

# FUND EVALUATION REPORT

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

Quarterly Review  
As of March 31, 2019



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M E K E T A   I N V E S T M E N T   G R O U P

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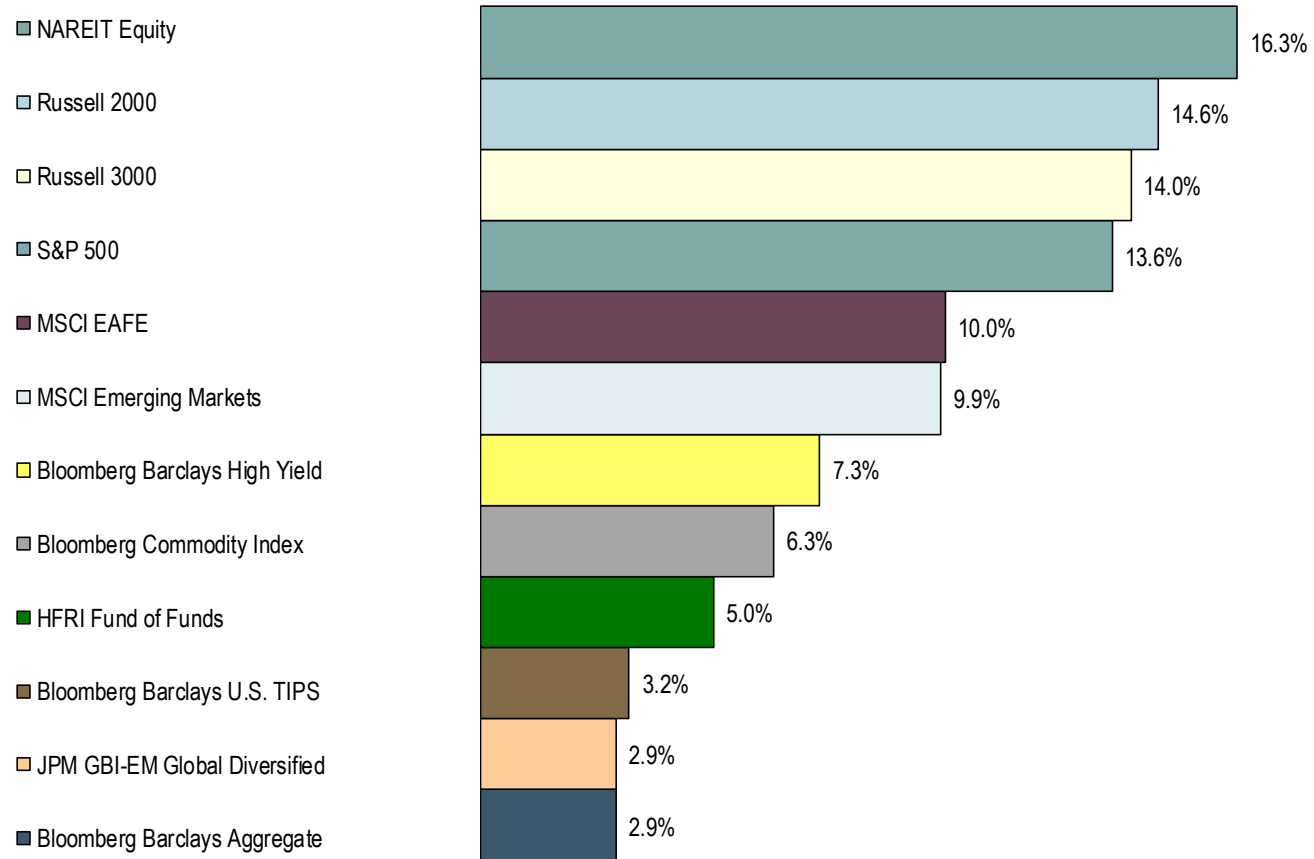
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- 1. The World Markets in the First Quarter of 2019**
- 2. Executive Summary**
  - Aggregate Fund Overview
  - First Quarter Manager Summary
  - Watch List
  - Market Environment – 1Q19 Overview
- 3. 1Q19 Review**
- 4. Glossary and Notes**

# **The World Markets First Quarter of 2019**

## The World Markets<sup>1</sup> First Quarter of 2019



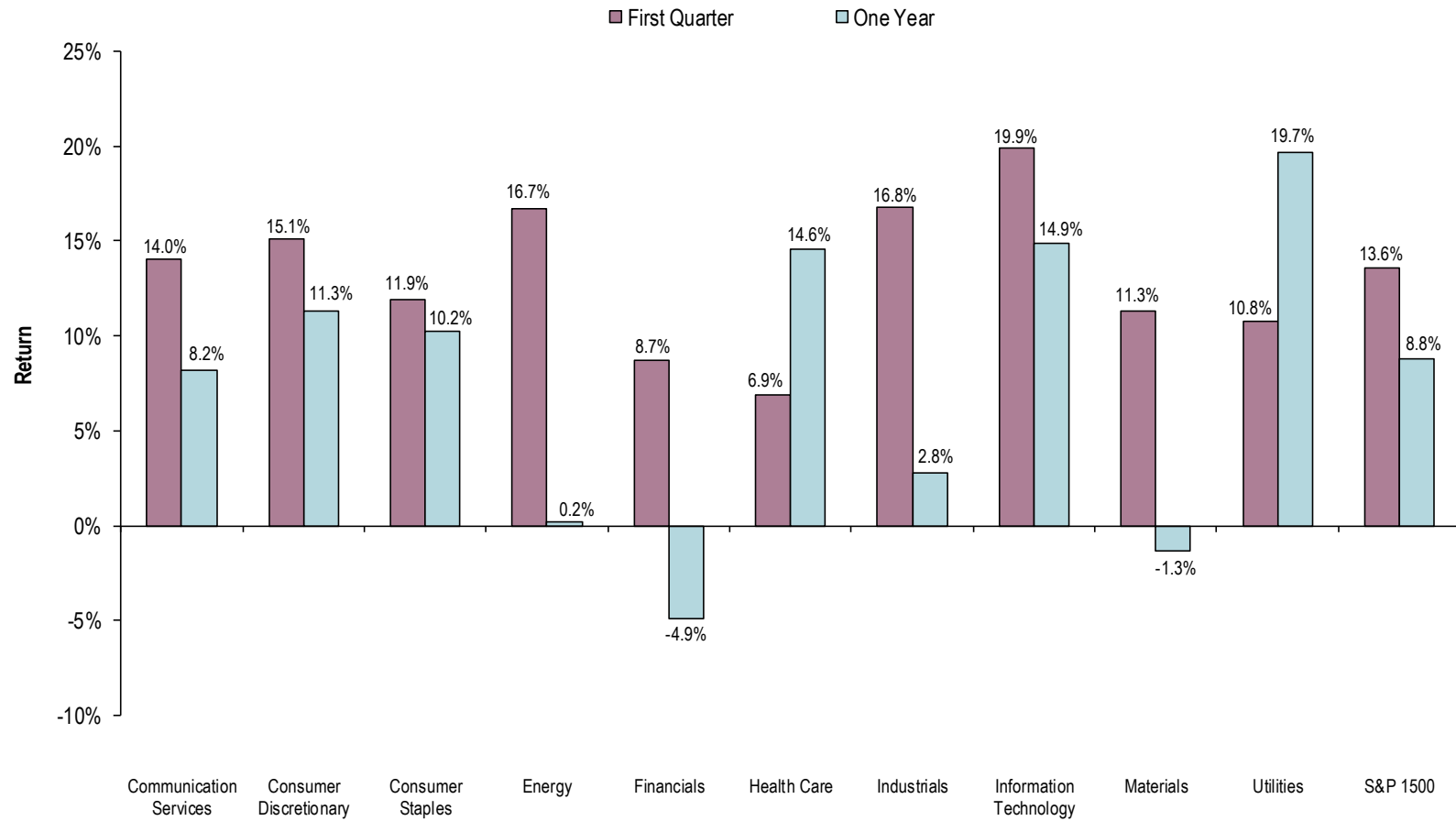
<sup>1</sup> Source: InvestorForce.

Index Returns<sup>1</sup>

	1Q19 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
<b>Domestic Equity</b>					
S&P 500	13.6	9.5	13.5	10.9	15.9
Russell 3000	14.0	8.8	13.5	10.4	16.0
Russell 1000	14.0	9.3	13.5	10.6	16.0
Russell 1000 Growth	16.1	12.7	16.5	13.5	17.5
Russell 1000 Value	11.9	5.7	10.5	7.7	14.5
Russell MidCap	16.5	6.5	11.8	8.8	16.9
Russell MidCap Growth	19.6	11.5	15.1	10.9	17.6
Russell MidCap Value	14.4	2.9	9.5	7.2	16.4
Russell 2000	14.6	2.0	12.9	7.1	15.4
Russell 2000 Growth	17.1	3.9	14.9	8.4	16.5
Russell 2000 Value	11.9	0.2	10.9	5.6	14.1
<b>Foreign Equity</b>					
MSCI ACWI (ex. U.S.)	10.3	-4.2	8.1	2.6	8.8
MSCI EAFE	10.0	-3.7	7.3	2.3	9.0
MSCI EAFE (Local Currency)	10.6	2.8	8.5	6.0	9.8
MSCI EAFE Small Cap	10.7	-9.4	7.5	4.5	12.8
MSCI Emerging Markets	9.9	-7.4	10.7	3.7	8.9
MSCI Emerging Markets (Local Currency)	10.1	-1.7	11.3	7.2	10.2
<b>Fixed Income</b>					
Bloomberg Barclays Universal	3.3	4.5	2.6	3.0	4.4
Bloomberg Barclays Aggregate	2.9	4.5	2.0	2.7	3.8
Bloomberg Barclays U.S. TIPS	3.2	2.7	1.7	1.9	3.4
Bloomberg Barclays High Yield	7.3	5.9	8.6	4.7	11.3
JPM GBI-EM Global Diversified	2.9	-7.6	3.3	-0.8	4.3
<b>Other</b>					
NAREIT Equity	16.3	20.3	6.0	9.0	18.2
Bloomberg Commodity Index	6.3	-5.3	2.2	-8.9	-2.6
HFRI Fund of Funds	5.0	0.5	4.1	2.3	3.6

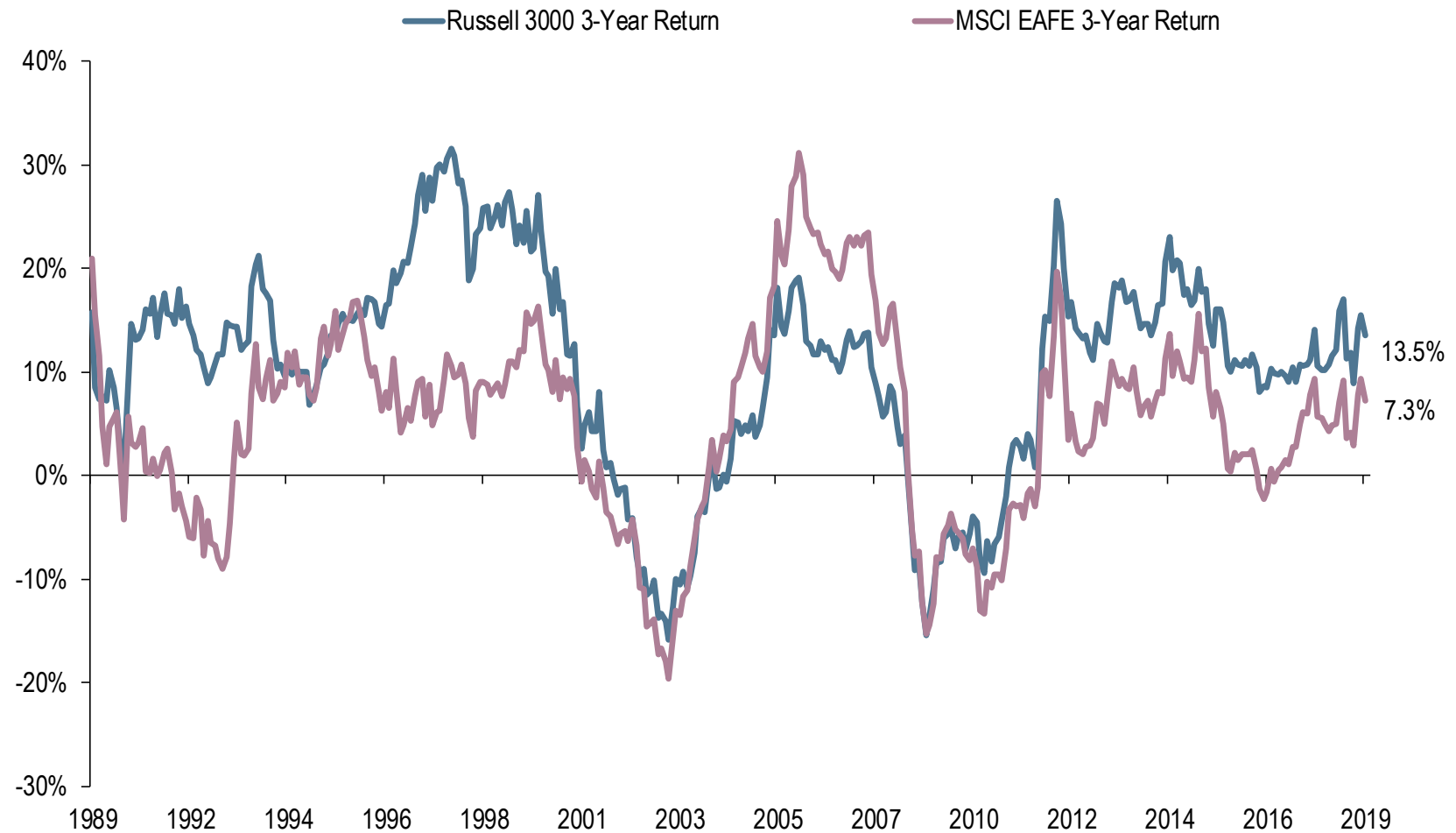
<sup>1</sup> Source: InvestorForce.

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



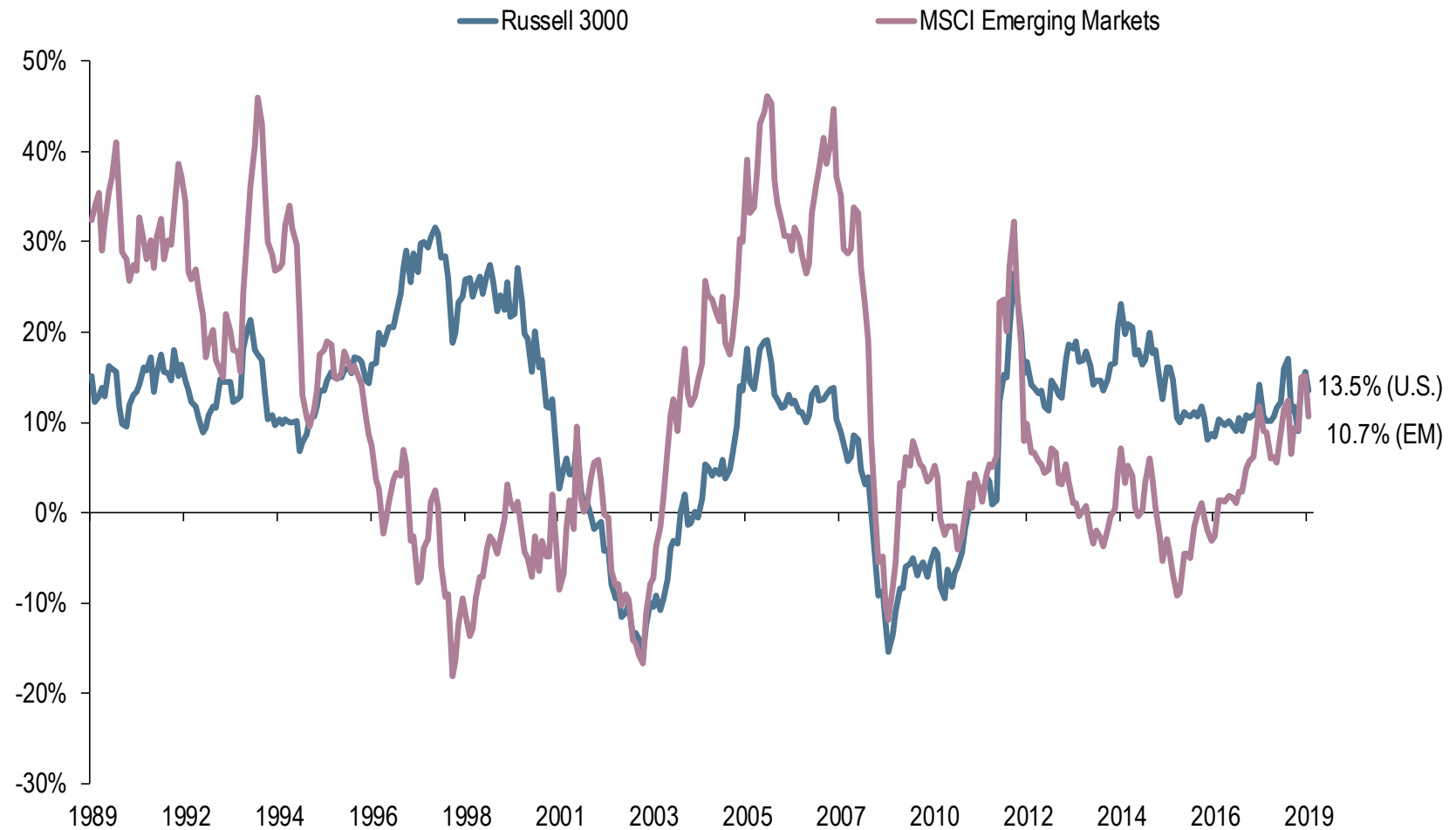
<sup>1</sup> Source: InvestorForce. Represents S&P 1500 (All Cap) data.

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



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

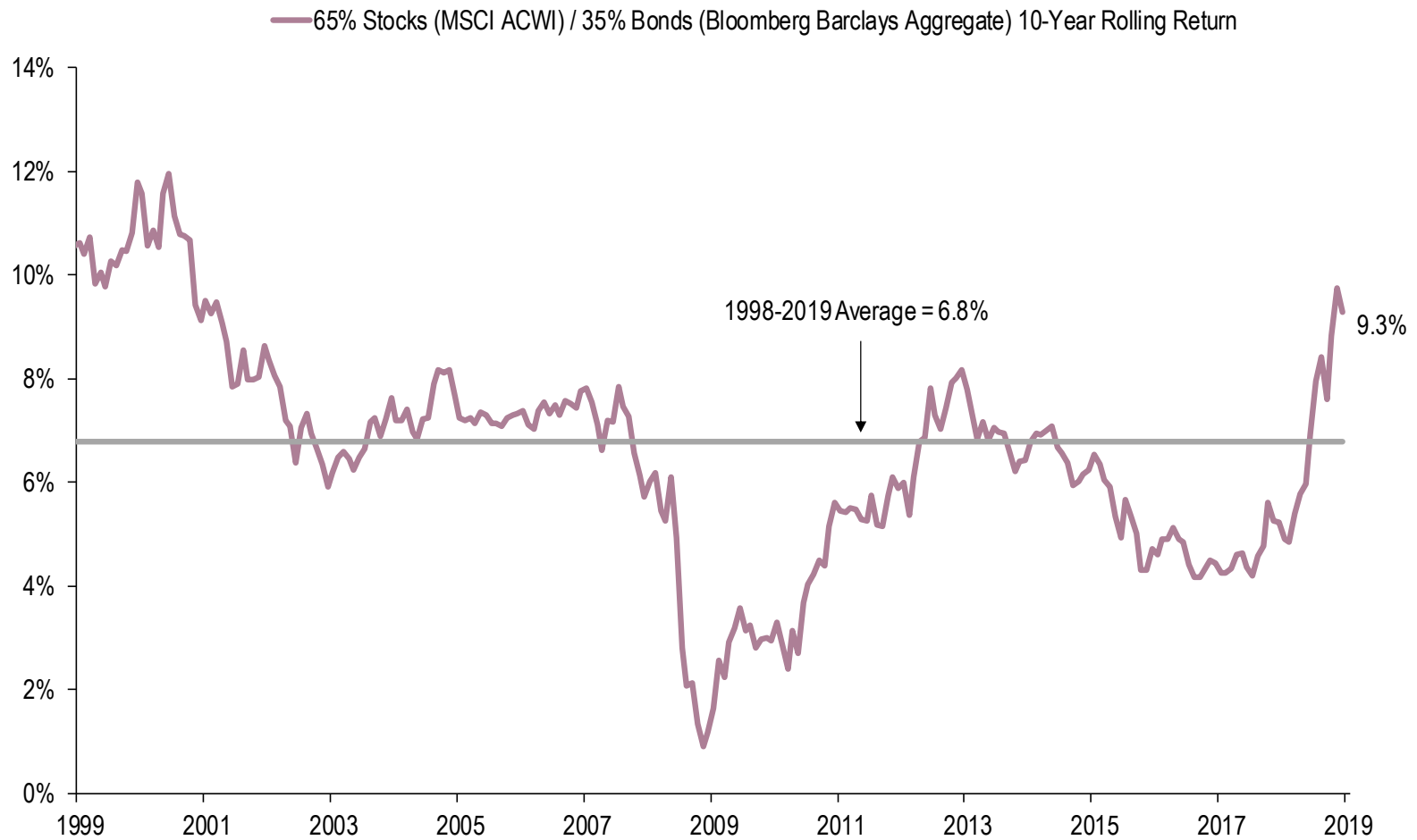
## U.S. and Emerging Market Equity Rolling Three-Year Returns<sup>1</sup>



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



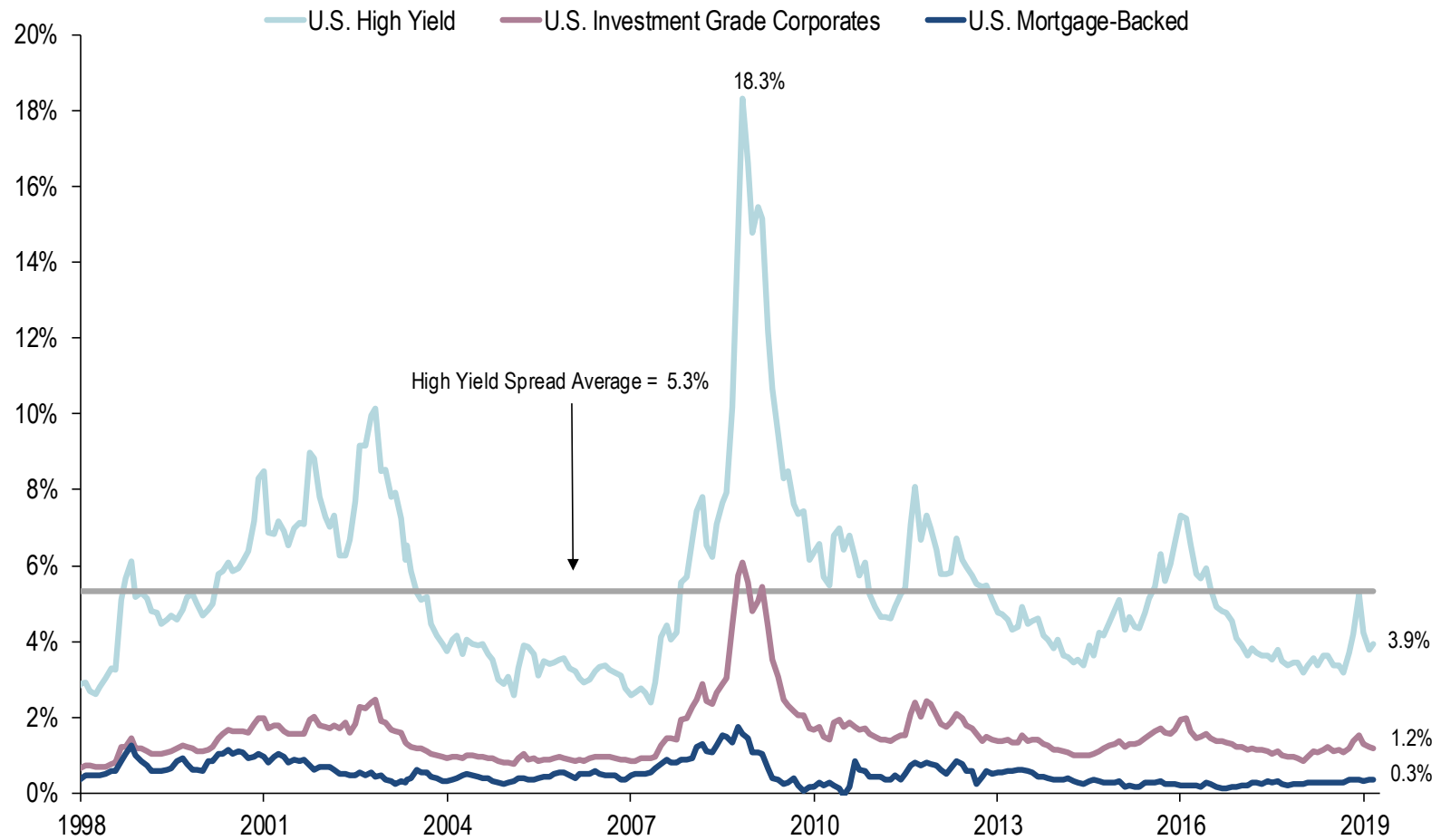
## Rolling Ten-Year Returns: 65% Stocks and 35% Bonds<sup>1</sup>



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



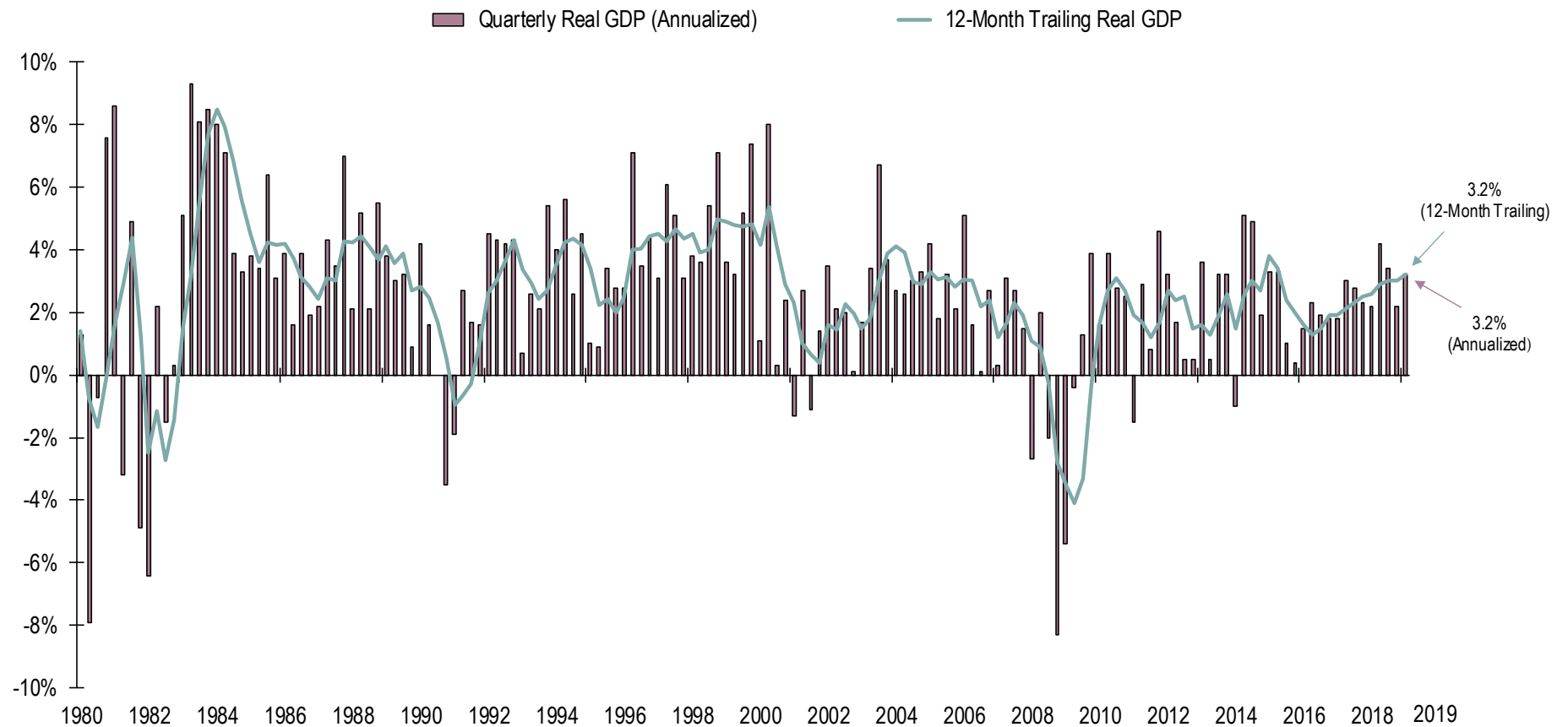
## Credit Spreads vs. U.S. Treasury Bonds<sup>1,2</sup>



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

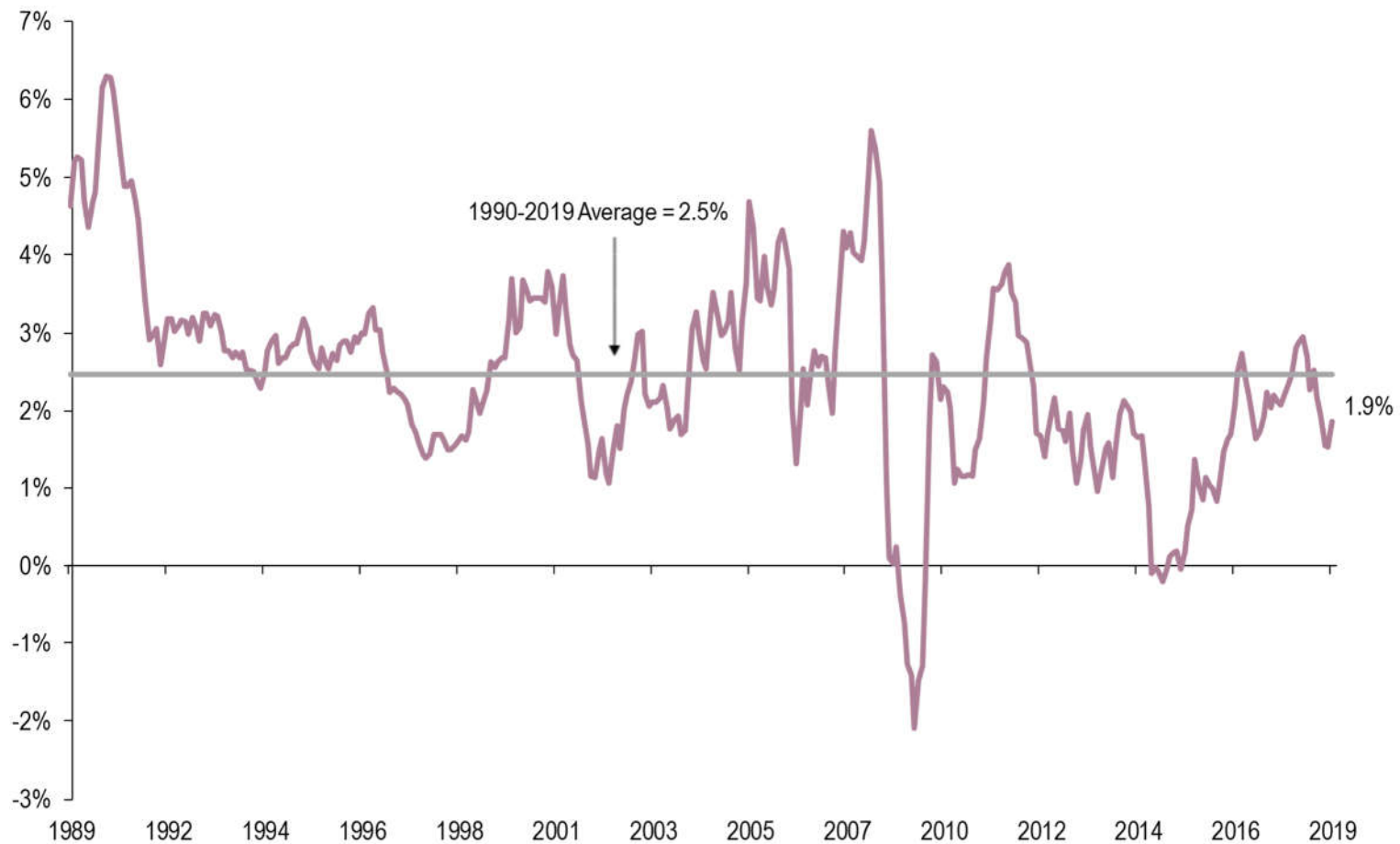
<sup>2</sup> The median high yield spread was 4.8% from 1997-2019.

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



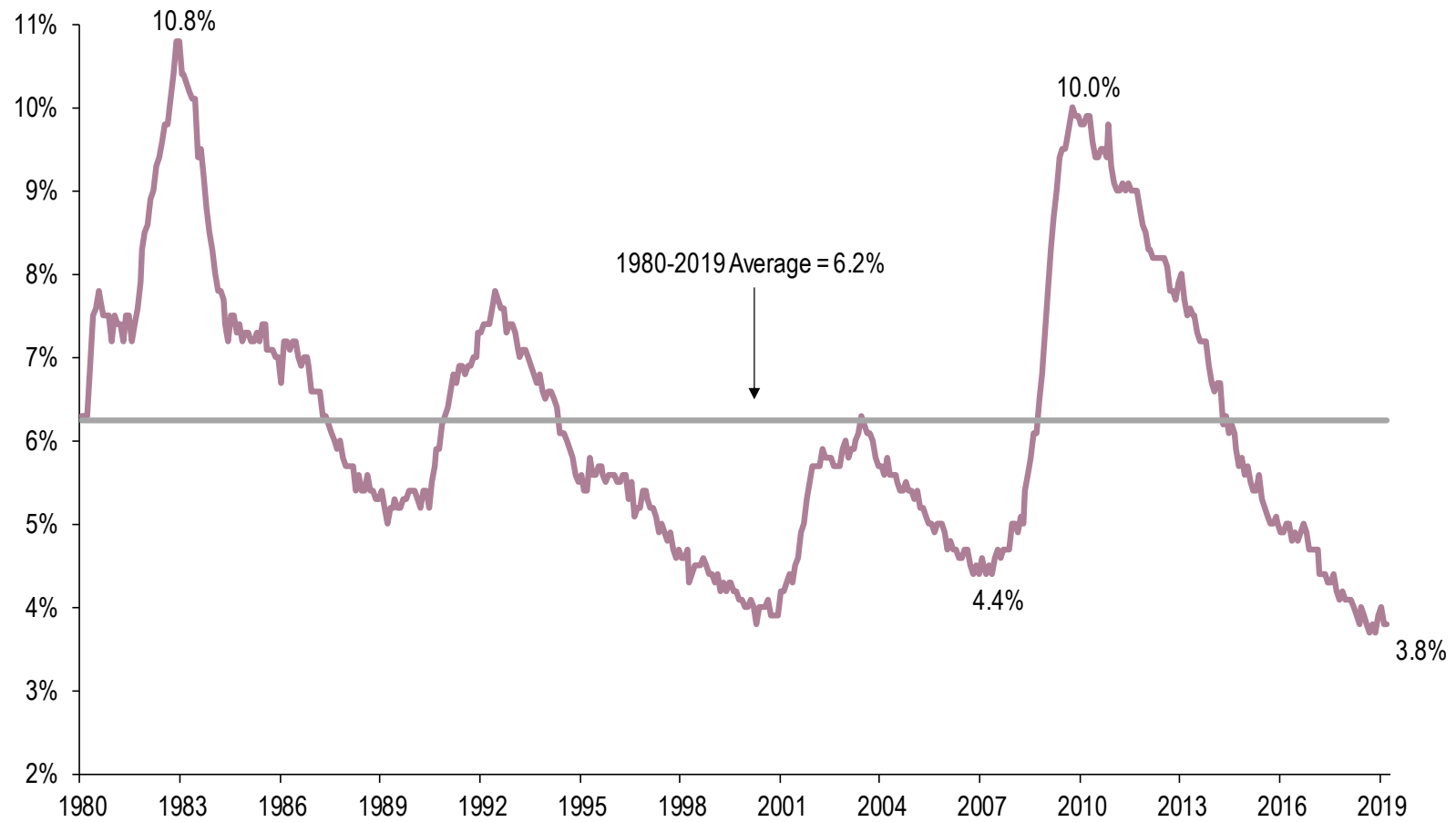
<sup>1</sup> Source: Bureau of Economic Analysis. Data is as of Q1 2019 and represents the first estimate.

## 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 March 31, 2019.

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



<sup>1</sup> Source: Bureau of Labor Statistics. Data is as of March 31, 2019.

## **Executive Summary**

### **As of March 31, 2019**

**The value of the City of San Jose Police and Fire Department Retirement Plan Health Care Trust's assets was \$145.4 million on March 31, 2019, an increase of \$11.3 million from the end of the prior quarter. The Trust had net cash outflows of \$6.0 million during the quarter.**

- The Health Care Trust's net of fees performance was +8.4%, underperforming the Policy Benchmark return of +8.7%. Over the fiscal year-to-date period, the Trust returned +2.7%, outperforming the Policy Benchmark return of +2.5%.
- On an absolute basis, all asset classes had positive returns in the quarter.
  - Growth returned +12.0% for the quarter and +3.0% over the fiscal year-to-date period. Growth was in-line with the Public Equity Benchmark in the quarter and outperformed the benchmark by 70 basis points in the fiscal year-to-date period.
  - Zero Beta performed in-line with the ICE Bank of America Merrill Lynch 91 Days T-Bill TR benchmark for the quarter (+0.6%) while slightly trailing the benchmark by 30 basis points over the fiscal year-to-date period.
  - Other returned +11.6% for the quarter and +4.4% over the fiscal year-to-date period, underperforming the Other Benchmark by 110 and 10 basis points over the same time periods, respectively. The Trust's only active manager exposure, Credit Suisse Risk Parity Commodities, underperformed its benchmark by 120 basis points during the first quarter.

## First Quarter Manager Summary

Investment Manager	Asset Class	Changes/ Announcements	Performance Concerns	Meketa Recommendation <sup>1</sup>	Comments
Credit Suisse Risk Parity	Commodities	---	---	---	---

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





Watch List<sup>1,2</sup>

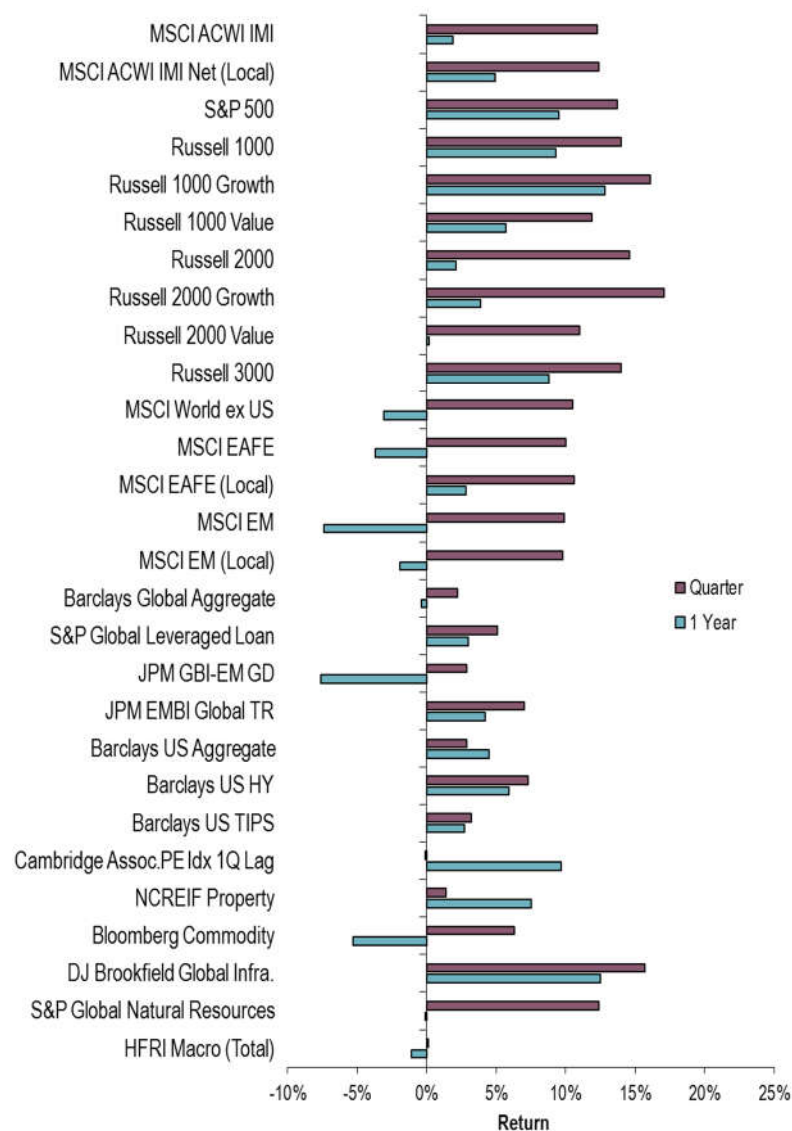
Investment Manager	Asset Class	Watch List Status	Comments

<sup>1</sup> Watch List excludes Private Markets and Passive Funds.  
<sup>2</sup> Placement on the Watch List includes qualitative reasons and manager underperformance versus the appropriate benchmark over a three and or five year period as outlined in the Investment Policy Statement.



## Market Environment – 1Q19 Overview

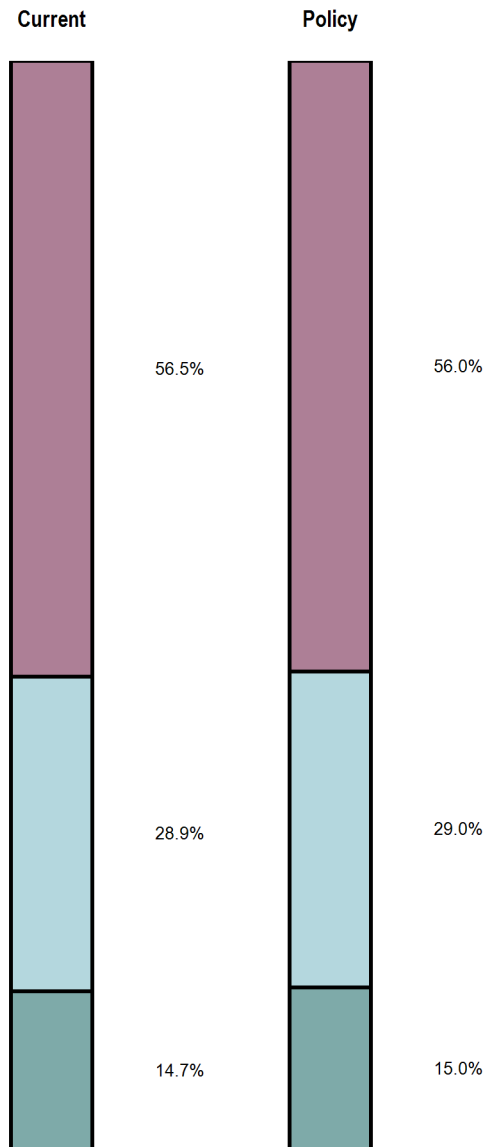
Benchmark	Scope	1Q19 (%)	1 YR (%)	3 YR (%)	5YR (%)	10 YR (%)
<b>Global Equity</b>						
MSCI ACWI IMI	World	12.3	1.9	10.6	6.3	12.3
MSCI ACWI IMI Net (Local)	World (Local Currency)	12.4	4.9	11.1	8.1	12.6
<b>Domestic Equity</b>						
S&P 500	Large Core	13.7	9.5	13.5	10.9	15.9
Russell 1000	Large Core	14.0	9.3	13.5	10.6	16.1
Russell 1000 Growth	Large Growth	16.1	12.8	16.5	13.5	17.5
Russell 1000 Value	Large Value	11.9	5.7	10.5	7.7	14.5
Russell 2000	Small Core	14.6	2.1	12.9	7.1	15.4
Russell 2000 Growth	Small Growth	17.1	3.9	14.9	8.4	16.5
Russell 2000 Value	Small Value	11.0	0.2	10.9	5.6	14.1
Russell 3000	All Cap Core	14.0	8.8	13.5	10.4	16.0
<b>International Equity</b>						
MSCI World ex US	World ex-US	10.5	-3.1	7.3	2.2	8.8
MSCI EAFE	International Developed	10.0	-3.7	7.3	2.3	9.0
MSCI EAFE (Local)	International Developed (Local Currency)	10.6	2.8	8.5	6.0	9.8
MSCI EM	Emerging Markets	9.9	-7.4	10.7	3.7	8.9
MSCI EM (Local)	Emerging Markets (Local Currency)	9.8	-1.9	11.3	7.1	10.2
<b>Global Fixed Income</b>						
Barclays Global Aggregate	Global Core Bonds	2.2	-0.4	1.5	1.0	3.1
S&P Global Leveraged Loan	Bank Loans	5.1	3.0	5.3	3.1	7.5
JPM GBI-EM GD	Emerging Markets Bonds (Local Currency)	2.9	-7.6	3.3	-0.8	4.4
JPM EMBI Global TR	Emerging Market Bonds	7.0	4.2	5.8	5.4	8.5
<b>Domestic Fixed Income</b>						
Barclays US Aggregate	Core Bonds	2.9	4.5	2.0	2.7	3.8
Barclays US HY	High Yield	7.3	5.9	8.6	4.7	11.3
Barclays US TIPS	Inflation	3.2	2.7	1.7	1.9	3.4
<b>Other</b>						
Cambridge Associates PE Index 1Qtr Lag	Private Equity	-0.1	9.7	10.0	10.1	10.7
NCREIF Property	Real Estate	1.4	7.5	8.0	10.2	8.7
Bloomberg Commodity	Commodities	6.3	-5.3	2.2	-8.9	-2.6
DJ Brookfield Global Infrastructure	Infrastructure	15.7	12.5	8.7	5.7	13.4
S&P Global Natural Resources	Natural Resources	12.4	-0.1	13.4	1.8	4.9
HFRI Macro	Hedge Funds	0.1	-1.1	-1.4	0.1	-1.9



## 1Q19 Review

## Total Fund Aggregate

As of March 31, 2019



Allocation vs. Targets and Policy				
	Current Balance	Current Allocation	Policy	Difference
<b>Growth</b>	<b>\$82,093,506</b>	<b>56.5%</b>	<b>56.0%</b>	<b>0.5%</b>
Public Equity	\$82,093,506	56.5%	56.0%	0.5%
<b>Zero Beta</b>	<b>\$41,985,385</b>	<b>28.9%</b>	<b>29.0%</b>	<b>-0.1%</b>
Short-Term IG Bonds	\$41,884,039	28.8%	29.0%	-0.2%
Cash	\$101,346	0.1%	0.0%	0.1%
<b>Other</b>	<b>\$21,306,832</b>	<b>14.7%</b>	<b>15.0%</b>	<b>-0.3%</b>
Core Real Estate	\$14,205,424	9.8%	10.0%	-0.2%
Commodities	\$7,101,408	4.9%	5.0%	-0.1%
<b>Total</b>	<b>\$145,385,722</b>	<b>100.0%</b>	<b>100.0%</b>	

## Total Fund Aggregate

As of March 31, 2019

## Asset Class Net Performance Summary

	Market Value (\$)	% of Portfolio	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Health Care Trust</b>	<b>145,385,722</b>	<b>100.0</b>	<b>8.4</b>	<b>2.7</b>	<b>3.0</b>	<b>5.3</b>	<b>3.2</b>	<b>--</b>	<b>4.5</b>	<b>Jul-12</b>
Policy Benchmark			8.7	2.5	3.9	7.3	4.6	--	5.7	Jul-12
InvestorForce Health & Welfare \$50mm - \$250mm Gross Median			5.3	3.5	4.1	5.4	4.1	6.1	4.7	Jul-12
InvestorForce Health & Welfare \$50mm - \$250mm Gross Rank			16	80	79	55	81	--	60	Jul-12
<b>Growth</b>	<b>82,093,506</b>	<b>56.5</b>	<b>12.0</b>	<b>3.0</b>	<b>3.4</b>	<b>11.4</b>	<b>6.9</b>	<b>--</b>	<b>10.2</b>	<b>Aug-12</b>
Public Equity Benchmark			12.0	2.3	3.1	11.0	6.6	--	9.9	Aug-12
<b>Public Equity</b>	<b>82,093,506</b>	<b>56.5</b>	<b>12.0</b>	<b>3.0</b>	<b>3.4</b>	<b>11.4</b>	<b>6.9</b>	<b>--</b>	<b>10.2</b>	<b>Aug-12</b>
Public Equity Benchmark			12.0	2.3	3.1	11.0	6.6	--	9.9	Aug-12
<b>US Equity</b>	<b>41,114,146</b>	<b>28.3</b>	<b>14.1</b>	<b>4.5</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>4.5</b>	<b>Jul-18</b>
Russell 3000			14.0	4.7	--	--	--	--	4.7	Jul-18
<b>International Equity</b>	<b>19,178,278</b>	<b>13.2</b>	<b>10.0</b>	<b>-0.9</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-0.9</b>	<b>Jul-18</b>
MSCI EAFE			10.0	-2.5	--	--	--	--	-2.5	Jul-18
<b>Emerging Markets Equity</b>	<b>21,801,081</b>	<b>15.0</b>	<b>9.9</b>	<b>1.3</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1.3</b>	<b>Jul-18</b>
MSCI Emerging Markets			9.9	0.6	--	--	--	--	0.6	Jul-18
<b>Zero Beta</b>	<b>41,985,385</b>	<b>28.9</b>	<b>0.6</b>	<b>1.4</b>	<b>1.8</b>	<b>1.1</b>	<b>0.6</b>	<b>--</b>	<b>0.5</b>	<b>Jul-12</b>
ICE BofAML 91 Days T-Bills TR			0.6	1.7	2.1	1.2	0.7	--	0.6	Jul-12
<b>Short-Term IG Bonds</b>	<b>41,884,039</b>	<b>28.8</b>	<b>0.6</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1.0</b>	<b>Nov-18</b>
ICE BofAML 91 Days T-Bills TR			0.6	--	--	--	--	--	1.0	Nov-18
<b>Cash</b>	<b>101,346</b>	<b>0.1</b>	<b>0.5</b>	<b>1.3</b>	<b>1.7</b>	<b>1.0</b>	<b>0.6</b>	<b>--</b>	<b>0.4</b>	<b>Jul-12</b>
ICE BofAML 91 Days T-Bills TR			0.6	1.7	2.1	1.2	0.7	--	0.6	Jul-12

<sup>1</sup> Fiscal Year begins July 1.<sup>2</sup> Please see the final page of the performance report for composition of the Policy Benchmark and Public Equity Benchmark.

## Total Fund Aggregate

As of March 31, 2019

	Market Value (\$)	% of Portfolio	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Other</b>	<b>21,306,832</b>	<b>14.7</b>	<b>11.6</b>	<b>4.4</b>	<b>4.6</b>	<b>3.9</b>	<b>2.0</b>	<b>--</b>	<b>1.6</b>	<b>Aug-12</b>
<i>Other Benchmark</i>			12.7	4.5	6.4	5.2	2.9	--	3.6	Aug-12
<b>Real Estate</b>	<b>14,205,424</b>	<b>9.8</b>	<b>14.9</b>	<b>8.5</b>	<b>18.1</b>	<b>5.1</b>	<b>8.4</b>	<b>--</b>	<b>8.2</b>	<b>Aug-12</b>
<i>MSCI US REIT Gross</i>			16.3	9.6	20.7	6.0	9.0	--	8.7	Aug-12
<b>Commodities</b>	<b>7,101,408</b>	<b>4.9</b>	<b>5.1</b>	<b>-3.8</b>	<b>-2.2</b>	<b>4.3</b>	<b>-5.0</b>	<b>--</b>	<b>-5.2</b>	<b>Oct-12</b>
<i>Bloomberg Commodity Index TR USD</i>			6.3	-5.6	-5.3	2.2	-8.9	--	-8.3	Oct-12

<sup>1</sup> Please see the final page of the performance report for composition of the Policy Benchmark and Public Equity Benchmark.

## Total Fund Aggregate

As of March 31, 2019

## Trailing Net Performance

	Market Value (\$)	% of Portfolio	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Health Care Trust</b>	<b>145,385,722</b>	<b>100.0</b>	<b>8.4</b>	<b>2.7</b>	<b>3.0</b>	<b>5.3</b>	<b>3.2</b>	<b>--</b>	<b>4.5</b>	<b>Jul-12</b>
Policy Benchmark			8.7	2.5	3.9	7.3	4.6	--	5.7	Jul-12
InvestorForce Health & Welfare \$50mm - \$250mm Gross Median			5.3	3.5	4.1	5.4	4.1	6.1	4.7	Jul-12
InvestorForce Health & Welfare \$50mm - \$250mm Gross Rank			16	80	79	55	81	--	60	Jul-12
<b>Growth</b>	<b>82,093,506</b>	<b>56.5</b>	<b>12.0</b>	<b>3.0</b>	<b>3.4</b>	<b>11.4</b>	<b>6.9</b>	<b>--</b>	<b>10.2</b>	<b>Aug-12</b>
Public Equity Benchmark			12.0	2.3	3.1	11.0	6.6	--	9.9	Aug-12
<b>Public Equity</b>	<b>82,093,506</b>	<b>56.5</b>	<b>12.0</b>	<b>3.0</b>	<b>3.4</b>	<b>11.4</b>	<b>6.9</b>	<b>--</b>	<b>10.2</b>	<b>Aug-12</b>
Public Equity Benchmark			12.0	2.3	3.1	11.0	6.6	--	9.9	Aug-12
<b>US Equity</b>	<b>41,114,146</b>	<b>28.3</b>	<b>14.1</b>	<b>4.5</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>4.5</b>	<b>Jul-18</b>
Russell 3000			14.0	4.7	--	--	--	--	4.7	Jul-18
Northern Trust Russell 3000	41,114,146	28.3	14.1	4.5	--	--	--	--	4.5	Jul-18
Russell 3000			14.0	4.7	--	--	--	--	4.7	Jul-18
<b>International Equity</b>	<b>19,178,278</b>	<b>13.2</b>	<b>10.0</b>	<b>-0.9</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-0.9</b>	<b>Jul-18</b>
MSCI EAFE			10.0	-2.5	--	--	--	--	-2.5	Jul-18
Northern Trust MSCI EAFE	19,178,278	13.2	10.0	-0.9	--	--	--	--	-0.9	Jul-18
MSCI EAFE			10.0	-2.5	--	--	--	--	-2.5	Jul-18
<b>Emerging Markets Equity</b>	<b>21,801,081</b>	<b>15.0</b>	<b>9.9</b>	<b>1.3</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1.3</b>	<b>Jul-18</b>
MSCI Emerging Markets			9.9	0.6	--	--	--	--	0.6	Jul-18
Northern Trust MSCI EM	21,801,081	15.0	9.9	1.3	--	--	--	--	1.3	Jul-18
MSCI Emerging Markets			9.9	0.6	--	--	--	--	0.6	Jul-18

## Total Fund Aggregate

As of March 31, 2019

	Market Value (\$)	% of Portfolio	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Zero Beta</b>	<b>41,985,385</b>	<b>28.9</b>	<b>0.6</b>	<b>1.4</b>	<b>1.8</b>	<b>1.1</b>	<b>0.6</b>	<b>--</b>	<b>0.5</b>	<b>Jul-12</b>
ICE BofAML 91 Days T-Bills TR			0.6	1.7	2.1	1.2	0.7	--	0.6	Jul-12
<b>Short-Term IG Bonds</b>	<b>41,884,039</b>	<b>28.8</b>	<b>0.6</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1.0</b>	<b>Nov-18</b>
ICE BofAML 91 Days T-Bills TR			0.6	--	--	--	--	--	1.0	Nov-18
BlackRock 3-Month T-Bill	41,884,039	28.8	0.6	--	--	--	--	--	1.0	Nov-18
ICE BofAML 91 Days T-Bills TR			0.6	--	--	--	--	--	1.0	Nov-18
<b>Cash</b>	<b>101,346</b>	<b>0.1</b>	<b>0.5</b>	<b>1.3</b>	<b>1.7</b>	<b>1.0</b>	<b>0.6</b>	<b>--</b>	<b>0.4</b>	<b>Jul-12</b>
ICE BofAML 91 Days T-Bills TR			0.6	1.7	2.1	1.2	0.7	--	0.6	Jul-12
<b>Other</b>	<b>21,306,832</b>	<b>14.7</b>	<b>11.6</b>	<b>4.4</b>	<b>4.6</b>	<b>3.9</b>	<b>2.0</b>	<b>--</b>	<b>1.6</b>	<b>Aug-12</b>
Other Benchmark			12.7	4.5	6.4	5.2	2.9	--	3.6	Aug-12
<b>Real Estate</b>	<b>14,205,424</b>	<b>9.8</b>	<b>14.9</b>	<b>8.5</b>	<b>18.1</b>	<b>5.1</b>	<b>8.4</b>	<b>--</b>	<b>8.2</b>	<b>Aug-12</b>
MSCI US REIT Gross			16.3	9.6	20.7	6.0	9.0	--	8.7	Aug-12
Vanguard REIT Index Fund	7,184,560	4.9	17.4	10.8	20.6	5.9	8.9	--	8.6	Aug-12
Vanguard REIT Index Fund Custom Benchmark			16.3	9.6	20.7	6.0	9.0	--	8.7	Aug-12
BlackRock Core Property Fund	1,000,000	0.7	--	--	--	--	--	--	0.0	Feb-19
NCREIF ODCE Equal Weighted (Net)			--	--	--	--	--	--	1.5	Feb-19
Clarion Lion Properties Fund	6,020,864	4.1	--	--	--	--	--	--	0.3	Mar-19
NCREIF ODCE Equal Weighted (Net)			--	--	--	--	--	--	1.5	Mar-19

<sup>1</sup> Vanguard REIT Custom Benchmark is comprised of the MSCI US REIT Index adjusted to include a 2% cash position through April 30, 2009; MSCI US REIT Index through January 31, 2018; MSCI US Investible Market Real Estate 25/50 Transition Index thereafter.



Total Fund Aggregate

As of March 31, 2019

	Market Value (\$)	% of Portfolio	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Commodities</b>	<b>7,101,408</b>	<b>4.9</b>	<b>5.1</b>	<b>-3.8</b>	<b>-2.2</b>	<b>4.3</b>	<b>-5.0</b>	<b>--</b>	<b>-5.2</b>	<b>Oct-12</b>
<i>Bloomberg Commodity Index TR USD</i>			6.3	-5.6	-5.3	2.2	-8.9	--	-8.3	Oct-12
Credit Suisse Risk Parity Commodity Fund	7,101,408	4.9	5.1	-3.8	-2.2	4.3	-5.0	--	-4.3	Nov-12
<i>Bloomberg Commodity Index TR USD</i>			6.3	-5.6	-5.3	2.2	-8.9	--	-7.9	Nov-12

## Total Fund Aggregate

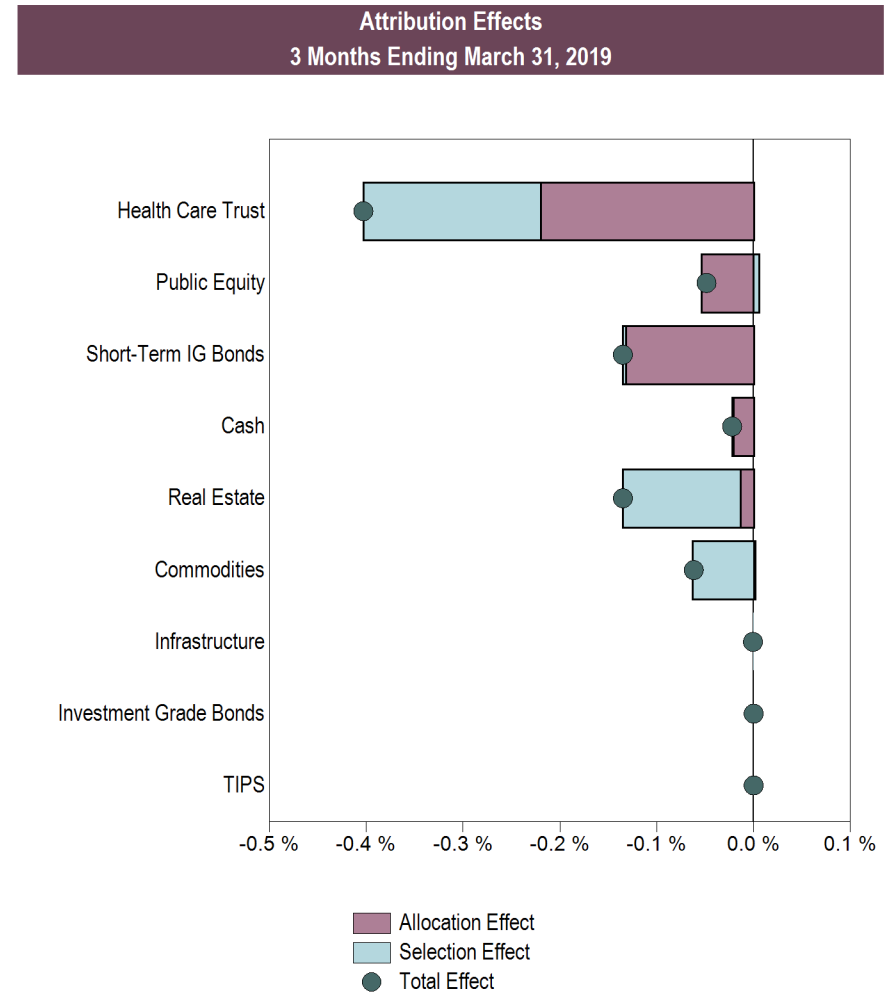
As of March 31, 2019

**Cash Flow Summary**  
**QTD Ending March 31, 2019**

	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Net Investment Change	Ending Market Value
BlackRock 3-Month T-Bill	\$41,638,317	\$0	\$0	\$0	\$245,722	\$41,884,039
BlackRock Core Property Fund	--	\$1,000,000	\$0	\$1,000,000	\$0	\$1,000,000
Cash	\$198,958	\$8,000,434	-\$8,100,000	-\$99,567	\$1,954	\$101,346
Clarion Lion Properties Fund	--	\$0	-\$9,092	-\$9,092	\$6,029,956	\$6,020,864
Credit Suisse Risk Parity Commodity Fund	\$6,754,072	\$0	-\$6,827	-\$6,827	\$354,162	\$7,101,408
Northern Trust MSCI EAFE	\$16,403,860	\$1,100,000	\$0	\$1,100,000	\$1,674,418	\$19,178,278
Northern Trust MSCI EM	\$19,840,343	\$0	\$0	\$0	\$1,960,738	\$21,801,081
Northern Trust Russell 3000	\$36,048,774	\$0	\$0	\$0	\$5,065,372	\$41,114,146
Rhumblin Brookfield Global Infrastructure	\$1,099	\$0	-\$434	-\$433	-\$666	--
Vanguard REIT Index Fund	\$13,236,192	\$0	-\$8,000,000	-\$8,000,000	\$1,948,369	\$7,184,560
<b>Total</b>	<b>\$134,121,616</b>	<b>\$10,100,434</b>	<b>-\$16,116,352</b>	<b>-\$6,015,919</b>	<b>\$17,280,025</b>	<b>\$145,385,722</b>

As of March 31, 2019

Attribution Summary 3 Months Ending March 31, 2019						
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Public Equity	12.0%	12.0%	0.0%	0.0%	-0.1%	0.0%
Short-Term IG Bonds	0.6%	0.6%	0.0%	0.0%	-0.1%	-0.1%
Cash	0.5%	0.6%	-0.1%	0.0%	0.0%	0.0%
Real Estate	14.9%	16.3%	-1.4%	-0.1%	0.0%	-0.1%
Commodities	5.1%	6.3%	-1.2%	-0.1%	0.0%	-0.1%
Infrastructure	0.0%	15.7%	-15.7%	0.0%	0.0%	0.0%
Investment Grade Bonds	0.0%	2.2%	-2.2%	0.0%	0.0%	0.0%
TIPS	0.0%	1.7%	-1.7%	0.0%	0.0%	0.0%
<b>Total</b>	<b>8.4%</b>	<b>8.8%</b>	<b>-0.4%</b>	<b>-0.2%</b>	<b>-0.2%</b>	<b>-0.4%</b>



<sup>1</sup> Differences in attribution returns and returns in the performance summary may occur as a result of the different calculation methodologies that are applied by InvestorForce.

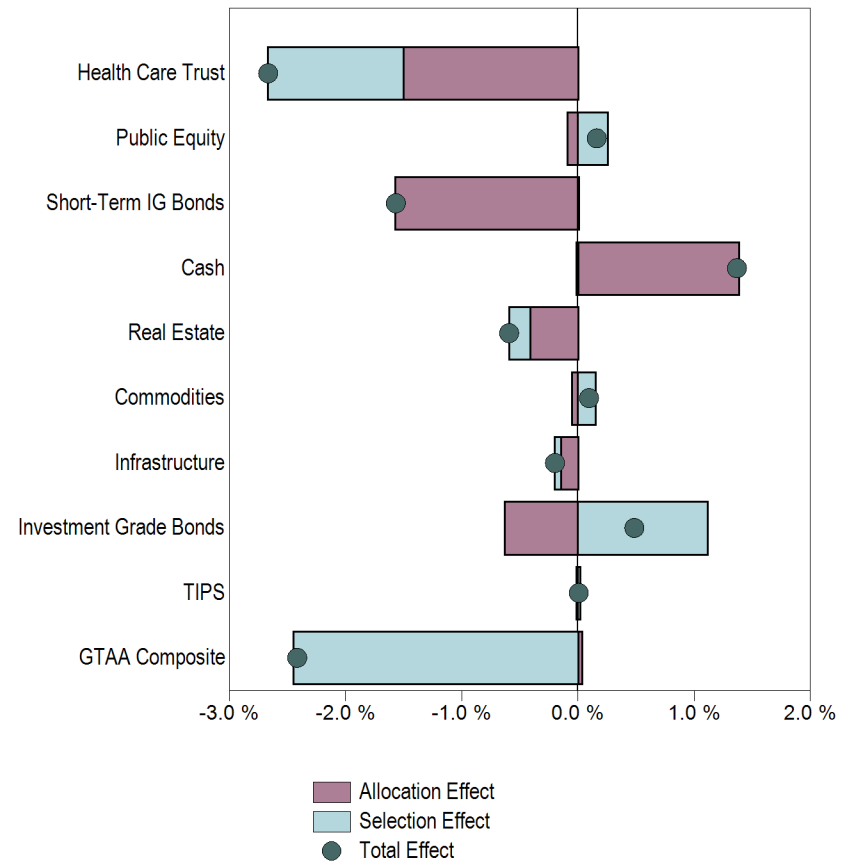
# Total Fund Aggregate

As of March 31, 2019

## Attribution Summary 1 Year Ending March 31, 2019

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Public Equity	3.4%	3.1%	0.4%	0.3%	-0.1%	0.2%
Short-Term IG Bonds	--	1.2%	--	0.0%	-1.6%	-1.6%
Cash	1.7%	2.1%	-0.4%	0.0%	1.4%	1.4%
Real Estate	18.1%	20.7%	-2.7%	-0.2%	-0.4%	-0.6%
Commodities	-2.2%	-5.3%	3.0%	0.1%	-0.1%	0.1%
Infrastructure	1.5%	12.5%	-11.0%	0.0%	-0.1%	-0.2%
Investment Grade Bonds	0.5%	-0.4%	0.9%	1.1%	-0.6%	0.5%
TIPS	--	1.5%	--	0.0%	0.0%	0.0%
GTAA Composite	--	--	--	-2.4%	0.0%	-2.4%
<b>Total</b>	<b>0.8%</b>	<b>3.5%</b>	<b>-2.7%</b>	<b>-1.2%</b>	<b>-1.5%</b>	<b>-2.7%</b>

## Attribution Effects 1 Year Ending March 31, 2019



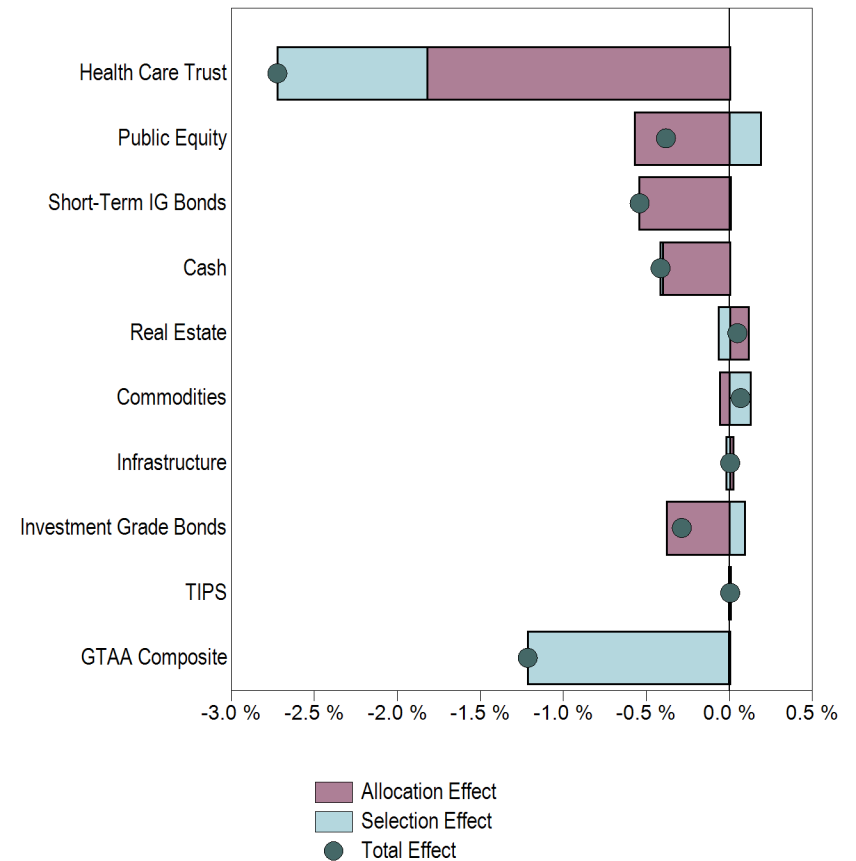
# Total Fund Aggregate

As of March 31, 2019

## Attribution Summary 3 Years Ending March 31, 2019

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Public Equity	11.4%	11.0%	0.4%	0.2%	-0.6%	-0.4%
Short-Term IG Bonds	--	0.4%	--	0.0%	-0.5%	-0.5%
Cash	1.0%	1.2%	-0.2%	0.0%	-0.5%	-0.5%
Real Estate	5.1%	6.0%	-0.9%	-0.1%	0.1%	0.0%
Commodities	4.3%	2.2%	2.0%	0.1%	-0.1%	0.0%
Infrastructure	5.1%	8.7%	-3.6%	0.0%	0.0%	0.0%
Investment Grade Bonds	0.7%	1.5%	-0.8%	0.1%	-0.4%	-0.3%
TIPS	--	0.5%	--	0.0%	0.0%	0.0%
GTAA Composite	--	--	--	-1.2%	0.0%	-1.2%
<b>Total</b>	<b>4.6%</b>	<b>7.4%</b>	<b>-2.8%</b>	<b>-0.9%</b>	<b>-2.0%</b>	<b>-2.8%</b>

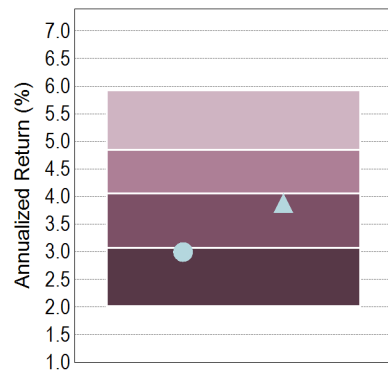
## Attribution Effects 3 Years Ending March 31, 2019



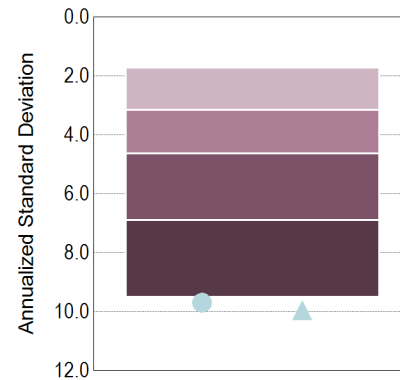
Total Fund Risk Statistics vs. Peer Universe (Trailing 1 Year)

As of March 31, 2019

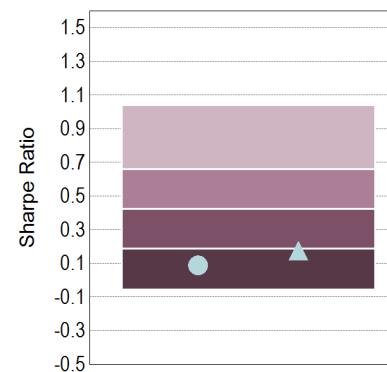
**Annualized Return (%)**  
vs. InvestorForce Health & Welfare \$50mm  
- \$250mm Gross



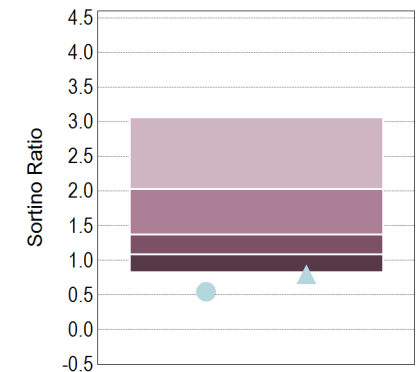
**Annualized Standard Deviation**  
vs. InvestorForce Health & Welfare \$50mm  
- \$250mm Gross



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



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



● Health Care Trust  
Value 3.0  
Rank 79  
▲ Policy Benchmark  
Value 3.9  
Rank 54

Universe  
5th %tile 5.9  
25th %tile 4.9  
Median 4.1  
75th %tile 3.1  
95th %tile 2.0

● Health Care Trust  
Value 9.7  
Rank 97  
▲ Policy Benchmark  
Value 10.0  
Rank 98

Universe  
5th %tile 1.7  
25th %tile 3.1  
Median 4.6  
75th %tile 6.9  
95th %tile 9.5

● Health Care Trust  
Value 0.1  
Rank 86  
▲ Policy Benchmark  
Value 0.2  
Rank 77

Universe  
5th %tile 1.0  
25th %tile 0.7  
Median 0.4  
75th %tile 0.2  
95th %tile -0.1

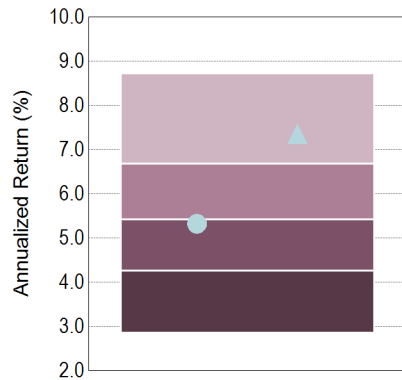
● Health Care Trust  
Value 0.5  
Rank 99  
▲ Policy Benchmark  
Value 0.8  
Rank 98

Universe  
5th %tile 3.1  
25th %tile 2.0  
Median 1.4  
75th %tile 1.1  
95th %tile 0.8

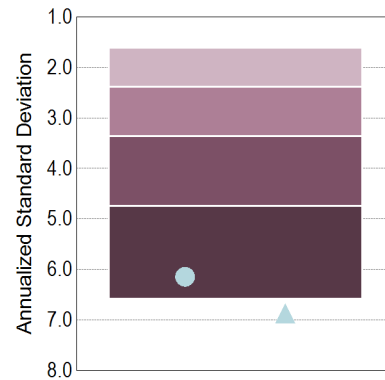
Total Fund Risk Statistics vs. Peer Universe (Trailing 3 Years)

As of March 31, 2019

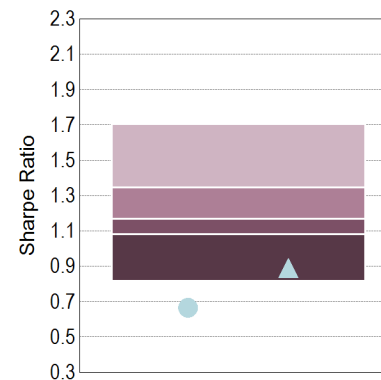
**Annualized Return (%)**  
vs. InvestorForce Health & Welfare \$50mm  
- \$250mm Gross



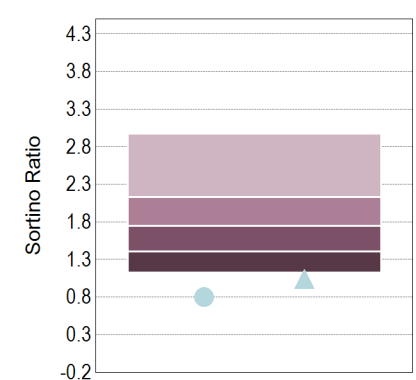
**Annualized Standard Deviation**  
vs. InvestorForce Health & Welfare \$50mm  
- \$250mm Gross



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



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



● Health Care Trust  
Value 5.3  
Rank 55  
▲ Policy Benchmark  
Value 7.3  
Rank 20

● Health Care Trust  
Value 6.1  
Rank 85  
▲ Policy Benchmark  
Value 6.9  
Rank 97

● Health Care Trust  
Value 0.7  
Rank 99  
▲ Policy Benchmark  
Value 0.9  
Rank 93

● Health Care Trust  
Value 0.8  
Rank 99  
▲ Policy Benchmark  
Value 1.0  
Rank 99

Universe  
5th %tile 8.7  
25th %tile 6.7  
Median 5.4  
75th %tile 4.3  
95th %tile 2.9

Universe  
5th %tile 1.6  
25th %tile 2.4  
Median 3.3  
75th %tile 4.7  
95th %tile 6.6

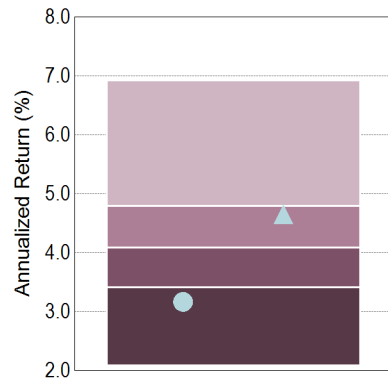
Universe  
5th %tile 1.7  
25th %tile 1.4  
Median 1.2  
75th %tile 1.1  
95th %tile 0.8

Universe  
5th %tile 3.0  
25th %tile 2.1  
Median 1.8  
75th %tile 1.4  
95th %tile 1.1

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

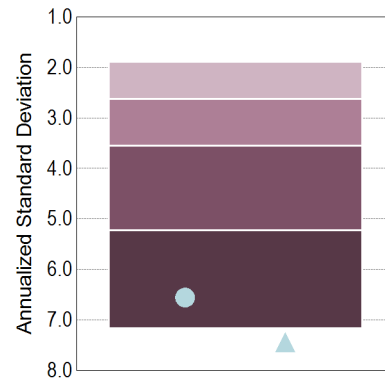
As of March 31, 2019

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



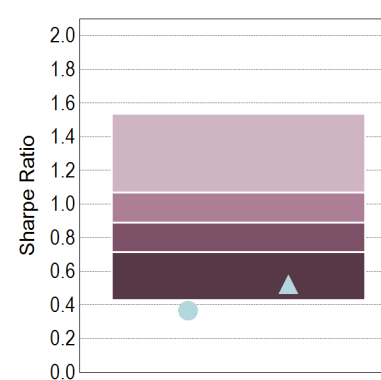
● Health Care Trust	
Value	3.2
Rank	81
▲ Policy Benchmark	
Value	4.6
Rank	35
Universe	
5th %tile	6.9
25th %tile	4.8
Median	4.1
75th %tile	3.4
95th %tile	2.1

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



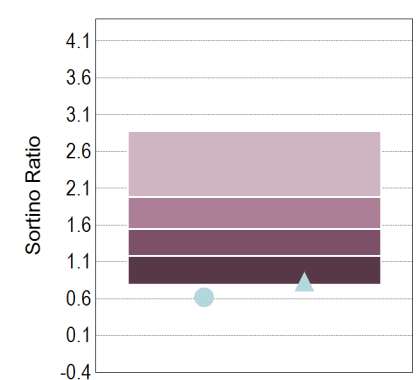
● Health Care Trust	
Value	6.6
Rank	85
▲ Policy Benchmark	
Value	7.4
Rank	97
Universe	
5th %tile	1.9
25th %tile	2.6
Median	3.5
75th %tile	5.2
95th %tile	7.2

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



● Health Care Trust	
Value	0.4
Rank	97
▲ Policy Benchmark	
Value	0.5
Rank	94
Universe	
5th %tile	1.5
25th %tile	1.1
Median	0.9
75th %tile	0.7
95th %tile	0.4

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



● Health Care Trust	
Value	0.6
Rank	99
▲ Policy Benchmark	
Value	0.8
Rank	93
Universe	
5th %tile	2.9
25th %tile	2.0
Median	1.6
75th %tile	1.2
95th %tile	0.8



As of March 31, 2019

## Benchmark History

As of March 31, 2019

## Health Care Trust

10/1/2018	Present	28% Russell 3000 / 13% MSCI EAFE / 15% MSCI Emerging Markets / 29% ICE BofAML 91 Days T-Bills TR / 10% MSCI US REIT / 5% Bloomberg Commodity Index TR USD
7/1/2018	9/30/2018	57% MSCI ACWI IMI (Net) / 30% BBgBarc US Aggregate TR / 8% MSCI US REIT Gross / 5% Bloomberg Commodity Index TR USD
2/1/2017	6/30/2018	43% MSCI ACWI IMI (Net) / 15% BBgBarc US Aggregate TR / 10% MSCI US REIT Gross / 9% Bloomberg Commodity Index TR USD / 3% DJ Brookfield Global Infrastructure Net TR USD / 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

## Growth

10/1/2018	Present	50% Russell 3000 / 23.21% MSCI EAFE / 26.79% MSCI Emerging Markets
8/1/2012	9/30/2018	MSCI ACWI IMI Net USD

## Public Equity

10/1/2018	Present	50% Russell 3000 / 23.21% MSCI EAFE / 26.79% MSCI Emerging Markets
8/1/2012	9/30/2018	MSCI ACWI IMI Net USD

## US Equity

7/1/2018	Present	Russell 3000
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## International Equity

7/1/2018	Present	MSCI EAFE
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## Emerging Markets Equity

7/1/2018	Present	MSCI Emerging Markets
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## Zero Beta

7/1/2012	Present	ICE BofAML 91 Days T-Bills TR
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## Short-Term IG Bonds

11/1/2018	Present	ICE BofAML 91 Days T-Bills TR
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## Cash

7/1/2012	Present	ICE BofAML 91 Days T-Bills TR
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## Other

10/1/2018	Present	66.67% MSCI US REIT / 33.33% Bloomberg Commodity Index TR USD
8/1/2012	9/30/2018	35.09% 60% MSCI World & 40% Citigroup WGBI / 26.32% BBgBarc US Aggregate TR / 17.54% MSCI US REIT / 15.79% Bloomberg Commodity Index TR USD / 5.26% DJ Brookfield Global Infrastructure Net TR USD

Real Estate		
8/1/2012	Present	MSCI US REIT Gross
Commodities		
10/1/2012	Present	Bloomberg Commodity Index TR USD
Infrastructure		
1/1/2014	Present	DJ Brookfield Global Infrastructure Net TR USD
Investment Grade Bonds		
8/1/2012	Present	BBgBarc Global Aggregate TR
TIPS		
7/1/2018	Present	100% BBgBarc US Treasury TIPS 0-5 Yr TR

## **Glossary and Notes**

**Credit Risk:** Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security.)

**Duration:** Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

**Information Ratio:** This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

**Jensen's Alpha:** A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk.  $\text{Portfolio Return} - [\text{Risk Free Rate} + \text{Beta} * (\text{market return} - \text{Risk Free Rate})]$ .

**Market Capitalization:** For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

**Market Weighted:** Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

**Maturity:** The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

**Prepayment Risk:** The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

**Price-Book Value (P/B) Ratio:** The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.

**Price-Earnings (P/E) Ratio:** A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

**Quality Rating:** The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

**Sharpe Ratio:** A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

**Standard Deviation:** A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

**STIF Account:** Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

**Style:** The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

**Yield to Maturity:** The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a “basis book.” For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

Sources: Investment Terminology, International Foundation of Employee Benefit Plans, 1999.  
The Handbook of Fixed Income Securities, Fabozzi, Frank J., 1991.

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.