





PERIOD ENDING: DECEMBER 31, 2015

Investment Performance Review for

Imperial County Employees' Retirement System

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VERUSINVESTMENTS.COM

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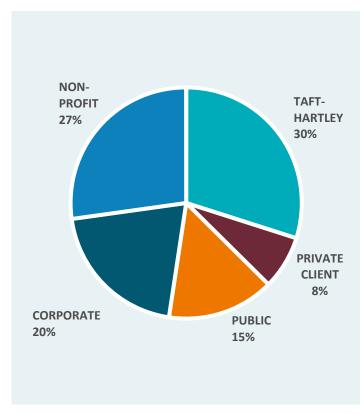
An update on Verus

2016 marks our 30th anniversary

Since 1986, Verus has provided high quality services to institutional investors, growing our depth of investment team and expertise as the capital markets have become exponentially more complex. Some highlights of our recent achievements:

- In 2011, we brought in an investment team headed by Jeffrey Scott, CFA, former Chief Investment Officer of the Alaska Permanent Fund Corporation, to lead our expansion into full discretionary investment services ("OCIO"). Today, this team manages over \$19 billion in institutional assets.
- In April 2015, in recognition of our evolution and continued investment into capital markets research, risk analytics and portfolio management capabilities, we rebranded from Wurts & Associates to Verus.
- In December 2015, we closed our merger with Strategic Investment Solutions, growing our total staff to more than 100 professionals. We now have offices in Seattle, Los Angeles and San Francisco, and serve clients across the US, in Canada and in South America.
- In January 2016 we expanded our ownership base from 11 to 22 employee-owners.
- Throughout all of these years, we are pleased to have continued to be rated highly for overall quality of service. We have ranked in the top quartile of the Greenwich Associates annual institutional investor survey 10 of the past 11 years.
- Today our suite of offerings includes non-discretionary consulting, risk advisory, private markets consulting, discretionary management, and outsourced CIO services.

\$337 BILLION IN ASSETS / 148 RELATIONSHIPS*



*Estimated discretionary and non-discretionary regulatory assets under management as of 1/1/2016; chart reflects client breakdown by number of relationships



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1st quarter summary

THE ECONOMIC CLIMATE

- Global growth has benefited from improvements in Europe and Japan, but headwinds persist in emerging market economies. U.S. real GDP growth fell slightly quarter-over-quarter to 2.0%. p.7, 15
- There is continuing global disinflationary pressure from falling commodity prices and excess manufacturing capacity. Despite this, inflation in the U.S. and other developed markets rose slightly in Q4.
 p.12, 15
- Some emerging market economies are experiencing economic depression. China continues to moderate with real GDP growth falling to 6.9%. *p.13*, *14*

MARKET PORTFOLIO IMPACTS

- The U.S. dollar rose in Q4 to a level not seen since 2003. Appreciation hit investors with unhedged equity exposure, commodity markets, and earnings of international businesses. p.26, 41
- Risk assets have broadly suffered, with particular recent weakness in equity markets and credit fixed income, especially high yield energy. p.22, 26, 43

THE INVESTMENT CLIMATE

- Sentiment across risk markets seems to be shifting in increasingly a more bearish direction. *p.28, 43* concerned on
- Developed countries may have limited ability to stimulate growth and inflation with lower interest rates. p.16
- The Federal Reserve implemented a 25 bps rate hike in December. Underlying weakness in the domestic economy may lead to policy shifts. p.6

ASSET ALLOCATION ISSUES

- High yield spreads widened in Q4, with energy leading the way. There is a potential for market concerns to begin to affect higher quality credit.
 p.22, 43
- Market sentiment towards risk assets in general suggests careful consideration of risk exposures in all asset classes is warranted. p.28
- U.S. dollar strength may be at a secular high, which could have implications for currency hedging decisions. p.41

We are increasingly concerned over the behavior of risk assets and are watching economic and market developments carefully for signs of more sustained weakness

Economic environment



U.S. economics summary

- U.S. real GDP growth moved slightly downward to 2.0% quarter-over-quarter. The Atlanta Fed GDPNow model forecasts continued weaker growth of 1.2% real for Q4, as of December 31st. This figure is much lower than economist forecasts.
- Realized headline inflation ticked up during the quarter to 0.5%, while inflation expectations were relatively unchanged.
- The Federal Reserve implemented a 25 bps rate hike in December. This move was generally expected and priced in. Initial Fed expectations of further rises may be tempered by market conditions.
- The job market continued to tighten, as unemployment rates declined. Broader measures of unemployment (U-6) have improved alongside stricter measures of unemployment (U-3).
- Household borrowing has been muted since the crisis, but credit growth is beginning to pick up.
 Households seem to be healing and disposable income is rising with the help of lower gas prices.

		Most Recent	12 Months Prior
	GDP (annual YoY)	2.1% 9/30/15	2.9% 9/30/14
	Inflation (CPI)	0.5% 11/30/15	1.3% 11/30/14
	Expected Inflation (5yr-5yr forward)	1.8% 12/31/15	2.1% 12/31/14
	Fed Funds Rate	0.2% 12/31/15	0.06% 12/31/14
	10 Year Rate	2.3% 12/31/15	2.2% 12/31/14
	U-3 Unemployment	5.0% 12/31/15	5.6% 12/31/14
	U-6 Unemployment	9.9% 12/31/15	11.2% 12/31/14

Weakening GDP but stronger than many developed markets

Slight inflation uptick in Q4 as initial oil effects dissipate but still lower year on year

U.S. economics – GDP growth

Real GDP came in at 2% in the third quarter, and 2.1% on a year-over-year basis. Growth was hindered by a contraction in inventory builds and continued weakness in exports. GDP forward expectations have come down materially over the past year. Furthermore, the Atlanta Fed GDPNow model forecasts continued weaker growth of 1.2% real for Q4, as of December 31st, though this figure is much lower than economist forecasts.

The U.S. economy has faced headwinds, particularly in

the manufacturing sector, following a stronger dollar and slow global growth. The service sector has shown greater signs of health.

The domestic economy is relatively self-sufficient and highly concentrated in services rather than manufacturing, which suggests the U.S. consumer will likely dictate the direction of growth. Domestic growth remains more robust than in most developed countries.

U.S. remains a relative economic bright spot

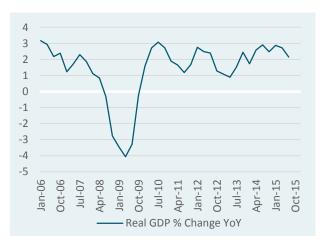
Recent weakness in forward expectations

LONG-TERM U.S. GDP GROWTH



Source: FRED, as of 9/30/15

MEDIUM-TERM U.S. GDP GROWTH



Source: FRED, as of 9/30/15

GDP COMPONENTS



Source: FRED



U.S. economics – unemployment

The U.S. labor market continued to strengthen. U-6 unemployment (broader definition) and U-3 unemployment (stricter definition) moved downward to 9.9% and 5.0% in December, respectively. The participation rate improved in Q4.

Finishing off a strong year for employment, December's nonfarm payrolls beat expectations coming in at 292,000 vs 200,000 expected. Wages for the month were flat, resulting in an annualized growth figure of

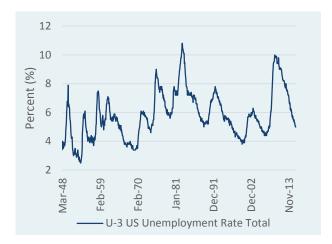
2.5% - a disappointment relative to expectations.

In previous quarters we discussed a secular decline in the aggregate U.S. labor participation rate. This movement appears a negative indicator - possibly a sign of underlying economic weakness and structural slack in the labor force. However, if we focus in on the specific demographic of full time workers ages 25 to 54, we see a less extreme picture.

Continued job market improvement

Demographic changes may be primary driver of declining participation

UNEMPLOYMENT SINCE 1948



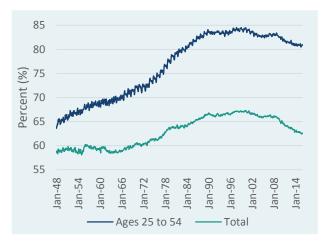
Source: Bloomberg, as of 11/30/15

MORE RECENT UNEMPLOYMENT & U6



Source: FRED, as of 11/1/15

LABOR FORCE PARTICIPATION RATE



Source: FRED, as of 12/1/15



U.S. economics – the consumer

Although household borrowing has been relatively muted in the recent recovery, credit growth is beginning to pick up. Households are healing from the deleveraging process of recent years and disposable income is rising as employment strengthens.

Consumer spending has been bolstered by the oil price decline. Drivers saved around \$540 on average in 2015 due to the drop in gas prices. J.P. Morgan estimates consumers have spent approximately 80% of that

savings. The personal savings rate ticked up slightly in Q4 to 5.5%, but remains in a normal range.

Real disposable income growth remains at a normal level as of November, at 2.7%.

Consumer behavior appears conservative, but stronger spending and credit growth could soon be realized as the labor market tightens. Higher student loan debt remains a drag on spending for younger consumers.

Credit growth has begun to pick up, and has room for expansion

CREDIT GROWTH

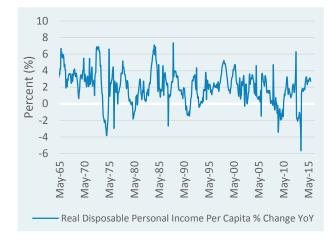


AUTO SALES



Source: FRED, as of 11/30/15

GROWTH OF DISPOSABLE INCOME



Source: FRED, as of 11/1/15



Source: FRED, as of 11/1/15

U.S. economics – sentiment

Consumer and market sentiment surveys were mixed in Q4, but remain in a normal range.

The Bloomberg consumer comfort index had been significantly below average since December 2007. This index now sits at the bottom end of a normal range. The University of Michigan Consumer Sentiment Survey rose in December to the highest level since July. The average in 2015 was the highest annual average in 11 years.

The Citi Economic Surprise index recently dropped to levels not seen since 2012, but continues to recover to normal levels.

The U.S. consumer appears to have been on a steady recovery since the great recession. While business borrowing has since picked up significantly, the consumer remains hesitant to accumulate debt. We continue to believe sentiment may be vulnerable to a stream of bad news.

Sentiment and comfort indices mixed in Q4

CONSUMER COMFORT INDEX



Source: Bloomberg, as of 12/1/15 (see Appendix)

CONSUMER SENTIMENT



Source: University of Michigan, as of 12/31/15 (see Appendix)

ECONOMIC SURPRISE



Source: Bloomberg, as of 12/31/15 (see Appendix)



U.S. economics – housing

The U.S. housing market has normalized in terms of pricing, rate of new home construction, and rate of home sales. New home construction climbed 10.5% in November from a month earlier. Construction of single family homes, which reflect two thirds of the market, reached an eight-year high in November.

Despite continued pent up demand for housing, the construction of multi-family homes continues to outpace single-family homes, further providing

evidence that Americans remain constrained in their ability to borrow. The recent policy change from the Fed may push lending rates higher and reduce demand for mortgages. A slower than expected rate-rise process may provide ongoing support.

Home prices have risen faster than wages, which is a hurdle to homeownership. High student loan levels may be continuing to act as a drag on first-time purchasers.

HOME AFFORDABILITY



Source: National Association of Realtors, as of 11/30/15

HOMEOWNERSHIP RATE



Source: FRED, as of 7/1/15

NEW & EXISTING HOME SALES





U.S. economics – inflation

Inflation expectations remained stable in the 4th quarter, as measured by the U.S. TIPS 10yr Breakeven Rate and the U. of Michigan Inflation Expectations Survey. Headline inflation ticked up to 0.5% in November, while Core CPI remains around 2%. Inflation drag from the initial oil price decline is coming off the year-over-year inflation calculation, which could result in upward pressure to CPI.

The continuing oil price decline, ongoing global industrial overcapacity, especially in China, and dollar

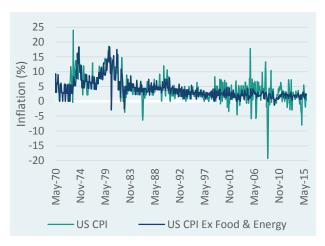
strength pose further challenges for inflation. There is some positive pressure on inflation from an increasingly tight labor market, and a lower commodity price base. Further appreciation of the dollar is currently an inflation headwind but may fuel inflation if this trend reverses.

Domestic inflation is an input to Federal Reserve policy, and further spillover of global disinflation trends to the US could be expected to influence rate hike decisions.

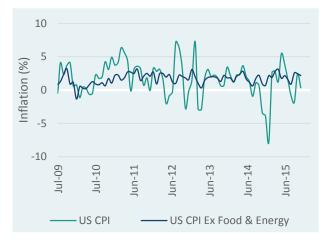
Effects of initial oil price decline falling off CPI print

Global downward pressures

LONG-TERM U.S. CPI



MEDIUM-TERM U.S. CPI



Source: FRED, as of 11/1/15

MARKET EXPECTATIONS OF INFLATION



Source: Bloomberg, University of Michigan, as of 12/31/15



Source: FRED, as of 11/1/15

International economics – current

- Global GDP growth remains mild, while Japan and the Eurozone saw marginal improvement.
 Slowing external demand may prove a challenge.
- China economic growth continues to cause concern. Real GDP growth is reported at 6.9%, though the accuracy of this figure is debated. Government stimulus may have helped mitigate the slowdown, but quickly rising debt-to-GDP might lead to problems.
- Japan did not enter a technical recession in Q3 as previously thought. Q3 Real GDP was revised up from -0.8% to +1% QoQ.
- Japan achieved positive year-over-year base wage growth of 0.3% in 2015, which is the first positive growth seen in 10 years.

- Total wages remain flat. The country continues its struggle to generate inflation.
- Global unemployment continues to decrease, while the BRIC nations remain an exception.
- Commodity markets remain challenging, which has affected emerging market equity and currency markets.
- Eurozone growth slowed in Q3 as exports weakened.
 Germany, a major contributor to export growth in the area, led the way.
- Puerto Rico defaulted on approximately \$174 million of debt payments on January 4th, as widely expected.

Area	GDP (Real, YoY)	Inflation (CPI)	Unemployment
United States	2.1% 9/30/15	0.5% 11/30/15	5.0% 11/30/15
Western Europe	1.8% 9/30/15	0.2% 12/31/15	8.9% 9/30/15
Japan	1.6% 9/30/15	0.3% 11/30/15	3.4% 9/30/15
BRIC Nations	4.7% 9/30/15	4.2% 9/30/15	5.1% 9/30/15
Brazil	(4.5%) 9/30/15	10.5% 11/30/15	7.6% 9/30/15
Russia	(4.1%) 9/30/15	15.0% 11/30/15	5.3% 9/30/15
India	7.4% 9/30/15	4.6% 9/30/15	8.6% 12/31/14
China	6.9% 9/30/15	1.5% 11/30/15	4.0% 9/30/15

In developed markets mild positive progress continues

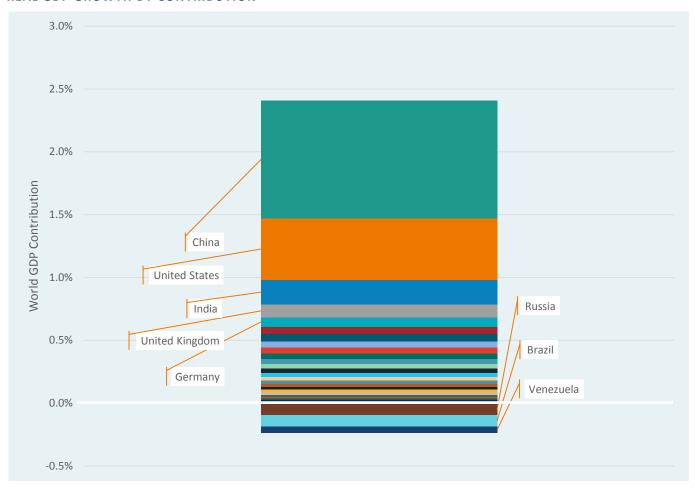
Concern over further China weakness

Emerging market challenges continue



Global growth environment

REAL GDP GROWTH BY CONTRIBUTION



China is the second largest contributor to world GDP, but is the largest contributor to GDP growth

Developed economies not necessarily contributing the most to growth

Source: World Bank, as of 12/31/15



International economics

Global growth has benefited from improvements in Europe and Japan. Developed economies produced slowing to flat growth, improving employment, and subdued inflation. Many economies experienced a slight inflation uptick in Q4. Further improvement may be realized as the initial oil price decline falls out of annual CPI calculations. Consumer confidence in the Eurozone continues to improve from the lows of the financial crisis.

Emerging market economies exhibited disparate

growth. These economies have struggled, with the exception of India. Commodity production has been a key driver of growth for many countries, along with high government spending. Global excess manufacturing capacity is negatively affecting inventory builds and has had a dampening effect on demand.

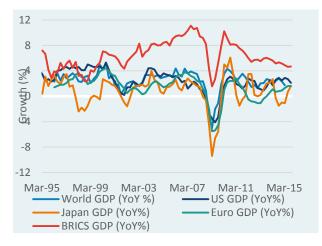
Emerging market economic health is increasingly important to the global economy, as emerging markets drive approximately 60% of global growth and compose approximately 60% of global commodity consumption.

INTERNATIONAL INFLATION (CPI)



Source: Bloomberg, as of 11/30/15

REAL GDP GROWTH



Source: Bloomberg, as of 9/30/15

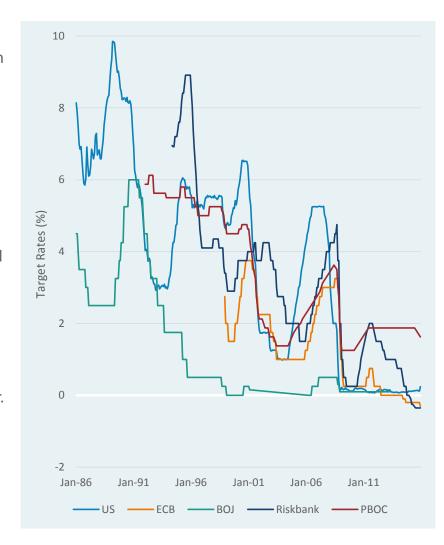
CONSUMER CONFIDENCE





Limitations of monetary policy

- Central banks have the ability to stimulate investment by lowering interest rates through open market operations. In the U.S., policymakers target the federal funds rate to either encourage or discourage borrowing.
- Given the recent regime shift of global policy rates to all time lows, many near zero or even negative, policymakers may find it difficult to make further rate cuts.
- In the case of another global financial crisis, central banks may have limited power to respond with simulative monetary policy as rates can only go so low. In extreme cases, central banks are paying to lend money to investors.
- If central banks are unable to lower rates and reduce financial stability, global markets may suffer.



Central bank policy rates reaching all time lows, creating challenges for central banks



Fixed income rates & credit



Interest rate environment

- The Federal Reserve implemented a long anticipated rate hike in December. Policy in Europe and Japan remains accommodative.
- Interest rates decreased broadly across developed markets in Q4, with the exception of the U.S and Germany.
- U.S. interest rates remain high relative to other developed markets
- The ECB lowered the deposit facility rate to a level of -0.30% in December, despite earlier comments by Mario Draghi that rates would not go any lower. Markets were disappointed by this policy decision and yields climbed

- on the news. The ECB continues to suggest looser policy may be available if needed.
- While initial expectations were for further U.S. rate rises, more recent news suggests these may be delayed. A move towards slower rate rises, or even the reintroduction of looser monetary policy, could lead to a market reassessment of relative currency values, and a weaker dollar.
- Many central banks have few policy tools available to them in the event of further economic weakness

Area	Short Term (3M)	10 Year
United States	0.17%	2.27%
Germany	(0.55%)	0.63%
France	(0.46%)	0.99%
Spain	(0.18%)	1.77%
Italy	(0.12%)	1.59%
Greece	2.10%	8.07%
UK	0.51%	1.96%
Japan	(0.04%)	0.27%
Australia	2.11%	2.88%
China	2.14%	2.83%
Brazil	15.03%	16.51%
Russia*	11.79%	10.39%

Interest rates fell in Q4

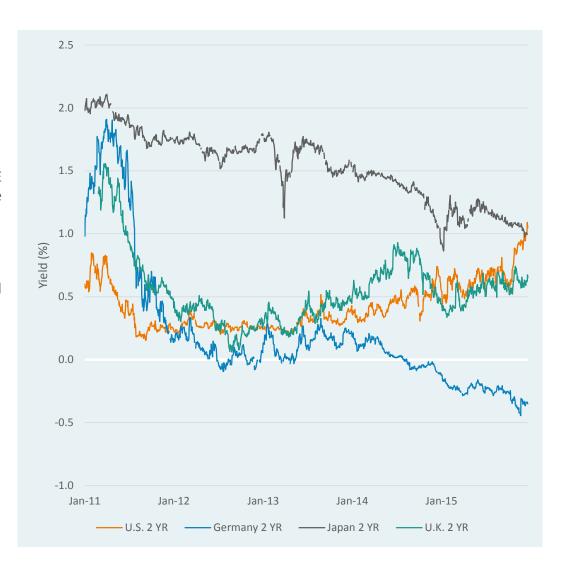
Diverging monetary policies could be detrimental to countries with high debt burdens



^{*}Shortest term rate for Russia is 1Y

Monetary divergence

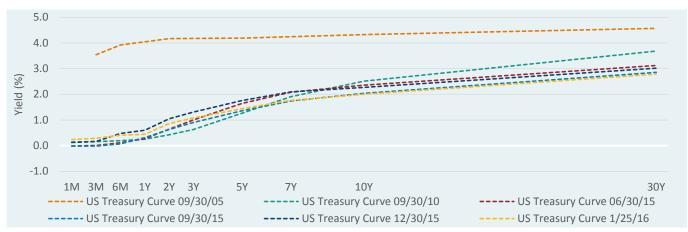
- During Q4, the Fed raised interest rates for the first time since 2006. The decision was in contrast to the policy decisions of other central banks including Europe, Japan and China in 2015.
- Two weeks prior to the Fed's decision, the ECB made announcements of plans to further expand European stimulus in the form of a rate cut, and extension of the QE program to March 2017. In the final weeks of the year the Bank of Japan decided to leave the monetary base unchanged, but added several other accommodative measures.
- If markets allow a continuation of this divergence, it could support dollar strength. However, continued weakness in markets or economic data could reverse this trend.
- The U.K. remains somewhere in the middle, echoing the desire to tighten alongside the Fed but not seeing convincing signs from domestic and global data.
- The key concern is whether deflationary pressure, continuing commodity down-cycle effects, and overcapacity will cause continued loosening in monetary policy globally. This change in direction could require substantive changes in market behaviors.





Global yield curve

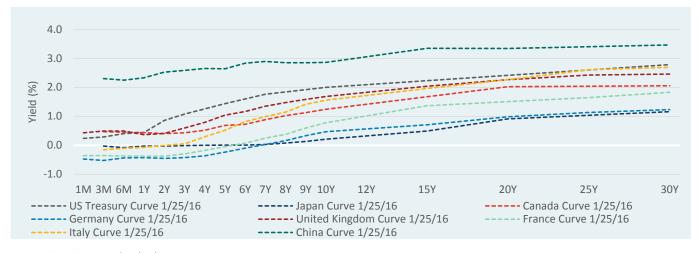
U.S. YIELD CURVE



U.S. Treasury curve shifted up in anticipation of the Fed's decision

Foreign developed interest rates broadly decreased in Q4

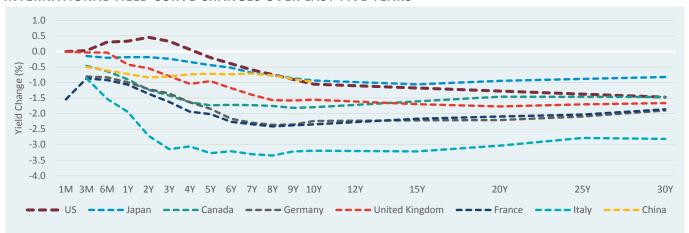
GLOBAL GOVERNMENT YIELD CURVES





Global yield curve changes

INTERNATIONAL YIELD CURVE CHANGES OVER LAST FIVE YEARS



Forward curves imply flat or modestly higher rates in most countries, with the exception of the U.S.

EXPECTED INTEREST RATE CHANGES ONE YEAR FORWARD IMPLIED BY MARKET PRICING





Credit environment

While consumer credit appeared to pick up in Q4, business borrowing slowed. Recent widening of spreads, high M&A activity, increasing leverage, and relatively less restrictive covenants, increase concern over credit markets.

Domestic credit spreads widened further during the quarter, led by the energy sector. However most spreads remain in a broadly normal range. Higher credit spreads make further corporate leveraging difficult leading to higher financing costs for equity buybacks

and M&A activity, which may be a headwind to equity prices. Emerging market economies have experienced great pain, reflected in wider CDS spreads following the drop in the price of oil.

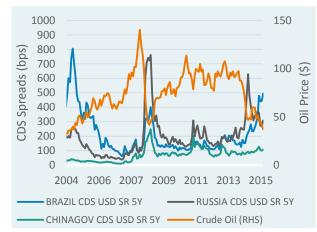
In the past, a broad sell-off in the high yield market might have created risks of broader contagion as banks were primary holders of credit; however, banks have largely divested from this asset class. Nonetheless the possibility of broader impact on the credit market from high yield weakness remains worrying. Broad concerns across credit spectrum, particularly in energy high yield

CREDIT SPREADS



Source: Barclays Capital Indices, Bloomberg, as of 12/31/15

EMERGING MARKET SPREADS



Source: Bloomberg, as of 12/31/15

SPREADS

Market	Credit Spread (12/31/2015)	Credit Spread (1 Year Ago)
Long US Corporate	2.1%	1.7%
US Aggregate	1.1%	1.0%
US High Yield	7.1%	5.3%
US High Yield Energy	13.6%	9.3%
US Bank Loans	3.9%	3.9%

Source: Barclays, Credit Suisse, Bloomberg, as of 12/31/15



Issuance and default

Investment grade issuance increased in 2015, while issuance of bank loans and high yield continued to contract.

Defaults are rising in the high yield market, driven by the energy sector. Hedges put in place by energyrelated companies are largely rolling off, revealing the true financial effects of lower commodity prices. Bankruptcies may have knock-on effects on lenders. the high yield market. Though small, this portion of the market could be negatively affected if energy market turbulence persists. Aggregate defaults remain in a normal range year-over-year.

Defaults rising but for now remain near average

With continued issues in the credit market, investors should take care to understand and control the degree of credit exposure in portfolios, particularly in the high vield space.

Energy-related high yield issuers make up about 15% of

IG & HIGH YIELD ISSUANCE



Source: Bloomberg, as of 12/31/15

BANK LOAN & GLOBAL HY ISSUANCE



Source: BofA Merrill Lynch Global Research, as of 12/31/15

HY DEFAULT TRENDS (ROLLING 1 YEAR)



Source: Credit Suisse, BofA, as of 12/31/15



Continued role of fixed income

- Investors have lately questioned the role of fixed income. An environment of lower yields, the prospect of rising yields, and higher duration, arguably lessen the attractiveness of this asset class.
- Investors typically hold fixed income instruments for five primary reasons: equity risk protection, capital preservation, income, credit premium, and tenor premium. Although at current levels of risk premia and pricing some of these benefits may be less effective than in the past, broadly they remain intact.
- Although rising rates imposes a downward pressure on bond prices, investors have the opportunity to reinvest capital on instruments offering higher interest.
- Tenor risk and credit risk, although potentially paired with increased defaults, will continue to offer higher returns.

Fixed income instruments have provided a safe haven during equity down markets

EQUITY RISK PROTECTION



CREDIT PREMIA



TENOR PREMIA





Equity

Equity environment

- The current low inflation, low interest rate environment remains accommodative for risk assets, but economic and market concerns persist.
- Size and value factors underperformed in Q4.

positive effects.

negatively impacted and

includes the firms feeling

- S&P 500 earnings fell 4.3% in Q3 while sales fell 3.8%.
 Earnings beat estimates by 4.9% while sales missed by -0.1%.
- Emerging market equity continued to experience volatility and losses. The effects of a lower price of oil has translated to broad currency depreciation.
- The technology sector has been a major contributor to U.S. business margin expansion since 2009.
 Apple generated an estimated 22% of S&P 500 margin growth.
- While energy and mining sectors weighed on the broader indices, measuring returns on an ex-energy basis may be inappropriate as this excludes firms
- Japan on both a hedged and unhedged basis performed exceptionally well. While there remain doubts around the pace of reform, our ongoing view that structural change will drive benefits to investors remains intact.

	QTD Total Return (unhedged)	QTD Total Return (hedged)	YTD Total Return (unhedged)	YTD Total Return (hedged)	1 Year Total Return (unhedged)	1 Year Total Return (hedged)
US Large Cap (Russell 1000)	6.5%		0.9	%	0.9	9%
US Small Cap (Russell 2000)	3.6%		(4.4	·%)	(4.4	·%)
US Large Value (Russell 1000 Value)	5.6%		(3.8	%)	(3.8)	3%)
US Large Growth (Russell 1000 Growth)	7.3%		5.7%		5.7%	
International Large (MSCI EAFE)	4.7%	6.4%	0.8%	5.0%	0.8%	5.0%
Eurozone (Euro Stoxx 50)	3.6%	5.5%	(0.1%)	6.2%	(0.1%)	6.2%
UK (FTSE 100)	1.1%	0.8%	(6.4%)	(9.6%)	(6.4%)	(9.6%)
Japan (NIKKEI 225)	8.7%	9.6%	9.9%	10.7%	9.9%	10.7%
Emerging Markets (MSCI Emerging Markets)	0.7%	0.9%	(14.9%)	(8.2%)	(14.9%)	(8.2%)

Negative sentiment and economic challenges may cause ongoing concerns

Source: Russell Investments, MSCI, STOXX, FTSE, Nikkei, as of 12/31/15



Domestic equity historical return

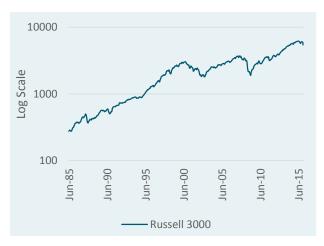
The U.S. equity market has performed exceptionally well since the global financial crisis, but equities were range-bound in 2015.

Equities provide exposure to economic growth, and should be held over the long-term. Short-term attempts to time the market, done poorly, can detract from long-term returns. A systematic rebalancing policy can be very helpful to long-term performance by avoiding emotional buying or selling which can damage performance. Domestic equity fundamentals have

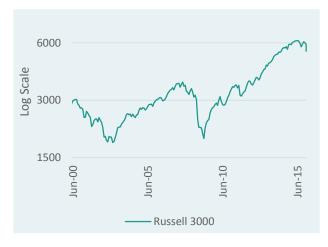
shown some weakening as of late. Other developed equity markets may provide better opportunities for investing new money, although concerns are warranted for risk assets as a whole.

Equity exposure remains an integral part of the portfolio and is the primary means for investors to access long term productive capacity of the economy.

LONG-TERM PERFORMANCE



INTERMEDIATE RETURN



Source: FRED, as of 1/21/16

DOWNSIDE EVENTS



Source: FRED, as of 1/21/16



Source: FRED, as of 1/21/16

Domestic equity recent

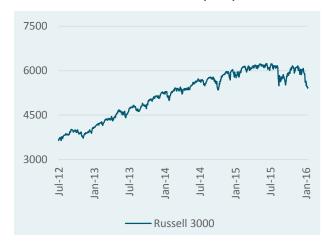
Domestic equities rallied in Q4, but retraced gains early in the new year. Worries over slowing growth in the U.S. and a hard landing in China continued to weigh on risk assets. The timing of rate hikes in 2016 may add additional uncertainty. Nearly seven years in length, the current bull market has extended longer than most. It is important to remember that bull markets do not die of old age, but rather due to a shifting environment. There are concerns we may be in the process of such a shift today.

S&P 500 earnings fell 4.3% in Q3 while sales fell 3.8%. Earnings beat estimates by 4.9% while sales missed by -0.1%.

Domestic growth and weakening corporate earnings may cause uncertainty in the short term. Market technical factors also provide some grounds for concern, with all major domestic equity indices showing poor technical market signals.

Signs of weakness are evident in domestic equity markets

SHORT TERM PERFORMANCE (3YR)



Source: Russell Investments, as of 1/21/16

SMALL/LARGE & GROWTH/VALUE



Source: Russell Investments, as of 12/31/15

FORWARD P/E

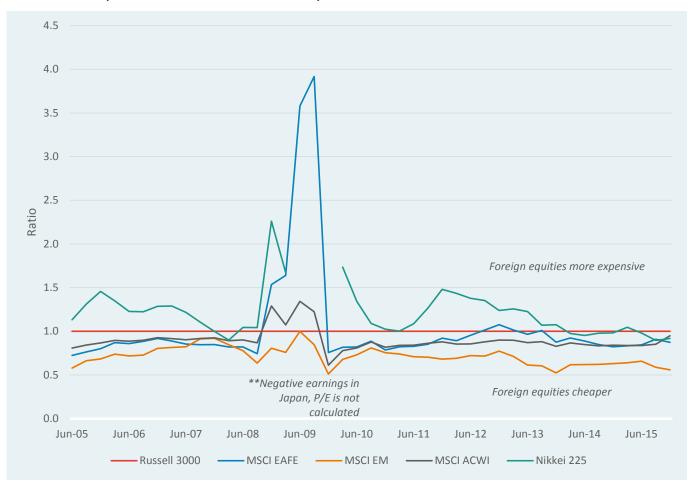


Source: Standard & Poor's, Russell Investments, as of 1/21/16



Relative valuations

RUSSELL 3000 P/E DIVIDED BY FOREIGN INDEX P/E



On a P/E basis foreign equity markets appear relatively cheap compared to the U.S.

This has, however, often been the case and may not be indicative of future performance

Source: Russell Investments, MSCI, Nikkei, as of 12/31/15. Note negative earnings for Japan for certain periods cause a gap in the Japan series



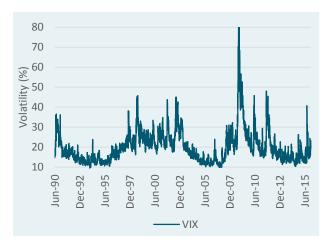
Equity volatility

After significantly spiking in August, the VIX remained relatively range-bound through the remainder of the quarter. Closing 2015 near the high end of the range, an increase in volatility levels in early January may be sustained in the coming months. Disparate views on the impact and magnitude of a China slowdown, uncertainty surrounding the path of Fed rate hikes, and broad pain caused by a low commodity base have fueled greater price uncertainty.

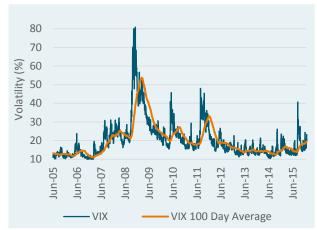
Volatility in domestic indices is marginally lower than international indices with emerging markets remaining the most volatile. Geopolitical tensions and volatile commodities prices are likely to impact emerging market volatility in the coming months.

Volatility levels typically exhibit muted behavior during bull markets and spike during market downturns, which makes it important to monitor volatility. Equity volatility in both developed and EM has increased

LONG-TERM VOLATILITY



INTERMEDIATE-TERM VOLATILITY



Source: CBOE, as of 12/31/15

INTERNATIONAL EQUITY VOLATILITY



Source: MSCI, as of 12/31/15



Source: CBOE, as of 12/31/15

Domestic equity size and style

Small cap equities trailed large cap in Q4, and growth continues to outperform value. Over the past three years investors have been reward for taking on exposure to size, but punished for taking on exposure to value.

Appreciation of the U.S. dollar contributed to small cap outperformance as larger firms with foreign currency receipts received currencies worth less relative to the U.S. dollar. Growth beat value by a significant margin in 2015, outperforming by 9.6% in 2015.

Style performance is often displayed in cumulative terms; however, it is necessary to understand the degree of periodicity in these returns.

In the context of investment style factors, it should be noted that most of the embedded risk is primarily equity risk; however, factor awareness and management can be important in portfolio construction.

Size and value risk factors suffered losses in Q4

SMALL CAP VS LARGE CAP (YOY)



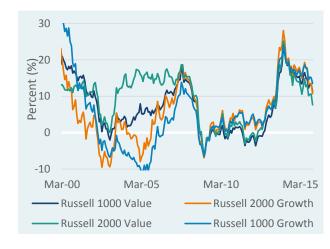
Source: Russell Investments, as of 12/31/15

VALUE VS GROWTH (YOY)



Source: Russell Investments, as of 12/31/15

ROLLING 5 YEAR RETURN



Source: Russell Investments, as of 12/31/15



Domestic equity valuations

Domestic equity valuations rose slightly in Q4 on both a trailing and forward P/E basis, but have fallen back to a normal range since the beginning of the year.

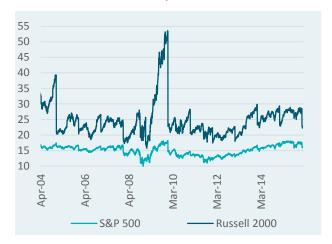
Stronger profit margin and earnings growth, and a general economic recovery since the 2008 have justified an expansion of equity valuations. Nominal equity returns are driven by dividends, earnings growth, valuation expansion, and inflation (prices keeping up with higher input costs). Dividend yields are currently low relative to history, profit margins are

strong relative to history, valuations are somewhat above above average, and inflation is near record lows. This environment is not particularly accommodative for the fundamental drivers of long-term nominal equity returns.

The spread between S&P 500 dividend yield and the U.S. 10yr Treasury yield remains wide. Continued interest rate hikes could help bring this spread back to an average level.

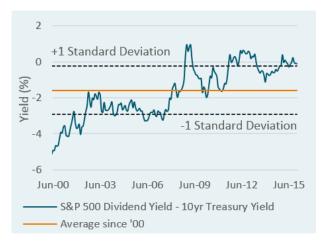
Valuations rose slightly in Q4, and remain somewhat high

12 MONTH FORWARD P/E



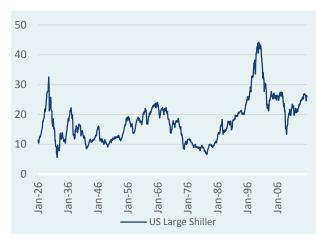
Source: Standard & Poor's, Russell Investments, as of 1/7/15

EQUITY YIELD LESS BOND YIELD



Source: Standard & Poor's, Bloomberg, as of 12/31/15

SHILLER P/E LONG-TERM



Source: Shiller, as of 12/31/15



International equity historical return

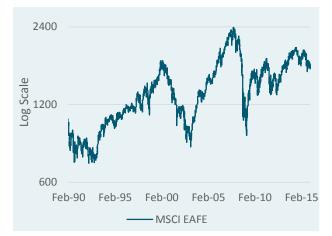
International developed market equities, in general, have lagged their U.S. counterparts since the lows of 2009. International developed small cap equities outperformed significantly during this time. Currency hedging decisions continue to have a material impact on performance as of late.

Emerging markets were relatively range-bound between 2010 and early 2015, but since early 2015 have moved into bear market territory. Growth concerns in China and a lower oil price have contributed to poor returns. Currency volatility makes it necessary for investors to understand the nature of unhedged exposures to international equities. At times the return from currency exposure can be as large or larger than the equity return. Investors should think of these two exposure sets as separate investment decisions.

Significant concerns in emerging markets continue

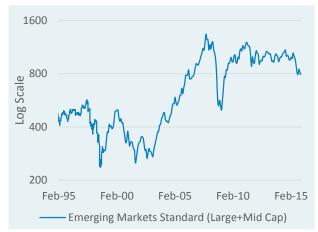
Despite volatility, it is important to remember that emerging market exposure has typically bolstered portfolio performance significantly over the long run.

EAFE LONG TERM (USD)



Source: MSCI, as of 12/31/15

EMERGING MARKETS LONG TERM (USD)



Source: MSCI, as of 12/31/15

EM EFFECT ON GLOBAL EQUITY PORTFOLIO



Source: MSCI, as of 12/31/15



International equity recent

Developed international equity performance was mixed in 2015. Currency fluctuations have overwhelmed positive equity returns in many markets, but added to returns in others.

European equities have typically underperformed U.S. equities in terms of earnings growth. This trend has reversed as European companies have outperformed. European equities appear less vulnerable than domestic equities, following aggressive financial engineering in the United States.

Severe foreign currency drawdowns experienced earlier in 2015 appear to have moderated in many countries during Q4. The price of oil and other commodities will likely be important in determining the future trend of foreign exchange rates.

Emerging markets were volatile in Q4 on the back of further downward oil price pressure, China growth concerns, and currency movement. Positive Q4 performance

Currency exposure had significant impact

SHORT-TERM PERFORMANCE



Source: MSCI, as of 1/25/16

CUMULATIVE RETURN



Source: MSCI, as of 1/25/16

12 MONTH FORWARD P/E



Source: MSCI, as of 1/25/16



International equity valuations

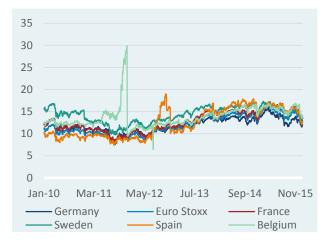
International equity valuations remain more attractive than domestic equities. Europe appears slightly cheap relative to history. Japan valuations are at the low end of the historical range, further contributing to our belief that Japan deserves a neutral or perhaps overweight position in portfolios. Emerging market valuations appear relatively attractive, though most likely priced appropriately due to greater accompanying risks. Investors should be aware of value traps in this space.

Corporate earnings in European markets have improved while U.S. companies struggle, but European equities continue to lag their U.S. counterparts. In contrast to a tighter business environment in the U.S., conditions in Europe may offer more room to run in terms of labor market slack, easy monetary conditions, and devalued currencies. Large valuation differences exist between individual countries in Europe, which may suggest active management is preferable.

12 MONTH FORWARD P/E



COUNTRY VALUATIONS



Source: Bloomberg, as of 1/25/16

EQUITY YIELD LESS BOND YIELD



Source: MSCI, as of 1/25/16



Source: MSCI, as of 1/25/16

Emerging market equity

Emerging market equities continue a steep selloff in the face of decelerating Chinese growth and oil volatility. 2015 was a year of FX reserve net outflows for many countries which has been rare, given the steady accumulation of currency reserves in recent decades.

If allowed by current market environments U.S. interest rate hikes might result in further emerging market outflows; however, continued quantitative easing in other developed nations may counteract these effects, and in the current environment U.S. rate hikes are not certain.

Brazil was downgraded to junk rating by Fitch. The country continues to fight higher inflation with high interest rates, and is feeling economic pain from a budget deficit and less competitive currency.

Chinese officials recently initiated a widespread crackdown on corruption, involving a large number of private sector and government officials. Luxury goods markets have felt much pain following this initiative, as an estimated 50% of global luxury spending comes from Chinese consumers.

Energy price movement continues to have impact

China remains in the spotlight

LONG TERM PERFORMANCE



ROLLING 3 YEAR RETURN



Source: MSCI, as of 12/31/15

FORWARD P/E



Source: MSCI, as of 1/21/16



Source: MSCI, as of 12/31/15

Other assets

Other asset volatility

Despite the highly anticipated rate hike at the end of the fourth quarter, fixed income volatility has remained relatively low. The end of 2015 was characterized by relatively range-bound trading as domestic investors experienced a flight to quality which was offset by the sell-off in global sovereign funds.

Foreign exchange volatility has remained relatively high based on activity from central banks and weaker commodity prices. The uncertainty around monetary policy decisions and global financial stability has introduced increased volatility in this space.

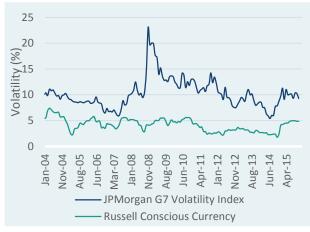
The volatility of commodities has spiked based on the recent price movements in oil. The price moving to levels last seen in 2009 has created a significant amount of volatility. Contrary to expectations, the price of gold has remained relatively stagnant over the last 12-18 months.

FIXED INCOME VOLATILITY



Source: Merrill Lynch, as of 12/31/15 (see Appendix)

FX VOLATILITY



Source: JP Morgan, Russell Investments, as of 12/31/15

COMMODITY VOLATILITY



Source: Bloomberg, as of 12/31/15



Real estate & REITs

Real estate assets provide high exposure to the general business cycle. The recovery from the economic crisis has benefited the real estate market, which has shown significant recovery.

Real estate fundamentals remain strong with lower and declining vacancy rates across all property types. NOI is strongest in apartments, while industrial has shown increased strength recently. Low interest rates have

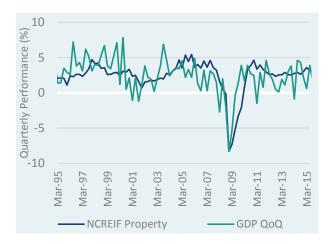
been accretive to returns for the asset class.

REITs have been volatile, trading with the uncertainty of future FED rate activity, which resulted in a discount to fund NAV though November.

Cap rates continue to trend downward, while spreads to Treasuries remain above historical averages.

Some opportunities but careful selection needed

REAL ESTATE & THE BUSINESS CYCLE



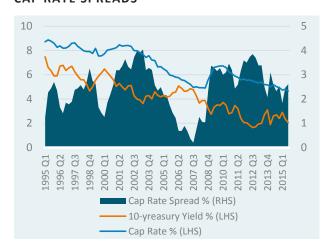
Source: NCREIF, as of 9/30/15

REAL ESTATE VACANCY BY TYPE



Source: NCREIF, as of 9/30/15

CAP RATE SPREADS



Source: NCREIF, as of 9/1/15



Commodities

The Bloomberg Commodity Index returned -10.5% in Q4, driven by energy and industrial metals. OPEC dropped its oil production quotas in December, and oil inventory levels continue to climb as producers struggle to generate cash flow. Large inventory builds, along with the lifting of sanctions against Iran (a source of supply), may also act as headwinds.

Oil prices continue to fluctuate, which has impacted credit spreads, energy-related equities, and the health of many energy-exporting countries.

Significant bankruptcies of energy firms would traditionally help balance supply and help prices; however, large sums of money being dedicated to the distressed credit space may mean that assets, while written down, stay in production thereby prolonging the price pain.

Commodity cycle weakness persists

Commodities are typically held in portfolios to provide inflation sensitivity. Despite commodities moving in an undesirable direction over the past year, they continue to fulfill this role.

3 YR ROLLING RETURNS



Source: Standard & Poor's, Bloomberg, as of 12/31/15

COMMODITY CORRELATION (3YR ROLLING)



Source: MPI, as of 12/31/15 - correlation to Bloomberg Commodity

COMMODITY CUMULATIVE RETURNS



Source: S&P Dow Jones, as of 12/31/15



Currency

The trade-weighted U.S. dollar extended its rise in Q4, strengthening to a level not seen since 2003. Dollar movement has a widespread impact, including: gains/losses for unhedged foreign equity exposure, commodity price volatility (many commodities are denominated in USD), and revenue volatility for businesses who pay or receive payment in non-U.S. dollars.

When measured and managed using unhedged benchmarks, international equity portfolios hold

significant exposure to a currency portfolio derived from the size and structure of the equity markets concerned. Despite recent dollar moderation, the trend towards U.S. dollar strength has made this a negative contribution for investors recently.

Treating currency as an independent market allows investors additional insight. Although returns from this exposure have typically been positive, recent price movements have tipped rolling one year return from currency beta into slightly negative territory.

Short term questions over continuing dollar strength

LONG-TERM TRADE WEIGHTED USD



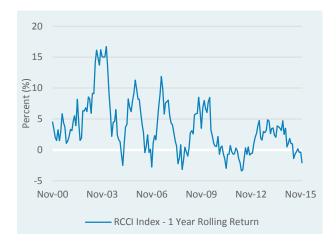
Source: FRED, as of 1/1/16

EFFECT OF CURRENCY (1YR ROLLING)



Source: MSCI, as of 12/31/15

CURRENCY MARKET BEHAVIOR



Source: Russell Investments, as of 12/31/15



MLPs – a complex set of exposures

A Master Limited Partnership (MLP) is a tax advantaged fund which derives most cash flows from investments in commodities and natural resources. These funds are often involved in midstream activities such as the transportation and storage of commodities (ex: oil pipelines and storage). MLPs generally hold exposure to toll-road type investments which are expected to earn fees somewhat independent of commodity prices due to take-or-pay contracts with commodity producing firms.

As commodity prices have fallen, MLP valuations have followed. Many investors point to the fact that MLP contracts are more exposed to commodity *volume* than they are to commodity *price*, and claim that MLP valuations have fallen too far (are currently undervalued). However take-or-pay contracts do not fully protect MLP returns were the counterparty to become insolvent. There may be value in the MLP space, but the risk exposures are complex and it is difficult to forecast how MLPs will react to the commodity sell-off.

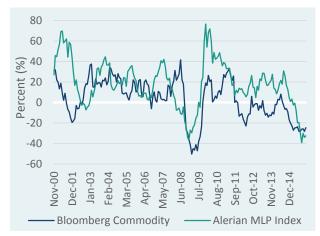
It is difficult to forecast how MLPs will react to the effects of lower oil on the energy ecosystem

ALERIAN MLP INDEX



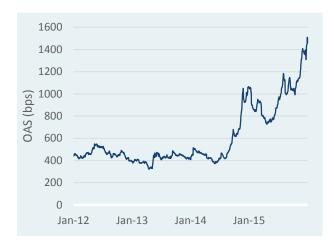
Source: Alerian, as of 1/15/15

MLPS & COMMODITY PERFORMANCE (1YR)



Source: Bloomberg, Alerian, as of 12/31/15 (note difference in end date)

ENERGY HY CREDIT DEFAULT SWAP



Source: Bloomberg, as of 1/22/15



Welcome to 2016

EQUITY DRAWDOWN AND RECOVERY



Significant equity market drawdowns in January

Credit
spreads
moved wider
with the
drop in oil
but have
since
compressed
slightly

SPREAD EXPANSION AND COMPRESSION



Source: Bloomberg, as of 1/22/2016 Returns are for the period observed during from 1/1/2016 to 1/22/2016. Indices are stated in USD and returns are gross.



Appendix

Periodic table of returns – December 2015

BES		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	5-Year	10-Year
^	Real Estate	74.8	16.6	38.4	23.2	35.2	38.7	66.4	31.8	14.0	25.9	56.3	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	10.1	13.5	8.5
	Large Cap Growth	32.9	8.1	37.8	23.1	32.9	27.0	43.1	22.8	8.4	10.3	48.5	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	12.5	8.0
	Large Cap Equity	26.3	6.4	37.2	22.4	31.8	20.3	33.2	12.2	7.3	6.7	47.3	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	0.9	12.4	8.0
	US Bonds	23.8	4.4	31.0	21.6	30.5	19.3	27.3	11.6	3.3	1.6	46.0	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	11.3	7.4
	Cash	19.3	3.2	28.5	21.4	22.4	16.2	26.5	7.0	2.8	1.0	39.2	16.5	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.0	10.7	6.8
	Hedge Funds of Funds	18.9	2.6	25.7	16.5	16.2	15.6	24.3	6.0	2.5	-5.9	30.0	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	9.2	6.2
	International Equity	18.1	0.4	19.6	14.4	13.9	8.7	21.3	4.1	-2.4	-6.0	29.9	14.3	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	-0.8	7.7	5.6
	Small Cap Growth	13.4	-1.5	18.5	11.3	12.9	4.9	20.9	-3.0	-5.6	-11.4	29.7	12.9	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	-1.4	4.2	4.7
	60/40 Global Portfolio	10.2	-1.8	15.2	10.3	10.6	1.2	13.2	-7.3	-9.1	-15.5	25.2	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	3.6	4.5
	Large Cap Value	9.7	-2.0	11.6	9.9	9.7	-2.5	11.4	-7.8	-9.2	-15.7	23.9	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	3.2	3.6
	Small Cap Equity	3.1	-2.4	11.1	6.4	5.2	-5.1	7.3	-14.0	-12.4	-20.5	11.6	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.1	3.0
	Small Cap Value	2.9	-2.9	7.5	6.0	2.1	-6.5	4.8	-22.4	-19.5	-21.7	9.0	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	0.0	2.3
	Emerging Markets Equity	1.4	-3.5	5.7	5.1	-3.4	-25.3	-0.8	-22.4	-20.4	-27.9	4.1	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	-4.8	1.1
\downarrow	Commodities	-1.1	-7.3	-5.2	3.6	-11.6	-27.0	-1.5	-30.6	-21.2	-30.3	1.0	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	-13.5	-6.4
Z																										
WORST				Large	Cap Equ	uity				Small (Cap Gro	wth				Commo	dities									
				Large	Cap Va	lue				Interna	ational	Equity				Real Est	tate									

Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, MSCI EAFE, MSCI EM, BC Agg, T-Bill 90 Day, Bloomberg Comm Index, NCREIF Property, HFRI FOF, MSCI ACWI, BC Global Bond.

Emerging Markets Equity

US Bonds

Cash



Large Cap Growth

Small Cap Equity

Small Cap Value

Hedge Funds of Funds

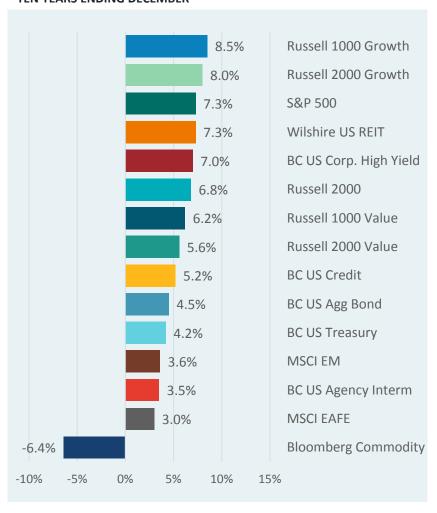
60% MSCI ACWI/40% BC Global Bond

Major asset class returns

ONE YEAR ENDING DECEMBER



TEN YEARS ENDING DECEMBER

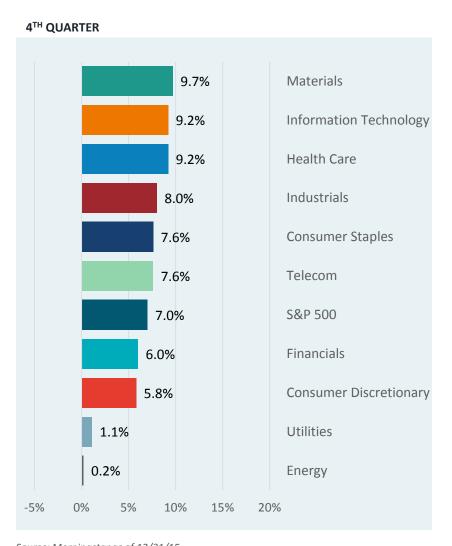


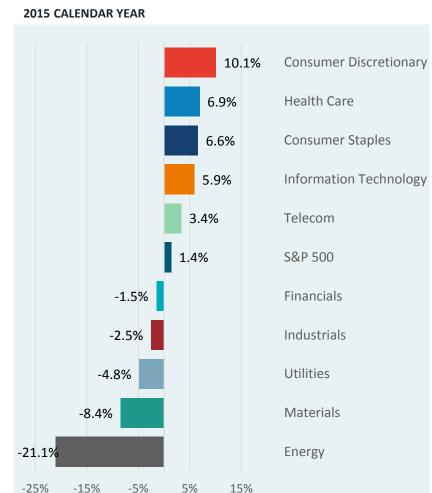
Source: Morningstar, Verus, as of 12/31/15

Source: Morningstar, Verus, as of 12/31/15



S&P 500 and S&P 500 sector returns





Source: Morningstar as of 12/31/15

Source: Morningstar as of 12/31/15



Detailed index returns

DOMESTIC EQUITY

FIXED INCOME

20111201101200111							
	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	(1.6)	7.0	1.4	1.4	15.1	12.6	7.3
S&P 500 Equal Weighted	(2.3)	5.0	(2.2)	(2.2)	15.1	12.4	8.5
DJ Industrial Average	(1.5)	7.7	0.2	0.2	12.7	11.3	7.7
Russell Top 200	(1.4)	7.7	2.4	2.4	15.4	12.9	7.2
Russell 1000	(1.8)	6.5	0.9	0.9	15.0	12.4	7.4
Russell 2000	(5.0)	3.6	(4.4)	(4.4)	11.7	9.2	6.8
Russell 3000	(2.1)	6.3	0.5	0.5	14.7	12.2	7.4
Russell Mid Cap	(2.7)	3.6	(2.4)	(2.4)	14.2	11.4	8.0
Style Index							
Russell 1000 Growth	(1.5)	7.3	5.7	5.7	16.8	13.5	8.5
Russell 1000 Value	(2.2)	5.6	(3.8)	(3.8)	13.1	11.3	6.2
Russell 2000 Growth	(4.8)	4.3	(1.4)	(1.4)	14.3	10.7	8.0
Russell 2000 Value	(5.3)	2.9	(7.5)	(7.5)	9.1	7.7	5.6

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
BC US Treasury US TIPS	(0.8)	(0.6)	(1.4)	(1.4)	(2.3)	2.6	3.9
BC US Treasury Bills	0.0	(0.0)	0.1	0.1	0.1	0.1	1.3
BC US Agg Bond	(0.3)	(0.6)	0.6	0.6	1.4	3.2	4.5
Duration							
BC US Treasury 1-3 Yr	(0.1)	(0.4)	0.6	0.6	0.5	0.7	2.4
BC US Treasury Long	(0.0)	(1.4)	(1.2)	(1.2)	2.6	7.7	6.7
BC US Treasury	(0.2)	(0.9)	0.8	0.8	1.0	2.9	4.2
Issuer							
BC US MBS	(0.0)	(0.1)	1.5	1.5	2.0	3.0	4.6
BC US Corp. High Yield	(2.5)	(2.1)	(4.5)	(4.5)	1.7	5.0	7.0
BC US Agency Interm	(0.2)	(0.5)	1.2	1.2	0.9	1.6	3.5
BC US Credit	(0.8)	(0.5)	(0.8)	(0.8)	1.5	4.4	5.2

INTERNATIONAL EQUITY

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI EAFE	(1.4)	4.7	(8.0)	(8.0)	5.0	3.6	3.0
MSCI AC World ex US	(1.9)	3.2	(5.7)	(5.7)	1.5	1.1	2.9
MSCI EM	(2.2)	0.7	(14.9)	(14.9)	(6.8)	(4.8)	3.6
MSCI EAFE Small Cap	0.7	6.8	9.6	9.6	10.4	6.3	4.6
Style Index							
MSCI EAFE Growth	(0.8)	6.7	4.1	4.1	6.8	4.6	4.0
MSCI EAFE Value	(1.9)	2.7	(5.7)	(5.7)	3.1	2.6	2.0
Regional Index							
MSCI UK	(3.9)	0.7	(7.6)	(7.6)	1.8	3.5	3.1
MSCI Japan	0.3	9.3	9.6	9.6	10.2	4.4	0.9
MSCI Euro	(3.5)	3.4	(2.8)	(2.8)	4.6	3.0	2.2
MSCI EM Asia	(0.7)	3.5	(9.8)	(9.8)	(1.2)	(8.0)	5.8
MSCI EM Latin American	(4.3)	(2.7)	(31.0)	(31.0)	(19.4)	(14.4)	1.2

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	(3.1)	(10.5)	(24.7)	(24.7)	(17.3)	(13.5)	(6.4)
Wilshire US REIT	1.9	7.5	4.2	4.2	11.8	12.4	7.3
Regional Index							
JPM EMBI Global Div	(1.4)	1.3	1.2	1.2	1.0	5.4	6.9
JPM GBI-EM Global Div	(2.2)	0.0	(14.9)	(14.9)	(10.0)	(3.5)	4.3

Source: Morningstar, as of 12/31/15



Definitions

Bloomberg US Weekly Consumer Comfort Index - tracks the public's economic attitudes each week, providing a high-frequency read on consumer sentiment. The index, based on cell and landline telephone interviews with a random, representative national sample of U.S. adults, tracks Americans' ratings of the national economy, their personal finances and the buying climate on a weekly basis, with views of the economy's direction measured separately each month. (www.langerresearch.com)

University of Michigan Consumer Sentiment Index - A survey of consumer attitudes concerning both the present situation as well as expectations regarding economic conditions conducted by the University of Michigan. For the preliminary release approximately three hundred consumers are surveyed while five hundred are interviewed for the final figure. The level of consumer sentiment is related to the strength of consumer spending. (www.Bloomberg.com)

Citi Economic Surprise Index - objective and quantitative measures of economic news. Defined as weighted historical standard deviations of data surprises (actual releases vs Bloomberg survey median). A positive reading of the Economic Surprise Index suggests that economic releases have on balance been beating consensus. The indices are calculated daily in a rolling three-month window. The weights of economic indicators are derived from relative high-frequency spot FX impacts of 1 standard deviation data surprises. The indices also employ a time decay function to replicate the limited memory of markets. (www.Bloomberg.com)

Merrill Lynch Option Volatility Estimate (MOVE) Index – a yield curve weighted index comprised of a weighted set of 1-month Treasury options, including 2.5.10 and 30 year tenor contracts. This index is an indicator of the expected (implied) future volatility in the rate markets.

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Imperial County Employees' Retirement System

Investment Performance Review

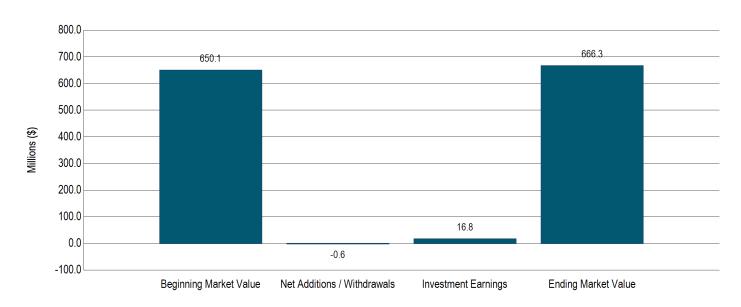
Period Ending: December 31, 2015



Portfolio Reconciliation

Sources of Portfolio Growth	Last Three Months	Fiscal Year-To-Date	One Year
Beginning Market Value	\$650,087,996	\$691,058,257	\$673,090,330
Net Additions/Withdrawals	-\$583,768	-\$5,296,919	-\$5,081,103
Investment Earnings	\$16,798,285	-\$19,458,824	-\$1,706,715
Ending Market Value	\$666,302,513	\$666,302,513	\$666,302,513

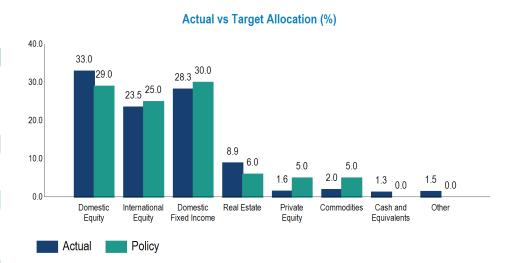
Change in Market Value Last Three Months



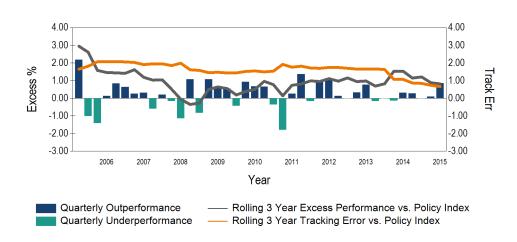
Contributions and withdrawals may include intra-account transfers between managers/funds. Fee transactions are excluded from Portfolio Reconciliation.



	QTD	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Total Fund	2.7	0.0	-2.7	0.0	6.4	6.4	6.0
Total Fund ex Clifton	2.7	0.0	-2.7	0.0	6.4	6.3	5.9
Policy Index	1.8	-1.2	-3.6	-1.2	5.5	5.6	5.2
InvestorForce Public DB Gross Rank	57	56	68	56	74	68	37
Total Domestic Equity	5.4	0.3	-2.0	0.3	14.0	11.8	7.7
Russell 3000	6.3	0.5	-1.4	0.5	14.7	12.2	7.4
eA All US Equity Gross Rank	39	42	34	42	54	48	59
Total International Equity	4.0	-3.5	-7.9	-3.5	1.7	1.1	3.9
MSCI ACWI ex USA Gross	3.3	-5.3	-9.2	-5.3	1.9	1.5	3.4
eA ACWI ex-US All Cap Equity Gross Rank	71	77	74	77	88	95	84
Total Fixed Income	-0.5	-0.3	-0.5	-0.3	1.3	4.0	5.7
Barclays Aggregate	-0.6	0.6	0.7	0.6	1.4	3.2	4.5
eA All US Fixed Inc Gross Rank	61	74	74	74	73	45	26
Total Real Estate	4.4	16.1	7.5	16.1	13.9	13.4	
NCREIF Property Index	2.9	13.3	6.1	13.3	12.0	12.2	
NCREIF-ODCE	3.3	15.0	7.1	15.0	13.8	13.7	
Total Private Equity	1.4	18.7	7.6	18.7	21.1		
Russell 3000 +3% Lagged	-6.5	2.5	-5.7	2.5	15.9		
Total Commodities	-10.9	-25.1	-24.1	-25.1	-17.2	-13.4	
Bloomberg Commodity Index TR USD	-10.5	-24.7	-23.5	-24.7	-17.3	-13.5	
Total Opportunistic	0.0	2.4	-2.1	2.4	15.2	16.5	
Assumption Rate + 1%							



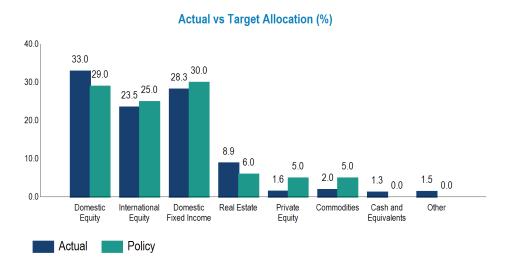
Annualized Excess Performance and Tracking Error Total Fund vs. Policy Index



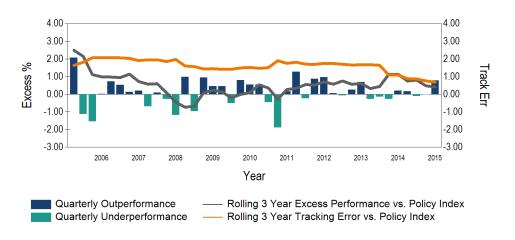
Policy Index (as of 7/1/2014): 29% Russell 3000, 25% MSCI ACWI Free Ex US, 30% BC AGG, 6% NCREIF Property, 5% Bloomberg Commodity Index, 5% Russell 3000 plus 300 bps (Lagged). Prior Policy Index (7/1/2010 to 6/30/2014): 24% S&P 500, 10% R2500, 21% MSCI ACWI Free Ex US, 30% BC AGG, 5% NCREIF Property, 5% Bloomberg Commodity Index, 5% CPI+ 5%. Prior quarter Private Equity returns and index data are used. All returns are (G) gross of fees.



	QTD	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Total Fund	2.6	-0.4	-2.9	-0.4	6.0	6.0	5.6
Total Fund ex Clifton	2.6	-0.4	-2.9	-0.4	5.9	5.9	5.5
Policy Index	1.8	-1.2	-3.6	-1.2	5.5	5.6	5.2
Total Domestic Equity	5.4	0.1	-2.0	0.1	13.8	11.6	7.4
Russell 3000	6.3	0.5	-1.4	0.5	14.7	12.2	7.4
Total International Equity	3.9	-4.0	-8.1	-4.0	1.2	0.6	3.3
MSCI ACWI ex USA Gross	3.3	-5.3	-9.2	-5.3	1.9	1.5	3.4
Total Fixed Income	-0.6	-0.6	-0.7	-0.6	0.9	3.7	5.4
Barclays Aggregate	-0.6	0.6	0.7	0.6	1.4	3.2	4.5
Total Real Estate	4.1	15.0	6.9	15.0	12.9	12.6	
NCREIF Property Index	2.9	13.3	6.1	13.3	12.0	12.2	
NCREIF-ODCE	3.3	15.0	7.1	15.0	13.8	13.7	
Total Private Equity	1.0	16.3	6.7	16.3	17.2	2.2	
Russell 3000 +3% Lagged	-6.5	2.5	-5.7	2.5	15.9	16.6	
Total Commodities	-11.0	-25.6	-24.3	-25.6	-17.6	-13.7	
Bloomberg Commodity Index TR USD	-10.5	-24.7	-23.5	-24.7	-17.3	-13.5	
Total Opportunistic	-0.2	1.1	-2.5	1.1	13.5	14.7	
Assumption Rate + 1%	2.2	9.0	4.4	9.0	9.0	9.1	



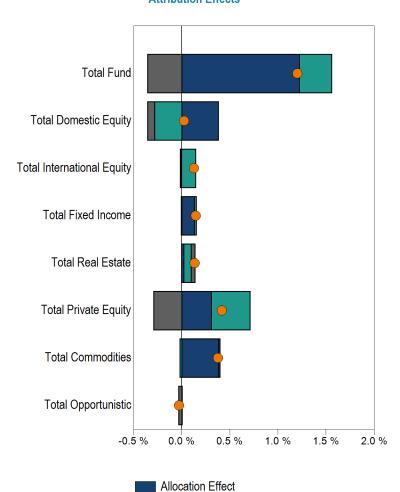
Annualized Excess Performance and Tracking Error Total Fund vs. Policy Index



Policy Index (as of 7/1/2014): 29% Russell 3000, 25% MSCI ACWI Free Ex US, 30% BC AGG, 6% NCREIF Property, 5% Bloomberg Commodity Index, 5% Russell 3000 plus 300 bps (Lagged). Prior Policy Index (7/1/2010 to 6/30/2014): 24% S&P 500, 10% R2500, 21% MSCI ACWI Free Ex US, 30% BC AGG, 5% NCREIF Property, 5% Bloomberg Commodity Index, 5% CPI+ 5%. Prior quarter Private Equity returns and index data are used. All returns are (N) net of fees.



Attribution Effects



Selection Effect
Interaction Effects
Total Effect

Performance Attribution

	Quarter	YTD
Wtd. Actual Return	2.50%	-0.21%
Wtd. Index Return *	1.80%	-1.22%
Excess Return	0.71%	1.01%
Selection Effect	0.43%	0.95%
Allocation Effect	0.66%	0.69%
Interaction Effect	-0.38%	-0.63%

^{*}Calculated from benchmark returns and weightings of each component.

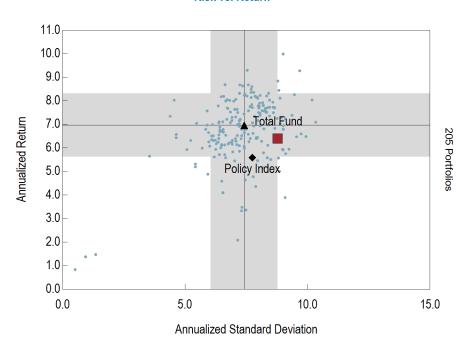
Attribution Summary Last Three Months

	Wtd. Actual	Wtd. Index	Excess	Selection	Allocation	Interaction	Total
	Return	Return	Return	Effect	Effect	Effects	Effects
Total Domestic Equity	5.4%	6.3%	-0.8%	-0.2%	0.1%	-0.1%	-0.2%
Total International Equity	4.0%	3.3%	0.7%	0.2%	0.0%	0.0%	0.1%
Total Fixed Income	-0.5%	-0.6%	0.1%	0.0%	0.0%	0.0%	0.0%
Total Real Estate	4.4%	2.9%	1.5%	0.1%	0.0%	0.0%	0.1%
Total Private Equity	1.4%	-6.5%	8.0%	0.4%	0.3%	-0.3%	0.4%
Total Commodities	-10.9%	-10.5%	-0.3%	0.0%	0.4%	0.0%	0.4%
Total Opportunistic	0.0%	2.2%	-2.2%	0.0%	0.0%	0.0%	0.0%
Total	2.5%	1.8%	0.7%	0.4%	0.7%	-0.4%	0.7%

Weighted returns shown in attribution analysis may differ from actual returns.

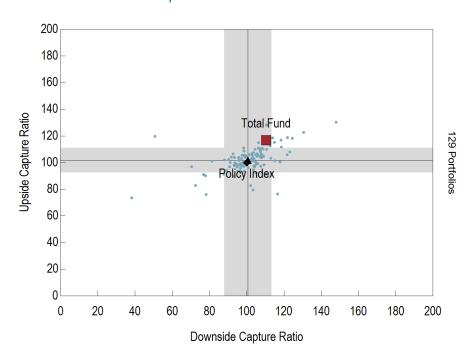
	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
Total Fund	6.40%	0.81%	8.78%	0.10%	1.13	1.33%	0.99	0.72	0.61	116.81%	110.36%

Risk vs. Return



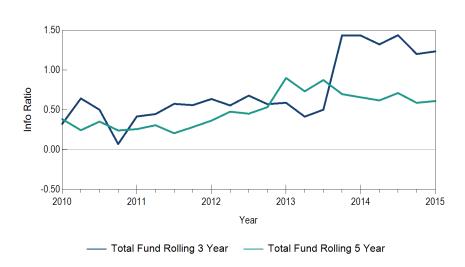
- Total Fund
- Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Gross

Up Markets vs. Down Markets

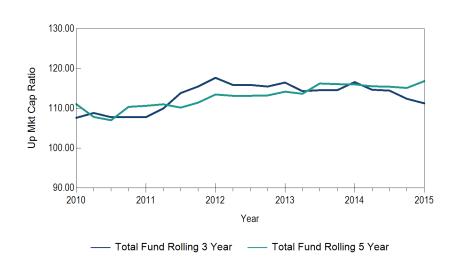


- Total Fund
- Policy Index
- Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Gross

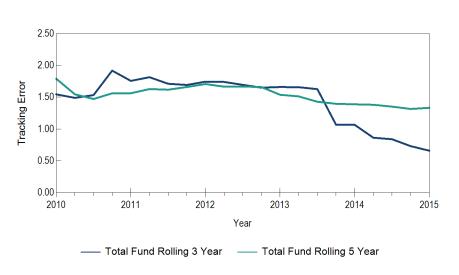
Rolling Information Ratio



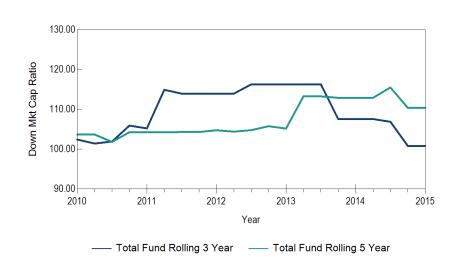
Rolling Up Market Capture Ratio (%)



Rolling Tracking Error



Rolling Down Market Capture Ratio (%)



	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011	Return Since
Total Fund	666,302,513	100.0	2.7	0.0	-2.7	0.0	6.4	6.4	6.0	0.0	4.8	14.8	14.6	-1.1	9.3 Mar-89
Policy Index			1.8	-1.2	-3.6	-1.2	5.5	5.6	5.2	-1.2	4.9	13.5	11.2	0.4	Mar-89
InvestorForce Public DB Gross Rank			57	56	68	56	74	68	37	56	74	59	6	89	4 Mar-89
Total Fund ex Clifton			2.7	0.0	-2.7	0.0	6.4	6.3	5.9	0.0	4.9	14.7	14.2	-1.0	9.3 Mar-89
Policy Index			1.8	-1.2	-3.6	-1.2	5.5	5.6	5.2	-1.2	4.9	13.5	11.2	0.4	Mar-89
InvestorForce Public DB Gross Rank			57	56	68	56	75	70	40	56	72	59	11	88	5 Mar-89
Total Domestic Equity	219,684,480	33.0	5.4	0.3	-2.0	0.3	14.0	11.8	7.7	0.3	10.2	33.9	17.1	0.9	
Russell 3000			6.3	0.5	-1.4	0.5	14.7	12.2	7.4	0.5	12.6	33.6	16.4	1.0	
eA All US Equity Gross Rank			39	42	34	42	54	48	59	42	51	62	37	40	
BlackRock Russell 3000	219,599,181	33.0													Dec-15
Russell 3000															Dec-15
eA US All Cap Core Equity Gross Rank															Dec-15
BlackRock Transition	51,142	0.0													
Total International Equity	156,800,957	23.5	4.0	-3.5	-7.9	-3.5	1.7	1.1	3.9	-3.5	-4.4	14.0	19.3	-15.6	
MSCI ACWI ex USA Gross			3.3	-5.3	-9.2	-5.3	1.9	1.5	3.4	-5.3	-3.4	15.8	17.4	-13.3	
eA ACWI ex-US All Cap Equity Gross Rank			71	77	74	77	88	95	84	77	70	92	54	84	
BlackRock International Equity	118,635,372	17.8	4.7	-0.5	-6.0	-0.5	5.3	3.9	3.4	-0.5	-4.7	23.2	17.8	-11.8	7.4 Jul-03
MSCI EAFE Gross			4.7	-0.4	-5.9	-0.4	5.5	4.1	3.5	-0.4	-4.5	23.3	17.9	-11.7	7.5 Jul-03
eA All EAFE Equity Gross Rank			53	67	66	67	67	74	82	67	64	61	74	48	74 Jul-03
DFA Emerging Markets Value	16,793,964	2.5	-0.9	-18.3	-19.7	-18.3	-8.8	-7.4		-18.3	-3.9	-3.2	20.1	-25.2	1.2 Jan-07
MSCI Emerging Markets Gross			0.7	-14.6	-17.2	-14.6	-6.4	-4.5		-14.6	-1.8	-2.3	18.6	-18.2	1.2 Jan-07
eA Emg Mkts Equity Gross Rank			87	92	95	92	94	99		92	84	84	56	92	68 Jan-07
Vontobel Global Emerging Markets	21,371,621	3.2	2.1	-7.8	-8.5	-7.8				-7.8					-8.0 Sep-14
MSCI Emerging Markets Gross			0.7	-14.6	-17.2	-14.6				-14.6					-15.0 Sep-14
eA Emg Mkts Equity Gross Rank			43	18	4	18				18					17 Sep-14
Total Fixed Income	188,274,152	28.3	-0.5	-0.3	-0.5	-0.3	1.3	4.0	5.7	-0.3	5.9	-1.7	9.6	6.8	
Barclays Aggregate			-0.6	0.6	0.7	0.6	1.4	3.2	4.5	0.6	6.0	-2.0	4.2	7.8	
eA All US Fixed Inc Gross Rank			61	74	74	74	73	45	26	74	34	78	28	45	
Bradford & Marzec Fixed	90,642,696	13.6	-0.3	1.2	0.6	1.2	2.5	4.7	6.1	1.2	7.0	-0.4	8.8	7.4	6.8 Dec-92
Barclays Aggregate			-0.6	0.6	0.7	0.6	1.4	3.2	4.5	0.6	6.0	-2.0	4.2	7.8	5.7 Dec-92
eA US Core Plus Fixed Inc Gross Rank			27	15	20	15	19	30	23	15	16	52	45	51	36 Dec-92

Since Inception ranking is from the beginning of the first complete month. Templeton Foreign Equity liquidated 10/27/2015. TimesSquare, BlackRock Russell 1000 and T. Rowe liquidated 12/10/2015. BlackRock Russell 3000 funded on 12/10/2015. BlackRock Transition facilitated delivery transactions between TimesSquare, T. Rowe and BlackRock Russell 3000. TimesSquare has \$16,955 of residual cash. T. Rowe Price has \$17,201 of residual cash.



	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011	Return Since
MacKay Shields Core Plus Opportunities	83,197,016	12.5	-0.7		-1.5										-3.1 Mar-15
Barclays Aggregate			-0.6		0.7										-0.6 Mar-15
eA US Core Plus Fixed Inc Gross Rank			76		83										88 Mar-15
BlackRock US TIPS	14,434,440	2.2	-0.6	-1.2	-1.7	-1.2	-2.2	2.6		-1.2	3.6	-8.5	7.1	13.7	4.3 Apr-07
Barclays US TIPS			-0.6	-1.4	-1.8	-1.4	-2.3	2.5		-1.4	3.6	-8.6	7.0	13.6	4.2 Apr-07
eA TIPS / Infl Indexed Fixed Inc Gross Rank			28	43	55	43	60	37		43	45	62	59	37	70 Apr-07
Total Real Estate	59,371,771	8.9	4.4	16.1	7.5	16.1	13.9	13.4		16.1	13.0	12.6	10.6	14.9	
NCREIF Property Index			2.9	13.3	6.1	13.3	12.0	12.2		13.3	11.8	11.0	10.5	14.3	
NCREIF-ODCE			3.3	15.0	7.1	15.0	13.8	13.7		15.0	12.5	13.9	10.9	16.0	
ASB Real Estate	29,594,747	4.4	5.6	17.3	8.5	17.3	14.8			17.3	13.5	13.7			14.8 Dec-12
NCREIF Property Index			2.9	13.3	6.1	13.3	12.0			13.3	11.8	11.0			12.0 Dec-12
NCREIF-ODCE			3.3	15.0	7.1	15.0	13.8			15.0	12.5	13.9			13.8 Dec-12
Clarion Lion	28,383,814	4.3	3.4	15.7	6.8	15.7	13.9	14.2		15.7	13.2	12.8	10.9	18.7	4.3 Dec-06
NCREIF Property Index			2.9	13.3	6.1	13.3	12.0	12.2		13.3	11.8	11.0	10.5	14.3	6.8 Dec-06
NCREIF-ODCE			3.3	15.0	7.1	15.0	13.8	13.7		15.0	12.5	13.9	10.9	16.0	5.5 Dec-06
1221 State St. Corp	1,393,210	0.2	0.0	0.0	0.0	0.0	0.0	-1.9		0.0	0.0	0.0	0.1	-9.0	-0.5 Sep-08
Total Commodities	13,046,320	2.0	-10.9	-25.1	-24.1	-25.1	-17.2	-13.4		-25.1	-16.3	-9.3	-0.9	-13.2	-7.3 Oct-09
Bloomberg Commodity Index TR USD			-10.5	-24.7	-23.5	-24.7	-17.3	-13.5		-24.7	-17.0	-9.5	-1.1	-13.3	-7.4 Oct-09
BlackRock Commodities	4,091,927	0.6	-10.5	-24.7	-23.5	-24.7	-17.2	-13.4		-24.7	-17.0	-9.4	-0.9	-13.2	-7.5 Oct-09
Bloomberg Commodity Index TR USD			-10.5	-24.7	-23.5	-24.7	-17.3	-13.5		-24.7	-17.0	-9.5	-1.1	-13.3	-7.4 Oct-09
Gresham MTAP Commodity Builder	8,954,393	1.3	-11.0	-25.3	-24.3	-25.3				-25.3	-16.1				-19.4 Aug-13
Bloomberg Commodity Index TR USD			-10.5	-24.7	-23.5	-24.7				-24.7	-17.0				-19.5 Aug-13
Total Cash															
Cash Account	8,551,351	1.3	0.0	0.0	0.0	0.0	0.0	0.1		0.0	0.0	0.0	0.4	0.2	
91 Day T-Bills			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.1	0.0	

Since Inception ranking is from the beginning of the first complete month. Templeton Foreign Equity liquidated 10/27/2015. TimesSquare, BlackRock Russell 1000 and T. Rowe liquidated 12/10/2015. BlackRock Russell 3000 funded on 12/10/2015. BlackRock Transition facilitated delivery transactions between TimesSquare, T. Rowe and BlackRock Russell 3000. TimesSquare has \$16,955 of residual cash. T. Rowe Price has \$17,201 of residual cash.



	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011	Return Since
Total Fund	666,302,513	100.0	2.6	-0.4	-2.9	-0.4	6.0	6.0	5.6	-0.4	4.4	14.5	14.2	-1.5	8.8 Mar-89
Policy Index			1.8	-1.2	-3.6	-1.2	5.5	5.6	5.2	-1.2	4.9	13.5	11.2	0.4	Mar-89
Total Fund ex Clifton			2.6	-0.4	-2.9	-0.4	5.9	5.9	5.5	-0.4	4.4	14.4	13.8	-1.4	8.8 Mar-89
Policy Index			1.8	-1.2	-3.6	-1.2	5.5	5.6	5.2	-1.2	4.9	13.5	11.2	0.4	Mar-89
Total Domestic Equity	219,684,480	33.0	5.4	0.1	-2.0	0.1	13.8	11.6	7.4	0.1	10.0	33.6	16.9	0.7	
Russell 3000			6.3	0.5	-1.4	0.5	14.7	12.2	7.4	0.5	12.6	33.6	16.4	1.0	
BlackRock Russell 3000	219,599,181	33.0													Dec-15
Russell 3000															Dec-15
BlackRock Transition	51,142	0.0													
Total International Equity	156,800,957	23.5	3.9	-4.0	-8.1	-4.0	1.2	0.6	3.3	-4.0	-4.9	13.4	18.6	-16.1	
MSCI ACWI ex USA Gross			3.3	-5.3	-9.2	-5.3	1.9	1.5	3.4	-5.3	-3.4	15.8	17.4	-13.3	
BlackRock International Equity	118,635,372	17.8	4.7	-0.6	-6.0	-0.6	5.2	3.8	3.2	-0.6	-4.8	22.9	17.6	-11.9	7.2 Jul-03
MSCI EAFE Gross			4.7	-0.4	-5.9	-0.4	5.5	4.1	3.5	-0.4	-4.5	23.3	17.9	-11.7	7.5 Jul-03
DFA Emerging Markets Value	16,793,964	2.5	-1.0	-18.8	-20.0	-18.8	-9.3	-7.9		-18.8	-4.4	-3.8	19.4	-25.6	0.7 Jan-07
MSCI Emerging Markets Gross			0.7	-14.6	-17.2	-14.6	-6.4	-4.5		-14.6	-1.8	-2.3	18.6	-18.2	1.2 Jan-07
Vontobel Global Emerging Markets	21,371,621	3.2	1.9	-8.6	-8.9	-8.6				-8.6					-8.9 Sep-14
MSCI Emerging Markets Gross			0.7	-14.6	-17.2	-14.6				-14.6					-15.0 Sep-14
Total Fixed Income	188,274,152	28.3	-0.6	-0.6	-0.7	-0.6	0.9	3.7	5.4	-0.6	5.6	-2.0	9.3	6.5	
Barclays Aggregate			-0.6	0.6	0.7	0.6	1.4	3.2	4.5	0.6	6.0	-2.0	4.2	7.8	
Bradford & Marzec Fixed	90,642,696	13.6	-0.4	0.9	0.4	0.9	2.2	4.4	5.8	0.9	6.7	-0.8	8.5	7.1	6.5 Dec-92
Barclays Aggregate			-0.6	0.6	0.7	0.6	1.4	3.2	4.5	0.6	6.0	-2.0	4.2	7.8	5.7 Dec-92
MacKay Shields Core Plus Opportunities	83,197,016	12.5	-0.8		-1.7										-3.3 Mar-15
Barclays Aggregate			-0.6		0.7										-0.6 Mar-15
BlackRock US TIPS	14,434,440	2.2	-0.6	-1.3	-1.8	-1.3	-2.3	2.6		-1.3	3.6	-8.6	7.0	13.6	4.3 Apr-07
Barclays US TIPS			-0.6	-1.4	-1.8	-1.4	-2.3	2.5		-1.4	3.6	-8.6	7.0	13.6	4.2 Apr-07
Total Real Estate	59,371,771	8.9	4.1	15.0	6.9	15.0	12.9	12.6		15.0	11.6	12.1	10.3	14.2	
NCREIF Property Index			2.9	13.3	6.1	13.3	12.0	12.2		13.3	11.8	11.0	10.5	14.3	
NCREIF-ODCE			3.3	15.0	7.1	15.0	13.8	13.7		15.0	12.5	13.9	10.9	16.0	
ASB Real Estate	29,594,747	4.4	5.4	16.2	8.0	16.2	13.7			16.2	12.5	12.5			13.7 Dec-12
NCREIF Property Index			2.9	13.3	6.1	13.3	12.0			13.3	11.8	11.0			12.0 Dec-12
NCREIF-ODCE			3.3	15.0	7.1	15.0	13.8			15.0	12.5	13.9			13.8 Dec-12
Clarion Lion	28,383,814	4.3	3.1	14.6	6.3	14.6	12.9	13.2		14.6	12.2	11.8	9.9	17.8	3.3 Dec-06
NCREIF Property Index			2.9	13.3	6.1	13.3	12.0	12.2		13.3	11.8	11.0	10.5	14.3	6.8 Dec-06
NCREIF-ODCE			3.3	15.0	7.1	15.0	13.8	13.7		15.0	12.5	13.9	10.9	16.0	5.5 Dec-06
1221 State St. Corp	1,393,210	0.2	0.0	0.0	0.0	0.0	0.0	-1.9		0.0	0.0	0.0	0.1	-9.0	-0.5 Sep-08



Total Fund Performance Summary (Net of Fees)

Period Ending: December 31, 2015

	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011	Return Since
Total Commodities	13,046,320	2.0	-11.0	-25.6	-24.3	-25.6	-17.6	-13.7		-25.6	-16.9	-9.5	-1.2	-13.5	-7.6 Oct-09
Bloomberg Commodity Index TR USD			-10.5	-24.7	-23.5	-24.7	-17.3	-13.5		-24.7	-17.0	-9.5	-1.1	-13.3	-7.4 Oct-09
BlackRock Commodities	4,091,927	0.6	-10.6	-24.9	-23.6	-24.9	-17.5	-13.7		-24.9	-17.2	-9.7	-1.2	-13.5	-7.8 Oct-09
Bloomberg Commodity Index TR USD			-10.5	-24.7	-23.5	-24.7	-17.3	-13.5		-24.7	-17.0	-9.5	-1.1	-13.3	-7.4 Oct-09
Gresham MTAP Commodity Builder	8,954,393	1.3	-11.2	-25.9	-24.6	-25.9				-25.9	-16.7				-19.8 Aug-13
Bloomberg Commodity Index TR USD			-10.5	-24.7	-23.5	-24.7				-24.7	-17.0				-19.5 Aug-13
Total Cash															
Cash Account	8,551,351	1.3	0.0	0.0	0.0	0.0	0.0	0.1		0.0	0.0	0.0	0.4	0.2	
91 Day T-Bills			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.1	0.0	

				3	Years						
	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
BlackRock International Equity	5.17%	-0.29%	11.85%	-0.29%	1.00	0.05%	1.00	0.43	-6.22	98.25%	101.24%
DFA Emerging Markets Value	-9.27%	-2.85%	14.65%	-2.23%	1.10	2.64%	0.98	-0.64	-1.08	86.19%	114.75%
Bradford & Marzec Fixed	2.20%	0.75%	3.36%	0.56%	1.13	1.04%	0.92	0.64	0.72	113.77%	79.56%
BlackRock US TIPS	-2.25%	0.01%	5.40%	0.04%	1.01	0.13%	1.00	-0.42	0.11	102.74%	101.03%
ASB Real Estate	13.71%	1.68%	2.31%	15.37%	-0.14	2.41%	0.00	5.93	0.70	115.78%	
Clarion Lion	12.86%	0.82%	1.81%	-2.94%	1.31	1.64%	0.19	7.08	0.50	107.66%	
BlackRock Commodities	-17.50%	-0.21%	14.45%	-0.26%	1.00	0.10%	1.00	-1.21	-2.22	97.02%	100.38%

				5	Years						
	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
BlackRock International Equity	3.79%	-0.28%	14.70%	-0.28%	1.00	0.04%	1.00	0.25	-6.34	98.18%	100.68%
DFA Emerging Markets Value	-7.89%	-3.42%	19.40%	-2.85%	1.13	3.04%	0.99	-0.41	-1.13	93.85%	113.45%
Bradford & Marzec Fixed	4.39%	1.14%	3.05%	1.87%	0.78	2.18%	0.53	1.42	0.52	124.34%	79.56%
BlackRock US TIPS	2.57%	0.02%	5.35%	0.00%	1.01	0.10%	1.00	0.47	0.23	101.18%	101.03%
Clarion Lion	13.23%	1.05%	2.16%	-7.35%	1.69	1.77%	0.39	6.10	0.59	110.91%	
BlackRock Commodities	-13.66%	-0.20%	14.03%	-0.22%	1.00	0.08%	1.00	-0.98	-2.41	97.61%	100.31%

Vintage	Manager & Fund Name	Estimated 12/31 Market Value ³	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value for IRR	Distrib./ Paid-In (DPI) ¹	Tot. Value/ Paid-In (TVPI) ²	Net IRR Since Inception ⁵	IRR Date
2011	HarbourVest IX-Buyout	\$4,768,298	\$10,000,000	\$4,925,000	49%	\$5,075,000	\$1,097,950	\$4,337,613	22.3%	119.1%	14.6%	6/30/15
2011	HarbourVest IX-Credit	\$863,321	\$2,000,000	\$980,000	49%	\$1,020,000	\$317,923	\$721,257	32.4%	120.5%	16.5%	6/30/15
2008	HarbourVest Int'l VI ⁶	\$2,310,870	\$3,712,930	\$2,697,601	73%	\$1,015,329	\$702,124	\$2,307,590	26.0%	111.7%	17.9%	6/30/15
2011	HarbourVest IX-Venture	\$3,266,497	\$4,000,000	\$2,640,000	66%	\$1,360,000	\$435,080	\$2,929,681	16.5%	140.2%	22.9%	6/30/15
2010	KKR Mezzanine ⁷	\$5,576,497	\$10,000,000	\$10,000,000	100%	\$0	\$7,963,979	\$7,383,739	79.6%	135.4%	8.2%	9/30/15
2011	PIMCO BRAVO 4	\$3,029,007	\$10,000,000	\$10,000,000	100%	\$0	\$16,021,266	\$3,029,007	160.2%	190.5%	22.9%	12/31/15
	Total Alternative Illiquids % of Portfolio (Market Value)	\$19,814,490 3.0%	\$39,712,930	\$31,242,601	79%	\$8,470,329	\$26,538,322	\$20,708,887	66.3% Admin	151.2%	Other	Total
	,, or i or ii or o (iii iii ii o o o o o o	0.070						Fee	Fee	Expense	Expense	Expense ⁸
						HarbourVest I	•	\$24,871 \$4,967	\$0 \$0	\$0 \$0	\$1,519 \$694	\$26,390
						HarbourVest I		\$6,728	\$0	\$0	\$490	
						HarbourVest I		\$9,966	\$0	\$0	\$909	
						KKR Mezzani		\$21,477	\$0	\$0	\$0	
						PIMCO BRAV		\$13,032	\$2,875	\$3,760	-\$2,003	

²(TVPI) is equal to (market value + capital returned) / capital called

³Last known market value + capital calls - distributions (All HarbourVest funds are as of 9/30/2015)

⁴Investment period ended, no further capital to be called.

⁵Gross IRR is calculated on the cash flows of the underlying investments of the fund and is net of the underlying fund fees and carried interest.

⁵Net IRR is calculated on the cash flows of all the limited partners of the fund and is net of all fees. Each IRR figure is provided by its respective manager.

⁶HarbourVest International Private Equity Partners VI-Partnership Fund L.P. values are originally presented in euros and are calculated to dollars using OANDA™.

⁷KKR: Total capital called is \$11,251,720, which includes recylced distributions. Unused capital commitment is \$1,462,588 after including distribution proceeds available for reinvestment

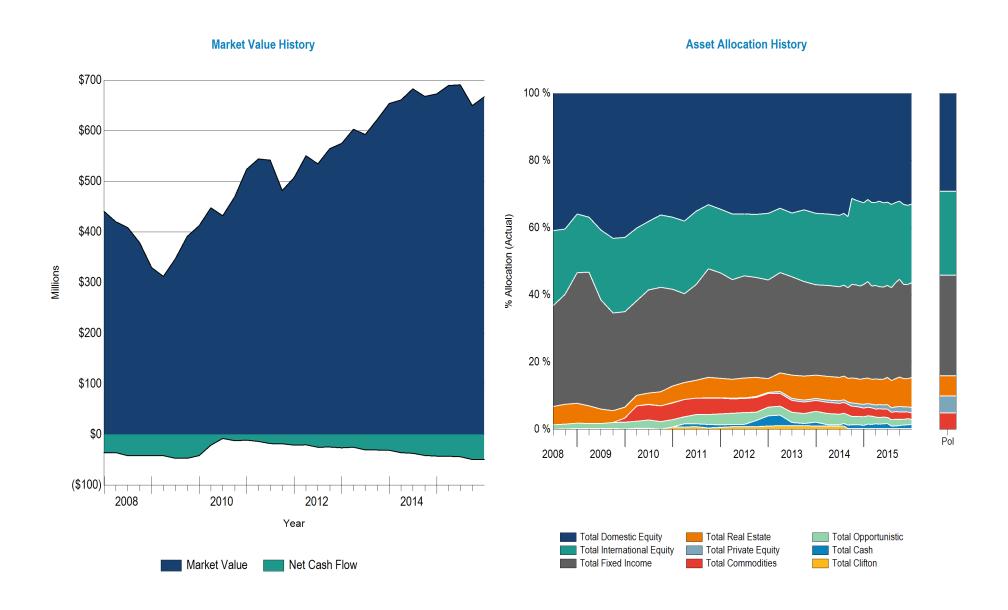
⁸All HarbourVest fees and expenses are for 3Q 2015

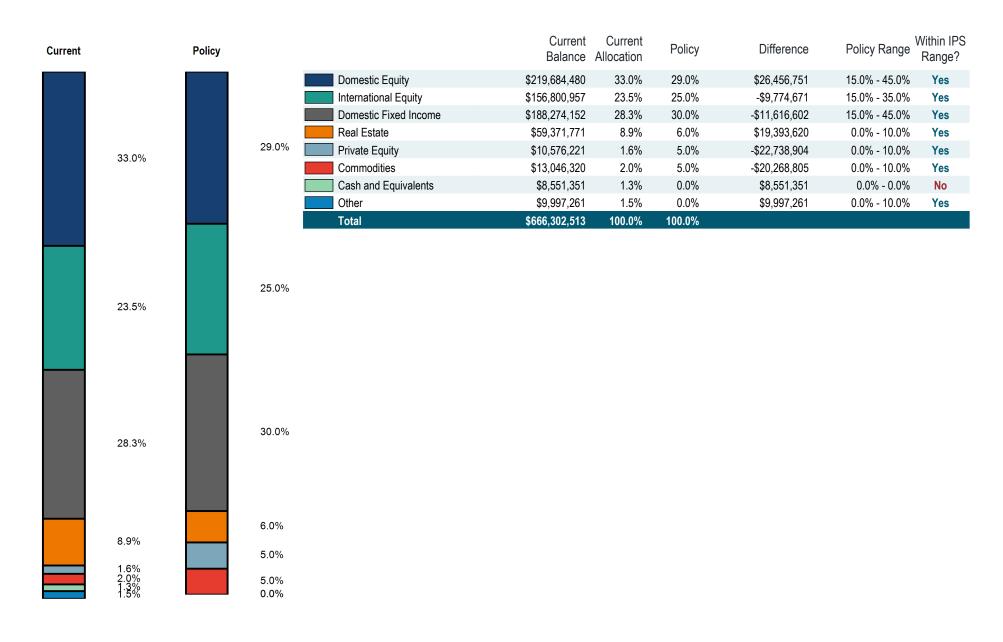
Manager	Beginning Market Value	Contributions	Disbursements	Fees ²	Net Cash Flow	Investment Income	Capital Gain/Loss	Total Gains/Earnings/ Losses	Ending Market Value
Blackrock Russell 3000 Index	\$0	\$221,490,963	(\$6,186)	\$0	\$221,484,777	\$0	(\$1,885,596)	(\$1,885,596)	\$219,599,181
Blackrock Russell 1000 Index	\$154,257,806	\$0	(\$166,783,498)	\$0	(\$166,783,498)	\$0	\$12,525,692	\$0	\$0
BlackRock Transition	\$0	\$56,032,424	(\$54,713,651)	\$0	\$1,318,773	\$21,934	(\$1,289,565)	\$0	\$51,142
Times Square Capital	\$28,350,178	\$0	(\$29,086,816)	(\$32,345)	(\$29,119,161)	\$72,897	\$713,042	\$785,939	\$16,955
T. Rowe Price Associates	\$25,750,038	\$0	(\$26,945,608)	\$0	(\$26,945,608)	\$115,348	\$1,097,424	\$1,212,771	\$17,201
DFA Emerging Markets	\$16,966,153	\$0	\$0	\$0	\$0	\$248,921	(\$421,109)	(\$172,189)	\$16,793,964
Vontobel Global Emerging Markets	\$20,983,016	\$0	\$0	\$0	\$0	\$52,455	\$336,150	\$388,605	\$21,371,621
Blackrock International Equity	\$57,867,265	\$59,548,340	\$0	\$0	\$59,548,340	\$0	\$1,219,767	\$1,219,767	\$118,635,372
Franklin Templeton International Equity	\$55,463,003	\$0	(\$59,535,364)	\$0	(\$59,535,364)	\$31,610	\$4,040,751	\$4,072,361	\$0
Bradford & Marzec, Inc.	\$90,906,682	\$0	\$0	\$0	\$0	\$760,851	(\$1,024,838)	(\$263,987)	\$90,642,696
MacKay Shields Core Plus Opp.	\$83,890,886	\$0	\$0	\$0	\$0	\$0	(\$693,870)	(\$693,870)	\$83,197,016
Blackrock US TIPS	\$14,514,483	\$0	\$0	\$0	\$0	\$0	(\$80,043)	(\$80,043)	\$14,434,440
Clarion Lion Properties	\$27,529,369	\$194,779	(\$273,979)	(\$25,314)	(\$104,514)	\$301,787	\$657,172	\$958,959	\$28,383,814
ICERS State Street Real Estate	\$1,393,178	\$34,497	(\$34,471)	\$0	\$26	\$7	(\$0)	\$7	\$1,393,210
ASB Allegiance Real Estate	\$28,016,004	\$0	\$0	(\$66,017)	(\$66,017)	\$199,586	\$1,445,173	\$1,644,759	\$29,594,747
PIMCO BRAVO	\$5,400,347	\$0	(\$2,354,833)	(\$17,664)	(\$2,372,497)	\$97,895	(\$96,738)	\$1,157	\$3,029,007
KKR Mezzanine I	\$6,590,450	\$0	(\$1,013,953)	\$0	(\$1,013,953)	\$0	\$0	\$0	\$5,576,497
Blackrock Global Commodity	\$4,574,368	\$0	\$0	\$0	\$0	\$0	(\$482,441)	(\$482,441)	\$4,091,927
Gresham TAP Commodity Builder	\$10,079,506	\$0	\$0	(\$17,707)	(\$17,707)	\$0	(\$1,107,407)	(\$1,107,407)	\$8,954,393
HarbourVestInternationalVI ¹	\$2,307,590	\$0	(\$547)	(\$7,644)	(\$8,191)	\$1	(\$12,695)	(\$12,694)	\$2,286,705
HarbourVest Buyout IX ¹	\$4,337,613	\$250,000	(\$172,628)	(\$26,390)	\$50,982	\$13	\$57,928	\$57,941	\$4,446,536
HarbourVest Credit Opportunities IX ¹	\$721,257	\$0	(\$76,312)	(\$5,661)	(\$81,973)	\$2,518	\$2,417	\$4,935	\$644,219
HarbourVest Venture IX 1	\$2,929,681	\$180,000	(\$909)	(\$10,875)	\$168,216	\$5	\$100,859	\$100,864	\$3,198,761
Cash	\$5,867,367	\$226,209,338	(\$223,525,353)	\$0	\$2,683,985	\$0	\$0	\$0	\$8,551,351
The Clifton Group	\$1,391,756	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,391,756
Totals	\$650,087,996	\$563,940,341	(\$564,524,109)	(\$209,616)	(\$793,384)	\$1,905,828	\$15,102,074	\$5,749,840	\$666,302,513

¹3Q 2015 data

 $^{^2\}mbox{Fee}$ transactions not included in the Portfolio Reconciliation page at beginning of report







Objective 1:Exceed passive benchmark on a net-of-fee basis

Objective 2:Exceed median manager return in comparable universe on a gross-of-fee basis

				3-Year					5-Year		
		Manager	Benchmark	Meets	Universe	Meets	Manager	Benchmark	Meets	Universe	Meets
Asset Class / Manager	Benchmark	Return	Return	Expectations	Ranking	Expectations	Return	Return	Expectations	Ranking	Expectations
Domestic Equity											
BlackRock	Russell 3000 Index										
International Equity											
BlackRock	MSCI EAFE Index	5.2%	5.5%	No			3.8%	4.1%	No		
Dimensional Fund Advisors	MSCI Emerging Markets Index + 150 basis points	-9.3%	-6.4%	No	94	No	-7.9%	-4.5%	No	99	No
Vontobel	MSCI Emerging Markets Index + 150 basis points										
<u>Fixed Income</u>											
Bradford & Marzec	Barclays Credit Aggregate Bond Index + 50 basis points	2.2%	1.4%	Yes	19	Yes	4.4%	3.2%	Yes	30	Yes
MacKay Shields	Barclays Credit Aggregate Bond Index + 50 basis points										
BlackRock	Barclays Credit US TIPS Index	-2.3%	-2.3%	No			2.6%	2.5%	Yes		
<u>Alternatives</u>											
Clarion	NCREIF Property Index	12.9%	12.0%	Yes			13.2%	12.2%	Yes		
ASB Allegiance	NCREIF Property Index	13.7%	12.0%	Yes							
BlackRock	Bloomberg Commodity Index	-17.5%	-17.3%	No			-13.7%	-13.5%	No		
Gresham TAP	Bloomberg Commodity Index + 100 basis points										
PIMCO	Actuarial Assumption Rate + 100 basis points										
KKR	Actuarial Assumption Rate + 100 basis points										
HarbourVest Partners	Russell 3000 + 250 basis points										

		10-Year							15-Year		
		Manager	Benchmark	Meets	Universe	Meets	Manager	Benchmark	Meets	Universe	Meets
Asset Class / Manager	Benchmark	Return	Return	Expectations	Ranking	Expectations	Return	Return	Expectations	Ranking	Expectations
Domestic Equity											
BlackRock	Russell 3000 Index										
International Equity											
BlackRock	MSCI EAFE Index	3.2%	3.5%	No							
Dimensional Fund Advisors	MSCI Emerging Markets Index + 150 basis points										
Vontobel	MSCI Emerging Markets Index + 150 basis points										
Fixed Income											
Bradford & Marzec	Barclays Credit Aggregate Bond Index + 50 basis points	5.8%	4.5%	Yes	23	Yes	6.1%	5.9%	Yes		
MacKay Shields	Barclays Credit Aggregate Bond Index + 50 basis points										
BlackRock	Barclays Credit US TIPS Index										
<u>Alternatives</u>											
Clarion	NCREIF Property Index										
ASB Allegiance	NCREIF Property Index										
BlackRock	Bloomberg Commodity Index										
Gresham TAP	Bloomberg Commodity Index + 100 basis points										
PIMCO	Actuarial Assumption Rate + 100 basis points										
KKR	Actuarial Assumption Rate + 100 basis points										
HarbourVest Partners	Russell 3000 + 250 basis points										



Total Fund Investment Fee Analysis

Period Ending: December 31, 2015

Account	Fee Schedule	Market Value As of 12/31/2015	% of Portfolio	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
1221 State St. Corp	No Fee	\$1,393,210	0.2%		
ASB Real Estate	1.25% of First \$5.0 Mil, 1.00% of Next \$10.0 Mil, 0.75% Thereafter	\$29,594,747	4.4%	\$271,961	0.92%
BlackRock Commodities	0.30% of Assets	\$4,091,927	0.6%	\$12,276	0.30%
BlackRock International Equity	0.15% of First \$50.0 Mil, 0.10% of Next \$50.0 Mil	\$118,635,372	17.8%	\$125,000	0.11%
BlackRock Russell 3000	0.03% of Assets	\$219,599,181	33.0%	\$65,880	0.03%
BlackRock Transition	No Fee	\$51,142	0.0%		
BlackRock US TIPS	0.07% of Assets	\$14,434,440	2.2%	\$10,104	0.07%
Bradford & Marzec Fixed	0.29% of First \$100.0 Mil, 0.25% of Next \$100.0 Mil	\$90,642,696	13.6%	\$258,332	0.29%
Cash Account	No Fee	\$8,551,351	1.3%		
Clarion Lion	1.25% of First \$10.0 Mil, 1.00% of Next \$15.0 Mil, 0.85% Thereafter	\$28,383,814	4.3%	\$303,762	1.07%
Clifton	0.20% of First \$25.0 Mil, 0.10% of Next \$50.0 Mil, 0.05% Thereafter Retainer Fee: \$1,500 (Monthly) Minimum Expense: \$12,500 (Quarterly)	\$1,391,756	0.2%	-	-
DFA Emerging Markets Value	0.61% of Assets	\$16,793,964	2.5%	\$102,443	0.61%
Gresham MTAP Commodity Builder	0.75% of Assets	\$8,954,393	1.3%	\$67,158	0.75%
Harbourvest Buyout IX	\$100,000 Annually	\$4,446,536	0.7%	\$100,000	2.25%
Harbourvest Credit Ops IX	\$20,000 Annually	\$644,219	0.1%	\$20,000	3.10%
Harbourvest International PE VI	\$35,000 Annually	\$2,286,705	0.3%	\$35,000	1.53%
Harbourvest Venture IX	\$40,000 Annually	\$3,198,761	0.5%	\$40,000	1.25%
KKR Mezzanine Partners	\$150,000 Annually	\$5,576,497	0.8%	\$150,000	2.69%
MacKay Shields Core Plus Opportunities	0.35% of Assets	\$83,197,016	12.5%	\$291,190	0.35%
PIMCO BRAVO	1.90% of Assets	\$3,029,007	0.5%	\$57,551	1.90%
Verus Advisory Fee	\$175,000 Annually	· · ·		,	
Vontobel Global Emerging Markets	0.95% of First \$150.0 Mil, 0.85% Thereafter	\$21,371,621	3.2%	\$203,030	0.95%
Investment Management Fee		\$666,268,357	100.0%	\$2,113,687	0.32%

^{*}Total market value excludes TimesSquare and T.Rowe Price residuals.

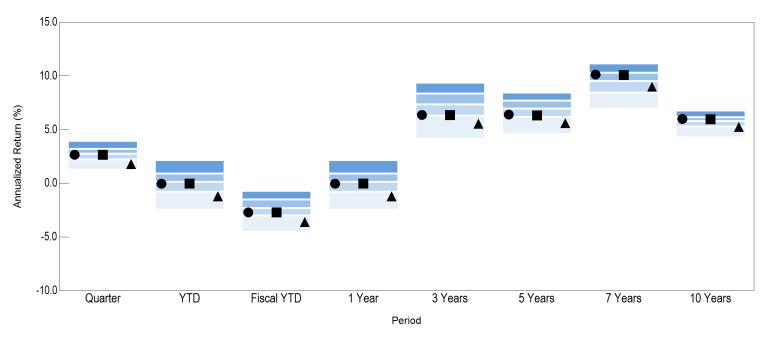


^{*}HarbourVest, KKR and PIMCO BRAVO fees are estimated gross management fees only and do not include incentive allocations or offsetting cash flows received by the fund.

^{*}HarbourVest International Private Equity VI fees are based on committed Euros, actual US Dollar amount will fluctuate based on exchange rates.

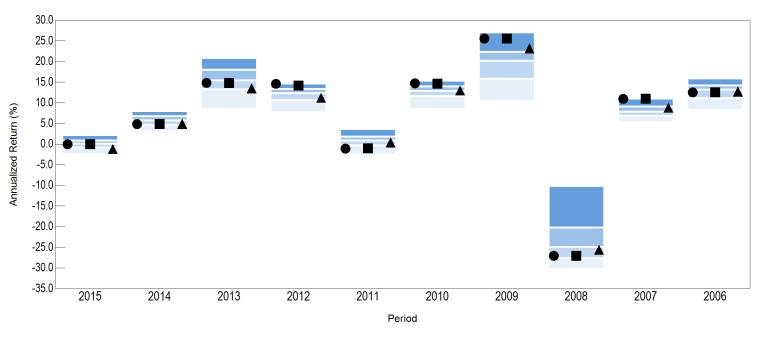
^{*}Verus advisory fee shown for disclosure purposes only and is not included in total investment management fee calculations.





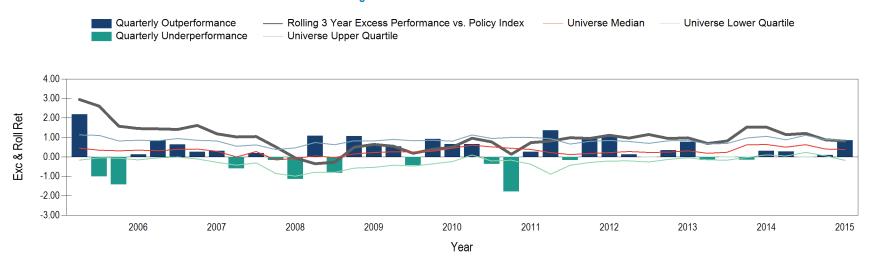
	Return (Ra	nk)														
5th Percentile	3.9		2.1		-0.7		2.1		9.4		8.4		11.1		6.8	
25th Percentile	3.2		0.9		-1.5		0.9		8.4		7.7		10.3		6.2	
Median	2.8		0.1		-2.3		0.1		7.4		7.0		9.5		5.8	
75th Percentile	2.2		-0.8		-3.0		-0.8		6.3		6.2		8.5		5.3	
95th Percentile	1.3		-2.4		-4.5		-2.4		4.2		4.6		6.9		4.3	
# of Portfolios	265		256		265		256		232		205		184		165	
Total FundTotal Fund ex Clifton	2.7 2.7	(57) (57)	0.0	(56) (56)	-2.7 -2.7	(68) (68)	0.0 0.0	(56) (56)	6.4 6.4	(74) (75)	6.4 6.3	(68) (70)	10.1 10.1	(32) (33)	6.0 5.9	(37) (40)
▲ Policy Index		` '	-1.2	(83)	-3.6	(87)	-1.2	(83)	5.5	(86)	5.6	(89)	9.0	(62)	5.2	(78)



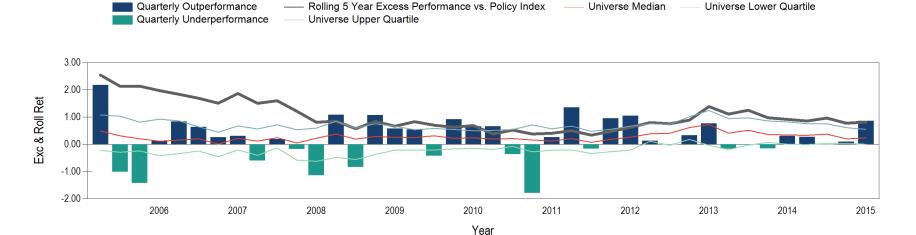


	Return (Rank)									
5th Percentile	2.1	8.0	20.8	14.6	3.6	15.4	27.0	-10.1	11.0	15.9
25th Percentile	0.9	6.8	18.0	13.4	1.9	14.0	22.4	-20.1	9.1	14.2
Median	0.1	5.8	15.5	12.4	0.9	12.9	20.2	-24.9	7.9	13.2
75th Percentile	-0.8	4.6	13.3	10.7	-0.3	11.7	15.9	-27.6	6.9	11.2
95th Percentile	-2.4	3.2	8.5	7.8	-2.5	8.6	10.5	-30.3	5.4	8.3
# of Portfolios	256	248	231	236	206	188	184	181	177	171
 Total Fund Total Fund ex Clifton Policy Index 	0.0 (56) 0.0 (56) -1.2 (83)	4.8 (74) 4.9 (72) 4.9 (72)	` '	14.6 (6) 14.2 (11) 11.2 (72)	-1.1 (89) -1.0 (88) 0.4 (63)	14.7 (13) 14.7 (15) 13.0 (49)	25.6 (11) 25.6 (11) 23.2 (23)	-27.1 (68) -27.1 (68) -25.6 (58)	10.9 (6) 10.9 (6) 8.8 (31)	()

Rolling 3 Year Annualized Excess Performance



Rolling 5 Year Annualized Excess Performance



	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011
Total Domestic Equity	219,684,480	5.4	0.3	-2.0	0.3	14.0	11.8	7.7	0.3	10.2	33.9	17.1	0.9
Russell 3000		6.3	0.5	-1.4	0.5	14.7	12.2	7.4	0.5	12.6	33.6	16.4	1.0
eA All US Equity Gross Rank		39	42	34	42	54	48	59	42	51	62	37	40
BlackRock Russell 3000	219,599,181												
Russell 3000													
eA US All Cap Core Equity Gross Rank													
BlackRock Transition	51,142												

U.S. Effective Style Map 3 Years Ending December 31, 2015



U.S. Effective Style Map 5 Years Ending December 31, 2015



	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011
Total Domestic Equity	219,684,480	5.4	0.1	-2.0	0.1	13.8	11.6	7.4	0.1	10.0	33.6	16.9	0.7
Russell 3000		6.3	0.5	-1.4	0.5	14.7	12.2	7.4	0.5	12.6	33.6	16.4	1.0
BlackRock Russell 3000	219,599,181												
Russell 3000													
BlackRock Transition	51,142												

	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011
Total International Equity	156,800,957	4.0	-3.5	-7.9	-3.5	1.7	1.1	3.9	-3.5	-4.4	14.0	19.3	-15.6
MSCI ACWI ex USA Gross		3.3	-5.3	-9.2	-5.3	1.9	1.5	3.4	-5.3	-3.4	15.8	17.4	-13.3
eA ACWI ex-US All Cap Equity Gross Rank		71	77	74	77	88	95	84	77	70	92	54	84
BlackRock International Equity	118,635,372	4.7	-0.5	-6.0	-0.5	5.3	3.9	3.4	-0.5	-4.7	23.2	17.8	-11.8
MSCI EAFE Gross		4.7	-0.4	-5.9	-0.4	5.5	4.1	3.5	-0.4	-4.5	23.3	17.9	-11.7
eA All EAFE Equity Gross Rank		53	67	66	67	67	74	82	67	64	61	74	48
DFA Emerging Markets Value	16,793,964	-0.9	-18.3	-19.7	-18.3	-8.8	-7.4		-18.3	-3.9	-3.2	20.1	-25.2
MSCI Emerging Markets Gross		0.7	-14.6	-17.2	-14.6	-6.4	-4.5		-14.6	-1.8	-2.3	18.6	-18.2
eA Emg Mkts Equity Gross Rank		87	92	95	92	94	99		92	84	84	56	92
Vontobel Global Emerging Markets	21,371,621	2.1	-7.8	-8.5	-7.8		-		-7.8				
MSCI Emerging Markets Gross		0.7	-14.6	-17.2	-14.6				-14.6				
eA Emg Mkts Equity Gross Rank		43	18	4	18				18				

EAFE Effective Style Map 3 Years Ending December 31, 2015

Large
Value

Total International Equity

BlackRock International Equity

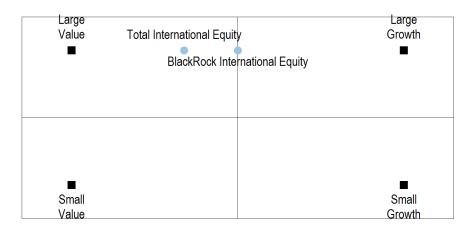
Small
Value

Large
Growth

BlackRock International Equity

Small
Growth

EAFE Effective Style Map 5 Years Ending December 31, 2015



	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011
Total International Equity	156,800,957	3.9	-4.0	-8.1	-4.0	1.2	0.6	3.3	-4.0	-4.9	13.4	18.6	-16.1
MSCI ACWI ex USA Gross		3.3	-5.3	-9.2	-5.3	1.9	1.5	3.4	-5.3	-3.4	15.8	17.4	-13.3
BlackRock International Equity	118,635,372	4.7	-0.6	-6.0	-0.6	5.2	3.8	3.2	-0.6	-4.8	22.9	17.6	-11.9
MSCI EAFE Gross		4.7	-0.4	-5.9	-0.4	5.5	4.1	3.5	-0.4	-4.5	23.3	17.9	-11.7
DFA Emerging Markets Value	16,793,964	-1.0	-18.8	-20.0	-18.8	-9.3	-7.9		-18.8	-4.4	-3.8	19.4	-25.6
MSCI Emerging Markets Gross		0.7	-14.6	-17.2	-14.6	-6.4	-4.5		-14.6	-1.8	-2.3	18.6	-18.2
Vontobel Global Emerging Markets	21,371,621	1.9	-8.6	-8.9	-8.6				-8.6				
MSCI Emerging Markets Gross		0.7	-14.6	-17.2	-14.6				-14.6				

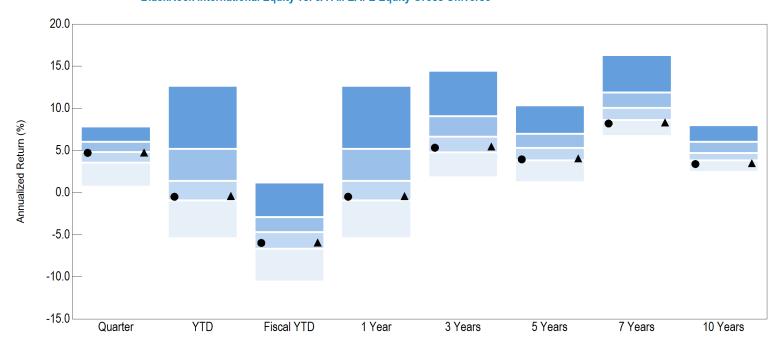
EM Effective Style Map 3 Years Ending December 31, 2015



EM Effective Style Map 5 Years Ending December 31, 2015



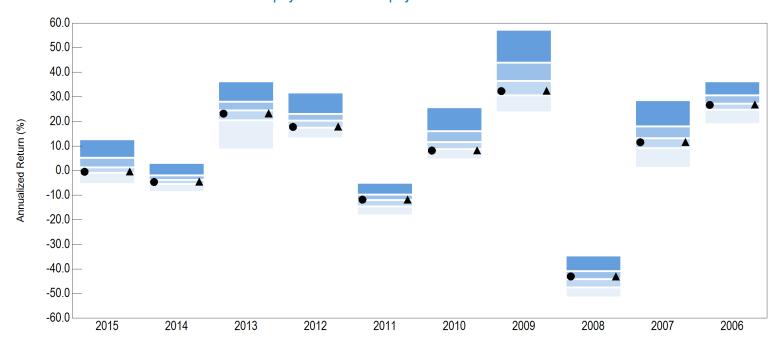
BlackRock International Equity vs. eA All EAFE Equity Gross Universe



	Return (Ra	ank)														
5th Percentile	7.8		12.6		1.2		12.6		14.4		10.4		16.3		8.0	
25th Percentile	6.1		5.2		-2.9		5.2		9.1		7.0		11.9		6.1	
Median	4.8		1.4		-4.7		1.4		6.7		5.3		10.1		4.7	
75th Percentile	3.6		-0.9		-6.6		-0.9		4.8		3.9		8.6		3.9	
95th Percentile	0.7		-5.4		-10.5		-5.4		1.8		1.3		6.7		2.5	
# of Portfolios	325		325		325		325		308		288		264		201	
 BlackRock International Equity MSCI EAFE Gross 	4.7 4.7	(53) (51)	-0.5 -0.4	(67) (66)	-6.0 -5.9	(66) (65)	-0.5 -0.4	(67) (66)	5.3 5.5	(67) (66)	3.9 4.1	(74) (71)	8.2 8.3	(80) (79)	3.4 3.5	(82) (80)



BlackRock International Equity vs. eA All EAFE Equity Gross Universe

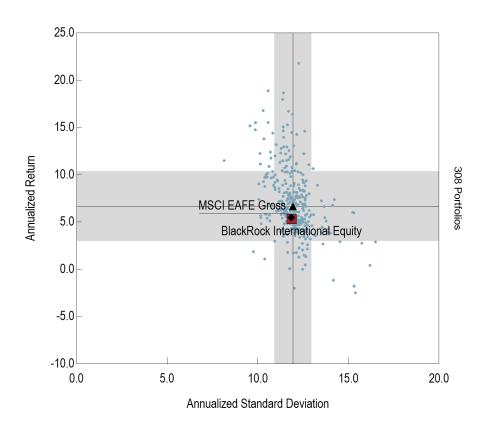


BlackRock International Equity

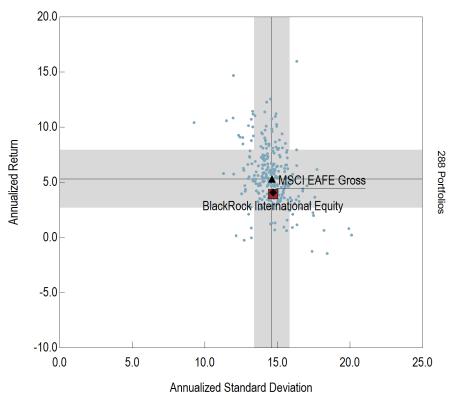
MSCI EAFE Gross

Return	(Rank)																		
12.6		3.0		36.3		31.7		-5.1		25.7		57.3		-34.5		28.5		36.2	
5.2		-1.9		28.1		23.1		-9.7		16.1		44.0		-40.8		18.0		30.7	
1.4		-3.7		24.6		20.4		-12.0		11.7		36.5		-44.1		13.2		27.3	
-0.9		-5.4		20.5		17.5		-14.5		8.7		30.7		-47.5		9.1		24.8	
-5.4		-8.6		8.6		13.3		-18.2		4.6		23.7		-51.5		1.2		18.9	
325		314		284		263		278		352		455		477		466		434	
-0.5 -0.4	(67) (66)	-4.7 -4.5	(64) (60)	23.2 23.3	(61) (60)	17.8 17.9	(74) (72)	-11.8 -11.7	(48) (47)	8.1 8.2	(79) (78)	32.3 32.5	(68) (67)	-43.1 -43.1	(41) (41)	11.5 11.6	(60) (59)	26.7 26.9	(57) (55)

Annualized Return vs. Annualized Standard Deviation 3 Years Ending December 31, 2015

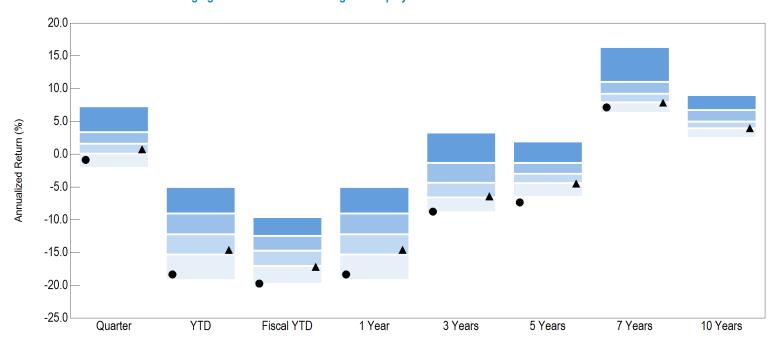


- BlackRock International Equity
- MSCI EAFE Gross
- Universe Median
- 68% Confidence Interval
- eA All EAFE Equity Gross



- BlackRock International Equity
- MSCI EAFE Gross
- ▲ Universe Median
- 68% Confidence Interval
- eA All EAFE Equity Gross

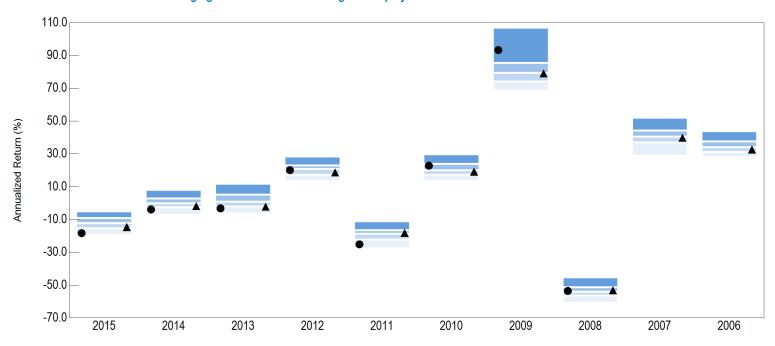
DFA Emerging Markets Value vs. eA Emg Mkts Equity Gross Universe



	Return (R	ank)														
5th Percentile	7.3		-5.0		-9.6		-5.0		3.3		1.9		16.3		9.0	
25th Percentile	3.4		-9.0		-12.5		-9.0		-1.3		-1.3		11.0		6.7	
Median	1.6		-12.2		-14.7		-12.2		-4.3		-3.0		9.2		5.0	
75th Percentile	0.1		-15.3		-17.1		-15.3		-6.6		-4.4		7.9		4.0	
95th Percentile	-2.0		-19.2		-19.7		-19.2		-8.8		-6.5		6.3		2.5	
# of Portfolios	273		273		273		273		245		186		148		97	
 DFA Emerging Markets Value MSCI Emerging Markets Gross 	-0.9 0.7	(87) (62)	-18.3 -14.6	(92) (67)	-19.7 -17.2	(95) (77)	-18.3 -14.6	(92) (67)	-8.8 -6.4	(94) (73)	-7.4 -4.5	(99) (78)	7.1 7.9	(89) (77)	3.9	() (76)



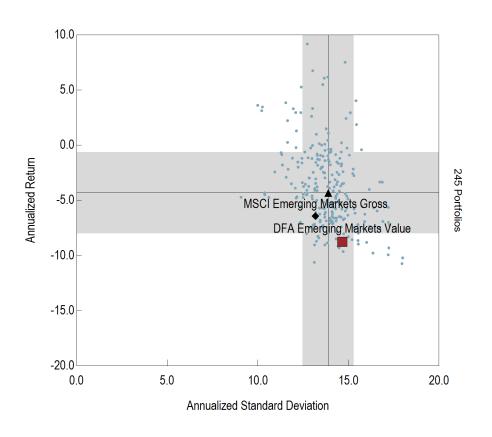
DFA Emerging Markets Value vs. eA Emg Mkts Equity Gross Universe



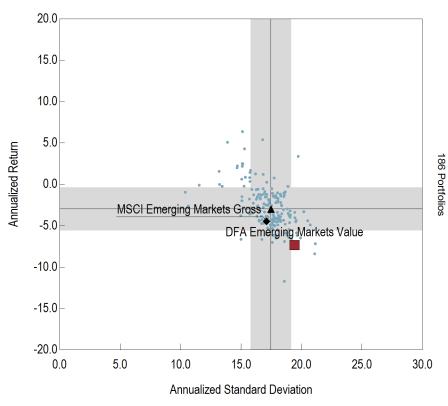
	Return (Rank	()								
5th Percentile	-5.0	8.0	11.7	28.4	-11.1	29.6	106.8	-45.4	51.9	43.7
25th Percentile	-9.0	2.9	5.2	23.0	-16.4	23.9	85.5	-51.3	44.3	37.7
Median	-12.2	-0.1	1.0	20.9	-18.6	20.1	79.5	-54.0	40.5	34.2
75th Percentile	-15.3	-2.4	-2.0	17.3	-22.2	17.3	74.3	-56.3	37.1	31.2
95th Percentile	-19.2	-7.0	-6.3	13.7	-27.3	13.7	68.5	-60.7	29.1	28.1
# of Portfolios	273	251	198	155	139	113	113	118	115	108
DFA Emerging Markets ValueMSCI Emerging Markets Gross	-18.3 (92) -14.6 (67)	-3.9 (84) -1.8 (69)	-3.2 (84) -2.3 (78)	20.1 (56 18.6 (68	, ,	22.8 (33) 19.2 (62)	93.3 (12) 79.0 (54)	-53.6 (44) -53.2 (37)	() 39.8 (58)	() 32.6 (62)



Annualized Return vs. Annualized Standard Deviation 3 Years Ending December 31, 2015

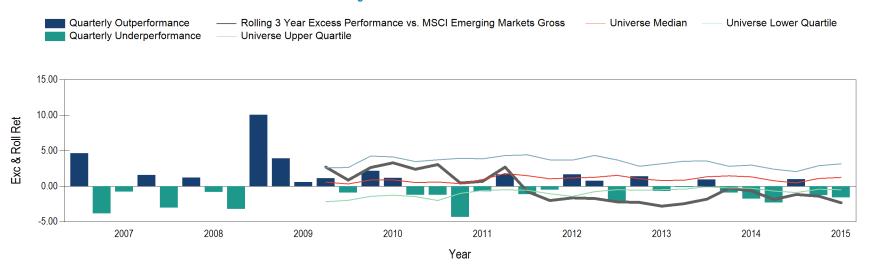


- DFA Emerging Markets Value
- MSCI Emerging Markets Gross
- ▲ Universe Median
- 68% Confidence Interval
- eA Emg Mkts Equity Gross

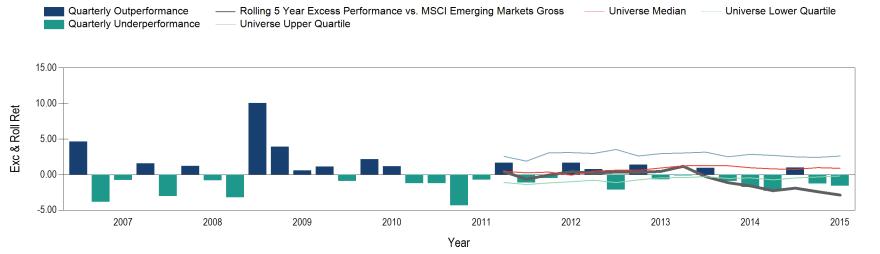


- DFA Emerging Markets Value
- MSCI Emerging Markets Gross
- ▲ Universe Median
- 68% Confidence Interval
- eA Emg Mkts Equity Gross

Rolling 3 Year Annualized Excess Performance

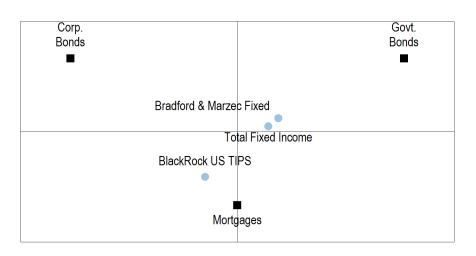


Rolling 5 Year Annualized Excess Performance

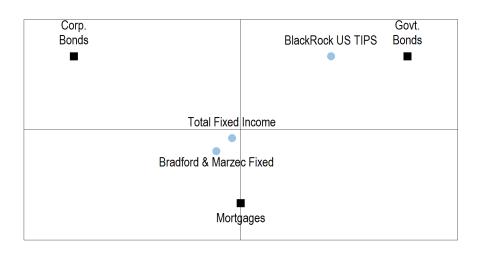


	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011
Total Fixed Income	188,274,152	-0.5	-0.3	-0.5	-0.3	1.3	4.0	5.7	-0.3	5.9	-1.7	9.6	6.8
Barclays Aggregate		-0.6	0.6	0.7	0.6	1.4	3.2	4.5	0.6	6.0	-2.0	4.2	7.8
eA All US Fixed Inc Gross Rank		61	74	74	74	73	45	26	74	34	78	28	45
Bradford & Marzec Fixed	90,642,696	-0.3	1.2	0.6	1.2	2.5	4.7	6.1	1.2	7.0	-0.4	8.8	7.4
Barclays Aggregate		-0.6	0.6	0.7	0.6	1.4	3.2	4.5	0.6	6.0	-2.0	4.2	7.8
eA US Core Plus Fixed Inc Gross Rank		27	15	20	15	19	30	23	15	16	52	45	51
MacKay Shields Core Plus Opportunities	83,197,016	-0.7		-1.5									
Barclays Aggregate		-0.6		0.7									
eA US Core Plus Fixed Inc Gross Rank		76		83									
BlackRock US TIPS	14,434,440	-0.6	-1.2	-1.7	-1.2	-2.2	2.6		-1.2	3.6	-8.5	7.1	13.7
Barclays US TIPS		-0.6	-1.4	-1.8	-1.4	-2.3	2.5		-1.4	3.6	-8.6	7.0	13.6
eA TIPS / Infl Indexed Fixed Inc Gross Rank		28	43	55	43	60	37		43	45	62	59	37

Fixed Income Style Map 3 Years Ending December 31, 2015



Fixed Income Style Map 5 Years Ending December 31, 2015

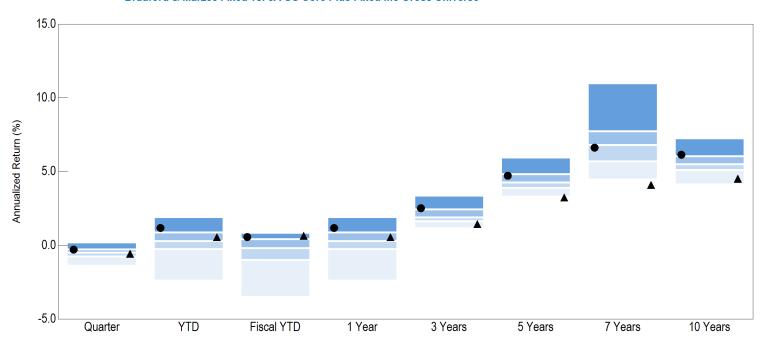


	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011
Total Fixed Income	188,274,152	-0.6	-0.6	-0.7	-0.6	0.9	3.7	5.4	-0.6	5.6	-2.0	9.3	6.5
Barclays Aggregate		-0.6	0.6	0.7	0.6	1.4	3.2	4.5	0.6	6.0	-2.0	4.2	7.8
Bradford & Marzec Fixed	90,642,696	-0.4	0.9	0.4	0.9	2.2	4.4	5.8	0.9	6.7	-0.8	8.5	7.1
Barclays Aggregate		-0.6	0.6	0.7	0.6	1.4	3.2	4.5	0.6	6.0	-2.0	4.2	7.8
MacKay Shields Core Plus Opportunities	83,197,016	-0.8		-1.7									
Barclays Aggregate		-0.6		0.7									
BlackRock US TIPS	14,434,440	-0.6	-1.3	-1.8	-1.3	-2.3	2.6		-1.3	3.6	-8.6	7.0	13.6
Barclays US TIPS		-0.6	-1.4	-1.8	-1.4	-2.3	2.5		-1.4	3.6	-8.6	7.0	13.6

Correlation Matrix Last 5 Years

	Total Fixed Income	Bradford & Marzec Fixed	MacKay Shields Core Plus Opportunities	BlackRock US TIPS	Barclays Aggregate
Total Fixed Income	1.00				-
Bradford & Marzec Fixed	0.98	1.00			
MacKay Shields Core Plus Opportunities					
BlackRock US TIPS	0.84	0.78		1.00	
Barclays Aggregate	0.74	0.73		0.83	1.00

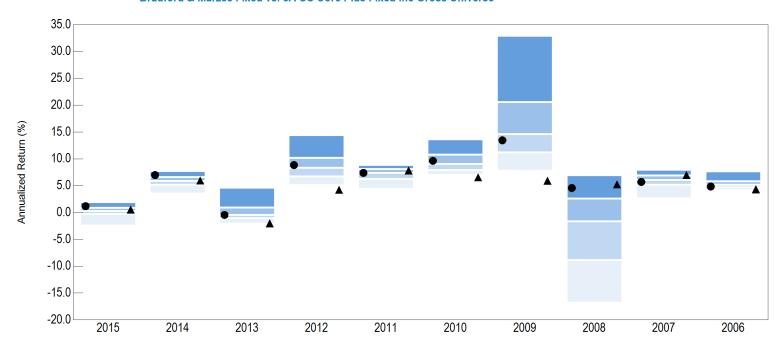
Bradford & Marzec Fixed vs. eA US Core Plus Fixed Inc Gross Universe



	Return (Rank	x)							
5th Percentile	0.2	1.9	0.9	1.9	3.4	6.0	11.0	7.2	_
25th Percentile	-0.3	0.9	0.4	0.9	2.4	4.8	7.7	6.0	
Median	-0.5	0.3	-0.2	0.3	1.9	4.3	6.8	5.5	
75th Percentile	-0.7	-0.2	-1.0	-0.2	1.6	3.9	5.7	5.1	
95th Percentile	-1.4	-2.4	-3.5	-2.4	1.2	3.3	4.5	4.1	
# of Portfolios	115	115	115	115	114	111	105	88	
Bradford & Marzec FixedBarclays Aggregate		27) 1.2 60) 0.6	(15) 0.6 (42) 0.7	(20) 1.2 (16) 0.6	(15) 2.5 (42) 1.4	(19) 4.7 (85) 3.2	(30) 6.6 (97) 4.1	(56) 6.1 (23) (98) 4.5 (95)	

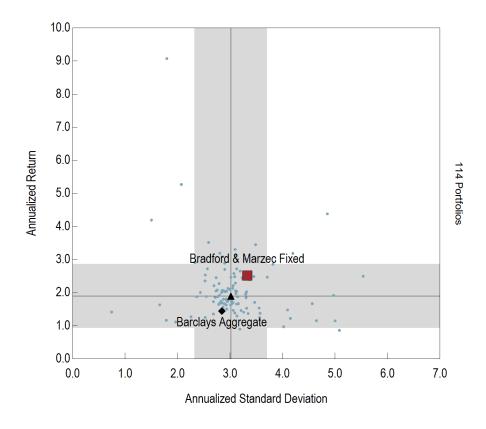


Bradford & Marzec Fixed vs. eA US Core Plus Fixed Inc Gross Universe

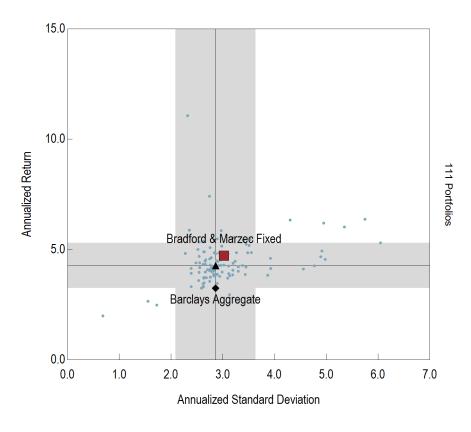


	Return (Rank)									
5th Percentile	1.9	7.7	4.6	14.4	8.8	13.6	32.9	6.9	7.9	7.6
25th Percentile	0.9	6.7	1.0	10.2	8.1	10.8	20.6	2.7	6.9	5.9
Median	0.3	5.9	-0.4	8.3	7.4	9.1	14.6	-1.6	6.1	5.2
75th Percentile	-0.2	5.2	-1.0	6.7	6.3	8.0	11.2	-8.9	5.2	4.7
95th Percentile	-2.4	3.6	-2.0	5.1	4.4	7.0	7.8	-16.8	2.7	4.2
# of Portfolios	115	118	116	124	118	123	128	136	144	146
Bradford & Marzec FixedBarclays Aggregate	1.2 (15) 0.6 (42)	7.0 (16) 6.0 (50)	-0.4 (52) -2.0 (96)	8.8 (45) 4.2 (97)	7.4 (51) 7.8 (37)	9.6 (40) 6.5 (97)	13.5 (55) 5.9 (99)	4.6 (17) 5.2 (13)	5.7 (66) 7.0 (25)	4.8 (67) 4.3 (90)

Annualized Return vs. Annualized Standard Deviation 3 Years Ending December 31, 2015

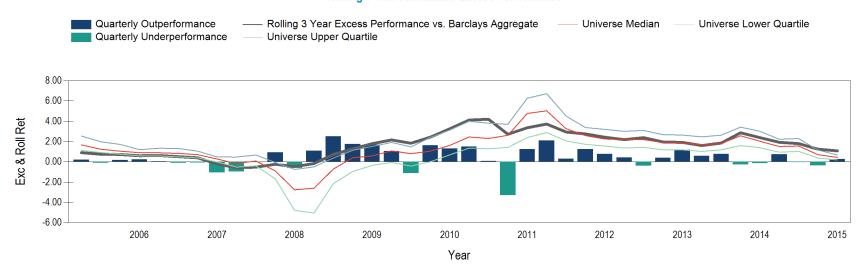


- Bradford & Marzec Fixed
- Barclays Aggregate
- Universe Median
- 68% Confidence Interval
- eA US Core Plus Fixed Inc Gross

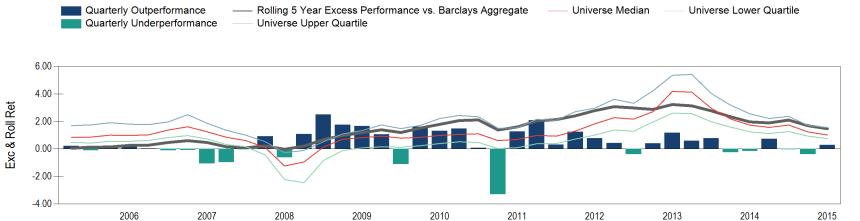


- Bradford & Marzec Fixed
- Barclays Aggregate
- ▲ Universe Median
- 68% Confidence Interval
- eA US Core Plus Fixed Inc Gross

Rolling 3 Year Annualized Excess Performance

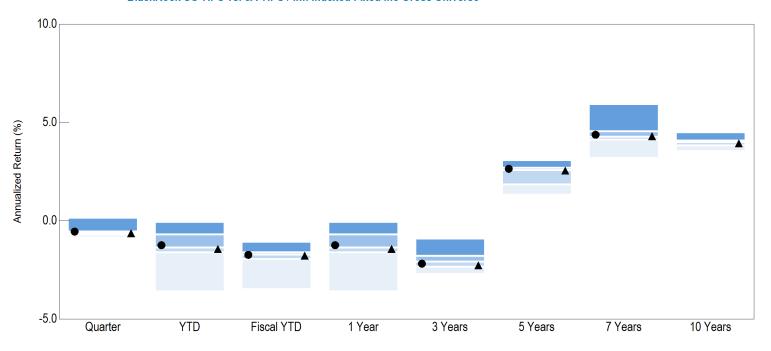


Rolling 5 Year Annualized Excess Performance



Year

BlackRock US TIPS vs. eA TIPS / Infl Indexed Fixed Inc Gross Universe



	5th Percentile
	25th Percentile
	Median
	75th Percentile
	95th Percentile
	# of Portfolios
•	BlackRock US TIPS
•	Barclavs US TIPS

Return (R	ank)														
0.1		-0.1		-1.1		-0.1		-0.9		3.1		5.9		4.5	
-0.5		-0.7		-1.6		-0.7		-1.8		2.7		4.6		4.1	
-0.6		-1.3		-1.7		-1.3		-2.1		2.6		4.3		4.0	
-0.7		-1.6		-1.9		-1.6		-2.3		1.9		4.1		3.8	
-0.9		-3.6		-3.5		-3.6		-2.7		1.3		3.2		3.5	
44		44		44		44		44		41		37		28	
-0.6 -0.6	(28) (58)	-1.2 -1.4	(43) (59)	-1.7 -1.8	(55) (63)	-1.2 -1.4	(43) (59)	-2.2 -2.3	(60) (68)	2.6 2.5	(37) (55)	4.4 4.3	(42) (46)	 3.9	() (65)

BlackRock US TIPS vs. eA TIPS / Infl Indexed Fixed Inc Gross Universe

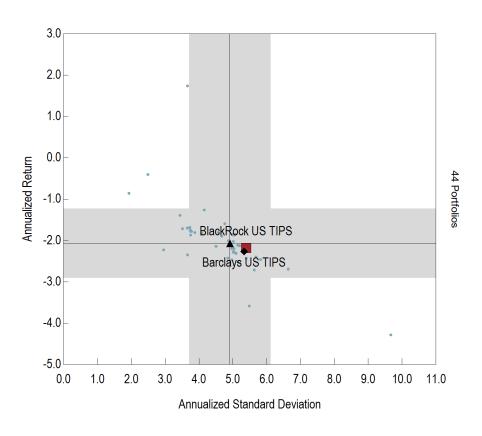


5th Percentile
25th Percentile Median
75th Percentile
95th Percentile
of Portfolios
BlackRock HS TIP

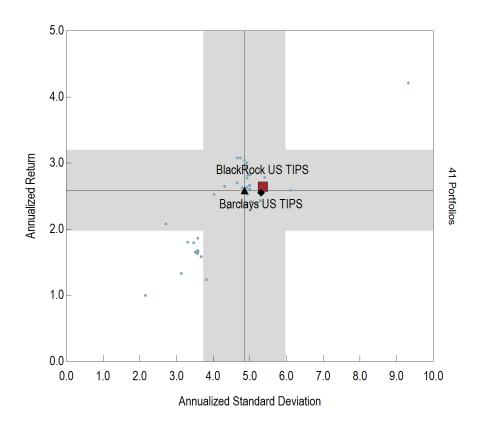
BlackRock US TIPSBarclays US TIPS

Return (Rank	()								
-0.1	5.7	-2.5	13.1	15.3	9.4	16.7	1.3	12.3	2.0
-0.7	4.0	-5.6	7.5	13.9	6.7	12.0	-0.5	11.8	1.7
-1.3	3.5	-8.2	7.1	13.5	6.4	11.1	-1.4	11.6	0.8
-1.6	1.4	-8.6	6.3	10.4	6.0	10.5	-1.9	11.5	0.5
-3.6	0.4	-9.4	4.9	6.6	4.6	8.7	-4.6	8.8	0.2
44	50	43	43	47	39	37	40	37	35
-1.2 (43)	3.6 (45)	-8.5 (62)	7.1 (59)	13.7 (37)	6.4 (52)	11.4 (36)	-2.0 (78)	()	()
-1.4 (59)	3.6 (44)) -8.6 (76)	7.0 (66)	13.6 (49)	6.3 (57)	11.4 (35)	-2.4 (85)	11.6 (49)	0.5 (80)

Annualized Return vs. Annualized Standard Deviation 3 Years Ending December 31, 2015

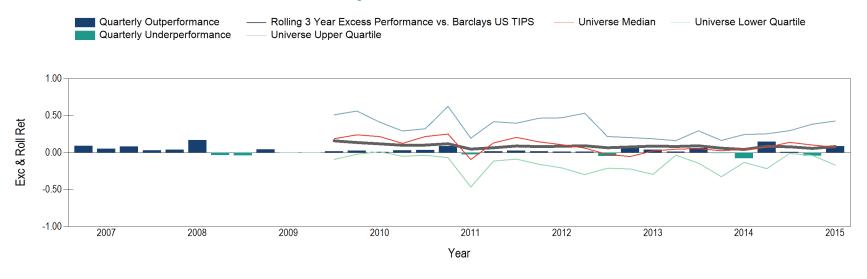


- BlackRock US TIPS
- Barclays US TIPS
- ▲ Universe Median
- 68% Confidence Interval
- eA TIPS / Infl Indexed Fixed Inc Gross

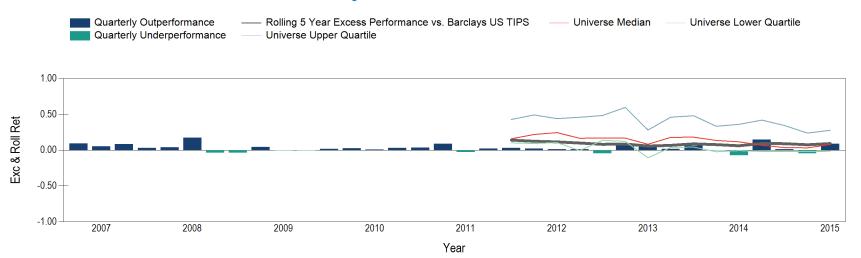


- BlackRock US TIPS
- Barclays US TIPS
- ▲ Universe Median
- 68% Confidence Interval
- eA TIPS / Infl Indexed Fixed Inc Gross

Rolling 3 Year Annualized Excess Performance

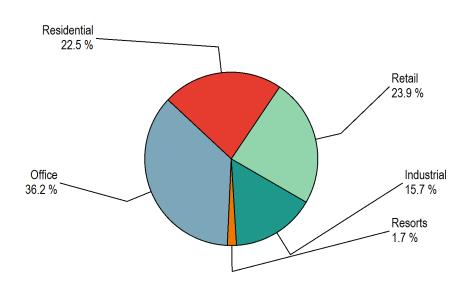


Rolling 5 Year Annualized Excess Performance

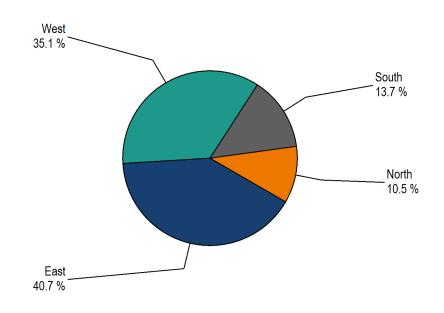


	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011
Total Real Estate	59,371,771	4.4	16.1	7.5	16.1	13.9	13.4		16.1	13.0	12.6	10.6	14.9
NCREIF Property Index		2.9	13.3	6.1	13.3	12.0	12.2		13.3	11.8	11.0	10.5	14.3
NCREIF-ODCE		3.3	15.0	7.1	15.0	13.8	13.7		15.0	12.5	13.9	10.9	16.0
ASB Real Estate	29,594,747	5.6	17.3	8.5	17.3	14.8			17.3	13.5	13.7		
NCREIF Property Index		2.9	13.3	6.1	13.3	12.0			13.3	11.8	11.0		
NCREIF-ODCE		3.3	15.0	7.1	15.0	13.8			15.0	12.5	13.9		
Clarion Lion	28,383,814	3.4	15.7	6.8	15.7	13.9	14.2		15.7	13.2	12.8	10.9	18.7
NCREIF Property Index		2.9	13.3	6.1	13.3	12.0	12.2		13.3	11.8	11.0	10.5	14.3
NCREIF-ODCE		3.3	15.0	7.1	15.0	13.8	13.7		15.0	12.5	13.9	10.9	16.0
1221 State St. Corp	1,393,210	0.0	0.0	0.0	0.0	0.0	-1.9		0.0	0.0	0.0	0.1	-9.0

Property Type Allocation
Allocation as of December 31, 2015

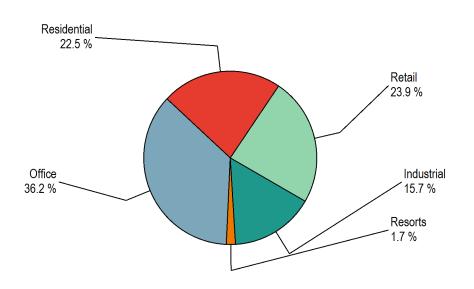


Geographic Diversification
Allocation as of December 31, 2015

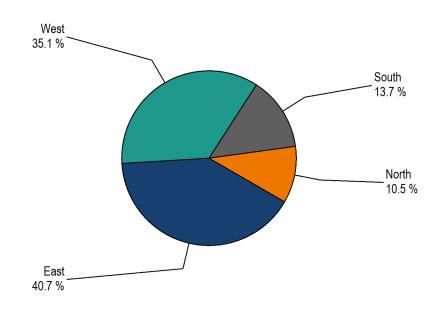


	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011
Total Real Estate	59,371,771	4.1	15.0	6.9	15.0	12.9	12.6		15.0	11.6	12.1	10.3	14.2
NCREIF Property Index		2.9	13.3	6.1	13.3	12.0	12.2		13.3	11.8	11.0	10.5	14.3
NCREIF-ODCE		3.3	15.0	7.1	15.0	13.8	13.7		15.0	12.5	13.9	10.9	16.0
ASB Real Estate	29,594,747	5.4	16.2	8.0	16.2	13.7			16.2	12.5	12.5		
NCREIF Property Index		2.9	13.3	6.1	13.3	12.0			13.3	11.8	11.0		
NCREIF-ODCE		3.3	15.0	7.1	15.0	13.8			15.0	12.5	13.9		
Clarion Lion	28,383,814	3.1	14.6	6.3	14.6	12.9	13.2		14.6	12.2	11.8	9.9	17.8
NCREIF Property Index		2.9	13.3	6.1	13.3	12.0	12.2		13.3	11.8	11.0	10.5	14.3
NCREIF-ODCE		3.3	15.0	7.1	15.0	13.8	13.7		15.0	12.5	13.9	10.9	16.0
1221 State St. Corp	1,393,210	0.0	0.0	0.0	0.0	0.0	-1.9		0.0	0.0	0.0	0.1	-9.0

Property Type Allocation
Allocation as of December 31, 2015

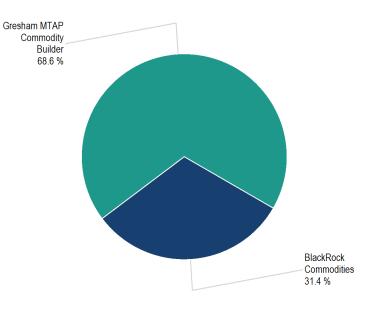


Geographic Diversification
Allocation as of December 31, 2015



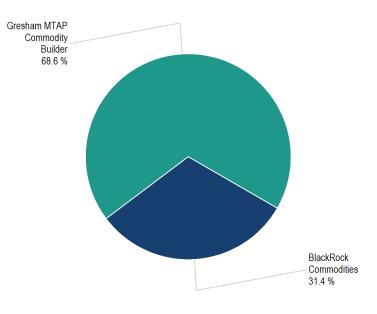
	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011
Total Commodities	13,046,320	-10.9	-25.1	-24.1	-25.1	-17.2	-13.4		-25.1	-16.3	-9.3	-0.9	-13.2
Bloomberg Commodity Index TR USD		-10.5	-24.7	-23.5	-24.7	-17.3	-13.5		-24.7	-17.0	-9.5	-1.1	-13.3
BlackRock Commodities	4,091,927	-10.5	-24.7	-23.5	-24.7	-17.2	-13.4		-24.7	-17.0	-9.4	-0.9	-13.2
Bloomberg Commodity Index TR USD		-10.5	-24.7	-23.5	-24.7	-17.3	-13.5		-24.7	-17.0	-9.5	-1.1	-13.3
Gresham MTAP Commodity Builder	8,954,393	-11.0	-25.3	-24.3	-25.3				-25.3	-16.1			
Bloomberg Commodity Index TR USD		-10.5	-24.7	-23.5	-24.7				-24.7	-17.0			

Current Allocation



	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011
Total Commodities	13,046,320	-11.0	-25.6	-24.3	-25.6	-17.6	-13.7		-25.6	-16.9	-9.5	-1.2	-13.5
Bloomberg Commodity Index TR USD		-10.5	-24.7	-23.5	-24.7	-17.3	-13.5		-24.7	-17.0	-9.5	-1.1	-13.3
BlackRock Commodities	4,091,927	-10.6	-24.9	-23.6	-24.9	-17.5	-13.7		-24.9	-17.2	-9.7	-1.2	-13.5
Bloomberg Commodity Index TR USD		-10.5	-24.7	-23.5	-24.7	-17.3	-13.5		-24.7	-17.0	-9.5	-1.1	-13.3
Gresham MTAP Commodity Builder	8,954,393	-11.2	-25.9	-24.6	-25.9		-		-25.9	-16.7			
Bloomberg Commodity Index TR USD		-10.5	-24.7	-23.5	-24.7				-24.7	-17.0			

Current Allocation



Performance Return Calculations

Returns calculated in the performance summary tables are time-weighted rates of return (TWRR). TWRR are calculated from changes in monthly market values, adjusted for weighted cash flows between months. Returns are linked geometrically and annualized for periods longer than one year.

Data Source

Verus is an independent third party consulting firm and calculates returns from best source book of record data. Returns calculated by Verus may deviate from those shown by the manager in part, but not limited to, differences in prices and market values reported by the custodian and manager, as well as significant cash flows into or out of an account. It is the responsibility of the manager and custodian to provide insight into the pricing methodologies and any difference in valuation.

Illiquid Alternatives

Closed end funds including but not limited to Real Estate, Hedge Funds, Private Equity, and Private Credit may lag performance and market value data due to delayed reporting. Verus will show market values for closed end funds as of the most recent reported performance adjusted for capital calls and distributions. Closed end fund managers report performance using an internal rate of return (IRR), which differs from the TWRR calculation done by Verus. It is inappropriate to compare IRR and TWRR to each other. IRR figures reported in the illiquid alternative pages are provided by the respective managers, and Verus has not made any attempts to verify these returns. Until a partnership is liquidated (typically over 10-12 years), the IRR is only an interim estimated return. The actual IRR performance of any LP is not known until the final liquidation.

Manager Line Up					
Manager	Inception Date	Data Source	Manager	Inception Date	Data Source
BlackRock Russell 3000	12/10/2015	J.P. Morgan	BlackRock Commodities	10/09/2009	J.P. Morgan
BlackRock International Equity	07/03/2003	J.P. Morgan	Grasham MTAP Commodities	08/31/2013	J.P. Morgan
DFA Emerging Markets Value	01/11/2007	J.P. Morgan	Cash	-	J.P. Morgan
Vontobel Global Emerging Markets	09/30/2014	J.P. Morgan	Clifton Group	-	J.P. Morgan
Bradford & Marzec Fixed	12/01/1992	J.P. Morgan	HarbourVest IX-Buyout	2011 ¹	HarbourVest
MacKay Shields Core Plus Ops	03/02/2015	CITCO	HarbourVest IX-Credit	2011 ¹	HarbourVest
BlackRock US TIPS	04/11/2007	J.P. Morgan	HarbourVest International VI	2008 ¹	HarbourVest
ASB Real Estate	12/31/2012	ASB Real Estate	Harbourvest IX-Venture	2011 ¹	HarbourVest
Clarion Lion	12/31/2006	Clarion Lion	KKR Mezzanine	2010 ¹	KKR
1221 State Street Corp	09/30/2008	ICERS/Union Bank	PIMCO BRAVO	2011 ¹	PIMCO

Policy & Custom Index Composition

29% Russell 3000, 25% MSCI ACWI ex-US (Gross), 30% Barclays U.S. Aggregate, 6% NCREIF Property Index, 5% Bloomberg Policy Index (7/1/2014-Current)

Commodity Index, 5% Russell 3000 plus 300 bps (Lagged).

24% S&P 500 Index, 10% Russell 2500, 21% MSCI ACWI ex-US (Gross), 30% Barclays U.S. Aggregate, 5% NCREIF Property Policy Index (7/1/2010-6/30/2014)

Index, 5% Bloomberg Commodity Index, 5% CPI+ 5%



¹Represents fund vintage year.

Glossary

Allocation Effect: An attribution effect that describes the amount attributable to the managers' asset allocation decisions, relative to the benchmark.

Alpha: The excess return of a portfolio after adjusting for market risk. This excess return is attributable to the selection skill of the portfolio manager. Alpha is calculated as: Portfolio Return - [Risk-free Rate + Portfolio Beta x (Market Return - Risk-free Rate)].

Beachmark R-squared: Measures how well the Benchmark return series fits the manager's return series. The higher the Benchmark R-squared, the more appropriate the benchmark is for the manager. **Beta:** A measure of systematic, or market risk; the part of risk in a portfolio or security that is attributable to general market movements. Beta is calculated by dividing the covariance of a security by the variance of the market.

Book-to-Market: The ratio of book value per share to market price per share. Growth managers typically have low book-to-market ratios while value managers typically have high book-to-market ratios. Capture Ratio: A statistical measure of an investment manager's overall performance in up or down markets. The capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen (up market) or fallen (down market). The capture ratio is calculated by dividing the manager's returns by the returns of the index during the up/down market, and multiplying that factor by 100.

Correlation: A measure of the relative movement of returns of one security or asset class relative to another over time. A correlation of 1 means the returns of two securities move in lock step, a correlation of -1 means the returns of two securities move in the exact opposite direction over time. Correlation is used as a measure to help maximize the benefits of diversification when constructing an investment portfolio.

Excess Return: A measure of the difference in appreciation or depreciation in the price of an investment compared to its benchmark, over a given time period. This is usually expressed as a percentage and may be annualized over a number of years or represent a single period.

Information Ratio: A measure of a manager's ability to earn excess return without incurring additional risk. Information ratio is calculated as: excess return divided by tracking error.

Interaction Effect: An attribution effect that describes the portion of active management that is contributable to the cross interaction between the allocation and selection effect. This can also be explained as an effect that cannot be easily traced to a source.

Portfolio Turnover: The percentage of a portfolio that is sold and replaced (turned over) during a given time period. Low portfolio turnover is indicative of a buy and hold strategy while high portfolio turnover implies a more active form of management.

Price-to-Earnings Ratio (P/E): Also called the earnings multiplier, it is calculated by dividing the price of a company's stock into earnings per share. Growth managers typically hold stocks with high price-to-earnings ratios whereas value managers hold stocks with low price-to-earnings ratios.

R-Squared: Also called the coefficient of determination, it measures the amount of variation in one variable explained by variations in another, i.e., the goodness of fit to a benchmark. In the case of investments, the term is used to explain the amount of variation in a security or portfolio explained by movements in the market or the portfolio's benchmark.

Selection Effect: An attribution effect that describes the amount attributable to the managers' stock selection decisions, relative to the benchmark.

Sharpe Ratio: A measure of portfolio efficiency. The Sharpe Ratio indicates excess portfolio return for each unit of risk associated with achieving the excess return. The higher the Sharpe Ratio, the more efficient the portfolio. Sharpe ratio is calculated as: Portfolio Excess Return / Portfolio Standard Deviation.

Sortino Ratio: Measures the risk-adjusted return of an investment, portfolio, or strategy. It is a modification of the Sharpe Ratio, but penalizes only those returns falling below a specified benchmark. The Sortino Ratio uses downside deviation in the denominator rather than standard deviation, like the Sharpe Ratio.

Standard Deviation: A measure of volatility, or risk, inherent in a security or portfolio. The standard deviation of a series is a measure of the extent to which observations in the series differ from the arithmetic mean of the series. For example, if a security has an average annual rate of return of 10% and a standard deviation of 5%, then two-thirds of the time, one would expect to receive an annual rate of return between 5% and 15%.

Style Analysis: A return based analysis designed to identify combinations of passive investments to closely replicate the performance of funds

Style Map: A specialized form or scatter plot chart typically used to show where a Manager lies in relation to a set of style indices on a two-dimensional plane. This is simply a way of viewing the asset loadings in a different context. The coordinates are calculated by rescaling the asset loadings to range from -1 to 1 on each axis and are dependent on the Style Indices comprising the Map.

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The information presented may be deemed to contain forward-looking information. Examples of forward looking information include, but are not limited to, (a) projections of or statements regarding return on investment, future earnings, interest income, other income, growth prospects, capital structure and other financial terms, (b) statements of plans or objectives of management, (c) statements of future economic performance, and (d) statements of assumptions, such as economic conditions underlying other statements. Such forward-looking information can be identified by the use of forward looking terminology such as believes, expects, may, will, should, anticipates, or the negative of any of the foregoing or other variations thereon comparable terminology, or by discussion of strategy. No assurance can be given that the future results described by the forward-looking information will be achieved. Such statements are subject to risks, uncertainties, and other factors which could cause the actual results to differ materially from future results expressed or implied by such forward looking information. The findings, rankings, and opinions expressed herein are the intellectual property of Verus and are subject to change without notice. The information presented does not claim to be all-inclusive, nor does it contain all information that clients may desire for their purposes. The information presented should be read in conjunction with any other material provided by Verus, investment managers, and custodians.

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Verus receives universe data from InvestorForce, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. Verus will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.