EAFE Gross		4.3	25.6	8.3	8.4	2.4	25.6	1.5	-0.4	-4.5	23.3
eV All EAFE Equity Gross Rank		99	74	93	57	51	74	3	99	13	32
WCM International Growth	160,991,241	5.5	--	--	--	--	--	--	--	--	--
MSCI ACWI ex USA Gross		5.1	--	--	--	--	--	--	--	--	--
eV ACWI ex-US All Cap Growth Eq Gross Rank		49	--	--	--	--	--	--	--	--	--

EAFE Effective Style Map
3 Years Ending December 31, 2017



EAFE Effective Style Map
5 Years Ending December 31, 2017



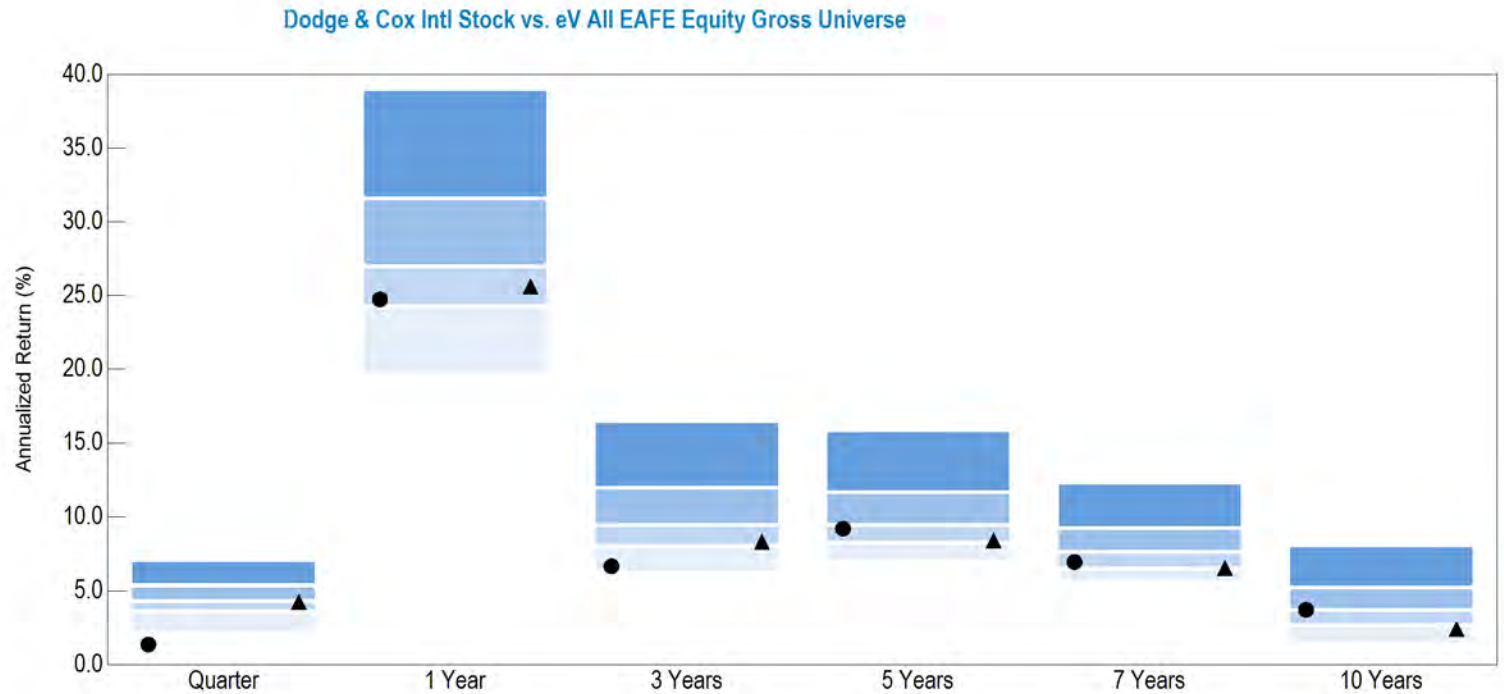
Total International Equity
 Asset Class Overview (Net of Fees)

Period Ending: December 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013
Total International Equity	332,949,417	3.2	25.8	6.7	7.6	--	25.8	1.6	-4.9	1.4	17.0
<i>MSCI ACWI ex USA Gross</i>		5.1	27.8	8.3	7.3	--	27.8	5.0	-5.3	-3.4	15.8
Dodge & Cox Intl Stock	171,958,176	1.2	23.9	6.0	8.5	3.2	23.9	8.3	-11.4	0.1	26.3
<i>MSCI EAFE Gross</i>		4.3	25.6	8.3	8.4	2.4	25.6	1.5	-0.4	-4.5	23.3
WCM International Growth	160,991,241	5.4	--	--	--	--	--	--	--	--	--
<i>MSCI ACWI ex USA Gross</i>		5.1	--	--	--	--	--	--	--	--	--

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

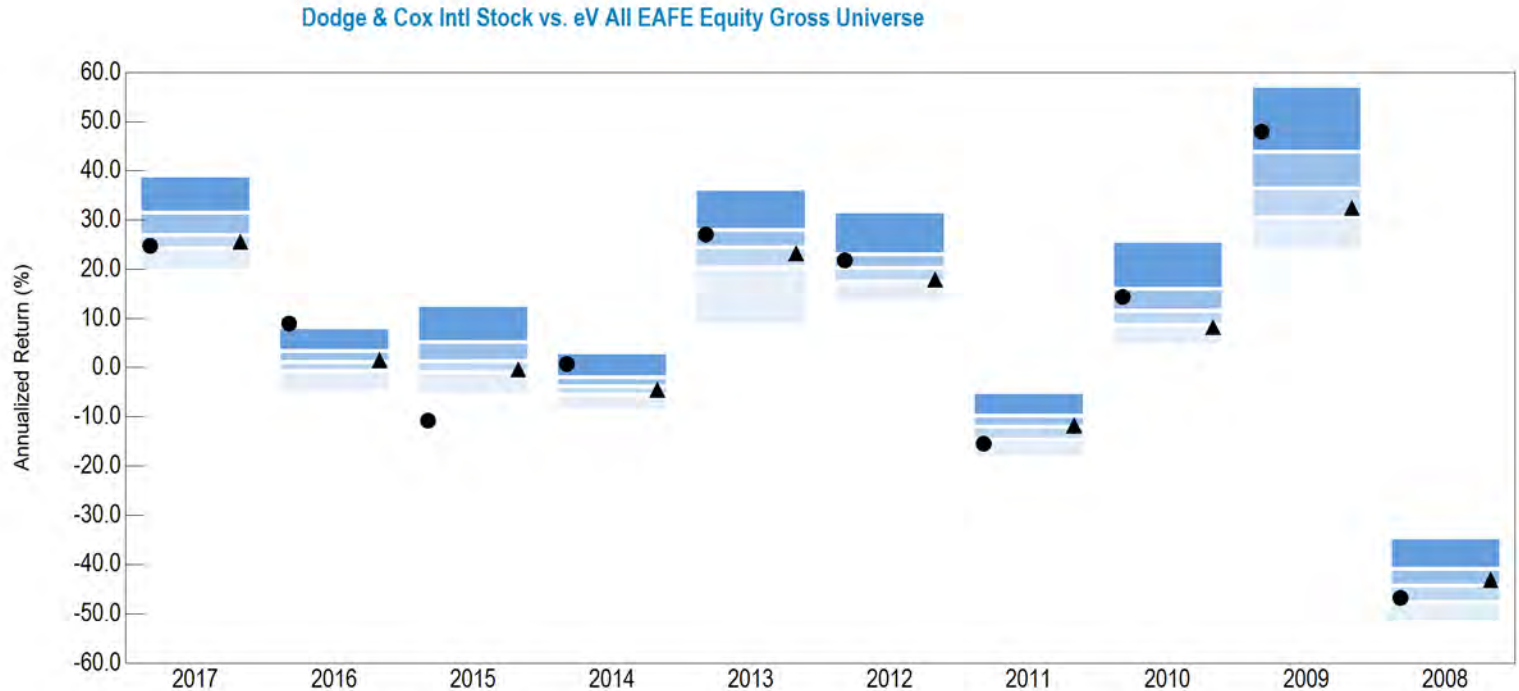
Period Ending: December 31, 2017



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	7.0		39.0		16.5		15.8		12.3		8.0	
25th Percentile	5.4		31.6		12.0		11.7		9.3		5.2	
Median	4.3		27.0		9.5		9.4		7.7		3.7	
75th Percentile	3.7		24.3		8.0		8.3		6.5		2.7	
95th Percentile	2.2		19.7		6.3		6.9		5.6		1.4	
# of Portfolios	370		370		344		314		288		249	
● Dodge & Cox Intl Stock	1.4	(99)	24.7	(74)	6.6	(93)	9.2	(57)	6.9	(67)	3.7	(51)
▲ MSCI EAFE Gross	4.3	(53)	25.6	(63)	8.3	(70)	8.4	(73)	6.5	(76)	2.4	(80)

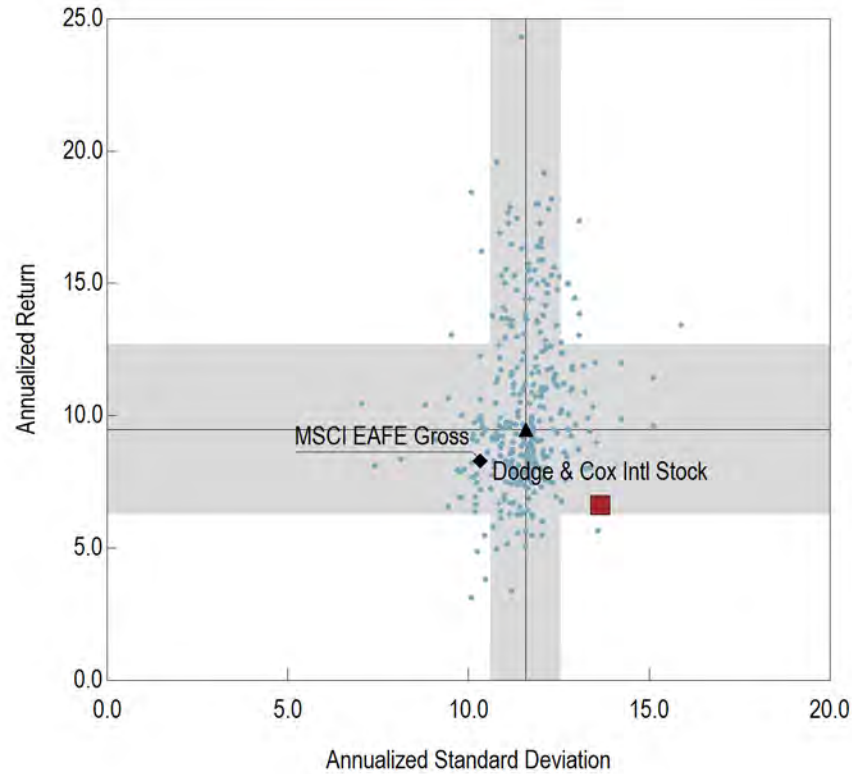
Dodge & Cox Intl Stock
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: December 31, 2017



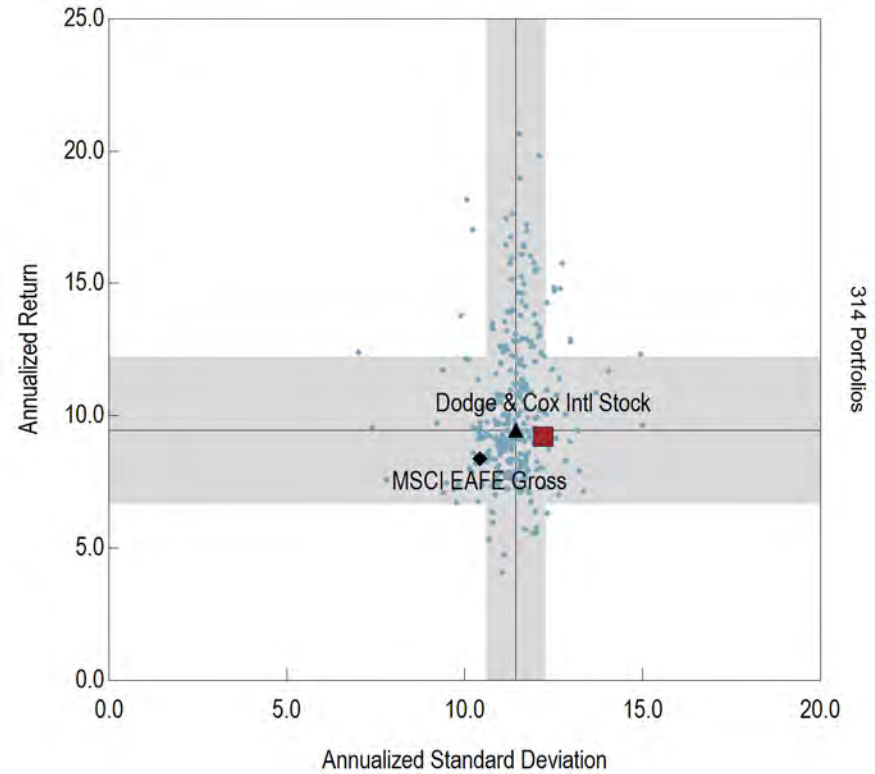
	Return (Rank)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
5th Percentile	39.0	8.1	12.6	3.0	36.3	31.7	-5.1	25.7	57.3	-34.5
25th Percentile	31.6	3.4	5.2	-1.9	28.1	23.1	-9.7	16.1	44.0	-40.8
Median	27.0	1.3	1.4	-3.7	24.6	20.4	-12.0	11.7	36.5	-44.1
75th Percentile	24.3	-0.6	-0.9	-5.4	20.5	17.5	-14.5	8.7	30.7	-47.5
95th Percentile	19.7	-4.9	-5.4	-8.6	8.6	13.3	-18.2	4.6	23.7	-51.5
# of Portfolios	370	350	325	314	284	263	278	352	455	477
● Dodge & Cox Intl Stock	24.7 (74)	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	25.6 (63)	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)

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

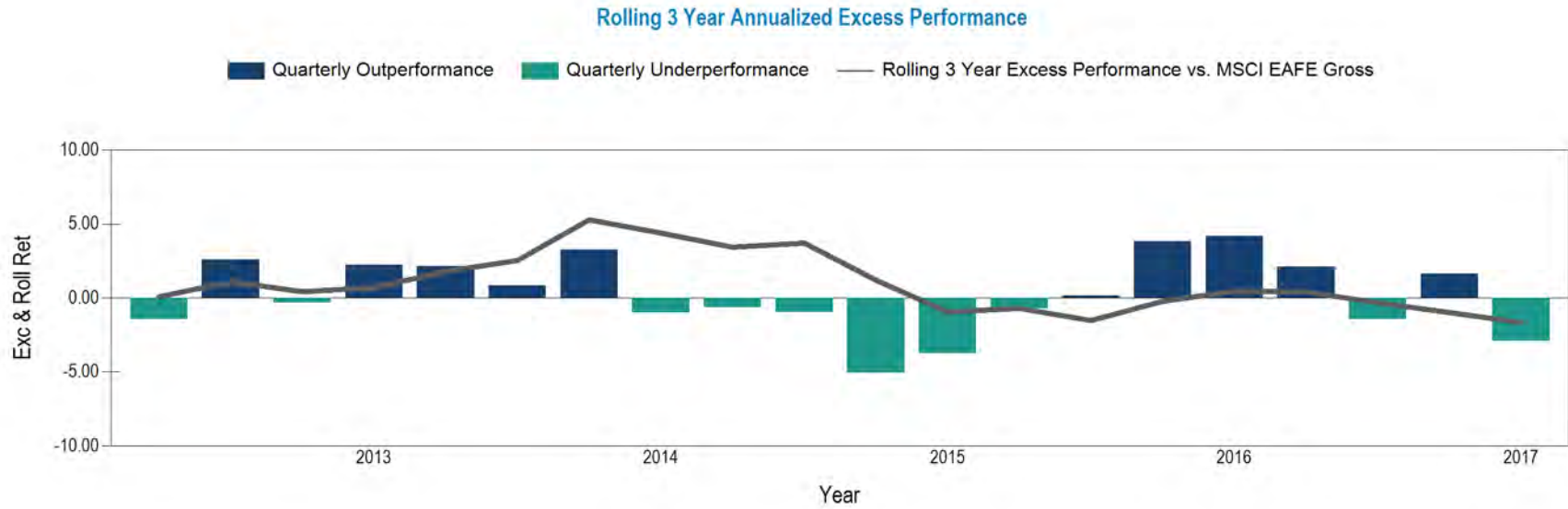


- Dodge & Cox Intl Stock
- ◆ MSCI EAFE Gross
- ▲ Universe Median
- 68% Confidence Interval
- eV All EAFE Equity Gross

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



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

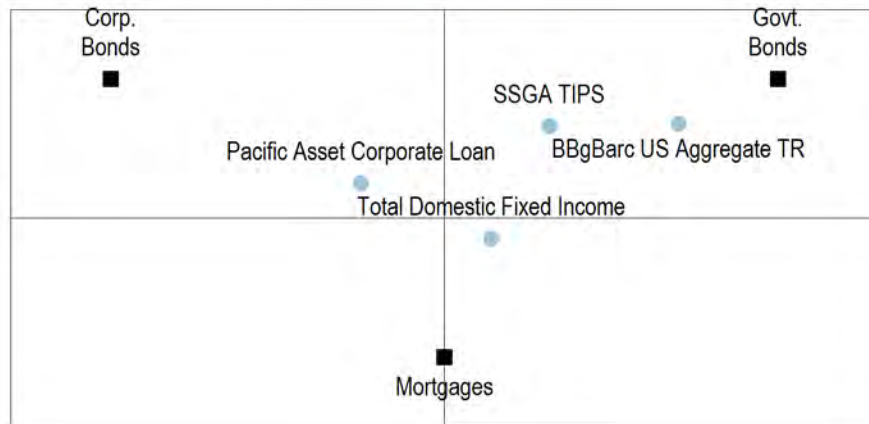


Total Domestic Fixed Income Asset Class Overview (Gross of Fees)

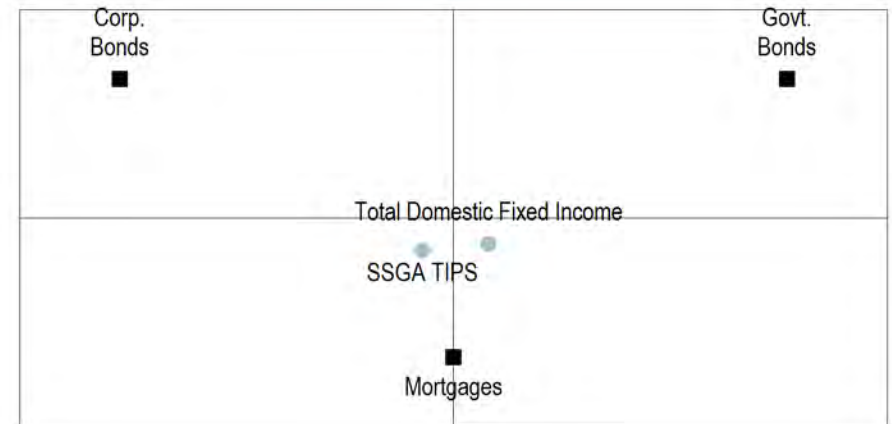
Period Ending: December 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013
Total Domestic Fixed Income	264,752,519	0.8	4.3	3.3	2.3	3.7	4.3	4.5	1.1	4.7	-2.7
<i>BBgBarc US Aggregate TR</i>		0.4	3.5	2.2	2.1	4.0	3.5	2.6	0.6	6.0	-2.0
<i>InvestorForce Public DB US Fix Inc Gross Rank</i>		22	50	34	60	65	50	49	17	68	95
BlackRock Core Bond	95,690,196	0.5	--	--	--	--	--	--	--	--	--
<i>BBgBarc US Aggregate TR</i>		0.4	--	--	--	--	--	--	--	--	--
<i>eV US Core Fixed Inc Gross Rank</i>		42	--	--	--	--	--	--	--	--	--
Dodge & Cox Income Fund	100,300,932	0.6	--	--	--	--	--	--	--	--	--
<i>BBgBarc US Aggregate TR</i>		0.4	--	--	--	--	--	--	--	--	--
<i>eV US Core Fixed Inc Gross Rank</i>		32	--	--	--	--	--	--	--	--	--
Pacific Asset Corporate Loan	68,761,046	1.4	4.9	5.5	--	--	4.9	9.2	2.5	--	--
<i>S&P/LSTA Leveraged Loan Index</i>		1.1	4.1	4.4	--	--	4.1	10.2	-0.7	--	--
<i>eV Float-Rate Bank Loan Gross Rank</i>		18	26	19	--	--	26	51	9	--	--
SSGA TIPS	345	0.7	2.5	1.9	0.0	--	2.5	4.7	-1.5	3.6	-8.6
<i>BBgBarc US TIPS TR</i>		1.3	3.0	2.1	0.1	--	3.0	4.7	-1.4	3.6	-8.6
<i>eV US TIPS / Inflation Fixed Inc Gross Rank</i>		78	79	84	91	--	79	51	64	44	77

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



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



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

Period Ending: December 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013
Total Domestic Fixed Income	264,752,519	0.7	3.9	3.0	2.1	--	3.9	4.2	0.9	4.4	-3.0
<i>BBgBarc US Aggregate TR</i>		0.4	3.5	2.2	2.1	--	3.5	2.6	0.6	6.0	-2.0
BlackRock Core Bond	95,690,196	0.5	--	--	--	--	--	--	--	--	--
<i>BBgBarc US Aggregate TR</i>		0.4	--	--	--	--	--	--	--	--	--
Dodge & Cox Income Fund	100,300,932	0.5	--	--	--	--	--	--	--	--	--
<i>BBgBarc US Aggregate TR</i>		0.4	--	--	--	--	--	--	--	--	--
Pacific Asset Corporate Loan	68,761,046	1.3	4.6	5.1	--	--	4.6	8.8	2.1	--	--
<i>S&P/LSTA Leveraged Loan Index</i>		1.1	4.1	4.4	--	--	4.1	10.2	-0.7	--	--
SSGA TIPS	345	0.7	2.4	1.8	0.0	--	2.4	4.6	-1.5	3.6	-8.7
<i>BBgBarc US TIPS TR</i>		1.3	3.0	2.1	0.1	--	3.0	4.7	-1.4	3.6	-8.6

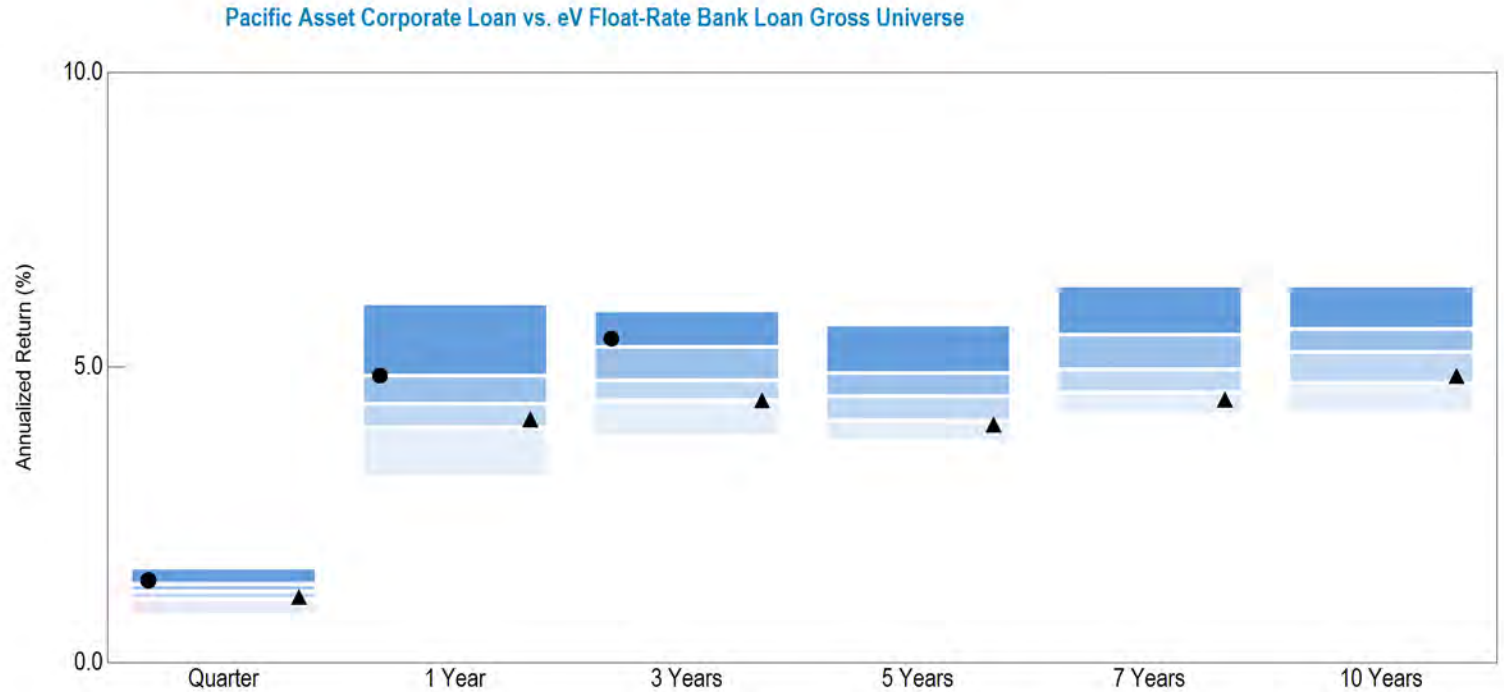
Correlation Matrix
Last 5 Years

	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	--	--	--	0.80	1.00

SSGA TIPS liquidated on 12/7/2017, a residual balance remains.

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

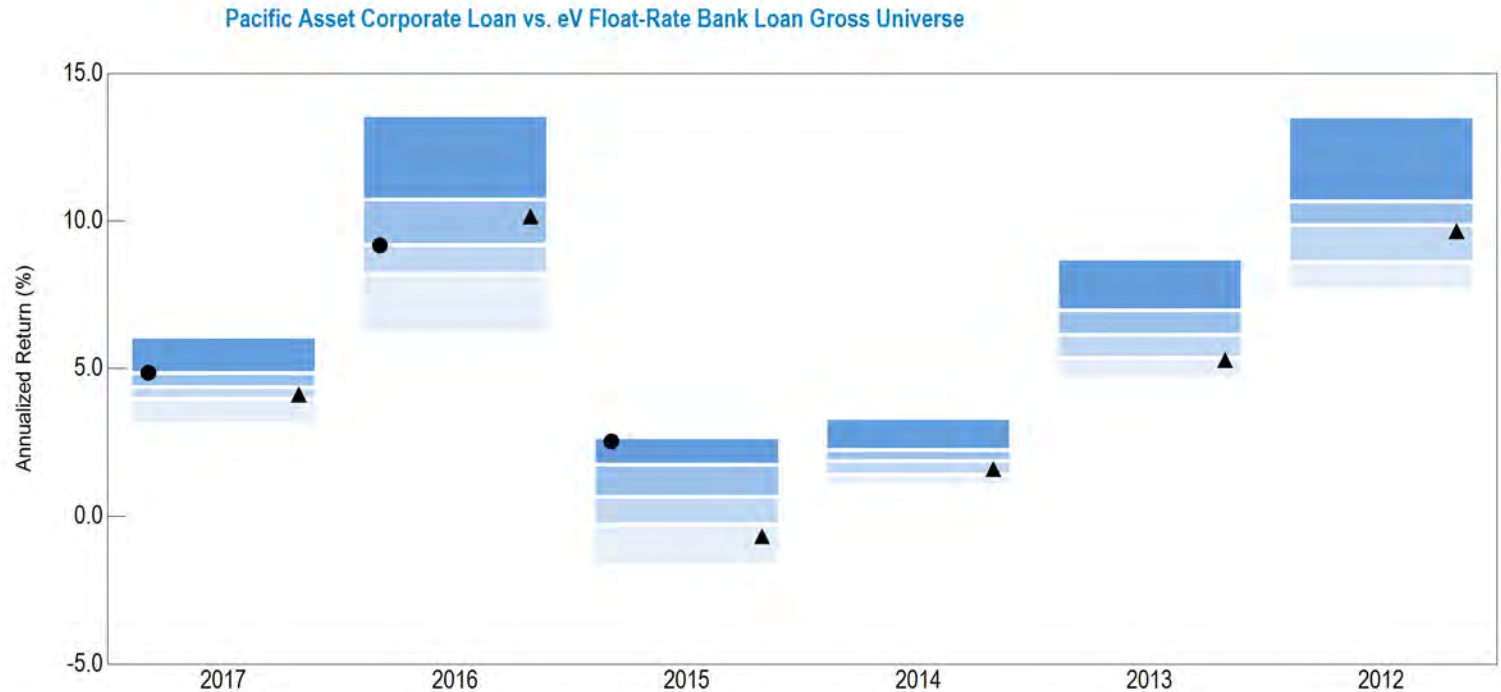
Period Ending: December 31, 2017



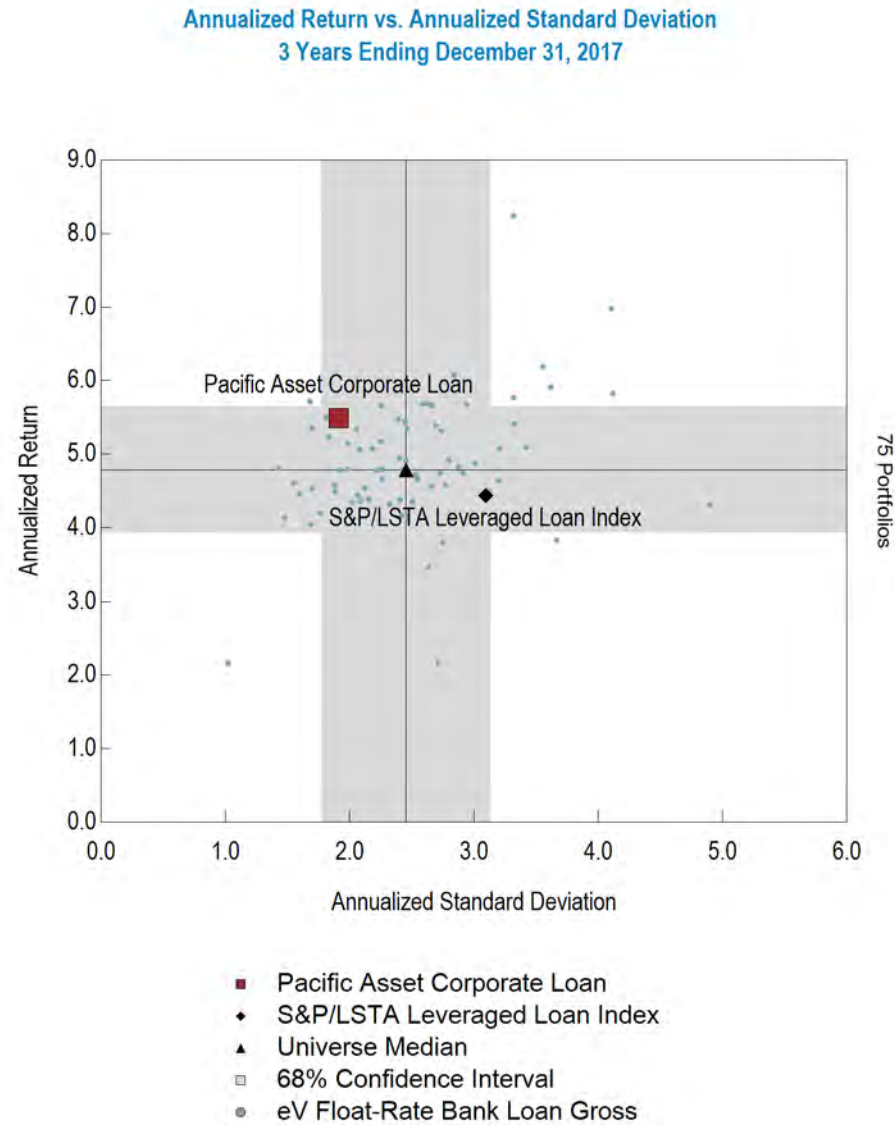
	Return (Rank)											
	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	1.6		6.1		6.0		5.7		6.4		6.4	
25th Percentile	1.3		4.9		5.3		4.9		5.6		5.7	
Median	1.2		4.4		4.8		4.5		5.0		5.3	
75th Percentile	1.1		4.0		4.4		4.1		4.6		4.7	
95th Percentile	0.8		3.1		3.8		3.7		4.2		4.2	
# of Portfolios	75		75		75		65		57		43	
● Pacific Asset Corporate Loan	1.4	(18)	4.9	(26)	5.5	(19)	--	(--)	--	(--)	--	(--)
▲ S&P/LSTA Leveraged Loan Index	1.1	(72)	4.1	(71)	4.4	(76)	4.0	(83)	4.5	(87)	4.9	(73)

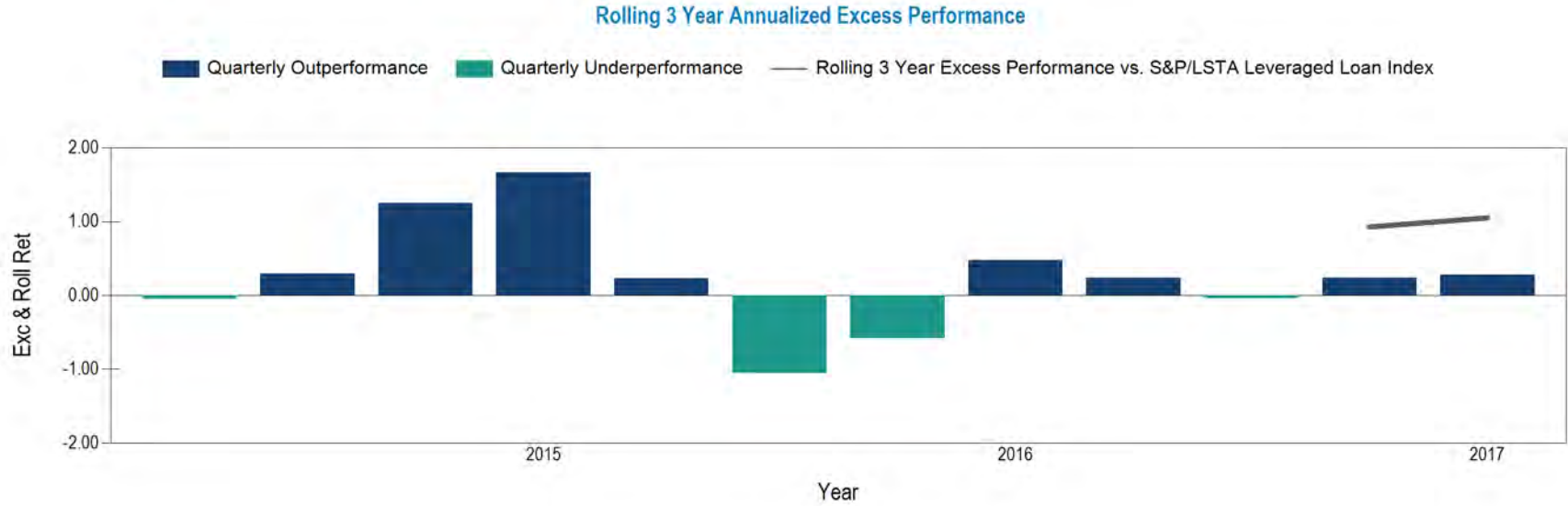
Pacific Asset Corporate Loan
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: December 31, 2017



	2017		2016		2015		2014		2013		2012	
Return (Rank)												
5th Percentile	6.1		13.6		2.7		3.3		8.7		13.5	
25th Percentile	4.9		10.7		1.8		2.3		7.0		10.7	
Median	4.4		9.2		0.7		1.9		6.2		9.9	
75th Percentile	4.0		8.2		-0.3		1.4		5.4		8.6	
95th Percentile	3.1		6.2		-1.7		1.1		4.7		7.7	
# of Portfolios	75		69		54		48		53		41	
● Pacific Asset Corporate Loan	4.9	(26)	9.2	(51)	2.5	(9)	--	(--)	--	(--)	--	(--)
▲ S&P/LSTA Leveraged Loan Index	4.1	(71)	10.2	(35)	-0.7	(82)	1.6	(68)	5.3	(79)	9.7	(58)





Total Global Fixed
Asset Class Overview (Gross of Fees)

Period Ending: December 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013
Total Global Fixed	142,353,544	0.1	14.4	2.2	0.1	3.9	14.4	5.8	-11.8	-2.2	-3.8
<i>Citi World Govt Bond Index</i>		1.0	7.5	1.7	0.1	2.7	7.5	1.6	-3.6	-0.5	-4.0
<i>InvestorForce Public DB Gbl Fix Inc Gross Rank</i>		71	29	93	90	99	29	67	95	93	59
Brandywine Global Fixed Income	71,619,914	-0.3	12.5	1.4	1.1	4.4	12.5	2.2	-9.3	2.9	-1.6
<i>Citi WGBI ex US</i>		1.6	10.3	2.0	-0.3	2.4	10.3	1.8	-5.5	-2.7	-4.6
<i>eV Global Fixed Inc Unhedged Gross Rank</i>		95	9	87	71	38	9	71	96	43	59
Stone Harbor Local Markets Ins	70,733,630	0.5	16.4	3.1	--	--	16.4	9.9	-14.4	-7.7	--
<i>JPM GBI-EM Global Diversified TR USD</i>		0.8	15.2	2.5	--	--	15.2	9.9	-14.9	-5.7	--
<i>eV All Emg Mkts Fixed Inc Gross Rank</i>		83	14	84	--	--	14	67	79	98	--

Total Global Fixed
Asset Class Overview (Net of Fees)

Period Ending: December 31, 2017

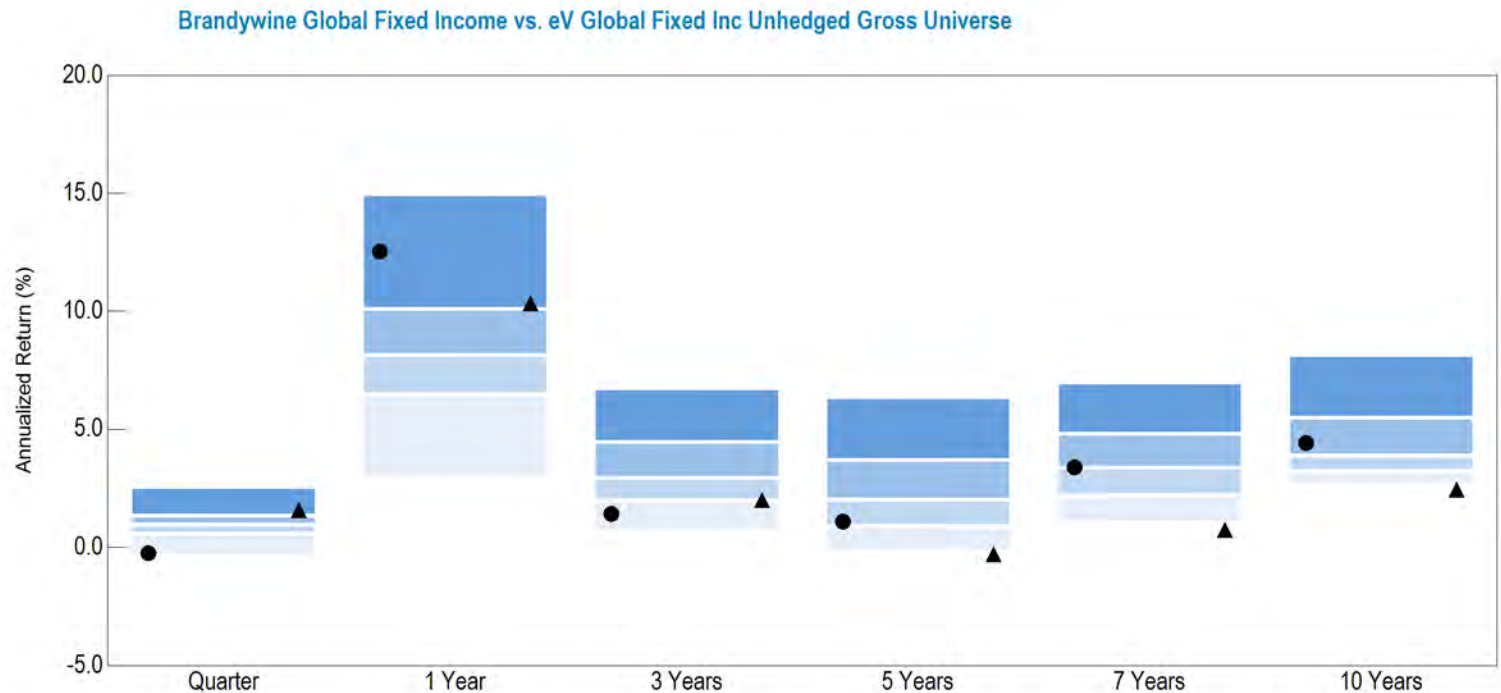
	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013
Total Global Fixed	142,353,544	0.0	13.7	1.6	-0.5	--	13.7	5.1	-12.4	-2.8	-4.4
<i>Citi World Govt Bond Index</i>		1.0	7.5	1.7	0.1	--	7.5	1.6	-3.6	-0.5	-4.0
Brandywine Global Fixed Income	71,619,914	-0.4	12.0	1.0	0.6	--	12.0	1.7	-9.7	2.4	-2.3
<i>Citi WGBI ex US</i>		1.6	10.3	2.0	-0.3	--	10.3	1.8	-5.5	-2.7	-4.6
Stone Harbor Local Markets Ins	70,733,630	0.3	15.4	2.2	--	--	15.4	9.0	-15.1	-8.6	--
<i>JPM GBI-EM Global Diversified TR USD</i>		0.8	15.2	2.5	--	--	15.2	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	0.95	1.00	--	--
Stone Harbor Local Markets Ins	--	--	--	--
Citi World Govt Bond Index	0.75	0.83	--	1.00

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

Period Ending: December 31, 2017

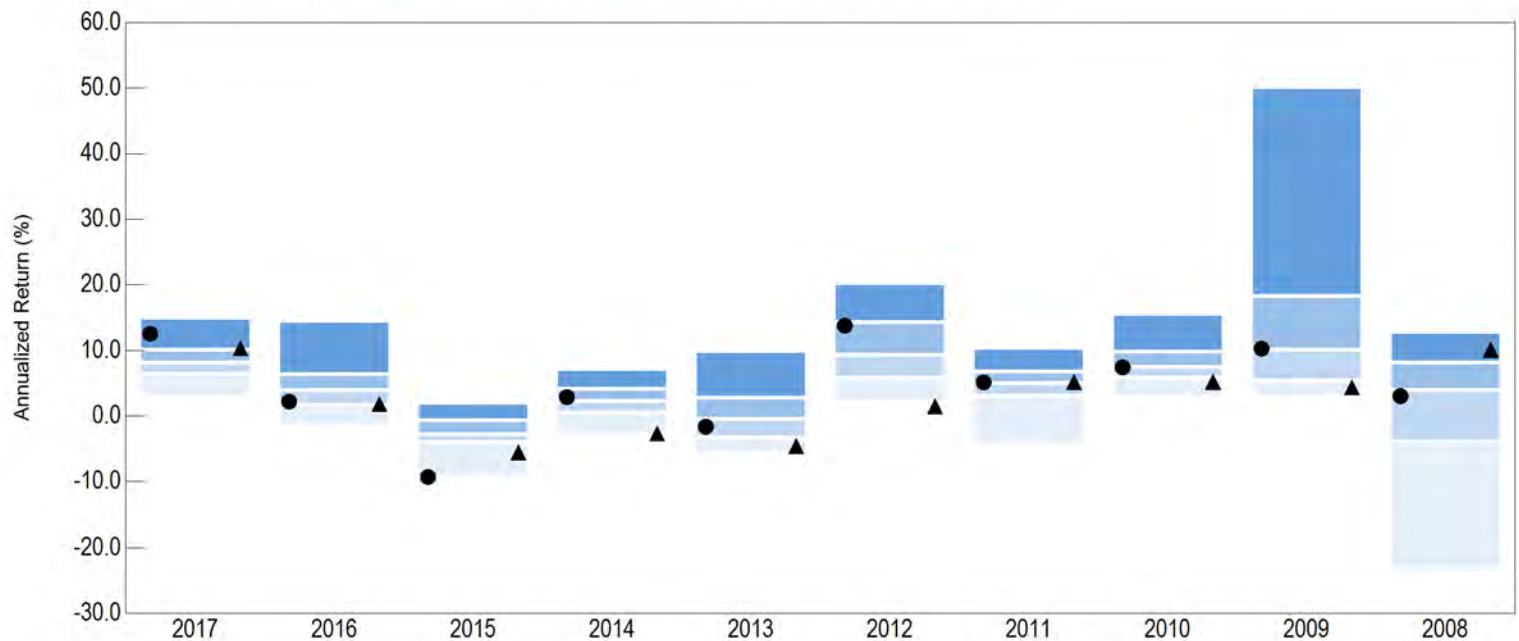


	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	2.5	15.0	6.7	6.4	7.0	8.1						
25th Percentile	1.4	10.1	4.5	3.7	4.8	5.5						
Median	1.0	8.2	3.0	2.0	3.4	3.9						
75th Percentile	0.6	6.5	2.0	0.9	2.2	3.3						
95th Percentile	-0.3	3.0	0.7	-0.1	1.1	2.7						
# of Portfolios	232	231	220	193	159	112						
● Brandywine Global Fixed Income	-0.3	(95)	12.5	(9)	1.4	(87)	1.1	(71)	3.4	(51)	4.4	(38)
▲ Citi WGBI ex US	1.6	(16)	10.3	(21)	2.0	(76)	-0.3	(97)	0.7	(99)	2.4	(97)

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

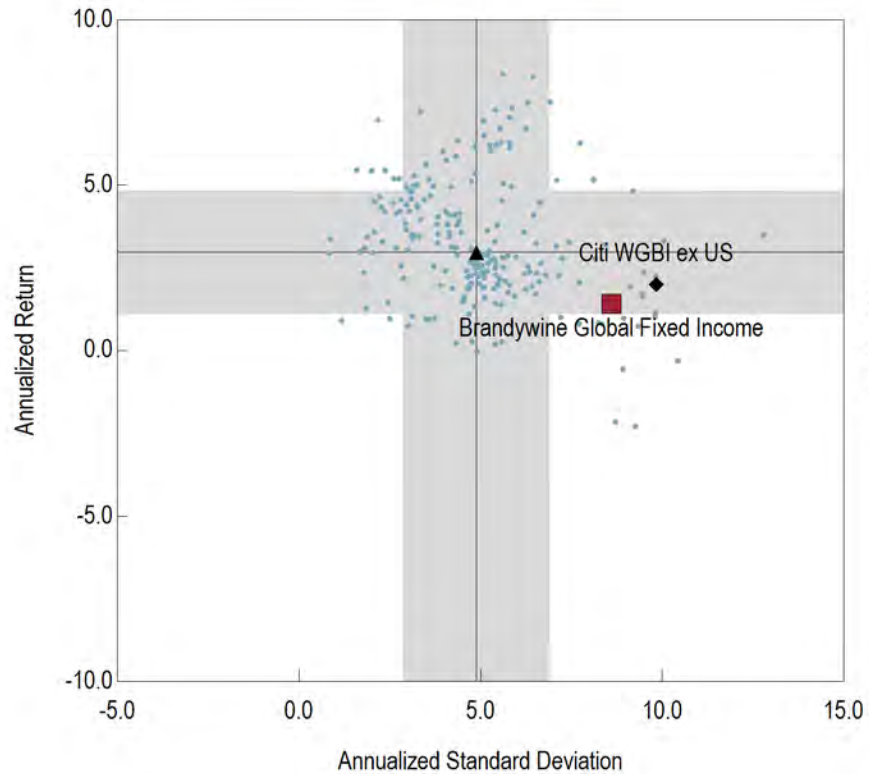
Period Ending: December 31, 2017

Brandywine Global Fixed Income vs. eV Global Fixed Inc Unhedged Gross Universe



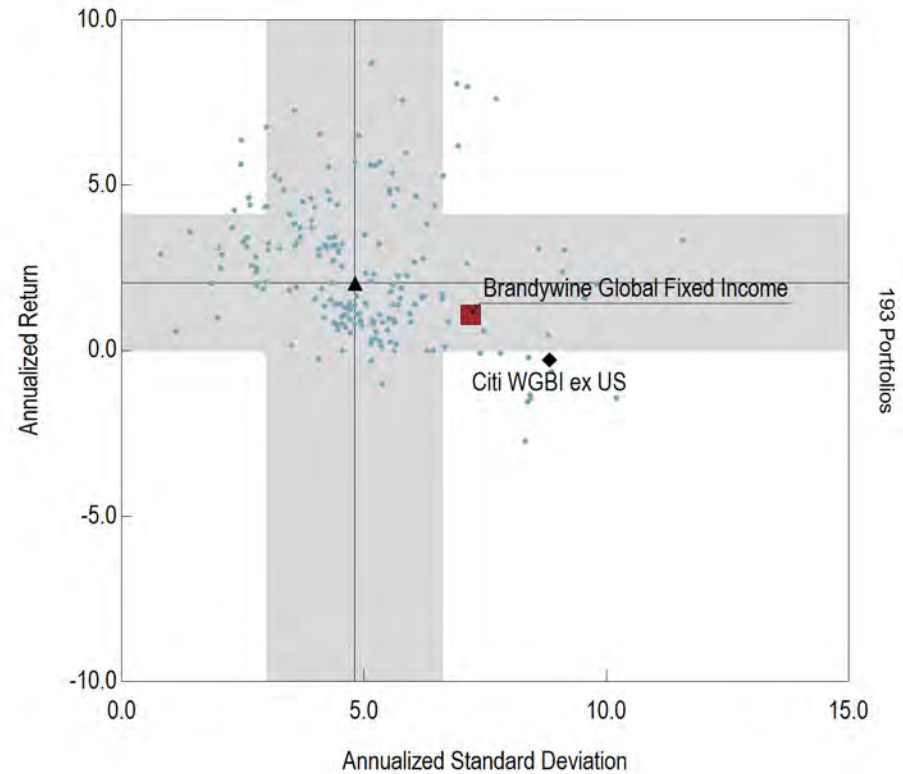
	Return (Rank)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
5th Percentile	15.0	14.5	2.0	7.1	9.8	20.2	10.4	15.5	50.1	12.8
25th Percentile	10.1	6.5	-0.6	4.2	2.8	14.3	6.9	9.9	18.4	8.2
Median	8.2	4.0	-2.7	2.3	-0.4	9.4	5.0	7.5	10.1	4.0
75th Percentile	6.5	1.8	-4.0	0.6	-3.2	5.9	3.2	6.0	5.4	-3.8
95th Percentile	3.0	-1.5	-9.2	-2.7	-5.6	2.2	-4.2	3.0	3.2	-23.0
# of Portfolios	231	221	189	159	142	118	108	76	72	73
● Brandywine Global Fixed Income	12.5 (9)	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)
▲ Citi WGBI ex US	10.3 (21)	1.8 (75)	-5.5 (89)	-2.7 (95)	-4.6 (89)	1.5 (98)	5.2 (48)	5.2 (87)	4.4 (84)	10.1 (14)

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

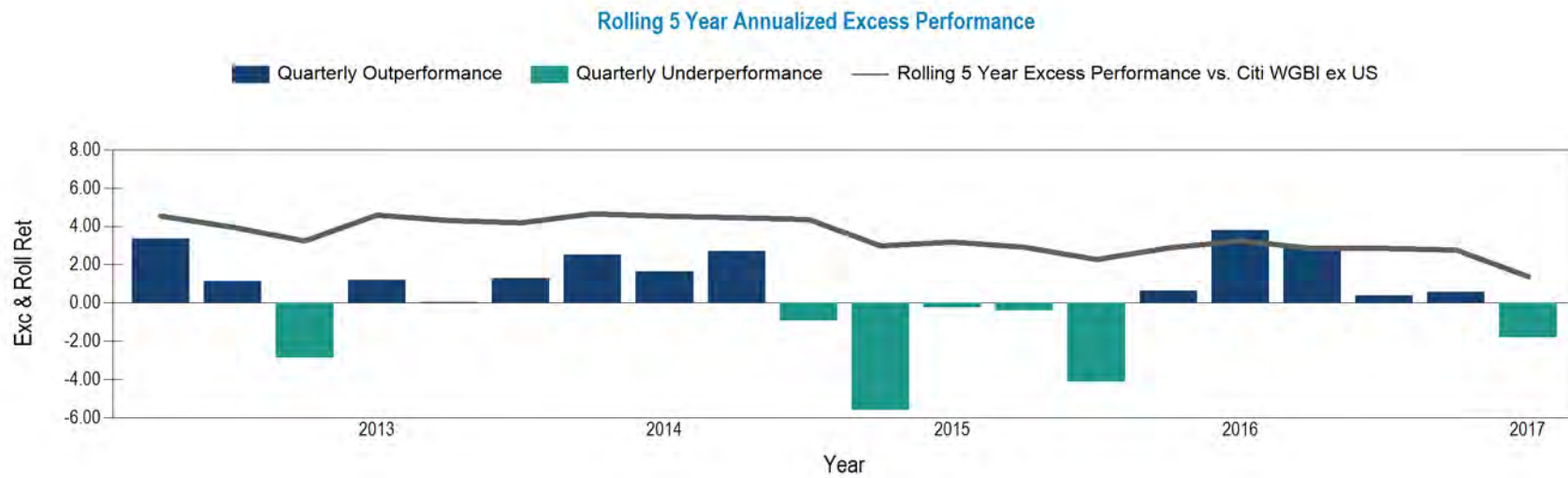
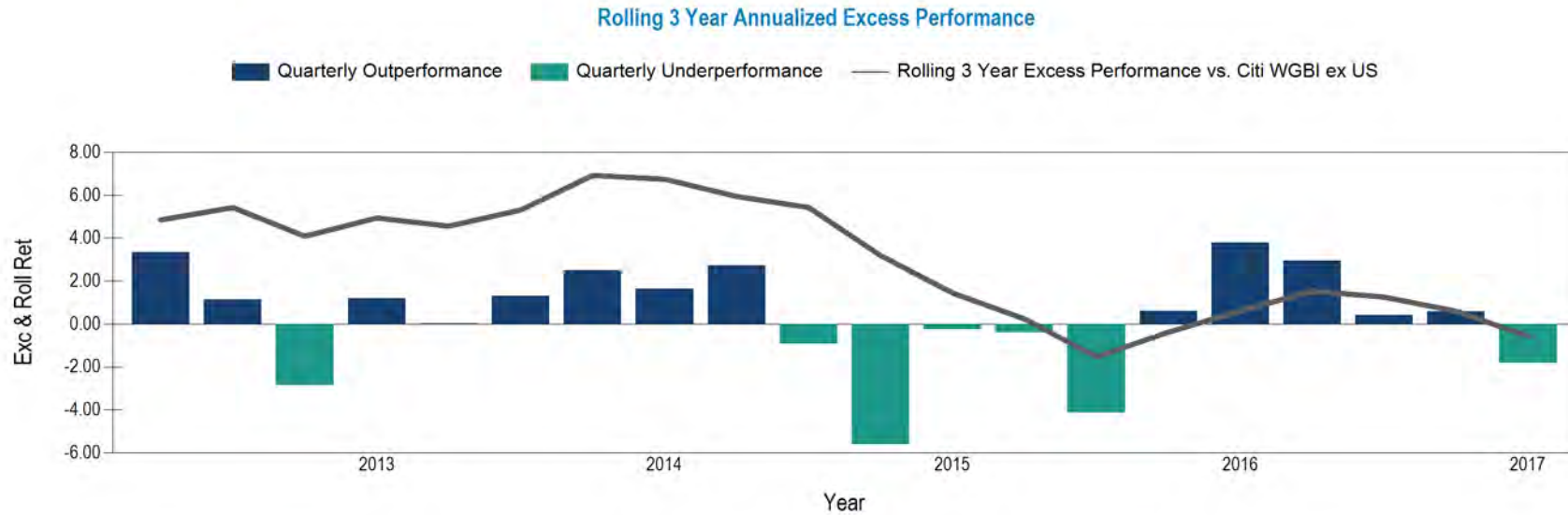


- Brandywine Global Fixed Income
- ◆ Citi WGBI ex US
- ▲ Universe Median
- 68% Confidence Interval
- eV Global Fixed Inc Unhedged Gross

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

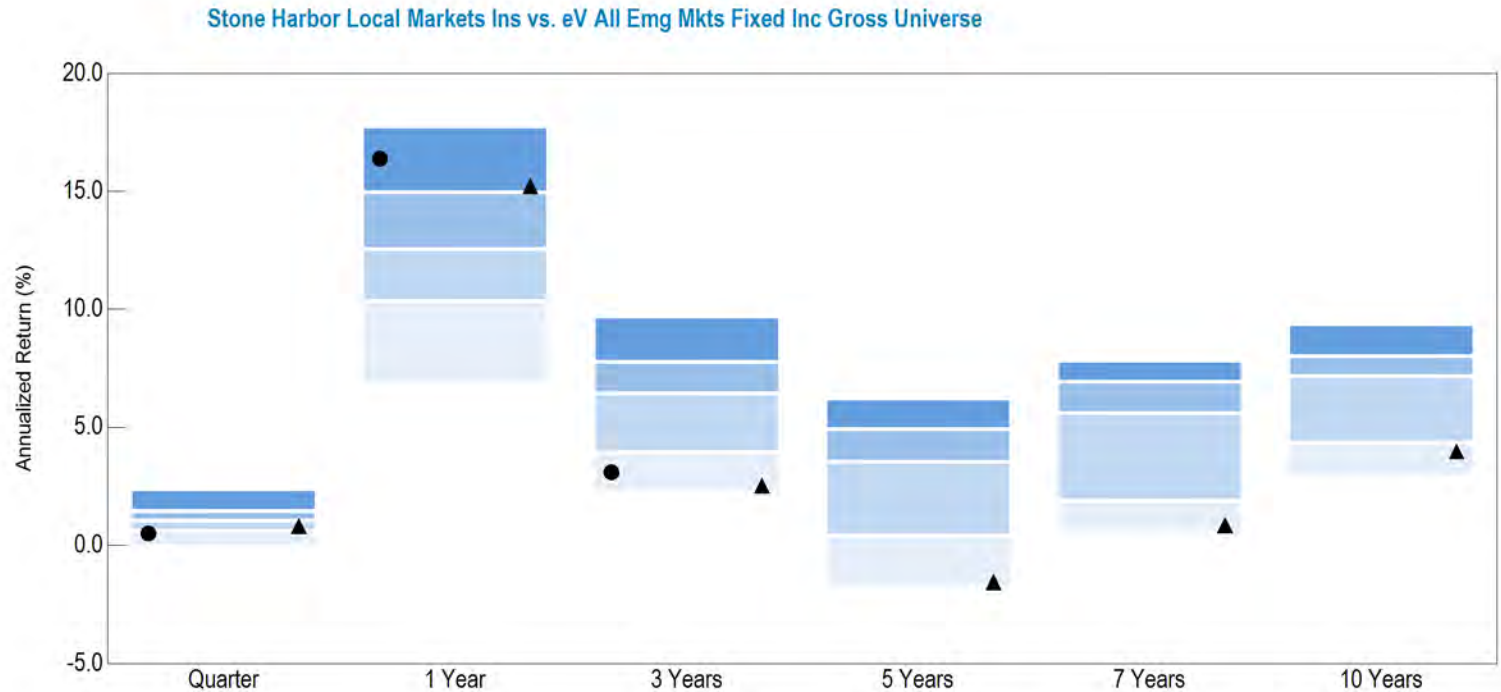


- Brandywine Global Fixed Income
- ◆ Citi WGBI ex US
- ▲ Universe Median
- 68% Confidence Interval
- eV Global Fixed Inc Unhedged Gross



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

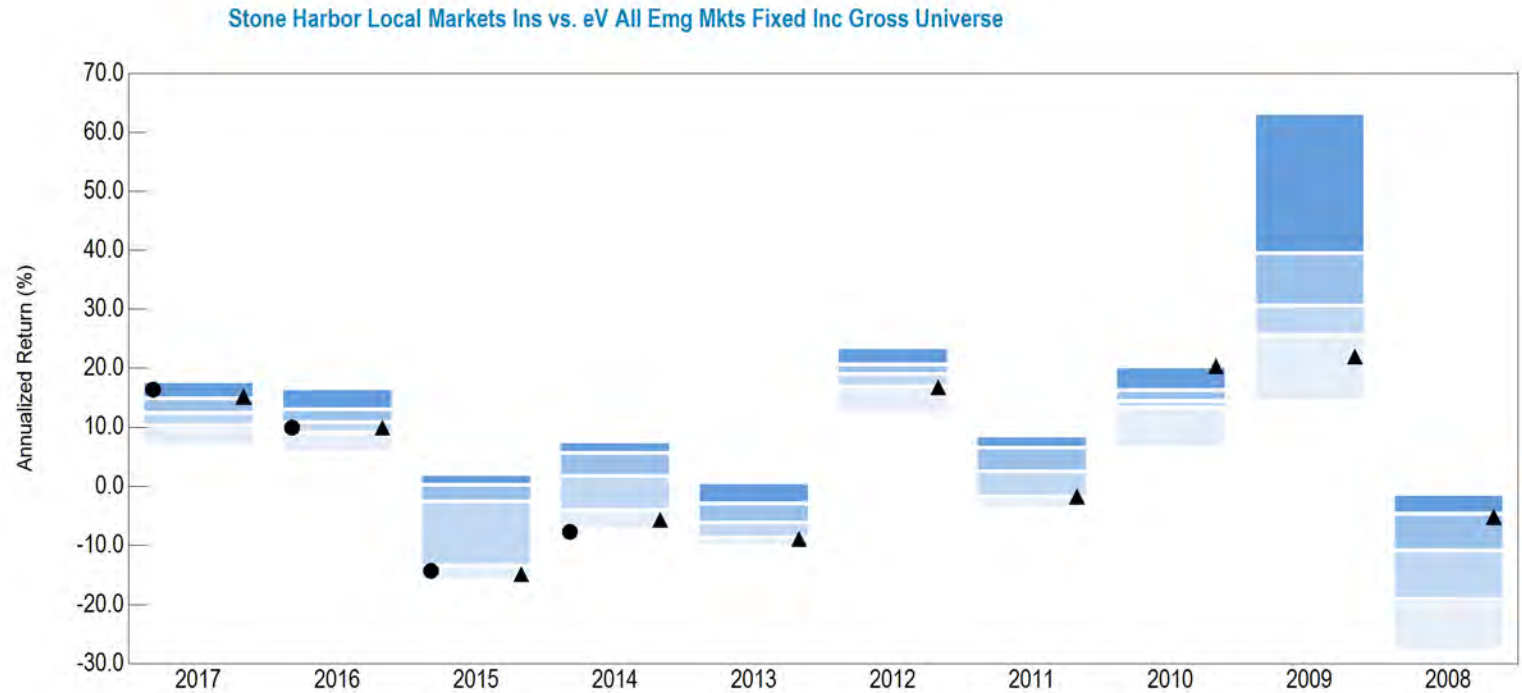
Period Ending: December 31, 2017



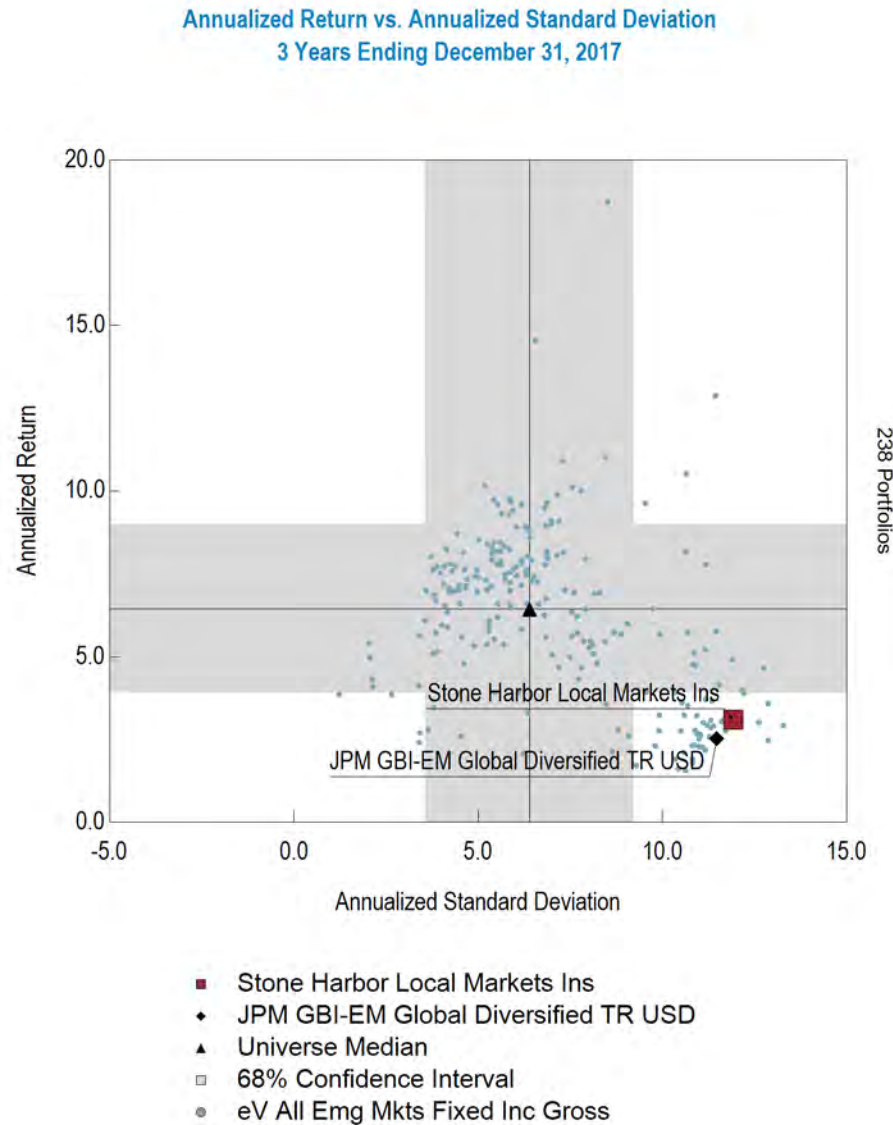
	Return (Rank)											
	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	2.4	17.7	9.7	6.2	7.8	9.4						
25th Percentile	1.5	15.0	7.8	4.9	7.0	8.0						
Median	1.1	12.6	6.4	3.6	5.6	7.2						
75th Percentile	0.6	10.4	3.9	0.4	1.9	4.4						
95th Percentile	0.0	6.9	2.3	-1.8	0.6	2.9						
# of Portfolios	257	257	238	192	143	91						
● Stone Harbor Local Markets Ins	0.5	(83)	16.4	(14)	3.1	(84)	--	(--)	--	(--)	--	(--)
▲ JPM GBI-EM Global Diversified TR USD	0.8	(65)	15.2	(24)	2.5	(93)	-1.6	(93)	0.8	(91)	4.0	(82)

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

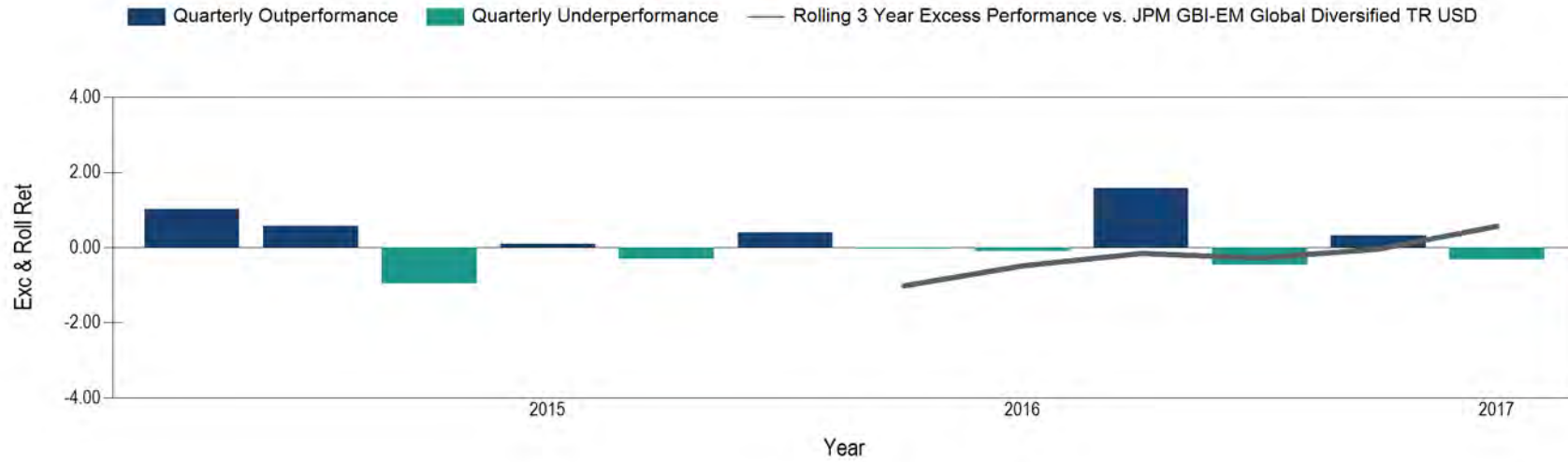
Period Ending: December 31, 2017



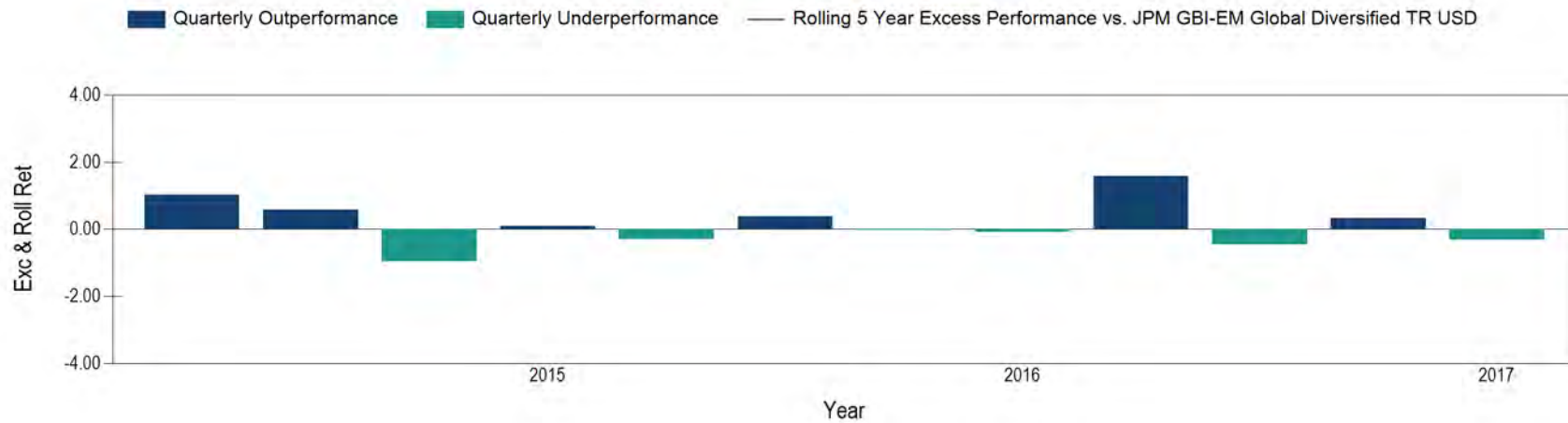
	Return (Rank)															
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008						
5th Percentile	17.7	16.6	2.1	7.6	0.7	23.6	8.6	20.3	63.2	-1.3						
25th Percentile	15.0	13.1	0.3	5.7	-2.9	20.7	6.6	16.3	39.6	-4.6						
Median	12.6	10.9	-2.6	1.8	-6.1	19.1	2.6	14.5	30.7	-10.8						
75th Percentile	10.4	9.2	-13.4	-4.0	-8.6	17.0	-1.6	13.4	25.6	-18.9						
95th Percentile	6.9	5.9	-15.9	-7.2	-10.2	12.5	-3.6	6.6	14.4	-27.7						
# of Portfolios	257	247	159	148	129	108	75	55	27	30						
● Stone Harbor Local Markets Ins	16.4 (14)	9.9 (67)	-14.4 (79)	-7.7 (98)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)						
▲ JPM GBI-EM Global Diversified TR USD	15.2 (24)	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)						



Rolling 3 Year Annualized Excess Performance



Rolling 5 Year Annualized Excess Performance

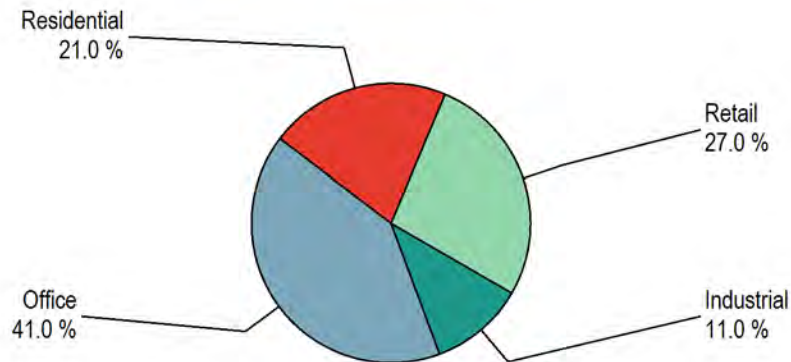


Total Real Estate
Asset Class Overview (Gross of Fees)

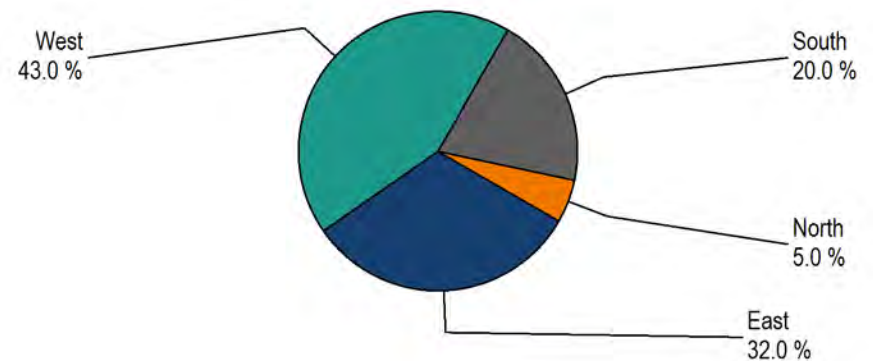
Period Ending: December 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013
Total Real Estate	176,449,539	1.9	7.8	11.1	11.3	4.9	7.8	7.8	18.0	10.4	12.9
<i>NCREIF Property Index</i>		1.8	7.0	9.4	10.2	6.1	7.0	8.0	13.3	11.8	11.0
JP Morgan Core Real Estate	151,102,074	1.5	6.1	9.9	11.3	--	6.1	8.4	15.2	11.2	15.9
<i>NCREIF-ODCE</i>		2.1	7.6	10.4	11.5	--	7.6	8.8	15.0	12.5	13.9
<i>NCREIF Property Index</i>		1.8	7.0	9.4	10.2	--	7.0	8.0	13.3	11.8	11.0
ARA American Strategic Value Realty	11,657,191	2.1	7.4	--	--	--	7.4	--	--	--	--
<i>NCREIF-ODCE</i>		2.1	7.6	--	--	--	7.6	--	--	--	--
<i>NCREIF Property Index</i>		1.8	7.0	--	--	--	7.0	--	--	--	--
Direct Real Estate	13,690,274	5.4	20.6	16.1	11.8	6.5	20.6	5.5	22.9	6.1	5.2
<i>NCREIF-ODCE</i>		2.1	7.6	10.4	11.5	5.0	7.6	8.8	15.0	12.5	13.9
<i>NCREIF Property Index</i>		1.8	7.0	9.4	10.2	6.1	7.0	8.0	13.3	11.8	11.0

Property Type Allocation
Allocation as of December 31, 2017



Geographic Diversification
Allocation as of December 31, 2017



Property Allocation and Geographic Diversification analytics exclude Direct Real Estate and ARA American. Direct Real Estate is lagged one quarter. Fidelity Real Estate Growth III liquidated 12/29/2017.

Total Real Estate
Asset Class Overview (Net of Fees)

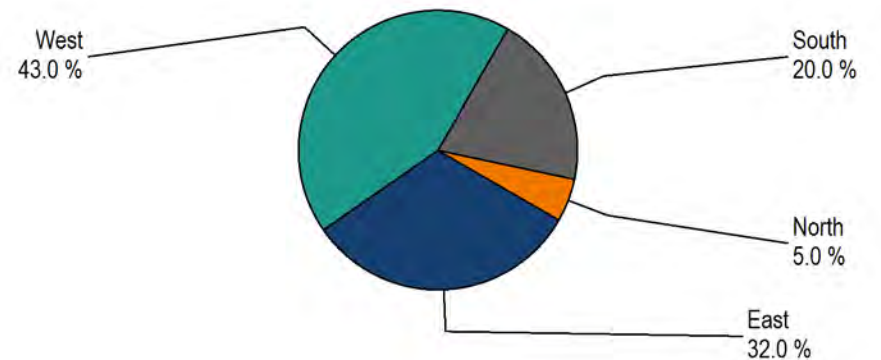
Period Ending: December 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013
Total Real Estate	176,449,539	1.9	7.8	10.4	10.6	--	7.8	6.8	16.9	9.6	12.1
<i>NCREIF Property Index</i>		1.8	7.0	9.4	10.2	--	7.0	8.0	13.3	11.8	11.0
JP Morgan Core Real Estate	151,102,074	1.5	6.1	9.1	10.4	--	6.1	7.3	14.1	10.0	14.8
<i>NCREIF-ODCE</i>		2.1	7.6	10.4	11.5	--	7.6	8.8	15.0	12.5	13.9
<i>NCREIF Property Index</i>		1.8	7.0	9.4	10.2	--	7.0	8.0	13.3	11.8	11.0
ARA American Strategic Value Realty	11,657,191	2.1	7.4	--	--	--	7.4	--	--	--	--
<i>NCREIF-ODCE</i>		2.1	7.6	--	--	--	7.6	--	--	--	--
<i>NCREIF Property Index</i>		1.8	7.0	--	--	--	7.0	--	--	--	--
Direct Real Estate	13,690,274	5.4	20.6	15.7	11.5	6.4	20.6	4.9	22.2	6.1	5.2
<i>NCREIF-ODCE</i>		2.1	7.6	10.4	11.5	5.0	7.6	8.8	15.0	12.5	13.9
<i>NCREIF Property Index</i>		1.8	7.0	9.4	10.2	6.1	7.0	8.0	13.3	11.8	11.0

Property Type Allocation
Allocation as of December 31, 2017



Geographic Diversification
Allocation as of December 31, 2017



Property Allocation and Geographic Diversification analytics exclude Direct Real Estate and ARA American. Direct Real Estate is lagged one quarter. Fidelity Real Estate Growth III liquidated 12/29/2017.

Total Commodities
 Asset Class Summary (Gross of Fees)

Period Ending: December 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013
Total Commodities	38,772,152	6.6	6.2	-3.7	-7.3	--	6.2	12.6	-25.2	-16.0	-9.1
<i>Bloomberg Commodity Index TR USD</i>		4.7	1.7	-5.0	-8.5	--	1.7	11.8	-24.7	-17.0	-9.5
Gresham MTAP Commodity Builder	38,772,152	6.6	6.2	-3.7	--	--	6.2	12.6	-25.2	-16.0	--
<i>Bloomberg Commodity Index TR USD</i>		4.7	1.7	-5.0	--	--	1.7	11.8	-24.7	-17.0	--

Total Commodities
 Asset Class Summary (Net of Fees)

Period Ending: December 31, 2017

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2017	2016	2015	2014	2013
Total Commodities	38,772,152	6.6	6.2	-4.1	-7.8	--	6.2	11.8	-25.8	-16.6	-9.5
<i>Bloomberg Commodity Index TR USD</i>		4.7	1.7	-5.0	-8.5	--	1.7	11.8	-24.7	-17.0	-9.5
Gresham MTAP Commodity Builder	38,772,152	6.6	6.2	-4.1	--	--	6.2	11.8	-25.8	-16.6	--
<i>Bloomberg Commodity Index TR USD</i>		4.7	1.7	-5.0	--	--	1.7	11.8	-24.7	-17.0	--

Performance Return Calculations

Performance is calculated using 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	2/25/2011	State Street	Stone Harbor Local Markets Ins	7/9/2013	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	3/6/2008	J.P. Morgan
Boston Partners Large Cap Value	1/31/2017	Boston Partners	Gresham MTAP Commodity	8/31/2013	BNY Mellon
Atlanta Capital Management	8/31/2010	J.P. Morgan	Cash Account	-	SLOCPT
Dodge & Cox Intl Stock	12/6/2007	J.P. Morgan	HarbourVest Partners IX-Buyout	2011 ¹	HarbourVest
WCM International Growth	2/15/2017	WCM	KKR Mezzanine Partners	2010 ¹	KKR
BlackRock Core Bond	1/19/2017	J.P. Morgan	PIMCO Distressed Credit Fund	2010 ¹	Brown Brothers Harriman
Dodge & Cox Income	1/19/2017	Deutsche Bank	ARA American Strategic Value	6/22/2016	American Realty Adv.
Pacific Asset Corporate Loan	9/1/2014	Deutsche Bank	TPG Diversified Credit Progran	2016 ¹	TPG
SSGA TIPS	7/12/2011	State Street	Pathway Private Equity Fund 9	2017 ¹	Pathway
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 Commodity Index, 5% Russell 3000+ 300 bps.
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: Portfolio Return - [Risk-free Rate + Portfolio Beta x (Market Return - 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: Portfolio Excess Return / 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.

Disclaimer

This report contains confidential and proprietary information and is subject to the terms and conditions of the Consulting Agreement. It is being provided for use solely by the customer. The report may not be sold or otherwise provided, in whole or in part, to any other person or entity without written permission from Verus Advisory, Inc., (hereinafter Verus) or as required by law or any regulatory authority. The information presented does not constitute a recommendation by Verus and cannot be used for advertising or sales promotion purposes. This does not constitute an offer or a solicitation of an offer to buy or sell securities, commodities or any other financial instruments or products.

The information presented has been prepared using data from third party sources that Verus believes to be reliable. While Verus exercised reasonable professional care in preparing the report, it cannot guarantee the accuracy of the information provided by third party sources. Therefore, Verus makes no representations or warranties as to the accuracy of the information presented. Verus takes no responsibility or liability (including damages) for any error, omission, or inaccuracy in the data supplied by any third party. Nothing contained herein is, or should be relied on as a promise, representation, or guarantee as to future performance or a particular outcome. Even with portfolio diversification, asset allocation, and a long-term approach, investing involves risk of loss that the investor should be prepared to bear.

The information presented may be deemed to contain forward-looking information. Examples of forward looking information include, but are not limited to, (a) projections of or statements regarding return on investment, future earnings, interest income, other income, growth prospects, capital structure and other financial terms, (b) statements of plans or objectives of management, (c) statements of future economic performance, and (d) statements of assumptions, such as economic conditions underlying other statements. Such forward-looking information can be identified by the use of forward looking terminology such as believes, expects, may, will, should, anticipates, or the negative of any of the foregoing or other variations thereon comparable terminology, or by discussion of strategy. No assurance can be given that the future results described by the forward-looking information will be achieved. Such statements are subject to risks, uncertainties, and other factors which could cause the actual results to differ materially from future results expressed or implied by such forward looking information. The findings, rankings, and opinions expressed herein are the intellectual property of Verus and are subject to change without notice. The information presented does not claim to be all-inclusive, nor does it contain all information that clients may desire for their purposes. The information presented should be read in conjunction with any other material provided by Verus, investment managers, and custodians.

Verus will make every reasonable effort to obtain and include accurate market values. However, if managers or custodians are unable to provide the reporting period's market values prior to the report issuance, Verus may use the last reported market value or make estimates based on the manager's stated or estimated returns and other information available at the time. These estimates may differ materially from the actual value. Hedge fund market values presented in this report are provided by the fund manager or custodian. Market values presented for private equity investments reflect the last reported NAV by the custodian or manager net of capital calls and distributions as of the end of the reporting period. These values are estimates and may differ materially from the investments actual value. Private equity managers report performance using an internal rate of return (IRR), which differs from the time-weighted rate of return (TWRR) calculation done by Verus. It is inappropriate to compare IRR and TWRR to each other. IRR figures reported in the illiquid alternative pages are provided by the respective managers, and Verus has not made any attempts to verify these returns. Until a partnership is liquidated (typically over 10-12 years), the IRR is only an interim estimated return. The actual IRR performance of any LP is not known until the final liquidation.

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.