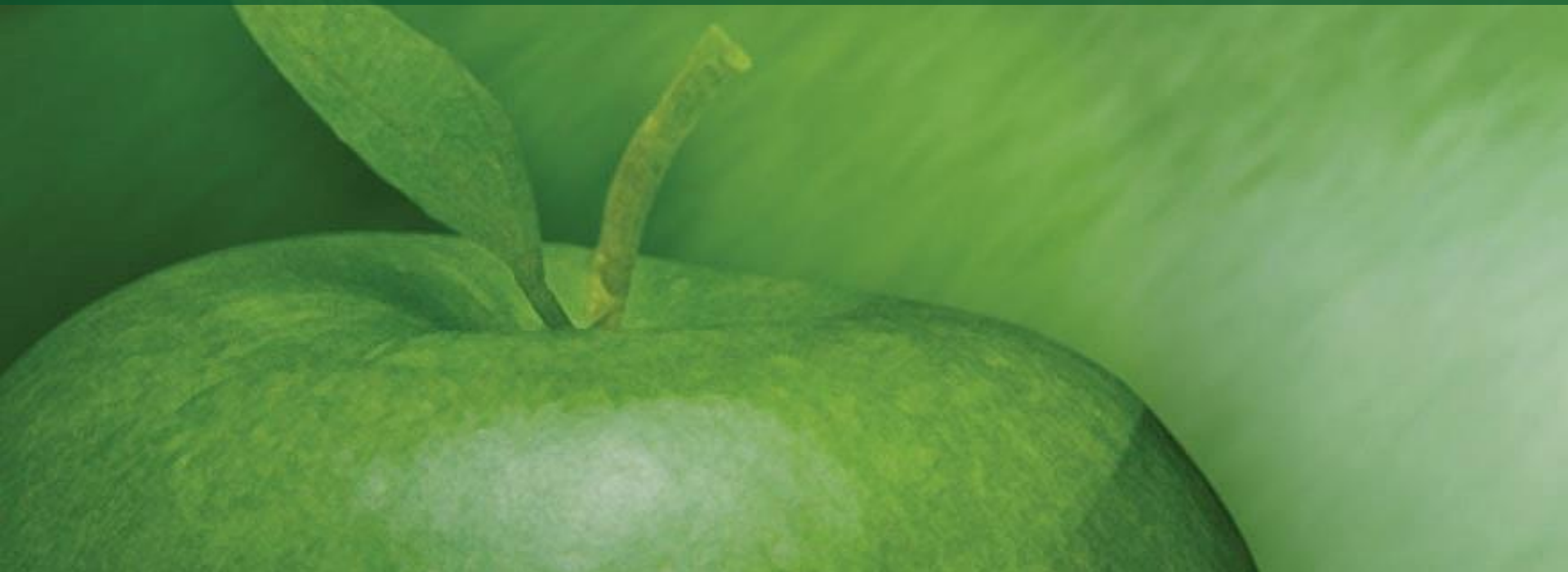


San Jose Employees Retirement Fund Portfolio Review Q4 2017

February 27, 2018



Contents

- Market Update
- Absolute Return
 - Performance and Risk – Federated
 - Performance and Risk – Police & Fire
- Hedge Equity
- Hedge Credit
- Portfolio Updates



Market Update

General Market Update

- In October, Equities had a good month, with Asian and US indices posting strong returns. UK and US bond yields rose, while European bond yields broadly fell. The dollar gained against most other currencies on tax reform expectations after initial legislative progress. Commodities had a positive month, boosted by oil and some industrial metals.
- In November, Equities had a broadly positive month, with the Hang Seng remaining one of the strongest performers YTD, while the S&P 500 marked its 13th consecutive positive month. However, European indices weakened, despite strong Eurozone PMIs, as German Chancellor Angela Merkel struggled to form a coalition. Commodities continued to gain as oil rose strongly, supported by suggestions that Saudi Arabia would reduce exports further. The dollar fell after the release of the minutes from the last Fed meeting as committee members voiced concern about low levels of inflation.
- In December, again we experienced a broadly positive month for most equities, as the S&P 500 notched a 14th consecutive positive month, and the FTSE 100 marked its 13th positive month, closing at an all-time high. European indices were the main exception ahead of expected reductions in ECB stimulus measures. In currencies, the dollar ended the year at -9.87 % vs a basket of G7 currencies, its first negative year since 2012, after ending the month at -0.99% after Trump's tax plan was signed into law, despite a further 0.25% rate increase by the Fed. Commodities had a positive month as oil continued to strengthen on continuing OPEC production cuts and declines in inventories.

Hedge Fund Market Update

In October,

- The month marked the fifth consecutive month of positive gains for Discretionary Global Macro managers, with the average manager posting small gains of approximately 0.25%. Despite managers' concern regarding risk asset pricing, long equity positions in various indices globally were large contributors to gains. Several managers have split their view on risk assets by staying short credit indices and taking on tactical long equity positions.
- CTA managers performed positively for the month, with funds being up 5% on average. Long equities were a significant contributor to returns. Gains were also seen in bonds from European instruments.
- US and Global Equity Long/Short managers had a positive month, driven by a notably strong month for tech.

In November,

- Despite a positive month for risk assets the month was more muted for funds.
- There was a reversal out of growth stocks and into value in the last three days of November. Tech stocks, which had buoyed US Equity Long/Short manager returns, dropped sharply.
- The US yield curve flattened (aiding some Fixed Income Arbitrage and CTA managers and hurting most Global Macro managers) and the US dollar weakened (also detrimental to Global Macro managers).

Hedge Fund Market Update

In December,

- A mildly positive month for most hedge fund strategies, buoyed by positive equity markets, oil price strengthening, and strong performance in industrial metals.
- Within Multi-Strat managers Equity strategies drove December returns with Event Driven, Equity Long/Short and Market Neutral strategies all positive. Most arbitrage strategies were positive on the month; quantitative and macro portfolios also saw some recovery.
- The average US Long/Short Equity manager was up in December, closing out a strong year for the strategy. There was a rotation into domestic tax beneficiaries, however some managers used December weakness in TMT to add to positions while covering commonly held US retail shorts.

Hedge Fund Style Returns

Year:	2017	2016	2015	2014	2013	2012	3	10
Index	2017	2016	2015	2014	2013	2012	3 Year	10 Year
HFRI All Equity Hedge	13.46%	5.47%	-0.97%	1.81%	14.28%	7.41%	5.82%	3.19%
HFRI EH: Equity MN	5.04%	2.23%	4.27%	3.06%	6.46%	2.98%	3.84%	1.97%
HFRI All Event Driven	7.73%	10.57%	-3.55%	1.08%	12.51%	8.89%	4.73%	4.17%
HFRI ED: Distressed/Restructuring	7.58%	15.15%	-8.06%	-1.39%	14.05%	10.12%	4.43%	4.06%
HFRI ED: Merger Arbitrage	4.24%	3.63%	3.32%	1.69%	4.74%	2.76%	3.73%	3.20%
HFRI All Macro	2.21%	1.03%	-1.26%	5.58%	-0.44%	-0.06%	0.65%	1.95%
Barclay CTA	0.73%	-1.22%	-1.50%	7.61%	-1.42%	-1.70%	-0.67%	1.91%
HFRI All Relative Value	5.11%	7.67%	-0.29%	4.02%	7.07%	10.59%	4.11%	4.81%
HFRI RV: Fixed Income - Asset Backed	7.74%	5.07%	2.07%	8.69%	9.91%	17.12%	4.94%	8.76%
HFRI RV: Fixed Income - Convertible Arbitrage	5.81%	8.10%	1.92%	1.55%	8.02%	8.58%	5.24%	4.71%
HFRI RV: Fixed Income - Corporate	6.84%	11.52%	-1.78%	1.24%	5.68%	10.99%	5.38%	4.50%
Index	2017	2016	2015	2014	2013	2012	3 Year	10 Year
ML US T Bills	0.85%	0.33%	0.05%	0.03%	0.07%	0.11%	0.41%	0.39%
MSCI World Daily TR Gross	23.07%	8.15%	-0.32%	5.50%	27.37%	16.54%	9.88%	5.63%
ML US HY Bonds	7.47%	17.49%	-4.64%	2.50%	7.42%	15.58%	6.38%	7.89%
ML Global Govt. Bond	6.50%	1.74%	-2.61%	0.18%	-4.33%	1.74%	1.81%	2.79%
BBG Commodity TR	1.70%	11.77%	-24.66%	-17.01%	-9.52%	-1.06%	-5.03%	-6.83%
HFRI FoF Composite	7.73%	0.51%	-0.27%	3.37%	8.96%	4.79%	2.60%	1.08%

Source: Hedge Fund Research, Inc. (HFR), Bloomberg

3-Yr and 10-Yr returns are trailing annualized returns as of the end of December 2017. Returns calculated using data available as of December 31, 2017.

Past performance is not necessarily indicative of, or a guarantee of, future results. There are no assurance that an investor will make any profit or avoid incurring losses.

Quarterly Index Returns

2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4
						Asia 5.5%	Asia 7.0%
	Distressed 5.2%					World 5.0%	World 5.6%
	Emerging 3.6%	Asia 6.6%		Asia 9.0%		Equity Hedge 3.6%	Equity Hedge 3.5%
	Rel Value 3.0%	Distressed 5.4%	Distressed 5.6%	World 6.5%	Asia 5.4%	Emerging 3.2%	Emerging 3.0%
	Event 2.9%	World 5.0%	Event 3.6%	Emerging 4.7%	World 4.2%	EMN 2.0%	Distressed 2.9%
	CB Arb 2.8%	Equity Hedge 4.6%	CB Arb 2.0%	Equity Hedge 3.9%	Equity Hedge 1.9%	Asset 1.7%	Macro 2.4%
	Asset 1.9%	Event 4.5%	Asset 2.0%	Asset 2.7%	Emerging 1.9%	Event 1.5%	CTA 2.3%
	Asia 1.6%	CB Arb 3.5%	World 2.0%	Distressed 2.6%	Asset 1.8%	Distressed 1.5%	EMN 2.2%
Macro 1.6%	Equity Hedge 1.4%	Emerging 3.4%	Rel Value 1.9%	Event 2.4%	Event 1.5%	CB Arb 1.4%	Event 2.0%
CTA 0.9%	World 1.2%	Asset 3.2%	EMN 1.5%	Rel Value 2.2%	CB Arb 1.4%	Rel Value 1.3%	Asset 1.3%
EMN 0.5%	Macro 1.2%	Rel Value 3.0%	Equity Hedge 1.3%	CB Arb 1.7%	Distressed 0.5%	Macro 0.6%	CB Arb 1.1%
Emerging 0.1%	CTA 0.9%	EMN 0.5%	Emerging 0.1%	EMN 1.2%	Rel Value 0.5%	T-Bills 0.3%	Rel Value 1.1%
T-Bills 0.1%	T-Bills 0.1%	T-Bills 0.1%	T-Bills 0.1%	T-Bills 0.1%	T-Bills 0.2%	CTA 0.1%	T-Bills 0.3%
World -0.2%	EMN -0.4%	Macro -1.0%	Macro -0.7%	Macro -0.1%	EMN -0.5%		
Rel Value -0.3%		CTA -1.8%	CTA -1.2%	CTA -0.8%	Macro -0.7%		
CB Arb -0.4%			Asia -4.3%		CTA -0.8%		
Event -0.7%							
Distressed -1.6%							
Equity Hedge -1.8%							
Asset -2.0%							
Asia -3.5%							

Legend			
Asset	HFRI RV: FI - Asset Backed	CB Arb	HFRI RV: FI - Convert Arb
CTA	Barclay CTA	Event	HFRI All Event Driven
Rel Value	HFRI All Relative Value	Emerging	HFRI EM: Global
T-Bills	ML US T Bills	Equity Hedge	HFRI All Equity Hedge
EMN	HFRI EH: Equity MN	Asia	HFRI EM: Asia ex-Japan
Macro	HFRI All Macro	World	MSCI World
Distressed	HFRI ED: Distressed/Restr		

Note: Returns are cumulative returns calculated using data available as of November 1, 2017

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Past performance is not indicative of future results



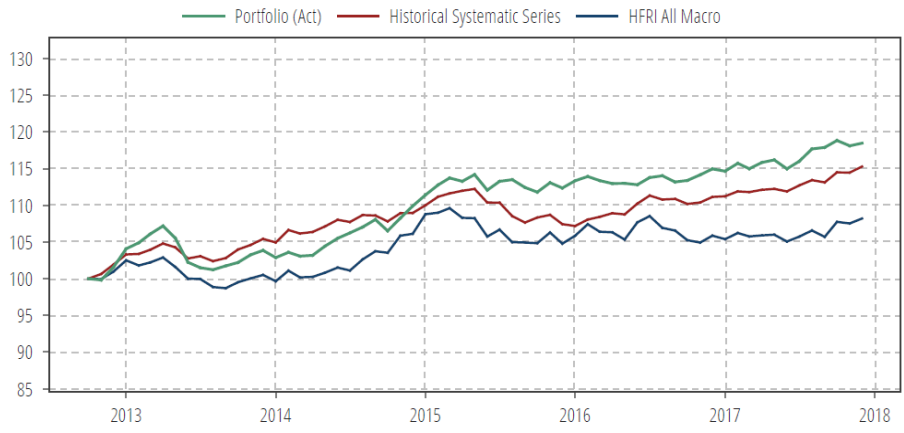
Absolute Return - Performance and Risk - Federated

Portfolio Performance

	Annualized Performance								Annualized Risk		
	December 2017	Quarter to Date	Year to Date	1 Year	3 Years	5 Years	Since Investment	Since Proforma Start	Volatility	DV ¹	Worst DD ²
Portfolio (Act)	0.30%	0.49%	3.05%	3.05%	2.53%	3.13%	3.33%	3.33%	3.39%	2.19%	-5.56%
HFRI All Macro	0.62%	2.37%	2.21%	2.21%	0.65%	1.40%	1.54%	1.54%	3.62%	2.30%	-4.40%
USD 3M Libor + 5%	0.55%	1.63%	6.46%	6.46%	5.94%	5.72%	5.71%	5.71%	0.12%	0.00%	
MSCI WORLD TR Gross	1.38%	5.62%	23.07%	23.07%	9.88%	12.26%	12.55%	12.55%	9.71%	5.37%	-11.64%
ML US HY Bonds	0.28%	0.41%	7.47%	7.47%	6.38%	5.80%	6.08%	6.08%	5.17%	2.94%	-9.83%

Unless otherwise stated, all computations are for the period Nov 2012-Dec 2017 ¹Downside Volatility, with Risk-Free=0.26% ²Worst Drawdown

VAMI of Portfolio (Act), Historical Systematic Series and HFRI All Macro



12 Month Rolling Returns



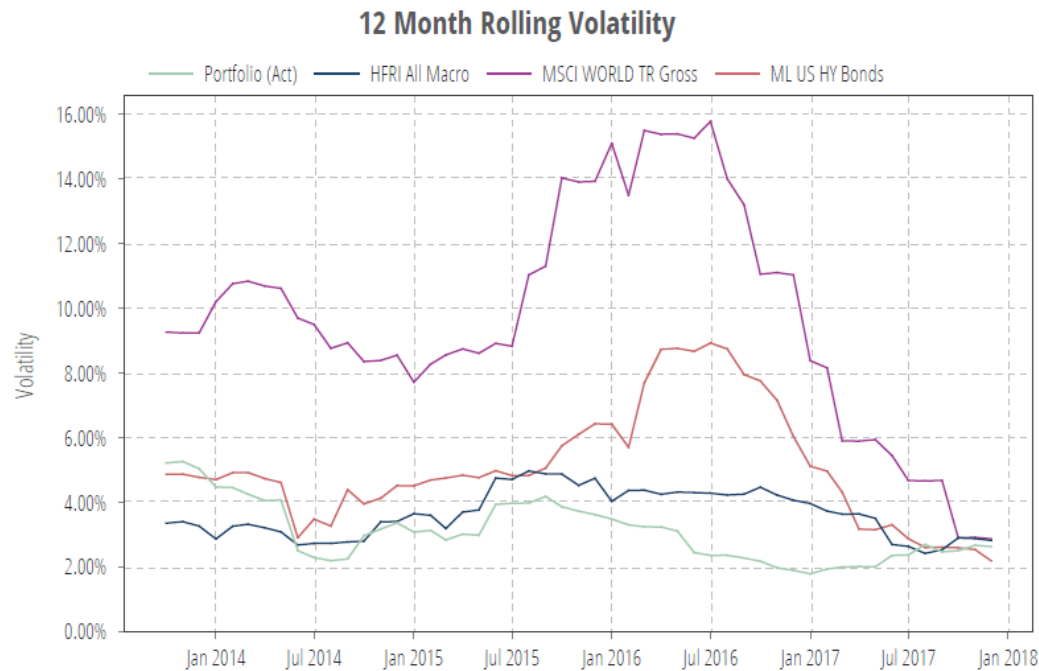
Source: Hedge Fund Research, Inc (HFR), Albourne, Bloomberg, Data as of Dec 31, 2017



Source: The HFRI indices are being used under license from Hedge Fund Research, Inc., which does not approve of or endorse the contents of this presentation

Past performance is not necessarily indicative of, or a guarantee of, future results. There are no assurance that an investor will make any profit or avoid incurring losses

Portfolio Risk



	Return	Volatility	Skewness	Kurtosis	Sharpe Ratio ¹	Sortino Ratio ²	Omega ²	Gain-Loss Ratio ²	Calmar Ratio
Portfolio (Act)	3.33%	3.39%	-0.81	1.38	0.91	1.40	0.64	1.89	0.60
Tactical Benchmark ³	1.54%	3.62%	0.08	-0.32	0.35	0.55	0.26	1.30	0.35
Historical Systematic Series	2.79%	2.53%	-0.63	0.28	1.00	1.61	0.71	2.04	0.62
Current Systematic Series	1.40%	2.41%	-0.44	0.32	0.47	0.70	0.36	1.43	0.44
Proforma (Dec 2017)	8.56%	3.63%	0.33	1.57	2.28	5.83	1.66	5.27	3.70

¹Risk-Free Rate=0.26% ²Risk-Free=0.26% ³HFRI All Macro

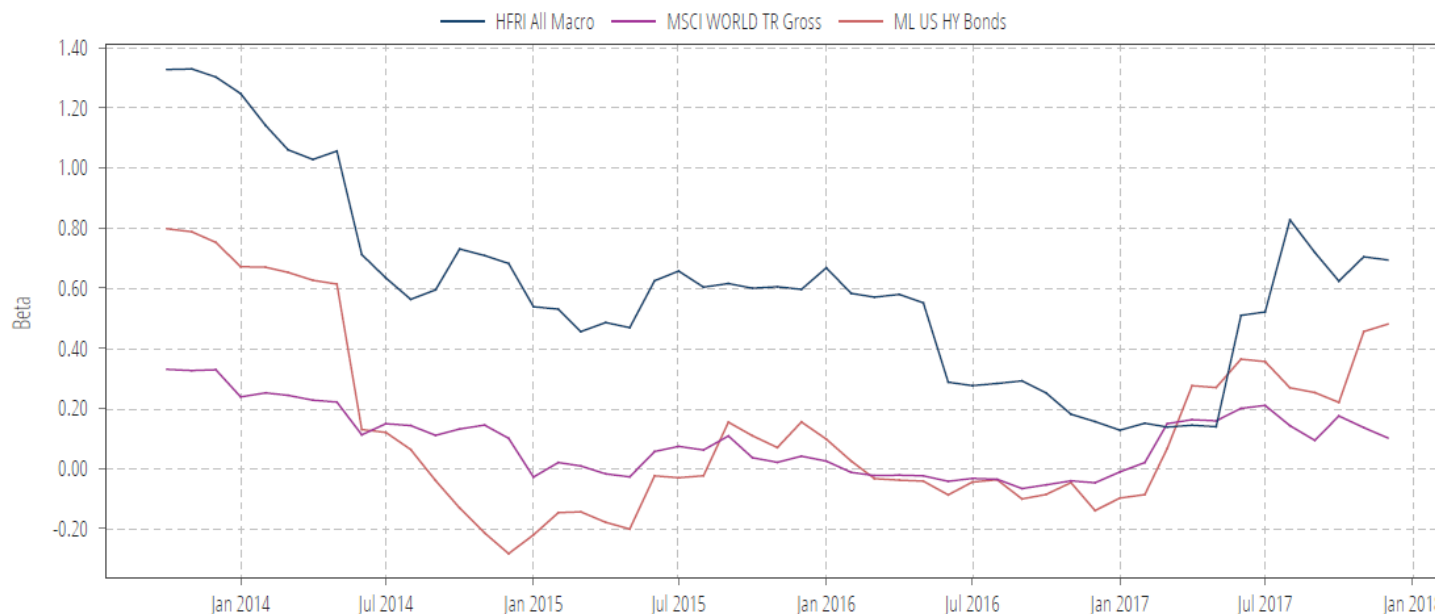
Source: Hedge Fund Research, Inc (HFR), Albourne, Bloomberg, Data as of Dec 31, 2017

Portfolio Beta

Correlation/Beta of Portfolio

	Corr	Beta
Nov 2012-Dec 2017 (62 months)		
HFRI All Macro	0.68	0.63
MSCI WORLD TR Gross	0.21	0.07
ML US HY Bonds	0.16	0.11
Jan 2017-Dec 2017 (12 months)		
HFRI All Macro	0.74	0.69
MSCI WORLD TR Gross	0.11	0.10
ML US HY Bonds	0.40	0.48

12 Month Rolling Beta Against Portfolio (Act)

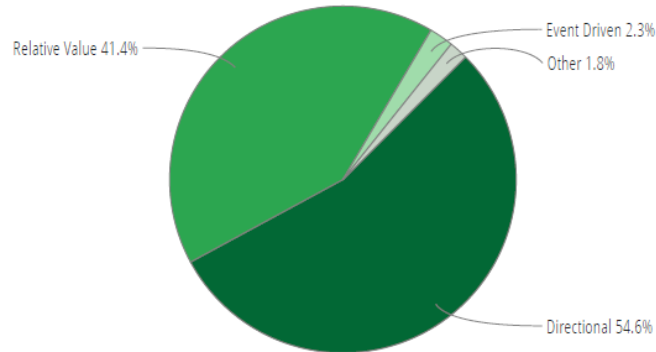


Source: Hedge Fund Research, Inc (HFR), Albourne, Bloomberg, Data as of Dec 31, 2017

Strategy Composition

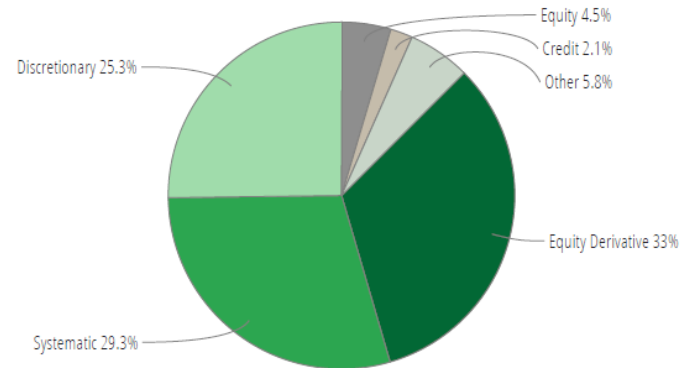
Strategy Composition

Super-Strategy Allocation



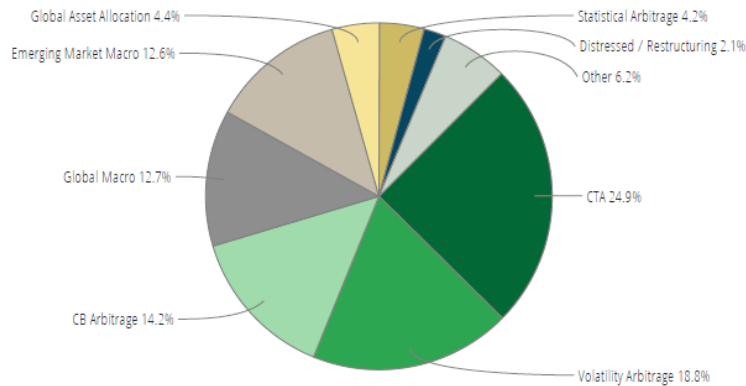
Data from Albourne Risk Analyst Assessment

Strategy Allocation



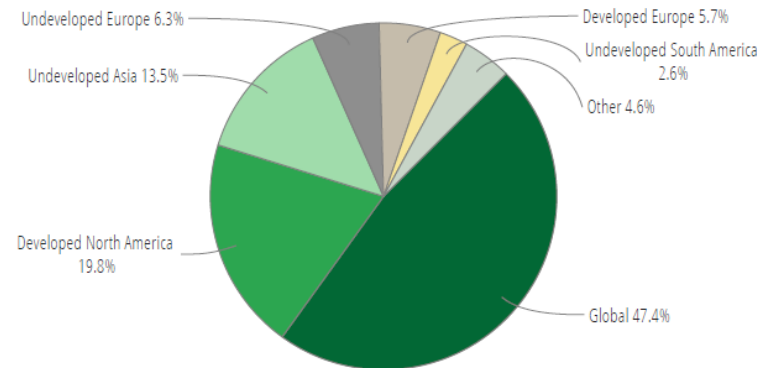
Data from Albourne Risk Analyst Assessment

Sub-Strategy Allocation



Data from Albourne Risk Analyst Assessment

Regional Allocation



Data from Albourne Risk Analyst Assessment



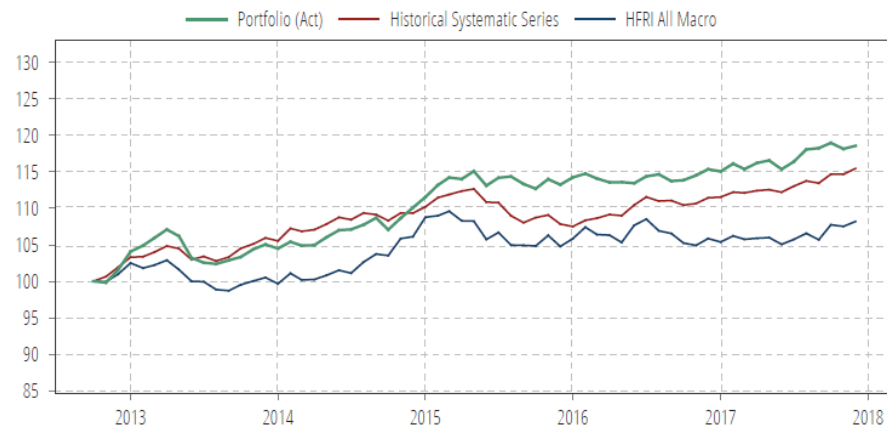
Absolute Return - Performance and Risk - Police & Fire

Portfolio Performance

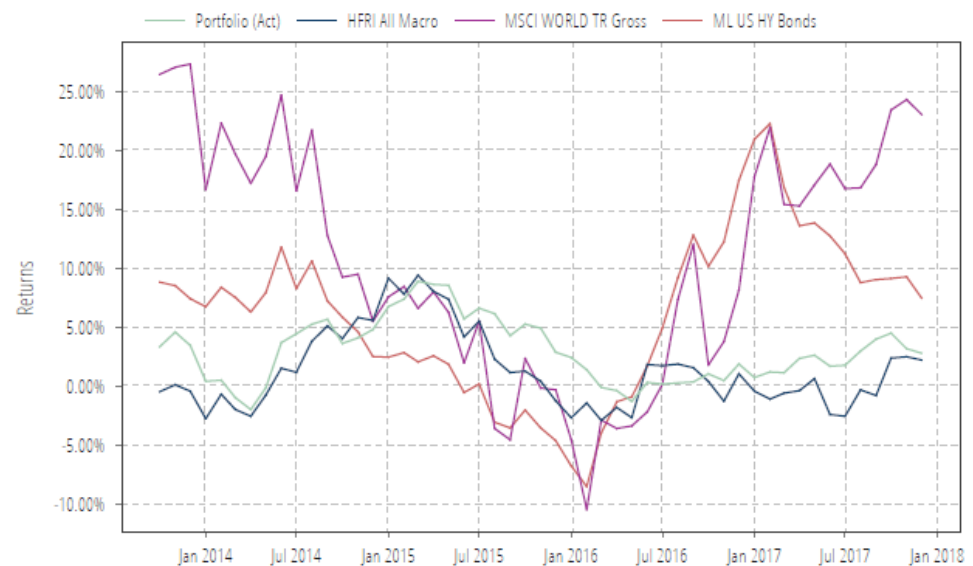
	Annualized Performance							Annualized Risk			
	December 2017	Quarter to Date	Year to Date	1 Year	3 Years	5 Years	Since Investment	Since Proforma Start	Volatility	DV ¹	Worst DD ²
Portfolio (Act)	0.36%	0.27%	2.79%	2.79%	2.51%	3.15%	3.35%	3.35%	3.19%	1.98%	-4.41%
HFRI All Macro	0.62%	2.37%	2.21%	2.21%	0.65%	1.40%	1.54%	1.54%	3.62%	2.30%	-4.40%
USD 3M Libor + 5%	0.55%	1.63%	6.46%	6.46%	5.94%	5.72%	5.71%	5.71%	0.12%	0.00%	
MSCI WORLD TR Gross	1.38%	5.62%	23.07%	23.07%	9.88%	12.26%	12.55%	12.55%	9.71%	5.37%	-11.64%
ML US HY Bonds	0.28%	0.41%	7.47%	7.47%	6.38%	5.80%	6.08%	6.08%	5.17%	2.94%	-9.83%

Unless otherwise stated, all computations are for the period Nov 2012-Dec 2017 ¹Downside Volatility, with Risk-Free=0.26% ²Worst Drawdown

VAMI of Portfolio (Act), Historical Systematic Series and HFRI All Macro

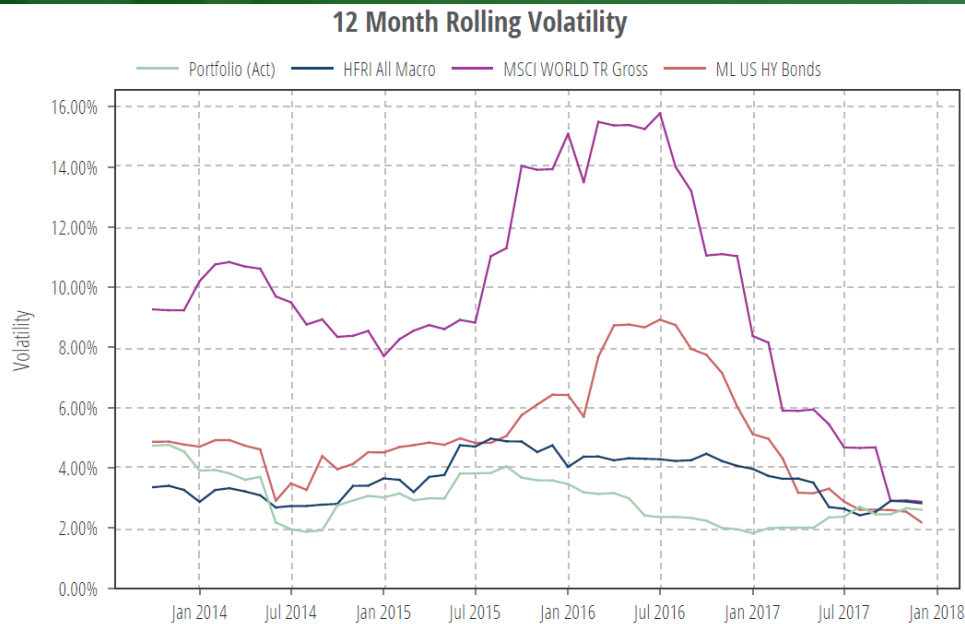


12 Month Rolling Returns



Source: Hedge Fund Research, Inc (HFR), Albourne, Bloomberg, Data as of Dec 31, 2017

Portfolio Risk



Moments and Measures

Nov 2012-Dec 2017 (62 months)

	Return	Volatility	Skewness	Kurtosis	Sharpe Ratio ¹	Sortino Ratio ²	Omega ²	Gain-Loss Ratio ²	Calmar Ratio
Portfolio (Act)	3.35%	3.19%	-0.64	1.13	0.97	1.56	0.68	1.98	0.76
Tactical Benchmark ³	1.54%	3.62%	0.08	-0.32	0.35	0.55	0.26	1.30	0.35
Historical Systematic Series	2.82%	2.49%	-0.62	0.26	1.03	1.67	0.73	2.07	0.62
Current Systematic Series	1.20%	2.00%	-0.66	0.81	0.46	0.67	0.35	1.42	0.44
Proforma (Dec 2017)	8.79%	3.52%	0.44	1.69	2.42	6.54	1.79	6.00	4.28

¹Risk-Free Rate=0.26% ²Risk-Free=0.26% ³HFRI All Macro

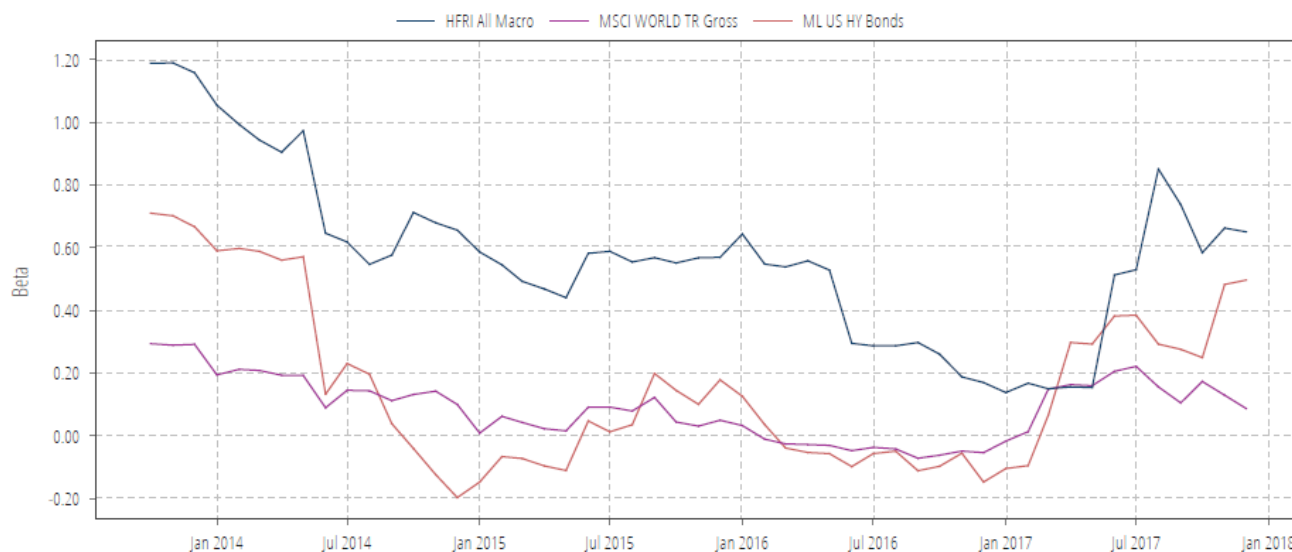
Source: Hedge Fund Research, Inc (HFR), Albourne, Bloomberg, Data as of Dec 31, 2017

Portfolio Beta

Correlation/Beta of Portfolio

	Corr	Beta
Nov 2012-Dec 2017 (62 months)		
HFRI All Macro	0.67	0.59
MSCI WORLD TR Gross	0.22	0.07
ML US HY Bonds	0.17	0.11
Jan 2017-Dec 2017 (12 months)		
HFRI All Macro	0.70	0.65
MSCI WORLD TR Gross	0.10	0.09
ML US HY Bonds	0.42	0.50

12 Month Rolling Beta Against Portfolio (Act)

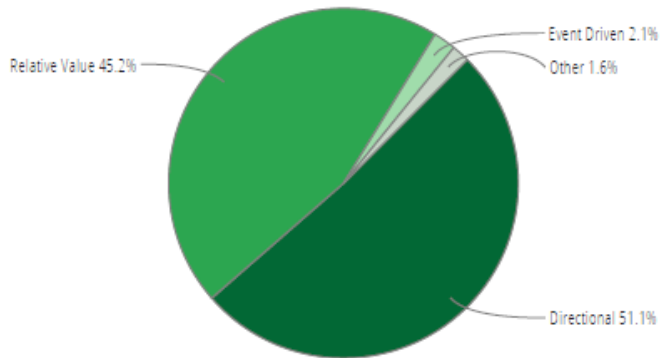


Source: Hedge Fund Research, Inc (HFR), Albourne, Bloomberg, Data as of Dec 31, 2017

Strategy Composition

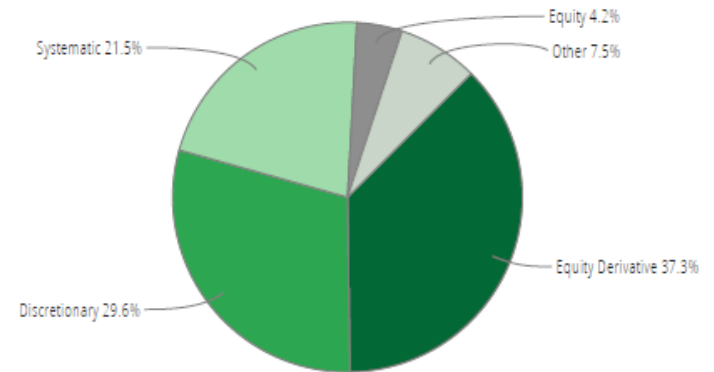
Strategy Composition

Super-Strategy Allocation



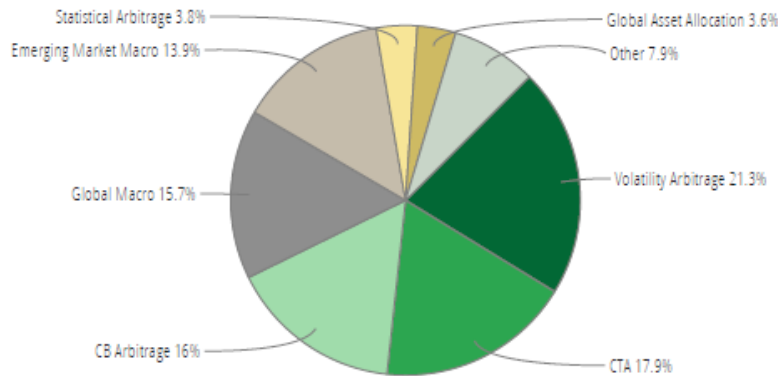
Data from Albourne Risk Analyst Assessment

Strategy Allocation



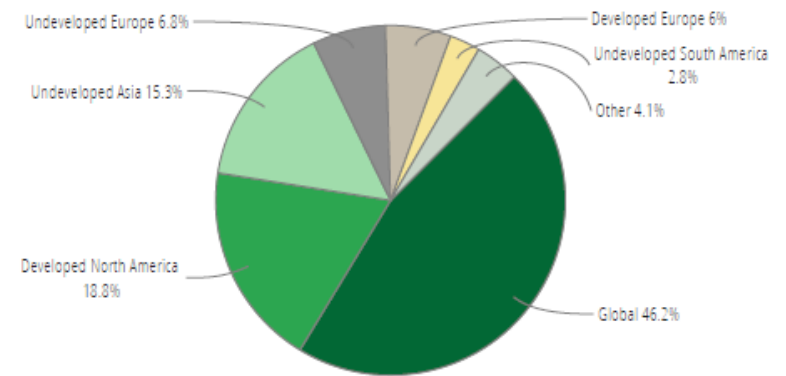
Data from Albourne Risk Analyst Assessment

Sub-Strategy Allocation




Data from Albourne Risk Analyst Assessment

Regional Allocation



Data from Albourne Risk Analyst Assessment



Hedge Equity Portfolio

Federated Performance and Risk

	Annualized Performance						Annualized Risk			
	December 2017	Quarter to Date	Year to Date	1 Year	3 Years	Since Investment	Since Proforma Start	Volatility	DV ¹	Worst DD ²
Portfolio (Act)	1.13%	3.48%	14.95%	14.95%	6.20%	6.89%	6.89%	4.51%	2.61%	-5.59%
HFRI All Equity Hedge	1.32%	3.47%	13.46%	13.46%	5.82%	6.08%	6.08%	5.29%	3.29%	-10.26%
USD 3M Libor + 5%	0.55%	1.63%	6.46%	6.46%	5.94%	5.73%	5.73%	0.12%	0.00%	
MSCI WORLD TR Gross	1.38%	5.62%	23.07%	23.07%	9.88%	11.50%	11.50%	9.84%	5.55%	-11.64%
ML US HY Bonds	0.28%	0.41%	7.47%	7.47%	6.38%	5.61%	5.61%	5.31%	3.05%	-9.83%

Unless otherwise stated, all computations are for the period Mar 2013-Dec 2017 ¹Downside Volatility, with Risk-Free=0.28% ²Worst Drawdown

Correlation/Beta of Portfolio

	Corr	Beta
Mar 2013-Dec 2017 (58 months)		
HFRI All Equity Hedge	0.61	0.52
MSCI WORLD TR Gross	0.57	0.26
ML US HY Bonds	0.33	0.28
Jan 2017-Dec 2017 (12 months)		
HFRI All Equity Hedge	0.32	0.50
MSCI WORLD TR Gross	0.42	0.33
ML US HY Bonds	0.54	0.56

12 Month Rolling Volatility

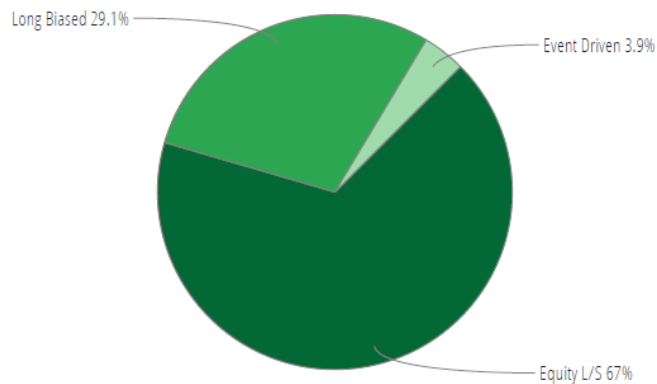


Source: Hedge Fund Research, Inc (HFR), Albourne, Bloomberg, Data as of Dec 31, 2017

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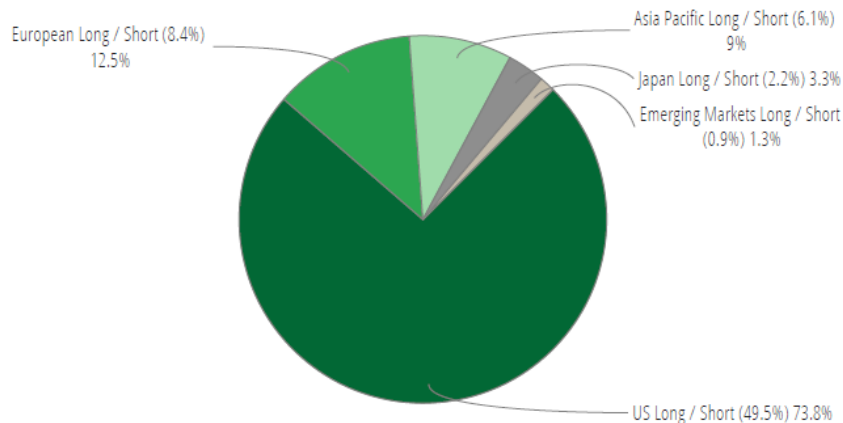
Federated Composition

Super-Strategy Allocation



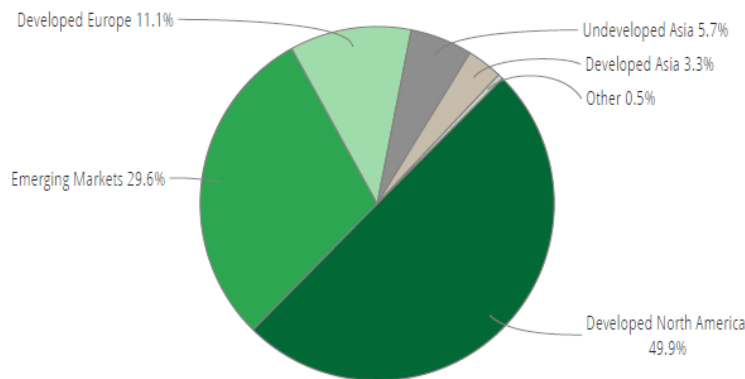
Data from Albourne Risk Analyst Assessment

Current Sub-Strategy Allocation for Equity L/S (67.01%)



Data from Albourne Risk Analyst Assessment. Portfolio sub-strategy allocation given in parentheses.

Regional Allocation



Data from Albourne Risk Analyst Assessment

Police & Fire Performance and Risk

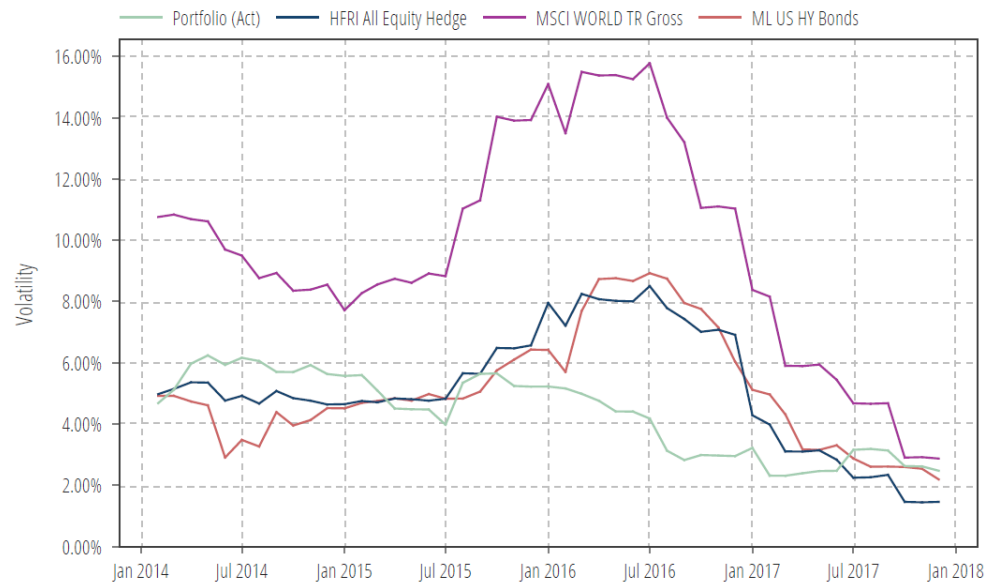
	Annualized Performance						Annualized Risk			
	December 2017	Quarter to Date	Year to Date	1 Year	3 Years	Since Investment	Since Proforma Start	Volatility	DV ¹	Worst DD ²
Portfolio (Act)	1.36%	3.71%	14.94%	14.94%	6.31%	6.95%	6.95%	4.45%	2.51%	-5.04%
HFRI All Equity Hedge	1.32%	3.47%	13.46%	13.46%	5.82%	6.08%	6.08%	5.29%	3.29%	-10.26%
USD 3M Libor + 5%	0.55%	1.63%	6.46%	6.46%	5.94%	5.73%	5.73%	0.12%	0.00%	
MSCI WORLD TR Gross	1.38%	5.62%	23.07%	23.07%	9.88%	11.50%	11.50%	9.84%	5.55%	-11.64%
ML US HY Bonds	0.28%	0.41%	7.47%	7.47%	6.38%	5.61%	5.61%	5.31%	3.05%	-9.83%

Unless otherwise stated, all computations are for the period Mar 2013-Dec 2017 ¹Downside Volatility, with Risk-Free=0.28% ²Worst Drawdown

Correlation/Beta of Portfolio

	Corr	Beta
Mar 2013-Dec 2017 (58 months)		
HFRI All Equity Hedge	0.56	0.47
MSCI WORLD TR Gross	0.52	0.24
ML US HY Bonds	0.28	0.23
Jan 2017-Dec 2017 (12 months)		
HFRI All Equity Hedge	0.25	0.43
MSCI WORLD TR Gross	0.36	0.31
ML US HY Bonds	0.42	0.47

12 Month Rolling Volatility

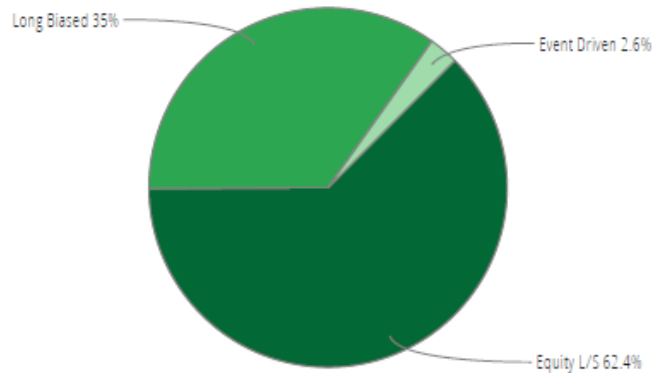


Source: Hedge Fund Research, Inc (HFR), Albourne, Bloomberg, Data as of Dec 31, 2017

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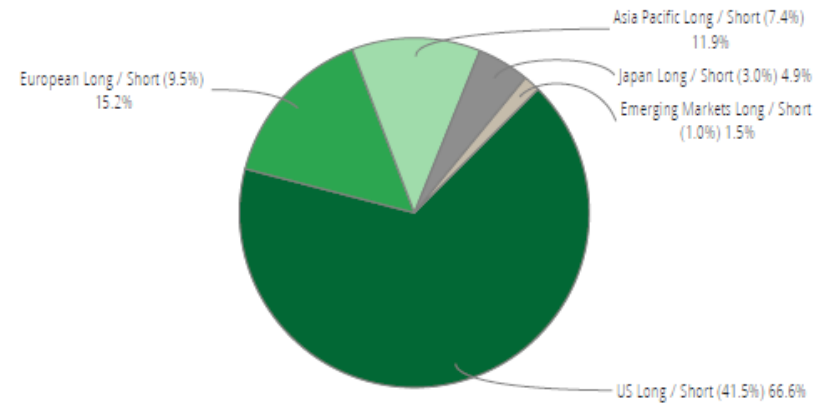
Police & Fire Composition

Super-Strategy Allocation



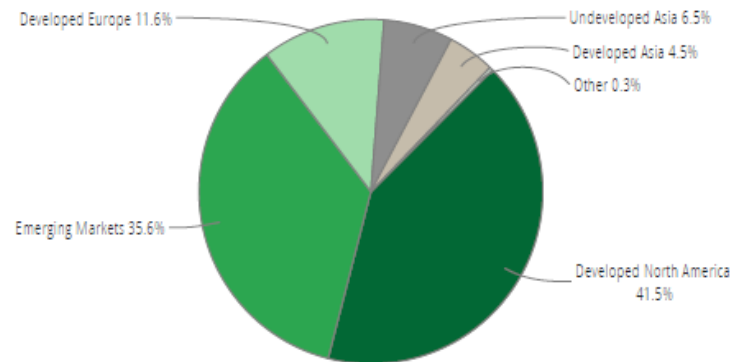
Data from Albourne Risk Analyst Assessment

Current Sub-Strategy Allocation for Equity L/S (62.40%)



Data from Albourne Risk Analyst Assessment. Portfolio sub-strategy allocation given in parentheses.

Regional Allocation



Data from Albourne Risk Analyst Assessment

Source: Albourne
Strategy Weights as of December 31, 2017



Hedge Credit Portfolio

Federated Performance and Risk

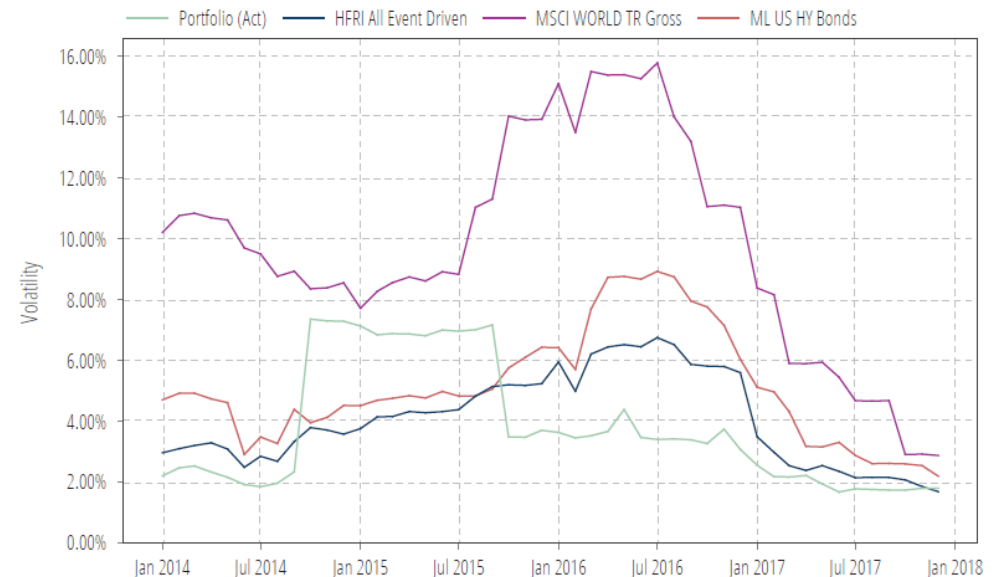
	Annualized Performance					Annualized Risk				
	December 2017	Quarter to Date	Year to Date	1 Year	3 Years	Since Investment	Since Proforma Start	Volatility	DV ¹	Worst DD ²
Portfolio (Act)	0.66%	0.40%	5.95%	5.95%	1.90%	1.55%	1.55%	4.27%	3.56%	-14.64%
HFRI All Event Driven	1.40%	2.04%	7.73%	7.73%	4.73%	5.10%	5.10%	4.26%	2.61%	-10.48%
USD 3M Libor + 5%	0.55%	1.63%	6.46%	6.46%	5.94%	5.72%	5.72%	0.12%	0.00%	
MSCI WORLD TR Gross	1.38%	5.62%	23.07%	23.07%	9.88%	11.34%	11.34%	9.76%	5.50%	-11.64%
ML US HY Bonds	0.28%	0.41%	7.47%	7.47%	6.38%	5.61%	5.61%	5.27%	3.02%	-9.83%

Unless otherwise stated, all computations are for the period Feb 2013-Dec 2017 ¹Downside Volatility, with Risk-Free=0.27% ²Worst Drawdown

Correlation/Beta of Portfolio

	Corr	Beta
Feb 2013-Dec 2017 (59 months)		
HFRI All Event Driven	0.52	0.52
MSCI WORLD TR Gross	0.18	0.08
ML US HY Bonds	0.24	0.20
Jan 2017-Dec 2017 (12 months)		
HFRI All Event Driven	0.21	0.22
MSCI WORLD TR Gross	-0.05	-0.03
ML US HY Bonds	0.46	0.38

12 Month Rolling Volatility



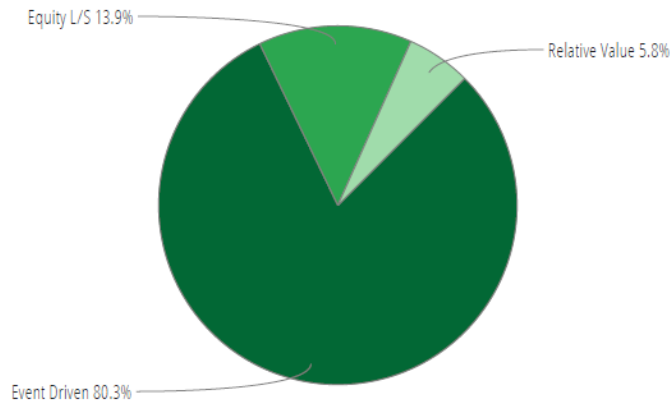
Source: Hedge Fund Research, Inc (HFR), Albourne, Bloomberg, Data as of Dec 31, 2017

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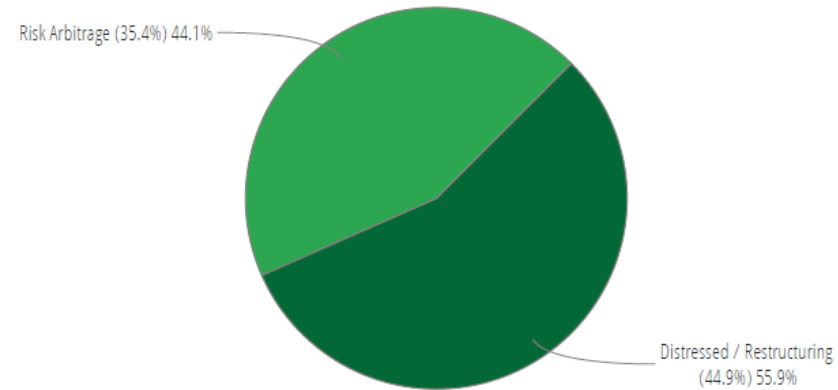
Federated Composition

Super-Strategy Allocation



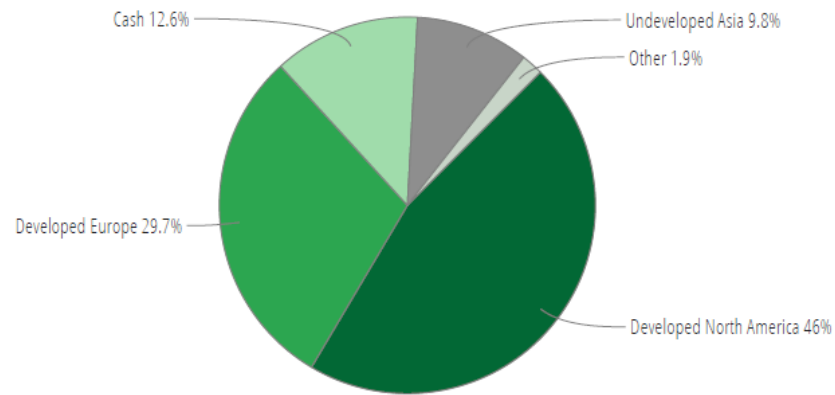
Data from Albourne Risk Analyst Assessment

Current Sub-Strategy Allocation for Event Driven (80.33%)



Data from Albourne Risk Analyst Assessment. Portfolio sub-strategy allocation given in parentheses.

Regional Allocation



Data from Albourne Risk Analyst Assessment

Source: Albourne
Strategy Weights as of December 31, 2017

Police & Fire Performance and Risk

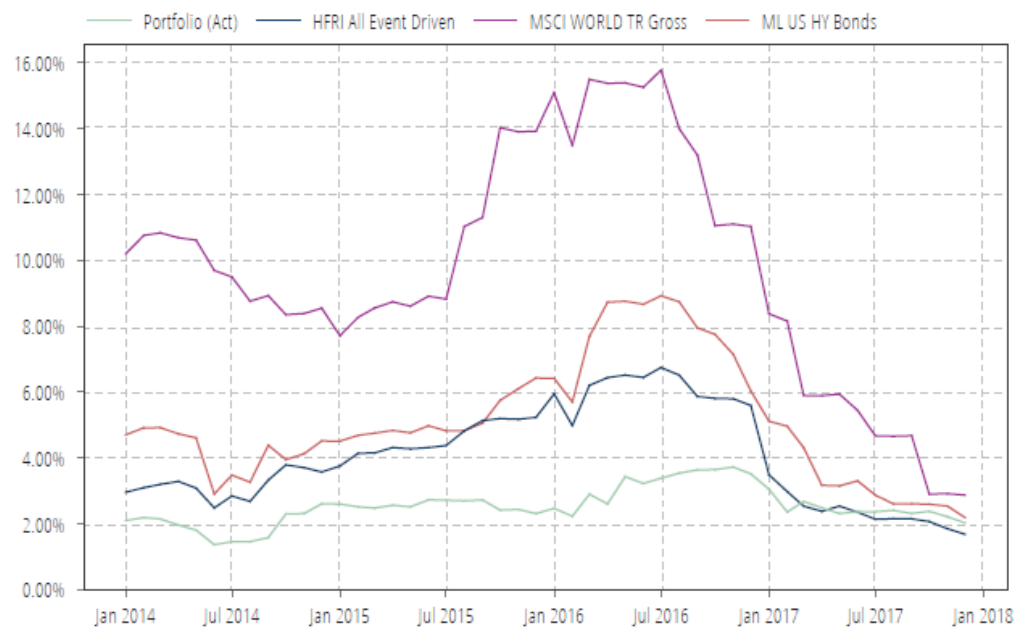
	Annualized Performance					Annualized Risk				
	December 2017	Quarter to Date	Year to Date	1 Year	3 Years	Since Investment	Since Proforma Start	Volatility	DV ¹	Worst DD ²
Portfolio (Act)	0.81%	0.77%	4.75%	4.75%	4.47%	4.70%	4.70%	2.67%	1.29%	-4.66%
HFRI All Event Driven	1.40%	2.04%	7.73%	7.73%	4.73%	5.10%	5.10%	4.26%	2.61%	-10.48%
USD 3M Libor + 5%	0.55%	1.63%	6.46%	6.46%	5.94%	5.72%	5.72%	0.12%	0.00%	
MSCI WORLD TR Gross	1.38%	5.62%	23.07%	23.07%	9.88%	11.34%	11.34%	9.76%	5.50%	-11.64%
ML US HY Bonds	0.28%	0.41%	7.47%	7.47%	6.38%	5.61%	5.61%	5.27%	3.02%	-9.83%

Unless otherwise stated, all computations are for the period Feb 2013-Dec 2017 ¹Downside Volatility, with Risk-Free=0.27% ²Worst Drawdown

Correlation/Beta of Portfolio

	Corr	Beta
Feb 2013-Dec 2017 (59 months)		
HFRI All Event Driven	0.74	0.46
MSCI WORLD TR Gross	0.48	0.13
ML US HY Bonds	0.54	0.28
Jan 2017-Dec 2017 (12 months)		
HFRI All Event Driven	0.80	0.96
MSCI WORLD TR Gross	0.59	0.41
ML US HY Bonds	0.79	0.74

12 Month Rolling Volatility

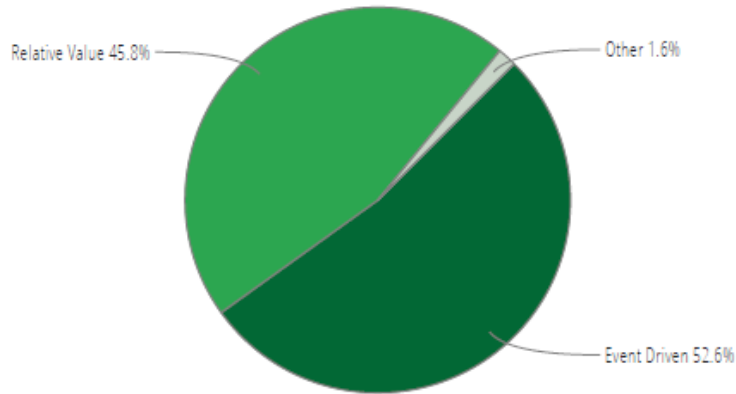


Source: Hedge Fund Research, Inc (HFR), Albourne, Bloomberg, Data as of Dec 31, 2017

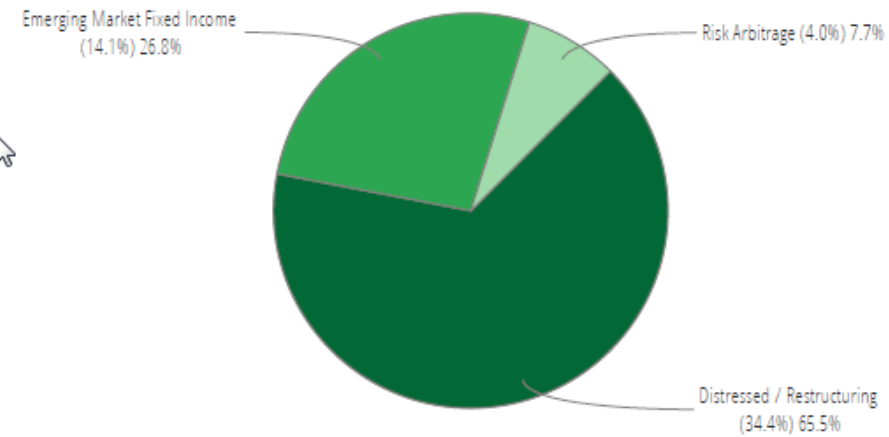
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Police & Fire Composition

Super-Strategy Allocation



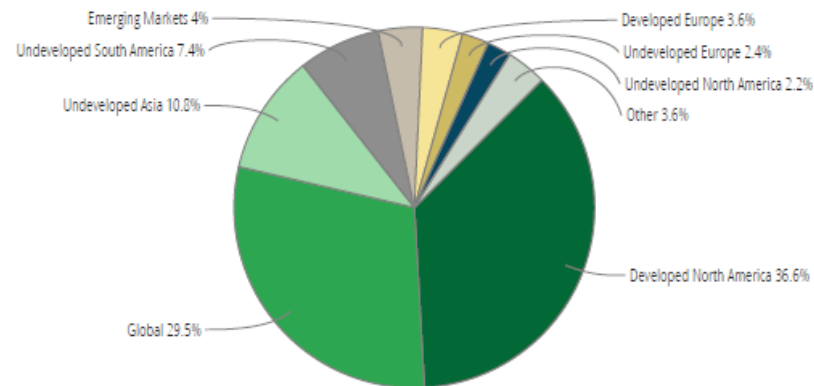
Current Sub-Strategy Allocation for Event Driven (52.60%)



Data from Albourne Risk Analyst Assessment

Data from Albourne Risk Analyst Assessment. Portfolio sub-strategy allocation given in parentheses.

Regional Allocation



Data from Albourne Risk Analyst Assessment

Source: Albourne Strategy Weights as of December 31, 2017



Portfolio Updates

Portfolio Updates

- Systematica Alternative Markets (CTA) was added to both, Federated and Police & Fire, Absolute Return portfolios at the beginning of Q4

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