

## Investment Performance



**December 31, 2016**

by



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### ***Chicago***

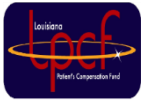
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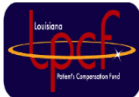
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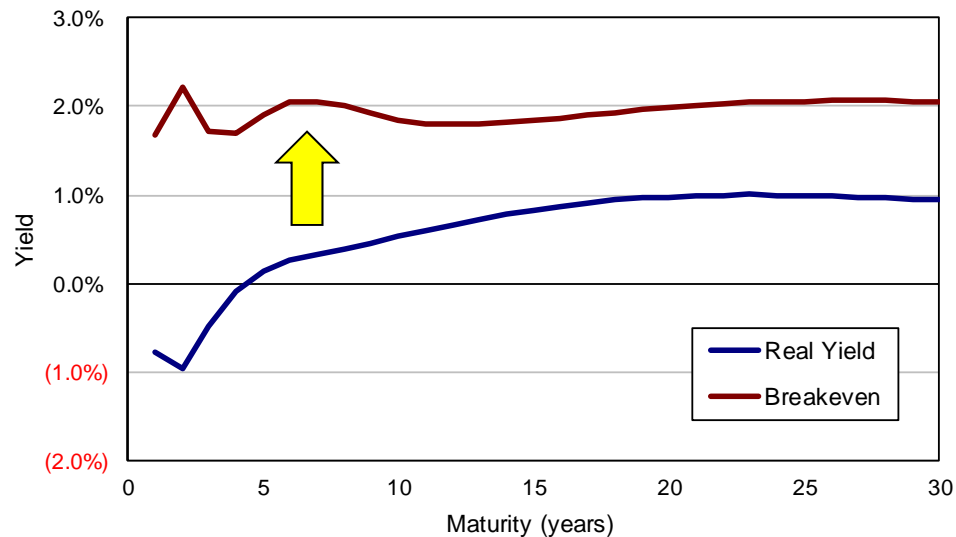


# CAPITAL MARKETS SUMMARY 4<sup>th</sup> QUARTER 2016

## U.S. Treasury Rates



## Real Yield / Breakeven Spread

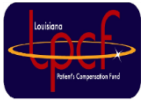


## Fixed Income Markets

		3 Mon	1 YR	3 YR	5 YR	10 YR	20 YR
<b>Cash</b>	ML 91 Day T-bills	0.1%	0.3%	0.1%	0.1%	0.8%	2.3%
<b>Investment Grade</b>	Barclays Cap. Aggregate	-3.0%	2.6%	3.0%	2.2%	4.3%	5.3%
	U.S. Treasury	-3.8%	1.0%	2.3%	1.2%	4.0%	5.0%
	U.S. Agency	-2.0%	1.4%	2.0%	1.3%	3.4%	4.7%
	U.S. Credit	-3.0%	5.6%	4.1%	3.8%	5.3%	5.9%
	ABS	-0.7%	2.0%	1.7%	1.7%	3.0%	4.5%
	MBS	-2.0%	1.7%	3.1%	2.1%	4.3%	5.2%
	CMBS	-2.9%	3.5%	2.9%	3.7%	4.8%	6.0%
	Barclays Cap. U.S. TIPS	-2.4%	4.7%	2.3%	0.9%	4.4%	NA
	Barclays Cap. Long G/C	-7.8%	6.7%	7.2%	4.1%	6.9%	7.3%
<b>Muni</b>	Barclays Cap. Municipal	-3.6%	0.2%	4.1%	3.3%	4.2%	5.0%
<b>High Yield</b>	S&P/LSTA	2.3%	10.2%	3.6%	5.1%	4.6%	NA
	BC High Yield	1.8%	17.1%	4.7%	7.4%	7.5%	7.0%

## Equity Markets

		3 Mon	1 YR	3 YR	5 YR	10 YR	20 YR
<b>Large Cap</b>	S&P 500	3.8%	12.0%	8.9%	14.7%	6.9%	7.7%
	S&P 500 - Value	7.3%	17.4%	8.5%	14.7%	5.5%	7.5%
	S&P 500 - Growth	0.5%	6.9%	9.0%	14.5%	8.3%	7.7%
<b>Small Cap</b>	Russell 2000	8.8%	21.3%	6.7%	14.5%	7.1%	8.3%
	Russell 2000 - Value	14.1%	31.7%	8.3%	15.1%	6.3%	9.7%
	Russell 2000 - Growth	3.6%	11.3%	5.1%	13.7%	7.8%	6.3%
<b>International</b>	MSCI EAFE	-0.7%	1.0%	-1.6%	6.5%	0.8%	4.2%
	MSCI EAFE - Value	4.2%	5.0%	-2.1%	6.3%	-0.2%	4.9%
	MSCI EAFE - Growth	-5.5%	-3.0%	-1.2%	6.7%	1.6%	3.4%
	MSCI Emerging Markets	-4.2%	11.2%	-2.6%	1.3%	1.8%	5.5%



# EXECUTIVE SUMMARY

## December 31, 2016

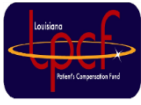
### Summary

#### ➤ For the quarter:

- Portfolio update: All asset classes for the quarter were within their target policy ranges. The portfolio was over \$1.0 B
- Capital Markets:
  - ✓ Advanced estimate of fourth quarter GDP shows the economy grew at a pace of 1.9%. This fell below the consensus expectation of 2.2%. The final reading of 2016 third quarter GDP was revised up to 3.5% from 3.2%. Positives for the fourth quarter included, strong consumer spending, residential investment, and business investment that increased at 2.5%, 10.2% and 2.4% respectively. The major detractor for the quarter was net exports, at -1.7%.
  - ✓ The December jobs numbers came in slightly below consensus at 156,000. While disappointing, the previous two months were positively revised to add a combined 19,000 jobs. In total, this brought the average increase in jobs over the last twelve months to 177,000. However, the unemployment rate increased from 4.6% to 4.7%, while the participation rate still remains low.
- Performance:
  - ✓ All asset classes except investment grade bonds made money this quarter.
  - ✓ The PCF's overall portfolio outperformed the benchmark by 24 bps (-0.42% vs. -0.67%).
  - ✓ All composites outperformed for the quarter, except High Yield.

#### ➤ For the past year:

- Capital Markets:
  - ✓ All investment grade fixed income markets did well the past 12 months.
  - ✓ For equities, all markets did well except International Growth.
- Performance:
  - ✓ The PCF's overall portfolio outperformed the benchmark by 0.59%, returning 4.98%.
  - ✓ Core Fixed Income composite outperformed by 70 bps, returning 2.59% vs. 1.89% for the benchmark.
  - ✓ Both Core Fixed and Commodities fared well on a relative basis, while high yield bonds and equities struggled.



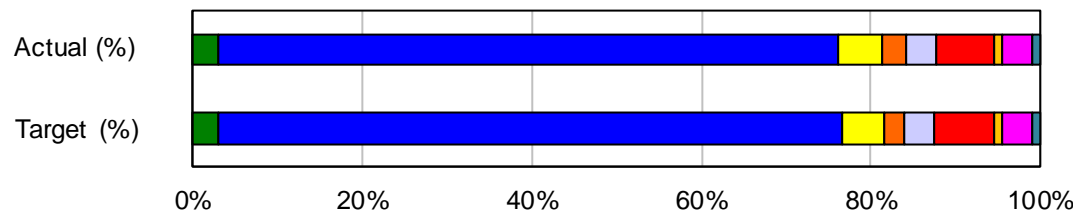
## COMPANY COMPOSITE December 31, 2016

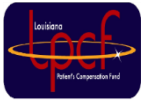
### Total Company Allocation by Asset Class (\$000s)

	Actual (\$000s)	Actual (%)	Target (%)
■ Cash	30,826	3.0%	3.0%
■ Core Investment-Grade Bonds	753,053	73.2%	73.5%
■ High Yield Bank Loans	53,420	5.2%	5.0%
■ High Yield Bonds	28,045	2.7%	2.5%
■ Commodities	36,006	3.5%	3.5%
■ Domestic Equity	71,405	6.9%	7.0%
■ US Small Cap	10,233	1.0%	1.0%
■ International Equity	35,973	3.5%	3.5%
■ International Small Cap Equity	10,331	<u>1.0%</u>	<u>1.0%</u>
<b>Total</b>	<b>1,029,291</b>	<b>100.0%</b>	<b>100.0%</b>

➤ All asset classes are within their policy target ranges.

➤ This is monitored monthly.

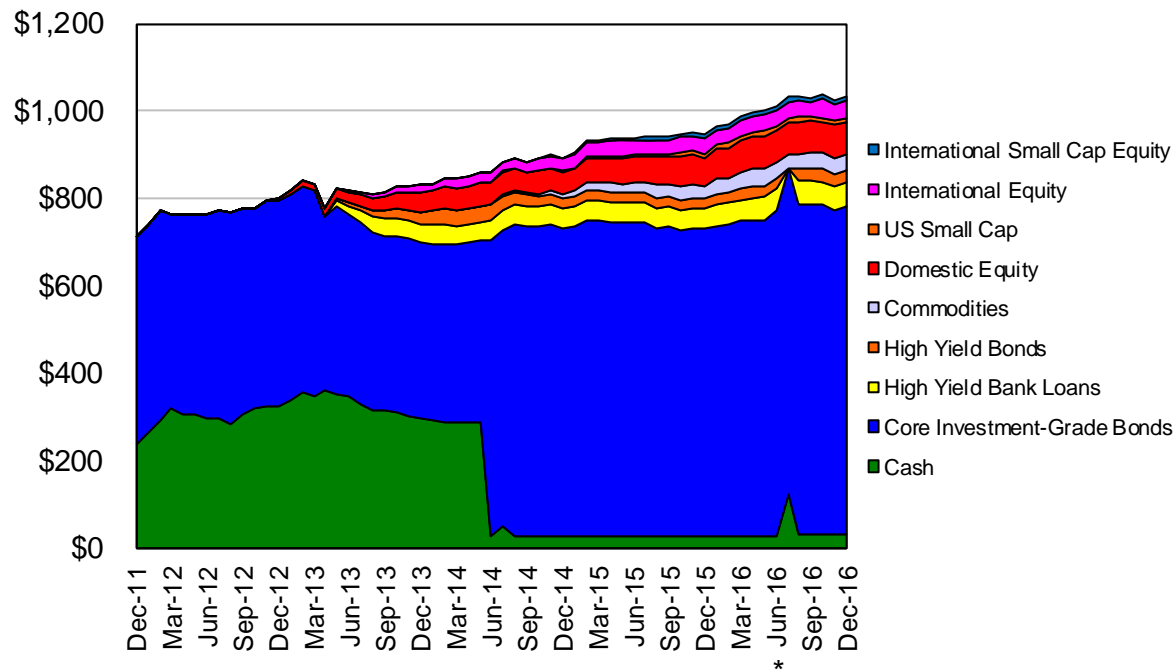




# COMPANY COMPOSITE

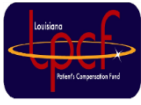
## December 31, 2016

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



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

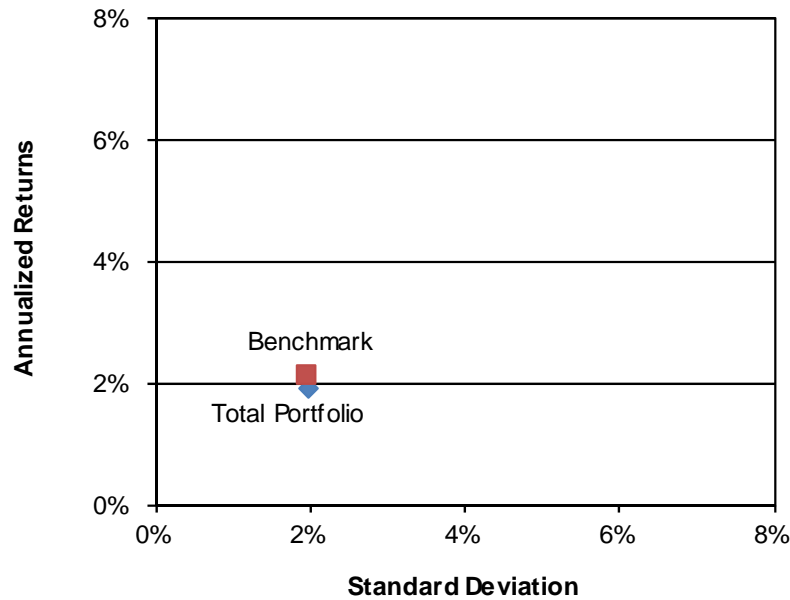
\* In June 2016 we had a bump up in cash due to the transition of the new High Yield Bank and Bond Managers



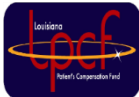
# COMPANY COMPOSITE

## December 31, 2016

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



- This chart shows the risk and return for the actual portfolio and the overall benchmark for the past three years.
- Over the past five years, LAPCF slightly underperformed its benchmark by 0.17% on an annualized basis, with just 0.02% of additional volatility.



# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of December 31, 2016

Portfolio	Market Value (\$000s)	% of Overall Portfolio	For Periods Ending 12/31/2016					Since Inception	Inception Date
			Quarter	YTD	Two Years	Three Years	Five Years		
<b>PCF Composite</b>	1,029,291	100.0%							
Pretax Performance			(0.42%)	4.98%	2.24%	2.67%	1.92%	1.92%	1/1/2012
<sup>1</sup> Blended Benchmark			(0.67%)	4.39%	1.96%	2.52%	2.09%	2.09%	
Relative Performance			0.24%	0.59%	0.28%	0.15%	(0.17%)	(0.17%)	
<b>Cash</b>									
WF Advantage Fund	30,826	3.0%	0.09%	0.27%	0.13%	NA	NA	0.13%	1/1/2015
Merrill 91 Day T-Bill			0.08%	0.33%	0.19%	NA	NA	0.19%	
Relative Performance			0.01%	(0.06%)	(0.06%)	NA	NA	(0.06%)	
<b>Core Fixed Income Composite</b>	753,053	73.2%	(1.76%)	2.59%	1.93%	3.13%	1.81%	1.81%	1/1/2012
<sup>1</sup> Blended Benchmark			(2.07%)	1.89%	1.52%	2.84%	2.12%	2.12%	
Relative Performance			0.31%	0.70%	0.41%	0.29%	(0.30%)	(0.30%)	
<b>High Yield Bank Loan Composite</b>	53,420	5.2%	2.09%	10.36%	3.54%	2.50%	NA	2.97%	4/1/2013
S&P LSTA Index			2.21%	9.93%	4.38%	3.37%	NA	3.49%	
Relative Performance			(0.12%)	0.43%	(0.84%)	(0.88%)	NA	(0.52%)	
<b>High Yield Bond Composite</b>	28,045	2.7%	0.93%	15.57%	4.53%	3.54%	NA	3.45%	5/1/2013
<sup>1</sup> Blended Benchmark			1.88%	17.36%	5.77%	4.62%	NA	4.45%	
Relative Performance			(0.96%)	(1.79%)	(1.24%)	(1.07%)	NA	(1.00%)	
<b>Commodity Composite</b>	36,006	3.5%	4.06%	17.46%	(6.35%)	NA	NA	(14.87%)	7/1/2014
<sup>1</sup> Blended Benchmark			2.36%	10.57%	(9.10%)	NA	NA	(16.36%)	
Relative Performance			1.71%	6.88%	2.75%	NA	NA	1.49%	
<b>Total Equity Composite</b>	127,942	12.4%	2.77%	10.05%	4.00%	4.57%	NA	10.97%	11/1/2012
<sup>1</sup> Blended Benchmark			2.76%	11.03%	4.28%	4.87%	NA	11.14%	
Relative Performance			0.01%	(0.98%)	(0.28%)	(0.30%)	NA	(0.17%)	

➤ For the fourth quarter:

- The portfolio earned -0.42%, outperforming the benchmark by 24 basis points.
- High Yield underperformed their respective benchmarks.
- Fixed income and commodities beat their respective benchmarks.

➤ Over the past five years, the portfolio has slightly underperformed their overall benchmark by 17 basis points.

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





## DOLLAR RECONCILIATION

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

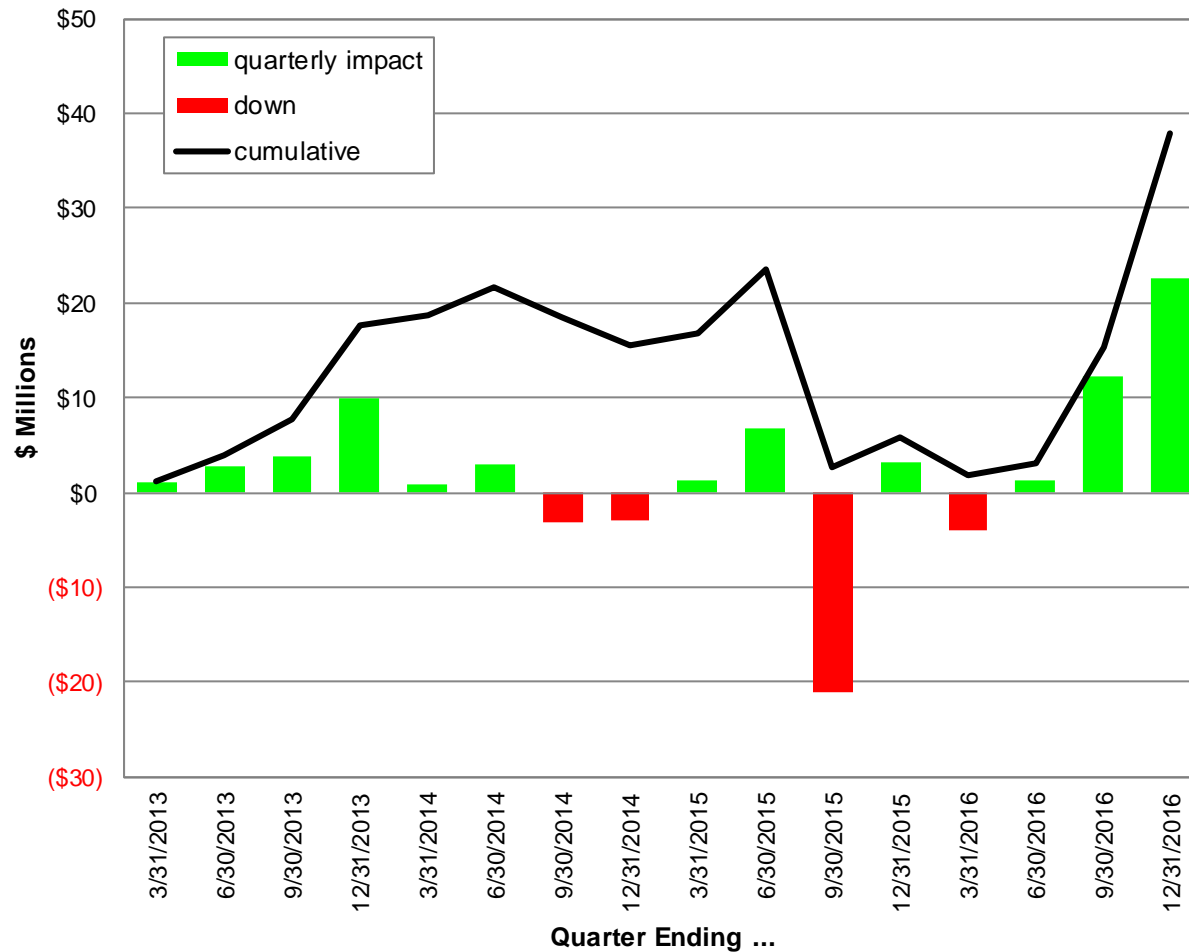
	PCF Composite	Core Fixed	HYBL's	High Yield	Commodity	Equity
Beginning Market Value	\$1,036,710	\$757,835	\$52,308	\$27,792	\$37,002	\$130,976
Net Contributions/Withdrawals	(\$21)	\$9,187	\$0	(\$32)	(\$2,476)	(\$6,700)
Investment Income	\$6,482	\$4,368	\$664	\$405	\$137	\$907
Investment Gain/(Loss)	(\$13,879)	(\$18,338)	\$448	(\$119)	\$1,343	\$2,759
Investment Return	(\$7,397)	(\$13,969)	\$1,112	\$285	\$1,481	\$3,666
Ending Market Value	\$1,029,291	\$753,053	\$53,420	\$28,045	\$36,006	\$127,942

- The portfolio ending market value is over \$1,029,291 for the end of the 4<sup>th</sup> quarter.
- Total Investments loss \$13.8 MM for the quarter, with Commodities and Equities earning \$1.3MM and \$2.7MM.



## DOLLAR RECONCILIATION (cont.)

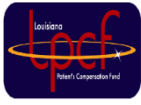
### Value Added or (Detracted) by the Diversified Portfolio



- When “fear” is the dominant market factor, U.S. Treasuries tend to do best. In these situations, the PCF’s portfolio will do worse than its prior strategy.
- For the past quarter, U.S. Treasuries earned -3.8% driven by an increase in interest rates.
- For the past year, U.S. Treasuries, earned 1.0%.
- Since inception, the diversified portfolio has added about \$38 MM above what the prior portfolio structure would have earned.

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

Source: Wells Fargo, State of Louisiana, CIA analysis



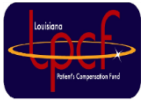
# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of December 31, 2016

Portfolio	Market Value (\$000s)	% of Overall Portfolio	For Periods Ending 12/31/2016			Three Years	Five Years	Since Inception	Inception Date
			Quarter	YTD	Two Years				
<b>Core Fixed Income Composite</b>	753,053	100.0%	(1.76%)	2.59%	1.93%	3.13%	1.81%	1.81%	1/1/2012
<sup>1</sup> <u>Blended Benchmark</u>			(2.07%)	1.89%	1.52%	2.84%	2.12%	2.12%	
Relative Performance			0.31%	0.70%	0.41%	0.29%	(0.30%)	(0.30%)	
GR NEAM	753,053	100.0%	(1.74%)	2.70%	2.10%	NA	NA	2.14%	6/27/2014
<u>Barclays Intermediate Aggregate</u>			(2.07%)	1.89%	1.52%	NA	NA	1.66%	
Relative Performance			0.32%	0.81%	0.59%	NA	NA	0.48%	
JP Morgan	-	0.0%	(1.88%)	2.37%	1.73%	NA	NA	1.75%	6/27/2014
<u>Barclays Intermediate Aggregate</u>			(2.07%)	1.89%	1.52%	NA	NA	1.66%	
Relative Performance			0.19%	0.48%	0.21%	NA	NA	0.09%	

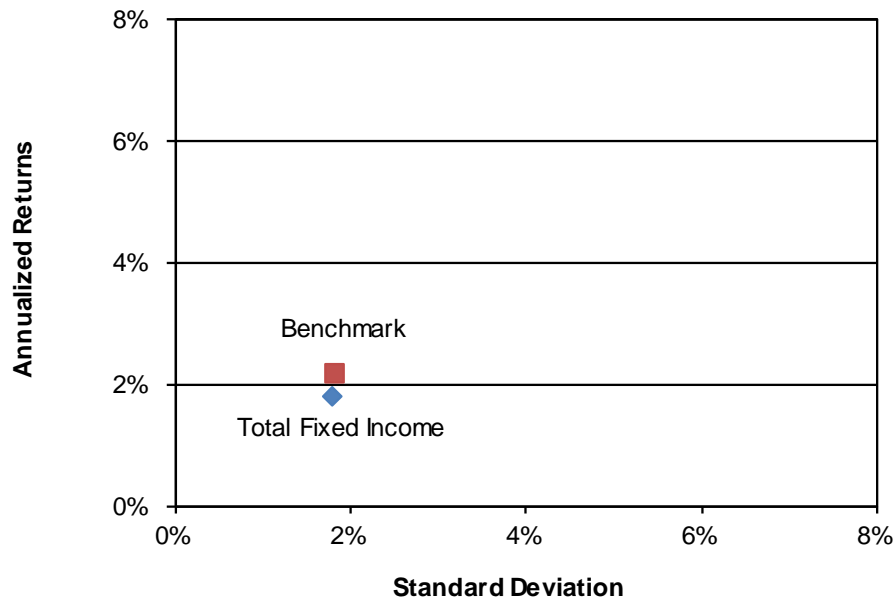
- GR-NEAM outperformed for all time periods.
- In December, JP Morgan was terminated and all JP Morgan securities were transferred over to GR NEAM. Since inception, JP Morgan outperformed by 0.09% on an annualized basis net of fees.

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



# INVESTMENT PERFORMANCE

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



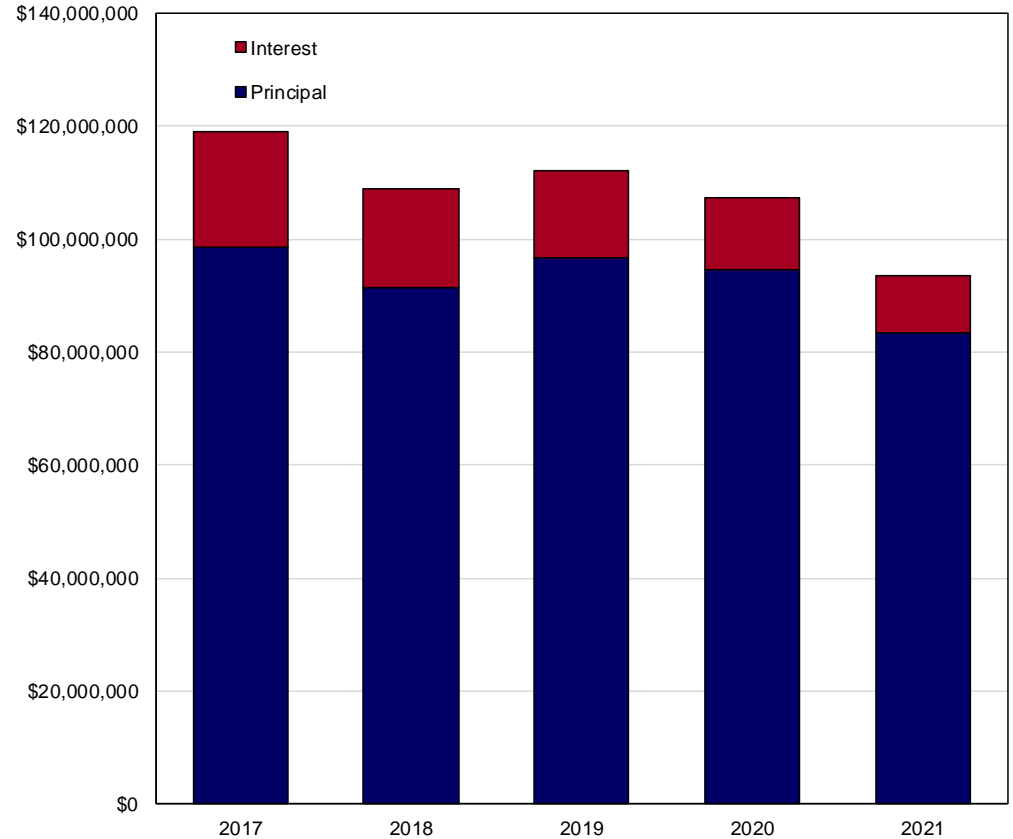
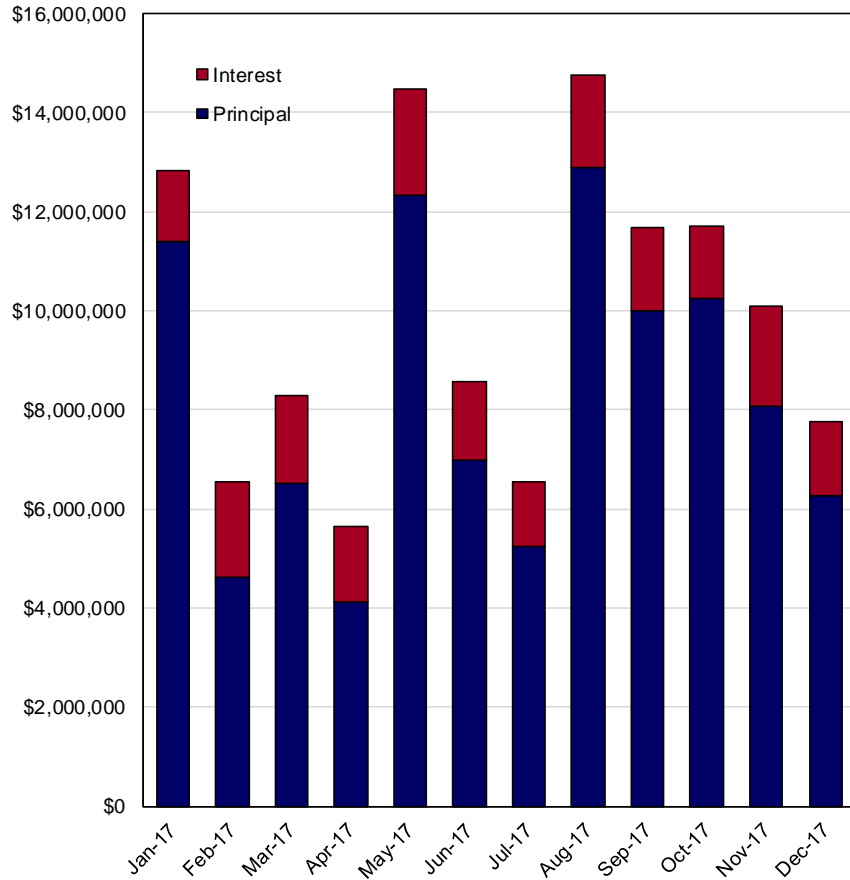
- Over the past five years, Fixed Income has underperformed against their benchmark -0.30% with slightly higher risk in the portfolio +0.04% volatility.
- As both NEAM and JP Morgan have outperformed since inception, the underperformance is driven by the transition period from the State-managed portfolio to the current structure.

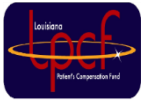
<sup>1</sup>The blended benchmark consists of a market-weighted blend of the underlying portfolio benchmarks.



# INVESTMENT PERFORMANCE

## Fixed Income Cash Flow Projections





# GR-NEAM BOND FUND

## Portfolio Characteristics

	GR NEAM as of		BC Int. Aggregate as of
	9/30/16	12/31/16	12/31/16
Effective Duration	3.4 years	3.9 years	4.3 years
Average Maturity	4.5 years	4.8 years	5.3 years
Yield to Maturity	1.7%	2.3%	2.4%
Average Quality	AA	AA	AA+

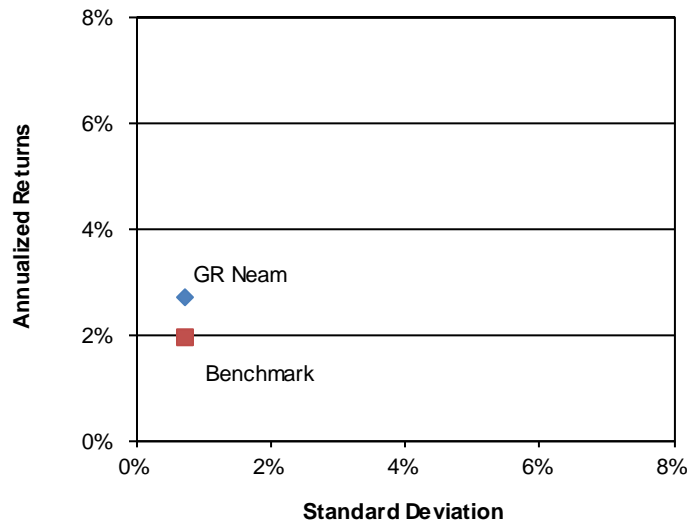
## Advisor's Mandate

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

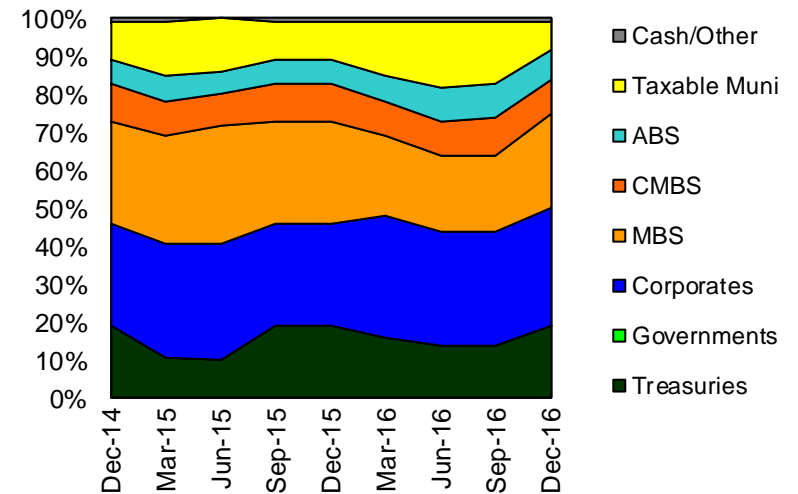
## Commentary

- GR-NEAM outperformed for the quarter and all time periods.
- Since inception GR-NEAM outperformed their relative benchmark by 0.48% net of fees.

## One-Year Risk/Return



## Historical Sector Distribution



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

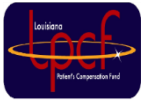


# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of December 31, 2016

Portfolio	Market Value (\$000s)	% of Overall Portfolio	For Periods Ending 12/31/2016					Since Inception	Inception Date
			Quarter	YTD	Two Years	Three Years	Five Years		
<b>High Yield Bank Loan Composite</b>	53,420	8.1%	2.09%	10.36%	3.54%	2.50%	NA	2.97%	4/1/2013
<u>S&amp;P LSTA Index</u>			2.21%	9.93%	4.38%	3.37%	NA	3.49%	
Relative Performance			(0.12%)	0.43%	(0.84%)	(0.88%)	NA	(0.52%)	
 Barings Capital Floating Rate Income Fund	53,420	8.1%	2.09%	NA	NA	NA	NA	3.53%	8/1/2016
<u>S&amp;P LSTA Index</u>			2.26%	NA	NA	NA	NA	3.92%	
Relative Performance			(0.18%)	NA	NA	NA	NA	(0.39%)	

- For both the quarter and inception Barings underperformed the S&P LSTA Index.



# BARINGS – FLOATING RATE INCOME FUND

## Portfolio Characteristics

	Barings HYBL as of		S&P LSTA as of
	9/30/16	12/31/16	12/31/16
Number of Issues	227	268	1,188
Average Maturity	4.6 years	4.7 years	NA
Effective Duration	3.9	3.9	4.0
Avg Credit Quality	B+	B+	B+

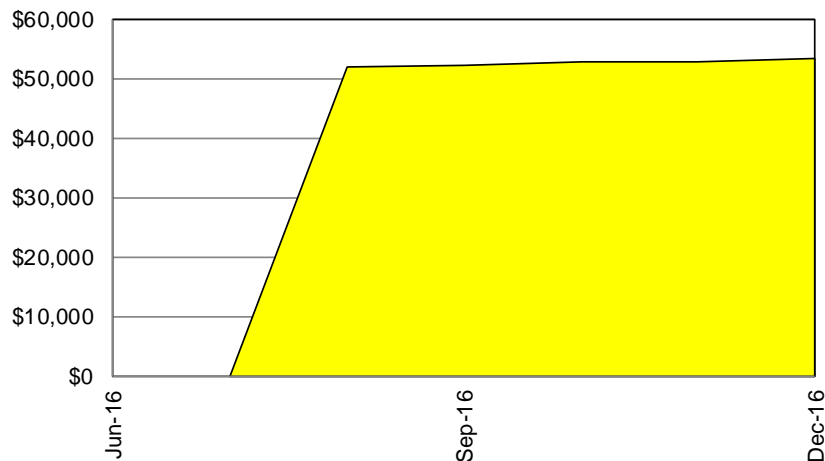
## Advisor’s Mandate

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

## Commentary

- The fund underperformed the benchmark by 18 basis points for the quarter driven by fees.

## Asset Growth (\$000s)



## Top Ten Issuers

<u>Holding</u>	<u>Portfolio Weight</u>
First Date	2.0%
National Financial Partners	1.8%
Asurion	1.8%
Gardner Denver Inc.	1.6%
Univison	1.4%
Infor Global Solutions	1.2%
Omnitracs, Llc.	1.2%
Apex Tool Group, Llc.	1.2%
Berlin Packaging	1.1%
HUB International Limited	<u>1.1%</u>
	14.6%

Source: John Hancock, Bloomberg, CIA analysis





# INVESTMENT PERFORMANCE

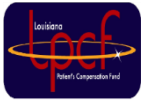
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Portfolio	Market Value (\$000s)	% of Overall Portfolio	For Periods Ending 12/31/2016						
			Quarter	YTD	Two Years	Three Years	Five Years	Since Inception	Inception Date
<b>High Yield Bond Composite</b>	28,045	4.3%	0.93%	15.57%	4.53%	3.54%	NA	3.45%	5/1/2013
<sup>1</sup> <u>Blended Benchmark</u>			1.88%	17.36%	5.77%	4.62%	NA	4.45%	
Relative Performance			(0.96%)	(1.79%)	(1.24%)	(1.07%)	NA	(1.00%)	
* <u>Neuberger High Income Fund</u>	28,045	4.3%	0.93%	14.71%	4.55%	3.53%	NA	3.55%	5/1/2013
<u>ML HY Master II Constrained</u>			1.85%	17.34%	5.72%	4.59%	NA	4.41%	
Relative Performance			(0.92%)	(2.62%)	(1.18%)	(1.07%)	NA	(0.86%)	

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

- Neuberger High Income Fund underperformed for all time periods against their respective benchmark.
- Nonetheless this mandate earned nearly 15% in 2016.

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



# NEUBERGER BERMAN HIGH INCOME BOND FUND

## Portfolio Characteristics

	Neuberger HY as of		ML HY Master II Constr as of
	9/30/16	12/31/16	12/31/16
No. of Holdings	424	416	1,949
Average Duration	3.9 years	3.5 years	3.9 years
Avg. Yield to Maturity	6.7%	5.9%	6.5%
Avg. Credit Quality	B	BB-	B+
Average Coupon	5.90%	6.03%	6.51%

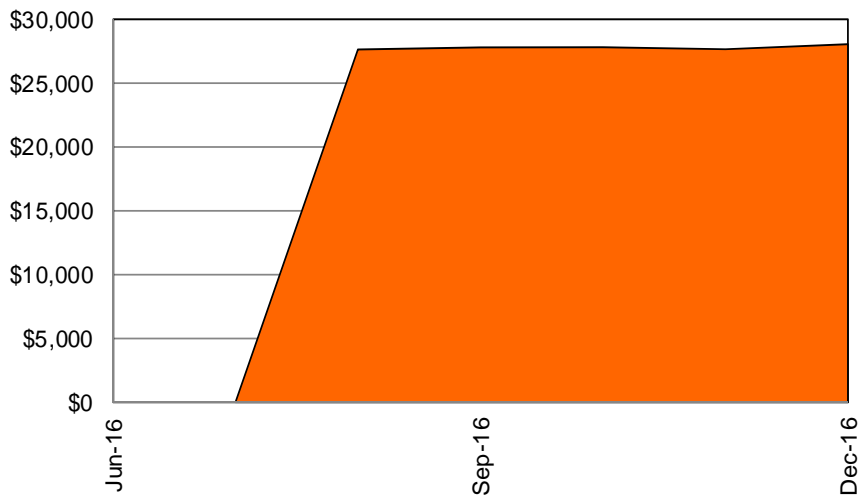
## Advisor's Mandate

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

## Commentary

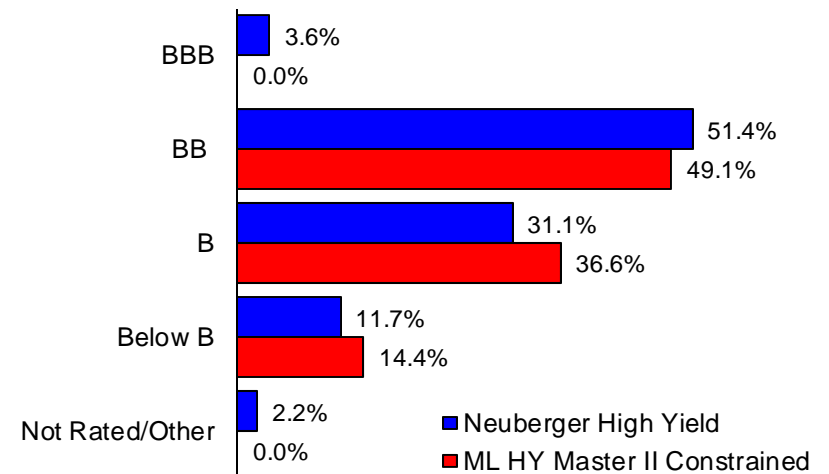
- The fund under performed by 92 bps for the 4<sup>th</sup> quarter.

## Asset Growth (\$000s)



Source: Neuberger Berman, Bloomberg, CIA Analysis

## Quarter End Quality Distribution





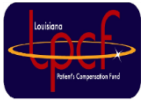
# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of December 31, 2016

For Periods Ending 12/31/2016

Portfolio	Market Value (\$000s)	% of Overall Portfolio	For Periods Ending 12/31/2016						
			Quarter	YTD	Two Years	Three Years	Five Years	Since Inception	Inception Date
<b>Commodity Composite</b>	36,006	5.5%	4.06%	17.46%	(6.35%)	NA	NA	(14.87%)	7/1/2014
<u>Bloomberg Commodity Index</u>			2.36%	10.57%	(9.10%)	NA	NA	(16.36%)	
Relative Performance			1.71%	6.88%	2.75%	NA	NA	1.49%	
DFA Commodity Strategy	17,957	2.7%	2.34%	13.77%	(6.92%)	NA	NA	(13.88%)	7/1/2014
<u>Bloomberg Commodity Index</u>			2.36%	10.57%	(9.10%)	NA	NA	(16.36%)	
Relative Performance			(0.02%)	3.20%	2.18%	NA	NA	2.49%	
PIMCO CommoditiesPlus Strategy	18,049	2.7%	5.75%	19.25%	(7.50%)	NA	NA	(18.96%)	7/1/2014
<u>Bloomberg Commodity Index</u>			2.36%	10.57%	(9.10%)	NA	NA	(16.36%)	
Relative Performance			3.39%	8.68%	1.61%	NA	NA	(2.60%)	

- The commodity composite outperformed for all time periods.
- Commodities did very well in 2016.



# DFA COMMODITY FUND

## Portfolio Characteristics

	DFA Commodity as of	
	9/30/16	12/31/16
Effective Duration	1.5 years	1.8 years
Effective Maturity	1.6 years	1.9 years
Average Coupon	2.1%	2.1%
Avg. Credit Quality	A	A

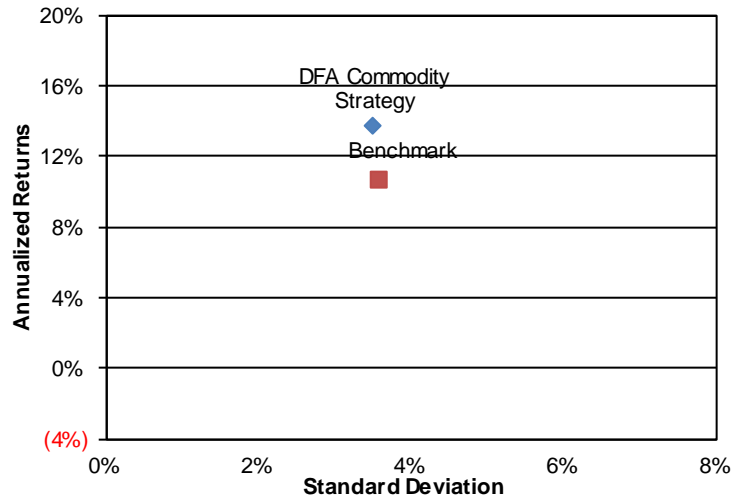
## Advisor's Mandate

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

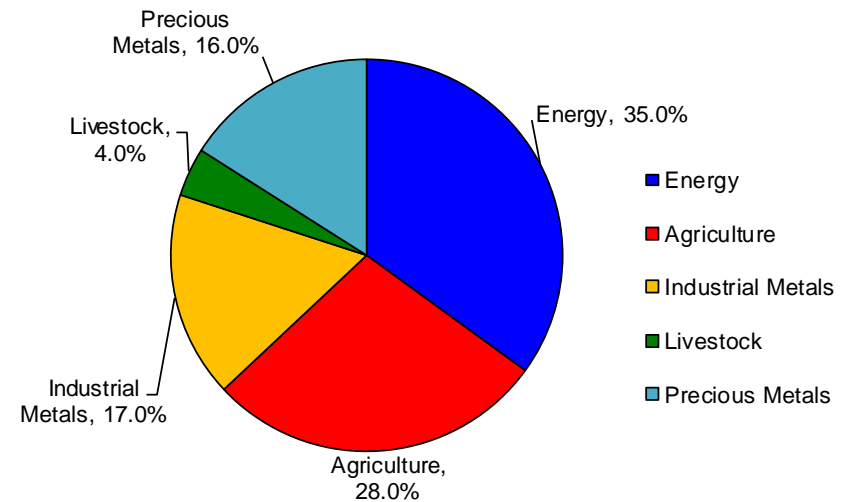
## Commentary

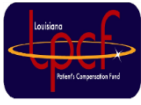
- The fund outperformed the benchmark for all time periods except the current quarter.
- Since inception they are beating the benchmark by 2.49%.

## One-Year Risk/Return



## Quarter End Distribution





# PIMCO COMMODITY PLUS FUND

## Portfolio Characteristics

	PIMCO (PCLIX) Commodity as of	
	9/30/16	12/31/16
Effective Duration	0.2 years	0.3 years
Effective Maturity	0.7 years	0.6 years
Average Coupon	2.1%	3.0%
Avg. Credit Quality	NR	NR

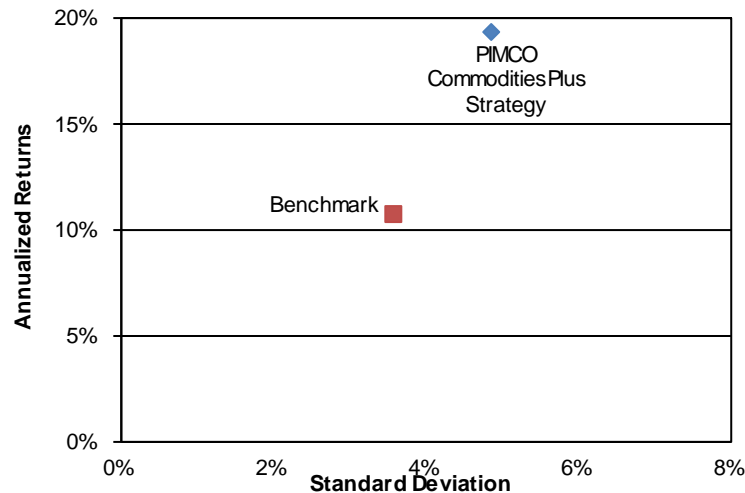
## Advisor's Mandate

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

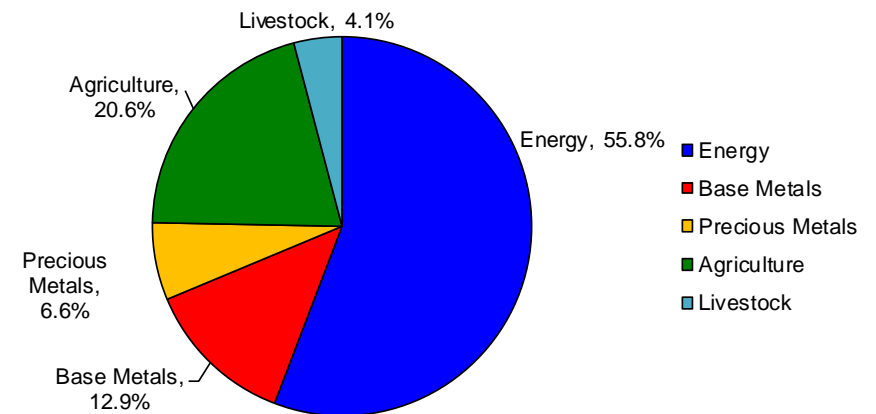
## Commentary

- The fund outperformed their benchmark by 339 basis points (3.39%) in the fourth quarter.

## One-Year Risk/Return



## Quarter End Distribution





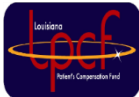
# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of December 31, 2016

Portfolio	Market Value (\$000s)	% of Overall Portfolio	For Periods Ending 12/31/2016						Inception Date
			Quarter	YTD	Two Years	Three Years	Five Years	Since Inception	
<b>Total Equity Composite</b>	127,942	19.4%	2.77%	10.05%	4.00%	4.57%	NA	10.97%	11/1/2012
<sup>1</sup> <u>Blended Benchmark</u>			2.76%	11.03%	4.28%	4.87%	NA	11.14%	
Relative Performance			0.01%	(0.98%)	(0.28%)	(0.30%)	NA	(0.17%)	
<b>Domestic Equity Composite</b>	81,637	12.4%	5.47%	14.57%	6.61%	8.51%	NA	14.19%	11/1/2012
<sup>1</sup> <u>Blended Benchmark</u>			5.36%	14.89%	6.68%	8.61%	NA	14.22%	
Relative Performance			0.11%	(0.31%)	(0.07%)	(0.10%)	NA	(0.03%)	
<b>International Equity Composite</b>	46,304	7.0%	(1.93%)	2.32%	(0.53%)	(1.94%)	NA	0.44%	5/1/2013
<sup>1</sup> <u>Blended Benchmark</u>			(1.81%)	4.36%	0.17%	(1.14%)	NA	1.12%	
Relative Performance			(0.12%)	(2.04%)	(0.70%)	(0.80%)	NA	(0.67%)	

- Over the past three years:
  - The equity portfolio earned 4.57%, but trailed the benchmark by 30 basis points.
  - US equities did well, earning 8.51%.
  - International equities have lagged, earning just -1.94%.

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



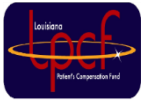
# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of December 31, 2016

Portfolio	Market Value (\$000s)	% of Overall Portfolio	For Periods Ending 12/31/2016					Since Inception	Inception Date
			Quarter	YTD	Two Years	Three Years	Five Years		
<b>Domestic Equity Composite</b>	81,637	12.4%	5.47%	14.57%	6.61%	8.51%	NA	14.19%	11/1/2012
<sup>1</sup> <u>Blended Benchmark</u>			5.36%	14.89%	6.68%	8.61%	NA	14.22%	
Relative Performance			0.11%	(0.31%)	(0.07%)	(0.10%)	NA	(0.03%)	
Vanguard Russell 1000 Value Fund	20,448	3.1%	6.65%	17.07%	6.09%	NA	NA	7.97%	5/1/2014
<u>Russell 1000 Value Index</u>			6.65%	17.25%	6.14%	NA	NA	8.02%	
Relative Performance			(0.01%)	(0.17%)	(0.06%)	NA	NA	(0.05%)	
Vanguard Total Stock Market Fund	50,956	7.7%	4.12%	12.68%	6.38%	8.40%	NA	14.12%	11/1/2012
<u>CRSP US Total Market Index</u>			4.10%	12.64%	6.32%	8.36%	NA	14.03%	
Relative Performance			0.02%	0.05%	0.06%	0.04%	NA	0.08%	
DFA US Small Cap Fund	5,117	0.8%	11.47%	23.51%	9.30%	NA	NA	7.94%	7/1/2014
<u>Russell 2000 Index</u>			8.81%	21.21%	7.59%	NA	NA	6.71%	
Relative Performance			2.66%	2.30%	1.71%	NA	NA	1.22%	
Diamond Hill Small Cap Fund	5,116	0.8%	7.90%	14.46%	5.12%	NA	NA	2.74%	7/1/2014
<u>Russell 2000 Index</u>			8.81%	21.21%	7.59%	NA	NA	6.71%	
Relative Performance			(0.91%)	(6.75%)	(2.47%)	NA	NA	(3.97%)	

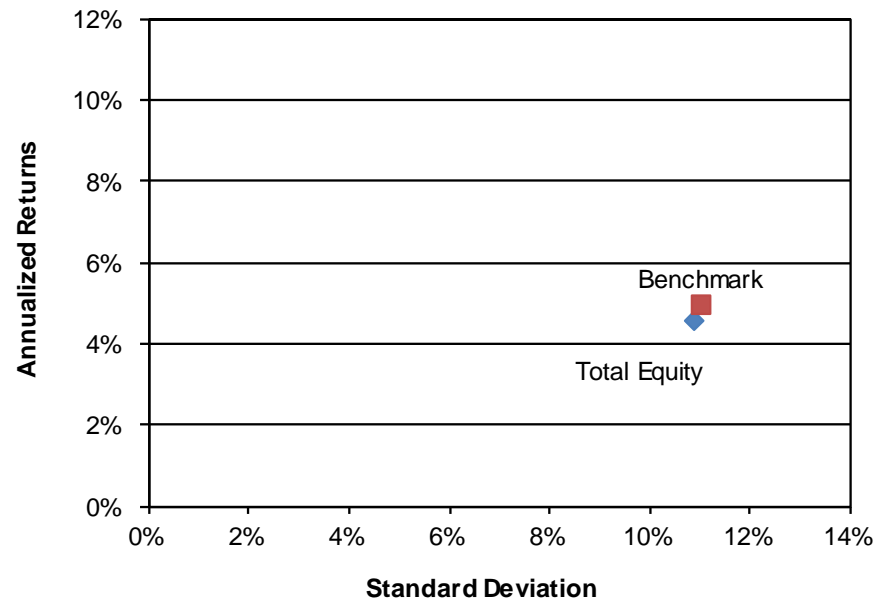
- The Domestic Equity composite underperformed over all reporting time periods except current quarter.
- The index funds have done a nice job matching their respective indices.
- For Small Cap DFA has out performed for all time periods while Diamond Hill has struggled.

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



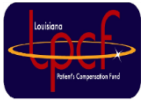
# INVESTMENT PERFORMANCE

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



- Over the past three years, the equity portfolio has underperformed their benchmark by 0.30% on an annualized basis.





# VANGUARD RUSSELL 1000 VALUE FUND

## Portfolio Characteristics

	Vanguard Russell 1000 Value Fund as of		Russell 1000 Value Index
	9/30/16	12/31/16	12/31/16
No. of Securities	691	696	696
P/E Ratio	21.5x	23.1x	23.2x
Price/Book Ratio	1.9x	1.9x	2.0x
Avg Mkt Cap (billions)	\$56.4	\$58.4	\$58.4
Return on Equity	12.7%	12.4%	12.4%
% in Top 10 Holdings	23.4%	24.2%	24.2%

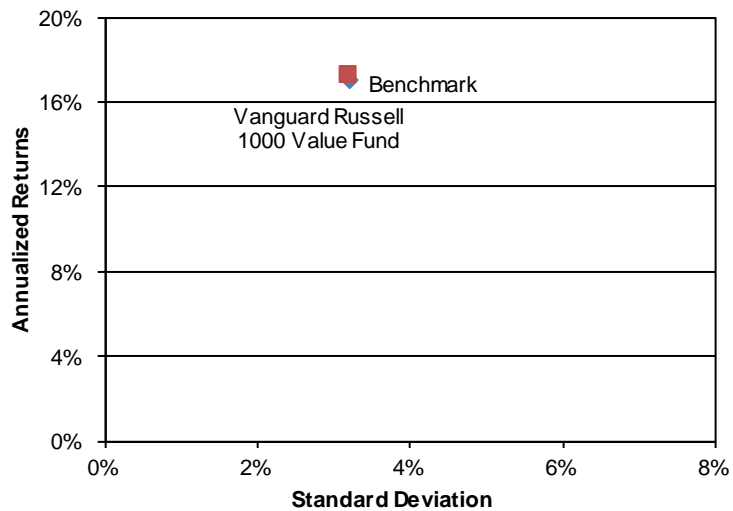
## Advisor's Mandate

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

## Commentary

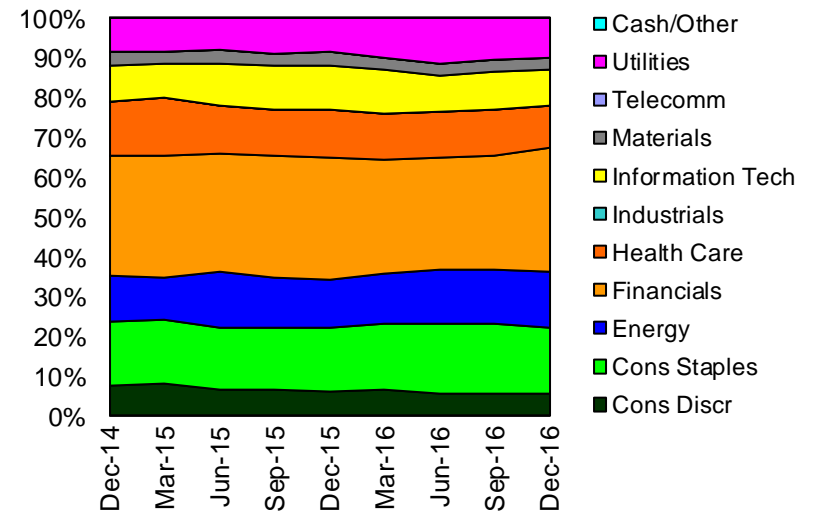
- Vanguard is doing a nice job matching the index.

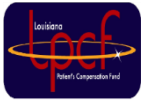
## One-Year Risk/Return



Source: Vanguard, Bloomberg, CIA analysis

## Historical Sector Distribution





# VANGUARD TOTAL STOCK MARKET INDEX FUND

## Portfolio Characteristics

	Vanguard Total Stock Market Fund as of	CRSP US Total Market as of	CRSP US Total Market as of
	9/30/16	12/31/16	12/31/16
No. of Securities	3,607	3,581	3,589
P/E Ratio	23.8x	24.4x	24.4x
Price/Book Ratio	2.7x	2.8x	2.8x
Avg Mkt Cap (billions)	\$53.2	\$54.2	\$54.2
Return on Equity	16.8%	16.7%	16.4%

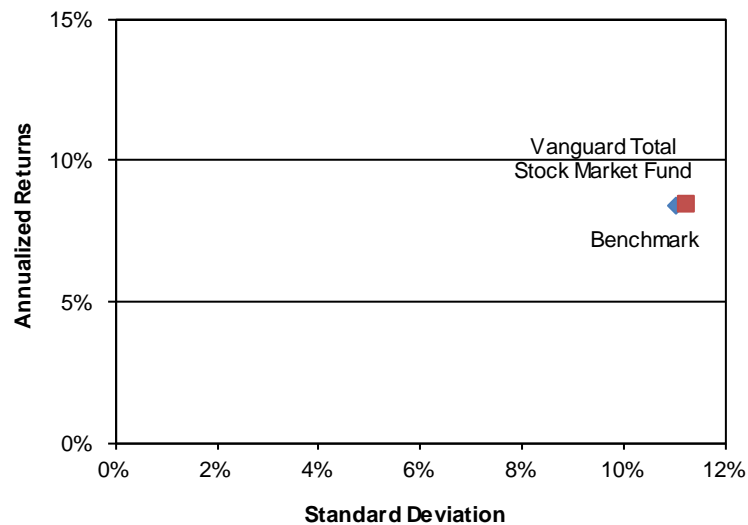
## Advisor's Mandate

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

## Commentary

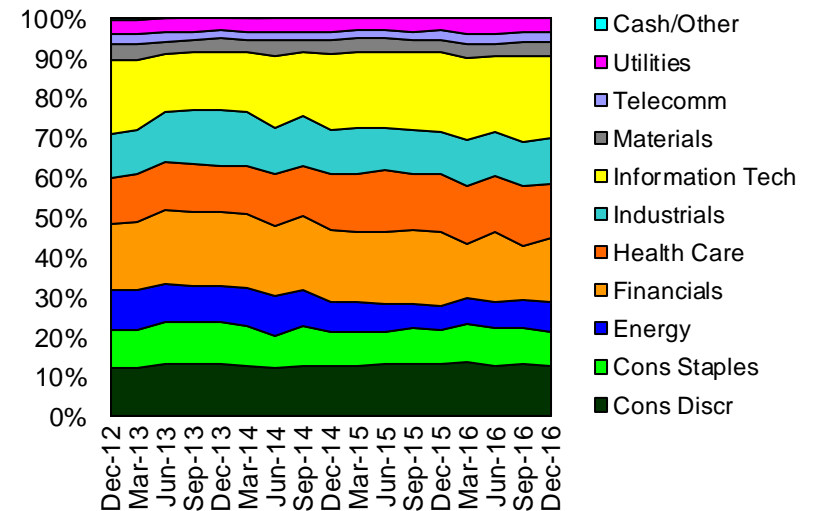
- Vanguard is doing a nice job matching the index.

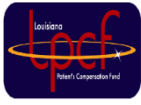
## One-Year Risk/Return



Source: Vanguard, Bloomberg, CIA analysis

## Historical Sector Distribution





# DFA US SMALL CAP FUND

## Portfolio Characteristics

	DFA US Small Cap as of		Russell 2000 as of
	9/30/16	12/31/16	12/31/16
No. of Securities	1,974	1,948	1,978
<b>P/E Ratio</b>	<b>19.4x</b>	<b>21.4x</b>	<b>28.9x</b>
Price/Book Ratio	2.1x	2.1x	2.3x
Avg Mkt Cap (billions)	\$1.0	\$2.2	\$2.1
% in Top 10 Holdings	2.7%	2.8%	2.6%

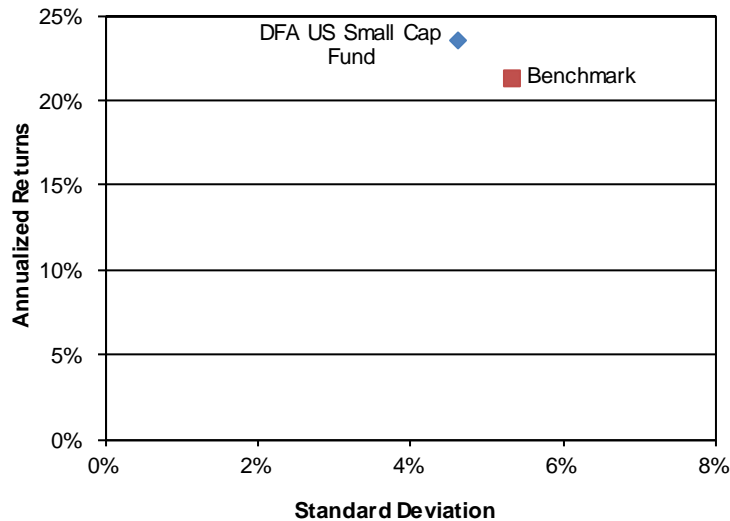
## Advisor's Mandate

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

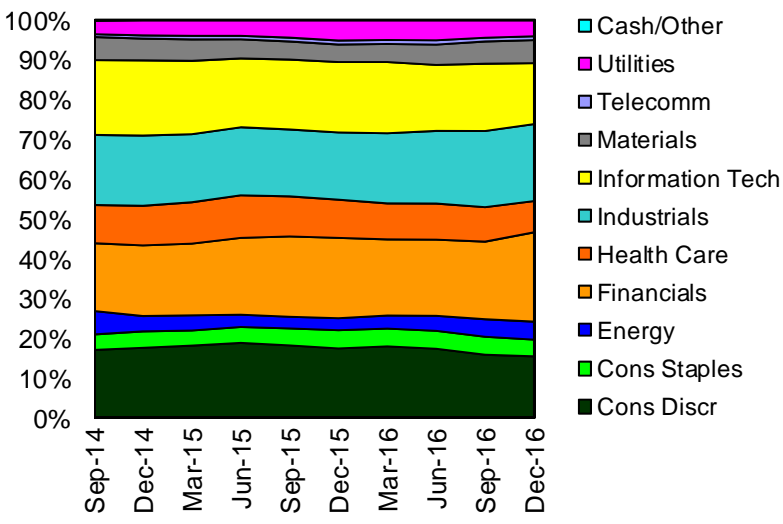
## Commentary

- The fund outperformed the benchmark by 266 basis points (2.66%) in the fourth quarter.

## One-Year Risk/Return

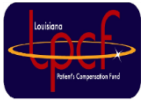


## Historical Sector Distribution



Source: DFA, Bloomberg, CIA analysis





# DIAMOND HILL US SMALL CAP FUND

## Portfolio Characteristics

	Diamond Hill Small Cap as of		Russell 2000 as of
	9/30/16	12/31/16	12/31/16
No. of Securities	70	69	1,978
<b>P/E Ratio</b>	<b>16.4x</b>	<b>18.1x</b>	<b>28.9x</b>
Price/Book Ratio	1.6x	1.8x	2.3x
Avg Mkt Cap (billions)	\$3.0	\$3.3	\$2.1
Dividend Yield	1.3%	1.1%	1.4%

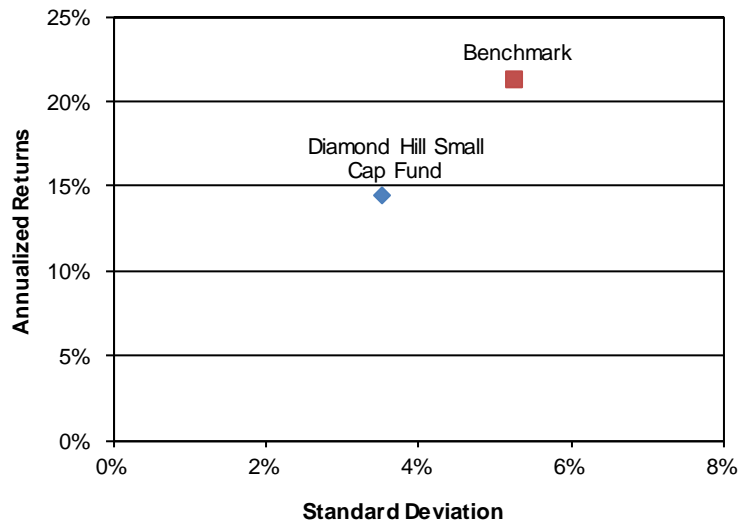
## Advisor's Mandate

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

## Commentary

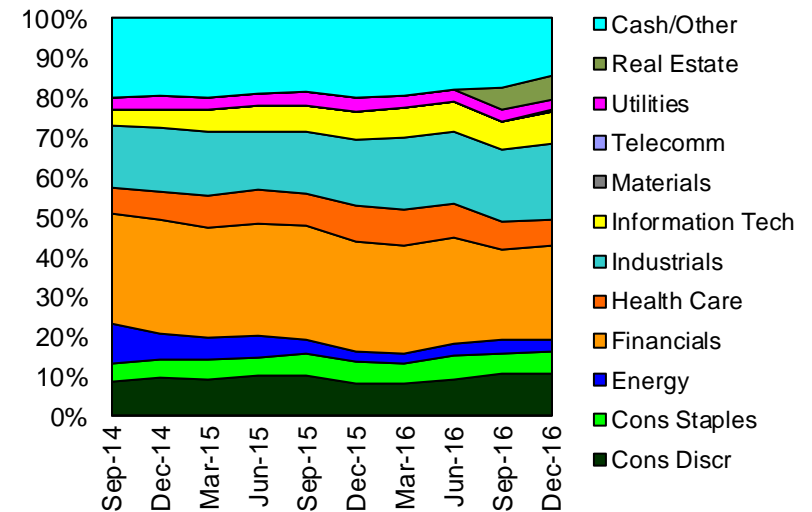
- The fund underperformed their benchmark by 91 basis points (0.91%) in the fourth quarter.
- The Fund's underperformance relative to the Russell 2000 Index was primarily driven by the Fund's cash allocation and security selection in the energy sector. An underweight position in the health care sector and an overweight position in the financials sector were the largest contributors to relative return.

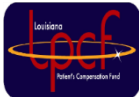
## One-Year Risk/Return



Source: Diamond Hill, Bloomberg, CIA analysis

## Historical Sector Distribution





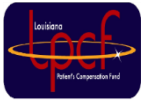
# INVESTMENT PERFORMANCE

## Pretax, Net of Fees Performance as of December 31, 2016

Portfolio	Market Value (\$000s)	% of Overall Portfolio	For Periods Ending 12/31/2016					Since Inception	Inception Date
			Quarter	YTD	Two Years	Three Years	Five Years		
<b>International Equity Composite</b>	46,304	7.0%	(1.93%)	2.32%	(0.53%)	(1.94%)	NA	0.44%	5/1/2013
<sup>1</sup> <u>Blended Benchmark</u>			(1.81%)	4.36%	0.17%	(1.14%)	NA	1.12%	
Relative Performance			(0.12%)	(2.04%)	(0.70%)	(0.80%)	NA	(0.67%)	
Vanguard Total International Stock Fund	18,094	2.8%	(1.91%)	4.70%	0.11%	(1.33%)	NA	1.03%	5/1/2013
<u>FTSE Global All Cap ex US Index</u>			(1.29%)	4.80%	0.10%	(1.12%)	NA	1.16%	
Relative Performance			(0.62%)	(0.10%)	0.01%	(0.21%)	NA	(0.13%)	
Allianz NFJ International Value Fund	5,883	0.9%	(2.27%)	(6.22%)	(9.76%)	(8.31%)	NA	(5.61%)	5/1/2013
<u>MSCI ACWI ex US</u>			(1.29%)	4.37%	(0.83%)	(1.89%)	NA	0.46%	
Relative Performance			(0.99%)	(10.59%)	(8.92%)	(6.42%)	NA	(6.07%)	
Harbor International Fund	6,002	0.9%	(4.29%)	0.25%	(1.81%)	(3.52%)	NA	(0.06%)	6/1/2013
<u>MSCI ACWI ex US</u>			(1.29%)	4.37%	(0.83%)	(1.89%)	NA	1.13%	
Relative Performance			(3.01%)	(4.13%)	(0.98%)	(1.63%)	NA	(1.19%)	
PIMCO International StockPLUS	5,994	0.9%	0.55%	3.80%	(0.24%)	(1.80%)	NA	2.21%	6/1/2013
<u>MSCI ACWI ex US</u>			(1.29%)	4.37%	(0.83%)	(1.89%)	NA	1.13%	
Relative Performance			1.83%	(0.58%)	0.59%	0.09%	NA	1.08%	
DFA International Small Cap Fund	5,150	0.8%	1.76%	8.05%	5.99%	NA	NA	2.31%	8/8/2014
<u>MSCI ACWI ex US Small Cap</u>			(3.58%)	3.66%	3.01%	NA	NA	(0.44%)	
Relative Performance			5.34%	4.39%	2.99%	NA	NA	2.75%	
Oppenheimer International Small Cap	5,181	0.8%	(5.29%)	(0.24%)	7.23%	NA	NA	5.50%	8/8/2014
<u>MSCI ACWI ex US Small Cap</u>			(3.58%)	3.66%	3.01%	NA	NA	(0.44%)	
Relative Performance			(1.71%)	(3.90%)	4.23%	NA	NA	5.94%	

- The International Equity Composite underperformed for all reporting time periods.
- PIMCO International StockPlus and DFA International Small Cap were the big winners for the quarter, outperforming the benchmark by 183 bps and 534 bps.
- While Allianz continues to lag, it is buying low-price securities with a significant yield advantage.

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



# VANGUARD TOTAL INTERNATIONAL STOCK FUND

## Portfolio Characteristics

	Vanguard Total Intl Stock Fund		FTSE Global All Cap ex US Index
	as of 9/30/16	as of 12/31/16	as of 12/31/16
No. of Holdings	6,061	6,030	5,792
P/E Ratio	20.7x	21.2x	21.2x
Price/Book Ratio	1.5x	1.6x	1.6x
Avg Mkt Cap (billion)	\$22.0	\$22.4	\$22.4
Dividend Yield	3.0%	2.9%	2.9%
Return on Equity	14.4%	14.1%	14.1%
% in Top 10 Holdings	8.3%	8.5%	8.5%

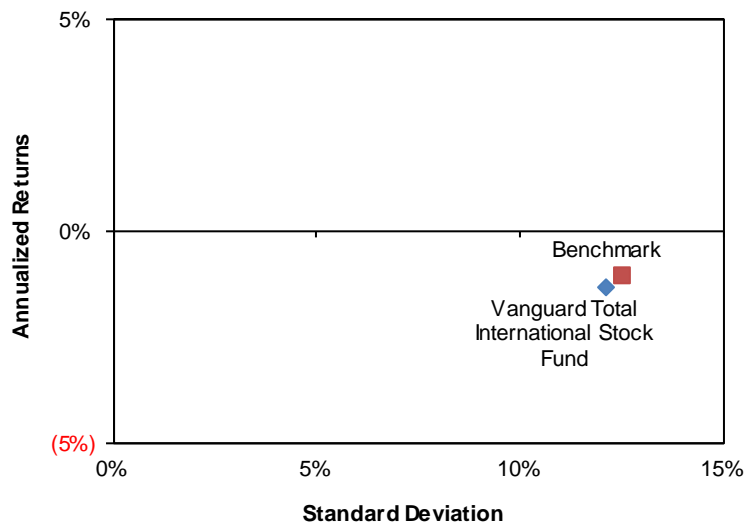
## Advisor's Mandate

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

## Commentary

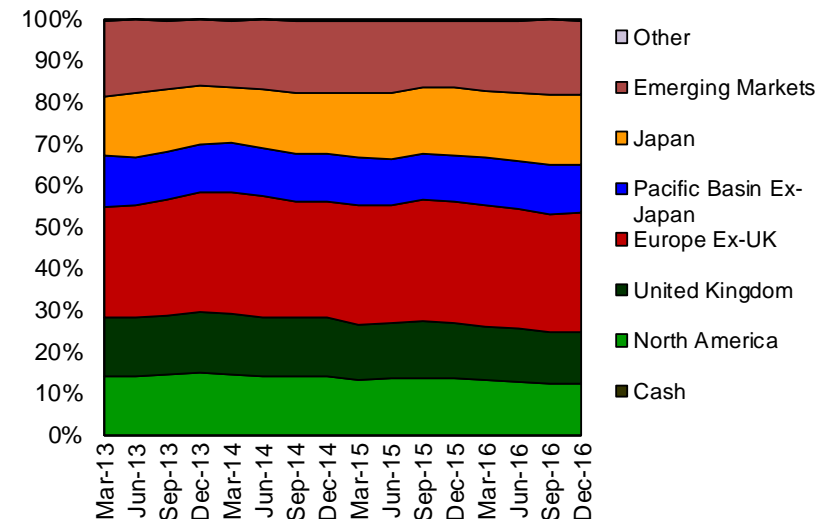
- This is a hugely diversified, low-cost fund.

## Three-Year Risk/Return



Source: Vanguard, Bloomberg, CIA Analysis

## Historical Country Distribution





# ALLIANZ NFJ INTERNATIONAL VALUE FUND

## Portfolio Characteristics

	Allianz NFJ as of		MSCI ACWI ex US 12/31/16
	9/30/16	12/31/16	
No. of Holdings	62	63	1,855
P/E Ratio	11.6x	11.9x	15.3x
Price/Book Ratio	1.5x	1.5x	1.6x
Avg Mkt Cap (billion)	\$22.0	\$21.5	\$49.3
Dividend Yield	4.7%	4.9%	3.0%
Return on Equity	14.4%	14.1%	14.5%
% in Top 10 Holdings	24.5%	25.6%	8.8%

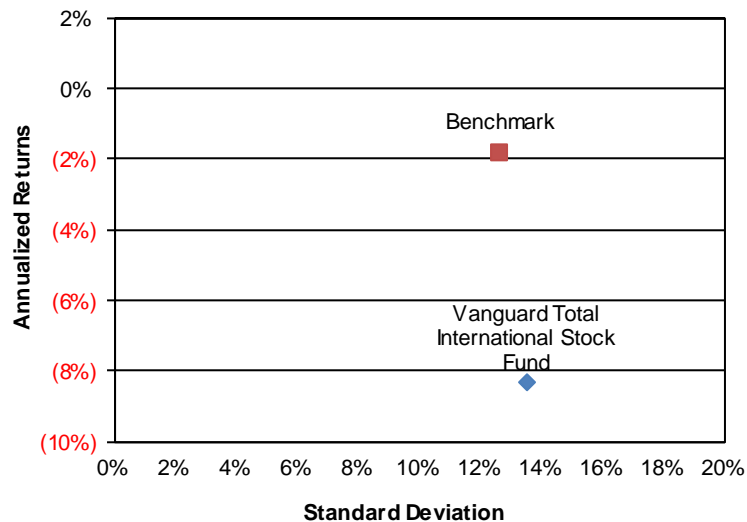
## Advisor's Mandate

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

## Commentary

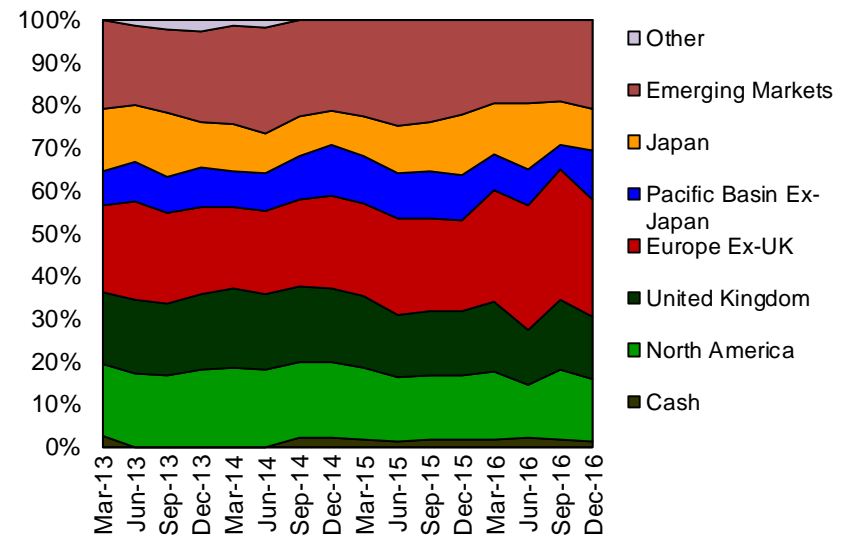
- This is a concentrated fund with just 63 holdings.
- This is demonstrating its value credentials with a P/E ratio well below the index's.

## Three-Year Risk/Return



Source: Allianz NFJ, Bloomberg, CIA Analysis

## Historical Country Distribution





# HARBOR INTERNATIONAL FUND

## Portfolio Characteristics

	Harbor as of		MSCI ACWI
	9/30/16	12/31/16	ex US 12/31/16
No. of Holdings	69	71	1,855
P/E Ratio	20.6x	20.9x	15.3x
Price/Book Ratio	2.5x	2.7x	1.6x
Avg Mkt Cap (billion)	\$69.3	\$61.0	\$49.3
Dividend Yield	3.4%	3.4%	3.0%
Return on Equity	14.0%	13.7%	14.5%
% in Top 10 Holdings	31.1%	30.3%	8.8%

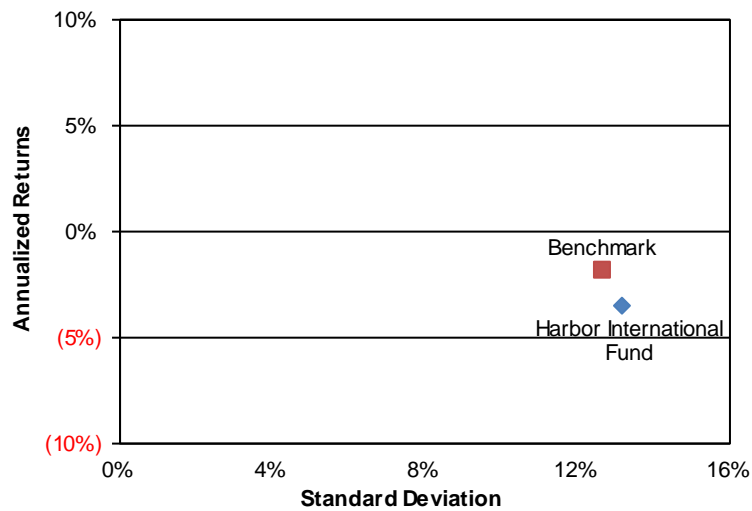
## Advisor's Mandate

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

## Commentary

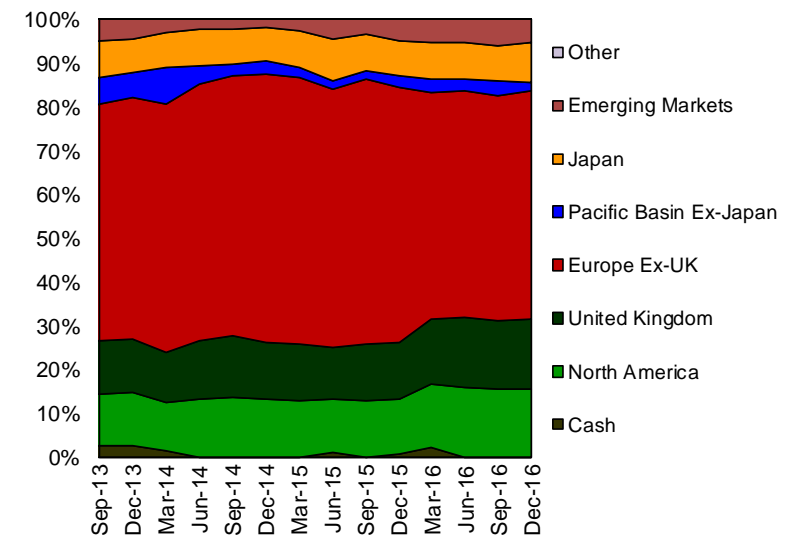
- Harbor underperformed their benchmark by 301 basis points for the fourth quarter.

## Three-Year Risk/Return



Source: Harbor Capital, Bloomberg, CIA Analysis

## Historical Country Distribution







# PIMCO INTERNATIONAL STOCKSPLUS FUND

## Portfolio Characteristics

	PIMCO Intl StocksPLUS as of	
	9/30/16	12/31/16
Fund Assets (\$mm)	\$1,251.6	\$1,260.0
Effective Duration	0.3 years	1.1 years
Effective Maturity	2.2 years	3.6 years
Average Coupon	3.2%	2.0%

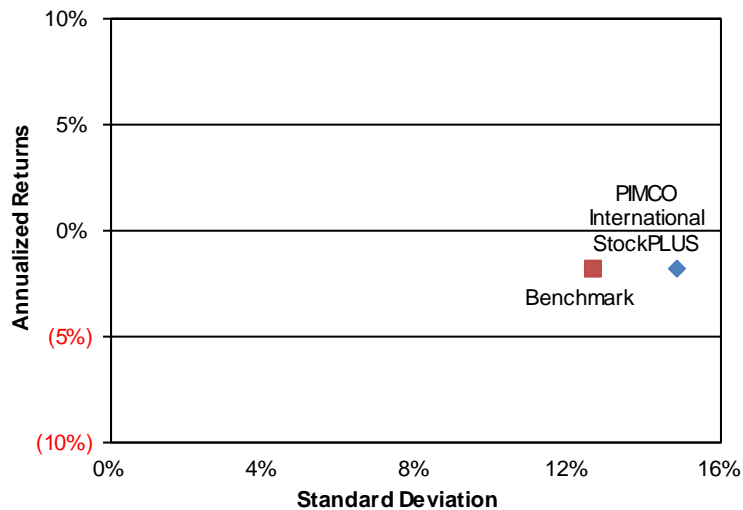
## Advisor's Mandate

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

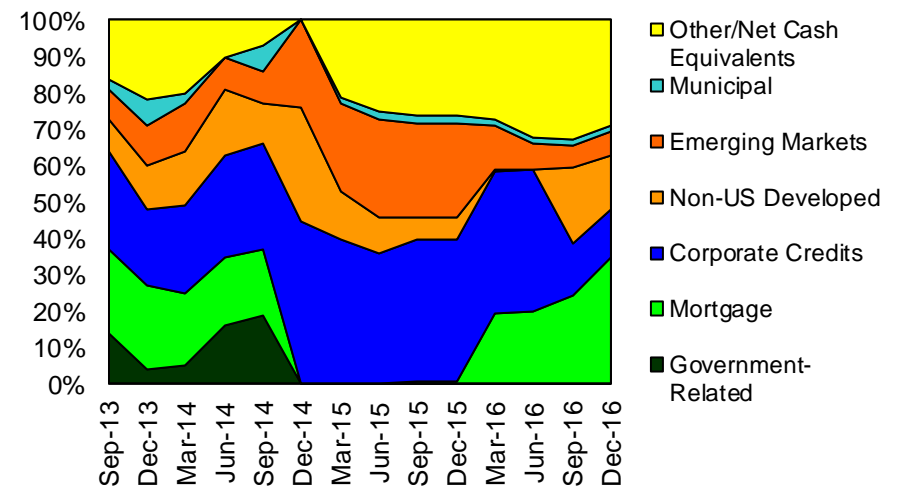
## Commentary

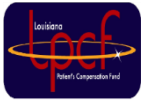
- Recall, this fund has a very different strategy. It gets equity exposure through derivatives, then invests the collateral in bonds. This is why we show bond attributes in the "Portfolio Characteristics" section for this fund.

## Three-Year Risk/Return



## Historical Bond Sector Distribution





# DFA INTERNATIONAL SMALL CAP FUND

## Portfolio Characteristics

	DFA Intl Small Cap as of		MSCI ACWI ex US Small Cap as of
	9/30/16	12/31/16	12/31/16
No. of Securities	2,265	2,227	4,289
P/E Ratio	11.1x	12.2x	22.8x
Price/Book Ratio	0.8x	0.9x	1.5x
Avg Mkt Cap (billions)	\$3.0	\$2.0	\$0.6
% in Top 10 Holdings	6.9%	6.8%	0.0%

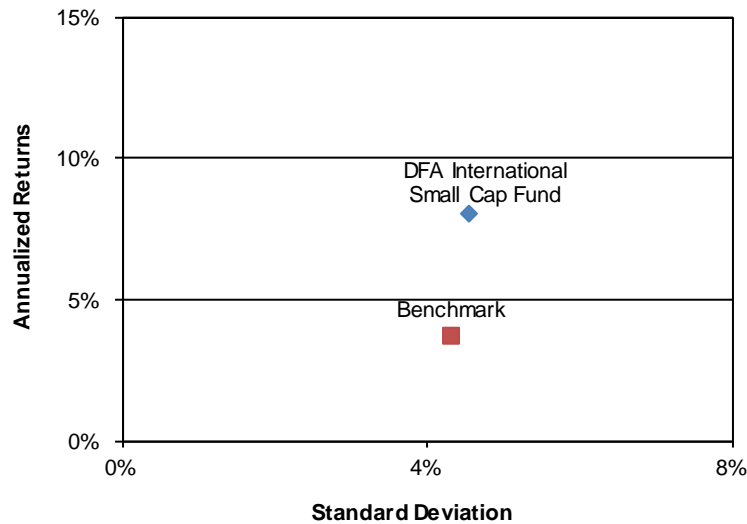
## Advisor's Mandate

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

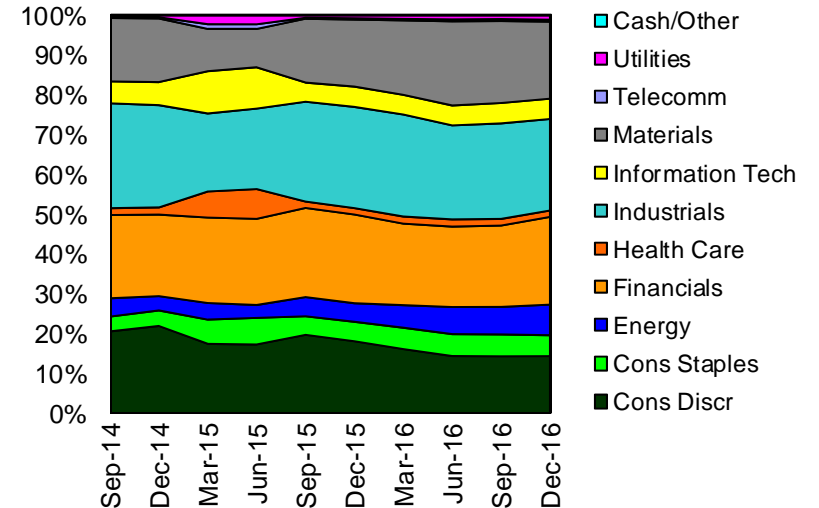
## Commentary

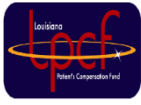
- DFA outperformed their benchmark by 534 bps for the quarter and since inception outperformed by 275 bps.

## One-Year Risk/Return



## Historical Bond Sector Distribution





# OPPENHEIMER INTERNATIONAL SMALL CAP FUND

## Portfolio Characteristics

	Oppenheimer Intl Small Cap as of	MSCI ACWI ex US Small Cap as of
	9/30/16	12/31/16
No. of Securities	122	107
P/E Ratio	23.3x	22.6x
Price/Book Ratio	3.1x	3.1x
Avg Mkt Cap (billions)	\$4.3	\$4.0
		12/31/16
		4,289
		22.8x
		1.5x
		\$0.6

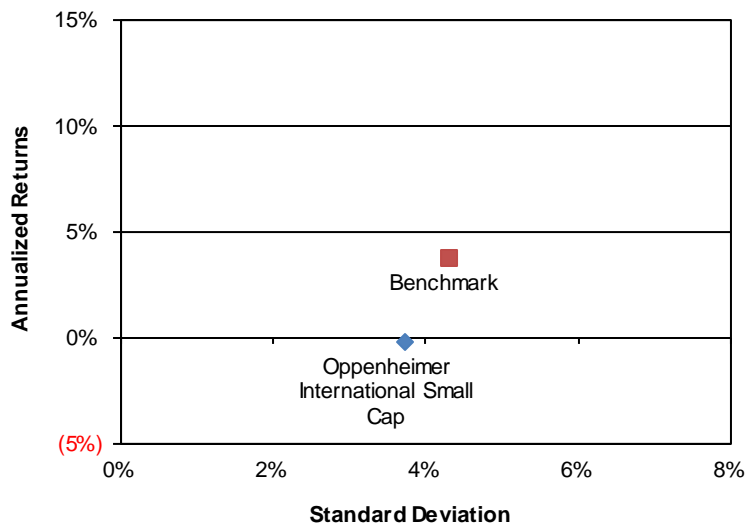
## Advisor's Mandate

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

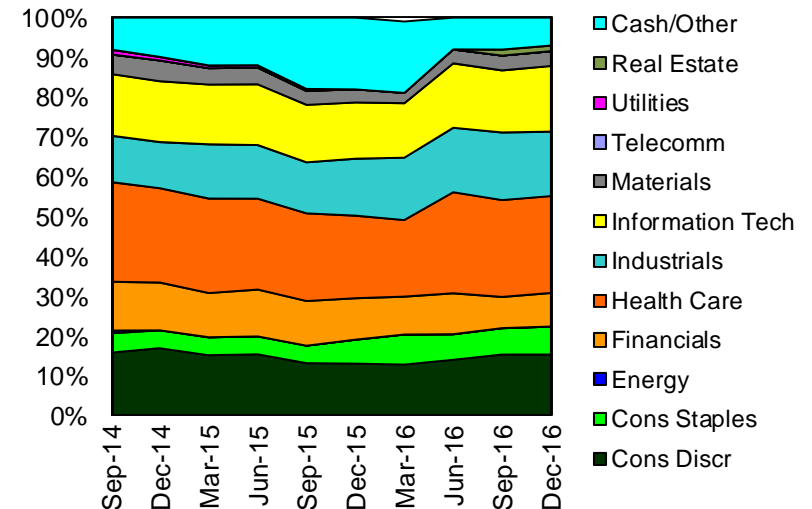
## Commentary

- Oppenheimer underperformed their relative benchmark by 171 basis points for the quarter and since inception outperformed by 594 basis points.

## One-Year Risk/Return



## Historical Bond Sector Distribution



Source: Oppenheimer, Bloomberg, CIA Analysis