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City of San Jose Police and Fire Department Retirement Plan – Health Care Trust

Investment Performance Analysis For the period ending December 31, 2016

February 28, 2017

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City of San Jose Police and Fire Department Retirement Plan – Health Care Trust

Total Fund Performance (Gross of Fee)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	2 Yrs (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Health Care Trust	97,031,074	100.0	-0.1	53	1.8	53	6.1	36	1.6	82	2.6	64	--	--	--	--	4.4	Jul-12
<i>Policy Benchmark</i>			-0.4	66	2.3	38	7.0	24	2.1	69	3.1	51	--	--	--	--	4.8	Jul-12
<i>Allocation Index</i>			0.3	37	2.4	35	6.5	30	3.0	44	3.9	32	--	--	--	--	5.4	Jul-12
<i>InvestorForce Health & Welfare - Gross Median</i>			0.0		1.9		5.4		2.7		3.1		4.5		4.4		4.2	Jul-12

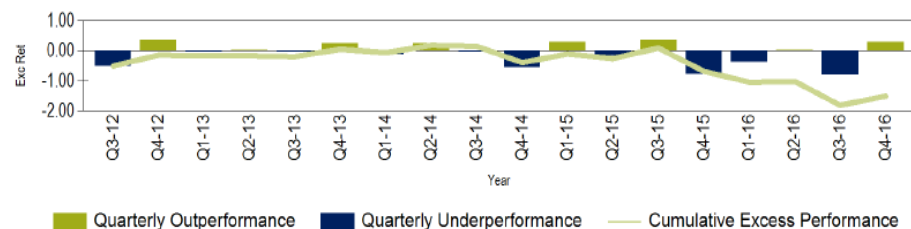
For the three-year period ending December 31, 2016, the Health Care Trust returned 2.6%, trailing the policy benchmark by 0.5% and ranking in the 64th percentile of the InvestorForce Health & Welfare Funds Universe.

For the one year ending December 31, 2016, the Health Care Trust produced a net investment gain of \$4.8 million, which includes a net investment loss of \$0.62 million in the fourth calendar quarter. Assets increased from \$71.9 million one year ago to \$97.0 million on December 31, 2016, with \$20.4 million in net contributions during the year.

The Fund's volatility since inception ranks in the bottom quartile of its peers, resulting in a Sharpe Ratio, or risk-adjusted performance, that also ranks in the bottom quartile of its peer group.

Note: The InvestorForce Health & Welfare Funds Universe had 223 observations totaling \$31.9 billion in assets as of 12/31/2016.

Quarterly and Cumulative Excess Performance



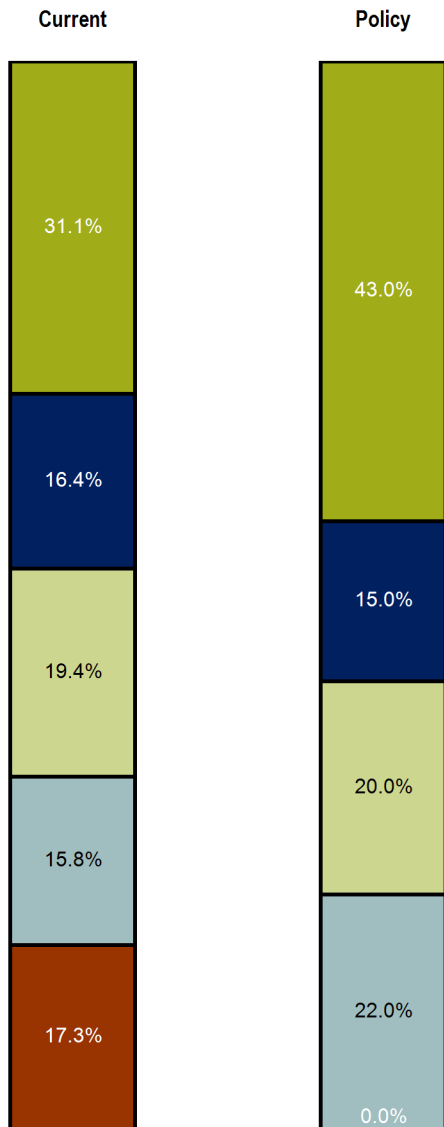
Since Inception Ending Dec 31, 2016

	Anlzd Return	Rank	Anlzd Standard Deviation	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Health Care Trust	4.4%	47	6.0%	83	0.7	91	1.3	90
Policy Benchmark	4.8%	40	6.7%	93	0.7	91	1.2	92
Allocation Index	5.4%	30	5.4%	78	1.0	78	1.7	76
InvestorForce Health & Welfare - Gross Median	4.2%	--	3.0%	--	1.3	--	2.2	--

1 Year Ending December 31, 2016

	Anlzd Return	Rank	Anlzd Standard Deviation	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Health Care Trust	6.1%	36	6.3%	86	0.9	87	1.7	79
Policy Benchmark	7.0%	24	8.0%	99	0.8	90	1.2	90
Allocation Index	6.5%	30	5.5%	80	1.1	77	1.6	81
InvestorForce Health & Welfare - Gross Median	5.4%	--	3.1%	--	1.5	--	2.9	--

Total Fund Asset Allocation vs Policy Targets

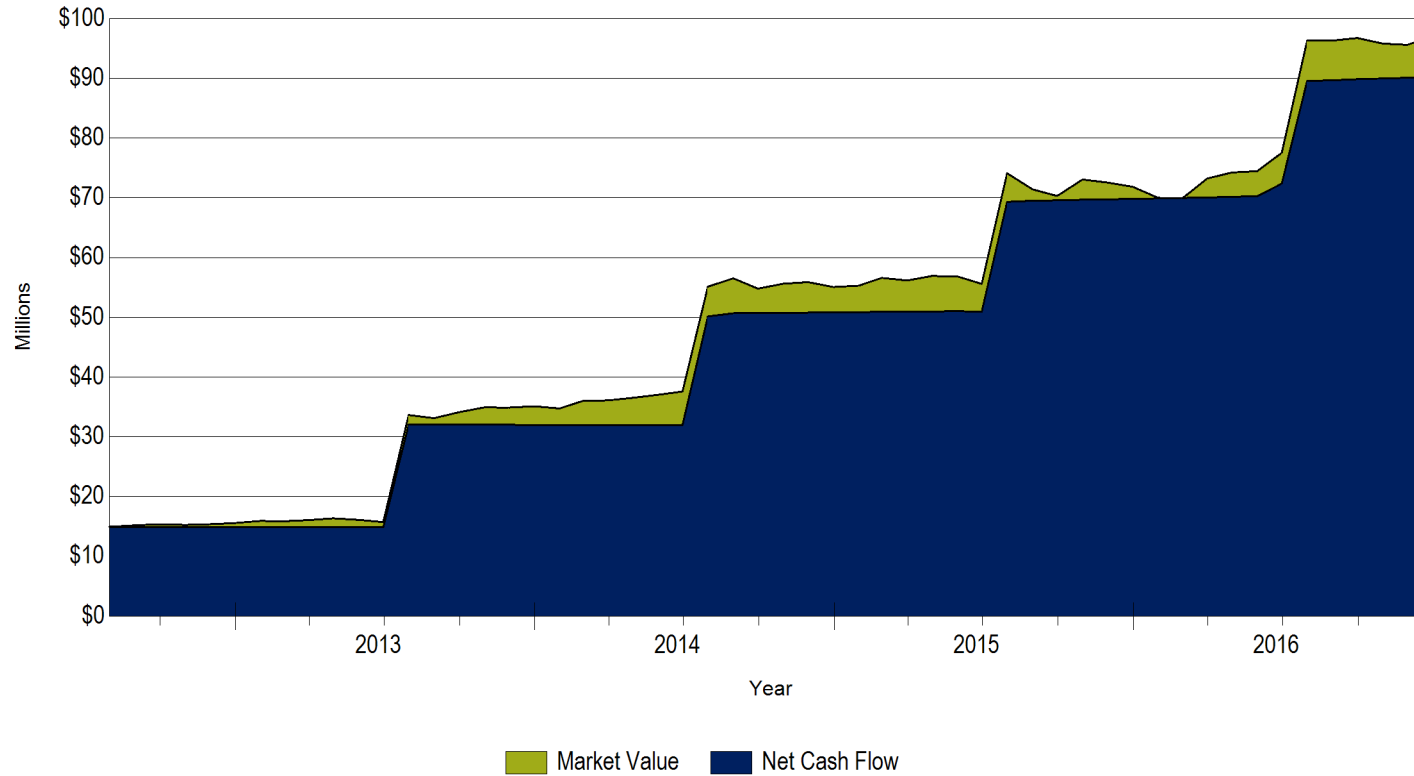


	Current Balance	Current Allocation	Policy	Difference *	Policy Range	Within IPS Range?
Equities	\$30,169,403	31.1%	43.0%	-11.9%	25.0% - 50.0%	Yes
Fixed Income	\$15,914,173	16.4%	15.0%	1.4%	5.0% - 25.0%	Yes
Global Asset Allocation	\$18,867,846	19.4%	20.0%	-0.6%	0.0% - 25.0%	Yes
Inflation-Linked	\$15,331,529	15.8%	22.0%	-6.2%	12.0% - 25.0%	Yes
Cash	\$16,748,124	17.3%	0.0%	17.3%	0.0% - 5.0%	No
Total	\$97,031,074	100.0%	100.0%			

*Difference between Policy and Current Allocation

Health Care Trust Asset Growth Summary

Since Inception Ending Dec 31, 2016



	Last Three Months	Fiscal Year-To-Date	One Year	Three Years	Inception 7/1/12
Beginning Market Value	\$96,749,597	\$77,527,992	\$71,858,339	\$35,109,252	\$0
Net Cash Flow	\$344,321	\$17,827,097	\$20,377,918	\$58,214,083	\$90,198,623
Net Investment Change	-\$62,844	\$1,675,986	\$4,794,818	\$3,707,739	\$6,832,451
Ending Market Value	\$97,031,074	\$97,031,074	\$97,031,074	\$97,031,074	\$97,031,074

City of San Jose Police and Fire Department Retirement Plan – Health Care Trust

Health Care Trust Asset Growth Summary Detail

Cash Flow Summary
3 Months Ending Dec 31, 2016

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Net Investment Change	Ending Market Value
Cash	\$16,373,826	-\$17,559	\$379,649	\$362,090	\$12,208	\$16,748,124
Credit Suisse	\$7,004,663	-\$6,963	\$0	-\$6,963	\$225,261	\$7,222,960
GMO	\$3,227,461	\$0	\$0	\$0	-\$37,247	\$3,190,214
PIMCO	\$8,013,115	\$0	\$0	\$0	-\$68,555	\$7,944,559
Standard Life	\$7,592,149	-\$8,005	\$0	-\$8,005	\$148,928	\$7,733,072
Vanguard REIT Index Fund	\$7,014,176	\$0	\$0	\$0	-\$208,623	\$6,805,553
Vanguard Total Bond Market Index Fund	\$16,434,304	\$0	\$0	\$0	-\$520,131	\$15,914,173
Vanguard Total World Stock Index Fund	\$29,824,666	\$0	\$0	\$0	\$344,736	\$30,169,403
Wellington	\$1,265,237	-\$2,801	\$0	-\$2,801	\$40,580	\$1,303,016
Total	\$96,749,597	-\$35,327	\$379,649	\$344,321	-\$62,844	\$97,031,074

Cash Flow Summary
FYTD Ending Dec 31, 2016

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Net Investment Change	Ending Market Value
Cash	\$4,881,059	-\$6,030,319	\$17,884,855	\$11,854,537	\$12,528	\$16,748,124
Credit Suisse	\$5,244,328	-\$13,920	\$2,000,000	\$1,986,080	-\$7,448	\$7,222,960
GMO	\$3,117,009	\$0	\$0	\$0	\$73,206	\$3,190,214
PIMCO	\$5,223,916	\$0	\$2,500,000	\$2,500,000	\$220,643	\$7,944,559
Standard Life	\$7,556,569	-\$8,005	\$0	-\$8,005	\$184,508	\$7,733,072
Vanguard REIT Index Fund	\$7,118,996	\$0	\$0	\$0	-\$313,443	\$6,805,553
Vanguard Total Bond Market Index Fund	\$14,871,747	\$0	\$1,500,000	\$1,500,000	-\$457,574	\$15,914,173
Vanguard Total World Stock Index Fund	\$28,294,994	\$0	\$0	\$0	\$1,874,409	\$30,169,403
Wellington	\$1,219,374	-\$5,515	\$0	-\$5,515	\$89,157	\$1,303,016
Total	\$77,527,992	-\$6,057,759	\$23,884,855	\$17,827,097	\$1,675,986	\$97,031,074

City of San Jose Police and Fire Department Retirement Plan – Health Care Trust

Health Care Trust Asset Growth Summary Detail

Cash Flow Summary

1 Year Ending Dec 31, 2016

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Net Investment Change	Ending Market Value
Cash	\$5,250,807	-\$9,094,078	\$20,578,867	\$11,484,789	\$12,528	\$16,748,124
Credit Suisse	\$3,316,168	-\$22,581	\$3,500,000	\$3,477,419	\$429,373	\$7,222,960
GMO	\$3,085,422	-\$13,013	\$0	-\$13,013	\$117,805	\$3,190,214
PIMCO	\$4,733,491	-\$23,338	\$2,500,000	\$2,476,662	\$734,406	\$7,944,559
Standard Life	\$6,306,266	-\$8,005	\$1,500,000	\$1,491,995	-\$65,189	\$7,733,072
Vanguard REIT Index Fund	\$6,272,388	-\$2,749	\$0	-\$2,749	\$535,914	\$6,805,553
Vanguard Total Bond Market Index Fund	\$14,092,728	-\$4,761	\$1,500,000	\$1,495,239	\$326,207	\$15,914,173
Vanguard Total World Stock Index Fund	\$27,736,630	-\$21,984	\$0	-\$21,984	\$2,454,757	\$30,169,403
Wellington	\$1,064,439	-\$10,441	\$0	-\$10,441	\$249,018	\$1,303,016
Total	\$71,858,339	-\$9,200,949	\$29,578,867	\$20,377,918	\$4,794,818	\$97,031,074

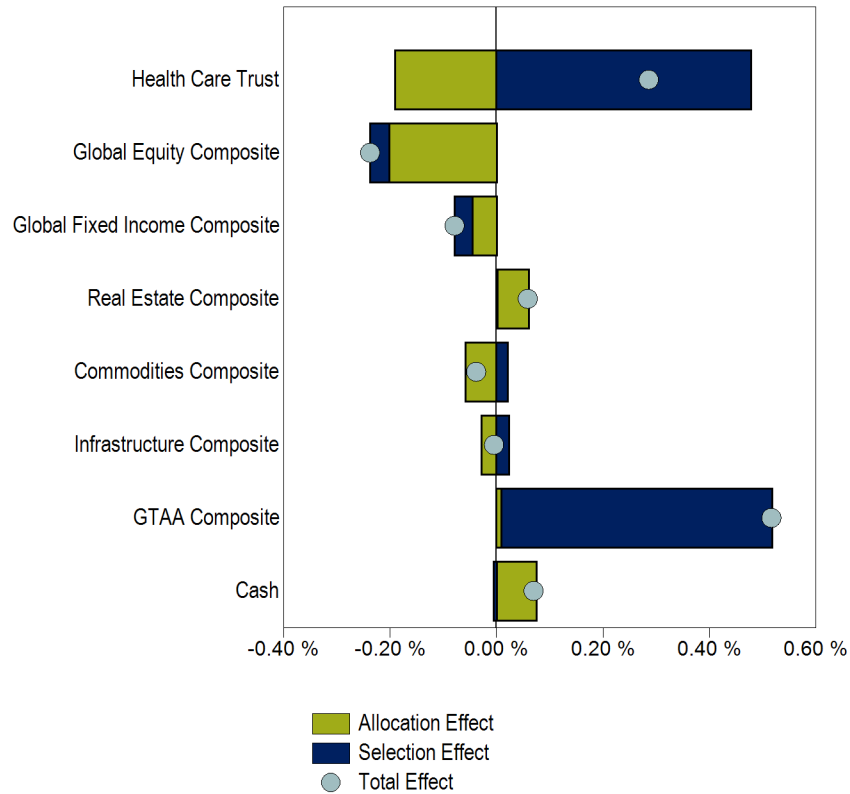
Cash Flow Summary

Since Inception Ending Dec 31, 2016

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Net Investment Change	Ending Market Value
Cash	\$0	-\$80,185,580	\$96,920,736	\$16,735,156	\$12,968	\$16,748,124
Credit Suisse	--	-\$562,031	\$8,800,000	\$8,237,969	-\$1,015,009	\$7,222,960
First Quadrant	--	-\$742,610	\$890,000	\$147,390	-\$147,390	--
GMO	--	-\$704,232	\$3,950,000	\$3,245,768	-\$55,553	\$3,190,214
PIMCO	--	-\$73,188	\$8,150,000	\$8,076,812	-\$132,253	\$7,944,559
Standard Life	--	-\$8,005	\$7,800,000	\$7,791,995	-\$58,923	\$7,733,072
Vanguard REIT Index Fund	--	-\$16,554	\$4,988,695	\$4,972,141	\$1,833,412	\$6,805,553
Vanguard Total Bond Market Index Fund	--	-\$4,227,831	\$19,110,434	\$14,882,603	\$1,031,571	\$15,914,173
Vanguard Total World Stock Index Fund	--	-\$121,989	\$24,671,390	\$24,549,401	\$5,620,002	\$30,169,403
Wellington	--	-\$30,612	\$1,590,000	\$1,559,388	-\$256,372	\$1,303,016
Total	\$0	-\$86,672,632	\$176,871,255	\$90,198,623	\$6,832,451	\$97,031,074

Health Care Trust Attribution Analysis - Net of Fees

Attribution Effects
3 Months Ending December 31, 2016

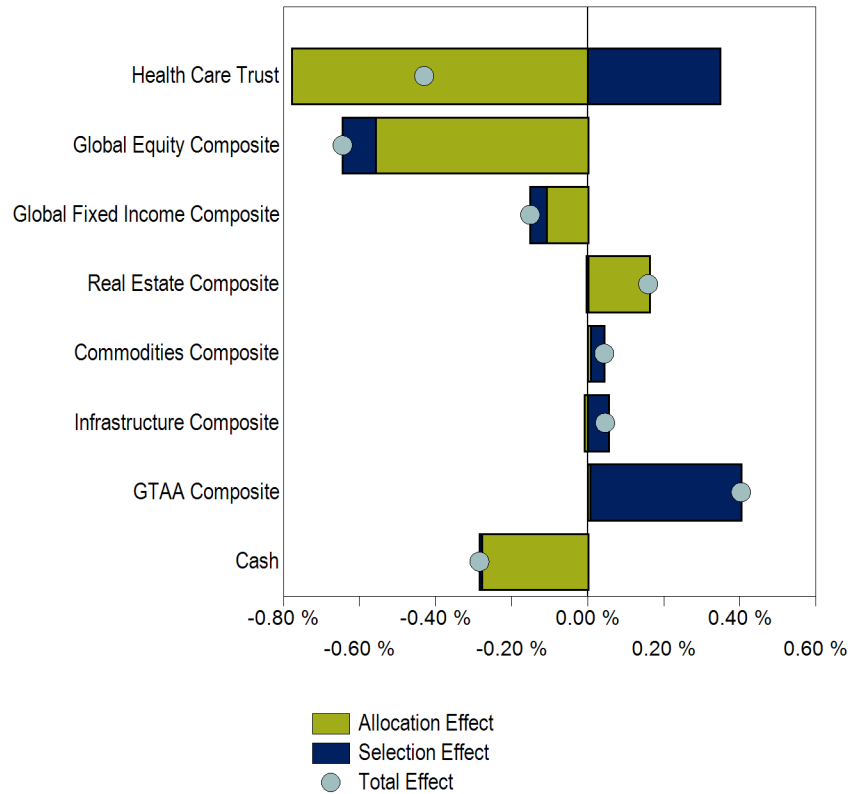


Attribution Summary
3 Months Ending December 31, 2016

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Global Equity Composite	1.2%	1.3%	-0.1%	0.0%	-0.2%	-0.2%
Global Fixed Income Composite	-3.2%	-3.0%	-0.2%	0.0%	0.0%	-0.1%
Real Estate Composite	-3.0%	-3.0%	0.0%	0.0%	0.1%	0.1%
Commodities Composite	3.1%	2.8%	0.3%	0.0%	-0.1%	0.0%
Infrastructure Composite	3.0%	1.2%	1.8%	0.0%	0.0%	0.0%
GTAA Composite	0.2%	-2.4%	2.6%	0.5%	0.0%	0.5%
Cash	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%
Total	-0.1%	-0.4%	0.3%	0.5%	-0.2%	0.3%

Health Care Trust Attribution Analysis - Net of Fees

Attribution Effects
FYTD Ending Dec 31, 2016

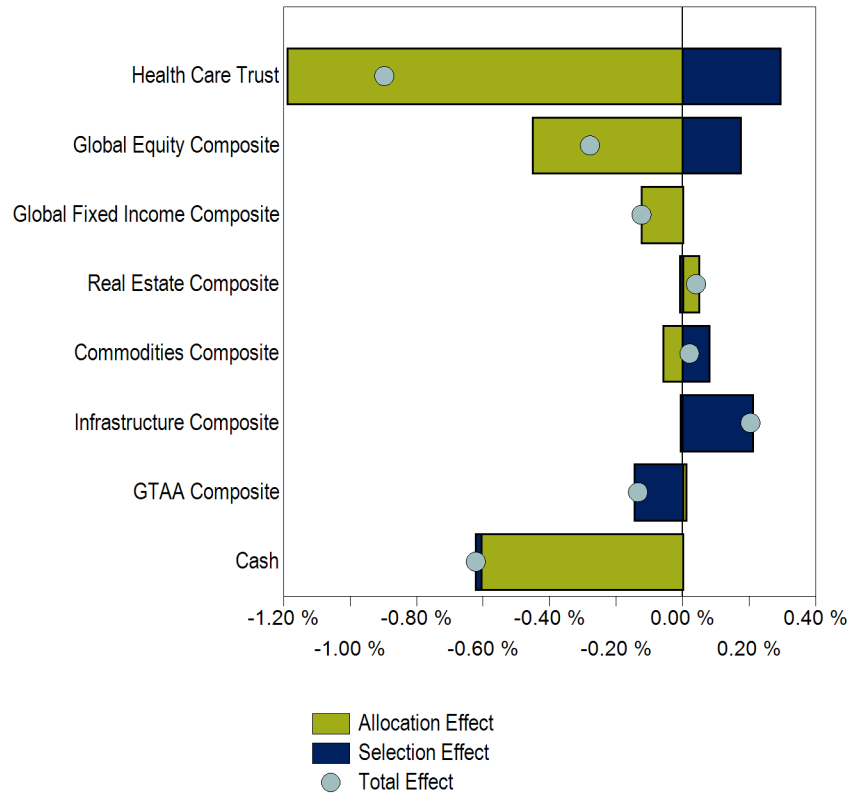


Attribution Summary
FYTD Ending Dec 31, 2016

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Global Equity Composite	6.6%	6.9%	-0.3%	-0.1%	-0.6%	-0.6%
Global Fixed Income Composite	-2.8%	-2.5%	-0.2%	0.0%	-0.1%	-0.2%
Real Estate Composite	-4.4%	-4.4%	0.0%	0.0%	0.2%	0.2%
Commodities Composite	-0.3%	-0.7%	0.5%	0.0%	0.0%	0.0%
Infrastructure Composite	6.9%	2.6%	4.2%	0.1%	0.0%	0.0%
GTAA Composite	2.6%	0.6%	2.1%	0.4%	0.0%	0.4%
Cash	0.1%	0.2%	0.0%	0.0%	-0.3%	-0.3%
Total	1.8%	2.3%	-0.4%	0.3%	-0.8%	-0.4%

Health Care Trust Attribution Analysis - Net of Fees

Attribution Effects
1 Year Ending December 31, 2016

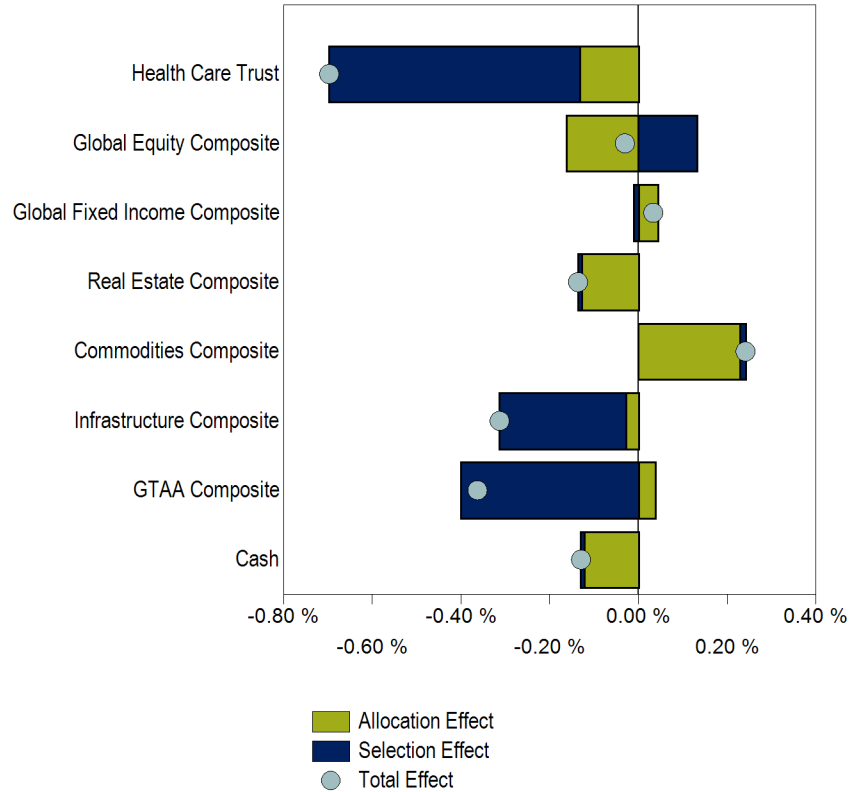


Attribution Summary
1 Year Ending December 31, 2016

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Global Equity Composite	8.8%	8.4%	0.4%	0.2%	-0.5%	-0.3%
Global Fixed Income Composite	2.6%	2.6%	0.0%	0.0%	-0.1%	-0.1%
Real Estate Composite	8.5%	8.6%	-0.1%	0.0%	0.0%	0.0%
Commodities Composite	8.8%	7.6%	1.2%	0.1%	-0.1%	0.0%
Infrastructure Composite	22.4%	7.2%	15.2%	0.2%	0.0%	0.2%
GTAA Composite	4.6%	5.3%	-0.7%	-0.1%	0.0%	-0.1%
Cash	0.1%	0.3%	-0.2%	0.0%	-0.6%	-0.6%
Total	6.1%	7.0%	-0.9%	0.3%	-1.2%	-0.9%

Health Care Trust Attribution Analysis - Net of Fees

Attribution Effects
3 Years Ending December 31, 2016

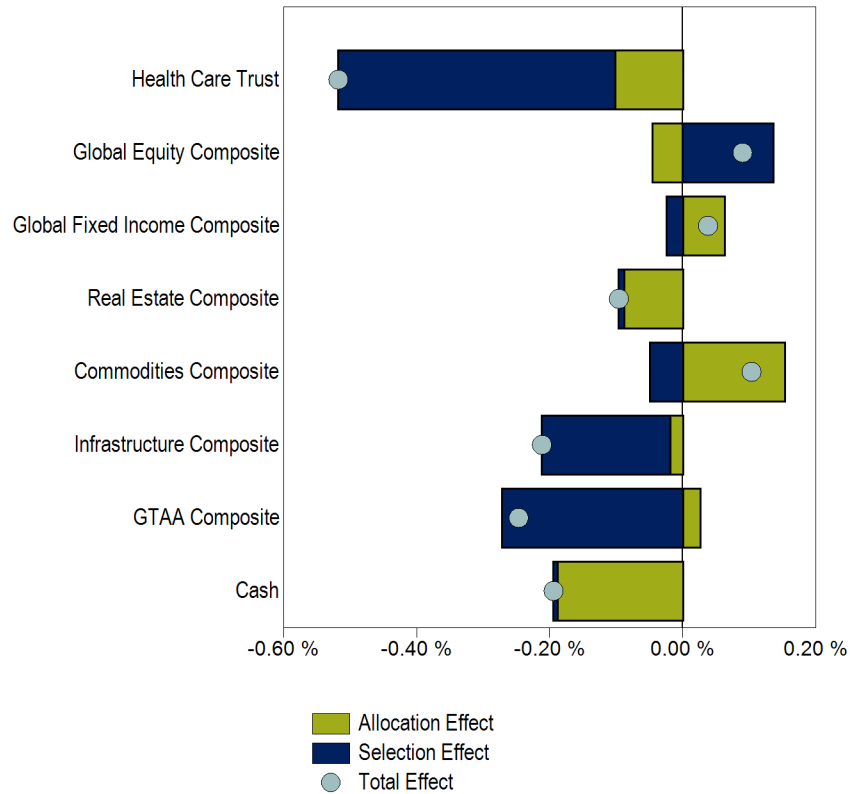


Attribution Summary
3 Years Ending December 31, 2016

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Global Equity Composite	3.5%	3.2%	0.3%	0.1%	-0.2%	0.0%
Global Fixed Income Composite	2.9%	3.0%	-0.1%	0.0%	0.0%	0.0%
Real Estate Composite	13.1%	13.2%	-0.1%	0.0%	-0.1%	-0.1%
Commodities Composite	-7.7%	-7.9%	0.2%	0.0%	0.2%	0.2%
Infrastructure Composite	-5.5%	6.2%	-11.7%	-0.3%	0.0%	-0.3%
GTAA Composite	--	--	--	-0.4%	0.0%	-0.4%
Cash	0.0%	0.1%	-0.1%	0.0%	-0.1%	-0.1%
Total	2.4%	3.1%	-0.7%	-0.6%	-0.1%	-0.7%

Health Care Trust Attribution Analysis - Net of Fees

Attribution Effects
Since Inception Ending Dec 31, 2016



Attribution Summary
Since Inception Ending Dec 31, 2016

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Global Equity Composite	--	9.1%	--	0.1%	0.0%	0.1%
Global Fixed Income Composite	--	1.6%	--	0.0%	0.1%	0.0%
Real Estate Composite	--	9.4%	--	0.0%	-0.1%	-0.1%
Commodities Composite	--	-7.5%	--	0.0%	0.2%	0.1%
Infrastructure Composite	--	--	--	-0.2%	0.0%	-0.2%
GTAA Composite	--	--	--	-0.3%	0.0%	-0.2%
Cash	0.0%	0.1%	-0.1%	0.0%	-0.2%	-0.2%
Total	4.2%	4.8%	-0.5%	-0.4%	-0.1%	-0.5%

City of San Jose Police and Fire Department Retirement Plan – Health Care Trust

Health Care Trust Performance Summary – Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	Return (%)	Since
Health Care Trust	97,031,074	100.0	-0.1	--	1.7	--	6.0	--	2.4	--	--	--	4.2	Jul-12
<i>Policy Benchmark</i>			<i>-0.4</i>	<i>--</i>	<i>2.3</i>	<i>--</i>	<i>7.0</i>	<i>--</i>	<i>3.1</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>4.8</i>	<i>Jul-12</i>
<i>Over/Under</i>			<i>0.3</i>		<i>-0.6</i>		<i>-1.0</i>		<i>-0.7</i>				<i>-0.6</i>	
<i>Allocation Index</i>			<i>0.3</i>	<i>--</i>	<i>2.4</i>	<i>--</i>	<i>6.5</i>	<i>--</i>	<i>3.9</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>5.4</i>	<i>Jul-12</i>
Global Equity Composite	30,169,403	31.1	1.2	37	6.6	37	8.8	28	3.5	45	--	--	9.6	Aug-12
Vanguard Total World Stock Index Fund	30,169,403	31.1	1.2	37	6.6	37	8.8	28	3.5	45	--	--	9.6	Aug-12
MSCI ACWI IMI (Net)			1.3	36	6.9	35	8.4	30	3.2	49	9.6	61	9.3	Aug-12
<i>Over/Under</i>			<i>-0.1</i>		<i>-0.3</i>		<i>0.4</i>		<i>0.3</i>				<i>0.3</i>	
<i>eA All Global Equity Net Median</i>			<i>-0.1</i>		<i>4.7</i>		<i>5.9</i>		<i>3.1</i>		<i>10.1</i>		<i>9.3</i>	<i>Aug-12</i>
Global Fixed Income Composite	15,914,173	16.4	-3.2	84	-2.8	84	2.6	58	2.9	52	--	--	1.6	Aug-12
Vanguard Total Bond Market Index Fund	15,914,173	16.4	-3.2	84	-2.8	84	2.6	58	2.9	52	--	--	1.6	Aug-12
BBgBarc US Aggregate TR			-3.0	80	-2.5	81	2.6	57	3.0	50	2.2	64	1.7	Aug-12
<i>Over/Under</i>			<i>-0.2</i>		<i>-0.3</i>		<i>0.0</i>		<i>-0.1</i>				<i>-0.1</i>	
<i>eA All US Fixed Inc Net Median</i>			<i>-1.8</i>		<i>-1.0</i>		<i>3.3</i>		<i>3.0</i>		<i>2.9</i>		<i>2.2</i>	<i>Aug-12</i>
Real Assets	15,331,529	15.8	0.3	--	-1.6	--	10.2	--	--	--	--	--	3.5	Jul-15
Real Estate Composite	6,805,553	7.0	-3.0	62	-4.4	69	8.5	18	13.1	68	--	--	9.5	Aug-12
Vanguard REIT Index Fund	6,805,553	7.0	-3.0	62	-4.4	69	8.5	18	13.1	68	--	--	9.5	Aug-12
MSCI US REIT			-3.3	66	-5.0	80	7.1	37	11.8	86	10.5	97	8.2	Aug-12
<i>Over/Under</i>			<i>0.3</i>		<i>0.6</i>		<i>1.4</i>		<i>1.3</i>				<i>1.3</i>	
<i>eA US REIT Net Median</i>			<i>-2.8</i>		<i>-3.6</i>		<i>6.7</i>		<i>13.4</i>		<i>11.8</i>		<i>9.6</i>	<i>Aug-12</i>
Commodities Composite	7,222,960	7.4	3.1	--	-0.3	--	8.8	--	-7.7	--	--	--	-8.8	Oct-12
Custom Commodity Risk Parity Index			2.8	--	-0.7	--	7.6	--	-7.9	--	-6.4	--	-8.4	Oct-12
<i>Over/Under</i>			<i>0.3</i>		<i>0.4</i>		<i>1.2</i>		<i>0.2</i>				<i>-0.4</i>	
Credit Suisse	7,222,960	7.4	3.1	--	-0.3	--	8.8	--	-7.7	--	--	--	-7.6	Nov-12
Custom Commodity Risk Parity Index			2.8	--	-0.7	--	7.6	--	-7.9	--	-6.4	--	-7.9	Nov-12
<i>Over/Under</i>			<i>0.3</i>		<i>0.4</i>		<i>1.2</i>		<i>0.2</i>				<i>0.3</i>	
Infrastructure Composite	1,303,016	1.3	3.0	--	6.9	--	22.4	--	-5.5	--	--	--	-5.5	Jan-14
Wellington	1,303,016	1.3	3.0	--	6.9	--	22.4	--	-5.5	--	--	--	-5.5	Jan-14
CPI + 5% (Unadjusted)			1.2	--	2.6	--	7.2	--	6.2	--	6.4	--	6.2	Jan-14
<i>Over/Under</i>			<i>1.8</i>		<i>4.3</i>		<i>15.2</i>		<i>-11.7</i>				<i>-11.7</i>	

Fiscal year ends June 30.

City of San Jose Police and Fire Department Retirement Plan – Health Care Trust

Health Care Trust Performance Summary – Net of Fees

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	Return (%)	Since
GTAA Composite	18,867,846	19.4	0.2	--	2.6	--	4.6	--	--	--	--	--	-2.4	Sep-14
60% MSCI World (Net) / 40% CITI WGBI			-2.4	--	0.6	--	5.3	--	2.1	--	5.9	--	0.2	Sep-14
Over/Under			2.6		2.0		-0.7						-2.6	
GMO	3,190,214	3.3	-1.2	--	2.3	--	3.4	--	--	--	--	--	-1.6	Sep-14
CPI + 5% (Seasonally Adjusted)			2.1	--	3.8	--	7.2	--	6.2	--	6.4	--	6.0	Sep-14
Over/Under			-3.3		-1.5		-3.8						-7.6	
60% MSCI World (Net) / 40% CITI WGBI			-2.4	--	0.6	--	5.3	--	2.1	--	5.9	--	0.2	Sep-14
PIMCO	7,944,559	8.2	-0.9	--	3.1	--	13.7	--	--	--	--	--	-3.5	Sep-14
CPI + 6.5% (Seasonally Adjusted)			2.4	--	4.5	--	8.7	--	7.7	--	7.9	--	7.5	Sep-14
Over/Under			-3.3		-1.4		5.0						-11.0	
60% MSCI World (Net) / 40% CITI WGBI			-2.4	--	0.6	--	5.3	--	2.1	--	5.9	--	0.2	Sep-14
Standard Life	7,733,072	8.0	1.9	--	2.3	--	-1.7	--	--	--	--	--	-0.6	Feb-15
91 Day T-Bill + 5%			1.3	--	2.6	--	5.3	--	5.1	--	5.1	--	5.2	Feb-15
Over/Under			0.6		-0.3		-7.0						-5.8	
60% MSCI World (Net) / 40% CITI WGBI			-2.4	--	0.6	--	5.3	--	2.1	--	5.9	--	2.5	Feb-15
Cash	16,748,124	17.3	0.1	--	0.1	--	0.1	--	0.0	--	--	--	0.0	Jul-12
Cash	16,748,124	17.3	0.1	--	0.1	--	0.1	--	0.0	--	--	--	0.0	Jul-12
91 Day T-Bills			0.1	--	0.2	--	0.3	--	0.1	--	0.1	--	0.1	Jul-12
Over/Under			0.0		-0.1		-0.2		-0.1				-0.1	

Fiscal year ends June 30.

City of San Jose Police and Fire Department Retirement Plan – Health Care Trust

Due Diligence Monitor

The items below summarize the recent quarter's performance and any changes or announcements from the Plan's managers/products. A "-" indicates there were no material announcements. A "Yes" indicates there was an announcement and a brief summary is provided on the following pages. NEPC's Due Diligence Committee meets every two weeks to review events as they relate to investment managers and determine if any action should be taken (by NEPC and/or by our clients). Events are rated: No Action, Watch, Hold, Client Review or Terminate. NEPC's recommendation in view of the recent quarter's developments (performance, manager events, and any of the longer-term trending data) is refreshed quarterly.

Investment Options	Performance (Recent Quarter)	Changes/Announcements (Recent Quarter)	NEPC Due Diligence Committee Recommendations	Plan Recommendation	Comments
Vanguard Total World Stock Index	-	-	-	-	
Vanguard Total Bond Market Index	-	-	-	-	
Vanguard REIT Index	-	-	-	-	
Credit Suisse Risk Parity Commodity Fund	N/A	-	-	-	Maintain Hold
Wellington Diversified Inflation Hedges	N/A	Yes	Watch	-	Maintain Watch
GMO Benchmark-Free Allocation Fund	N/A	-	-	-	Maintain Hold
PIMCO All Asset All Authority Fund	N/A	Yes	No Action	-	
Standard Life GARS	N/A	-	-	-	

NEPC Due Diligence Committee Recommendation Key

No Action	Informational items have surfaced; no action is recommended.
Watch	Issues have surfaced to be concerned over; manager can participate in future searches, but current and prospective clients must be made aware of the issues.
Hold	Serious issues have surfaced to be concerned over; manager cannot participate in future searches unless a client specifically requests, but current and prospective clients must be made aware of the issues.
Client Review	Very serious issues have surfaced with an Investment Manager; manager cannot participate in future searches unless a client specifically requests. Current clients must be advised to review the manager.
Terminate	We have lost all confidence in the product; manager would not be recommended for searches and clients would be discouraged from using. The manager cannot participate in future searches unless a client specifically requests. Current clients must be advised to replace the manager.



Due Diligence Commentary

Wellington

Wellington announced that the DIH allocation to the Global Agriculture Strategy, managed by Dave Fassnacht would be transitioning to the Opportunistic Agriculture Strategy managed by Sabre Mayhugh. The change represents a more alpha seeking exposure to the agriculture sector. As of December 31, 2016, the Agriculture allocation accounted for 5.2% of the DIH portfolio. Mr. Mayhugh was the lead portfolio manager for \$19 million in Opportunistic Agriculture as part of the Strategic Real Assets portfolio as of December 31, 2016. With the transition from Global Agriculture to Opportunistic Agriculture (within DIH), he is now responsible for an additional \$161M in equities. The decision to make the transition had been the performance of the Global Agriculture Strategy.

NEPC recommends a **Watch** due diligence rating.

PIMCO

PIMCO recently updated the prospectus for their All Asset suite of products and made two adjustments. First, CIO Chris Brightman has been added as co-PM alongside Rob Arnott. This does not represent a change in responsibility or roles, but is a reflection of the work Mr. Brightman brings to the products. Mr. Brightman is the CIO of Research Affiliates and broadly oversees the asset allocation models that serve as the foundation for the All Asset suite of products. Second, the maximum weight for international equity in the All Asset All Authority Fund has increased from 33% to 50%. NEPC Research is comfortable with both of these changes and recommends No Action as a result.

NEPC recommends a **No Action** due diligence rating.

Policy Benchmark History

- **7/1/12 – 7/31/12:** 90 day T-Bills
- **8/1/12 – 12/31/13:** 43% MSCI ACWI IMI (Net)/35% Barclays Capital U.S. Aggregate/10% MSCI U.S. REIT/12% Custom Commodity Risk Parity Index
- **1/1/14 – 8/31/2014:** 43% MSCI ACWI IMI (Net)/35% Barclays Capital U.S. Aggregate/10% MSCI U.S. REIT/9% Custom Commodity Risk Parity Index/3% CPI + 5% (Unadjusted)
- **9/1/14 - present:** 43% MSCI ACWI IMI (Net)/15% Barclays Capital U.S. Aggregate/10% MSCI U.S. REIT/9% Custom Commodity Risk Parity Index/3% CPI + 5% (Unadjusted)/20% 60/40 MSCI World (Net)/Citi World Government Bond Index

Information Disclaimer and Reporting Methodology

Information Disclaimer

- Past performance is no guarantee of future results.
- All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.
- NEPC's sources for portfolio pricing, calculation of accruals, and transaction information are the Plan's custodian bank and investment managers. Information on market indices and security characteristics is received from other sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- Some index returns displayed in this report or used in calculation of a policy, allocation or custom benchmark may be preliminary and subject to change.
- This report is provided as a management aid for the client's internal use only. Information contained in this report does not constitute a recommendation by NEPC.
- This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

Reporting Methodology

- The client's custodian bank is NEPC's preferred data source unless otherwise directed. NEPC generally reconciles custodian data to manager data. If the custodian cannot provide accurate data, manager data may be used.
- Trailing time period returns are determined by geometrically linking the holding period returns, from the first full month after inception to the report date. Rates of return are annualized when the time period is longer than a year. Performance is presented gross and/or net of manager fees as indicated.
- For managers funded in the middle of a month, the "since inception" return will start with the first full month of performance, although actual inception dates and cash flows are taken into account in all Composite calculations.
- This report may contain forward-looking statements that are based on NEPC's estimates, opinions and beliefs, but NEPC cannot guarantee that any plan will achieve its targeted return or meet other goals.

