



Sacramento Regional Transit District Agenda

COMBINED QUARTERLY MEETING OF THE RETIREMENT BOARDS FOR THE EMPLOYEES AND RETIREES OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT

9:00 A.M., WEDNESDAY, JUNE 20, 2018

REGIONAL TRANSIT AUDITORIUM

1400 29TH STREET, SACRAMENTO, CALIFORNIA

Website Address: www.sacrt.com

(29th St. Light Rail Station/Bus 38, 67, 68)

MEETING NOTE: *This is a joint and concurrent meeting of the five independent Retirement Boards for the pension plans for the employees and retirees of the Sacramento Regional Transit District. This single, combined agenda designates which items will be subject to action by which board(s). Members of each board may be present for the other boards' discussions and actions, except during individual closed sessions.*

ROLL CALL

ATU Retirement Board:	Directors: Li, Morin, Niz, De La Torre Alternates: Jennings, McGee Lee
IBEW Retirement Board:	Directors: Li, Morin, Ohlson, Bibbs Alternates: Jennings, McCleskey
AEA Retirement Board:	Directors: Li, Morin, Devorak, Robison Alternates: Jennings, McGoldrick
AFSCME Retirement Board:	Directors: Li, Morin, Mallonee, Parks Alternates: Jennings, Guimond
MCEG Retirement Board:	Directors: Li, Morin, Lonergan, Thorn Alternates: Jennings, Sanchez-Ochoa

PUBLIC ADDRESSES BOARD ON MATTERS ON CONSENT AND MATTERS NOT ON THE AGENDA

At this time the public may address the Retirement Board(s) on subject matters pertaining to Retirement Board business listed on the Consent Calendar, any Closed Sessions or items not listed on the agenda. Remarks may be limited to 3 minutes subject to the discretion of the Common Chair. Members of the public wishing to address one or more of the Boards may submit a "Public Comment Speaker Card" to the Assistant Secretary. While the Retirement Boards encourage your comments, State law prevents the Boards from discussing items that are not set forth on this meeting agenda. The Boards and staff take your comments very seriously and, if appropriate, will follow up on them.

CONSENT CALENDAR

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
1. Motion:	Approving the Minutes for the March 14, 2018 Quarterly Retirement Board Meeting (AEA). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Motion:	Receive and File Administrative Reports for the Quarter Ended March 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
3. Motion:	Approving the Minutes for the March 14, 2018 Quarterly Retirement Board Meeting (AFSCME). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Motion:	Receive and File Administrative Reports for the Quarter Ended March 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Motion:	Approving the Minutes for the March 14, 2018 Quarterly Retirement Board Meeting (ATU). (Weekly)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Motion:	Receive and File Administrative Reports for the Quarter Ended March 31, 2018 for the ATU (ATU). (Adelman)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Motion:	Approving the Minutes for the March 14, 2018 Quarterly Retirement Board Meeting (IBEW). (Weekly)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Motion:	Receive and File Administrative Reports for the Quarter Ended March 31, 2018 for the IBEW Pension Plan (IBEW). (Adelman)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Motion:	Approving the Minutes for the March 14, 2018 Quarterly Retirement Board Meeting (MCEG). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10. Motion:	Receive and File Administrative Reports for the Quarter Ended March 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11. Information:	Update on Roles and Responsibilities Related to Pension Administration (ALL). (Weekly)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

NEW BUSINESS

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
12. Information:	Investment Performance Review by AQR for the ATU, IBEW and Salaried Funds for the International Small Capitalization Equity Asset Class for the Quarter Ended March 31, 2018 (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
13. Motion:	Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2018 (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
14. Motion:	Receive and File the Asset Allocation Study and Amend the Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

REPORTS FROM COMMITTEES **REPORTS, IDEAS AND COMMUNICATIONS** **RECESS TO CLOSED SESSION**

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
15.	Closed Session Item (AEA): Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2): One Potential Case	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
16.	Closed Session Item (AFSCME): Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2): One Potential Case	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17.	Closed Session Item (ATU): Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2): One Potential Case	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18.	Closed Session Item (IBEW): Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2): One Potential Case	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

RECONVENE IN OPEN SESSION
CLOSED SESSION REPORT

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
19.	Resolution: Approving a Work Order with Hanson Bridgett for Legal Services Outside of the Core tasks of the Contract (ALL). (Weekly)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

ADJOURN

NOTICE TO THE PUBLIC

It is the policy of the Boards of Directors of the Sacramento Regional Transit District Retirement Plans to encourage participation in the meetings of the Boards of Directors. At each open meeting, members of the public shall be provided with an opportunity to directly address the Board on items of interest to the public that are within the subject matter jurisdiction of the Boards.

This agenda may be amended up to 72 hours prior to the meeting being held. An agenda, in final form, is located by the front door of Regional Transit's building at 1400 – 29th Street and posted to RT's website at www.sacrt.com.

Any person(s) requiring accessible formats of the agenda or assisted listening devices/sign language interpreters should contact the Human Resources Manager at 916-556-0280 or TDD 916/483-4327 at least 72 business hours in advance of the Board Meeting.

Copies of staff reports or other written documentation relating to each item of business referred to on the agenda are on file with the Human Resources Administrative Technician at 916-556-0298 and/or Clerk to the Board of Directors of the Sacramento Regional Transit District and are available for public inspection at 1400 29th Street, Sacramento, CA. Any person who has questions concerning any agenda item may call the Human Resources Administrative Technician of Sacramento Regional Transit District to make inquiry.

**Sacramento Regional Transit District
MCEG Retirement Board Meeting
Wednesday, March 14, 2018
MEETING SUMMARY**

ROLL CALL

The Retirement Board was brought to order at 9:02 a.m. A quorum was present comprised as follows: Directors Li, Morin, and Lonergan were present. Director Thorn, Alternate Sanchez-Ochoa and Alternate Jennings were absent.

This meeting was held as a common meeting of the five Sacramento Regional Transit District Retirement Boards.

By MCEG Resolution No. 17-09-194 for calendar year 2018, the Governing Board Member in attendance served as Common Chair of this Retirement Board meeting.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None.

CONSENT CALENDAR

- 17. Motion: Approving the Minutes for the December 13, 2017 Quarterly Retirement Board Meeting (MCEG). (Weekly)
- 18. Motion: Approving the Minutes for the February 7, 2018 Special Retirement Board Meeting (MCEG). (Weekly)
- 19. Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2017 for the IBEW Pension Plan (MCEG). (Adelman)
- 20. Motion: Receive and File the Fiscal Year 2017 State Controller's Report (MCEG). (Adelman)
- 21. Motion: Receive and File the Independent Auditor's Report for the Twelve Month Period Ended June 30, 2017 (ALL). (Adelman)

Director Morin moved to adopt MCEG Retirement Board Items 17 through 21. Director Li seconded the motion. Items 17 through 21 were carried unanimously by roll call vote: Ayes: Li, Morin and Lonergan. Noes: None.

New Business:

22. Information: Investment Performance Review by Met West for the ATU, IBEW and Salaried Funds for the Domestic Fixed Income Asset Class for the Quarter Ended December 31, 2017 (ALL). (Adelman)

Jamie Adelman introduced David Vick from Met West, who provided the performance results for the Domestic Fixed Income Asset Class for the Quarter Ended December 31, 2017 and was available for questions.

23. Information: Investment Performance Review by BMO Pyrford for the ATU, IBEW and Salaried Funds for the International Large Capital Equity Asset Class for the Quarter Ended December 31, 2017 (ALL). (Adelman)

Jamie Adelman introduced John Mirante and Kamila Kowalke from BMO Pyrford, who provided the performance results for the International Large Capital Equity Asset Class for the Quarter Ended December 31, 2017 and were available for questions.

24. Motion: Receive and File the Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2017 (ALL). (Adelman)

Jamie Adelman introduced Uvan Tseng and Anne Heaphy with Callan Associates, who provided the investment performance reports for quarter ended December 31, 2017 and were available for questions.

Director Morin moved to adopt Item 24. Director Li seconded the motion. Item 24 was carried unanimously by roll call vote: Ayes: Directors Li, Morin, Lonergan and Thorn. Noes: None.

25. Resolution: Delegating Authority to the Sacramento Regional Transit District General Manager/CEO to Sign a First Amendment to the Investment Consultant Services Contract with Callan LLC To Extend the Term of the Contract Through December 31, 2018 (ALL). (Adelman)

Jamie Adelman presented Item 25 for approval and was available for questions.

Director Morin moved to adopt Item 24. Director Li seconded the motion. Item 24 was carried unanimously by roll call vote: Ayes: Directors Li, Morin, and Lonergan. Noes: None.

28. Resolution: Accept the Actuarial Valuation, Adjust the Assumed Rate of Return and Approve the Actuarially Determined Contribution rate for Fiscal Year 2019, for the Salaried Employees' Retirement Plan. (AEA/AFSCME/MCEG). (Weekly)

Isis Humphrey introduced Graham Schmidt, from Cheiron, to provide an overview of the Actuarial Valuation Study for Fiscal Year 2019 for AEA/AFSCME/MCEG employees and to be available for questions.

Jamie Adelman noted that Staff updated projections provided at the February meeting based on projected payroll. The update reflects a base increase of about \$880,000 from prior year and the change in the assumption resulted in an additional increase of approximately \$385,000 to the pension expense for the District for fiscal year 2019. Ms. Adelman requested direction from all Boards.

Director Morin moved to adopt Item 28. Director Li seconded the motion. Item 28 was carried unanimously by roll call vote: Ayes: Directors Li, Morin and Lonergan. Noes: None.

29. Resolution: Authorizing Execution of a Contract or Contract Renewal for Fiduciary Insurance for All Retirement Boards (ALL). (Weekly)

Valerie Weekly presented Item 29 for approval.

Director Morin moved to adopt Item 29. Director Li seconded the motion. Item 29 was carried unanimously by roll call vote: Ayes: Directors Li, Morin and Lonergan. Noes: None.

REPORTS FROM COMMITTEES

None.

REPORTS, IDEAS AND COMMUNICATIONS

None.

The MCEG Retirement Board was adjourned at 10:03 a.m.

Mark Lonergan, Chair

ATTEST:

Henry Li, Secretary

By: _____
Valerie Weekly, Assistant Secretary

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
10	06/20/18	Retirement	Action	05/15/18

Subject: Receive and File Administrative Reports for the Quarter Ended March 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

ISSUE

Receive and File Administrative Reports for the Quarter Ended March 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended March 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

FISCAL IMPACT

None.

DISCUSSION

Table 1 below shows the employer and employee contribution rates for all of the Sacramento Regional Transit District Retirement Plans, by Plan and tier, as of the date indicated. This table is a new addition to the quarterly Administrative Reports for Board members' reference.

Table 1

Employer Contribution Rates As of March 31, 2018

	ATU	IBEW	Salary
	Contribution Rate	Contribution Rate	Contribution Rate
Classic	27.04%	25.31%	32.52%
Classic w/ Contribution*	24.04%	-	-
Pre-PEPRA Year 1**	-	23.81%	-
Pre-PEPRA Year 2**	-	22.31%	-
Pre-PEPRA Year 3**	-	20.81%	-
PEPRA***	20.54%	-	27.27%

*Includes members hired during calendar year 2015, employee rate 3%

**Employee rates: year 1 - 1.50%, year 2 - 3.0%, year 3 - 4.50%

***PEPRA employee rates: ATU - 6.5%, Salary - 5.25%

Approved:

Presented:

Final 06/05/2018

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2018\IPs\Quarterly Meetings\June 20, 2018\FI06-20-18 Administrative Reports - Salary.docx

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
10	06/20/18	Retirement	Action	05/15/18

Subject: Receive and File Administrative Reports for the Quarter Ended March 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

Unaudited Financial Statements

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended March 31, 2018. The financial statements are presented on an accrual basis and consist of a Statement of Fiduciary Net Position (balance sheet) (Attachment 1), a Statement of Changes in Fiduciary Net Position (income statement) for the quarter ended March 31, 2018 (Attachment 2), and a year-to-date Statement of Changes in Fiduciary Net Position (Attachment 3).

The Statement of Fiduciary Net Position includes a summary of fund assets showing the amounts in the following categories: investments, prepaid assets, and other receivables. This statement also provides amounts due from/to the District and Total Fund Equity (net position).

The Statement of Changes in Fiduciary Net Position includes activities in the following categories: investment gains/losses, dividends, interest income, unrealized gains/losses, benefit contributions/payouts, and investment management and administrative expenses.

Asset Rebalancing

Pursuant to Section IV, Asset Rebalancing Policy of the Statement of Investment Objectives and Policy Guidelines for the ATU, IBEW and Salaried Employees' Retirement Funds, the Retirement Boards have delegated authority to manage pension plan assets in accordance with the approved rebalancing policy to the District's Treasury Controller. The Treasury Controller is required to report asset rebalancing activity to the Boards at their quarterly meetings. Rebalancing can occur for one or more of the following reasons:

1. The Pension Plan ended the month with an accounts receivable or payable balance due to the District. A payable or receivable net amount of the monthly required contribution (required contribution is the percentage of covered payroll determined by the annual actuarial valuation) less the Plan's actual expenses.
2. The Pension Plan hires or removes a Fund Manager, in which case securities must be moved to a new fund manager.
3. The Pension Plan investment mix is under or over the minimum or maximum asset allocation as defined in the Statement of Investment Objectives and Policy Guidelines.

Attached hereto as Attachment 4 is the Salaried Plan's Schedule of Cash Activities for the three months ended March 31, 2018. The schedule of cash activities includes a summary of Plan activities showing the amounts in the following categories: District's pension contributions to the Plan, payments to retirees, and the Pension Plan's cash expenditures paid. This schedule also lists the rebalancing activity that occurred for the three months ended March 31, 2018. The Salaried Plan reimbursed \$81,752 to the District as the result of the net cash activity between the pension plan expenses and the required pension contributions. A line has been added to capture the appropriate Due To SacRT balance due to a transfer error by the custodian.

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
10	06/20/18	Retirement	Action	05/15/18

Subject: Receive and File Administrative Reports for the Quarter Ended March 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

Attached hereto as Attachment 5 is the Salaried Plan's Asset Allocation as of March 31, 2018. This statement shows the Salaried Plan's asset allocation as compared to targeted allocation percentages as defined in the Statement of Investment Objectives and Policy Guidelines.

Attached hereto as Attachment 6 is a reconciliation between the Callan Performance Report and the ATU, IBEW and Salaried Pension Plans' unaudited financial statements. The reports differ in that the unaudited financial statements reflect both investment activities and the pension fund's inflows and outflows. Callan's report only reflects the investment activities. The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and/or litigation settlements received by the Plans.

Included also as Attachment 7 is a reconciliation between the Callan Performance Report and the Schedule of Cash Activities for payments made from/to the District. Callan's report classifies gains from trades and litigation income as "net new investments." Finance staff classifies gains from trades and litigation income in the Pension Plan's unaudited Statement of Changes in Fiduciary Net Position as "Other Income," which is combined in the category of "Interest, Dividend, & Other Inc".

Attached hereto as Attachment 8 is a schedule reflecting Fund Managers' quarterly investment returns and their investment fees. Additionally, the schedule reflects annual rates of return on investment net of investment fees for the one-year and three-year periods ended March 31, 2018 as compared to their benchmarks.

Attached hereto as Attachment 9 is a schedule reflecting employee transfers from one union/employee group to another, as well as any transfers of plan assets from the ATU Plan to the Salaried Plan, all retirements, and retiree deaths during the three months ended March 31, 2018.

Sacto Regional Transit District Retirement Plan - Salaried Statement of Fiduciary Net Position

Accrual Basis

As of March 31, 2018

	Mar 31, 18
ASSETS	
Current Assets	
Checking/Savings	
Long-Term Investments	
100000 · Custodial Assets	92,947,575.34
Total Long-Term Investments	92,947,575.34
Total Checking/Savings	92,947,575.34
Accounts Receivable	
1110104 · Other Rec - Due from RT	15,541.91
Total Accounts Receivable	15,541.91
Other Current Assets	
1110120 · Prepays	1,074.87
Total Other Current Assets	1,074.87
Total Current Assets	92,964,192.12
TOTAL ASSETS	92,964,192.12
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3110102 · Administrative Expense Payable	16,965.25
3110122 · MetWest	22,555.82
3110124 · Boston Partners	20,820.42
3110125 · Callan	3,508.68
3110126 · State Street	7,380.56
3110128 · Atlanta Capital	15,327.12
3110129 · S&P Index - SSgA	1,994.57
3110130 · EAFE - SSgA	951.85
3110132 · Pyrford	15,111.02
Total Accounts Payable	104,615.29
Total Current Liabilities	104,615.29
Total Liabilities	104,615.29
Equity	
3340101 · Retained Earnings	84,632,310.15
Net Income	8,227,266.68
Total Equity	92,859,576.83
TOTAL LIABILITIES & EQUITY	92,964,192.12

**Sacto Regional Transit District Retirement Plan - Salaried
Statement of Changes in Fiduciary Net Position**

Accrual Basis

January through March 2018

	Jan - Mar 18	% of Income
Income		
Interest, Dividend, & Other Inc	311,950.02	21.5%
Investment Income	-938,879.32	-64.8%
RT Required Contribution	2,032,110.63	140.3%
6630110 · Employee Contribution	42,829.16	3.0%
Total Income	1,448,010.49	100.0%
Cost of Goods Sold		
8531210 · AEA - Retirement Benefits Paid	821,635.40	56.7%
8531211 · AFSCME-Retirement Benefits Paid	424,825.70	29.3%
8531212 · MCEG - Retirement Benefits Paid	695,442.57	48.0%
8532004 · Invest Exp - MetropolitanWest	22,555.82	1.6%
8532013 · Invest Exp - Boston Partners	20,820.42	1.4%
8532020 · Invest Exp - Callan	10,521.65	0.7%
8532021 · Invest Exp - State Street	11,343.75	0.8%
8532023 · Invest Exp - JP Morgan	0.00	0.0%
8532024 · Invest Exp - Atlanta Capital	15,327.12	1.1%
8532025 · Invest Exp - S&P Index SSgA	1,994.57	0.1%
8532026 · Invest Exp - EAFE SSgA	951.85	0.1%
8532027 · Invest Exp - AQR	11,098.50	0.8%
8532028 · Invest Exp - Pyrford	15,111.02	1.0%
Total COGS	2,051,628.37	141.7%
Gross Profit	-603,617.88	-41.7%
Expense		
8533002 · Admin Exp - Actuary	12,406.91	0.9%
8533007 · Admin Exp - CALPRS Dues/Courses	162.66	0.0%
8533014 · Admin Exp - Fiduciary Insurance	3,224.67	0.2%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533026 · Admin Exp - Legal Services	26,093.35	1.8%
8533029 · Admin Exp - Administrator	34,510.42	2.4%
8533050 · Admin Exp - Misc Exp	0.00	0.0%
Total Expense	76,398.01	5.3%
Net Income	-680,015.89	-47.0%

**Sacto Regional Transit District Retirement Plan - Salaried
Statement of Changes in Fiduciary Net Position
July 2017 through March 2018**

Accrual Basis

	Jul '17 - Mar 18	% of Income
Income		
Interest, Dividend, & Other Inc	971,729.64	8.0%
Investment Income	5,413,349.03	44.7%
RT Required Contribution	5,637,038.77	46.5%
6630110 · Employee Contribution	98,111.48	0.8%
Total Income	12,120,228.92	100.0%
Cost of Goods Sold		
8531001 · Arbitration Transfer	-2,430,822.00	-20.1%
8531210 · AEA - Retirement Benefits Paid	2,586,226.07	21.3%
8531211 · AFSCME-Retirement Benefits Paid	1,231,601.92	10.2%
8531212 · MCEG - Retirement Benefits Paid	1,997,693.10	16.5%
8532004 · Invest Exp - MetropolitanWest	61,963.51	0.5%
8532013 · Invest Exp - Boston Partners	62,056.78	0.5%
8532020 · Invest Exp - Callan	30,958.38	0.3%
8532021 · Invest Exp - State Street	35,564.63	0.3%
8532023 · Invest Exp - JP Morgan	234.77	0.0%
8532024 · Invest Exp - Atlanta Capital	49,077.34	0.4%
8532025 · Invest Exp - S&P Index SSgA	5,811.44	0.0%
8532026 · Invest Exp - EAFE SSgA	2,732.40	0.0%
8532027 · Invest Exp - AQR	32,768.70	0.3%
8532028 · Invest Exp - Pyrford	44,852.94	0.4%
Total COGS	3,710,719.98	30.6%
Gross Profit	8,409,508.94	69.4%
Expense		
8533002 · Admin Exp - Actuary	29,972.75	0.2%
8533007 · Admin Exp - CALPRS Dues/Courses	2,662.66	0.0%
8533010 · Admin Exp - Travel	1,123.86	0.0%
8533014 · Admin Exp - Fiduciary Insurance	9,649.01	0.1%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533025 · Admin Exp - Information Service	250.00	0.0%
8533026 · Admin Exp - Legal Services	58,519.46	0.5%
8533028 · Admin Exp - Staff Training	44.28	0.0%
8533029 · Admin Exp - Administrator	75,709.83	0.6%
8533050 · Admin Exp - Misc Exp	4,310.41	0.0%
Total Expense	182,242.26	1.5%
Net Income	8,227,266.68	67.9%

**Sacramento Regional Transit District
Retirement Fund - Salaried
Schedule of Cash Activities
For the Three Months Period Ended March 31, 2018**

	January 2018	February 2018	March 2018	Quarter Totals
Beginning Balance:				
Due (from)/to District - December 31, 2017	24,991.04	(100,545.89)	102,331.99	24,991.04
Monthly Activity:				
<u>Deposits</u>				
District Pension Contributions @ 28.02 to 32.52%	708,308.52	626,798.23	697,003.88	2,032,110.63
Employee Pension Contributions	14,051.22	14,445.05	14,332.89	42,829.16
Total Deposits	<u>722,359.74</u>	<u>641,243.28</u>	<u>711,336.77</u>	<u>2,074,939.79</u>
<u>Expenses</u>				
Payout to Retirees:				
AEA	(276,468.26)	(273,813.74)	(271,353.40)	(821,635.40)
AFSCME	(136,493.51)	(136,493.51)	(151,838.68)	(424,825.70)
MCEG	(222,235.93)	(235,117.03)	(238,089.61)	(695,442.57)
Employee Contribution Refunds	-	-	-	-
Payout to Retirees Subtotal	<u>(635,197.70)</u>	<u>(645,424.28)</u>	<u>(661,281.69)</u>	<u>(1,941,903.67)</u>
Fund Investment Management Expenses:				
Boston Partners	-	(21,362.52)	-	(21,362.52)
SSgA S&P 500 Index	-	(1,983.91)	-	(1,983.91)
Atlanta Capital	-	(17,572.88)	-	(17,572.88)
Pyrford	-	(15,333.77)	-	-
SSgA EAFE MSCI	-	(923.60)	-	(923.60)
Metropolitan West	-	(20,055.52)	-	(20,055.52)
Callan	-	(7,003.45)	(3,506.70)	(10,510.15)
State Street	-	-	(10,897.57)	(10,897.57)
Fund Invest. Mgmt Exp. Subtotal	<u>-</u>	<u>(84,235.65)</u>	<u>(14,404.27)</u>	<u>(98,639.92)</u>
Administrative Expenses				
Actuarial Services	(6,234.25)	(4,218.75)	(4,392.25)	(14,845.25)
Legal Services	(19,506.67)	-	(6,586.67)	(26,093.34)
CALAPRS Dues	(166.66)	-	-	(166.66)
Pension Administration	(15,683.85)	(9,696.59)	(9,129.98)	(34,510.42)
Administrative Exp. Subtotal	<u>(41,591.43)</u>	<u>(13,915.34)</u>	<u>(20,108.90)</u>	<u>(75,615.67)</u>
Total Expenses	<u>(676,789.13)</u>	<u>(743,575.27)</u>	<u>(695,794.86)</u>	<u>(2,116,159.26)</u>
Monthly Net Owed from/(to) District	45,570.61	(102,331.99)	15,541.91	(41,219.47)
Due to ATU Plan- Custodian Error	(54,975.28)	54,975.28	-	-
Payment from/(to) the District	<u>(24,991.04)</u>	<u>45,570.61</u>	<u>(102,331.99)</u>	<u>(81,752.42)</u>
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	<u>(100,545.89)</u>	<u>102,331.99</u>	<u>(15,541.91)</u>	<u>(15,541.91)</u>

RT Combined Pension Plans - ATU, IBEW and Salaried
 Asset Allocation *
 As of March 31, 2018

Asset Class	Net Asset Market Value 03/31/2018	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
FUND MANAGERS:						
Domestic Equity:						
Large Cap Value - Boston Partners - Z8	\$ 44,051,195	15.46%	16.00%	-0.54%	\$ (1,548,114)	
Large Cap Growth - SSgA S&P 500 Index - XH	44,760,761	15.71%	16.00%	-0.29%	(838,548)	
Total Large Cap Domestic Equity	88,811,955	31.16%	32.00%	-0.84%	(2,386,662)	\$ 91,198,618
Small Cap - Atlanta Capital - XB	23,499,635	8.25%	8.00%	0.25%	699,980	22,799,654
International Equity:						
Large Cap Growth:						
Pyrford - ZD	26,722,319	9.38%	9.50%	-0.12%	(352,271)	
Large Cap Core:						
SSgA MSCI EAFE - XG	11,360,700	3.99%				
Value - Brandes - XE	9,651	0.00%				
Total Core	11,370,351	3.99%	4.50%	-0.51%	(1,454,454)	
Small Cap:						
AQR - ZB	15,745,232	5.52%	5.00%	0.52%	1,495,448	
Emerging Markets						
DFA - ZA	18,024,927	6.32%	6.00%	0.32%	925,186	
Total International Equity	71,862,829	25.22%	25.00%	0.22%	613,909	71,248,920
Fixed Income:						
Met West - XD	100,821,262	35.38%	35.00%	0.38%	1,072,773	99,748,488
Total Combined Net Asset	\$ 284,995,681	100.00%	100.00%	0.00%	\$ -	\$ 284,995,681

Asset Allocation Policy Ranges*:	Minimum	Target	Maximum
Domestic Equity	35%	40%	45%
Large Cap (50/50 value/growth)	28%	32%	36%
Small Cap	5%	8%	11%
International Equity	20%	25%	30%
Large Cap Developed Markets	10%	14%	18%
Small Cap Developed Markets	3%	5%	7%
Emerging Markets	4%	6%	8%
Domestic Fixed Income	30%	35%	40%

* Per the Statement of Investment Objectives and Policy Guidelines as of 6/15/2016.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Balance Sheet
As of March 31, 2018**

Per Both Pension Fund Balance Sheets:	
ATU Allocated Custodial Assets	134,662,406
IBEW Allocated Custodial Assets	57,385,700
Salaried Allocated Custodial Assets	<u>92,947,575</u>
Total Consolidated Net Asset	<u><u>284,995,681</u></u>
Per Callan Report:	
Total Investments	<u><u>284,994,972</u></u>
Net Difference	<u><u>709</u></u> *

* The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Income Statement
For the Quarter Ended March 31, 2018**

Per Both Pension Fund Income Statements:	
ATU - Interest, Dividends, and Other Income	464,884
ATU - Investment Income	(1,513,143)
IBEW - Interest, Dividends, and Other Income	195,817
IBEW - Investment Income	(646,017)
Salaried - Interest, Dividends, and Other Income	300,851
Salaried - Investment Income	<u>(938,879)</u>
Total Investment Income	<u><u>(2,136,487)</u></u>
Per Callan Report:	
Investment Returns	<u><u>(2,136,466)</u></u>
Net Difference	<u><u>(21)</u></u> **

** The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities.

**Reconciliation between Callan Report
and
Consolidated Schedule of Cash Activities
For the Quarter Ended March 31, 2018**

	January	February	March	Total
Payments from/(to) the District				
Boston Partners - ATU	(246,017)	(269,655)	(2,294,615)	(2,810,287)
Boston Partners - IBEW	(33,551)	(30,060)	(923,832)	(987,443)
Boston Partners - Salaried	(24,991)	45,571	(1,482,523)	(1,461,943)
S&P 500 Index - ATU	-	-	(1,770,269)	(1,770,269)
S&P 500 Index - IBEW	-	-	(804,753)	(804,753)
S&P 500 Index - Salaried	-	-	(1,395,393)	(1,395,393)
Atlanta Capital - ATU	-	-	(1,844,745)	(1,844,745)
Atlanta Capital - IBEW	-	-	(788,042)	(788,042)
Atlanta Capital - Salaried	-	-	(1,435,641)	(1,435,641)
Metropolitan West - ATU	-	-	5,485,262	5,485,262
Metropolitan West - IBEW	-	-	2,418,623	2,418,623
Metropolitan West - Salaried	-	-	4,211,226	4,211,226
Total Payments from/(to) the District	<u>(304,559)</u>	<u>(254,144)</u>	<u>(624,702)</u>	<u>(1,183,405)</u>
Transfers In/(Out) of Investment Funds				
Boston Partners	(304,559)	(254,144)	(4,700,970)	(5,259,673)
S&P 500 Index	-	-	(3,970,415)	(3,970,415)
Atlanta Capital	-	-	(4,068,428)	(4,068,428)
Metropolitan West	-	-	12,115,111	12,115,111
Total Transfers In/(Out) of Investment Funds	<u>(304,559)</u>	<u>(254,144)</u>	<u>(624,702)</u>	<u>(1,183,405)</u>
Variance between Payments and Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Per Callan Report:				
Net New Investment/(Withdrawals)				<u>(1,183,405)</u>
Net Difference				<u>-</u>

**Consolidated Schedule of Cash Activities
For the 12-Months December 31, 2017**

	2Q17	3Q17	4Q17	1Q18	Total
Payments from/(to) the District					
Boston Partners - ATU	-	(656,620)	(711,871)	(2,810,287)	(4,178,778)
Boston Partners - IBEW	-	(155,075)	(46,224)	(987,443)	(1,188,742)
Boston Partners - Salaried	-	(207,896)	333,215	(1,461,943)	(1,336,624)
S&P 500 Index - ATU	(860,296)	(382,811)	(1,056,615)	(1,770,269)	(4,069,991)
S&P 500 Index - IBEW	(151,298)	(95,328)	(151,776)	(804,753)	(1,203,155)
S&P 500 Index - Salaried	(137,465)	(84,552)	213,560	(1,395,393)	(1,403,850)
Atlanta Capital - ATU	-	-	(220,607)	(1,844,745)	(2,065,352)
Atlanta Capital - IBEW	-	-	-	(788,042)	(788,042)
Atlanta Capital - Salaried	-	-	220,607	(1,435,641)	(1,215,034)
JP Morgan - ATU	(13,697,285)	-	-	-	(13,697,285)
JP Morgan - IBEW	(5,007,187)	-	-	-	(5,007,187)
JP Morgan - Salaried	(7,249,347)	-	-	-	(7,249,347)
Pyrford - ATU	13,697,285	-	(244,192)	-	13,453,093
Pyrford - IBEW	5,007,187	-	-	-	5,007,187
Pyrford - Salaried	7,249,347	-	244,192	-	7,493,539
EAFE - ATU	-	-	(100,683)	-	(100,683)
EAFE - Salaried	-	-	100,683	-	100,683
AQR - ATU	-	-	(133,244)	-	(133,244)
AQR - Salaried	-	-	133,244	-	133,244
DFA - ATU	-	-	(133,058)	-	(133,058)
DFA - Salaried	-	-	133,058	-	133,058
Metropolitan West - ATU	-	-	(796,599)	5,485,262	4,688,663
Metropolitan West - IBEW	-	-	-	2,418,623	2,418,623
Metropolitan West - Salaried	-	-	796,599	4,211,226	5,007,825
Total Payments from/(to) the District	<u>(1,149,059)</u>	<u>(1,582,282)</u>	<u>(1,419,711)</u>	<u>(1,183,405)</u>	<u>(5,334,457)</u>

**Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
03/31/18**

	1 Year		1 Year			3 Years		3 Years		
	1 Year	%	Net of Fees Returns	Bench-Mark Returns	Favorable/(Unfavor) Basis Pts	3 Years	%	Net of Fees Returns	Bench-Mark Returns	Favorable/(Unfavor) Basis Pts
Boston Partners										
Investment Returns	6,094,484	100.00%				11,939,642	100.00%			
Investment Expense	(254,186)	4.17%				(692,172)	5.80%			
Net Gain/(Loss)	5,840,298	95.83%	13.33%	6.95%	638.00	11,247,470	94.20%	8.79%	7.88%	91.00
S&P 500										
Investment Returns	6,127,983	100.00%				13,608,057	100.00%			
Investment Expense	(23,749)	0.39%				(95,878)	0.70%			
Net Gain/(Loss)	6,104,234	99.61%	13.94%	13.99%	(5.00)	13,512,179	99.30%	10.78%	10.78%	0.00
Atlanta Capital										
Investment Returns	3,647,815	100.00%				7,607,478	100.00%			
Investment Expense	(201,961)	5.54%				(552,459)	7.26%			
Net Gain/(Loss)	3,445,854	94.46%	14.60%	11.79%	281.00	7,055,019	92.74%	13.19%	11.47%	172.00
JPMorgan										
Investment Returns	1,301,436	100.00%				2,148,018	100.00%			
Investment Expense	(4,238)	0.33%				(256,300)	11.93%			
Net Gain/(Loss)	1,297,198	99.67%	N/A	N/A	N/A	1,891,718	88.07%	N/A	N/A	N/A
Pyrford										
Investment Returns	768,499	100.00%				768,499	100.00%			
Investment Expense	(153,941)	20.03%				(153,941)	20.03%			
Net Gain/(Loss)	614,558	79.97%	N/A	N/A	N/A	614,558	79.97%	N/A	N/A	N/A
EAFE										
Investment Returns	1,498,687	100.00%				870,280	100.00%			
Investment Expense	(10,980)	0.73%				(45,020)	5.17%			
Net Gain/(Loss)	1,487,707	99.27%	15.09%	14.80%	29.00	825,260	94.83%	6.69%	6.50%	19.00
Brandes										
Investment Returns	709	100.00%				(1,486)	100.00%			
Investment Expense	-	0.00%				-	0.00%			
Net Gain/(Loss)	709	100.00%	N/A	N/A	N/A	(1,486)	100.00%	N/A	N/A	N/A
AQR										
Investment Returns	2,931,766	100.00%				3,562,776	100.00%			
Investment Expense	(136,846)	4.67%				(213,705)	6.00%			
Net Gain/(Loss)	2,794,920	95.33%	22.88%	23.49%	(61.00)	3,349,071	94.00%	N/A	N/A	N/A
DFA										
Investment Returns	3,267,379	100.00%				4,204,854	100.00%			
Investment Expense	(80,733)	2.47%				(245,587)	5.84%			
Net Gain/(Loss)	3,186,646	97.53%	22.14%	24.93%	(279.00)	3,959,267	94.16%	9.20%	8.81%	39.00
Metropolitan West										
Investment Returns	1,500,989	100.00%				3,978,842	100.00%			
Investment Expense	(253,104)	16.86%				(730,014)	18.35%			
Net Gain/(Loss)	1,247,885	83.14%	1.50%	1.20%	30.00	3,248,828	81.65%	1.28%	1.20%	8.00
Total Fund										
Investment Returns	27,139,747	100.00%				48,686,960	100.00%			
Investment Expense	(1,119,738)	4.13%				(2,985,076)	6.13%			
Net Gain/(Loss)	26,020,009	95.87%	10.06%	10.48%	(42.00)	45,701,884	93.87%	5.99%	6.37%	(38.00)

Sacramento Regional Transit District
 Schedule of Transfers and Retirements
 For the Time Period: January 1, 2018 to March 31, 2018

Transfers:

Plan Assets Plan Assets
 Transferred To Transferred From Transferred To Transferred From

Employee # Transferred From Position Transferred To Position Transferred From Transferred To Salaried

None to report

Retirements:

Employee #	Previous Position	Pension Group	Retirement Date
553	Bus Operator	ATUL	01/01/2018
3404	Lineworker Tech	IBEW	01/01/2018
682	Bus Operator	ATUL	01/06/2018
805	Transportation Supervisor	AFSC	02/01/2018
1580	Transportation Superintendent	MCEG	02/01/2018
2182	Maintenance Trainer	AFSC	02/01/2018
726	Bus Operator	ATUL	02/10/2018
273	Bus Operator	ATUL	02/16/2018
2054	Mechanic A	IBEW	03/01/2018

Deaths:

Employee #	Pension Group	Type	Date of Death
1388	AEA	Life Alone	01/30/2018
66	ATU	Life Alone	01/31/2018
1301	IBEW	Life Alone	02/01/2018
1304	ATU	Life Alone	02/14/2018
1236	ATU	Life Alone	02/28/2018
3154	ATU	Life Alone	03/10/2018
2468	ATU	Life Alone	03/15/2018
2016	IBEW	Life Alone	03/18/2018
1269	ATU	Life Alone	03/25/2018
3442	ATU	Survivor Beneficiary	03/26/2018
1294	ATU	Life Alone	03/27/2018
3010	ATU	*Waiting for Executor's Final Decision	01/16/2018

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
11	06/20/18	Retirement	Information	04/27/18

Subject: Update on Roles and Responsibilities Related to Pension Administration (ALL).
(Weekly)

ISSUE

Presentation regarding the roles and responsibilities of various District staff members as well as updates on Staff costs and Legal Services related to administration of the Pension Plans (ALL).
(Weekly)

RECOMMENDED ACTION

None associated with this matter.

FISCAL IMPACT

None associated with this matter.

DISCUSSION

The attached documents are provided quarterly to keep the Retirement Boards informed about the various duties of RT staff and consultants (including the Retirement Boards' Legal Counsel) relative to administration and management of the pension plans and assets, and associated costs.

Attachment A – Pension Administration Staff Roles and Responsibilities

Attachment B – RT Staff Costs Attributable and Charged to RT Pension Plans

Attachment C – Summary of Legal Services Provided for the Quarter Ending March 31, 2018

Approved:

Presented:

Final 6/13/2018

Treasury Controller

Pension & Retiree Services Administrator

J:\Retirement Board\2018\IPs\Quarterly Meetings\June 20, 2018\Update on Roles and Responsibilities 5.7.18.doc

Pension Administration Staff Roles and Responsibilities

Plan Administration

Customer Relations:

Task	Primary Responsibility	Back Up Responsibility
Retirement Meetings	Pension and Retirement Services Administrator (PRSA)	Pension Analyst
Research and address benefit discrepancies	PRSA	Pension Analyst
Disability Retirements	PRSA	Pension Analyst
Conduct Educational Sessions	PRSA	Pension Analyst
Respond to all Employee and Retiree inquiries	Pension Analyst	PRSA
Creation of Pension Estimates	Pension Analyst	PRSA
Processing Employee and Retiree Deaths	Pension Analyst	PRSA
Administration of Active and Term Vested (TV) Retirement Process, including: <ul style="list-style-type: none">) Notifications) Lost Participant Process (TV)) Collection of all required documents) Legal/Compliance Review) Approval by General Manager 	Pension Analyst	PRSA
Converting Employees to Retirees in SAP	Pension Analyst	Sr. HR Analyst - HRIS
Lost participant process for returned checks/stubs	Pension Analyst	PRSA
48-Month Salary Calculations	Pension Analyst	Payroll Supervisor and PRSA
Distribution of employee required contributions (per contract or PEPRA): <ul style="list-style-type: none">) Send notification) Collect documentation) Lost participant process) Apply interest) Process check 	Pension Analyst	PRSA
Conduct Lost Participant Searches	Pension Analyst	Pension Analyst
Administer Retiree Medical	Sr. HR Analyst	Sr. HR Analyst
Managing Stale Dated and Lost Check Replacement	Payroll Analyst and Treasury Controller	Payroll Supervisor
Copies of Retiree Pay Stubs and 1099R's	Payroll Analyst	Payroll Supervisor
Printing, Stuffing, and Mailing Pay Stubs	Payroll Analyst	Payroll Supervisor
Verification of Retiree Wages: gross pay, net wages, no pre-tax deductions, taxes	Administrative Technician (HR) and Payroll Analyst	Pension Analyst and/or Payroll Supervisor

Plan Documents:

Task	Primary Responsibility	Back Up Responsibility
Negotiation of Benefits, Provisions	Director, Labor Relations	To be determined
Incorporate Negotiated Benefits/Provisions into Plan Documents	Deputy Chief Counsel, RT	Chief Counsel, RT
Interpretation of Provisions	PRSA and Deputy Chief Counsel, RT	Chief Counsel, RT
Guidance to Staff regarding legal changes that affect Plans	PRSA and Deputy Chief Counsel, RT	Chief Counsel, RT

Vendor Administration:

Task	Primary Responsibility	Back Up Responsibility
Legal Services (Hanson Bridgett) Contract Procurement	PRSA and Treasury Controller	VP Treasury/CFO
Actuarial Services (Cheiron) Contract Procurement	PRSA and Treasury Controller	VP Treasury/CFO
Retirement Board Policy Development and Administration	PRSA and Treasury Controller Hanson Bridgett and Cheiron	VP Treasury/CFO Hanson Bridgett and Cheiron

Retirement Board Administration:

Task	Primary Responsibility	Back Up Responsibility
Creation of Agenda/IPs	Staff Presenting Issue to Board	n/a
Creation and Distribution of Retirement Board Packages	PRSA	Treasury Controller
Management of Retirement Board Meetings	PRSA	Treasury Controller
Training of Staff/Board Members	PRSA and Treasury Controller	Staff/Vendor SME
New Retirement Board Member Training	PRSA and Treasury Controller	Staff/Vendor SME

Semi-Annual/Annual/Bi-Annual Administration:

Task	Primary Responsibility	Back Up Responsibility
Valuation Study	PRSA and Treasury Controller	VP Treasury/CFO
Experience Study	PRSA and Treasury Controller	VP Treasury/CFO
Fiduciary Liability Insurance	PRSA	Treasury Controller
Responses to Public Records Act Requests	PRSA	Treasury Controller
Statement of Investment Objectives and Policy Guidelines management	Treasury Controller	VP Treasury/CFO

Contract Administration:

Task	Primary Responsibility	Back Up Responsibility
Adherence to contract provisions	PRSA and Treasury Controller	VP Treasury/CFO
Payment of Invoices	Treasury Controller or PRSA	VP Treasury/CFO
Contract Management, including RFP process	PRSA and Treasury Controller	VP Treasury/CFO

Asset Management:

Task	Primary Responsibility	Back Up Responsibility
Asset Rebalancing	Treasury Controller	VP Treasury/CFO
Account Reconciliations	Treasury Controller	VP Treasury/CFO
Cash Transfers	Treasury Controller	VP Treasury/CFO
Fund Accounting	Treasury Controller	VP Treasury/CFO
Investment Management	Treasury Controller	VP Treasury/CFO
Financial Statement Preparation	Treasury Controller	VP Treasury/CFO
Annual Audit	Treasury Controller	VP Treasury/CFO
State Controller's Office Reporting	Treasury Controller	VP Treasury/CFO
U.S. Census Bureau Reporting	Treasury Controller	VP Treasury/CFO
Work with Contractors (Investment advisors (Callan), Custodian (State Street), Fund Managers, Auditors, and Actuary (Cheiron))	Treasury Controller	VP Treasury/CFO
Review Monthly Asset Rebalancing	Treasury Controller	VP Treasury/CFO

Pension Administration Costs
For the Time Period: January 1, 2018 to March 31, 2018

Sum of Value TranCurr			
WBS Element	Source object name	Period	Total
SAXXXX.PENATU	Finance And Treasury / Gardner, Leona	7	57.40
		8	2,266.06
		9	2,464.83
	Finance And Treasury / Montung-Fuller, Mari	7	3,299.67
		8	2,266.06
		9	2,464.83
	Finance And Treasury / Weekly, Valerie	7	2,074.14
		8	1,805.27
		9	2,150.96
	Human Resources / Ung, Elaine	8	35.80
		9	17.90
		9	2,150.96
	Legal / Sanchez, Olga	7	205.38
		8	68.46
		9	68.46
SAXXXX.PENATU Total			14,514.33
SAXXXX.PENIBEW	Finance And Treasury / Montung-Fuller, Mari	7	516.82
		8	596.35
		9	993.91
	Finance And Treasury / Weekly, Valerie	7	1,229.12
		8	1,113.89
		9	1,882.09
	Human Resources / Ung, Elaine	8	17.90
		9	1,882.09
		9	1,882.09
	Legal / Sanchez, Olga	7	68.46
		8	68.46
		9	34.23
SAXXXX.PENIBEW Total			6,452.77
SAXXXX.PENSALA	Finance And Treasury / Adelman, Jamie	7	264.33
		8	288.36
		9	288.36
	Finance And Treasury / Montung-Fuller, Mari	7	1,629.96
		8	1,550.46
		9	1,351.70
	Finance And Treasury / Weekly, Valerie	7	1,574.81
		8	2,496.65
		9	1,613.22
	Human Resources / Ung, Elaine	8	17.90
		9	1,613.22
		9	1,613.22
	Legal / Sanchez, Olga	7	34.23
		8	34.23
		9	136.91
SAXXXX.PENSALA Total			10,958.53
SAXXXX.PENSION	Board Support / Brooks, Cynthia	7	75.00
		9	75.00
	Finance And Treasury / Adelman, Jamie	7	865.08
		8	3,268.08
		9	1,970.46
	Finance And Treasury / Bhullar, Harjeet	7	106.60
		7	1,760.22
	Finance And Treasury / Gardner, Leona	7	1,760.22
7		1,760.22	

SAXXXX.PENSION	Finance And Treasury / Gardner, Leona	8	650.51
		9	286.99
	Finance And Treasury / Johnson, Rachel	7	96.63
	Finance And Treasury / Mata, Jennifer	7	1,533.88
		8	1,404.65
		9	1,507.36
	Finance And Treasury / Montung-Fuller, Mari	7	4,810.36
		8	6,062.65
		9	7,195.68
	Finance And Treasury / Volk, Lynda	8	189.88
	Finance And Treasury / Weekly, Valerie	7	3,149.62
		8	3,188.03
		9	3,380.08
	Human Resources / Humphrey, Isis	7	1,697.04
		8	1,697.04
		9	1,791.32
	VP, Finance/CFO / Bernegger, Brent	7	72.32
		8	433.92
		9	1,012.48
SAXXXX.PENSION Total			48,280.88
Grand Total			80,206.51

**HANSON BRIDGETT LLP &
SACRAMENTO REGIONAL TRANSIT DISTRICT RETIREMENT BOARDS**

LEGAL SERVICES SUMMARY

Set forth below is a broad summary report of significant legal matters addressed by Hanson Bridgett LLP for the Sacramento Regional Transit District Retirement Boards during the Quarter ended March 31, 2018.

1. Weekly client conference calls and internal conferences on pending matters, upcoming Board meetings and follow-up from prior Board meetings.
2. Preparation for and participation in Quarterly and Special Board Meetings, including review and markup of agenda materials and related Board Chair conference calls.
3. Assist with contract drafting, negotiation, compliance requirements and oversight.
4. Support upcoming procurement for investment advisory services.
5. Review and comment on employee/beneficiary notices.
6. Provide counsel on issues including, but not limited to:
 - a. Pension Plan documents and updates;
 - b. Financial reporting;
 - c. Disability retirement determination;
 - d. Benefit eligibility determinations;
 - e. Calculation of benefits under various scenarios;
 - f. Re-employment after retirement process;
 - g. Fiduciary duties;
 - h. Under-payments, corrective payments and lump sum payments.

Respectfully Submitted,

/s/ Shayna M. van Hoften

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
12	06/20/18	Retirement	Information	05/16/18

Subject: Investment Performance Review by AQR for the ATU, IBEW and Salaried Funds for the International Small Capitalization Equity Asset Class for the Quarter Ended March 31, 2018 (ALL). (Adelman)

ISSUE

Investment Performance Review by AQR for the ATU, IBEW and Salaried Funds for the International Small Capitalization Equity Asset Class for the Quarter Ended March 31, 2018 (ALL). (Adelman)

RECOMMENDED ACTION

Information Only

FISCAL IMPACT

None

DISCUSSION

Retirement funds are invested consistent with the Statement of Investment Objectives and Policy Guidelines (Policy) adopted by each Retirement Board (Board). Under the Policy, the Boards meet at least once every eighteen (18) months with each investment manager to review the performance of the manager's investment, the manager's adherence to the Policy, and any material changes to the manager's organization. The Policy also establishes the Retirement Funds' asset allocation policy and the asset classes in which the Plans funds are invested. The asset classes established by the Policy are (1) Domestic Large Capitalization Equity, (2) Domestic Small Capitalization Equity, (3) International Large Capitalization Equity, (4) International Small Capitalization Equity, (5) International Emerging Markets, and (6) Domestic Fixed-Income.

AQR is the Retirement Boards' International Small Capitalization Equity fund manager. AQR will be presenting performance results for the quarter ended March 31, 2018, shown in Attachment 1, and answering any questions.

Approved:

Presented:

Final 06/05/2018

VP of Finance/CFO

Treasury Controller

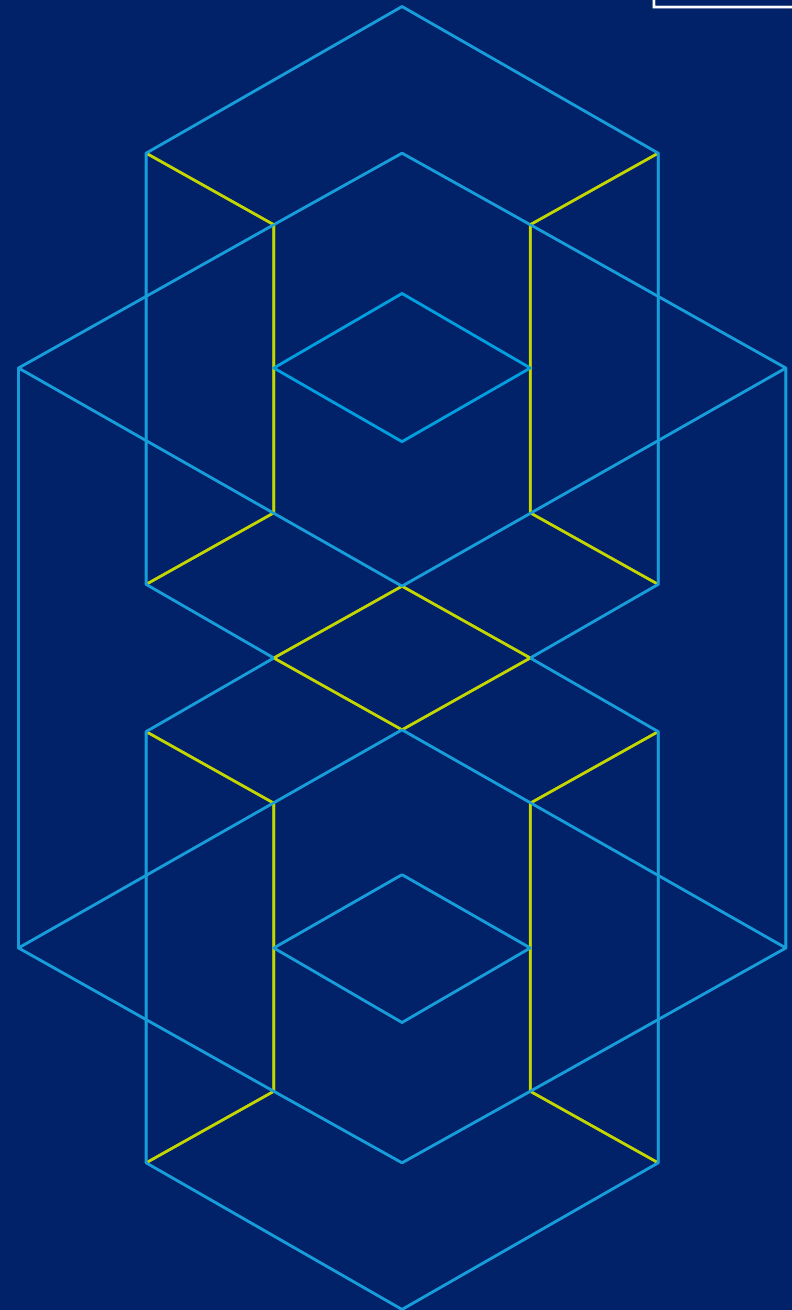
AQR International Small Cap Trailing Twelve Month Review

Prepared exclusively for Sacramento
Regional Transit District

Private and Confidential

FOR CLIENT REVIEW USE ONLY

June 20, 2018



Disclosures

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This presentation is not research and should not be treated as research. This presentation does not represent valuation judgments with respect to any financial instrument, issuer, security or sector that may be described or referenced herein and does not represent a formal or official view of AQR.

The views expressed reflect the current views as of the date hereof and neither the speaker nor AQR undertakes to advise you of any changes in the views expressed herein. It should not be assumed that the speaker or AQR will make investment recommendations in the future that are consistent with the views expressed herein, or use any or all of the techniques or methods of analysis described herein in managing client accounts. AQR and its affiliates may have positions (long or short) or engage in securities transactions that are not consistent with the information and views expressed in this presentation.

The information contained herein is only as current as of the date indicated, and may be superseded by subsequent market events or for other reasons. Charts and graphs provided herein are for illustrative purposes only. The information in this presentation has been developed internally and/or obtained from sources believed to be reliable; however, neither AQR nor the speaker guarantees the accuracy, adequacy or completeness of such information. Nothing contained herein constitutes investment, legal, tax or other advice nor is it to be relied on in making an investment or other decision.

There can be no assurance that an investment strategy will be successful. Historic market trends are not reliable indicators of actual future market behavior or future performance of any particular investment which may differ materially, and should not be relied upon as such. Target allocations contained herein are subject to change. There is no assurance that the target allocations will be achieved, and actual allocations may be significantly different than that shown here. This presentation should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any securities or to adopt any investment strategy.

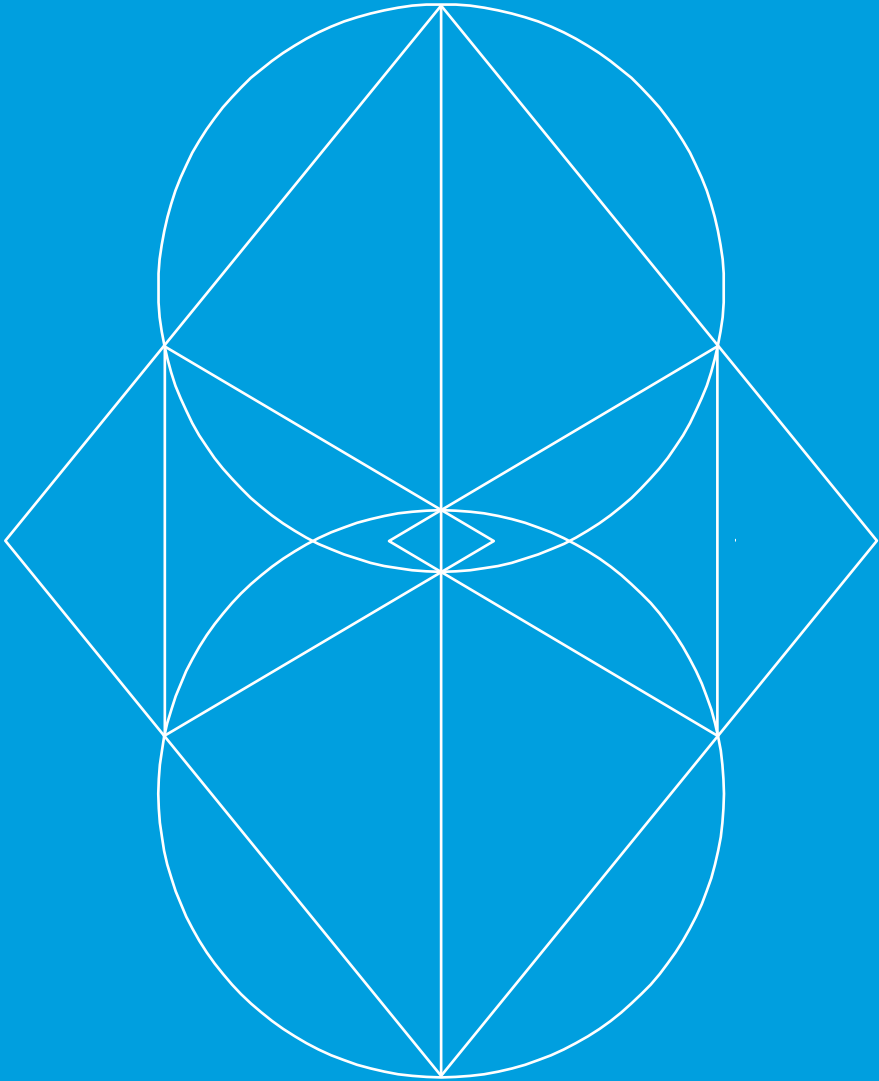
The information in this presentation may contain projections or other forward-looking statements regarding future events, targets, forecasts or expectations regarding the strategies described herein, and is only current as of the date indicated. There is no assurance that such events or targets will be achieved, and may be significantly different from that shown here. The information in this presentation, including statements concerning financial market trends, is based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. Performance of all cited indices is calculated on a total return basis with dividends reinvested.

The investment strategy and themes discussed herein may be unsuitable for investors depending on their specific investment objectives and financial situation. Please note that changes in the rate of exchange of a currency may affect the value, price or income of an investment adversely.

Neither AQR nor the speaker assumes any duty to, nor undertakes to update forward looking statements. No representation or warranty, express or implied, is made or given by or on behalf of AQR, the speaker or any other person as to the accuracy and completeness or fairness of the information contained in this presentation, and no responsibility or liability is accepted for any such information. By accepting this presentation in its entirety, the recipient acknowledges its understanding and acceptance of the foregoing statement.



Firm Overview



Our Firm

AQR is a global investment management firm built at the intersection of financial theory and practical application. We strive to deliver superior, long-term results for our clients by looking past market noise to identify and isolate what matters most, and by developing ideas that stand up to rigorous testing. Our focus on practical insights and analysis has made us leaders in alternative and traditional strategies since 1998.

At a Glance

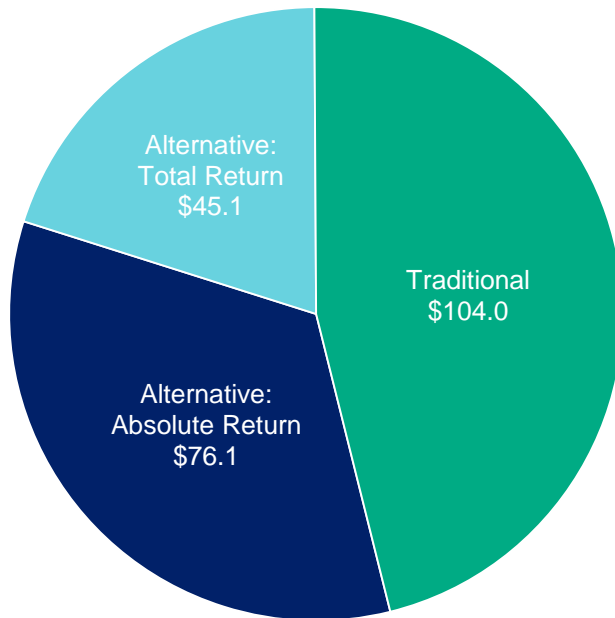
- AQR takes a systematic, research-driven approach to managing alternative and traditional strategies
- We apply quantitative tools to process fundamental information and manage risk
- Our clients include institutional investors, such as pension funds, defined contribution plans, insurance companies, endowments, foundations, family offices and sovereign wealth funds, as well as RIAs, private banks and financial advisors
- The firm has 36 principals and 914 employees; over half of employees hold advanced degrees
- AQR is based in Greenwich, Connecticut, with offices in Boston, Chicago, Hong Kong, London, Los Angeles, and Sydney
- Approximately \$225 billion in assets under management as of March 31, 2018*



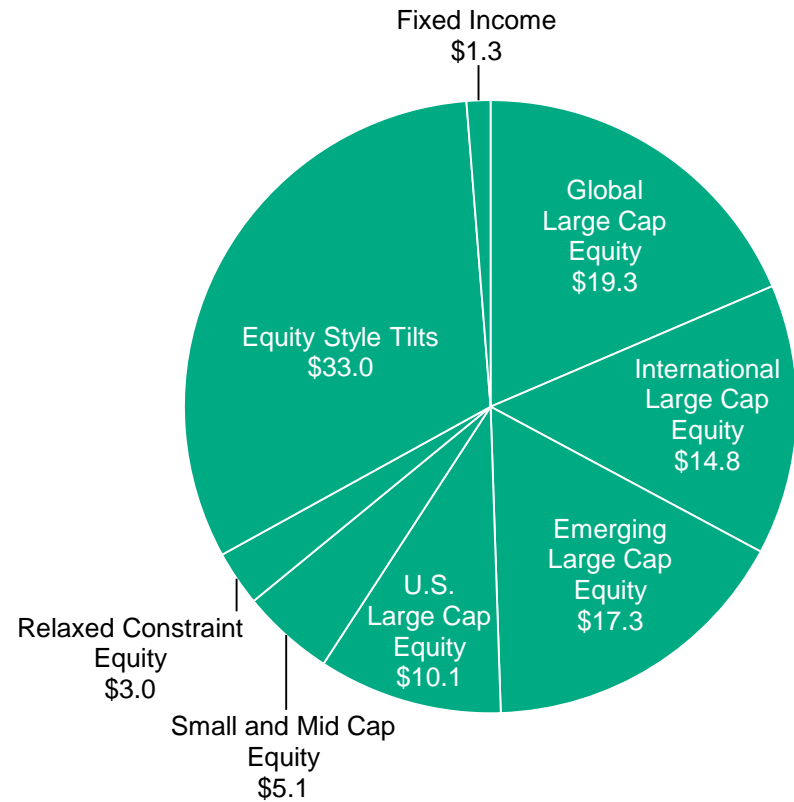
*Approximate as of 3/31/2018, includes assets managed by AQR and its advisory affiliates.

Assets Under Management

Total Assets
\$225 Billion*



Traditional Strategies
\$104 Billion*



*Approximate as of 3/31/2018, includes assets managed by AQR and its advisory affiliates.

Who We Are

Cliff Asness, Ph.D.*
Managing and Founding Principal

Portfolio Management, Research & Trading

John Liew, Ph.D.*
Founding Principal

Portfolio Management and Research

Michele Aghassi, Ph.D.
Principal

Michael Mendelson*
Principal

Andrea Frazzini, Ph.D.
Principal

Tobias Moskowitz, Ph.D.
Principal

Jacques Friedman*
Principal

Yao Hua Ooi
Principal

Brian Hurst*
Principal

Lasse Pedersen, Ph.D.
Principal

John Huss
Principal

Scott Richardson, Ph.D.
Principal

Ronen Israel*
Principal

Mark Mitchell, Ph.D.
Principal (CNH)

Roni Israelov, Ph.D.
Principal

Todd Pulvino, Ph.D.
Principal (CNH)

Michael Katz, Ph.D.
Principal

Rocky Bryant
Principal (CNH)

David Kupersmith
Principal

Oktay Kurbanov
Principal

Ari Levine
Principal

Trading

Isaac Chang
Managing Director

Brian Hurst*
Principal

Risk Management

Risk Management

Lars Nielsen*
Principal
Chief Risk Officer

Business Development

David Kabiller, CFA*
Founding Principal

Client Solutions

Gregor Andrade, Ph.D.*
Principal

Jeremy Getson, CFA*
Principal

Bill Cashel
Principal

Marco Hanig, Ph.D.
Principal

Jeff Dunn
Principal

Chris Palazzolo, CFA
Principal

Portfolio Solutions

Antti Ilmanen, Ph.D.
Principal

Marketing

Suzanne Escousse
Principal
Chief Marketing Officer

Corporate Infrastructure

Finance

John Howard*
Principal,
Chief Finance Officer /
Co-Chief Operating Officer

Bradley Asness
Principal
Co-Chief Operating Officer

Accounting, Operations and Client Administration

Steve Mellas
Principal

Systems Development and IT

Neal Pawar
Principal
Chief Technology Officer

Human Resources

Jen Frost
Principal
Chief Human Resources Officer

Legal & Compliance

Legal

Billy Fenrich
Principal
Chief Legal Officer

Compliance

H.J. Willcox
Principal
Chief Compliance Officer



*Member of Strategic Planning Committee (SPC)
Personnel as of 4/2/2018

AQR Overview

Recognized research excellence among world class academia

Academic Engagement

19 current and former professors work at AQR

Nearly half of our employees hold advanced degrees (including 78 Ph.D.s)

Established the AQR Asset Management Institute at The London Business School to promote excellence in asset management

The AQR Insight Award gives an annual \$100,000 prize honoring unpublished papers that provide the most significant investment insights

Our online research library contains more than 300 papers, journal articles, books and periodicals, as well as our data sets

Awards and Prizes

54 Research Awards

Notable awards include¹:

- 8 Bernstein Fabozzi JPM Awards
- 8 Graham & Dodd Awards
- 6 Smith Breeden Awards²
- 4 DFA Prizes
- 3 Michael Brennan Awards²
- 1 Fischer Black Prize
- 1 Bernacer Prize
- 1 Markowitz JOIM Award

Highly Ranked Finance Research³

SSRN Downloads

1. New York University (NYU)
2. Harvard University
3. University of Chicago
4. University of Navarra
5. Stanford University
6. University of Pennsylvania
7. Columbia University
8. Yale University
9. Duke University
10. University of Oxford
11. MIT
12. **AQR Capital Management**
13. U.S. Government
14. University of Toronto
15. University of New South Wales

Top Journal Article Citations

1. University of Chicago
2. **AQR Capital Management**
3. Yale University
4. University of Pennsylvania
5. New York University (NYU)
6. Duke University
7. Ohio State University
8. Copenhagen
9. Harvard University
10. Universita Bocconi
11. U. of Rochester
12. Columbia University
13. Federal Reserve Bank of NY
14. Washington University
15. Dartmouth College

As of March 31, 2018. Source: AQR and www.ssm.com.

¹Graham & Dodd Awards won in 2016, 2011, 2005, 2004, 2003, 1998, 1991; Bernstein Fabozzi Awards won in 2016, 2014, 2013, 2013, 2005, 2004, 2003, 2002; Smith Breeden Awards won in 2010, 2008, 2002, 2000, 1998, 1998; DFA Awards won in 2016, 2014, 2008, 2005; Michael Brennan Awards won in 2013 and 2005, runner-up in 2006; Fischer Black Prize won in 2007; Bernacer Prize won in 2011; Markowitz Award won in 2016.

²Two Smith Breeden awards were second place mentions; one Michael Brennan award was a second place mention.

³Social Science Research Network (SSRN) Finance Economic Network ranked by total new downloads of papers in the last 3 Years. SSRN List is as of February 1, 2018, Google Scholar list as of 08/10/2017.



Global Stock Selection Team

Portfolio Management and Research

Jacques Friedman
Principal

Andrea Frazzini, Ph.D.
Principal

Michele Aghassi, Ph.D., CFA
Principal

Ronen Israel
Principal

Tobias Moskowitz, Ph.D.
Principal

Scott Richardson, Ph.D.
Principal

Shaun Fitzgibbons
Managing Director

Tarun Gupta, Ph.D.
Managing Director

Rodolfo Martell, Ph.D.
Managing Director

Greg McIntire, CFA
Managing Director

Lukasz Pomorski, Ph.D.
Managing Director

Laura Serban, Ph.D.
Managing Director

Nathan Sosner, Ph.D.
Managing Director

Greg Hall
Vice President

Adrienne Ross
Vice President

Portfolio Implementation

Michael Katz, Ph.D.
Principal

Oktay Kurbanov
Principal

Alla Markova
Managing Director

Trading

Isaac Chang
Managing Director

Brian Hurst
Principal

Risk Management

Lars Nielsen
Principal

Front Office Technology

Neal Pawar
Principal

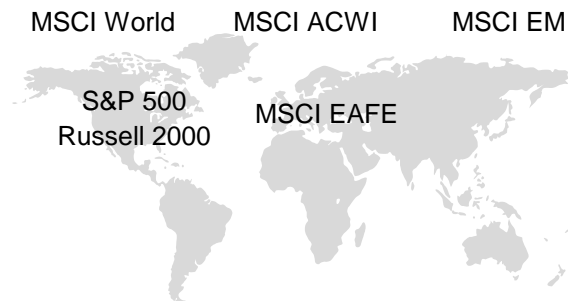


Investment Process

Consistent process across AQR Enhanced Equity Strategies

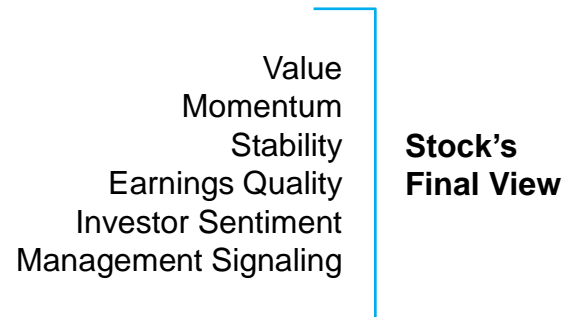
Select	Evaluate
Construct	Trade

1. Select Investment Universe

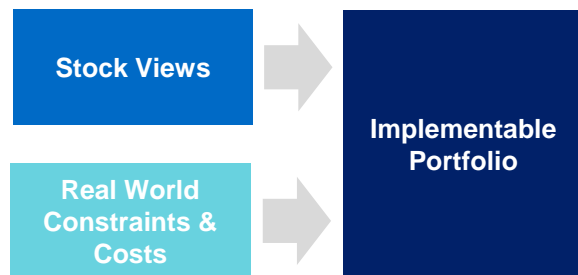


We use the broad investment universe and avoid straying from benchmark names.

2. Evaluate Attractiveness of Each Stock



3. Portfolio Construction

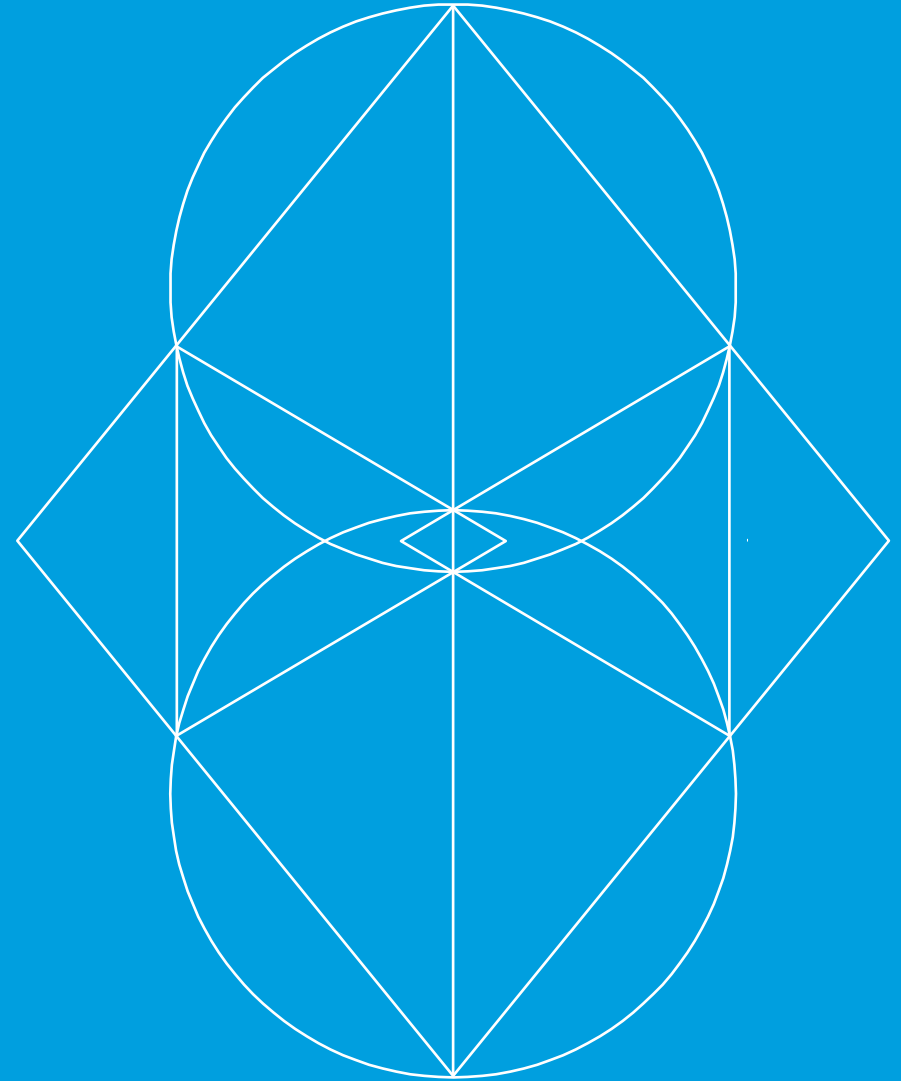


4. Trading



Source: AQR. Investment process is subject to change at any time without notice. Please read important disclosures in the Appendix. In equities and futures markets, AQR utilizes broker's infrastructure to access electronic trading venues. In FX markets, AQR connects directly to dealers and electronic trading venues.

Performance Review



Performance Review

Since inception performance

AQR International Small Cap Equity Fund, L.P.

August 1, 2007 - April 30, 2018

	Portfolio Return (Gross)	MSCI EAFE Small Cap	Gross Excess Return	Contribution to Gross Excess Return			
				Europe	UK	Japan	Australia & Asia ex- Japan
Q2 2017	7.9%	8.1%	-0.2%	0.2%	0.0%	-0.4%	0.0%
Q3 2017	8.6%	7.5%	1.1%	0.1%	0.4%	0.2%	0.4%
Q4 2017	5.7%	6.1%	-0.3%	-0.5%	-0.1%	0.2%	0.1%
Q1 2018	0.2%	0.2%	-0.1%	-0.5%	0.4%	-0.3%	0.3%
April 2018	1.0%	1.4%	-0.4%	-0.3%	0.0%	-0.3%	0.1%

Summary Sacramento Regional Transit District (since August 1, 2016)

Since Inception (Cuml)	32.5%	34.4%	-1.8%	-2.1%	0.5%	-1.7%	1.4%
Since Inception (Annl)	17.5%	18.4%	-0.9%	-1.1%	0.3%	-0.9%	0.8%

Summary (since August 1, 2007)

1 year trailing	19.9%	20.0%	-0.1%	-1.3%	0.7%	-0.4%	0.9%
3 years (Annl)	11.6%	11.1%	0.5%	-0.1%	0.4%	-0.7%	0.9%
5 years (Annl)	11.0%	10.6%	0.4%	0.1%	0.5%	-0.7%	0.4%
7 years (Annl)	9.4%	8.2%	1.2%	0.3%	0.6%	-0.2%	0.5%
10 years (Annl)	8.7%	6.4%	2.3%	0.9%	0.9%	0.3%	0.3%
Since Inception (Cuml)	103.2%	62.5%	40.7%	16.2%	17.7%	2.3%	4.5%
Since Inception (Annl)	6.8%	4.6%	2.2%	0.9%	1.0%	0.1%	0.2%
Tracking Error			2.1%				
Information Ratio*			1.1				

Period	Initial Contribution (\$K)	Contributions (\$K)	Withdrawals (\$K)	Investment Earnings (\$K)	Ending Balance (\$K)
Since Inception	\$ 12,202	-	\$ 320	\$ 3,681	\$ 15,563



Source: AQR. Performance figures herein represent unaudited estimates of realized and unrealized gains and losses prepared by AQR. Gross performance does not reflect the deduction of investment advisory fees. Please see the Appendix for important risk and performance disclosures. Excess returns are calculated as portfolio returns minus the benchmark. Benchmark: MSCI EAFE Small Cap. Past performance is not a guarantee of future performance. Please refer to the monthly statements provided for actual returns.

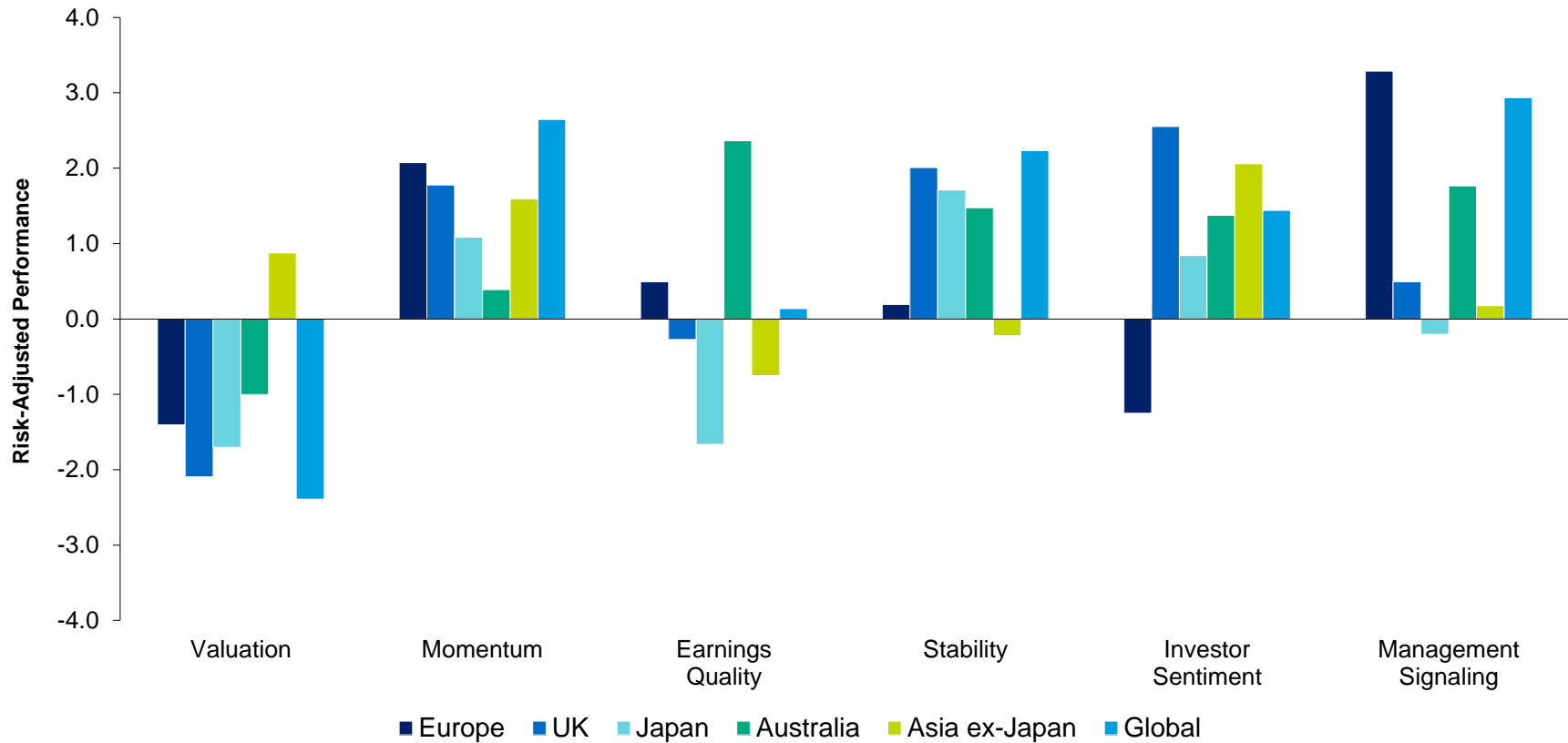
* Information Ratio is calculated as the Annualized Excess Return divided by Tracking Error.

Performance Review

Trailing One Year Investment theme performance

Stock Selection

May 1, 2017 - April 30, 2018



Source: AQR. Factor returns for unconstrained, long-short portfolios representing investment themes. Risk-adjusted performance is calculated as the ratio of model gross returns to forecasted volatility. Please see additional performance disclosures in the Appendix.

Performance Review

Trailing One Year Sector attribution

Stock Selection

May 1, 2017 - April 30, 2018

	Average Sector Weight			Excess Return		
	Portfolio	Benchmark	Active	Sector Selection	Stock Selection	Total
Consumer Discretionary	17.1%	15.9%	1.2%	-0.1%	-0.6%	-0.7%
Consumer Staples	5.9%	6.7%	-0.9%	0.0%	0.2%	0.2%
Energy	1.3%	2.4%	-1.1%	0.1%	0.1%	0.1%
Financials	10.5%	11.5%	-1.0%	0.0%	0.0%	-0.1%
Health Care	5.4%	7.0%	-1.6%	0.0%	-0.2%	-0.3%
Industrials	23.5%	22.0%	1.5%	0.0%	0.0%	0.0%
Information Technology	15.3%	11.4%	3.9%	0.2%	-0.9%	-0.7%
Materials	9.7%	9.3%	0.3%	0.0%	0.9%	0.9%
Real Estate	9.8%	10.4%	-0.5%	0.0%	0.0%	0.0%
Telecom Services	0.2%	1.3%	-1.1%	0.0%	-0.1%	0.0%
Utilities	1.3%	2.1%	-0.8%	-0.1%	0.6%	0.5%
Total	100.0%	100.0%	0.0%	0.0%	-0.1%	-0.1%



Source: AQR. Performance figures herein represent unaudited estimates of realized and unrealized gains and losses prepared by AQR. Gross performance does not reflect the deduction of investment advisory fees. Please see the Appendix for important risk and performance disclosures. Excess returns are calculated excess of designated benchmark: MSCI EAFE Small Cap. Please refer to the monthly statements provided for actual returns.

Performance Review

Portfolio characteristics: Equity exposure

Portfolio Characteristics

Stock Selection Exposure
April 30, 2018

	Portfolio	Benchmark
Number of Stocks	679	2,275
Average Market Cap (\$M)	2,495	2,965
Median Market Cap (\$M)	1,648	1,220
P/E (trailing)	14.2	17.0
P/E (forward)	14.5	16.5
P/B	1.8	1.7
P/CF	9.7	11.0
ROE (5-yr)	12.7	11.3
Debt/EQ	0.4	0.6
Sales/EV	0.9	0.7
Earnings Growth (5 yr trailing)	15.2	13.8
12 Month Return of Holdings*	40.3%	27.6%

Sector Exposure

Stock Selection Exposure
April 30, 2018

	Portfolio	Benchmark	Active Weight	Active Weight					
				Under	Over	Apr-18	Mar-18	Dec-17	Sep-17
Consumer Discretionary	17.3%	15.9%	1.5%						
Consumer Staples	6.3%	6.9%	-0.6%						
Energy	2.0%	2.6%	-0.6%						
Financials	10.8%	11.7%	-0.9%						
Health Care	5.1%	7.3%	-2.2%						
Industrials	20.1%	21.0%	-1.0%						
Information Technology	15.3%	11.2%	4.1%						
Materials	11.0%	9.5%	1.5%						
Real Estate	10.5%	10.4%	0.1%						
Telecom Services	0.2%	1.3%	-1.1%						
Utilities	1.3%	2.1%	-0.8%						
Total	100.0%	100.0%	0.0%						

Sources: AQR, Compustat, Datastream, Bloomberg, Worldscope and IBES. Characteristics may not be fully representative of other portfolios AQR may manage. Average P/E ratios of the stocks in the portfolios exclude individual stock price-to-earnings ratios that are negative and the top and bottom 1 percentile of the remaining. Average P/B ratios of the stocks in the portfolios exclude individual stock price-to-book ratios that are negative and the top and bottom 1 percentile of the remaining. Average Sales/EV ratios of the portfolios exclude individual stocks that have sales-to-enterprise values that are negative and the top and bottom 1 percentile of the remaining. Portfolio holdings are subject to change. Benchmark: MSCI EAFE Small Cap.

* 12 Month Return of Holdings is representative of how stocks held in the account or benchmark would have performed over the previous 12 months in USD, gross of fees and weighted as of the date reported. This performance is not representative of the actual performance of the benchmark, account, or any other portfolio that AQR manages.



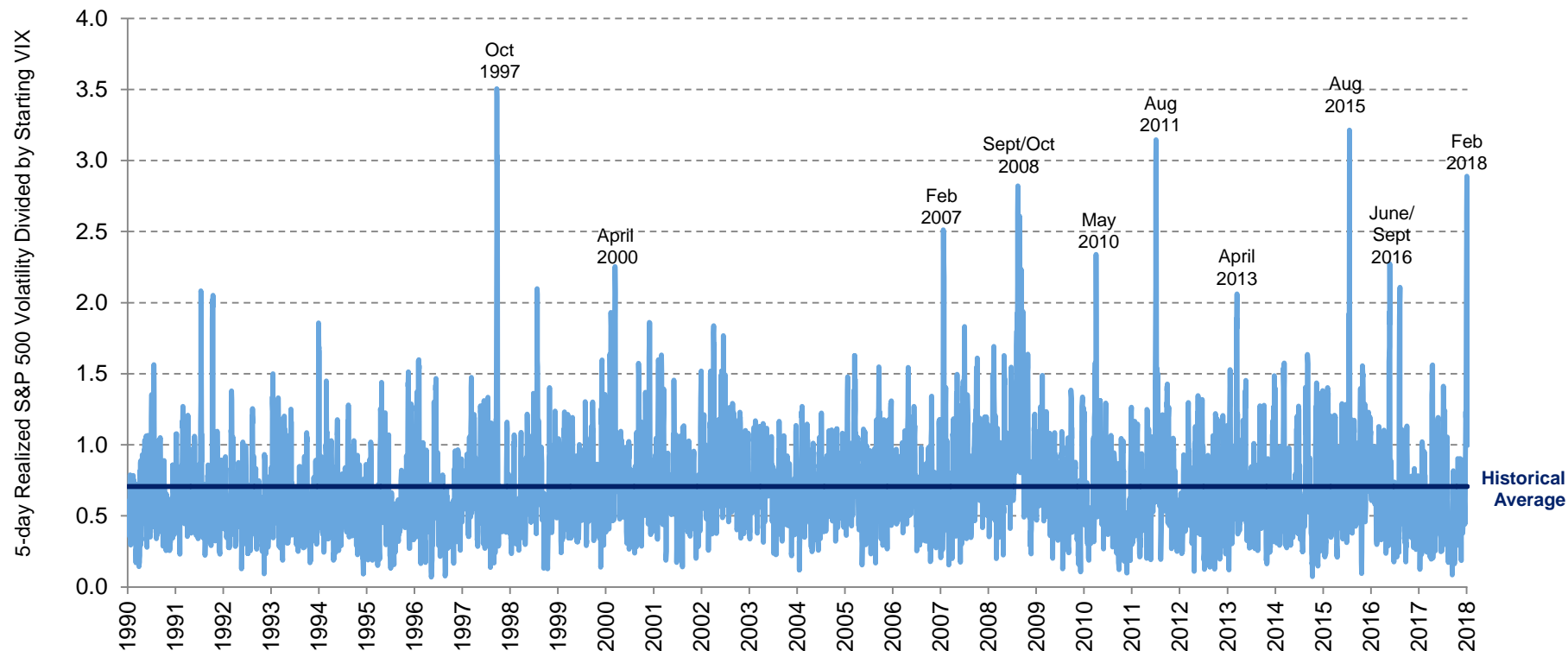
February 2018 Volatility Spike

Putting things into perspective

The recent volatility we saw in February was high, but not unprecedented*

Similar events have occurred multiple times in recent history

“Surprise” Volatility, 1990-2018



*Additional Information can be found at Cliff's Perspectives "Wild, But Not Crazy."
Source: Bloomberg, AQR, Jan 9, 1990 – Feb 12, 2018. For illustrative purposes only.

February 2018 Volatility Spike

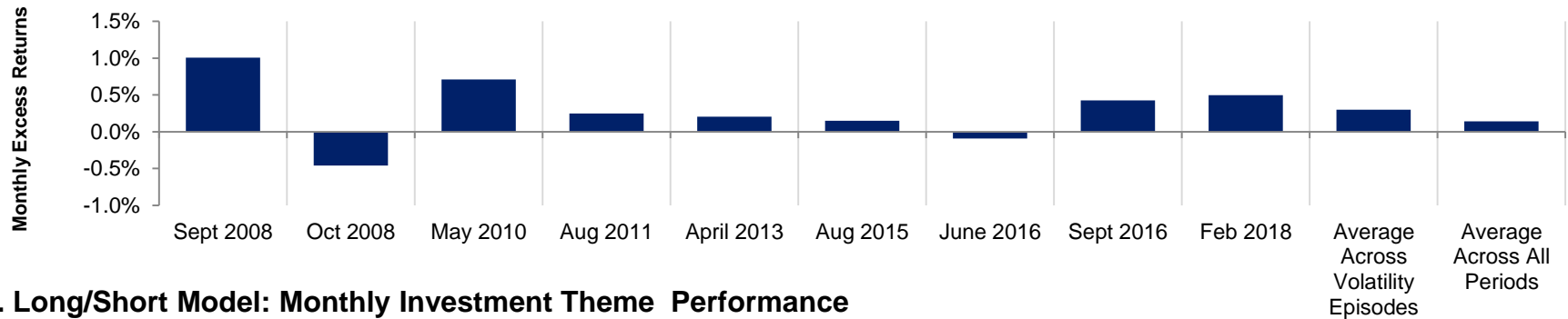
Our well-diversified process has delivered consistent returns during such episodes

One design feature of our process is low sensitivity to macroeconomic events such as ‘surprise volatility’

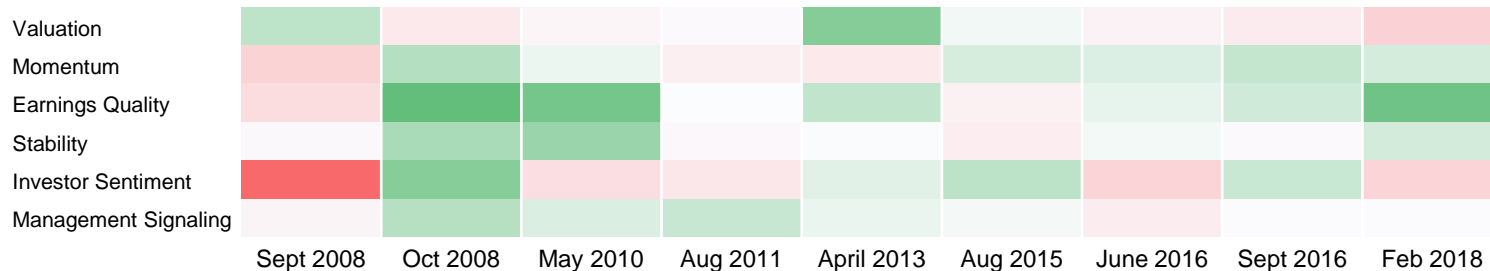
- Lowly correlated investment themes provide diversification benefits
- No commonality in investment theme performance across these episodes

These results also apply across other regions and for different time periods*

U.S. Long-Only Enhanced Composite: Monthly Performance Over ‘Surprise Volatility’ Months, 2008-2018

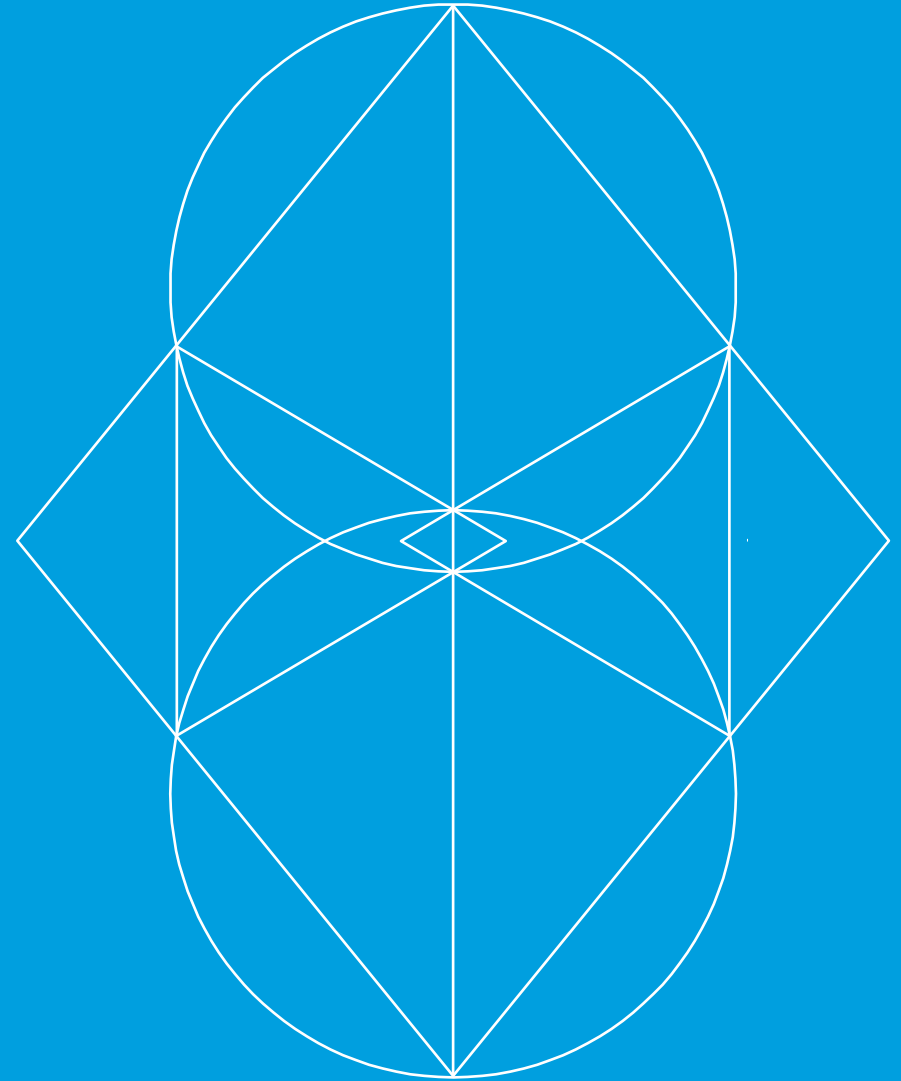


U.S. Long/Short Model: Monthly Investment Theme Performance



*While we focus on the short-term impact of a small number of events here, Ilmanen, Maloney and Ross (2014) look at 40 years of data to show the resilience of styles across a variety of macroeconomic environments. See the Appendix for more information across other regions.
 Source: AQR. U.S. Long-Only Enhanced Composite refers to the US Enhanced Equity Composite, which inceptioned in November 2013 and has a blended benchmark of S&P 500 / Russell 1000 / MSCI US. Performance is gross of fees and net of trading costs. The data presented herein is supplemental to the GIPS® compliant presentation for the US Enhanced Equity Composite included in the Appendix.

Investment Philosophy and Process



Evaluating Stocks

Select Evaluate

Construct Trade

AQR's evaluation criteria are based on economic signals

- We form a view on each stock through a model developed over more than 19 years.
- Stocks are evaluated based on the below signals, relative to other stocks in the below peer groups, both regionally and globally.

Signal Groups

Valuation:	Attractive prices
Momentum:	Improving prices and fundamentals
Stability:	Stable and high quality financials
Earnings Quality:	Sound accounting practices
Investor Sentiment:	Support of high conviction investors
Management Signaling:	Shareholder-friendly management

Peer Groups

Within Industries

Across Industries

Economically-Linked Groups

Country-Industry Pairs



Evaluating Stocks

Example: local auto components stock (tires & rubber)

Below is a stylized example of our model's view on a single stock (ranks/percentiles), highlighting a small subset of our signals.

Within Industry (Example Stock vs. Auto Stock Peers)			
Signal	Example	Data Value	Percentile
Valuation:	Adjusted Price / Earnings	14.5x	31%
Momentum:	Adjusted 12 Month Return*	20.8%	77%
Earnings Quality:	Change in Accounts Receivable	0.9%	69%
Stability:	3-year Return on Equity	12.7%	55%
Investor Sentiment	Change in % of Shares Shorted	0.7%	54%
Management Signaling:	% Change in Shares Outstanding	-2.4%	91%

Percentile Score:
92%
Based on
weighted-average
signal scores

Across Industry (Auto Industry vs. Other Industries)			
Signal Example	Data Value	Percentile	
Industry Price Change Last 12 Months	-1.2%	24%	

Economically-Linked Groups (Example's Linked Peers vs. Other Stocks' Linked Peers)			
Signal Example	Data Value	Percentile	
Momentum of Customer Supplier Pairs	16.6%	88%	

Country-Industry Pairs (Local Auto Components Stocks vs. Other Countries')			
Signal Example	Data Value	Percentile	
3-year Return on Equity	17.5%	81%	

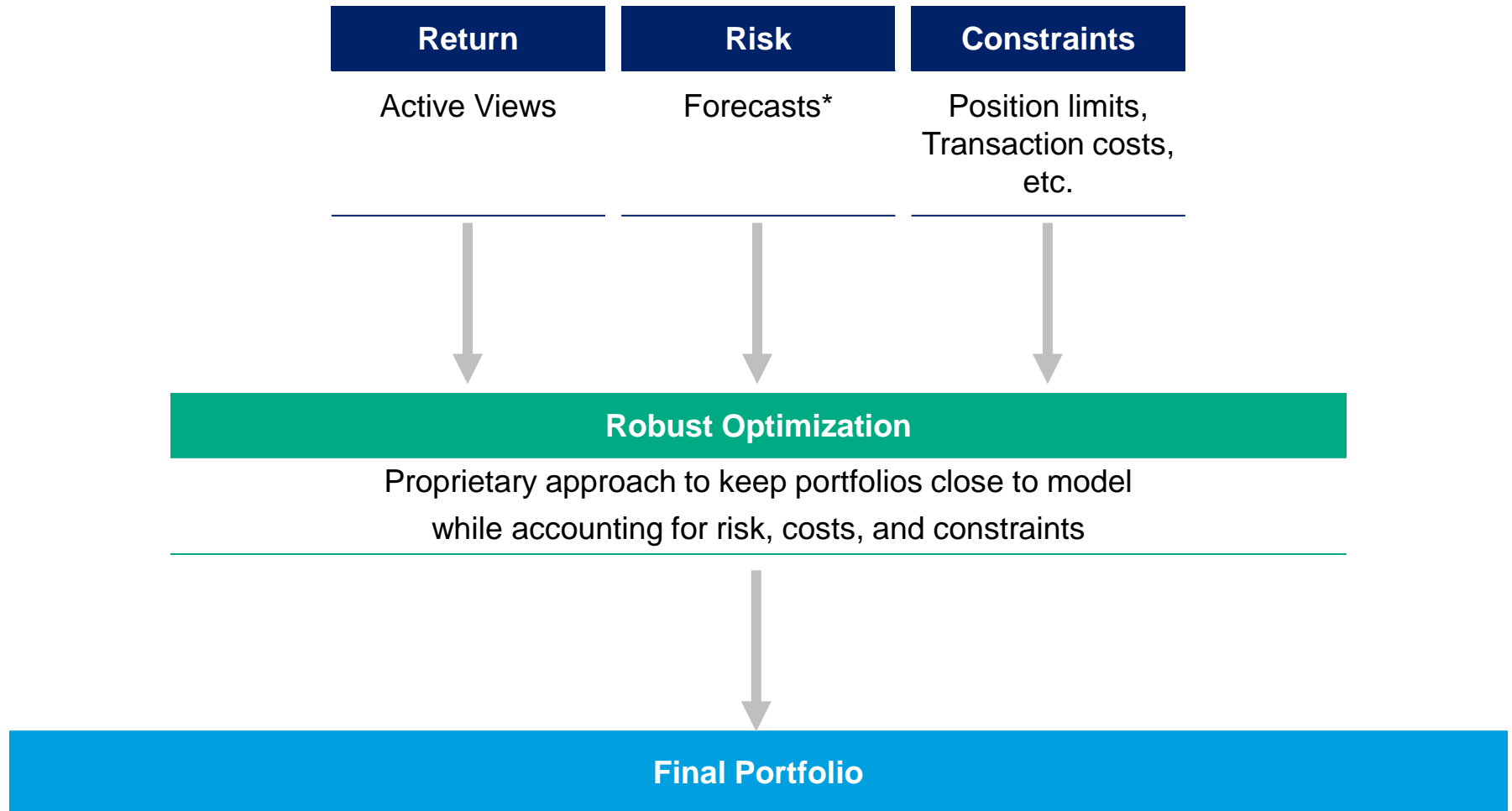


*Does not include most recent month's return.

Source: AQR. Example is for illustrative purposes only. For Percentile score, the higher the score, the better. The elements of AQR's investment process presented herein do not indicate the possibility of profits or losses within a portfolio and are subject to change at any time. Holdings are subject to change. These representative security signals were randomly selected merely to illustrate our investment process. The securities presented herein are for illustrative purposes only and not a representation that they will or are likely to achieve profits or losses. Not to be construed as investment advice or a recommendation.

Portfolio Construction

Proprietary rebalancing process



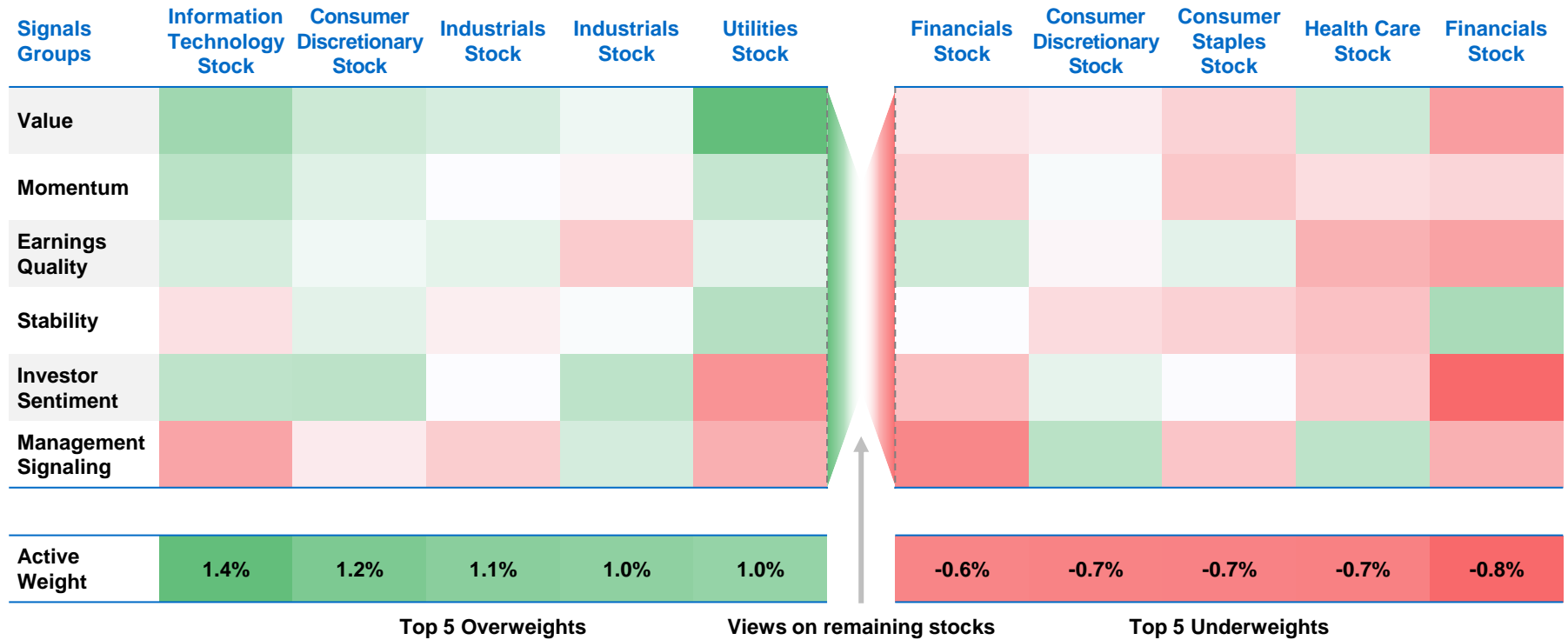
* We utilize BARRA models as our source of risk forecasts
Source: AQR. Investment process is subject to change at any time without notice. Please read important disclosures in the Appendix.

Portfolio Construction

Sample portfolio

- Model views drive active weights
- Avoid concentration in any single name

Top Active Positions



Example Strategy Characteristics*

Diversified, risk controlled, moderate turnover

Performance Targets

1.5%-2.5% excess return / 2%-3.5% tracking error**

Number of Holdings

Hundreds (e.g. >150 for International)

Average Turnover

70%–100%

Benchmark

Customizable (E.g., MSCI EAFE, Emerging, World, ACWI, Russell 1000, 2000)

Active Weighting

Sector: +/- 6%, Stock +/-2%, Country: minimal

Market Capitalization

Customizable: Large, Small Cap, IMI

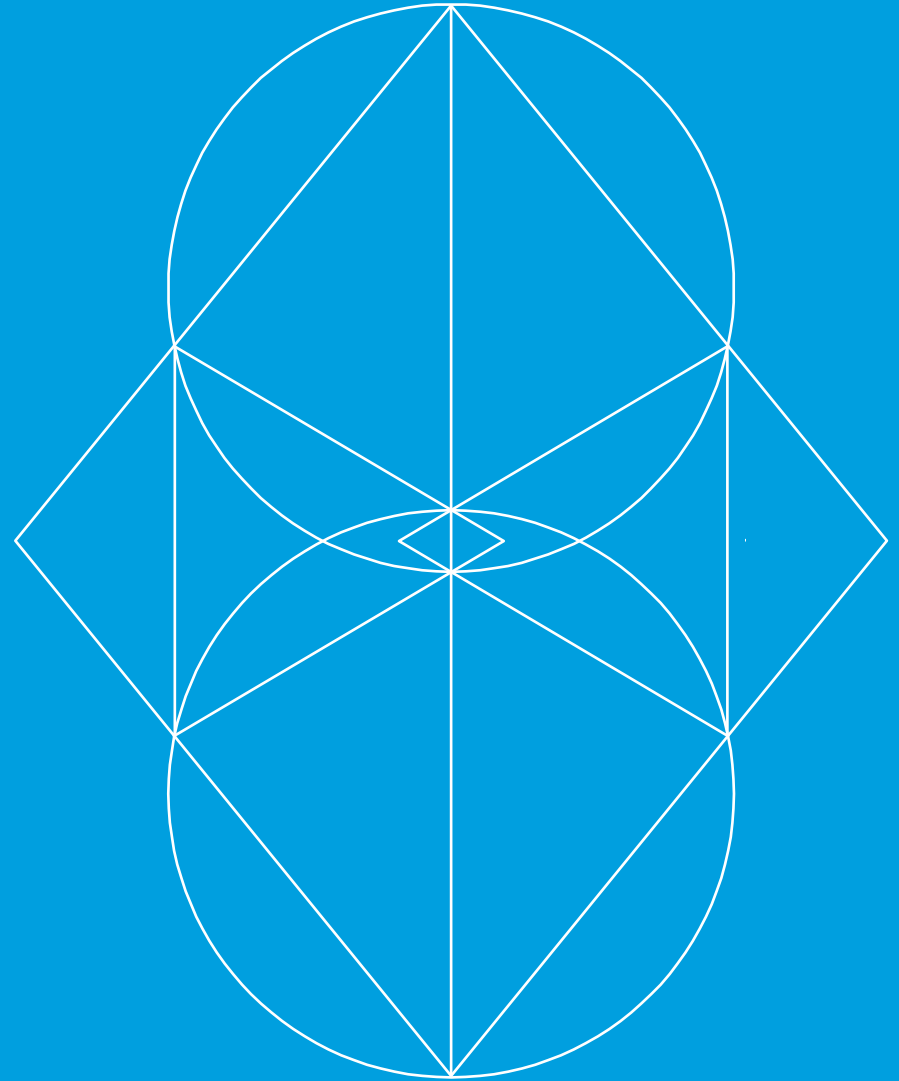


Source: AQR. Investment process, tracking error and portfolio holdings are subject to change at any time without notice. There is no guarantee, express or implied, that long-term return and/or volatility targets will be achieved. Realized returns and/or volatility may come in higher or lower than expected. Please read important disclosures in the Appendix.

*Portfolio characteristics dependent on the portfolio's mandate

**Tracking error and excess return expectations vary depending on the selected benchmark and are long-term expected averages.

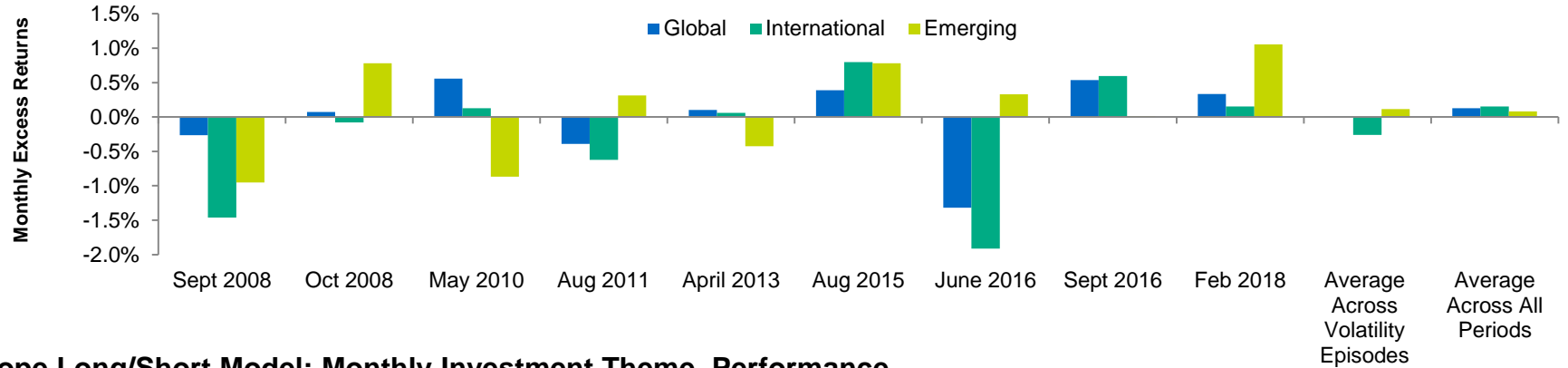
Appendices



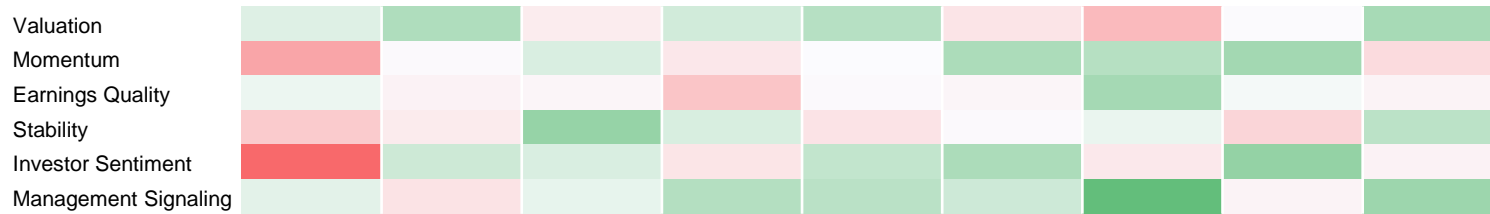
February 2018 Volatility Spike

Our well-diversified process has delivered consistent returns during such episodes

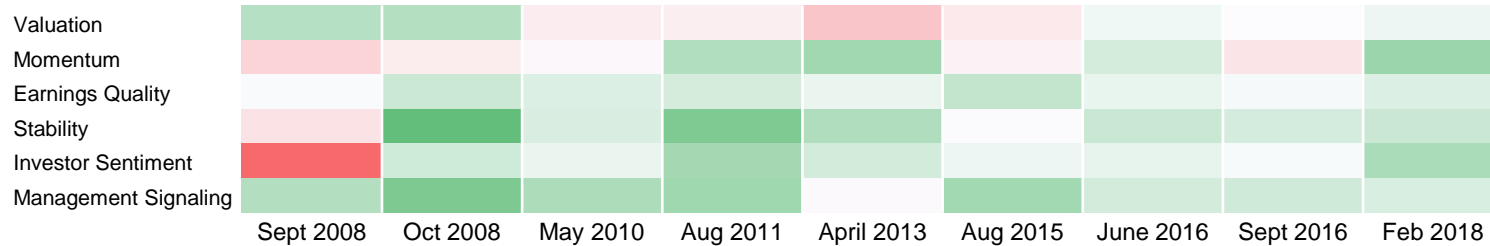
Long-Only Enhanced Composites: Monthly Performance Over U.S. 'Surprise Volatility' Months, 2008-2018



Europe Long/Short Model: Monthly Investment Theme Performance



Emerging Long/Short Model: Monthly Investment Theme Performance



Source: AQR. Global performance refers to the Global Enhanced Equity Composite, which inceptioned in November 2013 and has a benchmark of MSCI World (net of dividends). International performance refers to the International Enhanced Equity EAFE Composite, which inceptioned in February 2000 and has a benchmark of MSCI EAFE (net of dividends) in USD. Emerging performance refers to the stock selection component of the Emerging Equity Composite, which inceptioned in June 2008 and has a benchmark of MSCI Emerging Markets Total Return Index with Net Dividends Unhedged. Performance is gross of fees and net of trading costs. The data presented herein is supplemental to the GIPS® compliant presentations included in the Appendix.



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There is a risk of substantial loss associated with trading commodities, futures, options and leverage. Before investing carefully consider your financial position and risk tolerance to determine if the proposed trading style is appropriate. Investors should realize that when engaging in leverage, trading futures, commodities and/or granting/writing options one could lose the full balance of their account. It is also possible to lose more than the initial deposit when engaging in leverage, trading futures and/or granting/writing options. All funds committed should be purely risk capital.

Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index.

For L.P. Investor:

Please refer to the Fund's PPM for more information on general terms, risks and fees

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Existing investors are reminded of the confidentiality provisions contained in either (i) the Limited Partnership Agreement of their particular fund, or (ii) the Subscription Agreement of their particular fund pursuant to which you agreed to take all necessary measures to preserve the confidentiality of confidential information furnished to you relating to your investment and not to use such confidential information for any purpose not directly related to your investment. You are hereby notified that this information is confidential information and is subject to the confidentiality provisions of these agreements.

For UCITS Investors:

Fund offering documents contain risk warnings that are specific to each fund. Investors should only invest in a fund once they have thoroughly reviewed the prospectus and Key Investor Information Document ("KIID") for the fund and carefully considered the relevant investment objectives, risks, charges and fees. Investors may wish to consult an independent financial advisor for personal and specific investment advice before investing. Please refer to the Fund's Prospectus for more information on general terms, risks and fees.

For Collective Investment Trust Investors:

The Fund is sponsored and will be maintained by Global Trust Company, a Maine chartered non-depository trust company.



Performance Disclosures

The **MSCI World ex USA Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets.

The **MSCI Emerging Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

The **Russell 2000 Index** is a free float-adjusted market capitalization index that is designed to measure equity performance of 2,000 small cap stocks in the United States.

The **Russell 1000 Index** is a free float-adjusted market capitalization index that is designed to measure equity performance of 1,000 large cap stocks in the United States.

The **Growth** and **Value** versions of these indices comprise a subset of the stocks within the index that represent growth or value metrics, respectively.

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Performance Disclosures

AQR Capital Management, LLC
 US Enhanced Equity Composite
 10/31/2003–12/31/2016

Year	Gross Return %	Net Return %	Benchmark * Return %	Number of Portfolios	Dispersion %	Composite 3-Yr StDev %	Benchmark * 3-Yr StDev %	Composite Assets (\$M)	Total Firm Assets (\$M)	Carve-out %
2003	6.10	6.04	6.11	1	N/A	N/A	N/A	139.64	8,661.37	100
2004	14.64	14.24	10.14	2	N/A	N/A	N/A	229.21	11,830.59	100
2005	12.21	11.83	5.14	4	N/A	N/A	N/A	387.53	17,972.28	100
2006	17.60	17.20	14.67	11	N/A	7.55	6.92	2,304.08	30,288.30	100
2007	3.13	2.77	5.44	13	1.34	8.29	7.74	2,515.91	34,495.05	100
2008	-34.34	-34.58	-37.57	13	1.04	15.91	15.28	1,436.14	19,207.22	100
2009	26.96	26.53	26.25	12	0.90	20.49	19.63	1,668.24	23,571.55	100
2010	14.55	14.15	14.77	12	0.62	22.26	21.88	2,288.42	32,701.21	N/A
2011	4.56	4.20	1.34	15	0.36	18.66	18.64	2,980.60	43,540.99	N/A
2012	15.40	15.00	15.59	16	0.76	14.48	15.24	4,727.86	71,122.42	N/A
2013	36.09	35.63	32.19	18	1.73	11.97	12.09	8,499.78	98,302.69	N/A
2014	13.79	13.40	13.28	23	0.62	9.13	9.04	12,647.96	122,655.99	N/A
2015	1.98	1.62	1.36	7	2.08	10.27	10.47	8,261.80	142,173.39	N/A
2016	11.42	11.04	11.96	7	0.92	10.31	10.60	10,709.32	175,089.36	N/A

* S&P 500 / R1000 / MSCI US Blended Benchmark

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Firm Information: AQR Capital Management, LLC ("AQR") is a Connecticut based investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. AQR conducts trading and investment activities involving a broad range of instruments, including, but not limited to, individual equity and debt securities, currencies, futures, commodities, fixed income products and other derivative securities.

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Performance Disclosures

AQR Capital Management, LLC
US Enhanced Equity Composite
10/31/2003–12/31/2016

Composite Characteristics: The US Enhanced Equity Composite (the “Composite”) was created in September 2015. Accounts invest in large capitalization stocks in the United States. The strategy utilizes a set of valuation, momentum and economic factors based on proprietary security selection models geared to assist the underlying portfolios in meeting their investment objective. The Composite is denominated in USD. The Composite benchmark is S&P 500 / R1000 / MSCI US Blended Benchmark (the “Benchmark”). The Benchmark reflects asset-weighted returns of S&P 500, Russell 1000 and MSCI US indices, rebalanced monthly based on the beginning values of portfolios included in the Composite. As of December 31, 2016, the breakdown of the Benchmark is 93% S&P 500 Index and 7% Russell 1000 Index. The breakdown of the custom Benchmark for different time periods is available upon request. Benchmark returns are not covered by the report of independent verifiers.

From inception through July 31, 2011, all accounts included represent the US Stock Selection segment of portfolios that are managed to the Firm’s Global Equity composite or Global Enhanced Equity composites. From August 1, 2011, the Composite includes all dedicated US Stock Selection portfolios as well as the US Stock Selection segment of portfolios that are managed to the Firm’s Global Equity composite and Global Enhanced Equity composites. Carve-out % noted above represents the percent of the Composite made up of the US Stock Selection segment. Prior to 12/31/2009, cash is allocated to the carve-out segment based on a target cash allocation. Beginning January 1, 2010, all accounts are managed with their own cash balance. Further detail on carve-out calculation methodology and cash allocation to carve-out segment returns is available upon request.

New accounts that fit the Composite definition are added at the start of the first full calendar month after the assets come under management, or after it is deemed that the investment decisions made by the investment advisor fully reflect the intended investment strategy of the portfolio. Composites will exclude terminated portfolios after the last full calendar month performance measurement period that the assets were under management. The Composite will continue to include the performance results for all periods prior to termination. Effective for periods beginning July 1, 2010 through February 28, 2015, the Composite defined a significant cash flow as an external cash flow within a portfolio of 50%. Additional information is available upon request.

Calculation Methodology: All portfolios except mutual funds and UCITS are valued monthly and intra-month for large cash flows as defined by Firm policy. The Modified Dietz calculation methodology is used when calculating monthly and intra-month returns. Mutual funds and UCITS are valued daily and performance is calculated on a daily basis. Gross of fees returns are calculated gross of management and performance fees, administrative and custodial costs and net of transaction costs beginning January 1, 2010. Prior to January 1, 2010, gross of fees returns are gross of management and performance fees, and net of administrative, custodial, and transaction costs. Additional information regarding fees and the calculation of gross and net performance is available upon request.

Composite net of fees returns are calculated by deducting the maximum management or advisory fee charged by AQR from the gross composite monthly returns to all portfolios in the Composite. The standard model management fee per annum for this Composite is specified below. Composite assets may have been exposed to the impact of performance fees.

The dispersion measure is the equal-weighted standard deviation of accounts in the Composite for the entire year. Dispersion is not considered meaningful for periods shorter than one year or for periods during which the Composite contains five or fewer accounts for the full period. The three-year annualized ex-post standard deviation measure is inapplicable when 36 monthly returns are not available.

Fees: Returns are calculated net of all withholding taxes on foreign dividends. Accruals for fixed income and equity securities are included in calculations. AQR’s management or advisory fees are described in Part 2A of its Form ADV. In addition, AQR funds may have a redemption charge up to 2.00% based on gross redemption proceeds that may be charged upon early withdrawals. Consultants supplied with gross results are to use this data in accordance with SEC, CFTC and NFA guidelines.

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Prior to October 2016, the Composite was known as US Equity Composite.



Performance Disclosures

AQR Capital Management, LLC
 Emerging Equity Composite
 5/31/2008 – 12/31/2016

Year	Gross Return %	Net Return %	Benchmark * Return %	Number of Portfolios	Dispersion %	Composite 3-Yr StDev %	Benchmark * 3-Yr StDev %	Composite Assets (\$M)	Total Firm Assets (\$M)	% Non-Fee Paying Portfolios
2008	-53.60	-53.86	-52.39	1	N/A	N/A	N/A	2.24	19,207.22	100
2009	90.56	89.03	78.51	1	N/A	N/A	N/A	4.15	23,571.55	100
2010	23.12	22.09	18.88	2	N/A	N/A	N/A	228.97	32,701.21	-
2011	-16.59	-17.31	-18.42	2	N/A	27.43	25.76	311.11	43,540.99	-
2012	22.58	21.56	18.22	3	N/A	23.03	21.50	908.09	71,122.42	-
2013	2.47	1.60	-2.60	6	N/A	19.74	19.04	2,075.80	98,302.69	-
2014	-0.31	-1.16	-2.19	11	0.70	15.66	15.00	7,372.24	122,655.99	-
2015	-15.76	-16.48	-14.92	15	0.51	14.31	14.06	9,708.64	142,173.39	-
2016	14.70	13.73	11.19	13	1.16	16.36	16.07	9,098.55	175,089.36	-

* MSCI Emerging Markets Total Return Index (net dividends) Unhedged

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Performance Disclosures

AQR Capital Management, LLC
Emerging Equity Composite
5/31/2008 – 12/31/2016

Composite Characteristics: The Emerging Equity Composite (the “Composite”) was created in June 2008. Accounts included invest in emerging markets and utilize a set of valuation, momentum and economic factors to generate an investment portfolio based on asset allocation models and security selection procedures geared to assist the underlying vehicles in meeting their investment objective. The Composite strategy will generally be managed by both underweighting and overweighting securities, countries and currencies relative to the Benchmark. The Composite is denominated in USD. The Composite benchmark is the MSCI Emerging Markets Total Return Index (net dividends) Unhedged (the “Benchmark”). The index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

New accounts that fit the Composite definition are added at the start of the first full calendar month after the assets come under management, or after it is deemed that the investment decisions made by the investment advisor fully reflect the intended investment strategy of the portfolio. Composites will exclude terminated portfolios after the last full calendar month performance measurement period that the assets were under management. The Composite will continue to include the performance results for all periods prior to termination. Effective for periods beginning July 1, 2010 through February 28, 2015, the Composite defined a significant cash flow as an external cash flow within a portfolio of 50%. Additional information is available upon request.

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AQR Capital Management, LLC
Global Enhanced Equity Composite
10/31/2003 – 12/31/2016

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2003	7.25	7.18	7.87	1	N/A	N/A	N/A	244.85	8,661.37	100
2004	18.35	17.88	14.72	2	N/A	N/A	N/A	395.34	11,830.59	100
2005	13.31	12.86	9.49	4	N/A	N/A	N/A	725.60	17,972.28	100
2006	22.32	21.84	20.07	11	N/A	8.25	7.64	4,601.10	30,288.30	100
2007	6.39	5.96	9.04	13	0.92	8.69	8.10	5,096.50	34,495.05	100
2008	-38.59	-38.84	-40.71	13	0.50	17.30	17.02	2,811.25	19,207.22	52
2009	31.30	30.79	29.99	12	0.91	21.73	21.40	3,518.41	23,571.55	33
2010	13.06	12.61	11.76	12	0.40	23.82	23.72	4,628.95	32,701.21	N/A
2011	-3.16	-3.55	-5.54	11	0.38	20.22	20.15	4,044.75	43,540.99	N/A
2012	17.08	16.62	15.83	11	0.18	16.46	16.74	4,462.67	71,122.42	N/A
2013	30.11	29.60	26.68	12	0.44	13.56	13.54	5,425.11	98,302.69	N/A
2014	6.67	6.25	4.94	16	0.33	10.07	10.23	7,723.99	122,655.99	N/A
2015	1.71	1.30	-0.87	18	0.40	10.22	10.80	8,623.28	142,173.39	N/A
2016	5.52	5.10	7.51	20	0.40	10.48	10.92	9,383.16	175,089.36	N/A

* MSCI World Index (Net of Dividends)

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Global Enhanced Equity Composite
10/31/2003 – 12/31/2016

Composite Characteristics: The Global Enhanced Equity Composite (the "Composite") was created in September 2009. Accounts included invest in developed markets across the world. The Composite strategy utilizes a set of valuation, momentum and economic factors based on proprietary security selection models geared to assist the underlying portfolios in meeting their investment objective. The Composite is denominated in USD. The Composite benchmark is the MSCI World Index (Net of Dividends) (the "Benchmark"). The index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of 23 developed markets' country indices throughout the world. Benchmark returns are not covered by the report of independent verifiers.

From inception to November 30, 2008, all accounts included represent the Stock Selection segment of portfolios that are managed to the firm's Global Equity Composite. From December 1, 2008 forward, the Composite includes all dedicated Global Equity Stock Selection portfolios as well as the Stock Selection segment of portfolios that are managed to the firm's Global Equity composite. Percent that is carve-out noted above represents the percent of the Composite made up of the Global Stock Selection segment. Prior to December 31, 2009, cash is allocated to the carve-out segment based on a target cash allocation. Beginning January 1, 2010, all accounts are managed with their own cash balance. Further detail on carve-out calculation methodology and cash allocation to carve-out segment returns is available upon request.

New accounts that fit the Composite definition are added at the start of the first full calendar month after the assets come under management, or after it is deemed that the investment decisions made by the investment advisor fully reflect the intended investment strategy of the portfolio. Composites will exclude terminated portfolios after the last full calendar month performance measurement period that the assets were under management. The Composite will continue to include the performance results for all periods prior to termination. Effective for periods beginning July 1, 2010 through February 28, 2015, the Composite defined a significant cash flow as an external cash flow within a portfolio of 50%. Additional information is available upon request.

Calculation Methodology: All portfolios except mutual funds and UCITS are valued monthly and intra-month for large cash flows as defined by firm policy. The Modified Dietz calculation methodology is used when calculating monthly and intra-month returns. Mutual funds and UCITS are valued daily and performance is calculated on a daily basis. Gross of fees returns are calculated gross of management and performance fees, administrative and custodial costs and net of transaction costs beginning January 1, 2010. Prior to January 1, 2010, gross of fees returns are gross of management and performance fees, and net of administrative, custodial, and transaction costs. Additional information regarding fees and the calculation of gross and net performance is available upon request.

Composite net of fees returns are calculated by deducting the maximum management or advisory fee charged by AQR from the gross composite monthly returns to all portfolios in the Composite. The standard model management fee per annum for this Composite is specified below. Composite assets may have been exposed to the impact of performance fees.

The dispersion measure is the equal-weighted standard deviation of accounts in the Composite for the entire year. Dispersion is not considered meaningful for periods shorter than one year or for periods during which the Composite contains five or fewer accounts for the full period. The three-year annualized ex-post standard deviation measure is inapplicable when 36 monthly returns are not available.

Fees: Returns are calculated net of all withholding taxes on foreign dividends. Accruals for fixed income and equity securities are included in calculations. AQR's management or advisory fees are described in Part 2A of its Form ADV. In addition, AQR funds may have a redemption charge up to 2.00% based on gross redemption proceeds that may be charged upon early withdrawals. Consultants supplied with gross results are to use this data in accordance with SEC, CFTC and NFA guidelines.

AQR's asset-based fees for portfolios within the Composite may range up to 0.40% of assets under management and are generally billed monthly or quarterly at the commencement of the calendar month or quarter during which AQR will perform the services to which the fees relate.

Other Disclosures: AQR may engage in leveraged, derivative, and short positions in order to meet its performance objectives. The use of these positions may have a material impact on performance results. Additionally, there may be subjective unobservable inputs used in the valuation of certain financial instruments utilized by certain AQR managed investment vehicles. The risks inherent to the strategies employed by accounts included are set forth in the applicable offering documents and other information provided to potential subscribers, from where more detailed information regarding the extent to which leverage, derivatives, and short positions can be obtained. These are available on request, if not provided along with this presentation itself.



Performance Disclosures

AQR Capital Management, LLC
International Enhanced Equity EAFE Composite
1/31/2000 – 12/31/2016

Year	Gross Return %	Net Return %	Benchmark * Return %	Number of Portfolios	Dispersion %	Composite 3-Yr StDev %	Benchmark * 3-Yr StDev %	Composite Assets (\$M)	Total Firm Assets (\$M)	Carve-Out %
2000	-6.50	-6.88	-8.34	1	N/A	N/A	N/A	84.13	611.28	100
2001	-17.80	-18.18	-21.44	1	N/A	N/A	N/A	69.71	1,459.49	100
2002	-12.00	-12.40	-15.94	3	N/A	N/A	N/A	408.62	4,005.25	100
2003	41.60	40.98	38.59	4	N/A	16.86	17.81	524.79	8,661.37	100
2004	22.23	21.69	20.25	5	N/A	14.84	15.43	840.43	11,830.59	100
2005	14.95	14.44	13.54	8	N/A	11.26	11.39	1,930.41	17,972.28	100
2006	28.69	28.13	26.34	12	0.93	9.46	9.33	3,949.71	30,288.30	100
2007	9.73	9.24	11.17	14	0.72	9.94	9.43	4,567.24	34,495.05	100
2008	-42.86	-43.13	-43.38	12	0.60	19.88	19.24	2,479.26	19,207.22	100
2009	35.35	34.76	31.78	11	1.87	24.00	23.58	3,219.46	23,571.55	100
2010	10.60	10.11	7.75	13	0.75	26.52	26.23	4,899.07	32,701.21	N/A
2011	-10.90	-11.30	-12.14	10	0.60	22.57	22.43	3,162.78	43,540.99	N/A
2012	20.00	19.47	17.32	9	0.54	19.50	19.37	3,777.94	71,122.42	N/A
2013	25.42	24.87	22.78	6	0.66	16.46	16.25	3,245.54	98,302.69	N/A
2014	-2.78	-3.22	-4.90	7	0.36	12.75	13.03	3,354.20	122,655.99	N/A
2015	2.56	2.10	-0.81	8	0.37	11.82	12.46	3,390.61	142,173.39	N/A
2016	-0.33	-0.78	1.00	8	0.49	11.97	12.46	3,083.58	175,089.36	N/A

* MSCI EAFE Index (Net of Dividends)

This presentation cannot be used in a general solicitation or general advertising to offer or sell interest in its Funds. As such, this information cannot be included in any advertisement, article, notice or other communication published in any newspaper, magazine, or similar media or broadcast over television or radio; and cannot be used in any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

AQR claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. AQR has been independently verified for the period August 1998 through December 2016. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The International Enhanced Equity EAFE Composite has been examined for the periods from its inception through December 31, 2016. The verification and performance examination reports are available upon request.

Firm Information: AQR Capital Management, LLC ("AQR") is a Connecticut based investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. AQR conducts trading and investment activities involving a broad range of instruments, including, but not limited to, individual equity and debt securities, currencies, futures, commodities, fixed income products and other derivative securities.

For purposes of firm-wide compliance and firm-wide total assets, AQR defines the "Firm" as entities controlled by or under common control with AQR (including voting right). The Firm is comprised of AQR and its advisory affiliates, including CNH Partners, LLC ("CNH").

Upon request AQR will make available a complete list and description of all of Firm composites, as well as additional information regarding the policies for valuing portfolios, calculating performance, and preparing compliant presentations.

Past performance is not an indication of future performance.



Performance Disclosures

AQR Capital Management, LLC
International Enhanced Equity EAFE Composite
1/31/2000 – 12/31/2016

Composite Characteristics: The International Enhanced Equity EAFE Composite (the “Composite”) was created in January 2016. Accounts included invest, hold and trade in securities of developed markets outside of the United State and Canada. The Composite strategy utilizes a set of valuation, momentum and economic factors based on proprietary Security Selection models geared to assist the underlying portfolios in meeting their investment objective. Accounts included will generally be managed by both underweighting and overweighting securities relative to the benchmark. The Composite is denominated in USD. The Composite benchmark is the MSCI EAFE Index (Net of Dividends) (the “Benchmark”). The index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the United States and Canada. Benchmark returns are not covered by the report of independent verifiers.

From inception to May 31, 2010, all accounts included represent the Stock Selection segment of portfolios that are managed to the Firm’s International Equity Composite. Beginning June 1, 2010, the Composite includes all dedicated International Equity Stock Selection portfolios as well as the Stock Selection segment of portfolios that are managed to the Firm’s International Equity Composite. Percent that is carve-out noted above represents the percent of the Composite made up of the International Stock Selection segment. Prior to December 31, 2009, cash is allocated to the carve-out segment based on a target cash allocation. Beginning January 1, 2010, all accounts are managed with their own cash balance. Further detail on carve-out calculation methodology and cash allocation to carve-out segment returns is available upon request.

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REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
13	06/20/18	Retirement	Action	05/16/18

Subject: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2018 (ALL). (Adelman)

ISSUE

Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2018 (ALL). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2018 (ALL). (Adelman)

FISCAL IMPACT

None

DISCUSSION

Pension funds are invested consistent with the Statement of Investment Objectives and Policy Guidelines adopted by each Retirement Board. Attached are the two investment performance reports prepared by the Boards' pension investment consultants. The first report is the First Quarter 2018 Market Update (Attachment 1) and the second is the Investment Measurement Service Quarterly Review as of March 31, 2018 (Attachment 2). These reports provide a detailed analysis of the performance of each of the investment managers retained by the Retirement Boards to manage the Retirement Funds for the quarter ended March 31, 2018. The second report compares the performance of each investment manager with benchmark indices, other fund managers of similarly invested portfolios and other indices.

Investment Compliance Monitoring

In accordance with the Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans (Investment Policy), State Street Bank performs daily investment compliance monitoring on the Plans' three (3) actively managed funds. As of March 31, 2018, there were no compliance warnings or alerts to be reported; therefore, the investments are in compliance with the Investment Policy. The final attached report includes the monitoring summary (Attachment 3).

Approved:

Presented:

Final 06/05/2018

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2018\IPs\Quarterly Meetings\June 20, 2018\FI\06-20-18 Investment Performance.docx

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
13	06/20/18	Retirement	Action	05/16/18

Subject: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2018 (ALL). (Adelman)

The table below provides an overview of the quarter performance, quarter ending March 31, 2018 – gross of investment management fees:

<i>Investment Manager - Description - Benchmark</i>	Benchmark <u>Index</u>	ATU, IBEW & Salaried Fund	Investment Gains/ (Losses)	Pension Fund Contributions/ (Withdrawals)
Boston Partners (large cap value) Russell 1000 Value	(2.83%)	(1.54%)	\$(787,928)	\$(5,259,673)
S&P 500 Index (large cap value) S&P 500	(0.76%)	(0.78%)	\$(418,355)	\$(3,970,415)
Atlanta Capital (small cap) Russell 2000	(0.08%)	2.22%	\$537,551	\$(4,068,428)
Brandes (international equities) MSCI EAFE*	-	-	\$192	-
Pyrford (international equities) MSCI EAFE	(1.53%)	(2.05%)	\$(558,330)	-
MSCI EAFE Index (international equities) MSCI EAFE	(1.53%)	(1.43%)	\$(164,709)	-
AQR (small cap international equities) MSCI EAFE SC	0.24%	0.18%	\$(8,712)	-
Dimensional Fund Advisors (emerging markets) MSCI EM	1.42%	1.81%	\$297,743	-
Metropolitan West (fixed income) Barclays Agg.	(1.46%)	(1.10%)	\$(1,033,918)	\$12,115,111
Totals	(0.81%)	(0.70%)	\$(2,136,466)	\$(1,183,405)

Bold – fund exceeding respective benchmark

*The investments held in Brandes are foreign tax reclaim receivables. Currently, staff and the custodian do not have an estimated time of receipt. Until receipt of funds, Brandes will remain as a fund manager.

The table below provides an overview of the year to date performance, as of March 31, 2018 – net of investment management fees:

<i>Investment Manager - Description - Benchmark</i>	Benchmark <u>Index</u>	ATU, IBEW & Salaried Fund	Investment Gains/(Loss)	Pension Fund Contributions/ (Withdrawals)
Boston Partners (large cap value) Russell 1000 Value	6.95%	13.33%	\$5,840,298	\$(6,704,144)
S&P 500 Index (large cap value) S&P 500	13.99%	13.94%	\$6,104,234	\$(6,676,996)
Atlanta Capital (small cap) Russell 2000	11.79%	14.60%	\$3,445,854	\$(4,068,428)
Brandes (international equities) MSCI EAFE*	-	-	\$709	-
JPMorgan (international equities) MSCI EAFE	-	-	\$1,297,198	\$(25,953,819)
Pyrford (international equities) MSCI EAFE**	-	-	\$614,558	\$25,953,819
MSCI EAFE Index (international equities) MSCI EAFE	14.80%	15.09%	\$1,487,707	-
AQR (small cap international equities) MSCI EAFE SC	23.49%	22.88%	\$2,794,920	-
Dimensional Fund Advisors (emerging markets) MSCI EM	24.93%	22.14%	\$3,186,646	-
Metropolitan West (fixed income) Barclays Agg.	1.20%	1.50%	\$1,247,885	\$12,115,111
Totals	10.48%	10.06%	\$26,020,009	\$(5,334,457)

Bold – fund exceeding respective benchmark

**Manager has not had investment activity for a full year. Information will be included when appropriate data is available.

Callan

June 20, 2018



Sacramento Regional Transit District

First Quarter 2018
Market Update

Anne Heaphy

Fund Sponsor Consulting

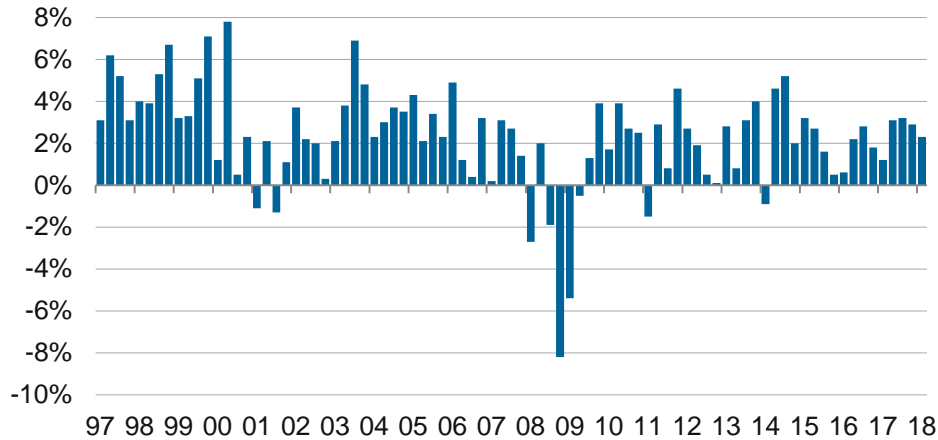
Uvan Tseng, CFA

Fund Sponsor Consulting

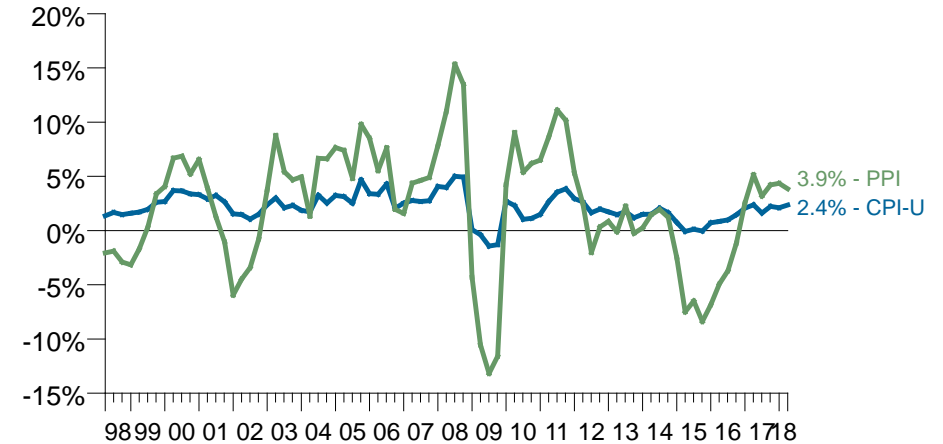
Economic Commentary

First Quarter 2018

Quarterly Real GDP Growth (20 Years)



Inflation Year-Over-Year



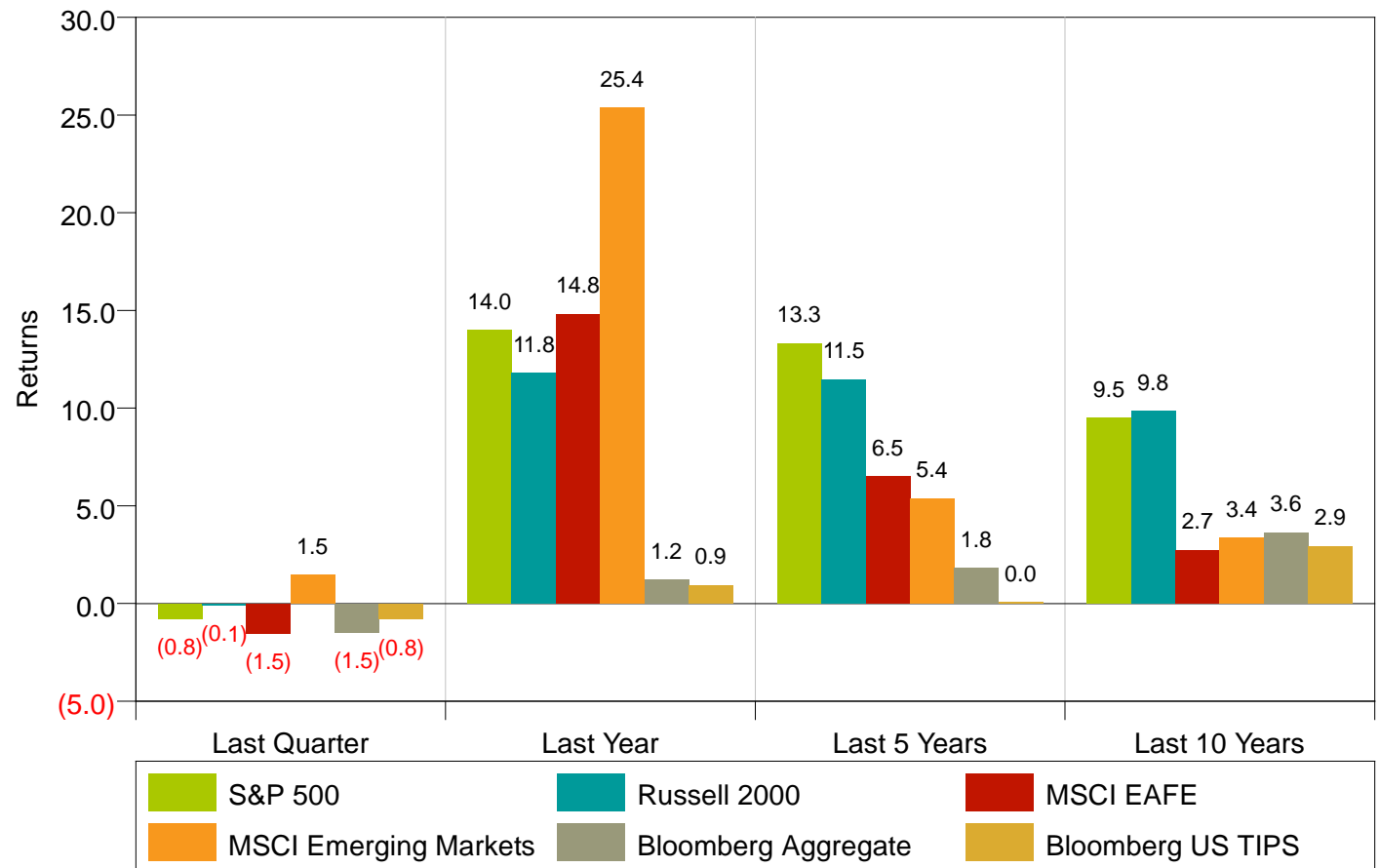
- Growth in the U.S. continued in the first quarter, with a more modest 2.3% rise in GDP.
 - Modest near-term stimulus expected from the tax cut (0.2%-0.3% higher GDP in 2018), longer-term impact depends on how the cut is “spent”.
- Labor market continues to tighten.
 - In the U.S., unemployment fell to 4.1% in the fourth quarter of 2017 and remained there through the first quarter of 2018, a generational low. The U.S. is showing signs it is reaching the limits of full employment.
- Inflation may finally be perking up, after years of a perplexing absence. Headline CPI rose 2.4% during the quarter, and core CPI (ex-food and energy) rose 2.1%, slightly above the Fed’s 2% target.

Source: Bureau of Economic Analysis, Bureau of Labor Statistics

Asset Class Performance

Periods Ended March 31, 2018

Asset Class Performance
for Periods Ended March 31, 2018



YTD as of 06/19/18:

S&P 500:

Russell 2000:

MSCI EAFE:

MSCI Emerging Markets:

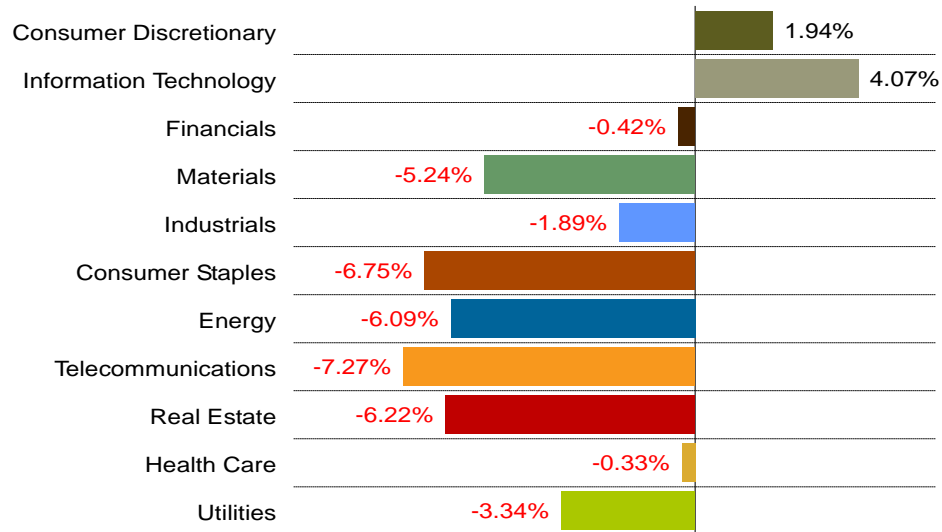
Bloomberg Aggregate:

Bloomberg TIPS:

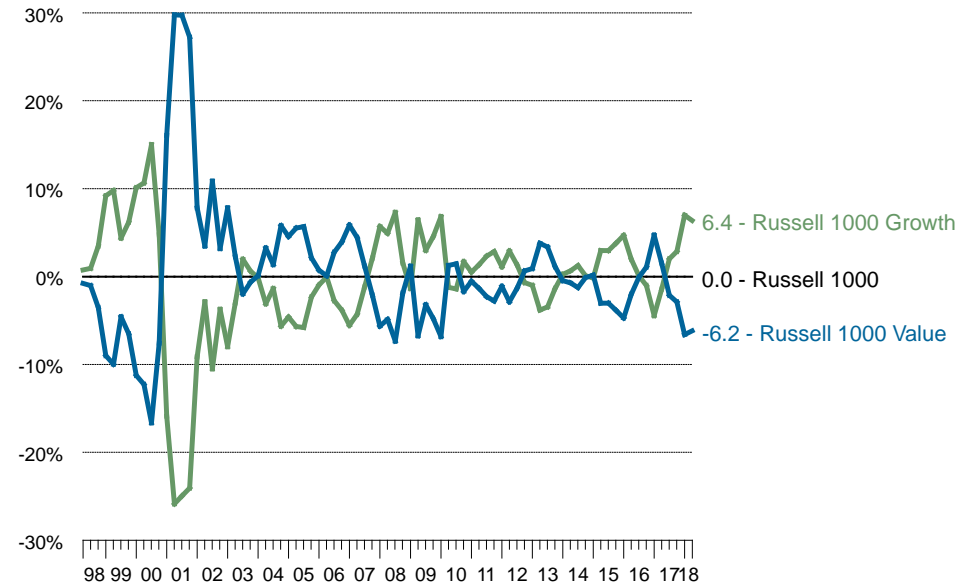
U.S. Equity

First Quarter 2018

Russell 3000 Sector Returns



Rolling One-Year Relative Returns (versus Russell:1000 Index)



First Quarter Index Returns

Russell 3000:	-0.64%
S&P 500:	-0.76%
Russell Mid Cap:	-0.46%
Russell 2000:	-0.08%

Source: Russell Investment Group

U.S. Equity Style Returns

Periods Ended March 31, 2018

	1Q 2018			Annualized 1 Year Returns		
	Value	Core	Growth	Value	Core	Growth
Large	-3.0%	-0.8%	1.2%	7.2%	14.7%	21.8%
Mid	-2.5%	-0.5%	2.2%	6.5%	12.2%	19.7%
Small	-2.6%	-0.1%	2.3%	5.1%	11.8%	18.6%

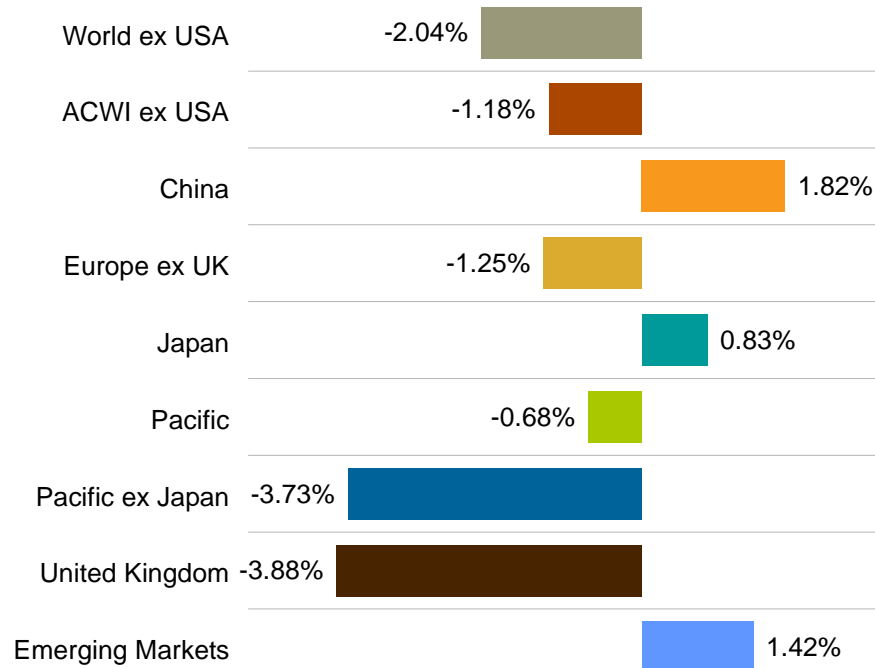
- Volatility returned to the equity markets in February and March, spurred by an unexpected uptick in wage gains, geopolitical tensions, and the looming threat of a trade war. The S&P 500 Index saw six days of movements greater than 2% during the quarter versus zero 2% swings in all of 2017. The Index fell 0.8%, its first quarterly loss since 2015.
- Performance across styles and sectors was mixed. Growth continued to outperform value (R1000 Growth: +1.4% R1000V: -2.8%) across the capitalization spectrum. Small caps outperformed large in both the value and growth spaces.
- With respect to sectors, Consumer Staples and Telecommunications both fell over 7% for the quarter while Consumer Discretionary and Technology posted gains of more than 3%. Amazon (+24%) and Netflix (+54%) were key drivers in Consumer Discretionary. Amazon and Microsoft were the top contributors in the quarter and added a meaningful 73 bps to the total return of the S&P 500.

Large Cap Core is represented by the Russell Top 200 Index, Large Cap Value is represented by the Russell Top 200 Value Index and Large Cap Growth is represented by the Russell Top 200 Growth Index. Mid Cap Core is represented by the Russell Mid Cap Index, Mid Cap Value is represented by the Russell Mid Cap Value Index and Mid Cap Growth is represented by the Russell Mid Cap Growth Index. Small Cap Core is represented by the Russell 2000 Index, Small Cap Value is represented by the Russell 2000 Value Index and Small Cap Growth is represented by the Russell 2000 Growth Index.

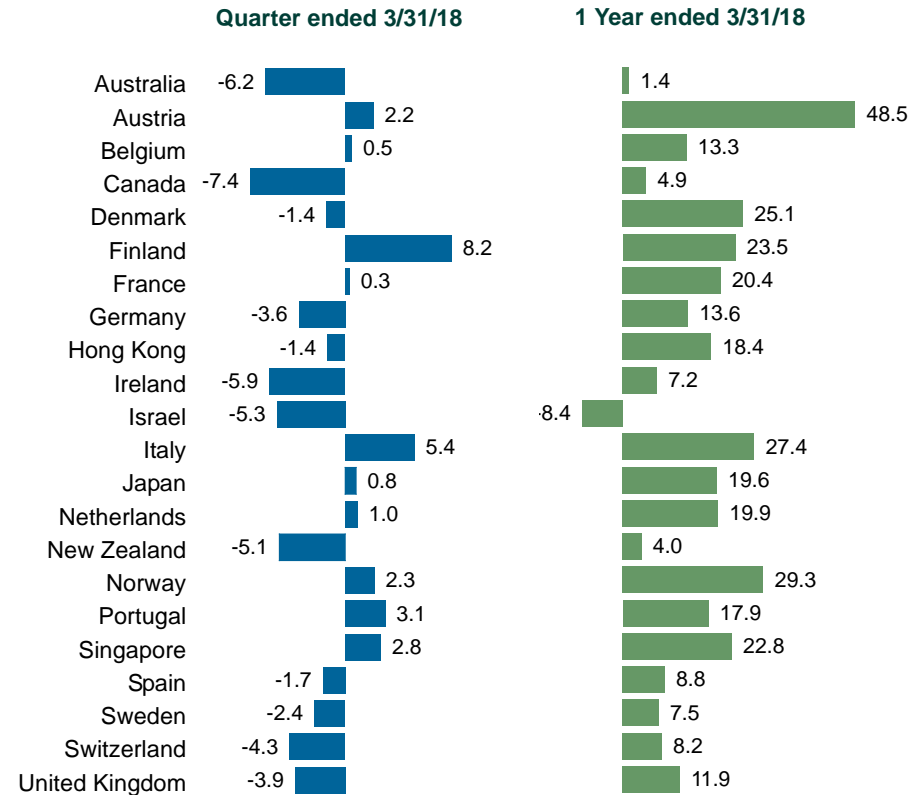
Non-US Equity

First Quarter 2018

Non-U.S. Quarterly Performance (U.S. Dollar)
as of March 31, 2018



Developed Country Returns



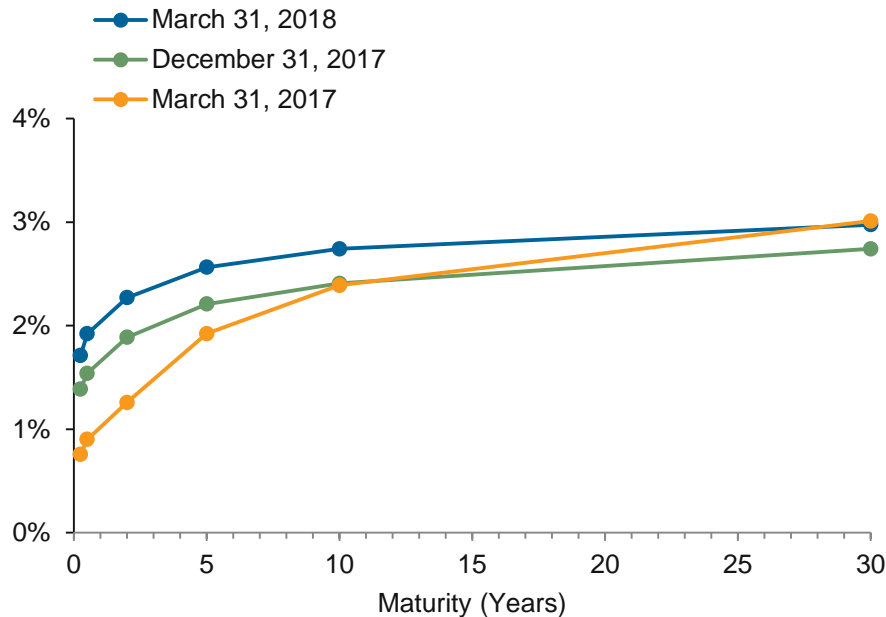
- Geopolitical tension, market volatility, and fears of rising U.S. interest rates and inflation rattle markets.
- Emerging markets continued to outpace developed fueled by a soft dollar and synchronized global growth. However, fears of inflation and its implication on the trajectory of U.S. monetary policy as well as a potential trade war with China weighed on the market.
- Eurozone recovery continued with GDP growth of 2.7% in recent quarter year-over-year driving the currency up 2% and pound by nearly 4% relative to the dollar. Japan's economy grew by 1.6% fueled by infrastructure development ahead of the 2020 Olympics, enabling the yen to surge by 6% relative to the dollar.

Source: MSCI, Callan

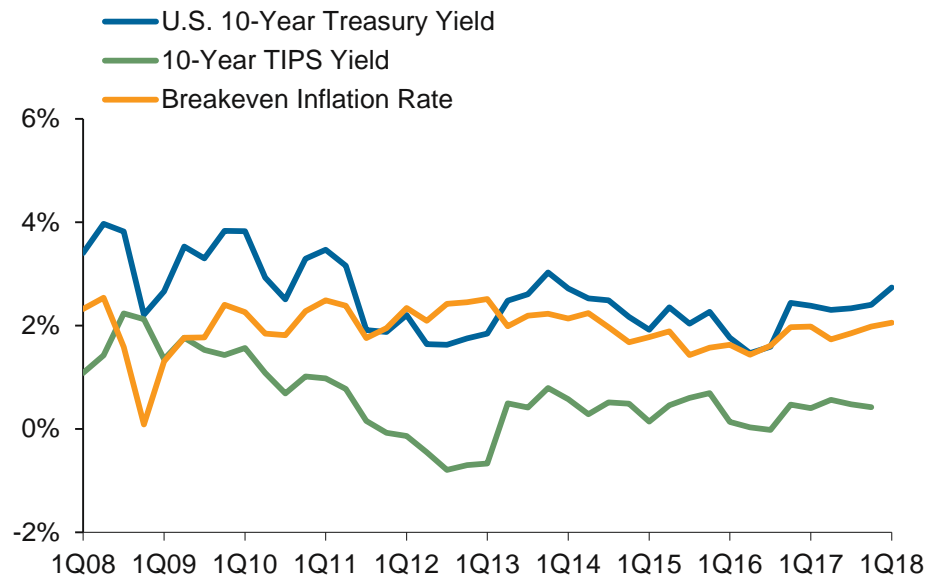
Fixed Income

First Quarter 2018

U.S. Treasury Yield Curves



Historical 10-Year Yields



- Market expectations reflect the possibility of four rate hikes, up from three at the end of 2017.
 - Interest rates rose ~30bps across the U.S. Treasury yield curve; 10-year U.S. Treasury yield rose from 2.41% to 2.74%.
- Investment grade corporates underperformed the U.S. Aggregate Index. Investors reassessed healthy balance sheets juxtaposed with fair/rich valuations.
 - New issuance was down 13% when compared to a year ago, yet demand remained strong with 2-3x oversubscriptions.
- High yield corporates outperformed the U.S. Aggregate Index.
 - Corporate fundamentals remained healthy as earnings growth supported debt coverage.
 - Default rates remained benign.

Source: Bloomberg



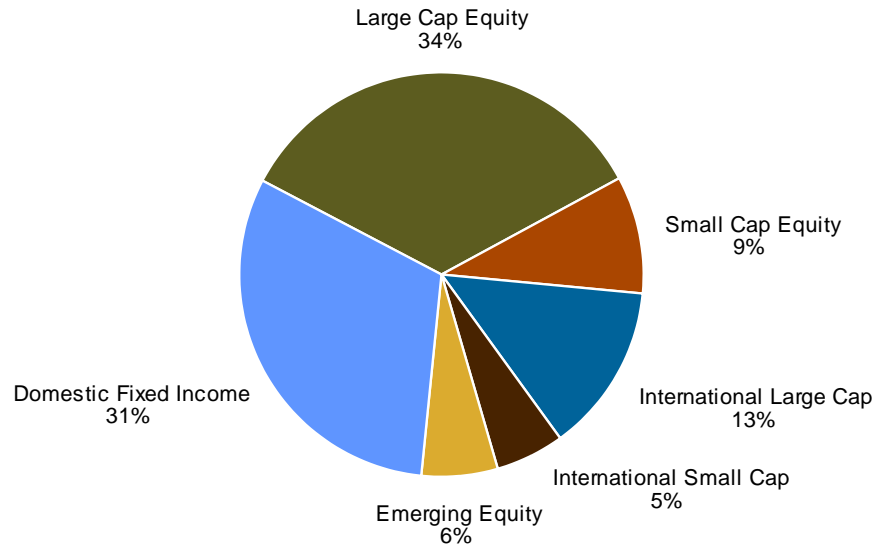
**Sacramento Regional
Transit District**

Total Fund Overview

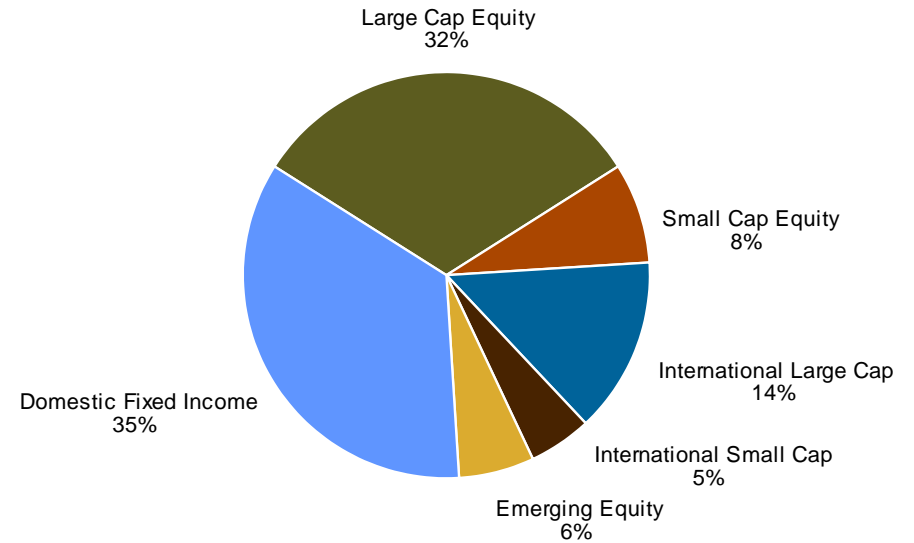
RT Asset Allocation

As of March 31, 2018

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	88,811	31.2%	32.0%	(0.8%)	(2,387)
Small Cap Equity	23,500	8.2%	8.0%	0.2%	700
International Large Cap	38,093	13.4%	14.0%	(0.6%)	(1,807)
International Small Cap	15,745	5.5%	5.0%	0.5%	1,495
Emerging Equity	18,025	6.3%	6.0%	0.3%	925
Domestic Fixed Income	100,821	35.4%	35.0%	0.4%	1,073
Total	284,995	100.0%	100.0%		

Total Fund

Performance Attribution

Relative Attribution Effects for Quarter ended March 31, 2018

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	35%	32%	(1.16%)	(0.76%)	(0.14%)	(0.02%)	(0.16%)
Small Cap Equity	9%	8%	2.22%	(0.08%)	0.21%	(0.01%)	0.19%
International Large Cap	14%	14%	(1.86%)	(1.53%)	(0.05%)	(0.00%)	(0.05%)
International Small Cap	6%	5%	0.18%	0.24%	(0.00%)	0.00%	0.00%
Emerging Equity	6%	6%	1.81%	1.42%	0.02%	(0.00%)	0.02%
Domestic Fixed Income	31%	35%	(1.10%)	(1.46%)	0.11%	(0.01%)	0.10%
Total			(0.70%)	(0.81%)	+ 0.15%	+ (0.05%)	0.10%

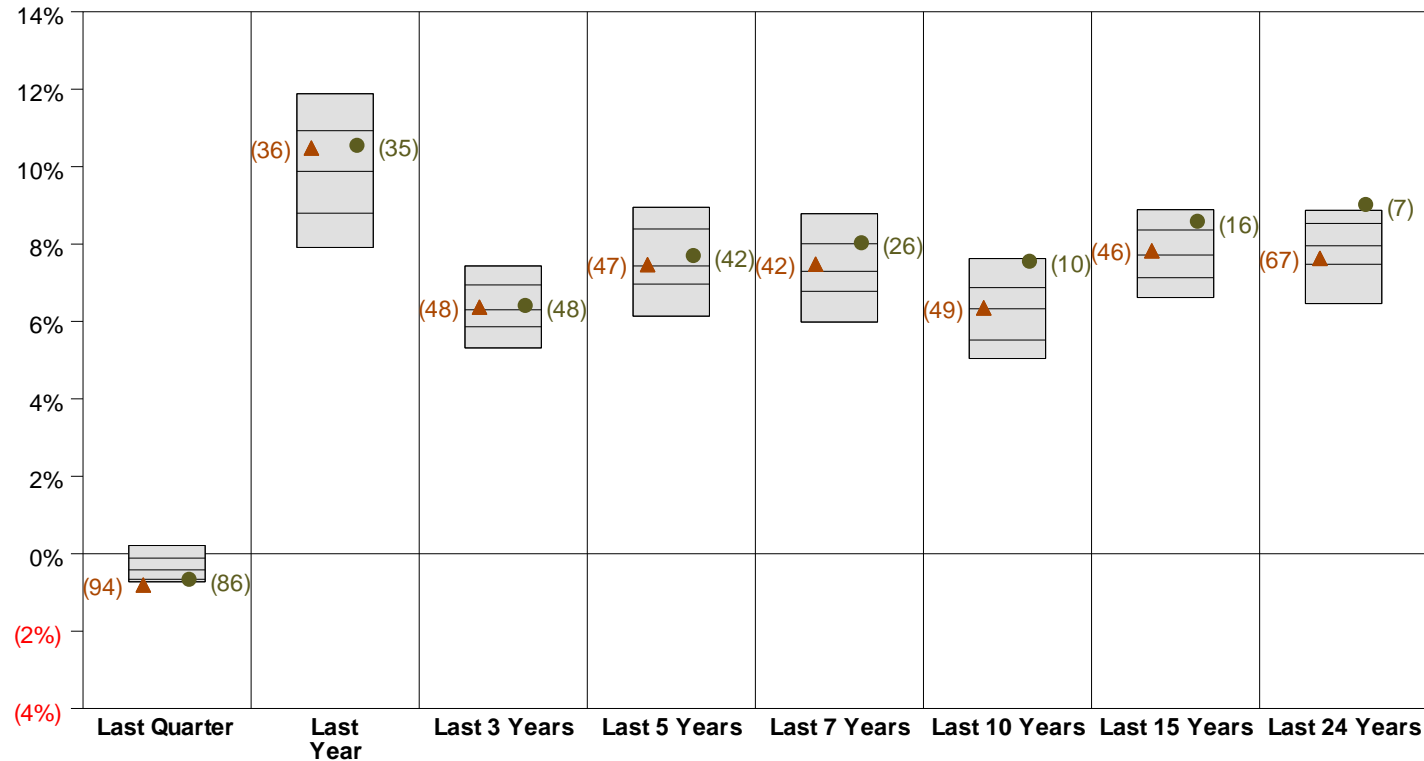
One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	34%	32%	13.96%	13.99%	(0.01%)	0.04%	0.03%
Small Cap Equity	9%	8%	15.52%	11.79%	0.33%	(0.06%)	0.27%
International Large Cap	13%	14%	11.00%	14.80%	(0.50%)	(0.05%)	(0.55%)
International Small Cap	5%	5%	24.04%	23.49%	0.03%	0.02%	0.04%
Emerging Equity	6%	6%	22.80%	24.93%	(0.11%)	(0.04%)	(0.15%)
Domestic Fixed Income	32%	35%	1.78%	1.20%	0.19%	0.20%	0.39%
Total			10.51%	10.48%	+ (0.07%)	+ 0.10%	0.03%

Total Fund

Performance as of March 31, 2018

Performance vs Callan Public Fund Spons- Mid (100M-1B) (Gross)



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years	Last 24 Years
10th Percentile	0.21	11.88	7.43	8.95	8.78	7.62	8.89	8.87
25th Percentile	(0.11)	10.93	6.94	8.39	8.01	6.87	8.36	8.53
Median	(0.42)	9.88	6.30	7.43	7.30	6.33	7.72	7.96
75th Percentile	(0.66)	8.80	5.86	6.96	6.78	5.52	7.13	7.48
90th Percentile	(0.73)	7.91	5.32	6.14	5.98	5.04	6.62	6.46
Total Fund	● (0.70)	10.51	6.37	7.66	7.99	7.51	8.54	8.98
Target	▲ (0.81)	10.48	6.37	7.47	7.48	6.35	7.82	7.63

Total Fund

Manager Asset Allocation

	March 31, 2018 Market Value	Net New Inv.	Inv. Return	December 31, 2017 Market Value
Consolidated Plan				
Domestic Equity	\$112,310,879	\$(13,298,516)	\$(668,732)	\$126,278,127
Large Cap	\$88,811,045	\$(9,230,088)	\$(1,206,284)	\$99,247,416
Boston Partners	44,050,284	(5,259,673)	(787,928)	50,097,885
SSgA S&P 500	44,760,761	(3,970,415)	(418,355)	49,149,531
Small Cap	\$23,499,833	\$(4,068,428)	\$537,551	\$27,030,710
Atlanta Capital	23,499,833	(4,068,428)	537,551	27,030,710
International Equity	\$71,862,832	\$0	\$(433,816)	\$72,296,648
International Large Cap	\$38,092,670	\$0	\$(722,847)	\$38,815,517
Brandes	9,651	0	192	9,459
SSgA EAFE	11,360,700	0	(164,709)	11,525,410
Pyrford	26,722,319	0	(558,330)	27,280,649
International Small Cap	\$15,745,235	\$0	\$(8,712)	\$15,753,947
AQR	15,745,235	0	(8,712)	15,753,947
Emerging Equity	\$18,024,927	\$0	\$297,743	\$17,727,184
DFA Emerging Markets	18,024,927	0	297,743	17,727,184
Fixed Income	\$100,821,262	\$12,115,111	\$(1,033,918)	\$89,740,069
Metropolitan West	100,821,262	12,115,111	(1,033,918)	89,740,069
Total Plan - Consolidated	\$284,994,972	\$(1,183,405)	\$(2,136,466)	\$288,314,843

Total Fund

Manager Returns as of March 31, 2018

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Domestic Equity	(0.44%)	14.30%	10.36%	13.21%	13.20%
Domestic Equity Benchmark**	(0.61%)	13.61%	10.38%	13.02%	12.32%
Large Cap Equity	(1.16%)	13.96%	10.09%	12.94%	13.08%
Boston Partners	(1.54%)	13.90%	9.34%	12.52%	12.77%
Russell 1000 Value Index	(2.83%)	6.95%	7.88%	10.78%	11.00%
SSgA S&P 500	(0.78%)	14.00%	10.84%	13.35%	-
S&P 500 Index	(0.76%)	13.99%	10.78%	13.31%	12.71%
Small Cap Equity	2.22%	15.52%	11.34%	14.09%	13.63%
Atlanta Capital	2.22%	15.52%	11.34%	14.09%	13.63%
Russell 2000 Index	(0.08%)	11.79%	8.39%	11.47%	10.39%
International Equity	(0.52%)	16.43%	6.33%	6.25%	5.21%
International Benchmark***	(0.47%)	18.93%	6.89%	6.91%	5.60%
International Large Cap	(1.86%)	11.00%	4.75%	5.91%	-
SSgA EAFE	(1.43%)	15.19%	5.92%	6.80%	-
Pyrford	(2.05%)	-	-	-	-
MSCI EAFE Index	(1.53%)	14.80%	5.55%	6.50%	5.31%
International Small Cap	0.18%	24.04%	-	-	-
AQR	0.18%	24.04%	-	-	-
MSCI EAFE Small Cap Index	0.24%	23.49%	12.25%	11.10%	8.74%
Emerging Markets Equity	1.81%	22.80%	9.84%	-	-
DFA Emerging Markets	1.81%	22.80%	9.84%	-	-
MSCI Emerging Markets Index	1.42%	24.93%	8.81%	4.99%	2.47%
Domestic Fixed Income	(1.10%)	1.78%	1.56%	2.20%	3.59%
Met West	(1.10%)	1.78%	1.56%	2.20%	3.59%
Bloomberg Aggregate Index	(1.46%)	1.20%	1.20%	1.82%	2.92%
Total Plan	(0.70%)	10.51%	6.37%	7.66%	7.99%
Target*	(0.81%)	10.48%	6.37%	7.47%	7.48%

* Current Quarter Target = 35.0% Bloomberg Aggregate Index, 32.0% S&P 500 Index, 14.0% MSCI EAFE Index, 8.0% Russell 2000 Index, 6.0% MSCI Emerging Markets Index, and 5.0% MSCI EAFE Small Cap Index.

** Domestic Equity Benchmark = 80% S&P500, 20% Russell 2000 as of 5/1/2015

*** Custom International Benchmark = MSCI EAFE until 6/30/2013, MSCI ACWI ex US until 7/31/2016, and MSCI ACWI ex US IMI thereafter

Callan

March 31, 2018



Sacramento Regional Transit District Retirement Plans

**Investment Measurement Service
Quarterly Review**

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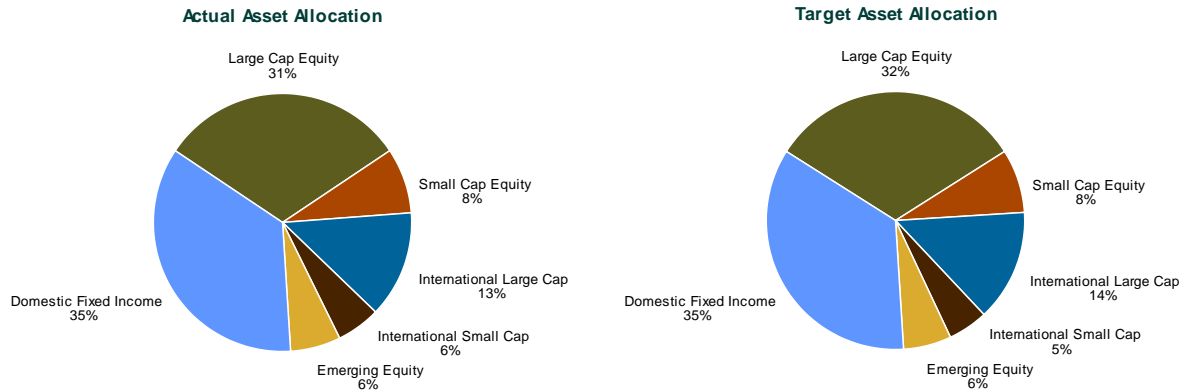
March 31, 2018

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Sacramento Regional Transit District

Executive Summary for Period Ending March 31, 2018

Asset Allocation



Performance

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Total Plan	(0.70%)	10.51%	6.37%	7.66%	7.99%
Target*	(0.81%)	10.48%	6.37%	7.47%	7.48%

Recent Developments

N/A

Organizational Issues

N/A

Manager Performance

Manager	Peer Group Ranking		
	Last Year	Last 3 Years	Last 7 Years
Boston Partners	10	36	18
Atlanta Capital	33	15	14
Pyrford	[99]	[100]	[57]
AQR	55	[50]	[60]
DFA	72	80	[83]
MetWest	79	90	87

Brackets indicate performance linked with manager's composite

Watch List

N/A

Items Outstanding

N/A

*Current quarter target = 35% Bloomberg Barclays Aggregate Index, 32% S&P 500 Index, 8% Russell 2000 Index, 14% MSCI EAFE Index, 5% MSCI EAFE Small Cap Index, and 6% MSCI Emerging Markets Index.

U.S. EQUITY

Volatility returned in the 1st quarter of 2018, with the Dow and S&P 500 both ending the quarter down—a first since the 3rd quarter of 2015. After starting strong on the back of solid earnings and tax reform, U.S. equities faltered in the second half over concerns about a more aggressive global trade policy and uncertainty over the pace of interest rate hikes. The S&P 500 (-0.8%) experienced a marked increase in volatility, with six days of movements greater than 2% during the quarter (versus none in 2017). Volatility as measured by the VIX index reached a quarterly high of 116% on Feb. 5 when the market sank 4%.

Small Cap Outperforms Large Cap

(Russell 1000: -0.7%; Russell 2000: -0.1%)

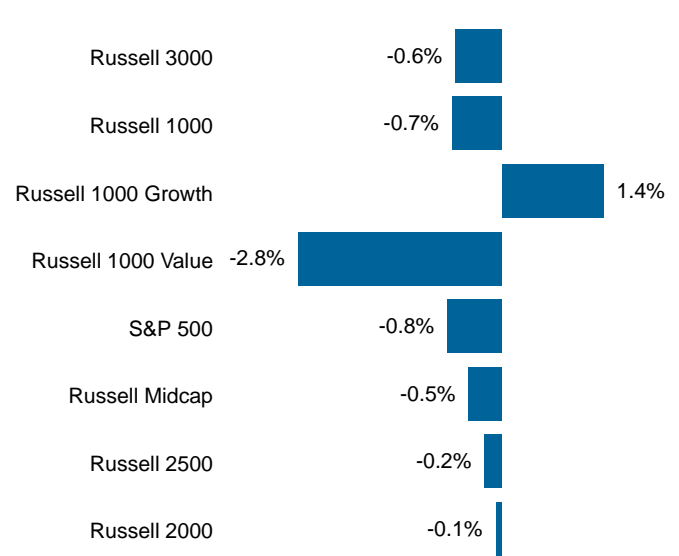
- The prospect of a trade war with China weighed on large caps since many of these companies are exposed to international markets (S&P 500 aggregate is ~40%) while small caps were less impacted as they tend to have a higher proportion of their revenue exposure from domestic markets (~80-90%) and benefit from a more protectionist policy.
- In mid-March, mega-cap Tech firms saw their stock prices drop in the wake of Facebook’s Cambridge Analytica scandal, leading to declining trust for the industry and negative investor sentiment. The market began pricing in the potential for more regulatory oversight for these internet companies. Performance for the “FANGs” split during the quarter, with Facebook and Google down while Netflix and Amazon advanced.

Value Continued to Trail Growth

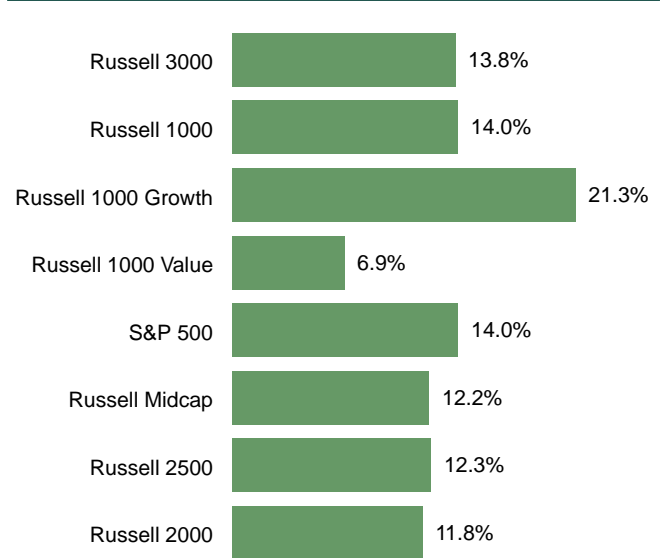
(Russell 1000 Growth: +1.4%; Russell 1000 Value: -2.8%)

- Value trailed as the prospect of increased inflation and accelerating interest rates weighed on interest rate-sensitive sectors (Financials: -1.0%, Real Estate: -5.0%, Utilities: -3.3%).
- Energy (-5.9%) also took a hit despite a more promising outlook for the sector as the Saudis agreed to continued oil production cuts into 2019; performance for 1Q18 was impacted by Exxon Mobil and Chevron missing 4Q17 earnings expectations.

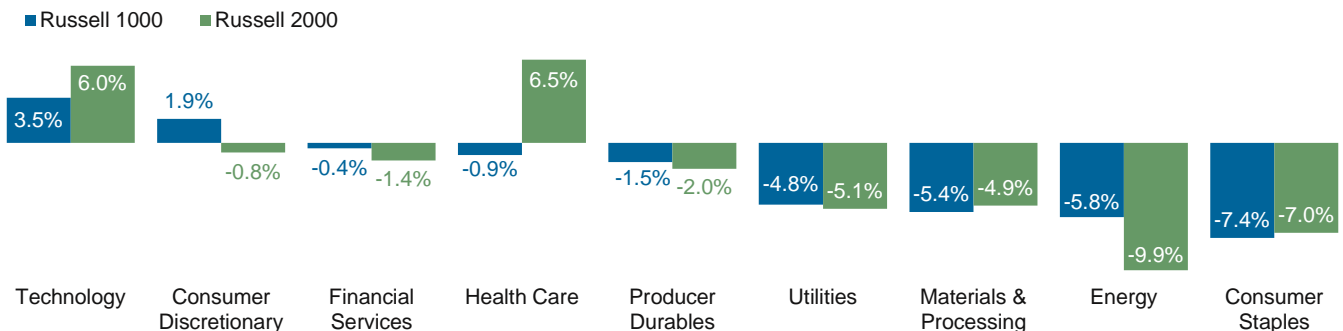
U.S. Equity: Quarterly Returns



U.S. Equity: One-Year Returns



Russell Sector Returns, Quarter ended March 31, 2018



Sources: FTSE Russell, Standard & Poor’s

Defensive Sectors Underperformed Cyclical

- Despite the increased volatility and price drop in the broader index, defensive sectors underperformed cyclicals due in large part to the rising interest rate environment. Technology (+3.5%) and Consumer Discretionary (+3.1%) were the only two sectors that posted positive returns.
- Telecommunications (-7.5%) and Staples (-7.1%) were the two worst-performing sectors.

NON-U.S./GLOBAL EQUITY

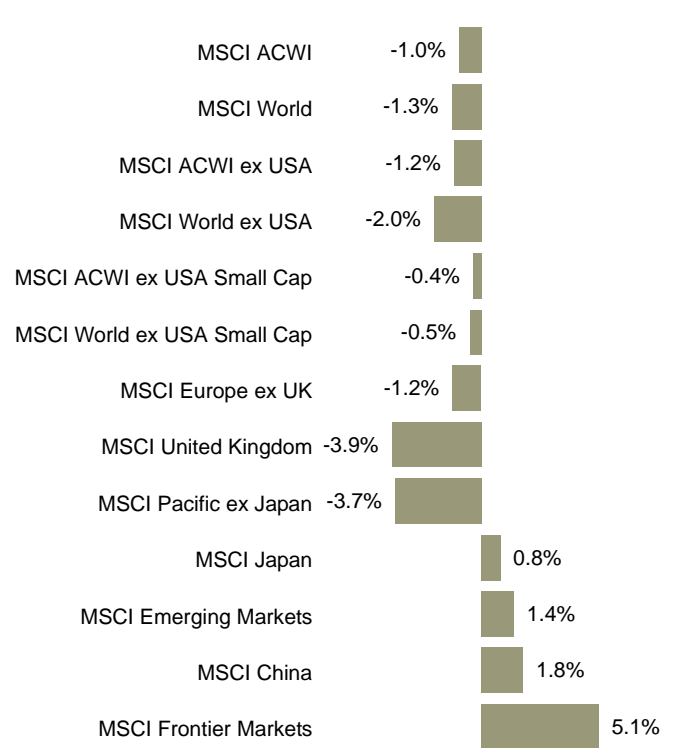
Non-U.S. developed equity underperformed U.S. as non-U.S. equity markets were spooked by geopolitical tension and market volatility along with fears of rising U.S. interest rates and inflation despite positive economic data. Emerging markets continued to outpace developed, fueled by a soft dollar and synchronized global growth; however, fears of inflation and its implication on the trajectory of U.S. monetary policy—as well as a potential trade war with China—weighed on the market. Developed non-U.S. small cap outperformed large cap given the risk-on market environment spurred by synchronized global growth.

Global/Non-U.S. Developed

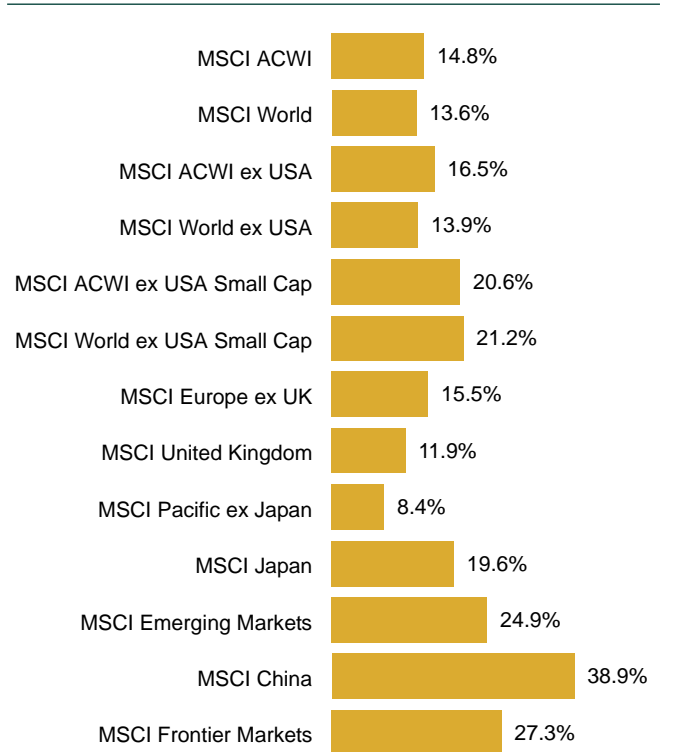
(MSCI EAFE: -1.5%; MSCI Europe: -2.0%; MSCI Japan: +0.8%; MSCI World ex USA: -2.0%)

- The dollar lost ground to the euro and yen, which buoyed returns for their respective regions.
- Euro-zone recovery continued, with GDP growth of 2.7% in the recent quarter year-over-year driving the currency up 2%—and the pound by nearly 4%—relative to the dollar.
- Japan’s economy grew by 1.6% fueled by infrastructure development ahead of the 2020 Olympics, enabling the yen to surge by 6% relative to the dollar.
- The only sectors that posted positive returns were Consumer Discretionary, Tech, and Utilities.
- Positive earnings supported the Tech sector (top performer), and Utilities benefited as investors fled to safety amid market volatility and yield curve flattening in March.
- Telecom struggled as competition for wireless services within the euro-zone eroded profitability, and Staples was notably challenged due to fears of interest rate normalization and the prospect of beleaguered growth.
- Growth outpaced value and earnings growth and quality factors were in favor as markets were jittery in light of the aforementioned looming risks. As such, high beta cyclical sectors and factors struggled.

Global Equity: Quarterly Returns



Global Equity: One-Year Returns



Source: MSCI

Emerging Markets (MSCI EM: +1.4%)

- Brazil and Russia were among the best performers due to climbing oil prices and improving economic conditions.
- China continued to thrive despite U.S.-China trade tension and a slowdown for Chinese Tech companies; China's supply-side reforms are kicking in and economic growth in retail and home sales exceeded expectations, driving up returns for the Financials and Real Estate sectors.
- Although India announced better-than-expected GDP growth of 7.2%, the country notably lagged due to poor market sentiment surrounding asset-quality issues at large state-owned banks and relative valuations of Indian equities.
- Energy was the best performer supported by rising oil prices; conversely, Consumer Discretionary was the worst sector performer, weighed down by India.
- Value and sentiment factors were in favor as the economic recovery story gained traction and momentum; however, quality factors also added value given the mid-cycle of the recovery.

International Small Cap (MSCI World ex USA Small Cap: -0.5%; MSCI EM Small Cap: +0.2%)

- Developed non-U.S. small cap outperformed large cap given the risk-on market environment spurred by synchronized global growth, although within Emerging Markets, small cap lagged large cap.
- Growth was favored in both developed and emerging market small cap as growth-oriented sectors such as Health Care and Consumer Staples outperformed cyclical sectors.

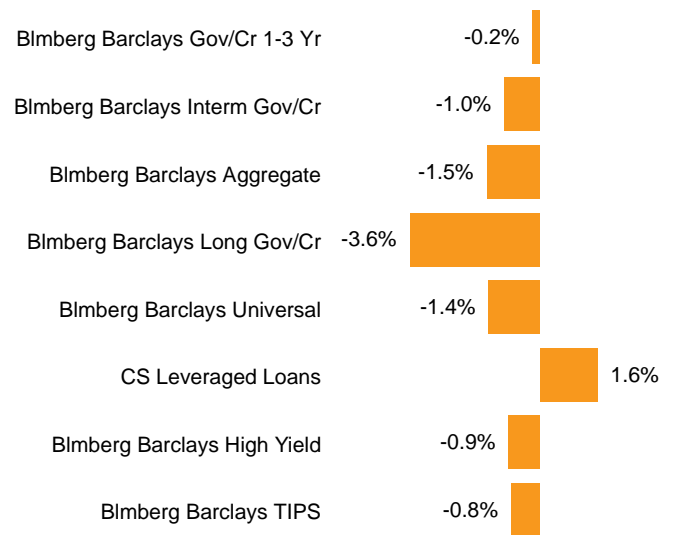
FIXED INCOME

Going into 2018, U.S. markets continued to rally higher due to solid economic data, passage of the U.S. tax reform, and rising expectations for corporate earnings growth. However, optimism quickly vanished as investors turned their focus to rising wage pressures, policy uncertainties surrounding the new incoming Fed Chair Jerome Powell, and escalating trade tensions between the U.S. and China. The 10-year U.S. Treasury yield steadily rose to nearly 3% from a low of 2.41% at the start of the year, before declining to close the quarter at 2.74%. Corporate risk premia similarly tightened then widened for both investment grade and high yield corporates. Strong investor demand and fewer new corporate issuances compared to the same period last year helped offset some of the declines from rising rates and increased spread volatility during the quarter.

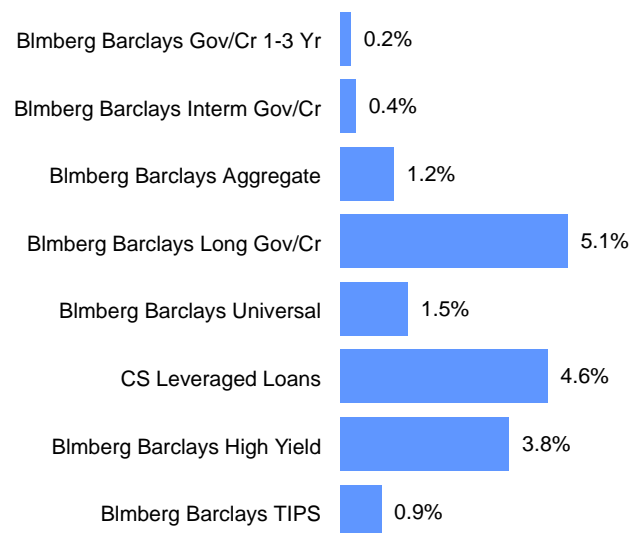
The Bloomberg Barclays US Aggregate Bond Index returned -1.5%

- Volatility picked up across risk assets as geopolitical uncertainties took center stage; market expectations reflect the possibility of four rate hikes, up from three at the end of 2017.
- Interest rates rose ~30bps across the U.S. Treasury yield curve.
- The 10-year U.S. Treasury yield rose from 2.41% to 2.74%.

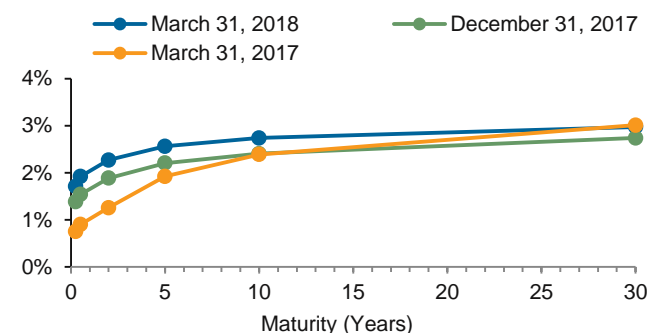
U.S. Fixed Income: Quarterly Returns



U.S. Fixed Income: One-Year Returns



U.S. Treasury Yield Curves



Sources: Bloomberg, Bloomberg Barclays, Credit Suisse

Investment grade corporates returned -2.3% and underperformed the Aggregate Index

- Investors were fairly sanguine as they reassessed fairly healthy balance sheets juxtaposed with fair/rich valuations.
- New issuance was down 13% when compared to a similar time period a year ago, yet demand remained strong with 2-3x oversubscriptions.

High yield corporates returned -0.9% and outperformed the US Aggregate Index

- Corporate fundamentals remained healthy as earnings growth supported debt coverage.
- Default rates remained benign because many companies had already reorganized debt in 2016.
- Approx. 75% of new issuance proceeds were used for refinancing.
- Valuations remained near historical highs.

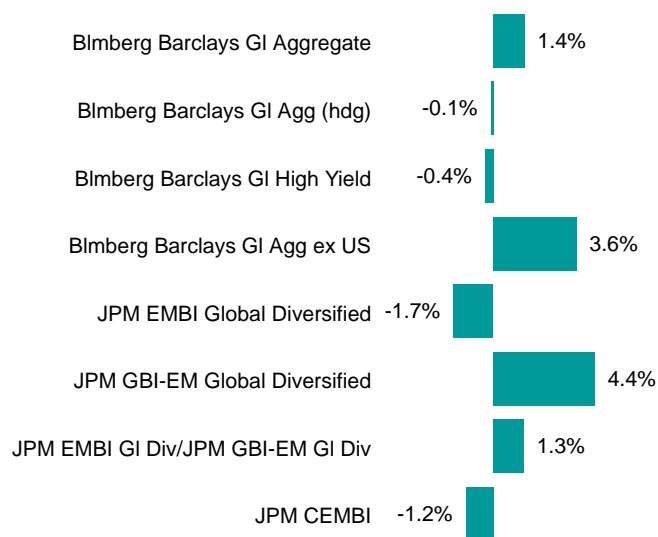
Bank loans returned +1.4% and outperformed the Aggregate.

- Healthy balance sheets, strong demand for CLO formation, and higher short-term interest rates bode well for the sector this quarter.
- Demand from CLO formation continued to lead to interest in bank loans.

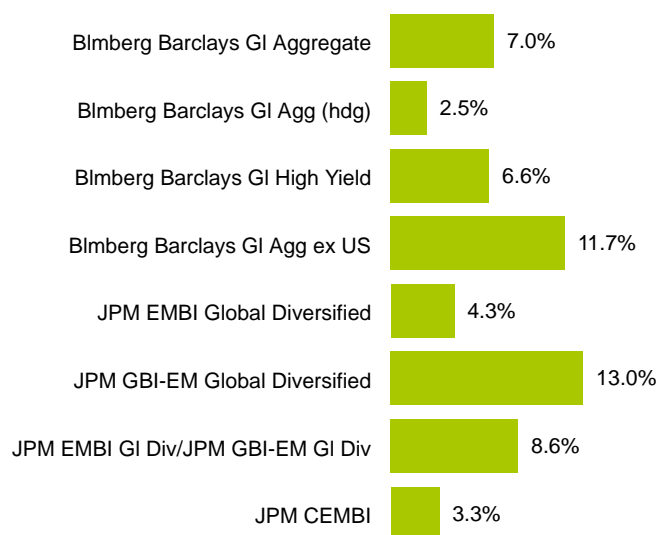
EMD returned +4.4% as returns were positive for most countries in local currency terms.

- Mexico, 10% by weight of the Index, returned 11% due mostly to strong appreciation of the Mexican peso on speculation that an agreement would be reached on NAFTA.
- South Africa, also 10% of the Index, returned 13% from the rand hitting a multi-year high after scandal-ridden President Zuma resigned. Falling rates also supported performance.

Global Fixed Income: Quarterly Returns

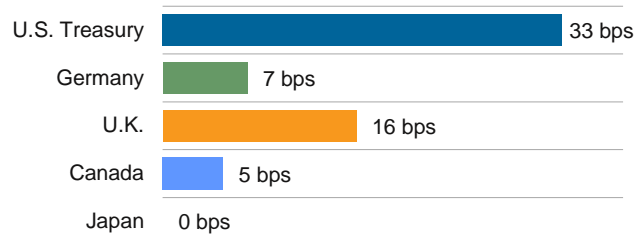


Global Fixed Income: One-Year Returns



Change in 10-Year Global Government Bond Yields

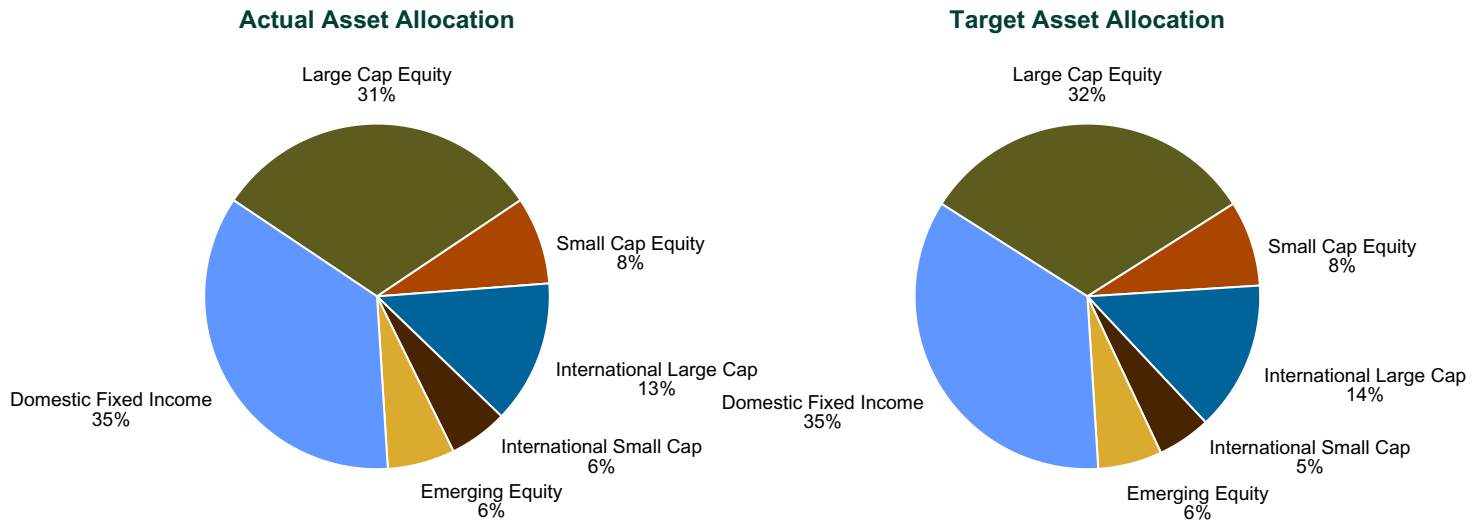
4Q17 to 1Q18



Sources: Bloomberg, Bloomberg Barclays, JP Morgan

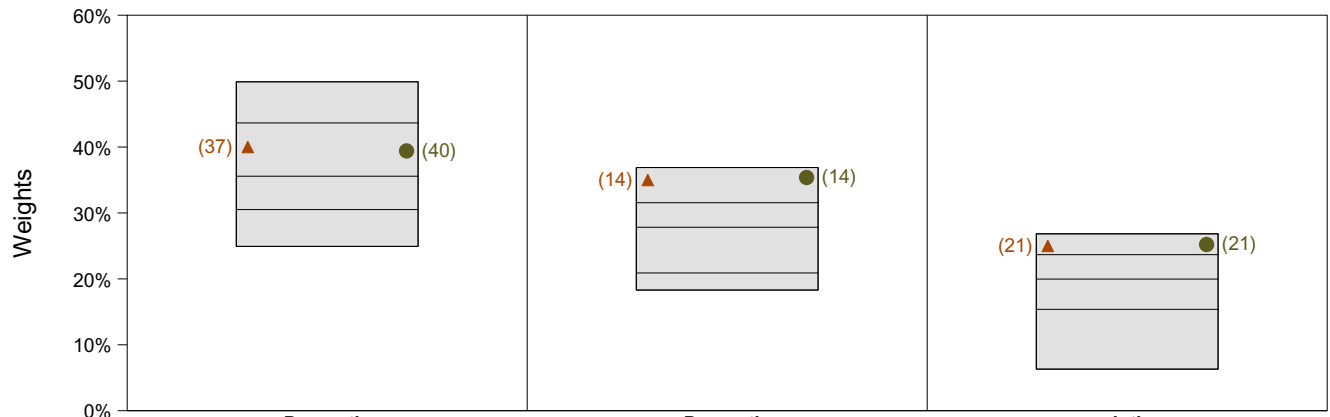
Actual vs Target Asset Allocation As of March 31, 2018

The top left chart shows the Fund's asset allocation as of March 31, 2018. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the Callan Public Fund Spons- Mid (100M-1B).



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	88,811	31.2%	32.0%	(0.8%)	(2,387)
Small Cap Equity	23,500	8.2%	8.0%	0.2%	700
International Large Cap	38,093	13.4%	14.0%	(0.6%)	(1,807)
International Small Cap	15,745	5.5%	5.0%	0.5%	1,495
Emerging Equity	18,025	6.3%	6.0%	0.3%	925
Domestic Fixed Income	100,821	35.4%	35.0%	0.4%	1,073
Total	284,995	100.0%	100.0%		

Asset Class Weights vs Callan Public Fund Spons- Mid (100M-1B)



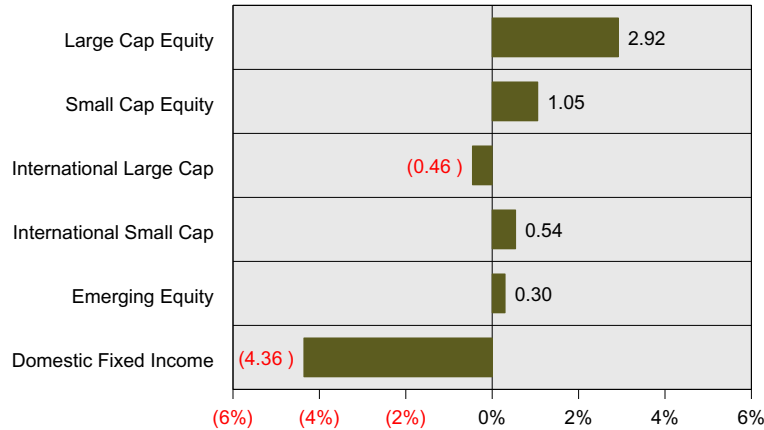
	Domestic Broad Eq	Domestic Fixed Income	Intl Equity
10th Percentile	49.90	36.89	26.84
25th Percentile	43.66	31.55	23.67
Median	35.57	27.83	19.97
75th Percentile	30.51	20.90	15.38
90th Percentile	24.93	18.30	6.31
Fund ●	39.41	35.38	25.22
Target ▲	40.00	35.00	25.00
% Group Invested	96.72%	98.36%	88.52%

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

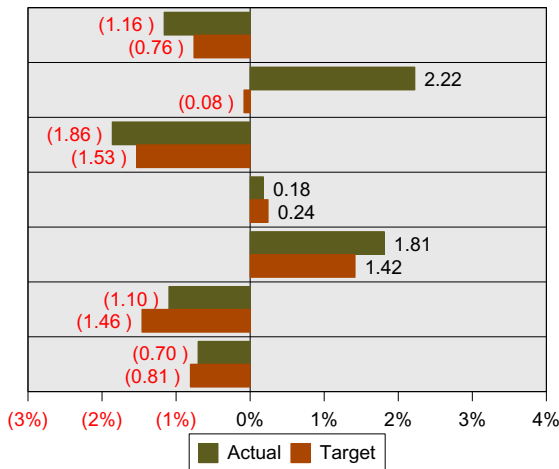
Quarterly Total Fund Relative Attribution - March 31, 2018

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

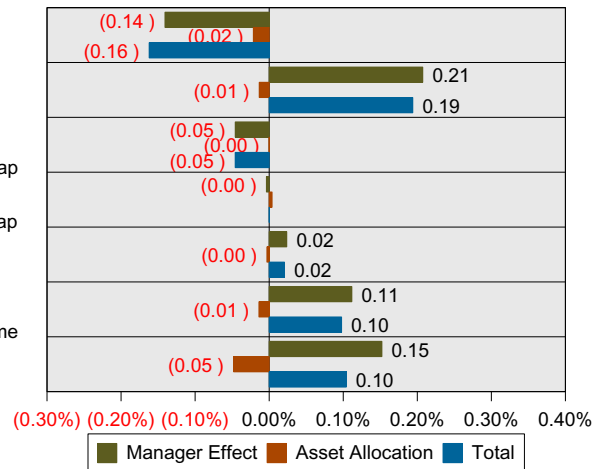
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2018

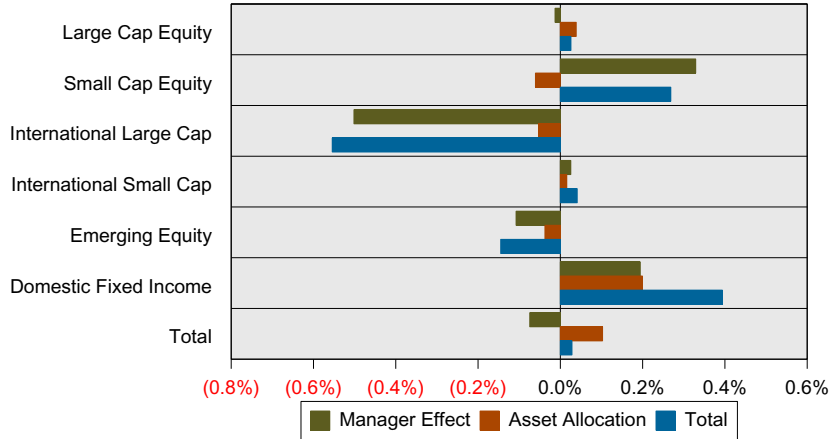
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	35%	32%	(1.16%)	(0.76%)	(0.14%)	(0.02%)	(0.16%)
Small Cap Equity	9%	8%	2.22%	(0.08%)	0.21%	(0.01%)	0.19%
International Large Cap	14%	14%	(1.86%)	(1.53%)	(0.05%)	(0.00%)	(0.05%)
International Small Cap	6%	5%	0.18%	0.24%	(0.00%)	0.00%	0.00%
Emerging Equity	6%	6%	1.81%	1.42%	0.02%	(0.00%)	0.02%
Domestic Fixed Income	31%	35%	(1.10%)	(1.46%)	0.11%	(0.01%)	0.10%
Total			(0.70%)	(0.81%)	+ 0.15%	+ (0.05%)	0.10%

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

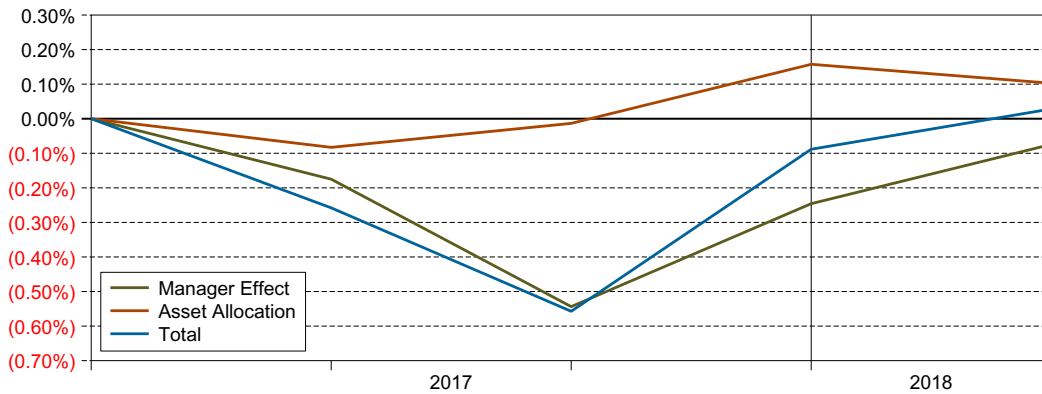
Cumulative Total Fund Relative Attribution - March 31, 2018

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

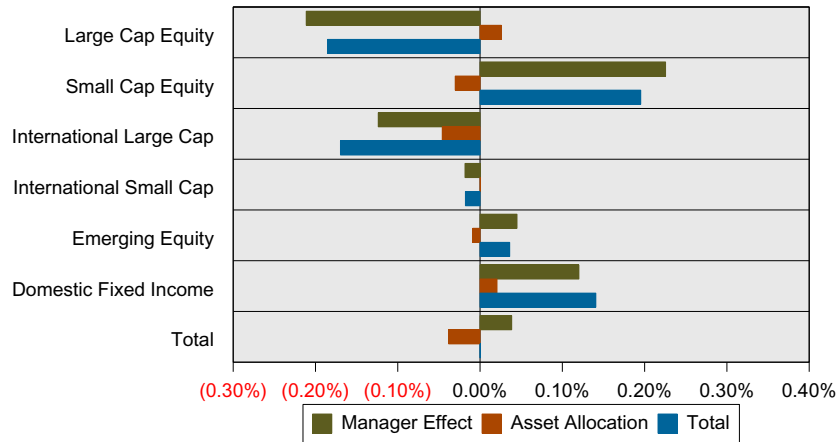
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return	
Large Cap Equity	34%	32%	13.96%	13.99%	(0.01%)	0.04%	0.03%	
Small Cap Equity	9%	8%	15.52%	11.79%	0.33%	(0.06%)	0.27%	
International Large Cap	13%	14%	11.00%	14.80%	(0.50%)	(0.05%)	(0.55%)	
International Small Cap	5%	5%	24.04%	23.49%	0.03%	0.02%	0.04%	
Emerging Equity	6%	6%	22.80%	24.93%	(0.11%)	(0.04%)	(0.15%)	
Domestic Fixed Income	32%	35%	1.78%	1.20%	0.19%	0.20%	0.39%	
Total			10.51%	10.48%	+	(0.07%)	+	0.10%
								0.03%

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

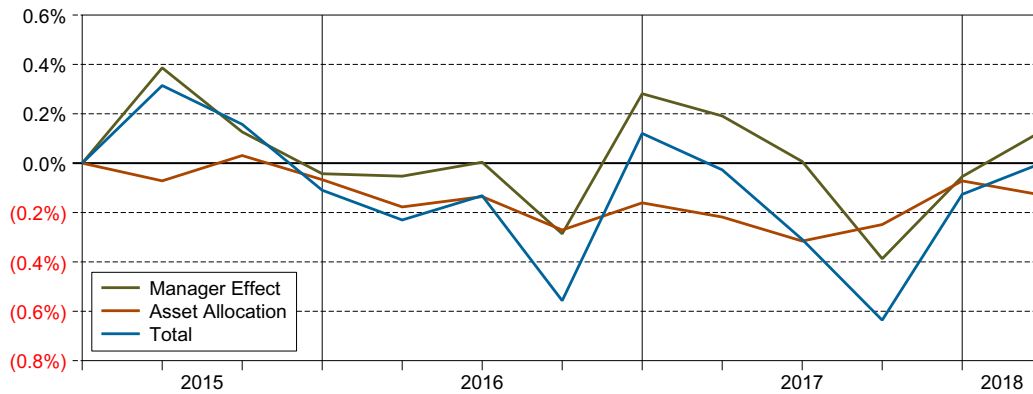
Cumulative Total Fund Relative Attribution - March 31, 2018

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	10.09%	10.78%	(0.21%)	0.03%	(0.19%)
Small Cap Equity	9%	8%	11.34%	8.39%	0.23%	(0.03%)	0.20%
International Large Cap	15%	16%	4.75%	5.55%	(0.12%)	(0.05%)	(0.17%)
International Small Cap	3%	3%	9.45%	9.87%	(0.02%)	0.00%	(0.02%)
Emerging Equity	5%	6%	9.84%	8.81%	0.04%	(0.01%)	0.04%
Domestic Fixed Income	34%	35%	1.56%	1.20%	0.12%	0.02%	0.14%
Total			6.37%	6.37%	+ 0.04%	+ (0.04%)	0.00%

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

Total Fund Period Ended March 31, 2018

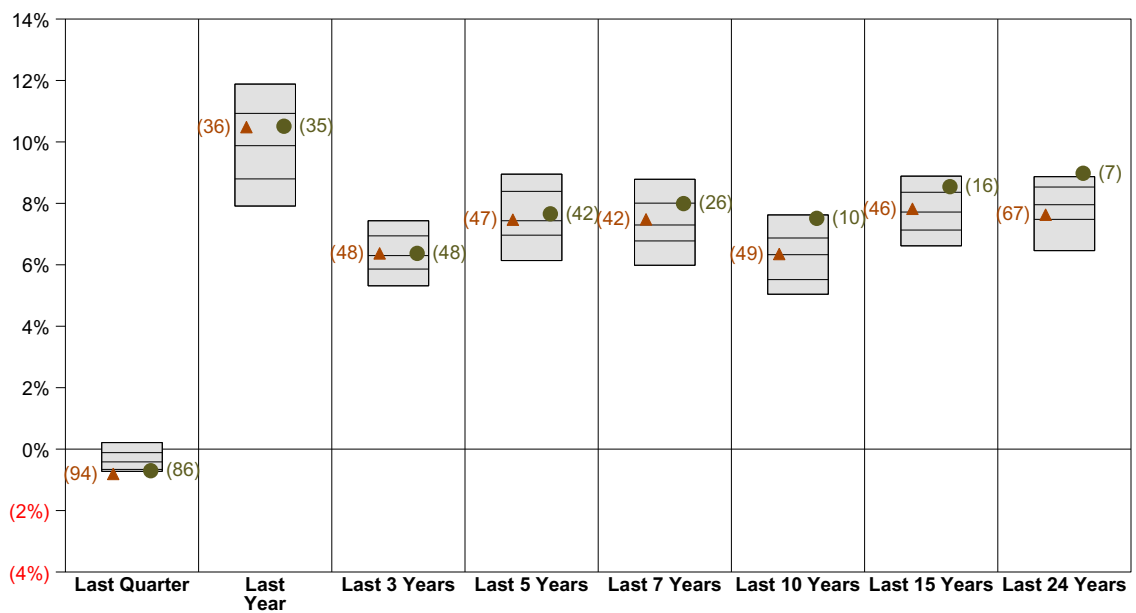
Investment Philosophy

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

Quarterly Summary and Highlights

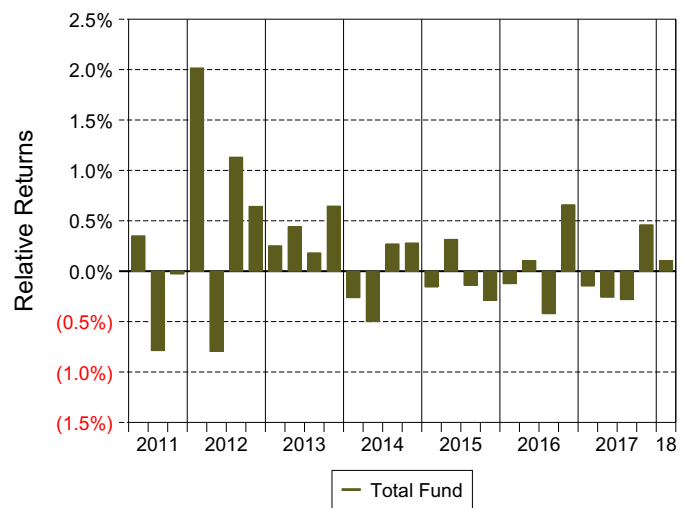
- Total Fund's portfolio posted a (0.70)% return for the quarter placing it in the 86 percentile of the Callan Public Fund Spons- Mid (100M-1B) group for the quarter and in the 35 percentile for the last year.
- Total Fund's portfolio outperformed the Target by 0.10% for the quarter and outperformed the Target for the year by 0.03%.

Performance vs Callan Public Fund Spons- Mid (100M-1B) (Gross)

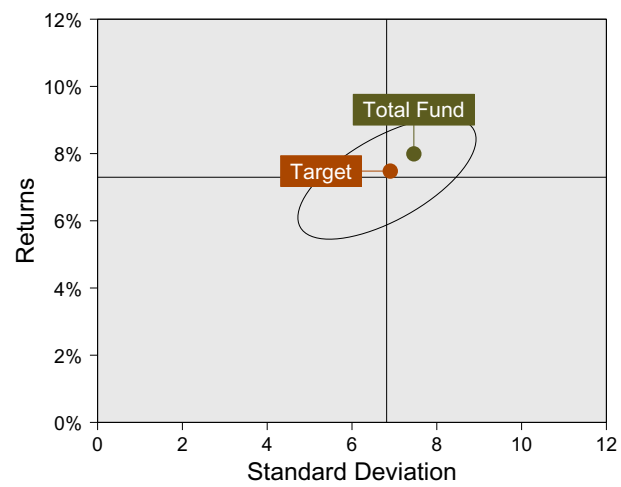


10th Percentile	0.21	11.88	7.43	8.95	8.78	7.62	8.89	8.87
25th Percentile	(0.11)	10.93	6.94	8.39	8.01	6.87	8.36	8.53
Median	(0.42)	9.88	6.30	7.43	7.30	6.33	7.72	7.96
75th Percentile	(0.66)	8.80	5.86	6.96	6.78	5.52	7.13	7.48
90th Percentile	(0.73)	7.91	5.32	6.14	5.98	5.04	6.62	6.46
Total Fund ●	(0.70)	10.51	6.37	7.66	7.99	7.51	8.54	8.98
Target ▲	(0.81)	10.48	6.37	7.47	7.48	6.35	7.82	7.63

Relative Return vs Target



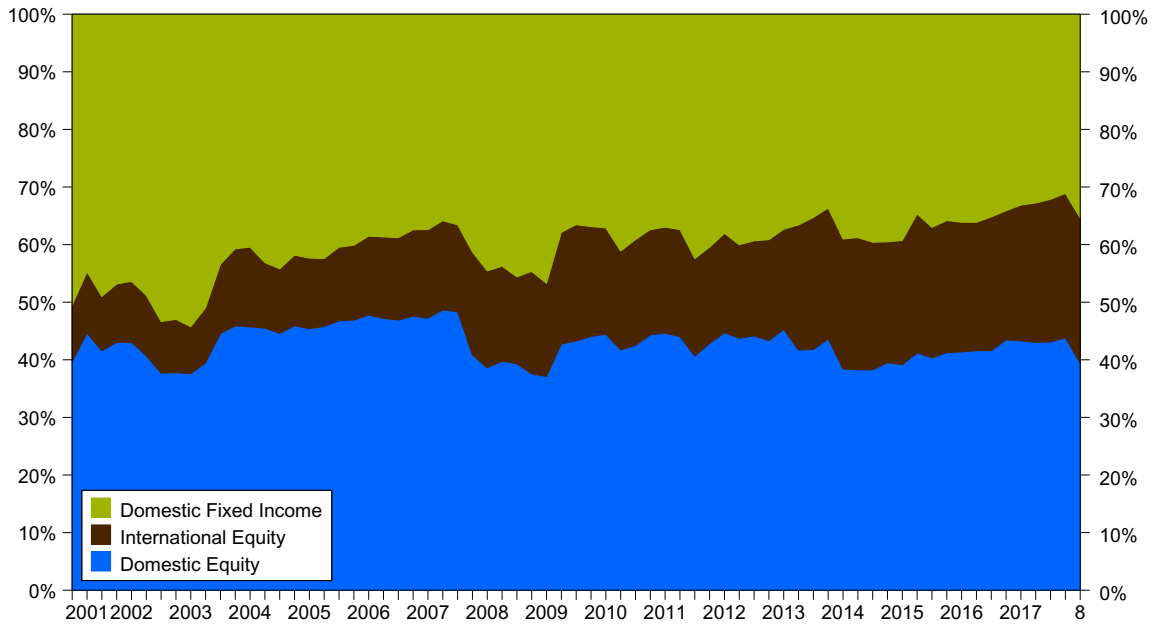
Callan Public Fund Spons- Mid (100M-1B) (Gross) Annualized Seven Year Risk vs Return



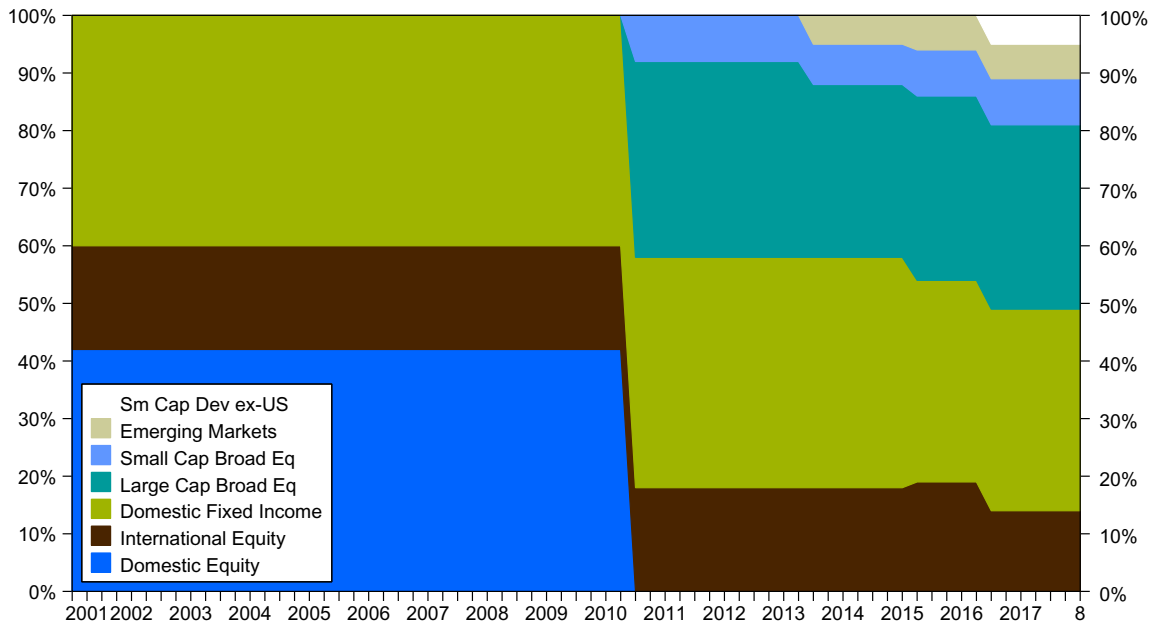
Actual vs Target Historical Asset Allocation

The Historical asset allocation for a fund is by far the largest factor explaining its performance. The charts below show the fund's historical actual asset allocation, and the fund's historical target asset allocation.

Actual Historical Asset Allocation



Target Historical Asset Allocation



* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2018, with the distribution as of December 31, 2017. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	March 31, 2018 Market Value	Net New Inv.	Inv. Return	December 31, 2017 Market Value
Consolidated Plan				
Domestic Equity	\$112,310,879	\$(13,298,516)	\$(668,732)	\$126,278,127
Large Cap	\$88,811,045	\$(9,230,088)	\$(1,206,284)	\$99,247,416
Boston Partners	44,050,284	(5,259,673)	(787,928)	50,097,885
SSgA S&P 500	44,760,761	(3,970,415)	(418,355)	49,149,531
Small Cap	\$23,499,833	\$(4,068,428)	\$537,551	\$27,030,710
Atlanta Capital	23,499,833	(4,068,428)	537,551	27,030,710
International Equity	\$71,862,832	\$0	\$(433,816)	\$72,296,648
International Large Cap	\$38,092,670	\$0	\$(722,847)	\$38,815,517
Brandes	9,651	0	192	9,459
SSgA EAFE	11,360,700	0	(164,709)	11,525,410
Pyrford	26,722,319	0	(558,330)	27,280,649
International Small Cap	\$15,745,235	\$0	\$(8,712)	\$15,753,947
AQR	15,745,235	0	(8,712)	15,753,947
Emerging Equity	\$18,024,927	\$0	\$297,743	\$17,727,184
DFA Emerging Markets	18,024,927	0	297,743	17,727,184
Fixed Income	\$100,821,262	\$12,115,111	\$(1,033,918)	\$89,740,069
Metropolitan West	100,821,262	12,115,111	(1,033,918)	89,740,069
Total Plan - Consolidated	\$284,994,972	\$(1,183,405)	\$(2,136,466)	\$288,314,843

Sacramento Regional Transit District Asset Growth

Ending March 31, 2018 (\$ Thousands)	Ending Market Value	=	Beginning Market Value	+	Net New Investment	+	Investment Return
Total Plan							
1/4 Year Ended 3/2018	284,995.0		288,314.8		(1,183.4)		(2,136.5)
1/4 Year Ended 12/2017	288,314.8		277,835.6		(1,419.7)		11,899.0
1/4 Year Ended 9/2017	277,835.6		270,017.7		(1,582.3)		9,400.2
1/4 Year Ended 6/2017	270,017.7		263,189.7		(1,149.1)		7,977.1
1/4 Year Ended 3/2017	263,189.7		253,159.1		(930.2)		10,960.7
1/4 Year Ended 12/2016	253,159.1		251,635.0		(1,139.0)		2,663.2
1/4 Year Ended 9/2016	251,635.0		244,029.2		(937.8)		8,543.5
1/4 Year Ended 6/2016	244,029.2		240,502.3		(684.5)		4,211.5
1/4 Year Ended 3/2016	240,502.3		238,289.7		(450.0)		2,662.6
1/4 Year Ended 12/2015	238,289.7		232,085.4		(816.4)		7,020.7
1/4 Year Ended 9/2015	232,085.4		246,970.5		(534.9)		(14,350.2)
1/4 Year Ended 6/2015	246,970.5		247,920.3		(766.8)		(183.0)
1/4 Year Ended 3/2015	247,920.3		243,017.9		(295.4)		5,197.8
1/4 Year Ended 12/2014	243,017.9		238,642.3		(1,001.3)		5,377.0
1/4 Year Ended 9/2014	238,642.3		241,859.7		(632.5)		(2,584.9)
1/4 Year Ended 6/2014	241,859.7		235,305.8		(752.1)		7,306.0
1/4 Year Ended 3/2014	235,305.8		233,171.6		(781.9)		2,916.1
1/4 Year Ended 12/2013	233,171.6		222,071.8		(913.1)		12,012.9
1/4 Year Ended 9/2013	222,071.8		212,659.5		(1,311.0)		10,723.3
1/4 Year Ended 6/2013	212,659.5		212,527.3		(1,129.6)		1,261.9

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2018. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2018

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Domestic Equity	(0.44%)	14.30%	10.36%	13.21%	13.20%
Domestic Equity Benchmark**	(0.61%)	13.61%	10.38%	13.02%	12.32%
Large Cap Equity	(1.16%)	13.96%	10.09%	12.94%	13.08%
Boston Partners	(1.54%)	13.90%	9.34%	12.52%	12.77%
Russell 1000 Value Index	(2.83%)	6.95%	7.88%	10.78%	11.00%
SSgA S&P 500	(0.78%)	14.00%	10.84%	13.35%	-
S&P 500 Index	(0.76%)	13.99%	10.78%	13.31%	12.71%
Small Cap Equity	2.22%	15.52%	11.34%	14.09%	13.63%
Atlanta Capital	2.22%	15.52%	11.34%	14.09%	13.63%
Russell 2000 Index	(0.08%)	11.79%	8.39%	11.47%	10.39%
International Equity	(0.52%)	16.43%	6.33%	6.25%	5.21%
Custom International Benchmark***	(1.06%)	17.10%	6.33%	6.44%	5.26%
International Large Cap	(1.86%)	11.00%	4.75%	5.91%	-
SSgA EAFE	(1.43%)	15.19%	5.92%	6.80%	-
Pyrford	(2.05%)	-	-	-	-
MSCI EAFE Index	(1.53%)	14.80%	5.55%	6.50%	5.31%
International Small Cap	0.18%	24.04%	-	-	-
AQR	0.18%	24.04%	-	-	-
MSCI EAFE Small Cap Index	0.24%	23.49%	12.25%	11.10%	8.74%
Emerging Markets Equity	1.81%	22.80%	9.84%	-	-
DFA Emerging Markets	1.81%	22.80%	9.84%	-	-
MSCI Emerging Markets Index	1.42%	24.93%	8.81%	4.99%	2.47%
Domestic Fixed Income	(1.10%)	1.78%	1.56%	2.20%	3.59%
Met West	(1.10%)	1.78%	1.56%	2.20%	3.59%
Bloomberg Aggregate Index	(1.46%)	1.20%	1.20%	1.82%	2.92%
Total Plan	(0.70%)	10.51%	6.37%	7.66%	7.99%
Target*	(0.81%)	10.48%	6.37%	7.47%	7.48%

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

** Domestic Equity Benchmark = 80% S&P500, 20% Russell 2000 as of 5/1/2015

*** Custom International Benchmark = MSCI EAFE until 6/30/2013, MSCI ACWI ex US until 7/31/2016, and MSCI ACWI ex US IMI thereafter.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2018. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2018				
	Last 10 Years	Last 15 Years	Last 20 Years	Last 24 Years
Domestic Equity	10.78%	11.03%	7.01%	-
Domestic Equity Benchmark**	9.63%	10.47%	6.90%	10.01%
Russell 1000 Value Index	7.78%	9.71%	6.65%	9.76%
S&P 500 Index	9.50%	10.10%	6.46%	9.82%
Russell 2000 Index	9.84%	11.50%	7.37%	9.29%
International Equity	3.33%	10.02%	7.62%	-
MSCI EAFE Index	2.74%	8.62%	4.45%	5.26%
Domestic Fixed Income	5.22%	5.61%	5.63%	-
Met West	5.22%	5.61%	-	-
Bloomberg Aggregate Index	3.63%	3.95%	4.83%	5.37%
Total Plan	7.51%	8.54%	7.01%	8.98%
Target*	6.35%	7.82%	6.00%	7.63%

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

** Domestic Equity Benchmark = 80% S&P500, 20% Russell 2000 as of 5/1/2015

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	12/2017- 3/2018	2017	2016	2015	2014
Domestic Equity	(0.44%)	19.78%	14.58%	0.06%	10.85%
Domestic Equity Benchmark**	(0.61%)	20.41%	13.85%	0.26%	12.07%
Large Cap Equity	(1.16%)	21.10%	13.38%	(1.17%)	12.81%
Boston Partners	(1.54%)	20.32%	14.71%	(3.75%)	11.87%
Russell 1000 Value Index	(2.83%)	13.66%	17.34%	(3.83%)	13.45%
SSgA S&P 500	(0.78%)	21.86%	12.03%	1.46%	13.77%
S&P 500 Index	(0.76%)	21.83%	11.96%	1.38%	13.69%
Small Cap Equity	2.22%	15.01%	19.17%	5.14%	3.49%
Atlanta Capital	2.22%	15.01%	19.17%	5.14%	3.49%
Russell 2000 Index	(0.08%)	14.65%	21.31%	(4.41%)	4.89%
International Equity	(0.52%)	28.25%	2.55%	(4.17%)	(3.72%)
Custom International Benchmark***	(1.06%)	27.81%	4.29%	(5.66%)	(3.87%)
International Large Cap	(1.86%)	22.63%	1.35%	(1.17%)	(4.41%)
SSgA EAFE	(1.43%)	25.47%	1.37%	(0.56%)	(4.55%)
MSCI EAFE Index	(1.53%)	25.03%	1.00%	(0.81%)	(4.90%)
International Small Cap	0.18%	33.76%	-	-	-
AQR	0.18%	33.76%	-	-	-
MSCI EAFE Small Cap Index	0.24%	33.01%	2.18%	9.59%	(4.95%)
Emerging Markets Equity	1.81%	37.32%	12.99%	(14.33%)	(0.28%)
DFA Emerging Markets	1.81%	37.32%	12.99%	(14.33%)	(0.28%)
MSCI Emerging Markets Index	1.42%	37.28%	11.19%	(14.92%)	(2.19%)
Domestic Fixed Income	(1.10%)	3.89%	2.87%	0.51%	6.37%
Met West	(1.10%)	3.89%	2.87%	0.51%	6.37%
Bloomberg Aggregate Index	(1.46%)	3.54%	2.65%	0.55%	5.97%
Total Plan	(0.70%)	16.14%	7.65%	(0.97%)	5.61%
Target*	(0.81%)	16.39%	7.40%	(0.71%)	5.82%

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

Returns are for annualized calendar years.

** Domestic Equity Benchmark = 80% S&P500, 20% Russell 2000 as of 5/1/2015

*** Custom International Benchmark = MSCI EAFE until 6/30/2013, MSCI ACWI ex US until 7/31/2016, and MSCI ACWI ex US IMI thereafter.

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	2013	2012	2011	2010	2009
Domestic Equity	36.44%	19.19%	2.08%	15.93%	32.93%
Domestic Equity Benchmark**	33.61%	16.09%	0.94%	17.33%	28.02%
Boston Partners	37.52%	21.95%	1.27%	13.61%	27.06%
Russell 1000 Value Index	32.53%	17.51%	0.39%	15.51%	19.69%
S&P 500 Index	32.39%	16.00%	2.11%	15.06%	26.47%
Russell 2000 Index	38.82%	16.35%	(4.18%)	26.85%	27.17%
International Equity	16.66%	17.28%	(10.64%)	6.51%	28.99%
MSCI EAFE Index	22.78%	17.32%	(12.14%)	7.75%	31.78%
Domestic Fixed Income	(1.03%)	9.48%	6.10%	12.52%	19.88%
Met West	(1.03%)	9.48%	6.10%	12.52%	19.88%
Bloomberg Aggregate Index	(2.02%)	4.21%	7.84%	6.54%	5.93%
Total Plan	17.71%	14.80%	1.22%	12.70%	26.91%
Target*	15.99%	11.68%	1.52%	11.85%	20.02%

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.
Returns are for annualized calendar years.

** Domestic Equity Benchmark = 80% S&P500, 20% Russell 2000 as of 5/1/2015

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2018. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2018

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Net of Fee Returns					
Domestic Equity	(0.54%)	13.84%	-	-	-
Large Cap Equity	(1.23%)	13.62%	-	-	-
Boston Partners	(1.67%)	13.33%	8.79%	11.93%	12.19%
Russell 1000 Value Index	(2.83%)	6.95%	7.88%	10.78%	11.00%
SSgA S&P 500	(0.79%)	13.94%	10.78%	13.30%	-
S&P 500 Index	(0.76%)	13.99%	10.78%	13.31%	12.71%
Small Cap Equity	2.02%	14.60%	-	-	-
Atlanta Capital	2.02%	14.60%	10.46%	13.19%	12.76%
Russell 2000 Index	(0.08%)	11.79%	8.39%	11.47%	10.39%
International Equity	(0.67%)	15.72%	-	-	-
International Large Cap	(1.99%)	10.44%	-	-	-
SSgA EAFE	(1.45%)	15.09%	5.81%	6.69%	-
Pyrford	(2.21%)	-	-	-	-
MSCI EAFE Index	(1.53%)	14.80%	5.55%	6.50%	5.31%
International Small Cap	(0.06%)	22.88%	-	-	-
AQR	(0.06%)	22.88%	-	-	-
MSCI EAFE Small Cap Index	0.24%	23.49%	12.25%	11.10%	8.74%
Emerging Markets Equity	1.68%	22.14%	-	-	-
DFA Emerging Markets	1.68%	22.14%	9.20%	-	-
MSCI Emerging Markets Index	1.42%	24.93%	8.81%	4.99%	2.47%
Domestic Fixed Income	(1.16%)	1.50%	-	-	-
Met West	(1.16%)	1.50%	1.28%	1.92%	3.31%
Bloomberg Aggregate Index	(1.46%)	1.20%	1.20%	1.82%	2.92%
Total Plan	(0.81%)	10.06%	5.99%	7.27%	7.57%
Target*	(0.81%)	10.48%	6.37%	7.47%	7.48%

* Current Quarter Target = 35.0% Blmbg Aggregate, 32.0% S&P 500 Index, 14.0% MSCI EAFE, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

Domestic Equity Period Ended March 31, 2018

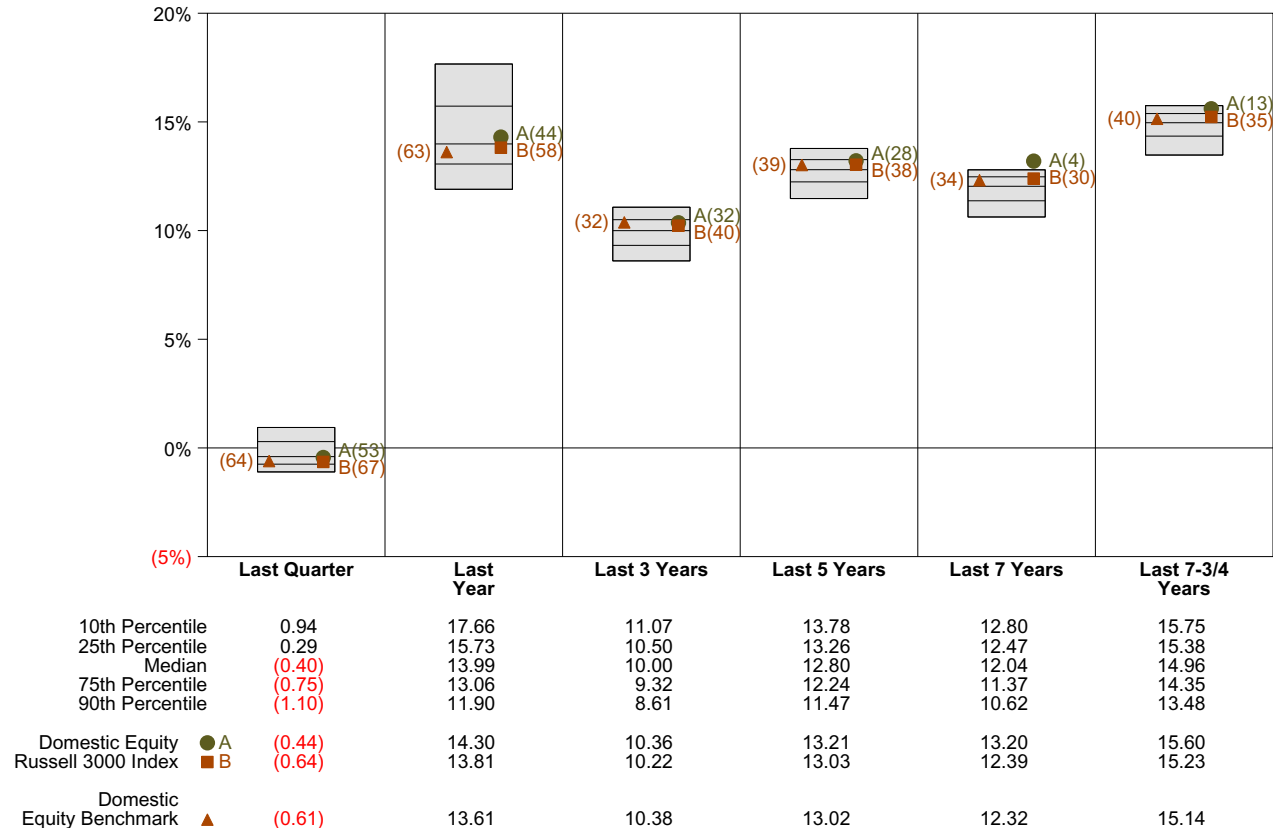
Investment Philosophy

Domestic Equity Benchmark is comprised of: 80% S&P500 and 20% Russell 2000 as of 5/1/2015.

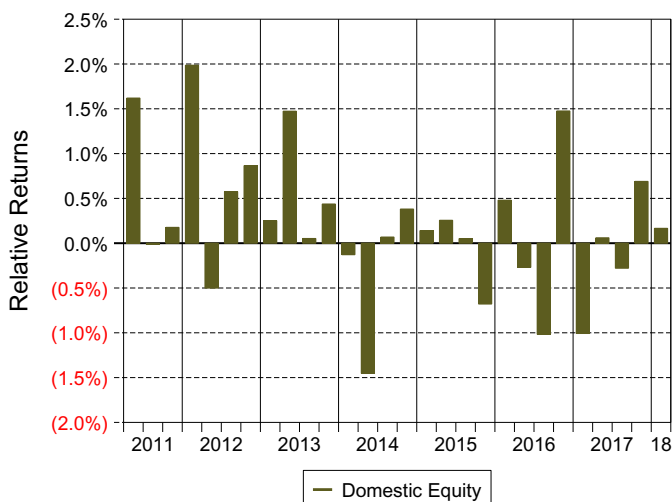
Quarterly Summary and Highlights

- Domestic Equity's portfolio posted a (0.44)% return for the quarter placing it in the 53 percentile of the Fund Sponsor - Domestic Equity group for the quarter and in the 44 percentile for the last year.
- Domestic Equity's portfolio outperformed the Domestic Equity Benchmark by 0.17% for the quarter and outperformed the Domestic Equity Benchmark for the year by 0.69%.

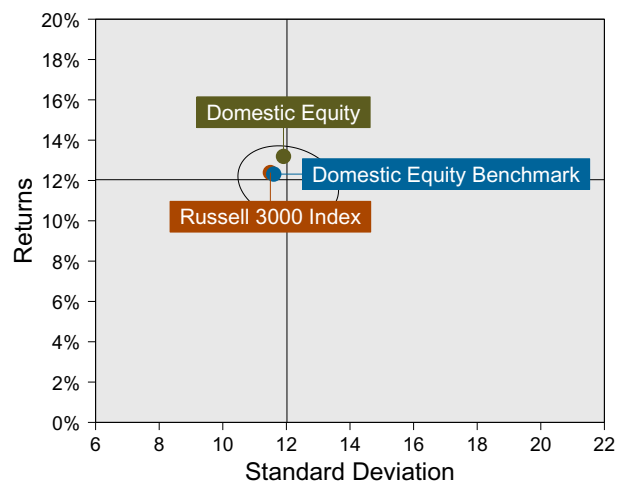
Performance vs Fund Sponsor - Domestic Equity (Gross)



Relative Returns vs Domestic Equity Benchmark



Fund Sponsor - Domestic Equity (Gross) Annualized Seven Year Risk vs Return

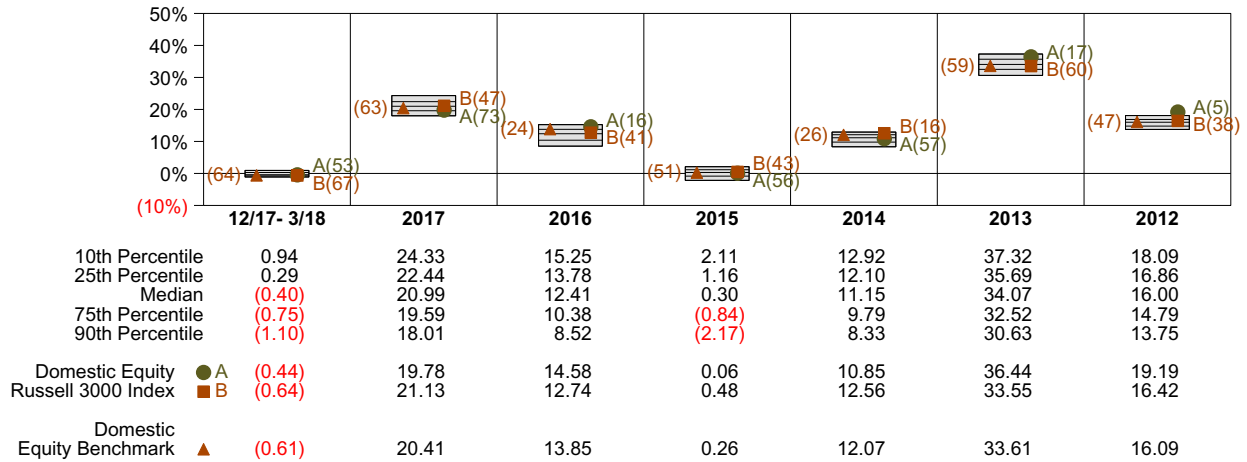


Domestic Equity Return Analysis Summary

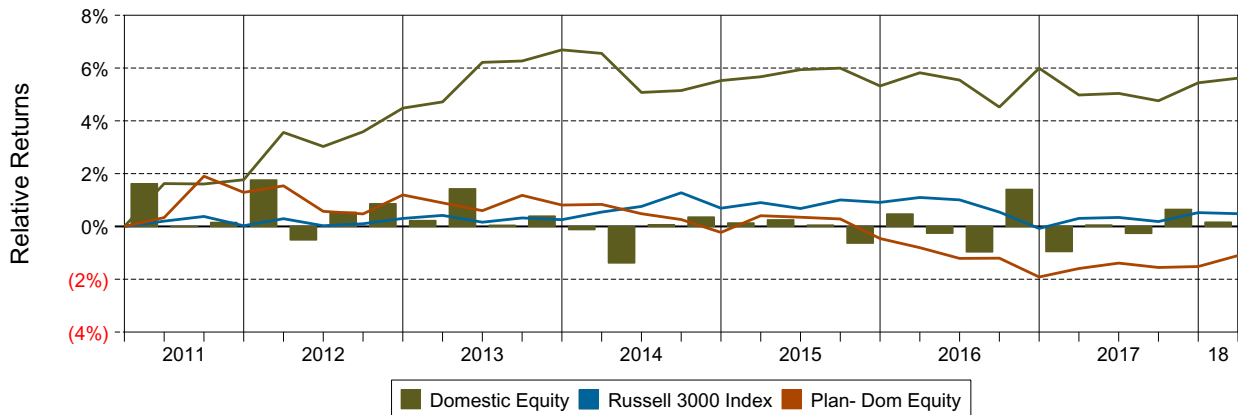
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

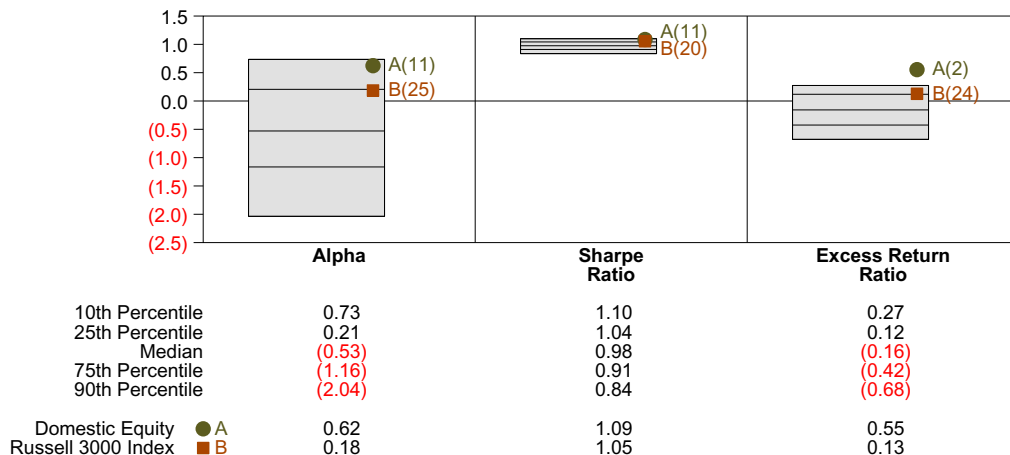
Performance vs Fund Sponsor - Domestic Equity (Gross)



Cumulative and Quarterly Relative Return vs Domestic Equity Benchmark



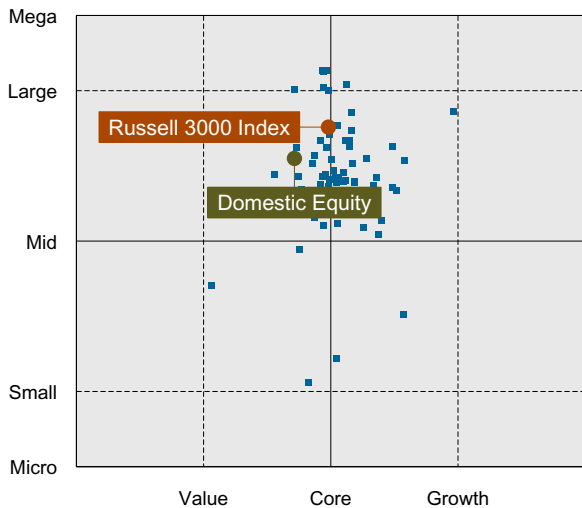
Risk Adjusted Return Measures vs Domestic Equity Benchmark Rankings Against Fund Sponsor - Domestic Equity (Gross) Seven Years Ended March 31, 2018



Current Holdings Based Style Analysis Domestic Equity As of March 31, 2018

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

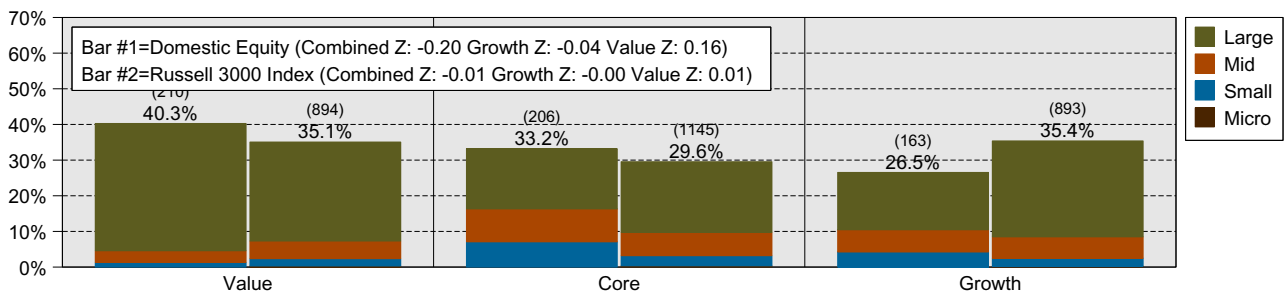
Style Map vs Plan- Dom Equity Holdings as of March 31, 2018



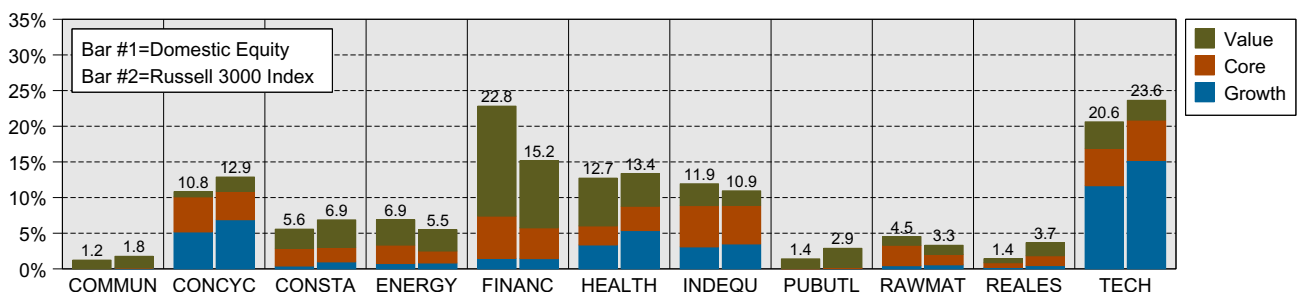
Style Exposure Matrix Holdings as of March 31, 2018

	Value	Core	Growth	Total
Large	35.7% (112)	16.9% (88)	16.1% (89)	68.6% (289)
	27.8% (110)	19.8% (87)	26.9% (96)	74.5% (293)
Mid	3.2% (88)	9.2% (94)	6.2% (61)	18.7% (243)
	4.9% (168)	6.6% (214)	6.0% (204)	17.5% (586)
Small	1.3% (10)	7.1% (24)	4.2% (12)	12.6% (46)
	2.1% (318)	2.8% (484)	2.3% (371)	7.1% (1173)
Micro	0.0% (0)	0.0% (0)	0.0% (1)	0.0% (1)
	0.3% (298)	0.4% (360)	0.2% (222)	0.9% (880)
Total	40.3% (210)	33.2% (206)	26.5% (163)	100.0% (579)
	35.1% (894)	29.6% (1145)	35.4% (893)	100.0% (2932)

Combined Z-Score Style Distribution Holdings as of March 31, 2018



Sector Weights Distribution Holdings as of March 31, 2018



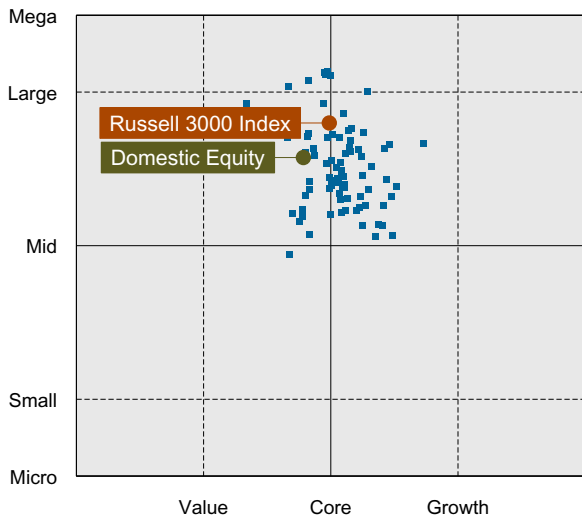
Historical Holdings Based Style Analysis

Domestic Equity

For Five Years Ended March 31, 2018

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The next two style exposure charts illustrate the actual quarterly cap/style and style only segment exposures of the portfolio through history.

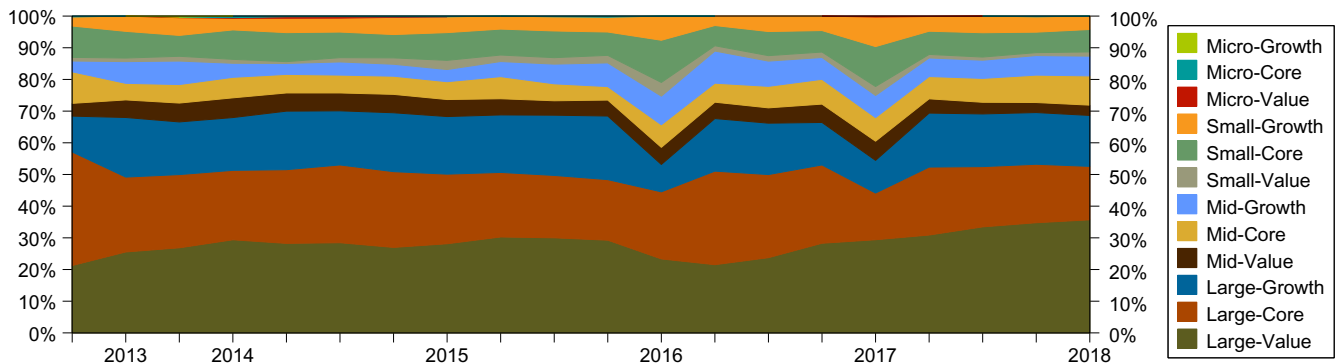
Average Style Map vs Plan- Dom Equity Holdings for Five Years Ended March 31, 2018



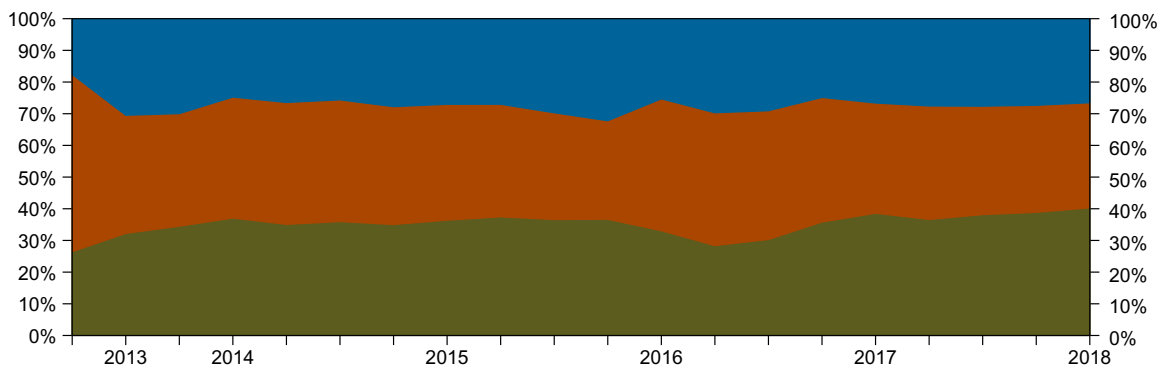
Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2018

	28.3% (88)	22.5% (91)	16.2% (89)	67.0% (268)
Large	25.9% (95)	23.5% (99)	24.1% (104)	73.6% (298)
Mid	5.0% (82)	6.7% (81)	6.0% (57)	17.8% (220)
	5.4% (177)	6.4% (218)	6.1% (204)	17.8% (599)
Small	1.7% (9)	8.3% (27)	4.9% (14)	15.0% (50)
	2.2% (336)	3.1% (491)	2.2% (375)	7.6% (1202)
Micro	0.1% (1)	0.1% (1)	0.0% (0)	0.2% (2)
	0.3% (285)	0.4% (374)	0.3% (209)	1.0% (868)
Total	35.2% (180)	37.7% (200)	27.2% (160)	100.0% (540)
	33.9% (893)	33.4% (1182)	32.7% (892)	100.0% (2967)
	Value	Core	Growth	Total

Domestic Equity Historical Cap/Style Exposures



Domestic Equity Historical Style Only Exposures

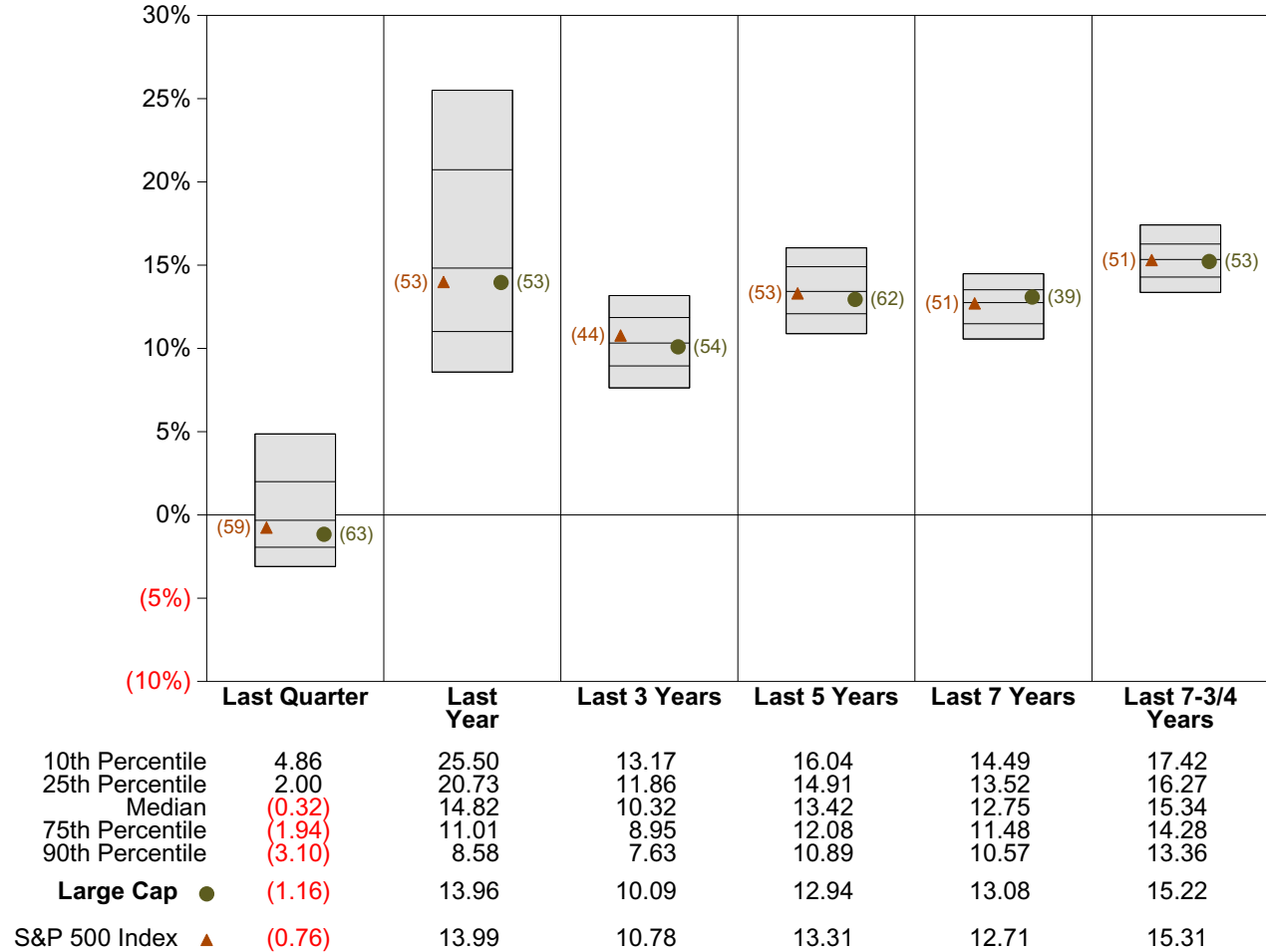


Large Cap Period Ended March 31, 2018

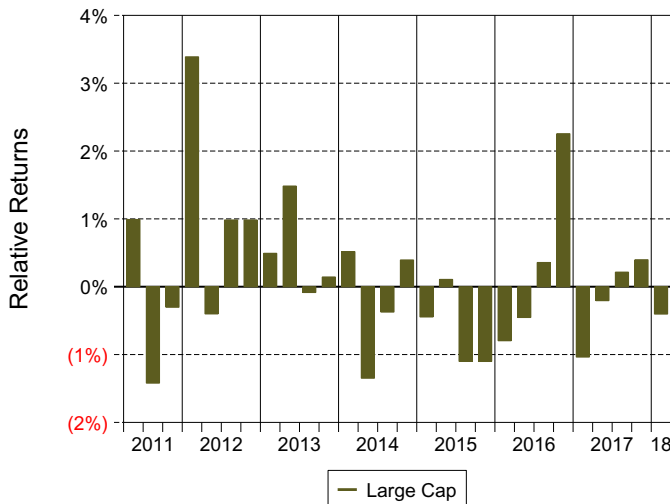
Quarterly Summary and Highlights

- Large Cap's portfolio posted a (1.16)% return for the quarter placing it in the 63 percentile of the Callan Large Capitalization group for the quarter and in the 53 percentile for the last year.
- Large Cap's portfolio underperformed the S&P 500 Index by 0.40% for the quarter and underperformed the S&P 500 Index for the year by 0.03%.

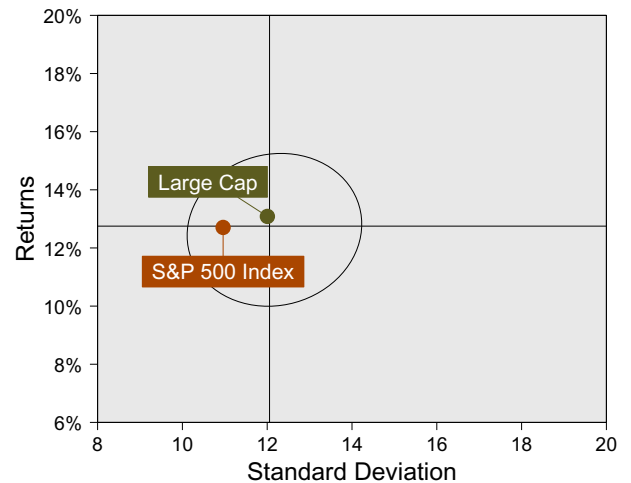
Performance vs Callan Large Capitalization (Gross)



Relative Return vs S&P 500 Index



Callan Large Capitalization (Gross)
Annualized Seven Year Risk vs Return

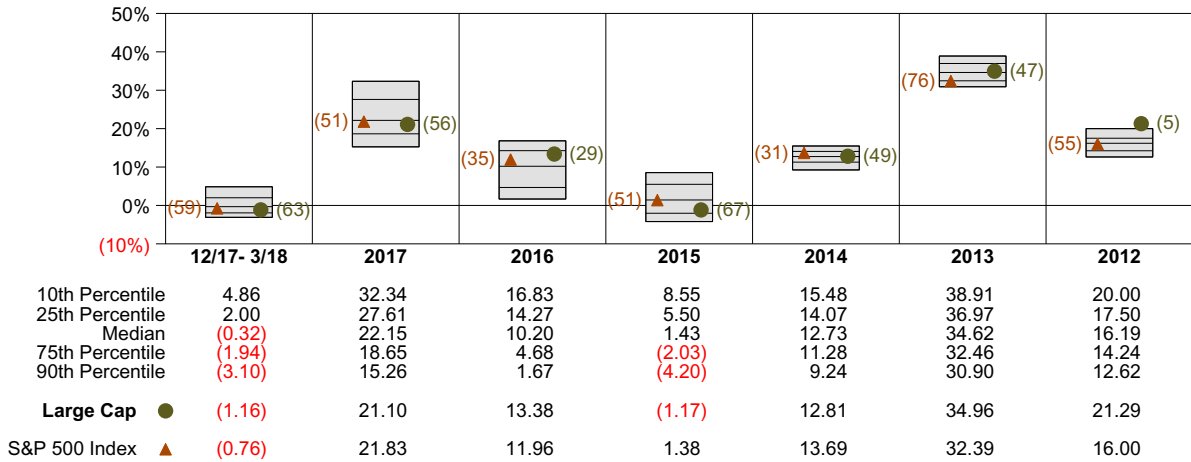


Large Cap Return Analysis Summary

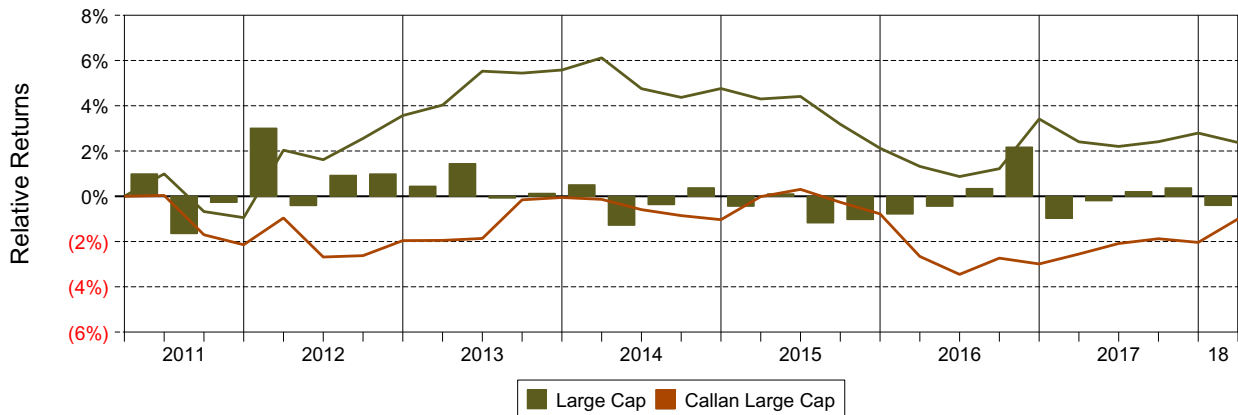
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

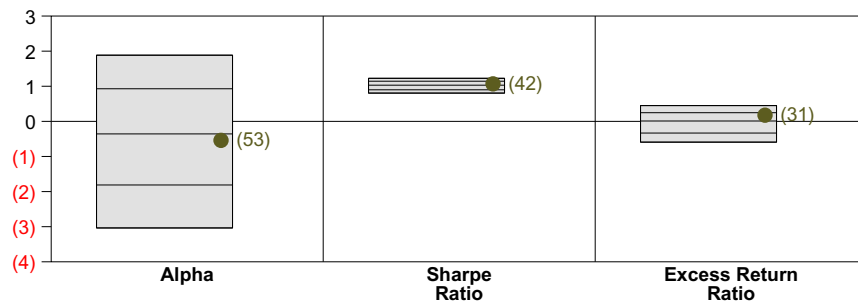
Performance vs Callan Large Capitalization (Gross)



Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against Callan Large Capitalization (Gross) Seven Years Ended March 31, 2018



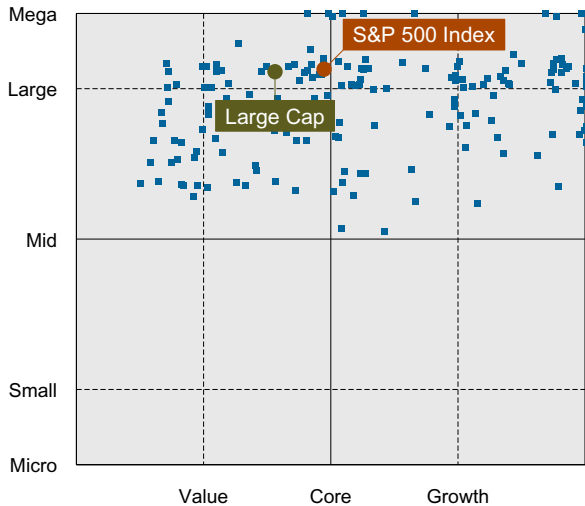
Current Holdings Based Style Analysis

Large Cap

As of March 31, 2018

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

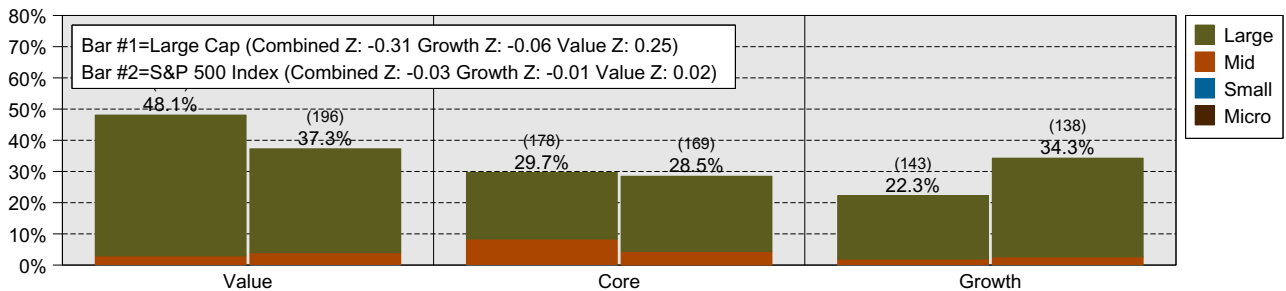
Style Map vs Callan Large Cap Holdings as of March 31, 2018



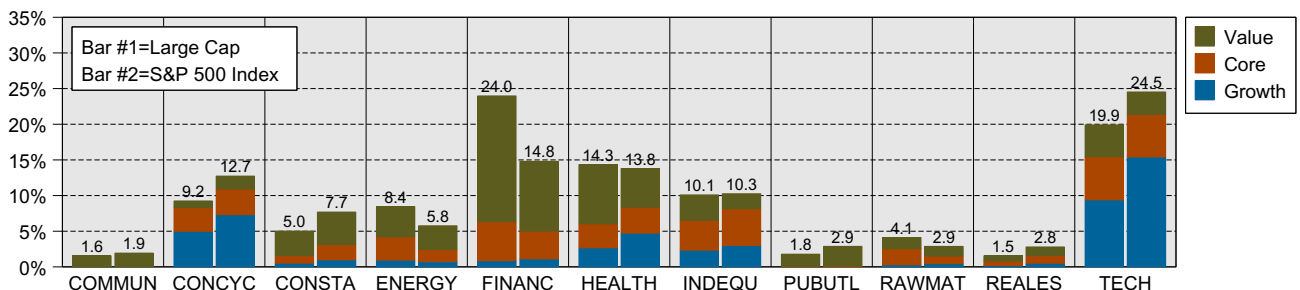
Style Exposure Matrix Holdings as of March 31, 2018

	Value	Core	Growth	Total
Large	45.1% (112)	21.3% (88)	20.3% (89)	86.8% (289)
	33.3% (109)	24.1% (86)	31.6% (86)	89.0% (281)
Mid	2.9% (85)	8.3% (89)	1.9% (51)	13.1% (225)
	3.9% (83)	4.4% (83)	2.6% (50)	10.9% (216)
Small	0.0% (4)	0.0% (1)	0.0% (2)	0.1% (7)
	0.1% (4)	0.0% (0)	0.0% (2)	0.1% (6)
Micro	0.0% (0)	0.0% (0)	0.0% (1)	0.0% (1)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	48.1% (201)	29.7% (178)	22.3% (143)	100.0% (522)
	37.3% (196)	28.5% (169)	34.3% (138)	100.0% (503)

Combined Z-Score Style Distribution Holdings as of March 31, 2018



Sector Weights Distribution Holdings as of March 31, 2018



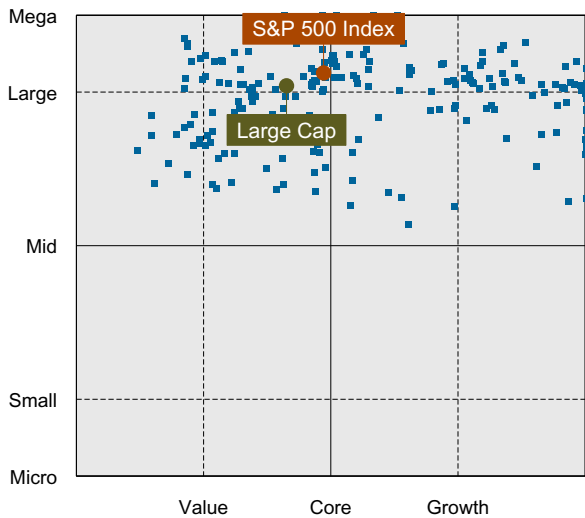
Historical Holdings Based Style Analysis

Large Cap

For Five Years Ended March 31, 2018

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The next two style exposure charts illustrate the actual quarterly cap/style and style only segment exposures of the portfolio through history.

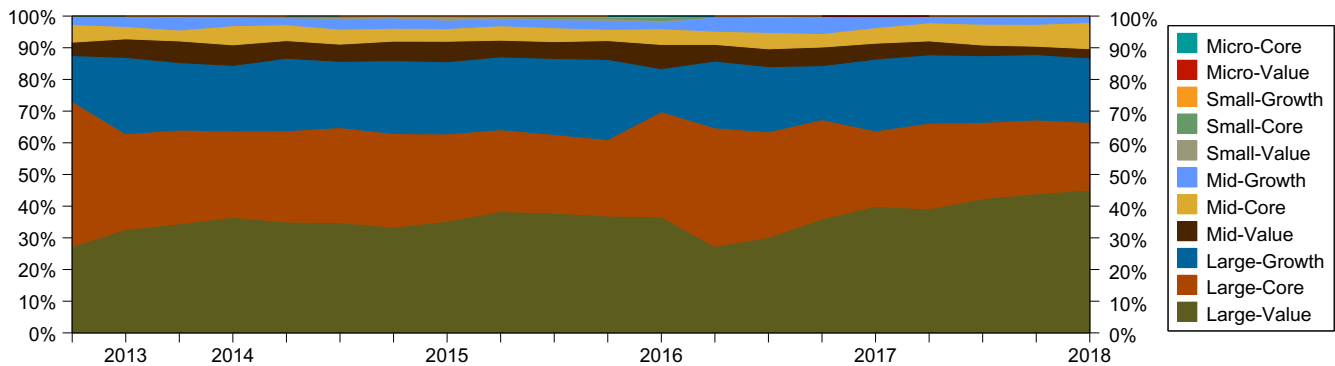
Average Style Map vs Callan Large Cap Holdings for Five Years Ended March 31, 2018



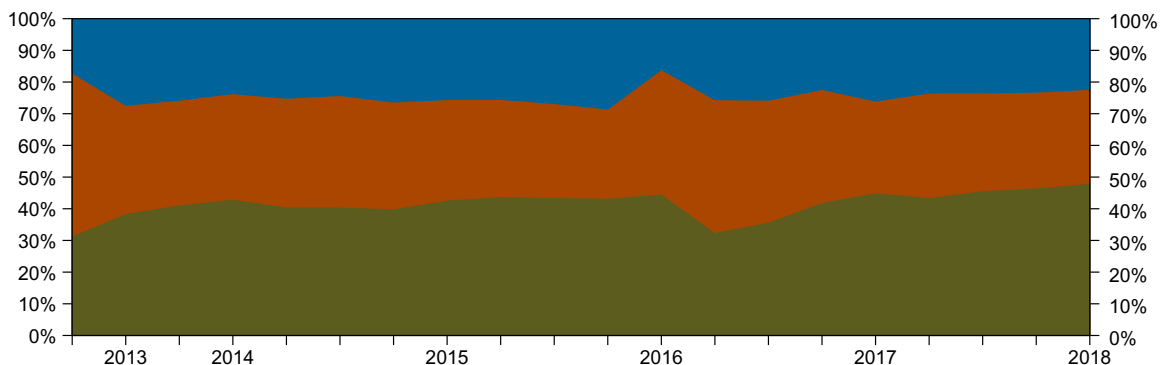
Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2018

	36.1% (92)	28.9% (95)	21.0% (93)	86.1% (280)
Large	31.7% (95)	28.7% (97)	28.7% (94)	89.1% (286)
Mid	5.3% (83)	5.0% (79)	3.0% (52)	13.3% (214)
	4.0% (83)	3.9% (78)	2.9% (51)	10.8% (212)
Small	0.2% (4)	0.2% (2)	0.1% (2)	0.6% (8)
	0.0% (3)	0.0% (1)	0.0% (1)	0.1% (5)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	41.7% (179)	34.2% (176)	24.2% (147)	100.0% (502)
	35.8% (181)	32.6% (176)	31.6% (146)	100.0% (503)
	Value	Core	Growth	Total

Large Cap Historical Cap/Style Exposures



Large Cap Historical Style Only Exposures



SSgA S&P 500

Period Ended March 31, 2018

Investment Philosophy

SSGA believes that their passive investment strategy can provide market-like returns with minimal transaction costs. Returns prior to 6/30/2012 are linked to a composite history.

Quarterly Summary and Highlights

- SSgA S&P 500's portfolio posted a (0.78)% return for the quarter placing it in the 67th percentile of the Callan Large Cap Core group for the quarter and in the 46th percentile for the last year.
- SSgA S&P 500's portfolio underperformed the S&P 500 Index by 0.02% for the quarter and outperformed the S&P 500 Index for the year by 0.01%.

Quarterly Asset Growth

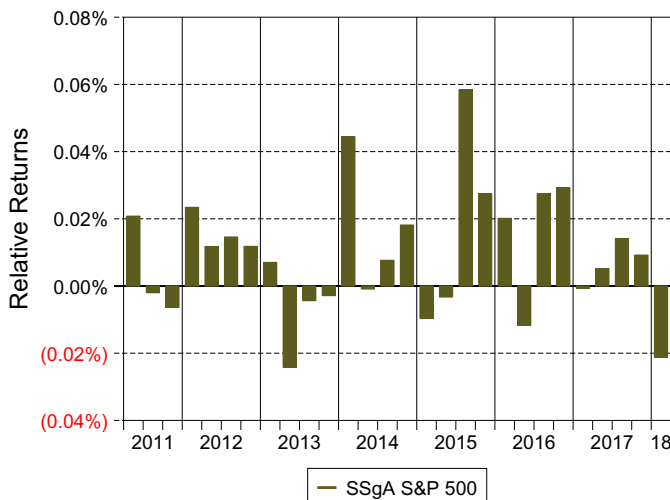
Beginning Market Value	\$49,149,531
Net New Investment	\$-3,970,415
Investment Gains/(Losses)	\$-418,355
Ending Market Value	\$44,760,761

Performance vs Callan Large Cap Core (Gross)

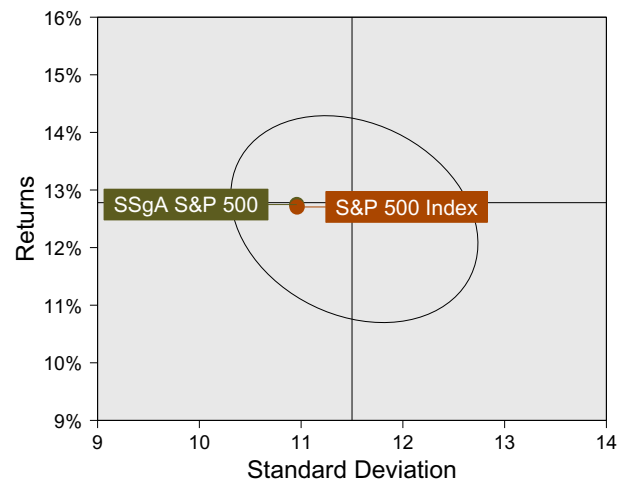


10th Percentile	0.78	17.40	12.07	14.61	15.96	13.87
25th Percentile	0.10	15.90	11.08	14.08	15.50	13.36
Median	(0.47)	13.84	10.01	13.34	14.63	12.78
75th Percentile	(1.28)	12.37	9.21	12.64	14.08	11.78
90th Percentile	(2.01)	9.21	8.02	11.43	12.74	10.52
SSgA S&P 500	● (0.78)	14.00	10.84	13.35	14.63	12.75
S&P 500 Index	▲ (0.76)	13.99	10.78	13.31	14.59	12.71

Relative Return vs S&P 500 Index



Callan Large Cap Core (Gross) Annualized Seven Year Risk vs Return

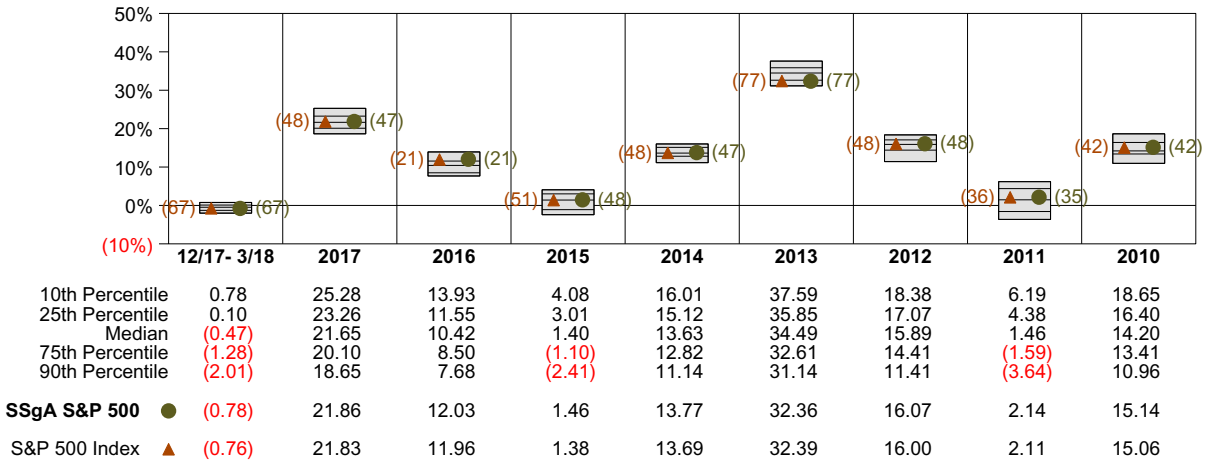


SSgA S&P 500 Return Analysis Summary

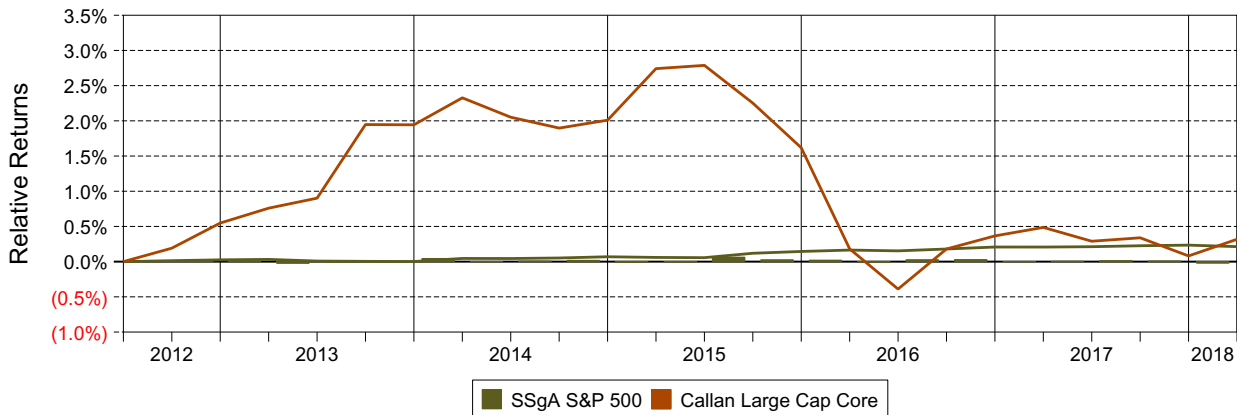
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

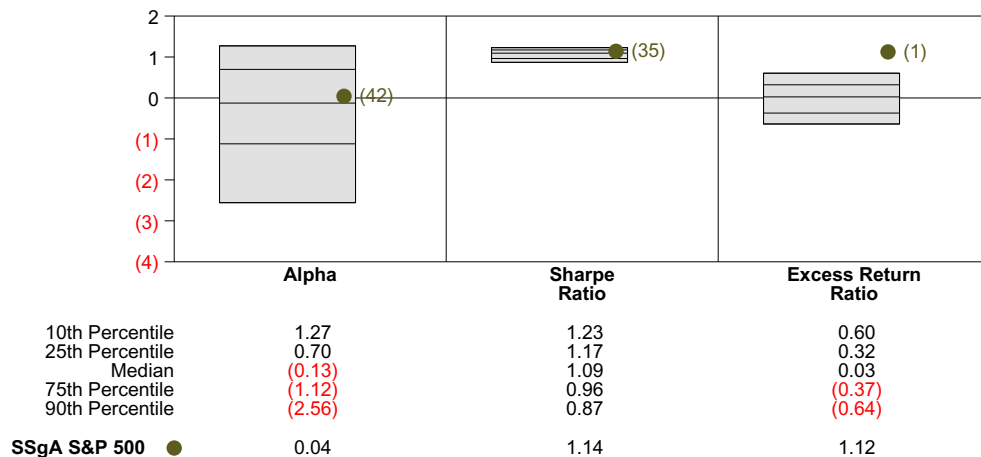
Performance vs Callan Large Cap Core (Gross)



Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against Callan Large Cap Core (Gross) Seven Years Ended March 31, 2018

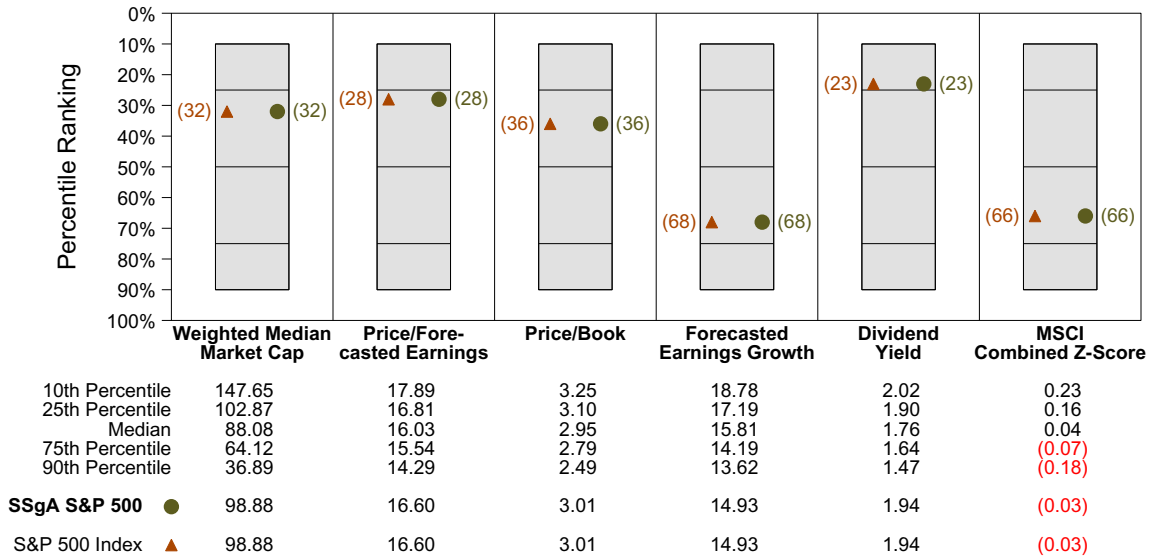


SSgA S&P 500 Equity Characteristics Analysis Summary

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

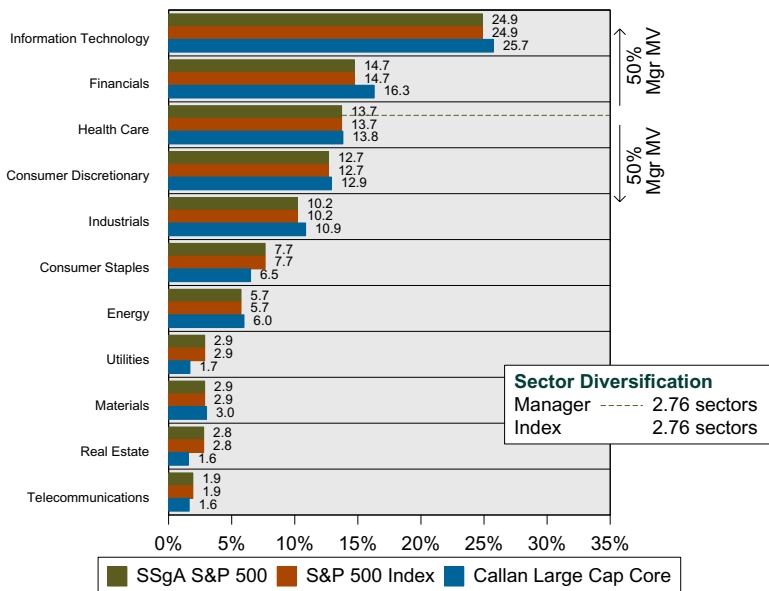
Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Core as of March 31, 2018



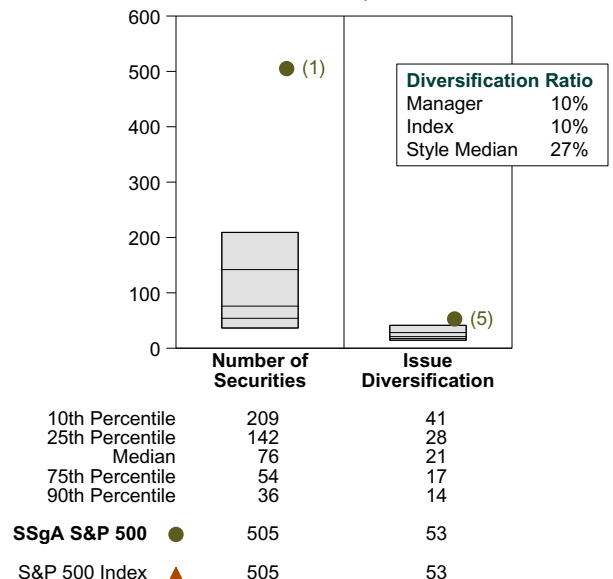
Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

Sector Allocation March 31, 2018



Diversification March 31, 2018



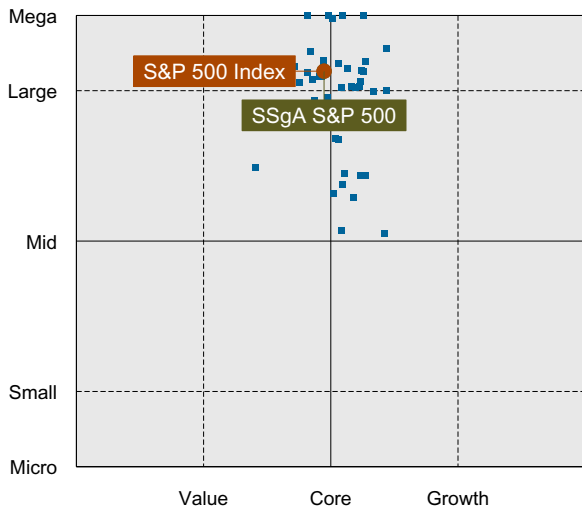
Current Holdings Based Style Analysis

SSgA S&P 500

As of March 31, 2018

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

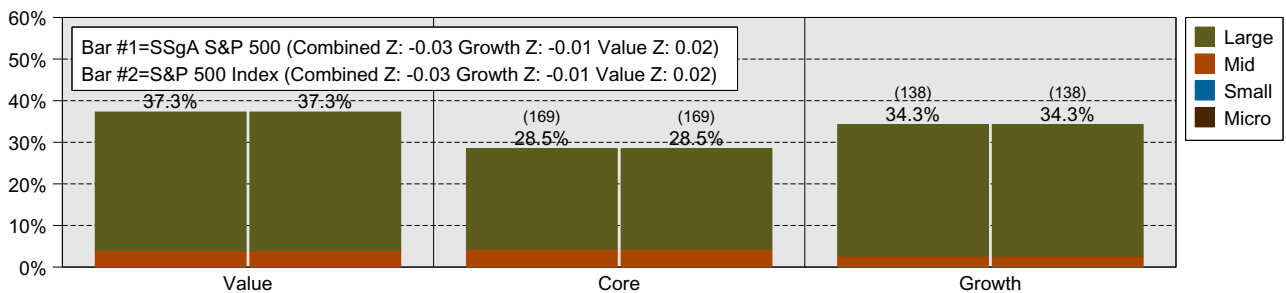
Style Map vs Callan Large Cap Core Holdings as of March 31, 2018



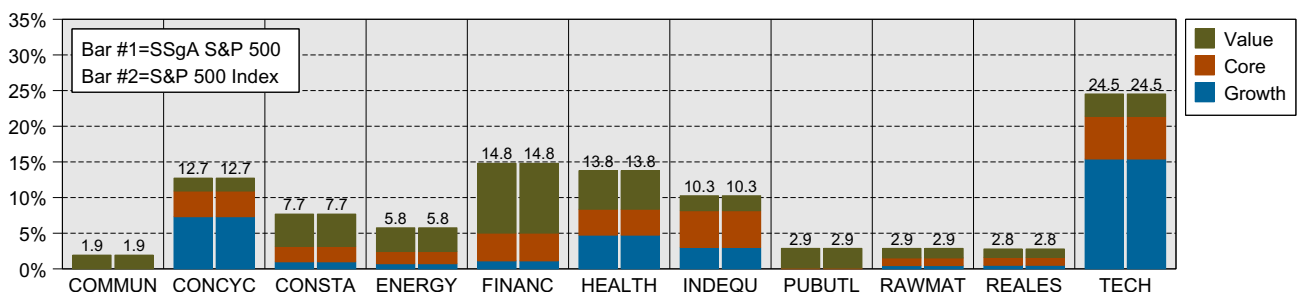
Style Exposure Matrix Holdings as of March 31, 2018

	Value	Core	Growth	Total
Large	33.3% (109)	24.1% (86)	31.6% (86)	89.0% (281)
Mid	3.9% (83)	4.4% (83)	2.6% (50)	10.9% (216)
Small	0.1% (4)	0.0% (0)	0.0% (2)	0.1% (6)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	37.3% (196)	28.5% (169)	34.3% (138)	100.0% (503)

Combined Z-Score Style Distribution Holdings as of March 31, 2018



Sector Weights Distribution Holdings as of March 31, 2018



Boston Partners Period Ended March 31, 2018

Investment Philosophy

Boston Partners attempts to implement a disciplined investment process designed to find undervalued securities issued by companies with sound fundamentals and positive business momentum. Boston Partners was funded 6/27/05. The first full quarter for this portfolio is 3rd quarter 2005.

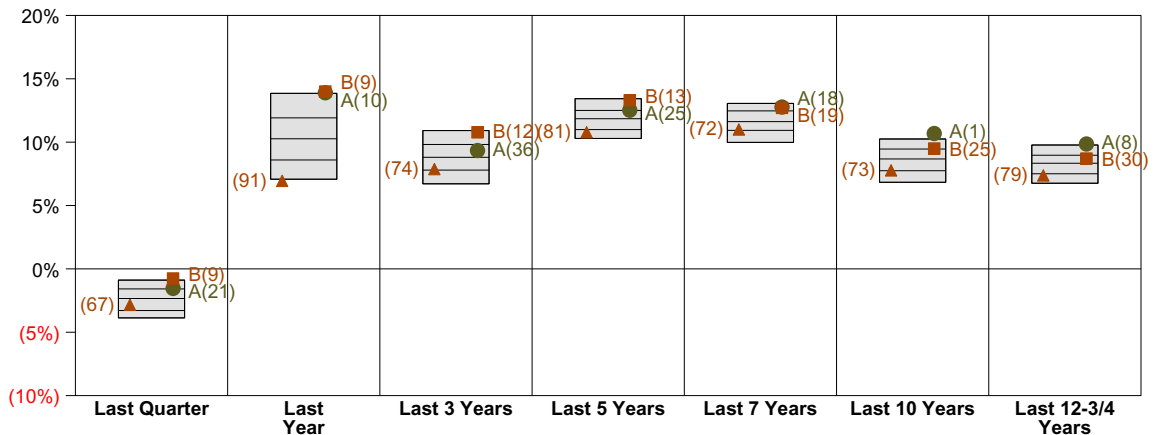
Quarterly Summary and Highlights

- Boston Partners's portfolio posted a (1.54)% return for the quarter placing it in the 21 percentile of the Callan Large Cap Value group for the quarter and in the 10 percentile for the last year.
- Boston Partners's portfolio outperformed the Russell 1000 Value Index by 1.29% for the quarter and outperformed the Russell 1000 Value Index for the year by 6.95%.

Quarterly Asset Growth

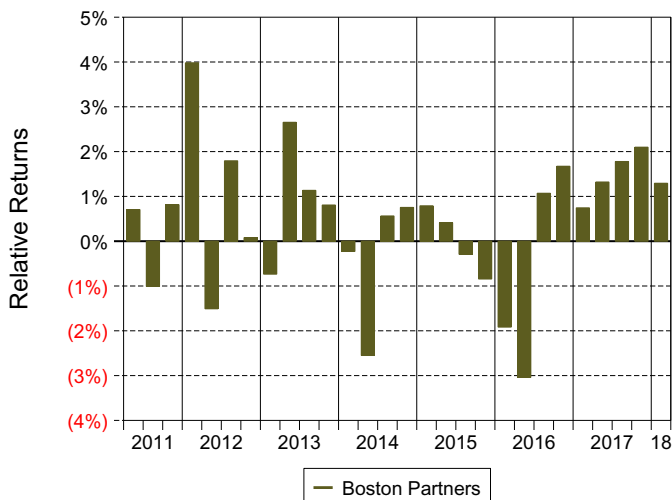
Beginning Market Value	\$50,097,885
Net New Investment	\$-5,259,673
Investment Gains/(Losses)	\$-787,928
Ending Market Value	\$44,050,284

Performance vs Callan Large Cap Value (Gross)

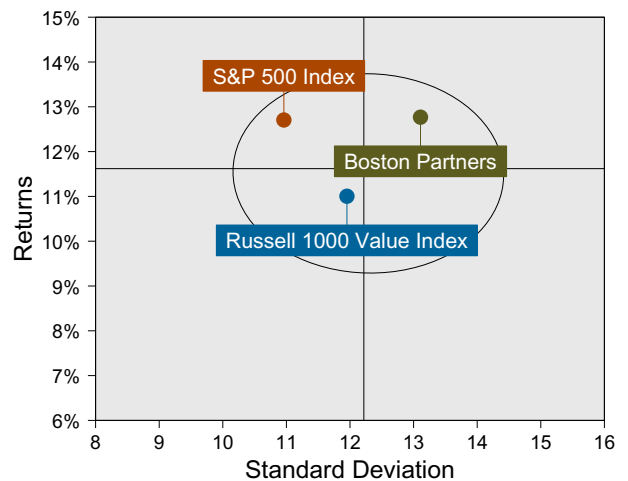


10th Percentile	(0.89)	13.85	10.92	13.43	13.06	10.25	9.78
25th Percentile	(1.58)	11.92	9.82	12.51	12.47	9.46	8.97
Median	(2.34)	10.27	8.81	11.85	11.62	8.67	8.34
75th Percentile	(3.29)	8.59	7.79	10.99	10.93	7.75	7.51
90th Percentile	(3.87)	7.07	6.71	10.29	9.98	6.83	6.76
Boston Partners	● A (1.54)	13.90	9.34	12.52	12.77	10.68	9.85
S&P 500 Index	■ B (0.76)	13.99	10.78	13.31	12.71	9.50	8.70
Russell 1000 Value Index	▲ (2.83)	6.95	7.88	10.78	11.00	7.78	7.38

Relative Return vs Russell 1000 Value Index



Callan Large Cap Value (Gross) Annualized Seven Year Risk vs Return

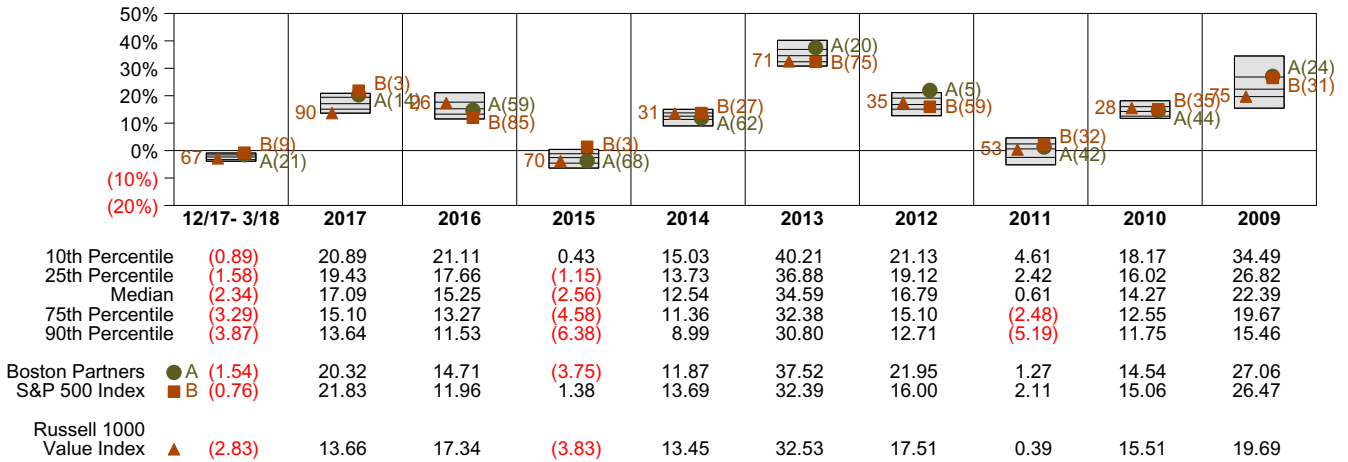


Boston Partners Return Analysis Summary

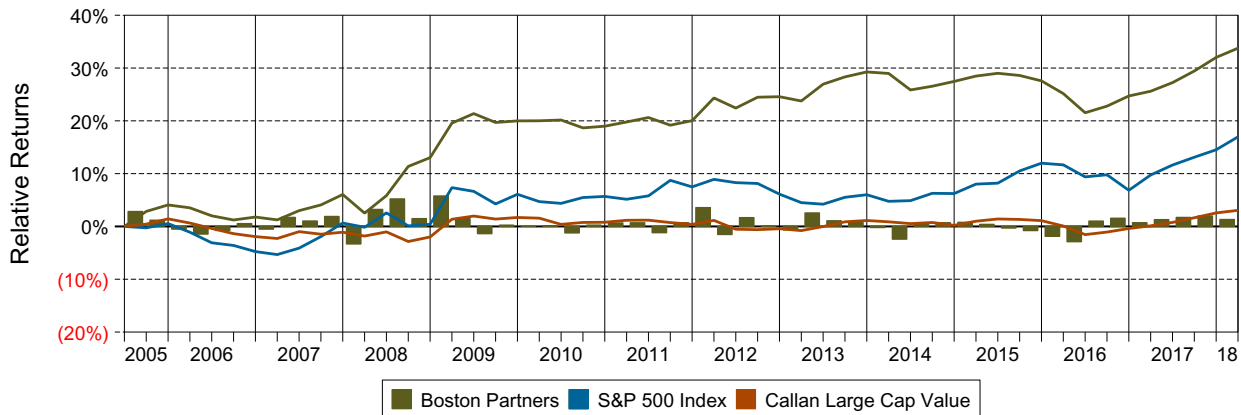
Return Analysis

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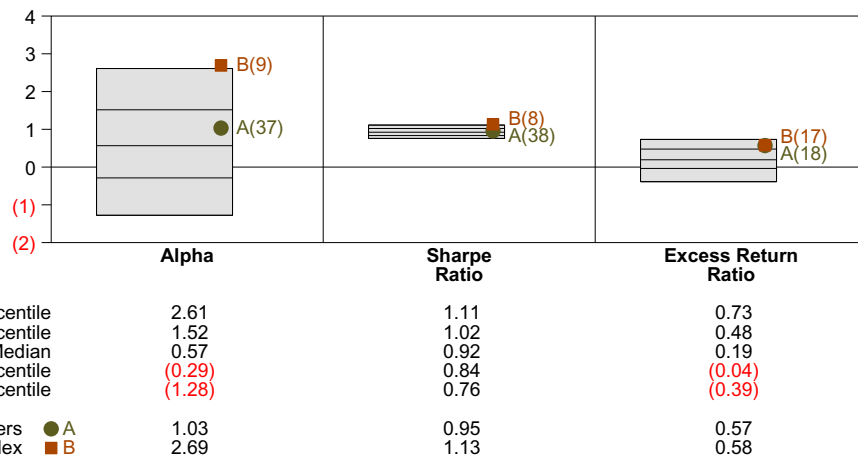
Performance vs Callan Large Cap Value (Gross)



Cumulative and Quarterly Relative Return vs Russell 1000 Value Index



Risk Adjusted Return Measures vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended March 31, 2018

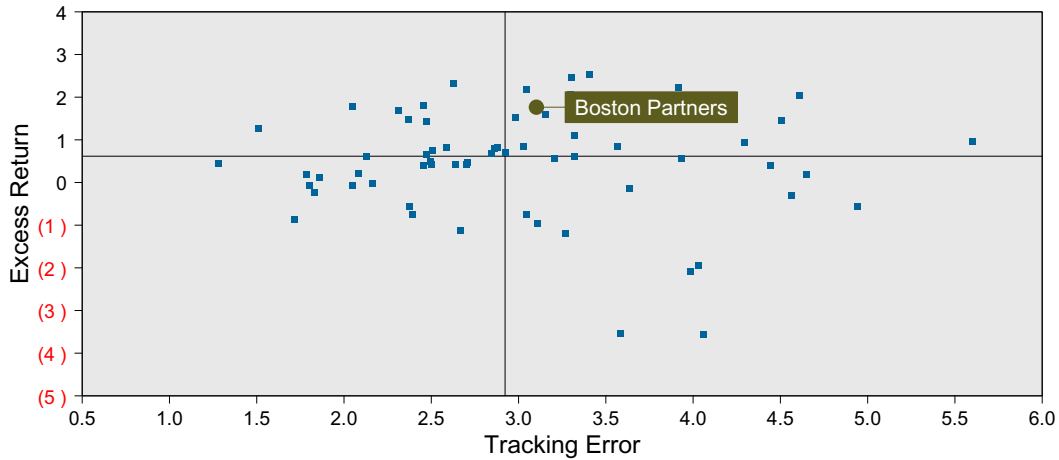


Boston Partners Risk Analysis Summary

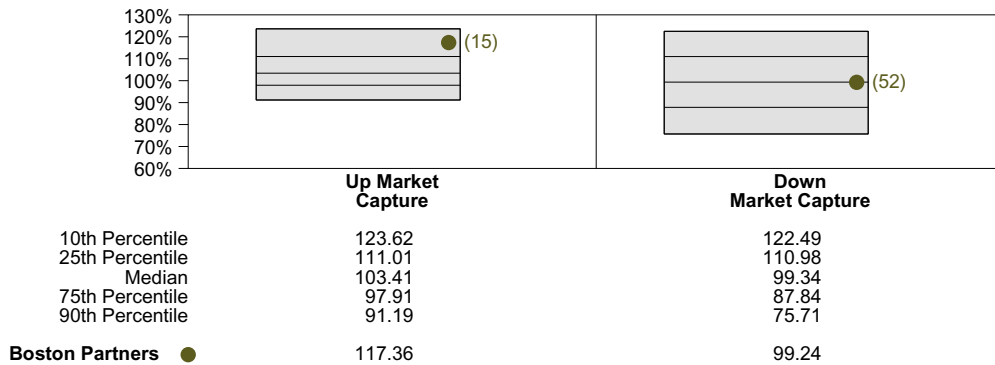
Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

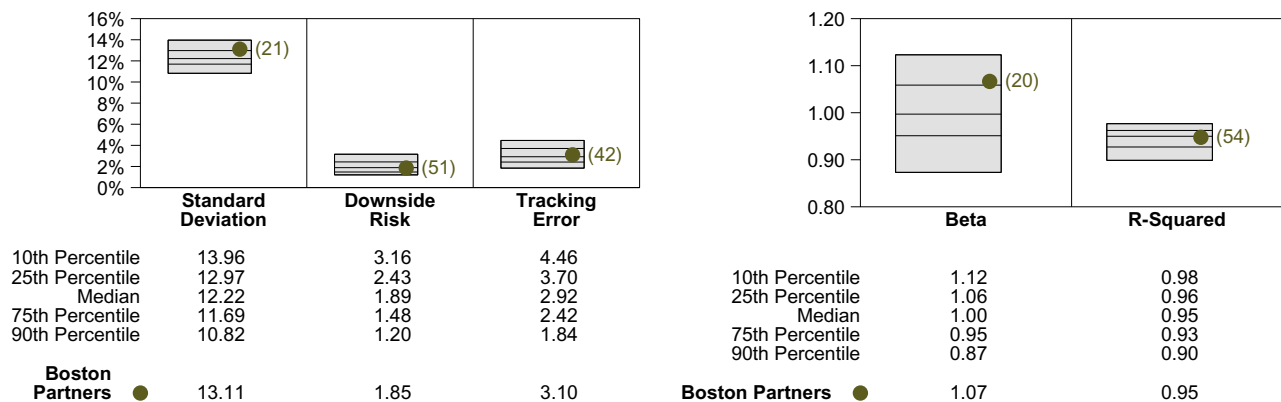
Risk Analysis vs Callan Large Cap Value (Gross) Seven Years Ended March 31, 2018



Market Capture vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended March 31, 2018



Risk Statistics Rankings vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended March 31, 2018

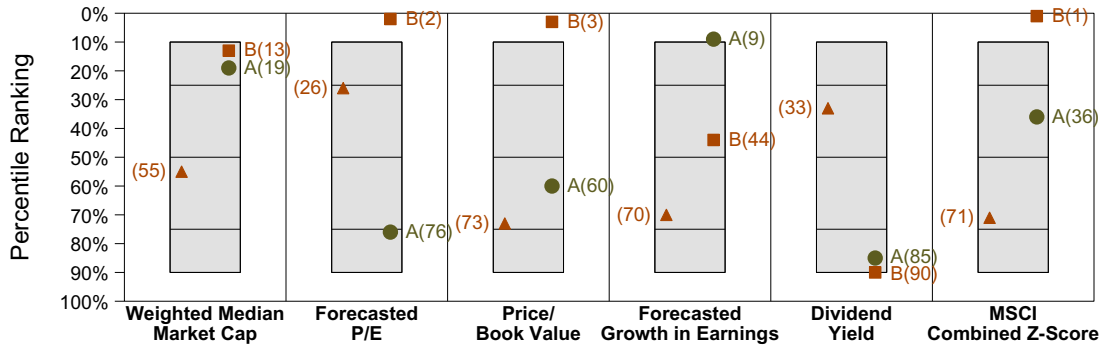


Boston Partners Equity Characteristics Analysis Summary

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

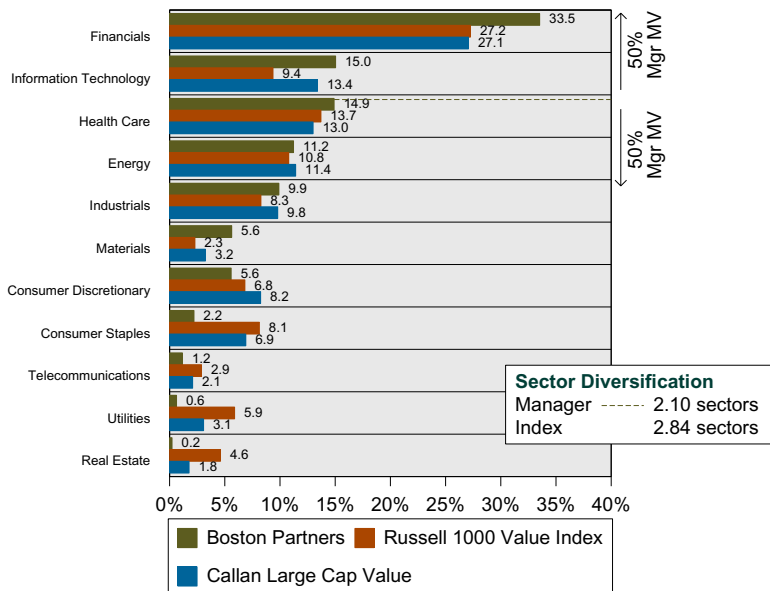
Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Value as of March 31, 2018



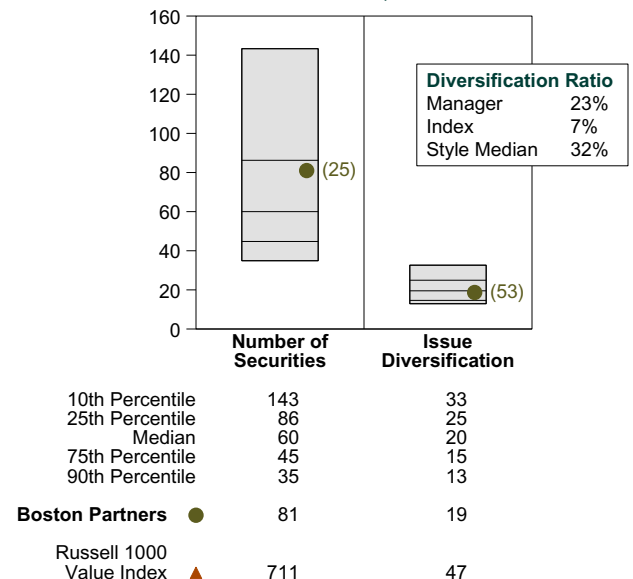
Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

Sector Allocation March 31, 2018



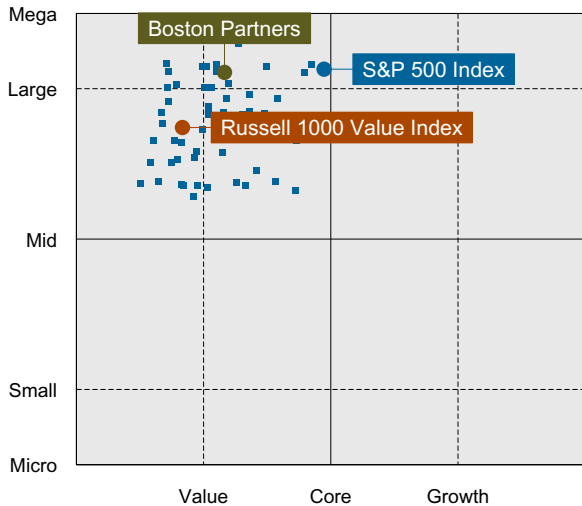
Diversification March 31, 2018



Current Holdings Based Style Analysis Boston Partners As of March 31, 2018

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

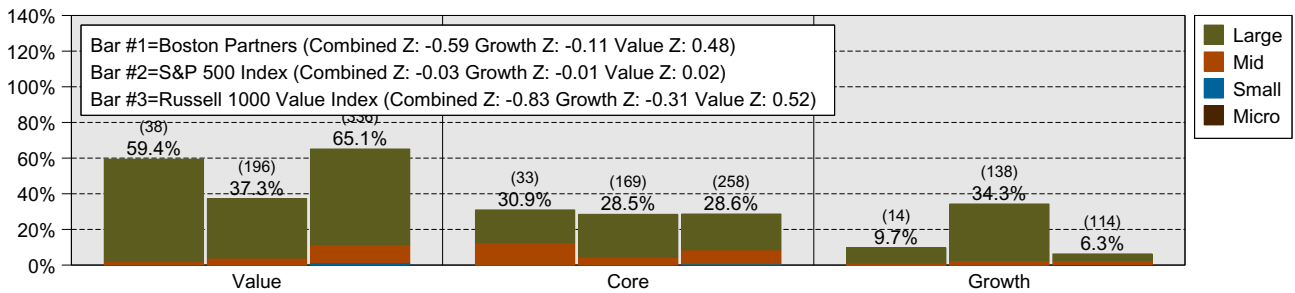
Style Map vs Callan Large Cap Value Holdings as of March 31, 2018



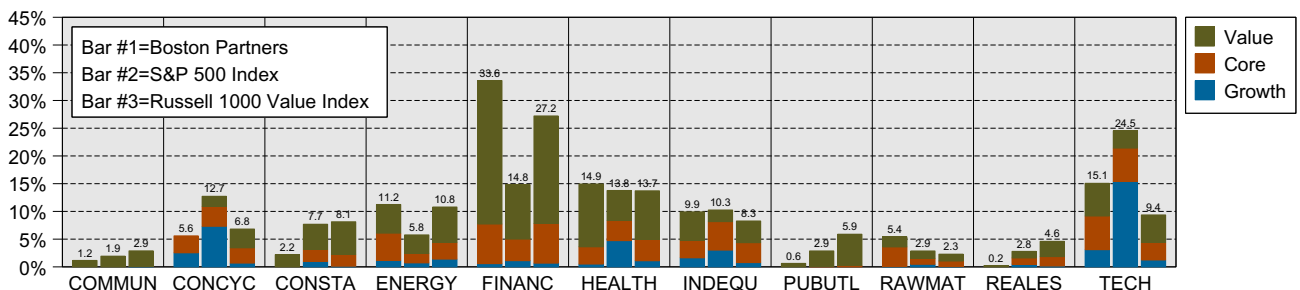
Style Exposure Matrix Holdings as of March 31, 2018

	Value	Core	Growth	Total
Large	57.5% (35) 33.3% (109) 53.7% (107)	18.4% (15) 24.1% (86) 20.1% (64)	8.5% (12) 31.6% (86) 3.6% (27)	84.4% (62) 89.0% (281) 77.4% (198)
Mid	1.9% (3) 3.9% (83) 10.0% (159)	12.4% (17) 4.4% (83) 7.8% (156)	1.2% (1) 2.6% (50) 2.3% (64)	15.5% (21) 10.9% (216) 20.1% (379)
Small	0.0% (0) 0.1% (4) 1.4% (70)	0.1% (1) 0.0% (0) 0.7% (38)	0.0% (0) 0.0% (2) 0.3% (22)	0.1% (1) 0.1% (6) 2.5% (130)
Micro	0.0% (0) 0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0) 0.0% (0)	0.0% (1) 0.0% (0) 0.0% (1)	0.0% (1) 0.0% (0) 0.0% (1)
Total	59.4% (38) 37.3% (196) 65.1% (336)	30.9% (33) 28.5% (169) 28.6% (258)	9.7% (14) 34.3% (138) 6.3% (114)	100.0% (85) 100.0% (503) 100.0% (708)

Combined Z-Score Style Distribution Holdings as of March 31, 2018



Sector Weights Distribution Holdings as of March 31, 2018



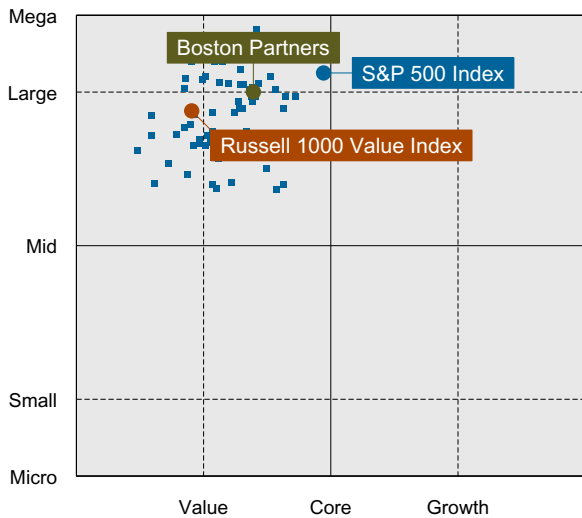
Historical Holdings Based Style Analysis

Boston Partners

For Five Years Ended March 31, 2018

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The next two style exposure charts illustrate the actual quarterly cap/style and style only segment exposures of the portfolio through history.

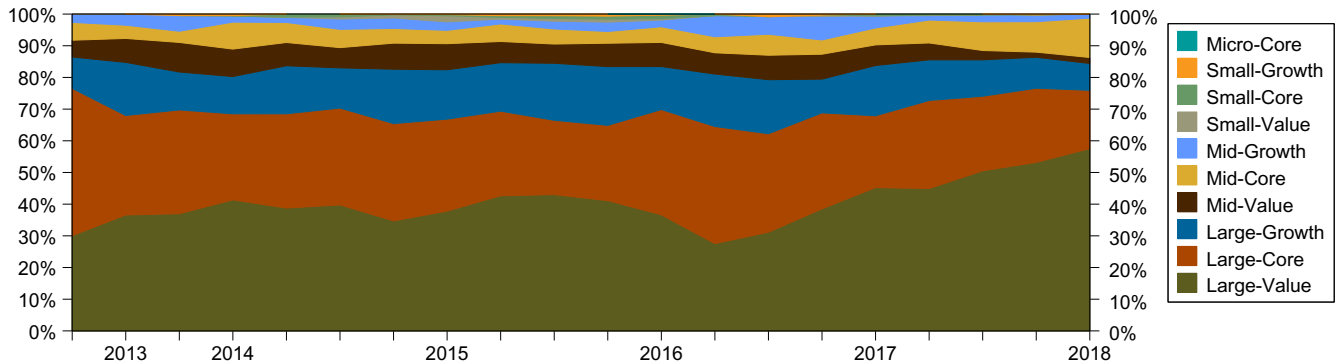
Average Style Map vs Callan Large Cap Value Holdings for Five Years Ended March 31, 2018



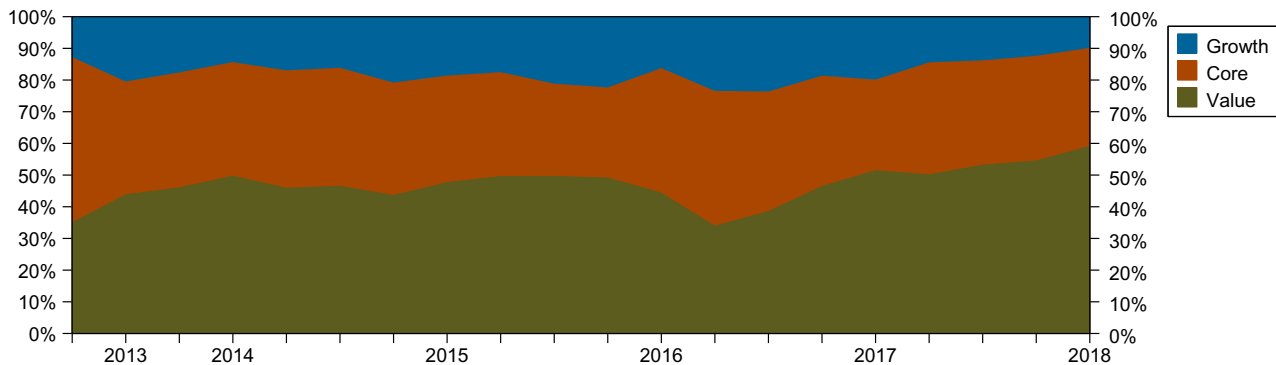
Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2018

	Value	Core	Growth	Total
Large	40.4% (26)	29.0% (23)	14.0% (14)	83.3% (63)
	31.7% (95)	28.7% (97)	28.7% (94)	89.1% (286)
Mid	50.6% (91)	22.9% (72)	5.0% (30)	78.4% (193)
	6.5% (10)	6.1% (9)	3.2% (5)	15.7% (24)
Small	4.0% (83)	3.9% (78)	2.9% (51)	10.8% (212)
	10.3% (162)	6.7% (147)	2.2% (59)	19.1% (368)
Micro	0.4% (1)	0.4% (1)	0.2% (1)	1.0% (3)
	0.0% (3)	0.0% (1)	0.0% (1)	0.1% (5)
Total	1.4% (62)	0.9% (47)	0.2% (15)	2.5% (124)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (1)	0.0% (1)	0.0% (2)
Total	47.2% (37)	35.4% (33)	17.3% (20)	100.0% (90)
	35.8% (181)	32.6% (176)	31.6% (146)	100.0% (503)
Total	62.2% (315)	30.4% (267)	7.3% (105)	100.0% (687)

Boston Partners Historical Cap/Style Exposures



Boston Partners Historical Style Only Exposures

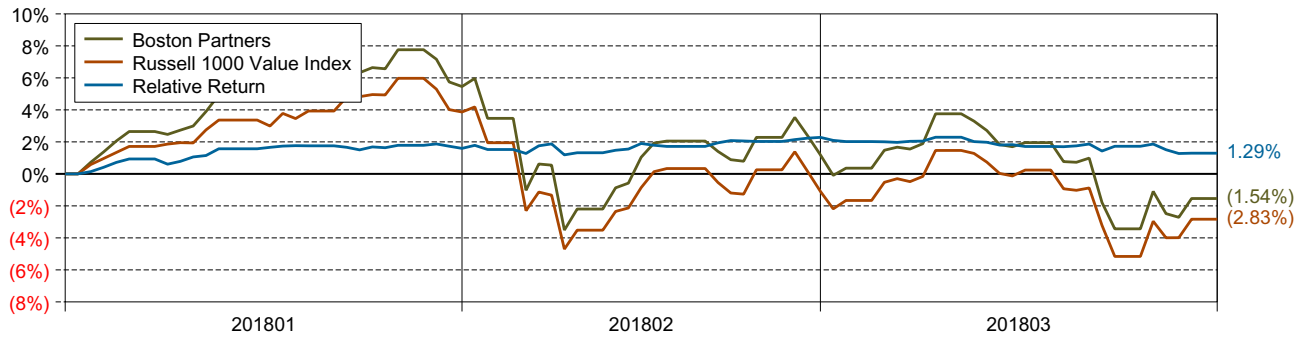


Boston Partners vs Russell 1000 Value Index Domestic Equity Daily Performance Attribution One Quarter Ended March 31, 2018

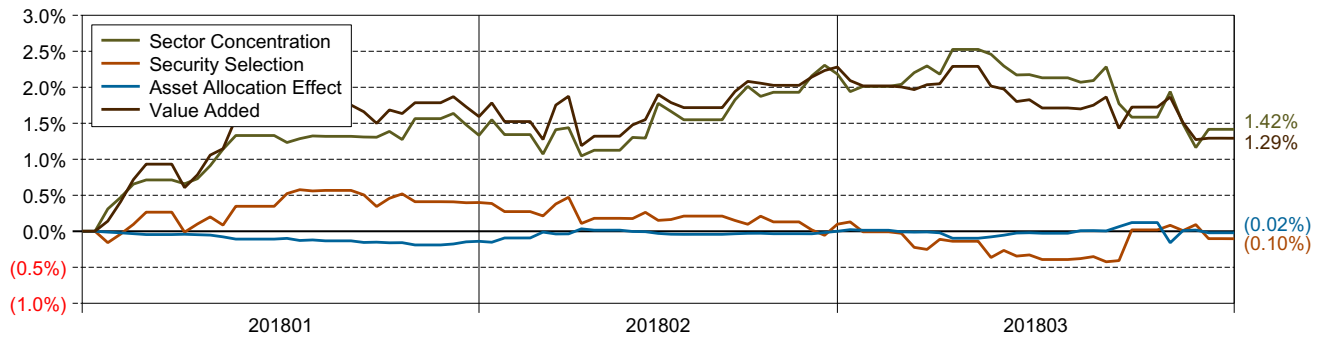
Return Sources and Timing

The charts below illustrate the timing and cumulative paths of the manager's performance, as well as attributing relative performance to three sources: Sector Concentration, Security Selection, and Asset Allocation. The first chart shows the cumulative absolute return paths for the manager and index. The second chart shows the cumulative relative return path of the manager and the attributed sources of that value-added. The bottom table breaks the annualized attribution factors down to the sector level for more insight into sources of return.

Cumulative Manager and Benchmark Returns



Cumulative Attribution Effects vs. Russell 1000 Value Index



Attribution Effects by Sector vs. Russell 1000 Value Index One Quarter Ended March 31, 2018

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Consumer Discretionary	7.24%	6.86%	(3.05)%	(2.74)%	0.02%	(0.04)%	-
Consumer Staples	1.93%	8.42%	(8.50)%	(8.38)%	0.39%	(0.00)%	-
Energy	10.95%	10.85%	(2.54)%	(5.79)%	0.01%	0.34%	-
Financials	33.12%	27.42%	(1.29)%	(1.17)%	0.08%	(0.04)%	-
Health Care	14.25%	13.70%	(4.74)%	(1.65)%	0.00%	(0.44)%	-
Industrials	8.94%	8.37%	(1.67)%	(4.49)%	(0.01)%	0.25%	-
Information Technology	15.81%	8.94%	4.66%	6.11%	0.62%	(0.21)%	-
Materials	6.47%	2.31%	(2.78)%	(3.91)%	(0.04)%	0.07%	-
Real Estate	0.01%	4.53%	0.36%	(7.20)%	0.21%	(0.00)%	-
Telecommunications	1.19%	2.92%	(8.48)%	(7.11)%	0.08%	(0.02)%	-
Utilities	0.10%	5.69%	0.65%	(3.06)%	0.04%	(0.01)%	-
Non Equity	2.59%	0.00%	-	-	-	-	(0.02)%
Total	-	-	(1.54)%	(2.83)%	1.42%	(0.10)%	(0.02)%

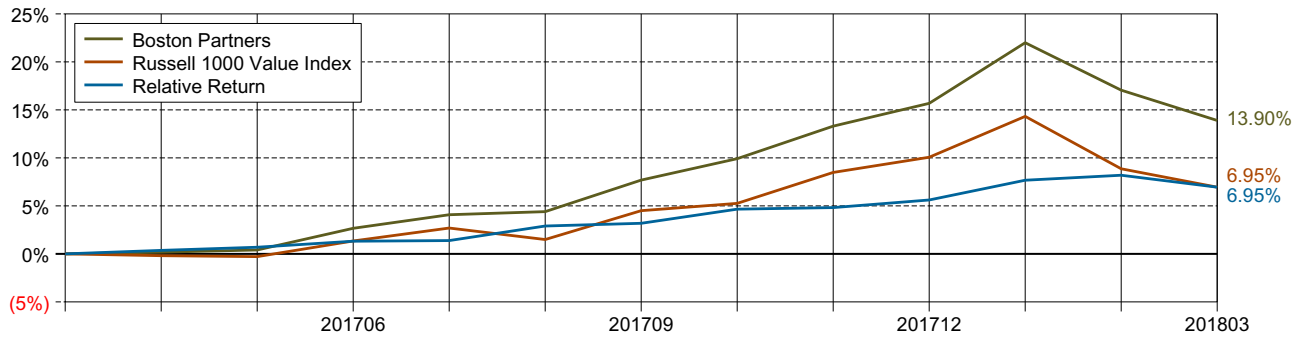
Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
(1.54%)		(2.83%)		1.42%		(0.10%)		(0.02%)

Boston Partners vs Russell 1000 Value Index Domestic Equity Daily Performance Attribution One Year Ended March 31, 2018

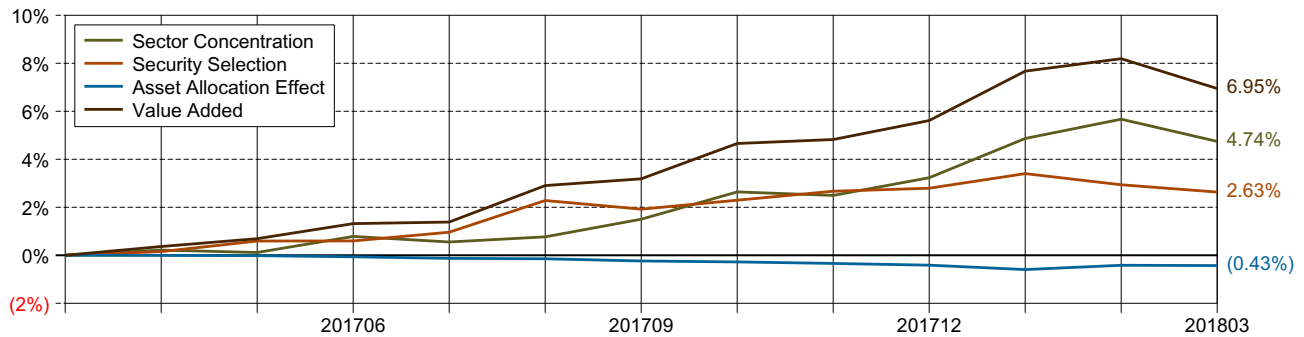
Return Sources and Timing

The charts below illustrate the timing and cumulative paths of the manager's performance, as well as attributing relative performance to three sources: Sector Concentration, Security Selection, and Asset Allocation. The first chart shows the cumulative absolute return paths for the manager and index. The second chart shows the cumulative relative return path of the manager and the attributed sources of that value-added. The bottom table breaks the annualized attribution factors down to the sector level for more insight into sources of return.

Cumulative Manager and Benchmark Returns



Cumulative Attribution Effects vs. Russell 1000 Value Index



Attribution Effects by Sector vs. Russell 1000 Value Index One Year Ended March 31, 2018

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Consumer Discretionary	8.00%	6.30%	3.89%	7.46%	0.05%	(0.33)%	-
Consumer Staples	1.74%	8.71%	(9.51)%	(4.11)%	0.83%	(0.12)%	-
Energy	9.52%	11.00%	14.70%	(0.46)%	0.22%	1.49%	-
Financials	31.22%	26.47%	16.73%	16.66%	0.53%	0.11%	-
Health Care	15.94%	13.25%	6.79%	6.99%	0.15%	0.09%	-
Industrials	8.35%	8.83%	18.26%	0.62%	(0.01)%	1.46%	-
Information Technology	17.75%	8.89%	25.68%	24.02%	1.22%	0.38%	-
Materials	6.70%	2.50%	11.57%	15.18%	0.32%	(0.25)%	-
Real Estate	0.00%	4.76%	0.36%	(4.16)%	0.58%	(0.00)%	-
Telecommunications	0.37%	3.13%	(5.58)%	(7.49)%	0.51%	(0.06)%	-
Utilities	0.40%	6.16%	(7.15)%	2.34%	0.34%	(0.12)%	-
Non Equity	2.56%	0.00%	-	-	-	-	(0.43)%
Total	-	-	13.90%	6.95%	4.74%	2.63%	(0.43)%

Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
13.90%		6.95%		4.74%		2.63%		(0.43)%

Boston Partners vs Russell 1000 Value Index Domestic Equity Top 10 Contribution Holdings One Quarter Ended March 31, 2018

Manager Holdings with Largest (+ or -) Contribution to Performance

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Cisco Sys Inc	Information Technology	3.06%	90	1.64%	13.10%	12.82%	0.37%	0.22%
Wells Fargo & Co New	Financials	2.80%	90	2.17%	(12.84)%	(13.10)%	(0.36)%	(0.06)%
Citigroup Inc	Financials	3.93%	90	1.60%	(8.28)%	(8.91)%	(0.33)%	(0.12)%
Johnson & Johnson	Health Care	3.36%	90	2.47%	(7.17)%	(7.70)%	(0.27)%	(0.01)%
Chevron Corp New	Energy	2.72%	90	1.82%	(7.89)%	(8.00)%	(0.22)%	(0.05)%
Xi Group Ltd	Financials	0.38%	90	0.05%	55.38%	57.79%	0.22%	0.20%
JPMorgan Chase & Co	Financials	4.61%	90	3.10%	3.53%	3.36%	0.22%	0.15%
Comcast Corp A (New)	Consumer Discretionary	1.47%	90	0.11%	(14.28)%	(14.35)%	(0.20)%	(0.15)%
McKesson Corp	Health Care	0.92%	80	0.24%	(14.24)%	(9.46)%	(0.20)%	(0.11)%
Cigna Corporation	Health Care	1.10%	90	0.05%	(16.53)%	(17.39)%	(0.19)%	(0.15)%

Index Holdings with Largest (+ or -) Contribution to Performance

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Index Perf	Contrib Excess Return
Wells Fargo & Co New	Financials	2.80%	90	2.17%	(12.84)%	(13.10)%	(0.27)%	(0.06)%
Exxon Mobil Corp	Energy	-	-	2.77%	-	(9.89)%	(0.27)%	0.19%
Intel Corp	Information Technology	-	-	1.80%	-	13.58%	0.24%	(0.28)%
Procter & Gamble Co	Consumer Staples	-	-	1.65%	-	(13.05)%	(0.23)%	0.19%
General Electric Co	Industrials	-	-	0.91%	-	(22.11)%	(0.22)%	0.20%
Johnson & Johnson	Health Care	3.36%	90	2.47%	(7.17)%	(7.70)%	(0.19)%	(0.01)%
Cisco Sys Inc	Information Technology	3.06%	90	1.64%	13.10%	12.82%	0.19%	0.22%
Chevron Corp New	Energy	2.72%	90	1.82%	(7.89)%	(8.00)%	(0.15)%	(0.05)%
Citigroup Inc	Financials	3.93%	90	1.60%	(8.28)%	(8.91)%	(0.14)%	(0.12)%
At&t Inc	Telecommunications	-	-	1.83%	-	(7.08)%	(0.13)%	0.09%

Positions with Largest Positive Contribution to Excess Return

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Cisco Sys Inc	Information Technology	3.06%	90	1.64%	13.10%	12.82%	0.37%	0.22%
General Electric Co	Industrials	-	-	0.91%	-	(22.11)%	-	0.20%
Xi Group Ltd	Financials	0.38%	90	0.05%	55.38%	57.79%	0.22%	0.20%
Exxon Mobil Corp	Energy	-	-	2.77%	-	(9.89)%	-	0.19%
Procter & Gamble Co	Consumer Staples	-	-	1.65%	-	(13.05)%	-	0.19%
Te Connectivity Ltd Reg Shs	Information Technology	2.12%	90	-	5.85%	-	0.13%	0.19%
Bank Amer Corp	Financials	4.82%	90	2.40%	2.39%	1.98%	0.15%	0.17%
JPMorgan Chase & Co	Financials	4.61%	90	3.10%	3.53%	3.36%	0.22%	0.15%
Netapp Inc	Information Technology	0.86%	90	0.02%	14.13%	11.90%	0.11%	0.13%
Marathon Pete Corp	Energy	1.14%	90	0.26%	11.88%	11.58%	0.14%	0.13%

Positions with Largest Negative Contribution to Excess Return

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Intel Corp	Information Technology	-	-	1.80%	-	13.58%	-	(0.28)%
Comcast Corp A (New)	Consumer Discretionary	1.47%	90	0.11%	(14.28)%	(14.35)%	(0.20)%	(0.15)%
Cigna Corporation	Health Care	1.10%	90	0.05%	(16.53)%	(17.39)%	(0.19)%	(0.15)%
Andeavor	Energy	1.41%	90	0.13%	(11.44)%	(11.50)%	(0.17)%	(0.13)%
Citigroup Inc	Financials	3.93%	90	1.60%	(8.28)%	(8.91)%	(0.33)%	(0.12)%
Arconic Inc	Industrials	0.60%	88	0.09%	(17.86)%	(15.28)%	(0.14)%	(0.11)%
McKesson Corp	Health Care	0.92%	80	0.24%	(14.24)%	(9.46)%	(0.20)%	(0.11)%
Cvs Health Corp	Consumer Staples	1.41%	90	0.59%	(13.19)%	(13.66)%	(0.17)%	(0.08)%
F M C Corp	Materials	0.41%	90	-	(18.67)%	-	(0.08)%	(0.07)%
Abbott Laboratories	Health Care	-	-	0.81%	-	5.49%	-	(0.07)%

Atlanta Capital Period Ended March 31, 2018

Investment Philosophy

Atlanta believes that high quality companies produce consistently increasing earnings and dividends, thereby providing attractive returns with moderate risk over the long-term. Returns prior to 6/30/2010 are linked to a composite history.

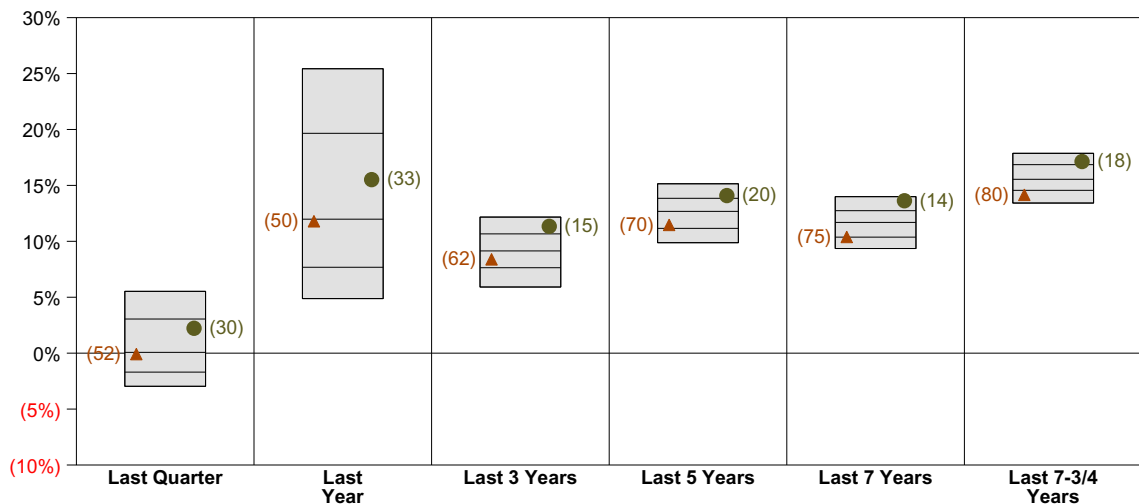
Quarterly Summary and Highlights

- Atlanta Capital's portfolio posted a 2.22% return for the quarter placing it in the 30 percentile of the Callan Small Capitalization group for the quarter and in the 33 percentile for the last year.
- Atlanta Capital's portfolio outperformed the Russell 2000 Index by 2.31% for the quarter and outperformed the Russell 2000 Index for the year by 3.72%.

Quarterly Asset Growth

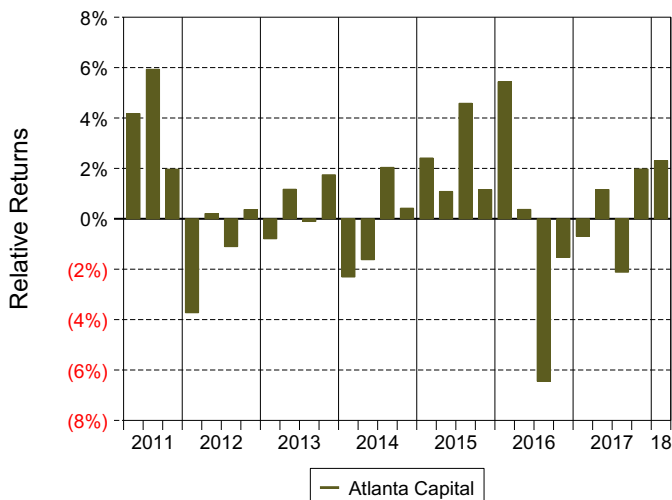
Beginning Market Value	\$27,030,710
Net New Investment	\$-4,068,428
Investment Gains/(Losses)	\$537,551
Ending Market Value	\$23,499,833

Performance vs Callan Small Capitalization (Gross)

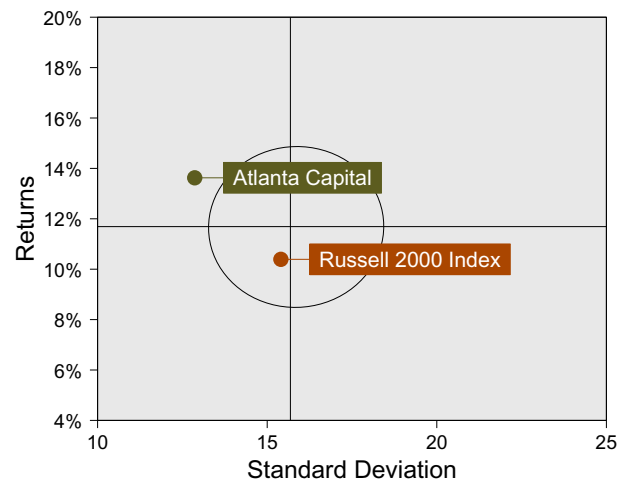


10th Percentile	5.53	25.43	12.17	15.15	13.99	17.87
25th Percentile	3.05	19.66	10.66	13.85	12.74	16.85
Median	0.07	11.98	9.14	12.68	11.69	15.55
75th Percentile	(1.70)	7.68	7.64	11.16	10.37	14.56
90th Percentile	(2.96)	4.88	5.91	9.88	9.36	13.42
Atlanta Capital ●	2.22	15.52	11.34	14.09	13.63	17.13
Russell 2000 Index ▲	(0.08)	11.79	8.39	11.47	10.39	14.16

Relative Return vs Russell 2000 Index



Callan Small Capitalization (Gross) Annualized Seven Year Risk vs Return

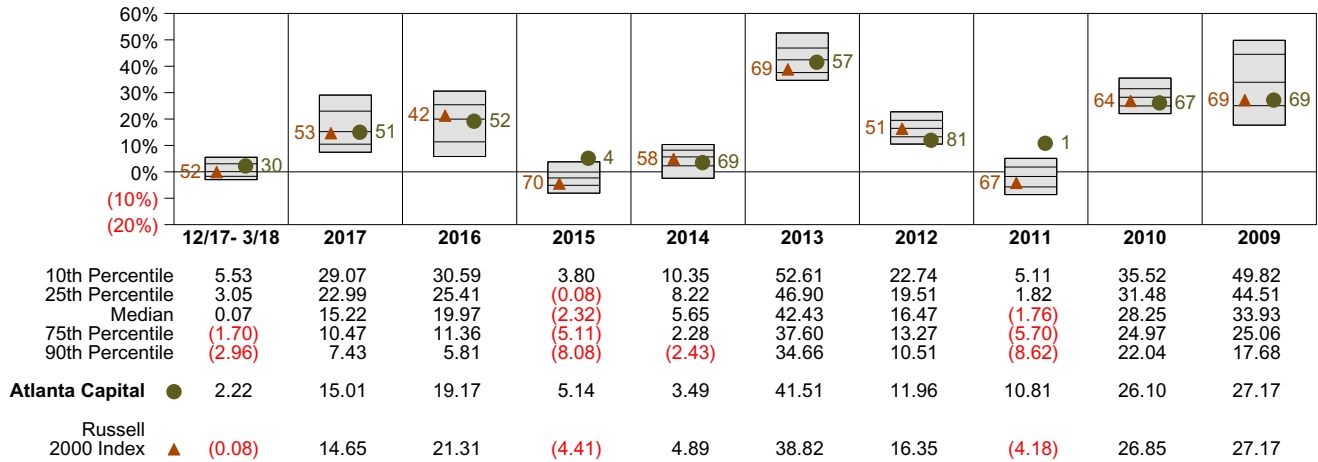


Atlanta Capital Return Analysis Summary

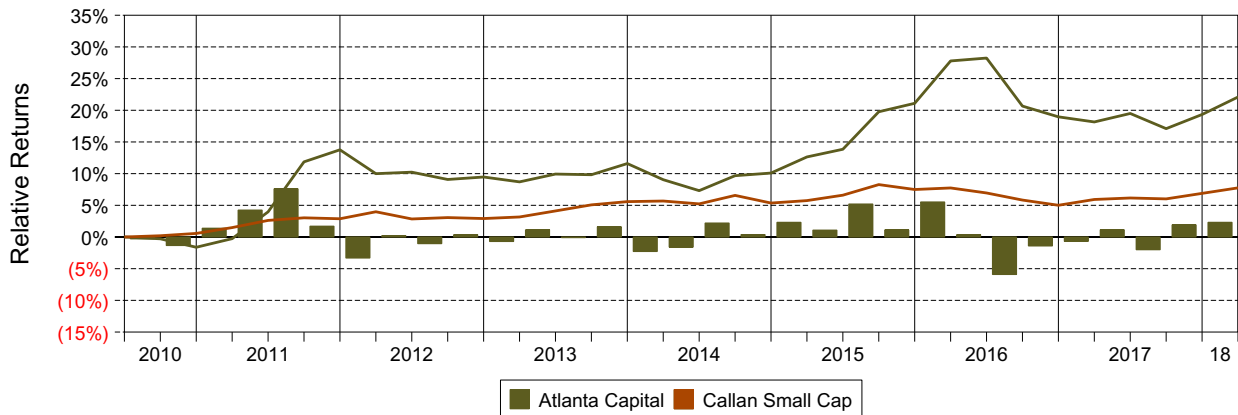
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

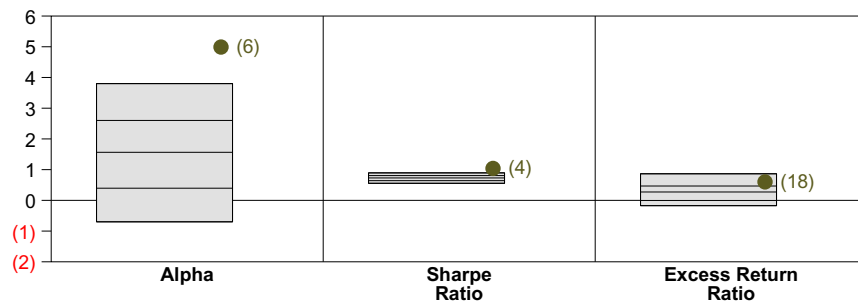
Performance vs Callan Small Capitalization (Gross)



Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended March 31, 2018

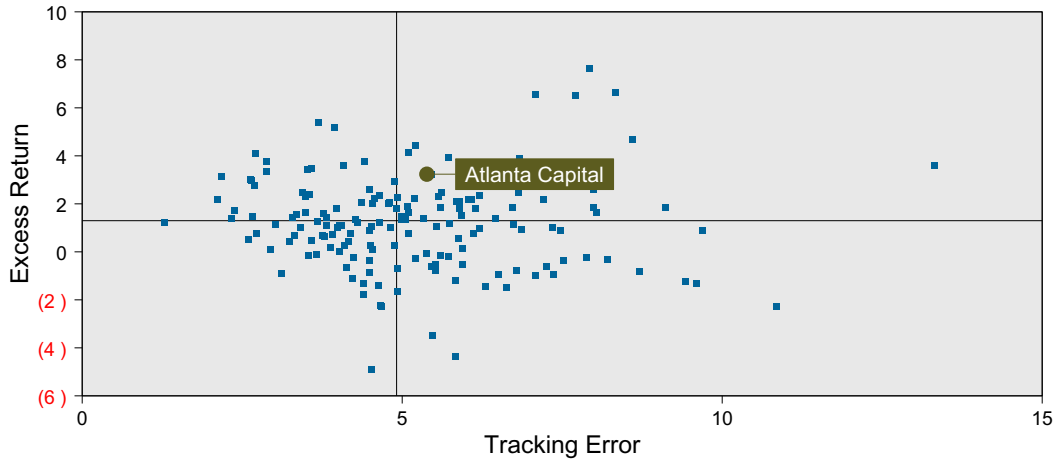


Atlanta Capital Risk Analysis Summary

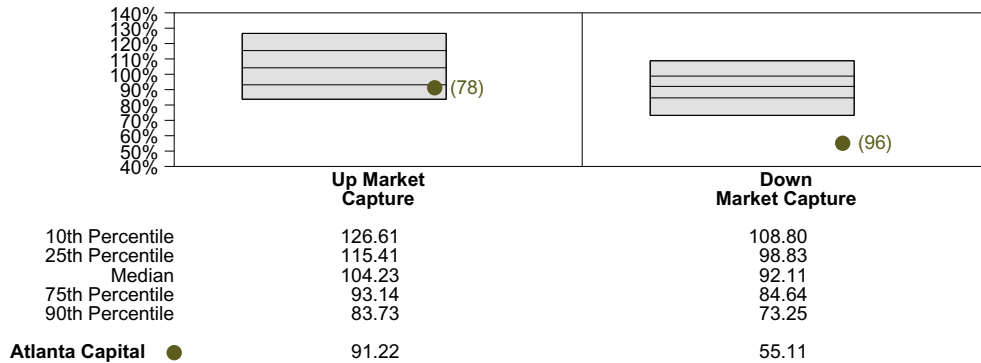
Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

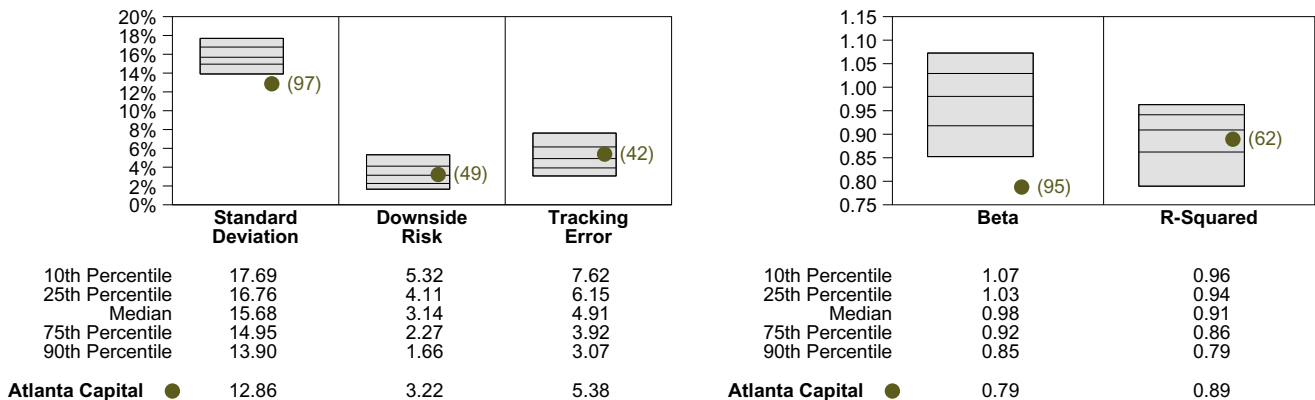
Risk Analysis vs Callan Small Capitalization (Gross) Seven Years Ended March 31, 2018



Market Capture vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended March 31, 2018



Risk Statistics Rankings vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended March 31, 2018

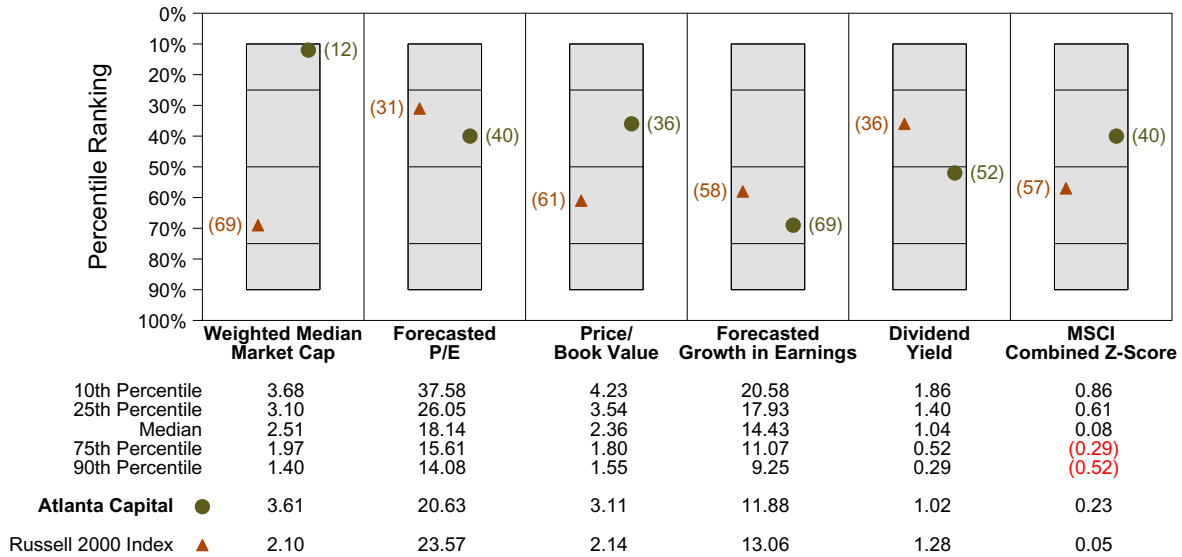


Atlanta Capital Equity Characteristics Analysis Summary

Portfolio Characteristics

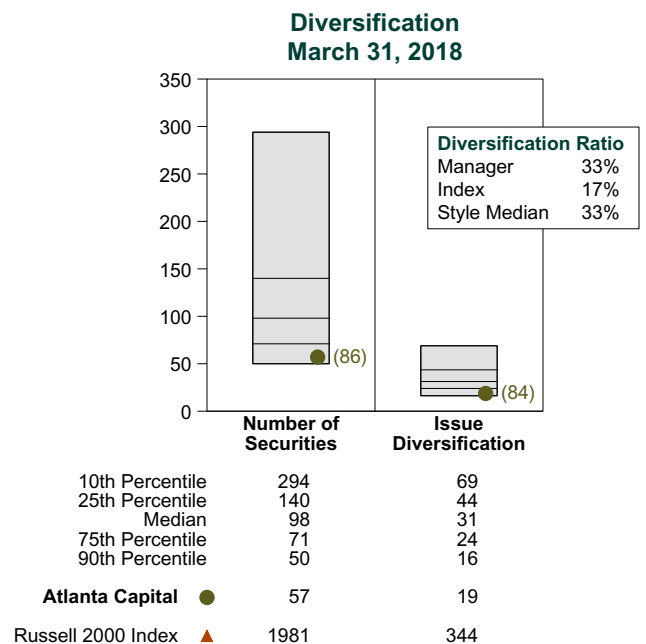
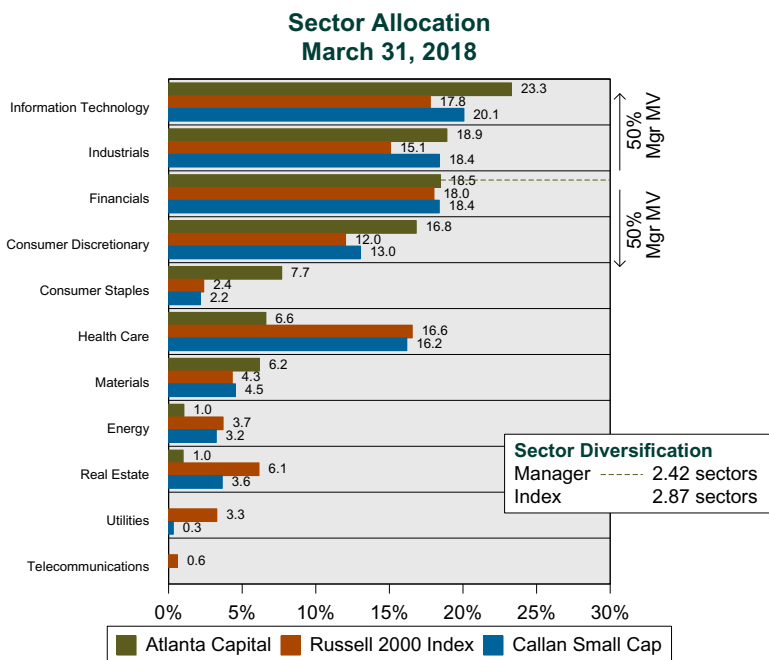
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Small Capitalization as of March 31, 2018



Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



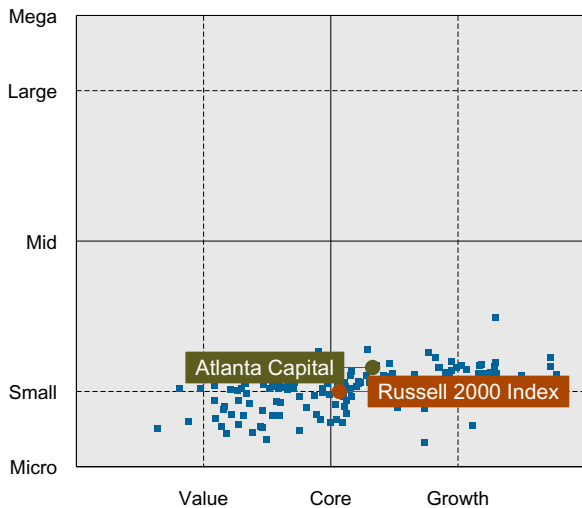
Current Holdings Based Style Analysis

Atlanta Capital

As of March 31, 2018

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

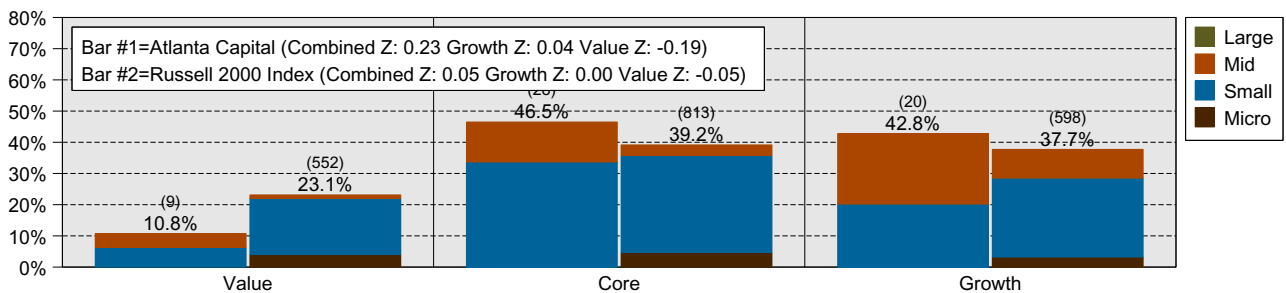
Style Map vs Callan Small Cap Holdings as of March 31, 2018



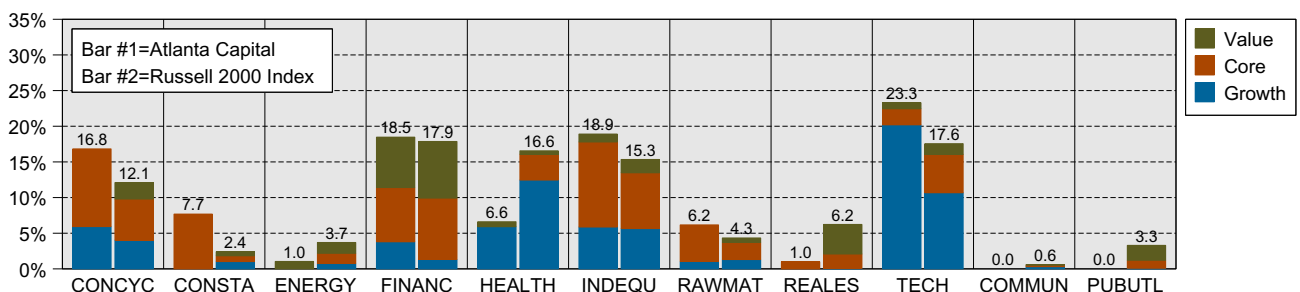
Style Exposure Matrix Holdings as of March 31, 2018

	Value	Core	Growth	Total
Large	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Mid	4.5% (3)	12.8% (5)	22.6% (10)	39.9% (18)
Small	6.3% (6)	33.7% (23)	20.2% (10)	60.1% (39)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	10.8% (9)	46.5% (28)	42.8% (20)	100.0% (57)
	23.1% (552)	39.2% (813)	37.7% (598)	100.0% (1963)

Combined Z-Score Style Distribution Holdings as of March 31, 2018



Sector Weights Distribution Holdings as of March 31, 2018



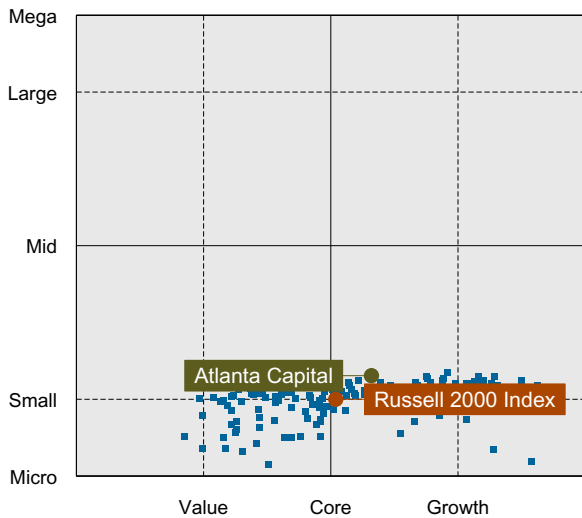
Historical Holdings Based Style Analysis

Atlanta Capital

For Five Years Ended March 31, 2018

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The next two style exposure charts illustrate the actual quarterly cap/style and style only segment exposures of the portfolio through history.

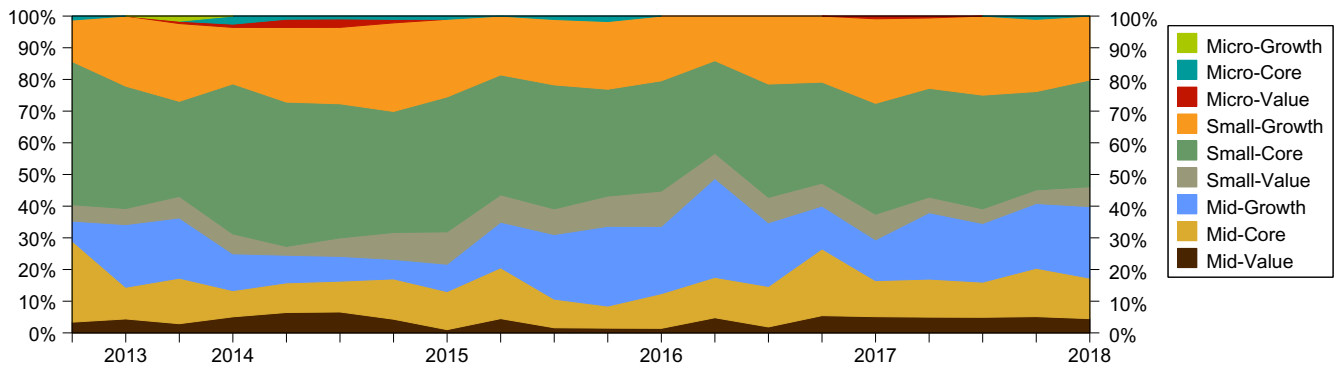
Average Style Map vs Callan Small Cap Holdings for Five Years Ended March 31, 2018



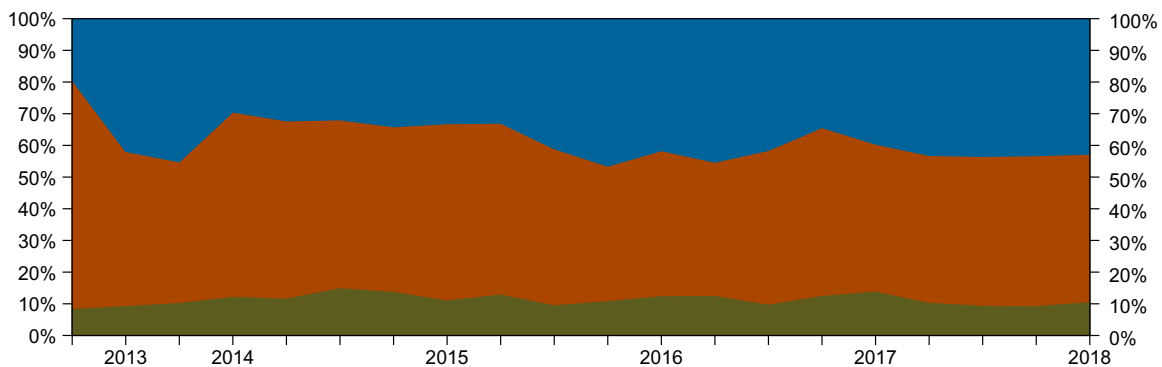
Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2018

	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Large	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Mid	4.0% (3)	12.7% (6)	16.5% (8)	33.2% (17)
Small	7.0% (5)	37.1% (25)	21.6% (12)	65.7% (42)
Micro	0.5% (0)	0.6% (1)	0.1% (0)	1.1% (1)
Total	11.5% (8)	50.4% (32)	38.1% (20)	100.0% (60)
	26.1% (565)	40.4% (820)	33.5% (577)	100.0% (1962)
	Value	Core	Growth	Total

Atlanta Capital Historical Cap/Style Exposures



Atlanta Capital Historical Style Only Exposures

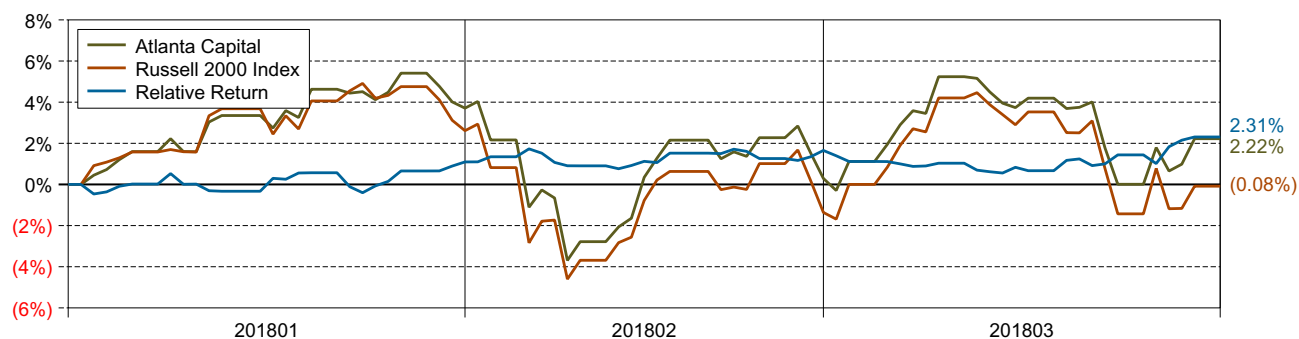


Atlanta Capital vs Russell 2000 Index Domestic Equity Daily Performance Attribution One Quarter Ended March 31, 2018

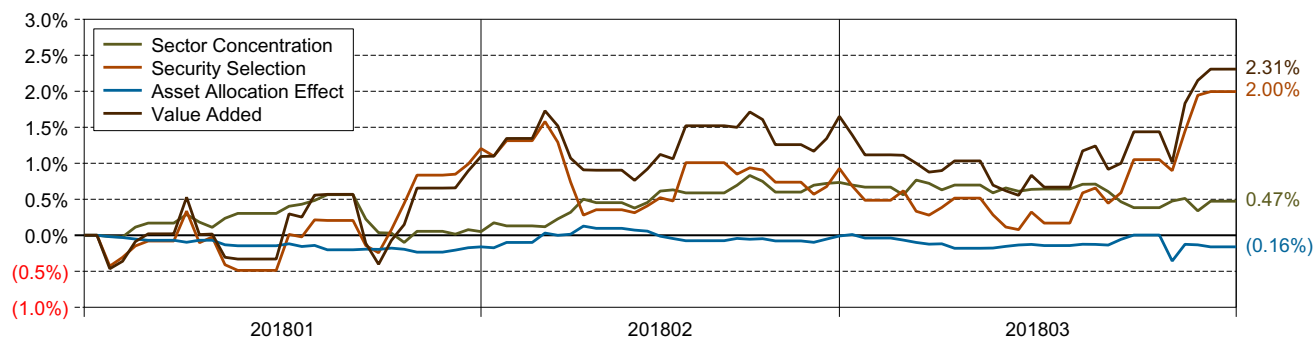
Return Sources and Timing

The charts below illustrate the timing and cumulative paths of the manager's performance, as well as attributing relative performance to three sources: Sector Concentration, Security Selection, and Asset Allocation. The first chart shows the cumulative absolute return paths for the manager and index. The second chart shows the cumulative relative return path of the manager and the attributed sources of that value-added. The bottom table breaks the annualized attribution factors down to the sector level for more insight into sources of return.

Cumulative Manager and Benchmark Returns



Cumulative Attribution Effects vs. Russell 2000 Index



Attribution Effects by Sector vs. Russell 2000 Index One Quarter Ended March 31, 2018

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Consumer Discretionary	16.26%	12.31%	2.46%	(2.68)%	(0.10)%	0.84%	-
Consumer Staples	7.54%	2.64%	(0.73)%	(5.53)%	(0.27)%	0.37%	-
Energy	0.98%	3.85%	(6.08)%	(11.47)%	0.33%	0.06%	-
Financials	18.75%	17.91%	1.97%	0.85%	(0.01)%	0.22%	-
Health Care	6.65%	16.02%	8.49%	6.22%	(0.55)%	0.13%	-
Industrials	18.95%	15.33%	1.62%	(2.74)%	(0.10)%	0.85%	-
Information Technology	24.19%	17.06%	3.76%	6.73%	0.47%	(0.70)%	-
Materials	5.73%	4.54%	2.99%	(2.88)%	(0.03)%	0.34%	-
Real Estate	0.95%	6.30%	(19.06)%	(8.45)%	0.47%	(0.12)%	-
Telecommunications	0.00%	0.72%	0.00%	(5.03)%	0.03%	0.00%	-
Utilities	0.00%	3.31%	0.00%	(6.37)%	0.22%	0.00%	-
Non Equity	4.13%	0.00%	-	-	-	-	(0.16)%
Total	-	-	2.22%	(0.08)%	0.47%	2.00%	(0.16)%

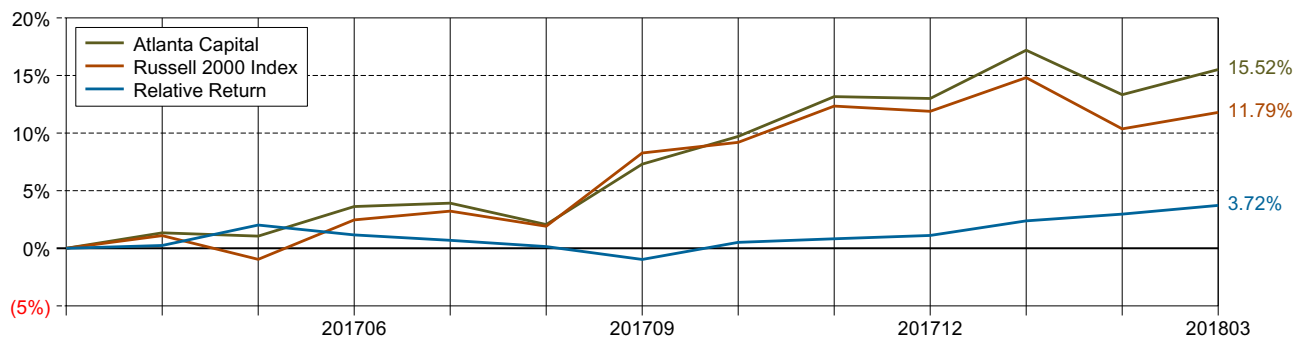
Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
2.22%		(0.08)%		0.47%		2.00%		(0.16)%

Atlanta Capital vs Russell 2000 Index Domestic Equity Daily Performance Attribution One Year Ended March 31, 2018

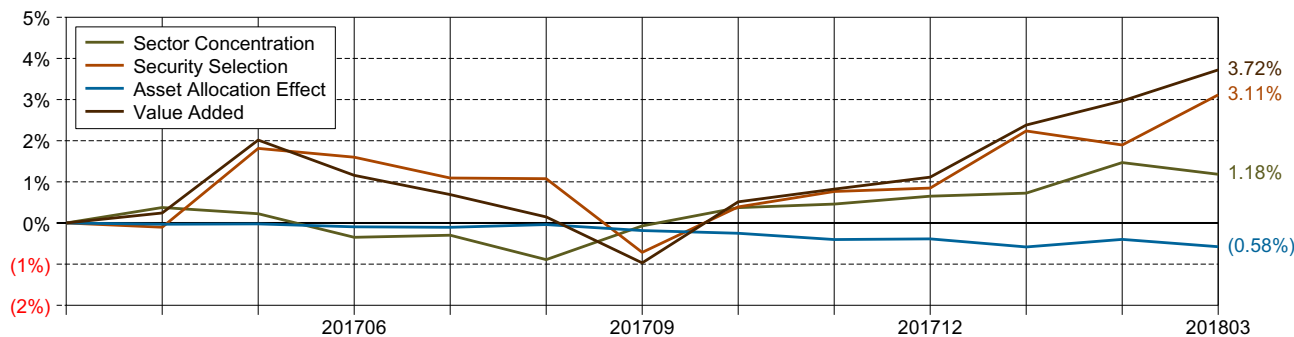
Return Sources and Timing

The charts below illustrate the timing and cumulative paths of the manager's performance, as well as attributing relative performance to three sources: Sector Concentration, Security Selection, and Asset Allocation. The first chart shows the cumulative absolute return paths for the manager and index. The second chart shows the cumulative relative return path of the manager and the attributed sources of that value-added. The bottom table breaks the annualized attribution factors down to the sector level for more insight into sources of return.

Cumulative Manager and Benchmark Returns



Cumulative Attribution Effects vs. Russell 2000 Index



Attribution Effects by Sector vs. Russell 2000 Index One Year Ended March 31, 2018

Sector	Manager Eff Weight	Index Eff Weight	Manager Return	Index Return	Sector Concentration	Security Selection	Asset Allocation
Consumer Discretionary	15.44%	12.26%	9.45%	11.58%	0.02%	(0.27)%	-
Consumer Staples	7.64%	2.71%	8.54%	(0.28)%	(0.56)%	0.69%	-
Energy	1.02%	3.56%	(17.87)%	(19.48)%	0.72%	0.04%	-
Financials	17.17%	18.30%	12.81%	8.99%	0.07%	0.73%	-
Health Care	7.43%	14.85%	31.05%	28.09%	(1.13)%	0.32%	-
Industrials	22.29%	14.84%	22.74%	15.54%	0.43%	1.50%	-
Information Technology	22.30%	17.25%	17.68%	17.90%	0.33%	(0.05)%	-
Materials	5.60%	4.59%	10.13%	7.10%	(0.02)%	0.13%	-
Real Estate	1.10%	7.20%	(3.26)%	(3.86)%	0.95%	0.02%	-
Telecommunications	0.00%	0.79%	0.00%	6.41%	0.05%	0.00%	-
Utilities	0.00%	3.63%	0.00%	2.44%	0.34%	0.00%	-
Non Equity	3.34%	0.00%	-	-	-	-	(0.58)%
Total	-	-	15.52%	11.79%	1.18%	3.11%	(0.58)%

Manager Return	=	Index Return	+	Sector Concentration	+	Security Selection	+	Asset Allocation
15.52%		11.79%		1.18%		3.11%		(0.58)%

Atlanta Capital vs Russell 2000 Index Domestic Equity Top 10 Contribution Holdings One Quarter Ended March 31, 2018

Manager Holdings with Largest (+ or -) Contribution to Performance

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Manhattan Associates	Information Technology	3.58%	90	-	(15.30)%	-	(0.54)%	(0.53)%
Wex Inc	Information Technology	3.71%	90	-	11.74%	-	0.40%	0.43%
Bio-Techne Corp	Health Care	2.45%	90	-	17.42%	-	0.40%	0.41%
Patterson Cos	Health Care	0.91%	90	-	(38.04)%	-	(0.36)%	(0.37)%
National Instrs Corp	Information Technology	1.50%	90	-	22.56%	-	0.31%	0.31%
Kirby Corp	Industrials	2.14%	90	-	15.18%	-	0.30%	0.31%
Fair Isaac Corp	Information Technology	2.91%	90	0.23%	11.02%	10.55%	0.30%	0.29%
Beacon Roofing Supply Inc	Industrials	1.66%	90	0.19%	(16.77)%	(16.77)%	(0.29)%	(0.26)%
Exponent Inc	Industrials	2.74%	90	0.09%	11.43%	11.00%	0.29%	0.29%
Blackbaud Inc	Information Technology	3.26%	90	0.22%	8.61%	7.87%	0.29%	0.25%

Index Holdings with Largest (+ or -) Contribution to Performance

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Index Perf	Contrib Excess Return
Nektar Therapeutics	Health Care	-	-	0.54%	-	77.93%	0.33%	(0.33)%
Grubhub Inc	Information Technology	-	-	0.33%	-	41.32%	0.12%	(0.12)%
Nutanix Inc Cl A	Information Technology	-	-	0.18%	-	39.20%	0.07%	(0.07)%
Exact Sciences Corp	Health Care	-	-	0.27%	-	(23.24)%	(0.07)%	0.07%
Zendesk Inc	Information Technology	-	-	0.18%	-	41.46%	0.07%	(0.07)%
Paycom Software Inc	Information Technology	-	-	0.21%	-	33.69%	0.06%	(0.06)%
Sarepta Therapeutics Inc	Health Care	-	-	0.18%	-	33.16%	0.05%	(0.06)%
Mks Instrument Inc	Information Technology	-	-	0.26%	-	22.58%	0.05%	(0.05)%
Proofpoint Inc	Information Technology	-	-	0.21%	-	27.97%	0.05%	(0.05)%
Insulet Corp	Health Care	-	-	0.20%	-	25.62%	0.05%	(0.05)%

Positions with Largest Positive Contribution to Excess Return

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Wex Inc	Information Technology	3.71%	90	-	11.74%	-	0.40%	0.43%
Bio-Techne Corp	Health Care	2.45%	90	-	17.42%	-	0.40%	0.41%
National Instrs Corp	Information Technology	1.50%	90	-	22.56%	-	0.31%	0.31%
Kirby Corp	Industrials	2.14%	90	-	15.18%	-	0.30%	0.31%
Exponent Inc	Industrials	2.74%	90	0.09%	11.43%	11.00%	0.29%	0.29%
Fair Isaac Corp	Information Technology	2.91%	90	0.23%	11.02%	10.55%	0.30%	0.29%
Pool Corporation	Consumer Discretionary	1.99%	90	-	13.07%	-	0.25%	0.25%
Blackbaud Inc	Information Technology	3.26%	90	0.22%	8.61%	7.87%	0.29%	0.25%
Navigators Group Inc	Financials	1.45%	90	0.05%	18.69%	18.53%	0.26%	0.25%
Icu Med Inc	Health Care	1.46%	90	0.16%	17.23%	16.85%	0.24%	0.21%

Positions with Largest Negative Contribution to Excess Return

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Manhattan Associates	Information Technology	3.58%	90	-	(15.30)%	-	(0.54)%	(0.53)%
Patterson Cos	Health Care	0.91%	90	-	(38.04)%	-	(0.36)%	(0.37)%
Nektar Therapeutics	Health Care	-	-	0.54%	-	77.93%	-	(0.33)%
Beacon Roofing Supply Inc	Industrials	1.66%	90	0.19%	(16.77)%	(16.77)%	(0.29)%	(0.26)%
Sally Beauty Hldgs Inc	Consumer Discretionary	1.40%	90	-	(12.31)%	-	(0.18)%	(0.20)%
Universal Health Rlty Incm T Sh Ben	Real Estate	0.92%	90	0.04%	(19.06)%	(19.06)%	(0.19)%	(0.19)%
J & J Snack Foods Corp	Consumer Staples	1.80%	90	0.10%	(9.69)%	(9.77)%	(0.19)%	(0.19)%
Artisan Partners Asset Mgmt Cl A	Financials	1.38%	90	0.08%	(12.06)%	(12.18)%	(0.18)%	(0.16)%
Forward Air Corp	Industrials	1.71%	90	0.08%	(7.72)%	(7.72)%	(0.12)%	(0.12)%
Grubhub Inc	Information Technology	-	-	0.33%	-	41.32%	-	(0.12)%

International Equity Period Ended March 31, 2018

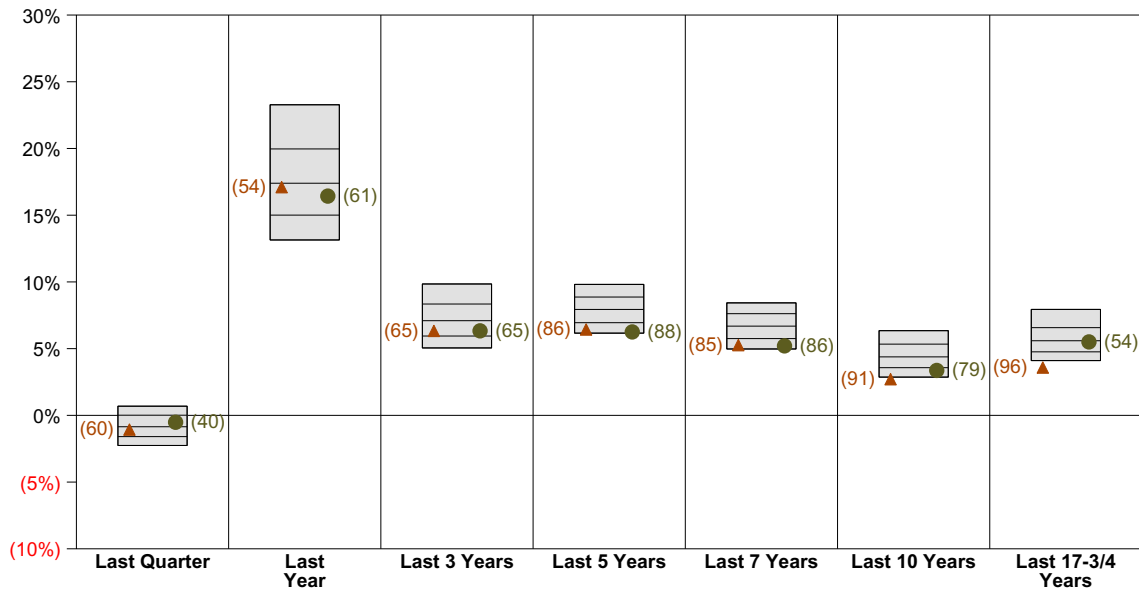
Investment Philosophy

*** Custom International Benchmark = MSCI EAFE until 6/30/2013, MSCI ACWI ex US until 7/31/2016, and MSCI ACWI ex US IMI thereafter.

Quarterly Summary and Highlights

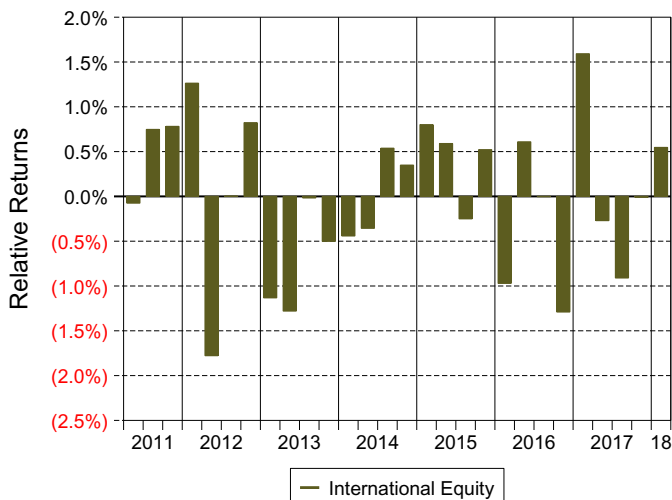
- International Equity's portfolio posted a (0.52)% return for the quarter placing it in the 40 percentile of the Callan Non-US Equity group for the quarter and in the 61 percentile for the last year.
- International Equity's portfolio outperformed the Custom International Benchmark by 0.55% for the quarter and underperformed the Custom International Benchmark for the year by 0.67%.

Performance vs Callan Non-US Equity (Gross)

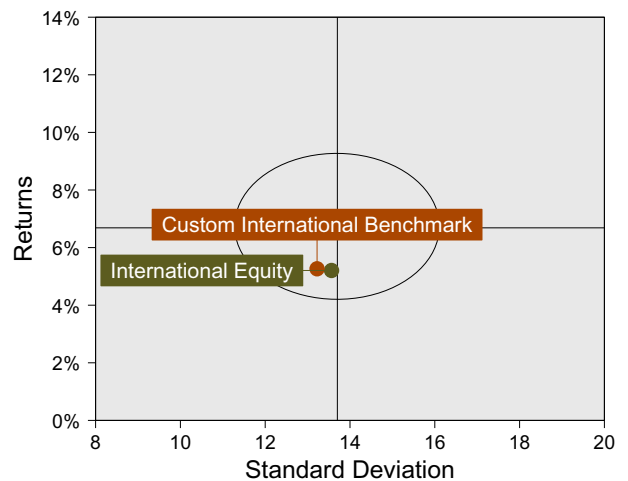


10th Percentile	0.69	23.28	9.85	9.81	8.43	6.35	7.94
25th Percentile	0.01	19.97	8.34	8.87	7.62	5.34	6.57
Median	(0.85)	17.40	7.10	7.94	6.69	4.38	5.59
75th Percentile	(1.59)	15.01	5.95	6.95	5.75	3.57	4.76
90th Percentile	(2.26)	13.14	5.05	6.16	4.97	2.87	4.11
International Equity	● (0.52)	16.43	6.33	6.25	5.21	3.36	5.50
Custom International Benchmark	▲ (1.06)	17.10	6.33	6.44	5.26	2.71	3.58

Relative Returns vs Custom International Benchmark



Callan Non-US Equity (Gross) Annualized Seven Year Risk vs Return

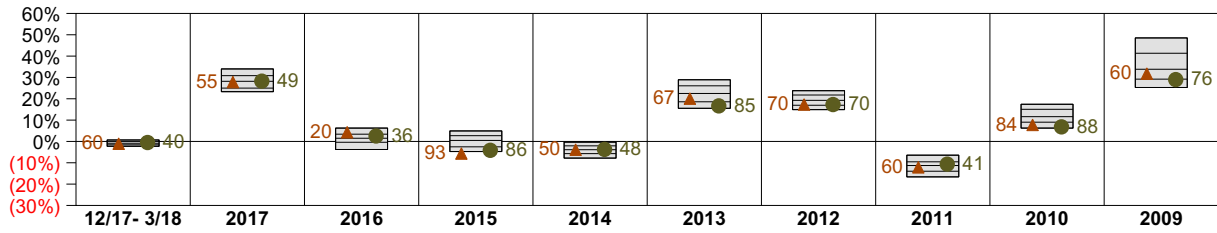


International Equity Return Analysis Summary

Return Analysis

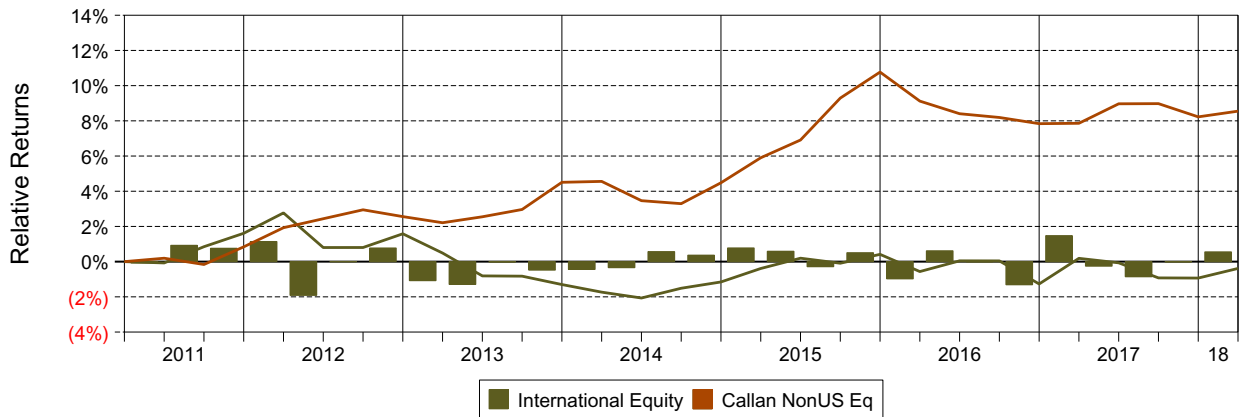
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs Callan Non-US Equity (Gross)

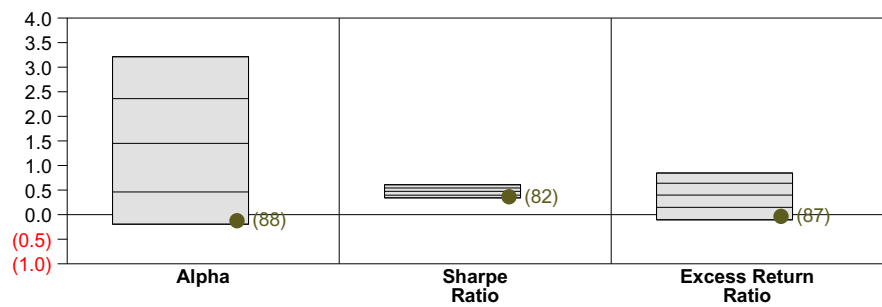


10th Percentile	0.69	33.99	6.26	4.92	(0.31)	28.92	23.79	(6.44)	17.43	48.53
25th Percentile	0.01	30.84	3.40	2.70	(2.06)	26.07	21.76	(9.55)	15.06	41.34
Median	(0.85)	28.18	1.50	0.47	(3.88)	22.49	19.26	(11.29)	11.62	33.83
75th Percentile	(1.59)	25.00	(0.39)	(2.53)	(5.71)	18.59	16.97	(13.96)	9.02	29.20
90th Percentile	(2.26)	23.32	(3.77)	(4.74)	(7.82)	15.52	14.91	(16.61)	6.25	25.29
International Equity	● (0.52)	28.25	2.55	(4.17)	(3.72)	16.66	17.28	(10.64)	6.83	28.99
Custom International Benchmark	▲ (1.06)	27.81	4.29	(5.66)	(3.87)	20.07	17.32	(12.14)	7.75	31.78

Cumulative and Quarterly Relative Return vs Custom International Benchmark



Risk Adjusted Return Measures vs Custom International Benchmark Rankings Against Callan Non-US Equity (Gross) Seven Years Ended March 31, 2018

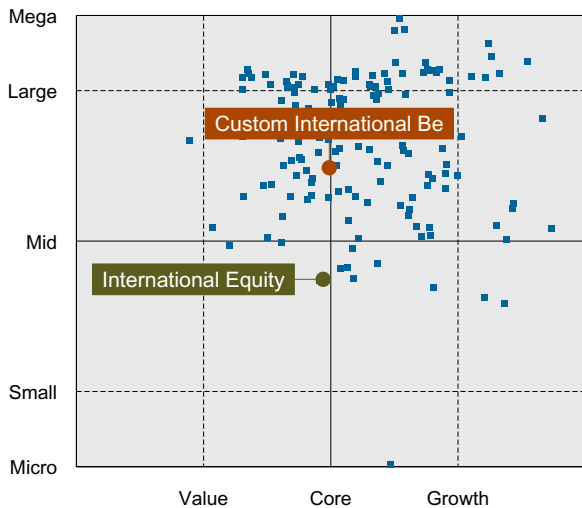


10th Percentile	3.21	0.61	0.85
25th Percentile	2.36	0.54	0.64
Median	1.45	0.47	0.40
75th Percentile	0.46	0.40	0.15
90th Percentile	(0.19)	0.34	(0.11)
International Equity	● (0.12)	0.36	(0.04)

Current Holdings Based Style Analysis International Equity As of March 31, 2018

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left chart illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

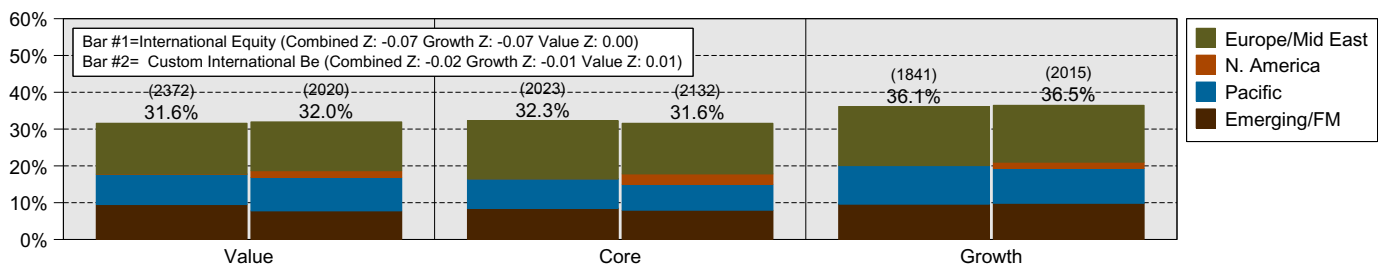
Style Map vs Callan NonUS Eq Holdings as of March 31, 2018



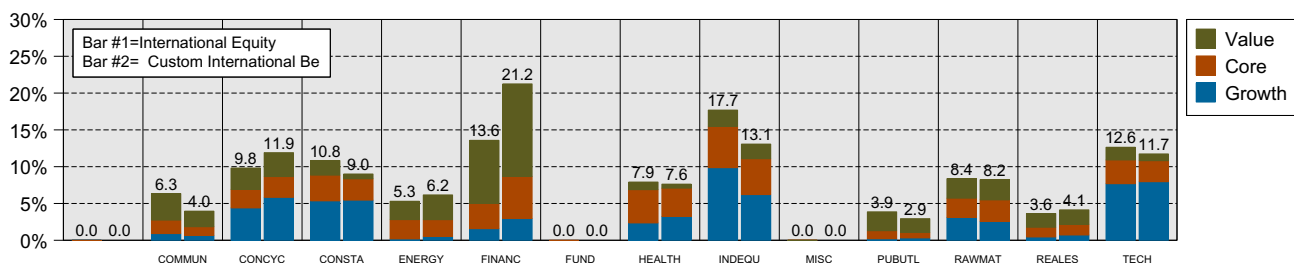
Style Exposure Matrix Holdings as of March 31, 2018

	Value	Core	Growth	Total
Europe/ Mid East	13.8% (233)	15.8% (250)	16.1% (294)	45.7% (777)
N. America	13.3% (427)	13.8% (530)	15.5% (534)	42.5% (1491)
Pacific	8.3% (303)	8.0% (283)	10.5% (286)	26.8% (872)
Emerging/ FM	9.1% (597)	7.0% (569)	9.5% (542)	25.5% (1708)
Total	31.6% (2372)	32.3% (2023)	36.1% (1841)	100.0% (6236)
	32.0% (2020)	31.6% (2132)	36.5% (2015)	100.0% (6167)

Combined Z-Score Style Distribution Holdings as of March 31, 2018



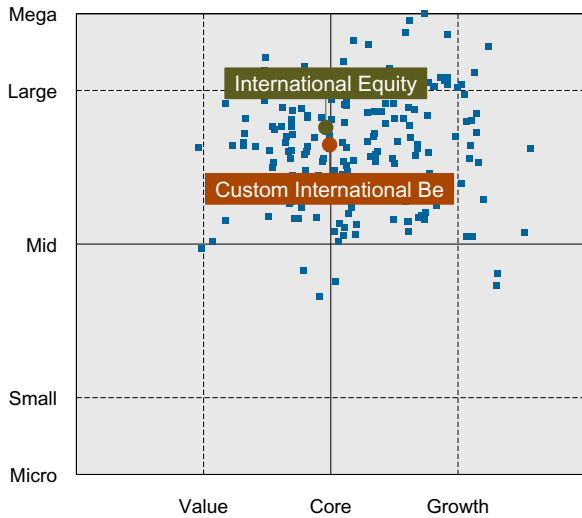
Sector Weights Distribution Holdings as of March 31, 2018



Historical Holdings Based Style Analysis International Equity For Five Years Ended March 31, 2018

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various region and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The next two style exposure charts illustrate the actual quarterly region/style and style only segment exposures of the portfolio through history.

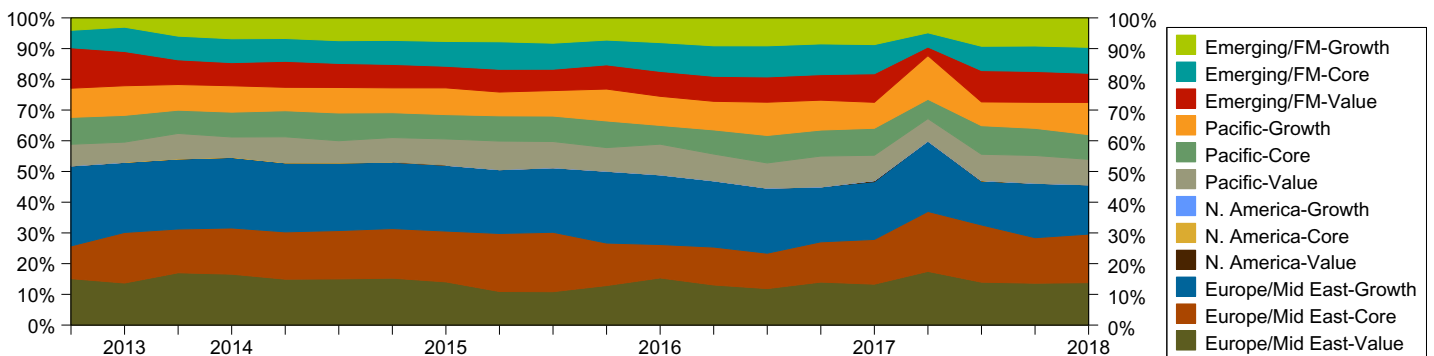
Average Style Map vs Callan NonUS Eq Holdings for Five Years Ended March 31, 2018



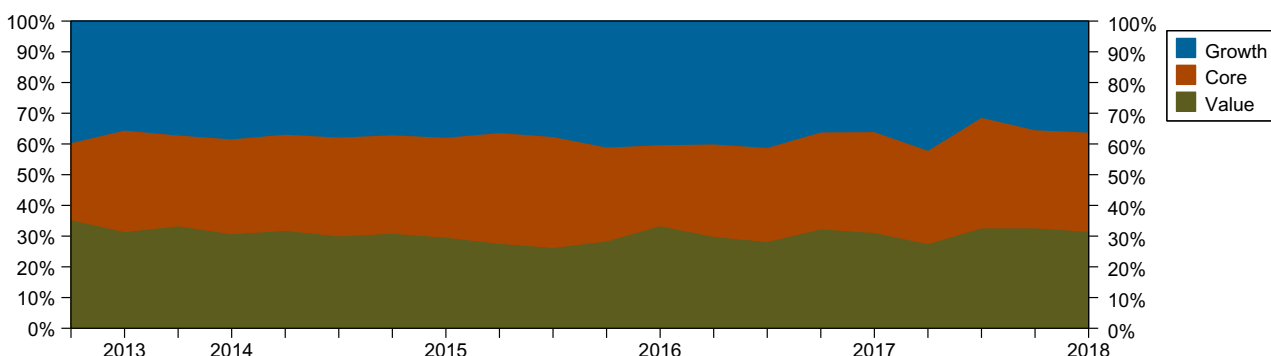
Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2018

	Value	Core	Growth	Total
Europe/ Mid East	14.1% (163)	15.2% (179)	21.0% (230)	50.3% (572)
	13.9% (230)	13.6% (265)	18.6% (311)	46.1% (806)
N. America	0.0% (2)	0.0% (3)	0.0% (1)	0.0% (6)
	2.1% (52)	2.8% (64)	1.9% (52)	6.7% (168)
Pacific	8.2% (200)	8.2% (212)	9.2% (209)	25.6% (621)
	8.3% (291)	8.5% (300)	8.9% (303)	25.7% (894)
Emerging/ FM	8.4% (1386)	8.2% (1394)	7.4% (830)	24.0% (3610)
	6.9% (486)	6.9% (460)	7.7% (474)	21.5% (1420)
Total	30.8% (1751)	31.6% (1788)	37.6% (1270)	100.0% (4809)
	31.3% (1059)	31.7% (1089)	37.0% (1140)	100.0% (3288)

International Equity Historical Region/Style Exposures



International Equity Historical Style Only Exposures



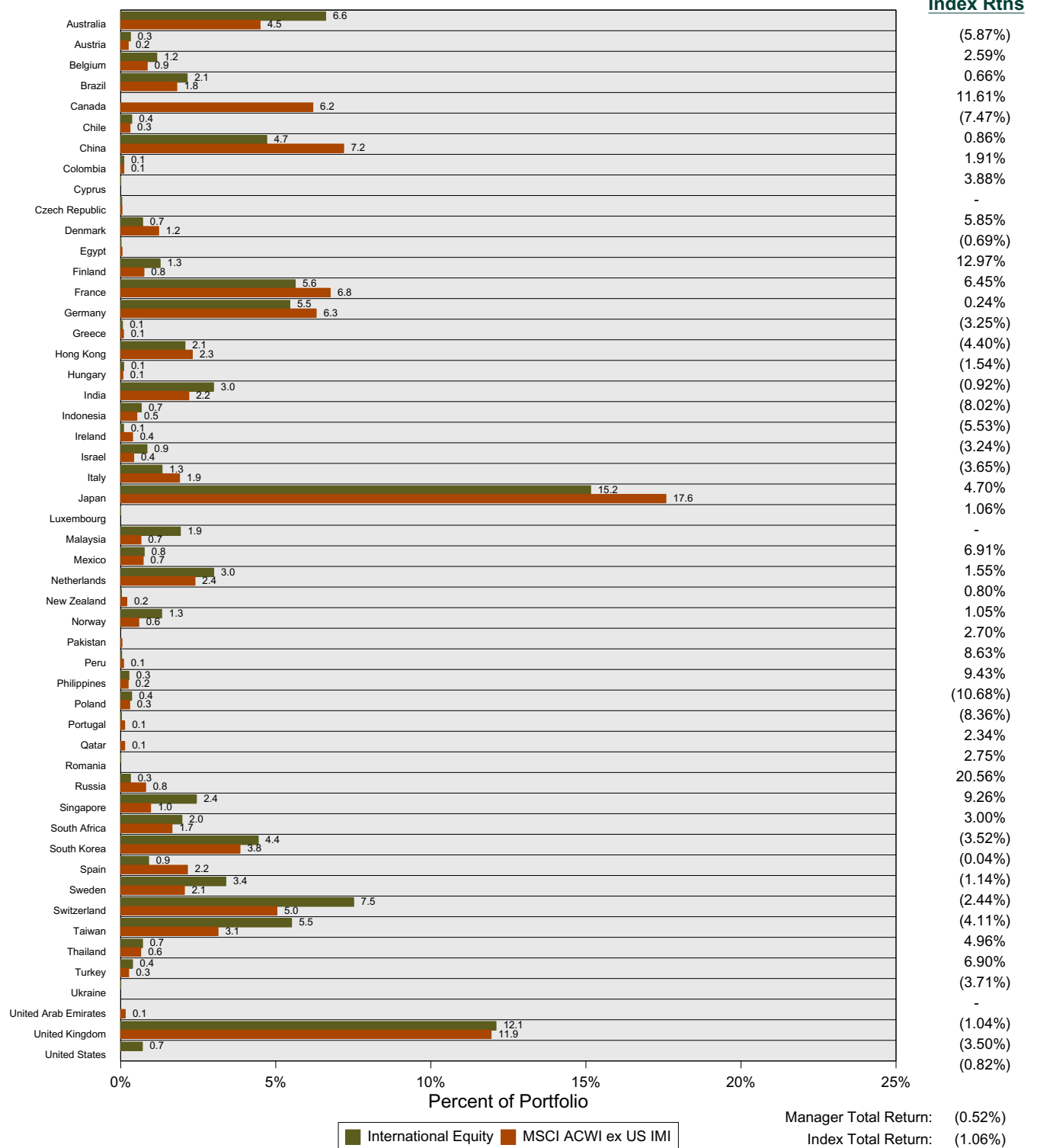
Country Allocation

International Equity VS MSCI ACWI ex US IMI Index (USD Net Div)

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2018. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

Country Weights as of March 31, 2018



SSgA EAFE

Period Ended March 31, 2018

Investment Philosophy

SSGA's objective is to provide the most cost-effective implementation of passive investing with stringent risk control and tracking requirements through a replication method. Returns prior to 6/30/2012 are linked to a composite history.

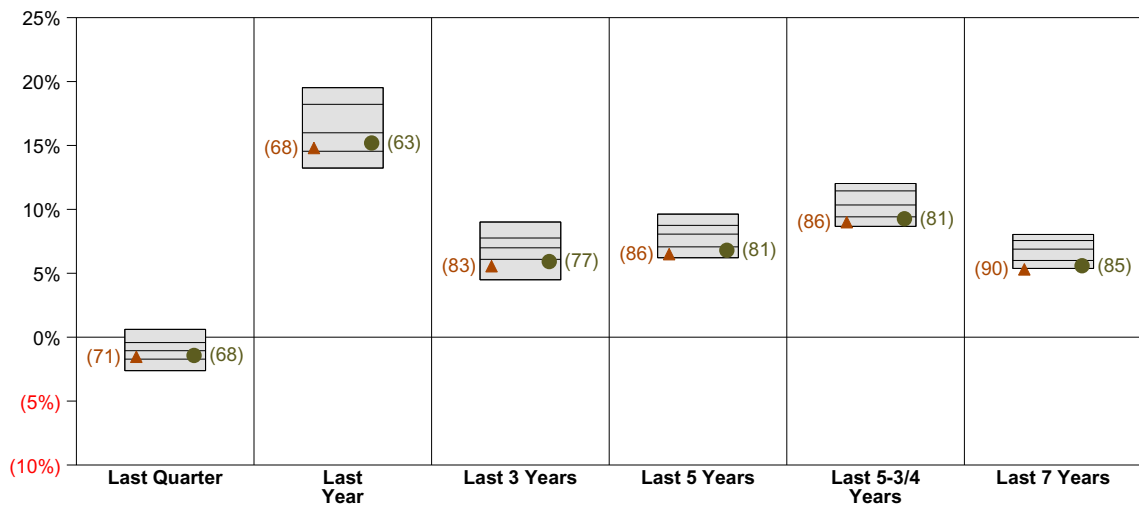
Quarterly Summary and Highlights

- SSgA EAFE's portfolio posted a (1.43)% return for the quarter placing it in the 68 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 63 percentile for the last year.
- SSgA EAFE's portfolio outperformed the MSCI EAFE Index by 0.10% for the quarter and outperformed the MSCI EAFE Index for the year by 0.39%.

Quarterly Asset Growth

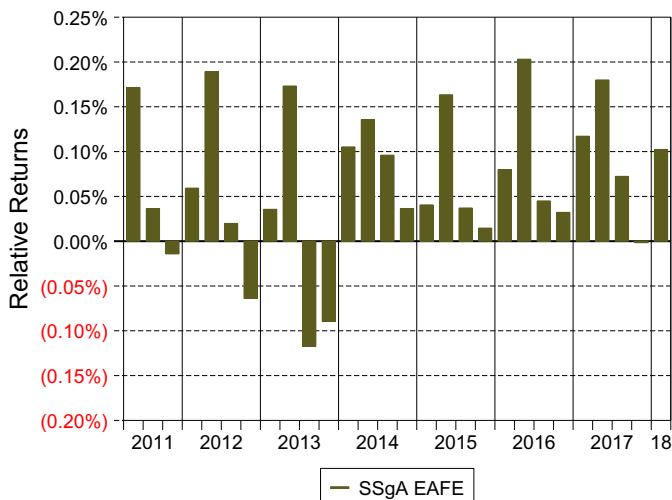
Beginning Market Value	\$11,525,410
Net New Investment	\$0
Investment Gains/(Losses)	\$-164,709
Ending Market Value	\$11,360,700

Performance vs Callan Non-US Developed Core Equity (Gross)

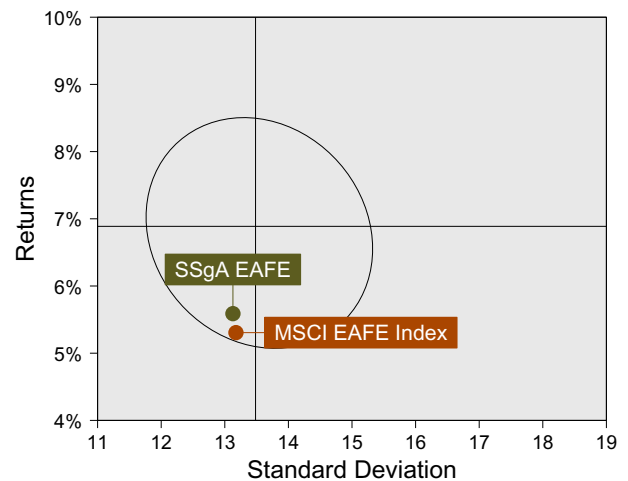


10th Percentile	0.61	19.52	9.01	9.63	12.02	8.04
25th Percentile	(0.42)	18.22	7.76	8.75	11.44	7.56
Median	(1.06)	15.99	6.99	8.06	10.34	6.89
75th Percentile	(1.72)	14.55	6.09	7.07	9.42	6.00
90th Percentile	(2.62)	13.23	4.49	6.21	8.67	5.38
SSgA EAFE	(1.43)	15.19	5.92	6.80	9.26	5.59
MSCI EAFE Index	(1.53)	14.80	5.55	6.50	9.00	5.31

Relative Return vs MSCI EAFE Index



Callan Non-US Developed Core Equity (Gross) Annualized Seven Year Risk vs Return

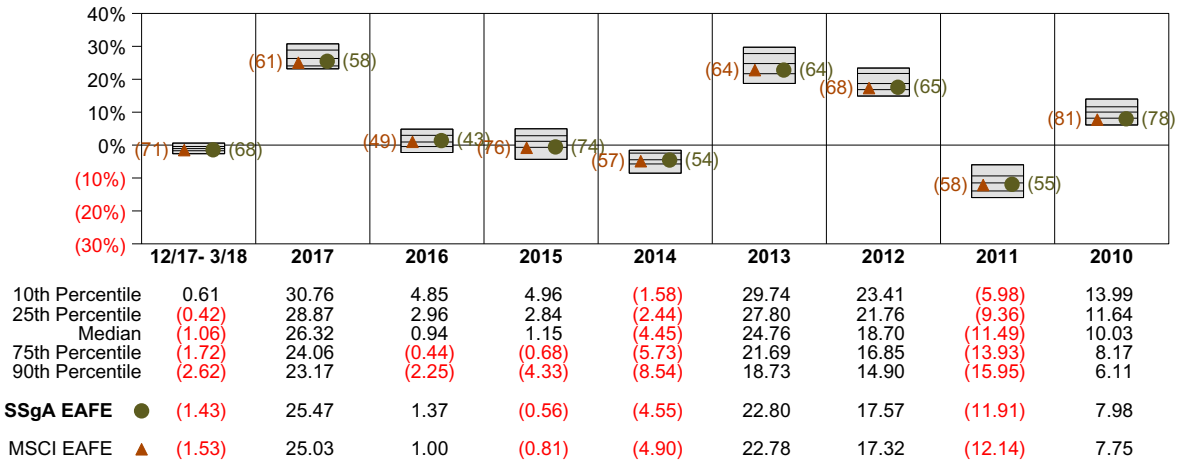


SSgA EAFE Return Analysis Summary

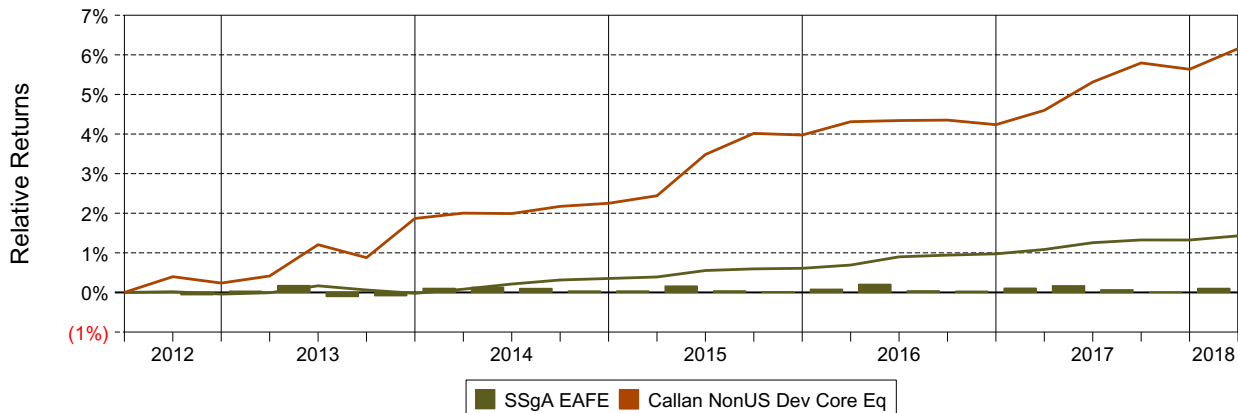
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

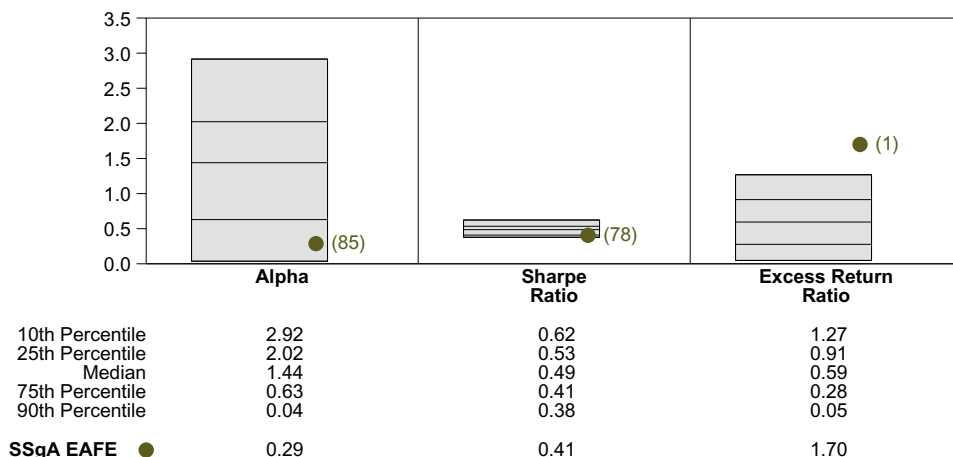
Performance vs Callan Non-US Developed Core Equity (Gross)



Cumulative and Quarterly Relative Return vs MSCI EAFE



Risk Adjusted Return Measures vs MSCI EAFE Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended March 31, 2018

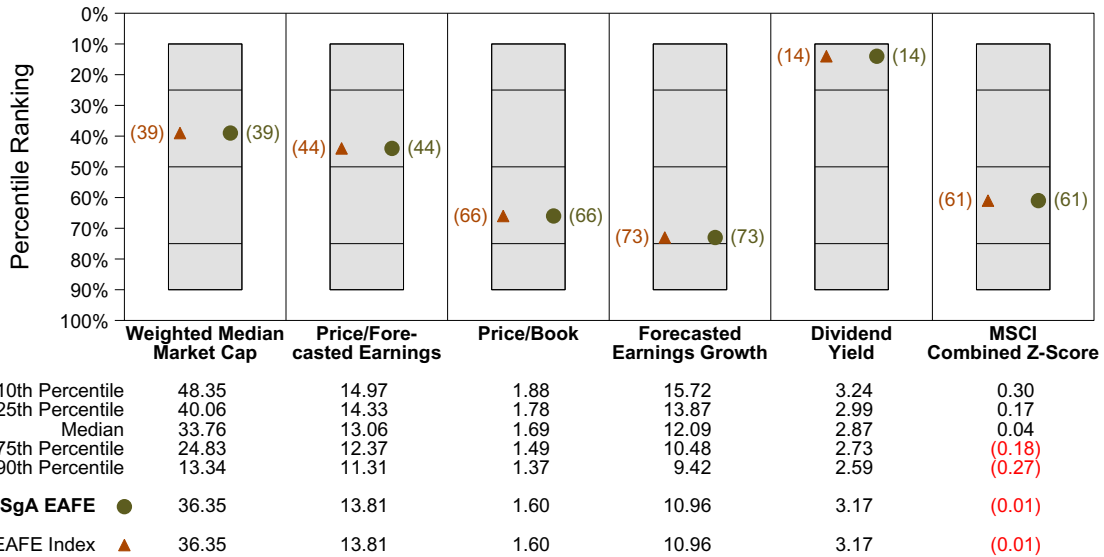


SSgA EAFE Equity Characteristics Analysis Summary

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

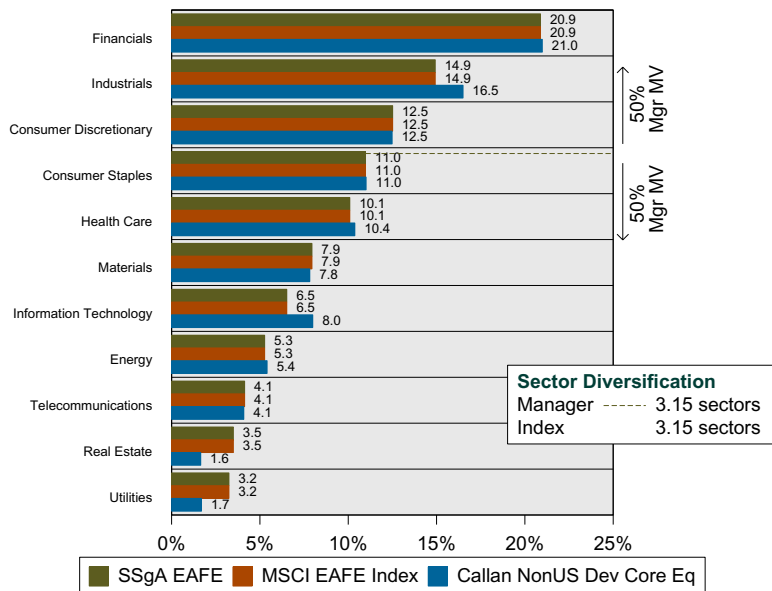
Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US Developed Core Equity as of March 31, 2018



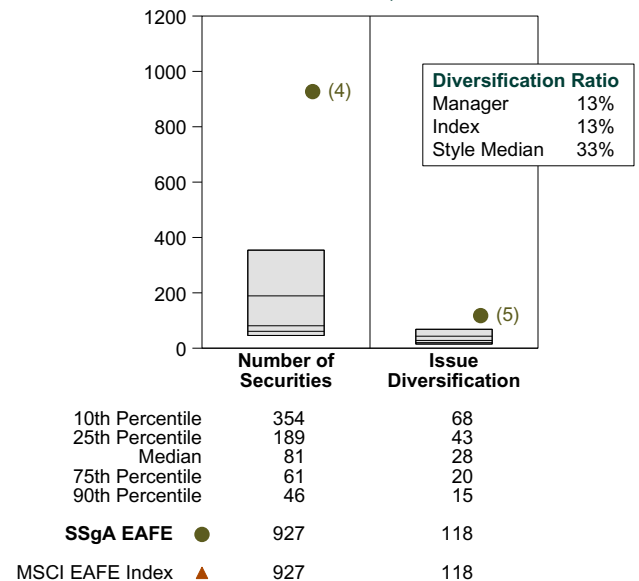
Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

Sector Allocation March 31, 2018



Diversification March 31, 2018



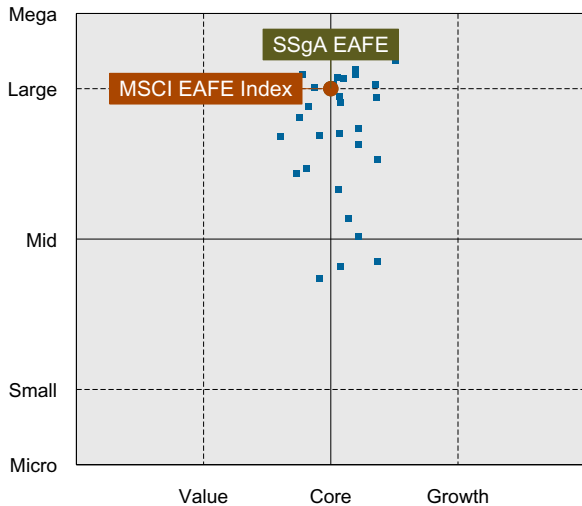
Current Holdings Based Style Analysis

SSgA EAFE

As of March 31, 2018

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

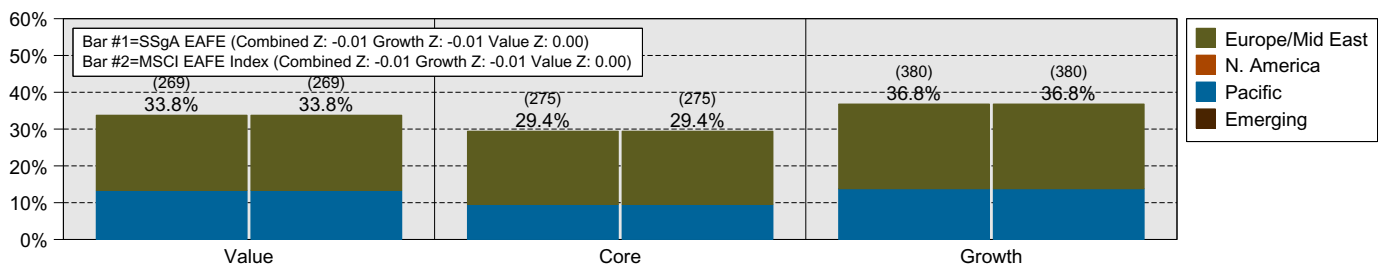
Style Map vs Callan NonUS Dev Core Eq Holdings as of March 31, 2018



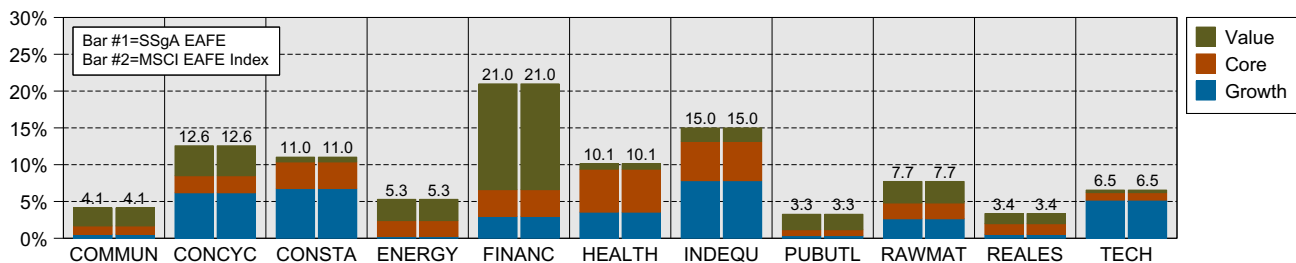
Style Exposure Matrix Holdings as of March 31, 2018

	Value	Core	Growth	Total
Europe/ Mid East	20.4% (124)	19.9% (129)	23.0% (201)	63.4% (454)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	13.3% (145)	9.5% (146)	13.8% (179)	36.6% (470)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	33.8% (269)	29.4% (275)	36.8% (380)	100.0% (924)

Combined Z-Score Style Distribution Holdings as of March 31, 2018



Sector Weights Distribution Holdings as of March 31, 2018



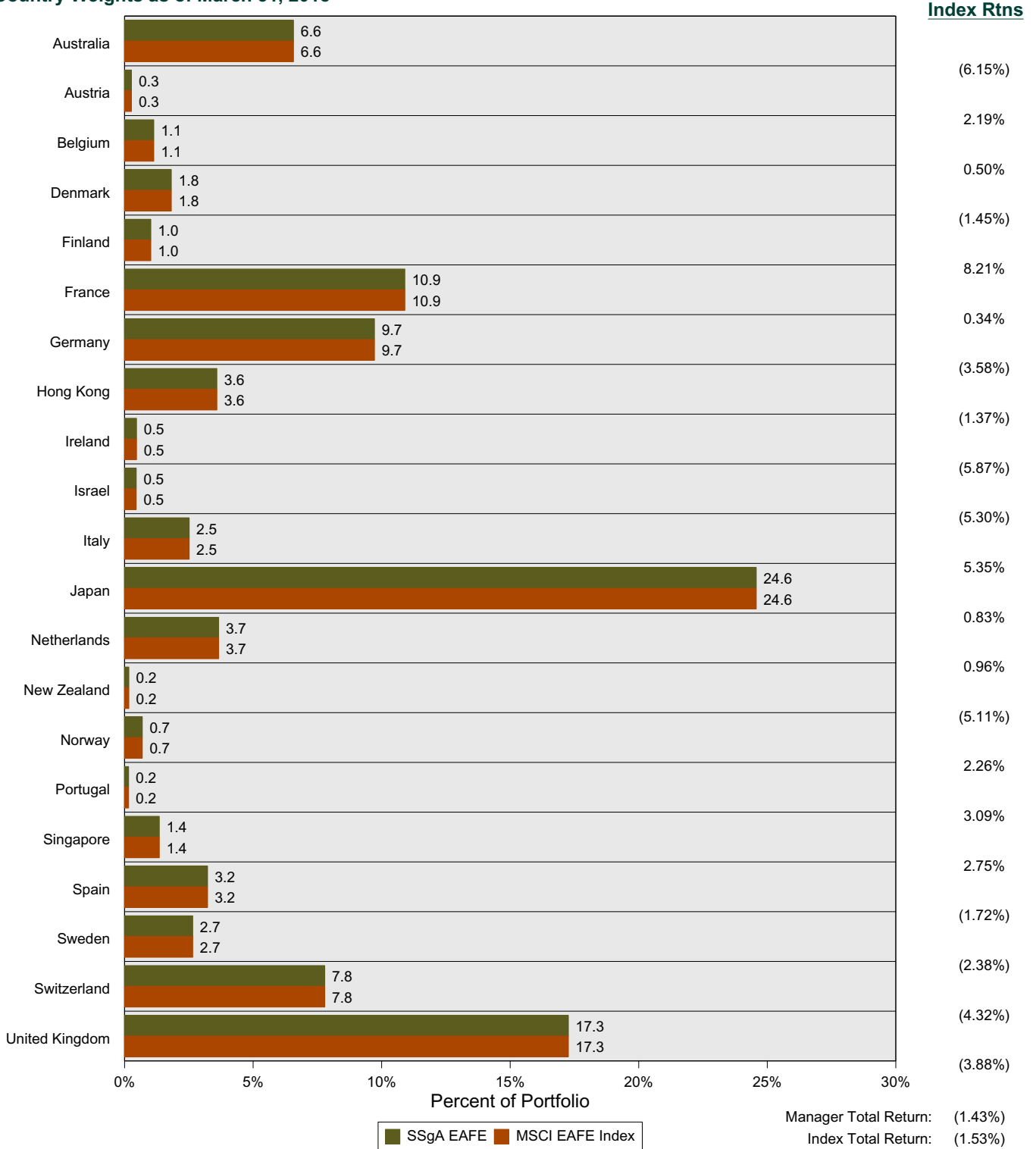
Country Allocation

SSgA EAFE VS MSCI EAFE Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2018. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

Country Weights as of March 31, 2018



SSgA EAFE Top 10 Portfolio Holdings Characteristics as of March 31, 2018

10 Largest Holdings

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Nestle S A Shs Nom New	Consumer Staples	\$187,959	1.7%	(8.17)%	245.77	19.40	3.11%	8.36%
Hsbc Holdings (Gb)	Financials	\$142,739	1.3%	(9.09)%	186.65	12.61	6.14%	4.50%
Novartis	Health Care	\$137,251	1.2%	(1.09)%	211.13	14.68	3.62%	7.10%
Toyota Motor Corp	Consumer Discretionary	\$128,121	1.1%	0.23%	209.40	9.47	3.08%	7.00%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$122,940	1.1%	(6.15)%	160.75	13.20	3.79%	6.65%
Royal Dutch Shell A Shs	Energy	\$108,895	1.0%	(3.54)%	145.78	13.58	5.66%	42.00%
Total Sa Act	Energy	\$104,226	0.9%	3.99%	149.41	11.83	5.46%	10.63%
Bp Plc Shs	Energy	\$101,726	0.9%	(3.49)%	134.14	15.03	6.32%	26.90%
British American Tobacco	Consumer Staples	\$101,653	0.9%	(13.56)%	132.92	13.27	2.92%	7.79%
Royal Dutch Shell 'b' Shs	Energy	\$91,499	0.8%	(4.47)%	119.64	13.39	6.32%	42.00%

10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Gkn	Consumer Discretionary	\$8,531	0.1%	50.32%	11.16	13.99	2.01%	1.70%
Sky Plc Shs	Consumer Discretionary	\$14,358	0.1%	35.61%	31.29	18.74	0.00%	15.73%
Kose Corp Tokyo Shs	Consumer Staples	\$4,852	0.0%	34.59%	12.69	38.49	0.57%	18.16%
Tdc A/S Shs New	Telecommunications	\$5,135	0.0%	34.47%	6.71	19.06	0.00%	(2.65)%
Daiichi Sankyo Co	Health Care	\$14,383	0.1%	34.36%	23.51	37.29	1.99%	10.01%
Ono Pharmaceutical Co	Health Care	\$9,653	0.1%	33.67%	16.83	34.95	1.21%	10.32%
Shiseido Co Ltd Ord	Consumer Staples	\$18,618	0.2%	32.55%	25.62	43.85	0.40%	37.08%
William Demant Hldgs Almindelig Akti	Health Care	\$3,297	0.0%	32.20%	9.58	27.40	0.00%	11.96%
Otsuka Corp Shs New	Information Technology	\$4,028	0.0%	31.74%	9.58	28.97	1.31%	11.10%
Ipsen Shs	Health Care	\$4,469	0.0%	29.76%	13.00	21.59	0.79%	23.05%

10 Worst Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Capita Plc Shs	Industrials	\$1,031	0.0%	(62.74)%	1.35	5.33	7.71%	(4.13)%
Micro Focus International Pl Shs	Information Technology	\$4,609	0.0%	(58.97)%	6.04	6.20	7.54%	14.76%
Medtech Group Co.	Financials	\$1,397	0.0%	(53.37)%	6.09	40.64	0.71%	26.99%
Suruga Bank Ltd Shs	Financials	\$1,839	0.0%	(35.19)%	3.21	8.25	1.46%	(2.30)%
Hennes & Mauritz Ord B Shs	Consumer Discretionary	\$10,854	0.1%	(27.71)%	21.83	13.59	7.79%	0.25%
Deutsche Bank Ag Namen Akt	Financials	\$22,018	0.2%	(26.87)%	28.77	9.15	0.97%	(25.96)%
Minth Group Ltd Shs	Consumer Discretionary	\$2,582	0.0%	(24.48)%	5.21	12.79	2.38%	20.93%
Ingenico Group Sa Shs	Information Technology	\$3,671	0.0%	(24.19)%	5.05	12.85	2.28%	9.85%
Hutchison Port Holdings Trst	Industrials	\$1,179	0.0%	(23.94)%	2.57	19.67	8.92%	(11.95)%
Seiko Epson Corp Suwa Shs	Information Technology	\$3,804	0.0%	(23.70)%	7.11	9.84	3.17%	12.66%

Pyrford

Period Ended March 31, 2018

Investment Philosophy

Pyrford's investment strategy is based on a value-driven, absolute return approach, with both top-down and bottom-up elements. At the country level they seek to invest in countries that offer an attractive market valuation relative to their long-term prospects. At the stock level they identify companies that offer excellent value relative to in-house forecasts of long-term (5 years) earnings growth. This approach is characterized by low absolute volatility and downside protection. Returns prior to 6/30/2017 are linked to a composite history.

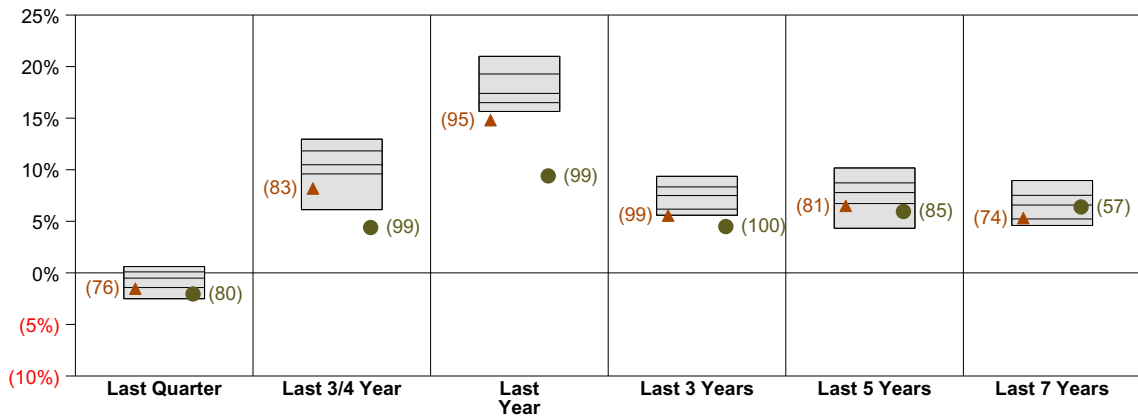
Quarterly Summary and Highlights

- Pyrford's portfolio posted a (2.05)% return for the quarter placing it in the 80 percentile of the Callan Non-US All Country Core Equity group for the quarter and in the 99 percentile for the last year.
- Pyrford's portfolio underperformed the MSCI EAFE Index by 0.52% for the quarter and underperformed the MSCI EAFE Index for the year by 5.40%.

Quarterly Asset Growth

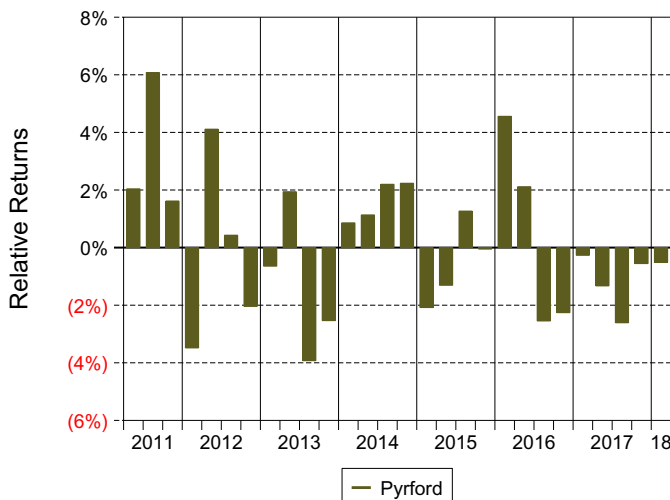
Beginning Market Value	\$27,280,649
Net New Investment	\$0
Investment Gains/(Losses)	\$-558,330
Ending Market Value	\$26,722,319

Performance vs Callan Non-US All Country Core Equity (Gross)

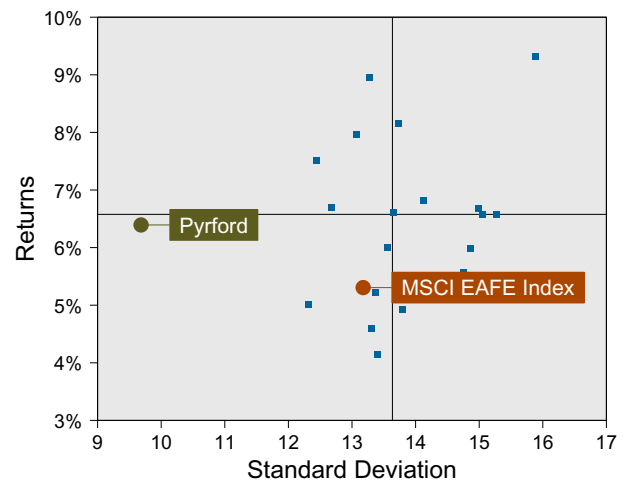


10th Percentile	0.62	12.96	20.99	9.36	10.17	8.95
25th Percentile	0.10	11.83	19.28	8.34	8.73	7.52
Median	(0.51)	10.48	17.40	7.50	7.79	6.58
75th Percentile	(1.42)	9.59	16.50	6.18	6.72	5.23
90th Percentile	(2.51)	6.13	15.65	5.59	4.32	4.60
Pyrford	● (2.05)	4.40	9.40	4.49	5.95	6.39
MSCI EAFE Index	▲ (1.53)	8.18	14.80	5.55	6.50	5.31

Relative Return vs MSCI EAFE Index



Callan Non-US All Country Core Equity (Gross) Annualized Seven Year Risk vs Return

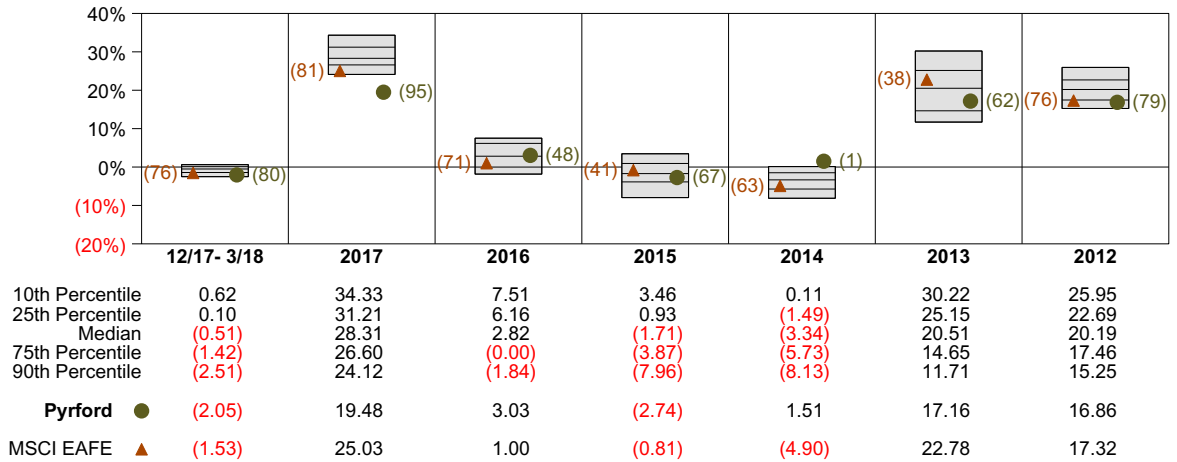


Pyrford Return Analysis Summary

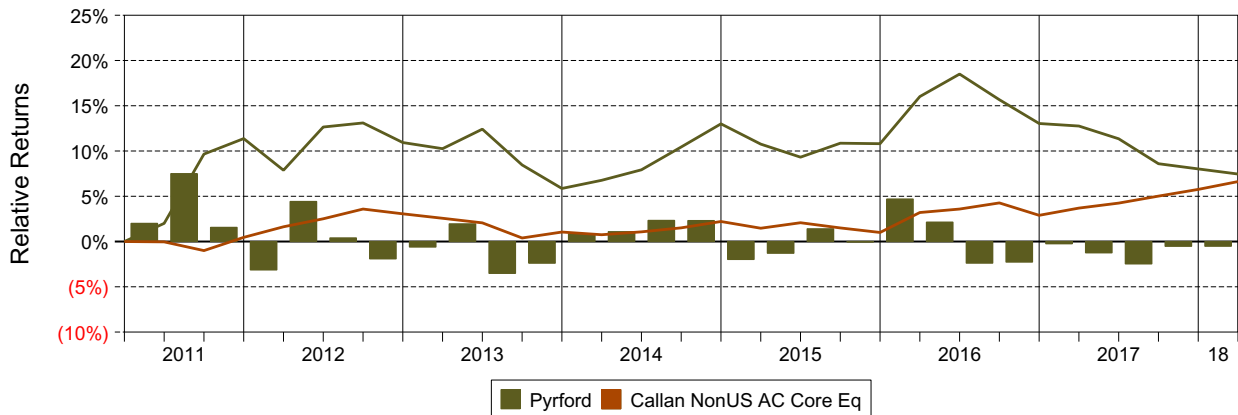
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

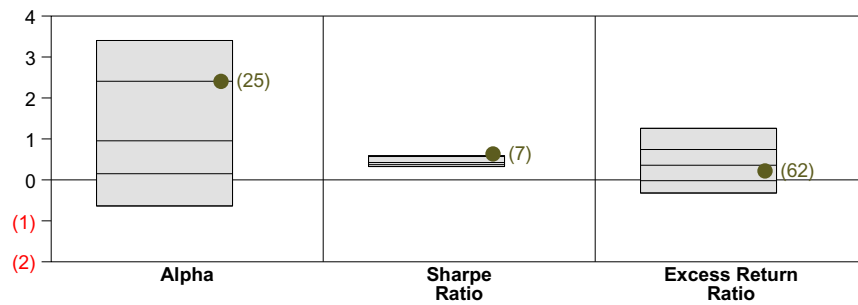
Performance vs Callan Non-US All Country Core Equity (Gross)



Cumulative and Quarterly Relative Return vs MSCI EAFE



Risk Adjusted Return Measures vs MSCI EAFE Rankings Against Callan Non-US All Country Core Equity (Gross) Seven Years Ended March 31, 2018

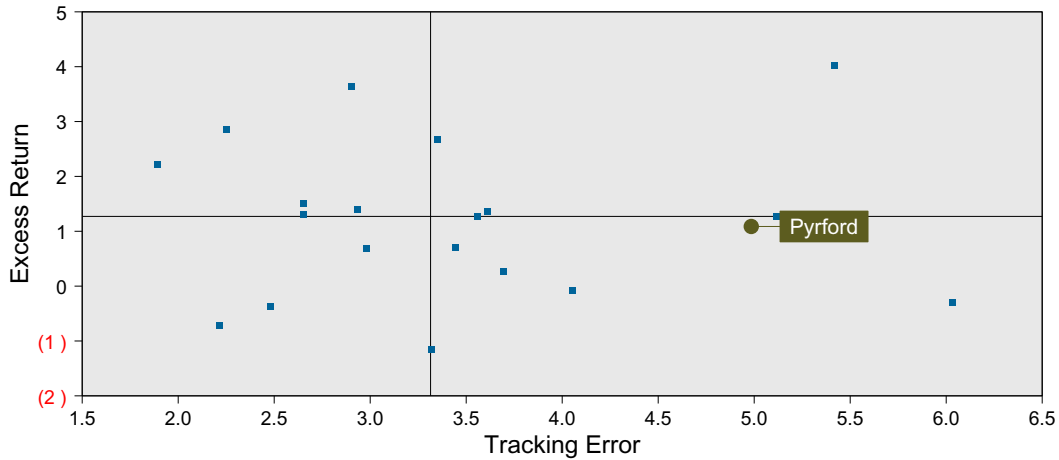


Pyrford Risk Analysis Summary

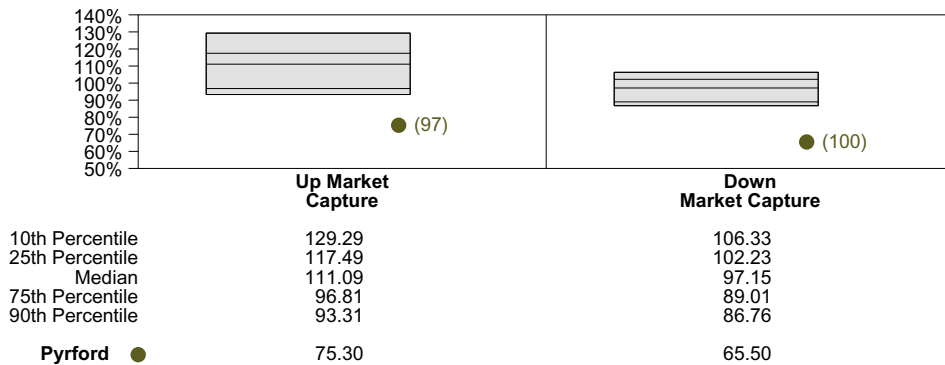
Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

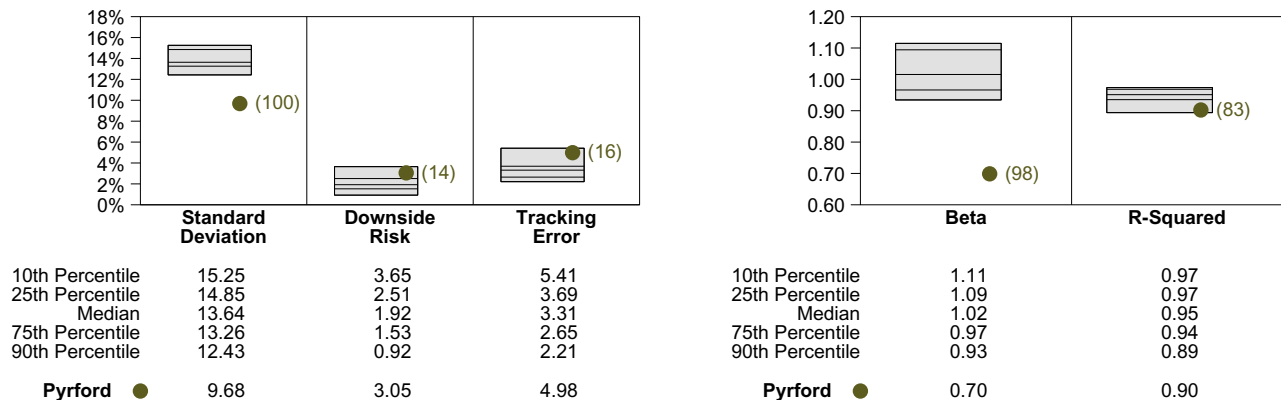
Risk Analysis vs Callan Non-US All Country Core Equity (Gross) Seven Years Ended March 31, 2018



Market Capture vs MSCI EAFE Index (USD Net Div) Rankings Against Callan Non-US All Country Core Equity (Gross) Seven Years Ended March 31, 2018



Risk Statistics Rankings vs MSCI EAFE Index (USD Net Div) Rankings Against Callan Non-US All Country Core Equity (Gross) Seven Years Ended March 31, 2018

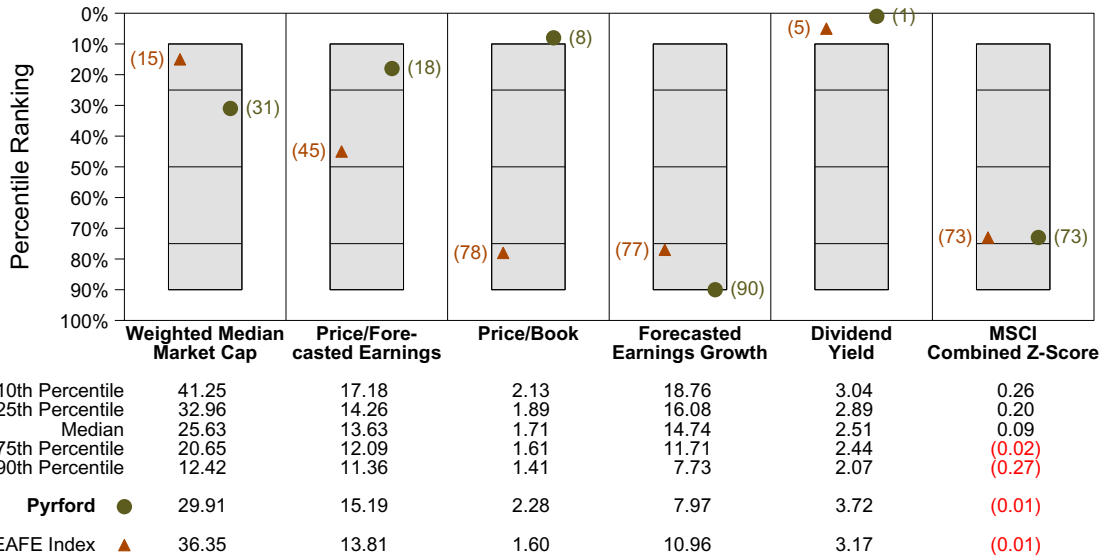


Pyrford Equity Characteristics Analysis Summary

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

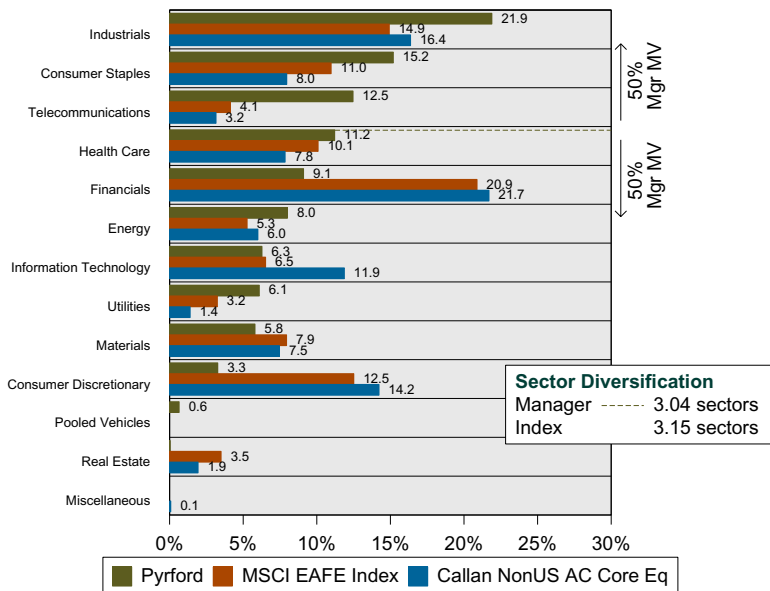
Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US All Country Core Equity as of March 31, 2018



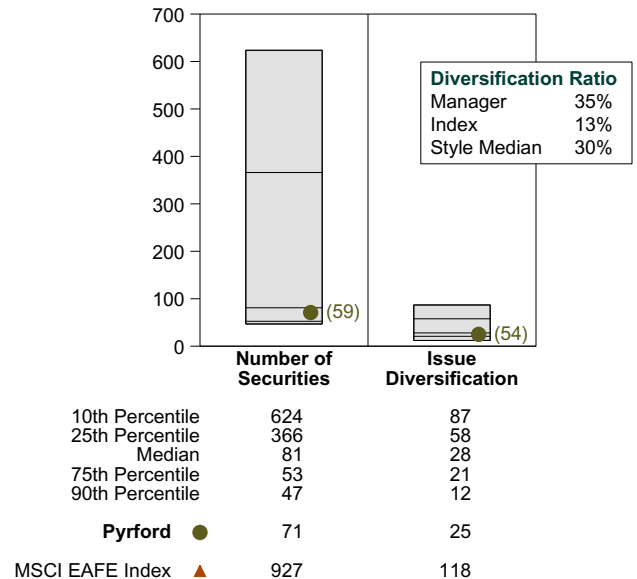
Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

Sector Allocation March 31, 2018



Diversification March 31, 2018



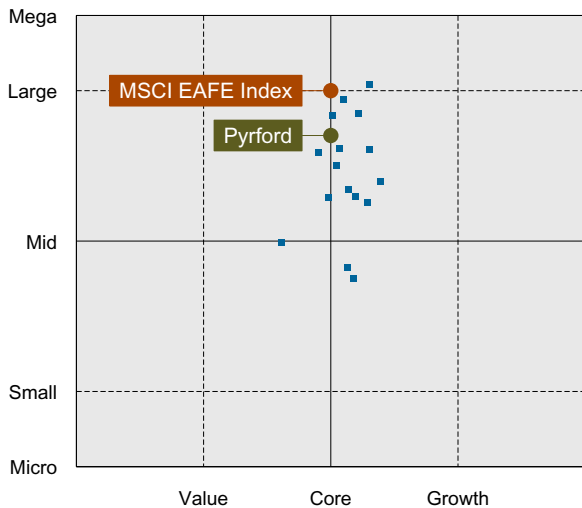
Current Holdings Based Style Analysis

Pyrford

As of March 31, 2018

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

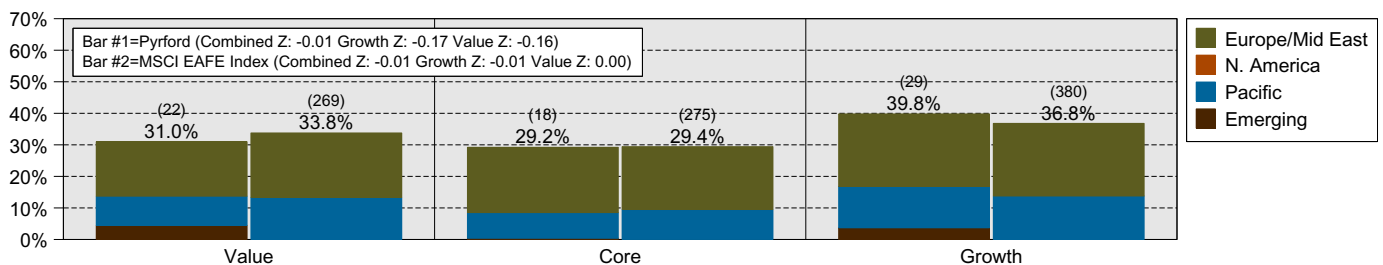
Style Map vs Callan NonUS AC Core Eq Holdings as of March 31, 2018



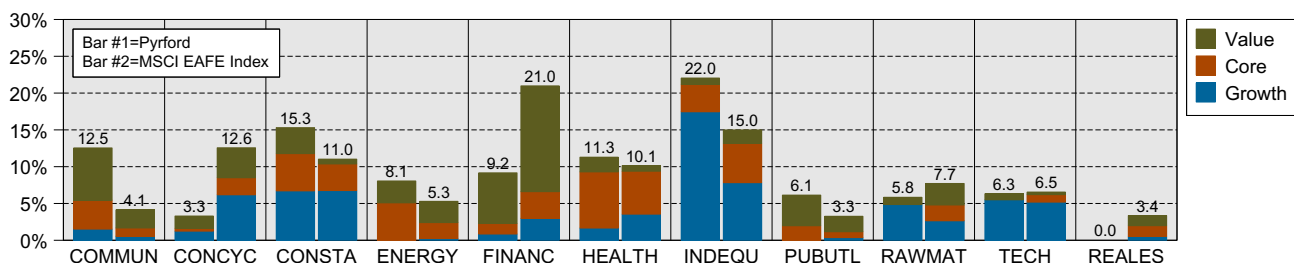
Style Exposure Matrix Holdings as of March 31, 2018

	Value	Core	Growth	Total
Europe/ Mid East	17.2% (12)	20.7% (12)	23.0% (17)	60.9% (41)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	9.2% (7)	8.1% (5)	13.1% (9)	30.5% (21)
Emerging	4.5% (3)	0.4% (1)	3.7% (3)	8.6% (7)
Total	31.0% (22)	29.2% (18)	39.8% (29)	100.0% (69)
	33.8% (269)	29.4% (275)	36.8% (380)	100.0% (924)

Combined Z-Score Style Distribution Holdings as of March 31, 2018



Sector Weights Distribution Holdings as of March 31, 2018



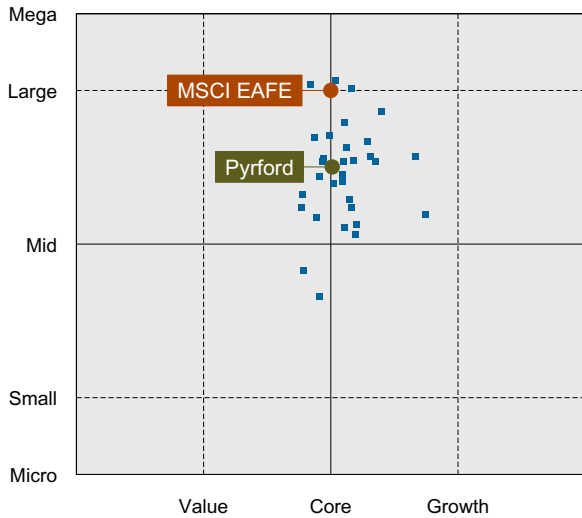
Historical Holdings Based Style Analysis

Pyrford

For Five Years Ended March 31, 2018

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various region and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The next two style exposure charts illustrate the actual quarterly region/style and style only segment exposures of the portfolio through history.

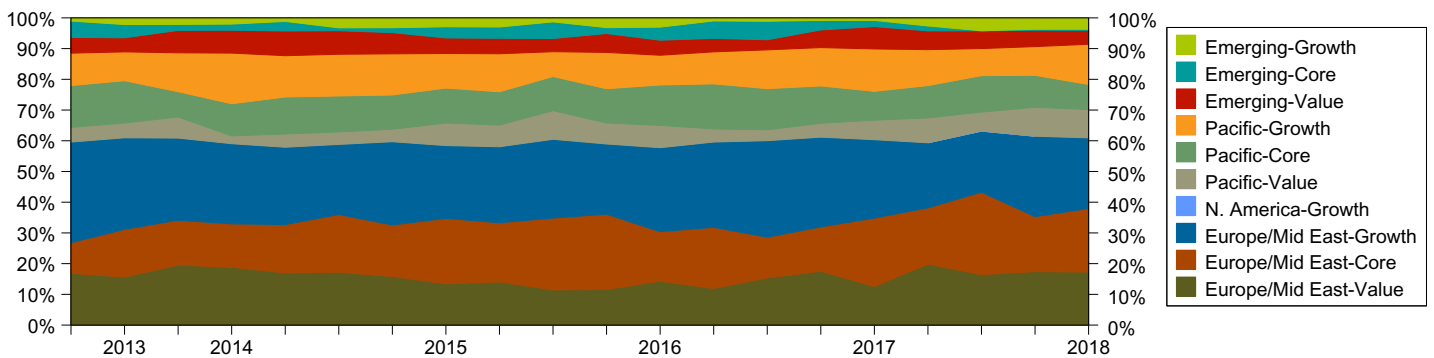
Average Style Map vs Callan NonUS AC Core Eq Holdings for Five Years Ended March 31, 2018



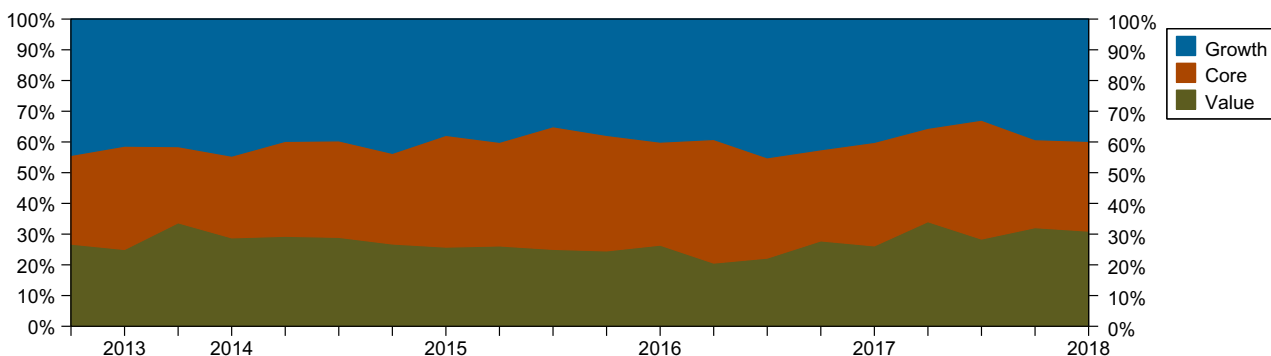
Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2018

	15.7% (11)	18.2% (11)	25.9% (19)	59.8% (41)
Europe/ Mid East	19.7% (122)	18.9% (131)	25.9% (197)	64.5% (450)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (1)	0.0% (0)	0.0% (0)	0.0% (1)
Pacific	6.0% (5)	11.5% (9)	11.8% (9)	29.2% (23)
	11.6% (139)	11.6% (151)	12.3% (175)	35.4% (465)
Emerging	5.7% (5)	2.9% (2)	2.3% (2)	10.9% (9)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	27.5% (21)	32.5% (22)	40.0% (30)	100.0% (73)
	31.3% (262)	30.5% (282)	38.2% (372)	100.0% (916)
	Value	Core	Growth	Total

Pyrford Historical Region/Style Exposures



Pyrford Historical Style Only Exposures

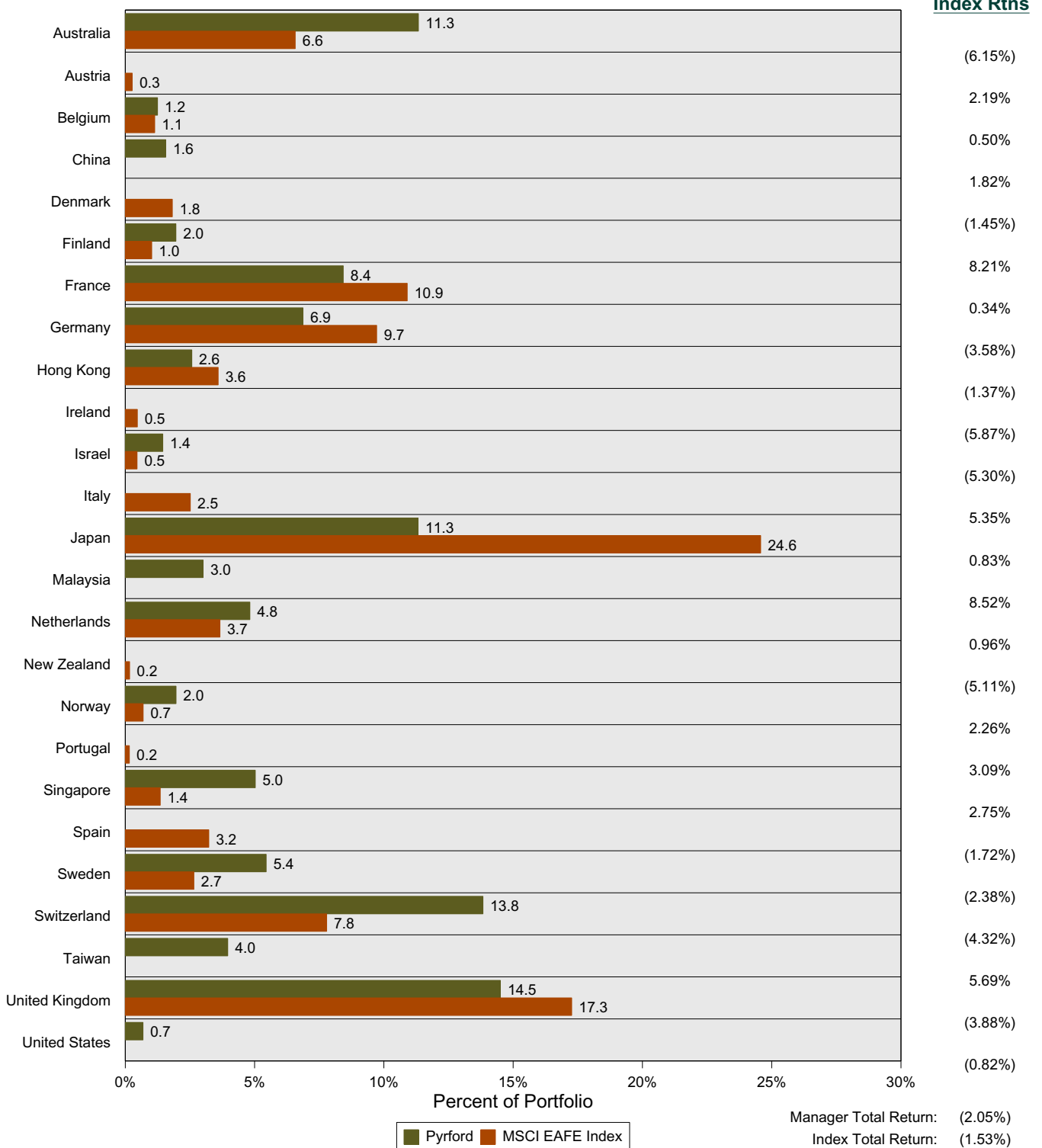


Country Allocation Pyrford VS MSCI EAFE Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2018. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

Country Weights as of March 31, 2018



Pyrford Top 10 Portfolio Holdings Characteristics as of March 31, 2018

10 Largest Holdings

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Nestle S A Shs Nom New	Consumer Staples	\$905,204	3.4%	(8.17)%	245.77	19.40	3.11%	8.36%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$851,058	3.2%	(6.15)%	160.75	13.20	3.79%	6.65%
Novartis	Health Care	\$761,467	2.8%	(1.09)%	211.13	14.68	3.62%	7.10%
Japan Tobacco Inc Ord	Consumer Staples	\$685,726	2.6%	(10.42)%	57.66	13.16	4.57%	2.44%
Woolworths Ltd	Consumer Staples	\$633,476	2.4%	(4.06)%	26.31	18.76	3.54%	8.83%
Brambles Ltd Npv	Industrials	\$605,687	2.3%	(2.08)%	12.18	18.01	2.91%	6.42%
Essity Ab	Consumer Staples	\$592,435	2.2%	(2.79)%	17.57	17.15	2.49%	11.70%
Unilever NV Cert of Shs	Consumer Staples	\$556,029	2.1%	0.88%	96.73	18.88	3.13%	8.25%
Sanofi Shs	Health Care	\$529,869	2.0%	(6.87)%	100.75	11.68	4.64%	4.35%
National Grid Ord	Utilities	\$527,647	2.0%	(4.93)%	37.75	13.25	6.57%	(3.65)%

10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Nihon Kohden Corp Shs	Health Care	\$441,605	1.7%	20.66%	2.50	22.82	1.18%	(15.80)%
Abc-Mart	Consumer Discretionary	\$329,837	1.2%	15.84%	5.44	19.21	1.71%	3.70%
Malayan Banking Bhd Maybank Shs	Financials	\$401,116	1.5%	13.17%	29.89	13.70	5.19%	10.43%
Singapore Tech Engineering L Shs	Industrials	\$331,521	1.2%	12.23%	8.55	19.99	4.18%	7.29%
Koninklijke Vopak NV Rotterd Shs	Energy	\$393,405	1.5%	11.61%	6.27	18.34	2.63%	5.09%
Glaxosmithkline Plc Ord	Health Care	\$412,769	1.5%	11.24%	96.97	12.92	5.74%	3.60%
Taiwan Semicond Manufac Co L Shs	Information Technology	\$375,346	1.4%	9.40%	218.78	16.14	2.85%	9.74%
Chunghwa Telecom Co Ltd Shs	Telecommunications	\$376,800	1.4%	8.86%	30.06	22.43	4.37%	1.86%
Merida Industry Co.	Consumer Discretionary	\$101,388	0.4%	8.19%	1.36	84.07	3.02%	(17.56)%
Zurich Financial Svc Ord	Financials	\$398,130	1.5%	7.53%	49.53	12.71	5.74%	11.15%

10 Worst Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Panalpina Welt Ag	Industrials	\$218,615	0.8%	(18.78)%	2.99	25.67	3.11%	11.30%
Imperial Brands Plc Shs	Consumer Staples	\$250,556	0.9%	(18.73)%	32.46	9.09	7.04%	2.40%
Bezeq The Israeli Telecom Cp Ord	Telecommunications	\$387,397	1.4%	(16.24)%	3.49	9.94	8.78%	9.00%
Newcrest Mng Ltd Ord	Materials	\$181,387	0.7%	(15.77)%	11.51	18.03	0.86%	27.56%
Toyota Tsusho Corp Shs	Industrials	\$227,370	0.9%	(14.76)%	12.00	9.07	2.33%	21.93%
Vodafone Group Plc New Shs New	Telecommunications	\$368,603	1.4%	(14.32)%	72.68	20.15	6.81%	15.05%
British American Tobacco	Consumer Staples	\$437,984	1.6%	(13.56)%	132.92	13.27	2.92%	7.79%
Woodside Petroleum	Energy	\$494,863	1.9%	(11.27)%	21.00	15.19	4.21%	14.99%
Mg Technologies	Industrials	\$259,703	1.0%	(10.99)%	8.20	16.91	2.46%	14.15%
Qbe Insurance Group Ltd Shs	Financials	\$368,618	1.4%	(10.64)%	10.04	12.96	2.70%	1.05%

AQR

Period Ended March 31, 2018

Investment Philosophy

Returns prior to 9/30/2016 are linked to a composite history.

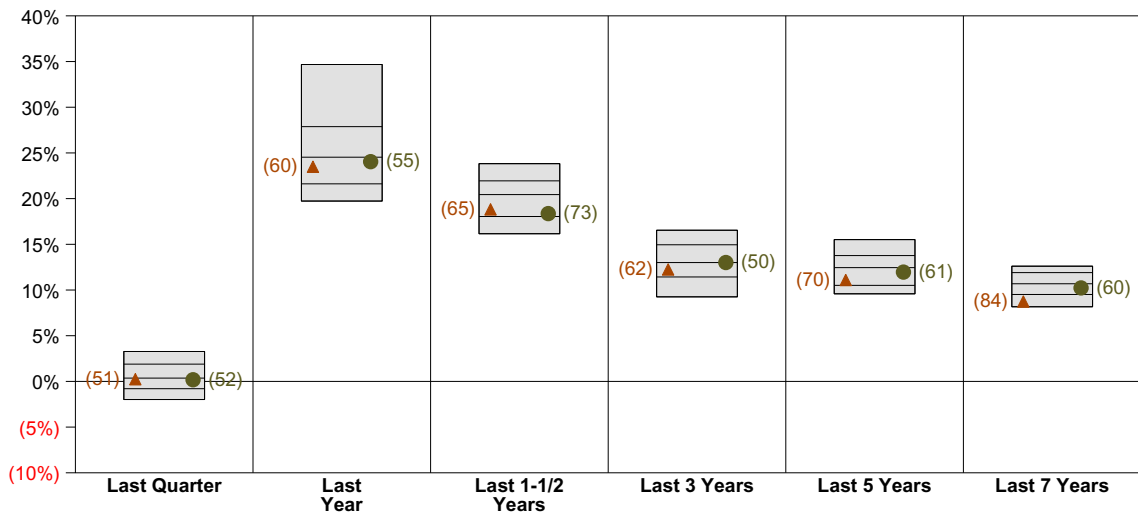
Quarterly Summary and Highlights

- AQR's portfolio posted a 0.18% return for the quarter placing it in the 52 percentile of the Callan International Small Cap group for the quarter and in the 55 percentile for the last year.
- AQR's portfolio underperformed the MSCI EAFE Small Cap Index by 0.06% for the quarter and outperformed the MSCI EAFE Small Cap Index for the year by 0.55%.

Quarterly Asset Growth

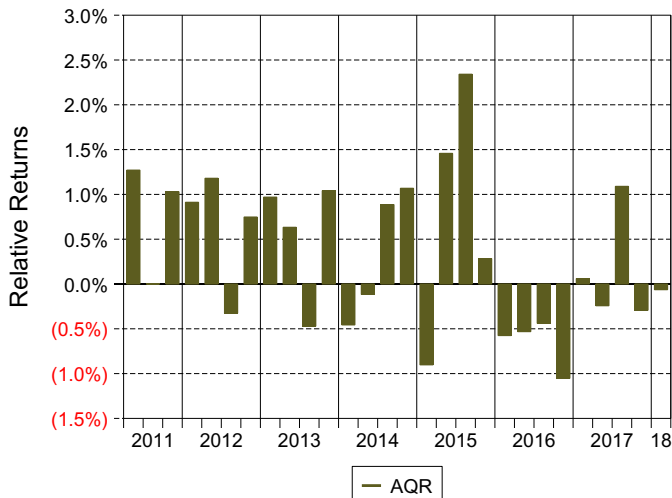
Beginning Market Value	\$15,753,947
Net New Investment	\$0
Investment Gains/(Losses)	\$-8,712
Ending Market Value	\$15,745,235

Performance vs Callan International Small Cap (Gross)

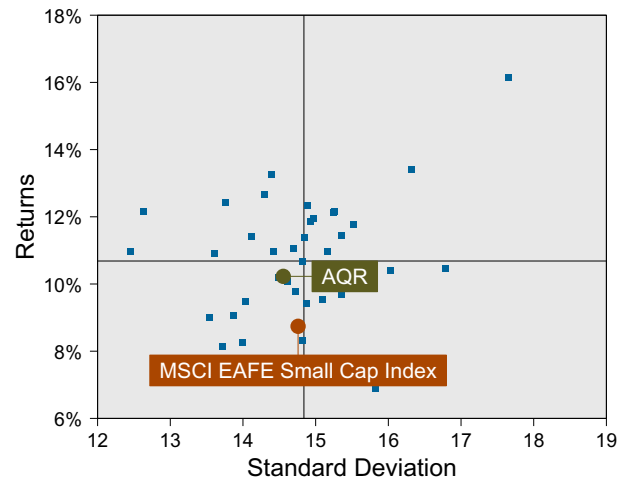


10th Percentile	3.27	34.68	23.83	16.54	15.52	12.61
25th Percentile	1.89	27.88	21.94	14.95	13.77	11.91
Median	0.36	24.53	20.44	13.00	12.45	10.68
75th Percentile	(0.80)	21.62	18.04	11.43	10.51	9.51
90th Percentile	(1.98)	19.73	16.16	9.25	9.59	8.17
AQR ●	0.18	24.04	18.36	13.01	11.96	10.23
MSCI EAFE Small Cap Index ▲	0.24	23.49	18.83	12.25	11.10	8.74

Relative Returns vs MSCI EAFE Small Cap Index



Callan International Small Cap (Gross) Annualized Seven Year Risk vs Return

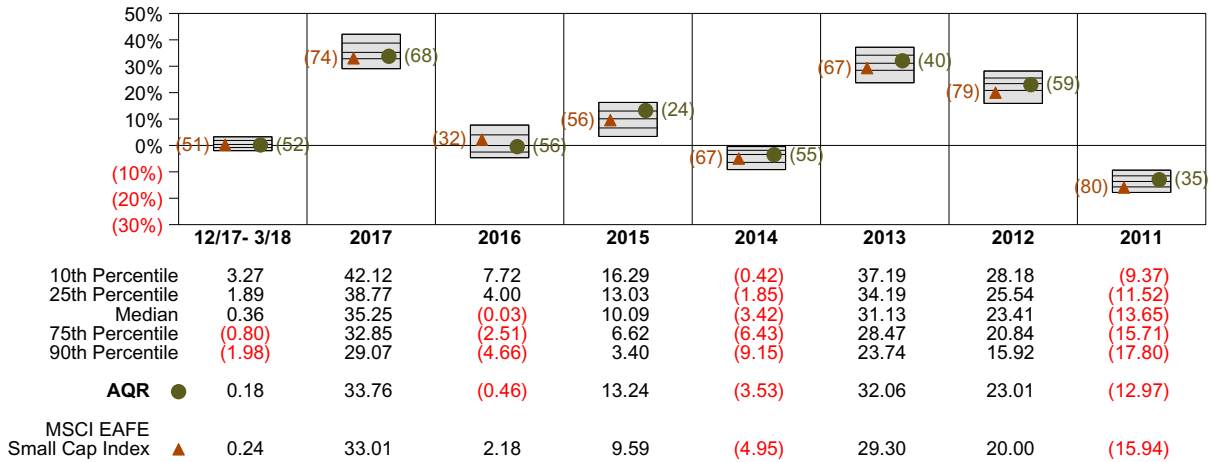


AQR Return Analysis Summary

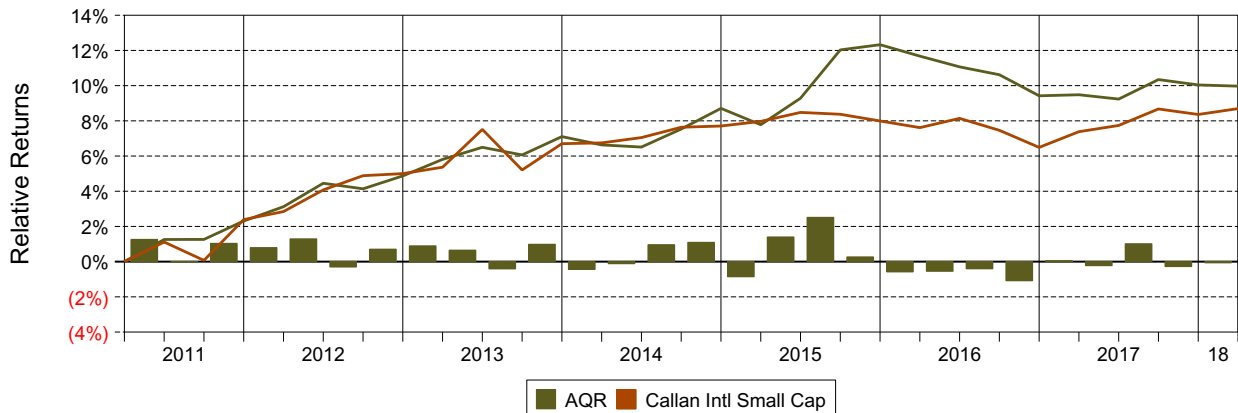
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

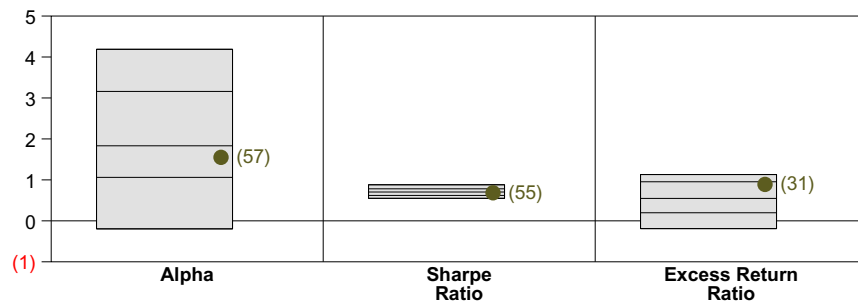
Performance vs Callan International Small Cap (Gross)



Cumulative and Quarterly Relative Return vs MSCI EAFE Small Cap Index



Risk Adjusted Return Measures vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended March 31, 2018



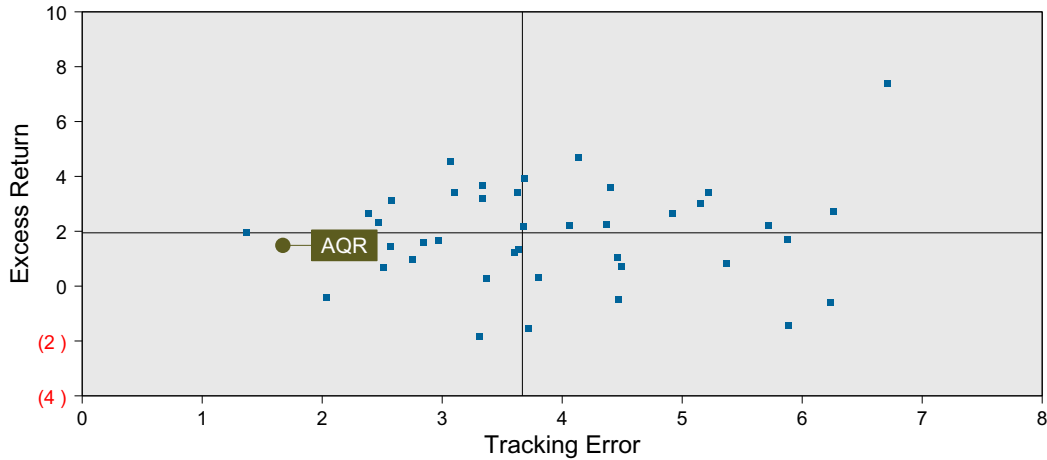
	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	4.19	0.88	1.13
25th Percentile	3.16	0.78	0.95
Median	1.83	0.70	0.55
75th Percentile	1.06	0.62	0.20
90th Percentile	(0.20)	0.55	(0.19)
AQR ●	1.55	0.68	0.89

AQR Risk Analysis Summary

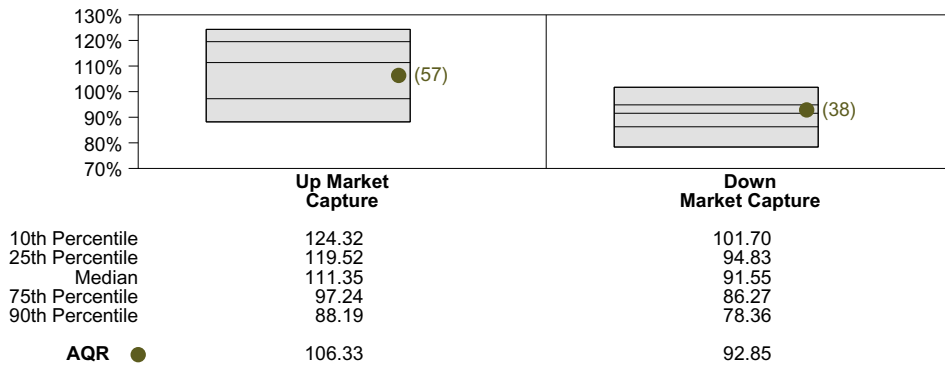
Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

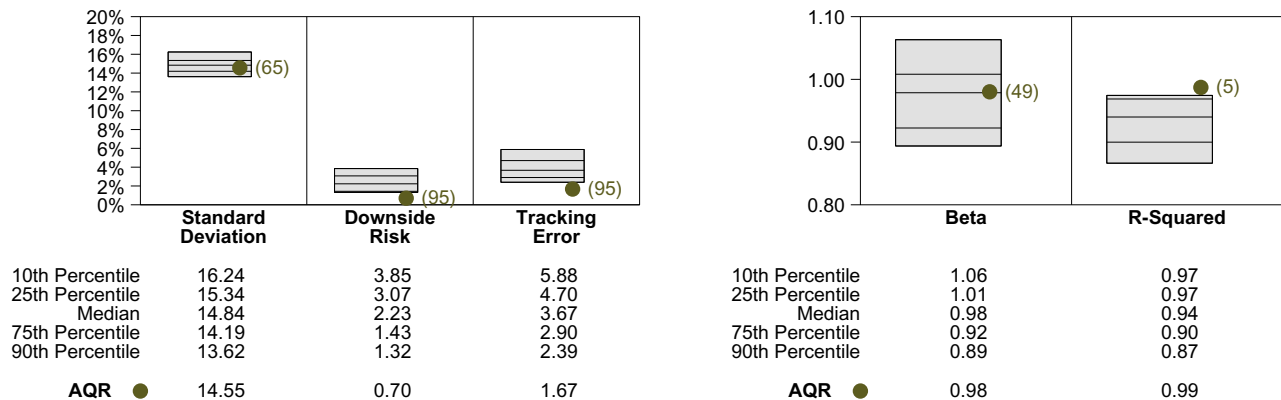
Risk Analysis vs Callan International Small Cap (Gross) Seven Years Ended March 31, 2018



Market Capture vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended March 31, 2018



Risk Statistics Rankings vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended March 31, 2018

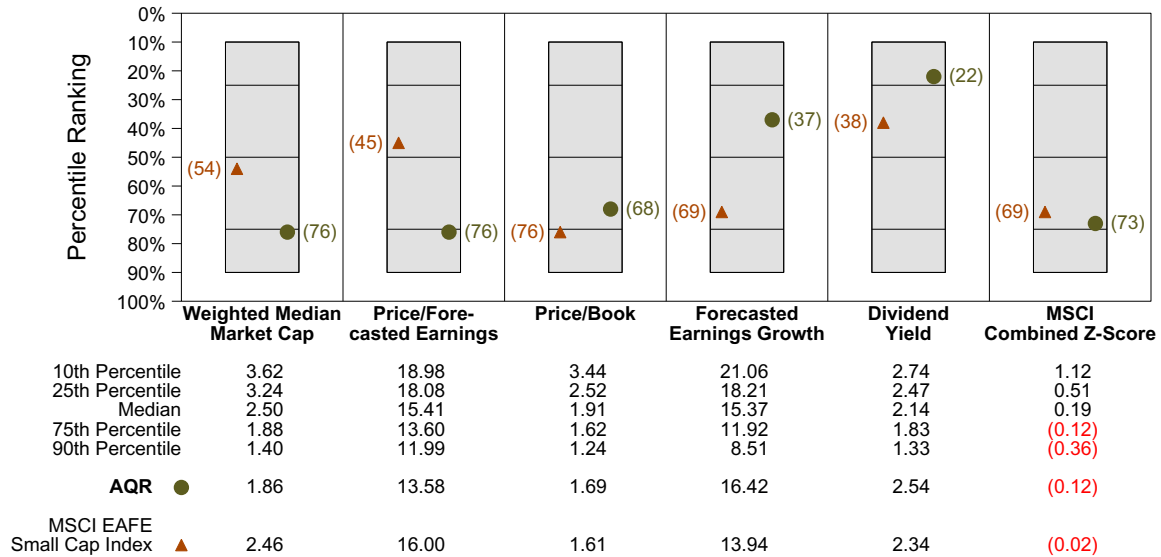


AQR Equity Characteristics Analysis Summary

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

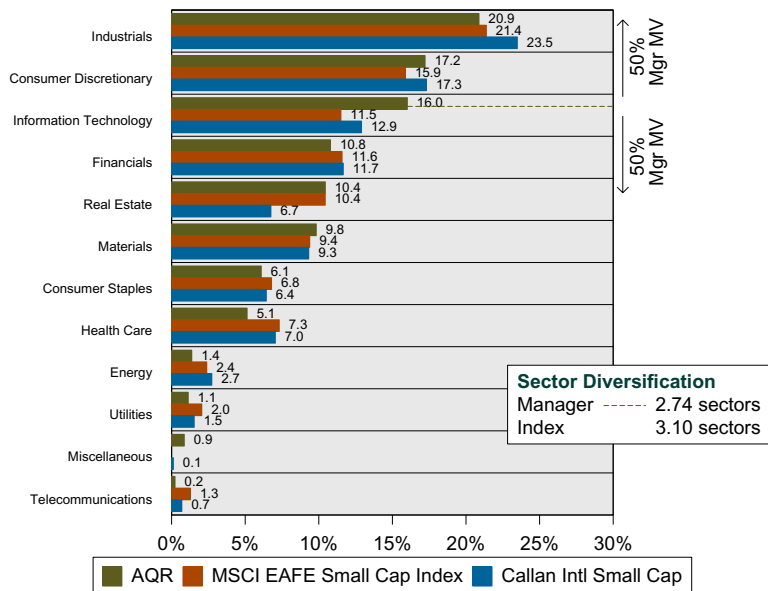
Portfolio Characteristics Percentile Rankings Rankings Against Callan International Small Cap as of March 31, 2018



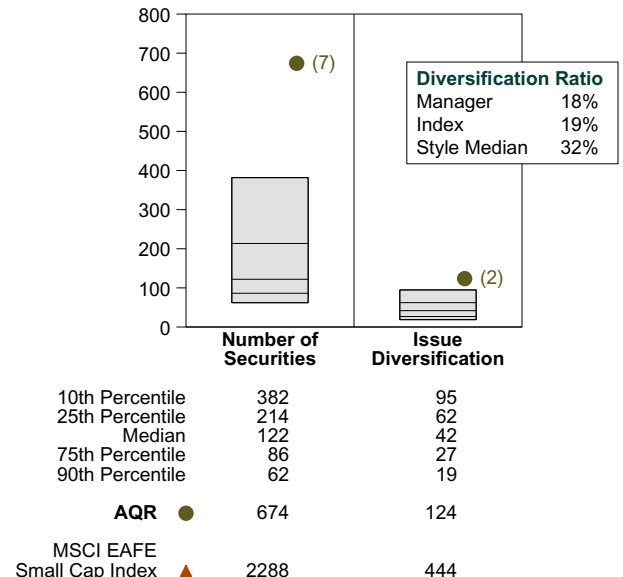
Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

Sector Allocation March 31, 2018



Diversification March 31, 2018



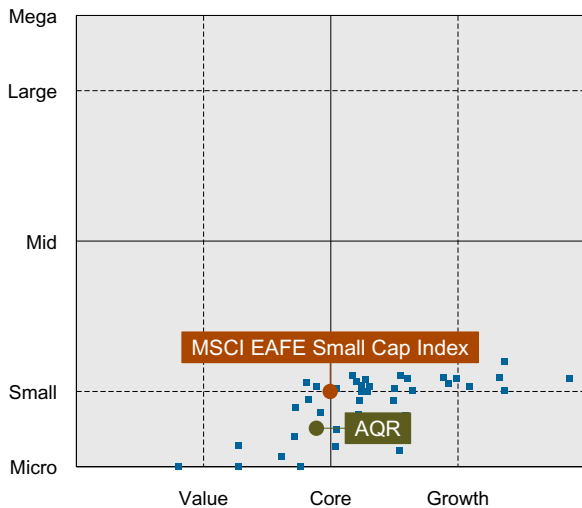
Current Holdings Based Style Analysis

AQR

As of March 31, 2018

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

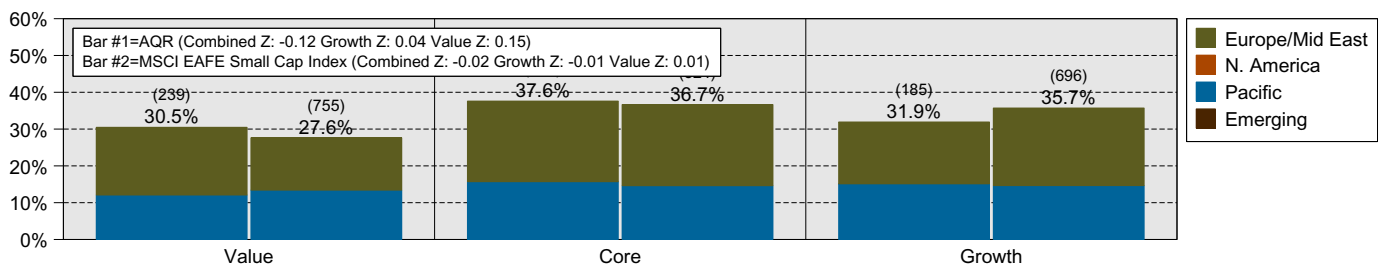
Style Map vs Callan Intl Small Cap Holdings as of March 31, 2018



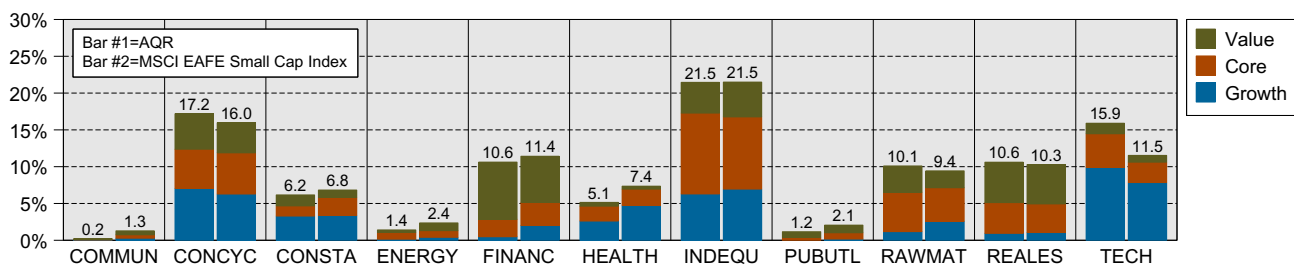
Style Exposure Matrix Holdings as of March 31, 2018

	Value	Core	Growth	Total
Europe/Mid East	18.4% (109)	21.9% (118)	16.8% (92)	57.1% (319)
N. America	14.2% (303)	22.0% (401)	21.1% (333)	57.3% (1037)
Pacific	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Emerging	12.1% (130)	15.7% (114)	15.1% (93)	42.9% (337)
	13.4% (452)	14.6% (423)	14.6% (363)	42.7% (1238)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	30.5% (239)	37.6% (232)	31.9% (185)	100.0% (656)
	27.6% (755)	36.7% (824)	35.7% (696)	100.0% (2275)

Combined Z-Score Style Distribution Holdings as of March 31, 2018



Sector Weights Distribution Holdings as of March 31, 2018



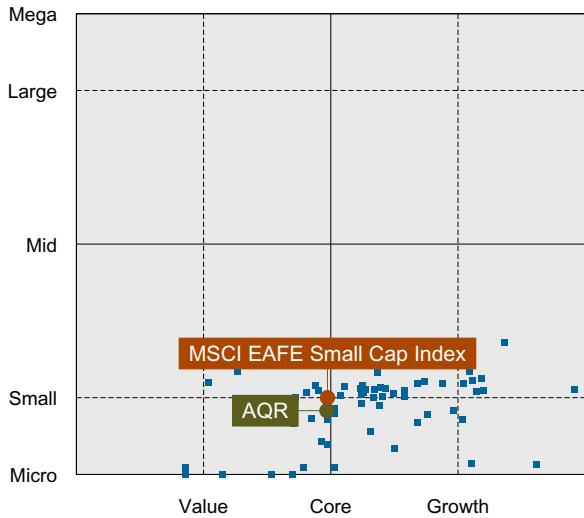
Historical Holdings Based Style Analysis

AQR

For Five Years Ended March 31, 2018

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various region and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The next two style exposure charts illustrate the actual quarterly region/style and style only segment exposures of the portfolio through history.

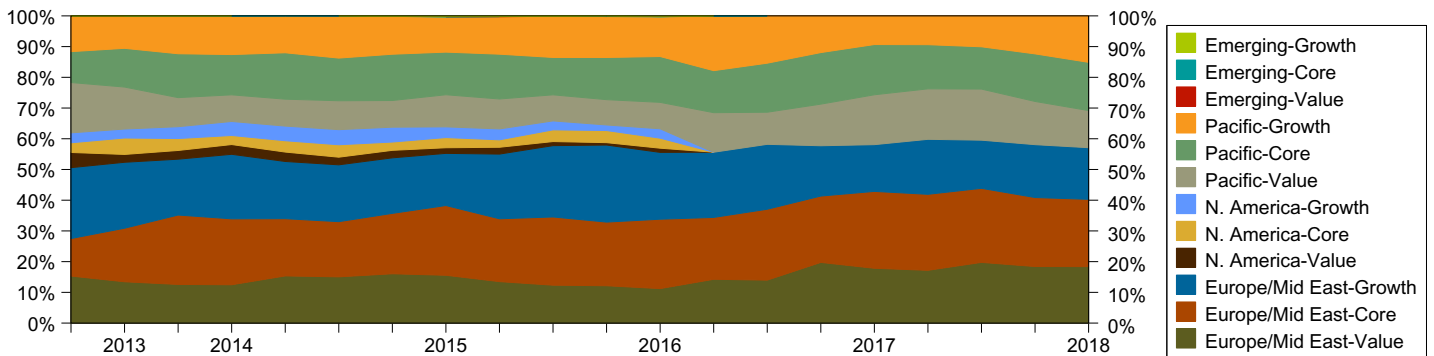
Average Style Map vs Callan Intl Small Cap Holdings for Five Years Ended March 31, 2018



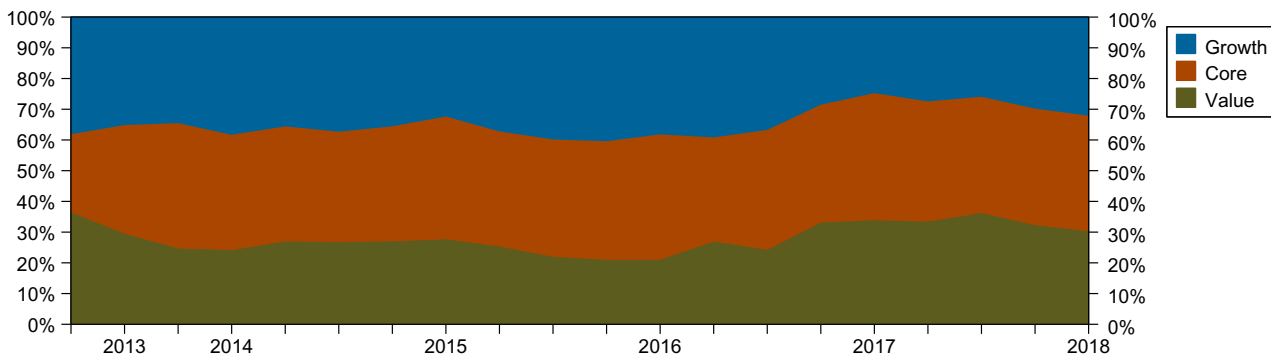
Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2018

	15.2% (99)	21.1% (113)	19.4% (89)	55.7% (301)
Europe/ Mid East	15.7% (308)	22.1% (357)	20.4% (307)	58.1% (972)
N. America	1.5% (14)	2.1% (17)	2.2% (14)	5.8% (45)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	11.6% (123)	14.3% (118)	12.5% (88)	38.4% (329)
	13.4% (436)	14.5% (422)	13.8% (357)	41.7% (1215)
Emerging	0.0% (0)	0.0% (1)	0.1% (1)	0.1% (2)
	0.0% (1)	0.1% (3)	0.0% (1)	0.1% (5)
Total	28.3% (236)	37.5% (249)	34.2% (192)	100.0% (677)
	29.1% (745)	36.7% (782)	34.2% (665)	100.0% (2192)
	Value	Core	Growth	Total

AQR Historical Region/Style Exposures



AQR Historical Style Only Exposures

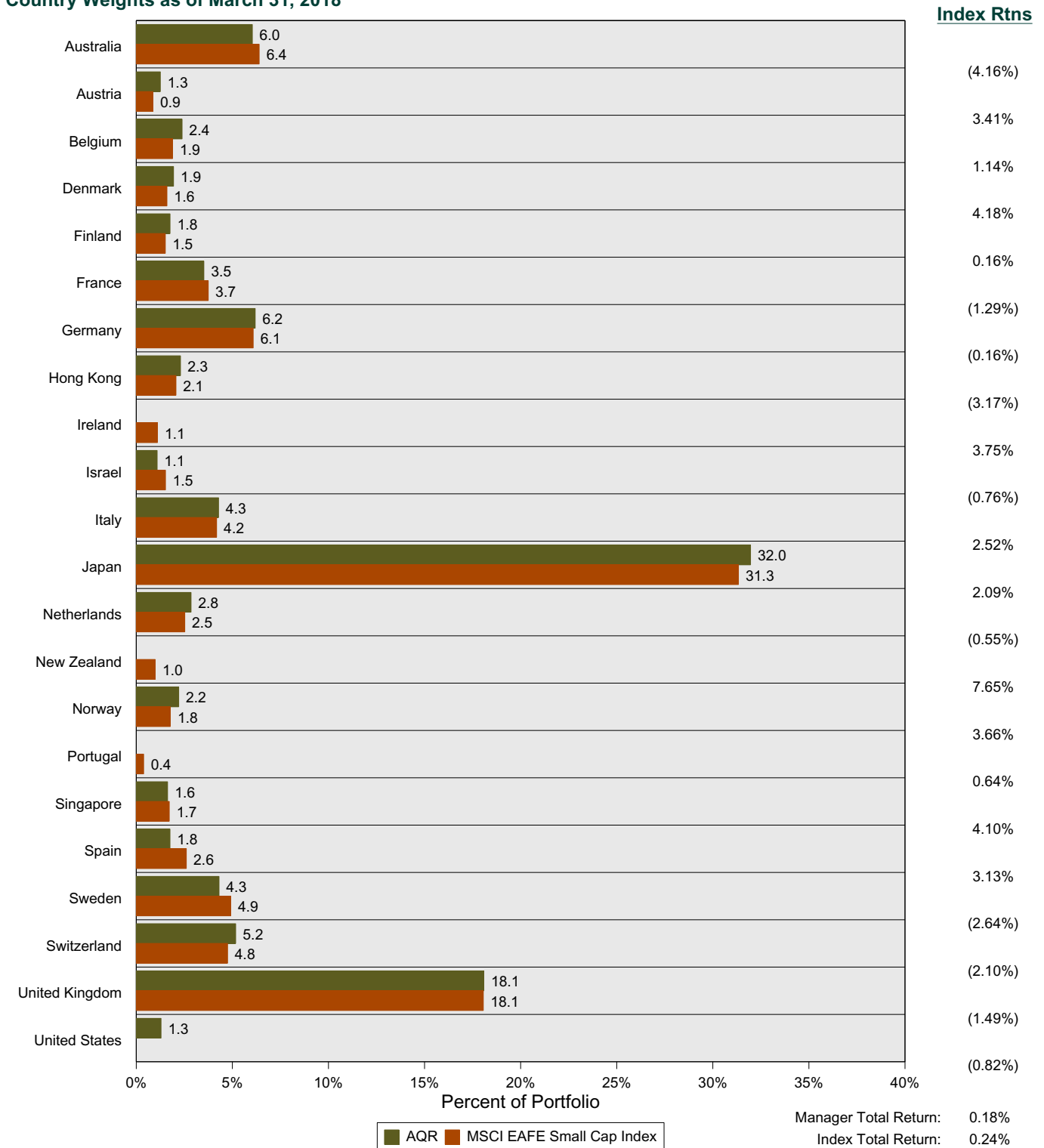


Country Allocation AQR VS MSCI EAFE Small Cap Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2018. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

Country Weights as of March 31, 2018



AQR Top 10 Portfolio Holdings Characteristics as of March 31, 2018

10 Largest Holdings

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Be Semiconductor Inds NV Bes Ord Shs	Information Technology	\$170,693	1.1%	21.67%	4.09	17.08	5.59%	53.69%
Plus500 (Di)	Financials	\$153,032	1.0%	42.64%	1.82	7.44	664.64%	31.86%
Electrocomponent Plc Ord	Information Technology	\$144,878	0.9%	(0.65)%	3.72	19.45	2.09%	15.96%
Evraz Plc	Materials	\$132,448	0.8%	39.06%	8.73	7.82	10.06%	127.35%
Fenner Plc Shs	Industrials	\$131,057	0.8%	58.92%	1.66	24.54	0.69%	(19.91)%
Aurubis Ag Shs	Materials	\$130,433	0.8%	(10.23)%	3.69	12.58	2.17%	(1.10)%
Moneysupermarket Com Group P Shs	Information Technology	\$128,606	0.8%	(16.50)%	2.16	16.68	3.64%	5.67%
Sandfire Resources NI Shs	Materials	\$115,746	0.7%	4.57%	0.89	7.96	2.87%	28.13%
Cattolica Assicurazioni	Financials	\$114,151	0.7%	(2.11)%	1.85	10.23	4.05%	54.00%
Cembra Money Bank N Ord	Financials	\$110,068	0.7%	(5.02)%	2.66	16.50	4.19%	0.10%

10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Bellamys Australia	Consumer Staples	\$34,416	0.2%	86.02%	1.72	35.23	0.84%	46.62%
Sirtex Medical Ltd Shs	Health Care	\$11,005	0.1%	65.77%	1.19	25.76	2.16%	20.75%
Fenner Plc Shs	Industrials	\$131,057	0.8%	58.92%	1.66	24.54	0.69%	(19.91)%
Swissquote Group Holding Ag Ord	Financials	\$22,136	0.1%	54.71%	0.93	18.99	1.55%	172.40%
Altium Ltd Shs	Information Technology	\$38,011	0.2%	47.48%	1.99	43.61	1.26%	22.65%
Koshidaka	Consumer Discretionary	\$67,459	0.4%	46.52%	1.41	30.41	0.44%	5.38%
Lasertec	Information Technology	\$26,227	0.2%	45.75%	1.73	38.14	1.02%	41.22%
Nihon M & A Center Inc Shs	Industrials	\$27,334	0.2%	44.68%	5.64	56.97	0.47%	30.92%
Plus500 (Di)	Financials	\$153,032	1.0%	42.64%	1.82	7.44	664.64%	31.86%
Japan Lifeline	Health Care	\$21,115	0.1%	40.70%	2.64	28.11	0.48%	51.23%

10 Worst Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Conviviality Retail	Consumer Staples	\$13,306	0.1%	(74.01)%	0.26	5.59	12.45%	22.45%
Myer Holdings Ltd Npv	Consumer Discretionary	\$4,283	0.0%	(44.30)%	0.24	8.22	13.33%	(22.04)%
Verbio	Energy	\$25,013	0.2%	(43.36)%	0.34	13.84	4.59%	107.81%
Ishihara Sangyo Kaisha Ltd Shs	Materials	\$19,898	0.1%	(35.40)%	0.49	6.59	0.00%	35.01%
Scandic Hotels Group	Consumer Discretionary	\$70,302	0.4%	(33.63)%	0.98	11.36	4.10%	9.08%
Nbrown Group Plc Shs	Consumer Discretionary	\$6,047	0.0%	(32.39)%	0.70	7.58	8.06%	(6.31)%
Bet-At-Home.Com (Xet)	Consumer Discretionary	\$38,741	0.2%	(32.29)%	0.60	12.75	10.87%	5.10%
Air France Klm Shs	Industrials	\$67,528	0.4%	(32.05)%	4.75	4.37	0.00%	4.78%
Global Brands Group Holding Lt	Consumer Discretionary	\$20,314	0.1%	(31.65)%	0.48	5.60	0.00%	(16.79)%
B Communications Ltd Shs	Telecommunications	\$1,418	0.0%	(28.54)%	0.39	16.39	29.98%	-

DFA Emerging Markets Period Ended March 31, 2018

Investment Philosophy

Returns prior to 6/30/2013 are linked to a composite history.

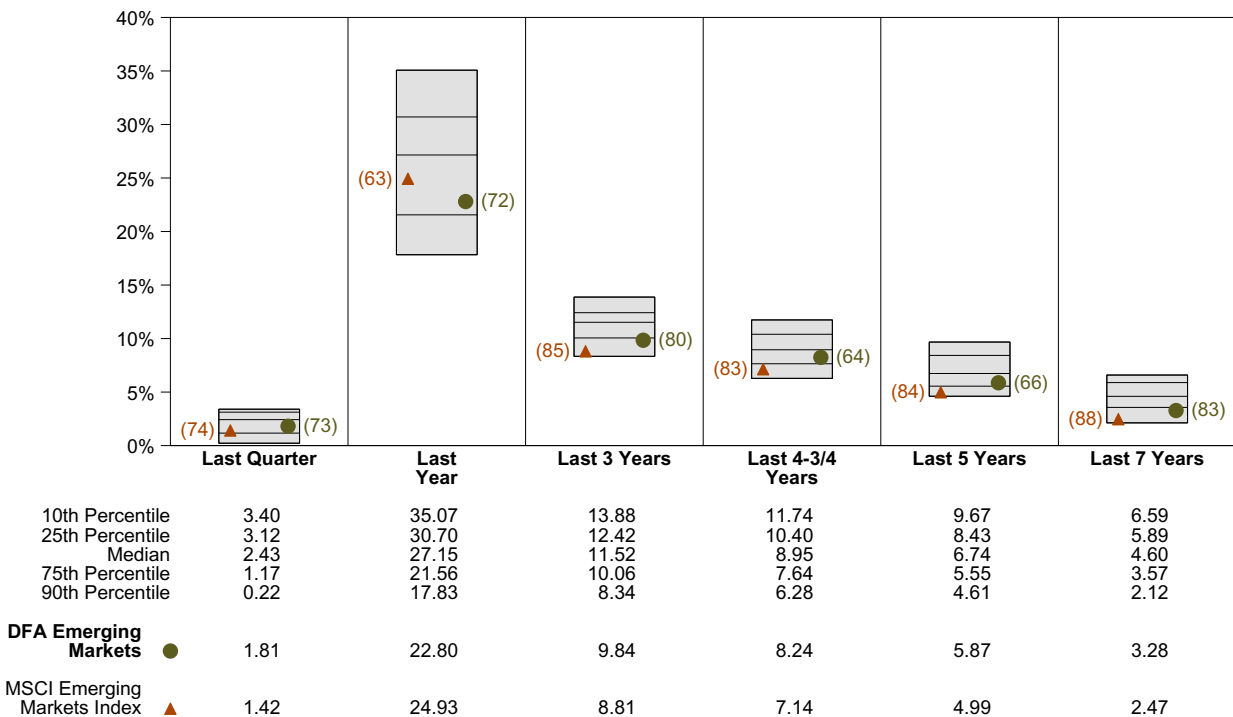
Quarterly Summary and Highlights

- DFA Emerging Markets's portfolio posted a 1.81% return for the quarter placing it in the 73 percentile of the Callan Emerging Markets Equity Mut Funds group for the quarter and in the 72 percentile for the last year.
- DFA Emerging Markets's portfolio outperformed the MSCI Emerging Markets Index by 0.40% for the quarter and underperformed the MSCI Emerging Markets Index for the year by 2.13%.

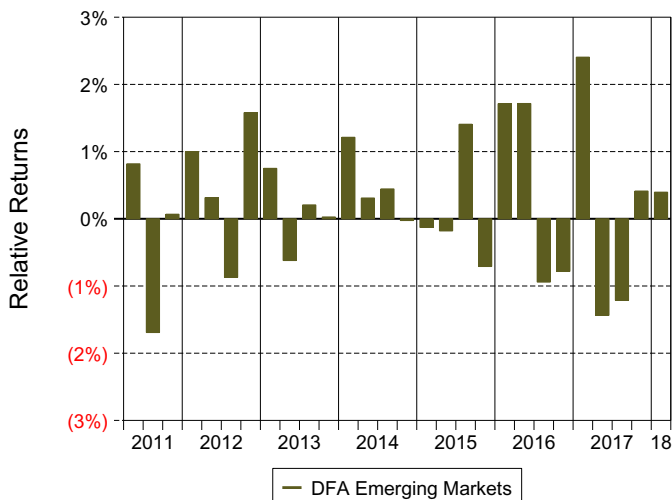
Quarterly Asset Growth

Beginning Market Value	\$17,727,184
Net New Investment	\$0
Investment Gains/(Losses)	\$297,743
Ending Market Value	\$18,024,927

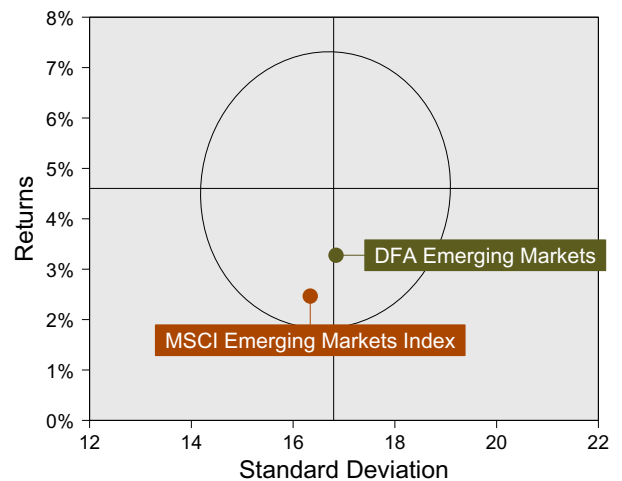
Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



Relative Returns vs MSCI Emerging Markets Index



Callan Emerging Markets Equity Mut Funds (Gross) Annualized Seven Year Risk vs Return

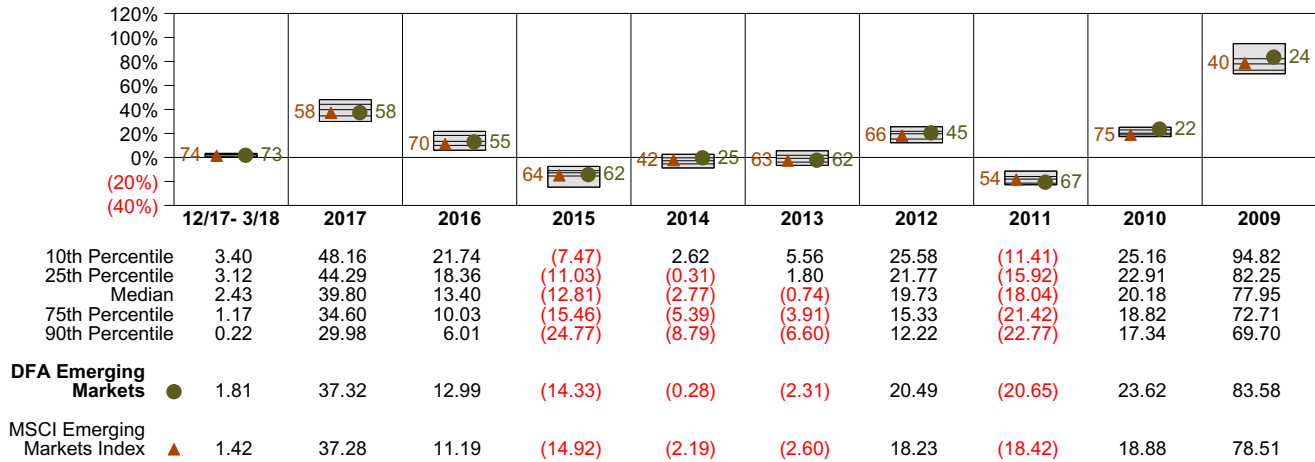


DFA Emerging Markets Return Analysis Summary

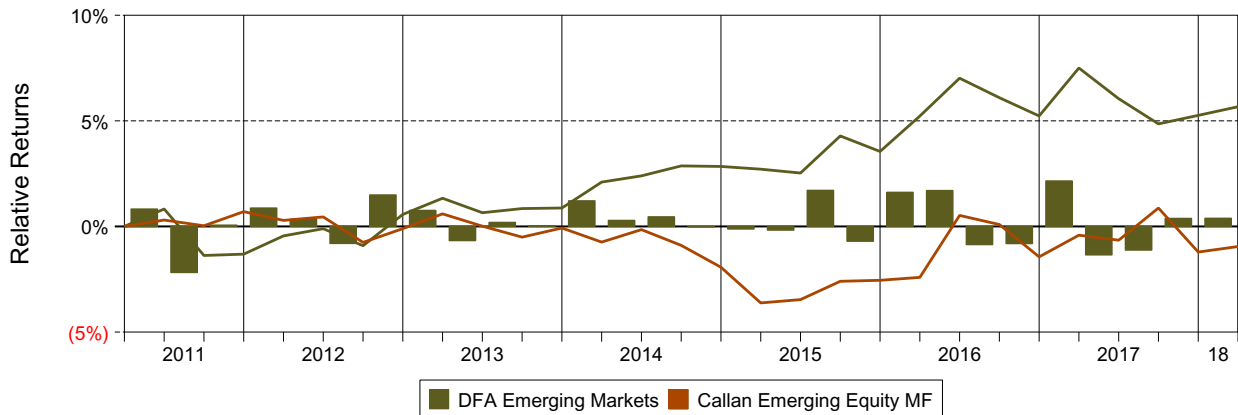
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

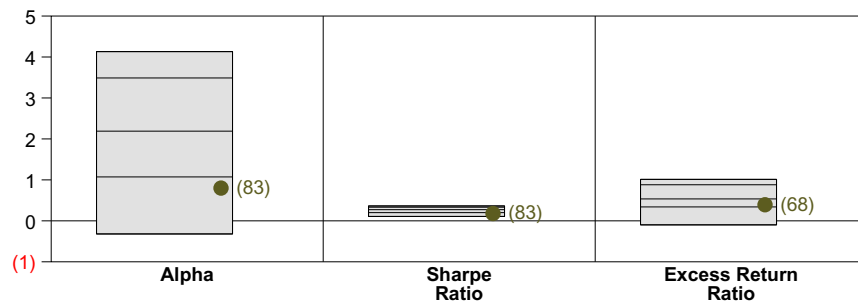
Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



Cumulative and Quarterly Relative Return vs MSCI Emerging Markets Index



Risk Adjusted Return Measures vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended March 31, 2018



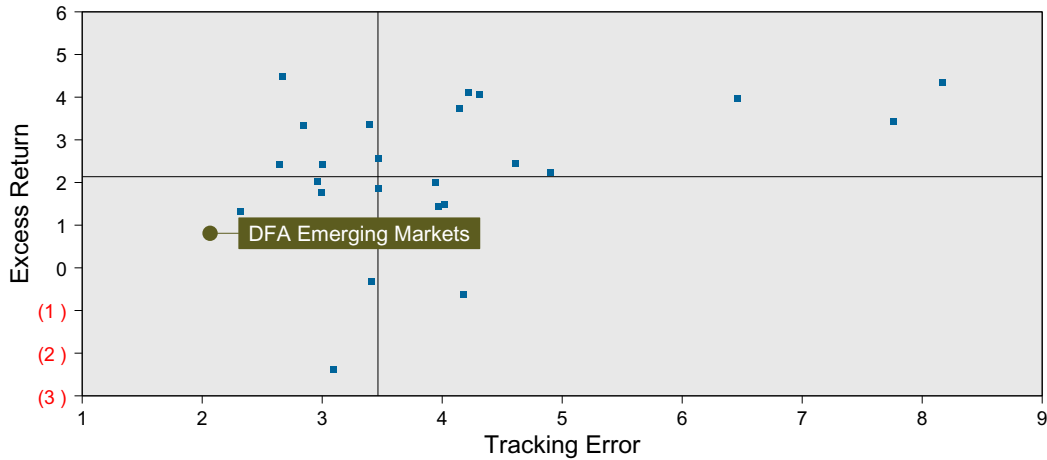
10th Percentile	4.13	0.36	1.01
25th Percentile	3.49	0.33	0.88
Median	2.19	0.27	0.54
75th Percentile	1.07	0.20	0.34
90th Percentile	(0.32)	0.11	(0.10)
DFA Emerging Markets	● 0.80	0.18	0.39

DFA Emerging Markets Risk Analysis Summary

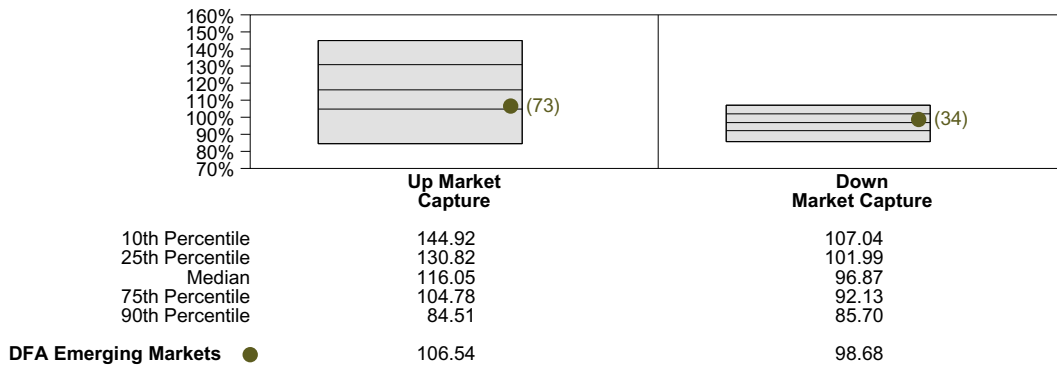
Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

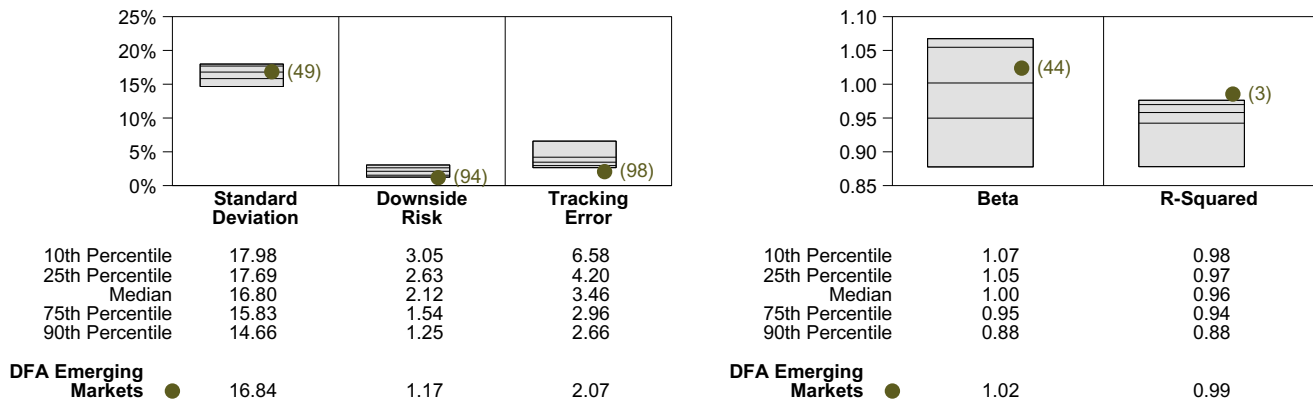
Risk Analysis vs Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended March 31, 2018



Market Capture vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended March 31, 2018



Risk Statistics Rankings vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended March 31, 2018

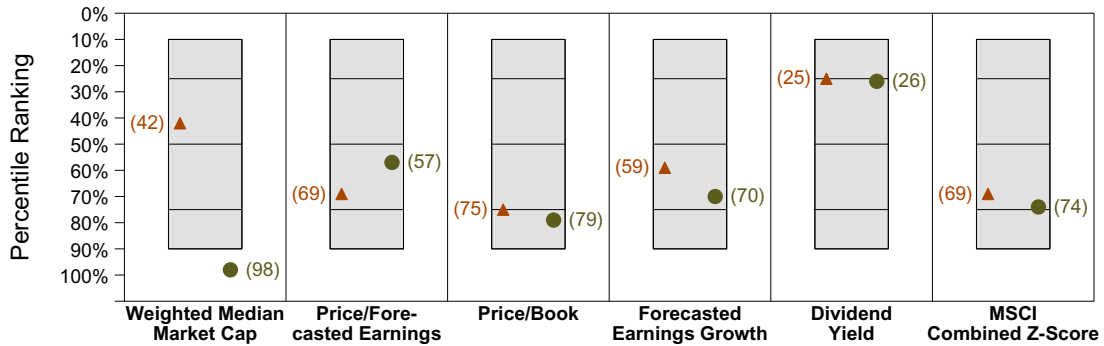


DFA Emerging Markets Equity Characteristics Analysis Summary

Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Emerging Markets Equity Mut Funds as of March 31, 2018

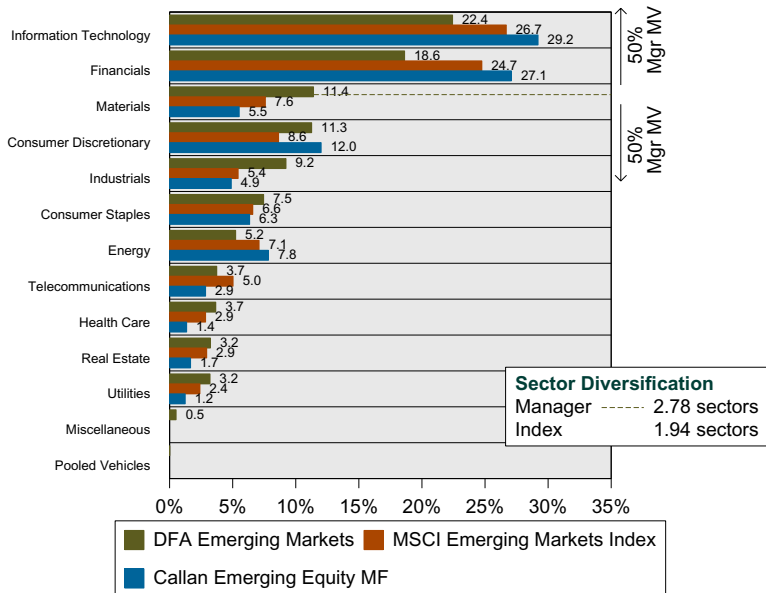


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	42.87	17.12	3.74	25.74	3.15	0.79
25th Percentile	36.37	14.87	2.70	20.98	2.37	0.48
Median	21.53	12.81	1.94	19.60	2.03	0.09
75th Percentile	17.80	11.45	1.74	15.19	1.75	(0.15)
90th Percentile	7.92	10.19	1.26	13.45	1.55	(0.58)
DFA Emerging Markets	6.39	12.60	1.60	16.22	2.26	(0.14)
MSCI Emerging Markets Index	22.38	11.98	1.74	17.98	2.35	(0.04)

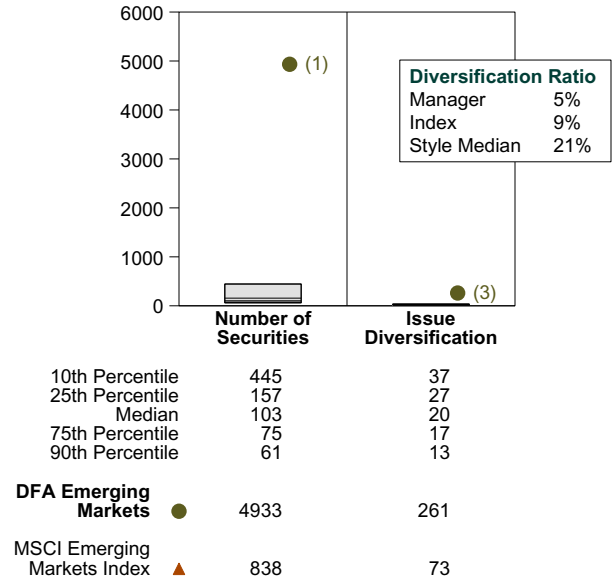
Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

Sector Allocation March 31, 2018



Diversification March 31, 2018



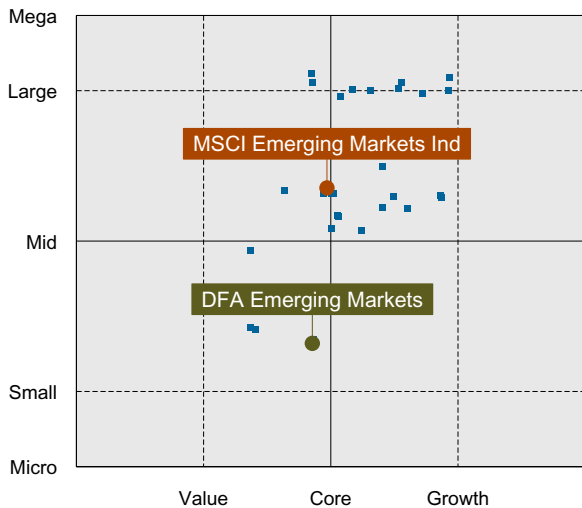
Current Holdings Based Style Analysis

DFA Emerging Markets

As of March 31, 2018

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

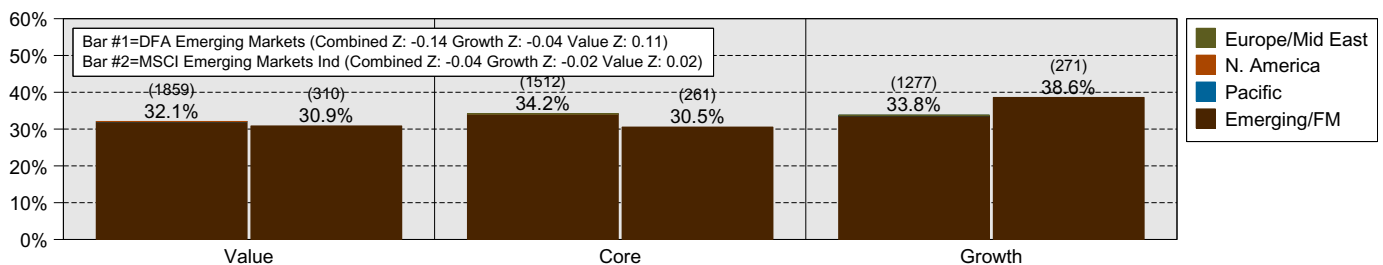
Style Map vs Callan Emerging Equity MF Holdings as of March 31, 2018



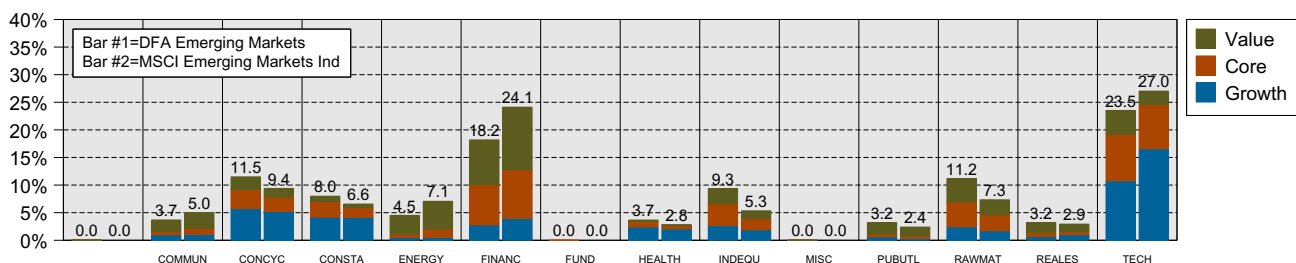
Style Exposure Matrix Holdings as of March 31, 2018

	Value	Core	Growth	Total
Europe/ Mid East	0.0% (0) 0.0% (0)	0.0% (1) 0.0% (0)	0.0% (1) 0.0% (0)	0.0% (2) 0.0% (0)
N. America	0.0% (4) 0.0% (0)	0.0% (9) 0.0% (0)	0.0% (0) 0.0% (0)	0.1% (13) 0.0% (0)
Pacific	0.0% (26) 0.0% (0)	0.0% (22) 0.0% (0)	0.1% (15) 0.0% (0)	0.2% (63) 0.0% (0)
Emerging/ FM	32.0% (1829) 30.9% (310)	34.1% (1480) 30.5% (261)	33.6% (1261) 38.6% (271)	99.7% (4570) 100.0% (842)
Total	32.1% (1859) 30.9% (310)	34.2% (1512) 30.5% (261)	33.8% (1277) 38.6% (271)	100.0% (4648) 100.0% (842)

Combined Z-Score Style Distribution Holdings as of March 31, 2018



Sector Weights Distribution Holdings as of March 31, 2018



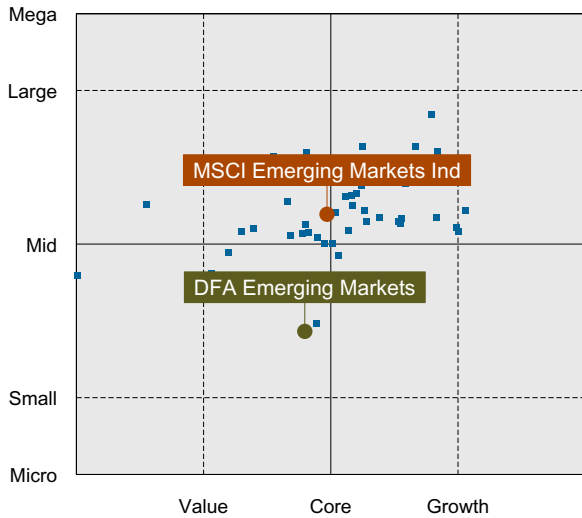
Historical Holdings Based Style Analysis

DFA Emerging Markets

For Five Years Ended March 31, 2018

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various region and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The next two style exposure charts illustrate the actual quarterly region/style and style only segment exposures of the portfolio through history.

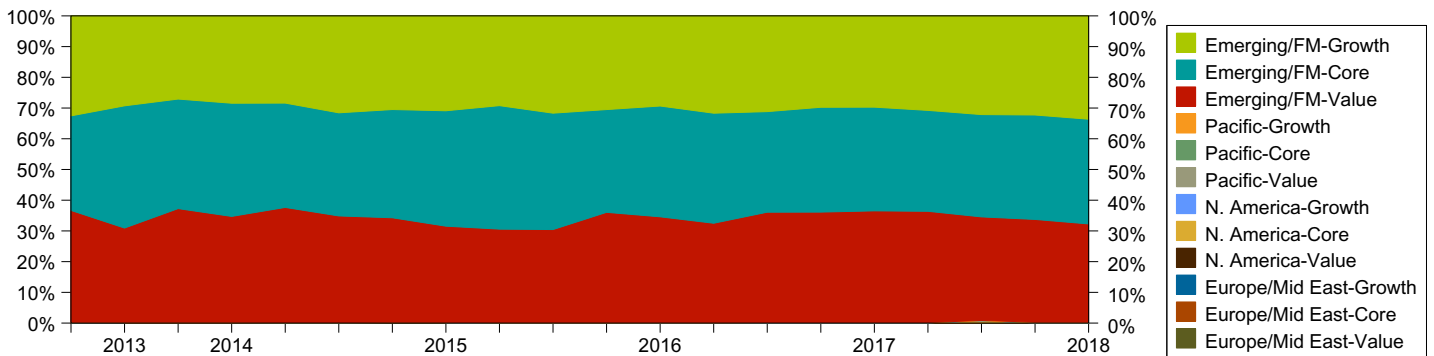
Average Style Map vs Callan Emerging Equity MF Holdings for Five Years Ended March 31, 2018



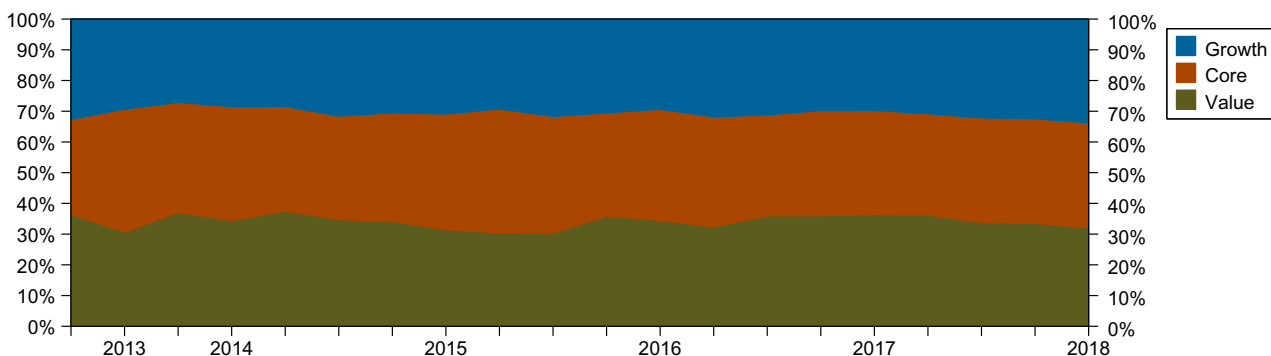
Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2018

	0.0% (1)	0.1% (2)	0.0% (0)	0.1% (3)
Europe/ Mid East	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
N. America	0.0% (1)	0.0% (3)	0.0% (1)	0.1% (5)
Pacific	0.0% (13)	0.0% (19)	0.0% (7)	0.1% (39)
Emerging/ FM	34.2% (1419)	35.1% (1455)	30.5% (891)	99.8% (3765)
	32.3% (288)	31.7% (253)	36.0% (280)	100.0% (821)
Total	34.2% (1434)	35.2% (1479)	30.6% (899)	100.0% (3812)
	32.3% (288)	31.7% (253)	36.0% (280)	100.0% (821)
	Value	Core	Growth	Total

DFA Emerging Markets Historical Region/Style Exposures



DFA Emerging Markets Historical Style Only Exposures



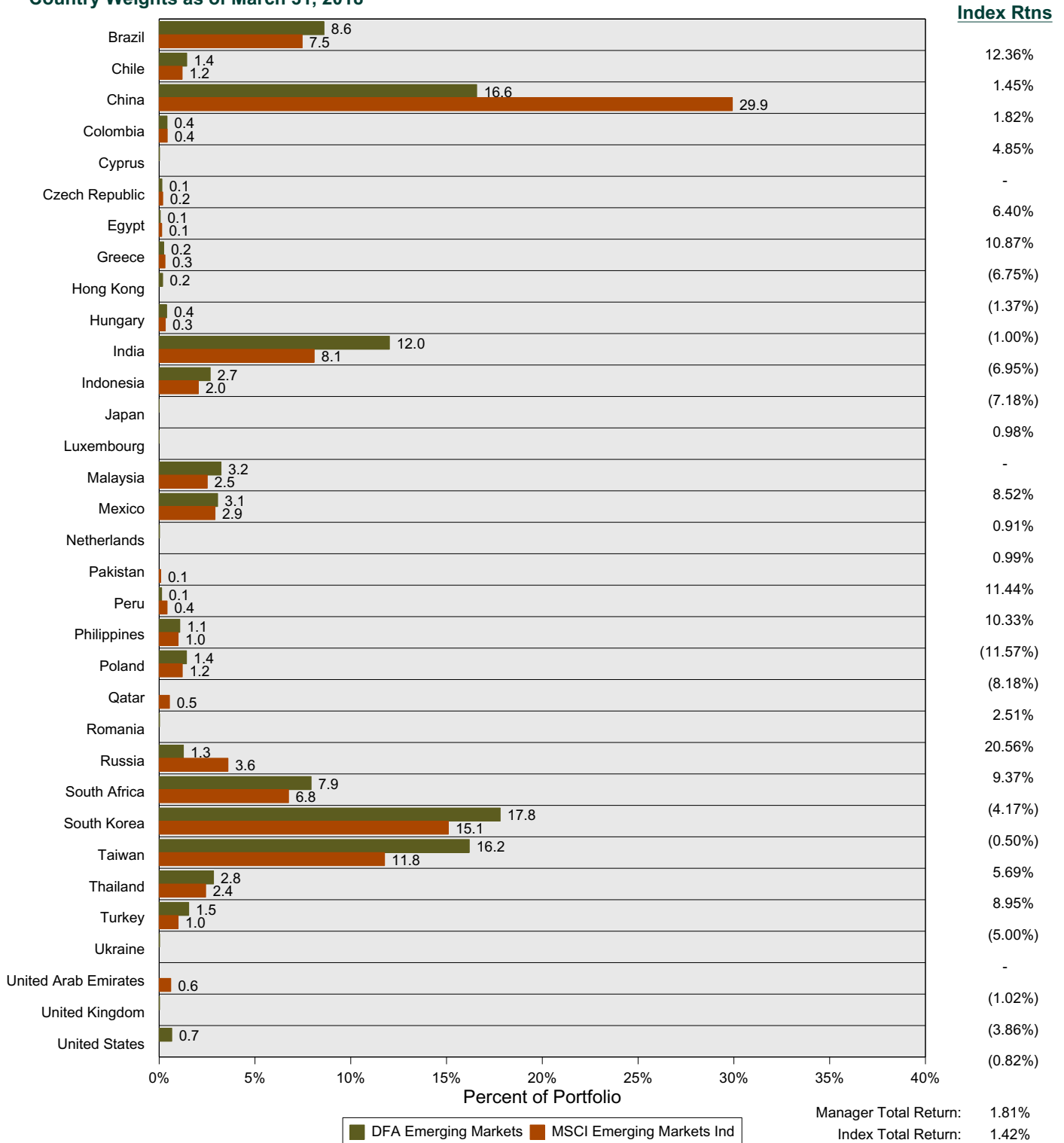
Country Allocation

DFA Emerging Markets VS MSCI Emerging Markets Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2018. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

Country Weights as of March 31, 2018



DFA Emerging Markets Top 10 Portfolio Holdings Characteristics as of March 31, 2018

10 Largest Holdings

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Samsung Electronics Co Ltd Ord	Information Technology	\$672,877	3.7%	(2.15)%	296.42	6.92	1.73%	33.61%
Tencent Holdings Limited Shs Par Hkd	Information Technology	\$334,180	1.9%	0.49%	495.97	34.49	0.21%	40.40%
Taiwan Semiconductor Mfg Co Ltd Spon	Information Technology	\$252,874	1.4%	10.37%	218.78	16.14	2.85%	9.74%
Taiwan Semicond Manufac Co L Shs	Information Technology	\$212,996	1.2%	9.40%	218.78	16.14	2.85%	9.74%
Alibaba Group Hldg Ltd Sponsored Ads	Information Technology	\$150,011	0.8%	6.44%	470.07	27.03	0.00%	33.51%
Sk Hynix Inc Shs	Information Technology	\$147,032	0.8%	0.00%	55.53	4.55	1.23%	55.35%
China Construction Bank Shs H	Financials	\$145,491	0.8%	11.50%	246.90	6.01	4.52%	6.35%
Vale Sa Shs	Materials	\$130,021	0.7%	5.83%	67.11	8.51	1.55%	-
Ping An Insurance H	Financials	\$110,631	0.6%	(2.29)%	75.73	11.37	2.33%	16.00%
Itau Unibanco Holding Sa Pfd Shs	Financials	\$108,503	0.6%	25.65%	49.87	12.16	2.89%	10.73%

10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Feelux	Information Technology	\$3,933	0.0%	560.00%	0.65	228.45	0.24%	17.05%
Cp Tech.	Information Technology	\$944	0.0%	353.77%	0.34	51.62	0.00%	-
Dong Sung Pharm.	Health Care	\$744	0.0%	337.04%	0.51	(887.39)	0.00%	-
Samil Pharm.	Health Care	\$186	0.0%	303.66%	0.17	(100.06)	0.45%	-
Via Technologies	Information Technology	\$363	0.0%	262.50%	0.64	645.00	0.00%	-
Sfc	Materials	\$395	0.0%	262.50%	0.31	(18.53)	0.00%	-
China Qinfa Group	Energy	\$16	0.0%	243.50%	0.21	9.44	0.00%	-
Bgf Retail Co Ltd	Industrials	\$6,585	0.0%	200.00%	1.17	3.26	1.53%	32.21%
Yuhwa	Health Care	\$768	0.0%	178.33%	0.86	(24.35)	0.00%	-
Biotechx	Health Care	\$820	0.0%	162.50%	0.26	278.62	0.00%	-

10 Worst Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Fossal S A A Sponsored Adr	Miscellaneous	\$1	0.0%	(69.88)%	0.03	-	0.00%	-
Shanghai Tonva Petroch. 'h'	Industrials	\$337	0.0%	(66.54)%	0.17	4.50	5.23%	(6.65)%
Jaypee Infratech	Industrials	\$248	0.0%	(65.91)%	0.18	-	11.90%	(10.40)%
Bombay Rayon Fashion	Consumer Discretionary	\$6	0.0%	(65.85)%	0.21	-	0.00%	-
Gtl Infrastructure	Telecommunications	\$84	0.0%	(64.29)%	0.48	(1.33)	0.00%	-
Jbf Industries	Consumer Discretionary	\$226	0.0%	(63.40)%	0.11	-	1.19%	-
Geomaxima Energy Hdg.	Energy	\$291	0.0%	(60.88)%	0.14	(7.00)	0.00%	-
Scomi Group Bhd Shs	Energy	\$79	0.0%	(59.51)%	0.03	(1.11)	0.00%	-
Link Motion Inc Sponsrd Ads Cl A	Information Technology	\$211	0.0%	(58.71)%	0.15	(3.71)	0.00%	-
Renova Unit	Utilities	\$8	0.0%	(53.89)%	0.12	(8.16)	0.00%	-

Metropolitan West Period Ended March 31, 2018

Investment Philosophy

Metropolitan West Asset Management (MWAM) attempts to add value by limiting duration, managing the yield curve, rotating among bond market sectors and using proprietary quantitative valuation techniques.

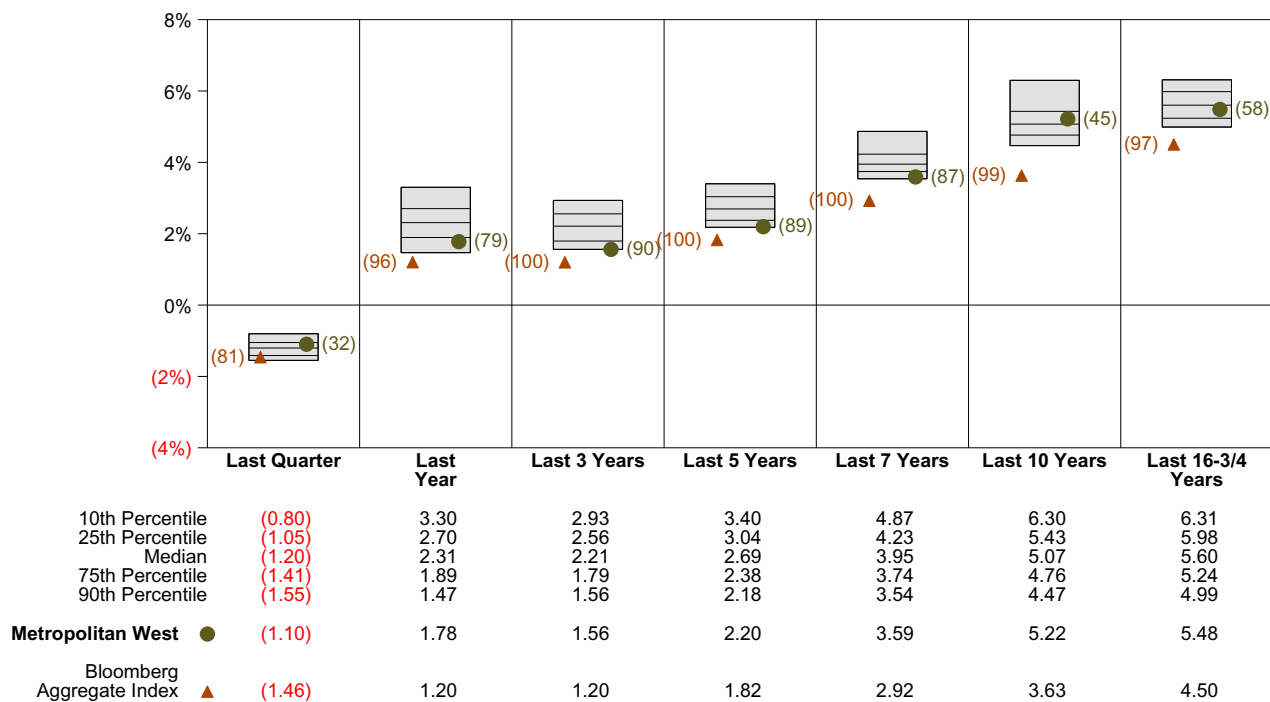
Quarterly Summary and Highlights

- Metropolitan West's portfolio posted a (1.10)% return for the quarter placing it in the 32 percentile of the Callan Core Plus Fixed Income group for the quarter and in the 79 percentile for the last year.
- Metropolitan West's portfolio outperformed the Bloomberg Aggregate Index by 0.36% for the quarter and outperformed the Bloomberg Aggregate Index for the year by 0.57%.

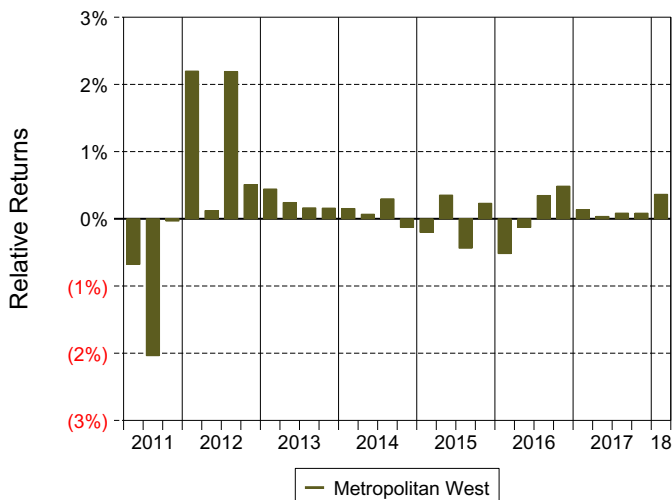
Quarterly Asset Growth

Beginning Market Value	\$89,740,069
Net New Investment	\$12,115,111
Investment Gains/(Losses)	\$-1,033,918
Ending Market Value	\$100,821,262

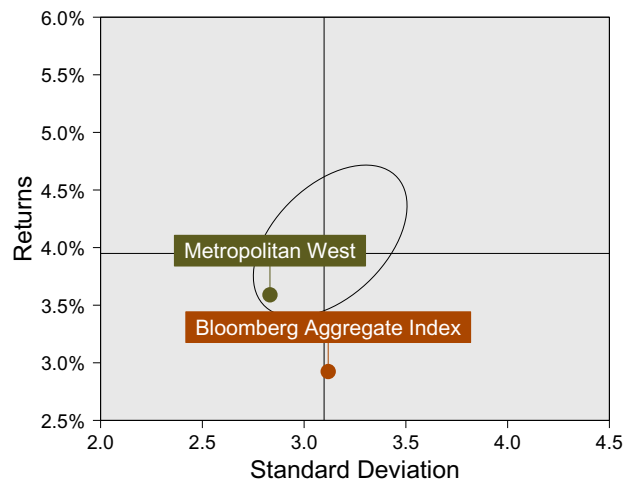
Performance vs Callan Core Plus Fixed Income (Gross)



Relative Returns vs Bloomberg Aggregate Index



Callan Core Plus Fixed Income (Gross) Annualized Seven Year Risk vs Return

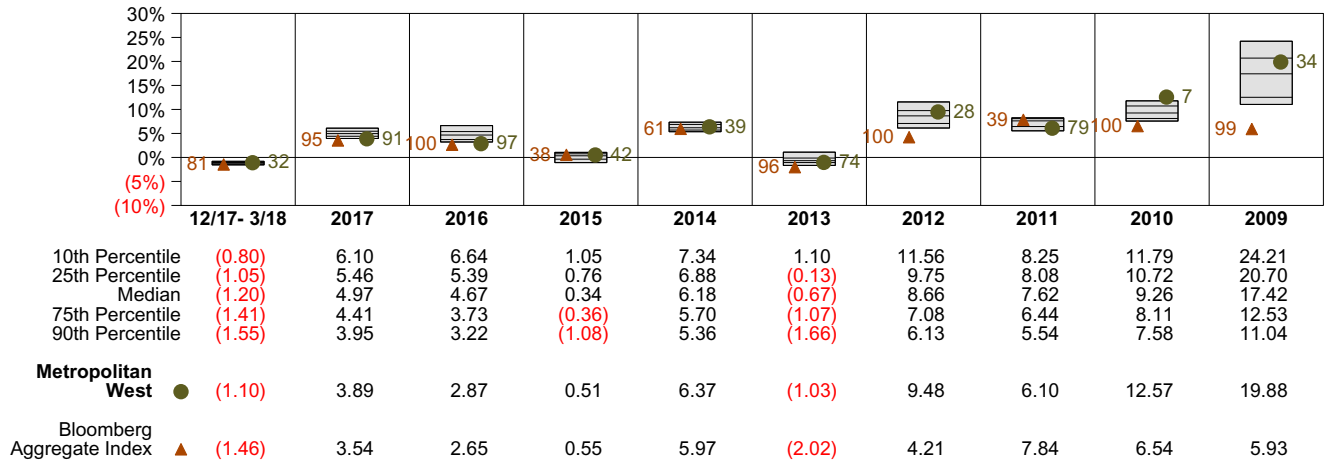


Metropolitan West Return Analysis Summary

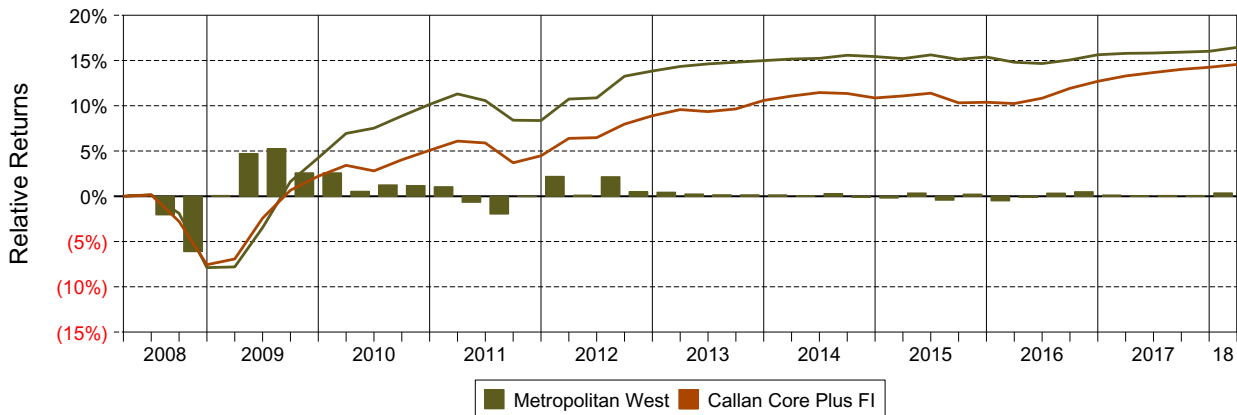
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

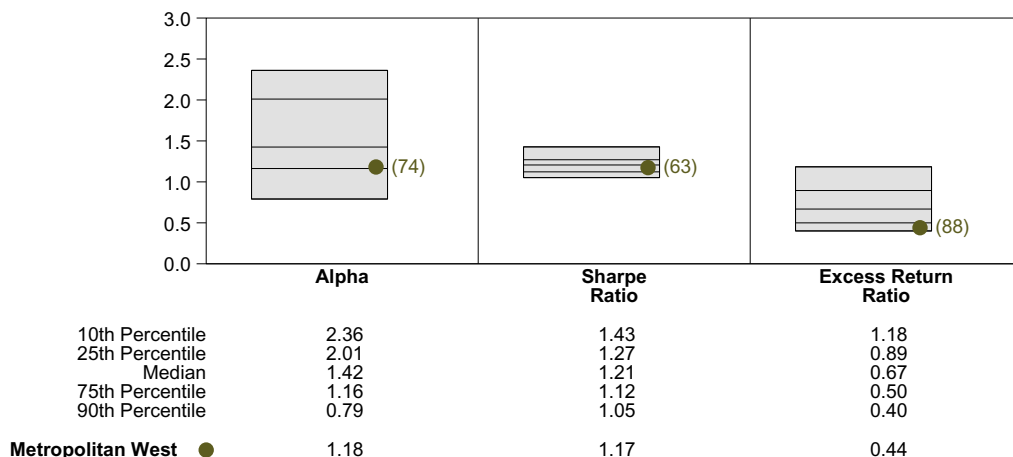
Performance vs Callan Core Plus Fixed Income (Gross)



Cumulative and Quarterly Relative Return vs Bloomberg Aggregate Index



Risk Adjusted Return Measures vs Bloomberg Aggregate Index Rankings Against Callan Core Plus Fixed Income (Gross) Seven Years Ended March 31, 2018

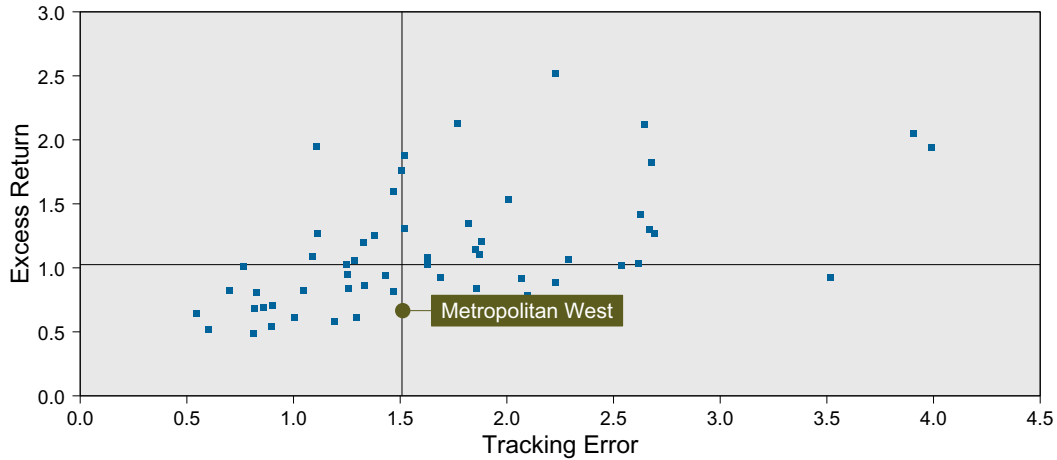


Metropolitan West Risk Analysis Summary

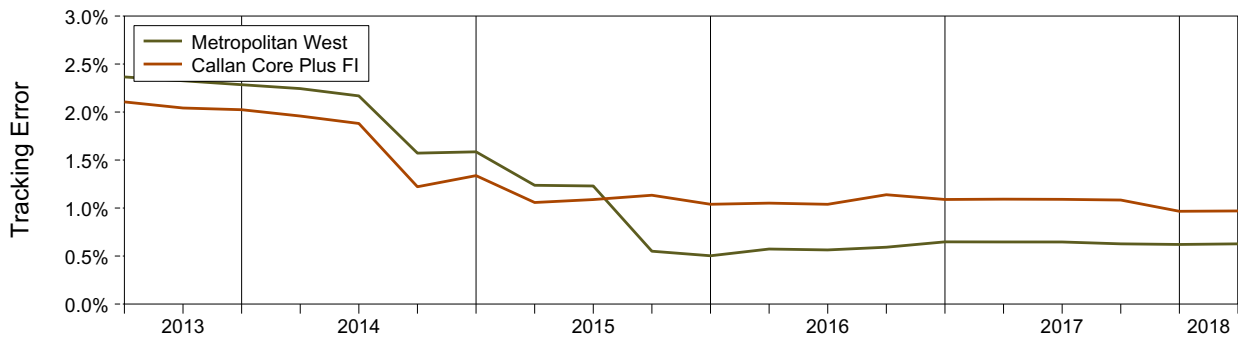
Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

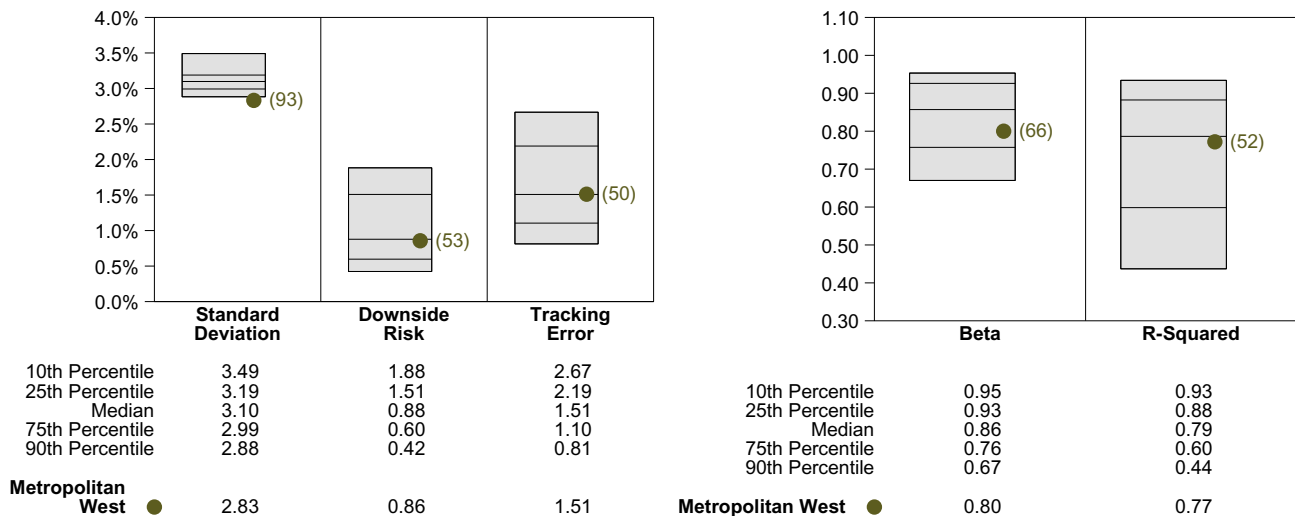
Risk Analysis vs Callan Core Plus Fixed Income (Gross) Seven Years Ended March 31, 2018



Rolling 12 Quarter Tracking Error vs Bloomberg Aggregate Index



Risk Statistics Rankings vs Bloomberg Aggregate Index Rankings Against Callan Core Plus Fixed Income (Gross) Seven Years Ended March 31, 2018

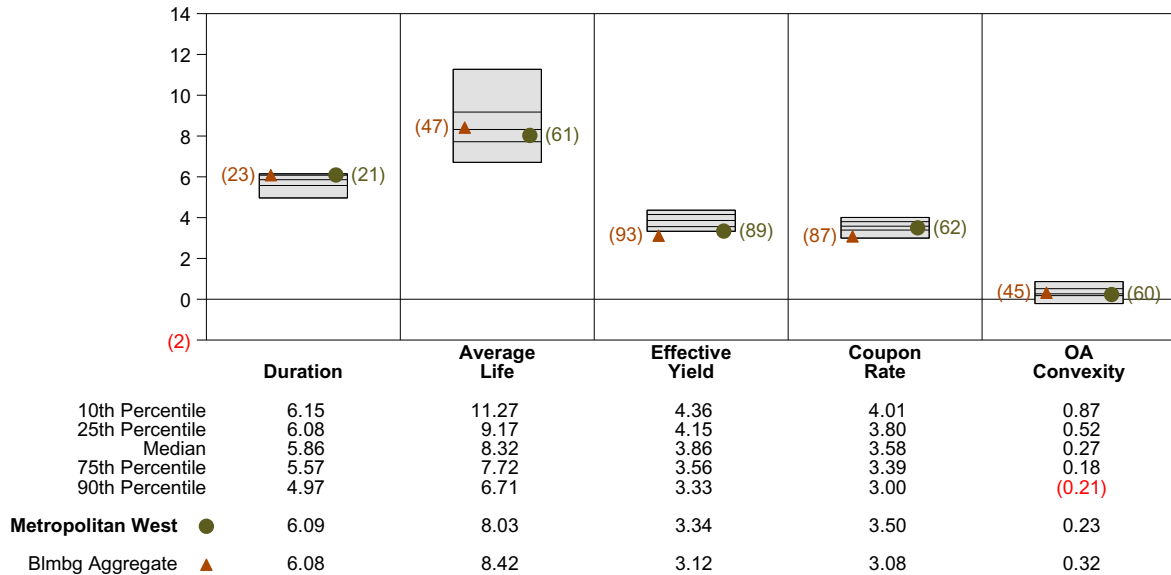


Metropolitan West Bond Characteristics Analysis Summary

Portfolio Characteristics

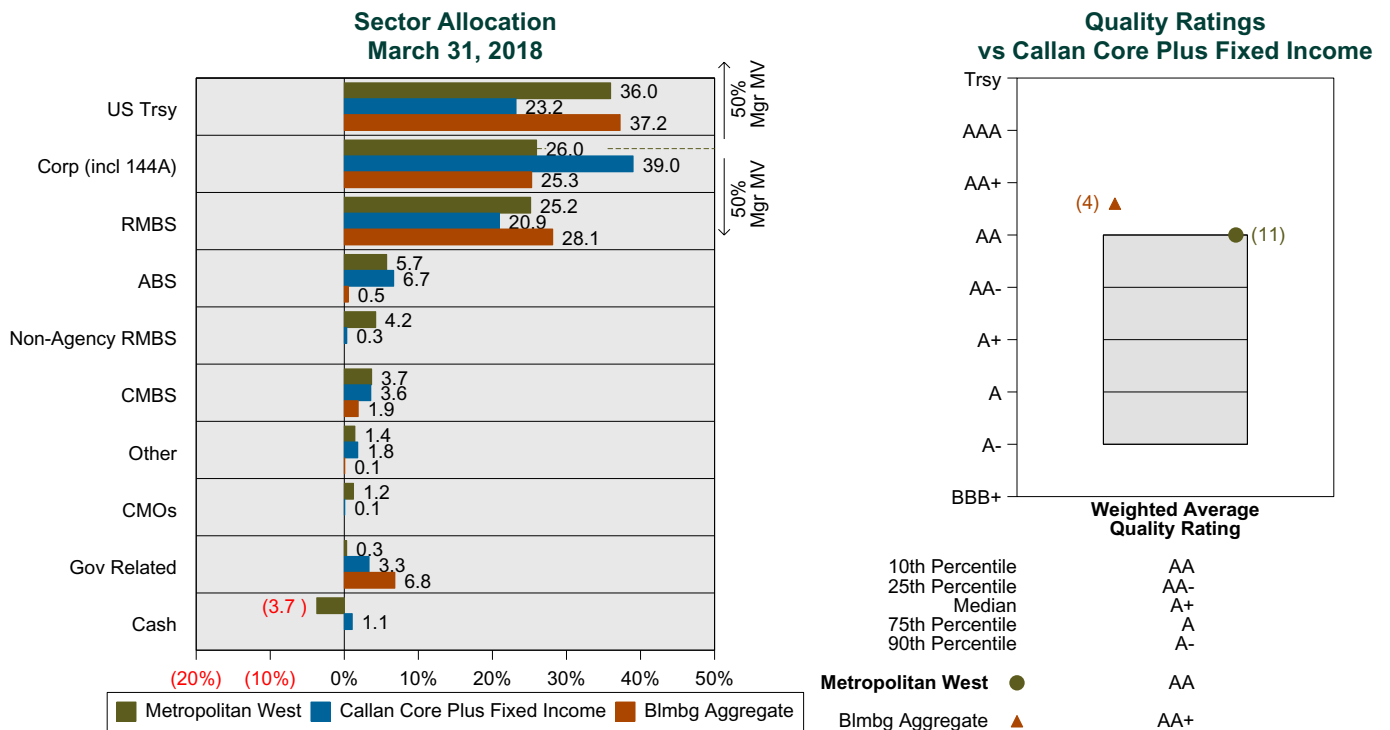
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Fixed Income Portfolio Characteristics Rankings Against Callan Core Plus Fixed Income as of March 31, 2018



Sector Allocation and Quality Ratings

The first graph compares the manager's sector allocation with the average allocation across all the members of the manager's style. The second graph compares the manager's weighted average quality rating with the range of quality ratings for the style.

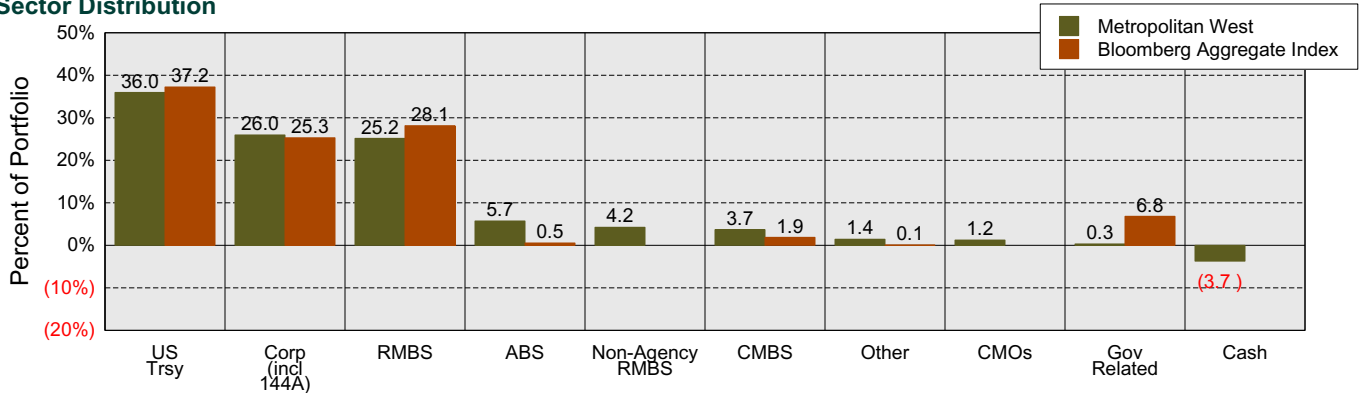


Metropolitan West Portfolio Characteristics Summary As of March 31, 2018

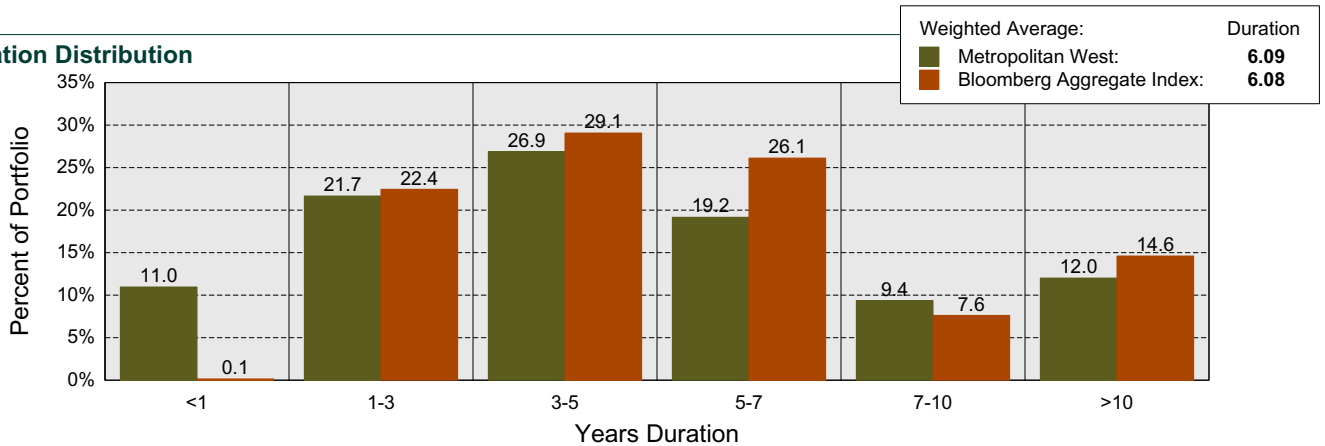
Portfolio Structure Comparison

The charts below compare the structure of the portfolio to that of the index from the three perspectives that have the greatest influence on return. The first chart compares the two portfolios across sectors. The second chart compares the duration distribution. The last chart compares the distribution across quality ratings.

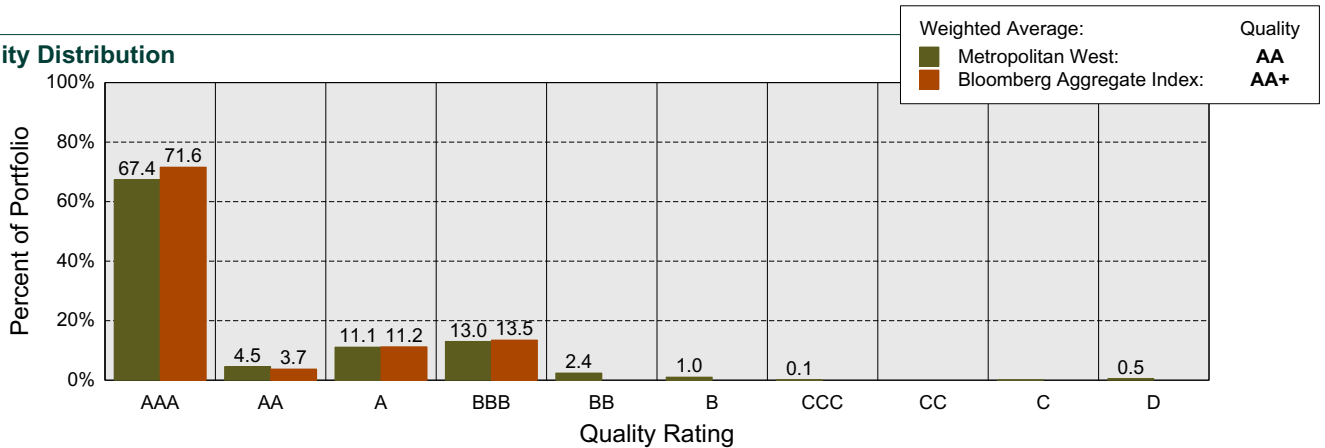
Sector Distribution



Duration Distribution



Quality Distribution



Risk/Reward Statistics

The risk statistics used in this report examine performance characteristics of a manager or a portfolio relative to a benchmark (market indicator) which assumes to represent overall movements in the asset class being considered. The main unit of analysis is the excess return, which is the portfolio return minus the return on a risk free asset (3 month T-Bill).

R-Squared indicates the extent to which the variability of the portfolio returns are explained by market action. It can also be thought of as measuring the diversification relative to the appropriate benchmark. An r-squared value of .75 indicates that 75% of the fluctuation in a portfolio return is explained by market action. An r-squared of 1.0 indicates that a portfolio's returns are entirely related to the market and it is not influenced by other factors. An r-squared of zero indicates that no relationship exists between the portfolio's return and the market.

Relative Standard Deviation is a simple measure of a manager's risk (volatility) relative to a benchmark. It is calculated by dividing the manager's standard deviation of returns by the benchmark's standard deviation of returns. A relative standard deviation of 1.20, for example, means the manager has exhibited 20% more risk than the benchmark over that time period. A ratio of .80 would imply 20% less risk. This ratio is especially useful when analyzing the risk of investment grade fixed-income products where actual historical durations are not available. By using this relative risk measure over rolling time periods one can illustrate the "implied" historical duration patterns of the portfolio versus the benchmark.

Residual Portfolio Risk is the unsystematic risk of a fund, the portion of the total risk unique to the fund (manager) itself and not related to the overall market. This reflects the "bets" which the manager places in that particular asset market. These bets may reflect emphasis in particular sectors, maturities (for bonds), or other issue specific factors which the manager considers a good investment opportunity. Diversification of the portfolio will reduce or eliminate the residual risk of that portfolio.

Rising and Declining Periods refer to the sub-asset class cycles vis-a-vis the broader asset class. This is determined by evaluating the cumulative relative sub-asset class index performance to that of the broader asset class index. For example, to determine the Growth Style cycle, the S&P 500 Growth Index (sub-asset class) performance is compared to that of the S&P 500 Index (broader asset class).

Sharpe Ratio is a commonly used measure of risk-adjusted return. It is calculated by subtracting the "risk-free" return (usually 3 Month Treasury Bill) from the portfolio return and dividing the resulting "excess return" by the portfolio's risk level (standard deviation). The result is a measure of return gained per unit of risk taken.

Sortino Ratio is a downside risk-adjusted measure of value-added. It measures excess return over a benchmark divided by downside risk. The natural appeal is that it identifies value-added per unit of truly bad risk. The danger of interpretation, however, lies in these two areas: (1) the statistical significance of the denominator, and (2) its reliance on the persistence of skewness in return distributions.

Standard Deviation is a statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically is. The wider the typical range of returns, the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed (ie. has a bell shaped curve distribution) then approximately 2/3 of the returns would occur within plus or minus one standard deviation from the sample mean.

Total Portfolio Risk is a measure of the volatility of the quarterly excess returns of an asset. Total risk is composed of two measures of risk: market (non-diversifiable or systematic) risk and residual (diversifiable or unsystematic) risk. The purpose of portfolio diversification is to reduce the residual risk of the portfolio.

Risk/Reward Statistics

Tracking Error is a statistical measure of a portfolio's risk relative to an index. It reflects the standard deviation of a portfolio's individual quarterly or monthly returns from the index's returns. Typically, the lower the Tracking Error, the more "index-like" the portfolio.

Treynor Ratio represents the portfolio's average excess return over a specified period divided by the beta relative to its benchmark over that same period. This measure reflects the reward over the risk-free rate relative to the systematic risk assumed.

Note: Alpha, Total Risk, and Residual Risk are annualized.

Research and Educational Programs

The Callan Institute provides research to update clients on the latest industry trends and carefully structured educational programs to enhance the knowledge of industry professionals. Visit www.callan.com/library to see all of our publications, and www.callan.com/blog to view our blog "Perspectives." For more information contact Corry Walsh at 312.346.3536 / institute@callan.com.

New Research from Callan's Experts

The Callan Periodic Table of Investment Returns | We are pleased to offer both our Classic Periodic Table, depicting annual returns for 10 asset classes ranked from best to worst performance for each calendar year,

and our Collection, offering 10 additional versions, including real estate indices, hedge fund strategy indices, and key indices ranked relative to inflation.

Callan's 2018-2027 Capital Market Projections | Callan develops long-term capital market projections at the start of each year, detailing our expectations for return, volatility, and correlation for broad asset classes. These projections represent our best thinking regarding a longer-term outlook and are critical for strategic planning as our investor clients set investment expectations over five-year, ten-year, and longer time horizons.



How Callan Categorizes Multi-Asset Class Strategies | In the wake of the Global Financial Crisis, a new generation of multi-asset class (MAC) products emerged that emphasized risk management and expanded their toolkits to include shorting and derivatives.

Callan groups these "outcome-oriented" MACs into four broad categories: Risk Parity, Risk Premia, Absolute Return, and Long Biased.

Treasuries for the Long Run | Callan's James Van Heuit analyzed whether long-term Treasuries can serve as an effective hedge against equity losses. He concluded that long-term Treasuries have a mixed record of offsetting equity risk. The potential protection offered by long-term Treasuries comes with the risk of underperformance over some time periods. Other types of bonds, he found, may offer less protection, but also have less volatility.

2018 DC Trends Survey | Callan's 11th Annual DC Trends Survey from our Defined Contribution Group highlights plan sponsors' key themes from 2017 and expectations for 2018.

Periodicals

Hedge Fund Monitor, 1st Quarter 2018 | Jim McKee explains Form ADV changes and how to use them to evaluate advisers.

DC Observer, 1st Quarter 2018 | Non-qualified deferred compensation plans (NQDCs) may look and sound like qualified defined contribution (DC) plans, but the two are actually quite different. This quarter's commentary explores approaches to designing the NQDC plan investment menu as well as some of the considerations around informally funding the liabilities.

Active vs. Passive Report, 4th Quarter 2017 | This series of charts maps active managers alongside relevant benchmarks over the last two decades.

Market Pulse Flipbook, 4th Quarter 2017 | A quarterly market reference guide covering investment and fund sponsor trends in the U.S. economy, U.S. and non-U.S. equities and fixed income, alternatives, and defined contribution.

Capital Market Review, 4th Quarter 2017 | This quarterly publication provides analysis and a broad overview of the economy and public and private market activity each quarter across a wide range of asset classes.

Private Markets Trends, Winter 2018 | This newsletter offers the latest data on activity in private equity fundraising, buyouts, venture capital, and returns for this asset class.

Events

Miss out on a Callan conference or workshop? Event summaries and speakers' presentations are available on our website: www.callan.com/library/

Callan's June **Regional Workshops** will be held on June 12 in San Francisco and June 13 in Denver. Please visit our Event page on our website (<https://www.callan.com/events/>) for additional information on these workshops.

We've added on-demand webinars to our online research library. Access our library of pre-recorded webinars on specific investment-related topics at www.callan.com/ondemandwebinar/.

For more information about events, please contact Barb Gerraty: 415.274.3093 / gerraty@callan.com

The Center for Investment Training Educational Sessions

The Center for Investment Training, better known as the "Callan College," provides a foundation of knowledge for industry professionals who are involved in the investment decision-making process. It was founded in 1994 to provide clients and non-clients alike with basic- to intermediate-level instruction. Our next sessions are:

Introduction to Investments

San Francisco, July 24-25, 2018

Chicago, October 2-3, 2018

This program familiarizes fund sponsor trustees, staff, and asset management advisers with basic investment theory, terminology, and practices. It lasts one-and-a-half days and is designed for individuals who have less than two years of experience with asset-management oversight and/or support responsibilities. Tuition for the Introductory "Callan College" session is \$2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Customized Sessions

The "Callan College" is equipped to customize a curriculum to meet the training and educational needs of a specific organization. These tailored sessions range from basic to advanced and can take place anywhere—even at your office.

Learn more at www.callan.com/events/callan-college-intro or contact Kathleen Cunnie: 415.274.3029 / cunnie@callan.com

Education: By the Numbers

525 Attendees (on average) of the Institute's annual National Conference

50+ Unique pieces of research the Institute generates each year

3,700 Total attendees of the "Callan College" since 1994

1980 Year the Callan Institute was founded



"Research is the foundation of all we do at Callan, and sharing our best thinking with the investment community is our way of helping to foster dialog to raise the bar across the industry."

Greg Allen, CEO and CRO

List of Callan's Investment Manager Clients

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The list below is an important component of our conflicts management and disclosure process. It identifies those investment managers that pay Callan fees for educational, consulting, software, database or reporting products and services. We update the list quarterly because we believe that our fund sponsor clients should know the investment managers that do business with Callan, particularly those investment manager clients that the fund sponsor clients may be using or considering using. Please note that if an investment manager receives a product or service on a complimentary basis (e.g. attending and educational event), they are not included in the list below. Callan is committed to ensuring that we do not consider an investment manager's business relationship with Callan, or lack thereof, in performing evaluations for or making suggestions or recommendations to its other clients. Please refer to Callan's ADV Part 2A for a more detailed description of the services and products that Callan makes available to investment manager clients through our Institutional Consulting Group, Independent Adviser Group and Fund Sponsor Consulting Group. Due to the complex corporate and organizational ownership structures of many investment management firms, parent and affiliate firm relationships are not indicated on our list.

Fund sponsor clients may request a copy of the most currently available list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by particular fund manager clients. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance Department.

Manager Name
Acadian Asset Management LLC
AEGON USA Investment Management
Affiliated Managers Group, Inc.
Alcentra
AllianceBernstein
Allianz Global Investors
Allianz Life Insurance Company of North America
American Century Investments
Apollo Global Management
AQR Capital Management
Ares Management LLC
Ariel Investments, LLC
Artisan Holdings
Atlanta Capital Management Co., LLC
Aviva Investors Americas
AXA Investment Managers
Baillie Gifford Overseas Limited
Baird Advisors
Bank of America
Baron Capital Management, Inc.
Barrow, Hanley, Mewhinney & Strauss, LLC
BlackRock
BMO Global Asset Management
BNP Paribas Asset Management
BNY Mellon Asset Management
Boston Partners
Brandes Investment Partners, L.P.
Brandywine Global Investment Management, LLC
Brown Brothers Harriman & Company
Cambiar Investors, LLC
Capital Group
Carillon Tower Advisers
CastleArk Management, LLC
Causeway Capital Management

Manager Name
Chartwell Investment Partners
Citi US Pension Investments
ClearBridge Investments, LLC
Cohen & Steers Capital Management, Inc.
Columbia Management Investment Advisers, LLC
Columbus Circle Investors
Cove Street Capital LLC
Credit Suisse Asset Management
DePrince, Race & Zollo, Inc.
D.E. Shaw Investment Management, L.L.C.
Deutsche Asset Management
Diamond Hill Capital Management, Inc.
Dimensional Fund Advisors LP
Doubleline
Duff & Phelps Investment Mgmt. Co.
EARNEST Partners, LLC
Eaton Vance Management
Epoch Investment Partners, Inc.
Fayez Sarofim & Company
Federated Investors
Fidelity Institutional Asset Management
Fidelity Management & Research
Fiera Capital Corporation
First Eagle Investment Management, LLC
First Hawaiian Bank Wealth Management Division
Fisher Investments
Franklin Templeton
Franklin Templeton Institutional
Fred Alger Management, Inc.
GAM (USA) Inc.
Geode Capital Management, LLC
GlobeFlex Capital, L.P.
GMO
Goldman Sachs Asset Management

Manager Name
Green Square Capital LLC
Guggenheim Investments
Gurtin Municipal Bond Management
GW&K Investment Management
Harbor Capital Group Trust
Hartford Funds
Hartford Investment Management Co.
Heitman LLC
Henderson Global Investors
Hotchkis & Wiley Capital Management, LLC
HSBC Global Asset Management
Income Research + Management, Inc.
IndexIQ/Mainstay
Insight Investment Management Limited
Intech Investment Management, LLC
Invesco
Investec Asset Management
Ivy Investments
Janus Henderson Investors
Jennison Associates LLC
Jensen Investment Management
Jobs Peak Advisors
J.P. Morgan Asset Management
J.P. Morgan Chase & Company
KeyCorp
Lazard Asset Management
Legal & General Investment Management America
Lincoln Advisors
Lincoln National Corporation
LMCG Investments, LLC
Longview Partners
Loomis, Sayles & Company, L.P.
Lord Abbett & Company
Los Angeles Capital Management
LSV Asset Management
MacKay Shields LLC
Macquarie Investment Management
Manulife Asset Management
Marathon Asset Management
McKinley Capital Management, LLC
MFS Investment Management
MidFirst Bank
Mondrian Investment Partners Limited
Montag & Caldwell, LLC
Morgan Stanley Investment Management
Mountain Lake Investment Management LLC
MUFG Union Bank, N.A.
Natixis Investment Managers
Neuberger Berman
Newton Investment Management
Nikko Asset Management Co., Ltd.
Northern Trust Asset Management
Nuveen Investments, Inc.
OFI Global Asset Management
Old Mutual Asset Management
O'Shaughnessy Asset Management, LLC
P/E Investments

Manager Name
Pacific Investment Management Company
Pathway Capital Management
Peregrine Capital Management, Inc.
Perkins Investment Management
PGIM
PGIM Fixed Income
Pier Capital, LLC
PineBridge Investments
Pioneer Investments
PNC Capital Advisors, LLC
Principal Global Investors
Private Advisors, LLC
Putnam Investments, LLC
QMA
RBC Global Asset Management
Regions Financial Corporation
Robeco Institutional Asset Management, US Inc.
Rockefeller & Co., Inc.
Rothschild Asset Management, Inc.
Russell Investments
S&P Global, Inc.
Sands Capital Management
Santander Global Facilities
Schroder Investment Management North America Inc.
Shelton Capital Management
Smith Graham & Co. Investment Advisors, L.P.
Smith Group Asset Management
South Texas Money Management, Ltd.
Standard Life Investments Limited
State Street Global Advisors
Stone Harbor Investment Partners, L.P.
Sun Life Investment Management
T. Rowe Price Associates, Inc.
The Boston Company Asset Management, LLC
The Hartford
The London Company
The TCW Group, Inc.
Thompson, Siegel & Walmsley LLC
Thornburg Investment Management, Inc.
Tri-Star Trust Bank
UBS Asset Management
Van Eck Global
Velanne Asset Management Ltd.
Versus Capital Group
Victory Capital Management Inc.
Virtus Investment Partners, Inc.
Vontobel Asset Management, Inc.
Voya Financial
Voya Investment Management
WCM Investment Management
WEDGE Capital Management
Wellington Management Company, LLP
Wells Capital Management
Western Asset Management Company
Westfield Capital Management Company, LP
William Blair & Company



Account Compliance Summary

Alerts:	0
Warnings:	0
Passes:	14

A5XB SACRT - ATLANTA CAPITAL MGMT

Production Date: 03/29/2018

Securities + Cash	23,480,188.45	Base Currency	USD	Net Assets	23,499,590
Rule Name		Limit Type	Limit Value	Result	Result Status
<u>144A and Private Placem</u>					
1	Private Placements are prohibited. (143653)	Maximum	0.00%	0.00 %	Pass
<u>Asset Measures</u>					
2	AssetMeasure: AssetMeasure_Funds_PREFERRED_Denominator (34662)			23,480,188.45 Value	Pass
<u>Asset Type</u>					
3	International equity securities which trade on U.S.-based exchanges, including American Depository Receipts (ADRs), shall not exceed 5% of the portfolio at cost (143658)	Maximum	5.00%	0.00 %	Pass
4	Investments in commodities are prohibited (143655)	Maximum	0.00%	0.00 %	Pass
5	Margin Securities are prohibited. (143651)	Maximum	0.00%	0.00 %	Pass
6	Ownership of shares/debt issued limit 5% ex null (143652)	Maximum	5.00%	0.04 %	Pass
7	The Fund may not enter into short sales. (143654)	Maximum	0.00%	0.00 %	Pass
8	The Fund may not hold any Options. (143657)	Maximum	0.00%	0.00 %	Pass
9	The Fund may not hold more than 5% of the shares outstanding of any domestic equity security (143659)	Maximum	5.00%	0.04 %	Pass
<u>Cash</u>					
10	No more than 10% of the Fund in cash and cash equivalents. (143656)	Maximum	10.00%	2.00 %	Pass
<u>Exchange</u>					
11	Flag any non-US exchange traded futures (143670)	Maximum	0.00%	0.00 %	Pass
<u>Industry</u>					
12	Industry Sector GICS - Max 25% at cost (143660)	Maximum	25.00%	7.40 %	Pass
13	The Fund shall not invested in any security issued by a company in the Tobacco Sub-Industry as defined by GICS (143650)	Maximum	0.00%	0.00 %	Pass
<u>Issuer</u>					
14	Investments in a single domestic equity issuer shall not exceed 5% at cost (143661)	Maximum	5.00%	2.62 %	Pass



Account Compliance Summary

Alerts:	1
Warnings:	0
Passes:	7

A5XD SACRT - METWEST

Production Date: 03/29/2018

Securities + Cash	129,952,315.30	Base Currency	USD	Net Assets	100,804,406
Rule Name		Limit Type	Limit Value	Result	Result Status
<u>144A and Private Placem</u>					
1	The Fund is not permitted to hold any Private Placements excluding 144a (143666)	Maximum	0.00%	0.00 %	Pass
<u>Asset Measures</u>					
2	AssetMeasure: AssetMeasure_Funds_Preferred_Denominator (34662)			129,952,315.30 Value	Pass
<u>Asset Type</u>					
3	A5XD: Flag all prohibited security types (143665)	Maximum	0.00%	0.00 %	Pass
4	Asset-Backed Commercial Paper - Minimum Quality of A2/P2 (157603)	Maximum	0	0 Num Bkts	Pass
<u>Credit Quality</u>					
5	Minimum Quality must be at least 80% Baa or above (157604)	Minimum	80.00%	79.67 %	Alert
6	No Commercial Paper rated < A2/P2 at time of purchase (143662)	Maximum	0.00%	0.00 %	Pass
7	The Weighted Average Credit Rating of the Fund must be A or better (143663)	Minimum	20	22.96 Rank	Pass
<u>Industry</u>					
8	The Fund shall not invested in any security issued by a company in the Tobacco Sub-Industry as defined by GICS (143650)	Maximum	0.00%	0.00 %	Pass



Account Compliance Summary

Alerts:	0
Warnings:	0
Passes:	14

A5Z8 SACRT - ROBECO

Production Date: 03/29/2018

Securities + Cash	43,914,897.79	Base Currency	USD	Net Assets	44,051,065
Rule Name		Limit Type	Limit Value	Result	Result Status
<u>144A and Private Placem</u>					
1	Private Placements are prohibited. (143653)	Maximum	0.00%	0.00 %	Pass
<u>Asset Measures</u>					
2	AssetMeasure: AssetMeasure_Funds_Preferred_Denominator (34662)			43,914,897.79 Value	Pass
<u>Asset Type</u>					
3	International equity securities which trade on U.S.-based exchanges, including American Depository Receipts (ADRs), shall not exceed 5% of the portfolio at cost (143658)	Maximum	5.00%	1.10 %	Pass
4	Investments in commodities are prohibited (143655)	Maximum	0.00%	0.00 %	Pass
5	Margin Securities are prohibited. (143651)	Maximum	0.00%	0.00 %	Pass
6	Ownership of shares/debt issued limit 5% ex null (143652)	Maximum	5.00%	0.01 %	Pass
7	The Fund may not enter into short sales. (143654)	Maximum	0.00%	0.00 %	Pass
8	The Fund may not hold any Options. (143657)	Maximum	0.00%	0.00 %	Pass
9	The Fund may not hold more than 5% of the shares outstanding of any domestic equity security (143659)	Maximum	5.00%	0.00 %	Pass
<u>Cash</u>					
10	No more than 10% of the Fund in cash and cash equivalents. (143656)	Maximum	10.00%	3.09 %	Pass
<u>Exchange</u>					
11	Flag any non-US exchange traded futures (143670)	Maximum	0.00%	0.00 %	Pass
<u>Industry</u>					
12	Industry Sector GICS - Max 25% at cost (143660)	Maximum	25.00%	11.22 %	Pass
13	The Fund shall not invested in any security issued by a company in the Tobacco Sub-Industry as defined by GICS (143650)	Maximum	0.00%	0.00 %	Pass
<u>Issuer</u>					
14	Investments in a single domestic equity issuer shall not exceed 5% at cost (143661)	Maximum	5.00%	3.23 %	Pass



Account Compliance Summary

Alerts:	
Warnings:	
Passes:	

A5Z8 SACRT - ROBECO

Production Date: 03/29/2018

Securities + Cash	43,914,897.79	Base Currency	USD	Net Assets	44,051,065
Rule Name		Limit Type	Limit Value	Result	Result Status

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REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
14	06/20/18	Retirement	Action	05/16/18

Subject: Receive and File the Asset Allocation Study and Amend the Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans (ALL). (Adelman)

ISSUE

Receive and File the Asset Allocation Study and Amend the Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans (ALL). (Adelman)

RECOMMENDED ACTION

Motion: Receive and File the Asset Allocation Study and Amend the Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans (ALL). (Adelman)

FISCAL IMPACT

None

DISCUSSION

Asset Allocation Review

The Retirement Plans' investment advisor, Callan, is required to conduct annual Asset Allocation Studies to evaluate the Retirement Plans' investment goals, objectives and risk tolerance (risk versus return). Asset Allocation Studies are different from Asset/Liability Studies. Asset/Liability Studies take a more in-depth look at the Retirement Plans' investment strategy as well as the liabilities associated with the plan. Generally, it is recommended that an Asset/Liability study be conducted only once every three to five years, unless there is a significant change in market conditions or a significant change to the asset allocation mix. Callan last performed an Asset/Liability Study for the ATU/IBEW and Salaried Employees' Retirement Plans in 2014. (Since that time, the ATU and IBEW plan assets have been split into two separate funds.) There have been no significant changes to the Plans' asset allocations, since the reduction of the fixed income allocation from 40% to 35%, approved by the Boards' on March 25, 2015 and the carve out of International Small Capital Equity class on February 19, 2016. Staff recommends that the Boards approve the 2018 Asset Allocation Study with the understanding that the Boards can make modifications to the fund manager structure without having an impact to the study, as the study assumes passive management.

Approved:

Presented:

Final 06/08/2018

VP of Finance/CFO

Treasury Controller

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
14	06/20/18	Retirement	Action	05/16/18

Subject: Receive and File the Asset Allocation Study and Amend the Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans (ALL). (Adelman)

Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans :

Per the Retirement Plans’ Statement of Investment Objectives and Policy Guidelines (Investment Policy), the Retirement Boards are required to review and approve an asset allocation study each year. Also per the Investment Policy, the Investment Policy itself will be reviewed annually along with the Asset Allocation Study.

Actions:

The Investment Policy has been reviewed by staff, Legal Counsel and Callan. At this time, staff requests that the Retirement Boards adjust the Investment Policy to:

1. Revise Section IV, Asset Rebalancing Policy, to clarify language surrounding Plan rebalancing when investments in the asset classes are out of compliance with the ranges set forth in the Investment Policy. Specifically, rebalancing will take monies first from the highest percent funded managers to be reallocated to the underfunded managers, with the goal of rebalancing the asset allocation percentages as close to the targets as possible.
2. Add Section V regarding Pension Plan Cost Reimbursement to provide specific guidance on reimbursing SacRT for regular Plan expenses, initially paid for by SacRT. This Section will allow payments and transfers to be taken from the domestic asset classes, rather than from all asset classes, when required for the regular management of the Plan business. This reflects the relative liquidity of domestic investments as compared to international investments. Section V includes other provisions regarding payment of Plan expenses that previously occurred in Section IV
3. Modify benchmarks to more accurately measure the performance of the Plans’ investments compared to the current asset allocation.
4. Make other minor clerical changes including replacing the term “District” with “SacRT”, deleting unnecessary statistics in Appendix A, Definitions, and other minor nonsubstantive edits.

The following is attached for your review:

Exhibit A – The proposed restatement of the Investment Policy

Exhibit B – Asset Allocation Review

Attachment 1 – Red-lined version showing the proposed changes to the current version of the Investment Policy.

Staff recommends that the Boards receive and file the Asset Allocation Study and Amend the Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans.

Sacramento Regional Transit District

**Statement of Investment Objectives
and Policy Guidelines
For the Sacramento Regional Transit District
Retirement Plans**

Restated Effective June 20, 2018

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**Sacramento Regional Transit District
Statement Of Investment Objectives and Policy Guidelines
For the Sacramento Regional Transit District Retirement Plans**

I. Purpose

The Sacramento Regional Transit District (SacRT) sponsors three tax-qualified retirement plans for the benefit of its eligible employees: (1) the Sacramento Regional Transit District Retirement Plan for members of ATU, Local 256 ("ATU"), (2) the Sacramento Regional Transit District Retirement Plan for members of IBEW Local 1245 ("IBEW"), and (3) the Sacramento Regional Transit District Retirement Plan for Salaried Employees who are members of the Administrative Employees' Association ("AEA"), the Management and Confidential Employees Group ("MCEG"), and the American Federation of State, County and Municipal Employees ("AFSCME") (each a "Plan" and, collectively, the "Sacramento Regional Transit District Retirement Plans" or the "Plans").

There are five Retirement Boards (each a "Board" and, collectively, the "Boards"), one for the ATU Plan, another for the IBEW Plan, and three for the MCEG/AEA/AFSCME Plan. Each Board must operate and administer its respective Plan in accordance with such Plan's terms and applicable law.

Each Board is responsible for, among other things, investing assets under its respective Plan. Effective March 15, 2010, all the Boards directed that the assets under the three Plans be commingled for investment purposes.

This Statement of Investment Objectives and Policy Guidelines does the following:

- Governs the investment of the three Plans' commingled assets.
- Sets forth the investment policies and objectives that the Boards judge to be appropriate and prudent, in consideration of the needs of the Plans' participants;
- Establishes the criteria that the registered investment adviser(s) retained by the Plans are expected to meet and against which they are to be measured;
- Communicates the investment policies and objectives and performance criteria to the investment manager(s); and
- Serves as a review document to guide the Boards' ongoing supervision of the investment of Plans' assets.

II. Responsibilities of the Boards

As trustees of the Plans' assets, the Boards have a fiduciary duty to prudently establish an asset allocation policy, investment objectives and investment restrictions, and to monitor the performance of the Plans' investment managers and review the liabilities of SacRT to fund retirement benefits. The Boards are responsible for developing a sound and consistent investment strategy, in compliance with all applicable laws and regulations, which the investment managers can use in formulating investment decisions. This Statement of Investment Objectives and Policy Guidelines will be revised as needed to ensure that it reflects the Boards' philosophy regarding investment of the Plans' assets. The Boards have authority to select qualified investment managers, to monitor their performance on a regular basis, and to take appropriate action to replace an investment manager for failure to adhere to the provisions set forth herein.

Review of Statement of Investment Objectives and Policy Guidelines

This Statement of Investment Objectives and Policy Guidelines will be reviewed on an annual basis in conjunction with the annual asset allocation study conducted by the Boards' investment consultant. This review will focus on the continued feasibility of achieving, and the appropriateness of, the Plans' asset allocation policy, the Plans' investment objectives, these Investment Policies and Guidelines, and the Plans' investment restrictions. It is not expected that this Statement will change frequently; in particular, short-term changes in the financial markets should not require an adjustment to this Statement of Investment Objectives and Policy Guidelines.

Review of Investment Managers

The Boards will meet at least every eighteen (18) months with each investment manager and quarterly with its investment consultant (with or without the presence of the investment managers) to review the performance of its investment managers. . The quarterly performance reviews will focus on:

- The investment manager's adherence to this Statement of Investment Objectives and Policy Guidelines;
- Comparison of the investment manager's results against funds using similar investment styles;

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- Comparison of the investment manager’s performance as measured against the applicable index;
- Material changes in the investment manager’s organization, such as philosophical and personnel changes, acquisitions or losses of major accounts, etc.

III. Asset Allocation Policy

On an annual basis, the Boards’ investment consultant will complete an asset allocation study, and the Boards will review and approve the study. An asset allocation study is an evaluation of the Plans’ investment goals, objectives, and risk tolerance (risk versus return). Upon completion of the study, the Boards will determine if changes are needed to the Plans’ asset allocation policy.

The Boards have determined that the long-range asset allocation policy for the Plans is as follows:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Domestic Equity	35%	40%	45%
Large Capitalization Equity	28%	32%	36%
Small Capitalization Equity	5%	8%	11%
International Equity	20%	25%	30%
Developed Large Cap Equity	10%	14%	18%
Developed Small Cap Equity	3%	5%	7%
Emerging Markets Equity	4%	6%	8%
Domestic Fixed-Income	30%	35%	40%

The asset allocation policy is to be pursued on a long-term strategic basis and will be revised if significant changes occur within the economic and/or capital market environment, or in the underlying liability assumptions. Capital market assumptions and projections are reviewed annually. If significant changes in projections occur, the Boards’ intent is that the target asset mix should then be reviewed.

The Asset Allocation Policy is intended to provide a means for controlling the overall risk of the portfolio without unduly constraining the discretionary, tactical decision-making process of the investment manager(s).

IV. Asset Rebalancing Policy

The Boards established the aforementioned asset allocation policy to maintain the Plans' long-term strategic asset allocation. The Boards recognize that market forces or other events may periodically move the asset allocations outside of their target ranges. Thus, the purpose of the asset rebalancing policy is to allocate cash flows and/or move assets among funds or asset classes in such a manner as to move each asset class toward its target allocation.

When, it is necessary to move assets from one asset class to another or one fund to another fund within an asset class, monies should first be taken from the highest percent funded managers and reallocated to the underfunded managers, with the goal of rebalancing the asset allocation percentages as close to the targets as possible.

The Boards also recognize that the pension plan rebalancing process requires timely implementation to be effective. Therefore, the Boards delegate authority to the Treasury Controller to manage pension plan assets in accordance with the approved rebalancing policy. The Treasury Controller shall report to the Boards on asset rebalancing at the quarterly performance review meetings.

V. Pension Plan Cost Reimbursements

It is understood that the Plans are required to pay benefits and reasonable administrative expenses. In an effort to minimize transactional banking and investment fees, all Plan expenses are initially paid for by SacRT and subsequently reimbursed by the Plans. Reimbursement for monthly Pension Plan Costs include benefit payments to retirees; compensation to fund managers, fund custodian, investment consultant, Plan legal counsel, and for actuarial services; expenses for fiduciary insurance, pension staff labor, and all other administrative expenses incurred by the Plans during the normal course of business.

Distributions for reimbursements of these costs that are equal to or less than 0.5% of total Plan assets will be transferred from the Domestic asset classes, specifically the fund manager with the highest percent of funding over the target percentage, established in section III Asset Allocation Policy. Utilizing only the Domestic asset classes to fund reimbursements will reduce the cash flow burden on SacRT, given that Domestic fund managers are able to liquidate holdings more quickly than non-Domestic managers, and will ensure timely and regular cash flow out of the Plans to reimburse expenses being incurred.

For any distribution greater than 0.5% of Plan assets, staff will consider both Domestic and International asset class weights when making a transfer to reimburse SacRT.

VI. Manager Search and Due Diligence Process

To implement the asset allocation policy, the Boards shall select and monitor appropriate money management professionals to invest the Plans' assets. This selection process shall include the establishment of specific search criteria; analysis and due diligence review of potential managers; and interviews when appropriate. Managers must meet the following minimum criteria:

- Registered Investment Advisor as defined in the 1940 Investment Advisors Act or be a bank or insurance company affiliate;
- Historical quarterly performance that complies with the parameters established in each search and consistent with the investment strategy under consideration; and
- Demonstrated financial and professional staff stability based on requisite historical company information.

At the direction of the Boards, the investment consultant will perform fund manager searches to replace or augment the Plans' existing fund managers.

VII. Investment Manager Discretion, Requirements, and Co-Fiduciary Status

It is not the intention of the Boards to be involved in day-to-day investment decisions. Investment of the Plans' assets will continue to be subject to the discretion of the professional investment managers in a manner consistent with the investment objectives set forth herein. Furthermore, investment managers shall acknowledge their co-fiduciary status as part of their contract with SacRT.

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Each investment manager selected is expected to operate within the Prudent Person Rule, Article XVI Section 17 of the California Constitution, and other governing state and federal laws, regulations, and rulings that relate to the investment process. The assets of the Plans shall be invested in a manner that is consistent with generally accepted standards of fiduciary responsibility, to insure the security of principal and maximum yield on all pension fund investments through a mix of well diversified, high quality, fixed income and equity securities.

The investment program will be managed by one or more designated managers. The investment managers shall be given full discretion to manage the assets under their supervision, subject to the investment guidelines set forth herein. It is the responsibility of the investment managers, the investment consultant, and staff to notify the Boards of any changes necessary to the investment guidelines that would be consistent with the Boards' obligation to the beneficiaries of the Plans.

Brokerage commissions may be directed by the Boards to offset administrative costs of the Plans as long as such direction is in the best interest of the Plans' beneficiaries. The investment managers will secure best execution, and commissions paid shall be reasonable in relation to the value of the brokerage and other services received by the Plans.

VIII. Investment Objectives, Policies, Guidelines, and Restrictions

Evaluation Time Periods

It is the Boards' policy to review investment manager performance on a quarterly basis. The investment objectives for the total fund and for each investment manager are based on a time horizon of a minimum of three years, unless otherwise specified for a particular manager as determined by the Board.

While it is the Boards intention to maintain long standing relationships with their managers, the Boards reserve the right at any time to terminate a relationship with any manager for any reason including, but not limited to, changes to the Asset Allocation Policy and manager structure.

Set out below are the overall investment objectives, policies, guidelines, and restrictions for each plan.

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All Asset Class Objectives

The net of fee objectives of the overall portfolio are to:

- Achieve a rate of return which exceeds that of a target-weighted composite index based on the target asset allocation adopted in Section III; and
- Achieve a rate of return that meets or exceeds the Plans' actuarial discount rate as set in the annual actuarial valuation.

All Asset Policies, Guidelines and Restrictions

It is the responsibility of each manager to adhere to the guidelines stated below and elsewhere within this document and to report any violations immediately to both the Board and to the consultant.

- Tobacco Policy - Investments shall not be made in any security issued by a company in the Tobacco Sub-Industry as defined by the Global Industry Classification Standards (GICS). This restriction shall be subject to the prudent investor rule as set forth in Article XVI Section 17 of the California Constitution. All passive funds and commingled vehicles are excluded from this policy.

Domestic Equity Investments

Objectives:

- For the Total Domestic Equity Component, achieve a net of fee return which exceeds the Custom Domestic Equity Benchmark¹ and ranks in the top half of a broad comparative universe of domestic equity managers, gross of fees²;

¹ The Custom Domestic Equity Benchmark currently consists of 80% S&P 500 Index and 20% Russell 2000 Index

² Because the comparative database is constructed with manager returns before management fees, objectives pertaining to the peer universes should be analyzed before investment manager fees to ensure an appropriate comparison.

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- For Large Cap Value Equity Managers, achieve net of fee returns that exceed the Russell 1000 Value Index and ranks in the top half of a comparative universe of large cap value managers, gross of fees;
- For Large Cap Core Equity Index Fund achieve gross of fee returns which match the S&P 500 Index, with minimal tracking error versus the Index; and
- For Small Cap Equity Managers, achieve net of fee returns that exceed the Russell 2000 Index and rank in the top half of the comparative universe of small capitalization equity managers on a gross of fee basis.

Policies, Guidelines, and Restrictions:

- All Managers - Unless specifically authorized by the Boards, Domestic Equity managers shall not engage in investment transactions involving stock options, short sales, purchases on margin, letter stocks, private placement securities, or commodities;
- All Managers- The Domestic Equity managers are permitted to effect transactions in S&P 500 Stock Index (Large Cap Value and Core), ETF Index Futures (Large Cap Core) and Russell 2000 Index Futures (Small Cap). The purpose of holding futures is to obtain low cost temporary equity market exposure. Futures are not to be used to provide leveraged equity market exposure. As such, cash balances must be maintained by the manager at a level which eliminates the leverage implicit in the futures. Futures transactions must be completed on a major U.S. exchange which guarantees contract compliance;
- All Managers - The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund's governing documents.
- All Managers - Each investment manager is expected to remain fully invested. The cash and cash equivalent holdings shall not exceed 10% of the market value in each active portfolio, and should be 0% in passive index portfolios. Cash is expected to be securitized within the passive index portfolios.

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- Active Managers - Domestic equity securities shall be diversified by industry and in number so that investment in the securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or 5% of the company's total outstanding shares;
- Active Managers - No more than 25% of the market value on a purchase cost basis of the total common stock portfolio shall be invested in any single industry at the time of purchase (industry groups as defined in the Russell 2000 index for the Small Cap fund);
- Active Managers - The use of international equity securities which trade on U.S.-based exchanges, including American Depository Receipts (ADRs), are acceptable as domestic equity investments but shall not constitute more than 5% of each plan's portfolio (at cost) for actively managed portfolios. For purposes of this restriction, the term "international equity security" is defined in Appendix A.
- Passive Managers - Securities shall be diversified by industry and in number in accordance with the S&P 500 Index;

International Equity Investments

Objectives:

- For the Total International Equity Component, achieve a net of fee return which exceeds the Custom International Equity Benchmark³ and ranks in the top half of a broad comparative universe of non-U.S. equity managers, gross of fees⁴;
- For the Total Developed Markets Large Capitalization International Equity Component (Active and Passive), achieve a net of fee return which exceeds the Morgan Stanley Capital International (MSCI) EAFE Index and ranks in the top half of a broad comparative universe of non-U.S. equity managers, gross of fees;

³ The Custom International Equity Benchmark currently consists of 56% MSCI EAFE Index, 20% MSCI EAFE Small Cap Index and 24% MSCI Emerging Markets Index.

⁴ Because the comparative database is constructed with manager returns before management fees, objectives pertaining to the peer universes should be analyzed before investment manager fees to ensure an appropriate comparison.

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- For the Total Developed Markets Small Capitalization International Equity Component, achieve a net-of-fee return which exceeds the Morgan Stanley Capital International (MSCI) EAFE Small Cap Index and ranks in the top half of a broad comparative universe of non-U.S. small cap equity managers, gross of fees;
- For the Emerging Markets Equity Component, achieve a net of fee return which exceeds the Morgan Stanley Capital International (MSCI) Emerging Market Index and ranks in the top half of a broad comparative universe of emerging markets equity managers, gross of fees.

Policies, Guidelines, and Restrictions:

- All Managers - International Equity securities shall be diversified by country, industry and in number so that investment in the securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or 5% of the company's total outstanding shares. Passive International Securities shall be diversified by country, industry and in number in accordance with the MSCI EAFE Index;
- All Managers - Unless specifically authorized by the Boards, International Equity managers shall not engage in investment transactions involving stock option, short sales, purchases on margin, letter stocks, private placement securities, or commodities;
- All Managers - International Equity managers are expected to remain fully invested. The cash holdings shall not exceed 10% of the market value in the active developed and emerging market funds, and should be minimal in the passive funds;
- All Managers - The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund's governing documents.
- Active Developed and Emerging Markets Managers - The international equity portion of the Plans' portfolio shall be comprised of ADRs of non-U.S. companies, common stocks of non-U.S. companies, preferred stocks of non-U.S. companies, foreign convertible securities including

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- debentures convertible to common stocks, and cash equivalents. Refer to Appendix A for definition of the term “non-U.S.”;
- Active Developed and Emerging Markets Managers - No more than 25% of the market value on a purchase cost basis of the total common stock portfolio shall be invested in any single industry at the time of purchase;
 - Active Developed and Emerging Markets Managers - Defensive currency hedging is permitted;
 - Active Developed Managers - No more than 15% of the fund market value will be invested in emerging market countries;
 - Emerging Markets Managers - Up to ten percent (10%) of the manager's portfolio (at cost) may be invested in countries not included in the MSCI Emerging Markets Index as defined in Appendix A; and
 - Passive Managers – The International Equity manager is permitted to effect transactions in MSCI EAFE Stock and ETF Index Futures. The purpose of holding futures is to obtain low cost temporary equity market exposure. Futures are not to be used to provide leveraged equity market exposure. As such, cash balances must be maintained by the manager at a level which eliminates the leverage implicit in the futures. Futures transactions must be completed on a major U.S. exchange which guarantees contract compliance;

Domestic Fixed-Income Investments

Objectives:

- For the Total Domestic Fixed-Income Component, achieve a net of fee return which exceeds the Bloomberg Barclays U.S. Aggregate Bond Index and ranks in the top half of a broad comparative universe of domestic fixed-income managers, gross of fees; and
- For Core Plus Bond Fixed-Income Managers, achieve net of fee returns greater than the Bloomberg Barclays U.S. Aggregate Bond Index and rank in the top half of a comparative universe of domestic core plus bond fixed-income managers, gross of fees.

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Policies, Guidelines, and Restrictions:

- The fixed-income portion of the Plans shall be invested in marketable, fixed-income securities;
- The fixed income portion of the Plans shall be limited in duration to between 75% and 125% of the Bloomberg Barclays U.S. Aggregate Bond Index;

The investment managers shall maintain a minimum overall portfolio quality rating of “A” equivalent or better at all times (based on a market-weighted portfolio average). Minimum Quality (at purchase) must be at least 80% Baa or above.

- The applicable rating for the portfolio will be equal to the middle rating of the three Nationally Recognized Statistical Rating Organizations (NRSRO), namely Moody’s Investors Service Inc. (Moody’s), Standard and Poor’s Financial Services LLC. (S&P), and Fitch Ratings (Fitch). In situations in which ratings are provided by only two agencies, the lower of the two ratings will apply;
- The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund’s governing documents;
- The following instruments are acceptable at purchase:
 - Cash
 - U.S. Treasury Bills
 - Agency Discount Notes
 - Certificates of Deposit (CDs) and Bankers’ Acceptances (BAs)
 - Commercial Paper – Minimum Quality of A2/P2 (All CP under 4(2), 3(c)7 and other exemptive provisions is authorized.)
 - Asset-Backed Commercial Paper – Minimum Quality of A2/P2
 - Money Market Funds and Bank Short-Term Investment Funds (STIF)
 - Repurchase Agreements (Repo)
 - U.S. Government and Agency Securities

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- Credit Securities/Corporate Debt (both U.S. and Foreign issuers)
 - Debentures
 - Medium-Term Notes
 - Capital Securities
 - Trust Preferred Securities
 - Yankee Bonds
 - Eurodollar Securities
 - Floating Rate Notes and Perpetual Floaters
 - Structured Notes (with fixed income characteristics)
 - Municipal Bonds
 - Preferred Stock
 - Private Placements
 - Bank Loans
 - 144(a) Securities
 - EETCs

- Securitized Investments
 - Agency and Non-Agency Mortgage-Backed Securities (MBS)
 - Asset-Backed Securities (ABS)
 - 144(a) Securities
 - Commercial Mortgage-Backed Securities (CMBS)

- Emerging Markets Securities

International Fixed Income Securities (including non-dollar denominated securities)

- Other
 - Fixed Income Commingled and Mutual Funds
 - Futures and Options (for duration/yield curve management or hedging purposes only)
 - Swap Agreements (for duration/yield curve management or hedging purposes only)
 - Reverse Repurchase Agreements (Reverse Repo)

- Any fixed-income security not specifically authorized above is prohibited unless prior approval is received from the Boards.

IX. Manager “Watch List” or Termination “Guidelines”

The Boards may maintain a "Watch List" for managers that are not meeting prescribed objectives. If the Boards place a manager on the “Watch List”, the performance of the investment manager will be monitored by the Boards and the investment consultant on a quarterly and annual basis for a minimum of two years, unless the manager is terminated sooner. Notwithstanding the “Watch List” guidelines described herein, the Boards can choose to terminate a manager at any time based on the recommendation and/or consultation of the investment consultant, staff, or as deemed necessary by the Boards.

There are various factors that should be taken into account when considering placing a manager on a “Watch List” or terminating a manager. These can be separated into two broad categories - qualitative and quantitative factors. These factors include: personnel changes or other organizational issues, legal issues, violation of policy or investment guidelines, style deviations, underperformance relative to investment objectives, and asset allocation changes.

X. Proxy Voting Policy

The investment managers shall vote proxies in their discretion, unless otherwise instructed by the Boards. Investment managers shall maintain a proxy voting log for periodic review by the Boards. The Boards strongly believe that proxies must be voted in the best interest of the shareholders. The investment managers will vote in accordance with their fiduciary responsibilities and subject to their investment contract with SacRT. In determining the Boards’ vote, the investment manager should not subordinate the economic interests of SacRT or the Plans, or any other entity or interested party.

The investment managers shall provide a written copy of their proxy voting guidelines to the Boards. In addition, investment managers shall provide a report of all proxy votes when requested by the Boards.

XI. Investment Manager Reporting Requirements

Investment managers are expected to communicate with the Boards in writing at the end of each quarter or more frequently if requested. Quarterly reporting requirements include performance reports, a summary of the portfolio holdings, issue quality, and relative weightings at quarter end. Additionally, oral presentations shall be made to the Boards on a regular basis.

Written quarterly reports should include:

- Current investment strategy;
- Recent investment performance;
- Demonstration of compliance with these guidelines;
- List of securities in the portfolio, including at cost and at market values;
- Personnel changes;
- New/Lost accounts; and
- Pending litigation.

The Boards are interested in fostering healthy working relationships with its managers through a discipline of effective two-way communication. The information outlined above is intended to provide the Boards with an effective means of understanding their managers' specific management styles and strategies, and to effectively evaluate the results.

XII. Investment Consultant Responsibilities

The Boards' investment consultant will have the responsibilities set forth in its agreement with SacRT and will also be expected to take the actions set forth below or otherwise stated in this policy.

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The investment consultant is responsible for providing to the Boards timely and accurate quarterly performance measurement reports for each individual investment manager and for the Plans. The investment consultant shall present the performance reports to the Boards at its quarterly meetings.

When requested by the Boards, the investment consultant shall provide analysis to assist in the overall evaluation of the Plans' investment managers. In addition to preparing the quarterly performance measurement reports, the consultant will also provide written capital market updates (and other such research as generated by the consultant for use of all clients), perform investment manager searches at the direction of the Boards, perform the annual asset allocation study, and complete special projects when requested.

The consultant will assist in the monitoring of each investment manager's compliance with these guidelines. See Section VIII Manager "Watch List" or Termination "Guidelines".

APPENDIX A **Definitions**

Bloomberg Barclays U.S. Aggregate Bond Index - is a market value-weighted index that tracks the daily price, coupon, pay-downs, and total return performance of fixed-rate, publicly placed, dollar-denominated, and non-convertible investment grade debt issues with at least \$250 million par amount outstanding and with at least one year to final maturity. The Aggregate Index is comprised of the Government/Credit, the Mortgage-Backed Securities, and the Asset-Backed Securities indices. The Government/Credit Bond Index is an index that tracks the performance of U.S. Government and corporate bonds rated investment grade or better, with maturities of at least one year. The Mortgage-Backed Securities Index is a composite of 15- and 30-year fixed rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA). The U.S. Asset-Backed Securities includes pass-through, controlled-amortization and bullet-structured securities, which have a minimum average life of one year.

Commingled Fund – is a fund consisting of assets from multiple institutional investors that are blended together. Investors in commingled fund investments benefit from economies of scale, which allow for lower trading costs per dollar of investment, diversification and professional money management. A commingled fund is sometimes called a "pooled fund."

Emerging Markets – a financial market of a developing country, usually a small market with a short operating history. The Plans define emerging markets by the countries contained in the MSCI Emerging Markets Index.

Fitch Ratings - An international credit rating agency based out of New York City and London. The company's ratings are used as a guide to investors as to which investments are most likely going to yield a return. It is based on factors such as how small an economic shift would be necessary to affect the standing of the bond, and how much, and what kind of debt is held by the company. The Fitch scale is as follows: AAA, AA, A, BBB, BB, B, CCC, CC, C, and D. These symbols are used to designate least investment risk/highest investment quality (AAA) to greatest investment risk/lowest investment quality (D).

International Equity Security (Non-U.S.) - refers to an issue of an entity, which is not organized under the laws of the United States and does not have its principal place of business within the United States.

Market Cycles - Market cycles are defined to include both a rising and declining leg. Generally, a rising leg will be defined as a period of at least two consecutive quarters of rising total returns. A declining leg shall be defined as a period of two consecutive quarters of declining total returns.

Moody's Investors Rating Service - provide a universe of rating for corporate and municipal bonds as well as commercial paper. Moody's uses nine symbols to rate bonds: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, and C. These symbols are used to designate least investment risk/highest investment quality (Aaa) to greatest investment risk/lowest investment quality (C). Moody's offers three designations, all judged to be investment grade, to indicate credit quality for commercial paper: Prime-1 (P-1), Prime-2 (P-2), and Prime-3 (P-3). Prime-1 issuers have the highest ability for the payment of short-term debt obligations.

Morgan Stanley Capital International (MSCI) EAFE Index - is comprised of stocks traded in the developed markets of Europe, Asia, and the Far East. The index is capitalization weighted.

Morgan Stanley Capital International (MSCI) Emerging Markets Index – is comprised of stocks traded in the emerging markets of the world that are open to foreign investment. The index is capitalization weighted.

Morgan Stanley Capital International (MSCI) EAFE Small Cap Index – is an equity index which captures small cap representation across developed market in countries around the world, excluding the US and Canada.

Russell 2000 Index – is comprised of the 2000 smallest stocks in the Russell 3000 Index.

The Russell 3000 Index is comprised of the largest 3000 U.S. companies by market capitalization.

Standard & Poor's 500 Index - is a composite of 500 U.S. common stocks. The index is capitalization-weighted with each stock weighted by its proportion of the total market value of all 500 issues. Thus, larger companies have a greater effect on the index.

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Standard & Poor's Rating Service - Similarly to Moody's, Standard & Poor's also provides a rating system for the assessment of corporate and municipal debt instruments. The Standard & Poor's scale is as follows: AAA, AA, A, BBB, BB, B, CCC, CC, C, and D. These symbols are used to designate least investment risk/highest investment quality (AAA) to greatest investment risk/lowest investment quality (D). Standard & Poor's also rates commercial paper as follows: A-1, A-2, A-3, B, C, and D. A-1 issuers have the highest ability for the payment of short-term debt obligations.

Callan



June 20, 2018

**Sacramento Regional
Transit District**

Asset Allocation Review

Gary Chang, CFA
Capital Markets Research

Anne Heaphy
Fund Sponsor Consulting

Jay Kloepfer
Capital Markets Research

Uvan Tseng, CFA
Fund Sponsor Consulting

Where Does Asset Allocation Fit In?

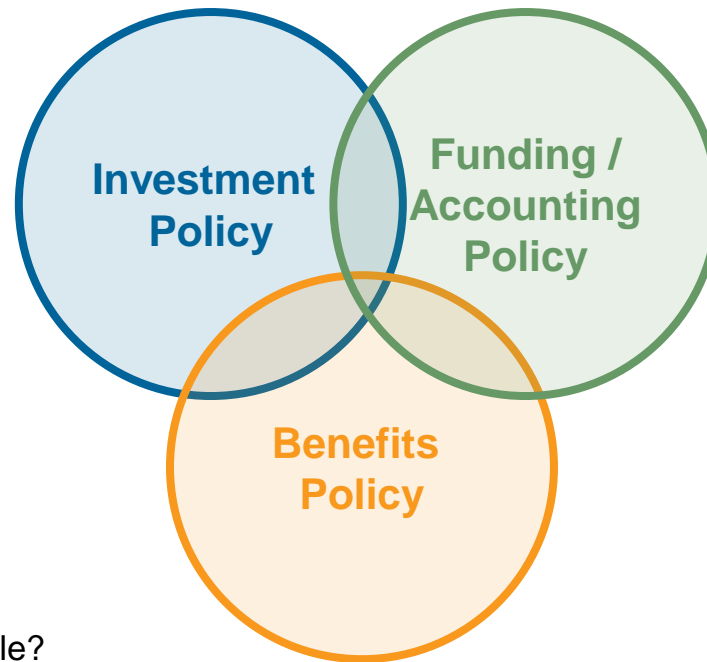
We evaluate the interaction of the three key policies that govern a pension plan with the goal of establishing the best investment policy

Investment Policy

- How will the assets supporting the benefits be invested?
- What risk and return objectives?
- How to manage cash flows?

Benefits Policy

- What type/kind of benefits?
- What level of benefit?
- When and to whom are they payable?



Funding / Accounting Policy

- How will the benefits be paid for (funded)?
- What actuarial discount rate?
- How will deficits be paid for?
- How will costs be recognized?

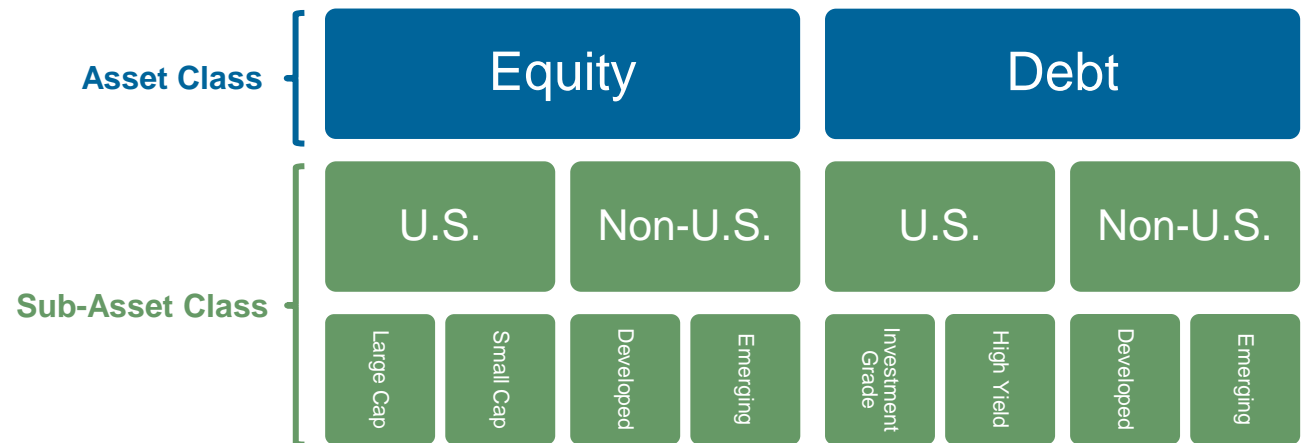
Investment Policy

Overview of Investment Goals

- The investment policy, or asset allocation, is one of the three key components of a benefit plan (along with contribution and benefit policy).
- Asset allocation is the process of determining the optimal allocation of a portfolio among broad asset classes based on several factors:
 - Capital market expectations
 - Cash flow considerations
 - Recent experience
 - Investment goals and objectives
 - Risk tolerance
 - Time horizon
- A well engineered asset allocation considers:
 - All appropriate asset classes for inclusion
 - Liquidity needs, asset class limitations, implementation challenges, administrative and legal burdens, size or capacity constraints
 - Rebalancing discipline

The Focus is on Broad Asset Classes

- Breakdowns between investment styles within asset classes (growth vs. value, large cap vs. small cap) are best addressed in a manager structure analysis.
- Primary asset classes and important sub-asset classes include:
 - U.S. Stocks
 - U.S. Bonds
 - Non-U.S. Stocks
 - Non-U.S. Bonds
 - Real Estate
 - Alternative Investments
 - Private equity
 - Absolute return
 - Cash



Callan's Capital Market Projection Process

Economic Outlook Drives Our Projections

- Evaluate the current environment and economic outlook for the U.S. and other major industrial countries:
 - Business cycles, relative growth, inflation
- Examine the relationships between the economy and asset class performance patterns
- Consider recent and long-run trends in asset class performance
- Apply market insight:
 - Consultant experience – Plan Sponsor, Manager Search, Specialty
 - Industry consensus
 - Client Policy Review Committee
- Test the projections for reasonable results

Themes Explored in Setting the 2018 Expectations

- The U.S. economy shows modest strength.
 - Real GDP grew in excess of 3% for the middle two quarters of 2017
 - *Well above the 10-year average of 1.4%*
 - *Higher than the 50-year average of 2.8%*
 - Job growth has been consistent and strong. Unemployment rate is down to 4.1%, well below any Fed target. Are we at full employment?
 - Consumer spending (70% of GDP) has been strong, driving GDP growth. However, inventories were built in anticipation of even stronger spending, which led to a weak start to 2016 and 2017.
- Modest recovery has taken shape in Europe in response to continued stimulus.
 - Progress on the recovery in the face of refugee crisis, geopolitical change, fallout from Brexit.
- Fed has begun rate increases. Capital markets do not necessarily buy Fed's articulated pace of rate hikes: futures market predicts fewer hikes and a slower pace.
- Energy prices found a bottom, bringing inflation back to 2%.
- Uncertainty surrounding trade a major source of negative sentiment and market volatility.
 - Slowing growth in China, and context matters: China is now the second largest economy, slowing growth means dropping below 7%.
 - U.S. economic exposure to China is relatively small compared to Europe and emerging markets.
 - Future of NAFTA, protectionist policies on the agenda for 2018.

Economic Outlook and Callan's Capital Market Projections

Broad market bond returns projected at 3.00%

- Interest rates are expected to rise with most of the increase expected over the next 3 years. Our path is consistent with that forecast by the Fed.
- Higher starting yields for intermediate fixed income offset by a small negative from changing credit spreads leaves forecasted returns unchanged from last year.
 - Capital losses expected as yields increase in early years, those losses are consistent with moderate duration (historically about 5 but currently closer to 6) with little impact from changing credit spreads.
- Cash returns held at 2.25%, reflecting an expected rise in Fed Funds rate.

Domestic Equity returns projected at 6.85%, Global ex-U.S. Equity at 7.00%

- Broad U.S. equity is represented by the Russell 3000 index which includes large, mid, and small cap stocks.
- Earnings growth must continue to keep pace with returns. US consumers have to continue to buy in the face of limited wage growth and firms need to continue to invest to improve productivity and profits.
- Dividend yields are consistent with recent history and growth in dividends likely to continue near current pace while returns moderate leading to modestly higher yields.
- Small premium for Global ex-U.S. over U.S. largely due to Emerging Markets.

Economic Outlook and Callan's Capital Market Projections

Real Estate returns projected at 5.75%

- Real estate is represented by the Callan Real Estate database.
- Real estate returns reflect decreases in cap rates.
 - Cap rates continued to decline in 2017.
 - Spread between cap rates and bonds has compressed making real estate relatively less attractive.
 - Demand remains high as equity gains rebalanced into real estate.
- Overall real estate tends to have an equity beta.
 - Stylized beta tends to be about 0.75. Reduced equity projections weigh on real estate return.
- Risk reflects economic realities rather than volatility observed under normal conditions.
 - Observed volatility is generally less than 5% in normal markets.

Hedge Fund/Multi-Asset Class returns projected at 5.05%

- Hedge funds are represented by the Callan Hedge Fund of Funds database.
- Hedge fund returns will be supported by increasing interest rates.
 - Hedge fund returns consist of cash plus a spread. 2.25% cash forecast
- Hedge funds overall tend to have an equity beta
 - Beta tends to be about 0.4.
 - Return expected between that of stocks and bonds; benefit to hedge fund investing derives from potential for diversification to stocks and bonds.
- Hedge funds earn risk premia.
 - Exotic beta, Illiquidity

Callan's 2018 Capital Market Assumptions

Summary of Callan's Long-Term Capital Market Projections (2018 – 2027)

Asset Class	Index	PROJECTED RETURN			PROJECTED RISK	
		1-Year Arithmetic	10-Year Geometric*	Real	Standard Deviation	Projected Yield
Equities						
Broad Domestic Equity	Russell 3000	8.30%	6.85%	4.60%	18.25%	2.00%
Large Cap	S&P 500	8.05%	6.75%	4.50%	17.40%	2.10%
Small/Mid Cap	Russell 2500	9.30%	7.00%	4.75%	22.60%	1.55%
Global ex-US Equity	MSCI ACWI ex USA	8.95%	7.00%	4.75%	21.00%	3.10%
International Equity	MSCI World ex USA	8.45%	6.75%	4.50%	19.70%	3.25%
Emerging Markets Equity	MSCI Emerging Markets	10.50%	7.00%	4.75%	27.45%	2.65%
Fixed Income						
Short Duration	Bloomberg Barclays 1-3 Yr G/C	2.60%	2.60%	0.35%	2.10%	2.85%
Domestic Fixed	Bloomberg Barclays Aggregate	3.05%	3.00%	0.75%	3.75%	3.50%
Long Duration	Bloomberg Barclays Long G/C	3.50%	3.00%	0.75%	10.95%	4.45%
TIPS	Bloomberg Barclays TIPS	3.10%	3.00%	0.75%	5.25%	3.35%
High Yield	Bloomberg Barclays High Yield	5.20%	4.75%	2.50%	10.35%	7.75%
Non-US Fixed	Bloomberg Barclays Gbl Agg xUSD	1.80%	1.40%	-0.85%	9.20%	2.50%
Emerging Market Debt	EMBI Global Diversified	4.85%	4.50%	2.25%	9.60%	5.75%
Other						
Real Estate	Callan Real Estate Database	6.90%	5.75%	3.50%	16.35%	4.75%
Private Equity	TR Post Venture Capital	12.45%	7.35%	5.10%	32.90%	0.00%
Hedge Funds	Callan Hedge FoF Database	5.35%	5.05%	2.80%	9.15%	2.25%
Commodities	Bloomberg Commodity	4.25%	2.65%	0.40%	18.30%	2.25%
Cash Equivalents	90-Day T-Bill	2.25%	2.25%	0.00%	0.90%	2.25%
Inflation	CPI-U		2.25%		1.50%	

* Geometric returns are derived from arithmetic returns and the associated risk (standard deviation).

- Most capital market expectations represent passive exposure (beta only); however, return expectations for private real estate, private equity, and hedge funds reflect active management because no effective market proxies exist.
- All return expectations are net of fees.

2018 Capital Market Expectations—Correlation Coefficient Matrix

Correlation Matrix		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
1	Broad Domestic Equity	1.00																			
2	Large Cap	1.00	1.00																		
3	Small/Mid Cap	0.97	0.94	1.00																	
4	Global ex-US Equity	0.87	0.87	0.84	1.00																
5	International Equity	0.84	0.84	0.80	0.99	1.00															
6	Emerging Markets Equity	0.87	0.86	0.85	0.94	0.87	1.00														
7	Short Duration	-0.25	-0.24	-0.27	-0.27	-0.25	-0.29	1.00													
8	Domestic Fixed	-0.11	-0.10	-0.14	-0.13	-0.11	-0.16	0.87	1.00												
9	Long Duration	0.11	0.11	0.10	0.08	0.09	0.04	0.74	0.93	1.00											
10	TIPS	-0.05	-0.05	-0.08	-0.05	-0.03	-0.09	0.53	0.60	0.53	1.00										
11	High Yield	0.64	0.64	0.61	0.63	0.61	0.62	-0.14	0.02	0.19	0.06	1.00									
12	Non-US Fixed	0.01	0.05	-0.10	0.01	0.06	-0.09	0.48	0.51	0.54	0.34	0.12	1.00								
13	EMD	0.57	0.57	0.56	0.58	0.55	0.58	-0.04	0.10	0.14	0.18	0.60	0.01	1.00							
14	Real Estate	0.73	0.73	0.71	0.68	0.66	0.65	-0.17	-0.03	0.17	0.00	0.56	-0.05	0.44	1.00						
15	Private Equity	0.95	0.95	0.92	0.93	0.90	0.91	-0.26	-0.20	0.00	-0.11	0.64	-0.06	0.57	0.72	1.00					
16	Hedge Funds	0.80	0.80	0.77	0.76	0.73	0.76	-0.13	0.08	0.29	0.08	0.57	-0.08	0.54	0.61	0.78	1.00				
17	Commodities	0.15	0.15	0.15	0.16	0.16	0.16	-0.22	-0.10	-0.04	0.12	0.10	0.05	0.19	0.20	0.18	0.21	1.00			
18	Cash Equivalents	-0.04	-0.03	-0.08	-0.04	-0.01	-0.10	0.30	0.10	-0.04	0.07	-0.11	-0.09	-0.07	-0.06	0.00	-0.07	0.07	1.00		
19	Inflation	-0.01	-0.02	0.02	0.01	0.00	0.03	-0.20	-0.28	-0.29	0.18	0.07	-0.15	0.00	0.10	0.06	0.20	0.40	0.00	1.00	

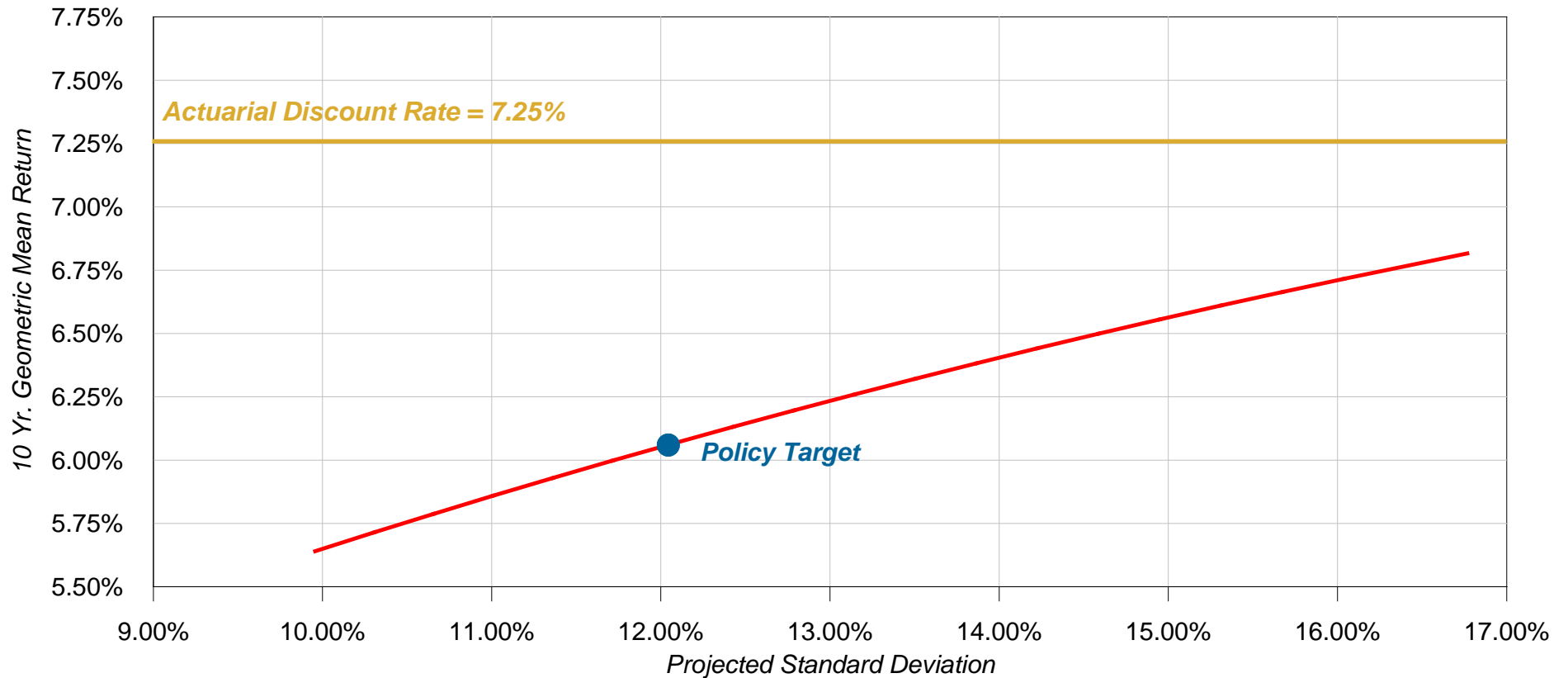
- Relationships between asset classes are as important, or more important, than the levels of individual asset class assumptions.
- These relationships will have a large impact on the generation of efficient asset mixes using mean-variance optimization.

Policy Target Allocation

<i>Asset Class</i>	<i>Current Policy Target (2018)</i>	<i>Policy Target (2017)</i>
Global Equity	65%	65%
Large Cap U.S. Equity	32%	32%
Small Cap U.S. Equity	8%	8%
Large Cap Non-U.S. Developed Equity	14%	14%
Small Cap Non-U.S. Developed Equity	5%	5%
Emerging Markets Equity	6%	6%
Fixed Income	35%	35%
U.S. Fixed Income	35%	35%
Expected Geometric Return	6.06%	6.06%
Expected Standard Deviation	12.04%	12.04%

- There was no change to RT's policy target or to Callan's capital market expectations from last year; thus the expected return and standard deviation remain the same.
- RT's actuary currently has an expected return assumption of 7.25% which is based on a 3.00% inflation expectation while Callan uses a 2.25% inflation expectation.
- Callan expects lower inflation to flow through the liabilities and result in a lower liability growth rate of 6.60% (vs. the actuarial discount rate of 7.25%).
- Expected returns assume passive implementation; however, roughly 75% of RT's assets are actively managed.

The Efficient Frontier



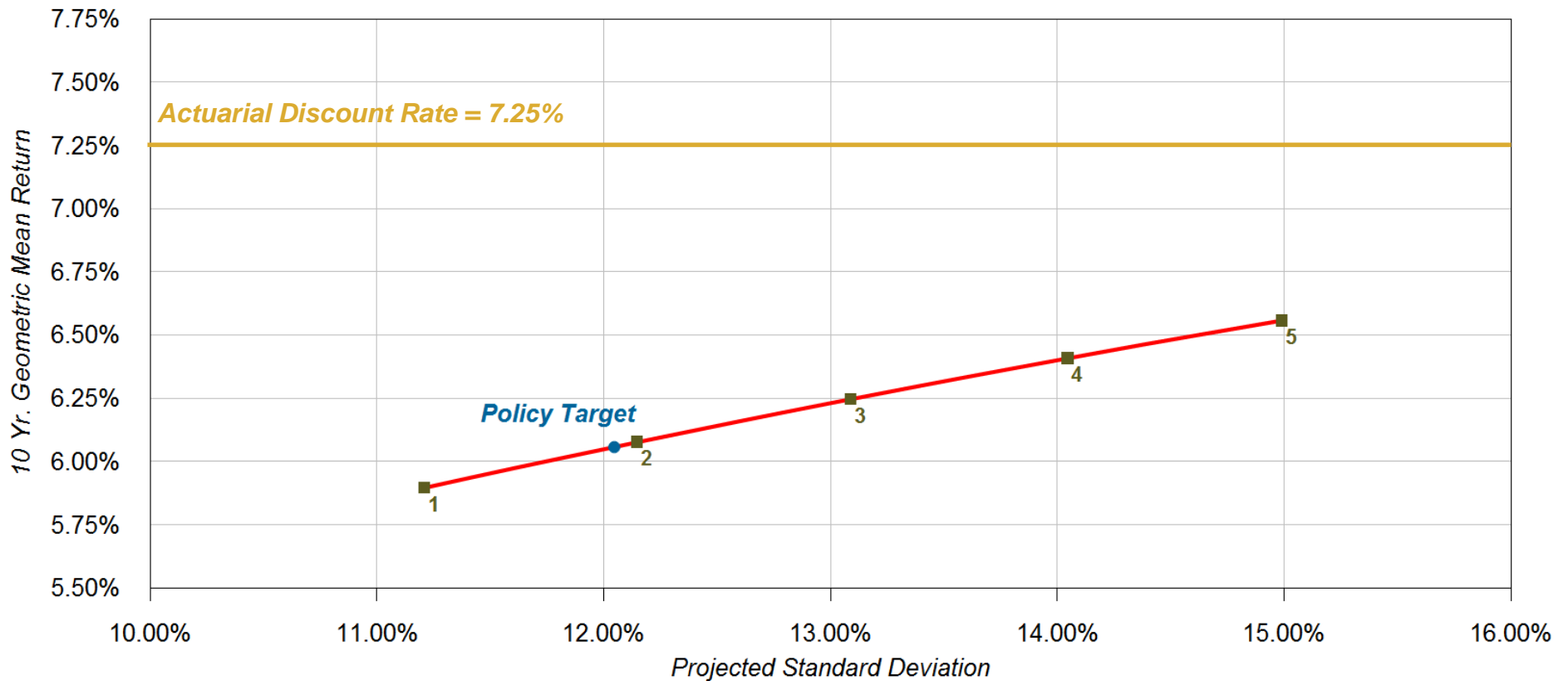
- The efficient frontier represents mixes which optimally trade off between expected return and expected risk.
- The efficient frontier demonstrates that Callan does not expect the capital markets to deliver a return close to the expected liability growth rate at a reasonable level of risk.

Sample Allocations

Asset Class	Policy Target	Example Mixes				
		Mix 1	Mix 2	Mix 3	Mix 4	Mix 5
Global Equity	65%	60%	65%	70%	75%	80%
Large Cap U.S. Equity	32%	29%	31%	33%	36%	38%
Small Cap U.S. Equity	8%	7%	8%	9%	10%	10%
LC Non-U.S. Developed Equity	14%	13%	14%	15%	15%	17%
SC Non-U.S. Developed Equity	5%	4%	5%	5%	6%	6%
Emerging Markets Equity	6%	7%	7%	8%	8%	9%
Fixed Income	35%	40%	35%	30%	25%	20%
U.S. Fixed Income	35%	40%	35%	30%	25%	20%
Alternative Assets	0%	0%	0%	0%	0%	0%
Real Estate	0%	0%	0%	0%	0%	0%
Hedge Funds/Multi-Asset Class	0%	0%	0%	0%	0%	0%
Expected Geometric Return	6.06%	5.90%	6.08%	6.25%	6.41%	6.56%
Expected Standard Deviation	12.04%	11.21%	12.15%	13.09%	14.04%	14.99%

- The optimal mixes are constructed with decreasing allocations to Fixed Income (from 40% to 20%).
- As the fixed income allocation decreases, the expected return increases and annual portfolio risk reaches over 14%.

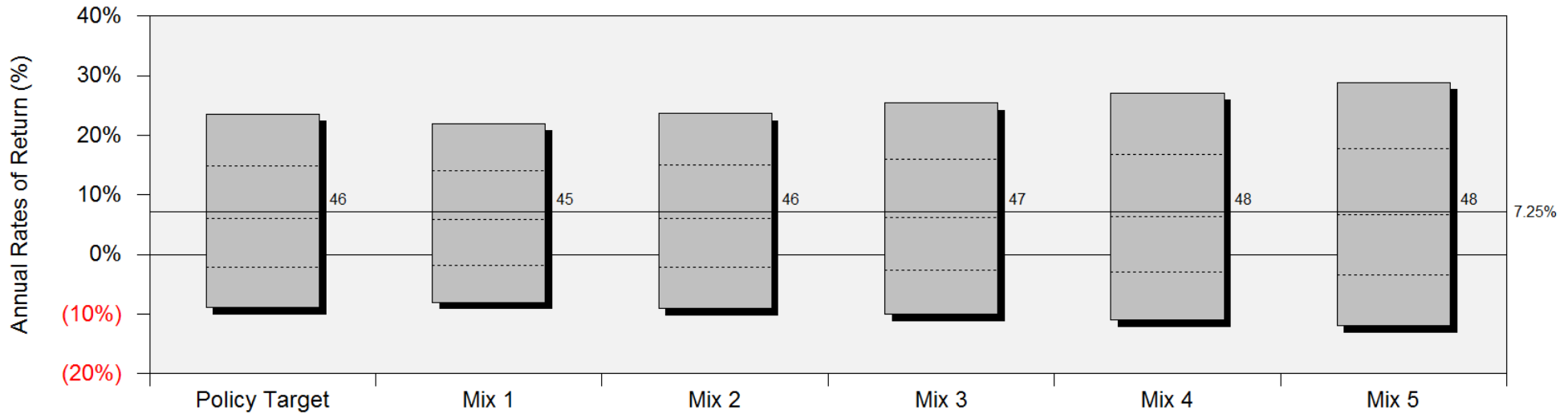
Sample Efficient Frontier



- The efficient frontier represents mixes that optimally trade off between expected return and expected risk.
 - The numbered dots represent optimal mixes 1 – 5, detailed on the previous slide.
- Mix 5 represents the allocation that would come closest to meeting the 7.25% expected return assumption.

Projected Rates of Return (1 Year)

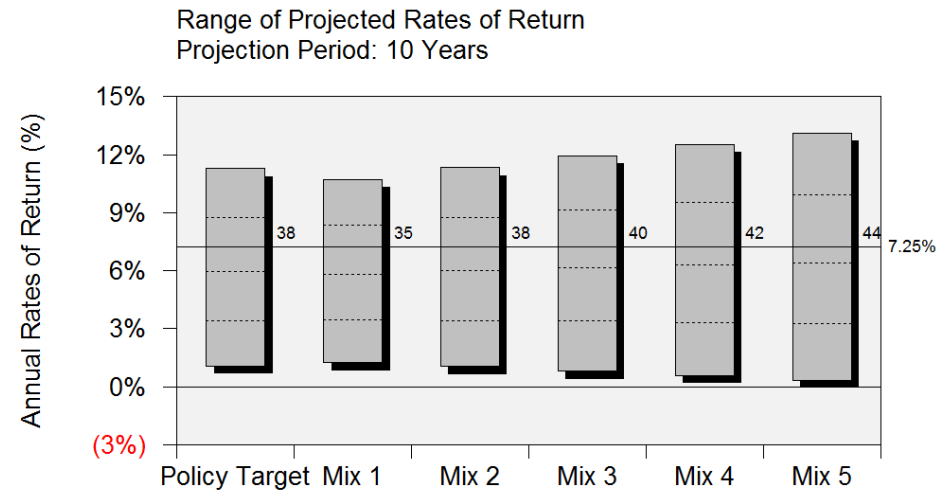
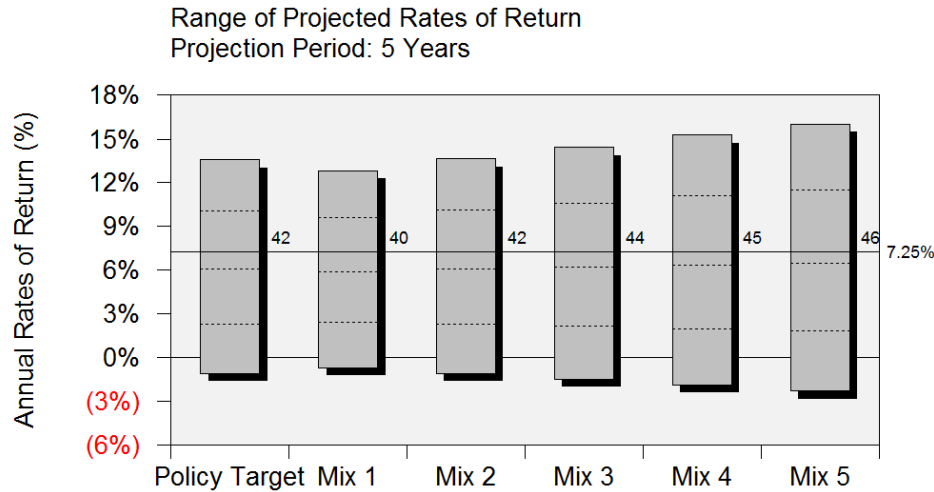
Range of Projected Rates of Return
Projection Period: 1 Year



10th Percentile	23.6%	22.0%	23.7%	25.4%	27.1%	28.9%
25th Percentile	14.9%	14.1%	15.0%	16.0%	16.8%	17.7%
Median	6.0%	5.8%	6.0%	6.2%	6.5%	6.6%
75th Percentile	(2.1%)	(1.7%)	(2.1%)	(2.6%)	(3.0%)	(3.4%)
90th Percentile	(8.9%)	(8.1%)	(9.0%)	(10.0%)	(11.0%)	(12.0%)
Prob > 7.25%	46.4%	45.5%	46.4%	47.1%	47.7%	48.3%

- Although none of the mixes are expected to achieve the 7.25% discount rate, all of the mixes have a greater than 40% chance to achieve that hurdle over one year.

Projected Rates of Return (5 and 10 Years)



10th Percentile	13.6%	12.8%	13.6%	14.4%	15.3%	16.0%
25th Percentile	10.0%	9.6%	10.1%	10.6%	11.1%	11.5%
Median	6.1%	5.9%	6.1%	6.2%	6.4%	6.5%
75th Percentile	2.3%	2.4%	2.3%	2.1%	2.0%	1.8%
90th Percentile	(1.1%)	(0.7%)	(1.1%)	(1.5%)	(1.9%)	(2.3%)
Prob > 7.25%	41.5%	39.6%	41.7%	43.5%	45.2%	46.3%

10th Percentile	11.3%	10.7%	11.3%	11.9%	12.5%	13.1%
25th Percentile	8.7%	8.4%	8.8%	9.2%	9.5%	9.9%
Median	6.0%	5.8%	6.0%	6.1%	6.3%	6.4%
75th Percentile	3.4%	3.5%	3.4%	3.4%	3.3%	3.3%
90th Percentile	1.1%	1.3%	1.1%	0.8%	0.6%	0.3%
Prob > 7.25%	37.7%	35.3%	38.0%	40.2%	42.1%	43.6%

- Over longer horizons of 5 and 10 years, there is still a reasonable chance all the mixes can reach the 7.25% threshold, especially more aggressive mixes such as 4 and 5.

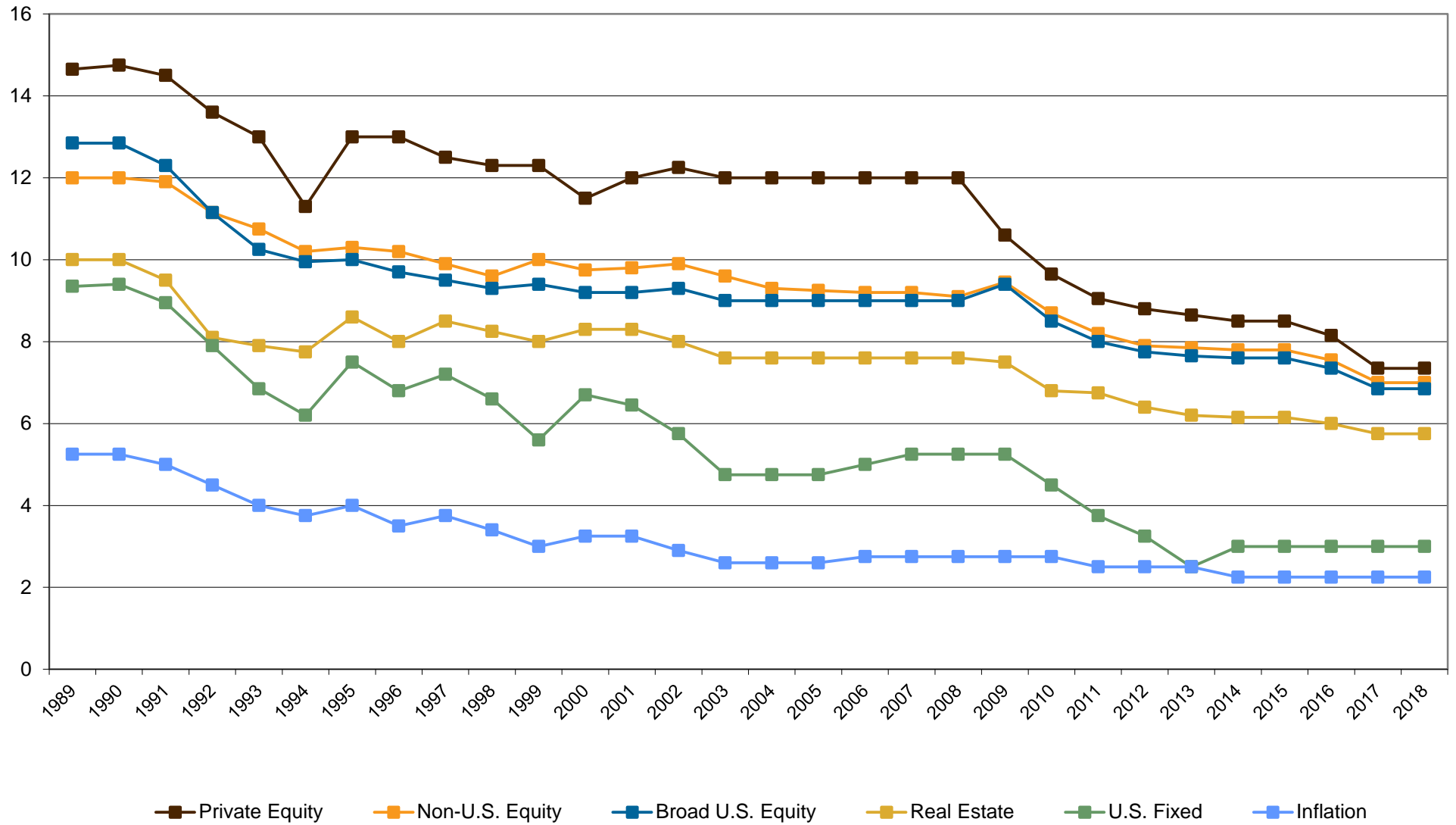
Sample Allocations (With Alternatives)

Asset Class	Policy Target	Example Mixes				
		Mix 1	Mix 2	Mix 3	Mix 4	Mix 5
Global Equity	65%	50%	54%	59%	63%	67%
Large Cap U.S. Equity	32%	23%	25%	27%	29%	31%
Small Cap U.S. Equity	8%	6%	6%	7%	7%	8%
LC Non-U.S. Developed Equity	14%	11%	13%	13%	14%	15%
SC Non-U.S. Developed Equity	5%	4%	4%	5%	5%	5%
Emerging Markets Equity	6%	6%	6%	7%	8%	8%
Fixed Income	35%	33%	27%	22%	17%	12%
U.S. Fixed Income	35%	33%	27%	22%	17%	12%
Alternative Assets	0%	17%	19%	19%	20%	21%
Real Estate	0%	9%	10%	10%	11%	12%
Hedge Funds/Multi-Asset Class	0%	8%	9%	9%	9%	9%
Expected Geometric Return	6.06%	5.90%	6.08%	6.25%	6.41%	6.56%
Expected Standard Deviation	12.04%	11.12%	12.05%	12.98%	13.92%	14.85%

- In contrast to page 12, these are optimal mixes which introduce alternatives. Expected returns are held the same.
- By introducing alternatives, portfolio volatility decreases.

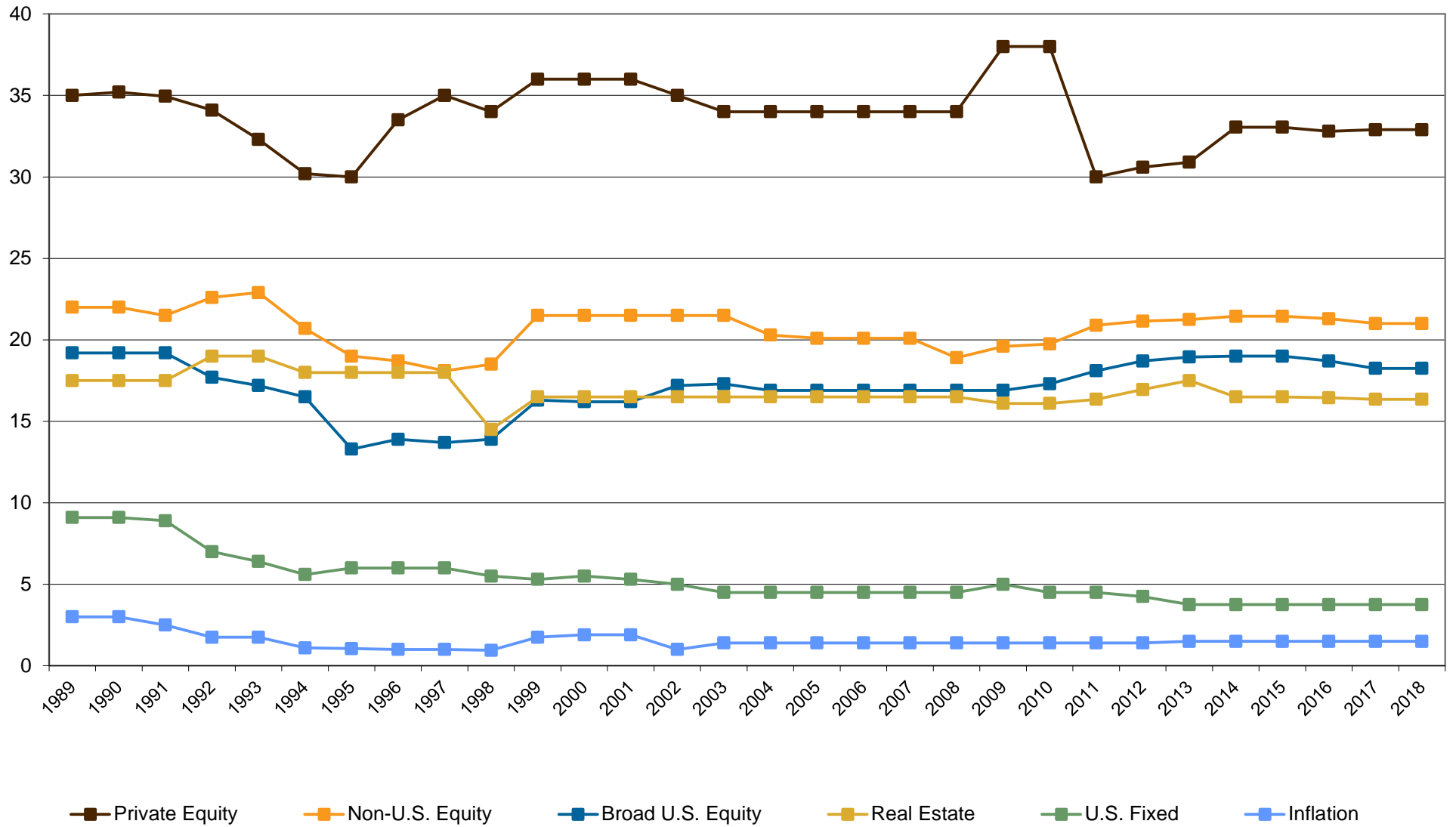
Return Projections

1989 – 2018



Risk Projections

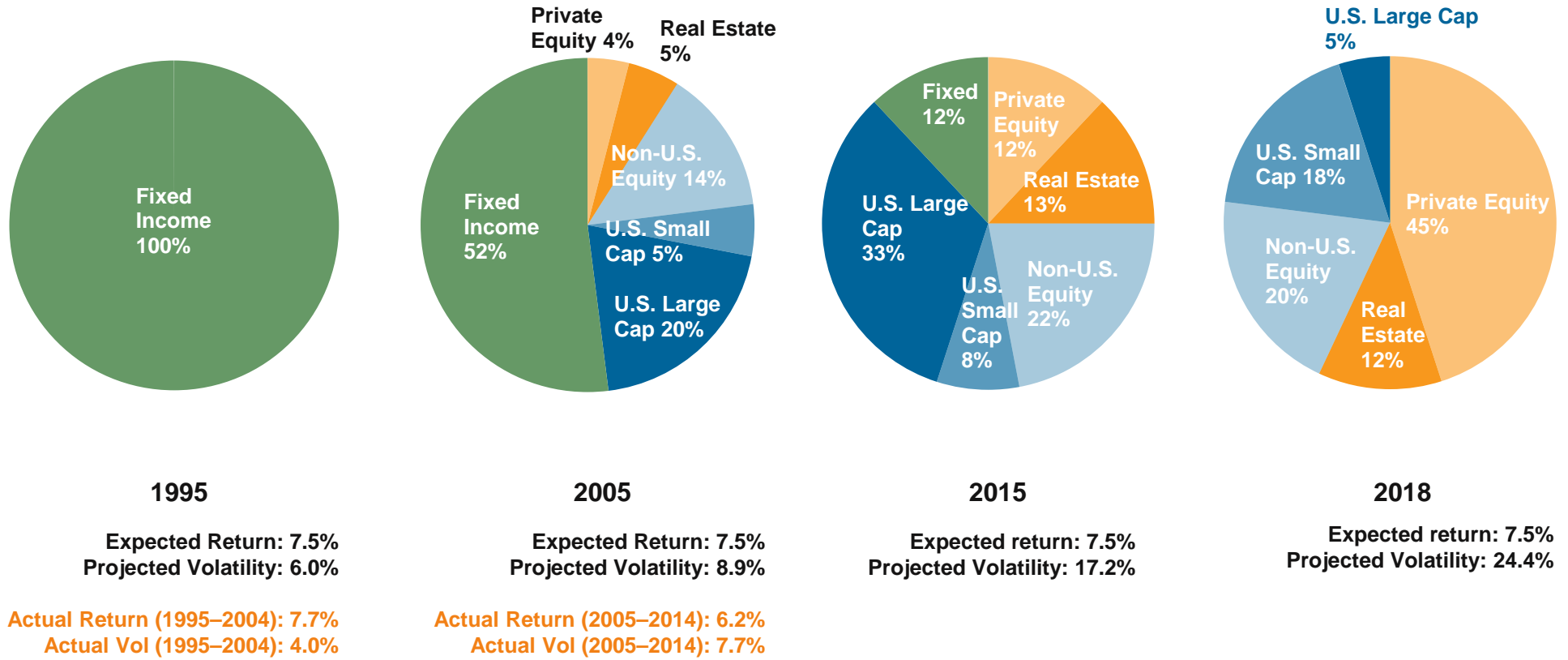
1989 – 2018



Increasing Volatility and Complexity

Illustrative Expected Portfolio Returns and Allocations for a Plan Sponsor to Achieve 7.5% Over Past 20+ Years

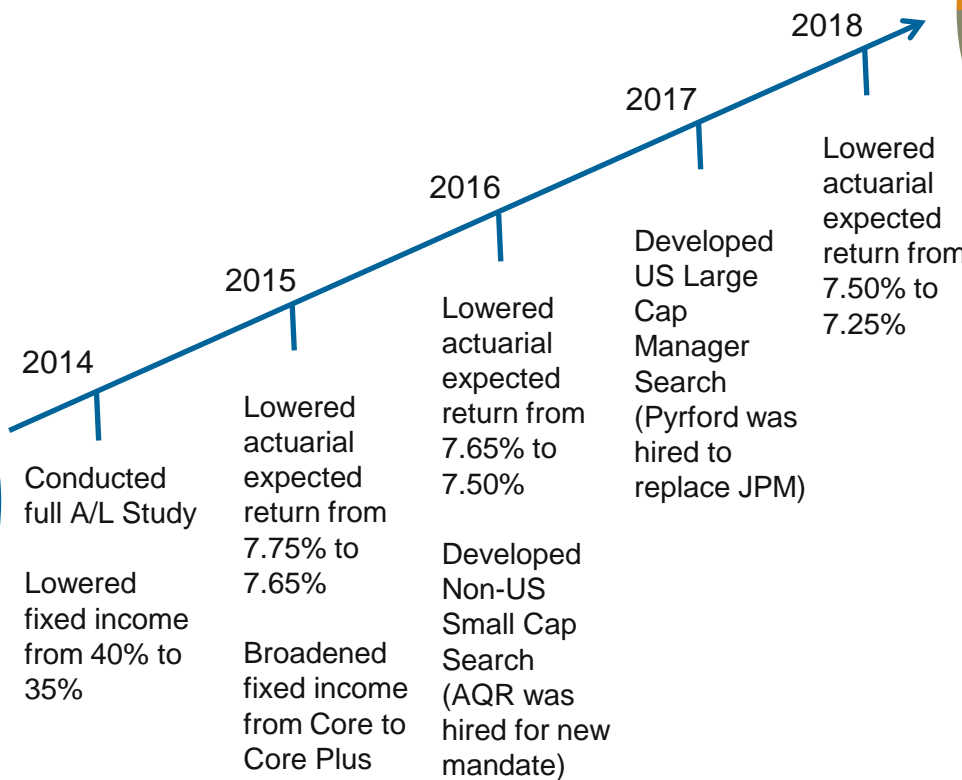
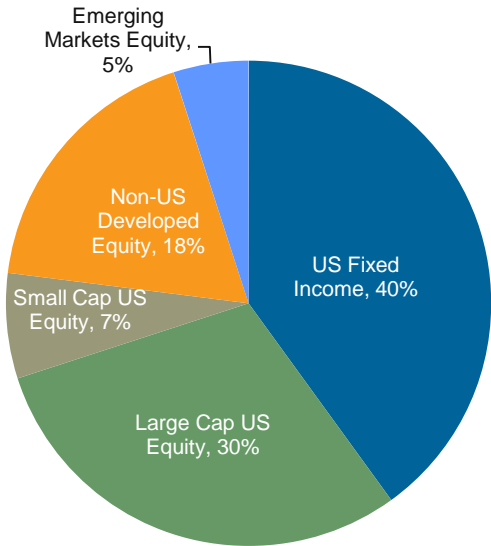
Increasing Complexity



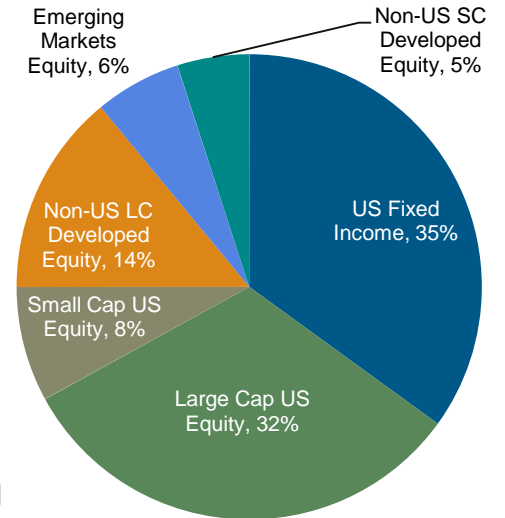
Increasing Risk

What RT Has Accomplished Since the 2014 Asset/Liability Study

2014 Policy Target
 Actuarial Expected Return: 7.75%
 Expected Geometric Return: 6.3%
 Expected Standard Deviation: 11.5%



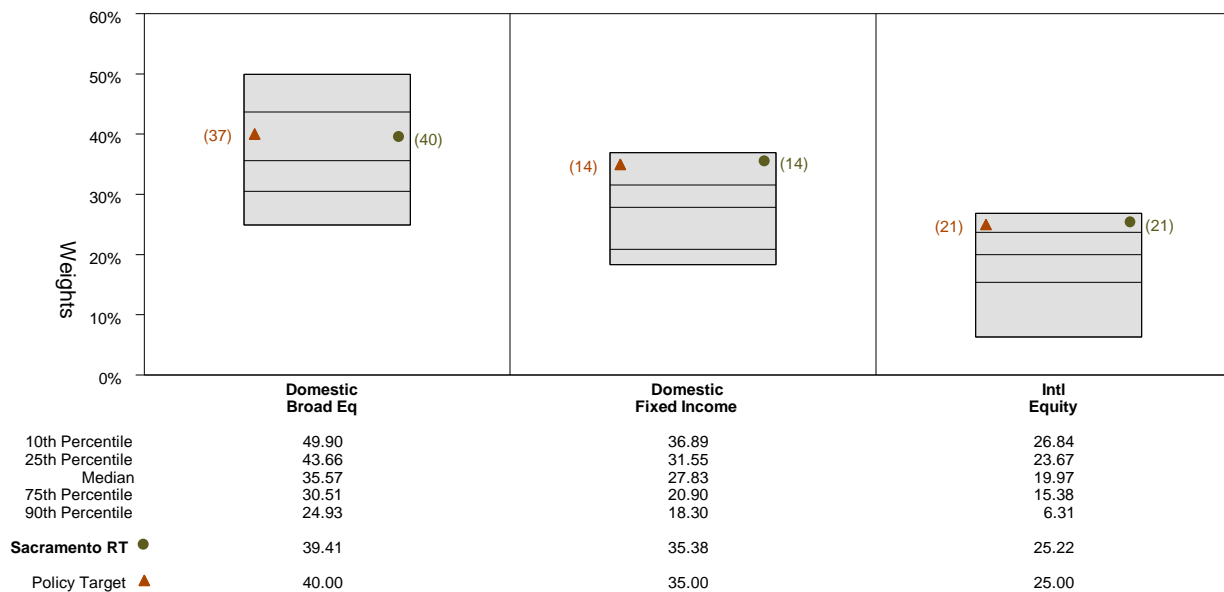
Current Policy Target
 Actuarial Expected Return: 7.25%
 Expected Geometric Return: 6.1%
 Expected Standard Deviation: 12.0%



Conclusion

- We are comfortable with your current asset allocation. The total portfolio is conservatively positioned with the fixed income allocation serving as an anchor to windward when equity market volatility increases.
 - Recognizing, however, that this allocation is currently expected to generate a 6.1% nominal annualized return over the next 10 year period, which falls short of the long-term actuarial expected return of 7.25%.
- The fixed income allocation could be reduced modestly to 30% in order to increase the expected return to 6.25%, but it also increases the expected volatility.
- Introducing alternative asset classes increases the portfolio’s diversification and can modestly decrease volatility. It also increases complexity and fees.
- Further education can be provided to the Board on alternative asset classes.

Asset Class Weights vs Callan Public Fund Spons- Mid (100M-1B)



Callan

Appendix

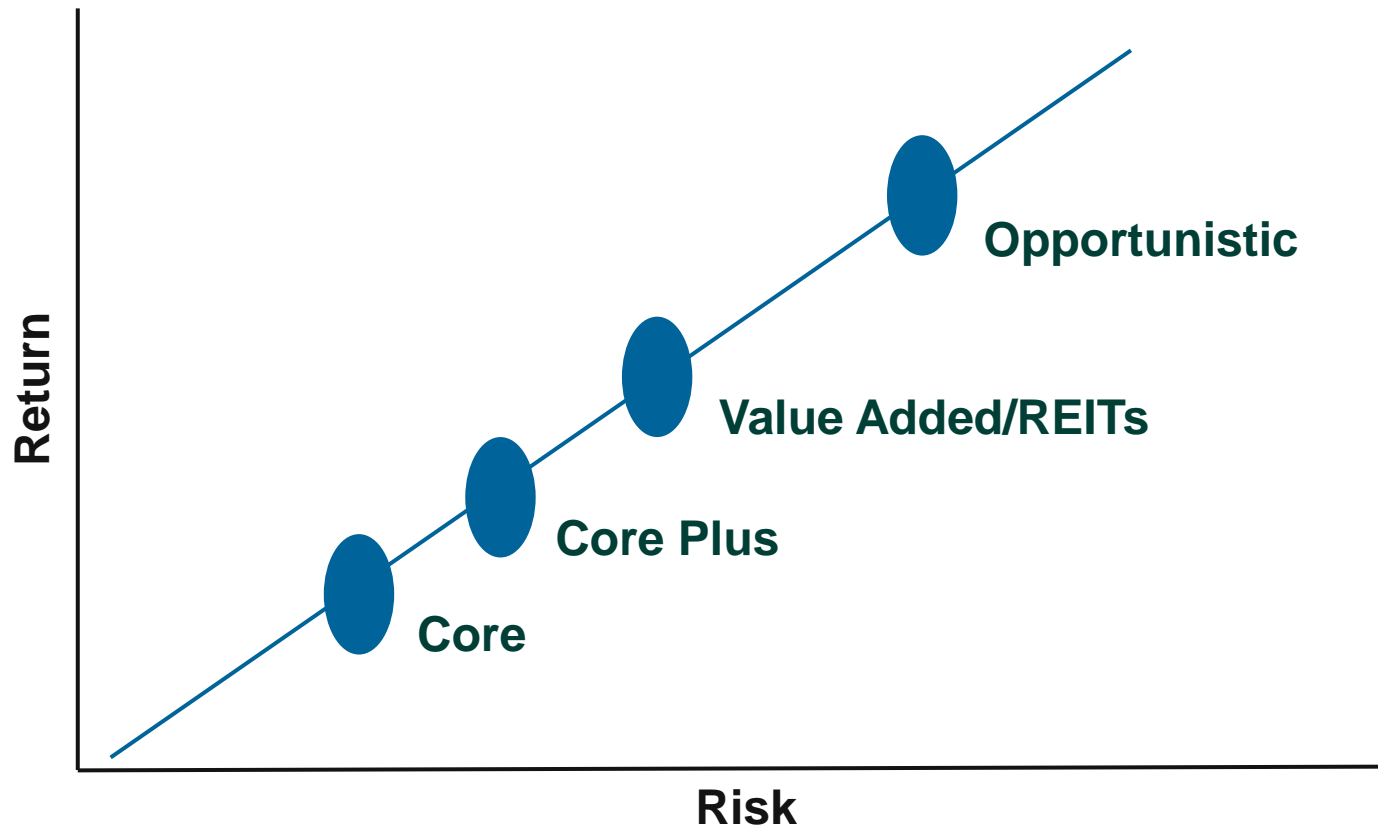
Why Real Estate?

- Competitive returns
- Diversification benefits when added to portfolios of stocks and bonds
- Low correlations with stocks and bonds
- Strong income component
- Inefficiency creates return opportunities
- Inflation protection characteristics
- Diversification benefits of combining public and private real estate

Considerations for Real Estate Investors

- All real estate is cyclical
- Private real estate
 - Not valued daily
 - Illiquid
 - Management intensive/implementation risks
 - High fees compared to mainstream asset classes
 - Lack of investable indices; benchmarking issues
- Public real estate
 - Volatility
 - Lower diversification benefits than private real estate
 - Small share of the real estate investable universe (<10%)

Risk and Return By Strategy



Core Real Estate Strategies

- Characteristics

- Most conservative equity real estate approach and most prevalent in institutional portfolios.
- Existing properties with quality construction and design features, quality tenants and staggered lease schedules; at least 80% leased upon purchase.
- Predictable income and cash flows.
- Located in economically diversified metropolitan areas within the US.
- Most diversified by property type across office, retail, industrial, and apartments; some invest in only one property type. Some include specialty property types (hotel, self storage, student housing).
- Close to three-fourths of the anticipated total return will be from income.
- Expected long-term leveraged return of 5.75% with a 16.35% standard deviation.

- Universe

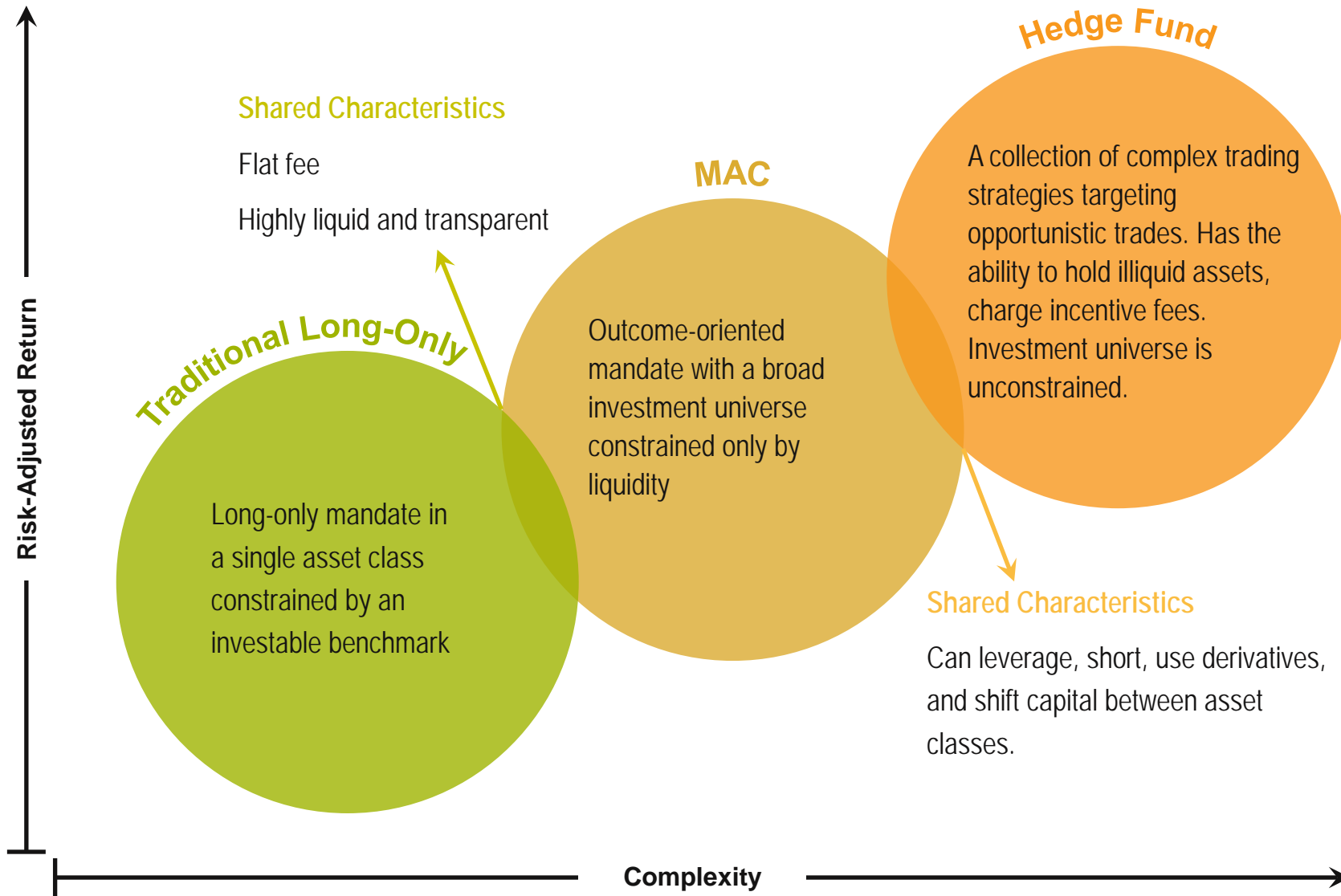
- ~25 core open-end funds
- Total universe size: \$140 billion
- Gross Asset Values: \$700 million - \$28 billion
- Leverage: up to 40%
- Dynamic universe; funds with 40+ years of history and newly formed funds.
- Entry queues for a number of funds resulting in an implementation lag for investors.
- For those funds with queues, current wait times range from six to eighteen months for most funds.
- Easy to benchmark using NFI-ODCE, a leveraged fund level benchmark.
- 0.85% - 1.10% all in fees

Why Multi-Asset Class (MAC)?

Overview

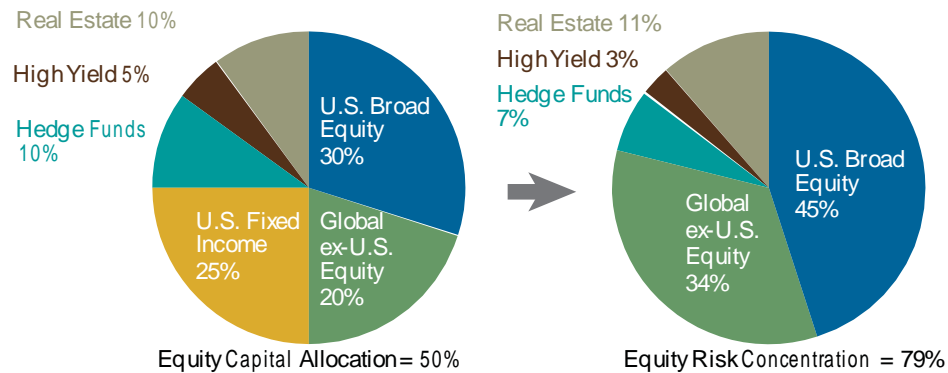
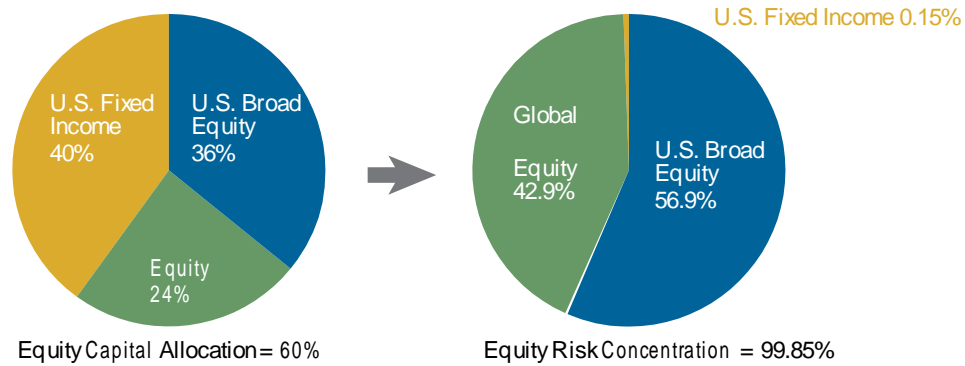
- Multi-asset class products are outcome-oriented solutions (no benchmark) that invest across multiple asset classes.
- Like hedge funds, MAC strategies can short, employ leverage, and hedge, yet typically offer lower fees, improved transparency, and liquidity.
- Leverage may be employed to target overall volatility, a specific return, or to achieve a desired risk factor weighting.
- They typically take a “multi-horizon” approach that considers short, intermediate and long-term time horizons and may employ a non-traditional asset allocation framework.
- Callan follows ~100 institutionally viable multi-asset class strategies. Most of these strategies are unconstrained, liquid, flat fee and have no market benchmark.
 - Not included in the definition of multi-asset class strategies are risk-based funds, target date funds, multi-asset income and hedge funds.

Bridging The Gap



Why The Interest in Multi-Asset Class Strategies?

Diversification

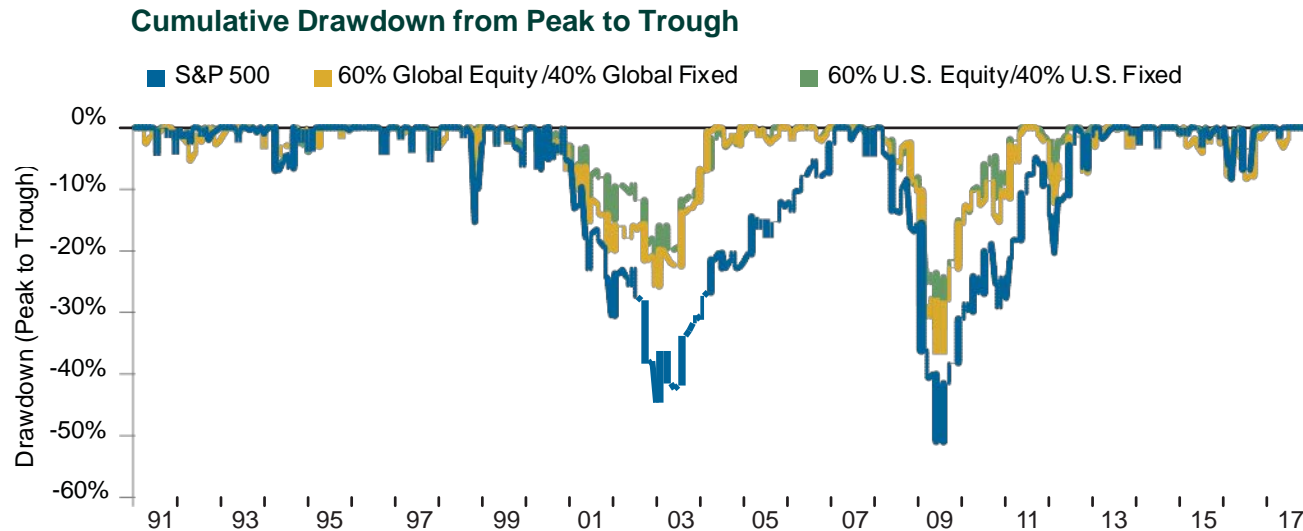


- Most “diversified portfolios” are dominated by equity risk.
- Diversification into other asset classes such as private real estate, high yield, and hedge funds will help lower equity risk concentration, but perhaps not as much as one would think.
- A wide opportunity set (constrained only by liquidity) and flexibility to employ derivatives, leverage, and shorting is an advantageous framework for multi-asset class strategies to try and limit equity risk concentration.

Note: Calculation of risk concentration is based on Callan's 2018-2027 capital market assumptions.
Source: Callan

Why The Interest in Multi-Asset Class Strategies?

Drawdown Protection



- Related to equity risk concentration is the increased demand for downside protection in a portfolio.
- Large drawdowns result in lower long-term returns due to “volatility drag” and may cause adverse problems – liquidity strain, spike in contributions/pension expense, and disruption in retirement plans.
 - Negative investment performance in conjunction with negative cash flows exacerbates drawdown risk.
- Many plan sponsors are running at maximum portfolio risk capacity as they strive to meet return hurdles that become further out of reach as capital market expectations erode.
 - Even a 60/40 portfolio can experience significant drawdown.
- MAC strategies are seen as a way to offer some stabilization and diversification or to enhance return relative to low-yielding fixed income.

Global Equity = MSCI ACWI, Global Fixed = Bloomberg Barclays Global Aggregate, U.S. Equity = S&P 500, U.S. Fixed = Bloomberg Barclays Aggregate
Source: Callan

Why The Interest in Multi-Asset Class Strategies?

Higher Risk-Adjusted Returns

- In general, the investment industry expects 10-year forward-looking returns to be low, relative to history, across all asset classes.
- Most asset owners acknowledge that achieving an annualized return of 7%-8% over the next 10 years is going to be challenging given the current economic environment of low yields and elevated prices for U.S. stocks.
- Many MAC strategies are targeting long-term returns of T-bills + 4%-6% or more with half the risk of equities.
 - To put that in context, Callan's 2018-2027 return/risk expectation for large cap U.S. equities is T-bills + 4.5% with 17.4% risk (Sharpe ratio = 0.258 (4.5/17.4)).
- Benefits of MACs:
 - Dynamic investment process
 - *Leverage, shorting, and derivatives*
 - Outcome oriented objectives
 - *Helps determine role in portfolio*
 - *Focus on drawdown protection*
 - Many applications depending on objectives and risk tolerance
 - Liquidity
 - Transparency
 - Flat fee
 - *70-120 bps*
- Considerations of MACs:
 - Short track records
 - *Few have faced a prolonged distressed market environment*
 - Downside protection is not guaranteed
 - *High manager risk*
 - *Execution is key*
 - More complex than long-only strategies
 - *Benchmarking is difficult*
 - *Performance evaluations are focused on years, not quarters*

Disclaimers

This report is for informational purposes only and should not be construed as legal or tax advice on any matter. Any decision you make on the basis of this content is your sole responsibility. You should consult with legal and tax advisers before applying any of this information to your particular situation.

This report may consist of statements of opinion, which are made as of the date they are expressed and are not statements of fact.

Reference to or inclusion in this report of any product, service or entity should not be construed as a recommendation, approval, affiliation or endorsement of such product, service or entity by Callan.

Past performance is no guarantee of future results.

The statements made herein may include forward-looking statements regarding future results. The forward-looking statements herein: (i) are best estimations consistent with the information available as of the date hereof and (ii) involve known and unknown risks and uncertainties such that actual results may differ materially from these statements. There is no obligation to update or alter any forward-looking statement, whether as a result of new information, future events or otherwise. Undue reliance should not be placed on forward-looking statements.

Sacramento Regional Transit District

Statement of Investment Objectives and Policy Guidelines For the Sacramento Regional Transit District Retirement Plans

Restated Effective June ~~15, 2016~~20, 2018

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**Sacramento Regional Transit District
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For the Sacramento Regional Transit District Retirement Plans**

I. Purpose

The Sacramento Regional Transit District (~~the "District"~~ SacRT) sponsors three tax-qualified retirement plans for the benefit of its eligible employees: (1) the Sacramento Regional Transit District Retirement Plan for members of ATU, Local 256 ("ATU"), (2) the Sacramento Regional Transit District Retirement Plan for members of IBEW Local 1245 ("IBEW"), and (3) the Sacramento Regional Transit District Retirement Plan for Salaried Employees who are members of the Administrative Employees' Association ("AEA"), the Management and Confidential Employees Group ("MCEG"), and the American Federation of State, County and Municipal Employees ("AFSCME") (each a "Plan" and, collectively, the "Sacramento Regional Transit District Retirement Plans" or the "Plans").

There are five Retirement Boards (each a "Board" and, collectively, the "Boards"), one for the ATU Plan, another for the IBEW Plan, and three for the MCEG/AEA/AFSCME Plan. Each Board must operate and administer its respective Plan in accordance with such Plan's terms and applicable law.

Each Board is responsible for, among other things, investing assets under its respective Plan. Effective March 15, 2010, all the Boards directed that the assets under the three Plans be commingled for investment purposes.

This Statement of Investment Objectives and Policy Guidelines does the following:

- Governs the investment of the three Plans' commingled assets.
- Sets forth the investment policies and objectives that the Boards judge to be appropriate and prudent, in consideration of the needs of the Plans' participants;
- Establishes the criteria that the registered investment adviser(s) retained by the Plans are expected to meet and against which they are to be measured;
- Communicates the investment policies and objectives and performance criteria to the investment manager(s); and

- Serves as a review document to guide the Boards' ongoing supervision of the investment of Plans' assets.

II. Responsibilities of the Boards

As trustees of the Plans' assets, the Boards have a fiduciary duty to prudently establish an asset allocation policy, investment objectives and investment restrictions, and to monitor the performance of the Plans' investment managers and review the liabilities of ~~the District~~SacRT to fund retirement benefits. The Boards are responsible for developing a sound and consistent investment strategy, in compliance with all applicable laws and regulations, which the investment managers can use in formulating investment decisions. This Statement of Investment Objectives and Policy Guidelines will be revised as needed to ensure that it reflects the Boards' philosophy regarding investment of the Plans' assets. The Boards have authority to select qualified investment managers, to monitor their performance on a regular basis, and to take appropriate action to replace an investment manager for failure to adhere to the provisions set forth herein.

Review of Statement of Investment Objectives and Policy Guidelines

This Statement of Investment Objectives and Policy Guidelines will be reviewed on an annual basis in conjunction with the annual asset allocation study conducted by the Boards' investment consultant. This review will focus on the continued feasibility of achieving, and the appropriateness of, the Plans' asset allocation policy, the Plans' investment objectives, these Investment Policies and Guidelines, and the Plans' investment restrictions. It is not expected that this Statement will change frequently; in particular, short-term changes in the financial markets should not require an adjustment to this Statement of Investment Objectives and Policy Guidelines.

Review of Investment Managers

The Boards will meet at least every eighteen (18) months with each investment manager and quarterly with its investment consultant (with or without the presence of the investment managers) to review the performance of its investment managers. ~~Additionally, with or without the presence of the investment managers, the Boards will review the investment performance of each manager quarterly.~~ The quarterly performance reviews will focus on:

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- The investment manager’s adherence to this Statement of Investment Objectives and Policy Guidelines;
- Comparison of the investment manager’s results against funds using similar investment styles;
- Comparison of the investment manager’s performance as measured against the applicable index;
- Material changes in the investment manager’s organization, such as philosophical and personnel changes, acquisitions or losses of major accounts, etc.

III. Asset Allocation Policy

On an annual basis, the Boards’ investment consultant will complete an asset allocation study, and the Boards will review and approve the study. An asset allocation study is an evaluation of the Plans’ investment goals, objectives, and risk tolerance (risk versus return). Upon completion of the study, the Boards will determine if changes are needed to the Plans’ asset allocation policy.

The Boards have determined that the long-range asset allocation policy for the Plans is as follows:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Domestic Equity	35%	40%	45%
Large Capitalization Equity	28%	32%	36%
Small Capitalization Equity	5%	8%	11%
International Equity	20%	25%	30%
Developed Large Cap Equity	10%	14%	18%
Developed Small Cap Equity	3%	5%	7%
Emerging Markets Equity	4%	6%	8%
Domestic Fixed-Income	30%	35%	40%

The asset allocation policy is to be pursued on a long-term strategic basis and will be revised if significant changes occur within the economic and/or capital market environment, or in the underlying liability assumptions. Capital market assumptions

and projections are reviewed annually. If significant changes in projections occur, the Boards' intent is that the target asset mix should then be reviewed.

The Asset Allocation Policy is intended to provide a means for controlling the overall risk of the portfolio without unduly constraining the discretionary, tactical decision-making process of the investment manager(s).

IV. Asset Rebalancing Policy

The Boards established the aforementioned asset allocation policy to maintain the Plans' long-term strategic asset allocation. The Boards recognize that market forces or other events may periodically move the asset allocations outside of their target ranges. Thus, the purpose of the asset rebalancing policy is to allocate cash flows and/or move assets among funds or asset classes in such a manner as to move each asset class toward its target allocation.

~~When, due to the aforementioned rebalancing policy~~When, it is necessary to move assets from one asset class to another or one fund to another fund within an asset class, monies should first be taken from the ~~higher~~highest percent funded ~~of these two mandates. Similarly, when assets are contributed~~managers and reallocated to the ~~large cap~~underfunded managers, with the goal of rebalancing the asset ~~or international equity class, they should first go~~allocation percentages as close to the ~~lower funded of these two mandate~~targets as possible.

~~It is understood that the Plans are periodically required to pay benefits and administrative expenses. Distributions for these capital outlays should comply with the rebalancing policy so that capital is taken from the over-funded managers in such a manner so as to preserve the asset allocation targets.~~

~~To minimize Plans' expenses, the transfer of funds will occur in the following order. First, contributions and withdrawals of cash will be used to maintain target allocations. The second priority is to transfer funds among managers. When capital distributions are required, the first priority is to use income from dividends and interest payments. If this does not satisfy the obligation, manager securities will be liquidated from the over-funded managers until the target allocations are met. Thereafter, the obligation will be met on a pro rata basis.~~

The Boards also recognize that the pension plan rebalancing process requires timely implementation to be effective. Therefore, the Boards delegate authority to

the ~~Director of Finance~~/Treasury Controller to manage pension plan assets in accordance with the approved rebalancing policy. The ~~Director of Finance~~/Treasury Controller shall report to the Boards on asset rebalancing at the quarterly performance review meetings.

V. Pension Plan Cost Reimbursements

It is understood that the Plans are required to pay benefits and reasonable administrative expenses. In an effort to minimize transactional banking and investment fees, all Plan expenses are initially paid for by SacRT and subsequently reimbursed by the Plans. Reimbursement for monthly Pension Plan Costs include benefit payments to retirees; compensation to fund managers, fund custodian, investment consultant, Plan legal counsel, and for actuarial services; expenses for fiduciary insurance, pension staff labor, and all other administrative expenses incurred by the Plans during the normal course of business.

Distributions for reimbursements of these costs that are equal to or less than 0.5% of total Plan assets will be transferred from the Domestic asset classes, specifically the fund manager with the highest percent of funding over the target percentage, established in section III Asset Allocation Policy. Utilizing only the Domestic asset classes to fund reimbursements will reduce the cash flow burden on SacRT, given that Domestic fund managers are able to liquidate holdings more quickly than non-Domestic managers, and will ensure timely and regular cash flow out of the Plans to reimburse expenses being incurred.

For any distribution greater than 0.5% of Plan assets, staff will consider both Domestic and International asset class weights when making a transfer to reimburse SacRT.

VI. Manager Search and Due Diligence Process

To implement the asset allocation policy, the Boards shall select and monitor appropriate money management professionals to invest the Plans' assets. This selection process shall include the establishment of specific search criteria; analysis and due diligence review of potential managers; and interviews when appropriate. Managers must meet the following minimum criteria:

- Registered Investment Advisor as defined in the 1940 Investment Advisors Act or be a bank or insurance company affiliate;

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- Historical quarterly performance that complies with the parameters established in each search and consistent with the investment strategy under consideration; and
- Demonstrated financial and professional staff stability based on requisite historical company information.

At the direction of the Boards, the investment consultant will perform fund manager searches to replace or augment the Plans' existing fund managers.

VII. Investment Manager Discretion, Requirements, and Co-Fiduciary Status

It is not the intention of the Boards to be involved in day-to-day investment decisions. Investment of the Plans' assets will continue to be subject to the discretion of the professional investment managers in a manner consistent with the investment objectives set forth herein. Furthermore, investment managers shall acknowledge their co-fiduciary status as part of their contract with ~~the District~~SacRT.

Each investment manager selected is expected to operate within the Prudent Person Rule, Article XVI Section 17 of the California Constitution, and other governing state and federal laws, regulations, and rulings that relate to the investment process. The assets of the Plans shall be invested in a manner that is consistent with generally accepted standards of fiduciary responsibility, to insure the security of principal and maximum yield on all pension fund investments through a mix of well diversified, high quality, fixed income and equity securities.

The investment program will be managed by one or more designated managers. The investment managers shall be given full discretion to manage the assets under their supervision, subject to the investment guidelines set forth herein. It is the responsibility of the investment managers, the investment consultant, and staff to notify the Boards of any changes necessary to the investment guidelines that would be consistent with the Boards' obligation to the beneficiaries of the Plans.

Brokerage commissions may be directed by the Boards to offset administrative costs of the Plans as long as such direction is in the best interest of the Plans' beneficiaries. The investment managers will secure best execution, and

commissions paid shall be reasonable in relation to the value of the brokerage and other services received by the Plans.

VIII. Investment Objectives, Policies, Guidelines, and Restrictions

Evaluation Time Periods

It is the Boards' policy to review investment manager performance on a quarterly basis. The investment objectives for the total fund and for each investment manager are based on a time horizon of a minimum of three years, unless otherwise specified for a particular manager as determined by the Board.

While it is the Boards intention to maintain long standing relationships with their managers, the Boards reserve the right at any time to terminate a relationship with any manager for any reason including, but not limited to, changes to the Asset Allocation Policy and manager structure.

Set out below are the overall investment objectives, policies, guidelines, and restrictions for each plan.

All Asset Class Objectives

The net of fee objectives of the overall portfolio are to:

- Achieve a rate of return which exceeds that of a target-weighted composite index based on the target asset allocation adopted in Section III; and
- Achieve a rate of return that meets or exceeds the Plans' actuarial discount rate as set in the annual actuarial valuation.

All Asset Policies, Guidelines and Restrictions

It is the responsibility of each manager to adhere to the guidelines stated below and elsewhere within this document and to report any violations immediately to both the Board and to the consultant.

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- Tobacco Policy - Investments shall not be made in any security issued by a company in the Tobacco Sub-Industry as defined by the Global Industry Classification Standards (GICS). This restriction shall be subject to the prudent investor rule as set forth in Article XVI Section 17 of the California Constitution. All passive funds and commingled vehicles are excluded from this policy.

Domestic Equity Investments

Objectives:

- For the Total Domestic Equity Component, achieve a net of fee return which exceeds the Custom Domestic Equity Benchmark¹ and ranks in the top half of a broad comparative universe of domestic equity managers, gross of fees²;
- For Large Cap Value Equity Managers, achieve net of fee returns that exceed the Russell 1000 Value Index and ranks in the top half of a comparative universe of large cap value managers, gross of fees;
- For Large Cap Core Equity Index Fund achieve gross of fee returns which match the S&P 500 Index, with minimal tracking error versus the Index; and
- For Small Cap Equity Managers, achieve net of fee returns that exceed the Russell 2000 Index and rank in the top half of the comparative universe of small capitalization equity managers on a gross of fee basis.

Policies, Guidelines, and Restrictions:

- All Managers - Unless specifically authorized by the Boards, Domestic Equity managers shall not engage in investment transactions involving stock options, short sales, purchases on margin, letter stocks, private placement securities, or commodities;

¹ The Custom Domestic Equity Benchmark currently consists of ~~81~~80% S&P 500 Index and ~~19~~20% Russell 2000 Index

² Because the comparative database is constructed with manager returns before management fees, objectives pertaining to the peer universes should be analyzed before investment manager fees to ensure an appropriate comparison.

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- All Managers- The Domestic Equity managers are permitted to effect transactions in S&P 500 Stock Index (Large Cap Value and Core), ETF Index Futures (Large Cap Core) and Russell 2000 Index Futures (Small Cap). The purpose of holding futures is to obtain low cost temporary equity market exposure. Futures are not to be used to provide leveraged equity market exposure. As such, cash balances must be maintained by the manager at a level which eliminates the leverage implicit in the futures. Futures transactions must be completed on a major U.S. exchange which guarantees contract compliance;
- All Managers - The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund's governing documents.
- All Managers - Each investment manager is expected to remain fully invested. The cash and cash equivalent holdings shall not exceed 10% of the market value in each active portfolio, and should be 0% in passive index portfolios. Cash is expected to be securitized within the passive index portfolios.
- Active Managers - Domestic equity securities shall be diversified by industry and in number so that investment in the securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or 5% of the company's total outstanding shares;
- Active Managers - No more than 25% of the market value on a purchase cost basis of the total common stock portfolio shall be invested in any single industry at the time of purchase (industry groups as defined in the Russell 2000 index for the Small Cap fund);
- Active Managers - The use of international equity securities which trade on U.S.-based exchanges, including American Depositary Receipts (ADRs), are acceptable as domestic equity investments but shall not constitute more than 5% of each plan's portfolio (at cost) for actively managed portfolios. For purposes of this restriction, the term "international equity security" is defined in Appendix A.

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- Passive Managers - Securities shall be diversified by industry and in number in accordance with the S&P 500 Index;

International Equity Investments

Objectives:

- For the Total International Equity Component, achieve a net of fee return which exceeds the ~~Morgan Stanley Capital International (MSCI) All Country World Investable Market Index excluding United States (ACWI ex-US IMI)~~Custom International Equity Benchmark³ and ranks in the top half of a broad comparative universe of non-U.S. equity managers, gross of fees⁴;
- For the Total Developed Markets Large Capitalization International Equity Component (Active and Passive), achieve a net of fee return which exceeds the Morgan Stanley Capital International (MSCI) EAFE Index and ranks in the top half of a broad comparative universe of non-U.S. equity managers, gross of fees;
- For the Total Developed Markets Small Capitalization International Equity Component, achieve a net-of-fee return which exceeds the Morgan Stanley Capital International (MSCI) EAFE Small Cap Index and ranks in the top half of a broad comparative universe of non-U.S. small cap equity managers, gross of fees;
- For the Emerging Markets Equity Component, achieve a net of fee return which exceeds the Morgan Stanley Capital International (MSCI) Emerging Market Index and ranks in the top half of a broad comparative universe of emerging markets equity managers, gross of fees.

Policies, Guidelines, and Restrictions:

³ The Custom International Equity Benchmark currently consists of 56% MSCI EAFE Index, 20% MSCI EAFE Small Cap Index and 24% MSCI Emerging Markets Index.

⁴ Because the comparative database is constructed with manager returns before management fees, objectives pertaining to the peer universes should be analyzed before investment manager fees to ensure an appropriate comparison.

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- All Managers - International Equity securities shall be diversified by country, industry and in number so that investment in the securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or 5% of the company's total outstanding shares. Passive International Securities shall be diversified by country, industry and in number in accordance with the MSCI EAFE Index;
- All Managers - Unless specifically authorized by the Boards, International Equity managers shall not engage in investment transactions involving stock option, short sales, purchases on margin, letter stocks, private placement securities, or commodities;
- All Managers - International Equity managers are expected to remain fully invested. The cash holdings shall not exceed 10% of the market value in the active developed and emerging market funds, and should be minimal in the passive funds;
- All Managers - The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund's governing documents.
- Active Developed and Emerging Markets Managers - The international equity portion of the Plans' portfolio shall be comprised of ADRs of non-U.S. companies, common stocks of non-U.S. companies, preferred stocks of non-U.S. companies, foreign convertible securities including debentures convertible to common stocks, and cash equivalents. Refer to Appendix A for definition of the term "non-U.S.";
- Active Developed and Emerging Markets Managers - No more than 25% of the market value on a purchase cost basis of the total common stock portfolio shall be invested in any single industry at the time of purchase;
- Active Developed and Emerging Markets Managers - Defensive currency hedging is permitted;
- Active Developed Managers - No more than 15% of the fund market value will be invested in emerging market countries;

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- Emerging Markets Managers - Up to ten percent (10%) of the manager's portfolio (at cost) may be invested in countries not included in the MSCI Emerging Markets Index as defined in Appendix A; and
- Passive Managers – The International Equity manager is permitted to effect transactions in MSCI EAFE Stock and ETF Index Futures. The purpose of holding futures is to obtain low cost temporary equity market exposure. Futures are not to be used to provide leveraged equity market exposure. As such, cash balances must be maintained by the manager at a level which eliminates the leverage implicit in the futures. Futures transactions must be completed on a major U.S. exchange which guarantees contract compliance;

Domestic Fixed-Income Investments

Objectives:

- For the Total Domestic Fixed-Income Component, achieve a net of fee return which exceeds the [Bloomberg Barclays Capital U.S. Aggregate Bond Index](#) and ranks in the top half of a broad comparative universe of domestic fixed-income managers, gross of fees; and
- For Core Plus Bond Fixed-Income Managers, achieve net of fee returns greater than the [Bloomberg Barclays Capital U.S. Aggregate Bond Index](#) and rank in the top half of a comparative universe of domestic core plus bond fixed-income managers, gross of fees.

Policies, Guidelines, and Restrictions:

- The fixed-income portion of the Plans shall be invested in marketable, fixed-income securities;
- The fixed income portion of the Plans shall be limited in duration to between 75% and 125% of the [Bloomberg Barclays Capital U.S. Aggregate Bond Index](#);

The investment managers shall maintain a minimum overall portfolio quality rating of "A" equivalent or better at all times (based on a market-weighted

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portfolio average). Minimum Quality (at purchase) must be at least 80% Baa or above.

- The applicable rating for the portfolio will be equal to the middle rating of the three Nationally Recognized Statistical Rating Organizations (NRSRO), namely Moody's Investors Service Inc. (Moody's), Standard and Poor's Financial Services LLC. (S&P), and Fitch Ratings (Fitch). In situations in which ratings are provided by only two agencies, the lower of the two ratings will apply;
- The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund's governing documents;
- The following instruments are acceptable at purchase:
 - Cash
 - U.S. Treasury Bills
 - Agency Discount Notes
 - Certificates of Deposit (CDs) and Bankers' Acceptances (BAs)
 - Commercial Paper – Minimum Quality of A2/P2 (All CP under 4(2), 3(c)7 and other exemptive provisions is authorized.)
 - Asset-Backed Commercial Paper – Minimum Quality of A2/P2
 - Money Market Funds and Bank Short-Term Investment Funds (STIF)
 - Repurchase Agreements (Repo)

 - U.S. Government and Agency Securities

 - Credit Securities/Corporate Debt (both U.S. and Foreign issuers)
 - Debentures
 - Medium-Term Notes
 - Capital Securities
 - Trust Preferred Securities
 - Yankee Bonds
 - Eurodollar Securities
 - Floating Rate Notes and Perpetual Floaters
 - Structured Notes (with fixed income characteristics)
 - Municipal Bonds

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- Preferred Stock
- Private Placements
 - Bank Loans
 - 144(a) Securities
- EETCs

- Securitized Investments
 - Agency and Non-Agency Mortgage-Backed Securities (MBS)
 - Asset-Backed Securities (ABS)
 - 144(a) Securities
 - Commercial Mortgage-Backed Securities (CMBS)

- Emerging Markets Securities

- International Fixed Income Securities (including non-dollar denominated securities)

- Other
 - Fixed Income Commingled and Mutual Funds
 - Futures and Options (for duration/yield curve management or hedging purposes only)
 - Swap Agreements (for duration/yield curve management or hedging purposes only)
 - Reverse Repurchase Agreements (Reverse Repo)

- Any fixed-income security not specifically authorized above is prohibited unless prior approval is received from the Boards.

IX. Manager “Watch List” or Termination “Guidelines”

The Boards may maintain a "Watch List" for managers that are not meeting prescribed objectives. If the Boards place a manager on the “Watch List”, the performance of the investment manager will be monitored by the Boards and the investment consultant on a quarterly and annual basis for a minimum of two years. The, unless the manager is terminated sooner. Notwithstanding the “Watch List” guidelines described herein, the Boards can choose to terminate a manager at any time based on the recommendation and/or consultation of the investment consultant, staff, or as deemed necessary by the Boards.

There are various factors that should be taken into account when considering placing a manager on a “Watch List” or terminating a manager. These can be separated into two broad categories - qualitative and quantitative factors. These factors include: personnel changes or other organizational issues, legal issues, violation of policy or investment guidelines, style deviations, underperformance relative to investment objectives, and asset allocation changes.

X. Proxy Voting Policy

The investment managers shall vote proxies in their discretion, unless otherwise instructed by the Boards. Investment managers shall maintain a proxy voting log for periodic review by the Boards. The Boards strongly believe that proxies must be voted in the best interest of the shareholders. The investment managers will vote in accordance with their fiduciary responsibilities and subject to their investment contract with ~~the DistrictSacRT~~. In determining the Boards’ vote, the investment manager should not subordinate the economic interests of ~~the DistrictSacRT~~ or the Plans, or any other entity or interested party.

The investment managers shall provide a written copy of their proxy voting guidelines to the Boards. In addition, investment managers shall provide a report of all proxy votes when requested by the Boards.

XI. Investment Manager Reporting Requirements

Investment managers are expected to communicate with the Boards in writing at the end of each quarter or more frequently if requested. Quarterly reporting requirements include performance reports, a summary of the portfolio holdings, issue quality, and relative weightings at quarter end. Additionally, oral presentations shall be made to the Boards on a regular basis.

Written quarterly reports should include:

- Current investment strategy;
- Recent investment performance;
- Demonstration of compliance with these guidelines;

- List of securities in the portfolio, including at cost and at market values;
- Personnel changes;
- New/Lost accounts; and
- Pending litigation.

The Boards are interested in fostering healthy working relationships with its managers through a discipline of effective two-way communication. The information outlined above is intended to provide the Boards with an effective means of understanding their managers' specific management styles and strategies, and to effectively evaluate the results.

XII. Investment Consultant Responsibilities

The Boards' investment consultant will have the responsibilities set forth in its agreement with ~~the District~~SacRT and will also be expected to take the actions set forth below or otherwise stated in this policy.

The investment consultant is responsible for providing to the Boards timely and accurate quarterly performance measurement reports for each individual investment manager and for the Plans. The investment consultant shall present the performance reports to the Boards at its quarterly meetings.

When requested by the Boards, the investment consultant shall provide analysis to assist in the overall evaluation of the Plans' investment managers. In addition to preparing the quarterly performance measurement reports, the consultant will also provide written capital market updates (and other such research as generated by the consultant for use of all clients), perform investment manager searches at the direction of the Boards, perform the annual asset allocation study, and complete special projects when requested.

The consultant will assist in the monitoring of each investment manager's compliance with these guidelines. See Section VIII Manager "Watch List" or Termination "Guidelines".

APPENDIX A **Definitions**

Bloomberg Barclays Capital U.S. Aggregate Bond Index - is a market value-weighted index that tracks the daily price, coupon, pay-downs, and total return performance of fixed-rate, publicly placed, dollar-denominated, and non-convertible investment grade debt issues with at least \$250 million par amount outstanding and with at least one year to final maturity. The Aggregate Index is comprised of the Government/Credit, the Mortgage-Backed Securities, and the Asset-Backed Securities indices. The Government/Credit Bond Index is an index that tracks the performance of U.S. Government and corporate bonds rated investment grade or better, with maturities of at least one year. The Mortgage-Backed Securities Index is a composite of 15- and 30-year fixed rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA). The U.S. Asset-Backed Securities includes pass-through, controlled-amortization and bullet-structured securities, which have a minimum average life of one year.

Commingled Fund – is a fund consisting of assets from multiple institutional investors that are blended together. Investors in commingled fund investments benefit from economies of scale, which allow for lower trading costs per dollar of investment, diversification and professional money management. A commingled fund is sometimes called a "pooled fund."

Emerging Markets – a financial market of a developing country, usually a small market with a short operating history. The Plans define emerging markets by the countries contained in the MSCI Emerging Markets Index.

Fitch Ratings - An international credit rating agency based out of New York City and London. The company's ratings are used as a guide to investors as to which investments are most likely going to yield a return. It is based on factors such as how small an economic shift would be necessary to affect the standing of the bond, and how much, and what kind of debt is held by the company. The Fitch scale is as follows: AAA, AA, A, BBB, BB, B, CCC, CC, C, and D. These symbols are used to designate least investment risk/highest investment quality (AAA) to greatest investment risk/lowest investment quality (D).

International Equity Security (Non-U.S.) - refers to an issue of an entity, which is not organized under the laws of the United States and does not have its principal place of business within the United States.

Market Cycles - Market cycles are defined to include both a rising and declining leg. Generally, a rising leg will be defined as a period of at least two consecutive quarters of rising total returns. A declining leg shall be defined as a period of two consecutive quarters of declining total returns.

Moody's Investors Rating Service - provide a universe of rating for corporate and municipal bonds as well as commercial paper. Moody's uses nine symbols to rate bonds: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, and C. These symbols are used to designate least investment risk/highest investment quality (Aaa) to greatest investment risk/lowest investment quality (C). Moody's offers three designations, all judged to be investment grade, to indicate credit quality for commercial paper: Prime-1 (P-1), Prime-2 (P-2), and Prime-3 (P-3). Prime-1 issuers have the highest ability for the payment of short-term debt obligations.

~~**Morgan Stanley Capital International (MSCI) All Country World excluding United States Investable Market Index (ACWI ex-U.S. IMI) Index** – captures large, mid and small cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 23 Emerging Markets countries. With 6,140 constituents, the index covers approximately 99% of the global equity opportunity set outside the US.~~

Morgan Stanley Capital International (MSCI) EAFE Index - is comprised of stocks traded in the developed markets of Europe, Asia, and the Far East. The index is capitalization weighted.

Morgan Stanley Capital International (MSCI) Emerging Markets Index – is comprised of stocks traded in the emerging markets of the world that are open to foreign investment. The index is capitalization weighted.

Morgan Stanley Capital International (MSCI) EAFE Small Cap Index – is an equity index which captures small cap representation across developed market in countries around the world, excluding the US and Canada. ~~With 2,178 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country.~~

Sacramento Regional Transit District
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Russell 2000 Index – is comprised of the 2000 smallest stocks in the Russell 3000 Index, ~~representing approximately 11% of the U.S. equity market capitalization.~~

The Russell 3000 Index is comprised of the largest 3000 U.S. companies by market capitalization. ~~The smallest company's market capitalization is roughly \$20 million and the largest is roughly \$72.5 billion. The index is capitalization weighted.~~

Standard & Poor's 500 Index - is a composite of 500 U.S. common stocks. The index is capitalization-weighted with each stock weighted by its proportion of the total market value of all 500 issues. Thus, larger companies have a greater effect on the index.

Standard & Poor's Rating Service - Similarly to Moody's, Standard & Poor's also provides a rating system for the assessment of corporate and municipal debt instruments. The Standard & Poor's scale is as follows: AAA, AA, A, BBB, BB, B, CCC, CC, C, and D. These symbols are used to designate least investment risk/highest investment quality (AAA) to greatest investment risk/lowest investment quality (D). Standard & Poor's also rates commercial paper as follows: A-1, A-2, A-3, B, C, and D. A-1 issuers have the highest ability for the payment of short-term debt obligations.

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
19	06/20/2018	Retirement	Action	06/15/2018

Subject: Approving a Work Order with Hanson Bridgett for Legal Services Outside of the Core tasks of the Contract (ALL). (Weekly)

ISSUE

Whether to Approve a Work Order with Hanson Bridgett for Legal Services Outside of the Core Tasks of the Contract (ALL). (Weekly)

RECOMMENDED ACTION

Adopt Resolution 18-06-_____, Approving a Work Order with Hanson Bridgett to Perform Non-Core Tasks Associated with an audit of the retirement plans.

FISCAL IMPACT

To be determined.

DISCUSSION

In 2016, the Retirement Boards entered into a contract with Hanson Bridgett (H-B) to provide legal services to all five retirement boards. As a part of the contract terms, H-B provides ongoing, day-to-day, legal counsel on a variety of issues considered “core tasks”. From time to time, however, issues arise that are not covered within those core tasks. When a non-core task arises, H-B determines the legal scope of the project and provides staff a Work Order proposal.

Board Counsel and Staff believe it is important that the Plans are subject to an independent operational audit to determine that the plan’s processes are in good order. Effective internal controls and regular reviews of the plans are essential to prevent costly mistakes that can jeopardize the plan’s tax-favored status and undermine participant confidence.

Staff recommends approval of the Hanson Bridgett work order for services outside of core tasks of the contract to complete an operational audit of the ATU, IBEW, and Salary Retirement Plans.

Approved:

Presented:

Final 06/13/2018

Treasury Controller

Pension and Retiree Services Administrator

J:\Retirement Board\2018\IPs\Quarterly Meetings\June 20, 2018\Draft IP approving HB work order - JRA comment.doc

RESOLUTION NO. 18-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the ATU Local Union 256 on this date:

June 20, 2018

**APPROVING A WORK ORDER WITH HANSON BRIDGETT FOR LEGAL SERVICES
OUTSIDE OF THE CORE TASKS OF THE CONTRACT**

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE ATU LOCAL UNION 256 AS FOLLOWS:

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of the ATU, Local Union 256 (Retirement Board) hereby approves a work order with Hanson Bridgett for Legal services outside of the core tasks of the contract.

Ralph Niz, Chair

A T T E S T:

Corina DeLaTorre, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 18-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the IBEW Local Union 1245 on this date:

June 20, 2018

**APPROVING A WORK ORDER WITH HANSON BRIDGETT FOR LEGAL SERVICES
OUTSIDE OF THE CORE TASKS OF THE CONTRACT**

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE IBEW LOCAL UNION 1245 AS FOLLOWS:

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of the IBEW, Local Union 1245 (Retirement Board) hereby approves a work order with Hanson Bridgett for Legal services outside of the core tasks of the contract.

Eric Ohlson, Chair

A T T E S T:

Constance Bibbs, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 18-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the AEA on this date:

June 20, 2018

**APPROVING A WORK ORDER WITH HANSON BRIDGETT FOR LEGAL SERVICES
OUTSIDE OF THE CORE TASKS OF THE CONTRACT**

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE AEA AS FOLLOWS:

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of the AEA (Retirement Board) hereby approves a work order with Hanson Bridgett for Legal services outside of the core tasks of the contract.

Russel Devorak, Chair

A T T E S T:

Sue Robison, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 18-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the AFSCME on this date:

June 20, 2018

**APPROVING A WORK ORDER WITH HANSON BRIDGETT FOR LEGAL SERVICES
OUTSIDE OF THE CORE TASKS OF THE CONTRACT**

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE AFSCME AS FOLLOWS:

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of the AFSCME (Retirement Board) hereby approves a work order with Hanson Bridgett for Legal services outside of the core tasks of the contract.

Charles Mallonee, Chair

A T T E S T:

Gary Parks, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 18-06-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the MCEG on this date:

June 20, 2018

**APPROVING A WORK ORDER WITH HANSON BRIDGETT FOR LEGAL SERVICES
OUTSIDE OF THE CORE TASKS OF THE CONTRACT**

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE MCEG AS FOLLOWS:

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of the MCEG (Retirement Board) hereby approves a work order with Hanson Bridgett for Legal services outside of the core tasks of the contract.

Mark Lonergan, Chair

A T T E S T:

Roger Thorn, Secretary

By: _____
Valerie Weekly, Assistant Secretary