PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS

PERIOD ENDING: JUNE 30, 2017

Investment Performance Review for

Western States Office and Professional Employees Pension Plan

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PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS

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2nd quarter summary

THE ECONOMIC CLIMATE

— Developed and emerging economies have exhibited coordinated positive growth for the first time in this recovery. Absolute growth remains subdued relative to history. ***p. 15***

— Economic releases have begun to miss expectations in the U.S. and U.K. after much upside surprise. The Eurozone continued to deliver positive surprises, but by a smaller margin. Heightened expectations help to explain some of the recent data disappointment. ***p. 10***

— Despite a healthy economy and longer than average expansion there is little indication of overheating in the U.S. This suggests the current expansion may have more room to run. ***p. 7***

MARKET PORTFOLIO IMPACTS

— Treasury yields fell slightly over the quarter. ***p. 19***

— Credit spreads are tight, implying limited upside performance potential. U.S. credit markets have stabilized from recent defaults in the energy and metals/mining sectors. ***p. 20***

THE INVESTMENT CLIMATE

— Central banks communicated a more hawkish tone across developed markets. The Fed announced plans for balance sheet reduction, the ECB is expected to reduce easing starting next year, and Mark Carney of the BOE indicated he is receptive to tightening under the right conditions. Central bank governors have shown less concern over the recent decline in inflation than in the past. ***p. 18***

— U.S. equities are expected to deliver robust earnings growth in Q2 of 6.8% YoY. Energy sector earnings have provided much of this improvement after a challenging period a year ago . ***p. 30***

ASSET ALLOCATION ISSUES

— Earnings growth beat expectations in recent quarters leading to a broad fall in equity price-to-earnings multiples, causing equities to become more attractive. ***p. 29***

— Realized and implied market volatility is at historic lows across assets classes. This could be a sign of market complacency. ***p. 31***

We maintain a neutral to slightly overweight risk stance

What drove the market in Q2?

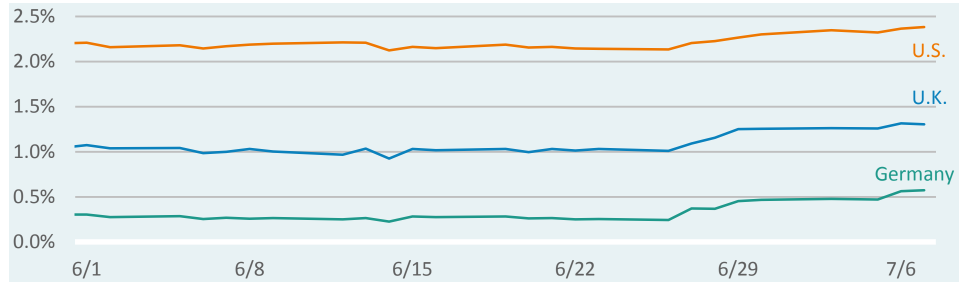
"Bonds Continue Decline as Central Banks Signal Waning Stimulus"

10-YEAR GOVERNMENT YIELDS (%)

U.S.		U.K.		Germany	
Jun 1st	Jul 7th	Jun 1st	Jul 7th	Jun 1st	Jul 7th
2.21	2.38	1.07	1.31	0.30	0.57

Article Source: New York Times, June 30th 2017

DEVELOPED 10-YEAR YIELDS



Source: Bloomberg, 7/7/17

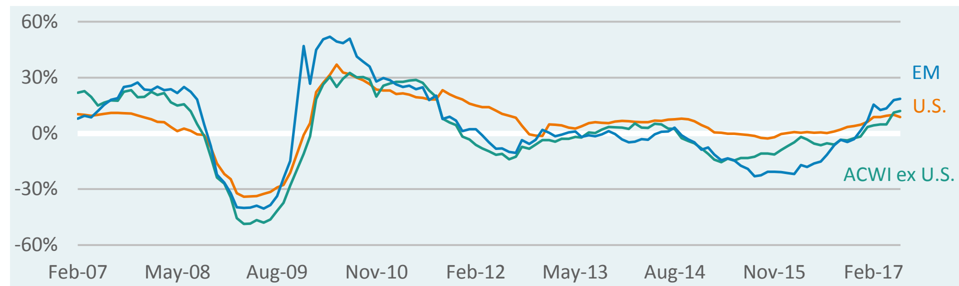
"Investors Look to Global Growth for Earnings Power"

EQUITY EARNINGS GROWTH BY REGION (YOY)

ACWI ex U.S.	U.S.	Emerging Markets
12.0%	8.8%	18.5%

Article Source: Reuters, April 7th 2017

EARNINGS GROWTH (YOY)



Source: Bloomberg, as of 6/30/17

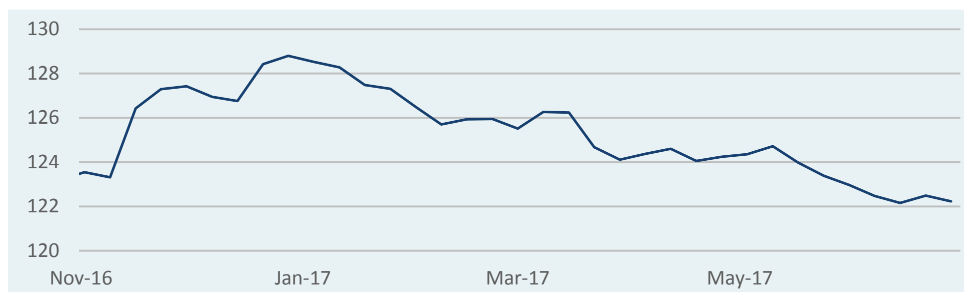
"Dollar Has Worst Week in Over a Year Amid Political Uncertainty"

USD TRADE WEIGHTED INDEX

Jan 31st	Feb 28th	Mar 31st	Apr 30th	May 31st	Jun 30th
127	126	124	124	123	122

Article Source: Reuters, May 19th 2017

USD TRADE WEIGHTED INDEX



Source: FRED, as of 6/28/17

"Tumbling U.S. Inflation Expectations Challenge the Fed"

10-YEAR BREAKEVEN INFLATION RATE (%)

Jan 31st	Feb 28th	Mar 31st	Apr 30th	May 31st	Jun 30th
2.1	2.0	2.0	1.9	1.8	1.7

Article Source: Financial Times, June 15th 2017

Economic environment

U.S. economics summary

— U.S. real GDP grew 2.1% YoY in Q1, on par with the level of economic expansion in recent quarters. Consumer spending and business investment were the primary drivers of growth.

— Headline inflation decelerated from 2.4% in February to 1.6% in June. The slowdown was partially influenced by the effect of lower oil prices falling out of the year-over-year calculation, but the fall in price level was not solely due to energy. Lower telecom prices helped lead to a drop in core CPI, which fell from 2.0% to 1.7%.

— For a third consecutive quarter, the Fed raised the target federal funds rate by 25 bps. FOMC members looked past the recent soft patch in inflation and cited improving overall economic conditions.

— The Fed also released details on its balance sheet normalization plan, although timing remains unclear. Once the program begins, $6 billion in Treasuries and $4 billion in mortgage-backed securities will roll off the balance sheet each month. These amounts will increase every three months until a total cap of $50 billion per month is reached.

— The economy added 194,000 jobs per month in the second quarter, on average. This marks the best quarter for job growth since the second quarter of 2010. Many of these jobs have been created in lower paying sectors such as leisure and hospitality, which may be helping to keep overall wage growth subdued.

	Most Recent	**12 Months Prior**
GDP *(annual YoY)*	2.1% *3/31/17*	1.6% *3/31/16*
Inflation *(CPI YoY, Headline)*	1.6% *6/30/17*	0.9% *6/30/16*
Expected Inflation *(5yr-5yr forward)*	1.8% *6/30/17*	1.5% *6/30/16*
Fed Funds Rate	1.25% *6/30/17*	0.50% *6/30/16*
10 Year Rate	2.3% *6/30/17*	1.5% *6/30/16*
U-3 Unemployment	4.4% *6/30/17*	4.9% *6/30/16*
U-6 Unemployment	8.6% *6/30/17*	9.6% *6/30/16*

U.S. economics – GDP growth

Real GDP grew 2.1% YoY in Q1 (1.4% quarterly annualized rate), slightly below expectations. First quarter growth has disappointed over the past few years, and investors seemed to overlook this release as second quarter growth forecasts were revised upward.

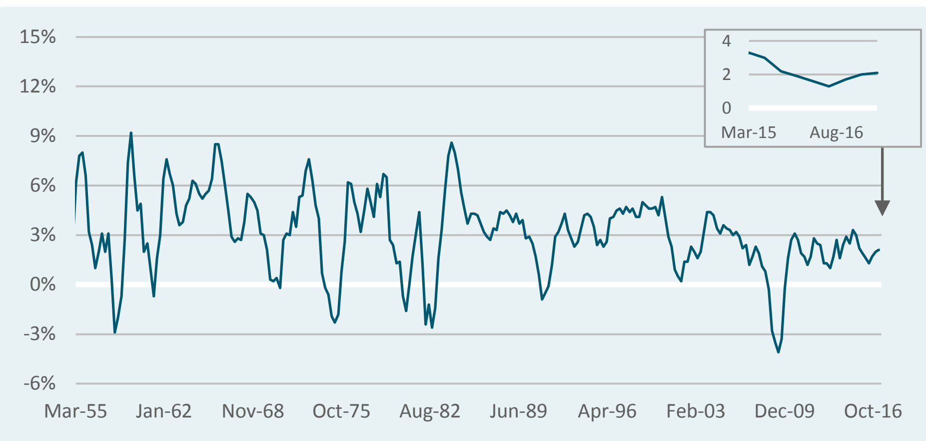
Personal consumption cooled in the first quarter, but was still a positive contributor to GDP. A temporary decline in utilities spending from milder winter weather across the country contributed to the softer growth.

Business investment increased the most in more than three years, and was the largest contributor to growth, suggestive of a rise in business confidence as companies put cash to work. Slower accumulation of private inventories was the largest detractor from GDP.

Economists are forecasting moderate economic growth throughout the rest of the year. Fundamentals for consumers and businesses remain strong even as the Fed is gradually tightening monetary policy.

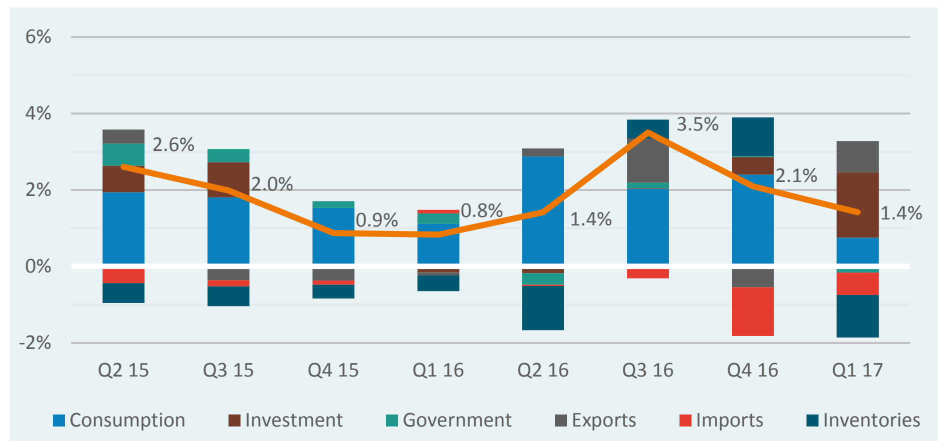
The trend of steady, moderate growth was sustained in Q1

U.S. REAL GDP GROWTH (YOY)



Source: FRED, as of 3/31/17

U.S. GDP COMPONENTS



Source: BEA, annualized quarterly rate, as of 3/31/17

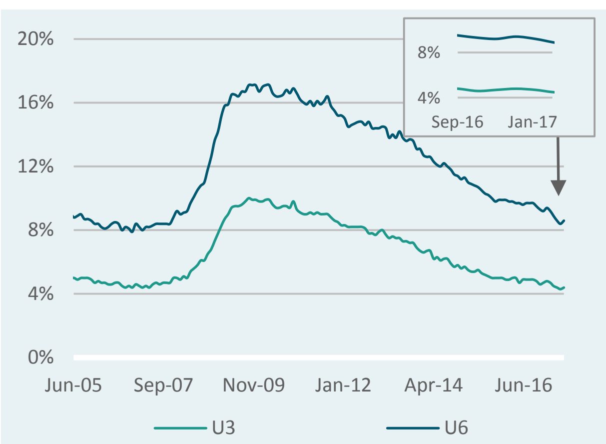
U.S. economics – Labor market

Although low unemployment suggests a tight labor market, the economy still added jobs at a solid pace. Payrolls added an average of 194,000 jobs per month during the second quarter, compared to the expansion average of 198,000. The headline unemployment rate dropped 0.1% to 4.4%, and the broader U-6 unemployment rate fell 0.3% to 8.6%. The U-6 rate, which includes discouraged workers, has come down materially since the beginning of the year as people have reentered the labor force and been able to find work.

Despite low unemployment and other indicators of a tight labor market, workers have yet to experience strong wage gains. Average hourly earnings rose 2.5% on a nominal basis from the previous year and 0.6% on a real basis. Historically, wage growth has been higher during similar times of low unemployment. Mild wage growth is likely tied to the inflow of previously discouraged, less skilled, and less productive workers into the workforce. As these workers begin to participate in the economy they may provide continuing support for expansion.

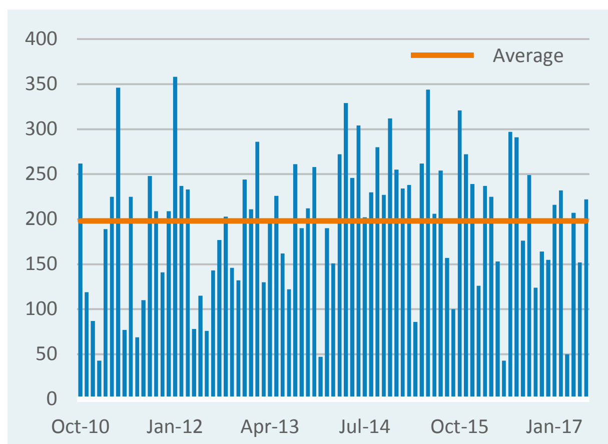
Job growth has been strong, while wages have seen less improvement

U.S. UNEMPLOYMENT



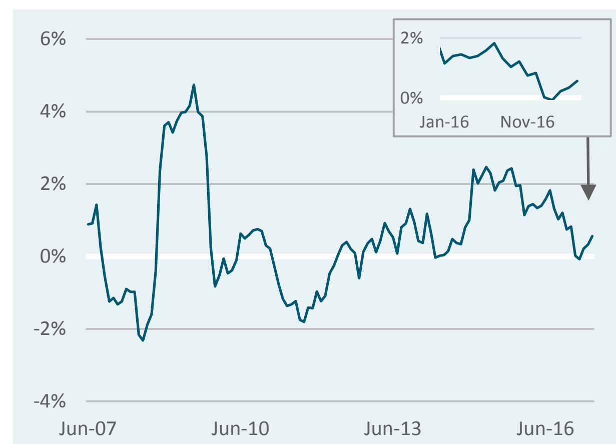
Source: FRED, as of 6/30/17

CHANGE IN NONFARM PAYROLLS (THOUSANDS)



Source: FRED, as of 6/30/17

REAL AVERAGE HOURLY EARNINGS (YOY)



Source: FRED, as of 5/31/17

U.S. economics – The consumer

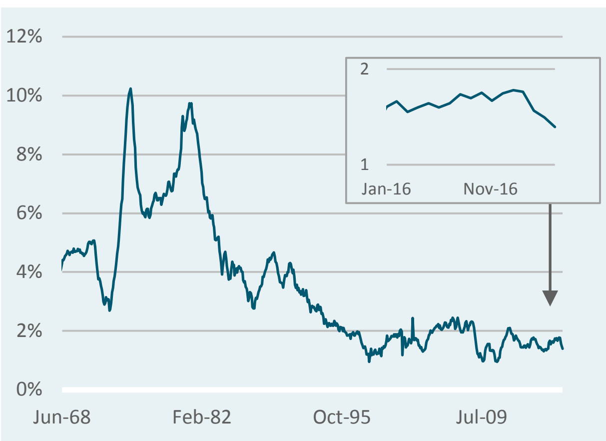
Consumer spending growth has slowed slightly this year, but is within a normal range. The move was partially due to a temporary decline in utilities expenditures. Despite the recent cooling, the fundamental picture for consumers is still positive. Low inflation, low unemployment, and moderate wage gains should provide a backdrop for further spending growth even though it appears less likely that the post-election jump in consumer sentiment will translate into a large increase in spending.

In addition, households have experienced a significant deleveraging over the past few years, and consumers have used credit sparingly in this cycle relative to history. Healthy balance sheets and a low interest burden should also support moderate spending in the future.

A potential risk to the consumer is that borrowing costs such as credit card, auto and student loan interest rates, are expected to rise along with Fed monetary tightening. This will act as a headwind to income and spending, but at this point these borrowing rates have only experienced a slight increase.

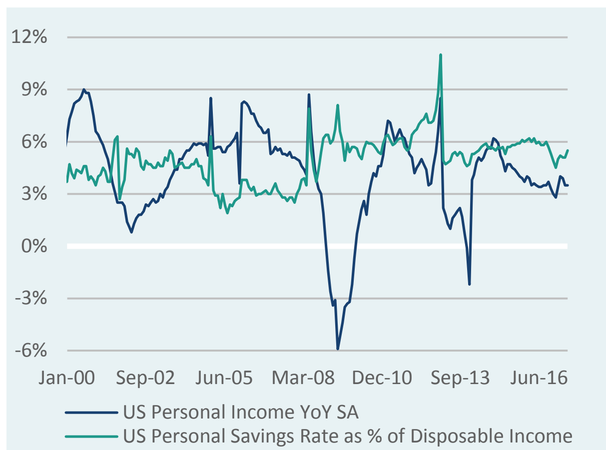
Consumer spending has cooled, but is still an important contributor to growth

CONSUMER SPENDING (YOY GROWTH)



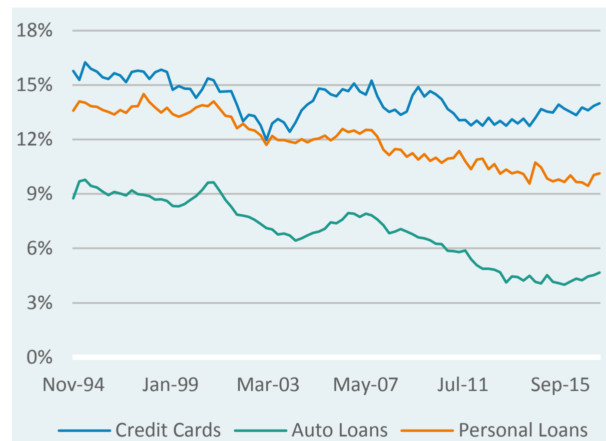
Source: Bloomberg, as of 5/31/17

SAVINGS & INCOME (YOY)



Source: FRED, as of 5/31/17

CONSUMER INTEREST RATES



Source: FRED, as of 5/31/17

U.S. economics – Sentiment

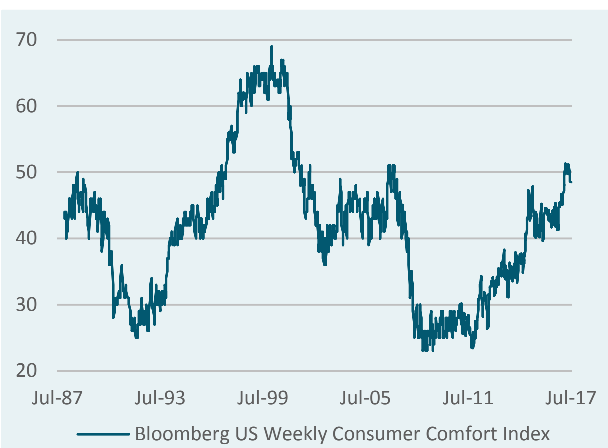
Consumer sentiment indicators have trended downward from post-election highs, but remain elevated from a historical perspective. The University of Michigan Consumer Sentiment Index, which tracks both consumers' perception of current conditions and expectations of future conditions, fell from 96.9 to 95.1 during the quarter, its lowest level since the election.

Weakened confidence was fueled by uncertainty surrounding fiscal policies, as reported by the University of Michigan Sentiment Survey. Consumers expect a low likelihood of successful policy implementation. Progress from the Trump administration on these policies could lead to a positive surprise.

In aggregate, U.S. economic data came in below expectations during the quarter as the Citi Economic Surprise Index fell from 48 to -73. Although the drop is somewhat concerning, this indicator tends to be mean-reverting in nature and some of the decline should be expected. A positive (negative) reading of the Economic Surprise Index suggests that economic releases have on balance been beating (missing) consensus.

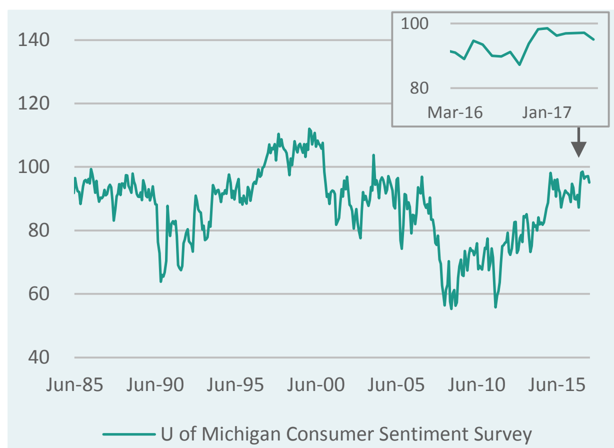
Consumer sentiment has faded since the post-election peak

CONSUMER COMFORT INDEX



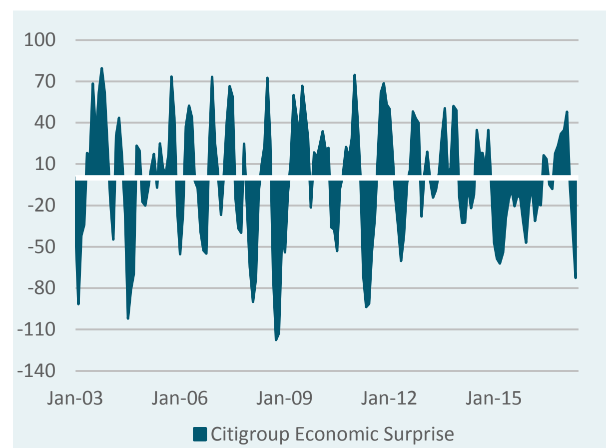
Source: Bloomberg, as of 7/2/17 (see Appendix)

CONSUMER SENTIMENT



Source: University of Michigan, as of 6/30/17 (see Appendix)

U.S. ECONOMIC SURPRISE



Source: Bloomberg, as of 6/30/17 (see Appendix for details)

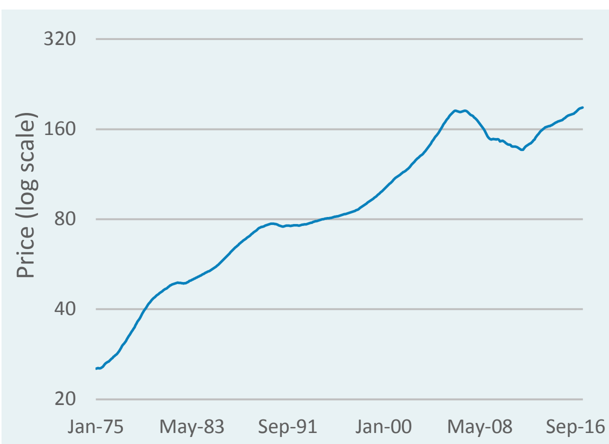
U.S. economics – Housing

Single family home prices increased at a steady rate amid strong demand and low supply. Over the past 12 months, the Case-Shiller National Home Price Index rose 5.5%. Seattle, Portland, and Dallas reported the highest yearly growth among the top 20 metropolitan areas.

Tighter mortgage lending standards by banks have led to a higher quality pool of borrowers than in the previous real estate cycle. In addition to tighter lending standards, household deleveraging and lower interest rates have been important drivers of lower delinquency and default rates. Mortgage rates spiked following the election, but have since come down slightly.

Housing starts and permits declined throughout the quarter, indicating a slowing of construction activity that could weigh on economic growth. The market is already constrained by low supply, and if new construction were to decline further, it may add upward pressure to housing prices.

CASE-SHILLER HOME PRICE INDEX

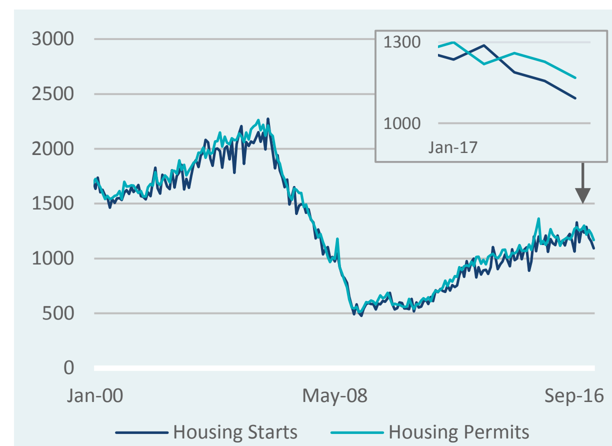


Source: FRED, as of 4/30/17

30-YEAR MORTGAGE RATE

Source: FRED, as of 7/6/17

HOUSING STARTS AND PERMITS



Source: FRED, as of 5/31/17

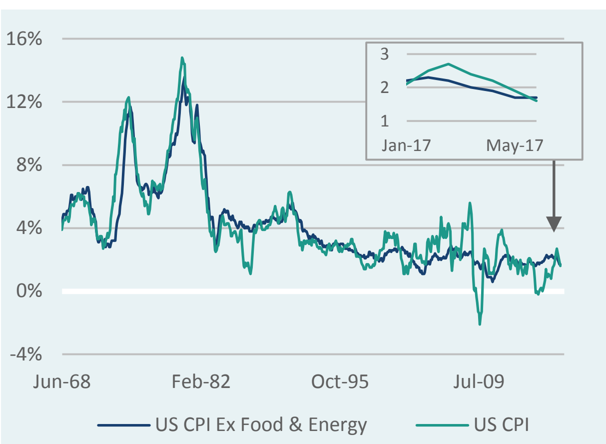
U.S. economics – Inflation

Inflation decelerated during the quarter, falling back below the Fed's target of 2%. Headline CPI fell 0.8% to 1.6% and core CPI (ex food and energy) declined 0.3% to 1.7%. Much of the decline in the headline number was due to lower energy prices, though weakness in telecommunication, apparel, and health care prices also contributed to lower inflation. In her testimony to the Senate, Janet Yellen acknowledged the recent weakness in inflation as a concern, but said she still believes price levels will move gradually higher to reach the Fed's target. Further softness in inflation could give the Fed pause when considering additional tightening.

Lower realized inflation, which missed estimates for three consecutive months, helped lead the market to reprice inflation expectations. The 10-year TIPS breakeven inflation rate fell from 2.0% in March to 1.7% in June. Market-based inflation expectations are low compared to history, and participants may simply be naively projecting the current low inflation environment into the future. Late stage cyclical conditions including moderate economic expansion and a tightening labor market could place gradual pressure on inflation.

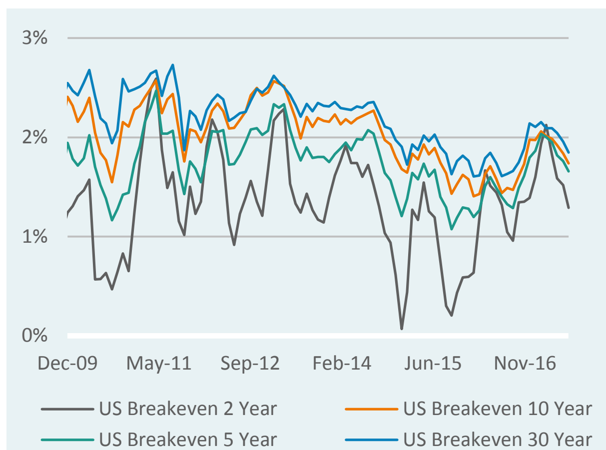
Inflation decelerated in the second quarter

U.S. CPI (YOY)



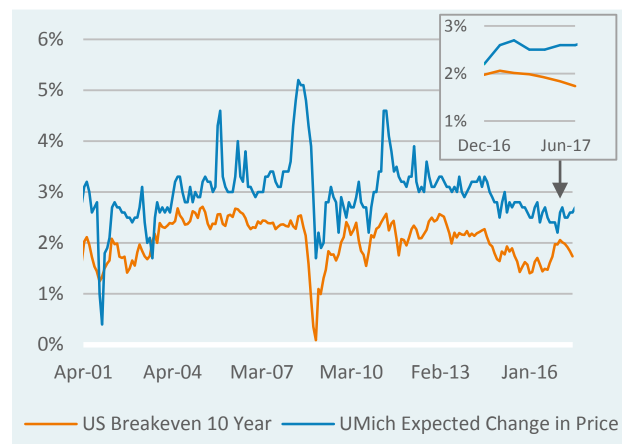
Source: FRED, as of 6/30/17

U.S. TIPS BREAKEVEN RATES



Source: FRED, as of 6/30/17

INFLATION EXPECTATIONS



Source: Bloomberg, as of 6/30/17

International economics summary

— Developed and emerging economies have exhibited coordinated positive growth momentum from low absolute growth rates relative to history. A continuation of this trend may be self reinforcing, lifting weak and strong economies alike.

— Economic releases have missed expectations in the U.S. and U.K. after extended upside surprise. The Eurozone has delivered positive surprise, but by a smaller margin.

— Oil further contributed to commodity underperformance due to oversupply, disagreements within OPEC regarding production cuts, and concerns over the magnitude of U.S. production.

— Developed world inflation remained within a normal range, though slightly below levels targeted by central banks.

— In May, Emmanuel Macron defeated Marine Le Pen in the French presidential election, calming fears over populist politics gaining an increased foothold in Europe.

— On June 8th, the U.K. held a snap election in which the Conservative party surprised polls and gave up their majority in Parliament, potentially weakening their position in the upcoming Brexit negotiations.

— On June 27th, ECB President Mario Draghi surprised markets with comments perceived as hawkish compared to previous comments. In the following two days the Euro appreciated 2.3% against the U.S. dollar and developed global rates moved upward - German bunds in particular.

Area	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	2.1% *3/31/17*	1.6% *6/30/17*	4.4% *6/30/17*
Western Europe	1.8% *3/31/17*	1.3% *6/30/17*	8.1% *3/31/17*
Japan	1.3% *3/31/17*	0.4% *5/31/17*	3.1% *5/31/17*
BRICS Nations	5.4% *3/31/17*	2.3% *3/31/17*	5.6% *12/31/16*
Brazil	(0.4%) *3/31/17*	3.0% *6/30/17*	13.5% *6/30/17*
Russia	0.5% *3/31/17*	4.4% *6/30/17*	5.5% *3/31/17*
India	6.1% *3/31/17*	2.2% *5/31/17*	8.4% *12/31/16*
China	6.9% *3/31/17*	1.5% *5/31/17*	4.0% *12/31/16*

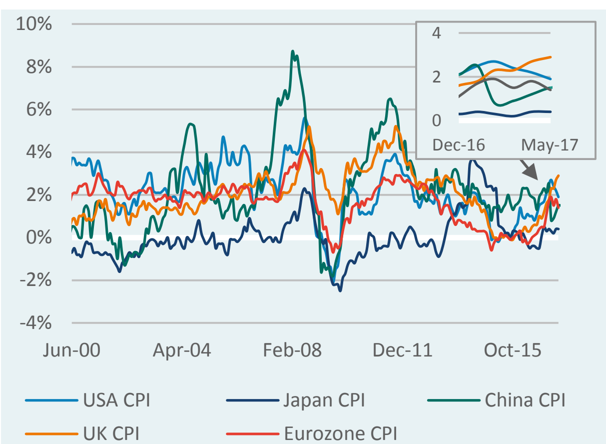
International economics

Eurozone CPI was 1.3% YoY in June, arguably within the bounds of the European Central Bank mandate "…to maintain inflation rates below, but close to, 2% over the medium term." Inflation below 2% likely implies a more dovish central bank stance.

Japan CPI remained low at 0.4% YoY in May. Bank of Japan Governor Haruhiko Kuroda explained in June that "…there is still a long way to go until the price stability target of 2 percent is achieved." The Bank of Japan maintains its aggressive stimulus policy which separates the bank from those of other developed economies.

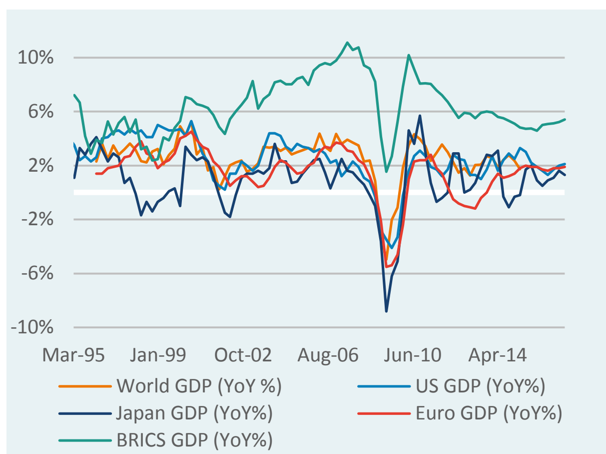
Employment has improved markedly across the globe, recovering to pre-crisis levels in most economies. Europe remains the exception in terms of aggregate employment, with labor markets displaying disparate levels of health from one country to the next. Core countries such as Germany and France have experienced a much greater fall in unemployment than periphery countries such as Spain and Italy.

INTERNATIONAL INFLATION



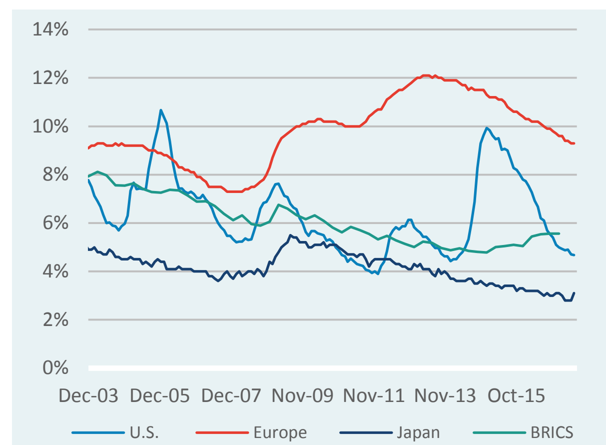
Source: Bloomberg, as of 5/31/17

REAL GDP GROWTH



Source: Bloomberg, as of 3/31/17

GLOBAL UNEMPLOYMENT



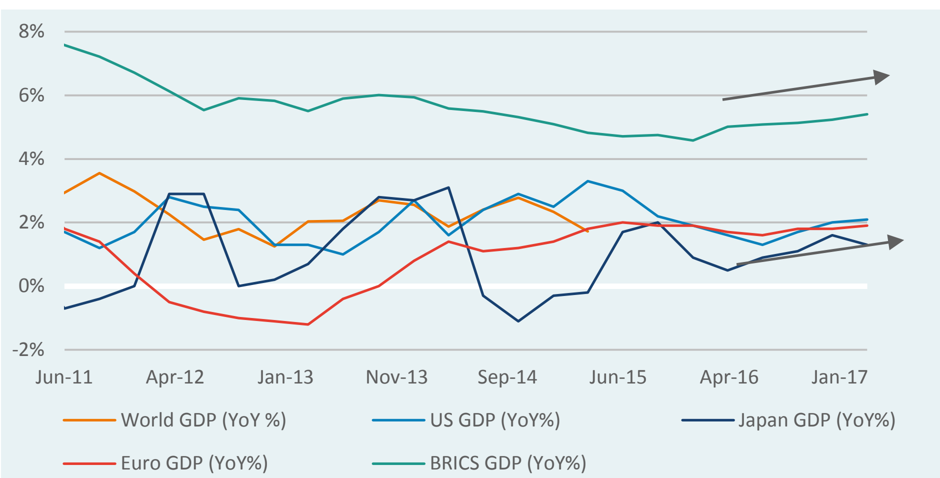
Source: Bloomberg, as of 5/31/17 or most recent release

Synchronized global growth

Developed and emerging economies have begun to accelerate. A confluence of low inflation, higher employment (but weak wage pressure), improving consumer/business sentiment, and relatively accommodative central bank policy may lead to a unified global expansion. We expect that this trend would deliver outsized gains to open, export-focused economies. Emerging markets may be noteworthy beneficiaries within this environment, as these economies tend to be highly exposed to global growth trends.

The U.S. economy is arguably further along in its economic cycle than other economies; however, it is important to note that American corporations derive a significant portion of sales from overseas. S&P 500 foreign sales make up more than one third of total index revenue. U.S. corporations could participate substantially in global growth despite a more mild domestic expansion scenario.

REAL GDP GROWTH



Source: Bloomberg, as of 3/31/17

GLOBAL PMI

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
Manufacturing												
Global	51	51	51	52	52	53	53	53	53	53	53	53
Developed	52	51	52	53	53	54	54	54	54	54	54	54
US	52	49	52	52	54	55	56	58	57	55	55	58
Eurozone	52	52	53	54	54	55	55	55	56	57	57	57
Japan	49	50	50	51	51	52	53	53	52	53	53	52
EM	50	50	50	51	51	51	51	51	52	51	51	51
Services												
Global	52	52	52	53	53	53	54	53	54	54	54	54
Developed	51	52	52	54	54	54	55	54	54	54	54	55
US	55	52	57	55	56	57	57	58	55	58	57	57
Eurozone	53	53	52	53	54	54	54	56	56	56	56	55
Japan	50	50	48	51	52	52	52	51	53	52	53	53
EM	53	53	52	53	54	54	54	56	56	56	56	55

Source: Bloomberg, as of 6/30/17 – (blue stronger / orange weaker)

Fixed income rates & credit

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Interest rate environment

- On June 14th, the Federal Reserve raised the federal funds rate by 25 bps to a target range of 1.00% - 1.25%.
- The Fed's own forecast indicates one more rate hike this year, and three more hikes in each of the next two years. Rates are expected to normalize at 3% at the end of 2019. We believe the probability that the Fed undershoots its target is significant, given persistent low inflation and a high degree of risk if policy is tightened too quickly.
- The Fed announced plans to begin reducing their balance sheet sometime this year. The initial plan is to runoff $6 billion of Treasuries and $4 billion of mortgage-backed securities per month. This will be scaled up commensurately every 3 months to $50 billion per month.
- Markets expect the ECB to reduce monetary easing gradually throughout 2018, with a tapering plan announcement this fall.
- In May, the Bank of Japan raised its economic forecasts. The central bank implemented a "yield curve control" policy at its September meeting along with a mandate to keep the 10-year yield at 0%. The BoJ plans to maintain an easy stance until inflation hits its 2% target.
- Credit spreads remain broadly tight. Spread levels have historically been a strong predictor of credit performance relative to Treasuries, which at current levels implies muted future performance.
- We favor emerging market debt due to higher yields relative to other bond markets.

Area	Short Term (3M)	10 Year
United States	1.01%	2.30%
Germany	(0.82%)	0.47%
France	(0.60%)	0.82%
Spain	(0.44%)	1.54%
Italy	(0.38%)	2.16%
Greece	2.43%	5.42%
U.K.	0.17%	1.26%
Japan	(0.10%)	0.09%
Australia	1.63%	2.73%
China	2.63%	3.57%
Brazil	9.41%	10.54%
Russia	8.16%	7.90%

Source: Bloomberg, as of 6/30/17

Central bank confidence

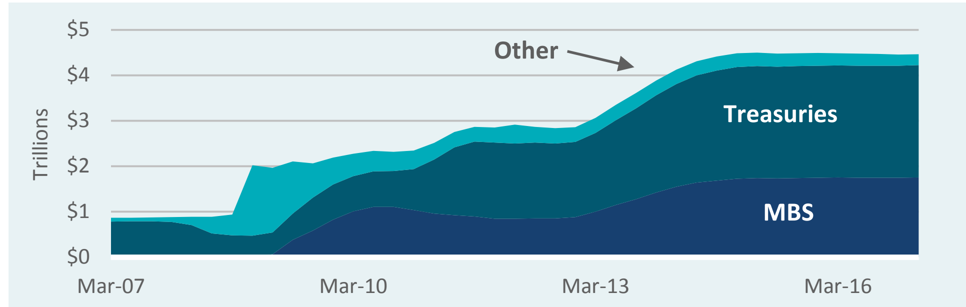
— The U.S. Federal Reserve announced plans to begin reducing its balance sheet, which is expected to begin later this year. The initial plan is to runoff $6 billion of Treasuries and $4 billion of mortgage-backed securities per month. This will be scaled up commensurately every three months to a total of $50 billion per month. Considering the Fed balance sheet has grown to $4.5 trillion in size, it would take nearly seven years of uninterrupted runoff to fully unwind the balance sheet to the pre-crisis level. Central banks are likely aiming to build up more dry powder in order to address future economic downturns.

— Markets expect the ECB to announce a gradual tapering plan to its asset purchase program in the fall that will most likely begin sometime in 2018. More policy timing clues are anticipated from the ECB at the September 7th meeting.

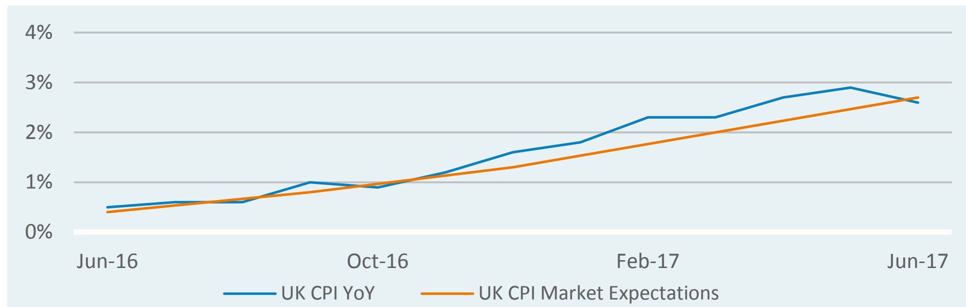
— In the U.K., the argument for a rate hike is building after higher than expected inflation in May. This has likely contributed to recent British Pound appreciation. Mark Carney seems more receptive to rate hikes but has stated that business investment would need to grow to offset weaker consumer spending in order for him to push for a hike.

— The Bank of Japan announced that it would buy unlimited quantities of government bonds to keep yields from rising too far – recently this seems to be defined as 0.1% yield on the 10-year government bond. The bank plans to stick to policy until inflation hits the 2% target.

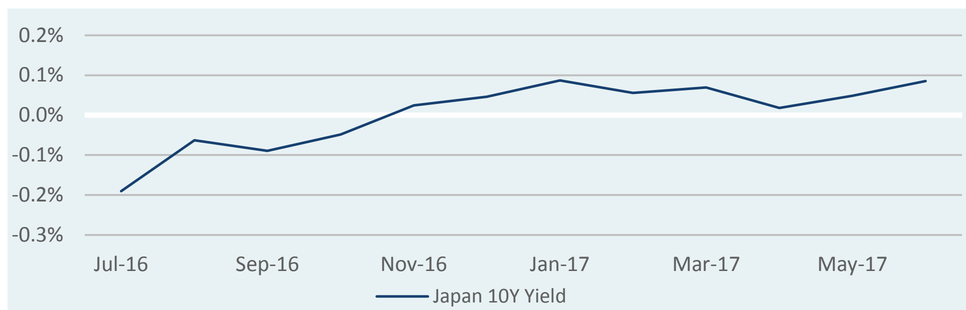
FEDERAL RESERVE BALANCE SHEET



U.K. CPI YOY VS MARKET EXPECTATIONS

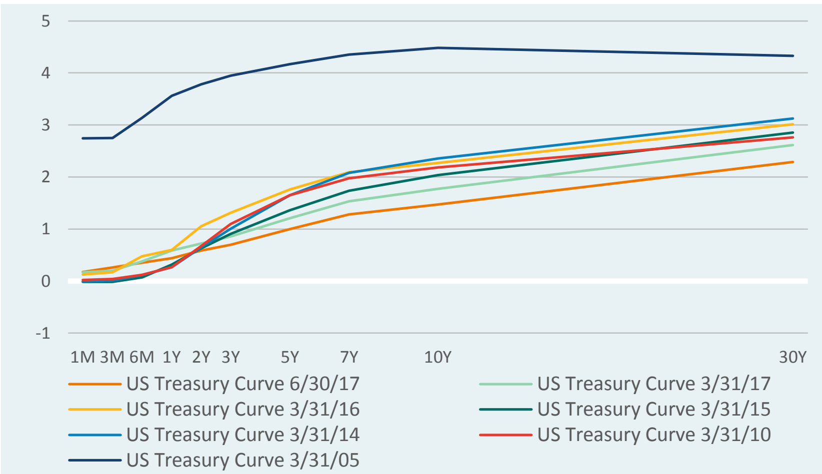


JAPAN 10Y YIELD

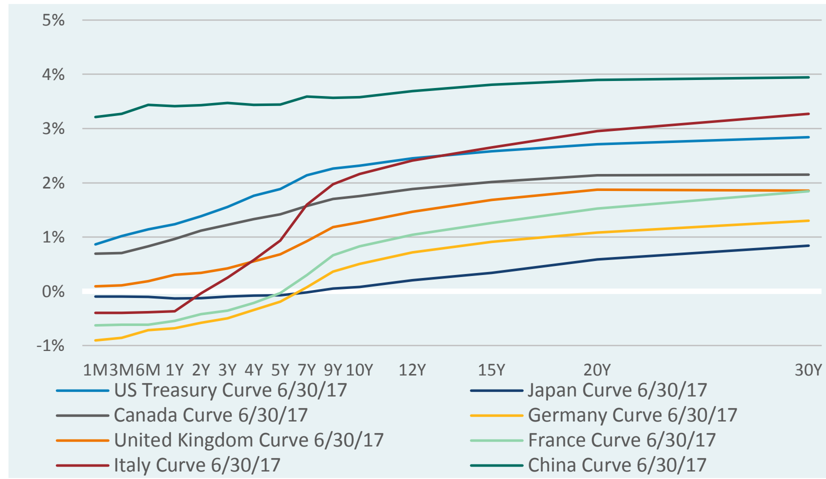


Yield environment

U.S. YIELD CURVE

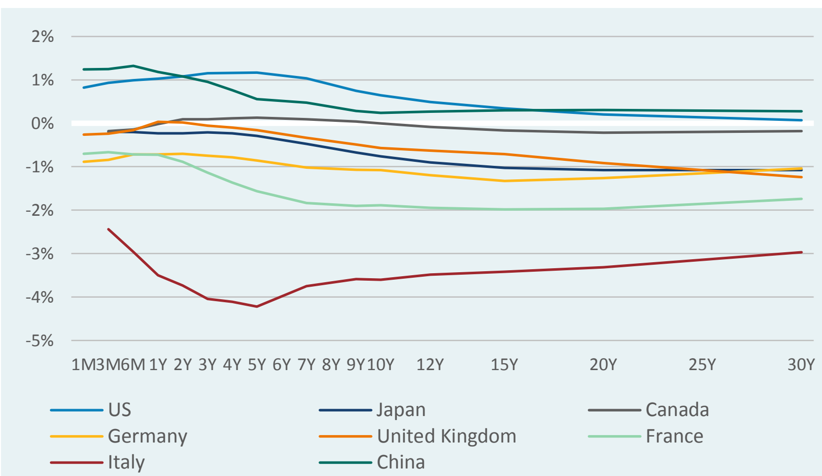


GLOBAL GOVERNMENT YIELD CURVES

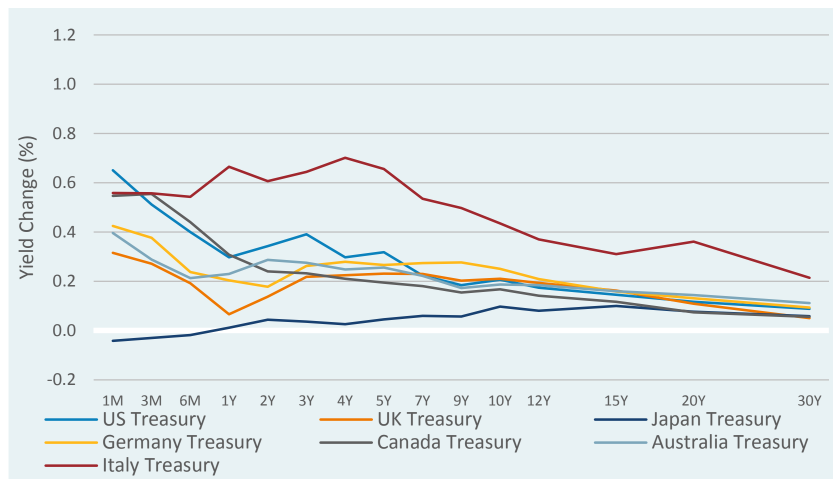


Across developed markets, U.S. Treasuries offer higher yields

YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 6/30/17

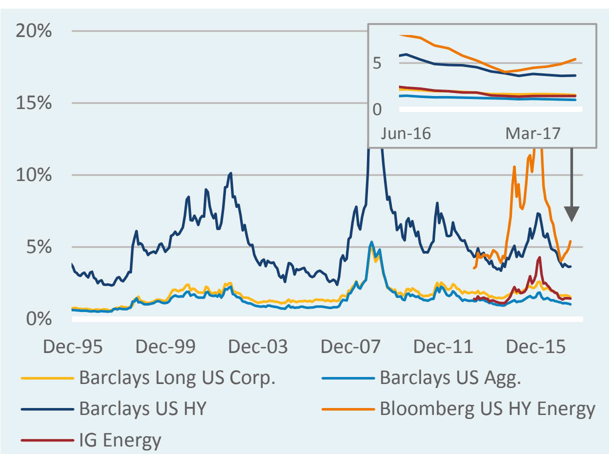
Credit environment

U.S. high yield option-adjusted spreads compressed in the second quarter to 3.6%, and the asset class generated a 2.2% total return (BBgBarc U.S. Corp. High Yield Index). High yield spreads are tighter than those of bank loans on a duration neutral basis.

The U.S. labor market remained strong, which helped the Fed to justify a rate increase of 0.25% in June. Investors continued to favor credit. A combination of tighter credit spreads and additional carry (greater yield) over Treasuries led credit to broadly outperform Treasuries in Q2. Spreads are near historic lows, though these levels have been witnessed in later stages of previous credit cycles. Credit spreads have historically been a good indicator of future performance relative to Treasuries.

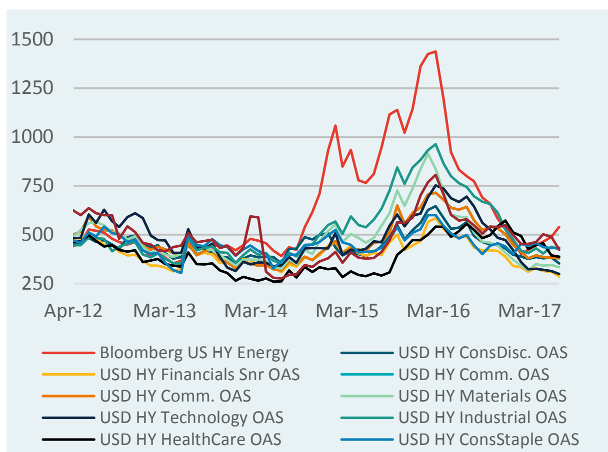
High yield energy spreads widened over the quarter to 5.4% - a very moderate rise relative to what was witnessed following the 2014 commodity drawdown. This lesser magnitude can be partly attributed to better credit ratings of companies in the index today. Additionally, innovation and technological gains have helped lower costs, which allows businesses to stay profitable at lower price levels.

CREDIT SPREADS



Source: Barclays Capital Indices, Bloomberg, as of 6/30/17

HIGH YIELD SECTOR SPREADS



Source: Bloomberg, as of 6/30/17

SPREADS

Market	Credit Spread (6/30/17)	Credit Spread (1 Year Ago)
Long US Corporate	1.6%	2.2%
US Aggregate	1.1%	1.6%
US High Yield	3.6%	5.9%
US High Yield Energy	5.4%	8.0%
US Bank Loans	3.7%	3.9%

Source: Barclays, Credit Suisse, Bloomberg, as of 6/30/17

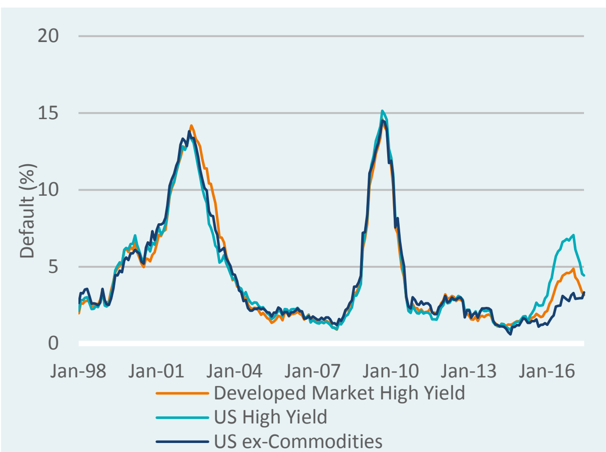
Issuance and default

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

Global high yield and bank loan issuance has grown at a faster pace than what was seen last year. Lower spread levels have resulted in more attractive borrowing costs for these issuers. The direction of interest rates will likely impact future debt issuance levels.

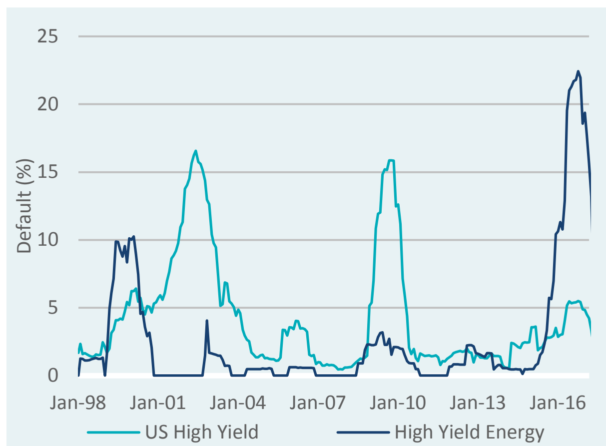
The effects of commodity related defaults are subsiding

HY DEFAULT TRENDS (ROLLING 1 YEAR)



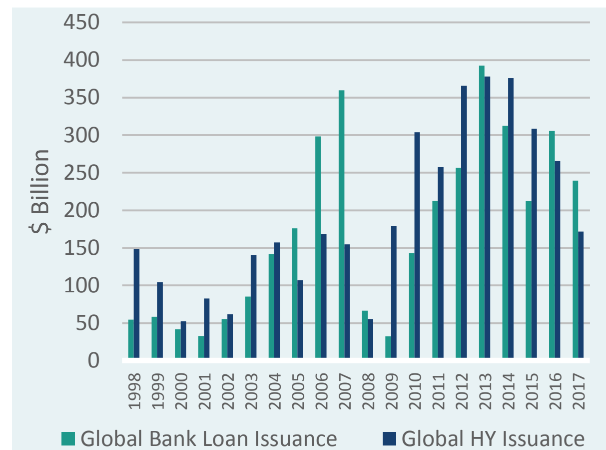
Source: BofA Merrill Lynch, as of 6/30/17

ENERGY DEFAULT TRENDS



Source: BofA Merrill Lynch, as of 6/30/17

GLOBAL ISSUANCE



Source: Bloomberg, BofA Merrill Lynch, as of 6/30/17

Equity

Equity environment

— We maintain a moderate overweight to equities with a preference for emerging markets due to attractive valuations and better growth prospects relative to developed markets.

— Global equity markets delivered another positive quarter, driven by strong earnings growth across regions. Earnings were strongest in Western Europe and emerging markets. These regions outperformed on a relative basis during the quarter.

— According to FactSet, the estimated Q2 earnings growth rate of the S&P 500 is 6.8% YoY. Energy companies are expected to contribute the most to overall growth due to stabilizing oil prices and a low earnings base one year ago.

— Increased uncertainty surrounding the Brexit negotiations following the Conservative party's surprise loss of a majority in Parliament likely helped lead to underperformance in U.K. equities. The FTSE 100 Index returned -4.9% in Q2.

— MSCI approved the inclusion of 222 mainland Chinese companies (China A Shares) into the MSCI Emerging Markets Index. This represents only a small portion of the overall market. Starting in 2018, these domestic shares will represent approximately 0.7% of the index. While initially this decision will have a minimal effect on index performance, it opens the door for additional China A shares to be added. If the entire market was included, it would represent 12.8% of the MSCI index.

	QTD TOTAL RETURN		YTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)	(unhedged)	(hedged)
US Large Cap (Russell 1000)	3.1%		9.3%		18.0%	
US Small Cap (Russell 2000)	2.5%		5.0%		24.6%	
US Large Value (Russell 1000 Value)	1.3%		4.7%		4.7%	
US Large Growth (Russell 1000 Growth)	4.7%		14.0%		20.4%	
International Large (MSCI EAFE)	6.1%	3.1%	13.8%	16.1%	20.3%	23.5%
Eurozone (Euro Stoxx 50)	6.5%	3.8%	19.1%	22.5%	26.6%	28.3%
U.K. (FTSE 100)	4.9%	1.2%	10.0%	5.0%	13.6%	17.5%
Japan (NIKKEI 225)	5.1%	6.5%	9.6%	6.6%	19.9%	32.0%
Emerging Markets (MSCI Emerging Markets)	6.3%	6.1%	18.4%	11.6%	23.8%	19.3%

Source: Russell Investments, MSCI, STOXX, FTSE, Nikkei, as of 6/30/17

Domestic equity

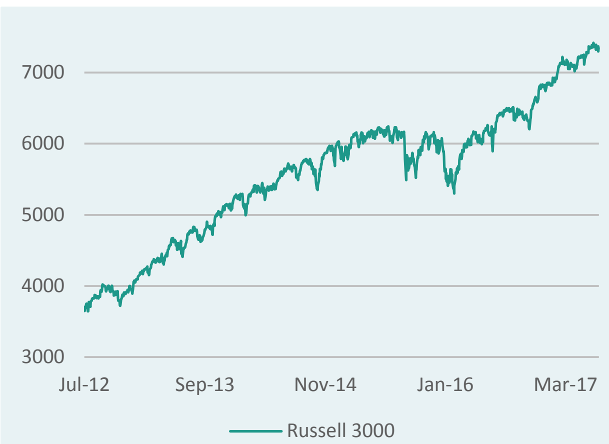
U.S. equities moved higher on robust earnings growth. According to FactSet, the estimated Q2 earnings growth rate of the S&P 500 is 6.8% YoY. Energy companies are expected to contribute the most to overall growth due to a low earnings base one year ago and stabilizing oil prices. The earnings outlook for the rest of the year is strong, and the expected growth rate for the 2017 calendar year is 9.8%. Positive global growth trends could help lift earnings further since a substantial portion of U.S. corporate revenues come from abroad.

All major U.S. banks passed the Fed's stress test in June, citing strong capital levels and ability to lend during a recession. The news drove financials upward as the positive results allowed banks to increase their future dividends and buybacks.

As discussed in recent quarters, we are relatively bullish on U.S. earnings growth in the near term, but investors may be paying for this excess growth upfront through higher valuations. We maintain a neutral weight to U.S. equities.

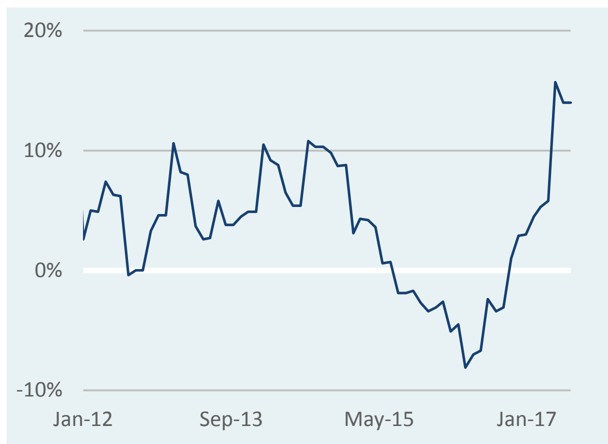
We maintain a neutral weight to U.S. equities

U.S. EQUITIES



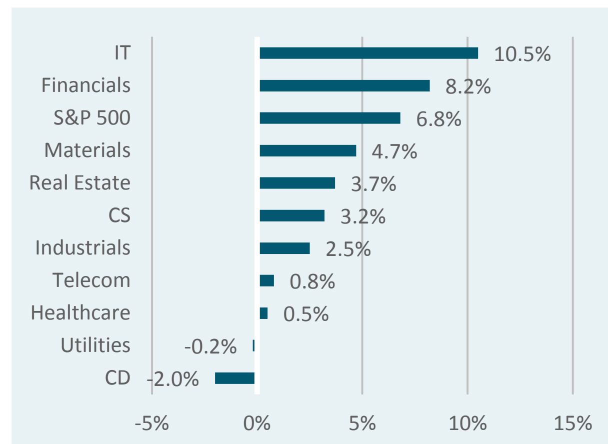
Source: Russell Investments, as of 7/7/17

S&P 500 EPS GROWTH



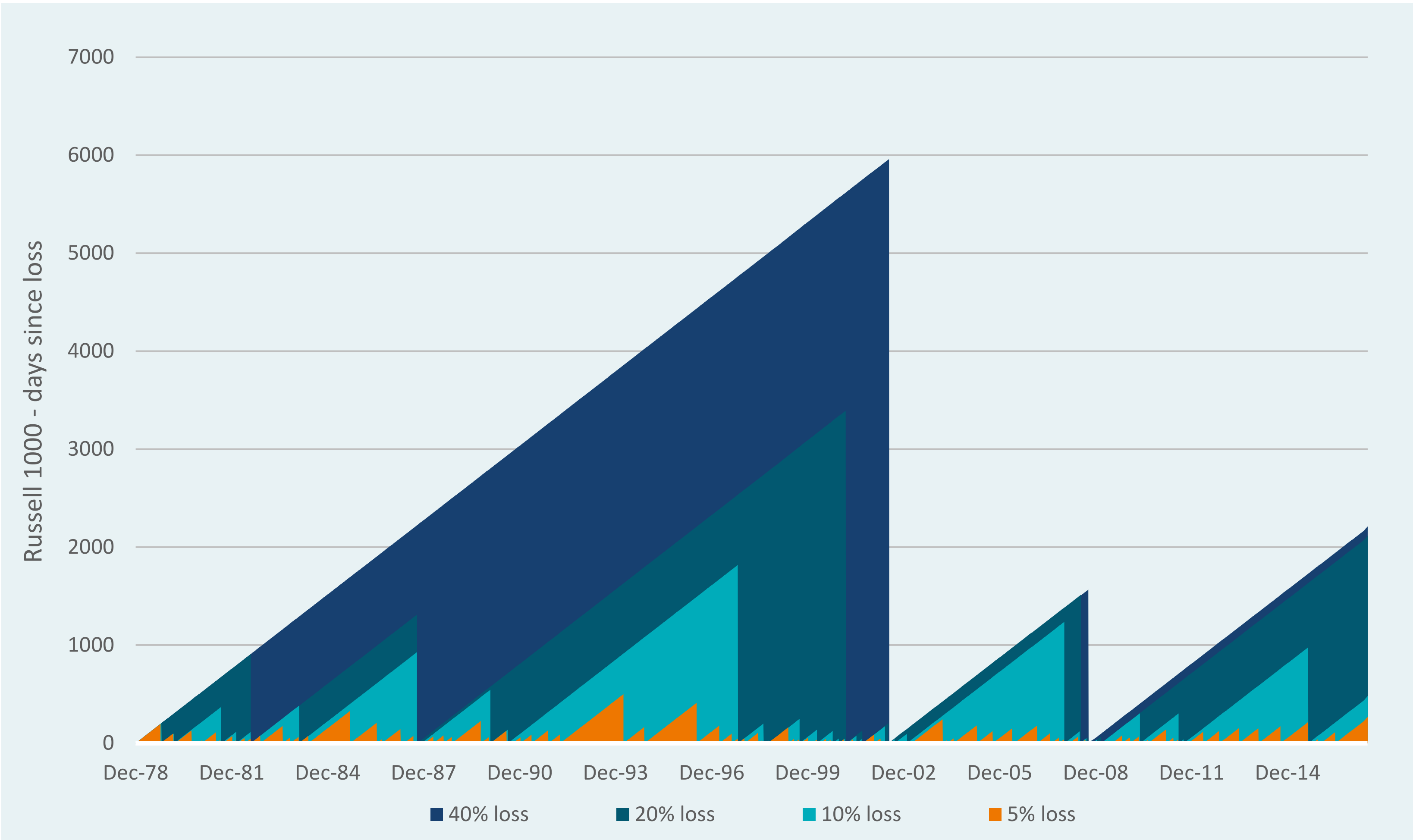
Source: Bloomberg, as of 6/30/17

Q2 FORECAST EPS GROWTH



Source: FactSet, as of 7/14/17 - excludes energy sector

Expect surprises



Market surprises are normal and in most cases should not affect long-term portfolio planning

Source: Bloomberg

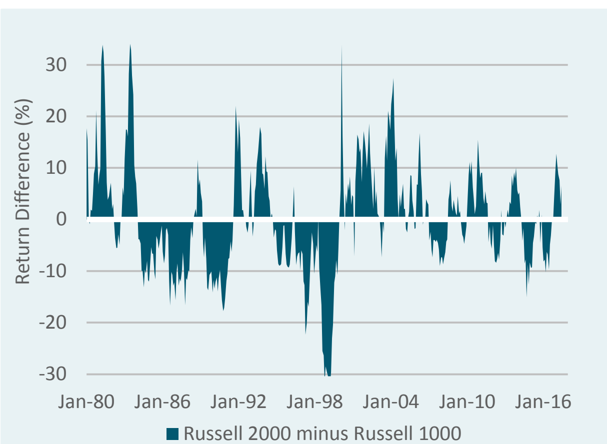
Domestic equity size and style

Despite a short selloff in June, strong returns from the tech sector helped lead to positive relative performance of growth over value during the quarter. Much of the gains were concentrated in the well known mega-cap stocks, including Apple, Amazon, and Microsoft. Momentum in growth stocks has continued to perform well so far this year.

In the second quarter, the Russell 1000 Growth Index and the Russell 1000 Value Index returned 4.7% and 1.3%, respectively. Falling oil prices were a headwind to energy companies, which were the largest detractor from the value index.

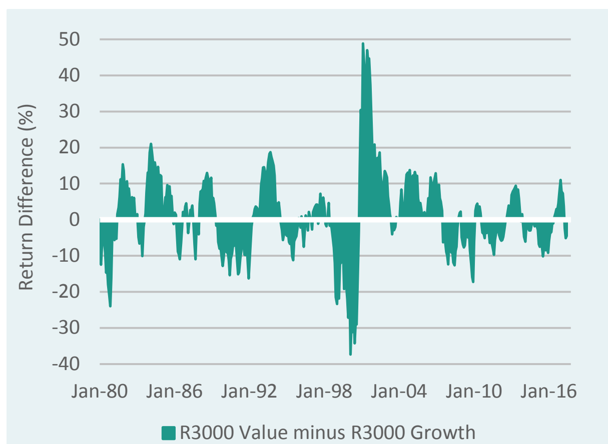
Large cap equities narrowly outperformed small cap equities. Much of the optimism surrounding Trump's pro-small business policies after his victory, including deregulation and tax reform, appears to have faded so far this year. If progress on these measures is made, smaller companies could receive another boost in the second half of 2017.

SMALL CAP VS LARGE CAP (YOY)



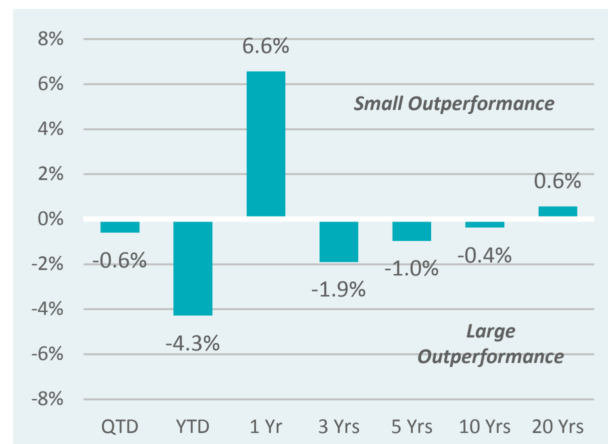
Source: Russell Investments, as of 6/30/17

VALUE VS GROWTH (YOY)



Source: Russell Investments, as of 6/30/17

U.S. LARGE VS. SMALL RELATIVE PERFORMANCE



Source: Morningstar, as of 6/30/17

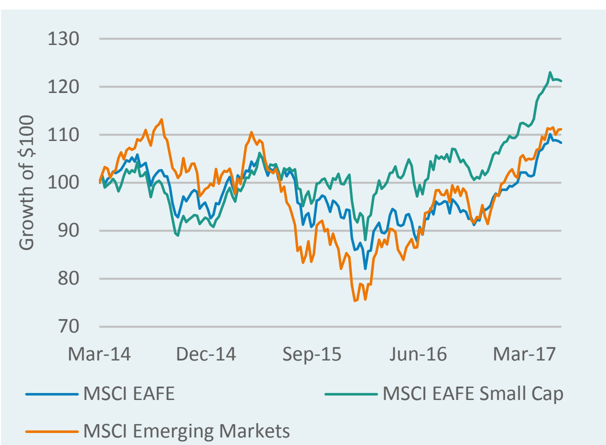
International equity

International equities outperformed domestic equities over the quarter. The MSCI ACWI ex U.S. returned 5.8% on an unhedged basis while the S&P 500 returned 3.1%.

The U.S. dollar has steadily depreciated in value year-to-date against major currencies, down around 7%. This currency movement has added volatility to investors with unhedged currency exposure, with the MSCI EAFE Index returning 13.8% unhedged vs. 16.1% hedged, and the MSCI Emerging Markets Index returning 18.4% unhedged vs. 11.6% hedged.

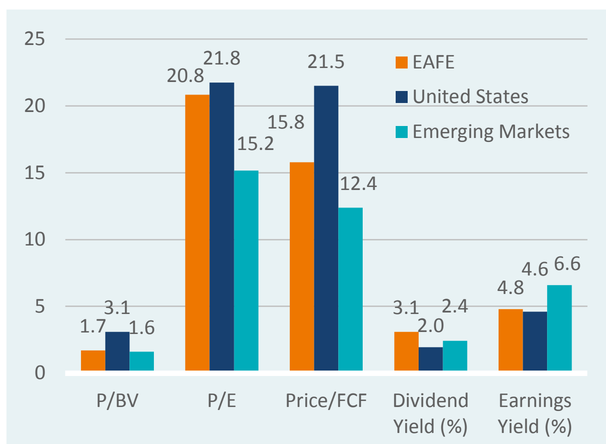
International equities are trading at lower multiples than domestic equities, based on various metrics. Valuations and earnings growth both play an important role in equity return outcomes and risk. Higher equity valuations imply greater optimism surrounding growth expectations, and greater optimism presents investors with more downside risk as the possibility of disappointment rises. Because of lower valuation levels, international markets may possess greater upside potential through either valuation expansion or positive earnings growth surprise. However, due to apparent tail risks in these markets we maintain a neutral weight in portfolios.

GLOBAL EQUITY PERFORMANCE



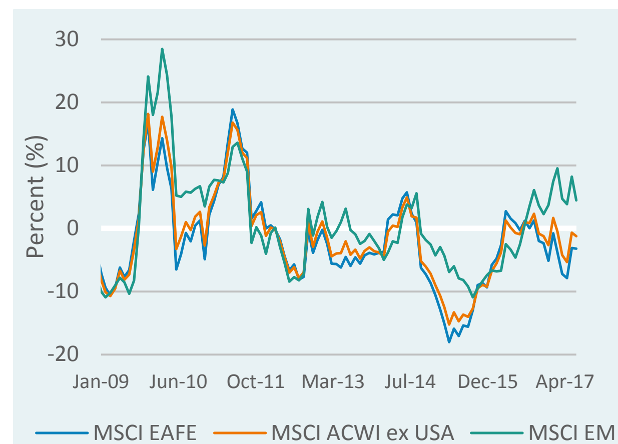
Source: Bloomberg, as of 6/30/17

VALUATIONS



Source: Bloomberg, MSCI, as of 6/30/17 - 3 month average

EFFECT OF CURRENCY (1 YEAR ROLLING)



Source: MSCI, as of 6/30/17

Emerging market equity

We maintain an overweight to emerging markets due to attractive valuations and better growth prospects relative to developed markets.

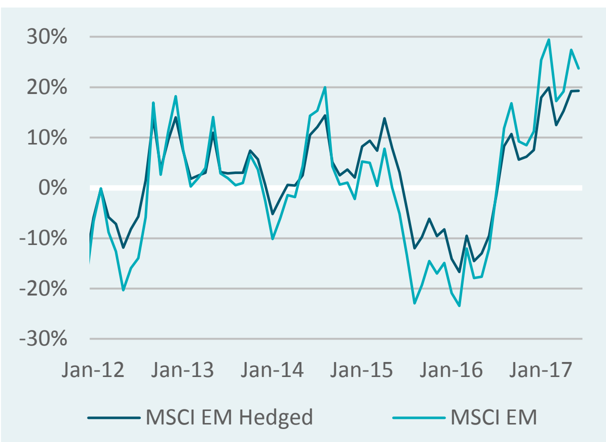
Emerging market equities continue to outperform developed markets, delivering 4.8% in Q2 and 17.1% year-to-date. Currency movement has been additive. Emerging market equity earnings are now expected to grow 22% YoY in 2017, which is a material increase from the 13% YoY increase expected at the beginning of 2017.

Interestingly, valuations have come down slightly despite very strong equity returns, as earnings rise faster than price.

If economic growth turns upward across the globe, we would expect major exporting economies to experience a significant tailwind. Emerging markets in particular tend to provide high exposure to global growth. Stabilizing commodities in this type of environment would likely provide an additional tailwind.

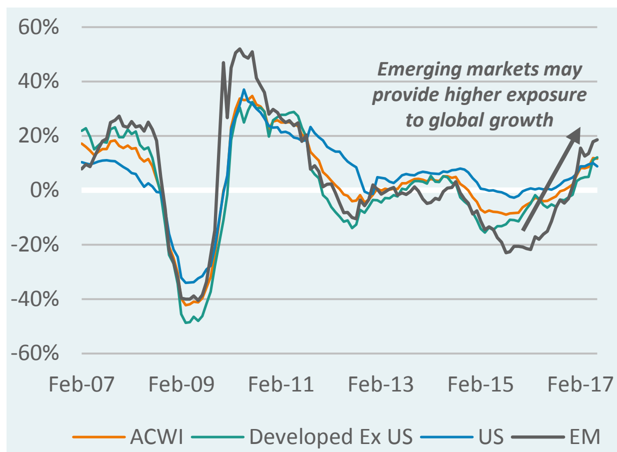
Accelerating global growth should have a positive effect on EM economies

12-MONTH ROLLING PERFORMANCE



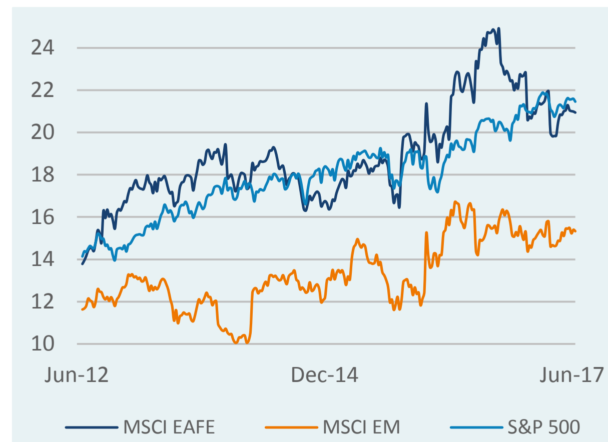
Source: MPI, as of 6/30/17

EM EARNINGS GROWTH (YOY)



Source: Bloomberg, as of 6/30/17

TRAILING P/E RATIOS



Source: Bloomberg as of 6/30/17

Equity valuations

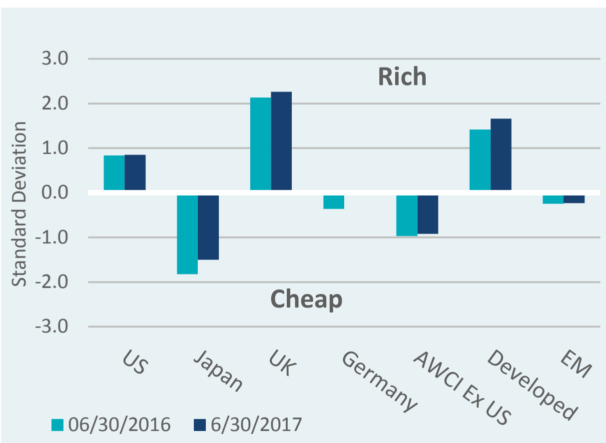
Strong global earnings in the first quarter and an increase in expected earnings growth throughout the rest of the year led to lower valuation multiples, especially in international developed markets. A pick up in earnings growth could help normalize P/E ratios.

Despite the recent strong earnings growth, valuation measures remain elevated relative to history. The trailing P/E for the S&P 500 was 21.5 at the end of June, above the 30-year average of 19.2. Higher P/E ratios imply lower future returns, but valuations can stay elevated for long periods of time, and changes are unpredictable.

Looking at the historical differences between regional P/E ratios and the global P/E ratio (ACWI) shows that Japan and emerging markets are the cheapest, while the U.K. and U.S. are the richest. Emerging markets are attractive on a variety of valuation measures. Strong global economic and earnings growth could give these cheaper markets more upside potential than richer markets such as the U.S.

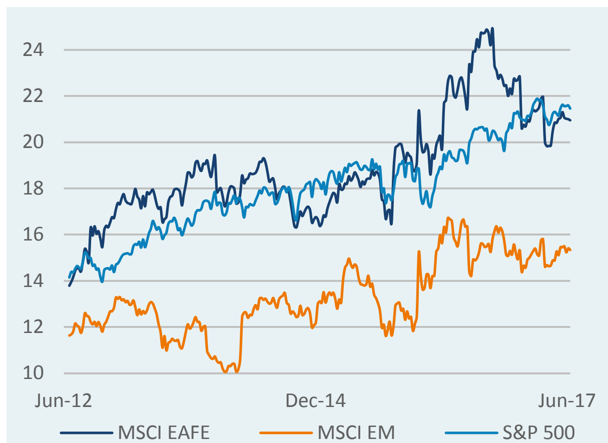
Valuations are elevated, but relative opportunities exist

RELATIVE PE TO ACWI



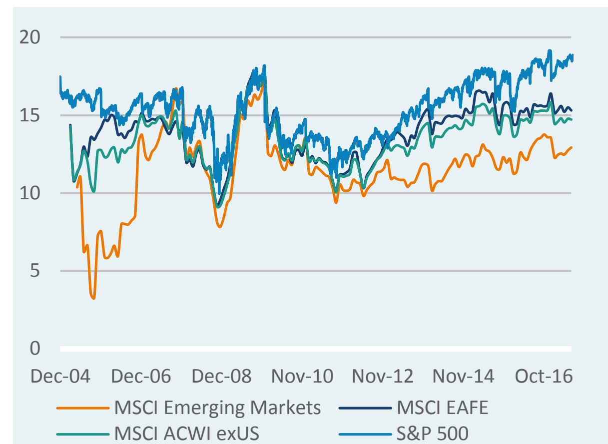
Source: Bloomberg, as of 6/30/17

TRAILING P/E RATIOS



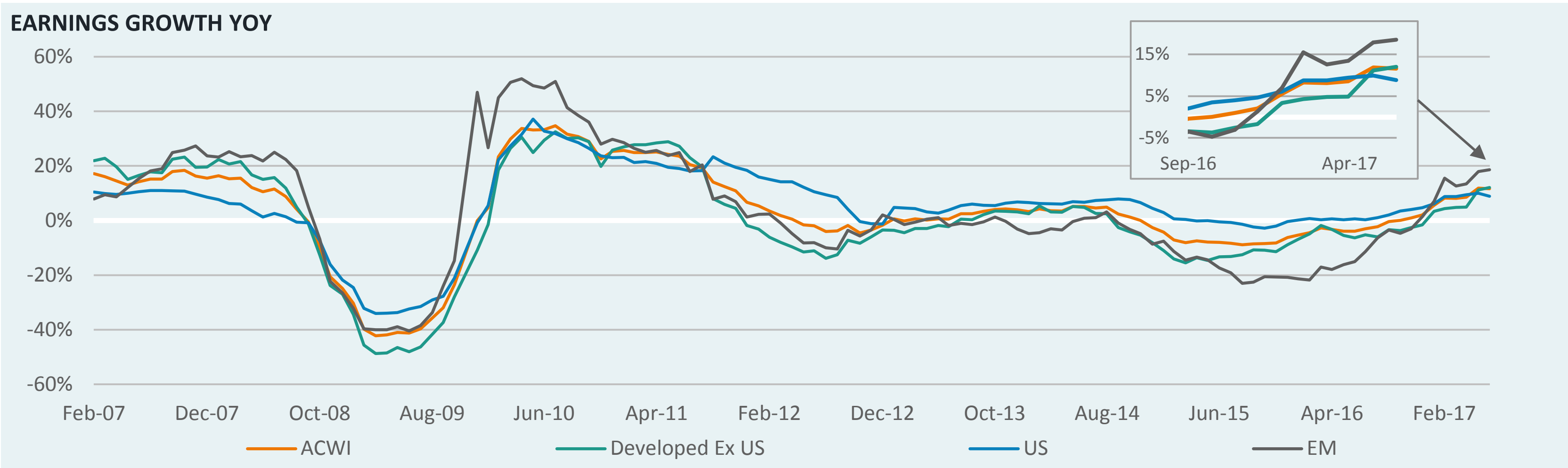
Source: Bloomberg, as of 6/30/17

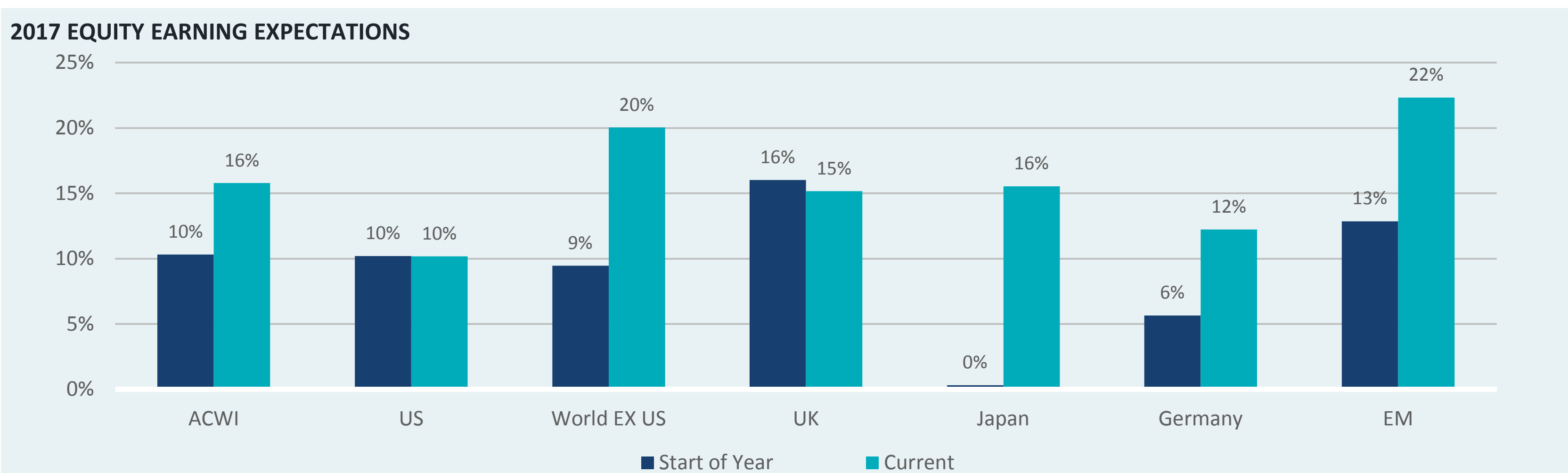
INTERNATIONAL FORWARD P/E RATIOS



Source: Bloomberg, as of 6/30/17

Global earnings growth





Earnings & earnings expectations have risen considerably across global markets

Source: MSCI, as of 6/30/17

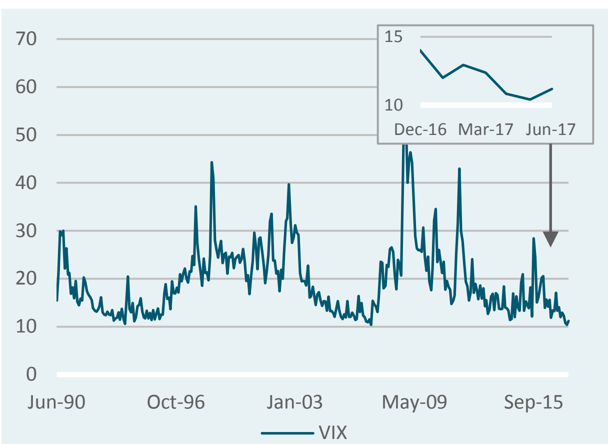
Equity volatility

Both realized and implied volatility remains low relative to history across global equity markets. Although there have been a few spikes in implied volatility, including immediately after the first round of the French presidential election and the British general election, these have been short lived. For example, during the recent sell off in U.S. tech companies, the VIX jumped to 15, but fell back down within hours. While low equity market risk has been persistent, volatility can return quickly in an often unpredictable manner. For this reason, judging portfolio volatility based on the current environment may understate the actual risks.

The CBOE Skew Index, which looks at the steepness of the volatility curve is above its historical average, indicates investors are paying a premium for large downside protection.

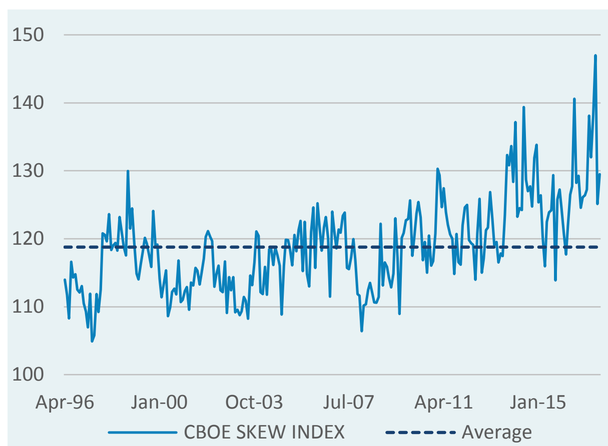
Equity volatility is well below average, but within a range consistent with past bull markets

U.S. IMPLIED VOLATILITY



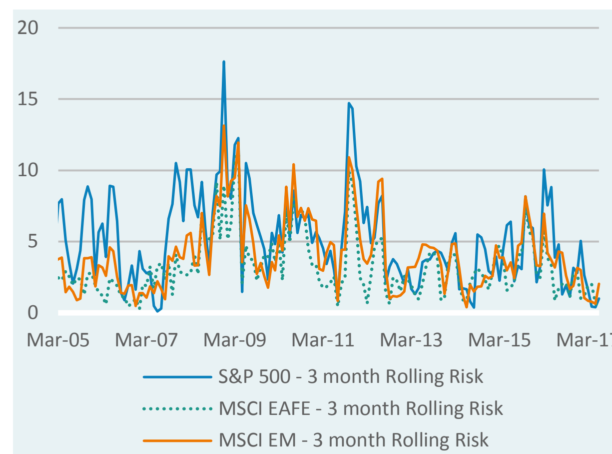
Source: CBOE, as of 6/30/17

U.S. VOLATILITY SKEW



Source: CBOE, as of 6/30/17

INTERNATIONAL EQUITY VOLATILITY



Source: MSCI, as of 6/30/17

Long-term equity performance

Source: MPI, as of 6/30/17

Other assets

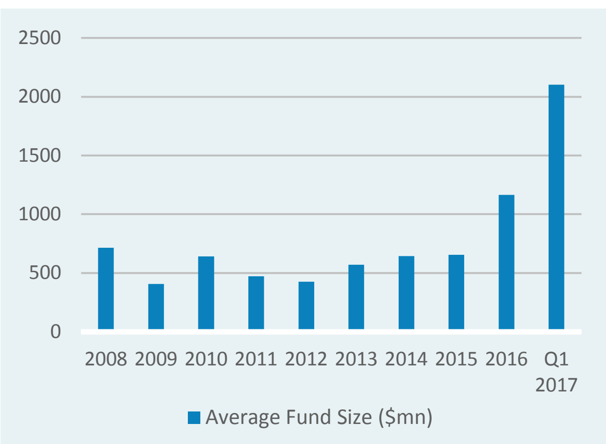
Infrastructure

Global infrastructure performed strongly in the second quarter, with S&P Global Infrastructure Index up 14.4% for the year through June. Transaction multiples in several infrastructure sectors seemed to have peaked over the last year, impacted by rising interest; however, falling Treasury yields during the quarter sent yield-oriented investments higher in value.

Demand remains quite strong for infrastructure assets with institutional investors allocating to commingled funds and an influx of Asian buyers seeking higher yielding investments both in the U.S. and Europe.

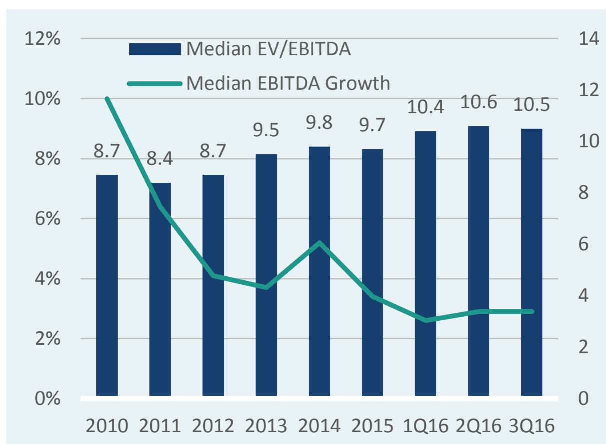
We are favorable towards value-add relative to core infrastructure as the risk/reward appears more attractive today. Interest rate sensitivity is generally lower in value-add infrastructure and pricing levels, though elevated, are below comparable core valuations. Within value-add we focus on sector specialists or teams with a track record of successful project development. As an example, in the utility/energy sectors there could be some interesting opportunities in merchant power generation where low natural gas prices and an influx of renewables have put downward pressure on spot power prices.

INFRASTRUCTURE AVERAGE FUND SIZE



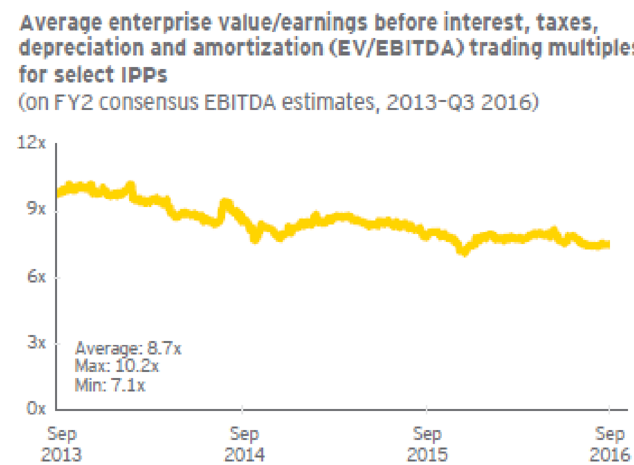
Source: Preqin

LISTED INFRASTRUCTURE VALUATIONS/GROWTH



Source: Capital IQ

VALUATIONS IN MERCHANT POWER



Source: E&Y

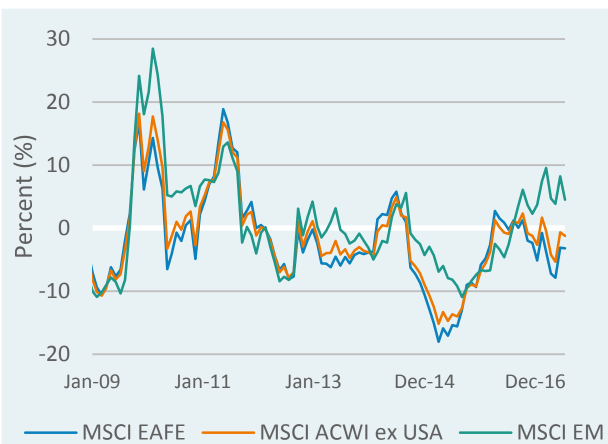
Currency

The U.S. dollar has steadily depreciated in value year-to-date against major currencies, down approximately 7% through quarter-end. Global central bank hawkishness, relative interest rate expectations, and improving international growth have likely guided the U.S. dollar lower.

Emerging market currencies exhibited further strength in Q2 and have appreciated 4.8% year-to-date according to the JP Morgan Emerging Market Currency Index.

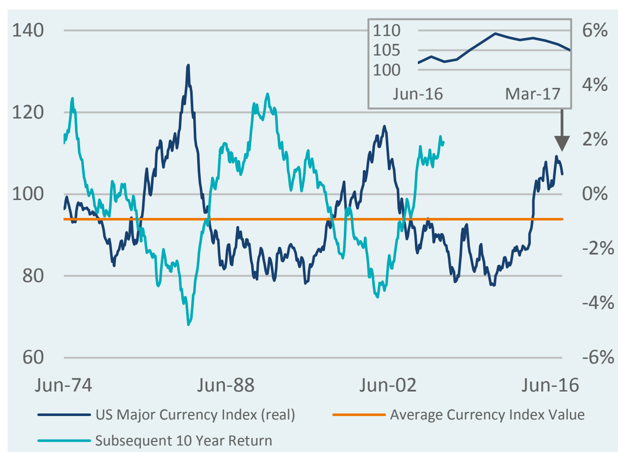
Currency movement has recently had a positive impact on the performance of unhedged foreign asset exposure. Dollar weakness has also acted as a tailwind for corporate earnings for those U.S. companies with revenues in foreign currency.

EFFECT OF CURRENCY (1YR ROLLING)



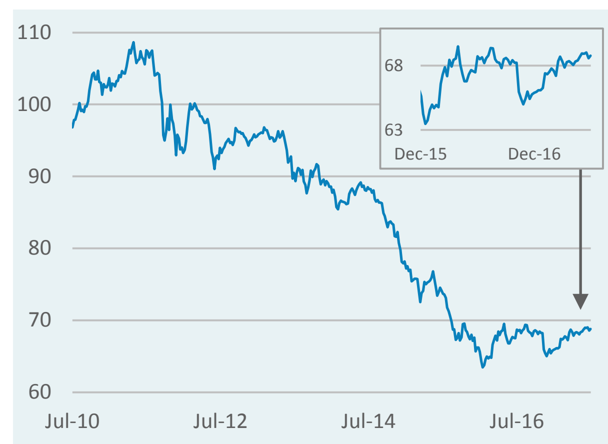
Source: MPI, as of 6/30/17

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 6/30/17

JPM EM CURRENCY INDEX



Source: Bloomberg, as of 6/30/17

Appendix

Periodic table of returns

BEST

	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	18.4	15.3	8.9
Large Cap Growth	8.1	37.8	23.1	32.9	27.0	43.1	22.8	8.4	10.3	48.5	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	14.0	14.7	7.8
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	13.8	14.0	7.3
Small Cap Growth	4.4	31.0	21.6	30.5	19.3	27.3	11.6	3.3	1.6	46.0	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	12.1	10.0	13.9	6.9
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	9.3	13.7	6.7
60/40 Global Portfolio	2.6	25.7	16.5	16.2	15.6	24.3	6.0	2.5	-5.9	30.0	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	11.3	8.6	13.4	5.9
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	5.0	10.7	5.6
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	4.7	8.7	4.5
Hedge Funds of Funds	-1.8	15.2	10.3	10.6	1.2	13.2	-7.3	-9.1	-15.5	25.2	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	7.1	3.7	6.7	4.0
US Bonds	-2.0	11.6	9.9	9.7	-2.5	11.4	-7.8	-9.2	-15.7	23.9	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	5.7	2.3	4.9	3.0
Real Estate	-2.4	11.1	6.4	5.2	-5.1	7.3	-14.0	-12.4	-20.5	11.6	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.6	1.6	4.0	1.9
Small Cap Value	-2.9	7.5	6.0	2.1	-6.5	4.8	-22.4	-19.5	-21.7	9.0	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	0.5	2.2	1.0
Cash	-3.5	5.7	5.1	-3.4	-25.3	-0.8	-22.4	-20.4	-27.9	4.1	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	0.5	0.4	0.2	0.4
Commodities	-7.3	-5.2	3.6	-11.6	-27.0	-1.5	-30.6	-21.2	-30.3	1.0	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	0.3	-5.3	-9.2	-6.5

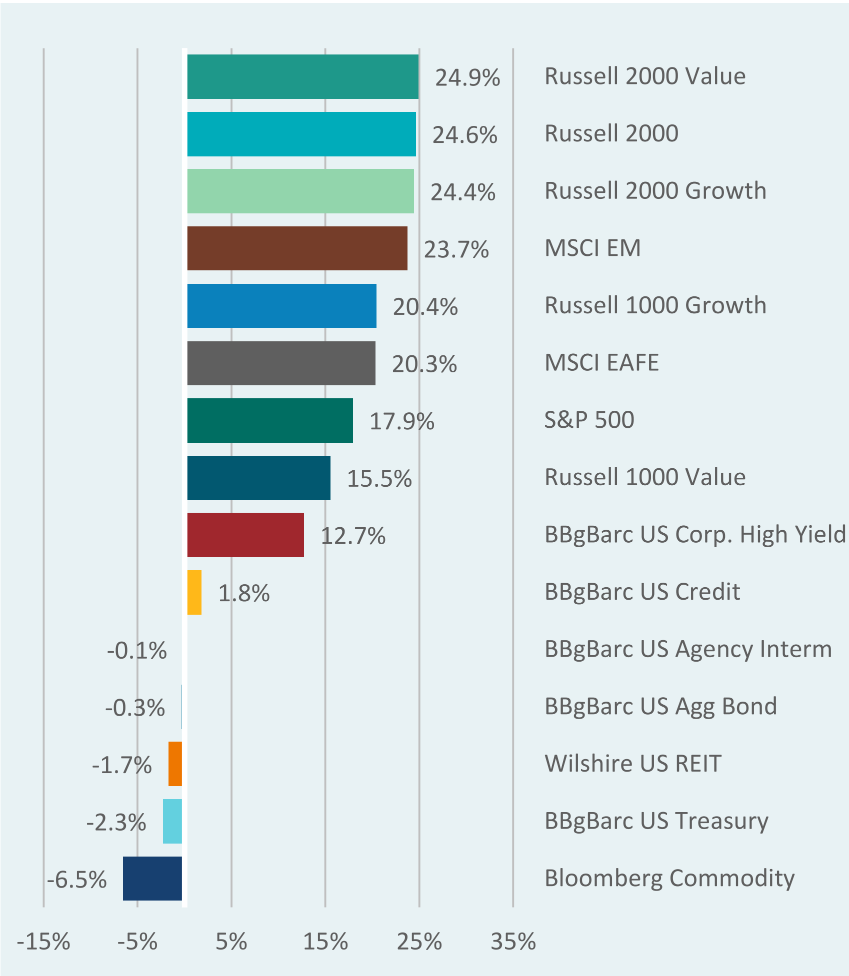
WORST

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

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

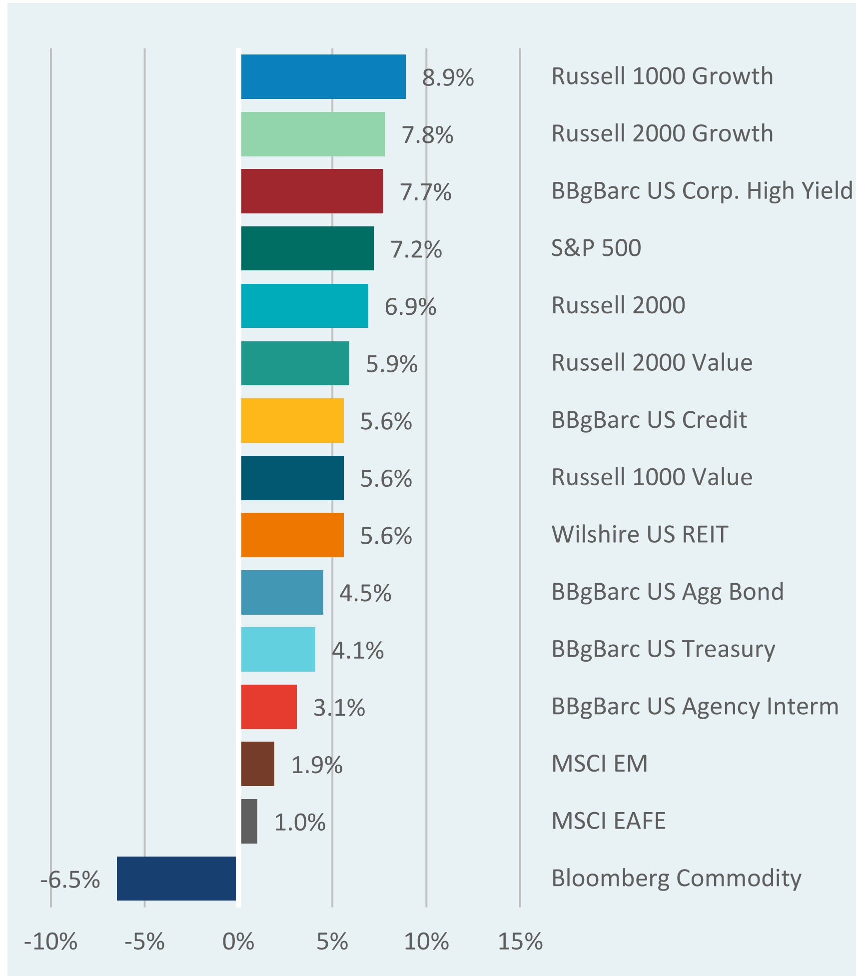
Major asset class returns

ONE YEAR ENDING JUNE



Source: Morningstar, as of 6/30/17

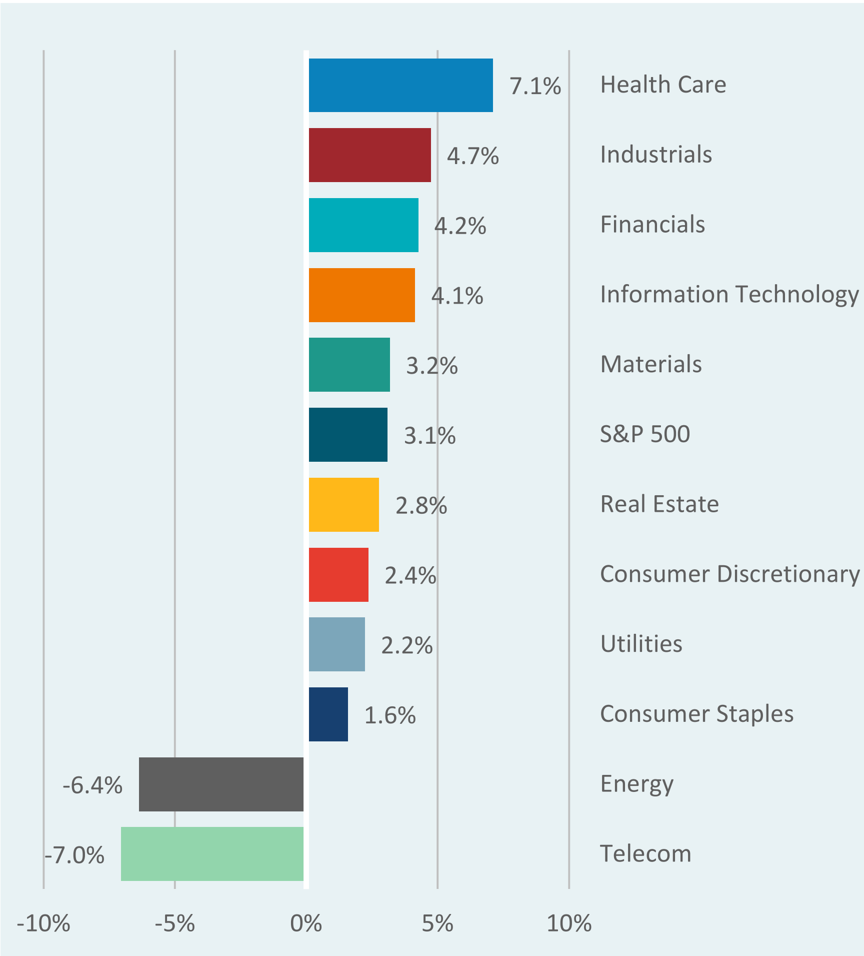
TEN YEARS ENDING JUNE



Source: Morningstar, as of 6/30/17

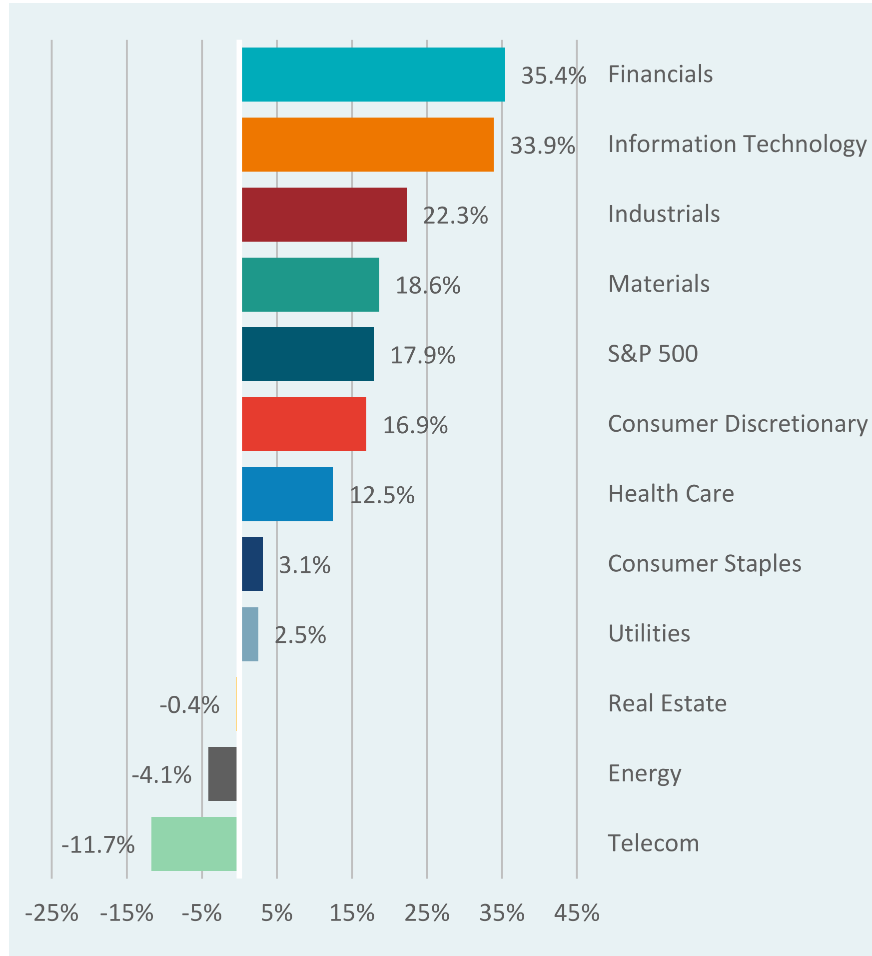
S&P 500 sector returns

2ND QUARTER



Source: Morningstar, as of 6/30/17

ONE YEAR ENDING JUNE



Source: Morningstar, as of 6/30/17

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	0.6	3.1	9.3	17.9	9.6	14.6	7.2
S&P 500 Equal Weighted	1.2	2.5	8.1	17.3	8.5	15.5	8.3
DJ Industrial Average	1.7	4.0	9.3	22.1	11.0	13.5	7.6
Russell Top 200	0.6	3.2	9.8	18.6	9.9	14.6	7.2
Russell 1000	0.7	3.1	9.3	18.0	9.3	14.7	7.3
Russell 2000	3.5	2.5	5.0	24.6	7.4	13.7	6.9
Russell 3000	0.9	3.0	8.9	18.5	9.1	14.6	7.3
Russell Mid Cap	1.0	2.7	8.0	16.5	7.7	14.7	7.7
Style Index							
Russell 1000 Growth	(0.3)	4.7	14.0	20.4	11.1	15.3	8.9
Russell 1000 Value	1.6	1.3	4.7	15.5	7.4	13.9	5.6
Russell 2000 Growth	3.4	4.4	10.0	24.4	7.6	14.0	7.8
Russell 2000 Value	3.5	0.7	0.5	24.9	7.0	13.4	5.9

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
BBgBarc US Treasury US TIPS	(0.9)	(0.4)	0.9	(0.6)	0.6	0.3	4.3
BBgBarc US Treasury Bills	0.1	0.2	0.3	0.5	0.3	0.2	0.7
BBgBarc US Agg Bond	(0.1)	1.4	2.3	(0.3)	2.5	2.2	4.5
Duration							
BBgBarc US Treasury 1-3 Yr	(0.1)	0.2	0.5	(0.1)	0.7	0.6	2.0
BBgBarc US Treasury Long	0.4	4.0	5.4	(7.2)	5.6	2.8	7.3
BBgBarc US Treasury	(0.2)	1.2	1.9	(2.3)	2.0	1.3	4.1
Issuer							
BBgBarc US MBS	(0.4)	0.9	1.3	(0.1)	2.2	2.0	4.3
BBgBarc US Corp. High Yield	0.1	2.2	4.9	12.7	4.5	6.9	7.7
BBgBarc US Agency Interm	(0.1)	0.5	1.0	(0.1)	1.4	1.1	3.1
BBgBarc US Credit	0.3	2.4	3.7	1.8	3.4	3.7	5.6

INTERNATIONAL EQUITY

Broad Index							
MSCI ACWI	0.5	4.3	11.5	18.8	4.8	10.5	3.7
MSCI ACWI ex US	0.3	5.8	14.1	20.5	0.8	7.2	1.1
MSCI EAFE	(0.2)	6.1	13.8	20.3	1.1	8.7	1.0
MSCI EM	1.0	6.3	18.4	23.7	1.1	4.0	1.9
MSCI EAFE Small Cap	(0.0)	8.1	16.7	23.2	5.6	12.9	3.4
Style Index							
MSCI EAFE Growth	(0.7)	7.5	16.7	15.7	2.8	9.2	2.1
MSCI EAFE Value	0.3	4.8	11.1	25.0	(0.6)	8.1	(0.1)
Regional Index							
MSCI UK	(1.9)	4.7	10.0	13.3	(3.0)	5.3	0.2
MSCI Japan	1.1	5.2	9.9	19.2	5.5	9.6	1.2
MSCI Euro	(1.2)	7.5	16.6	27.7	0.1	10.4	(0.5)
MSCI EM Asia	1.7	8.6	23.2	27.9	5.0	7.7	3.8
MSCI EM Latin American	0.7	(1.7)	10.1	15.0	(6.6)	(3.8)	(1.1)

OTHER

Index							
Bloomberg Commodity	(0.2)	(3.0)	(5.3)	(6.5)	(14.8)	(9.2)	(6.5)
Wilshire US REIT	2.4	1.8	1.8	(1.7)	8.3	9.3	5.6
CS Leveraged Loans	(0.1)	0.8	2.0	7.5	3.5	4.8	4.2
Regional Index							
JPM EMBI Global Div	(0.1)	2.2	6.2	6.0	5.4	5.7	7.4
JPM GBI-EM Global Div	0.5	3.6	10.4	6.4	(2.8)	(0.7)	4.0
Hedge Funds							
HFRI Composite	(0.6)	0.2	2.6	5.8	1.3	3.7	0.8
HFRI FOF Composite	0.4	1.1	3.7	8.0	2.6	4.9	3.0
Currency (Spot)							
Euro	1.4	6.6	8.1	2.7	(5.9)	(2.1)	(1.7)
Pound	0.6	3.9	5.1	(2.8)	(8.8)	(3.7)	(4.3)
Yen	(1.6)	(0.8)	3.8	(8.7)	(3.4)	(6.6)	0.9

Source: Morningstar, as of 6/30/17

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.langerresearch.com)*

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

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

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

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

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

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

Notices & disclosures

Western States Office & Professional Employees Pension Fund

Investment Performance Review

Period Ending: June 30, 2017

Verus

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2nd quarter summary

THE ECONOMIC CLIMATE

— Developed and emerging economies have exhibited coordinated positive growth for the first time in this recovery. Absolute growth remains subdued relative to history.

— Economic releases have begun to miss expectations in the U.S. and U.K. after much upside surprise. The Eurozone continued to deliver positive surprises, but by a smaller margin. Heightened expectations help to explain some of the recent data disappointment.

— Despite a healthy economy and longer than average expansion there is little indication of overheating in the U.S. This suggests the current expansion may have more room to run.

MARKET PORTFOLIO IMPACTS

— Treasury yields fell slightly over the quarter.

— Credit spreads remain tight implying limited upside performance potential. U.S. credit markets have stabilized from recent defaults in the energy and metals/mining sectors.

THE INVESTMENT CLIMATE

— Central banks communicated a more hawkish tone across developed markets. The Fed announced plans for balance sheet reduction, the ECB is expected to reduce easing starting next year, and Mark Carney of the BOE indicated he is receptive to tightening under the right conditions. Central bank governors have shown less concern over the recent decline in inflation than in the past.

— U.S. equities are expected to deliver robust earnings growth in Q2 of 6.8% YoY. Energy sector earnings have provided much of this improvement after a challenging period.

ASSET ALLOCATION ISSUES

— Earnings growth beat expectations in recent quarters leading to a broad fall in trailing equity price-to-earnings multiples (causing equities to become more attractive).

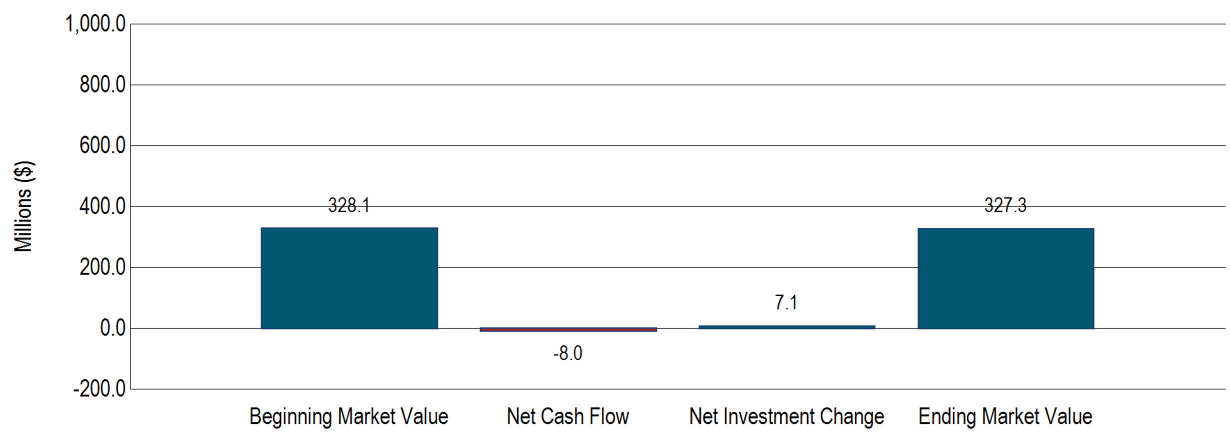
— Realized and implied market volatility is at historic lows across assets classes. This could be a sign of market complacency.

We maintain a neutral to slightly overweight risk stance

Portfolio Reconciliation

	Last Three Months	Year-To-Date
Beginning Market Value	$328,128,015	$320,787,221
Net Cash Flow	-$7,990,321	-$13,566,593
Net Investment Change	$7,132,453	$20,049,519
Ending Market Value	$327,270,147	$327,270,147

Change in Market Value
Last Three Months



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

Cash Flow by Manager - Last Three Months

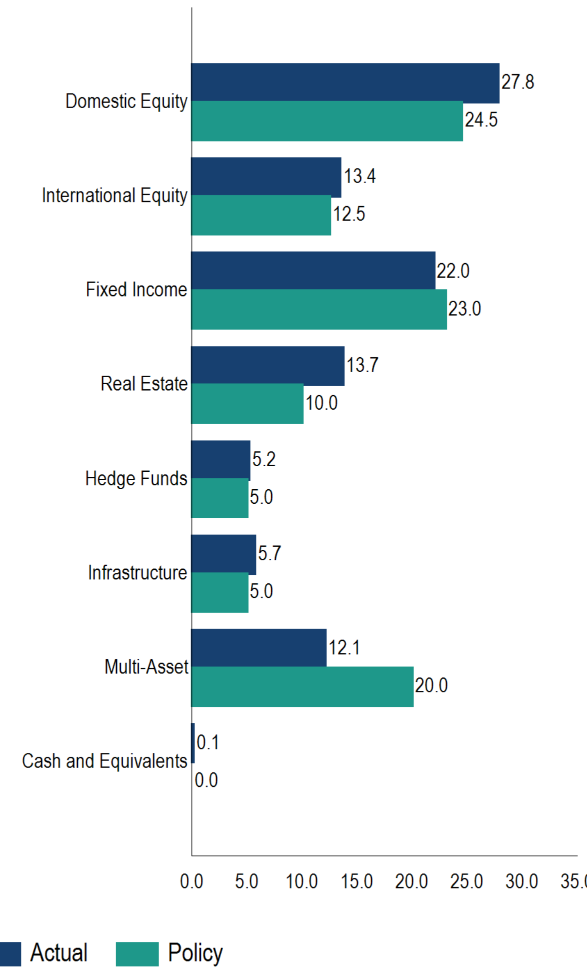
Period Ending: June 30, 2017

	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Net Investment Change	Ending Market Value
BlackRock Equity Index NL	$44,041,825	$0	$0	$0	$1,361,196	$45,403,022
INTECH US Managed Volatility LLC	$27,633,069	$0	$0	$0	$957,852	$28,590,921
PanAgora US Small Cap Core Stock Selector	$17,040,062	$0	$0	$0	-$13,160	$17,026,902
WCM Focused International Growth Fund, L.P.	$21,552,940	$0	$0	$0	$1,681,973	$23,234,913
Causeway International Value Ins	$13,329,406	$0	$0	$0	$668,699	$13,998,106
Brandes International Small Cap Equity	$6,616,872	$0	$0	$0	$159,039	$6,775,911
Loomis Sayles Core Plus	$70,907,215	$0	$0	$0	$950,767	$71,857,982
ASB Allegiance Real Estate	$32,052,237	$0	$0	$0	$132,203	$32,184,440
Invesco Real Estate II	$46,771	$0	$0	$0	-$1,597	$45,174
JPMorgan Special Situation Property	$12,315,273	$33,325	$0	$33,325	$225,858	$12,574,456
Grosvenor Institutional Partners LP	$16,933,304	$0	$0	$0	$54,691	$16,987,995
IFM Global Infrastructure (US) LP	$9,713,925	$0	$0	$0	$534,192	$10,248,116
JPMorgan IIF ERISA LP	$8,259,165	$0	-$146,429	-$146,429	$299,545	$8,412,280
Invesco Balanced-Risk Allocation	$25,408,976	$16,922,739	-$2,750,000	$14,172,739	-$67,149	$39,514,566
Mellon EB DV Dynamic Growth	$16,723,935	$53,936	-$16,896,135	-$16,842,199	$118,264	$0
US Bank Checking Account	$356,356	$2,750,000	-$2,690,993	$59,007	$0	$415,363
US Bank Clearing Account	$8,068	$5,260,224	-$5,268,292	-$8,068	$0	$0
Parametric Portfolio Overlay	$5,188,616	$0	-$5,258,696	-$5,258,696	$70,080	$0
Total	**$328,128,015**	**$25,020,224**	**-$33,010,545**	**-$7,990,321**	**$7,132,453**	**$327,270,147**

BlakcRock MSCI ACWI ex US IMI liquidated 7/21/2016. WCM Focused International Growth Fund funded 7/1/22016. Causeway International Value Fund funded 7/27/2016. Brandes International Small Cap II funded 8/1/2016. Loomis Sayles Full Discretion liquidated 3/21/2017. Loomis Sayles Core Plus funded 3/21/2017. Parametric liquidated 4/21/2017. Mellon Dynamic liquidated 5/5/2017. US Bank Clearing Account has a $0 balance as of 6/30/2017.

	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Total Fund	327,270,147	100.0	2.2	6.3	9.2	4.7	7.9	3.5
Total Fund Policy Index			2.7	6.7	10.0	4.3	7.7	4.2
Target Asset Allocation Policy Index			2.6	6.5	9.9	5.5	8.4	5.3
InvestorForce Tft-Hrtly DB $250mm-$1B Net Rank			80	51	99	81	91	96
Total Domestic Equity	91,020,845	27.8	2.6	8.3	15.5	8.8	14.2	6.7
Dow Jones U.S. Total Stock Market			3.0	9.0	18.5	9.0	14.5	7.3
InvestorForce Tft-Hrtly DB US Eq Net Rank			76	59	96	31	39	51
Total International Equity	44,008,929	13.4	6.0	15.5	18.4	0.7	7.3	-1.1
Total Public Int'l Equity Benchmark (MSCI ACWI ex US IMI)			5.8	14.3	20.4	1.1	7.6	0.5
InvestorForce Tft-Hrtly DB ex-US Eq Net Rank			60	50	84	77	79	97
Total Fixed Income	71,857,982	22.0	1.3	3.7	4.8	2.9	4.1	5.4
Total Fixed Income Benchmark (BBgBarc Aggregate)			1.4	2.3	-0.3	2.5	2.2	4.5
InvestorForce Tft-Hrtly DB US Fix Inc Net Rank			52	8	22	29	16	24
Total Real Estate	44,804,070	13.7	0.8	2.1	4.3	9.8	11.0	4.7
NCREIF-ODCE			1.7	3.5	7.9	11.3	11.8	5.2
Total Hedge Funds	16,987,995	5.2	0.3	2.1	7.3	2.3	4.0	--
HFRI Fund of Funds Composite Index			0.7	3.1	6.4	1.5	3.9	--
Total Infrastructure	18,660,397	5.7	4.6	9.0	9.7	4.0	6.2	--
CPI + 5%			1.7	4.0	6.7	6.0	6.4	--
Total Multi-Asset	39,514,566	12.1	0.1	2.9	3.6	3.7	6.0	3.3
60% MSCI ACWI Net/40% CITI WGBI			3.7	8.6	9.1	2.6	6.3	4.0
eA Global Balanced Net Rank			99	99	99	42	90	98
Total Cash	415,363	0.1	1.1	3.9	1.3	-4.9	-0.3	--

Actual vs Target Allocation (%)



Policy Index: 51% MSCI World, 34% BBcBarc Aggregate, 10% NCREIF-ODCE, 5% HFRI Fund of Funds Composite. Target Asset Allocation Policy Index: 24.5% Dow Jones US Total Stock, 12.5% MSCI ACWI ex US IMI, 23% BBgBarc Aggregate, 10% NCREIF-ODCE, 5% HFRI FoF Composite, 5% CPI + 5%, and 20% (60% MSCI ACWI Net/40% CITI WGBI). Data prior to 3Q 2015 is from previous consultant.

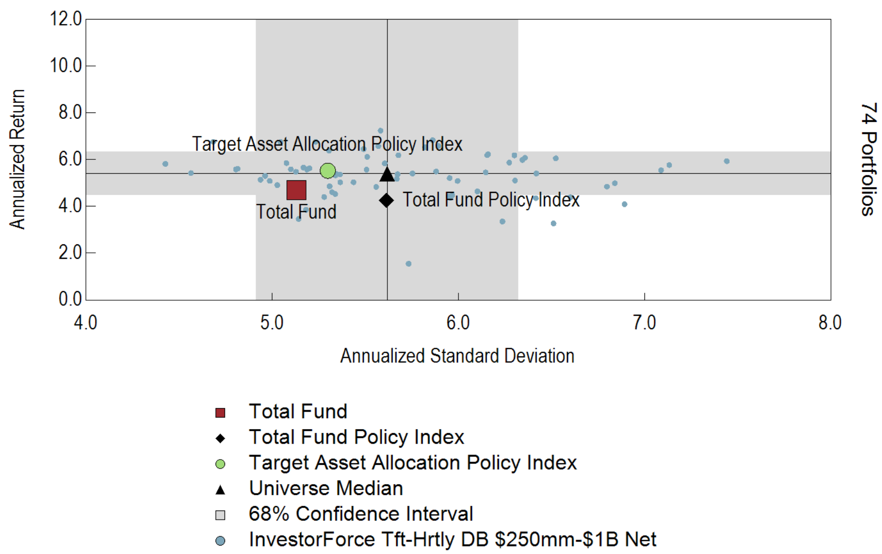
3 Year

	Anlzd Standard Deviation	Ann Excess BM Return	Anlzd Alpha	Beta	R-Squared	Up Mkt Capture Ratio	Down Mkt Capture Ratio	Information Ratio	Tracking Error	Sharpe Ratio
Total Fund	5.13%	0.42%	0.88%	0.89	0.96	95.18%	86.02%	0.34	1.24%	0.87
Total Fund Policy Index	5.61%	0.00%	0.00%	1.00	1.00	100.00%	100.00%	--	0.00%	0.72
Target Asset Allocation Policy Index	5.30%	1.26%	1.56%	0.93	0.97	101.17%	80.82%	1.29	0.97%	1.00

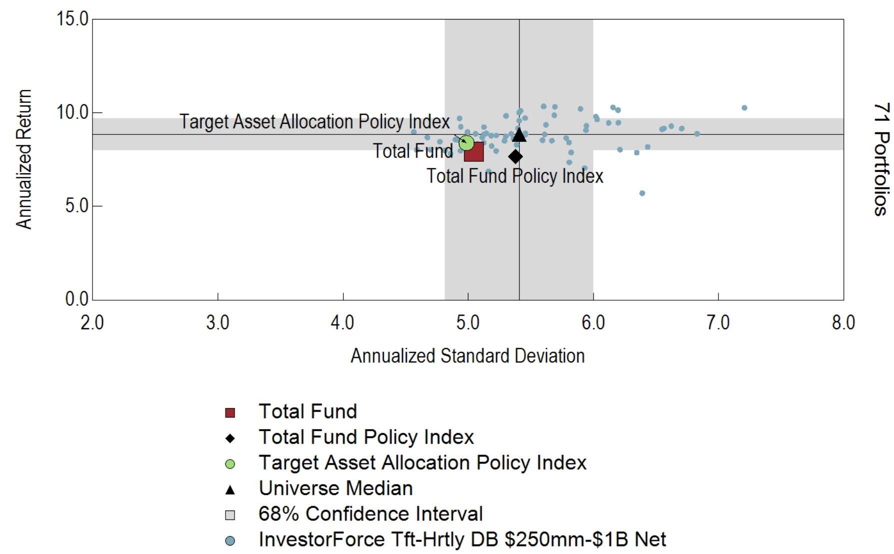
5 Year

	Anlzd Standard Deviation	Ann Excess BM Return	Anlzd Alpha	Beta	R-Squared	Up Mkt Capture Ratio	Down Mkt Capture Ratio	Information Ratio	Tracking Error	Sharpe Ratio
Total Fund	5.04%	0.26%	0.87%	0.92	0.96	96.84%	89.02%	0.24	1.09%	1.54
Total Fund Policy Index	5.38%	0.00%	0.00%	1.00	1.00	100.00%	100.00%	--	0.00%	1.40
Target Asset Allocation Policy Index	4.99%	0.72%	1.38%	0.91	0.97	98.01%	82.10%	0.73	0.98%	1.65

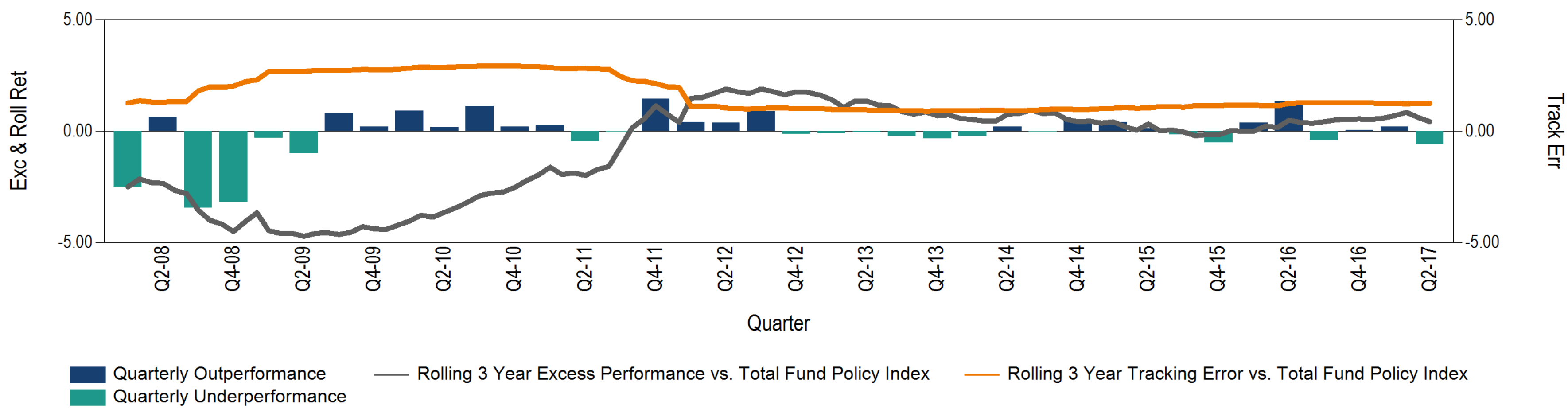
3 Year



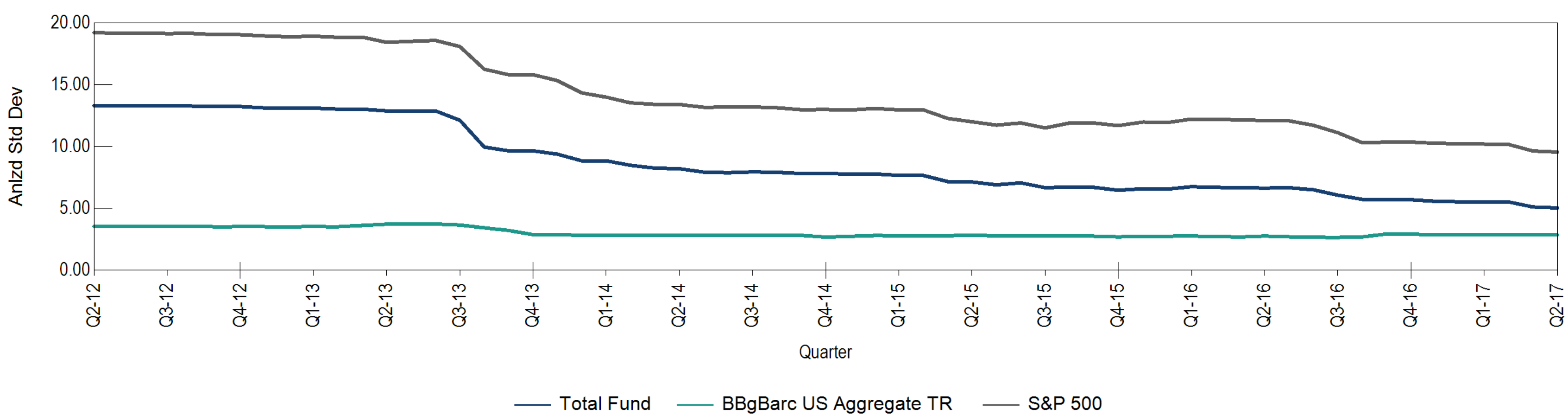
5 Year



Rolling Annualized Excess Performance and Tracking Error



Rolling 5 Year Annualized Standard Deviation

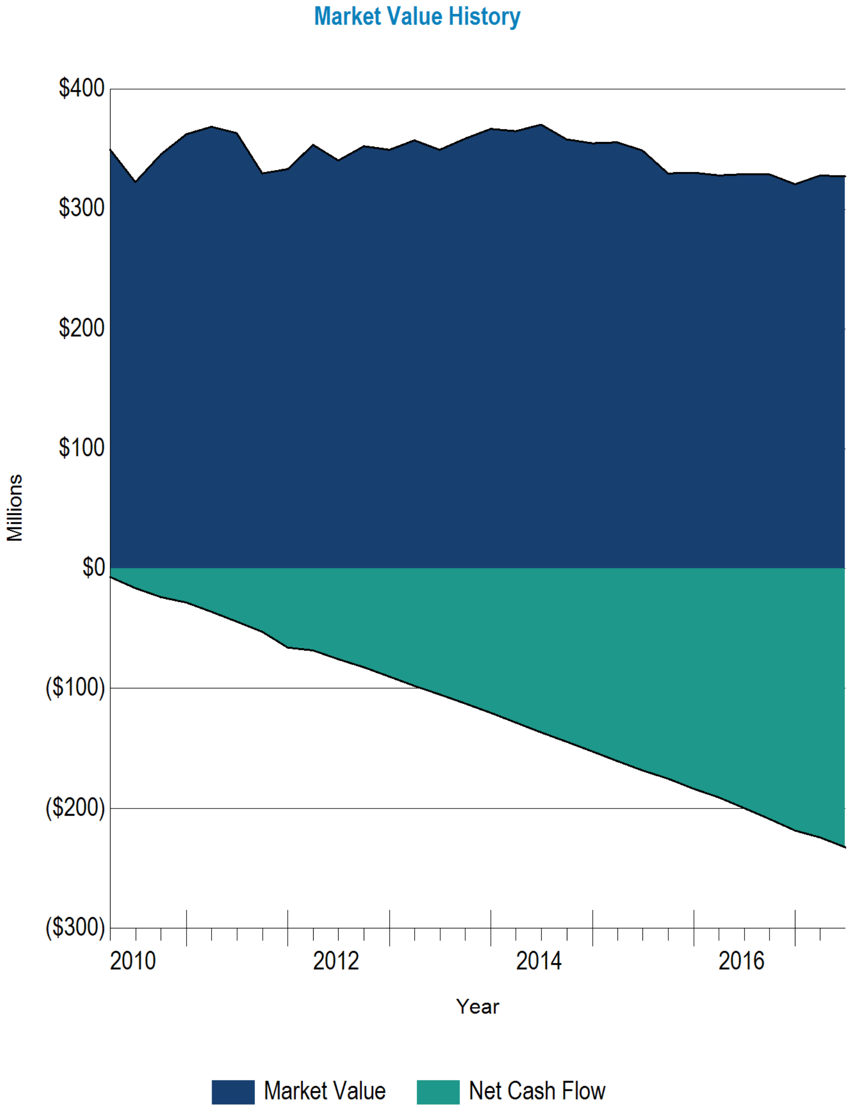


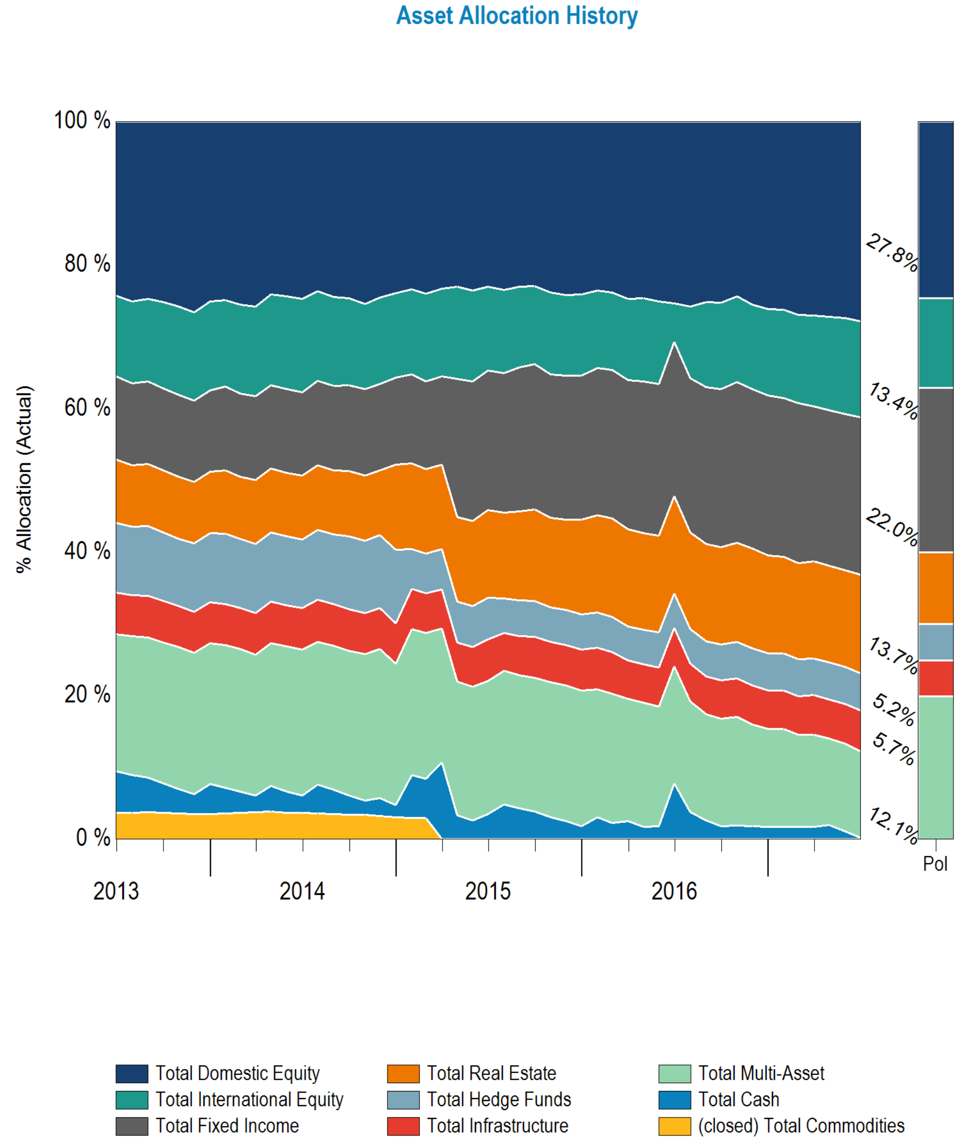
	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Fund	**327,270,147**	**100.0**	**2.2**	**6.3**	**9.2**	**4.7**	**7.9**	**3.5**	**7.2**	**0.9**	**5.1**	**13.5**	**12.1**
Total Fund Policy Index			*2.7*	*6.7*	*10.0*	*4.3*	*7.7*	*4.2*	*5.8*	*1.1*	*4.7*	*14.3*	*10.4*
Target Asset Allocation Policy Index			*2.6*	*6.5*	*9.9*	*5.5*	*8.4*	*5.3*	*7.2*	*1.3*	*7.1*	*14.6*	*10.8*
InvestorForce Tft-Hrtly DB $250mm-$1B Net Rank			*80*	*51*	*99*	*81*	*91*	*96*	*69*	*39*	*70*	*79*	*20*
Domestic Equity	**91,020,845**	**27.8**											
BlackRock Equity Index NL	45,403,022	13.9	3.1	9.3	17.9	9.6	14.6	--	11.9	1.3	13.8	32.4	16.0
S&P 500			*3.1*	*9.3*	*17.9*	*9.6*	*14.6*	--	*12.0*	*1.4*	*13.7*	*32.4*	*16.0*
eA US Large Cap Core Equity Net Rank			*47*	*43*	*42*	*17*	*19*	--	*21*	*37*	*33*	*43*	*31*
INTECH US Managed Volatility LLC	28,590,921	8.7	3.5	10.7	9.5	9.1	--	--	5.7	3.2	15.5	--	--
Russell 1000			*3.1*	*9.3*	*18.0*	*9.3*	--	--	*12.1*	*0.9*	*13.2*	--	--
eA US Large Cap Core Equity Net Rank			*36*	*22*	*95*	*27*	--	--	*84*	*18*	*14*	--	--
PanAgora US Small Cap Core Stock Selector	17,026,902	5.2	-0.3	2.2	19.8	--	--	--	20.3	--	--	--	--
Russell 2000			*2.5*	*5.0*	*24.6*	--	--	--	*21.3*	--	--	--	--
eA US Small Cap Core Equity Net Rank			*90*	*80*	*78*	--	--	--	*41*	--	--	--	--
International Equity	**44,008,929**	**13.4**											
WCM Focused International Growth Fund, L.P.	23,234,913	7.1	7.8	19.2	16.2	--	--	--	--	--	--	--	--
MSCI ACWI ex USA			*5.8*	*14.1*	*20.5*	--	--	--	--	--	--	--	--
eA ACWI ex-US All Cap Growth Eq Net Rank			*44*	*37*	*77*	--	--	--	--	--	--	--	--
Causeway International Value Ins	13,998,106	4.3	5.0	13.2	--	--	--	--	--	--	--	--	--
MSCI EAFE			*6.1*	*13.8*	--	--	--	--	--	--	--	--	--
Foreign Large Value MStar MF Rank			*62*	*42*	--	--	--	--	--	--	--	--	--
Brandes International Small Cap Equity	6,775,911	2.1	2.3	8.8	--	--	--	--	--	--	--	--	--
S&P Developed Ex-U.S. SmallCap			*8.1*	*16.5*	--	--	--	--	--	--	--	--	--
eA ACWI ex-US Small Cap Equity Net Rank			*99*	*96*	--	--	--	--	--	--	--	--	--
Fixed Income	**71,857,982**	**22.0**											
Loomis Sayles Core Plus	71,857,982	22.0	1.3	--	--	--	--	--	--	--	--	--	--
BBgBarc US Aggregate TR			*1.4*	--	--	--	--	--	--	--	--	--	--
eA US Core Plus Fixed Inc Net Rank			*93*	--	--	--	--	--	--	--	--	--	--

Policy Index: 51% MSCI World, 34% BBgBarc Aggregate, 10% NCREIF-ODCE, 5% HFRI Fund of Funds Composite. Target Asset Allocation Policy Index: 24.5% Dow Jones US Total Stock, 12.5% MSCI ACWI ex US IMI, 23% BBgBarc Aggregate, 10% NCREIF-ODCE, 5% HFRI FoF Composite, 5% CPI + 5%, and 20% (60% MSCI ACWI Net/40% CITI WGBI). BlackRock MSCI ACWI ex US IMI terminated 7/21/2016. WCM Focused International Growth Fund funded 7/1/2016. Causeway International Value Fund funded 7/27/2016. Brandes International Small Cap II funded 8/1/2016. Loomis Sayles Core Plus replaced Loomis Sayles Full Discretion 3/21/2017. Parametric liquidated 4/21/2017. Mellon Dynamic liquidated 5/5/2017. US Bank Clearing Account has a $0 balance as of 6/30/2017. Data prior to 3Q 2015 is from previous consultant.

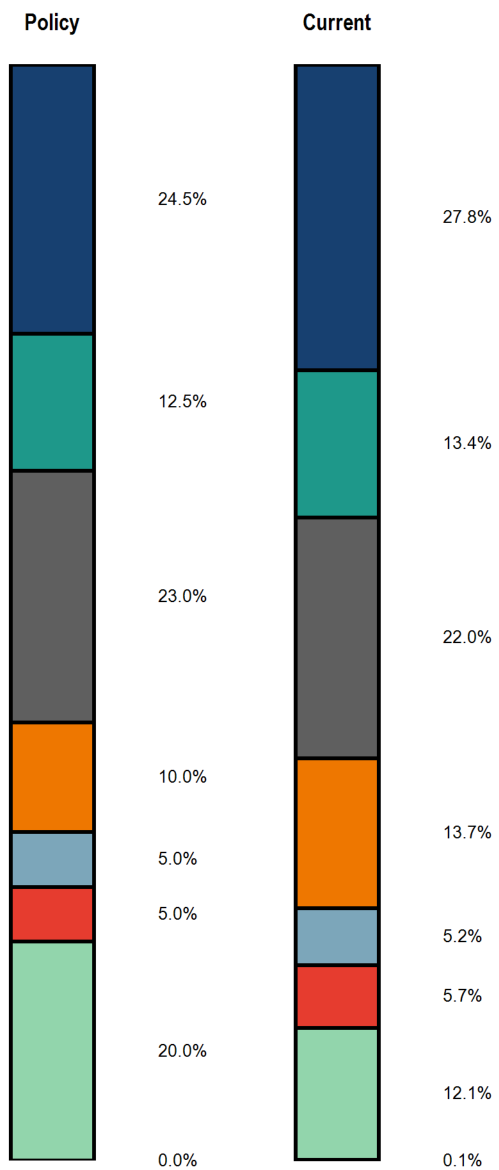
	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Real Estate	**44,804,070**	**13.7**											
ASB Allegiance Real Estate	32,184,440	9.8	0.4	1.5	3.6	--	--	--	4.5	--	--	--	--
NCREIF-ODCE			*1.7*	*3.5*	*7.9*	--	--	--	*8.8*	--	--	--	--
Invesco Real Estate II	45,174	0.0	-3.4	3.3	2.7	5.1	10.7	--	1.2	6.1	11.5	23.1	16.2
NCREIF-ODCE			*1.7*	*3.5*	*7.9*	*11.3*	*11.8*	--	*8.8*	*15.0*	*12.5*	*13.9*	*10.9*
JPMorgan Special Situation Property	12,574,456	3.8	1.8	3.6	6.8	--	--	--	8.7	18.9	--	--	--
NCREIF-ODCE			*1.7*	*3.5*	*7.9*	--	--	--	*8.8*	*15.0*	--	--	--
Hedge Funds	**16,987,995**	**5.2**											
Grosvenor Institutional Partners LP	16,987,995	5.2	0.3	2.1	7.3	1.5	5.4	--	2.3	-0.3	3.2	15.0	8.4
HFRI FOF Diversified Index			*0.3*	*2.2*	*5.2*	*1.3*	*3.7*	--	*0.4*	*-0.2*	*3.4*	*9.0*	*4.8*
Infrastructure	**18,660,397**	**5.7**											
IFM Global Infrastructure (US) LP	10,248,116	3.1	5.5	11.8	13.4	6.1	7.6	--	6.1	5.1	1.3	6.7	11.4
CPI + 5%			*1.7*	*4.0*	*6.7*	*6.0*	*6.4*	--	*7.2*	*5.8*	*5.8*	*6.6*	*6.8*
JPMorgan IIF ERISA LP	8,412,280	2.6	3.6	5.9	5.7	1.8	4.7	--	1.2	3.4	-1.6	6.8	10.3
CPI + 5%			*1.7*	*4.0*	*6.7*	*6.0*	*6.4*	--	*7.2*	*5.8*	*5.8*	*6.6*	*6.8*
Multi-Asset	**39,514,566**	**12.1**											
Invesco Balanced-Risk Allocation	39,514,566	12.1	-0.2	2.4	4.0	3.3	5.0	--	12.2	-3.5	6.3	2.3	11.8
60% MSCI ACWI Net/40% CITI WGBI			*3.7*	*8.6*	*9.1*	*2.6*	*6.3*	--	*5.5*	*-2.6*	*2.3*	*11.4*	*10.3*
Citi 3-Month T-bill +6%			*1.7*	*3.3*	*6.5*	*6.2*	*6.2*	--	*6.3*	*6.0*	*6.0*	*6.1*	*6.1*
eA Global Balanced Net Rank			*99*	*99*	*99*	*62*	*99*	--	*19*	*74*	*37*	*97*	*49*
Cash and Equivalents	**415,363**	**0.1**											
US Bank Checking Account	415,363	0.1											

Policy Index: 51% MSCI World, 34% BBgBarc Aggregate, 10% NCREIF-ODCE, 5% HFRI Fund of Funds Composite. Target Asset Allocation Policy Index: 24.5% Dow Jones US Total Stock, 12.5% MSCI ACWI ex US IMI, 23% BBgBarc Aggregate, 10% NCREIF-ODCE, 5% HFRI FoF Composite, 5% CPI + 5%, and 20% (60% MSCI ACWI Net/40% CITI WGBI). BlackRock MSCI ACWI ex US IMI terminated 7/21/2016. WCM Focused International Growth Fund funded 7/1/2016. Causeway International Value Fund funded 7/27/2016. Brandes International Small Cap II funded 8/1/2016. Loomis Sayles Core Plus replaced Loomis Sayles Full Discretion 3/21/2017. Parametric liquidated 4/21/2017. Mellon Dynamic liquidated 5/5/2017. US Bank Clearing Account has a $0 balance as of 6/30/2017. Data prior to 3Q 2015 is from previous consultant.



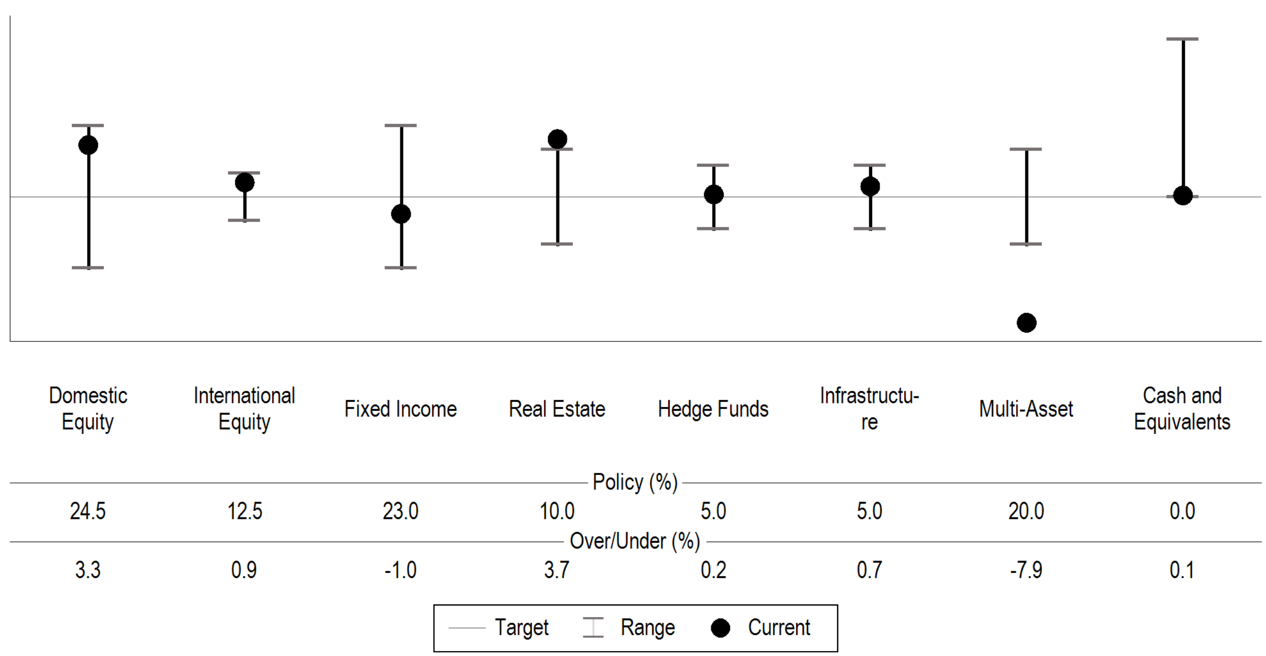


Net cash flow is cumulative.



	Current	%	Policy	Difference	Policy Range	Within Range
Domestic Equity	$91,020,845	27.8%	24.5%	$10,839,659	20.0% - 29.0%	Yes
International Equity	$44,008,929	13.4%	12.5%	$3,100,161	11.0% - 14.0%	Yes
Fixed Income	$71,857,982	22.0%	23.0%	-$3,414,152	18.5% - 27.5%	Yes
Real Estate	$44,804,070	13.7%	10.0%	$12,077,055	7.0% - 13.0%	No
Hedge Funds	$16,987,995	5.2%	5.0%	$624,488	3.0% - 7.0%	Yes
Infrastructure	$18,660,397	5.7%	5.0%	$2,296,889	3.0% - 7.0%	Yes
Multi-Asset	$39,514,566	12.1%	20.0%	-$25,939,463	17.0% - 23.0%	No
Cash and Equivalents	$415,363	0.1%	0.0%	$415,363	0.0% - 10.0%	Yes
Total	**$327,270,147**	**100.0%**	**100.0%**			

Actual vs. Target



Investment Fund Fee Analysis

Period Ending: June 30, 2017

Name	Asset Class	Fee Schedule	Market Value	% of Portfolio	Estimated Fee Value	Estimated Fee
BlackRock Equity Index NL	Domestic Equity	0.03% of Assets	$45,403,022	13.9%	$13,621	0.03%
INTECH US Managed Volatility LLC	Domestic Equity	0.47% of First $50.0 Mil, 0.44% of Next $50.0 Mil, 0.40% of Next $100.0 Mil, 0.36% Thereafter	$28,590,921	8.7%	$134,377	0.47%
PanAgora US Small Cap Core Stock Selector	Domestic Equity	0.85% of Assets	$17,026,902	5.2%	$144,729	0.85%
WCM Focused International Growth Fund, L.P.	International Equity	0.75% of Assets	$23,234,913	7.1%	$174,262	0.75%
Causeway International Value Ins	International Equity	0.90% of Assets	$13,998,106	4.3%	$125,983	0.90%
Brandes International Small Cap Equity	International Equity	0.90% of Assets	$6,775,911	2.1%	$60,983	0.90%
Loomis Sayles Core Plus	Fixed Income	0.35% of First $20.0 Mil, 0.25% Thereafter	$71,857,982	22.0%	$199,645	0.28%
ASB Allegiance Real Estate	Real Estate	1.25% of First $5.0 Mil, 1.00% of Next $10.0 Mil, 0.90% of Next $60.0 Mil, 0.75% Thereafter	$32,184,440	9.8%	$317,160	0.99%
Invesco Real Estate II	Real Estate	0.67% of Assets	$45,174	0.0%	$303	0.67%
JPMorgan Special Situation Property	Real Estate	1.60% of Assets	$12,574,456	3.8%	$201,191	1.60%
Grosvenor Institutional Partners LP	Hedge Funds	1.15% of First $25.0 Mil, 1.00% of Next $25.0 Mil, 0.80% of Next $50.0 Mil, 0.60% Thereafter	$16,987,995	5.2%	$195,362	1.15%
IFM Global Infrastructure (US) LP	Infrastructure	0.97% of Assets	$10,248,116	3.1%	$99,407	0.97%
JPMorgan IIF ERISA LP	Infrastructure	1.25% of First $50.0 Mil, 1.15% of Next $50.0 Mil, 1.05% Thereafter	$8,412,280	2.6%	$105,154	1.25%
Invesco Balanced-Risk Allocation	Multi-Asset	0.40% of First $100.0 Mil, 0.35% Thereafter	$39,514,566	12.1%	$158,058	0.40%
US Bank Checking Account	Cash and Equivalents		$415,363	0.1%		
Total			**$327,270,147**	**100.0%**	**$1,930,234**	**0.59%**

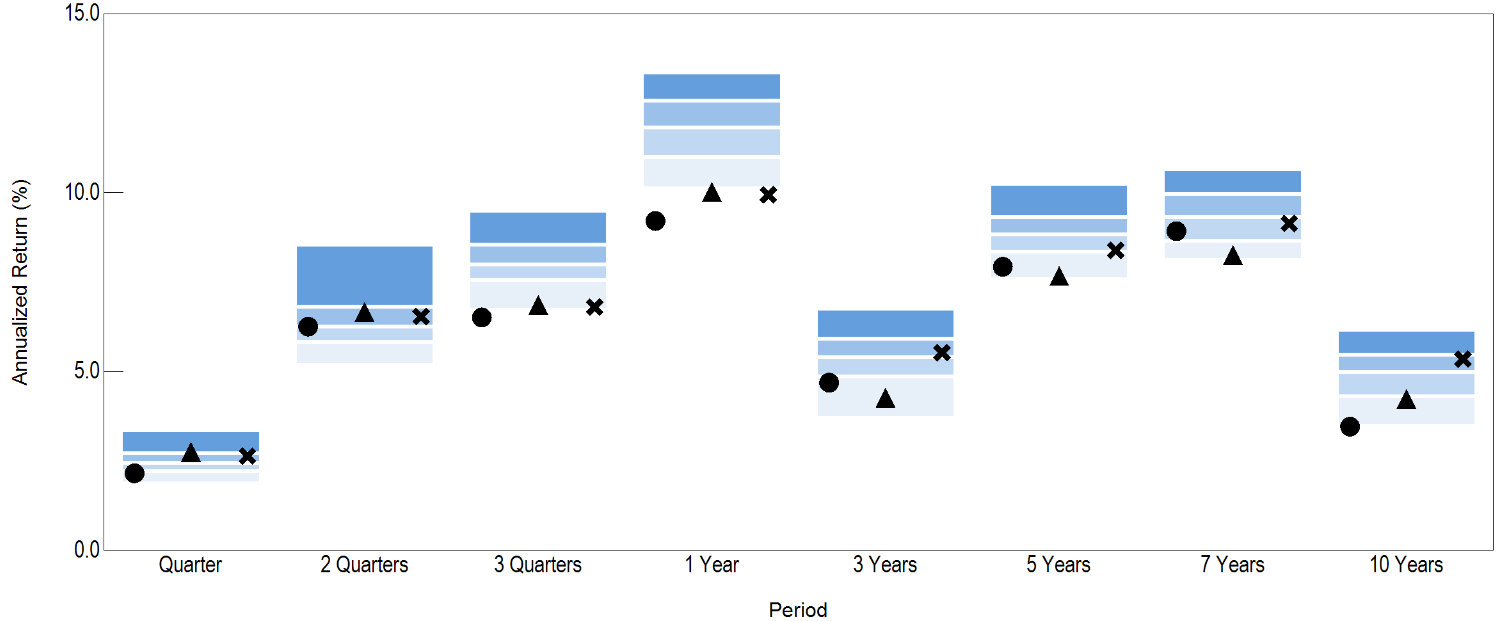
Total Fund
Watch List (Net of Fees) — Period Ending: June 30, 2017

Name	Allocation Group	Status	Rule 1	Rule 2	Rule 3	Rule 4	Rule 5	Rule 6
BlackRock Equity Index NL	Domestic Equity	No Issues	--	--	--	--	--	✓
INTECH US Managed Volatility LLC	Domestic Equity	No Issues	⚐	✓	--	--	✓	--
PanAgora US Small Cap Core Stock Selector	Domestic Equity	No Issues	--	--	--	--	✓	--
WCM Focused International Growth Fund, L.P.	International Equity	No Issues	--	--	--	--	✓	--
Causeway International Value Ins	International Equity	No Issues	--	--	--	--	✓	--
Brandes International Small Cap Equity	International Equity	No Issues	--	--	--	--	⚐	--
Loomis Sayles Core Plus	Fixed Income	No Issues	--	--	--	--	✓	--
ASB Allegiance Real Estate	Real Estate	No Issues	--	--	--	--	✓	--
Invesco Real Estate II	Real Estate	No Issues	⚐	--	⚐	--	✓	--
JPMorgan Special Situation Property	Real Estate	No Issues	--	--	--	--	✓	--
Grosvenor Institutional Partners LP	Hedge Funds	No Issues	✓	--	✓	--	✓	--
IFM Global Infrastructure (US) LP	Infrastructure	No Issues	✓	--	✓	--	✓	--
JPMorgan IIF ERISA LP	Infrastructure	No Issues	⚐	--	⚐	--	✓	--
Invesco Balanced-Risk Allocation	Multi-Asset	No Issues	✓	⚐	⚐	⚐	✓	--

Rule 1 - Manager has underperformed the benchmark index for the three year period.
Rule 2 - Manager has underperformed the 50th percentile in the appropriate style universe for the three year period.
Rule 3 - Manager has underperformed the benchmark index for the five year period.
Rule 4 - Manager has underperformed the 50th percentile in the appropriate style universe for the five year period.
Rule 5 - Fund experiences non-performance related issues including personnel turnover, changes in investment philosophy or drift, excessive asset growth, change in ownership and any other reason that raises concern.
Rule 6 - Index Fund Tracking Error exceeds 0.25% of the appropriate benchmark over the one year period.

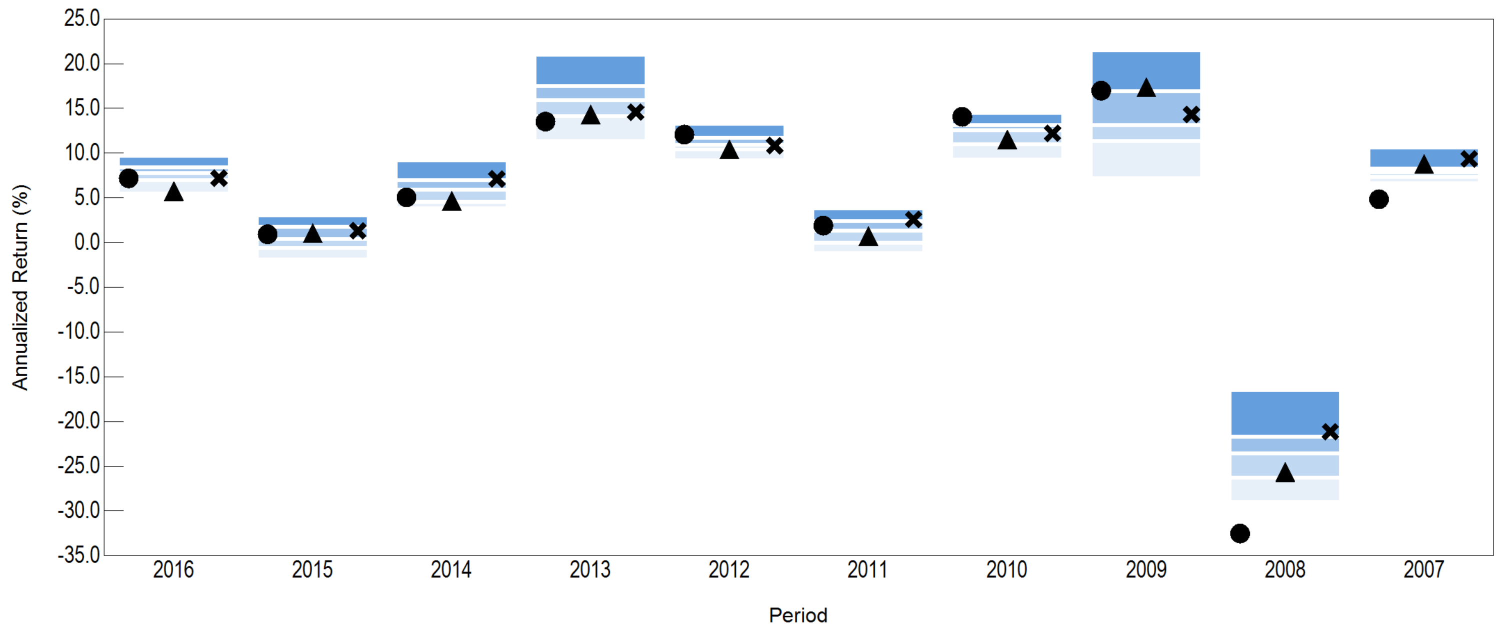
Brandes: Making mid and back office cuts. They were discrete about profitability, but seem to be prepared to trim their non-investment personnel.

Total Fund Cumulative Performance vs. InvestorForce Tft-Hrtly DB $250mm-$1B Net



Return (Rank)	Quarter		2 Quarters		3 Quarters		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	3.3		8.5		9.5		13.4		6.7		10.2		10.7		6.2	
25th Percentile	2.7		6.8		8.6		12.6		5.9		9.3		10.0		5.5	
Median	2.5		6.3		8.0		11.8		5.4		8.8		9.3		5.0	
75th Percentile	2.2		5.8		7.6		11.0		4.9		8.4		8.7		4.3	
95th Percentile	1.9		5.2		6.7		10.1		3.7		7.6		8.1		3.5	
# of Portfolios	74		74		74		74		74		71		68		62	
● Total Fund	2.2	(80)	6.3	(51)	6.5	(98)	9.2	(99)	4.7	(81)	7.9	(91)	8.9	(64)	3.5	(96)
▲ Total Fund Policy Index	2.7	(22)	6.7	(33)	6.9	(94)	10.0	(97)	4.3	(93)	7.7	(95)	8.3	(93)	4.2	(78)
✖ Target Asset Allocation Policy Index	2.6	(32)	6.5	(39)	6.8	(95)	9.9	(98)	5.5	(43)	8.4	(75)	9.1	(59)	5.3	(31)

Total Fund Consecutive Periods vs. InvestorForce Tft-Hrtly DB $250mm-$1B Net

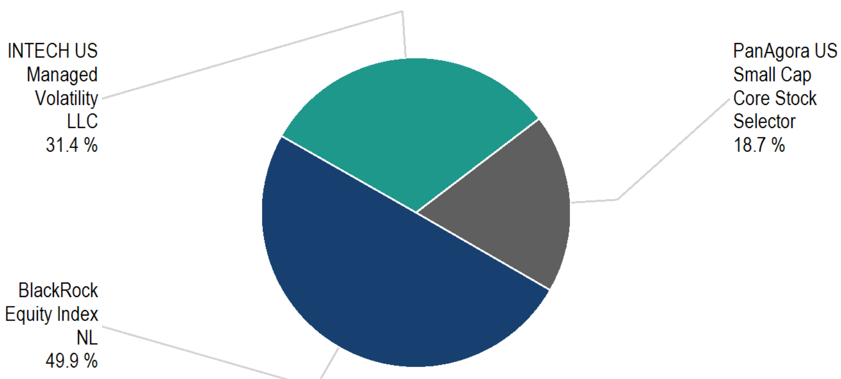


	Return (Rank)																			
5th Percentile	9.7		3.0		9.1		21.0		13.2		3.8		14.5		21.5		-16.5		10.6	
25th Percentile	8.4		1.8		7.0		17.5		11.8		2.4		13.2		16.9		-21.7		8.3	
Median	7.8		0.4		6.0		15.9		11.0		1.4		12.6		13.1		-23.6		7.9	
75th Percentile	7.0		-0.6		4.6		14.2		10.4		0.0		11.0		11.4		-26.3		7.4	
95th Percentile	5.5		-1.9		3.9		11.4		9.3		-1.1		9.3		7.2		-28.9		6.6	
# of Portfolios	56		58		55		49		37		34		32		31		30		27	
● Total Fund	7.2	(69)	0.9	(39)	5.1	(70)	13.5	(79)	12.1	(20)	1.9	(40)	14.1	(10)	17.0	(25)	-32.5	(99)	4.8	(99)
▲ Total Fund Policy Index	5.8	(93)	1.1	(37)	4.7	(75)	14.3	(70)	10.4	(79)	0.7	(60)	11.5	(66)	17.4	(24)	-25.7	(71)	8.8	(14)
✖ Target Asset Allocation Policy Index	7.2	(69)	1.3	(36)	7.1	(21)	14.6	(66)	10.8	(63)	2.6	(20)	12.2	(58)	14.3	(44)	-21.2	(21)	9.4	(11)

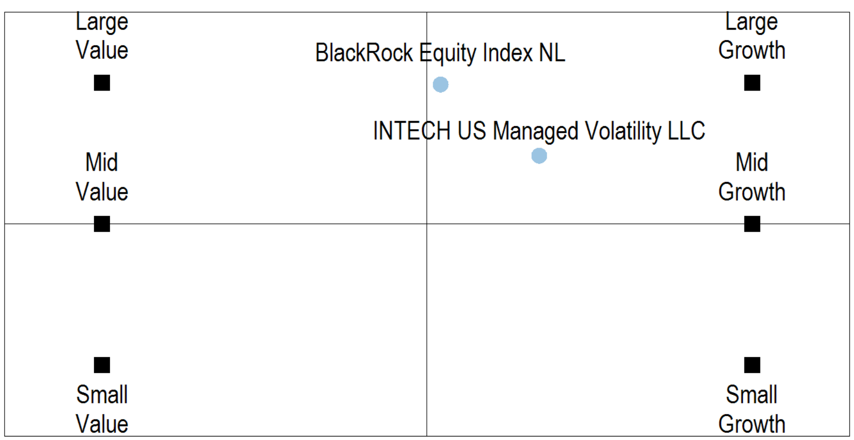
Domestic Equity

	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Domestic Equity	**91,020,845**	**100.0**	**2.6**	**8.3**	**15.5**	**8.8**	**14.2**	**6.7**	**11.5**	**0.7**	**12.5**	**33.5**	**16.7**
Dow Jones U.S. Total Stock Market			*3.0*	*9.0*	*18.5*	*9.0*	*14.5*	*7.3*	*12.6*	*0.4*	*12.5*	*33.5*	*16.4*
InvestorForce Tft-Hrtly DB US Eq Net Rank			*76*	*59*	*96*	*31*	*39*	*51*	*62*	*30*	*10*	*66*	*23*
Domestic Equity	91,020,845	100.0											
BlackRock Equity Index NL	45,403,022	49.9	3.1	9.3	17.9	9.6	14.6	--	11.9	1.3	13.8	32.4	16.0
S&P 500			*3.1*	*9.3*	*17.9*	*9.6*	*14.6*	*--*	*12.0*	*1.4*	*13.7*	*32.4*	*16.0*
eA US Large Cap Core Equity Net Rank			*47*	*43*	*42*	*17*	*19*	*--*	*21*	*37*	*33*	*43*	*31*
INTECH US Managed Volatility LLC	28,590,921	31.4	3.5	10.7	9.5	9.1	--	--	5.7	3.2	15.5	--	--
Russell 1000			*3.1*	*9.3*	*18.0*	*9.3*	*--*	*--*	*12.1*	*0.9*	*13.2*	*--*	*--*
eA US Large Cap Core Equity Net Rank			*36*	*22*	*95*	*27*	*--*	*--*	*84*	*18*	*14*	*--*	*--*
PanAgora US Small Cap Core Stock Selector	17,026,902	18.7	-0.3	2.2	19.8	--	--	--	20.3	--	--	--	--
Russell 2000			*2.5*	*5.0*	*24.6*	*--*	*--*	*--*	*21.3*	*--*	*--*	*--*	*--*
eA US Small Cap Core Equity Net Rank			*90*	*80*	*78*	*--*	*--*	*--*	*41*	*--*	*--*	*--*	*--*

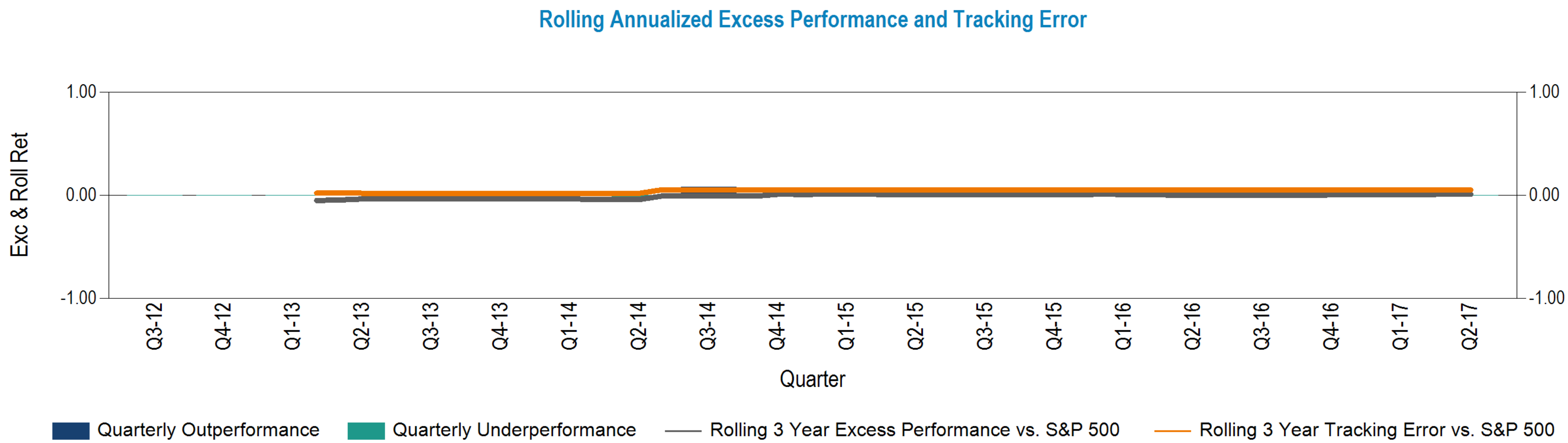
Total Domestic Equity
Current Allocation

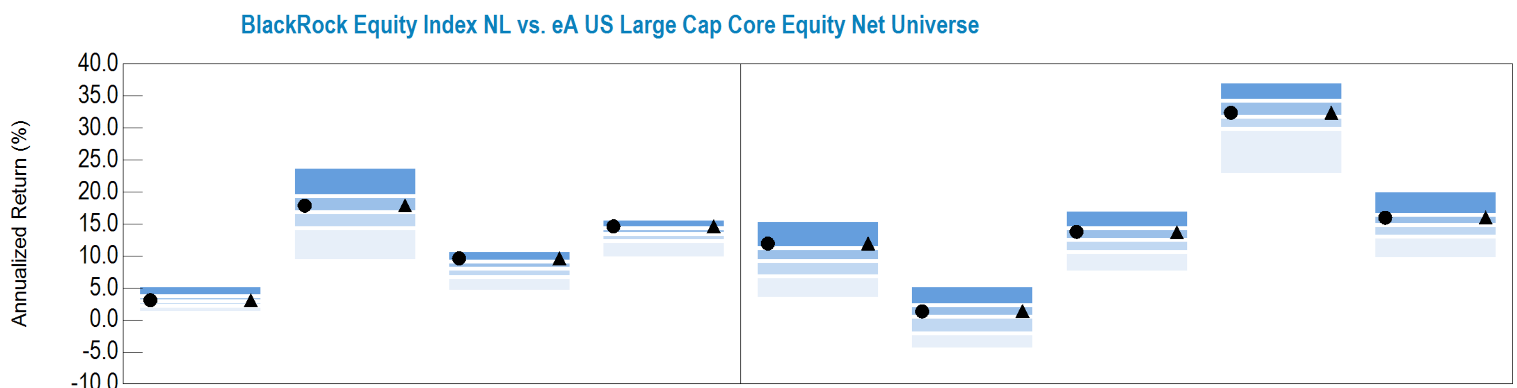


Domestic Effective Style Map
3 Years Ending June 30, 2017



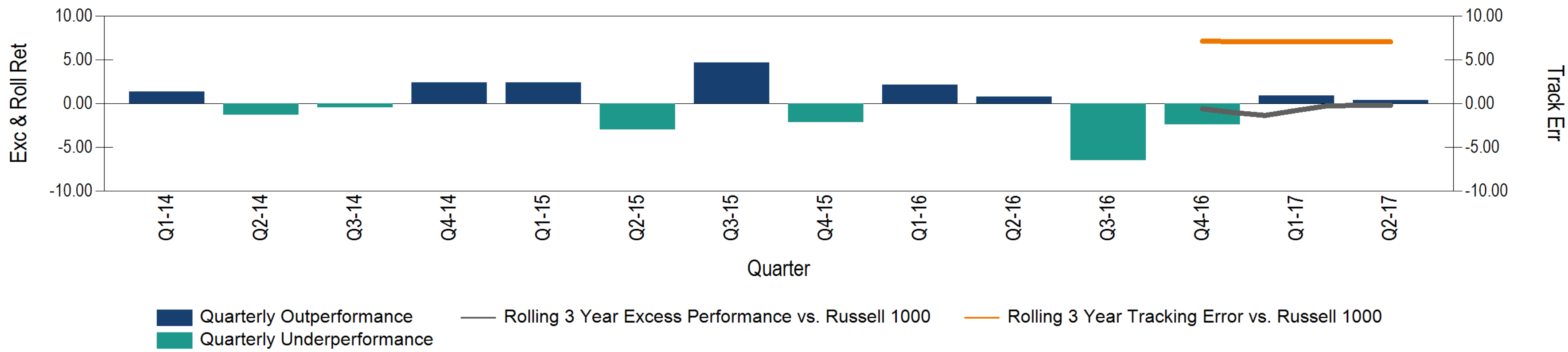
Style map requires 3 years of returns.



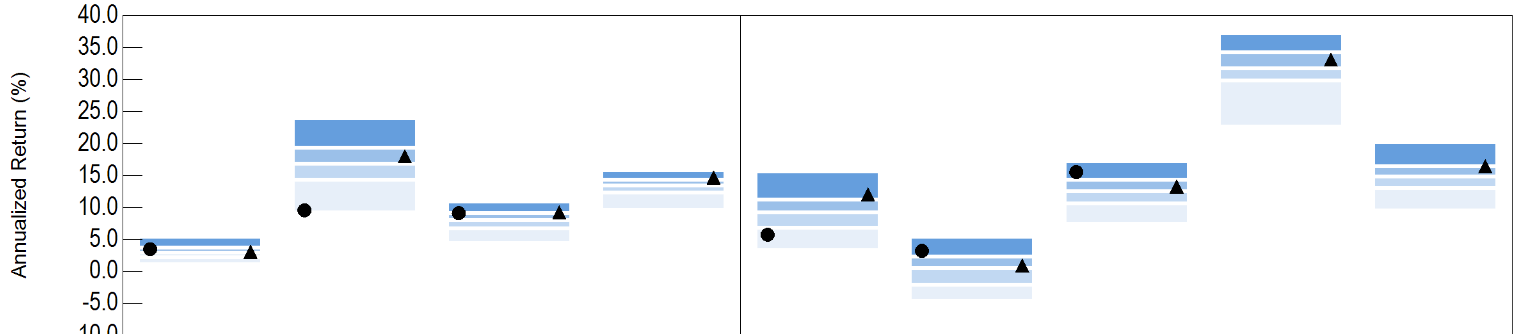


Return (Rank)	Quarter		1 Year		3 Years		5 Years		2016		2015		2014		2013		2012	
5th Percentile	5.4		23.9		10.9		15.7		15.6		5.4		17.2		37.2		20.2	
25th Percentile	3.8		19.4		9.2		14.4		11.3		2.4		14.4		34.3		16.5	
Median	2.9		16.9		8.0		13.5		9.3		0.6		12.5		31.8		14.8	
75th Percentile	2.3		14.4		6.8		12.4		6.9		-2.0		10.6		29.9		13.0	
95th Percentile	1.1		9.2		4.5		9.7		3.4		-4.6		7.5		22.7		9.5	
# of Portfolios	180		178		170		151		177		142		140		125		111	
● **BlackRock Equity Index NL**	3.1	(47)	17.9	(42)	9.6	(17)	14.6	(19)	11.9	(21)	1.3	(37)	13.8	(33)	32.4	(43)	16.0	(31)
▲ **S&P 500**	3.1	(47)	17.9	(41)	9.6	(17)	14.6	(19)	12.0	(21)	1.4	(37)	13.7	(33)	32.4	(43)	16.0	(30)

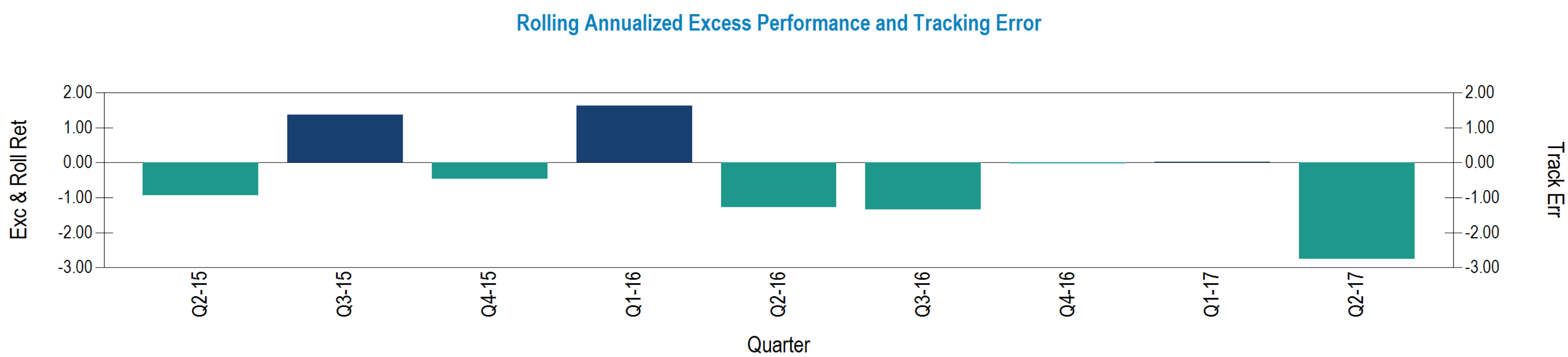
Rolling Annualized Excess Performance and Tracking Error

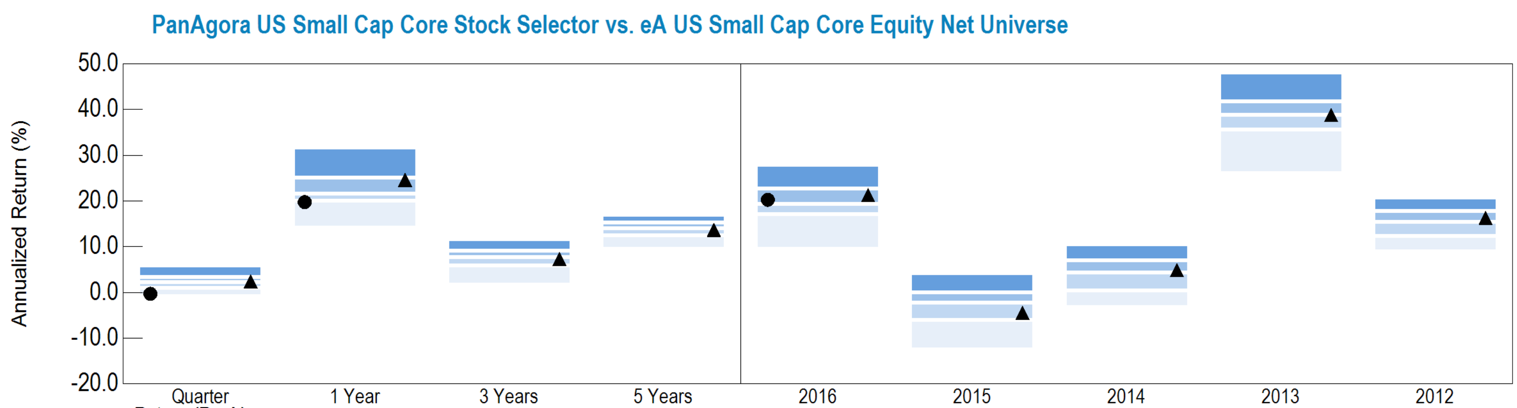


INTECH US Managed Volatility LLC vs. eA US Large Cap Core Equity Net Universe



Return (Rank)	Quarter	1 Year	3 Years	5 Years	2016	2015	2014	2013	2012
5th Percentile	5.4	23.9	10.9	15.7	15.6	5.4	17.2	37.2	20.2
25th Percentile	3.8	19.4	9.2	14.4	11.3	2.4	14.4	34.3	16.5
Median	2.9	16.9	8.0	13.5	9.3	0.6	12.5	31.8	14.8
75th Percentile	2.3	14.4	6.8	12.4	6.9	-2.0	10.6	29.9	13.0
95th Percentile	1.1	9.2	4.5	9.7	3.4	-4.6	7.5	22.7	9.5
# of Portfolios	180	178	170	151	177	142	140	125	111
● INTECH US Managed Volatility LLC	3.5 (36)	9.5 (95)	9.1 (27)	-- (--)	5.7 (84)	3.2 (18)	15.5 (14)	-- (--)	-- (--)
▲ Russell 1000	3.1 (47)	18.0 (40)	9.3 (22)	14.7 (18)	12.1 (20)	0.9 (47)	13.2 (39)	33.1 (35)	16.4 (26)



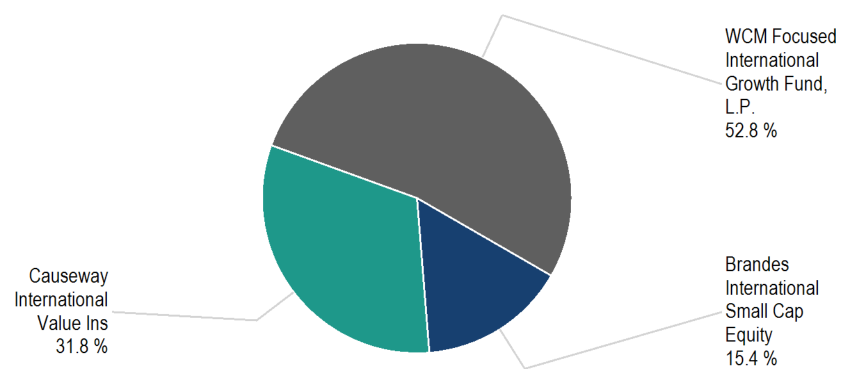


Return (Rank)	Quarter		1 Year		3 Years		5 Years		2016		2015		2014		2013		2012	
5th Percentile	5.8		31.7		11.7		16.9		27.8		4.2		10.5		48.0		20.7	
25th Percentile	3.4		25.2		9.2		15.4		22.8		0.1		7.2		41.8		17.9	
Median	2.3		21.7		7.9		14.1		19.5		-2.1		4.4		38.9		15.6	
75th Percentile	1.0		20.2		6.0		12.6		17.3		-5.9		0.6		35.8		12.5	
95th Percentile	-0.7		14.2		1.8		9.7		9.7		-12.3		-3.1		26.1		9.1	
# of Portfolios	107		103		100		91		99		88		77		73		60	
● PanAgora US Small Cap Core Stock Selector	-0.3	(90)	19.8	(78)	--	(--)	--	(--)	20.3	(41)	--	(--)	--	(--)	--	(--)	--	(--)
▲ Russell 2000	2.5	(48)	24.6	(28)	7.4	(57)	13.7	(61)	21.3	(34)	-4.4	(71)	4.9	(47)	38.8	(51)	16.3	(42)

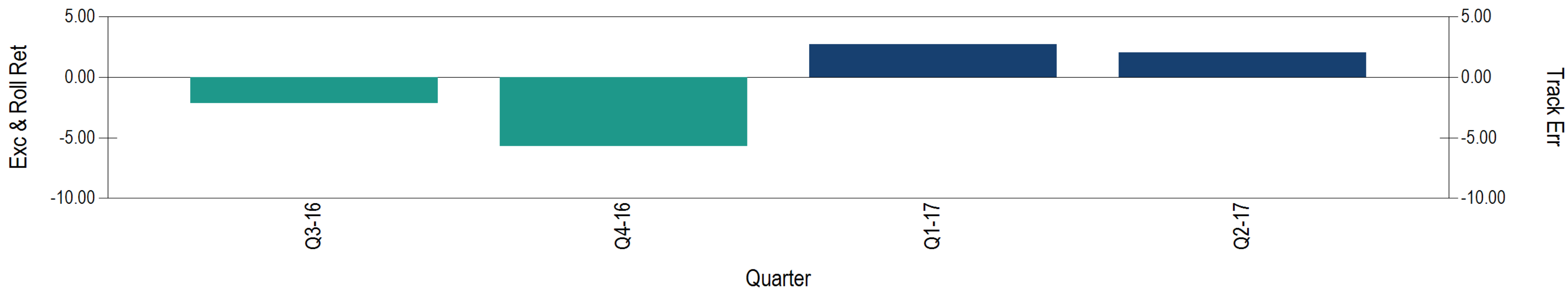
International Equity

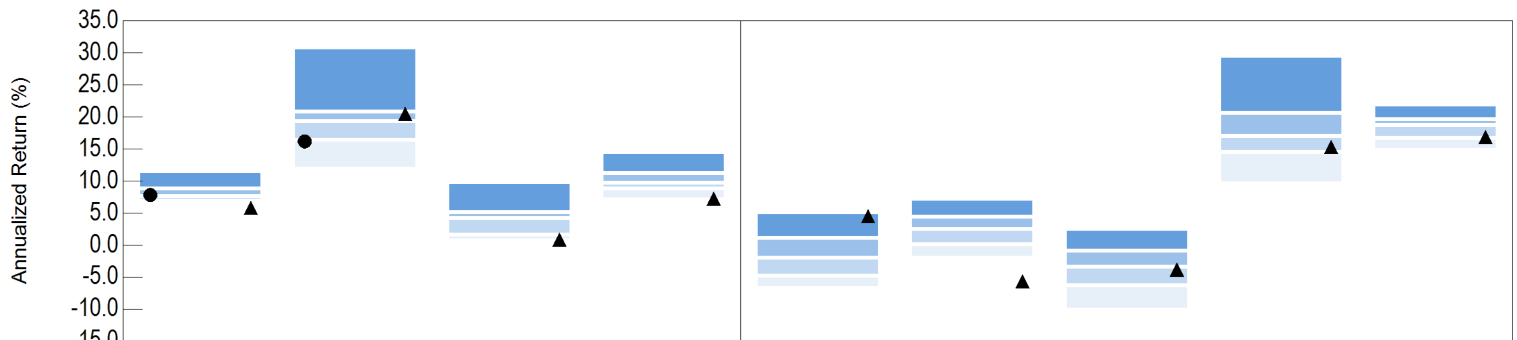
	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total International Equity	**44,008,929**	**100.0**	**6.0**	**15.5**	**18.4**	**0.7**	**7.3**	**-1.1**	**1.7**	**-4.5**	**-3.8**	**16.0**	**17.1**
Total Public Int'l Equity Benchmark (MSCI ACWI ex US IMI)			*5.8*	*14.3*	*20.4*	*1.1*	*7.6*	*0.5*	*4.4*	*-4.6*	*-3.9*	*15.8*	*17.0*
InvestorForce Tft-Hrtly DB ex-US Eq Net Rank			*60*	*50*	*84*	*77*	*79*	*97*	*74*	*51*	*59*	*68*	*71*
International Equity	44,008,929	100.0											
WCM Focused International Growth Fund, L.P.	23,234,913	52.8	7.8	19.2	16.2	--	--	--	--	--	--	--	--
MSCI ACWI ex USA			*5.8*	*14.1*	*20.5*	--	--	--	--	--	--	--	--
eA ACWI ex-US All Cap Growth Eq Net Rank			*44*	*37*	*77*	--	--	--	--	--	--	--	--
Causeway International Value Ins	13,998,106	31.8	5.0	13.2	--	--	--	--	--	--	--	--	--
MSCI EAFE			*6.1*	*13.8*	--	--	--	--	--	--	--	--	--
Foreign Large Value MStar MF Rank			*62*	*42*	--	--	--	--	--	--	--	--	--
Brandes International Small Cap Equity	6,775,911	15.4	2.3	8.8	--	--	--	--	--	--	--	--	--
S&P Developed Ex-U.S. SmallCap			*8.1*	*16.5*	--	--	--	--	--	--	--	--	--
eA ACWI ex-US Small Cap Equity Net Rank			*99*	*96*	--	--	--	--	--	--	--	--	--

Total International Equity
Current Allocation

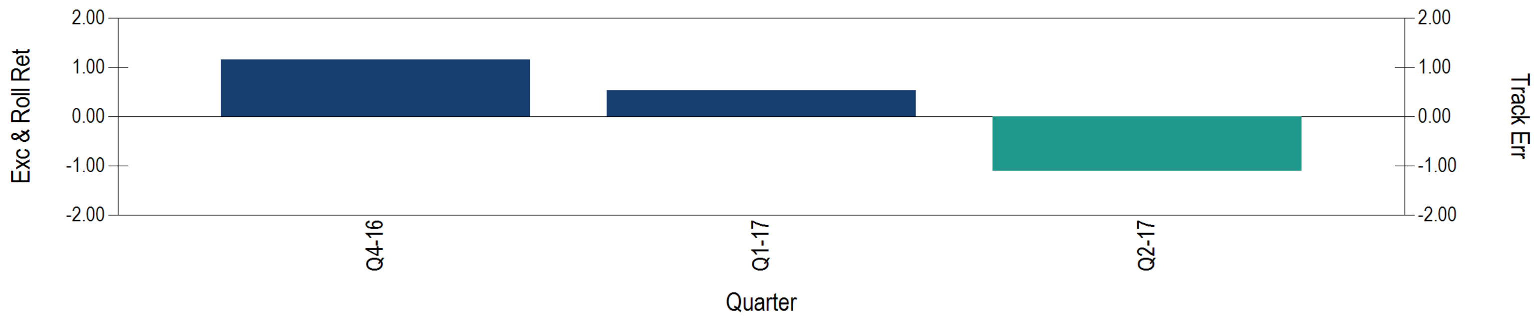


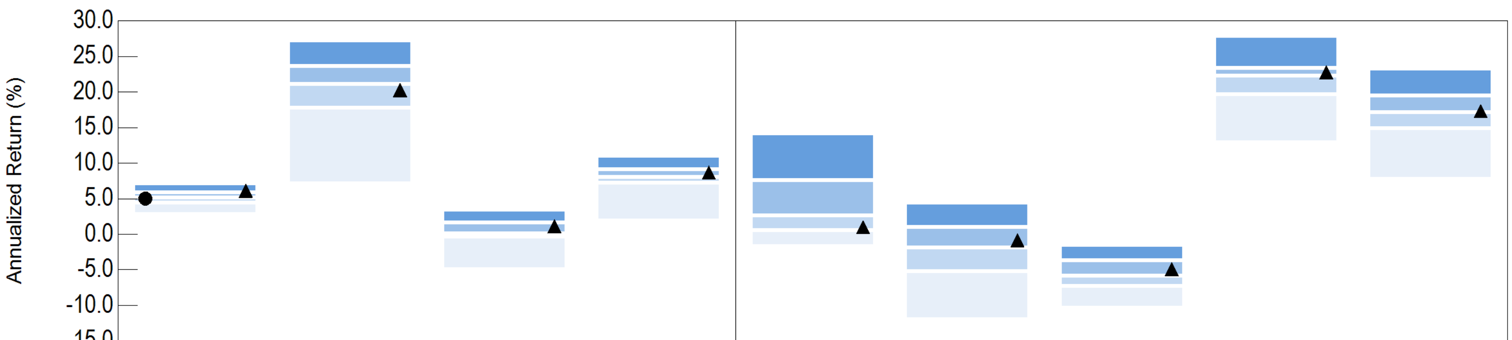
BlackRock MSCI ACWI ex US IMI terminated 7/21/2016. WCM Focused International Growth Fund funded 7/1/2016. Causeway International Value Fund funded 7/27/2016. Brandes International Small Cap II funded 8/1/2016.





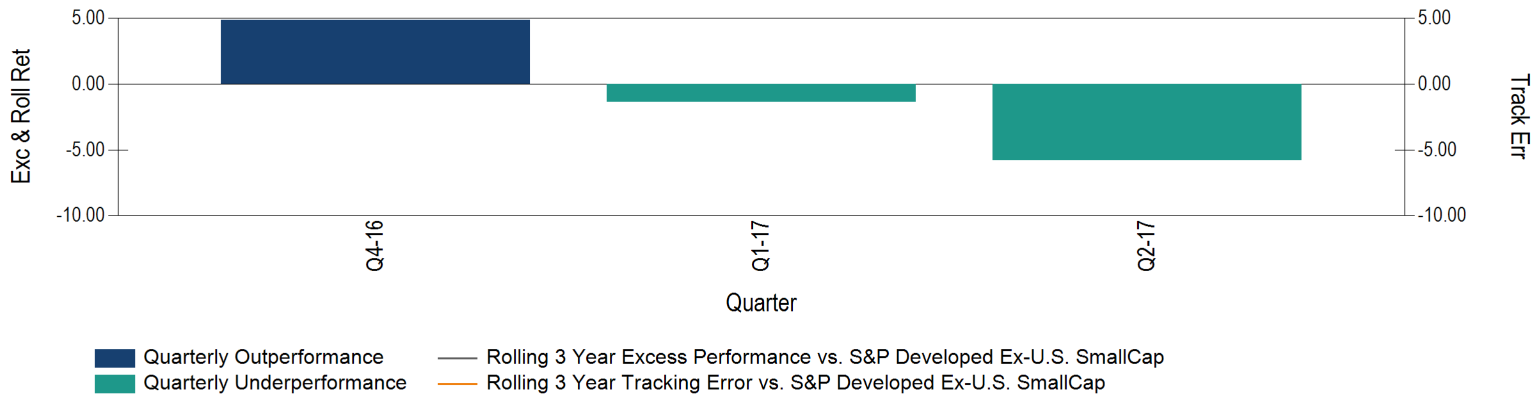
Return (Rank)	Quarter		1 Year		3 Years		5 Years		2016		2015		2014		2013		2012	
5th Percentile	11.5		30.8		9.8		14.5		5.0		7.2		2.5		29.5		21.9	
25th Percentile	8.9		20.8		5.2		11.3		1.2		4.5		-0.9		20.7		19.7	
Median	7.7		19.4		4.3		9.8		-2.0		2.5		-3.4		17.1		18.8	
75th Percentile	6.9		16.5		1.7		8.9		-4.7		0.2		-6.3		14.6		16.8	
95th Percentile	6.4		12.0		0.7		7.2		-6.6		-1.9		-10.1		9.7		14.9	
# of Portfolios	26		26		24		22		25		18		16		12		10	
● WCM Focused International Growth Fund, L.P	7.8	(44)	16.2	(77)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)
▲ MSCI ACWI ex USA	5.8	(99)	20.5	(28)	0.8	(92)	7.2	(95)	4.5	(8)	-5.7	(99)	-3.9	(57)	15.3	(66)	16.8	(74)



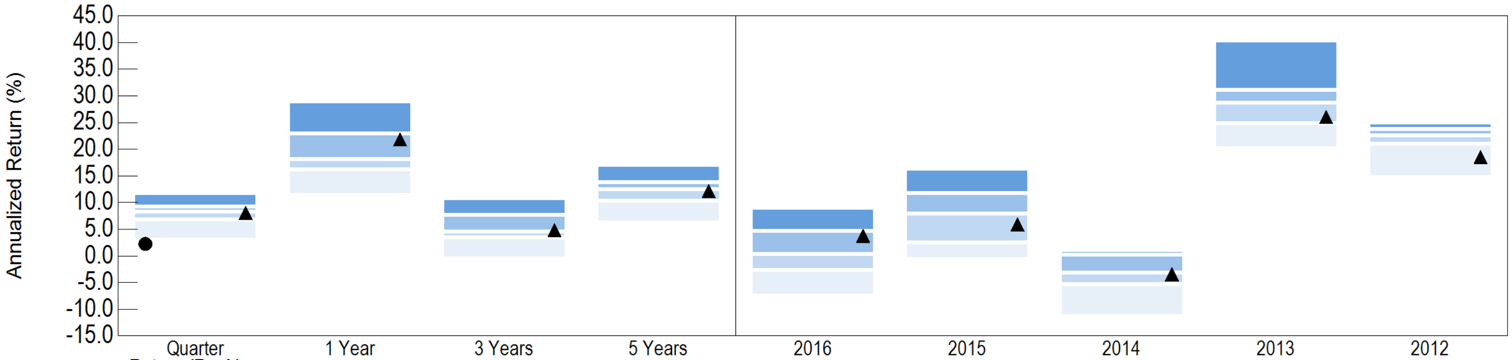


Return (Rank)	Quarter		1 Year		3 Years		5 Years		2016		2015		2014		2013		2012	
5th Percentile	7.1		27.2		3.5		11.0		14.1		4.4		-1.5		27.8		23.2	
25th Percentile	5.9		23.7		1.7		9.2		7.7		1.1		-3.6		23.5		19.5	
Median	5.3		21.1		0.2		8.1		2.7		-1.8		-5.7		22.3		17.2	
75th Percentile	4.5		17.9		-0.3		7.3		0.6		-5.1		-7.2		19.7		14.9	
95th Percentile	2.8		7.3		-4.9		2.0		-1.6		-11.9		-10.3		13.0		7.9	
# of Portfolios	76		76		68		63		78		76		73		69		82	
● **Causeway International Value Ins**	5.0	(62)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)
▲ **MSCI EAFE**	6.1	(17)	20.3	(60)	1.1	(33)	8.7	(34)	1.0	(69)	-0.8	(43)	-4.9	(36)	22.8	(40)	17.3	(49)

Rolling Annualized Excess Performance and Tracking Error



Brandes International Small Cap Equity vs. eA ACWI ex-US Small Cap Equity Net Universe

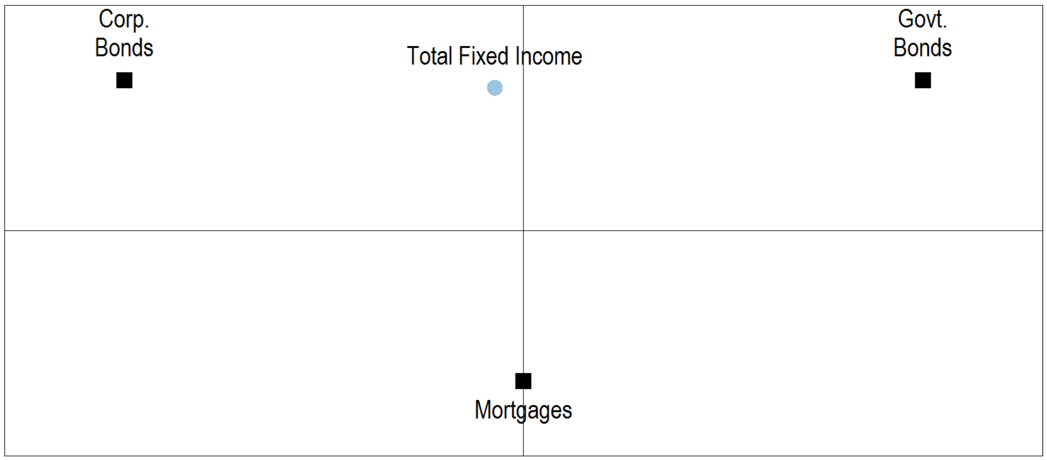


Return (Rank)	Quarter	1 Year	3 Years	5 Years	2016	2015	2014	2013	2012
5th Percentile	11.8	28.9	10.8	17.0	9.0	16.3	1.0	40.3	25.0
25th Percentile	9.4	23.0	7.8	13.9	4.7	11.8	0.3	31.2	23.8
Median	8.3	18.3	4.7	12.6	0.4	8.0	-3.0	28.8	22.6
75th Percentile	6.9	16.2	3.6	10.5	-2.6	2.6	-5.2	25.0	21.1
95th Percentile	3.1	11.5	-0.4	6.4	-7.4	-0.5	-11.2	20.3	14.8
# of Portfolios	45	44	33	25	42	27	16	13	8
● Brandes International Small Cap Equity	2.3 (99)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
▲ S&P Developed Ex-U.S. SmallCap	8.1 (58)	21.8 (32)	4.9 (50)	12.2 (53)	3.8 (29)	5.9 (57)	-3.4 (62)	26.1 (71)	18.6 (88)

Domestic Fixed Income

	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Fixed Income	**71,857,982**	**100.0**	**1.3**	**3.7**	**4.8**	**2.9**	**4.1**	**5.4**	**7.5**	**-2.1**	**5.9**	**0.2**	**10.5**
Total Fixed Income Benchmark (BBgBarc Aggregate)			*1.4*	*2.3*	*-0.3*	*2.5*	*2.2*	*4.5*	*2.6*	*0.5*	*6.0*	*-2.0*	*4.2*
InvestorForce Tft-Hrtly DB US Fix Inc Net Rank			*52*	*8*	*22*	*29*	*16*	*24*	*9*	*93*	*10*	*40*	*9*
Fixed Income	**71,857,982**	**100.0**											
Loomis Sayles Core Plus	71,857,982	100.0	1.3	--	--	--	--	--	--	--	--	--	--
BBgBarc US Aggregate TR			*1.4*	--	--	--	--	--	--	--	--	--	--
eA US Core Plus Fixed Inc Net Rank			*93*	--	--	--	--	--	--	--	--	--	--

Fixed Income Style Map
3 Years Ending June 30, 2017

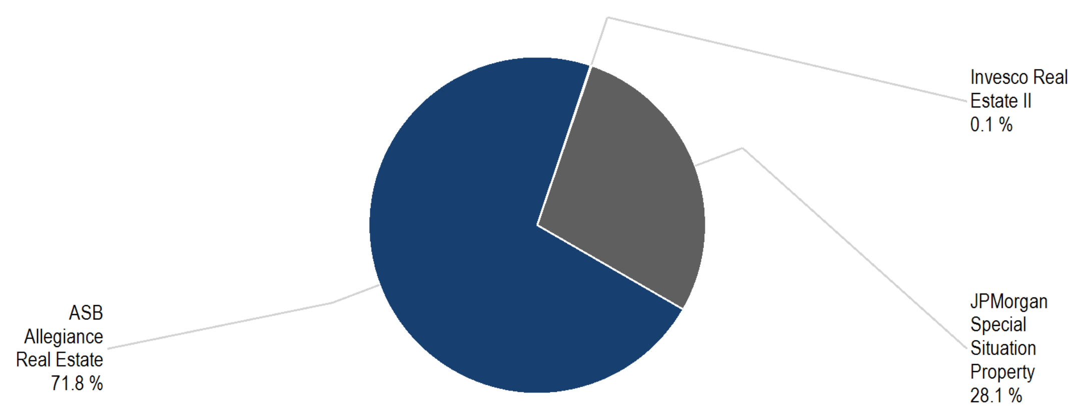


Loomis Sayles Core Plus replaced Loomis Sayles Full Discretion 3/21/2017.

Alternatives

	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Real Estate	**44,804,070**	**100.0**	**0.8**	**2.1**	**4.3**	**9.8**	**11.0**	**4.7**	**5.4**	**16.9**	**11.2**	**14.1**	**11.6**
NCREIF-ODCE			*1.7*	*3.5*	*7.9*	*11.3*	*11.8*	*5.2*	*8.8*	*15.0*	*12.5*	*13.9*	*10.9*
Real Estate	**44,804,070**	**100.0**											
ASB Allegiance Real Estate	32,184,440	71.8	0.4	1.5	3.6	--	--	--	4.5	--	--	--	--
NCREIF-ODCE			*1.7*	*3.5*	*7.9*	--	--	--	*8.8*	--	--	--	--
Invesco Real Estate II	45,174	0.1	-3.4	3.3	2.7	5.1	10.7	--	1.2	6.1	11.5	23.1	16.2
NCREIF-ODCE			*1.7*	*3.5*	*7.9*	*11.3*	*11.8*	--	*8.8*	*15.0*	*12.5*	*13.9*	*10.9*
JPMorgan Special Situation Property	12,574,456	28.1	1.8	3.6	6.8	--	--	--	8.7	18.9	--	--	--
NCREIF-ODCE			*1.7*	*3.5*	*7.9*	--	--	--	*8.8*	*15.0*	--	--	--

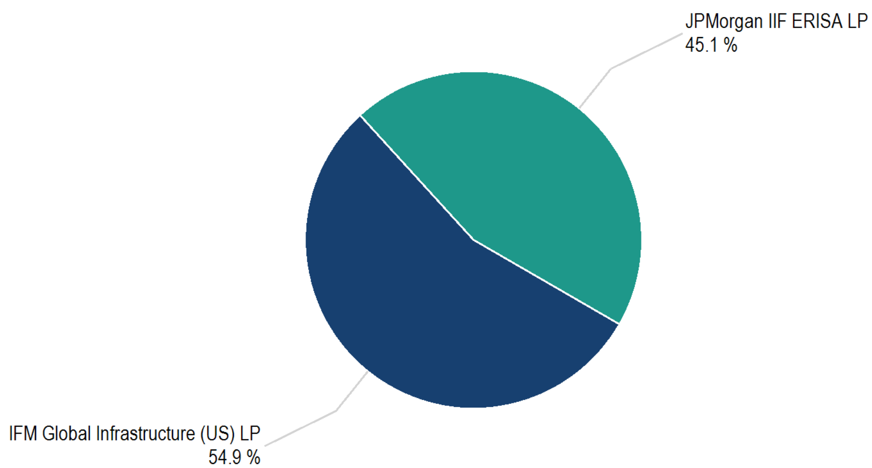
Total Real Estate
Current Allocation



	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Hedge Funds	**16,987,995**	**100.0**	**0.3**	**2.1**	**7.3**	**2.3**	**4.0**	**--**	**2.3**	**-0.3**	**3.9**	**7.7**	**5.9**
HFRI Fund of Funds Composite Index			*0.7*	*3.1*	*6.4*	*1.5*	*3.9*	*--*	*0.5*	*-0.3*	*3.4*	*9.0*	*4.8*
Hedge Funds	**16,987,995**	**100.0**											
Grosvenor Institutional Partners LP	16,987,995	100.0	0.3	2.1	7.3	1.5	5.4	--	2.3	-0.3	3.2	15.0	8.4
HFRI FOF Diversified Index			*0.3*	*2.2*	*5.2*	*1.3*	*3.7*	*--*	*0.4*	*-0.2*	*3.4*	*9.0*	*4.8*

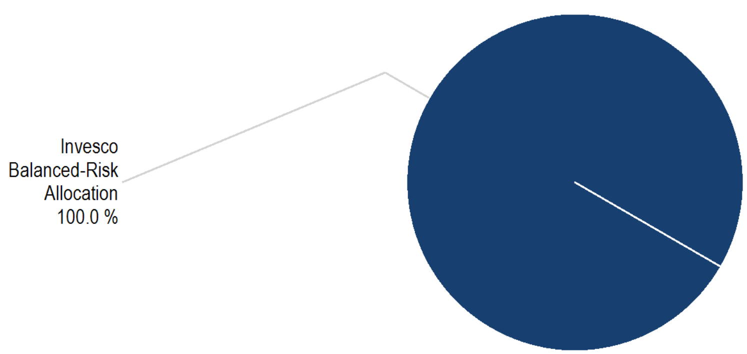
	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Infrastructure	**18,660,397**	**100.0**	**4.6**	**9.0**	**9.7**	**4.0**	**6.2**	**--**	**3.8**	**4.2**	**-0.3**	**6.7**	**11.0**
CPI + 5%			*1.7*	*4.0*	*6.7*	*6.0*	*6.4*	--	*7.2*	*5.8*	*5.8*	*6.6*	*6.8*
Infrastructure	**18,660,397**	**100.0**											
IFM Global Infrastructure (US) LP	10,248,116	54.9	5.5	11.8	13.4	6.1	7.6	--	6.1	5.1	1.3	6.7	11.4
CPI + 5%			*1.7*	*4.0*	*6.7*	*6.0*	*6.4*	--	*7.2*	*5.8*	*5.8*	*6.6*	*6.8*
JPMorgan IIF ERISA LP	8,412,280	45.1	3.6	5.9	5.7	1.8	4.7	--	1.2	3.4	-1.6	6.8	10.3
CPI + 5%			*1.7*	*4.0*	*6.7*	*6.0*	*6.4*	--	*7.2*	*5.8*	*5.8*	*6.6*	*6.8*

Total Infrastructure
Current Allocation



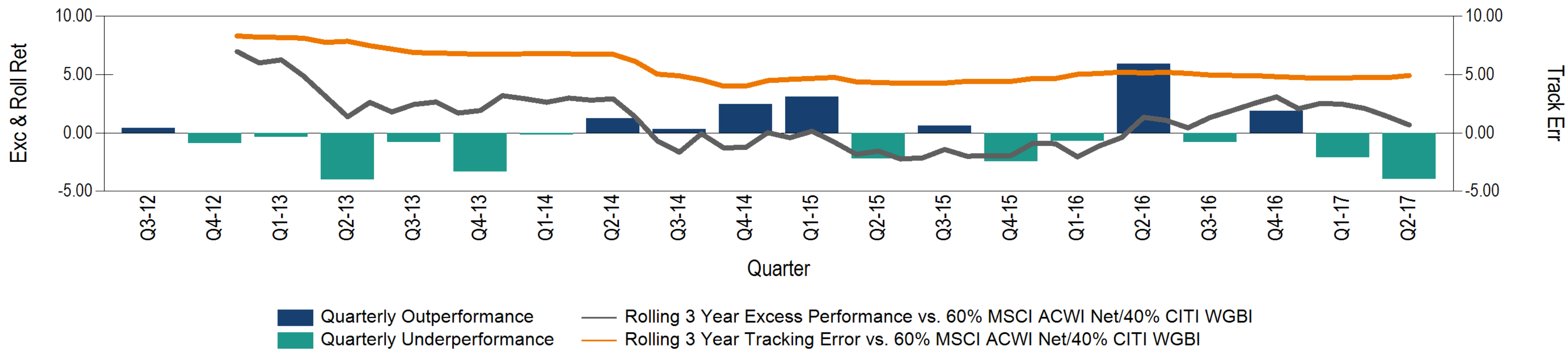
	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2016	2015	2014	2013	2012
Total Multi-Asset	**39,514,566**	**100.0**	**0.1**	**2.9**	**3.6**	**3.7**	**6.0**	**3.3**	**7.1**	**-1.0**	**6.7**	**7.9**	**11.1**
60% MSCI ACWI Net/40% CITI WGBI			*3.7*	*8.6*	*9.1*	*2.6*	*6.3*	*4.0*	*5.5*	*-2.6*	*2.3*	*11.4*	*10.3*
eA Global Balanced Net Rank			*99*	*99*	*99*	*42*	*90*	*98*	*55*	*38*	*31*	*94*	*54*
Multi-Asset	**39,514,566**	**100.0**											
Invesco Balanced-Risk Allocation	39,514,566	100.0	-0.2	2.4	4.0	3.3	5.0	--	12.2	-3.5	6.3	2.3	11.8
60% MSCI ACWI Net/40% CITI WGBI			*3.7*	*8.6*	*9.1*	*2.6*	*6.3*	*--*	*5.5*	*-2.6*	*2.3*	*11.4*	*10.3*
Citi 3-Month T-bill +6%			*1.7*	*3.3*	*6.5*	*6.2*	*6.2*	*--*	*6.3*	*6.0*	*6.0*	*6.1*	*6.1*
eA Global Balanced Net Rank			*99*	*99*	*99*	*62*	*99*	*--*	*19*	*74*	*37*	*97*	*49*

Total Multi-Asset
Current Allocation

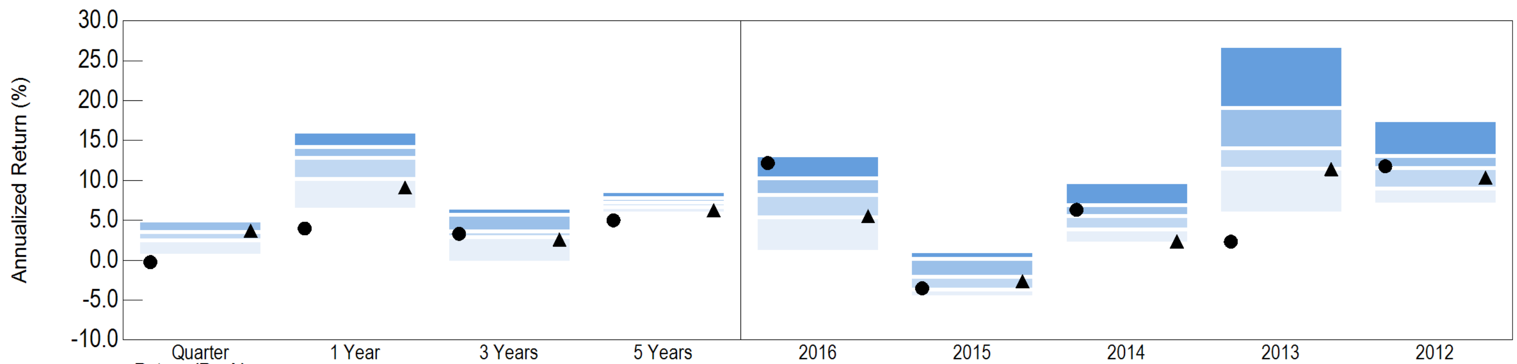


Mellon Dynamic liquidated 5/5/2017.

Rolling Annualized Excess Performance and Tracking Error



Invesco Balanced-Risk Allocation vs. eA Global Balanced Net Universe



Return (Rank)	Quarter	1 Year	3 Years	5 Years	2016	2015	2014	2013	2012
5th Percentile	5.0	16.1	6.5	8.6	13.1	1.1	9.7	26.8	17.5
25th Percentile	5.0	14.2	5.7	7.8	10.3	0.2	7.0	19.1	13.1
Median	3.6	12.9	3.7	7.2	8.2	-2.0	5.6	14.1	11.6
75th Percentile	2.5	10.2	3.0	6.7	5.4	-3.7	3.9	11.5	9.1
95th Percentile	0.6	6.4	-0.2	5.9	1.1	-4.6	2.2	5.9	7.0
# of Portfolios	11	11	11	7	13	13	14	14	14
● **Invesco Balanced-Risk Allocation**	-0.2 (99)	4.0 (99)	3.3 (62)	5.0 (99)	12.2 (19)	-3.5 (74)	6.3 (37)	2.3 (97)	11.8 (49)
▲ **60% MSCI ACWI Net/40% CITI WGBI**	3.7 (49)	9.1 (84)	2.6 (82)	6.3 (82)	5.5 (68)	-2.6 (64)	2.3 (94)	11.4 (78)	10.3 (65)

Performance Return Calculations

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

Data Source

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

Illiquid Alternatives

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

Manager Line Up

Manager	Fund Incepted	Data Source	Manager	Fund Incepted	Data Source
BlackRock Equity Index NL	4/30/2010	BlackRock	Invesco Real Estate II	6/30/2008	Invesco
INTECH US Managed Volatility	12/31/2013	INTECH	JPMorgan SSP	12/31/2014	JP Morgan
PanAgora US Small Cap	1/31/2015	PanAgora	Grosvenor Instl Partners LP	10/31/2009	Grosvenor
WCM Focused International Growth	7/1/2016	WCM	IFM Global Infrastructure (US) LP	1/31/2009	IFM
Causeway International Value	7/27/2016	US Bank	JPMorgan IIF ERISA LP	9/30/2010	JP Morgan
Brandes International Small Cap II	8/1/2016	Brandes	Invesco Balanced-Risk Allocation	1/31/2010	Invesco
Loomis Sayles Core Plus	3/21/2017	Loomis Sayles	US Bank Checking Account	N/A	US Bank
ASB Allegiance Real Estate	3/31/2015	ASB	US Bank Clearing Account	N/A	US Bank

Policy & Custom Index Composition

Policy Index:	51% MSCI World, 34% BBgBarc Aggregate, 10% NCREIF-ODCE, 5% HFRI Fund of Funds Composite.
Target Asset Allocation Policy:	24.5% Dow Jones US Total Stock, 12.5% MSCI ACWI ex US IMI, 23% BBgBarc Aggregate, 10% NCREIF-ODCE, 5% HFRI FoF Composite, 5% CPI + 5%, and 20% (60%MSCI ACWI Net/40% CITI WGBI).

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.

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