

## Investment Performance



**June 30, 2016**

by



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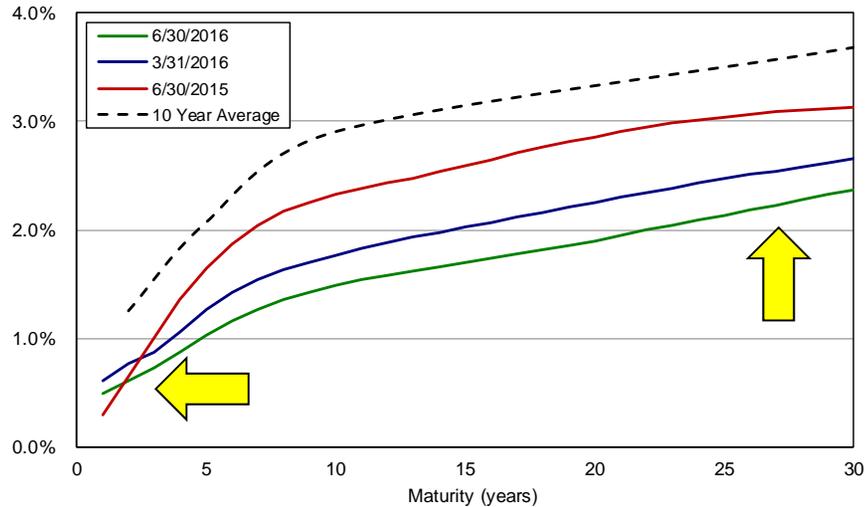
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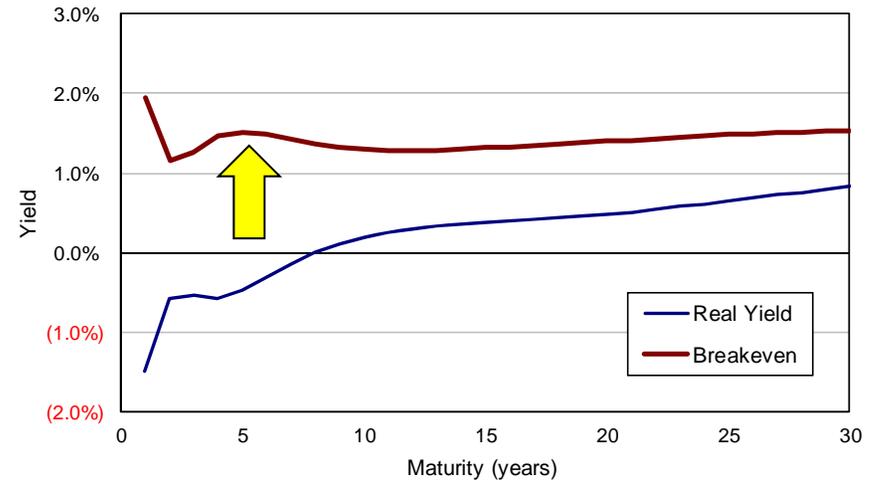


# CAPITAL MARKETS SUMMARY 2<sup>nd</sup> QUARTER 2016

## 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	0.1%	0.1%	0.2%	0.1%	0.1%	1.0%	2.4%
<b>Investment Grade</b>	Barclays Cap. Aggregate	2.2%	5.3%	6.0%	4.1%	3.8%	5.1%	5.7%
	U.S. Treasury	2.1%	5.4%	6.2%	3.5%	3.5%	4.9%	5.4%
	U.S. Agency	1.2%	3.3%	3.7%	2.7%	2.3%	4.1%	5.1%
	U.S. Credit	3.5%	7.5%	7.6%	5.3%	5.2%	6.1%	6.3%
	ABS	1.2%	2.5%	2.7%	2.1%	2.3%	3.5%	4.7%
	MBS	1.1%	3.1%	4.4%	3.8%	3.0%	5.0%	5.6%
	CMBS	2.2%	5.9%	6.1%	4.2%	4.6%	5.6%	NA
	Barclays Cap. U.S. TIPS	1.7%	6.2%	4.4%	2.3%	2.6%	4.7%	NA
	Barclays Cap. Long G/C	6.5%	14.3%	15.7%	9.3%	9.2%	8.4%	8.0%
<b>Muni</b>	Barclays Cap. Municipal	2.6%	4.3%	7.7%	5.6%	5.3%	5.1%	5.4%
<b>High Yield</b>	BC High Yield Bank Loans	3.1%	4.9%	1.1%	2.8%	3.9%	4.6%	NA
	BC High Yield	5.5%	9.1%	1.6%	4.2%	5.8%	7.6%	7.0%

## Equity Markets

		3 Mon	YTD	1 YR	3 YR	5 YR	10 YR	20 YR
<b>Large Cap</b>	S&P 500	2.5%	3.8%	4.0%	11.7%	12.1%	7.4%	7.9%
	S&P 500 - Value	4.0%	6.2%	3.4%	9.7%	11.2%	5.8%	7.5%
	S&P 500 - Growth	1.0%	1.5%	4.2%	13.4%	12.9%	9.0%	NA
<b>Small Cap</b>	Russell 2000	3.8%	2.2%	-6.7%	7.1%	8.4%	6.2%	7.6%
	Russell 2000 - Value	4.3%	6.1%	-2.6%	6.4%	8.1%	5.2%	9.1%
	Russell 2000 - Growth	3.2%	-1.6%	-10.8%	7.7%	8.5%	7.1%	5.6%
<b>International</b>	MSCI EAFE	-1.5%	-4.4%	-10.2%	2.1%	1.7%	1.6%	4.0%
	MSCI EAFE (Local)	-0.7%	-7.2%	-10.2%	5.8%	6.2%	2.1%	NA
	MSCI EAFE - Value	-2.8%	-6.6%	-15.4%	-0.1%	0.1%	0.2%	4.4%
	MSCI EAFE - Growth	-0.1%	-2.2%	-4.8%	4.2%	3.2%	2.9%	3.5%
	MSCI Emerging Markets	0.7%	6.4%	-12.1%	-1.6%	-3.8%	3.5%	NA



# EXECUTIVE SUMMARY

## June 30, 2016

### 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 \$1,010 B.

- Capital Markets:

- ✓ As a result of Britain unexpectedly voting to leave the EU in June, yields fell dramatically. The benchmark 10-year Treasury ended the quarter at 1.49%, near an all-time low. The decline in yields resulted in strong returns for the quarter, with longer maturities producing the best returns.
- ✓ Low yields are having implications for other asset classes, as investors, domestic and foreign, chase income.
- ✓ Global equities saw considerable volatility in June following the British vote to leave the EU. For domestic equities this unexpected outcome was essentially a non-event, at least in the short-term. Once the fallout subsided, U.S. markets turned in a strong performance over the days following the vote and recovered ground lost from the initial reaction. The result of the "Brexit" vote could have further implications and the true impact will not be known for years.

- Performance:

- ✓ The PCF's overall portfolio slightly outperformed the benchmark (2.20% v. 2.07%).
- ✓ Both Fixed Income, High Yield Bank Loans and Commodity composites outperformed for the quarter, while all other composites lagged.

#### ➤ For the past year:

- Capital Markets:

- ✓ All investment grade fixed income markets did well for the quarter.
- ✓ For equities, Domestic did well along with Emerging Markets, while International lagged.

- Performance:

- ✓ The PCF's overall portfolio outperformed the benchmark by 0.02%, returning 2.89%.
- ✓ Core Fixed Income composite outperformed by 33 bps, returning 4.63% vs. 4.29% for the benchmark.
- ✓ Both Core Fixed and Commodities fared well on a relative basis, while high yield and equities struggled.



# COMPANY COMPOSITE

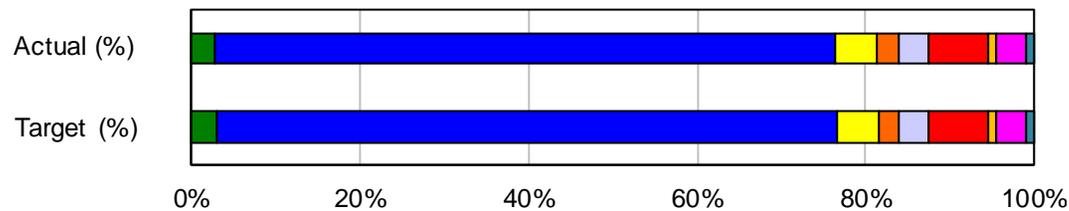
## June 30, 2016

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

	Actual (\$000s)	Actual (%)	Target (%)
■ Cash	28,481	2.8%	3.0%
■ Core Investment-Grade Bonds	742,133	73.5%	73.5%
■ High Yield Bank Loans	51,102	5.1%	5.0%
■ High Yield Bonds	26,443	2.6%	2.5%
■ Commodities	36,015	3.6%	3.5%
■ Domestic Equity	71,097	7.0%	7.0%
■ US Small Cap	10,073	1.0%	1.0%
■ International Equity	34,797	3.4%	3.5%
■ International Small Cap Equity	9,944	1.0%	1.0%
<b>Total</b>	<b>1,010,084</b>	<b>100.0%</b>	<b>100.0%</b>

➤ All asset classes are within their policy target ranges.

➤ This is monitored monthly.

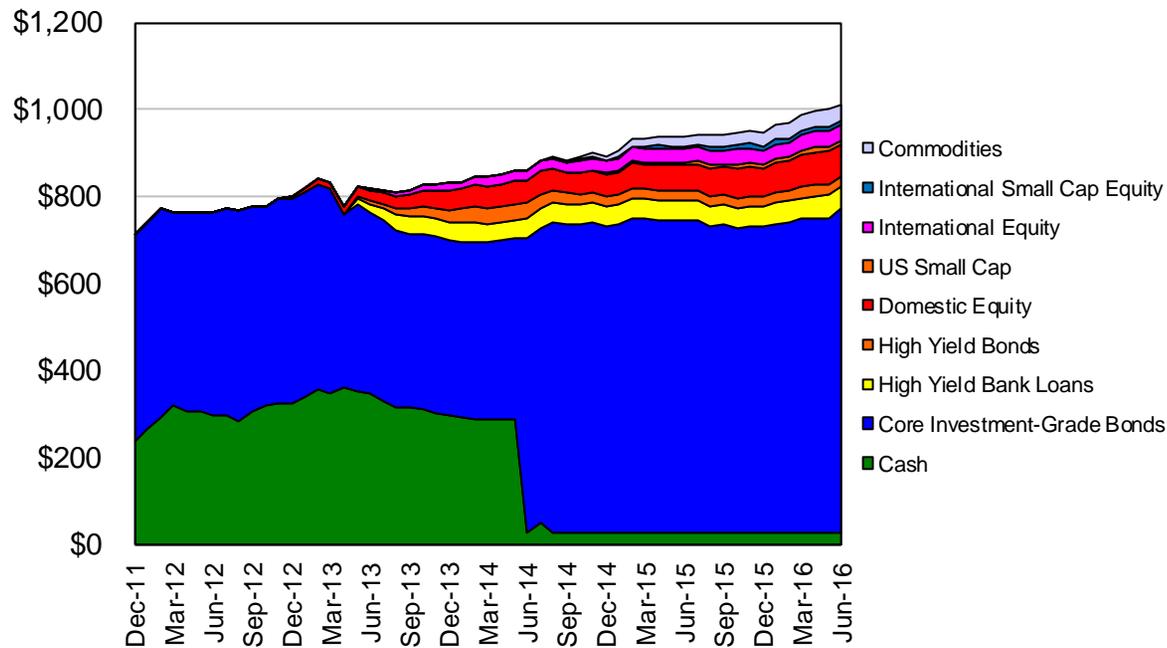




# COMPANY COMPOSITE

## June 30, 2016

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



- This chart shows the portfolio's size and composition over time. Each asset class is shown with a different color. This shows that the PCF is becoming more diversified.
- Core Fixed Income continues to be the largest portion of the asset allocation.



# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of June 30, 2016

Portfolio	Market Value (\$000s)	% of Overall Portfolio	For Periods Ending 6/30/2016					Since Inception	Inception Date
			Quarter	YTD	One Year	Two Years	Three Years		
<b>PCF Composite</b>	1,010,085	100.0%							
Pretax Performance			2.20%	4.31%	2.89%	2.23%	2.93%	1.99%	1/1/2012
<sup>1</sup> <u>Blended Benchmark</u>			2.07%	4.13%	2.87%	2.25%	2.87%	2.27%	
Relative Performance			0.13%	0.17%	0.02%	(0.02%)	0.05%	(0.29%)	
<b>Cash</b>									
WF Advantage Fund	28,481	2.8%	0.09%	0.18%	0.22%	0.12%	0.10%	0.14%	1/1/2012
<u>Merrill 91 Day T-Bill</u>			0.07%	0.15%	0.19%	0.11%	0.09%	0.09%	
Relative Performance			0.02%	0.03%	0.03%	0.01%	0.02%	0.05%	
<b>Core Fixed Income Composite</b>	742,133	73.5%	1.62%	4.10%	4.63%	3.43%	3.84%	2.35%	1/1/2012
<sup>1</sup> <u>Blended Benchmark</u>			1.42%	3.74%	4.29%	3.22%	3.60%	2.76%	
Relative Performance			0.20%	0.37%	0.33%	0.21%	0.24%	(0.41%)	
<b>High Yield Bank Loan Composite</b>	51,102	5.1%	4.34%	5.17%	0.02%	0.22%	1.96%	1.91%	4/1/2013
<u>S&amp;P LSTA Index</u>			2.86%	4.40%	0.73%	1.17%	2.55%	2.40%	
Relative Performance			1.48%	0.77%	(0.71%)	(0.96%)	(0.59%)	(0.49%)	
<b>High Yield Bond Composite</b>	26,443	2.6%	5.29%	8.56%	0.42%	(0.60%)	3.35%	1.97%	5/1/2013
<sup>1</sup> <u>Blended Benchmark</u>			5.66%	9.12%	1.54%	0.47%	4.05%	2.78%	
Relative Performance			(0.38%)	(0.56%)	(1.12%)	(1.07%)	(0.70%)	(0.81%)	
<b>Commodity Composite</b>	36,015	3.6%	13.18%	14.66%	(13.40%)	(19.21%)	NA	(19.21%)	7/1/2014
<sup>1</sup> <u>Blended Benchmark</u>			12.50%	12.67%	(14.14%)	(19.26%)	NA	(19.26%)	
Relative Performance			0.68%	1.99%	0.75%	0.05%	NA	0.05%	
<b>Total Equity Composite</b>	125,911	12.5%	1.49%	1.77%	(3.11%)	(0.40%)	7.27%	10.18%	11/1/2012
<sup>1</sup> <u>Blended Benchmark</u>			1.86%	2.33%	(2.52%)	(0.18%)	7.38%	10.27%	
Relative Performance			(0.37%)	(0.56%)	(0.59%)	(0.22%)	(0.11%)	(0.09%)	

➤ For the second quarter:

- The portfolio earned 2.20%, outperforming the benchmark by 13 basis points.
- Commodities earned 13.18% and were, by far, the best performing asset class.
- Cash, high yield bank loans, fixed income, and commodities beat their respective benchmarks.

➤ Over the past three years, the portfolio has slightly beaten the overall benchmark by 5 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

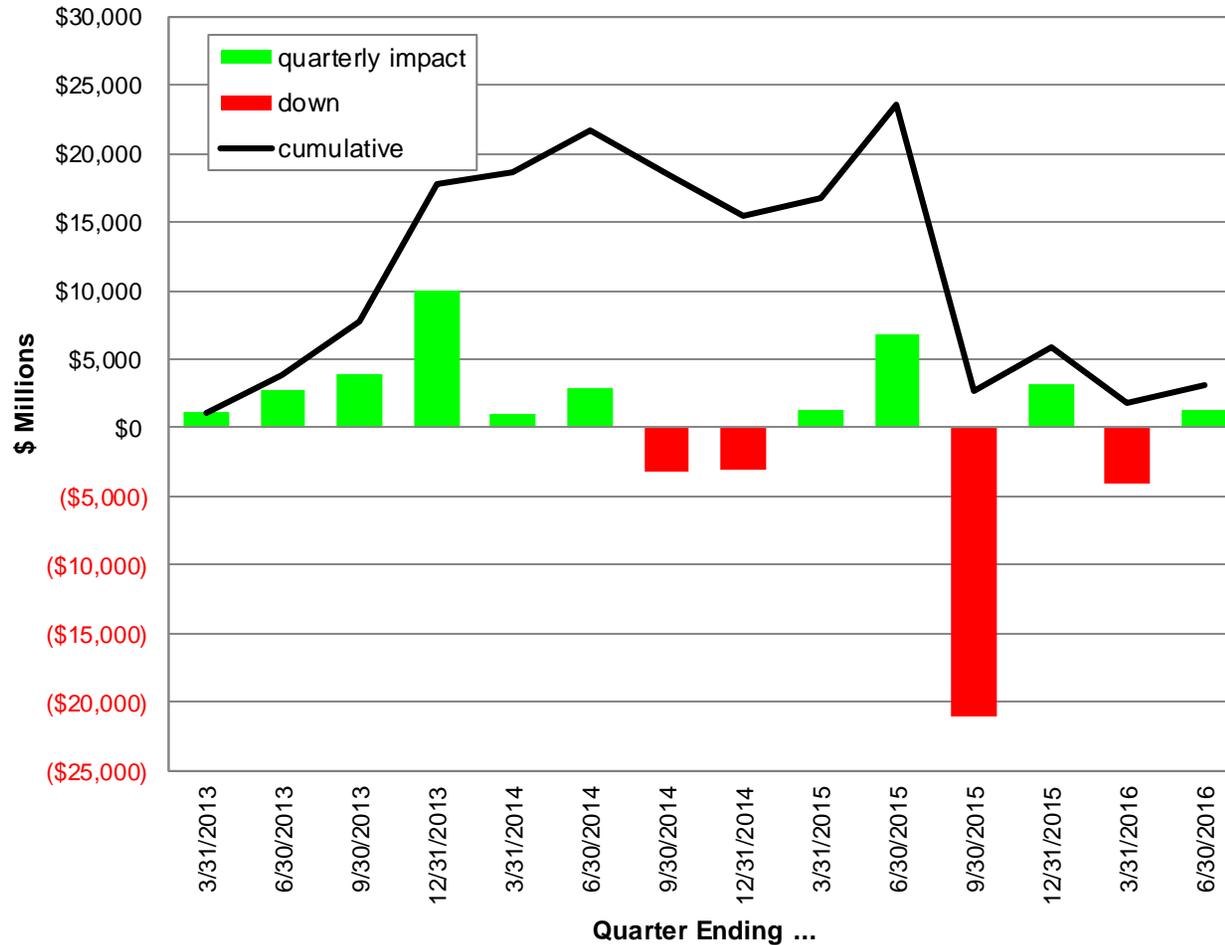
	<b>PCF Composite</b>	Core Fixed	HYBL's	High Yield	Commodity	Equity
Beginning Market Value	<b>\$988,103</b>	\$720,372	\$48,182	\$25,115	\$36,221	\$129,852
Net Contributions/Withdrawals	<b>\$4,224</b>	\$9,830	\$800	\$0	(\$500)	(\$6,000)
Investment Income	<b>\$6,887</b>	\$5,016	\$690	\$409	\$56	\$689
Investment Gain/(Loss)	<b>\$10,871</b>	\$6,915	\$1,430	\$919	\$238	\$1,370
Investment Return	<b>\$17,758</b>	\$11,931	\$2,120	\$1,328	\$294	\$2,059
Ending Market Value	<b>\$1,010,085</b>	\$742,133	\$51,102	\$26,443	\$36,015	\$125,911

- The portfolio ending market value is over \$1,010,085 for the end of the 2<sup>nd</sup> quarter.
- Investments earned \$17.8 MM for the quarter, with all asset classes earning money.



## DOLLAR RECONCILIATION (cont.)

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



- When “fear” is the dominant market factor, U.S. Treasuries tend to do best. In these situations, the PCF’s portfolio will do worse than its prior strategy.
- For the past quarter, U.S. treasuries earned 2.1%.
- For the past year, U.S. treasuries, earned 6.2%.
- Since inception, the diversified portfolio has added about \$3 MM above what the prior portfolio structure would have earned.

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

Source: Wells Fargo, State of Louisiana, CIA analysis



# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of June 30, 2016

Portfolio	Market Value (\$000s)	% of Overall Portfolio	For Periods Ending 6/30/2016				Three Years	Since Inception	Inception Date
			Quarter	YTD	One Year	Two Years			
<b>Core Fixed Income Composite</b>	742,133	73.5%	1.62%	4.10%	4.63%	3.43%	3.84%	2.35%	1/1/2012
<sup>1</sup> <u>Blended Benchmark</u>			1.42%	3.74%	4.29%	3.22%	3.60%	2.76%	
Relative Performance			0.20%	0.37%	0.33%	0.21%	0.24%	(0.41%)	
GR NEAM	371,450	36.8%	1.64%	4.15%	4.91%	3.50%	NA	3.35%	6/27/2014
<u>Barclays Intermediate Aggregate</u>			1.42%	3.74%	4.29%	3.05%	NA	2.94%	
Relative Performance			0.22%	0.42%	0.62%	0.45%	NA	0.41%	
JP Morgan	370,683	36.7%	1.60%	4.05%	4.34%	3.10%	NA	2.97%	6/27/2014
<u>Barclays Intermediate Aggregate</u>			1.42%	3.74%	4.29%	3.05%	NA	2.94%	
Relative Performance			0.18%	0.31%	0.05%	0.05%	NA	0.03%	

- GR-NEAM and JP Morgan outperformed for all time periods.
- Both managers did quite well this quarter, outperforming by 20 basis points on average.

<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		BC Int. Aggregate as of
	3/31/16	6/30/16	6/30/16
Effective Duration	3.6 years	3.4 years	3.6 years
Average Maturity	4.8 years	4.6 years	4.6 years
Yield to Maturity	1.9%	1.6%	1.6%
Average Quality	AA	AA	AA

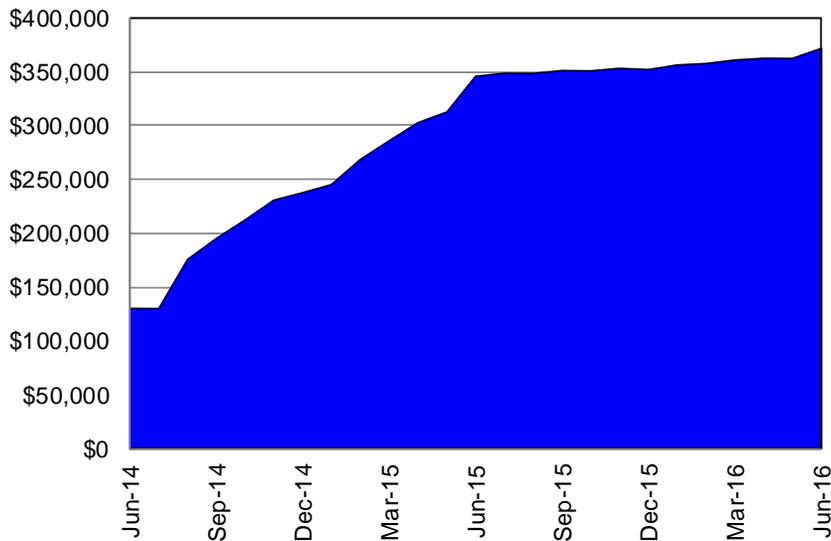
## Advisor's Mandate

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

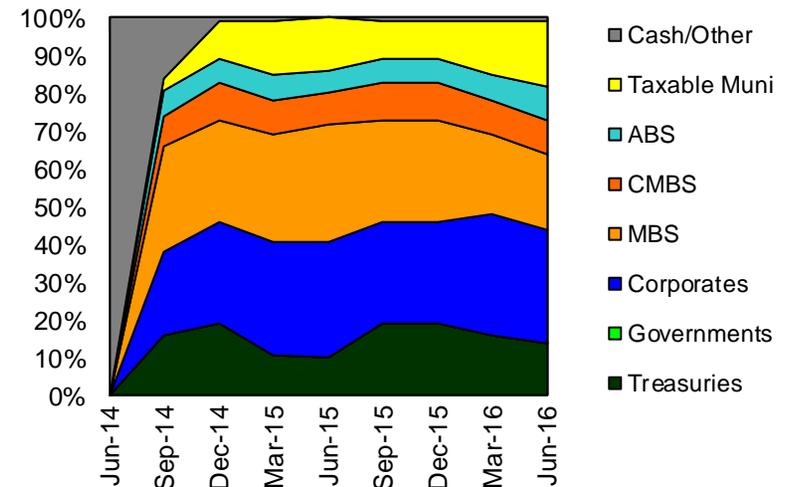
## Commentary

- GR-NEAM outperformed for the quarter and all time periods.
- Since inception GR-NEAM outperformed their relative benchmark by 0.41% net of fees.

## Asset Growth (\$mm)



## Historical Sector Distribution



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



# JP MORGAN BOND FUND

## Portfolio Characteristics

	JP Morgan as of		BC Int. Aggregate as of
	3/31/16	6/30/16	6/30/16
Effective Duration	3.7 years	3.5 years	3.6 years
Average Maturity	4.5 years	4.3 years	4.6 years
Yield to Maturity	1.9%	1.6%	1.6%
Average Quality	AA	AA	AA

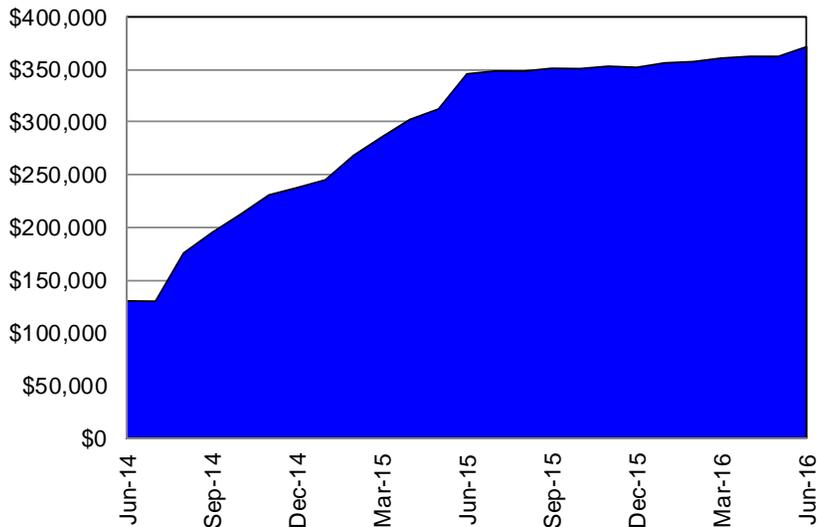
## Advisor's Mandate

- Actively managed fixed income separate account
- Inception: June 2014
- Objective: Exceed total return of the Barclays Int. Aggregate
- Annual Fee = First \$200mm 0.16%  
Next \$200mm 0.13%  
Thereafter 0.10%

## Commentary

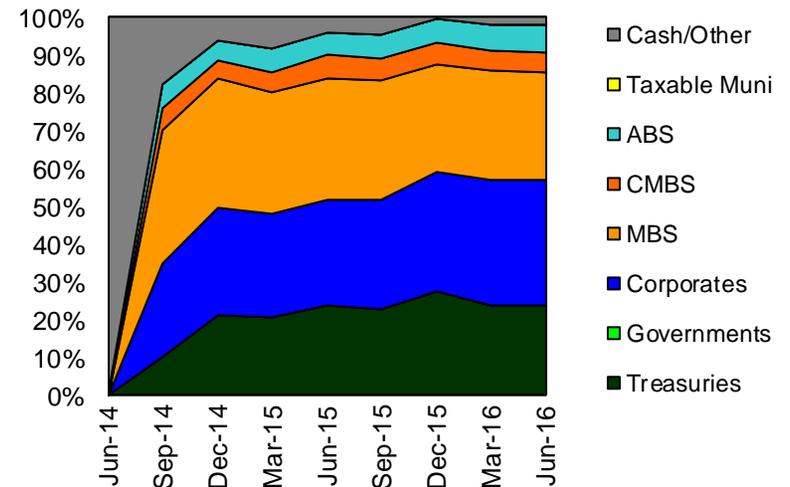
- For the quarter, JP Morgan outperformed by 0.18% compared to Barclays Intermediate Aggregate.
- JP Morgan since inception has earned 2.97%.

## Asset Growth (\$mm)



Source: JP Morgan, Bloomberg, CIA analysis, Wells Fargo

## Historical Sector Distribution





# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of June 30, 2016

Portfolio	Market Value (\$000s)	% of Overall Portfolio	Quarter	YTD	One Year	Two Years	Three Years	Since Inception	Inception Date
<b>High Yield Bank Loan Composite</b>	51,102	5.1%	4.34%	5.17%	0.02%	0.22%	1.96%	1.91%	4/1/2013
<u>S&amp;P LSTA Index</u>			2.86%	4.40%	0.73%	1.17%	2.55%	2.40%	
Relative Performance			1.48%	0.77%	(0.71%)	(0.96%)	(0.59%)	(0.49%)	
John Hancock High Yield Bank Loan	25,576	2.5%	4.77%	5.23%	(1.17%)	(0.52%)	1.38%	1.26%	4/1/2013
<u>S&amp;P LSTA Index</u>			2.86%	4.40%	0.73%	1.17%	2.55%	2.40%	
Relative Performance			1.91%	0.83%	(1.90%)	(1.69%)	(1.17%)	(1.14%)	
Oppenheimer High Yield Bank Loan	25,526	2.5%	3.91%	5.11%	1.22%	0.95%	2.54%	2.56%	4/1/2013
<u>S&amp;P LSTA Index</u>			2.86%	4.40%	0.73%	1.17%	2.55%	2.40%	
Relative Performance			1.05%	0.71%	0.49%	(0.22%)	(0.02%)	0.16%	

- HYBL have done well this year, earning 5.17% over the past six months.
- Both John Hancock and Oppenheimer outperformed for the quarter. After a strong year relative to the benchmark, Oppenheimer has outperformed since inception.



# JOHN HANCOCK- HIGH YIELD BANK LOAN FUND

## Portfolio Characteristics

	John Hancock HYBL as of		S&P LSTA as of
	3/31/16	6/30/16	6/30/16
Number of Issues	278	276	1,231
Average Maturity	3.2 years	2.6 years	NA
Avg Credit Quality	B	B	B+
Effective Duration	0.68 years	0.66 years	NA

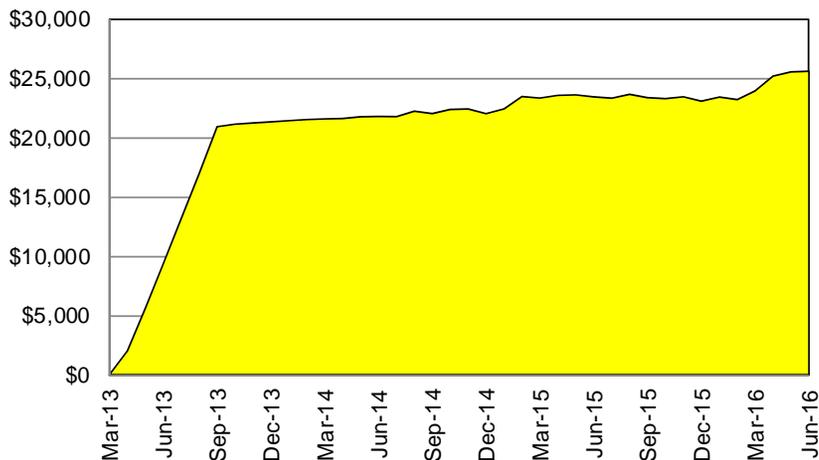
## Advisor's Mandate

- Actively-Managed High Yield Bank Loan Fund (JFIRX)
- Inception: April 2013
- Objective: Exceed total return of the S&P LSTA index
- Annual fee 0.50%

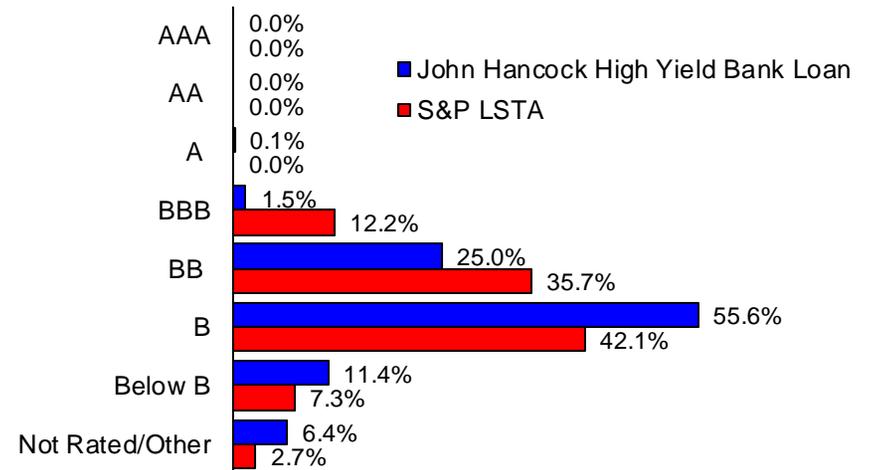
## Commentary

- The fund outperformed the index for the quarter, returning 4.77%
- This fund is now taking more credit risk.

## Asset Growth (\$000s)



## Quarter End Quality Distribution



Source: John Hancock, Bloomberg, CIA analysis



# OPPENHEIMER SENIOR FLOATING RATE FUND

## Portfolio Characteristics

	Oppenheimer Fund as of		S&P LSTA as of
	3/31/16	6/30/16	6/30/16
Number of Issues	351	432	1,231
Average Spread	775	706	530
Avg Credit Quality	B	B	B+
Average Coupon	5.3%	5.5%	4.1%

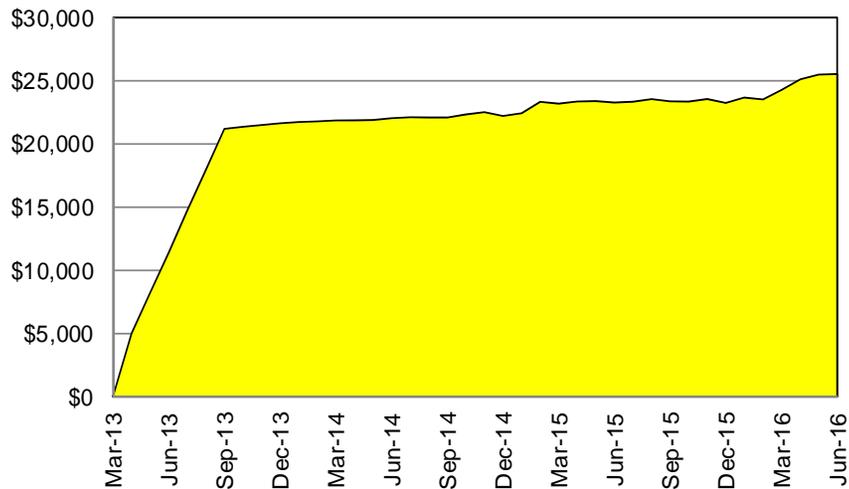
## Advisor's Mandate

- Actively-Managed High Yield Bank Loan Fund (OOSIX)
- Inception: April 2013
- Objective: Exceed total return of the S&P LSTA index
- Annual fee 0.68%

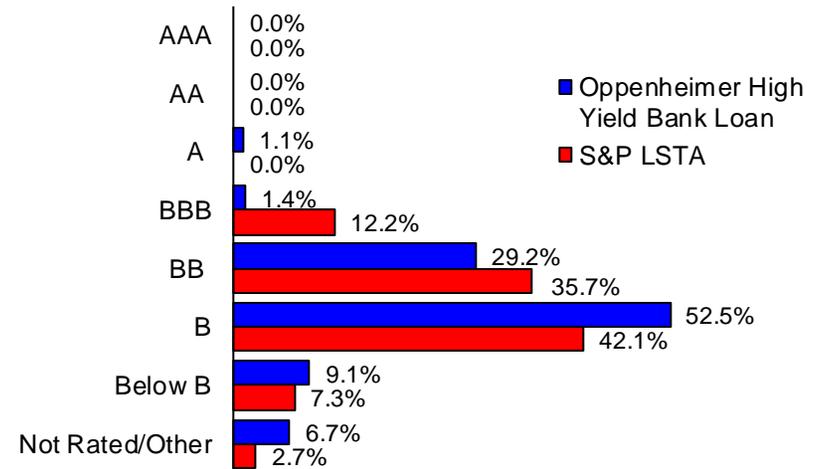
## Commentary

- Oppenheimer outperformed the index this past quarter by 105 basis points.
- Oppenheimer maintains a nice spread advantage to the index.

## Asset Growth (\$000s)



## Quarter End Quality Distribution



Source: Oppenheimer, Bloomberg, CIA Analysis



## INVESTMENT PERFORMANCE

### Pretax, Net of Fees Performance as of June 30, 2016

Portfolio	Market Value (\$000s)	% of Overall Portfolio	% of		One Year	Two Years	Three Years	Since Inception	Inception Date
			Quarter	YTD					
<b>High Yield Bond Composite</b>	26,443	2.6%	5.29%	8.56%	0.42%	(0.60%)	3.35%	1.97%	5/1/2013
<sup>1</sup> <u>Blended Benchmark</u>			5.66%	9.12%	1.54%	0.47%	4.05%	2.78%	
Relative Performance			(0.38%)	(0.56%)	(1.12%)	(1.07%)	(0.70%)	(0.81%)	
Neuberger High Yield	13,046	1.3%	4.44%	7.49%	0.41%	(0.36%)	3.40%	2.00%	5/1/2013
<u>ML HY Master II Constrained</u>			5.85%	9.25%	1.60%	0.46%	4.05%	2.78%	
Relative Performance			(1.41%)	(1.76%)	(1.19%)	(0.82%)	(0.65%)	(0.78%)	
Ridgeworth High Yield	13,397	1.3%	6.13%	9.61%	0.40%	(0.86%)	3.28%	2.30%	6/1/2013
<u>BC US Corporate High Yield</u>			5.48%	8.99%	1.48%	0.47%	4.05%	3.04%	
Relative Performance			0.65%	0.63%	(1.08%)	(1.33%)	(0.77%)	(0.74%)	

- Low interest rates in investment grade bonds has led to a “search for yield” and investors seem to be moving into higher yielding securities. As such, high yield bonds have earned about 9% in the past six months.
- As Neuberger Berman focuses on quality, it has lagged this year. The Neuberger Fund was underweight to Energy, an overweight to Healthcare and security selection within Diversified Financial Services were the least beneficial to returns.
- Ridgeworth’s outperformance was primarily due to the Fund’s overweighting and favorable security selection in Energy, especially in natural gas and pipelines. Also adding to the excess return was positive security selection in Paper and Telecommunications. Partially offsetting these advantageous factors was an underweighting in Metals & Mining, which benefited from the recovery in commodity prices, as well as an overweighting in Finance and unfavorable security selection in Transportation.

<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
	3/31/16	6/30/16	6/30/16
No. of Holdings	456	451	2,283
Average Duration	3.8 years	4.1 years	4.7 years
Avg. Yield to Maturity	5.6%	5.7%	6.4%
Avg. Credit Quality	BB-	BB-	B+
Average Coupon	6.0%	6.1%	6.6%

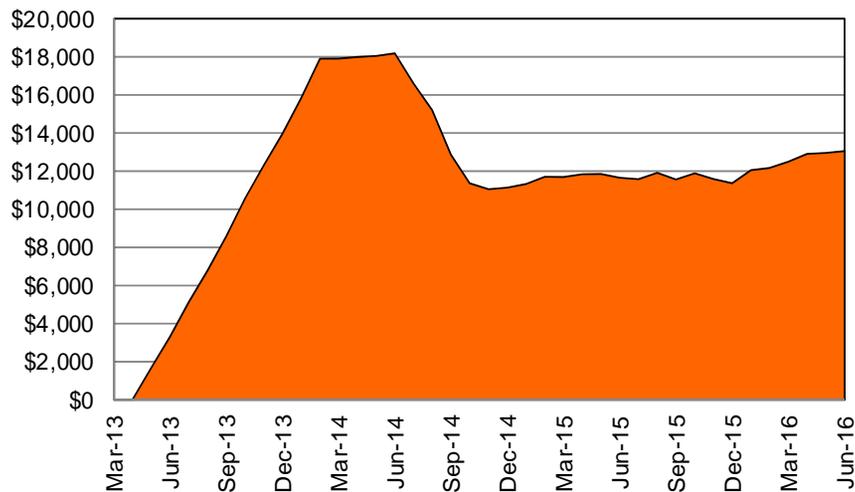
## Advisor's Mandate

- Fixed Income – High Yield Bond Fund (NHILX)
- Inception: May 2013
- Objective: Exceed total return of the ML HY Master II Constrained index
- Annual fee 0.70%

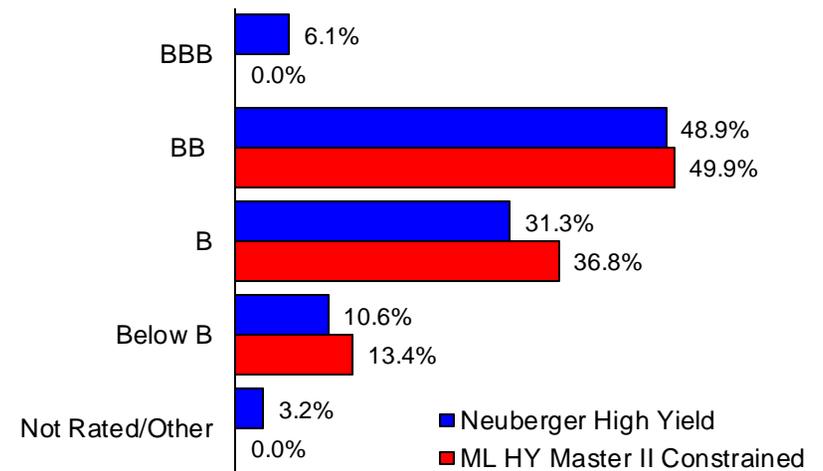
## Commentary

- The fund underperformed for all reporting time periods.
- With energy prices stabilizing and the fundamentals of non-commodity related sectors remaining moderately positive, we expect that high yield will continue to recover in 2016.

## Asset Growth (\$000s)



## Quarter End Quality Distribution



Source: Neuberger Berman, Bloomberg, CIA Analysis



# RIDGEWORTH HIGH INCOME BOND FUND

## Portfolio Characteristics

	Ridgeworth High Income Bond as of		BC US Corp High Yield as of
	3/31/16	6/30/16	6/30/16
No. of Holdings	226	247	2,202
Duration	3.4 years	3.3 years	4.2 years
Yield to Maturity	5.0%	7.2%	7.5%
Avg Credit Quality	B	B	B
Average Coupon	6.8%	6.8%	6.6%

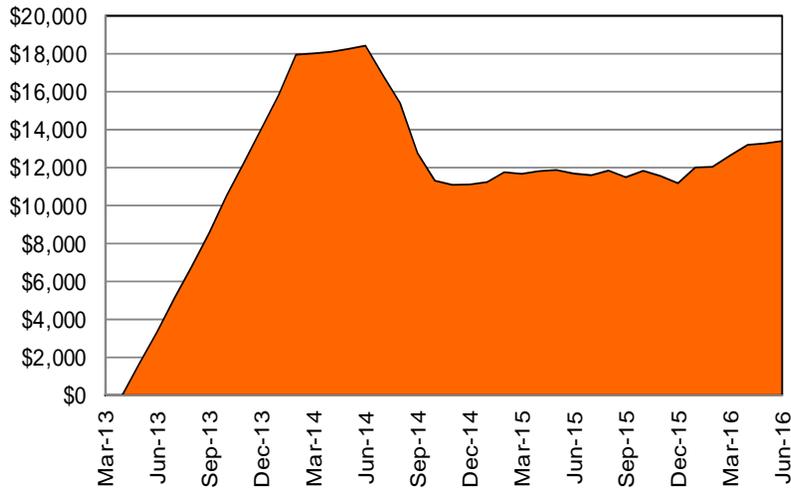
## Advisor's Mandate

- Fixed Income – High Yield Bond Fund (STHTX)
- Inception: June 2013
- Objective: Exceed total return of the BC US Corporate High Yield Index
- Annual fee 0.77%

## Commentary

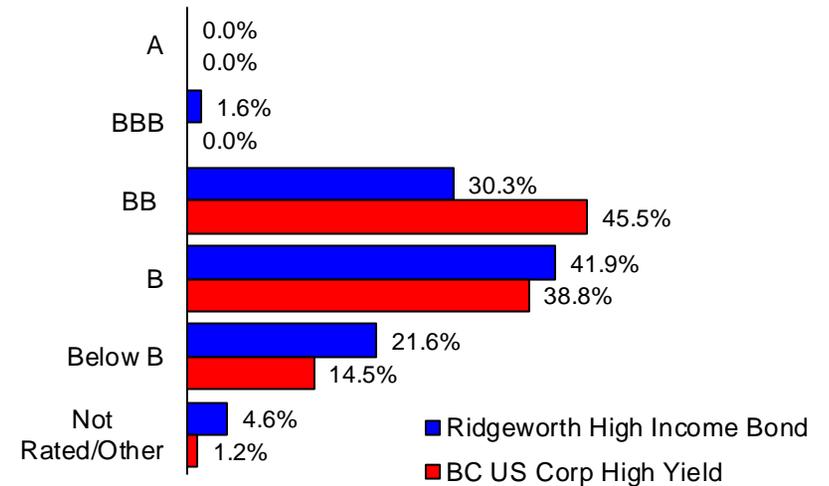
- The fund outperformed their relative benchmark for the current quarter and year to date.

## Asset Growth (\$000s)



Source: Ridgeworth, Bloomberg, CIA Analysis

## Quarter End Quality Distribution





## INVESTMENT PERFORMANCE

### Pretax, Net of Fees Performance as of June 30, 2016

Portfolio	Market Value (\$000s)	% of Overall Portfolio	Quarter	YTD	One Year	Two Years	Since Inception	Inception Date
<b>Commodity Composite</b>	36,015	3.6%	13.18%	14.66%	(13.40%)	(19.21%)	(19.21%)	7/1/2014
<u>Bloomberg Commodity Index</u>			12.50%	12.67%	(14.14%)	(19.26%)	(19.26%)	
Relative Performance			0.68%	1.99%	0.75%	0.05%	0.05%	
DFA Commodity Strategy	18,207	1.8%	12.89%	14.98%	(11.32%)	(16.59%)	(16.59%)	7/1/2014
<u>Bloomberg Commodity Index</u>			12.50%	12.67%	(14.14%)	(19.26%)	(19.26%)	
Relative Performance			0.38%	2.31%	2.83%	2.67%	2.67%	
PIMCO CommoditiesPlus Strategy	17,808	1.8%	13.42%	12.58%	(19.61%)	(25.29%)	(25.29%)	7/1/2014
<u>Bloomberg Commodity Index</u>			12.50%	12.67%	(14.14%)	(19.26%)	(19.26%)	
Relative Performance			0.91%	(0.09%)	(5.47%)	(6.03%)	(6.03%)	

- The commodity composite outperformed for all time periods, driven by strong performance by DFA.
- LAPCF also liquidated the PIMCO Commodity Real Return and Van Eck Commodity funds this quarter.



# DFA COMMODITY FUND

## Portfolio Characteristics

	DFA Commodity as of	
	3/31/16	6/30/16
Effective Duration	1.7 years	1.6 years
Effective Maturity	1.7 years	1.6 years
Average Coupon	2.1%	2.1%
Avg. Credit Quality	A	A

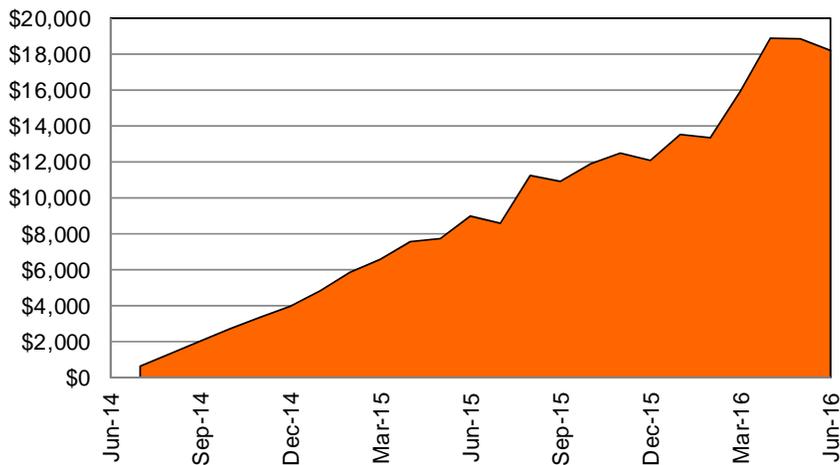
## Advisor's Mandate

- Commodity – Commodity Fund (DCMSX)
- Inception: July 2014
- Objective: Exceed total return of the Bloomberg Commodity Index
- Annual fee 0.35%

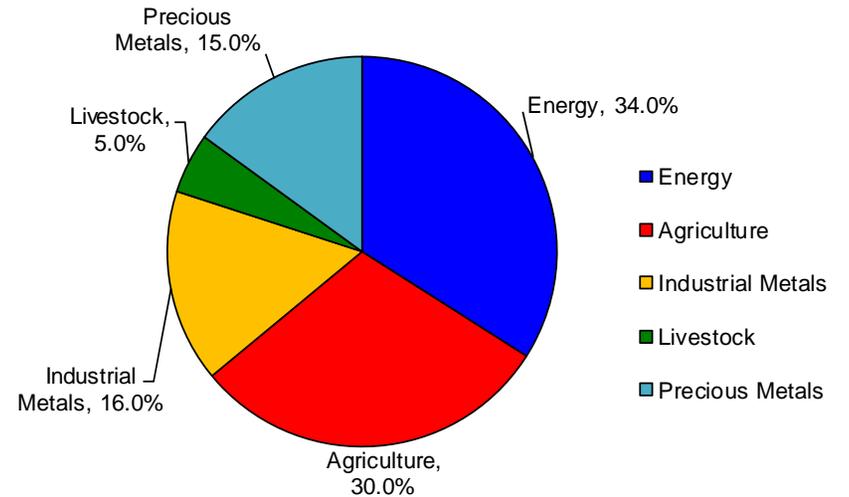
## Commentary

- The fund outperformed the benchmark for all time periods.
- Since inception they are beating the benchmark by 2.67%.

## Asset Growth (\$000s)



## Quarter End Distribution



Source: DFA, Bloomberg, CIA Analysis



# PIMCO COMMODITY PLUS FUND

## Portfolio Characteristics

	PIMCO (PCLIX) Commodity as of	
	3/31/16	6/30/16
Effective Duration	0.3 years	0.1 years
Effective Maturity	0.5 years	0.7 years
Average Coupon	2.4%	1.7%
Avg. Credit Quality	NR	NR

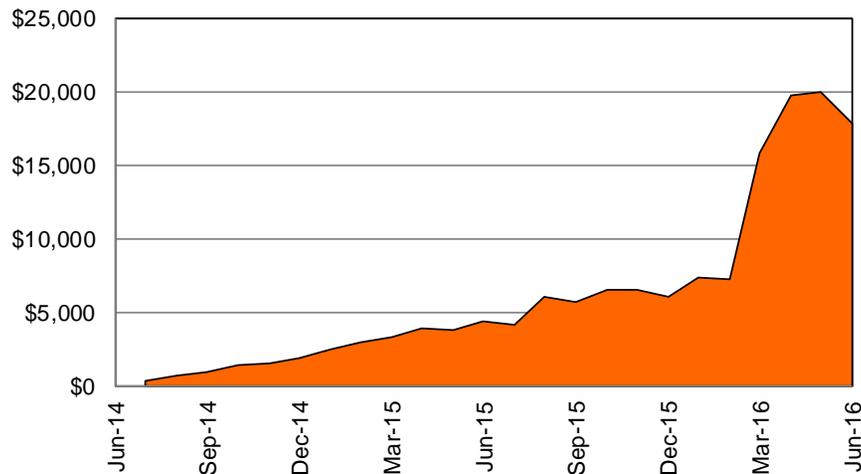
## Advisor's Mandate

- Commodity – Commodity Plus Fund (PCLIX)
- Inception: July 2014
- Objective: Exceed total return of the Bloomberg Commodity Index
- Annual fee 0.74%

## Commentary

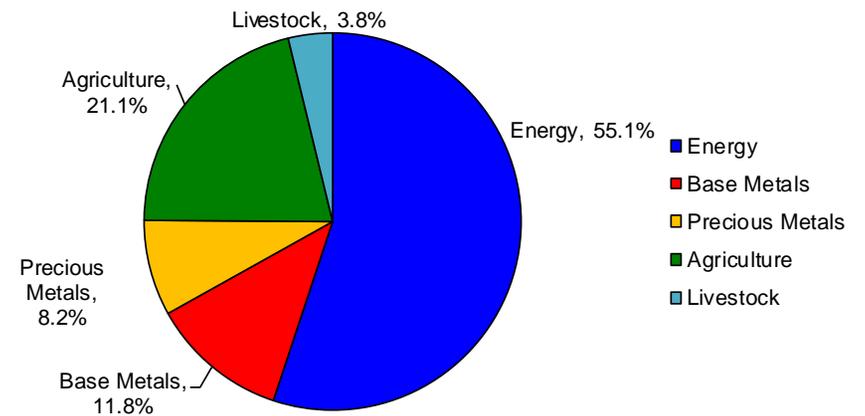
- The fund outperformed their benchmark by 91 basis points 0.91% in the second quarter.

## Asset Growth (\$000s)



Source: PIMCO, Bloomberg, CIA Analysis

## Quarter End Distribution





# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of June 30, 2016

Portfolio	Market Value (\$000s)	% of Overall Portfolio	Quarter	YTD	One Year	Two Years	Three Years	Since Inception	Inception Date
<b>Total Equity Composite</b>	125,911	12.5%	1.49%	1.77%	(3.11%)	(0.40%)	7.27%	10.18%	11/1/2012
<sup>1</sup> <u>Blended Benchmark</u>			1.86%	2.33%	(2.52%)	(0.18%)	7.38%	10.27%	
Relative Performance			(0.37%)	(0.56%)	(0.59%)	(0.22%)	(0.11%)	(0.09%)	
<b>Domestic Equity Composite</b>	81,171	8.0%	3.00%	4.17%	1.59%	4.22%	10.82%	13.30%	11/1/2012
<sup>1</sup> <u>Blended Benchmark</u>			3.29%	4.11%	1.31%	4.17%	10.74%	13.23%	
Relative Performance			(0.29%)	0.06%	0.28%	0.05%	0.08%	0.07%	
<b>International Equity Composite</b>	44,740	4.4%	(1.18%)	(2.42%)	(11.00%)	(7.66%)	1.38%	(0.98%)	5/1/2013
<sup>1</sup> <u>Blended Benchmark</u>			(0.66%)	(0.79%)	(9.03%)	(6.79%)	1.95%	(0.31%)	
Relative Performance			(0.52%)	(1.63%)	(1.97%)	(0.87%)	(0.58%)	(0.67%)	

- Over the past three years:
  - The equity portfolio earned 7.27%, but trailed the benchmark by 11 basis points.
  - US equities did well, earning 10.82%.
  - International equities have lagged, earning just 1.38%.

<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 June 30, 2016

Portfolio	Market Value (\$000s)	% of Overall Portfolio	Quarter	YTD	One Year	Two Years	Three Years	Since Inception	Inception Date
<b>Domestic Equity Composite</b>	81,171	8.0%	3.00%	4.17%	1.59%	4.22%	10.82%	13.30%	11/1/2012
<sup>1</sup> <u>Blended Benchmark</u>			3.29%	4.11%	1.31%	4.17%	10.74%	13.23%	
Relative Performance			(0.29%)	0.06%	0.28%	0.05%	0.08%	0.07%	
Vanguard Russell 1000 Value Fund	20,511	2.0%	4.44%	6.10%	2.67%	3.35%	NA	5.02%	5/1/2014
<u>Russell 1000 Value Index</u>			4.56%	6.25%	2.77%	3.41%	NA	5.07%	
Relative Performance			(0.12%)	(0.15%)	(0.10%)	(0.05%)	NA	(0.05%)	
Vanguard Total Stock Market Fund	50,587	5.0%	2.67%	3.63%	2.13%	4.66%	11.13%	13.57%	11/1/2012
<u>CRSP US Total Market Index</u>			2.68%	3.64%	2.11%	4.60%	11.05%	13.49%	
Relative Performance			(0.01%)	(0.00%)	0.02%	0.05%	0.08%	0.08%	
DFA US Small Cap Fund	4,954	0.5%	1.69%	3.56%	(4.06%)	0.74%	NA	0.74%	7/1/2014
<u>Russell 2000 Index</u>			3.77%	2.17%	(6.81%)	(0.42%)	NA	(0.42%)	
Relative Performance			(2.08%)	1.38%	2.75%	1.16%	NA	1.16%	
Diamond Hill Small Cap Fund	5,119	0.5%	1.91%	2.53%	(3.61%)	(2.10%)	NA	(2.10%)	7/1/2014
<u>Russell 2000 Index</u>			3.77%	2.17%	(6.81%)	(0.42%)	NA	(0.42%)	
Relative Performance			(1.86%)	0.36%	3.19%	(1.68%)	NA	(1.68%)	

- Domestic Equity composite outperformed over all reporting time periods except current quarter.
- The index funds have done a nice job matching their respective indices.
- Despite lagging the index this quarter, DFA has outperformed since inception.
- Diamond Hill, typically a defensive manager, lagged as the benchmark earned 3.77% for the quarter.

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



# VANGUARD RUSSELL 1000 VALUE FUND

## Portfolio Characteristics

	Vanguard Russell 1000 Value Fund as of		Russell 1000 Value Index
	3/31/16	6/30/16	6/30/16
No. of Securities	684	692	692
P/E Ratio	19.5x	19.4x	19.2x
Price/Book Ratio	1.8x	1.8x	1.9x
Avg Mkt Cap (billions)	\$52.6	\$57.8	\$57.8
Return on Equity	12.9%	12.6%	12.6%
% in Top 10 Holdings	24.2%	22.3%	22.3%

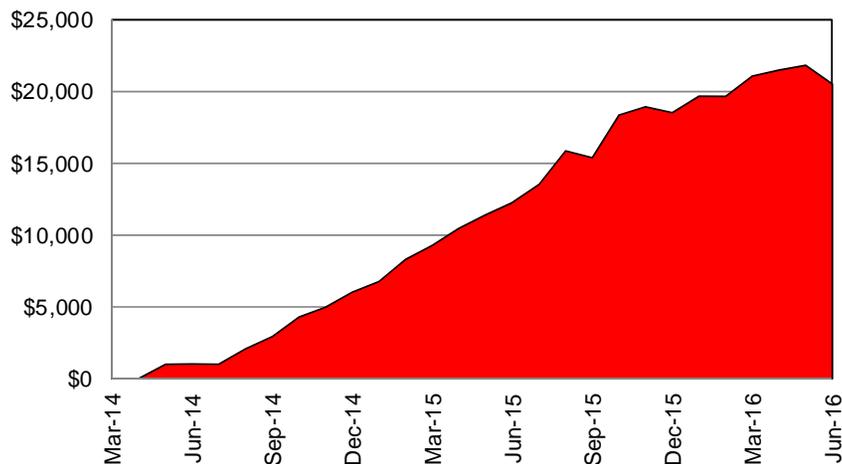
## Advisor's Mandate

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

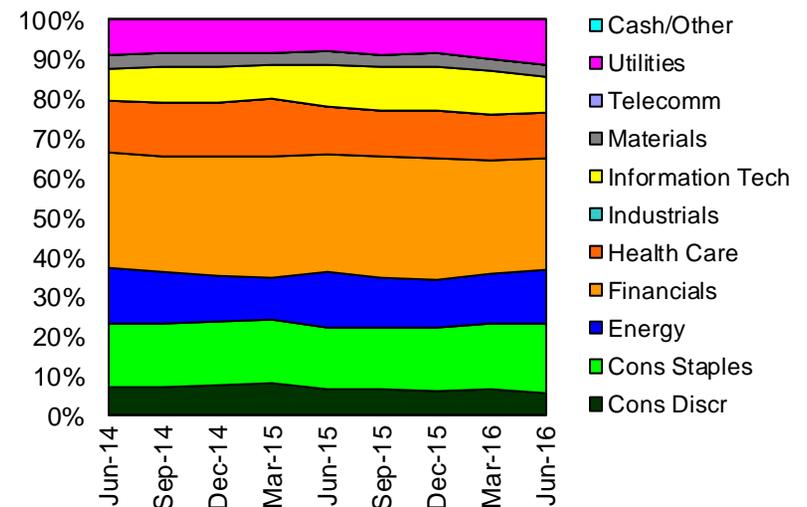
## Commentary

- Vanguard is doing a nice job matching the index.

## Asset Growth (\$mm)



## Historical Sector Distribution



Source: Vanguard, Bloomberg, CIA analysis



# VANGUARD TOTAL STOCK MARKET INDEX FUND

## Portfolio Characteristics

	CRSP US		
	Vanguard Total Stock Market Fund as of 3/31/16	6/30/16	Total Market as of 6/30/16
No. of Securities	3,682	3,642	3,624
P/E Ratio	21.9x	22.2x	22.1x
Price/Book Ratio	2.7x	2.7x	2.7x
Avg Mkt Cap (billions)	\$52.6	\$53.0	\$51.1
Return on Equity	17.7%	16.6%	16.4%
% in Top 10 Holdings	14.5%	15.4%	15.4%

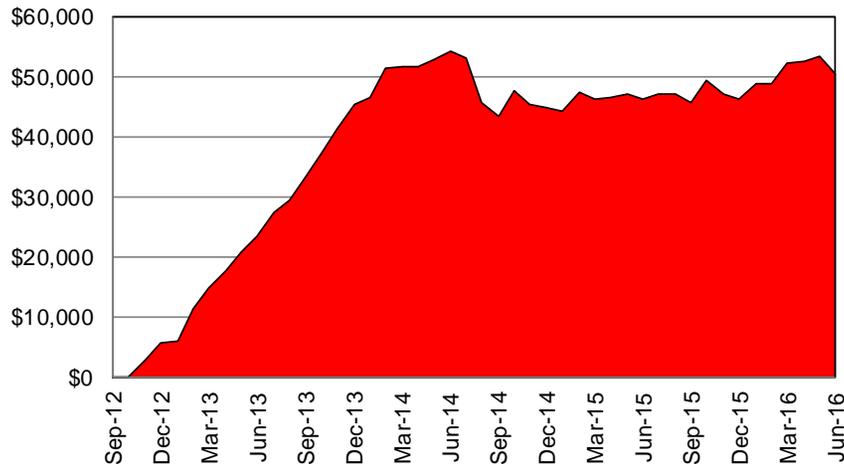
## Advisor's Mandate

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

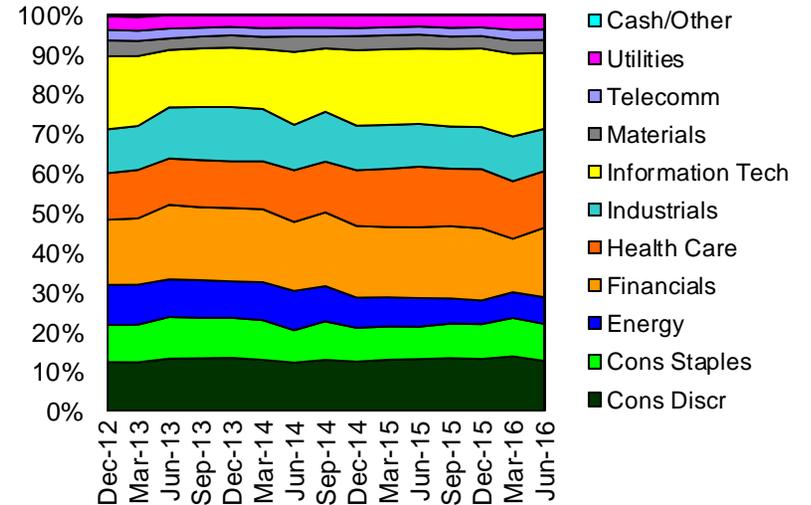
## Commentary

- Vanguard is doing a nice job matching the index.

## Asset Growth (\$mm)



## Historical Sector Distribution



Source: Vanguard, Bloomberg, CIA analysis



# DFA US SMALL CAP FUND

## Portfolio Characteristics

	DFA US Small Cap		Russell 2000
	as of 3/31/16	as of 6/30/16	as of 6/30/16
No. of Securities	2,018	2,007	2,006
P/E Ratio	18.2x	18.3x	23.6x
Price/Book Ratio	1.8x	1.8x	2.1x
Avg Mkt Cap (billions)	\$1.9	\$1.9	\$1.7
% in Top 10 Holdings	2.6%	3.1%	1.9%

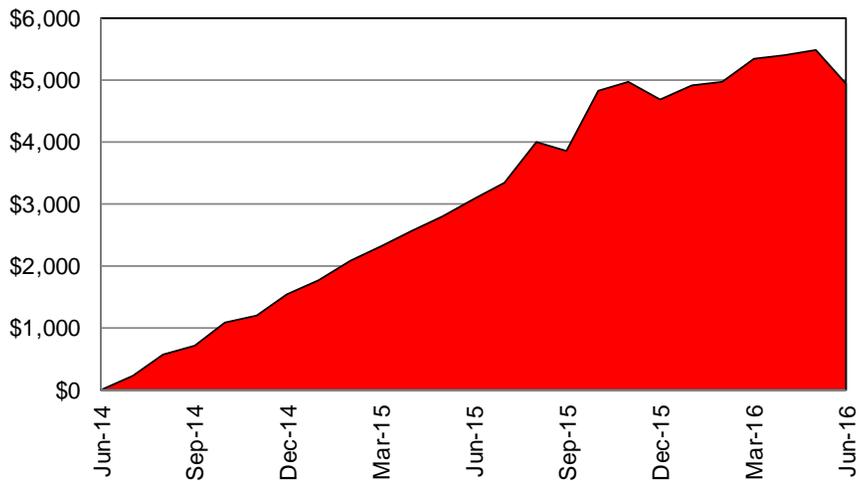
## Advisor's Mandate

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

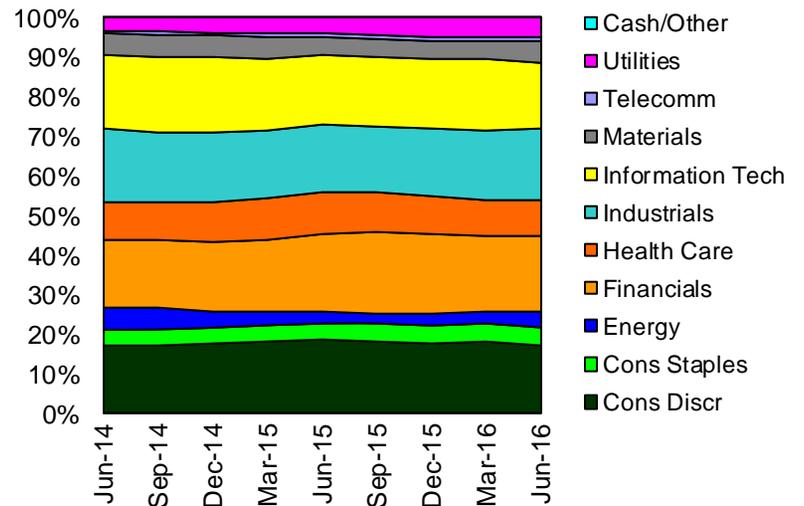
## Commentary

- The fund underperformed the benchmark by 208 basis points (2.08%) in the second quarter.

## Asset Growth (\$mm)



## Historical Sector Distribution



Source: DFA, Bloomberg, CIA analysis

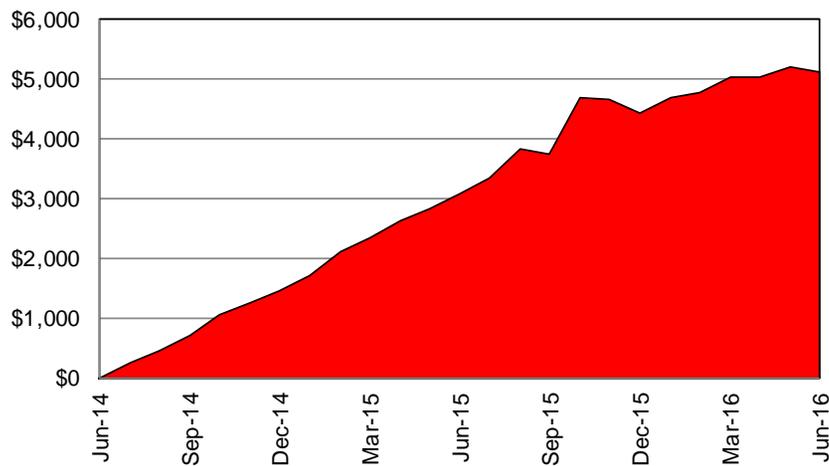


# DIAMOND HILL US SMALL CAP FUND

## Portfolio Characteristics

	Diamond Hill Small Cap as of		Russell 2000 as of
	3/31/16	6/30/16	6/30/16
No. of Securities	74	73	2,006
P/E Ratio	16x	15.8x	23.6x
Price/Book Ratio	1.6x	1.6x	2.1x
Avg Mkt Cap (billions)	\$2.4	\$2.8	\$1.7
Dividend Yield	1.5%	1.4%	1.4%
% in Top 10 Holdings	25.1%	26.8%	1.9%

## Asset Growth (\$mm)



Source: Diamond Hill, Bloomberg, CIA analysis

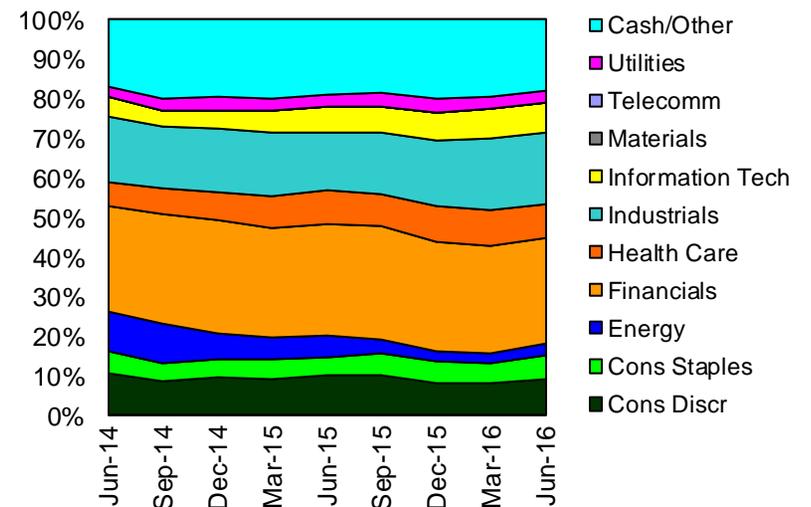
## Advisor's Mandate

- 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 186 basis points (1.86%) in the second quarter.
- The fund's underperformance relative to the Russell 2000 Index was driven primarily by security selection in the health care sector. Security selection in the financials and industrials sectors, no exposure to the materials sector, and allocation to cash also detracted from relative return.

## Historical Sector Distribution





# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of June 30, 2016

Portfolio	Market Value (\$000s)	% of Overall Portfolio	Quarter	YTD	One Year	Two Years	Three Years	Since Inception	Inception Date
<b>International Equity Composite</b>	44,740	4.4%	(1.18%)	(2.42%)	(11.00%)	(7.66%)	1.38%	(0.98%)	5/1/2013
<sup>1</sup> <u>Blended Benchmark</u>			(0.66%)	(0.79%)	(9.03%)	(6.79%)	1.95%	(0.31%)	
Relative Performance			(0.52%)	(1.63%)	(1.97%)	(0.87%)	(0.58%)	(0.67%)	
Vanguard Total International Stock Fund	17,295	1.7%	0.22%	0.07%	(9.10%)	(6.87%)	2.04%	(0.24%)	5/1/2013
<u>FTSE Global All Cap ex US Index</u>			(0.47%)	(0.73%)	(9.41%)	(7.05%)	1.88%	(0.38%)	
Relative Performance			0.69%	0.81%	0.32%	0.17%	0.16%	0.14%	
Allianz NFJ International Value Fund	5,774	0.6%	(4.98%)	(7.96%)	(21.97%)	(15.29%)	(5.21%)	(7.02%)	5/1/2013
<u>MSCI ACWI ex US</u>			(0.68%)	(1.08%)	(10.35%)	(7.90%)	1.04%	(1.16%)	
Relative Performance			(4.30%)	(6.88%)	(11.62%)	(7.39%)	(6.25%)	(5.86%)	
Harbor International Fund	5,918	0.6%	(1.64%)	(1.15%)	(11.51%)	(7.92%)	1.02%	(0.52%)	6/1/2013
<u>MSCI ACWI ex US</u>			(0.68%)	(1.08%)	(10.35%)	(7.90%)	1.04%	(0.43%)	
Relative Performance			(0.97%)	(0.07%)	(1.15%)	(0.02%)	(0.03%)	(0.09%)	
PIMCO International StockPLUS	5,809	0.6%	(0.56%)	(4.30%)	(13.07%)	(8.98%)	1.31%	(0.10%)	6/1/2013
<u>MSCI ACWI ex US</u>			(0.68%)	(1.08%)	(10.35%)	(7.90%)	1.04%	(0.43%)	
Relative Performance			0.12%	(3.22%)	(2.71%)	(1.08%)	0.27%	0.33%	
DFA International Small Cap Fund	4,850	0.5%	(3.16%)	(3.95%)	(9.29%)	NA	NA	(3.21%)	8/8/2014
<u>MSCI ACWI ex US Small Cap</u>			(0.93%)	(0.32%)	(5.69%)	NA	NA	(2.57%)	
Relative Performance			(2.23%)	(3.63%)	(3.60%)	NA	NA	(0.64%)	
Oppenheimer International Small Cap	5,094	0.5%	0.44%	(1.92%)	0.66%	NA	NA	6.04%	8/8/2014
<u>MSCI ACWI ex US Small Cap</u>			(0.93%)	(0.32%)	(5.69%)	NA	NA	(2.57%)	
Relative Performance			1.38%	(1.60%)	6.34%	NA	NA	8.61%	

- The International Equity Composite underperformed for all reporting time periods.
- Vanguard Total International and Oppenheimer were the big winners for the quarter, outperforming the quarter by 69 bps and 138 bps.
- While Allianz continues to lag, it is buying low-price securities with a significant yield advantage.

<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 as of		FTSE Global All Cap ex US Index as of
	3/31/16	6/30/16	6/30/16
No. of Holdings	6,000	5,972	5,747
P/E Ratio	18.4x	19.1x	19.3x
Price/Book Ratio	1.5x	1.4x	1.4x
Avg Mkt Cap (billion)	\$21.1	\$20.7	\$20.7
Dividend Yield	3.1%	3.2%	3.2%
Return on Equity	14.6%	14.6%	14.6%
% in Top 10 Holdings	7.8%	8.3%	8.3%

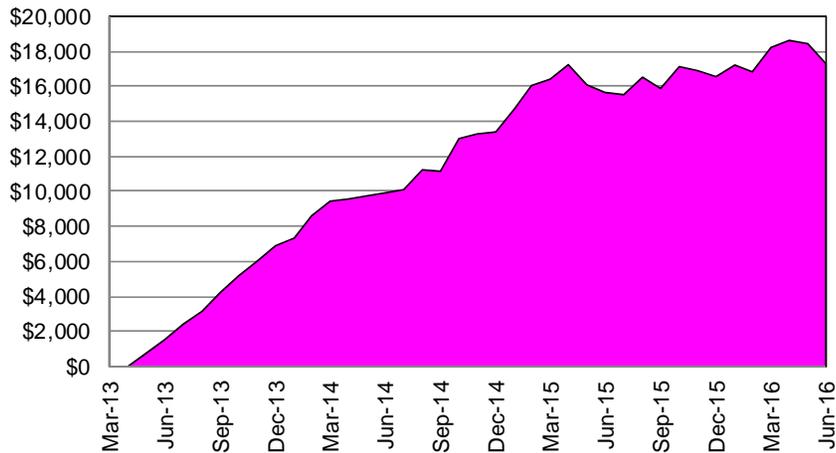
## Advisor's Mandate

- 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%

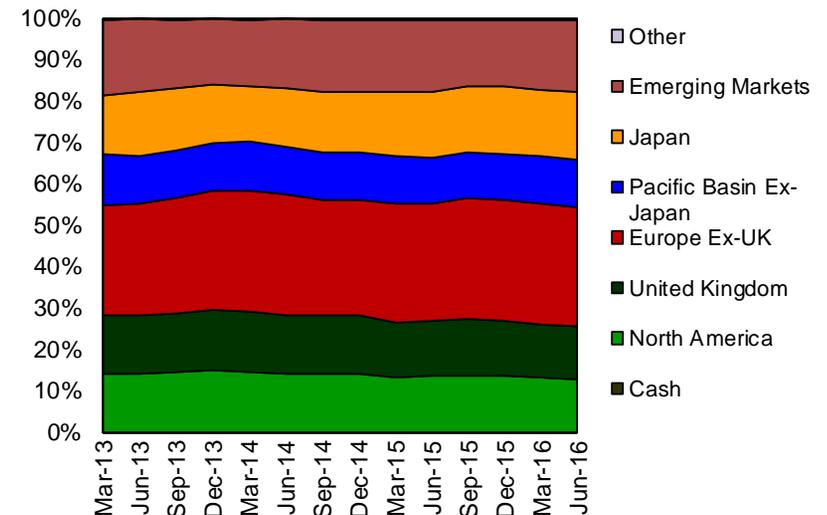
## Commentary

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

## Asset Growth (\$mm)



## Historical Country Distribution



Source: Vanguard, Bloomberg, CIA Analysis



# ALLIANZ NFJ INTERNATIONAL VALUE FUND

## Portfolio Characteristics

	Allianz NFJ as of		MSCI ACWI ex US
	3/31/16	6/30/16	6/30/16
No. of Holdings	58	59	1,857
P/E Ratio	10.6x	9.6x	16.7x
Price/Book Ratio	1.3x	1.3x	1.4x
Avg Mkt Cap (billion)	\$39.6	\$24.1	\$48.3
Dividend Yield	4.0%	4.8%	3.3%
Return on Equity	12.3%	14.1%	15.6%
% in Top 10 Holdings	25.3%	25.8%	9.0%

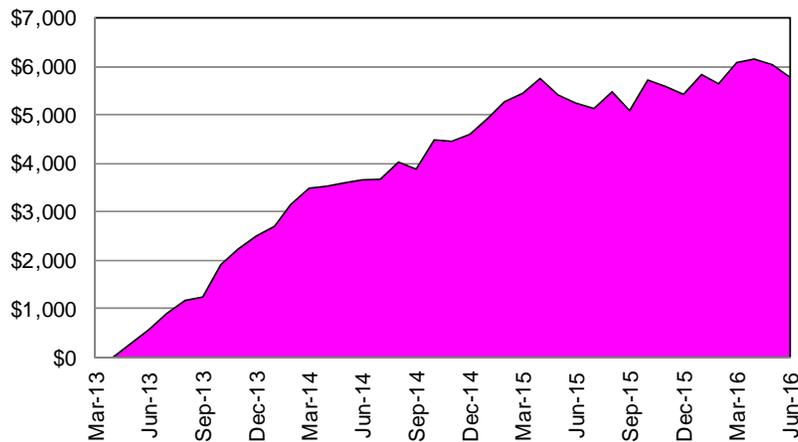
## Advisor's Mandate

- Actively-managed equity fund (ANJIX)
- Inception: May 2013
- Objective: Exceed total return of the MSCI ACWI ex US Index
- Annual fee 0.88%

## Commentary

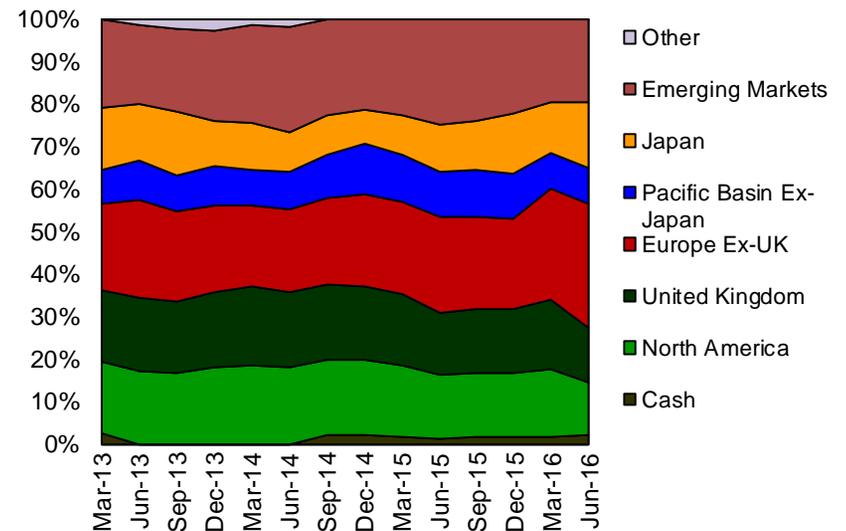
- This is a concentrated fund with just 59 holdings.
- This is demonstrating its value credentials with a P/E ratio well below the index's.

## Asset Growth (\$mm)



Source: Allianz NFJ, Bloomberg, CIA Analysis

## Historical Country Distribution





# HARBOR INTERNATIONAL FUND

## Portfolio Characteristics

	Harbor as of		MSCI ACWI
	3/31/16	6/30/16	ex US 6/30/16
No. of Holdings	70	72	1,857
P/E Ratio	17.7x	17.6x	16.7x
Price/Book Ratio	1.9x	1.9x	1.4x
Avg Mkt Cap (billion)	\$65.8	\$66.9	\$48.3
Dividend Yield	3.2%	3.4%	3.3%
Return on Equity	14.3%	15.0%	15.6%
% in Top 10 Holdings	29.8%	31.3%	9.0%

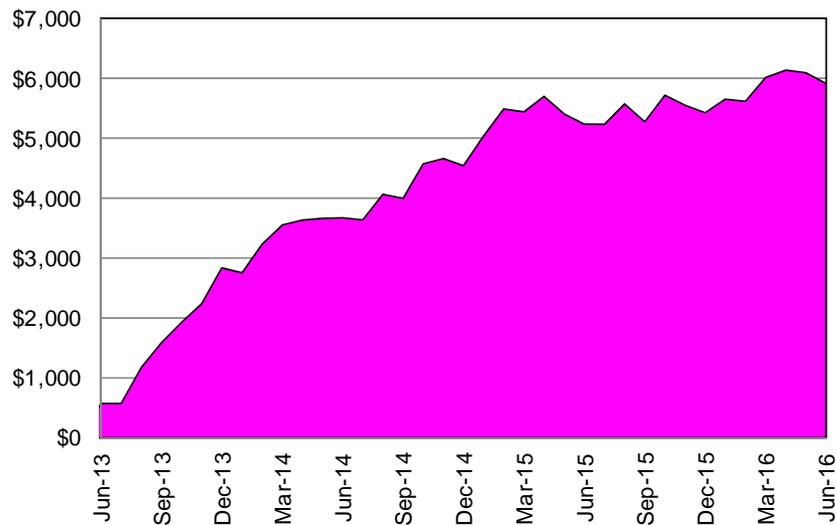
## Advisor's Mandate

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

## Commentary

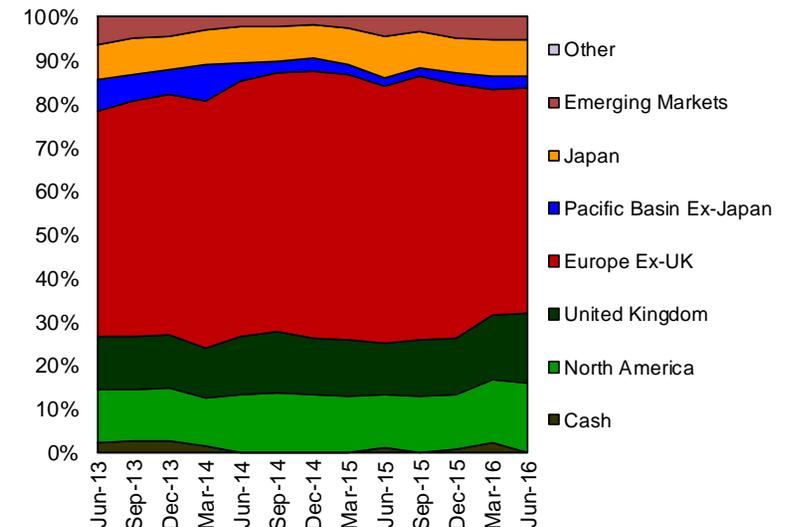
- Harbor underperformed their benchmark by 97 basis points for the second quarter.

## Asset Growth (\$mm)



Source: Harbor Capital, Bloomberg, CIA Analysis

## Historical Country Distribution





# PIMCO INTERNATIONAL STOCKSPPLUS FUND

## Portfolio Characteristics

	PIMCO Intl StocksPLUS as of	
	3/31/16	6/30/16
Fund Assets (\$mm)	\$1,186.0	\$1,170.3
Effective Duration	0.2 years	0.2 years
Effective Maturity	2.4 years	2.1 years
Average Coupon	2.6%	2.9%

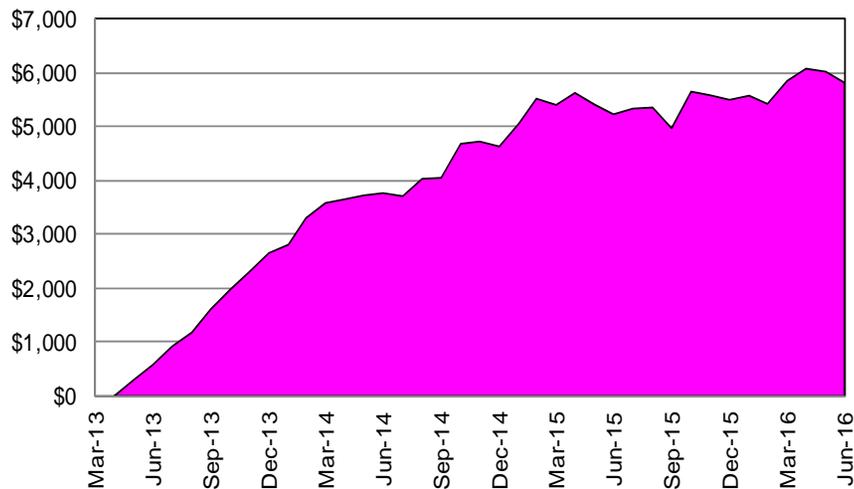
## Advisor's Mandate

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

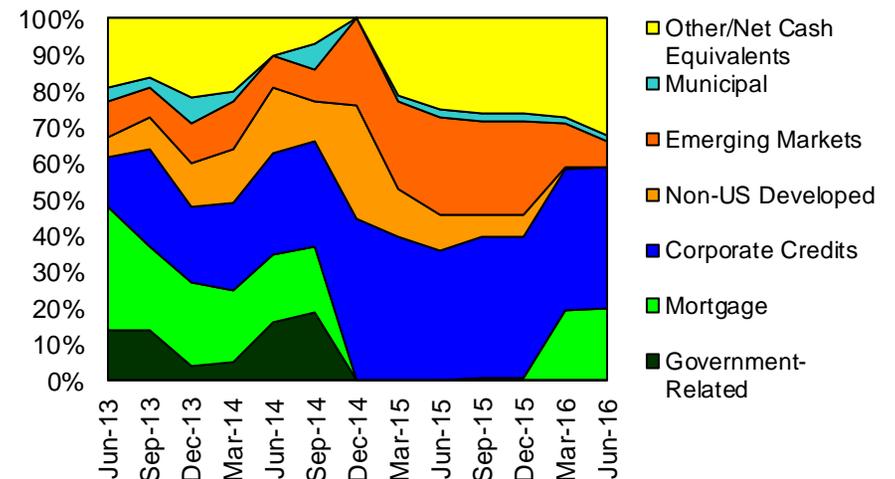
## Commentary

- 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.

## Asset Growth (\$mm)



## 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
	3/31/16	6/30/16	6/30/16
No. of Securities	2,210	2,216	4,364
P/E Ratio	11.2x	10.5x	22.9x
Price/Book Ratio	0.8x	0.79x	1.4x
Avg Mkt Cap (billions)	\$2.1	\$1.8	\$0.6
% in Top 10 Holdings	7.6%	6.3%	0.0%

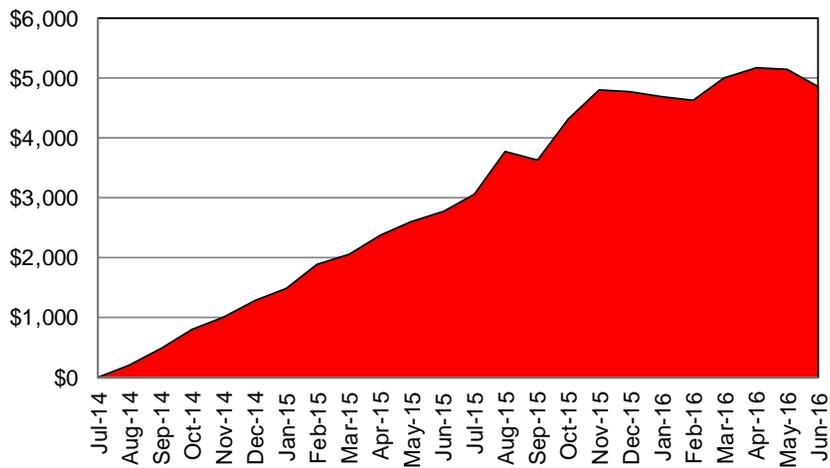
## Advisor's Mandate

- 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%

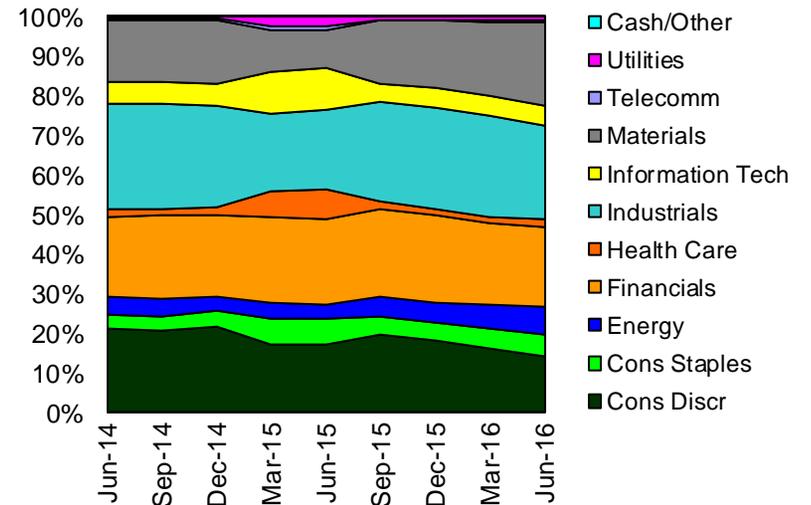
## Commentary

- DFA underperformed their benchmark by 223 bps for the first quarter and since inception underperformed by 64 bps.

## Asset Growth (\$mm)



## Historical Bond Sector Distribution





# OPPENHEIMER INTERNATIONAL SMALL CAP FUND

## Portfolio Characteristics

	Oppenheimer Intl Small Cap as of		MSCI ACWI ex US Small Cap as of
	3/31/16	6/30/16	6/30/16
No. of Securities	117	122	4,364
P/E Ratio	23.1x	21.6x	22.9x
Price/Book Ratio	3.3x	2.7x	1.4x
Avg Mkt Cap (billions)	\$4.5	\$4.1	\$0.6
% in Top 10 Holdings	11.4%	15.0%	0.0%

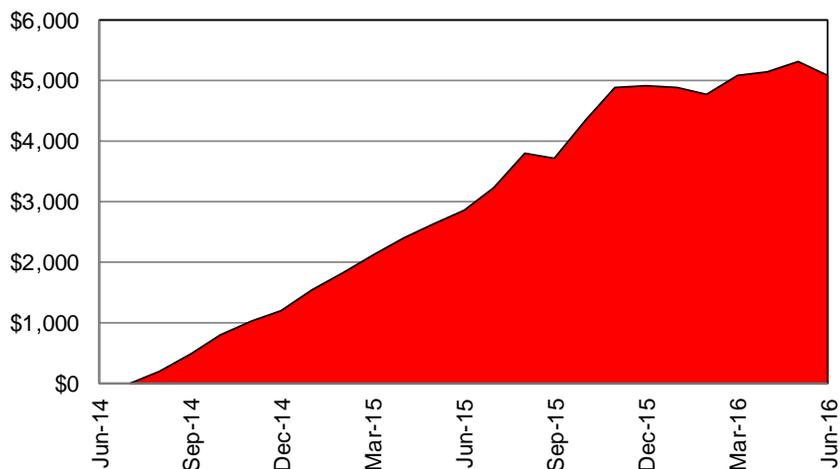
## Advisor's Mandate

- 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 outperformed their relative benchmark by 138 basis points for the quarter and since inception outperformed by 861 basis points.

## Asset Growth (\$mm)



## Historical Bond Sector Distribution

