

## Investment Performance



**September 30, 2017**

by



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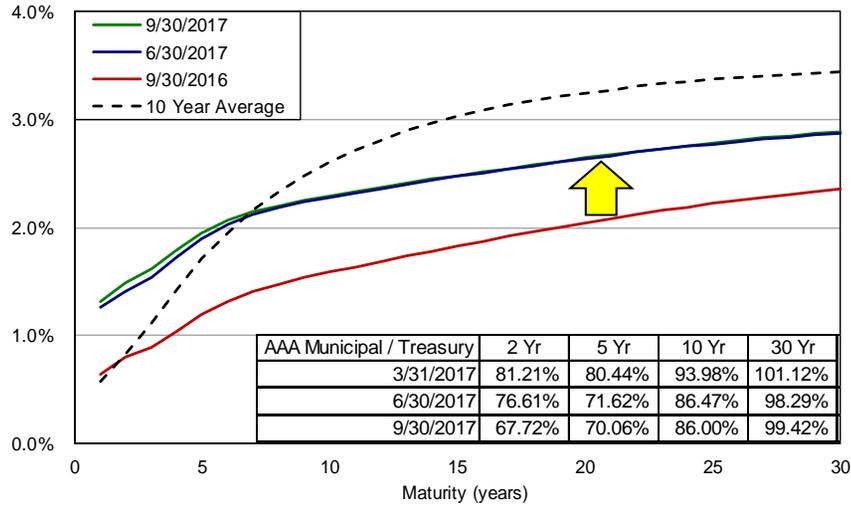
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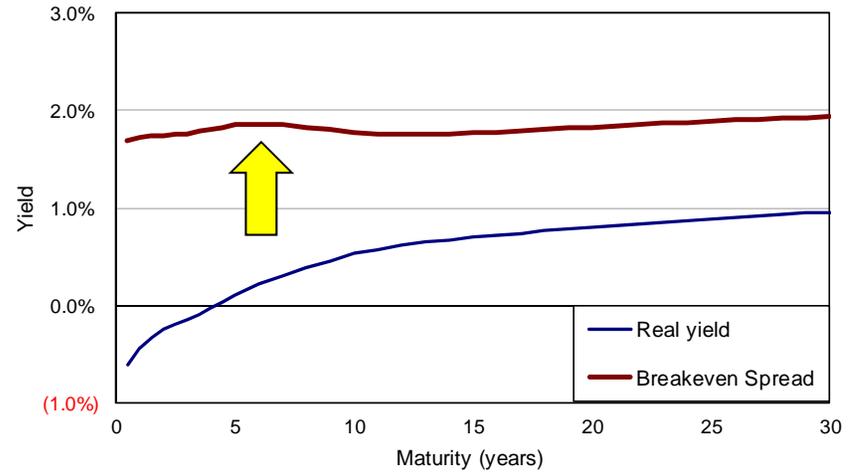


# CAPITAL MARKETS SUMMARY 3<sup>rd</sup> QUARTER 2017

## U.S. Treasury Rates



## Real Yield / Breakeven Spread



## Fixed Income Markets

		3 Mon	YTD	1 YR	3 YR	5 YR	10 YR	20 YR
<b>Cash</b>	ML 91 Day T-bills	0.3%	0.6%	0.7%	0.3%	0.2%	0.5%	2.1%
	<b>Investment Grade</b>							
	Bloomberg Barclays Aggregate	0.8%	3.1%	0.1%	2.7%	2.1%	4.3%	5.1%
	U.S. Treasury	0.4%	2.3%	-1.7%	2.0%	1.2%	3.7%	4.8%
	U.S. Agency	0.4%	2.1%	0.1%	1.9%	1.3%	3.2%	4.5%
	U.S. Credit	1.3%	5.1%	2.0%	3.9%	3.2%	5.5%	5.8%
	ABS	0.4%	1.6%	0.9%	1.8%	1.3%	2.9%	4.3%
	MBS	1.0%	2.3%	0.3%	2.4%	2.0%	4.2%	5.0%
	CMBS	0.8%	3.1%	0.1%	3.0%	2.6%	4.8%	5.8%
	Bloomberg Barclays U.S. TIPS	0.9%	1.7%	-0.7%	1.6%	0.0%	3.9%	5.5%
	Bloomberg Barclays Long G/C	1.5%	7.7%	-0.8%	5.5%	3.9%	7.4%	7.3%
<b>Muni</b>	Bloomberg Barclays Municipal	1.1%	4.7%	0.9%	3.2%	3.0%	4.5%	4.9%
	<b>High Yield</b>							
	S&P/LSTA	1.0%	3.0%	5.3%	3.9%	4.1%	4.7%	4.9%
	Bloomberg Barclays High Yield	2.0%	7.0%	8.9%	5.8%	6.4%	7.8%	6.8%

## Equity Markets

		3 Mon	YTD	1 YR	3 YR	5 YR	10 YR	20 YR
<b>Large Cap</b>	S&P 500	4.5%	14.2%	18.6%	10.8%	14.2%	7.4%	7.0%
	S&P 500 - Value	3.5%	8.5%	16.5%	8.9%	13.2%	5.6%	6.5%
	S&P 500 - Growth	5.3%	19.3%	19.9%	12.2%	15.0%	9.1%	7.2%
<b>Small Cap</b>	Russell 2000	5.7%	10.9%	20.7%	12.2%	13.8%	7.8%	7.5%
	Russell 2000 - Value	5.1%	5.7%	20.5%	12.1%	13.3%	7.1%	8.6%
	Russell 2000 - Growth	6.2%	16.8%	21.0%	12.2%	14.3%	8.5%	6.0%
<b>International</b>	MSCI EAFE	5.4%	20.0%	19.1%	5.0%	8.4%	1.3%	4.6%
	MSCI EAFE - Value	5.9%	17.6%	22.6%	3.5%	7.8%	0.5%	5.2%
	MSCI EAFE - Growth	4.9%	22.5%	15.7%	6.5%	8.9%	2.1%	3.9%
	MSCI Emerging Markets	7.9%	27.8%	22.5%	4.9%	4.0%	1.3%	6.4%



# EXECUTIVE SUMMARY

## September 30, 2017

### Summary

#### ➤ **For the quarter:**

- **Portfolio update:**
  - ✓ All asset classes for the quarter were within their target policy ranges. The total balance for the portfolio was over \$1,091 MM.
- **Capital Markets:**
  - ✓ The US Treasury yield curve finished the third quarter largely where it finished second quarter. However, yields on the short end of the maturity spectrum slightly increased from second quarter. Overall, fixed income indices had positive returns during third quarter.
  - ✓ Generally, strong earnings helped equity markets continue the trend from the first half of the year to finish positive across the board.
  - ✓ There has been a great deal of geopolitical activity this quarter. Domestically, failed health care reform, no sign of increased infrastructure spending, and pending tax reform have increased political uncertainty. Internationally, North Korea has continued to pursue its nuclear program. As a result, the UN unanimously implemented additional sanctions with the goal to deter further action.
- **Performance:**
  - ✓ The PCF's overall portfolio outperformed the benchmark by 6 bps (1.44% vs. 1.38%).
  - ✓ High Yield Bank Loans outperformed their relative benchmarks for the quarter, while other composites struggled.

#### ➤ **For the past year:**

- **Capital Markets:**
  - ✓ For investment grade fixed income markets, high yield was the big winner, S&P/LSTA returned 5.3% and Bloomberg Barclays High Yield Corporates came in at 8.9%.
  - ✓ For equities, international was the big winner, Emerging Markets returned 22.5% and MSCI EAFE Value came in at 22.6%.
- **Performance:**
  - ✓ The PCF's overall portfolio outperformed the benchmark by 45 bps, returning 3.5%.
  - ✓ Core Fixed Income composite outperformed by 52 bps, returning 0.7% vs. 0.2% for the benchmark.

#### ➤ **For the past three years:**

- **Capital Markets:**
  - For fixed income high yield and Long G/C did well.
  - US equities earned nearly 11%, growth did well for this time period returning 12.2%
- **Performance:** Led by fixed income, the PCF's overall portfolio outperformed the benchmark by 23 bps, returning 3.1%.

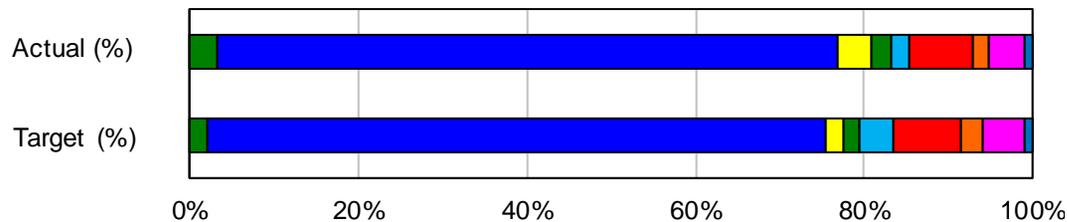


## COMPANY COMPOSITE September 30, 2017

### Total Company Allocation by Asset Class (\$000s)

	Actual (\$000s)	Actual (%)	Target (%)
■ Cash	34,032	3.1%	2.0%
■ Core Investment-Grade Bonds	805,756	73.8%	73.5%
■ High Yield Bank Loans	43,511	4.0%	2.0%
■ High Yield Bonds	25,538	2.3%	2.0%
■ Emerging Market Debt	22,050	2.0%	4.0%
■ Domestic Equity	82,794	7.6%	8.0%
■ US Small Cap	19,796	1.8%	2.5%
■ International Equity	46,528	4.3%	5.0%
■ International Small Cap Equity	11,527	1.1%	1.0%
<b>Total</b>	<b>1,091,534</b>	<b>100.0%</b>	<b>100.0%</b>

- All asset classes are within their policy target ranges, except Cash, HYBL, and Emerging Market Debt. Cash will decrease as U.S. Small Cap and International Equity are increased.
- We did add Emerging Market Debt this quarter, that was agreed upon last meeting.
- This is monitored monthly.

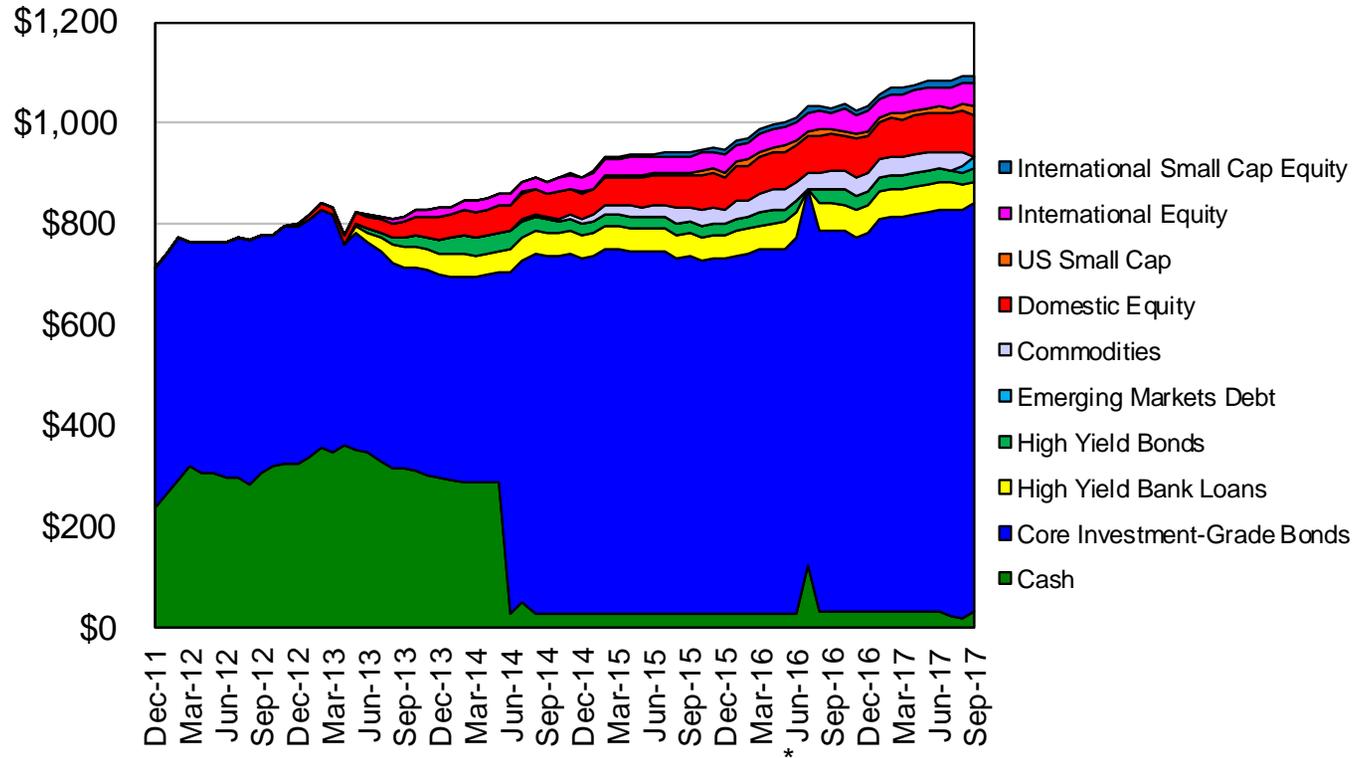




# COMPANY COMPOSITE

## September 30, 2017

### Company Growth by Asset Class (\$MM)



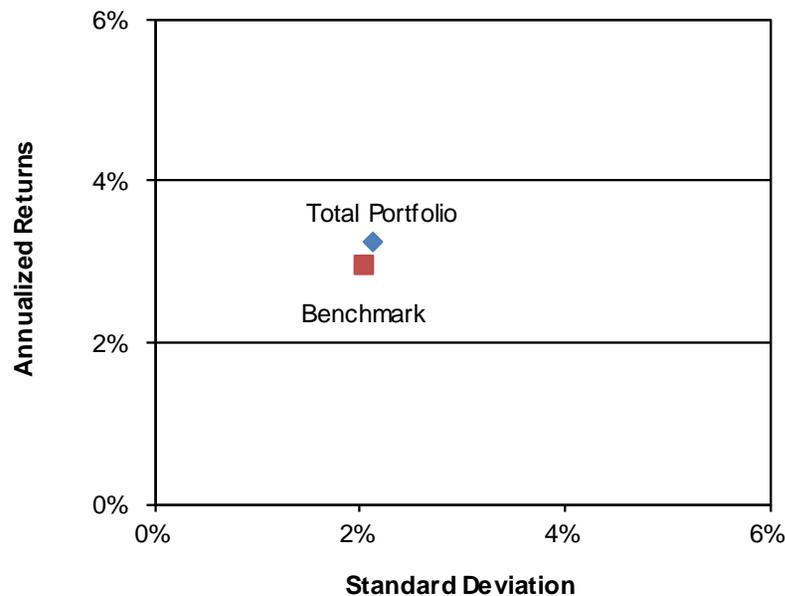
\* In June 2016 had a bump up in cash due to the transition of the new High Yield Bank and Bond Managers



# COMPANY COMPOSITE

## September 30, 2017

### Three Year Risk/Return Performance (Total Portfolio)



- This chart shows the risk and return for the actual portfolio and the overall benchmark for the past three years.
- Over the past three years, LAPCF outperformed its benchmark by 0.23% on an annualized basis, with just 0.05% of additional volatility.



# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of September 30, 2017

Portfolio	Market Value (\$000s)	% of Overall Portfolio	For Periods Ending 9/30/2017			Three Years	Five Years	Since Inception	Inception Date
			Quarter	YTD	One Year				
<b>PCF Composite</b>	1,091,534	100.0%							
Pretax Performance			1.44%	4.05%	3.54%	3.16%	2.39%	2.36%	1/1/2012
<sup>1</sup> Blended Benchmark			1.38%	3.82%	3.09%	2.93%	2.34%	2.47%	
Relative Performance			0.06%	0.23%	0.45%	0.23%	0.05%	(0.11%)	
<b>Cash</b>									
WF Advantage Fund	34,032	3.1%	0.14%	0.20%	0.30%	NA	NA	0.17%	1/1/2015
Merrill 91 Day T-Bill			0.27%	0.57%	0.66%	NA	NA	0.35%	
Relative Performance			(0.13%)	(0.37%)	(0.36%)	NA	NA	(0.18%)	
<b>Core Fixed Income Composite</b>	805,756	73.8%	0.71%	2.56%	0.70%	2.58%	1.81%	2.01%	1/1/2012
<sup>1</sup> Blended Benchmark			0.71%	2.29%	0.18%	2.25%	1.78%	2.24%	
Relative Performance			(0.01%)	0.27%	0.52%	0.33%	0.03%	(0.23%)	
<b>High Yield Bank Loan Composite</b>	43,511	4.0%	1.50%	3.05%	5.24%	3.02%	NA	3.16%	4/1/2013
S&P LSTA Index			0.99%	2.82%	5.09%	3.66%	NA	3.54%	
Relative Performance			0.51%	0.23%	0.15%	(0.65%)	NA	(0.38%)	
<b>High Yield Bond Composite</b>	25,538	2.3%	1.74%	5.55%	6.63%	4.41%	NA	4.16%	5/1/2013
<sup>1</sup> Blended Benchmark			2.01%	7.02%	9.03%	4.91%	NA	4.68%	
Relative Performance			(0.28%)	(1.47%)	(2.40%)	(0.49%)	NA	(0.52%)	
<b>Emerging Market Composite</b>	22,050	2.0%	NA	NA	NA	NA	NA	1.41%	7/1/2017
<sup>1</sup> Blended Benchmark			NA	NA	NA	NA	NA	1.51%	
Relative Performance			NA	NA	NA	NA	NA	(0.10%)	
<b>Total Equity Composite</b>	160,646	14.7%	4.90%	15.44%	18.63%	8.38%	NA	12.46%	11/1/2012
<sup>1</sup> Blended Benchmark			5.09%	15.52%	18.70%	8.64%	NA	12.61%	
Relative Performance			(0.19%)	(0.08%)	(0.07%)	(0.26%)	NA	(0.16%)	

➤ **For the third quarter:**

- The portfolio earned 1.44%, outperforming the benchmark by 6 basis points.
- High Yield Bank Loans outperformed their respective benchmarks.
- High Yield Bonds and equities underperformed their respective benchmarks.

➤ Over the past three years, the portfolio has outperformed its overall benchmark by 23 basis points.

<sup>1</sup>The blended benchmark consists of a market-weighted blend of the underlying portfolio benchmarks.



## DOLLAR RECONCILIATION

### Latest Quarter (\$000s) - Actual

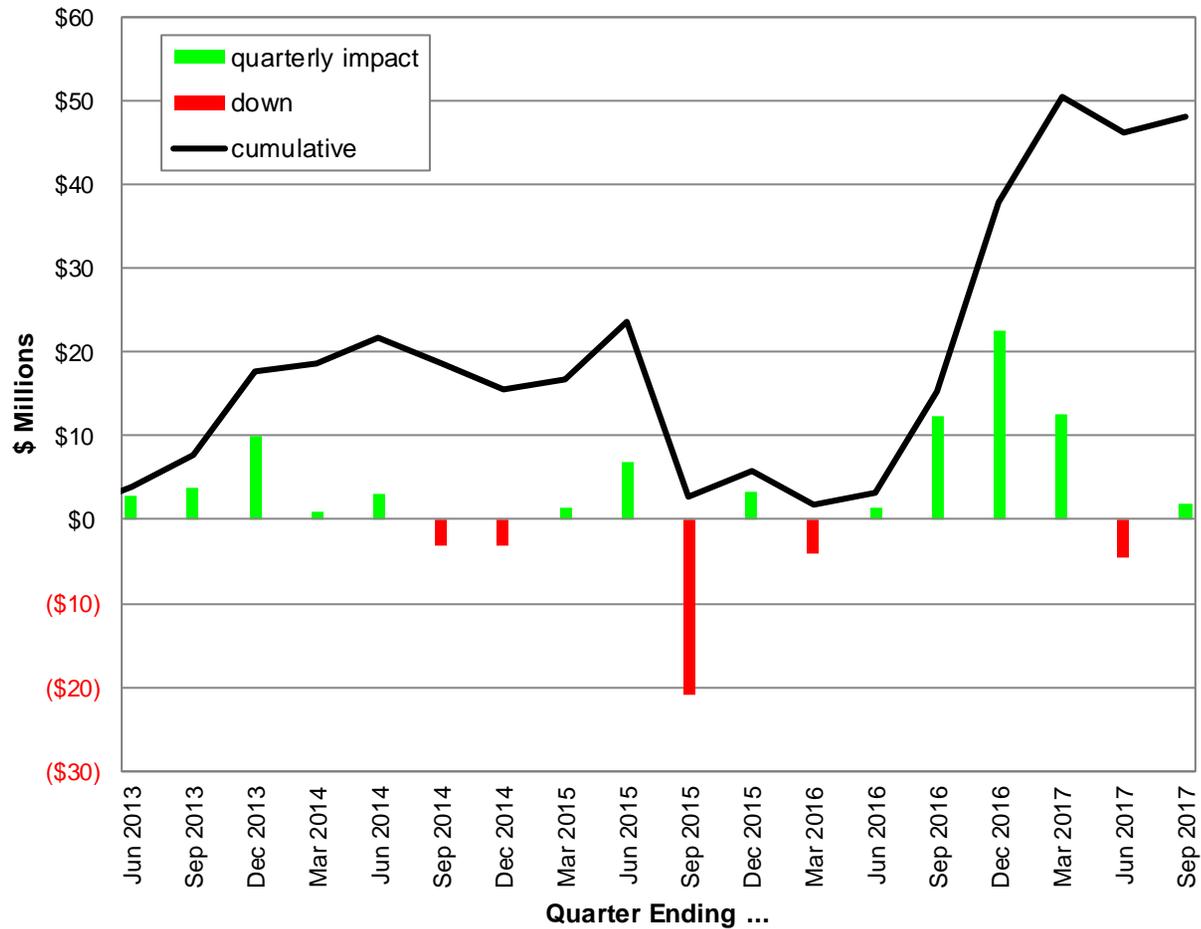
	PCF Composite	Core Fixed	HYBL's	High Yield	Commodity	Emerging Markets	Equity
Beginning Market Value	\$1,081,859	\$795,101	\$54,238	\$28,075	\$33,872	\$0	\$138,728
Net Contributions/Withdrawals	\$9,747	\$4,916	(\$11,500)	(\$3,000)	(\$22,105)	\$21,936	\$14,800
Investment Income	\$7,344	\$5,500	\$729	\$381	\$0	\$48	\$665
Investment Gain/(Loss)	(\$7,415)	\$239	\$45	\$83	(\$11,768)	\$67	\$6,453
Investment Return	(\$71)	\$5,739	\$774	\$464	(\$11,768)	\$114	\$7,119
Ending Market Value	\$1,091,534	\$805,756	\$43,511	\$25,538	\$0	\$22,050	\$160,646

- The portfolio ending market value is over \$1,091,534 for the end of the 3<sup>rd</sup> quarter.
- The Board also approved to selling out of Commodities this quarter.



## DOLLAR RECONCILIATION (cont.)

### Value Added or (Detracted) by the Diversified Portfolio



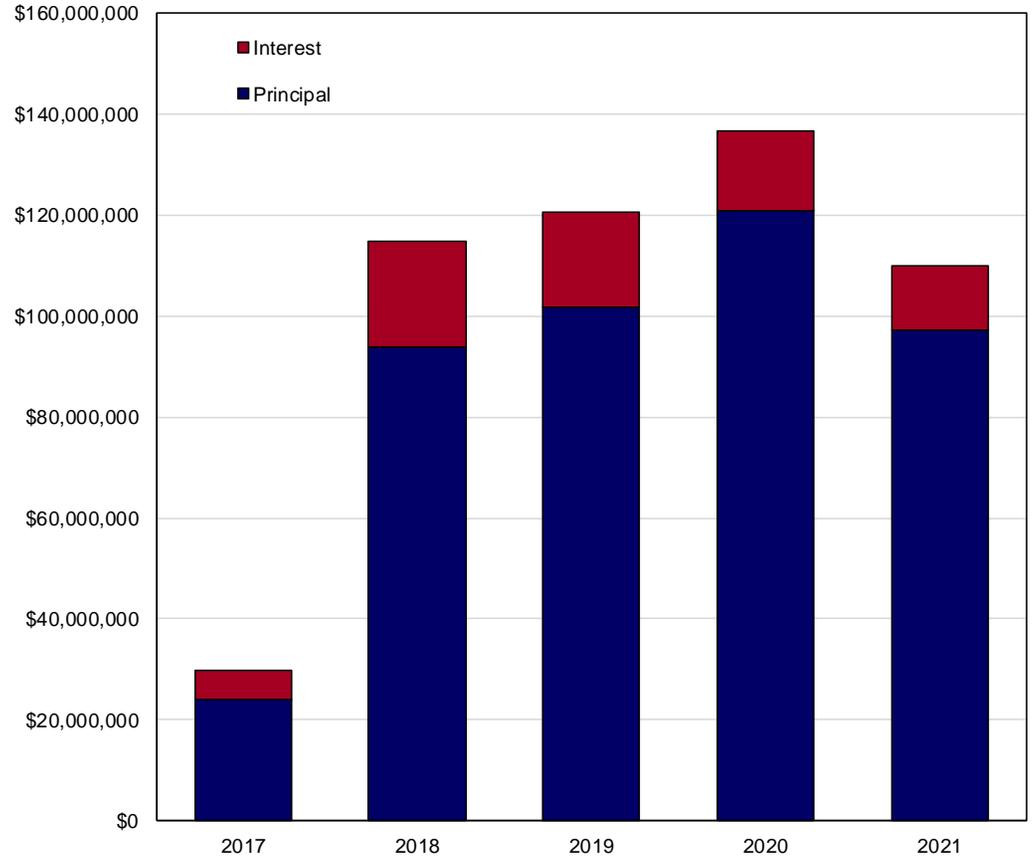
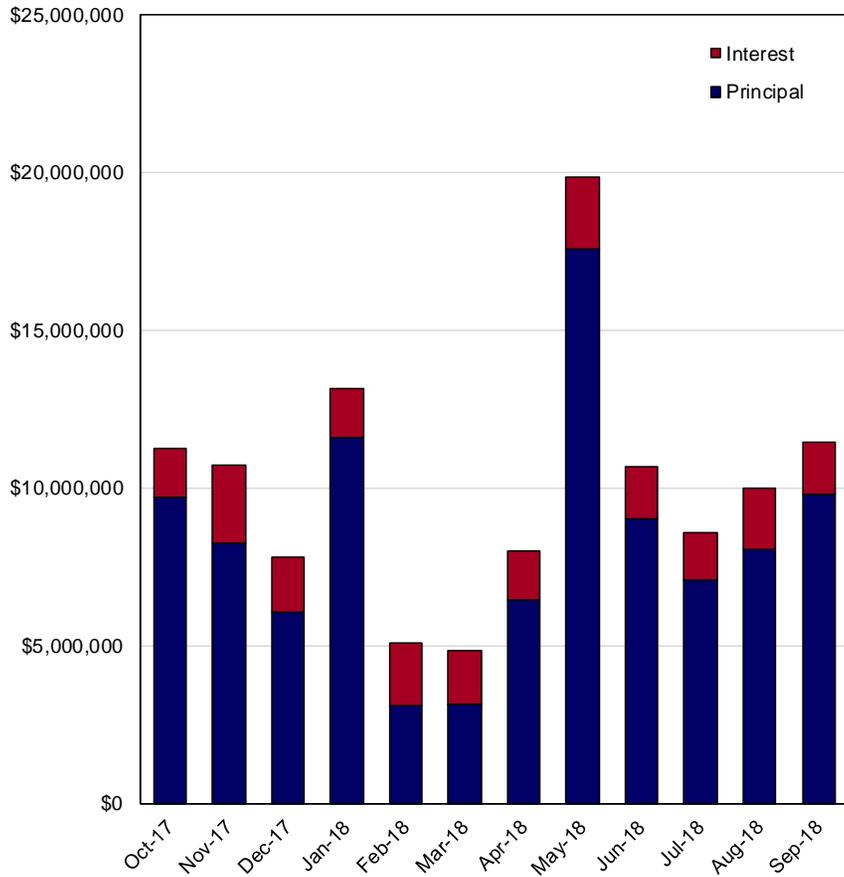
➤ The legacy allocation is defined as: 50% Treasury and 50% Agency.

Source: Wells Fargo, State of Louisiana, CIA analysis



# INVESTMENT PERFORMANCE

## Fixed Income Cash Flow Projections





# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of September 30, 2017

Portfolio	Market Value (\$000s)	% of Overall Portfolio	For Periods Ending 9/30/2017							Inception Date
			Quarter	YTD	One Year	Three Years	Five Years	Since Inception		
<b>Core Fixed Income Composite</b>	805,756	72.9%	0.71%	2.56%	0.70%	2.58%	1.81%	2.01%	1/1/2012	
<sup>1</sup> <u>Blended Benchmark</u>			0.71%	2.29%	0.18%	2.25%	1.78%	2.24%		
Relative Performance			(0.01%)	0.27%	0.52%	0.33%	0.03%	(0.23%)		
GR NEAM	805,756	72.9%	0.71%	2.56%	0.72%	2.71%	NA	2.41%	6/27/2014	
<u>Bloomberg Barclays Intermediate Aggregate</u>			0.71%	2.29%	0.18%	2.18%	NA	1.97%		
Relative Performance			(0.01%)	0.27%	0.54%	0.53%	NA	0.44%		

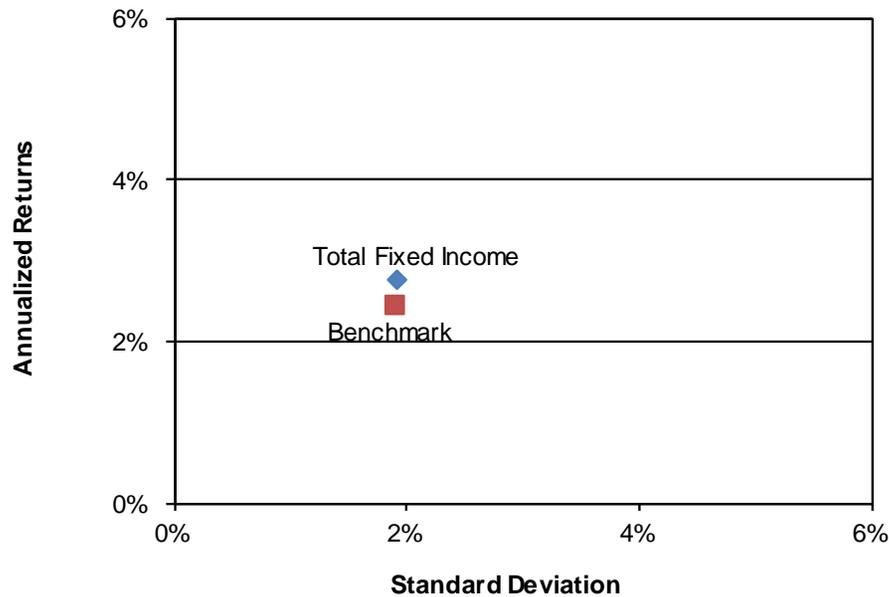
- GR-NEAM outperformed for all time periods except current quarter.
- Since Inception GR-NEAM has outperformed their relative benchmark by 44 bps.

<sup>1</sup>The blended benchmark consists of a market-weighted blend of the underlying portfolio benchmarks.



# INVESTMENT PERFORMANCE

## Three Year Risk/Return Performance (Fixed Income)



- Over the past three years, Fixed Income has outperformed against their benchmark by 0.33% with the same risk.

<sup>1</sup>The blended benchmark consists of a market-weighted blend of the underlying portfolio benchmarks.



# GR-NEAM BOND FUND

## Portfolio Characteristics

	GR NEAM as of		Bloomberg BC Int. Aggregate as
	6/30/17	9/30/17	of 9/30/17
Effective Duration	4.1 years	3.7 years	4.2 years
Average Maturity	5.5 years	5.0 years	5.3 years
Yield to Maturity	2.3%	2.2%	2.4%
Average Quality	AA	AA	AA

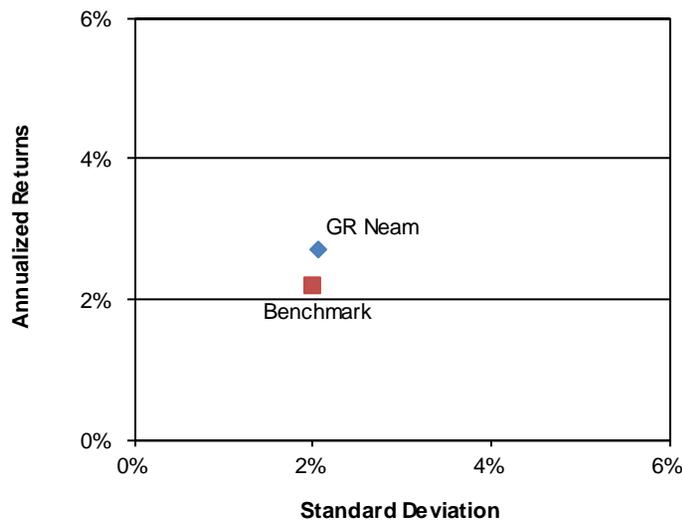
## Advisor's Mandate

- Actively managed fixed income separate account.
- Inception: June 2014
- Objective: Exceed total return the Bloomberg Barclays Int. Aggregate
- Annual Fee = 0.08% or \$150,000 min. fee.

## Commentary

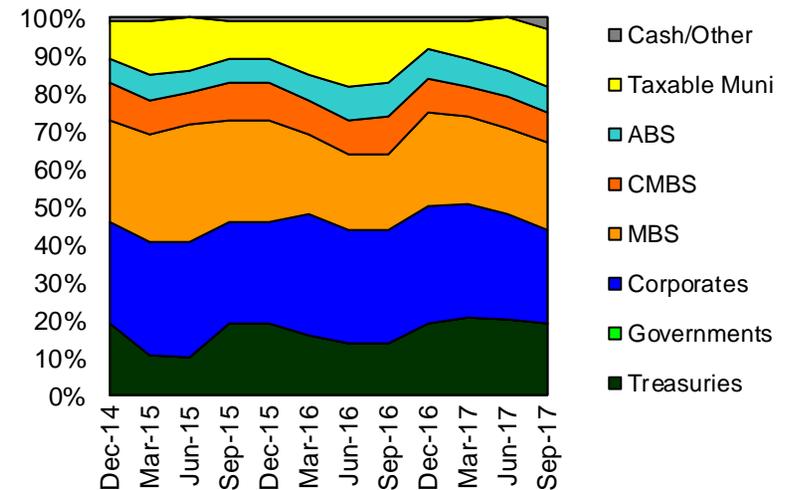
- GR-NEAM outperformed for the quarter and all time periods except current quarter.
- Since inception GR-NEAM outperformed their relative benchmark by 0.44% net of fees.

## Three-Year Risk/Return



Source: GR-NEAM, Bloomberg, CIA analysis, Wells Fargo

## Historical Sector Distribution





# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of September 30, 2017

Portfolio	Market Value (\$000s)	% of Overall Portfolio	Quarter	YTD	One Year	Three Years	Five Years	Since Inception	Inception Date
<b>High Yield Bank Loan Composite</b>	43,511	4.0%	1.50%	3.05%	5.24%	3.02%	NA	3.16%	4/1/2013
<u>S&amp;P LSTA Index</u>			0.99%	2.82%	5.09%	3.66%	NA	3.54%	
Relative Performance			0.51%	0.23%	0.15%	(0.65%)	NA	(0.38%)	
Barings Capital Floating Rate Income	43,511	4.0%	1.50%	3.05%	5.24%	NA	NA	5.74%	8/1/2016
<u>S&amp;P LSTA Index</u>			0.99%	2.82%	5.09%	NA	NA	3.54%	
Relative Performance			0.51%	0.23%	0.15%	NA	NA	2.20%	

➤ Barings outperformed the S&P LSTA Index for all time periods



# BARINGS – FLOATING RATE INCOME FUND

## Portfolio Characteristics

	Barings HYBL as of		S&P LSTA as of
	6/30/17	9/30/17	9/30/17
Number of Issues	190	184	1,150
Average Maturity	5.1 years	4.9 years	NA
Effective Duration	3.9	4.1	3.5
Avg Credit Quality	B	B+	B+

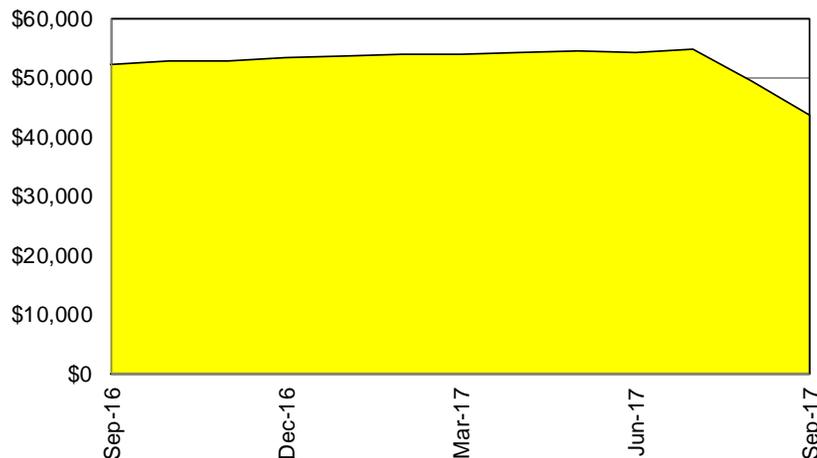
## Advisor’s Mandate

- Actively-Managed High Yield Bank Loan Fund
- Inception: August 2016
- Objective: Exceed total return of the S&P LSTA index
- Annual fee 0.475%

## Commentary

- The fund outperformed the benchmark by 51 basis points for the quarter.
- It outperformed by 220 basis points since inception.

## Asset Growth (\$000s)



## Top Ten Issuers

Holding	Portfolio Weight
Veritas	1.8%
Ortho-Clinical Diagnostics	1.5%
TransDigm Group, Inc	1.5%
Gardner Denver Inc	1.5%
National Financial Partners	1.4%
Apex Tool Group, Llc.	1.3%
Omintracs, Llc.	1.3%
Sedgwick Cms	1.2%
Finastra	1.2%
HUB International Limited	1.2%
	<u>13.7%</u>

Source: Barings, Bloomberg, CIA analysis



# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of September 30, 2017

For Periods Ending 9/30/2017

Portfolio	Market Value (\$000s)	% of Overall Portfolio	For Periods Ending 9/30/2017						
			Quarter	YTD	One Year	Three Years	Five Years	Since Inception	Inception Date
<b>High Yield Bond Composite</b>	25,538	2.3%	1.74%	5.55%	6.63%	4.41%	NA	4.16%	5/1/2013
<sup>1</sup> Blended Benchmark			2.01%	7.02%	9.03%	4.91%	NA	4.68%	
Relative Performance			(0.28%)	(1.47%)	(2.40%)	(0.49%)	NA	(0.52%)	
* Neuberger High Income Fund	25,538	2.3%	1.74%	5.55%	6.63%	4.63%	NA	4.24%	5/1/2013
<u>ML HY Master II Constrained</u>			2.00%	6.93%	8.91%	5.74%	NA	5.24%	
Relative Performance			(0.27%)	(1.39%)	(2.28%)	(1.10%)	NA	(1.00%)	

\* This has both the Neuberger Mutual Fund and Commingled Fund performance.

- Neuberger High Income Fund underperformed for all time periods against their respective benchmark.

<sup>1</sup>The blended benchmark consists of a market-weighted blend of the underlying portfolio benchmarks.



# NEUBERGER BERMAN HIGH INCOME BOND FUND

## Portfolio Characteristics

	Neuberger HY as of		ML HY Master II Constr as of
	6/30/17	9/30/17	9/30/17
No. of Holdings	394	406	1,872
Average Duration	3.7 years	3.5 years	3.6 years
Avg. Yield to Maturity	6.6%	6.5%	6.6%
Avg. Credit Quality	BB-	BB-	B+
Average Coupon	6.10%	6.10%	6.40%

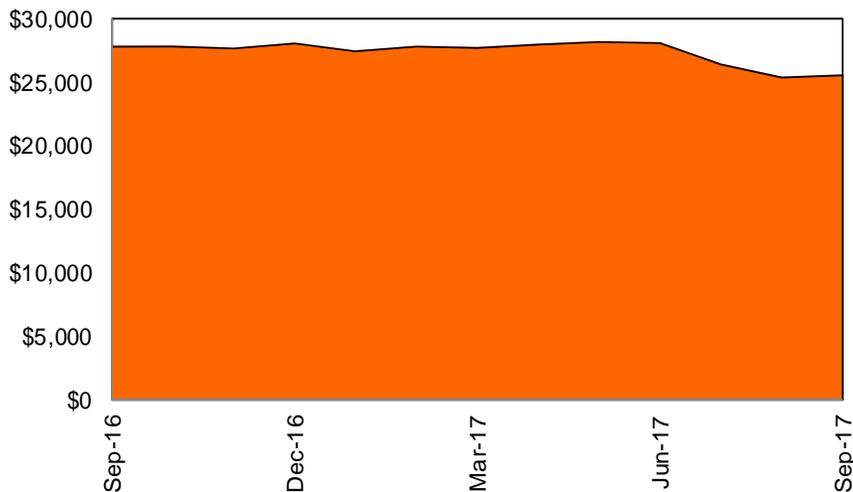
## Advisor's Mandate

- Fixed Income – High Income Comingled Fund
- Inception: August 2016
- Objective: Exceed total return of the ML HY Master II Constrained index
- Annual fee 0.60%

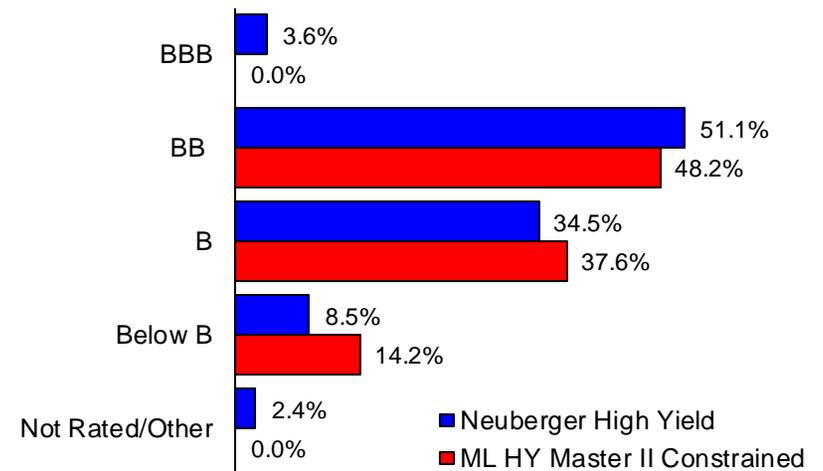
## Commentary

- The fund underperformed by 27 bps for the 3<sup>rd</sup> quarter.
- Neuberger's performance is being hampered by taking less credit risk than the index.

## Asset Growth (\$000s)



## Quarter End Quality Distribution



Source: Neuberger Berman, Bloomberg, CIA Analysis



# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of September 30, 2017

Portfolio	Market Value (\$000s)	% of Overall Portfolio	For Periods Ending 9/30/2017					Since Inception	Inception Date
			Quarter	YTD	One Year	Three Years	Five Years		
<b>Emerging Market Composite</b>	22,050	2.0%	NA	NA	NA	NA	NA	1.41%	8/1/2017
<u>50% EMBI Global / 50% CEMBI Broad</u>			NA	NA	NA	NA	NA	1.51%	
Relative Performance			NA	NA	NA	NA	NA	(0.10%)	
SSGA Emerging Market	8,813	0.8%	NA	NA	NA	NA	NA	0.21%	8/1/2017
<u>50% EMBI Global / 50% CEMBI Broad</u>			NA	NA	NA	NA	NA	1.51%	
Relative Performance			NA	NA	NA	NA	NA	(1.30%)	
Goldman Sachs Emerging Market	13,237	1.2%	NA	NA	NA	NA	NA	1.55%	8/1/2017
<u>50% EMBI Global / 50% CEMBI Broad</u>			NA	NA	NA	NA	NA	1.51%	
Relative Performance			NA	NA	NA	NA	NA	0.04%	

- Both State Street and Goldman Sachs Emerging Market Funds were funded this quarter.



# SSGA EMERGING MARKETS FUND

## Portfolio Characteristics

	SSGA Emerging Market as of		50% EMBI Global Div./ 50% CEMBI Broad Div.
	6/30/17	9/30/17	9/30/17
No. of Holdings	1,186.0	1,340	1,910
Effective Duration	5.7	5.8	5.8
Effective Maturity	10.2 years	11.1 years	11.6 years
Avg. Credit Quality	BB+	BB+	BB+
Yield	5.3%	5.3%	5.3%

## Advisor's Mandate

- Emerging Markets Fund
- Inception: August 2017
- Objective: Exceed total return of JPM 50% EMBI Global Diversified / 50% CEMBI Broad Diversified
- Annual fee 0.21%

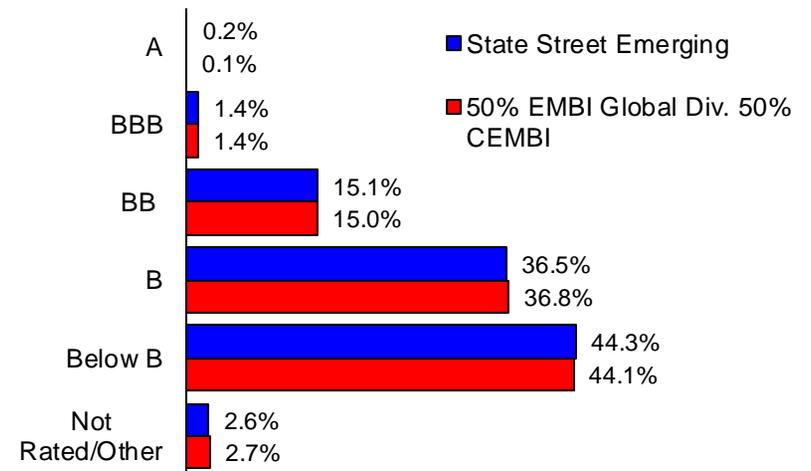
## Commentary

- The portfolio was funded this quarter.

## One-Year Risk/Return

N/A

## Quarter End Quality Distribution





# GOLDMAN SACHS EMERGING MARKETS FUND

## Portfolio Characteristics

	Goldman Sachs Emerging Market as of		50% EMBI Global Div./ 50% CEMBI Broad Div.
	6/30/17	9/30/17	9/30/17
No. of Holdings	884.0	887	1,910
Effective Duration	6.5	6.5	5.8
Effective Maturity	9.6 years	9.7 years	11.6 years
Avg. Credit Quality	BB	BB	BB+
Yield	5.2%	5.2%	5.3%

## Advisor's Mandate

- Fund (GSDIX)
- Inception: August 2017
- Objective: Exceed total return of JPM 50% EMBI Global Diversified / 50% CEMBI Broad Diversified
- Annual fee 0.89%

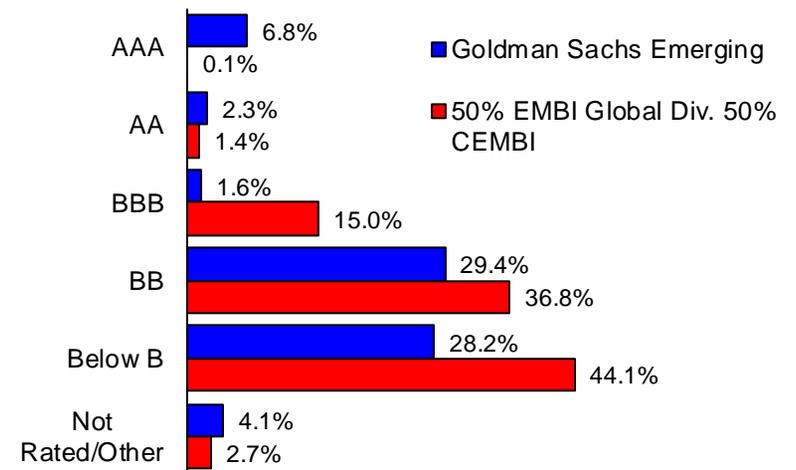
## Commentary

- The portfolio was funded this quarter

## One-Year Risk/Return

N/A

## Quarter End Quality Distribution





# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of September 30, 2017

Portfolio	Market Value (\$000s)	% of Overall Portfolio	Quarter	YTD	One Year	Three Years	Five Years	Since Inception	Inception Date
<b>Total Equity Composite</b>	160,646	14.7%	4.90%	15.44%	18.63%	8.38%	NA	12.46%	11/1/2012
<sup>1</sup> Blended Benchmark			5.09%	15.52%	18.70%	8.64%	NA	12.61%	
Relative Performance			(0.19%)	(0.08%)	(0.07%)	(0.26%)	NA	(0.16%)	
<b>Domestic Equity Composite</b>	102,590	9.4%	4.40%	11.73%	17.85%	10.16%	NA	14.46%	11/1/2012
<sup>1</sup> Blended Benchmark			4.46%	12.19%	18.20%	10.41%	NA	14.58%	
Relative Performance			(0.05%)	(0.45%)	(0.36%)	(0.25%)	NA	(0.12%)	
<b>International Equity Composite</b>	58,056	5.3%	5.78%	22.04%	19.68%	5.09%	NA	5.00%	5/1/2013
<sup>1</sup> Blended Benchmark			6.22%	21.43%	19.23%	5.41%	NA	5.44%	
Relative Performance			(0.44%)	0.61%	0.45%	(0.32%)	NA	(0.44%)	

- Both Domestic and International equities underperformed for the quarter, but earned nearly 5%.
- The Equity portfolio earned over 10% over the past year.
- Over the past three years:
  - The equity portfolio earned 8.38%, but trailed the benchmark by 26 basis points.
  - US equities did well, earning 10.16%.
  - International equities earned 5.09%

<sup>1</sup>The blended benchmark consists of a market-weighted blend of the underlying portfolio benchmarks.



# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of September 30, 2017

Portfolio	Market Value (\$000s)	% of Overall Portfolio	Quarter	YTD	One Year	Three Years	Five Years	Since Inception	Inception Date
<b>Domestic Equity Composite</b>	102,590	9.4%	4.40%	11.73%	17.85%	10.16%	NA	14.46%	11/1/2012
<sup>1</sup> <u>Blended Benchmark</u>			4.46%	12.19%	18.20%	10.41%	NA	14.58%	
Relative Performance			(0.05%)	(0.45%)	(0.36%)	(0.25%)	NA	(0.12%)	
Vanguard Russell 1000 Value Fund	22,055	2.0%	3.10%	7.86%	15.03%	8.41%	NA	8.55%	5/1/2014
<u>Russell 1000 Value Index</u>			3.09%	7.85%	15.03%	8.44%	NA	8.58%	
Relative Performance			0.01%	0.01%	0.00%	(0.04%)	NA	(0.03%)	
Vanguard Total Stock Market Fund	60,739	5.6%	4.61%	14.01%	18.71%	10.73%	NA	14.86%	11/1/2012
<u>CRSP US Total Market Index</u>			4.54%	13.93%	18.60%	10.67%	NA	14.78%	
Relative Performance			0.07%	0.08%	0.11%	0.07%	NA	0.08%	
DFA US Small Cap Fund	9,960	0.9%	5.43%	7.45%	19.77%	11.76%	NA	8.42%	7/1/2014
<u>Russell 2000 Index</u>			5.65%	10.87%	20.64%	12.08%	NA	8.52%	
Relative Performance			(0.21%)	(3.43%)	(0.88%)	(0.32%)	NA	(0.10%)	
Diamond Hill Small Cap Fund	9,836	0.9%	4.93%	6.82%	15.26%	6.68%	NA	4.20%	7/1/2014
<u>Russell 2000 Index</u>			5.65%	10.87%	20.64%	12.08%	NA	8.52%	
Relative Performance			(0.71%)	(4.05%)	(5.38%)	(5.40%)	NA	(4.32%)	

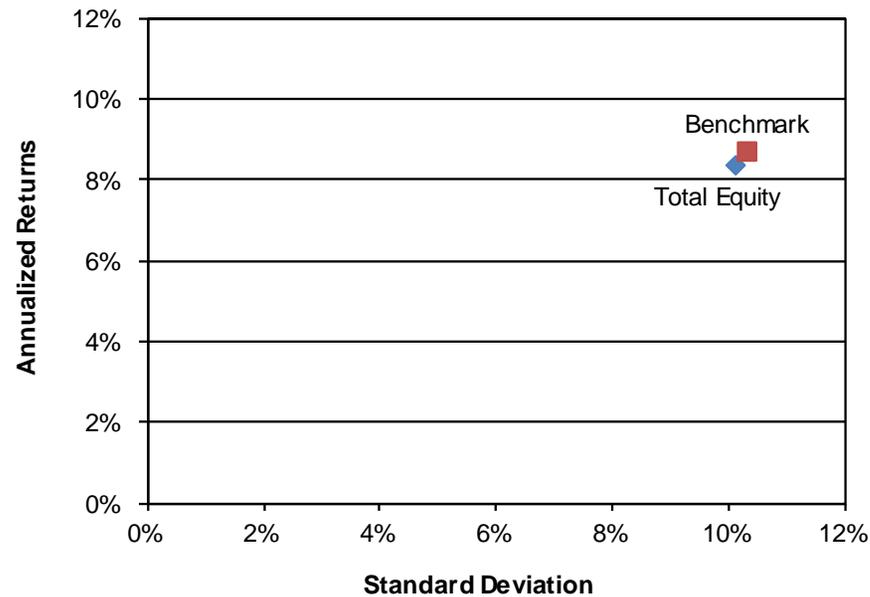
- The Domestic Equity composite underperformed over all reporting time periods.
- The index funds have done a nice job matching their respective indices.
- Both Small Cap funds underperformed over all time periods. Recently, lower quality (i.e. growth stocks) have done well. This environment hurts both managers. If it continues to lag, Diamond Hill may merit replacement.

<sup>1</sup>The blended benchmark consists of a market-weighted blend of the underlying portfolio benchmarks.



# INVESTMENT PERFORMANCE

## Three Year Risk/Return Performance (Total Equity)



- Over the past three years, the equity portfolio has underperformed their benchmark by 0.25% on an annualized basis.



# VANGUARD RUSSELL 1000 VALUE FUND

## Portfolio Characteristics

	Vanguard Russell 1000 Value Fund as of		Russell 1000 Value Index as of
	6/30/17	9/30/17	9/30/17
No. of Securities	720	719	717
P/E Ratio	18.2x	18.8x	18.8x
Price/Book Ratio	2.0x	2.0x	2.0x
Avg Mkt Cap (billions)	\$65.5	\$64.2	\$64.2
Return on Equity	13.5%	11.5%	11.5%
% in Top 10 Holdings	22.1%	22.5%	22.5%

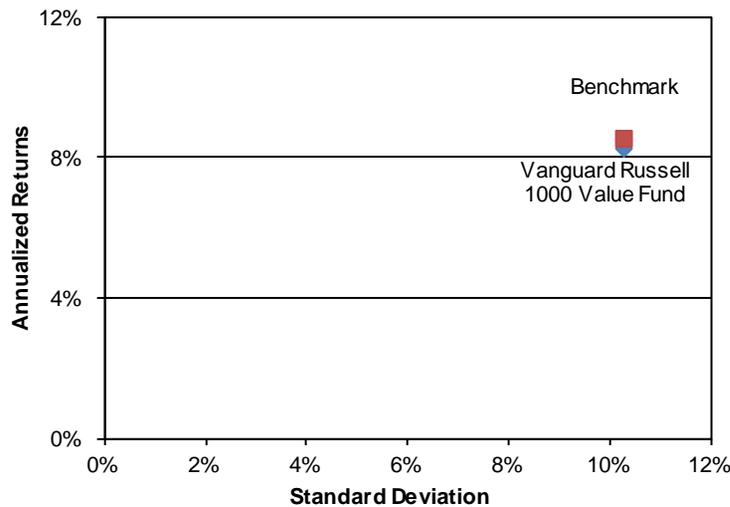
## Advisor's Mandate

- Passively managed equity index fund (VRVIX)
- Inception: May 2014
- Objective: Match performance of the Russell 1000 Value Index
- Annual Fee = 0.08%

## Commentary

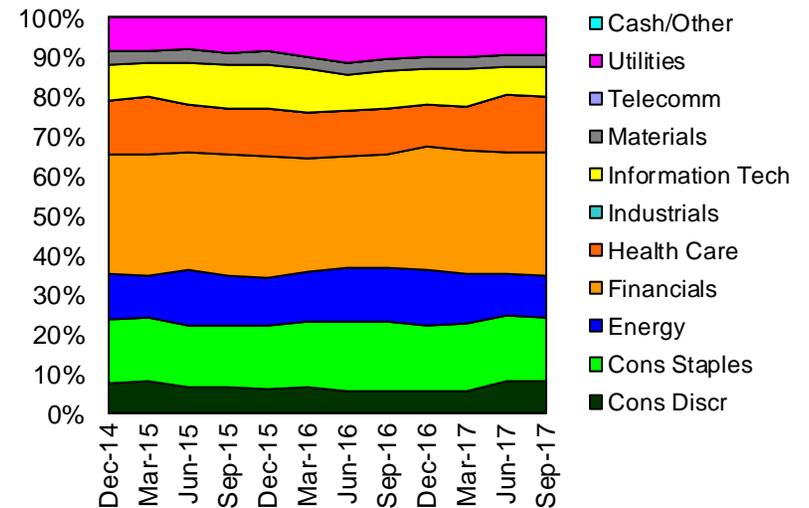
- Vanguard is doing a nice job matching the index.

## Three-Year Risk/Return



Source: Vanguard, Bloomberg, CIA analysis

## Historical Sector Distribution





# VANGUARD TOTAL STOCK MARKET INDEX FUND

## Portfolio Characteristics

	Vanguard Total Stock Market Fund		CRSP US Total Market
	as of 6/30/17	as of 9/30/17	as of 9/30/17
No. of Securities	3,606	3,626	3,588
P/E Ratio	21.2x	21.9x	21.9x
Price/Book Ratio	2.8x	2.9x	2.9x
Avg Mkt Cap (billions)	\$59.8	\$61.6	\$61.6
Return on Equity	16.1%	15.1%	15.1%

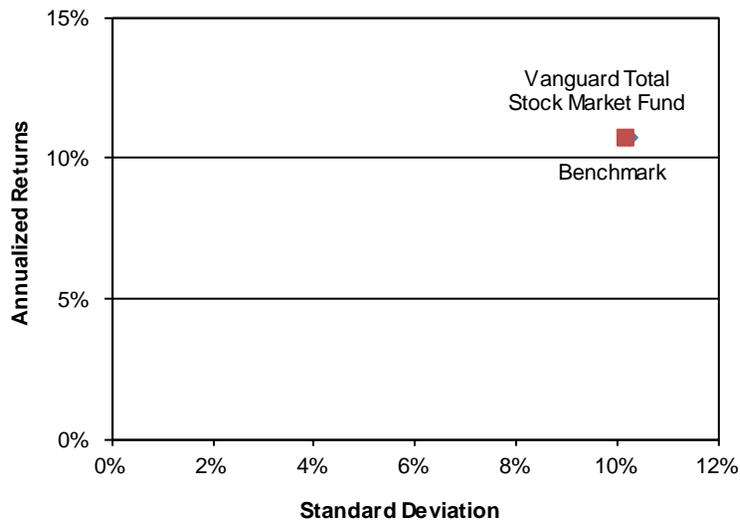
## Advisor's Mandate

- Passively managed equity index fund (VIT SX)
- Inception: November 2012
- Objective: Match performance of the CRSP US Total Market Index
- Annual Fee = 0.04%

## Commentary

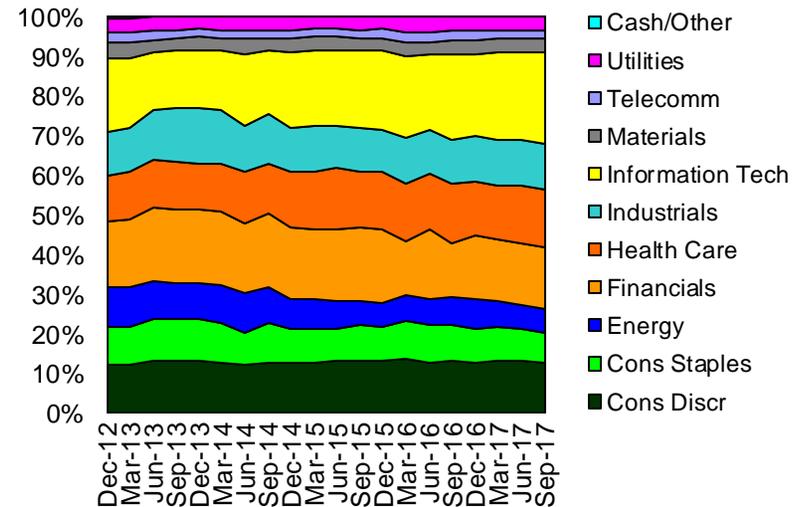
- Vanguard is doing a nice job matching the index.

## Three-Year Risk/Return



Source: Vanguard, Bloomberg, CIA analysis

## Historical Sector Distribution





# DFA US SMALL CAP FUND

## Portfolio Characteristics

	DFA US Small Cap as of		Russell 2000 as of
	6/30/17	9/30/17	9/30/17
No. of Securities	1,950	1,926	2,000
<b>P/E Ratio</b>	<b>20.8x</b>	<b>21.3x</b>	<b>26.2x</b>
Price/Book Ratio	2.1x	2.1x	2.4x
Avg Mkt Cap (billions)	\$2.1	\$2.2	\$2.2
% in Top 10 Holdings	3.1%	3.3%	2.5%

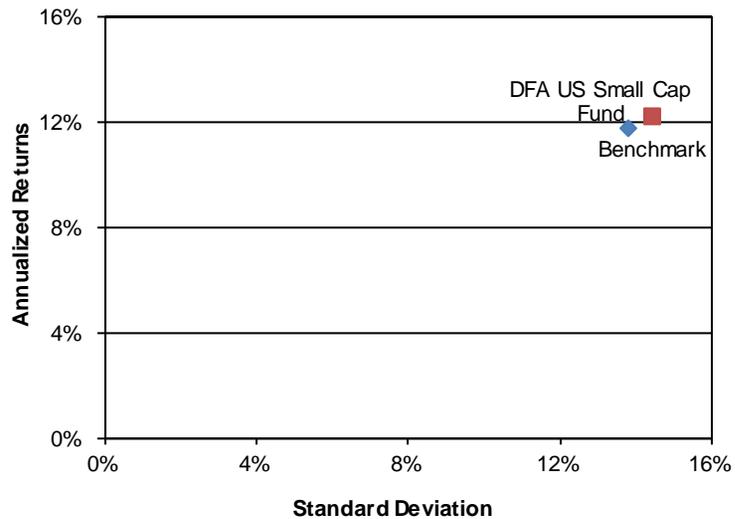
## Advisor's Mandate

- Passively managed equity index fund (DFSTX)
- Inception: July 2014
- Objective: Exceed performance of the Russell 2000 Index.
- Annual Fee = 0.37%

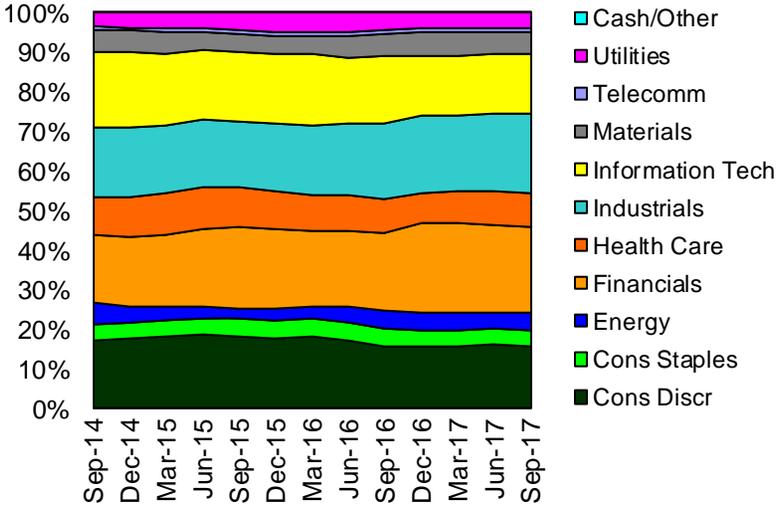
## Commentary

- The fund underperformed the benchmark by 21 basis points (0.21%) in the third quarter.

## Three-Year Risk/Return



## Historical Sector Distribution



Source: DFA, Bloomberg, CIA analysis





# DIAMOND HILL US SMALL CAP FUND

## Portfolio Characteristics

	Diamond Hill Small Cap as of		Russell 2000 as of
	6/30/17	9/30/17	9/30/17
No. of Securities	67	67	2,000
<b>P/E Ratio</b>	<b>16.3x</b>	<b>18.2x</b>	<b>26.2x</b>
Price/Book Ratio	1.8x	1.9x	2.4x
Avg Mkt Cap (billions)	\$3.4	\$3.5	\$2.2
Dividend Yield	1.4%	1.5%	1.3%

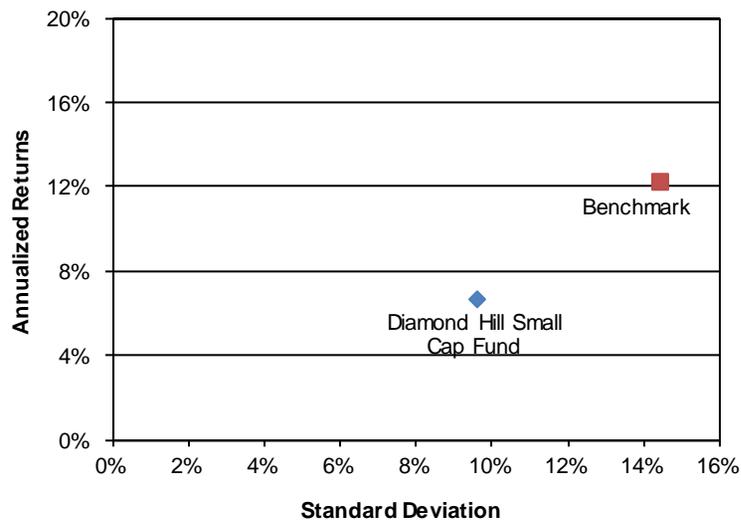
## Advisor's Mandate

- Passively managed equity index fund (DHSIX)
- Inception: July 2014
- Objective: Exceed performance of the Russell 2000 Index.
- **Annual Fee = 1.08%**

## Commentary

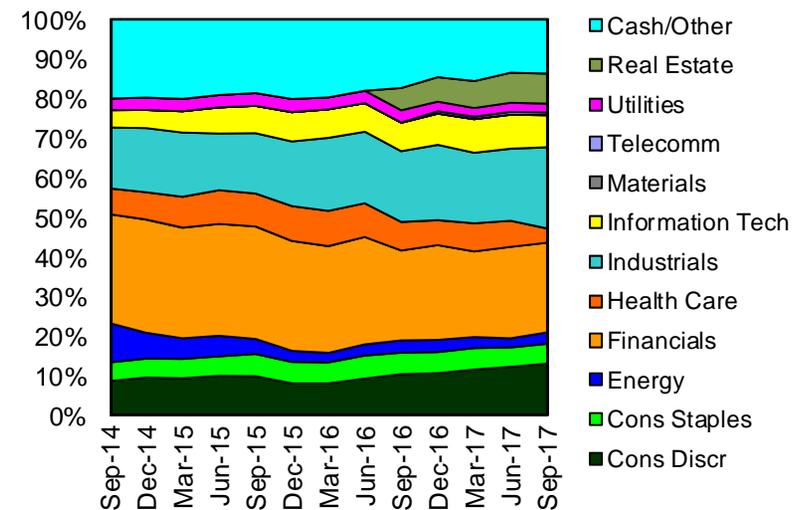
- The fund underperformed their benchmark by 71 basis points (0.71%) in the third quarter.

## Three-Year Risk/Return



Source: Diamond Hill, Bloomberg, CIA analysis

## Historical Sector Distribution





# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of September 30, 2017

Portfolio	Market Value (\$000s)	% of Overall Portfolio	For Periods Ending 9/30/2017					Since Inception	Inception Date
			Quarter	YTD	One Year	Three Years	Five Years		
<b>International Equity Composite</b>	58,056	5.3%	5.78%	22.04%	19.68%	5.09%	NA	5.00%	5/1/2013
<sup>1</sup> <u>Blended Benchmark</u>			6.22%	21.43%	19.23%	5.41%	NA	5.44%	
Relative Performance			(0.44%)	0.61%	0.45%	(0.32%)	NA	(0.44%)	
Vanguard Total International Stock Fund	25,784	2.3%	5.97%	21.64%	19.31%	5.32%	NA	5.43%	5/1/2013
<u>FTSE Global All Cap ex US Index</u>			6.00%	20.83%	19.25%	5.14%	NA	5.33%	
Relative Performance			(0.02%)	0.81%	0.06%	0.17%	NA	0.09%	
Harbor International Fund	10,347	0.9%	3.62%	20.27%	15.11%	3.62%	NA	4.30%	6/1/2013
<u>MSCI ACWI ex US</u>			6.13%	21.01%	19.46%	4.58%	NA	5.48%	
Relative Performance			(2.51%)	(0.75%)	(4.35%)	(0.96%)	NA	(1.18%)	
PIMCO International StockPLUS	10,398	0.9%	6.02%	22.18%	22.85%	5.55%	NA	6.64%	6/1/2013
<u>MSCI ACWI ex US</u>			6.13%	21.01%	19.46%	4.58%	NA	5.48%	
Relative Performance			(0.11%)	1.17%	3.39%	0.97%	NA	1.16%	
DFA International Small Cap Fund	5,825	0.5%	7.58%	23.23%	25.40%	9.96%	NA	8.70%	8/8/2014
<u>MSCI ACWI ex US Small Cap</u>			6.84%	23.32%	18.91%	7.89%	NA	6.48%	
Relative Performance			0.74%	(0.09%)	6.49%	2.07%	NA	2.22%	
Oppenheimer International Small Cap	5,703	0.5%	6.41%	30.14%	23.26%	14.66%	NA	13.21%	8/8/2014
<u>MSCI ACWI ex US Small Cap</u>			6.84%	23.32%	18.91%	7.89%	NA	6.48%	
Relative Performance			(0.43%)	6.83%	4.35%	6.77%	NA	6.72%	

- The International Equity Composite underperformed for the quarter by 44 basis points.
- The winner for the quarter for International was DFA International Small Cap that came in at 74 basis points for relative performance.

<sup>1</sup>The blended benchmark consists of a market-weighted blend of the underlying portfolio benchmarks.



# VANGUARD TOTAL INTERNATIONAL STOCK FUND

## Portfolio Characteristics

	Vanguard Total Intl Stock Fund		FTSE Global All Cap ex US Index
	as of 6/30/17	as of 9/30/17	as of 9/30/17
No. of Holdings	6,177	6,274	5,910
P/E Ratio	16.6x	15.9x	15.8x
Price/Book Ratio	1.6x	1.7x	1.6x
Avg Mkt Cap (billion)	\$23.9	\$25.8	\$25.8
Dividend Yield	2.9%	2.8%	2.8%
Return on Equity	14.1%	11.9%	11.9%
% in Top 10 Holdings	8.5%	8.5%	8.5%

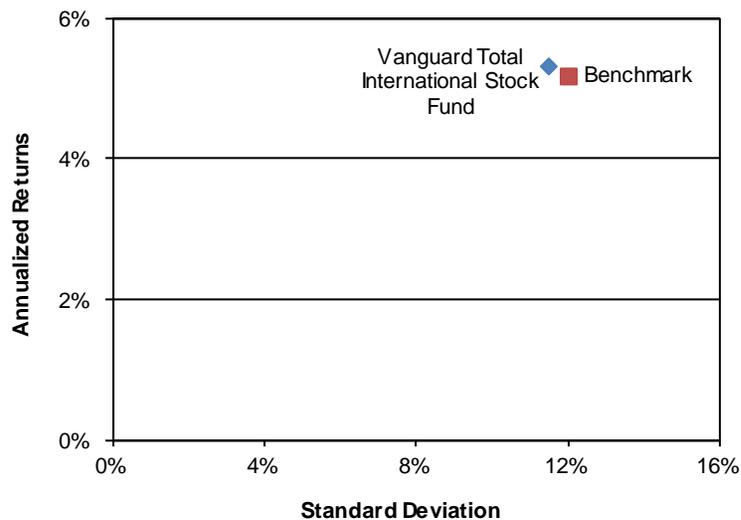
## Advisor's Mandate

- Passively-managed equity index fund (VTSNX)
- Inception: May 2013
- Objective: Match performance of the FTSE Global All Cap ex US Index
- Annual Fee = 0.12%

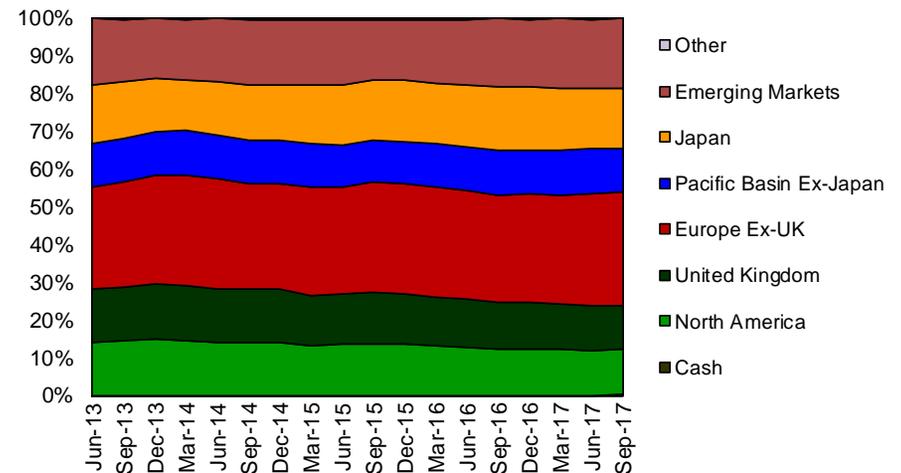
## Commentary

- This is a hugely diversified, low-cost fund.

## Three-Year Risk/Return



## Historical Country Distribution



Source: Vanguard, Bloomberg, CIA Analysis



# HARBOR INTERNATIONAL FUND

## Portfolio Characteristics

	Harbor as of		MSCI ACWI ex US as of
	6/30/17	9/30/17	9/30/17
No. of Holdings	75	76	1,858
P/E Ratio	23.6x	23.5x	17.7x
Price/Book Ratio	2.7x	2.9x	1.7x
Avg Mkt Cap (billion)	\$68.0	\$73.4	\$67.8
Dividend Yield	3.1%	3.1%	2.7%
Return on Equity	10.9%	11.5%	10.0%
% in Top 10 Holdings	30.5%	31.3%	9.5%

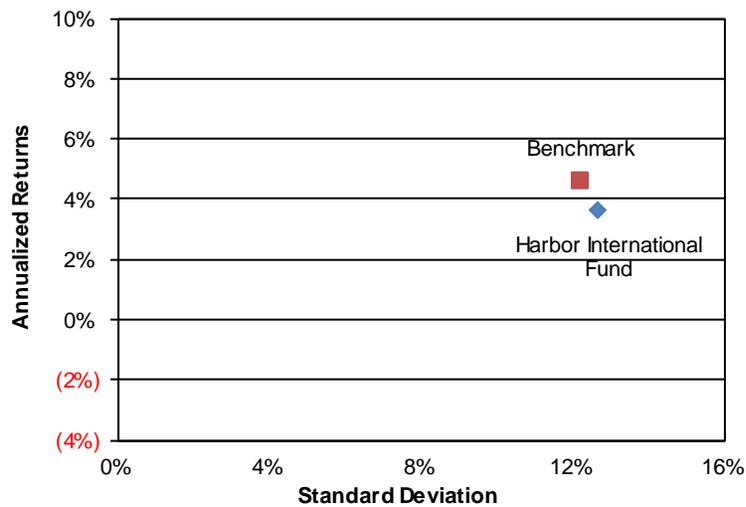
## Advisor's Mandate

- Actively-managed equity fund (HAINX)
- Inception: June 2013
- Objective: Exceed total return of the MSCI ACWI ex US Index
- Annual Fee = 0.74%

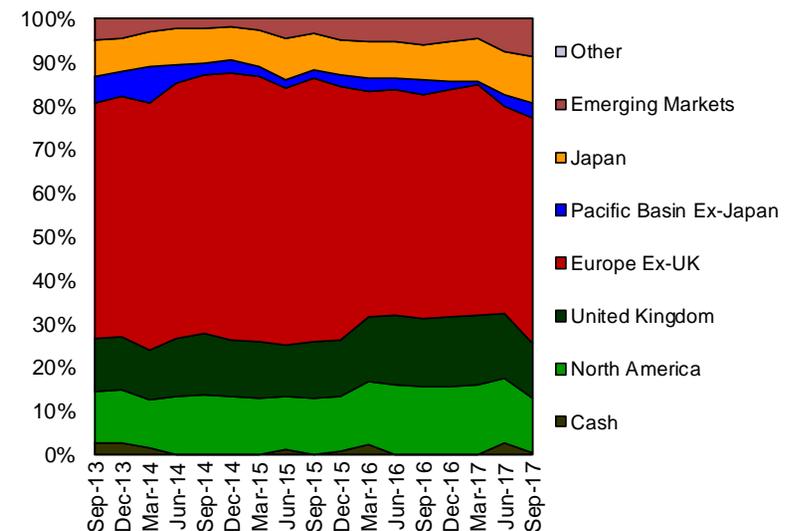
## Commentary

- Harbor underperformed their benchmark by 251 basis points for the third quarter.

## Three-Year Risk/Return



## Historical Country Distribution



Source: Harbor Capital, Bloomberg, CIA Analysis



# PIMCO INTERNATIONAL STOCKSPUS FUND

## Portfolio Characteristics

	PIMCO Intl StocksPLUS as of	
	6/30/17	9/30/17
Fund Assets (\$mm)	\$1,666.1	\$1,788.7
Effective Duration	0.5 years	0.9 years
Effective Maturity	1.1 years	2.1 years
Average Coupon	2.1%	2.1%

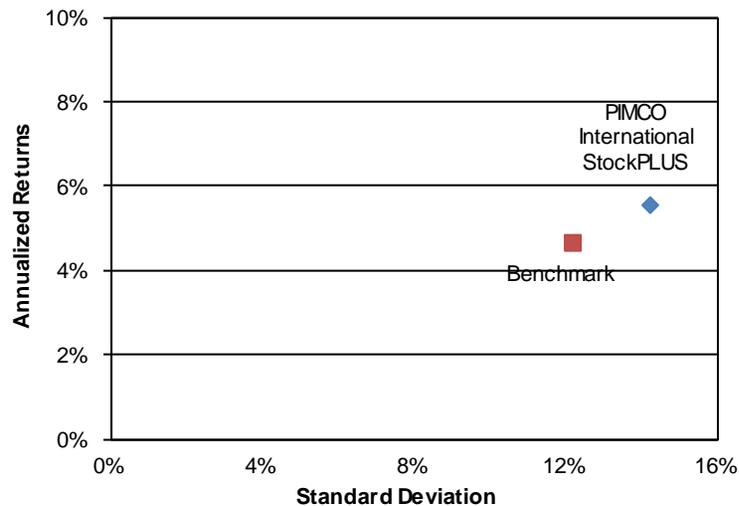
## Advisor's Mandate

- Actively managed equity index fund (PSKIX)
- Inception: June 2013
- Objective: Exceed total return of the MSCI ACWI ex US Index
- Annual Fee = 0.64%

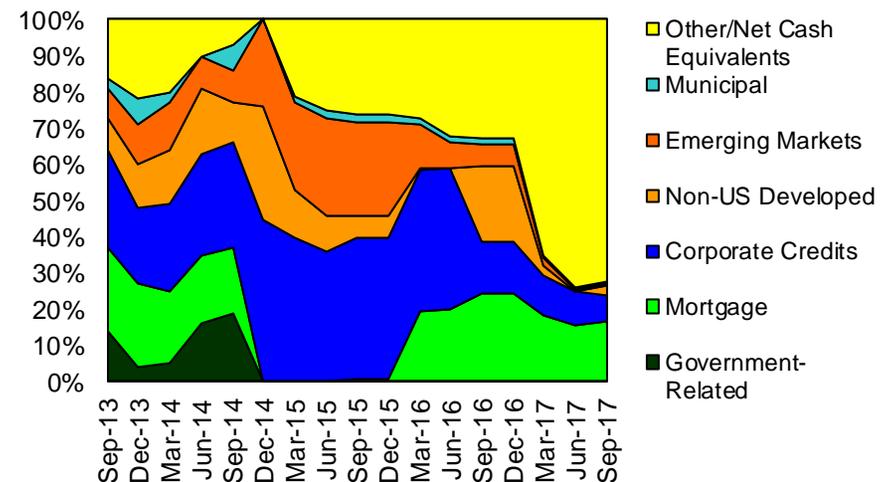
## Commentary

- Recall, this fund has a very different strategy. It gets equity exposure through derivatives, then invests the collateral in bonds. This is why we show bond attributes in the "Portfolio Characteristics" section for this fund.

## Three-Year Risk/Return



## Historical Bond Sector Distribution



Source: PIMCO, Bloomberg, CIA Analysis



# DFA INTERNATIONAL SMALL CAP FUND

## Portfolio Characteristics

	DFA Intl Small Cap as of		MSCI ACWI ex US Small Cap as of
	6/30/17	9/30/17	9/30/17
No. of Securities	2,204	2,185	4,291
P/E Ratio	13.7x	13.8x	21.5x
Price/Book Ratio	0.9x	1.1x	1.6x
Avg Mkt Cap (billions)	\$2.2	\$2.2	\$0.8
% in Top 10 Holdings	6.7%	6.6%	2.3%

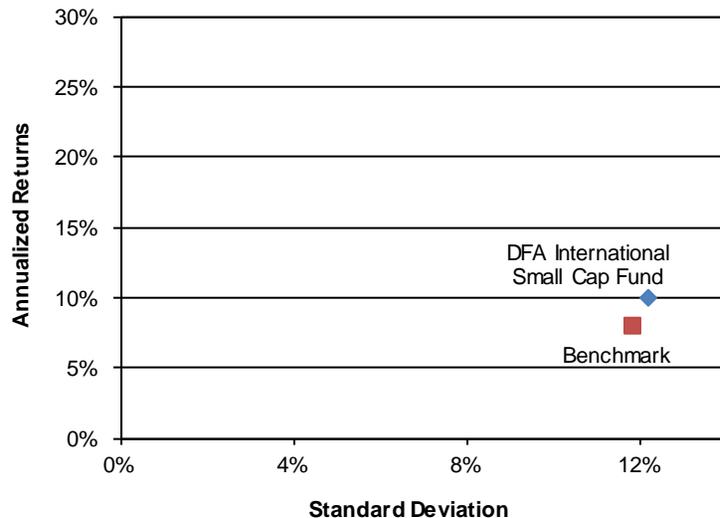
## Advisor's Mandate

- Actively managed equity index fund (DISVX)
- Inception: August 2014
- Objective: Exceed total return of the MSCI ACWI ex US Small Cap Fund
- Annual Fee = 0.69%

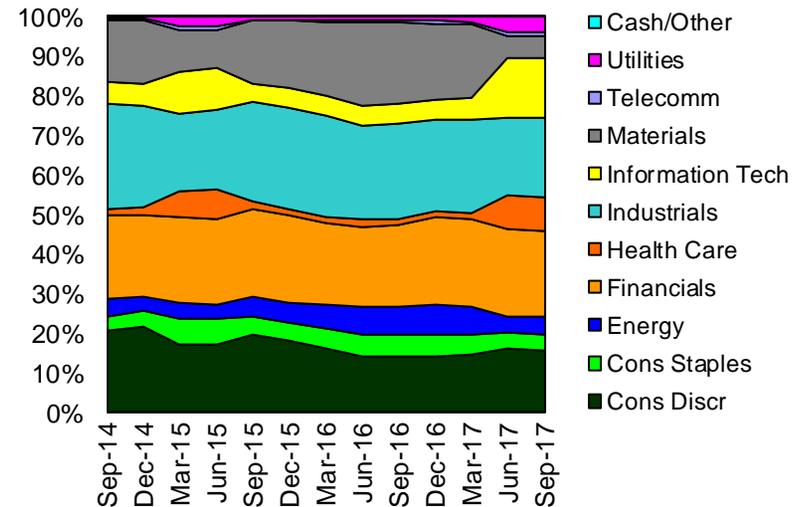
## Commentary

- DFA outperformed their benchmark by 74 bps for the quarter and since inception outperformed by 222 bps annually.

## Three-Year Risk/Return



## Historical Bond Sector Distribution



Source: DFA, Bloomberg, CIA Analysis



# OPPENHEIMER INTERNATIONAL SMALL CAP FUND

## Portfolio Characteristics

	Oppenheimer Intl Small Cap as of		MSCI ACWI ex US Small Cap as of
	6/30/17	9/30/17	9/30/17
No. of Securities	114	111	4,291
P/E Ratio	22.9x	23.8x	21.5x
Price/Book Ratio	3.1x	3.2x	1.6x
Avg Mkt Cap (billions)	\$5.5	\$5.9	\$0.8

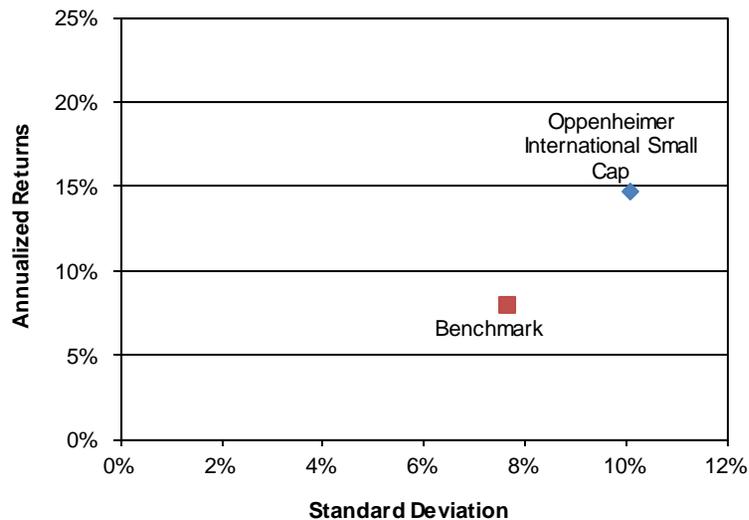
## Advisor's Mandate

- Actively managed equity index fund (OSMYX)
- Inception: August 2014
- Objective: Exceed total return of the MSCI ACWI ex US Small Cap Fund
- Annual Fee = 0.95%

## Commentary

- Oppenheimer underperformed their relative benchmark by 43 basis points for the quarter and since inception outperformed by 672 basis points annually.

## Three-Year Risk/Return



## Historical Bond Sector Distribution

