

Stanislaus County Employees' Retirement Association

832 12th Street, Ste. 600, Modesto, CA 95354 • PO Box 3150, Modesto, CA 95353 • www.stancera.org • 209-525-6393 • 209-558-4976 Fax

AGENDA

BOARD OF RETIREMENT 832 12th Street Ste. 600, **Wesley W. Hall Board Room** Modesto, CA 95354

November 22, 2016 1:30 p.m.

The Board of Retirement welcomes you to its meetings, which are regularly held on the third Wednesday of each month. Your interest is encouraged and appreciated.

CONSENT ITEMS: These matters include routine administrative actions and are identified under the Consent Items heading.

PUBLIC COMMENT: Matters under jurisdiction of the Board, may be addressed by the general public before or during the regular agenda. However, California law prohibits the Board from taking action on any matter which is not on the posted agenda unless it is determined an emergency by the Board of Retirement. Any member of the public wishing to address the Board during the "Public Comment," period shall be permitted to be heard once up to three minutes. Please complete a Public Comment Form and give it to the Chair of the Board. Any person wishing to make a presentation to the Board must submit the presentation in written form, with copies furnished to all Board members. Presentations are limited to three minutes.

BOARD AGENDAS & MINUTES: Board agendas, minutes and copies of items to be considered by the Board of Retirement are customarily posted on the Internet by Friday afternoon preceding a meeting at the following website: www.stancera.org.

Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection at StanCERA, 832 12th Street, Suite 600, Modesto, CA 95354, during normal business hours.

AUDIO: All Board of Retirement regular meetings are audio recorded. Audio recordings of the meetings are available after the meetings at http://www.stancera.org/agenda.

NOTICE REGARDING NON-ENGLISH SPEAKERS: Board of Retirement meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

REASONABLE ACCOMMODATIONS: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary at (209) 525-6393. Notification 72 hours prior to the meeting will enable StanCERA to make reasonable arrangements to ensure accessibility to this meeting.

- Call Meeting to Order
- 2. Roll Call
- 3. Announcements
- 4. Public Comment
- 5. Consent Items
 - a. Approval of the October 25, 2016 Meeting Minutes View
 - b. Monthly Staff Report View
 - c. Approval of Service Retirement(s) Sections 31499.14, 31670, 31662.2 & 31810
 - 1. Brassesco, Linda DA Effective 11-24-16
 - 2. Cancimilla, Tommy Jr. GSA Effective 10-27-16
 - 3. Chavez, Gloria CSA Effective 10-04-16
 - 4. Fisher, Angela HSA Effective 11-30-16
 - 5. Graves, Patricia CSA Effective 11-04-16
 - 6. Harper, Susan Sheriff Effective 11-01-16
 - Hinoios, Patricia CSA Effective 10-31-16
 - 8. Stokman, Anne HSA Effective 10-06-16
 - 9. Williams, Farren Ceres Effective 11-04-16

^{*} Indicates Safety Personnel

5. Consent Items(Cont.)

- d. Approval of Deferred Retirement(s) Section 31700
 - 1. Chamorro, Angelica Assessor Effective 01-01-16
 - 2. Linderman, Kathleen- HSA Effective 09-23-16
 - 3. Men, Jean Courts Effective 09-24-16
 - 4. Moths, Richard Courts Effective 10-08-16
 - 5. Ochoa, Sylvia CSA Effective 10-29-16
 - 6. Torres, Gabriela DA Effective 10-04-16
 - 7. Williams, Jennifer Sheriff Effective 04-30-16
 - * Indicates Safety Personnel
- e. Approval of Death Benefit Sections 31781, 31781.1, and 31781.3
 - 1. Wallace, Dennis, Deceased November 13, 2016, Active Member*
 - * Indicates Safety Personnel
- f. Approval of Disability Retirement Section 31724
 - 1. Petty, Heather DCSS, Non-Service Connected, Effective 05-12-16
- 6. Investment Manager Annual Presentation
 - a. Greenfield Partners, LLC
 - b. White Oak Global Advisors, LLC
- 7. Executive Director Investment
 - a. 2016 Quarter 3 Auxiliary Investment Report View
- 8. Verus Investment Consultant
 - a. Flash Report October 30, 2016 View
 - b. Investment Performance 2016 Quarter 3 Review View
 - c. Discussion and Action Regarding Search for US Treasury Mandate
- 9. Executive Director Administrative
 - a. Legal/Legislation Update
 - b. Information Technology Solutions (ITS) Project Update

10. Committee Reports and Recommendations for Action

STANDING COMMITTEES

- a. Internal Governance Committee
 - Discussion and Action to Accept the Internal Governance Committees' Recommendation Regarding: <u>View</u>
 - The June 30, 2016 and 2015 Comprehensive Annual Financial Report (CAFR) and Independent Auditor Report
 - New and Amended Policies.

Placement Agent Policy Mass Media Policy Stale Dated Checks and Unclaimed Benefits Policy Records Retention Policy

- b. Strategic Planning Committee
 - i. Discussion and Action Regarding the Strategic Planning Committee's recommendation to approve the 2017-2019 Strategic Plan View

11. Closed Session

- a. Conference with Legal Counsel Pending Litigation One Case:
 O'Neal et al v. Stanislaus County Employees' Retirement Association
 Stanislaus County Superior Court Case No. 648469
 Government Code Section 54956.9(d)(1)
- b. Conference with Legal Counsel Pending Litigation One Case: Stanislaus County Employees' Retirement Association v. Buck Consultants, LLC, Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152 Government Code Section 54956.9(d)(4)
- c. Discussion and Action regarding the Executive Director's Annual Review Public Employment Government Code Section 54954.5
- 12. Members' Forum (Information and Future Agenda Requests Only)
- 13. Adjournment



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BOARD OF RETIREMENT MINUTES October 25, 2016

Meeting Called to Order

Meeting called to order 1:30 p.m. by Trustee Riley, Chair

2. Roll Call

Trustees Present:

Jim DeMartini, Michael O'Neal, Jeff Grover, Donna Riley, Mandip Dhillon,

Mike Lynch, Darin Gharat and Gordon Ford

Trustees Absent:

Sam Sharpe

Alternate Trustee

Joan Clendenin, Alternate Retiree Representative

Staff Present:

Kellie Gomes, Executive Board Assistant Kathy Herman, Fiscal Services Manager

Dawn Lea, Member and Employer Services Manager

Others Present:

Fred Silva, General Legal Counsel Ed Hoffman, Investment Consultant

3. Announcements

Kathy Herman reported that the Audio Visual equipment would be completed before the November meeting.

4. Public Comment

None

5. Consent Items

- a. Approval of the September 27, 2016 Meeting Minutes
- b. Monthly Staff Report
- c. StanCERA Quarter 3 2016 Complaint Log
- d. Executive Director Goals Update 2016 Quarter 3
- e. Approval of Service Retirement(s) Sections 31499.14, 31670, 31662.2 & 31810
 - 1. Alcock, Alan ESMAD Effective 10-15-16
 - 2. Benavidez, Margaret DER Effective 10-08-16
 - 3. Biszantz, Stacia HSA Effective 10-29-16
 - 4. Ingram, Gregory Assessor Effective 10-29-16
 - 5. Kirros, Kathleen HSA Effective 10-29-16
 - 6. Latapie. Robert Sheriff Effective 10-29 -16 *
 - 7. Stoll, Sherri HSA Effective 10-15-16
 - 8. Strong, Ruelyn DA Effective 10-15-16
 - 9. Taniguchi, Robert CSA Effective 10-01-16
 - 10. Trinidade, Debbie HSA Effective 10-20-16

^{*} Indicates Safety Personnel

Consent Items (Cont)

- f Approval of Deferred Retirement(s) Section 31700
 - 1. Arellano, Sandra Ceres Effective 07-03-16
 - 2. Francis, Richard CEO Effective 09-10-16
 - 3. Runner, Tomeka CSA Effective 07-09-16
 - * Indicates Safety Personnel
- g. Approval of Reciprocal Disability Retirement Section 31838.5
 - 1. Hankins, Timothy City of Ceres, Non-Service Connected, Effective 09-16-16
- h. Approval of Death Benefit Option Pursuant to Government Code **Sections 31781, 31781.1 or 31781.3.**
 - 1. Green, Gloria, Deceased October 2, 2016, Active Member

Motion was made by Trustee Dhillon and seconded by Trustee Grover to accept the consent items as presented.

Motion carried unanimously

- 1:33 Trustee Clendenin arrived
- Executive Director Investment

Nothing to report out

- Executive Director Administrative
 - a. Legal/Legislation Update

Dawn Lea gave an update on the chaptering of AB 1853 which would have allowed a 1937 Act Retirement system to achieve independence from the County by adopting a code section. The bill was vetoed by the Governor.

b. Information Technology Solutions (ITS) Project Update

Kathy Herman updated the Board regarding contract negotiations.

- 1:51 Trustee DrMartini arrived
- 6. Investment Manager Annual Presentation (Item 6 heard out of order due to technical difficulties)
 - a. American Reality Presentation

Teri Noble and Kirk Helgeson gave the Board its annual presentation regarding the open ended value added fund StanCERA is invested in. StanCERA's commitment to the fund is \$30 million with approximately \$13.2M contributed to date. Trustee Dhillon requested the fees be presented in absolute terms in the future.

8. Executive Director – Administrative (Cont.)

c. Discussion and Action for Proxy Directive for State Association of County Retirement Systems (SACRS) 2016 Fall Business Meeting

Motion was made by Trustee Gharat and seconded by Trustee Lynch to accept the SACRS legislative platform as recommended and presented.

Motion carried unanimously

9. Verus – Investment Consultant

a. September 30, 2016 Flash Report

September Portfolio Return: 4.4 %
September U.S. Equity: 6.3 %
September International Equity: 7.2%
September Fixed Income: 1.5%
September Real Estate: .06%

b. Asset Allocation Implementation Update

Ed Hoffman shared the updated timeline for implementation of the asset allocation and explained the intent is to continue to move forward at a reasonable pace. Draft Investment Policy Update.

c. Draft Investment Policy Updates

As part of the Investment Policy rewrite, Ed reviewed the topic mapping document and the Governance Documents Summary. Both documents will be used to assist staff and the Board in understanding the changes to the policy itself.

d. Discussion and Action Regarding Search for Liquidity Mandate

Motion was made by Trustee Grover and seconded by Trustee Gharat to approve the recommendation that the Board direct Staff and Verus to conduct on-site due diligence with selected investment managers, determine liquidity portfolio structure, and present a final recommendation to the Board at the December meeting.

Motion carried unanimously

10. Closed Session

Motion was made by Trustee Gharat and seconded by Trustee Grover to move in to closed session at 2:50 p.m.

Motion carried unanimously

a. Conference with Legal Counsel – Pending Litigation – One Case:
 O'Neal et al v. Stanislaus County Employees' Retirement Association
 Stanislaus County Superior Court Case No. 648469
 Government Code Section 54956.9(d)(1)

10. Closed Session(Cont.)

- b. Conference with Legal Counsel Pending Litigation One Case: Stanislaus County Employees' Retirement Association v. Buck Consultants, LLC, Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152 Government Code Section 54956.9(d)(4)
- c. Recommendation for Service Connected Disability Retirement for Trujillo, Jacqueline, Government Code Section 31532

Motion was made by Trustee Gharat and seconded by Trustee Grover to move in to open session at 3:11 p.m.

Motion carried unanimously

Kellie Gomes read motion from closed session as follows:

Item 10.c Motion was made by Trustee Lynch and seconded by Trustee Dhillon to accept the recommendation for Service Connected Disability Retirement for Trujillo, Jacqueline to be set for hearing.

Motion carried unanimously

11. Members' Forum (Information and Future Agenda Requests Only)

Nothing to report

12. Adjournment

Meeting adjourned at 3:13 p.m.

Respectfully submitted,

Rick Santos, Executive Director

APPROVED AS TO FORM:

Fred Silva, GENERAL LEGAL COUNSEL

Fred Silva, General Legal Counsel



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November 22, 2016

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

I. SUBJECT: Monthly Staff Report

II. ITEM NUMBER: 5.b.

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None

V. ANALYSIS:

- a) Fiscal Services Staff finalized the Fiscal Year End processes in preparation of the Internal Governance Committee presentation. Contract negotiations for the new pension software made considerable progress. Audio visual equipment was purchased and installed. Installation of this equipment will make it possible for ongong mobile communication with vendors, managers, etc. Employer and employee contributions totaling \$1,944,399 were received through 13 different payroll batches. In addition, 16 contribution refunds and 5 death benefit payouts totaling \$264,645 were processed. The retiree payroll for November of \$9,338,222 was processes as scheduled.
- b) Member & Employer Services During the month of October 2016, Member and Employer Services Staff processed 68 new hires (16 Safety and 52 General), 24 terminations, 65 estimates and 58 buy backs. There were 22 individual counseling sessions and one group session presented at the New Employee Orientation class. Open enrollment flyers were included in the retiree payroll and the 2017 United Way campagne was successfully rolled out. Partnering with Unitied Way gives our retirees an opportunity to contribute to the community through payroll deduction.
 - Staff continues to audit member files in anticipation of the data conversion that will be required with the implementation of a new pension administration system.
- c) Investment Governance and Compliance Staff has been working on the Investment Policy Procedures and Directives documents. This task is involved and will take considerable time since many of the procedures and directives have never been developed. As such, we anticipate finishing this task in February. This is one month later than originally anticipated.

Staff has also been working on the development of a liability driven benchmark, the creation of additional alternative investment reports and preparing for a diligence trip that will include visits to 6 prospective liquidity managers.

Staff recently finished work on the development of analytical tools that allow the Organization to project its benefit payments and employer and employee contributions. This data will be used in conjunction with the implementation of the functionally focused portfolio.

Retirement Board – November 22, 2016 Monthly Staff Report Page 2

VI. RISK: None

VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently*

VIII. ADMINISTRATIVE BUDGET IMPACT: NONE

Rick Santos, Executive Director

Kathy Herman, Fiscal Services Manager

Dawn Lea, Member and Employer Services Manager



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November 22, 2016

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

I. SUBJECT: 2016 Quarter 3 Auxiliary Investment Report

II. ITEM NUMBER: 7.a

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None

V. ANALYSIS:

Investment Fee Summary

During quarter 2, StanCERA paid approximately 47.3 basis points on an annualized basis to manage its investment program. This includes 45.3 and 2.0 basis points for managerial and custodial fees, respectively.

On a peer comparison basis custodial fees are quite low with most peers StanCERA's size experiencing fees ranging from 4 to 5 basis points. Managerial fees have trended down this quarter due mostly to alternative investments reaching full funding. However, two investments are still in the early stages of being funded and fees appear to be quite high. This is a result of staff choosing to report managerial fees (in basis points) in relation to the amount of money that has actually been deployed. Since fees paid in new funds are based on the full commitment amount during the entire commitment period, relative costs will be large.

Value Added – Non Alternative Summary

StanCERA's value added through active management rebounded quite nicely this quarter. Fiscal year 2015-2016 saw the fund give up nearly \$40 million to the passive benchmark, however, active management added \$15 million during quarter 3. All managers added value this quarter except Fidelity, Capital Prospects and Legato, giving up \$2.3, \$0.8 and \$2.0 million, respectively. Jackson Square and Dodge & Cox equity added the most value this quarter at \$3.2 and \$8.5 million, respectively.

Value Added – Alternative Summary

This quarter represents the first time staff will begin reporting out value added on the alternatives. This quarter begins with the private credit asset class and staff will incorporate more alternatives into the value added reporting process as soon as some benchmark issues are resolved. Staff will be presenting this report with more explanation at the meeting.

Alternative Investment Report

The alternative investment report gives information related to distributions, expenses, capital calls, absolute cash flows and internal rates of returns (IRR) for StanCERA's alternatives portfolio.

Retirement Board – November 22, 2016 2016 Quarter 3 Auxiliary Investment Report Page 2

Cash Flow Report

This report is self-explanatory.

Alternative Cash Flow Analysis

This report is being presented by staff for the first time and will be discussed in more detail at the monthly meeting.

VI. RISK: None

VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.

VIII. ADMINISTRATIVE BUDGET IMPACT: None

Rick Santós, Executive Director

Kathy Herman, Fiscal Services Manager

Investment Fee Summary

	4/1/2016	through		6/30/2016			
	Average Assets Under Management	Managerial	Fees in Dollars Custodial	<u>Total</u>	Fees in Ann	nualized Basi Custodial	s Points Total
Total Portfolio	\$1,752,392,548	\$1,984,956	\$87,005	\$2,071,960	45.3	2.0	47.3
Domestic Equities	\$739,847,464	\$55 2 ,837	\$34,794	\$587,631	29.9	1.9	31.8
Large Cap Value	\$273,212,299	\$84,719	\$3,448	\$88,166	12.4	0.5	12.9
Dodge & Cox Equity	\$167,390,731	\$79,693	\$2,899	\$82,592	19.0	0.7	19.7
Blackrock Value Index Fund	\$105,821,567	\$5,026	\$548	\$5,574	1.9	0,2	2.1
Large Cap Growth	\$223,426,446	\$154,373	\$3,609	\$157,982	27.6	0.6	28.3
Jackson Square	\$131,222,740	\$150,128	\$3,061	\$153,189	45.8	0.9	46.7
Blackrock Growth Index Fund	\$92,203,707	\$4,245	\$548	\$4,793	1.8	0.2	2,1
Small Cap Value	\$82,604,882	\$156,210	\$9,791	\$166,002	75.6	4.7	80.4
Capital Prospects	\$82,604,882	\$156,210	\$9,791	\$166,002	75.6	4.7	80.4
Small Cap Growth	\$77,637,425	\$150,187	\$17,355	\$167.542	77.4	8.9	86.3
Legato Capital	\$77,637,425	\$150,187	\$17,355	\$167,542	77,4	8.9	86.3
Core	\$82,966,413	\$7,349	\$591	\$7,940	3.5	0.3	3.8
BNYM S&P Index Fund	\$82,966,413	\$ 7 ,349	\$591	\$7,940	3.5	0.3	3.8
International Equities	\$334,655,104	\$277,427	\$39,558	\$316,985	33.2	4.7	37.9
LSV Asset Management	\$164,896,466	\$98,989	\$22,170	\$121,159	24.0	5.4	29.4
Pyramis Global	\$169,758,638	\$178,438	\$17,388	\$195,826	42.0	4.1	46.1
Fixed Income	\$517,991,272	\$206,458	\$8,378	\$214,835	15.9	0.6	16.6
Dodge & Cox Fixed Income	\$403,229,326	\$110,289	\$5,528	\$115,817	10.9	0.5	11.5
PIMCO	\$114,761,946	\$96,169	\$2,850	\$99,019	33.5	1.0	34.5
Real Estate	\$53,650,572	\$150,684	\$2,151	\$152,835	112.3	1.6	113.9
Blackrock US Real Estate Index	\$18,623,822	\$5,325	\$548	\$5,873	11,4	1.2	12.6
Greenfield GAP Real Estate	\$10,170,443	\$56,250	\$531	\$56,781	221,2	2.1	223.3
American Realty	\$9,247,391	\$47,827	\$540	\$48,367	206,9	2.3	209.2
Prime Property Fund	\$15,608,916	\$41,282	\$531	\$41,814	105.8	1.4	107.2
Direct Lending	\$106,248,136	\$728,799	\$2,125	\$730,924	274.4	0.8	275.2
Medley Capital	\$29,252,972	\$118,873	\$531	\$119,404	162.5	0.7	163.3
Raven Capital White Oak Pinnacle	\$26,734,109 \$40,321,139	\$160,732 \$221,769	\$531 \$531	\$161,263 \$222,300	240.5 220.0	0.8 0.5	241,3 220.5
Raven Capital Fund III	\$9,939,915	\$227,425	\$531	\$227,956	915.2	2.1	917.3
Infrastructure	\$8,211,592	\$183,366	\$531	\$183.897	893.2	2.6	895.8
North Haven (Morgan Stanley)	\$8,211,592	\$183,366	\$531	\$183,897	893.2	2.6	895.8
Investment Consultant	\$1,752,392,548	\$68,750	\$0	\$68,750	S.		1.6

Alternative Managerial Fees may include other fees such as audit, legal, tax preparation, administrative, marketing and initial fund costs including true-ups
Periodic reporting includes only funds or managers that were a part of the entire reporting period



Investment Fee Summary

	7/1/2015 through		gh	6/30/2016				
	Average Assets Under Management	Fees in Dollars <u>Managerial</u> <u>Custodial</u>		Total	Fees in Annualized Basis Points Managerial Custodial Total			
Total Portfolio	\$1,748,540,464	\$8,465,238	\$329,572	\$8,794,810	48.4	1.9	50.3	
Domestic Equities	\$784,985,275	\$2,356,792	\$140,920	\$2,497,712	30.0	1.8	31.8	
Large Cap Value	\$288,400,123	\$349,965	\$14,988	\$364,953	12.1	0.5	12.7	
Dodge & Cox Equity	\$173,595,963	\$327,151	\$12,812	\$339,964	18.8	0,7	19.6	
Blackrock Value Index Fund	\$114,804,160	\$22,814	\$2,176	\$24,990	2.0	0.2	2,2	
Large Cap Growth	\$258,781,642	\$757,596	\$15,345	\$772,941	29.3	0.6	29.9	
Jackson Square	\$153,692,122	\$736,685	\$13,169	\$749,853	47.9	0.9	48.8	
Blackrock Growth Index Fund	\$105,089,521	\$20,912	\$2,176	\$23,088	2,0	0.2	2,2	
Small Cap Value	\$81,439,209	\$606,751	\$40,436	\$647,187	74.5	5.0	79.5	
Capital Prospects	\$81,439,209	\$606,751	\$40,436	\$647,187	74.5	5.0	79.5	
Small Cap Growth	\$80,835,841	\$616,095	\$67,882	\$683,977	76.2	8.4	84.6	
Legato Capital	\$80,835,841	\$616,095	\$67,882	\$683,977	76.2	8,4	84,6	
Core	\$75,528,459	\$26,384	\$2,270	\$28,654	3.5	0.3	3.8	
BNYM S&P Index Fund	\$75,528,459	\$26,384	\$2,270	\$28,654	3.5	0.3	3.8	
International Equities	\$329,601,462	\$1,378,231	\$139,874	\$1,518,105	41.8	4.2	46.1	
LSV Asset Management	\$162,480,424	\$394,409	\$81,905	\$476,314	24.3	5.0	29,3	
Pyramis Global	\$167,121,038	\$983,822	\$57,969	\$1,041,791	58.9	3.5	62.3	
Fixed Income	\$488,407,490	\$783,471	\$31,090	\$814,562	16.0	0.6	16.7	
Dodge & Cox Fixed Income	\$376,082,286	\$406,990	\$20,436	\$427,426	10.8	0.5	11.4	
PIMCO	\$112,325,204	\$376,481	\$10,654	\$387,135	33,5	0.9	34.5	
Real Estate	\$40,267,470	\$610,259	\$8,586	\$618,845	151.6	2.1	153.7	
Blackrock US Real Estate Index	\$10,947,451	\$8,991	\$2,185	\$11,175	8.2	2.0	10.2	
Greenfield GAP Real Estate	\$9,895,370	\$229,450	\$2,125	\$231,575	231.9	2.1	234.0	
American Realty	\$8,745,754	\$237,797	\$2,134	\$239,930	271.9	2.4	274.3	
Prime Property Fund	\$10,678,895	\$134,022	\$2,143	\$1 36,164	125.5	2.0	127.5	
Direct Lending	\$105,278,767	\$3,027,733	\$9,102	\$3,036,835	287.6	0.9	288.5	
Medley Capital	\$31,491,508	\$508,106	\$2,125	\$510,231	161.3	0.7	162.0	
Raven Capital	\$27,559,712	\$657,402	\$2,125	\$659,527	238.5	0.8	239.3	
White Oak Pinnacle	\$40,687,370	\$747,506	\$2,151	\$749,657	183.7	0.5	184.2	
Raven Capital Fund III	\$5,540,177	\$1,114,719	\$2,701	\$1,117,420	2012.1	4.9	2016.9	
Infrastructure	\$8,639,924	\$600,454	\$2,134	\$602,588	695.0	2.5	697.4	
North Haven (Morgan Stanley)	\$8,639,924	\$600,454	\$2,134	\$602,588	695.0	2.5	697.4	
Investment Consultant	\$1,748,540,464	\$308,751	\$0	\$308,751		-	1.8	

Alternative Managerial Fees may include other fees such as audit, legal, tax preparation, administrative, marketing and initial fund costs including true-ups Periodic reporting includes only funds or managers that were a part of the entire reporting period

StanCERA Non Alternative Portfolio - Value Added Summary

			7/1/2016	through	9/30/2016					
		Av	erage	Cha	nges în Portfolio Value				Value Add	led
Tabel No. of Participation of the Control of the Co	Beginning Value	Uninvested Cash	Invested Assets	Net Cash Flows	Passive Return	Active Return	Ending Value	Total Fees		% of Portfolio
Total Non-Alternative Portfolio	\$1,593,735,526	\$24,955,186	\$1,568,780,340	-\$9,738,875	\$62,742,389	\$16,206,604	\$1,662,945,644	\$1,147,423	\$15,059,181	0.92%
Domestic Equities	\$719,224,751	\$10,950,128	\$708,274,623	-\$1,235,796	\$36,577,297	\$9,579,138	\$764,145,389	\$624,359	\$8,954,779	1.21%
Large Cap Value	\$264,799,006	\$3,914,564	\$260,884,443	-\$773,491	\$9,203,936	\$8,594,005	\$281,823,455	\$92,455	\$8,501,550	3.11%
Dodge & Cox Equity	\$163,188,963	\$3,914,701	\$159,274,263	-\$768,546	\$5,667,118	\$8,570,185	\$176,657,720	\$86,646	\$8,483,539	4.99%
Blackrock Value Index Fund	\$101,610,043	-\$137	\$101,610,180	-\$4,945	\$3,536,818	\$23,819	\$105,165,735	\$5,809	\$18,011	0.02%
Large Cap Growth	\$206,418,254	\$2,427,687	\$203,990,567	-\$150,235	\$9,452,779	\$3,434,016	\$219,154,814	\$167,176	\$3,266,841	1.54%
Jackson Square	\$121,201,054	\$2,427,824	\$118,773,229	-\$146,078	\$5,549,007	\$3,400,820	\$130,004,803	\$162,182	\$3,238,638	2.58%
Blackrock Growth Index Fund	\$85,217,200	-\$137	\$85,217,337	-\$4,157	\$3,903,772	\$33,196	\$89,150,011	\$4,993	\$28,203	0.03%
Small Cap Value	\$83,064,231	\$2,996,503	\$80,067,728	-\$152,233	\$7,357,850	-\$631,531	\$89,638,317	\$175,905	-\$807,436	-0.94%
Capital Prospects	\$83,064,231	\$2,996,503	\$80,067,728	-\$152,233	\$7,357,850	-\$631,531	\$89,638,317	\$175,905	-\$807,436	-0.94%
Small Cap Growth	\$78,513,905	\$1,611,374	\$76,902,531	-\$146,217	\$7,233,658	-\$1,824,529	\$83,776,817	\$180,354	-\$2,004,884	-2.47%
Legato Capital	\$78,513,905	\$1,611,374	\$76,902,531	-\$146,217	\$7,233,658	-\$1,824,529	\$83,776,817	\$180,354	-\$2,004,884	-2.47%
Core	\$86,429,354	\$0	\$86,429,354	-\$13,620	\$3,329,074	\$7,178	\$89,751,985	\$8,470	-\$1,292	0.00%
BNYM S&P Index Fund	\$86,429,354	\$0	\$86,429,354	-\$13,620	\$3,329,074	\$7,178	\$89,751,985	\$8,470	-\$1,292	0.00%
International Equities	\$339,058,626	\$3,351,525	\$335,707,101	-\$282,911	\$23,730,168	\$1,122,626	\$363,628,509	\$304,834	\$817,792	0.23%
LSV Asset Management	\$165,585,986	\$1,430,025	\$164,155,962	-\$99,141	\$11,590,440	\$3,220,857	\$180,298,142	\$134,197	\$3,086,660	1.78%
Pyramis Global	\$173,472,640	\$1,921,501	\$171,551,139	-\$183,770	\$12,139,728	-\$2,098,231	\$183,330,367	\$170,637	-\$2,268,868	-1.27%
Fixed Income	\$535,452,149	\$10,653,532	\$524,798,617	-\$8,220,168	\$2,434,925	\$5,504,840	\$535,171,746	\$218,230	\$5,286,610	0.99%
Dodge & Cox Fixed Income	\$419,207,466	\$10,302,316	\$408,905,150	-\$8,124,325	\$1,902,447	\$4,946,588	\$417.932.175	\$118,895	\$4,827,693	1.15%
PIMCO	\$116,244,683	\$351,217	\$115,893,467	-\$95,843	\$532,478	\$558,252	\$117,239,570	\$99,335	\$458,917	0.39%

Net cash flows include the net effects of StanCERA directed cash flows, dividends and managers moving internal cash into and out of the investment pool Passive return assumes all portfolio assets are fully invested



StanCERA Alternative Portfolio - Value Added Summary

Cash Receipts

Total Alternative Portfolio

Real Estate

Blackrock US Real Estate Index Greenfield GAP Real Estate American Realty Prime Property Fund

Private Credit As of Date:

Investment Begin Date

6/30/2016

Fund Balance

Investment Value

Passive End Balance

Private Credit	Benchmark*	Investment Begin Date	Cash Receipts**	Current Fund Balance	Investment Value	Passive End Balance***	Value Added
Medley Capital	9% Per Year	5/16/2013	\$10,341,181	\$28,116,778	\$38,457,959	\$42,706,985	-\$4,249,026
Raven Capital	9% Per Year	5/22/2013	\$11,766,737	\$25,701,950	\$37,468,687	\$43,305,045	-\$5,836,358
White Oak Pinnacle	9% Per Year	8/2/2013	\$23,572,487	\$36,652,123	\$60,224,610	\$61,107,999	-\$883,389
Raven Capital Fund III	9% Per Year	7/6/2015	\$4,402,357	\$8,360,731	\$12,763,088	\$13,777,403	-\$1,014,315

Infrastructure

Morgan Stanley Infrastructure #

#N/A

Benchmark



Value Added

^{*} Currently, The Private Credit Space has a constant benchmark of 9% annual

^{**} Private Credit Cash Receipts are are assumed to accumulate at the benchmark rate from the time of receipt to the "as of" date

^{***} Passive end balance are all actual contributions accumulated at the benchmark return to the "as of" date

White Oak Alternative Investment Report for Quarter Ending June 30, 2016

White Oak Cash Flow Activity Since Inception

			White Oak Cash Flow Activity Since	inception
Distribution Activity Through June 30, 20	16		<u>Date</u>	Cash Flow
Distributions	-\$22,557,476		8/2/2013	-\$1,195,179
Offering Costs	<u>\$0</u>		8/5/2013	-\$1,072,131
Net Distribution Activity	-\$22,557,476		8/27/2013	-\$504,810
			9/24/2013	-\$1,759,299
			9/26/2013	-\$9,074,704
Interest and Expense Through Quarter Ending 6	/30/2016		10/7/2013	-\$1,583,868
Interest Income	\$10,601,397		11/5/2013	-\$1,557,519
Undistributed Income Charge	\$0		11/19/2013	-\$1,595,710
Dividend Income	\$0		12/2/2013	\$2,548,332
Incentive Allocation	-\$1,765,662		12/4/2013	-\$1,637,899
Management Fees	-\$1,697,041		12/9/2013	-\$910,433
Partnership Operations	\$0		12/12/2013	-\$861,352
Professional Fees	\$0		2/21/2014	-\$297,534
Organizational Expense	\$0		2/26/2014	\$7,885,764
Other Expenses	-\$303,248		3/26/2014	-\$3,239,701
Service Fees	\$0		4/25/2014	-\$2,338,689
Realized Gain/(Loss)	\$188,773		5/25/2014	-\$840,670
Unrealized Gain/(Loss)	\$84,085		7/31/2014	\$153,251
Net Investment Income/(Loss)	\$7,108,304		9/23/2014	-\$808,389
, ,			9/25/2014	-\$261,101
Gross Capital Calls as of Qtr End	\$52,101,296		10/3/2014	\$287,925
Net Distribution Activity	-\$22,557,476		11/19/2014	-\$892,750
Net Investment Activity	<u>\$7,108,304</u>		12/9/2014	-\$169,677
Capital Balance as of Qtr End	\$36,652,123		12/11/2014	-\$6,368,205
			12/23/2014	-\$2,673,777
			12/31/2014	-\$536,265
Commitment Period Over			1/21/2015	-\$297,534
			2/9/2015	-\$1,649,388
			2/13/2015	-\$1,867,840
			3/9/2015	-\$496,670
Expected Asset Value as of June 30, 2016	\$36,652,123		3/10/2015	\$703,113
Expected Asset Value using 5% Illiquidity Discount	\$34,819,517		3/18/2015	-\$2,993,052
IRR Using 5% Illiquidity Discount	5.93%		7/1/2015	-\$503,709
			9/3/2015	\$788,722
Historical Internal Rates of R	eturn		12/31/2015	\$3,208,948
<u>Date</u>	<u>Quarter</u>	<u>Inception</u>	1/12/2016	-\$2,936,468
September 30, 2014	5	8.92%	3/31/2016	\$1,467,116
December 31, 2014	2.21%	11.33%	6/3/2016	\$1,178,706
March 31, 2015	-0.59%	10.68%	6/10/2016	\$2,435,066
June 30, 2015	-0.97%	9.60%		
September 30, 2015	-0.91%	8.60%		A A
December 31, 2015	0.07%	8.68%		NA A
March 31, 2016	0.03%	8.71%		STANCERA
June 30, 2016	-0.55%	8.11%		7
,	2.5570	/-		5

Medley Alternative Investment Report for Quarter Ending June 30, 2016

Medley Capital Cash Flow Activity Since Inception

Distribution Activity Th	rough 6/30/2016	<u>Date</u>	<u>Cash Flow</u>
Distributions	-\$10,234,932	5/16/2013	-\$21,308,430
Offering Costs	<u>\$0</u>	5/31/2013	\$1,020,522
Net Distribution Activity	-\$10,234,932	7/30/2013	\$2,349,915
		12/4/2013	-\$1,445,727
		12/11/2013	-\$2,416,766
Interest and Expense Through Qu	arter Ending June 30, 2016	12/17/2013	-\$1,346,764
Interest Income	\$12,449,930	3/11/2014	-\$2,674,594
Undistributed Income Charge	-\$2,974,156	3/28/2014	-\$1,918,283
Dividend Income	\$0	9/24/2014	-\$479,918
Other Income	\$0	11/12/2014	-\$1,755,525
Management Fees	-\$1,814,304	10/8/2015	\$1,819,672
Partnership Operations	-\$338,110	1/29/2016	\$2,065,324
Professional Fees	\$0	3/16/2016	\$1,807,158
Organizational Expense	\$0		
Other Expenses	-\$252,518		
Service Fees	\$0		
Realized Gain/(Loss)	-\$2,250,123		
Unrealized Gain/(Loss)	<u>-\$987,359</u>		
Net Investment Income/(Loss)	\$3,833,360		
Gross Capital Calls as of Qtr End	\$34,518,348		
Net Distribution Activity	-\$10,234,932		
Net Investment Activity	<u>\$3,833,362</u>		
Capital Balance as of Qtr End	\$28,116,778		

Commitment Period Over

Expected Asset Value as of June 30, 2016	\$28,116,778
Expected Asset Value using 5% Illiquidity Discount	\$26,710,939
IRR Using 5% Illiquidity Discount	2.98%

Historical Internal Rate of Return

	<u>Date</u>	<u>Quarter</u>	<u>Inception</u>
September 30, 2014		88	3.73%
December 31, 2014		0.72%	4.48%
March 31, 2015		0.53%	5.03%
June 30, 2015		0.37%	5.42%
September 30, 2015		0.29%	5.73%
December 31, 2015		-0.59%	5.11%
March 31, 2016		-0.58%	4.50%
June 30, 2016		0.01%	4.51%



Raven I Alternative Investment Report for Quarter Ending June 30 2016

Raven I Capital Cash Flow Activity Since Inception

Distribution Activity Through June 30, 2016		<u>Date</u>	<u>Cash Flow</u>
Distributions	-\$11,716,083	5/22/2013	-\$10,753,342
Pre Funding Distribution	\$650,487	8/15/2013	\$183,156
Offering Costs	<u>-\$22,211</u>	10/1/2013	-\$9,419,460
Net Distribution Activity	-\$11,087,807	11/14/2013	-\$2,354,865
,		11/19/2013	\$272,747
Interest and Expense Through	Quarter Ending 6/30/2016	2/18/2014	\$418,643
Interest Income	\$6,674,309	3/17/2014	-\$4,709,730
Undistributed Income Charge	-\$733,412	5/20/2014	\$932,788
Dividend Income	\$1,330,650	8/18/2014	\$3,139,820
Other Income	\$308,043	11/20/2014	\$1,217,509
Management Fees	-\$2,469,994	12/23/2014	-\$7,430,908
Partnership Operations	\$0	2/19/2015	\$732,625
Professional Fees		6/11/2015	\$1,029,510
Organizational Expense		8/20/2015	\$1,125,102
Other Expenses	-\$1,046,716	11/18/2015	\$334,914
Service Fees		2/19/2016	\$876,533
Realized Gain/(Loss)	\$431,758	5/25/2016	\$364,966
Unrealized Gain/(Loss)	<u>-\$2,373,185</u>		
Net Investment Income/(Loss)	\$2,121,452		
Gross Capital Call as of qtr End	\$34,668,305		
Net Distribution Activity	-\$11,087,807		
Net Investment Activity	\$2,121,452		
Capital Balance as of Qtr End	\$25,701,950		

Commitment Period Over

Expected Asset Value as of June 30, 2016	\$25,701,950
Expected Asset Value using 5% Illiquidity Discount	\$24,416,853
IRR Using 5% Illiquidity Discount	2.15%

Historical Internal Rate of Return

<u>Date</u>	Quarter	<u>Inception</u>
September 30, 2014	= =	6.13%
December 31, 2014	-0.25%	5.86%
March 31, 2015	-0.46%	5.38%
June 30, 2015	-1.25%	4.06%
September 30, 2015	-1.17%	2.84%
December 31, 2015	0.79%	3.65%
March 31, 2016	-1.17%	2.44%
June 30, 2016	1.35%	3.82%



Greenfield Alternative Investment Report for Quarter June 30 2016

Greenfield Capital Cash Flow Activity Since Inception

			diceille	capital cash flow Acti	vity since inception
Distribution Activity Through 6/30/2016				Date	<u>Cash Flow</u>
Distributions	-\$2,036,071			7/8/2014	-\$2,122,581
Pre Funding Distribution				8/22/2014	-\$1,212,903
Offering Costs	_			10/7/2014	\$136,238
Net Distribution Activity	-\$2,036,071			10/21/2014	-\$5,169,043
				11/21/2014	-\$1,723,014
Interest and Expense Through Quarter Ending 6/3	30/2016			12/9/2014	-\$781,885
Interest Income	\$819,408			12/12/2014	\$939,203
Undistributed Income Charge				12/16/2014	-\$3,955
Dividend Income				12/22/2014	\$544,524
Other Income				6/12/2015	-\$591,608
Management Fees	-\$571,747			6/30/2015	\$2,150,743
Partnership Operations	\$0			11/2/2015	-\$470,654
Professional Fees				3/1/2016	-\$196,106
Organizational Expense					
Other Expenses					
Service Fees					
Realized Gain/(Loss)	\$458,655				
Unrealized Gain/(Loss)	\$1,381,490				
Net Investment Income/(Loss)	\$2,087,806				
Gross Capital Call as of Qtr End	\$10,625,501				
Net Distribution Activity	-\$2,036,071				
Net Investment Activity	\$2,087,806				
Capital Balance as of Qtr End	\$10,677,236				
Net Capital Calls to date	\$8,589,430				
Total Commitment	\$15,000,000				
Remaining Capital Commitment	\$6,410,570				
Commitment Period End Date	12/1/2017				
Management Fee	1.50%				
Max Mngmt. Fee on Remaining Capital Commitment	\$100,072				
Expected Asset Value as of June 30, 2016	\$10,677,236				
Expected Asset Value using 5% Illiquidity Discount	\$10,143,374				
IRR Using 5% Illiquidity Discount	10.30%				
Historical Internal Rate of Retu	rn				
<u>Date</u>	Quarter	<u>Inception</u>			
September 30, 2014		0.00%			
December 31, 2014	2.85%	2.85%			
March 31, 2015	0.41%	3.27%			
June 30, 2015	9.27%	12.84%			

-2.22%

3.34%

-1.44%

0.82%

September 30, 2015 December 31, 2015

March 31, 2016

June 30, 2016

10.33%

14.01%

12.37%

13.29%



American Realty Alternative Investment Report for Quarter Ending June 30, 2016

American Realty Cash Flow Activity Since Inception

Distribution Activity Through 6/30/2	016	Date	<u>Cash Flow</u>
Distributions	-\$1,964,478	12/15/2014	-\$3,549,100
Pre Funding Distribution	\$1,50 i, i, o	1/28/2015	-\$1,934,300
Offering Costs	-\$54	2/12/2016	\$2,029,728
Net Distribution Activity	-\$1,964,533	3/26/2015	-\$2,188,300
Net Distribution Activity	Q1,304,333	6/22/2016	-\$4,650,000
Interest and Expense Through Quarter Ending	g 6/30/2016	0/22/2010	-54,030,000
Interest Income	\$511,976		
Undistributed Income Charge	, , , ,		
Dividend Income			
Accrued Incentive Income	-\$198,877		
Management Fees	-\$155,529		
Partnership Operations	\$0		
Professional Fees			
Organizational Expense			
Other Expenses			
Service Fees			
Realized Gain/(Loss)	\$788,155		
Unrealized Gain/(Loss)	<u>\$771,628</u>		
Net Investment Income/(Loss)	\$1,717,352		
Cross Conital Call on of Ohr End	ć12 221 700		
Gross Capital Call as of Qtr End	\$12,321,700		
Net Distribution Activity Net Investment Activity	-\$1,964,533 <u>\$1,717,352</u>		
Capital Balance as of Qtr End	\$12,074,520		
Capital Balance as of Qti Eliu	\$12,074,320		
Commitment	\$30,000,000		
Net Capital Calls to date	\$12,321,700		
Remaining Capital Commitment	\$17,678,300		
Commitment Period End Date	Open End Fund		
Management Fee	1.20% Weighted		
Max Mngmt. Fee on Remaining Capital Commitment	Only on Invested Capital		
Expected Asset Value as of June 30, 2016	\$12,074,520		
Expected Asset Value using 5% Illiquidity Discount	\$11,470,794		
IRR Using 5% Illiquidity Discount	11.38%		

Historical Internal Rate of Return

<u>Date</u>	<u>Quarter</u>	<u>Inception</u>
March 31, 2015	23.54%	23.54%
June 30, 2015	-3.86%	18.77%
September 30, 2015	9.89%	30.52%
December 31, 2015	-9.31%	18.37%
March 31, 2016	3.86%	22.93%
June 30, 2016	-5.16%	16.59%



North Haven Infrastructure Alternative Investment Report for Quarter Ending June 30, 2016

Cash Flow

-\$10,521,639

\$867,680

-\$81,684

\$2,121,835

<u>Date</u>

5/19/2015

8/25/2015

8/28/2015

3/1/2016

Distribution Activity Through 6/30/2016		140
Distributions	-\$2,561,765	
Pre Funding Distribution	\$0	
Syndication Costs	<u>-\$64,529</u>	
Net Distribution Activity	-\$2,626,294	
Interest and Expense Through Quarter Ending 6/30/2016		
Interest Income		
Undistributed Income Charge	-\$357,892	
Dividend Income		
Other Income		
Management Fees	-\$1,312,320	
Partnership Operations	\$0	
Professional Fees		
Organizational Expense		
Other Expenses	-\$241,309	
Service Fees		
Realized Gain/(Loss)	-\$53,335	
Unrealized Gain/(Loss)	\$929,502	
Net Investment Income/(Loss)	-\$1,035,354	
Gross Capital Call as of Qtr End	\$10,521,639	
Net Distribution Activity	-\$2,626,294	
Net Investment Activity	<u>-\$1,035,354</u>	
Capital Balance as of Qtr End	\$6,859,991	
Total Commitment	\$50,000,000	
Net Capital Calls to date	\$7,601,982	
Remaining Capital Commitment	\$42,398,018	
Commitment Period End Date	9/1/2019	
Management Fee	1.50%	
Max Mngmt. Fee on Remaining Capital Commitment	\$1,798,186	
Expected Asset Value as of June 30, 2016	\$6,859,991	
Expected Asset Value using 5% Illiquidity Discount	\$6,516,991	
	51%	
Historical Internal Rate of Return		

Historical Internal Rate of Return

	<u>Date</u>	<u>Quarter</u>	<u>Inception</u>
June 30, 2015		a	N/A
September 30, 2015		-22.33%	-22.33%
December 31, 2015		6.47%	-17.30%
March 31, 2016		10.10%	-8.95%
June 30, 2016		1.80%	-7.31%



Raven III Investment Report for Quarter Ending March 31, 2016

Distribution Activity Through 6/30/2016				
Distributions	-\$2,107,037			
Pre Funding Distribution				
Offering Costs	(#C)			
Net Distribution Activity	-\$2,107,037			
Interest and Expense Through Quarter Ending 6/30/2	01			
Interest Income	\$881,841			
Undistributed Income Charge	\$18,635			
Dividend Income				
Other Income				
Management Fees	-\$881,000			
Partnership Operations	\$0			
Professional Fees				
Organizational Expense	-\$28,013			
Other Expenses	-\$205,706			
Service Fees				
Realized Gain/(Loss)				
Unrealized Gain/(Loss)	<u>-\$166,374</u>			
Net Investment Income/(Loss)	-\$380,618			
Gross Capital Call as of Qtr End	\$10,848,386			
Net Distribution Activity	-\$2,107,037			
Net Investment Activity	<u>-\$380,618</u>			
Capital Balance as of Qtr End	\$8,360,731			
Total Commitment	\$50,000,000			
Net Capital Calls to date	\$8,867,207			
Remaining Capital Commitment	\$41,132,793			
Commitment Period End Date	9/1/2019			
Management Fee	1.75%			
Max Mngmt. Fee on Remaining Capital Commitment	\$2,039,811			
Expected Asset Value as of June 30, 2016	\$8,360,731			
Expected Asset Value using 5% Illiquidity Discount	\$7,942,695			
IRR Using 5% Illiquidity Discount	-12.87%			

Historical Internal Rate of Return

<u>Date</u>	Quarter	<u>Inception</u>
September 30, 2015	-14.95%	-14.95%
December 31, 2015	11.89%	-4.84%
March 31, 2016	-3.12%	-7.81%
June 30, 2016	2.74%	-5.28%

Raven III Cash Flow Activity Since Inception

<u>Date</u>	<u>Cash Flow</u>
7/6/2015	-\$2,996,475
8/20/2015	\$1,541,458
9/29/2015	-\$1,561,422
10/16/2015	\$703,628
12/9/2015	-\$753,343
2/24/2016	-\$7,759,680
5/3/2016	\$2,068,280
5/25/2016	\$125,857



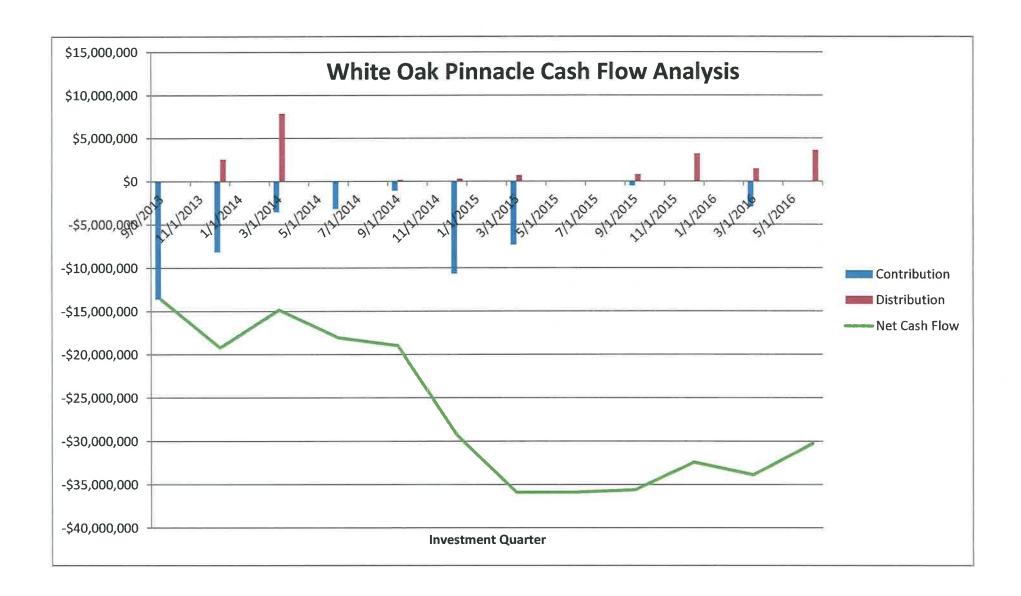
Cash Flow Report

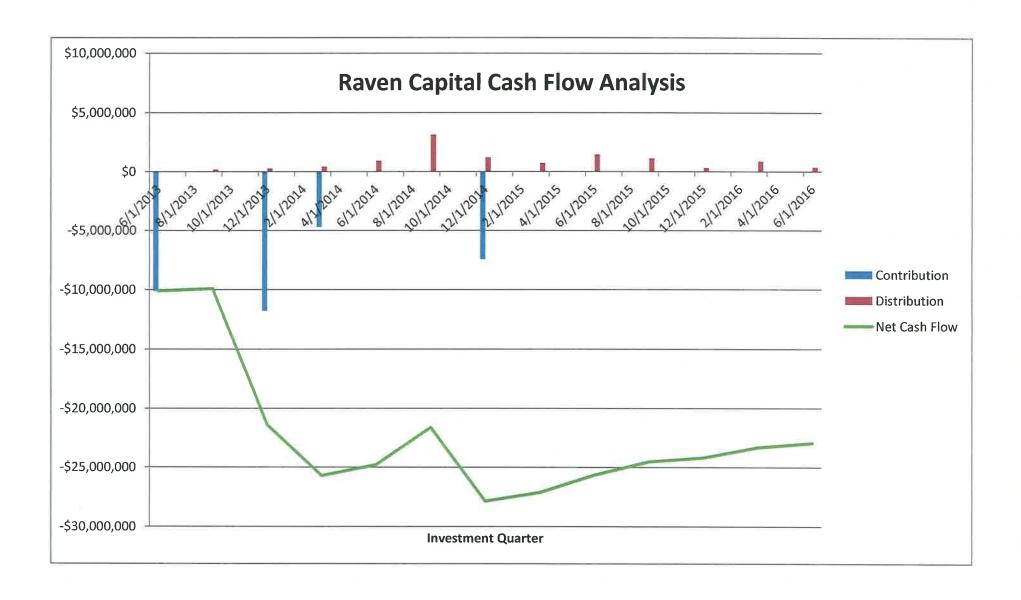
July 2016 through Sept 2016

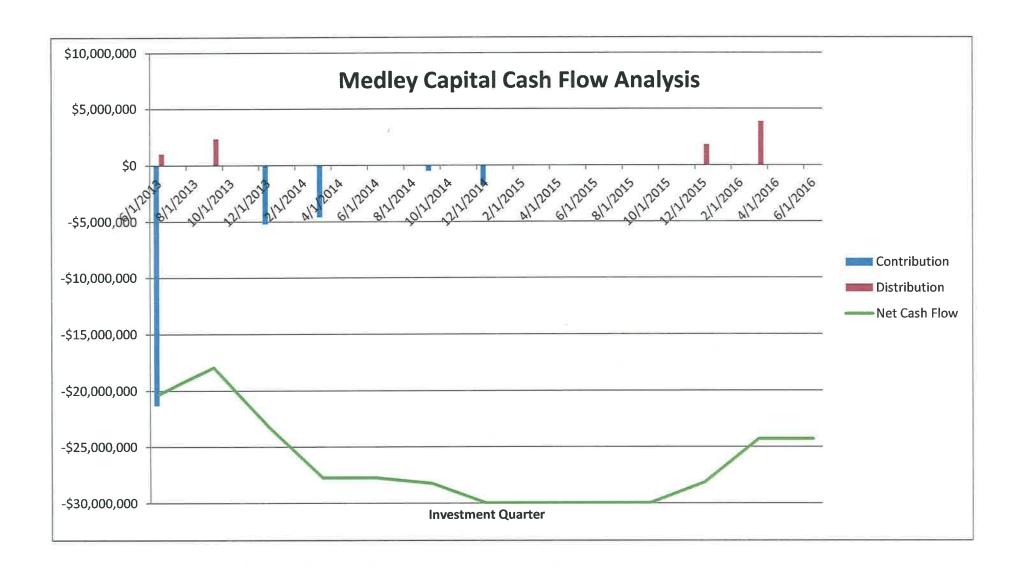
Beginning Cash Balance*	\$9,512,562
Cash Flow In	
Sales of Investments	\$8,050,000
Plan Sponsor Contributions	\$16,516,393
Employee Contributions	\$6,625,687
Employee Buybacks	\$1,612
Interest Income	\$0
Rental Income	\$13,086
Commission Recapture	\$0
Litigation Recovery	<u>\$0</u>
Total Cash Flow In	\$31,206,778
Cash Flow Out	
Retirement Benefits	\$27,992,303
StanCERA Payroll	\$401,584
Operations Expense	\$204,186
Pension Software	\$43,484
Fixed Asset Purchases	\$77,076
Member Refunds	\$655,509
Post Retirement Death Benefits	\$14,744
Burial Allowances	\$50,000
Retiree Death - Return of Contributions	\$75,520
Investment Consultant Fees	\$69,438
Actuarial Fees	\$2,628
Custodial Fees	\$88,553
Audit Fees	\$27,723
Legal Fees	\$110,355
Other Fees	<u>\$0</u>
Total Cash Flow Out	\$29,813,102
Ending Cash Balance	\$10,906,238
Change in Cash Balance	\$1,393,676

^{*} Prior end balances may not always equal current beginning balance due to subsequent refinement of data



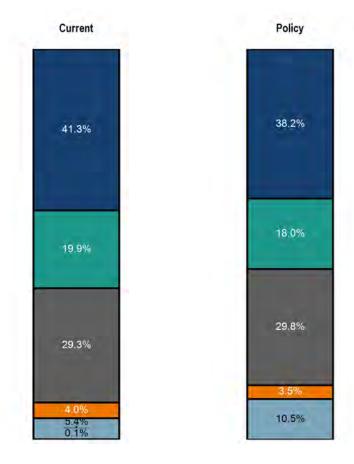




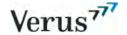


	Market Value	% of Portfolio	1 Mo	Fiscal YTD	YTD
Total Fund	1,810,142,495	100.0	-1.2	3.1	4.5
Policy Index			-1.6	1.6	5.5
US Equity	746,779,345	41.3	-2.2	4.0	4.3
US Equity Blended			-2.5	2.4	5.9
Russell 3000			-2.2	2.1	5.8
Mellon S&P 500	88,117,344	4.9	-1.8	2.0	5.9
S&P 500			-1.8	2.0	5.9
BlackRock Russell 1000 Growth	87,067,581	4.8	-2.3	2.2	3.6
Russell 1000 Growth			-2.3	2.1	3.5
Jackson Square	126,447,301	7.0	-2.8	4.3	-3.6
Russell 1000 Growth			-2.3	2.1	3.5
BlackRock Russell 1000 Value	103,541,551	5.7	-1.5	1.9	8.3
Russell 1000 Value			-1.5	1.9	8.3
Dodge & Cox-Equity	175,263,995	9.7	-0.2	8.5	9.6
Russell 1000 Value			-1.5	1.9	8.3
Legato Capital	78,792,174	4.4	-6.1	0.0	-5.2
Russell 2000 Growth			-6.2	2.4	0.8
Capital Prospects	87,549,399	4.8	-2.5	5.1	9.3
Russell 2000 Value			-3.3	5.3	11.7
International Equity	359,988,115	19.9	-1.0	6.1	3.9
MSCI ACWI ex USA Gross			-1.4	5.5	4.8
LSV Asset Mgt	180,528,670	10.0	0.1	8.9	5.8
MSCI ACWI ex USA Gross			-1.4	5.5	4.8
Fidelity	179,459,445	9.9	-2.1	3.5	1.8
MSCI ACWI ex USA Gross			-1.4	5.5	4.8
US Fixed Income	530,321,704	29.3	-0.3	1.2	6.4
Barclays Aggregate			-0.8	-0.3	5.0
Dodge & Cox-Fixed	413,712,008	22.9	-0.2	1.4	6.8
Barclays Aggregate			-0.8	-0.3	5.0
PIMCO	116,609,696	6.4	-0.6	0.3	5.3
Barclays Aggregate			-0.8	-0.3	5.0

	Current	%	Policy	%
Domestic Equity	\$746,779,345	41.3%	\$691,474,433	38.2%
International Equity	\$359,988,115	19.9%	\$325,825,649	18.0%
Domestic Fixed Income	\$530,321,704	29.3%	\$539,422,463	29.8%
Real Estate	\$73,176,791	4.0%	\$63,354,987	3.5%
Alternatives	\$97,522,729	5.4%	\$190,064,962	10.5%
Cash and Equivalents	\$2,353,810	0.1%		
Total	\$1,810,142,495	100.0%	\$1,810,142,495	100.0%

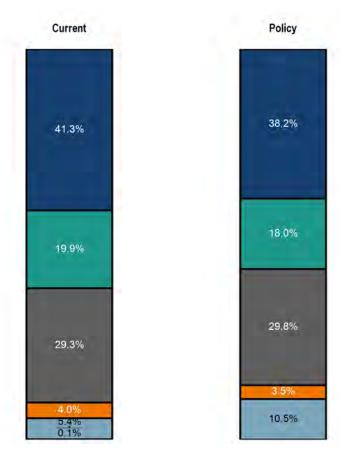


Policy Index: 14.4% Russell 1000 Value, 11.3% Russell 1000 Growth, 4.8% S&P 500, 4.0% Russell 2000 Value, 3.7% Russell 2000 Growth, 18.0% MSCI ACWI ex USA, 29.8% Barclays Aggregate, 3.5% DJ US Select RESI, 7.5% 9% Annual, 3% CPI + 4%. US Equity Blended: 80% Russell 1000, 20% Russell 2000. All data is preliminary.

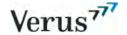


	Market Value	% of Portfolio	1 Mo	Fiscal YTD	YTD
Real Estate	73,176,791	4.0	-2.3	-2.0	4.0
DJ US Select RESI			-5.6	-6.8	3.3
Prime Property Fund	16,494,067	0.9	0.0	2.3	6.7
NCREIF-ODCE			0.0	2.1	6.5
American Strategic Value Realty	15,385,650	0.8	0.0	2.2	8.5
NCREIF Property Index			0.0	1.8	6.1
BlackRock US Real Estate	29,070,602	1.6	-5.6	-6.8	3.2
DJ US Select RESI TR USD			-5.6	-6.8	3.3
Greenfield Gap	12,226,472	0.7			
Direct Lending	90,290,298	5.0			
Medley Capital	24,244,295	1.3			
Raven Capital	19,169,345	1.1			
Raven Opportunity III	10,024,379	0.6			
White Oak Pinnacle	36,852,280	2.0			
Infrastructure	7,232,431	0.4			
MS Infrastructure Partners II	7,232,431	0.4			
Cash Account	2,353,810	0.1	-0.3	0.2	0.8

Cash and Equivalents Total	\$2,353,810 \$1,810,142,495	0.1%	\$1,810,142,495	100.0%
Alternatives	\$97,522,729	5.4%	\$190,064,962	10.5%
Real Estate	\$73,176,791	4.0%	\$63,354,987	3.5%
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	Current	%	Policy	%



Policy Index: 14.4% Russell 1000 Value, 11.3% Russell 1000 Growth, 4.8% S&P 500, 4.0% Russell 2000 Value, 3.7% Russell 2000 Growth, 18.0% MSCI ACWI ex USA, 29.8% Barclays Aggregate, 3.5% DJ US Select RESI, 7.5% 9% Annual, 3% CPI + 4%. US Equity Blended: 80% Russell 1000, 20% Russell 2000. Cash Account includes cash held at Northern Trust for all closed end funds. All data is preliminary.



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PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS



PERIOD ENDING: SEPTEMBER 30, 2016

Investment Performance Review for

Stanislaus County Employees' Retirement Association

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3rd quarter summary

THE ECONOMIC CLIMATE

- The U.S. labor market continues to improve but at a slower pace. Real wage growth has risen but not as quickly as other periods of similar labor market tightness. Consumer expenditures remain the primary positive contributor to GDP growth. p. 8, 9
- U.S. inflation has risen steadily with Core CPI at 2.3%
 YoY as of August. Energy and gasoline prices continue to weigh on the Headline CPI figure of 1.1% YoY. p. 13
- The presidential election approaches. There has historically been a weak relationship between election outcomes and market performance. This election appears to have unique characteristics and may cause more unpredictable effects. p. 18

MARKET PORTFOLIO IMPACTS

Central bank discussions indicate we may be nearing fiscal expansion as a next form of policy accommodation. As fiscal policies are typically less analyzed and less understood by investors, markets may be more prone to surprise in this environment.
 p. 20

THE INVESTMENT CLIMATE

- U.S. corporate earnings are expected to decline by
 -2.1%, which would be the sixth consecutive
 quarter of YoY decline. Almost all of this decline is
 attributable to energy sector weakness. p. 30
- Low inflation and low bond yields may help to explain higher than usual equity valuations.
 However, this does not negate the fact that higher equity valuations historically have materially reduced subsequent returns. p. 35

ASSET ALLOCATION ISSUES

- We continue to remain underweight risk and believe that downside market potential outweighs upside market potential. p. 29
- Emerging market earnings per share growth turned positive in 2016, reversing a 5-year downward trend. Valuations remain below average on a relative basis and upside potential seems attractive. Investors may consider moving to an overweight in emerging market equities, though risks should be carefully considered. p. 33

We remain underweight to risk

Investors should be watchful of corporate earnings, and U.S. inflation trends



What drove the market in Q3?

"FED STANDS PAT, BUT SAYS CASE FOR RATE INCREASE HAS STRENGTHENED"

December Rate Hike Expectations

Apr 29th	May 31st	June 30th	July 29th	Aug 31st	Sep 30th
41%	42%	9%	31%	45%	51%

Source: WSJ, September 22nd 2016

"U.S. GOVERNMENT BONDS RALLY AS CENTRAL BANKS CALM INVESTORS"

10-Year Treasury Yield

Aug 26th	Sep 2nd	Sep 9th	Sep 16th	Sep 23rd	Sep 30 th
1.63%	1.60%	1.67%	1.69%	1.62%	1.59%

Source: WSJ, September 22nd 2016

"ELECTION UNCERTAINTY WEIGHS ON MARKETS"

U.S. Presidential Election Polls

March 31st		June 30th		September 30th	
Trump	Clinton	Trump	Clinton	Trump	Clinton
39.1%	49.7%	39.8%	44.6%	44.4%	47.5%

Source: CNBC, September 27th 2016

"POUND STERLING FALLS BELOW \$1.31 HITTING NEW 31-YEAR LOW"

GBP/USD

Apr 29th	May 31st	June 30th	July 29th	Aug 31st	Sep 30th	
\$1.46	\$1.45	\$1.32	\$1.33	\$1.31	\$1.30	

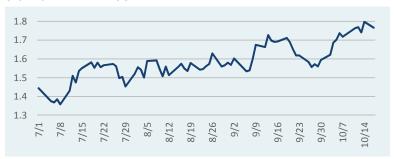
Source: The Independent, July 5th 2016

DECEMBER RATE HIKE EXPECTATIONS



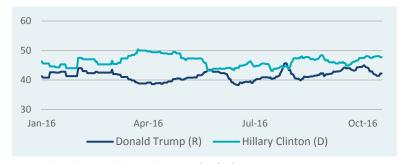
Source: Bloomberg, as of 10/17/16

U.S. 10-YEAR TREASURY YIELD



Source: Federal Reserve, as of 10/17/16

U.S. PRESIDENTIAL ELECTION POLLS



Source: Bloomberg, Real Clear Politics, as of 10/17/16



Economic environment



U.S. economics summary

- U.S. real GDP grew 1.4% YoY in Q2, up from 0.8% in Q1. This positive growth reflects contributions from greater consumer expenditures, exports, and non-residential fixed investments. These were partially offset by a decrease in private inventory investment.
- Headline inflation (CPI) rose 1.1% as of August YoY while core CPI rose 2.3%. Lower energy prices, and gasoline in particular (-17.8%), have weighed heavily on the headline inflation figure. Medical care services (+4.9%) and shelter (+3.4%) contributed to higher prices.
- If the U.S. economy continues to move closer to full employment and higher inflation, the market has expected the Fed to want to push harder for rate

- "normalization". However, the fear of disrupting financial markets and raising rates too early, too quickly, remains.
- Over the last few quarters we have continued to see the slow and steady return to the workforce of discouraged workers. This may help explain why productivity growth and wage inflation are lower than might be expected at this level of unemployment.
- Additions to nonfarm payrolls averaged slightly under 200,000 in the third quarter as the overall labor market continued to show strength. The unemployment rate increased slightly to 5.0% as more people entered the labor force.

	Most Recent	12 Months Prior
GDP (annual YoY)	1.4% 6/30/16	3.9% 6/30/15
Inflation (CPI YoY, Headline)	1.1% 8/31/16	0.2% 8/31/15
Expected Inflation (5yr-5yr forward)	1.8% 9/30/16	1.8% 9/30/15
Fed Funds Rate	0.25% 9/30/16	0.12% 9/30/15
10 Year Rate	1.6% 9/30/16	2.0% 9/30/15
U-3 Unemployment	5.0% 9/30/16	5.1% 9/30/15
U-6 Unemployment	9.7% 9/30/16	10.0% 9/30/15



U.S. economics – GDP growth

U.S. real GDP grew 1.4% YoY in the second quarter, up from 0.8% in the first quarter. This positive growth reflects contributions from personal consumption expenditures, exports, and non-residential fixed investment. These were partially offset by a decrease in private inventory investment.

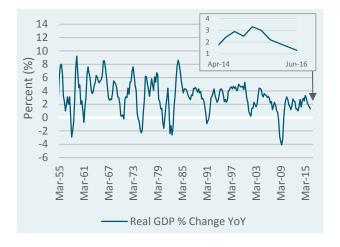
Domestic exports of goods and services grew 1.8% YoY in the second quarter while imports grew 0.2%. A stronger U.S. dollar and weaker demand from China have likely detracted somewhat from export growth.

The manufacturing sector continues to show weakness as durable goods orders have declined during three of the past four months. Additionally, shipments of manufactured durable goods also fell in August, down -0.4%.

The IMF cut U.S. growth expectations to 1.6% for 2016, down from 2.6% in 2015 and down 0.6% from three months prior. Lower business investment has been a primary headwind to growth, with investment decreasing for three consecutive quarters.

Consumer spending continues to drive growth

U.S. REAL GDP GROWTH



Source: FRED, as of 6/30/16

IMF U.S. GROWTH EXPECTATIONS



Source: IMF, as of 10/4/16

U.S. GDP COMPONENTS



Source: FRED



U.S. economics – Unemployment

U.S. unemployment has fluctuated between 4.7% and 5.0% over the past year, and currently sits at a rate of 5.0%. The back-and-forth pull between unemployment rate and participation rate continues as workers rejoin the workforce (higher participation) which then adds to the employment candidate pool (higher unemployment).

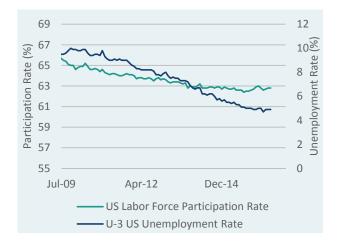
Average length of unemployment has trended downward to 27.6 weeks in August relative to 28.3

weeks one year prior. This is still substantially higher than the long-term median of 14 weeks (since 1948).

In August 151,000 nonfarm jobs were added, below the trailing 12 month average of 204,000.

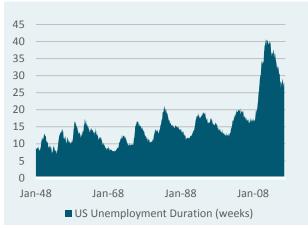
Over the past year, real average hourly earnings have risen by 1.3%. Positive upward pressure in average hourly earnings may help sustain economic growth and may also add to inflation pressures.

U.S. UNEMPLOYMENT & PARTICIPATION



Source: FRED, as of 8/31/16

UNEMPLOYMENT DURATION



Source: FRED, as of 8/31/16

REAL AVERAGE HOURLY EARNINGS



Source: FRED, as of 8/31/16



U.S. economics – The consumer

While corporates and governments seem to be at a later stage in terms of their credit cycles, consumer credit expansion has not been as pronounced. A healthy deleveraging has occurred across households since the global financial crisis, with credit expansion only picking up in recent years. It may make sense that the U.S. consumer has been a major contributor to economic growth.

Relatively strong gains in spending have been accompanied by modest increases in real wages and disposable income. Consumer lending growth accelerated

during the quarter, in part due to low borrowing costs and higher consumer confidence. Consumer loans at commercial banks rose 8.8% year-over-year in August. While this growth rate is higher than what we have seen during the current economic expansion, it is within a normal range with regard to historical experience.

Auto sales have also been robust this year, a good indicator of consumer strength, though sales growth has flattened somewhat and automakers have increased pervehicle incentive spending to all time highs.

CONSUMER LOAN GROWTH



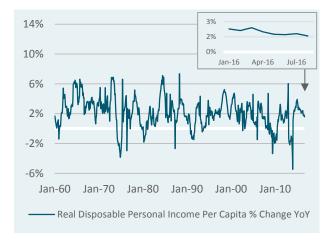
Source: FRED, as of 8/31/16

AUTO SALES



Source: FRED, as of 8/31/16

GROWTH OF DISPOSABLE INCOME



Source: FRED, as of 8/31/16



U.S. economics – The consumer

US REVOLVING OUTSTANDING CONSUMER CREDIT



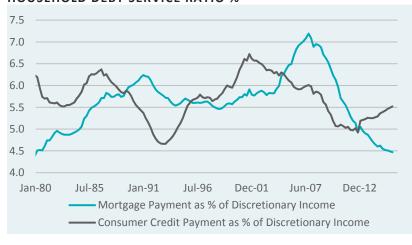
US HOUSEHOLD DEBT AS % OF DISPOSABLE INCOME



Consumer credit expansion has not been as robust as previous recoveries

Debt service ratios remain low

HOUSEHOLD DEBT SERVICE RATIO %



HOUSING STARTS



Source: FRED, as of 8/31/16



U.S. economics – Sentiment

Consumer sentiment weakened slightly over the quarter. The University of Michigan Sentiment Index ended the quarter lower. Those surveyed indicated that current conditions worsened while expectations for future conditions brightened. The Bloomberg Consumer Comfort Index also declined, falling to its lowest level since mid-December.

zero for 18 consecutive months. However, following July the indicator slipped back into slightly negative territory.

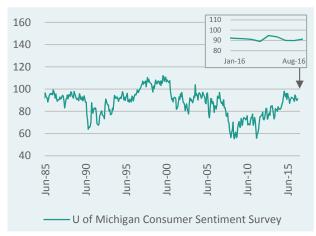
The Citigroup Economic Surprise Index unexpectedly jumped into positive territory in July after staying below

CONSUMER COMFORT INDEX



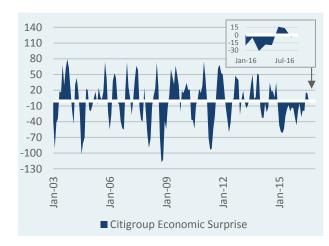
Source: Bloomberg, as of 9/25/16 (see Appendix)

CONSUMER SENTIMENT



Source: University of Michigan, as of 9/30/16 (see Appendix)

ECONOMIC SURPRISE



Source: Bloomberg, as of 9/30/16 (see Appendix)



U.S. economics – Housing

U.S. housing inventories are near historic lows across single and multifamily markets. Limited supply may help to put upward pressure on new construction activity, which has been below average.

Vacancy rates are near all-time lows in the rental space while homeownership rates continue to fall. Demand for rental properties has increased and multifamily housing starts continue to ramp up; however, multifamily homes are thought to contribute

substantially less to economic growth than that of single-family homes. This may factor into future economic growth.

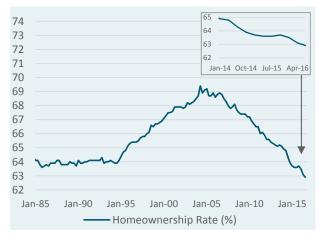
Lower mortgage rates and moderate wage growth have helped to suppress household debt burdens through greater discretionary income. These forces have contributed to a stronger consumer which may bolster future home purchase and ownership trends, especially as home affordability remains high.

HOME AFFORDABILITY



Source: National Association of Realtors, as of 6/30/16

HOMEOWNERSHIP RATE



Source: FRED, as of 7/1/2016

NEW & EXISTING HOME SALES



Source: Bloomberg, as of 8/31/16



U.S. economics – Inflation

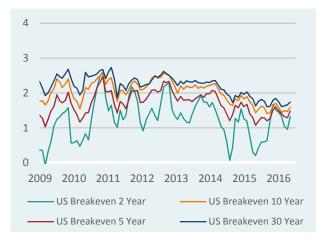
Inflation expectations were mixed during the quarter. The University of Michigan Inflation Expectations Survey reflected lower expected inflation, while the U.S. 10yr TIPS Breakeven indicated higher expectations.

Headline inflation rose 1.1% YoY while core inflation rose 2.3% YoY. Energy and gasoline continue to weigh on prices, while medical care services and shelter (housing costs) put upward pressure on overall prices.

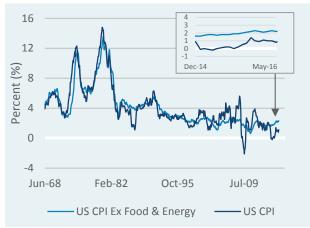
Inflation surveys and inflation-sensitive instruments are inherently different and we might therefore expect discrepancies across these indicators.

Public fear of inflation remains very low, and the Federal Reserve is hesitant to raise rates. We believe investors should be watchful of inflation trends. An inflation overshoot remains a potential danger, given less worry over inflation and less ability and/or willingness of the Fed to raise rates.

U.S. TIPS BREAKEVEN INFLATION



U.S. CPI (YOY)



Source: FRED, as of 7/31/16

MARKET EXPECTATIONS OF INFLATION



Source: Bloomberg, as of 9/30/16



Source: FRED, as of 8/31/16

Where are we now?

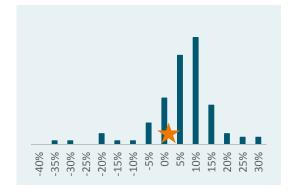
RETAIL SALES, YOY (SINCE 1993)



U OF MICH. CONFIDENCE (SINCE 1978)



DURABLE GOODS ORDERS, YOY (SINCE 1992)



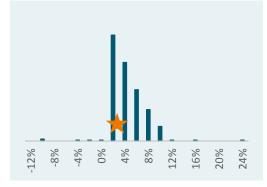
metrics
clearly do not
fall at the top
end of their
historical
distribution,
they are not
outside
normal
ranges

While these

PERSONAL INCOME, YOY (1948)



PERSONAL CONSUMPTION, YOY (SINCE 1947)



CITI SURPRISE INDEX (SINCE 2003)



Source: Bloomberg, as of 9/30/16



International economics summary

- Developed economies continued to experience slow growth and low inflation. While inflation ticked up slightly in the Eurozone to 0.4%, it remains materially under the ECB's target of "below, but close to, 2%".
- The ECB left monetary policy unchanged at its September meeting, and cut economic growth expectations for the next three years.
- The BOJ shook up its monetary policy after completing a "comprehensive assessment of its current easing programs". The central bank stated it will intentionally overshoot its inflation target of 2% and introduced a 0% target for the 10-year yield.

- Britain elected new prime
 minister Theresa May, who will
 be responsible for implementing
 Brexit. Increased uncertainty
 surrounding the timing and
 nature of the political change will
 continue. The potential impact of
 this uncertainty led to the first
 rate cut by the BOE since 2009.
- The IMF once again downgraded global growth forecasts for 2016 and 2017, this time to just above 3%. It now warns against economic stagnation and states that countries have found themselves in the position of relying on monetary and fiscal policy to lift growth prospects, and that this may be unsustainable.

Area	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	1.4%	1.1%	5.0%
	6/30/16	8/31/16	9/30/16
Western	1.8%	0.4%	8.5%
Europe	6/30/16	9/30/16	6/30/16
Japan	0.8%	(0.5%)	3.2%
	6/30/16	8/31/16	6/30/16
BRIC Nations	5.1%	3.8%	5.5%
	6/30/16	6/30/16	6/30/16
Brazil	(3.8%) 6/30/16	9.0% 8/31/16	11.7% <i>9/30/16</i>
Russia	(0.6%)	6.9%	5.6%
	6/30/16	8/31/16	6/30/16
India	7.1% 6/30/16	5.1% 8/31/16	7.1% 12/31/15
China	6.7%	1.3%	4.1%
	6/30/16	8/31/16	6/30/16

International economics

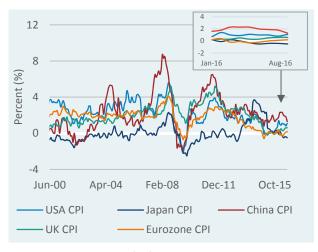
Further downward revisions and lackluster growth in Europe and Japan have encouraged central banks to maintain stimulus measures. Japan implemented a policy initiative which will target a 0% yield for the 10-year government bond. Japan continues to struggle with deflation as headline CPI fell to -0.5% YoY in August.

While economic data released in the U.K. post-Brexit has significantly beaten expectations, uncertainty remains regarding the specific details of the country's exit from the European Union. In its latest report, the BOE lowered the

2017 growth forecast to 0.8% from 2.3%. The central bank also expects inflation to hit 2.4% in 2018 and 2019, citing the fall of the pound sterling.

Emerging market economic growth picked up slightly at 4.6% YoY in the second quarter. After a drop off in growth following the global financial crisis, the outlook for emerging economies has improved. With slow growth expectations for developed markets, an opportunity may exist in both emerging market equities and fixed income.

INTERNATIONAL INFLATION



Source: Bloomberg, as of 8/31/16

REAL GDP GROWTH



Source: Bloomberg, as of 6/30/16

EM VS. DM REAL GDP GROWTH



Source: Bloomberg, as of 6/30/16



Post-Brexit

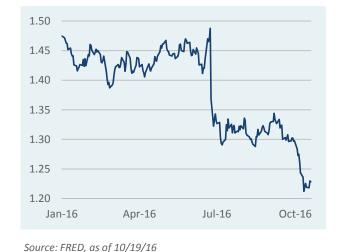
There have been significant changes in U.K. and European political behavior following the Brexit vote. Rear guard actions in both Parliament and the courts in the U.K. have begun to attempt to slow or stop the implementation of Brexit. The Prime Minister has said that Article 50 will be triggered in March 2017.

One of the key elements of the discussion has been debate over whether Brexit should be a 'hard' Brexit (full withdrawal from the Single Market) or a 'soft' Brexit (with continuing participation in the Single Market for a fee, and with continuing free movement of people). Pro-Brexit

campaigners point out that this issue was extensively discussed during the campaign, while Remainers claim that the U.K. population was ill-informed during the run-up to the vote, although their hand is weakened by the fact that their predictions of economic chaos were a Brexit vote to win have so far failed to materialize.

The remaining EU members remain unsure how to proceed, with hard-line negotiators appointed by the EU but strong financial interests in many countries in close ongoing trading links with the U.K.

GBP/USD



EUROPEAN EQUITY MOVEMENT



Source: Bloomberg, 6/23-9/30/16 – shown in local currency terms

U.K. BALANCE OF TRADE



Source: Bloomberg, as of 9/30/16



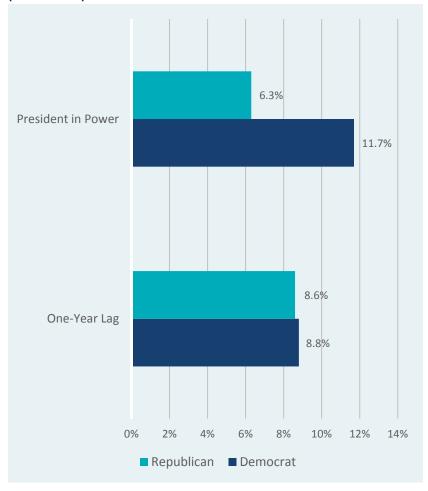
U.S. presidential election

Correlation between election results and long-term market performance has generally been weak, and the outcome depends on how the data is sliced. The S&P 500 has experienced greater price appreciation with a Democrat in power, but the results are less clear when a one-year policy lag is introduced; research results depend on how the relationship is defined.

It appears that a Clinton win would most likely result in little change from the current macroeconomic policy. However, strong congressional pressure would be likely on trade issues, and there would be continuing challenges to the long term sustainability of the Affordable Care Act. Both candidates have supported increased spending on infrastructure, which would provide support for the materials and construction sectors.

A Trump win might bring greater uncertainty because his economic policy plans are less known/understood. Trump's impact may also be felt more quickly through his use of executive orders to reshape the regulatory environment, and some policies enacted by Obama may be undone, through the same means.

AVERAGE CALENDAR YEAR S&P 500 PRICE RETURN (1951-2015)



The relationship between election results and market performance is weak

Note: Top chart = annualized return during time in office, Lower chart = annualized return during time in office but with 1-year lag



Fixed income rates & credit



Interest rate environment

- The U.S. Treasury curve continued to flatten, influenced by increased expectations of an interest rate hike by the end of the year.
- Global interest rates remain near all time lows, although volatility picked up. Continued easing by central banks in addition to low inflation and expectations for slowing growth contribute to an environment of secularly low yields.
- When thinking about bond yields today, it may be useful not only to consider nominal yields, which are at historic lows, but also real yields, which paint a much more reasonable picture. Current levels of inflation and future expectations may help put things into context. Furthermore, investors may see markets drive yields higher if inflation expectations were to rise.

- Negative yielding sovereign and corporate debt was \$11.6 trillion at quarter end, mostly from Japan and the Eurozone. We remain concerned about Japanese and European rates as negative yields and low liquidity detract from the attractiveness of these assets.
- Yields on Japanese Treasuries increased sharply in late July after the BOJ chose to keep stimulus measures on hold. The 10-year JGB yield briefly traded around 0% before falling back into negative territory at the end of September.
- European sovereign bonds sold off during the beginning of September over concerns that central banks may begin cutting back on monetary easing measures.

Area	Short Term (3M)	10 Year
United States	0.27%	1.59%
Germany	(0.76%)	(0.12%)
France	(0.67%)	0.19%
Spain	(0.60%)	0.88%
Italy	(0.39%)	1.19%
Greece	3.34%	8.28%
U.K.	0.32%	0.75%
Japan	(0.33%)	(0.09%)
Australia	1.75%	1.91%
China	2.23%	2.74%
Brazil	13.73%	11.60%
Russia	9.80%	8.17%

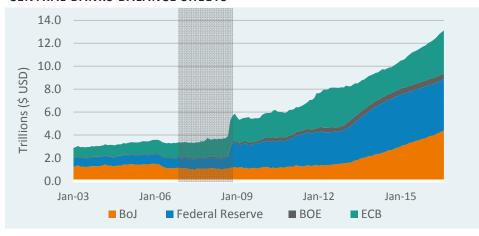
Source: Bloomberg, as of 9/30/16



Unwinding QE

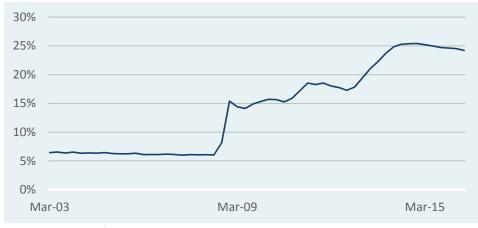
- It appears that we may be nearing the end stage of monetary policy expansion, with over \$7 trillion added to central bank balance sheets. The way in which central banks choose to unwind asset purchases, or how they manage them, could have a significant impact on financial markets.
- Balance sheets may be slowly trimmed through gradual asset sales, or by allowing existing bonds to mature. Shrinking the balance sheet in this manner naturally has a tightening effect, which places downward pressure on asset prices.
- Balance sheet sizes may also be maintained for some time or possibly indefinitely. Were the velocity of money to begin to pick up this balance sheet expansion might lead to inflationary pressure.
- Balance sheets might also be monetized by writing off assets, allowing governments to "walk away" from their debt. With few historical comparisons, forecasting the effects of such write offs is exceptionally difficult. In addition to inflation concerns, this strategy could undermine the independence of central banks and public confidence in them.

CENTRAL BANKS BALANCE SHEETS



Source: FRED, Federal Reserve, BOE, ECB, Verus, as of 8/1/16

FEDERAL RESERVE ASSETS TO GDP

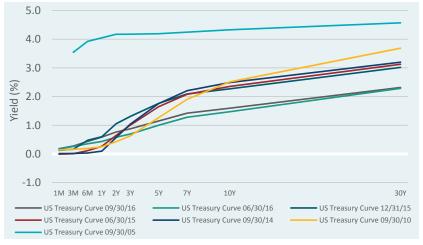


Source: FRED, as of 6/30/16

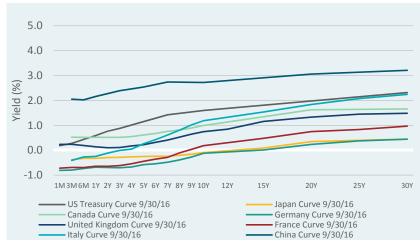


Yield environment

U.S. YIELD CURVE

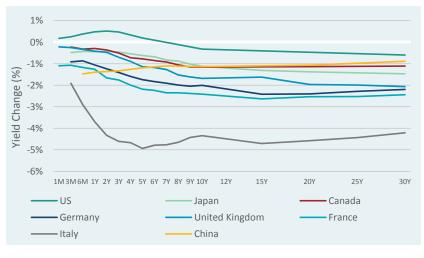


GLOBAL GOVERNMENT YIELD CURVES



Global
investors
continue to
prefer U.S.
Treasuries
due to higher
relative
yields

YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 9/30/16



Yield environment



Negative <u>real</u> yields are not a new phenomenon

Yield levels should be viewed in context of the inflation environment

Source: Verus, as of 8/31/16



Credit environment

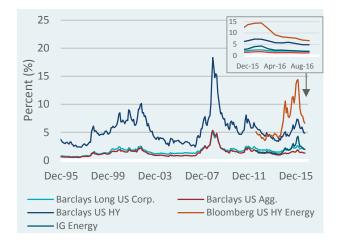
High yield returns across all sectors - energy and metals and mining in particular - have been strong since the trough in Q1. As evidence of this performance, high yield spreads have compressed to below 5.1% as of September from a high of 8.9% earlier in the year.

U.S. credit markets have broadly normalized following increased volatility in Q1. While below the long-term trend, U.S. GDP growth has remained positive, which has been a tailwind to credit markets in general. In addition, foreign demand for U.S. credit issuance has

remained positive as low developed market yields have been supportive of the "carry trade", where investors buy relatively higher yielding assets.

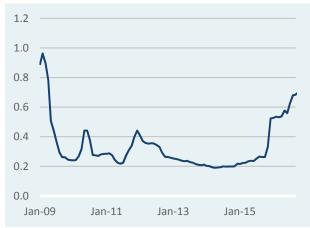
LIBOR rates have increased meaningfully as investors prepared for the pending regulatory changes to money market funds. Prime funds will now report a floating NAV. This change has prompted some investors to redeem their exposures, thereby reducing their demand for commercial paper and LIBOR-based loans causing the rate to increase.

CREDIT SPREADS



Source: Barclays Capital Indices, Bloomberg, as of 9/30/16

3 MONTH LIBOR



Source: Bloomberg, as of 9/30/16

SPREADS

Market	Credit Spread (9/30/16)	Credit Spread (1 Year Ago)
Long US Corporate	1.8%	2.1%
US Aggregate	0.9%	1.2%
US High Yield	5.1%	6.8%
US High Yield Energy	6.6%	11.4%
US Bank Loans	3.9%	3.9%

Source: Barclays, Credit Suisse, Bloomberg, as of 9/30/16



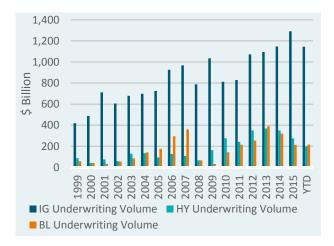
Issuance and default

Defaults have trended higher in recent months, particularly in the high yield debt space. Default rates have risen well above the trailing 20-year average and are at the highest levels since the global financial crisis; however, much of this activity has been driven specifically by energy issuers. Overall issuance is on track for a year-over-year decline.

New bond issuance in emerging markets, especially corporates, has continued at a relatively strong pace. Many of these issuers can only borrow in U.S. dollars. As such, eventual rises in U.S. interest rates would increase borrowing costs. Investors' appetites for emerging market debt remains strong based on relative value compared to developed market bonds.

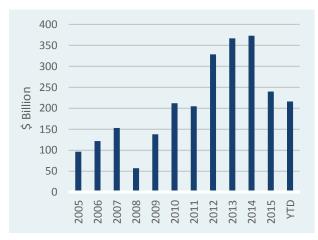
The recent increase in LIBOR rates has been a headwind for bank loan borrowers, as reflected in flattening issuance.

U.S. DEBT ISSUANCE



Source: Bloomberg, BofA Merrill Lynch, as of 9/30/16

EM DEBT ISSUANCE



Source: JP Morgan, as of 9/30/16

HY DEFAULT TRENDS (ROLLING 1 YEAR)



Source: Credit Suisse, BofA, as of 9/30/16



Fixed income – rising yields



During rising
yield
environments
(6 months of
consecutive
rising yields)
BC Agg and
S&P 500
returns have
shown very
different
correlation

We are currently in a negative correlation environment

Date	Months	Yield increase	Average return correlation*
Jan 1994-Jun 1994	6	1.68	0.70
Dec 1995-May 1996	6	1.28	0.30
Mar 1999-Aug 1999	6	0.73	0.11
Dec 2005-June 2006	7	0.75	-0.18
Sep 2010-Mar 2011	7	0.96	-0.44

^{*}Rolling 12 Month correlation between Barclays US Aggregate and S&P 500. "Rising yield environment" is defined as 6 months of consecutive yield increases Source: Bloomberg, MPI, as of 8/31/16



Fixed income – decreasing yields



Correlations
have varied
during
decreasing
yield
environments
(6 months of
falling yields),
from -0.66 to
0.71

Diversification benefits have not been clearly linked to the rate environment

Date	Months	Yield decrease	Average return correlation*
Nov 1994-June 1995	8	1.70	0.71
Mar 2002-Sep 2002	7	1.80	-0.66
Mar 2010-Aug 2010	6	1.36	-0.07

^{*}Rolling 12 Month correlation between Barclays US Aggregate and S&P 500. "Decreasing yield environment" is defined as 6 months of consecutive yield decreases. Source: Bloomberg, MPI, as of 8/31/16





Equity environment

- Equity market risks continue to appear asymmetrical to the downside - the U.S. equity market in particular.
- U.S. equities rallied to start the quarter as central banks communicated to the markets that further monetary easing would be available if necessary, in response to the Brexit vote. In the final two months of the quarter, the U.S. equity markets stayed relatively flat and volatility was below average.
- A sixth consecutive quarter of year-over-year earnings decline is expected for the S&P. FactSet has forecast a -2.1% earnings decline for Q3.
- Information technology (12.9%)
 was the best performing sector
 in the S&P 500 by a large margin
 on the back of higher earnings

- expectations. Utilities (-5.9%) and telecom services (-5.6%) were the worst performing sectors in the index.
- The FTSE 100 (hedged) returned
 7.1% over the third quarter after
 concerns over the impact of
 Brexit somewhat subsided.
- The U.S. dollar fell 0.7% in Q3 on a trade-weighted basis.
 Recent dollar stabilization may be disrupted if the Fed goes ahead with further rate hikes. As most developed economies remain in easing mode, further U.S. hikes would likely add to dollar strength.

	QTD TOTAL RETURN		YTD TOTA	L RETURN	1 YEAR T	
	(unhedged)	(hedged)	(unhedged)	(hedged)	(unhedged)	(hedged)
US Large Cap (Russell 1000)	4.0%		7.9%		14.9%	
US Small Cap (Russell 2000)	9.0%		11.5%		15.5%	
US Large Value (Russell 1000 Value)	3.5%		10.	0%	16.2	2%
US Large Growth (Russell 1000 Growth)	4.6%		6.0%		13.8%	
International Large (MSCI EAFE)	6.4%	6.3%	1.7%	(1.0%)	6.5%	5.3%
Eurozone (Euro Stoxx 50)	6.3%	4.8%	(2.4%)	(4.1%)	0.4%	0.5%
U.K. (FTSE 100)	4.0%	7.1%	0.6%	14.1%	1.5%	18.4%
Japan (NIKKEI 225)	8.2%	5.9%	4.4%	(14.3%)	13.6%	(6.2%)
Emerging Markets (MSCI Emerging Markets)	9.0%	6.3%	16.0%	9.7%	16.8%	10.7%

Source: Russell Investments, MSCI, STOXX, FTSE, Nikkei, as of 9/30/16



Domestic equity

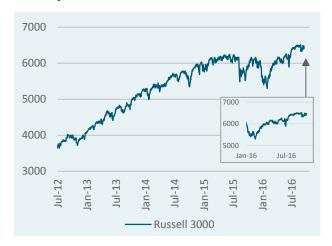
After minimal reaction to Brexit, domestic equities continued higher in July, then delivered two quiet months to finish the quarter. The S&P 500 returned 3.9% in Q3. The market appears to be taking a wait-and-see approach with important oncoming events such as elections and Federal Reserve meetings.

With higher equity prices and lower overall earnings, valuations have expanded. The forward earnings multiple for the S&P 500 was 18.5 at quarter end,

relative to its 25-year average of 16.6 (in the 81st percentile). Year-over-year earnings growth is expected to be negative for the sixth consecutive quarter, heavily influenced by the energy sector and lower oil prices. As the effects of monetary stimulus on U.S. financial markets wanes, earnings will play an important role for future equity returns.

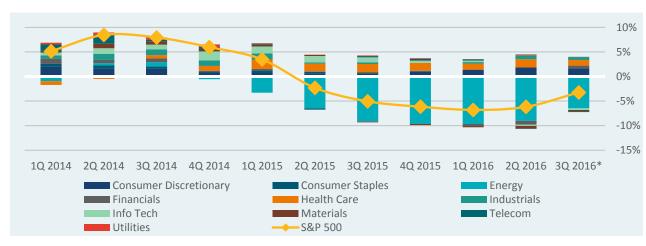
U.S.
earnings
results will
likely dictate
the path of
equities

U.S. EQUITIES



Source: Russell Investments, as of 9/26/16

SECTOR IMPACT ON S&P 500 EARNINGS GROWTH



Source: Bloomberg, as of 9/30/16



Domestic equity size and style

Growth stocks outperformed value during the third quarter as the Russell 1000 Growth Index and Russell 1000 Value Index returned 4.6% and 3.5%, respectively. However, value has outperformed growth by 4.0% year-to-date.

ely. cap equities at the end of September was 2.07 - well above its long-term average of 1.39 - suggesting that small cap stocks may be relatively overvalued.

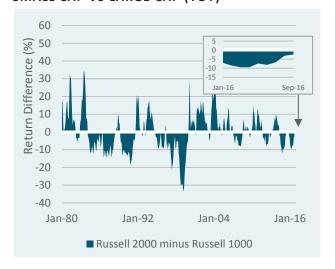
3.5% year-to-date, reversing a recent trend of large cap

outperformance. The relative P/E ratio of small to large

In the third quarter, the Russell 2000 Index returned 9.0% and the Russell 1000 Index returned 4.0%. Small cap equities have also beaten large cap equities by

small cap ex returned

SMALL CAP VS LARGE CAP (YOY)



Source: Russell Investments, as of 9/30/16

VALUE VS GROWTH (YOY)



Source: Russell Investments, as of 9/30/16

RELATIVE P/E RATIO (SMALL VS LARGE)



Source: Russell, Bloomberg, as of 9/30/16



International equity

Central banks remained accommodative in Q3, helping to generate a rally in international equities. Low and negative yields in Japan and the Eurozone helped maintain the relative attractiveness of equities in these markets.

On a hedged basis, international developed equities outperformed domestic equities with the MSCI EAFE returning 6.3%, and the S&P 500 returning only 3.9% during the quarter.

Financial stocks continue to lag, though the third quarter saw more healthy returns. Banks in Japan and the Eurozone were given a boost when the BOJ and ECB chose not to increase stimulus measures. Significant headwinds remain, however, as negative interest rates continue to hurt bank profitability.

GLOBAL EQUITY PERFORMANCE



Source: Bloomberg, as of 9/30/16

12-MONTH ROLLING RELATIVE FINANCIAL SECTOR RETURNS



Source: MPI, as of 9/30/16, in local currency terms

INTERNATIONAL FORWARD P/E RATIOS



Source: MSCI, as of 9/30/16



Emerging market equity

Emerging market equities experienced a rebound during Q3, returning 6.3% on a hedged basis and 9% unhedged. Emerging market earnings per share growth turned positive in 2016, reversing a 5-year downward trend. Valuations remain below average and materially more attractive than those of developed markets.

Moderating commodity prices, continued developed central bank accommodation, less U.S. dollar strengthening, and stability in China, have helped to bolster investor risk appetites and the emerging market

outlook, fueling fund flows into these markets.

Many emerging market economies experienced a rough readjustment period following the commodity supercycle reversal and saw severe currency depreciation. However, many economies such as Russia have allowed currency devaluation to work as an effective economic shock absorber to mitigate current account problems which these economies often experience during commodity (export) price choppiness.

ECONOMIC GROWTH (REAL GDP YOY)



Source: Bloomberg, as of 6/30/16

EM VS. DM REAL GDP GROWTH



Source: Bloomberg, as of 6/30/16

FORWARD P/E



Source: MSCI, as of 9/30/16



Equity valuations

Domestic large cap equity valuations remain above average. The forward earnings multiple for the S&P 500 was 18.5 at quarter end, relative to its 25-year average of 16.6. This places the forward P/E in the 81st percentile of the past 25 years.

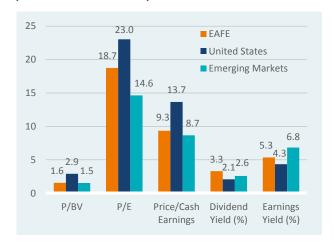
Large cap equity valuations are also slightly above average based on the Shiller P/E ratio.

Small cap equity valuations are above long-term

averages, suggesting that small caps are currently overvalued. The forward P/E ratio for the Russell 2000 as of September 30th was 28.1, compared to the long-term average of 25.3.

Historically, low interest rate and low inflationary environments have coincided with above-average valuations (see slide 35). This makes it difficult to tell whether equities are truly overvalued or if current valuations simply reflect the economic environment.

MSCI VALUATION METRICS (3 MONTH AVERAGE)



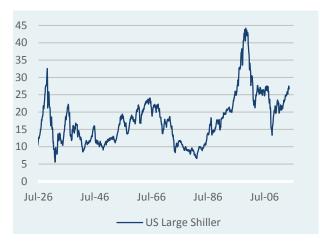
Source: MSCI, as of 9/30/16

FORWARD P/E



Source: Yale/Shiller, Verus as of 9/30/16

S&P 500 SHILLER P/E RATIO



Source: Yale/Shiller, as of 9/30/16



Putting valuations into context



Using data since 1954, sorted the economic environment into the above 4 market environments: low 10yr Treasury real yield & high inflation, high 10yr Treasury real yield & low inflation, and high 10yr real yield & low inflation. Within each quadrant, plotted each point-in-time P/E level for the S&P 500 (the x-axis) and the subsequent 10 year equity return (y-axis).



Equity volatility

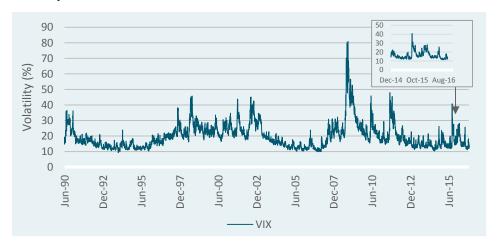
Following a substantial spike in volatility during the Brexit vote announcement, equity volatility fell and remained subdued. The VIX index has averaged around a level of 20 during the past 25 years. More recently investors have seen VIX levels below this average which is typical during equity bull markets.

Volatility expectations, as indicated by VIX, continue to be low, though we might expect rising levels given

political uncertainty leading up to the U.S. presidential election.

International equity market volatility has remained in a normal range, following choppiness during news surrounding and following the Brexit referendum. Unhedged currency exposure has also added to variation in investors' experienced equity returns — and much more so in recent years.

U.S. EQUITY VOLATILITY



Source: CBOE, as of 9/22/16

INTERNATIONAL EQUITY VOLATILITY



Source: MSCI, as of 9/30/16



Long-term equity performance



Source: MPI, as of 9/30/16



Other assets

Commodities

Commodity prices, and oil in particular, continue to fill the news headlines. Though short-term price movements are not particularly relevant to portfolio decision-making, effects of the commodity supercycle reversal are important.

Declining profits in the energy sector have pushed U.S. equity earnings into negative territory for the past 1.5 years. Many commodity exporting nations have

realized extreme currency devaluation which has harshly impacted the unhedged returns of foreign investors. Here at home energy-related debt defaults are accelerating and fueling worries that a prolonged energy slump could have a serious fallout effects for the U.S. energy sector. OPEC members and nonmembers alike continue discussions regarding production cut strategies and agreements, though it is debatable whether these agreements will be upheld.

COMMODITY PERFORMANCE



Source: Bloomberg, as of 9/30/16

INFLATION BETA



Source: Standard & Poor's, Bloomberg, as of 9/30/16



Currency

The U.S. dollar, weighted by major trading partners, fell 0.7% in the third quarter, benefitting investors with unhedged equity exposure. The pound sterling has had the opposite effect for U.S. investors, as new multidecade lows were reached during the quarter, following a significant market flash crash (but recovery).

After a recent period of appreciation, the dollar has stabilized so far this year. Moderation of the USD would have a positive impact on earnings of U.S. companies with significant international exposure.

However, with the Fed expected to continue increasing interest rates while other central banks are still in easing mode, there may be upward pressure on the dollar as interest rate differentials increase.

The pound sterling fell to a 31-year low against the U.S. dollar, influenced by uncertainty surrounding the details of the U.K.'s exit from the European Union. Theresa May announced that she would invoke Article 50 by March 2017.

LONG-TERM TRADE WEIGHTED USD



EFFECT OF CURRENCY (1YR ROLLING)



Source: MSCI, as of 9/30/16

GBP/USD



Source: FRED, as of 10/19/16



Source: FRED, as of 9/30/16

Appendix

Periodic table of returns – September 2016

BEST																											
ω.		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	YTD	5-Year	10-Year
Î	Small Cap Value	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	16.0	16.6	8.8
	Emerging Markets Equity	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	15.5	16.4	8.3
	Small 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	11.5	16.2	7.4
	Large Cap Value	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	10.0	16.1	7.4
	Large Cap Equity	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	8.9	15.8	7.1
	60/40 Global Portfolio	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	8.0	15.4	5.9
	Small Cap Growth	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	7.9	11.5	5.8
	US Bonds	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	7.5	7.4	4.8
	Large Cap Growth	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	6.0	7.2	4.6
	Commodities	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	5.8	3.2	3.9
	Real Estate	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	4.3	3.1	1.8
	International Equity	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	1.7	3.0	1.8
	Cash	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	0.2	0.1	0.8
\downarrow	Hedge Funds of Funds	-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	-0.1	-9.4	-5.3
_																											
WORST				Large	Cap E	quity					Small (Cap Gr	owth				Co	ommo	dities								
>		Large Cap Value						nterna	ationa	l Equit	У			Re	eal Est	ate											
		Large Cap Growth						Emergi	ng Ma	rkets I	quity			Н	edge F	unds c	of Fund	S									
	Small Cap Equity					US Bon	ds					60% MSCI ACWI/40% BC Global Bond															
				Smal	l Cap \	/alue					Cash																

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, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, BC Agg, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, BC Global Bond. NCREIF Property performance data as of 6/30/16.



Major asset class returns

ONE YEAR ENDING SEPTEMBER



TEN YEARS ENDING SEPTEMBER



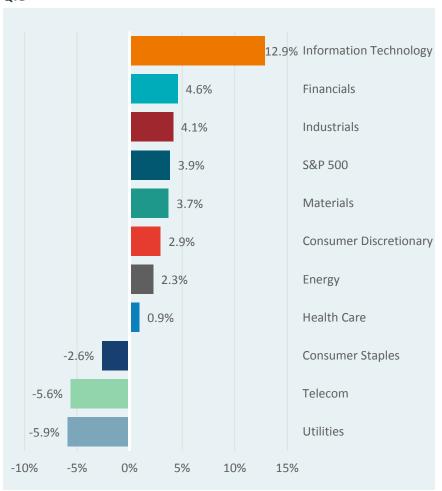
Source: Morningstar, as of 9/30/16

Source: Morningstar, as of 9/30/16

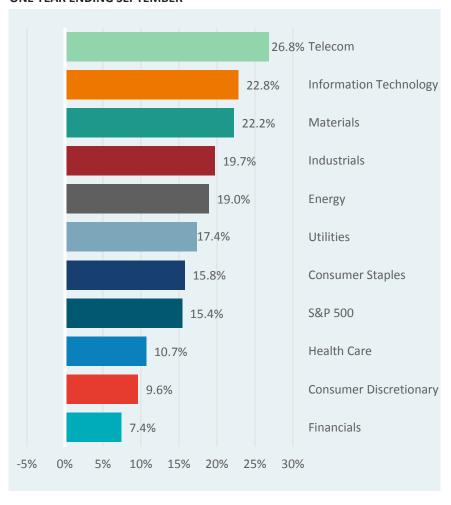


S&P 500 and S&P 500 sector returns

QTD



ONE YEAR ENDING SEPTEMBER



Source: Morningstar, as of 6/30/16

Source: Morningstar, as of 6/30/16



Detailed index returns

	MFST	10		IIT\/
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	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	0.0	3.9	7.8	15.4	11.2	16.4	7.2
S&P 500 Equal Weighted	0.1	4.5	10.6	16.1	10.8	17.4	8.8
DJ Industrial Average	(0.4)	2.8	7.2	15.5	9.2	13.8	7.4
Russell Top 200	0.0	3.8	7.0	15.2	11.3	16.3	7.0
Russell 1000	0.1	4.0	7.9	14.9	10.8	16.4	7.4
Russell 2000	1.1	9.0	11.5	15.5	6.7	15.8	7.1
Russell 3000	0.2	4.4	8.2	15.0	10.4	16.4	7.4
Russell Mid Cap	0.2	4.5	10.3	14.2	9.7	16.7	8.3
Style Index							
Russell 1000 Growth	0.4	4.6	6.0	13.8	11.8	16.6	8.8
Russell 1000 Value	(0.2)	3.5	10.0	16.2	9.7	16.2	5.9
Russell 2000 Growth	1.4	9.2	7.5	12.1	6.6	16.1	8.3
Russell 2000 Value	0.8	8.9	15.5	18.8	6.8	15.4	5.8

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
BC US Treasury US TIPS	0.5	1.0	7.3	6.6	2.4	1.9	4.5
BC US Treasury Bills	0.0	0.1	0.3	0.3	0.2	0.1	1.0
BC US Agg Bond	(0.1)	0.5	5.8	5.2	4.0	3.1	4.8
Duration							
BC US Treasury 1-3 Yr	0.1	(0.1)	1.3	0.9	0.9	0.7	2.3
BC US Treasury Long	(1.6)	(0.4)	14.7	13.1	11.2	5.5	8.1
BC US Treasury	(0.1)	(0.3)	5.1	4.1	3.4	2.2	4.5
Issuer							
BC US MBS	0.3	0.6	3.7	3.6	3.6	2.6	4.7
BC US Corp. High Yield	0.7	5.6	15.1	12.7	5.3	8.3	7.7
BC US Agency Interm	0.2	(0.0)	2.3	1.7	1.8	1.4	3.4
BC US Credit	(0.3)	1.2	8.9	8.3	5.4	4.8	5.8

INTERNATIONAL EQUITY

Broad Index							
MSCI ACWI	0.6	5.3	6.6	12.0	5.2	10.6	4.3
MSCI ACWI ex US	1.2	6.9	5.8	9.3	0.2	6.0	2.2
MSCI EAFE	1.2	6.4	1.7	6.5	0.5	7.4	1.8
MSCI EM	1.3	9.0	16.0	16.8	(0.6)	3.0	3.9
MSCI EAFE Small Cap	3.0	8.6	5.2	12.3	5.1	11.1	4.4
Style Index							
MSCI EAFE Growth	1.5	5.0	2.6	9.5	2.4	8.7	3.1
MSCI EAFE Value	1.0	8.0	0.8	3.5	(1.5)	6.0	0.4
Regional Index							
MSCI UK	1.0	4.0	0.8	1.5	(1.8)	6.0	1.4
MSCI Japan	1.6	8.6	2.5	12.1	3.3	7.4	1.0
MSCI Euro	0.7	7.3	(0.6)	2.8	(0.9)	7.3	0.2
MSCI EM Asia	1.3	10.5	13.0	16.9	3.5	6.3	5.6
MSCI EM Latin American	(0.8)	5.4	32.2	28.6	(7.9)	(3.9)	2.4

OTHER

Index							
Bloomberg Commodity	3.1	(3.9)	8.9	(2.6)	(12.3)	(9.4)	(5.3)
Wilshire US REIT	(2.1)	(1.2)	9.7	17.9	14.3	15.8	5.9
Regional Index							
JPM EMBI Global Div	0.4	4.0	14.8	16.2	8.2	7.8	7.7
JPM GBI-EM Global Div	2.0	2.7	17.1	17.1	(2.6)	0.1	5.5
Currency (Spot)							
Euro	0.9	1.2	3.5	0.7	(6.0)	(3.5)	(1.2)
Pound	(0.8)	(2.8)	(11.9)	(14.2)	(7.1)	(3.6)	(3.6)
Yen	2.1	1.3	18.8	18.3	(1.0)	(5.3)	1.5

Source: Morningstar, as of 9/30/16



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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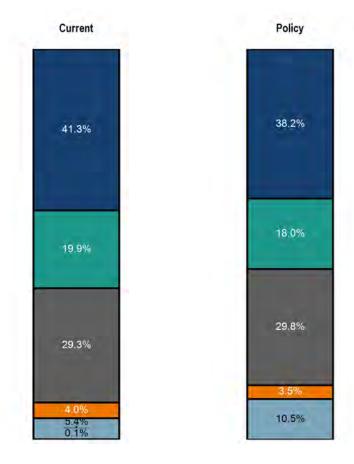
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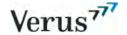


	Market Value	% of Portfolio	1 Mo	Fiscal YTD	YTD
Total Fund	1,810,142,495	100.0	-1.2	3.1	4.5
Policy Index			-1.6	1.6	5.5
US Equity	746,779,345	41.3	-2.2	4.0	4.3
US Equity Blended			-2.5	2.4	5.9
Russell 3000			-2.2	2.1	5.8
Mellon S&P 500	88,117,344	4.9	-1.8	2.0	5.9
S&P 500			-1.8	2.0	5.9
BlackRock Russell 1000 Growth	87,067,581	4.8	-2.3	2.2	3.6
Russell 1000 Growth			-2.3	2.1	3.5
Jackson Square	126,447,301	7.0	-2.8	4.3	-3.6
Russell 1000 Growth			-2.3	2.1	3.5
BlackRock Russell 1000 Value	103,541,551	5.7	-1.5	1.9	8.3
Russell 1000 Value			-1.5	1.9	8.3
Dodge & Cox-Equity	175,263,995	9.7	-0.2	8.5	9.6
Russell 1000 Value			-1.5	1.9	8.3
Legato Capital	78,792,174	4.4	-6.1	0.0	-5.2
Russell 2000 Growth			-6.2	2.4	0.8
Capital Prospects	87,549,399	4.8	-2.5	5.1	9.3
Russell 2000 Value			-3.3	5.3	11.7
International Equity	359,988,115	19.9	-1.0	6.1	3.9
MSCI ACWI ex USA Gross			-1.4	5.5	4.8
LSV Asset Mgt	180,528,670	10.0	0.1	8.9	5.8
MSCI ACWI ex USA Gross			-1.4	5.5	4.8
Fidelity	179,459,445	9.9	-2.1	3.5	1.8
MSCI ACWI ex USA Gross			-1.4	5.5	4.8
US Fixed Income	530,321,704	29.3	-0.3	1.2	6.4
Barclays Aggregate			-0.8	-0.3	5.0
Dodge & Cox-Fixed	413,712,008	22.9	-0.2	1.4	6.8
Barclays Aggregate			-0.8	-0.3	5.0
PIMCO	116,609,696	6.4	-0.6	0.3	5.3
Barclays Aggregate			-0.8	-0.3	5.0

	Current	%	Policy	%
Domestic Equity	\$746,779,345	41.3%	\$691,474,433	38.2%
International Equity	\$359,988,115	19.9%	\$325,825,649	18.0%
Domestic Fixed Income	\$530,321,704	29.3%	\$539,422,463	29.8%
Real Estate	\$73,176,791	4.0%	\$63,354,987	3.5%
Alternatives	\$97,522,729	5.4%	\$190,064,962	10.5%
Cash and Equivalents	\$2,353,810	0.1%		
Total	\$1,810,142,495	100.0%	\$1,810,142,495	100.0%

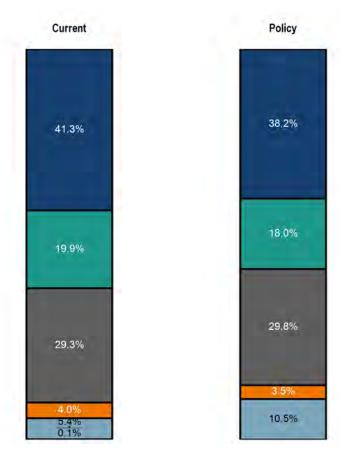


Policy Index: 14.4% Russell 1000 Value, 11.3% Russell 1000 Growth, 4.8% S&P 500, 4.0% Russell 2000 Value, 3.7% Russell 2000 Growth, 18.0% MSCI ACWI ex USA, 29.8% Barclays Aggregate, 3.5% DJ US Select RESI, 7.5% 9% Annual, 3% CPI + 4%. US Equity Blended: 80% Russell 1000, 20% Russell 2000. All data is preliminary.

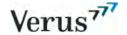


	Market Value	% of Portfolio	1 Mo	Fiscal YTD	YTD
Real Estate	73,176,791	4.0	-2.3	-2.0	4.0
DJ US Select RESI			-5.6	-6.8	3.3
Prime Property Fund	16,494,067	0.9	0.0	2.3	6.7
NCREIF-ODCE			0.0	2.1	6.5
American Strategic Value Realty	15,385,650	0.8	0.0	2.2	8.5
NCREIF Property Index			0.0	1.8	6.1
BlackRock US Real Estate	29,070,602	1.6	-5.6	-6.8	3.2
DJ US Select RESI TR USD			-5.6	-6.8	3.3
Greenfield Gap	12,226,472	0.7			
Direct Lending	90,290,298	5.0			
Medley Capital	24,244,295	1.3			
Raven Capital	19,169,345	1.1			
Raven Opportunity III	10,024,379	0.6			
White Oak Pinnacle	36,852,280	2.0			
Infrastructure	7,232,431	0.4			
MS Infrastructure Partners II	7,232,431	0.4			
Cash Account	2,353,810	0.1	-0.3	0.2	0.8

Alternatives Cash and Equivalents	\$97,522,729 \$2,353,810	5.4% 0.1%	\$190,064,962 	10.5%
Real Estate	\$73,176,791	4.0%	\$63,354,987	3.5%
Domestic Fixed Income	\$530,321,704	29.3%	\$539,422,463	29.8%
International Equity	\$359,988,115	19.9%	\$325,825,649	18.0%
Domestic Equity	\$746,779,345	41.3%	\$691,474,433	38.2%
	Current	%	Policy	%



Policy Index: 14.4% Russell 1000 Value, 11.3% Russell 1000 Growth, 4.8% S&P 500, 4.0% Russell 2000 Value, 3.7% Russell 2000 Growth, 18.0% MSCI ACWI ex USA, 29.8% Barclays Aggregate, 3.5% DJ US Select RESI, 7.5% 9% Annual, 3% CPI + 4%. US Equity Blended: 80% Russell 1000, 20% Russell 2000. Cash Account includes cash held at Northern Trust for all closed end funds. All data is preliminary.



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Stanislaus County Employees' Retirement Association

Investment Performance Review Period Ending: September 30, 2016

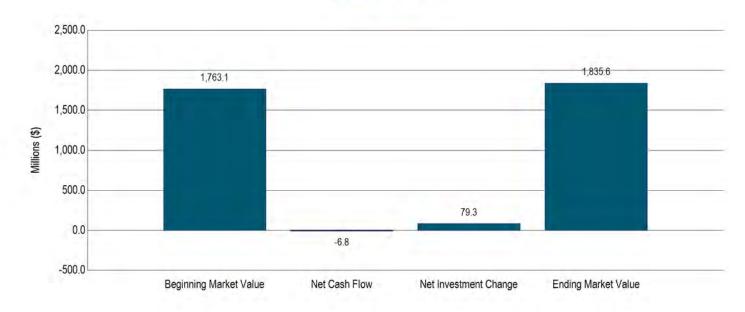


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Portfolio Reconciliation

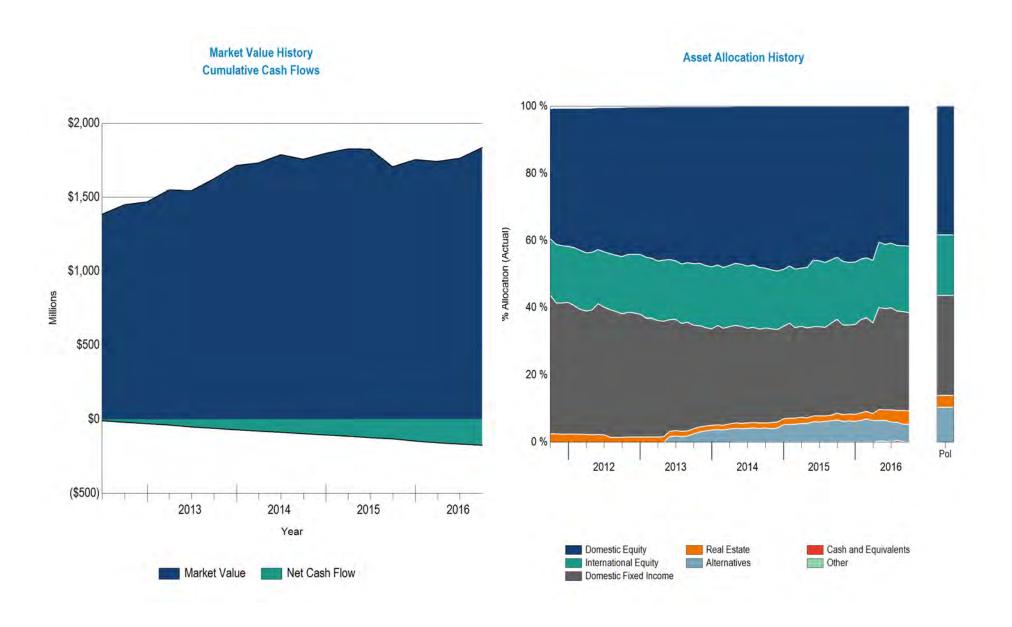
	Last Three Months	Year-To-Date
Beginning Market Value	\$1,763,136,187	\$1,754,035,445
Net Cash Flow	-\$6,827,822	-\$24,861,342
Net Investment Change	\$79,318,804	\$106,453,066
Ending Market Value	\$1,835,627,169	\$1,835,627,169

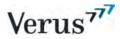
Change in Market Value Last Three Months



Contributions and withdrawals may include intra-account transfers between managers/funds.

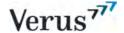






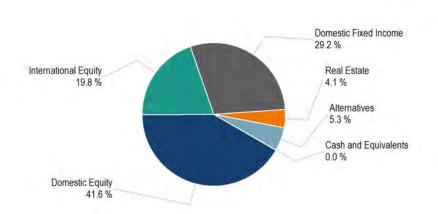
Current	Policy		Current Balance	Current Allocation	Policy	Difference	Policy Range	Within IPS Range?
4.9%	4.8%	Domestic Equity Large Cap Core	\$89,751,813	4.9%	4.8%	\$1,641,709	3.8% - 5.8%	Yes
11.9%	11.3%	Domestic Equity Large Cap Growth	\$219,154,814	11.9%	11.3%	\$11,728,944	7.8% - 14.8%	Yes
		Domestic Equity Large Cap Value	\$281,823,172	15.4%	14.4%	\$17,492,860	11.4% - 17.4%	Yes
	14.4%	Domestic Equity Small Cap Growth	\$83,776,817	4.6%	3.7%	\$15,858,611	2.7% - 4.7%	Yes
15.4%	14.4%	Domestic Equity Small Cap Value	\$89,638,317	4.9%	4.0%	\$16,213,231	3.0% - 5.0%	Yes
	3.7%	International Equity	\$363,628,509	19.8%	18.0%	\$33,215,619	15.0% - 21.0%	Yes
4.6%		Domestic Fixed Income	\$535,171,746	29.2%	29.8%	-\$11,845,151	26.0% - 33.6%	Yes
4.9%	4.0%	Real Estate	\$74,908,646	4.1%	3.5%	\$10,661,696	1.0% - 4.5%	Yes
4.576		Direct Lending	\$89,647,739	4.9%	7.5%	-\$48,024,299	2.5% - 9.0%	Yes
		Infrastructure	\$7,232,431	0.4%	3.0%	-\$47,836,384	0.0% - 4.0%	Yes
	18.0%	Cash and Equivalents	\$893,164	0.0%	0.0%	\$893,164	0.0% - 2.0%	Yes
19.8%		Total	\$1,835,627,169	100.0%	100.0%			
29.2%	29.8%							
4.1% 4.9% 0.4%	7.5% 3.0% 0.0%							

Cash Account includes cash held at Northern Trust for all closed end funds.

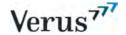


	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Total Fund	4.5	6.1	10.0	6.3	10.5	6.1
Policy Index	3.2	7.2	10.6	6.5	9.8	6.2
InvestorForce Public DB Gross Rank	9	76	39	38	19	25
US Equity	6.4	6.9	13.4	9.3	16.7	6.8
US Equity Blended	5.0	8.6	15.1	10.0	16.4	7.6
Russell 3000	4.4	8.2	15.0	10.4	16.4	7.4
InvestorForce All DB US Eq Gross Rank	9	75	66	63	19	77
International Equity	7.3	5.5	9.6	1.1	7.5	3.1
MSCI ACWI ex USA Gross	7.0	6.3	9.8	0.6	6.5	2.6
InvestorForce All DB ex-US Eq Gross Rank	40	63	55	59	54	34
US Fixed Income	1.5	6.9	7.0	4.7	4.5	5.9
Barclays Aggregate	0.5	5.8	5.2	4.0	3.1	4.8
InvestorForce All DB US Fix Inc Gross Rank	41	51	42	44	49	42
Real Estate	0.4	7.2	12.8	15.1	10.6	
DJ US Select RESI	-1.2	9.4	17.7	14.2	13.0	
Direct Lending	0.0	1.6	2.8	6.4		
9% Annual	0.0	4.4	6.7	8.2		
Infrastructure	0.0	8.4	8.0			
CPI + 5%	0.0	4.4	5.1			

Current Allocation



Policy Index: 14.4% Russell 1000 Value, 11.3% Russell 1000 Growth, 4.8% S&P 500, 4.0% Russell 2000 Value, 3.7% Russell 2000 Growth, 18.0% MSCI ACWI ex USA, 29.8% Barclays Aggregate, 3.5% DJ US Select RESI, 7.5% 9% Annual, 3% CPI + 4%. US Equity Blended: 80% Russell 1000, 20% Russell 2000.

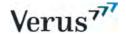


	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Total Fund	4.4	5.8	9.5	5.9	10.1	5.7
Policy Index	3.2	7.2	10.6	6.5	9.8	6.2
US Equity	6.3	6.6	13.0	9.1	16.4	6.5
US Equity Blended	5.0	8.6	15.1	10.0	16.4	7.6
Russell 3000	4.4	8.2	15.0	10.4	16.4	7.4
International Equity	7.2	5.0	8.9	0.7	7.0	2.6
MSCI ACWI ex USA Gross	7.0	6.3	9.8	0.6	6.5	2.6
US Fixed Income	1.5	6.8	6.8	4.6	4.4	5.8
Barclays Aggregate	0.5	5.8	5.2	4.0	3.1	4.8
Real Estate	0.4	6.5	11.6	14.0	9.4	
DJ US Select RESI	-1.2	9.4	17.7	14.2	13.0	
Direct Lending	0.0	0.3	1.0	4.2		
9% Annual	0.0	4.4	6.7	8.2		
Infrastructure	0.0	4.6	2.1			
CPI + 5%	0.0	4.4	5.1			

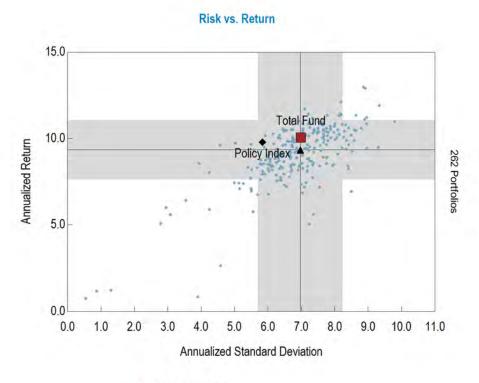
International Equity 19.8 % Real Estate 4.1 % Alternatives 5.3 % Cash and Equivalents 0.0 %

Current Allocation

Policy Index: 14.4% Russell 1000 Value, 11.3% Russell 1000 Growth, 4.8% S&P 500, 4.0% Russell 2000 Value, 3.7% Russell 2000 Growth, 18.0% MSCI ACWI ex USA, 29.8% Barclays Aggregate, 3.5% DJ US Select RESI, 7.5% 9% Annual, 3% CPI + 4%. US Equity Blended: 80% Russell 1000, 20% Russell 2000.



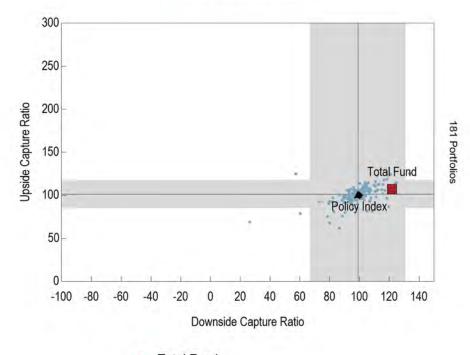
	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
Total Fund	10.06%	0.28%	6.99%	-1.37%	1.17	1.83%	0.95	1.43	0.15	107.39%	121.94%



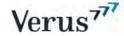


- Policy Index
- Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Gross

Up Markets vs. Down Markets

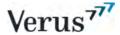


- Total Fund
- Policy Index
- Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Gross



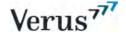
	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011
Total Fund	1,835,627,169	100.0	4.5	6.1	10.0	6.3	10.5	6.1	-0.3	6.9	19.8	14.3	-0.3
Policy Index			3.2	7.2	10.6	6.5	9.8	6.2	0.2	7.5	15.4	12.3	1.4
InvestorForce Public DB Gross Rank			9	76	39	38	19	25	61	23	12	10	75
US Equity	764,144,934	41.6	6.4	6.9	13.4	9.3	16.7	6.8	-0.2	10.9	36.9	18.8	0.5
US Equity Blended			5.0	8.6	15.1	10.0	16.4	7.6	-0.1	11.6	34.3	16.7	0.7
Russell 3000			4.4	8.2	15.0	10.4	16.4	7.4	0.5	12.6	33.6	16.4	1.0
InvestorForce All DB US Eq Gross Rank			9	75	66	63	19	77	63	54	13	6	49
Mellon S&P 500	89,751,813	4.9	3.9	7.9	15.5	11.2	16.4	7.3	1.4	13.7	32.4	16.0	2.1
S&P 500			3.9	7.8	15.4	11.2	16.4	7.2	1.4	13.7	32.4	16.0	2.1
eA US Large Cap Core Equity Gross Rank			49	29	17	30	36	67	41	42	58	40	40
BlackRock Russell 1000 Growth	89,150,011	4.9	4.6	6.1	13.9	11.9	16.7		5.7	13.1	33.5	15.4	2.8
Russell 1000 Growth			4.6	6.0	13.8	11.8	16.6		5.7	13.0	33.5	15.3	2.6
eA US Large Cap Growth Equity Gross Rank			63	24	23	32	38		42	37	56	53	21
Jackson Square	130,004,803	7.1	7.4	-0.4	8.5	10.1	16.3	9.0	5.9	13.8	35.6	17.0	8.9
Russell 1000 Growth			4.6	6.0	13.8	11.8	16.6	8.8	5.7	13.0	33.5	15.3	2.6
eA US Large Cap Growth Equity Gross Rank			18	95	79	67	46	45	39	32	39	36	3
BlackRock Russell 1000 Value	105,165,452	5.7	3.5	10.0	16.2	9.8	16.2		-3.6	13.5	32.6	17.6	0.5
Russell 1000 Value			3.5	10.0	16.2	9.7	16.2		-3.8	13.5	32.5	17.5	0.4
eA US Large Cap Value Equity Gross Rank			58	30	28	36	32		62	31	59	30	50
Dodge & Cox-Equity	176,657,720	9.6	8.7	9.9	15.0	9.5	17.5	6.2	-3.9	10.9	39.1	22.3	-3.0
Russell 1000 Value			3.5	10.0	16.2	9.7	16.2	5.9	-3.8	13.5	32.5	17.5	0.4
eA US Large Cap Value Equity Gross Rank			4	30	38	44	12	75	64	72	15	3	75
Legato Capital	83,776,817	4.6	6.9	2.1	7.8	4.1	15.4		-0.7	3.0	47.3	18.1	-2.0
Russell 2000 Growth			9.2	7.5	12.1	6.6	16.1		-1.4	5.6	43.3	14.6	-2.9
eA US Small Cap Growth Equity Gross Rank			69	87	71	79	66		52	57	41	24	54
Capital Prospects	89,638,317	4.9	8.1	13.3	15.4	6.8	17.0		-7.0	5.8	37.9	23.8	-4.0
Russell 2000 Value			8.9	15.5	18.8	6.8	15.4		-7.5	4.2	34.5	18.1	-5.5
eA US Small Cap Value Equity Gross Rank			39	42	56	66	47		72	51	53	9	59

Individual closed end funds are not shown in performance summary table.



	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011
International Equity	363,628,509	19.8	7.3	5.5	9.6	1.1	7.5	3.1	-3.7	-4.2	20.0	18.0	-13.1
MSCI ACWI ex USA Gross			7.0	6.3	9.8	0.6	6.5	2.6	-5.3	-3.4	15.8	17.4	-13.3
InvestorForce All DB ex-US Eq Gross Rank			40	63	55	59	54	34	51	70	35	63	51
LSV Asset Mgt	180,298,142	9.8	9.0	6.2	9.9	0.9	7.2	2.8	-5.1	-4.0	20.4	16.7	-12.5
MSCI ACWI ex USA Gross			7.0	6.3	9.8	0.6	6.5	2.6	-5.3	-3.4	15.8	17.4	-13.3
eA ACWI ex-US Equity Unhedged Gross Rank			15	41	51	79	82	83	86	65	46	78	55
Fidelity	183,330,367	10.0	5.8	4.5	9.1	1.2	7.8	3.5	-2.0	-4.5	19.6	19.3	-13.5
MSCI ACWI ex USA Gross			7.0	6.3	9.8	0.6	6.5	2.6	-5.3	-3.4	15.8	17.4	-13.3
eA ACWI ex-US Equity Unhedged Gross Rank			75	59	59	78	72	66	66	70	55	55	63
US Fixed Income	535,171,746	29.2	1.5	6.9	7.0	4.7	4.5	5.9	0.3	6.2	0.3	7.9	5.9
Barclays Aggregate			0.5	5.8	5.2	4.0	3.1	4.8	0.6	6.0	-2.0	4.2	7.8
InvestorForce All DB US Fix Inc Gross Rank			41	51	42	44	49	42	42	42	21	48	77
Dodge & Cox-Fixed	417,932,175	22.8	1.7	7.1	7.3	4.9	4.9	6.0	0.2	6.5	0.9	8.4	5.4
Barclays Aggregate			0.5	5.8	5.2	4.0	3.1	4.8	0.6	6.0	-2.0	4.2	7.8
eA US Core Fixed Inc Gross Rank			3	12	5	17	6	10	89	26	3	9	95
PIMCO	117,239,570	6.4	0.9	6.2	5.9	3.9	3.3	-	0.9	5.0	-2.2	5.8	8.6
Barclays Aggregate			0.5	5.8	5.2	4.0	3.1		0.6	6.0	-2.0	4.2	7.8
eA US Core Fixed Inc Gross Rank			25	48	39	85	76		49	83	89	54	19
Real Estate	74,908,646	4.1	0.4	7.2	12.8	15.1	10.6		12.1	28.3	1.4	5.6	-10.2
DJ US Select RESI			-1.2	9.4	17.7	14.2	13.0		4.5	31.9	1.3	16.1	0.4
Prime Property Fund	16,494,067	0.9	2.5	7.5	11.2		-	-		-	-	-	
NCREIF-ODCE			2.1	6.5	10.1								
American Strategic Value Realty	15,385,650	0.8	2.2	9.4	15.0				21.4				
NCREIF Property Index			1.8	6.1	9.2				13.3				
BlackRock US Real Estate	30,802,458	1.7	-1.2	9.4	17.7	14.2			4.4	31.9	1.4		
DJ US Select RESI TR USD			-1.2	9.4	17.7	14.2			4.5	31.9	1.3		
eA US REIT Gross Rank			61	72	66	70			58	39	91		

Individual closed end funds are not shown in performance summary table.



	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011	Return	Since
Total Fund	1,835,627,169	100.0	4.4	5.8	9.5	5.9	10.1	5.7	-0.6	6.5	19.2	14.0	-0.6		Dec-94
Policy Index			3.2	7.2	10.6	6.5	9.8	6.2	0.2	7.5	15.4	12.3	1.4	8.1	Dec-94
US Equity	764,144,934	41.6	6.3	6.6	13.0	9.1	16.4	6.5	-0.4	10.7	36.5	18.5	0.2	6.2	Jun-01
US Equity Blended			5.0	8.6	15.1	10.0	16.4	7.6	-0.1	11.6	34.3	16.7	0.7	6.5	Jun-01
Russell 3000			4.4	8.2	15.0	10.4	16.4	7.4	0.5	12.6	33.6	16.4	1.0	6.3	Jun-01
Mellon S&P 500	89,751,813	4.9	3.9	7.8	15.4	11.2	16.4	7.2	1.4	13.7	32.4	16.0	1.9	8.8	Apr-03
S&P 500			3.9	7.8	15.4	11.2	16.4	7.2	1.4	13.7	32.4	16.0	2.1	8.8	Apr-03
BlackRock Russell 1000 Growth	89,150,011	4.9	4.6	6.1	13.8	11.9	16.6		5.7	13.1	33.5	15.4	2.8	16.1	Jun-10
Russell 1000 Growth			4.6	6.0	13.8	11.8	16.6		5.7	13.0	33.5	15.3	2.6	16.0	Jun-10
Jackson Square	130,004,803	7.1	7.3	-0.8	7.9	9.7	15.9	8.5	5.5	13.4	34.9	16.6	8.3	8.6	Aug-06
Russell 1000 Growth			4.6	6.0	13.8	11.8	16.6	8.8	5.7	13.0	33.5	15.3	2.6	9.1	Aug-06
BlackRock Russell 1000 Value	105,165,452	5.7	3.5	10.0	16.2	9.8	16.2		-3.6	13.5	32.6	17.6	0.5	13.6	Jul-09
Russell 1000 Value			3.5	10.0	16.2	9.7	16.2		-3.8	13.5	32.5	17.5	0.4	13.4	Jul-09
Dodge & Cox-Equity	176,657,720	9.6	8.7	9.8	14.8	9.3	17.3	6.0	-4.0	10.7	38.8	22.1	-3.2	11.8	Dec-94
Russell 1000 Value			3.5	10.0	16.2	9.7	16.2	5.9	-3.8	13.5	32.5	17.5	0.4	9.9	Dec-94
Legato Capital	83,776,817	4.6	6.5	0.9	6.1	3.1	14.4		-1.8	2.5	46.0	17.4	-2.9	14.8	Dec-08
Russell 2000 Growth			9.2	7.5	12.1	6.6	16.1		-1.4	5.6	43.3	14.6	-2.9	15.7	Dec-08
Capital Prospects	89,638,317	4.9	7.7	12.1	13.7	5.8	16.0		-7.9	5.2	36.8	23.2	-4.8	14.5	Dec-08
Russell 2000 Value			8.9	15.5	18.8	6.8	15.4		-7.5	4.2	34.5	18.1	-5.5	12.6	Dec-08
International Equity	363,628,509	19.8	7.2	5.0	8.9	0.7	7.0	2.6	-4.0	-4.5	19.4	17.5	-13.6	4.9	Jun-01
MSCI ACWI ex USA Gross			7.0	6.3	9.8	0.6	6.5	2.6	-5.3	-3.4	15.8	17.4	-13.3	5.8	Jun-01
LSV Asset Mgt	180,298,142	9.8	8.8	5.7	9.2	0.6	6.7	2.2	-5.4	-4.2	19.8	16.2	-13.0	5.9	Aug-04
MSCI ACWI ex USA Gross			7.0	6.3	9.8	0.6	6.5	2.6	-5.3	-3.4	15.8	17.4	-13.3	6.2	Aug-04
Fidelity	183,330,367	10.0	5.7	4.0	8.4	0.8	7.4	3.0	-2.3	-4.9	19.1	18.8	-13.9	2.7	Apr-06
MSCI ACWI ex USA Gross			7.0	6.3	9.8	0.6	6.5	2.6	-5.3	-3.4	15.8	17.4	-13.3	2.4	Apr-06
US Fixed Income	535,171,746	29.2	1.5	6.8	6.8	4.6	4.4	5.8	0.2	6.1	0.1	7.7	5.7	5.9	Jun-01
Barclays Aggregate			0.5	5.8	5.2	4.0	3.1	4.8	0.6	6.0	-2.0	4.2	7.8	5.0	Jun-01
Dodge & Cox-Fixed	417,932,175	22.8	1.6	7.0	7.2	4.8	4.8	5.9	0.1	6.4	0.8	8.3	5.3	6.9	Dec-94
Barclays Aggregate			0.5	5.8	5.2	4.0	3.1	4.8	0.6	6.0	-2.0	4.2	7.8	6.0	Dec-94
PIMCO	117,239,570	6.4	0.9	5.9	5.5	3.6	3.0		0.6	4.7	-2.5	5.5	8.2	4.0	May-10
Barclays Aggregate			0.5	5.8	5.2	4.0	3.1		0.6	6.0	-2.0	4.2	7.8	3.9	May-10

Individual closed end funds are not shown in performance summary table.



	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2015	2014	2013	2012	2011	Return Since
Real Estate	74,908,646	4.1	0.4	6.5	11.6	14.0	9.4		10.5	27.4	1.3	2.7	-10.8	2.9 Feb-08
DJ US Select RESI			-1.2	9.4	17.7	14.2	13.0		4.5	31.9	1.3	16.1	0.4	6.0 Feb-08
Prime Property Fund	16,494,067	0.9	2.3	6.7	10.0									10.0 Sep-15
NCREIF-ODCE			2.1	6.5	10.1									10.1 Sep-15
American Strategic Value Realty	15,385,650	0.8	2.2	8.5	13.2				18.3					15.3 Dec-14
NCREIF Property Index			1.8	6.1	9.2				13.3					11.1 Dec-14
BlackRock US Real Estate	30,802,458	1.7	-1.3	9.3	17.6	14.2			4.4	31.9	1.3			11.8 Sep-12
DJ US Select RESI TR USD			-1.2	9.4	17.7	14.2			4.5	31.9	1.3			11.8 Sep-12



			1		Ve	erus Internal Ana	ysis		- 1	
Inception Date	Manager Name/Fund Name	Estimated Market Value as of 9/30/16 ³	Total Commitment	Capital Called	% Called	Remaining Commitment	Total Distributions	Distrib./ Paid-In (DPI) ¹	Tot. Value/ Paid-In (TVPI) ²	Latest Valuation
Real Estate			A111111	400 000	-,-	4.10				
07/31/2014	Greenfield Gap	\$12,226,472	\$15,000,000	\$10,138,666	68%	\$4,861,334	\$0	0.0%	120.6%	06/30/2016
	Total Real Estate	\$12,226,472	\$15,000,000	\$10,138,666	68%	\$4,861,334	\$0	0.0%	120.6%	
	% of Portfolio (Market Value)	0.7%								
Direct Lend	ling			175.00		- 1.00			- 3.1	
arms as the term industri	Medley Capital	\$26,567,784	\$30,000,000	\$29,000,453	97%	\$999,547	\$11,326,449	39.1%	130.7%	06/30/2016
	Raven Capital	\$19,169,345	\$40,000,000	\$34,505,763	86%	\$5,494,237	\$18,248,690	52.9%	108.4%	06/30/2016
Service Services States of the Contract of the	Raven Opportunity III	\$8,057,041	\$50,000,000	\$13,674,407	27%	\$36,325,593	\$5,182,527	37.9%	96.8%	06/30/2016
08/31/2013	White Oak Pinnacle	\$35,853,568	\$40,000,000	\$40,000,000 4	100%	\$4,494,049	\$15,726,694	39.3%	129.0%	06/30/2016
	Total Direct Lending	\$89,647,739	\$160,000,000	\$117,180,623	73%	\$47,313,426	\$50,484,360	43.1%	119.6%	
	% of Portfolio (Market Value)	4.9%								
nfrastructu	ire		-1.7.3.4		_ 7.	-1.600	- 112	-7		L,
05/31/2015	MS Infrastructure Partners II	\$7,232,431	\$50,000,000	\$7,974,422	16%	\$42,025,578	\$1,295,430	16.2%	106.9%	06/30/2016
	Total Infrastructure	\$7,232,431	\$50,000,000	\$7,974,422	16%	\$42,025,578	\$1,295,430	16.2%	106.9%	
	% of Portfolio (Market Value)	0.4%								

⁴ Includes deemed contributions, which are amounts withheld from distributions and applied to fulfill capital calls.



^{1 (}DPI) is equal to (capital returned / capital called) 2 (TVPI) is equal to (market value + capital returned) / capital called

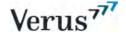
³ Last known market value + capital calls - distributions

Real Estate	Inception	Fund Level (G)	StanCERA (G)	Fund Level (N)	StanCERA (N)	IRR Date
Greenfield Gap	07/31/2014	19.8%	22.8%	16.1%	15.7%	06/30/2016
Direct Lending			1.22			
Medley Capital	05/31/2013	8.1%	6.7%	6.5%	4.6%	06/30/2016
Raven Capital	05/31/2013	8.1%	8.1%	3.7%	3.9%	06/30/2016
Raven Opportunity III	07/31/2015	13.7%	13.7%	-2.7%	-1.3%	06/30/2016
White Oak Pinnacle	08/31/2013	14.5%	15.2%	9.0%	9.4%	09/30/2016
Infrastructure						
MS Infrastructure Partners II	05/31/2015	10.6%	9.7%	-3.3%	-7.4%	06/30/2016

				;	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
Mellon S&P 500	11.16%	-0.01%	8.31%	0.00%	1.00	0.03%	1.00	1.33	-0.19	99.90%	99.75%
BlackRock Russell 1000 Growth	11.87%	0.04%	8.06%	0.03%	1.00	0.05%	1.00	1.46	0.84	100.36%	100.07%
Jackson Square	9.66%	-2.16%	11.42%	-5.71%	1.30	5.17%	0.84	0.84	-0.42	88.37%	136.05%
BlackRock Russell 1000 Value	9.78%	0.07%	9.07%	0.11%	1.00	0.06%	1.00	1.07	1.32	100.27%	98.83%
Dodge & Cox-Equity	9.28%	-0.43%	10.55%	-0.82%	1.04	4.68%	0.80	0.87	-0.09	98.74%	107.58%
Legato Capital	3.08%	-3.50%	13.75%	-3.33%	0.97	2.96%	0.95	0.22	-1.18	80.28%	109.39%
Capital Prospects	5.85%	-0.93%	11.57%	-0.20%	0.89	2.56%	0.96	0.50	-0.36	86.42%	91.25%
LSV Asset Mgt	0.55%	-0.08%	12.09%	-0.16%	1.13	2.07%	0.98	0.04	-0.04	117.89%	115.66%
Fidelity	0.78%	0.15%	10.01%	0.20%	0.91	2.64%	0.94	0.07	0.06	92.27%	91.54%
Dodge & Cox-Fixed	4.83%	0.81%	2.51%	1.88%	0.73	1.69%	0.63	1.89	0.48	97.89%	-8.27%
PIMCO	3.60%	-0.43%	2.46%	0.04%	0.88	0.61%	0.96	1.42	-0.70	87.99%	84.97%
BlackRock US Real Estate	14.18%	-0.06%	13.27%	-0.05%	1.00	0.05%	1.00	1.06	-1.17	99.66%	100.12%

				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
Mellon S&P 500	16.36%	-0.01%	9.83%	0.01%	1.00	0.02%	1.00	1.66	-0.37	99.87%	99.65%
BlackRock Russell 1000 Growth	16.65%	0.05%	10.25%	0.05%	1.00	0.05%	1.00	1.62	1.06	100.32%	99.67%
Jackson Square	15.87%	-0.73%	12.94%	-4.17%	1.21	4.32%	0.92	1.22	-0.17	98.85%	121.12%
BlackRock Russell 1000 Value	16.21%	0.06%	10.35%	0.09%	1.00	0.05%	1.00	1.56	1.14	100.25%	99.04%
Dodge & Cox-Equity	17.32%	1.17%	11.34%	0.78%	1.02	3.97%	0.88	1.52	0.29	110.78%	108.39%
Legato Capital	14.40%	-1.75%	14.65%	-1.35%	0.98	3.06%	0.96	0.98	-0.57	89.10%	100.83%
Capital Prospects	16.03%	0.58%	13.05%	1.15%	0.96	2.97%	0.95	1.22	0.19	101.46%	94.21%
LSV Asset Mgt	6.73%	0.20%	12.94%	-0.38%	1.09	1.83%	0.99	0.51	0.11	112.90%	112.36%
Fidelity	7.36%	0.84%	11.30%	1.23%	0.94	2.30%	0.96	0.64	0.36	98.72%	88.32%
Dodge & Cox-Fixed	4.76%	1.68%	2.58%	2.47%	0.74	1.78%	0.60	1.81	0.95	123.14%	19.10%
PIMCO	3.04%	-0.04%	2.75%	-0.01%	0.99	0.67%	0.94	1.08	-0.06	98.26%	97.52%

Performance Analysis excludes closed end funds and those funds without 3 and 5 years of performance.



Total Fund Investment Fund Fee Analysis

Period Ending: September 30, 2016

Name	Asset Class	Fee Schedule	Market Value	Estimated Fee Value	Estimated Fee
Mellon S&P 500	Domestic Equity	0.04% of Assets	\$89,751,813	\$31,413	0.04%
BlackRock Russell 1000 Growth	Domestic Equity	0.02% of Assets	\$89,150,011	\$17,830	0.02%
Jackson Square	Domestic Equity	0.50% of First \$100.0 Mil, 0.45% Thereafter	\$130,004,803	\$635,022	0.49%
BlackRock Russell 1000 Value	Domestic Equity	0.02% of Assets	\$105,165,452	\$21,033	0.02%
Dodge & Cox-Equity	Domestic Equity	0.40% of First \$10.0 Mil, 0.20% of Next \$90.0 Mil, 0.15% Thereafter	\$176,657,720	\$334,987	0.19%
Legato Capital	Domestic Equity	0.77% of Assets	\$83,776,817	\$645,081	0.77%
Capital Prospects	Domestic Equity	0.75% of Assets	\$89,638,317	\$672,287	0.75%
LSV Asset Mgt	International Equity	0.75% of First \$25.0 Mil, 0.65% of Next \$25.0 Mil, 0.55% of Next \$50.0 Mil, 0.45% Thereafter	\$180,298,142	\$986,342	0.55%
Fidelity	International Equity	0.25% of Assets	\$183,330,367	\$458,326	0.25%
Dodge & Cox-Fixed	Domestic Fixed Income	0.40% of First \$4.0 Mil, 0.30% of Next \$6.0 Mil, 0.20% of Next \$10.0 Mil, 0.10% Thereafter	\$417,932,175	\$451,932	0.11%
PIMCO	Domestic Fixed Income	0.50% of First \$25.0 Mil, 0.38% of Next \$25.0 Mil, 0.25% Thereafter	\$117,239,570	\$386,849	0.33%
Prime Property Fund	Real Estate	0.84% of Assets	\$16,494,067	\$138,550	0.84%
American Strategic Value Realty	Real Estate	1.25% of First \$10.0 Mil, 1.20% of Next \$15.0 Mil, 1.10% of Next \$25.0 Mil, 1.00% Thereafter	\$15,385,650	\$189,628	1.23%
BlackRock US Real Estate	Real Estate	0.09% of First \$100.0 Mil, 0.07% Thereafter	\$30,802,458	\$27,722	0.09%
Cash Account	Cash and Equivalents	0.10% of Assets	\$893,164	\$893	0.10%
Total			\$1,726,520,526	\$4,997,895	0.29%

Closed end funds excluded from fee analysis. Fidelity has performance based fees which are not included in the analysis above; fee shown is the annual base fee only.

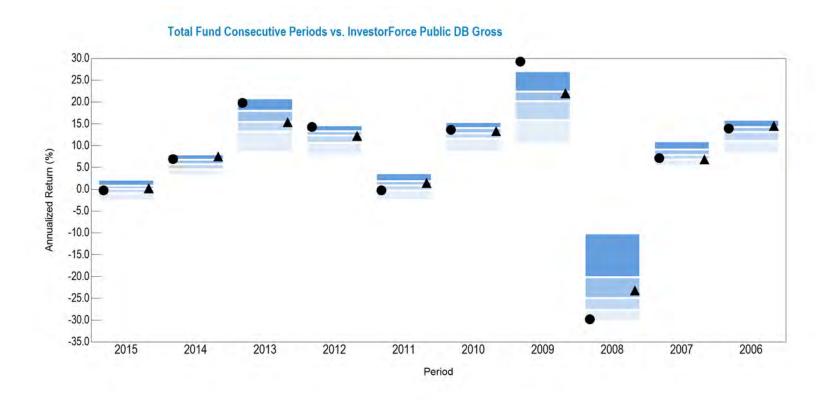


Total Fund Cumulative Performance vs. InvestorForce Public DB Gross 15.0 10.0 Annualized Return (%) 5.0 0.0 YTD 1 Year 5 Years 7 Years 10 Years Quarter 3 Years Period Return (Rank) 4.7 8.3 11.4 7.3 9.7 11.1 6.7 10.2 61

5th Percentile
25th Percentile
Median
75th Percentile
95th Percentile
of Portfolios

To

in Percentile	3.9		1.4		10.4		0.7		10.2		0.0		0.1		
edian	3.5		6.8		9.7		6.0		9.3		8.2		5.7		
th Percentile	3.0		6.2		8.9		5.3		8.4		7.4		5.2		
th Percentile	2.1		5.0		7.0		3.8		6.7		6.1		4.4		
of Portfolios	329		316		315		283		262		234		213		
otal Fund	4.5	(9)	6.1	(76)	10.0	(39)	6.3	(38)	10.5	(19)	9.1	(15)	6.1	(25)	
Policy Index	3.2	(64)	7.2	(33)	10.6	(20)	6.5	(30)	9.8	(40)	8.6	(36)	6.2	(21)	

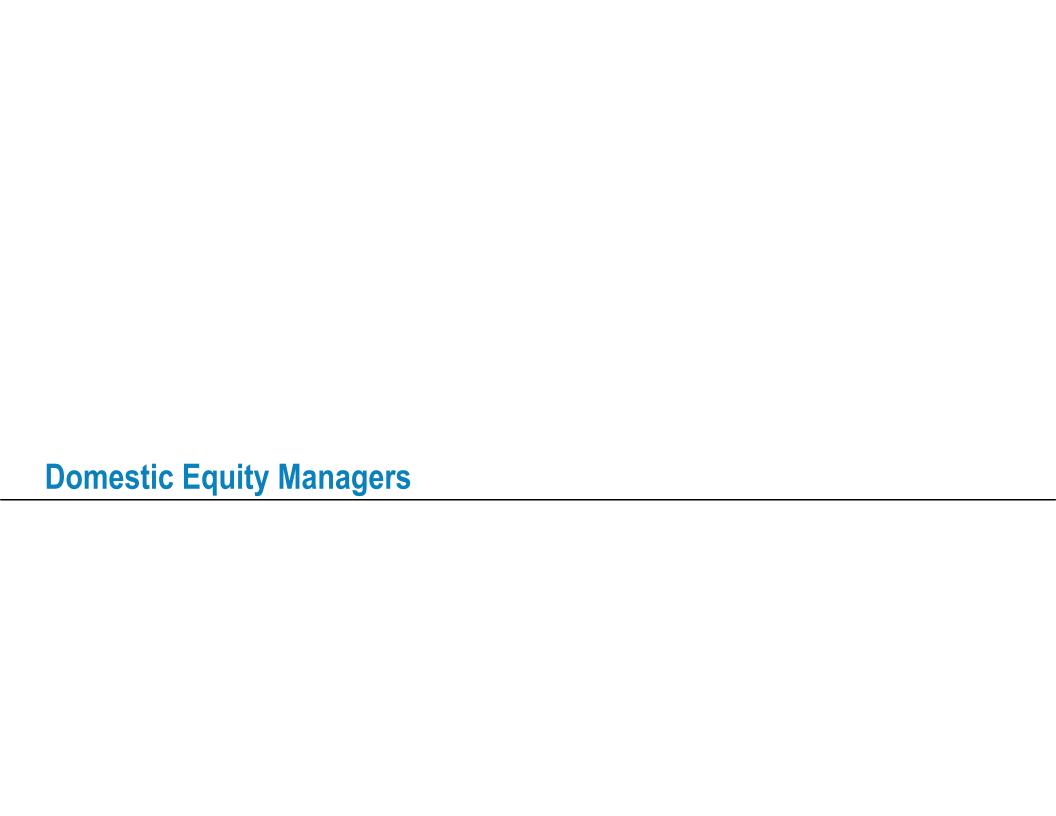


5th Percentile 25th Percentile Median 75th Percentile 95th Percentile # of Portfolios

● Total Fund ▲ Policy Index

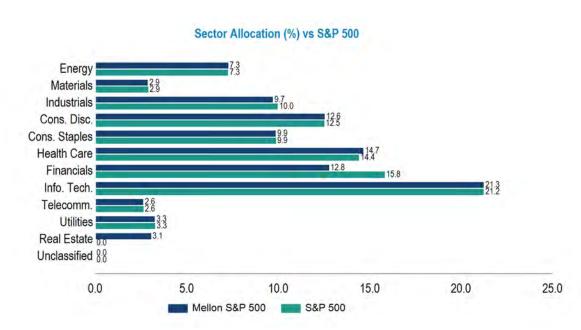
Return	(Rank)																		
2.2		8.0		20.8		14.6		3.6		15.4		27.0		-10.1		11.0		15.9	
0.9		6.8		18.0		13.4		1.9		14.0		22.4		-20.1		9.1		14.2	
0.1		5.8		15.5		12.4		0.9		12.9		20.2		-24.9		7.9		13.2	
-0.9		4.6		13.3		10.7		-0.3		11.7		15.9		-27.6		6.9		11.2	
-2.6		3.2		8.5		7.8		-2.5		8.6		10.5		-30.3		5.4		8.3	
316		248		231		236		206		188		184		181		177		171	
-0.3	(61)	6.9	(23)	19.8	(12)	14.3	(10)	-0.3	(75)	13.6	(35)	29.3	(1)	-29.8	(92)	7.1	(68)	13.9	(31)
0.2	(46)	7.5	(12)	15.4	(52)	12.3	(53)	1.4	(35)	13.3	(42)	22.0	(29)	-23.2	(37)	6.9	(76)	14.5	(22)





Characteristics

	Portfolio	S&P 500
Number of Holdings	499	505
Weighted Avg. Market Cap. (\$B)	135.28	134.71
Median Market Cap. (\$B)	18.75	18.90
Price To Earnings	23.18	22.71
Price To Book	4.75	4.51
Price To Sales	3.55	3.06
Return on Equity (%)	18.85	18.79
Yield (%)	2.12	2.11
Beta	1.00	1.00



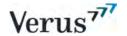
Largest Holdings

Top Contributors

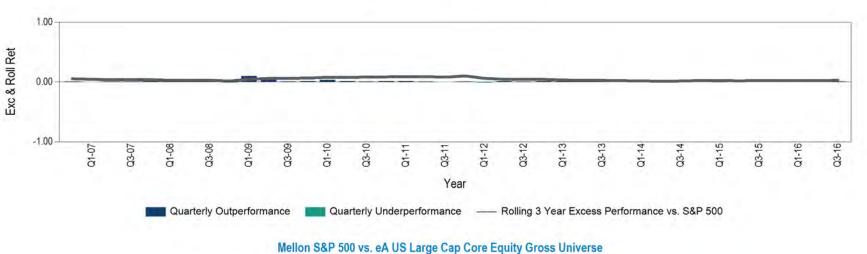
Bottom Contributors

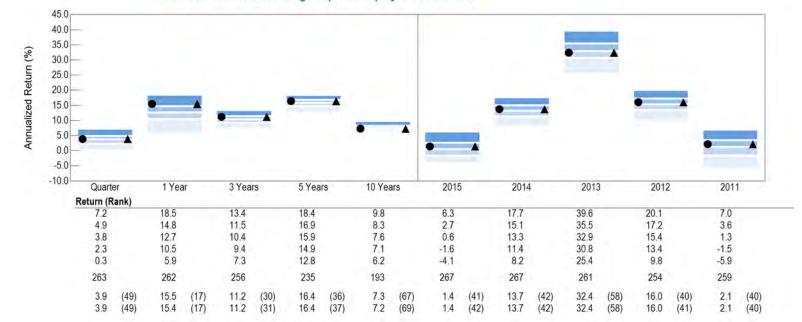
	=4.900	· · · · · · · · · · · · · · · · · · ·	•	op continuate							
		End Weight	Return		Avg Wgt	Return	Contribution	n	Avg Wgt	Return	Contribution
APF	PLE	3.25	18.89	APPLE	3.00	18.89	0.57	BRISTOL MYERS SQUIBB	0.61	-26.69	-0.16
ALP	HABET 'C'	2.49	12.31	MICROSOFT	2.32	13.27	0.31	EXXON MOBIL	2.00	-6.08	-0.12
MIC	ROSOFT	2.39	13.27	ALPHABET 'C'	2.38	12.31	0.29	GENERAL ELECTRIC	1.55	-5.18	-0.08
EΧΧ	ON MOBIL	1.93	-6.08	AMAZON.COM	1.55	17.00	0.26	VERIZON	1.19	-5.98	-0.07
AMA	AZON.COM	1.76	17.00	FACEBOOK CLASS A	1.51	12.24	0.18	COMMUNICATIONS	1.10		
JOH	INSON & JOHNSON	1.72	-1.96	BANK OF AMERICA	0.81	18.48	0.15	AT&T	1.40	-4.97	-0.07
FAC	EBOOK CLASS A	1.59	12.24	INTEL	0.87	15.97	0.14	WELLS FARGO & CO	1.21	-5.70	-0.07
BEF	RKSHIRE HATHAWAY 'B'	1.46	-0.22	QUALCOMM	0.47	28.95	0.14	COCA COLA	0.92	-5.87	-0.05
GEN	NERAL ELECTRIC	1.42	-5.18	JP MORGAN CHASE &	1.27	8.00	0.40	ALTRIA GROUP	0.71	-7.43	-0.05
AT8	τ	1.33	-4.97	CO.	1.27	0.00	0.10	CVS HEALTH	0.54	-6.64	-0.04
				BIOGEN	0.33	29.45	0.10	JOHNSON & JOHNSON	1.80	-1.96	-0.04

Unclassified sector allocation includes cash allocations.

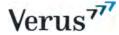


Rolling Annualized Excess Performance

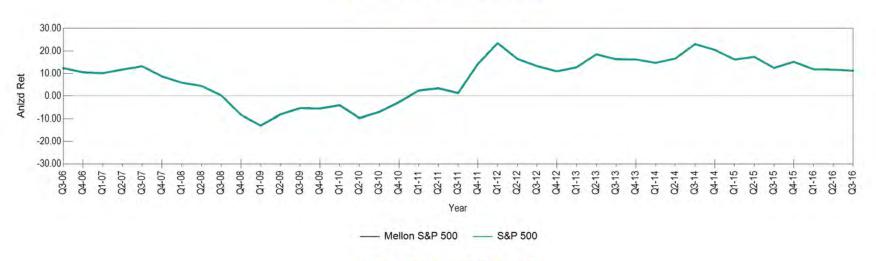




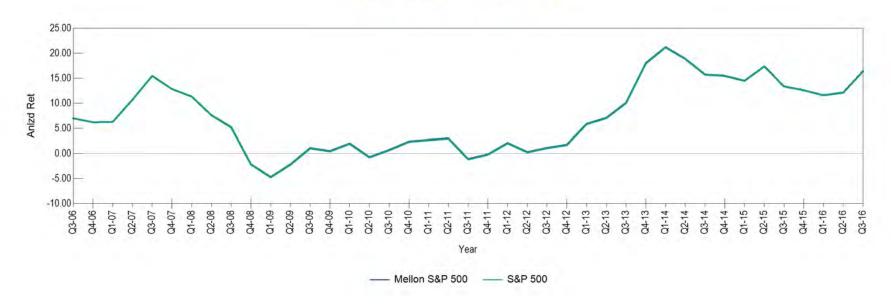
5th Percentile 25th Percentile Median 75th Percentile 95th Percentile # of Portfolios Mellon S&P 500 S&P 500

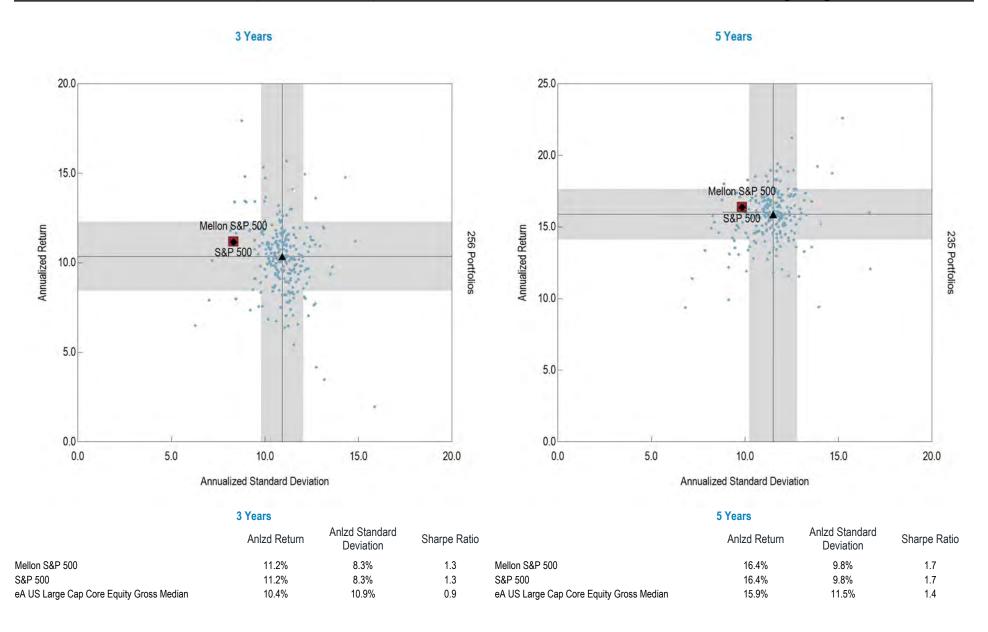






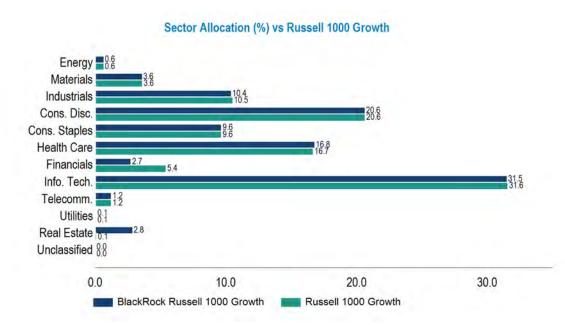
Rolling 5 Year Annualized Return (%)





Characteristics

	Portfolio	Russell 1000 Growth
Number of Holdings	597	599
Weighted Avg. Market Cap. (\$B)	135.66	135.66
Median Market Cap. (\$B)	8.94	8.86
Price To Earnings	26.76	26.31
Price To Book	6.96	6.76
Price To Sales	4.57	3.99
Return on Equity (%)	24.52	24.49
Yield (%)	1.53	1.53
Beta	1.00	1.00



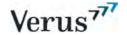
Largest Holdings

Top Contributors

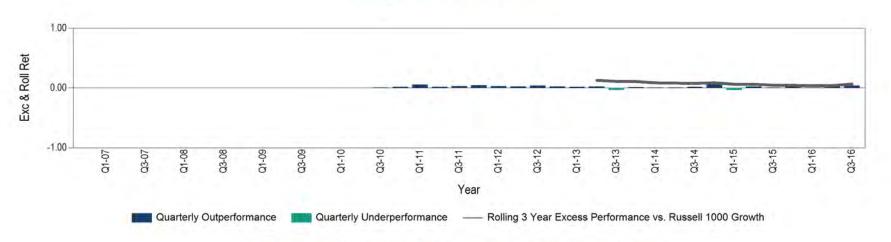
Bottom Contributors

3										
	End Weight	Return		Avg Wgt	Return	Contributio	n	Avg Wgt	Return	Contribution
APPLE	5.40	18.89	APPLE	4.90	18.89	0.93	BRISTOL MYERS SQUIBB	1.10	-26.69	-0.29
MICROSOFT	4.15	13.27	MICROSOFT	4.00	13.27	0.53	ALTRIA GROUP	1.27	-7.43	-0.09
AMAZON.COM	3.10	17.00	AMAZON.COM	2.79	17.00	0.47	COCA COLA	1.23	-5.87	-0.07
FACEBOOK CLASS A	2.74	12.24	FACEBOOK CLASS A	2.61	12.24	0.32	WALT DISNEY	1.49	-4.39	-0.07
ALPHABET 'A'	2.25	14.29	ALPHABET 'A'	2.14	14.29	0.31	VERIZON	1.07	-5.98	-0.06
ALPHABET 'C'	2.19	12.31	ALPHABET 'C'	2.11	12.31	0.26	COMMUNICATIONS	1.07	-5.50	-0.00
HOME DEPOT	1.52	1.29	BIOGEN	0.58	29.45	0.17	CVS HEALTH	0.91	-6.64	-0.06
VISA 'A'	1.50	11.69	VISA 'A'	1.42	11.69	0.17	DOLLAR GENERAL	0.24	-25.28	-0.06
WALT DISNEY	1.43	-4.39	MASTERCARD	0.86	15.82	0.14	KROGER	0.31	-19.03	-0.06
COMCAST 'A'	1.41	2.19	NVIDIA	0.27	46.02	0.12	LOWE'S COMPANIES	0.68	-8.40	-0.06
							COGNIZANT TECH.SLTN.'A'	0.33	-16.65	-0.06

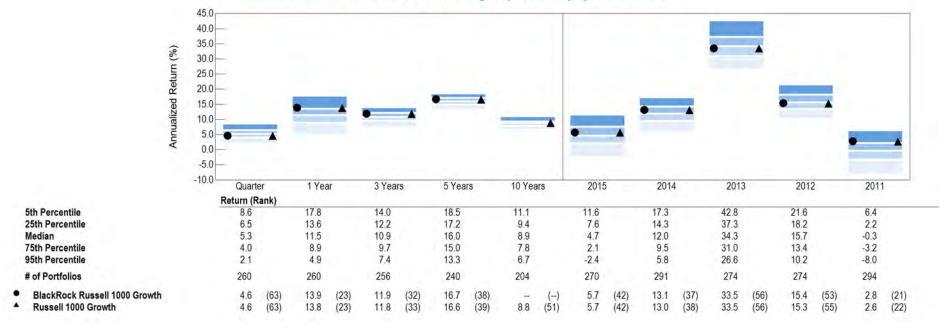
Unclassified sector allocation includes cash allocations.

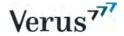


Rolling Annualized Excess Performance

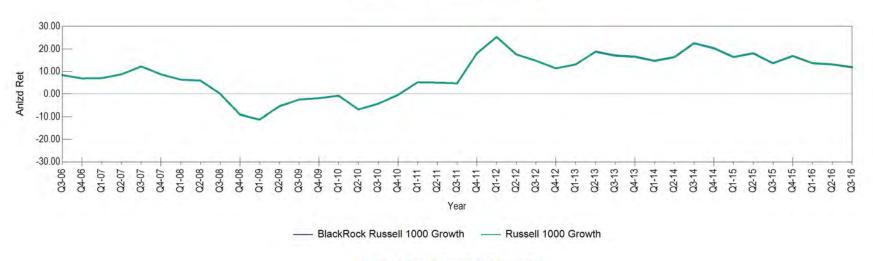


BlackRock Russell 1000 Growth vs. eA US Large Cap Growth Equity Gross Universe

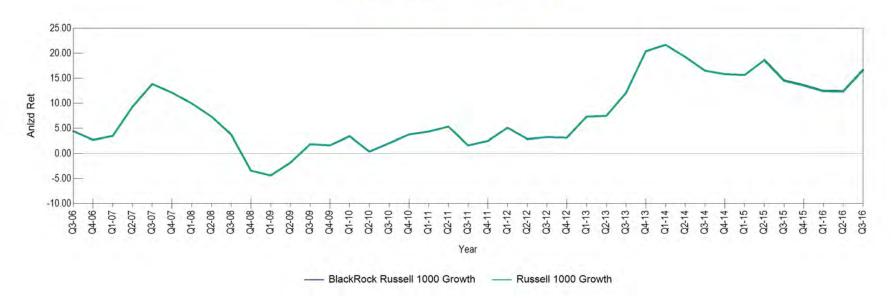


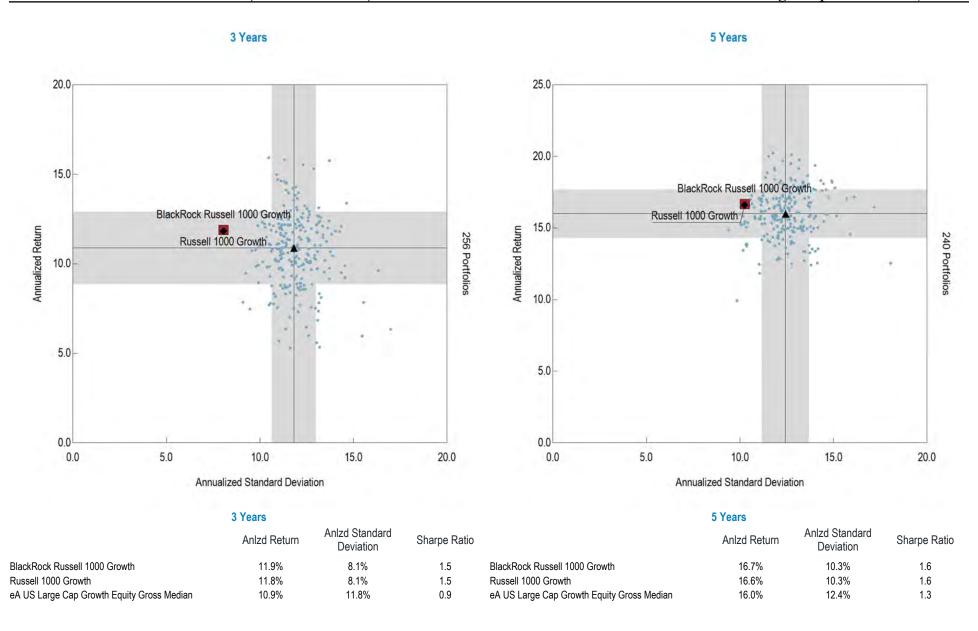


Rolling 3 Year Annualized Return (%)



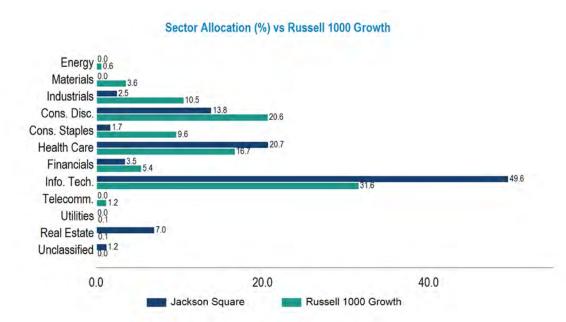
Rolling 5 Year Annualized Return (%)





Characteristics

	Portfolio	Russell 1000 Growth
Number of Holdings	32	599
Weighted Avg. Market Cap. (\$B)	98.72	135.66
Median Market Cap. (\$B)	31.80	8.86
Price To Earnings	33.88	26.31
Price To Book	6.63	6.76
Price To Sales	6.58	3.99
Return on Equity (%)	20.67	24.49
Yield (%)	0.98	1.53
Beta	1.30	1.00



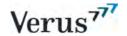
Largest Holdings

Top Contributors	
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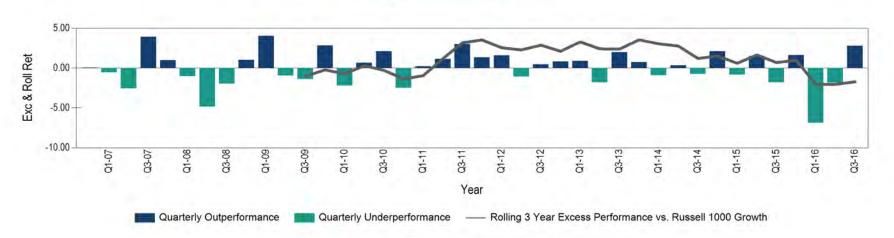
Bottom Contributors

·	End Weight	Return		Avg Wgt	Return	Contribution	1	Avg Wgt	Return	Contribution
VISA 'A'	5.84	11.69	EBAY	3.68	40.54	1.49	LIBERTY INTACT.QVC	4.40	-21.13	-0.93
PAYPAL HOLDINGS	5.47	12.22	QUALCOMM	5.03	28.95	1.45	GROUP 'A'	т.то	-21.10	-0.55
QUALCOMM	5.22	28.95	VISA 'A'	5.64	11.69	0.66	NOVO NORDISK 'B' ADR	2.42	-21.91	-0.53
CELGENE	4.94	5.98	MASTERCARD	4.17	15.82	0.66	1:1	F 00	c 00	0.24
MICROSOFT	4.78	13.27	MICROSOFT	4.71	13.27	0.63	CROWN CASTLE INTL.	5.02	-6.22	-0.31
CROWN CASTLE INTL.	4.70	-6.22	PAYPAL HOLDINGS	4.95	12.22	0.60	EQUINIX	2.67	-6.64	-0.18
MASTERCARD	4.42	15.82	ELECTRONIC ARTS	4.55	12.72	0.58	WALGREENS BOOTS ALLIANCE	4.06	-2.74	-0.11
ALLERGAN	4.41	-0.34	ALPHABET 'A'	3.77	14.29	0.54	DENTSPLY INTL.	2.36	-4.08	-0.10
EBAY	4.23	40.54	FACEBOOK CLASS A	4.05	12.24	0.50	TRIPADVISOR 'A'	2.98	-1.74	-0.05
FACEBOOK CLASS A	4.16	12.24	ALPHABET 'C'	2.94	12.31	0.36				
7710220011 02710071	1.10	12.21	, (211), (32)	2.01	12.01	0.00	INTUIT	2.19	-1.18	-0.03
							ALLERGAN	4.71	-0.34	-0.02
							LIBERTY GLOBAL LILAC CLASS C	0.10	-13.67	-0.01

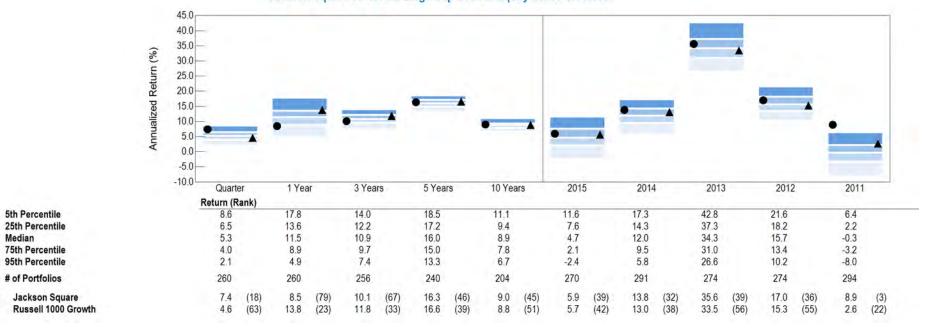
Unclassified sector allocation includes cash allocations.



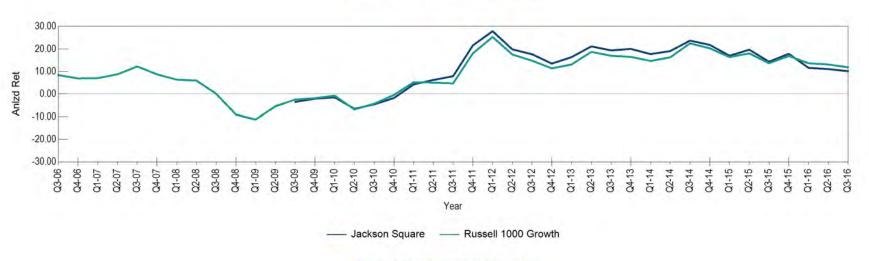
Rolling Annualized Excess Performance



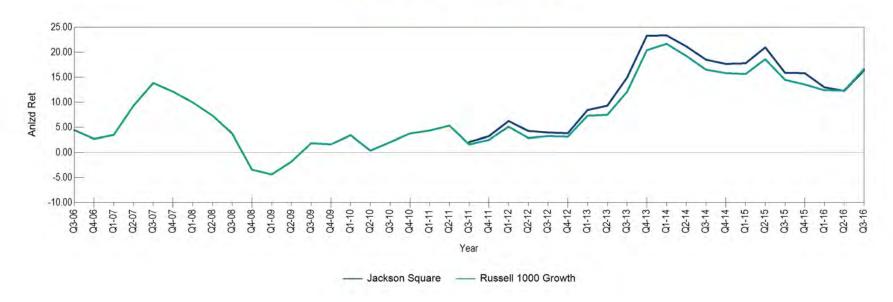
Jackson Square vs. eA US Large Cap Growth Equity Gross Universe

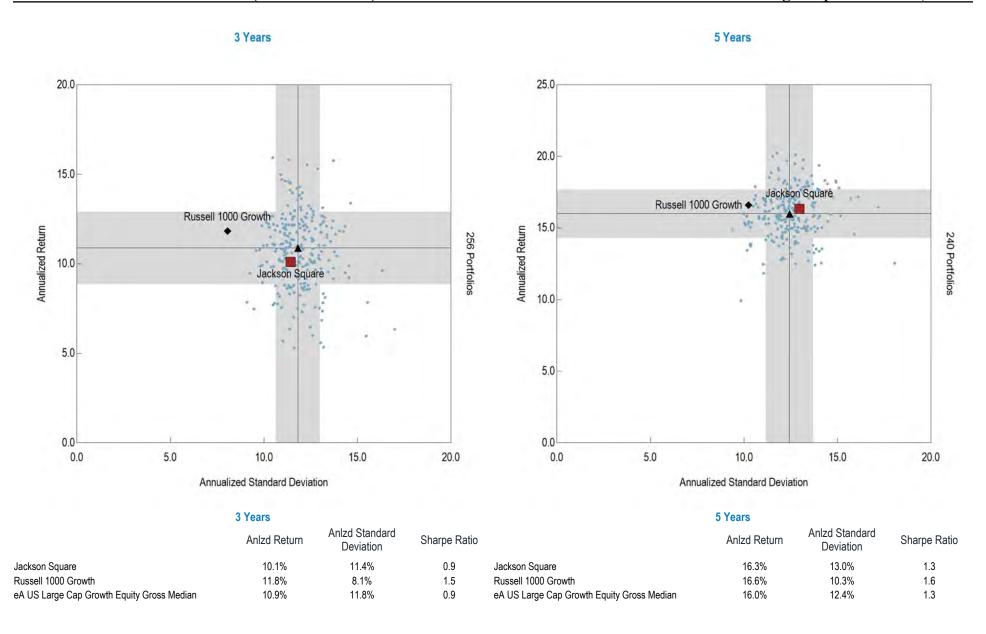


Rolling 3 Year Annualized Return (%)

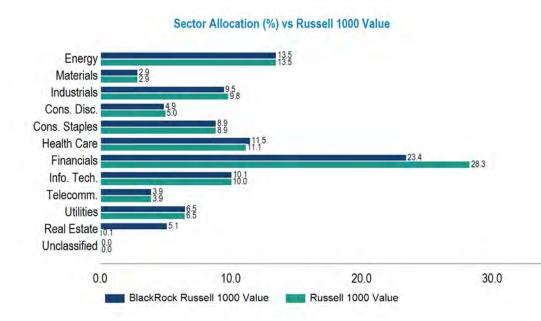


Rolling 5 Year Annualized Return (%)





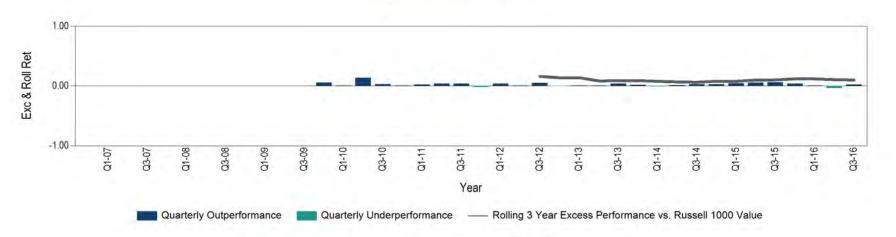
	Portfolio	Russell 1000 Value
Number of Holdings	685	687
Weighted Avg. Market Cap. (\$B)	106.99	106.99
Median Market Cap. (\$B)	7.53	7.52
Price To Earnings	19.88	19.32
Price To Book	2.58	2.40
Price To Sales	2.65	2.57
Return on Equity (%)	12.43	12.00
Yield (%)	2.58	2.57
Beta	1.00	1.00



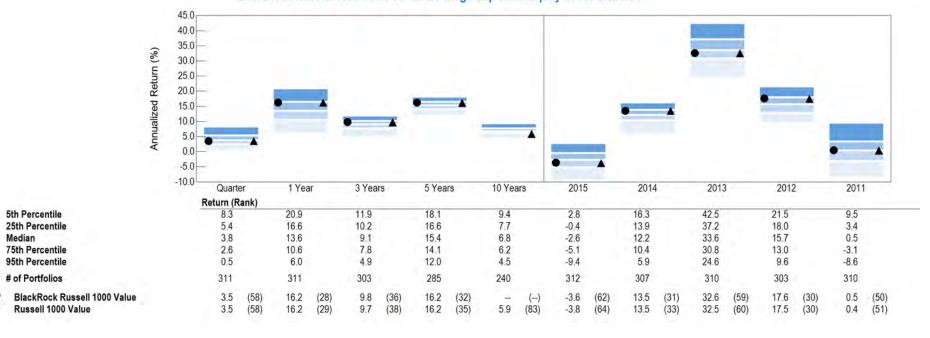
Largest Holdings Top Contributors Bottom Contributors

	End Weight	Return		Avg Wgt	Return	Contribution	on	Avg Wgt	Return	Contribution
EXXON MOBIL	3.49	-6.08	BANK OF AMERICA	1.45	18.48	0.27	EXXON MOBIL	3.59	-6.08	-0.22
BERKSHIRE HATHAWAY 'B'	2.62	-0.22	INTEL	1.43	15.97	0.23	AT&T	2.52	-4.97	-0.13
JOHNSON & JOHNSON	2.57	-1.96	QUALCOMM	0.67	28.95	0.19	WELLS FARGO & CO	2.14	-5.70	-0.12
AT&T	2.40	-4.97	JP MORGAN CHASE &	2.26	8.00	0.18	GENERAL ELECTRIC	2.24	-5.18	-0.12
JP MORGAN CHASE & CO.	2.33	8.00	CO.				VERIZON	1.07	-5.98	-0.06
PROCTER & GAMBLE	2.30	6.83	CISCO SYSTEMS	1.46	11.58	0.17	COMMUNICATIONS	1.07	-5.50	-0.00
GENERAL ELECTRIC	2.11	-5.18	PROCTER & GAMBLE	2.20	6.83	0.15	PFIZER	1.92	-2.99	-0.06
WELLS FARGO & CO	1.94	-5.70	CITIGROUP	1.26	11.82	0.15	JOHNSON & JOHNSON	2.67	-1.96	-0.05
CHEVRON	1.86	-0.79	MERCK & COMPANY	1.59	9.14	0.15	PHILIP MORRIS INTL.	1.34	-3.42	-0.05
PFIZER	1.81	-2.99	MORGAN STANLEY	0.40	24.25	0.10	ORACLE	1.05	-3.68	-0.04
			KINDER MORGAN	0.38	24.32	0.09	DUKE ENERGY	0.56	-5.75	-0.03



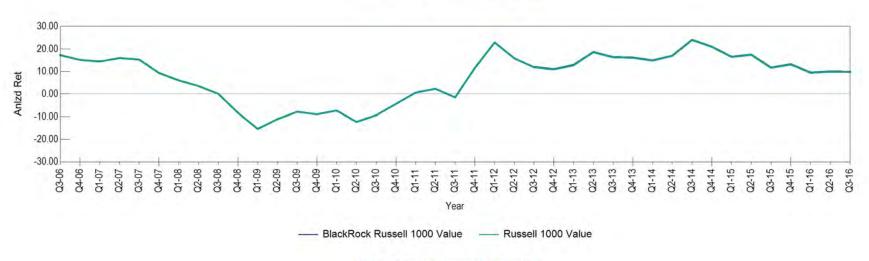


BlackRock Russell 1000 Value vs. eA US Large Cap Value Equity Gross Universe

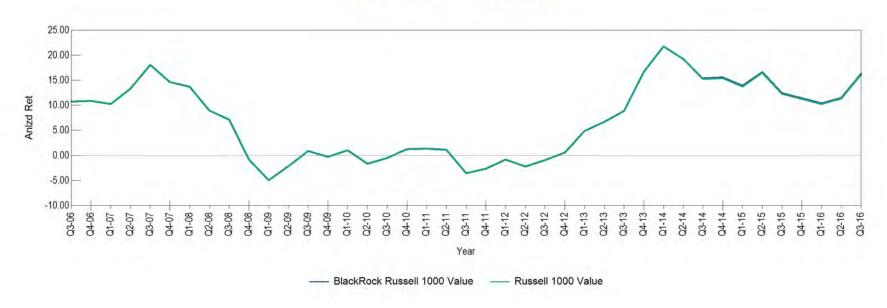


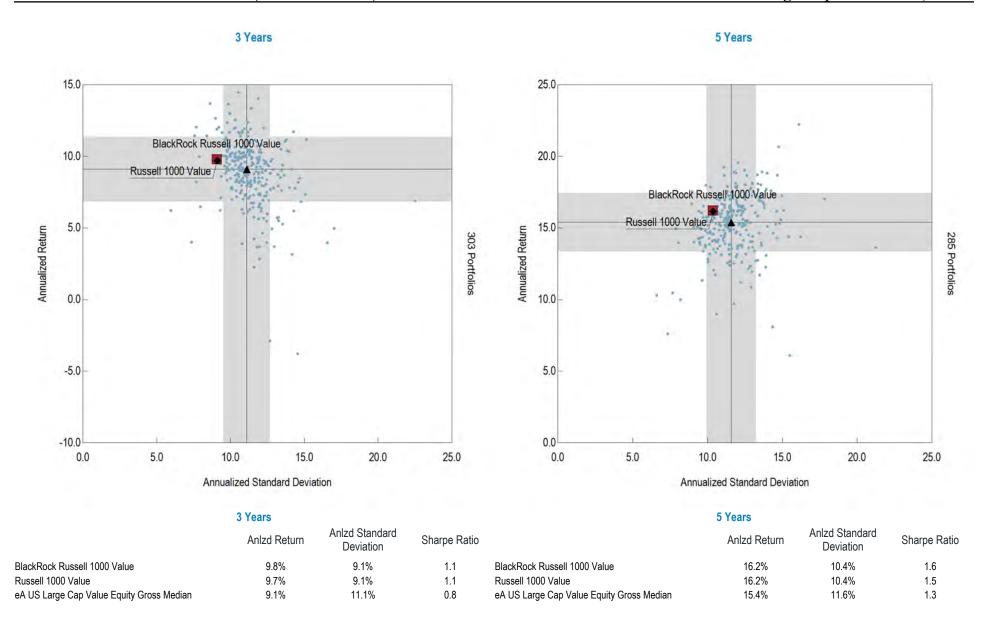


Rolling 3 Year Annualized Return (%)

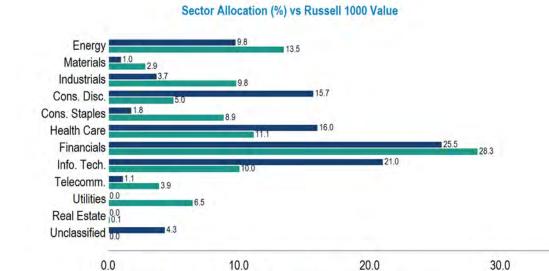


Rolling 5 Year Annualized Return (%)





	Portfolio	Russell 1000 Value
Number of Holdings	64	687
Weighted Avg. Market Cap. (\$B)	95.16	106.99
Median Market Cap. (\$B)	37.34	7.52
Price To Earnings	17.18	19.32
Price To Book	2.82	2.40
Price To Sales	2.43	2.57
Return on Equity (%)	13.46	12.00
Yield (%)	1.88	2.57
Beta	1.04	1.00

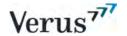


Dodge & Cox-Equity

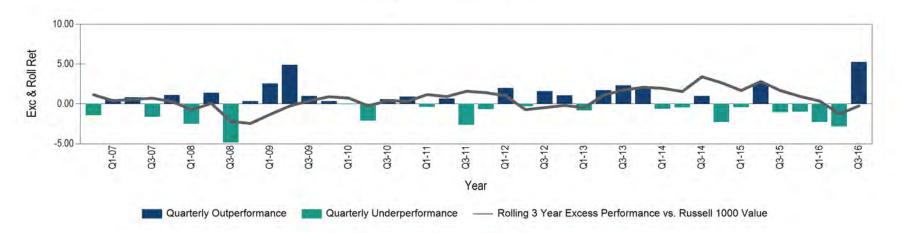
Largest Holdings Top Contributors Bottom Contributors

	End Weight	Return		Avg Wgt	Return	Contribution	1	Avg Wgt	Return	Contribution
CAPITAL ONE FINL.	3.66	13.78	HEWLETT PACKARD	3.28	24.52	0.80	SANOFI ADR 2:1	2.54	-8.75	-0.22
BANK OF AMERICA	3.59	18.48	ENTER.	0.20	24.02	0.00	WELLS FARGO & CO	3.60	-5.70	-0.20
HEWLETT PACKARD ENTER.	3.54	24.52	CHARLES SCHWAB	3.13	25.03	0.78	NOVARTIS 'B' SPN.ADR	3.12	-4.30	-0.13
CHARLES SCHWAB	3.35	25.03	BANK OF AMERICA	3.48	18.48	0.64	1:1	J. 1Z	-4.50	-0.13
WELLS FARGO & CO	3.13	-5.70	CHARTER COMMS.CL.A	2.83	18.08	0.51	LIBERTY INTACT.QVC	0.61	-21.13	-0.13
TIME WARNER	3.07	8.80	CAPITAL ONE FINL.	3.57	13.78	0.49	GROUP 'A'	0.01	21.10	0.10
CHARTER COMMS.CL.A	3.06	18.08	HEWLETT-PACKARD	1.93	24.80	0.48	EXPRESS SCRIPTS	1.76	-6.95	-0.12
COMCAST 'A'	2.97	2.19	NETAPP	1.02	46.76	0.48	HOLDING	0.07	0.45	0.00
NOVARTIS 'B' SPN.ADR 1:1	2.91	-4.30	SPRINT	0.99	46.36	0.46	COACH	0.67	-9.45	-0.06
MICROSOFT	2.69	13.27	MICROSOFT	2.81	13.27	0.37	TWENTY-FIRST CENTURY FOX CL.B	0.43	-8.55	-0.04
			FEDEX	2.07	15.37	0.32	ANTHEM	0.68	-4.10	-0.03
							WAL MART STORES	2.04	-0.56	-0.01
							UNITEDHEALTH GROUP	2.19	-0.39	-0.01

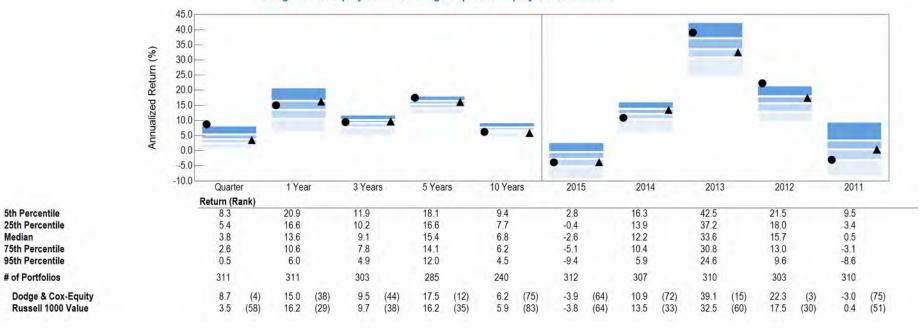
Unclassified sector allocation includes cash allocations.



Russell 1000 Value

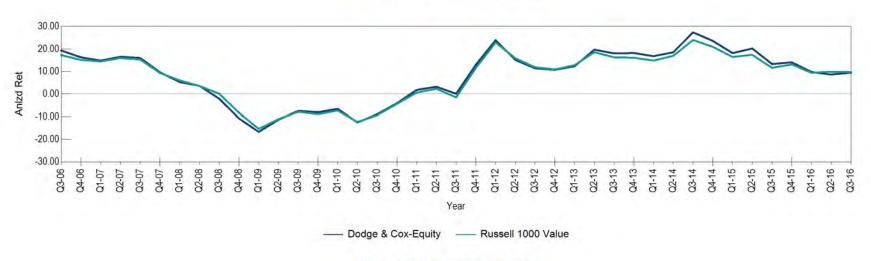


Dodge & Cox-Equity vs. eA US Large Cap Value Equity Gross Universe

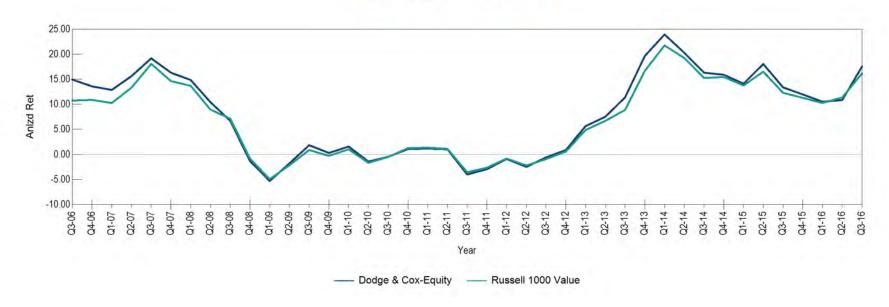


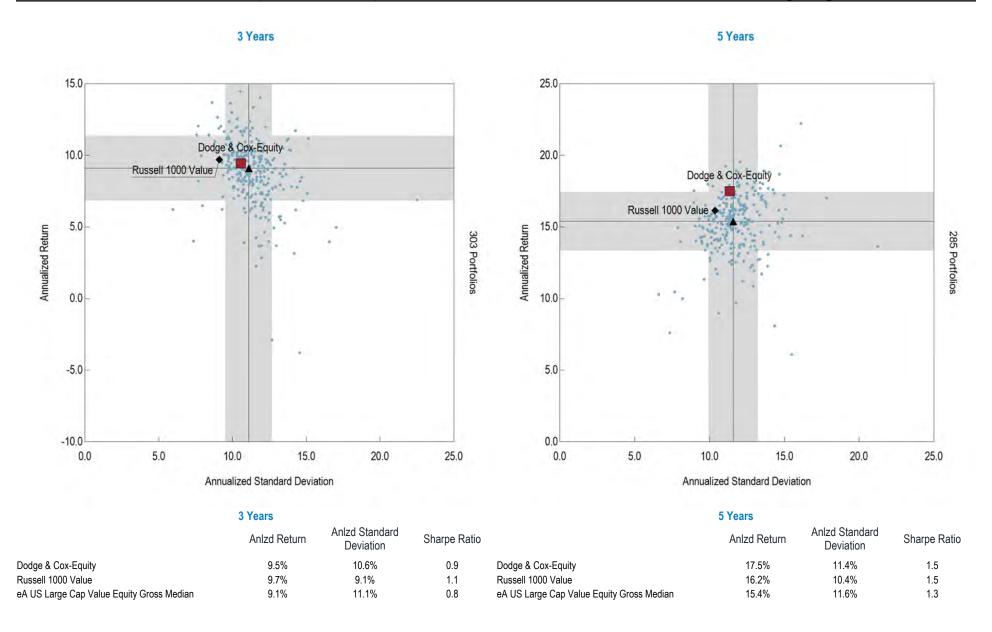


Rolling 3 Year Annualized Return (%)

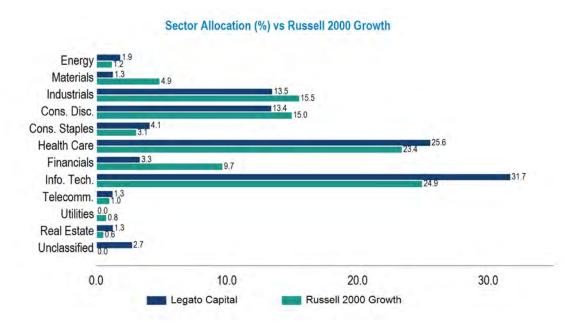


Rolling 5 Year Annualized Return (%)





	Portfolio	Russell 2000 Growth
Number of Holdings	232	1,154
Weighted Avg. Market Cap. (\$B)	2.30	1.98
Median Market Cap. (\$B)	2.14	0.84
Price To Earnings	35.12	28.66
Price To Book	5.02	4.74
Price To Sales	4.31	3.18
Return on Equity (%)	13.37	14.80
Yield (%)	0.38	0.63
Beta	0.97	1.00



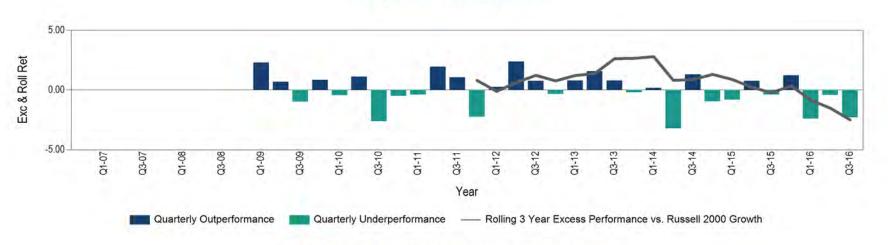
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Top Contributors

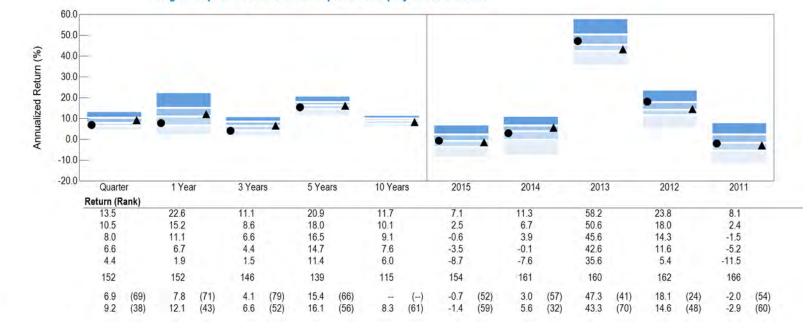
Bottom Contributors

	End Weight	Return		Avg Wgt	Return	Contribution	1	Avg Wgt	Return	Contribution
LIFELOCK	2.24	7.02	FLEETMATICS GROUP	1.64	38.43	0.63	LIGAND PHARMS.'B'	2.29	-14.43	-0.33
LIGAND PHARMS.'B'	2.10	-14.43	SYNCHRONOSS	1.88	29.25	0.55	CRITEO ADR 1:1	1.19	-23.54	-0.28
STAMPS.COM	1.96	8.11	TECHNOLOGIES	1.00	23.23	0.55	RUBICON PROJECT	0.69	-39.34	-0.27
SYNCHRONOSS	1.86	29.25	ISHARES RUSSELL 2000	5.73	9.09	0.52	HAIN CELESTIAL GP.	0.68	-28.48	-0.19
TECHNOLOGIES	1.00	29.25	GW.				DAVE & BUSTER'S ENTM.	1.03	-16.26	-0.17
ECHO GLOBAL LOGISTICS	1.66	2.85	PRA GROUP	0.72	43.08	0.31	AMSURG	1.22	-13.53	-0.17
AMSURG	1.43	-13.53	CAVIUM	0.47	50.78	0.24	TEAM HEALTH HOLDINGS	0.77	-19.94	-0.15
INC RESEARCH HOLDINGS CL.A	1.35	16.92	CEVA	0.72	29.08	0.21	BLACKHAWK NETWORK	0	10.01	0.10
NEXSTAR BCAST.GP.	1.24	21.87	ACTUA	0.45	43.41	0.19	HDG.	0.94	-9.91	-0.09
POOL	1.21	0.83	NEXSTAR BCAST.GP.	0.88	21.87	0.19	ANIKA THERAPEUTICS	0.83	-10.81	-0.09
BROADSOFT	1.15	13.45	NEVRO	0.46	41.53	0.19	SMART & FINAL STORES	0.59	-14.24	-0.08
	•	. 3.10	MICROSEMI	0.66	28.46	0.19		2.30		5.00





Legato Capital vs. eA US Small Cap Growth Equity Gross Universe





5th Percentile

25th Percentile

75th Percentile

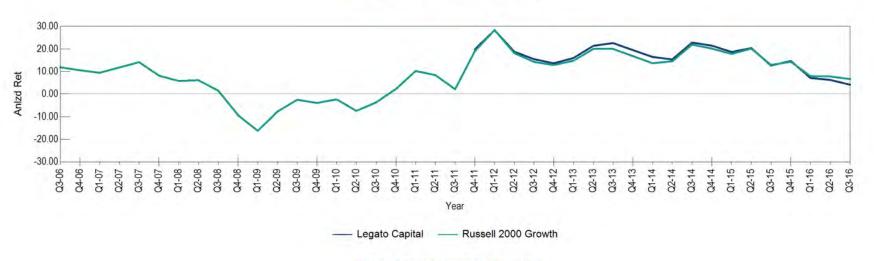
95th Percentile

of Portfolios

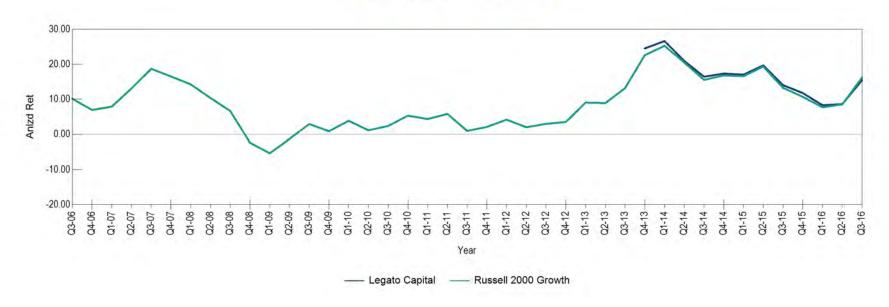
Legato Capital

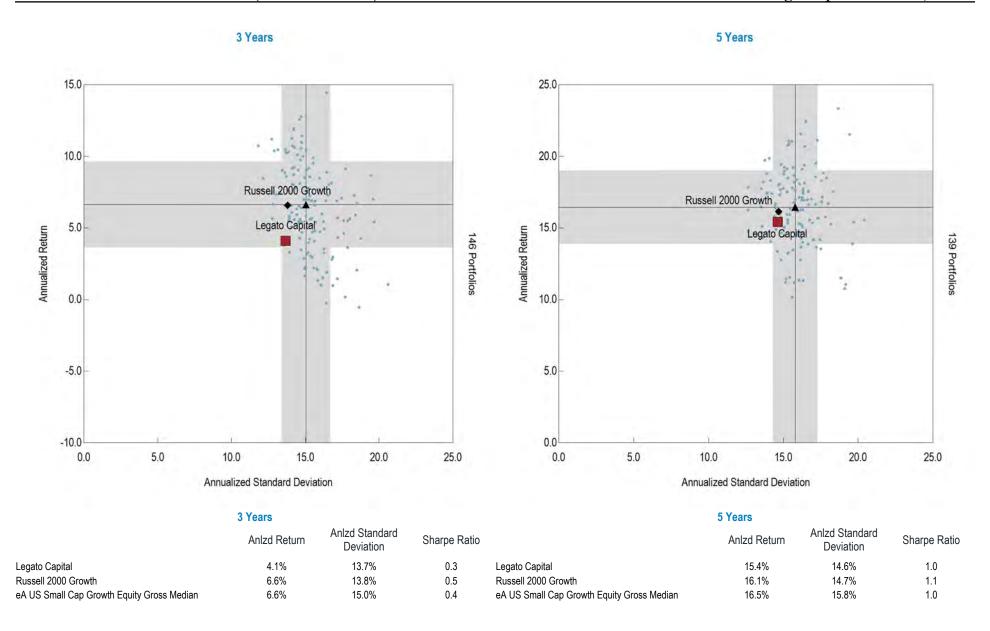
Russell 2000 Growth

Rolling 3 Year Annualized Return (%)

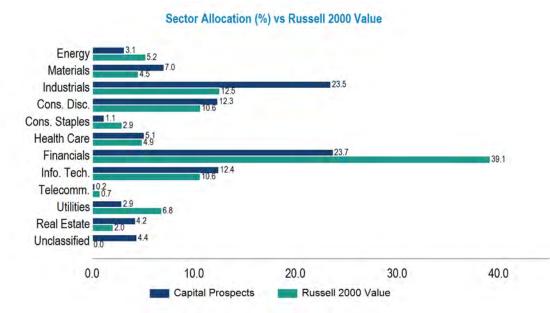


Rolling 5 Year Annualized Return (%)





	Portfolio	Russell 2000 Value
Number of Holdings	301	1,338
Weighted Avg. Market Cap. (\$B)	2.03	1.71
Median Market Cap. (\$B)	1.10	0.61
Price To Earnings	22.18	17.86
Price To Book	2.54	1.64
Price To Sales	1.93	2.25
Return on Equity (%)	9.92	7.05
Yield (%)	1.77	1.89
Beta	0.89	1.00

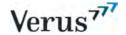


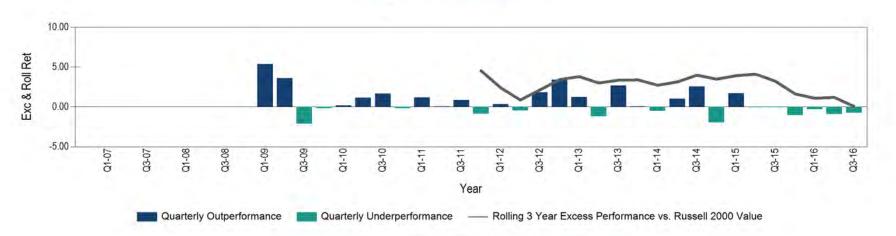
Largest Holdings

-		
lop	Contri	butors

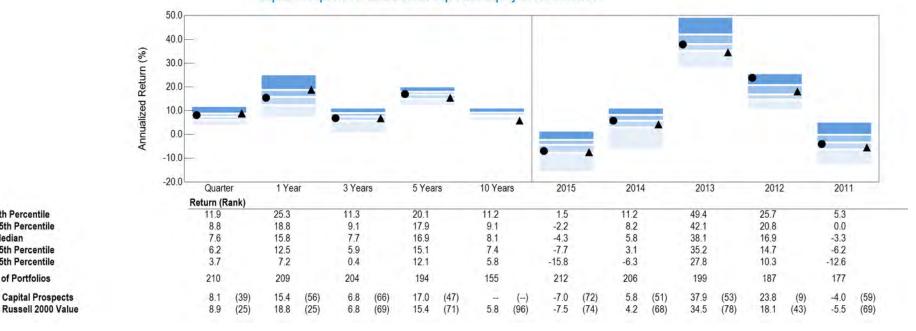
Bottom Contributors

	End Weight	Return		Avg Wgt	Return	Contributio	n	Avg Wgt	Return	Contribution
ALLETE	1.23	-6.97	PCM	0.32	93.36	0.30	G-III APPAREL GROUP	0.39	-36.24	-0.14
LITTELFUSE	1.22	9.27	MERITOR	0.50	54.58	0.27	ALLETE	1.49	-6.97	-0.10
HILLENBRAND	1.16	6.03	MICROSEMI	0.73	28.46	0.21	MANNING & NAPIER CL.A	0.35	-24.18	-0.09
MB FINANCIAL	1.11	5.37	MODINE	0.51	34.77	0.18	AIR METHODS	0.59	-12.11	-0.07
GORES HOLDINGS CL.A	1.08	10.88	MANUFACTURING	0.51	J 4 .77	0.10	HAIN CELESTIAL GP.	0.23	-28.48	-0.06
IBERIABANK	0.96	12.98	LITHIA MOTORS 'A'	0.49	34.81	0.17	RANGE RES.	0.61	-10.13	-0.06
ABM INDS.	0.90	9.32	ADVISORY BOARD	0.63	26.42	0.17	LACLEDE GROUP	0.66	-9.36	-0.06
CINEMARK HOLDINGS	0.84	5.74	ZAGG	0.29	54.29	0.16	BUILD A BEAR	0.00	00.00	0.00
AIR LEASE	0.83	6.90	AMERICAN	0.63	24.42	0.15	WORKSHOP	0.26	-22.80	-0.06
JOHN BEAN TECHNOLOGIES	0.81	15.41	EQ.INV.LF.HLDG.	0.00	27.72	0.10	VISTA OUTDOOR	0.35	-16.49	-0.06
			DATALINK	0.36	41.47	0.15	TOTAL SYSTEM	0.50	-11.03	-0.05
			DOUGLAS DYNAMICS	0.60	25.07	0.15	SERVICES	0.50	-11.03	-0.05





Capital Prospects vs. eA US Small Cap Value Equity Gross Universe





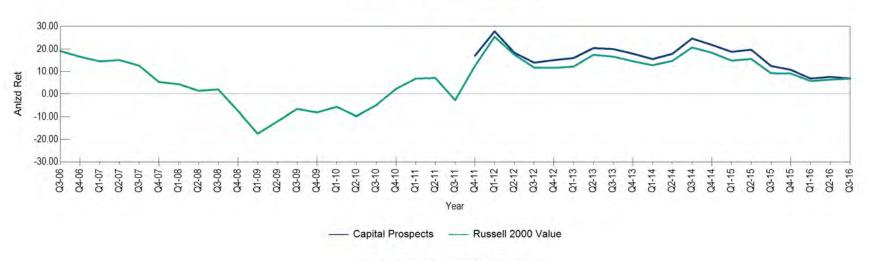
5th Percentile

25th Percentile

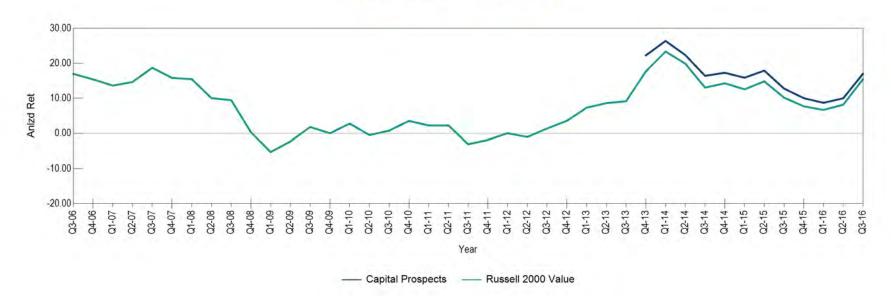
75th Percentile

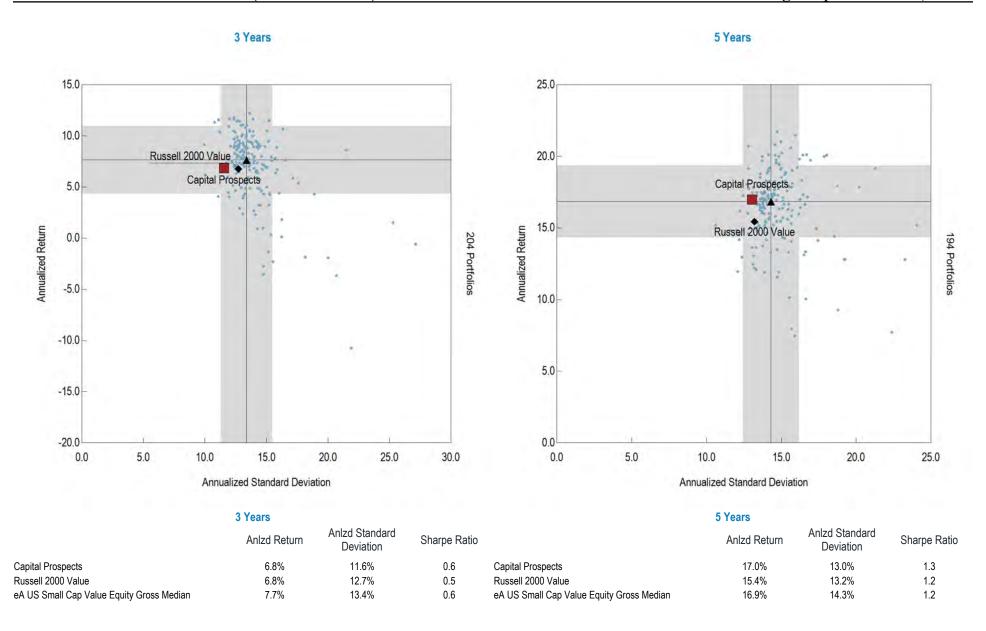
95th Percentile # of Portfolios

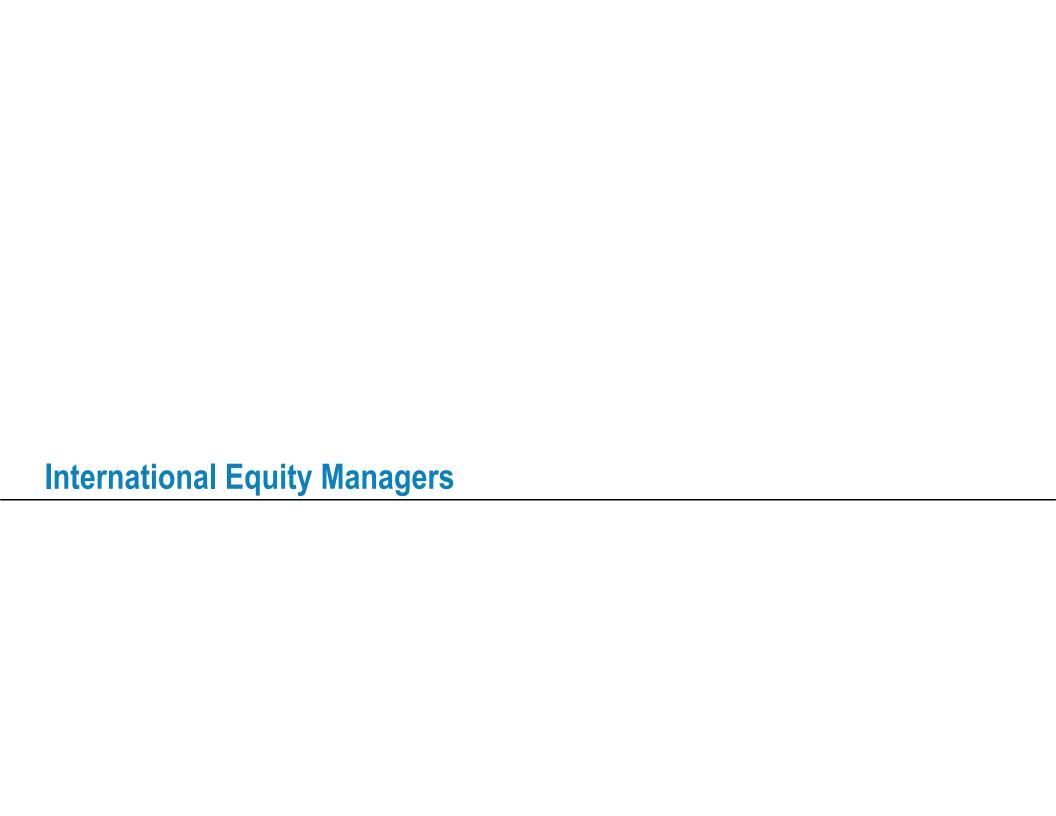




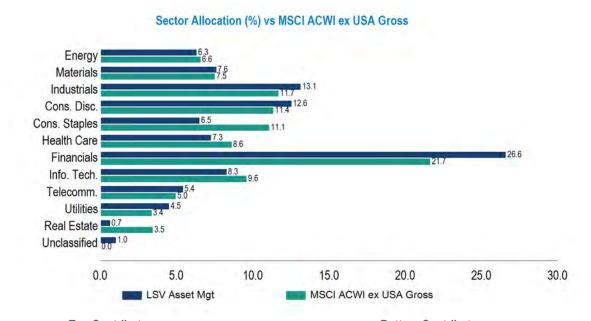
Rolling 5 Year Annualized Return (%)





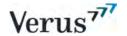


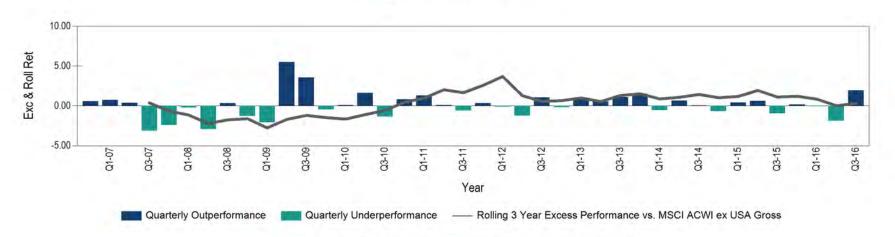
	Portfolio	MSCI ACWI ex USA Gross
Number of Holdings	254	1,853
Weighted Avg. Market Cap. (\$B)	27.83	51.17
Median Market Cap. (\$B)	6.61	6.81
Price To Earnings	13.82	19.87
Price To Book	1.62	2.60
Price To Sales	0.98	2.20
Return on Equity (%)	12.26	13.47
Yield (%)	3.84	3.04
Beta	1.13	1.00



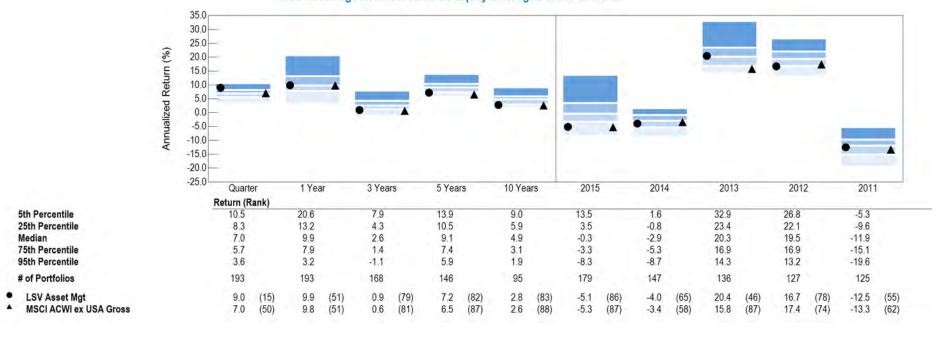
argest	Hal	ldinae

Top Contributors Bottom Contributors Avg Wgt Contribution **End Weight** Return Return Avg Wgt Return Contribution SAMSUNG ELECTRONICS 1.77 17.28 MICRO-STAR **SANOFI** 1.44 -0.13 -8.68 0.66 49.27 0.33 INTERNATIONAL NIPPON TELG. & TEL. 1.74 -1.38 PARAMOUNT BED 0.29 -24.86-0.07**BROTHER INDUSTRIES** 0.49 65.67 0.32 **HOLDINGS** SANOFI 1.64 -8.68 1.72 17.28 0.30 E ON 0.35 -19.90 -0.07 SAMSUNG ELECTRONICS AHOLD KON. 1.32 2.98 MAGNA INTL. 1.18 23.48 0.28 SKYWORTH DIGITAL MAGNA INTL. 1.27 23.48 0.51 -9.91 -0.05 HDG. 0.22 MITSUBISHI GAS CHM. 0.56 39.00 **BAE SYSTEMS** 1.26 -2.83 JAPAN AIRLINES -8.94 0.46 -0.04 SEVEN GROUP 1.13 ALLIANZ 3.97 0.34 50.42 0.17 **HOLDINGS** CANADIAN TIRE 'A' 0.55 -7.38-0.04 SWISS RE 1.07 3.93 DOWNER EDI 0.34 49.22 0.17 ROYAL DUTCH SHELL B 0.96 -4.19 -0.04 0.99 SWISS LIFE HOLDING 12.88 DAIMLER 0.95 16.88 0.16 TOHO HOLDINGS 0.35 -11.50 -0.04 **DAIMLER** 16.88 0.98 KINGBOARD CHEMICAL CHINA RAILWAY CON.'H' 0.50 -7.28-0.04 0.16 0.29 54.98 HDG. DAH CHONG HONG 0.27 -12.98-0.04 YAMAHA MOTOR 0.48 32.80 0.16 **HOLDINGS**

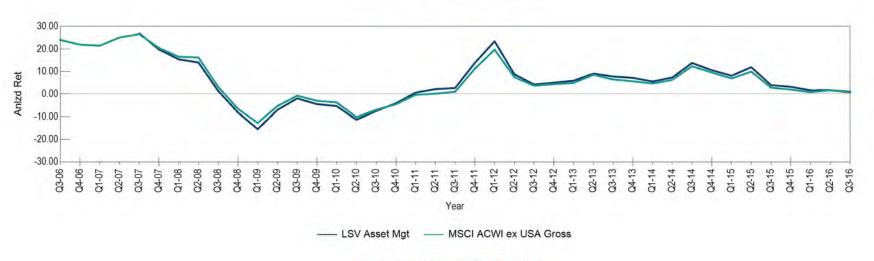




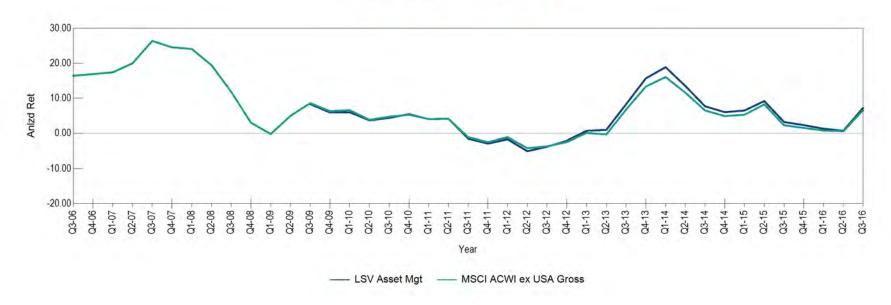
LSV Asset Mgt vs. eA ACWI ex-US Equity Unhedged Gross Universe

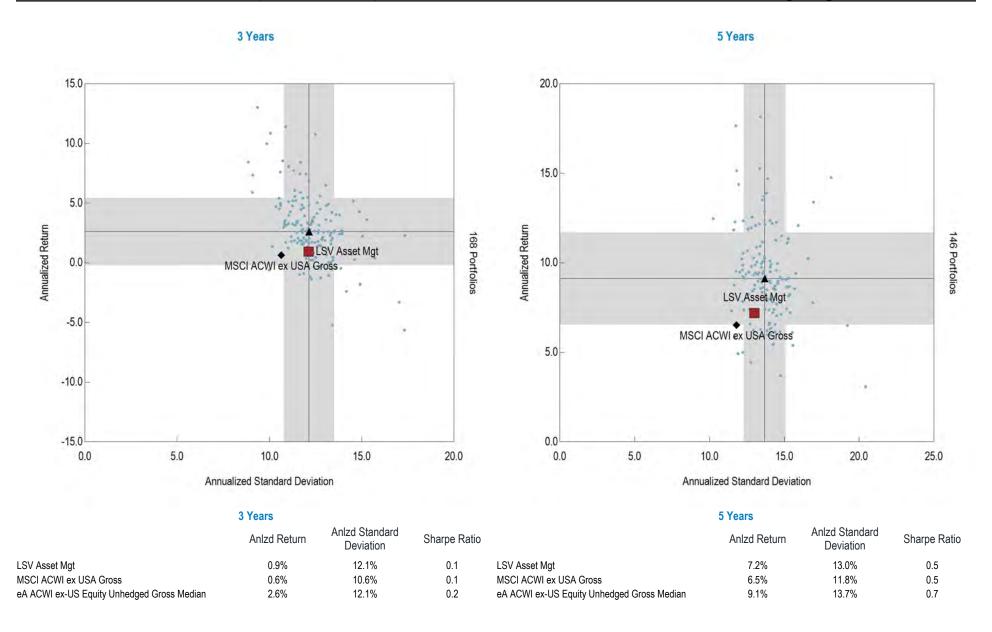


Rolling 3 Year Annualized Return (%)



Rolling 5 Year Annualized Return (%)





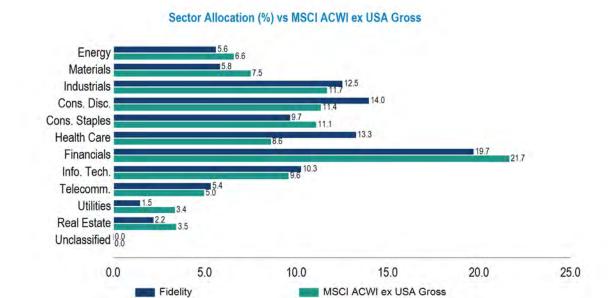
Bottom Contributors

0.88

-5.58

Characteristics

	Portfolio	MSCI ACWI ex USA Gross
Number of Holdings	296	1,853
Weighted Avg. Market Cap. (\$B)	48.90	51.17
Median Market Cap. (\$B)	12.19	6.81
Price To Earnings	22.33	19.87
Price To Book	3.74	2.60
Price To Sales	2.75	2.20
Return on Equity (%)	17.10	13.47
Yield (%)	2.83	3.04
Beta	0.91	1.00



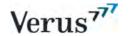
PSNL.FIN. BT GROUP

Largest Holdings

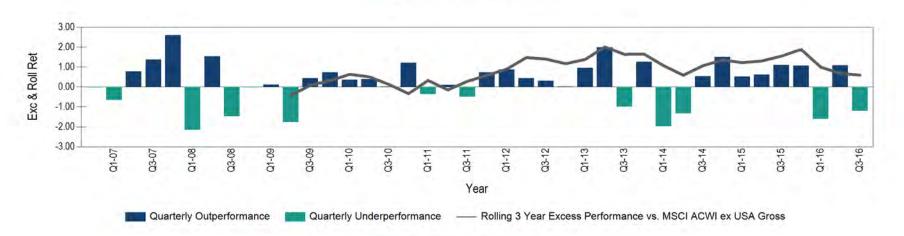
End Weight Contribution Return Avg Wgt Return Avg Wgt Return Contribution NESTLE 'R' 1.86 2.37 SAP 1.37 21.55 0.29 NOVO NORDISK 'B' 0.89 -21.51 -0.19 SAP 1.46 **NINTENDO** 0.26 84.80 0.22 WELSPUN INDIA 0.21 -51.13 -0.11 21.55 **ROCHE HOLDING** 1.33 -5.43TAIWAN SEMICON.MNFG. 1.18 15.58 0.18 ONO PHARM. 0.25 -35.40-0.09 **BRITISH AMERICAN TOBACCO** 1.24 -0.03 ING GROEP 0.72 23.93 0.17 ROYAL DUTCH SHELL A 1.17 -7.40 -0.09 AIA GROUP 1.23 HSBC HDG. (ORD \$0.50) 0.66 22.41 0.15 **SANOFI** 0.90 -8.68 -0.08 11.74 TAIWAN SEMICON.MNFG. 1.18 15.58 NSK 0.33 41.58 **ROCHE HOLDING** 1.42 0.14 -5.43 -0.08 1.13 0.13 **ROYAL DUTCH SHELL** ROYAL DUTCH SHELL A -7.40SAMSUNG ELECTRONICS 0.78 17.28 0.89 -7.45 -0.07 A(LON) **TOTAL** 1.09 -0.20AIA GROUP 1.12 11.74 0.13 HIKMA SHIRE 1.04 PHII IPS 4.72 0.29 -20.13-0.06 0.66 19.15 0.13 **PHARMACEUTICALS ELTN.KONINKLIJKE NASPERS** 0.95 13.17 INTERNATIONAL PIRAMAL ENTERPRISES 0.13 0.44 28.89 0.55 -9.80 -0.05

Top Contributors

Unclassified sector allocation includes cash allocations.



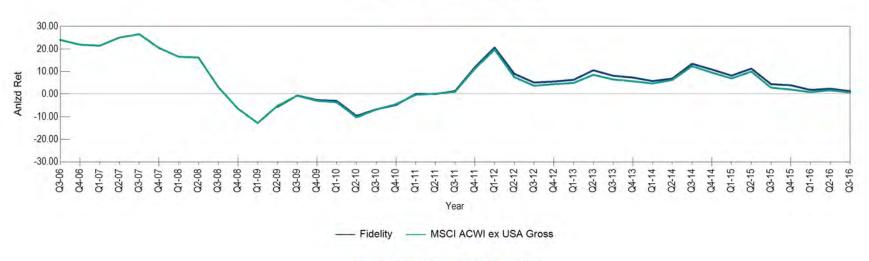
-0.05



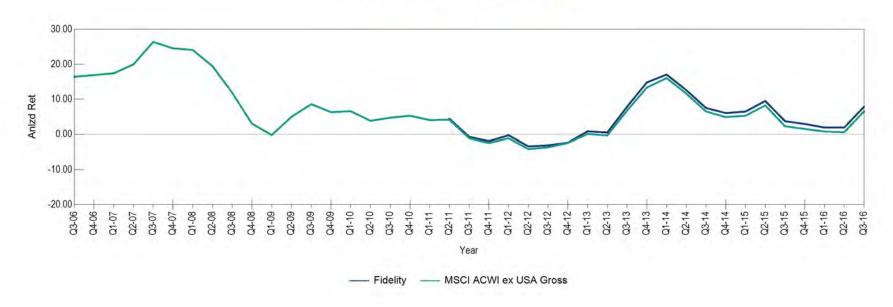
Fidelity vs. eA ACWI ex-US Equity Unhedged Gross Universe

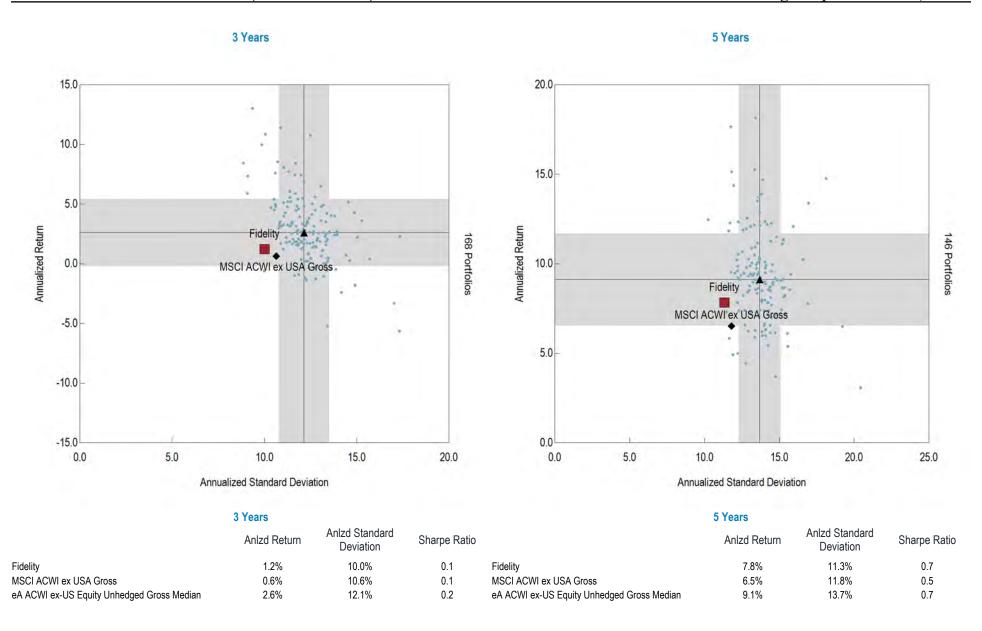


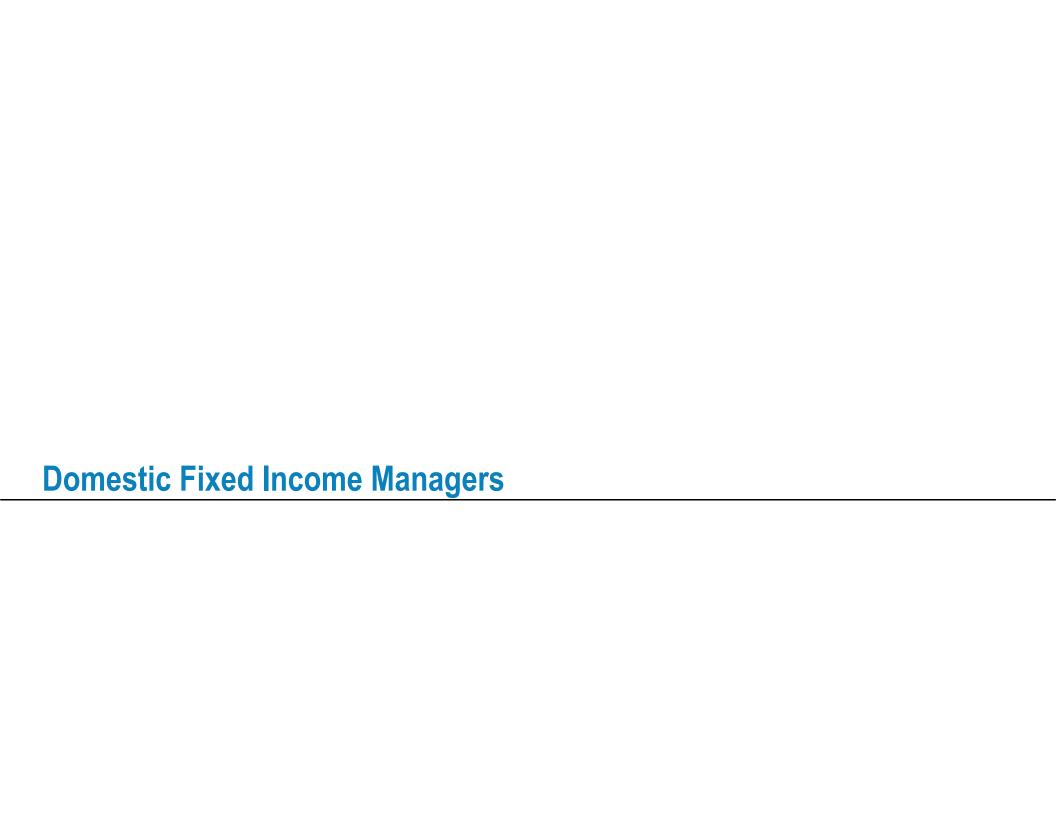


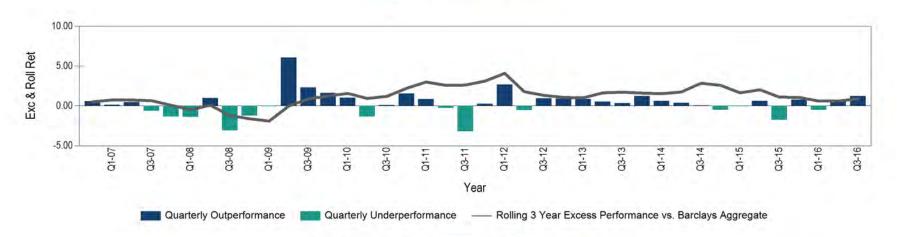


Rolling 5 Year Annualized Return (%)

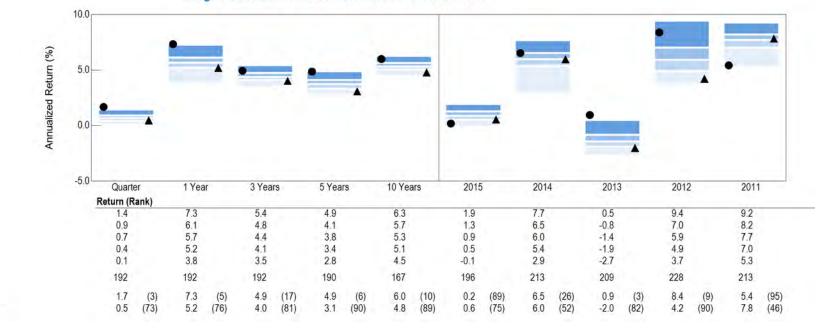








Dodge & Cox-Fixed vs. eA US Core Fixed Inc Gross Universe





5th Percentile

25th Percentile

75th Percentile

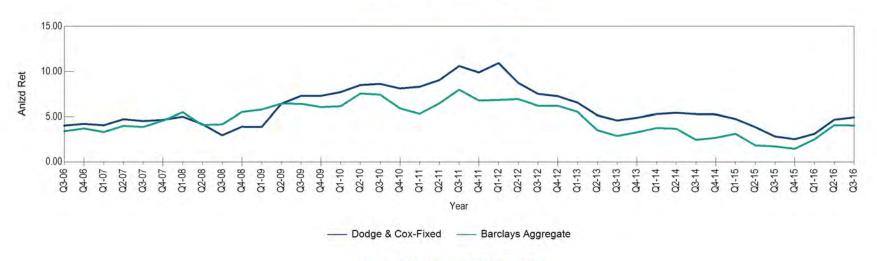
95th Percentile

of Portfolios

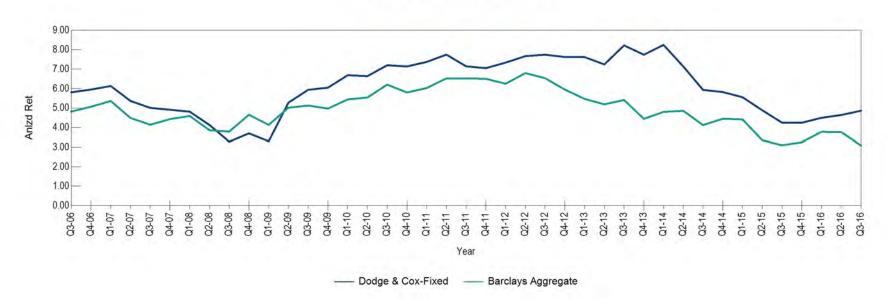
Dodge & Cox-Fixed

Barclays Aggregate

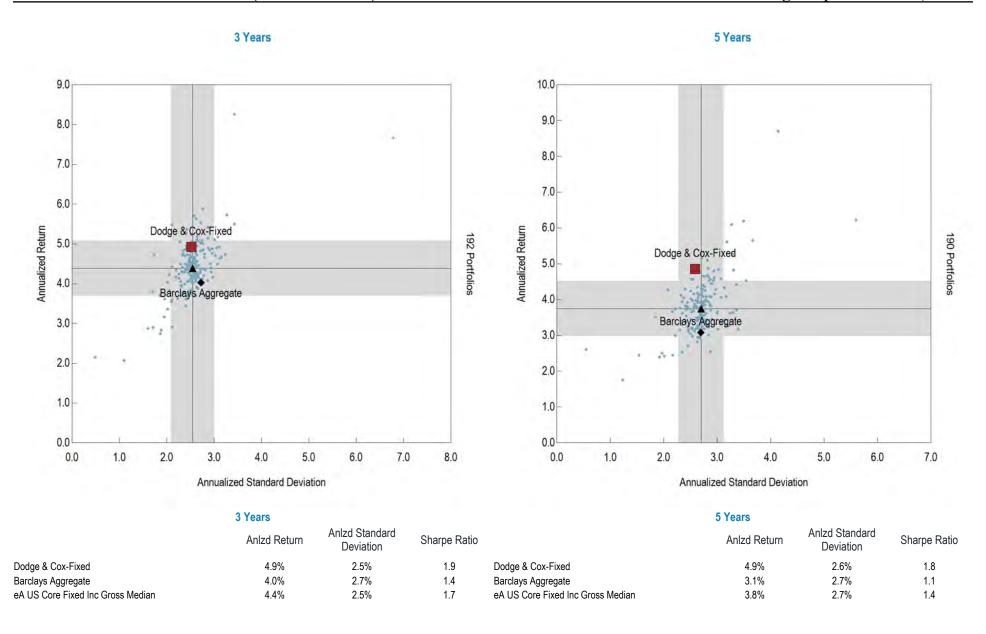
Rolling 3 Year Annualized Return (%)

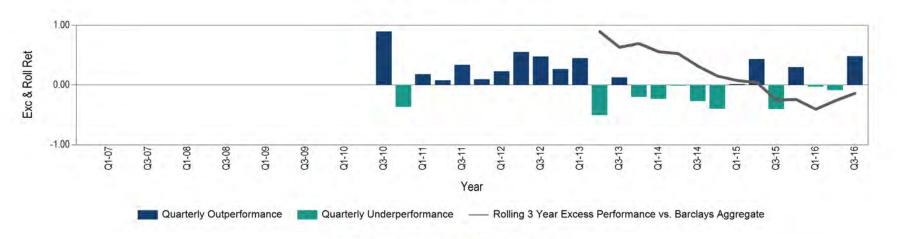


Rolling 5 Year Annualized Return (%)

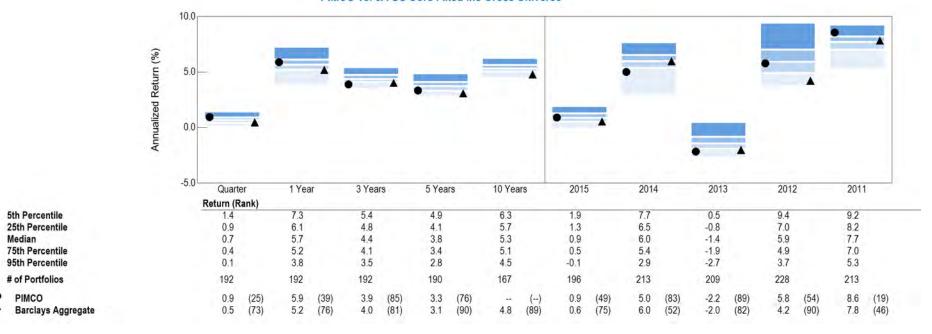


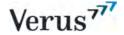






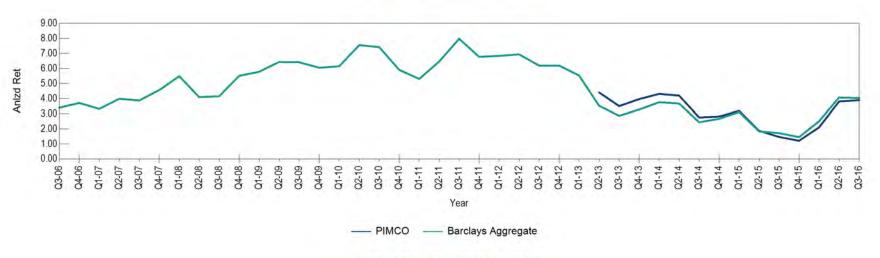
PIMCO vs. eA US Core Fixed Inc Gross Universe



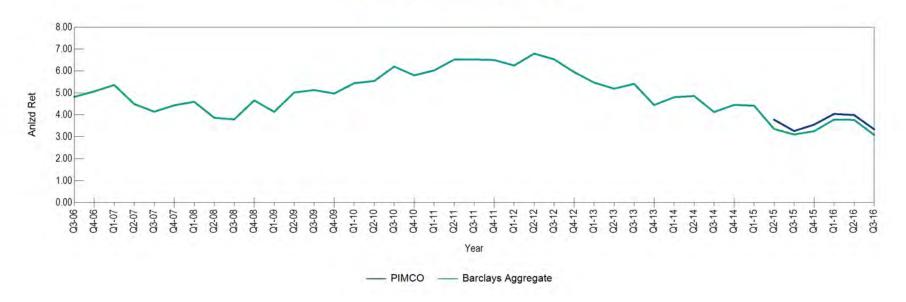


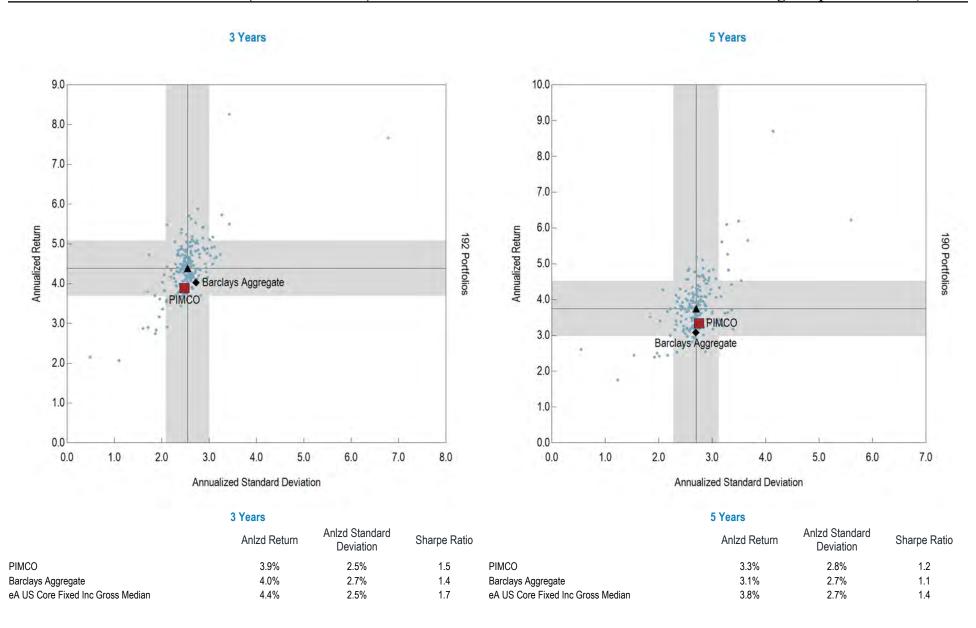
Period Ending: September 30, 2016

Rolling 3 Year Annualized Return (%)



Rolling 5 Year Annualized Return (%)





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. Our performance methodology assumes that cash flows occur at the end of day for modified dietz calculations. 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	Carleton A.	3500	The state of the s	-272	
Manager	Fund Incepted	Data Source	Manager	Fund Incepted	Data Source
Mellon S&P 500	04/30/2003	Mellon	Prime Property Fund	09/30/2015	Prime Property
BlackRock Russell 1000 Growth	06/30/2010	BlackRock	American Strategic Value Realty	12/31/2014	American Realty
Jackson Square	08/31/2006	Northern Trust	BlackRock US Real Estate	09/30/2012	BlackRock
BlackRock Russell 1000 Value	07/31/2009	BlackRock	Greenfield Gap	07/31/2014	Greenfield
Dodge & Cox - Equity	12/31/1994	Northern Trust	Invesco	02/29/2008	Mellon
Legato Capital	12/31/2008	Northern Trust	Medley Capital	05/31/2013	Medley Capital
Capital Prospects	12/31/2008	Northern Trust	Raven Capital	05/31/2013	Raven Capital
LSV Asset Mgt	08/31/2004	Northern Trust	Raven Opportunity III	07/31/2015	Raven Capital
Pyramis	04/30/2006	Northern Trust	White Oak Pinnacle	08/31/2013	White Oak
Dodge & Cox - Fixed	12/31/1994	Northern Trust	MS Infrastructure	05/31/2015	Morgan Stanley
PIMCO	05/31/2010	Northern Trust			

Policy & Custom Index Composition

Policy Index: 14.4% Russell 1000 Value, 11.3% Russell 1000 Growth, 4.8% S&P 500, 4.0% Russell 2000 Value, 3.7% Russell 2000 Growth, 18.0% MSCI

ACWI ex USA, 29.8% Barclays Aggregate, 3.5% DJ US Select RESI, 7.5% 9% Annual, 3% CPI + 4%.

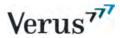
US Equity Blended: 80% Russell 1000, 20% Russell 2000.

Other Disclosures

Fiscal Year End: 6/30

Cash Account includes cash held at Northern Trust for all closed end funds.

All data prior to 6/30/2015 provided by the previous consultant.



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.

Verus will make every reasonable effort to obtain and include accurate market values. However, if managers or custodians are unable to provide the reporting period's market values prior to the report issuance, Verus may use the last reported market value or make estimates based on the manager's stated or estimated returns and other information available at the time. These estimates may differ materially from the actual value. Hedge fund market values presented in this report are provided by the fund manager or custodian. Market values presented for private equity investments reflect the last reported NAV by the custodian or manager net of capital calls and distributions as of the end of the reporting period. These values are estimates and may differ materially from the investments actual value. Private equity managers report performance using an internal rate of return (IRR), which differs from the time-weighted rate of return (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.

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.



Stanislaus County Employees' Retirement Association Portfolio Risk Report

September 30, 2016

1 Portfolio risk



Portfolio: 9.2%



Policy: 8.9%



Typical Peer: 7.8%

2 Portfolio equity beta



Portfolio: 0.63



Policy: 0.60



Typical Peer: 0.53

3 Portfolio interest rate risk - Duration



Portfolio: 1.8



Policy: 1.9



Typical Peer: 1.8

4 Portfolio credit risk - Spread duration



Portfolio: 1.3



Policy: 1.4

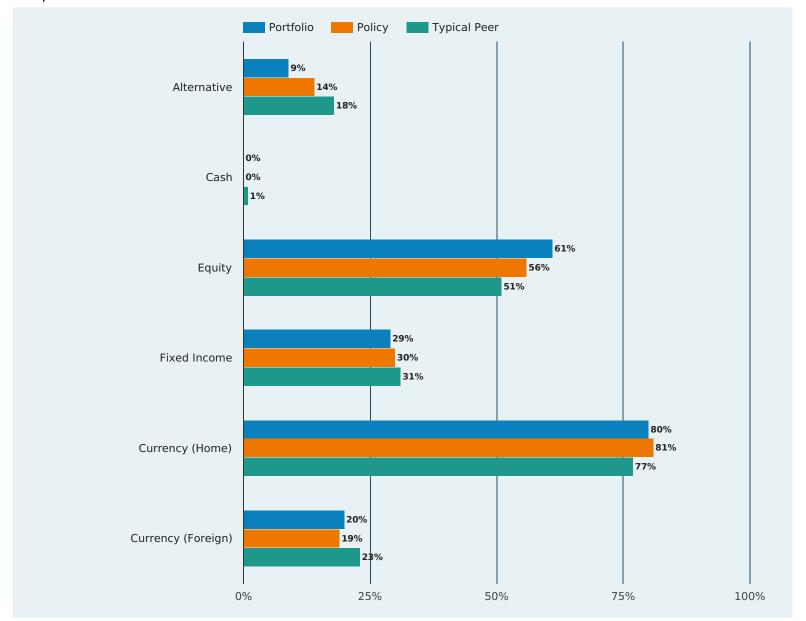


Typical Peer: 1.1

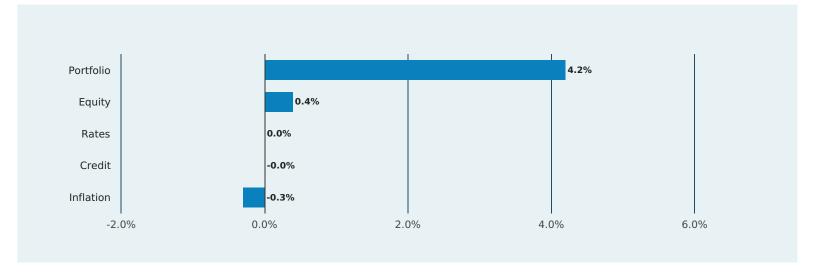
5 Exposure allocation by asset class

		Portfolio	Policy	Typical Peer
Alternative	Real Assets	0.0%		2.1%
	Hedge Fund	0.0%		8.1%
	Infrastructure	0.4%	3.0%	
	Real Estate	4.1%	3.5%	7.4%
	Private Credit	4.9%	7.5%	
Alternative Total		9.4%	14.0%	17.6%
Cash	Cash	0.0%		1.1%
Cash Total		0.0%		1.1%
Equity	EM Equity	0.0%		3.4%
	Private Equity	0.0%		6.0%
	US Small Cap Growth	4.6%	3.7%	
	US Small Cap Value	4.9%	4.0%	
	US Large Cap Core	4.9%	4.8%	26.1%
	US Large Cap Growth	11.9%	11.3%	
	US Large Cap Value	15.4%	14.4%	
	Non-US Equity	19.8%	18.0%	15.1%
Equity Total		61.4%	56.2%	50.6%
Fixed Income	Global Bonds	0.0%		4.3%
	EM Bonds	0.0%		2.4%
	Non-US Bonds	0.0%		1.5%
	US Bonds	29.2%	29.8%	22.5%
Fixed Income Total		29.2%	29.8%	30.7%
Total Portfolio		100%	100%	100%

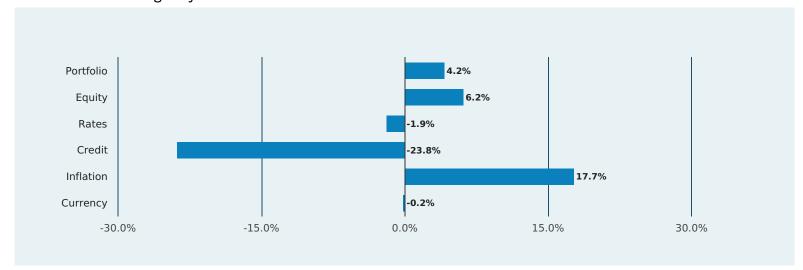
6 Exposure allocation



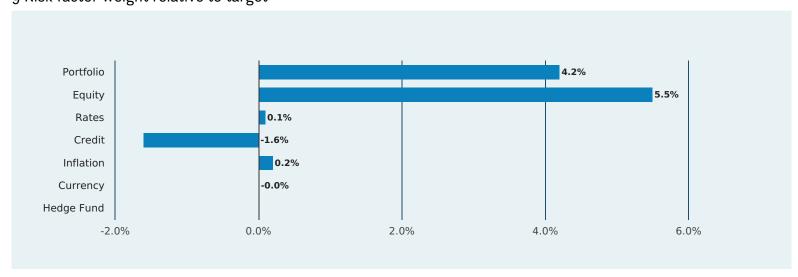
7 Relative risk vs target by bucket



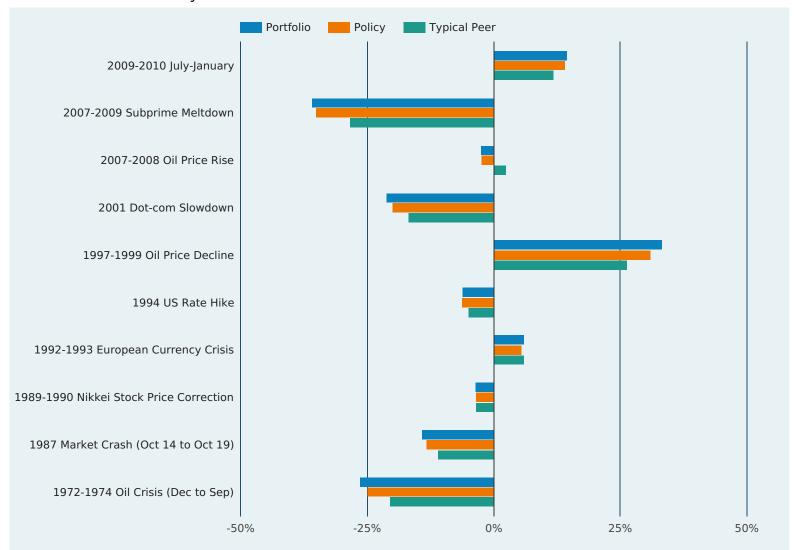
8 Relative risk vs target by risk factor



9 Risk factor weight relative to target



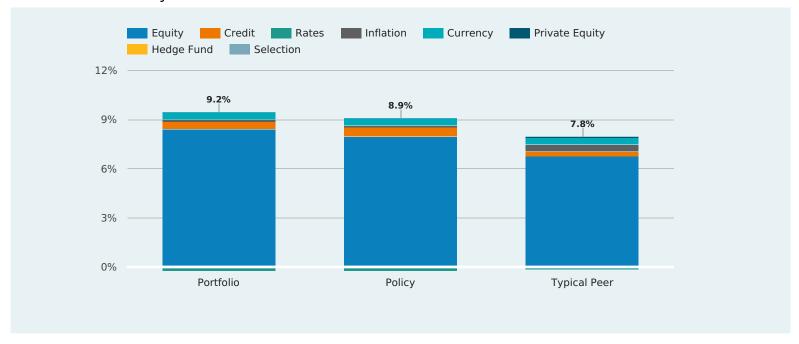
10 Tail risk - Scenario analysis



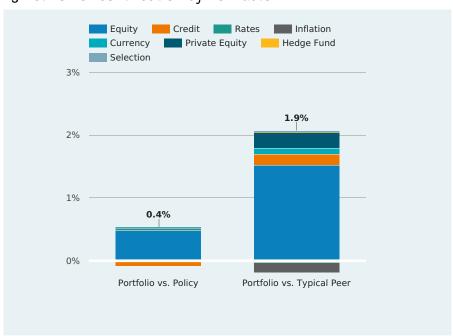
11 Tail risk - Stress tests



12 Risk contribution by risk factor



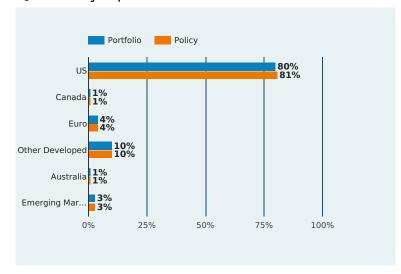
13 Active risk contribution by risk factor



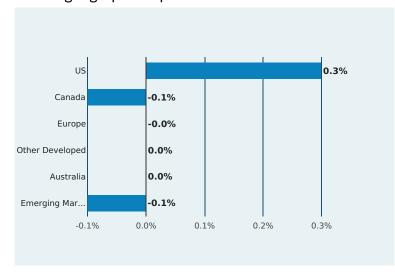
14 Geographic exposure

Portfolio Policy US Canada 2% 2% Europe 10% 10% Other Developed 4% Australia 1% Emerging Mar... 6% 0% 25% 50% 75% 100%

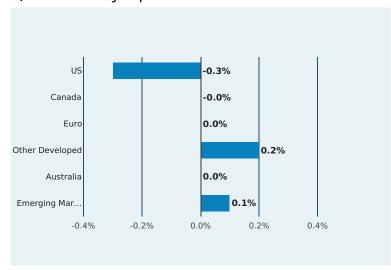
15 Currency exposure



16 Net geographic exposure



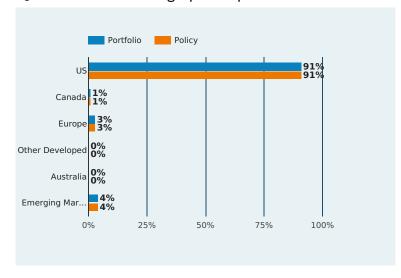
17 Net currency exposure



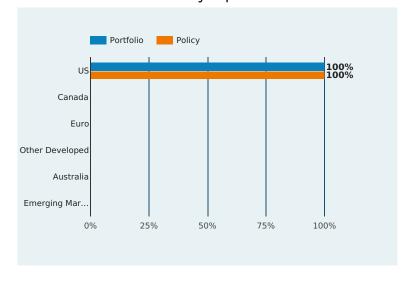
18 Interest rate bucket

	Portfolio	Policy	Difference
Duration	5.6	5.6	0.0
Yield to Maturity	2.5%	2.5%	-0.0%
Wt. Avg. Rating	Aa1 / Aa2	Aa1 / Aa2	

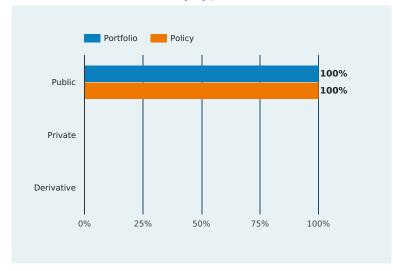
19 Rates bucket - Geographic exposure



20 Rates bucket - Currency exposure



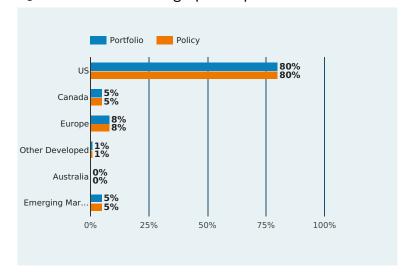
21 Rates bucket - Security type



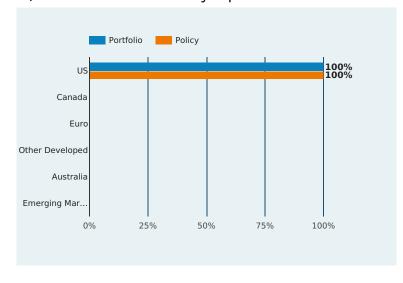
22 Credit bucket

	Portfolio	Policy	Difference
Duration	3.7	3.7	0.0
Coupon Yield	6.6%	6.6%	0.0%
Yield to Maturity	6.5%	6.5%	0.0%
Wt. Avg. Rating	B1 / B2	B1 / B2	

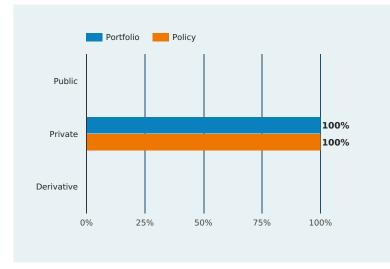
23 Credit bucket - Geographic exposure



24 Credit bucket - Currency exposure



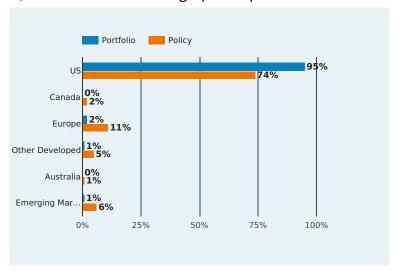
25 Credit bucket - Security type



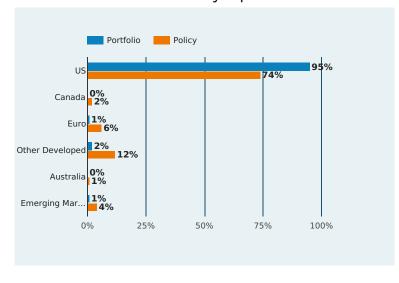
26 Inflation bucket

	Portfolio	Policy	Difference
Real Estate Allocation	4.1%	3.5%	0.6%
Global Infrastructure	0.4%	3.0%	-2.6%

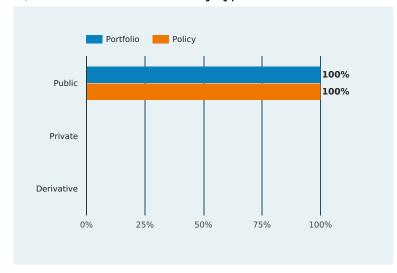
27 Inflation bucket - Geographic exposure



28 Inflation bucket - Currency exposure



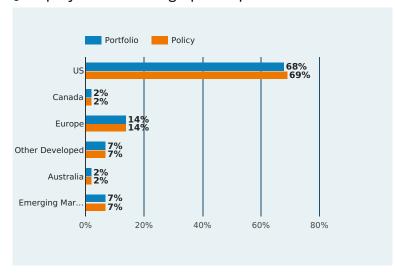
29 Inflation bucket - Security type



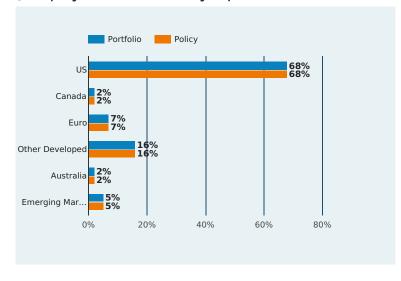
30 Equity bucket

	Portfolio	Policy	Difference
Beta	1.0	1.0	0.0
Dividend Yield	2.3%	2.4%	-0.1%
PE Ratio	21.5	21.5	0.0

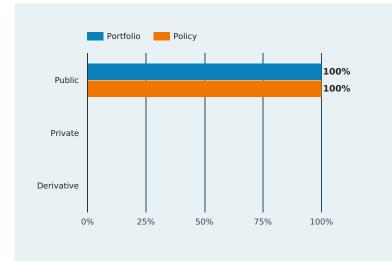
31 Equity bucket - Geographic exposure



32 Equity bucket - Currency exposure



33 Equity bucket - Security type



34 Market value summary per BarraOne

Bucket	Asset Class	Account Name	Account	Market Value (millions)
Cash	Cash	Cash	STANCERADBo ₃₄	0.9
Cash Total				0.9
Credit	HY Bonds	White Oak Pinnacle	STANCERADB032	35.9
		Medley Capital	STANCERADB029	26.6
		Raven Capital	STANCERADB030	19.2
		Raven Opportunity III	STANCERADB031	8.1
Credit Total				89.7
Equity	EAFE Equity	Pyramis	STANCERADB022	183.3
		LSV Asset Mgt	STANCERADB021	180.3
	US Equity	Dodge & Cox-Equity	STANCERADBoo5	176.7
		Jackson Square	STANCERADBoo3	130.0
		BlackRock Russell 1000 Value	STANCERADB004	105.2
		Mellon S&P 500	STANCERADB001	89.8
		Capital Prospects	STANCERADB013	89.6
		BlackRock Russell 1000 Growth	STANCERADB002	89.2
		Legato Capital	STANCERADBoo6	83.8
Equity Total				1,127.8
Inflation	Infrastructure	MS Infrastructure Partners II	STANCERADB033	7.2
	Real Estate	BlackRock US Real Estate	STANCERADB027	30.8
		Prime Property Fund	STANCERADB025	16.5
		American Strategic Value Realty	STANCERADBo26	15.4
		Greenfield Gap	STANCERADBo28	12.2
Inflation Total				82.1
Rates	US Bonds	Dodge & Cox-Fixed	STANCERADB023	417.9
		PIMCO	STANCERADB024	117.2
Rates Total				535.2

Total Portfolio (millions)

Chart Definitions

1 Portfolio risk

Total risk comparison of portfolio, Policy, and Avg. Pension. Policy is composed of 18% MSCI ACWI ex US, 4.8% S&P 500, 11.3% Russell 1000 Growth, 14.4% Russell 1000 Value, 3.7% Russell 2000 Growth, 4.0% Russell 2000 Value, 29.8% Barclays Capital US Aggregate, 3% MSCI ACWI Infrastructure, 7.5% Barclays Capital US Corporate High Yield, and 3.5% NFI ODCE. Average pension is based on median allocation of DB Plans > \$1 Billion, which is composed of 1.1% Cash, 26.1% US Equity, 15.1% Global ex-US Equity, 3.4% EM Equity, 6% Private Equity, 22.5% US Fixed Income, 4.3% Global Fixed Income, 1.5% Global ex-US Fixed Income, 2.4% EM Fixed Income, 8.1% Hedge Fund, 1.05% Commodity, 1.05% Forestry, and 7.4% Real Estate.

2 Portfolio equity beta

Equity risk presented by equity beta to market. Equity beta is a measure describing the sensitivity of portfolio returns with returns of the equity market (MSCI ACWI).

3 Portfolio interest rate risk - Duration

Interest rate risk presented by duration and dollar movement of portfolios. Duration of a financial asset that consists of fixed cash flows is the weighted average of the times until those fixed cash flows are received (measured in years). It also measures the percentage change in price for a given change in yields (the price sensitivity to yield). DVo1 \$ (dollar duration) is the change in price in dollars of a financial instrument resulting from a one basis point change in yield.

4 Portfolio credit risk - Spread duration

Credit risk presented by spread duration and dollar movement of portfolios. Spread duration measures the percentage change in price for a one percentage point change in spreads.

5 Exposure allocation by asset class

Exposure allocation among various asset classes.

6 Exposure allocation

Exposure allocation among major risk buckets (rates, credit, equity, inflation, currency) and net currency exposure (domestic vs. foreign). Full Cash collateral is assumed for all derivatives.

7 Relative risk vs target by bucket

Comparative riskiness of Portfolio vs. Policy on total portfolio and risk bucket levels: For example, equity bucket relative risk compares the riskiness of the Portfolio equity bucket vs the Policy equity bucket.

8 Relative risk vs target by risk factor

Comparative riskiness of Portfolio vs. Policy on a total portfolio level and major risk factor levels.

9 Risk factor weight relative to target

Contribution by factor to total relative risk of the Portfolio vs the Policy: For example, Equity is equity risk contribution to Portfolio minus equity risk contribution to the Policy, divided by total risk of the Policy. The factor overweights are additive to the total relative risk at the top line.

10 Tail risk - Scenario analysis

Tail risk is a form of risk measurement that considers the possibility that a market will experience losses greater than what the normal distribution would suggest. This graph shows the expected performance under various historical scenarios (described in the appendix at the end of this report). For each historical scenario, the current market value is recalculated to determine return under identical market conditions, assuming an instantaneous shock.

11 Tail risk - Stress tests

This display shows expected performance when individual risk factors are subjected to instantaneous shocks. Directly affected assets are revalued at factor level

12 Risk contribution by risk factor

Risk contribution by risk factor. Volatility measures the price variation of a portfolio or financial instrument over time.

13 Active risk contribution by risk factor

Active risk in terms of annual tracking error: Tracking Error (TE) measures how closely a portfolio follows its benchmark. It is the standard deviation of the difference between the portfolio and benchmark returns.

14 Geographic exposure

Geographic exposures are calculated using the notional exposure as a percentage of market value, including derivatives, cash securities and currency holdings, but excluding currency derivatives. Any portfolio that uses derivatives may have a total different than 100% because both cash and derivative country exposures are included.

15 Currency exposure

Currency portfolio allocation. Currency exposures from both the underlying securities and the purchasing currency of the futures contract are included.

16 Net geographic exposure

Difference between portfolio and policy allocation among major geographic areas.

17 Net currency exposure

Difference between portfolio and policy allocation among major currencies.

18 Interest rate bucket

Coupon yield (nominal yield) of a fixed income security is a fixed percentage of the par value that does not vary with the market price of the security. Yield to Maturity (YTM) is the interest rate of return earned by an investor who buys a fixed-interest security today at the market price and holds it until maturity. Ratings indicate credit quality of a security and the issuer's ability to make payments of interest and principal.

19 Rates bucket - Geographic exposure

Geographic exposures specific to the Rates bucket are calculated using the notional exposure as a percentage of market value, including derivatives, cash securities and currency holdings, but excluding currency derivatives. Any portfolio that uses derivatives may have a total different than 100% because both cash and derivative country exposures are included.

20 Rates bucket - Currency exposure

Currency allocation of interest rate instruments.

21 Rates bucket - Security type

Allocation of interest rate instruments among different security types.

22 Credit bucket

Various characteristics of credit instruments.

23 Credit bucket - Geographic exposure

Geographic exposures specific to the Credit bucket are calculated using the notional exposure as a percentage of market value, including derivatives, cash securities and currency holdings, but excluding currency derivatives. Any portfolio that uses derivatives may have a total different than 100% because both cash and derivative country exposures are included.

24 Credit bucket - Currency exposure

Currency allocation of credit instruments.

25 Credit bucket - Security type

Allocation of credit instruments among different security types.

26 Inflation bucket

Composition of inflation hedging instruments in portfolio and benchmark. Notional duration of real rates instruments is also included.

27 Inflation bucket - Geographic exposure

Geographic exposures specific to the Inflation bucket are calculated using the notional exposure as a percentage of market value, including derivatives, cash securities and currency holdings, but excluding currency derivatives. Any portfolio that uses derivatives may have a total different than 100% because both cash and derivative country exposures are included.

28 Inflation bucket - Currency exposure

Currency allocation of inflation instruments.

29 Inflation bucket - Security type

Allocation of inflation instruments among different security types.

30 Equity bucket

P/E ratio is a valuation ratio of a company's current share price compared to its per-share earnings. Beta measures sensitivity to Global Equities.

31 Equity bucket - Geographic exposure

Geographic exposures specific to the Equity bucket are calculated using the notional exposure as a percentage of market value, including derivatives, cash securities and currency holdings, but excluding currency derivatives. Any portfolio that uses derivatives may have a total different than 100% because both cash and derivative country exposures are included.

32 Equity bucket - Currency exposure

Currency allocation of equity assets.

33 Equity bucket - Security type

Allocation of equity assets among different security types.

34 Market value summary per BarraOne

Summary of market value of Portfolio holdings by bucket as reported through BarraOne. Some differences may exist due to timing, pricing sources and availability of information on new investments

Tail Risk Scenario Definitions

1 2009-2010 July-January

(7/1/2009 - 12/31/2009) As global economic woes persisted, many countries were saddled with widening budget deficits, rising borrowing costs, slowing growth, higher unemployment, and higher inflation, which made monetary stimulus difficult. Dubai World sought to delay its huge debt repayments, shocking the global market, while the financial distress in Greece and Ireland began to emerge in late 2009.

2 2007-2009 Subprime Meltdown

(1/10/2007 - 2/27/2009) The burst of the housing bubble in mid-2007 marked the beginning of the years-long subprime mortgage crisis, rooted from the easy credit, low interest rates, and loose regulatory environment in the early 2000s, which made low quality (subprime) mortgaging extremely easy. The contagious meltdown quickly led to plunging asset prices in the financial markets, rising bankruptcies, delinquencies, and foreclosures, and central bank monetary rescues and fiscal interventions by governments around the globe.

3 2007-2008 Oil Price Rise

(1/18/2007 - 6/27/2008) Oil prices spiked from around \$60/bbl in 2007 to a record high of \$145/bbl on 3 July 2008.

4 2001 Dot-com Slowdown

(3/10/2001 - 10/9/2002) Upon the burst of the tech bubble in 2000, more and more internet companies went out of business as the stock market plummeted further.

5 1997-1999 Oil Price Decline

(1/8/1997 - 2/16/1999) The combined effect of OPEC overproduction and lower oil demand due to the Asia economic crisis sent oil prices into a downward spiral.

6 1994 US Rate Hike

(1/31/1994 - 12/13/1994) In combating inflation, the U.S. Federal Reserve raised its interest rate from 3.25% in February to 5.5% in November 1994.

7 1992-1993 European Currency Crisis

(9/1/1992 - 8/13/1993) Upon Germany's reunification, the German mark appreciated rapidly, which destabilized exchange rates between European countries under the European Monetary System. It led to a series of European currency devaluations, interest rate increases, and the widening range of exchange rates in 1992.

8 1989-1990 Nikkei Stock Price Correction

(12/29/1989 - 3/30/1990) After hitting the Nikkei stock index's all-time high on December 29, 1989, the Japan financial market crashed and plunged to a low in March 1990.

9 1987 Market Crash (Oct 14 to Oct 19)

(10/14/1987 - 10/19/1987) The U.S. stock market began to topple on October 14, 1987 after reaching a record high. It was triggered by reports of a larger trade deficit and the elimination of the tax benefits of financing mergers. The aggravating selling pressure in October 19, from confused and fearful investors, and the failing portfolio insurers' models led to a substantial global market sell-off.

10 1972-1974 Oil Crisis (Dec to Sep)

(12/1/1972 - 9/30/1974) Many developed countries suffered in this energy crisis as OPEC members placed an oil embargo on the U.S. and Israel's allies during the Yom Kippur War in October 1973, which sent global oil prices soaring.

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Stanislaus County Employees' Retirement Association

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November 22, 2016

Retirement Board Agenda Item

TO: StanCERA Retirement Board

FROM: Kathy Herman, Fiscal Services Manager

I. SUBJECT: Internal Governance Committee Meeting Report

II. ITEM NUMBER: 10.a.1

III. ITEM TYPE: Discussion and Action

IV. STAFF RECOMMENDATION: Accept the Internal Governance Committee's recommendation to approve the following:

- June 30, 2016 and 2015 Comprehensive Annual Financial Report (CAFR) and Independent Auditor reports
- Placement Agent Policy
- Mass Media Policy
- Stale Dated Checks and Unclaimed Benefits Policy
- Records Retention Policy
- V. EXECUTIVE SUMMARY: The Internal Governance Committee met on November 15, 2016 to review the Financial Auditors reports, the I.T. Security report and several policies. After discussion and some minor edits, each item was approved unanimously.
- VI. ANALYSIS: Annually the Internal Governance Committee meets to receive the financial auditors report, the CAFR and the Information Technology Security report. Brown Armstrong, Certified Public Accountants presented their findings regarding the financial statements for Fiscal Year ending June 30, 2016. The results of the audit disclosed no significant deficencies. Each year an internal Information Security Audit and Disaster Recovery drill is conducted. This confidential report with no significant issues was presented.

In addition to the annual information, several policies to be reviewed were included in this meeting. The restatement of the Investment Policy will separate one large document into several. As part of the Strategic Plan, communication is to be standardized and this includes the bylaws, policies, procedures and regulations that have been adopted by the Board of Retirement since inception. In addition, per the advice of Counsel, each policy should have a set review period, as well as be signed and dated once approved. Over the next few years, staff will review and bring to the Board multiple documents to ensure that they remain current and meet the standards as set.

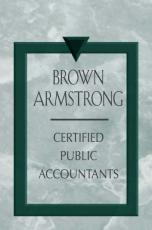
StanCERA first adopted a Placement Agency policy in 2008; however it did not include a disclosure form. This has now been added. Due to technology changes, the process and procedures for Stale Dated Checks and Unclaimed Benefits had changed and the policy needed to be updated to reflect this information. The first phase of the new pension system will include the conversion of member files to an electronic format. A Records Retention policy will be needed to address several different requirements for this project and other record retention needs in the organization. The Mass Media policy has also been reviewed and amended.

VII. RISK: None

- VIII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.
- IX. ADMINISTRATIVE BUDGET IMPACT: None

Kathy Herman, Fiscal Services Manager

Rick Santos, Executive Director



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Stanislaus County Employees' Retirement Association Board of Retirement presentation of the June 30, 2016 audit results By: Andrew J. Paulden, CPA, and Ashley Casey, CPA Brown Armstrong Accountancy Corporation November 15, 2016

- 1. Purpose of the Audit
- 2. The Audit Process
 - a. Timeline coordination with StanCERA staff
 - b. Understanding and evaluation of StanCERA internal controls through inquiry and observation
 - c. Confirmations with independent third parties
 - d. Interim testing
 - e. Final fieldwork testing
 - f. Report presentation
- 3. Significant Audit Areas/Scope of Audit Work
 - a. Risk based approach
 - b. Investments and related earnings
 - c. Participant data and actuarial information
 - d. Employee and employer contributions
 - e. Benefit payments
 - f. GASB 67
 - g. GASB 72
- 4. Audit Reports
 - a. CAFR
 - i. Independent Auditor's Report (opinion) on Financial Statements unmodified ("clean") opinion
 - b. Report to the Board of Retirement
 - i. Required Communication to the Members of the Internal Governance Committee and Board of Retirement in Accordance with Professional Standards (SAS 114)
 - ii. Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
 - iii. Agreed Upon Conditions Report Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting
- 5. Questions and/or Comments?

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

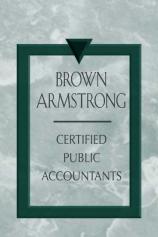
REPORT TO THE BOARD OF RETIREMENT

FOR THE YEAR ENDED JUNE 30, 2016

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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REQUIRED COMMUNICATION TO THE MEMBERS OF THE INTERNAL GOVERNANCE COMMITTEE AND BOARD OF RETIREMENT IN ACCORDANCE WITH PROFESSIONAL STANDARDS

To the Internal Governance Committee and Board of Retirement of Stanislaus County Employees' Retirement Association Modesto, California

We have audited the financial statements of the Stanislaus County Employees' Retirement Association (StanCERA) for the years ended June 30, 2016 and 2015, and have issued our report dated November 4, 2016. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 15, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by StanCERA are described in Note 2, Summary of Significant Accounting Policies, to the financial statements. As discussed in Note 2 to the financial statements, in 2016, StanCERA adopted Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, and GASB Statement No. 82, Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73. The objective of GASB Statement No. 72 is to improve financial reporting related to fair value measurements. The objective of GASB Statement No. 82 is to improve financial reporting by enhancing consistency in the application of financial reporting requirements for certain pension issues. We noted no transactions entered into by StanCERA during the years for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting StanCERA's financial statements were:

 Management's estimate of the fair value of investments was derived by various methods as detailed in Note 2, Summary of Significant Accounting Policies. We evaluated the key factors and assumptions used to develop the estimate of the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole. • The contribution amounts and net pension liability which are based on the actuariallypresumed interest rate and assumptions. We evaluated the key factors and assumptions used to develop the contribution amounts and net pension liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosures for deposits and investments in Notes 2 and 4 to the financial statements, Summary of Significant Accounting Policies and Cash and Investments Disclosures, respectively, were derived from StanCERA's investment policy. Management's estimate of the fair value of investments was derived by various methods as detailed in the notes.
- Additionally, the disclosures related to the funding policies, net pension liability, and actuarial
 methods and assumptions in Note 1, Plan Description and Note 8, Net Pension Liability of
 Participating Employers Disclosures were derived from actuarial valuations, which involved
 estimates of the value of reported amounts and probabilities about the occurrence of future
 events far into the future.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not identify any misstatements as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 4, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to StanCERA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as StanCERA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, Schedule of Investment Returns, and Notes to the Required Supplementary Information, which are Required Supplementary Information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods

of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Administrative Expenses and Schedule of Investment Management Fees and Other Investment Expenses, which accompany the financial statements but are not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory, investment, actuarial, and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

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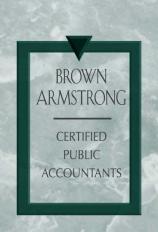
November 4, 2016

This information is intended solely for the use of the Internal Governance Committee, Board of Retirement, and management of StanCERA and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG ACCOUNTANCY CORPORATION

Grown Armstrong Secountaincy Corporation

Bakersfield, California



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Internal Governance Committee and Board of Retirement of Stanislaus County Employees' Retirement Association Modesto, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Stanislaus County Employees' Retirement Association (StanCERA) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise StanCERA's basic financial statements, and have issued our report thereon dated November 4, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered StanCERA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of StanCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of StanCERA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of StanCERA's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether StanCERA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

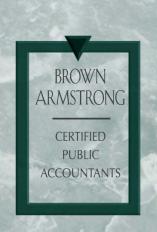
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of StanCERA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering StanCERA's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG ACCOUNTANCY CORPORATION

Brown Armstrong Secountaincy Corporation

Bakersfield, California November 4, 2016



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AGREED UPON CONDITIONS REPORT DESIGNED TO INCREASE EFFICIENCY, INTERNAL CONTROLS, AND/OR FINANCIAL REPORTING

To the Internal Governance Committee and Board of Retirement of Stanislaus County Employees' Retirement Association Modesto, California

We have audited the financial statements of the Stanislaus County Employees' Retirement Association (StanCERA) for the year ended June 30, 2016, and have issued our report dated November 4, 2016. In planning and performing our audit of the financial statements of StanCERA, we considered its internal control structure over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of StanCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of StanCERA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we considered to be material weaknesses.

The results of our audit disclosed no recommendations for the current year, and we are providing the disposition of the prior year comments.

This report is intended solely for the information and use of the Internal Governance Committee, Board of Retirement, and management of StanCERA and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG ACCOUNTANCY CORPORATION

Bakersfield, California November 4, 2016 Brown Armstrong Secountaincy Corporation

Current Year Agreed Upon Conditions and Recommendations

None in current year.

Status of Prior Year Agreed Upon Conditions and Recommendations

Agreed Upon Condition 1 - Financial Reporting of Securities Lending Activities

During our testing of securities lending activities, we identified the Cash Collateral Received for Securities Lending was reported in error as the amount included the Non-Cash Collateral amounts in the draft financial statements. According to Governmental Accounting Standards Board (GASB) Statement No. 28, securities received as collateral should be reported as assets if the governmental entity has the ability to pledge or sell them without a borrower default. As of June 30, 2015, StanCERA had a non-cash collateral with a fair value of \$16 million. Based on the information from StanCERA's custodian, Northern Trust, StanCERA does not have the ability to pledge or sell the non-cash collateral. This error resulted in the Securities Lending Collateral being overstated by \$16 million in the draft financial statements. These errors were subsequently corrected in StanCERA's audited financial statements.

Recommendation

We recommend StanCERA updates their policy and procedures to reflect that only Cash Collateral Received for Securities Lending be booked to properly reflect appropriate balances and notes disclosures.

Management Response

StanCERA will update their policy as recommended.

Current Year Status

StanCERA has put into place procedures to ensure proper posting of the Securities Lending Collateral.

Agreed Upon Condition 2 - Investment Manager Monitoring and Due Diligence

During our audit, we noted that StanCERA did not review, in detail, the service organization controls (SOC) 1 report of the service organizations. Third party service providers perform a significant amount of the processing of StanCERA transactions. Since a significant amount of the processing of StanCERA transactions is performed by service organizations, it is imperative that StanCERA management review the procedures at these service organizations on a consistent basis and document such review in detail as part of due diligence in operating StanCERA.

Recommendation

We understand resources are limited given StanCERA's current operating status and limited accounting personnel. We recommend instituting a policy requiring annual review of the SOC 1 report for the third party service provider and documentation of the acceptability of the SOC 1 report with regard to the annual assessment by StanCERA management that controls at service providers are operating in a way to ensure timely and accurate processing of StanCERA data and also address any noted exceptions and how those exceptions may affect StanCERA. Usually prepared annually, a SOC 1 report is useful in assessing the reliability of the third party's controls over the processing and security of StanCERA and participant data and activity. We also recommend ongoing timely review of annual audit reports provided by third party providers. These controls at StanCERA serve to assure proper and complete transmission of data to third parties, proper processing of data, and complete receipt of data from third parties and timely reconciliation of data, as necessary.

Management Response

StanCERA management concurs with this finding. We have reached out to our service providers and have been assured that they produce these reports annually and are available to StanCERA. Management will begin looking at ways we can accomplish this task either through internal staff or by using another qualified firm or entity to make the assessment.

Current Year Status

StanCERA has received either the ADV Report or the SOC 1 Report for its investment managers. At the time an investment manager is hired, the investment consultant reviews these reports and the prospective manager prior to recommending the manager to StanCERA Board of Retirement for approval. StanCERA is in the process of hiring an individual to fill an investment analyst type position. This position will review these reports on an annual basis.

Agreed Upon Condition 3 – Alternative Investment Valuation

During our review of the alternative (direct lending) investments, those investments for which a readily determinable fair value does not exist (that is, they are not listed on national exchanges or over-the-counter markets, nor quoted market prices available from sources such as financial publications, the exchanges, or the National Association of Securities Dealers Automated Quotations System), we noted StanCERA is not currently performing a review of the audited financial statements of their alternative investments.

Recommendation

We recommend comparing the institution's statement of value received as of the fund's year-end to the value based on the fund's audited financial statements and follow up on significant discrepancies. Valuing alternative investments may encompass a wide array of methodologies that may involve many assumptions and the exercise of professional judgment. Many alternative investments may have financial statements (unaudited or, preferably, audited) to support their valuations. If StanCERA relies on the amounts in the financial statements, it is important that those statements are as of the same date as StanCERA's financial statements and that the assets are valued at fair value. If not, StanCERA may need to perform additional procedures to be certain those valuations are reliable (again, this responsibility cannot be outsourced or assigned to a party other than StanCERA management). For example, if StanCERA is invested in a limited partnership with audited financial statements as of a date that is three months prior to StanCERA's year-end, you would need to determine how the value of that limited partnership may have changed over the three-month period between the date of the partnership's financial statements and the date of StanCERA's financial statements.

Management Response

StanCERA management concurs with this finding. Internal staff should be able to accommodate this recommendation for the 2016 audit.

Current Year Status

StanCERA performed an analysis on all the alternative investments, comparing the fund's audited financial statement balance multiplied by StanCERA's percentage of the fund and rolling the balance forward to StanCERA's financial statement date. This analysis will be performed annually going forward.

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Placement Agent Disclosure Policy

Adopted by the Retirement Board on May 25, 2010

This Policy is effective immediately upon adoption by the Retirement Board. This policy is intended to supplement any applicable provisions of state or federal law and to comply with such laws. This Policy shall apply to current external investment managers and consultants as well as those firms who are considered for investment management or consultation subsequent to the adoption of this Policy.

I. PURPOSE

StanCERA Retirement Board members, its employees, external investment managers and consultants are all subject to numerous legal requirements intended to ensure the ethical conduct of all parties involved in the prudent handling of the investment of StanCERA's members money money monies held in trust for these-members retirement benefits as governed by the County Employees Law of 1937 (or "1937 Act") and all subsequent legislation. Ethical conduct by all parties includes the compliance to legal requirements, insuring that fiduciary responsibilities are maintained throughout all processes and preventing conflicts of interest in decision making.

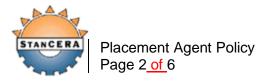
This Policy sets forth the circumstances under which StanCERA shall require the disclosure of payments to Third Party Representatives (also known as Placement Agents) by external investment managers or consultants in connection with securing investment related business with StanCERA.

The purpose of this Policy is to enhance the transparency of investment related decisions by requiring broad and timely disclosure of the existence of any relationships between StanCERA <u>external</u> investment managers or consultants and other Third Party Representative(s) who serve as compensated representative(s) of the <u>external</u> investment manager or consultant to secure investment related business with StanCERA. The goal of this Policy is to help ensure that all investment related decisions are made solely on the merits of the investment opportunity, are reasonable and prudent from a fiduciary perspective and are consistent with StanCERA's Statement of Investment Policy.

II. Glossary of Terms

A. Consultant

<u>Person (s) or firms(s) including key personnel of such firms(s), who are</u> contractually retained by StanCERA to provide advice to StanCERA on



<u>investments</u>, <u>Eexternal manager selection and monitoring</u>, and other services, but who do not exercise investment discretion, generally.

- B. External Manager (As defined in Government Code section 7513.8(b))
 - A person who is seeking to be, or is, retained by the StanCERA Board of Retirement or an Investment Vehicle to manage a portfolio of securities or other assets for compensation
 - 2. A person who manages an Investment Fund and who offers or sells, or has offered or sold an ownership interest in the Investment Fund to the StanCERA Board of Retirement or an Investment Vehicle.
- C. Investment Fund (As defined in Government Code section 7513.8(b))
 - 1. "Investment fund" means a private equity fund, public equity fund, venture capital fund, hedge fund, fixed income fund, real estate fund, infrastructure fund, or similar pooled investment entity that is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, owning, holding, or trading securities or other assets.
 - 2. Notwithstanding paragraph (1), an investment company that is registered with the Securities and Exchange Commission pursuant to the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and that makes a public offering of its securities is not an investment fund.
- D. Investment Vehicle (As defined in Government Code section 7513.8(b))

A corporation, partnership, limited partnership, limited liability company, association, or other entity, either domestic or foreign, managed by an external manager in which a board is the majority investor and that is organized in order to invest with, or retain the investment management services of, other external managers.

DEFINITION OF THIRD PARTY REPRESENTATIVE (ORE. PLACEMENT AGENT Placement Agent (As defined in Government Code section 7513.8(f))

For purposes of this Policy, a Third Party Representative (or Placement Agent) is defined as follows:

- 1. Any person or entity hired, engaged by, or acting for the benefit of or on behalf of an external investment manager or an Investment Fund managed by an External Manager, and who acts or has acted for compensation as a finder, solicitor, placement agent, marketer, consultant, broker or other intermediary to raise money or solicit investment funding from or to obtain access to StanCERA, either directly or indirectly.
 - a. In the case of an External Manager within the meaning of paragraph
 (1) of 75138(b), the investment management services of the external manager.

- b. In the case of an External Manager within the meaning of paragraph
 (2) of 7513.8(b), an ownership interest in an Investment Fund managed by the External Manager.
- 2. Notwithstanding paragraph (1), an individual who is an employees, officer, director, equity holder, partner, member, or trustee of an External Manager and who spends one-third of more of his or her time, during a calendar year, managing the securities or assets owned, controlled, invested, or held by the External Manager is not a Placement Agent.
 —of
 —an investment management or consultant firm who perform the marketing function of the firm are not considered Third Party Representatives (or Placement Agents) for the purposes of this Policy. Also, firms who are retained by StanCERA as a manager of multiple other investment managers (for example the current investment management in the allocation to U.S. small capitalization stocks) are not considered Third Party Representative(s) (or Placement Agents) for the purposes of this Policy.

III. Application

This Policy is effective immediately upon adoption by the Retirement Board. This policy is intended to supplement any applicable provisions of state or federal law and to comply with such laws. This Policy shall apply to current external investment managers and consultants as well as those firms who are considered for investment management or consultation subsequent to the adoption of this Policy.

IV. RESPONSIBLITIES

A.A. OF Each External Manager is responsible for providing the following information (collectively, the "Placement Agent Disclosure Form") to Staff promptly within 30 days of receipt of notification from StanCERA staff that the information needs to be supplied.

CURRENT AND POTENTIAL FUTURE EXTERNAL INVESTMENT MANAGERS AND CONSULTANTS

Providing the following information (collectively, the "Placement Agent Disclosure Form") to Staff promptly within Each existing external investment manager and consultant shall provide the following information within 30 days of receipt of notification from StanCERA staff that the information needs to be supplied.

Each firm that is being considered for investment management or consultation subsequent to the adoption of this Policy, Policy shall submit the following information to the Retirement Board and its investment consultant BEFORE making any presentations to the Retirement Board. The information shall include:

 A statement that the firm or any of its principals, agents or affiliates has (or has not) compensated or agreed to compensate, directly or indirectly, any Third Party Representative (or Placement Agent) in connection with any investment or

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proposed investment by StanCERA. If compensation of a Third Party Representative (or Placement Agent) has occurred or been agreed upon, items 2 – 8 need to be completed.

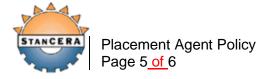
- 2. A resume for each officer, partner or principal of the Third Party Representative (or Placement Agent) detailing the education, professional designations, regulatory licenses, investment and work experience. The resume shall include whether the person is a current or former StanCERA Retirement Board member, StanCERA employee or consultant to StanCERA, or a member of the immediate family of a StanCERA Retirement Board member, StanCERA employee or consultant to StanCERA.
- 3. A description of any and all compensation of any kind provided or agreed to be provided to a Third Party Representative (or Placement Agent) including the nature, timing and value thereof along with written acknowledgment that the compensation is the sole responsibility of the investment manager or consultant.
- 4. A description of the services to be performed by the Third Party Representative (or Placement Agent).
- 2. A statement as to whether the Third Party Representative (or Placement Agent) is used by the investment manager or consultant with all prospective clients or only a subset of prospective clients.

5.

- 6. A written copy of any and all agreements between the investment manager or consultant and the Third Party Representative (or Placement Agent).
- 7. The name(s) of any current or former StanCERA Retirement Board member, StanCERA employee or consultant(s) to StanCERA who suggested the retention of the Third Party Representative (or Placement Agent).
- 8. A statement that the Third Party Representative (or Placement Agent) is registered with the United States Securities and Exchange Commission, the United States Financial Industry Regulatory Authority, the United States Commodity Futures Trading Commission or any similar regulatory agency in a country other than the United States including the details of such registration.
- Agent) or any of its affiliates, is registered as a lobbyist with any state or national government, or with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar regulatory agent in a county other than the United States and the dDetails of such registration or explanation of why no registration is required.

Investment managers and consultants shall provide to StanCERA any updated information of the above items (1 to 98) within 30 days of the change in information.

Investment managers and consultants shall agree to incorporate this Policy and compliance thereto as part of the investment manager's or consultant's agreement with



StanCERA for services rendered. Investment managers and consultants will cooperate with StanCERA staff in monitoring and assuring compliance with this Policy.

In cases where there is uncertainty whether a disclosure should be made, the Policy should be interpreted to require disclosure.

Any Third Party Representative (or Placement Agent) shall, prior to acting as such, disclose to StanCERA the following:

- 1. All campaign contributions made by the Third Party Representative (or Placement Agent) to any elected StanCERA Retirement Board member during the prior 24 months and while the Third Party Representative (or Placement Agent) is receiving compensation in connection with a StanCERA investment.
- 4.2. All gifts, as defined in Government Code section 82028, given by the Third Party Representative (or Placement Agent) to any StanCERA Retirement Board member during the prior 24 month period <u>and Aand</u> while the Third Party Representative (or Placement Agent) is receiving compensation in connection with a StanCERA investment.

B. StanCERA staff are responsible for the following actions:

- 1. Ensure that an agreement to comply with this Policy is incorporated in all current and future investment management agreements. Incorporate this Policy in all current and future agreements with investment managers and consultants.
- 1. Ensure that all existing External Managers complete and submit the Placement Agent Information Disclosure to StanCERA in a timely manner.
- 2. Ensure that future candidates for StanCERA investment management or consultant services provide all information as noted above and such information is forwarded to the Retirement Board BEFORE any presentation is made to the Retirement Board
- 2. Provide the Board with the disclosure information before any investment decision by the StanCERA Board with respect to that Ensure that all reported information is received in a timely fashion.
- 3. Manager. Promptly advise the Board of any material violation of this Policy.

C. Sanctions for Policy Violations

In the event of a material omission or inaccuracy in the information disclosed pursuant to this Policy, the following sanctions may be applied by the Retirement Board:

- 1. The reimbursement to StanCERA by the investment manager or consultant of the greater of the following:
 - a. Any investment management or advisory fees paid over four quarters or
 - <u>b.</u> An amount equal to the amounts paid or promised to be paid to the Third Party Representative (or Placement Agent)



Placement Agent Policy Page 6 of 6

- 2. Immediate termination of the investment management or consultation agreement without penalty to StanCERA, including withdrawal from a limited partnership, limited liability company or other investment vehicles and the cessation of any further capital contributions thereto.
- 3. A prohibition for the existing or potential investment manager or consultant or Third Party Representative (/Placement Agent) from soliciting new investments from StanCERA for five (5) years. The five (5) years may be reduced by a majority vote of the Retirement Board at a public session upon a showing of good cause.
- 2.4. Any other sanction(s) which in the opinion of legal counsel is prudent and assists the Retirement Board in meeting its fiduciary obligations.

V. Policy Review

This Board shall review this policy at least every three years.

VI. Policy History

Adopted by the Retirement Board on May 25, 2010

Amended _____

Reviewed and amended Approved / Adopted _ by the Board of Retirement

Rick Santos, Executive Director

Approval / Adoption Date:



Stanislaus County Employees' Retirement Association

832 12th Street, Ste. 600, Modesto, CA 95354 • PO Box 3150, Modesto 95353 • www.stancera.org • 209-525-6393 • 209-558-4976 Fax

Placement Agent Disclosure Form

The Retirement Board ("Board") of the Stanislaus County Employees Retirement Association ("STANCERA") has adopted a Placement Agent Disclosure Policy ("Policy"), a copy of which is attached as Attachment No.1. Under the Policy, each External Manager must complete and deliver this Disclosure Form to STANCERA.

For purposes of this disclosure, "you" means the External Manager identified below and its affiliates, including the External Manager's and affiliates' respective officers, directors, partners, members, employees, contractors, and agents.

Name of External Ma	nager:		
Contact information for	or External Ma	nager:	
	Address:		
			
Contact Person:			
Contact Information: (email/phone/fax)			
,			

See Glossary of Terms in Policy.



1. mana		you used a Placement Agent in connection with managing or seeking to ets for STANCERA in connection with a proposed or current investment?
	Yes_	No
		plete the remainder of the Disclosure Form. If "No", skip the remaining on page 5.
2.	a.	The name(s) of the Placement Agent(s) used is:
		Please attach a resume for each Placement Agent(s) detailing the cation, professional designations, regulatory licenses, and investment and nce. Please identify below all persons whose resumes are attached.
3. Agen		Is External Manager solely responsible for payment of the Placement or providing the compensation if not a monetary fee?
Yes		No
If "No	o", expla	in:
or inc		Will any part of the fee or other compensation be paid or provided directly by STANCERA, the investment vehicle, or any investor(s) in the investment
Yes		No
If "Ye	es", expl	ain:



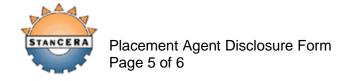
4. Please describe in detail the services performed and/or to be performed by the Placement Agent(s) in connection with the Proposed Investment and attach a copy of any and all agreements between you and any third-party (non-employee) Placement Agent(s).
5. Please describe any and all compensation of any kind provided, or agreed to be provided, to the Placement Agent(s) or to a third party at the behest of the Placement Agent(s), in connection with the Placement Agent's work for the External Manager on the Proposed Investment. This description should include the general structure and timing of such compensation, and we are not expecting specific dollar amounts or percentages.
6. Please describe the relationship between you and the Placement Agent, and include whether the Placement Agent(s) is used with all of your clients or prospective clients or only a subset of your clients or prospective clients. If applicable, describe this subset of clients.
7. a. Please list the name(s) of all current and former STANCERA board members, employees, and consultants, or a member of the immediate family of any such person that are either employed or receiving compensation of any kind provided, or agreed to be provided, directly or indirectly from the Placement Agent(s) in connectio with the Proposed Investment. If none, enter "none" below.
b. Please list the name(s) of any current or former STANCERA Board members, employees, and consultants, or a member of the immediate family of any such person, who suggested the retention of the Placement Agent(s) in connection with the Proposed Investment. If none, enter "none" below.

8. Please state whether the Placement Agent(s), or any of its affiliates, is register with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar state regulatory agency, or any similar regulatory agency in country other than the United States. Also include any CFA (Chartered Financial Analyst) registrations conferred by the CFA Institute. Please describe the details of a registrations. If the Placement Agent(s) is not registered with any regulatory agency, please provide explanation as to why no registration is required.	а
9. Please state whether the Placement Agent, or any of its affiliates, is registered (or is required to be registered as of a date certain) as a lobbyist with any state or national government. Please describe all such registrations.	I

Any External Manager or Placement Agent that violates the Policy shall not solicit new investments from STANCERA for five years after the violation was committed. However, this prohibition may be reduced by a majority vote of the Board at a public session upon a showing of good cause.

Sanctions in the event of a material omission or inaccuracy in the Disclosure can include, but are not limited to:

- a. For failure to disclose a relationship with a third party Placement Agent, the reimbursement to STANCERA of an amount equal to the amounts paid or promised to be paid to that Placement Agent in connection with any investment by STANCERA.
- b. Immediate termination of the investment management engagement without penalty, or withdrawal without penalty from the limited partnership, limited liability company, or other investment vehicle, or suspension of any further capital contributions (and any fees on these recalled commitments) to limited partnership, limited liability company, or other investment vehicle.



Your attention is drawn to California Government Code section relating to Placement Agents. Please note, there may be other laws relevant to Placement Agents, and you and any Placement Agent you engage with respect to managing or seeking to manage STANCERA assets are strongly encouraged to consult your own legal counsel.

California Government Code section 7513.9:

- a. Any placement agent, prior to acting as a placement agent in connection with any potential system investment, shall disclose to the board all campaign contributions made by the placement agent to any elected member of the board during the prior 24-month period. Additionally, any subsequent campaign contribution made by the placement agent to an elected member of the board during the time the placement agent is receiving compensation in connection with a system investment shall also be disclosed.
- b. Any Placement Agent, prior to acting as a Placement Agent in connection with any potential system investment, shall disclose to the board all gifts, as defined in Section 82028, given by the Placement Agent to any member of the board during the prior 24-month period. Additionally, any subsequent gift given by the Placement Agent to any member of the board during the time the placement agent is receiving compensation in connection with a system investment shall also be disclosed.

By signing below, you acknowledge and agree to comply with STANCERA's Placement Agent Disclosure Policy (attached) and that the Policy will be incorporated into and made a part of any contract or other agreement pursuant to which you manage assets for STANCERA. You also represent and warrant that the above information, and information attached is true and correct. You agree to all of the following:

- 1. To provide an update of any changes to any of the information included in this questionnaire response within 30 days of the occurrence of the change in information.
- That for two years after leaving their position, former board members or administrators shall not receive compensation for appearing before or communicating with a STANCERA Board member or staff for the purpose of influencing the Board to take certain action regarding investments.
- 3. That all of the information provided to STANCERA pursuant to this Policy is public information and subject to disclosure under the Public Records Act.
- 4. That you will cause your engaged Placement Agent(s), prior to and during the time they are receiving compensation in connection with a STANCERA investment, to disclose to Staff any campaign contribution, gift or other item of value made or given to any member of the STANCERA Board or Staff or Consultant during the prior twenty-four month period.

Name of External M	anager:
	By:
	Name:
	Title:
	Date:



MASS MEDIA POLICY

Contact Guidelines

(Board Approved June 11, 2008 November 22, 2016)

PURPOSE

The purpose of creating guidelines for mass media contact is to ensure that the policies of the Retirement Board are accurately explained and reported, during inquiries made by representatives of the mass media. These guidelines This policy is are not meant to restrict the freedom of speech of staff and/or Board members, however; they are highly recommended as a reference for dealing with representatives of mass media.

SPOKESPERSON: RETIREMENT ADMINISTRATOR

The general spokesperson for the Retirement Board and the Association is the Retirement Administrator. The Retirement Administrator is considered the authorized respondent to mass media inquiries. The Retirement Administrator may relay policies and/or practices that have been officially adopted by the Retirement Board. This includes making available any documents that have been presented to the Board, during open session, and are therefore matters of public record.

Neither the Retirement Administrator Executive Director, a Retirement Board member nor any other StanCERA employee is authorized to <u>publicly</u> speculate <u>on as to</u> the intent_or motivations of a Retirement Board member <u>or the Retirement Board in the aggregate or staff</u>. Personal opinions are just that and should be avoided. However, ilf a personal opinion is provided, the opinion shouldshall be identified as such, to the inquiring party.

The Retirement Administrator may, on occasion, delegate the "spokesperson" responsibility to a designated staff member.

NON-INITIATION POLICY

As a general rule, the Association does not initiate any mass media contact without specific Board direction. The Retirement Board Chairperson and Administrator shall review all written press releases for their accuracy. Written or verbal information provided to mass media representatives that is not publically available through the StanCERA website or contained in a published agenda shall be reported to the Retirement Board Members, within 24 hours. through e-mail, fax, or phone.

RESPONSES TO MEDIA REPORTS

News articles related to the Association, even when positive in content, may provoke concern and misunderstanding from the StanCERA members and the community. If a news article contains inaccurate information, the Retirement Administrator, or designee will make every effort to contact the author and/or publication responsible and request a retraction or correction. Such instances shall be reported to the Retirement Board.

Editorials or opinion pieces will be addressed to "Letters to the Editor" and will only be submitted following <u>notification to the</u> Retirement Board review and approval.



V. Policy Review

This Board shall review this policy at least every three years.

VI. Policy History

Adopted by the Retirement Board on June 11, 2008

Historical Notes

Board Approved June 11, 2008 Board Approved November 22, 2016

Stanislaus County Employees' Retirement Association

832 12th Street, Ste. 600, Modesto, CA 95354 • PO Box 3150, Modesto 95353 • www.stancera.org • 209-525-6393 • 209-558-4976 Fax

BOARD OF RETIREMENT RECORDS RETENTION POLICY

I. Purpose

Information recorded in any form, paper or electronic, can be considered a record. StanCERA maintains those official records that document StanCERA's business matters. The purposes of this policy <u>isare</u> to: (1) ensure that StanCERA maintains official records that are essential to its operation; (2) reduce recordkeeping costs; (3) improve the efficiency of recordkeeping; and (4) ensure legal compliance with state, federal and other regulatory record keeping requirements.

II. Maintenance of Official Records

StanCERA will create and maintain trustworthy official records in order to preserve the rights of members and beneficiaries, promote quality decision-making and efficient business practices. A record is trustworthy when it has:

- Reliability- a full and accurate representation of the activities or facts to which they attest, and can be depended upon in the course of other transactions or activities.
- Integrity protected against unauthorized addition, deletion, and alteration.
- UsabilityAccessibility- able to be located, retrieved, presented and read

III. Unofficial Records

StanCERA is not required to maintain unofficial records. Unofficial records consist of works in progress, copies of notes and records that have not been either finalized or approved. Records that do not yet reflect the official position of StanCERA and/or remain subject to change before completion are also considered unofficial. Publications and materials not produced by StanCERA, not produced at StanCERA's request or not required to be received by StanCERA are not official records. However, such a record may be official if it adds to a complete understanding of StanCERA actions, operations and responsibilities.

IV. Process for Maintaining Official Records

A. Conversion of Paper Documents. All official member records that are currently stored at the StanCERA office and any additional official records designated by the Executive Director or his designee, that are currently in paper format shall be converted into electronic documents. There willshall be: (1) documentation of each step of the conversion process to ensure adequate proof of the chain of custody and (2) electronic storage so that the scanned documents cannot be added to, deleted, or otherwise alteredchanged. The paper documents will be kept for a period of time post conversion as outlined in the attached schedule.

B. Conversion of Paper Documents On Going Basis. All official records that are created or received in a paper format should be converted into an electronic format in such a manner that allows for the record to be trustworthy, efficiently stored and retrievable. There shall-will be: (1) documentation of each step of the conversion process to ensure adequate proof of the chain of custody and (2) electronic storage so that the scanned documents cannot be added to,



deleted, or otherwise changed. After the conversion, the paper document will be destroyed unless there

are specific circumstances that it be kept, such as, but not limited to, a litigation hold or document preservation order.

- C. Electronic Documents. All official records that are converted, created or received electronically shall be maintained and stored electronically in such a manner that allows for the record to be trustworthy, efficiently stored and retrievable.
- D. Destruction of Electronic Documents. All documents that either originated electronically or are converted into an electronic form will be electronically stored "indefinitely" until such time that the Board directs staff otherwise. Staff will monitor the electronic storage capacity on an ongoing basis. If it is determined that there should be destruction of any electronic records, staff will present a destruction schedule for the Board's approval.

E. Electronic back up will be maintained as recommended by the American National Standards Institute or the Association for Information and Image Management for recording of permanent records or nonpermanent records. Pursuant to Government Code Section §12168.7.

Policy Review

This Board shall review this policy at least every three years.

Adopted by the Retirement Board on _____

Policy History

Revised _____

Reviewed and amended by the Board of Retirement	
Rick Santos, Executive Director	
Approval/Adoption Date:	

STALE DATED CHECKS & UNCLAIMED BENEFITS POLICY & PROCEDURE

(Board Approved January 22, 2008)

Stanislaus County Employees' Retirement Association (StanCERA) issues warrants (checks) for Retiree Benefits, Active Member Refunds and Accounts Payable. Once a check is issued, the recipient has 180 days to deposit the check. If the check has not cleared StanCERA's bank after 180 days, the check is considered stale dated. StanCERA's complies with the provisions of California Employees' Retirement Law of 1937, Government Code section 31783.5 regarding stale dated checks.

POLICY:

It is StanCERA's policy to review and process stale dated checks <u>and unclaimed</u> <u>benefits</u> on a quarterly basis. <u>Threewo</u> accounts (burial allowance, <u>&-benefit payments</u> <u>and accounts payable) will be set up to act as "holding" accounts for the funds.</u>

PROCEDURE:

1. Determining Stale Dated Checks

- a. The Auditor/Controller's Office will provide aGet list of outstanding checks six months old and older, by issue date from County's Check Recon System, every month.
- b. The funds are moved to a holding account in the General Ledger for up to 5 vears.
- c. Attempt to locate payee per § 31583.5 using available search tools (e.g. Lexis Nexis, Berwyn, SPOKEO, DMV, etc.)
- 2. Contact the Accounts Receivable Division of the Auditor/Controller's Office and request a list of outstanding checks six months old and older.

3.2. Canceling Stale Dated Checks

- a. Notify payee or beneficiary in writing that a check was issued more than six months ago and has not cleared our account. Provide the payee with a Cancelled Warrant Affidavit. a "Declaration to Obtain Duplicate of a Lost or Destroyed Check" form. If payee is deceased with no beneficiary, obtain an Affidavit Under California Probate Code Section 13101.
- b. <u>30 days later If no reply from payee or beneficiary</u>, notify the payee again in writing by certified mail.
- c. 30 days later If still no reply, the funds will remain in the holding account for up to 5 years and willcould be re-absorbed into the reserves. the stale dated check will be cancelled by StanCERA and a new check will not be reissued until a completed Cancelled Warrant Affidavit is received. and funds will be moved to holding account in General Ledger for up to 5 years.

4-3. Re-issuing Stale Dated Checks

- a. Payee or beneficiary must provide a completed Cancelled Warrant Affidavit and Affidavit Under California Probate Code Section 13101 if applicable..
- b. Once the Affidavit-required documents are received by StanCERA, a new check will be issued to the payee or beneficiary.

4. Redeposit to Reserves (5 Years)

a. At fiscal year-end following 5 years from the date of initial contact the funds will be moved from the holding account and deposited into the appropriate reserve.

5. Unclaimed Benefits

- a. As in paragraph (1) Every reasonable effort is to be made to locate payee or named beneficiary.
- b. Notify payee/named beneficiary in writing that funds are available with appropriate forms included.
- c. 30 days later If no reply from payee/named beneficiary, notification in writing by certified mail.
- d. 30 days later If still no reply, the funds will be set aside as a payable / liability in General Ledger for up to 5 years
- e. At fiscal year-end following 5 years from the date of initial contact the funds will be moved from the holding account and deposited into the appropriate reserve.

Policy Review

The Board shall review this policy at least every three years.

Policy Historical Notes	
Board Approved January 22, 2008	
Reviewed & Amended	_
	Approved /Adopted by the Board of Retirement

Rick Santos, Executive Director

Approval / Adoption Date:__





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November 22, 2016

Retirement Board Agenda Item

TO: StanCERA Retirement Board

FROM: Rick Santos, Executive Director

I. SUBJECT: 2017-2019 Strategic Plan

II. ITEM NUMBER: 10.b.1

III. ITEM TYPE: Discussion and Action

- IV. STAFF RECOMMENDATION: Accept the Strategic Planning Committee's recommendation to approve the 2017-2019 Strategic Plan
- V. ANALYSIS: In March of 2016, the Strategic Planning Committee and StanCERA Board of Retirement approved staff's recommendation to retain the 4 high level Organizational objectives developed in 2013 and bring back to the Committee an action plan related to those objectives.

Then on November 15th, the Strategic Planning Committee approved staff's recommendation to accept the 2017-2019 Strategic Plan with its action plan. This agenda item represents the final draft of the 2017-2019 Strategic Plan with the action plan (Attachment 1).

At a high level, the Strategic Plan for the next 3 years will focus on the following:

- 1. Moniter and maintaining awareness of portfolio risk and identifying market opportunities that may allow StanCERA to meaningfully derisk its portfolio
- 2. Incorporate financial principles that create efficiencies in the cash flow process
- 3. Developing the ability to understand and monitor investment manager thesis and use this information regarding manager disposition
- 4. Continue to develop StanCERA staff to play a greater role in the investment governance process
- 5. Professional development of StanCERA staff
- 6. Successful implementation of the PAS project
- 7. Creation of efficiencies in the administrative process
- 8. Succession planning

After the full Board approves this 2017-2019 Strategic Plan, staff will lay out specific deliverables meant to achieve all actionable items over the next 3 years. The deliverables will be completed by the end of the year and will be incorporated into the Executive Director goals between 2017 and 2019 and reported on each quarter.

VI. RISK: None

VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.

VIII. ADMINISTRATIVE BUDGET IMPACT: None

Rick Santos, Executive Director

Kathy Herman, Fiscal Services Manager



2017-2019

Strategic Objective #1

Invest StanCERA assets in such a way that efficiently maximizes the ability to meet current and future benefit obligations while balancing the need for contribution stability and sustainability

Background

StanCERA understands that the first priority of the system is the timely payment of all benefit obligations. In this context, pension risk should be defined as the ability of StanCERA to meet its contractual promises to its members. It is also understood that StanCERA's plan sponsors have limited resources with which to make contributions to the System. As a result, StanCERA believes assets that produce cash flows similar in timing and size to the required benefit obligation is the most efficient and effective way to minimize pension risk and stabilize required plan sponsor contributions. StanCERA also understands that the ability to maintain contribution sustainability relies heavily on current capital market conditions.

Strategy

StanCERA's strategy to meet this strategic objective is driven by a balance between the economic environment and the plan sponsor's ability and desire to minimize pension risk with the general understanding that when the level of interest rates is low, the cost to minimize pension risk is high. As a result, StanCERA adopts the following strategies:

- I. Maintain awareness of current economic costs, conditions and risks
- II. Create awareness of the advantage of a rising interest rate environment
- III. Communicate with plan sponsors
- IV. Efficiently manage the internal cash flow process

Desired Outcome

The desired outcome is to create a pension system that is stable and sustainable. Plan sponsor financial position, the general level of interest rates in the economy, current capital market conditions and an understanding of the timing and magnitude of cash flows into and out of the system will enhance the Organization's ability to achieve this outcome.

Strategic Plan Objective #1: Action Plan with Deliverables

- 1. Implementation of Functionally Focused Portfolio Concept
- 2. Consult regularly with plan sponsors regarding salary and retirement projections
- 3. Consult regularly with plan sponsors regarding pension contribution projections
- 4. Monitor and assess capital market expectations on a continual basis
- 5. Maintain awareness of the cash flow process



2017-2019

Strategic Objective # 2

Develop efficient and effective processes for the evaluation, monitoring and disposition of StanCERA's active managers

Background

Over time, capital markets have become increasingly more efficient while the ability of an active manager to consistently outperform has become more difficult. Further, as System assets and the number of different asset types grow, so does the need for enhanced investment governance and the ability for StanCERA to efficiently and effectively assess and monitor the performance of its active managers.

Strategy

- I. Maintain an understanding and awareness of the asset allocation process and how asset classes work in the aggregate to form an optimal portfolio
- II. Develop and maintain an understanding of each manager's thesis and the ability to assess whether StanCERA's active managers are working within their thesis
- III. Develop internal StanCERA staff to play a greater role in the reconciliation, reporting and assessment process
- IV. Continue to develop and augment current internal quarterly reporting standards

Desired Outcome

The intent of this objective is to enhance StanCERA's understanding and assessment of the investment process and those that are managing it while keeping ambiguity regarding manager performance to a minimum. Additionally, the development of StanCERA's internal resources dedicated to the investment process will enhance the Organization's fiduciary responsibility to its stakeholders.

Strategic Plan Objective #2: Action Plan with Deliverables

- 1. Maintain and improve the comprehensive internal investment governance process
- 2. Maintain a comprehensive internal investment data repository
- 3. Develop and maintain auxiliary performance reporting
- 4. Provide StanCERA staff opportunities to enhance their knowledge regarding the investment governance process



2017-2019

Strategic Objective #3

Continue to foster an organizational culture that values and promotes team work, education, awareness, accountability and achievement.

Background

The defined benefit that StanCERA administers is a valuable asset and a critical part of the compensation package that has been promised to its members. At the same time, it's important to understand the needs and constraints of our stakeholders. As an organization, StanCERA has been fortunate to maintain stable staffing. However, the demographics and growth of the organization promises to challenge this stability. Fostering an organizational culture that values and promotes teamwork, education, and awareness, demonstrates that we value our own human resources, ensuring our stakeholders' needs continue to be met.

Strategy

- I. Optimize StanCERA's organizational resources
- II. Ensure organizational quality and performance through continuous improvement
- III. Identify potential programs that will enhance skills and advance development of staff
- IV. Foster an organizational culture that values and promotes teamwork

Desired Outcome

The intent of this objective is to preserve an agency that leads with transparency and promotes teamwork throughout and to foster an environment of creativity while maintaining accountability and personal responsibility. Additionally, the objective seeks to enable StanCERA staff by providing the knowledge and the skills necessary to fulfill the benefits that have been promised to all of its members as well as preparing staff for future challenges and professional opportunities.

Strategic Plan Objective #3: Action Plan with Deliverables

- 1. Train for succession planning to prepare for StanCERA's future and continue to crosstrain staff to optimize efficacies for staffing level fluctuations.
- 2. Standardize communication and establish a formal peer-review process for internal and external documents and external communications.
- 3. Develop and implement an educational policy and plan for staff.
- 4. Develop and implement a team-building action plan.



2017-2019

Strategic Objective # 4

Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently.

Background

As the system continues to grow, both demographically and financially, enhanced communication and interaction with stakeholders will be essential. On October 10, 2014 the Board of Retirement approved a 10 year Strategic Growth Plan including multiple information technology solutions to further StanCERA's commitment to this objective. The Strategic Growth Plan also addressed StanCERA's need for succession planning and shed light on some vulnerabilities that could affect the Organization's ability to administer the System effectively and efficiently.

Strategy

- I. Enhance StanCERA technology in order to optimize our human resources and productivity
- Expand technology to provide and encourage stakeholder education and awareness.
- III. Prepare and plan for key employee exits over the next 5 years.

Desired Outcomes

The intent of this objective is to enhance stakeholder awareness, understanding and comfort with the investment and benefit process through training and communication. Additionally, implementation of the 10 year Strategic Growth Plan will enable us to effectively and efficiently serve StanCERA stakeholders well into the future.

Strategic Plan Objective #4: Action Plan with Deliverables

- 1. Implementation of Electronic Member Filing Content Management System
- 2. Enhance stakeholder education and communication opportunities
- 3. Substantial completion of Pension Software System implementation
- 4. Design and rollout of improved StanCERA website
- 5. Create an organizational structure that maximizes recruitment potential and encourages staff development for future leadership positions