

Investment Performance Review  
Period Ending June 30, 2019

# City of Key West General Employees' Pension Fund

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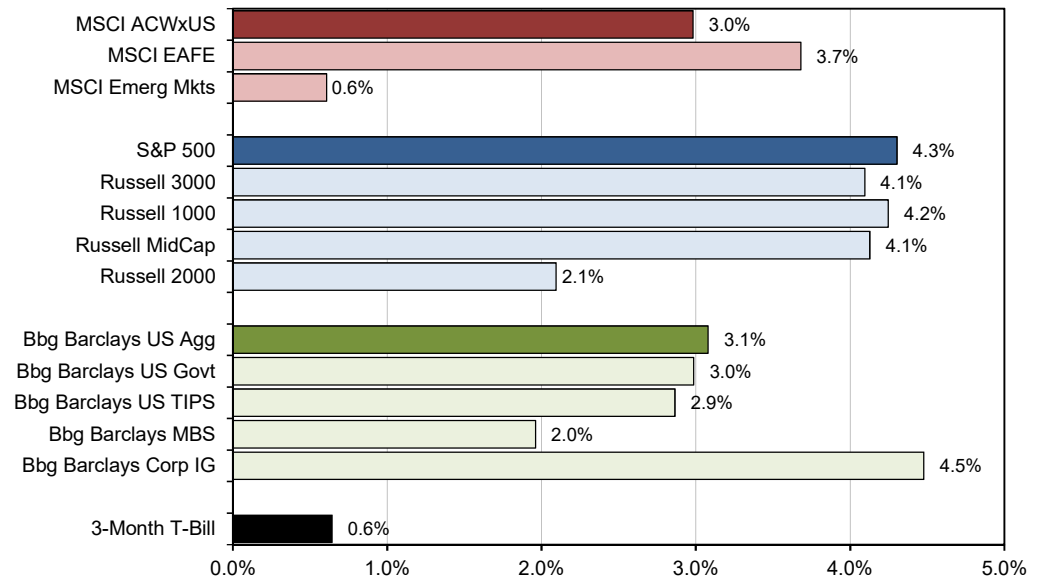


## **2nd Quarter 2019 Market Environment**

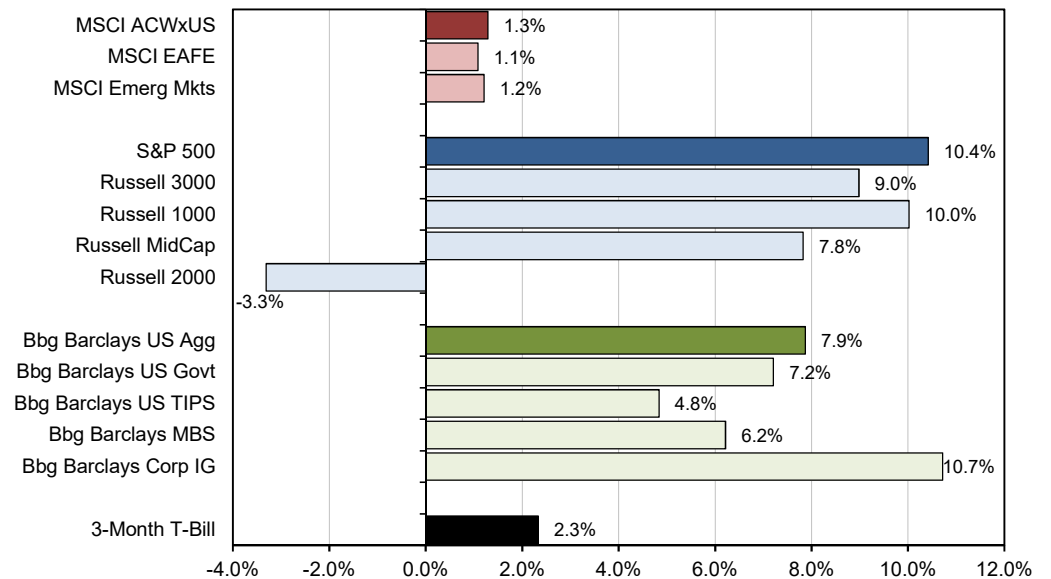


- Broad asset class returns were positive during the 2nd quarter of 2019 with both equity and fixed income indices extending their year-to-date gains. US stocks outperformed international stocks during a very volatile quarter. Equity indices rose to start the period as progress in global trade negotiations outweighed signs of weakness in macroeconomic data. However, trade discussions between the US and China fell apart in May prompting increased tariffs and sharp declines in equity markets. The softening in economic data, stubbornly low inflation and the threat of slower future growth caused by ongoing disruption in trade led the Federal Reserve (Fed) to communicate a shift toward a more accommodative policy stance. This change in central bank posture caused markets to rebound strongly, ending the quarter higher for the period. Fixed income returns were also positive during the quarter as the prospect of more accommodative monetary policy pushed interest rates lower, increasing bond prices. Within domestic equity markets, large cap stocks outperformed small cap equities during the quarter with the S&P 500 Index returning 4.3% versus a 2.1% return on the small cap Russell 2000 Index. US equity returns over the 1-year period were positive within large and mid cap stocks, returning 10.4% and 7.8% respectively, but small cap stocks posted a loss, falling -3.3%.
- Similar to US markets, international markets were volatile during the 2nd quarter as investors reacted to mixed economic data, heightened geopolitical uncertainty, particularly around the outlook for global trade and Brexit, and increased accommodation in central bank policy with the European Central Bank (ECB) and People's Bank of China (PBoC) pledging additional stimulus if needed. Developed markets outperformed emerging markets during the period with the MSCI EAFE Index returning 3.7% versus a 0.6% return on the MSCI Emerging Markets Index. Both developing and emerging markets posted modest gains over the 1-year period, returning 1.1% and 1.2% respectively.
- Fixed income returns were in line with equities during the 2nd quarter. The broad market Bloomberg Barclays Aggregate Index returned 3.1% as a more dovish stance from the Fed and other global central banks pushed interest rates lower across the US Treasury Yield Curve. The curve steepened but remained inverted with shorter-term maturities paying higher interest rates than those in the middle of the curve. Investment grade corporate issues were the best performing securities for the second quarter in a row, outperforming Treasury and securitized issues. The Bloomberg Barclays Corporate IG Index returned 4.5% for the period, as corporate credit had tailwinds due to greater interest rate sensitivity, higher yields and tightening credit spreads. Corporate issues also outperformed the other major fixed income sectors over the 1-year period, returning 10.7% versus a 7.9% return for the Bloomberg Barclays Aggregate Index.

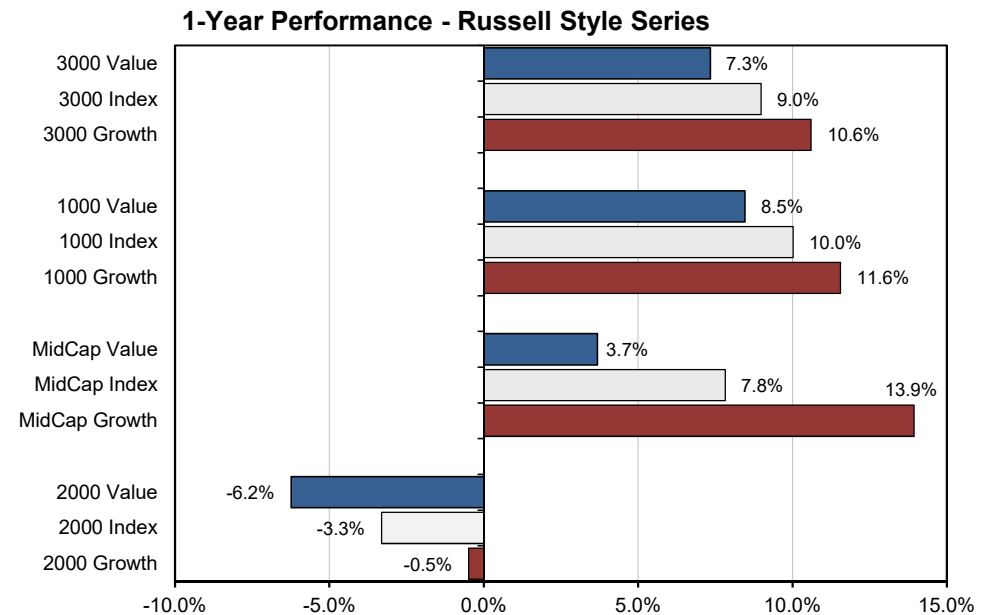
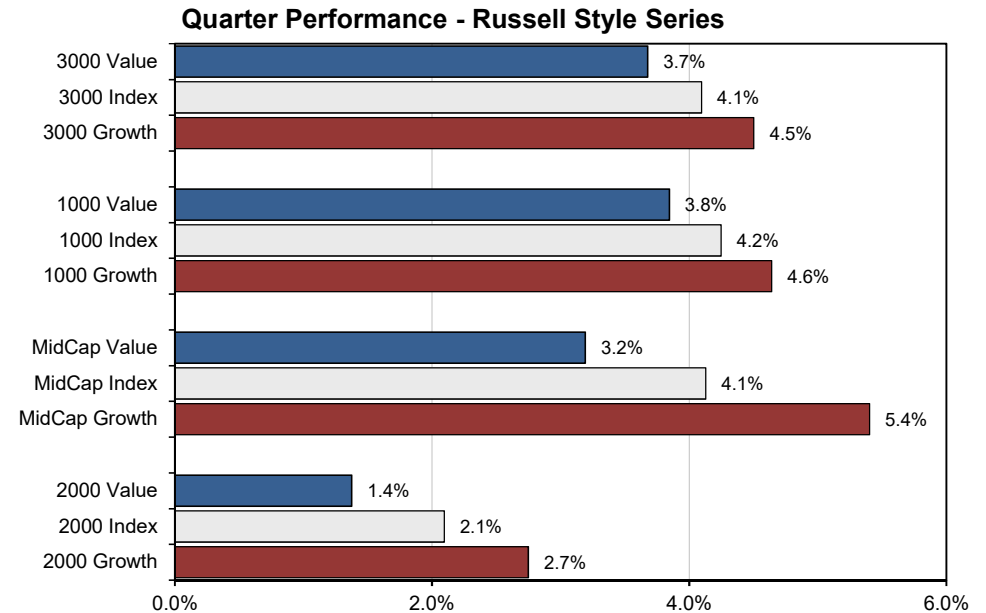
### Quarter Performance



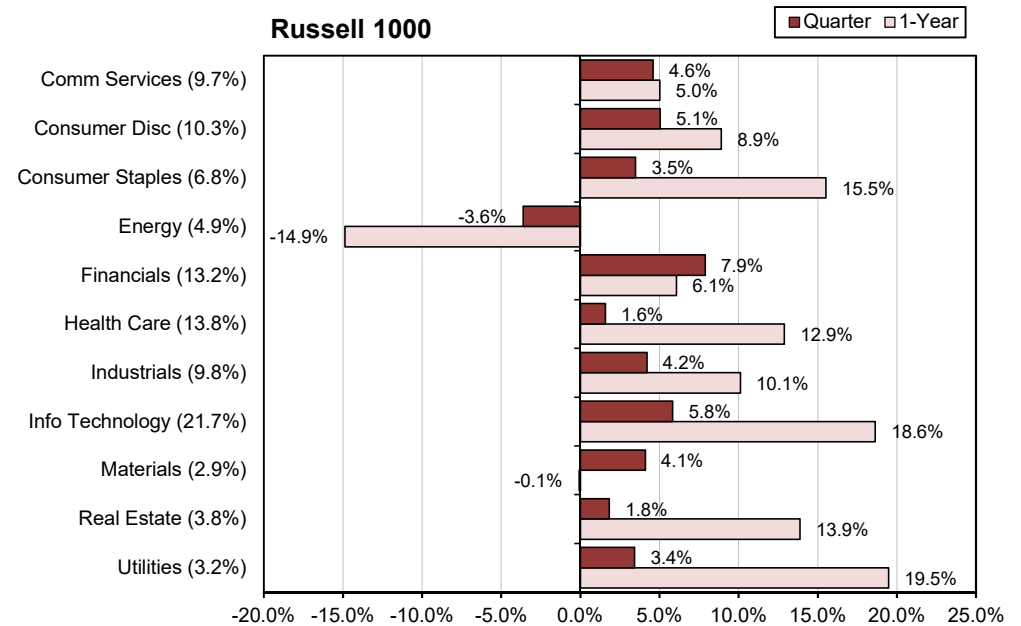
### 1-Year Performance



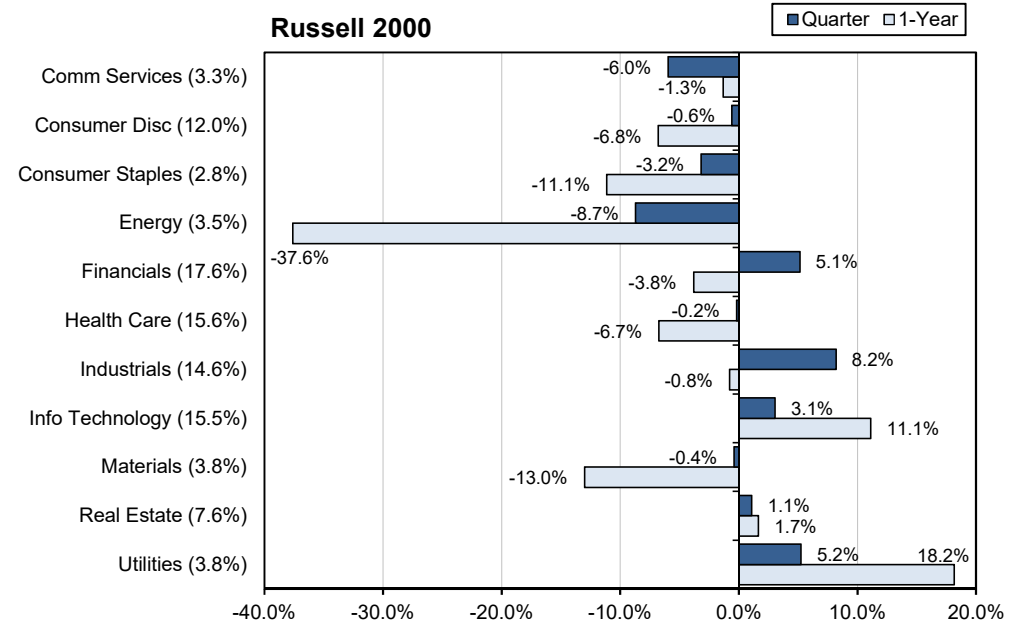
- US equity index returns were modestly positive across the style and capitalization spectrum for the 2nd quarter. Corporate earnings reported during the quarter surprised to the upside, but economic data released during the period showed signs of slowing growth. Developments around global trade were particularly prominent during the period, heavily influencing market sentiment. Positive developments in trade negotiations with China came to an abrupt halt in May leading the US to increase tariffs on \$200 billion of Chinese imports from 10% to 25% and announce that the US would consider tariffs on the remaining \$300 billion in goods imported from China. China retaliated by increasing the tariff range on \$60 billion of US goods from 5-10% to 5-25%. Additionally, the US instituted a ban on sales of technology equipment to Chinese telecommunications firm Huawei citing national security risks. China is expected to take similar action in retaliation although nothing has been announced. Trade talks are ready to resume and both sides have agreed to cease escalations following a meeting between President Trump and President Jinping at the G20 summit held at the end of the quarter. In addition, President Trump threatened a 5% tariff on all Mexican imports as a tact to reduce the level of illegal immigration at the US border with Mexico, and US waivers on sanctions for Iranian oil ended leading to increased tensions in the region that were further escalated after Iran downed a US drone. Despite these headwinds, markets rose following comments from an increasingly accommodative Fed as investors priced in greater odds of easy monetary policy going forward.
- During the quarter, higher market cap stocks outperformed lower market cap stocks across the style spectrum with the only exception being the outperformance of mid cap growth stocks relative to large cap growth stocks. The large cap Russell 1000 Index gained 4.2% during the period versus a 4.1% return for the Russell MidCap Index and a 2.1% gain on the small cap Russell 2000 Index as market participants may be moving toward the relative safety of large cap names as the economy continues to show growing signs of weakness. When viewed over the most recent 1-year period, large cap stocks outperformed relative to small cap stocks. The Russell 1000 returned 10.0% for the year while the Russell 2000 fell -3.3%.
- Growth indices outperformed value indices across the market cap spectrum during the 2nd quarter. Growth stocks have outperformed value in nine of the last ten quarters. The Russell MidCap Growth Index was the best performing style index for the period, returning 5.4% for the quarter with the small cap value index posting the lowest relative return, a gain of 1.4%. The trend of growth outperformance is also visible over the 1-year period as growth indices have benefitted from larger exposures to technology which has been a large driver of index performance over the last year, as well as a meaningful underweight to energy which has been a relative detractor.



- Sector performance was broadly positive across large cap sectors for the 2nd quarter. There were gains for ten out of eleven sectors within the Russell 1000 Index during the period with four sectors outpacing the return of the index. Cyclical sectors such as technology, industrials and consumer discretionary were some of the best performers through the quarter returning 5.8%, 4.2% and 5.1% respectively. Financials also outperformed, returning 7.9%, as investors weighed the benefits of continued economic expansion due to easing monetary policy against the effects of lower interest rates on bank earnings. More defensive higher yielding sectors such as consumer staples, real estate and utilities underperformed for the quarter returning 3.5%, 1.8% and 3.4% respectively. The energy sector was the only large cap sector to post a negative return during the quarter, falling -3.6%, as headwinds from weakening economic data and low oil and natural gas prices weighed on 1st quarter earnings. Health care stocks also lagged as continued discussions in Washington around the potential for increased regulation on drug pricing acted as a headwind. Returns over the 1-year period were positive with nine out of eleven sectors posting gains, six of which were over 10%. Defensive sectors such as utilities, REITs and consumer staples performed well returning 19.5%, 13.9% and 15.5% respectively. Technology returns were also strong gaining 18.6%. Energy and materials were the only sectors to post negative results over the 1-year period with energy falling -14.9% and materials returning -0.1%.



- Quarterly results for small cap sectors were generally worse than their large capitalization counterparts with only two of eleven sectors (industrials and utilities) outperforming their corresponding large cap equivalents. Five of eleven sectors produced gains during the period with four of eleven economic sectors outpacing the Russell 2000 Index return for the quarter. Similar to large caps, cyclical sectors performed well on hopes that any Fed policy easing would counteract the recent weakness in economic growth. The industrials sector performed particularly well returning 8.2%, financials posted a 5.1% gain and technology returned 3.1%. Utilities also outperformed returning 5.2%. The largest detractors over the period were energy and communication services which returned -8.7% and -6.0% respectively. Over the trailing 1-year period, returns were broadly negative. Utilities and technology were relative bright spots returning 18.2% and 11.1%. The energy sector was an outlier in terms of negative returns losing -37.6% during the period. There were also notable losses in materials and consumer staples with materials losing -13.0% and consumer staples falling -11.1%.



**The Market Environment**  
**Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000**  
As of June 30, 2019

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Microsoft Corp	3.71%	14.0%	37.5%	Information Technology
Apple Inc	3.44%	4.6%	8.6%	Information Technology
Amazon.com Inc	2.85%	6.3%	11.4%	Consumer Discretionary
Facebook Inc A	1.68%	15.8%	-0.7%	Communication Services
Berkshire Hathaway Inc B	1.51%	6.1%	14.2%	Financials
Johnson & Johnson	1.37%	0.3%	17.9%	Health Care
JPMorgan Chase & Co	1.35%	11.3%	10.3%	Financials
Alphabet Inc Class C	1.20%	-7.9%	-3.1%	Communication Services
Exxon Mobil Corp	1.19%	-4.1%	-3.3%	Energy
Alphabet Inc A	1.18%	-8.0%	-4.1%	Communication Services

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Adient PLC	0.01%	87.3%	-50.0%	Consumer Discretionary
Anadarko Petroleum Corp	0.13%	55.8%	-1.6%	Energy
Cypress Semiconductor Corp	0.03%	49.8%	46.9%	Information Technology
Okta Inc A	0.04%	49.3%	145.2%	Information Technology
Erie Indemnity Co Class A	0.02%	43.2%	122.5%	Financials
Heico Corp	0.02%	41.1%	83.9%	Industrials
Legg Mason Inc-LeggMason RETAIL	0.01%	39.9%	14.4%	Financials
Exact Sciences Corp	0.05%	36.3%	97.4%	Health Care
Caesars Entertainment Corp	0.02%	36.0%	10.5%	Consumer Discretionary
Ardagh Group SA	0.00%	35.9%	9.6%	Materials

Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
2U Inc	0.01%	-46.9%	-55.0%	Information Technology
Alkermes PLC	0.01%	-38.2%	-45.2%	Health Care
Range Resources Corp	0.01%	-37.7%	-58.0%	Energy
Antero Resources Corp	0.00%	-37.4%	-74.1%	Energy
Chesapeake Energy Corp	0.01%	-37.1%	-62.8%	Energy
RPC Inc	0.00%	-36.5%	-48.8%	Energy
Realogy Holdings Corp	0.00%	-35.8%	-67.4%	Real Estate
The Chemours Co	0.02%	-34.7%	-44.2%	Materials
United Therapeutics Corp	0.01%	-33.5%	-31.0%	Health Care
Mylan NV	0.04%	-32.8%	-47.3%	Health Care

Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Array BioPharma Inc	0.48%	90.0%	176.1%	Health Care
The Trade Desk Inc A	0.37%	15.1%	142.8%	Information Technology
Etsy Inc	0.36%	-8.7%	45.5%	Consumer Discretionary
Coupa Software Inc	0.35%	39.2%	103.4%	Information Technology
Five Below Inc	0.32%	-3.4%	22.8%	Consumer Discretionary
Planet Fitness Inc A	0.31%	5.4%	64.9%	Consumer Discretionary
HubSpot Inc	0.31%	2.6%	36.0%	Information Technology
Haemonetics Corp	0.30%	37.6%	34.2%	Health Care
Woodward Inc	0.30%	19.4%	48.0%	Industrials
Ciena Corp	0.29%	10.1%	55.1%	Information Technology

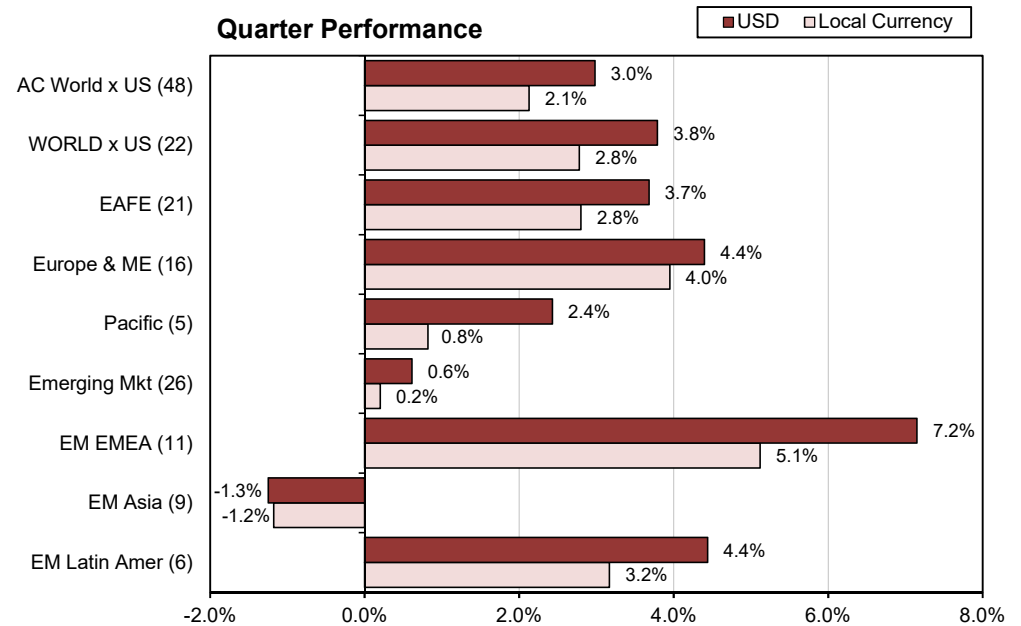
Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Iovance Biotherapeutics Inc	0.13%	157.8%	91.6%	Health Care
Arqule Inc	0.06%	129.9%	99.1%	Health Care
Adverum Biotechnologies Inc	0.03%	126.9%	124.3%	Health Care
Chimerix Inc	0.01%	105.7%	-9.2%	Health Care
Enphase Energy Inc	0.08%	97.5%	170.9%	Information Technology
Maxar Technologies Inc	0.02%	94.8%	-84.0%	Industrials
Array BioPharma Inc	0.48%	90.0%	176.1%	Health Care
Melinta Therapeutics Inc	0.00%	87.3%	-79.1%	Health Care
G1 Therapeutics Inc	0.03%	84.7%	-29.5%	Health Care
Foundation Building Materials Inc	0.01%	80.7%	15.6%	Industrials

Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
FuelCell Energy Inc	0.00%	-94.0%	-98.9%	Industrials
Halcon Resources Corp	0.00%	-86.9%	-96.0%	Energy
Pioneer Energy Services Corp	0.00%	-85.7%	-95.7%	Energy
Eros International PLC	0.00%	-85.2%	-89.6%	Communication Services
Superior Energy Services Inc	0.01%	-72.2%	-86.7%	Energy
electroCore Inc	0.00%	-71.4%	-87.9%	Health Care
Ultra Petroleum Corp	0.00%	-70.5%	-92.2%	Energy
Nuvecra Corp	0.00%	-69.6%	-83.7%	Health Care
Dean Foods Co	0.00%	-69.5%	-91.1%	Consumer Staples
Kirkland's Inc	0.00%	-67.9%	-80.6%	Consumer Discretionary

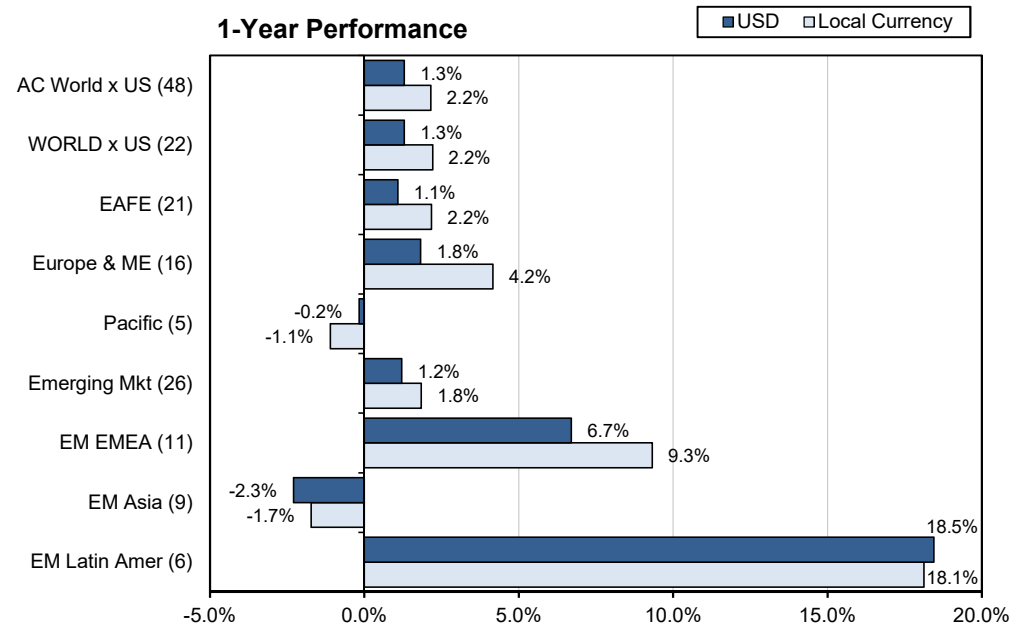


- Broad international equity returns were positive for the quarter in both local currency and USD terms. The MSCI ACWI ex US Index gained 2.1% in local currency terms and 3.0% in US dollar (USD) terms during the 2nd quarter. Similar to US markets, international equity investors balanced difficulties around global trade with central bank shifts toward more accommodative policies as a response to slowing global growth. Notably the ECB President Mario Draghi stated that further monetary policy action may need to be taken if inflation remains below target and the PBoC launched stimulus measures designed to encourage growth following the deterioration of trade negotiations with the US. Returns in USD largely outperformed those in local currency during the quarter as the USD depreciated against most major developed currencies following dovish Fed comments in June. However, the recent USD strength can still be seen over the 1-year period with USD returns trailing most local currency returns. Returns for the MSCI ACWI ex US Index were 2.2% in local currency terms and 1.3% in USD terms for the trailing year.
- Results for developed market international indices were positive in both local currency and USD terms during the 2nd quarter, with the MSCI EAFE Index returning 2.8% and 3.7% respectively. Outside of central bank policy and trade, there was notable news out of the UK with Prime Minister Theresa May resigning from her post after her Brexit withdrawal plan failed to gain parliamentary approval and a new vote for the office is currently underway. UK markets were pressured by continued uncertainty around Brexit with the UK having until October to strike an agreement with the European Union (EU) or withdraw with no agreement in place. Despite the growing uncertainty, the Bank of England (BoE) left monetary policy unchanged. Japan also underperformed as the yen appreciated due to its perceived safe haven status and trade headwinds were expected to affect its export driven economy. The MSCI EAFE Index returned 2.2% and 1.1% for the last twelve months in local currency and USD terms respectively.
- Emerging markets underperformed relative to developed markets for the 2nd quarter, slightly appreciating in both local currency and USD terms. The MSCI Emerging Markets Index gained 0.2% and 0.6% respectively. As expected, geopolitical tensions around trade put pressure on emerging market stocks, with Chinese equities underperforming relative to most countries. Latin American stocks performed well with Brazil and Argentina posting strong returns as commodity prices appreciated from recent lows at the end of 2018 and interest rates fell. Russian equities also performed well, benefiting from increasing commodity prices, but also had a tailwind from a decrease in the likelihood of future US sanctions. One year returns for the MSCI Emerging Market Index were 1.8% in local currency terms and 1.2% in USD terms.

**Quarter Performance**



**1-Year Performance**





**The Market Environment**  
**US Dollar International Index Attribution & Country Detail**  
As of June 30, 2019

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Communication Services	5.4%	4.0%	4.3%
Consumer Discretionary	11.1%	5.9%	-2.6%
Consumer Staples	11.7%	1.9%	4.8%
Energy	5.6%	0.4%	-5.5%
Financials	18.9%	4.3%	-2.9%
Health Care	11.2%	2.0%	7.5%
Industrials	14.8%	5.9%	2.4%
Information Technology	6.7%	6.6%	2.7%
Materials	7.4%	3.9%	0.2%
Real Estate	3.6%	-2.2%	2.3%
Utilities	3.6%	1.5%	9.8%
<b>Total</b>	<b>100.0%</b>	<b>3.7%</b>	<b>1.1%</b>

MSCI - ACWIxUS	Sector Weight	Quarter Return	1-Year Return
Communication Services	6.9%	1.0%	5.6%
Consumer Discretionary	11.3%	3.8%	-3.6%
Consumer Staples	9.8%	2.2%	4.6%
Energy	7.2%	0.5%	-1.4%
Financials	21.9%	4.4%	2.0%
Health Care	8.3%	1.2%	4.2%
Industrials	11.9%	5.2%	2.9%
Information Technology	8.5%	4.0%	-0.7%
Materials	7.6%	2.9%	-0.5%
Real Estate	3.3%	-1.6%	4.3%
Utilities	3.3%	2.2%	10.1%
<b>Total</b>	<b>100.0%</b>	<b>3.0%</b>	<b>1.3%</b>

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Communication Services	11.7%	-2.4%	4.5%
Consumer Discretionary	13.5%	-1.2%	-7.6%
Consumer Staples	6.6%	3.3%	0.9%
Energy	7.9%	1.2%	16.3%
Financials	25.2%	4.0%	11.9%
Health Care	2.6%	-6.6%	-24.7%
Industrials	5.3%	0.0%	4.1%
Information Technology	13.9%	-0.1%	-6.1%
Materials	7.6%	-1.2%	-1.9%
Real Estate	3.0%	-0.2%	10.1%
Utilities	2.7%	2.9%	9.0%
<b>Total</b>	<b>100.0%</b>	<b>0.6%</b>	<b>1.2%</b>

Country	MSCI-EAFE Weight	MSCI-ACWIxUS Weight	Quarter Return	1-Year Return
Japan	23.7%	15.8%	1.0%	-4.2%
United Kingdom	16.8%	11.2%	0.9%	-2.1%
France	11.4%	7.6%	6.5%	3.0%
Switzerland	9.3%	6.2%	8.4%	19.8%
Germany	8.8%	5.9%	7.1%	-3.8%
Australia	7.1%	4.8%	7.3%	6.6%
Hong Kong	4.0%	2.7%	1.0%	10.4%
Netherlands	3.6%	2.4%	5.8%	5.3%
Spain	3.0%	2.0%	2.6%	-2.1%
Sweden	2.7%	1.8%	4.9%	3.4%
Italy	2.3%	1.6%	2.9%	-0.7%
Denmark	1.7%	1.1%	1.6%	5.8%
Singapore	1.4%	0.9%	7.0%	8.3%
Finland	1.0%	0.7%	0.2%	-4.7%
Belgium	1.0%	0.7%	1.2%	-9.1%
Norway	0.7%	0.5%	2.4%	-4.3%
Israel	0.6%	0.4%	-3.6%	-4.5%
Ireland	0.5%	0.4%	4.7%	-9.2%
New Zealand	0.3%	0.2%	3.9%	16.0%
Austria	0.2%	0.2%	0.8%	-13.1%
Portugal	0.2%	0.1%	1.6%	-4.6%
<b>Total EAFE Countries</b>	<b>100.0%</b>	<b>66.8%</b>	<b>3.7%</b>	<b>1.1%</b>
Canada		6.8%	4.9%	3.3%
<b>Total Developed Countries</b>		<b>73.6%</b>	<b>3.8%</b>	<b>1.3%</b>
China		8.3%	-4.0%	-6.7%
Korea		3.3%	-1.0%	-9.1%
Taiwan		2.9%	0.9%	1.1%
India		2.4%	0.5%	7.9%
Brazil		2.0%	7.2%	39.4%
South Africa		1.6%	6.6%	-0.8%
Russia		1.1%	16.9%	27.1%
Thailand		0.8%	9.3%	19.8%
Saudi Arabia		0.8%	0.6%	11.0%
Mexico		0.7%	1.1%	-7.4%
Indonesia		0.6%	3.2%	20.3%
Malaysia		0.6%	1.2%	-0.8%
Philippines		0.3%	4.4%	19.7%
Poland		0.3%	3.5%	10.5%
Qatar		0.3%	0.6%	18.8%
Chile		0.2%	-5.6%	-12.1%
United Arab Emirates		0.2%	-2.7%	3.0%
Turkey		0.1%	2.8%	-17.1%
Colombia		0.1%	-2.4%	-3.7%
Peru		0.1%	-1.9%	3.5%
Argentina		0.1%	31.7%	15.8%
Greece		0.1%	16.2%	-9.2%
Hungary		0.1%	-4.1%	12.7%
Czech Republic		0.0%	2.6%	1.1%
Egypt		0.0%	7.8%	5.4%
Pakistan		0.0%	-20.8%	-36.7%
<b>Total Emerging Countries</b>		<b>26.4%</b>	<b>0.6%</b>	<b>1.2%</b>
<b>Total ACWIxUS Countries</b>		<b>100.0%</b>	<b>3.0%</b>	<b>1.3%</b>

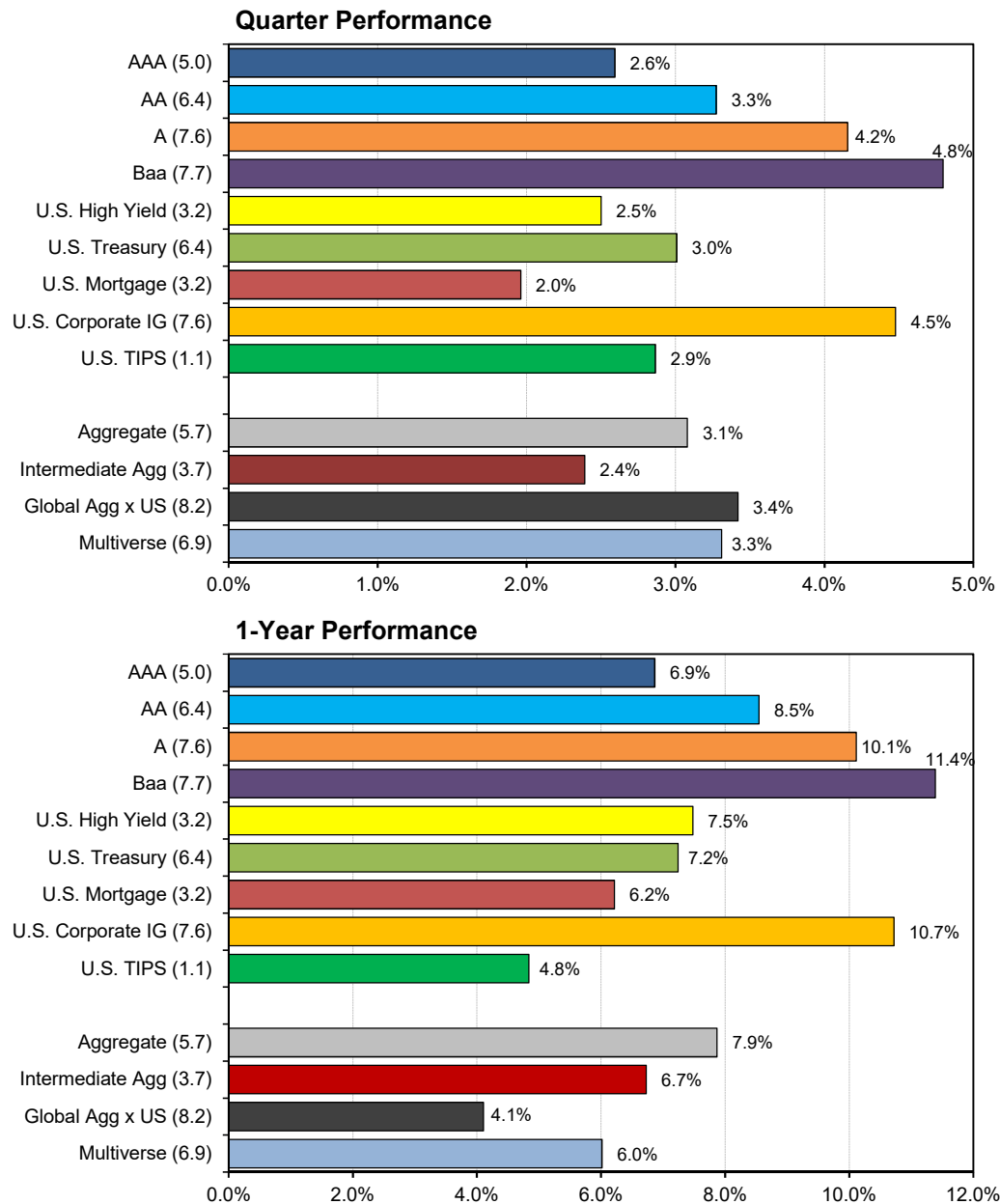
Source: Morningstar Direct, MSCI Global Index Monitor (Returns are Net in USD)

As a result of the GICS classification changes on 9/28/2018 and certain associated reporting limitations, sector performance represents backward looking performance for the prior year of each sector's current constituency, post creation of the Communication Services sector.



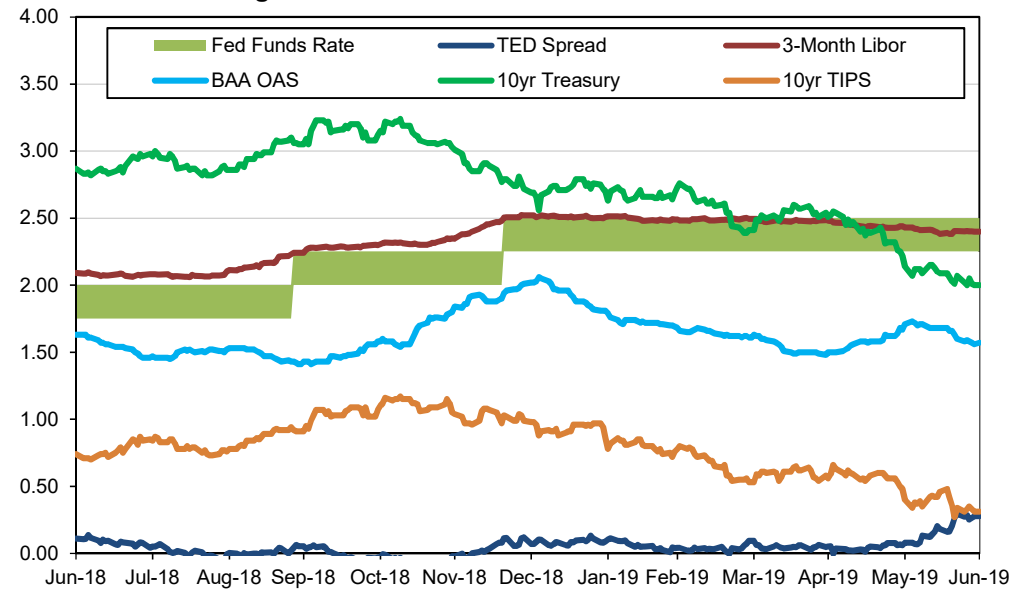


- Broad fixed income benchmarks built on their early 2019 gains during the 2nd quarter. During the 1st quarter, the Federal Open Market Committee (FOMC) reacted to a difficult end to 2018 by issuing guidance that the FOMC is no longer projecting any further interest rate increases through 2019. Federal Reserve Chair Jerome Powell also stated that the Fed would begin tapering the roll off from the planned balance sheet reduction program in May with a plan to halt the program entirely in September. The stoppage of the balance sheet reduction program represents an easing of monetary policy. The Fed took an increasingly dovish stance during the 2nd quarter reacting to softening economic data, tepid inflation and increased risks around global trade. While the committee left interest rates unchanged, the minutes from the June FOMC meeting indicate that the committee felt “downside risks to the outlook for economic activity had risen materially” during the quarter with several participants noting that a “near-term cut in the target range for the Federal Funds Rate could help cushion the effects of possible future adverse shocks to the economy”. These comments led market participants to forecast greater odds of an interest rate cut this year, pushing markets higher. Interest rates fell across all maturities on the US Treasury Yield Curve with the greatest declines occurring in the mid- and long-term issues. The curve remains inverted with short-term maturities paying higher interest rates than issues in the mid- to long-end of the curve. The bellwether Bloomberg Barclays US Aggregate Index posted positive returns for both the 1st quarter and the 1-year period, returning 3.1% and 7.9% respectively.
- Within investment grade credit, lower quality issues outperformed higher quality issues as investors gravitated toward higher risk securities during the quarter. Lower quality issues also benefitted from their higher durations. On an absolute basis, without negating the duration differences in the sub-indices, Baa rated credit was the best performing investment grade credit quality segment returning 4.8% for the quarter, while AAA was the worst performing, returning 2.6%. High yield issues returned 2.5% for the quarter as these issues did not commensurately benefit from the drop in interest rates due to their lower durations. Returns over the 1-year period generally show lower quality securities outperforming higher quality issues.
- Investment grade corporates outperformed the more defensive Treasury and mortgage backed sectors of the Bloomberg Barclays US Aggregate Index’s three broad sectors during the 2nd quarter. Investment grade corporate credit returned 4.5%, as falling interest rates benefitted these securities to a greater degree and credit spreads have continued to tighten since the end of 2018. When viewed over the 1-year period, corporate credit outperformed both Treasuries and mortgage backed securities. Corporate issues returned 10.7% versus a 6.2% return for mortgages and 7.2% gain on Treasury securities.

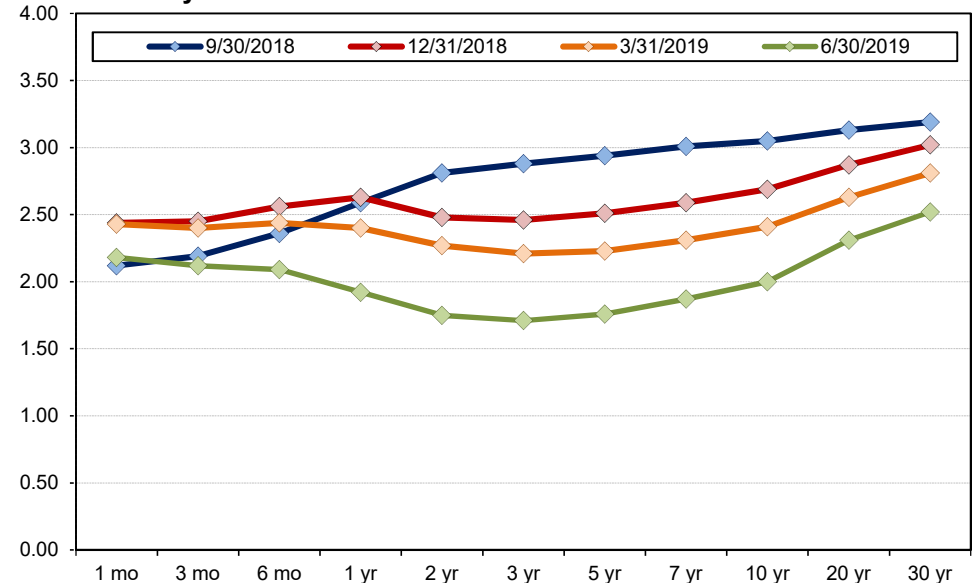


- Global fixed income returns were in line with their domestic counterparts, slightly outperforming during the 2nd quarter. These indices have lower, or in some cases (Germany, Japan), negative yields, but have higher durations. The returns of these indices are also significantly influenced by fluctuations in their currency denomination relative to the USD. The USD depreciated against most other developed currencies, acting as a tailwind to global bond indices. The return on global bonds, as represented by the Bloomberg Barclays Global Aggregate ex US Index, was 3.4%. Global bonds still trail over the 1-year period with the Global Aggregate ex US Index returning 4.1% versus a 7.9% return on the domestically focused Barclays Aggregate Index. As global growth has shown signs of stalling, several international central banks have started to step back from more restrictive postures. The ECB and the PBoC have moved toward an easing of monetary policy and implemented various stimulus programs designed to support their respective economies. The Bank of England and the Bank of Japan made no major policy changes during the quarter as they continue to review macroeconomic data within their respective countries.
- Much of the index performance detailed in the bar graphs on the previous page is visible on a time series basis by reviewing the line graphs to the right. The '1-Year Trailing Market Rates' chart illustrates that the 10-year Treasury yield (green line) fell from recent high's greater than 3.0%, to 2.0% to end the quarter. The blue line illustrates changes in the BAA OAS (Option Adjusted Spread). This measure quantifies the additional yield premium that investors require to purchase and hold non-Treasury issues. This line illustrates an abrupt increase in credit spreads during the 4th quarter of 2018 as investors moved to higher quality assets during the quarter's risk-off environment. Subsequently, spreads dropped steadily until they rose again in May and then later declined in June. This spread tightening is equivalent to an interest rate decrease on corporate bonds, which produces an additional tailwind for corporate bond index returns. These credit spreads have tightened by about 6 basis points over the last three months. The green band across the graph illustrates the gradual increase in the Federal Funds Rate due to the tightening of US monetary policy during 2018. There have been no changes to the Federal Funds Rate in 2019.
- The lower graph provides a snapshot of the US Treasury yield curve at the end of each of the last four calendar quarters. The downward shift in interest rates as well as a general steepening of the yield curve are clearly visible over the last quarter. As mentioned, the yield curve continues to invert as yields on shorter-term maturities fell less than interest rates in the middle- to long-end of the curve.

1-Year Trailing Market Rates

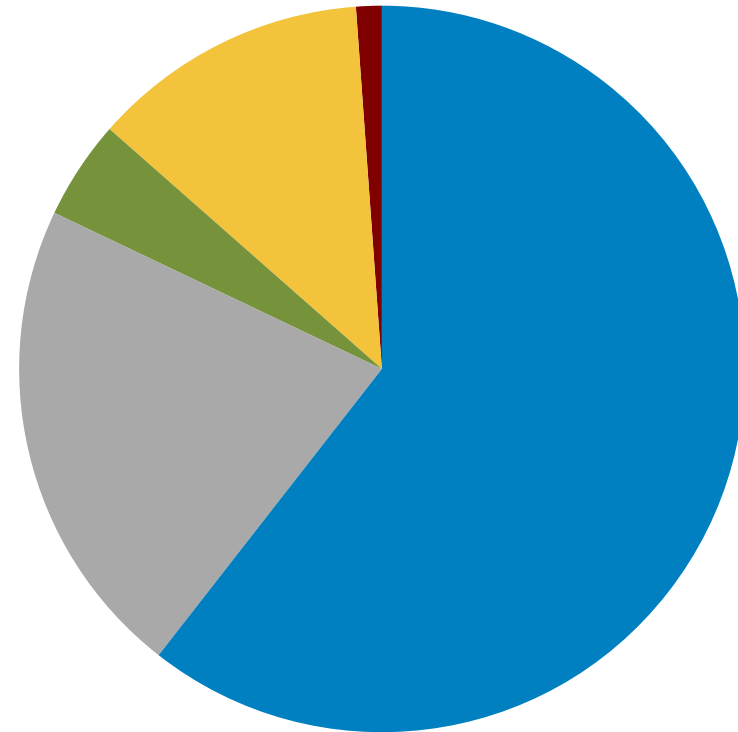
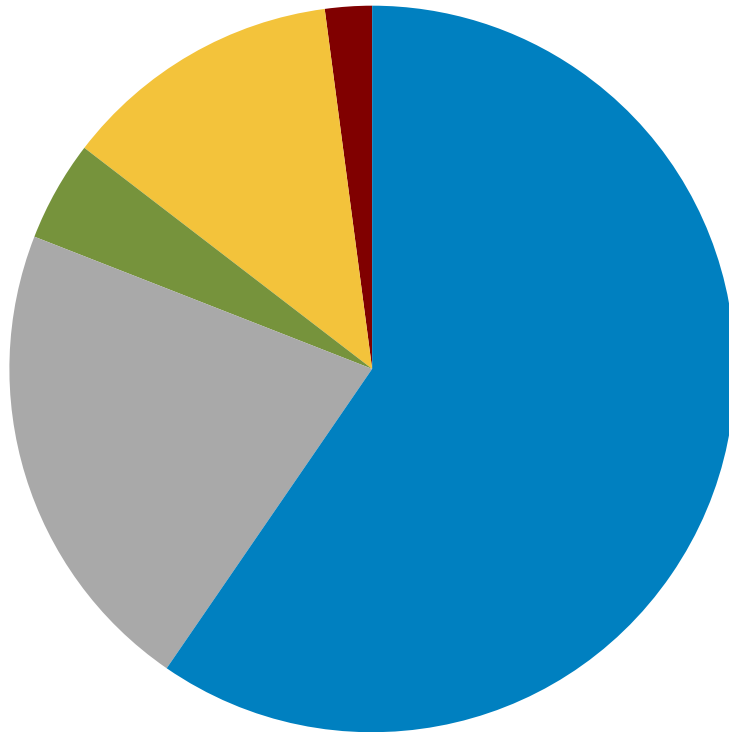


Treasury Yield Curve



Asset Allocation By Segment as of  
 March 31, 2019 : \$56,073,477

Asset Allocation By Segment as of  
 June 30, 2019 : \$57,339,597

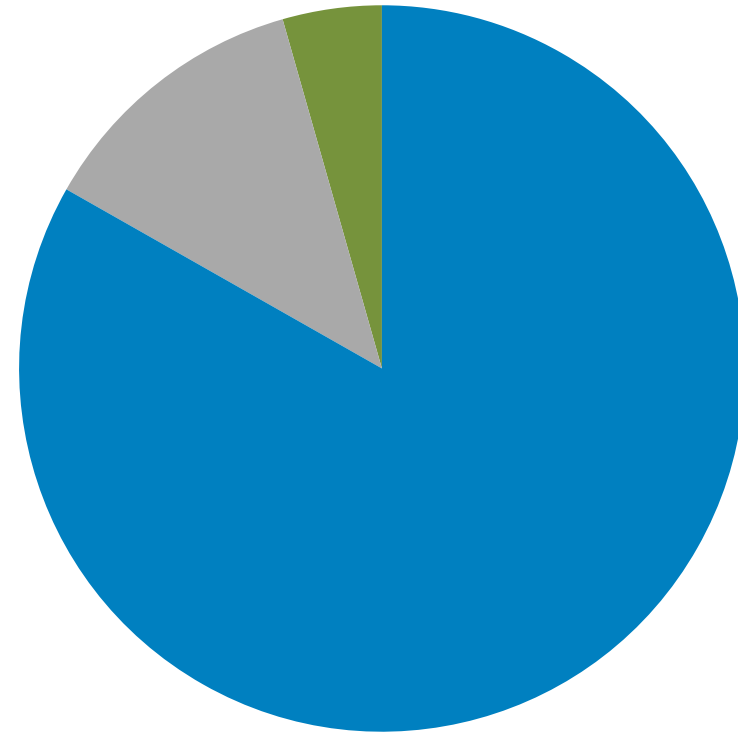
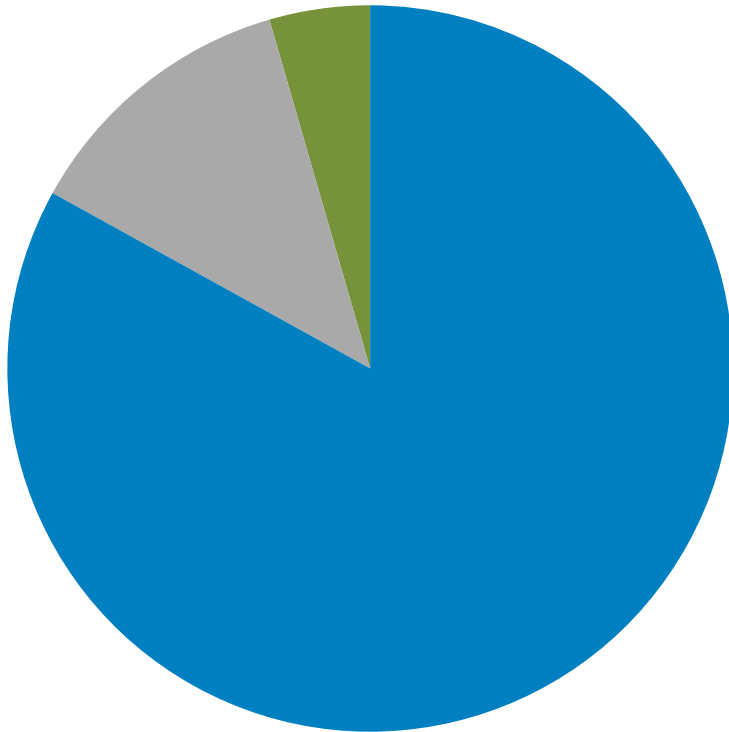


Allocation			Allocation		
Segments	Market Value	Allocation	Segments	Market Value	Allocation
Equity	33,412,648	59.6	Equity	34,721,824	60.6
Domestic Fixed Income	11,969,924	21.3	Domestic Fixed Income	12,335,564	21.5
Global Fixed Income	2,512,892	4.5	Global Fixed Income	2,532,163	4.4
Real Estate	7,005,963	12.5	Real Estate	7,093,307	12.4
Cash Equivalent	1,172,051	2.1	Cash Equivalent	656,739	1.1



Asset Allocation By Manager as of  
 March 31, 2019 : \$56,073,477

Asset Allocation By Manager as of  
 June 30, 2019 : \$57,339,597



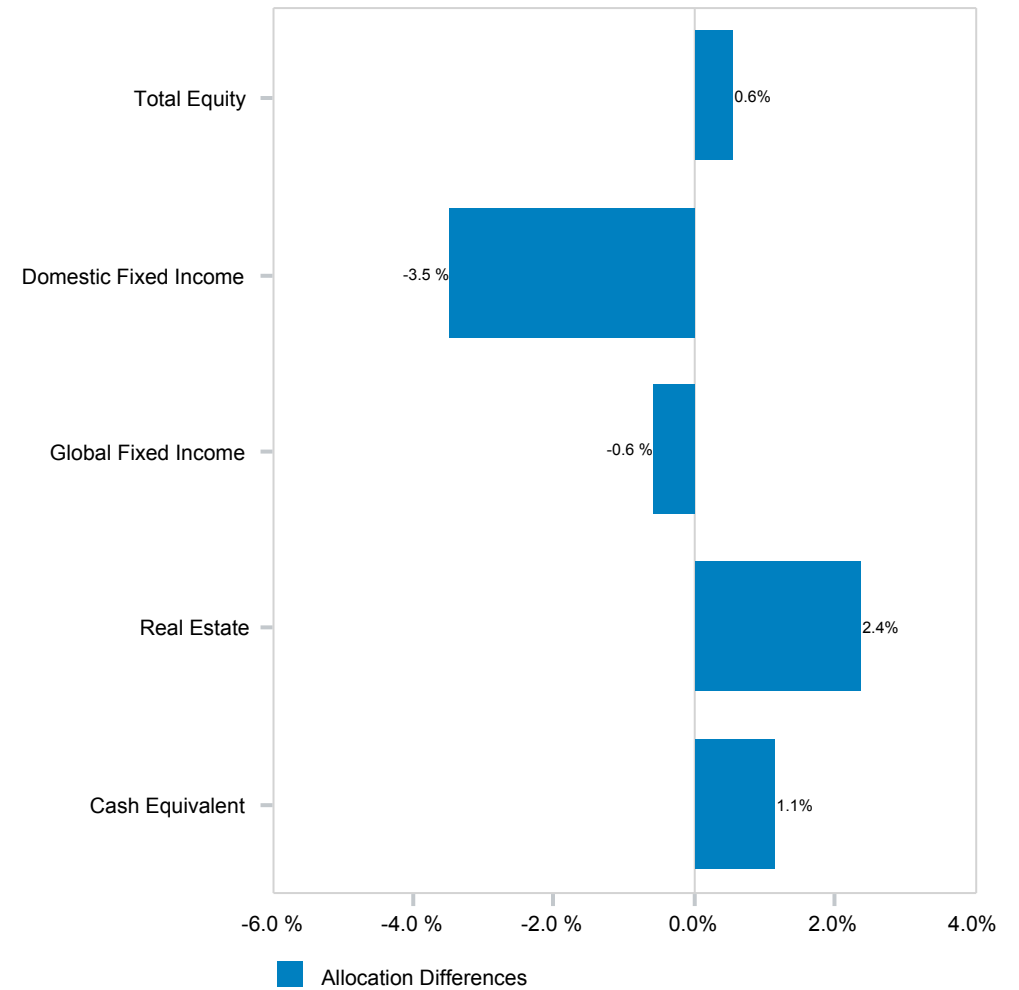
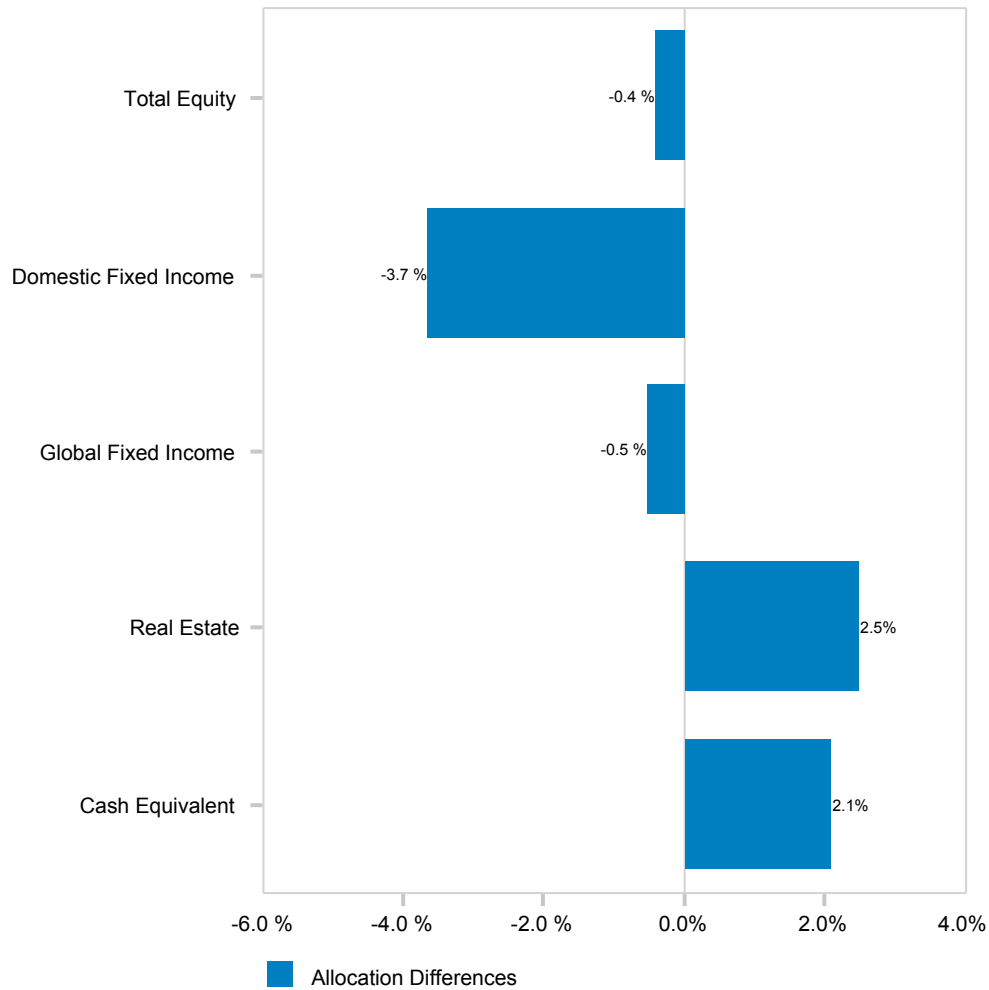
Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
■ Highland Capital	46,554,622	83.0	■ Highland Capital	47,714,127	83.2
■ American Core Realty Fund	7,005,963	12.5	■ American Core Realty Fund	7,093,307	12.4
■ Templeton Global	2,512,892	4.5	■ Templeton Global	2,532,163	4.4



**Asset Allocation vs. Target Allocation**

**Total Fund**

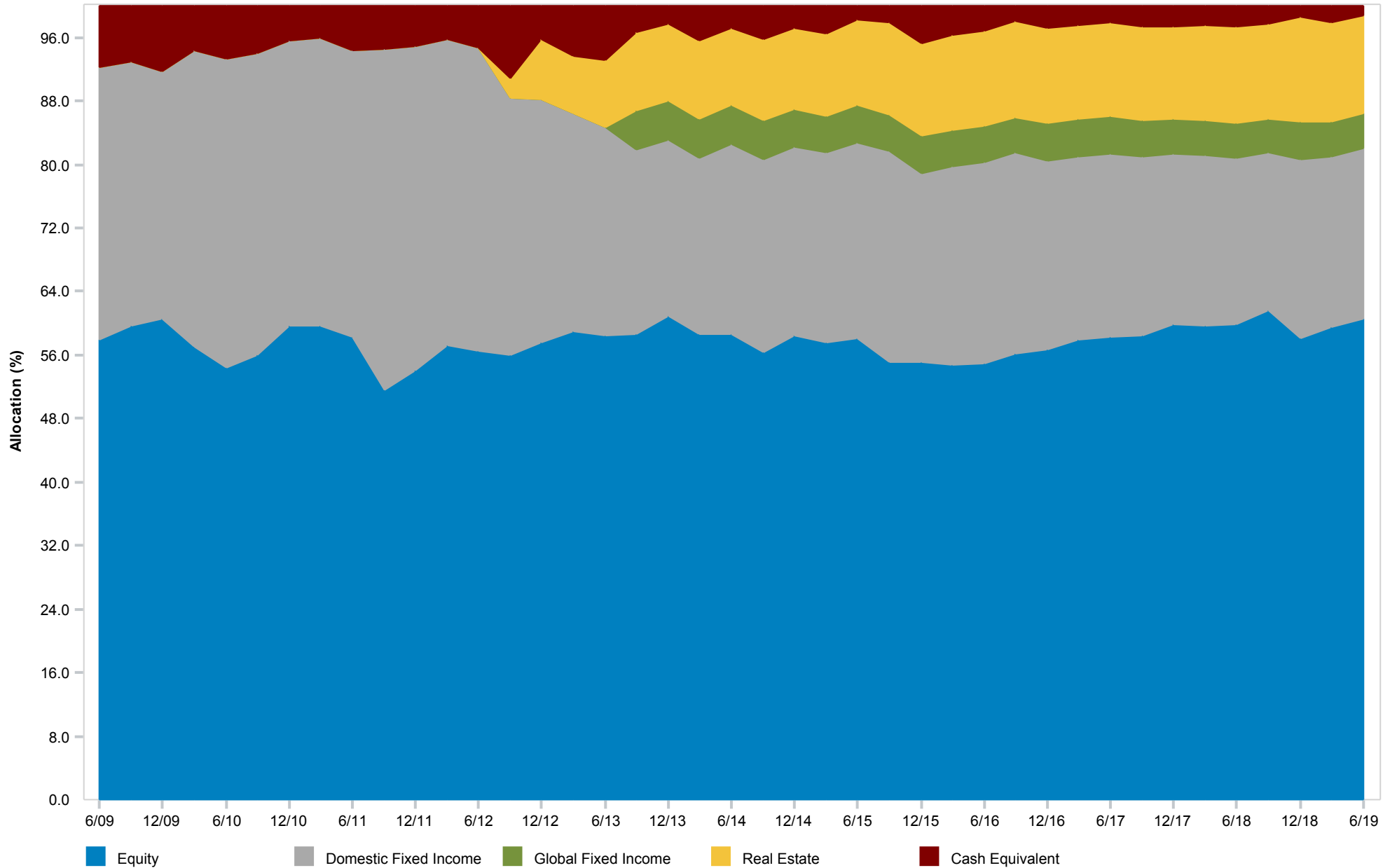
As of June 30, 2019



As of March 31, 2019				As of June 30, 2019			
	Market Value \$	Allocation (%)	Target (%)		Market Value \$	Allocation (%)	Target (%)
Total Equity	33,412,648	59.6	60.0	Total Equity	34,721,824	60.6	60.0
Domestic Fixed Income	11,969,924	21.3	25.0	Domestic Fixed Income	12,335,564	21.5	25.0
Global Fixed Income	2,512,892	4.5	5.0	Global Fixed Income	2,532,163	4.4	5.0
Real Estate	7,005,963	12.5	10.0	Real Estate	7,093,307	12.4	10.0
Cash Equivalent	1,172,051	2.1	0.0	Cash Equivalent	656,739	1.1	0.0
Total Fund	56,073,477	100.0	100.0	Total Fund	57,339,597	100.0	100.0



Historical Asset Allocation by Segment



## Financial Reconciliation Quarter to Date

	Market Value 04/01/2019	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 06/30/2019
Highland Capital	46,554,622	-	430,546	-855,645	-94,584	-50,023	281,090	1,448,119	47,714,127
Templeton Global	2,512,892	-	-	-	-	-	37,342	-18,070	2,532,163
American Core Realty Fund	7,005,963	-	-	-	-19,560	-	85,529	21,375	7,093,307
Mutual Fund Cash	-	-	-	-	-	-	-	-	-
<b>Total Fund</b>	<b>56,073,477</b>	<b>-</b>	<b>430,546</b>	<b>-855,645</b>	<b>-114,144</b>	<b>-50,023</b>	<b>403,961</b>	<b>1,451,425</b>	<b>57,339,597</b>

## Financial Reconciliation Fiscal Year to Date

	Market Value 10/01/2018	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 06/30/2019
Highland Capital	48,066,676	-	1,400,246	-2,281,926	-137,172	-104,816	879,941	-108,822	47,714,127
Templeton Global	2,434,194	-	-	-	-	-	144,551	-46,582	2,532,163
American Core Realty Fund	6,792,782	-	-	-	-57,923	-	252,627	105,821	7,093,307
Mutual Fund Cash	-	-	-	-	-	-	-	-	-
<b>Total Fund</b>	<b>57,293,652</b>	<b>-</b>	<b>1,400,246</b>	<b>-2,281,926</b>	<b>-195,095</b>	<b>-104,816</b>	<b>1,277,120</b>	<b>-49,584</b>	<b>57,339,597</b>



## Comparative Performance Trailing Returns

	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
<b>Total Fund (Net)</b>	<b>3.13</b>	<b>1.88</b>	<b>5.99</b>	<b>8.80</b>	<b>6.31</b>	<b>6.79</b>	<b>01/01/1998</b>
Total Fund Policy	3.53	4.11	7.69	9.34	6.95	6.61	
<b>Total Fund (Gross)</b>	<b>3.34 (38)</b>	<b>2.24 (87)</b>	<b>6.57 (42)</b>	<b>9.33 (30)</b>	<b>6.81 (15)</b>	<b>7.19 (11)</b>	<b>01/01/1998</b>
Total Fund Policy	3.53 (20)	4.11 (26)	7.69 (14)	9.34 (30)	6.95 (9)	6.61 (47)	
All Public Plans-Total Fund Median	3.23	3.45	6.36	8.91	5.98	6.59	
<b>Highland Capital Equity (Gross)</b>	<b>4.05 (57)</b>	<b>-0.18 (68)</b>	<b>6.19 (64)</b>	<b>13.27 (51)</b>	<b>8.45 (61)</b>	<b>8.42 (71)</b>	<b>01/01/1998</b>
Total Equity Policy	3.88 (66)	1.58 (46)	7.21 (53)	13.04 (60)	8.32 (62)	6.73 (98)	
IM U.S. All Cap Core Equity (SA+CF) Median	4.19	1.52	7.94	13.34	9.37	8.61	
<b>Highland Capital Fixed (Gross)</b>	<b>3.10 (62)</b>	<b>7.42 (90)</b>	<b>7.64 (90)</b>	<b>2.64 (60)</b>	<b>3.24 (57)</b>	<b>4.73 (99)</b>	<b>01/01/1998</b>
Total Fixed Policy	3.08 (69)	7.85 (65)	7.87 (79)	2.31 (88)	2.95 (89)	4.97 (88)	
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	3.14	7.92	8.11	2.80	3.29	5.33	
<b>Templeton Global</b>	<b>0.77 (100)</b>	<b>4.02 (93)</b>	<b>5.56 (71)</b>	<b>4.57 (10)</b>	<b>1.50 (52)</b>	<b>2.48 (42)</b>	<b>08/01/2013</b>
FTSE World Government Bond Index	3.57 (38)	7.22 (35)	5.48 (71)	1.00 (95)	0.85 (79)	1.62 (83)	
IM Global Fixed Income (MF) Median	3.37	6.51	6.42	2.56	1.51	2.31	
<b>American Core Realty Fund</b>	<b>1.53 (32)</b>	<b>5.29 (50)</b>	<b>7.60 (50)</b>	<b>7.74 (77)</b>	<b>9.55 (76)</b>	<b>10.23 (83)</b>	<b>07/01/2012</b>
NCREIF Fund Index-Open End Diversified Core (EW)	1.35 (67)	4.73 (84)	6.91 (84)	7.88 (74)	10.03 (61)	10.61 (66)	
IM U.S. Open End Private Real Estate (SA+CF) Median	1.47	5.28	7.59	8.43	10.69	11.23	

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages. Fiscal year ends September 30th.

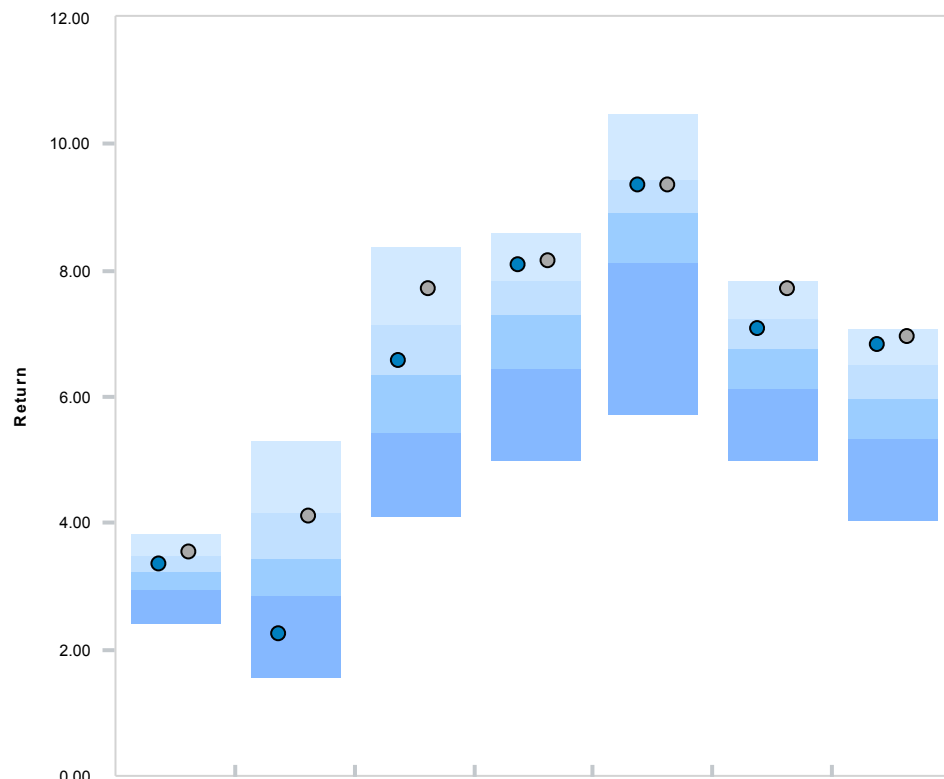


Comparative Performance Fiscal Year Returns								
	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011
<b>Total Fund (Net)</b>	<b>9.71</b>	<b>12.52</b>	<b>7.49</b>	<b>1.11</b>	<b>10.06</b>	<b>12.76</b>	<b>14.76</b>	<b>-1.76</b>
Total Fund Policy	8.58	11.87	11.23	0.03	11.18	10.98	18.44	2.01
<b>Total Fund (Gross)</b>	<b>10.22 (7)</b>	<b>13.13 (25)</b>	<b>7.99 (84)</b>	<b>1.48 (10)</b>	<b>10.65 (37)</b>	<b>13.18 (33)</b>	<b>15.22 (77)</b>	<b>-1.21 (86)</b>
Total Fund Policy	8.58 (24)	11.87 (50)	11.23 (16)	0.03 (32)	11.18 (27)	10.98 (65)	18.44 (35)	2.01 (27)
All Public Plans-Total Fund Median	7.11	11.84	9.74	-0.78	9.93	12.05	17.55	0.68
<b>Highland Capital Equity (Gross)</b>	<b>16.31 (58)</b>	<b>20.57 (29)</b>	<b>9.30 (74)</b>	<b>-0.41 (50)</b>	<b>14.17 (72)</b>	<b>23.16 (62)</b>	<b>23.08 (80)</b>	<b>-6.76 (98)</b>
Total Equity Policy	13.62 (77)	19.14 (48)	13.68 (37)	-3.37 (81)	15.61 (62)	20.14 (83)	27.76 (48)	-0.40 (64)
IM U.S. All Cap Core Equity (SA+CF) Median	16.68	18.88	11.94	-0.47	16.38	24.50	27.38	1.04
<b>Highland Capital Fixed (Gross)</b>	<b>-1.07 (75)</b>	<b>0.85 (39)</b>	<b>7.00 (10)</b>	<b>2.18 (88)</b>	<b>3.95 (81)</b>	<b>-2.75 (100)</b>	<b>7.18 (39)</b>	<b>5.29 (47)</b>
Total Fixed Policy	-1.22 (89)	0.07 (87)	5.19 (81)	2.94 (60)	3.85 (88)	-1.86 (89)	5.28 (88)	5.23 (53)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	-0.74	0.62	5.67	3.02	4.51	-1.22	6.62	5.26
<b>Templeton Global</b>	<b>-1.61 (55)</b>	<b>13.17 (1)</b>	<b>0.68 (100)</b>	<b>-7.69 (93)</b>	<b>6.34 (11)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
FTSE World Government Bond Index	-1.54 (55)	-2.69 (94)	9.71 (20)	-3.83 (50)	-0.07 (96)	-4.60 (82)	3.29 (96)	4.61 (8)
IM Global Fixed Income (MF) Median	-1.29	1.02	7.42	-3.85	3.37	-1.81	7.17	1.74
<b>American Core Realty Fund</b>	<b>8.50 (66)</b>	<b>7.52 (67)</b>	<b>9.04 (97)</b>	<b>13.98 (69)</b>	<b>12.49 (64)</b>	<b>12.27 (70)</b>	<b>N/A</b>	<b>N/A</b>
NCREIF Fund Index-Open End Diversified Core (EW)	8.82 (59)	7.81 (60)	10.62 (69)	14.71 (62)	12.39 (68)	12.47 (67)	11.77 (63)	18.03 (44)
IM U.S. Open End Private Real Estate (SA+CF) Median	9.04	8.29	11.32	15.45	12.78	13.18	12.87	16.96

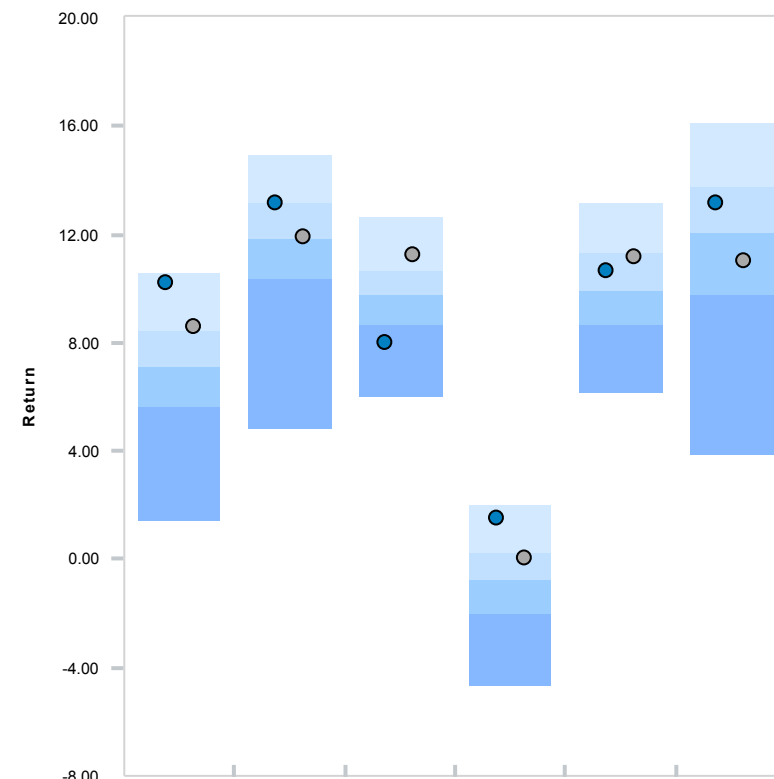
Returns for periods greater than one year are annualized.  
Returns are expressed as percentages. Fiscal year ends September 30th.



Plan Sponsor Peer Group Analysis - All Public Plans-Total Fund



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Total Fund	3.34 (38)	2.24 (87)	6.57 (42)	8.10 (14)	9.33 (30)	7.09 (32)	6.81 (15)
● Total Fund Policy	3.53 (20)	4.11 (26)	7.69 (14)	8.16 (12)	9.34 (30)	7.69 (8)	6.95 (9)
Median	3.23	3.45	6.36	7.30	8.91	6.76	5.98



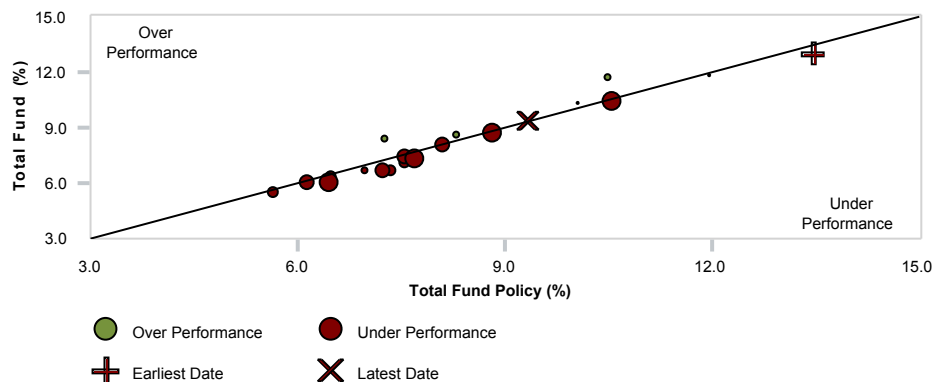
	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013
● Total Fund	10.22 (7)	13.13 (25)	7.99 (84)	1.48 (10)	10.65 (37)	13.18 (33)
● Total Fund Policy	8.58 (24)	11.87 (50)	11.23 (16)	0.03 (32)	11.18 (27)	10.98 (65)
Median	7.11	11.84	9.74	-0.78	9.93	12.05

Comparative Performance

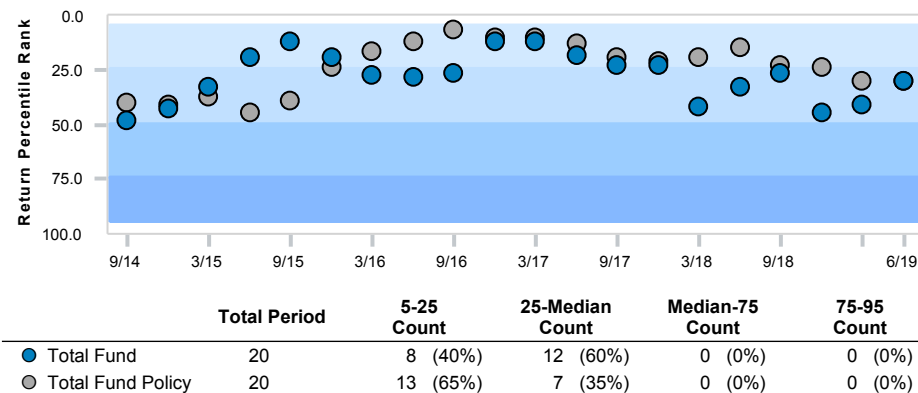
	1 Qtr Ending Mar-2019	1 Qtr Ending Dec-2018	1 Qtr Ending Sep-2018	1 Qtr Ending Jun-2018	1 Qtr Ending Mar-2018	1 Qtr Ending Dec-2017
Total Fund	8.47 (50)	-8.79 (80)	4.24 (4)	1.98 (13)	-0.62 (69)	4.34 (11)
Total Fund Policy	8.83 (38)	-7.60 (51)	3.44 (15)	1.39 (34)	-0.41 (56)	3.96 (31)
All Public Plans-Total Fund Median	8.40	-7.55	2.58	1.03	-0.32	3.61



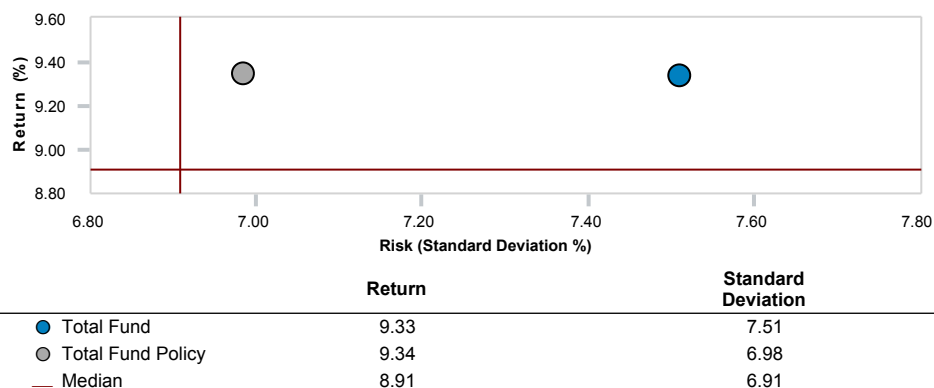
3 Yr Rolling Under/Over Performance - 5 Years



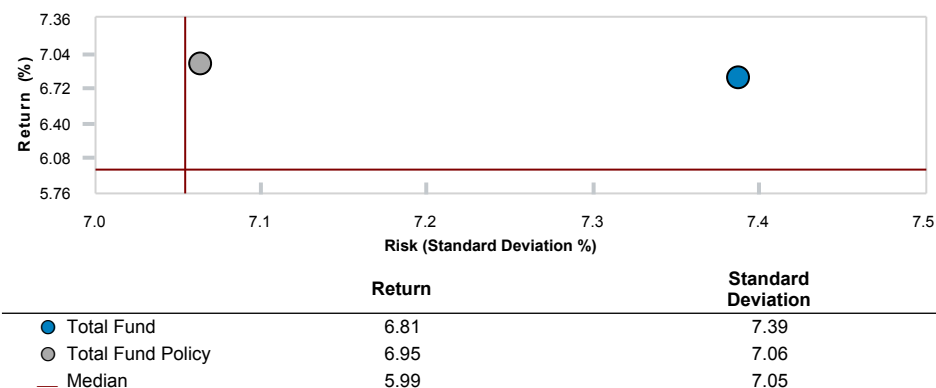
3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



Historical Statistics - 3 Years

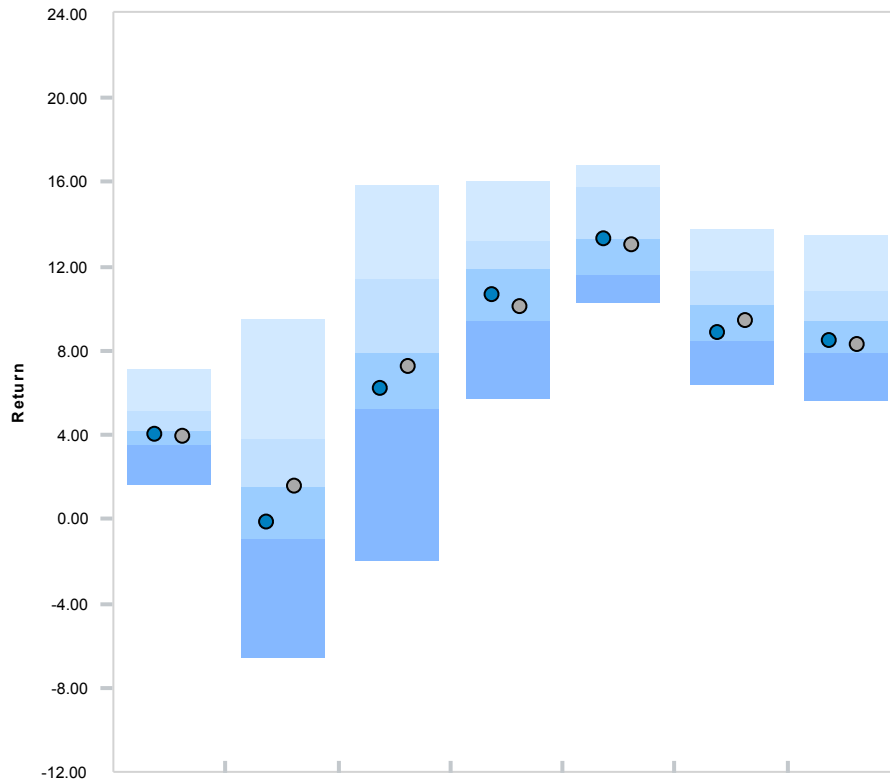
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fund	1.41	103.94	109.83	-0.50	0.02	1.05	1.06	5.00
Total Fund Policy	0.00	100.00	100.00	0.00	N/A	1.12	1.00	4.46

Historical Statistics - 5 Years

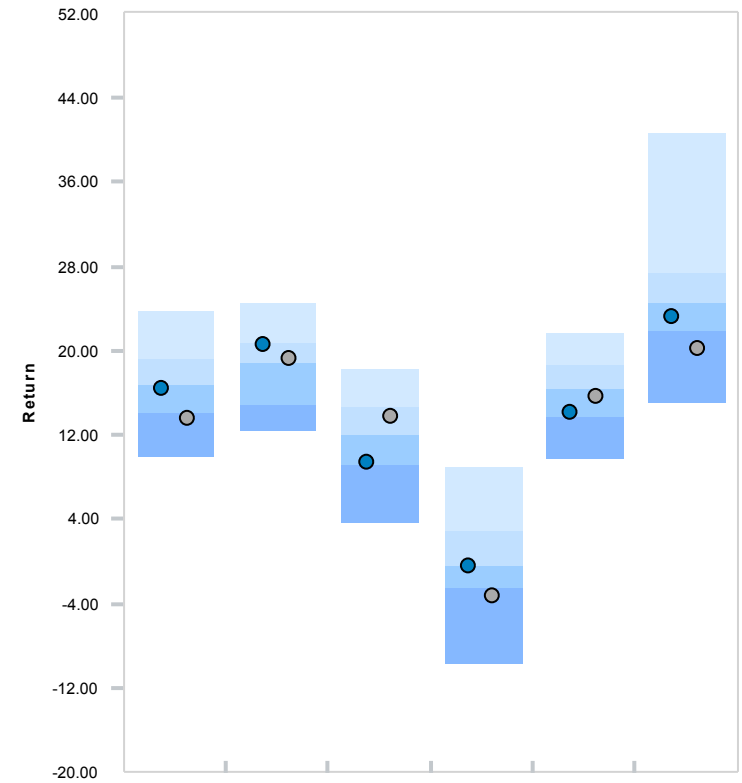
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fund	1.47	100.52	102.84	-0.29	-0.08	0.82	1.03	4.74
Total Fund Policy	0.00	100.00	100.00	0.00	N/A	0.87	1.00	4.32



Peer Group Analysis - IM U.S. All Cap Core Equity (SA+CF)



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Highland Capital Equity	4.05 (57)	-0.18 (68)	6.19 (64)	10.67 (58)	13.27 (51)	8.80 (69)	8.45 (61)
● Total Equity Policy	3.88 (66)	1.58 (46)	7.21 (53)	10.08 (64)	13.04 (60)	9.37 (61)	8.32 (62)
Median	4.19	1.52	7.94	11.85	13.34	10.14	9.37



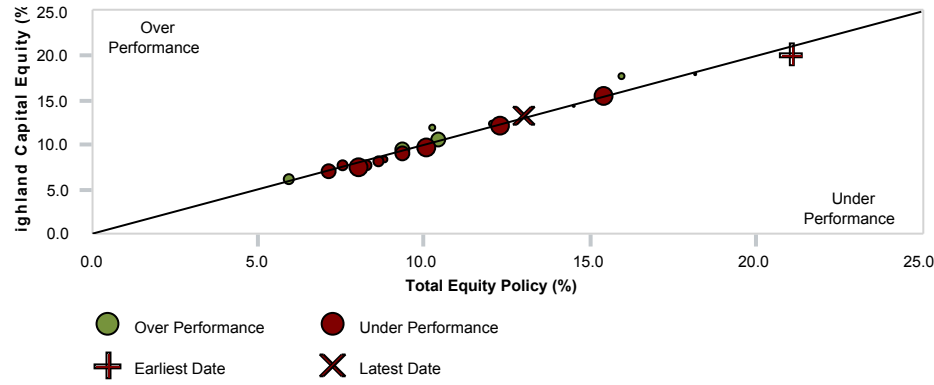
	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013
● Highland Capital Equity	16.31 (58)	20.57 (29)	9.30 (74)	-0.41 (50)	14.17 (72)	23.16 (62)
● Total Equity Policy	13.62 (77)	19.14 (48)	13.68 (37)	-3.37 (81)	15.61 (62)	20.14 (83)
Median	16.68	18.88	11.94	-0.47	16.38	24.50

Comparative Performance

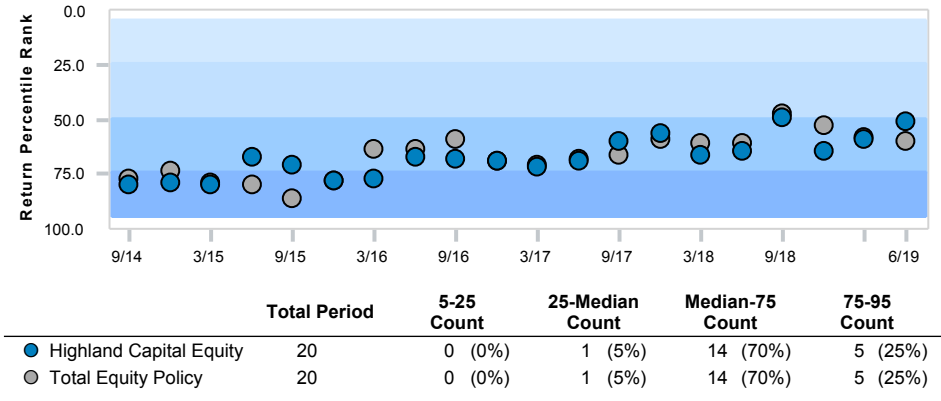
	1 Qtr Ending Mar-2019	1 Qtr Ending Dec-2018	1 Qtr Ending Sep-2018	1 Qtr Ending Jun-2018	1 Qtr Ending Mar-2018	1 Qtr Ending Dec-2017
Highland Capital Equity	13.03 (66)	-15.12 (60)	6.39 (54)	3.22 (64)	-1.02 (72)	7.01 (30)
Total Equity Policy	13.14 (65)	-13.56 (30)	5.54 (64)	2.31 (71)	-0.75 (67)	6.02 (62)
IM U.S. All Cap Core Equity (SA+CF) Median	13.63	-14.73	6.62	3.70	-0.17	6.56



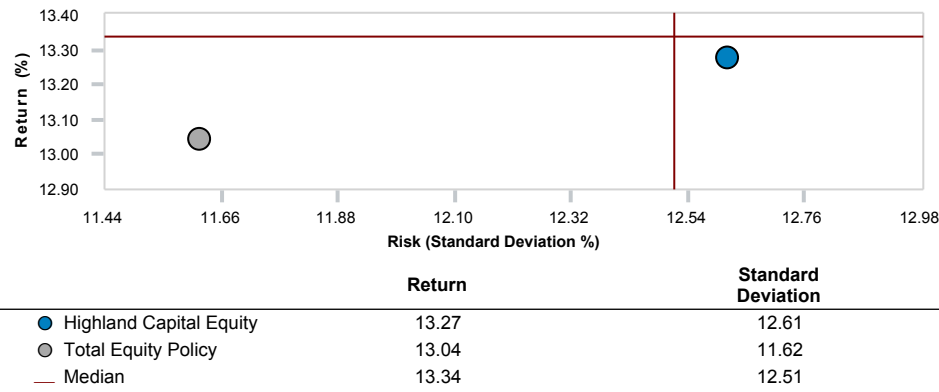
### 3 Yr Rolling Under/Over Performance - 5 Years



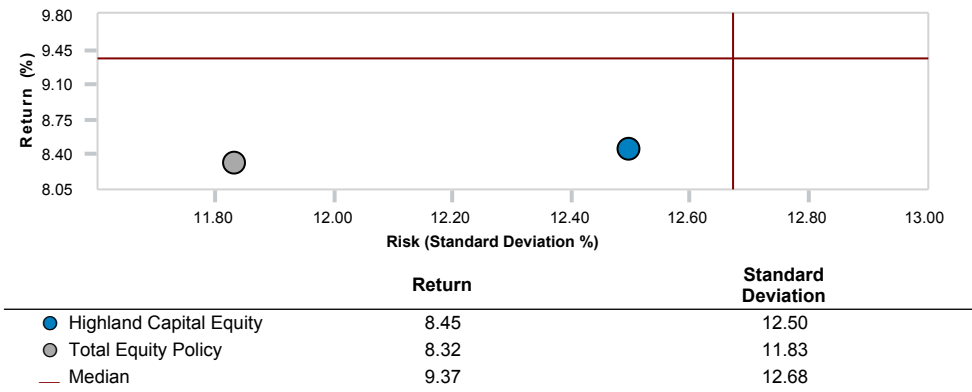
### 3 Yr Rolling Percentile Ranking - 5 Years



### Peer Group Scattergram - 3 Years



### Peer Group Scattergram - 5 Years



### Historical Statistics - 3 Years

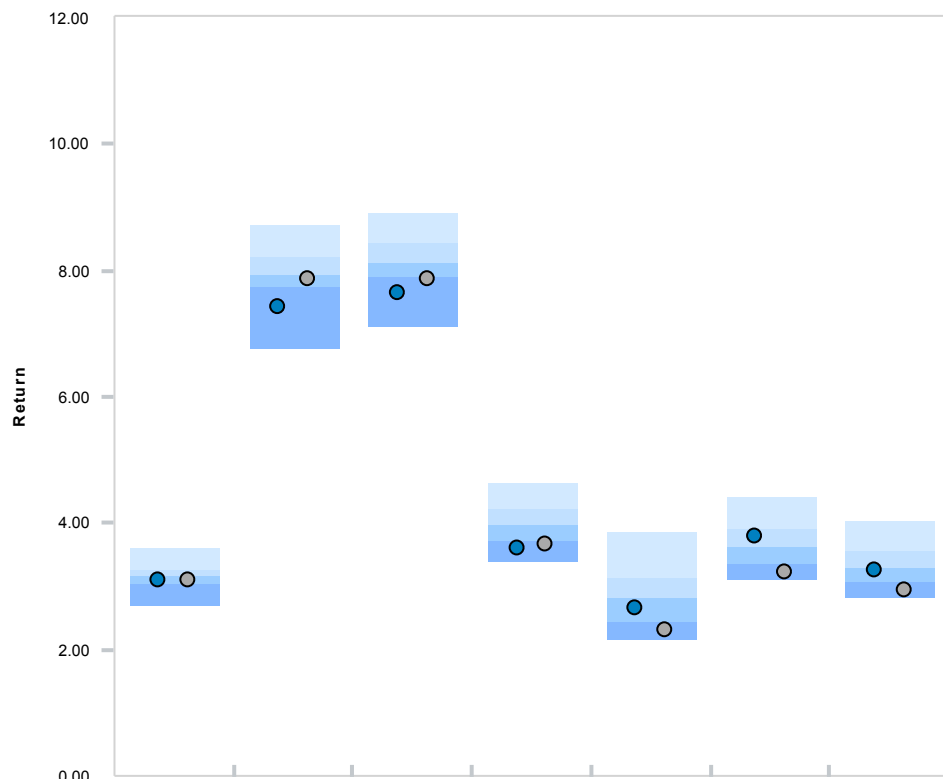
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland Capital Equity	1.91	105.16	108.62	-0.65	0.17	0.95	1.08	8.62
Total Equity Policy	0.00	100.00	100.00	0.00	N/A	1.00	1.00	7.83

### Historical Statistics - 5 Years

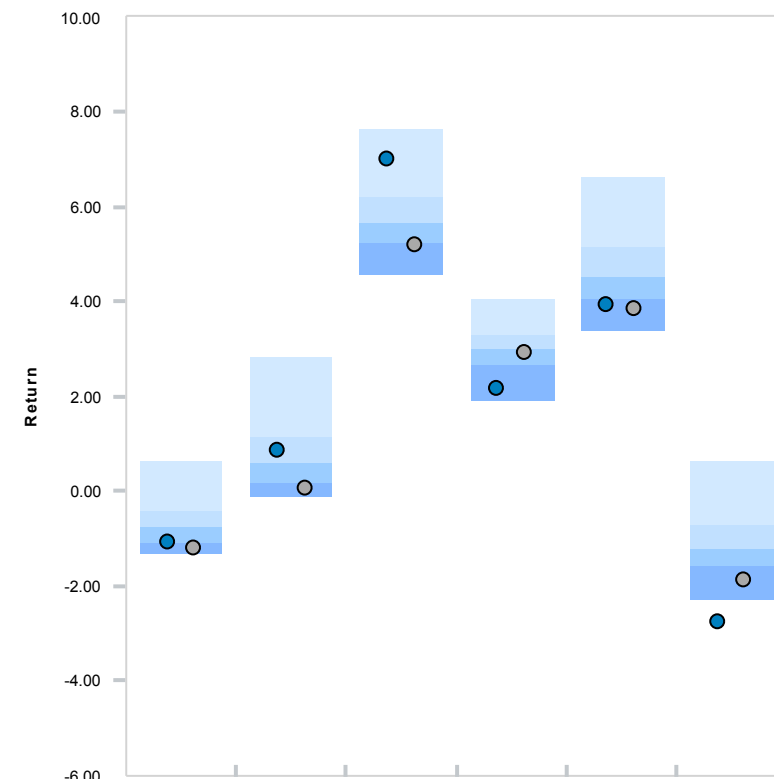
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland Capital Equity	2.12	103.94	105.07	-0.15	0.10	0.65	1.04	8.27
Total Equity Policy	0.00	100.00	100.00	0.00	N/A	0.67	1.00	7.70



Peer Group Analysis - IM U.S. Broad Market Core Fixed Income (SA+CF)



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Highland Fixed	3.10 (62)	7.42 (90)	7.64 (90)	3.59 (90)	2.64 (60)	3.78 (36)	3.24 (57)
● Total Fixed Policy	3.08 (69)	7.85 (65)	7.87 (79)	3.65 (85)	2.31 (88)	3.22 (89)	2.95 (89)
Median	3.14	7.92	8.11	3.97	2.80	3.63	3.29



	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013
● Highland Fixed	-1.07 (75)	0.85 (39)	7.00 (10)	2.18 (88)	3.95 (81)	-2.75 (100)
● Total Fixed Policy	-1.22 (89)	0.07 (87)	5.19 (81)	2.94 (60)	3.85 (88)	-1.86 (89)
Median	-0.74	0.62	5.67	3.02	4.51	-1.22

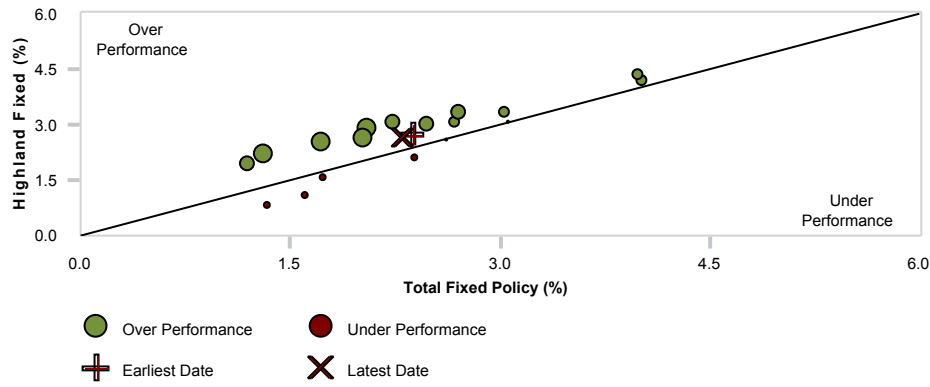
Comparative Performance

	1 Qtr Ending Mar-2019	1 Qtr Ending Dec-2018	1 Qtr Ending Sep-2018	1 Qtr Ending Jun-2018	1 Qtr Ending Mar-2018	1 Qtr Ending Dec-2017
Highland Fixed	2.72 (92)	1.43 (47)	0.20 (45)	-0.38 (96)	-1.45 (66)	0.57 (34)
Total Fixed Policy	2.94 (83)	1.64 (23)	0.02 (83)	-0.16 (73)	-1.46 (68)	0.39 (80)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	3.22	1.40	0.18	-0.09	-1.37	0.51

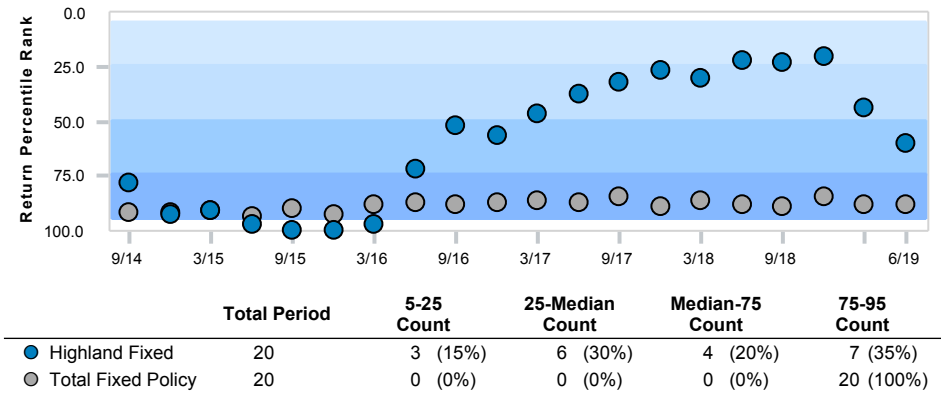




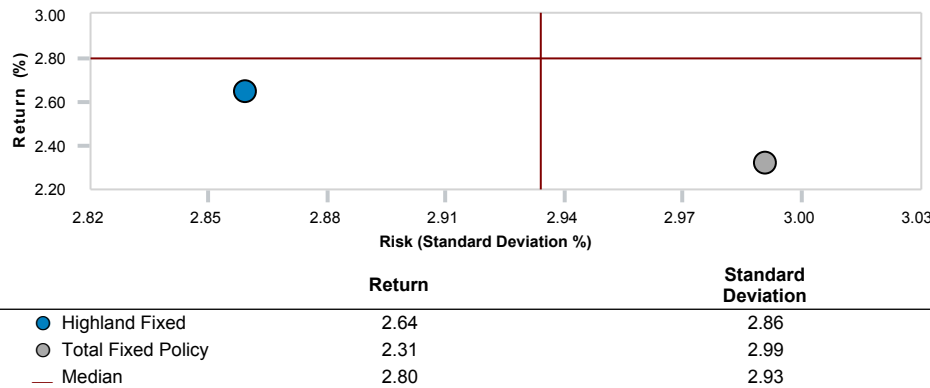
### 3 Yr Rolling Under/Over Performance - 5 Years



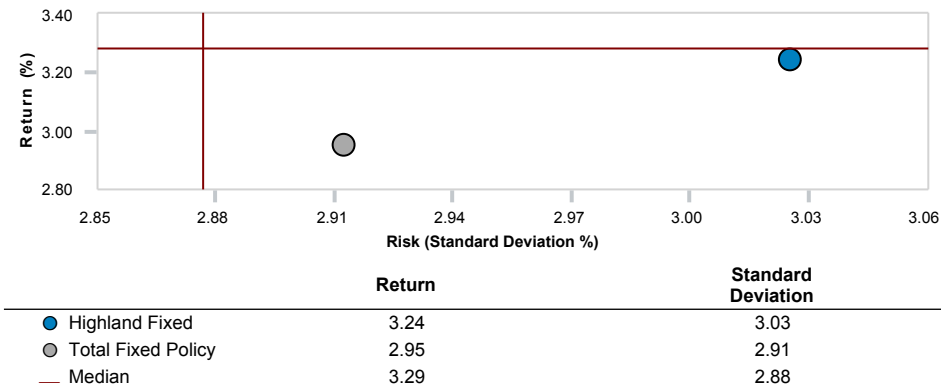
### 3 Yr Rolling Percentile Ranking - 5 Years



### Peer Group Scattergram - 3 Years



### Peer Group Scattergram - 5 Years



### Historical Statistics - 3 Years

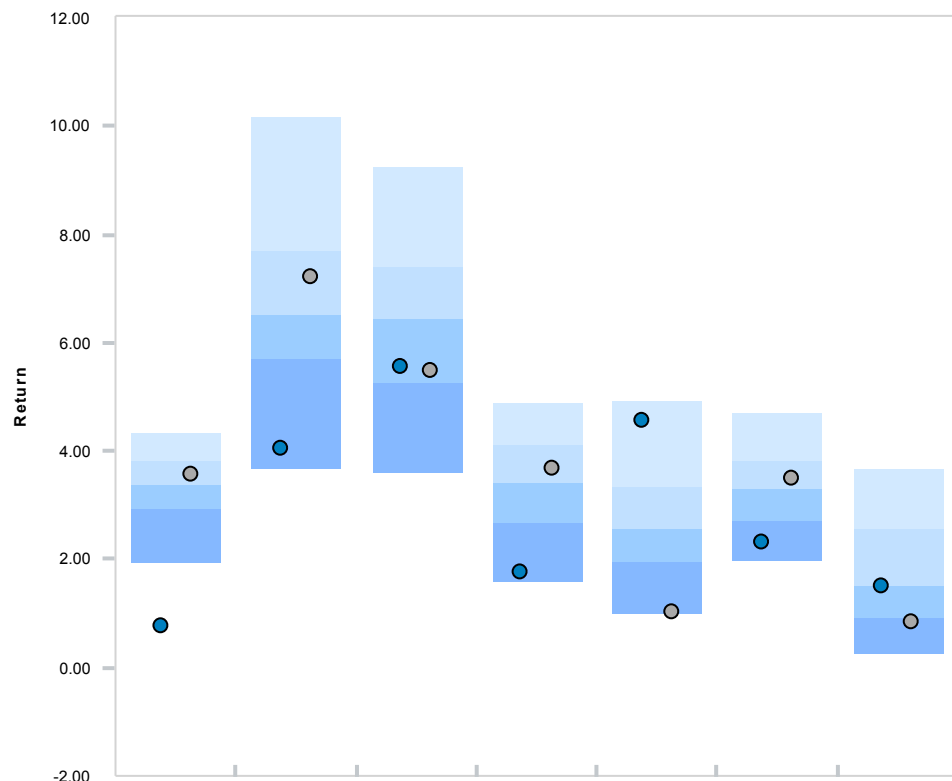
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland Fixed	0.49	102.31	93.05	0.45	0.64	0.46	0.94	1.80
Total Fixed Policy	0.00	100.00	100.00	0.00	N/A	0.34	1.00	1.85

### Historical Statistics - 5 Years

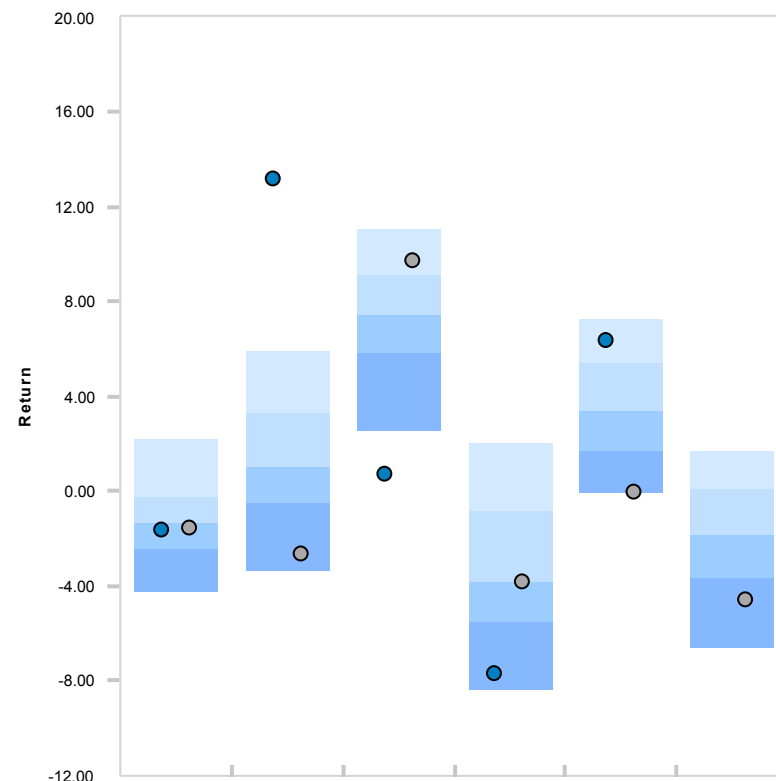
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland Fixed	0.90	107.65	105.26	0.31	0.32	0.80	0.99	1.70
Total Fixed Policy	0.00	100.00	100.00	0.00	N/A	0.73	1.00	1.63



Plan Sponsor Peer Group Analysis - IM Global Fixed Income (MF)



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Templeton GB	0.77 (100)	4.02 (93)	5.56 (71)	1.77 (94)	4.57 (10)	2.29 (90)	1.50 (52)
● FTSE W/G Bond	3.57 (38)	7.22 (35)	5.48 (71)	3.68 (40)	1.00 (95)	3.48 (44)	0.85 (79)
Median	3.37	6.51	6.42	3.41	2.56	3.31	1.51



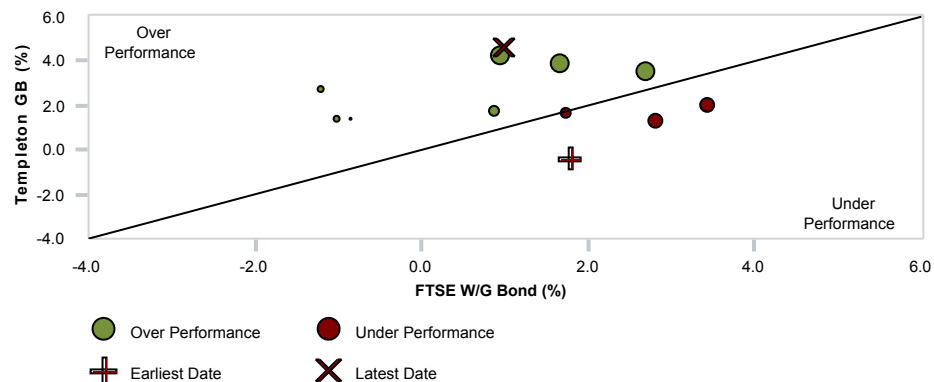
	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013
● Templeton GB	-1.61 (55)	13.17 (1)	0.68 (100)	-7.69 (93)	6.34 (11)	N/A
● FTSE W/G Bond	-1.54 (55)	-2.69 (94)	9.71 (20)	-3.83 (50)	-0.07 (96)	-4.60 (82)
Median	-1.29	1.02	7.42	-3.85	3.37	-1.81

Comparative Performance

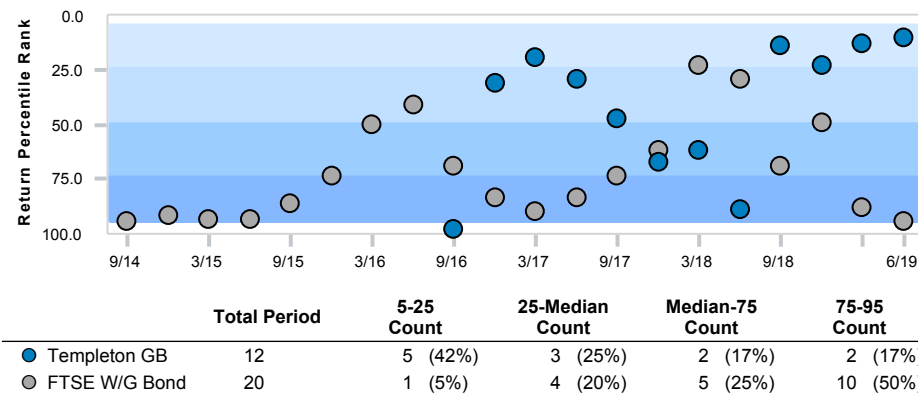
	1 Qtr Ending Mar-2019	1 Qtr Ending Dec-2018	1 Qtr Ending Sep-2018	1 Qtr Ending Jun-2018	1 Qtr Ending Mar-2018	1 Qtr Ending Dec-2017
Templeton GB	1.98 (87)	1.23 (11)	1.47 (4)	-2.57 (52)	1.36 (31)	-1.81 (100)
FTSE W/G Bond	1.74 (89)	1.75 (10)	-1.62 (97)	-3.35 (64)	2.50 (5)	1.04 (18)
IM Global Fixed Income (MF) Median	3.10	0.35	-0.39	-2.29	0.80	0.66



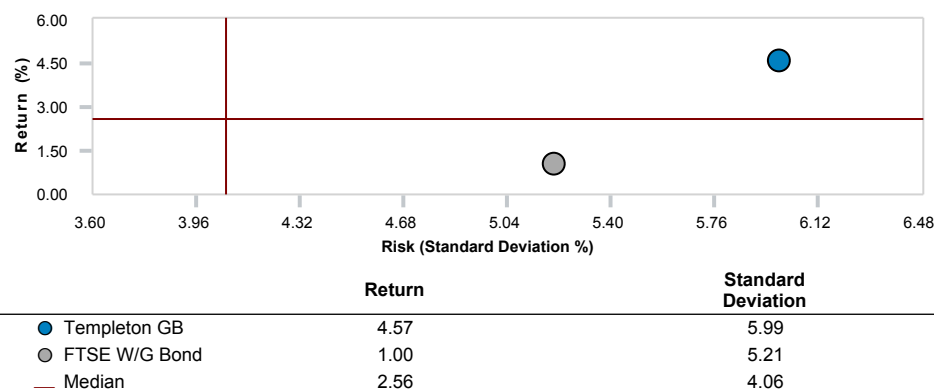
### 3 Yr Rolling Under/Over Performance - 5 Years



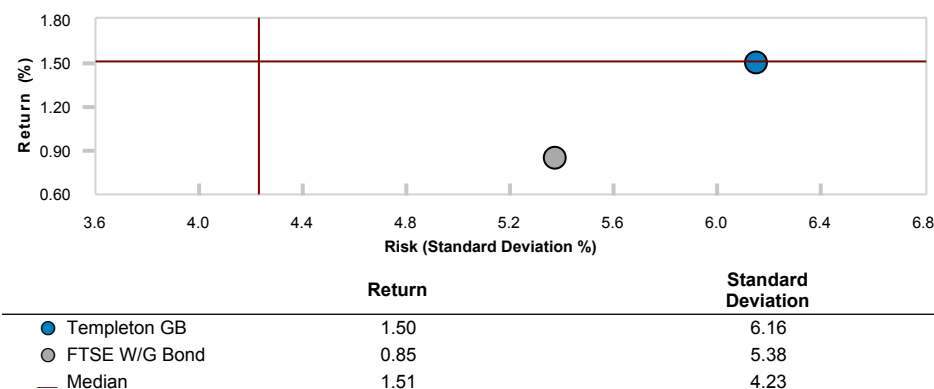
### 3 Yr Rolling Percentile Ranking - 5 Years



### Peer Group Scattergram - 3 Years



### Peer Group Scattergram - 5 Years



### Historical Statistics - 3 Years

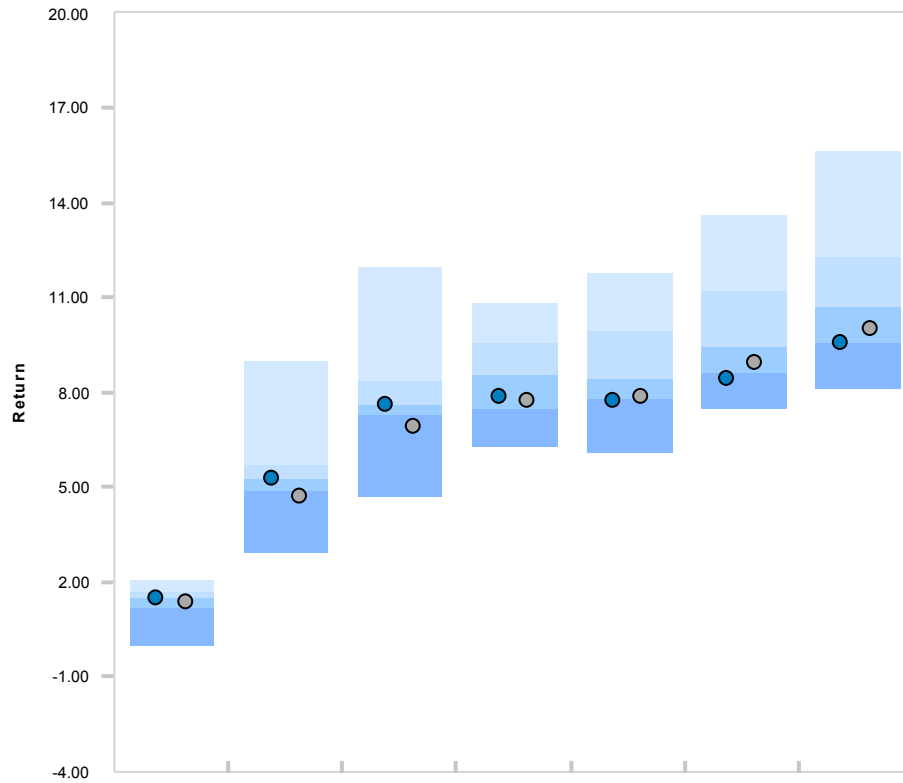
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Templeton GB	9.05	4.11	-66.13	5.17	0.39	0.55	-0.35	3.39
FTSE W/G Bond	0.00	100.00	100.00	0.00	N/A	-0.04	1.00	3.89

### Historical Statistics - 5 Years

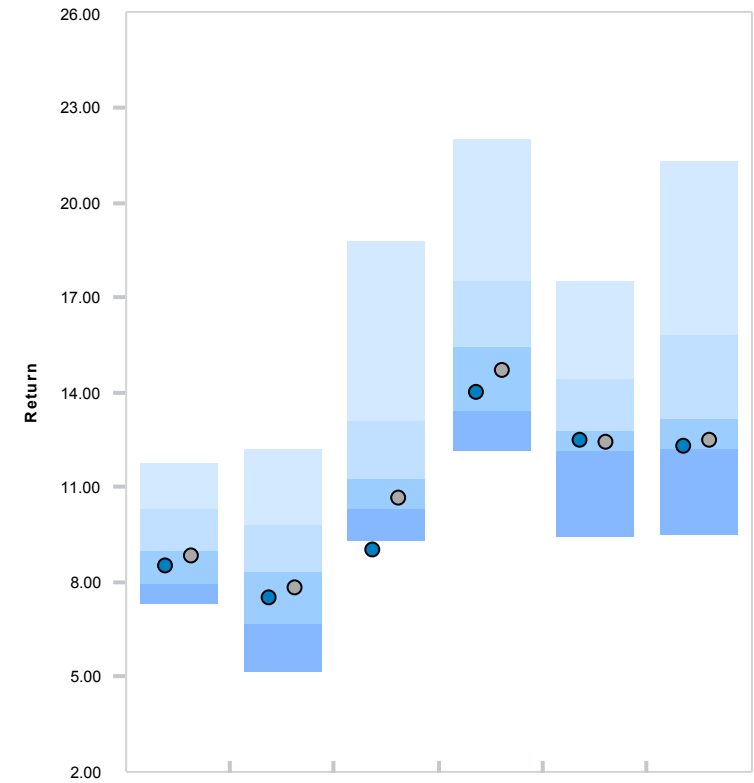
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Templeton GB	8.84	-14.16	-40.71	1.89	0.08	0.13	-0.20	3.93
FTSE W/G Bond	0.00	100.00	100.00	0.00	N/A	0.03	1.00	3.82



Plan Sponsor Peer Group Analysis - IM U.S. Open End Private Real Estate (SA+CF)



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● American Core Realty	1.53 (32)	5.29 (50)	7.60 (50)	7.88 (67)	7.74 (77)	8.46 (77)	9.55 (76)
● NCREIF ODCE	1.35 (67)	4.73 (84)	6.91 (84)	7.76 (73)	7.88 (74)	8.94 (73)	10.03 (61)
Median	1.47	5.28	7.59	8.60	8.43	9.45	10.69



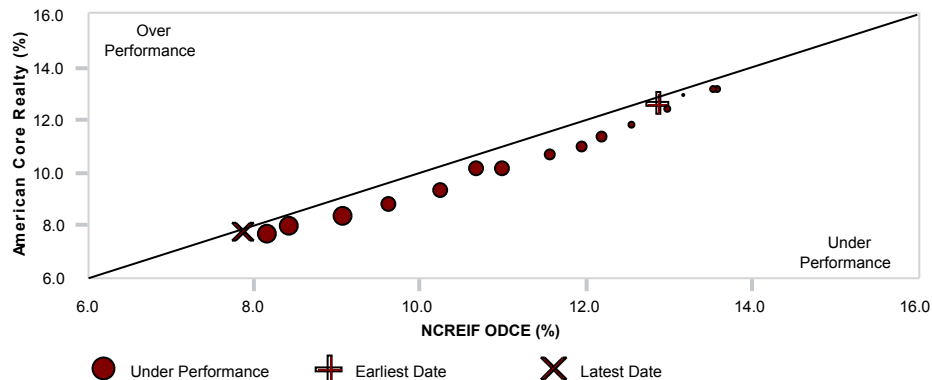
	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013
● American Core Realty	8.50 (66)	7.52 (67)	9.04 (97)	13.98 (69)	12.49 (64)	12.27 (70)
● NCREIF ODCE	8.82 (59)	7.81 (60)	10.62 (69)	14.71 (62)	12.39 (68)	12.47 (67)
Median	9.04	8.29	11.32	15.45	12.78	13.18

Comparative Performance

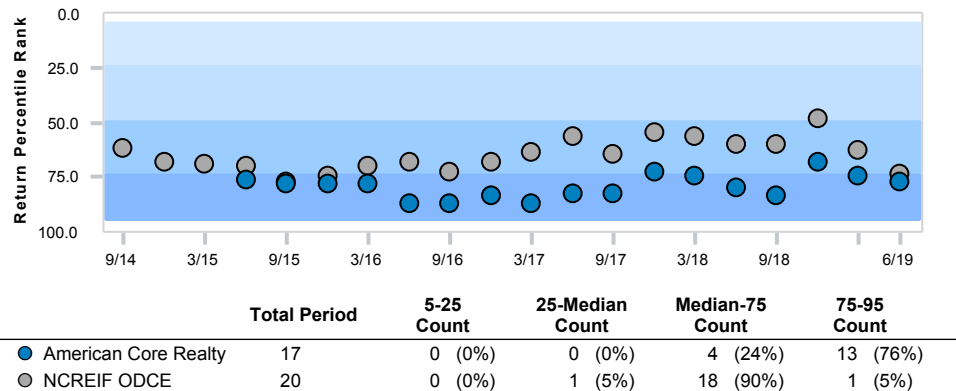
	1 Qtr Ending Mar-2019	1 Qtr Ending Dec-2018	1 Qtr Ending Sep-2018	1 Qtr Ending Jun-2018	1 Qtr Ending Mar-2018	1 Qtr Ending Dec-2017
American Core Realty	1.74 (76)	1.94 (27)	2.19 (47)	2.09 (66)	2.23 (45)	1.73 (87)
NCREIF ODCE	1.69 (81)	1.62 (62)	2.09 (54)	2.13 (61)	2.17 (55)	2.15 (57)
IM U.S. Open End Private Real Estate (SA+CF) Median	1.99	1.76	2.10	2.22	2.21	2.25



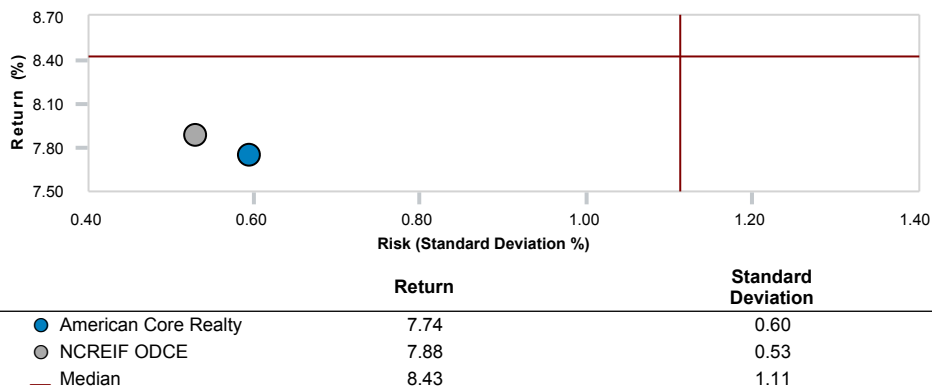
### 3 Yr Rolling Under/Over Performance - 5 Years



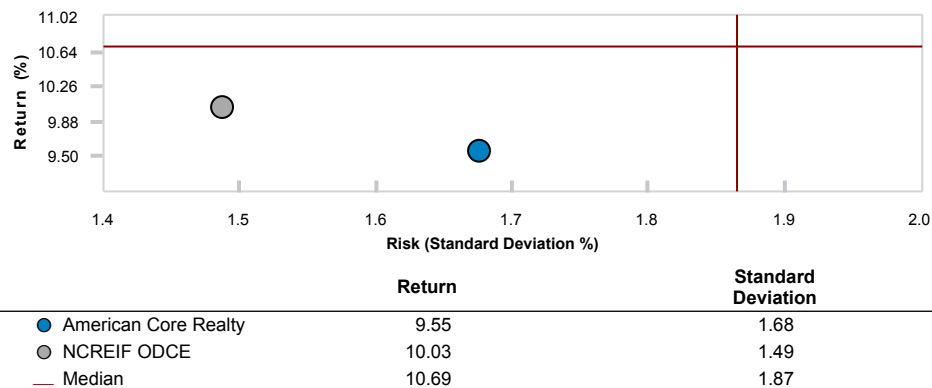
### 3 Yr Rolling Percentile Ranking - 5 Years



### Peer Group Scattergram - 3 Years



### Peer Group Scattergram - 5 Years



### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
American Core Realty	0.74	98.35	N/A	0.18	-0.17	1.98	0.96	0.00
NCREIF ODCE	0.00	100.00	N/A	0.00	N/A	1.99	1.00	0.00

### Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
American Core Realty	1.03	95.36	N/A	0.06	-0.43	2.03	0.95	0.00
NCREIF ODCE	0.00	100.00	N/A	0.00	N/A	2.08	1.00	0.00



Total Fund Compliance	YES	NO
The total plan gross return equaled or exceeded the total plan benchmark over the trailing three year period.		X
The total plan gross return equaled or exceeded the total plan benchmark over the trailing five year period.		X
The total plan gross return ranked within the top 40th percentile of its peer group over the trailing three year period.	X	
The total plan gross return ranked within the top 40th percentile of its peer group over the trailing five year period.	X	
The total plan gross return equaled or exceeded the 7.5% actuarial earnings assumption over the trailing three year period.	X	
The total plan gross return equaled or exceeded the 7.5% actuarial earnings assumption over the trailing five year period.		X

Equity Compliance	YES	NO
The total equity returns meet or exceed the benchmark over the trailing three year period.	X	
The total equity returns meet or exceed the benchmark over the trailing five year period.	X	
The total equity returns ranked within the top 40th percentile of its peer group over the trailing three year period.		X
The total equity returns ranked within the top 40th percentile of its peer group over the trailing five year period.		X
The total equity allocation was less than 70% of the total plan assets at market.	X	
The total foreign equity was less than 25% of the total plan assets at market.	X	

Fixed Income Compliance	YES	NO
The total domestic fixed income returns meet or exceed the benchmark over the trailing three year period.	X	
The total domestic fixed income returns meet or exceed the benchmark over the trailing five year period.	X	
The total domestic fixed income returns ranked within the top 40th percentile of its peer group over the trailing three year period.		X
The total domestic fixed income returns ranked within the top 40th percentile of its peer group over the trailing five year period.		X
The average weight of the fixed income portfolio was "AA" or better.	X	

Manager Compliance	Highland - Equity			Highland - Fixed			Templeton Global			American Realty		
	YES	NO	N/A	YES	NO	N/A	YES	NO	N/A	YES	NO	N/A
Manager outperformed the index over the trailing three and five year periods.	X			X			X				X	
Manager ranked within the top 40th percentile over trailing three and five year periods.		X			X			X			X	
Less than four consecutive quarters of under performance relative to the benchmark.	X			X			X			X		
Three and five year down-market capture ratio less than the index.		X			X		X					X



<b>Total Fund Policy</b>	
<b>Allocation Mandate</b>	<b>Weight (%)</b>
<b>Dec-1975</b>	
S&P 500 Index	50.00
ICE BofAML Govt/ Corp Master	50.00
<b>Oct-2004</b>	
S&P 500 Index	50.00
ICE BofAML US Domestic Master	40.00
MSCI EAFE Index	10.00
<b>Jan-2014</b>	
Russell 3000 Index	45.00
MSCI AC World ex USA	15.00
Blmbg. Barc. U.S. Aggregate Index	25.00
FTSE World Government Bond Index	5.00
NCREIF Fund Index-Open End Diversified Core (EW)	10.00

<b>Total Equity Policy</b>	
<b>Allocation Mandate</b>	<b>Weight (%)</b>
<b>Jan-1998</b>	
S&P 500 Index	100.00
<b>Oct-2004</b>	
S&P 500 Index	85.00
MSCI EAFE Index	15.00
<b>Jan-2014</b>	
Russell 3000 Index	75.00
MSCI AC World ex USA	25.00

<b>Total Fixed Income Policy</b>	
<b>Allocation Mandate</b>	<b>Weight (%)</b>
<b>Jan-1998</b>	
ICE BofAML Govt/ Corp Master	100.00
<b>Oct-2004</b>	
ICE BofAML US Domestic Master	100.00
<b>Jan-2014</b>	
Blmbg. Barc. U.S. Aggregate Index	100.00





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<b>Active Return</b>	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
<b>Alpha</b>	- A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.
<b>Beta</b>	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
<b>Consistency</b>	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.
<b>Distributed to Paid In (DPI)</b>	- The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against.
<b>Down Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
<b>Downside Risk</b>	- A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.
<b>Excess Return</b>	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
<b>Excess Risk</b>	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
<b>Information Ratio</b>	- This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.
<b>Public Market Equivalent (PME)</b>	- Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.
<b>R-Squared</b>	- The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.
<b>Return</b>	- Compounded rate of return for the period.
<b>Sharpe Ratio</b>	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.
<b>Standard Deviation</b>	- A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.
<b>Total Value to Paid In (TVPI)</b>	- The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life
<b>Tracking Error</b>	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
<b>Treynor Ratio</b>	- Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.
<b>Up Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.



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