

# FUND EVALUATION REPORT

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

Quarterly Review  
June 30, 2017



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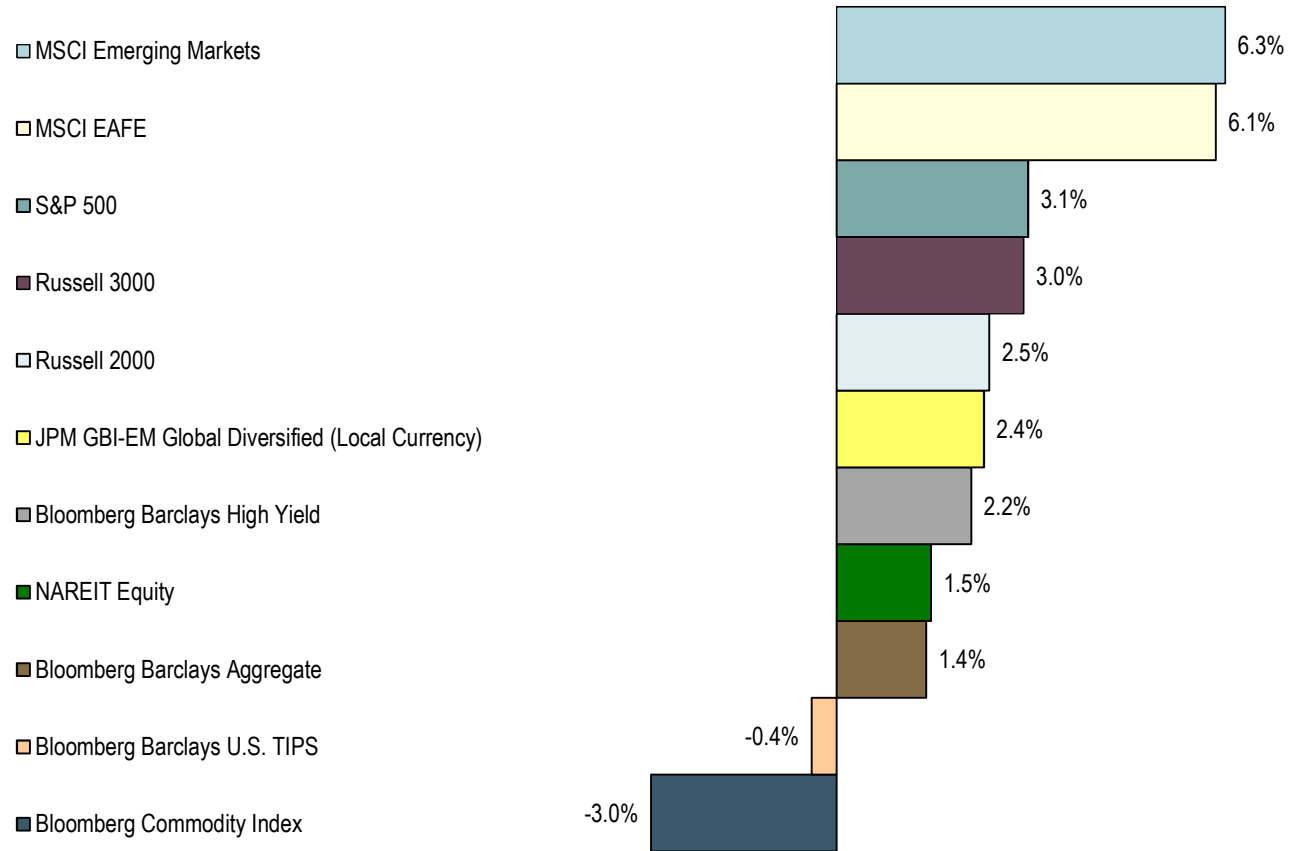
**Data is provided for informational purposes only, may not be complete, and cannot be relied upon for any purpose other than for discussion.**

**Meketa Investment Group has prepared this report on the basis of sources believed to be reliable. The data are based on matters as they are known as of the date of preparation of the report, and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available.**

- 1. The World Markets in the Second Quarter of 2017**
- 2. Executive Summary**
  - Aggregate Fund Overview
  - Second Quarter Manager Summary
  - Market Environment – 2Q17 Overview
- 3. 2Q17 Review**

# **The World Markets Second Quarter of 2017**

## The World Markets<sup>1</sup> Second Quarter of 2017



<sup>1</sup> Source: InvestorForce.

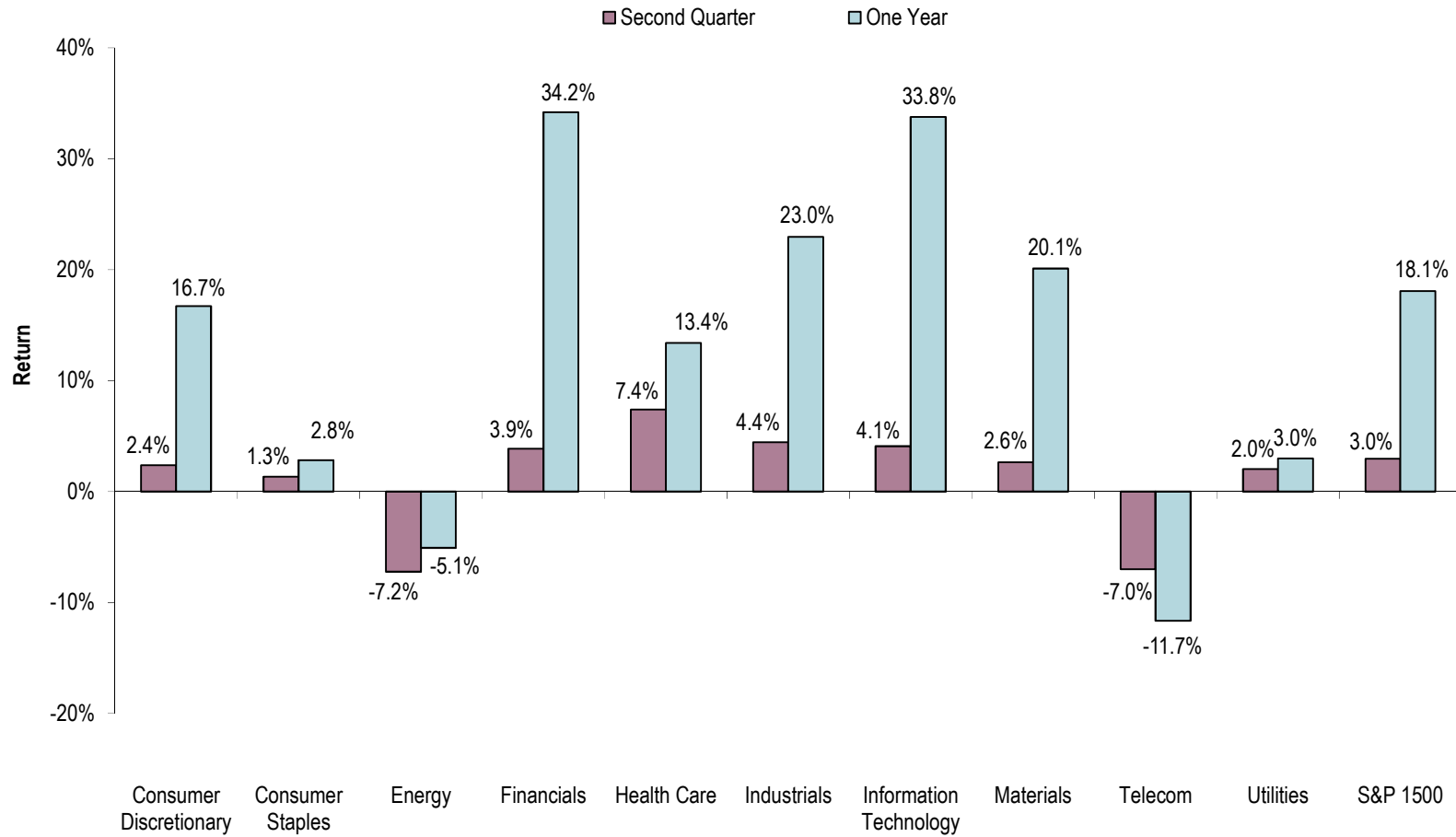


Index Returns<sup>1</sup>

	2Q17 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
<b>Domestic Equity</b>					
Russell 3000	3.0	18.5	9.1	14.6	7.3
Russell 1000	3.1	18.0	9.3	14.7	7.3
Russell 1000 Growth	4.7	20.4	11.1	15.3	8.9
Russell 1000 Value	1.3	15.5	7.4	13.9	5.6
Russell MidCap	2.7	16.5	7.7	14.7	7.7
Russell MidCap Growth	4.2	17.0	7.8	14.2	7.9
Russell MidCap Value	1.4	15.9	7.5	15.1	7.2
Russell 2000	2.5	24.6	7.4	13.7	6.9
Russell 2000 Growth	4.4	24.4	7.6	14.0	7.8
Russell 2000 Value	0.7	24.9	7.0	13.4	5.9
<b>Foreign Equity</b>					
MSCI ACWI (ex. U.S.)	5.8	20.5	0.8	7.2	1.1
MSCI EAFE	6.1	20.3	1.1	8.7	1.0
MSCI EAFE (Local Currency)	2.7	22.1	7.0	12.5	2.0
MSCI EAFE Small Cap	8.1	23.2	5.6	12.9	3.4
MSCI Emerging Markets	6.3	23.7	1.1	4.0	1.9
MSCI Emerging Markets (Local Currency)	6.6	21.8	6.1	7.6	4.3
<b>Fixed Income</b>					
Bloomberg Barclays Universal	1.5	0.9	2.8	2.7	4.7
Bloomberg Barclays Aggregate	1.4	-0.3	2.5	2.2	4.5
Bloomberg Barclays U.S. TIPS	-0.4	-0.6	0.6	0.3	4.3
Bloomberg Barclays High Yield	2.2	12.7	4.5	6.9	7.7
JPM GBI-EM Global Diversified (Local Currency)	2.4	6.7	7.0	6.6	8.2
<b>Other</b>					
NAREIT Equity	1.5	-1.7	8.4	9.5	6.0
Bloomberg Commodity Index	-3.0	-6.5	-14.8	-9.2	-6.5
HFRI Fund of Funds	0.8	6.5	1.5	3.9	0.9

<sup>1</sup> Source: InvestorForce.

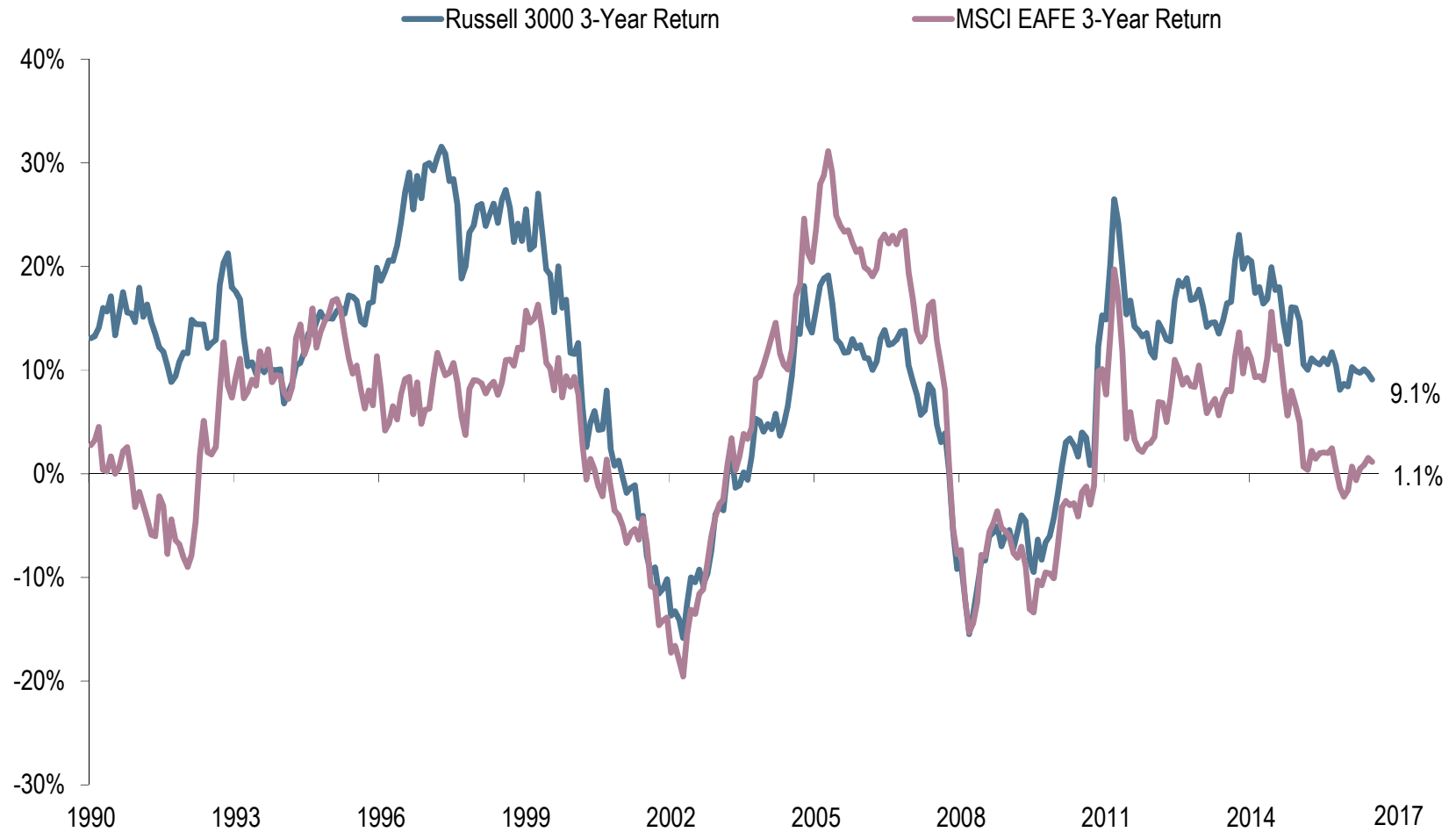
### S&P Sector Returns<sup>1</sup>



<sup>1</sup> Source: InvestorForce. Represents S&P 1500 (All Cap) data.



### U.S. and Developed Market Foreign Equity Rolling Three-Year Returns<sup>1</sup>

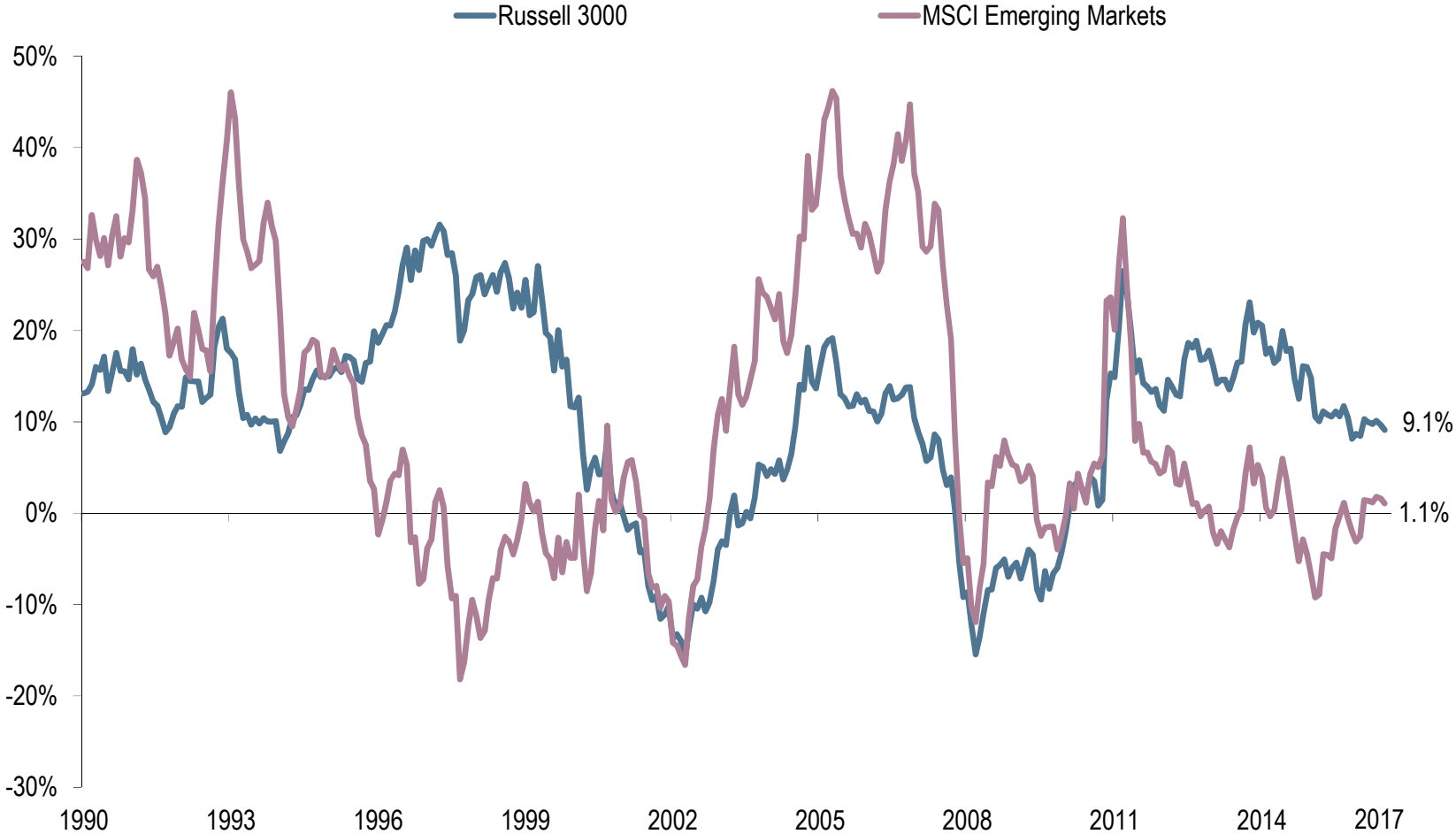


<sup>1</sup> Source: InvestorForce.





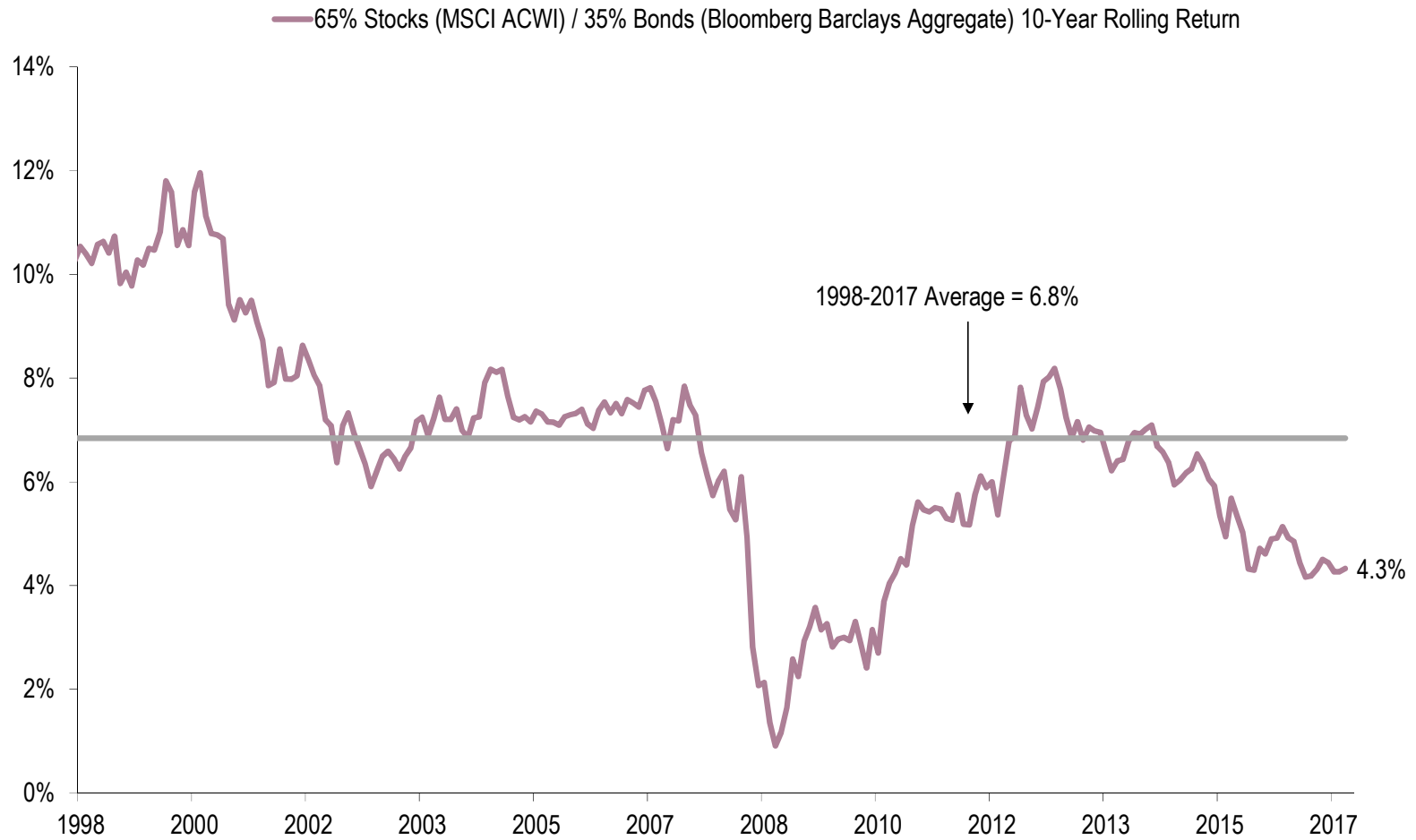
### U.S. and Emerging Market Equity Rolling Three-Year Returns<sup>1</sup>



<sup>1</sup> Source: InvestorForce.



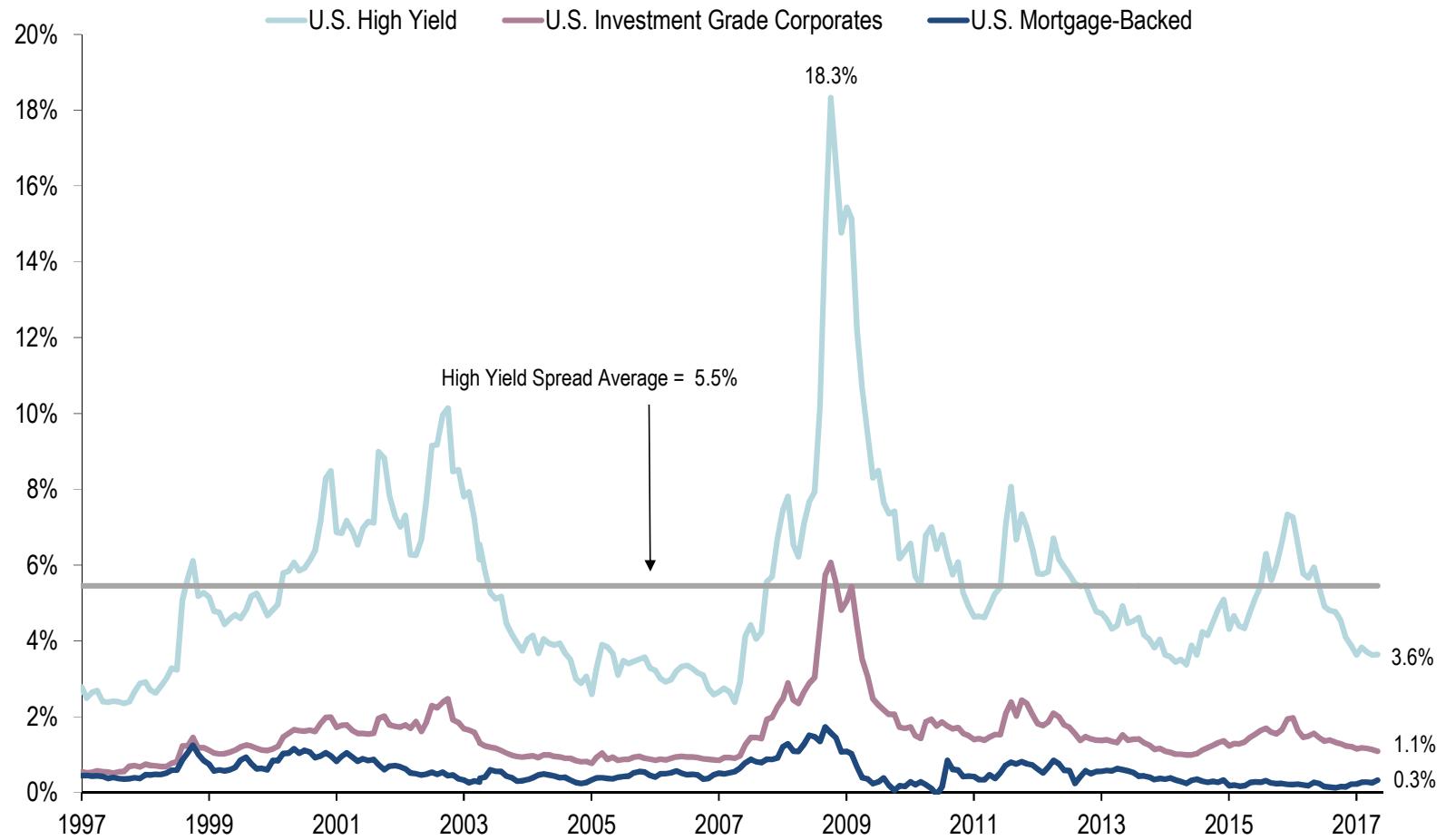
## Rolling Ten-Year Returns: 65% Stocks and 35% Bonds<sup>1</sup>



<sup>1</sup> Source: InvestorForce.



### Credit Spreads vs. U.S. Treasury Bonds<sup>1,2</sup>

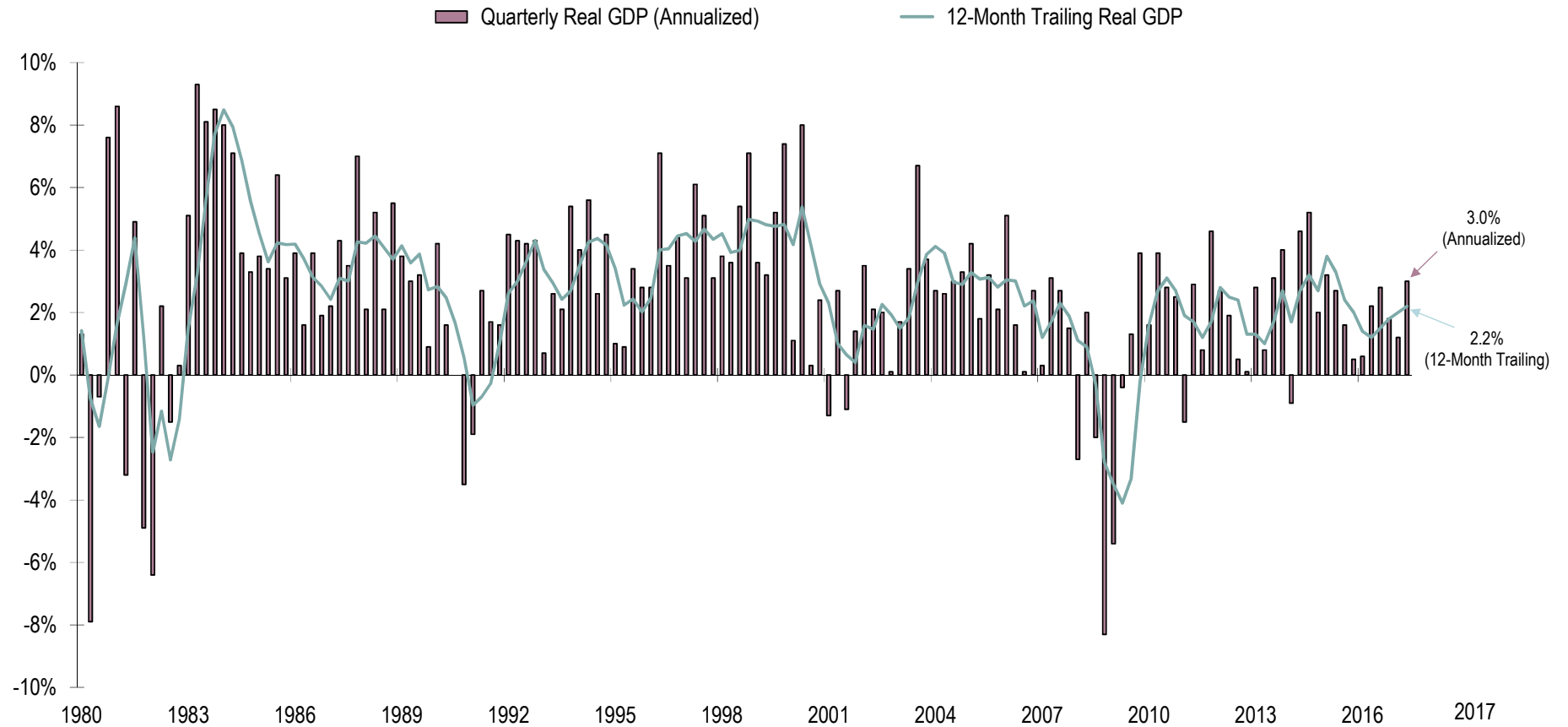


<sup>1</sup> Source: Barclays Live.

<sup>2</sup> The median high yield spread was 5.0% from 1997-2017.



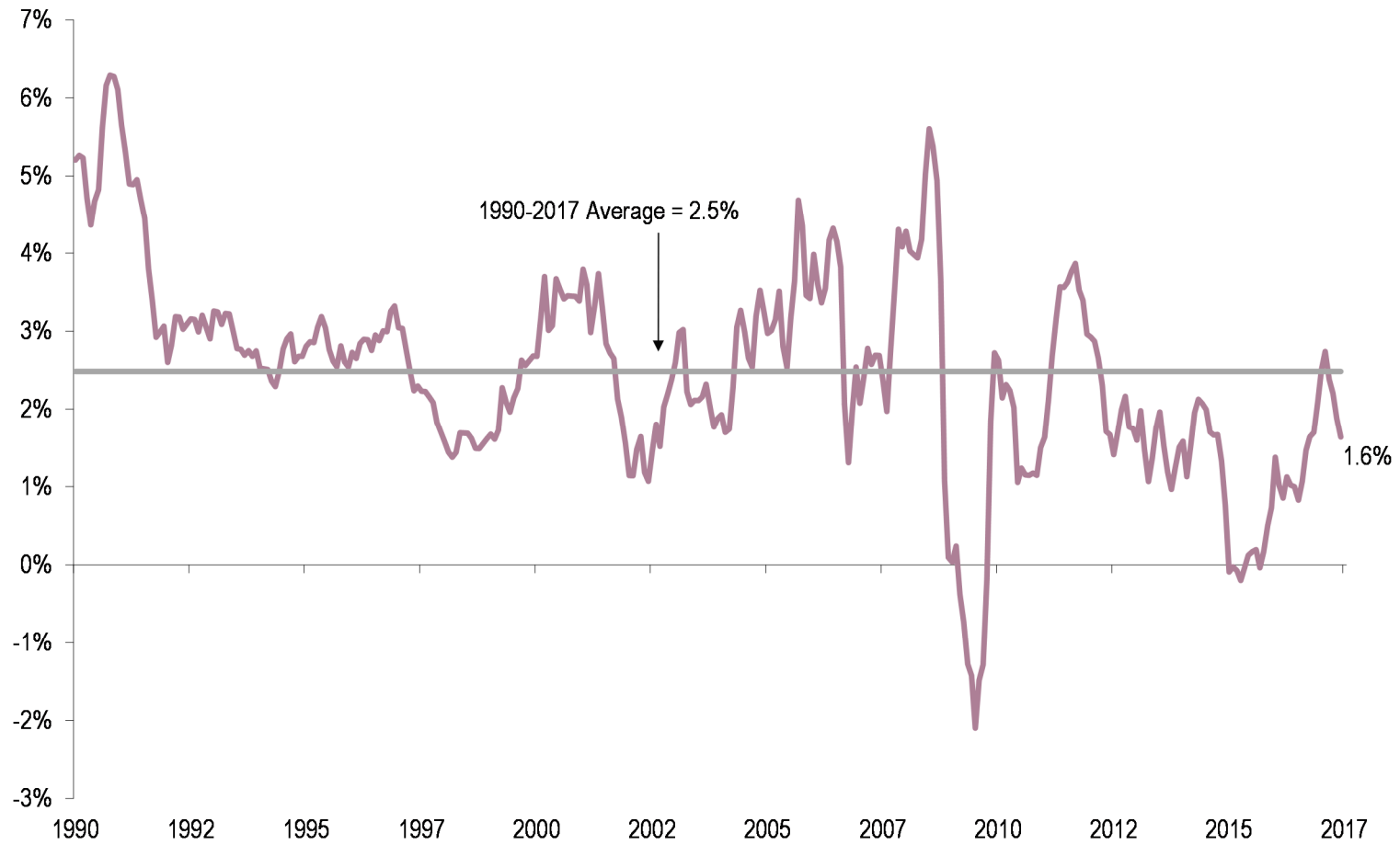
## U.S. Real Gross Domestic Product (GDP) Growth<sup>1</sup>



<sup>1</sup> Source: Bureau of Economic Analysis. Data is as of the second quarter of 2017 and represents the second estimate.



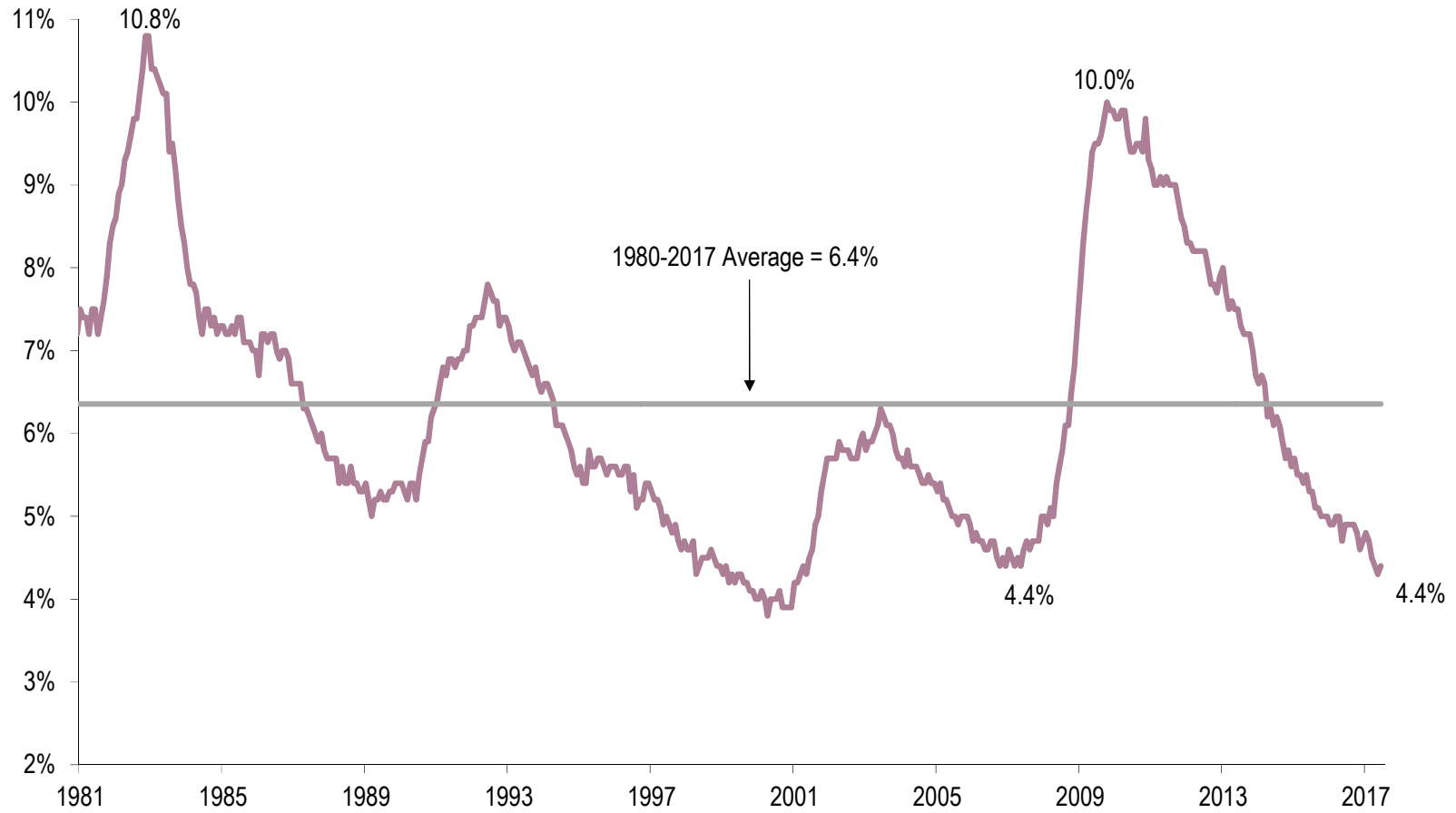
### U.S. Inflation (CPI) Trailing Twelve Months<sup>1</sup>



<sup>1</sup> Source: Bureau of Labor Statistics. Data is non-seasonally adjusted CPI, which may be volatile in the short-term. Data is as of June 30, 2017.



### U.S. Unemployment<sup>1</sup>



<sup>1</sup> Source: Bureau of Labor Statistics. Data is as of June 30, 2017.



# **Executive Summary As of June 30, 2017**

**The value of the City of San Jose Police and Fire Department Retirement Plan – Health Care Trust’s assets was \$102.9 million on June 30, 2017, an increase of \$2.4 million from the end of the prior quarter. The Trust had \$0.4 million in net cash inflows for the quarter.**

- The Health Care Trust’s net of fees performance was +2.0% for the quarter, underperforming the Policy Benchmark (+2.8%), but outperforming the Allocation index (+1.8%). Over the one-year period, the Trust returned +7.0%.
- The Health Care Trust’s cash allocation ended the quarter outside of its target range (17.1% vs. target range of 0-5%).
- All broad asset classes were positive for the quarter except Commodities and Infrastructure.
  - Global Equity returned +4.3% for the quarter and +19.1% over the one-year period, slightly outperforming the MSCI ACWI IMI’s return of +4.2% and +19.0%, respectively.
  - Global Fixed Income returned +1.5% for the quarter and -0.4% over the one-year period, approximately in line with the BBgBarc US Aggregate for both periods.
  - Real Assets returned +0.2% for the quarter and -0.1% over the one-year period, outperforming the Real Assets Custom Benchmark returns of +0.0% and -0.4%, respectively. For the quarter, Credit Suisse (-0.6%) outperformed the Bloomberg Commodities Index (-3.0%), Wellington Diverse Inflation Hedge (-3.1%) underperformed CPI +5% Unadjusted (+1.7%), and Vanguard REIT (+1.6%) outperformed the MSCI US REIT Index (+1.3%).
  - GTAA returned +1.6% for the quarter, underperforming the 60% MSCI World/40% Citi WGBI by 200 basis points. For the quarter, PIMCO All Asset All Authority (+1.7%) slightly outperformed, while GMO Benchmark Free Allocation (+2.8%) and Standard Life GARS (+0.8%) slightly underperformed their benchmarks.
- The Trust did not add any additional investment managers during the quarter.



Investment Manager	Asset Class	Changes/ Announcements	Performance Concerns	Meketa Recommendation <sup>1</sup>	Comments
Credit Suisse Risk Parity Commodity	Commodities	Yes	---	Hold	Spin-off
Wellington Diverse Inflation Hedge	Infrastructure	---	---	---	Termination approved by Investment Committee
GMO Benchmark Free Allocation Fund	GTAA	---	---	---	---
PIMCO All Asset All Authority	GTAA	---	---	---	---
Standard Life GARS	GTAA	Yes	---	Hold	Completed Merger

<sup>1</sup> The Meketa Investment Group recommendations are based on organizational or resource changes at each manager.



### **Credit Suisse**

- In April 2017, Credit Suisse Asset Management (“CSAM”) announced that the Volaris business, which employed an options-based volatility strategy, had spun off into an independent advisory firm, Volaris Capital Management LLC.

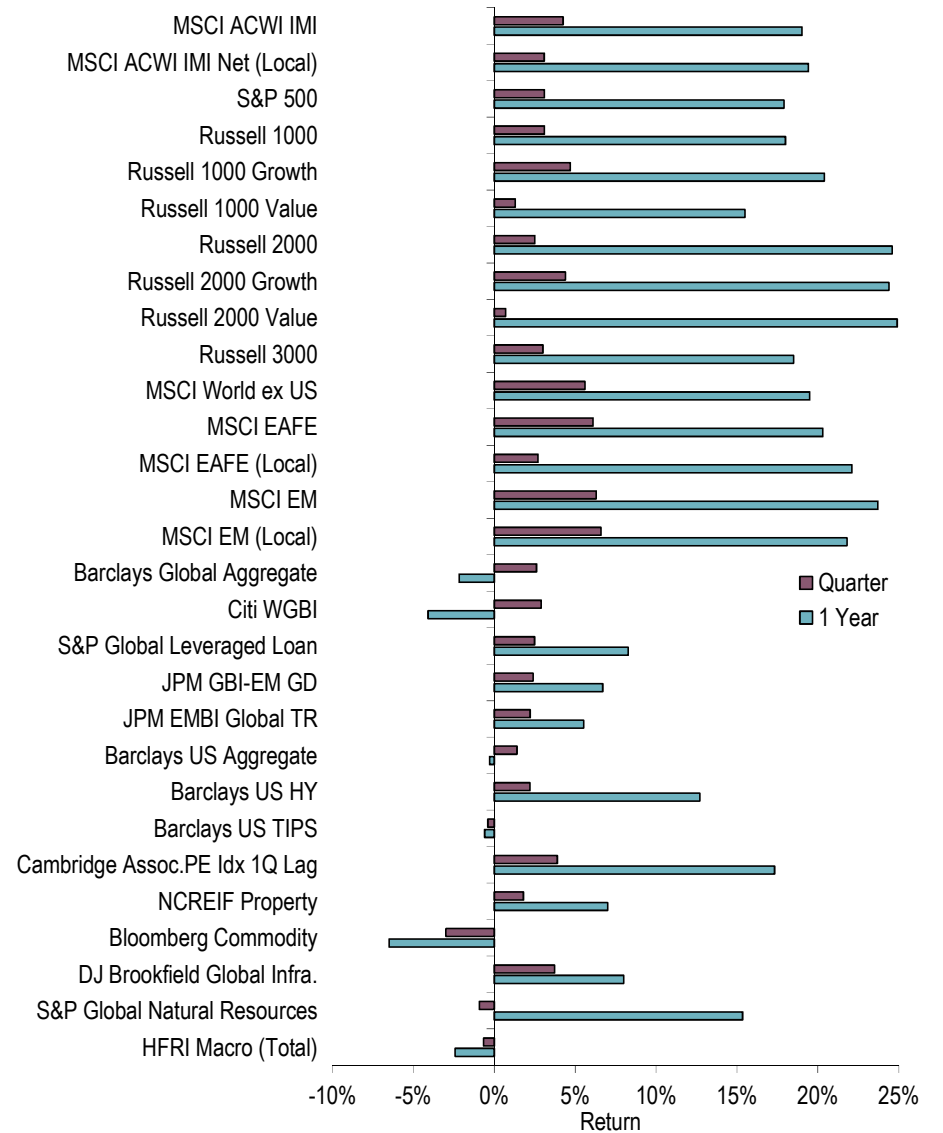
### **Wellington**

- Wellington Diverse Inflation Hedge’s termination was approved by the Investment Committee.

### **Standard Life**

- Subsequent to the end of the second quarter, the merger of Aberdeen and Standard Life was successfully completed. The merged firm will be called Aberdeen Standard Investments.

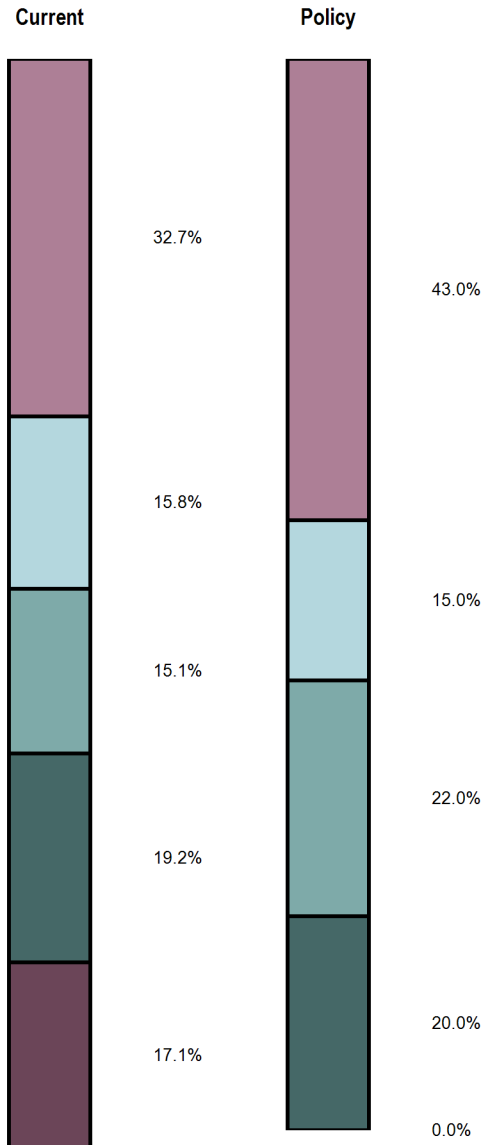
Benchmark	Scope	2Q17 (%)	1 YR (%)	3 YR (%)	5YR (%)	10 YR (%)
<b>Global Equity</b>						
MSCI ACWI IMI	World	4.2	19.0	4.9	10.7	3.9
MSCI ACWI IMI Net (Local)	World (Local)	3.1	19.4	7.7	12.7	4.5
<b>Domestic Equity</b>						
S&P 500	Large Core	3.1	17.9	9.6	14.6	7.2
Russell 1000	Large Core	3.1	18.0	9.3	14.7	7.3
Russell 1000 Growth	Large Growth	4.7	20.4	11.1	15.3	8.9
Russell 1000 Value	Large Value	1.3	15.5	7.4	13.9	5.6
Russell 2000	Small Core	2.5	24.6	7.4	13.7	6.9
Russell 2000 Growth	Small Growth	4.4	24.4	7.6	14.0	7.8
Russell 2000 Value	Small Value	0.7	24.9	7.0	13.4	5.9
Russell 3000	All Cap Core	3.0	18.5	9.1	14.6	7.3
<b>International Equity</b>						
MSCI World ex. U.S.	World ex. U.S.	5.6	19.5	0.7	8.1	1.0
MSCI EAFE	Int'l Developed	6.1	20.3	1.1	8.7	1.0
MSCI EAFE (Local)	Int'l Developed (Local)	2.7	22.1	7.0	12.5	2.0
MSCI Emerging Markets	Emerg. Markets	6.3	23.7	1.1	4.0	1.9
MSCI Emerging Markets (Local)	Emerg. Markets (Local)	6.6	21.8	6.1	7.6	4.3
<b>Global Fixed Income</b>						
Barclays Global Aggregate	Global Core Bonds	2.6	-2.2	-0.4	0.8	3.7
Citi WGBI	World Gov. Bonds	2.9	-4.1	-1.0	-0.2	3.5
S&P Global Leveraged Loan	Bank Loans	2.5	8.3	2.3	4.3	4.1
JPM GBI-EM GD	Emerg. Bonds (Local)	2.4	6.7	7.0	6.6	8.2
JPM EMBI Global TR	Emerg. Bonds	2.2	5.5	4.6	5.2	7.3
<b>Domestic Fixed Income</b>						
Barclays U.S. Aggregate	Core Bonds	1.4	-0.3	2.5	2.2	4.5
Barclays U.S. High Yield	High Yield	2.2	12.7	4.5	6.9	7.7
Barclays U.S. TIPS	Inflation	-0.4	-0.6	0.6	0.3	4.3
<b>Other</b>						
Cambridge Assoc. PE Index (1Q-Lag)	Private Equity	3.9	17.3	10.2	12.4	9.7
NCREIF Property	Real Estate	1.8	7.0	10.2	10.5	6.4
Bloomberg Commodities	Commodities	-3.0	-6.5	-14.8	-9.2	-6.5
DJ Brookfield Global Infrastructure	Infrastructure	3.7	8.0	2.4	9.6	7.0
S&P Global Natural Resources	Natural Resources	-0.9	15.3	-4.7	0.5	-0.5
HFRI Macro (Total)	Hedge Funds	-0.7	-2.4	1.1	1.0	2.2



## 2Q17 Review

Total Fund Aggregate

As of June 30, 2017



Allocation vs. Targets and Policy

	Current Balance	Current Allocation	Policy	Difference	Policy Range	Within IPS Range?
Total Global Equity	\$33,700,142	32.7%	43.0%	-10.3%	25.0% - 50.0%	Yes
Total Global Fixed Income	\$16,296,768	15.8%	15.0%	0.8%	5.0% - 25.0%	Yes
Total Real Assets	\$15,572,439	15.1%	22.0%	-6.9%	12.0% - 25.0%	Yes
Total GTAA	\$19,732,192	19.2%	20.0%	-0.8%	0.0% - 25.0%	Yes
Total Cash	\$17,636,296	17.1%	0.0%	17.1%	0.0% - 5.0%	No
<b>Total</b>	<b>\$102,937,838</b>	<b>100.0%</b>	<b>100.0%</b>			

As of June 30, 2017

## Asset Class Net Performance Summary

	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Health Care Trust</b>	<b>102,937,838</b>	<b>100.0</b>	<b>2.0</b>	<b>5.2</b>	<b>7.0</b>	<b>7.0</b>	<b>1.8</b>	<b>4.9</b>	<b>--</b>	<b>4.9</b>	<b>Jul-12</b>
Policy Benchmark			2.8	7.1	9.5	9.5	3.2	5.7	--	5.7	Jul-12
Allocation Index			1.8	4.6	7.1	7.1	3.1	5.8	--	5.8	Jul-12
InvestorForce Health & Welfare \$50mm - \$250mm Gross Median			1.8	4.3	6.3	6.3	3.8	5.2	4.9	5.2	Jul-12
InvestorForce Health & Welfare \$50mm - \$250mm Gross Rank			42	42	44	44	91	59	--	59	Jul-12
<b>Global Equity Composite</b>	<b>33,700,142</b>	<b>32.7</b>	<b>4.3</b>	<b>11.7</b>	<b>19.1</b>	<b>19.1</b>	<b>5.2</b>	<b>--</b>	<b>--</b>	<b>11.0</b>	<b>Aug-12</b>
MSCI ACWI IMI (Net)			4.2	11.3	19.0	19.0	4.9	--	--	10.7	Aug-12
eA All Global Equity Net Median			4.8	11.2	17.6	17.6	5.0	11.0	4.1	10.9	Aug-12
eA All Global Equity Net Rank			60	46	41	41	48	--	--	49	Aug-12
<b>Global Fixed Income Composite</b>	<b>16,296,768</b>	<b>15.8</b>	<b>1.5</b>	<b>2.4</b>	<b>-0.4</b>	<b>-0.4</b>	<b>2.4</b>	<b>--</b>	<b>--</b>	<b>1.9</b>	<b>Aug-12</b>
BBgBarc US Aggregate TR			1.4	2.3	-0.3	-0.3	2.5	--	--	2.0	Aug-12
eA All US Fixed Inc Net Median			1.4	2.5	0.9	0.9	2.5	2.8	4.5	2.5	Aug-12
eA All US Fixed Inc Net Rank			47	53	87	87	53	--	--	64	Aug-12
<b>Real Assets</b>	<b>15,572,439</b>	<b>15.1</b>	<b>0.2</b>	<b>1.6</b>	<b>-0.1</b>	<b>-0.1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>3.4</b>	<b>Jul-15</b>
Real Assets Custom Benchmark			0.0	1.4	-0.4	-0.4	--	--	--	2.9	Jul-15
<b>Real Estate Composite</b>	<b>6,981,720</b>	<b>6.8</b>	<b>1.6</b>	<b>2.6</b>	<b>-1.9</b>	<b>-1.9</b>	<b>8.1</b>	<b>--</b>	<b>--</b>	<b>9.0</b>	<b>Aug-12</b>
MSCI US REIT Gross			1.7	2.7	-1.8	-1.8	8.2	--	--	9.1	Aug-12
eA US REIT Net Median			1.9	2.5	-1.2	-1.2	8.2	9.5	6.4	9.2	Aug-12
eA US REIT Net Rank			58	50	55	55	63	--	--	58	Aug-12
<b>Commodities Composite</b>	<b>7,337,802</b>	<b>7.1</b>	<b>-0.6</b>	<b>1.6</b>	<b>1.3</b>	<b>1.3</b>	<b>-10.3</b>	<b>--</b>	<b>--</b>	<b>-7.6</b>	<b>Oct-12</b>
Bloomberg Commodity Index TR USD			-3.0	-5.3	-6.5	-6.5	-14.8	--	--	-11.5	Oct-12
<b>Infrastructure Composite</b>	<b>1,252,917</b>	<b>1.2</b>	<b>-3.1</b>	<b>-3.8</b>	<b>2.8</b>	<b>2.8</b>	<b>-9.3</b>	<b>--</b>	<b>--</b>	<b>-5.8</b>	<b>Jan-14</b>
DJ Brookfield Global Infrastructure Net TR USD			3.7	11.5	8.0	8.0	2.4	--	--	6.6	Jan-14

<sup>1</sup> Fiscal Year begins July 1.

## Total Fund Aggregate

As of June 30, 2017

## Trailing Net Performance

	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Global Equity Composite</b>	<b>33,700,142</b>	<b>32.7</b>	<b>4.3</b>	<b>11.7</b>	<b>19.1</b>	<b>5.2</b>	<b>--</b>	<b>--</b>	<b>11.0</b>	<b>Aug-12</b>
MSCI ACWI IMI (Net)			4.2	11.3	19.0	4.9	--	--	10.7	Aug-12
eA All Global Equity Net Median			4.8	11.2	17.6	5.0	11.0	4.1	10.9	Aug-12
eA All Global Equity Net Rank			60	46	41	48	--	--	49	Aug-12
Vanguard Total World Stock Index Fund	33,700,142	32.7	4.3	11.7	19.1	5.2	--	--	11.0	Aug-12
MSCI ACWI IMI (Net)			4.2	11.3	19.0	4.9	--	--	10.7	Aug-12
eA All Global Equity Net Median			4.8	11.2	17.6	5.0	11.0	4.1	10.9	Aug-12
eA All Global Equity Net Rank			60	46	41	48	--	--	49	Aug-12
<b>Global Fixed Income Composite</b>	<b>16,296,768</b>	<b>15.8</b>	<b>1.5</b>	<b>2.4</b>	<b>-0.4</b>	<b>2.4</b>	<b>--</b>	<b>--</b>	<b>1.9</b>	<b>Aug-12</b>
BBgBarc US Aggregate TR			1.4	2.3	-0.3	2.5	--	--	2.0	Aug-12
eA All US Fixed Inc Net Median			1.4	2.5	0.9	2.5	2.8	4.5	2.5	Aug-12
eA All US Fixed Inc Net Rank			47	53	87	53	--	--	64	Aug-12
Vanguard Total Bond Market Index Fund	16,296,768	15.8	1.5	2.4	-0.4	2.4	--	--	1.9	Aug-12
BBgBarc US Aggregate TR			1.4	2.3	-0.3	2.5	--	--	2.0	Aug-12
eA All US Fixed Inc Net Median			1.4	2.5	0.9	2.5	2.8	4.5	2.5	Aug-12
eA All US Fixed Inc Net Rank			47	53	87	53	--	--	64	Aug-12
<b>Real Assets</b>	<b>15,572,439</b>	<b>15.1</b>	<b>0.2</b>	<b>1.6</b>	<b>-0.1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>3.4</b>	<b>Jul-15</b>
Real Assets Custom Benchmark			0.0	1.4	-0.4	--	--	--	2.9	Jul-15
<b>Real Estate Composite</b>	<b>6,981,720</b>	<b>6.8</b>	<b>1.6</b>	<b>2.6</b>	<b>-1.9</b>	<b>8.1</b>	<b>--</b>	<b>--</b>	<b>9.0</b>	<b>Aug-12</b>
MSCI US REIT Gross			1.7	2.7	-1.8	8.2	--	--	9.1	Aug-12
eA US REIT Net Median			1.9	2.5	-1.2	8.2	9.5	6.4	9.2	Aug-12
eA US REIT Net Rank			58	50	55	63	--	--	58	Aug-12

<sup>1</sup> Fiscal Year begins July 1.

## Total Fund Aggregate

As of June 30, 2017

	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Vanguard REIT Index Fund	6,981,720	6.8	1.6	2.6	-1.9	8.1	--	--	9.0	Aug-12
<i>MSCI US REIT</i>			1.3	2.0	-3.1	6.8	--	--	7.8	Aug-12
<i>eA US REIT Net Median</i>			1.9	2.5	-1.2	8.2	9.5	6.4	9.2	Aug-12
<i>eA US REIT Net Rank</i>			58	50	55	63	--	--	58	Aug-12
<b>Commodities Composite</b>	<b>7,337,802</b>	<b>7.1</b>	<b>-0.6</b>	<b>1.6</b>	<b>1.3</b>	<b>-10.3</b>	<b>--</b>	<b>--</b>	<b>-7.6</b>	<b>Oct-12</b>
<i>Bloomberg Commodity Index TR USD</i>			-3.0	-5.3	-6.5	-14.8	--	--	-11.5	Oct-12
Credit Suisse	7,337,802	7.1	-0.6	1.6	1.3	-10.3	--	--	-6.5	Nov-12
<i>Bloomberg Commodity Index TR USD</i>			-3.0	-5.3	-6.5	-14.8	--	--	-10.9	Nov-12
<b>Infrastructure Composite</b>	<b>1,252,917</b>	<b>1.2</b>	<b>-3.1</b>	<b>-3.8</b>	<b>2.8</b>	<b>-9.3</b>	<b>--</b>	<b>--</b>	<b>-5.8</b>	<b>Jan-14</b>
<i>DJ Brookfield Global Infrastructure Net TR USD</i>			3.7	11.5	8.0	2.4	--	--	6.6	Jan-14
Wellington	1,252,917	1.2	-3.1	-3.8	2.8	-9.3	--	--	-5.8	Jan-14
<i>CPI + 5% (Unadjusted)</i>			1.7	4.0	6.7	6.0	--	--	6.5	Jan-14
<b>GTAA Composite</b>	<b>19,732,192</b>	<b>19.2</b>	<b>1.6</b>	<b>4.6</b>	<b>7.3</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-0.5</b>	<b>Sep-14</b>
60% MSCI World & 40% Citigroup WGBI			3.6	8.2	8.8	--	--	--	3.0	Sep-14
GMO	3,432,850	3.3	2.8	7.6	10.1	--	--	--	1.3	Sep-14
60% MSCI World & 40% Citigroup WGBI			3.6	8.2	8.8	--	--	--	3.0	Sep-14
PIMCO	8,451,037	8.2	1.7	6.4	9.4	--	--	--	-0.8	Sep-14
<i>CPI + 6.5% (Seasonally Adjusted)</i>			1.6	3.6	8.3	--	--	--	7.5	Sep-14
60% MSCI World & 40% Citigroup WGBI			3.6	8.2	8.8	--	--	--	3.0	Sep-14
Standard Life	7,848,305	7.6	0.8	1.5	3.9	--	--	--	0.1	Feb-15
91-Day T-Bills + 5%			1.4	2.8	5.6	--	--	--	5.3	Feb-15
60% MSCI World & 40% Citigroup WGBI			3.6	8.2	8.8	--	--	--	5.3	Feb-15

<sup>1</sup> Fiscal Year begins July 1.



As of June 30, 2017

## Fiscal Year Performance

	Fiscal 2017 (%)	Fiscal 2016 (%)	Fiscal 2015 (%)	Fiscal 2014 (%)	Fiscal 2013 (%)
<b>Health Care Trust</b>	<b>7.0</b>	<b>0.3</b>	<b>-1.7</b>	<b>14.5</b>	<b>5.0</b>
Policy Benchmark	9.5	1.3	-1.0	14.3	5.3
Allocation Index	7.1	2.3	0.1	14.6	5.3
<b>Global Equity Composite</b>	<b>19.1</b>	<b>-3.3</b>	<b>1.2</b>	<b>23.6</b>	<b>--</b>
MSCI ACWI IMI (Net)	19.0	-3.9	0.8	23.3	--
Vanguard Total World Stock Index Fund	19.1	-3.3	1.2	23.6	--
MSCI ACWI IMI (Net)	19.0	-3.9	0.8	23.3	--
<b>Global Fixed Income Composite</b>	<b>-0.4</b>	<b>6.1</b>	<b>1.7</b>	<b>4.3</b>	<b>--</b>
BBgBarc US Aggregate TR	-0.3	6.0	1.9	4.4	--
Vanguard Total Bond Market Index Fund	-0.4	6.1	1.7	4.3	--
BBgBarc US Aggregate TR	-0.3	6.0	1.9	4.4	--
<b>Real Assets</b>	<b>-0.1</b>	<b>7.0</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real Assets Custom Benchmark	-0.4	6.3	--	--	--
<b>Real Estate Composite</b>	<b>-1.9</b>	<b>23.9</b>	<b>3.8</b>	<b>13.4</b>	<b>--</b>
MSCI US REIT Gross	-1.8	24.1	3.9	13.4	--
Vanguard REIT Index Fund	-1.9	23.9	3.8	13.4	--
MSCI US REIT	-3.1	22.4	2.7	12.0	--
<b>Commodities Composite</b>	<b>1.3</b>	<b>-11.4</b>	<b>-19.7</b>	<b>14.0</b>	<b>--</b>
Bloomberg Commodity Index TR USD	-6.5	-13.3	-23.7	8.2	--
Credit Suisse	1.3	-11.4	-19.7	13.9	--
Bloomberg Commodity Index TR USD	-6.5	-13.3	-23.7	8.2	--

<sup>1</sup> Fiscal Year begins July 1.

## Total Fund Aggregate

As of June 30, 2017

	Fiscal 2017 (%)	Fiscal 2016 (%)	Fiscal 2015 (%)	Fiscal 2014 (%)	Fiscal 2013 (%)
<b>Infrastructure Composite</b>	<b>2.8</b>	<b>-7.7</b>	<b>-21.3</b>	<b>--</b>	<b>--</b>
<i>DJ Brookfield Global Infrastructure Net TR USD</i>	8.0	3.2	-3.7	--	--
Wellington	2.8	-7.7	-21.3	--	--
<i>CPI + 5% (Unadjusted)</i>	6.7	6.0	5.1	--	--
<b>GTAA Composite</b>	<b>7.3</b>	<b>-3.3</b>	<b>--</b>	<b>--</b>	<b>--</b>
60% MSCI World & 40% Citigroup WGBI	8.8	2.9	--	--	--
GMO	10.1	-4.3	--	--	--
60% MSCI World & 40% Citigroup WGBI	8.8	2.9	--	--	--
PIMCO	9.4	-2.1	--	--	--
<i>CPI + 6.5% (Seasonally Adjusted)</i>	8.3	7.4	--	--	--
60% MSCI World & 40% Citigroup WGBI	8.8	2.9	--	--	--
Standard Life	3.9	-3.9	--	--	--
91-Day T-Bills + 5%	5.6	5.2	--	--	--
60% MSCI World & 40% Citigroup WGBI	8.8	2.9	--	--	--
<b>Cash</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
91 Day T-Bills	0.5	0.2	0.0	0.0	0.1
Cash	0.4	0.0	0.0	0.0	0.0
91 Day T-Bills	0.5	0.2	0.0	0.0	0.1

<sup>1</sup> Fiscal Year begins July 1.

## Total Fund Aggregate

As of June 30, 2017

## Cash Flow Summary

Quarter Ending June 30, 2017

	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Net Investment Change	Ending Market Value
Cash	\$17,221,081	\$506,909	-\$123,031	\$383,877	\$31,337	\$17,636,296
Credit Suisse	\$7,380,373	\$0	-\$7,091	-\$7,091	-\$35,481	\$7,337,802
GMO	\$3,340,418	\$0	\$0	\$0	\$92,433	\$3,432,850
PIMCO	\$8,307,205	\$0	\$0	\$0	\$143,832	\$8,451,037
Standard Life	\$7,782,499	\$0	-\$14,637	-\$14,637	\$80,443	\$7,848,305
Vanguard REIT Index Fund	\$6,871,059	\$0	\$0	\$0	\$110,661	\$6,981,720
Vanguard Total Bond Market Index Fund	\$16,059,101	\$0	\$0	\$0	\$237,667	\$16,296,768
Vanguard Total World Stock Index Fund	\$32,312,069	\$0	\$0	\$0	\$1,388,073	\$33,700,142
Wellington	\$1,293,504	\$0	-\$2,939	-\$2,939	-\$37,649	\$1,252,917
<b>Total</b>	<b>\$100,567,309</b>	<b>\$506,909</b>	<b>-\$147,697</b>	<b>\$359,211</b>	<b>\$2,011,318</b>	<b>\$102,937,838</b>

## Cash Flow Summary

Fiscal YTD Ending June 30, 2017

	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Net Investment Change	Ending Market Value
Cash	\$4,881,059	\$18,791,803	-\$6,100,944	\$12,690,859	\$64,377	\$17,636,296
Credit Suisse	\$5,244,328	\$2,000,000	-\$28,111	\$1,971,889	\$121,585	\$7,337,802
GMO	\$3,117,009	\$0	\$0	\$0	\$315,842	\$3,432,850
PIMCO	\$5,223,916	\$2,500,000	\$0	\$2,500,000	\$727,121	\$8,451,037
Standard Life	\$7,556,569	\$0	-\$36,995	-\$36,995	\$328,732	\$7,848,305
Vanguard REIT Index Fund	\$7,118,996	\$0	\$0	\$0	-\$137,276	\$6,981,720
Vanguard Total Bond Market Index Fund	\$14,871,747	\$1,500,000	\$0	\$1,500,000	-\$74,979	\$16,296,768
Vanguard Total World Stock Index Fund	\$28,294,994	\$0	\$0	\$0	\$5,405,148	\$33,700,142
Wellington	\$1,219,374	\$0	-\$11,326	-\$11,326	\$44,868	\$1,252,917
<b>Total</b>	<b>\$77,527,992</b>	<b>\$24,791,803</b>	<b>-\$6,177,375</b>	<b>\$18,614,427</b>	<b>\$6,795,418</b>	<b>\$102,937,838</b>

<sup>1</sup> Fiscal Year begins July 1.

## Total Fund Aggregate

As of June 30, 2017

## Cash Flow Summary

1 Year Ending June 30, 2017

	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Net Investment Change	Ending Market Value
Cash	\$4,881,059	\$18,791,803	-\$6,100,944	\$12,690,859	\$64,377	\$17,636,296
Credit Suisse	\$5,244,328	\$2,000,000	-\$28,111	\$1,971,889	\$121,585	\$7,337,802
GMO	\$3,117,009	\$0	\$0	\$0	\$315,842	\$3,432,850
PIMCO	\$5,223,916	\$2,500,000	\$0	\$2,500,000	\$727,121	\$8,451,037
Standard Life	\$7,556,569	\$0	-\$36,995	-\$36,995	\$328,732	\$7,848,305
Vanguard REIT Index Fund	\$7,118,996	\$0	\$0	\$0	-\$137,276	\$6,981,720
Vanguard Total Bond Market Index Fund	\$14,871,747	\$1,500,000	\$0	\$1,500,000	-\$74,979	\$16,296,768
Vanguard Total World Stock Index Fund	\$28,294,994	\$0	\$0	\$0	\$5,405,148	\$33,700,142
Wellington	\$1,219,374	\$0	-\$11,326	-\$11,326	\$44,868	\$1,252,917
<b>Total</b>	<b>\$77,527,992</b>	<b>\$24,791,803</b>	<b>-\$6,177,375</b>	<b>\$18,614,427</b>	<b>\$6,795,418</b>	<b>\$102,937,838</b>

## Cash Flow Summary Since Inception

Ending June 30, 2017

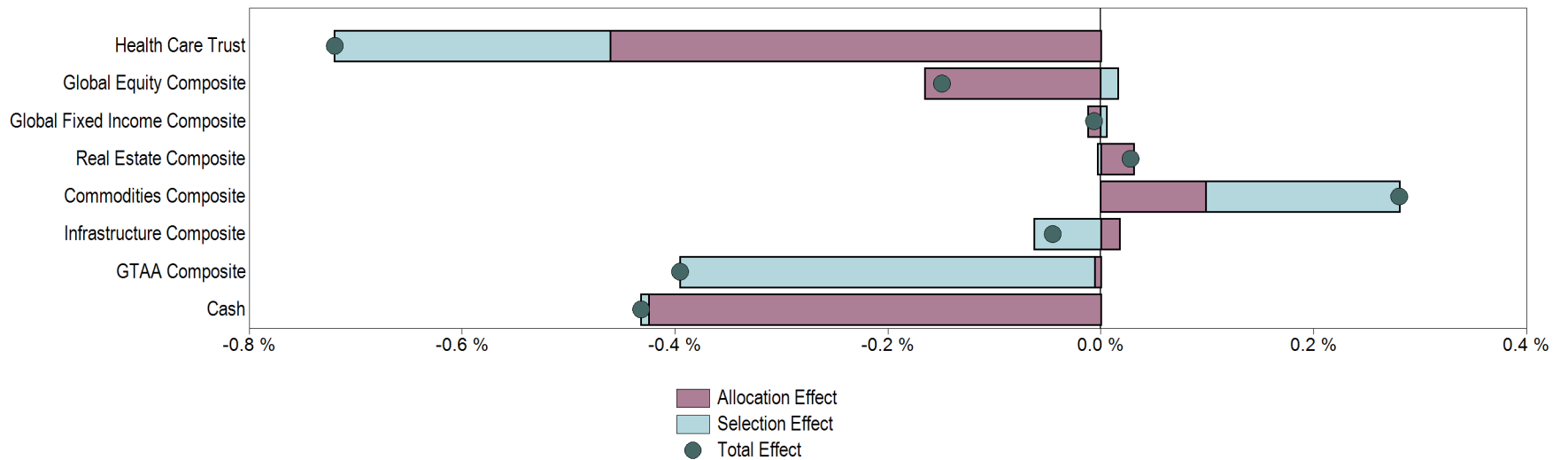
	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Net Investment Change	Ending Market Value
Cash	\$0	\$97,827,683	-\$80,256,205	\$17,571,478	\$64,817	\$17,636,296
Credit Suisse	--	\$8,800,000	-\$576,222	\$8,223,778	-\$885,976	\$7,337,802
First Quadrant	--	\$890,000	-\$742,610	\$147,390	-\$147,390	--
GMO	--	\$3,950,000	-\$704,232	\$3,245,768	\$187,083	\$3,432,850
PIMCO	--	\$8,150,000	-\$73,188	\$8,076,812	\$374,225	\$8,451,037
Standard Life	--	\$7,800,000	-\$36,995	\$7,763,005	\$85,300	\$7,848,305
Vanguard REIT Index Fund	--	\$4,988,695	-\$16,554	\$4,972,141	\$2,009,579	\$6,981,720
Vanguard Total Bond Market Index Fund	--	\$19,110,434	-\$4,227,831	\$14,882,603	\$1,414,165	\$16,296,768
Vanguard Total World Stock Index Fund	--	\$24,671,390	-\$121,989	\$24,549,401	\$9,150,741	\$33,700,142
Wellington	--	\$1,590,000	-\$36,422	\$1,553,578	-\$300,661	\$1,252,917
<b>Total</b>	<b>\$0</b>	<b>\$177,778,202</b>	<b>-\$86,792,248</b>	<b>\$90,985,954</b>	<b>\$11,951,884</b>	<b>\$102,937,838</b>

<sup>1</sup> Fiscal Year begins July 1.

**Attribution Summary**  
3 Months Ending June 30, 2017

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Global Equity Composite	4.3%	4.2%	0.0%	0.0%	-0.2%	-0.1%
Global Fixed Income Composite	1.5%	1.4%	0.0%	0.0%	0.0%	0.0%
Real Estate Composite	1.6%	1.7%	0.0%	0.0%	0.0%	0.0%
Commodities Composite	-0.6%	-3.0%	2.4%	0.2%	0.1%	0.3%
Infrastructure Composite	-3.1%	1.7%	-4.8%	-0.1%	0.0%	0.0%
GTAА Composite	1.6%	3.6%	-2.0%	-0.4%	0.0%	-0.4%
Cash	0.2%	0.2%	0.0%	0.0%	-0.4%	-0.4%
<b>Total</b>	<b>2.0%</b>	<b>2.7%</b>	<b>-0.7%</b>	<b>-0.3%</b>	<b>-0.5%</b>	<b>-0.7%</b>

**Attribution Effects**  
3 Months Ending June 30, 2017



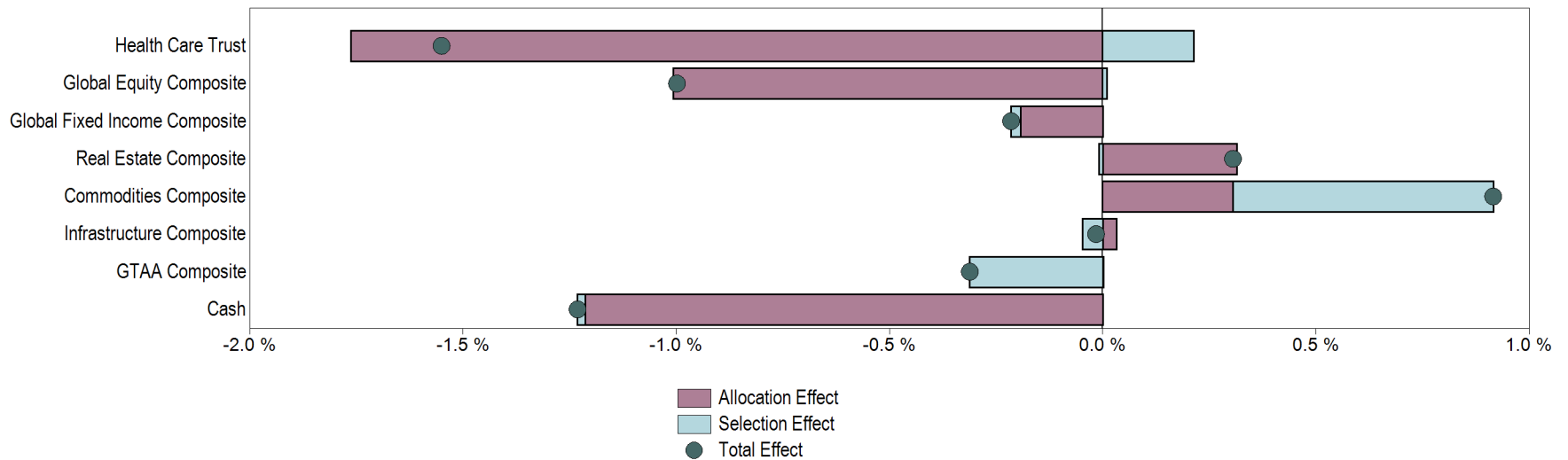
<sup>1</sup> Fiscal Year begins July 1.



Attribution Summary  
1 Year Ending June 30, 2017

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Global Equity Composite	19.1%	19.0%	0.1%	0.0%	-1.0%	-1.0%
Global Fixed Income Composite	-0.4%	-0.3%	-0.1%	0.0%	-0.2%	-0.2%
Real Estate Composite	-1.9%	-1.8%	-0.1%	0.0%	0.3%	0.3%
Commodities Composite	1.3%	-6.5%	7.8%	0.6%	0.3%	0.9%
Infrastructure Composite	2.8%	6.7%	-4.0%	0.0%	0.0%	0.0%
GTAA Composite	7.3%	8.8%	-1.5%	-0.3%	0.0%	-0.3%
Cash	0.4%	0.5%	-0.1%	0.0%	-1.2%	-1.2%
<b>Total</b>	<b>7.5%</b>	<b>9.0%</b>	<b>-1.6%</b>	<b>0.2%</b>	<b>-1.8%</b>	<b>-1.6%</b>

Attribution Effects  
1 Year Ending June 30, 2017



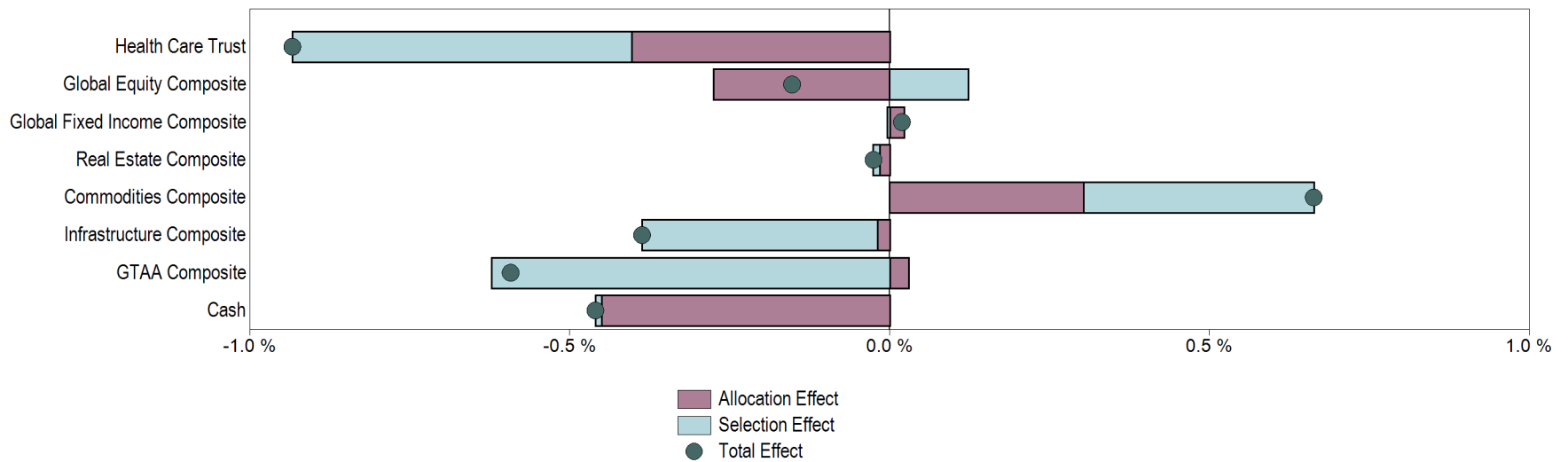
<sup>1</sup> Fiscal Year begins July 1.



Attribution Summary  
3 Years Ending June 30, 2017

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Global Equity Composite	5.2%	4.9%	0.3%	0.1%	-0.3%	-0.2%
Global Fixed Income Composite	2.4%	2.5%	0.0%	0.0%	0.0%	0.0%
Real Estate Composite	8.1%	8.2%	-0.1%	0.0%	0.0%	0.0%
Commodities Composite	-10.3%	-14.8%	4.5%	0.4%	0.3%	0.7%
Infrastructure Composite	-9.3%	6.0%	-15.2%	-0.4%	0.0%	-0.4%
GTAA Composite	--	--	--	-0.6%	0.0%	-0.6%
Cash	0.1%	0.2%	-0.1%	0.0%	-0.5%	-0.5%
<b>Total</b>	<b>1.9%</b>	<b>2.8%</b>	<b>-0.9%</b>	<b>-0.5%</b>	<b>-0.4%</b>	<b>-0.9%</b>

Attribution Effects  
3 Years Ending June 30, 2017



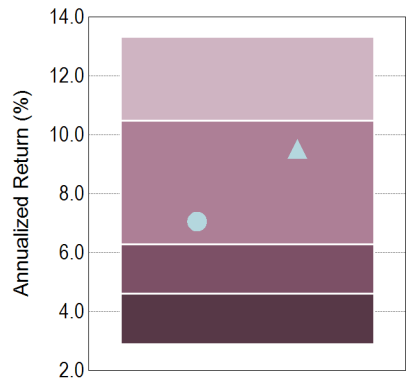
<sup>1</sup> Fiscal Year begins July 1.



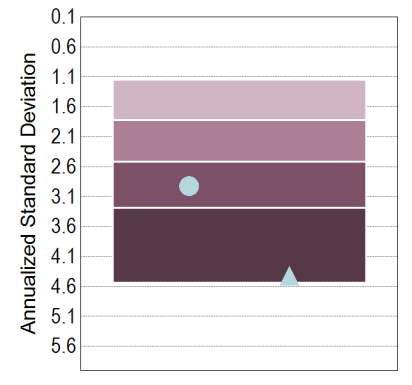
Total Fund Risk Statistics vs. Peer Universe (Trailing 1 Year)

As of June 30, 2017

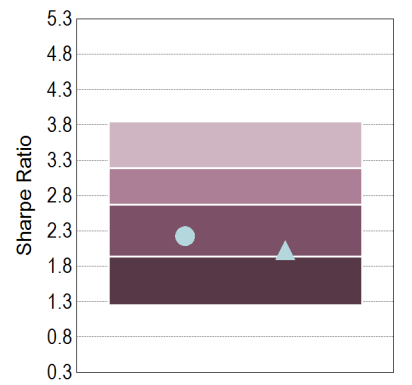
**Annualized Return (%)**  
vs. InvestorForce Health & Welfare \$50mm  
- \$250mm Gross



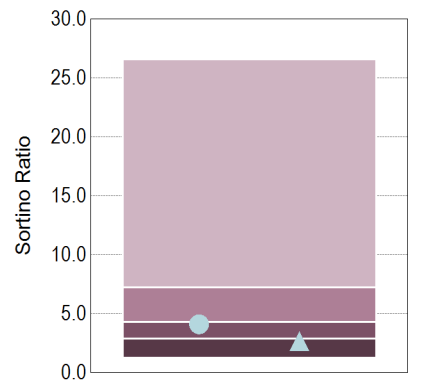
**Annualized Standard Deviation**  
vs. InvestorForce Health & Welfare \$50mm  
- \$250mm Gross



**Sharpe Ratio**  
vs. InvestorForce Health & Welfare \$50mm  
- \$250mm Gross



**Sortino Ratio**  
vs. InvestorForce Health & Welfare \$50mm  
- \$250mm Gross



● Health Care Trust	
Value	7.0
Rank	44
▲ Policy Benchmark	
Value	9.5
Rank	29
Universe	
5th %tile	13.3
25th %tile	10.5
Median	6.3
75th %tile	4.6
95th %tile	2.9

● Health Care Trust	
Value	2.9
Rank	65
▲ Policy Benchmark	
Value	4.4
Rank	94
Universe	
5th %tile	1.1
25th %tile	1.8
Median	2.5
75th %tile	3.3
95th %tile	4.5

● Health Care Trust	
Value	2.2
Rank	65
▲ Policy Benchmark	
Value	2.0
Rank	72
Universe	
5th %tile	3.8
25th %tile	3.2
Median	2.7
75th %tile	1.9
95th %tile	1.3

● Health Care Trust	
Value	4.1
Rank	53
▲ Policy Benchmark	
Value	2.6
Rank	84
Universe	
5th %tile	26.6
25th %tile	7.3
Median	4.3
75th %tile	2.9
95th %tile	1.3

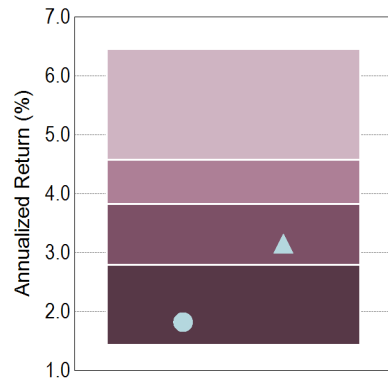




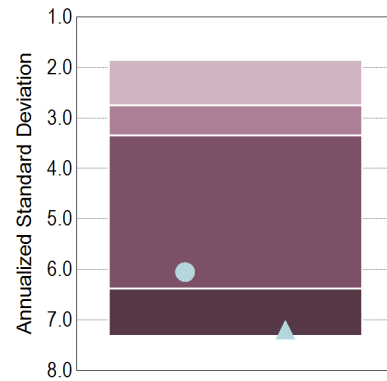
Total Fund Risk Statistics vs. Peer Universe (Trailing 3 Years)

As of June 30, 2017

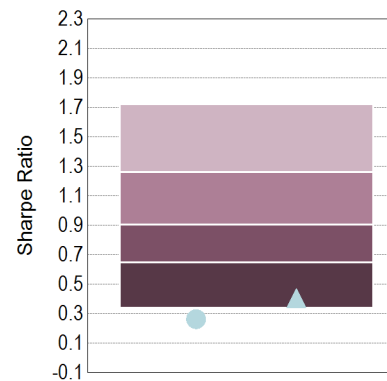
**Annualized Return (%)**  
vs. InvestorForce Health & Welfare \$50mm  
- \$250mm Gross



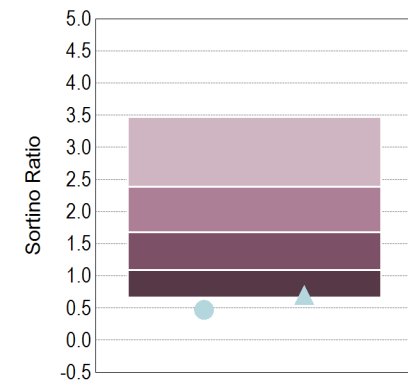
**Annualized Standard Deviation**  
vs. InvestorForce Health & Welfare \$50mm  
- \$250mm Gross



**Sharpe Ratio**  
vs. InvestorForce Health & Welfare \$50mm  
- \$250mm Gross



**Sortino Ratio**  
vs. InvestorForce Health & Welfare \$50mm  
- \$250mm Gross



● Health Care Trust	
Value	1.8
Rank	91
▲ Policy Benchmark	
Value	3.2
Rank	70
Universe	
5th %tile	6.5
25th %tile	4.6
Median	3.8
75th %tile	2.8
95th %tile	1.4

● Health Care Trust	
Value	6.1
Rank	74
▲ Policy Benchmark	
Value	7.2
Rank	95
Universe	
5th %tile	1.9
25th %tile	2.7
Median	3.3
75th %tile	6.4
95th %tile	7.3

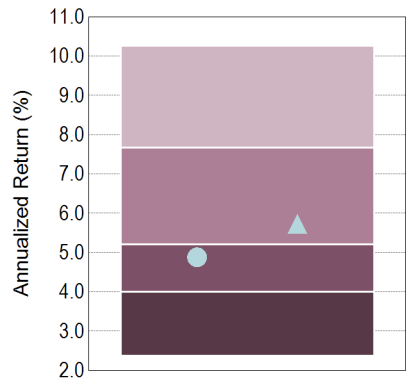
● Health Care Trust	
Value	0.3
Rank	98
▲ Policy Benchmark	
Value	0.4
Rank	94
Universe	
5th %tile	1.7
25th %tile	1.3
Median	0.9
75th %tile	0.7
95th %tile	0.3

● Health Care Trust	
Value	0.5
Rank	98
▲ Policy Benchmark	
Value	0.7
Rank	93
Universe	
5th %tile	3.5
25th %tile	2.4
Median	1.7
75th %tile	1.1
95th %tile	0.7

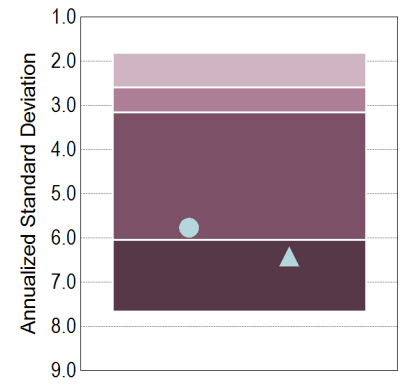
Total Fund Risk Statistics vs. Peer Universe (Trailing 5 Years)

As of June 30, 2017

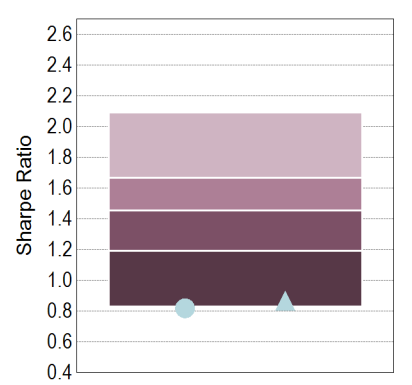
**Annualized Return (%)**  
vs. InvestorForce Health & Welfare \$50mm  
- \$250mm Gross



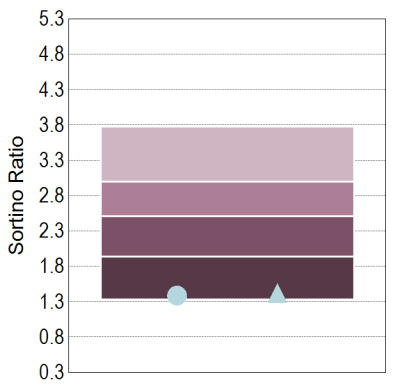
**Annualized Standard Deviation**  
vs. InvestorForce Health & Welfare \$50mm  
- \$250mm Gross



**Sharpe Ratio**  
vs. InvestorForce Health & Welfare \$50mm  
- \$250mm Gross



**Sortino Ratio**  
vs. InvestorForce Health & Welfare \$50mm  
- \$250mm Gross



● Health Care Trust	
Value	4.9
Rank	59
▲ Policy Benchmark	
Value	5.7
Rank	38
Universe	
5th %tile	10.3
25th %tile	7.7
Median	5.2
75th %tile	4.0
95th %tile	2.4

● Health Care Trust	
Value	5.8
Rank	73
▲ Policy Benchmark	
Value	6.4
Rank	85
Universe	
5th %tile	1.8
25th %tile	2.6
Median	3.1
75th %tile	6.0
95th %tile	7.7

● Health Care Trust	
Value	0.8
Rank	96
▲ Policy Benchmark	
Value	0.9
Rank	95
Universe	
5th %tile	2.1
25th %tile	1.7
Median	1.5
75th %tile	1.2
95th %tile	0.8

● Health Care Trust	
Value	1.4
Rank	95
▲ Policy Benchmark	
Value	1.4
Rank	94
Universe	
5th %tile	3.8
25th %tile	3.0
Median	2.5
75th %tile	1.9
95th %tile	1.3



**Benchmark History**

As of June 30, 2017

<b>Health Care Trust</b>		
2/1/2017	Present	43% MSCI ACWI IMI (Net) / 15% BBgBarc US Aggregate TR / 10% MSCI US REIT Gross / 9% Bloomberg Commodity Index TR USD / 3% CPI + 5% (Unadjusted) / 20% 60% MSCI World & 40% Citigroup WGBI
9/1/2014	1/31/2017	43% MSCI ACWI IMI (Net) / 15% BBgBarc US Aggregate TR / 10% MSCI US REIT Gross / 9% Custom Commodity Risk Parity Index / 3% CPI + 5% (Unadjusted) / 20% 60% MSCI World & 40% Citigroup WGBI
<b>Global Equity Composite</b>		
8/1/2012	Present	MSCI ACWI IMI Net USD
<b>Global Fixed Income Composite</b>		
8/1/2012	Present	BBgBarc US Aggregate TR
<b>Real Assets</b>		
7/1/2015	Present	Real Assets Custom Benchmark
<b>Real Estate Composite</b>		
8/1/2012	Present	MSCI US REIT Gross
<b>Liquid Real Assets Composite</b>		
		No Benchmark Selected
<b>Commodities Composite</b>		
10/1/2012	Present	Bloomberg Commodity Index TR USD
<b>Infrastructure Composite</b>		
1/1/2014	Present	DJ Brookfield Global Infrastructure Net TR USD
<b>GTAA Composite</b>		
9/1/2014	Present	60% MSCI World / 40% Citi WGBI
<b>Cash</b>		
7/1/2012	Present	91 Day T-Bills