

Investment Performance Review
Period Ending September 30, 2018

City of Key West General Employees' Pension Fund

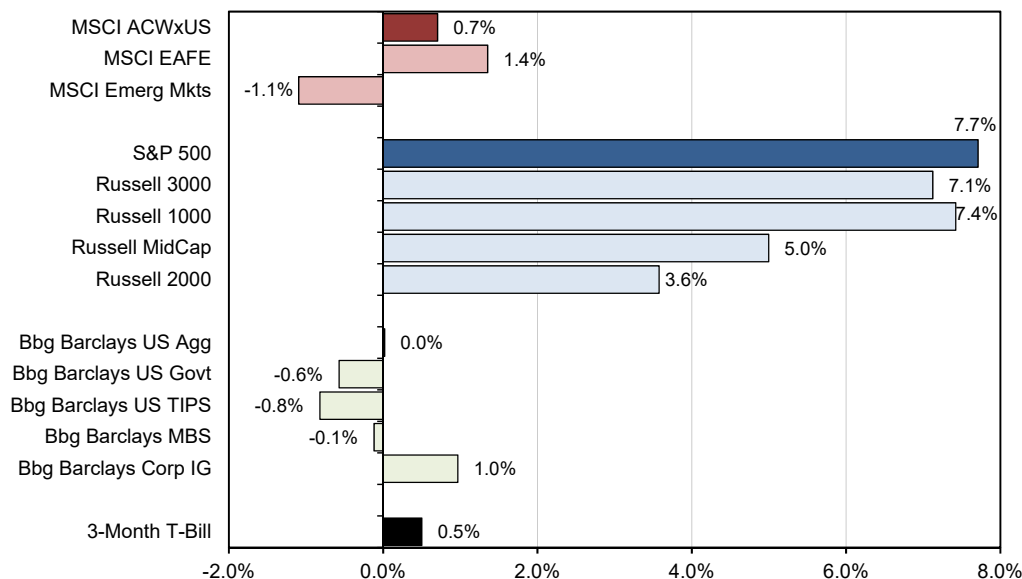


3rd Quarter 2018 Market Environment

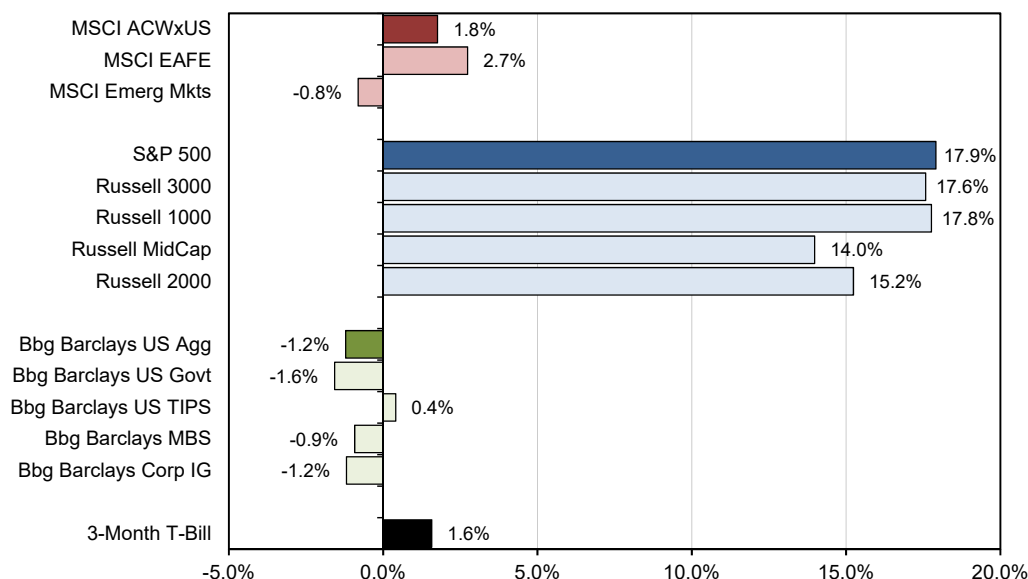


- Market returns were mixed across major equity and fixed income indices for the 3rd quarter of 2018 with many themes from the 2nd quarter repeating during the current period. Broad domestic equity indices pushed higher on continued strength in both economic and corporate earnings data. Corporate earnings continue to benefit from fiscal stimulus tailwinds in the form of the late 2017 tax reform. International indices underperformed domestic indices during the period, posting more muted returns in US dollar (USD) terms, as investors weighed relatively soft economic data, a strengthening USD and geopolitical concerns, especially around global trade relations. Fixed income returns were flat for the quarter as interest rates continued to rise. Domestic stocks rose as concerns around ongoing monetary policy tightening by the Federal Reserve (Fed) and an escalating trade war between the US and China were not substantial enough to dampen investor enthusiasm around the ongoing strength of the US economy. The US stock market represented by the Russell 3000 Index returned 7.1% and 17.6% for the quarter and 1-year period respectively.
- International equity returns finished the quarter slightly positive with the MSCI ACWI ex US Index returning 0.7%. Developed market stocks pushed higher through the period, however, relatively subdued economic growth and ongoing political and trade uncertainty tempered returns versus domestic equities. The developed market MSCI EAFE Index gained 1.4% during the quarter. Emerging market stocks struggled in comparison, posting negative returns for the period, as trade tensions grew between the US and China. In addition, a strengthening USD caused headwinds for most international markets, but caused particular difficulties for emerging market countries that issue debt in USD. The MSCI Emerging Markets Index posted a small decline of -1.1% during the 3rd quarter. The relative outperformance of developed markets can also be seen in the 1-year period with the MSCI EAFE and MSCI Emerging Markets indices returning 2.7% and -0.8% respectively.
- Interest rates on the US Treasury Yield Curve continued their year-to-date rise during the 3rd quarter as investor expectations for further Fed tightening of monetary policy increased during the period. The yield curve did flatten slightly as interest rates had the greatest increase in short-term maturities, but overall, the shift in rates was fairly consistent throughout the entire curve. The Fed did implement another interest rate increase following their September meeting citing the continued strength of the US economy and stable inflation. The broad market Bloomberg Barclays US Aggregate Index was flat for the quarter returning 0.0% and is slightly negative over the 1-year period returning -1.2%. Corporate issues rebounded following underperformance during the first half of the year and were the only investment grade sector to post a positive return during the quarter, as they benefitted from tightening credit spreads and strong investor demand.

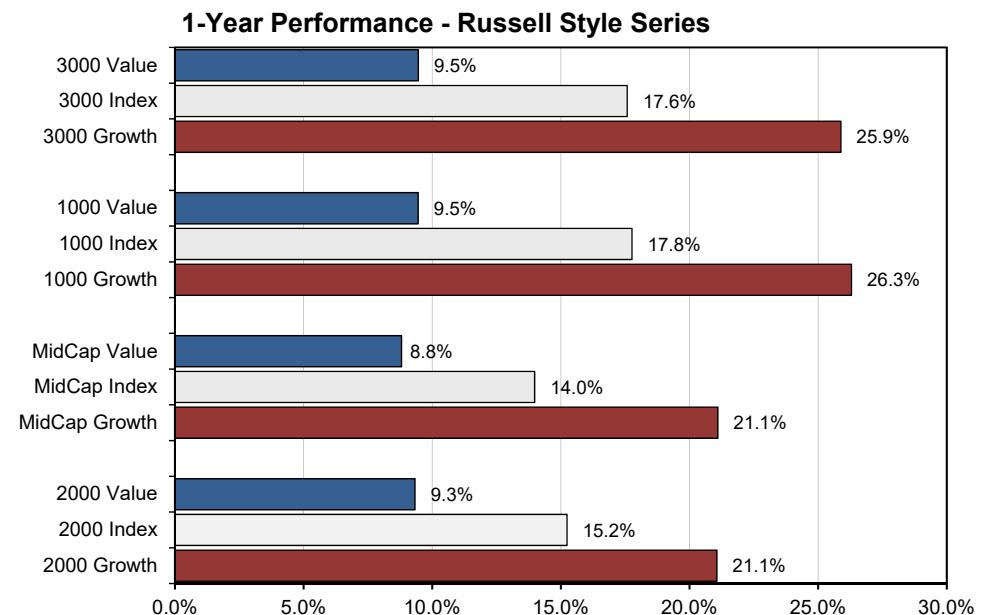
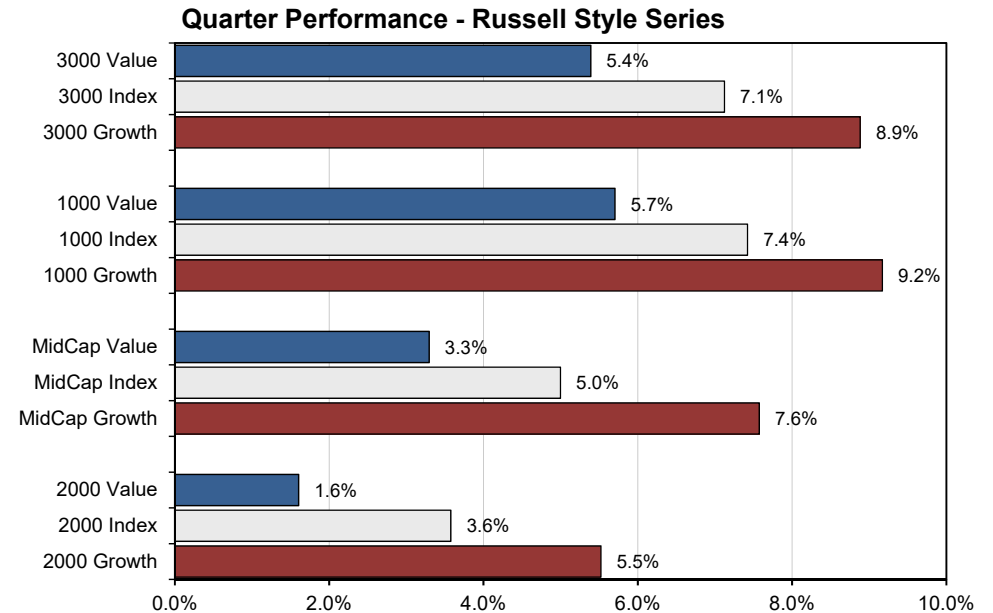
Quarter Performance



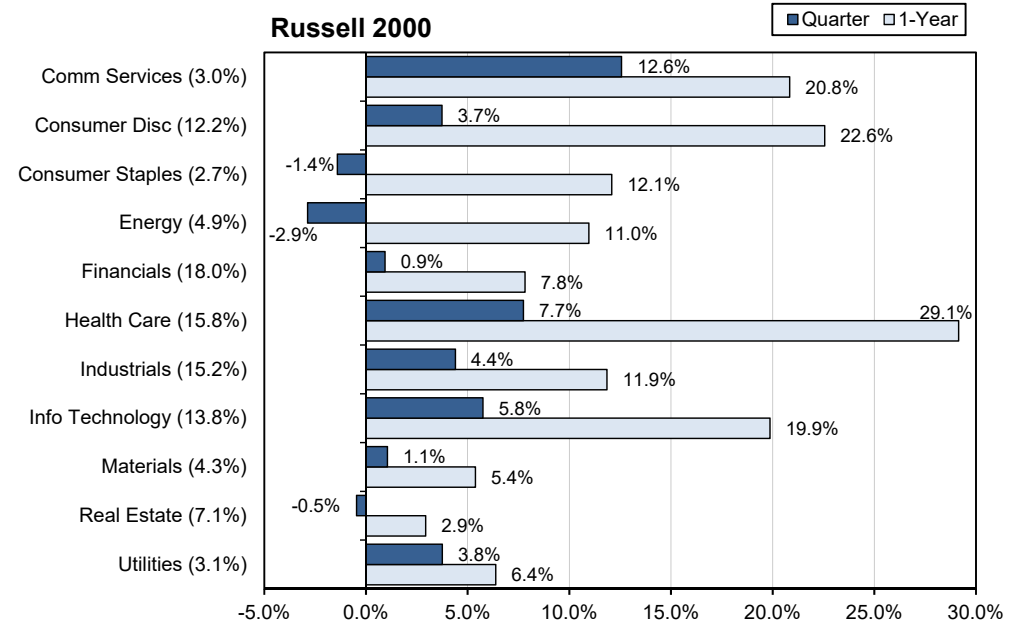
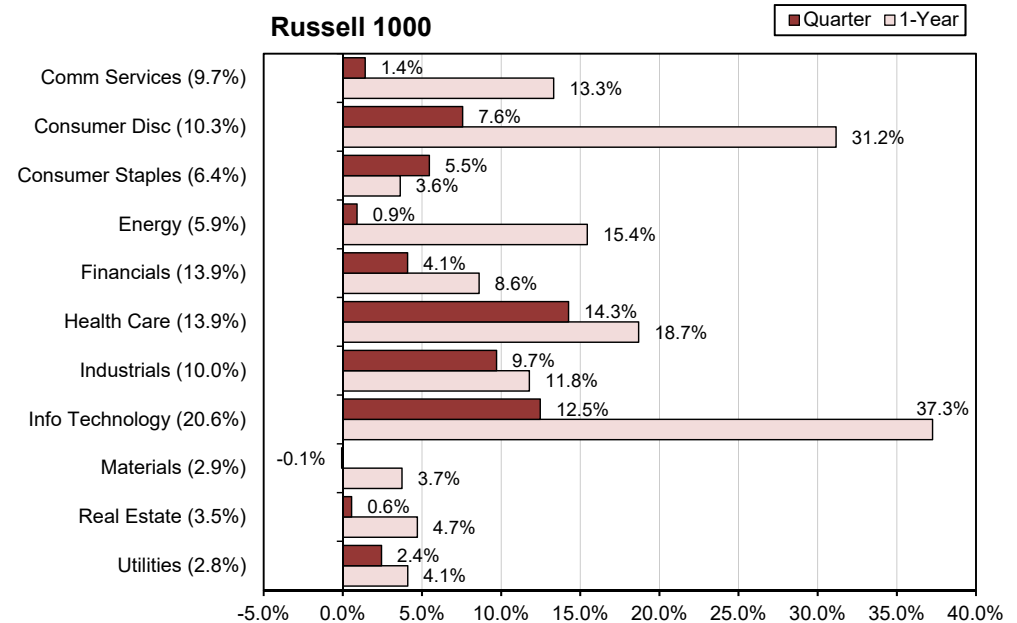
1-Year Performance



- US equity index returns were positive across the style and capitalization spectrum during the 3rd quarter of 2018. US equity markets were pushed higher by the ongoing strength in US economic data and corporate earnings. Positive data releases in GDP, unemployment, retail sales, consumer consumption and investor sentiment highlighted the continued health of the US economy. Corporate earnings released during the quarter were also impressive. Earnings reported for S&P 500 companies were up over 20% on a year-over-year basis for the second straight quarter as corporate profits continued to benefit from the new tax code. The current expansion in US equity markets now marks the longest bull market in history. While the positive economic data drove returns through the quarter, trade negotiations with China broke down with both the US and China instituting several rounds of new tariffs during the period. Currently the US is imposing tariffs on \$250 billion of Chinese imports with China placing tariffs on \$110 billion worth of goods. Further action has been threatened by both countries. While negotiations with China have been unsuccessful, progress was made in the renegotiation of the North American Free Trade Agreement (NAFTA) and discussions with the European Union (EU) appear to be moving ahead productively.
- During the quarter, large cap stocks outperformed mid and small cap equities across growth, value and core indices. The large cap Russell 1000 Index returned 7.4% for the quarter versus a 3.6% return for the Russell 2000 Index. The Russell 1000 benefitted from strong performance from some of its largest exposures. Apple Inc, Microsoft Corp and Amazon.com Inc alone make up over 10% of the index and posted quarterly returns of 22.4%, 16.4% and 17.8% respectively. Those same three stocks have gained 48.7%, 56.3% and 108.4% over the 1-year period. This strong performance from some of the index's largest constituents has helped large caps outperform small caps over the 1-year period as well with the Russell 1000 returning 17.8% over the trailing year while the Russell 2000 posted a still solid return of 15.2%.
- Growth stocks outperformed value stocks across the market cap spectrum during the 3rd quarter. The large cap Russell 1000 Growth Index was the best performing style index for the period returning a notable 9.2% for the quarter. The outperformance of growth indices relative to value indices is also evident over the 1-year period as growth indices continue to show significant outperformance relative to their value counterparts. The returns for growth indices more than double the returns of the corresponding value indices over the last 12 months. Growth benchmarks benefitted from larger exposures to more cyclical names within the information technology, consumer discretionary, health care and industrials sectors. They also benefitted from underweights to more defensive sectors such as REITs and utilities.



- Both S&P Dow Jones Indices and MSCI made changes to the Global Industry Classification Standard (GICS) sector configurations of their indices, creating a new GICS sector classification called Communication Services which replaced the Telecommunications sector on September 28, 2018. The Communication Services sector is comprised of companies in the Telecommunications sector, as well as certain companies formerly classified as Consumer Discretionary and Information Technology. As a result, the sector, went from a weighting of about 2% of the Russell 1000 Index to almost 10% post reclassification. Notable names now classified under Communication Services include Netflix, Alphabet, Facebook and Disney. This is just the second change to the GICS classifications since 1999.
- Sector performance was broadly positive across large cap sectors for the 3rd quarter. Ten of eleven sectors had positive returns for the quarter with four outpacing the Russell 1000 Index return. The consumer discretionary sector continues to do well on the back of strong retail sales and increased consumer spending, gaining 7.6% for the period. Health care and technology stocks increased 14.3% and 12.5% during the quarter respectively, with companies in both sectors reporting strong earnings. Industrials benefitted from continued economic strength returning 9.7%. The largest detractors for the quarter were the materials, real estate and energy sectors which returned -0.1%, 0.6% and 0.9% respectively. Over the trailing 1-year period, all large cap all sectors were positive. The information technology and consumer discretionary sectors were the best performers, returning over 30% over the last 12 months, and six of eleven sectors have returns over 10% for the year.
- Quarterly results for small cap sectors were generally lower relative to their large capitalization counterparts. Nine of eleven economic sectors outpacing the Russell 2000 Index return for the quarter. Energy, consumer staples and real estate posted negative returns for the period returning -2.9%, -1.4% and -0.5% respectively. Communications services and health care were the best performers returning 12.6% and 7.7%. Over the trailing 1-year period, all eleven sectors posted gains. Health care stocks were the best performers within the Russell 2000 for the trailing year returning a solid 29.1%. Communication services, technology, and consumer discretionary also had particularly robust returns for the 1-year period.
- Using S&P 500 sector valuations as a proxy for the market, forward P/E ratios for seven of the eleven GICS sectors were higher than their long-term averages at quarter-end. Using these historical P/E measures, the utilities, consumer discretionary and real estate sectors appear the most extended. In contrast the financials, technology and health care sectors were trading at a discount to their long-term average P/E ratios.



The Market Environment
Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000
As of September 30, 2018

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Apple Inc	3.97%	22.4%	48.7%	Information Technology
Microsoft Corp	3.15%	16.4%	56.3%	Information Technology
Amazon.com Inc	2.96%	17.8%	108.4%	Consumer Discretionary
Berkshire Hathaway Inc B	1.51%	14.7%	16.8%	Financials
Facebook Inc A	1.42%	-15.4%	-3.8%	Communication Services
JPMorgan Chase & Co	1.37%	8.9%	20.7%	Financials
Johnson & Johnson	1.35%	14.6%	9.1%	Health Care
Alphabet Inc Class C	1.32%	7.0%	24.4%	Communication Services
Alphabet Inc A	1.31%	6.9%	24.0%	Communication Services
Exxon Mobil Corp	1.31%	3.8%	7.9%	Energy

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Advanced Micro Devices Inc	0.10%	106.1%	142.3%	Information Technology
Square Inc A	0.10%	60.6%	243.7%	Information Technology
Paycom Software Inc	0.03%	57.2%	107.3%	Information Technology
Twilio Inc A	0.02%	54.0%	189.0%	Information Technology
Atlassian Corporation PLC A	0.03%	53.8%	173.5%	Information Technology
Molina Healthcare Inc	0.03%	51.8%	116.3%	Health Care
DexCom Inc	0.05%	50.6%	192.4%	Health Care
Match Group Inc	0.01%	49.5%	149.7%	Communication Services
Fortinet Inc	0.05%	47.8%	157.4%	Information Technology
IAC/InterActiveCorp	0.06%	42.1%	84.3%	Communication Services

Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Floor & Decor Holdings Inc	0.01%	-38.8%	-22.5%	Consumer Discretionary
Twitter Inc	0.07%	-34.8%	68.7%	Communication Services
IPG Photonics Corp	0.02%	-29.3%	-15.7%	Information Technology
Visteon Corp	0.01%	-28.1%	-24.9%	Consumer Discretionary
Zillow Group Inc A	0.01%	-26.0%	10.1%	Communication Services
Zillow Group Inc C	0.02%	-25.1%	10.0%	Communication Services
Western Digital Corp	0.06%	-23.7%	-30.4%	Information Technology
Wynn Resorts Ltd	0.05%	-23.7%	-13.3%	Consumer Discretionary
Extraction Oil & Gas Inc	0.00%	-23.1%	-26.6%	Energy
Tesla Inc	0.13%	-22.8%	-22.4%	Consumer Discretionary

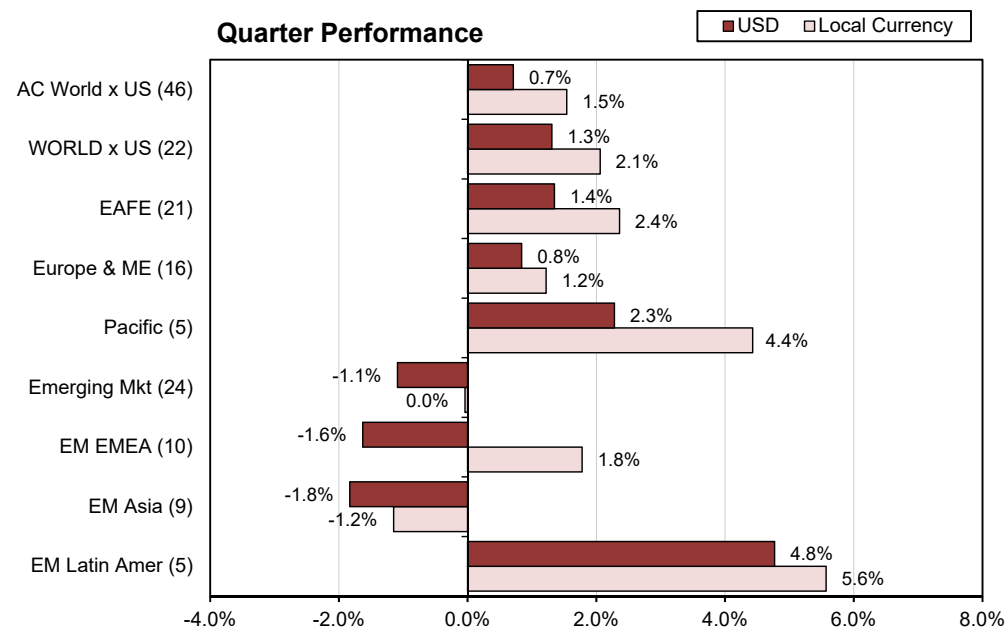
Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Five Below Inc	0.31%	33.1%	137.0%	Consumer Discretionary
Etsy Inc	0.27%	21.8%	204.4%	Consumer Discretionary
Integrated Device Technology Inc	0.27%	47.5%	76.9%	Information Technology
LivaNova PLC	0.27%	24.2%	76.9%	Health Care
Haemonetics Corp	0.26%	27.8%	155.4%	Health Care
Teladoc Health Inc	0.25%	48.8%	160.5%	Health Care
Ligand Pharmaceuticals Inc	0.25%	32.5%	101.6%	Health Care
HubSpot Inc	0.24%	20.4%	79.6%	Information Technology
Primerica Inc	0.23%	21.3%	49.2%	Financials
HealthEquity Inc	0.22%	25.7%	86.7%	Health Care

Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
CareDx Inc	0.04%	135.7%	679.7%	Health Care
Reata Pharmaceuticals Inc A	0.07%	133.8%	162.9%	Health Care
Invitae Corp	0.05%	127.6%	78.5%	Health Care
RigNet Inc	0.01%	97.6%	18.3%	Energy
Tandem Diabetes Care Inc	0.10%	94.6%	486.8%	Health Care
Health Insurance Innovations Inc	0.03%	90.6%	325.2%	Financials
Funko Inc Class A	0.01%	88.8%	N/A	Consumer Discretionary
LSB Industries Inc	0.01%	84.5%	23.2%	Materials
Viking Therapeutics Inc	0.04%	83.6%	812.0%	Health Care
Ra Pharmaceuticals Inc	0.01%	81.8%	23.9%	Health Care

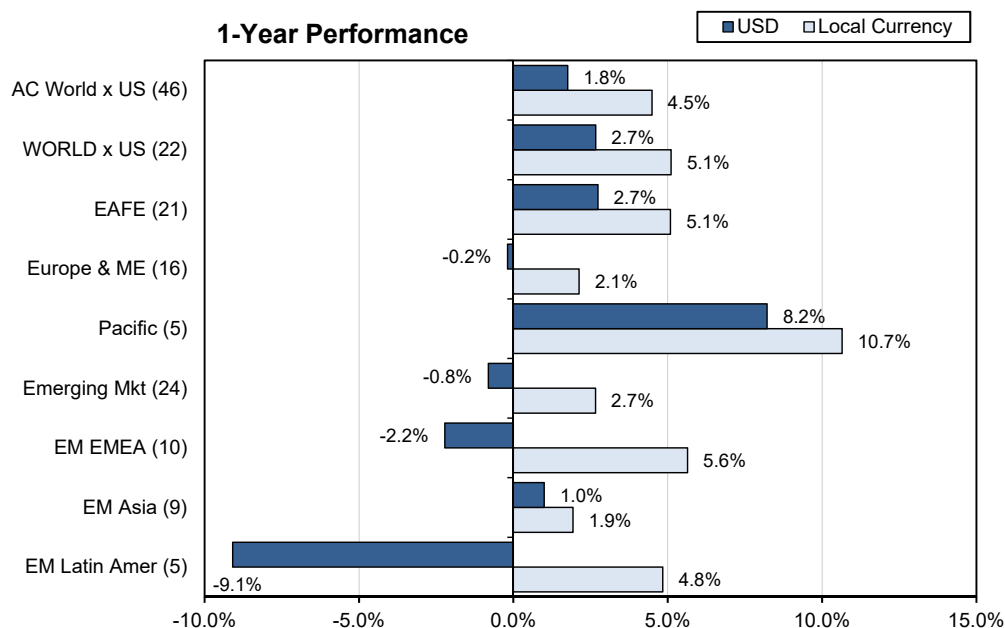
Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Vital Therapies Inc	0.00%	-96.0%	-94.5%	Health Care
GTx Inc	0.00%	-89.7%	-81.4%	Health Care
Ampio Pharmaceuticals Inc	0.00%	-76.9%	-16.9%	Health Care
Innovate Biopharmaceuticals Inc	0.01%	-71.0%	-2.4%	Health Care
Zion Oil & Gas Inc	0.00%	-68.4%	-62.5%	Energy
Endologix Inc	0.01%	-66.3%	-57.2%	Health Care
Lannett Co Inc	0.01%	-65.1%	-74.3%	Health Care
Maiden Holdings Ltd	0.01%	-62.6%	-61.1%	Financials
Diebold Nixdorf Inc	0.02%	-62.3%	-80.1%	Information Technology
Sears Holdings Corp	0.00%	-59.2%	-86.7%	Consumer Discretionary

- Broad international equity returns were mixed for the quarter. Most developed markets were positive in local currency and USD terms whereas emerging markets were negative in both local currency and USD terms. Performance was largely driven by the same catalysts as the US equity markets for the second straight quarter. We saw global macroeconomic data slow, but remain generally positive through the period, with returns being tempered by global trade tensions and ongoing political uncertainty. The USD continued to strengthen against most currencies for the period as relatively strong US economic fundamentals and the continued divergence in global monetary policy hurt US investors in international markets. The MSCI ACWI ex US Index gained 1.5% in local currency terms and 0.7% in USD terms during the 3rd quarter. Returns over the 1-year period are modestly positive in both local currency and USD terms with the MSCI ACWI ex US returning 4.5% and 1.8% respectively.
- Third quarter results for developed market international indices were positive in local currency terms and USD terms with the MSCI EAFE Index returning 2.4% and 1.4% respectively. Returns were dampened for US investors as continued strength in the USD pushed returns lower. Developed markets were pushed higher by broadly positive, but slowing, global economic and earnings data despite several significant political events in Europe during the quarter. Concerns over a “no deal” Brexit and worries over a pending budget approval in Italy weighed on returns, while markets were encouraged by progress in trade negotiations between the US and the eurozone and signs of continued political stability in Japan. The MSCI EAFE Index returned 5.1% and 2.7% for the last twelve months in local currency and USD terms respectively.
- Emerging markets underperformed relative to developed markets for the 3rd quarter, posting a flat return in local currency terms that was exacerbated by the rising USD. The MSCI Emerging Markets Index returned 0.0% and -1.1% in local currency and USD terms respectively. Returns in emerging markets were the hurt by the deterioration in trade negotiations between the US and China followed by several rounds of new tariffs enacted by both countries. Emerging market stocks were also negatively affected by rising US interest rates coupled with an appreciating USD. Many emerging market countries and companies issue debt denominated in USD and the combination of higher interest rates and a relatively weaker local currency can put stress on the balance sheets of these borrowers, especially those heavily dependent on external capital. This was particularly problematic for Turkey, Argentina and South Africa during the 3rd quarter with Argentina having to expedite their request for an emergency bailout of \$50 billion from the World Monetary Fund. In positive news, Mexico and the US made progress toward the renegotiation of NAFTA. One year returns for the MSCI Emerging Market Index were 2.7% in local currency terms and -0.8% in USD terms.

Quarter Performance



1-Year Performance



The Market Environment
US Dollar International Index Attribution & Country Detail
As of September 30, 2018

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Communication Services	5.4%	3.3%	-2.4%
Consumer Discretionary	11.1%	-0.5%	3.3%
Consumer Staples	11.3%	-0.1%	2.5%
Energy	6.0%	3.5%	24.6%
Financials	19.8%	0.9%	-4.0%
Health Care	10.9%	5.6%	7.1%
Industrials	14.3%	2.6%	4.2%
Information Technology	6.2%	0.3%	7.4%
Materials	8.1%	0.4%	5.1%
Real Estate	3.5%	-3.0%	1.0%
Utilities	3.3%	-0.6%	0.7%
Total	100.0%	1.4%	2.7%

MSCI - ACWIXUS	Sector Weight	Quarter Return	1-Year Return
Communication Services	7.6%	-3.0%	-4.1%
Consumer Discretionary	10.7%	-3.2%	-1.4%
Consumer Staples	9.7%	-0.6%	1.6%
Energy	7.1%	4.1%	18.3%
Financials	22.0%	1.7%	-1.9%
Health Care	8.3%	4.5%	7.6%
Industrials	11.7%	2.8%	3.8%
Information Technology	8.5%	1.3%	5.6%
Materials	8.2%	0.4%	5.2%
Real Estate	3.2%	-3.5%	-2.7%
Utilities	3.0%	-0.9%	-1.2%
Total	100.0%	0.7%	1.8%

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Communication Services	14.8%	-9.4%	-6.0%
Consumer Discretionary	11.3%	-9.9%	-13.2%
Consumer Staples	6.7%	-2.9%	-1.9%
Energy	6.3%	14.5%	26.0%
Financials	23.3%	1.5%	0.4%
Health Care	3.1%	-7.2%	11.4%
Industrials	5.3%	2.5%	-4.3%
Information Technology	15.9%	2.2%	2.3%
Materials	7.8%	4.5%	8.6%
Real Estate	2.9%	-5.6%	-15.1%
Utilities	2.5%	-1.9%	-5.4%
Total	100.0%	-1.1%	-0.8%

Country	MSCI-EAFE Weight	MSCI-ACWIXUS Weight	Quarter Return	1- Year Return
Japan	24.6%	16.9%	3.7%	10.2%
United Kingdom	17.5%	12.0%	-1.7%	2.9%
France	11.2%	7.7%	2.8%	4.2%
Germany	9.4%	6.5%	-0.6%	-5.4%
Switzerland	8.3%	5.7%	7.3%	1.6%
Australia	6.8%	4.7%	-0.9%	4.4%
Hong Kong	3.5%	2.4%	-1.0%	2.9%
Netherlands	3.3%	2.3%	-1.5%	-1.6%
Spain	3.0%	2.0%	-2.4%	-9.7%
Sweden	2.7%	1.9%	7.0%	-3.3%
Italy	2.3%	1.6%	-4.5%	-8.9%
Denmark	1.7%	1.2%	2.3%	-4.2%
Singapore	1.3%	0.9%	2.2%	6.9%
Finland	1.1%	0.7%	3.2%	10.3%
Belgium	1.0%	0.7%	-5.2%	-11.8%
Norway	0.8%	0.5%	6.7%	13.7%
Israel	0.6%	0.4%	5.1%	14.9%
Ireland	0.5%	0.4%	-5.4%	-6.1%
Austria	0.2%	0.2%	0.2%	-3.1%
New Zealand	0.2%	0.2%	2.4%	4.4%
Portugal	0.2%	0.1%	-0.6%	1.7%
Total EAFE Countries	100.0%	68.7%	1.4%	2.7%
Canada		6.7%	0.8%	1.9%
Total Developed Countries		75.3%	1.3%	2.7%
China		7.6%	-7.5%	-2.2%
Korea		3.7%	0.7%	1.4%
Taiwan		3.0%	6.5%	9.7%
India		2.1%	-2.3%	1.1%
Brazil		1.5%	6.1%	-14.0%
South Africa		1.5%	-7.4%	-5.1%
Russia		0.9%	6.2%	13.7%
Mexico		0.8%	6.9%	-4.4%
Thailand		0.6%	13.6%	15.2%
Malaysia		0.6%	3.8%	7.6%
Indonesia		0.5%	2.0%	-10.4%
Poland		0.3%	10.6%	-5.0%
Chile		0.3%	-2.0%	-5.7%
Philippines		0.2%	1.0%	-15.6%
Qatar		0.2%	12.8%	25.3%
United Arab Emirates		0.2%	3.1%	-6.9%
Turkey		0.2%	-20.5%	-41.7%
Colombia		0.1%	-2.5%	10.0%
Peru		0.1%	-2.1%	12.2%
Greece		0.1%	-17.6%	-14.8%
Hungary		0.1%	4.7%	-5.0%
Czech Republic		0.1%	4.0%	12.8%
Egypt		0.0%	-6.8%	-7.1%
Pakistan		0.0%	-4.9%	-20.6%
Total Emerging Countries		24.7%	-1.1%	-0.8%
Total ACWIXUS Countries		100.0%	0.7%	1.8%

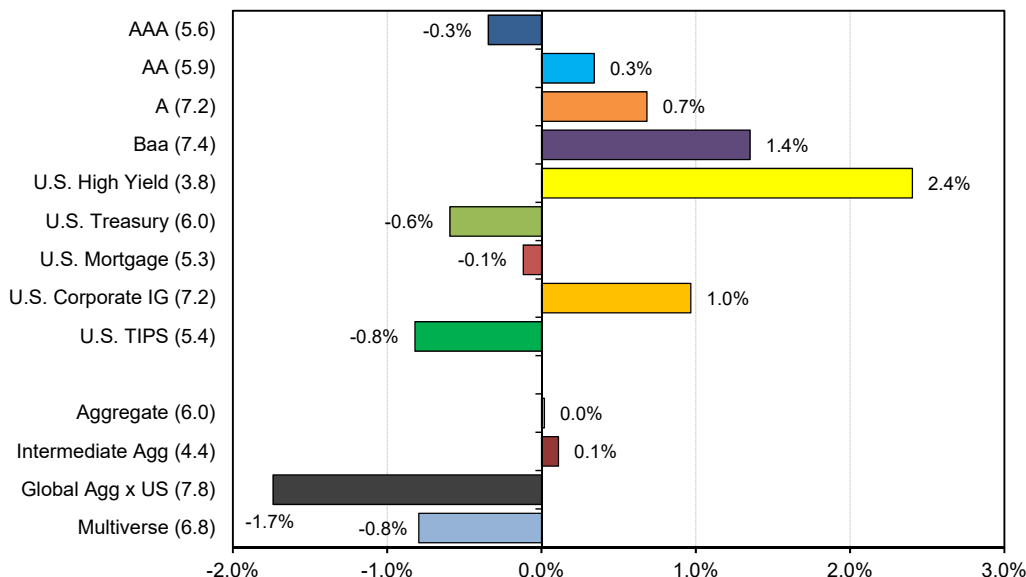
Source: Morningstar Direct, MSCI Global Index Monitor (Returns are Net in USD)

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

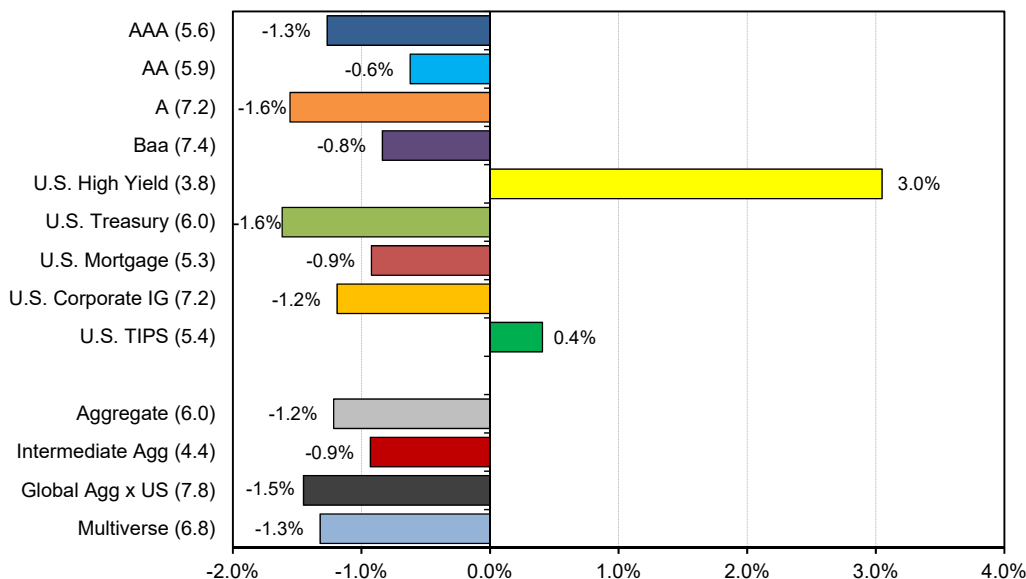


- Broad fixed income benchmarks had mixed results during the 3rd quarter. Interest rates rose across all maturities on the US Treasury Yield Curve. The Federal Open Market Committee (FOMC), decided to increase short-term interest rates by 25 basis points at their September meeting citing continued strength in the economy and stable inflation. This is the third rate hike of 2018. The current Fed Funds Rate target range sits at 2.00%-2.25%. The FOMC also changed the language used in its policy statement, removing the word “accommodative”, which investors took as a signal that the Fed plans to continue its trend of monetary policy tightening. The yield curve continued to flatten, although very gradually, as short-term yields rose at a greater rate than long-term yields during the quarter. The difference in yields between the 2-year and 10-year Treasury now sits at just 0.24%. As the curve continues to flatten, it moves closer to becoming “inverted”, which happens when short-term maturities have greater yields than long-term securities. Historically, an inverted yield curve has signaled a greater probability of a recession. The Fed is also continuing the reduction of the size of its balance sheet by slowing its pace of reinvestment as the securities it holds mature. The Bloomberg Barclays US Aggregate Index was flat during the quarter, posting a 0.0% return. Over the 1-year period the index has fallen -1.2%.
- Within investment grade credit, lower quality corporate issues outperformed higher quality issues as credit spreads tightened steadily over the quarter. On an absolute basis, without negating the duration differences in the sub-indices, Baa rated credit was the best performing investment grade credit quality segment returning 1.4% for the quarter, while AAA was the worst performing, falling -0.3%. High yield debt outperformed relative to investment grade credit, returning 2.0%, as spreads tightened to a greater degree for these issues and the index benefitted from less sensitivity to rising interest rates due to its lower duration. Returns are negative for all investment grade quality segments when viewed over the 1-year period while high yield continues to outperform with a return of 3.0%.
- Of the Bloomberg Barclays US Aggregate Index’s three broad sectors, US investment grade corporates were the best performing investment grade sector through the quarter, returning 1.0%, and the only sector to post a positive return for the period. Corporate credit outperformed as credit spreads tightened. Demand for these securities outweighed supply for the period despite considerable new issuance and a headwind from the sectors higher duration relative to other index sectors. Treasuries were the worst performing sector posting a -0.6% return. Over the 1-year period, all three broad investment grade sectors posted losses with mortgages, investment grade credit and Treasuries falling -0.9%, -1.2% and -1.6% respectively.

Quarter Performance

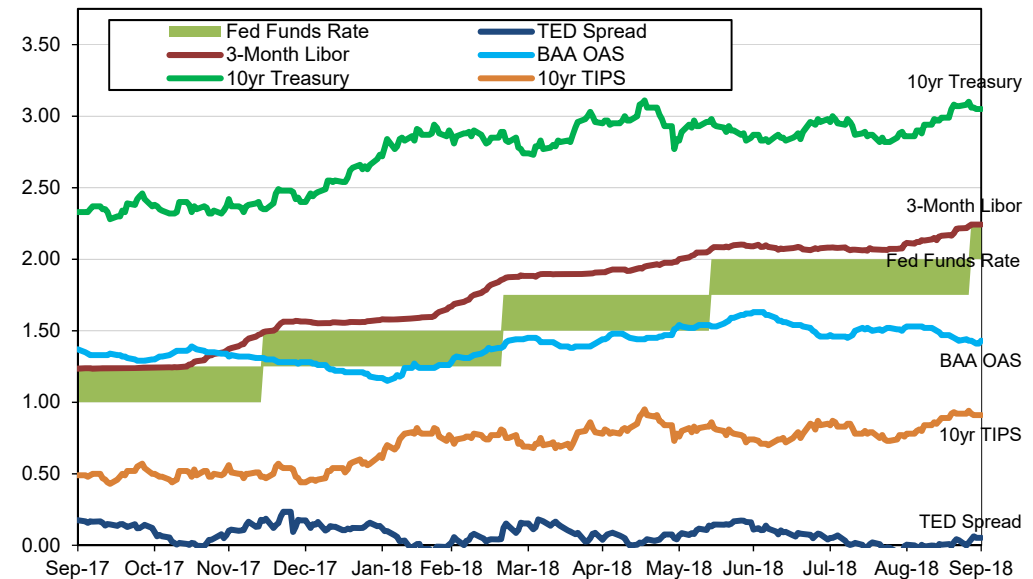


1-Year Performance

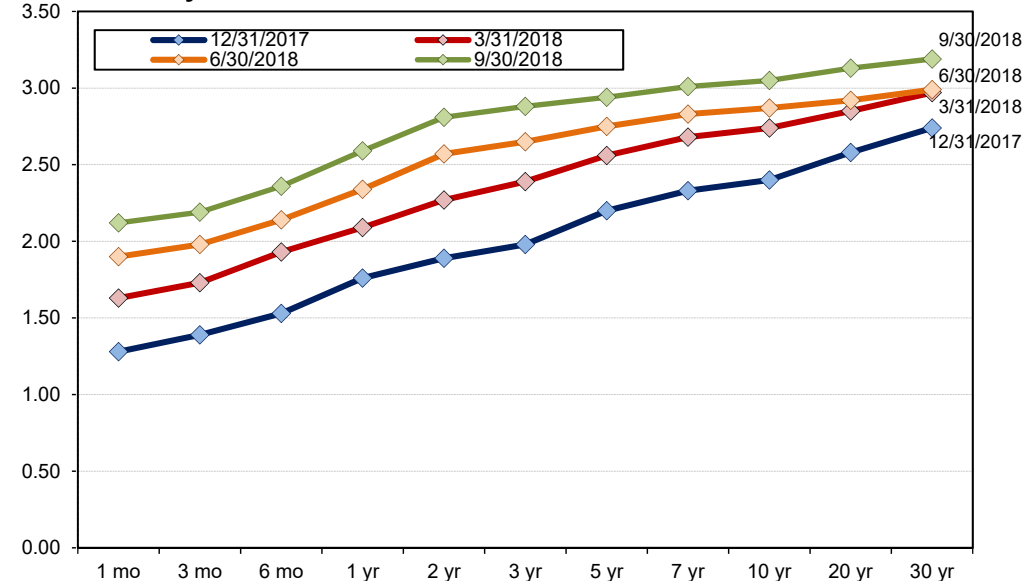


- Global fixed income indices continue to struggle relative to their domestic counterparts, underperforming during the 3rd quarter. These indices have lower yields and their relatively high duration acted as a headwind to performance in the current quarter as interest rates increased. The returns of these indices are also significantly influenced by fluctuations in their currency denomination relative to the USD. During the 3rd quarter the USD strengthened against most other currencies, negatively impacting the returns on global bond indices. The return on global bonds, as represented by the Bloomberg Barclays Global Aggregate ex US Index, was -1.7% and -1.5% for the quarter and 1-year period respectively. As the global economy continues to recover, several international central banks have started to move toward less accommodative postures. Notably, the ECB, began to slow its monthly bond purchase program in September, reducing new purchases to 15 billion euro per month from 30 billion euro per month, as well as forecasting an end to the program by the end of the year assuming the eurozone recovery continues to flourish. However, they have indicated a continuation of reinvestment in maturing securities and would likely not raise interest rates from current levels until summer 2019. The Bank of England increased interest rates by 0.25% during the quarter citing improvement in their near-term economic outlook and the Bank of Japan has changed its policy to allow flexibility for future tightening in the future.
- Much of the index performance detailed in the bar graphs on the previous page is visible on a time series basis by reviewing the line graphs to the right. The '1-Year Trailing Market Rates' chart illustrates that the 10-year Treasury yield (green line) rose steadily during the end of the 3rd quarter, ending the period at 3.05%. The blue line illustrates changes in the BAA OAS (Option Adjusted Spread). This measure quantifies the additional yield premium that investors require to purchase and hold non-Treasury issues. This line illustrates a steady increase in credit spreads through the first two quarters of 2018, followed by a smooth decline during the 3rd quarter. This decline is equivalent to an interest rate decrease on corporate bonds, which produces an additional tailwind for corporate bond index returns. These credit spreads have tightened by about 20 basis points over the last 3-months. The green band across the graph illustrates the gradual increase in the Federal Funds Rate (three increases in the last twelve months) due to the continued unwinding of accommodative US monetary policy.
- The lower graph provides a snapshot of the US Treasury yield curve at the end of each of the last four calendar quarters. As mentioned, the yield curve continues to flatten as yields on shorter-term maturities have risen more than interest rates on the long end of the curve. The upward momentum of interest rates as well as a general flattening of the yield curve are clearly visible over the last twelve months.

1-Year Trailing Market Rates

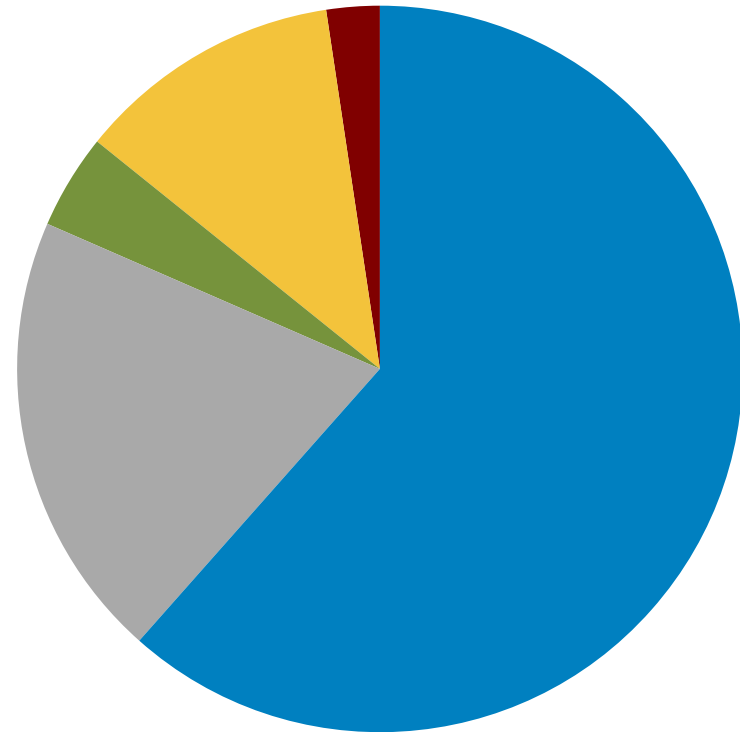
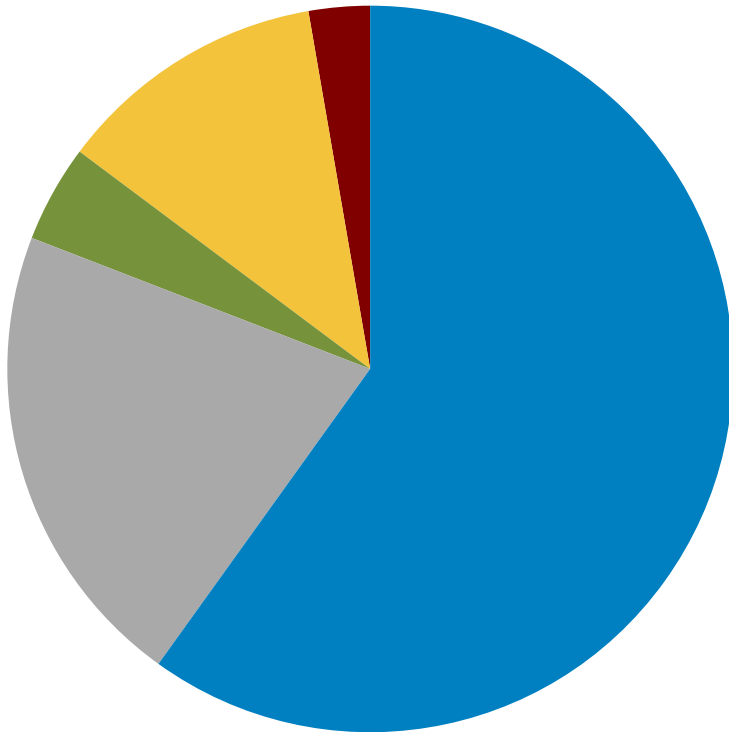


Treasury Yield Curve



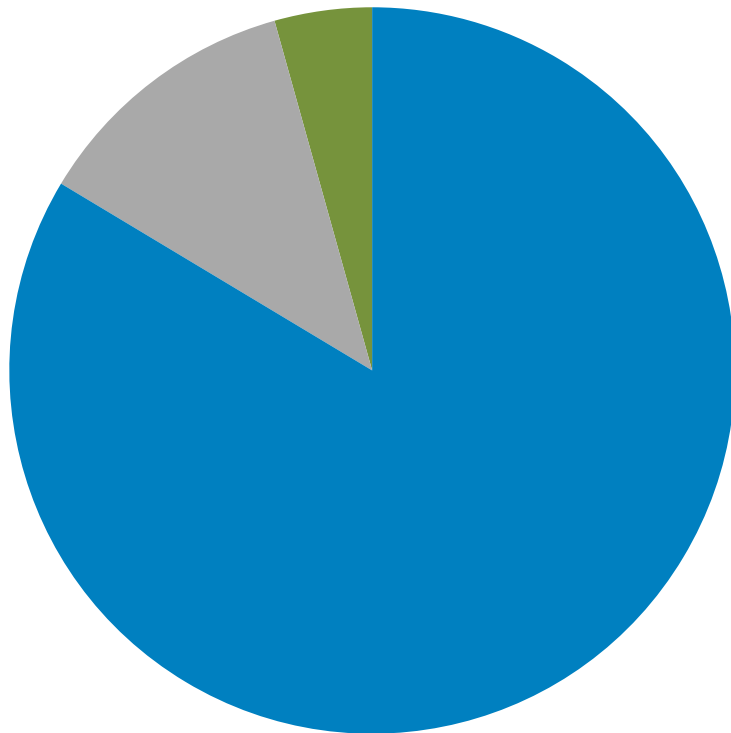
Asset Allocation By Segment as of
June 30, 2018 : \$55,273,229

Asset Allocation By Segment as of
September 30, 2018 : \$57,293,652

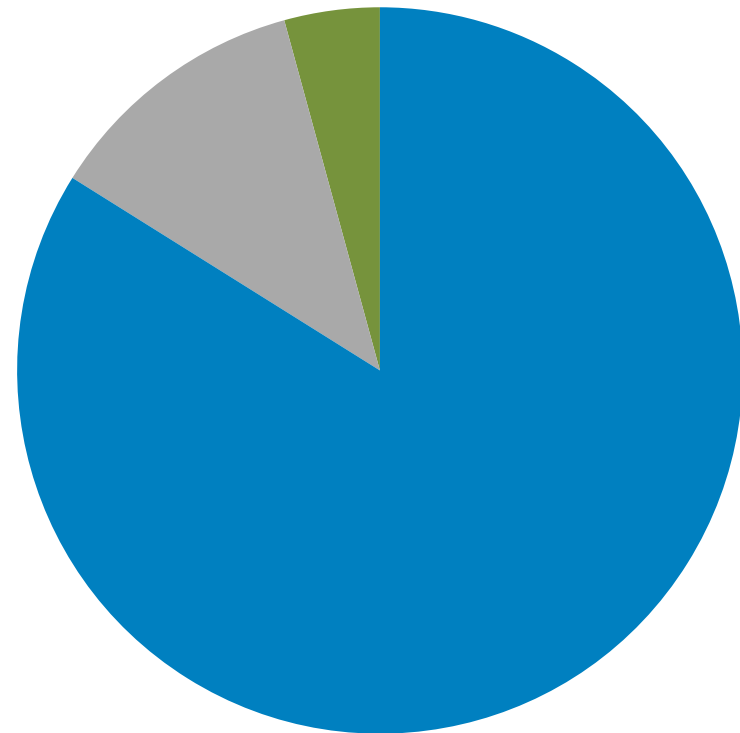


Allocation			Allocation		
Segments	Market Value	Allocation	Segments	Market Value	Allocation
Equity	33,117,151	59.9	Equity	35,260,748	61.5
Domestic Fixed Income	11,583,591	21.0	Domestic Fixed Income	11,458,629	20.0
Global Fixed Income	2,398,855	4.3	Global Fixed Income	2,422,587	4.2
Real Estate	6,665,395	12.1	Real Estate	6,792,782	11.9
Cash Equivalent	1,508,237	2.7	Cash Equivalent	1,358,906	2.4

Asset Allocation By Manager as of
June 30, 2018 : \$55,273,229



Asset Allocation By Manager as of
September 30, 2018 : \$57,293,652

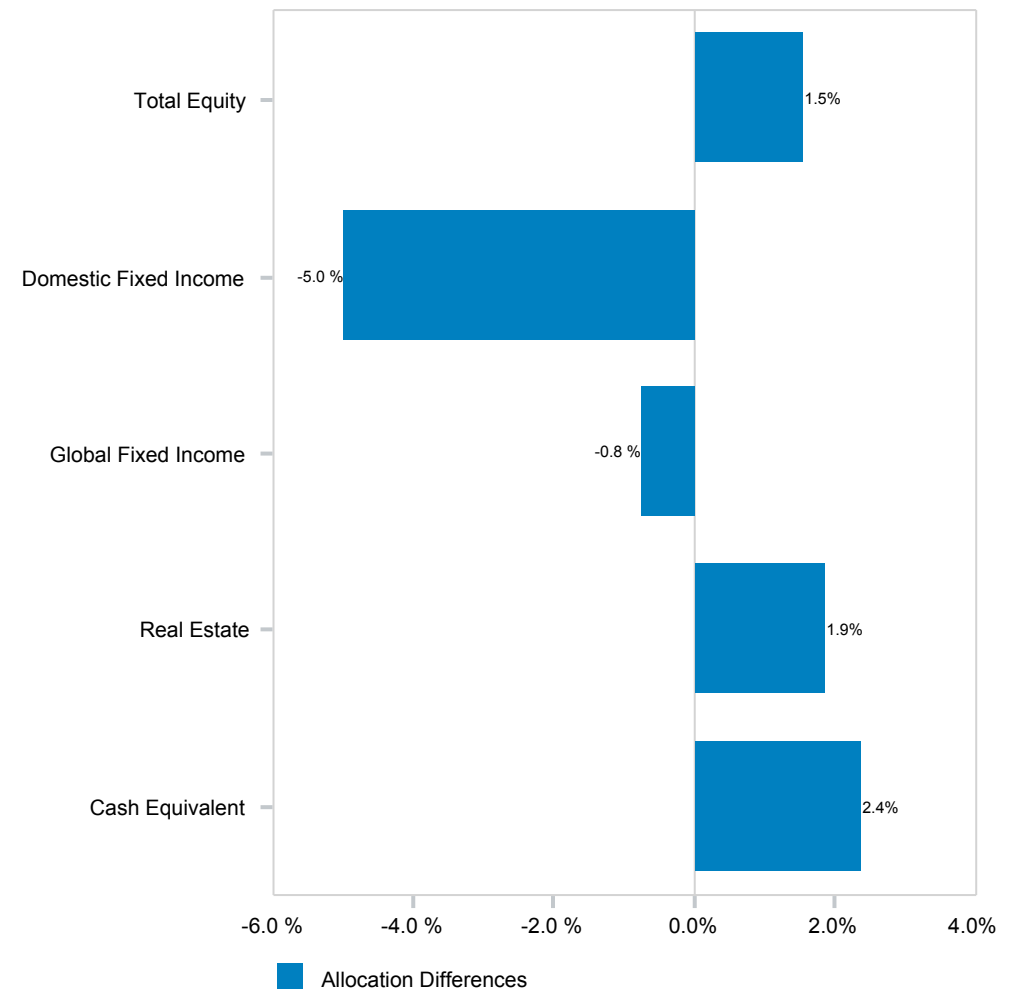
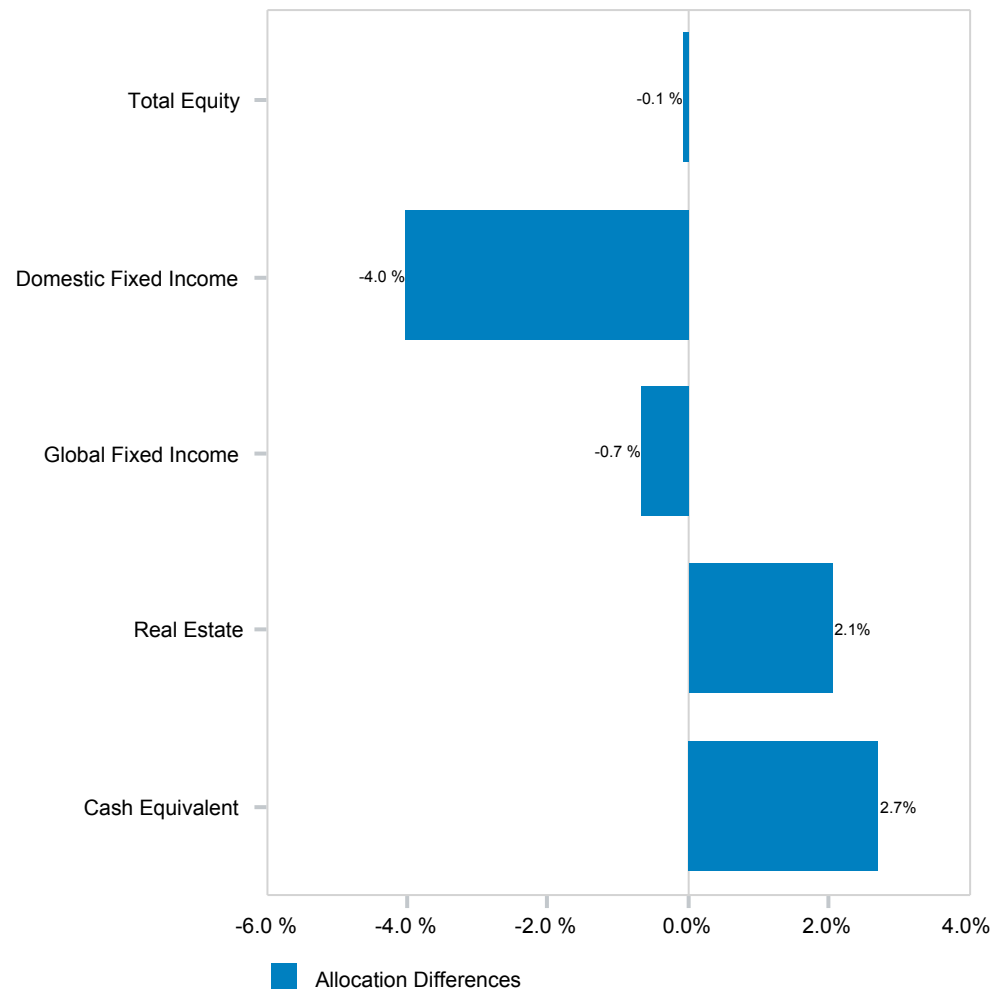


Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Highland Capital	46,208,979	83.6	Highland Capital	48,066,676	83.9
American Core Realty Fund	6,665,395	12.1	American Core Realty Fund	6,792,782	11.9
Templeton Global	2,398,855	4.3	Templeton Global	2,434,194	4.2

Asset Allocation vs. Target Allocation

Total Fund

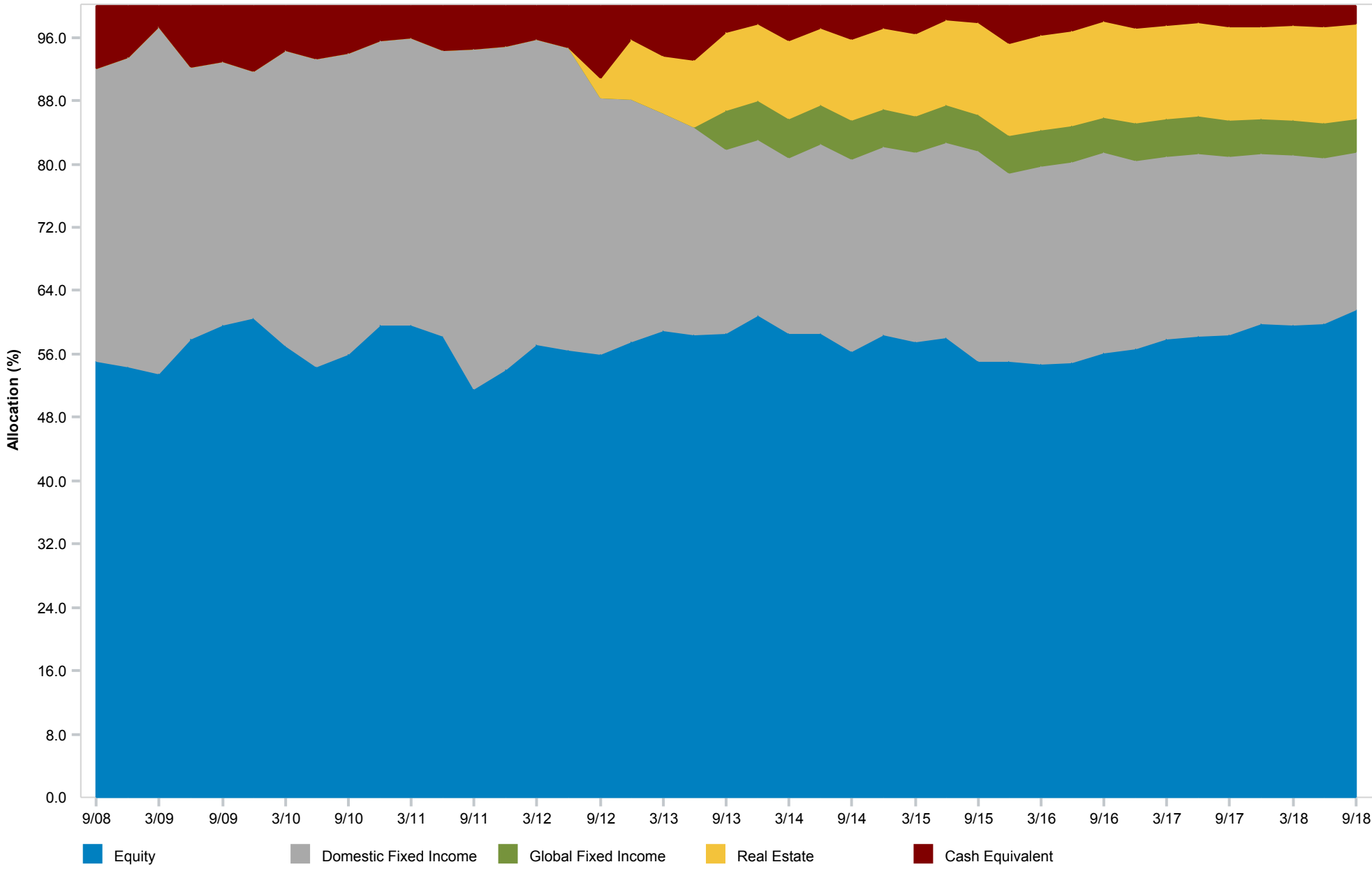
As of September 30, 2018



As of June 30, 2018				As of September 30, 2018			
	Market Value \$	Allocation (%)	Target (%)		Market Value \$	Allocation (%)	Target (%)
Total Equity	33,117,151	59.9	60.0	Total Equity	35,260,748	61.5	60.0
Domestic Fixed Income	11,583,591	21.0	25.0	Domestic Fixed Income	11,458,629	20.0	25.0
Global Fixed Income	2,398,855	4.3	5.0	Global Fixed Income	2,422,587	4.2	5.0
Real Estate	6,665,395	12.1	10.0	Real Estate	6,792,782	11.9	10.0
Cash Equivalent	1,508,237	2.7	0.0	Cash Equivalent	1,358,906	2.4	0.0
Total Fund	55,273,229	100.0	100.0	Total Fund	57,293,652	100.0	100.0



Historical Asset Allocation by Segment



Financial Reconciliation Quarter to Date

	Market Value 07/01/2018	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 09/30/2018
Highland Capital	46,208,979	-	540,819	-683,452	-91,744	-56,005	254,122	1,893,957	48,066,676
Templeton Global	2,398,855	-	-	-	-	-	43,894	-8,554	2,434,194
American Core Realty Fund	6,665,395	-	-	-	-18,733	-	61,735	84,384	6,792,782
Mutual Fund Cash	-	-	-	-	-	-	-	-	-
Total Fund	55,273,229	-	540,819	-683,452	-110,477	-56,005	359,751	1,969,787	57,293,652

Financial Reconciliation Fiscal Year to Date

	Market Value 10/01/2017	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 09/30/2018
Highland Capital	44,922,120	-	1,815,066	-3,166,218	-183,025	-204,132	1,024,583	3,858,281	48,066,676
Templeton Global	2,473,920	-	-	-	-	-	123,200	-162,926	2,434,194
American Core Realty Fund	6,330,038	-	-	-	-72,875	-	267,401	268,218	6,792,782
Mutual Fund Cash	-	-	-	-	-	-	-	-	-
Total Fund	53,726,079	-	1,815,066	-3,166,218	-255,900	-204,132	1,415,184	3,963,573	57,293,652

Comparative Performance Trailing Returns

	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Total Fund (Net)	4.03	9.71	9.71	9.89	8.10	6.94	01/01/1998
Total Fund Policy	3.44	8.58	8.58	10.55	8.49	6.65	
Total Fund (Gross)	4.24 (8)	10.22 (14)	10.22 (14)	10.43 (36)	8.62 (20)	7.35 (12)	01/01/1998
Total Fund Policy	3.44 (33)	8.58 (41)	8.58 (41)	10.55 (33)	8.49 (25)	6.65 (52)	
All Public Plans-Total Fund Median	3.12	8.15	8.15	10.00	7.83	6.66	
Highland Capital Equity (Gross)	6.39 (51)	16.31 (55)	16.31 (55)	15.30 (50)	11.75 (69)	8.74 (75)	01/01/1998
Total Equity Policy	5.54 (62)	13.62 (76)	13.62 (76)	15.45 (48)	11.45 (70)	6.90 (98)	
IM U.S. All Cap Core Equity (SA+CF) Median	6.52	16.62	16.62	15.29	12.78	9.04	
Highland Capital Fixed (Gross)	0.20 (44)	-1.07 (75)	-1.07 (75)	2.20 (23)	2.55 (55)	4.54 (99)	01/01/1998
Total Fixed Policy	0.02 (83)	-1.22 (90)	-1.22 (90)	1.31 (89)	2.14 (91)	4.77 (86)	
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	0.18	-0.74	-0.74	1.84	2.61	5.13	
Templeton Global	1.47 (5)	-1.61 (56)	-1.61 (56)	3.88 (14)	1.93 (33)	2.06 (27)	08/01/2013
FTSE World Government Bond Index	-1.62 (97)	-1.54 (56)	-1.54 (56)	1.68 (69)	0.20 (85)	0.49 (84)	
IM Global Fixed Income (MF) Median	-0.39	-1.19	-1.19	2.36	1.39	1.43	
American Core Realty Fund	2.19 (50)	8.50 (70)	8.50 (70)	8.35 (80)	10.28 (80)	10.61 (85)	07/01/2012
NCREIF Fund Index-Open End Diversified Core (EW)	2.08 (61)	8.82 (65)	8.82 (65)	9.08 (60)	10.84 (63)	11.13 (66)	
IM U.S. Open End Private Real Estate (SA+CF) Median	2.19	9.63	9.63	9.72	11.25	11.57	

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



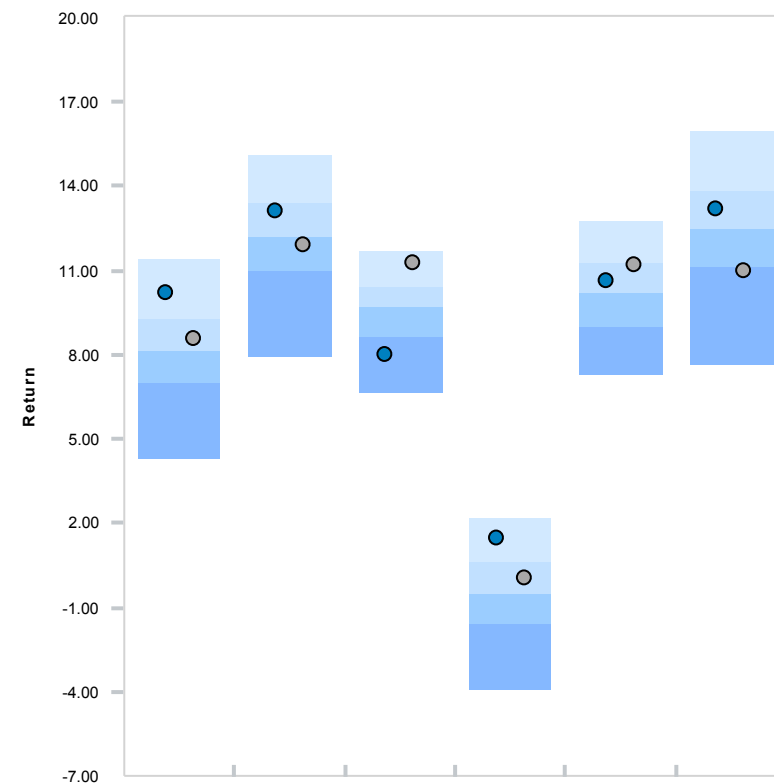
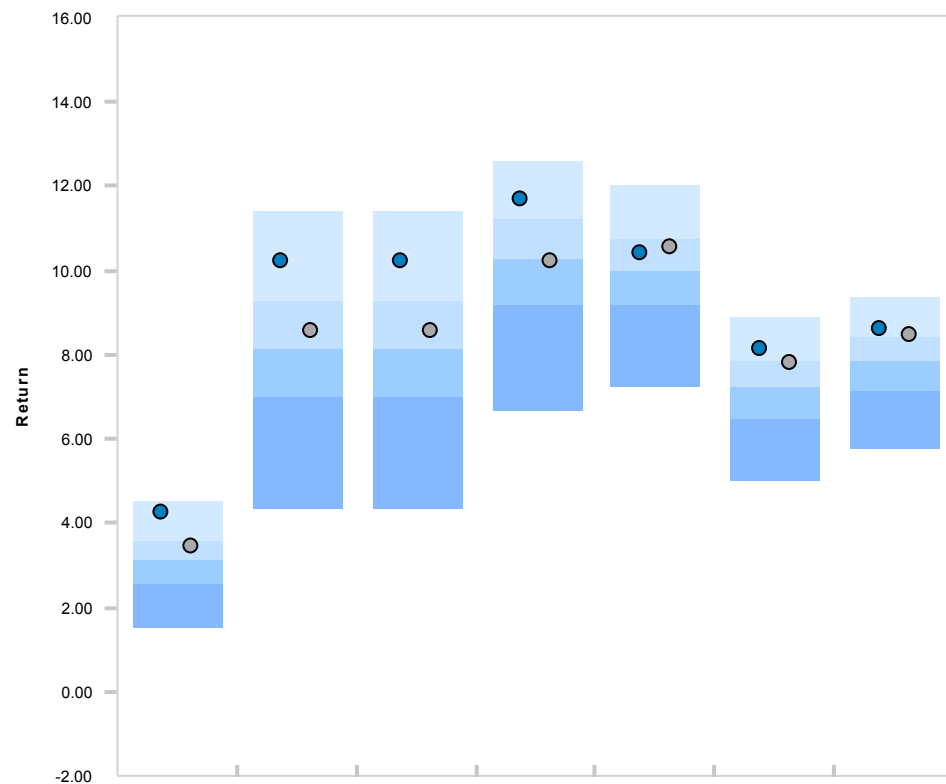
Comparative Performance Fiscal Year Returns

	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
Total Fund (Net)	12.52	7.49	1.11	10.06	12.76	14.76	-1.76	8.90
Total Fund Policy	11.87	11.23	0.03	11.18	10.98	18.44	2.01	9.17
Total Fund (Gross)	13.13 (31)	7.99 (85)	1.48 (13)	10.65 (40)	13.18 (38)	15.22 (86)	-1.21 (82)	9.23 (70)
Total Fund Policy	11.87 (57)	11.23 (9)	0.03 (38)	11.18 (28)	10.98 (77)	18.44 (38)	2.01 (16)	9.17 (71)
All Public Plans-Total Fund Median	12.20	9.66	-0.50	10.17	12.49	17.99	0.29	9.85
Highland Capital Equity (Gross)	20.57 (30)	9.30 (73)	-0.41 (51)	14.17 (72)	23.16 (62)	23.08 (80)	-6.76 (98)	10.14 (61)
Total Equity Policy	19.14 (48)	13.68 (37)	-3.37 (81)	15.61 (62)	20.14 (83)	27.76 (48)	-0.40 (64)	9.23 (75)
IM U.S. All Cap Core Equity (SA+CF) Median	18.78	11.70	-0.31	16.38	24.50	27.38	1.04	11.05
Highland Capital Fixed (Gross)	0.85 (39)	7.00 (11)	2.18 (88)	3.95 (81)	-2.75 (100)	7.18 (40)	5.29 (47)	8.31 (81)
Total Fixed Policy	0.07 (86)	5.19 (80)	2.94 (59)	3.85 (88)	-1.86 (89)	5.28 (87)	5.23 (53)	8.00 (90)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	0.63	5.67	3.02	4.52	-1.22	6.70	5.25	9.28
Templeton Global	13.17 (1)	0.68 (100)	-7.69 (93)	6.34 (11)	N/A	N/A	N/A	N/A
FTSE World Government Bond Index	-2.69 (94)	9.71 (20)	-3.83 (50)	-0.07 (96)	-4.60 (82)	3.29 (96)	4.61 (8)	4.99 (88)
IM Global Fixed Income (MF) Median	1.02	7.42	-3.85	3.37	-1.81	7.17	1.74	7.68
American Core Realty Fund	7.52 (67)	9.04 (97)	13.98 (69)	12.49 (64)	12.27 (70)	N/A	N/A	N/A
NCREIF Fund Index-Open End Diversified Core (EW)	7.81 (60)	10.62 (69)	14.71 (62)	12.39 (68)	12.47 (67)	11.77 (66)	18.03 (44)	6.14 (55)
IM U.S. Open End Private Real Estate (SA+CF) Median	8.29	11.32	15.45	12.78	13.18	12.90	16.96	6.43

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



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

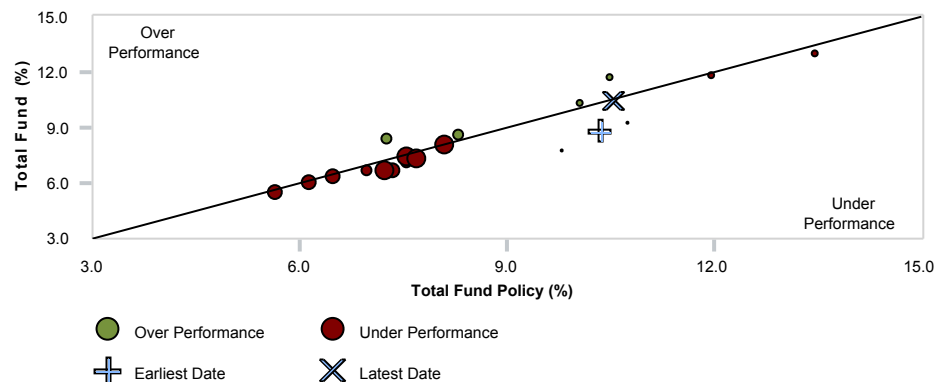


Comparative Performance

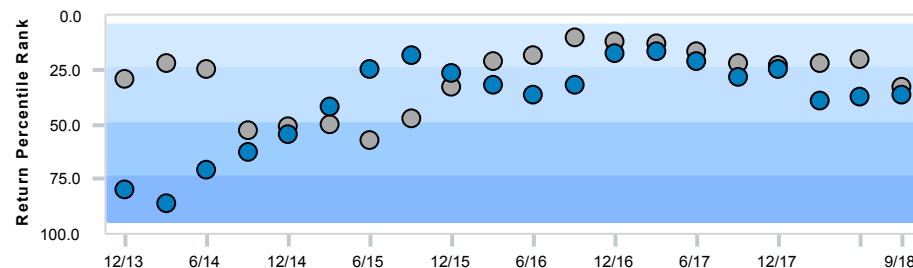
	1 Qtr Ending Jun-2018	1 Qtr Ending Mar-2018	1 Qtr Ending Dec-2017	1 Qtr Ending Sep-2017	1 Qtr Ending Jun-2017	1 Qtr Ending Mar-2017
Total Fund	1.98 (23)	-0.62 (75)	4.34 (13)	3.70 (29)	2.22 (89)	4.15 (67)
Total Fund Policy	1.39 (52)	-0.41 (61)	3.96 (35)	3.48 (46)	2.93 (54)	4.24 (62)
All Public Plans-Total Fund Median	1.42	-0.28	3.74	3.44	2.97	4.39



3 Yr Rolling Under/Over Performance - 5 Years

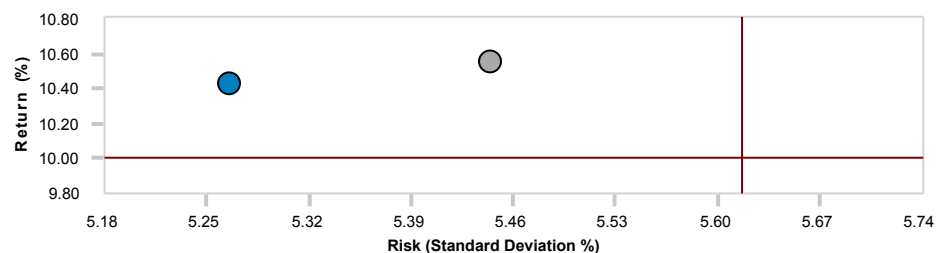


3 Yr Rolling Percentile Ranking - 5 Years



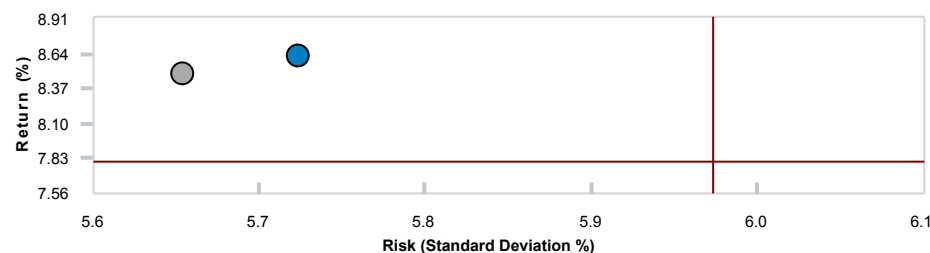
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Total Fund	20	6 (30%)	9 (45%)	3 (15%)	2 (10%)
Total Fund Policy	20	12 (60%)	5 (25%)	3 (15%)	0 (0%)

Peer Group Scattergram - 3 Years



	Return	Standard Deviation
Total Fund	10.43	5.27
Total Fund Policy	10.55	5.45
Median	10.00	5.62

Peer Group Scattergram - 5 Years



	Return	Standard Deviation
Total Fund	8.62	5.72
Total Fund Policy	8.49	5.65
Median	7.80	5.97

Historical Statistics - 3 Years

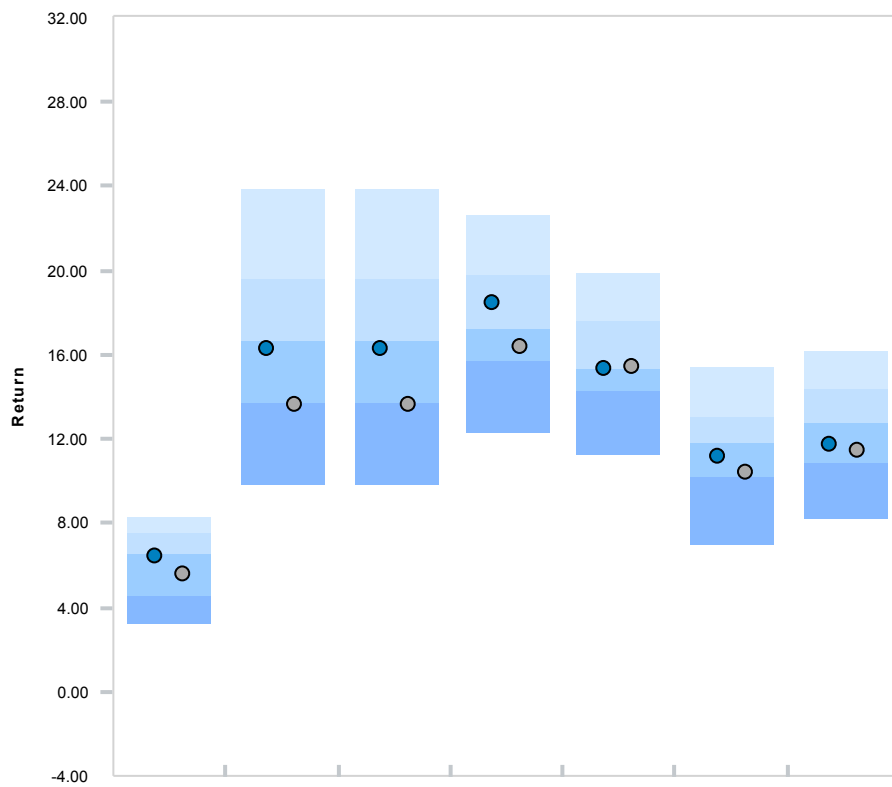
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fund	1.25	97.99	95.28	0.48	-0.10	1.77	0.94	2.60
Total Fund Policy	0.00	100.00	100.00	0.00	N/A	1.73	1.00	2.62

Historical Statistics - 5 Years

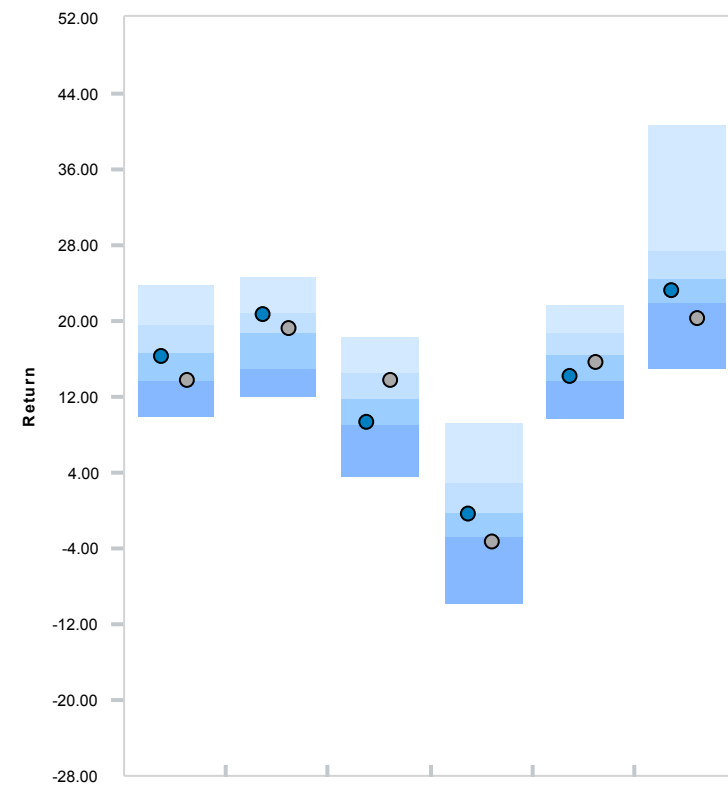
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fund	1.36	100.33	97.94	0.27	0.10	1.40	0.98	3.21
Total Fund Policy	0.00	100.00	100.00	0.00	N/A	1.39	1.00	3.04



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



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Highland Capital Equity	6.39 (51)	16.31 (55)	16.31 (55)	18.42 (36)	15.30 (50)	11.15 (62)	11.75 (69)
● Total Equity Policy	5.54 (62)	13.62 (76)	13.62 (76)	16.35 (65)	15.45 (48)	10.43 (72)	11.45 (70)
Median	6.52	16.62	16.62	17.23	15.29	11.79	12.78



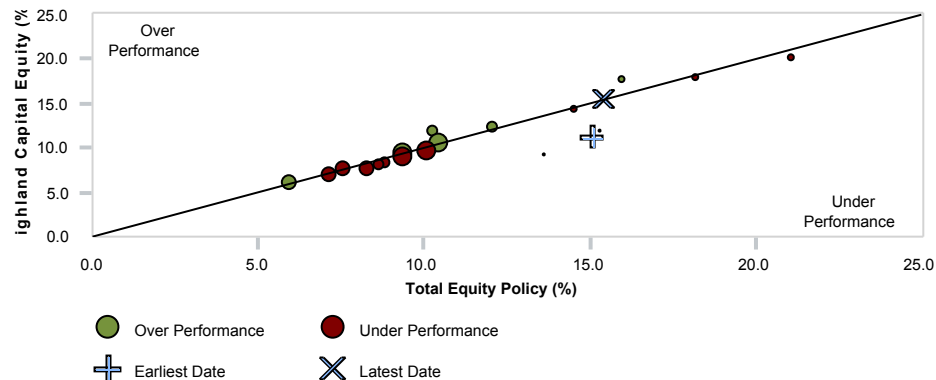
	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013
● Highland Capital Equity	16.31 (55)	20.57 (30)	9.30 (73)	-0.41 (51)	14.17 (72)	23.16 (62)
● Total Equity Policy	13.62 (76)	19.14 (48)	13.68 (37)	-3.37 (81)	15.61 (62)	20.14 (83)
Median	16.62	18.78	11.70	-0.31	16.38	24.50

Comparative Performance

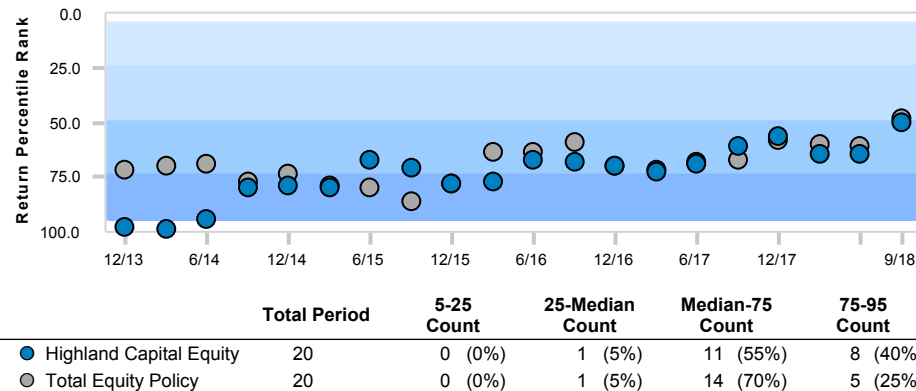
	1 Qtr Ending Jun-2018	1 Qtr Ending Mar-2018	1 Qtr Ending Dec-2017	1 Qtr Ending Sep-2017	1 Qtr Ending Jun-2017	1 Qtr Ending Mar-2017
Highland Capital Equity	3.22 (63)	-1.02 (71)	7.01 (29)	5.50 (19)	2.85 (56)	6.03 (30)
Total Equity Policy	2.31 (70)	-0.75 (65)	6.02 (60)	4.99 (34)	3.76 (30)	6.31 (27)
IM U.S. All Cap Core Equity (SA+CF) Median	3.70	-0.17	6.40	4.46	3.03	5.45



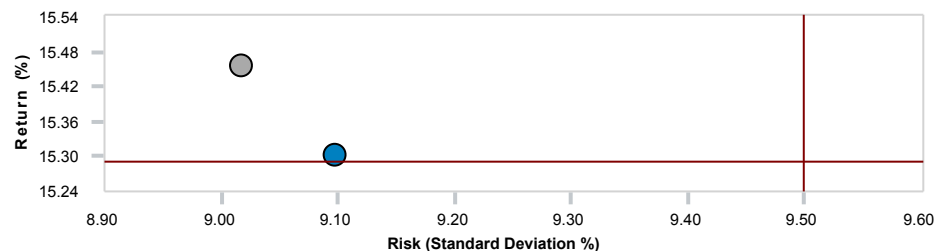
3 Yr Rolling Under/Over Performance - 5 Years



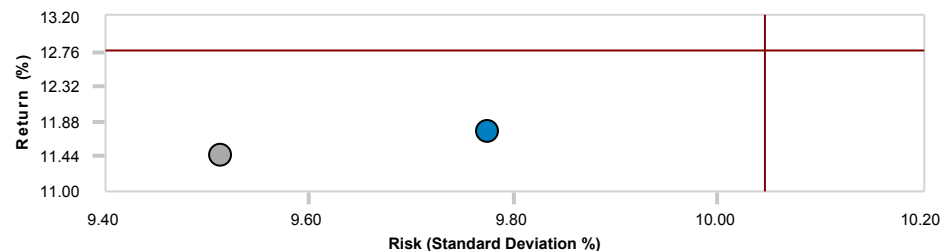
3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



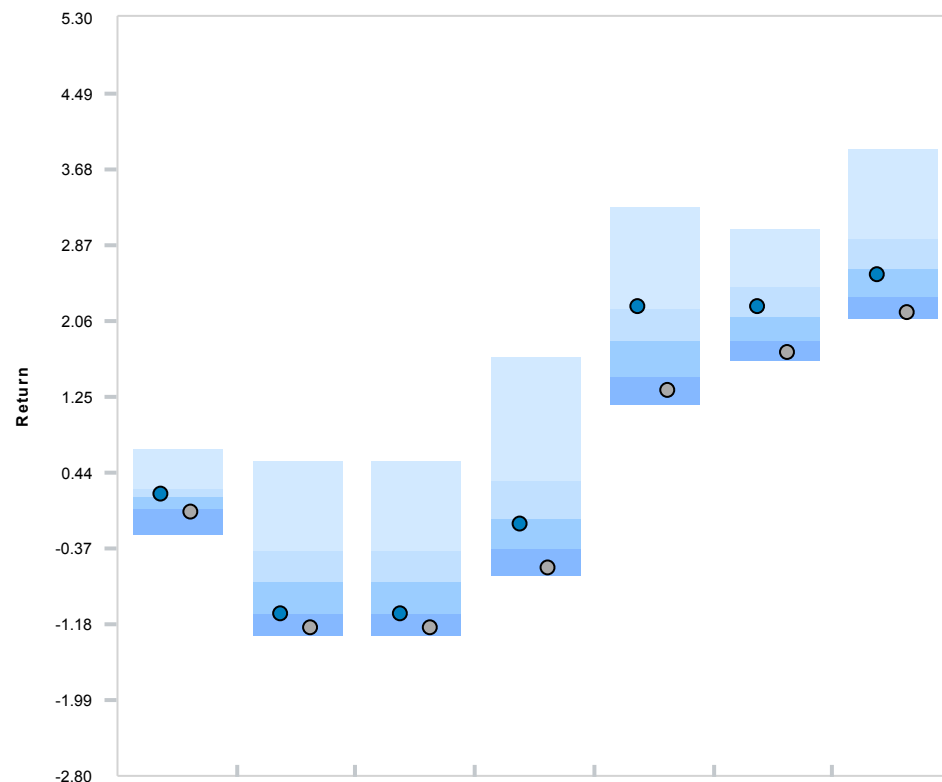
Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland Capital Equity	1.68	102.11	110.17	0.00	-0.08	1.53	0.99	4.70
Total Equity Policy	0.00	100.00	100.00	0.00	N/A	1.56	1.00	4.56

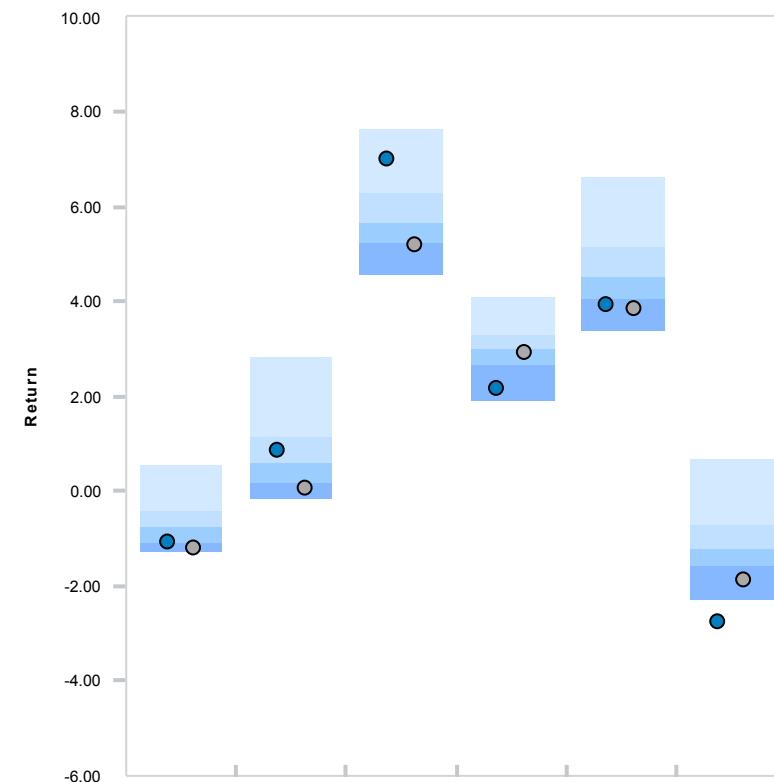
Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland Capital Equity	1.95	102.68	102.67	0.23	0.16	1.14	1.01	5.65
Total Equity Policy	0.00	100.00	100.00	0.00	N/A	1.14	1.00	5.45

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



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Highland Fixed	0.20 (44)	-1.07 (75)	-1.07 (75)	-0.11 (54)	2.20 (23)	2.20 (41)	2.55 (55)
● Total Fixed Policy	0.02 (83)	-1.22 (90)	-1.22 (90)	-0.57 (92)	1.31 (89)	1.72 (90)	2.14 (91)
Median	0.18	-0.74	-0.74	-0.06	1.84	2.10	2.61



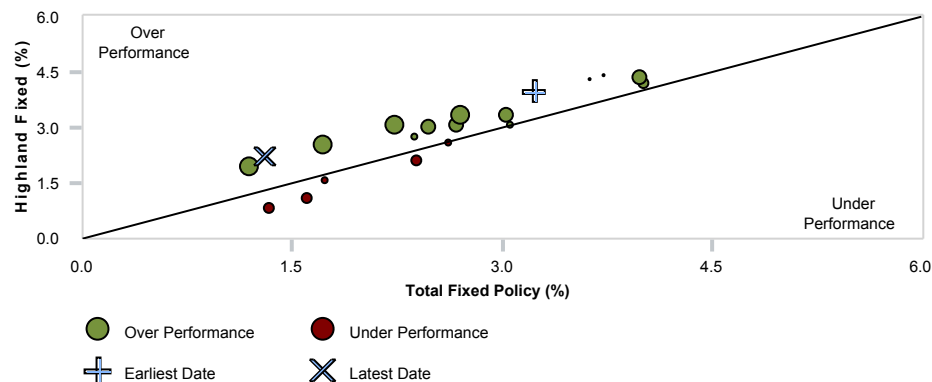
	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013
● Highland Fixed	-1.07 (75)	0.85 (39)	7.00 (11)	2.18 (88)	3.95 (81)	-2.75 (100)
● Total Fixed Policy	-1.22 (90)	0.07 (86)	5.19 (80)	2.94 (59)	3.85 (88)	-1.86 (89)
Median	-0.74	0.63	5.67	3.02	4.52	-1.22

Comparative Performance

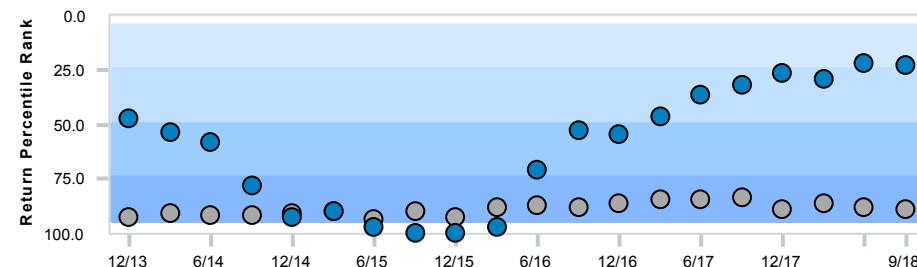
	1 Qtr Ending Jun-2018	1 Qtr Ending Mar-2018	1 Qtr Ending Dec-2017	1 Qtr Ending Sep-2017	1 Qtr Ending Jun-2017	1 Qtr Ending Mar-2017
Highland Fixed	-0.38 (97)	-1.45 (66)	0.57 (35)	0.98 (37)	1.78 (14)	1.00 (44)
Total Fixed Policy	-0.16 (74)	-1.46 (68)	0.39 (80)	0.85 (77)	1.45 (76)	0.82 (78)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	-0.09	-1.37	0.51	0.93	1.54	0.94



3 Yr Rolling Under/Over Performance - 5 Years

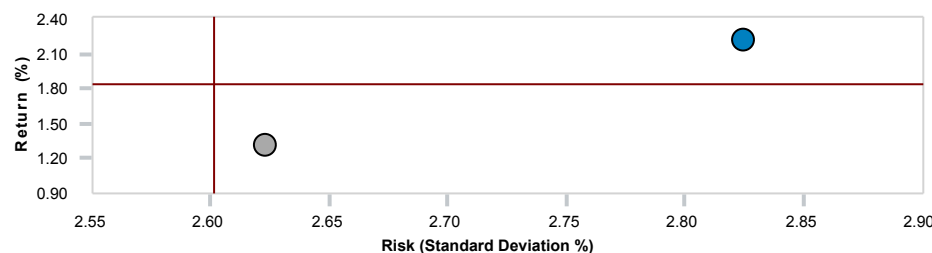


3 Yr Rolling Percentile Ranking - 5 Years



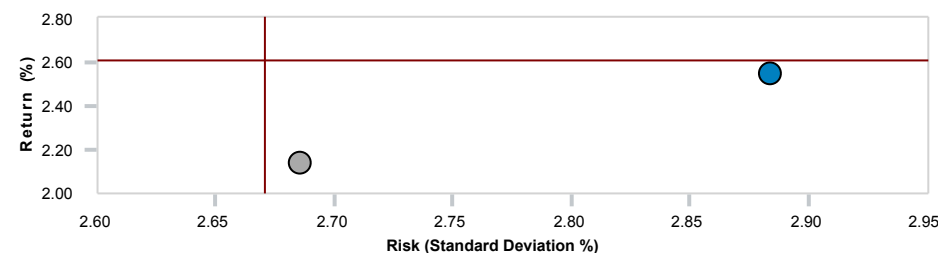
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Highland Fixed	20	2 (10%)	6 (30%)	5 (25%)	7 (35%)
Total Fixed Policy	20	0 (0%)	0 (0%)	0 (0%)	20 (100%)

Peer Group Scattergram - 3 Years



	Return	Standard Deviation
Highland Fixed	2.20	2.83
Total Fixed Policy	1.31	2.62
Median	1.84	2.60

Peer Group Scattergram - 5 Years



	Return	Standard Deviation
Highland Fixed	2.55	2.88
Total Fixed Policy	2.14	2.69
Median	2.61	2.67

Historical Statistics - 3 Years

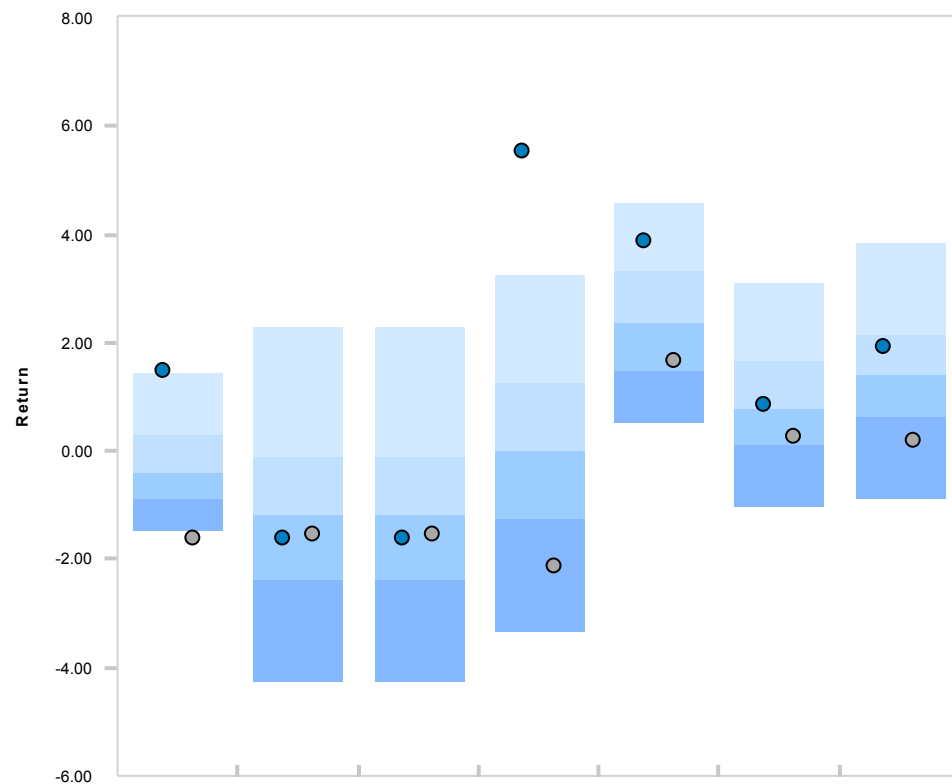
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland Fixed	0.81	121.16	99.33	0.84	1.09	0.50	1.03	1.81
Total Fixed Policy	0.00	100.00	100.00	0.00	N/A	0.20	1.00	1.81

Historical Statistics - 5 Years

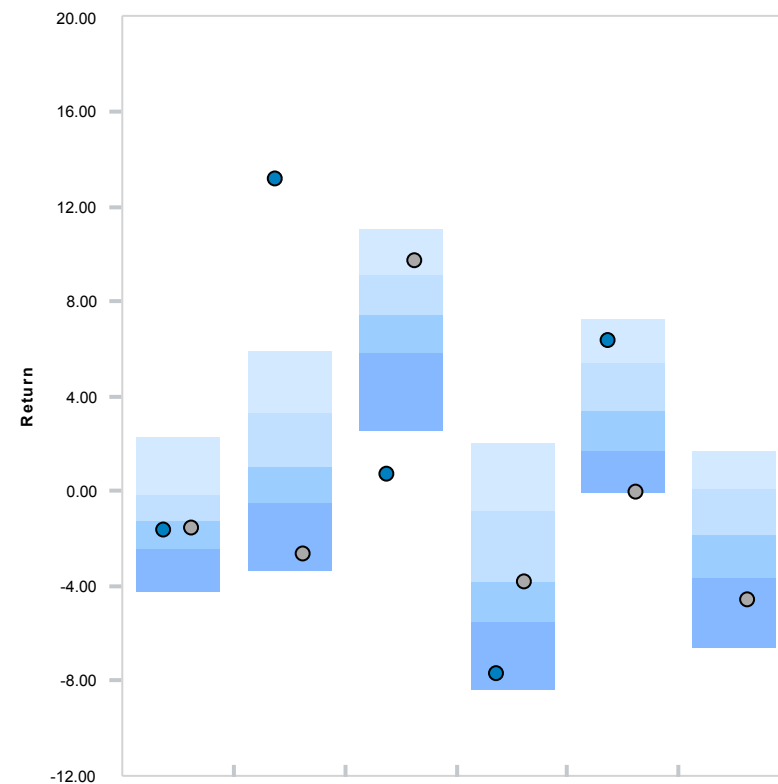
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland Fixed	0.87	111.30	105.16	0.35	0.47	0.71	1.02	1.71
Total Fixed Policy	0.00	100.00	100.00	0.00	N/A	0.61	1.00	1.63



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



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Templeton GB	1.47 (5)	-1.61 (56)	-1.61 (56)	5.52 (1)	3.88 (14)	0.86 (48)	1.93 (33)
● FTSE W/G Bond	-1.62 (97)	-1.54 (56)	-1.54 (56)	-2.11 (91)	1.68 (69)	0.27 (72)	0.20 (85)
Median	-0.39	-1.19	-1.19	0.00	2.36	0.78	1.39

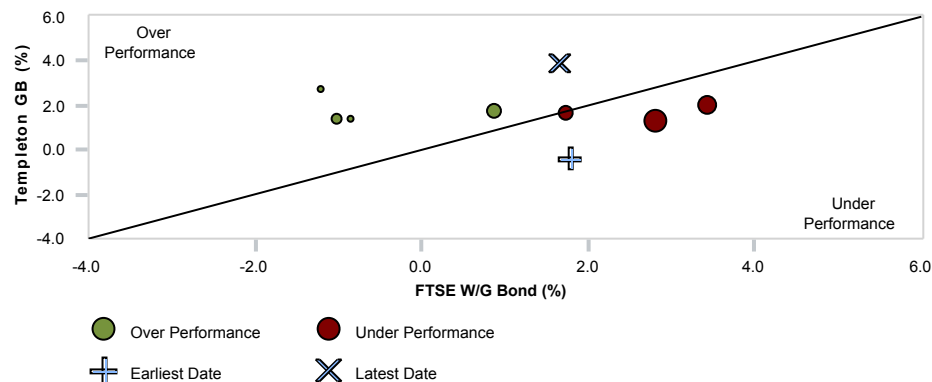


	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013
● Templeton GB	-1.61 (56)	13.17 (1)	0.68 (100)	-7.69 (93)	6.34 (11)	N/A
● FTSE W/G Bond	-1.54 (56)	-2.69 (94)	9.71 (20)	-3.83 (50)	-0.07 (96)	-4.60 (82)
Median	-1.19	1.02	7.42	-3.85	3.37	-1.81

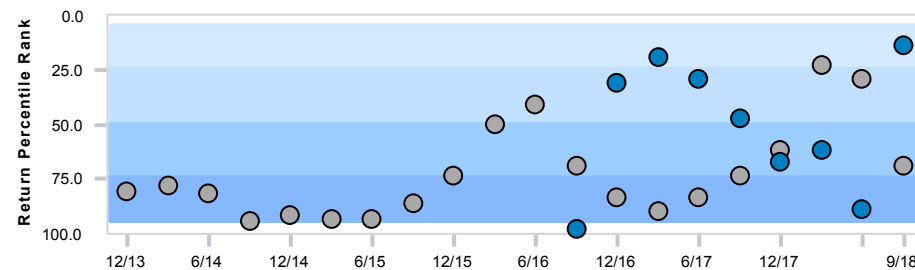
Comparative Performance

	1 Qtr Ending Jun-2018	1 Qtr Ending Mar-2018	1 Qtr Ending Dec-2017	1 Qtr Ending Sep-2017	1 Qtr Ending Jun-2017	1 Qtr Ending Mar-2017
Templeton GB	-2.57 (52)	1.36 (31)	-1.81 (100)	1.19 (71)	-1.30 (100)	4.65 (5)
FTSE W/G Bond	-3.35 (65)	2.50 (5)	1.04 (19)	1.81 (29)	2.89 (21)	1.55 (67)
IM Global Fixed Income (MF) Median	-2.23	0.76	0.66	1.58	2.30	2.07

3 Yr Rolling Under/Over Performance - 5 Years

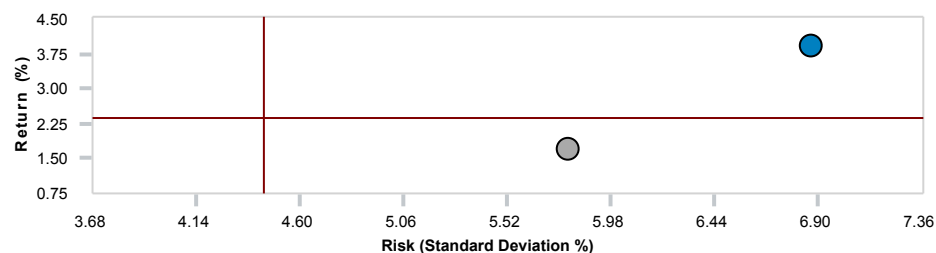


3 Yr Rolling Percentile Ranking - 5 Years



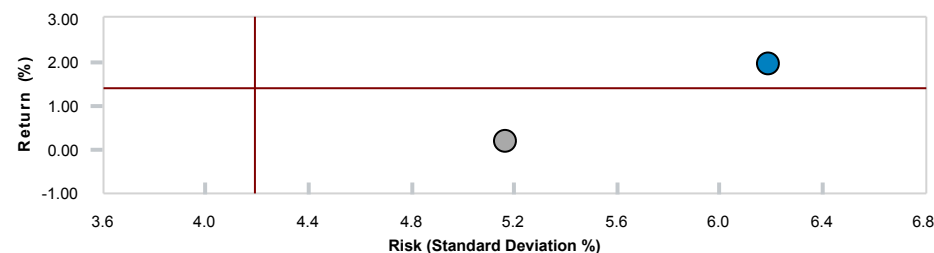
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Templeton GB	9	2 (22%)	3 (33%)	2 (22%)	2 (22%)
FTSE W/G Bond	20	1 (5%)	3 (15%)	5 (25%)	11 (55%)

Peer Group Scattergram - 3 Years



	Return	Standard Deviation
Templeton GB	3.88	6.87
FTSE W/G Bond	1.68	5.79
Median	2.36	4.44

Peer Group Scattergram - 5 Years



	Return	Standard Deviation
Templeton GB	1.93	6.20
FTSE W/G Bond	0.20	5.17
Median	1.39	4.19

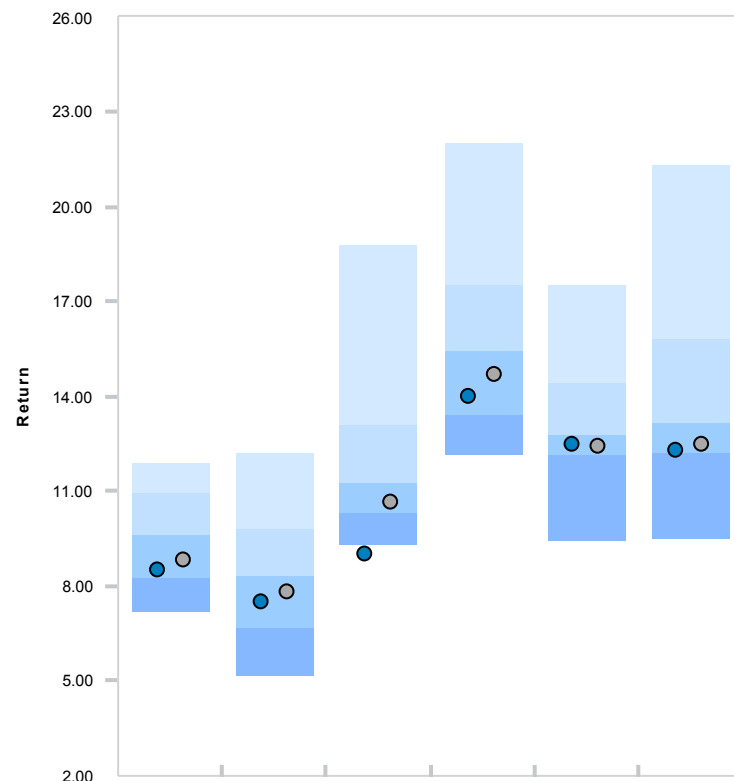
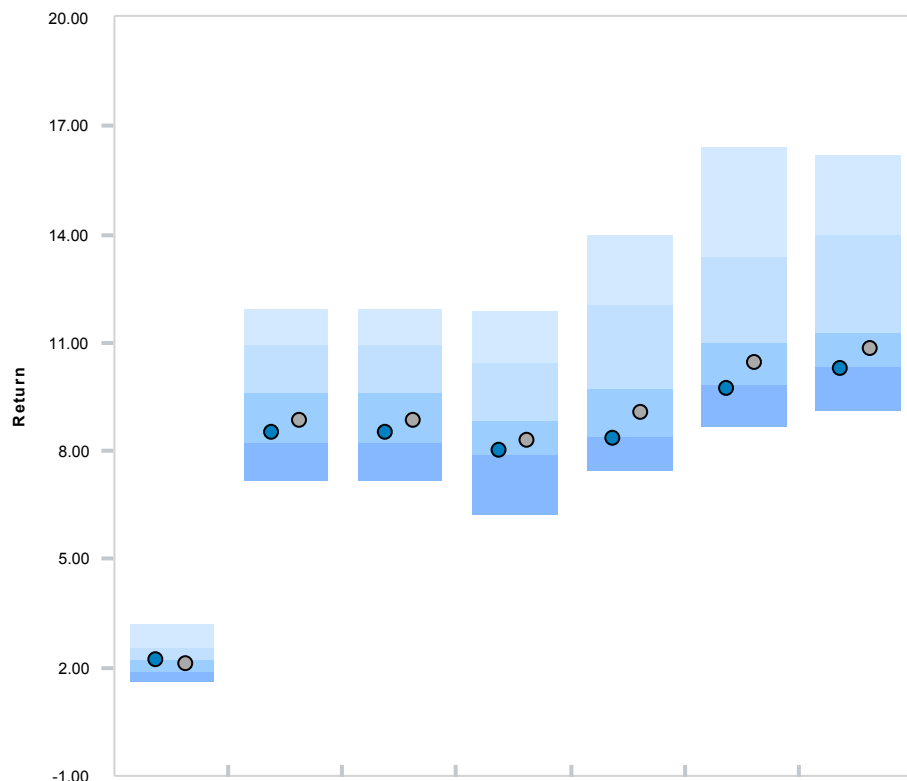
Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Templeton GB	9.95	-5.37	-65.15	4.64	0.22	0.47	-0.27	4.02
FTSE W/G Bond	0.00	100.00	100.00	0.00	N/A	0.18	1.00	4.07

Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Templeton GB	8.62	-5.84	-37.26	2.19	0.21	0.26	-0.17	3.95
FTSE W/G Bond	0.00	100.00	100.00	0.00	N/A	-0.03	1.00	3.81

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

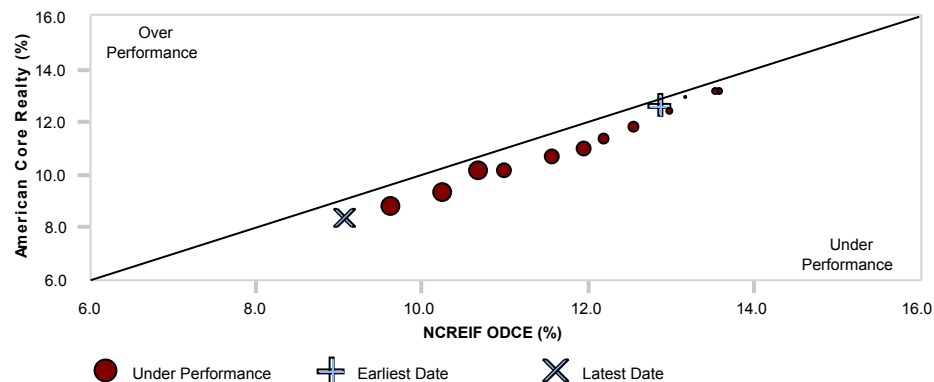


Comparative Performance

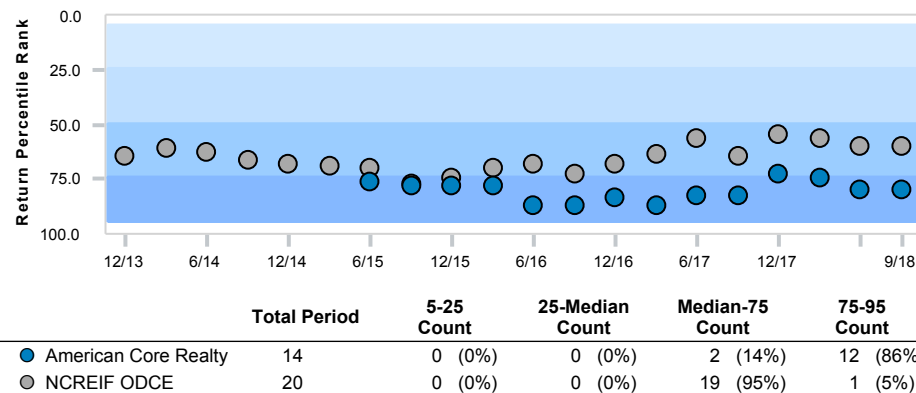
	1 Qtr Ending Jun-2018	1 Qtr Ending Mar-2018	1 Qtr Ending Dec-2017	1 Qtr Ending Sep-2017	1 Qtr Ending Jun-2017	1 Qtr Ending Mar-2017
American Core Realty	2.09 (68)	2.23 (47)	1.73 (90)	1.88 (44)	1.97 (40)	2.27 (30)
NCREIF ODCE	2.13 (64)	2.17 (57)	2.15 (59)	1.89 (44)	1.71 (69)	1.83 (53)
IM U.S. Open End Private Real Estate (SA+CF) Median	2.25	2.22	2.26	1.75	1.91	1.91



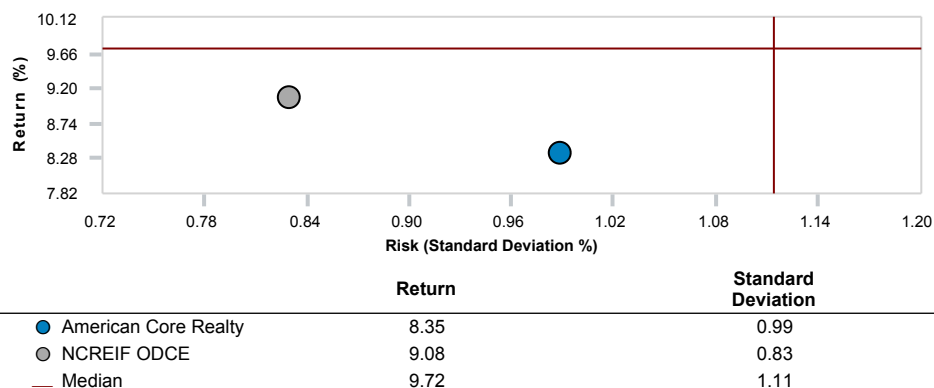
3 Yr Rolling Under/Over Performance - 5 Years



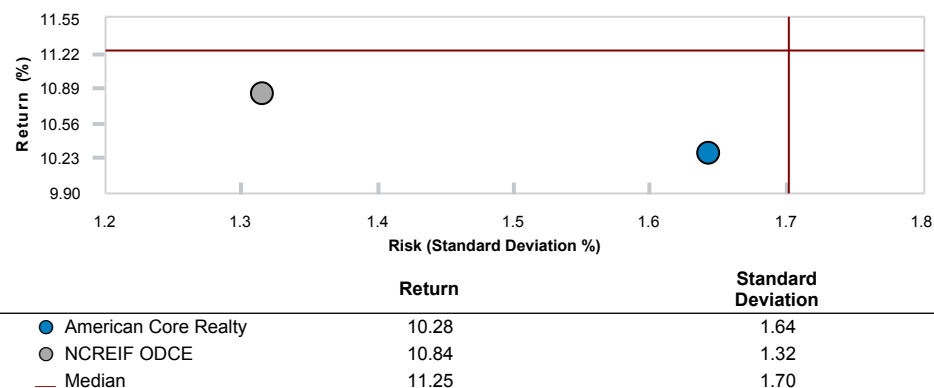
3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
American Core Realty	0.90	92.25	N/A	0.11	-0.75	2.13	0.91	0.00
NCREIF ODCE	0.00	100.00	N/A	0.00	N/A	2.18	1.00	0.00

Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
American Core Realty	1.09	95.04	N/A	0.00	-0.48	2.15	0.95	0.00
NCREIF ODCE	0.00	100.00	N/A	0.00	N/A	2.23	1.00	0.00



Total Fund Compliance		YES	NO									
The total plan gross return equaled or exceeded the total plan benchmark over the trailing three year period.			X									
The total plan gross return equaled or exceeded the total plan benchmark over the trailing five year period.		X										
The total plan gross return ranked within the top 40th percentile of its peer group over the trailing three year period.		X										
The total plan gross return ranked within the top 40th percentile of its peer group over the trailing five year period.		X										
The total plan gross return equaled or exceeded the 7.5% actuarial earnings assumption over the trailing three year period.		X										
The total plan gross return equaled or exceeded the 7.5% actuarial earnings assumption over the trailing five year period.		X										
Equity Compliance		YES	NO									
The total equity returns meet or exceed the benchmark over the trailing three year period.			X									
The total equity returns meet or exceed the benchmark over the trailing five year period.		X										
The total equity returns ranked within the top 40th percentile of its peer group over the trailing three year period.			X									
The total equity returns ranked within the top 40th percentile of its peer group over the trailing five year period.			X									
The total equity allocation was less than 70% of the total plan assets at market.		X										
The total foreign equity was less than 25% of the total plan assets at market.		X										
Fixed Income Compliance		YES	NO									
The total domestic fixed income returns meet or exceed the benchmark over the trailing three year period.		X										
The total domestic fixed income returns meet or exceed the benchmark over the trailing five year period.		X										
The total domestic fixed income returns ranked within the top 40th percentile of its peer group over the trailing three year period.		X										
The total domestic fixed income returns ranked within the top 40th percentile of its peer group over the trailing five year period.			X									
The average weight of the fixed income portfolio was "AA" or better.		X										
Manager Compliance	Highland - Equity			Highland - Fixed			Templeton Global			American Realty		
	YES	NO	N/A	YES	NO	N/A	YES	NO	N/A	YES	NO	N/A
		X		X			X				X	
		X			X		X				X	
	X			X			X			X		
	X			X			X					X

Structure	Annual Fee %*	9/30/18 Market Value	Annual Fee \$	Notes
Equity				
Highland Capital (Total Equity)	0.40%	\$35,260,748	\$141,043	0.40% on all assets. See Investment Management Contract for full detail.
Fixed Income				
Highland Capital (Core Fixed)	0.40%	\$11,458,629	\$45,835	0.40% on all assets. See Investment Management Contract for full detail.
Global Fixed Income				
Templeton Global Bond (Intl. Fixed)	0.56%	\$2,422,587	\$13,566	0.52% expense ratio on all assets. See Mutual Fund Prospectus for full detail.
Real Estate				
American Realty Advisors	1.10%	\$6,792,782	\$74,721	1.10% annually on all assets. See Subscription Agreement for full detail.
Cash Equivalent				
R&D Account (Money Market)	0.00%	\$1,358,906	\$0	
Total Investment Management Fees	0.48%	\$57,293,652	\$275,165	
Consulting				
AndCo	0.06%	\$57,293,652	\$35,500	\$35,500 hard dollar fee. See AndCo Consulting Contract for full detail.
Custodial Fees				
Salem Trust	0.04%	\$50,500,870	\$18,180	0.036% on all custody assets. See Custody Agreement for full detail.
Total Investment Management, Custodial and Consulting Fees	0.57%	\$57,293,652	\$328,845	

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

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

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

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



AndCo compiled this report for the sole use of the client for which it was prepared. AndCo is responsible for evaluating the performance results of the Total Fund along with the investment advisors by comparing their performance with indices and other related peer universe data that is deemed appropriate. AndCo uses the results from this evaluation to make observations and recommendations to the client.

AndCo uses time-weighted calculations which are founded on standards recommended by the CFA Institute. The calculations and values shown are based on information that is received from custodians. AndCo analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides AndCo with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides AndCo with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause AndCo to believe that the information presented is significantly misstated.

This performance report is based on data obtained by the client's custodian(s), investment fund administrator, or other sources believed to be reliable. While these sources are believed to be reliable, the data providers are responsible for the accuracy and completeness of their statements. Clients are encouraged to compare the records of their custodian(s) to ensure this report fairly and accurately reflects their various asset positions.

The strategies listed may not be suitable for all investors. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. Past performance is not an indication of future performance. Any information contained in this report is for informational purposes only and should not be construed to be an offer to buy or sell any securities, investment consulting, or investment management services.

Additional information included in this document may contain data provided by from index databases, public economic sources and the managers themselves.

This document may contain data provided by Bloomberg Barclays. Bloomberg Barclays Index data provided by way of Barclays Live.

This document may contain data provided by Standard and Poor's. Nothing contained within any document, advertisement or presentation from S&P Indices constitutes an offer of services in jurisdictions where S&P Indices does not have the necessary licenses. All information provided by S&P Indices is impersonal and is not tailored to the needs of any person, entity or group of persons. Any returns or performance provided within any document is provided for illustrative purposes only and does not demonstrate actual performance. Past performance is not a guarantee of future investment results.

This document may contain data provided by MSCI, Inc. Copyright MSCI, 2017. Unpublished. All Rights Reserved. This information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used to create any financial instruments or products or any indices. This information is provided on an "as is" basis and the user of this information assumes the entire risk of any use it may make or permit to be made of this information. Neither MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information makes any express or implied warranties or representations with respect to such information or the results to be obtained by the use thereof, and MSCI, its affiliates and each such other person hereby expressly disclaim all warranties (including, without limitation, all warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information have any liability for any direct, indirect, special, incidental, punitive, consequential or any other damages (including, without limitation, lost profits) even if notified of, or if it might otherwise have anticipated, the possibility of such damages.

This document may contain data provided by Russell Investment Group. Russell Investment Group is the source owner of the data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a user presentation of the data. Russell Investment Group is not responsible for the formatting or configuration of this material or for any inaccuracy in presentation thereof.

This document may contain data provided by Morningstar. All rights reserved. Use of this content requires expert knowledge. It is to be used by specialist institutions only. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied, adapted or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction. Past financial performance is not guarantee of future results.



Putting clients first.



CHICAGO | CLEVELAND | DALLAS | DETROIT | ORLANDO | PITTSBURGH | RENO | TULSA

AndCo Consulting | (844) 44-ANDCO | *AndCoConsulting.com*