



# 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, SEPTEMBER 12, 2018

REGIONAL TRANSIT AUDITORIUM

1400 29<sup>TH</sup> STREET, SACRAMENTO, CALIFORNIA

Website Address: [www.sacrt.com](http://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<br>Alternates: Jennings, McGee Lee    |
| IBEW Retirement Board:   | Directors: Li, Morin, Ohlson, Bibbs<br>Alternates: Jennings, McCleskey       |
| AEA Retirement Board:    | Directors: Li, Morin, Devorak, Robison<br>Alternates: Jennings, McGoldrick   |
| AFSCME Retirement Board: | Directors: Li, Morin, Mallonee, Parks<br>Alternates: Jennings, Guimond       |
| MCEG Retirement Board:   | Directors: Li, Morin, Lonergan, Thorn<br>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 June 20, 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 June 20, 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:       | Adopting Regional Transit Retirement Boards 2019 Meeting Calendar (ALL). (Weekly)  | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 4. Information:  | Update on Roles and Responsibilities Related to Pension Administration (ALL). (Weekly)   | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 5. Motion:       | Approving the Minutes for the June 20, 2018 Quarterly Retirement Board Meeting (AFSCME). (Weekly)                                      | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 6. Motion:       | Receive and File Administrative Reports for the Quarter Ended June 20, 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"/>            |
| 7. Motion:       | Adopting Regional Transit Retirement Boards 2019 Meeting Calendar (ALL). (Weekly)  | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 8. Information:  | Update on Roles and Responsibilities Related to Pension Administration (ALL). (Weekly)   | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 9. Motion:       | Approving the Minutes for the June 20, 2018 Quarterly Retirement Board Meeting (ATU). (Weekly)   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 10. Motion:      | Receive and File Administrative Reports for the Quarter Ended June 20, 2018 for the ATU (ATU). (Adelman)                               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 11. Motion:      | Adopting Regional Transit Retirement Boards 2019 Meeting Calendar (ALL). (Weekly)  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 12. Information: | Update on Roles and Responsibilities Related to Pension Administration (ALL). (Weekly)   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 13. Motion:      | Approving the Minutes for the June 20, 2018 Quarterly Retirement Board Meeting (IBEW). (Weekly)  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 14. Motion:      | Receive and File Administrative Reports for the Quarter Ended June 20, 2018 for the IBEW Pension Plan (IBEW). (Adelman)                | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 15. Motion:      | Adopting Regional Transit Retirement Boards 2019 Meeting Calendar (ALL). (Weekly)  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 16. Information: | Update on Roles and Responsibilities Related to Pension Administration (ALL). (Weekly)   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 17. Motion:      | Approving the Minutes for the June 20, 2018 Quarterly Retirement Board Meeting (MCEG). (Weekly)  | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 18. Motion:      | Receive and File Administrative Reports for the Quarter Ended June 20, 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"/> |
| 19. Motion:      | Adopting Regional Transit Retirement Boards 2019 Meeting Calendar (ALL). (Weekly)  | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 20. Information: | Update on Roles and Responsibilities Related to Pension Administration (ALL). (Weekly)   | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

## **NEW BUSINESS**

|   | <b><u>ATU</u></b>                   | <b><u>IBEW</u></b>                  | <b><u>AEA</u></b>                   | <b><u>AFSCME</u></b>                | <b><u>MCEG</u></b>                  |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 21. Information: Investment Performance Review by Atlanta Capital for the ATU, IBEW, and Salaried Retirement Funds for the Domestic Small Cap Equity Asset Class for the Quarter Ended June 30, 2018 (ALL). (Adelman) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 22. Information: Investment Performance Review by Boston Partners for the ATU, IBEW and Salaried Retirement Funds for the Domestic Large Cap Equity Asset Class for the Quarter Ended June 30, 2018 (ALL). (Adelman)  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 23. Motion: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended June 30, 2018 (ALL). (Adelman)   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 24. Information: Educational Session on Hedge Funds and Multi-Asset Class Investments Presented by Callan LLC (ALL). (Adelman)  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 25. Resolution: Approving a Contract with Callan LLC to Provide Retirement Fund Investment Performance Advisory and Evaluation Services for the ATU, IBEW, and Salaried 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**

|   | <b><u>ATU</u></b>                   | <b><u>IBEW</u></b>                  | <b><u>AEA</u></b>                   | <b><u>AFSCME</u></b>                | <b><u>MCEG</u></b>                  |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 26. Information: Conference Report-Out: Callan College and CALAPRS (ALL). | <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 – 29<sup>th</sup> Street and posted to RT's website at [www.sacrt.com](http://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 29<sup>th</sup> 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  
AFSCME Retirement Board Meeting  
Wednesday, June 20, 2018  
MEETING SUMMARY**

**ROLL CALL**

The Retirement Board was brought to order at 9:01 a.m. A quorum was present comprised as follows: Directors Li, Morin, Mallonee and Alternate Guimond were present. Director Parks and Alternate Jennings were absent.

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

By AFSCME Resolution No. 17-09-158 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**

- 3. Motion: Approving the Minutes for the March 14, 2018 Quarterly Retirement Board Meeting (AFSCME). (Weekly)
- 4. Motion: Receive and File Administrative Reports for the Quarter Ended March 31, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)
- 11. Information: Update on Roles and Responsibilities Related to Pension Administration (ALL). (Weekly)

Director Morin moved to adopt AFSCME Retirement Board Items 3, 4 and 11. Director Li seconded the motion. Items 3, 4 and 11 were carried unanimously by roll call vote: Ayes: Directors Morin, Li and Mallonee and Alternate Guimond. Noes: None.

**NEW BUSINESS**

- 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)

Jamie Adelman introduced Michael Porter from AQR, who provided the performance results for the International Small Capitalization Equity Asset Class for the Quarter Ended March 31, 2018 and was available for questions.

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

Jamie Adelman introduced Anne Heaphy with Callan LLC, who provided the Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2018 and was available for questions.

Director Morin moved to adopt Item 13. Director Li seconded the motion. Item 13 was carried unanimously by roll call vote: Ayes: Directors Li, Morin and Mallonee and Alternate Guimond. Noes: None.

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

Jamie Adelman introduced Jay Kloepfer and Anne Heaphy with Callan LLC, who presented the revised Statement of Investment Policy Objectives and Policy Guidelines for the Retirement Plans and Asset Allocation Review.

Director Morin asked what are the typical allocations to real estate and hedge funds, for peers that include those investments in their portfolios. Mr. Kloepfer advised that the typical allocation to real estate ranges between 5-10% of a portfolio, and is typically funded 2/3 from equity and 1/3 from fixed income. There is no "typical" allocation for plans that include hedge fund investments, and the estimated range is between 5-15%.

ATU Director Niz asked if Callan was recommending a change in the current asset allocation. Mr. Kloepfer responded that, while Callan is not recommending a change to the current allocation, the Boards could consider further diversification into real estate and/or hedge funds as pension plans that are similar in size and complexity have done. AEA Director Devorak suggested that the Boards request that Callan provide a more in-depth educational presentation about other investment options, such as real estate and private equity. ATU Director Niz agreed with AEA Director Devorak.

Director Li asked how increased longevity of Plan participants is reflected in the Asset Allocation Review. Mr. Kloepfer responded that the actuarial valuation used in preparing the Asset Allocation Study reflects the Plans' mortality assumptions.

Ms. Adelman advised that staff will work with Callan to prepare educational presentations to the Board pertaining to real estate and hedge funds.

ATU Director Niz referred to Item 14, Exhibit A, page 4, Section V. Pension Plan Cost Reimbursement, paragraph 2 which provides that reimbursement to the District of Plan-related expenses shall be made *"Utilizing only the Domestic asset classes to fund reimbursements will reduce the cash flow burden on SacRT..."*, and asked how that information will be tracked and reported to the Boards. Ms. Adelman responded that the information is provided in the Administrative reports received by the Boards at each quarterly meeting.

Director Morin moved to adopt Item 14. Director Li seconded the motion. Item 14 was carried unanimously by roll call vote: Ayes: Directors Li, Morin and Mallonee and Alternate Guimond. Noes: None.

**RECESS TO CLOSED SESSION**

The joint meeting of the five Retirement Boards recessed to allow each Board, except the MCEG Board, to meet separately in closed sessions.

- 16. Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2): One Potential Case

The Retirement Board met in closed session.

**RECONVENE IN OPEN SESSION**

The joint meeting of the five Retirement Boards reconvened at 10:56 a.m.

**CLOSED SESSION REPORT**

Legal Counsel Shayna van Hoften stated that no reportable actions were taken in the closed sessions.

- 19. Resolution: Approving a Work Order with Hanson Bridgett for Legal Services Outside of the Core tasks of the Contract (ALL). (Weekly)

In 2016, the Retirement Boards entered into a contract with Hanson Bridgett LLP to provide legal services to all five retirement boards. As a part of the contract terms, Hanson Bridgett 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, Hanson Bridgett provides staff with a Work Order proposal.

Staff recommended approval of the Hanson Bridgett work order for services outside of the core tasks to facilitate and provide counsel associated with an operational audit of the ATU, IBEW, and Salaried Pension Plans.

Director Morin moved to adopt Item 19. Director Li seconded the motion. Item 19 was carried unanimously by roll call vote: Ayes: Directors Li, Morin and Mallonee and Alternate Guimond. Noes: None.

**REPORTS FROM COMMITTEES**

None.

**REPORTS, IDEAS AND COMMUNICATIONS**

None.

**With no further business to discuss, the meeting was adjourned at 10:57 a.m.**

\_\_\_\_\_  
Charles Mallonee, Chair

ATTEST:

Gary Parks, Secretary

By: \_\_\_\_\_  
Valerie Weekly, Assistant Secretary

# REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 6               | 09/12/18           | Retirement          | Action                  | 08/10/18   |

Subject: Receive and File Administrative Reports for the Quarter Ended June 30, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

## ISSUE

Receive and File Administrative Reports for the Quarter Ended June 30, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

## RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended June 30, 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 June 30, 2018**

|                          | <b>ATU</b>        | <b>IBEW</b>       | <b>Salary</b>     |
|--------------------------|-------------------|-------------------|-------------------|
|                          | Contribution Rate | Contribution Rate | Contribution Rate |
| Classic                  | 27.04%            | 25.31%            | 32.52%            |
| Classic w/ Contribution* | 24.04%            | -                 | -                 |
| PEPRA**                  | 20.54%            | 20.06%            | 27.27%            |

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

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

## Unaudited Financial Statements

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended June 30, 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

Approved:

Presented:

Final 09/04/18

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2018\IPs\Quarterly Meetings\September 12, 2018\FI IP's\09-12-18 Administrative Reports - Salary.docx



# REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 6               | 09/12/18           | Retirement          | Action                  | 08/10/18   |

Subject: Receive and File Administrative Reports for the Quarter Ended June 30, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

in Fiduciary Net Position (income statement) for the quarter ended June 30, 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 is the 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 June 30, 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 June 30, 2018. The Salaried Plan reimbursed \$119,009 to the District as the result of the net cash activity between the pension plan expenses and the required pension contributions.

Attached hereto as Attachment 5 is the Salaried Plan's Asset Allocation as of June 30, 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

# REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 6               | 09/12/18           | Retirement          | Action                  | 08/10/18   |

Subject: Receive and File Administrative Reports for the Quarter Ended June 30, 2018 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

“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 June 30, 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 June 30, 2018.

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

Accrual Basis

As of June 30, 2018

|  | Jun 30, 18           |
|--|----------------------|
| <b>ASSETS</b>                            |                      |
| Current Assets                           |                      |
| Checking/Savings                         |                      |
| Long-Term Investments                    |                      |
| 100000 · Custodial Assets                | 93,148,330.98        |
| Total Long-Term Investments              | 93,148,330.98        |
| Total Checking/Savings                   | 93,148,330.98        |
| Accounts Receivable                      |                      |
| 1110104 · Other Rec - Due from RT        | 75,846.18            |
| Total Accounts Receivable                | 75,846.18            |
| Other Current Assets                     |                      |
| 1110120 · Prepays                        | 10,748.89            |
| Total Other Current Assets               | 10,748.89            |
| Total Current Assets                     | 93,234,926.05        |
| <b>TOTAL ASSETS</b>                      | <b>93,234,926.05</b> |
| <b>LIABILITIES &amp; EQUITY</b>          |                      |
| Liabilities                              |                      |
| Current Liabilities                      |                      |
| Accounts Payable                         |                      |
| 3110102 · Administrative Expense Payable | 17,827.26            |
| 3110122 · MetWest                        | 22,668.84            |
| 3110124 · Boston Partners                | 19,656.68            |
| 3110125 · Callan                         | 3,523.28             |
| 3110126 · State Street                   | 7,339.06             |
| 3110128 · Atlanta Capital                | 16,125.79            |
| 3110129 · S&P Index - SSgA               | 1,872.63             |
| 3110130 · EAFE - SSgA                    | 934.74               |
| 3110132 · Pyrford                        | 14,889.04            |
| Total Accounts Payable                   | 104,837.32           |
| Total Current Liabilities                | 104,837.32           |
| Total Liabilities                        | 104,837.32           |
| Equity                                   |                      |
| 3340101 · Retained Earnings              | 84,632,310.15        |
| Net Income                               | 8,497,778.58         |
| Total Equity                             | 93,130,088.73        |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>    | <b>93,234,926.05</b> |

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

Accrual Basis

April through June 2018

|   | Apr - Jun 18        | % of Income   |
|---|---------------------|---------------|
| <b>Income</b>                             |                     |               |
| Interest, Dividend, & Other Inc           | 387,551.15          | 17.6%         |
| Investment Income                         | -264,958.86         | -12.0%        |
| RT Required Contribution                  | 2,032,139.09        | 92.4%         |
| 6630110 · Employee Contribution           | 44,982.16           | 2.0%          |
| <b>Total Income</b>                       | <b>2,199,713.54</b> | <b>100.0%</b> |
| <b>Cost of Goods Sold</b>                 |                     |               |
| 8531001 · Arbitration Transfer            | -207,645.00         | -9.4%         |
| 8531210 · AEA - Retirement Benefits Paid  | 817,102.37          | 37.1%         |
| 8531211 · AFSCME-Retirement Benefits Paid | 440,169.68          | 20.0%         |
| 8531212 · MCEG - Retirement Benefits Paid | 706,572.65          | 32.1%         |
| 8532004 · Invest Exp - MetropolitanWest   | 22,668.84           | 1.0%          |
| 8532013 · Invest Exp - Boston Partners    | 19,656.68           | 0.9%          |
| 8532020 · Invest Exp - Callan             | 10,542.26           | 0.5%          |
| 8532021 · Invest Exp - State Street       | 11,008.59           | 0.5%          |
| 8532023 · Invest Exp - JP Morgan          | 0.00                | 0.0%          |
| 8532024 · Invest Exp - Atlanta Capital    | 16,125.79           | 0.7%          |
| 8532025 · Invest Exp - S&P Index SSgA     | 1,872.63            | 0.1%          |
| 8532026 · Invest Exp - EAFE SSgA          | 934.74              | 0.0%          |
| 8532027 · Invest Exp - AQR                | 10,468.93           | 0.5%          |
| 8532028 · Invest Exp - Pyrford            | 14,889.04           | 0.7%          |
| <b>Total COGS</b>                         | <b>1,864,367.20</b> | <b>84.8%</b>  |
| <b>Gross Profit</b>                       | <b>335,346.34</b>   | <b>15.2%</b>  |
| <b>Expense</b>                            |                     |               |
| 8533002 · Admin Exp - Actuary             | 7,408.05            | 0.3%          |
| 8533007 · Admin Exp - CALPRS Dues/Courses | 3,000.00            | 0.1%          |
| 8533008 · Admin Exp - Accounting Software | 833.33              | 0.0%          |
| 8533014 · Admin Exp - Fiduciary Insurance | 3,278.64            | 0.1%          |
| 8533020 · Admin Exp - Procurement Costs   | 0.00                | 0.0%          |
| 8533025 · Admin Exp - Information Service | 1.99                | 0.0%          |
| 8533026 · Admin Exp - Legal Services      | 19,760.00           | 0.9%          |
| 8533029 · Admin Exp - Administrator       | 22,452.43           | 1.0%          |
| 8533050 · Admin Exp - Misc Exp            | 0.00                | 0.0%          |
| 8533051 · Admin Exp - Audit               | 8,100.00            | 0.4%          |
| <b>Total Expense</b>                      | <b>64,834.44</b>    | <b>2.9%</b>   |
| <b>Net Income</b>                         | <b>270,511.90</b>   | <b>12.3%</b>  |

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

Accrual Basis

|   | Jul '17 - Jun 18     | % of Income   |
|---|----------------------|---------------|
| <b>Income</b>                             |                      |               |
| Interest, Dividend, & Other Inc           | 1,359,280.79         | 9.5%          |
| Investment Income                         | 5,148,390.17         | 36.0%         |
| RT Required Contribution                  | 7,669,177.86         | 53.6%         |
| 6630110 · Employee Contribution           | 143,093.64           | 1.0%          |
| <b>Total Income</b>                       | <b>14,319,942.46</b> | <b>100.0%</b> |
| <b>Cost of Goods Sold</b>                 |                      |               |
| 8531001 · Arbitration Transfer            | -2,638,467.00        | -18.4%        |
| 8531210 · AEA - Retirement Benefits Paid  | 3,403,328.44         | 23.8%         |
| 8531211 · AFSCME-Retirement Benefits Paid | 1,671,771.60         | 11.7%         |
| 8531212 · MCEG - Retirement Benefits Paid | 2,704,265.75         | 18.9%         |
| 8532004 · Invest Exp - MetropolitanWest   | 84,632.35            | 0.6%          |
| 8532013 · Invest Exp - Boston Partners    | 81,713.46            | 0.6%          |
| 8532020 · Invest Exp - Callan             | 41,500.64            | 0.3%          |
| 8532021 · Invest Exp - State Street       | 46,573.22            | 0.3%          |
| 8532023 · Invest Exp - JP Morgan          | 234.77               | 0.0%          |
| 8532024 · Invest Exp - Atlanta Capital    | 65,203.13            | 0.5%          |
| 8532025 · Invest Exp - S&P Index SSgA     | 7,684.07             | 0.1%          |
| 8532026 · Invest Exp - EAFE SSgA          | 3,667.14             | 0.0%          |
| 8532027 · Invest Exp - AQR                | 43,237.63            | 0.3%          |
| 8532028 · Invest Exp - Pyrford            | 59,741.98            | 0.4%          |
| <b>Total COGS</b>                         | <b>5,575,087.18</b>  | <b>38.9%</b>  |
| <b>Gross Profit</b>                       | <b>8,744,855.28</b>  | <b>61.1%</b>  |
| <b>Expense</b>                            |                      |               |
| 8533002 · Admin Exp - Actuary             | 37,380.80            | 0.3%          |
| 8533007 · Admin Exp - CALPRS Dues/Courses | 5,662.66             | 0.0%          |
| 8533008 · Admin Exp - Accounting Software | 833.33               | 0.0%          |
| 8533010 · Admin Exp - Travel              | 1,123.86             | 0.0%          |
| 8533014 · Admin Exp - Fiduciary Insurance | 12,927.65            | 0.1%          |
| 8533020 · Admin Exp - Procurement Costs   | 0.00                 | 0.0%          |
| 8533025 · Admin Exp - Information Service | 251.99               | 0.0%          |
| 8533026 · Admin Exp - Legal Services      | 78,279.46            | 0.5%          |
| 8533028 · Admin Exp - Staff Training      | 44.28                | 0.0%          |
| 8533029 · Admin Exp - Administrator       | 98,162.26            | 0.7%          |
| 8533050 · Admin Exp - Misc Exp            | 4,310.41             | 0.0%          |
| 8533051 · Admin Exp - Audit               | 8,100.00             | 0.1%          |
| <b>Total Expense</b>                      | <b>247,076.70</b>    | <b>1.7%</b>   |
| <b>Net Income</b>                         | <b>8,497,778.58</b>  | <b>59.3%</b>  |

**Sacramento Regional Transit District**  
**Retirement Fund - Salaried**  
**Schedule of Cash Activities**  
**For the Three Months Period Ended June 30, 2018**

|   | April<br>2018 | May<br>2018  | June<br>2018 | Quarter<br>Totals |
|---|---------------|--------------|--------------|-------------------|
| Beginning Balance:  |               |              |              |                   |
| Due (from)/to District - March 31, 2018   | (15,541.91)   | 28,757.04    | 134,550.63   | (15,541.91)       |
| Monthly Activity:   |               |              |              |                   |
| <u>Deposits</u>   |               |              |              |                   |
| District Pension Contributions @ 28.02 to 32.52%                                      | 640,512.89    | 636,839.48   | 754,786.72   | 2,032,139.09      |
| Employee Pension Contributions  | 15,958.24     | 14,454.34    | 14,569.58    | 44,982.16         |
| Total Deposits  | 656,471.13    | 651,293.82   | 769,356.30   | 2,077,121.25      |
| <u>Expenses</u>   |               |              |              |                   |
| Payout to Retirees:   |               |              |              |                   |
| AEA   | (272,640.35)  | (272,640.35) | (271,821.67) | (817,102.37)      |
| AFSCME  | (144,149.54)  | (144,149.54) | (151,870.60) | (440,169.68)      |
| MCEG  | (233,635.95)  | (236,468.35) | (236,468.35) | (706,572.65)      |
| Employee Contribution Refunds   | -             | -            | -            | -                 |
| Payout to Retirees Subtotal   | (650,425.84)  | (653,258.24) | (660,160.62) | (1,963,844.70)    |
| Fund Investment Management Expenses:  |               |              |              |                   |
| Boston Partners   | -             | (20,820.42)  | -            | (20,820.42)       |
| SSgA S&P 500 Index  | -             | (1,994.57)   | -            | (1,994.57)        |
| Atlanta Capital   | -             | (15,327.12)  | -            | (15,327.12)       |
| Pyrford   | -             | (15,111.02)  | -            | -                 |
| SSgA EAFE MSCI  | -             | (951.85)     | -            | (951.85)          |
| Metropolitan West   | -             | (22,555.82)  | -            | (22,555.82)       |
| Callan  | (3,508.68)    | (3,509.28)   | (3,509.70)   | (10,527.66)       |
| State Street  | -             | (7,380.56)   | (3,669.53)   | (11,050.09)       |
| Fund Invest. Mgmt Exp. Subtotal   | (3,508.68)    | (87,650.64)  | (7,179.23)   | (98,338.55)       |
| Administrative Expenses   |               |              |              |                   |
| Actuarial Services  | (3,791.91)    | (2,576.21)   | (1,691.25)   | (8,059.37)        |
| Legal Services  | (6,586.67)    | (6,586.67)   | (13,173.33)  | (26,346.67)       |
| CALAPRS Training  | -             | -            | (3,000.00)   | (3,000.00)        |
| Fiduciary Insurance   | (13,148.66)   | 141.68       | 58.32        | (12,948.66)       |
| Investigation Information Services  | -             | (1.99)       | -            | (1.99)            |
| Accounting Software   | -             | -            | (833.33)     | -                 |
| Pension Administration  | (7,766.41)    | (7,155.34)   | (7,530.68)   | (22,452.43)       |
| Administrative Exp. Subtotal  | (31,293.65)   | (16,178.53)  | (26,170.27)  | (73,642.45)       |
| Total Expenses  | (685,228.17)  | (757,087.41) | (693,510.12) | (2,135,825.70)    |
| Monthly Net Owed from/(to) District   | (28,757.04)   | (105,793.59) | 75,846.18    | (58,704.45)       |
| Due From ATU Plan- Custodian Error  | 116,866.20    | -            | (116,866.20) | -                 |
| Payment from/(to) the District  | (101,324.29)  | -            | (17,684.43)  | (119,008.72)      |
| Ending Balance:   |               |              |              |                   |
| Due (from)/to the District (=Beginning balance + monthly balance-payment to District) | 28,757.04     | 134,550.63   | (75,846.18)  | (75,846.18)       |

RT Combined Pension Plans - ATU, IBEW and Salaried  
 Asset Allocation \*  
 As of June 30, 2018

| Asset Class                                | Net Asset<br>Market Value<br>06/30/2018 | Actual Asset<br>Allocation | Target Asset<br>Allocation | %<br>Variance | \$<br>Variance     | Target Market<br>Value |
|--|---|----------------------------|----------------------------|---------------|--------------------|------------------------|
| <b>FUND MANAGERS:</b>                      |   |                            |                            |               |                    |                        |
| <b>Domestic Equity:</b>                    |   |                            |                            |               |                    |                        |
| Large Cap Value - Boston Partners - Z8     | \$ 43,990,613                           | 15.49%                     | 16.00%                     | -0.51%        | \$ (1,460,705)     |                        |
| Large Cap Growth - SSgA S&P 500 Index - XH | 46,292,642                              | 16.30%                     | 16.00%                     | 0.30%         | 841,324            |                        |
| <b>Total Large Cap Domestic Equity</b>     | <b>90,283,255</b>                       | <b>31.78%</b>              | <b>32.00%</b>              | <b>-0.22%</b> | <b>(619,381)</b>   | <b>\$ 90,902,636</b>   |
| <b>Small Cap - Atlanta Capital - XB</b>    | <b>24,620,877</b>                       | <b>8.67%</b>               | <b>8.00%</b>               | <b>0.67%</b>  | <b>1,895,218</b>   | <b>22,725,659</b>      |
| <b>International Equity:</b>               |   |                            |                            |               |                    |                        |
| <b>Large Cap Growth:</b>                   |   |                            |                            |               |                    |                        |
| Pyrford - ZD                               | 26,142,476                              | 9.20%                      | 9.50%                      | -0.30%        | (844,244)          |                        |
| <b>Large Cap Core:</b>                     |   |                            |                            |               |                    |                        |
| SSgA MSCI EAFE - XG                        | 11,240,964                              | 3.96%                      |                            |               |                    |                        |
| Value - Brandes - XE                       | 9,257                                   | 0.00%                      |                            |               |                    |                        |
| <b>Total Core</b>                          | <b>11,250,221</b>                       | <b>3.96%</b>               | <b>4.50%</b>               | <b>-0.54%</b> | <b>(1,532,963)</b> |                        |
| <b>Small Cap:</b>                          |   |                            |                            |               |                    |                        |
| AQR - ZB                                   | 14,589,347                              | 5.14%                      | 5.00%                      | 0.14%         | 385,810            |                        |
| <b>Emerging Markets</b>                    |   |                            |                            |               |                    |                        |
| DFA - ZA                                   | 16,246,299                              | 5.72%                      | 6.00%                      | -0.28%        | (797,945)          |                        |
| <b>Total International Equity</b>          | <b>68,228,343</b>                       | <b>24.02%</b>              | <b>25.00%</b>              | <b>-0.98%</b> | <b>(2,789,341)</b> | <b>71,017,684</b>      |
| <b>Fixed Income:</b>                       |   |                            |                            |               |                    |                        |
| <b>Met West - XD</b>                       | <b>100,938,262</b>                      | <b>35.53%</b>              | <b>35.00%</b>              | <b>0.53%</b>  | <b>1,513,504</b>   | <b>99,424,758</b>      |
| <b>Total Combined Net Asset</b>            | <b>\$ 284,070,737</b>                   | <b>100.00%</b>             | <b>100.00%</b>             | <b>0.00%</b>  | <b>\$ -</b>        | <b>\$ 284,070,737</b>  |

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

\* Per the Statement of Investment Objectives and Policy Guidelines as of 6/20/2018.

**Reconciliation between Callan Report  
and  
Consolidated Pension Fund Balance Sheet  
As of June 30, 2018**

|  |                           |
|--|---------------------------|
| <b>Per Both Pension Fund Balance Sheets:</b> |                           |
| ATU Allocated Custodial Assets               | 133,639,084               |
| IBEW Allocated Custodial Assets              | 57,283,322                |
| Salaried Allocated Custodial Assets          | <u>93,148,331</u>         |
| <b>Total Consolidated Net Asset</b>          | <u><u>284,070,737</u></u> |
| <b>Per Callan Report:</b>                    |                           |
| Total Investments                            | <u><u>284,083,708</u></u> |
| <b>Net Difference</b>                        | <u><u>(12,971) *</u></u>  |

\* The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and a timing difference on the AQR statement.

**Reconciliation between Callan Report  
and  
Consolidated Pension Fund Income Statement  
For the Quarter Ended June 30, 2018**

|  |                           |
|--|---------------------------|
| <b>Per Both Pension Fund Income Statements:</b>  |                           |
| ATU - Interest, Dividends, and Other Income      | 561,667                   |
| ATU - Investment Income                          | (422,580)                 |
| IBEW - Interest, Dividends, and Other Income     | 237,800                   |
| IBEW - Investment Income                         | (146,373)                 |
| Salaried - Interest, Dividends, and Other Income | 364,994                   |
| Salaried - Investment Income                     | <u>(264,959)</u>          |
| <b>Total Investment Income</b>                   | <u><u>330,549</u></u>     |
| <b>Per Callan Report:</b>                        |                           |
| Investment Returns                               | <u><u>356,317</u></u>     |
| <b>Net Difference</b>                            | <u><u>(25,768) **</u></u> |

\*\* The "Net Difference" amounts shown are the results of Callan and State Street using different valuations for the same securities and a timing difference on the AQR statement.



**Reconciliation between Callan Report  
and  
Consolidated Schedule of Cash Activities  
For the Quarter Ended June 30, 2018**

|   | April            | May      | June             | Total              |
|---|------------------|----------|------------------|--------------------|
| <b>Payments from/(to) the District</b>              |                  |          |                  |                    |
| Boston Partners - ATU                               | -                | -        | (32,419)         | (32,419)           |
| Boston Partners - Salaried                          | -                | -        | 32,419           | 32,419             |
| S&P 500 Index - ATU                                 | -                | -        | (32,760)         | (32,760)           |
| S&P 500 Index - Salaried                            | -                | -        | 32,760           | 32,760             |
| Atlanta Capital - ATU                               | -                | -        | (397,138)        | (397,138)          |
| Atlanta Capital - IBEW                              | -                | -        | (78,423)         | (78,423)           |
| Atlanta Capital - Salaried                          | -                | -        | (88,456)         | (88,456)           |
| Pyrford - ATU                                       | -                | -        | (19,667)         | (19,667)           |
| Pyrford - Salaried                                  | -                | -        | 19,667           | 19,667             |
| EAFE - ATU  | -                | -        | (8,480)          | (8,480)            |
| EAFE - Salaried                                     | -                | -        | 8,480            | 8,480              |
| Brandes - ATU                                       | -                | -        | (7)              | (7)                |
| Brandes - Salaried                                  | -                | -        | 7                | 7                  |
| AQR - ATU   | (294,828)        | -        | (291,485)        | (586,313)          |
| AQR - IBEW  | (40,348)         | -        | (75,033)         | (115,381)          |
| AQR - Salaried                                      | 15,542           | -        | (17,413)         | (1,871)            |
| DFA - ATU   | -                | -        | (12,970)         | (12,970)           |
| DFA - Salaried                                      | -                | -        | 12,970           | 12,970             |
| Metropolitan West - ATU                             | -                | -        | (72,656)         | (72,656)           |
| Metropolitan West - Salaried                        | -                | -        | 72,656           | 72,656             |
| <b>Total Payments from/(to) the District</b>        | <u>(319,634)</u> | <u>-</u> | <u>(947,948)</u> | <u>(1,267,582)</u> |
| <b>Transfers In/(Out) of Investment Funds</b>       |                  |          |                  |                    |
| Atlanta Capital                                     | -                | -        | (564,017)        | (564,017)          |
| AQR   | (319,634)        | -        | (383,931)        | (703,565)          |
| <b>Total Transfers In/(Out) of Investment Funds</b> | <u>(319,634)</u> | <u>-</u> | <u>(947,948)</u> | <u>(1,267,582)</u> |
| <b>Variance between Payments and Transfers</b>      | <u>-</u>         | <u>-</u> | <u>-</u>         | <u>-</u>           |
| <b>Per Callan Report:</b>                           |                  |          |                  |                    |
| Net New Investment/(Withdrawals)                    |                  |          |                  | <u>(1,267,582)</u> |
| <b>Net Difference</b>                               |                  |          |                  | <u>-</u>           |

**Consolidated Schedule of Cash Activities  
For the 12-Months June 30, 2018**

|  | 3Q17               | 4Q17               | 1Q18               | 2Q18               | Total              |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Payments from/(to) the District</b>       |                    |                    |                    |                    |                    |
| Boston Partners - ATU                        | (656,620)          | (711,871)          | (2,810,287)        | (32,419)           | (4,211,197)        |
| Boston Partners - IBEW                       | (155,075)          | (46,224)           | (987,443)          | -                  | (1,188,742)        |
| Boston Partners - Salaried                   | (207,896)          | 333,215            | (1,461,943)        | 32,419             | (1,304,205)        |
| S&P 500 Index - ATU                          | (382,811)          | (1,056,615)        | (1,770,269)        | (32,760)           | (3,242,455)        |
| S&P 500 Index - IBEW                         | (95,328)           | (151,776)          | (804,753)          | -                  | (1,051,857)        |
| S&P 500 Index - Salaried                     | (84,552)           | 213,560            | (1,395,393)        | 32,760             | (1,233,625)        |
| Atlanta Capital - ATU                        | -                  | (220,607)          | (1,844,745)        | (397,138)          | (2,462,490)        |
| Atlanta Capital - IBEW                       | -                  | -                  | (788,042)          | (78,423)           | (866,465)          |
| Atlanta Capital - Salaried                   | -                  | 220,607            | (1,435,641)        | (88,456)           | (1,303,490)        |
| Pyrford - ATU                                | -                  | (244,192)          | -                  | (19,667)           | (263,859)          |
| Pyrford - Salaried                           | -                  | 244,192            | -                  | 19,667             | 263,859            |
| EAFE - ATU                                   | -                  | (100,683)          | -                  | (8,480)            | (109,163)          |
| EAFE - Salaried                              | -                  | 100,683            | -                  | 8,480              | 109,163            |
| AQR - ATU                                    | -                  | (133,244)          | -                  | (586,313)          | (719,557)          |
| AQR - Salaried                               | -                  | 133,244            | -                  | (1,871)            | 131,373            |
| DFA - ATU                                    | -                  | (133,058)          | -                  | (12,970)           | (146,028)          |
| DFA - Salaried                               | -                  | 133,058            | -                  | 12,970             | 146,028            |
| Metropolitan West - ATU                      | -                  | (796,599)          | 5,485,262          | (72,656)           | 4,616,007          |
| Metropolitan West - IBEW                     | -                  | -                  | 2,418,623          | -                  | 2,418,623          |
| Metropolitan West - Salaried                 | -                  | 796,599            | 4,211,226          | 72,656             | 5,080,481          |
| <b>Total Payments from/(to) the District</b> | <u>(1,582,282)</u> | <u>(1,419,711)</u> | <u>(1,183,405)</u> | <u>(1,267,582)</u> | <u>(5,452,980)</u> |

**Sacramento Regional Transit District**  
**ATU, IBEW and Salaried Retirement Plans**  
**Schedule of Fund Investment Returns and Expenses**  
**06/30/18**

|                          |             |         | 1 Year              |                    |                                |             |         | 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 |
| <b>Boston Partners</b>   |             |         |                     |                    |                                |             |         |                     |                    |                                |
| Investment Returns       | 4,843,437   | 100.00% |                     |                    |                                | 11,701,624  | 100.00% |                     |                    |                                |
| Investment Expenses      | (252,641)   | 5.22%   |                     |                    |                                | (698,188)   | 5.97%   |                     |                    |                                |
| Net Gain/(Loss)          | 4,590,796   | 94.78%  | 10.19%              | 6.77%              | 342.00                         | 11,003,436  | 94.03%  | 8.55%               | 8.26%              | 29.00                          |
| <b>S&amp;P 500</b>       |             |         |                     |                    |                                |             |         |                     |                    |                                |
| Investment Returns       | 6,261,376   | 100.00% |                     |                    |                                | 15,034,345  | 100.00% |                     |                    |                                |
| Investment Expenses      | (23,754)    | 0.38%   |                     |                    |                                | (96,522)    | 0.64%   |                     |                    |                                |
| Net Gain/(Loss)          | 6,237,622   | 99.62%  | 14.31%              | 14.37%             | (6.00)                         | 14,937,823  | 99.36%  | 11.93%              | 11.93%             | 0.00                           |
| <b>Atlanta Capital</b>   |             |         |                     |                    |                                |             |         |                     |                    |                                |
| Investment Returns       | 4,466,413   | 100.00% |                     |                    |                                | 8,965,986   | 100.00% |                     |                    |                                |
| Investment Expenses      | (201,628)   | 4.51%   |                     |                    |                                | (558,523)   | 6.23%   |                     |                    |                                |
| Net Gain/(Loss)          | 4,264,785   | 95.49%  | 17.57%              | 18.52%             | (95.00)                        | 8,407,463   | 93.77%  | 12.48%              | 10.96%             | 152.00                         |
| <b>Pyrford</b>           |             |         |                     |                    |                                |             |         |                     |                    |                                |
| Investment Returns       | 545,633     | 100.00% |                     |                    |                                | 188,657     | 100.00% |                     |                    |                                |
| Investment Expenses      | (184,687)   | 33.85%  |                     |                    |                                | (199,405)   | 105.70% |                     |                    |                                |
| Net Gain/(Loss)          | 360,946     | 66.15%  | 1.43%               | 6.84%              | (541.00)                       | (10,748)    | -5.70%  | N/A                 | N/A                | N/A                            |
| <b>EAFE</b>              |             |         |                     |                    |                                |             |         |                     |                    |                                |
| Investment Returns       | 757,630     | 100.00% |                     |                    |                                | 644,724     | 100.00% |                     |                    |                                |
| Investment Expense       | (11,333)    | 1.50%   |                     |                    |                                | (42,057)    | 6.52%   |                     |                    |                                |
| Net Gain/(Loss)          | 746,297     | 98.50%  | 7.13%               | 6.84%              | 29.00                          | 602,667     | 93.48%  | 5.17%               | 4.90%              | 27.00                          |
| <b>Brandes</b>           |             |         |                     |                    |                                |             |         |                     |                    |                                |
| Investment Returns       | (40)        | 100.00% |                     |                    |                                | (2,350)     | 100.00% |                     |                    |                                |
| Investment Expenses      | -           | 0.00%   |                     |                    |                                | -           | 0.00%   |                     |                    |                                |
| Net Gain/(Loss)          | (40)        | 100.00% | N/A                 | N/A                | N/A                            | (2,350)     | 100.00% | N/A                 | N/A                | N/A                            |
| <b>AQR</b>               |             |         |                     |                    |                                |             |         |                     |                    |                                |
| Investment Returns       | 1,518,466   | 100.00% |                     |                    |                                | 3,124,336   | 100.00% |                     |                    |                                |
| Investment Expenses      | (150,359)   | 9.90%   |                     |                    |                                | (258,819)   | 8.28%   |                     |                    |                                |
| Net Gain/(Loss)          | 1,368,107   | 90.10%  | 10.93%              | 12.45%             | (152.00)                       | 2,865,517   | 91.72%  | N/A                 | N/A                | N/A                            |
| <b>DFA</b>               |             |         |                     |                    |                                |             |         |                     |                    |                                |
| Investment Returns       | 797,953     | 100.00% |                     |                    |                                | 2,517,572   | 100.00% |                     |                    |                                |
| Investment Expense       | (84,141)    | 10.54%  |                     |                    |                                | (254,922)   | 10.13%  |                     |                    |                                |
| Net Gain/(Loss)          | 713,812     | 89.46%  | 5.17%               | 8.20%              | (303.00)                       | 2,262,650   |         | 5.35%               | 5.60%              | (25.00)                        |
| <b>Metropolitan West</b> |             |         |                     |                    |                                |             |         |                     |                    |                                |
| Investment Returns       | 328,116     | 100.00% |                     |                    |                                | 5,272,821   | 100.00% |                     |                    |                                |
| Investment Expenses      | (261,483)   | 79.69%  |                     |                    |                                | (740,636)   | 14.05%  |                     |                    |                                |
| Net Gain/(Loss)          | 66,633      | 20.31%  | 0.13%               | -0.40%             | 53.00                          | 4,532,185   | 85.95%  | 1.77%               | 1.72%              | 5.00                           |
| <b>Total Fund</b>        |             |         |                     |                    |                                |             |         |                     |                    |                                |
| Investment Returns       | 19,518,984  | 100.00% |                     |                    |                                | 49,226,656  | 100.00% |                     |                    |                                |
| Investment Expenses      | (1,170,026) | 5.99%   |                     |                    |                                | (3,063,005) | 6.22%   |                     |                    |                                |
| Net Gain/(Loss)          | 18,348,958  | 94.01%  | 6.93%               | 7.90%              | (97.00)                        | 46,163,651  | 93.78%  | 6.05%               | 6.84%              | (79.00)                        |

Sacramento Regional Transit District  
 Schedule of Transfers and Retirements  
 For the Time Period: April 1, 2018 to June 30, 2018

Transfers:

| Employee #   | Transferred From Position | Transferred To Position     | Transferred From | Plan Assets          |                |
|--------------|---------------------------|-----------------------------|------------------|----------------------|----------------|
|              |                           |                             |                  | Transferred From ATU | Plan Assets    |
| 2647         | Clerk II                  | Administrative Assistant II | ATU              | (85,181)             | 85,181         |
| 3322         | LR Operator               | Transportation Supervisor   | ATU              | (62,118)             | 62,118         |
| 3570         | Clerk                     | Human Resources Analyst I   | ATU              | (17,229)             | 17,229         |
| 3575         | Bus Operator              | Transportation Supervisor   | ATU              | (27,547)             | 27,547         |
| 3800         | CBS Operator              | Transportation Supervisor   | ATU              | (10,969)             | 10,969         |
| 3898         | Transit Agent             | Network Ops Technician      | ATU              | (4,600)              | 4,600          |
| <b>Total</b> |                           |                             |                  | <b>(207,644)</b>     | <b>207,644</b> |

Retirements:

| Employee # | Previous Position         | Pension Group | Retirement Date |
|------------|---------------------------|---------------|-----------------|
| 2239       | Mechanic A Body/Fender    | IBEW          | 04/01/2018      |
| 1640       | Sr. Paralegal             | MCEG          | 04/01/2018      |
| 356        | Bus Operator              | ATU           | 04/14/2018      |
| 3122       | Director, Human Resources | MCEG          | 05/01/2018      |
| 2392       | LR Operator               | ATU           | 05/02/2018      |
| 2980       | LR Operator               | ATU           | 05/18/2018      |
| 2711       | Transportation Supervisor | AFSCME        | 06/01/2018      |
| 2796       | Bus Operator              | ATU           | 06/12/2018      |

Deaths:

| Employee # | Pension Group | Type                 | Date of Death |
|------------|---------------|----------------------|---------------|
| 1064       | ATU           | Survivor Beneficiary | 04/04/2018    |
| 3002       | ATU           | Life Alone           | 05/16/2018    |
| 71         | ATU           | 50% Joint & Survivor | 06/23/2018    |
| 2926       | AEA           | Survivor Beneficiary | 06/27/2018    |

# REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 7               | 09/12/18           | Open                | Action                  | 08/22/18   |

Subject: Adoption of the Regional Transit District Retirement Boards 2019 Meeting Calendar (ALL). (Weekly)

## ISSUE

Adoption of the Regional Transit District (RT) Retirement Boards 2019 Meeting Calendar (ALL). (Weekly)

## RECOMMENDED ACTION

Adopt Resolution No. 18-09-\_\_\_\_, Adopting the Regional Transit District Retirement Boards 2019 Meeting Calendar.

## FISCAL IMPACT

None, as a result of this action.

## DISCUSSION

The RT Retirement Boards have Regular meetings quarterly to review the performance of investments in RT's retirement funds by its fund managers and related business. Special meetings typically are called for items which require time for more lengthy discussions.

The proposed dates for Quarterly Retirement Board Meetings for the 2019 calendar year are:

- Wednesday, March 13<sup>th</sup>
- Wednesday, June 12<sup>th</sup>
- Wednesday, September 11<sup>th</sup>
- Wednesday, December 11<sup>th</sup>

In anticipation of several large projects and decisions coming before the Retirement Boards in 2019, staff is also proposing several tentative Special Meeting dates. If necessary, these dates can be utilized for in-depth discussion of items that require attention in addition or prior to regularly-scheduled Quarterly Retirement Board Meetings.

---

Approved:

Presented:

Final 09/04/18

Treasury Controller

Pension & Retiree Services Administrator

J:\Retirement Board\2018\IPs\Quarterly Meetings\September 12, 2018\IP Adopting 2019 Retirement Board Calendar - Issue Paper.doc

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 7               | 09/12/18           | Open                | Action                  | 08/22/18   |

Subject: Adoption of the Regional Transit District Retirement Boards 2019 Meeting Calendar (ALL). (Weekly)

The proposed dates for tentative Special Meetings for the 2019 calendar year are:

- Wednesday, February 27<sup>th</sup>
- Wednesday, April 24<sup>th</sup>
- Wednesday, July 24<sup>th</sup>
- Wednesday, October 23<sup>rd</sup>

Staff recommends that the Board Members adopt a 9:00 a.m. start time for the 2019 meetings.

Staff recommends approval of the Regional Transit Retirement Boards 2019 Meeting Calendar, marked as Exhibit A.

2019 RETIREMENT BOARD CALENDAR

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD  
REGIONAL TRANSIT AUDITORIUM (ROOM 114) – 1400 29<sup>TH</sup> STREET  
SACRAMENTO, CALIFORNIA

9:00 AM

Wednesday.....Regular Meeting.....March 13, 2019  
Wednesday.....Regular Meeting.....June 12, 2019  
Wednesday.....Regular Meeting.....September 11, 2019  
Wednesday.....Regular Meeting.....December 11, 2019  
  
Wednesday.....Special Meeting.....\*February 27, 2019  
Wednesday.....Special Meeting.....\*April 24, 2019  
Wednesday.....Special Meeting.....\*July 24, 2019  
Wednesday.....Special Meeting.....\*October 23, 2019

*\*Special Meeting dates are tentative. If necessary, these dates can be utilized for items that require attention prior to the scheduled quarterly Board Meeting.*

RESOLUTION NO. 18-09-\_\_\_\_\_

Adopted by the AFSCME Retirement Board for the Retirement Plan for RT Employees Who Are Members of AFSCME on this date:

September 12, 2018

**ADOPTING THE REGIONAL TRANSIT DISTRICT RETIREMENT BOARDS 2019  
MEETING CALENDAR**

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD FOR THE RETIREMENT PLAN FOR RT EMPLOYEES WHO ARE MEMBERS OF AFSCME AS FOLLOWS:

THAT, the meeting schedule set out in attached Exhibit A for the meetings of the Regional Transit District AFSCME Retirement Board for calendar year 2019, is hereby adopted.

\_\_\_\_\_  
Charles Mallonee, Chair

A T T E S T:

Gary Parks, Secretary

By: \_\_\_\_\_  
Valerie Weekly, Assistant Secretary

# REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 8               | 09/12/18           | Retirement          | Information             | 07/19/18   |

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 June 30, 2018

---

Approved:

Presented:

Final 09/04/18

Treasury Controller

Pension & Retiree Services Administrator

J:\Retirement Board\2018\IPs\Quarterly Meetings\September 12, 2018\Update on Roles and Responsibilities 7.19.18.doc



## Pension Administration Staff Roles and Responsibilities

### Plan Administration

#### Customer Relations:

| <b>Task</b>   | <b>Primary Responsibility</b>                        | <b>Back Up Responsibility</b>             |
|---|--|---|
| 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"> <li>• Notifications</li> <li>• Lost Participant Process (TV)</li> <li>• Collection of all required documents</li> <li>• Legal/Compliance Review</li> <li>• Approval by General Manager</li> </ul> | 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"> <li>• Send notification</li> <li>• Collect documentation</li> <li>• Lost participant process</li> <li>• Apply interest</li> <li>• Process check</li> </ul>  | 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:**

| <b>Task</b>  | <b>Primary Responsibility</b>     | <b>Back Up Responsibility</b> |
|--|-----------------------------------|-------------------------------|
| 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:**

| <b>Task</b>  | <b>Primary Responsibility</b>                               | <b>Back Up Responsibility</b>                  |
|--|---|--|
| 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<br>Hanson Bridgett and Cheiron | VP Treasury/CFO<br>Hanson Bridgett and Cheiron |

**Retirement Board Administration:**

| <b>Task</b>  | <b>Primary Responsibility</b>   | <b>Back Up Responsibility</b> |
|--|---------------------------------|-------------------------------|
| 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:**

| <b>Task</b>   | <b>Primary Responsibility</b> | <b>Back Up Responsibility</b> |
|---|-------------------------------|-------------------------------|
| 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:**

| <b>Task</b>                                | <b>Primary Responsibility</b> | <b>Back Up Responsibility</b> |
|--|-------------------------------|-------------------------------|
| 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:**

| <b>Task</b>  | <b>Primary Responsibility</b> | <b>Back Up Responsibility</b> |
|--|-------------------------------|-------------------------------|
| 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: April 1, 2018 to June 30, 2018**

| <b>Sum of Value TranCurr</b> |  |               |                 |                  |
|------------------------------|--|---------------|-----------------|------------------|
| <b>WBS Element</b>           | <b>Source object name</b>                          | <b>Period</b> | <b>Total</b>    |                  |
| <b>SAXXXX.PENATU</b>         | <b>Finance And Treasury / Adelman, Jamie</b>       | 12            | 96.12           |                  |
|                              | <b>Finance And Treasury / Gardner, Leona</b>       | 12            | 459.18          |                  |
|                              | <b>Finance And Treasury / Montung-Fuller, Mari</b> |               | 10              | 1,987.78         |
|                              |  |               | 11              | 1,987.79         |
|                              |  |               | 12              | 2,266.06         |
|                              | <b>Finance And Treasury / Weekly, Valerie</b>      |               | 10              | 1,536.40         |
|                              |  |               | 11              | 921.84           |
|                              |  |               | 12              | 921.84           |
|                              | <b>Human Resources / Martinelli, Christin</b>      | 12            | 81.05           |                  |
|                              | <b>Human Resources / Ung, Elaine</b>               | 10            | 71.60           |                  |
|                              | <b>Legal / Sanchez, Olga</b>                       |               | 11              | 68.46            |
|                              |  |               | 12              | 102.69           |
|                              | <b>SAXXXX.PENATU Total</b>                         |               |                 | <b>10,500.81</b> |
| <b>SAXXXX.PENIBEW</b>        | <b>Finance And Treasury / Montung-Fuller, Mari</b> | 10            | 715.63          |                  |
|                              |  | 11            | 1,073.42        |                  |
|                              |  | 12            | 596.36          |                  |
|                              | <b>Finance And Treasury / Weekly, Valerie</b>      | 10            | 1,267.53        |                  |
|                              |  | 11            | 537.74          |                  |
|                              |  | 12            | 845.02          |                  |
|                              | <b>Human Resources / Martinelli, Christin</b>      | 12            | 81.05           |                  |
|                              | <b>Human Resources / Ung, Elaine</b>               | 10            | 17.90           |                  |
|                              | <b>Legal / Sanchez, Olga</b>                       | 10            | 68.46           |                  |
|                              | <b>SAXXXX.PENIBEW Total</b>                        |               |                 | <b>5,203.11</b>  |
| <b>SAXXXX.PENSALA</b>        | <b>Finance And Treasury / Adelman, Jamie</b>       | 10            | 72.09           |                  |
|                              |  | 12            | 96.12           |                  |
|                              | <b>Finance And Treasury / Montung-Fuller, Mari</b> | 10            | 954.16          |                  |
|                              |  | 11            | 914.39          |                  |
|                              |  | 12            | 795.14          |                  |
|                              | <b>Finance And Treasury / Weekly, Valerie</b>      | 10            | 1,574.81        |                  |
|                              |  | 11            | 537.74          |                  |
|                              |  | 12            | 652.97          |                  |
|                              | <b>Human Resources / Martinelli, Christin</b>      | 12            | 81.05           |                  |
|                              | <b>Legal / Sanchez, Olga</b>                       |               | 10              | 34.23            |
|                              |  |               | 11              | 68.46            |
|                              |  |               | 12              | 34.23            |
| <b>SAXXXX.PENSALA Total</b>  |  |               | <b>5,815.39</b> |                  |
| <b>SAXXXX.PENSION</b>        | <b>Board Support / Brooks, Cynthia</b>             | 12            | 56.25           |                  |
|                              |  |               |                 |                  |
|                              | <b>Finance And Treasury / Adelman, Jamie</b>       | 10            | 2,186.73        |                  |
|                              |  | 11            | 3,484.35        |                  |
|                              |  | 12            | 2,523.15        |                  |
|                              | <b>Finance And Treasury / Gardner, Leona</b>       | 10            | 707.91          |                  |
| 11                           |  | 344.39        |                 |                  |

|                             |  |    |                  |
|-----------------------------|--|----|------------------|
| <b>SAXXXX.PENSION</b>       | <b>Finance And Treasury / Gardner, Leona</b>       | 12 | 727.05           |
|                             | <b>Finance And Treasury / Mata, Jennifer</b>       | 10 | 1,517.71         |
|                             |  | 11 | 1,018.28         |
|                             |  | 12 | 969.16           |
|                             | <b>Finance And Treasury / Montung-Fuller, Mari</b> | 10 | 8,388.34         |
|                             |  | 11 | 8,507.60         |
|                             |  | 12 | 7,792.00         |
|                             | <b>Finance And Treasury / Weekly, Valerie</b>      | 10 | 2,074.14         |
|                             |  | 11 | 1,920.50         |
|                             |  | 12 | 2,074.14         |
|                             | <b>Human Resources / Humphrey, Isis</b>            | 10 | 518.54           |
|                             |  | 11 | 905.94           |
|                             |  | 12 | 2,667.49         |
|                             | <b>Human Resources / Martinelli, Christin</b>      | 12 | 81.05            |
|                             | <b>VP, Finance/CFO / Bernegger, Brent</b>          | 11 | 723.20           |
|                             |  | 12 | 723.20           |
| <b>SAXXXX.PENSION Total</b> |  |    | <b>49,911.12</b> |
| <b>Grand Total</b>          |  |    | <b>71,430.43</b> |

**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 June 30, 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 Board Meetings, including review and markup of agenda materials and related Board Chair conference calls.
3. Assist with investment consultant services procurement, contract drafting, negotiation, compliance requirements and oversight.
4. Conduct procurement to retain expert for operational audit.
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. Benefit eligibility determinations;
  - d. Calculation of benefits under various scenarios;
  - e. PEPRA compliance;
  - f. Fiduciary duties;
  - g. Domestic Relation Orders.

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 |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 21              | 09/12/18           | Retirement          | Information             | 08/10/18   |

Subject: Investment Performance Review by Atlanta Capital for the ATU, IBEW, and Salaried Retirement Funds for the Domestic Small Cap Equity Asset Class for the Quarter Ended June 30, 2018 (ALL). (Adelman)

## ISSUE

Investment Performance Review by Atlanta Capital for the ATU, IBEW, and Salaried Retirement Funds for the Domestic Small Cap Equity Asset Class for the Quarter Ended June 30, 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). The Board shall meet at least every eighteen (18) months with each investment manager to review the performance of its investment, the adherence to the Policy, and any material changes to its 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.

Atlanta Capital is the Retirement Boards' Domestic Small Capitalization Equity fund manager. Atlanta Capital will be presenting performance results for the quarter ended June 30, 2018, shown in Attachment 1, and answering any questions.

---

Approved:

Presented:

Final 09/04/18

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2018\IPs\Quarterly Meetings\September 12, 2018\FI IP's\09-12-18 Fund Manager Review - Atlanta Capital.docx

# Sacramento Regional Transit District

High Quality Small Cap

Second Quarter 2018  
Portfolio Review

September 12, 2018

1075 Peachtree Street NE | Suite 2100 | Atlanta | GA | 30309

## Your Atlanta Capital Team

Michael Jaje, CFA  
Investment Specialist & Principal  
(404) 682-2498  
michael.jaje@atlcap.com

Robert Allen, CFA  
Senior Portfolio Administrator  
(404) 682-2430  
robert.allen@atlcap.com





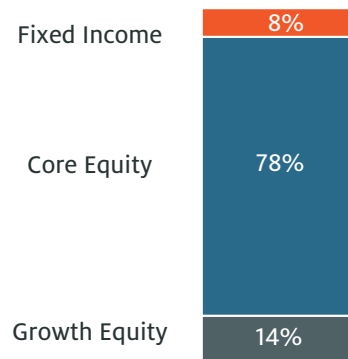
# Atlanta Capital Management Co., LLC

As of June 30, 2018

- Founded in 1969 in Atlanta, Georgia
- Singular focus on High Quality stocks and bonds
- Owned by employees & Eaton Vance Corporation
- Employ 40 professionals (17 are equity partners)

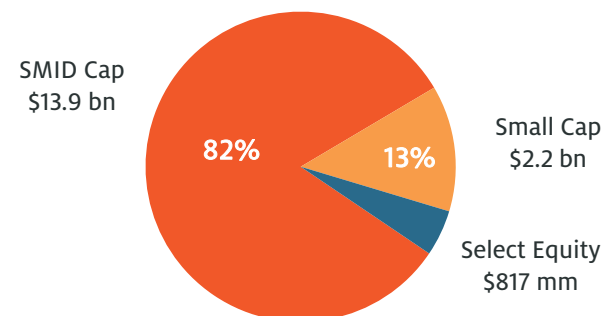
## Investment Franchises

(\$21.7 Billion)



## Core Equity Management

(\$17.0 Billion)



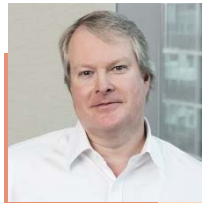
# Seasoned & Stable Investment Team

A focused team that combines the benefit of conducting independent fundamental research with the ability to make timely investment decisions.

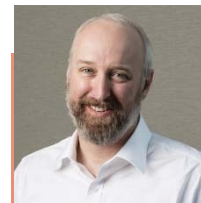
## Portfolio Managers



Chip Reed, CFA  
29 Yrs | 1998



Matt Hereford, CFA  
23 Yrs | 2002



Bill Bell, CFA  
23 Yrs | 1999

## Investment Specialist



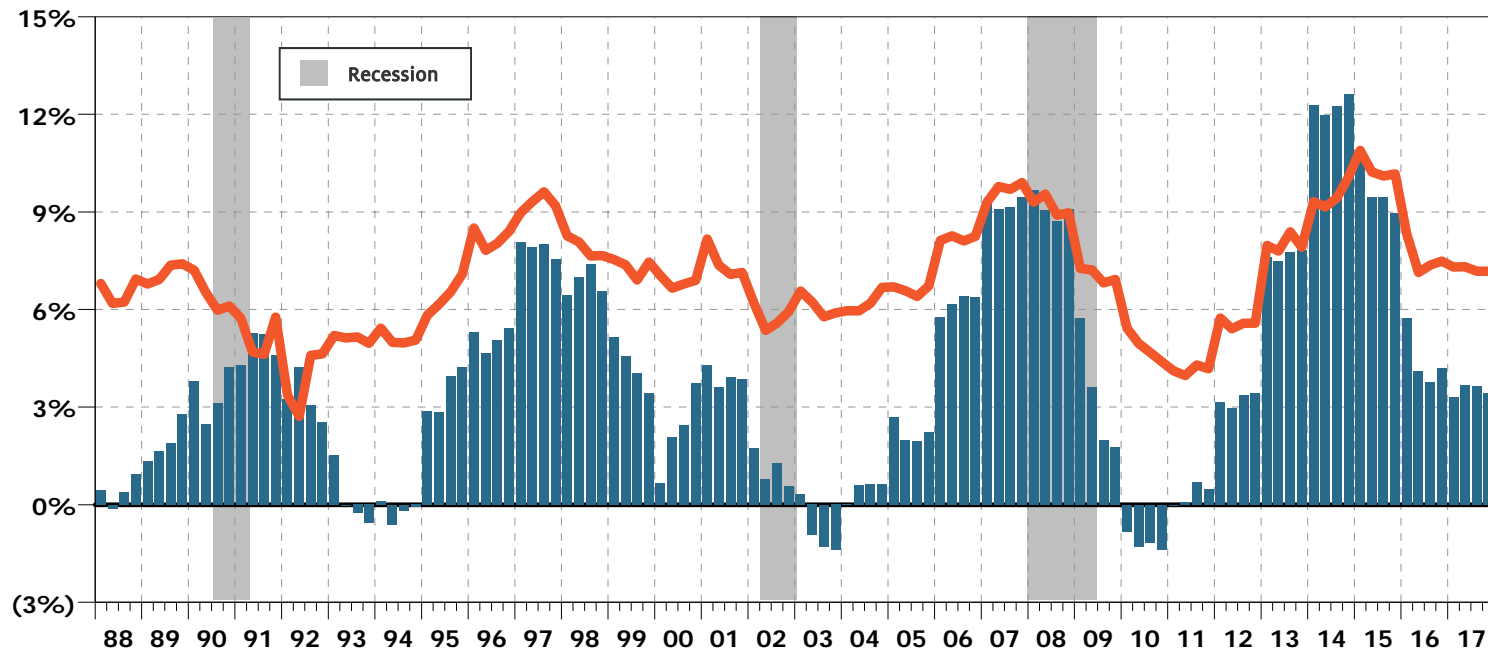
Michael Jaje, CFA  
23 Yrs | 2014

- Portfolio managers are generalists and serve as both research analyst and portfolio manager
- Our team does not rely on a research staff to generate ideas or perform fundamental research
- Each portfolio manager conducts his own research while decisions are made on a consensus basis

# Consistent Growth & Stability in Earnings

Key Tenet of Our Investment Philosophy

Five-Year Rolling CAGR of As Reported Earnings  
Russell 2000® Index by Earnings Stability



|                 | <u>Earnings Stability</u> | <u>Avg. 5-Year CAGR</u> | <u>Earnings Variability</u> | <u># Positive Periods</u> | <u># Negative Periods</u> |
|-----------------|---------------------------|-------------------------|-----------------------------|---------------------------|---------------------------|
| ■ Above-Average | 6.9%                      | 1.7%                    | 120 or 100%                 | 0 or 0%                   |                           |
| ■ Below-Average | 3.9%                      | 3.4%                    | 105 or 88%                  | 15 or 12%                 |                           |

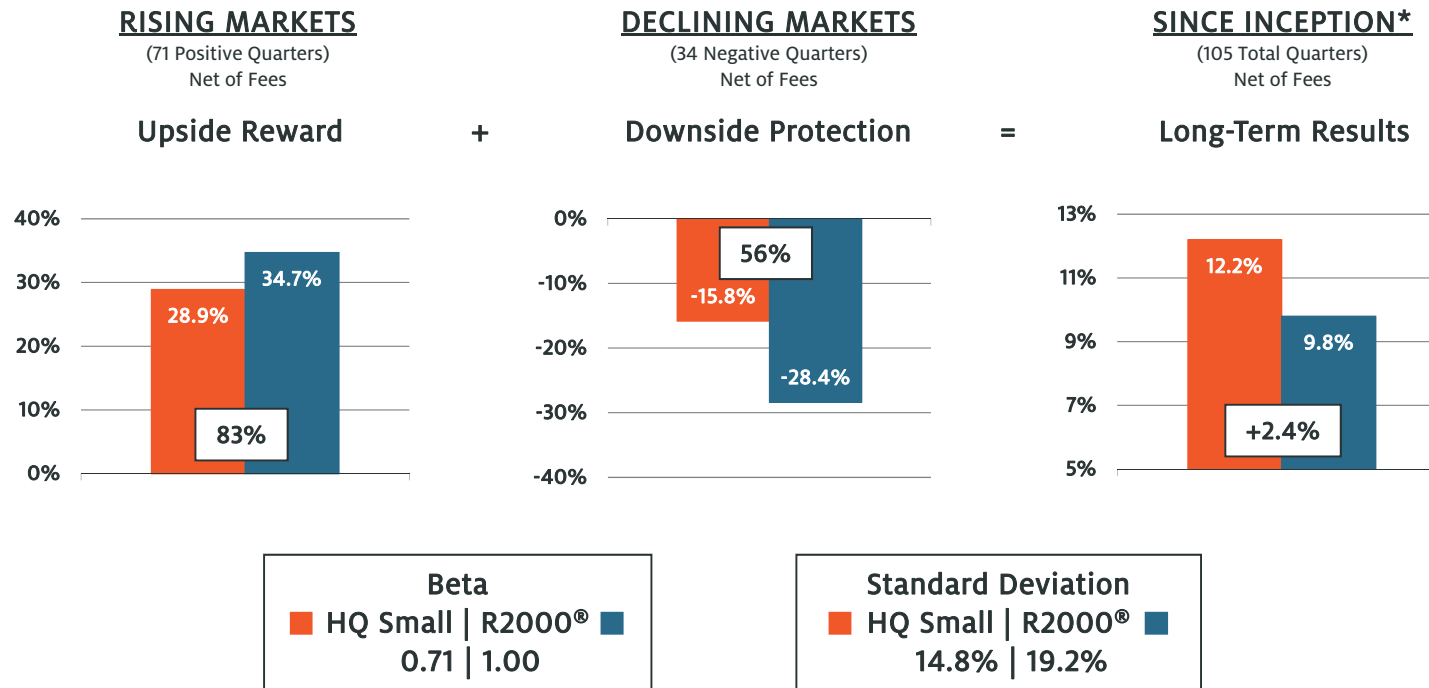
**\*Time period: January 1, 1988 – December 31, 2017. The Earnings Stability portfolios are model portfolios formed and rebalanced monthly by Atlanta Capital based on the stocks in the Russell 2000® Index sorted by quality rankings. This information is provided for illustrative purposes only and does not reflect the results of any strategy managed by Atlanta Capital.** The Above-Average Earnings Stability and Below-Average Earnings Stability portfolios are provided to compare the aggregate of all companies in the index with High Quality S&P Rankings (B+ or Better) to those with Low Quality S&P Rankings (B or Below). The universe includes all Russell 2000® Index constituents with S&P Quality Rankings and prices greater than \$1. Five-year historical earnings growth rates are calculated using a market capitalization-weighted methodology. The Russell 2000® Index is a widely-accepted measure of the U.S. small cap stock market. Indexes are unmanaged and it is not possible to directly invest in an index. The Above-Average Earnings Stability and Below-Average Earnings Stability portfolios were derived in part from the Russell Index Data and Frank Russell Company remains the source and owner of the Russell Index Data contained or reflected and all trademarks and copyrights. Sources: Russell, Standard & Poor's, Wilshire Atlas, Atlanta Capital. The material is based upon information that Russell, S&P, Wilshire and Atlanta Capital considers to be reliable, but neither Russell, S&P, Wilshire nor Atlanta Capital warrants its completeness, accuracy or adequacy and it should not be relied upon as such. The material should not be considered investment advice or a recommendation to invest in a particular strategy. Reproduction or redistribution of this page in any form without express permission from Atlanta Capital is prohibited. Above-average earnings stability does not guarantee outperformance. **Past performance does not predict future results.**



# Small Cap Investment Objective

April 1, 1992 – June 30, 2018

Our objective is to participate in rising markets, protect capital during declining markets, and outperform over the long term...



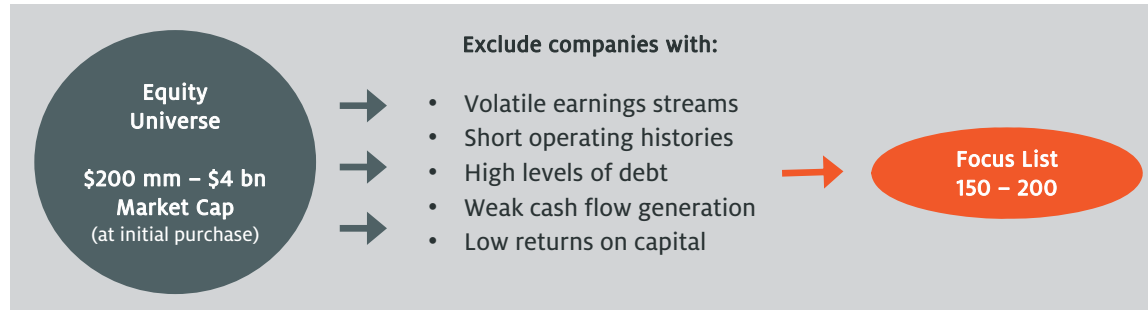
...without the volatility typically associated with small cap investing.

\*Inception date of the High Quality Small Capitalization Composite is April 1, 1992. For illustrative purposes only. The charts above illustrate the average (annualized) return of the High Quality Small Capitalization Composite during both rising and declining markets since inception. Results for other time periods may differ from the long-term trend shown above. Rising markets are defined as quarters where the return of the Russell 2000® index was positive. Declining markets are defined as quarters where the return of the Russell 2000® index was negative. These positive and negative quarters are separated out from the intervening quarters, cumulated across the period, and annualized. Long-term investment returns include both rising and declining periods. Composite performance is shown in US dollars and reflects reinvestment of all income and capital gains. Composite performance is shown net of investment advisory fees using a maximum annual investment management fee of 0.80% applied monthly; client results will be reduced by custody fees and other client expenses. Performance during certain periods reflects strong stock market performance that is not typical and may not be repeated. Individual client returns will vary due to fees, client-imposed investment constraints and client inception date. Beta measures the historical sensitivity of portfolio excess returns to movements in the excess return of the market index. Standard Deviation is a measure of absolute volatility of returns. The Russell 2000® index is unmanaged and does not incur management fees or other expenses associated with managed accounts. It is not possible to directly invest in an index. This material is supplemental to the GIPS® presentation included at the end of this presentation. Please see the GIPS® composite presentation for important additional information and disclosure. Past performance does not predict or guarantee future results. Source: eVestment and Atlanta Capital.

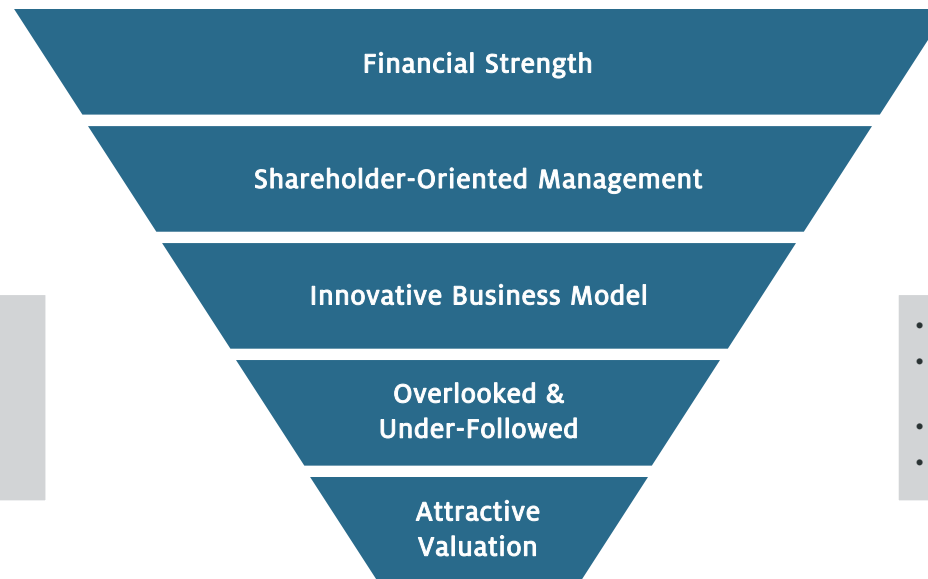
# Disciplined Investment Process

## High Quality Small Cap Equity

### Step 1 Create a 'Focus List' of High Quality Companies



### Step 2 Conduct 'Onsite' Fundamental Research



### Step 3 Construct a Focused Yet Well-Diversified Portfolio

- Generally 60 – 70 holdings
- 5% max position sizes
- 30% absolute sector weights
- 10 – 15% turnover\*
- Russell 2000® Index

### Step 4 Monitor Holdings & Review Focus List

- Prudent profit taking
- Change in management or business strategy
- Deterioration of financial quality
- Excessive valuation

\* 3-year average turnover based on a single representative client portfolio and subject to change; individual client results may vary.

# Summary of Guidelines

## Sacramento Regional Transit District

### Objective

- The objective is to provide small capitalization exposure for the two commingled retirement plans.
- Achieve a net of fee return which exceeds the Russell 2000 Index over a minimum three year period
- Achieve a gross of fee return which places above the median manager in a comparative universe of small capitalization equity managers.

### Guidelines

- No more than 5% (at cost) may be invested in a single issuer of the portfolio and/or no more than 5% of a company's total outstanding shares may be purchased.
- 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).
- No more than 25% of the market value of the portfolio will be invested in any single industry.
- Unless specifically authorized, the manager must not engage in transactions with stock option derivatives, short sales, purchases on margin, letter stocks, private placements, or commodities
- The manager is permitted to effect transactions in Russell 2000 Index Futures for the purpose of obtaining low cost temporary market exposure.
- No more than 5% (at cost) of the portfolio may invest in American Depository Receipts (ADR's). The use of other non-U.S. equity securities is prohibited.
- Investments in real estate investment trusts (REIT's) is permitted.
- The cash holdings must not exceed 10% of the portfolio's market value.

### Trading

- Best execution.

### Proxy Voting

- The manager has sole responsibility for voting proxies of shares of companies in the portfolio.

Investment Policy Date: April 8, 2010; June 17, 2015

# Annualized Performance

As of June 30, 2018

## Sacramento Regional Transit District

|                                | QTD<br>(%) | YTD<br>(%) | 1 Yr<br>(%) | 3 Yrs*<br>(%) | 5 Yrs*<br>(%) | 7 Yrs*<br>(%) | Since Inception* |                  |
|--------------------------------|------------|------------|-------------|---------------|---------------|---------------|------------------|------------------|
|                                |            |            |             |               |               |               | 4/22/2010<br>(%) | 4/30/2010<br>(%) |
| High Quality Small Cap (Gross) | 7.14       | 9.65       | 19.57       | 13.38         | 14.75         | 14.32         | 15.18            | 15.44            |
| High Quality Small Cap (Net)   | 6.93       | 9.22       | 18.63       | 12.49         | 13.84         | 13.42         | N/A              | 14.54            |
| Russell 2000® Index            | 7.75       | 7.66       | 17.57       | 10.96         | 12.46         | 11.83         | 11.84            | 12.21            |

## Account Summary

|                               |                     |
|-------------------------------|---------------------|
| Performance Inception Date:   | April 22, 2010      |
| Net Investment Contributions: | \$1,714,765         |
| Investment Dollars Earned:    | \$22,905,200        |
| Market Value (06/30/18):      | <b>\$24,619,965</b> |

\*Time periods greater than one year are annualized.

Performance reflects reinvestment of all income and capital gains (realized and unrealized).  
Results are based on the accrual method of accounting as well as trade date valuation.  
Returns are gross of fees unless otherwise noted.

Gross of fee returns do not reflect the deduction of management and custodial fees. Net of fee returns reflect the deduction of the management fee accrued on a monthly basis.  
Returns are based on the total assets of the client's account, calculated on a daily basis, and geometrically linked to calculate returns for longer periods of time.  
The unmanaged indexes shown for comparative purposes do not reflect the subtraction of any fees or transaction costs. It is not possible to directly invest in an index.  
Past performance does not guarantee or predict future results.



# Portfolio Transactions

Last 12 Months Ending June 30, 2018

Sacramento Regional Transit District  
High Quality Small Cap

## New Purchases

## Sector

### Second Quarter 2018

None

### First Quarter 2018

Kinsale Capital Group (KNSL)

Financials

### Fourth Quarter 2017

None

### Third Quarter 2017

Investnet (ENV)  
ePlus (PLUS)  
Patterson Companies (PDCO)  
Sensient Technologies Corp. (SXT)  
Sonic Corp. (SONC)  
South State Corporation (SSB)

Technology  
Technology  
Health Care  
Materials  
Discretionary  
Financials

## New Sales

## Sector

### Second Quarter 2018

None

### First Quarter 2018

None

### Fourth Quarter 2017

Advisory Board Company (ABCO)  
Bio-Rad Laboratories CL A (BIO)  
Graco (GGG)  
HEICO Corporation CL A (HEI.A)  
Knight-Swift Transportation CL A (KNX)

Health Care  
Health Care  
Industrials  
Industrials  
Industrials

### Third Quarter 2017

Hibbett Sports (HIBB)

Discretionary



# Portfolio Characteristics

As of June 30, 2018

Sacramento Regional Transit District  
High Quality Small Cap

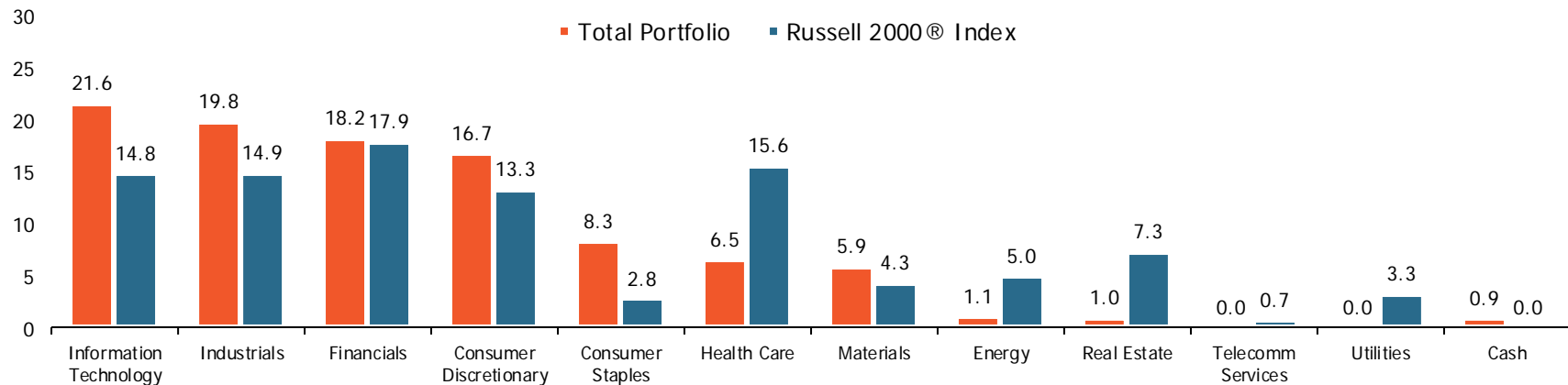
## Top Ten Equity Holdings

|                      | %   |
|----------------------|-----|
| Manhattan Associates | 3.6 |
| CoreLogic            | 3.4 |
| Exponent             | 3.3 |
| Fair Isaac Corp.     | 3.3 |
| Morningstar          | 3.2 |
| AptarGroup           | 3.0 |
| Blackbaud            | 3.0 |
| Columbia Sportswear  | 2.9 |
| Choice Hotels Int'l  | 2.6 |
| Bio-Techne           | 2.4 |

## Portfolio Metrics

| Metrics                       | Russell 2000® Index | Total Portfolio |
|-------------------------------|---------------------|-----------------|
| # of Holdings                 | 2,021               | 57              |
| Wtd. Avg. Mkt. Cap (billions) | \$2.2               | \$3.6           |
| Historical Earnings Growth    | 8%                  | 7%              |
| Forecasted Earnings Growth    | 14%                 | 13%             |
| Return on Equity              | 6%                  | 17%             |
| Price/Earnings (NTM)          | 16.6x               | 20.6x           |
| Dividend Yield                | 1.3%                | 1.0%            |

## Sector Exposure



Source: FactSet.

# Current Portfolio Holdings

As of June 30, 2018

## Sacramento Regional Transit District High Quality Small Cap

| Sector                            | Ending Weight |       |
|-----------------------------------|---------------|-------|
| <b>Consumer Discretionary</b>     | <b>16.7%</b>  | 13.4% |
| Bright Horizons (BFAM)            | 1.4%          |       |
| Choice Hotels Int'l (CHH)         | 2.6%          |       |
| Columbia Sportswear (COLM)        | 2.9%          |       |
| Dorman Products (DORM)            | 2.0%          |       |
| Monro (MNRO)                      | 1.4%          |       |
| Pool Corp. (POOL)                 | 2.2%          |       |
| Sally Beauty Hldgs. (SBH)         | 1.4%          |       |
| Sonic Corp. (SONC)                | 1.4%          |       |
| Wolverine World Wide (WWW)        | 1.2%          |       |
| <b>Consumer Staples</b>           | <b>8.3%</b>   | 2.8%  |
| Casey's General Stores (CASY)     | 2.3%          |       |
| Inter Parfums (IPAR)              | 2.4%          |       |
| J&J Snack Foods Corp. (JJSF)      | 1.9%          |       |
| Lancaster Colony Corp. (LANC)     | 1.6%          |       |
| <b>Energy</b>                     | <b>1.1%</b>   | 5.0%  |
| Dril-Quip (DRQ)                   | 1.1%          |       |
| <b>Financials</b>                 | <b>18.2%</b>  | 18.0% |
| Artisan Partners (APAM)           | 1.1%          |       |
| IBERIABANK Corp. (IBKC)           | 1.4%          |       |
| Kinsale Capital Group Inc. (KNSL) | 1.0%          |       |
| Morningstar (MORN)                | 3.2%          |       |
| Navigators Group (NAVG)           | 1.7%          |       |
| Pinnacle Fin'l Partners (PNFP)    | 1.4%          |       |
| Prosperity Bancshares (PB)        | 1.6%          |       |
| RLI Corp. (RLI)                   | 1.3%          |       |
| South State Corp. (SSB)           | 1.5%          |       |
| State Bank Financial (STBZ)       | 1.9%          |       |
| Umpqua Holdings Corp. (UMPQ)      | 1.2%          |       |
| Westamerica Bancorp. (WABC)       | 1.1%          |       |

|                               |              |       |
|-------------------------------|--------------|-------|
| <b>Health Care</b>            | <b>6.5%</b>  | 15.6% |
| Bio-Techne (TECH)             | 2.4%         |       |
| ICU Medical (ICUI)            | 1.7%         |       |
| Integra LifeSciences (IART)   | 1.8%         |       |
| Patterson Companies (PDCO)    | 0.7%         |       |
| <b>Industrials</b>            | <b>19.8%</b> | 14.9% |
| AAON (AAON)                   | 1.0%         |       |
| Beacon Roofing Supply (BECN)  | 2.3%         |       |
| Exponent (EXPO)               | 3.3%         |       |
| Forward Air (FWRD)            | 2.0%         |       |
| Huron Consulting Group (HURN) | 1.1%         |       |
| Kirby Corp. (KEX)             | 2.4%         |       |
| Landstar System (LSTR)        | 1.9%         |       |
| Moog (MOG.A)                  | 1.8%         |       |
| Raven Industries (RAVN)       | 1.0%         |       |
| UniFirst Corp. (UNF)          | 1.9%         |       |
| US Ecology (ECOL)             | 1.1%         |       |

High Quality Small Cap

Russell 2000® Index

|                                   |              |       |
|-----------------------------------|--------------|-------|
| <b>Information Technology</b>     | <b>21.6%</b> | 14.9% |
| Blackbaud (BLKB)                  | 3.0%         |       |
| Cass Information Sys (CASS)       | 1.1%         |       |
| CoreLogic (CLGX)                  | 3.4%         |       |
| Envestnet (ENV)                   | 1.1%         |       |
| ePlus (PLUS)                      | 1.3%         |       |
| Fair Isaac Corp. (FICO)           | 3.3%         |       |
| Manhattan Associates (MANH)       | 3.6%         |       |
| National Instruments (NATI)       | 1.2%         |       |
| Power Integrations (POWI)         | 1.3%         |       |
| ScanSource (SCSC)                 | 0.9%         |       |
| WEX (WEX)                         | 1.6%         |       |
| <b>Materials</b>                  | <b>5.9%</b>  | 4.3%  |
| AptarGroup (ATR)                  | 3.0%         |       |
| Balchem Corp. (BCPC)              | 1.1%         |       |
| Sensient Technologies Corp. (SXT) | 1.0%         |       |
| Stepan Co. (SCL)                  | 0.9%         |       |
| <b>Real Estate</b>                | <b>1.0%</b>  | 7.3%  |
| Universal Health Realty (UHT)     | 1.0%         |       |
| <b>Telecommunication Services</b> | <b>0.0%</b>  | 0.7%  |
| <b>Utilities</b>                  | <b>0.0%</b>  | 3.3%  |
| <b>Cash</b>                       | <b>0.9%</b>  | 0.0%  |

Source: FactSet.



# Performance Drivers & Detractors

As of June 30, 2018

## Sacramento Regional Transit District

|  | Last 3-Mos.<br>Attribution<br>(%)  | Last 12-Mos.<br>Attribution<br>(%)   |
|--|--|--|
| <b>Total Portfolio vs. Russell 2000® Index</b> | Sector Allocation  | -1.0   |
|  | Stock Selection  | 0.4  |
|  | Excess Return  | -0.6   |
| <b>Top Contributors to Relative Results</b>    | <ul style="list-style-type: none"> <li>+ Positive stock selection in Industrials, Technology, Financials, and Materials</li> <li>+ Overweight in Consumer Staples and Consumer Discretionary</li> </ul>  | <ul style="list-style-type: none"> <li>+ Positive stock selection in Industrials, Financials, Consumer Staples, and Discretionary</li> <li>+ Underweight in Real Estate, and Utilities</li> <li>+ Overweight Industrials and Technology</li> </ul> |
|  | <ul style="list-style-type: none"> <li>- Negative stock selection in Consumer Discretionary, Staples, Health Care, Energy, and Real Estate</li> <li>- Underweight to Energy, Real Estate, and Health Care</li> <li>- Overweight Industrials</li> </ul> | <ul style="list-style-type: none"> <li>- Negative stock selection in Health Care, Materials, Real Estate, and Energy.</li> <li>- Underweight in Health Care and Energy</li> <li>- Overweight in Consumer Staples</li> </ul>                        |

**Stock Selection + Sector Allocation = Excess Return**

Source: Factset

The above attribution results are based on each day's ending holdings, and linked to generate attribution over longer periods. Cash in the portfolio is included in the analysis. Portfolio returns do not reflect applicable expenses and trading costs, or variations in transaction prices from end of day values.

# Investment Outlook & Strategy

As of June 30, 2018

## High Quality Small Cap

### Outlook

---

- Markets had a lot of news to digest during the quarter including tariffs, a presidential summit with North Korea, historically low unemployment rates, rising oil prices, a stronger dollar, and another fed funds rate hike.
- Small cap U.S. markets (represented by the Russell 2000<sup>®</sup> Index) increased +7.75% during the quarter.
- Market bulls continue to focus on good news like positive U.S. economic growth, accommodative interest rates, and fiscal stimulus while bears point to inflationary pressures, trade wars, and more restrictive interest rate policy.

### Portfolio Positioning

---

- During the quarter, there were no new purchase or sales.
- At quarter end, the portfolio held 57 stocks representing nine of the eleven economic sectors in the Russell 2000<sup>®</sup>.
- Relative to the benchmark, the portfolio was overweight Technology, Consumer Staples, Industrials, Consumer Discretionary, Materials, and Financials.
- The portfolio was underweight Health Care, Real Estate, and Energy. There were no positions in Utilities or Telecom Services.

# GIPS® Performance Information and Disclosure

## High Quality Small Capitalization Composite

As of June 30, 2018

| Period            | Composite Gross Return (%) | Composite Net Return (%) | Russell 2000® Return (%) | Composite 3-yr Std. Dev. (%) | Russell 2000® 3-yr Std. Dev. (%) | Number of Portfolios | Internal Dispersion (%) | Composite Assets (\$mil) | Firm Assets (\$mil) |
|-------------------|----------------------------|--------------------------|--------------------------|------------------------------|----------------------------------|----------------------|-------------------------|--------------------------|---------------------|
| 2018 <sup>1</sup> | 9.08                       | 8.65                     | 7.66                     | 10.23                        | 13.86                            | 47                   | 0.29                    | 1,574                    | 21,698              |
| 2017              | 14.77                      | 13.87                    | 14.65                    | 10.95                        | 13.91                            | 49                   | 0.21                    | 1,551                    | 20,606              |
| 2016              | 19.00                      | 18.07                    | 21.31                    | 12.69                        | 15.76                            | 53                   | 0.19                    | 1,544                    | 17,646              |
| 2015              | 5.12                       | 4.29                     | -4.41                    | 12.68                        | 13.96                            | 54                   | 0.16                    | 1,259                    | 16,054              |
| 2014              | 3.60                       | 2.78                     | 4.89                     | 10.52                        | 13.12                            | 56                   | 0.24                    | 1,235                    | 16,707              |
| 2013              | 42.34                      | 41.24                    | 38.82                    | 12.80                        | 16.45                            | 57                   | 0.51                    | 1,294                    | 18,082              |
| 2012              | 12.24                      | 11.36                    | 16.35                    | 16.63                        | 20.20                            | 60                   | 0.22                    | 996                      | 14,235              |
| 2011              | 10.31                      | 9.44                     | -4.18                    | 21.88                        | 24.99                            | 60                   | 0.25                    | 1,023                    | 11,964              |
| 2010              | 25.98                      | 24.99                    | 26.86                    | 24.41                        | 27.69                            | 49                   | 0.19                    | 737                      | 9,845               |
| 2009              | 27.17                      | 26.18                    | 27.17                    | 21.69                        | 24.83                            | 36                   | 0.34                    | 639                      | 7,748               |
| 2008              | -19.41                     | -20.06                   | -33.79                   | 16.62                        | 19.85                            | 38                   | 0.34                    | 494                      | 6,199               |

<sup>1</sup>Period 01/01/2018 through 06/30/2018. Past performance does not predict or guarantee future results.

**Atlanta Capital Management Company, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. Atlanta Capital Management has been independently verified for the periods January 1, 1999 through December 31, 2017.**

**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 High Quality Small Capitalization Composite has been examined for the periods January 1, 1999 through December 31, 2017. The verification and performance examination reports are available upon request.**

**Firm Definition:** Atlanta Capital Management Company, LLC (Atlanta Capital or the Firm) is an SEC-registered investment adviser located in Atlanta, Georgia. The Firm became a majority-owned subsidiary of Eaton Vance Corp. in 2001. Atlanta Capital operates as an independent subsidiary of Eaton Vance and provides professional investment advisory services to a broad range of institutional and individual clients, and sub-advisory investment management to mutual funds and separately managed sub-advisory account programs. Atlanta Capital includes all discretionary accounts under management in its composites; total firm assets include discretionary and nondiscretionary accounts for which the firm has investment responsibility.

**Composite Description:** The investment objective of this style is to seek long-term capital growth. Accounts in this composite invest in common stocks of companies having market capitalizations within the range of companies comprising the Russell 2000®. Management seeks to invest in quality companies in strong financial condition whose equities are priced below their estimate of fair value. Characteristics of high quality companies include a history of sustained growth in earnings and operating cash flow, high returns on capital, attractive profit margins and leading industry positions. Investments are determined based primarily on fundamental analysis of a company's financial trends, products and services, and other factors. Financial quality rankings provided by nationally-recognized rating services may be utilized as part of the investment analysis but are not solely relied upon. The portfolios are broadly diversified. All fully discretionary accounts that are managed in this style and do not pay a bundled or SMA wrap fee are eligible for inclusion in the composite.

**Benchmark:** The composite's benchmark is the Russell 2000® Index, a widely accepted measure of the small-cap segment of the U.S. equity universe. The index includes the smallest 2000 companies in the Russell 3000®. Prior to July 1, 2005, the composite was also compared to the Russell 2000® Value Index as the portfolio construction process produced both core and value characteristics. Our high quality investment philosophy tends to be defensive in nature and does consider valuation metrics, but it is more consistent with the philosophy and process of a core manager than a value manager. As of July 1, 2015, to clarify our process for potential clients, we determined that it was most appropriate to benchmark our performance results against the Russell 2000® Index only. The investment process for this strategy is not limited by the relative weights of a benchmark. Strategy deviations from the benchmark may include but are not limited to such factors as active management, exclusion/inclusion of securities held/not held in the index, over/underweighting specific sectors or securities, limitations in market cap, and/or client constraints. Indexes include the reinvestment of dividends and earnings, are unmanaged, and do not incur management fees, transaction costs or other expenses associated with separately managed accounts. It is not possible to directly invest in an index.



**Gross and Net Returns:** Performance reflects reinvestment of all income and capital gains. Composite returns and market values are reported in U.S. dollars. Gross-of-fees performance returns are presented before management and custodial fees but after all trading expenses. Returns are presented net of withholding taxes. Net-of-fees performance returns are calculated by deducting the highest management fee of 0.80% from the monthly gross-of-fees returns. Other expenses will reduce a client's returns. The annual fee schedule for this composite is as follows: 0.80% on the first \$50 million in assets; 0.70% on the next \$50 million in assets; 0.60% on the next \$150 million. Actual management fees incurred by clients may vary.

**Composite Dispersion:** The annual internal composite dispersion is calculated using the asset-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. Internal dispersion is shown only for composites that held at least six accounts for the entire year. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period.

**Notes to Composite:** The creation date of this composite is July 1992. Effective July 1, 2010, the composite was redefined to include both taxable and tax-exempt institutional accounts. The composite up to that time included only tax-exempt institutional accounts. The change provides increased transparency to prospective clients by reducing the number of separate composites maintained for this strategy. There has been no change in investment objective or management style. Clients or prospective clients should not assume that they will have an investment experience similar to that indicated by past performance results, as shown on the Schedule. Returns may vary based upon differences in account size, timing of transactions and market conditions at the time of investment. Performance during certain time periods reflects the strong stock market performance and/or the strong performance of stocks held during those periods. This performance is not typical and may not be repeated. Investing entails risks and there is always the possibility of loss.

**Other Matters:** The Firm's list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. To request any additional information, please contact the Atlanta Capital Management Performance Department at 404-876-9411 or write to Atlanta Capital Management Company, LLC, 1075 Peachtree Street NE, Suite 2100, Atlanta, Georgia 30309, Attention Performance Department. **Past performance does not predict future results.**

| Atlanta Capital High Quality Small Capitalization Composite | Annualized Returns (%) for Periods Ending June 30, 2018 |         |         |         |          |                  | Cumulative (%)   |  |
|---|---|---------|---------|---------|----------|------------------|------------------|--|
|   | 1 Year  | 3 Years | 5 Years | 7 Years | 10 Years | Since Inception* | Since Inception* |  |
| Composite Gross of Fees                                     | 18.87   | 13.09   | 14.64   | 14.31   | 14.77    | 13.07            | 2413.72          |  |
| Composite Net of Fees                                       | 17.94   | 12.20   | 13.74   | 13.41   | 13.87    | 12.17            | 1939.67          |  |
| Russell 2000® Index   | 17.57   | 10.96   | 12.46   | 11.83   | 10.60    | 9.78             | 1058.44          |  |

\*Inception date is April 1, 1992.  
E7.07.11.18

# REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 22              | 09/12/18           | Retirement          | Information             | 08/10/18   |

Subject: Investment Performance Review by Boston Partners for the ATU/IBEW and Salaried Retirement Funds for the Domestic Large Cap Equity Class for the Quarter Ended June 30, 2018 (ALL). (Adelman)

## ISSUE

Investment Performance Review by Boston Partners for the ATU/IBEW and Salaried Retirement Funds for the Domestic Large Cap Equity Class for the Quarter Ended June 30, 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). The Board shall meet at least every eighteen (18) months with each investment manager to review the performance of its investment, the adherence to the Policy, and any material changes to its 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.

Boston Partners is one of the Retirement Boards' Domestic Large Capitalization Equity fund managers. Boston Partners will be presenting performance results for the quarter ended June 30, 2018, shown in Attachment 1, and answering any questions.

---

Approved:

Presented:

Final 09/04/18

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2018\IPs\Quarterly Meetings\September 12, 2018\FI IP's\09-12-18 Fund Manager Review - Boston Partners.docx



September 12, 2018

## **Boston Partners** Large Cap Value Equity

**Prepared for Sacramento Regional Transit District**



**Carolyn M. Margiotti, CFA**  
Portfolio Research or  
Relationship Manager  
cmargiotti@boston-partners.com  
+1 (415) 464-2882





# Who We Are

## A Focused Investment Organization

- Founded in 1995
- One philosophy and investment process that pre-dates our founding and has been in place for 30 years
- All established disciplines have outperformed their benchmark since inception<sup>2</sup>
- 152 employees: Boston, New York, California, and London



\$96.7 Billion Assets Under Management<sup>1</sup>

<sup>1</sup> Data as of June 30, 2018.

Assets Under Management include: Boston Partners (\$94.9 B); WPG Partners (\$1.7 B); and Redwood (\$0.1 B).

<sup>2</sup> Boston Partners' established disciplines are defined as the disciplines that started the year the firm was founded (1995): Large Cap Value Equity; Premium Equity; Mid Cap Value Equity; and Small Cap Value Equity.

Organizational information can be found in the appendix.

### Portfolio Management and Portfolio Research

**Mark Donovan, CFA**  
Large Cap Value Equity  
37 years experience

**David Pyle, CFA**  
Large Cap Value Equity  
23 years experience

**Martin MacDonnell, CFA**  
130/30 Large Cap Value  
27 years experience

**Duilio Ramallo, CFA**  
Premium Equity  
23 years experience

**Steven Pollack, CFA**  
Mid Cap Value  
34 years experience

**David Dabora, CFA**  
Small/SMID Value  
31 years experience

**George Gumpert, CFA**  
Small/SMID Value  
19 years experience

**Robert Jones, CFA**  
Long/Short Equity  
30 years experience

**Christopher Hart, CFA**  
Global, International, Global  
Long/Short  
27 years experience

**Joshua Jones, CFA**  
Global, International, Global  
Long/Short  
14 years experience

**Paul Korngiebel, CFA**  
Emerging Markets,  
Emerging Markets Long/Short  
18 years experience

**Joseph Feeney, Jr., CFA**  
Chief Investment Officer  
Long/Short Research  
33 years experience

**John Forelli, CFA**  
Director of Portfolio Research  
34 years experience

**Carolyn Margiotti, CFA**  
Portfolio Research  
24 years experience

**Michael McCune, CFA**  
Portfolio Research  
24 years experience

**Brandon Smith, CFA, CAIA**  
Portfolio Research  
12 years experience

**Christopher Eagan**  
Global Markets Analyst  
33 years experience

**Michael Mullaney**  
Director of Global Markets Research  
37 years experience

**Harry Rosenbluth, CFA**  
Senior Advisor  
37 years experience

### Fundamental and Quantitative Research

**Todd Knightly**  
Director of Fundamental Research

**Brian Boyden, CFA**  
Property REITs, Utilities

**Scott Burgess, CFA**  
Technology, Electronics

**Lawrence Chan, CFA**  
Internet Services, Payment  
Services, Recreational Products

**Charles Clapp**  
Global Generalist

**David Cohen, CFA**  
Energy, Engineering &  
Construction, Metals & Mining

**Tim Collard**  
Aerospace & Defense,  
Transportation, Housing & Autos

**Paul Donovan, CFA**  
Paper & Packaging, Cable &  
Telecom, Gaming & Lodging,  
Chemicals

**Kevin Duggan, CFA**  
Banks, Money Center

**Trevor Frankel, CFA**  
Global Generalist

**Volkan Gulen, CFA**  
Consumer Products, Business  
Services, Tobacco, Agriculture,  
Media & Advertising

**Andrew Hatem, CFA**  
Healthcare Therapeutics

**David Hinton, CFA**  
Small Cap Generalist

**Tim Horan**  
Industrials & Manufacturing,  
Home & Office Furnishings

**Ross Klein, CFA**  
Long/Short Generalist

**Stephanie McGirr**  
Health Care Services, Insurance,  
Restaurants, Retail

**Edward Odre, CFA**  
Financial Services,  
Life Insurance

**Patrick Regan, CFA**  
Long/Short Generalist

**Joshua White, CFA**  
Global Generalist

**Bruce Wimberly**  
Long/Short Generalist

**Eric Connerly, CFA**  
Director of Quantitative  
Research

**Jason Bartlett, CFA**  
Quantitative Strategies

**Pete Cady**  
Quantitative Strategies

**Leo Fochtman**  
Quantitative Strategies

**Rubina Moin**  
Quantitative Strategies

**Maggy Pietropaolo, CFA**  
Quantitative Strategies

**Joseph Urick**  
Quantitative Strategies

**Carissa Wong, CFA**  
Quantitative Strategies

### Trading

**Mark Kuzminskas**  
Director of Equity Trading

**Christopher Bowker**  
Senior Equity Trader

**Thomas Walsh**  
Senior Equity Trader

**Matthew Ender**  
Equity Trader

**Ian Sylvetsky**  
Equity Trader

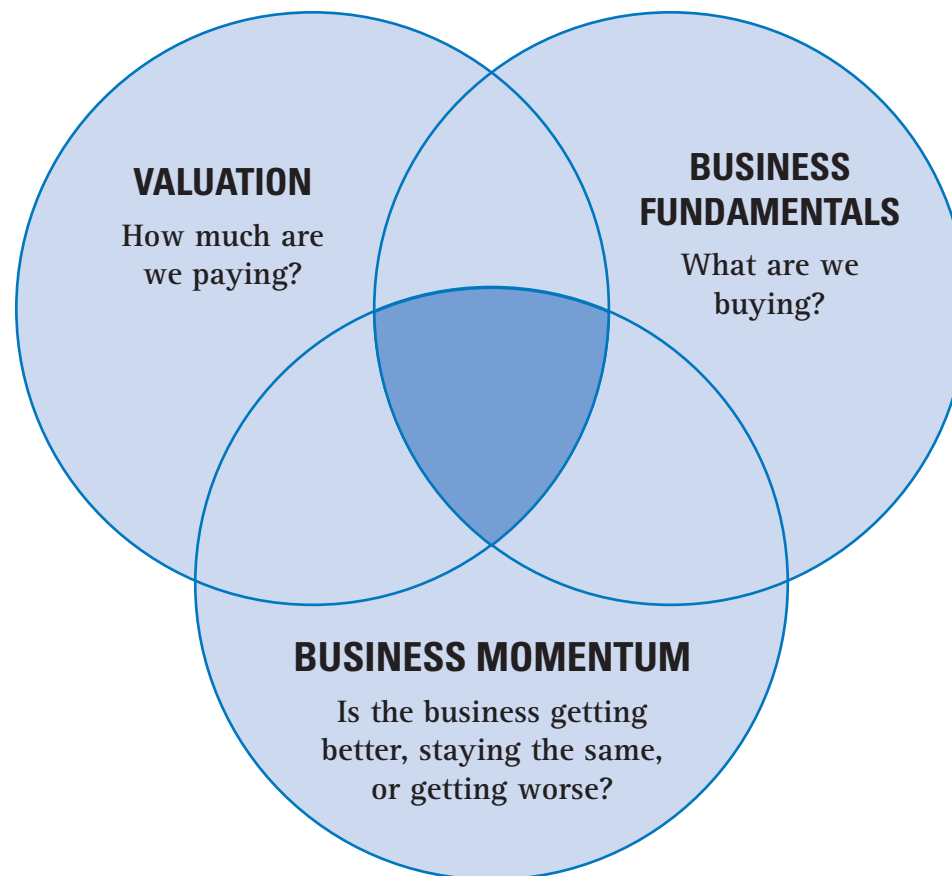
**Christopher Spaziani**  
Equity Trading Assistant

### We buy stocks that exhibit:

- Attractive value characteristics  
*and,*
- Strong business fundamentals  
*and,*
- Catalyst for change

### We sell stocks based on:

- Valuation: Appreciation to price target  
*or*
- Weakening business fundamentals  
*or*
- Reversal of momentum



**Portfolios with all three characteristics tend to outperform over time**

# Sacramento Regional Transit District

## Statement of Changes: Since Inception through June 30, 2018

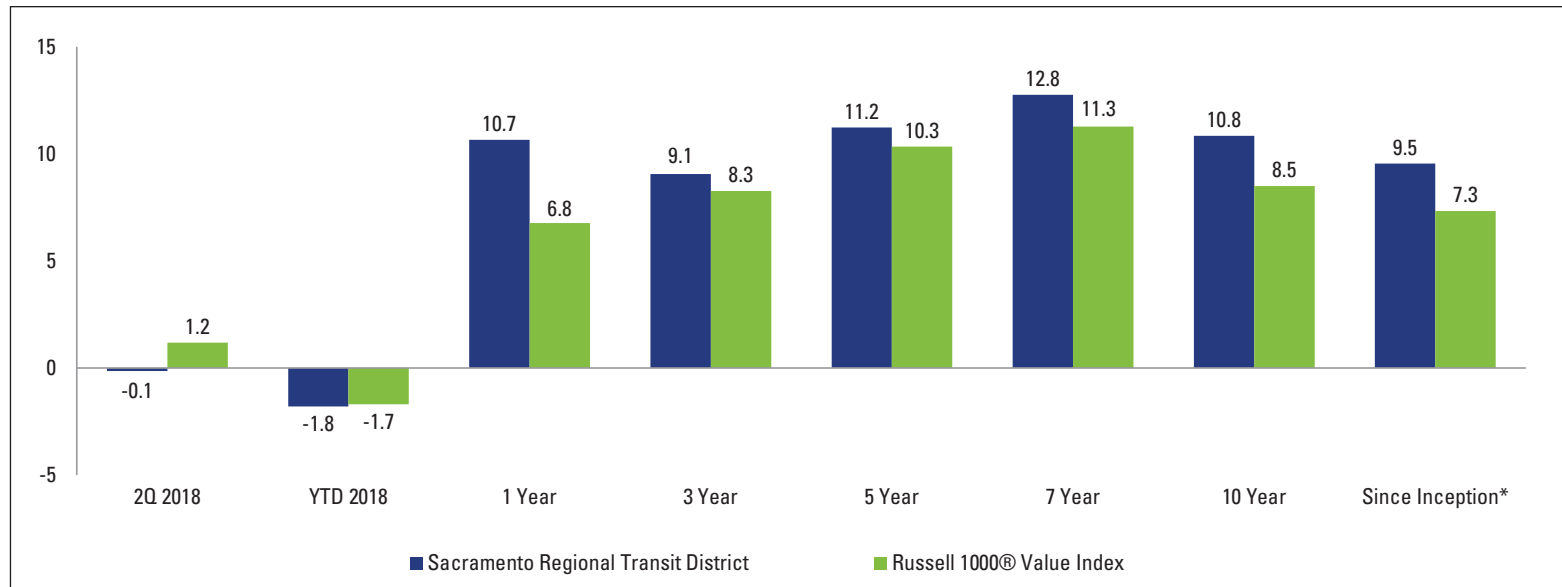
---

|                                   |                 |
|-----------------------------------|-----------------|
| <b>Beginning Assets (6/29/05)</b> | \$26.0 M        |
| <b>Contributions</b>              | \$6.4 M         |
| <b>Withdrawals</b>                | (\$34.1 M)      |
| <b>Capital Appreciation</b>       | \$45.7 M        |
| <b>Ending Assets (6/30/18)</b>    | <b>\$44.0 M</b> |

---

# Sacramento Regional Transit District

## Investment Performance through June 30, 2018



| Annualized Performance (%)                  |             |             |             |            |             |             |             |                  |
|---|-------------|-------------|-------------|------------|-------------|-------------|-------------|------------------|
|   | 2Q 2018     | YTD 2018    | 1 Year      | 3 Year     | 5 Year      | 7 Year      | 10 Year     | Since Inception* |
| <b>Sacramento Regional Transit District</b> | <b>-0.1</b> | <b>-1.8</b> | <b>10.7</b> | <b>9.1</b> | <b>11.2</b> | <b>12.8</b> | <b>10.8</b> | <b>9.5</b>       |
| Russell 1000® Value Index                   | 1.2         | -1.7        | 6.8         | 8.3        | 10.3        | 11.3        | 8.5         | 7.3              |
| Relative Performance                        | -1.3        | -0.1        | 3.9         | 0.8        | 0.9         | 1.5         | 2.3         | 2.2              |

\* Inception date is July 1, 2005.

Performance returns are gross of fees. Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

# Boston Partners Market Observations

As of June 30, 2018

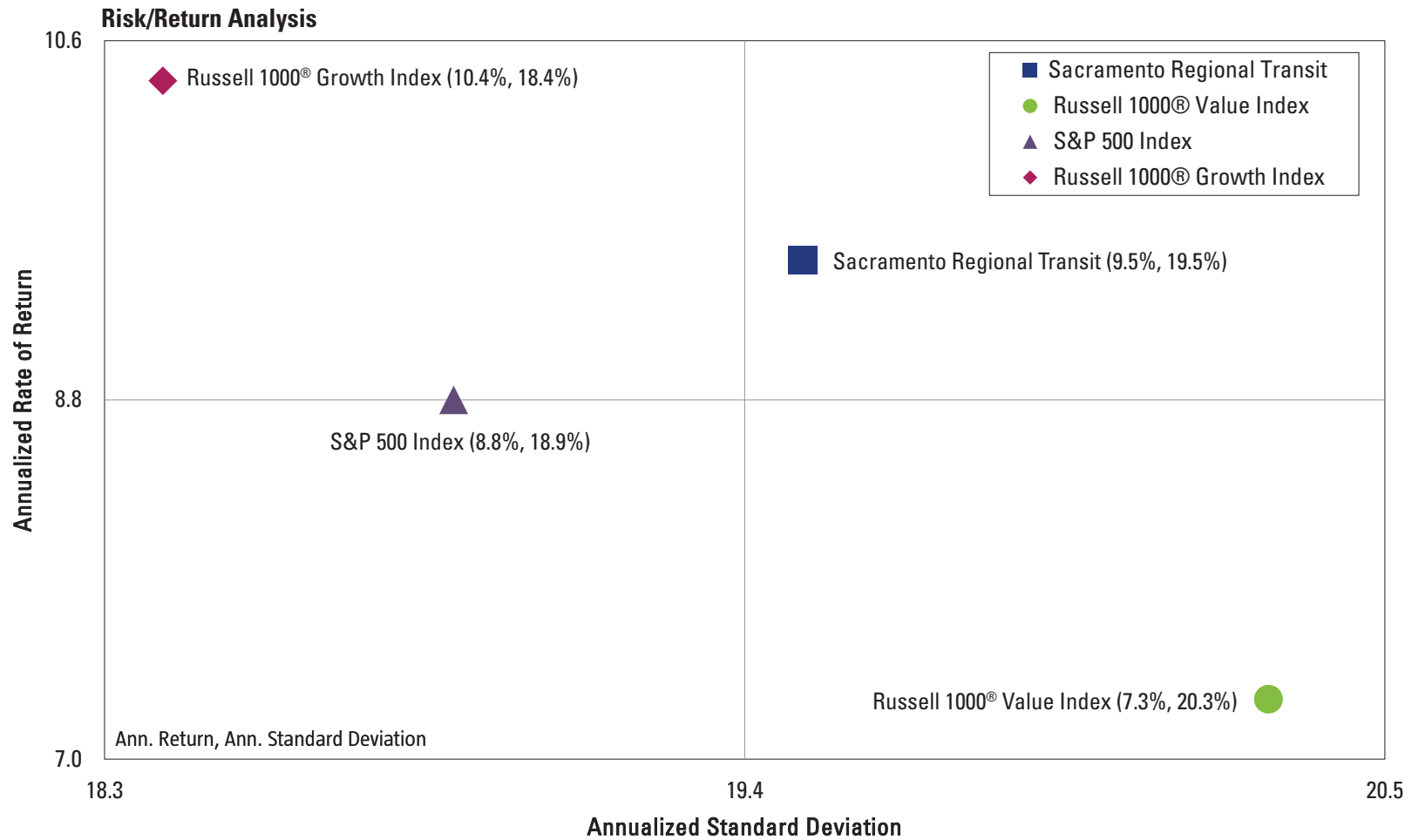
- The U.S Equity markets experienced a sharp reversal during the quarter as pro-cyclical sectors continued their leadership in the first half of the quarter while defensives led in the second half
  - REITs, Utilities and Communications assumed leadership from late May onwards after negative returns in the first part of the quarter
  - Capital Goods, Finance and Basic Industries lagged in last part of the quarter
- Investors are losing confidence in future economic growth despite very strong current data due to:
  - Trade War concerns
  - Flattening yield curve and potential for the Fed tightening too much
  - “Peak” economic conditions and accelerating inflation
  - Mid-term elections and European political issues
- We continue to see accelerating economic growth in the U.S. and most regions abroad
  - U.S. Economic activity remains very strong
  - Current wage inflation and yield curve are far away from historical recession signals
  - Benefits from tax reform far outweigh the potential drag from increased tariffs
  - S&P 500 earnings growth expected to exceed 20% this year
- Value equity valuations have returned to “a good deal” as earnings have accelerated and value returns have stagnated year to date
  - Russell 3000® Value Index trades at a reasonable 14.6x expected 2018 earnings compared to 21.4x for the Russell 3000® Growth Index
  - U.S. equity market continues to be more attractive than U.S. fixed income market

The U.S. Equity markets refers to the S&P 500 Index.

Discussions of securities returns and trends are not intended to be a forecast of future events or returns. The specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that investments in these sectors or securities were or will be profitable. Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

# Sacramento Regional Transit District

Attractive Risk Adjusted Performance: Since Inception\* as of June 30, 2018

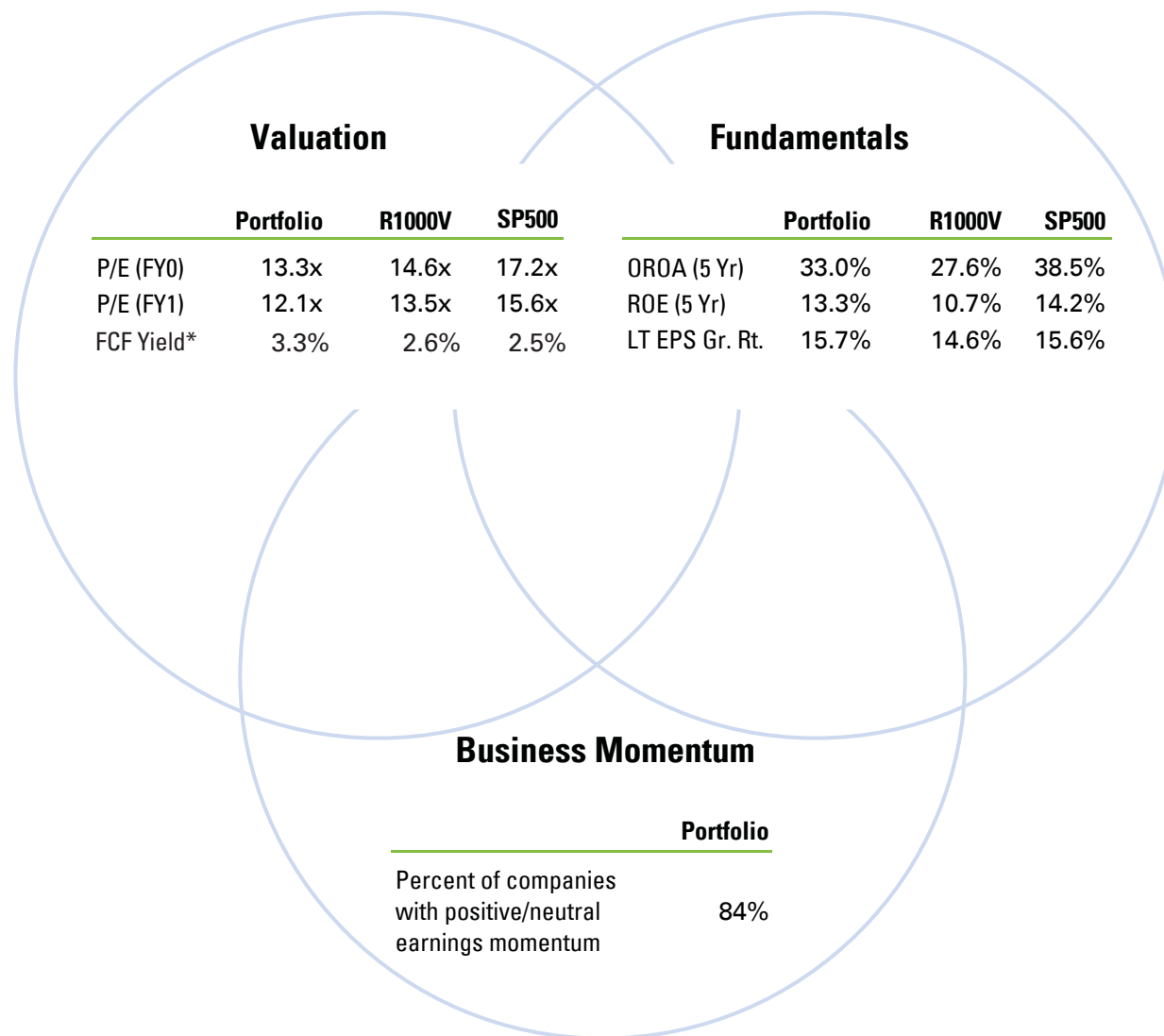
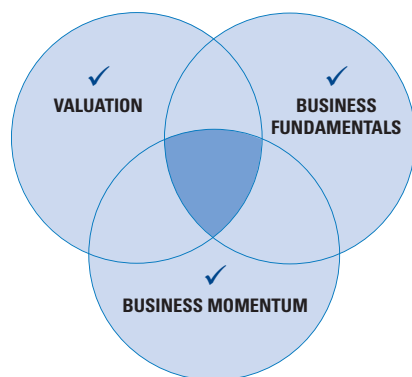


\* Inception data is July 1, 2005.

Returns are gross of fees and calculated on a monthly basis. Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

### "Three Circles"

An attractive valuation, strong business fundamentals, and positive business momentum. Portfolios with all three characteristics tend to outperform over time.



\* FCF Yield is reported as median excluding financials.

Portfolio characteristics are subject to change. Please refer to the last appendix for other important disclosures.



# Sacramento Regional Transit District

## Portfolio Characteristics: June 30, 2018

### Largest Stock Holdings (%)

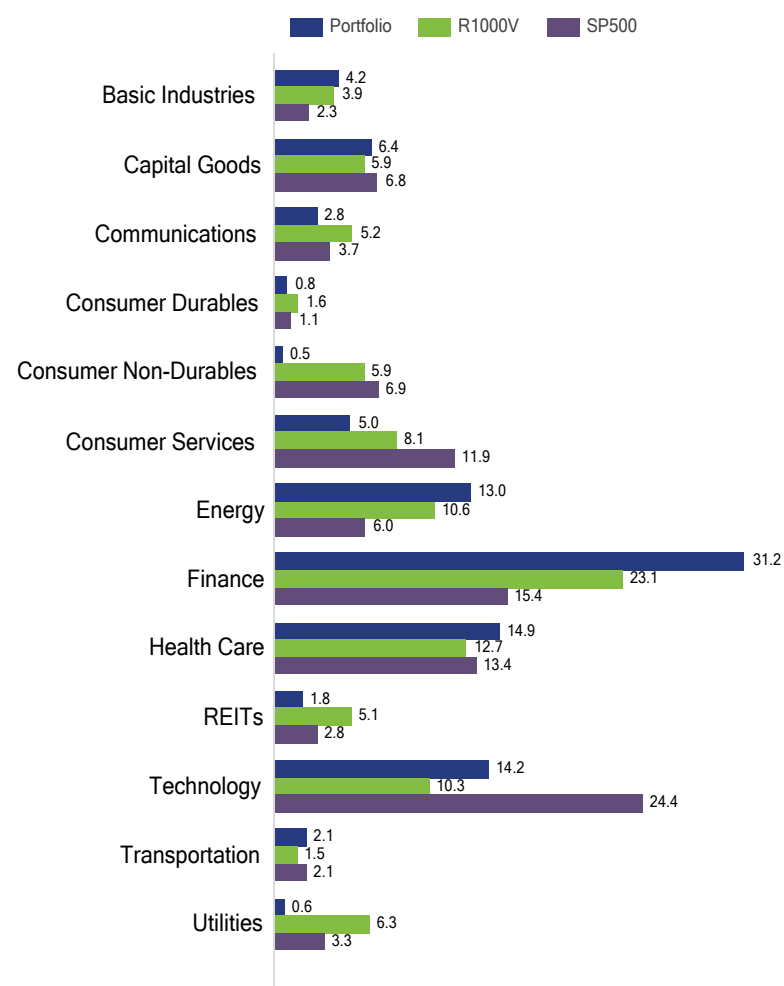
|                             |             |
|-----------------------------|-------------|
| Bank of America Corp        | 4.3         |
| Berkshire Hathaway Inc Cl B | 4.1         |
| Johnson & Johnson           | 4.0         |
| JPMorgan Chase & Co         | 3.8         |
| Citigroup Inc               | 3.7         |
| Cisco Systems Inc           | 3.3         |
| Wells Fargo & Co            | 3.2         |
| Chevron Corp                | 3.0         |
| Pfizer Inc                  | 2.6         |
| Oracle Corp                 | 2.0         |
| <b>Total</b>                | <b>34.0</b> |

### Market Capitalization

#### Weighted Average

|                             |           |
|-----------------------------|-----------|
| Sacramento Regional Transit | \$134.9 B |
| Russell 1000® Value Index   | \$110.7 B |
| S&P 500 Index               | \$198.9 B |

### Sector Weightings (%)



The specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that investments in these sectors or securities were or will be profitable. Please refer to the last appendix for other important disclosures.

# Boston Partners Large Cap Value Equity

Largest Active Positions: June 30, 2018

## What We Own

| Stock                       | LCV<br>% Portfolio | Russell 1000®<br>Value Index<br>% Benchmark | Active Weight<br>Percentage |
|-----------------------------|--------------------|---|-----------------------------|
| Citigroup Inc.              | 3.6                | 1.3   | 2.3                         |
| Bank of America Corporation | 4.3                | 2.1   | 2.2                         |
| Royal Dutch Shell Plc       | 2.2                | 0.0   | 2.2                         |
| TE Connectivity Ltd.        | 1.8                | 0.0   | 1.8                         |
| Cisco Systems, Inc.         | 3.3                | 1.6   | 1.7                         |
| Andeavor Corporation        | 1.8                | 0.1   | 1.7                         |
| Johnson & Johnson           | 3.7                | 2.1   | 1.6                         |
| NetApp, Inc.                | 1.5                | 0.0   | 1.5                         |
| Berkshire Hathaway Inc.     | 3.9                | 2.4   | 1.5                         |
| Wells Fargo & Company       | 3.2                | 1.9   | 1.3                         |
| <b>Total</b>                | <b>29.3%</b>       | <b>11.5%</b>                                | <b>17.8%</b>                |

## What We Do Not Own

| Stock                            | Russell 1000®<br>Value Index<br>% Benchmark |
|----------------------------------|---|
| Exxon Mobil Corporation          | 2.7   |
| AT&T Inc.                        | 1.8   |
| Intel Corporation                | 1.8   |
| The Procter & Gamble Company     | 1.5   |
| DowDuPont Inc.                   | 1.2   |
| Philip Morris International Inc. | 1.0   |
| Wal-Mart Stores Inc.             | 0.9   |
| General Electric Company         | 0.9   |
| Medtronic, Inc.                  | 0.9   |
| Abbott Laboratories              | 0.8   |
| <b>Total</b>                     | <b>13.5%</b>                                |

**Portfolio Active Share %  
Versus:**

Russell 1000® Value  
Index

69%

S&P 500  
Index

77%

Source: Boston Partners Quantitative Research Group.

Active weight is the absolute value of the portfolio's weight as compared to the Index's weight for a given stock. The stocks listed as not held reflect the largest holdings in the Russell 1000® Value Index not held by the portfolio. Portfolio holdings are based upon a representative account in the composite and are subject to change. Individual portfolio characteristics may vary. The specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that investments in these sectors or securities were or will be profitable. This information is supplemental to the GIPS® compliant presentation herein. Please refer to the last appendix for other important disclosures.

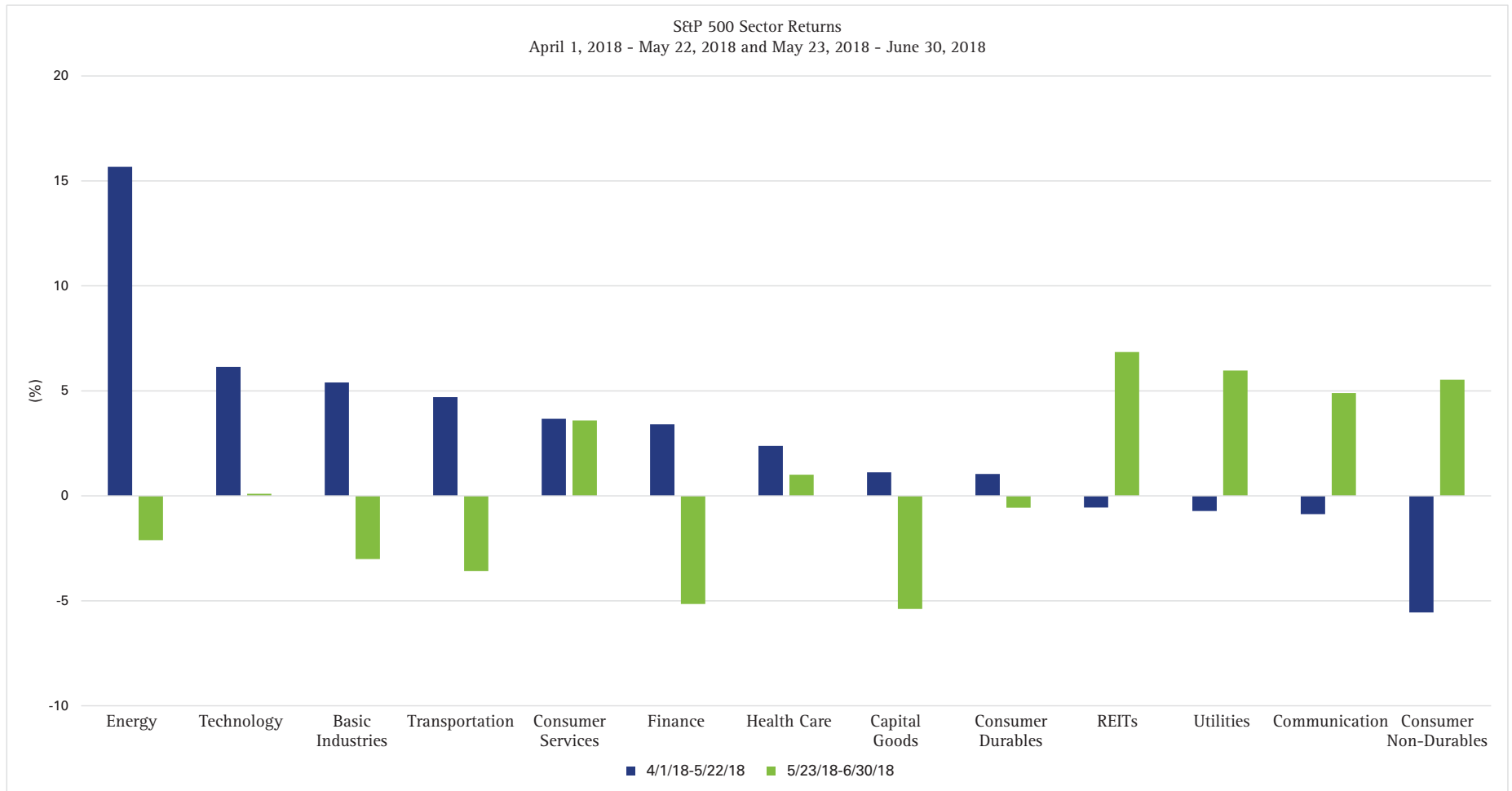


---

# **Boston Partners**

## Appendix

# Market Reversal: Pro-cyclical Sectors Lead in First Half of the Quarter While Defensives Assume Leadership After Tariff Rhetoric Picks Up



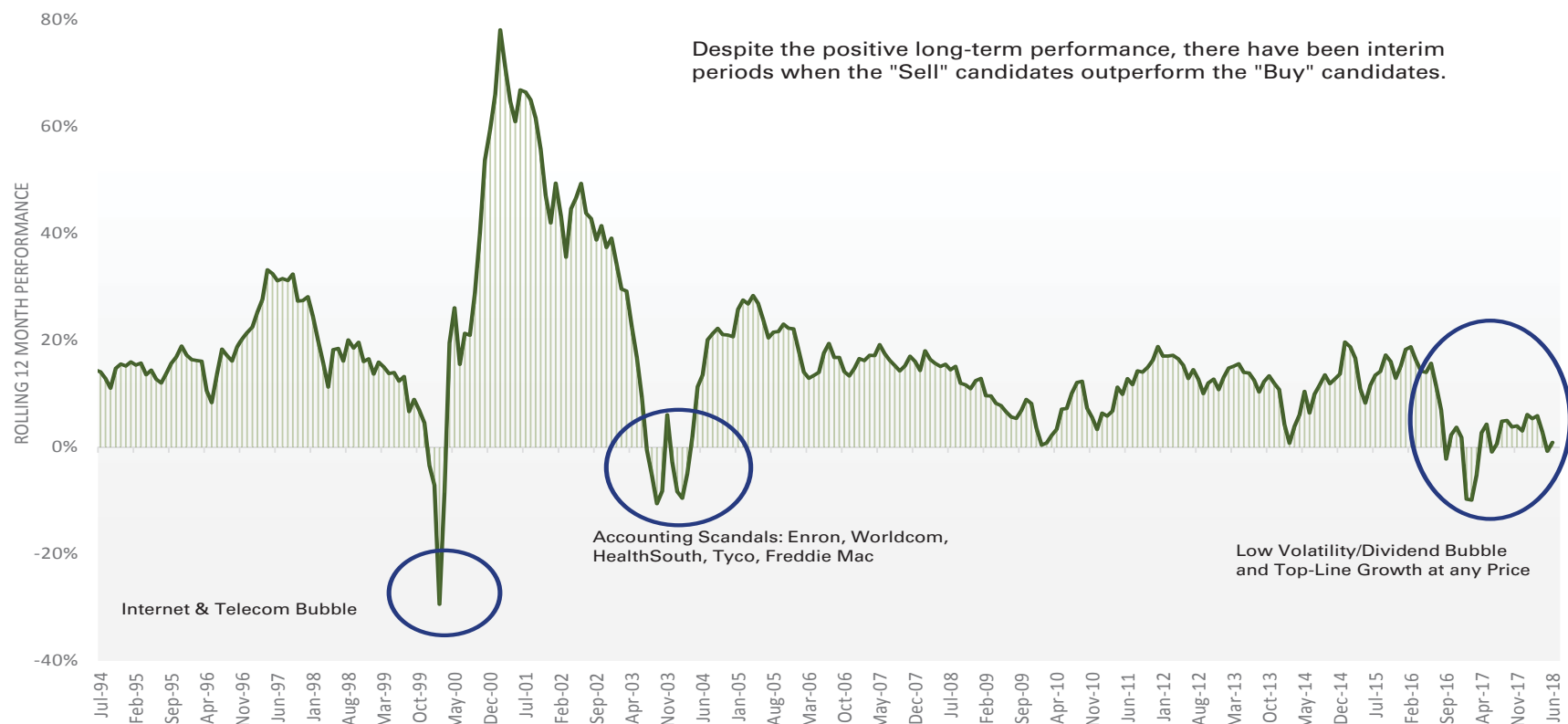
Source: Boston Partners.

Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

# Boston Partners U.S. All Cap Stock Selection Model

## Rolling 12-Month Top Ranking less Worst Ranking Stock Performance

July 1993 through June 30, 2018



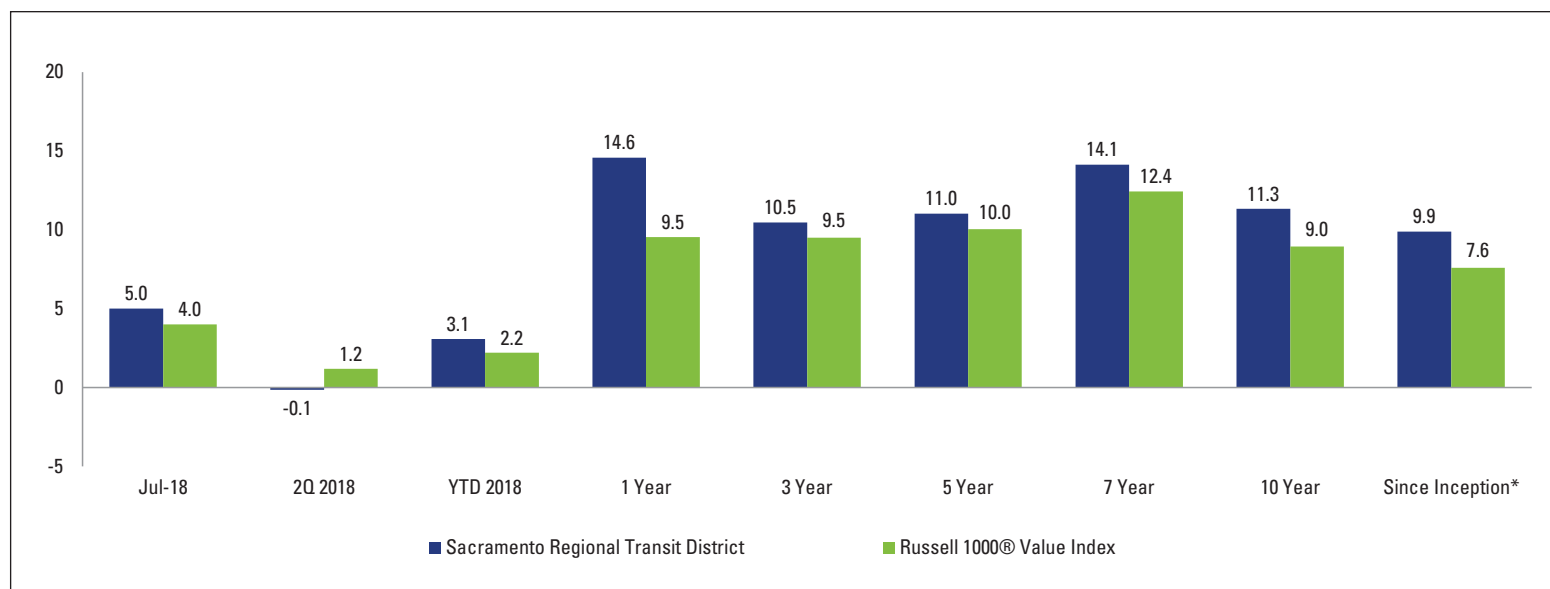
### Best-Ranked Stocks and Worst-Ranked Stocks

| Annualized as of June 30, 2018                   | 2Q 2018 | YTD 2018 | 1 year | 3 year | 5 year | 10 year |
|--|---------|----------|--------|--------|--------|---------|
| Difference between Best- and Worst-Ranked Stocks | -4.9%   | -3.1%    | 0.9%   | 6.4%   | 7.5%   | 9.1%    |

The chart above illustrates the monthly rolling 12-month performance spread which is calculated by subtracting the equal-weighted performance of the worst-ranked stocks (deciles 8-10) from the equal-weighted performance of the best-ranked stocks (deciles 1-3) as ranked by the Boston Partners Quantitative Equity Team. The investment universe – all U.S. traded stocks with a market capitalization greater than \$200 million – is deciled based on quality, valuation, and business momentum factors and rebalanced monthly. While we have been utilizing a derivation of this model since the firm's inception in 1995, significant model revisions went into effect on December 31, 2012. Performance prior to that date is hypothetical back-test returns, while data displayed beyond this date is not back-tested, but is still generated by the model. All data shown above does not represent the results of actual trading, and in fact, actual results could differ substantially, and there is the potential for loss as well as profit. The performance does not reflect management fees, transaction costs, and other fees and expenses a client would have to pay, which reduce returns. Past performance is not an indication of future results.

# Sacramento Regional Transit District

## Investment Performance through July 31, 2018



### Annualized Performance (%)

|   | July 2018  | 2Q 2018     | YTD 2018   | 1 Year      | 3 Year      | 5 Year      | 7 Year      | 10 Year     | Since Inception* |
|---|------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|------------------|
| <b>Sacramento Regional Transit District</b> | <b>5.0</b> | <b>-0.1</b> | <b>3.1</b> | <b>14.6</b> | <b>10.5</b> | <b>11.0</b> | <b>14.1</b> | <b>11.3</b> | <b>9.9</b>       |
| Russell 1000® Value Index                   | 4.0        | 1.2         | 2.2        | 9.5         | 9.5         | 10.0        | 12.4        | 9.0         | 7.6              |
| Relative Performance                        | 1.0        | -1.3        | 0.9        | 5.1         | 1.0         | 1.0         | 1.7         | 2.3         | 2.3              |

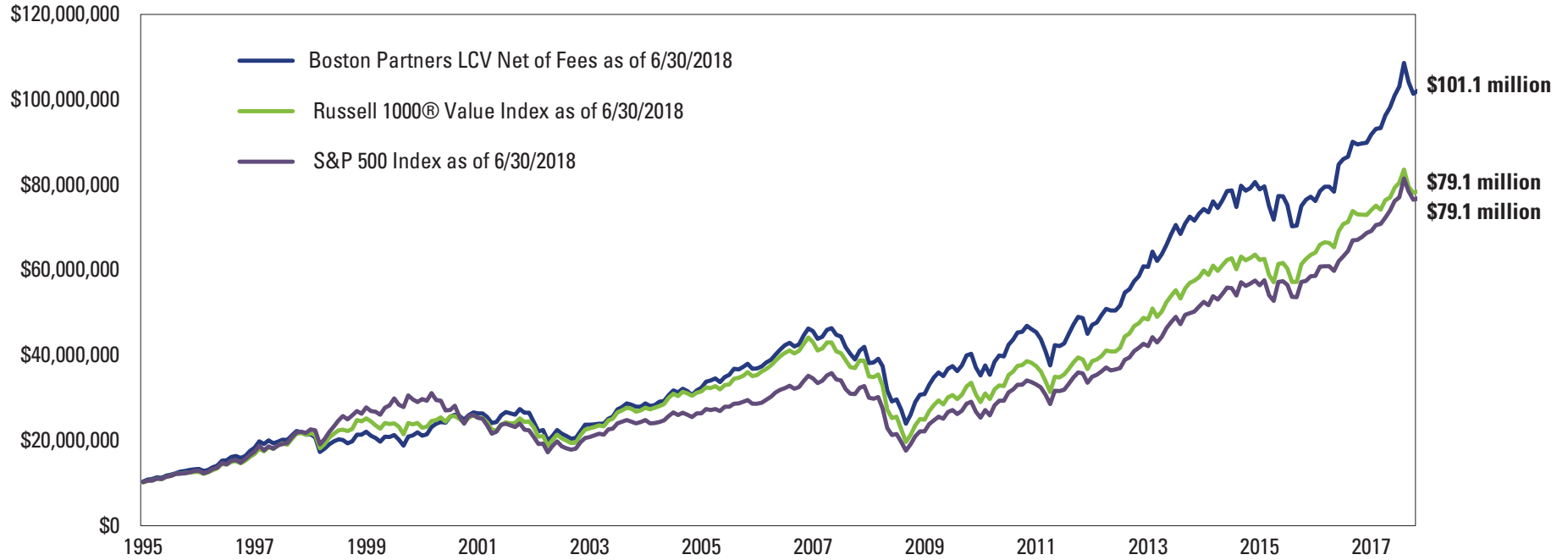
\* Inception date is July 1, 2005.

Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

# The Case for Active Management

## Boston Partners Large Cap Value Equity

**Cumulative Growth of a \$10 Million Investment June 1, 1995 to June 30, 2018 (Net of Fees)**

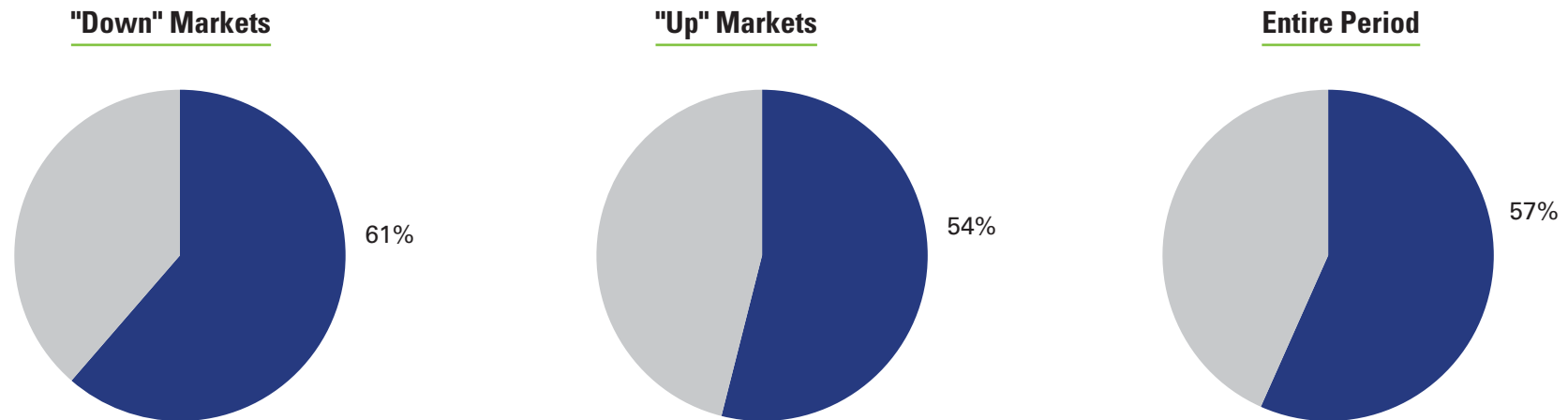


This is a hypothetical illustration of \$10 million had it been invested in the Boston Partners Large Cap Value strategy since inception on June 1, 1995. The results of this illustration may be changed depending on investment guidelines and cash flow. This illustration is net of investment management fees. A GIPS® compliant presentation is contained herein. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.





### Large Cap Value Equity Has Preserved Capital and Compounded Returns for Favorable 10-Year Performance



■ Percentage of the time that Large Cap Value Equity Composite has outperformed the Russell 1000<sup>®</sup> Value Index

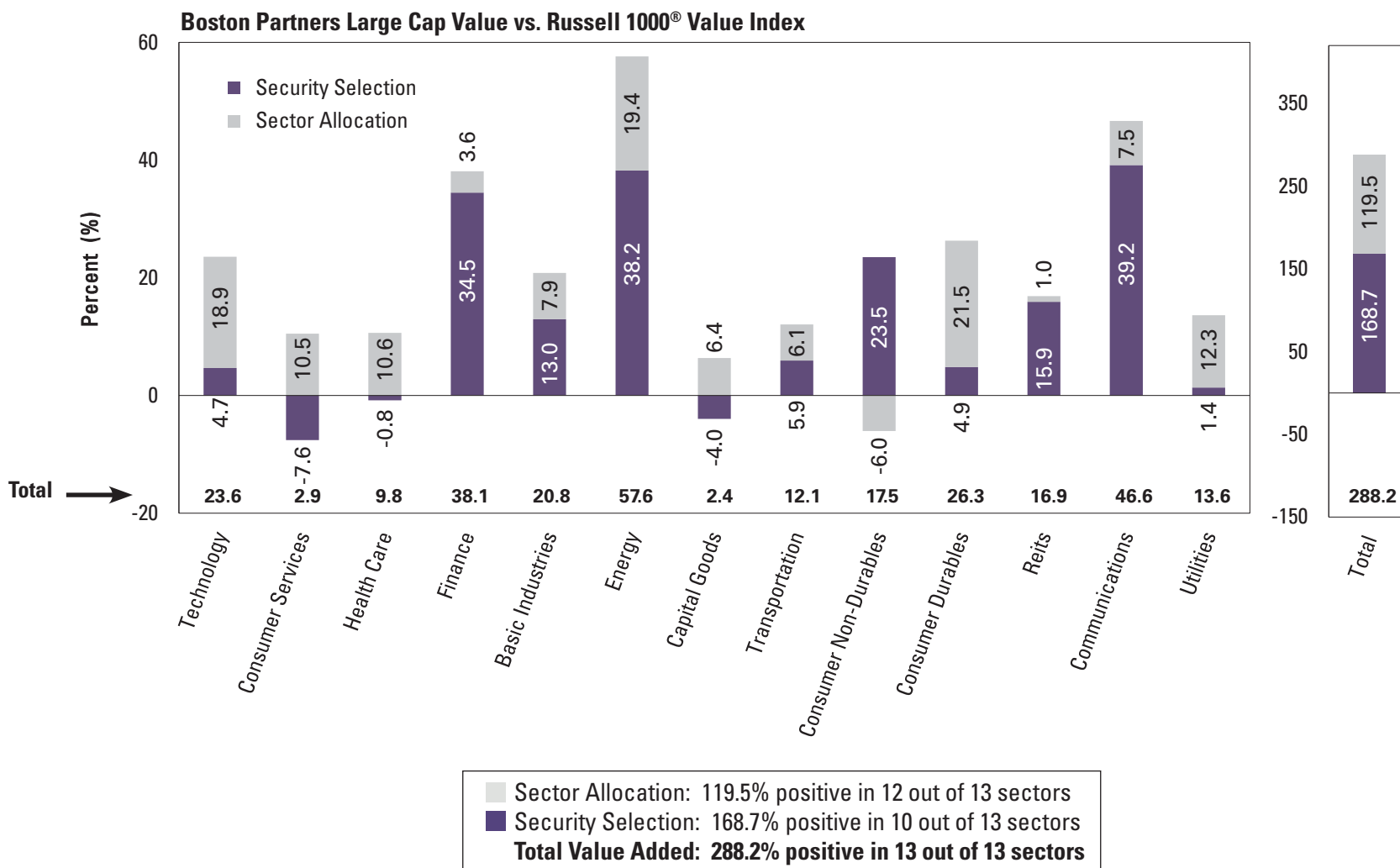
- There have been 44 months in which the market has produced a negative return.
- Composite has outperformed the Index 61% of the time.
- There have been 76 months in which the market has produced a positive return.
- Composite has outperformed the Index 54% of the time.
- The entire period is 120 months.
- Composite has outperformed the Index 57% of the time.

Data as of June 30, 2018 for 10-year period.

Returns reflect composite results and individual portfolio results may vary. This information is supplemental to the GIPS<sup>®</sup> compliant presentation herein. Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

# Boston Partners Large Cap Value Equity

Performance Attribution: June 1, 1995 through June 30, 2018



Sectors are sorted from largest (+) overweight sector to largest (-) underweight sector relative to benchmark. Overweights and underweights represent averages over entire attribution period. Attribution is calculated using end of day security prices and returns shown are equity only and exclude cash. Results are from a representative account in the composite and are gross of fees. Individual portfolio results may vary. The information is supplemental to the GIPS® compliant presentation herein. Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

## Investment Profile

- Value equity expertise founded in the early 1980s\*
- Consistent and repeatable investment philosophy across all disciplines
- Integrated bottom-up, fundamental and quantitative research
- Expertise of a boutique with the depth of a global firm

## \$96.7 Billion Assets Under Management

| Disciplines   | Assets (\$ Millions) |
|---|----------------------|
| Large Cap Value, Concentrated Large Cap Value, 130/30 Large Cap Value | \$34,030             |
| Premium Equity (U.S. All-Cap Value)                                   | \$13,930             |
| Mid Cap Value   | \$23,453             |
| Small Cap, Small Cap II, Small/Mid Cap                                | \$5,066              |
| U.S. Long/Short   | \$7,880              |
| Global, International, Concentrated International                     | \$8,801              |
| Global Long/Short, International Long/Short                           | \$1,556              |
| Emerging Markets Long/Short, Emerging Markets                         | \$209                |

\* Key investment professionals have worked together since the founding of Boston Partners in 1995 and years before at a prior firm, where the investment philosophy was established. Assets Under Management include: Boston Partners (\$94.9 B); WPG Partners (\$1.7 B); and Redwood (\$0.1 B). Organizational information can be found in the appendix.

### **Value Discipline anchored in Three "Fundamental Truths":**

- Low valuation stocks outperform high valuation stocks
- Companies with strong fundamentals (high returns on invested capital) outperform companies with poor fundamentals
- Stocks with positive business momentum (improving trends/rising earnings) outperform stocks with negative momentum

### **"Characteristics-Based" Investment Approach:**

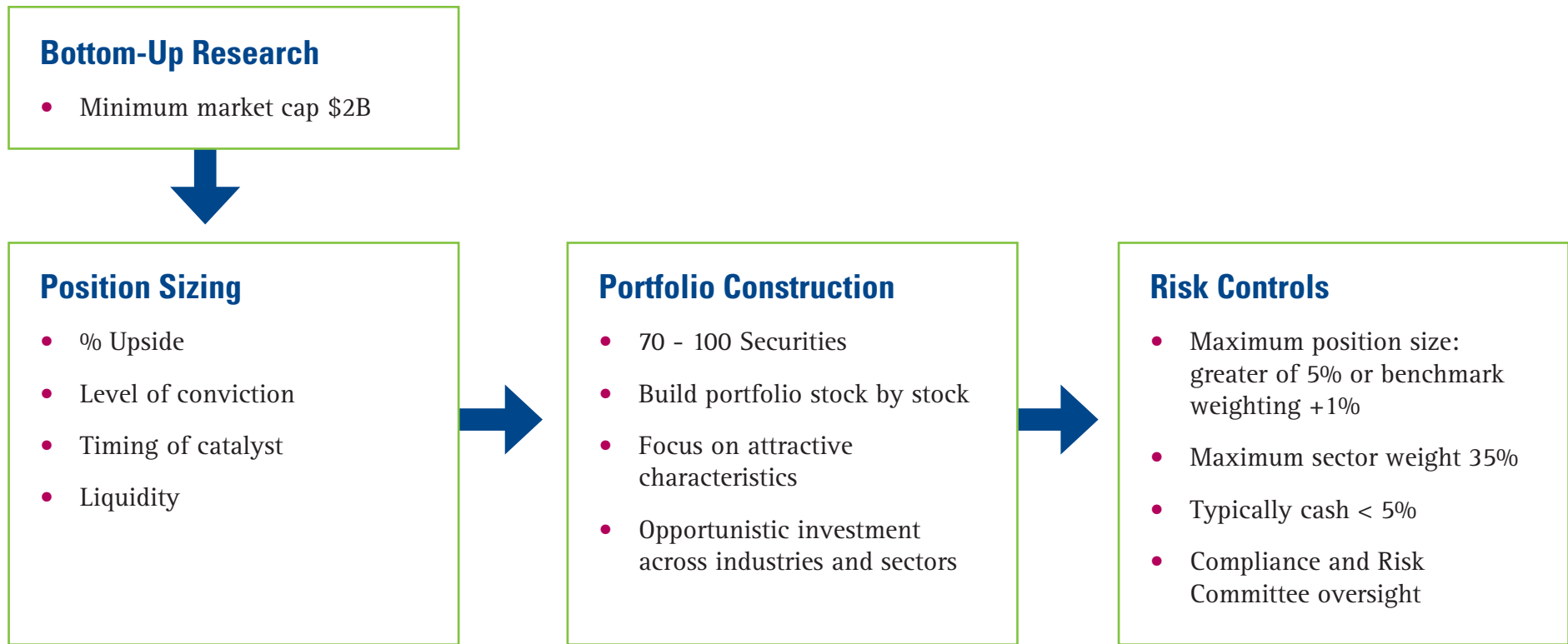
- Valuation, fundamentals and momentum are analyzed using a bottom-up blend of qualitative and quantitative inputs

### **Preservation of Capital:**

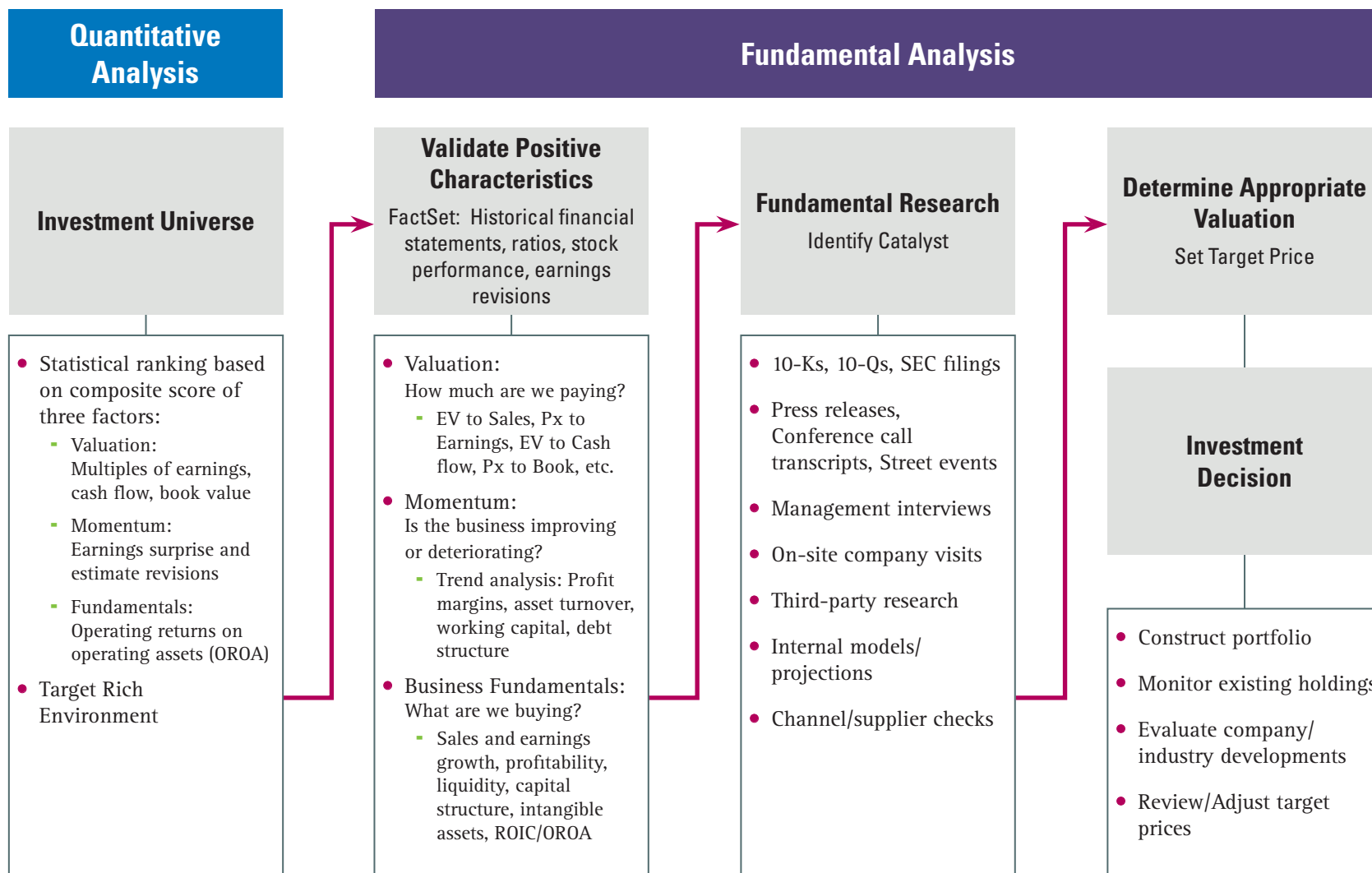
- Laws of compounding mathematically dictate that protecting capital is the only risk that matters
- “Win by not losing”: Keep pace in rising markets, outperform in falling markets and diversify your exposure

# Constructing Your Total Portfolio - Large Cap Value Equity

## Portfolio Characteristics Consistent with the Fundamental Truths



Portfolio risk controls can be customized to meet specific client guidelines.



# Your Boston Partners Team

## Biographical and Contact Information for Sacramento Regional Transit District Relationship

|   |  |
|---|--|
| <p><b>Mark E. Donovan, CFA</b><br/>Co-Chief Executive Officer and<br/>Lead Portfolio Manager<br/>mdonovan@boston-partners.com<br/>+1 (617) 832-8246</p> | <p>Mr. Donovan is Co-Chief Executive Officer of Boston Partners and lead portfolio manager for BP Large Cap Value portfolios. He is responsible for strategic and tactical operating decisions affecting the firm. He was one of the founding partners of Boston Partners Asset Management in 1995. He joined the firm from The Boston Company where he was Senior Vice President and equity portfolio manager. He also spent five years as a consulting associate with Kaplan, Smith &amp; Associates, and two years as a securities analyst for Value Line Inc. Mr. Donovan holds a B.S. degree in management from Rensselaer Polytechnic Institute. He holds the Chartered Financial Analyst® designation. He has thirty-seven years of investment experience.</p>  |
| <p><b>David J. Pyle, CFA</b><br/>Portfolio Manager<br/>dpyle@boston-partners.com<br/>+1 (415) 464-2892</p>  | <p>Mr. Pyle is a portfolio manager for Boston Partners Large Cap Value portfolios. Prior to assuming this role, he was a research analyst covering the utility, insurance, leisure &amp; lodging, packaging, publishing, and computer equipment &amp; services sectors. Mr. Pyle joined the firm from State Street Research where he was a research analyst and associate portfolio manager in their equity value group. Prior to that, he spent five years with Price Waterhouse. Mr. Pyle holds a B.S. degree in business administration from California State University, Chico, and an M.B.A. degree from the Kenan-Flagler School of Business at the University of North Carolina. Mr. Pyle holds the Chartered Financial Analyst® designation. He has twenty-three years of investment experience.</p>   |
| <p><b>Carolyn M. Margiotti, CFA</b><br/>Senior Portfolio Analyst<br/>cmargiotti@boston-partners.com<br/>+1 (415) 464-2882</p>                           | <p>Ms. Margiotti is a senior portfolio analyst for Boston Partners and has extensive experience with all of the firm's strategies. Ms. Margiotti also serves as a member of the relationship management team managing a number of the firm's key relationships. Prior to joining the firm in 2005, Ms. Margiotti was the manager of investments for PG&amp;E Corporation where she managed over \$12 billion in pension, 401(k) and taxable trust assets. Her primary responsibilities included strategic asset allocation, investment strategy recommendations and investment manager selection and oversight. Ms. Margiotti is a member of the Financial Women of San Francisco, serving as Scholarship Committee team leader for many years. She has been an adjunct professor at the University of San Francisco and an instructor for the CFA review program. Ms. Margiotti holds a B.S. degree in industrial management and finance from Purdue University and an M.B.A. degree from the McLaren School of Business at the University of San Francisco. She holds the Chartered Financial Analyst® designation, FINRA licenses 7 and 63, and has twenty-four years of industry experience.</p> |
| <p><b>Kristin Butner</b><br/>Client Service Associate<br/>kbutner@boston-partners.com<br/>+1 (213) 687-1676</p>   | <p>Ms. Butner is a Client Service Associate at Boston Partners. She works with many of our key domestic and internationally focused clients. Prior to joining the firm in 2017, she was a Client Service Manager with Institutional Shareholder Services. She holds a B.A. degree in liberal arts from the University of Oklahoma. Ms. Butner has three years of industry experience.</p>  |

# Sacramento Regional Transit District

## Investment Guidelines and Objectives

|                               |  |
|-------------------------------|--|
| <b>Performance Objectives</b> | <ul style="list-style-type: none"><li>✓ Over a minimum time horizon of three years, achieve a net of fee return that exceeds the Russell 1000® Value Index and a gross of fee return that ranks in the top half of a comparative universe of large cap value managers</li></ul>  |
| <b>Guidelines</b>             | <p><b>Investable Universe</b></p> <ul style="list-style-type: none"><li>✓ U.S. equity securities</li><li>✓ International equity instruments* which trade on U.S.-based exchanges, including ADRs</li><li>✓ S&amp;P 500 Stock Index Futures to obtain low cost temporary equity market exposure (not to be used to provide leveraged equity market exposure). Futures transactions must be completed on a major U.S. exchange which guarantees contract compliance</li><li>✓ No stock options, short sales, purchases on margin, letter stocks, private placement securities or commodities</li><li>✓ No investment in securities issued by companies in the Tobacco Sub-Industry as defined by the Global Industry Classification Standards (GICS), subject to the prudent investor rule as set forth in Article XVI Section 17 of the California Constitution</li></ul> <p><b>Diversification</b></p> <ul style="list-style-type: none"><li>✓ Investment in the securities of a single issuer shall not exceed 5% (at cost) of the portfolio</li><li>✓ Investment in the securities of a single issuer shall not exceed 5% of the company's total outstanding shares</li><li>✓ No individual economic sector will represent more than 35% of the portfolio (BP)</li><li>✓ No single industry shall represent more than 25% (at cost) of the portfolio market value</li><li>✓ International equity instruments and ADR's will not comprise more than 5% of the total portfolio (at cost)</li><li>✓ Cash shall not exceed 10% of the portfolio market value</li></ul> |

\* 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.



# Boston Partners Large Cap Value Equity

Investment Performance through June 30, 2018

## Annualized Performance (%)

|  | 2Q<br>2018 | YTD<br>2018 | 1<br>Year | 3<br>Year | 5<br>Year | 7<br>Year | 10<br>Year | Since<br>Inception* |
|--|------------|-------------|-----------|-----------|-----------|-----------|------------|---------------------|
| <b>Large Cap Value - Gross of Fees</b> | -0.18      | -1.77       | 10.35     | 8.93      | 11.08     | 12.50     | 10.62      | 10.92               |
| <b>Large Cap Value - Net of Fees</b>   | -0.26      | -1.92       | 10.01     | 8.60      | 10.73     | 12.10     | 10.22      | 10.54               |
| Russell 1000® Value Index              | 1.18       | -1.69       | 6.77      | 8.26      | 10.34     | 11.27     | 8.49       | 9.37                |
| S&P 500 Index                          | 3.43       | 2.65        | 14.37     | 11.93     | 13.42     | 13.23     | 10.17      | 9.37                |

## Calendar Year Performance (%)

|  | 2017  | 2016  | 2015  | 2014  | 2013  | 2012  | 2011 | 2010  | 2009  | 2008   |
|--|-------|-------|-------|-------|-------|-------|------|-------|-------|--------|
| <b>Large Cap Value - Gross of Fees</b> | 20.07 | 14.74 | -4.08 | 11.85 | 37.14 | 21.27 | 1.29 | 13.75 | 26.75 | -32.95 |
| <b>Large Cap Value - Net of Fees</b>   | 19.71 | 14.40 | -4.37 | 11.49 | 36.64 | 20.66 | 0.82 | 13.36 | 26.30 | -33.17 |
| Russell 1000® Value Index              | 13.66 | 17.34 | -3.83 | 13.45 | 32.53 | 17.51 | 0.39 | 15.51 | 19.69 | -36.85 |
| S&P 500 Index                          | 21.83 | 11.96 | 1.38  | 13.69 | 32.39 | 16.00 | 2.11 | 15.06 | 26.46 | -37.00 |

\* Inception date is June 1, 1995.

Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results and individual portfolio results will vary. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

| Performance (%)                               |              |              |              |              |              |              |              |                     |              |              |              |              |              |              |              |              |              |               |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
|   | 2Q<br>2018   | YTD<br>2018  | 1<br>Year    | 3<br>Year    | 5<br>Year    | 7<br>Year    | 10<br>Year   | Since<br>Inception* | 2017         | 2016         | 2015         | 2014         | 2013         | 2012         | 2011         | 2010         | 2009         | 2008          |
| <b>Large Cap Value - Gross of Fees</b>        | <b>-0.18</b> | <b>-1.77</b> | <b>10.35</b> | <b>8.93</b>  | <b>11.08</b> | <b>12.50</b> | <b>10.62</b> | <b>10.92</b>        | <b>20.07</b> | <b>14.74</b> | <b>-4.08</b> | <b>11.85</b> | <b>37.14</b> | <b>21.27</b> | <b>1.29</b>  | <b>13.75</b> | <b>26.75</b> | <b>-32.95</b> |
| <b>Large Cap Value - Net of Fees</b>          | <b>-0.26</b> | <b>-1.92</b> | <b>10.01</b> | <b>8.60</b>  | <b>10.73</b> | <b>12.10</b> | <b>10.22</b> | <b>10.54</b>        | <b>19.71</b> | <b>14.40</b> | <b>-4.37</b> | <b>11.49</b> | <b>36.64</b> | <b>20.66</b> | <b>0.82</b>  | <b>13.36</b> | <b>26.30</b> | <b>-33.17</b> |
| Russell 1000® Value Index                     | 1.18         | -1.69        | 6.77         | 8.26         | 10.34        | 11.27        | 8.49         | 9.37                | 13.66        | 17.34        | -3.83        | 13.45        | 32.53        | 17.51        | 0.39         | 15.51        | 19.69        | -36.85        |
| S&P 500 Index                                 | 3.43         | 2.65         | 14.37        | 11.93        | 13.42        | 13.23        | 10.17        | 9.37                | 21.83        | 11.96        | 1.38         | 13.69        | 32.39        | 16.00        | 2.11         | 15.06        | 26.46        | -37.00        |
| <b>130/30 Large Cap Value - Gross of Fees</b> | <b>-1.88</b> | <b>-4.44</b> | <b>7.93</b>  | <b>8.50</b>  | <b>11.23</b> | <b>13.14</b> | <b>11.28</b> | <b>8.83</b>         | <b>21.82</b> | <b>14.05</b> | <b>-3.69</b> | <b>14.52</b> | <b>38.71</b> | <b>21.67</b> | <b>2.06</b>  | <b>12.90</b> | <b>25.46</b> | <b>-29.44</b> |
| <b>130/30 Large Cap Value - Net of Fees</b>   | <b>-1.94</b> | <b>-4.55</b> | <b>7.68</b>  | <b>8.25</b>  | <b>10.99</b> | <b>12.90</b> | <b>10.89</b> | <b>8.36</b>         | <b>21.53</b> | <b>13.79</b> | <b>-3.90</b> | <b>14.31</b> | <b>38.46</b> | <b>21.40</b> | <b>1.82</b>  | <b>12.37</b> | <b>24.24</b> | <b>-30.16</b> |
| Russell 1000® Value Index                     | 1.18         | -1.69        | 6.77         | 8.26         | 10.34        | 11.27        | 8.49         | 6.09                | 13.66        | 17.34        | -3.83        | 13.45        | 32.53        | 17.51        | 0.39         | 15.51        | 19.69        | -36.85        |
| <b>Premium Equity - Gross of Fees</b>         | <b>0.20</b>  | <b>-0.05</b> | <b>9.69</b>  | <b>10.58</b> | <b>13.16</b> | <b>13.36</b> | <b>11.97</b> | <b>13.17</b>        | <b>18.91</b> | <b>15.73</b> | <b>1.71</b>  | <b>13.22</b> | <b>39.73</b> | <b>16.27</b> | <b>-1.01</b> | <b>14.78</b> | <b>33.16</b> | <b>-26.62</b> |
| <b>Premium Equity - Net of Fees</b>           | <b>0.06</b>  | <b>-0.34</b> | <b>9.05</b>  | <b>9.95</b>  | <b>12.54</b> | <b>12.75</b> | <b>11.37</b> | <b>12.61</b>        | <b>18.22</b> | <b>15.08</b> | <b>1.15</b>  | <b>12.65</b> | <b>39.04</b> | <b>15.72</b> | <b>-1.55</b> | <b>14.18</b> | <b>32.45</b> | <b>-27.05</b> |
| Russell 3000® Value Index                     | 1.71         | -1.16        | 7.25         | 8.48         | 10.40        | 11.25        | 8.60         | 9.43                | 13.19        | 18.40        | -4.13        | 12.70        | 32.69        | 17.55        | -0.10        | 16.23        | 19.76        | -36.25        |
| S&P 500 Index                                 | 3.43         | 2.65         | 14.37        | 11.93        | 13.42        | 13.23        | 10.17        | 9.37                | 21.83        | 11.96        | 1.38         | 13.69        | 32.39        | 16.00        | 2.11         | 15.06        | 26.46        | -37.00        |
| <b>Mid Cap Value - Gross of Fees</b>          | <b>-0.51</b> | <b>-0.77</b> | <b>8.34</b>  | <b>10.26</b> | <b>13.74</b> | <b>13.74</b> | <b>13.55</b> | <b>13.58</b>        | <b>16.55</b> | <b>16.29</b> | <b>2.84</b>  | <b>14.37</b> | <b>41.04</b> | <b>19.78</b> | <b>1.68</b>  | <b>24.79</b> | <b>42.04</b> | <b>-31.84</b> |
| <b>Mid Cap Value - Net of Fees</b>            | <b>-0.60</b> | <b>-0.95</b> | <b>7.97</b>  | <b>9.88</b>  | <b>13.35</b> | <b>13.24</b> | <b>12.96</b> | <b>12.90</b>        | <b>16.16</b> | <b>15.90</b> | <b>2.49</b>  | <b>14.00</b> | <b>40.48</b> | <b>18.90</b> | <b>0.88</b>  | <b>23.93</b> | <b>41.13</b> | <b>-32.36</b> |
| Russell Midcap® Value Index                   | 2.41         | -0.16        | 7.60         | 8.80         | 11.27        | 11.70        | 10.06        | 11.40               | 13.34        | 20.00        | -4.78        | 14.75        | 33.46        | 18.51        | -1.38        | 24.75        | 34.21        | -38.45        |
| <b>Small/Mid Cap Value - Gross of Fees</b>    | <b>2.52</b>  | <b>0.49</b>  | <b>9.61</b>  | <b>9.62</b>  | <b>11.81</b> | <b>12.26</b> | <b>11.95</b> | <b>11.63</b>        | <b>13.64</b> | <b>25.35</b> | <b>-3.06</b> | <b>5.34</b>  | <b>35.33</b> | <b>23.97</b> | <b>-1.57</b> | <b>18.07</b> | <b>43.89</b> | <b>-30.65</b> |
| <b>Small/Mid Cap Value - Net of Fees</b>      | <b>2.36</b>  | <b>0.16</b>  | <b>8.89</b>  | <b>8.91</b>  | <b>11.07</b> | <b>11.50</b> | <b>11.13</b> | <b>10.82</b>        | <b>12.90</b> | <b>24.51</b> | <b>-3.71</b> | <b>4.65</b>  | <b>34.37</b> | <b>23.08</b> | <b>-2.31</b> | <b>17.05</b> | <b>42.69</b> | <b>-31.31</b> |
| Russell 2500™ Value Index                     | 5.80         | 3.00         | 11.49        | 9.76         | 10.78        | 11.07        | 10.10        | 10.37               | 10.36        | 25.20        | -5.49        | 7.11         | 33.32        | 19.21        | -3.36        | 24.82        | 27.67        | -31.99        |
| Russell 2500™ Index                           | 5.71         | 5.46         | 16.24        | 10.30        | 12.29        | 11.85        | 10.74        | 10.05               | 16.81        | 17.59        | -2.90        | 7.07         | 36.80        | 17.88        | -2.51        | 26.71        | 34.38        | -36.79        |

\* Inception dates are as follows: Large Cap Value is June 1, 1995; 130/30 Large Cap Value is March 1, 2007; Premium Equity is June 1, 1995; Mid Cap Value is May 1, 1995; and Small/Mid Cap Value is April 1, 1999.

Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results and individual portfolio results will vary. Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

| Performance (%)  |              |              |              |              |              |              |              |                                 |              |              |                          |             |              |              |              |              |              |               |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------------------|--------------|--------------|--------------------------|-------------|--------------|--------------|--------------|--------------|--------------|---------------|
|  | 2Q<br>2018   | YTD<br>2018  | 1<br>Year    | 3<br>Year    | 5<br>Year    | 7<br>Year    | 10<br>Year   | Since<br>Inception <sup>1</sup> | 2017         | 2016         | 2015                     | 2014        | 2013         | 2012         | 2011         | 2010         | 2009         | 2008          |
| <b>Small Cap Value - Gross of Fees</b>                       | <b>3.39</b>  | <b>1.62</b>  | <b>9.68</b>  | <b>9.24</b>  | <b>11.64</b> | <b>11.80</b> | <b>12.26</b> | <b>13.36</b>                    | <b>11.29</b> | <b>25.63</b> | <b>-3.77</b>             | <b>4.76</b> | <b>35.27</b> | <b>22.85</b> | <b>-2.13</b> | <b>22.50</b> | <b>44.74</b> | <b>-30.18</b> |
| <b>Small Cap Value - Net of Fees</b>                         | <b>3.21</b>  | <b>1.27</b>  | <b>8.92</b>  | <b>8.43</b>  | <b>10.80</b> | <b>10.93</b> | <b>11.36</b> | <b>12.45</b>                    | <b>10.49</b> | <b>24.69</b> | <b>-4.53</b>             | <b>3.93</b> | <b>34.21</b> | <b>21.85</b> | <b>-2.93</b> | <b>21.45</b> | <b>43.49</b> | <b>-30.82</b> |
| Russell 2000 <sup>®</sup> Value Index                        | 8.30         | 5.44         | 13.10        | 11.22        | 11.18        | 11.10        | 9.88         | 10.44                           | 7.84         | 31.74        | -7.47                    | 4.22        | 34.52        | 18.05        | -5.50        | 24.50        | 20.56        | -28.92        |
| Russell 2000 <sup>®</sup> Index                              | 7.75         | 7.66         | 17.57        | 10.96        | 12.46        | 11.83        | 10.60        | 9.39                            | 14.65        | 21.31        | -4.41                    | 4.89        | 38.82        | 16.35        | -4.18        | 26.85        | 27.16        | -33.79        |
| <b>Small Cap Value Equity II - Gross of Fees</b>             | <b>4.37</b>  | <b>2.85</b>  | <b>11.41</b> | <b>10.36</b> | <b>12.37</b> | <b>12.73</b> | <b>12.75</b> | <b>12.80</b>                    | <b>11.05</b> | <b>27.35</b> | <b>-3.27</b>             | <b>5.35</b> | <b>36.53</b> | <b>24.54</b> | <b>-2.29</b> | <b>20.32</b> | <b>49.82</b> | <b>-33.80</b> |
| <b>Small Cap Value Equity II - Net of Fees</b>               | <b>4.13</b>  | <b>2.37</b>  | <b>10.40</b> | <b>9.35</b>  | <b>11.34</b> | <b>11.68</b> | <b>11.65</b> | <b>11.64</b>                    | <b>10.05</b> | <b>26.21</b> | <b>-4.19</b>             | <b>4.37</b> | <b>35.28</b> | <b>23.42</b> | <b>-3.45</b> | <b>19.09</b> | <b>48.31</b> | <b>-34.53</b> |
| Russell 2000 <sup>®</sup> Value Index                        | 8.30         | 5.44         | 13.10        | 11.22        | 11.18        | 11.10        | 9.88         | 8.67                            | 7.84         | 31.74        | -7.47                    | 4.22        | 34.52        | 18.05        | -5.50        | 24.50        | 20.56        | -28.92        |
| <b>Long/Short Equity - Gross of Fees</b>                     | <b>-0.26</b> | <b>-4.95</b> | <b>3.22</b>  | <b>9.09</b>  | <b>7.03</b>  | <b>8.85</b>  | <b>14.19</b> | <b>12.99</b>                    | <b>5.41</b>  | <b>25.71</b> | <b>1.15</b>              | <b>7.16</b> | <b>10.37</b> | <b>15.40</b> | <b>8.68</b>  | <b>29.54</b> | <b>85.95</b> | <b>-20.03</b> |
| <b>Long/Short Equity - Net of Fees</b>                       | <b>-0.50</b> | <b>-5.45</b> | <b>2.11</b>  | <b>7.86</b>  | <b>5.87</b>  | <b>7.65</b>  | <b>12.61</b> | <b>10.42</b>                    | <b>4.30</b>  | <b>24.03</b> | <b>0.17</b>              | <b>6.04</b> | <b>9.17</b>  | <b>14.06</b> | <b>7.39</b>  | <b>26.55</b> | <b>81.74</b> | <b>-21.71</b> |
| S&P 500 Index  | 3.43         | 2.65         | 14.37        | 11.93        | 13.42        | 13.23        | 10.17        | 7.13                            | 21.83        | 11.96        | 1.38                     | 13.69       | 32.39        | 16.00        | 2.11         | 15.06        | 26.46        | -37.00        |
| <b>Long/Short Research - Gross of Fees</b>                   | <b>-2.35</b> | <b>-2.78</b> | <b>4.03</b>  | <b>4.73</b>  | <b>7.39</b>  | <b>8.18</b>  | <b>8.26</b>  | <b>7.82</b>                     | <b>11.63</b> | <b>5.21</b>  | <b>3.02</b>              | <b>8.68</b> | <b>19.70</b> | <b>14.73</b> | <b>5.35</b>  | <b>9.33</b>  | <b>18.67</b> | <b>-8.46</b>  |
| <b>Long/Short Research - Net of Fees</b>                     | <b>-2.66</b> | <b>-3.39</b> | <b>2.75</b>  | <b>3.44</b>  | <b>6.07</b>  | <b>6.85</b>  | <b>6.93</b>  | <b>6.49</b>                     | <b>10.27</b> | <b>3.91</b>  | <b>1.74</b>              | <b>7.34</b> | <b>18.23</b> | <b>13.32</b> | <b>4.05</b>  | <b>7.98</b>  | <b>17.22</b> | <b>-9.60</b>  |
| S&P 500 Index  | 3.43         | 2.65         | 14.37        | 11.93        | 13.42        | 13.23        | 10.17        | 7.62                            | 21.83        | 11.96        | 1.38                     | 13.69       | 32.39        | 16.00        | 2.11         | 15.06        | 26.46        | -37.00        |
| <b>Emerging Markets Long/Short - Gross of Fees</b>           | <b>-5.46</b> | <b>-5.65</b> | <b>4.08</b>  | <b>7.50</b>  | —            | —            | —            | <b>7.09</b>                     | <b>27.89</b> | <b>8.08</b>  | <b>-3.67<sup>1</sup></b> | —           | —            | —            | —            | —            | —            | —             |
| <b>Emerging Markets Long/Short - Net of Fees<sup>2</sup></b> | <b>-5.82</b> | <b>-6.34</b> | <b>2.59</b>  | <b>5.42</b>  | —            | —            | —            | <b>4.99</b>                     | <b>25.69</b> | <b>5.69</b>  | <b>-5.47<sup>1</sup></b> | —           | —            | —            | —            | —            | —            | —             |
| MSCI Emerging Markets Index - Net <sup>3</sup>               | -7.96        | -6.66        | 8.20         | 5.60         | —            | —            | —            | 4.79                            | 37.29        | 11.18        | -17.97 <sup>1</sup>      | —           | —            | —            | —            | —            | —            | —             |

<sup>1</sup> Inception dates are as follows: Inception dates are as follows: Small Cap Value is July 1, 1995; Small Cap Value Equity II is July 1, 1998; Long/Short Equity is August 1, 1997; Long/Short Research is April 1, 2002; and Emerging Markets Long/Short Equity is March 1, 2015.

<sup>2</sup> Net of fees is calculated using a model fee of 2.25% annually calculated on a month-end basis.

<sup>3</sup> Net total return indexes reinvest dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

Boston Partners has prepared and presented this report in compliance with the GIPS<sup>®</sup>. Returns reflect composite results and individual portfolio results will vary. Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

| Performance (%)                                 |              |              |             |             |              |              |             |                                 |              |             |             |              |                         |              |              |              |              |                           |
|---|--------------|--------------|-------------|-------------|--------------|--------------|-------------|---------------------------------|--------------|-------------|-------------|--------------|-------------------------|--------------|--------------|--------------|--------------|---------------------------|
|   | 2Q<br>2018   | YTD<br>2018  | 1<br>Year   | 3<br>Year   | 5<br>Year    | 7<br>Year    | 10<br>Year  | Since<br>Inception <sup>1</sup> | 2017         | 2016        | 2015        | 2014         | 2013                    | 2012         | 2011         | 2010         | 2009         | 2008                      |
| <b>Global Equity<br/>- Gross of Fees</b>        | <b>-0.74</b> | <b>-1.95</b> | <b>8.29</b> | <b>7.68</b> | <b>11.11</b> | <b>10.58</b> | <b>8.35</b> | <b>8.35</b>                     | <b>21.53</b> | <b>9.47</b> | <b>1.89</b> | <b>5.54</b>  | <b>35.12</b>            | <b>17.26</b> | <b>-1.77</b> | <b>13.46</b> | <b>29.62</b> | <b>-30.51<sup>1</sup></b> |
| <b>Global Equity<br/>- Net of Fees</b>          | <b>-0.91</b> | <b>-2.29</b> | <b>7.55</b> | <b>6.90</b> | <b>10.29</b> | <b>9.76</b>  | <b>7.53</b> | <b>7.53</b>                     | <b>20.67</b> | <b>8.65</b> | <b>1.11</b> | <b>4.74</b>  | <b>34.11</b>            | <b>16.37</b> | <b>-2.56</b> | <b>12.56</b> | <b>28.60</b> | <b>-30.81<sup>1</sup></b> |
| MSCI World Index - Net <sup>2</sup>             | 1.73         | 0.43         | 11.09       | 8.48        | 9.94         | 8.84         | 6.26        | 6.26                            | 22.40        | 7.51        | -0.87       | 4.94         | 26.68                   | 15.83        | -5.54        | 11.76        | 29.99        | -33.71 <sup>1</sup>       |
| MSCI World Value Index - Net <sup>2</sup>       | -0.20        | -3.39        | 5.56        | 6.46        | 7.74         | 7.29         | 5.20        | 5.20                            | 17.10        | 12.33       | -4.82       | 3.69         | 26.62                   | 15.51        | -5.62        | 9.02         | 26.68        | -30.56 <sup>1</sup>       |
| MSCI ACWI Index - Net <sup>2</sup>              | 0.53         | -0.43        | 10.77       | 8.20        | 9.42         | 7.96         | 5.80        | 5.80                            | 24.01        | 7.87        | -2.36       | 4.16         | 22.80                   | 16.13        | -7.35        | 12.67        | 34.63        | -35.26 <sup>1</sup>       |
| <b>International Equity<br/>- Gross of Fees</b> | <b>-1.73</b> | <b>-4.43</b> | <b>6.76</b> | <b>5.18</b> | <b>8.06</b>  | <b>7.49</b>  | <b>4.78</b> | <b>4.78</b>                     | <b>26.38</b> | <b>0.76</b> | <b>3.54</b> | <b>-3.65</b> | <b>31.47</b>            | <b>18.67</b> | <b>-6.20</b> | <b>10.63</b> | <b>27.88</b> | <b>-36.51<sup>1</sup></b> |
| <b>International Equity<br/>- Net of Fees</b>   | <b>-1.91</b> | <b>-4.77</b> | <b>5.99</b> | <b>4.41</b> | <b>7.27</b>  | <b>6.69</b>  | <b>3.99</b> | <b>3.99</b>                     | <b>25.49</b> | <b>0.01</b> | <b>2.77</b> | <b>-4.37</b> | <b>30.51</b>            | <b>17.79</b> | <b>-6.89</b> | <b>9.73</b>  | <b>26.87</b> | <b>-36.79<sup>1</sup></b> |
| MSCI EAFE Index - Net <sup>2</sup>              | -1.24        | -2.75        | 6.84        | 4.90        | 6.44         | 4.89         | 2.84        | 2.84                            | 25.03        | 1.00        | -0.81       | -4.90        | 22.78                   | 17.32        | -12.14       | 7.75         | 31.78        | -36.41 <sup>1</sup>       |
| MSCI EAFE Value Index - Net <sup>2</sup>        | -2.64        | -4.61        | 4.25        | 3.30        | 5.37         | 3.90         | 2.17        | 2.17                            | 21.44        | 5.02        | -5.68       | -5.39        | 22.95                   | 17.69        | -12.17       | 3.25         | 34.23        | -35.16 <sup>1</sup>       |
| MSCI ACWI Ex US Index - Net <sup>2</sup>        | -2.61        | -3.77        | 7.28        | 5.07        | 5.99         | 3.81         | 2.54        | 2.54                            | 27.19        | 4.50        | -5.66       | -3.87        | 15.29                   | 16.83        | -13.71       | 11.15        | 41.45        | -39.36 <sup>1</sup>       |
| <b>Global Long/Short<br/>- Gross of Fees</b>    | <b>-1.81</b> | <b>-3.59</b> | <b>2.48</b> | <b>4.18</b> | <b>6.39</b>  | —            | —           | <b>6.39</b>                     | <b>9.60</b>  | <b>4.34</b> | <b>8.73</b> | <b>4.36</b>  | <b>8.96<sup>1</sup></b> | —            | —            | —            | —            | —                         |
| <b>Global Long/Short<br/>- Net of Fees</b>      | <b>-2.30</b> | <b>-4.56</b> | <b>0.45</b> | <b>2.12</b> | <b>4.37</b>  | —            | —           | <b>4.37</b>                     | <b>7.44</b>  | <b>2.28</b> | <b>6.59</b> | <b>2.55</b>  | <b>8.02<sup>1</sup></b> | —            | —            | —            | —            | —                         |
| MSCI World Index - Net <sup>2</sup>             | 1.73         | 0.43         | 11.09       | 8.48        | 9.94         | —            | —           | 9.94                            | 22.40        | 7.51        | -0.87       | 4.94         | 16.83 <sup>1</sup>      | —            | —            | —            | —            | —                         |
| MSCI World Value Index - Net <sup>2</sup>       | -0.20        | -3.39        | 5.56        | 6.46        | 7.74         | —            | —           | 7.74                            | 17.10        | 12.33       | -4.82       | 3.69         | 15.74 <sup>1</sup>      | —            | —            | —            | —            | —                         |

<sup>1</sup> Inception dates are as follows: Global Equity USA is July 1, 2008; International Equity is July 1, 2008; and Global Long/Short Equity is July 1, 2013.

<sup>2</sup> Net total return indexes reinvest dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results and individual portfolio results will vary. Returns are shown in USD. Past performance is not an indication of future results. Please refer to the last appendix for other important disclosures.

Boston Partners Global Investors, Inc. ("Boston Partners") is an Investment Adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940.

Registration does not imply a certain level of skill or training. Boston Partners is an indirect, wholly owned subsidiary of ORIX Corporation of Japan ("ORIX"). Boston Partners updated its firm description as of January 1, 2015 to reflect changes in its divisional structure. Boston Partners is comprised of three divisions, Boston Partners, Weiss, Peck & Greer Partners ("WPG"), and Redwood Equity ("Redwood").

Boston Partners claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Boston Partners has been independently verified for the periods 2007 through 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 composites have been examined per the following periods: Boston Partners Large Cap Value Equity, 1995 to 2016; Boston Partners Alpha Extension Large Cap Value Equity, 2012 to 2016; Boston Partners Premium Equity, 1995 to 2016; Boston Partners Mid Cap Value Equity, 1995 to 2006 and 2010 to 2016; Boston Partners Small/Mid Cap Value Equity, 1999 to 2016; Boston Partners Small Cap Value Equity, 1995 to 2016; Boston Partners Small Cap Value II Equity, 1998 to 2016; Boston Partners Long/Short Research, 2011 to 2016; Boston Partners Global Equity II, 2012 to 2016; Boston Partners International Equity II, 2008 to 2016; Boston Partners Global Long/Short, 2013 to 2016; and Boston Partners Emerging Markets Long/Short Equity, 2016. The verification and performance examination reports are available upon request.

Past performance is not indicative of future results. This document is not an offering of securities nor is it intended to provide investment advice. It is intended for information purposes only.

### Composite Construction(s)

Performance results attained at Boston Partners have been linked to the results achieved at Boston Partners Asset Management, the previous entity name, beginning on January 1, 2007 in compliance with the GIPS® standards on performance record portability. Composites include all separately managed and commingled vehicles, fully discretionary, fee-paying accounts under management with a similar investment mandate and an account market value greater than \$1 million with the exception of Boston Partners Small Cap Value Equity and Small Cap Value II Equity which have an account market value greater than \$5

million. Prior to January 1, 2007 the minimum account size for inclusion in the composite was \$5 million. The composites contain proprietary assets.

The inception and creation date of the Boston Partners Large Cap Value Equity composite is June 1, 1995. The strategy is composed of securities with market capitalizations primarily greater than \$3 billion and is benchmarked against the S&P 500 Index and the Russell 1000® Value Index. Prior to December 1, 1995, there was no minimum market value requirement for inclusion in the Boston Partners Large Cap Value Equity composite. Accounts that did not meet the newly established minimum balance requirement were removed on that date.

The inception date and creation date of the Boston Partners Alpha Extension Large Cap Value Equity composite is March 1, 2007. The strategy is an actively managed Large Cap Value strategy that utilized long and short equity position to generate alpha. The strategy is permitted to short 30% of the portfolio and reinvests the proceeds of those shorts into the securities that the manager finds attractive, creating a 130% long portfolio and a 30% short portfolio. The strategy is benchmarked against the Russell 1000® Value Index.

The inception and creation date of the Boston Partners Premium Equity composite is June 1, 1995. The strategy is a hybrid of Boston Partners' other equity products. It has the flexibility to invest across the capitalization spectrum and to invest in securities with equity-like return and risk profiles. Boston Partners Premium Equity is benchmarked against the S&P 500 Index and the Russell 3000® Value Index.

The inception and creation date of the Boston Partners Mid Cap Value Equity composite is May 1, 1995. Effective March 1, 2006, the Mid Cap Value Equity strategy is composed of securities primarily in the same market capitalization range, at time of purchase, as the Russell Midcap® Value Index. Effective January 1, 2005 the Boston Partners Mid Cap Value composite revised its benchmark from the Russell 2500™ Value Index to the Russell Midcap® Value Index. The Russell Midcap® Value Index has less of a bias toward smaller capitalization stocks and thus more accurately reflects the composition of Boston Partners holdings. The inception and creation date of the Boston Partners Small/Mid Cap Value Equity composite is April 1, 1999. The strategy is composed of securities primarily in the \$100 million to \$10 billion market capitalization range and is benchmarked against the Russell 2500™ Value Index.

The inception and creation date of the Boston Partners Small Cap Value Equity composite is July 1, 1995. The strategy is composed of securities primarily in the \$100 million to \$1.5 billion market capitalization range and is benchmarked against the Russell 2000® Value Index.

The inception date of the Boston Partners Small Cap Value II Equity composite is July 1, 1998. The composite was created in 2000. The strategy is composed of securities primarily in the \$10 million to \$1 billion market capitalization range and is benchmarked against the Russell 2000® Value Index.

The inception date and creation date of the Boston Partners Long/Short Equity composite is August 1, 1997. The strategy is an absolute return product that balances long and short portfolio strategies and seeks to achieve stable absolute returns with approximately half the risk of the S&P 500. However, this product is not risk neutral. It is exposed to style, capitalization, sector and short-implementation risks. Use of the S&P 500 Index is for comparative purposes only since investment returns are not correlated to equity market returns. Prior to October 1, 1998, the composite was managed on a non-fee paying basis. Participant results would have been substantially different if fee waivers were not applied. Commencing on October 1, 1998 and continuing each quarter thereafter, the net of fee calculation includes a model fee for each commingled account included in the composite, and when applicable, the actual fees assessed for each separately managed portfolio included in the composite. The model fee, which is comprised of an investment management fee and performance fee, represents the deduction of the highest fee that could have been earned based on actual results during the performance period. In addition, other expenses typically borne by the commingled accounts, as defined in the applicable offering documents, have been applied. However, from time-to-time the commingled accounts may have placed a ceiling on the amount of expenses it had incurred. Although performance fees are paid annually when earned, for presentation of net returns, performance fees, similar to management fees and expenses, are accrued for on a monthly basis. Actual fees may vary. The composite is benchmarked against the S&P 500 Index and the Russell 3000® Value/Russell 3000® Growth for comparative purposes only since the strategy is not correlated to equity market returns.

The inception and creation date of the Boston Partners Research Equity composite is April 1, 2002. This strategy is an absolute return product that balances long and short portfolio strategies and seeks to achieve stable absolute returns with approximately half the risk of the S&P 500 Index. The strategy is benchmarked against the S&P 500 Index.

The inception and creation date of the Boston Partners Global Equity II composite is July 1, 2008. This strategy is unconstrained and primarily invests in equity securities in the global market without using hedges on currency.

The inception date and creation date of the Boston Partners International Equity II composite is July 1, 2008. This strategy is

unconstrained and primarily invests in non-us markets without using currency hedges. The strategy is benchmarked against the MSCI EAFE Index. From July 1, 2008 to June 30, 2010 the primary benchmarks was MSCI EAFE Value Index and on July 1, 2010 the primary benchmark change to the MSCI EAFE. This change to the MSCI EAFE Index was made retroactively to July 1, 2008.

The inception and creation date of the Boston Partners Global Long/Short Equity composite is July 1, 2013. The strategy is composed of securities with market capitalizations primarily greater than \$50 million and is benchmarked against the MSCI World Index.

The inception and creation of the Boston Partners Emerging Markets Long/Short composite is March 1, 2015. The strategy is composed of securities with market capitalizations primarily greater than \$250 million and is benchmarked against the MSCI Emerging Markets Index.

The inception and creation of the Boston Partners Emerging Markets Equity composite is July 1, 2017. The strategy is composed of securities with market capitalizations primarily greater than \$250 million and is benchmarked against the MSCI Emerging Markets Index.

### Benchmarks

Index returns are provided for comparison purposes only to show how the composite's returns compare to a broad-based index of securities, as the indices do not have costs, fees, or other expenses associated with their performance.

In addition, securities held in either index may not be similar to securities held in the composite's accounts. The S&P 500 Index is an unmanaged index of the common stocks of 500 widely held U.S. companies. All Russell® Indices are registered trademarks of the Frank Russell Company. The Russell® Value Indices typically measure the performance of universes of stocks displaying low price-to-book ratios and low forecasted growth values. The Russell® Growth Indices typically measure the performance of universes of stocks displaying high price-to-book ratios and high forecasted growth values. The Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000® Index. The Russell 3000® Index measures performance of the 3,000 largest U.S. companies based on total market capitalization. The Russell 2500™, and 2000® Indices measure performance of the 2,500 and 2,000 smallest companies in the Russell 3000® Index respectively. The Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000® Index. The MSCI World Index covers the full range of developed, emerging and All Country MSCI International Equity Indices across all size segmentations. MSCI uses a

two-dimensional framework for style segmentation in which value securities are categorized using a multi-factor approach, which uses three variables to define the value investment style characteristics and five variables to define the growth investment style characteristics including forward looking variables. The objective of the index design is to divide constituents of an underlying MSCI Equity Index into respective value and growth indices, each targeting 50% of the free float adjusted market capitalization of the underlying market index. The MSCI EAFE Index is broadly recognized as the pre-eminent benchmark for U.S. investors to measure international equity performance. It comprises the MSCI country indexes capturing large and mid-cap equities across developed markets in Europe, Australasia and the Far East, excluding the U.S. and Canada.

The MSCI World Index represents large and mid-cap equity performance across 23 developed markets countries, covering approximately 85% of the free float-adjusted market capitalization in each. This index offers a broad global equity benchmark, without emerging markets exposure.

MSCI Emerging Markets Standard Index (net return): The MSCI Emerging Markets indices are designed to measure the type of returns foreign portfolio investors might receive from investing in emerging market stocks that are legally and practically available to them. Constituents for the MSCI series are drawn from the MSCI stock universe based on size, liquidity, and their legal and practical availability to foreign institutional investors.

The MSCI ACWI (All Country World Index) is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. The MSCI ACWI is maintained by Morgan Stanley Capital International, and is comprised of stocks from both developed and emerging markets.

### Calculation Methodology

Account returns are market value weighted and calculated on a total return basis using trade date valuations. Returns reflect the reinvestment of dividends and other earnings, and are net of commissions and transaction costs. Performance is expressed in U.S. Dollars. Short sales are an integral part of the investment strategy and constitute the use of leverage. Accounts are temporarily removed from the composite when a significant cash flow occurs, which is typically defined as a flow that is greater than 10% of the account value that exceeds a threshold of +/- 20 basis points from daily performance of the representative account and a similar account of the same strategy. An account is generally added back to the composite as of the first full month following the significant cash flow. Additional

information regarding policies for valuing portfolios, calculating performance, and presenting compliant presentations is available upon request.

### Fees and Expenses

Composite returns are provided on a gross and net of fees basis. Account returns will be reduced by any fees and expenses incurred in the management of the account. In general, actual fees may vary depending on the applicable fee schedule and portfolio size. Net of fees returns for commingled vehicles that are members of a composite are calculated using a model fee that is the highest tier in the separate account fee schedule for the strategy. Fees are applied to gross returns at month end. Returns reflect the reinvestment of dividends and other earnings, and are net of commissions and transaction costs. Performance is expressed in U.S. Dollars. Additional information regarding policies for valuing portfolios, calculating performance, and presenting compliant presentations is available upon request.

Investment advisory fees are listed herein and are fully described in Boston Partners' Form ADV, Part 2.

### Composite Dispersion

The measurement of composite dispersion is calculated by the weighted average standard deviation of the annual account returns within the composite. Dispersion in composites with less than five accounts included for the entire year is not considered meaningful and is denoted with "N/A". Prior to January 1, 2007, the measurement of composite dispersion was calculated by determining the difference between the highest and lowest annual account returns within the composite. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period.

### Large Cap Value Equity:

|       | # of Portfolios<br>in Composite | Total Assets in<br>Composite | % of Firm<br>AUM | Composite<br>Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2016: | 156                             | \$25.3 bn                    | 29%              | 0.23%                   |
| 2015: | 167                             | \$24.6 bn                    | 31%              | 0.16%                   |
| 2014: | 151                             | \$25.2 bn                    | 34%              | 0.11%                   |
| 2013: | 129                             | \$16.5 bn                    | 32%              | 0.62%                   |
| 2012: | 105                             | \$8.6 bn                     | 30%              | 0.24%                   |
| 2011: | 99                              | \$5.1 bn                     | 24%              | 0.23%                   |
| 2010: | 89                              | \$4.8 bn                     | 26%              | 0.15%                   |
| 2009: | 83                              | \$3.5 bn                     | 20%              | 0.38%                   |
| 2008: | 70                              | \$2.1 bn                     | 18%              | 0.21%                   |
| 2007: | 68                              | \$3.4 bn                     | 13%              | 0.14%                   |

### 130/30 Large Cap Equity:

|       | # of Portfolios<br>in Composite | Total Assets in<br>Composite | % of Firm<br>AUM | Composite<br>Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2016: | 2                               | \$877 mm                     | 1%               | N/A                     |
| 2015: | 2                               | \$933 mm                     | 1%               | N/A                     |
| 2014: | 2                               | \$1.2 bn                     | 2%               | N/A                     |
| 2013: | 1                               | \$845 mm                     | 2%               | N/A                     |
| 2012: | 3                               | \$636 mm                     | 2%               | N/A                     |
| 2011: | 3                               | \$463 mm                     | 2%               | N/A                     |
| 2010: | 1                               | \$17 mm                      | 0%               | N/A                     |
| 2009: | 1                               | \$6 mm                       | 0%               | N/A                     |
| 2008: | 1                               | \$5 mm                       | 0%               | N/A                     |
| 2007: | 1                               | \$7 mm                       | 0%               | N/A                     |

### Premium Equity:

|       | # of Portfolios<br>in Composite | Total Assets in<br>Composite | % of Firm<br>AUM | Composite<br>Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2016: | 35                              | \$3.4 bn                     | 4%               | 0.10%                   |
| 2015: | 35                              | \$3.3 bn                     | 4%               | 0.09%                   |
| 2014: | 29                              | \$3.1 bn                     | 4%               | 0.14%                   |
| 2013: | 29                              | \$2.7 bn                     | 5%               | 0.53%                   |
| 2012: | 26                              | \$2.2 bn                     | 7%               | 0.17%                   |
| 2011: | 24                              | \$2.0 bn                     | 9%               | 0.19%                   |
| 2010: | 27                              | \$2.1 bn                     | 12%              | 0.43%                   |
| 2009: | 26                              | \$2.1 bn                     | 12%              | 0.49%                   |
| 2008: | 23                              | \$1.3 bn                     | 11%              | 0.30%                   |
| 2007: | 15                              | \$677 mm                     | 3%               | 0.12%                   |

### Mid Cap Value Equity:

|       | # of Portfolios<br>in Composite | Total Assets in<br>Composite | % of Firm<br>AUM | Composite<br>Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2016: | 35                              | \$18.5 b                     | 21%              | 0.09%                   |
| 2015: | 37                              | \$15.3 b                     | 20%              | 0.01%                   |
| 2014: | 29                              | \$11.6 b                     | 16%              | 0.12%                   |
| 2013: | 16                              | \$7.6 b                      | 15%              | 0.24%                   |
| 2012: | 9                               | \$2.9 b                      | 10%              | 0.01%                   |
| 2011: | 4                               | \$1.0 b                      | 5%               | N/A                     |
| 2010: | 3                               | \$306 mm                     | 2%               | N/A                     |
| 2009: | 3                               | \$127 mm                     | 1%               | N/A                     |
| 2008: | 3                               | \$85 mm                      | 1%               | N/A                     |
| 2007: | 2                               | \$86 mm                      | 0%               | N/A                     |

### Small/Mid Cap Value Equity:

|       | # of Portfolios<br>in Composite | Total Assets in<br>Composite | % of Firm<br>AUM | Composite<br>Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2016: | 18                              | \$1.0 bn                     | 1%               | 0.14%                   |
| 2015: | 13                              | \$814 mm                     | 1%               | 0.14%                   |
| 2014: | 10                              | \$499 mm                     | 1%               | 0.08%                   |
| 2013: | 7                               | \$481 mm                     | 1%               | 0.13%                   |
| 2012: | 7                               | \$367 mm                     | 1%               | 0.08%                   |
| 2011: | 7                               | \$327 mm                     | 2%               | 0.10%                   |
| 2010: | 7                               | \$384 mm                     | 2%               | 0.04%                   |
| 2009: | 7                               | \$350 mm                     | 2%               | 0.32%                   |
| 2008: | 5                               | \$200 mm                     | 2%               | 0.18%                   |
| 2007: | 5                               | \$299 mm                     | 1%               | 0.02%                   |

### Small Cap Value Equity:

|       | # of Portfolios<br>in Composite | Total Assets in<br>Composite | % of Firm<br>AUM | Composite<br>Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2016: | 19                              | \$1.2 bn                     | 1%               | 0.21%                   |
| 2015: | 19                              | \$1.0 bn                     | 1%               | 0.19%                   |
| 2014: | 18                              | \$1.1 bn                     | 2%               | 0.26%                   |
| 2013: | 16                              | \$1.1 bn                     | 2%               | 0.56%                   |
| 2012: | 16                              | \$957 mm                     | 3%               | 0.20%                   |
| 2011: | 17                              | \$923 mm                     | 4%               | 0.08%                   |
| 2010: | 16                              | \$682 mm                     | 4%               | 0.16%                   |
| 2009: | 14                              | \$698 mm                     | 4%               | 0.90%                   |
| 2008: | 14                              | \$560 mm                     | 5%               | 0.20%                   |
| 2007: | 15                              | \$856 mm                     | 3%               | 0.10%                   |

### Small Cap Value Equity II:

|       | # of Portfolios<br>in Composite | Total Assets in<br>Composite | % of Firm<br>AUM | Composite<br>Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2016: | 4                               | \$878 mm                     | 1%               | N/A                     |
| 2015: | 3                               | \$478 mm                     | 1%               | N/A                     |
| 2014: | 4                               | \$444 mm                     | 1%               | N/A                     |
| 2013: | 4                               | \$370 mm                     | 1%               | N/A                     |
| 2012: | 4                               | \$304 mm                     | 1%               | N/A                     |
| 2011: | 5                               | \$272 mm                     | 1%               | 0.10%                   |
| 2010: | 6                               | \$300 mm                     | 2%               | 0.24%                   |
| 2009: | 6                               | \$239 mm                     | 1%               | 0.98%                   |
| 2008: | 7                               | \$161 mm                     | 1%               | 0.20%                   |
| 2007: | 7                               | \$320 mm                     | 1%               | 0.06%                   |

### Long/Short Equity:

|       | # of Portfolios<br>in Composite | Total Assets in<br>Composite | % of Firm<br>AUM | Composite<br>Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2016: | 2                               | \$1.1 bn                     | 1%               | N/A                     |
| 2015: | 2                               | \$687 mm                     | 1%               | N/A                     |
| 2014: | 2                               | \$958 mm                     | 1%               | N/A                     |
| 2013: | 2                               | \$965 mm                     | 2%               | N/A                     |
| 2012: | 2                               | \$829 mm                     | 3%               | N/A                     |
| 2011: | 2                               | \$626 mm                     | 3%               | N/A                     |
| 2010: | 2                               | \$440 mm                     | 2%               | N/A                     |
| 2009: | 2                               | \$189 mm                     | 1%               | N/A                     |
| 2008: | 2                               | \$36 mm                      | 0%               | N/A                     |
| 2007: | 2                               | \$75 mm                      | 0%               | N/A                     |

### Long/Short Research:

|       | # of Portfolios<br>in Composite | Total Assets in<br>Composite | % of Firm<br>AUM | Composite<br>Dispersion |
|-------|---------------------------------|------------------------------|------------------|-------------------------|
| 2016: | 2                               | \$6.9 bn                     | 8%               | N/A                     |
| 2015: | 1                               | \$7.2 bn                     | 9%               | N/A                     |
| 2014: | 1                               | \$6.0 bn                     | 8%               | N/A                     |
| 2013: | 1                               | \$2.9 bn                     | 6%               | N/A                     |
| 2012: | 1                               | \$492 mm                     | 2%               | N/A                     |
| 2011: | 1                               | \$97 mm                      | 0%               | N/A                     |
| 2010: | 1                               | \$9 mm                       | 0%               | N/A                     |
| 2009: | 1                               | \$5 mm                       | 0%               | N/A                     |
| 2008: | 1                               | \$3 mm                       | 0%               | N/A                     |
| 2007: | 1                               | \$4 mm                       | 0%               | N/A                     |

### Global Equity:

|        | # of Portfolios<br>in Composite | Total Assets in<br>Composite | % of Firm<br>AUM | Composite<br>Dispersion |
|--------|---------------------------------|------------------------------|------------------|-------------------------|
| 2016:  | 4                               | \$699 mm                     | 1%               | N/A                     |
| 2015:  | 3                               | \$438 mm                     | 1%               | N/A                     |
| 2014:  | 1                               | \$27 mm                      | 0%               | N/A                     |
| 2013:  | 2                               | \$66 mm                      | 0%               | N/A                     |
| 2012:  | 2                               | \$18 mm                      | 0%               | N/A                     |
| 2011:  | 1                               | \$8 mm                       | 0%               | N/A                     |
| 2010:  | 1                               | \$9 mm                       | 0%               | N/A                     |
| 2009:  | 1                               | \$8 mm                       | 0%               | N/A                     |
| *2008: | 1                               | \$6mm                        | 0%               | N/A                     |

\* 2008 performance period is from July 1.

### International Equity:

|        | # of Portfolios<br>in Composite | Total Assets in<br>Composite | % of Firm<br>AUM | Composite<br>Dispersion |
|--------|---------------------------------|------------------------------|------------------|-------------------------|
| 2016:  | 3                               | \$603 mm                     | 1%               | N/A                     |
| 2015:  | 1                               | \$261 mm                     | 0%               | N/A                     |
| 2014:  | 2                               | \$33 mm                      | 0%               | N/A                     |
| 2013:  | 2                               | \$20 mm                      | 0%               | N/A                     |
| 2012:  | 2                               | \$18 mm                      | 0%               | N/A                     |
| 2011:  | 1                               | \$6 mm                       | 0%               | N/A                     |
| 2010:  | 1                               | \$6 mm                       | 0%               | N/A                     |
| 2009:  | 1                               | \$6 mm                       | 0%               | N/A                     |
| *2008: | 1                               | \$4 mm                       | 0%               | N/A                     |

\* 2008 performance period is from July 1.

### Global Long/Short Equity:

|        | # of Portfolios<br>in Composite | Total Assets in<br>Composite | % of Firm<br>AUM | Composite<br>Dispersion |
|--------|---------------------------------|------------------------------|------------------|-------------------------|
| 2016:  | 1                               | \$868 mm                     | 1%               | N/A                     |
| 2015:  | 1                               | \$629 mm                     | 1%               | N/A                     |
| 2014:  | 1                               | \$125 mm                     | 0%               | N/A                     |
| *2013: | 1                               | \$3 mm                       | 0%               | N/A                     |

\* 2013 performance period is from July 1.

### Emerging Markets Long/Short Equity:

|        | # of Portfolios<br>in Composite | Total Assets in<br>Composite | % of Firm<br>AUM | Composite<br>Dispersion |
|--------|---------------------------------|------------------------------|------------------|-------------------------|
| 2016:  | 1                               | \$11 mm                      | 0%               | N/A                     |
| *2015: | 1                               | \$3 mm                       | 0%               | N/A                     |

\* 2015 performance period is from March 1.

# Boston Partners

## Performance Disclosures (continued)

### Firm Assets:

| Year  | Assets (mm) | Year  | Assets (mm) |
|-------|-------------|-------|-------------|
| 2016: | \$87,222    | 2011: | \$21,098    |
| 2015: | \$78,363    | 2010: | \$18,419    |
| 2014: | \$73,250    | 2009: | \$17,207    |
| 2013: | \$52,334    | 2008: | \$11,540    |
| 2012: | \$29,023    | 2007: | \$26,554    |

### Other Disclosures

Boston Partners has adjusted the S&P and Russell sector classifications to group stocks according to similar business product lines and correlation of stock returns. Boston Partners' classifications are similar to the major market indices in terms of breadth but may differ in terms of composition. All product characteristics and sector weightings are calculated using a representative portfolio.

Risk statistics are calculated using composite data. Portfolio composition is subject to change and information contained in this publication may not be representative of the current portfolio. Effective January 1, 2011; Boston Partners adopted a significant cash flow policy for this composite in accordance with the Global Investment Performance Standards. If an external cash flow is greater than or equal to 10.0% of the beginning market value of the portfolio on the day of the flow, and greater than or equal to 10.0% of the beginning market value of the composite for that month then the portfolio is removed from the composite for the month that the flow occurred. The portfolio is then placed back into the composite in accordance with Firm's inclusion policies and procedures.

Boston Partners changed the names of its composites in August 2016 after the firm changed its name.

Boston Partners participates in Initial Public Offerings (IPOs) as described in its Form ADV, Part 2. IPO contributions to performance vary from year to year depending on availability and prevailing market conditions. IPO contributions may have a significant positive effect on performance when initially purchased. Such positive performance should not be expected for future performance periods.

### Annual Fee Schedules

**Large Cap:** 70 basis points ("bp") on the first \$10 million in assets; 50 bp on the next \$40 million; 40 bp on the next \$50 million; 30 bp thereafter. **130/30 Large Cap:** 100 basis points ("bp") on the first \$10 million in assets; 80 bp on the next \$40 million; 70 bp on the next \$50 million; 60 bp thereafter. **Premium Equity:** 80 bp on the first \$25 million of assets; 60 bp on the next \$25 million; 50 bp on the next \$50 million; 40 bp thereafter. **Mid Cap:** 80 bp on the first \$25 million of assets; 60 bp thereafter. **Small/Mid Cap, Small Cap, and Small Cap II:** 100 bp on the first \$25 million of assets; 80 bp thereafter. **Long/Short:** 100 bp on total assets under management; plus 20% profit participation. **Long/Short Research:** 150 basis points.

**Global Equity and International Equity are:** 75 basis points ("bp") on the first \$25 million in assets; 65 bp on the next \$25 million; 55 bp on the next \$50 million; 50 bp thereafter. **Global Long/Short:** 200 bp on total assets under management. **Emerging Markets Long/Short:** 225 bp on total assets under management. **Emerging Markets Equity are:** 95 basis points ("bp") on the first \$25 million in assets; 85 bp on the next \$25 million; 75 bp on the next \$50 million; 70 bp thereafter.

### Corporate Information

Boston Partners Global Investors, Inc. ("Boston Partners") is affiliated with listed corporations through common ownership. ORIX Corporation Europe N.V. services may be offered in the U.S. through Robeco Institutional Asset Management, U.S., an SEC Registered Investment Adviser registered under the Investment Advisers Act of 1940. Transtrend products may be offered in the U.S. through Boston Partners Securities, LLC, member FINRA, SiPC. Harbor Capital Advisers products are distributed by Harbor Funds Distributors, Inc. Boston Partners is authorized to transact as an Investment Adviser and maintains a Securities License by the Government of Guam Department of Revenue and Taxation. It also maintains a Certificate of Authority to transact business on Guam as a Foreign Corporation. In addition, Boston Partners is registered in Korea with the Financial Services Commission (FSC).



# REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 23              | 09/12/18           | Retirement          | Action                  | 08/11/18   |

Subject: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended June 30, 2018 (ALL). (Adelman)

## ISSUE

Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended June 30, 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 June 30, 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 Second Quarter 2018 Market Update (Attachment 1) and the second is the Investment Measurement Service Quarterly Review as of June 30, 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 June 30, 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 June 30, 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 09/04/18

---

Treasury Controller

J:\Retirement Board\2018\IPs\Quarterly Meetings\September 12, 2018\FI IP's\09-12-18 Investment Performance.docx

# REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 23              | 09/12/18           | Retirement          | Action                  | 08/11/18   |

Subject: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended June 30, 2018 (ALL). (Adelman)

The table below provides an overview of the quarter performance, quarter ending June 30, 2018 – gross of investment management fees:

| Investment Manager - Description - Benchmark         | Benchmark Index | ATU, IBEW & Salaried Fund | Investment Gains/ (Losses) | Pension Fund Contributions/ (Withdrawals) |
|--|-----------------|---------------------------|----------------------------|---|
| Boston Partners (large cap value) Russell 1000 Value | 1.18%           | (0.14%)                   | \$(60,583)                 | -   |
| S&P 500 Index (large cap value) S&P 500              | 3.43%           | 3.42%                     | \$1,531,881                | -   |
| Atlanta Capital (small cap) Russell 2000             | 7.75%           | 7.17%                     | \$1,685,060                | \$(564,016)                               |
| Brandes (international equities) MSCI EAFE*          | -               | -                         | \$(394)                    | -   |
| Pyrford (international equities) MSCI EAFE           | (1.24%)         | (2.17%)                   | \$(579,842)                | -   |
| MSCI EAFE Index (international equities) MSCI EAFE   | (1.24%)         | <b>(1.05%)</b>            | \$(119,736)                | -   |
| AQR (small cap international equities) MSCI EAFE SC  | (1.57%)         | (2.63%)                   | \$(438,440)                | \$(703,656)                               |
| Dimensional Fund Advisors (emerging markets) MSCI EM | (7.96%)         | (9.75%)                   | \$(1,778,628)              | -   |
| Metropolitan West (fixed income) Barclays Agg.       | (0.16%)         | <b>0.12%</b>              | \$117,000                  | -   |
| Totals   | 0.92%           | 0.15%                     | \$356,317                  | \$(1,267,582)                             |

**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 June 30, 2018 – net of investment management fees:

| Investment Manager - Description - Benchmark         | Benchmark Index | ATU, IBEW & Salaried Fund | Investment Gains/(Loss) | Pension Fund Contributions/ (Withdrawals) |
|--|-----------------|---------------------------|-------------------------|---|
| Boston Partners (large cap value) Russell 1000 Value | 6.77%           | <b>10.19%</b>             | \$5,840,298             | \$(6,704,144)                             |
| S&P 500 Index (large cap value) S&P 500              | 14.37%          | 14.31%                    | \$6,104,234             | \$(6,676,996)                             |
| Atlanta Capital (small cap) Russell 2000             | 17.57%          | <b>18.52%</b>             | \$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           | 6.84%           | 1.43%                     | \$614,558               | \$25,953,819                              |
| MSCI EAFE Index (international equities) MSCI EAFE   | 6.84%           | <b>7.13%</b>              | \$1,487,707             | -   |
| AQR (small cap international equities) MSCI EAFE SC  | 12.45%          | 10.93%                    | \$2,794,920             | -   |
| Dimensional Fund Advisors (emerging markets) MSCI EM | 8.20%           | 5.17%                     | \$3,186,646             | -   |
| Metropolitan West (fixed income) Barclays Agg.       | (0.40)%         | <b>0.13%</b>              | \$1,247,885             | \$12,115,111                              |
| Totals   | 7.90%           | 6.93%                     | \$26,020,009            | \$(5,334,457)                             |

**Bold** – fund exceeding respective benchmark

September 12, 2018



**Sacramento Regional  
Transit District**

Second Quarter 2018  
Market Update

---

**Anne Heaphy**

Fund Sponsor Consulting

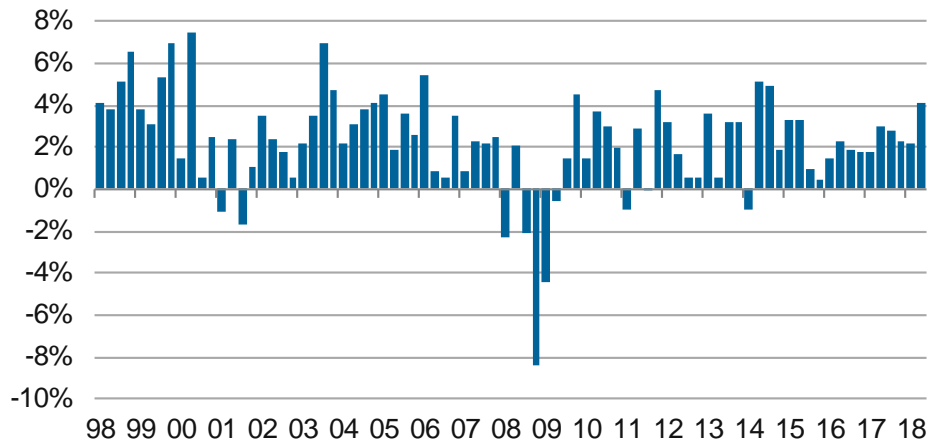
**Uvan Tseng, CFA**

Fund Sponsor Consulting

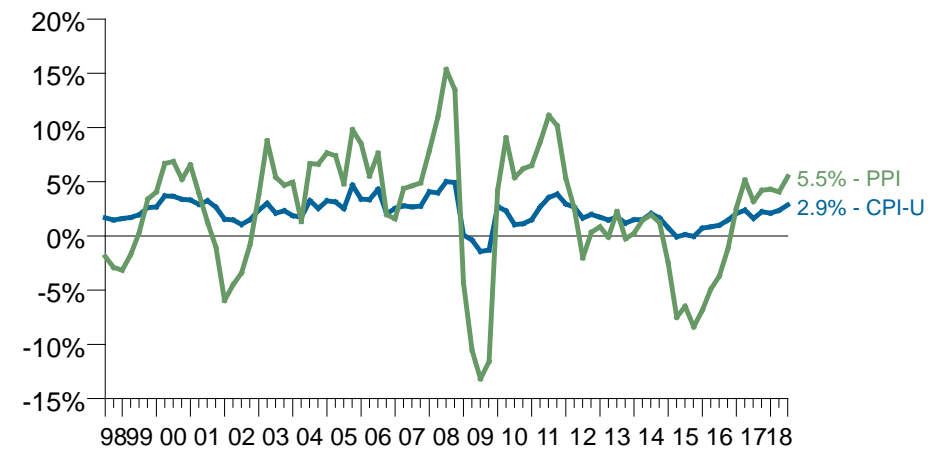
# Economic Commentary

## Second Quarter 2018

### Quarterly Real GDP Growth (20 Years)



### Inflation Year-Over-Year



- GDP was revised down slightly to 2.0% in the first quarter, but second quarter GDP clocked a very solid 4.1% gain .The U.S. economy continues to thrive.
- Labor market continues to tighten.
  - In the U.S., unemployment fell to 3.8% in May 2018, a generational low. The U.S. is showing clear signs it is reaching the limits of full employment.
  - Initial claims for unemployment insurance have fallen to the lowest level since 1969.
- Inflation may finally be perking up, after years of a perplexing absence. Headline CPI rose 2.9% during the quarter, continuing a gradual rise, and core CPI (ex-food and energy) rose 2.3%, slightly above the Fed's 2% target.

Source: Bureau of Economic Analysis, Bureau of Labor Statistics

# Asset Class Performance

Periods Ended June 30, 2018

Asset Class Performance  
for Periods Ended June 30, 2018



YTD as of 09/11/18:

S&P 500:

Russell 2000:

MSCI EAFE:

MSCI Emerging Markets:

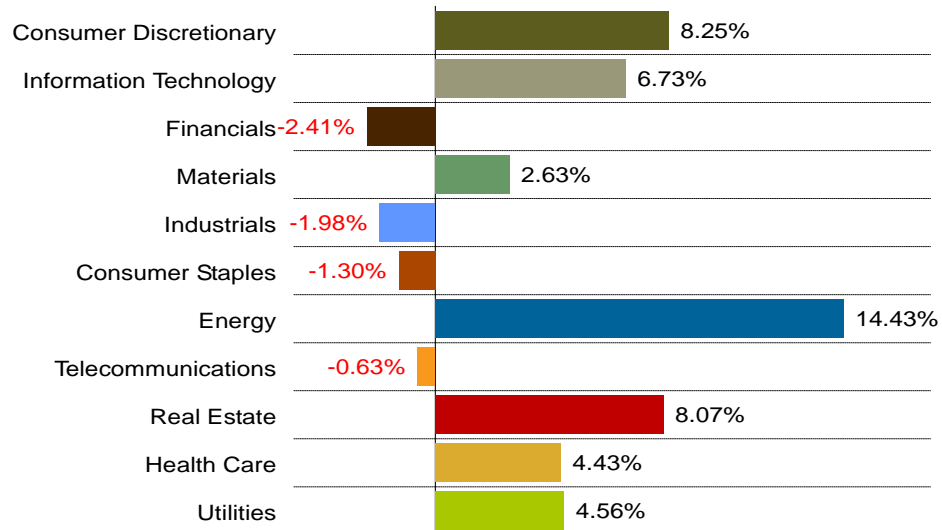
Bloomberg Aggregate:

Bloomberg TIPS:

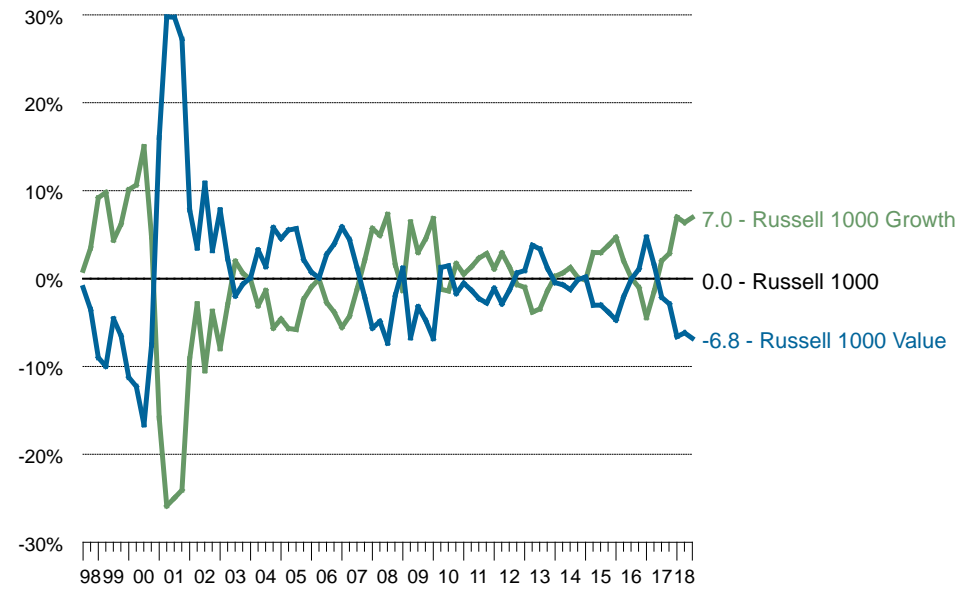
# U.S. Equity

Second Quarter 2018

## Russell 3000 Sector Returns



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



## Second Quarter Index Returns

|                  |      |
|------------------|------|
| Russell 3000:    | 3.89 |
| S&P 500:         | 3.43 |
| Russell Mid Cap: | 2.82 |
| Russell 2000:    | 7.75 |

Source: Russell Investment Group

# U.S. Equity Style Returns

Periods Ended June 30, 2018

|       | 2Q 2018 |      |        |       | Annualized 1 Year Returns |       |        |
|-------|---------|------|--------|-------|---------------------------|-------|--------|
|       | Value   | Core | Growth |       | Value                     | Core  | Growth |
| Large | 0.6%    | 3.9% | 6.6%   | Large | 6.4%                      | 15.4% | 23.8%  |
| Mid   | 2.4%    | 2.8% | 3.2%   | Mid   | 7.6%                      | 12.3% | 18.5%  |
| Small | 8.3%    | 7.8% | 7.2%   | Small | 13.1%                     | 17.6% | 21.9%  |

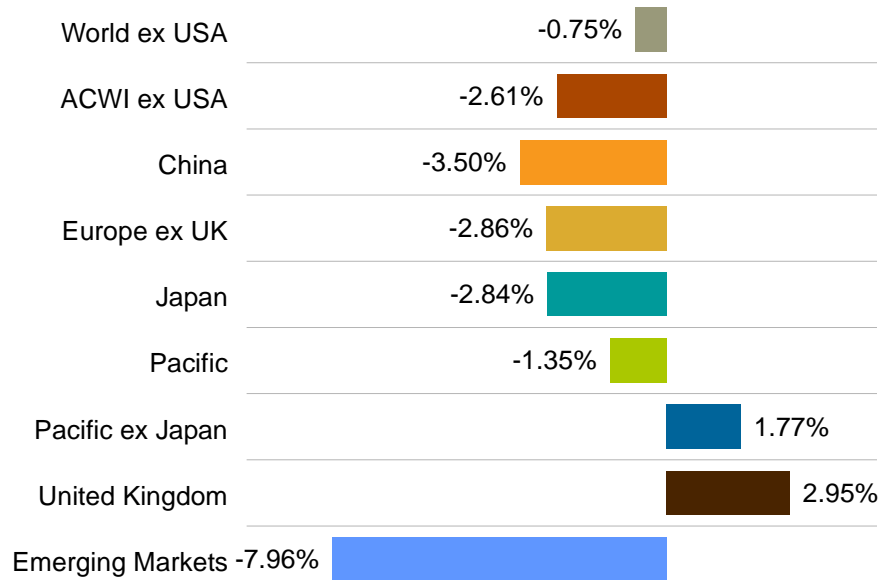
- U.S. equities (S&P 500 +3.4%) rose on a strong earnings season and positive economic data.
  - Energy was the best-performing sector (+13.5%) as oil prices trended higher after U.S. withdrew from Iran nuclear accord.
- Small cap stocks outperformed large cap on trade war fears. Large cap companies derive big portion of revenues from foreign markets (S&P 500 aggregate is ~40%) and are more negatively impacted compared to their domestically focused small cap peers.
- Growth continued to outperform Value due to strong results in Tech (+7.1%) and Consumer Discretionary (+8.2%).
- Concentration of returns within broad indexes remains a concern. Excluding FAANG (Facebook, Apple, Amazon, Netflix, and Google) stock performance, S&P 500 performance was negative.

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.

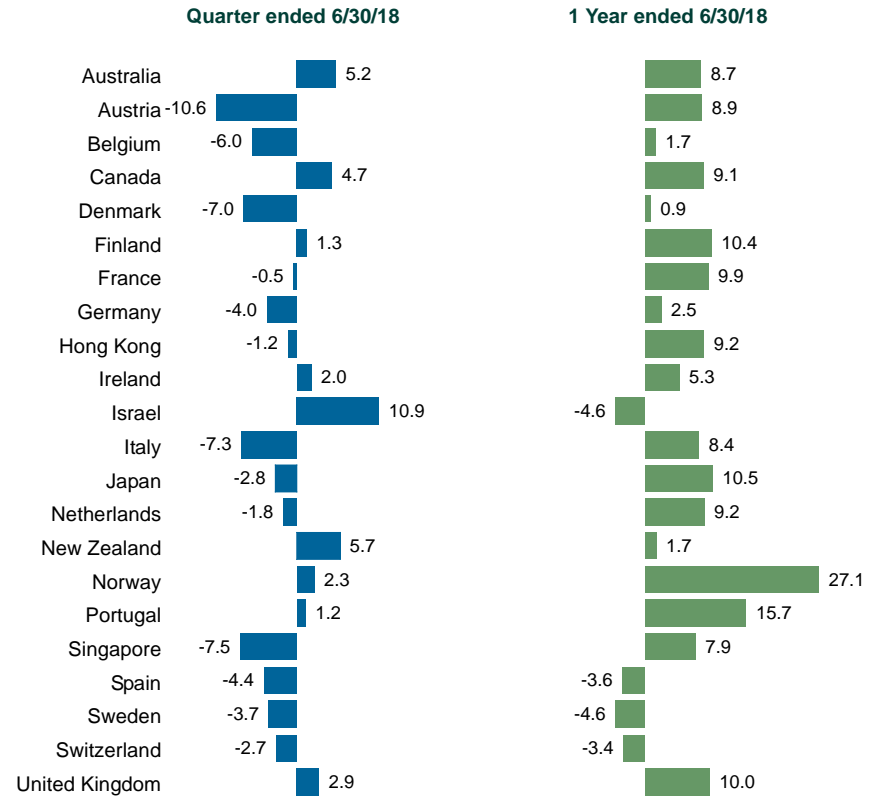
# Non-US Equity

## Second Quarter 2018

Non-U.S. Quarterly Performance (U.S. Dollar)  
as of June 30, 2018



## Developed Country Returns



- Non-U.S. markets ended in the red as trade war talk moved into action. Although initial tariffs levied by the U.S. were targeted, retaliatory actions and supply chain disruptions broadened their effects. Cyclical sectors were hurt later in the quarter as the prospect of slower growth led to reduced expectations. The U.S. dollar was up, hurting non-U.S. returns. The euro and British pound were hit especially hard with the rise of populism and Brexit turmoil.
- Emerging markets were among the hardest hit with Latin America taking the brunt of the sell-off. In May, Brazil's central bank unexpectedly left rates unchanged, while a trucking strike and growing concern about October elections weighed on markets. The Brazilian real fell 14% in the quarter versus the U.S. dollar.

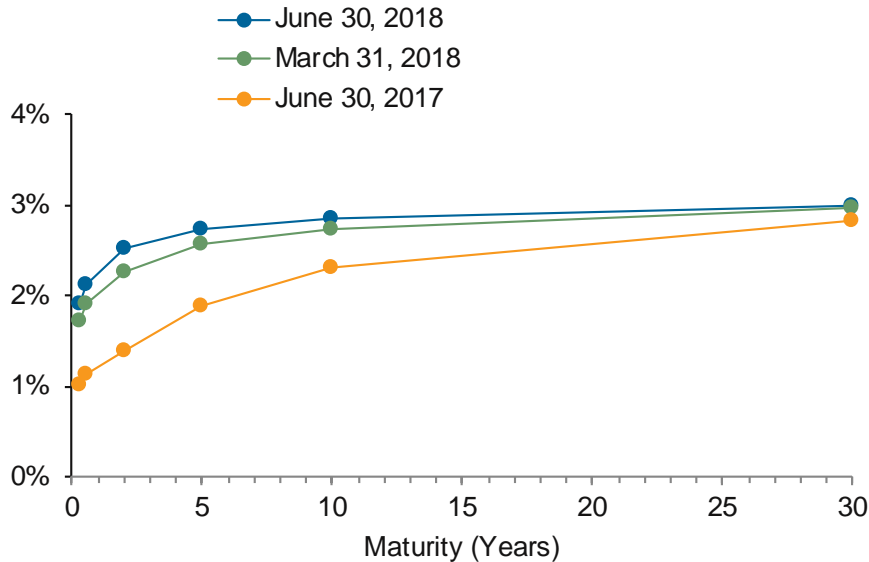
Source: MSCI, Callan



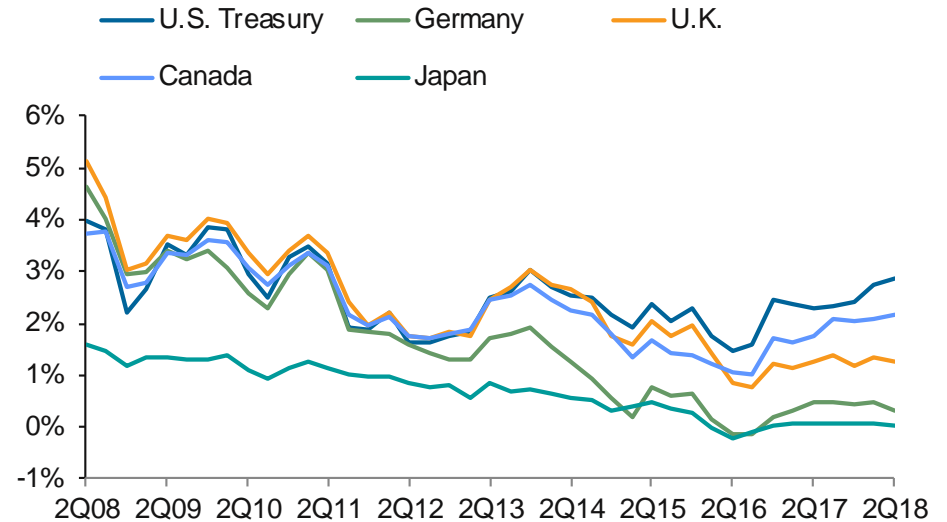
# Fixed Income

## Second Quarter 2018

### U.S. Treasury Yield Curves




### 10-Year Global Government Bond Yields



- Fixed Income markets grappled with multiple issues, resulting in continued volatility.
  - Trade conflicts due to imposition of tariffs, EM elections, and rising U.S. dollar contributed to the unstable environment.
- U.S. rates rose in the second quarter and the yield curve continued its flattening trend.
  - The spread between the 2-year and 10-year ended at its lowest level (33 bps) in more than 10 years.
- Investment grade corporates faced increased headwinds during the quarter, dragging returns lower.
  - Concerns over potential trade wars and rising rates increasingly weighed on IG credit despite rising earnings and revenues.
- High yield corporates rebounded in Q2 pushing year-to-date returns into positive territory.
  - CCC-rated credits continued to outperform higher-rated credits within high yield.
  - Earnings growth remains strong and defaults remain benign amid positive economic outlook.

Source: Bloomberg



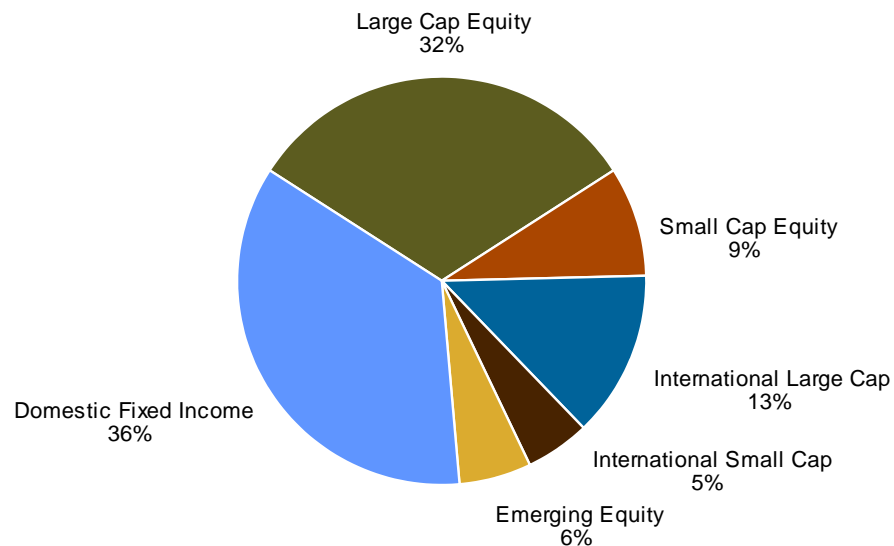
**Sacramento Regional  
Transit District**

Total Fund Overview

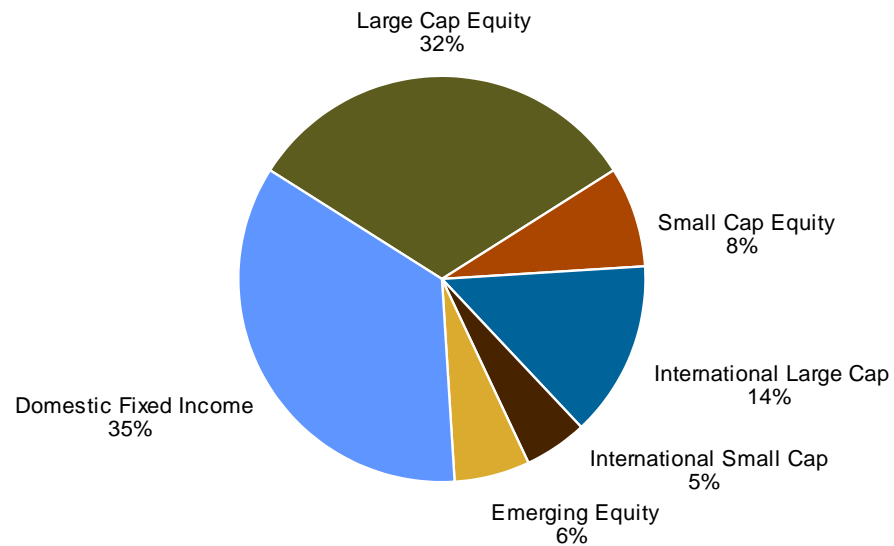
# RT Asset Allocation

As of June 30, 2018

**Actual Asset Allocation**



**Target Asset Allocation**



| Asset Class             | \$000s Actual | Weight Actual | Target | Percent Difference | \$000s Difference |
|-------------------------|---------------|---------------|--------|--------------------|-------------------|
| Large Cap Equity        | 90,282        | 31.8%         | 32.0%  | (0.2%)             | (624)             |
| Small Cap Equity        | 24,621        | 8.7%          | 8.0%   | 0.7%               | 1,894             |
| International Large Cap | 37,393        | 13.2%         | 14.0%  | (0.8%)             | (2,379)           |
| International Small Cap | 14,603        | 5.1%          | 5.0%   | 0.1%               | 399               |
| Emerging Equity         | 16,246        | 5.7%          | 6.0%   | (0.3%)             | (799)             |
| Domestic Fixed Income   | 100,938       | 35.5%         | 35.0%  | 0.5%               | 1,509             |
| Total                   | 284,084       | 100.0%        | 100.0% |                    |                   |

# Total Fund

## Performance Attribution

### Relative Attribution Effects for Quarter ended June 30, 2018

| Asset Class             | Effective Actual Weight | Effective Target Weight | Actual Return | Target Return  | Manager Effect   | Asset Allocation | Total Relative Return |
|-------------------------|-------------------------|-------------------------|---------------|----------------|------------------|------------------|-----------------------|
| Large Cap Equity        | 31%                     | 32%                     | 1.66%         | 3.43%          | (0.55%)          | (0.01%)          | (0.57%)               |
| Small Cap Equity        | 8%                      | 8%                      | 7.17%         | 7.75%          | (0.05%)          | 0.03%            | (0.02%)               |
| International Large Cap | 13%                     | 14%                     | (1.84%)       | (1.24%)        | (0.09%)          | 0.01%            | (0.08%)               |
| International Small Cap | 5%                      | 5%                      | (2.63%)       | (1.57%)        | (0.06%)          | (0.01%)          | (0.07%)               |
| Emerging Equity         | 6%                      | 6%                      | (9.75%)       | (7.96%)        | (0.12%)          | (0.01%)          | (0.13%)               |
| Domestic Fixed Income   | 35%                     | 35%                     | 0.12%         | (0.16%)        | 0.10%            | (0.00%)          | 0.09%                 |
| <b>Total</b>            |                         |                         | <b>0.15%</b>  | <b>= 0.92%</b> | <b>+ (0.76%)</b> | <b>+ (0.01%)</b> | <b>(0.77%)</b>        |

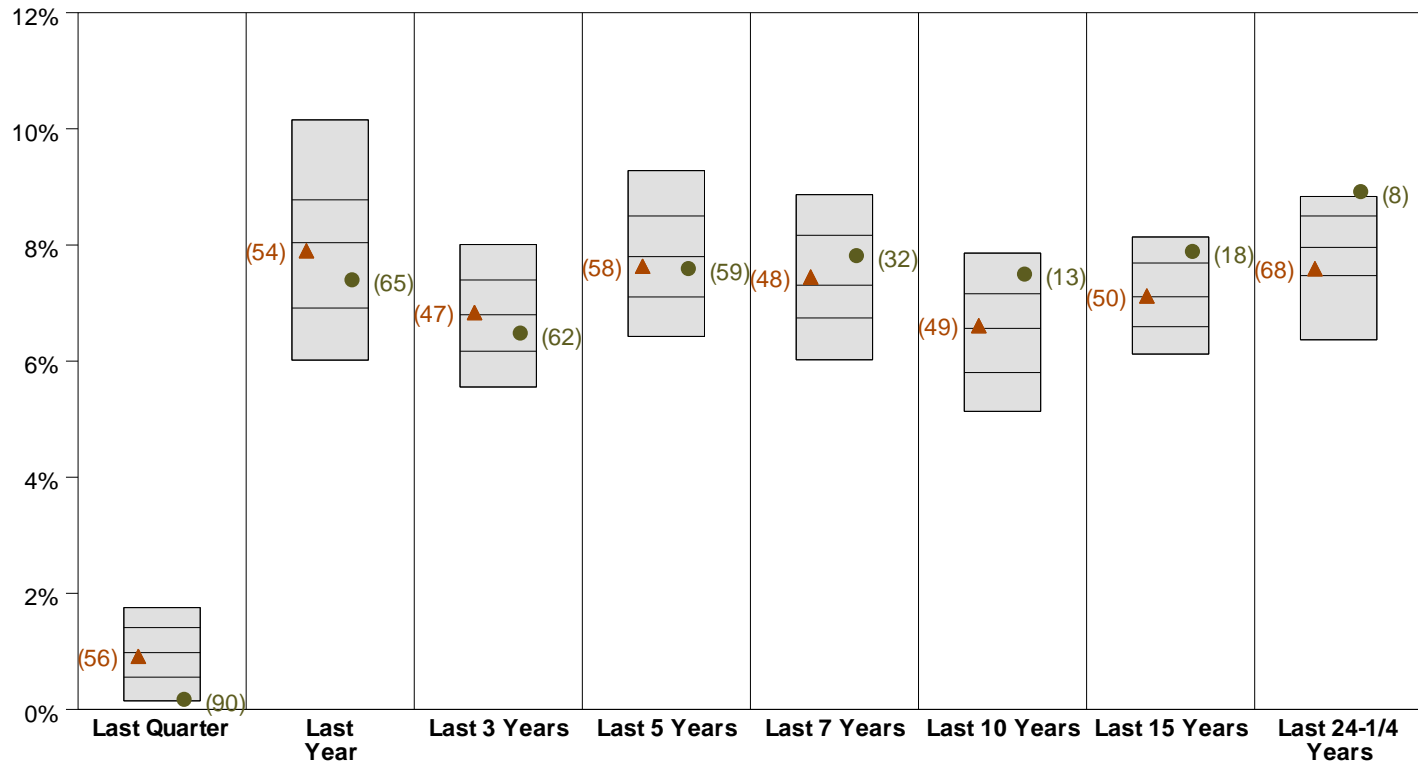
### One Year Relative Attribution Effects

| Asset Class             | Effective Actual Weight | Effective Target Weight | Actual Return | Target Return  | Manager Effect   | Asset Allocation | Total Relative Return |
|-------------------------|-------------------------|-------------------------|---------------|----------------|------------------|------------------|-----------------------|
| Large Cap Equity        | 34%                     | 32%                     | 12.60%        | 14.37%         | (0.53%)          | 0.03%            | (0.50%)               |
| Small Cap Equity        | 9%                      | 8%                      | 19.46%        | 17.57%         | 0.16%            | 0.02%            | 0.18%                 |
| International Large Cap | 13%                     | 14%                     | 3.61%         | 6.84%          | (0.45%)          | (0.00%)          | (0.45%)               |
| International Small Cap | 5%                      | 5%                      | 11.98%        | 12.45%         | (0.03%)          | 0.01%            | (0.02%)               |
| Emerging Equity         | 6%                      | 6%                      | 5.72%         | 8.20%          | (0.15%)          | (0.03%)          | (0.18%)               |
| Domestic Fixed Income   | 33%                     | 35%                     | 0.41%         | (0.40%)        | 0.28%            | 0.16%            | 0.45%                 |
| <b>Total</b>            |                         |                         | <b>7.37%</b>  | <b>= 7.90%</b> | <b>+ (0.71%)</b> | <b>+ 0.18%</b>   | <b>(0.53%)</b>        |

# Total Fund

Performance as of June 30, 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 24-1/4 Years |
|-------------------|--------------|-----------|--------------|--------------|--------------|---------------|---------------|-------------------|
| 10th Percentile   | 1.75         | 10.16     | 8.01         | 9.28         | 8.87         | 7.86          | 8.14          | 8.84              |
| 25th Percentile   | 1.41         | 8.78      | 7.40         | 8.50         | 8.17         | 7.16          | 7.69          | 8.50              |
| Median            | 0.98         | 8.04      | 6.80         | 7.80         | 7.31         | 6.56          | 7.11          | 7.96              |
| 75th Percentile   | 0.56         | 6.91      | 6.17         | 7.11         | 6.74         | 5.80          | 6.59          | 7.47              |
| 90th Percentile   | 0.15         | 6.02      | 5.55         | 6.42         | 6.02         | 5.13          | 6.12          | 6.37              |
| <b>Total Fund</b> | 0.15         | 7.37      | 6.45         | 7.56         | 7.79         | 7.47          | 7.86          | 8.89              |
| <b>Target</b>     | 0.92         | 7.90      | 6.84         | 7.63         | 7.45         | 6.61          | 7.12          | 7.59              |

# Total Fund

## Manager Asset Allocation

|                                  | June 30, 2018<br>Market Value | Net New Inv.         | Inv. Return          | March 31, 2018<br>Market Value |
|----------------------------------|-------------------------------|----------------------|----------------------|--------------------------------|
| <b>Consolidated Plan</b>         |                               |                      |                      |                                |
| <b>Domestic Equity</b>           | <b>\$114,903,221</b>          | <b>\$(564,016)</b>   | <b>\$3,156,358</b>   | <b>\$112,310,879</b>           |
| <b>Large Cap</b>                 | <b>\$90,282,343</b>           | <b>\$0</b>           | <b>\$1,471,298</b>   | <b>\$88,811,045</b>            |
| Boston Partners                  | 43,989,701                    | 0                    | (60,583)             | 44,050,284                     |
| SSgA S&P 500                     | 46,292,642                    | 0                    | 1,531,881            | 44,760,761                     |
| <b>Small Cap</b>                 | <b>\$24,620,877</b>           | <b>\$(564,016)</b>   | <b>\$1,685,060</b>   | <b>\$23,499,833</b>            |
| Atlanta Capital                  | 24,620,877                    | (564,016)            | 1,685,060            | 23,499,833                     |
| <b>International Equity</b>      | <b>\$68,242,226</b>           | <b>\$(703,565)</b>   | <b>\$(2,917,041)</b> | <b>\$71,862,832</b>            |
| <b>International Large Cap</b>   | <b>\$37,392,697</b>           | <b>\$0</b>           | <b>\$(699,973)</b>   | <b>\$38,092,670</b>            |
| Brandes                          | 9,257                         | 0                    | (394)                | 9,651                          |
| SSgA EAFE                        | 11,240,964                    | 0                    | (119,736)            | 11,360,700                     |
| Pyrford                          | 26,142,476                    | 0                    | (579,842)            | 26,722,319                     |
| <b>International Small Cap</b>   | <b>\$14,603,230</b>           | <b>\$(703,565)</b>   | <b>\$(438,440)</b>   | <b>\$15,745,235</b>            |
| AQR                              | 14,603,230                    | (703,565)            | (438,440)            | 15,745,235                     |
| <b>Emerging Equity</b>           | <b>\$16,246,299</b>           | <b>\$0</b>           | <b>\$(1,778,628)</b> | <b>\$18,024,927</b>            |
| DFA Emerging Markets             | 16,246,299                    | 0                    | (1,778,628)          | 18,024,927                     |
| <b>Fixed Income</b>              | <b>\$100,938,262</b>          | <b>\$0</b>           | <b>\$117,000</b>     | <b>\$100,821,262</b>           |
| Metropolitan West                | 100,938,262                   | 0                    | 117,000              | 100,821,262                    |
| <b>Total Plan - Consolidated</b> | <b>\$284,083,708</b>          | <b>\$(1,267,582)</b> | <b>\$356,317</b>     | <b>\$284,994,972</b>           |

# Total Fund

## Manager Returns as of June 30, 2018

|                                | Last Quarter   | Last Year     | Last 3 Years  | Last 5 Years  | Last 7 Years  |
|--------------------------------|----------------|---------------|---------------|---------------|---------------|
| <b>Domestic Equity</b>         | <b>2.81%</b>   | <b>14.05%</b> | <b>11.15%</b> | <b>12.86%</b> | <b>13.42%</b> |
| Domestic Equity Benchmark**    | 4.29%          | 15.06%        | 11.80%        | 13.31%        | 13.03%        |
| <b>Large Cap Equity</b>        | <b>1.66%</b>   | <b>12.60%</b> | <b>10.56%</b> | <b>12.35%</b> | <b>13.17%</b> |
| Boston Partners                | (0.14%)        | 10.79%        | 9.10%         | 11.22%        | 12.71%        |
| Russell 1000 Value Index       | 1.18%          | 6.77%         | 8.26%         | 10.34%        | 11.27%        |
| SSgA S&P 500                   | 3.42%          | 14.36%        | 11.98%        | 13.47%        | -             |
| S&P 500 Index                  | 3.43%          | 14.37%        | 11.93%        | 13.42%        | 13.23%        |
| <b>Small Cap Equity</b>        | <b>7.17%</b>   | <b>19.46%</b> | <b>13.37%</b> | <b>14.72%</b> | <b>14.34%</b> |
| Atlanta Capital                | 7.17%          | 19.46%        | 13.37%        | 14.72%        | 14.34%        |
| Russell 2000 Index             | 7.75%          | 17.57%        | 10.96%        | 12.46%        | 11.83%        |
| <b>International Equity</b>    | <b>(3.99%)</b> | <b>5.88%</b>  | <b>4.51%</b>  | <b>5.87%</b>  | <b>4.38%</b>  |
| International Benchmark***     | (2.94%)        | 8.33%         | 5.63%         | 6.49%         | 4.92%         |
| <b>International Large Cap</b> | <b>(1.84%)</b> | <b>3.61%</b>  | <b>3.63%</b>  | <b>5.69%</b>  | -             |
| SSgA EAFE                      | (1.05%)        | 7.22%         | 5.27%         | 6.75%         | -             |
| Pyrford                        | (2.17%)        | 2.13%         | -             | -             | -             |
| MSCI EAFE Index                | (1.24%)        | 6.84%         | 4.90%         | 6.44%         | 4.89%         |
| <b>International Small Cap</b> | <b>(2.63%)</b> | <b>11.98%</b> | -             | -             | -             |
| AQR                            | (2.63%)        | 11.98%        | -             | -             | -             |
| MSCI EAFE Small Cap Index      | (1.57%)        | 12.45%        | 10.09%        | 11.32%        | 8.37%         |
| <b>Emerging Markets Equity</b> | <b>(9.75%)</b> | <b>5.72%</b>  | <b>5.97%</b>  | <b>5.63%</b>  | -             |
| DFA Emerging Markets           | (9.75%)        | 5.72%         | 5.97%         | 5.63%         | -             |
| MSCI Emerging Markets Index    | (7.96%)        | 8.20%         | 5.60%         | 5.01%         | 1.43%         |
| <b>Domestic Fixed Income</b>   | <b>0.12%</b>   | <b>0.41%</b>  | <b>2.05%</b>  | <b>2.65%</b>  | <b>3.37%</b>  |
| Met West                       | 0.12%          | 0.41%         | 2.05%         | 2.65%         | 3.37%         |
| Bloomberg Aggregate Index      | (0.16%)        | (0.40%)       | 1.72%         | 2.27%         | 2.57%         |
| <b>Total Plan</b>              | <b>0.15%</b>   | <b>7.37%</b>  | <b>6.45%</b>  | <b>7.56%</b>  | <b>7.79%</b>  |
| Target*                        | 0.92%          | 7.90%         | 6.84%         | 7.63%         | 7.45%         |

\* Current Quarter Target = 35.0% Bloomberg Aggregate Index, 32.0% S&P500 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 = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

\*\*\* International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

# Callan

June 30, 2018



## Sacramento Regional Transit District Retirement Plans

Investment Measurement Service  
Quarterly Review

---

Information contained herein includes confidential, trade secret and proprietary information. Neither this Report nor any specific information contained herein is to be used other than by the intended recipient for its intended purpose or disseminated to any other person without Callan's permission. Certain information herein has been compiled by Callan and is based on information provided by a variety of sources believed to be reliable for which Callan has not necessarily verified the accuracy or completeness of or updated. This content may consist of statements of opinion, which are made as of the date they are expressed and are not statements of fact. This content 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. Past performance is no guarantee of future results. For further information, please see Appendix for Important Information and Disclosures.



---

## Table of Contents

### June 30, 2018

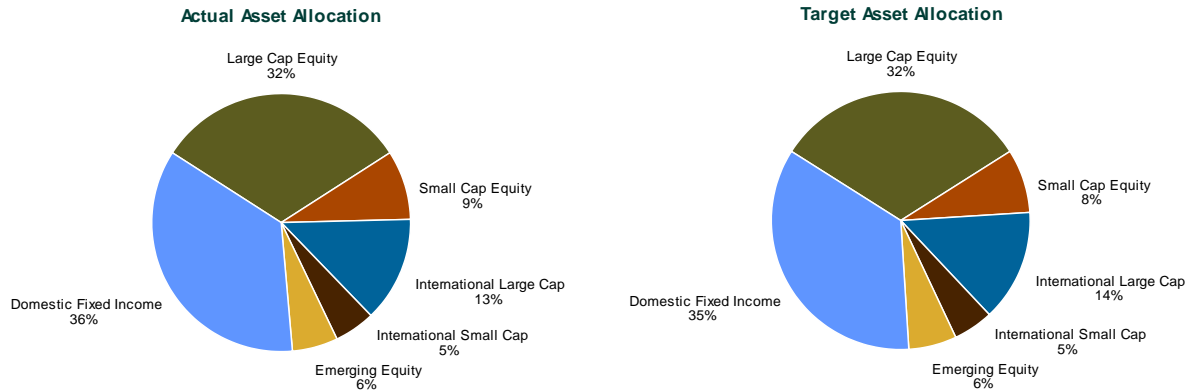
---

|                                    |     |
|------------------------------------|-----|
| <b>Executive Summary</b>           | 1   |
| <b>Capital Markets Review</b>      | 3   |
| <b>Combined Plan</b>               |     |
| Actual vs Target Asset Allocation  | 9   |
| Quarterly Total Plan Attribution   | 10  |
| Cumulative Total Plan Attribution  | 11  |
| Total Fund Performance             | 13  |
| Historical Asset Allocation        | 14  |
| Asset Growth Summary               | 16  |
| Investment Manager Performance     | 17  |
| <b>Domestic Equity</b>             |     |
| Domestic Equity                    | 23  |
| Large Cap                          | 27  |
| SSgA S&P 500                       | 31  |
| Boston Partners                    | 35  |
| Atlanta Capital                    | 44  |
| <b>International Equity</b>        |     |
| International Equity               | 54  |
| SSgA EAFE                          | 59  |
| Pyrford                            | 65  |
| AQR                                | 73  |
| DFA Emerging Markets               | 81  |
| <b>Domestic Fixed Income</b>       |     |
| Metropolitan West Asset Management | 90  |
| <b>Definitions</b>                 | 95  |
| <b>Callan Research/Education</b>   | 98  |
| <b>Disclosures</b>                 | 101 |



**Sacramento Regional Transit District**  
*Executive Summary for Period Ending June 30, 2018*

Asset Allocation



Performance

|                   | Last Quarter | Last Year    | Last 3 Years | Last 5 Years | Last 7 Years |
|-------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total Plan</b> | <b>0.15%</b> | <b>7.37%</b> | <b>6.45%</b> | <b>7.56%</b> | <b>7.79%</b> |
| Target*           | 0.92%        | 7.90%        | 6.84%        | 7.63%        | 7.45%        |

Recent Developments

N/A

Organizational Issues

N/A

Manager Performance

| Manager         | Peer Group Ranking |              |              |
|-----------------|--------------------|--------------|--------------|
|                 | Last Year          | Last 3 Years | Last 7 Years |
| Boston Partners | 36                 | 55           | 20           |
| Atlanta Capital | 41                 | 16           | 21           |
| Pyrford         | 95                 | [82]         | [81]         |
| AQR             | 56                 | [54]         | [56]         |
| DFA             | 65                 | 71           | [81]         |
| MetWest         | 42                 | 87           | 74           |

*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**

U.S. equities (S&P 500: +3.4%) rose on a strong earnings season and positive economic data. Energy was the best-performing sector (+13.5%) as oil prices trended higher after the U.S. withdrew from the Iran nuclear accord.

Small cap (+7.8%) outperformed large cap (+3.6%) on trade war fears. Large cap companies derive a big portion of revenues from foreign markets (S&P 500 aggregate is approximately 40%) and are more negatively impacted compared to domestically focused small cap firms.

Growth (+5.8%) continued to outperform value (+1.2%) due to strong results in Consumer Discretionary (+8.2%) and Tech (+7.1%).

The concentration of returns within broad indices remains a concern. Excluding the performance of the FAANG stocks (Facebook, Amazon, Apple, Netflix, Google), S&P 500 performance was negative.

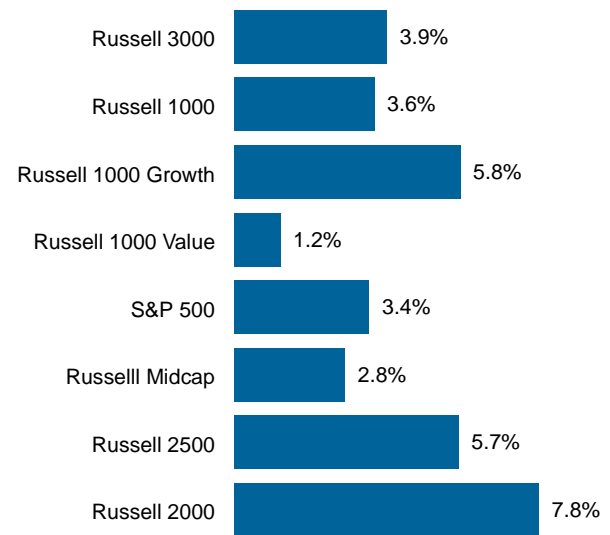
**Large Cap Trails Small Cap Amid Trade War Concerns**

- Retaliatory tariffs hit the U.S. agriculture, auto, and industrial metals sectors, among others. The ongoing decline of U.S. export market share is exacerbating the impact on large caps, which may continue to face macro headwinds in the coming quarters.
- Large cap (+2.9% YTD) is significantly trailing small cap (+7.7% YTD) as investors view small companies as more insulated against potential trade wars/looming tariffs. S&P 500 companies generate 38% of revenue overseas versus 20% for the S&P SmallCap 600.
- The rising dollar and concerns over the divergence between the strong U.S. economy and slower global growth are also driving investors to the relative safety of smaller companies.

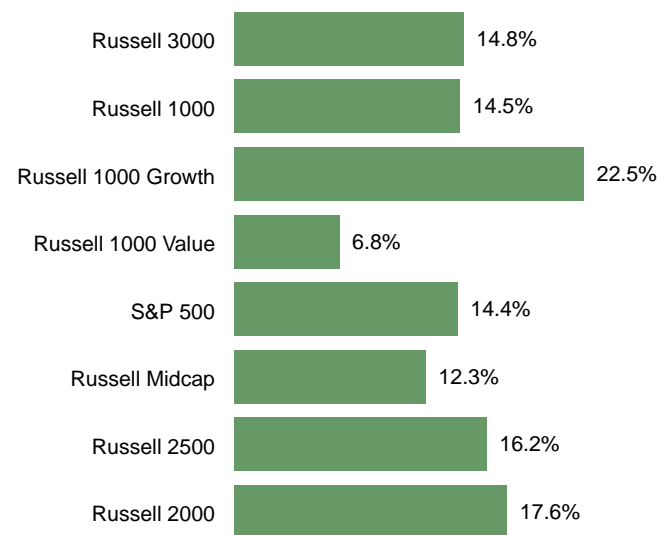
**Large Growth Continues to Dominate**

- Large value trailed large growth by nearly 900 bps in the first half of 2018 (-1.7% vs. +7.3%), driven by ongoing outperformance of the Tech sector and Tech-exposed Consumer Discretionary companies.

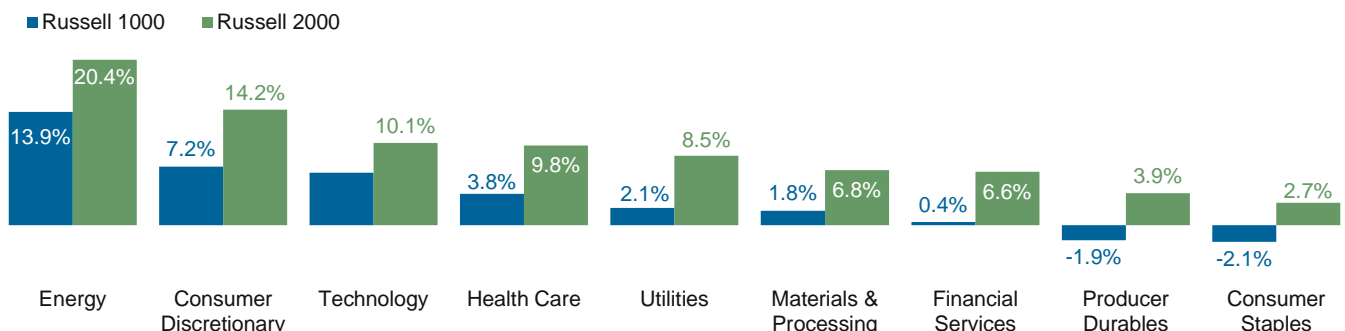
**U.S. Equity: Quarterly Returns**



**U.S. Equity: One-Year Returns**



**Russell Sector Returns, Quarter ended June 30, 2018**



Sources: FTSE Russell, Standard & Poor's

**Concentration Risk**

- FAANG stocks continue to drive an outsized proportion of returns within equity indices.
- Biotech represents half of the Health Care weight of the Russell 2000 Growth (12% vs. 25%), and many small growth managers have struggled in selecting biotech names given the binary outcomes of research and depth of resources needed to do it well.

**Amazon Effect Continues**

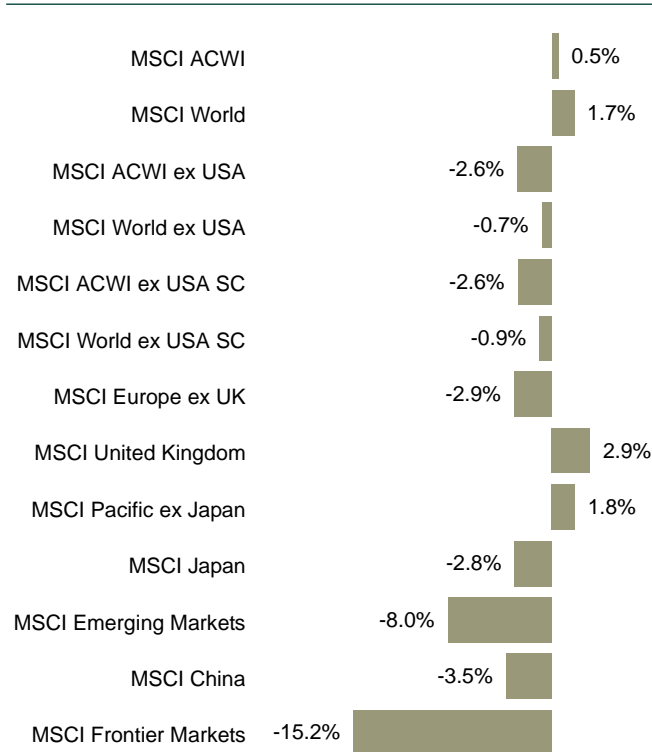
- Amazon (+17%) increased in size by over 69% since last year’s Russell reconstitution with continued market share expansion in the retailing space (including food) and now into Health Care.
- Active large cap managers with underweight positions to Amazon will likely continue to lag their benchmarks given Amazon’s looming presence in large cap indices.

**NON-U.S./GLOBAL EQUITY**

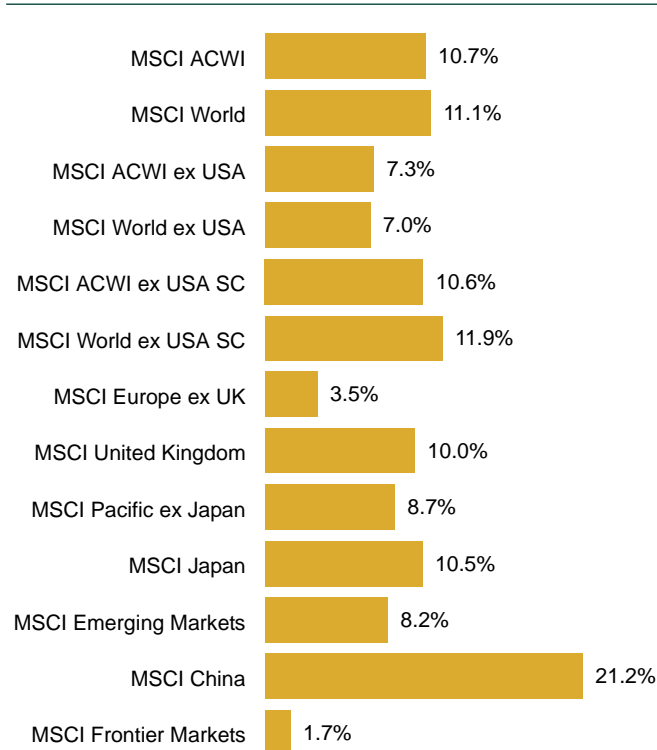
Non-U.S. markets ended in the red as trade war talk moved into action. Although initial tariffs levied by the U.S. were targeted, retaliatory actions and supply chain disruptions broadened their effects.

- Growth outpaced value—although no factor category showed significant strength.
- Cyclical sectors were hurt later in the quarter as the prospect of slower growth led to reduced expectations.
- The U.S. dollar was up, hurting non-U.S. returns. The euro and British pound were hit especially hard with the rise of populism and Brexit turmoil.
- Emerging markets sold off significantly, led by China and Latin America.
- Fears of increasing debt burdens and trade war effects impacted China.
- Brazil was affected by slower global growth, and falling sentiment hit energy and financials hard.
- Frontier markets were singed by Argentina (-42%) on continuing political unrest, severe drought, and a devaluing currency.
- Emerging markets were among the hardest hit with Latin America taking the brunt of the sell-off. In May, Brazil’s central bank unexpectedly left rates unchanged, while a trucking strike and growing concern about October elections weighed on markets. The Brazilian real fell 14% in the quarter versus the U.S. dollar.
- China reversed a five-quarter rally on concerns surrounding growing debt burdens, slower growth, and trade uncertainty.

**Global Equity: Quarterly Returns**



**Global Equity: One-Year Returns**



Source: MSCI

**U.S. FIXED INCOME**

Fixed income markets grappled with multiple issues, resulting in continued volatility. Trade conflicts due to the imposition of tariffs, emerging market elections, and the rising U.S. dollar contributed to the unstable environment.

U.S. rates rose in the second quarter and the yield curve continued its flattening trend.

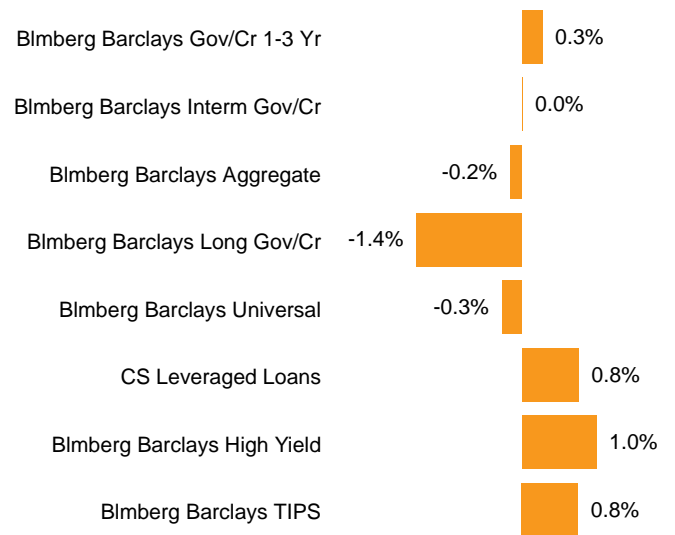
**Treasury Spreads Tighten**

- The spread between the 2-year and 10-year ended at its lowest level (33 bps) in more than 10 years.
- The Bloomberg Barclays U.S. Aggregate Bond Index fell 0.2%.
- Investment-grade (IG) corporates faced increased headwinds during the quarter, dragging returns lower. Concerns over potential trade wars and rising rates increasingly weighed on IG credit despite rising earnings and revenues.
- High yield corporates (Bloomberg Barclays High Yield Index: +1.0%) rebounded in the second quarter, pushing year-to-date returns into positive territory.
- CCC-rated credits continued to outperform higher-rated credits within high yield.
- Earnings growth remains strong and defaults remain benign amid the positive economic outlook.

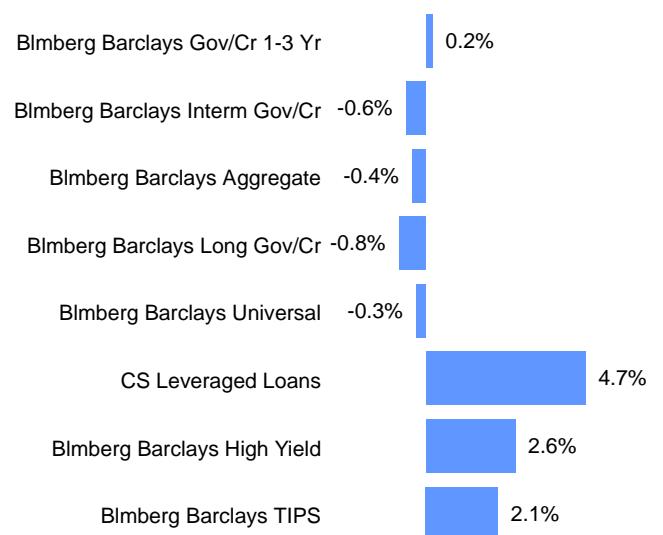
**Yield Curve Nears Inversion**

- The Fed's preferred measure of inflation, personal consumption expenditures (PCE), is on the precipice of its 2% target.
- The impact of increased tariffs and fiscal policy may lead to even higher levels.
- Only the recent strength of the U.S. dollar and a drop in energy prices have curtailed the dramatic rise over the past year.
- With two more hikes forecasted for this year and three more next year, the curve is inching closer to inversion.
- While not an immediate cause of recession, an inverted curve has been a reliable signal of recession in the past.

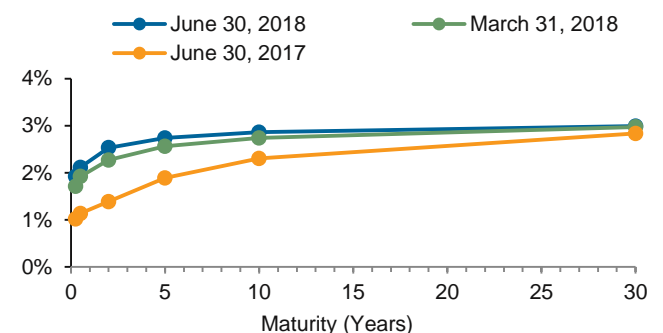
**U.S. Fixed Income: Quarterly Returns**



**U.S. Fixed Income: One-Year Returns**



**U.S. Treasury Yield Curves**



Sources: Bloomberg, Bloomberg Barclays, Credit Suisse

**NON-U.S. FIXED INCOME**

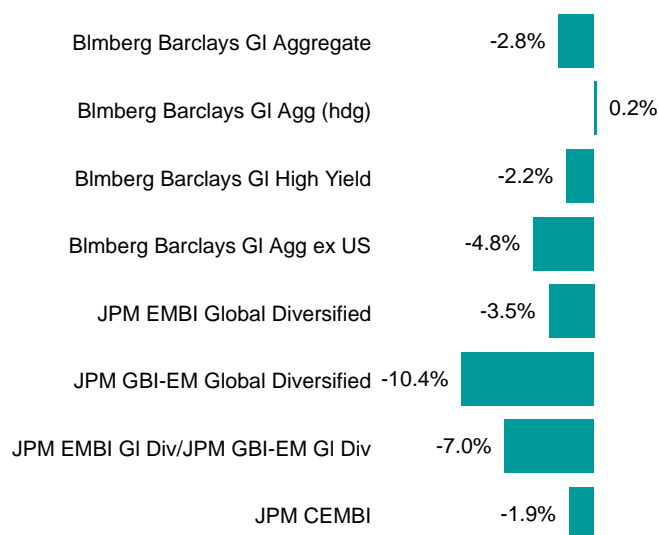
**Most Indices Fell in Second Quarter**

- The Bloomberg Barclays Global Aggregate Bond Index dropped 2.8%.
- The ex-US version of the Index fell even more, declining 4.8%.
- Emerging market indices were especially hard hit (JPM GBI-EM Global Diversified Index: -10.4%).
- For the last year, broad indices were narrowly positive but EM indices were lower.

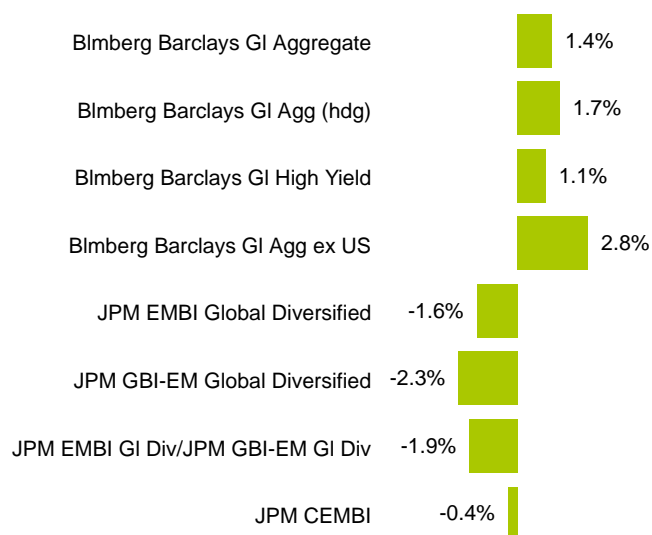
**Uncertainty of Trade War May Have Biggest Impact**

- Announced tariffs aren't expected to have a meaningful impact on growth; however, the extent of the costs ultimately depends on the degree to which other countries counter.
- An OECD study that looks at the far larger shock of a 10% across-the-board increase in tariffs by the U.S., euro zone, and China finds that global GDP would fall by 1.4%.
- The more impactful result may be an increase in uncertainty, which tends to precede weaker economic activity.
- These effects will take time to ultimately play out and are even more difficult to cap and quantify.

**Global Fixed Income: Quarterly Returns**

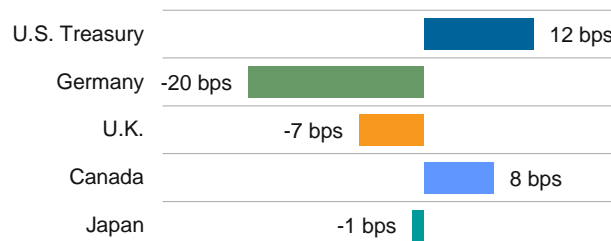


**Global Fixed Income: One-Year Returns**



**Change in 10-Year Global Government Bond Yields**

**1Q18 to 2Q18**



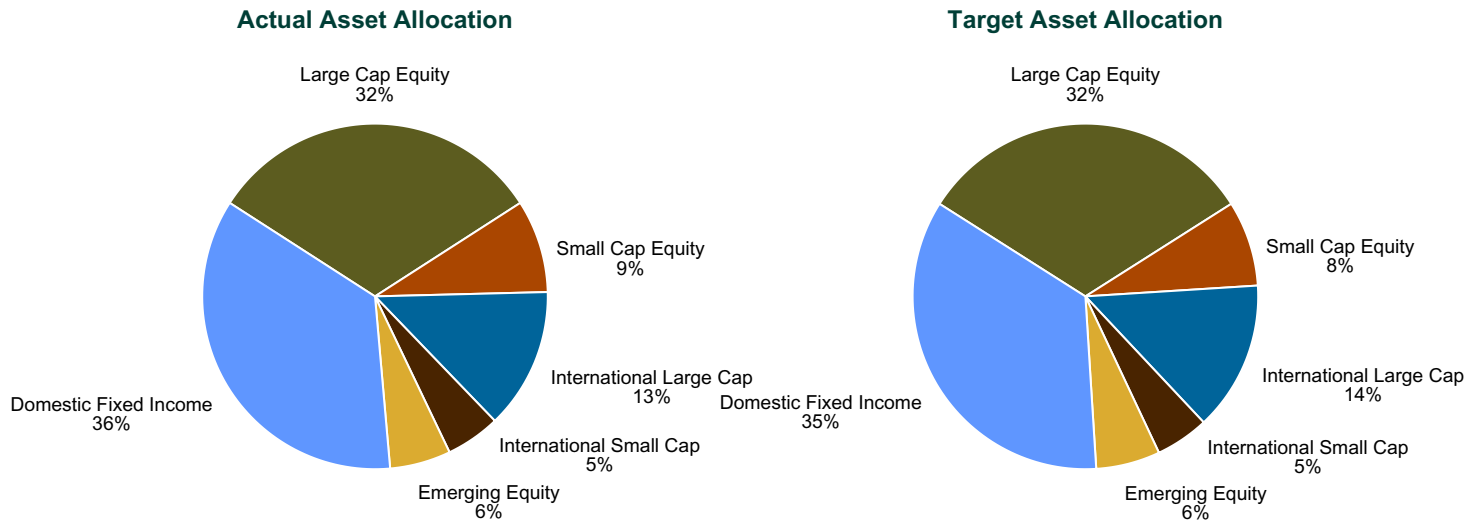
Sources: Bloomberg, Bloomberg Barclays, JP Morgan





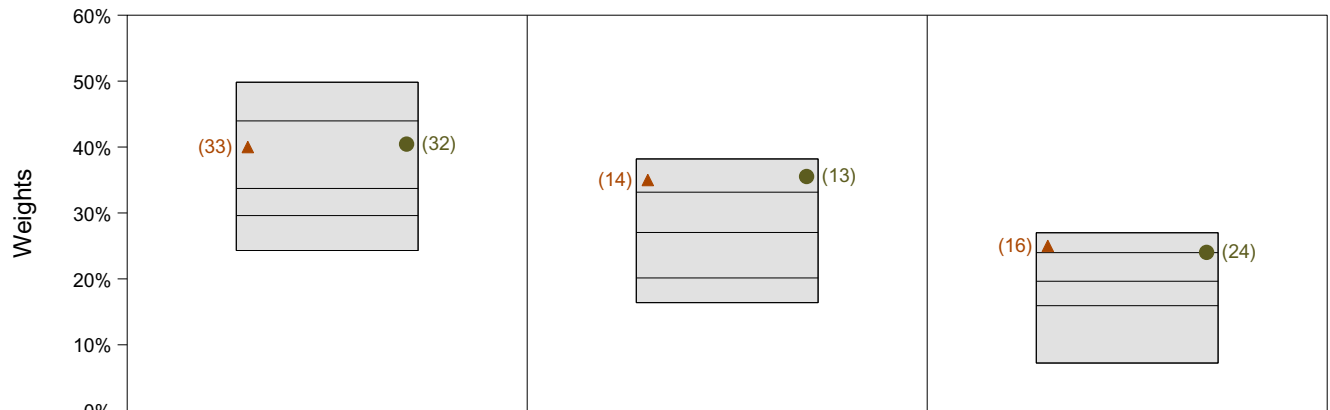
## Actual vs Target Asset Allocation As of June 30, 2018

The top left chart shows the Fund's asset allocation as of June 30, 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        | 90,282        | 31.8%         | 32.0%  | (0.2%)             | (624)             |
| Small Cap Equity        | 24,621        | 8.7%          | 8.0%   | 0.7%               | 1,894             |
| International Large Cap | 37,393        | 13.2%         | 14.0%  | (0.8%)             | (2,379)           |
| International Small Cap | 14,603        | 5.1%          | 5.0%   | 0.1%               | 399               |
| Emerging Equity         | 16,246        | 5.7%          | 6.0%   | (0.3%)             | (799)             |
| Domestic Fixed Income   | 100,938       | 35.5%         | 35.0%  | 0.5%               | 1,509             |
| Total                   | 284,084       | 100.0%        | 100.0% |                    |                   |

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



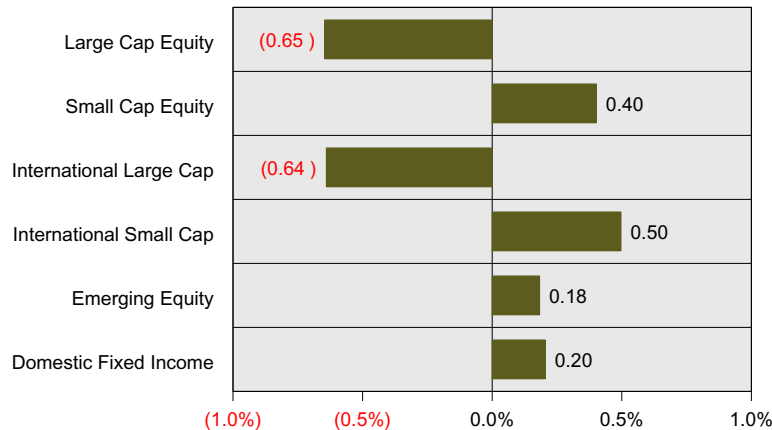
|                  | Domestic Broad Eq | Domestic Fixed Income | Intl Equity |
|------------------|-------------------|-----------------------|-------------|
| 10th Percentile  | 49.83             | 38.20                 | 27.00       |
| 25th Percentile  | 43.96             | 33.15                 | 23.98       |
| Median           | 33.72             | 27.04                 | 19.64       |
| 75th Percentile  | 29.60             | 20.14                 | 15.94       |
| 90th Percentile  | 24.31             | 16.40                 | 7.23        |
| <b>Fund</b> ●    | 40.45             | 35.53                 | 24.02       |
| <b>Target</b> ▲  | 40.00             | 35.00                 | 25.00       |
| % Group Invested | 96.43%            | 96.43%                | 85.71%      |

\* 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.

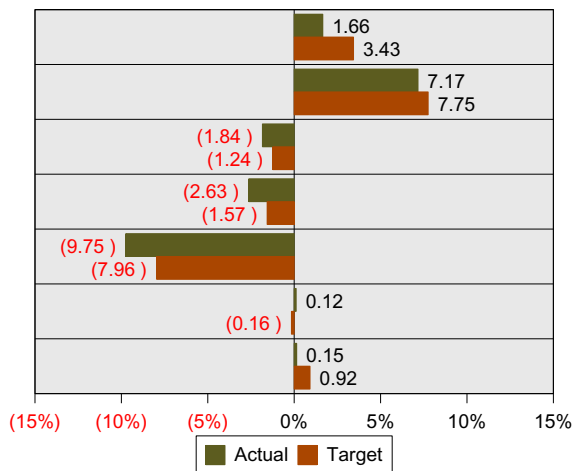
## Quarterly Total Fund Relative Attribution - June 30, 2018

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.

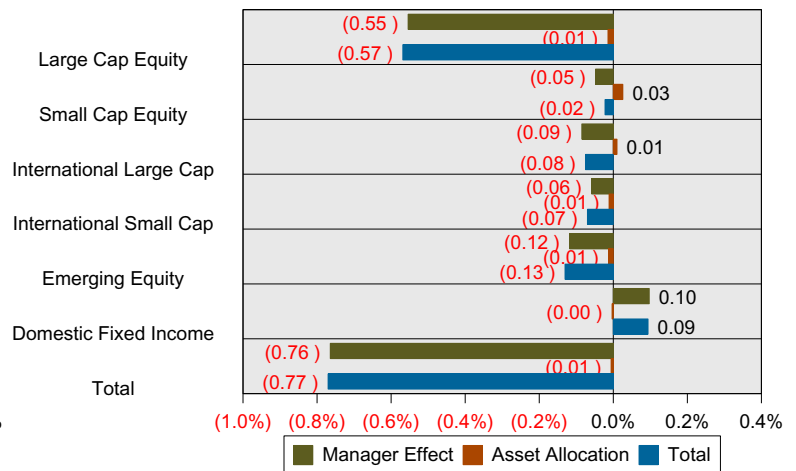
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Quarter ended June 30, 2018

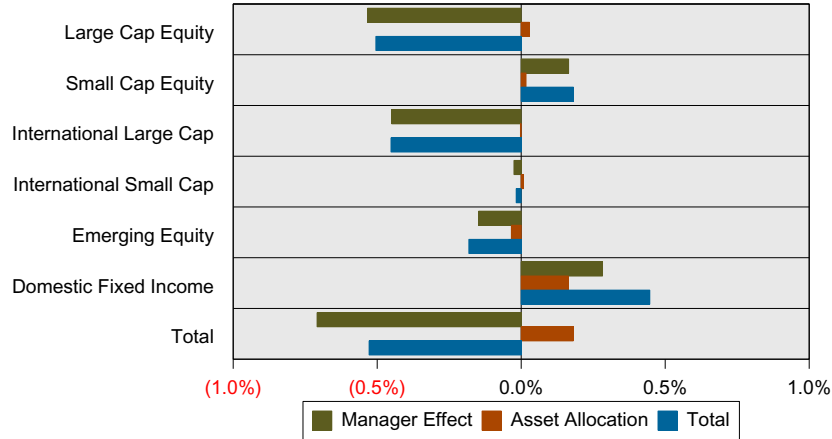
| Asset Class             | Effective Actual Weight | Effective Target Weight | Actual Return | Target Return | Manager Effect | Asset Allocation | Total Relative Return |
|-------------------------|-------------------------|-------------------------|---------------|---------------|----------------|------------------|-----------------------|
| Large Cap Equity        | 31%                     | 32%                     | 1.66%         | 3.43%         | (0.55%)        | (0.01%)          | (0.57%)               |
| Small Cap Equity        | 8%                      | 8%                      | 7.17%         | 7.75%         | (0.05%)        | 0.03%            | (0.02%)               |
| International Large Cap | 13%                     | 14%                     | (1.84%)       | (1.24%)       | (0.09%)        | 0.01%            | (0.08%)               |
| International Small Cap | 5%                      | 5%                      | (2.63%)       | (1.57%)       | (0.06%)        | (0.01%)          | (0.07%)               |
| Emerging Equity         | 6%                      | 6%                      | (9.75%)       | (7.96%)       | (0.12%)        | (0.01%)          | (0.13%)               |
| Domestic Fixed Income   | 35%                     | 35%                     | 0.12%         | (0.16%)       | 0.10%          | (0.00%)          | 0.09%                 |
| <b>Total</b>            |                         |                         | <b>0.15%</b>  | <b>0.92%</b>  | <b>(0.76%)</b> | <b>(0.01%)</b>   | <b>(0.77%)</b>        |

\* 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.

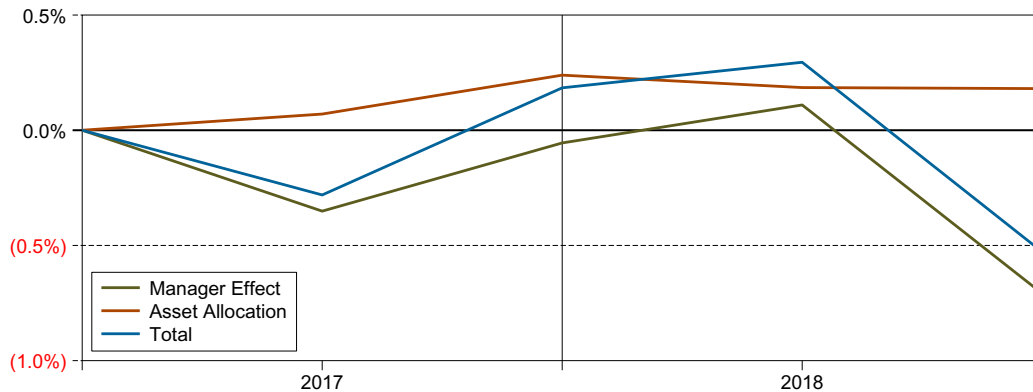
## Cumulative Total Fund Relative Attribution - June 30, 2018

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

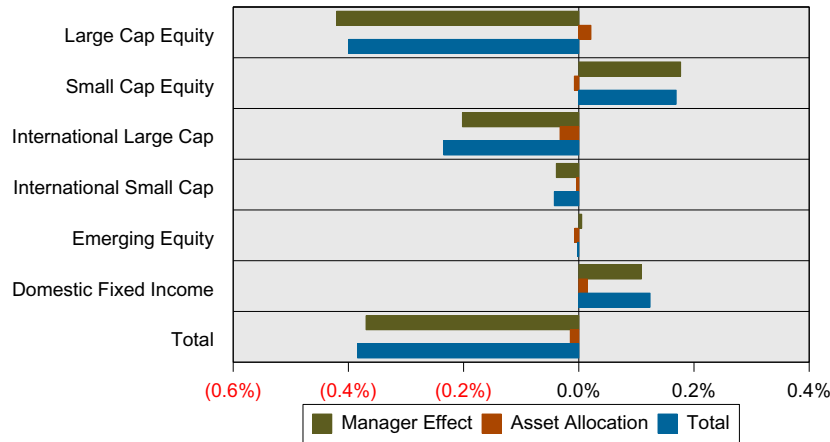
| Asset Class             | Effective Actual Weight | Effective Target Weight | Actual Return | Target Return | Manager Effect | Asset Allocation | Total Relative Return |
|-------------------------|-------------------------|-------------------------|---------------|---------------|----------------|------------------|-----------------------|
| Large Cap Equity        | 34%                     | 32%                     | 12.60%        | 14.37%        | (0.53%)        | 0.03%            | (0.50%)               |
| Small Cap Equity        | 9%                      | 8%                      | 19.46%        | 17.57%        | 0.16%          | 0.02%            | 0.18%                 |
| International Large Cap | 13%                     | 14%                     | 3.61%         | 6.84%         | (0.45%)        | (0.00%)          | (0.45%)               |
| International Small Cap | 5%                      | 5%                      | 11.98%        | 12.45%        | (0.03%)        | 0.01%            | (0.02%)               |
| Emerging Equity         | 6%                      | 6%                      | 5.72%         | 8.20%         | (0.15%)        | (0.03%)          | (0.18%)               |
| Domestic Fixed Income   | 33%                     | 35%                     | 0.41%         | (0.40%)       | 0.28%          | 0.16%            | 0.45%                 |
| <b>Total</b>            |                         |                         | <b>7.37%</b>  | <b>7.90%</b>  | <b>(0.71%)</b> | <b>0.18%</b>     | <b>(0.53%)</b>        |

\* 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.

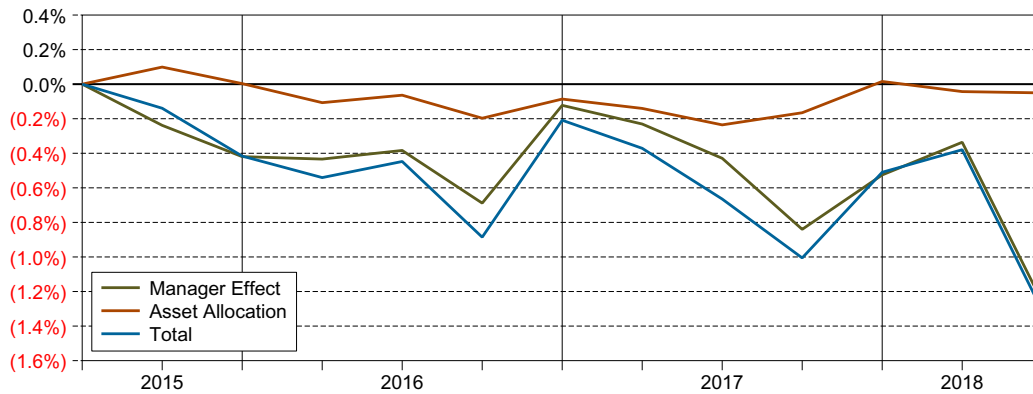
## Cumulative Total Fund Relative Attribution - June 30, 2018

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%                     | 10.56%        | 11.93%        | (0.42%)        | 0.02%            | (0.40%)               |
| Small Cap Equity        | 9%                      | 8%                      | 13.37%        | 10.96%        | 0.18%          | (0.01%)          | 0.17%                 |
| International Large Cap | 15%                     | 16%                     | 3.63%         | 4.90%         | (0.20%)        | (0.03%)          | (0.23%)               |
| International Small Cap | 3%                      | 3%                      | 8.48%         | 9.29%         | (0.04%)        | (0.00%)          | (0.04%)               |
| Emerging Equity         | 5%                      | 6%                      | 5.97%         | 5.60%         | 0.01%          | (0.01%)          | (0.00%)               |
| Domestic Fixed Income   | 34%                     | 35%                     | 2.05%         | 1.72%         | 0.11%          | 0.02%            | 0.12%                 |
| <b>Total</b>            |                         |                         | <b>6.45%</b>  | <b>6.84%</b>  | <b>(0.37%)</b> | <b>(0.01%)</b>   | <b>(0.38%)</b>        |

\* 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 June 30, 2018

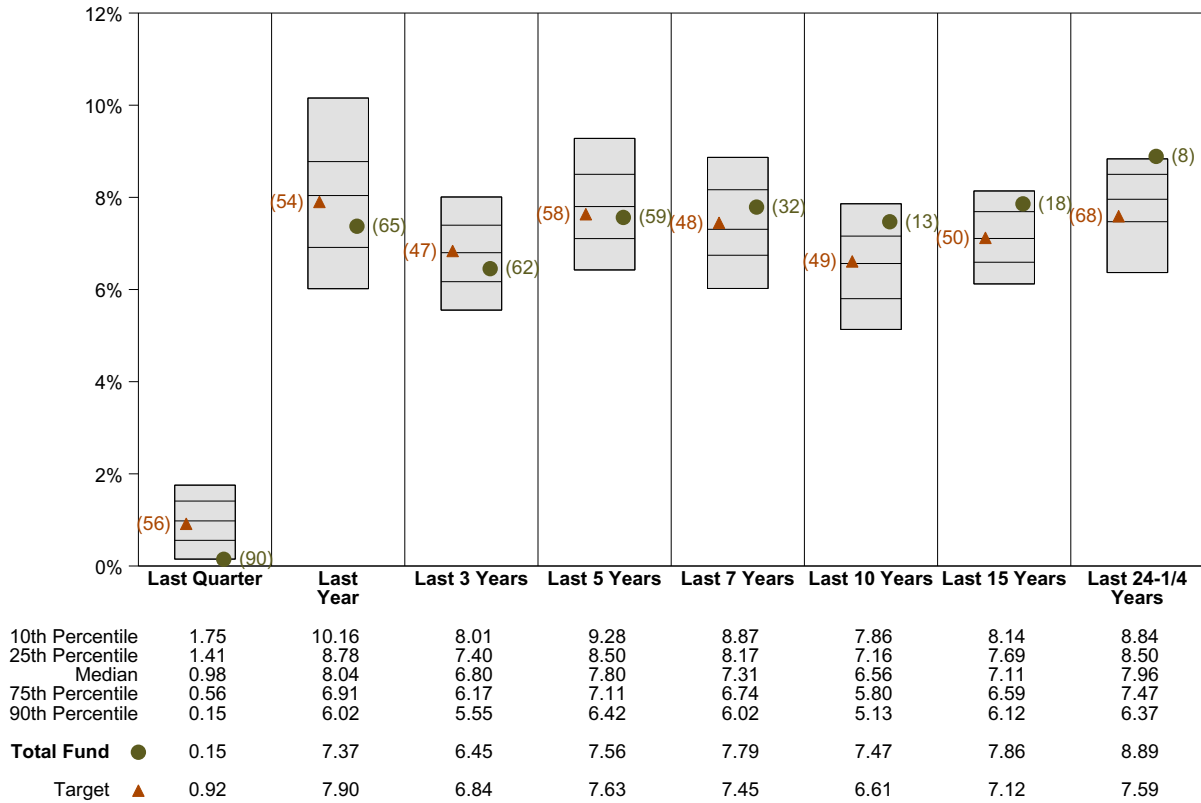
## Investment Philosophy

\* 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.

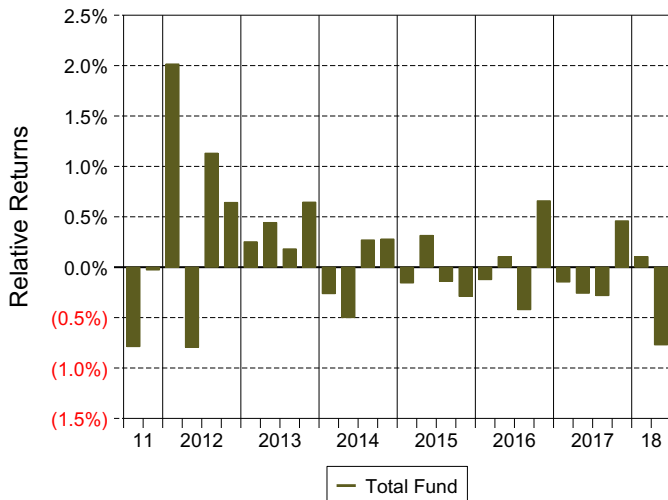
## Quarterly Summary and Highlights

- Total Fund's portfolio posted a 0.15% return for the quarter placing it in the 90 percentile of the Callan Public Fund Spons- Mid (100M-1B) group for the quarter and in the 65 percentile for the last year.
- Total Fund's portfolio underperformed the Target by 0.77% for the quarter and underperformed the Target for the year by 0.53%.

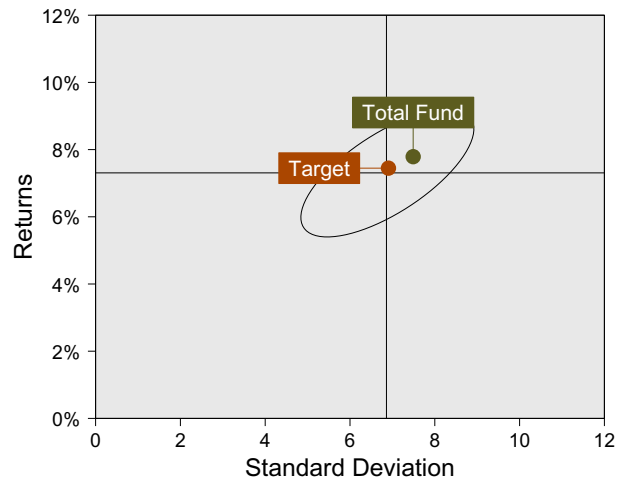
## Performance vs Callan Public Fund Spons- Mid (100M-1B) (Gross)



Relative Return vs Target



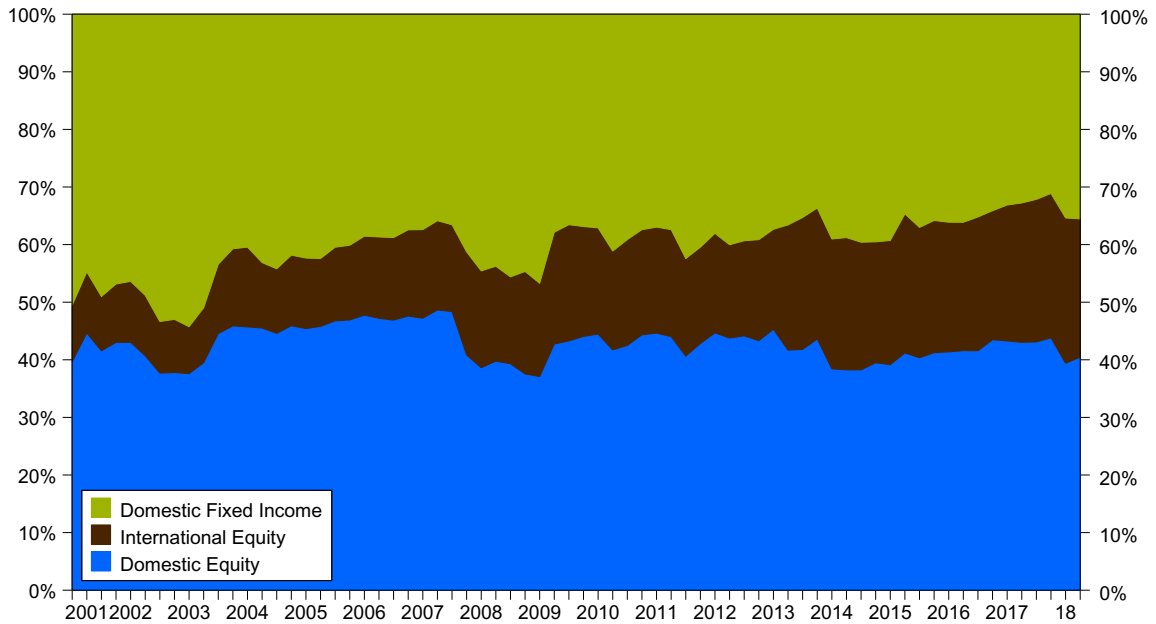
Callan Public Fund Spons- Mid (100M-1B) (Gross)  
Annualized Seven Year Risk vs Return



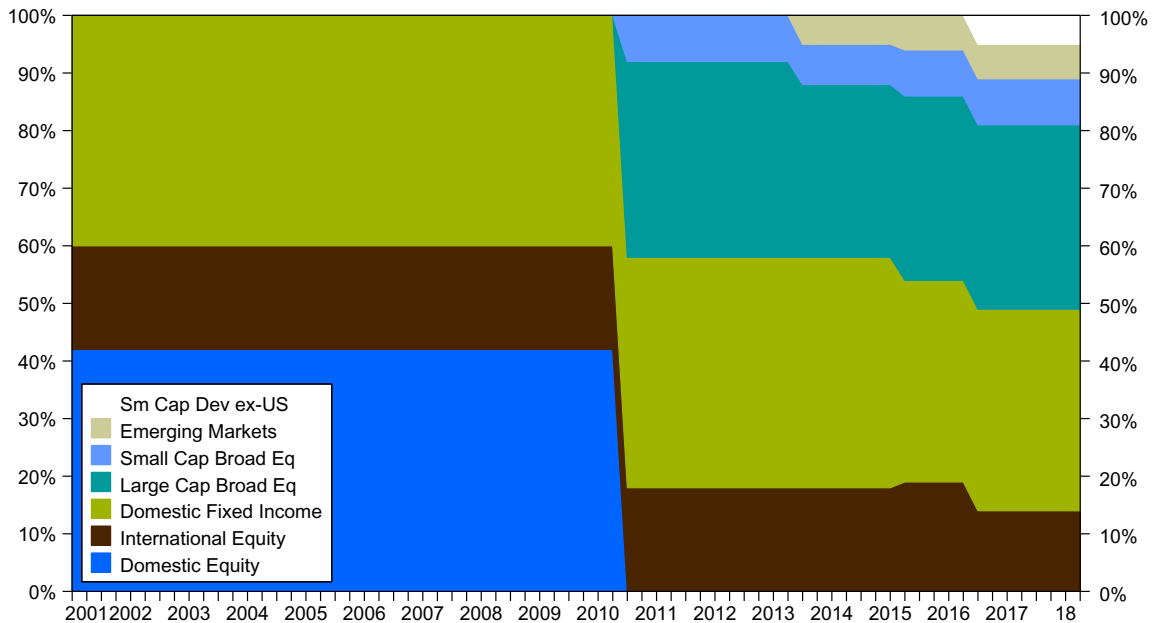
## Actual vs Target Historical Asset Allocation

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 June 30, 2018, with the distribution as of March 31, 2018. 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

|                                  | June 30, 2018<br>Market Value | Net New Inv.         | Inv. Return          | March 31, 2018<br>Market Value |
|----------------------------------|-------------------------------|----------------------|----------------------|--------------------------------|
| <b>Consolidated Plan</b>         |                               |                      |                      |                                |
| <b>Domestic Equity</b>           | <b>\$114,903,221</b>          | <b>\$(564,016)</b>   | <b>\$3,156,358</b>   | <b>\$112,310,879</b>           |
| <b>Large Cap</b>                 | <b>\$90,282,343</b>           | <b>\$0</b>           | <b>\$1,471,298</b>   | <b>\$88,811,045</b>            |
| Boston Partners                  | 43,989,701                    | 0                    | (60,583)             | 44,050,284                     |
| SSgA S&P 500                     | 46,292,642                    | 0                    | 1,531,881            | 44,760,761                     |
| <b>Small Cap</b>                 | <b>\$24,620,877</b>           | <b>\$(564,016)</b>   | <b>\$1,685,060</b>   | <b>\$23,499,833</b>            |
| Atlanta Capital                  | 24,620,877                    | (564,016)            | 1,685,060            | 23,499,833                     |
| <b>International Equity</b>      | <b>\$68,242,226</b>           | <b>\$(703,565)</b>   | <b>\$(2,917,041)</b> | <b>\$71,862,832</b>            |
| <b>International Large Cap</b>   | <b>\$37,392,697</b>           | <b>\$0</b>           | <b>\$(699,973)</b>   | <b>\$38,092,670</b>            |
| Brandes                          | 9,257                         | 0                    | (394)                | 9,651                          |
| SSgA EAFE                        | 11,240,964                    | 0                    | (119,736)            | 11,360,700                     |
| Pyrford                          | 26,142,476                    | 0                    | (579,842)            | 26,722,319                     |
| <b>International Small Cap</b>   | <b>\$14,603,230</b>           | <b>\$(703,565)</b>   | <b>\$(438,440)</b>   | <b>\$15,745,235</b>            |
| AQR                              | 14,603,230                    | (703,565)            | (438,440)            | 15,745,235                     |
| <b>Emerging Equity</b>           | <b>\$16,246,299</b>           | <b>\$0</b>           | <b>\$(1,778,628)</b> | <b>\$18,024,927</b>            |
| DFA Emerging Markets             | 16,246,299                    | 0                    | (1,778,628)          | 18,024,927                     |
| <b>Fixed Income</b>              | <b>\$100,938,262</b>          | <b>\$0</b>           | <b>\$117,000</b>     | <b>\$100,821,262</b>           |
| Metropolitan West                | 100,938,262                   | 0                    | 117,000              | 100,821,262                    |
| <b>Total Plan - Consolidated</b> | <b>\$284,083,708</b>          | <b>\$(1,267,582)</b> | <b>\$356,317</b>     | <b>\$284,994,972</b>           |



## Sacramento Regional Transit District Asset Growth

| Ending June 30, 2018<br>(\$ Thousands) | Ending<br>Market<br>Value | = | Beginning<br>Market<br>Value | + | Net New<br>Investment | + | Investment<br>Return |
|--|---------------------------|---|------------------------------|---|-----------------------|---|----------------------|
| <b>Total Plan</b>                      |                           |   |                              |   |                       |   |                      |
| 1/4 Year Ended 6/2018                  | 284,083.7                 |   | 284,995.0                    |   | (1,267.6)             |   | 356.3                |
| 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 6/2018                  | 284,083.7                 |   | 284,995.0                    |   | (1,267.6)             |   | 356.3                |

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended June 30, 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 June 30, 2018

|                                | Last<br>Quarter | Last<br>Year  | Last<br>3<br>Years | Last<br>5<br>Years | Last<br>7<br>Years |
|--------------------------------|-----------------|---------------|--------------------|--------------------|--------------------|
| <b>Domestic Equity</b>         | <b>2.81%</b>    | <b>14.05%</b> | <b>11.15%</b>      | <b>12.86%</b>      | <b>13.42%</b>      |
| Domestic Equity Benchmark**    | 4.29%           | 15.06%        | 11.80%             | 13.31%             | 13.03%             |
| <b>Large Cap Equity</b>        | <b>1.66%</b>    | <b>12.60%</b> | <b>10.56%</b>      | <b>12.35%</b>      | <b>13.17%</b>      |
| Boston Partners                | (0.14%)         | 10.79%        | 9.10%              | 11.22%             | 12.71%             |
| Russell 1000 Value Index       | 1.18%           | 6.77%         | 8.26%              | 10.34%             | 11.27%             |
| SSgA S&P 500                   | 3.42%           | 14.36%        | 11.98%             | 13.47%             | -                  |
| S&P 500 Index                  | 3.43%           | 14.37%        | 11.93%             | 13.42%             | 13.23%             |
| <b>Small Cap Equity</b>        | <b>7.17%</b>    | <b>19.46%</b> | <b>13.37%</b>      | <b>14.72%</b>      | <b>14.34%</b>      |
| Atlanta Capital                | 7.17%           | 19.46%        | 13.37%             | 14.72%             | 14.34%             |
| Russell 2000 Index             | 7.75%           | 17.57%        | 10.96%             | 12.46%             | 11.83%             |
| <b>International Equity</b>    | <b>(3.99%)</b>  | <b>5.88%</b>  | <b>4.51%</b>       | <b>5.87%</b>       | <b>4.38%</b>       |
| International Benchmark***     | (2.94%)         | 8.33%         | 5.63%              | 6.49%              | 4.92%              |
| <b>International Large Cap</b> | <b>(1.84%)</b>  | <b>3.61%</b>  | <b>3.63%</b>       | <b>5.69%</b>       | -                  |
| SSgA EAFE                      | (1.05%)         | 7.22%         | 5.27%              | 6.75%              | -                  |
| Pyrford                        | (2.17%)         | 2.13%         | -                  | -                  | -                  |
| MSCI EAFE Index                | (1.24%)         | 6.84%         | 4.90%              | 6.44%              | 4.89%              |
| <b>International Small Cap</b> | <b>(2.63%)</b>  | <b>11.98%</b> | -                  | -                  | -                  |
| AQR                            | (2.63%)         | 11.98%        | -                  | -                  | -                  |
| MSCI EAFE Small Cap Index      | (1.57%)         | 12.45%        | 10.09%             | 11.32%             | 8.37%              |
| <b>Emerging Markets Equity</b> | <b>(9.75%)</b>  | <b>5.72%</b>  | <b>5.97%</b>       | <b>5.63%</b>       | -                  |
| DFA Emerging Markets           | (9.75%)         | 5.72%         | 5.97%              | 5.63%              | -                  |
| MSCI Emerging Markets Index    | (7.96%)         | 8.20%         | 5.60%              | 5.01%              | 1.43%              |
| <b>Domestic Fixed Income</b>   | <b>0.12%</b>    | <b>0.41%</b>  | <b>2.05%</b>       | <b>2.65%</b>       | <b>3.37%</b>       |
| Met West                       | 0.12%           | 0.41%         | 2.05%              | 2.65%              | 3.37%              |
| Bloomberg Aggregate Index      | (0.16%)         | (0.40%)       | 1.72%              | 2.27%              | 2.57%              |
| <b>Total Plan</b>              | <b>0.15%</b>    | <b>7.37%</b>  | <b>6.45%</b>       | <b>7.56%</b>       | <b>7.79%</b>       |
| Target*                        | 0.92%           | 7.90%         | 6.84%              | 7.63%              | 7.45%              |

\* 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 = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

\*\*\* International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended June 30, 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 June 30, 2018

|                               | <b>Last<br/>10<br/>Years</b> | <b>Last<br/>15<br/>Years</b> | <b>Last<br/>20<br/>Years</b> | <b>Last<br/>24-1/4<br/>Years</b> |
|-------------------------------|------------------------------|------------------------------|------------------------------|----------------------------------|
| <b>Domestic Equity</b>        | <b>10.74%</b>                | <b>10.16%</b>                | <b>7.07%</b>                 | -                                |
| Domestic Equity Benchmark**   | 10.31%                       | 9.65%                        | 7.02%                        | 10.10%                           |
| Russell 1000 Value Index      | 8.49%                        | 8.63%                        | 6.69%                        | 9.71%                            |
| S&P 500 Index                 | 10.17%                       | 9.30%                        | 6.46%                        | 9.86%                            |
| Russell 2000 Index            | 10.60%                       | 10.50%                       | 8.03%                        | 9.53%                            |
| <b>International Equity</b>   | <b>3.09%</b>                 | <b>7.89%</b>                 | <b>7.48%</b>                 | -                                |
| MSCI EAFE Index               | 2.84%                        | 7.26%                        | 4.33%                        | 5.15%                            |
| <b>Domestic Fixed Income</b>  | <b>5.32%</b>                 | <b>5.37%</b>                 | <b>5.52%</b>                 | -                                |
| Met West                      | 5.32%                        | 5.37%                        | -                            | -                                |
| Bloomberg Aggregate Index     | 3.72%                        | 3.77%                        | 4.70%                        | 5.30%                            |
| <b>Total Plan<br/>Target*</b> | <b>7.47%</b><br>6.61%        | <b>7.86%</b><br>7.12%        | <b>6.93%</b><br>5.95%        | <b>8.89%</b><br>7.59%            |

\* 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 = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

## 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-<br>6/2018 | 2017          | 2016          | 2015            | 2014           |
|--------------------------------|--------------------|---------------|---------------|-----------------|----------------|
| <b>Domestic Equity</b>         | <b>2.36%</b>       | <b>19.78%</b> | <b>14.58%</b> | <b>0.06%</b>    | <b>10.85%</b>  |
| Domestic Equity Benchmark**    | 3.66%              | 20.41%        | 13.85%        | 0.26%           | 12.07%         |
| <b>Large Cap Equity</b>        | <b>0.48%</b>       | <b>21.10%</b> | <b>13.38%</b> | <b>(1.17%)</b>  | <b>12.81%</b>  |
| Boston Partners                | (1.68%)            | 20.32%        | 14.71%        | (3.75%)         | 11.87%         |
| Russell 1000 Value Index       | (1.69%)            | 13.66%        | 17.34%        | (3.83%)         | 13.45%         |
| SSgA S&P 500                   | 2.62%              | 21.86%        | 12.03%        | 1.46%           | 13.77%         |
| S&P 500 Index                  | 2.65%              | 21.83%        | 11.96%        | 1.38%           | 13.69%         |
| <b>Small Cap Equity</b>        | <b>9.55%</b>       | <b>15.01%</b> | <b>19.17%</b> | <b>5.14%</b>    | <b>3.49%</b>   |
| Atlanta Capital                | 9.55%              | 15.01%        | 19.17%        | 5.14%           | 3.49%          |
| Russell 2000 Index             | 7.66%              | 14.65%        | 21.31%        | (4.41%)         | 4.89%          |
| <b>International Equity</b>    | <b>(4.49%)</b>     | <b>28.25%</b> | <b>2.55%</b>  | <b>(4.17%)</b>  | <b>(3.72%)</b> |
| International Benchmark***     | (3.40%)            | 29.51%        | 3.26%         | (4.30%)         | (4.25%)        |
| <b>International Large Cap</b> | <b>(3.67%)</b>     | <b>22.63%</b> | <b>1.35%</b>  | <b>(1.17%)</b>  | <b>(4.41%)</b> |
| SSgA EAFE                      | (2.47%)            | 25.47%        | 1.37%         | (0.56%)         | (4.55%)        |
| MSCI EAFE Index                | (2.75%)            | 25.03%        | 1.00%         | (0.81%)         | (4.90%)        |
| <b>International Small Cap</b> | <b>(2.45%)</b>     | <b>33.76%</b> | -             | -               | -              |
| AQR                            | (2.45%)            | 33.76%        | -             | -               | -              |
| MSCI EAFE Small Cap Index      | (1.33%)            | 33.01%        | 2.18%         | 9.59%           | (4.95%)        |
| <b>Emerging Markets Equity</b> | <b>(8.11%)</b>     | <b>37.32%</b> | <b>12.99%</b> | <b>(14.33%)</b> | <b>(0.28%)</b> |
| DFA Emerging Markets           | (8.11%)            | 37.32%        | 12.99%        | (14.33%)        | (0.28%)        |
| MSCI Emerging Markets Index    | (6.66%)            | 37.28%        | 11.19%        | (14.92%)        | (2.19%)        |
| <b>Domestic Fixed Income</b>   | <b>(0.98%)</b>     | <b>3.89%</b>  | <b>2.87%</b>  | <b>0.51%</b>    | <b>6.37%</b>   |
| Met West                       | (0.98%)            | 3.89%         | 2.87%         | 0.51%           | 6.37%          |
| Bloomberg Aggregate Index      | (1.62%)            | 3.54%         | 2.65%         | 0.55%           | 5.97%          |
| <b>Total Plan</b>              | <b>(0.56%)</b>     | <b>16.14%</b> | <b>7.65%</b>  | <b>(0.97%)</b>  | <b>5.61%</b>   |
| Target*                        | 0.10%              | 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 = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

\*\*\* International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap 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          |
|------------------------------|----------------|---------------|-----------------|---------------|---------------|
| <b>Domestic Equity</b>       | <b>36.44%</b>  | <b>19.19%</b> | <b>2.08%</b>    | <b>15.93%</b> | <b>32.93%</b> |
| 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%        |
| <b>International Equity</b>  | <b>16.66%</b>  | <b>17.28%</b> | <b>(10.64%)</b> | <b>6.51%</b>  | <b>28.99%</b> |
| MSCI EAFE Index              | 22.78%         | 17.32%        | (12.14%)        | 7.75%         | 31.78%        |
| <b>Domestic Fixed Income</b> | <b>(1.03%)</b> | <b>9.48%</b>  | <b>6.10%</b>    | <b>12.52%</b> | <b>19.88%</b> |
| 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%         |
| <b>Total Plan</b>            | <b>17.71%</b>  | <b>14.80%</b> | <b>1.22%</b>    | <b>12.70%</b> | <b>26.91%</b> |
| 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 = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended June 30, 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 June 30, 2018 |              |           |              |              |              |
|---|--------------|-----------|--------------|--------------|--------------|
|   | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 7 Years |
| <b>Net of Fee Returns</b>               |              |           |              |              |              |
| Domestic Equity                         | 2.71%        | 13.59%    | -            | -            | -            |
| Domestic Equity Benchmark**             | 4.29%        | 15.06%    | 11.80%       | 13.31%       | 13.03%       |
| Large Cap Equity                        | 1.58%        | 12.27%    | -            | -            | -            |
| Boston Partners                         | (0.27%)      | 10.19%    | 8.55%        | 10.64%       | 12.14%       |
| Russell 1000 Value Index                | 1.18%        | 6.77%     | 8.26%        | 10.34%       | 11.27%       |
| SSgA S&P 500                            | 3.41%        | 14.31%    | 11.93%       | 13.41%       | -            |
| S&P 500 Index                           | 3.43%        | 14.37%    | 11.93%       | 13.42%       | 13.23%       |
| Small Cap Equity                        | 6.95%        | 18.52%    | -            | -            | -            |
| Atlanta Capital                         | 6.95%        | 18.52%    | 12.48%       | 13.82%       | 13.47%       |
| Russell 2000 Index                      | 7.75%        | 17.57%    | 10.96%       | 12.46%       | 11.83%       |
| International Equity                    | (4.14%)      | 5.23%     | -            | -            | -            |
| International Equity Benchmark***       | (2.94%)      | 8.33%     | 5.63%        | 6.49%        | 4.92%        |
| International Large Cap                 | (1.96%)      | 3.08%     | -            | -            | -            |
| SSgA EAFE                               | (1.08%)      | 7.13%     | 5.17%        | 6.64%        | -            |
| Pyrford                                 | (2.34%)      | 1.43%     | -            | -            | -            |
| MSCI EAFE Index                         | (1.24%)      | 6.84%     | 4.90%        | 6.44%        | 4.89%        |
| International Small Cap                 | (2.86%)      | 10.93%    | -            | -            | -            |
| AQR                                     | (2.86%)      | 10.93%    | -            | -            | -            |
| MSCI EAFE Small Cap Index               | (1.57%)      | 12.45%    | 10.09%       | 11.32%       | 8.37%        |
| Emerging Markets Equity                 | (9.87%)      | 5.17%     | -            | -            | -            |
| DFA Emerging Markets                    | (9.87%)      | 5.17%     | 5.35%        | 4.99%        | -            |
| MSCI Emerging Markets Index             | (7.96%)      | 8.20%     | 5.60%        | 5.01%        | 1.43%        |
| Domestic Fixed Income                   | 0.05%        | 0.13%     | -            | -            | -            |
| Met West                                | 0.05%        | 0.13%     | 1.77%        | 2.37%        | 3.09%        |
| Bloomberg Aggregate Index               | (0.16%)      | (0.40%)   | 1.72%        | 2.27%        | 2.57%        |
| Total Plan                              | 0.04%        | 6.93%     | 6.05%        | 7.18%        | 7.38%        |
| Target*                                 | 0.92%        | 7.90%     | 6.84%        | 7.63%        | 7.45%        |

\* 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 = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

\*\*\* International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.



# Domestic Equity Period Ended June 30, 2018

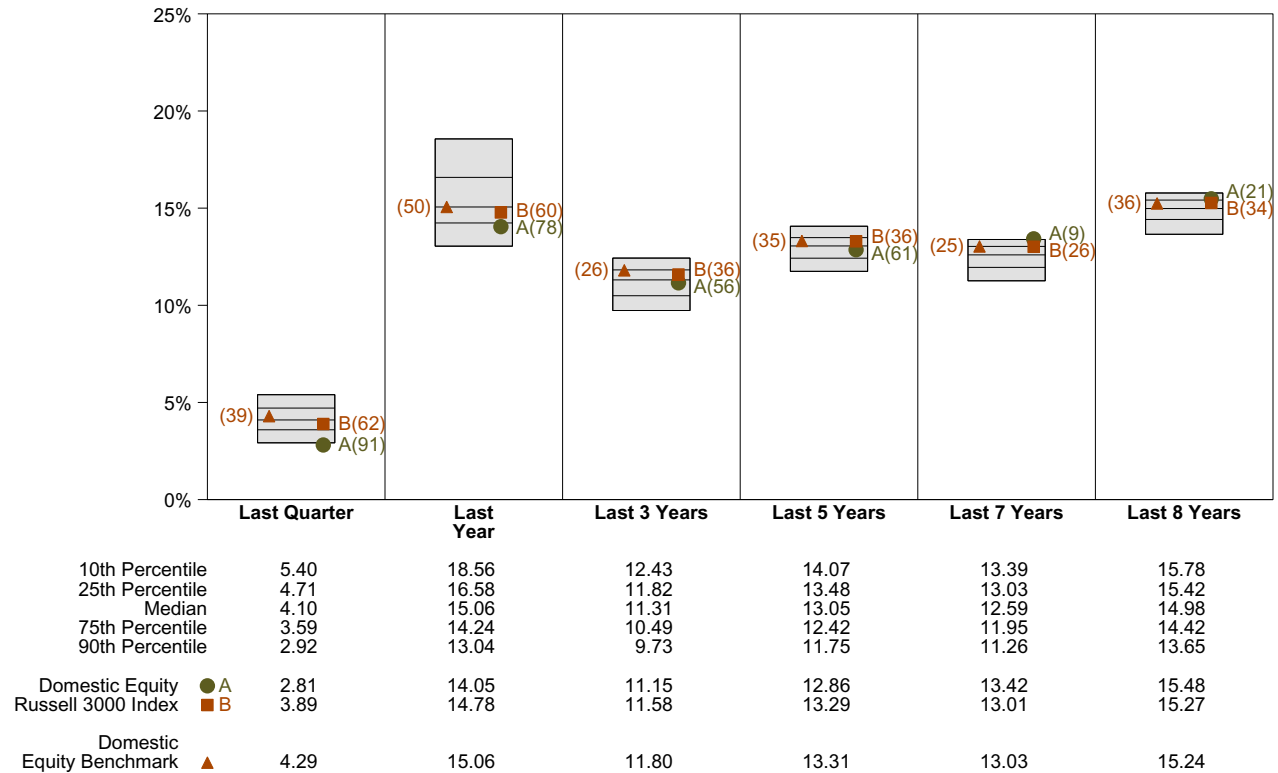
## Investment Philosophy

Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

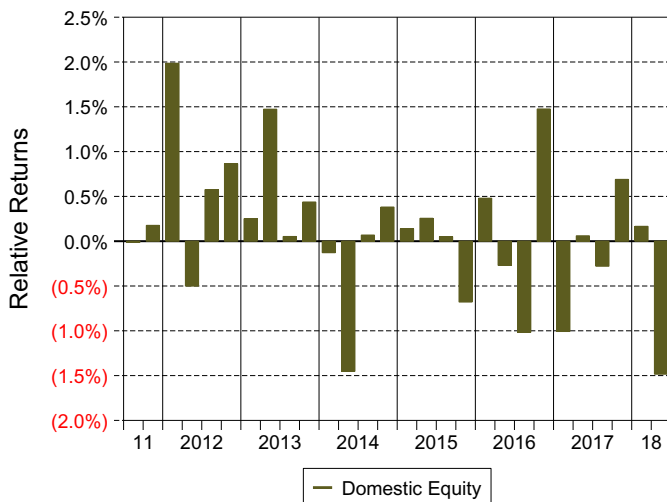
## Quarterly Summary and Highlights

- Domestic Equity's portfolio posted a 2.81% return for the quarter placing it in the 91 percentile of the Fund Sponsor - Domestic Equity group for the quarter and in the 78 percentile for the last year.
- Domestic Equity's portfolio underperformed the Domestic Equity Benchmark by 1.48% for the quarter and underperformed the Domestic Equity Benchmark for the year by 1.01%.

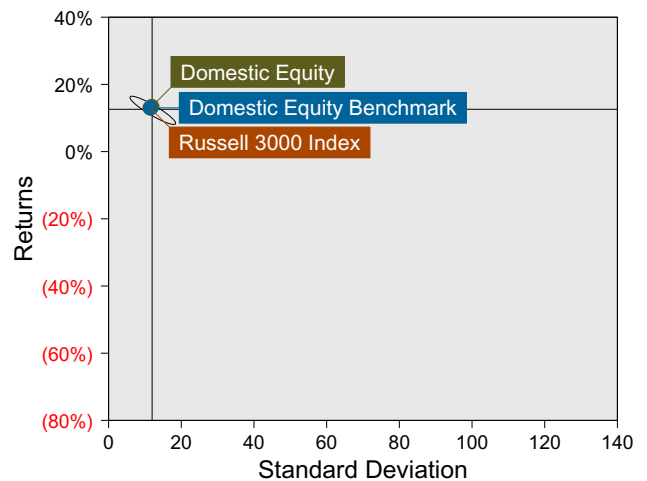
## Performance vs Fund Sponsor - Domestic Equity (Gross)



Relative Returns vs Domestic Equity Benchmark



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



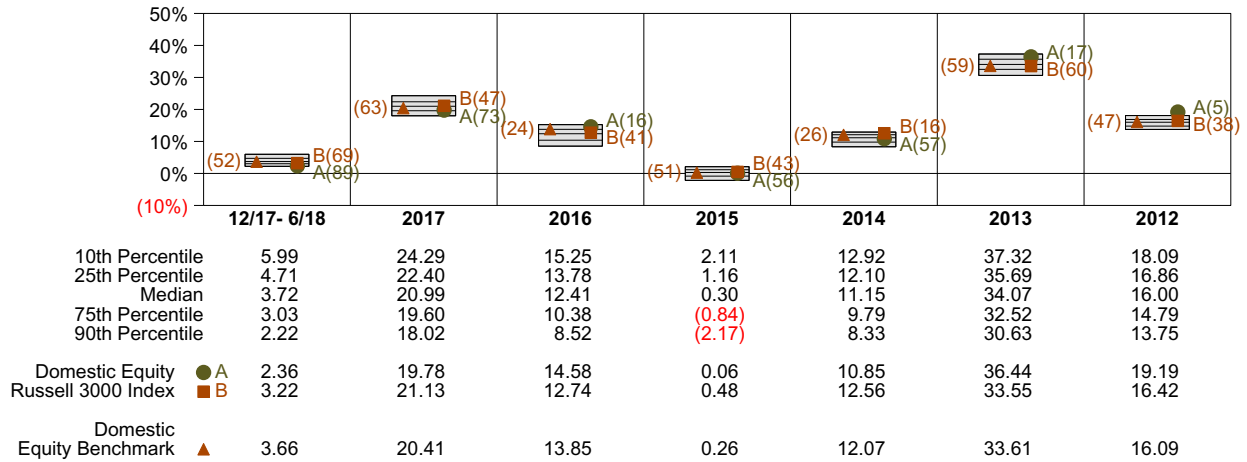


# Domestic Equity Return Analysis Summary

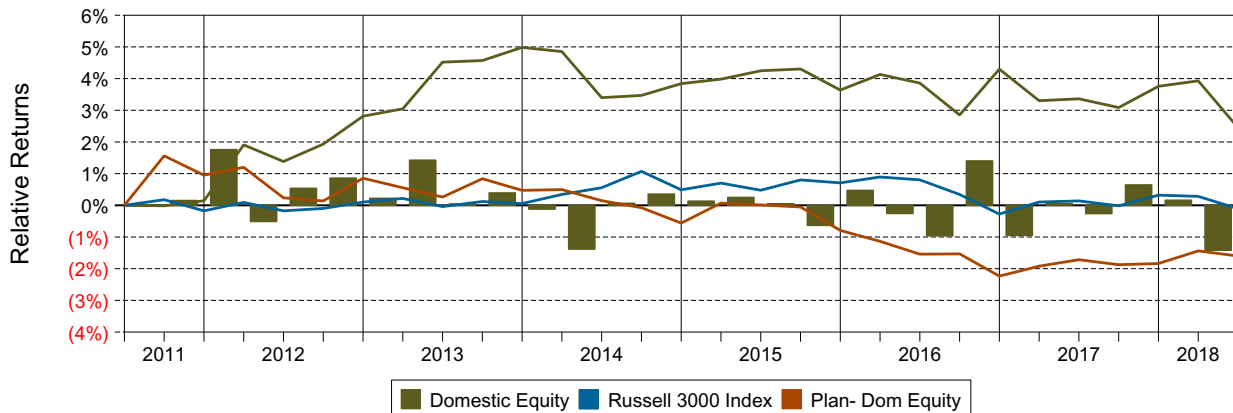
## Return Analysis

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.

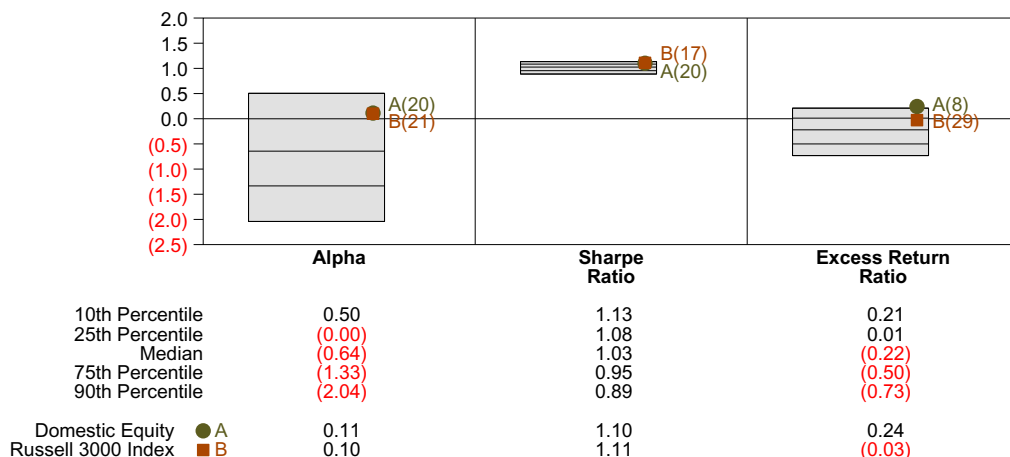
### Performance vs Fund Sponsor - Domestic Equity (Gross)



### 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 June 30, 2018



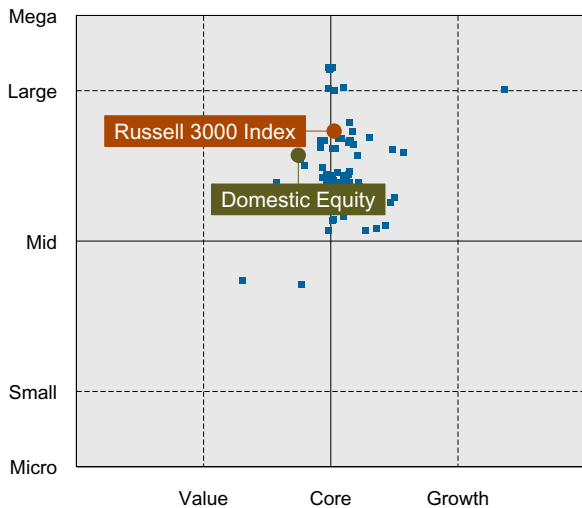
# Current Holdings Based Style Analysis

## Domestic Equity

### As of June 30, 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.

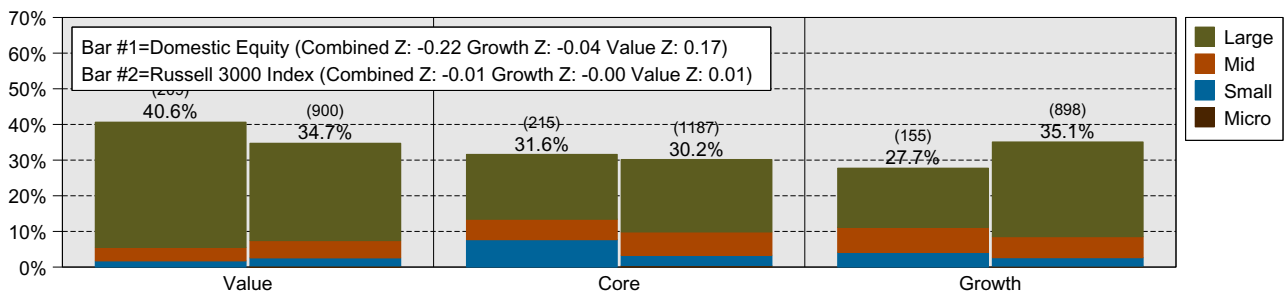
**Style Map vs Plan- Dom Equity Holdings as of June 30, 2018**



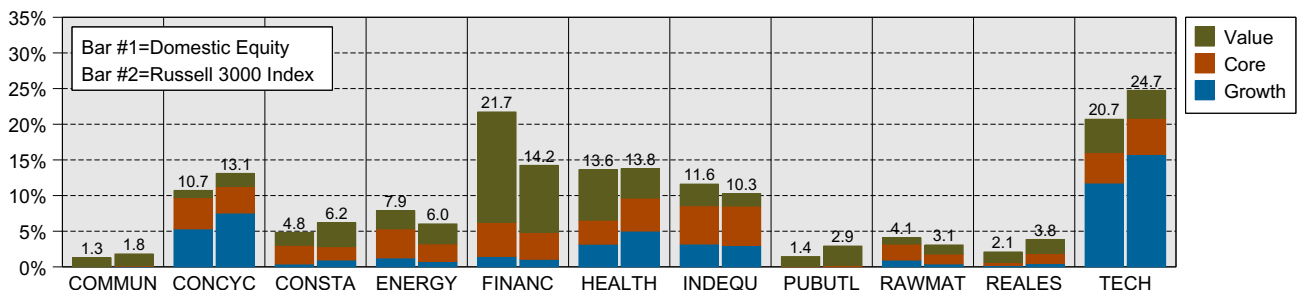
**Style Exposure Matrix Holdings as of June 30, 2018**

|              | Value              | Core                | Growth             | Total                |
|--------------|--------------------|---------------------|--------------------|----------------------|
| Large        | 35.1% (111)        | 18.2% (99)          | 16.6% (83)         | 70.0% (293)          |
|              | 27.3% (110)        | 20.3% (99)          | 26.6% (89)         | 74.2% (298)          |
| Mid          | 3.8% (89)          | 5.7% (92)           | 7.0% (62)          | 16.5% (243)          |
|              | 4.8% (177)         | 6.5% (215)          | 5.9% (205)         | 17.3% (597)          |
| Small        | 1.7% (9)           | 7.7% (23)           | 4.1% (10)          | 13.5% (42)           |
|              | 2.3% (340)         | 2.9% (481)          | 2.4% (374)         | 7.5% (1195)          |
| Micro        | 0.0% (0)           | 0.0% (1)            | 0.0% (0)           | 0.0% (1)             |
|              | 0.3% (273)         | 0.4% (392)          | 0.3% (230)         | 1.0% (895)           |
| <b>Total</b> | <b>40.6% (209)</b> | <b>31.6% (215)</b>  | <b>27.7% (155)</b> | <b>100.0% (579)</b>  |
|              | <b>34.7% (900)</b> | <b>30.2% (1187)</b> | <b>35.1% (898)</b> | <b>100.0% (2985)</b> |

**Combined Z-Score Style Distribution Holdings as of June 30, 2018**



**Sector Weights Distribution Holdings as of June 30, 2018**



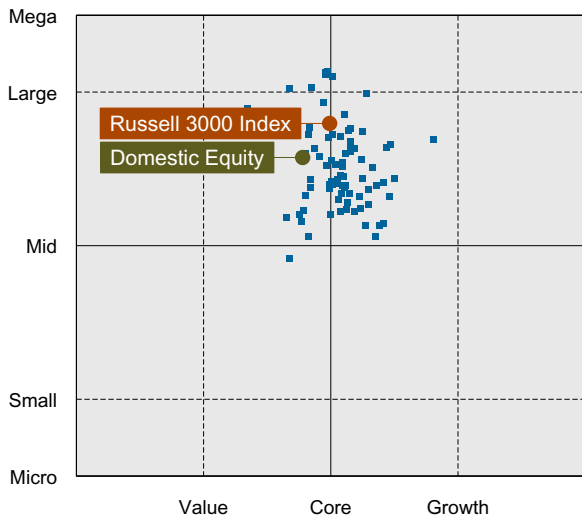
# Historical Holdings Based Style Analysis

## Domestic Equity

### For Five Years Ended June 30, 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.

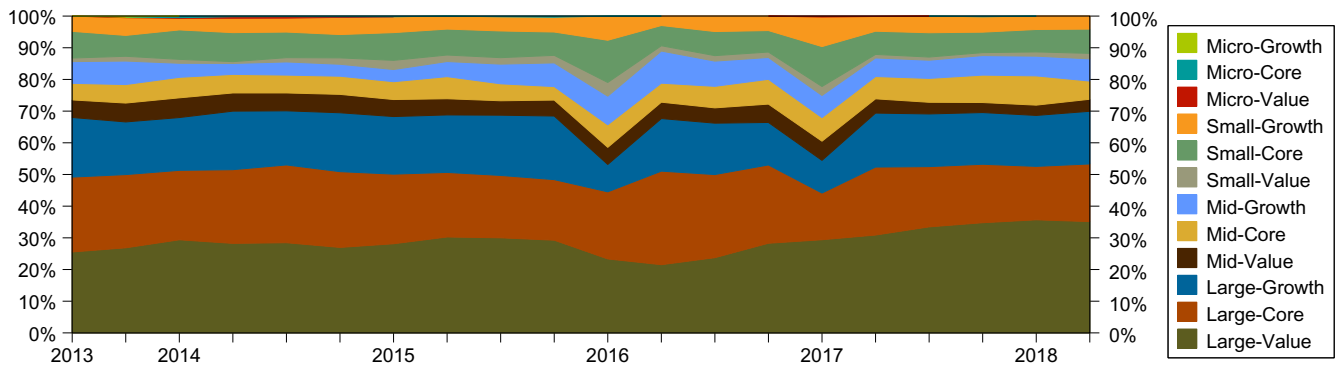
**Average Style Map vs Plan- Dom Equity Holdings for Five Years Ended June 30, 2018**



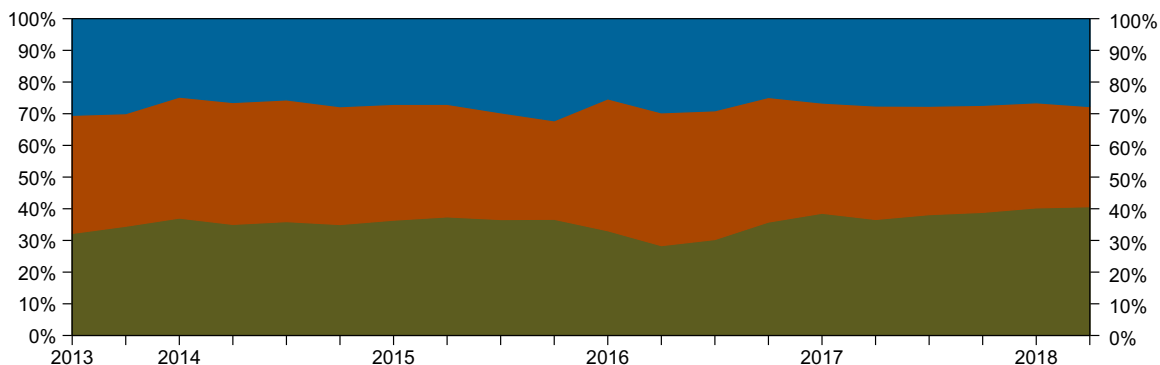
**Average Style Exposure Matrix Holdings for Five Years Ended June 30, 2018**

|       | Value       | Core         | Growth      | Total                |
|-------|-------------|--------------|-------------|----------------------|
| Large | 29.0% (90)  | 21.6% (89)   | 16.5% (89)  | <b>67.0% (268)</b>   |
|       | 26.3% (97)  | 22.7% (97)   | 24.6% (104) | <b>73.6% (298)</b>   |
| Mid   | 5.0% (83)   | 6.5% (80)    | 6.2% (57)   | <b>17.8% (220)</b>   |
|       | 5.4% (178)  | 6.3% (215)   | 6.1% (206)  | <b>17.8% (599)</b>   |
| Small | 1.8% (10)   | 8.2% (27)    | 5.0% (14)   | <b>15.0% (51)</b>    |
|       | 2.3% (340)  | 3.0% (484)   | 2.3% (380)  | <b>7.6% (1204)</b>   |
| Micro | 0.1% (1)    | 0.1% (1)     | 0.0% (0)    | <b>0.2% (2)</b>      |
|       | 0.3% (285)  | 0.4% (372)   | 0.3% (213)  | <b>1.0% (870)</b>    |
| Total | 35.9% (184) | 36.4% (197)  | 27.7% (160) | <b>100.0% (541)</b>  |
|       | 34.3% (900) | 32.4% (1168) | 33.3% (903) | <b>100.0% (2971)</b> |

### Domestic Equity Historical Cap/Style Exposures



### Domestic Equity Historical Style Only Exposures

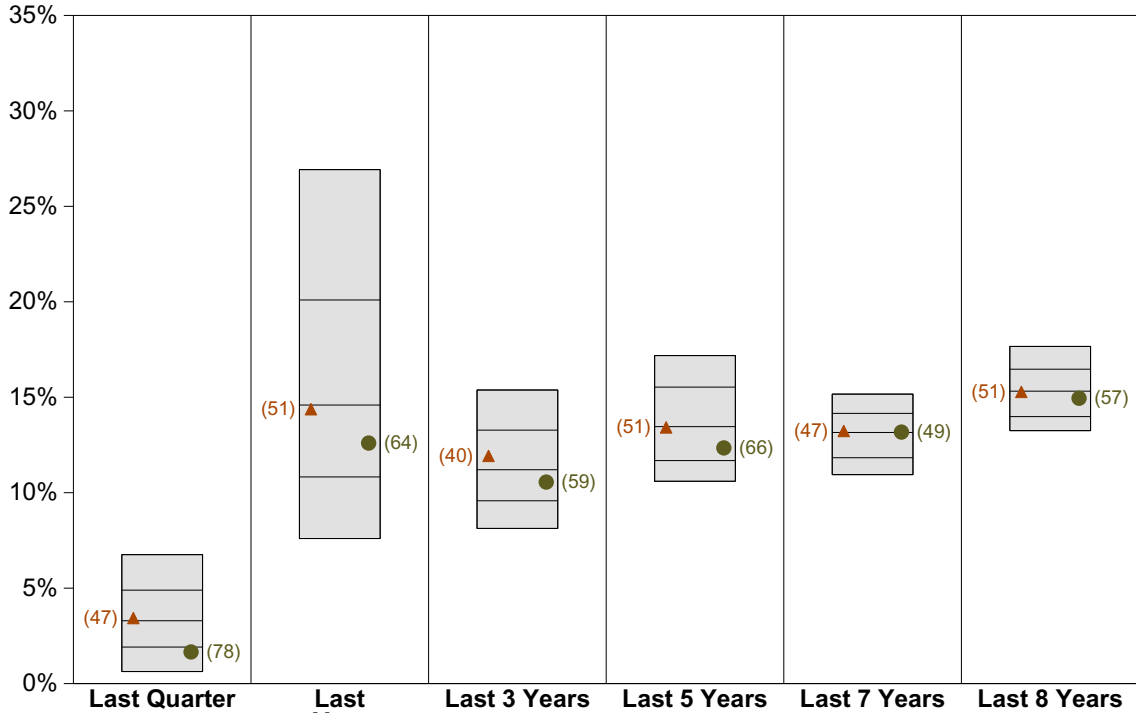


# Large Cap Period Ended June 30, 2018

## Quarterly Summary and Highlights

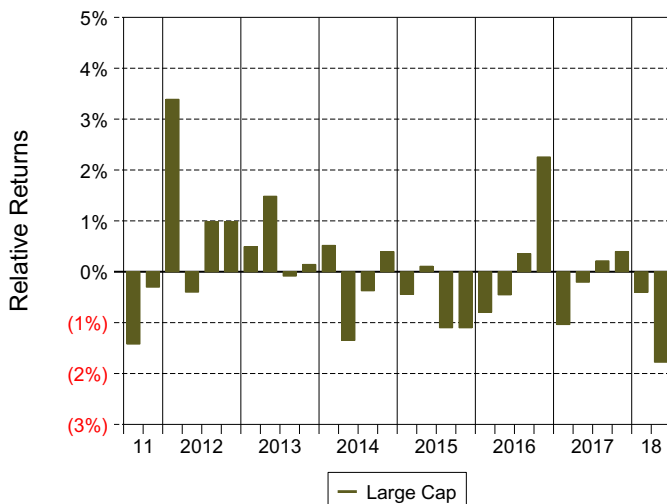
- Large Cap's portfolio posted a 1.66% return for the quarter placing it in the 78 percentile of the Callan Large Capitalization group for the quarter and in the 64 percentile for the last year.
- Large Cap's portfolio underperformed the S&P 500 Index by 1.78% for the quarter and underperformed the S&P 500 Index for the year by 1.77%.

## Performance vs Callan Large Capitalization (Gross)

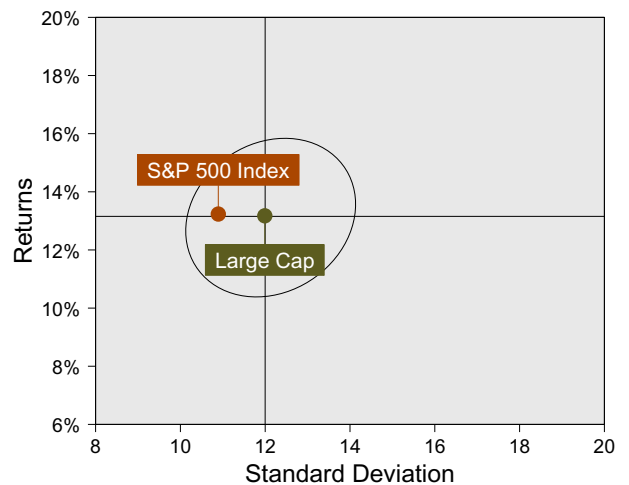


|                            |      |       |       |       |       |       |
|----------------------------|------|-------|-------|-------|-------|-------|
| 10th Percentile            | 6.76 | 26.92 | 15.38 | 17.18 | 15.16 | 17.66 |
| 25th Percentile            | 4.89 | 20.10 | 13.28 | 15.53 | 14.15 | 16.47 |
| Median                     | 3.29 | 14.59 | 11.20 | 13.46 | 13.15 | 15.32 |
| 75th Percentile            | 1.91 | 10.83 | 9.58  | 11.68 | 11.83 | 13.99 |
| 90th Percentile            | 0.63 | 7.60  | 8.13  | 10.60 | 10.95 | 13.25 |
| <b>Large Cap</b> ●         | 1.66 | 12.60 | 10.56 | 12.35 | 13.17 | 14.95 |
| <b>S&amp;P 500 Index</b> ▲ | 3.43 | 14.37 | 11.93 | 13.42 | 13.23 | 15.28 |

Relative Return vs S&P 500 Index



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

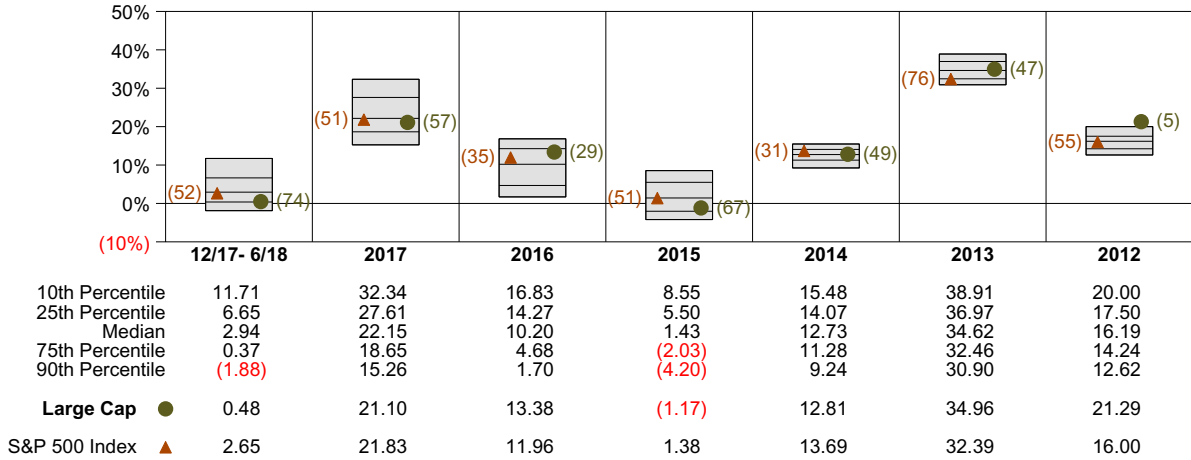


# Large Cap Return Analysis Summary

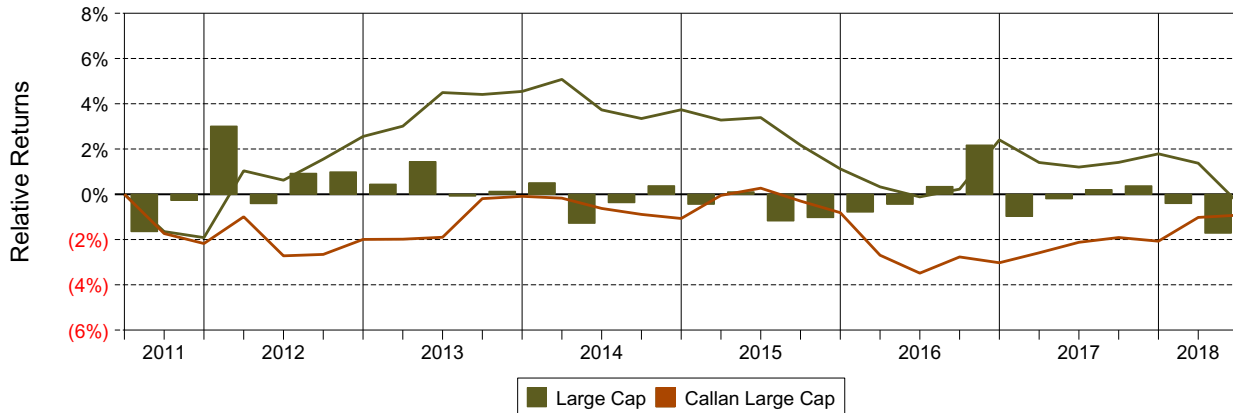
## Return Analysis

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.

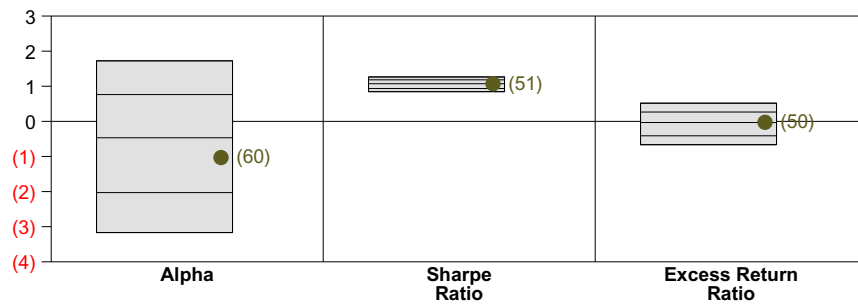
### Performance vs Callan Large Capitalization (Gross)



### 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 June 30, 2018



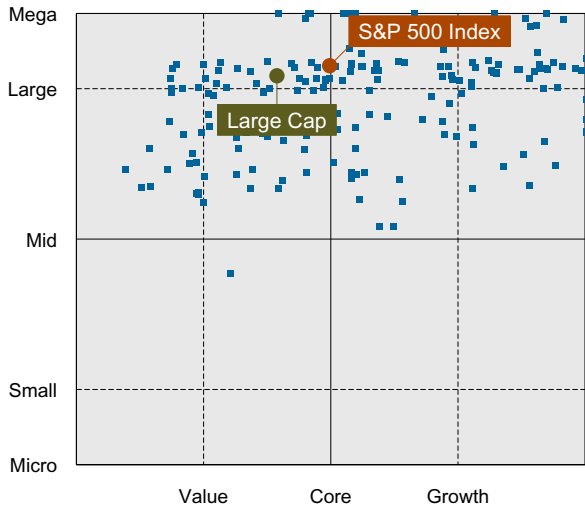
# Current Holdings Based Style Analysis

## Large Cap

### As of June 30, 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.

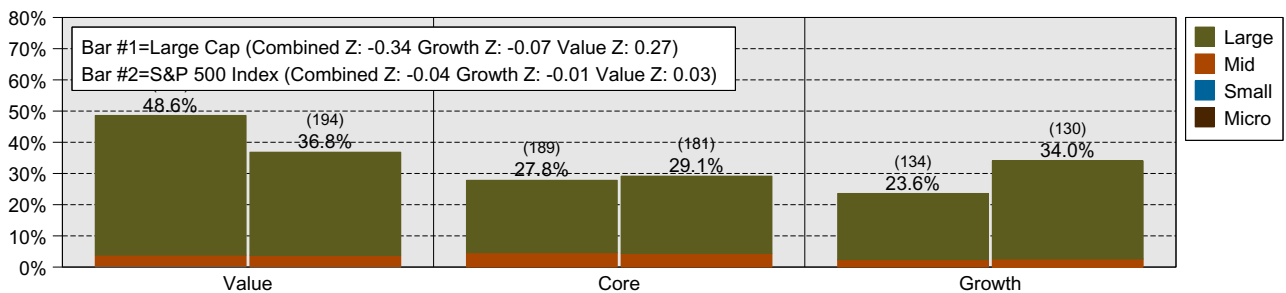
**Style Map vs Callan Large Cap Holdings as of June 30, 2018**



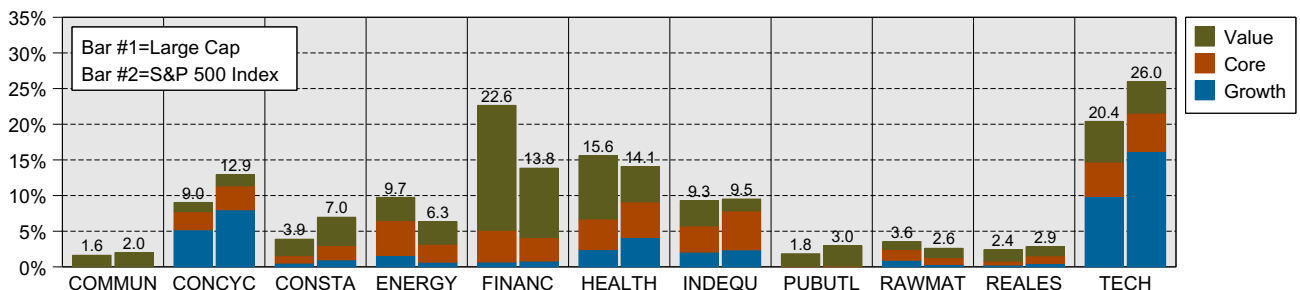
**Style Exposure Matrix Holdings as of June 30, 2018**

|              | Value              | Core               | Growth             | Total               |
|--------------|--------------------|--------------------|--------------------|---------------------|
| <b>Large</b> | 44.8% (111)        | 23.2% (99)         | 21.2% (83)         | <b>89.2% (293)</b>  |
|              | 33.1% (109)        | 24.8% (97)         | 31.4% (80)         | <b>89.3% (286)</b>  |
| <b>Mid</b>   | 3.7% (86)          | 4.6% (88)          | 2.4% (51)          | <b>10.7% (225)</b>  |
|              | 3.7% (84)          | 4.4% (84)          | 2.6% (50)          | <b>10.7% (218)</b>  |
| <b>Small</b> | 0.1% (2)           | 0.0% (1)           | 0.0% (0)           | <b>0.1% (3)</b>     |
|              | 0.0% (1)           | 0.0% (0)           | 0.0% (0)           | <b>0.0% (1)</b>     |
| <b>Micro</b> | 0.0% (0)           | 0.0% (1)           | 0.0% (0)           | <b>0.0% (1)</b>     |
|              | 0.0% (0)           | 0.0% (0)           | 0.0% (0)           | <b>0.0% (0)</b>     |
| <b>Total</b> | <b>48.6% (199)</b> | <b>27.8% (189)</b> | <b>23.6% (134)</b> | <b>100.0% (522)</b> |
|              | <b>36.8% (194)</b> | <b>29.1% (181)</b> | <b>34.0% (130)</b> | <b>100.0% (505)</b> |

**Combined Z-Score Style Distribution Holdings as of June 30, 2018**



**Sector Weights Distribution Holdings as of June 30, 2018**



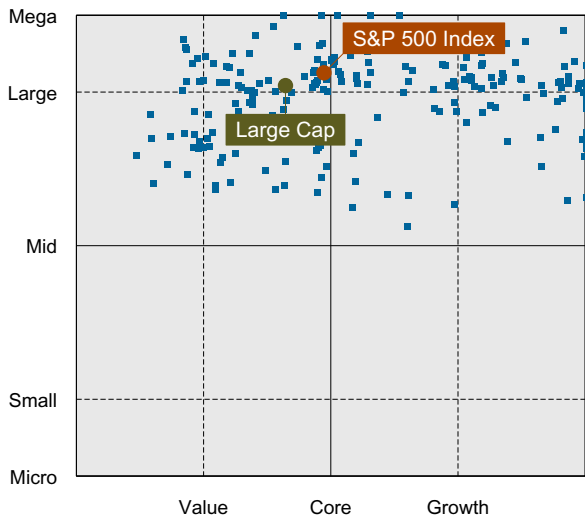
# Historical Holdings Based Style Analysis

## Large Cap

### For Five Years Ended June 30, 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.

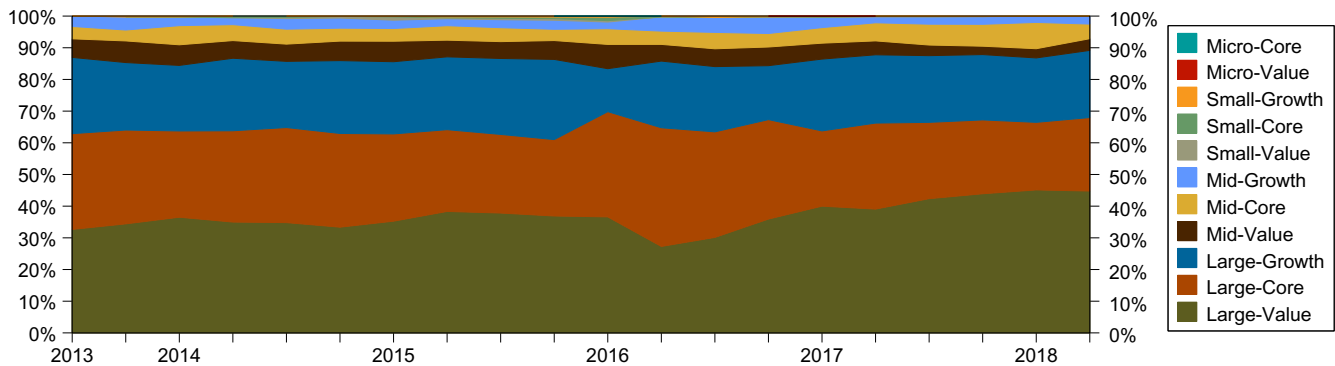
**Average Style Map vs Callan Large Cap Holdings for Five Years Ended June 30, 2018**



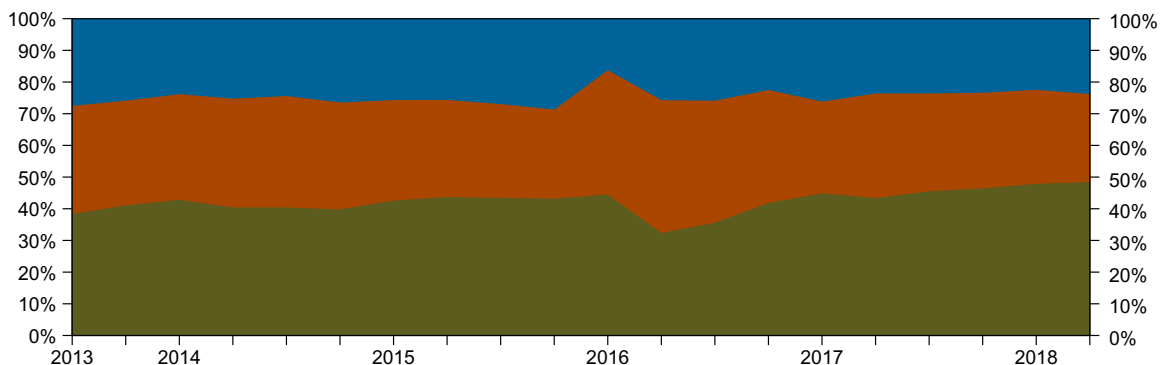
**Average Style Exposure Matrix Holdings for Five Years Ended June 30, 2018**

|       |                    |                    |                    |                     |
|-------|--------------------|--------------------|--------------------|---------------------|
| Large | 37.0% (94)         | 27.8% (93)         | 21.4% (93)         | <b>86.2% (280)</b>  |
|       | 32.1% (97)         | 27.7% (95)         | 29.3% (95)         | <b>89.1% (287)</b>  |
| Mid   | 5.3% (84)          | 5.0% (78)          | 3.0% (52)          | <b>13.2% (214)</b>  |
|       | 4.1% (84)          | 3.9% (77)          | 2.9% (52)          | <b>10.8% (213)</b>  |
| Small | 0.2% (4)           | 0.2% (2)           | 0.1% (2)           | <b>0.6% (8)</b>     |
|       | 0.0% (3)           | 0.0% (1)           | 0.0% (1)           | <b>0.1% (5)</b>     |
| Micro | 0.0% (0)           | 0.0% (0)           | 0.0% (0)           | <b>0.0% (0)</b>     |
|       | 0.0% (0)           | 0.0% (0)           | 0.0% (0)           | <b>0.0% (0)</b>     |
| Total | <b>42.5% (182)</b> | <b>33.0% (173)</b> | <b>24.5% (147)</b> | <b>100.0% (502)</b> |
|       | <b>36.2% (184)</b> | <b>31.6% (173)</b> | <b>32.2% (148)</b> | <b>100.0% (505)</b> |
|       | Value              | Core               | Growth             | Total               |

**Large Cap Historical Cap/Style Exposures**



**Large Cap Historical Style Only Exposures**



# SSgA S&P 500

## Period Ended June 30, 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.

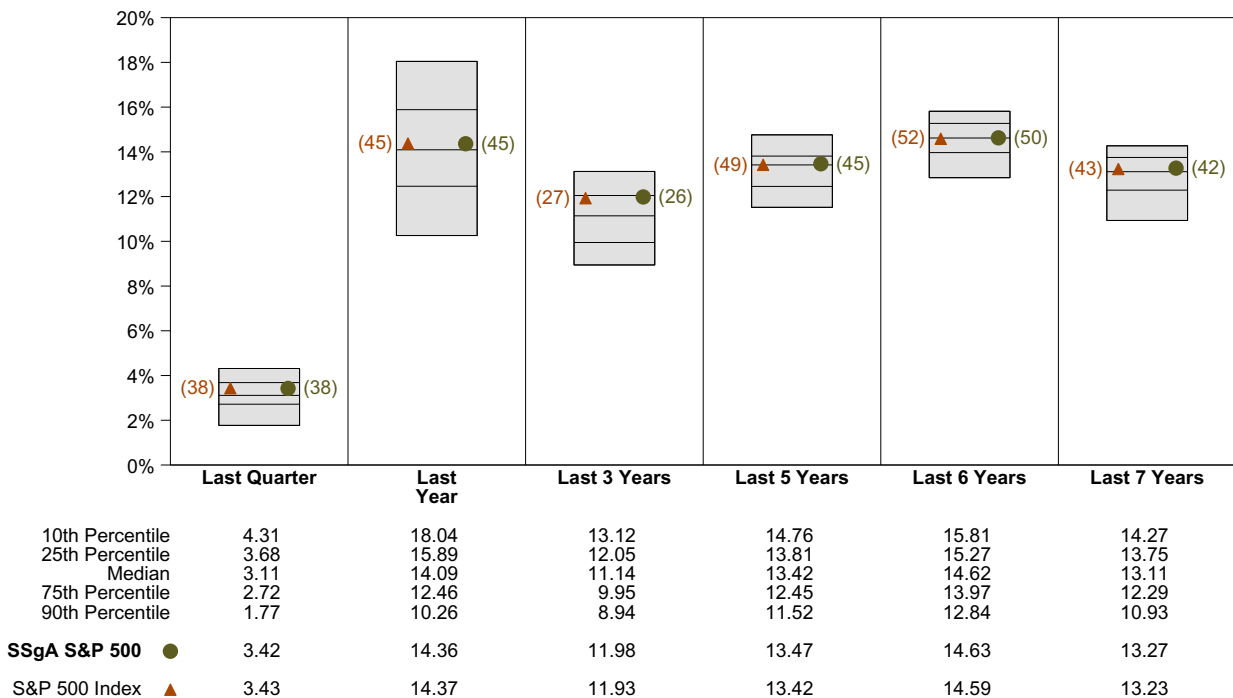
### Quarterly Summary and Highlights

- SSgA S&P 500's portfolio posted a 3.42% return for the quarter placing it in the 38 percentile of the Callan Large Cap Core group for the quarter and in the 45 percentile for the last year.
- SSgA S&P 500's portfolio underperformed the S&P 500 Index by 0.01% for the quarter and underperformed the S&P 500 Index for the year by 0.01%.

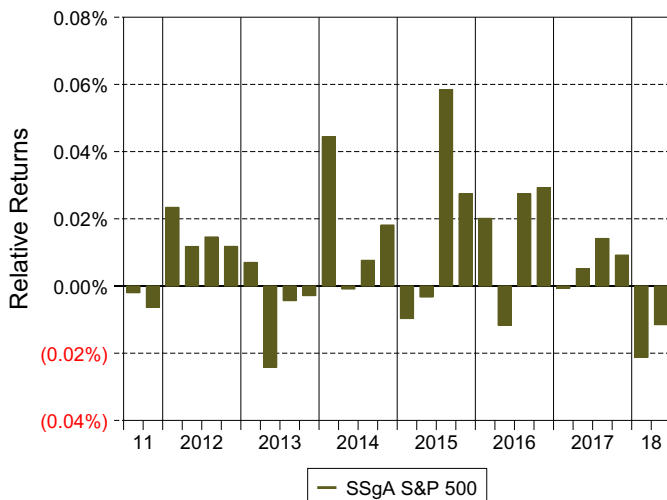
### Quarterly Asset Growth

|                           |              |
|---------------------------|--------------|
| Beginning Market Value    | \$44,760,761 |
| Net New Investment        | \$0          |
| Investment Gains/(Losses) | \$1,531,881  |
| Ending Market Value       | \$46,292,642 |

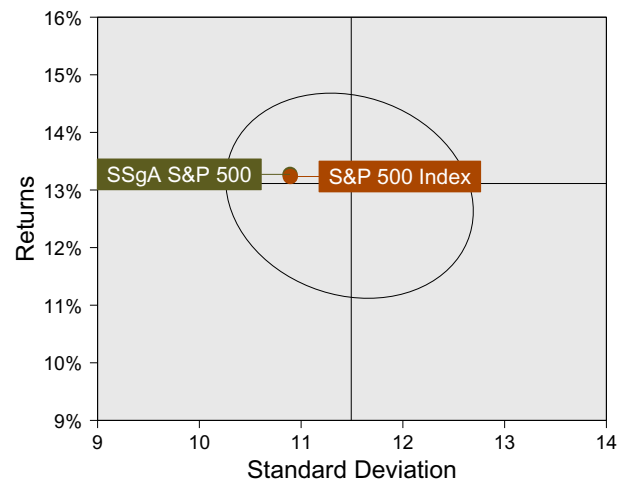
### Performance vs Callan Large Cap Core (Gross)



### Relative Return vs S&P 500 Index



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



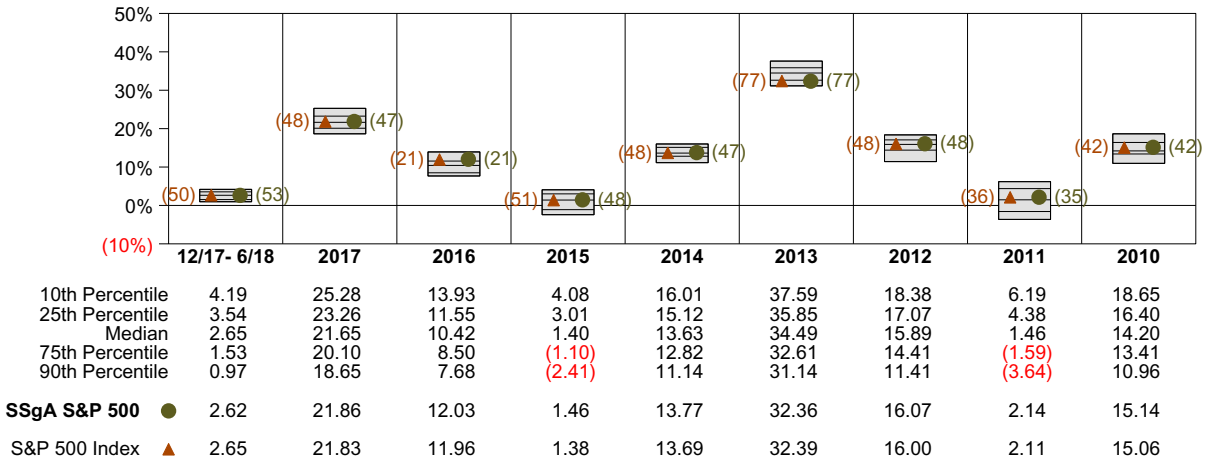


# SSgA S&P 500 Return Analysis Summary

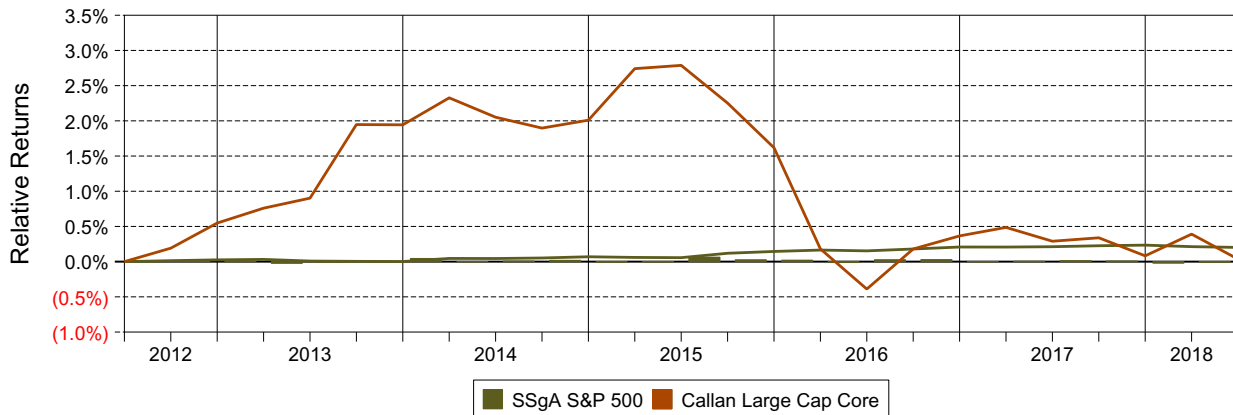
## Return Analysis

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.

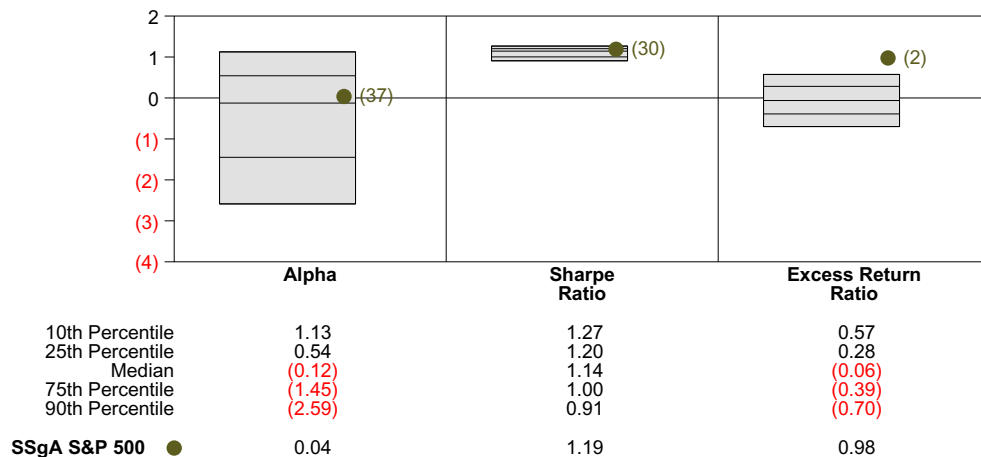
### Performance vs Callan Large Cap Core (Gross)



### 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 June 30, 2018

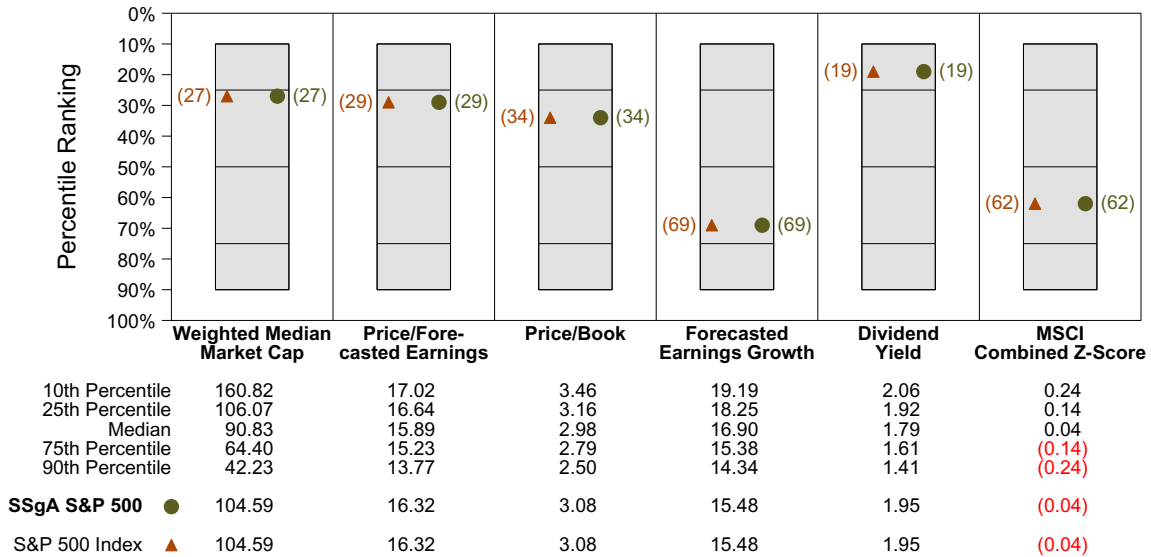


# SSgA S&P 500 Equity Characteristics Analysis Summary

## 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.

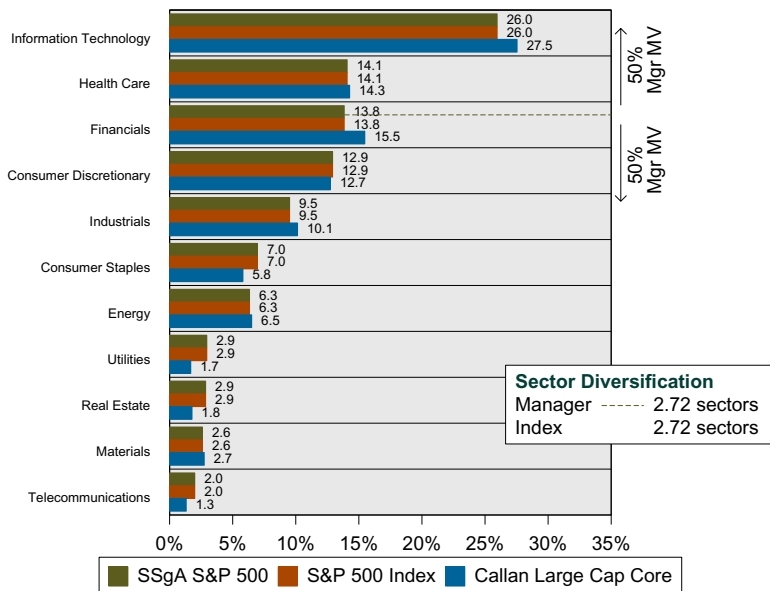
## Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Core as of June 30, 2018



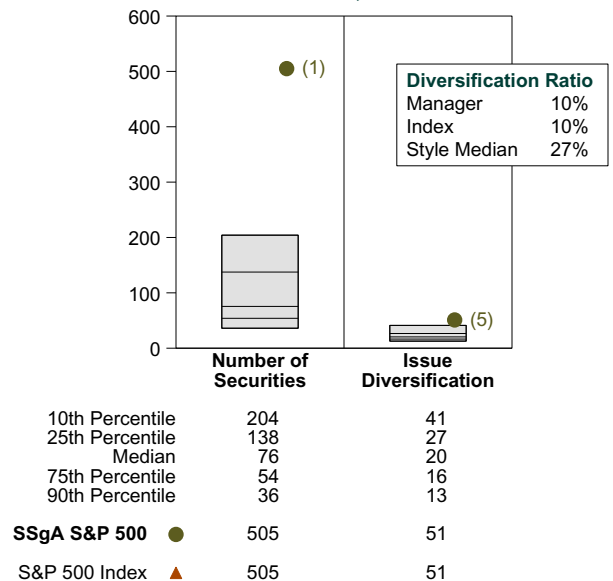
## Sector Weights

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 June 30, 2018



### Diversification June 30, 2018



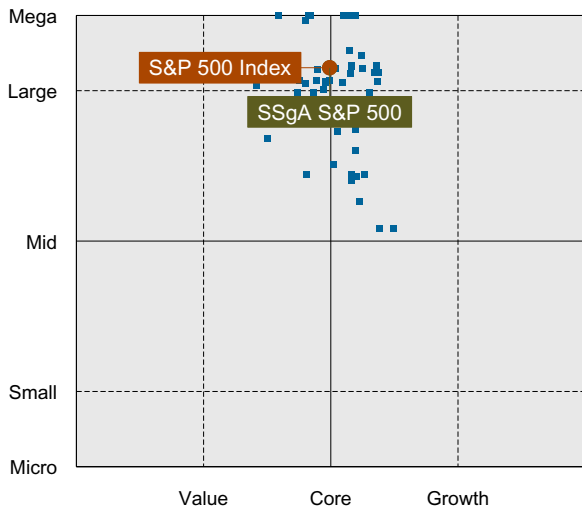
# Current Holdings Based Style Analysis

## SSgA S&P 500

### As of June 30, 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.

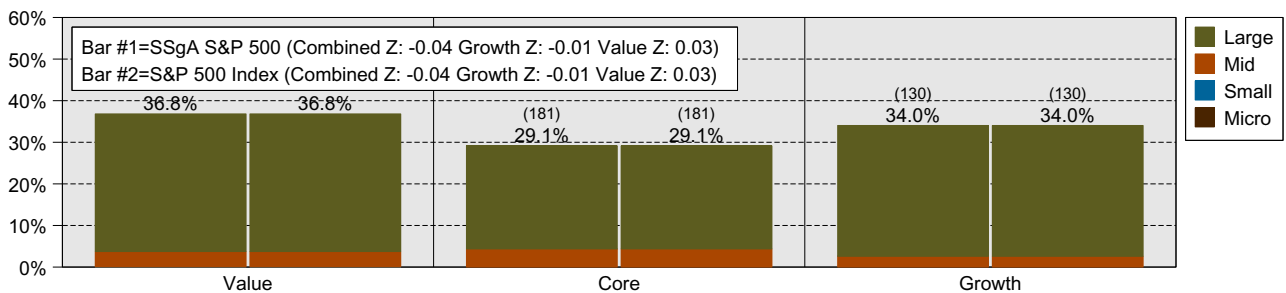
**Style Map vs Callan Large Cap Core Holdings as of June 30, 2018**



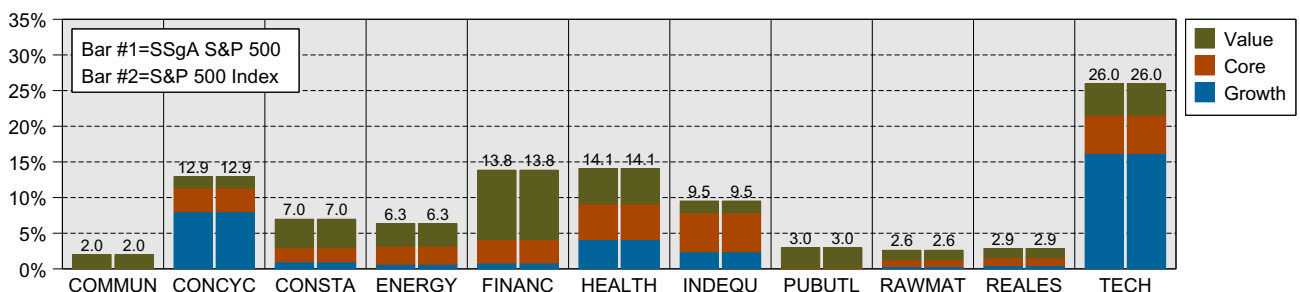
**Style Exposure Matrix Holdings as of June 30, 2018**

|              | Value              | Core               | Growth             | Total               |
|--------------|--------------------|--------------------|--------------------|---------------------|
| Large        | 33.1% (109)        | 24.8% (97)         | 31.4% (80)         | 89.3% (286)         |
| Mid          | 3.7% (84)          | 4.4% (84)          | 2.6% (50)          | 10.7% (218)         |
| Small        | 0.0% (1)           | 0.0% (0)           | 0.0% (0)           | 0.0% (1)            |
| Micro        | 0.0% (0)           | 0.0% (0)           | 0.0% (0)           | 0.0% (0)            |
| <b>Total</b> | <b>36.8% (194)</b> | <b>29.1% (181)</b> | <b>34.0% (130)</b> | <b>100.0% (505)</b> |

**Combined Z-Score Style Distribution Holdings as of June 30, 2018**



**Sector Weights Distribution Holdings as of June 30, 2018**



# Boston Partners Period Ended June 30, 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.

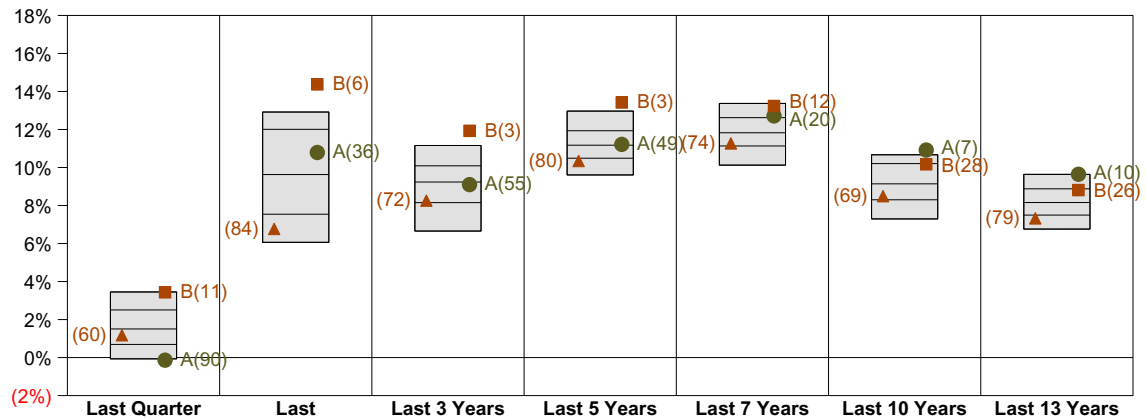
## Quarterly Summary and Highlights

- Boston Partners's portfolio posted a (0.14)% return for the quarter placing it in the 90 percentile of the Callan Large Cap Value group for the quarter and in the 36 percentile for the last year.
- Boston Partners's portfolio underperformed the Russell 1000 Value Index by 1.31% for the quarter and outperformed the Russell 1000 Value Index for the year by 4.02%.

## Quarterly Asset Growth

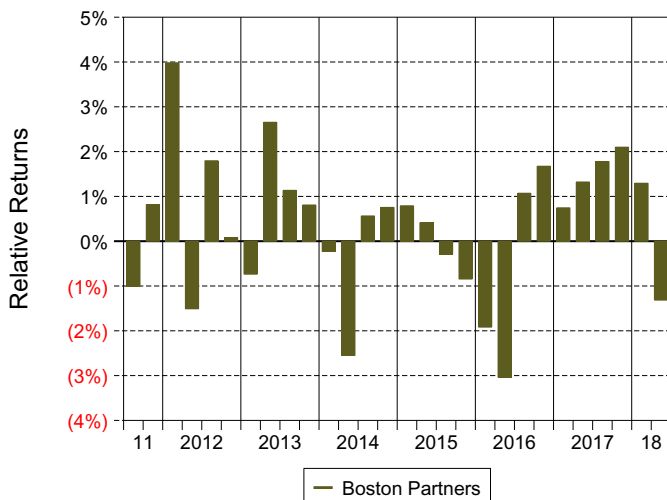
|                           |              |
|---------------------------|--------------|
| Beginning Market Value    | \$44,050,284 |
| Net New Investment        | \$0          |
| Investment Gains/(Losses) | -\$60,583    |
| Ending Market Value       | \$43,989,701 |

## Performance vs Callan Large Cap Value (Gross)

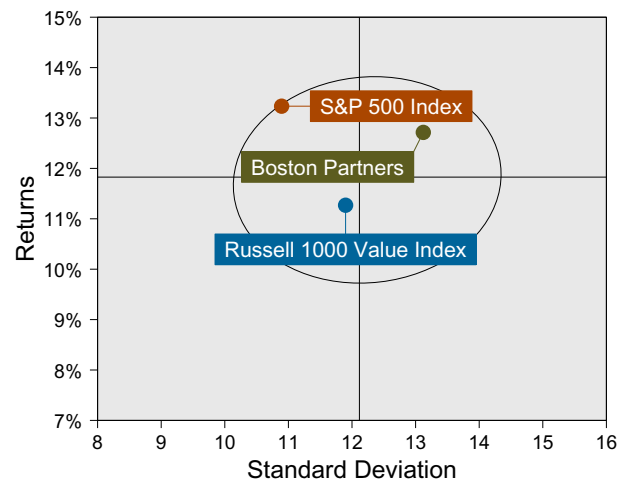


|                            |        |       |       |       |       |       |      |
|----------------------------|--------|-------|-------|-------|-------|-------|------|
| 10th Percentile            | 3.45   | 12.92 | 11.16 | 12.97 | 13.37 | 10.67 | 9.64 |
| 25th Percentile            | 2.51   | 12.01 | 10.09 | 11.93 | 12.62 | 10.21 | 8.88 |
| Median                     | 1.51   | 9.63  | 9.24  | 11.17 | 11.83 | 9.14  | 8.16 |
| 75th Percentile            | 0.69   | 7.54  | 8.15  | 10.49 | 11.13 | 8.30  | 7.50 |
| 90th Percentile            | (0.07) | 6.06  | 6.66  | 9.61  | 10.12 | 7.29  | 6.76 |
| Boston Partners ● A        | (0.14) | 10.79 | 9.10  | 11.22 | 12.71 | 10.92 | 9.64 |
| S&P 500 Index ■ B          | 3.43   | 14.37 | 11.93 | 13.42 | 13.23 | 10.17 | 8.81 |
| Russell 1000 Value Index ▲ | 1.18   | 6.77  | 8.26  | 10.34 | 11.27 | 8.49  | 7.33 |

## Relative Return vs Russell 1000 Value Index



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

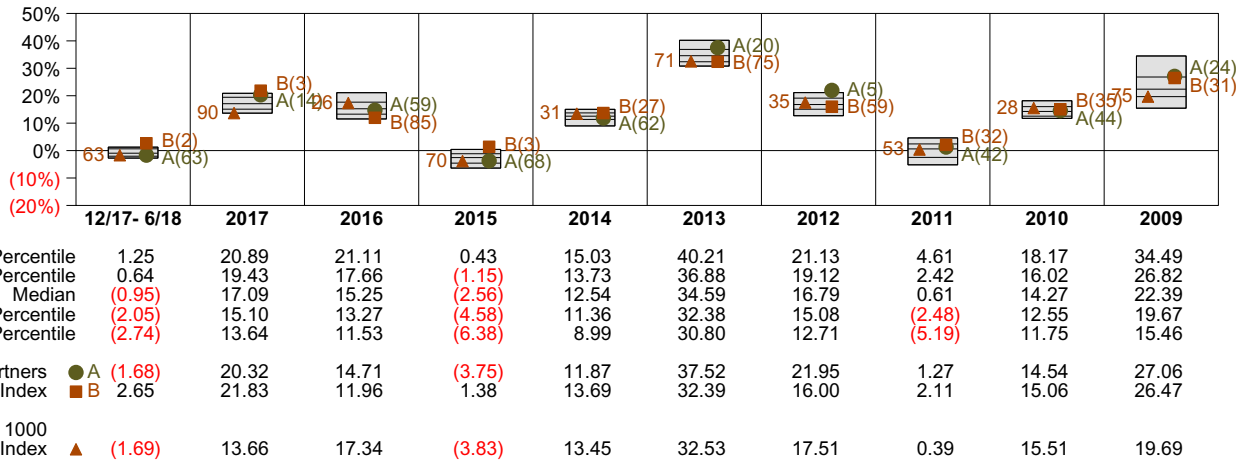


# Boston Partners Return Analysis Summary

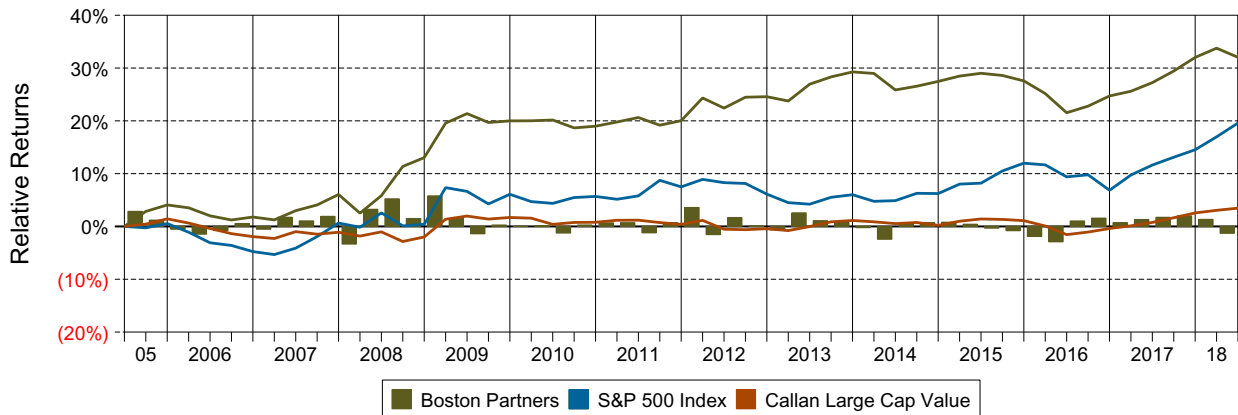
## Return Analysis

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.

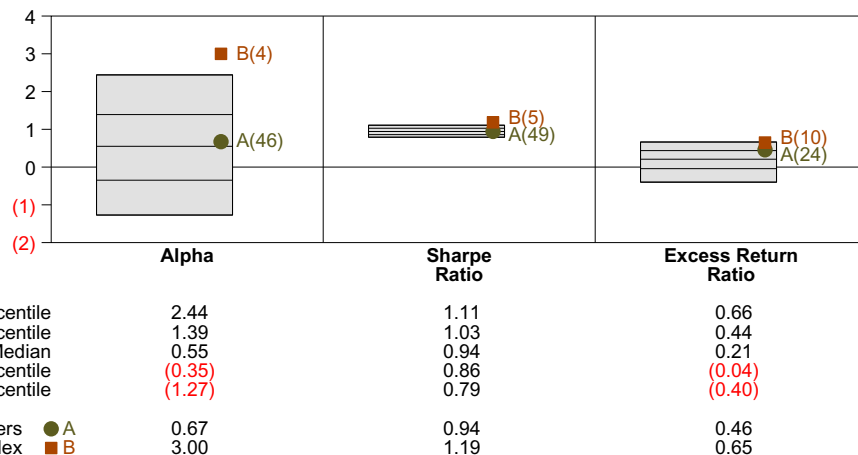
### Performance vs Callan Large Cap Value (Gross)



### 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 June 30, 2018

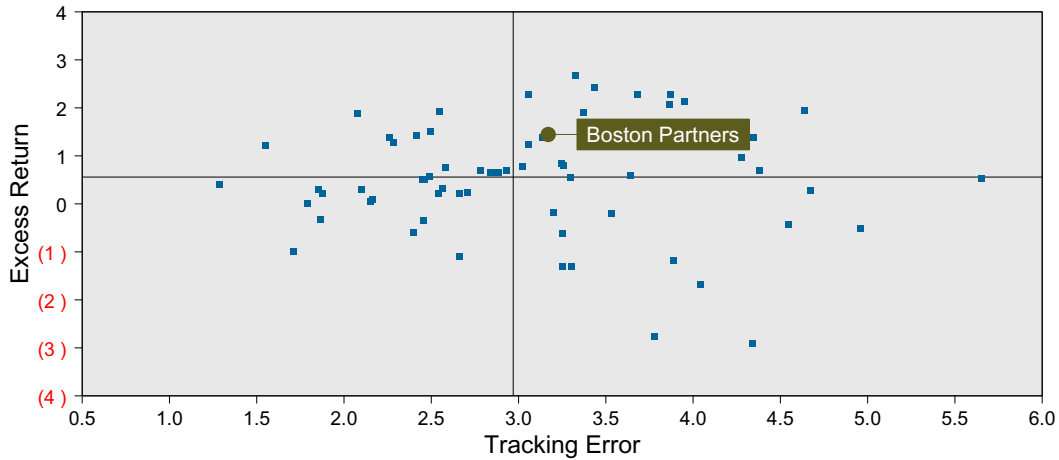


# Boston Partners Risk Analysis Summary

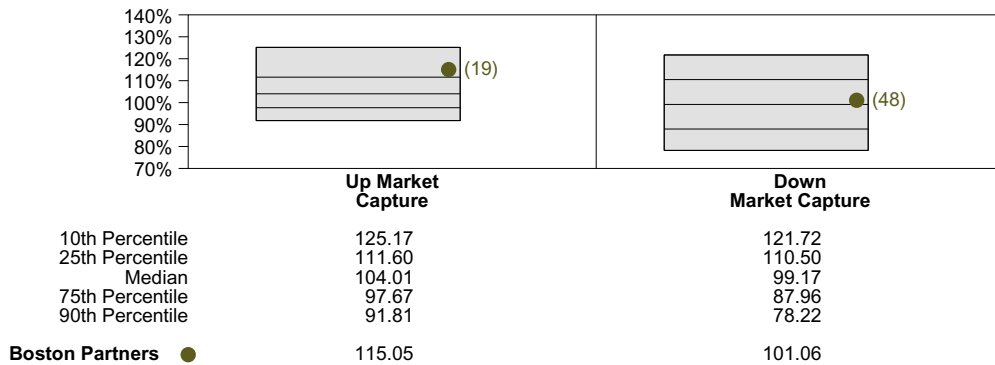
## Risk Analysis

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.

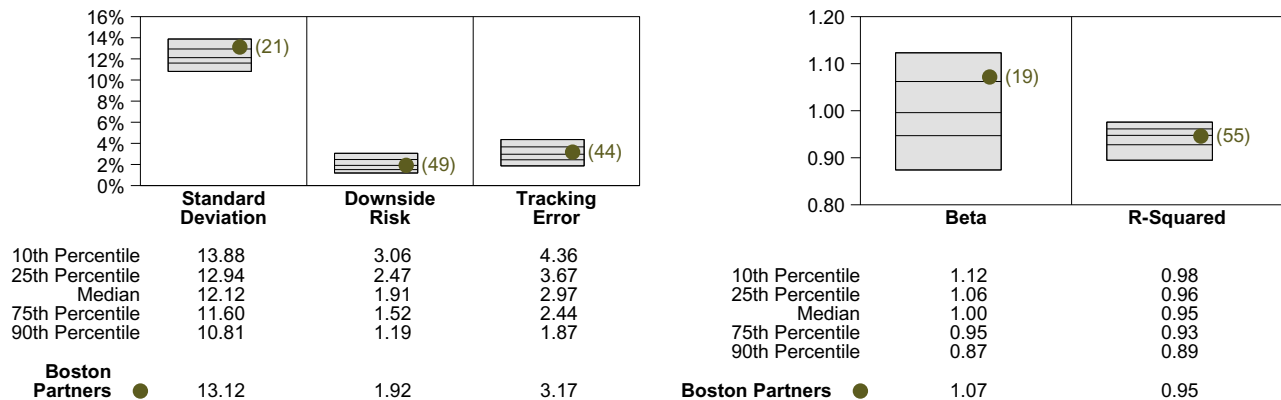
### Risk Analysis vs Callan Large Cap Value (Gross) Seven Years Ended June 30, 2018



### Market Capture vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended June 30, 2018



### Risk Statistics Rankings vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended June 30, 2018

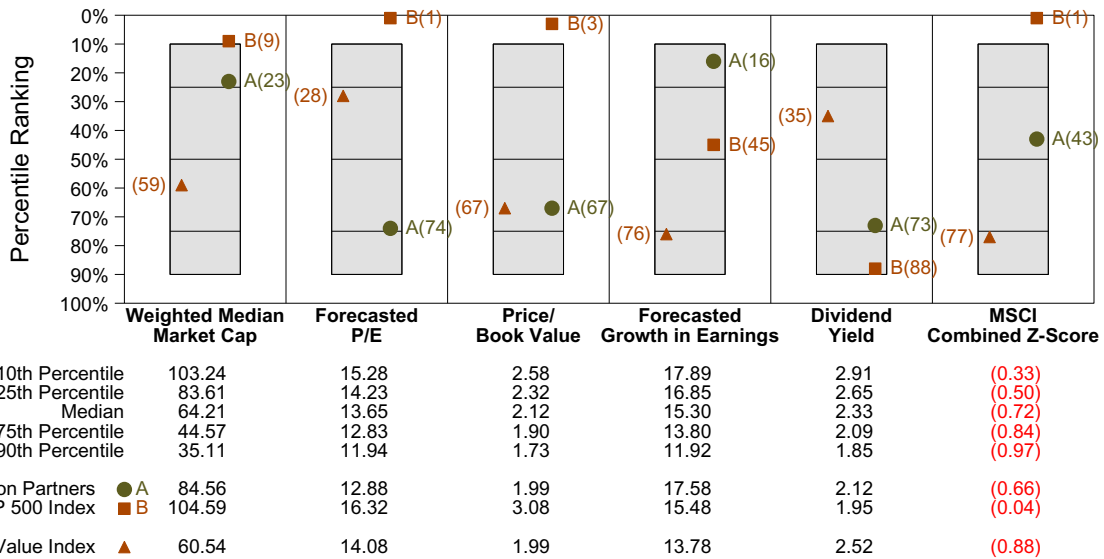


# Boston Partners Equity Characteristics Analysis Summary

## 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.

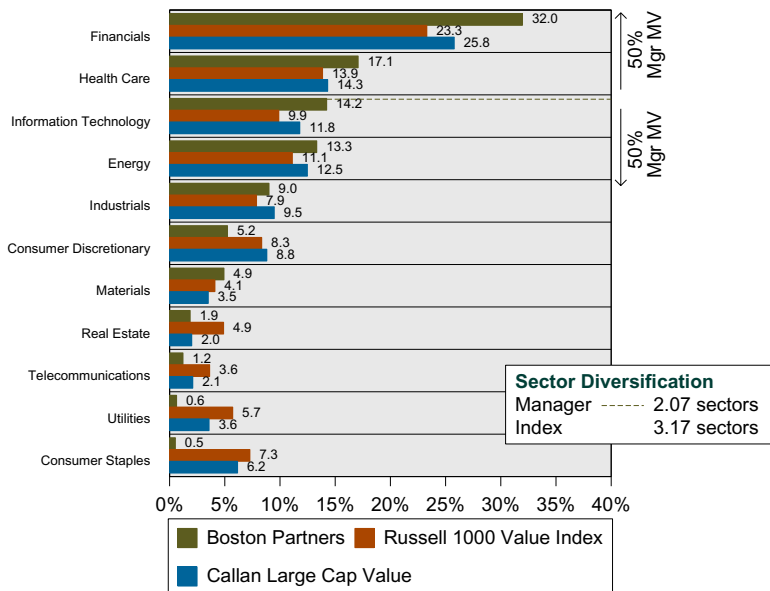
## Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Value as of June 30, 2018



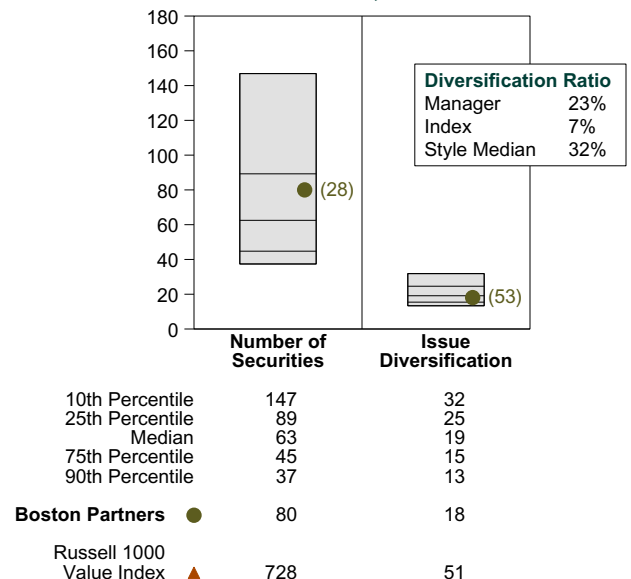
## Sector Weights

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 June 30, 2018



### Diversification June 30, 2018



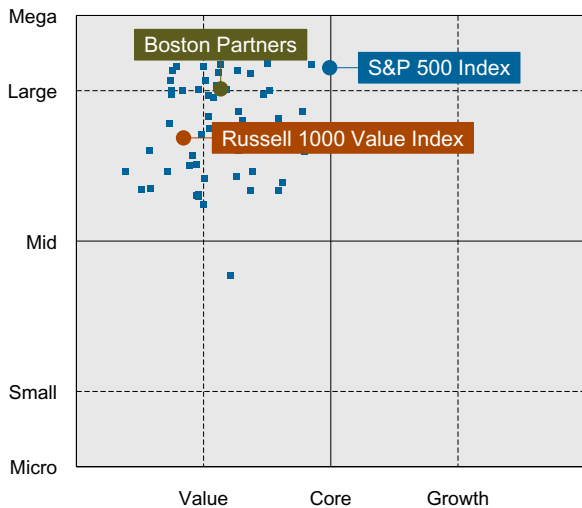
# Current Holdings Based Style Analysis

## Boston Partners

### As of June 30, 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.

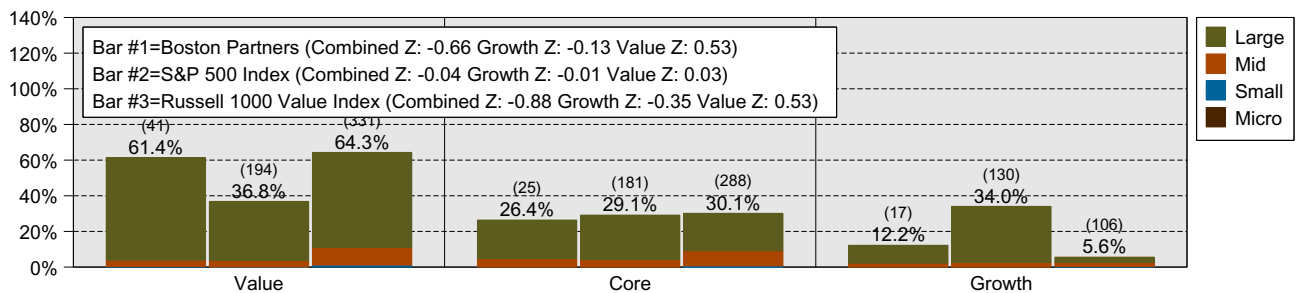
**Style Map vs Callan Large Cap Value Holdings as of June 30, 2018**



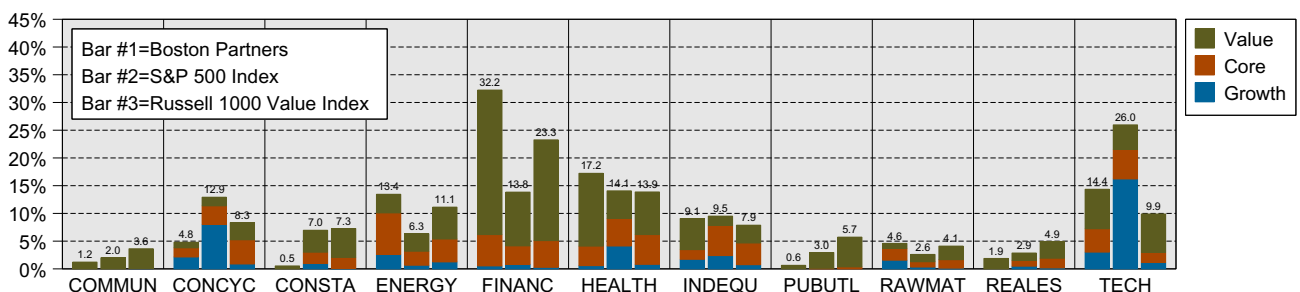
**Style Exposure Matrix Holdings as of June 30, 2018**

|              | Value              | Core               | Growth             | Total               |
|--------------|--------------------|--------------------|--------------------|---------------------|
| Large        | 57.5% (34)         | 21.5% (15)         | 10.0% (14)         | <b>89.0% (63)</b>   |
|              | 33.1% (109)        | 24.8% (97)         | 31.4% (80)         | <b>89.3% (286)</b>  |
|              | 53.3% (109)        | 20.9% (80)         | 2.9% (22)          | <b>77.1% (211)</b>  |
| Mid          | 3.7% (6)           | 4.9% (8)           | 2.2% (3)           | <b>10.7% (17)</b>   |
|              | 3.7% (84)          | 4.4% (84)          | 2.6% (50)          | <b>10.7% (218)</b>  |
|              | 9.9% (171)         | 8.6% (177)         | 2.4% (68)          | <b>20.9% (416)</b>  |
| Small        | 0.3% (1)           | 0.0% (1)           | 0.0% (0)           | <b>0.3% (2)</b>     |
|              | 0.0% (1)           | 0.0% (0)           | 0.0% (0)           | <b>0.0% (1)</b>     |
|              | 1.1% (51)          | 0.6% (31)          | 0.3% (16)          | <b>2.0% (98)</b>    |
| Micro        | 0.0% (0)           | 0.0% (1)           | 0.0% (0)           | <b>0.0% (1)</b>     |
|              | 0.0% (0)           | 0.0% (0)           | 0.0% (0)           | <b>0.0% (0)</b>     |
|              | 0.0% (0)           | 0.0% (0)           | 0.0% (0)           | <b>0.0% (0)</b>     |
| <b>Total</b> | <b>61.4% (41)</b>  | <b>26.4% (25)</b>  | <b>12.2% (17)</b>  | <b>100.0% (83)</b>  |
|              | <b>36.8% (194)</b> | <b>29.1% (181)</b> | <b>34.0% (130)</b> | <b>100.0% (505)</b> |
|              | <b>64.3% (331)</b> | <b>30.1% (288)</b> | <b>5.6% (106)</b>  | <b>100.0% (725)</b> |

**Combined Z-Score Style Distribution Holdings as of June 30, 2018**



**Sector Weights Distribution Holdings as of June 30, 2018**





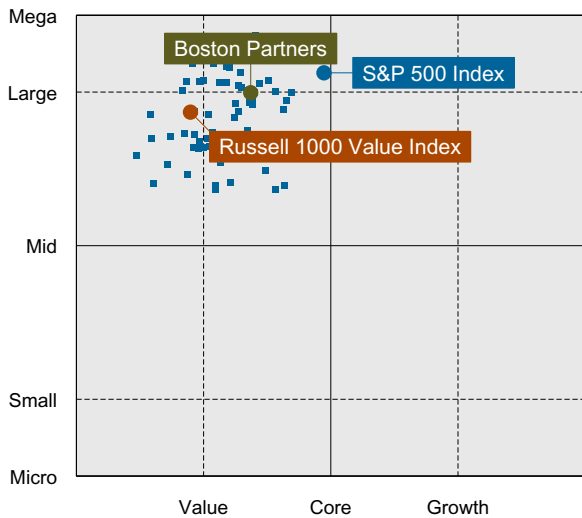
# Historical Holdings Based Style Analysis

## Boston Partners

### For Five Years Ended June 30, 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.

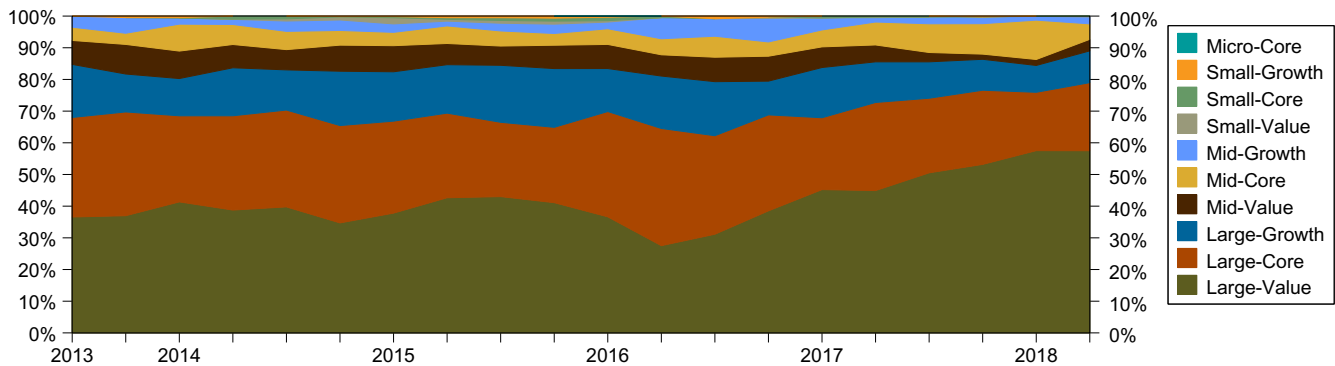
**Average Style Map vs Callan Large Cap Value Holdings for Five Years Ended June 30, 2018**



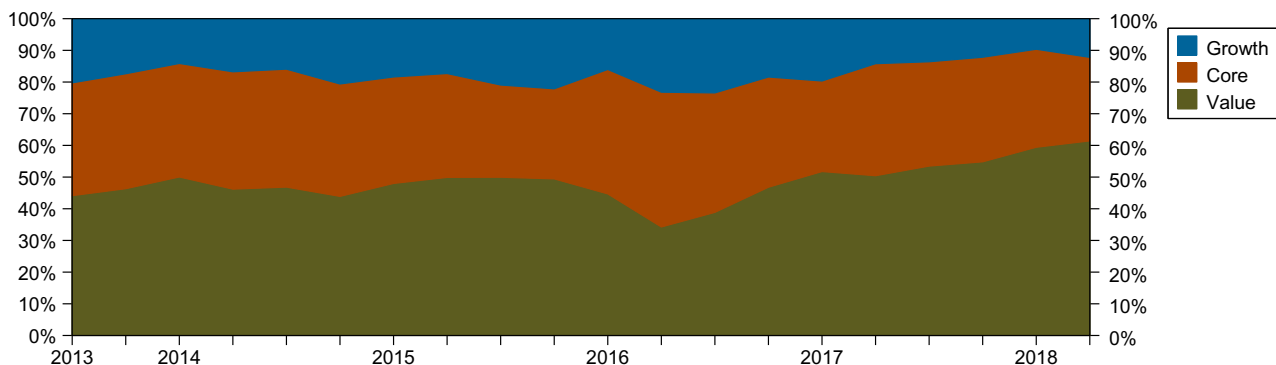
**Average Style Exposure Matrix Holdings for Five Years Ended June 30, 2018**

|              | Value              | Core               | Growth             | Total               |
|--------------|--------------------|--------------------|--------------------|---------------------|
| Large        | 41.8% (26)         | 27.7% (21)         | 14.0% (14)         | 83.4% (61)          |
|              | 32.1% (97)         | 27.7% (95)         | 29.3% (95)         | 89.1% (287)         |
|              | 51.2% (93)         | 22.4% (71)         | 4.8% (30)          | 78.4% (194)         |
| Mid          | 6.4% (10)          | 6.0% (9)           | 3.1% (5)           | 15.6% (24)          |
|              | 4.1% (84)          | 3.9% (77)          | 2.9% (52)          | 10.8% (213)         |
|              | 10.3% (164)        | 6.6% (146)         | 2.2% (59)          | 19.2% (369)         |
| Small        | 0.4% (1)           | 0.4% (1)           | 0.2% (1)           | 1.0% (3)            |
|              | 0.0% (3)           | 0.0% (1)           | 0.0% (1)           | 0.1% (5)            |
|              | 1.4% (62)          | 0.8% (45)          | 0.2% (16)          | 2.4% (123)          |
| 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)            |
|              | 0.0% (0)           | 0.0% (1)           | 0.0% (0)           | 0.0% (1)            |
| <b>Total</b> | <b>48.5% (37)</b>  | <b>34.1% (31)</b>  | <b>17.3% (20)</b>  | <b>100.0% (88)</b>  |
|              | <b>36.2% (184)</b> | <b>31.6% (173)</b> | <b>32.2% (148)</b> | <b>100.0% (505)</b> |
|              | <b>62.9% (319)</b> | <b>29.9% (263)</b> | <b>7.2% (105)</b>  | <b>100.0% (687)</b> |

**Boston Partners Historical Cap/Style Exposures**



**Boston Partners Historical Style Only Exposures**

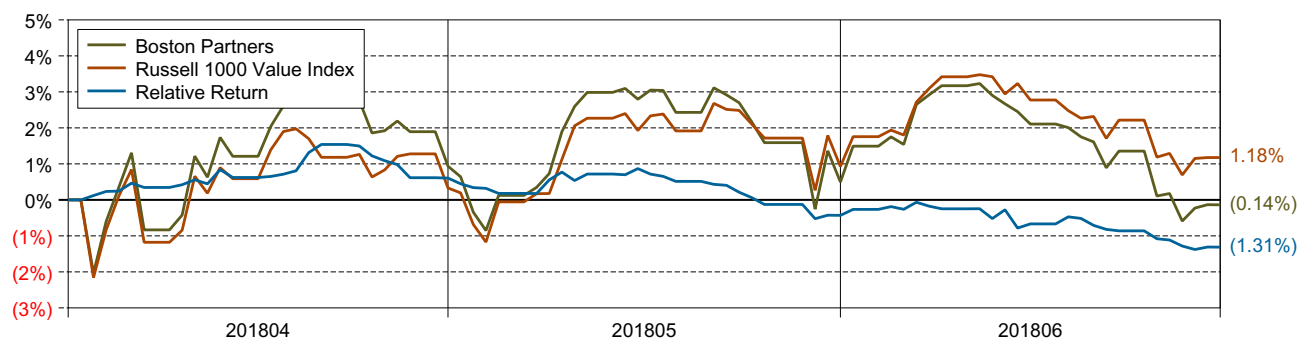


## Boston Partners vs Russell 1000 Value Index Domestic Equity Daily Performance Attribution One Quarter Ended June 30, 2018

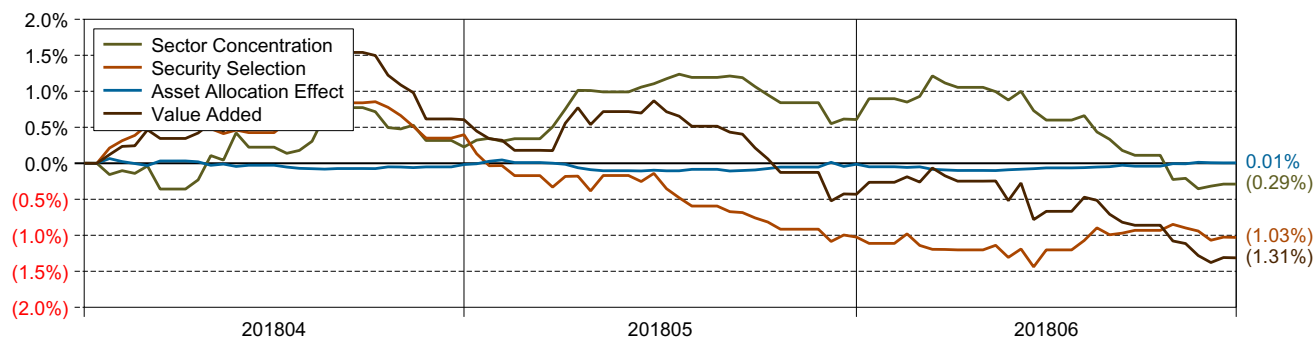
### Return Sources and Timing

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 June 30, 2018

| Sector                 | Manager Eff Weight | Index Eff Weight | Manager Return | Index Return | Sector Concentration | Security Selection | Asset Allocation |
|------------------------|--------------------|------------------|----------------|--------------|----------------------|--------------------|------------------|
| Consumer Discretionary | 5.35%              | 6.85%            | (0.75)%        | 3.19%        | (0.00)%              | (0.23)%            | -                |
| Consumer Staples       | 0.51%              | 7.60%            | (1.67)%        | (3.34)%      | 0.36%                | 0.01%              | -                |
| Energy                 | 12.75%             | 11.48%           | 13.36%         | 14.55%       | 0.14%                | (0.13)%            | -                |
| Financials             | 32.86%             | 26.73%           | (3.33)%        | (3.45)%      | (0.29)%              | 0.04%              | -                |
| Health Care            | 16.83%             | 13.88%           | 1.65%          | 2.42%        | 0.01%                | (0.13)%            | -                |
| Industrials            | 9.33%              | 8.11%            | (11.02)%       | (2.84)%      | (0.08)%              | (0.83)%            | -                |
| Information Technology | 14.50%             | 9.40%            | (0.13)%        | (0.95)%      | (0.10)%              | 0.12%              | -                |
| Materials              | 4.91%              | 2.48%            | 2.89%          | 1.42%        | 0.01%                | 0.08%              | -                |
| Real Estate            | 1.16%              | 4.67%            | 3.85%          | 8.56%        | (0.24)%              | (0.05)%            | -                |
| Telecommunications     | 1.16%              | 2.89%            | 6.53%          | (3.07)%      | 0.05%                | 0.11%              | -                |
| Utilities              | 0.64%              | 5.92%            | 0.35%          | 4.21%        | (0.15)%              | (0.02)%            | -                |
| Non Equity             | 3.14%              | 0.00%            | -              | -            | -                    | -                  | 0.01%            |
| Total                  | -                  | -                | (0.14)%        | 1.18%        | (0.29)%              | (1.03)%            | 0.01%            |

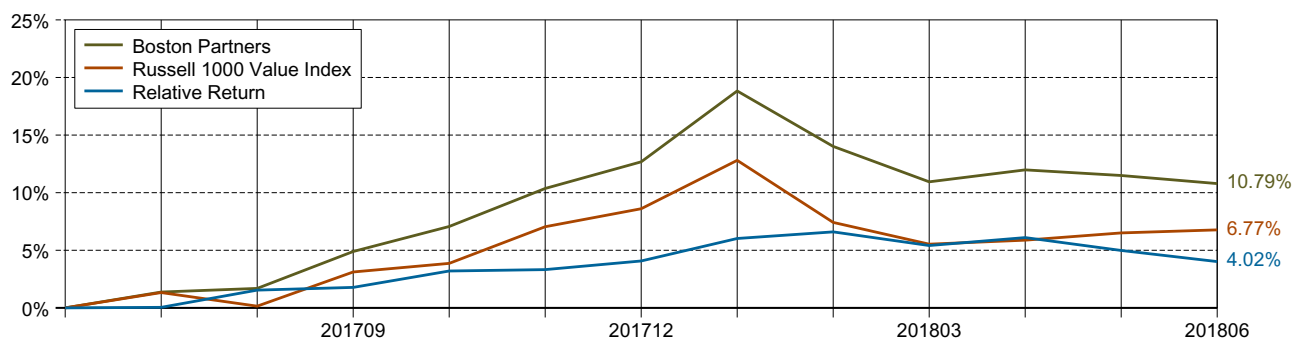
|                       |   |                     |   |                             |   |                           |   |                         |
|-----------------------|---|---------------------|---|-----------------------------|---|---------------------------|---|-------------------------|
| <b>Manager Return</b> | = | <b>Index Return</b> | + | <b>Sector Concentration</b> | + | <b>Security Selection</b> | + | <b>Asset Allocation</b> |
| (0.14%)               |   | 1.18%               |   | (0.29%)                     |   | (1.03%)                   |   | 0.01%                   |

# Boston Partners vs Russell 1000 Value Index Domestic Equity Daily Performance Attribution One Year Ended June 30, 2018

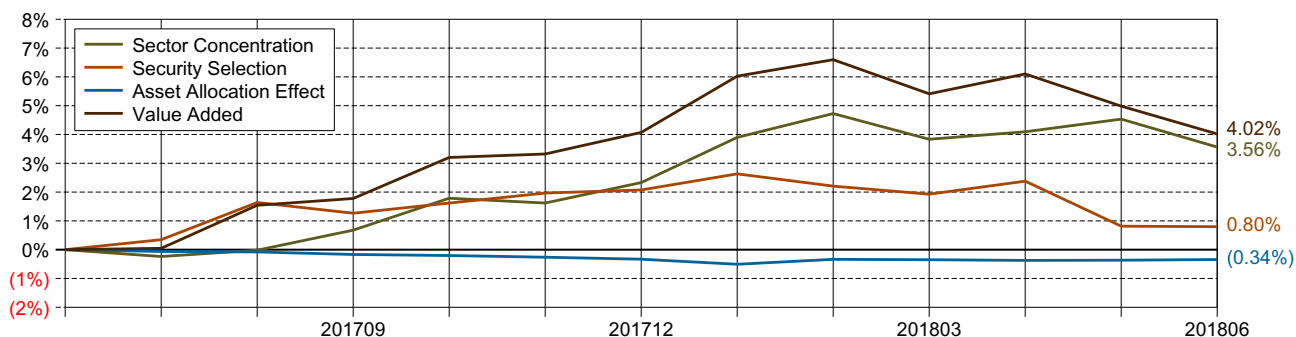
## Return Sources and Timing

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 June 30, 2018

| Sector                 | Manager Eff Weight | Index Eff Weight | Manager Return | Index Return | Sector Concentration | Security Selection | Asset Allocation |
|------------------------|--------------------|------------------|----------------|--------------|----------------------|--------------------|------------------|
| Consumer Discretionary | 7.19%              | 6.85%            | 3.40%          | 7.82%        | 0.02%                | (0.29)%            | -                |
| Consumer Staples       | 1.56%              | 8.45%            | (15.81)%       | (8.36)%      | 1.20%                | (0.18)%            | -                |
| Energy                 | 10.46%             | 10.92%           | 36.11%         | 22.72%       | 0.12%                | 1.04%              | -                |
| Financials             | 32.38%             | 26.59%           | 10.01%         | 8.52%        | 0.05%                | 0.50%              | -                |
| Health Care            | 16.12%             | 13.89%           | 2.44%          | 3.15%        | (0.14)%              | (0.02)%            | -                |
| Industrials            | 8.67%              | 8.38%            | (3.28)%        | (5.26)%      | (0.06)%              | 0.05%              | -                |
| Information Technology | 16.18%             | 8.74%            | 22.11%         | 21.97%       | 1.19%                | 0.02%              | -                |
| Materials              | 6.08%              | 2.39%            | 14.07%         | 16.71%       | 0.40%                | (0.20)%            | -                |
| Real Estate            | 0.29%              | 4.77%            | 4.22%          | 2.43%        | 0.32%                | (0.06)%            | -                |
| Telecommunications     | 0.66%              | 2.98%            | 0.59%          | (3.48)%      | 0.25%                | 0.06%              | -                |
| Utilities              | 0.40%              | 6.04%            | (7.22)%        | 4.39%        | 0.23%                | (0.13)%            | -                |
| Non Equity             | 2.75%              | 0.00%            | -              | -            | -                    | -                  | (0.34)%          |
| Total                  | -                  | -                | 10.79%         | 6.77%        | 3.56%                | 0.80%              | (0.34)%          |

|                       |   |                     |   |                             |   |                           |   |                         |
|-----------------------|---|---------------------|---|-----------------------------|---|---------------------------|---|-------------------------|
| <b>Manager Return</b> | = | <b>Index Return</b> | + | <b>Sector Concentration</b> | + | <b>Security Selection</b> | + | <b>Asset Allocation</b> |
| <b>10.79%</b>         |   | <b>6.77%</b>        |   | <b>3.56%</b>                |   | <b>0.80%</b>              |   | <b>(0.34)%</b>          |

## Boston Partners vs Russell 1000 Value Index Domestic Equity Top 10 Contribution Holdings One Quarter Ended June 30, 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 |
|-------------------------------------|------------------------|----------------|-----------|--------------|----------------|--------------|----------------------|-----------------------|
| Andeavor                            | Energy                 | 1.79%          | 91        | 0.16%        | 30.98%         | 30.98%       | 0.44%                | 0.38%                 |
| Netapp Inc                          | Information Technology | 1.26%          | 91        | 0.02%        | 27.70%         | 25.15%       | 0.33%                | 0.31%                 |
| Chevron Corp New                    | Energy                 | 2.83%          | 91        | 1.89%        | 11.82%         | 11.82%       | 0.32%                | 0.09%                 |
| Cummins                             | Industrials            | 1.54%          | 91        | 0.14%        | (17.67)%       | (17.34)%     | (0.31)%              | (0.29)%               |
| ConocoPhillips                      | Energy                 | 1.85%          | 91        | 0.62%        | 18.04%         | 17.90%       | 0.30%                | 0.19%                 |
| Berkshire Hathaway Inc Del Cl B New | Financials             | 4.23%          | 91        | 3.07%        | (6.43)%        | (6.43)%      | (0.28)%              | (0.09)%               |
| Bank Amer Corp                      | Financials             | 4.47%          | 91        | 2.34%        | (5.61)%        | (5.61)%      | (0.25)%              | (0.15)%               |
| Merck & Co Inc                      | Health Care            | 1.87%          | 91        | 1.23%        | 12.31%         | 12.31%       | 0.22%                | 0.07%                 |
| Te Connectivity Ltd Reg Shs         | Information Technology | 1.95%          | 91        | -            | (9.43)%        | -            | (0.19)%              | (0.22)%               |
| Johnson & Johnson                   | Health Care            | 4.05%          | 91        | 2.35%        | (4.61)%        | (4.61)%      | (0.19)%              | (0.10)%               |

### 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 |
|-------------------------------------|--------------------|----------------|-----------|--------------|----------------|--------------|--------------------|-----------------------|
| Exxon Mobil Corp                    | Energy             | -              | -         | 2.72%        | -              | 12.00%       | 0.31%              | (0.28)%               |
| Chevron Corp New                    | Energy             | 2.83%          | 91        | 1.89%        | 11.82%         | 11.82%       | 0.21%              | 0.09%                 |
| Philip Morris Intl Inc              | Consumer Staples   | -              | -         | 1.02%        | -              | (17.61)%     | (0.21)%            | 0.22%                 |
| Berkshire Hathaway Inc Del Cl B New | Financials         | 4.23%          | 91        | 3.07%        | (6.43)%        | (6.43)%      | (0.20)%            | (0.09)%               |
| At&t Inc                            | Telecommunications | -              | -         | 1.75%        | -              | (8.65)%      | (0.17)%            | 0.18%                 |
| JPMorgan Chase & Co                 | Financials         | 3.96%          | 91        | 3.09%        | (4.77)%        | (4.77)%      | (0.15)%            | (0.05)%               |
| Merck & Co Inc                      | Health Care        | 1.87%          | 91        | 1.23%        | 12.31%         | 12.31%       | 0.15%              | 0.07%                 |
| Bank Amer Corp                      | Financials         | 4.47%          | 91        | 2.34%        | (5.61)%        | (5.61)%      | (0.13)%            | (0.15)%               |
| Occidental Petroleum                | Energy             | -              | -         | 0.48%        | -              | 29.98%       | 0.12%              | (0.12)%               |
| Wells Fargo & Co New                | Financials         | 2.69%          | 91        | 1.93%        | 6.26%          | 6.58%        | 0.12%              | 0.03%                 |

### 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 |
|----------------------------------|------------------------|----------------|-----------|--------------|----------------|--------------|----------------------|-----------------------|
| Andeavor                         | Energy                 | 1.79%          | 91        | 0.16%        | 30.98%         | 30.98%       | 0.44%                | 0.38%                 |
| Netapp Inc                       | Information Technology | 1.26%          | 91        | 0.02%        | 27.70%         | 25.15%       | 0.33%                | 0.31%                 |
| Philip Morris Intl Inc           | Consumer Staples       | -              | -         | 1.02%        | -              | (17.61)%     | -                    | 0.22%                 |
| ConocoPhillips                   | Energy                 | 1.85%          | 91        | 0.62%        | 18.04%         | 17.90%       | 0.30%                | 0.19%                 |
| At&t Inc                         | Telecommunications     | -              | -         | 1.75%        | -              | (8.65)%      | -                    | 0.18%                 |
| Royal Dutch Shell Plc Spon ADR A | Energy                 | 1.88%          | 91        | -            | 9.93%          | -            | 0.18%                | 0.16%                 |
| Methanex Corp                    | Materials              | 0.77%          | 91        | -            | 17.24%         | -            | 0.13%                | 0.12%                 |
| Intel Corp                       | Information Technology | -              | -         | 2.06%        | -              | (4.01)%      | -                    | 0.10%                 |
| Chevron Corp New                 | Energy                 | 2.83%          | 91        | 1.89%        | 11.82%         | 11.82%       | 0.32%                | 0.09%                 |
| Tjx Cos                          | Consumer Discretionary | 0.56%          | 91        | -            | 17.29%         | -            | 0.08%                | 0.08%                 |

### 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 |
|-----------------------------|------------------------|----------------|-----------|--------------|----------------|--------------|----------------------|-----------------------|
| Cummins                     | Industrials            | 1.54%          | 91        | 0.14%        | (17.67)%       | (17.34)%     | (0.31)%              | (0.29)%               |
| Exxon Mobil Corp            | Energy                 | -              | -         | 2.72%        | -              | 12.00%       | -                    | (0.28)%               |
| Te Connectivity Ltd Reg Shs | Information Technology | 1.95%          | 91        | -            | (9.43)%        | -            | (0.19)%              | (0.22)%               |
| Bank Amer Corp              | Financials             | 4.47%          | 91        | 2.34%        | (5.61)%        | (5.61)%      | (0.25)%              | (0.15)%               |
| Arconic Inc                 | Industrials            | 0.39%          | 41        | 0.07%        | (20.68)%       | (25.91)%     | (0.16)%              | (0.14)%               |
| Dxc Technology Co           | Information Technology | 1.45%          | 91        | 0.03%        | (7.08)%        | (0.30)%      | (0.11)%              | (0.13)%               |
| Occidental Petroleum        | Energy                 | -              | -         | 0.48%        | -              | 29.98%       | -                    | (0.12)%               |
| Southwest Airline Co        | Industrials            | 0.92%          | 91        | 0.01%        | (10.89)%       | (1.98)%      | (0.11)%              | (0.12)%               |
| Delta Air Lines Inc Del     | Industrials            | 1.33%          | 91        | 0.28%        | (9.09)%        | (9.09)%      | (0.12)%              | (0.11)%               |
| Goldman Sachs Group Inc     | Financials             | 1.48%          | 91        | 0.69%        | (12.12)%       | (12.12)%     | (0.19)%              | (0.11)%               |

# Atlanta Capital Period Ended June 30, 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.

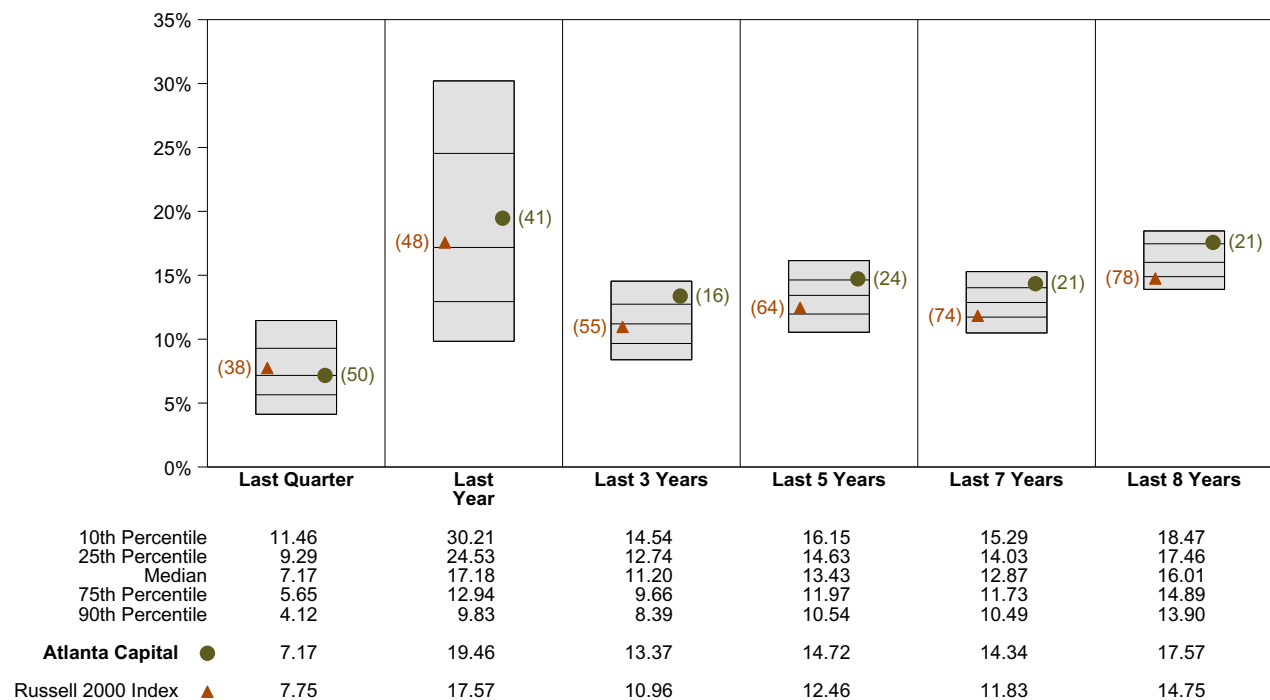
## Quarterly Summary and Highlights

- Atlanta Capital's portfolio posted a 7.17% return for the quarter placing it in the 50 percentile of the Callan Small Capitalization group for the quarter and in the 41 percentile for the last year.
- Atlanta Capital's portfolio underperformed the Russell 2000 Index by 0.59% for the quarter and outperformed the Russell 2000 Index for the year by 1.90%.

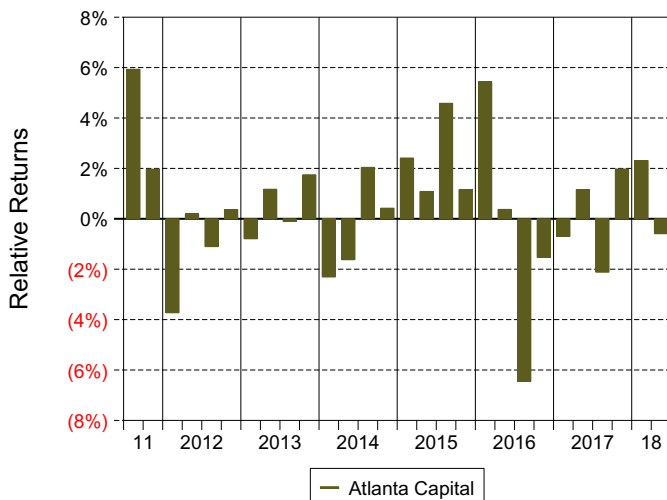
## Quarterly Asset Growth

|                           |              |
|---------------------------|--------------|
| Beginning Market Value    | \$23,499,833 |
| Net New Investment        | \$-564,016   |
| Investment Gains/(Losses) | \$1,685,060  |
| Ending Market Value       | \$24,620,877 |

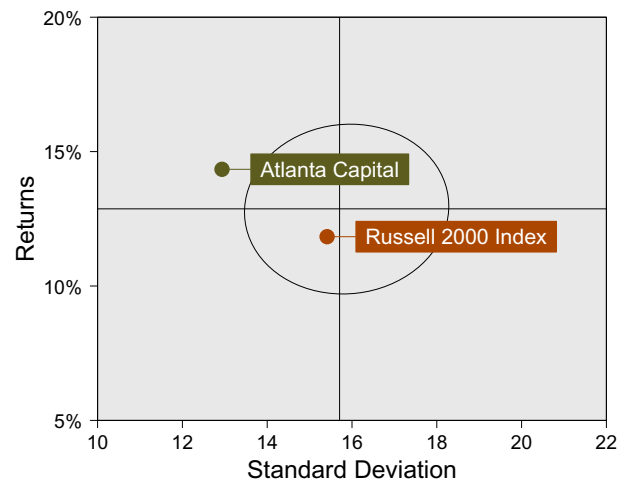
## Performance vs Callan Small Capitalization (Gross)



## Relative Return vs Russell 2000 Index



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

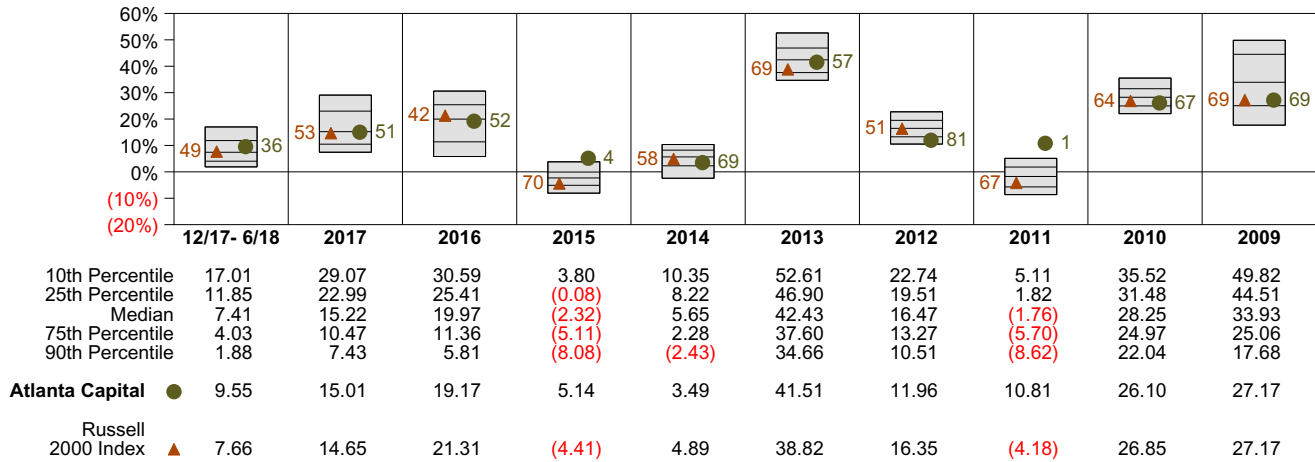


# Atlanta Capital Return Analysis Summary

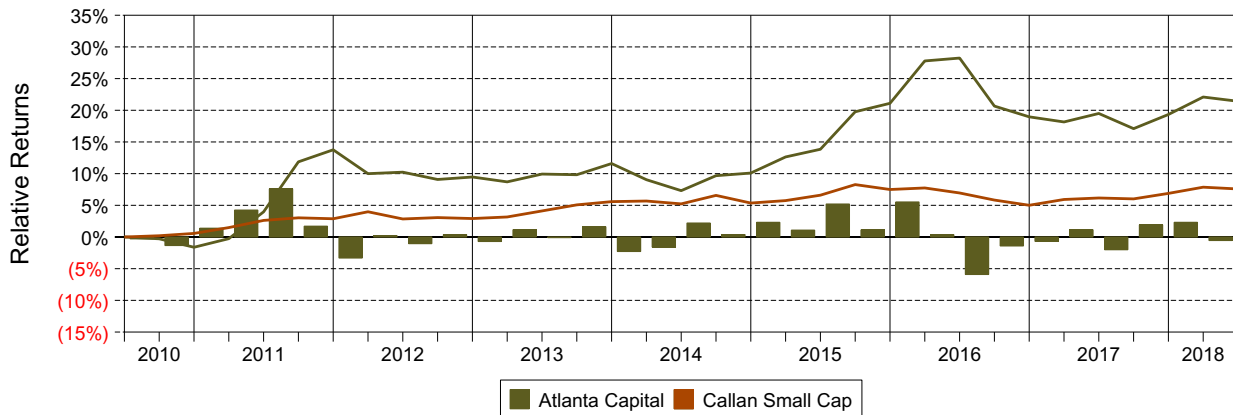
## Return Analysis

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.

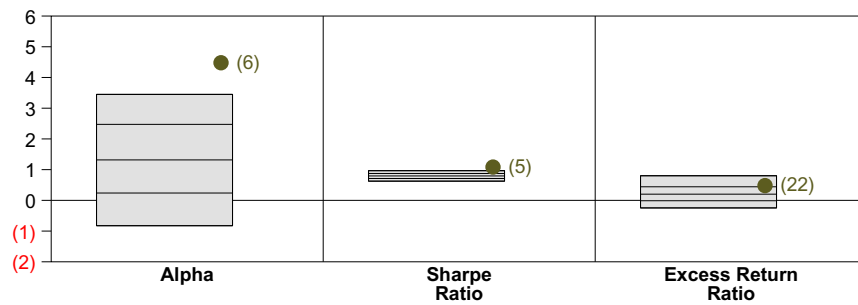
### Performance vs Callan Small Capitalization (Gross)



### 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 June 30, 2018

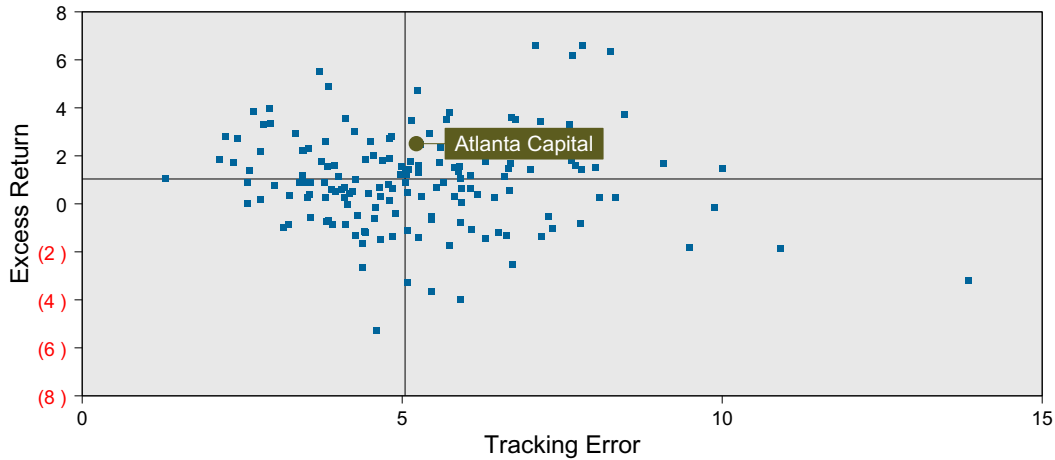


# Atlanta Capital Risk Analysis Summary

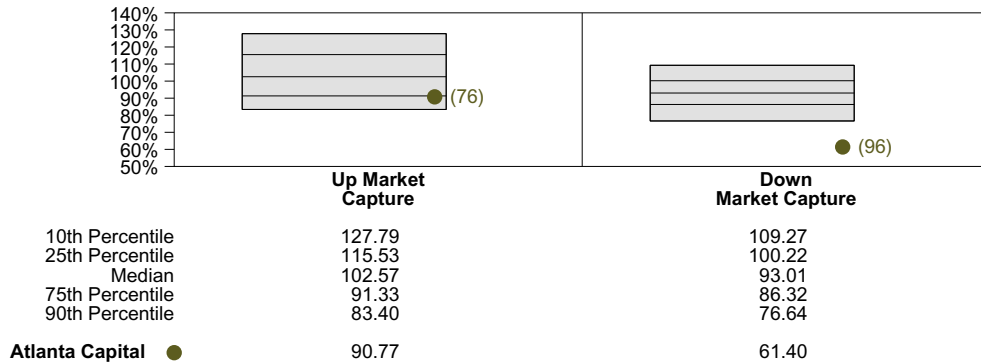
## Risk Analysis

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.

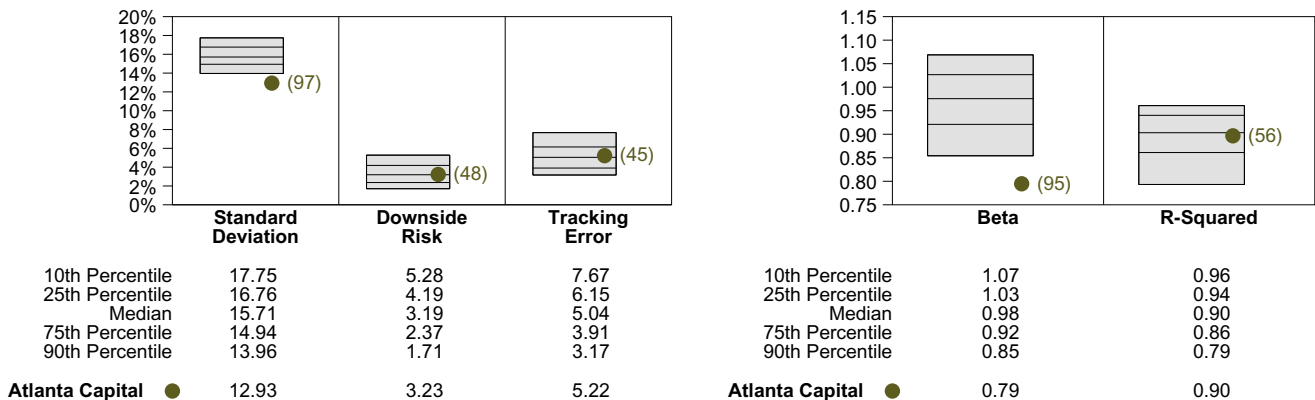
### Risk Analysis vs Callan Small Capitalization (Gross) Seven Years Ended June 30, 2018



### Market Capture vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended June 30, 2018



### Risk Statistics Rankings vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended June 30, 2018

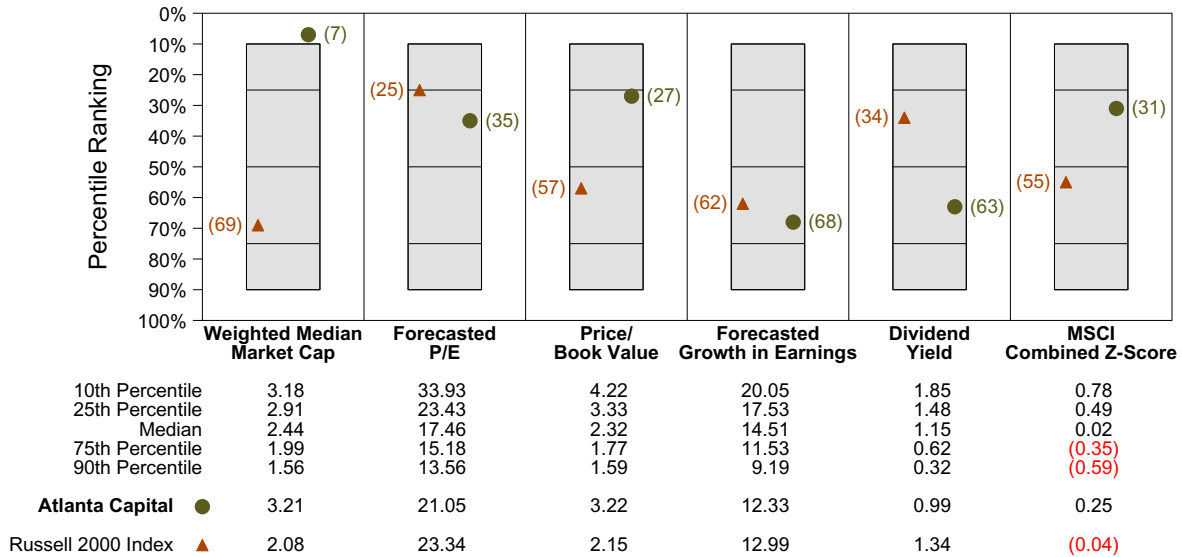


# Atlanta Capital Equity Characteristics Analysis Summary

## Portfolio Characteristics

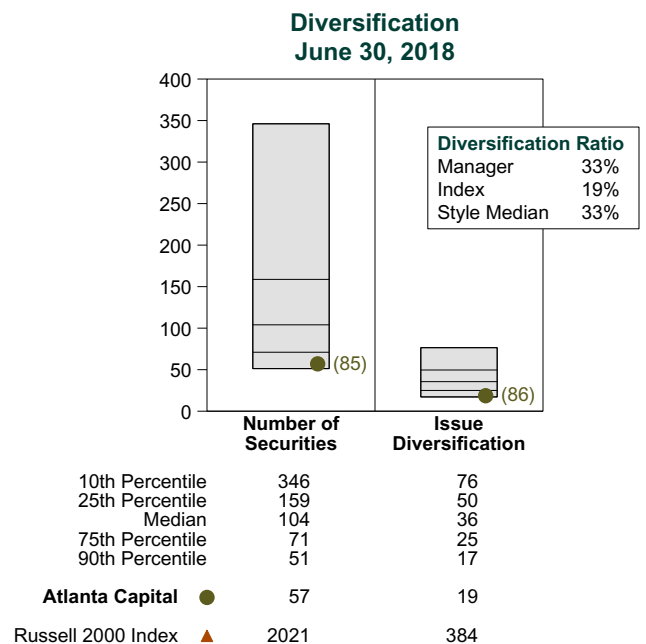
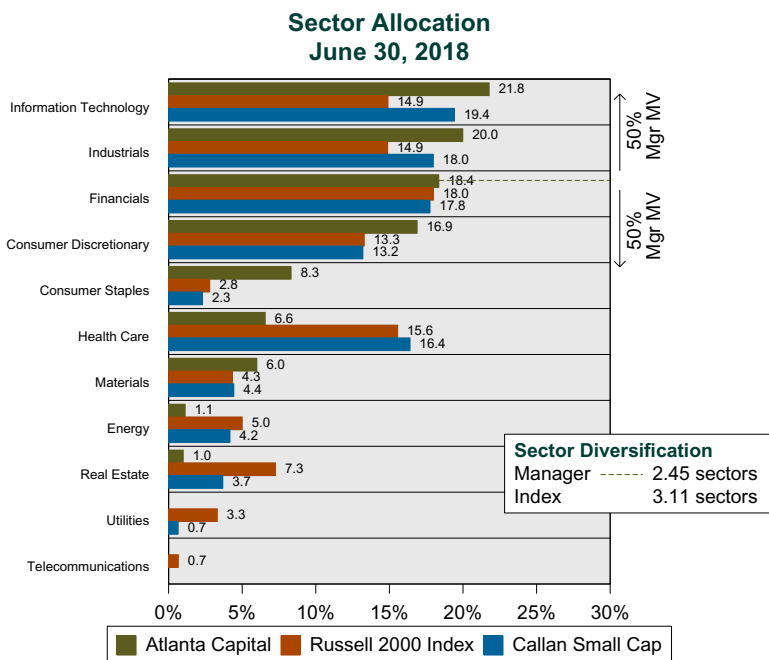
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against Callan Small Capitalization as of June 30, 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.





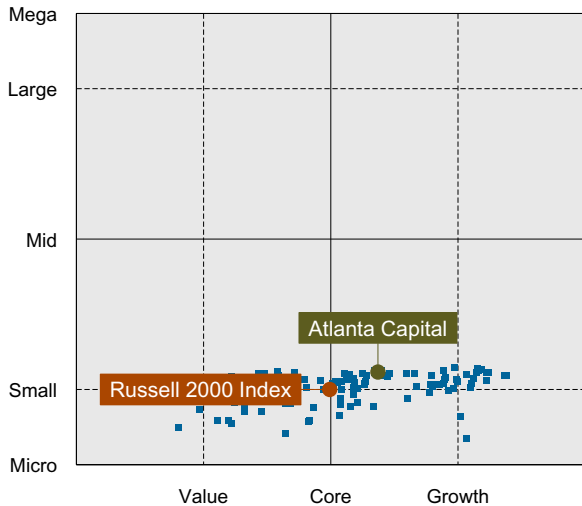
# Current Holdings Based Style Analysis

## Atlanta Capital

### As of June 30, 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.

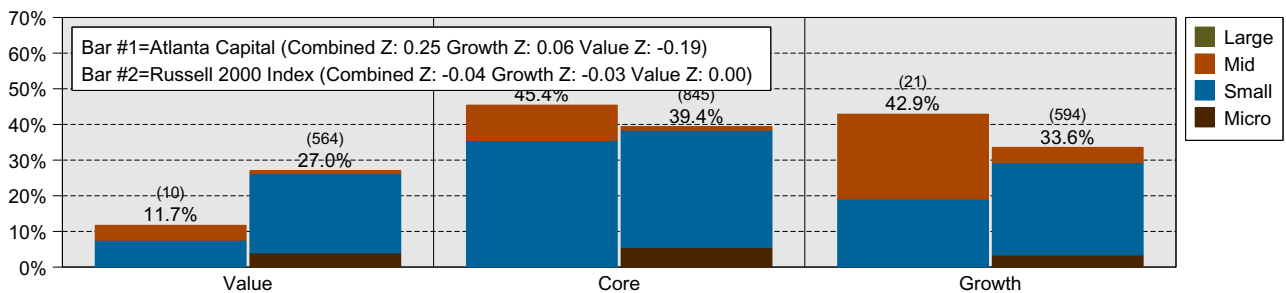
**Style Map vs Callan Small Cap Holdings as of June 30, 2018**



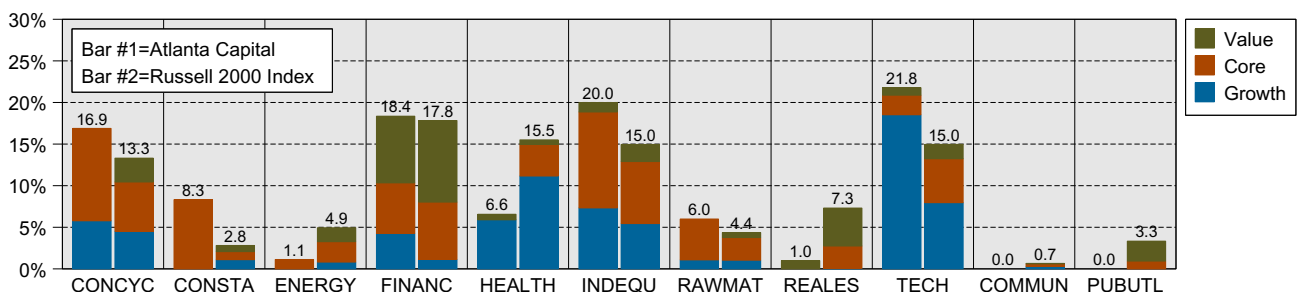
**Style Exposure Matrix Holdings as of June 30, 2018**

|              | Value              | Core               | Growth             | Total                |
|--------------|--------------------|--------------------|--------------------|----------------------|
| Large        | 0.0% (0)           | 0.0% (0)           | 0.0% (0)           | 0.0% (0)             |
| Mid          | 4.2% (3)           | 9.8% (4)           | 23.8% (11)         | 37.8% (18)           |
| Small        | 7.5% (7)           | 35.6% (22)         | 19.1% (10)         | 62.2% (39)           |
| Micro        | 0.0% (0)           | 0.0% (0)           | 0.0% (0)           | 0.0% (0)             |
| <b>Total</b> | <b>11.7% (10)</b>  | <b>45.4% (26)</b>  | <b>42.9% (21)</b>  | <b>100.0% (57)</b>   |
|              | <b>27.0% (564)</b> | <b>39.4% (845)</b> | <b>33.6% (594)</b> | <b>100.0% (2003)</b> |

**Combined Z-Score Style Distribution Holdings as of June 30, 2018**



**Sector Weights Distribution Holdings as of June 30, 2018**



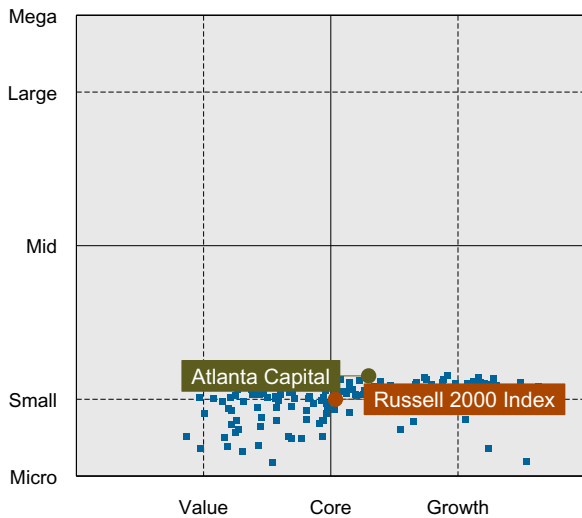
# Historical Holdings Based Style Analysis

## Atlanta Capital

### For Five Years Ended June 30, 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.

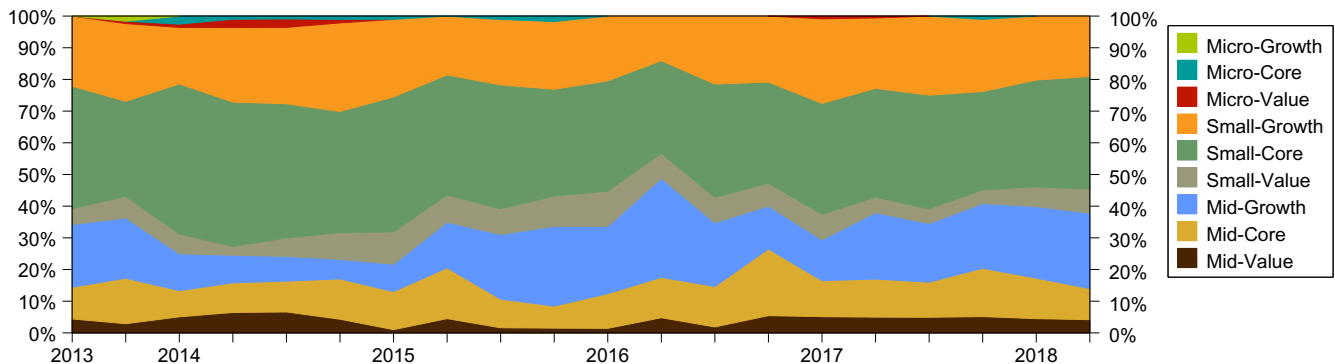
**Average Style Map vs Callan Small Cap Holdings for Five Years Ended June 30, 2018**



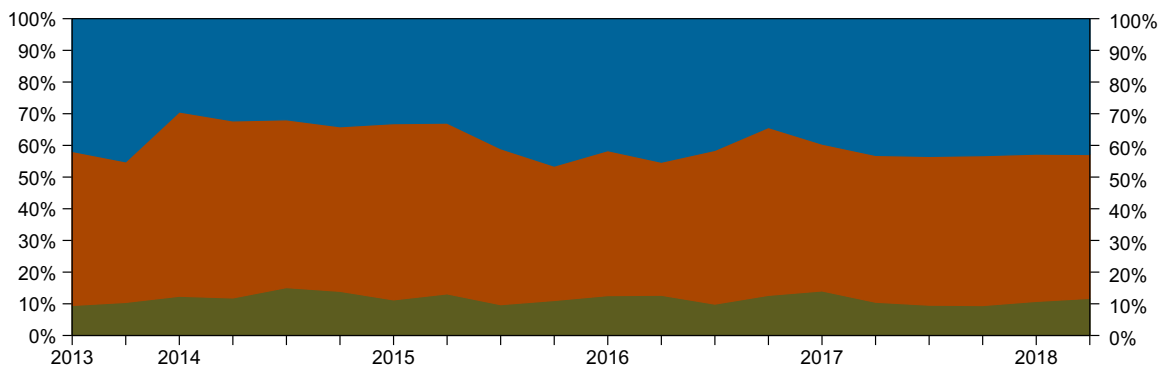
**Average Style Exposure Matrix Holdings for Five Years Ended June 30, 2018**

|              |                    |                    |                    |                      |
|--------------|--------------------|--------------------|--------------------|----------------------|
|              | 0.0% (0)           | 0.0% (0)           | 0.0% (0)           | <b>0.0% (0)</b>      |
| Large        | 0.0% (0)           | 0.0% (0)           | 0.0% (0)           | <b>0.0% (0)</b>      |
| Mid          | 4.0% (3)           | 11.9% (6)          | 17.3% (8)          | <b>33.3% (17)</b>    |
| Small        | 7.1% (5)           | 36.6% (25)         | 21.9% (13)         | <b>65.6% (43)</b>    |
| Micro        | 0.5% (0)           | 0.5% (1)           | 0.1% (0)           | <b>1.1% (1)</b>      |
| <b>Total</b> | <b>11.6% (8)</b>   | <b>49.1% (32)</b>  | <b>39.3% (21)</b>  | <b>100.0% (61)</b>   |
|              | <b>26.3% (568)</b> | <b>39.8% (813)</b> | <b>33.9% (586)</b> | <b>100.0% (1967)</b> |
|              | Value              | Core               | Growth             | Total                |

**Atlanta Capital Historical Cap/Style Exposures**



**Atlanta Capital Historical Style Only Exposures**

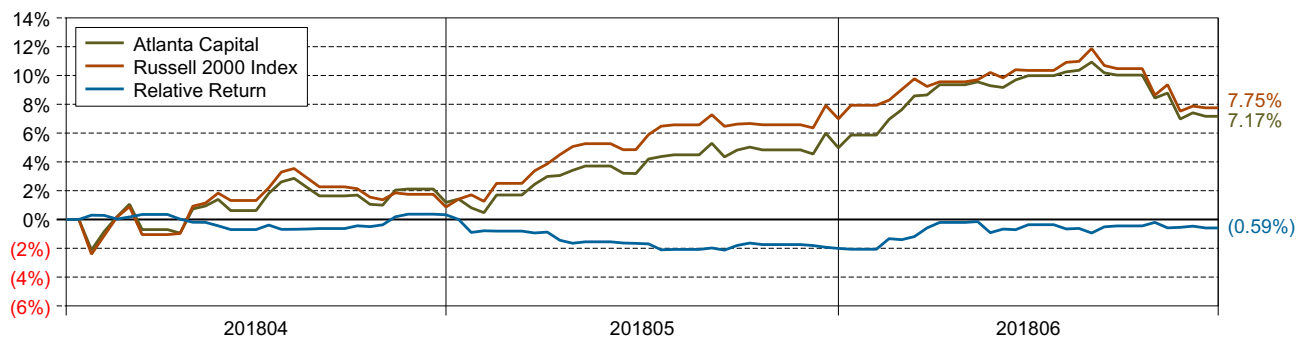


# Atlanta Capital vs Russell 2000 Index Domestic Equity Daily Performance Attribution One Quarter Ended June 30, 2018

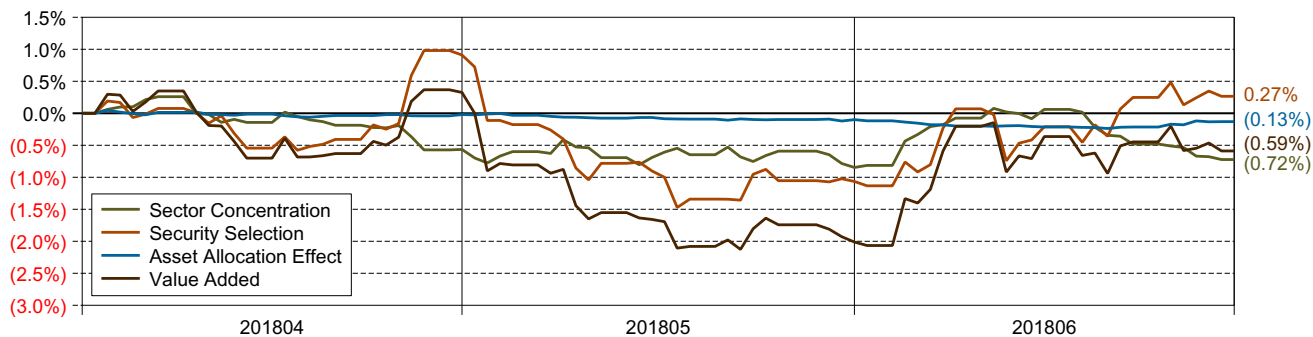
## Return Sources and Timing

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 June 30, 2018

| Sector                 | Manager Eff Weight | Index Eff Weight | Manager Return | Index Return | Sector Concentration | Security Selection | Asset Allocation |
|------------------------|--------------------|------------------|----------------|--------------|----------------------|--------------------|------------------|
| Consumer Discretionary | 16.59%             | 12.14%           | 7.73%          | 9.62%        | 0.10%                | (0.31)%            | -                |
| Consumer Staples       | 7.61%              | 2.41%            | 7.94%          | 12.06%       | 0.24%                | (0.30)%            | -                |
| Energy                 | 1.02%              | 4.11%            | 14.73%         | 19.67%       | (0.32)%              | (0.05)%            | -                |
| Financials             | 18.85%             | 18.01%           | 5.75%          | 4.19%        | (0.01)%              | 0.29%              | -                |
| Health Care            | 6.70%              | 16.63%           | 7.76%          | 10.17%       | (0.23)%              | (0.17)%            | -                |
| Industrials            | 19.56%             | 14.85%           | 5.51%          | 4.25%        | (0.12)%              | 0.23%              | -                |
| Information Technology | 22.61%             | 17.26%           | 9.86%          | 7.24%        | (0.02)%              | 0.57%              | -                |
| Materials              | 6.08%              | 4.32%            | 4.92%          | 3.60%        | (0.05)%              | 0.07%              | -                |
| Real Estate            | 0.98%              | 6.41%            | 7.54%          | 13.30%       | (0.30)%              | (0.06)%            | -                |
| Telecommunications     | 0.00%              | 0.61%            | 0.00%          | 11.49%       | (0.01)%              | 0.00%              | -                |
| Utilities              | 0.00%              | 3.25%            | 0.00%          | 8.22%        | (0.00)%              | 0.00%              | -                |
| Non Equity             | 2.11%              | 0.00%            | -              | -            | -                    | -                  | (0.13)%          |
| <b>Total</b>           | -                  | -                | <b>7.17%</b>   | <b>7.75%</b> | <b>(0.72)%</b>       | <b>0.27%</b>       | <b>(0.13)%</b>   |

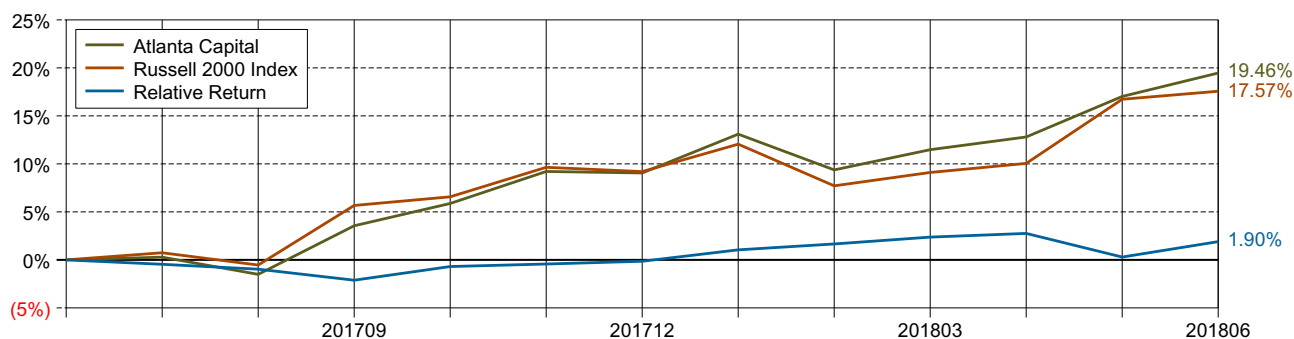
|                       |   |                     |   |                             |   |                           |   |                         |
|-----------------------|---|---------------------|---|-----------------------------|---|---------------------------|---|-------------------------|
| <b>Manager Return</b> | = | <b>Index Return</b> | + | <b>Sector Concentration</b> | + | <b>Security Selection</b> | + | <b>Asset Allocation</b> |
| 7.17%                 |   | 7.75%               |   | (0.72)%                     |   | 0.27%                     |   | (0.13)%                 |

# Atlanta Capital vs Russell 2000 Index Domestic Equity Daily Performance Attribution One Year Ended June 30, 2018

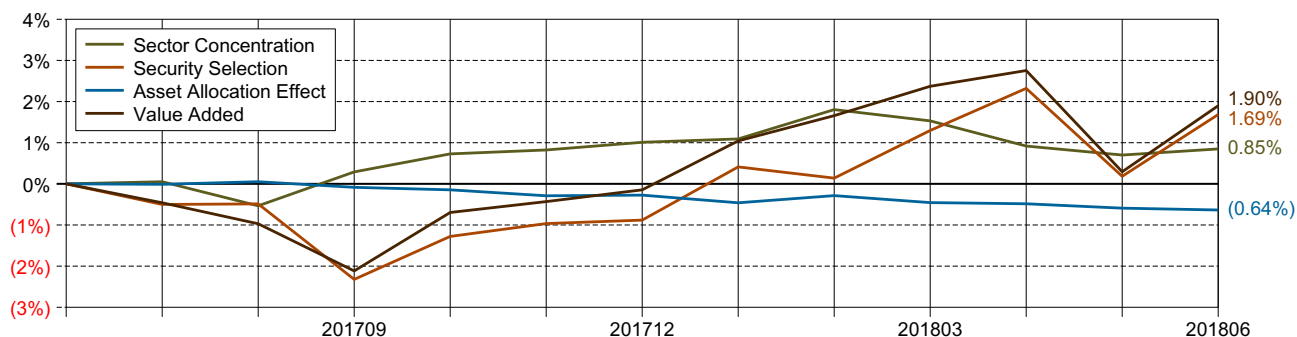
## Return Sources and Timing

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 June 30, 2018

| Sector                 | Manager Eff Weight | Index Eff Weight | Manager Return | Index Return  | Sector Concentration | Security Selection | Asset Allocation |
|------------------------|--------------------|------------------|----------------|---------------|----------------------|--------------------|------------------|
| Consumer Discretionary | 15.71%             | 12.20%           | 20.05%         | 19.06%        | 0.11%                | 0.19%              | -                |
| Consumer Staples       | 7.63%              | 2.59%            | 20.10%         | 17.08%        | 0.06%                | 0.18%              | -                |
| Energy                 | 0.98%              | 3.80%            | 5.33%          | 19.71%        | (0.08)%              | (0.16)%            | -                |
| Financials             | 17.90%             | 18.04%           | 18.79%         | 12.65%        | (0.02)%              | 1.16%              | -                |
| Health Care            | 6.88%              | 15.73%           | 22.74%         | 29.50%        | (1.03)%              | (0.50)%            | -                |
| Industrials            | 21.03%             | 14.98%           | 22.58%         | 17.43%        | 0.31%                | 0.96%              | -                |
| Information Technology | 22.98%             | 17.14%           | 23.28%         | 21.23%        | 0.31%                | 0.43%              | -                |
| Materials              | 5.83%              | 4.44%            | 6.62%          | 11.50%        | (0.07)%              | (0.30)%            | -                |
| Real Estate            | 1.07%              | 6.83%            | (16.36)%       | 5.24%         | 0.76%                | (0.29)%            | -                |
| Telecommunications     | 0.00%              | 0.75%            | 0.00%          | 3.29%         | 0.14%                | 0.00%              | -                |
| Utilities              | 0.00%              | 3.51%            | 0.00%          | 7.71%         | 0.37%                | 0.00%              | -                |
| Non Equity             | 3.24%              | 0.00%            | -              | -             | -                    | -                  | (0.64)%          |
| <b>Total</b>           | -                  | -                | <b>19.46%</b>  | <b>17.57%</b> | <b>0.85%</b>         | <b>1.69%</b>       | <b>(0.64)%</b>   |

|                       |   |                     |   |                             |   |                           |   |                         |
|-----------------------|---|---------------------|---|-----------------------------|---|---------------------------|---|-------------------------|
| <b>Manager Return</b> | = | <b>Index Return</b> | + | <b>Sector Concentration</b> | + | <b>Security Selection</b> | + | <b>Asset Allocation</b> |
| <b>19.46%</b>         |   | <b>17.57%</b>       |   | <b>0.85%</b>                |   | <b>1.69%</b>              |   | <b>(0.64)%</b>          |

## Atlanta Capital vs Russell 2000 Index Domestic Equity Top 10 Contribution Holdings One Quarter Ended June 30, 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 |
|---------------------------|------------------------|----------------|-----------|--------------|----------------|--------------|----------------------|-----------------------|
| Morningstar Inc           | Financials             | 3.03%          | 91        | -            | 34.66%         | -            | 0.94%                | 0.70%                 |
| Exponent Inc              | Industrials            | 3.02%          | 91        | 0.11%        | 23.13%         | 23.13%       | 0.64%                | 0.39%                 |
| Wex Inc                   | Information Technology | 2.64%          | 91        | -            | 21.31%         | -            | 0.56%                | 0.29%                 |
| Columbia Sportswear Co    | Consumer Discretionary | 2.77%          | 91        | 0.10%        | 19.98%         | 19.40%       | 0.52%                | 0.30%                 |
| Corelogic Inc             | Information Technology | 3.43%          | 91        | -            | 14.75%         | -            | 0.48%                | 0.21%                 |
| Fair Isaac Corp           | Information Technology | 3.06%          | 91        | 0.23%        | 14.14%         | 15.49%       | 0.42%                | 0.17%                 |
| Manhattan Associates      | Information Technology | 3.40%          | 91        | -            | 12.25%         | -            | 0.40%                | 0.14%                 |
| Sonic Corp                | Consumer Discretionary | 1.08%          | 91        | 0.04%        | 37.29%         | 37.29%       | 0.39%                | 0.29%                 |
| Beacon Roofing Supply Inc | Industrials            | 1.93%          | 91        | 0.15%        | (19.53)%       | (19.69)%     | (0.33)%              | (0.46)%               |
| Inter Parfums Inc         | Consumer Staples       | 2.33%          | 91        | 0.04%        | 13.92%         | 13.92%       | 0.31%                | 0.12%                 |

### 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            | -              | -         | 0.59%        | -              | (50.26)%     | (0.37)%            | 0.37%                 |
| Sarepta Therapeutics Inc       | Health Care            | -              | -         | 0.21%        | -              | 89.40%       | 0.19%              | (0.14)%               |
| Chicago Bridge & Iron Co N V   | Industrials            | -              | -         | 0.04%        | -              | 238.38%      | 0.16%              | (0.02)%               |
| Exact Sciences Corp            | Health Care            | -              | -         | 0.25%        | -              | 64.47%       | 0.14%              | (0.11)%               |
| Avexis Inc                     | Health Care            | -              | -         | 0.23%        | -              | 76.40%       | 0.13%              | (0.11)%               |
| Etsy Inc                       | Information Technology | -              | -         | 0.17%        | -              | 50.36%       | 0.08%              | (0.07)%               |
| World Wrestling Entmt Inc Cl A | Consumer Discretionary | -              | -         | 0.09%        | -              | 102.61%      | 0.07%              | (0.07)%               |
| Oasis Pete Inc New             | Energy                 | -              | -         | 0.13%        | -              | 60.12%       | 0.06%              | (0.05)%               |
| Loxo Oncology Inc              | Health Care            | -              | -         | 0.15%        | -              | 50.37%       | 0.06%              | (0.05)%               |
| Axon Enterprise Inc            | Industrials            | -              | -         | 0.12%        | -              | 60.72%       | 0.06%              | (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 |
|------------------------|------------------------|----------------|-----------|--------------|----------------|--------------|----------------------|-----------------------|
| Morningstar Inc        | Financials             | 3.03%          | 91        | -            | 34.66%         | -            | 0.94%                | 0.70%                 |
| Exponent Inc           | Industrials            | 3.02%          | 91        | 0.11%        | 23.13%         | 23.13%       | 0.64%                | 0.39%                 |
| Nektar Therapeutics    | Health Care            | -              | -         | 0.59%        | -              | (50.26)%     | -                    | 0.37%                 |
| Columbia Sportswear Co | Consumer Discretionary | 2.77%          | 91        | 0.10%        | 19.98%         | 19.40%       | 0.52%                | 0.30%                 |
| Wex Inc                | Information Technology | 2.64%          | 91        | -            | 21.31%         | -            | 0.56%                | 0.29%                 |
| Sonic Corp             | Consumer Discretionary | 1.08%          | 91        | 0.04%        | 37.29%         | 37.29%       | 0.39%                | 0.29%                 |
| Corelogic Inc          | Information Technology | 3.43%          | 91        | -            | 14.75%         | -            | 0.48%                | 0.21%                 |
| Fair Isaac Corp        | Information Technology | 3.06%          | 91        | 0.23%        | 14.14%         | 15.49%       | 0.42%                | 0.17%                 |
| Manhattan Associates   | Information Technology | 3.40%          | 91        | -            | 12.25%         | -            | 0.40%                | 0.14%                 |
| Eplus Inc              | Information Technology | 1.13%          | 91        | 0.05%        | 21.11%         | 21.11%       | 0.23%                | 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 |
|----------------------------------|------------------------|----------------|-----------|--------------|----------------|--------------|----------------------|-----------------------|
| Beacon Roofing Supply Inc        | Industrials            | 1.93%          | 91        | 0.15%        | (19.53)%       | (19.69)%     | (0.33)%              | (0.46)%               |
| Choice Hotels Intl Inc           | Consumer Discretionary | 2.88%          | 91        | -            | (5.41)%        | -            | (0.15)%              | (0.37)%               |
| National Instrs Corp             | Information Technology | 1.27%          | 91        | -            | (16.53)%       | -            | (0.24)%              | (0.34)%               |
| Aaon Inc Com Par \$0.004         | Industrials            | 1.08%          | 91        | 0.07%        | (14.33)%       | (14.33)%     | (0.18)%              | (0.25)%               |
| Caseys General Stores            | Consumer Staples       | 2.05%          | 91        | -            | (4.01)%        | -            | (0.10)%              | (0.24)%               |
| Bio-Techne Corp                  | Health Care            | 2.49%          | 91        | -            | (1.84)%        | -            | (0.04)%              | (0.24)%               |
| Moog Inc Cl A                    | Industrials            | 1.92%          | 91        | 0.12%        | (5.12)%        | (5.12)%      | (0.10)%              | (0.23)%               |
| Prosperity Bancshares Inc        | Financials             | 1.68%          | 91        | -            | (5.41)%        | -            | (0.09)%              | (0.22)%               |
| Blackbaud Inc                    | Information Technology | 3.01%          | 91        | 0.23%        | 0.75%          | 0.75%        | 0.02%                | (0.20)%               |
| Artisan Partners Asset Mgmt Cl A | Financials             | 1.20%          | 91        | 0.07%        | (7.79)%        | (7.79)%      | (0.09)%              | (0.17)%               |



# International Equity Period Ended June 30, 2018

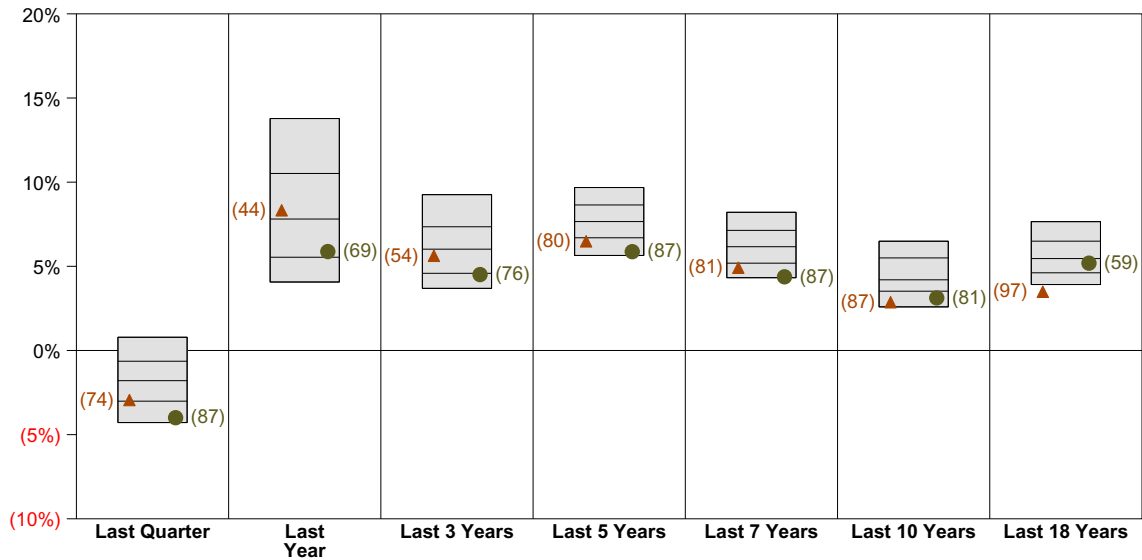
## Investment Philosophy

International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

## Quarterly Summary and Highlights

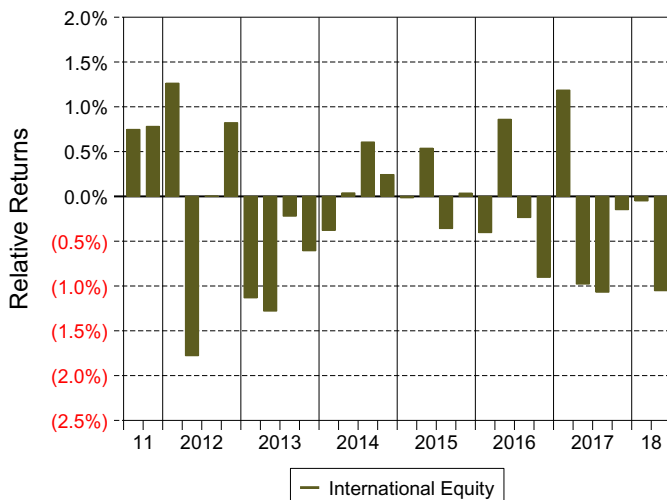
- International Equity's portfolio posted a (3.99)% return for the quarter placing it in the 87 percentile of the Callan Non-US Equity group for the quarter and in the 69 percentile for the last year.
- International Equity's portfolio underperformed the International Benchmark by 1.05% for the quarter and underperformed the International Benchmark for the year by 2.45%.

## Performance vs Callan Non-US Equity (Gross)

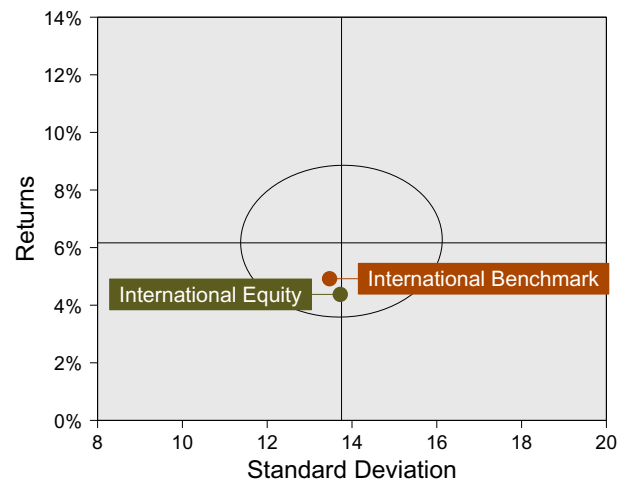


|                             |          |       |      |      |      |      |      |
|-----------------------------|----------|-------|------|------|------|------|------|
| 10th Percentile             | 0.79     | 13.78 | 9.26 | 9.68 | 8.21 | 6.49 | 7.66 |
| 25th Percentile             | (0.64)   | 10.52 | 7.35 | 8.65 | 7.14 | 5.50 | 6.49 |
| Median                      | (1.79)   | 7.81  | 6.02 | 7.66 | 6.16 | 4.20 | 5.46 |
| 75th Percentile             | (3.01)   | 5.54  | 4.58 | 6.70 | 5.19 | 3.52 | 4.61 |
| 90th Percentile             | (4.28)   | 4.07  | 3.69 | 5.64 | 4.32 | 2.59 | 3.92 |
| <b>International Equity</b> | ● (3.99) | 5.88  | 4.51 | 5.87 | 4.38 | 3.12 | 5.19 |
| International Benchmark     | ▲ (2.94) | 8.33  | 5.63 | 6.49 | 4.92 | 2.87 | 3.49 |

Relative Return vs International Benchmark



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

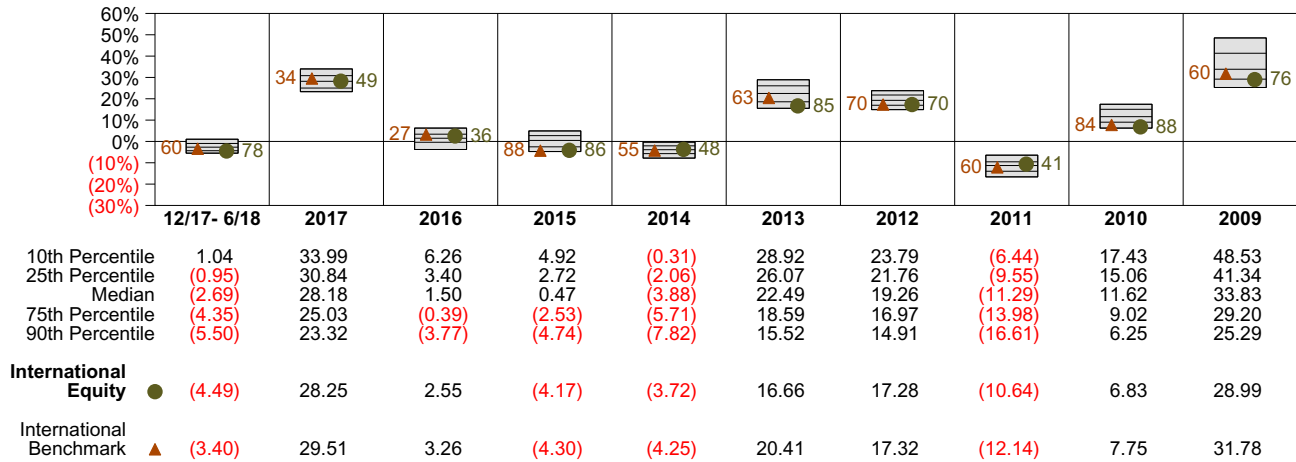


# International Equity Return Analysis Summary

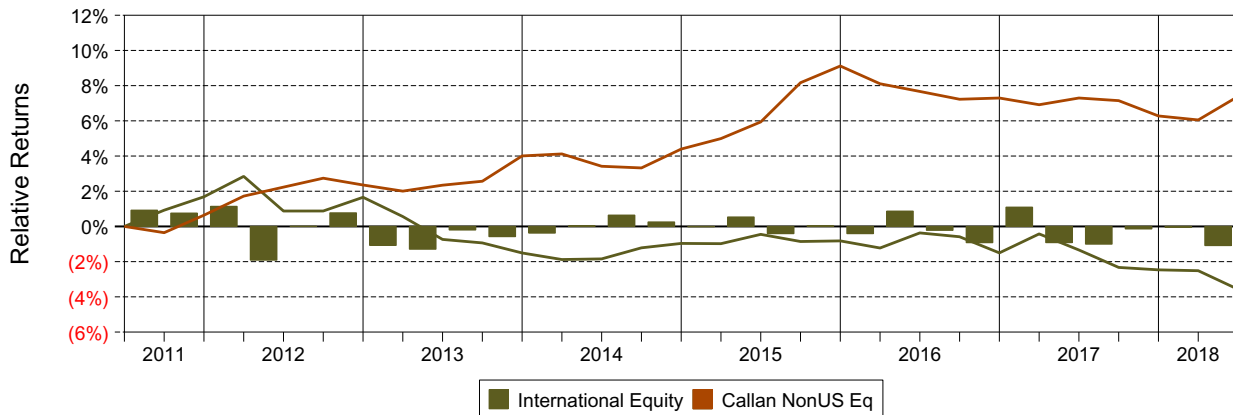
## Return Analysis

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.

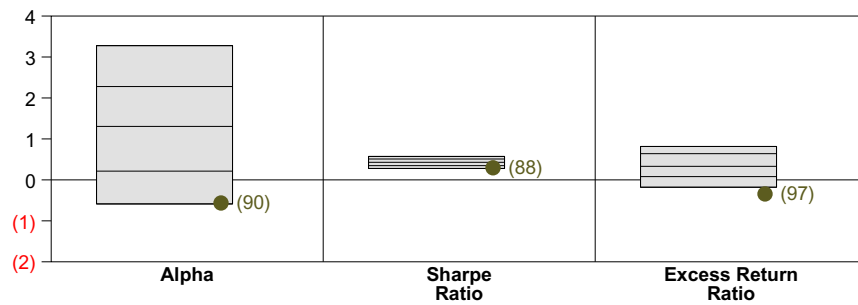
### Performance vs Callan Non-US Equity (Gross)



### Cumulative and Quarterly Relative Return vs International Benchmark



### Risk Adjusted Return Measures vs International Benchmark Rankings Against Callan Non-US Equity (Gross) Seven Years Ended June 30, 2018



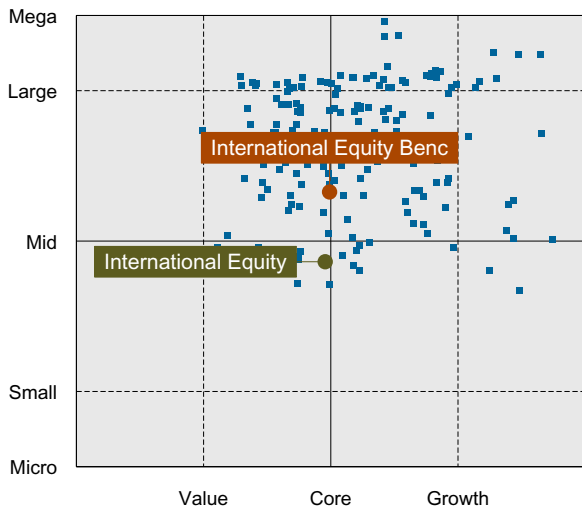
|                             |          |      |        |
|-----------------------------|----------|------|--------|
| 10th Percentile             | 3.28     | 0.57 | 0.82   |
| 25th Percentile             | 2.28     | 0.51 | 0.64   |
| Median                      | 1.31     | 0.43 | 0.33   |
| 75th Percentile             | 0.21     | 0.35 | 0.08   |
| 90th Percentile             | (0.59)   | 0.28 | (0.18) |
| <b>International Equity</b> | ● (0.56) | 0.30 | (0.34) |



# Current Holdings Based Style Analysis International Equity As of June 30, 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.

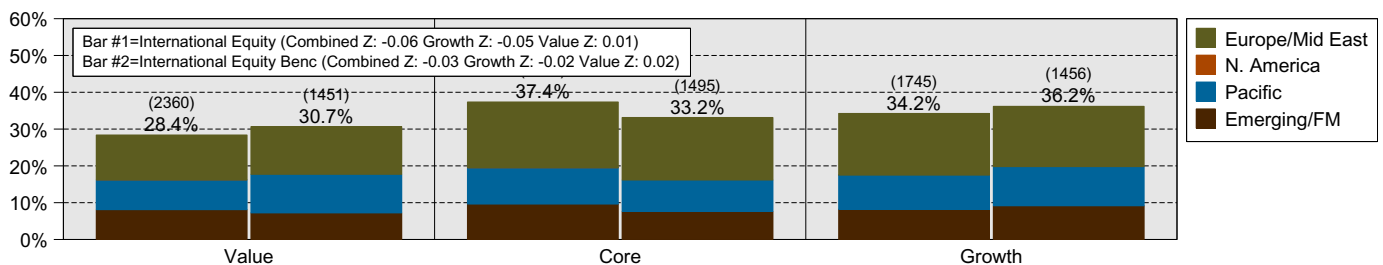
**Style Map vs Callan NonUS Eq Holdings as of June 30, 2018**



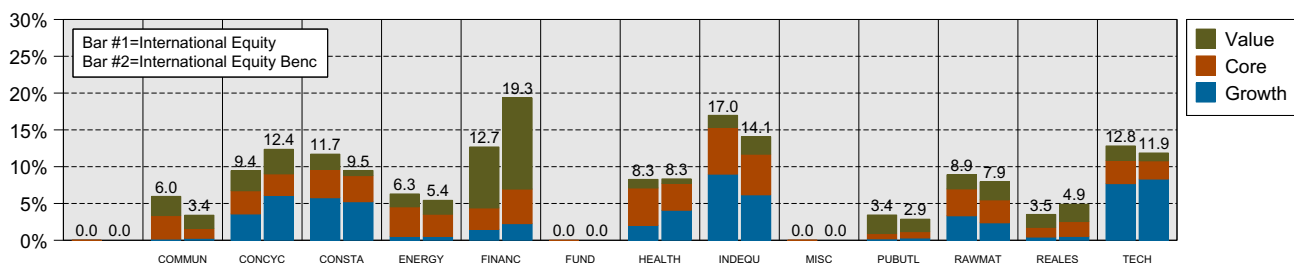
**Style Exposure Matrix Holdings as of June 30, 2018**

|                     | Value               | Core                | Growth              | Total                |
|---------------------|---------------------|---------------------|---------------------|----------------------|
| Europe/<br>Mid East | 12.2% (229)         | 17.8% (257)         | 16.8% (273)         | 46.8% (759)          |
| N. America          | 13.0% (439)         | 17.0% (561)         | 16.4% (515)         | 46.3% (1515)         |
| Pacific             | 0.0% (3)            | 0.0% (9)            | 0.0% (0)            | 0.0% (12)            |
| Emerging/<br>FM     | 0.0% (0)            | 0.0% (0)            | 0.0% (0)            | 0.0% (0)             |
| <b>Total</b>        | <b>28.4% (2360)</b> | <b>37.4% (2115)</b> | <b>34.2% (1745)</b> | <b>100.0% (6220)</b> |
|                     | <b>30.7% (1451)</b> | <b>33.2% (1495)</b> | <b>36.2% (1456)</b> | <b>100.0% (4402)</b> |

**Combined Z-Score Style Distribution Holdings as of June 30, 2018**



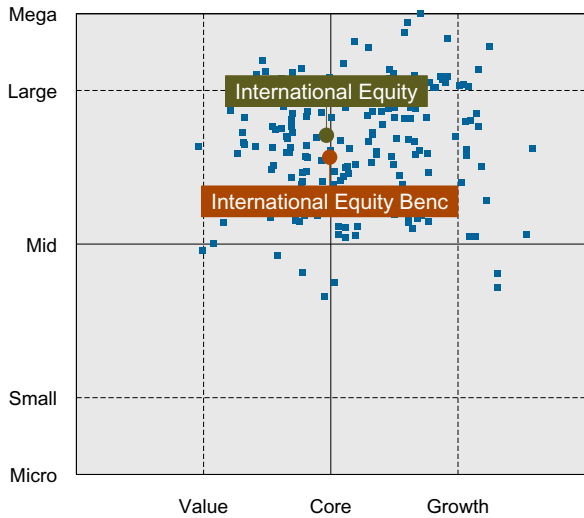
**Sector Weights Distribution Holdings as of June 30, 2018**



# Historical Holdings Based Style Analysis International Equity For Five Years Ended June 30, 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.

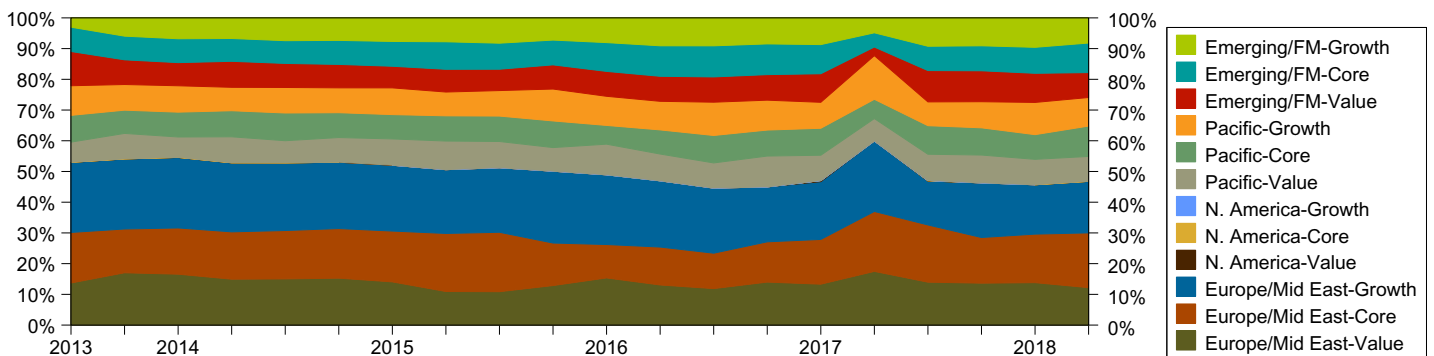
**Average Style Map vs Callan NonUS Eq Holdings for Five Years Ended June 30, 2018**



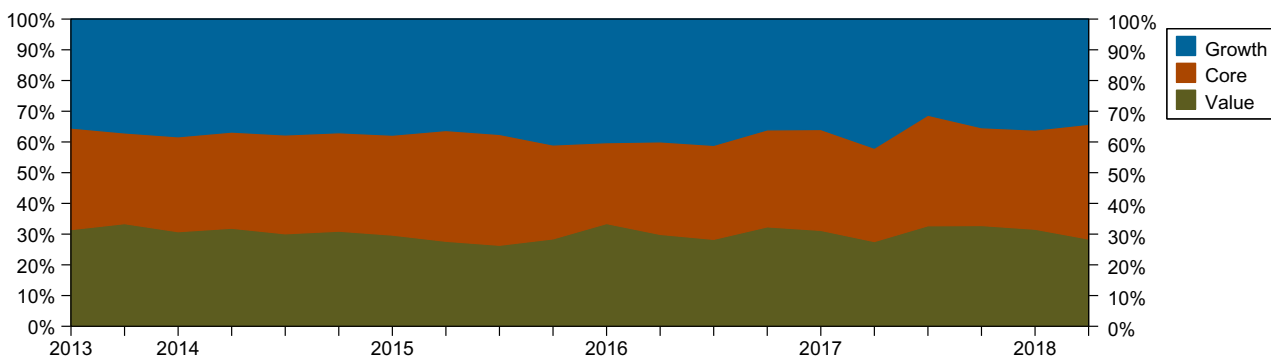
**Average Style Exposure Matrix Holdings for Five Years Ended June 30, 2018**

|                     |                     |                     |                     |                      |
|---------------------|---------------------|---------------------|---------------------|----------------------|
|                     | 14.0% (168)         | 15.5% (186)         | 20.5% (233)         | 50.1% (587)          |
| Europe/<br>Mid East | 14.8% (246)         | 15.1% (288)         | 19.4% (326)         | 49.3% (860)          |
| N. America          | 0.0% (2)            | 0.0% (3)            | 0.0% (1)            | 0.0% (6)             |
|                     | 0.0% (1)            | 0.0% (0)            | 0.0% (0)            | 0.0% (1)             |
| Pacific             | 8.3% (208)          | 8.3% (217)          | 9.2% (215)          | 25.7% (640)          |
|                     | 8.9% (315)          | 9.1% (319)          | 9.6% (323)          | 27.7% (957)          |
| Emerging/<br>FM     | 8.1% (1426)         | 8.4% (1436)         | 7.6% (877)          | 24.1% (3739)         |
|                     | 7.4% (295)          | 7.3% (262)          | 8.2% (282)          | 23.0% (839)          |
| <b>Total</b>        | <b>30.4% (1804)</b> | <b>32.2% (1842)</b> | <b>37.4% (1326)</b> | <b>100.0% (4972)</b> |
|                     | <b>31.2% (857)</b>  | <b>31.5% (869)</b>  | <b>37.2% (931)</b>  | <b>100.0% (2657)</b> |
|                     | Value               | Core                | Growth              | Total                |

**International Equity Historical Region/Style Exposures**



**International Equity Historical Style Only Exposures**



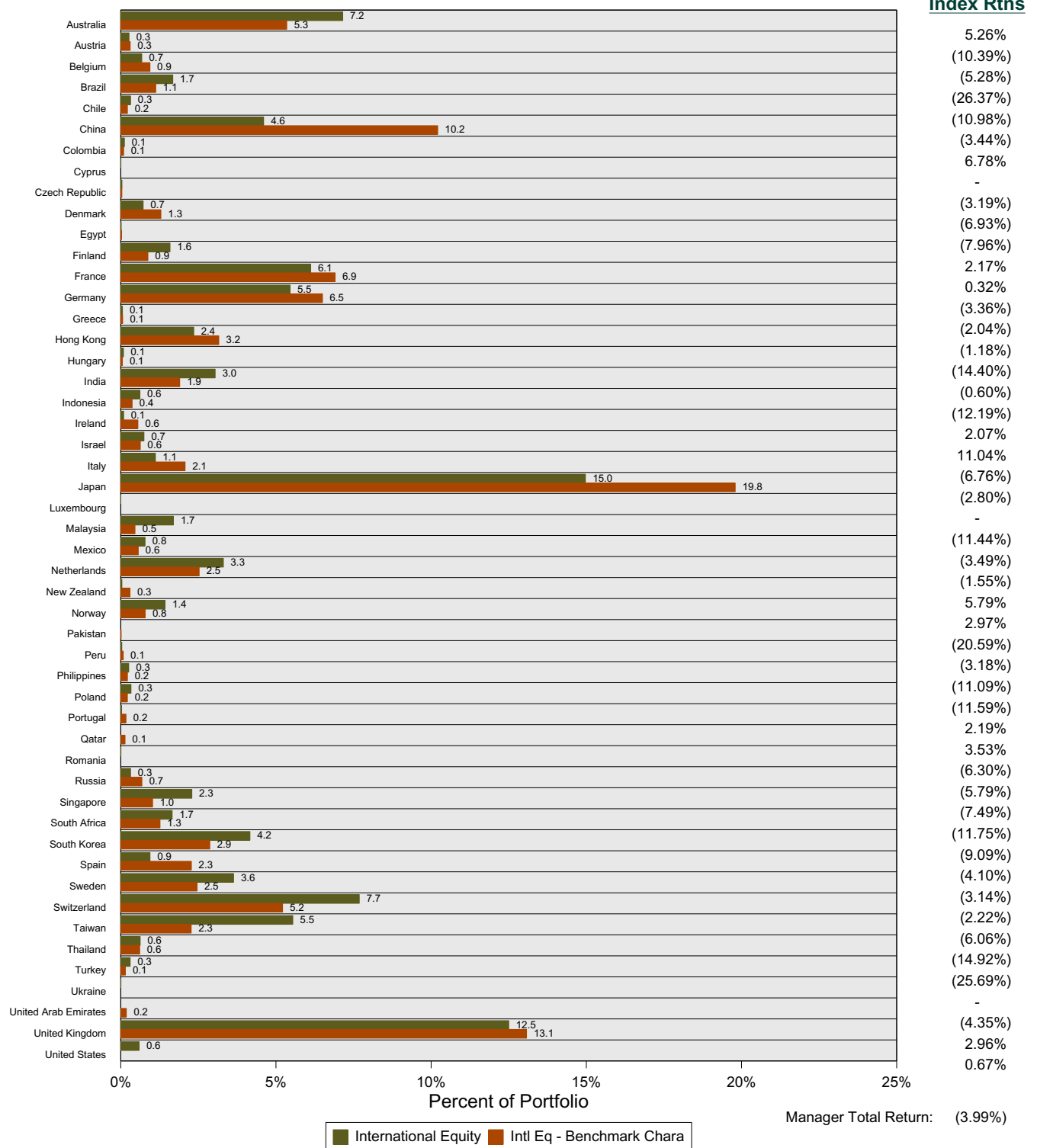
# Country Allocation

## International Equity VS Intl Eq - Benchmark Characteristics

### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of June 30, 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 June 30, 2018



# SSgA EAFE

## Period Ended June 30, 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.

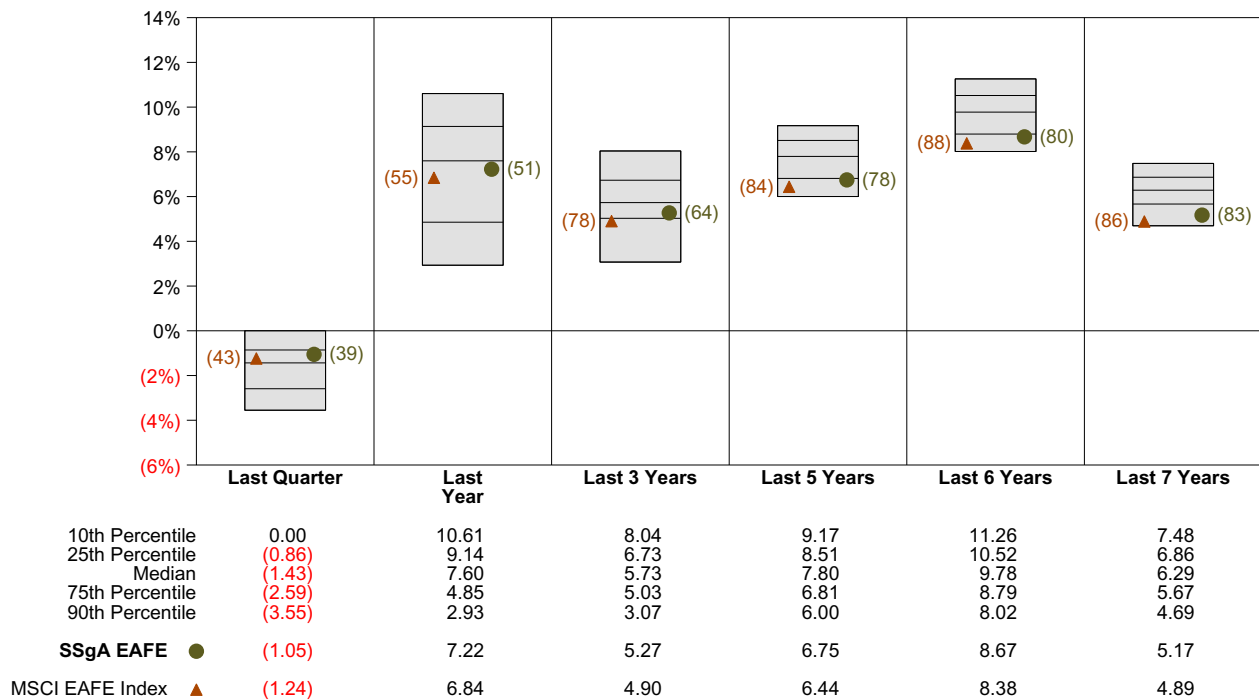
### Quarterly Summary and Highlights

- SSgA EAFE's portfolio posted a (1.05)% return for the quarter placing it in the 39 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 51 percentile for the last year.
- SSgA EAFE's portfolio outperformed the MSCI EAFE Index by 0.18% for the quarter and outperformed the MSCI EAFE Index for the year by 0.38%.

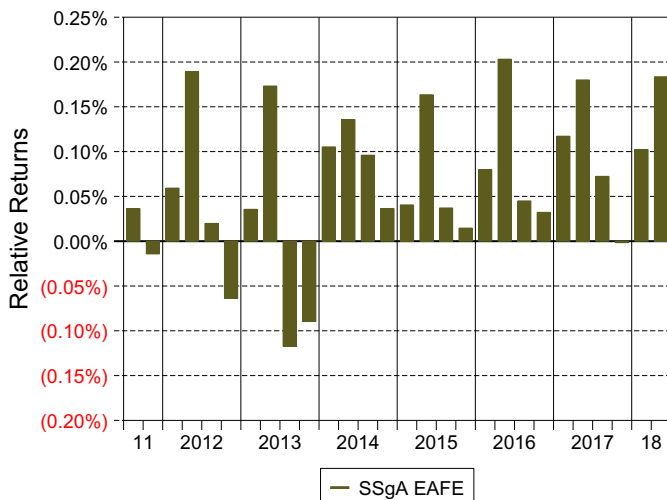
### Quarterly Asset Growth

|                           |              |
|---------------------------|--------------|
| Beginning Market Value    | \$11,360,700 |
| Net New Investment        | \$0          |
| Investment Gains/(Losses) | \$-119,736   |
| Ending Market Value       | \$11,240,964 |

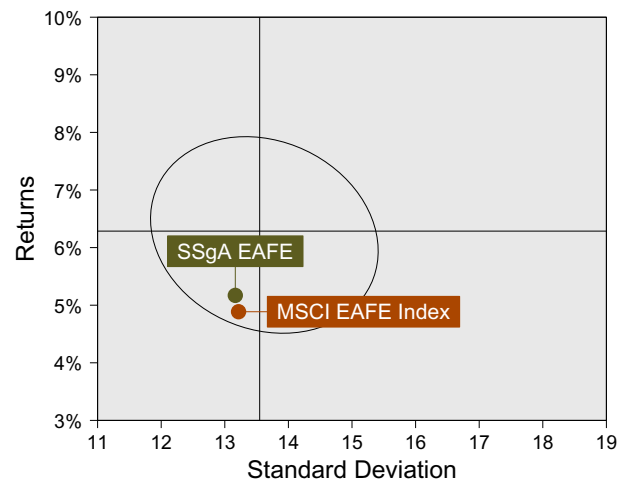
### Performance vs Callan Non-US Developed Core Equity (Gross)



### Relative Return vs MSCI EAFE Index



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

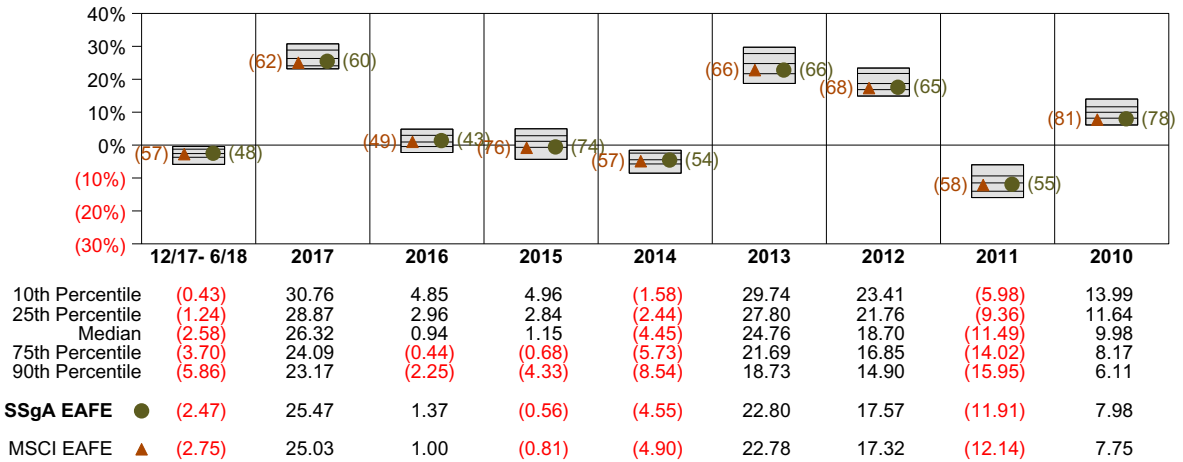


# SSgA EAFE Return Analysis Summary

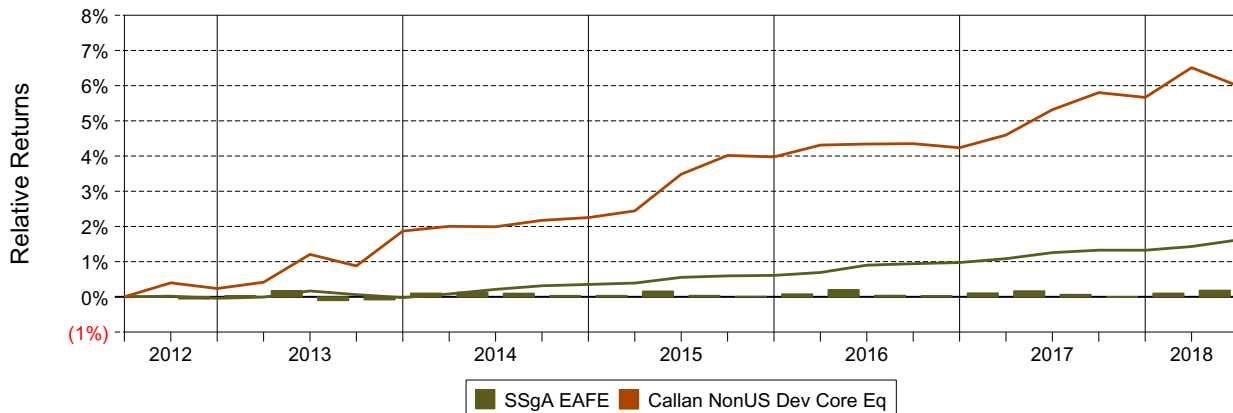
## Return Analysis

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.

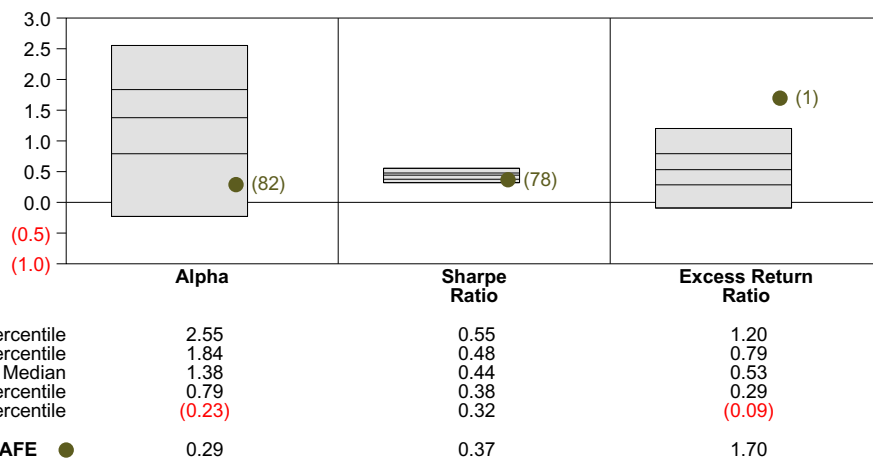
### Performance vs Callan Non-US Developed Core Equity (Gross)



### 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 June 30, 2018

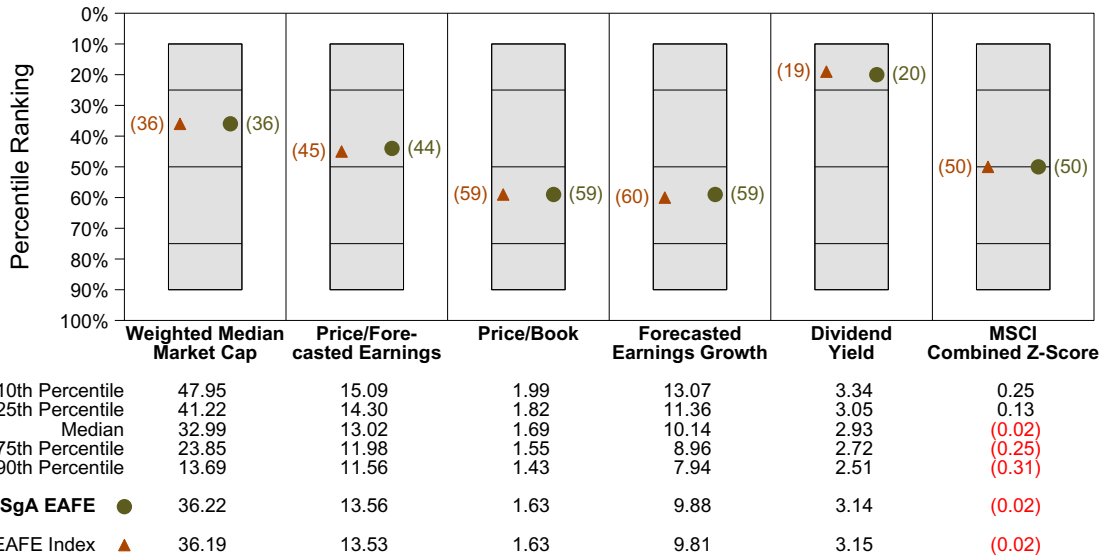


# SSgA EAFE Equity Characteristics Analysis Summary

## 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.

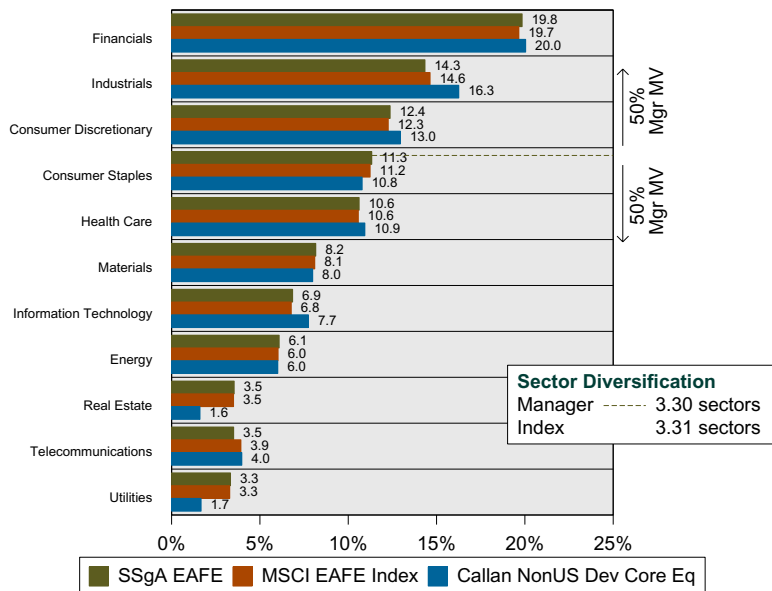
## Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US Developed Core Equity as of June 30, 2018



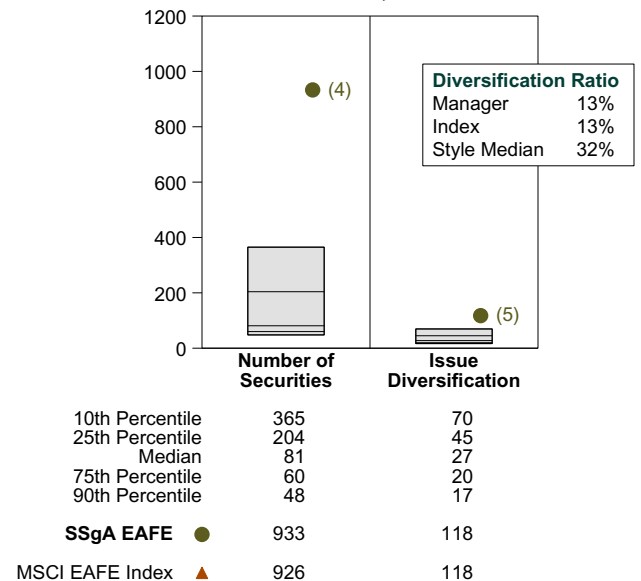
## Sector Weights

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 June 30, 2018



### Diversification June 30, 2018



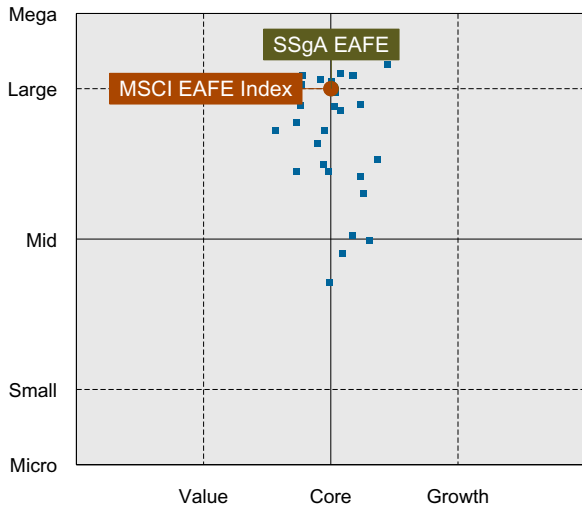
# Current Holdings Based Style Analysis

## SSgA EAFE

### As of June 30, 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.

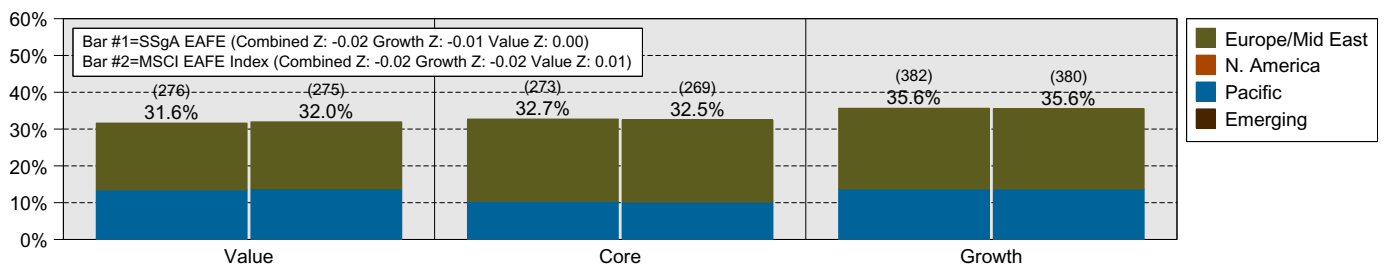
**Style Map vs Callan NonUS Dev Core Eq Holdings as of June 30, 2018**



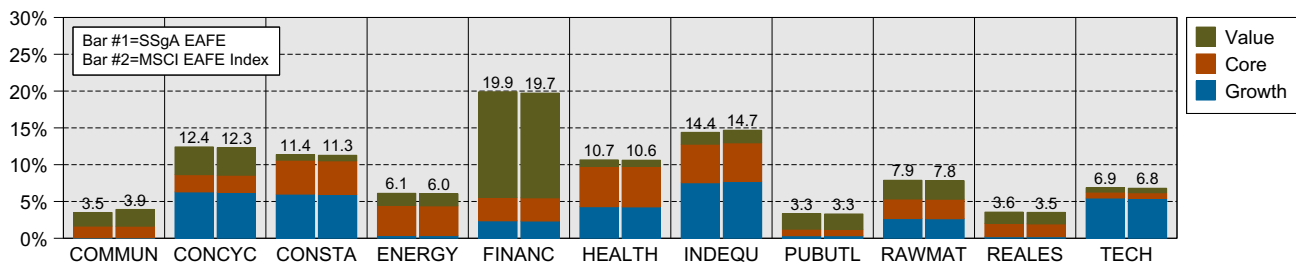
**Style Exposure Matrix Holdings as of June 30, 2018**

|                 | Value              | Core               | Growth             | Total               |
|-----------------|--------------------|--------------------|--------------------|---------------------|
| Europe/Mid East | 18.2% (130)        | 22.5% (136)        | 21.9% (194)        | 62.5% (460)         |
| N. America      | 0.0% (0)           | 0.0% (0)           | 0.0% (0)           | 0.0% (0)            |
| Pacific         | 13.5% (145)        | 10.3% (137)        | 13.7% (187)        | 37.4% (469)         |
| Emerging        | 0.0% (1)           | 0.0% (0)           | 0.0% (1)           | 0.0% (2)            |
| <b>Total</b>    | <b>31.6% (276)</b> | <b>32.7% (273)</b> | <b>35.6% (382)</b> | <b>100.0% (931)</b> |
|                 | <b>32.0% (275)</b> | <b>32.5% (269)</b> | <b>35.6% (380)</b> | <b>100.0% (924)</b> |

**Combined Z-Score Style Distribution Holdings as of June 30, 2018**



**Sector Weights Distribution Holdings as of June 30, 2018**

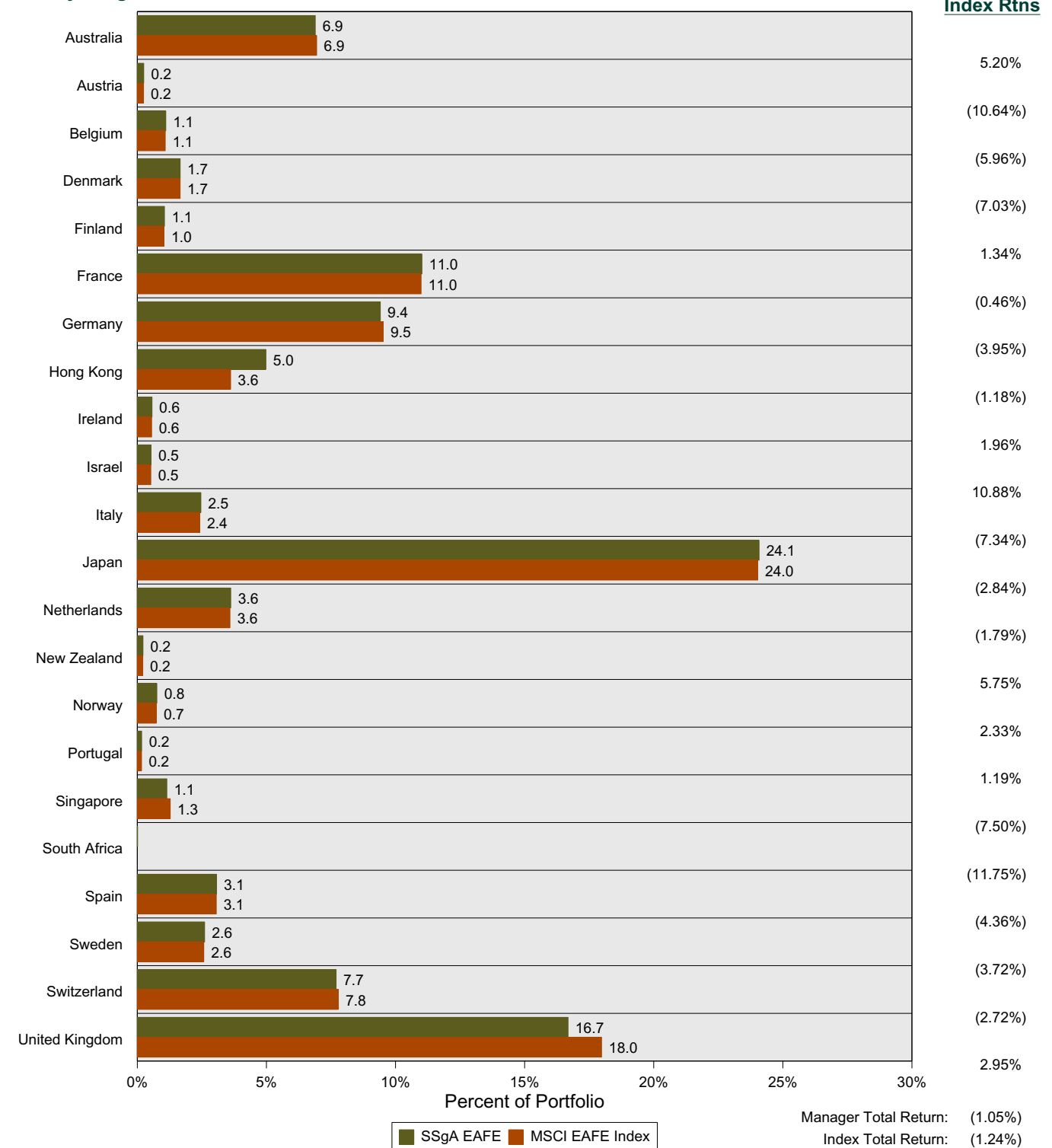


## Country Allocation SSgA EAFE VS MSCI EAFE Index

### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of June 30, 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 June 30, 2018





## SSgA EAFE Top 10 Portfolio Holdings Characteristics as of June 30, 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       | \$186,989           | 1.7%                 | 1.15%        | 237.21         | 19.19                           | 3.06%          | 9.69%                         |
| Hsbc Holdings (Gb)               | Financials             | \$147,310           | 1.3%                 | 2.58%        | 187.52         | 12.44                           | 5.26%          | 5.76%                         |
| Novartis                         | Health Care            | \$130,829           | 1.2%                 | (6.04)%      | 193.37         | 14.03                           | 3.72%          | 6.58%                         |
| Royal Dutch Shell A Shs          | Energy                 | \$125,185           | 1.1%                 | 11.08%       | 159.79         | 11.89                           | 5.29%          | 31.15%                        |
| Roche Hldgs Ag Basel Div Rts Ctf | Health Care            | \$121,065           | 1.1%                 | (2.93)%      | 156.04         | 13.11                           | 3.76%          | 5.78%                         |
| Bp Plc Shs                       | Energy                 | \$119,488           | 1.1%                 | 15.07%       | 152.61         | 13.67                           | 5.13%          | 28.30%                        |
| Toyota Motor Corp                | Consumer Discretionary | \$116,108           | 1.0%                 | 2.64%        | 211.22         | 9.11                            | 3.07%          | 4.52%                         |
| Total Sa Act                     | Energy                 | \$115,410           | 1.0%                 | 8.71%        | 162.41         | 11.11                           | 4.83%          | 12.27%                        |
| Royal Dutch Shell 'b' Shs        | Energy                 | \$105,400           | 0.9%                 | 13.62%       | 134.18         | 11.96                           | 5.17%          | 30.40%                        |
| Sap Se Shs                       | Information Technology | \$87,946            | 0.8%                 | 12.04%       | 141.97         | 21.50                           | 1.41%          | 7.60%                         |

### 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 |
|----------------------------------|------------------------|---------------------|----------------------|--------------|----------------|---------------------------------|----------------|-------------------------------|
| Sjm Holdings                     | Consumer Discretionary | \$1,957             | 0.0%                 | 45.24%       | 7.04           | 24.88                           | 2.05%          | (2.37)%                       |
| Teva Pharmaceutical Industri Shs | Health Care            | \$22                | 0.0%                 | 43.70%       | 24.67          | 7.23                            | 2.06%          | (3.40)%                       |
| Teva Pharmaceutical Inds Ltd ADR | Health Care            | \$18,754            | 0.2%                 | 42.31%       | 24.67          | 7.23                            | 2.06%          | (3.40)%                       |
| Aker Bp Asa Shs                  | Energy                 | \$3,201             | 0.0%                 | 37.75%       | 13.29          | 21.41                           | 3.31%          | 36.19%                        |
| Ses Global Sa Cert Global        | Consumer Discretionary | \$5,264             | 0.0%                 | 37.14%       | 8.43           | 19.28                           | 4.33%          | (18.18)%                      |
| Infogenie Europe Nm              | Information Technology | \$14,672            | 0.1%                 | 36.94%       | 19.76          | 40.91                           | 0.13%          | 30.07%                        |
| Start Today Co Ltd Chiba Shs     | Consumer Discretionary | \$5,761             | 0.1%                 | 35.63%       | 11.30          | 43.57                           | 0.72%          | 20.68%                        |
| Ubisoft Entertainment            | Information Technology | \$6,752             | 0.1%                 | 30.21%       | 12.25          | 32.23                           | 0.00%          | 31.30%                        |
| Lundin Petroleum Ab Shs          | Energy                 | \$4,773             | 0.0%                 | 29.67%       | 10.87          | 22.41                           | 1.40%          | 20.50%                        |
| Sainsbury (J)                    | Consumer Staples       | \$5,845             | 0.1%                 | 29.55%       | 9.33           | 15.09                           | 3.18%          | 6.38%                         |

### 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 |
|-------------------------------------|------------------------|---------------------|----------------------|--------------|----------------|---------------------------------|----------------|-------------------------------|
| Osram Licht Ag                      | Industrials            | \$3,159             | 0.0%                 | (44.45)%     | 4.28           | 11.74                           | 3.14%          | 6.41%                         |
| Venture Corporation Ltd Shs         | Information Technology | \$2,801             | 0.0%                 | (37.20)%     | 3.77           | 11.63                           | 3.36%          | 6.42%                         |
| Suruga Bank Ltd Shs                 | Financials             | \$1,136             | 0.0%                 | (35.24)%     | 2.08           | 7.35                            | 2.12%          | 63.31%                        |
| Pandora A/S                         | Consumer Discretionary | \$6,172             | 0.1%                 | (34.84)%     | 7.69           | 8.07                            | 6.06%          | 5.22%                         |
| Thk Co Ltd Shs                      | Industrials            | \$2,733             | 0.0%                 | (30.91)%     | 3.84           | 10.57                           | 2.35%          | 16.45%                        |
| Amp Ltd                             | Financials             | \$5,987             | 0.1%                 | (30.03)%     | 7.68           | 10.52                           | 8.15%          | 1.57%                         |
| Telenet                             | Consumer Discretionary | \$1,977             | 0.0%                 | (30.00)%     | 5.49           | 14.78                           | 0.00%          | 51.67%                        |
| Shimamura Co                        | Consumer Discretionary | \$1,550             | 0.0%                 | (29.65)%     | 3.25           | 12.30                           | 2.46%          | (0.88)%                       |
| Metro Wholesale & Food Specialst Ag | Consumer Staples       | \$1,734             | 0.0%                 | (29.52)%     | 4.48           | 9.71                            | 6.57%          | (8.80)%                       |
| Yahoo Japan Corp Tokyo Ord          | Information Technology | \$3,730             | 0.0%                 | (28.47)%     | 18.93          | 17.66                           | 2.41%          | (2.38)%                       |

# Pyrford

## Period Ended June 30, 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.

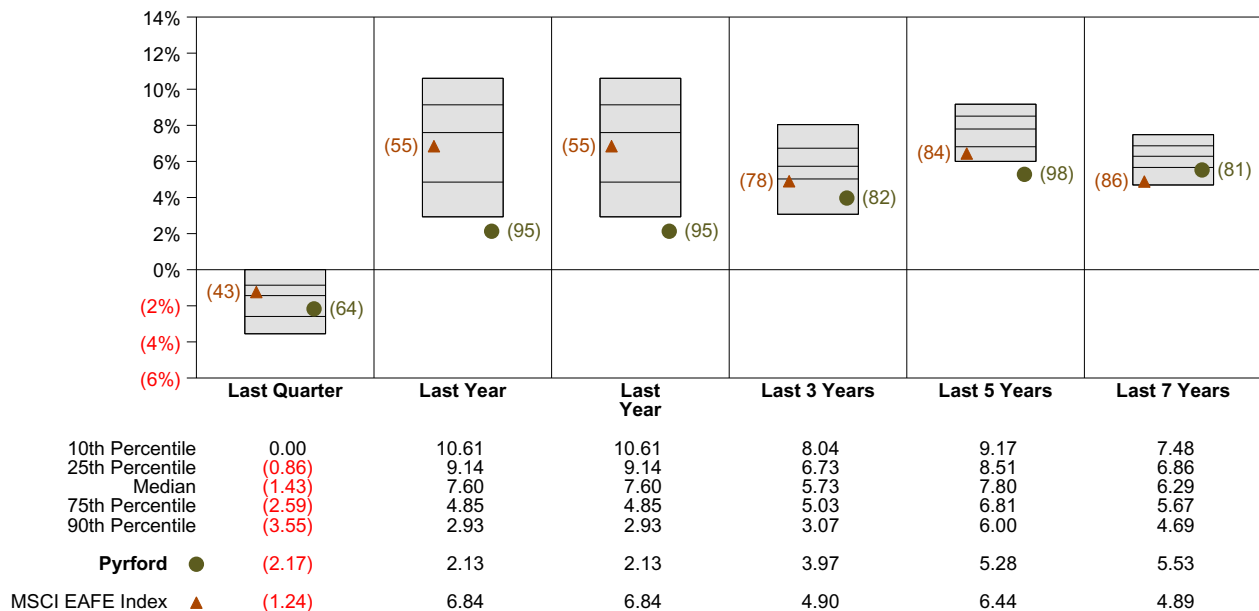
### Quarterly Summary and Highlights

- Pyrford's portfolio posted a (2.17)% return for the quarter placing it in the 64 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 95 percentile for the last year.
- Pyrford's portfolio underperformed the MSCI EAFE Index by 0.93% for the quarter and underperformed the MSCI EAFE Index for the year by 4.71%.

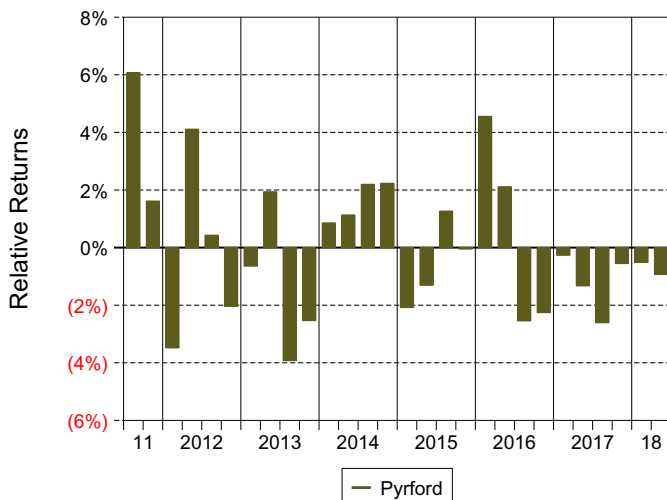
### Quarterly Asset Growth

|                           |              |
|---------------------------|--------------|
| Beginning Market Value    | \$26,722,319 |
| Net New Investment        | \$0          |
| Investment Gains/(Losses) | \$-579,842   |
| Ending Market Value       | \$26,142,476 |

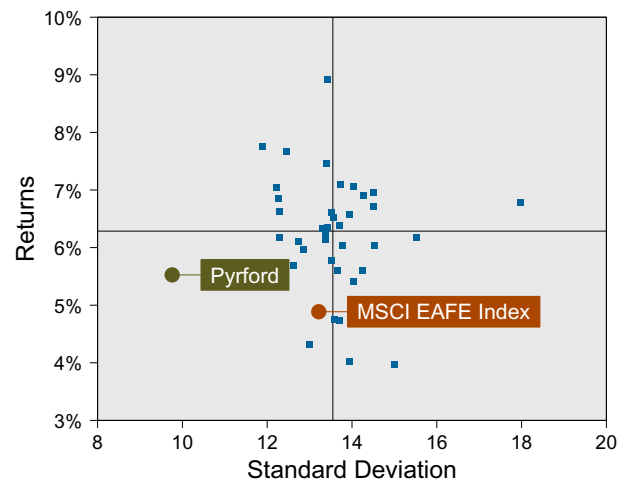
### Performance vs Callan Non-US Developed Core Equity (Gross)



### Relative Return vs MSCI EAFE Index



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

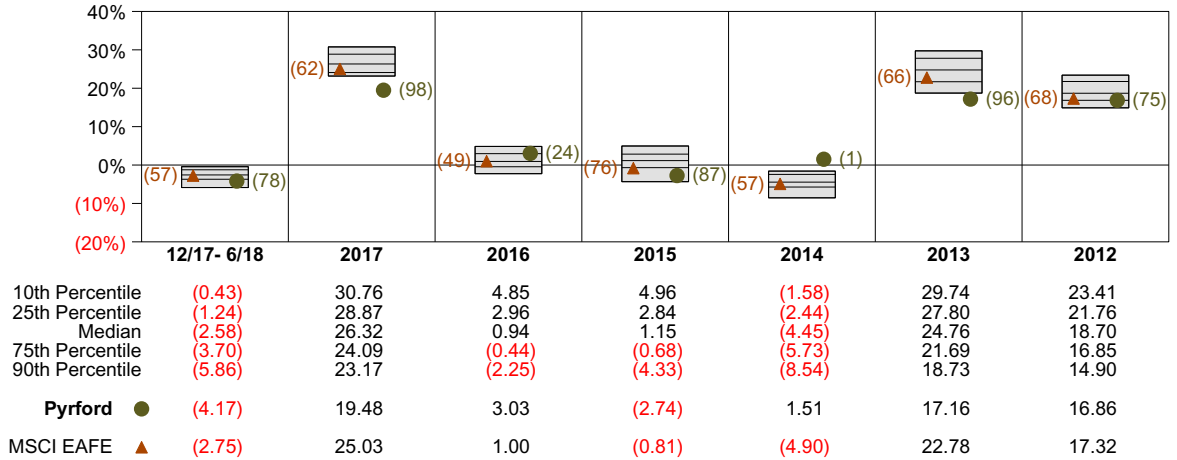


# Pyrford Return Analysis Summary

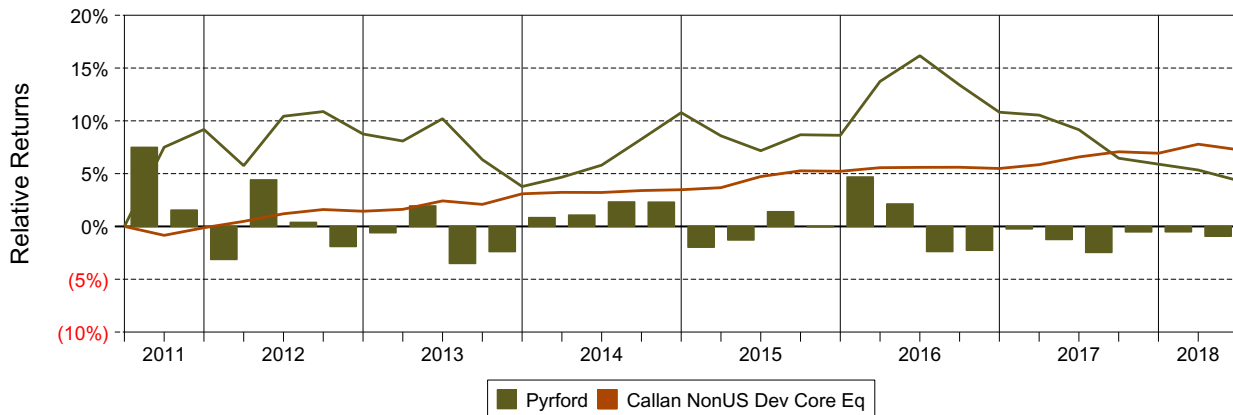
## Return Analysis

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.

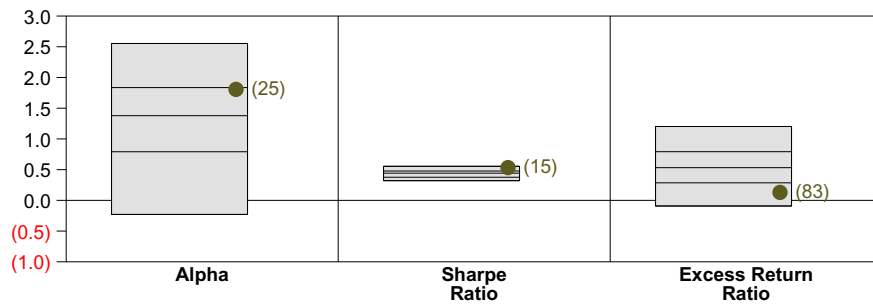
### Performance vs Callan Non-US Developed Core Equity (Gross)



### 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 June 30, 2018



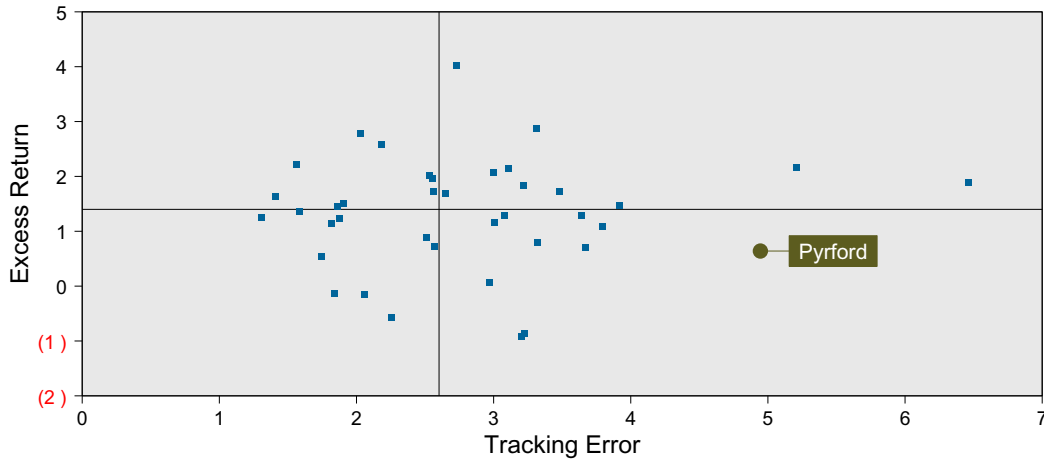
|                  |        |      |        |
|------------------|--------|------|--------|
| 10th Percentile  | 2.55   | 0.55 | 1.20   |
| 25th Percentile  | 1.84   | 0.48 | 0.79   |
| Median           | 1.38   | 0.44 | 0.53   |
| 75th Percentile  | 0.79   | 0.38 | 0.29   |
| 90th Percentile  | (0.23) | 0.32 | (0.09) |
| <b>Pyrford</b> ● | 1.81   | 0.53 | 0.13   |

# Pyrford Risk Analysis Summary

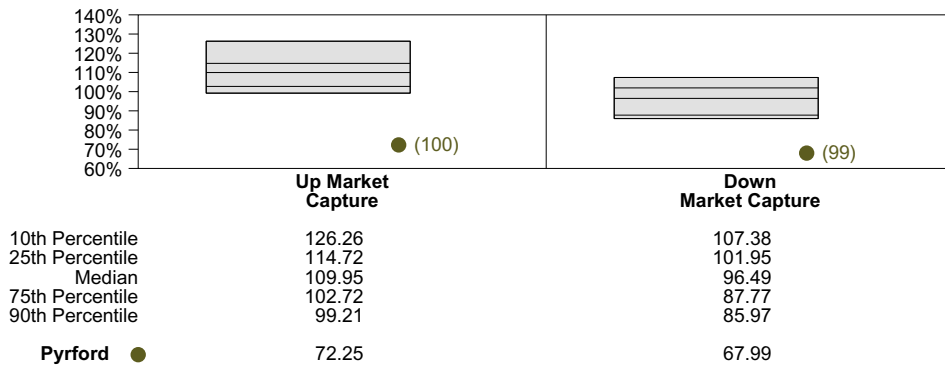
## Risk Analysis

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.

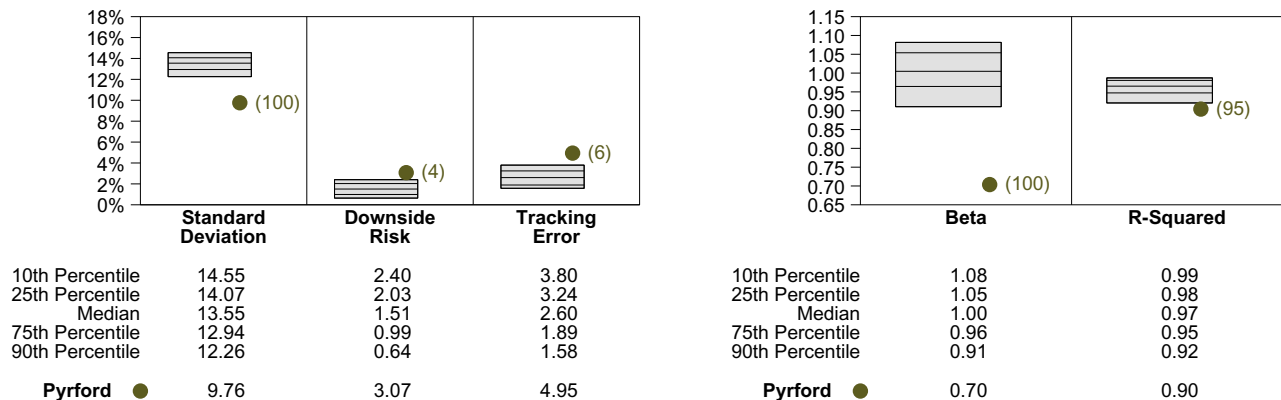
### Risk Analysis vs Callan Non-US Developed Core Equity (Gross) Seven Years Ended June 30, 2018



### Market Capture vs MSCI EAFE Index (USD Net Div) Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended June 30, 2018



### Risk Statistics Rankings vs MSCI EAFE Index (USD Net Div) Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended June 30, 2018

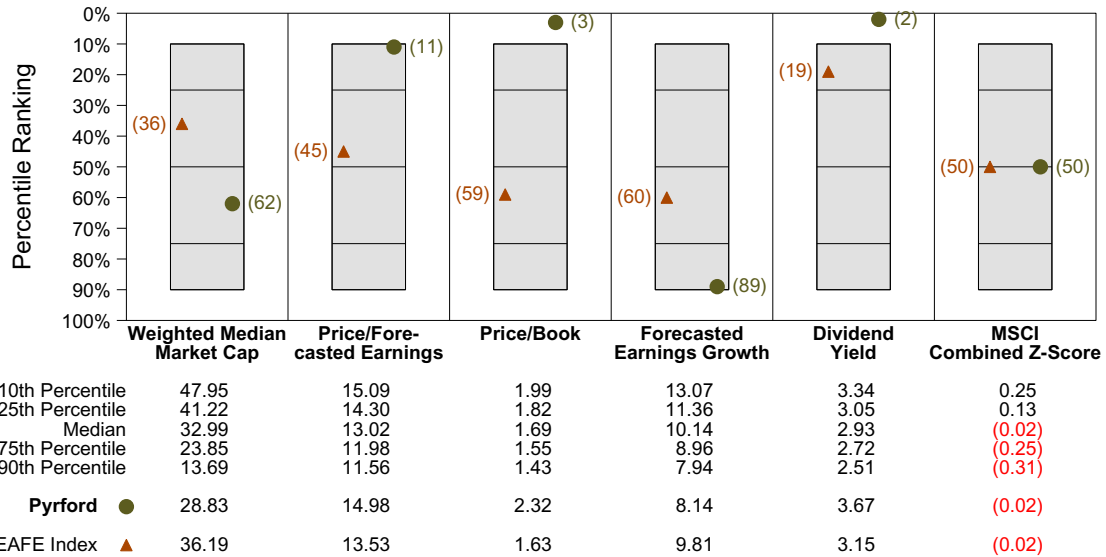


# Pyrford Equity Characteristics Analysis Summary

## 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.

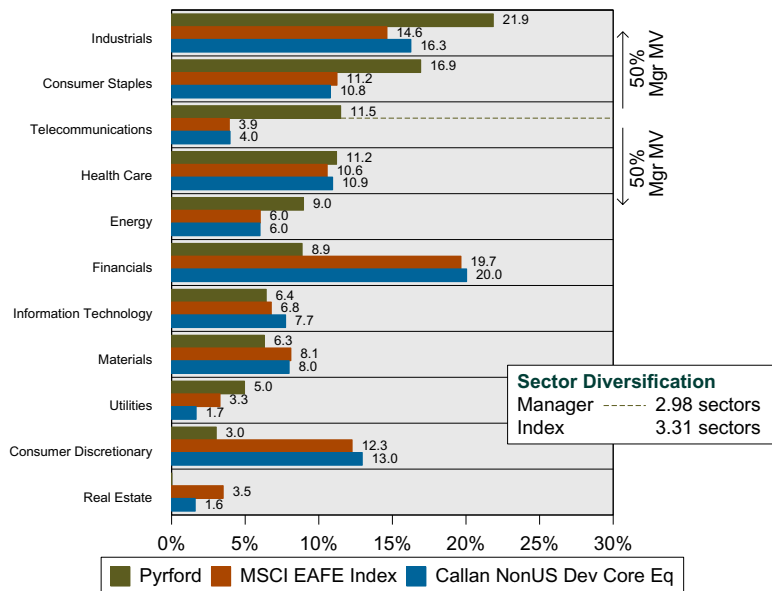
## Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US Developed Core Equity as of June 30, 2018



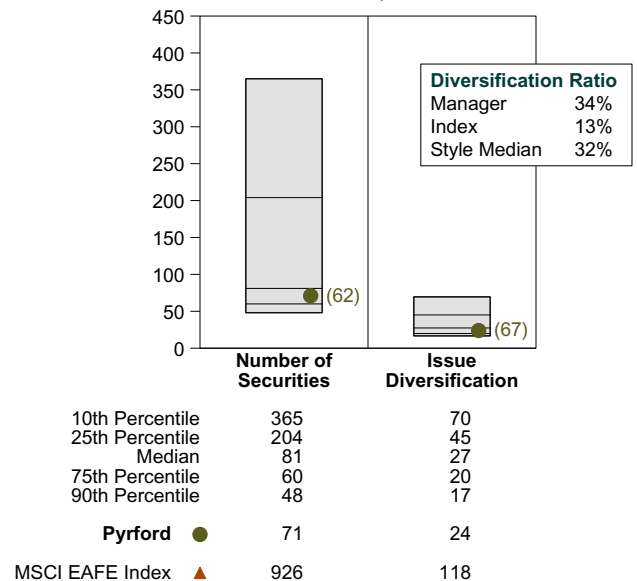
## Sector Weights

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 June 30, 2018



### Diversification June 30, 2018



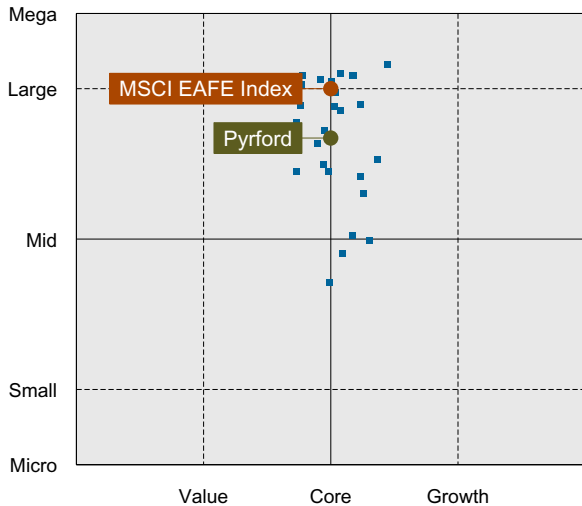
# Current Holdings Based Style Analysis

## Pyrford

### As of June 30, 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.

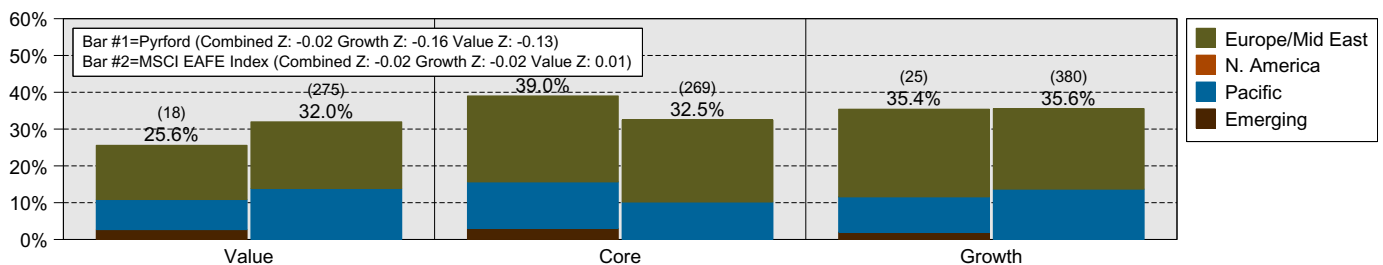
**Style Map vs Callan NonUS Dev Core Eq Holdings as of June 30, 2018**



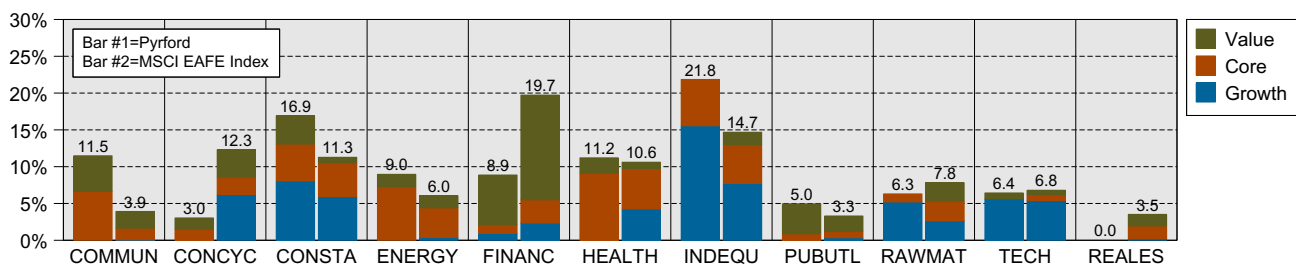
**Style Exposure Matrix Holdings as of June 30, 2018**

|                 | Value              | Core               | Growth             | Total               |
|-----------------|--------------------|--------------------|--------------------|---------------------|
| Europe/Mid East | 14.7% (10)         | 23.4% (14)         | 23.8% (17)         | 61.9% (41)          |
| N. America      | 0.0% (0)           | 0.0% (0)           | 0.0% (0)           | 0.0% (0)            |
| Pacific         | 8.2% (6)           | 12.7% (9)          | 9.6% (6)           | 30.4% (21)          |
| Emerging        | 2.7% (2)           | 3.0% (3)           | 2.0% (2)           | 7.6% (7)            |
| <b>Total</b>    | <b>25.6% (18)</b>  | <b>39.0% (26)</b>  | <b>35.4% (25)</b>  | <b>100.0% (69)</b>  |
|                 | <b>32.0% (275)</b> | <b>32.5% (269)</b> | <b>35.6% (380)</b> | <b>100.0% (924)</b> |

**Combined Z-Score Style Distribution Holdings as of June 30, 2018**



**Sector Weights Distribution Holdings as of June 30, 2018**



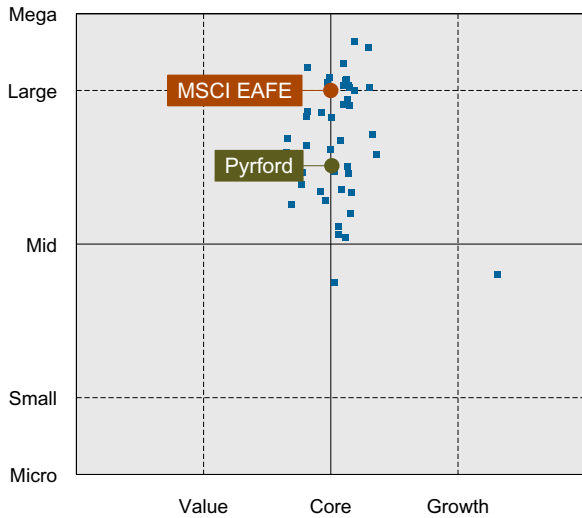
# Historical Holdings Based Style Analysis

## Pyrford

### For Five Years Ended June 30, 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.

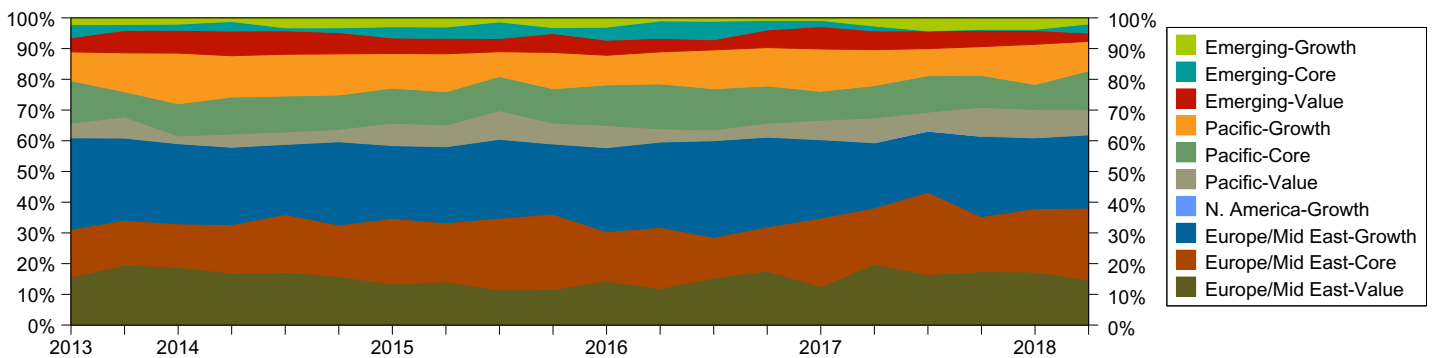
**Average Style Map vs Callan NonUS Dev Core Eq Holdings for Five Years Ended June 30, 2018**



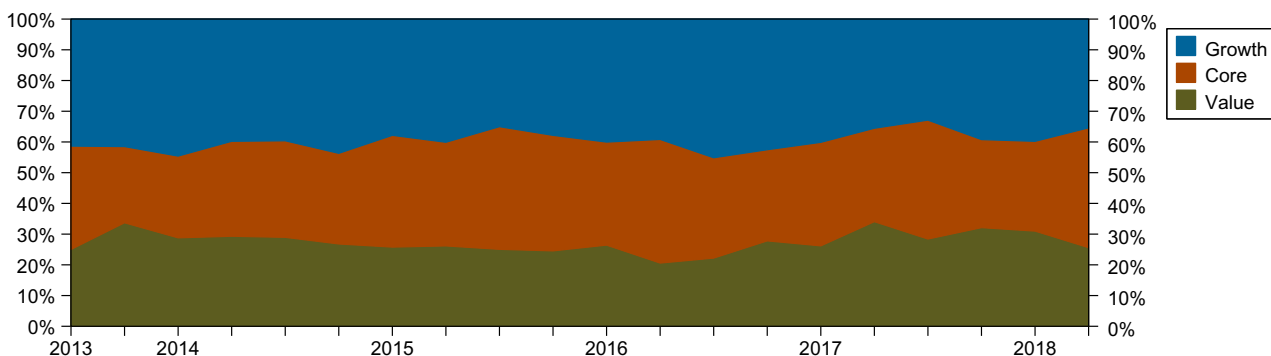
**Average Style Exposure Matrix Holdings for Five Years Ended June 30, 2018**

|                     |                    |                    |                    |                     |
|---------------------|--------------------|--------------------|--------------------|---------------------|
| Europe/<br>Mid East | 15.6% (11)         | 18.9% (11)         | 25.5% (18)         | 59.9% (40)          |
|                     | 19.6% (122)        | 19.3% (133)        | 25.6% (196)        | 64.5% (451)         |
| 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             | 6.2% (5)           | 11.4% (9)          | 11.7% (8)          | 29.3% (22)          |
|                     | 11.7% (140)        | 11.4% (150)        | 12.3% (175)        | 35.5% (465)         |
| Emerging            | 5.6% (4)           | 2.7% (2)           | 2.4% (2)           | 10.7% (8)           |
|                     | 0.0% (0)           | 0.0% (0)           | 0.0% (0)           | 0.0% (0)            |
| <b>Total</b>        | <b>27.4% (20)</b>  | <b>33.0% (22)</b>  | <b>39.6% (28)</b>  | <b>100.0% (70)</b>  |
|                     | <b>31.4% (263)</b> | <b>30.7% (283)</b> | <b>37.9% (371)</b> | <b>100.0% (917)</b> |
|                     | Value              | Core               | Growth             | Total               |

### Pyrford Historical Region/Style Exposures



### Pyrford Historical Style Only Exposures

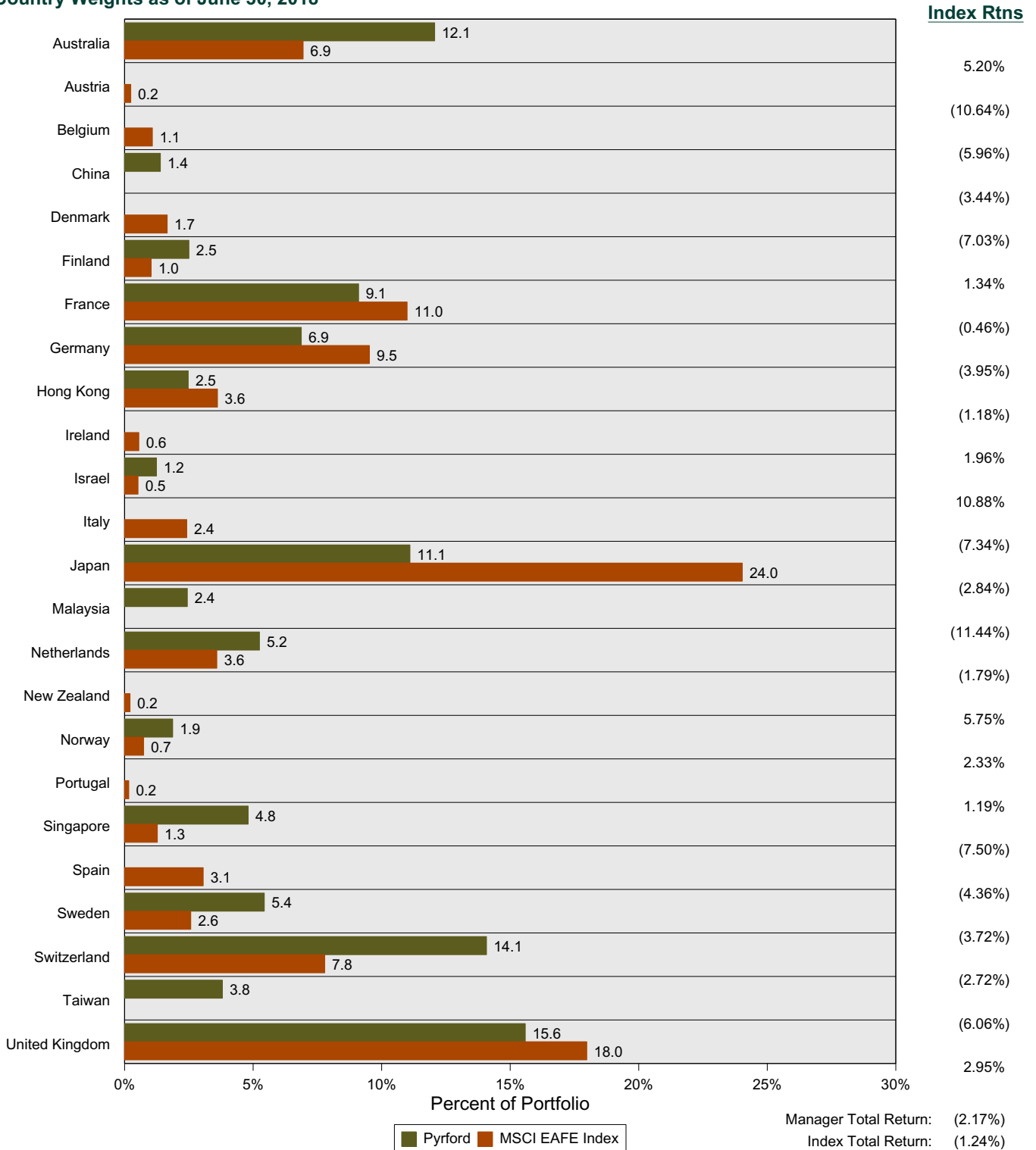


# Country Allocation Pyrford VS MSCI EAFE Index

## Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of June 30, 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 June 30, 2018





## Pyrford Top 10 Portfolio Holdings Characteristics as of June 30, 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   | \$910,976           | 3.5%                 | 1.15%        | 237.21         | 19.19                           | 3.06%          | 9.69%                         |
| Roche Hldgs Ag Basel Div Rts Ctf | Health Care        | \$840,069           | 3.2%                 | (2.93)%      | 156.04         | 13.11                           | 3.76%          | 5.78%                         |
| Novartis                         | Health Care        | \$727,277           | 2.8%                 | (6.04)%      | 193.37         | 14.03                           | 3.72%          | 6.58%                         |
| Japan Tobacco Inc Ord            | Consumer Staples   | \$722,120           | 2.8%                 | (0.78)%      | 55.88          | 13.43                           | 4.52%          | 3.55%                         |
| Woolworths Ltd                   | Consumer Staples   | \$608,554           | 2.3%                 | 11.82%       | 29.62          | 21.23                           | 3.05%          | 9.20%                         |
| Brambles Ltd Npv                 | Industrials        | \$588,925           | 2.3%                 | (13.63)%     | 10.44          | 15.58                           | 3.27%          | 5.65%                         |
| Kddi                             | Telecommunications | \$580,879           | 2.2%                 | 7.24%        | 69.29          | 11.76                           | 2.97%          | 5.15%                         |
| Unilever NV Cert of Shs          | Consumer Staples   | \$570,578           | 2.2%                 | (0.26)%      | 95.67          | 19.58                           | 3.06%          | 7.87%                         |
| Essity Ab                        | Consumer Staples   | \$551,366           | 2.1%                 | (7.82)%      | 15.78          | 16.35                           | 2.60%          | 7.12%                         |
| Sanofi Shs                       | Health Care        | \$546,987           | 2.1%                 | 4.50%        | 100.11         | 12.14                           | 4.41%          | 3.08%                         |

### 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 |
|----------------------------------|------------------------|---------------------|----------------------|--------------|----------------|---------------------------------|----------------|-------------------------------|
| Woodside Petroleum               | Energy                 | \$539,946           | 2.1%                 | 17.92%       | 24.53          | 15.12                           | 3.47%          | 22.50%                        |
| Bp Plc Shs                       | Energy                 | \$251,544           | 1.0%                 | 15.07%       | 152.61         | 13.67                           | 5.13%          | 28.30%                        |
| Royal Dutch Shell 'b' Shs        | Energy                 | \$285,638           | 1.1%                 | 13.62%       | 134.18         | 11.96                           | 5.17%          | 30.40%                        |
| Comfortdelgro Corporation Lt Shs | Industrials            | \$392,435           | 1.5%                 | 13.28%       | 3.73           | 16.26                           | 4.43%          | 6.77%                         |
| Sap Se Shs                       | Information Technology | \$450,770           | 1.7%                 | 12.04%       | 141.97         | 21.50                           | 1.41%          | 7.60%                         |
| Woolworths Ltd                   | Consumer Staples       | \$608,554           | 2.3%                 | 11.82%       | 29.62          | 21.23                           | 3.05%          | 9.20%                         |
| Rio Tinto Ltd Ord                | Materials              | \$284,793           | 1.1%                 | 11.80%       | 25.43          | 12.89                           | 4.39%          | 1.10%                         |
| Panalpina Welt Ag                | Industrials            | \$241,651           | 0.9%                 | 11.08%       | 3.23           | 28.56                           | 2.78%          | 29.90%                        |
| Royal Dutch Shell A Shs          | Energy                 | \$444,682           | 1.7%                 | 11.08%       | 159.79         | 11.89                           | 5.29%          | 31.15%                        |
| Imperial Brands Plc Shs          | Consumer Staples       | \$283,550           | 1.1%                 | 10.61%       | 35.53          | 10.51                           | 6.23%          | 2.16%                         |

### 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 |
|----------------------------------|------------------------|---------------------|----------------------|--------------|----------------|---------------------------------|----------------|-------------------------------|
| Axiata Group Bhd Shs             | Telecommunications     | \$300,846           | 1.2%                 | (32.71)%     | 8.51           | 23.52                           | 2.24%          | 12.30%                        |
| Deutsche Post Ag Bonn Namen Akt  | Industrials            | \$254,845           | 1.0%                 | (23.06)%     | 40.34          | 13.67                           | 4.11%          | 5.00%                         |
| Mg Technologies                  | Industrials            | \$214,354           | 0.8%                 | (17.95)%     | 6.15           | 14.93                           | 2.91%          | 10.90%                        |
| Abc-Mart                         | Consumer Discretionary | \$279,985           | 1.1%                 | (16.96)%     | 4.52           | 16.00                           | 2.15%          | (0.83)%                       |
| Mitsubishi Elec Corp Shs         | Industrials            | \$321,206           | 1.2%                 | (16.77)%     | 28.58          | 11.39                           | 2.71%          | 9.27%                         |
| Malayan Banking Bhd Maybank Shs  | Financials             | \$337,649           | 1.3%                 | (16.00)%     | 24.39          | 11.60                           | 6.11%          | 8.93%                         |
| Brambles Ltd Npv                 | Industrials            | \$588,925           | 2.3%                 | (13.63)%     | 10.44          | 15.58                           | 3.27%          | 5.65%                         |
| Taiwan Semicond Manufac Co L Shs | Information Technology | \$324,000           | 1.2%                 | (12.75)%     | 184.13         | 14.61                           | 3.70%          | 11.55%                        |
| Singapore Telecom                | Telecommunications     | \$244,575           | 0.9%                 | (12.10)%     | 36.89          | 13.61                           | 5.68%          | 2.66%                         |
| Sumitomo Rubber Ind              | Consumer Discretionary | \$397,598           | 1.5%                 | (12.01)%     | 4.18           | 9.02                            | 3.13%          | 6.03%                         |

# AQR

## Period Ended June 30, 2018

### Investment Philosophy

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

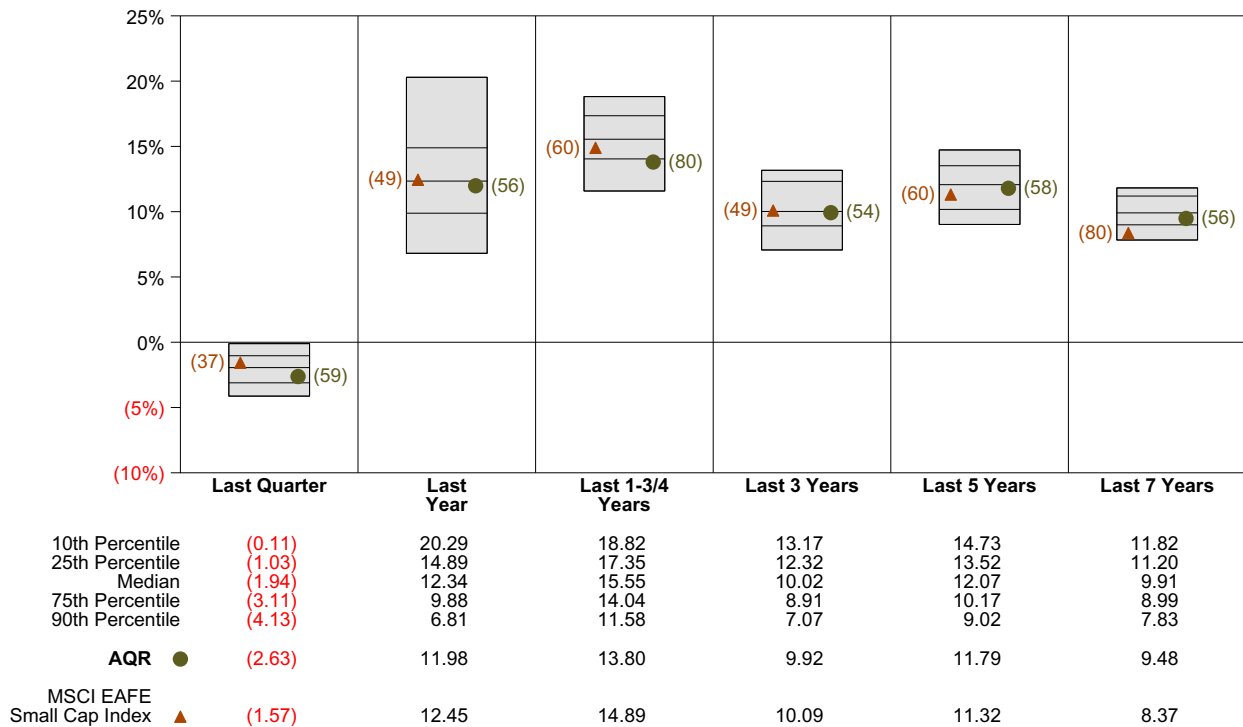
### Quarterly Summary and Highlights

- AQR's portfolio posted a (2.63)% return for the quarter placing it in the 59 percentile of the Callan International Small Cap group for the quarter and in the 56 percentile for the last year.
- AQR's portfolio underperformed the MSCI EAFE Small Cap Index by 1.06% for the quarter and underperformed the MSCI EAFE Small Cap Index for the year by 0.47%.

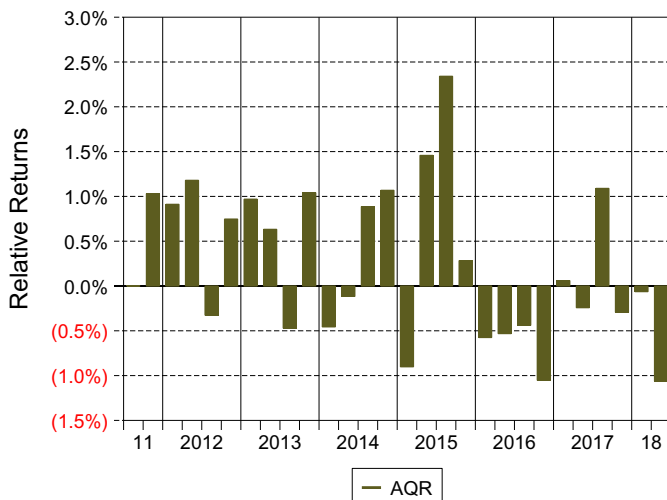
### Quarterly Asset Growth

|                           |              |
|---------------------------|--------------|
| Beginning Market Value    | \$15,745,235 |
| Net New Investment        | \$-703,565   |
| Investment Gains/(Losses) | \$-438,440   |
| Ending Market Value       | \$14,603,230 |

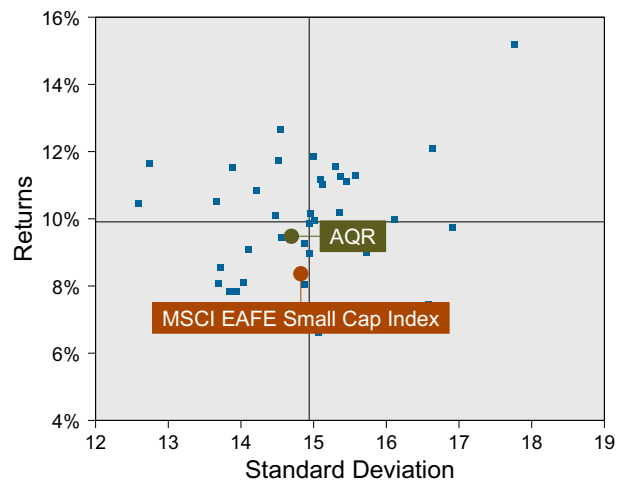
### Performance vs Callan International Small Cap (Gross)



### Relative Returns vs MSCI EAFE Small Cap Index



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

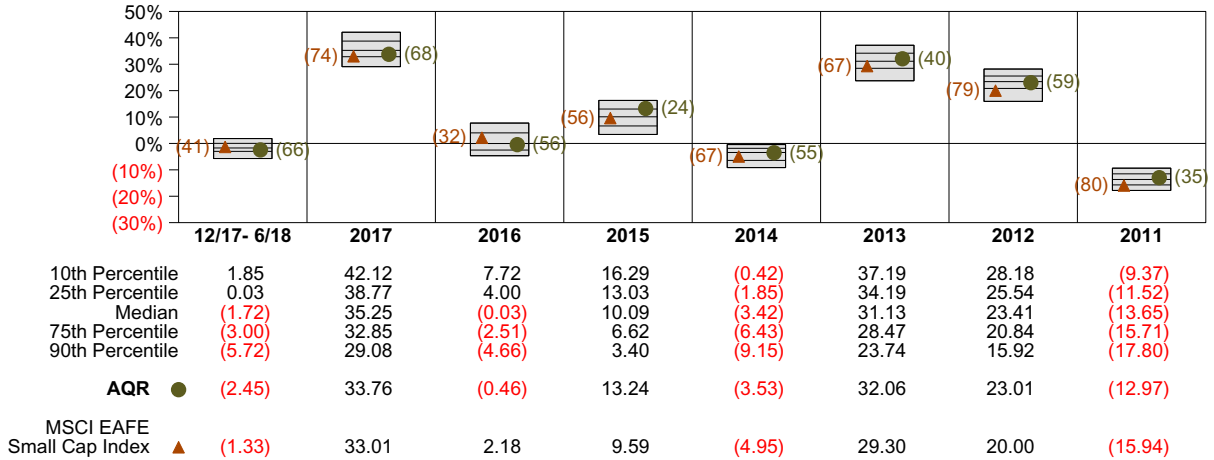


# AQR Return Analysis Summary

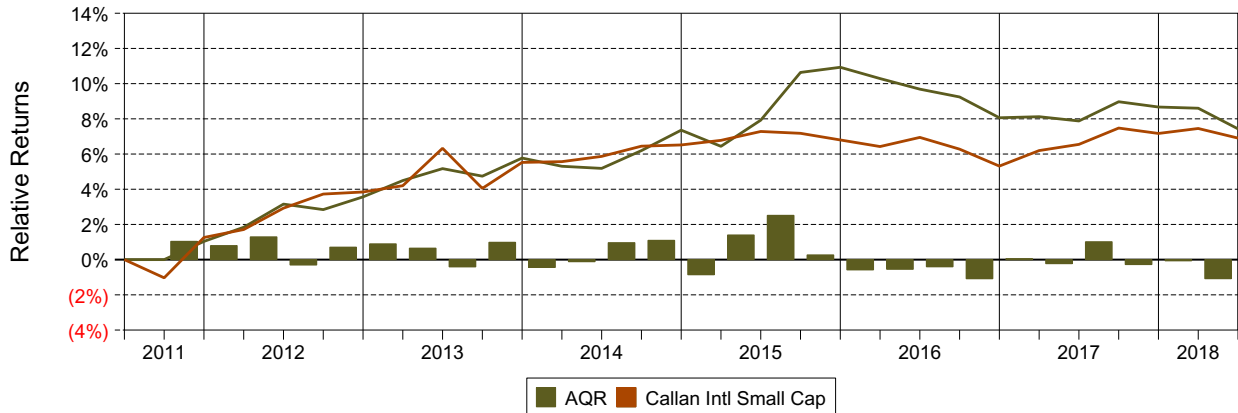
## Return Analysis

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.

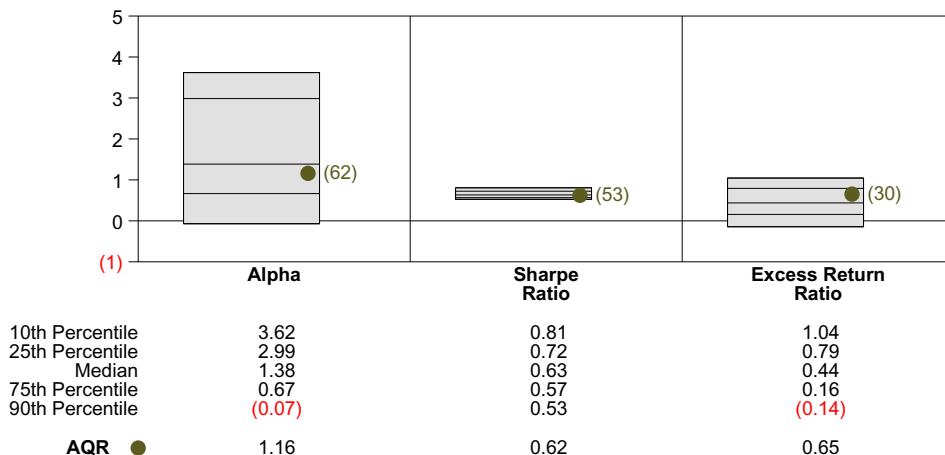
### Performance vs Callan International Small Cap (Gross)



### 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 June 30, 2018

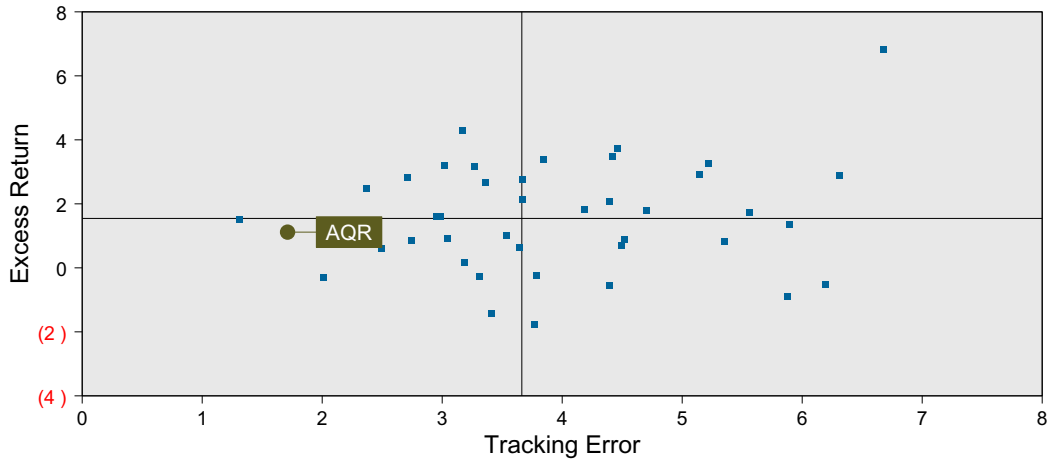


# AQR Risk Analysis Summary

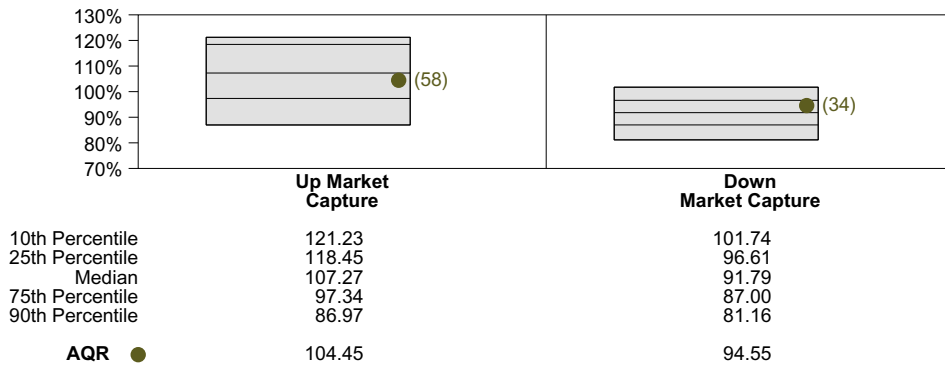
## Risk Analysis

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.

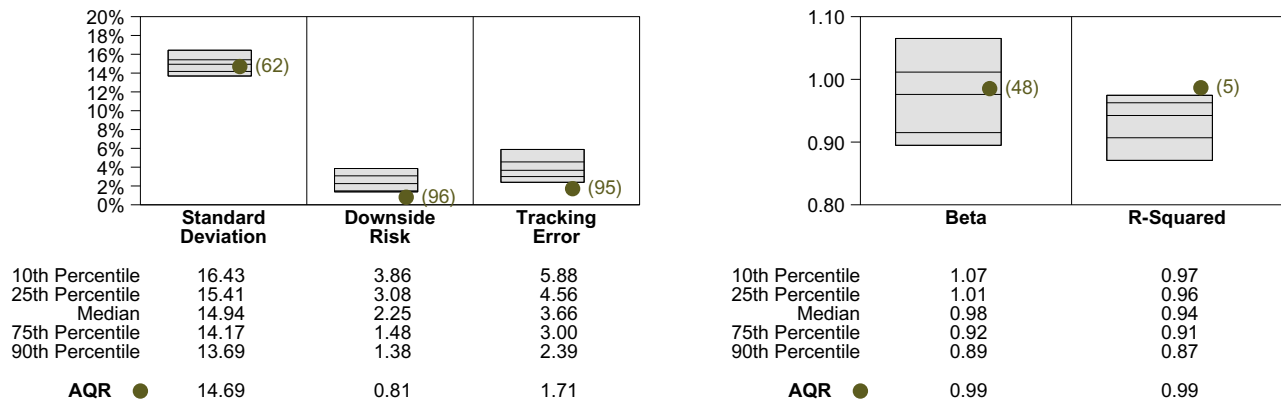
### Risk Analysis vs Callan International Small Cap (Gross) Seven Years Ended June 30, 2018



### Market Capture vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended June 30, 2018



### Risk Statistics Rankings vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended June 30, 2018

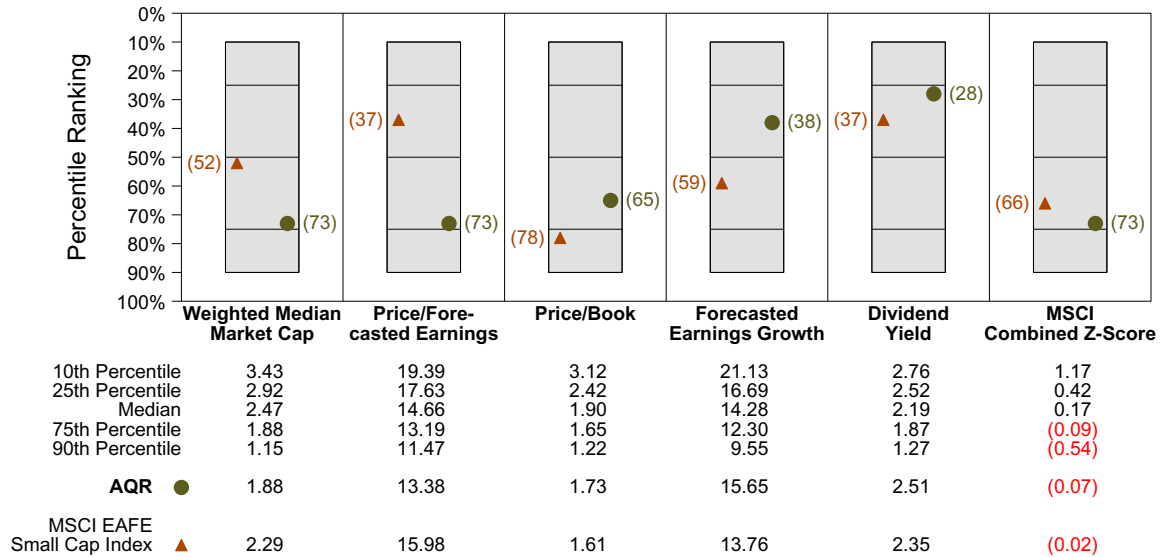


# AQR Equity Characteristics Analysis Summary

## 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.

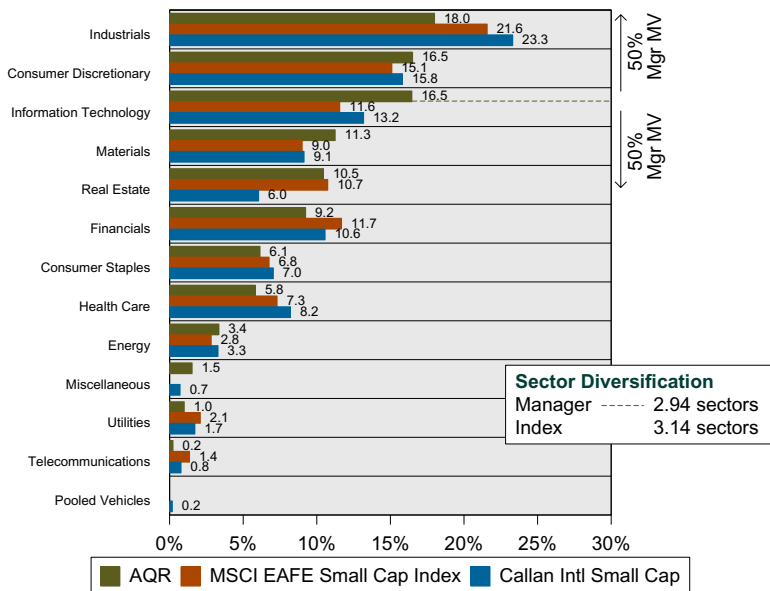
## Portfolio Characteristics Percentile Rankings Rankings Against Callan International Small Cap as of June 30, 2018



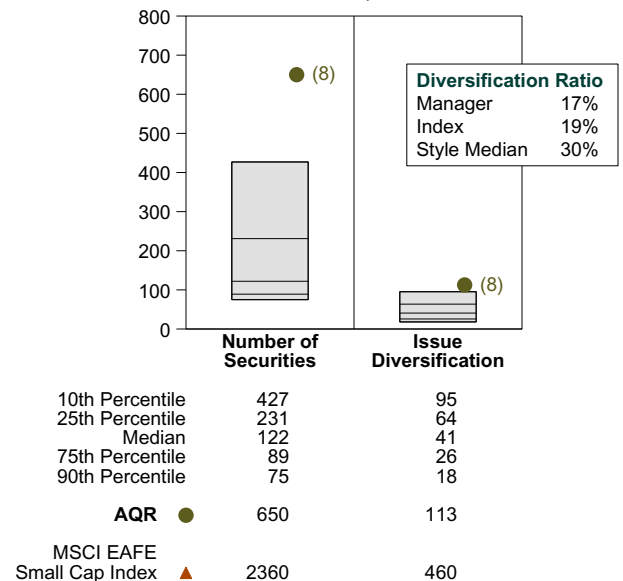
## Sector Weights

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 June 30, 2018



### Diversification June 30, 2018



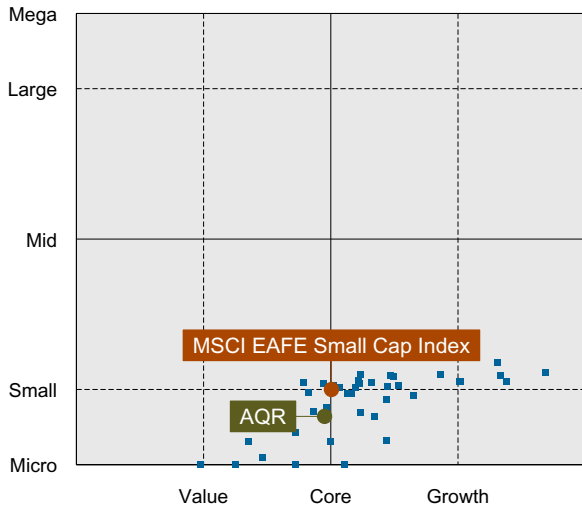
# Current Holdings Based Style Analysis

## AQR

### As of June 30, 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.

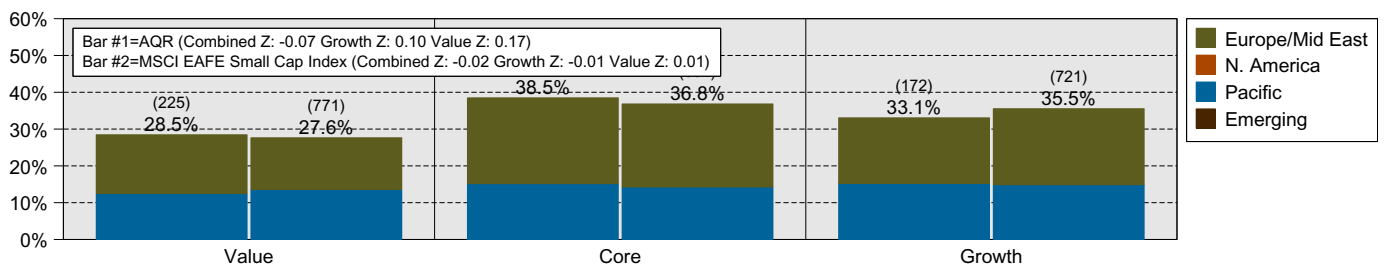
**Style Map vs Callan Intl Small Cap Holdings as of June 30, 2018**



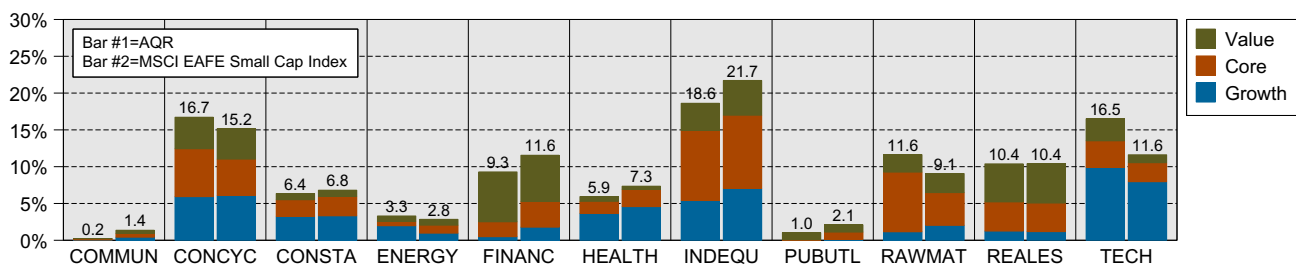
**Style Exposure Matrix Holdings as of June 30, 2018**

|                  | Value              | Core               | Growth             | Total                |
|------------------|--------------------|--------------------|--------------------|----------------------|
| Europe/ Mid East | 16.0% (99)         | 23.3% (119)        | 17.8% (78)         | 57.1% (296)          |
| N. America       | 14.0% (310)        | 22.6% (428)        | 20.6% (322)        | 57.2% (1060)         |
| Pacific          | 0.0% (0)           | 0.0% (0)           | 0.0% (0)           | 0.0% (0)             |
| Emerging         | 0.0% (0)           | 0.0% (0)           | 0.0% (0)           | 0.0% (0)             |
| <b>Total</b>     | <b>28.5% (225)</b> | <b>38.5% (230)</b> | <b>33.1% (172)</b> | <b>100.0% (627)</b>  |
|                  | <b>27.6% (771)</b> | <b>36.8% (851)</b> | <b>35.5% (721)</b> | <b>100.0% (2343)</b> |

**Combined Z-Score Style Distribution Holdings as of June 30, 2018**



**Sector Weights Distribution Holdings as of June 30, 2018**



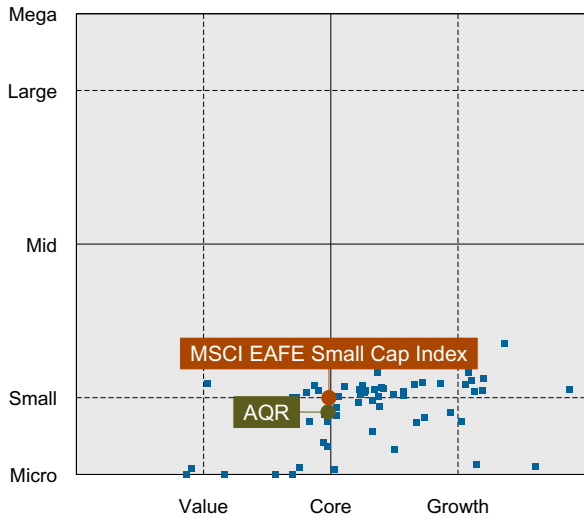
# Historical Holdings Based Style Analysis

## AQR

### For Five Years Ended June 30, 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.

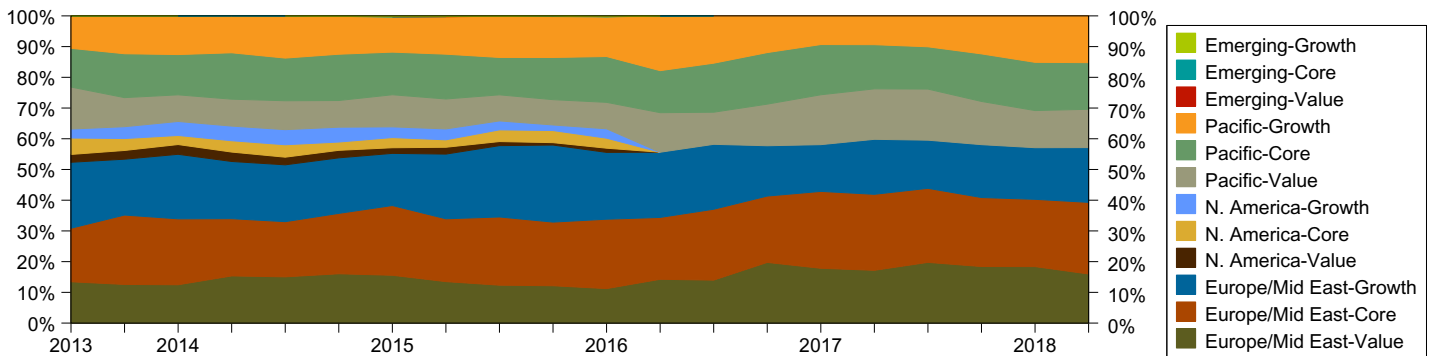
**Average Style Map vs Callan Intl Small Cap Holdings for Five Years Ended June 30, 2018**



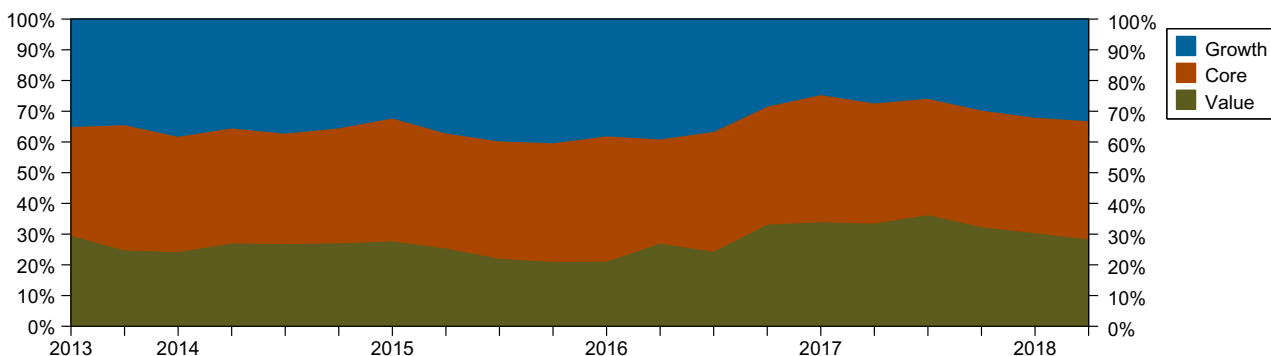
**Average Style Exposure Matrix Holdings for Five Years Ended June 30, 2018**

|                     |                    |                    |                    |                      |
|---------------------|--------------------|--------------------|--------------------|----------------------|
|                     | 15.3% (100)        | 21.6% (115)        | 19.2% (88)         | 56.1% (303)          |
| Europe/<br>Mid East | 15.5% (307)        | 22.4% (364)        | 20.3% (308)        | 58.1% (979)          |
| N. America          | 1.2% (12)          | 2.0% (15)          | 2.0% (13)          | 5.2% (40)            |
|                     | 0.0% (0)           | 0.0% (0)           | 0.0% (0)           | 0.0% (0)             |
| Pacific             | 11.4% (121)        | 14.5% (119)        | 12.7% (88)         | 38.6% (328)          |
|                     | 13.2% (431)        | 14.7% (426)        | 13.9% (362)        | 41.8% (1219)         |
| Emerging            | 0.0% (0)           | 0.0% (1)           | 0.1% (0)           | 0.1% (1)             |
|                     | 0.0% (1)           | 0.1% (2)           | 0.0% (1)           | 0.1% (4)             |
| <b>Total</b>        | <b>27.9% (233)</b> | <b>38.2% (250)</b> | <b>33.9% (189)</b> | <b>100.0% (672)</b>  |
|                     | <b>28.7% (739)</b> | <b>37.1% (792)</b> | <b>34.2% (671)</b> | <b>100.0% (2202)</b> |
|                     | Value              | Core               | Growth             | Total                |

### AQR Historical Region/Style Exposures



### AQR Historical Style Only Exposures



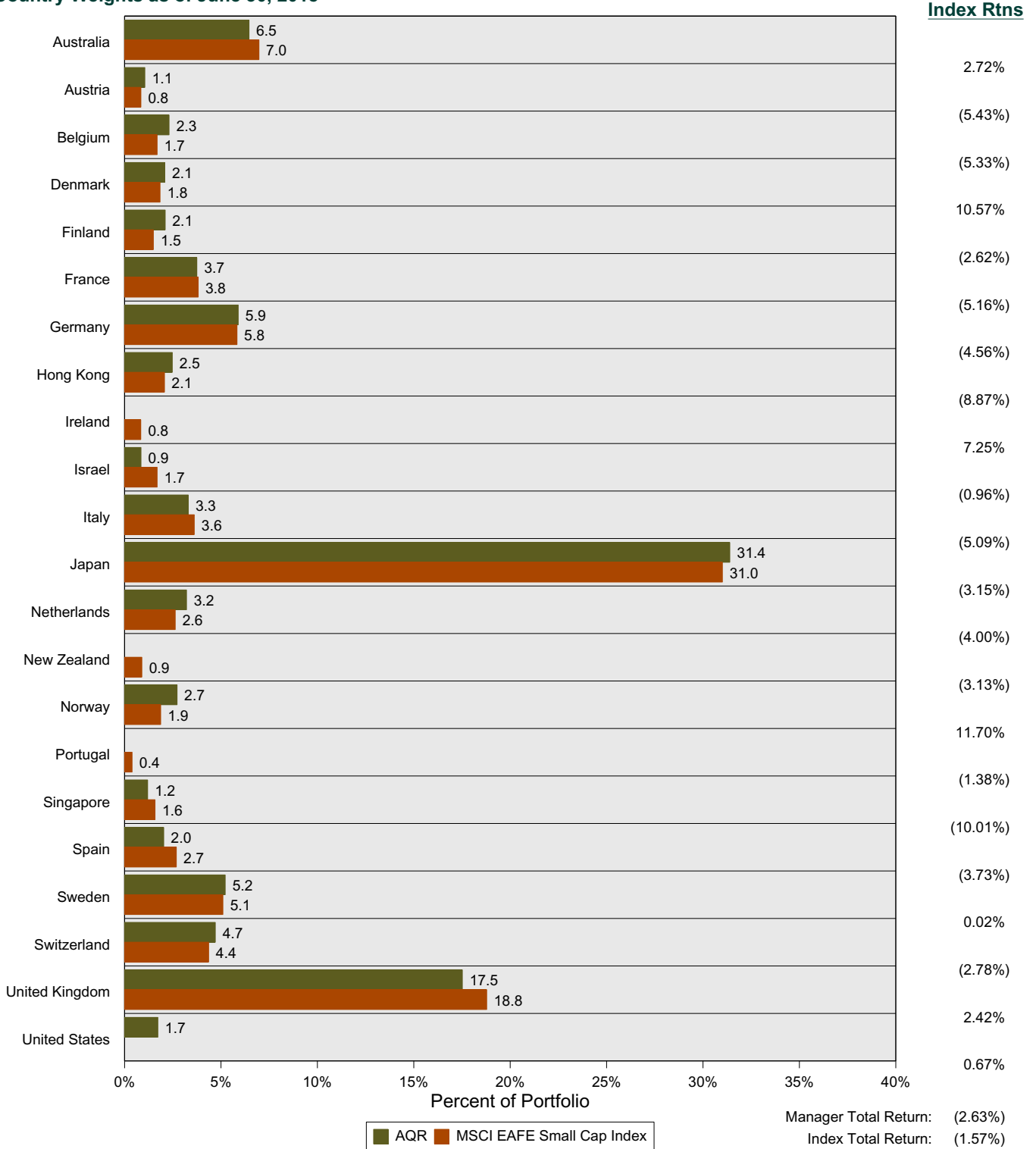
# Country Allocation

## 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 June 30, 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 June 30, 2018





## AQR Top 10 Portfolio Holdings Characteristics as of June 30, 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 |
|--------------------------------------|------------------------|---------------------|----------------------|--------------|----------------|---------------------------------|----------------|-------------------------------|
| Dno Asa Shs A                        | Energy                 | \$205,897           | 1.4%                 | 17.48%       | 2.00           | 7.43                            | 0.00%          | (3.12)%                       |
| Plus500 (Di)                         | Financials             | \$174,759           | 1.2%                 | 33.33%       | 2.43           | 9.10                            | 469.16%        | 31.86%                        |
| Sandfire Resources NI Shs            | Materials              | \$155,407           | 1.1%                 | 21.27%       | 1.07           | 8.96                            | 2.29%          | 27.19%                        |
| Electrocomponent Plc Ord             | Information Technology | \$152,736           | 1.0%                 | 20.13%       | 4.43           | 21.53                           | 1.75%          | 14.32%                        |
| Evraz Plc                            | Materials              | \$150,735           | 1.0%                 | 12.20%       | 9.69           | 7.95                            | 6.32%          | 13.21%                        |
| Moneysupermarket Com Group P Shs     | Information Technology | \$142,241           | 1.0%                 | 6.07%        | 2.23           | 18.01                           | 3.32%          | 5.90%                         |
| Be Semiconductor Inds NV Bes Ord Shs | Information Technology | \$138,923           | 1.0%                 | (42.72)%     | 2.17           | 9.94                            | 10.01%         | 10.40%                        |
| Siltronic                            | Information Technology | \$130,015           | 0.9%                 | (15.72)%     | 4.32           | 10.04                           | 2.03%          | 26.20%                        |
| Unibet Group Sdb                     | Consumer Discretionary | \$128,622           | 0.9%                 | (2.42)%      | 2.90           | 16.02                           | 5.46%          | 30.51%                        |
| Ferrexpo Plc London Shs              | Materials              | \$111,833           | 0.8%                 | (28.61)%     | 1.42           | 5.05                            | 2.56%          | (10.13)%                      |

### 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 |
|--------------------------------|------------------------|---------------------|----------------------|--------------|----------------|---------------------------------|----------------|-------------------------------|
| Premier Cons Oilfields Ltd Shs | Energy                 | \$4,377             | 0.0%                 | 75.04%       | 1.31           | 7.42                            | 0.00%          | (16.55)%                      |
| Biotage Ab Publ Shs A          | Health Care            | \$8,702             | 0.1%                 | 52.90%       | 0.83           | 38.18                           | 1.22%          | 33.02%                        |
| Seven West Media Ltd Shs       | Consumer Discretionary | \$7,090             | 0.0%                 | 52.08%       | 0.94           | 9.13                            | 4.76%          | (47.60)%                      |
| Inmarsat Plc London Shs        | Telecommunications     | \$18,782            | 0.1%                 | 46.27%       | 3.35           | 25.12                           | 4.41%          | (11.20)%                      |
| Aker Asa Shs A                 | Financials             | \$22,786            | 0.2%                 | 41.24%       | 5.68           | 26.97                           | 2.89%          | (40.08)%                      |
| Beach Petroleum                | Energy                 | \$4,826             | 0.0%                 | 39.56%       | 2.95           | 9.00                            | 1.13%          | 14.19%                        |
| Paradox Interactive            | Information Technology | \$10,494            | 0.1%                 | 39.39%       | 2.20           | 41.01                           | 0.54%          | -                             |
| Infomart                       | Information Technology | \$9,593             | 0.1%                 | 38.80%       | 1.72           | 83.58                           | 0.44%          | 10.71%                        |
| Fancl Corp Yokohama Ord        | Consumer Staples       | \$58,264            | 0.4%                 | 36.87%       | 3.27           | 45.80                           | 0.61%          | 11.98%                        |
| Rockwool B                     | Industrials            | \$42,117            | 0.3%                 | 33.57%       | 4.20           | 26.82                           | 0.97%          | 17.81%                        |

### 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 |
|--------------------------------------|------------------------|---------------------|----------------------|--------------|----------------|---------------------------------|----------------|-------------------------------|
| Be Semiconductor Inds NV Bes Ord Shs | Information Technology | \$138,923           | 1.0%                 | (42.72)%     | 2.17           | 9.94                            | 10.01%         | 10.40%                        |
| Venture Corporation Ltd Shs          | Information Technology | \$18,145            | 0.1%                 | (37.20)%     | 3.77           | 11.63                           | 3.36%          | 6.42%                         |
| Leopalace21 Corp Shs                 | Real Estate            | \$8,477             | 0.1%                 | (36.84)%     | 1.38           | 10.50                           | 3.62%          | (16.84)%                      |
| Dialog Semicon.Nmbc                  | Information Technology | \$7,147             | 0.0%                 | (35.94)%     | 1.16           | 5.94                            | 0.00%          | (4.47)%                       |
| Pinguin                              | Consumer Staples       | \$3,836             | 0.0%                 | (35.45)%     | 0.64           | 15.37                           | 1.14%          | 13.02%                        |
| Japan Tissue Engineering             | Health Care            | \$4,849             | 0.0%                 | (35.27)%     | 0.45           | 244.44                          | 0.00%          | -                             |
| Ausdrill                             | Materials              | \$6,446             | 0.0%                 | (34.17)%     | 0.49           | 10.93                           | 3.00%          | (18.25)%                      |
| Tullow Oil Plc Shs                   | Energy                 | \$15,708            | 0.1%                 | (33.46)%     | 3.60           | -                               | 0.00%          | -                             |
| Biesse Spa Pesaro Az                 | Industrials            | \$45,020            | 0.3%                 | (33.38)%     | 1.07           | 19.78                           | 1.43%          | 59.92%                        |
| Elal                                 | Industrials            | \$2,984             | 0.0%                 | (32.74)%     | 0.11           | (4.28)                          | 26.62%         | (9.70)%                       |

# DFA Emerging Markets Period Ended June 30, 2018

## Investment Philosophy

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

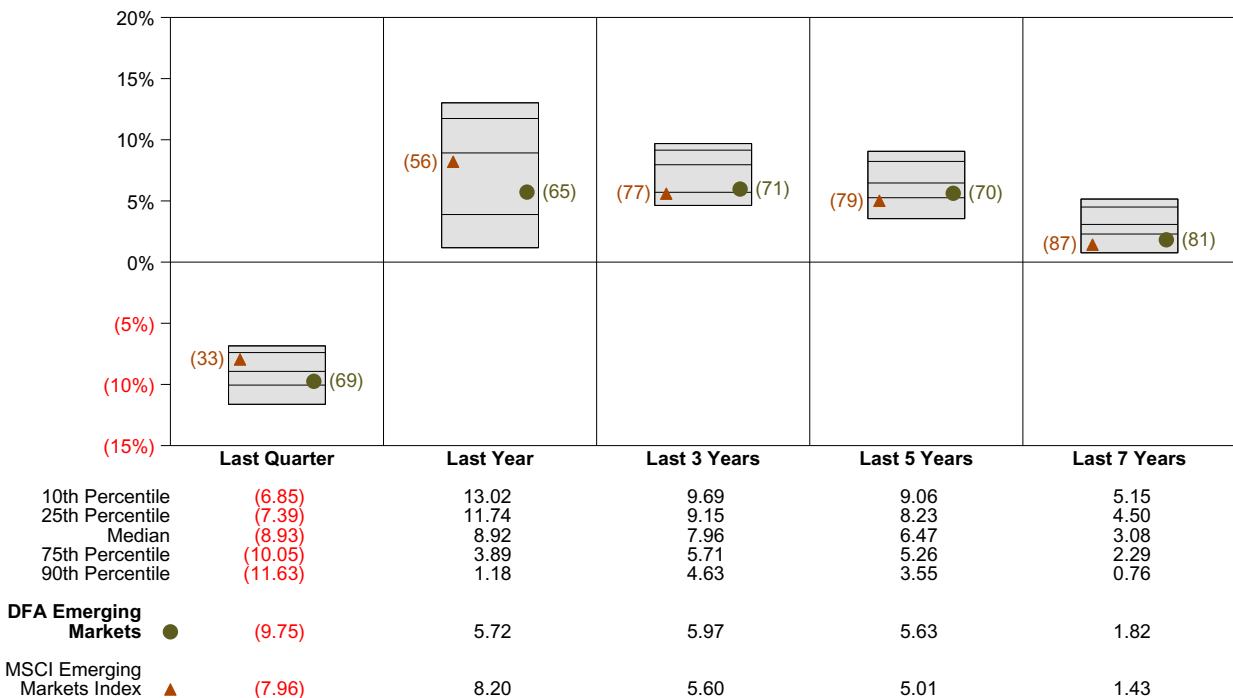
## Quarterly Summary and Highlights

- DFA Emerging Markets's portfolio posted a (9.75)% return for the quarter placing it in the 69 percentile of the Callan Emerging Markets Equity Mut Funds group for the quarter and in the 65 percentile for the last year.
- DFA Emerging Markets's portfolio underperformed the MSCI Emerging Markets Index by 1.79% for the quarter and underperformed the MSCI Emerging Markets Index for the year by 2.48%.

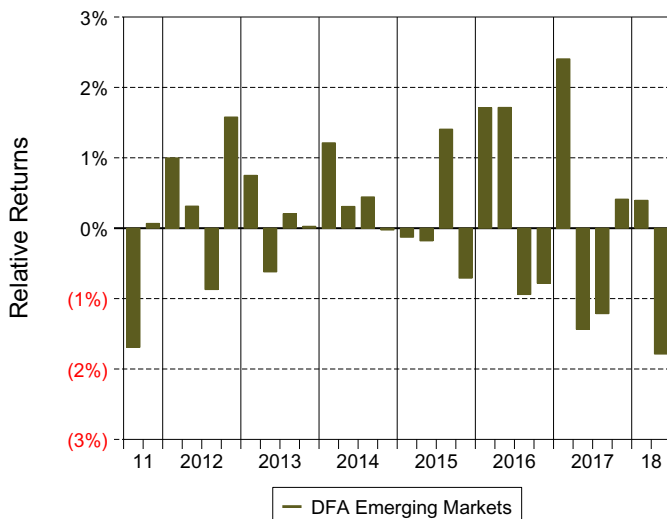
## Quarterly Asset Growth

|                           |              |
|---------------------------|--------------|
| Beginning Market Value    | \$18,024,927 |
| Net New Investment        | \$0          |
| Investment Gains/(Losses) | \$-1,778,628 |
| Ending Market Value       | \$16,246,299 |

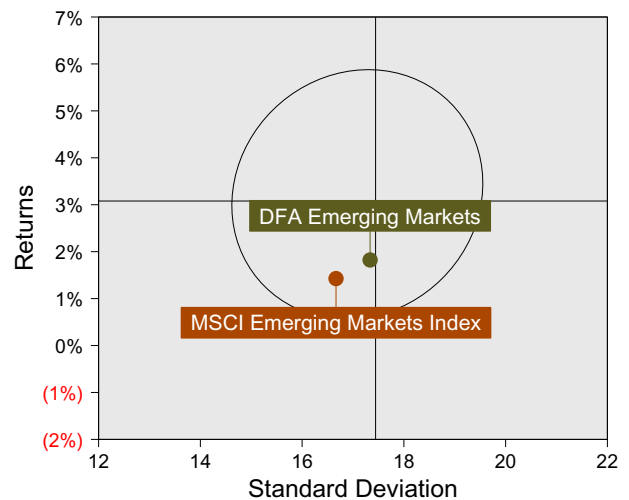
## Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



## Relative Returns vs MSCI Emerging Markets Index



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

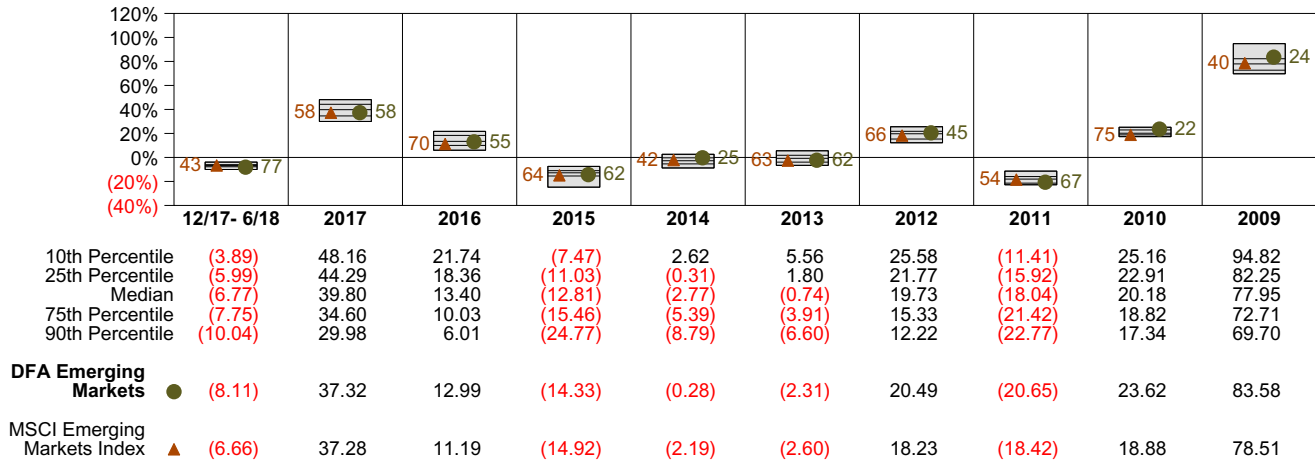


# DFA Emerging Markets Return Analysis Summary

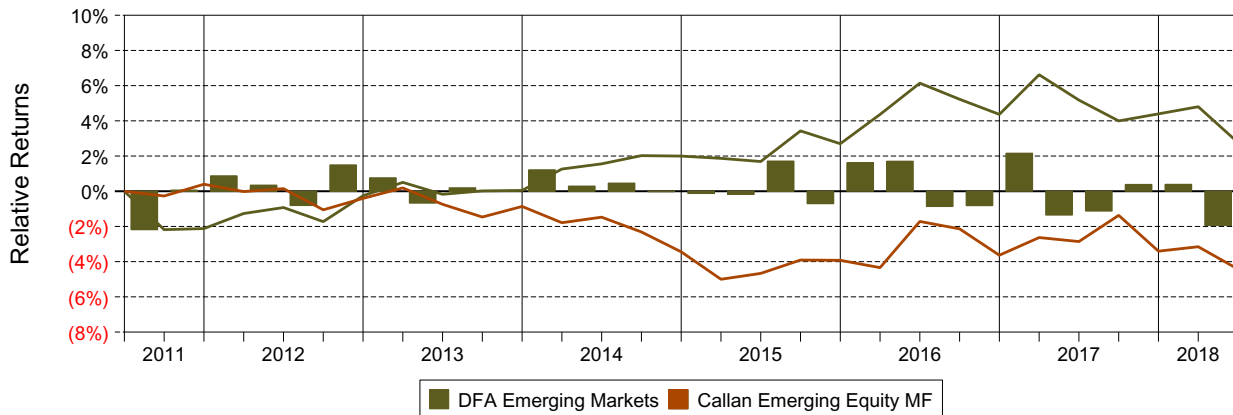
## Return Analysis

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.

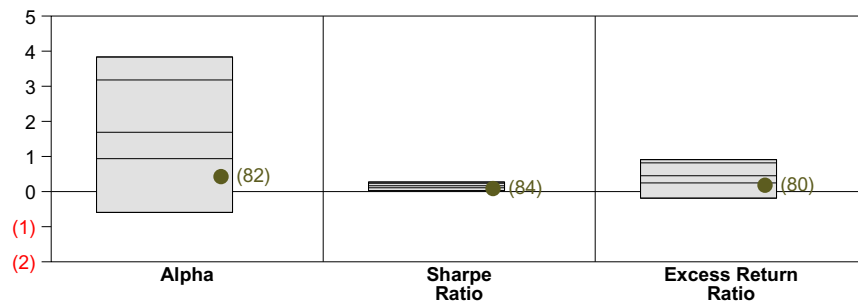
### Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



### 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 June 30, 2018

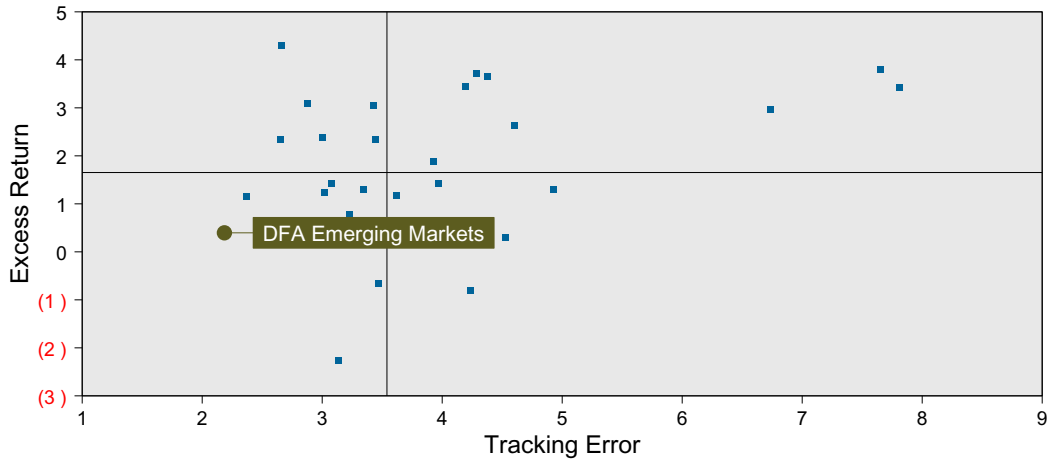


# DFA Emerging Markets Risk Analysis Summary

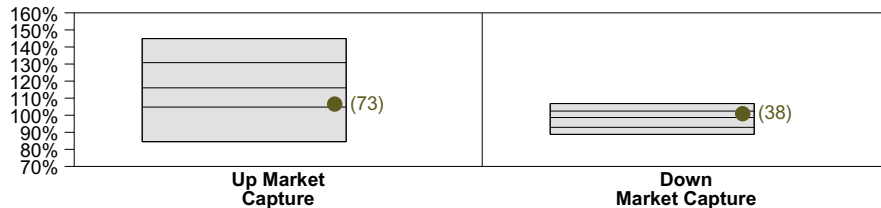
## Risk Analysis

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 June 30, 2018

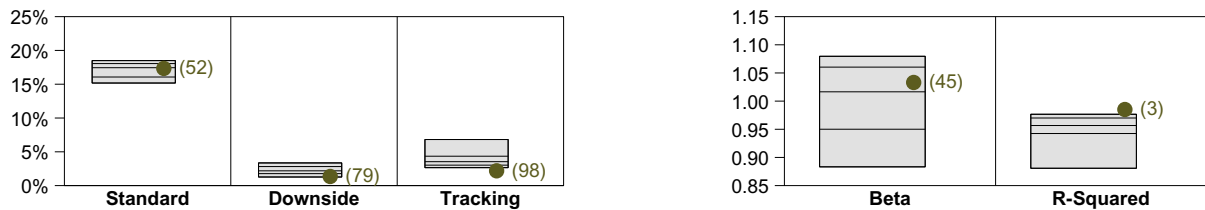


### Market Capture vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended June 30, 2018



|                             | Up Market Capture | Down Market Capture |
|-----------------------------|-------------------|---------------------|
| 10th Percentile             | 144.90            | 106.85              |
| 25th Percentile             | 130.82            | 102.43              |
| Median                      | 116.05            | 98.67               |
| 75th Percentile             | 104.78            | 92.91               |
| 90th Percentile             | 84.51             | 88.78               |
| <b>DFA Emerging Markets</b> | <b>106.54</b>     | <b>100.89</b>       |

### Risk Statistics Rankings vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended June 30, 2018



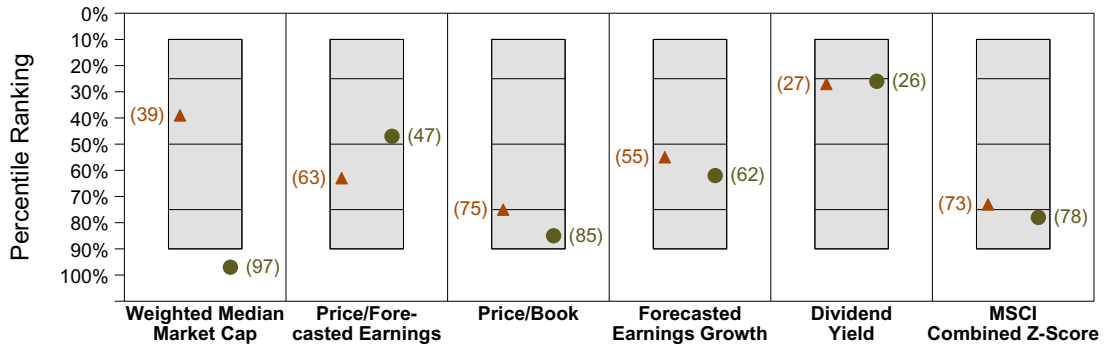
|                             | Standard Deviation | Downside Risk | Tracking Error | Beta        | R-Squared   |
|-----------------------------|--------------------|---------------|----------------|-------------|-------------|
| 10th Percentile             | 18.50              | 3.36          | 6.82           | 1.08        | 0.98        |
| 25th Percentile             | 18.05              | 2.82          | 4.35           | 1.06        | 0.97        |
| Median                      | 17.44              | 2.18          | 3.54           | 1.02        | 0.96        |
| 75th Percentile             | 16.07              | 1.77          | 3.02           | 0.95        | 0.94        |
| 90th Percentile             | 15.17              | 1.27          | 2.65           | 0.88        | 0.88        |
| <b>DFA Emerging Markets</b> | <b>17.34</b>       | <b>1.35</b>   | <b>2.19</b>    | <b>1.03</b> | <b>0.99</b> |

# 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.

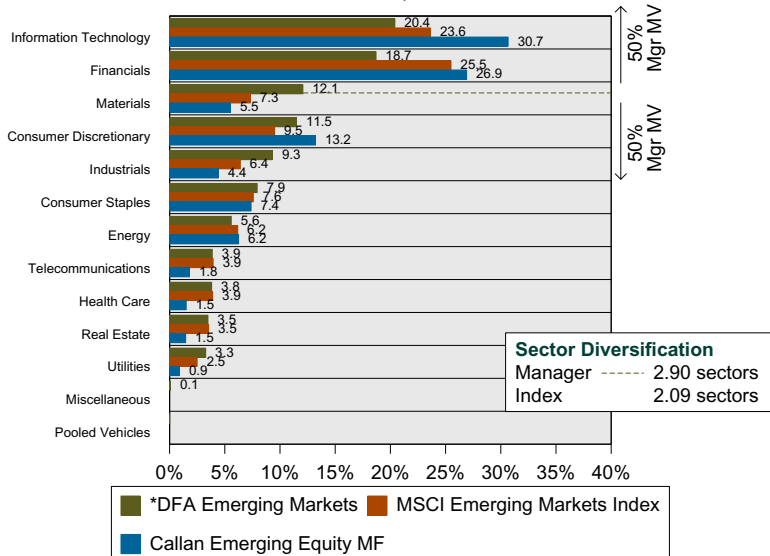
## Portfolio Characteristics Percentile Rankings Rankings Against Callan Emerging Markets Equity Mut Funds as of June 30, 2018



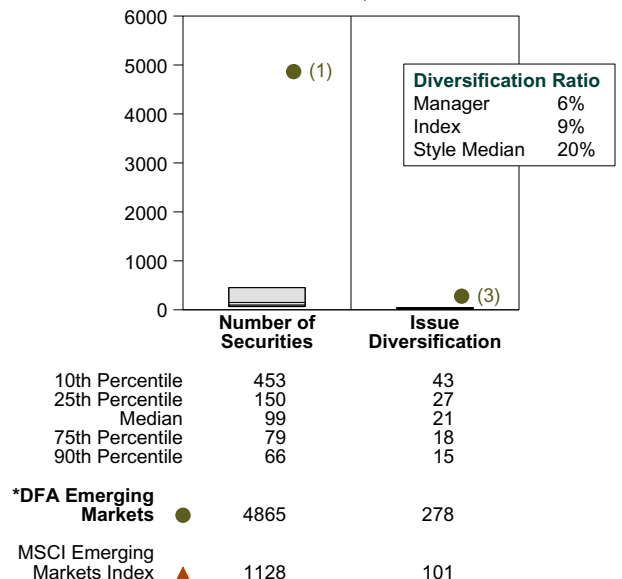
## Sector Weights

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 June 30, 2018



### Diversification June 30, 2018



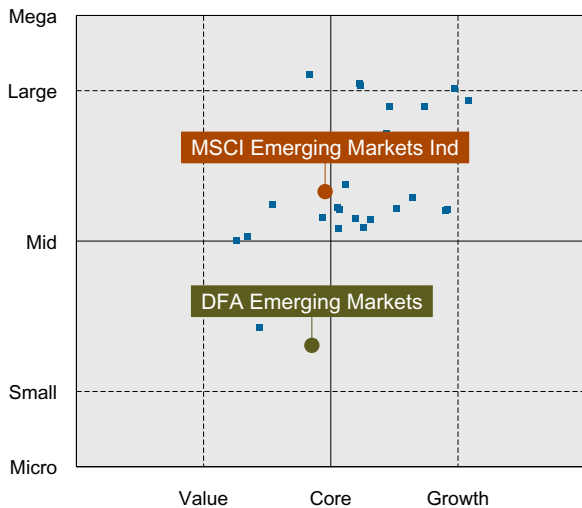
# Current Holdings Based Style Analysis

## DFA Emerging Markets

### As of June 30, 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 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.

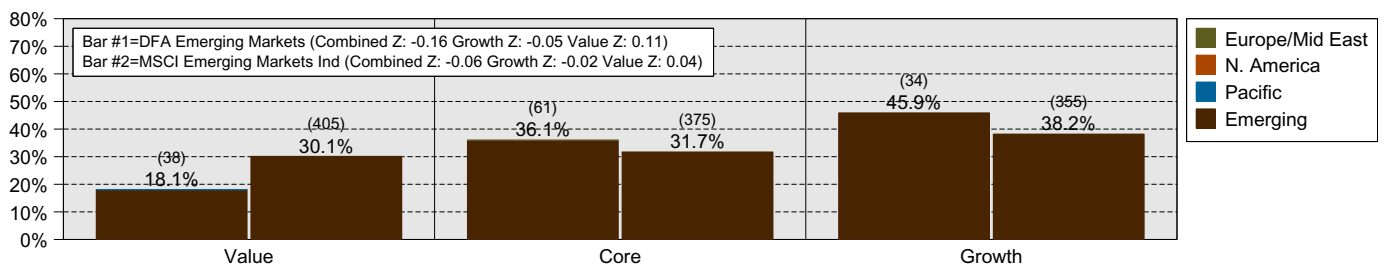
**Style Map vs Callan Emerging Equity MF Holdings as of June 30, 2018**



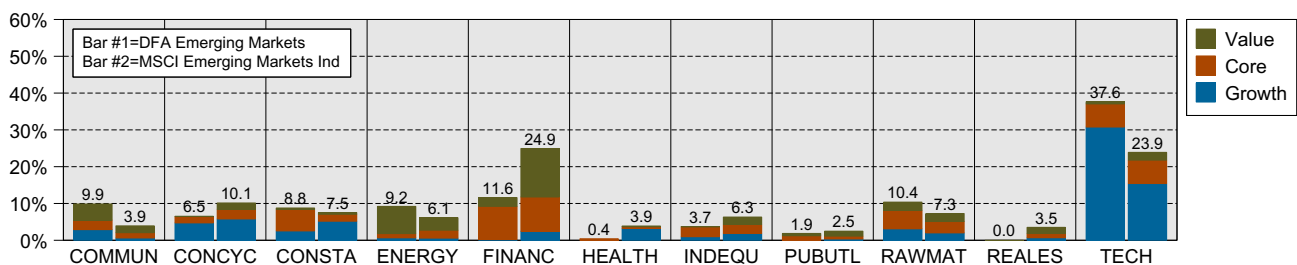
**Style Exposure Matrix Holdings as of June 30, 2018**

|                     | Value                                   | Core                                    | Growth                                  | Total                                       |
|---------------------|---|---|---|---|
| Europe/<br>Mid East | 0.0% (0)<br>0.0% (0)                    | 0.2% (1)<br>0.0% (0)                    | 0.0% (0)<br>0.0% (0)                    | 0.2% (1)<br>0.0% (0)                        |
| N. America          | 0.0% (0)<br>0.0% (0)                    | 0.0% (0)<br>0.0% (0)                    | 0.0% (0)<br>0.0% (0)                    | 0.0% (0)<br>0.0% (0)                        |
| Pacific             | 0.0% (1)<br>0.0% (0)                    | 0.0% (0)<br>0.0% (0)                    | 0.0% (0)<br>0.0% (0)                    | 0.0% (1)<br>0.0% (0)                        |
| Emerging            | 18.0% (37)<br>30.1% (405)               | 35.8% (60)<br>31.7% (375)               | 45.9% (34)<br>38.2% (355)               | 99.7% (131)<br>100.0% (1135)                |
| <b>Total</b>        | <b>18.1% (38)</b><br><b>30.1% (405)</b> | <b>36.1% (61)</b><br><b>31.7% (375)</b> | <b>45.9% (34)</b><br><b>38.2% (355)</b> | <b>100.0% (133)</b><br><b>100.0% (1135)</b> |

**Combined Z-Score Style Distribution Holdings as of June 30, 2018**



**Sector Weights Distribution Holdings as of June 30, 2018**



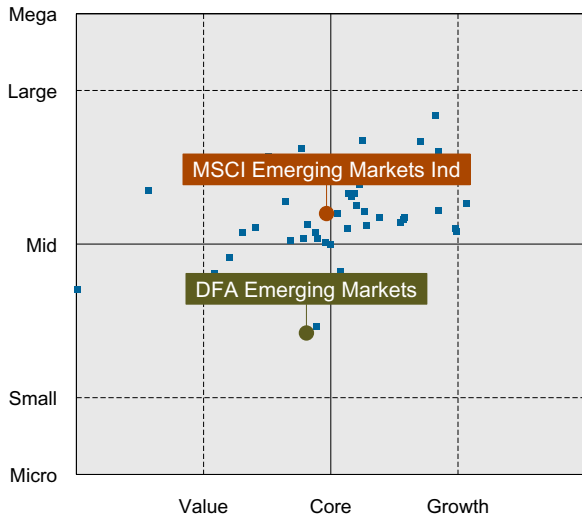
# Historical Holdings Based Style Analysis

## DFA Emerging Markets

### For Five Years Ended June 30, 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.

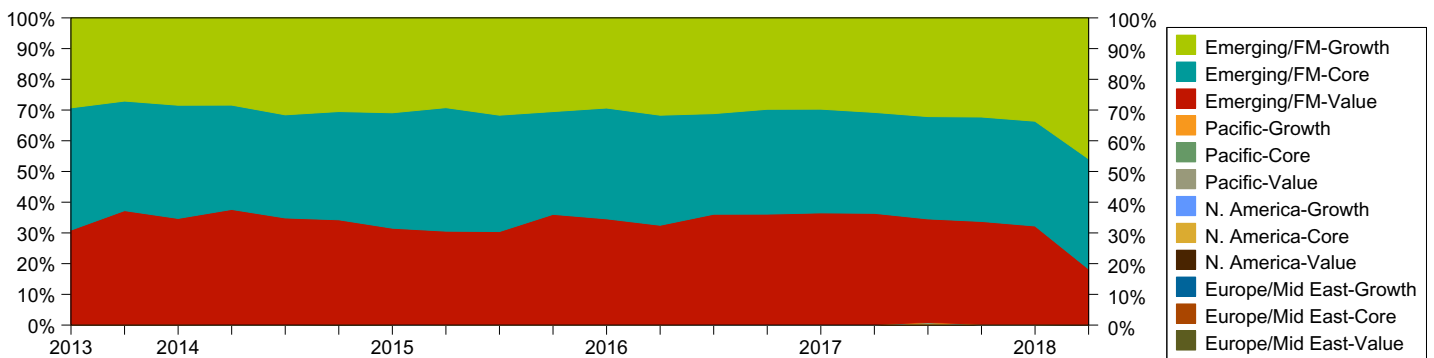
**Average Style Map vs Callan Emerging Equity MF Holdings for Five Years Ended June 30, 2018**



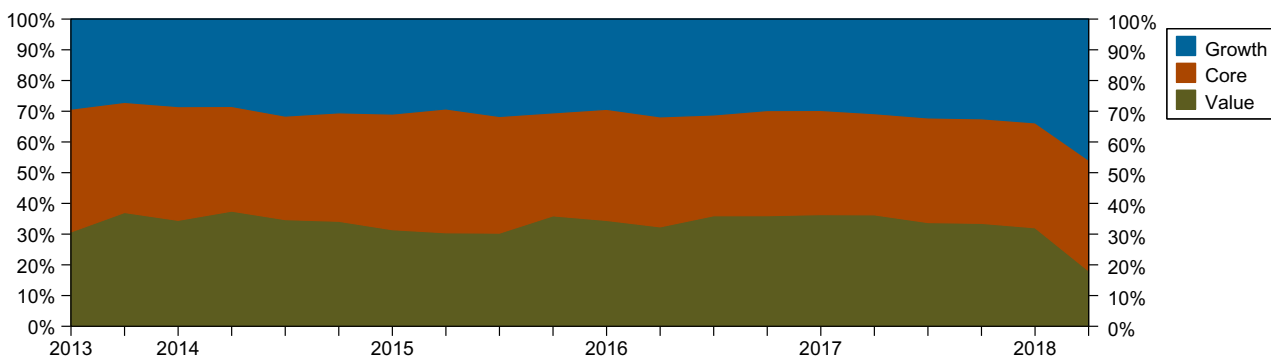
**Average Style Exposure Matrix Holdings for Five Years Ended June 30, 2018**

|                     |                     |                     |                    |                      |
|---------------------|---------------------|---------------------|--------------------|----------------------|
|                     | 0.0% (0)            | 0.1% (2)            | 0.0% (0)           | 0.1% (2)             |
| Europe/<br>Mid East | 0.0% (0)            | 0.0% (0)            | 0.0% (0)           | 0.0% (0)             |
| N. America          | 0.0% (1)            | 0.0% (2)            | 0.0% (1)           | 0.1% (4)             |
| Pacific             | 0.0% (13)           | 0.0% (18)           | 0.0% (7)           | 0.1% (38)            |
| Emerging/<br>FM     | 33.2% (1349)        | 35.3% (1390)        | 31.2% (851)        | 99.8% (3590)         |
|                     | 32.3% (294)         | 31.9% (261)         | 35.8% (281)        | 100.0% (836)         |
| <b>Total</b>        | <b>33.3% (1363)</b> | <b>35.5% (1412)</b> | <b>31.2% (859)</b> | <b>100.0% (3634)</b> |
|                     | <b>32.3% (294)</b>  | <b>31.9% (261)</b>  | <b>35.8% (281)</b> | <b>100.0% (836)</b>  |
|                     | Value               | Core                | Growth             | Total                |

### DFA Emerging Markets Historical Region/Style Exposures



### DFA Emerging Markets Historical Style Only Exposures



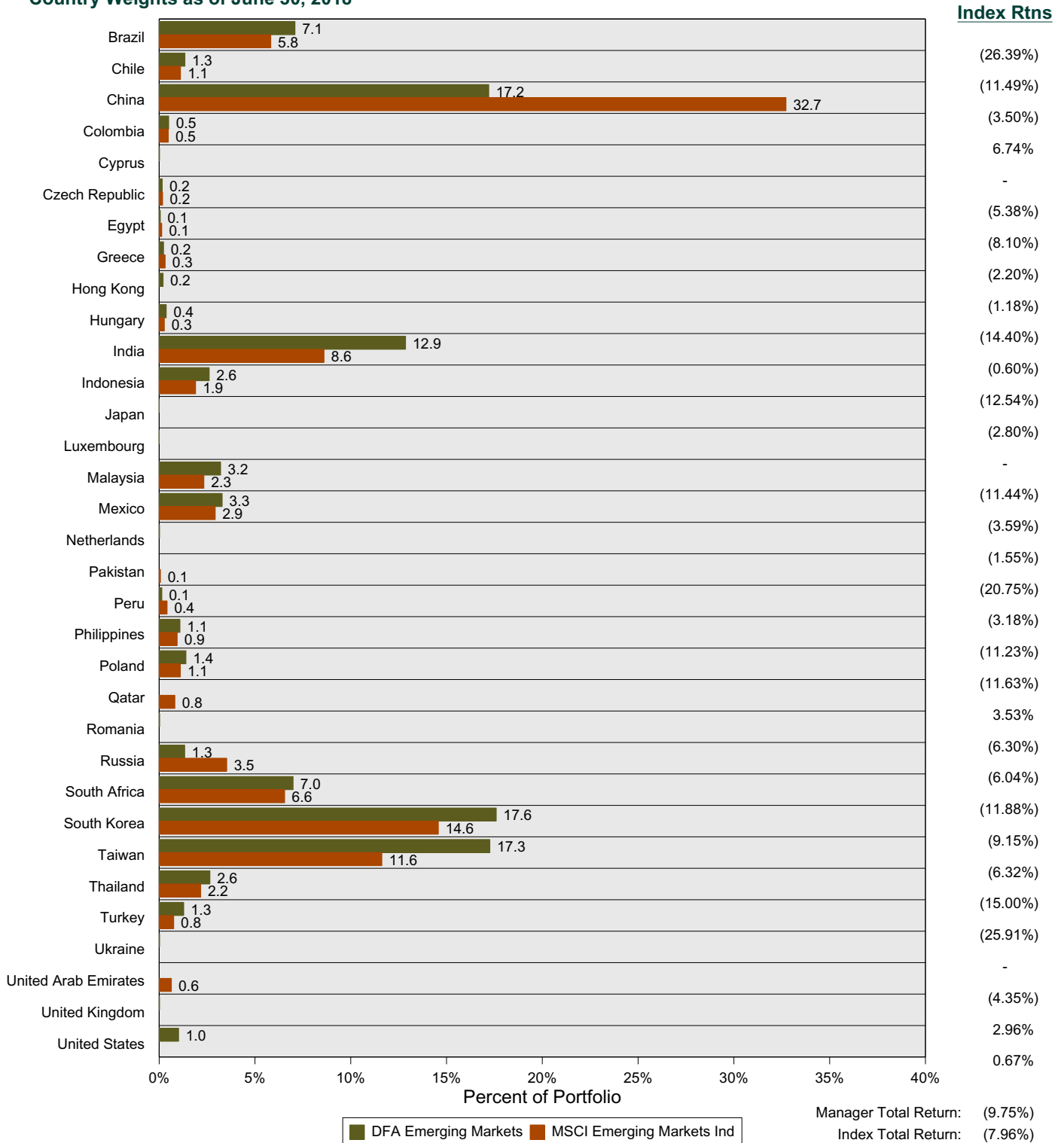
# Country Allocation

## 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 June 30, 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 June 30, 2018





## DFA Emerging Markets Top 10 Portfolio Holdings Characteristics as of June 30, 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 | \$609,759           | 3.8%                 | (8.70)%      | 268.70         | 6.37                            | 2.28%          | 10.43%                        |
| Tencent Holdings Limited Shs Par Hkd | Information Technology | \$312,776           | 1.9%                 | (3.62)%      | 477.06         | 32.47                           | 0.22%          | 33.56%                        |
| Taiwan Semiconductor Mfg Co Ltd Spon | Information Technology | \$234,734           | 1.4%                 | (13.37)%     | 184.13         | 14.61                           | 3.70%          | 11.55%                        |
| Taiwan Semicond Manufac Co L Shs     | Information Technology | \$174,460           | 1.1%                 | (12.75)%     | 184.13         | 14.61                           | 3.70%          | 11.55%                        |
| Alibaba Group Hldg Ltd Sponsored Ads | Information Technology | \$147,571           | 0.9%                 | 1.08%        | 475.17         | 27.38                           | 0.00%          | 30.21%                        |
| Sk Hynix Inc Shs                     | Information Technology | \$144,256           | 0.9%                 | 0.00%        | 55.98          | 4.13                            | 1.17%          | 9.05%                         |
| Vale Sa Shs                          | Materials              | \$132,775           | 0.8%                 | 1.49%        | 68.11          | 8.79                            | 1.32%          | 3.90%                         |
| China Construction Bank Shs H        | Financials             | \$124,782           | 0.8%                 | (10.01)%     | 222.17         | 5.57                            | 5.02%          | 6.35%                         |
| Ping An Insurance H                  | Financials             | \$97,442            | 0.6%                 | (7.82)%      | 68.54          | 9.98                            | 2.57%          | 13.11%                        |
| Nasionale PERS Beperk Ord Cl H       | Consumer Discretionary | \$94,340            | 0.6%                 | 4.18%        | 111.53         | 26.08                           | 0.17%          | 55.16%                        |

### 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 |
|-------------------------------|------------------------|---------------------|----------------------|--------------|----------------|---------------------------------|----------------|-------------------------------|
| Hyundai Cement                | Materials              | \$176               | 0.0%                 | 323.08%      | 0.93           | 4.10                            | 0.00%          | 29.24%                        |
| Walsin Tech                   | Information Technology | \$24,201            | 0.1%                 | 235.13%      | 6.64           | 17.49                           | 0.30%          | 72.43%                        |
| Ta-I Tech.Co.                 | Information Technology | \$2,842             | 0.0%                 | 231.20%      | 0.75           | 145.19                          | 0.67%          | 17.26%                        |
| Ritek Corp                    | Information Technology | \$5,634             | 0.0%                 | 155.75%      | 0.85           | 32.00                           | 0.00%          | 23.99%                        |
| Darfon Electronics            | Information Technology | \$3,610             | 0.0%                 | 152.17%      | 0.74           | 17.62                           | 2.47%          | -                             |
| Cha Diostech                  | Information Technology | \$678               | 0.0%                 | 133.33%      | 0.15           | (8.81)                          | 0.00%          | -                             |
| Indiabulls Wholesale Services | Miscellaneous          | \$107               | 0.0%                 | 129.95%      | 0.63           | (72.35)                         | 0.21%          | -                             |
| Tjiwi Kimia                   | Materials              | \$2,589             | 0.0%                 | 125.00%      | 3.55           | 49.57                           | 0.18%          | -                             |
| Cuckoo Electronics            | Consumer Discretionary | \$672               | 0.0%                 | 120.00%      | 1.13           | 1.63                            | 2.31%          | 37.12%                        |
| Prosperity Dielectrics        | Information Technology | \$1,775             | 0.0%                 | 119.54%      | 0.67           | 57.21                           | 1.27%          | 77.66%                        |

### 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 |
|--------------------------|------------------------|---------------------|----------------------|--------------|----------------|---------------------------------|----------------|-------------------------------|
| Wuzhou Intl.Hdg.         | Real Estate            | \$4                 | 0.0%                 | (91.77)%     | 0.04           | (0.44)                          | 0.00%          | -                             |
| Hosa International       | Consumer Discretionary | \$49                | 0.0%                 | (89.48)%     | 0.06           | 4.62                            | 21.03%         | (5.28)%                       |
| Group Five               | Industrials            | \$42                | 0.0%                 | (85.36)%     | 0.01           | 1.16                            | 0.00%          | 19.11%                        |
| China Packaging Hdg.Dev. | Materials              | \$52                | 0.0%                 | (82.42)%     | 0.07           | (4.08)                          | 0.00%          | -                             |
| Uniply Industries        | Industrials            | \$23                | 0.0%                 | (79.57)%     | 0.17           | 25.65                           | 1.23%          | -                             |
| Aveng Ltd Shs            | Industrials            | \$20                | 0.0%                 | (71.86)%     | 0.06           | 0.83                            | 0.00%          | 15.00%                        |
| Vakrangee Sftw.          | Information Technology | \$1,621             | 0.0%                 | (71.25)%     | 1.03           | 5.63                            | 1.50%          | 50.88%                        |
| Folli Follie Reg Shs     | Consumer Discretionary | \$525               | 0.0%                 | (71.23)%     | 0.38           | 1.37                            | 0.00%          | 9.02%                         |
| George Kent(Mal.)        | Industrials            | \$837               | 0.0%                 | (70.74)%     | 0.17           | 4.92                            | 7.85%          | 6.90%                         |
| My Eg Services           | Information Technology | \$2,882             | 0.0%                 | (68.08)%     | 0.86           | 12.58                           | 1.76%          | 18.78%                        |



# Metropolitan West Period Ended June 30, 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.

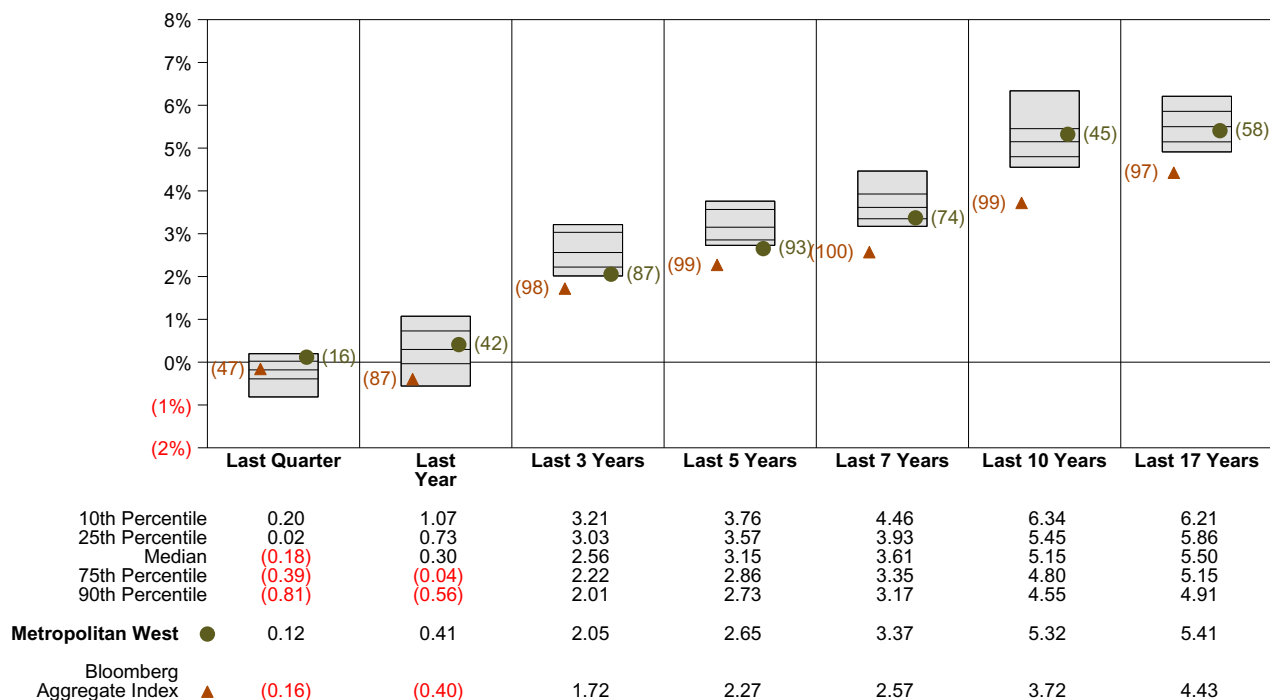
## Quarterly Summary and Highlights

- Metropolitan West's portfolio posted a 0.12% return for the quarter placing it in the 16 percentile of the Callan Core Plus Fixed Income group for the quarter and in the 42 percentile for the last year.
- Metropolitan West's portfolio outperformed the Bloomberg Aggregate Index by 0.27% for the quarter and outperformed the Bloomberg Aggregate Index for the year by 0.81%.

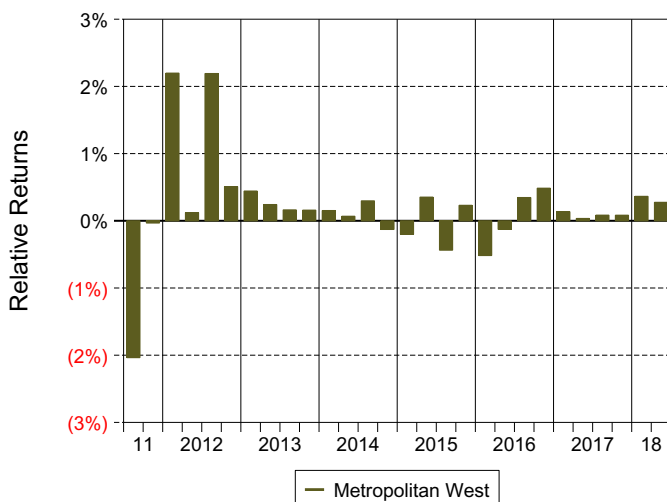
## Quarterly Asset Growth

|                           |               |
|---------------------------|---------------|
| Beginning Market Value    | \$100,821,262 |
| Net New Investment        | \$0           |
| Investment Gains/(Losses) | \$117,000     |
| Ending Market Value       | \$100,938,262 |

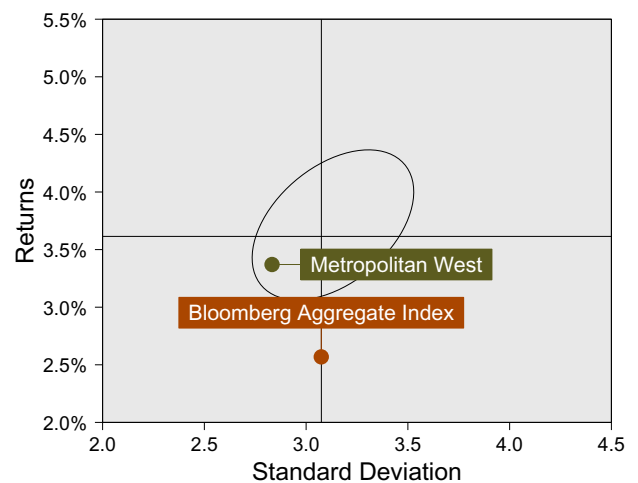
## Performance vs Callan Core Plus Fixed Income (Gross)



## Relative Returns vs Bloomberg Aggregate Index



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

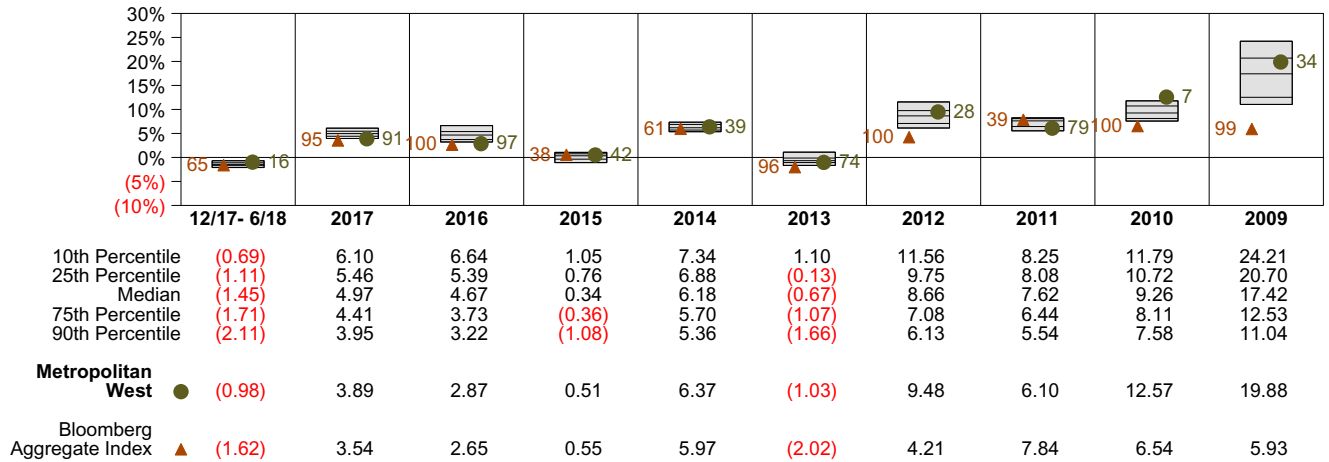


# Metropolitan West Return Analysis Summary

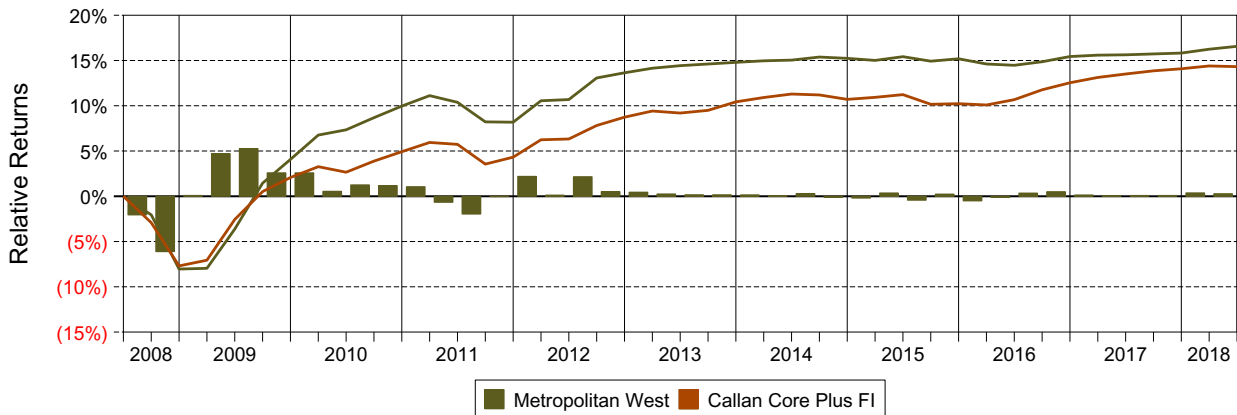
## Return Analysis

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.

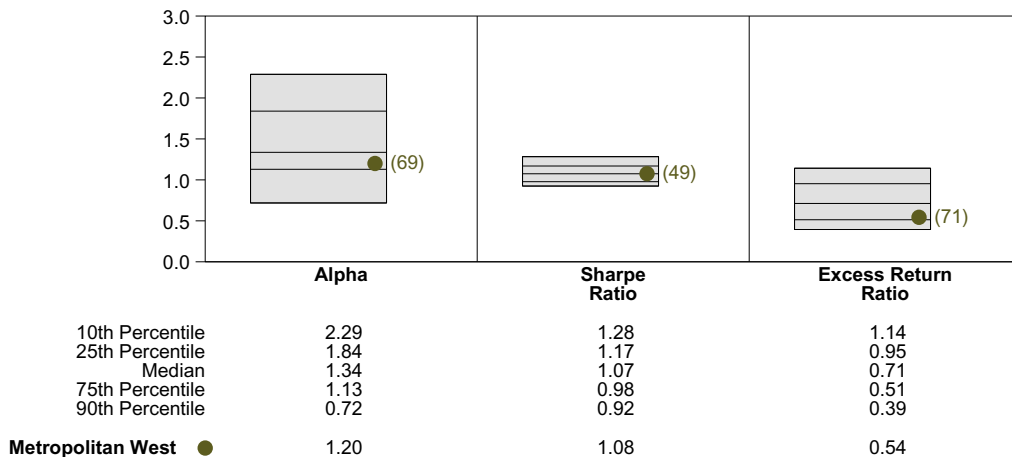
### Performance vs Callan Core Plus Fixed Income (Gross)



### 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 June 30, 2018

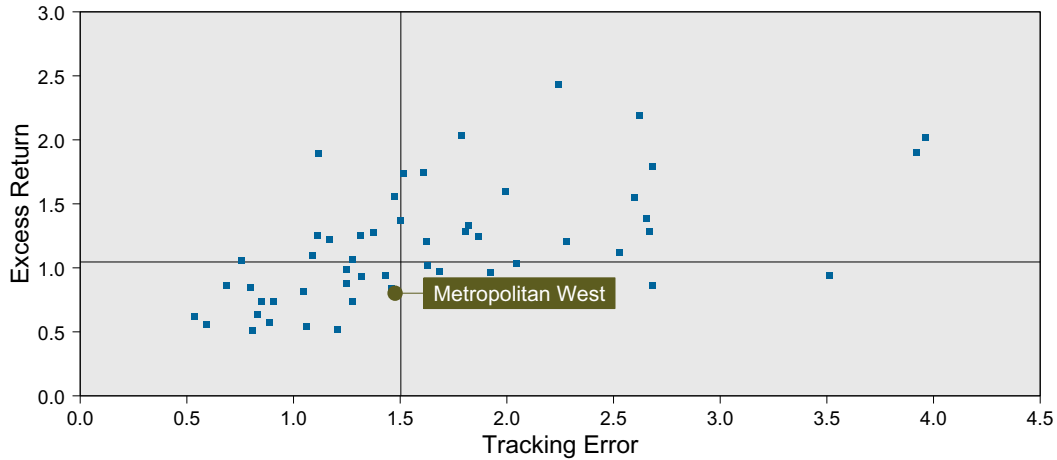


# Metropolitan West Risk Analysis Summary

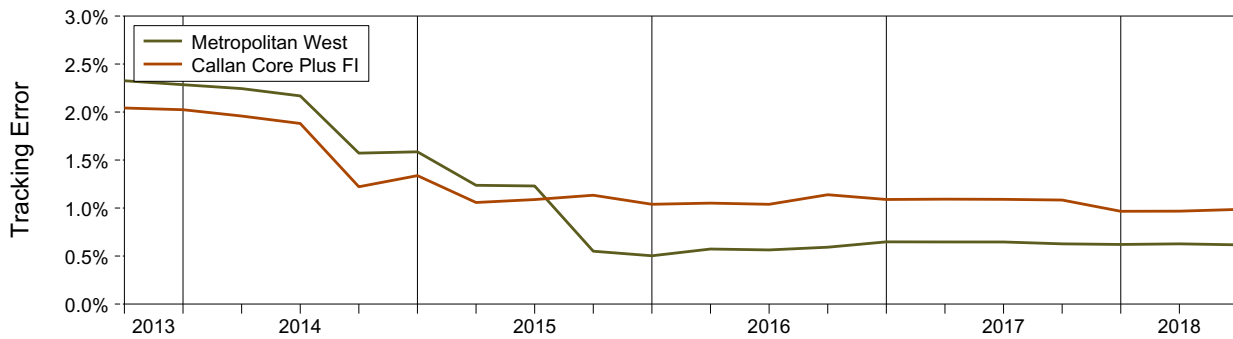
## Risk Analysis

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.

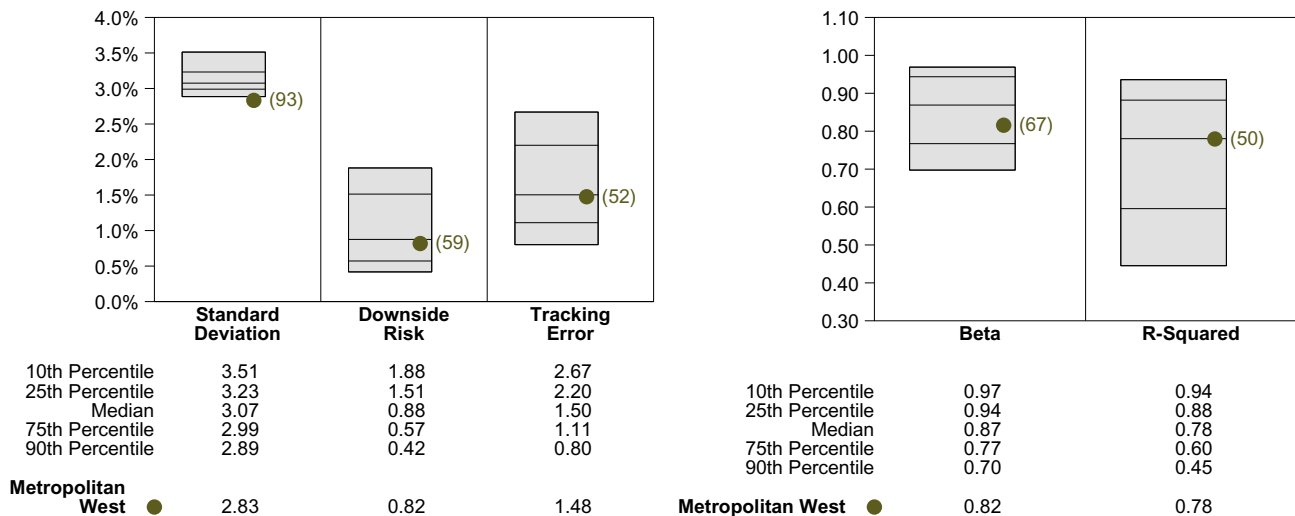
### Risk Analysis vs Callan Core Plus Fixed Income (Gross) Seven Years Ended June 30, 2018



### 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 June 30, 2018

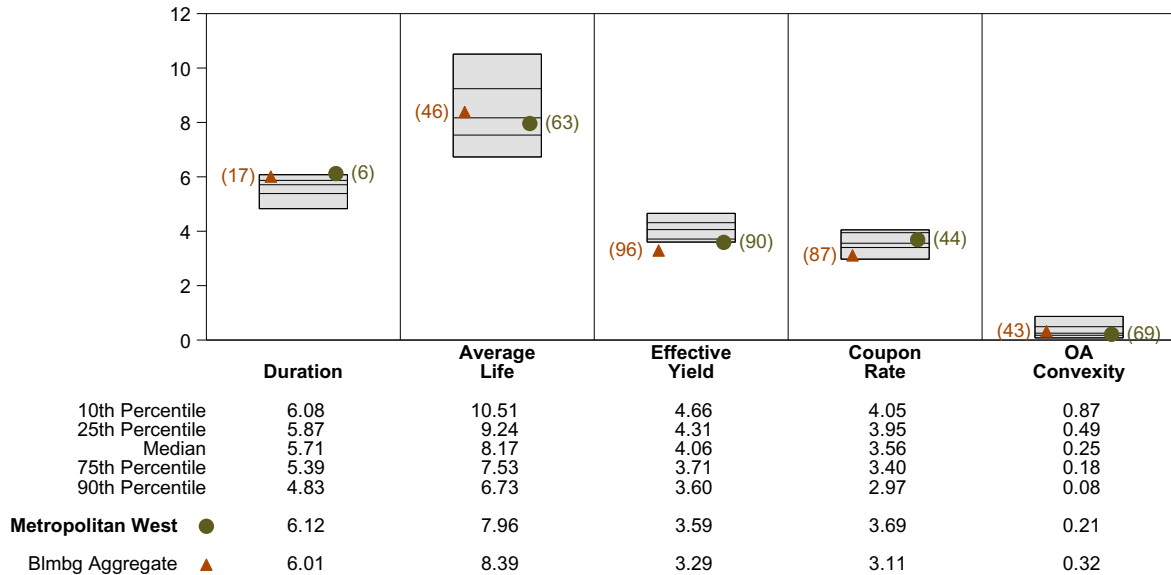


# Metropolitan West Bond Characteristics Analysis Summary

## Portfolio Characteristics

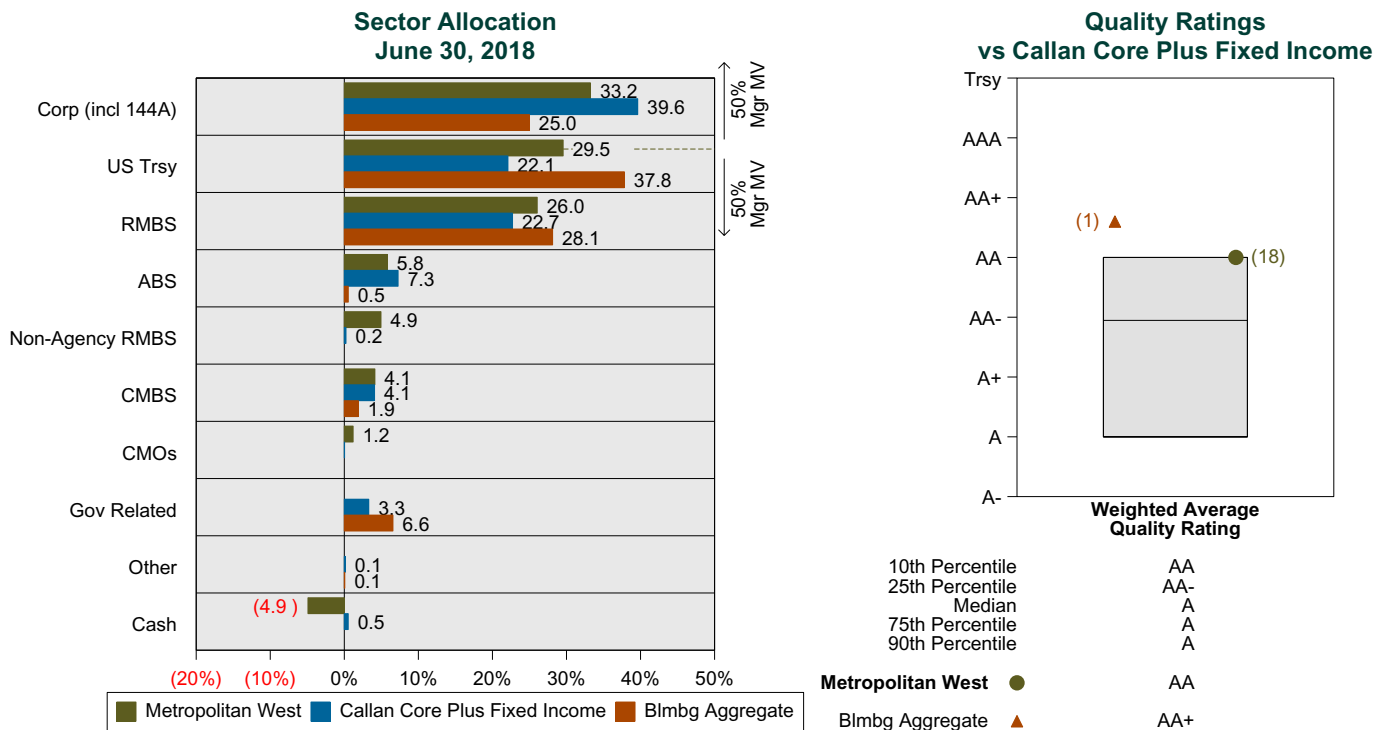
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Fixed Income Portfolio Characteristics Rankings Against Callan Core Plus Fixed Income as of June 30, 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.

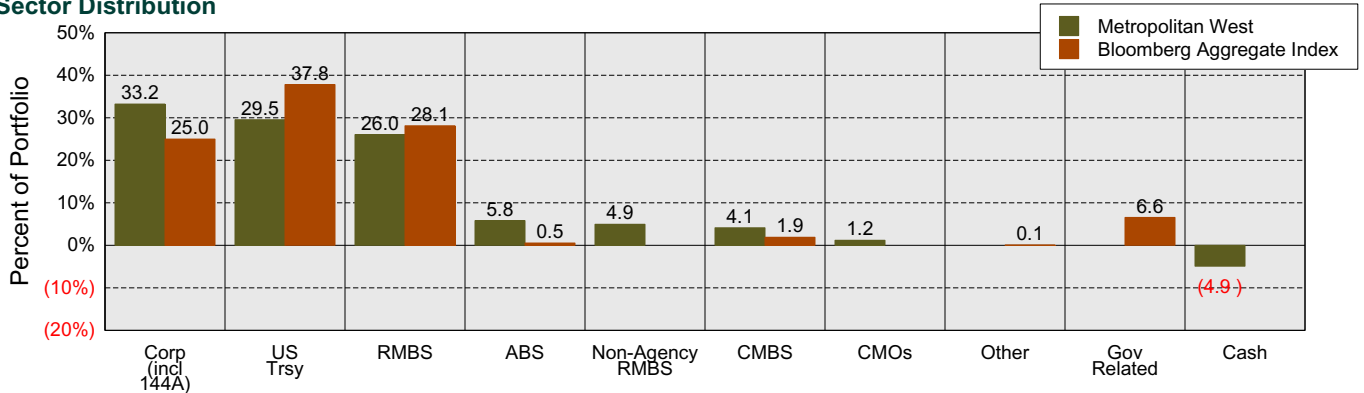


# Metropolitan West Portfolio Characteristics Summary As of June 30, 2018

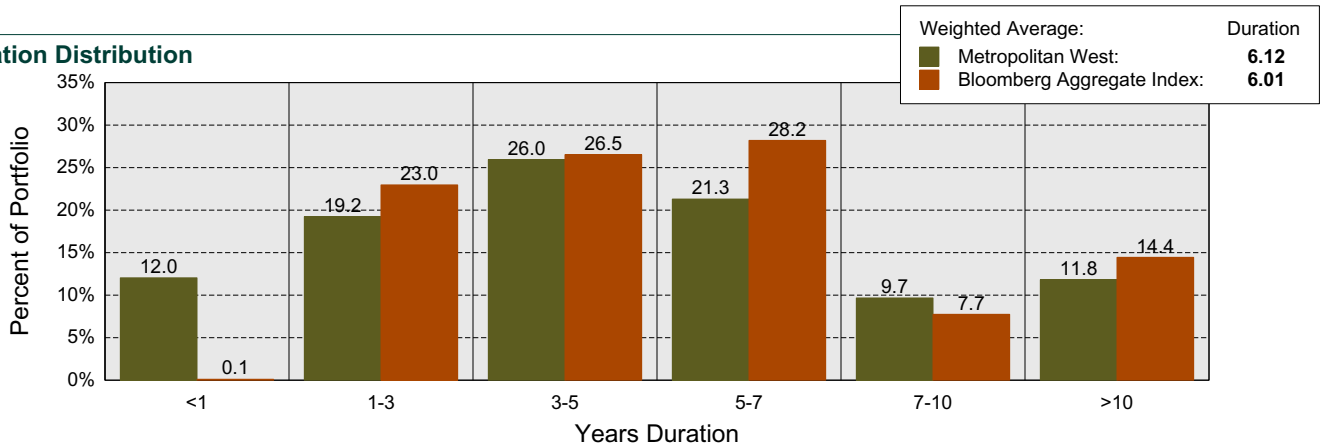
## Portfolio Structure Comparison

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.

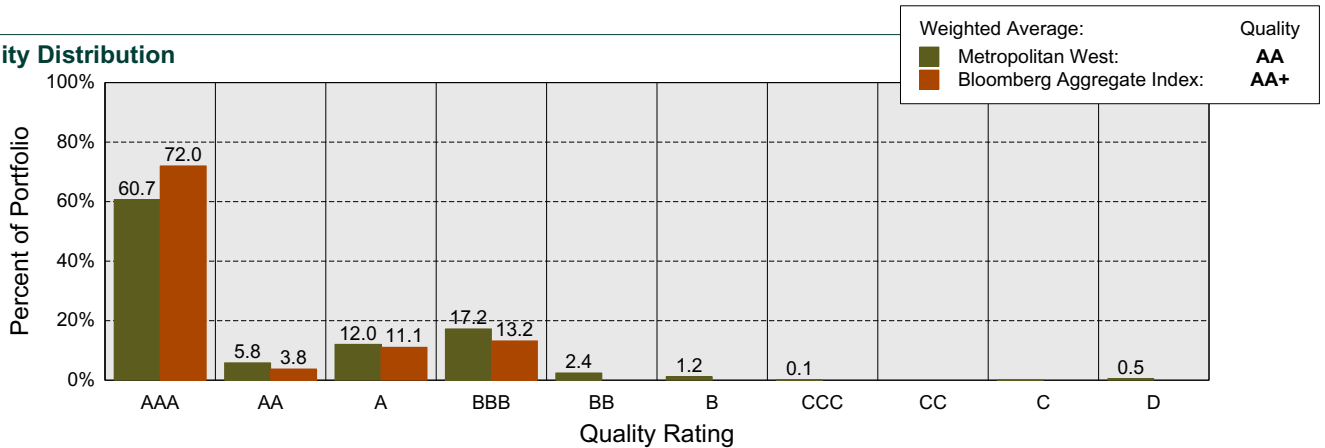
### Sector Distribution



### 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](http://www.callan.com/library) to see all of our publications, and [www.callan.com/blog](http://www.callan.com/blog) to view our blog “Perspectives.” For more information contact Corry Walsh at 312.346.3536 / [institute@callan.com](mailto:institute@callan.com).

## New Research from Callan’s Experts



**Handle With Extreme Care: Callan’s Take on Cryptocurrencies** | In this paper, author Mark Wood provides a brief overview of cryptocurrencies and addresses primary considerations for potential investors.

He describes why Callan does not currently recommend our clients allocate to cryptocurrency investment strategies, and where we see the greatest future potential in this space.

**Risk Parity: Silver Bullet or a Bridge Too Far?** | In this chapter from the CFA Institute’s book “Multi-Asset Strategies: The Future of Investment Management,” Callan’s Greg Allen describes risk parity strategies, a category of investment strategies in which capital is allocated across asset classes so that each contributes an equal amount of volatility to the portfolio’s total volatility.

**China A-Shares: Key Issues for Investors to Consider** | China is opening up its securities markets to more non-Chinese institutional investors. In particular, expanded access to China A-shares creates new opportunities for investors. But investing in China presents a set of risks that range from the country’s slowing GDP growth to stock trading suspensions. Although China A-shares present an attractive opportunity, implementation is challenged by a shallow manager universe and high fees.

**June 2018 Regional Workshop Summary: Governance Alpha** | Investment committees face complex challenges overseeing institutional investment funds. They must navigate myriad laws and regulations, select the right managers and strategies, monitor their portfolios, and ensure their funds can deliver the returns needed for their beneficiaries. Governance describes the policies and practices established to guide these decisions. What if implementing the

astute governance required to meet these challenges also resulted in better portfolio performance? At this workshop, Callan experts described the most effective institutional fund governance practices and explored new research that connects strong plan governance with performance (i.e., governance alpha), and reviewed how investment managers fit into this framework.

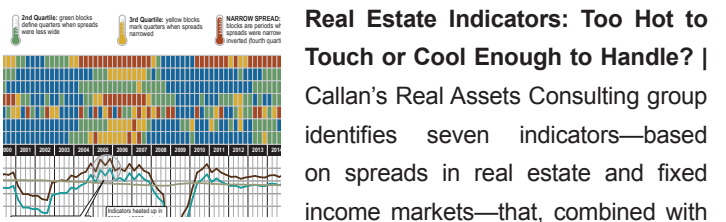
## Quarterly Periodicals

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

**Market Pulse Flipbook** | 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** | 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.

**Active vs. Passive Report** | This series of charts maps active managers alongside relevant benchmarks over the last two decades.



## Real Estate Indicators: Too Hot to Touch or Cool Enough to Handle?

Callan’s Real Assets Consulting group identifies seven indicators—based on spreads in real estate and fixed income markets—that, combined with

an understanding of prevailing market dynamics, have helped signal when the institutional real estate market is overheated or cooled.

## Events

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

Callan's **October Regional Workshops** will be held on October 16 in New York and October 18 in Atlanta. Please visit the Events page on our website ([www.callan.com/events/](http://www.callan.com/events/)) for additional information.

Callan's **2019 National Conference** will be held January 28-30, 2019. Mark your calendars for this upcoming event!

**For more information about events, please contact Barb Gerraty: 415.274.3093 / [gerraty@callan.com](mailto: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

*Chicago, October 2-3, 2018*

*Atlanta, October 23-24, 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](http://www.callan.com/events/callan-college-intro) or contact Kathleen Cunnie: 415.274.3029 / [cunnie@callan.com](mailto: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

Confidential – For Callan Client Use Only

Callan takes its fiduciary and disclosure responsibilities to clients very seriously. We recognize that there are numerous potential conflicts of interest encountered in the investment consulting industry and that it is our responsibility to manage those conflicts effectively and in the best interest of our clients. At Callan, we employ a robust process to identify, manage, monitor and disclose potential conflicts on an on-going basis.

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                               |
| Atlanta Capital Management Co., LLC                  |
| Aviva Investors Americas                             |
| AXA Investment Managers                              |
| Baillie Gifford International, LLC                   |
| Baird Advisors                                       |
| 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         |
| BrightSphere Investment Group (FKA Old Mutual Asset) |
| Brown Brothers Harriman & Company                    |
| Cambiar Investors, LLC                               |
| Capital Group  |
| Carillon Tower Advisers                              |
| CastleArk Management, LLC                            |
| Causeway Capital Management                          |
| Chartwell Investment Partners                        |

| Manager Name                                   |
|--|
| ClearBridge Investments, LLC                   |
| Cohen & Steers Capital Management, Inc.        |
| Columbia Threadneedle Investments              |
| Columbus Circle Investors                      |
| Credit Suisse Asset Management                 |
| DePrince, Race & Zollo, Inc.                   |
| Deutsche Asset Management                      |
| Diamond Hill Capital Management, Inc.          |
| Dimensional Fund Advisors LP                   |
| Doubleline                                     |
| Duff & Phelps Investment Management Co.        |
| EARNEST Partners, LLC                          |
| Eaton Vance Management                         |
| Epoch Investment Partners, Inc.                |
| Fayez Sarofim & Company                        |
| Federated Investors                            |
| Fidelity Institutional Asset Management        |
| Fiera Capital Corporation                      |
| First Eagle Investment Management, LLC         |
| First Hawaiian Bank Wealth Management Division |
| Fisher Investments                             |
| Franklin Templeton                             |
| Fred Alger Management, Inc.                    |
| GAM (USA) Inc.                                 |
| Global Evolution USA                           |
| GlobeFlex Capital, L.P.                        |
| GMO  |
| Goldman Sachs Asset Management                 |
| Green Square Capital LLC                       |
| Guggenheim Investments                         |
| GW&K Investment Management                     |
| Harbor Capital Group Trust                     |
| Hartford Funds                                 |
| Hartford Investment Management Co.             |

| Manager Name                                  |
|---|
| Heitman LLC                                   |
| Henderson Global Investors                    |
| Hotchkis & Wiley Capital Management, LLC      |
| HSBC Global Asset Management                  |
| Income Research + Management, Inc.            |
| Insight Investment Management Limited         |
| Intech Investment Management, LLC             |
| Invesco                                       |
| Investec Asset Management                     |
| Ivy Investments                               |
| J.P. Morgan                                   |
| Janus Henderson Investors                     |
| Jennison Associates LLC                       |
| Jensen Investment Management                  |
| Jobs Peak Advisors                            |
| KeyCorp                                       |
| Lazard Asset Management                       |
| Legal & General Investment Management America |
| 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 (MIM)         |
| Manulife 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                   |
| O'Shaughnessy Asset Management, LLC           |
| P/E Investments                               |
| Pacific Investment Management Company         |
| Pathway Capital Management                    |
| Peregrine Capital Management, Inc.            |
| Perkins Investment Management                 |

| Manager Name                                      |
|---|
| PGIM  |
| PGIM Fixed Income                                 |
| 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                               |
| Santander Global Facilities                       |
| Schroder Investment Management North America Inc. |
| 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 London Company                                |
| The TCW Group, Inc.                               |
| Thompson, Siegel & Walmsley LLC                   |
| Thornburg Investment Management, Inc.             |
| Tri-Star Trust Bank                               |
| UBS Asset Management                              |
| VanEck  |
| Velanne Asset Management Ltd.                     |
| Versus Capital Group                              |
| Victory Capital Management Inc.                   |
| Virtus Investment Partners, Inc.                  |
| Vontobel Asset Management, Inc.                   |
| Voya  |
| WCM Investment Management                         |
| WEDGE Capital Management                          |
| Wellington Management Company, LLP                |
| Wells Capital Management                          |
| Western Asset Management Company                  |
| Westfield Capital Management Company, LP          |
| Westwood Holdings Group                           |
| William Blair & Company                           |





## Account Compliance Summary

|           |    |
|-----------|----|
| Alerts:   | 0  |
| Warnings: | 0  |
| Passes:   | 14 |

A5XB SACRT - ATLANTA CAPITAL MGMT

Production Date: 06/29/2018

| Securities + Cash                     | 24,611,048.19   | Base Currency | USD         | Net Assets          | 24,620,941    |
|---------------------------------------|---|---------------|-------------|---------------------|---------------|
| Rule Name                             |   | Limit Type    | Limit Value | Result              | Result Status |
| <b><u>144A and Private Placem</u></b> |   |               |             |                     |               |
| 1                                     | Private Placements are prohibited. (143653)   | Maximum       | 0.00%       | 0.00 %              | Pass          |
| <b><u>Asset Measures</u></b>          |   |               |             |                     |               |
| 2                                     | AssetMeasure: AssetMeasure_Funds_PREFERRED_Denominator (34662)  |               |             | 24,611,048.19 Value | Pass          |
| <b><u>Asset Type</u></b>              |   |               |             |                     |               |
| 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          |
| <b><u>Cash</u></b>                    |   |               |             |                     |               |
| 10                                    | No more than 10% of the Fund in cash and cash equivalents. (143656)   | Maximum       | 10.00%      | 0.90 %              | Pass          |
| <b><u>Exchange</u></b>                |   |               |             |                     |               |
| 11                                    | Flag any non-US exchange traded futures (143670)  | Maximum       | 0.00%       | 0.00 %              | Pass          |
| <b><u>Industry</u></b>                |   |               |             |                     |               |
| 12                                    | Industry Sector GICS - Max 25% at cost (143660)   | Maximum       | 25.00%      | 7.35 %              | 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          |
| <b><u>Issuer</u></b>                  |   |               |             |                     |               |
| 14                                    | Investments in a single domestic equity issuer shall not exceed 5% at cost (143661)   | Maximum       | 5.00%       | 2.36 %              | Pass          |

**A5XD SACRT - METWEST**
**Production Date: 06/29/2018**

| Securities + Cash                     | 118,130,944.03  | Base Currency | USD         | Net Assets           | 102,049,470   |
|---------------------------------------|---|---------------|-------------|----------------------|---------------|
| Rule Name                             |   | Limit Type    | Limit Value | Result               | Result Status |
| <b><u>144A and Private Placem</u></b> |   |               |             |                      |               |
| 1                                     | The Fund is not permitted to hold any Private Placements excluding 144a (143666)  | Maximum       | 0.00%       | 0.00 %               | Pass          |
| <b><u>Asset Measures</u></b>          |   |               |             |                      |               |
| 2                                     | AssetMeasure: AssetMeasure_Funds_Preferred_Denominator (34662)  |               |             | 118,130,944.03 Value | Pass          |
| <b><u>Asset Type</u></b>              |   |               |             |                      |               |
| 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          |
| <b><u>Credit Quality</u></b>          |   |               |             |                      |               |
| 5                                     | Minimum Quality must be at lest 80% Baa or above (157604)   | Minimum       | 80.00%      | 86.23 %              | Pass          |
| 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          | 22.55 Rank           | Pass          |
| <b><u>Industry</u></b>                |   |               |             |                      |               |
| 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          |

A5Z8 SACRT - ROBECO

Production Date: 06/29/2018

| Securities + Cash                     | 44,077,593.24   | Base Currency | USD         | Net Assets          | 43,990,613    |
|---------------------------------------|---|---------------|-------------|---------------------|---------------|
| Rule Name                             |   | Limit Type    | Limit Value | Result              | Result Status |
| <b><u>144A and Private Placem</u></b> |   |               |             |                     |               |
| 1                                     | Private Placements are prohibited. (143653)   | Maximum       | 0.00%       | 0.00 %              | Pass          |
| <b><u>Asset Measures</u></b>          |   |               |             |                     |               |
| 2                                     | AssetMeasure: AssetMeasure_Funds_Preferred_Denominator (34662)  |               |             | 44,077,593.24 Value | Pass          |
| <b><u>Asset Type</u></b>              |   |               |             |                     |               |
| 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%       | 0.56 %              | 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%       | 0.01 %              | Pass          |
| <b><u>Cash</u></b>                    |   |               |             |                     |               |
| 10                                    | No more than 10% of the Fund in cash and cash equivalents. (143656)   | Maximum       | 10.00%      | 2.72 %              | Pass          |
| <b><u>Exchange</u></b>                |   |               |             |                     |               |
| 11                                    | Flag any non-US exchange traded futures (143670)  | Maximum       | 0.00%       | 0.00 %              | Pass          |
| <b><u>Industry</u></b>                |   |               |             |                     |               |
| 12                                    | Industry Sector GICS - Max 25% at cost (143660)   | Maximum       | 25.00%      | 11.55 %             | 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          |
| <b><u>Issuer</u></b>                  |   |               |             |                     |               |
| 14                                    | Investments in a single domestic equity issuer shall not exceed 5% at cost (143661)   | Maximum       | 5.00%       | 3.21 %              | Pass          |

|           |  |
|-----------|--|
| Alerts:   |  |
| Warnings: |  |
| Passes:   |  |

**A5Z8 SACRT - ROBECO**
**Production Date: 06/29/2018**

|                          |                      |                      |                    |                   |                      |
|--------------------------|----------------------|----------------------|--------------------|-------------------|----------------------|
| <b>Securities + Cash</b> | <b>44,077,593.24</b> | <b>Base Currency</b> | <b>USD</b>         | <b>Net Assets</b> | <b>43,990,613</b>    |
| <b>Rule Name</b>         |                      | <b>Limit Type</b>    | <b>Limit Value</b> | <b>Result</b>     | <b>Result Status</b> |

This report was prepared for you by State Street Bank and Trust Company (or its affiliates, "State Street") utilizing scenarios, assumptions and reporting formats as mutually agreed between you and State Street. While reasonable efforts have been made to ensure the accuracy of the information contained in this report, there is no guarantee, representation or warranty, express or implied, as to its accuracy or completeness. This information is provided "as-is" and State Street disclaims any and all liability and makes no guarantee, representation, or warranty with respect to your use of or reliance upon this information in making any decisions or taking (or not taking) any actions. State Street does not verify the accuracy or completeness of any data, including data provided by State Street for other purposes, or data provided by you or third parties. You should independently review the report (including, without limitation, the assumptions, market data, securities prices, securities valuations, tests and calculations used in the report), and determine that the report is suitable for your purposes.

State Street provides products and services to professional and institutional clients, which are not directed at retail clients. This report is for informational purposes only and it does not constitute investment research or investment, legal or tax advice, and it is not an offer or solicitation to buy or sell any product, service, or securities or any financial instrument, and it does not transfer rights of any kind (except the limited use and redistribution rights described below) or constitute any binding contractual arrangement or commitment of any kind. You may use this report for your internal business purposes and, if such report contains any data provided by third party data sources, including, but not limited to, market or index data, you may not redistribute this report, or an excerpted portion thereof, to any third party, including, without limitation, your investment managers, investment advisers, agents, clients, investors or participants, whether or not they have a relationship with you or have a reasonable interest in the report, without the prior written consent of each such third party data source. You are solely responsible and liable for any and all use of this report.

This may contain information obtained from third parties, including ratings from credit ratings agencies such as S&P Global Ratings. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. THIRD PARTY CONTENT PROVIDERS GIVE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. THIRD PARTY CONTENT PROVIDERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING LOST INCOME OR PROFITS AND OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) IN CONNECTION WITH ANY USE OF THEIR CONTENT, INCLUDING RATINGS. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

Copyright © 2016 State Street Corporation, All rights reserved.

# REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 24              | 09/12/18           | Retirement          | Information             | 08/10/18   |

Subject: Educational Session on Hedge Funds and Multi-Asset Class Investments Presented by Callan LLC (All). (Adelman)

## ISSUE

Educational Session on Hedge Funds and Multi-Asset Class Investments Presented by Callan LLC (All). (Adelman)

## RECOMMENDED ACTION

Information only.

## FISCAL IMPACT

None.

## DISCUSSION

At the June 20, 2018 Quarterly Retirement Board meeting Callan LLC (Callan) presented the annual Asset Allocation Review required under the Retirement Plan' Investment Policy. As part of the presentation, Callan discussed asset classes that are not currently part of the Retirement Plans' portfolio, including hedge funds, private equity, and real estate. The Retirement Boards expressed an interest in receiving additional information about those asset classes and requested that Callan provide an educational presentation to the Boards.

Callan will be providing three educational sessions. Each session will focus on a specific asset class and will describe the potential risks and returns, liquidity features, and diversification roles in a pension plan's investment portfolio. During the first training Callan will focus on Hedge Funds and Multi-Asset Class Investments. The two subsequent trainings will focus on private equity and real estate.

Attachment 1 is the educational materials, provided by Callan, for Hedge Funds and Multi-Asset Class investments.

---

Approved:

Presented:

Final 09/04/18

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2018\IPs\Quarterly Meetings\September 12, 2018\FI IP's\09-12-18 Educational Session - Hedge Funds and Multi-Asset Class.docx

# Callan



September 12, 2018

**Sacramento Regional  
Transit District**

Hedge Fund & Multi-Asset Class  
Strategies Education

---

**Anne Heaphy**  
Fund Sponsor Consulting

**Kevin Machiz, CFA, FRM**  
Global Manager Research

**Uvan Tseng, CFA**  
Fund Sponsor Consulting



# Hedge Fund Strategies

# What is a Hedge Fund?

---

- Hedge funds are unconstrained in terms of investment strategies and guidelines to achieve better risk-adjusted returns.
- Hedge funds can use a wide variety of asset classes and their derivatives, as well as varying degrees of leverage or illiquidity.
- Hedge fund managers typically have significant alignment of interests with investors via side-by-side capital and incentive fee structures based on performance.
- Hedge funds are usually private placement vehicles (e.g., limited partnerships or limited liability companies) that are exempt from SEC registration and therefore not readily available to the public.



# What is the Opportunity?

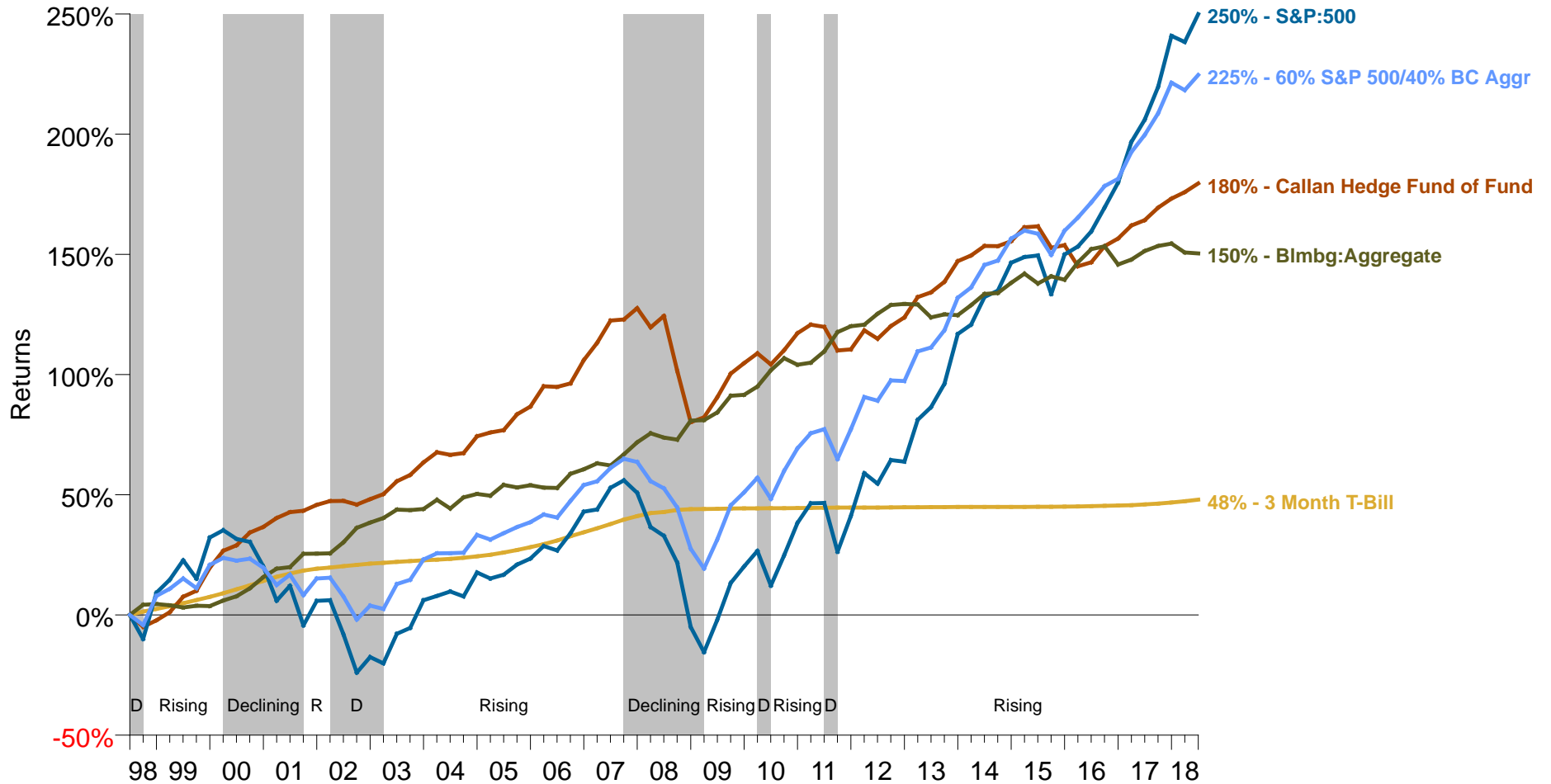
---

- Why hedge funds?
  - Higher risk-adjusted return
  - Manager and/or strategy diversification
  - Less sensitive to equity market risk
  - Alternative to lower expected returns from stocks and bonds
- Do you believe all of the following?
  - A portfolio of stocks and bonds benefits from additional diversification to smooth a fund's path to meet long-term return objectives.
  - Given manager skills and investment tools not available to traditional portfolio management, hedge funds can provide value-added returns from inefficiencies in public capital markets.
  - The various risks of hedge funds, including concerns of liquidity and capacity constraints, are manageable with proper due diligence and oversight given available resources.

# Hedge Fund Performance

## Cumulative Returns throughout Market Cycles

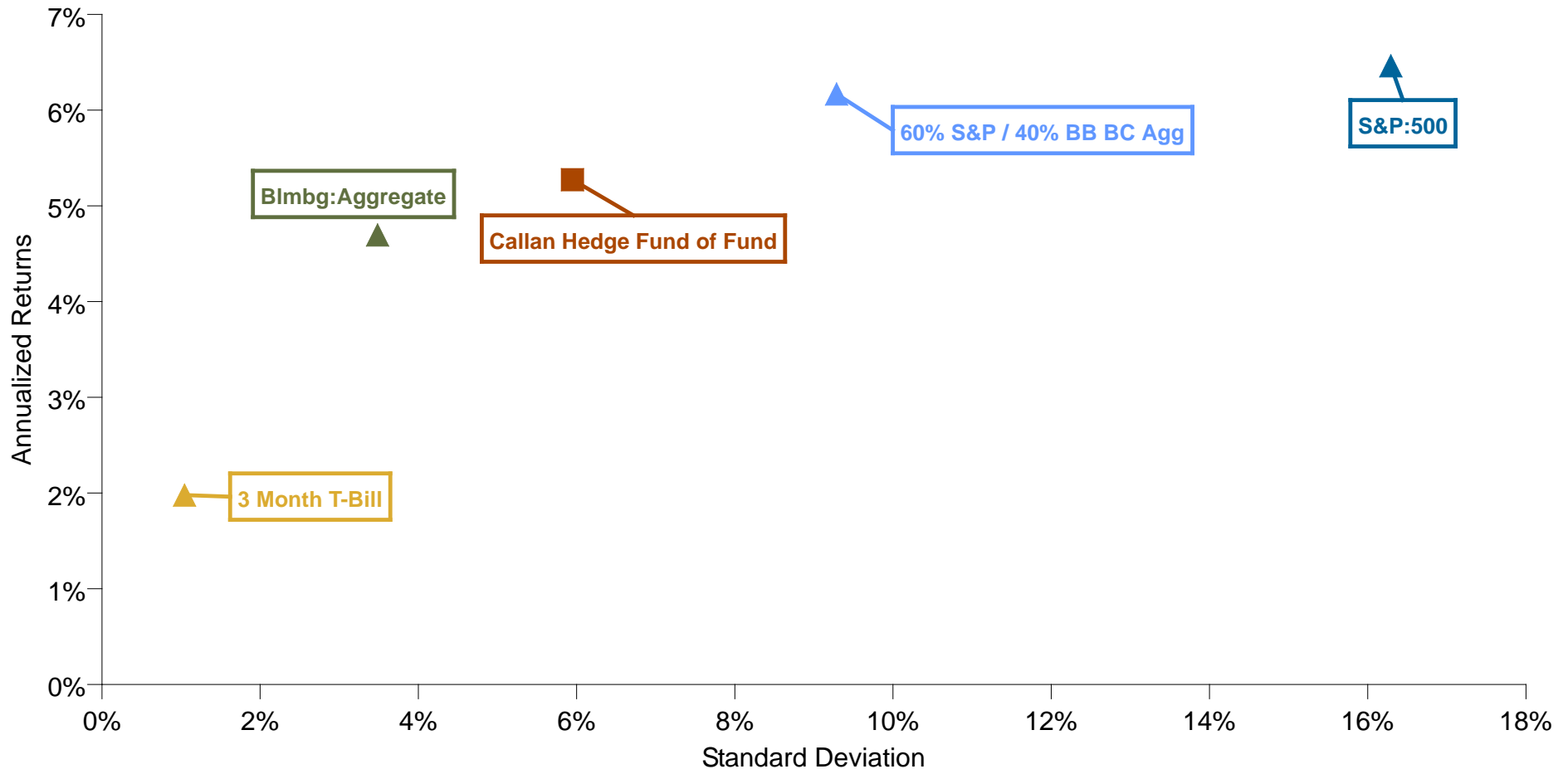
Cumulative Returns (over Rising/Declining Periods)  
from July 1, 1998 to June 30, 2018



# Hedge Fund Performance

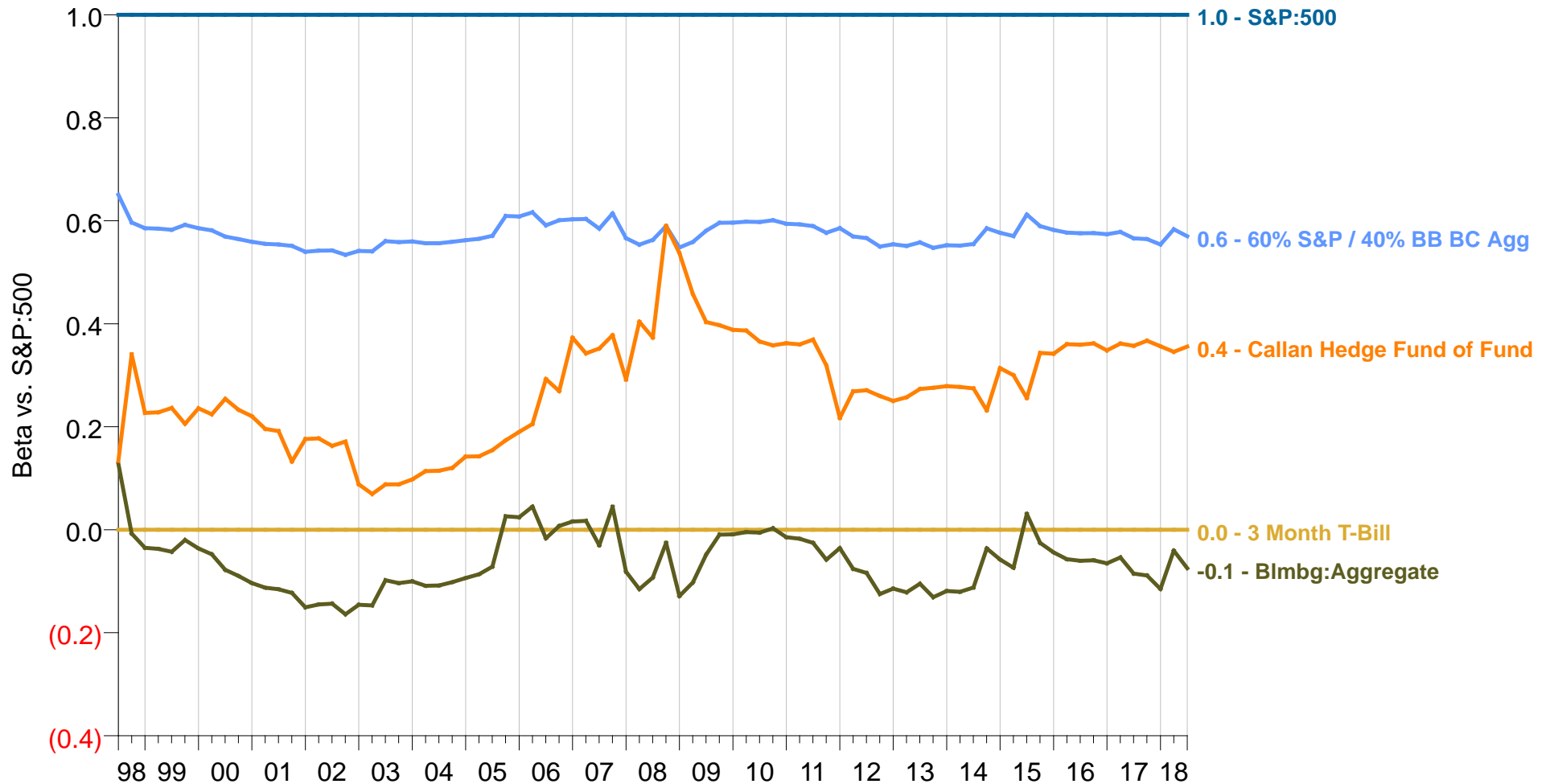
## Risk Adjusted Return versus Traditional Assets

Scatter Chart  
for 20 Years ended June 30, 2018



# Sensitivity to Equity Market Risk

Rolling 12 Quarter Beta vs. S&P:500  
for 20 Years ended June 30, 2018



# Types of Hedge Fund Strategies

| Hedge Fund Strategy Classifications |                                       |                 |                             |
|-------------------------------------|---------------------------------------|-----------------|-----------------------------|
| Equity Hedge                        | Event Driven                          | Macro           | Relative Value              |
| Long / Short Equity                 | Activist                              | Global Macro    | Fixed Income Arbitrage      |
| Short-Biased                        | Distressed / Restructuring            | Managed Futures | Convertible Arbitrage       |
| Emerging Markets                    | Merger Arbitrage                      |                 | Capital Structure Arbitrage |
|                                     | Credit Arbitrage / Special Situations |                 | Equity Market Neutral       |
| Multi-Strategy                      |                                       |                 |                             |

\* Definitions of Strategies are located in the Appendix.

# Hedge Fund Market Overview

## Current Universe of Hedge Fund Strategies\*

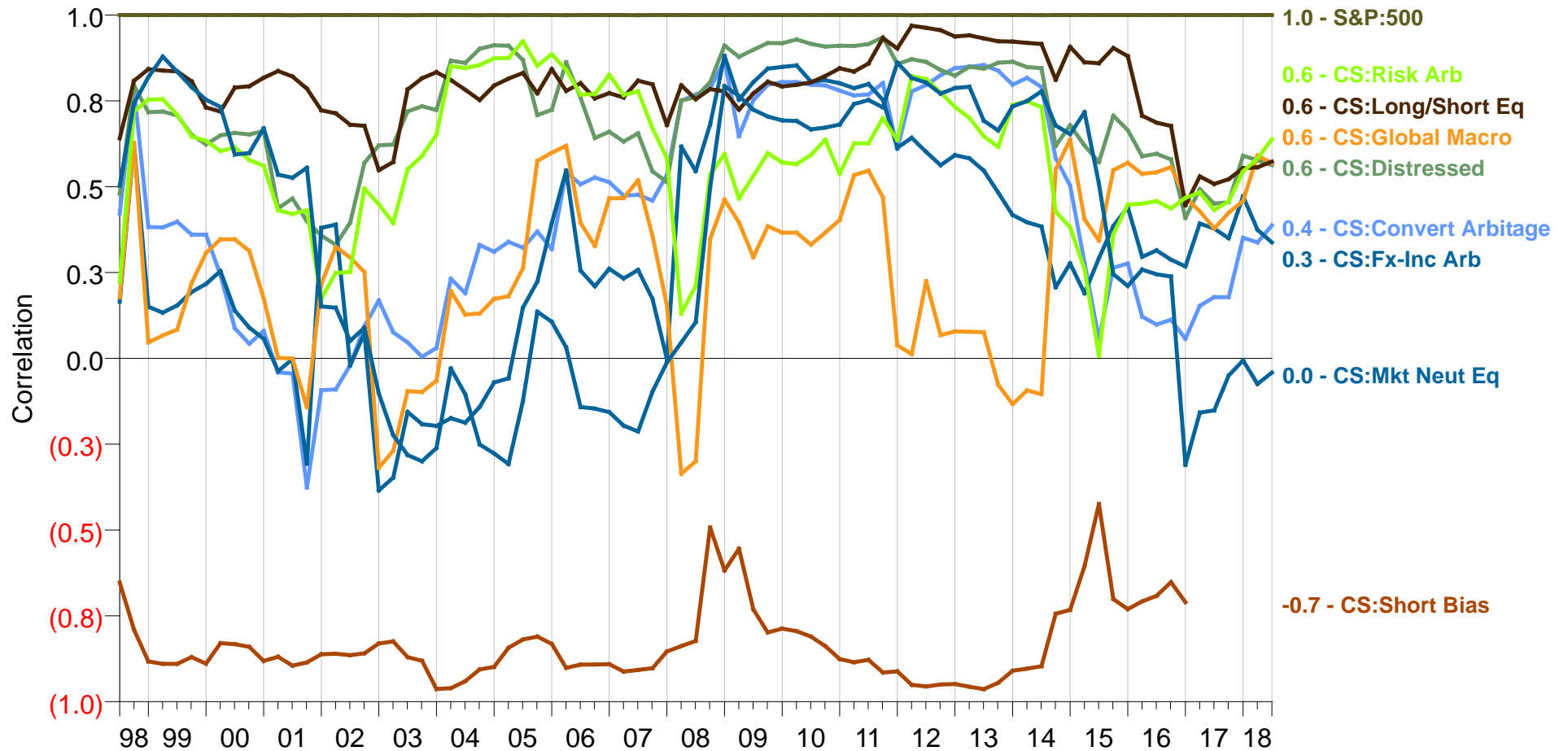


- Total assets: \$3.2 trillion (estimated)
  - Largest strategies are Event Driven and Global Macro

\* Source: Credit Suisse; HFRI as of December 31, 2017

# Strong Case for Building Diversified Hedge Fund Exposure

Rolling 12 Quarter Correlation vs. S&P:500  
for 20 Years ended June 30, 2018



Source: CS Hedge Fund Index website @ [www.hedgeindex.com](http://www.hedgeindex.com), since index inception (net of fees)

# Hedge Funds Summary

---

## Pros

- Dynamic investment process
  - Leverage, shorting, and derivatives
- Provides diversification to traditional asset allocations without giving up all equity-like returns
  - Access to risk premia not always targeted by traditional long-only investing
  - Opportunistic strategies may invest in assets that are less liquid with longer holding periods
- Strong alignment of interest due to side-by-side capital investing and incentive fees.

## Cons

- Historically has had high fees
  - 2% flat fee and 20% of profits
- Not transparent
- Downside protection is not guaranteed
  - High manager risk
  - Execution is key
- Will typically lag public markets in strong rallies
- More complex than long-only strategies
  - Benchmarking is difficult
  - Performance evaluations are focused on years, not quarters



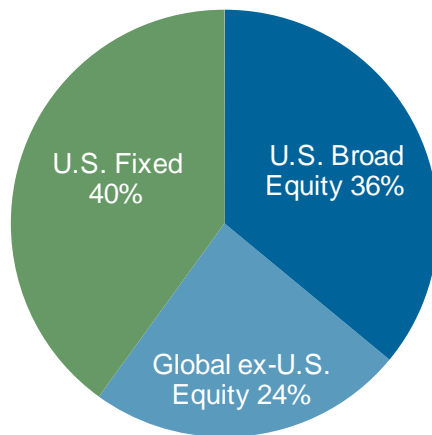


## Multi-Asset Class Strategies

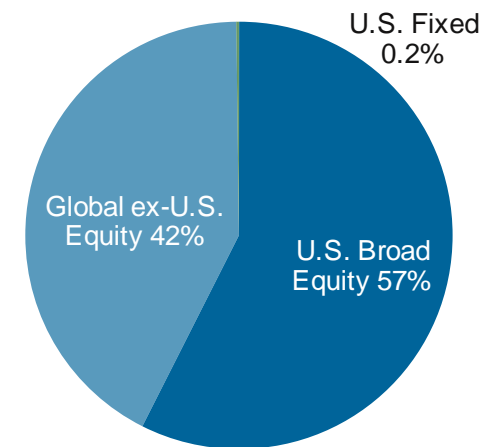
# Why the Interest?

## Asset Allocation vs. Risk Allocation

Asset Allocation



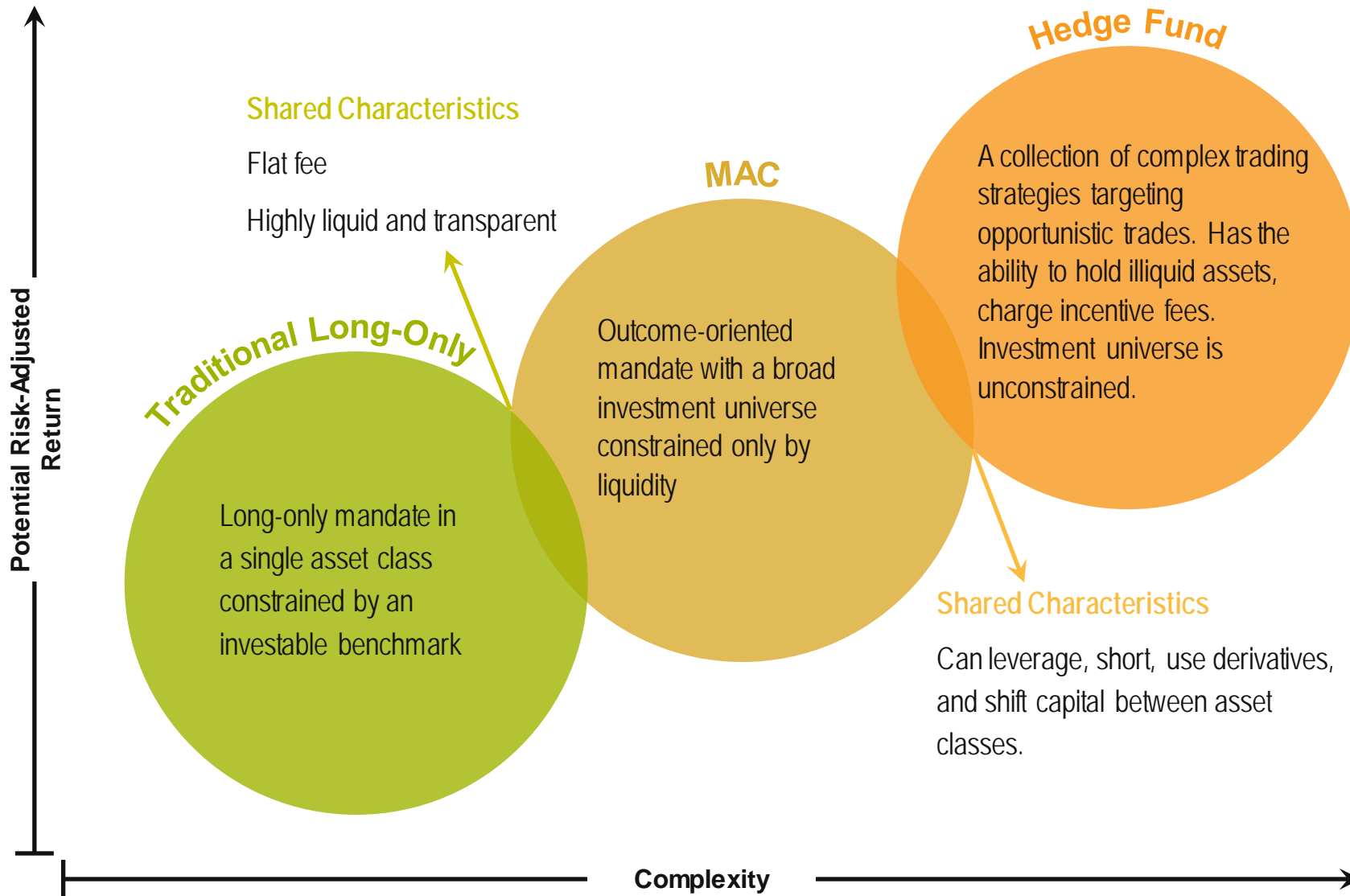
Risk Allocation



- While many portfolios *appear* to be well diversified, equity risk typically drives volatility

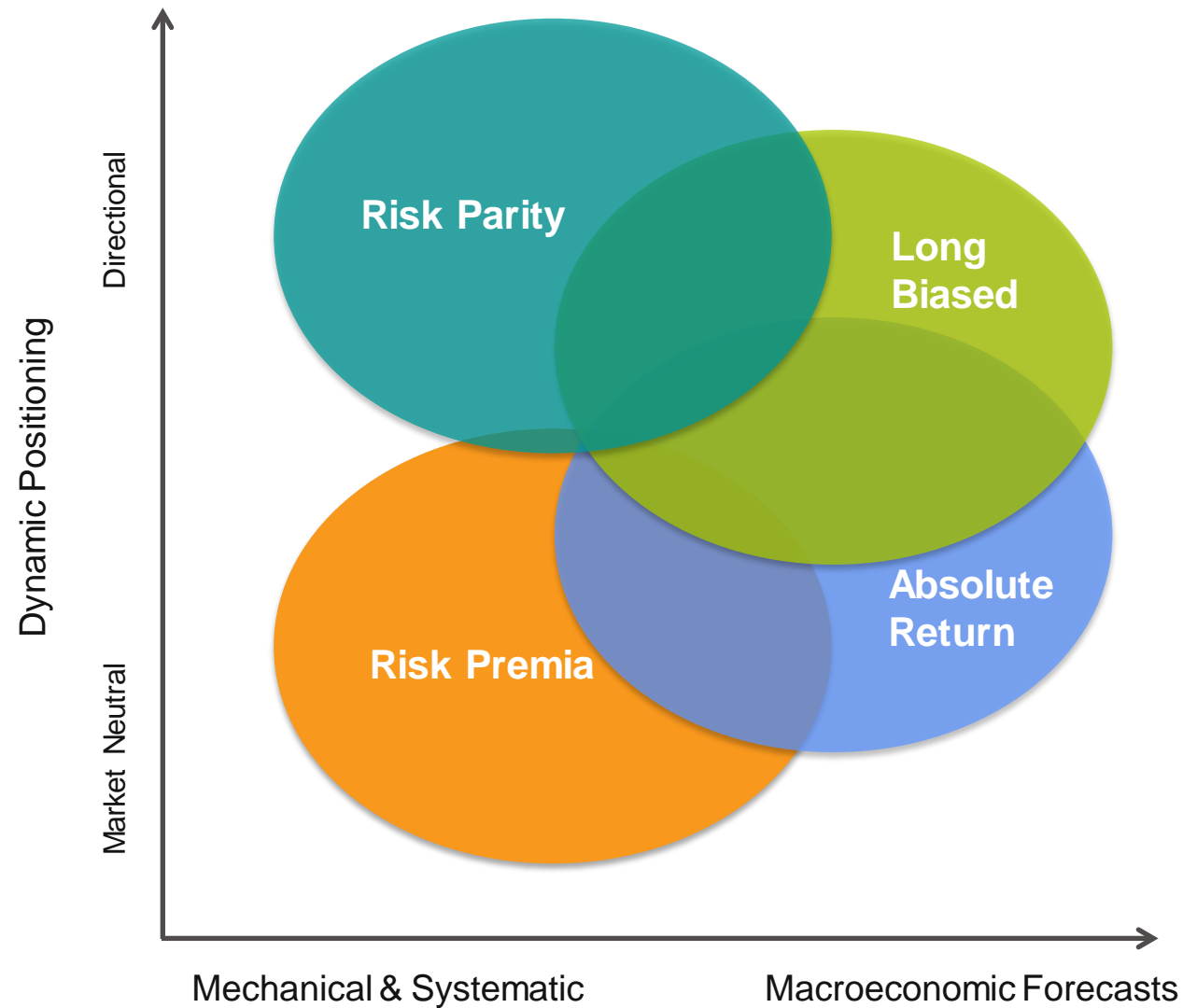
# Defining Multi-Asset Class (MAC) Strategies

## Bridging The Gap



# Categorizing the MAC Universe

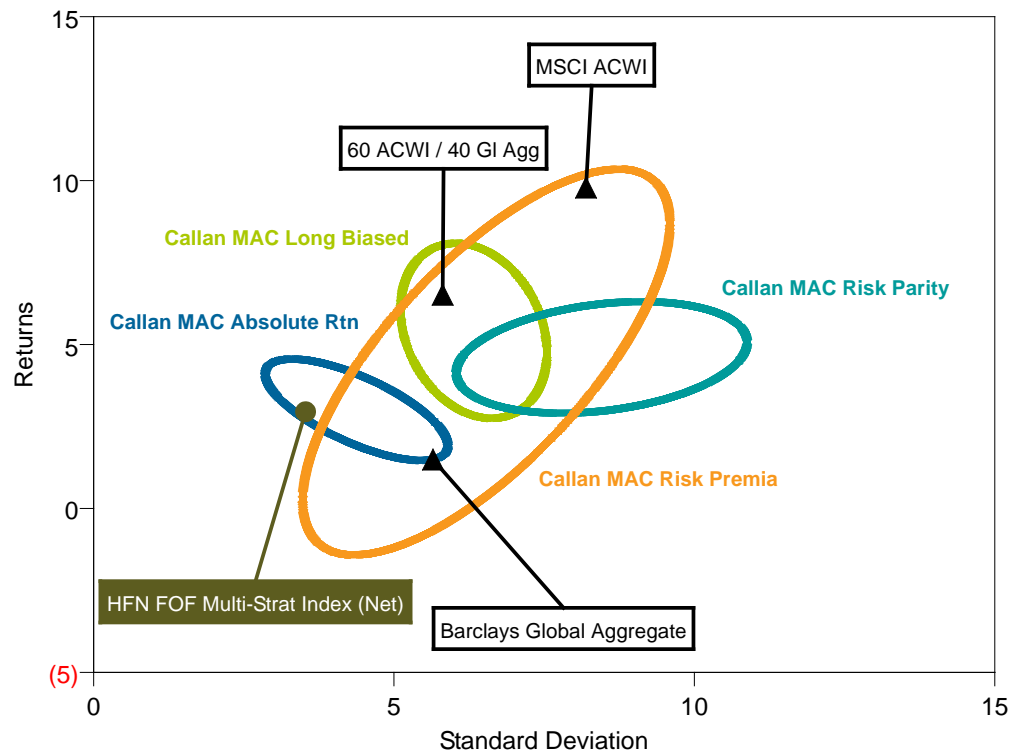
- MACs do not fit nicely into homogeneous “style groups”
- Overlap between groups is inescapable



# Return vs. Risk

- Peer groups have no product overlap, yet outcomes are dispersed
- What causes dispersion:
  - Varying investment approaches – amount of leverage, dynamic asset allocation, wide opportunity set
  - Manager skill
  - Few constituents

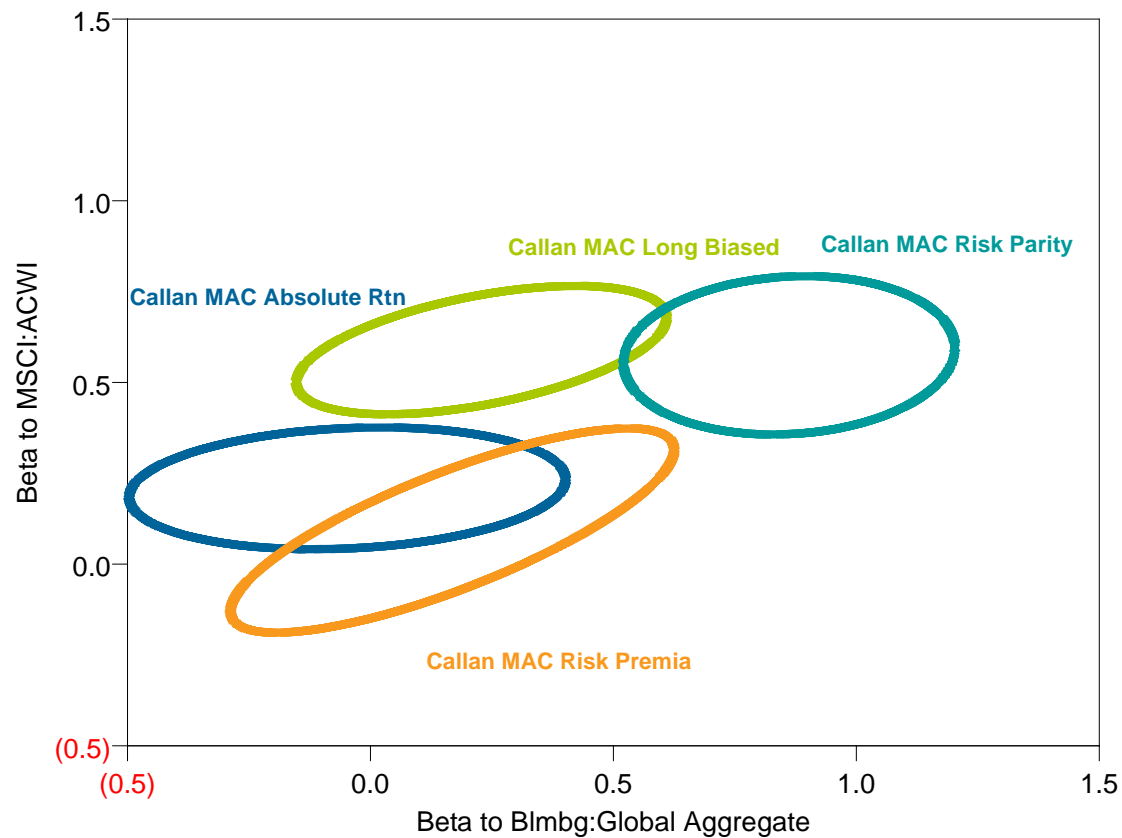
Scatter Chart for 5 Years ended March 31, 2018



# Sources of Risk

- Peer groups have very different sources of risk

Scatter Chart for 5 Years ended March 31, 2018



# MACs Summary

---

## Pros

- 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

## Cons

- 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



Appendix



# Callan Categorization of MAC Strategies

## Risk Parity

- Equal risk-weighted (or close to) exposure to major asset classes/risk factors/economic regimes
- Exposure implemented through long positions with lower volatility holdings levered to meet desired risk target
- Common benchmarks: T-bills + 5-8%, Global 60/40, Risk Parity Index

## Risk Premia

- Non-directional/market neutral exposures
- Often with risk balancing between factors
- Implemented systematically with high gross leverage applied to reach volatility target between 5-15%.
- Common benchmarks: T-bills + 3-10%, Global 60/40, Various ARP Indices
  - *Targeted volatility must be considered in benchmarking*



## Long Biased

- Bias to directional asset class exposure
- Higher volatility than absolute return
- Shorting and derivatives may be employed but to a lesser extent
- Macroeconomic forecasting typically central to portfolio positioning
- Dynamic risk management
- Common benchmarks: T-bills + 5-8%; CPI + 4-6%

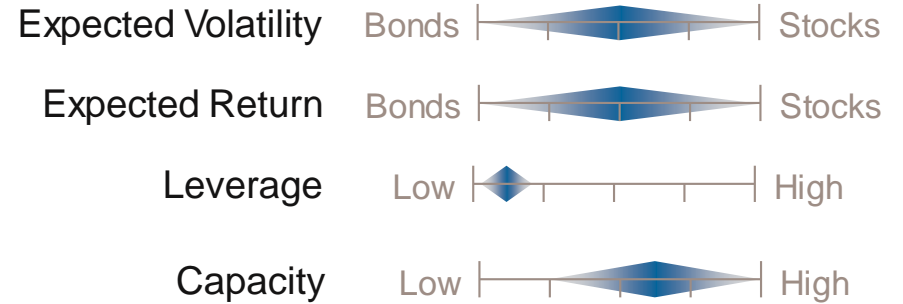
## Absolute Return

- Bias to relative value exposures
- Emphasis on downside protection via derivatives and diversifying or long/short positions
- Macroeconomic forecasting central to idea generation and portfolio positioning
- Common benchmarks: T-bills + 3-7%; CPI + 3-5%

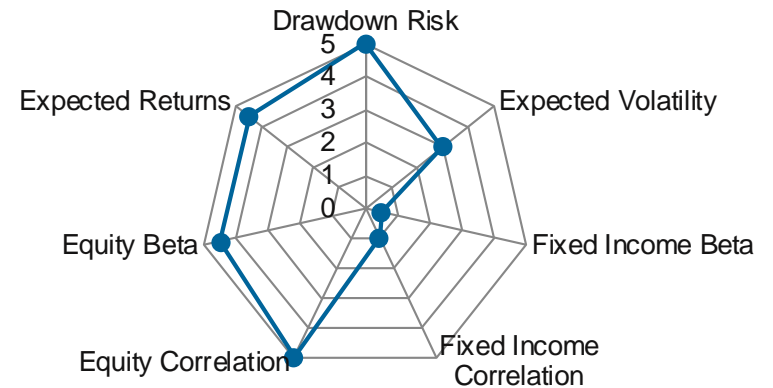
# Balanced Fund

## The Original MAC

- Observed Characteristics
  - Moderate Volatility
  - Moderate Expected Returns
  - No Leverage
  - Low Fixed Income Correlation and Beta
  - Moderate Drawdown risk
  - High Equity Correlation and Beta



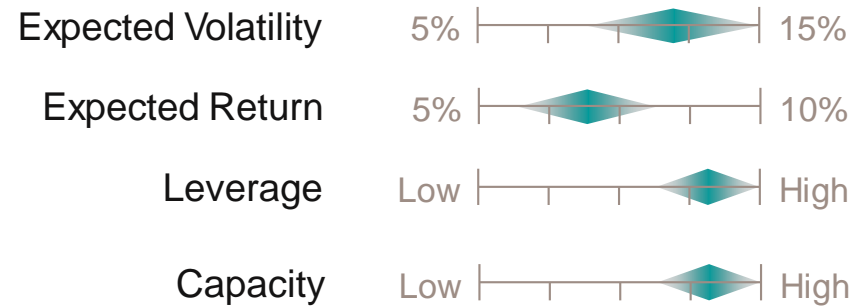
**60/40**



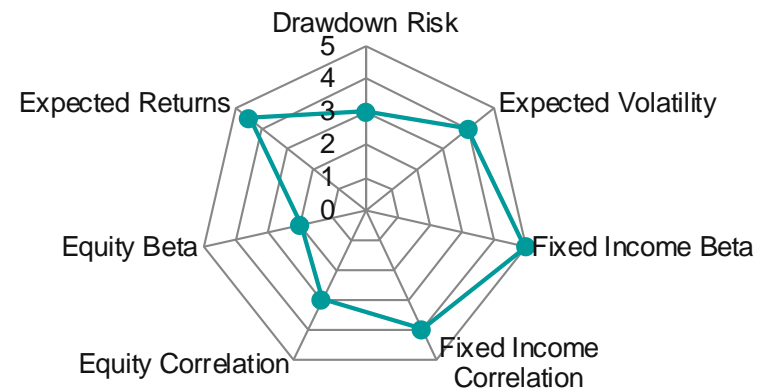
# MAC Risk Parity

## Strategy Characteristics

- Observed Characteristics
  - Modest Equity Correlation and Beta
  - High Volatility
  - High Fixed Income Correlation and Beta
  - High Leverage
  - Moderate Drawdown risk



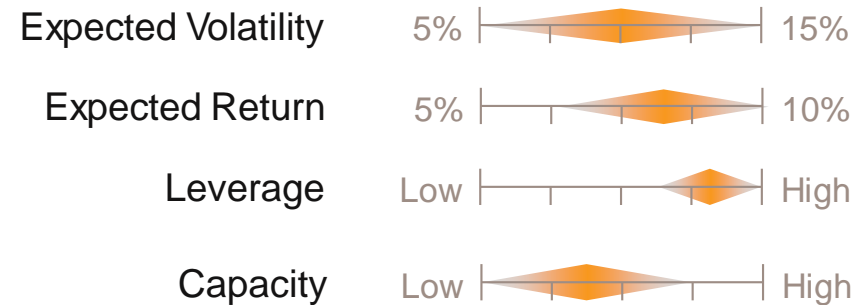
## Risk Parity



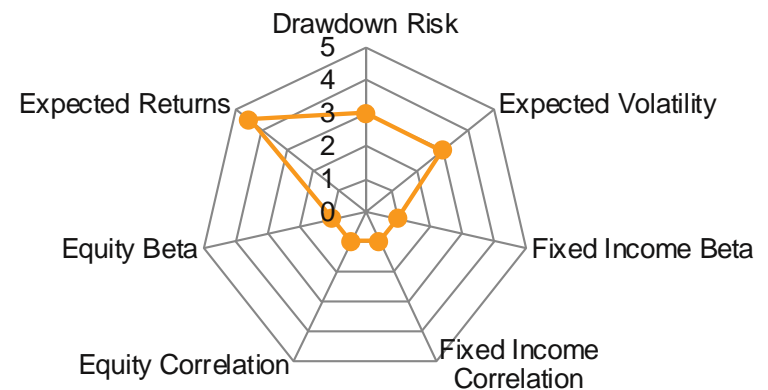
# MAC Risk Premia

## Strategy Characteristics

- Observed Characteristics
  - High volatility\*
  - High drawdown risk
  - Low Equity and Fixed Income Beta
  - Low Equity and Fixed Income Correlation
  - Low to Modest Capacity
  - High Expected Return\*
  - High Drawdown Risk\*



## Risk Premia

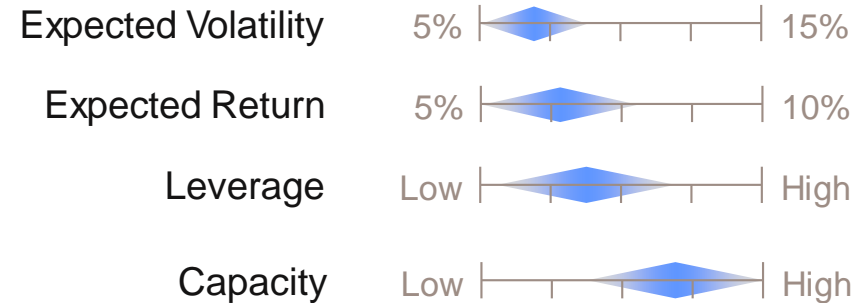


\*Funded vs. Overlay

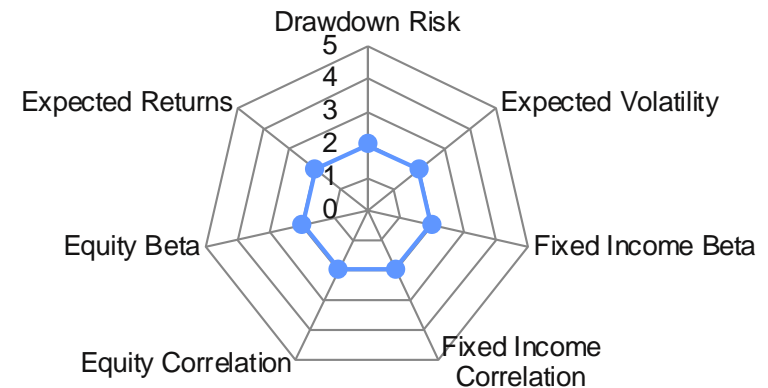
# MAC Absolute Return

## Strategy Characteristics

- Observed Characteristics
  - Low to Modest Fixed Income and Equity Beta
  - Modest Fixed Income and Equity Correlation
    - *Short term observations can be high*
  - Modest Expected Return and Volatility
  - High Capacity
    - *Capacity can be significantly impacted by inclusion of security selection in the process*
  - Potentially significant leverage



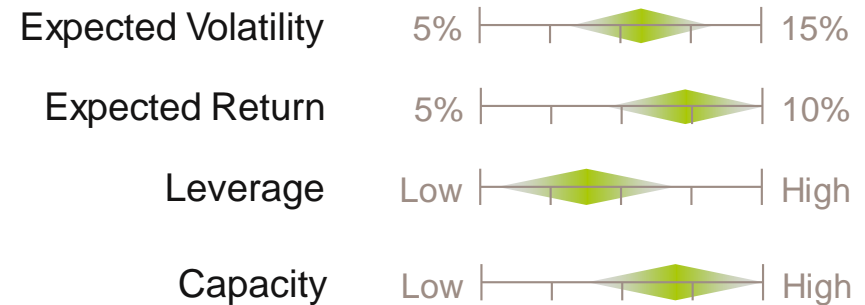
## Absolute Return



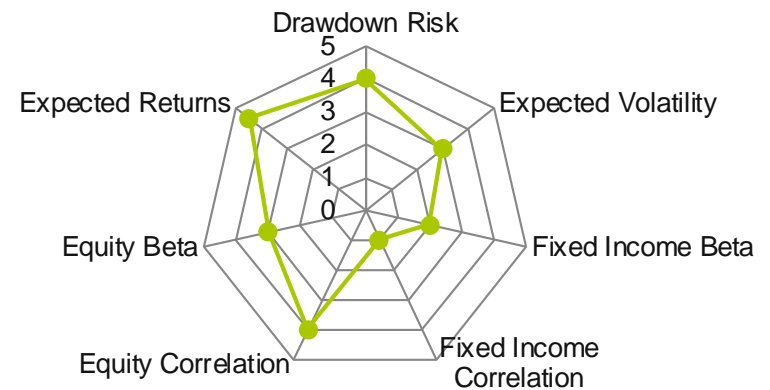
# MAC Long Biased

## Strategy Characteristics

- Observed Characteristics
  - Highest Equity Correlation and Drawdown Risk
    - *May be mitigated through hedging and opportunistic positioning*
    - *Subject to market regime*
  - High Expected Return and Capacity
    - *Capacity influenced by security selection exposure*
  - Low Fixed Income Beta and Correlation
  - Significant drawdown risk
  - Modest use of leverage



## Long Biased



# Hedge Fund Strategy Definitions

---

## Based on Credit Suisse Hedge Fund Index

**Convertible Arbitrage** is identified by investment in the convertible securities of a company. A typical investment is to be long the convertible bond and short the common stock of the same company. Positions are designed to generate profits from the fixed income security as well as the short sale of stock, while protecting principal from market moves.

**Dedicated Short Bias** maintains net short as opposed to pure short exposure. Short biased managers take short positions in mostly equities and derivatives. The short bias of a manager's portfolio must be constantly greater than zero to be classified in this category.

**Emerging Markets** involves equity or fixed income investing in emerging markets around the world. Because many emerging markets do not allow short selling, nor offer viable futures or other derivative products with which to hedge, emerging market investing often employs a long-only strategy.

**Equity Market Neutral** is designed to exploit equity market inefficiencies and usually involves being simultaneously long and short matched equity portfolios of the same size within a country. Market neutral portfolios are designed to be either beta or currency neutral, or both. Well-designed portfolios typically control for industry, sector, market capitalization, and other exposures. Leverage is often applied to enhance returns.

**Event Driven** is defined as special situations investing designed to capture price movement generated by a significant pending corporate event such as a merger, corporate restructuring, liquidation, bankruptcy or reorganization. There are three popular sub-categories in event-driven strategies: risk arbitrage, distressed securities, and multi-strategy:

- **Risk Arbitrage** invests simultaneously in long and short positions in both companies involved in a merger or acquisition. Risk arbitrageurs are typically long the stock of the company being acquired and short the stock of the acquiring company. The principal risk is deal risk, should the deal fail to close.
- **Distressed** invests in the debt, equity or trade claims of companies in financial distress and general bankruptcy. The securities of companies in need of legal action or restructuring to revive financial stability typically trade at substantial discounts to par value and thereby attract investments when managers perceive a turn-around will materialize. Managers may also take arbitrage positions within a company's capital structure, typically by purchasing a senior debt tier and short-selling common stock, in the hopes of realizing returns from shifts in the spread between the two tiers.
- **Multi-strategy** draws upon multiple themes, including risk arbitrage, distressed securities, and occasionally others such as investments in micro and small capitalization public companies that are raising money in private capital markets. Hedge Fund managers often shift assets between strategies in response to market opportunities.

**Fixed Income Arbitrage** aims to profit from price anomalies between related interest rate securities. Most managers trade globally with a goal of generating steady returns with low volatility. This category includes interest rate swap arbitrage, US and non-US government bond arbitrage, forward yield curve arbitrage, and mortgage-backed securities arbitrage. The mortgage-backed market is primarily US-based, over-the-counter and particularly complex.

**Global Macro** managers carry long and short positions in any of the world's major capital or derivative markets. These positions reflect their views on overall market direction as influenced by major economic trends and or events. The portfolios of these Hedge Funds can include stocks, bonds, currencies, and commodities in the form of cash or derivatives instruments. Most Hedge Funds invest globally in both developed and emerging markets.

# Hedge Fund Strategy Definitions (continued)

---

**Long/Short Equity** involves equity-oriented investing on both the long and short sides of the market. The objective is not to be market neutral. Managers have the ability to shift from value to growth, from small to medium to large capitalization stocks, and from a net long position to a net short position. Managers may use futures and options to hedge. The focus may be regional, such as long/short US or European equity, or sector specific, such as long and short technology or healthcare stocks.

**Managed Futures** invests in listed financial and commodity futures markets and currency markets around the world. The managers are usually referred to as Commodity Trading Advisors, or CTAs. Trading disciplines are generally systematic or discretionary. Systematic traders tend to use price and market specific information (often technical) to make trading decisions, while discretionary managers use a judgmental approach.

**Multi-Strategy** is characterized by its ability to dynamically allocate capital among strategies falling within several traditional Hedge Fund disciplines. The use of many strategies, and the ability to reallocate capital between strategies in response to market opportunities, means that such Hedge Funds are not easily assigned to any traditional category. The Multi-strategy category also includes Hedge Funds employing unique strategies that do not fall under any of the other descriptions.



# REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 25              | 09/12/18           | Retirement          | Action                  | 08/11/18   |

Subject: Whether to Approve a Contract with Callan LLC to Provide Retirement Fund Investment Performance Advisory and Evaluation Services for the ATU, IBEW, and Salaried Plans (ALL). (Adelman)

## ISSUE

Whether to Approve a Contract with Callan LLC to Provide Retirement Fund Investment Performance Advisory and Evaluation Services for the ATU, IBEW, and Salaried Plans for the Time Period from January 1, 2019 through December 31, 2024, with a Single Two-Year Option to Extend, for an Amount Not To Exceed \$725,000 for the Five-Year Base Term and \$270,000 for the Two-Year Option Term (ALL). (Adelman)

## RECOMMENDED ACTION

Adopt Resolution No. 18-09-\_\_\_\_, Approving a Contract with Callan LLC to Provide Retirement Fund Investment Performance Advisory and Evaluation Services for the ATU, IBEW, and Salaried Plans for the Time Period January 1, 2019 through December 31, 2024, with a Single Two-Year Option to Extend, for an Amount Not-To-Exceed \$725,000 for the for the First Five Year Term and \$270,000 for the Two-Year Option Term.

## FISCAL IMPACT

Core services will be provided on a fixed-fee basis during the Base and Option Terms as follows:

| <u>Core Services</u>                      | <u>Amount</u>     | <u>Option Years</u> | <u>Amount</u>     |
|---|-------------------|---------------------|-------------------|
| Year 1                                    | \$ 125,000        | Year 6              | \$ 133,000        |
| Year 2                                    | 129,000           | Year 7              | 137,000           |
| Year 3                                    | 133,000           |                     |                   |
| Year 4                                    | 137,000           | Total Option Years  | <u>\$ 270,000</u> |
| Year 5                                    | 141,000           |                     |                   |
| Subtotal Years 1-5                        | 665,000           |                     |                   |
| Custodian Procurement                     | <u>60,000</u>     |                     |                   |
| Total Years 1-5 and Custodian Procurement | <u>\$ 725,000</u> |                     |                   |

Costs will be shared proportionally by the Retirement Plans.

Additional services will be provided pursuant to separate work directives.

Approved:

Presented:

Final 09/04/18

VP of Finance/CFO

Treasury Controller

J:\Retirement Board\2018\IPs\Quarterly Meetings\September 12, 2018\FI IPs\09-12-18 Award Contract to Callan LLC for Retirement Fund Inv Perf Advisory and Evaluation Services.docx

# REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 25              | 09/12/18           | Retirement          | Action                  | 08/11/18   |

Subject: Whether to Approve a Contract with Callan LLC to Provide Retirement Fund Investment Performance Advisory and Evaluation Services for the ATU, IBEW, and Salaried Plans (ALL). (Adelman)

## DISCUSSION

The Retirement Boards' current contract with Callan LLC to provide investment consulting services to the Retirement Plans will expire on December 31, 2018. In May 2018, at the request of staff for the Retirement Plans, Sacramento Regional Transit District's (SacRT) Procurement Department issued a Request for Proposals (RFP) for Retirement Fund Investment Performance Advisory and Evaluation Services. On July 6, 2018, seven responses to the RFP were received. Six of the proposals were deemed responsive, met all of the RFP requirements, and were provided to an Evaluation Committee for review.

The Evaluation Committee was comprised of one non-Board member of each of the five bargaining groups (ATU, IBEW, AEA, AFSCME and MCEG), and SacRT's Treasury Controller and VP of Finance/CFO. The Evaluation Committee scored each of the six responsive proposals using the evaluation criteria set forth in the RFP. Callan LLC was ranked first by six of the seven Evaluation Committee members and had the highest total composite score. The Evaluation Committee concluded that no oral interviews were required. Staff and legal counsel have completed contract modification negotiations, and the Evaluation Committee recommends the Boards award the subject contract to Callan LLC as set forth above.

Core tasks included in the fixed fee arrangement will include:

| Item | Item Description<br><small>(References Paragraph Number in Section VI, Contract Scope)</small> | Year 1    | Year 2    | Year 3    | Year 4    | Year 5    |
|------|--|-----------|-----------|-----------|-----------|-----------|
| 1.0  | Performance Evaluation of Salaried, ATU and IBEW Retirement Plans                              | \$94,500  | \$98,500  | \$102,500 | \$106,500 | \$110,500 |
| 2.0  | Asset Allocation Study (Assume 1 time each year)   | Included  | Included  | Included  | Included  | Included  |
| 3.0  | Asset Liability Study (assume 1 every five years)  | \$18,500  | \$18,500  | \$18,500  | \$18,500  | \$18,500  |
| 4.0  | Review of Investment Strategy  | Included  | Included  | Included  | Included  | Included  |
| 5.0  | Fund Manager Search (assume 2 in a five year period)   | \$12,000  | \$12,000  | \$12,000  | \$12,000  | \$12,000  |
| 6.0  | Monitoring RTRB Fund Managers  | Included  | Included  | Included  | Included  | Included  |
| 7.0  | Annual Training for RTRB members and staff   | Included  | Included  | Included  | Included  | Included  |
|      | <b>SUB-TOTAL</b><br><i>(Transfer to Table A below):</i>  | \$125,000 | \$129,000 | \$133,000 | \$137,000 | \$141,000 |

The current annual fixed fee for the services listed above is \$129,100. Callan discounted the annual cost in year one by approximately 3% and then applied a 3% cost escalation factor year over year thereafter.

RESOLUTION NO. 18-09-\_\_\_\_\_

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:

September 12, 2018

**APPROVING A CONTRACT WITH CALLAN LLC TO PROVIDE RETIREMENT FUND INVESTMENT PERFORMANCE ADVISORY AND EVALUATION SERVICES FOR THE ATU, IBEW, AND SALARIED RETIREMENT PLANS**

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 General Manager of the Sacramento Regional Transit District is authorized to execute a contract on behalf of the ATU Local Union 256 Retirement Board with Callan LLC for Investment Performance Advisory and Evaluation Services for a five-year term at a cost not to exceed \$725,000, with a two-year option term at a cost not to exceed \$270,000, in a form acceptable to Legal Counsel.

\_\_\_\_\_  
RALPH NIZ, Chair

A T T E S T:

Corina DeLaTorre, Secretary

By: \_\_\_\_\_  
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 18-09-\_\_\_\_\_

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:

September 12, 2018

**APPROVING A CONTRACT WITH CALLAN LLC TO PROVIDE RETIREMENT FUND INVESTMENT PERFORMANCE ADVISORY AND EVALUATION SERVICES FOR THE ATU, IBEW, AND SALARIED RETIREMENT PLANS**

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 General Manager of the Sacramento Regional Transit District is authorized to execute a contract on behalf of the IBEW Local Union 1245 Retirement Board with Callan LLC for Investment Performance Advisory and Evaluation Services for a five-year term at a cost not to exceed \$725,000, with a two-year option term at a cost not to exceed \$270,000, in a form acceptable to Legal Counsel.

\_\_\_\_\_  
ERIC OHLSON, Chair

A T T E S T:

Constance Bibs, Secretary

By: \_\_\_\_\_  
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 18-09-\_\_\_\_\_

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:

September 12, 2018

**APPROVING A CONTRACT WITH CALLAN LLC TO PROVIDE RETIREMENT FUND INVESTMENT PERFORMANCE ADVISORY AND EVALUATION SERVICES FOR THE ATU, IBEW, AND SALARIED RETIREMENT PLANS**

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 General Manager of the Sacramento Regional Transit District is authorized to execute a contract on behalf of the AEA Retirement Board with Callan LLC for Investment Performance Advisory and Evaluation Services for a five-year term at a cost not to exceed \$725,000, with a two-year option term at a cost not to exceed \$270,000, in a form acceptable to Legal Counsel.

\_\_\_\_\_  
Russel Devorak, Chair

A T T E S T:

Sue Robison, Secretary

By: \_\_\_\_\_  
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 18-09-\_\_\_\_\_

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:

September 12, 2018

**APPROVING A CONTRACT WITH CALLAN LLC TO PROVIDE RETIREMENT FUND INVESTMENT PERFORMANCE ADVISORY AND EVALUATION SERVICES FOR THE ATU, IBEW, AND SALARIED RETIREMENT PLANS**

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 General Manager of the Sacramento Regional Transit District is authorized to execute a contract on behalf of the AFSCME Retirement Board with Callan LLC for Investment Performance Advisory and Evaluation Services for a five-year term at a cost not to exceed \$725,000, with a two-year option term at a cost not to exceed \$270,000, in a form acceptable to Legal Counsel.

\_\_\_\_\_  
CHARLES MALLONEE, Chair

A T T E S T:

Gary Parks, Secretary

By: \_\_\_\_\_  
Valerie Weekly, Assistant Secretary

RESOLUTION NO. 18-09-\_\_\_\_\_

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:

September 12, 2018

**APPROVING A CONTRACT WITH CALLAN LLC TO PROVIDE RETIREMENT FUND INVESTMENT PERFORMANCE ADVISORY AND EVALUATION SERVICES FOR THE ATU, IBEW, AND SALARIED RETIREMENT PLANS**

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 General Manager of the Sacramento Regional Transit District is authorized to execute a contract on behalf of the MCEG Retirement Board with Callan LLC for Investment Performance Advisory and Evaluation Services for a five-year term at a cost not to exceed \$725,000, with a two-year option term at a cost not to exceed \$270,000, in a form acceptable to Legal Counsel.

\_\_\_\_\_  
Mark Lonergan, Chair

A T T E S T:

Roger Thorn, Secretary

By: \_\_\_\_\_  
Valerie Weekly, Assistant Secretary