

FUND EVALUATION REPORT

San Jose Federated Retiree Health Care 115 Trust

Quarterly Review
June 30, 2018



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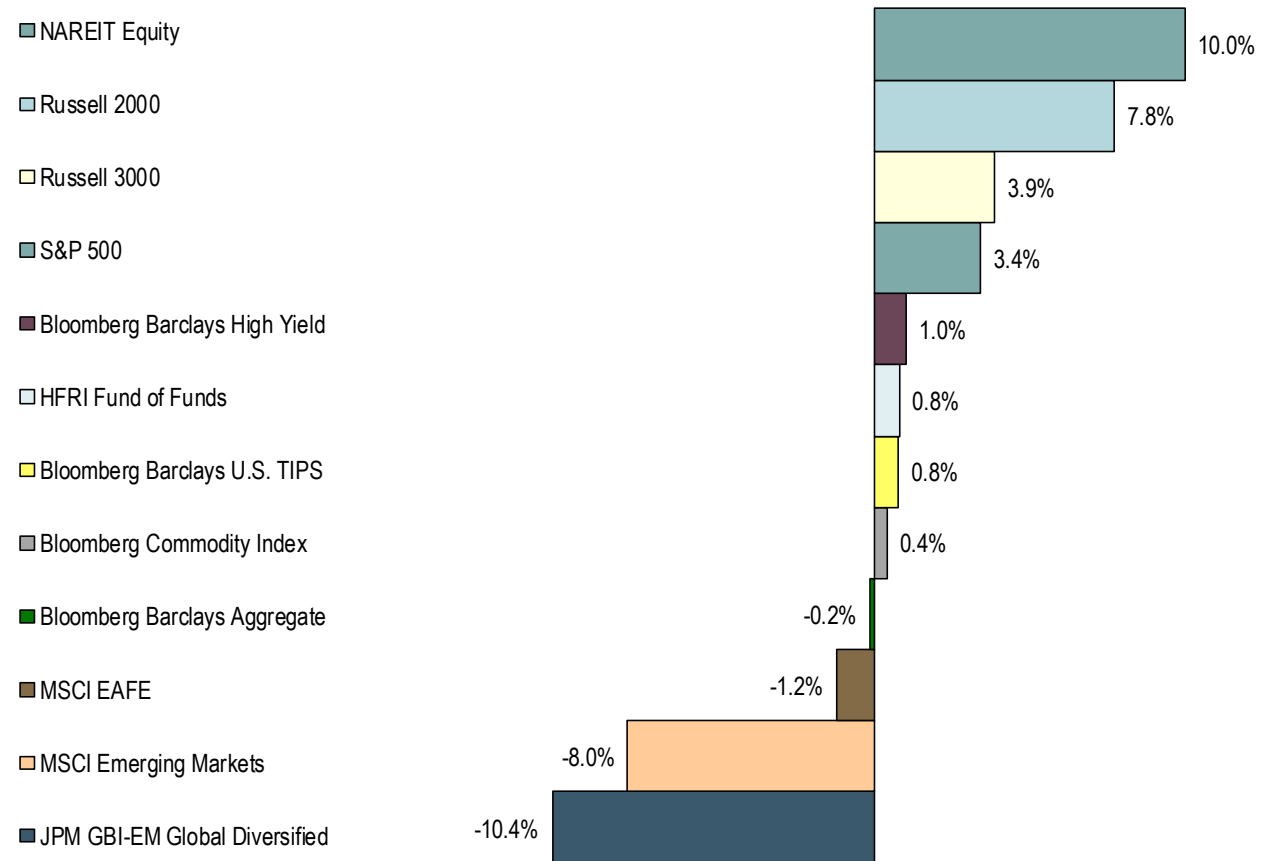
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FCERS 9-20-18

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The World Markets Second Quarter of 2018

The World Markets¹ Second Quarter of 2018



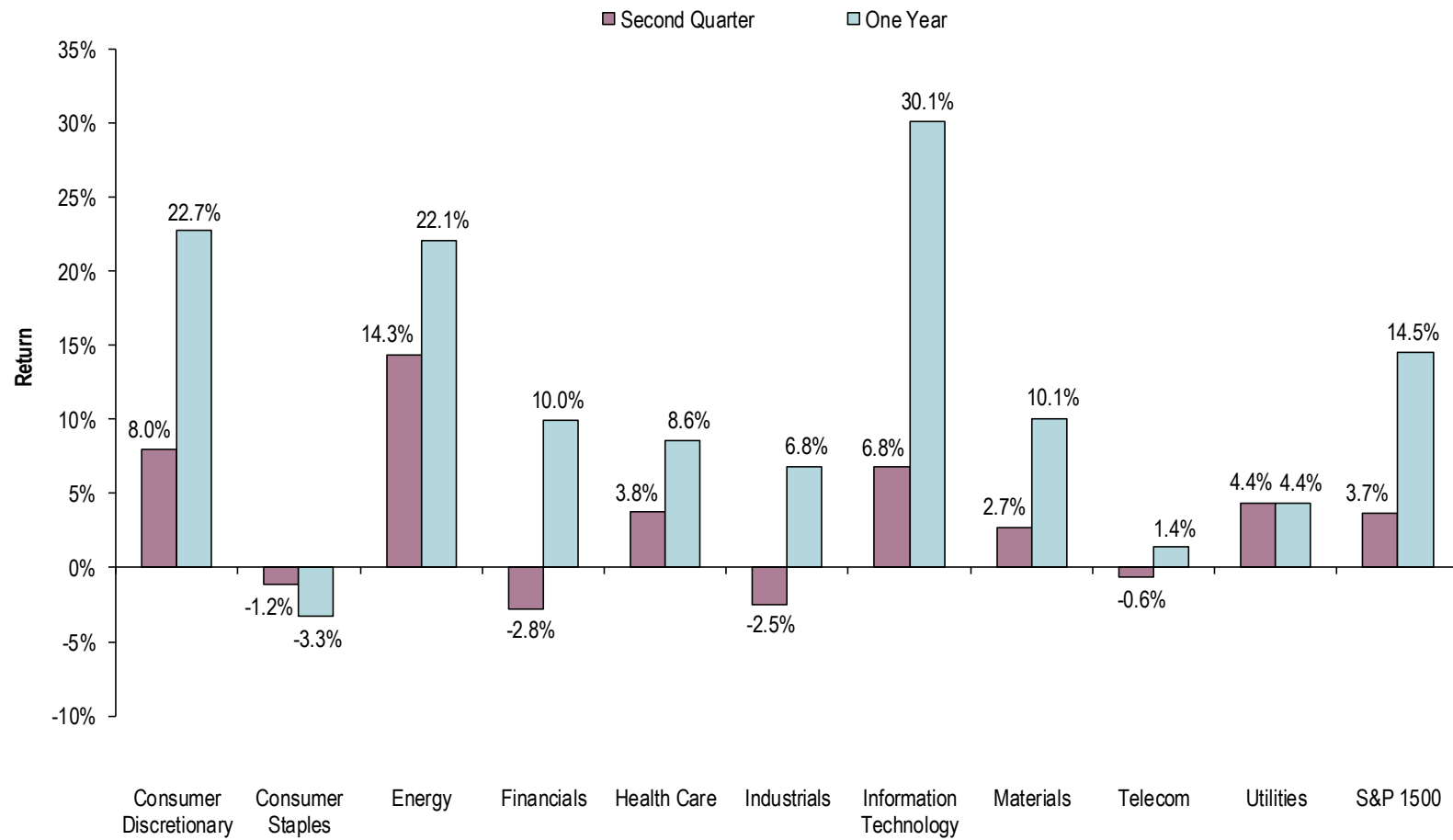
¹ Source: InvestorForce.

Index Returns¹

	2Q18 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Domestic Equity						
Russell 3000	3.9	3.2	14.8	11.6	13.3	10.2
Russell 1000	3.6	2.9	14.5	11.6	13.4	10.2
Russell 1000 Growth	5.8	7.3	22.5	15.0	16.4	11.8
Russell 1000 Value	1.2	-1.7	6.8	8.3	10.3	8.5
Russell MidCap	2.8	2.3	12.3	9.6	12.2	10.2
Russell MidCap Growth	3.2	5.4	18.5	10.7	13.4	10.5
Russell MidCap Value	2.4	-0.2	7.6	8.8	11.3	10.1
Russell 2000	7.8	7.7	17.6	11.0	12.5	10.6
Russell 2000 Growth	7.2	9.7	21.9	10.6	13.6	11.2
Russell 2000 Value	8.3	5.4	13.1	11.2	11.2	9.9
Foreign Equity						
MSCI ACWI (ex. U.S.)	-2.6	-3.8	7.3	5.1	6.0	2.5
MSCI EAFE	-1.2	-2.7	6.8	4.9	6.4	2.8
MSCI EAFE (Local Currency)	3.5	-1.0	6.1	5.2	8.9	5.0
MSCI EAFE Small Cap	-1.6	-1.3	12.4	10.1	11.3	6.8
MSCI Emerging Markets	-8.0	-6.7	8.2	5.6	5.0	2.3
MSCI Emerging Markets (Local Currency)	-3.5	-2.8	10.5	7.5	8.4	5.2
Fixed Income						
Bloomberg Barclays Universal	-0.3	-1.7	-0.3	2.1	2.6	4.1
Bloomberg Barclays Aggregate	-0.2	-1.6	-0.4	1.7	2.3	3.7
Bloomberg Barclays U.S. TIPS	0.8	0.0	2.1	1.9	1.7	3.0
Bloomberg Barclays High Yield	1.0	0.2	2.6	5.5	5.5	8.2
JPM GBI-EM Global Diversified	-10.4	-6.4	-2.3	2.0	-1.4	2.6
Other						
NAREIT Equity	10.0	1.0	3.5	8.1	8.3	7.9
Bloomberg Commodity Index	0.4	0.0	7.3	-4.5	-6.4	-9.0
HFRI Fund of Funds	0.8	1.0	5.5	2.0	3.5	1.4

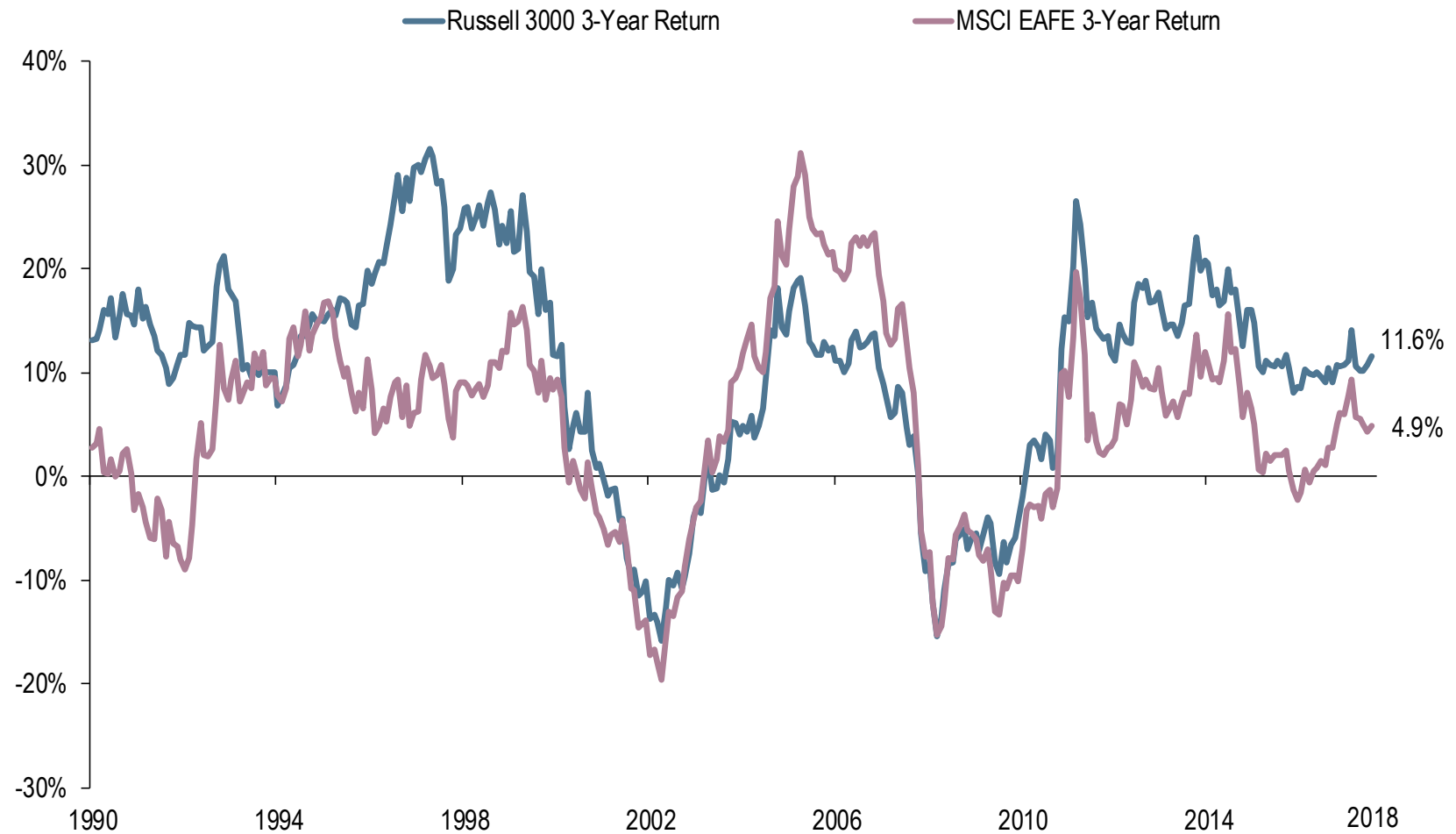
¹ Source: InvestorForce.

S&P Sector Returns¹



¹ Source: InvestorForce. Represents S&P 1500 (All Cap) data.

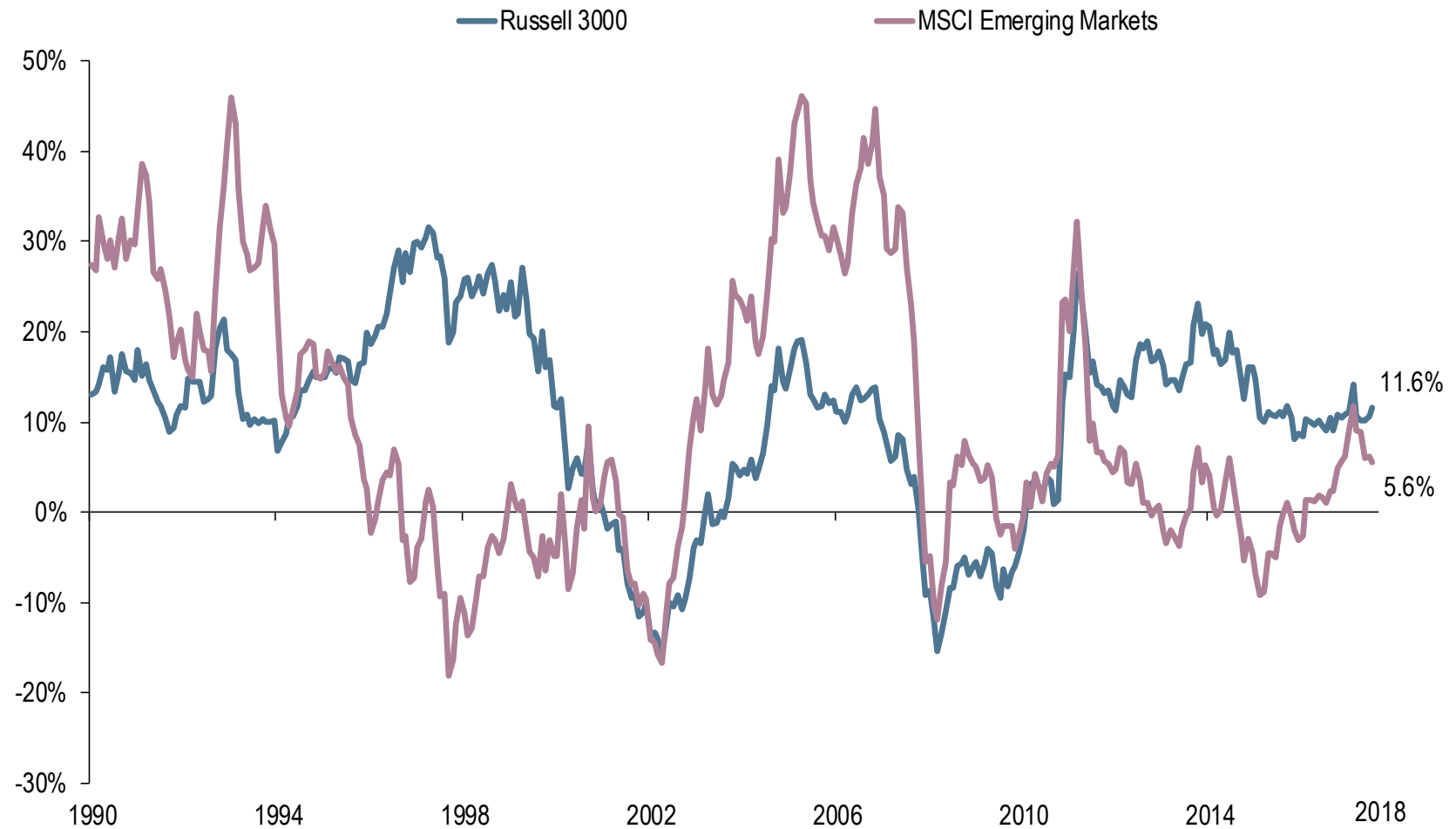
U.S. and Developed Market Foreign Equity Rolling Three-Year Returns¹



¹ Source: InvestorForce.



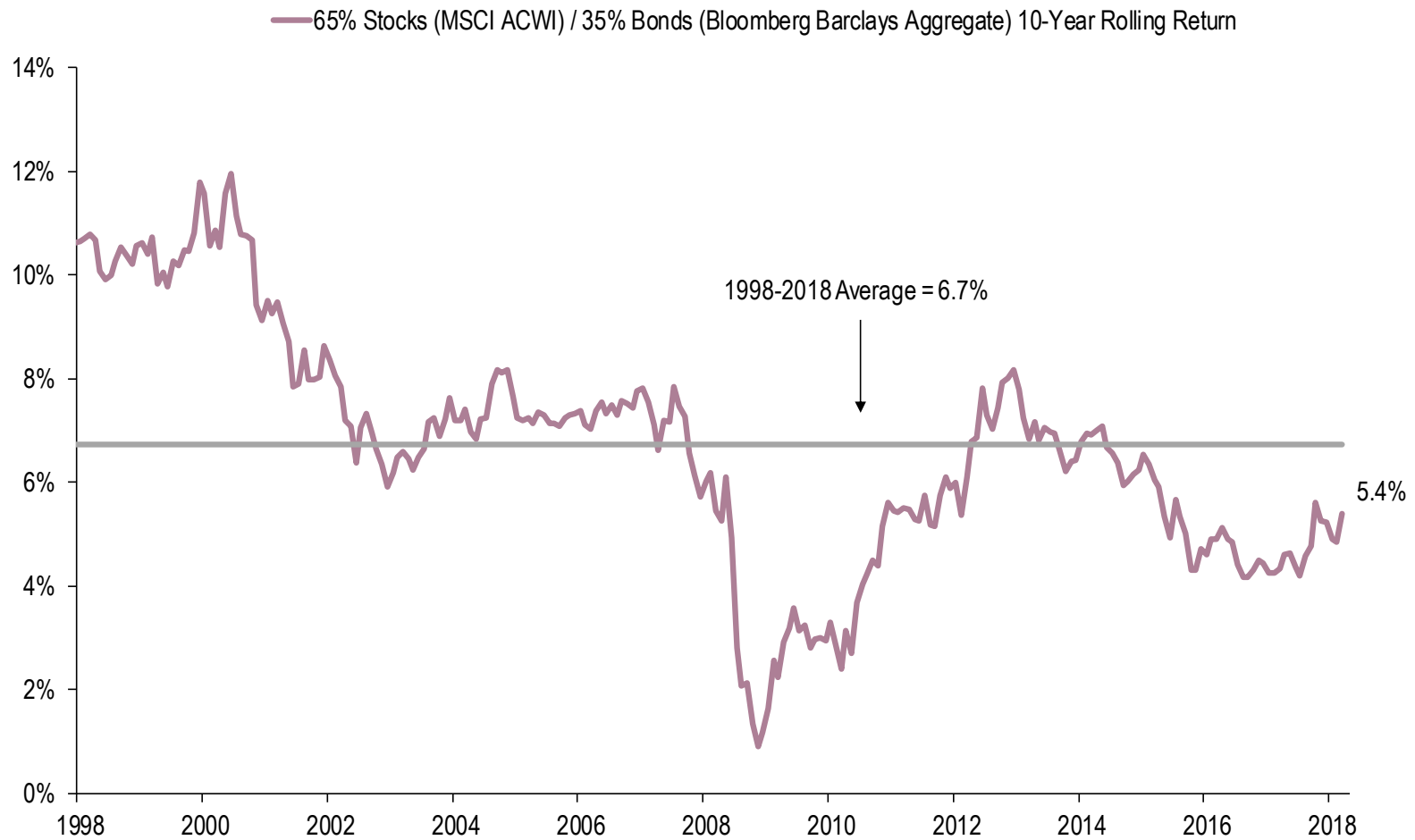
U.S. and Emerging Market Equity Rolling Three-Year Returns¹



¹ Source: InvestorForce.



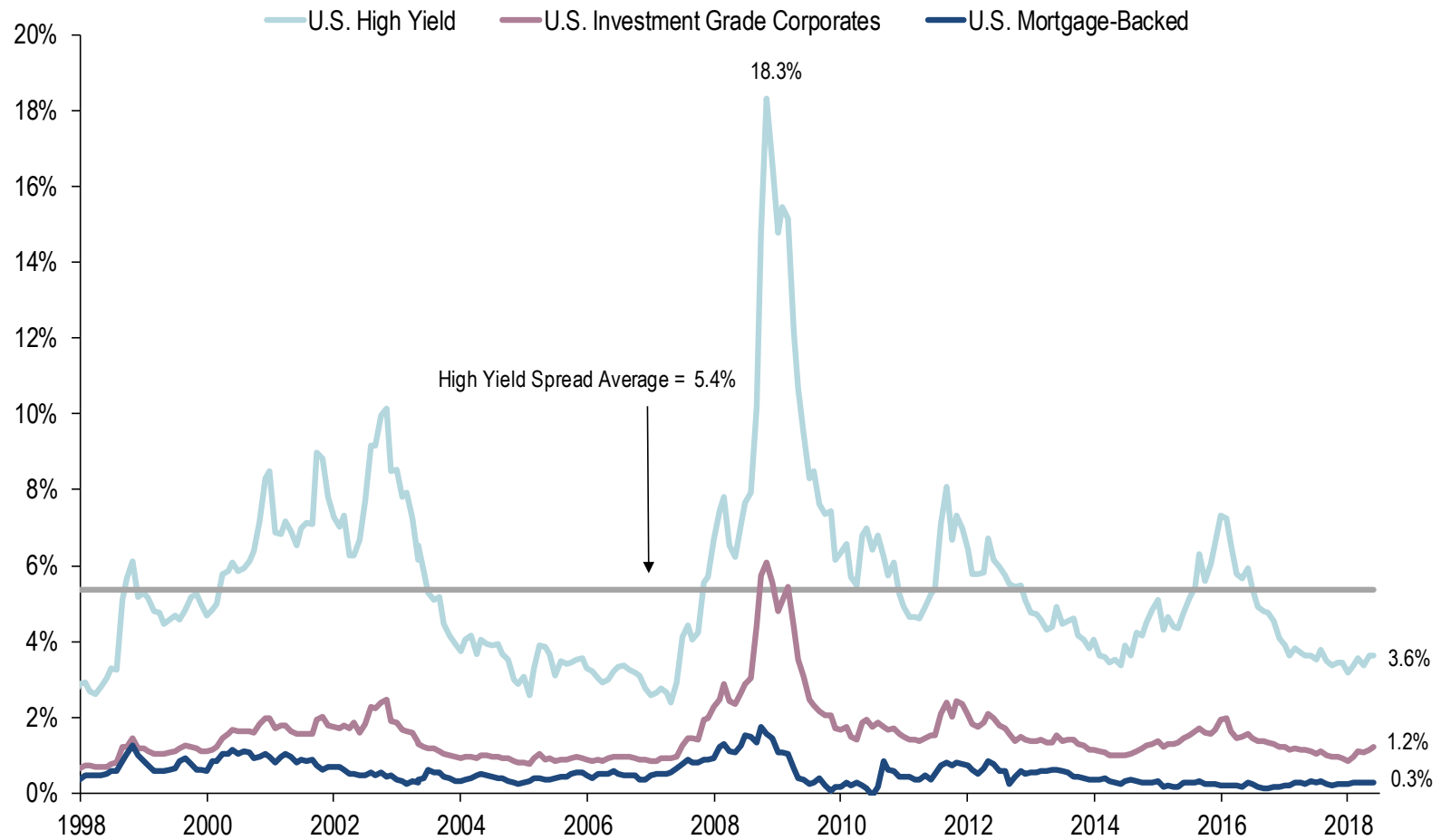
Rolling Ten-Year Returns: 65% Stocks and 35% Bonds¹



¹ Source: InvestorForce.



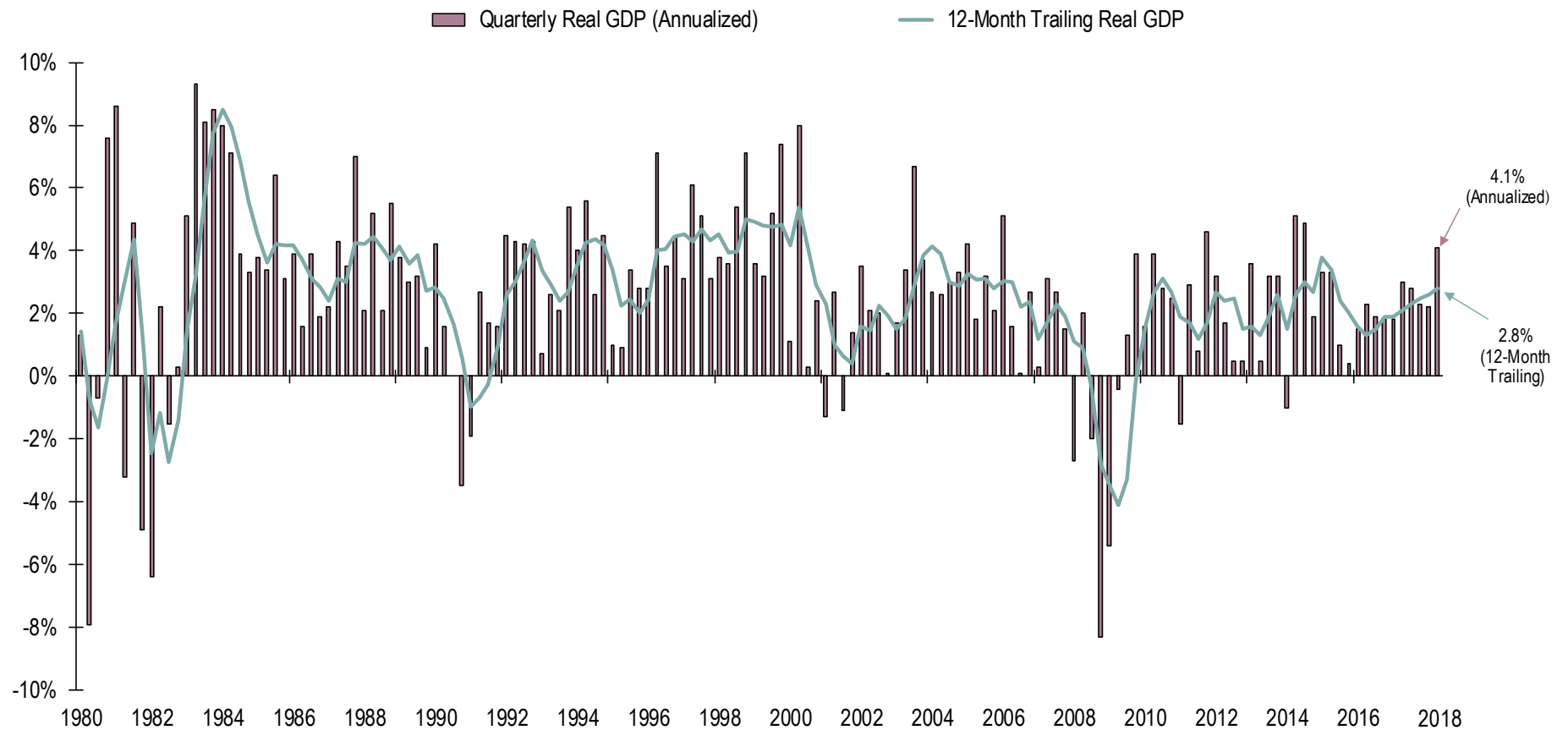
Credit Spreads vs. U.S. Treasury Bonds^{1,2}



¹ Source: Barclays Live.

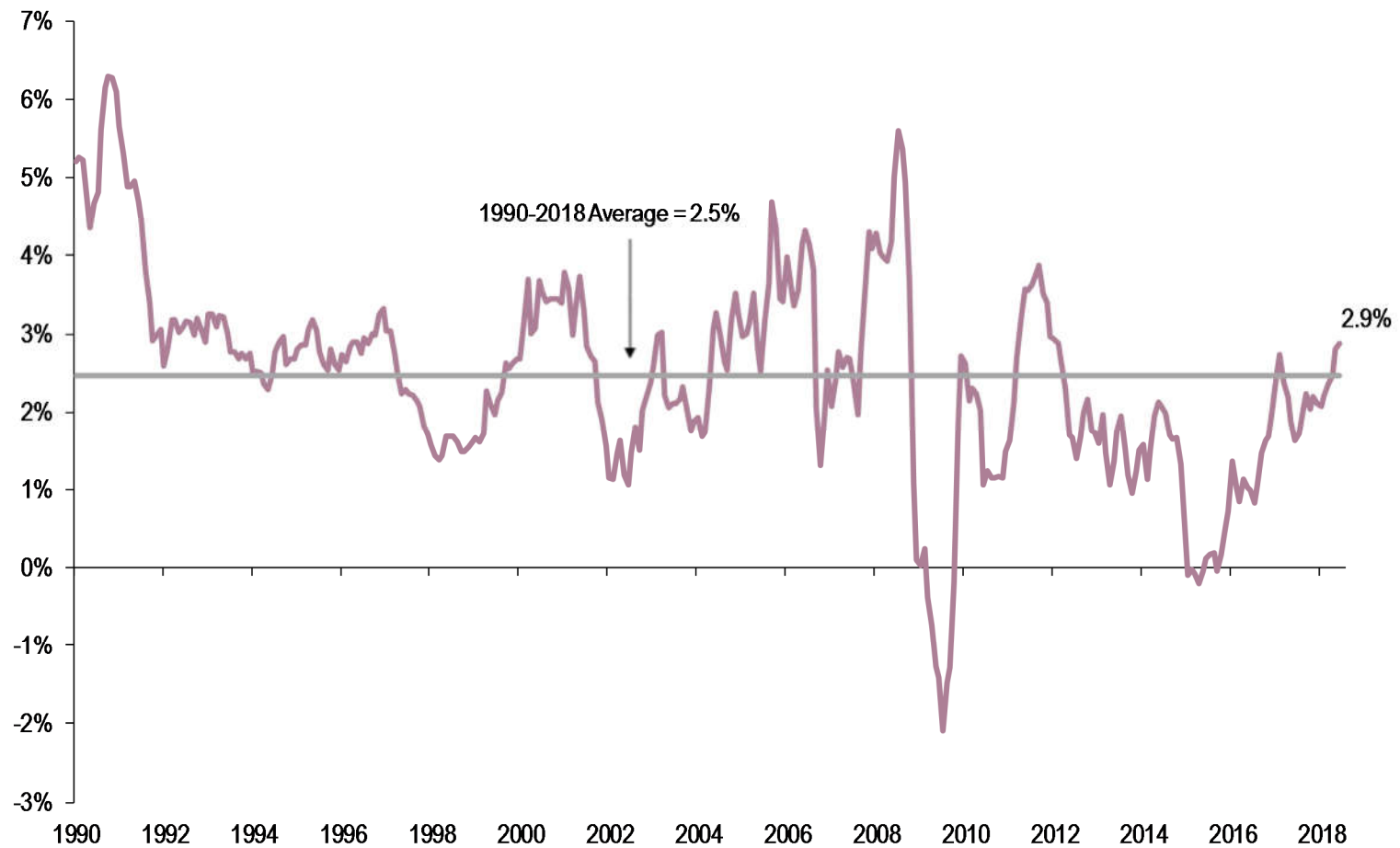
² The median high yield spread was 4.8% from 1997-2018.

U.S. Real Gross Domestic Product (GDP) Growth¹



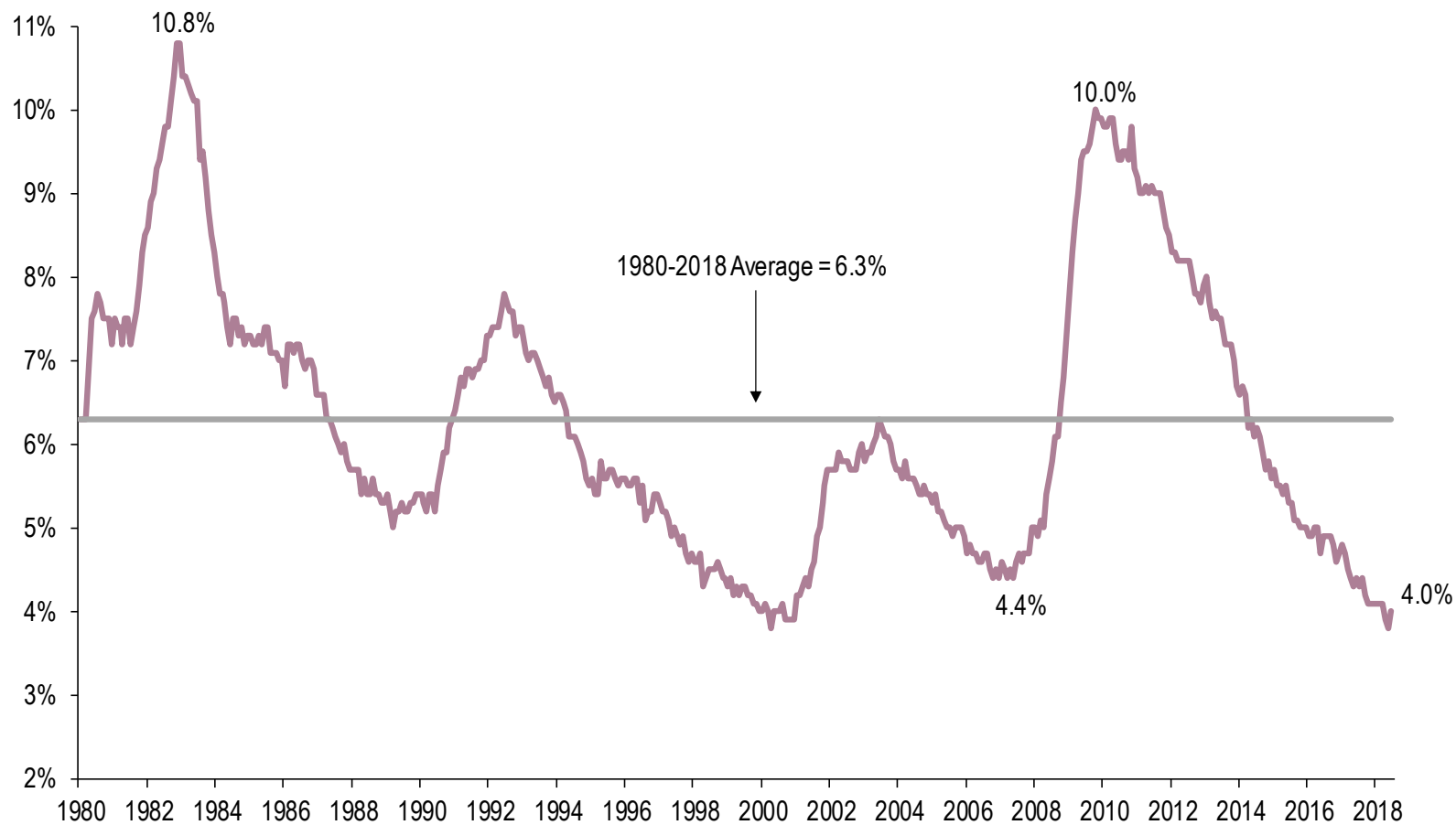
¹ Source: Bureau of Economic Analysis. Data is as of Q2 2018 and represents the first estimate.

U.S. Inflation (CPI) Trailing Twelve Months¹



¹ 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, 2018.

U.S. Unemployment¹



¹ Source: Bureau of Labor Statistics. Data is as of June 30, 2018.

Executive Summary As of June 30, 2018

The value of the San Jose Federated Retiree Health Care Trust's assets was \$266.9 million on June 30, 2018, a decrease of \$1.2 million from the end of the prior quarter. The Trust had \$1.6 million of net cash outflows for the quarter.

- The Health Care Trust's net of fees performance was +0.7% for the quarter, outperforming the Policy and Custom Benchmark returns of +0.1% and +0.0%, respectively. For the one-year period, the Trust returned +4.9%, compared to +7.9% for the Policy Benchmark and +6.1% for the Custom Benchmark.
- On an absolute basis, all broad asset classes had positive returns for the quarter and one-year period. Relative to benchmarks, broad asset class returns were mixed.
 - Total Global Equity returned +0.1% for the quarter and +9.2% in the one-year period. Total Global Equity underperformed the MSCI ACWI IMI benchmark in the quarter by 60 basis points and in the one-year period by 190 basis points. For the quarter, the returns for subcomponents of the composite were mixed: Global Equity (-1.1%), U.S. Equity (+3.8%), International Equity (-1.5%), and Emerging Markets Equity (-9.8%).
 - Global Fixed Income outperformed the Bloomberg Barclays Global Aggregate Index for the quarter (+0.1% vs. -2.8%), while underperforming over the one-year period (+0.1% vs. +1.4%).
 - Real Assets returned +3.2% for the quarter and +9.6% in the one-year period. Real Asset subcomponents were mixed for the quarter: Real Estate (+1.8%), Commodities (+3.3%), Infrastructure (+1.8%), and Natural Resources (+6.1%).
- There will be a discussion of the Health Care Trust's asset allocation at the August Investment Committee meeting.

Artisan

- Artisan Global Value returned -1.1% for the quarter, outperforming the MSCI ACWI Value benchmark by 20 basis points. Compared to peers, Artisan ranks in the 66th and 28th percentiles for the quarter and since inception periods, respectively. Consumer staples holdings were a source of strength in the portfolio while consumer discretionary holdings detracted from relative results. From a regional standpoint, performance remained well balanced.

Cove Street

- Cove Street Small Cap Value returned +3.9% for the quarter, underperforming the Russell 2000 Value benchmark by 440 basis points. Over the trailing one-year and since inception periods Cove Street has also underperformed the benchmark by 560 and 470 basis points, respectively. Stock selection within services and telecommunications were the largest detractors from performance.

Credit Suisse

- Credit Suisse Risk Parity Commodity Fund returned +1.5% for the quarter and +6.9% over the one-year period, outperforming the Bloomberg Commodity Index by 110 basis points in the quarter and underperforming by 40 basis points over the one-year period. Since inception, Credit Suisse has outperformed the index by 360 basis points.

Pinnacle

- Pinnacle Natural Resources returned +10.1% for the quarter and +15.2% over the one-year period, outperforming the Bloomberg Commodity Index by 970 and 790 basis points over the same periods, respectively. As of the end of the second quarter, the fund had the largest sector exposure to Grains, Crude Oil & Products, and Natural Gas.

¹ Net of management fees.



Investment Manager	Asset Class	Changes/ Announcements	Performance Concerns	Meketa Recommendation ¹	Comments
Artisan Global Value	Global Equity	Yes	---	Hold	Personnel Changes
Cove Street Small Cap Value	U.S. Equity	---	Yes	---	Watch List
American Core Realty Fund, LLC	Core Real Estate	---	Yes	---	Watch List
PRISA I	Core Real Estate	---	---	---	---
Credit Suisse Risk Parity	Commodities	---	---	---	---
Pinnacle Natural Resources	Commodities	---	Yes	--	Approved Termination

Artisan

- During the quarter, a research associate and analyst joined the Global Value team.

Cove Street

- Over the three-year period, Cove Street (+7.0%) has underperformed the Russell 2000 Value by 420 basis points.

American Core

- Over the three-year period, American Core (+6.6%) has underperformed the NCREIF ODCE Equal Weighted benchmark by 210 basis points.

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

Watch List¹

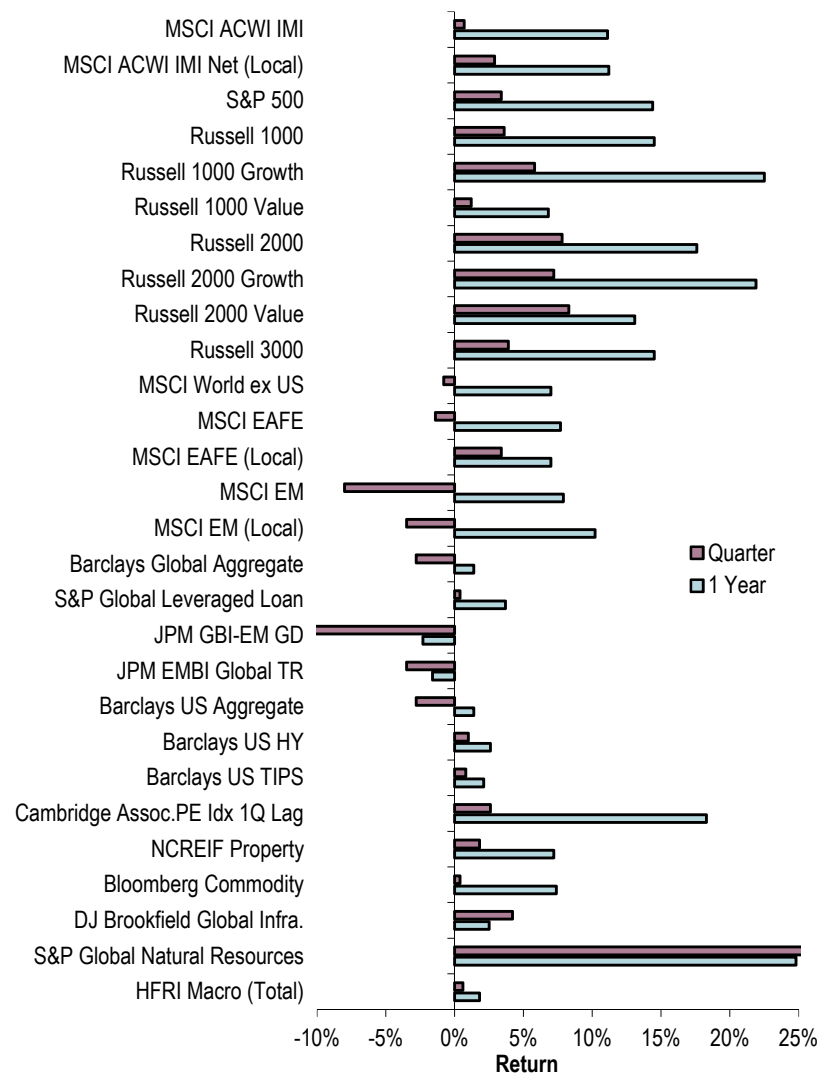
Investment Manager	Asset Class	Watch List Status	Comments
Cove Street Small Cap Value	U.S. Equity	Monitoring	Underperformance
Pinnacle Natural Resources	Real Assets	Approved Termination	Underperformance

¹ Watch List excludes Private Markets Funds.



Market Environment – 2Q18 Overview

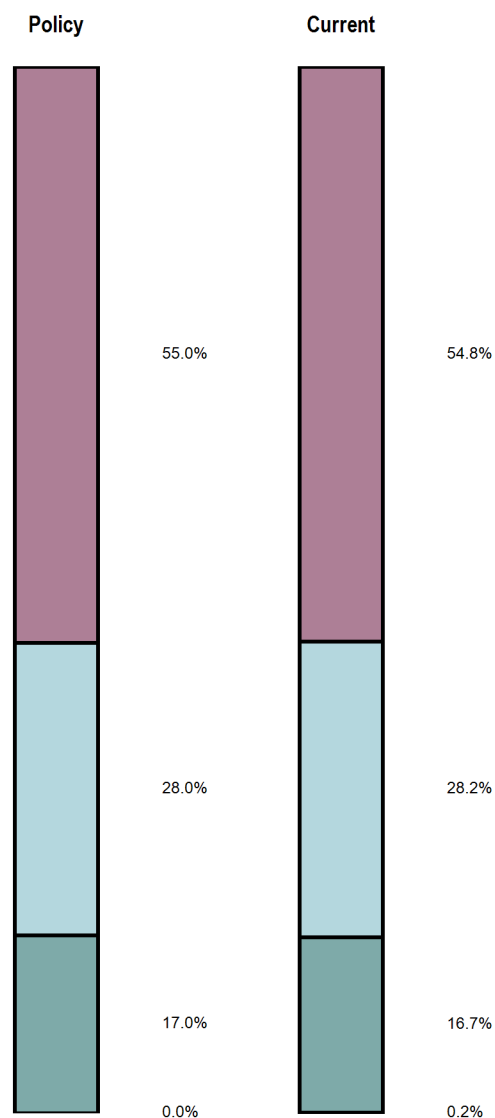
Benchmark	Scope	2Q18 (%)	YTD (%)	1 YR (%)	3 YR (%)	5YR (%)	10 YR (%)
Global Equity							
MSCI ACWI IMI	World	0.7	-0.2	11.1	8.3	9.6	6.1
MSCI ACWI IMI Net (Local)	World (Local Currency)	2.9	1.1	11.2	8.7	11.0	7.3
Domestic Equity							
S&P 500	Large Core	3.4	2.7	14.4	12.0	13.4	10.2
Russell 1000	Large Core	3.6	2.9	14.5	11.7	13.4	10.2
Russell 1000 Growth	Large Growth	5.8	7.3	22.5	15.0	16.4	11.8
Russell 1000 Value	Large Value	1.2	-1.7	6.8	8.3	10.3	8.5
Russell 2000	Small Core	7.8	7.7	17.6	11.0	12.5	10.6
Russell 2000 Growth	Small Growth	7.2	9.7	21.9	10.6	13.7	11.3
Russell 2000 Value	Small Value	8.3	5.4	13.1	11.2	11.2	9.9
Russell 3000	All Cap Core	3.9	3.2	14.5	11.6	13.3	10.2
International Equity							
MSCI World ex US	World ex-US	-0.8	-2.8	7.0	4.9	6.2	2.6
MSCI EAFE	International Developed	-1.4	-2.5	7.7	5.7	7.2	3.4
MSCI EAFE (Local)	International Developed (Local Currency)	3.4	-0.8	7.0	5.9	9.7	5.5
MSCI EM	Emerging Markets	-8.0	-6.9	7.9	5.2	4.9	2.5
MSCI EM (Local)	Emerging Markets (Local Currency)	-3.5	-3.0	10.2	7.0	8.3	5.4
Global Fixed Income							
Barclays Global Aggregate	Global Core Bonds	-2.8	-1.5	1.4	2.6	1.5	2.6
S&P Global Leveraged Loan	Bank Loans	0.4	1.8	3.7	3.7	3.4	4.9
JPM GBI-EM GD	Emerging Markets Bonds (Local Currency)	-10.4	-6.4	-2.3	2.0	1.4	2.6
JPM EMBI Global TR	Emerging Market Bonds	-3.5	-5.2	-1.6	4.6	5.2	6.8
Domestic Fixed Income							
Barclays US Aggregate	Core Bonds	-0.2	-1.6	-0.4	1.7	2.3	3.7
Barclays US HY	High Yield	1.0	0.2	2.6	5.5	5.5	8.2
Barclays US TIPS	Inflation	0.8	0.0	2.1	1.9	1.7	3.0
Other							
Cambridge Associates PE Index 1Qtr Lag	Private Equity	2.6	8.0	18.3	12.3	12.4	9.6
NCREIF Property	Real Estate	1.8	3.5	7.2	8.3	9.8	6.2
Bloomberg Commodity	Commodities	0.4	0.0	7.4	-4.5	-6.4	-9.1
DJ Brookfield Global Infrastructure	Infrastructure	4.2	-1.3	2.5	4.5	7.1	7.6
S&P Global Natural Resources	Natural Resources	5.4	3.7	24.8	9.5	5.6	-0.6
HFRI Macro	Hedge Funds	0.6	-1.5	1.8	-0.9	0.1	-2.5



2Q18 Review

Total Fund Aggregate

As of June 30, 2018



Allocation vs. Targets and Policy

	Current Balance	Current Allocation	Policy	Difference	Policy Range	Within IPS Range?
Total Global Equity	\$146,358,582	54.8%	55.0%	-0.2%	40.0% - 54.0%	No
Global Fixed Income	\$75,323,634	28.2%	28.0%	0.2%	20.0% - 40.0%	Yes
Real Assets	\$44,664,142	16.7%	17.0%	-0.3%	15.0% - 30.0%	Yes
Cash	\$514,372	0.2%	0.0%	0.2%	0.0% - 5.0%	Yes
Total	\$266,860,730	100.0%	100.0%			

Total Fund Aggregate

As of June 30, 2018

Asset Class Net Performance Summary

	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund Aggregate	266,860,730	100.0	0.7	-0.5	4.9	4.9	3.5	4.6	--	4.7	Jul-11
San Jose Healthcare Policy Benchmark			0.1	-0.1	7.9	7.9	5.8	6.0	--	5.2	Jul-11
San Jose Healthcare Custom Benchmark			0.0	-0.5	6.1	6.1	4.2	4.7	--	4.9	Jul-11
InvestorForce Health & Welfare \$250mm - \$1B Gross Median			0.8	0.2	5.0	5.0	5.2	5.7	5.3	5.5	Jul-11
InvestorForce Health & Welfare \$250mm - \$1B Gross Rank			58	99	54	54	93	77	--	74	Jul-11
Total Global Equity	146,358,582	54.8	0.1	-0.7	9.2	9.2	7.5	9.2	--	10.7	Dec-11
MSCI ACWI IMI Net USD			0.7	-0.2	11.1	11.1	8.3	9.6	--	10.7	Dec-11
eV All Global Equity Net Median			1.3	0.1	10.4	10.4	7.6	9.4	6.8	10.9	Dec-11
eV All Global Equity Net Rank			70	64	59	59	53	55	--	57	Dec-11
Global Fixed Income	75,323,634	28.2	0.1	-0.9	0.1	0.1	1.4	1.8	--	1.5	Dec-11
BBgBarc Global Aggregate TR			-2.8	-1.5	1.4	1.4	2.6	1.5	--	1.1	Dec-11
eV All US Fixed Inc Net Median			0.2	-0.6	0.3	0.3	2.1	2.6	4.1	2.9	Dec-11
eV All US Fixed Inc Net Rank			60	58	58	58	71	68	--	79	Dec-11
Real Assets	44,664,142	16.7	3.2	1.6	9.6	9.6	2.5	-0.9	--	-4.5	Aug-11
San Jose Real Assets Benchmark			2.5	1.5	9.8	9.8	4.7	4.4	--	3.3	Aug-11
Cash	514,372	0.2									
91 Day T-Bills											

¹ Fiscal Year begins July 1.² Please see the Appendix for composition of the San Jose Health Care 115 Trust Policy Benchmark.³ Custom Benchmark consists of the individual benchmarks that comprise the Policy Benchmark weighted accordingly to actual allocations and re-adjusted monthly.

Total Fund Aggregate

As of June 30, 2018

Trailing Net Performance

	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund Aggregate	266,860,730	100.0	0.7	-0.5	4.9	4.9	3.5	4.6	--	4.7	Jul-11
San Jose Healthcare Policy Benchmark			0.1	-0.1	7.9	7.9	5.8	6.0	--	5.2	Jul-11
San Jose Healthcare Custom Benchmark			0.0	-0.5	6.1	6.1	4.2	4.7	--	4.9	Jul-11
InvestorForce Health & Welfare \$250mm - \$1B Gross Median			0.8	0.2	5.0	5.0	5.2	5.7	5.3	5.5	Jul-11
InvestorForce Health & Welfare \$250mm - \$1B Gross Rank			58	99	54	54	93	77	--	74	Jul-11
Total Global Equity	146,358,582	54.8	0.1	-0.7	9.2	9.2	7.5	9.2	--	10.7	Dec-11
MSCI ACWI IMI Net USD			0.7	-0.2	11.1	11.1	8.3	9.6	--	10.7	Dec-11
eV All Global Equity Net Median			1.3	0.1	10.4	10.4	7.6	9.4	6.8	10.9	Dec-11
eV All Global Equity Net Rank			70	64	59	59	53	55	--	57	Dec-11
Global Equity	35,417,417	13.3	-1.1	-3.0	5.9	5.9	7.9	--	--	7.9	Jul-15
MSCI ACWI IMI Net USD			0.7	-0.2	11.1	11.1	8.3	--	--	8.3	Jul-15
Artisan Global Value	35,417,417	13.3	-1.1	-3.0	5.9	5.9	7.9	--	--	6.9	Jun-15
MSCI ACWI Value NR USD			-1.3	-3.9	5.4	5.4	6.1	--	--	5.0	Jun-15
eV Global Value Equity Net Median			-0.5	-2.0	6.5	6.5	6.8	8.2	6.8	5.8	Jun-15
eV Global Value Equity Net Rank			66	63	59	59	31	--	--	28	Jun-15
U.S. Equity	70,112,154	26.3	3.8	2.8	13.3	13.3	10.9	--	--	10.9	Jul-15
Russell 3000			3.9	3.2	14.8	14.8	11.6	--	--	11.6	Jul-15
Northern Trust Russell 3000	68,021,956	25.5	3.8	3.1	14.7	14.7	11.7	--	--	10.7	Jun-15
Russell 3000			3.9	3.2	14.8	14.8	11.6	--	--	10.6	Jun-15
Cove Street Small Cap Value	2,090,198	0.8	3.9	0.4	4.5	4.5	7.0	--	--	6.2	Jun-15
Russell 2000 Value			8.3	5.4	13.1	13.1	11.2	--	--	10.9	Jun-15
eV US Small Cap Value Equity Net Median			5.4	3.2	11.6	11.6	9.6	11.1	10.3	9.4	Jun-15
eV US Small Cap Value Equity Net Rank			74	84	93	93	83	--	--	87	Jun-15

Total Fund Aggregate

As of June 30, 2018

	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
International Equity	28,888,316	10.8	-1.5	-2.4	7.1	7.1	5.2	--	--	5.2	Jul-15
MSCI EAFE			-1.2	-2.7	6.8	6.8	4.9	--	--	4.9	Jul-15
Northern Trust EAFE Index	28,888,316	10.8	-1.5	-2.3	7.0	7.0	5.1	--	--	5.1	Jul-15
MSCI EAFE			-1.2	-2.7	6.8	6.8	4.9	--	--	4.9	Jul-15
Emerging Markets Equity	11,940,695	4.5	-9.8	-7.8	3.9	3.9	4.7	--	--	4.7	Jul-15
MSCI Emerging Markets			-8.0	-6.7	8.2	8.2	5.6	--	--	5.6	Jul-15
Vanguard Emerging Markets Stock Index	11,940,695	4.5	-9.1	-7.2	6.3	6.3	--	--	--	12.1	Apr-16
Spliced Emerging Markets Index			-8.4	-7.2	6.5	6.5	--	--	--	12.0	Apr-16
Global Fixed Income	75,323,634	28.2	0.1	-0.9	0.1	0.1	1.4	1.8	--	1.5	Dec-11
BBgBarc Global Aggregate TR			-2.8	-1.5	1.4	1.4	2.6	1.5	--	1.1	Dec-11
eV All US Fixed Inc Net Median			0.2	-0.6	0.3	0.3	2.1	2.6	4.1	2.9	Dec-11
eV All US Fixed Inc Net Rank			60	58	58	58	71	68	--	79	Dec-11
Global Core	75,323,634	28.2	0.1	-0.9	0.1	0.1	1.4	--	--	1.4	Jul-15
BBgBarc Global Aggregate TR			-2.8	-1.5	1.4	1.4	2.6	--	--	2.6	Jul-15
Northern Trust Barclays Aggregate	62,358,459	23.4	-0.1	-1.6	-0.4	-0.4	1.7	--	--	1.3	Jun-15
BBgBarc US Aggregate TR			-0.2	-1.6	-0.4	-0.4	1.7	--	--	1.3	Jun-15
Vanguard Short-Term Inflation-Protected Securities	12,965,175	4.9	0.4	0.6	1.2	1.2	1.1	--	--	1.0	Mar-15
BBgBarc US Treasury TIPS 0-5 Yr TR			0.5	0.7	1.4	1.4	1.1	--	--	1.1	Mar-15

Total Fund Aggregate

As of June 30, 2018

	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Real Assets	44,664,142	16.7	3.2	1.6	9.6	9.6	2.5	-0.9	--	-4.5	Aug-11
<i>San Jose Real Assets Benchmark</i>			2.5	1.5	9.8	9.8	4.7	4.4	--	3.3	Aug-11
Real Estate	20,826,968	7.8	1.8	3.8	6.7	6.7	6.9	--	--	6.9	Jul-15
<i>NCREIF ODCE Equal Weighted (Net)</i>			1.9	3.9	7.7	7.7	8.7	--	--	8.7	Jul-15
American Core Realty Fund, LLC	12,203,420	4.6	2.0	3.0	6.5	6.5	6.6	--	--	6.6	Jul-15
<i>NCREIF ODCE Equal Weighted (Net)</i>			1.9	3.9	7.7	7.7	8.7	--	--	8.7	Jul-15
PRISA	8,623,548	3.2	1.4	5.4	7.5	7.5	--	--	--	6.6	Apr-16
<i>NCREIF ODCE Equal Weighted (Net)</i>			1.9	3.9	7.7	7.7	--	--	--	7.5	Apr-16
Commodities	13,327,225	5.0	3.3	1.9	8.4	8.4	-3.1	--	--	-3.7	Jan-15
<i>Bloomberg Commodity Index TR USD</i>			0.4	0.0	7.3	7.3	-4.5	--	--	-4.3	Jan-15
Credit Suisse Risk Parity Commodity Fund	10,275,457	3.9	1.5	-0.5	6.9	6.9	-1.3	-2.5	--	-4.7	Aug-11
<i>Bloomberg Commodity Index TR USD</i>			0.4	0.0	7.3	7.3	-4.5	-6.4	--	-8.3	Aug-11
Pinnacle Natural Resources, L.P.	3,051,768	1.1	10.1	11.5	15.2	15.2	--	--	--	0.7	Jan-16
<i>Bloomberg Commodity Index TR USD</i>			0.4	0.0	7.3	7.3	--	--	--	5.3	Jan-16
Infrastructure	30,427	0.0	1.8	-3.4	0.6	0.6	4.2	--	--	3.3	Jun-15
<i>DJ Brookfield Global Infrastructure Net TR USD</i>			4.2	-1.3	2.5	2.5	4.5	--	--	3.0	Jun-15
Rhumblin DJ Brookfield Infrastructure	30,427	0.0	1.8	-3.4	0.6	0.6	4.2	--	--	3.3	Jun-15
<i>DJ Brookfield Global Infrastructure Net TR USD</i>			4.2	-1.3	2.5	2.5	4.5	--	--	3.0	Jun-15

¹ Infrastructure tracking error due to a cash position resulting from a delay in the ability to invest in certain markets.

Total Fund Aggregate

As of June 30, 2018

	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Public Natural Resources	10,479,521	3.9	6.1	3.1	23.4	23.4	6.6	--	--	4.9	Jun-15
<i>S&P Global Natural Resources Index TR USD</i>			5.4	3.7	24.8	24.8	9.5	--	--	7.4	Jun-15
Rhumblin Global LargeMid Natural Resources	10,479,521	3.9	6.1	3.1	23.4	23.4	6.6	--	--	4.9	Jun-15
<i>S&P Global Large MidCap Commodity and Resources NR USD</i>			6.0	2.7	22.6	22.6	6.2	--	--	4.2	Jun-15
Cash	514,372	0.2									
<i>91 Day T-Bills</i>											

Total Fund Aggregate

As of June 30, 2018

Fiscal Year Performance

	Fiscal 2018 (%)	Fiscal 2017 (%)	Fiscal 2016 (%)	Fiscal 2015 (%)	Fiscal 2014 (%)	Fiscal 2013 (%)
Total Fund Aggregate	4.9	8.7	-2.7	-2.7	16.2	9.0
San Jose Healthcare Policy Benchmark	7.9	9.1	0.7	-3.4	16.8	8.7
San Jose Healthcare Custom Benchmark	6.1	7.5	-0.7	-4.4	16.3	9.2
Total Global Equity	9.2	20.3	-5.5	1.8	23.1	19.1
MSCI ACWI IMI Net USD	11.1	19.0	-3.9	0.8	23.4	17.1
Global Equity	5.9	21.9	-2.8	--	--	--
MSCI ACWI IMI Net USD	11.1	19.0	-3.9	--	--	--
Artisan Global Value	5.9	21.9	-2.8	--	--	--
MSCI ACWI Value NR USD	5.4	19.0	-4.8	--	--	--
U.S. Equity	13.3	18.6	1.7	--	--	--
Russell 3000	14.8	18.5	2.1	--	--	--
Northern Trust Russell 3000	14.7	18.5	2.5	--	--	--
Russell 3000	14.8	18.5	2.1	--	--	--
Cove Street Small Cap Value	4.5	18.7	-1.1	--	--	--
Russell 2000 Value	13.1	24.9	-2.6	--	--	--
International Equity	7.1	20.4	-9.6	--	--	--
MSCI EAFE	6.8	20.3	-10.2	--	--	--
Northern Trust EAFE Index	7.0	20.4	-10.0	--	--	--
MSCI EAFE	6.8	20.3	-10.2	--	--	--

Total Fund Aggregate

As of June 30, 2018

	Fiscal 2018 (%)	Fiscal 2017 (%)	Fiscal 2016 (%)	Fiscal 2015 (%)	Fiscal 2014 (%)	Fiscal 2013 (%)
Emerging Markets Equity	3.9	18.4	-6.7	--	--	--
<i>MSCI Emerging Markets</i>	8.2	23.7	-12.1	--	--	--
Vanguard Emerging Markets Stock Index	6.3	18.9	--	--	--	--
<i>Spliced Emerging Markets Index</i>	6.5	19.4	--	--	--	--
Global Fixed Income	0.1	-0.2	4.3	0.8	4.3	-2.8
<i>BBgBarc Global Aggregate TR</i>	1.4	-2.2	8.9	-7.1	7.4	-2.2
Global Core	0.1	-0.2	4.3	--	--	--
<i>BBgBarc Global Aggregate TR</i>	1.4	-2.2	8.9	--	--	--
Northern Trust Barclays Aggregate	-0.4	-0.4	6.2	--	--	--
<i>BBgBarc US Aggregate TR</i>	-0.4	-0.3	6.0	--	--	--
Vanguard Short-Term Inflation-Protected Securities	1.2	0.3	1.7	--	--	--
<i>BBgBarc US Treasury TIPS 0-5 Yr TR</i>	1.4	0.3	1.7	--	--	--
Real Assets	9.6	5.3	-6.7	-22.7	14.8	-11.2
<i>San Jose Real Assets Benchmark</i>	9.8	5.6	-1.0	-7.3	16.6	3.9
Real Estate	6.7	6.2	7.6	--	--	--
<i>NCREIF ODCE Equal Weighted (Net)</i>	7.7	7.2	11.2	--	--	--
American Core Realty Fund, LLC	6.5	5.5	7.8	--	--	--
<i>NCREIF ODCE Equal Weighted (Net)</i>	7.7	7.2	11.2	--	--	--
PRISA	7.5	7.4	--	--	--	--
<i>NCREIF ODCE Equal Weighted (Net)</i>	7.7	7.2	--	--	--	--
Commodities	8.4	-1.5	-14.7	--	--	--
<i>Bloomberg Commodity Index TR USD</i>	7.3	-6.5	-13.3	--	--	--

Total Fund Aggregate

As of June 30, 2018

	Fiscal 2018 (%)	Fiscal 2017 (%)	Fiscal 2016 (%)	Fiscal 2015 (%)	Fiscal 2014 (%)	Fiscal 2013 (%)
Credit Suisse Risk Parity Commodity Fund	6.9	1.4	-11.4	-19.7	13.9	-7.4
<i>Bloomberg Commodity Index TR USD</i>	7.3	-6.5	-13.3	-23.7	8.2	-8.0
Pinnacle Natural Resources, L.P.	15.2	-9.7	--	--	--	--
<i>Bloomberg Commodity Index TR USD</i>	7.3	-6.5	--	--	--	--
Infrastructure	0.6	8.9	3.3	--	--	--
<i>DJ Brookfield Global Infrastructure Net TR USD</i>	2.5	8.0	3.2	--	--	--
Rhumblin DJ Brookfield Infrastructure	0.6	8.9	3.3	--	--	--
<i>DJ Brookfield Global Infrastructure Net TR USD</i>	2.5	8.0	3.2	--	--	--
Public Natural Resources	23.4	8.9	-9.9	--	--	--
<i>S&P Global Natural Resources Index TR USD</i>	24.8	15.3	-8.9	--	--	--
Rhumblin Global LargeMid Natural Resources	23.4	8.9	-9.9	--	--	--
<i>S&P Global Large MidCap Commodity and Resources NR USD</i>	22.6	8.3	-9.7	--	--	--
Cash						
<i>91 Day T-Bills</i>						

Total Fund Aggregate

As of June 30, 2018

Cash Flow Summary

QTD Ending June 30, 2018

	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Net Investment Change	Ending Market Value
Aberdeen Frontier Markets Equity	\$2,577,870	\$0	-\$2,298,837	-\$2,298,837	-\$279,034	\$0
American Core Realty Fund, LLC	\$9,566,813	\$2,450,000	-\$33,559	\$2,416,441	\$220,167	\$12,203,420
Artisan Global Value	\$35,819,431	\$0	-\$94,957	-\$94,957	-\$307,057	\$35,417,417
Cove Street Small Cap Value	\$2,012,414	\$0	-\$3,689	-\$3,689	\$81,473	\$2,090,198
Credit Suisse Risk Parity Commodity Fund	\$13,776,018	\$0	-\$3,762,257	-\$3,762,257	\$261,696	\$10,275,457
Internal Cash Account	\$17,801,941	\$62,486,493	-\$78,610,412	-\$16,123,919	-\$1,163,649	\$514,372
Northern Trust Barclays Aggregate	\$54,396,538	\$8,000,000	-\$4,470	\$7,995,530	-\$33,608	\$62,358,459
Northern Trust EAFE Index	\$29,314,705	\$0	-\$3,662	-\$3,662	-\$422,727	\$28,888,316
Northern Trust Russell 3000	\$31,069,317	\$35,000,000	-\$4,024	\$34,995,976	\$1,956,663	\$68,021,956
Pinnacle Natural Resources, L.P.	\$2,772,351	\$0	-\$9,803	-\$9,803	\$289,220	\$3,051,768
PRISA	\$4,554,061	\$4,000,000	-\$14,776	\$3,985,224	\$84,264	\$8,623,548
Rhumblin DJ Brookfield Infrastructure	\$10,136,270	\$0	-\$10,277,110	-\$10,277,110	\$171,266	\$30,427
Rhumblin Global LargeMid Natural Resources	\$10,831,863	\$0	-\$1,001,293	-\$1,001,293	\$648,951	\$10,479,521
Vanguard Developed Markets Index	\$6,862,091	\$0	-\$6,944,533	-\$6,944,533	\$82,443	--
Vanguard Emerging Markets Stock Index	\$13,138,058	\$0	-\$4,664	-\$4,664	-\$1,192,698	\$11,940,695
Vanguard Short-Term Inflation-Protected Securities	\$23,414,994	\$0	-\$10,502,877	-\$10,502,877	\$53,058	\$12,965,175
Total	\$268,044,734	\$111,936,493	-\$113,570,923	-\$1,634,430	\$450,426	\$266,860,730

Total Fund Aggregate

As of June 30, 2018

Cash Flow Summary

Fiscal YTD Ending June 30, 2018

	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Net Investment Change	Ending Market Value
Aberdeen Frontier Markets Equity	\$2,369,710	\$0	-\$2,326,766	-\$2,326,766	-\$42,944	\$0
American Core Realty Fund, LLC	\$6,694,456	\$7,250,000	-\$2,347,610	\$4,902,390	\$606,575	\$12,203,420
Artisan Global Value	\$33,428,529	\$0	-\$380,217	-\$380,217	\$2,369,105	\$35,417,417
Cove Street Small Cap Value	\$2,001,098	\$0	-\$15,959	-\$15,959	\$105,058	\$2,090,198
Credit Suisse Risk Parity Commodity Fund	\$8,359,261	\$5,000,000	-\$3,800,569	\$1,199,431	\$716,765	\$10,275,457
Internal Cash Account	\$37,285,855	\$103,652,103	-\$143,023,351	-\$39,371,247	\$2,599,765	\$514,372
Northern Trust Barclays Aggregate	\$31,627,170	\$31,000,000	-\$16,105	\$30,983,895	-\$252,606	\$62,358,459
Northern Trust EAFE Index	\$22,327,053	\$5,000,000	-\$13,749	\$4,986,251	\$1,575,012	\$28,888,316
Northern Trust Russell 3000	\$12,853,002	\$53,000,000	-\$8,463	\$52,991,537	\$2,177,418	\$68,021,956
Pinnacle Natural Resources, L.P.	\$2,649,684	\$0	-\$32,022	-\$32,022	\$434,106	\$3,051,768
PRISA	\$4,296,136	\$4,000,000	-\$47,699	\$3,952,301	\$375,111	\$8,623,548
Rhumblin DJ Brookfield Infrastructure	\$10,251,247	\$0	-\$10,285,014	-\$10,285,014	\$64,194	\$30,427
Rhumblin Global LargeMid Natural Resources	\$9,314,439	\$0	-\$1,005,140	-\$1,005,140	\$2,170,223	\$10,479,521
Vanguard Developed Markets Index	\$6,291,799	\$0	-\$6,948,100	-\$6,948,100	\$656,302	--
Vanguard Emerging Markets Stock Index	\$8,519,341	\$3,000,000	-\$17,852	\$2,982,148	\$439,206	\$11,940,695
Vanguard Short-Term Inflation-Protected Securities	\$21,433,617	\$1,800,000	-\$10,514,501	-\$8,714,501	\$246,058	\$12,965,175
Total	\$219,702,395	\$213,702,103	-\$180,783,116	\$32,918,987	\$14,239,348	\$266,860,730

Total Fund Aggregate

As of June 30, 2018

Cash Flow Summary
Since Inception

	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Net Investment Change	Ending Market Value
Aberdeen Frontier Markets Equity	--	\$0	-\$2,356,079	-\$2,356,079	\$2,356,079	\$0
American Core Realty Fund, LLC	--	\$9,102,000	-\$2,410,298	\$6,691,702	\$5,511,719	\$12,203,420
Artisan Global Value	--	\$9,000,000	-\$559,561	\$8,440,439	\$26,976,978	\$35,417,417
Cove Street Small Cap Value	--	\$0	-\$29,231	-\$29,231	\$2,119,428	\$2,090,198
Credit Suisse Risk Parity Commodity Fund	--	\$8,000,000	-\$3,829,575	\$4,170,425	\$6,105,032	\$10,275,457
Internal Cash Account	--	\$160,040,007	-\$171,387,846	-\$11,347,839	\$11,862,211	\$514,372
Northern Trust Barclays Aggregate	--	\$44,000,000	-\$24,134	\$43,975,866	\$18,382,594	\$62,358,459
Northern Trust EAFE Index	--	\$5,000,000	-\$22,778	\$4,977,222	\$23,911,094	\$28,888,316
Northern Trust Russell 3000	--	\$53,000,000	-\$11,585	\$52,988,415	\$15,033,541	\$68,021,956
Pinnacle Natural Resources, L.P.	--	\$0	-\$58,899	-\$58,899	\$3,110,667	\$3,051,768
PRISA	--	\$6,502,553	-\$75,384	\$6,427,169	\$2,196,379	\$8,623,548
Rhumblin DJ Brookfield Infrastructure	--	\$1,500,000	-\$10,294,034	-\$8,794,034	\$8,824,460	\$30,427
Rhumblin Global LargeMid Natural Resources	--	\$1,500,000	-\$1,009,129	\$490,871	\$9,988,651	\$10,479,521
Vanguard Developed Markets Index	--	\$0	-\$6,951,651	-\$6,951,651	\$6,951,651	--
Vanguard Emerging Markets Stock Index	--	\$3,000,000	-\$27,346	\$2,972,654	\$8,968,041	\$11,940,695
Vanguard Short-Term Inflation-Protected Securities	--	\$9,800,000	-\$10,527,265	-\$727,265	\$13,692,440	\$12,965,175
Vontobel Emerging Markets Equity	--	\$0	-\$7,456,202	-\$7,456,202	\$7,456,202	--
Total	\$0	\$310,444,560	-\$217,030,997	\$93,413,563	\$173,447,167	\$266,860,730

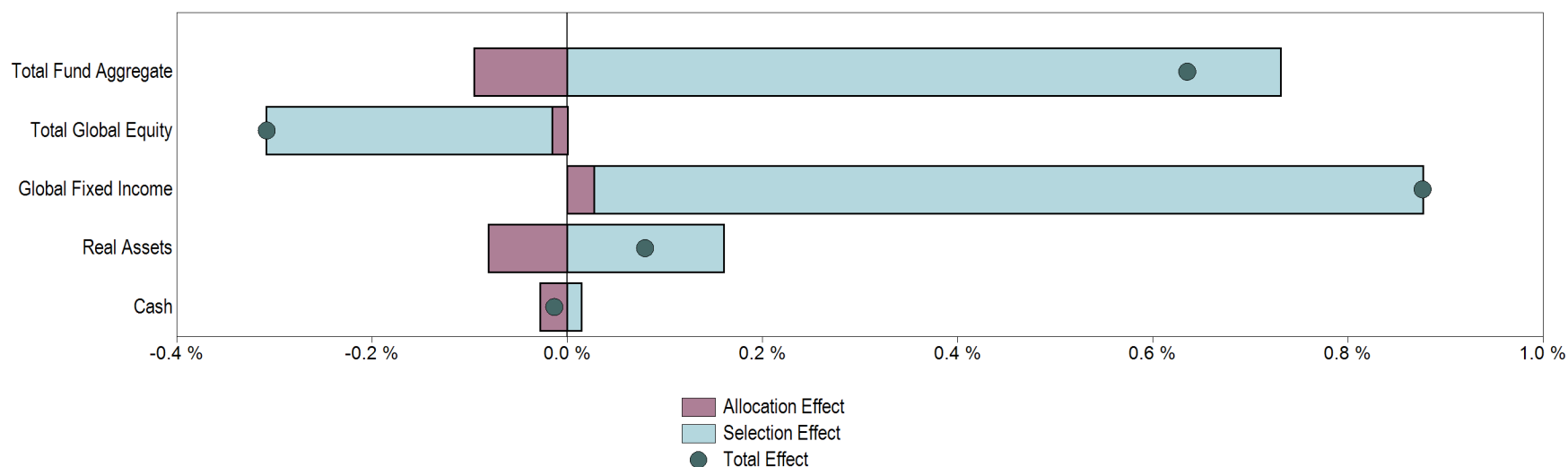
Total Fund Aggregate

As of June 30, 2018

Attribution Summary
3 Months Ending June 30, 2018

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Total Global Equity	0.1%	0.7%	-0.6%	-0.3%	0.0%	-0.3%
Global Fixed Income	0.1%	-2.8%	2.9%	0.8%	0.0%	0.9%
Real Assets	3.2%	2.5%	0.8%	0.2%	-0.1%	0.1%
Cash	0.6%	0.0%	0.6%	0.0%	0.0%	0.0%
Total	0.7%	0.0%	0.6%	0.7%	-0.1%	0.6%

Attribution Effects
3 Months Ending June 30, 2018



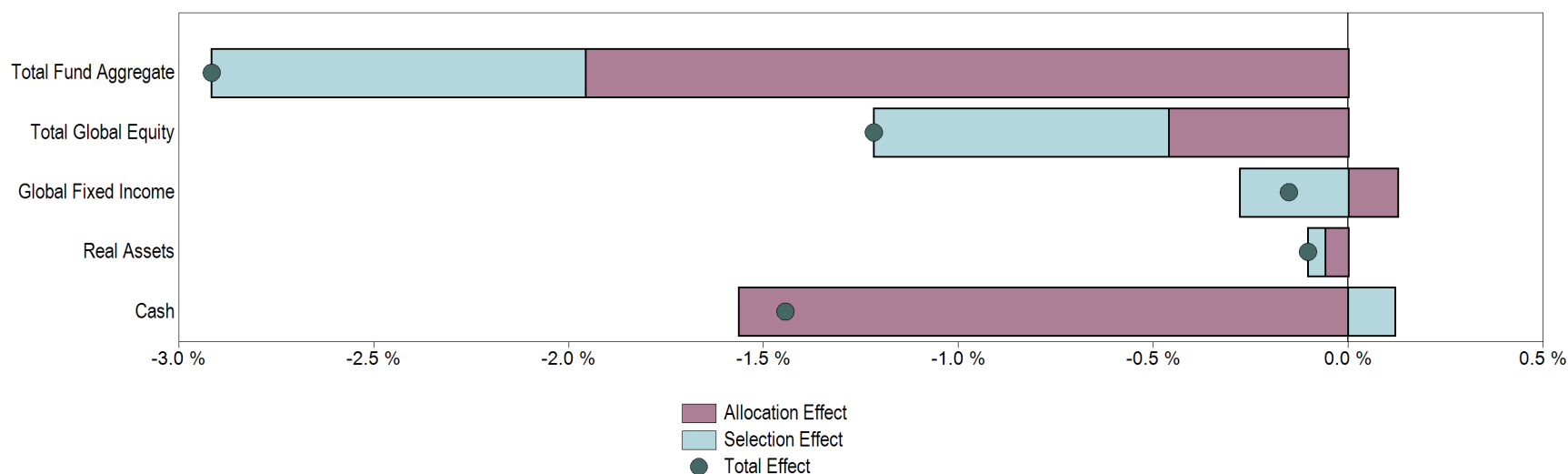
¹ Difference in attribution returns and returns in the performance summary may occur as a result of the different calculation methodologies that are applied by InvestorForce.

As of June 30, 2018

Attribution Summary
1 Year Ending June 30, 2018

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Total Global Equity	9.2%	11.1%	-1.9%	-0.8%	-0.5%	-1.2%
Global Fixed Income	0.1%	1.4%	-1.3%	-0.3%	0.1%	-0.2%
Real Assets	9.6%	9.8%	-0.3%	0.0%	-0.1%	-0.1%
Cash	1.4%	0.0%	1.4%	0.1%	-1.6%	-1.4%
Total	5.0%	7.9%	-2.9%	-1.0%	-2.0%	-2.9%

Attribution Effects
1 Year Ending June 30, 2018



¹ Difference in attribution returns and returns in the performance summary may occur as a result of the different calculation methodologies that are applied by InvestorForce.

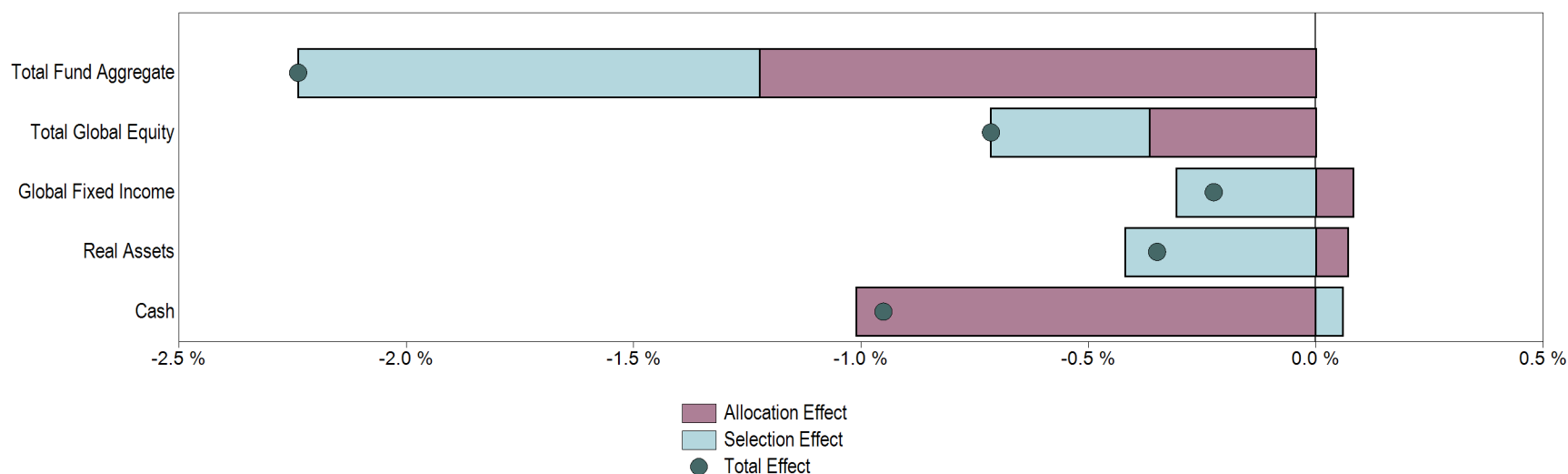
Total Fund Aggregate

As of June 30, 2018

Attribution Summary
3 Years Ending June 30, 2018

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Total Global Equity	7.5%	8.3%	-0.9%	-0.3%	-0.4%	-0.7%
Global Fixed Income	1.4%	2.6%	-1.2%	-0.3%	0.1%	-0.2%
Real Assets	2.5%	4.7%	-2.3%	-0.4%	0.1%	-0.3%
Cash	0.6%	0.0%	0.6%	0.1%	-1.0%	-1.0%
Total	3.6%	5.9%	-2.2%	-1.0%	-1.2%	-2.2%

Attribution Effects
3 Years Ending June 30, 2018

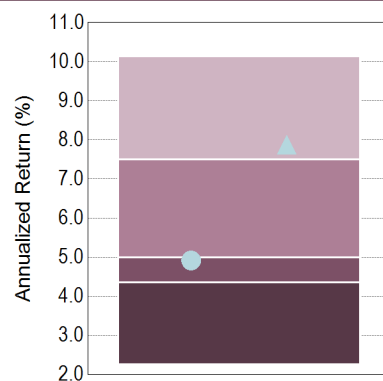


¹ Difference in attribution returns and returns in the performance summary may occur as a result of the different calculation methodologies that are applied by InvestorForce.

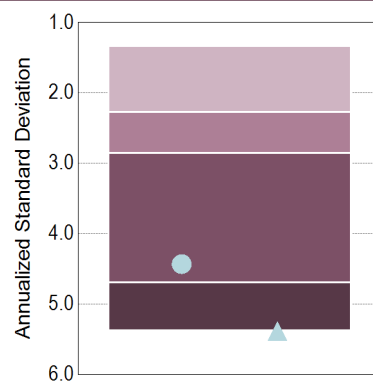
Total Fund Risk Statistics vs. Peer Universe (Trailing 1 Year)

As of June 30, 2018

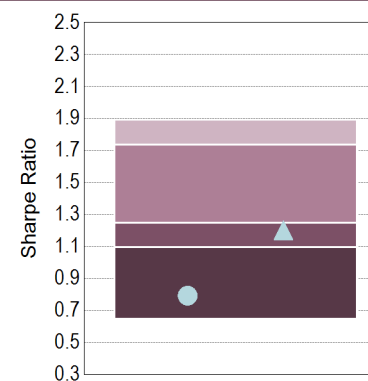
Annualized Return (%)
vs. InvestorForce Health & Welfare
\$250mm - \$1B Gross



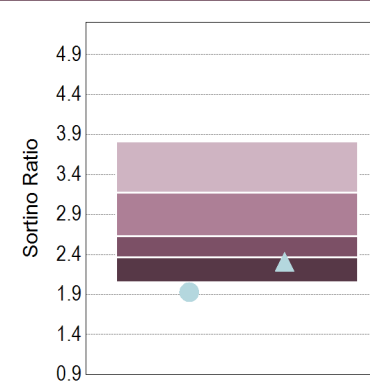
Annualized Standard Deviation
vs. InvestorForce Health & Welfare
\$250mm - \$1B Gross



Sharpe Ratio
vs. InvestorForce Health & Welfare
\$250mm - \$1B Gross



Sortino Ratio
vs. InvestorForce Health & Welfare
\$250mm - \$1B Gross



● Total Fund Aggregate

Value	4.9
Rank	54
▲ San Jose Healthcare Policy Benchmark	
Value	7.9
Rank	22

Universe

5th %tile	10.1
25th %tile	7.5
Median	5.0
75th %tile	4.4
95th %tile	2.3

● Total Fund Aggregate

Value	4.4
Rank	73
▲ San Jose Healthcare Policy Benchmark	
Value	5.4
Rank	96

Universe

5th %tile	1.3
25th %tile	2.3
Median	2.8
75th %tile	4.7
95th %tile	5.4

● Total Fund Aggregate

Value	0.8
Rank	94
▲ San Jose Healthcare Policy Benchmark	
Value	1.2
Rank	63

Universe

5th %tile	1.9
25th %tile	1.7
Median	1.3
75th %tile	1.1
95th %tile	0.7

● Total Fund Aggregate

Value	1.9
Rank	99
▲ San Jose Healthcare Policy Benchmark	
Value	2.3
Rank	84

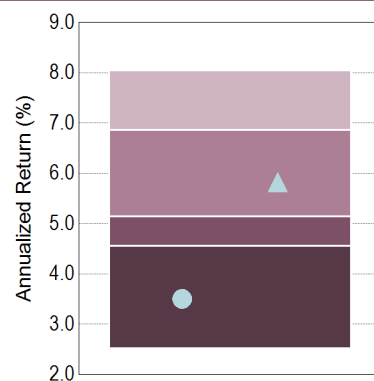
Universe

5th %tile	3.8
25th %tile	3.2
Median	2.6
75th %tile	2.4
95th %tile	2.1

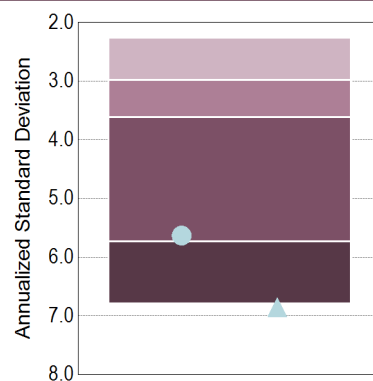
Total Fund Risk Statistics vs. Peer Universe (Trailing 3 Years)

As of June 30, 2018

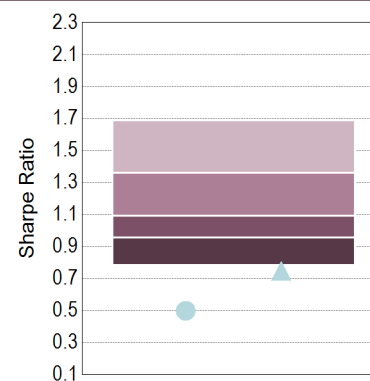
Annualized Return (%)
vs. InvestorForce Health & Welfare
\$250mm - \$1B Gross



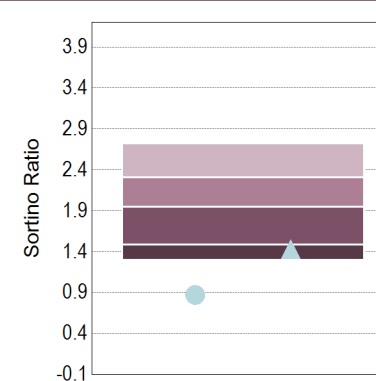
Annualized Standard Deviation
vs. InvestorForce Health & Welfare
\$250mm - \$1B Gross



Sharpe Ratio
vs. InvestorForce Health & Welfare
\$250mm - \$1B Gross



Sortino Ratio
vs. InvestorForce Health & Welfare
\$250mm - \$1B Gross



● Total Fund Aggregate

Value	3.5
Rank	93
▲ San Jose Healthcare Policy Benchmark	
Value	5.8
Rank	34

Universe

5th %tile	8.0
25th %tile	6.9
Median	5.2
75th %tile	4.6
95th %tile	2.5

● Total Fund Aggregate

Value	5.6
Rank	75
▲ San Jose Healthcare Policy Benchmark	
Value	6.9
Rank	99

Universe

5th %tile	2.3
25th %tile	3.0
Median	3.6
75th %tile	5.7
95th %tile	6.8

● Total Fund Aggregate

Value	0.5
Rank	99
▲ San Jose Healthcare Policy Benchmark	
Value	0.7
Rank	98

Universe

5th %tile	1.7
25th %tile	1.4
Median	1.1
75th %tile	1.0
95th %tile	0.8

● Total Fund Aggregate

Value	0.9
Rank	99
▲ San Jose Healthcare Policy Benchmark	
Value	1.4
Rank	85

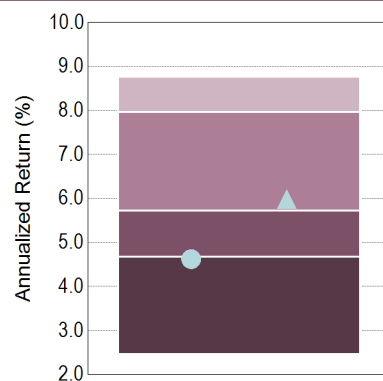
Universe

5th %tile	2.7
25th %tile	2.3
Median	2.0
75th %tile	1.5
95th %tile	1.3

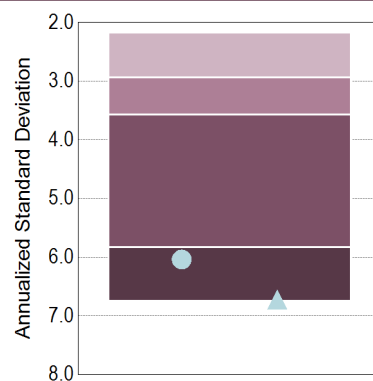
Total Fund Risk Statistics vs. Peer Universe (Trailing 5 Years)

As of June 30, 2018

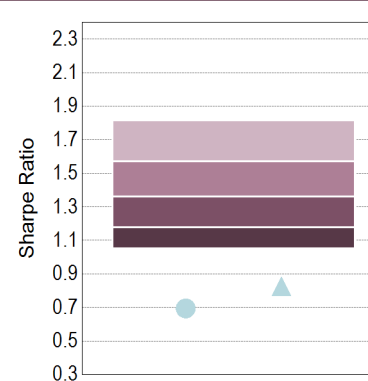
Annualized Return (%)
vs. InvestorForce Health & Welfare
\$250mm - \$1B Gross



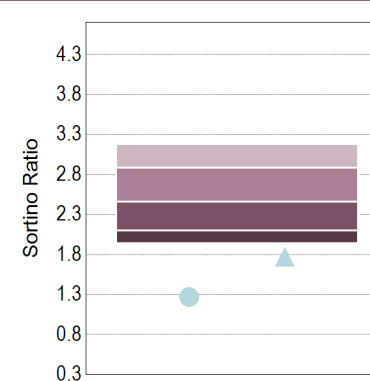
Annualized Standard Deviation
vs. InvestorForce Health & Welfare
\$250mm - \$1B Gross



Sharpe Ratio
vs. InvestorForce Health & Welfare
\$250mm - \$1B Gross



Sortino Ratio
vs. InvestorForce Health & Welfare
\$250mm - \$1B Gross



● Total Fund Aggregate

Value	4.6
Rank	77
▲ San Jose Healthcare Policy Benchmark	
Value	6.0
Rank	46

Universe

5th %tile	8.8
25th %tile	8.0
Median	5.7
75th %tile	4.7
95th %tile	2.5

● Total Fund Aggregate

Value	6.0
Rank	77
▲ San Jose Healthcare Policy Benchmark	
Value	6.7
Rank	95

Universe

5th %tile	2.2
25th %tile	2.9
Median	3.6
75th %tile	5.8
95th %tile	6.7

● Total Fund Aggregate

Value	0.7
Rank	99
▲ San Jose Healthcare Policy Benchmark	
Value	0.8
Rank	99

Universe

5th %tile	1.8
25th %tile	1.6
Median	1.4
75th %tile	1.2
95th %tile	1.1

● Total Fund Aggregate

Value	1.3
Rank	99
▲ San Jose Healthcare Policy Benchmark	
Value	1.8
Rank	98

Universe

5th %tile	3.2
25th %tile	2.9
Median	2.5
75th %tile	2.1
95th %tile	1.9

Total Fund Aggregate

As of June 30, 2018

Benchmark History
 As of June 30, 2018

Total Fund Aggregate

5/1/2018	Present	55% MSCI ACWI IMI Net USD / 28% BBgBarc Global Aggregate TR / 5% Bloomberg Commodity Index TR USD / 4% S&P Global Natural Resources Index TR USD / 8% NCREIF ODCE Equal Weighted (Net)
7/1/2011	4/30/2018	46.7% MSCI ACWI IMI Net USD / 30.3% BBgBarc Global Aggregate TR / 6% Bloomberg Commodity Index TR USD / 5% S&P Global Natural Resources Index TR USD / 7% NCREIF ODCE Equal Weighted (Net) / 5% DJ Brookfield Global Infrastructure Net TR USD

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.