

March 31, 2016



## **Mendocino County Employees' Retirement Association**

**Investment Measurement Service  
Quarterly Review**

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## Don't Believe the Hype (or the Markets)

### ECONOMY

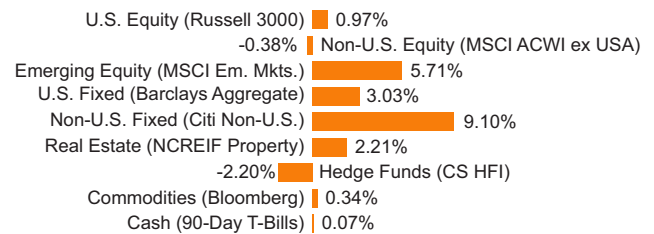
**2** The U.S. economy's expansion is now entering its seventh year. However, you'd hardly know it if you looked at the capital markets' reaction over the past nine months. First quarter GDP growth came in at a weak 0.5%, down from 1.4% the prior quarter.

## Progress Discounted

### FUND SPONSOR

**4** Global financial markets made little progress in the first quarter. Corporate funds beat other fund types, due in part to their high U.S. fixed income exposure. Endowments/foundations trailed due to more exposure to non-U.S. equity and less to U.S. fixed income.

## Broad Market Quarterly Returns



Sources: Barclays, Bloomberg, Citigroup, Credit Suisse Hedge Index, Merrill Lynch, MSCI, NCREIF, Russell Investment Group

## Tale of Two Halves

### U.S. EQUITY

**6** The first quarter of 2016 was a tale of two halves. The **S&P 500 Index** declined in the first half only to reverse course and post a positive quarterly return (+1.35%). Large capitalization companies held their lead over small cap, but in a trend of reversals, value overtook growth across capitalizations.

## Mr. Draghi's Wild Ride

### NON-U.S. EQUITY

**9** Non-U.S. equity markets endured a rocky January and February, but managed to rally in March to finish at a modest loss (**MSCI ACWI ex USA Index**: -0.38%). The **MSCI Emerging Markets Index** (+5.71%) bounced much higher than its developed counterpart (**MSCI World ex USA**: -1.95%).

## More T-Bills, Please

### U.S. FIXED INCOME

**12** Yields plummeted during a volatile first quarter. A dovish Fed fostered uncertainty over global economic growth. The **Barclays Aggregate Index** gained 3.03% and the **Barclays Corporate High Yield Index** was up 3.35%.

## A Dole of Doves

### NON-U.S. FIXED INCOME

**15** Sovereign debt surged in the first quarter, driven by risk-on sentiment and the U.S. dollar's relative weakness. The **Citi Non-U.S. World Government Bond Index** jumped 9.10%. The hard currency **JPM EMBI Global Diversified Index** rose 5.04% while the local currency **JPM GBI-EM Global Diversified** soared 11.02%.

## Slow and Low

### REAL ESTATE

**17** The **NCREIF Property Index** advanced 2.21% and the **NCREIF Open End Diversified Core Equity Index** earned 2.18%, the lowest quarterly return since 2010. Capital flows to core funds continued to decline, as more investors reached their allocation targets.

## Drip, Drip, Drip

### PRIVATE EQUITY

**19** Liquidity in the private equity market declined notably. Fundraising and company investments held relatively steady. Venture capital fundraising was surprisingly strong given the drop-off in IPO activity due to zig-zagging public equity markets.

## Market Tremors Panic Hedge Funds

### HEDGE FUNDS

**20** Investor pessimism over softening global growth slammed stocks and commodities. The **Credit Suisse Hedge Fund Index** sank 2.20% and the median manager in the **Callan Hedge Fund-of-Funds Database** fell 2.99%.

## Strong Quarter Can't Save 2015

### DEFINED CONTRIBUTION

**21** The Callan DC Index™ finished 2015 with a strong 3.50% gain in the fourth quarter. Nonetheless, the DC Index turned out a negative 2015 calendar year return: -0.34%, the weakest annual return since 2011.

# Don't Believe the Hype (or the Markets)

ECONOMY | Jay Kloepfer

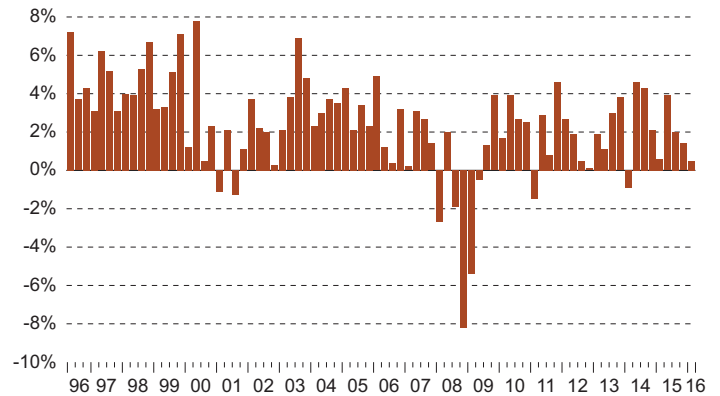
The U.S. economy's expansion—while subpar relative to past expansions in the 1980s and 1990s—has been slowly building strength and is now entering its seventh year. However, you'd hardly know it if you looked at the capital markets' reaction over the past nine months. Concerns about China, a slowing global recovery, political uncertainty in more than a few countries, and an unclear path as to future interest rates have all spurred investors to swing wildly from lows to highs and back again, all while the broad underlying economic data remain solid.

The National Bureau of Economic Research tracks four monthly indicators in order to identify turning points in the economic cycles. Only one of those—industrial production—is declining, and that decline began back in 2014, when the collapse in oil prices hit the mining sector and the U.S. dollar began to rally, hampering U.S. manufacturing and exports. The other three indicators show no signs of a slowdown, let alone a decline: employment, personal incomes, and real business sales. Adding to this incongruity is the first report on GDP growth for the first quarter of 2016. It came in at a weak 0.5%, down from 1.4% in the fourth quarter of 2015. Almost all economic indicators have been more upbeat than GDP over the past year or two, suggesting that the sum has been less than the parts, that we are misrepresenting economic growth with our GDP calculation, or that we are misreading the headwinds to aggregate growth.

Real GDP growth has continued a familiar pattern, showing anemic first-quarter growth in five of the past six years. Such a pattern is a recent development in U.S. economic history, and suggests (to us) that part of this weakness may in fact be a problematic seasonal-adjustment process within the data calculation. Consumer spending grew 1.9% in the quarter, with the bulk of that growth occurring in services (2.7% gain). The brightest spot was a 14.8% jump in housing, which contributed almost 0.5% to total GDP growth. The residential housing market has finally turned the corner after the plunge that began in late 2005, and several markets on the coasts and in a few other

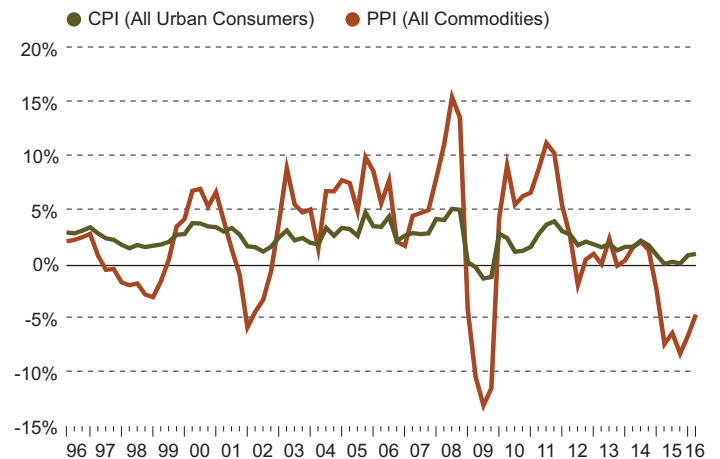
## Quarterly Real GDP Growth

(20 Years)



Source: Bureau of Economic Analysis

## Inflation Year-Over-Year



Source: Bureau of Labor Statistics

large metro areas are seeing substantial gains in existing home prices and sales. However, housing was the only bright spot in private domestic investment as non-residential sectors suffered declines, led by a 10.7% drop in structures.

The plunge in oil prices early in 2016 triggered another sharp decline in energy-sector capital spending, a trend that has hampered the sector since the initial oil price collapse in 2014. The cause of the drop in equipment spending is less

clear, but may be traced to corporate caution following the stock market turmoil that began last summer and reappeared with a vengeance this past January and February.

The continuing drag from inventories was larger than expected in the first quarter, but on the plus side, it appears that the bulk of the inventory adjustment is now behind us. The rebound in energy prices in March may spell the end of the rout in the energy sector. These factors, combined with signs of continuing economic growth, give businesses confidence and are likely to limit the decline in business fixed investment. The forward-looking Institute for Supply Management activity indices, which measure sentiment for business investment in manufacturing and non-manufacturing areas, are both back above 50, the dividing line between expansion and contraction, and are at levels consistent with GDP growth in excess of 2%.

Concerns about China's growth and its role in restraining confidence elsewhere in the global economy have fueled negative investor sentiment and subsequent capital market volatility. China adopted a new Five-Year Plan with a goal of GDP growth averaging at least 6.5% during 2016-2020. History suggests that goal may be ambitious for an economy that has reached China's level of current development. Official figures stated growth averaging 7.8% per year from 2011-2015, but economists from Capital Economics, a research consultancy based in London, and other forecasters estimate that growth has been closer to 6.5%. A more reasonable estimate for China's economy for the next five years may be closer to 5%; however, a figure that far below the official target could spur further stimulus from the Chinese government, increasing the medium-term risks to growth.

### Recent Quarterly Indicators

Economic Indicators	1Q16	4Q15	3Q15	2Q15	1Q15	4Q14	3Q14	2Q14
Employment Cost–Total Compensation Growth	1.9%	2.0%	2.0%	2.0%	2.6%	2.2%	2.2%	2.0%
Nonfarm Business–Productivity Growth	-0.3%*	-2.2%	2.0%	3.1%	-0.8%	-1.7%	3.1%	2.4%
GDP Growth	0.5%	1.4%	2.0%	3.9%	0.6%	2.1%	4.3%	4.6%
Manufacturing Capacity Utilization	75.4%	75.4%	75.6%	75.5%	75.5%	76.0%	75.7%	75.1%
Consumer Sentiment Index (1966=100)	91.5	91.3	90.8	94.2	95.5	89.8	83.0	82.8

\*Estimate.

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve, IHS Economics, Reuters/University of Michigan.

### The Long-Term View

Index	2016 1st Qtr	Periods ended December 31, 2015			
		Year	5 Yrs	10 Yrs	25 Yrs
<b>U.S. Equity</b>					
Russell 3000	0.97	0.48	12.18	7.35	10.03
S&P 500	1.35	1.38	12.57	7.31	9.82
Russell 2000	-1.52	-4.41	9.19	6.80	10.50
<b>Non-U.S. Equity</b>					
MSCI EAFE	-3.01	-0.81	3.60	3.03	5.40
MSCI Emerging Markets	5.71	-14.92	-4.80	3.61	–
S&P ex-U.S. Small Cap	0.52	5.92	5.51	5.33	6.80
<b>Fixed Income</b>					
Barclays Aggregate	3.03	0.55	3.25	4.51	6.15
90-Day T-Bill	0.07	0.05	0.07	1.24	2.93
Barclays Long G/C	7.30	-3.30	6.98	6.45	8.08
Citi Non-U.S. Govt	9.10	-5.54	-1.30	3.05	5.37
<b>Real Estate</b>					
NCREIF Property	2.21	13.33	12.18	7.76	8.05
FTSE NAREIT Equity	6.00	3.20	11.96	7.41	12.13
<b>Alternatives</b>					
CS Hedge Fund	-2.20	-0.71	3.55	4.97	–
Cambridge PE*	–	8.66	14.70	11.80	15.74
Bloomberg Commodity	0.42	-24.66	-13.47	-6.43	–
Gold Spot Price	16.54	-10.46	-5.70	7.41	4.02
<b>Inflation – CPI-U</b>	0.68	0.73	1.53	1.86	2.30

\*Private equity data are time-weighted returns for periods ended September 30, 2015.

Sources: Barclays, Bloomberg, Citigroup, Credit Suisse, FTSE, MSCI, NCREIF, Russell Investment Group, Standard & Poor's, Thomson/Cambridge, Bureau of Economic Analysis.

The strong dollar has been a significant drag on U.S. exports and manufacturing. It has also certainly lowered the cost of imports, particularly energy. The dollar reached its most recent peak in January, but has since declined sharply. The rebound in commodity prices and a scaling back of expectations for the Fed to raise rates will continue to dictate the dollar's course over the next two years.

# Progress Discounted

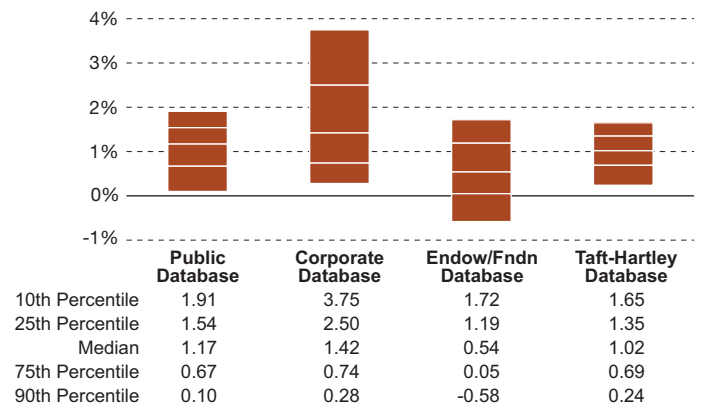
FUND SPONSOR | Rufash Lama

Global financial markets made little progress in the first quarter, as concerns over sluggish economic growth and falling oil prices led to sharp declines through mid-February. However, U.S. equity and fixed income markets staged a strong rally to end the quarter in the black. Non-U.S. equity markets (**MSCI ACWI ex USA Index: -0.38%**) lagged U.S. equity markets (**S&P 500 Index: +1.35%**) amid concerns over economic growth. The Federal Reserve's decision to delay rate hikes supported U.S. bonds (**Barclays Aggregate: +3.03%**), which nonetheless trailed the non-U.S. fixed income markets (**Citi Non-U.S. World Government Bond Index: +9.10%**).

The funded status of corporate plans deteriorated over the quarter as liabilities outgrew assets. The median and average funded status of U.S. corporate defined benefit plans fell to 80.0% and 79.9%, respectively, based on a peer group\* of seven different funded ratio measures. While assets grew for the quarter, liabilities rose faster due to a fall in discount rates.

Looking at the Callan Fund Sponsor Quarterly Returns table, we see corporate funds outperformed other fund types at the median and across percentiles. Performance dispersion was highest in the 10th percentile: corporate funds gained 3.75%,

## Callan Fund Sponsor Returns for the Quarter



Source: Callan

due in part to their high U.S. fixed income exposure, while at the low end of the spectrum Taft-Hartley funds ended the quarter at +1.65%. Endowments/foundations trailed significantly in the 90th percentile at -0.58%. Overall, endowments/foundations performed the worst due to a relatively high exposure to non-U.S. equity and low exposure to U.S. fixed income. Public funds were buoyed by greater exposure to non-U.S. fixed income as accommodative central bank policies helped fixed income markets stage a strong rally. The Barclays Global Aggregate Index gained 5.90% for the quarter.

## Callan Database Median and Index Returns\*\* for Periods ended March 31, 2016

Fund Sponsor	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Public Database	1.17	-1.03	6.02	6.41	5.39	6.09
Corporate Database	1.42	-1.91	5.47	6.41	5.54	6.17
Endowments/Foundations Database	0.54	-2.72	4.79	5.48	5.11	5.85
Taft-Hartley Database	1.02	-0.13	6.56	6.73	5.27	5.76
Diversified Manager	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Asset Allocator Style	0.76	-2.12	6.00	6.41	5.72	6.48
U.S. Balanced Database	1.46	-1.59	5.78	6.33	5.57	6.12
Global Balanced Database	0.45	-4.20	3.11	4.60	5.08	7.30
60% Russell 3000 + 40% Barclays Agg	1.79	0.73	7.73	8.35	6.53	6.27
60% MSCI World + 40% Barclays Gbl Agg	2.15	-0.11	4.51	4.77	4.58	5.38

\* The peer group includes funded ratio measures provided by large, institutional investment and actuarial consultants, as well as investment management firms.

\*\*Returns less than one year are not annualized.

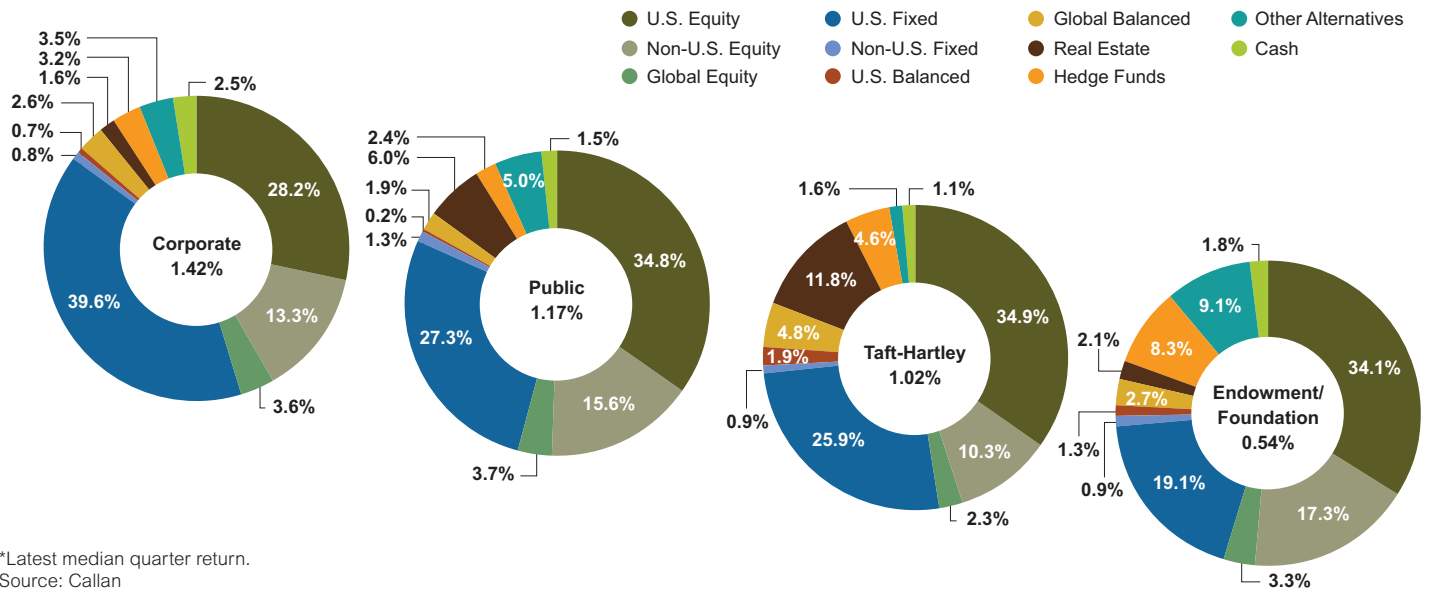
Sources: Callan, Barclays, MSCI, Russell Investment Group.



While one-year returns were consistently in the red, all fund types maintained performance in the +5% – +7% range for longer time periods. Taft-Hartley funds kept their lead over other fund types during three- and five-year periods, and corporate funds boasted the top returns over longer periods (10 and 15 years). Although the blended 60% Russell 3000 + 40% Barclays

Aggregate Index (+1.79%) trailed the 60% MSCI World + 40% Barclays Global Aggregate Index (+2.15%) for the quarter, the U.S.-based benchmark continues to outperform over longer time periods. Callan's U.S. Balanced Database group maintained its edge over the Global Balanced Database group across all but the longest time periods shown in the table.

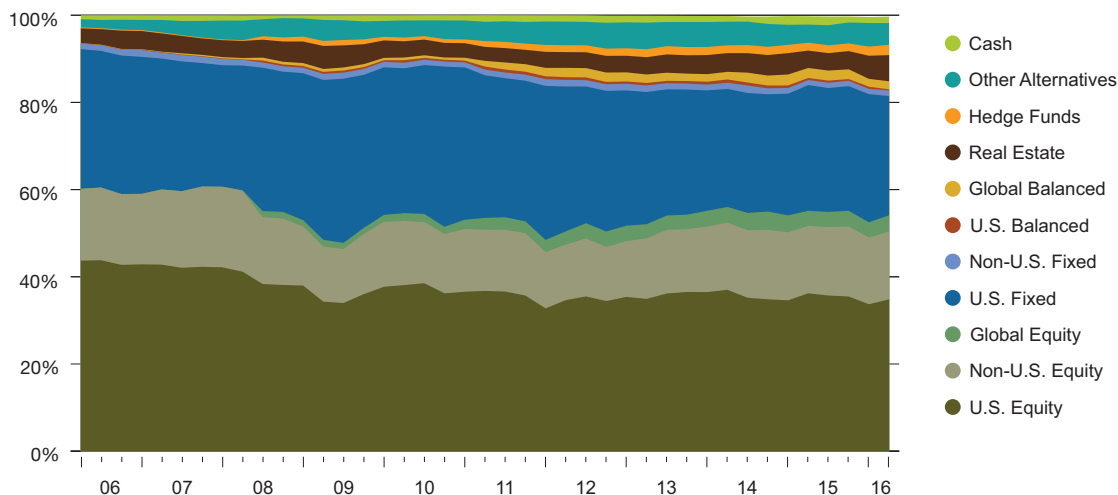
Callan Fund Sponsor Average Asset Allocation



\*Latest median quarter return. Source: Callan

Callan Public Fund Database Average Asset Allocation

(10 Years)



Source: Callan

# Tale of Two Halves

U.S. EQUITY | Lauren Mathias, CFA

The first quarter of 2016 was a tale of two halves: the **S&P 500 Index** declined in the first half only to reverse course and post a positive quarterly return (+1.35%). Large cap companies held their lead over small cap, but in the trend of reversals, value overtook growth in all capitalizations. (**Russell 1000 Index**: +1.17% and **Russell 2000 Index**: -1.52%; **Russell 1000 Value Index**: +1.64% and **Russell 1000 Growth Index**: +0.74%).

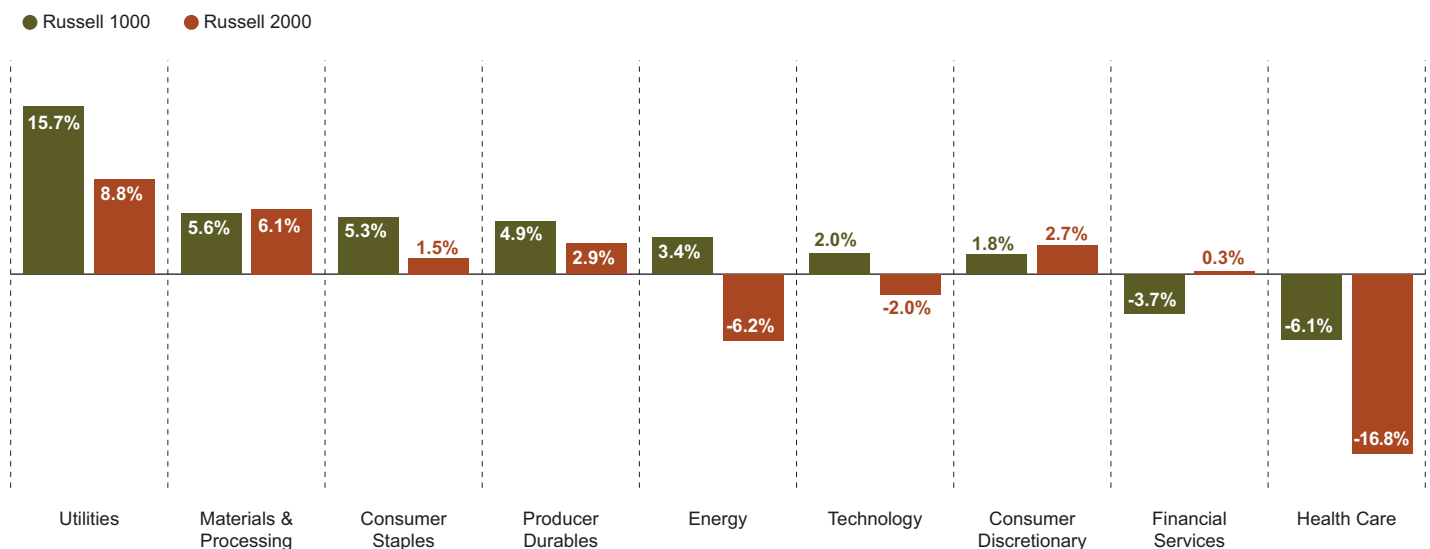
Though the S&P 500 Index ended in positive territory, during the quarter performance dipped 10%. This is the first time since the Great Depression that the S&P fell to this depth only to rebound and end in the black. January was a disappointing month as economic concerns lingered from 2015. But in February and March, U.S. manufacturing activity grew, fourth-quarter 2015 GDP was revised to 1.4% from 1.0%, the labor force participation rate expanded to 63% (from 62.4%), and the U.S. economy added 215,000 jobs in March alone. Global concerns around

the price of oil abated as the crude oil spot price ended the quarter at \$38/barrel after bottoming at \$26/barrel in mid-February. Investor sentiment rose in tandem with these positive developments. Despite some improvement, the U.S. Federal Reserve stated that global economic and financial developments continued to pose risks, and thus maintained the target range for the federal funds rate at 0.25%–0.50%.

Growth lost its lead over value. The difference was most significant within small cap (**Russell 2000 Growth Index**: -4.68% and **Russell 2000 Value Index**: +1.70). Micro and small cap companies declined while mid and large cap advanced (**Russell Microcap Index**: -5.43%, **Russell 2000 Index**: -1.52%, and **Russell Midcap Index**: +2.24%, **Russell 1000 Index**: +1.17%).

Sector performance over the quarter also revealed reversals. Cyclical areas like Energy, Industrials, and Materials added

## Economic Sector Quarterly Performance



Source: Russell Investment Group

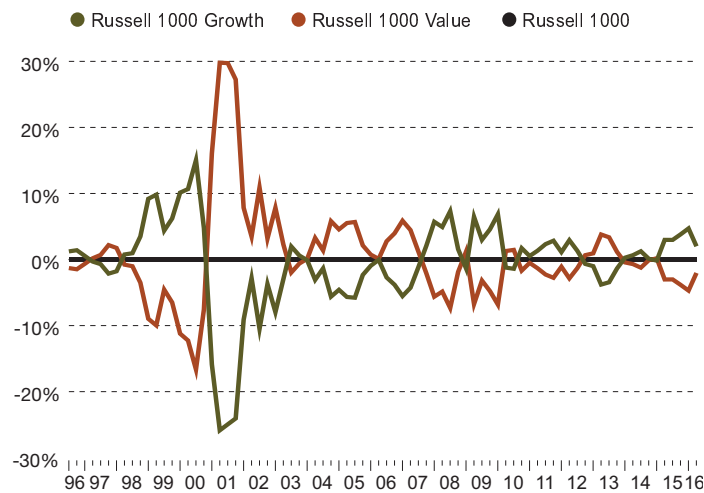
Note: As of the fourth quarter of 2015, the Capital Markets Review reports sector-specific returns using the Russell Global Sectors (RGS) classification system rather than the Global Industry Classification Standard (GICS) system. RGS uses a three-tier classification system containing nine sectors; GICS uses a four-tier system containing ten sectors.

value, and the interest rate-sensitive Utilities sector expanded, but typically defensive Health Care trailed. Not only did sectors turnabout, so did factors—valuation metrics such as price/book and yield outpaced growth metrics such as projected EPS growth and price momentum. Volatility of stocks, as measured by the daily VIX, increased during February’s pullback, ending the quarter near average levels. Correlations remained well above long-term averages and spreads between stock returns

were below average (both based on the S&P 500 universe)—a difficult environment for stock-picking strategies.

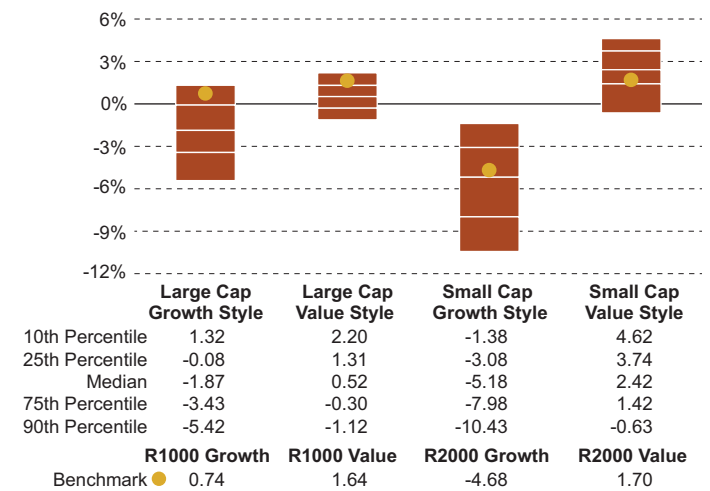
The U.S. equity market had a tumultuous start to the year, but found itself in positive territory by quarter end. This tale of two halves made it challenging for active management, with just 19% of large cap funds outperforming the S&P 500 Index during the quarter.

**Rolling One-Year Relative Returns** (vs. Russell 1000)



Source: Russell Investment Group

**Callan Style Group Quarterly Returns**



Sources: Callan, Russell Investment Group

**U.S. Equity Index Characteristics as of March 31, 2016**

	S&P 500	Rus 3000	Rus 1000	Rus Midcap	Rus 2500	Rus 2000
Cap Range Min (\$mm)	1,401	5	147	147	5	5
Cap Range Max (\$bn)	604.30	627.89	627.89	20.34	5.97	3.77
Number of Issues	504	2,978	1,017	818	2,468	1,957
% of Russell 3000	82%	100%	92%	27%	17%	7%
Wtd Avg Mkt Cap (\$bn)	128.89	107.53	116.14	12.43	4.13	1.90
Price/Book Ratio	2.7	2.6	2.6	2.4	2.1	1.9
Forward P/E Ratio	16.7	17.0	16.8	18.4	18.5	18.8
Dividend Yield	2.2%	2.1%	2.1%	1.8%	1.7%	1.6%
5-Yr Earnings (forecasted)	10.3%	10.7%	10.5%	9.4%	11.5%	13.1%

Sources: Russell Investment Group, Standard & Poor’s.

## U.S. EQUITY (Continued)

### Callan Style Median and Index Returns\* for Periods ended March 31, 2016

<b>Large Cap Equity</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Large Cap Core Style</b>	<b>-0.12</b>	<b>-0.84</b>	<b>11.55</b>	<b>11.43</b>	<b>7.32</b>	<b>6.67</b>
<b>Large Cap Growth Style</b>	<b>-1.87</b>	<b>0.44</b>	<b>13.05</b>	<b>11.51</b>	<b>8.10</b>	<b>6.14</b>
<b>Large Cap Value Style</b>	<b>0.52</b>	<b>-2.37</b>	<b>9.67</b>	<b>10.25</b>	<b>6.40</b>	<b>7.20</b>
<b>Aggressive Growth Style</b>	<b>-3.86</b>	<b>-1.09</b>	<b>11.81</b>	<b>9.50</b>	<b>7.24</b>	<b>6.65</b>
<b>Contrarian Style</b>	<b>0.34</b>	<b>-4.94</b>	<b>9.21</b>	<b>9.77</b>	<b>6.14</b>	<b>7.33</b>
<b>Yield-Oriented Style</b>	<b>2.30</b>	<b>-0.92</b>	<b>9.16</b>	<b>9.88</b>	<b>6.97</b>	<b>7.63</b>
Russell 3000	0.97	-0.34	11.15	11.01	6.90	6.38
Russell 1000	1.17	0.50	11.52	11.35	7.06	6.28
Russell 1000 Growth	0.74	2.52	13.61	12.38	8.28	6.03
Russell 1000 Value	1.64	-1.54	9.38	10.25	5.72	6.41
S&P Composite 1500	1.57	1.18	11.53	11.34	7.05	6.37
S&P 500	1.35	1.78	11.82	11.58	7.01	5.99
NYSE	1.33	-3.91	6.67	8.39	5.70	6.31
Dow Jones Industrials	2.20	2.08	9.29	10.27	7.54	6.55
<b>Mid Cap Equity</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Mid Cap Core Style</b>	<b>1.04</b>	<b>-3.68</b>	<b>10.56</b>	<b>10.37</b>	<b>7.71</b>	<b>9.87</b>
<b>Mid Cap Growth Style</b>	<b>-2.14</b>	<b>-7.69</b>	<b>9.55</b>	<b>8.50</b>	<b>7.47</b>	<b>8.31</b>
<b>Mid Cap Value Style</b>	<b>2.03</b>	<b>-4.34</b>	<b>9.72</b>	<b>10.02</b>	<b>7.85</b>	<b>10.16</b>
Russell Midcap	2.24	-4.04	10.45	10.30	7.45	9.11
S&P MidCap 400	3.79	-3.60	9.46	9.52	7.78	9.42
<b>Small Cap Equity</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Small Cap Core Style</b>	<b>-0.20</b>	<b>-6.50</b>	<b>9.29</b>	<b>9.75</b>	<b>7.07</b>	<b>10.28</b>
<b>Small Cap Growth Style</b>	<b>-5.18</b>	<b>-13.12</b>	<b>7.24</b>	<b>7.69</b>	<b>6.31</b>	<b>8.07</b>
<b>Small Cap Value Style</b>	<b>2.42</b>	<b>-4.93</b>	<b>8.92</b>	<b>9.09</b>	<b>6.92</b>	<b>10.77</b>
Russell 2000	-1.52	-9.76	6.84	7.20	5.26	7.65
S&P SmallCap 600	2.66	-3.20	10.39	10.41	6.99	9.60
NASDAQ	-2.43	0.55	15.63	13.28	8.78	7.67
<b>Smid Cap Equity</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Smid Cap Broad Style</b>	<b>0.09</b>	<b>-7.42</b>	<b>8.93</b>	<b>8.73</b>	<b>7.57</b>	<b>9.73</b>
<b>Smid Cap Growth Style</b>	<b>-3.51</b>	<b>-9.97</b>	<b>8.27</b>	<b>8.34</b>	<b>6.78</b>	<b>8.92</b>
<b>Smid Cap Value Style</b>	<b>3.00</b>	<b>-5.56</b>	<b>8.32</b>	<b>8.43</b>	<b>7.42</b>	<b>10.79</b>
Russell 2500	0.39	-7.31	8.16	8.58	6.47	8.76
S&P 1000	3.45	-3.47	9.75	9.80	7.51	9.46
<b>Russell 3000 Sectors</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
Consumer Discretionary	1.88	2.43	13.87	15.59	9.79	-
Consumer Staples	5.22	12.19	13.98	15.64	12.35	-
Energy	3.13	-18.92	-6.73	-3.91	2.57	-
Financial Services	-3.30	-2.34	10.03	9.91	0.69	-
Health Care	-7.05	-7.62	15.51	17.25	10.20	-
Materials & Processing	5.70	-4.62	6.38	5.70	5.56	-
Producer Durables	4.76	0.59	11.59	10.27	6.42	-
Technology	1.73	4.51	15.91	11.85	8.91	-
Utilities	15.23	15.78	10.78	11.98	8.16	-

\*Returns less than one year are not annualized.

Sources: Callan, Dow Jones & Company, Russell Investment Group, Standard & Poor's, The NASDAQ Stock Market.

# Mr. Draghi's Wild Ride

NON-U.S. EQUITY | Kevin Nagy

Non-U.S. equity markets endured a rocky January and February but rallied in March to finish at a modest loss (**MSCI ACWI ex USA Index: -0.38%**). Emerging markets (**MSCI Emerging Markets Index: +5.71%**) did better than their developed counterparts (**MSCI World ex USA: -1.95%**).

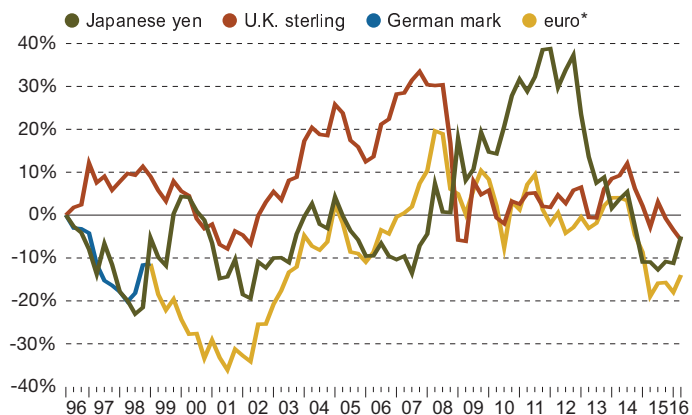
Falling oil prices, concerns about global economic growth, and declining corporate profits prompted a January sell-off, as many investors switched to a "risk-off" footing. Announcements of further European Central Bank (ECB) monetary stimulus and a modest rebound in commodity prices helped kick-start a comeback in February and March, but were not enough to drive the broader non-U.S. indices into the black.

The MSCI Emerging Markets Index (+5.71%) handily surpassed the MSCI World ex USA Index (-1.95%). Small cap stocks rode the rally further than large cap and posted a slight positive return, due to strong performance in the Utilities sector (**MSCI ACWI ex USA Small Cap Index: +0.68%**). Sector results were mixed: Energy (+9.81%) and Materials (+7.20%) were strongest while Health Care and Financials retreated (-7.50% and -4.96%, respectively).

European stocks were unable to complete their rebound despite further rate cuts and bond purchases by the ECB (**MSCI Europe Index: -2.51%**). The banking sector was hurt by slashed interest rates. Health Care also struggled, dropping 7.45% amid renewed political tension over rising drug prices. The Netherlands (+3.35%) was the top performer in Europe due to strong domestic performance from Energy (+15.73%) and Consumer Discretionary (+12.32%). Italy (-11.66%) was the worst performer; its Financial sector lost 25.84% due to Italian banks carrying massive amounts of non-performing loans on their balance sheets.

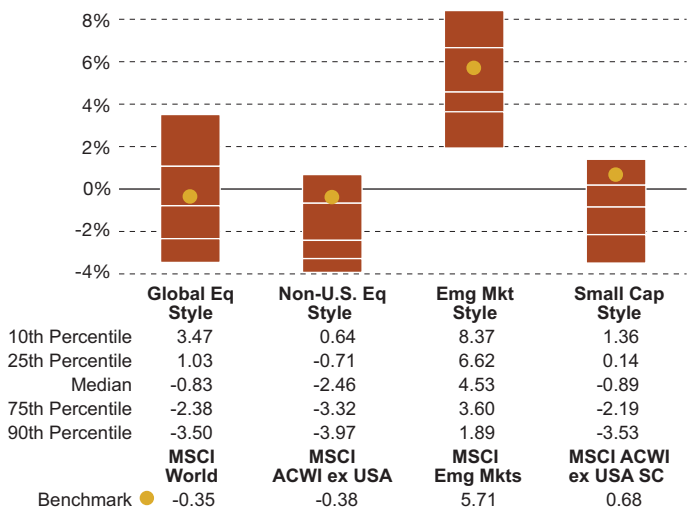
Southeast Asia and the Pacific (**MSCI Pacific Index: -3.79%**) underperformed Europe and other broad benchmarks. Japan

## Major Currencies' Cumulative Returns (vs. U.S. Dollar)



\*euro returns from 1Q99  
Source: MSCI

## Callan Style Group Quarterly Returns



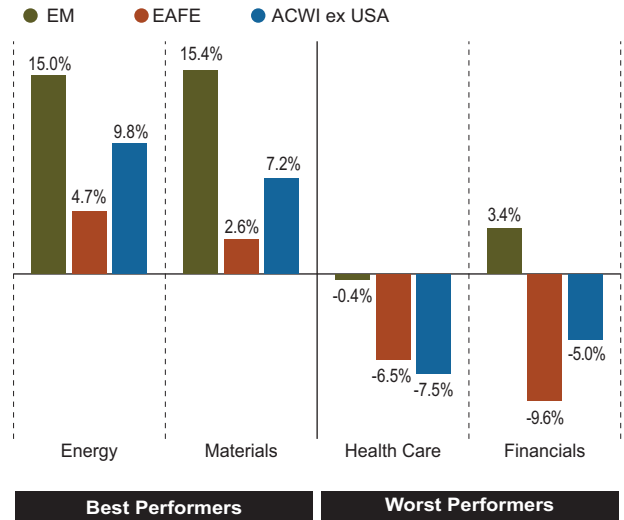
Sources: Callan, MSCI

(-6.52%) battled with tepid economic growth and large losses in the banking sector. The Financial sector was hit especially hard, losing 13.58%. Exporters also struggled due to the strengthening yen. Things were less gloomy in the rest of the region with New Zealand (+11.60%), Singapore (+5.05%), and Australia (+2.10%) benefitting from a commodities rally.

## NON-U.S. EQUITY (Continued)

China (-4.80%) continued to struggle due to concerns over slowing growth and ineffective monetary policy. In an effort to sustain the economy's growth, Chinese authorities implemented selective capital controls to slow asset withdrawals and cut the required reserve ratio. Consumer Discretionary (-10.75%), Financials (-9.68%), and Health Care (-6.65%) were three significant detractors. In keeping with the rest of the world, surging commodity prices buoyed Energy (+6.75%) and Materials (+7.26%). Latin America was the big winner of the first quarter as Brazil, Colombia, Chile, and Peru (+28.58%, +22.49%, +13.25%, and +27.02%) made the **MSCI Latin America Index** the top-performing regional index at +19.23%. The real appreciated 12% against the dollar on the back of the commodities rally and the prospect of political change.

## Quarterly Returns: Strong and Struggling Sectors



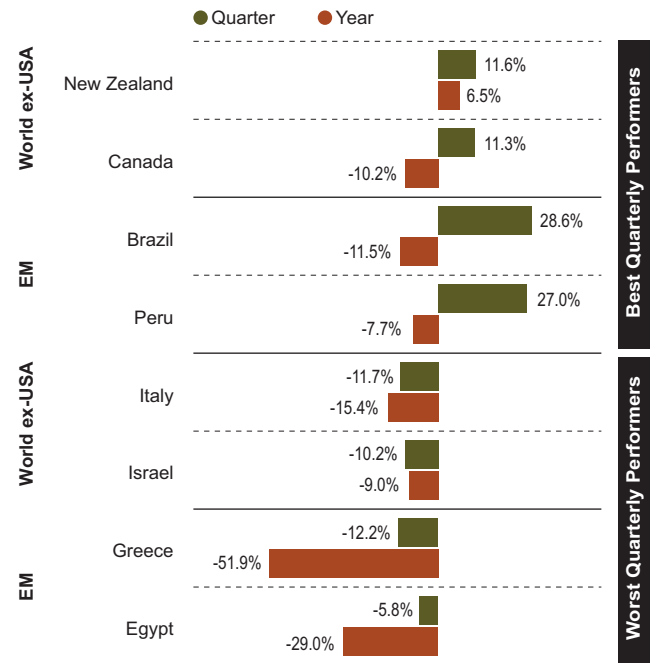
Source: MSCI

## Quarterly and Annual Country Performance Snapshot

### Quarterly Return Attribution for EAFE (U.S. Dollar)

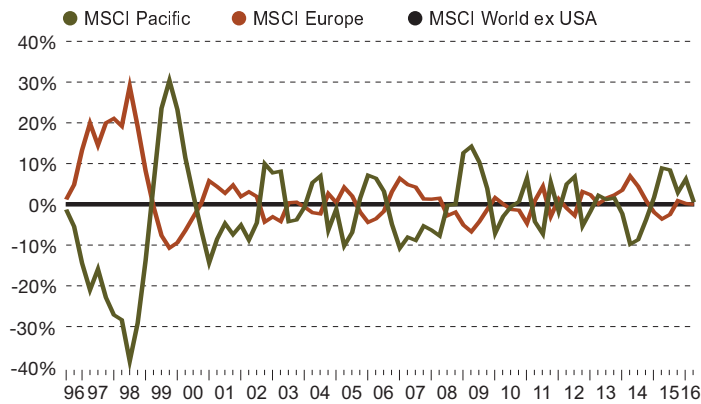
Country	Total	Local	Currency	Wtg
Australia	2.10%	-3.44%	5.73%	7.16%
Austria	-0.52%	-5.17%	4.90%	0.18%
Belgium	-2.43%	-6.99%	4.90%	1.45%
Denmark	-0.96%	-5.75%	5.08%	1.99%
Finland	-5.19%	-9.62%	4.90%	1.01%
France	0.12%	-4.56%	4.90%	9.98%
Germany	-2.50%	-7.06%	4.90%	9.17%
Hong Kong	-0.55%	-0.47%	-0.08%	3.31%
Ireland	-4.15%	-8.63%	4.90%	0.50%
Israel	-10.16%	-12.84%	3.50%	0.71%
Italy	-11.66%	-15.79%	4.90%	2.18%
Japan	-6.52%	-12.66%	7.03%	22.48%
Netherlands	3.35%	-1.30%	4.90%	3.08%
New Zealand	11.60%	10.04%	1.42%	0.18%
Norway	1.72%	-4.94%	7.01%	0.58%
Portugal	3.24%	-1.59%	4.90%	0.17%
Singapore	5.05%	-0.20%	5.35%	1.36%
Spain	-4.09%	-8.57%	4.90%	3.15%
Sweden	-0.22%	-4.05%	4.00%	2.94%
Switzerland	-5.51%	-9.60%	4.53%	9.12%
U.K.	-2.34%	0.15%	-2.48%	19.30%

Sources: MSCI, Russell Investment Group, Standard & Poor's.



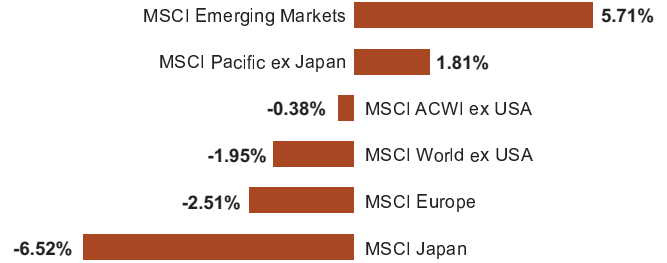
Source: MSCI

Rolling One-year Relative Returns (vs. MSCI World ex USA)



Source: MSCI

Regional Quarterly Performance (U.S. Dollar)



Source: MSCI

Style Median and Index Returns\* for Periods ended March 31, 2016

Non-U.S. Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Non-U.S. Equity Style</b>	<b>-2.46</b>	<b>-6.23</b>	<b>3.54</b>	<b>3.45</b>	<b>3.00</b>	<b>6.32</b>
MSCI EAFE	-3.01	-8.27	2.23	2.29	1.80	4.35
MSCI EAFE (local)	-6.52	-11.17	6.47	6.20	1.72	2.76
MSCI ACWI ex USA	-0.38	-9.19	0.32	0.31	1.94	4.99
MSCI ACWI ex USA Growth	-0.34	-6.08	1.92	1.61	2.72	4.88
MSCI ACWI ex USA Value	-0.42	-12.31	-1.34	-1.03	1.11	5.03
<b>Global Equity</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Global Equity Style</b>	<b>-0.83</b>	<b>-3.45</b>	<b>7.27</b>	<b>7.11</b>	<b>5.15</b>	<b>6.48</b>
MSCI World	-0.35	-3.45	6.82	6.51	4.27	4.97
MSCI World (local)	-1.96	-4.56	8.86	8.38	4.12	4.19
MSCI ACWI	0.24	-4.34	5.53	5.22	4.08	5.10
<b>Regional Equity</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
MSCI Europe	-2.51	-8.44	2.71	2.07	2.05	4.46
MSCI Europe (local)	-4.92	-10.63	5.87	5.42	2.56	2.97
MSCI Japan	-6.52	-7.06	3.84	4.03	-0.42	2.27
MSCI Japan (local)	-12.66	-12.90	10.21	10.57	-0.91	1.53
MSCI Pacific ex Japan	1.81	-9.65	-2.95	0.68	5.60	9.18
MSCI Pacific ex Japan (local)	-2.11	-10.23	3.69	4.53	4.67	6.72
<b>Emerging/Frontier Markets</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Emerging Market Style</b>	<b>4.53</b>	<b>-10.27</b>	<b>-3.47</b>	<b>-2.64</b>	<b>4.08</b>	<b>10.96</b>
MSCI Emerging Markets	5.71	-12.03	-4.50	-4.13	3.02	9.35
MSCI Emerging Markets (local)	2.73	-7.70	1.91	1.33	5.33	10.24
MSCI Frontier Markets	-0.94	-12.54	1.75	1.30	-0.78	--
<b>Non-U.S. Small Cap Equity</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Non-U.S. Small Cap Style</b>	<b>-0.89</b>	<b>2.36</b>	<b>7.94</b>	<b>7.23</b>	<b>5.28</b>	<b>10.34</b>
MSCI World ex USA Small Cap	0.60	1.99	5.54	3.84	3.09	8.66
MSCI ACWI ex USA Small Cap	0.68	-0.60	3.67	2.39	3.87	8.91
MSCI Emerging Market Small Cap	0.97	-9.20	-2.69	-2.56	5.07	10.96

\*Returns less than one year are not annualized.  
Sources: Callan, MSCI.



# More T-Bills, Please

U.S. FIXED INCOME | Irina Sushch

Yields plummeted during a volatile first quarter. A dovish Fed fostered uncertainty over global economic growth. **The Barclays Aggregate Index** gained 3.03% and the **Barclays Corporate High Yield Index** was up 3.35%.

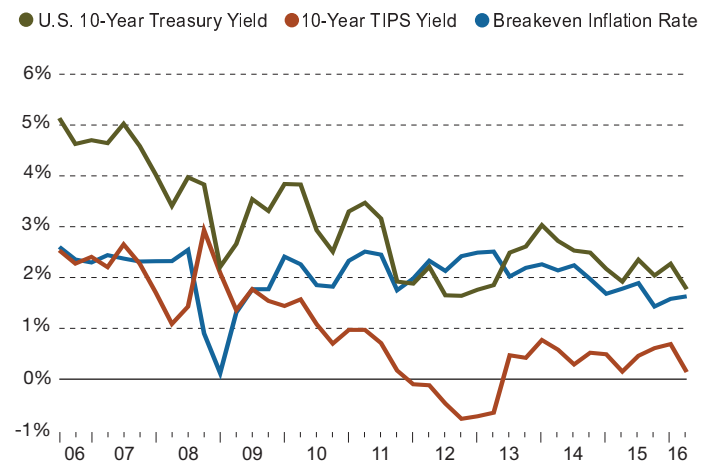
Yields fell nearly 50 bps during a volatile first quarter. The yield curve flattened further in markets abundant with uncertainty over global economic growth. Investment grade credit, mortgage-backed (MBS), commercial mortgage-backed (CMBS), and high yield spreads all tightened, while asset-backed spreads widened.

Following December's federal funds rate hike, the Federal Reserve took on a neutral outlook. The Fed stated that financial and economic conditions are less favorable than they had been in December. The U.S. economy experienced modest growth despite improving employment and housing numbers. Fed chair Janet Yellen stated that the U.S. economy would have to get much worse before the Fed would consider the use of negative interest rates (six other central banks have implemented negative interest rates). The 10-year U.S. Treasury yield tumbled to

1.77%. The breakeven inflation rate (the difference between nominal and real yields) on 10-year Treasuries ticked up 1.63% as TIPS fell 55 bps, in line with their nominal counterparts.

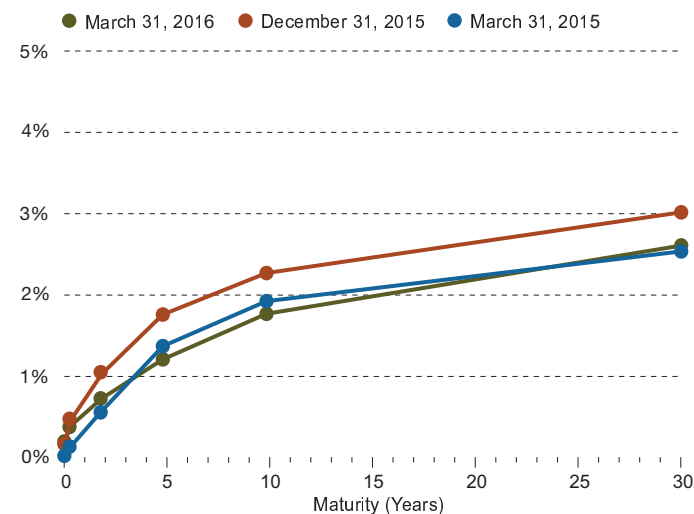
Sectors in the Barclays Aggregate posted positive returns across the board. CMBS outperformed like-duration Treasuries by 0.58% and rose 3.61% for the quarter. Credit was the highest returning sector (+3.92%), but only beat like-duration Treasuries

## Historical 10-Year Yields



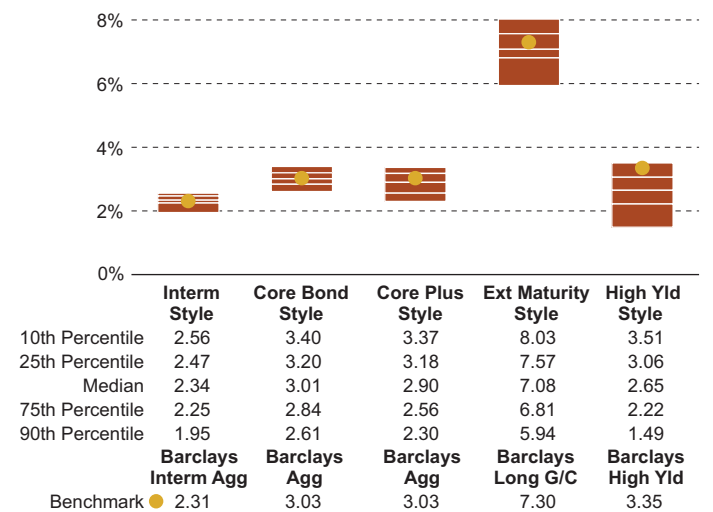
Source: Bloomberg

## U.S. Treasury Yield Curves



Source: Bloomberg

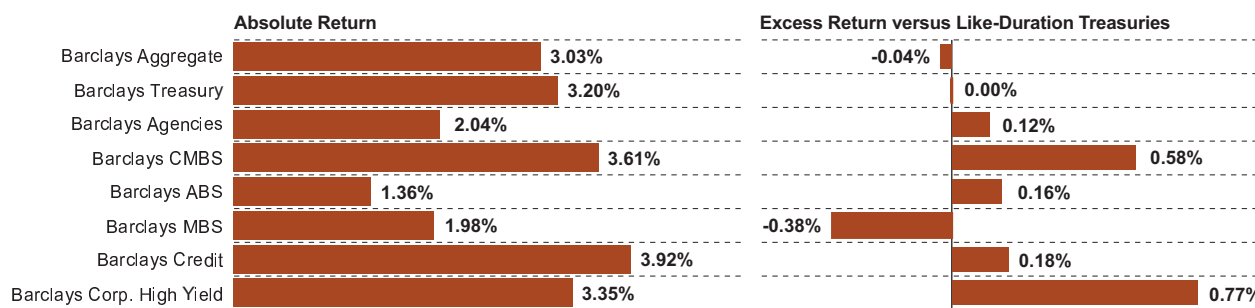
## Callan Style Group Quarterly Returns



Sources: Barclays, Callan



Fixed Income Index Quarterly Returns

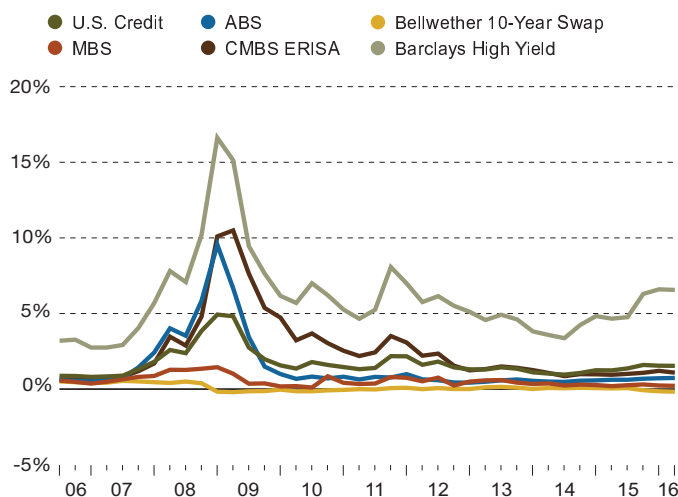


Source: Barclays

by 0.18%. MBS was the only sector to trail like-duration Treasuries (down by 0.38%), yet still rose 1.98%. Investment grade Financials, hurt by worries over persistent low or negative interest rates, underperformed like-duration Treasuries by nearly 100 bps; Industrials, buoyed by a rebound in commodity prices, outperformed by 70 bps.

High yield corporate bonds rebounded from severe underperformance in January and early February (down 5% through February 11) to finish in the black. The Barclays Corporate High Yield Index was up 3.35%, outpacing Treasuries by 77 bps. Including an upsurge in issuance in the last few weeks of the quarter, new high yield issuance was \$35.9 billion—60% lower than one year ago.

Effective Yield Over Treasuries



Source: Barclays

U.S. Fixed Income Index Characteristics as of March 31, 2016

Barclays Indices	Yield to Worst	Mod Adj Duration	Avg Maturity	% of Barclays G/C	% of Barclays Agg
Barclays Aggregate	2.16	5.47	7.79		100.00
Barclays Govt/Credit	2.09	6.48	8.73	100.00	69.44
Intermediate	1.63	4.04	4.39	78.18	54.29
Long-Term	3.74	15.22	24.30	21.82	15.15
Barclays Govt	1.31	5.96	7.29	56.54	39.26
Barclays Credit	3.10	7.15	10.61	43.46	30.18
Barclays MBS	2.35	3.06	5.70		28.21
Barclays ABS	1.57	2.31	2.47		0.50
Barclays CMBS	2.43	5.23	5.87		1.76
Barclays Corp High Yield	8.18	4.22	6.25		

Source: Barclays

## U.S. FIXED INCOME (Continued)

### Callan Style Median and Index Returns\* for Periods ended March 31, 2016

<b>Broad Fixed Income</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Core Bond Style</b>	<b>3.01</b>	<b>2.11</b>	<b>2.76</b>	<b>4.22</b>	<b>5.35</b>	<b>5.41</b>
<b>Core Bond Plus Style</b>	<b>2.90</b>	<b>1.35</b>	<b>2.65</b>	<b>4.47</b>	<b>5.76</b>	<b>5.97</b>
Barclays Aggregate	3.03	1.96	2.50	3.78	4.90	4.97
Barclays Govt/Credit	3.47	1.75	2.42	4.04	4.93	5.03
Barclays Govt	3.12	2.37	2.11	3.42	4.52	4.57
Barclays Credit	3.92	0.93	2.86	5.00	5.70	5.79
Citi Broad Investment Grade	3.04	1.93	2.49	3.78	4.98	5.04
<b>Long-Term</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Extended Maturity Style</b>	<b>7.08</b>	<b>0.36</b>	<b>4.95</b>	<b>8.90</b>	<b>8.14</b>	<b>7.74</b>
Barclays Long Govt/Credit	7.30	0.39	4.81	8.51	7.57	7.38
Barclays Long Govt	8.06	2.80	6.04	9.52	7.88	7.43
Barclays Long Credit	6.82	-1.08	4.10	7.77	7.25	7.40
Citi Pension Discount Curve	9.21	1.02	7.27	11.67	9.36	9.74
<b>Intermediate-Term</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Intermediate Style</b>	<b>2.34</b>	<b>2.11</b>	<b>2.00</b>	<b>3.30</b>	<b>4.82</b>	<b>4.86</b>
Barclays Intermediate Aggregate	2.31	2.20	2.14	3.11	4.53	4.62
Barclays Intermediate Govt/Credit	2.45	2.06	1.83	3.01	4.34	4.46
Barclays Intermediate Govt	2.28	2.21	1.52	2.48	3.97	4.03
Barclays Intermediate Credit	2.70	1.82	2.36	3.98	5.16	5.26
<b>Short-Term</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Defensive Style</b>	<b>1.01</b>	<b>1.26</b>	<b>1.16</b>	<b>1.59</b>	<b>3.13</b>	<b>3.28</b>
<b>Active Duration Style</b>	<b>2.78</b>	<b>2.22</b>	<b>2.23</b>	<b>3.83</b>	<b>4.84</b>	<b>5.05</b>
Money Market Funds (net of fees)	0.01	0.02	0.01	0.01	1.07	1.32
ML Treasury 1–3-Year	0.90	0.92	0.77	0.87	2.48	2.71
90-Day Treasury Bills	0.07	0.12	0.07	0.08	1.15	1.51
<b>High Yield</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>High Yield Style</b>	<b>2.65</b>	<b>-2.87</b>	<b>2.37</b>	<b>5.17</b>	<b>6.87</b>	<b>7.59</b>
Barclays Corporate High Yield	3.35	-3.69	1.84	4.93	7.01	7.38
ML High Yield Master	3.23	-3.90	1.76	4.71	6.78	7.20
<b>Mortgage/Asset-Backed</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Mortgage Style</b>	<b>1.91</b>	<b>2.40</b>	<b>2.94</b>	<b>3.77</b>	<b>5.14</b>	<b>5.29</b>
Barclays MBS	1.98	2.43	2.70	3.24	4.85	4.85
Barclays ABS	1.36	1.71	1.39	2.46	3.40	3.87
Barclays CMBS	3.61	2.80	2.84	4.41	5.63	5.82
<b>Municipal</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
Barclays Muni	1.67	3.98	3.63	5.59	4.86	4.97
Barclays Muni 1–10-Year	1.24	2.86	2.50	3.68	4.21	4.17
Barclays Muni 3-Year	0.77	1.54	1.31	1.80	3.07	3.11
<b>TIPS</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
Barclays TIPS Full Duration	4.46	1.51	-0.71	3.02	4.62	5.49
Barclays TIPS 1-10 Year	3.60	1.84	-0.72	1.88	4.00	4.78

\*Returns for less than one year are not annualized.

Sources: Barclays, Callan, Citigroup, Merrill Lynch.

# A Dole of Doves

NON-U.S. FIXED INCOME | Kyle Fekete

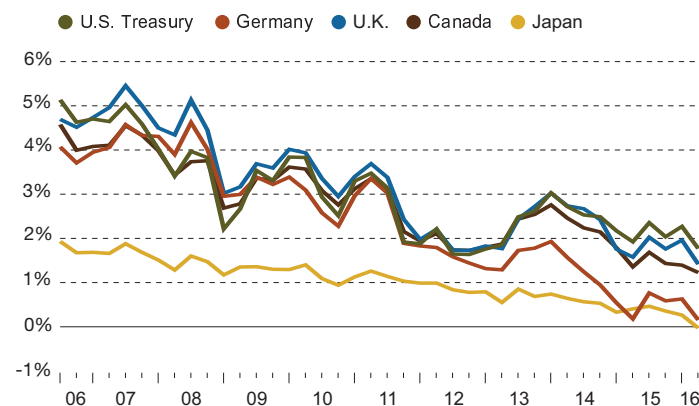
Sovereign debt rallied in the first quarter, driven by risk-on sentiment and the impact of the U.S. dollar's relative weakness. The **Citi Non-U.S. World Government Bond Index** jumped 9.10% (+4.16% on a hedged basis). The hard currency **JPM EMBI Global Diversified Index** rose 5.04% while the local currency **JPM GBI-EM Global Diversified** soared 11.02%.

The U.S. dollar weakened versus most currencies during the quarter, providing a tailwind to unhedged foreign bond returns. The yen gained 7% versus the dollar as investors sought its safe-haven status amid market turbulence in China and concerns over the health of the European banking sector. The euro was also stronger versus the dollar (+5%). In March, the ECB continued its accommodative stance, slashing interest rates and increasing asset purchases. For the first time, the ECB included

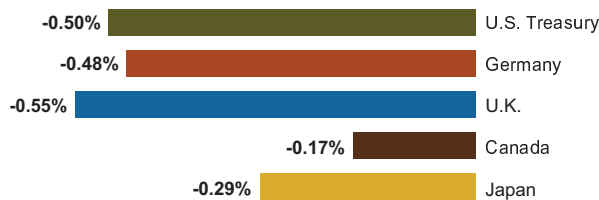
non-bank investment grade corporate bonds in its asset purchase program. Interest rates fell across developed markets, further bolstering returns. The **Barclays Global Aggregate** rose 5.90% (+3.28% hedged).

On an unhedged basis, returns approached 10% for many countries, including Japan, which was up 12% on the back of falling rates combined with yen strength. Yield on the Japanese 10-year bond reached negative territory after a surprise move by the Bank of Japan (BoJ) in January to adopt a negative interest rate policy, indicating bond investors would have to pay-to-own before adjusting for inflation. The BoJ owns approximately one-third of outstanding Japanese bonds as a result of its

## 10-Year Global Government Bond Yields



## Change in 10-Year Yields from 4Q15 to 1Q16



Source: Bloomberg

## Quarterly Return Attribution for Non-U.S. Gov't Indices (U.S. Dollar)

Country	Total	Local	Currency	Wtg
Australia	8.29%	2.42%	5.73%	2.11%
Austria	8.73%	3.64%	4.90%	1.79%
Belgium	9.93%	4.79%	4.90%	2.98%
Canada	8.60%	1.12%	7.39%	2.30%
Denmark	9.88%	4.57%	5.08%	0.79%
Finland	8.12%	3.07%	4.90%	0.76%
France	9.18%	4.08%	4.90%	11.62%
Germany	8.88%	3.79%	4.90%	8.66%
Ireland	7.62%	2.59%	4.90%	0.95%
Italy	7.60%	2.57%	4.90%	11.44%
Japan	12.05%	4.69%	7.03%	33.67%
Malaysia	12.49%	2.22%	10.05%	0.53%
Mexico	3.48%	2.68%	0.78%	1.14%
Netherlands	8.98%	3.88%	4.90%	2.88%
Norway	8.84%	1.71%	7.01%	0.36%
Poland	7.82%	1.62%	6.10%	0.73%
Singapore	10.26%	4.66%	5.35%	0.45%
South Africa	12.34%	6.63%	5.35%	0.50%
Spain	7.64%	2.61%	4.90%	6.45%
Sweden	7.02%	2.90%	4.00%	0.58%
Switzerland	5.75%	1.17%	4.53%	0.34%
U.K.	2.66%	5.28%	-2.48%	8.96%

Source: Citigroup

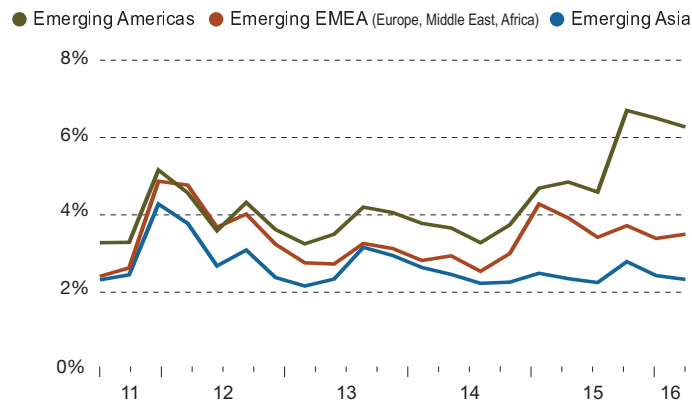
## NON-U.S. FIXED INCOME (Continued)

quantitative easing program. Regulations require the nation's banks, insurers, and pension funds to carry Japanese bonds on their balance sheets.

The unhedged U.K. gilt advanced 2.66%, hampered by the pound's 3% fall. Worries over a potential Brexit put pressure on the currency. Yield on the 10-year U.K. gilt declined more than 50 bps, hitting an all-time low early in the quarter. The Bank of England elected to maintain its relaxed monetary policy for the seventh straight year, citing weak growth and global market turmoil.

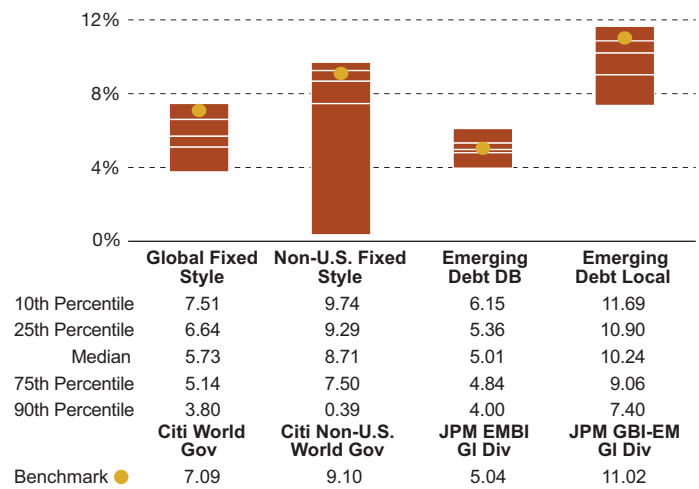
Emerging market bonds rebounded. In late February and March, commodity prices stabilized, risk appetite returned, and confidence in the Chinese renminbi stabilized. The hard currency **JPM EMBI Global Diversified Index** rose 5.04% while the local currency **JPM GBI-EM Global Diversified** soared 11.02%, bolstered by the dollar's relative weakness. Brazil led both indices as investors cheered the prospect of an impeachment of President Dilma Rousseff, hoping a new government could bring better days for the beleaguered country.

### Emerging Spreads Over Developed (By Region)



Source: Barclays

### Callan Style Group Quarterly Returns



Sources: Callan, Citigroup, JPMorgan Chase

### Callan Style Median and Index Returns\* for Periods ended March 31, 2016

Global Fixed Income	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Global Style</b>	<b>5.73</b>	<b>3.39</b>	<b>0.90</b>	<b>2.15</b>	<b>4.98</b>	<b>5.98</b>
Citi World Govt	7.09	5.92	0.49	1.16	4.19	5.28
Citi World Govt (Local)	3.68	2.84	4.20	4.88	4.27	4.19
Barclays Global Aggregate	5.90	4.57	0.87	1.81	4.35	5.25
Non-U.S. Fixed	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Non-U.S. Style</b>	<b>8.71</b>	<b>5.38</b>	<b>0.01</b>	<b>1.22</b>	<b>4.69</b>	<b>6.27</b>
Citi Non-U.S. World Govt	9.10	7.74	-0.16	0.24	3.97	5.39
Citi Non-U.S. World Govt (Local)	3.95	3.10	5.11	5.48	4.29	4.14
European Fixed	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Citi Euro Govt Bond	8.50	6.95	2.45	2.49	4.57	7.15
Citi Euro Govt Bond (Local)	3.43	0.79	5.97	6.71	5.01	5.22
Emerging Markets Fixed	Quarter	Year	3 Years	5 Years	10 Years	15 Years
JPM EMBI Global Diversified	5.04	4.19	3.45	6.22	7.20	9.12
JPM GBI-EM Global Diversified	11.02	-1.65	-6.72	-2.00	4.95	--

\*Returns less than one year are not annualized.

Sources: Callan, Citigroup, JPMorgan Chase.

# Slow and Low

REAL ESTATE | Avery Robinson

The **NCREIF Property Index** advanced 2.21%, recording a 1.17% income return and a 1.04% appreciation return during the quarter. Industrial (+2.96%) and Retail (+2.96%) led property sector performance for the quarter while Hotels (+1.16%) lagged. Regionally, the West bested other areas with a 2.75% return and the East brought up the rear with 1.66%.

During the quarter there were 184 asset trades representing \$7.5 billion of overall transactional volume. This marks a considerable decline from the fourth quarter of 2015's \$11.3 billion, but it is still above the five-year quarterly transaction average of \$6.4 billion. During the first quarter of 2016, appraisal capitalization rates decreased from 4.59% to 4.54%, setting an all-time low.

The **NCREIF Open End Diversified Core Equity Index** earned 2.18%, comprising a 1.11% income return and a 1.07% appreciation return. This marks the lowest quarterly return for the Index since 2010. Capital flows to core funds continued to decline, as a growing number of institutional investors are reaching or surpassing their real estate allocation targets. As a result, entry queues have also declined by more than 40% for the ODCE funds over the past six months.

In the listed real estate market, the **FTSE EPRA/NAREIT Developed REIT Index (USD)** gained 5.43% and U.S. REITs tracked by the **FTSE NAREIT Equity REITs Index** advanced 6.00%.

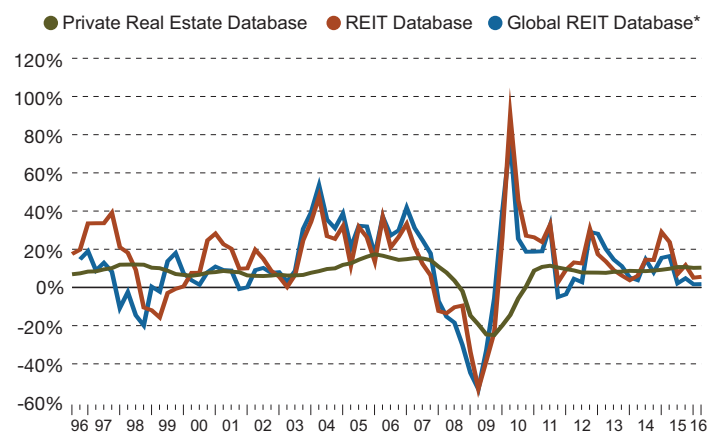
In the U.S., volatility continued as REIT sectors rebounded sharply in March to generate positive returns for the quarter. Sector performance was led once again by Self-Storage (+10.85%), followed by Retail (+8.21%), Residential (+8.38%), and Industrial (+6.49%). The only negative was single family homes (-1.03%). As of March 31, U.S. REITs were trading at a 3% premium to net asset value. This marked the first time REITs have traded at a premium over the past 10 months. U.S.

REITs raised \$15.1 billion, despite no IPO activity for the quarter. There were 24 secondary equity offerings and 14 secondary debt offerings.

In Europe, the momentum in core markets was put on pause during the first quarter as a result of the uncertainty surrounding a potential "Brexit." According to Lambert Smith Hampton, investment volume in central London offices totaled £2.2 billion—31% below the 10-year average and less than half of the £4.6 billion recorded in the previous quarter. Optimism remains strong for the medium and long term, however, as capital raising remains robust and investors continue to see value on the continent. Despite continued concerns about the economic growth outlook for China, Asian real estate funds are still attracting new capital flows, with 2015 totals surpassing 2014.

CMBS issuance reached \$19.3 billion, significantly down from the first quarter of 2015 (\$27.0 billion). This decline was widely credited to the instability in the broader financial market.

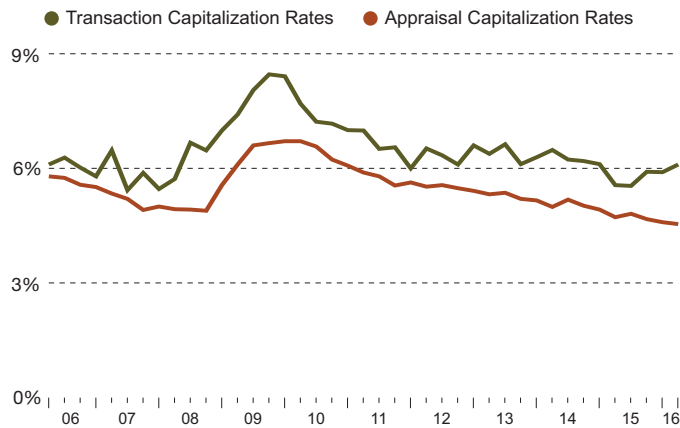
## Rolling One-Year Returns



\*Global REIT returns from 3Q96  
Source: Callan

## REAL ESTATE (Continued)

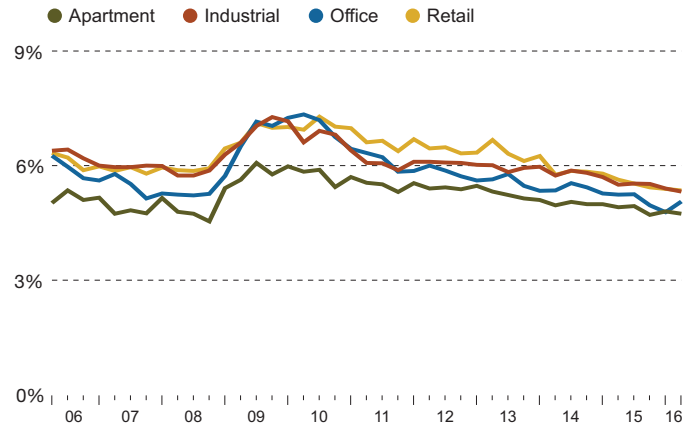
### NCREIF Transaction and Appraisal Capitalization Rates



Source: NCREIF

Note: Transaction capitalization rate is equal-weighted.

### NCREIF Capitalization Rates by Property Type



Source: NCREIF

Note: Capitalization rates are appraisal-based.

### Callan Database Median and Index Returns\* for Periods ended March 31, 2016

	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Private Real Estate</b>						
Real Estate Database (net of fees)	2.42	13.40	13.11	12.66	5.23	7.44
NCREIF Property	2.21	11.84	11.91	11.93	7.61	8.95
NFI-ODCE (value wtd. net)	1.95	12.62	12.59	12.20	5.38	6.93
<b>Public Real Estate</b>						
REIT Database	5.33	4.87	11.57	12.46	7.36	12.70
FTSE NAREIT Equity	6.00	4.43	10.47	11.89	6.56	11.57
<b>Global Real Estate</b>						
Global REIT Database	4.80	1.69	7.32	9.28	5.18	10.60
FTSE EPRA/NAREIT Developed REIT	5.43	1.27	6.31	8.47	4.58	9.97

\*Returns for less than one year are not annualized.

All REIT returns are reported gross in USD.

Sources: Callan, NAREIT, NCREIF, The FTSE Group. NCREIF statistics are the product of direct queries and may fluctuate over time.

# Drip, Drip, Drip

PRIVATE EQUITY | Gary Robertson

In fundraising, *Private Equity Analyst* reports that new first-quarter commitments totaled \$53.1 billion with 177 new partnerships formed. This represents a moderate start to the year. The number of funds raised increased 20% from 147 in the first quarter of 2015, but the dollar volume dropped 5% from \$56.2 billion. According to the National Venture Capital Association (NVCA), venture capital had the strongest fundraising quarter in 10 years.

According to *Buyouts* newsletter, the investment pace by funds into companies totaled 329 transactions, a 32% fall from 484 deals in the first quarter of 2015. The announced aggregate dollar volume was \$57.9 billion, up 56% from \$37.1 billion a year ago. The \$14.2 billion take-private of Keurig Green Mountain helped boost the announced value. Twelve deals with announced values of \$1 billion or more closed in the quarter.

According to the NVCA, new investments in venture capital companies totaled \$12.1 billion in 969 rounds of financing. The dollar volume and number of rounds decreased compared to the first quarter of 2015's \$13.6 billion and 1,063 rounds.

Regarding exits, *Buyouts* reports that steep declines occurred in the first quarter of 2016. There were 107 private M&A exits of buyout-backed companies, with 31 deals disclosing values totaling

## Funds Closed January 1 to March 31, 2016

Strategy	No. of Funds	Amt (\$mm)	Percent
Venture Capital	94	8,881	17%
Buyouts	60	38,237	72%
Subordinated Debt	1	158	0%
Distressed Debt	6	2,265	4%
Secondary and Other	1	94	0%
Fund-of-funds	15	3,513	7%
<b>Totals</b>	<b>177</b>	<b>53,147</b>	<b>100%</b>

Source: Private Equity Analyst

\$14.6 billion. The M&A exits count was down 27% year-over-year from 147, and the announced value declined 53% from \$30.9 billion. There were no buyout-backed IPOs in the first quarter.

Venture-backed M&A exits totaled 79 transactions, with 20 disclosing a total dollar volume of \$4.8 billion. The number of exits declined but the announced dollar volume increased from the first quarter of 2015, which had 97 sales with 18 announcing dollar values totaling \$2.8 billion. There were six VC-backed IPOs in the first quarter with a combined float of \$575 million. For comparison, the first quarter of 2015 had 17 IPOs and total issuance of \$1.4 billion.

Please see our upcoming issue of *Private Markets Trends* for more in-depth coverage.

## Private Equity Performance Database (%)

(Pooled Horizon IRRs through Sept. 30, 2015\*)

Strategy	3 Months	Year	3 Years	5 Years	10 Years	15 Years	20 Years
All Venture	2.1	24.2	15.2	14.9	9.8	9.5	27.4
Growth Equity	1.8	20.1	14.9	15.1	13.5	13.0	15.0
All Buyouts	-0.8	15.1	15.3	15.5	14.0	11.8	13.4
Mezzanine	2.6	12.5	13.1	12.1	11.0	8.3	10.2
Distressed	0.5	13.1	16.0	13.9	11.4	11.7	11.8
<b>All Private Equity</b>	<b>0.2</b>	<b>16.7</b>	<b>15.3</b>	<b>15.1</b>	<b>12.8</b>	<b>11.4</b>	<b>14.6</b>
S&P 500 Index	1.1	19.7	23.0	15.7	8.1	4.9	9.6

Private equity returns are net of fees.

Sources: Standard & Poor's, Thomson/Cambridge.

\*Most recent data available at time of publication.

Note: Transaction count and dollar volume figures across all private equity measures are preliminary figures and are subject to update in subsequent versions of Capital Market Review and other Callan publications.



# Market Tremors Panic Hedge Funds

HEDGE FUNDS | Jim McKee

Investor pessimism over softening global growth slammed stocks and commodities at the opening of 2016. The 10-Year Treasury yield fell 50 bps during the quarter as investors fled to the sidelines. Despite foreign central bankers pushing their funding rates into the negative, the dollar unexpectedly lost ground to the euro (+4.90%) and yen (+7.03%). After oil fell to new cyclical lows in February, talk of production freeze excited oil buyers. Similarly, chatter of China reopening the credit spigot to jumpstart its sagging growth revved markets. After initially falling 10% or more, stocks around the globe—particularly emerging markets—rebounded to finish mostly positive.

Illustrating performance of an unmanaged hedge fund universe, the **Credit Suisse Hedge Fund Index (CS HFI)** sank 2.20%, gross of implementation costs. Representing actual hedge fund portfolios, the median manager in the **Callan Hedge Fund-of-Funds Database** fell 2.99%, net of all fees.

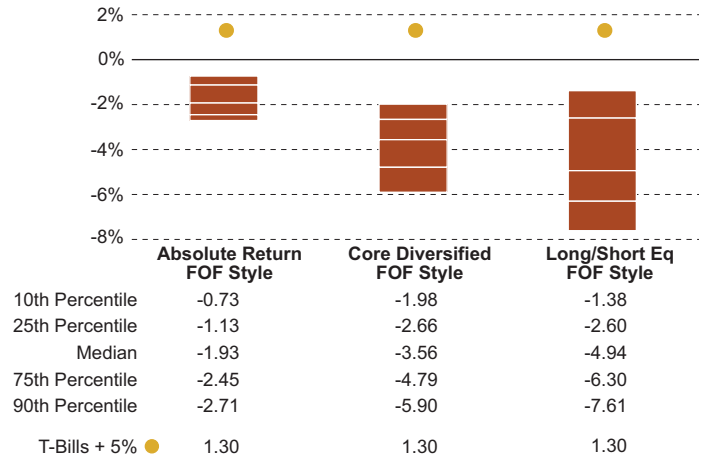
Within the CS HFI, *Managed Futures* (+4.35%) topped other strategies thanks to trend-following factors. Given the highly unusual incidence of crowded trades and related short squeezes in a de-risking market, *Event-Driven Multi-Strategy* (-5.58%) and *Long/Short Equity* (-3.85%) performed worst.

## Callan Database Median and Index Returns\* for Periods ended March 31, 2016

	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Hedge Fund-of-Funds Database</b>	<b>-2.99</b>	<b>-6.38</b>	<b>2.22</b>	<b>2.53</b>	<b>3.27</b>	<b>4.73</b>
CS Hedge Fund Index	-2.20	-5.25	2.33	2.65	4.19	5.80
CS Equity Market Neutral	-0.36	3.88	2.79	2.19	-1.82	1.10
CS Convertible Arbitrage	-0.39	-0.05	0.65	1.79	3.82	4.48
CS Fixed Income Arbitrage	-1.22	-0.49	1.76	4.11	3.51	4.26
CS Multi-Strategy	-0.58	0.24	5.72	5.77	5.53	6.71
CS Distressed	-1.95	-7.39	1.71	2.86	4.16	7.22
CS Risk Arbitrage	2.12	1.85	1.90	1.47	3.44	3.54
CS Event-Driven Multi-Strategy	-5.58	-13.72	-0.63	-0.71	4.00	5.85
CS Long/Short Equity	-3.85	-2.23	5.59	3.94	4.69	6.06
CS Dedicated Short Bias	-0.90	5.97	-7.71	-8.79	-8.43	-7.89
CS Global Macro	-2.23	-6.25	1.03	3.10	5.96	8.37
CS Managed Futures	4.35	-3.67	4.77	2.30	4.23	5.35
CS Emerging Markets	-1.23	-2.77	1.37	1.96	4.15	7.97

\*Returns less than one year are not annualized. Sources: Callan, Credit Suisse.

## Callan Style Group Quarterly Returns



Sources: Callan, Merrill Lynch

Market exposures did not seem to help in the first quarter within Callan's Hedge Fund-of-Funds Database. Despite mildly positive equity tailwinds, the median *Callan Long/Short Equity FOF* (-4.94%) trailed the *Callan Absolute Return FOF* (-1.93%). With diversifying exposures to both non-directional and directional styles, the *Core Diversified FOF* dropped 3.56%.



# Strong Quarter Can't Save 2015

DEFINED CONTRIBUTION | Tom Szkwarla

The Callan DC Index™ finished the year with a strong 3.50% gain in the fourth quarter. The rebound helped offset third-quarter losses, which were among the worst ever in the Index's 10-year history. This strong finish did not keep the DC Index out of negative territory for the year; a 2015 calendar year return of -0.34% is the weakest since 2011. 2016 marks the 10th anniversary of the Callan DC Index. Since inception, the Index's annualized return is 5.18%, compared to the Age 45 Target Date return of 5.25%.

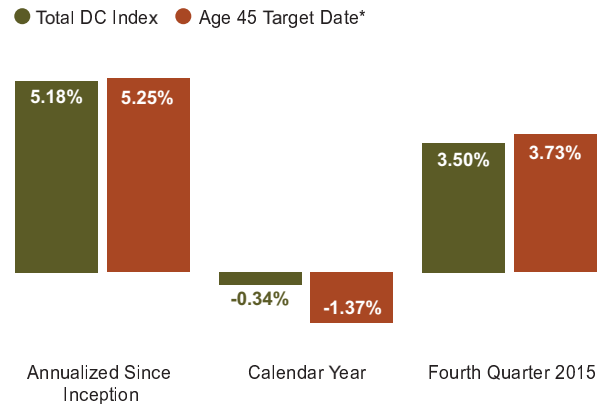
The Age 45 Target Date Fund—the average of target date funds that would be selected by participants age 45 and retiring at age 65—beat the DC Index for the quarter, but underperformed it by 1.03% for the year. Both results were driven by the fact that the Age 45 Target Date Fund has a higher allocation to equities than the average DC plan: 74% for the Age 45 Target Date Fund versus 66% for the average DC plan.

The year was noteworthy for target date funds, which overtook large cap equity as the single-largest holding in the typical DC plan. As usual, target date funds absorbed a majority of cash flows during the quarter, taking in more than 80 cents of every dollar. Stable value funds continued net inflows for the third consecutive quarter. In contrast, many asset classes saw net outflows—U.S. equity (both large and small/mid cap) and company stock in particular.

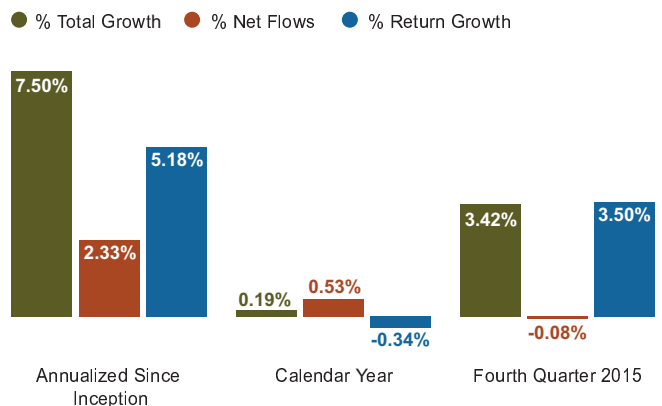
Fourth quarter turnover (i.e., net transfer activity) in the DC Index was 0.46%. Turnover has been steadily increasing since the beginning of the year, but remains below the historical average of 0.65%.

*The Callan DC Index is an equally weighted index tracking the cash flows and performance of nearly 90 plans, representing more than one million DC participants and over \$135 billion in assets. The Index is updated quarterly and is available on Callan's website, as is the quarterly DC Observer newsletter.*

## Investment Performance\*



## Growth Sources\*



## Net Cash Flow Analysis (Fourth Quarter 2015)\*

(Top Two and Bottom Two Asset Gatherers)

Asset Class	Flows as % of Total Net Flows
Target Date Funds	81.15%
Stable Value	7.15%
U.S./Global Balanced	-16.88%
U.S. Large Cap	-28.91%
<b>Total Turnover**</b>	<b>0.46%</b>

Source: Callan DC Index

Data provided here is the most recent available at time of publication.

\* DC Index inception date is January 2006. DB plan performance is gross of fees.

\*\*Total Index "turnover" measures the percentage of total invested assets (transfers only, excluding contributions and withdrawals) that moved between asset classes.



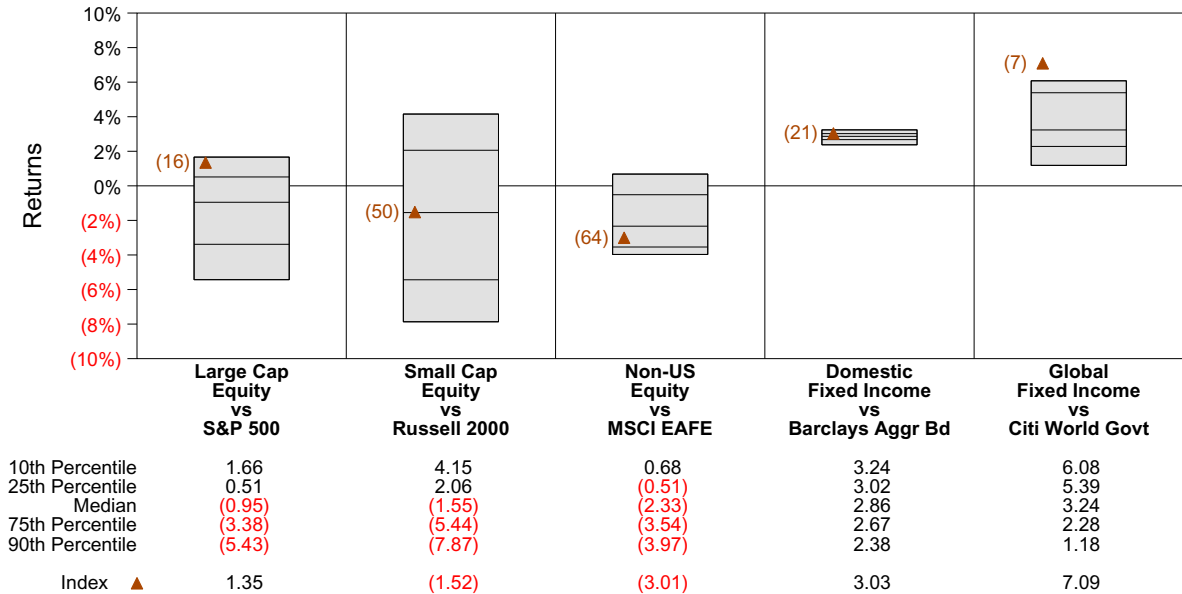
## Market Overview

### Active Management vs Index Returns

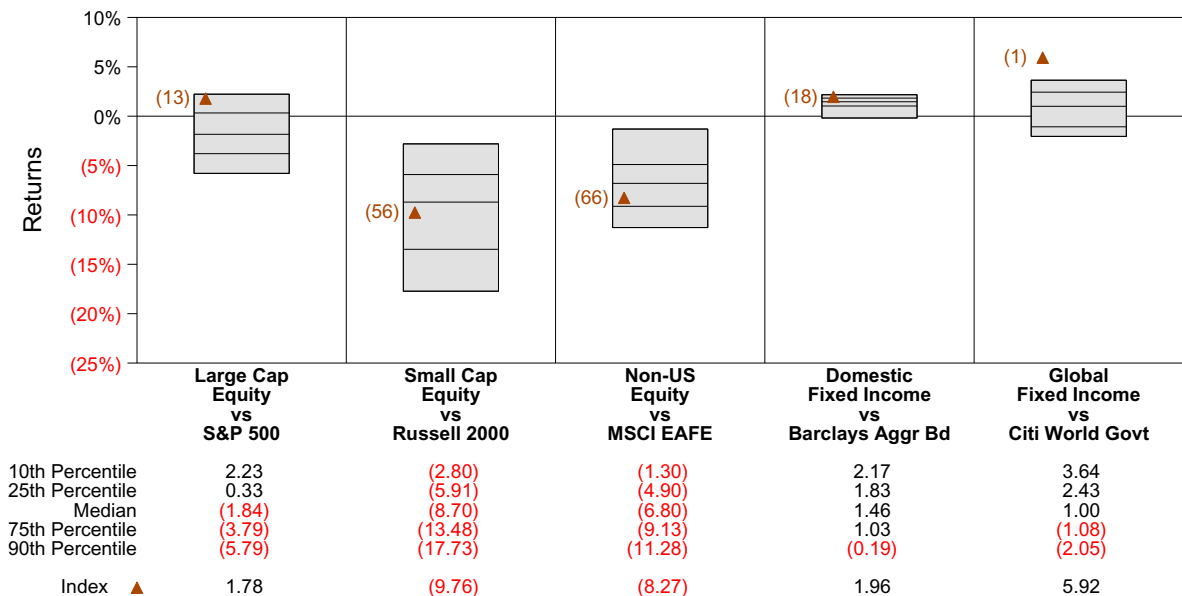
#### Market Overview

The charts below illustrate the range of returns across managers in Callan's Mutual Fund database over the most recent one quarter and one year time periods. The database is broken down by asset class to illustrate the difference in returns across those asset classes. An appropriate index is also shown for each asset class for comparison purposes. As an example, the first bar in the upper chart illustrates the range of returns for domestic equity managers over the last quarter. The triangle represents the S&P 500 return. The number next to the triangle represents the ranking of the S&P 500 in the Large Cap Equity manager database.

#### Range of Mutual Fund Returns by Asset Class One Quarter Ended March 31, 2016



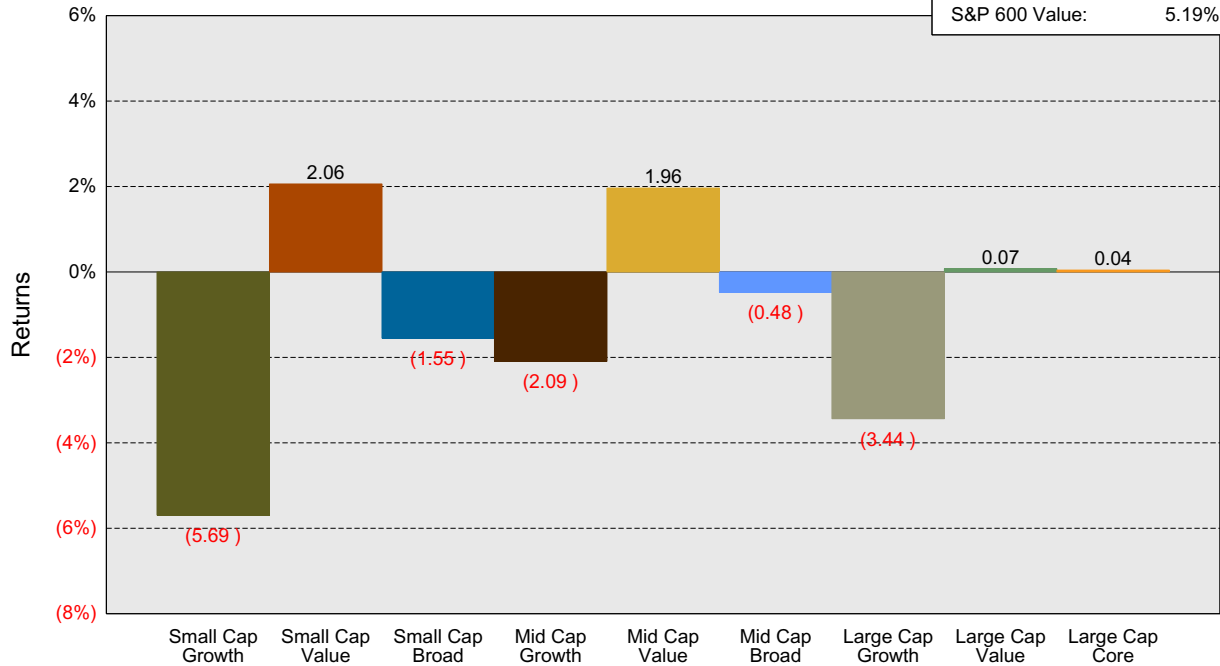
#### Range of Mutual Fund Returns by Asset Class One Year Ended March 31, 2016



## Domestic Equity Active Management Overview

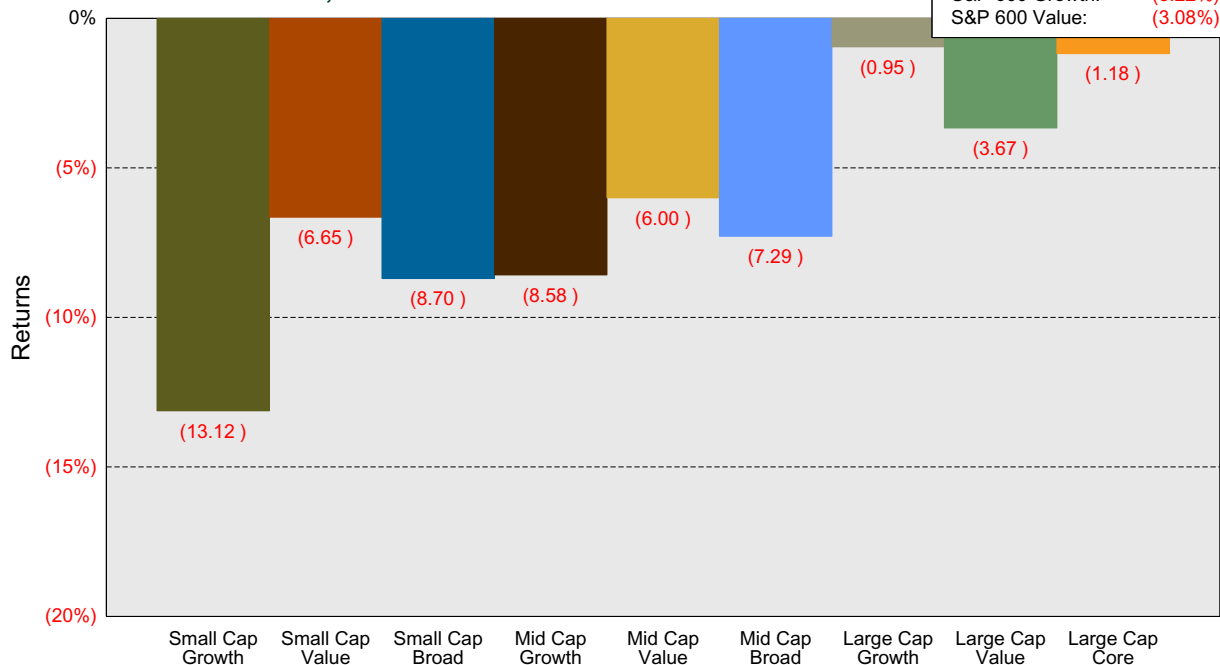
US Equities commenced the quarter on very weak footing with many indices down more than 5% in the month of January. The weakness continued through mid-February at which point the S&P 500 staged a strong rally through quarter-end; the S&P 500 Index finished the 1st quarter up 1.35%. Value outperformed growth across the market capitalization spectrum in the first quarter but trails over the past twelve months.

**Mutual Fund Style Group Median Returns  
for Quarter Ended March 31, 2016**



S&P 500:	1.35%
S&P 500 Growth:	0.53%
S&P 500 Value:	2.20%
S&P Mid Cap:	3.79%
S&P 600:	2.66%
S&P 600 Growth:	0.38%
S&P 600 Value:	5.19%

**Mutual Fund Style Group Median Returns  
for One Year Ended March 31, 2016**

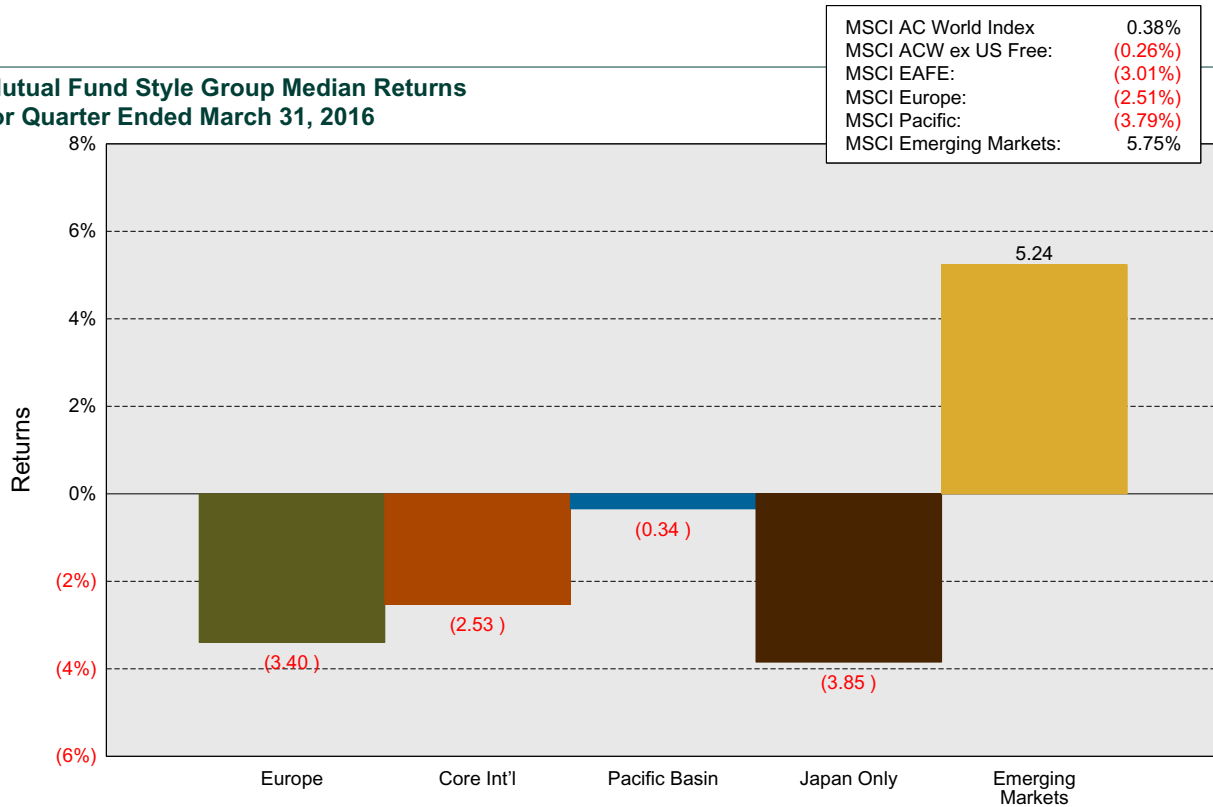


S&P 500:	1.78%
S&P 500 Growth:	3.53%
S&P 500 Value:	(0.32%)
S&P Mid Cap:	(3.60%)
S&P 600:	(3.20%)
S&P 600 Growth:	(3.22%)
S&P 600 Value:	(3.08%)

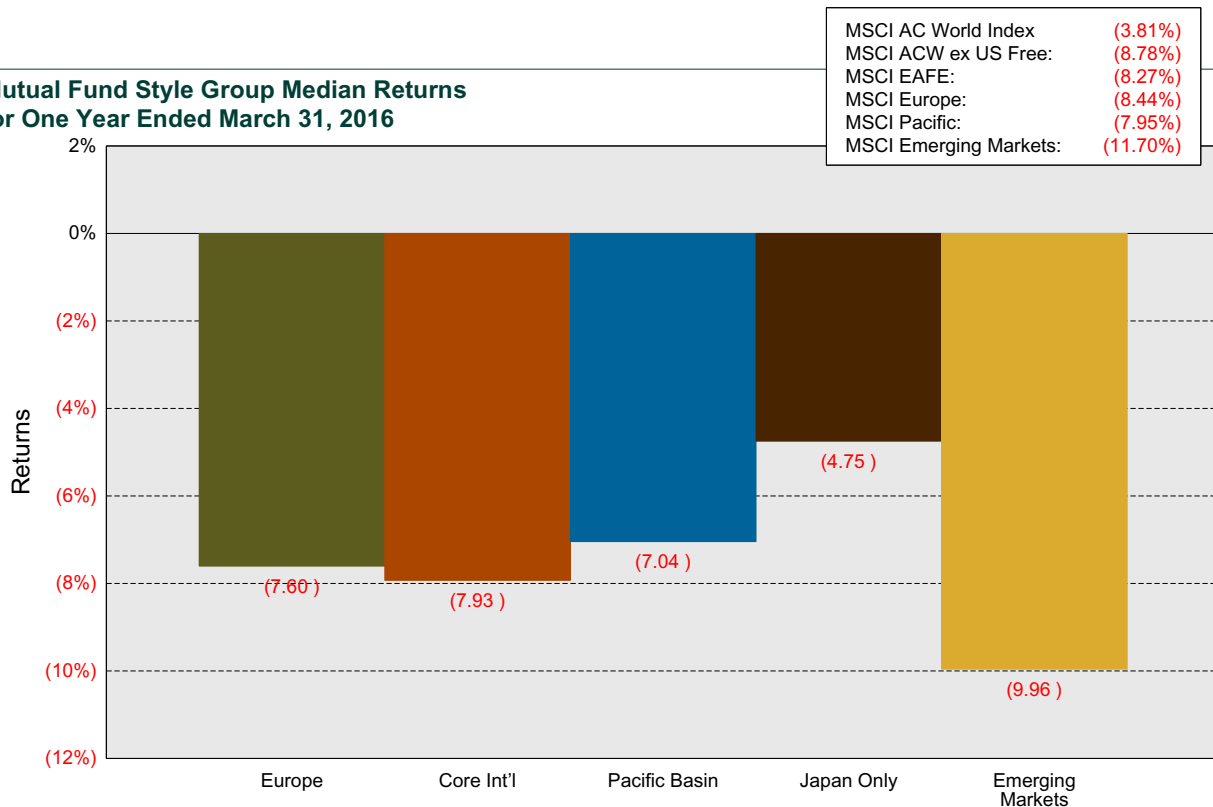
## International Equity Active Management Overview

Foreign equities followed a similar path as their domestic counterparts; however, most broad indices failed to fully recover and posted declines for the quarter. A weaker dollar helped to mitigate the underperformance of developed markets (MSCI EAFE Local: -6.4%; US\$: -3.0%).

### Mutual Fund Style Group Median Returns for Quarter Ended March 31, 2016



### Mutual Fund Style Group Median Returns for One Year Ended March 31, 2016

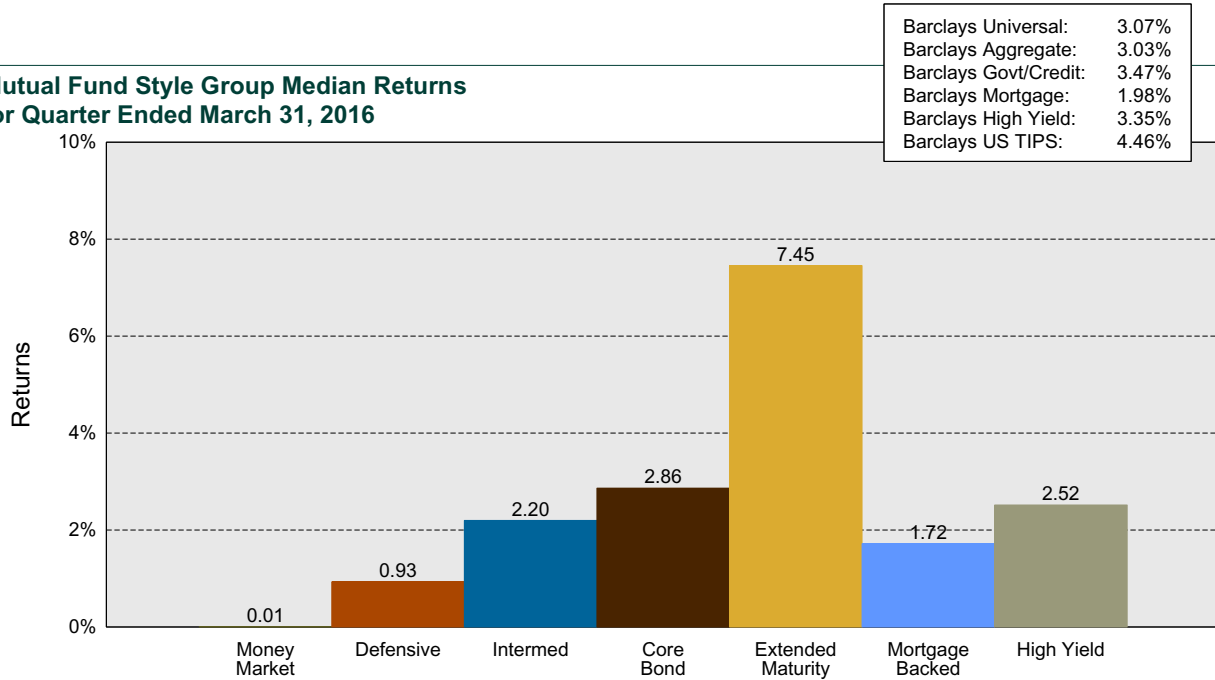


## Domestic Fixed Income Active Management Overview

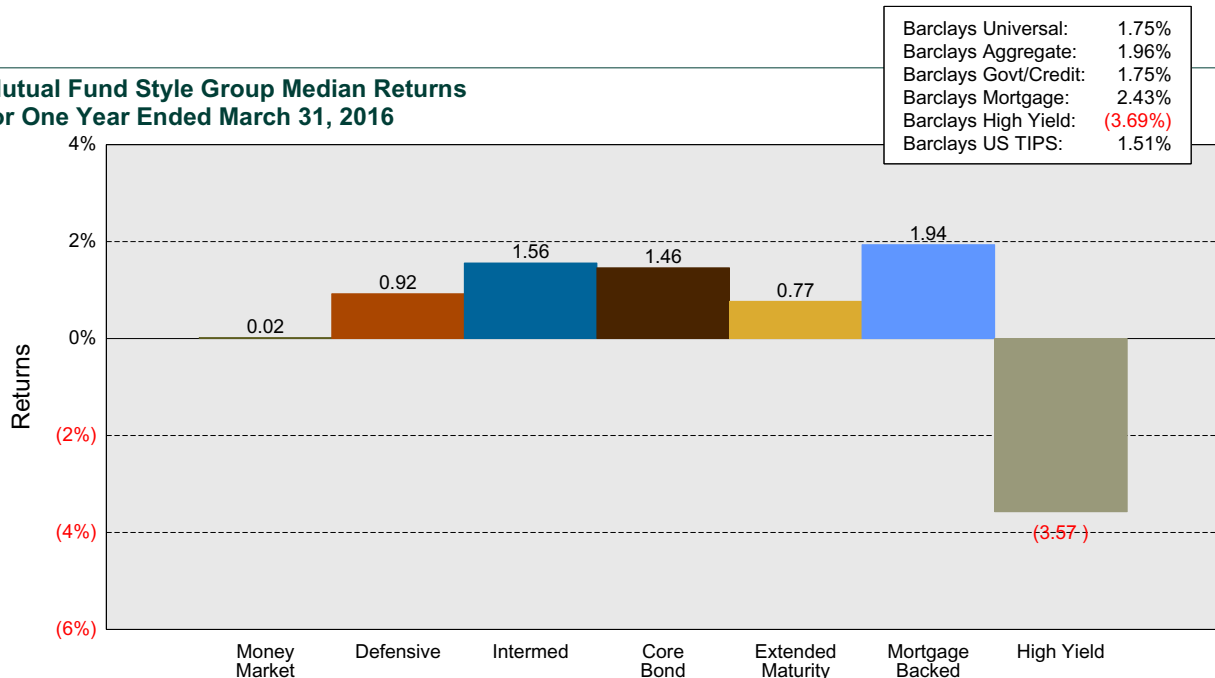
US Treasuries posted their best first quarter return since 2008 as yields dropped nearly 50 bps from year-end in a volatile quarter marked by heightened uncertainty over global economic growth. The Barclays US Treasury Index returned 3.2% for the quarter. Investment grade and high yield corporate bonds see-sawed, drastically underperforming in January and early February before rebounding with oil and stocks through quarter-end. Investment grade Financials, hurt by worries over persistent low / negative interest rates, underperformed like-duration Treasuries by nearly 100 bps for the quarter while Industrials, buoyed by a rebound in commodity prices, outperformed by 70 bps. The Barclays High Yield Index returned 3.4% for the quarter, but was down 5% through February 11th.

Given the drop in rates, long duration strategies outperformed intermediate and short duration strategies in the first quarter. The median Extended Maturity manager returned 7.45% while the median Intermediate manager posted a 2.20% return and the median Defensive manager returned 0.93%. The median Core Bond mutual fund trailed the Barclays Aggregate Index by a small margin (2.86% versus 3.03%).

**Mutual Fund Style Group Median Returns  
for Quarter Ended March 31, 2016**



**Mutual Fund Style Group Median Returns  
for One Year Ended March 31, 2016**





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## ASSET ALLOCATION AND PERFORMANCE

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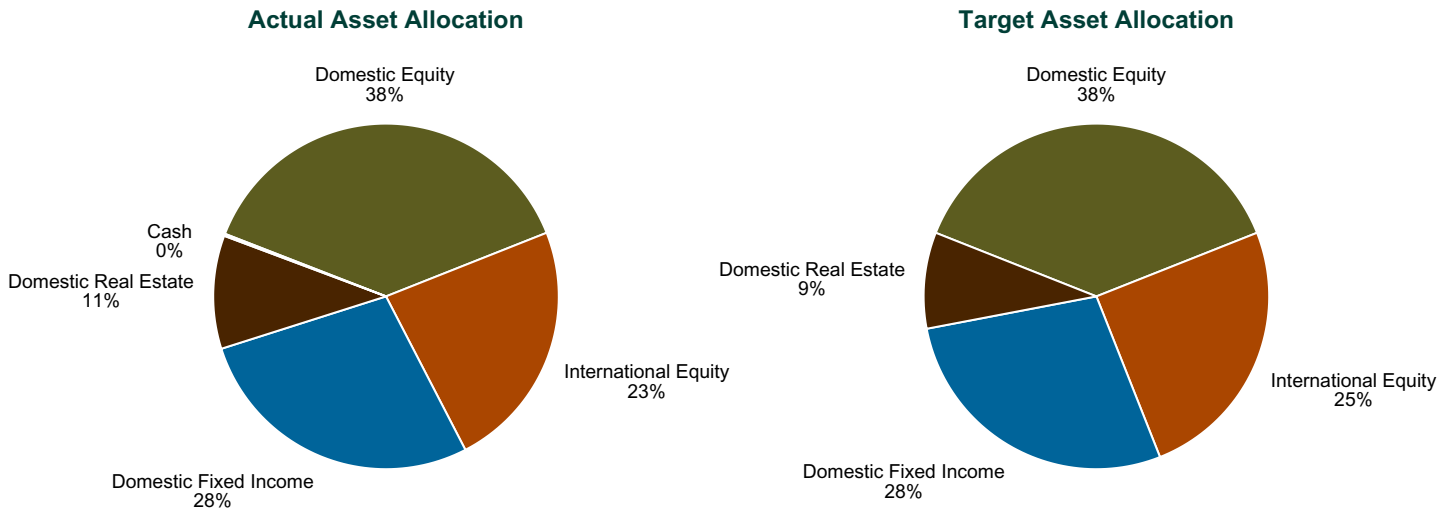
### **Asset Allocation and Performance**

This section begins with an overview of the fund's asset allocation at the broad asset class level. This is followed by a top down performance attribution analysis which analyzes the fund's performance relative to the performance of the fund's policy target asset allocation. The fund's historical performance is then examined relative to funds with similar objectives. Performance of each asset class is then shown relative to the asset class performance of other funds. Finally, a summary is presented of the holdings of the fund's investment managers, and the returns of those managers over various recent periods.



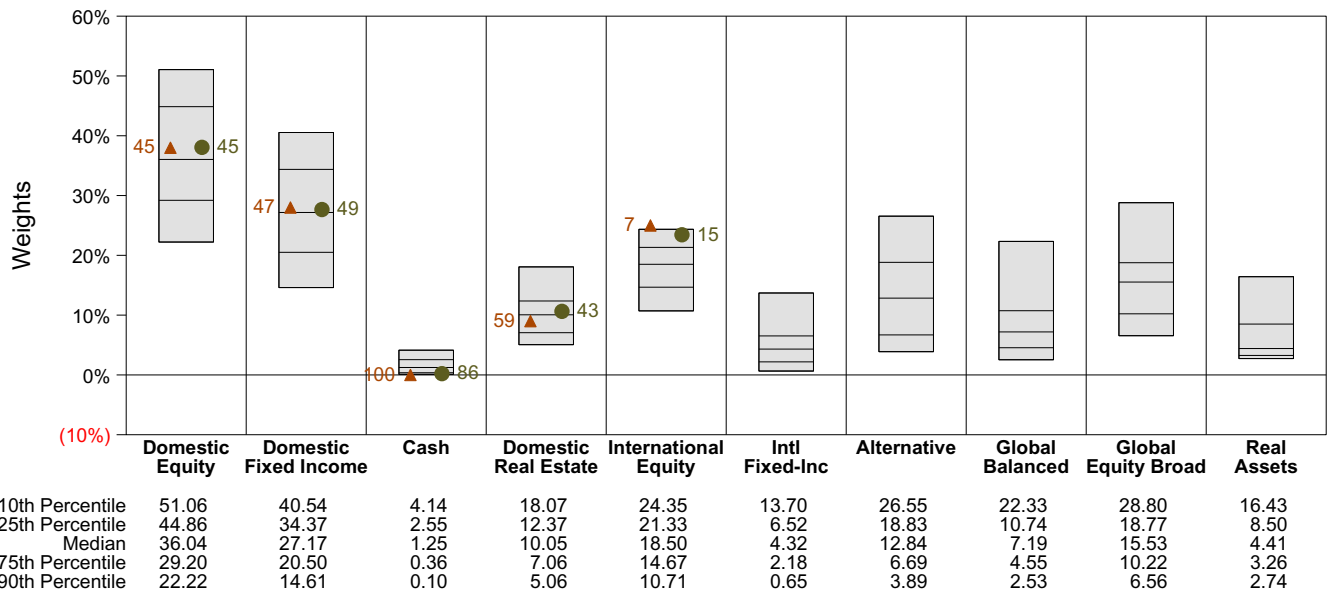
## Actual vs Target Asset Allocation As of March 31, 2016

The top left chart shows the Fund's asset allocation as of March 31, 2016. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the Public Fund Sponsor Database.



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	161,171	38.1%	38.0%	0.1%	247
International Equity	99,266	23.4%	25.0%	(1.6%)	(6,605)
Domestic Fixed Income	117,123	27.7%	28.0%	(0.3%)	(1,453)
Domestic Real Estate	45,015	10.6%	9.0%	1.6%	6,901
Cash	910	0.2%	0.0%	0.2%	910
<b>Total</b>	<b>423,486</b>	<b>100.0%</b>	<b>100.0%</b>		

### Asset Class Weights vs Public Fund Sponsor Database



	Domestic Equity	Domestic Fixed Income	Cash	Domestic Real Estate	International Equity	Intl Fixed-Inc	Alternative	Global Balanced	Global Equity Broad	Real Assets
10th Percentile	51.06	40.54	4.14	18.07	24.35	13.70	26.55	22.33	28.80	16.43
25th Percentile	44.86	34.37	2.55	12.37	21.33	6.52	18.83	10.74	18.77	8.50
Median	36.04	27.17	1.25	10.05	18.50	4.32	12.84	7.19	15.53	4.41
75th Percentile	29.20	20.50	0.36	7.06	14.67	2.18	6.69	4.55	10.22	3.26
90th Percentile	22.22	14.61	0.10	5.06	10.71	0.65	3.89	2.53	6.56	2.74
<b>Fund</b> ●	<b>38.06</b>	<b>27.66</b>	<b>0.21</b>	<b>10.63</b>	<b>23.44</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Target</b> ▲	<b>38.00</b>	<b>28.00</b>	<b>0.00</b>	<b>9.00</b>	<b>25.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
% Group Invested	98.97%	96.92%	70.26%	61.03%	97.95%	19.49%	50.00%	18.46%	23.08%	5.64%

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWIxUS Gross, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

## Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2016, with the distribution as of December 31, 2015. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

### Asset Distribution Across Investment Managers

	March 31, 2016		Net New Inv.	Inv. Return	December 31, 2015	
	Market Value	Weight			Market Value	Weight
<b>Domestic Equities</b>	<b>\$161,171,290</b>	<b>38.06%</b>	<b>\$(175,389)</b>	<b>\$(3,123,247)</b>	<b>\$164,469,926</b>	<b>38.60%</b>
<b>Large Cap Equities</b>	<b>\$112,013,796</b>	<b>26.45%</b>	<b>\$(175,389)</b>	<b>\$(1,869,569)</b>	<b>\$114,058,754</b>	<b>26.77%</b>
Vanguard S&P 500 Index	22,266,714	5.26%	0	294,398	21,972,316	5.16%
Dodge & Cox Stock	21,566,417	5.09%	(175,389)	(218,278)	21,960,085	5.15%
Boston Partners	22,755,844	5.37%	0	(73,221)	22,829,065	5.36%
Harbor Cap Appreciation	22,501,159	5.31%	0	(1,307,706)	23,808,865	5.59%
Janus Research	22,923,661	5.41%	0	(564,761)	23,488,423	5.51%
<b>Mid Cap Equities</b>	<b>\$19,220,772</b>	<b>4.54%</b>	<b>\$0</b>	<b>\$(4,618)</b>	<b>\$19,225,390</b>	<b>4.51%</b>
Fidelity Low Priced Stock	5,043,948	1.19%	0	49,163	4,994,785	1.17%
Royce Total Return	4,651,245	1.10%	0	233,079	4,418,167	1.04%
Morgan Stanley	4,124,728	0.97%	0	(433,305)	4,558,033	1.07%
Janus Enterprise	5,400,851	1.28%	0	146,445	5,254,406	1.23%
<b>Small Cap Equities</b>	<b>\$22,702,876</b>	<b>5.36%</b>	<b>\$0</b>	<b>\$(835,514)</b>	<b>\$23,538,390</b>	<b>5.52%</b>
Prudential Small Cap Value	12,104,831	2.86%	0	266,594	11,838,238	2.78%
AB US Small Growth	5,980,957	1.41%	0	(511,618)	6,492,575	1.52%
RS Investments	4,617,088	1.09%	0	(590,485)	5,207,573	1.22%
<b>Micro Cap Equities</b>	<b>\$7,233,846</b>	<b>1.71%</b>	<b>\$0</b>	<b>\$(413,546)</b>	<b>\$7,647,392</b>	<b>1.79%</b>
AMG Managers Emerging Opportunities Fund	7,233,846	1.71%	0	(413,546)	7,647,392	1.79%
<b>International Equities</b>	<b>\$99,266,014</b>	<b>23.44%</b>	<b>\$0</b>	<b>\$(618,199)</b>	<b>\$99,884,213</b>	<b>23.44%</b>
EuroPacific	21,753,029	5.14%	0	(515,940)	22,268,969	5.23%
Harbor International	22,008,418	5.20%	0	110,539	21,897,879	5.14%
Columbia Acorn Int'l	11,054,122	2.61%	0	16,804	11,037,318	2.59%
Oakmark International	21,690,761	5.12%	0	(623,182)	22,313,944	5.24%
Mondrian International	22,759,682	5.37%	0	393,579	22,366,103	5.25%
<b>Domestic Fixed Income</b>	<b>\$117,123,198</b>	<b>27.66%</b>	<b>\$(900,793)</b>	<b>\$2,398,237</b>	<b>\$115,625,754</b>	<b>27.14%</b>
Dodge & Cox Income	58,633,883	13.85%	(499,878)	1,365,316	57,768,446	13.56%
PIMCO	58,489,314	13.81%	(400,915)	1,032,921	57,857,308	13.58%
<b>Real Estate</b>	<b>\$45,014,996</b>	<b>10.63%</b>	<b>\$(1,022,537)</b>	<b>\$1,125,474</b>	<b>\$44,912,059</b>	<b>10.54%</b>
RREEF Public Fund	8,233,668	1.94%	(1,000,000)	354,081	8,879,587	2.08%
RREEF Private Fund	20,667,370	4.88%	0	351,296	20,316,074	4.77%
Cornerstone Patriot Fund	15,249,958	3.60%	0	397,560	14,852,398	3.49%
625 Kings Court	864,000	0.20%	(22,537)	22,537	864,000	0.20%
<b>Cash</b>	<b>\$910,305</b>	<b>0.21%</b>	<b>\$(298,776)</b>	<b>\$(0)</b>	<b>\$1,209,081</b>	<b>0.28%</b>
<b>Total Fund</b>	<b>\$423,485,802</b>	<b>100.0%</b>	<b>\$(2,397,495)</b>	<b>\$(217,736)</b>	<b>\$426,101,033</b>	<b>100.0%</b>

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2016. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

### Returns for Periods Ended March 31, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Domestic Equities</b>	<b>(1.90%)</b>	<b>(4.61%)</b>	<b>10.34%</b>	<b>9.93%</b>	<b>17.10%</b>
Russell 3000 Index	0.97%	(0.34%)	11.15%	11.01%	17.09%
<b>Large Cap Equities</b>					
Vanguard S&P 500 Index	1.34%	1.77%	-	-	-
S&P 500 Index	1.35%	1.78%	11.82%	11.58%	16.97%
Dodge & Cox Stock	(0.99%)	(4.29%)	9.51%	10.14%	17.02%
Boston Partners	(0.45%)	(5.22%)	8.77%	10.00%	-
S&P 500 Index	1.35%	1.78%	11.82%	11.58%	16.97%
Russell 1000 Value Index	1.64%	(1.54%)	9.38%	10.25%	16.31%
Harbor Cap Appreciation	(5.49%)	(0.63%)	14.08%	12.04%	16.67%
Janus Research (1)	(2.40%)	(2.23%)	13.44%	11.40%	18.48%
S&P 500 Index	1.35%	1.78%	11.82%	11.58%	16.97%
Russell 1000 Growth Index	0.74%	2.52%	13.61%	12.38%	17.94%
<b>Mid Cap Equities</b>					
Fidelity Low Priced Stock	0.98%	(1.33%)	9.57%	10.12%	17.72%
Royce Total Return (1)	5.28%	(3.99%)	5.99%	6.91%	14.84%
Russell MidCap Value Idx	3.92%	(3.39%)	9.88%	10.52%	19.48%
Morgan Stanley (2)	(9.51%)	(17.17%)	3.12%	2.44%	14.83%
Janus Enterprise (1)	2.79%	(0.65%)	12.51%	11.16%	19.49%
Russell MidCap Growth Idx	0.58%	(4.75%)	10.99%	9.99%	18.71%
<b>Small Cap Equities</b>					
Prudential Small Cap Value (3)	2.25%	(7.40%)	6.78%	-	-
US Small Cap Value Idx	3.46%	(4.44%)	7.55%	8.49%	18.07%
Russell 2000 Value Index	1.70%	(7.72%)	5.73%	6.67%	15.54%
AB US Small Growth (4)	(7.88%)	(13.55%)	6.08%	7.40%	18.70%
RS Investments (1)	(11.34%)	(18.08%)	9.09%	8.48%	17.95%
Russell 2000 Growth Index	(4.68%)	(11.84%)	7.91%	7.70%	17.23%
<b>Micro Cap Equities</b>					
AMG Managers Emerging Opp	(5.41%)	(16.47%)	6.50%	7.33%	16.25%
Russell Microcap Index	(5.43%)	(13.05%)	6.34%	6.61%	16.14%
Russell Micro Growth Idx	(8.79%)	(16.95%)	6.74%	6.43%	16.51%

(1) Switched share class December 2009.

(2) Switched share class in February 2014.

(3) Switched share class in September 2015.

(4) Switched to a mutual fund in September 2015.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2016. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

### Returns for Periods Ended March 31, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>International Equities</b>	<b>(0.62%)</b>	<b>(8.96%)</b>	<b>1.20%</b>	<b>0.87%</b>	<b>10.43%</b>
MSCI ACWI ex-US Index	(0.26%)	(8.78%)	0.76%	0.76%	9.67%
EuroPacific (1)	(2.32%)	(8.26%)	3.62%	2.78%	10.21%
Harbor International	0.50%	(8.61%)	1.02%	1.67%	10.92%
Columbia Acorn Int'l (2)	0.15%	(5.23%)	2.69%	3.64%	13.76%
Oakmark International (4)	(2.79%)	(12.38%)	2.72%	4.39%	14.24%
Mondrian International	1.57%	(8.17%)	1.49%	2.09%	-
MSCI EAFE Index	(3.01%)	(8.27%)	2.23%	2.29%	9.69%
MSCI ACWI ex-US Index	(0.26%)	(8.78%)	0.76%	0.76%	9.67%
<b>Domestic Fixed Income</b>	<b>2.08%</b>	<b>0.39%</b>	<b>1.97%</b>	<b>3.74%</b>	<b>5.75%</b>
BC Aggregate Index	3.03%	1.96%	2.50%	3.78%	4.52%
Dodge & Cox Income	2.37%	0.47%	2.43%	3.81%	6.40%
PIMCO	1.79%	0.31%	1.53%	3.66%	5.73%
BC Aggregate Index	3.03%	1.96%	2.50%	3.78%	4.52%
<b>Real Estate</b>	<b>2.58%</b>	<b>11.03%</b>	<b>12.13%</b>	<b>11.16%</b>	<b>13.46%</b>
Real Estate Custom Benchmark (3)	2.93%	11.39%	11.97%	11.54%	15.47%
RREEF Public	5.04%	4.29%	10.60%	11.31%	23.80%
NAREIT	5.75%	3.91%	8.80%	11.03%	22.74%
RREEF Private	1.73%	13.15%	13.74%	12.69%	9.63%
Cornerstone Patriot Fund	2.68%	13.14%	10.77%	-	-
NFI-ODCE Equal Weight Net	2.22%	13.12%	12.60%	12.22%	7.63%
625 Kings Court	2.64%	9.86%	17.46%	8.78%	7.02%
<b>Total Fund</b>	<b>(0.05%)</b>	<b>(2.79%)</b>	<b>6.06%</b>	<b>6.19%</b>	<b>11.35%</b>
Total Fund Benchmark*	1.41%	(0.69%)	6.27%	6.70%	11.40%

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWIxUS Gross, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

(1) Switched share class December 2009.

(2) Switched share class in February 2014.

(3) Real Estate Custom Benchmark is 50% NAREIT Composite Index and 50% NFI-ODCE Equal Weight Net through 12/31/2011; and 20% NAREIT Composite Index and 80% NFI-ODCE Equal Weight Net thereafter.

(4) Switched to CIT in November 2015.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	12/2015- 3/2016	2015	2014	2013	2012
<b>Domestic Equities</b>	<b>(1.90%)</b>	<b>(0.08%)</b>	<b>9.59%</b>	<b>38.02%</b>	<b>17.10%</b>
Russell 3000 Index	0.97%	0.48%	12.56%	33.55%	16.42%
<b>Large Cap Equities</b>					
Vanguard S&P 500 Index	1.34%	1.37%	13.65%	-	-
Dodge & Cox Stock	(0.99%)	(4.49%)	10.40%	40.55%	22.01%
Boston Partners	(0.45%)	(4.99%)	10.87%	36.43%	20.18%
S&P 500 Index	1.35%	1.38%	13.69%	32.39%	16.00%
Russell 1000 Value Index	1.64%	(3.83%)	13.45%	32.53%	17.51%
Harbor Cap Appreciation	(5.49%)	10.99%	9.93%	37.66%	15.69%
Janus Research (1)	(2.40%)	5.55%	14.10%	35.36%	16.78%
S&P 500 Index	1.35%	1.38%	13.69%	32.39%	16.00%
Russell 1000 Growth Index	0.74%	5.67%	13.05%	33.48%	15.26%
<b>Mid Cap Equities</b>					
Fidelity Low Priced Stock	0.98%	(0.56%)	7.65%	34.31%	18.50%
Royce Total Return (1)	5.28%	(7.17%)	1.51%	32.93%	14.48%
Russell MidCap Value Idx	3.92%	(4.78%)	14.75%	33.46%	18.51%
Morgan Stanley (2)	(9.51%)	(5.73%)	1.47%	38.35%	9.49%
Janus Enterprise (1)	2.79%	3.49%	12.01%	30.86%	17.83%
Russell MidCap Growth Idx	0.58%	(0.20%)	11.90%	35.74%	15.81%
<b>Small Cap Equities</b>					
Prudential Small Cap Value (3)	2.25%	(7.00%)	5.89%	35.87%	14.14%
US Small Cap Value Idx	3.46%	(5.14%)	7.44%	33.71%	18.80%
Russell 2000 Value Index	1.70%	(7.47%)	4.22%	34.52%	18.05%
AB US Small Growth (4)	(7.88%)	(0.66%)	(1.24%)	46.72%	16.21%
RS Investments (1)	(11.34%)	0.36%	9.67%	49.64%	15.13%
Russell 2000 Growth Index	(4.68%)	(1.38%)	5.60%	43.30%	14.59%
<b>Micro Cap Equities</b>					
AMG Managers Emerging Opp	(5.41%)	(8.44%)	2.62%	56.34%	14.32%
Russell Microcap Index	(5.43%)	(5.16%)	3.65%	45.62%	19.75%
Russell Micro Growth Idx	(8.79%)	(3.85%)	4.30%	52.84%	15.17%

(1) Switched share class in December 2009.

(2) Switched share class in February 2014.

(3) Switched share class in September 2015.

(4) Switched to a mutual fund in September 2015.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	12/2015- 3/2016	2015	2014	2013	2012
<b>International Equities</b>	<b>(0.62%)</b>	<b>(4.50%)</b>	<b>(5.73%)</b>	<b>19.25%</b>	<b>18.78%</b>
MSCI ACWI ex-US Index	(0.26%)	(5.25%)	(3.44%)	15.78%	17.39%
EuroPacific (1)	(2.32%)	(0.48%)	(2.29%)	20.58%	19.64%
Harbor International	0.50%	(3.82%)	(6.81%)	16.84%	20.87%
Columbia Acorn Int'l (2)	0.15%	(1.23%)	(4.23%)	22.33%	21.60%
Oakmark International	(2.79%)	(3.99%)	(5.41%)	29.34%	29.22%
Mondrian International	1.57%	(6.33%)	(2.06%)	16.69%	11.50%
MSCI EAFE Index	(3.01%)	(0.81%)	(4.90%)	22.78%	17.32%
MSCI ACWI ex-US Index	(0.26%)	(5.25%)	(3.44%)	15.78%	17.39%
<b>Domestic Fixed Income</b>	<b>2.08%</b>	<b>0.07%</b>	<b>5.09%</b>	<b>(0.65%)</b>	<b>9.15%</b>
BC Aggregate Index	3.03%	0.55%	5.97%	(2.02%)	4.21%
Dodge & Cox Income	2.37%	(0.59%)	5.49%	0.64%	7.94%
PIMCO	1.79%	0.73%	4.69%	(1.92%)	10.36%
BC Aggregate Index	3.03%	0.55%	5.97%	(2.02%)	4.21%
<b>Real Estate</b>	<b>2.58%</b>	<b>12.14%</b>	<b>14.50%</b>	<b>10.21%</b>	<b>10.73%</b>
Real Estate Custom Benchmark (3)	2.93%	11.81%	14.57%	10.40%	11.88%
RREEF Public	5.04%	3.86%	31.88%	(0.59%)	16.97%
NAREIT	5.75%	2.05%	27.23%	2.34%	19.73%
RREEF Private	1.73%	15.63%	11.95%	14.50%	10.12%
Cornerstone Patriot Fund	2.68%	12.99%	8.64%	9.82%	10.18%
NFI-ODCE Equal Weight Net	2.22%	14.18%	11.42%	12.36%	9.93%
625 Kings Court	2.64%	9.85%	12.15%	33.50%	3.64%
<b>Total Fund</b>	<b>(0.05%)</b>	<b>0.07%</b>	<b>4.72%</b>	<b>19.72%</b>	<b>14.53%</b>
Total Fund Benchmark*	1.41%	0.21%	6.80%	16.47%	12.99%

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWIxUS Gross, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

(1) Switched share class December 2009.

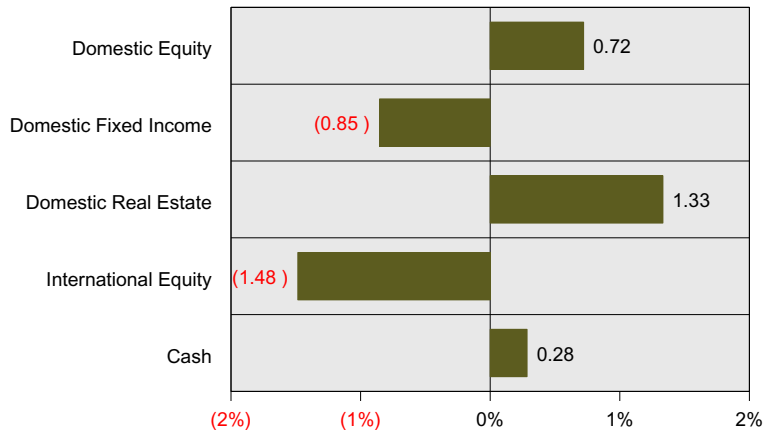
(2) Switched share class February 2014.

(3) Real Estate Custom Benchmark is 50% NAREIT Composite Index and 50% NFI-ODCE Equal Weight Net through 12/31/2011; and 20% NAREIT Composite Index and 80% NFI-ODCE Equal Weight Net thereafter.

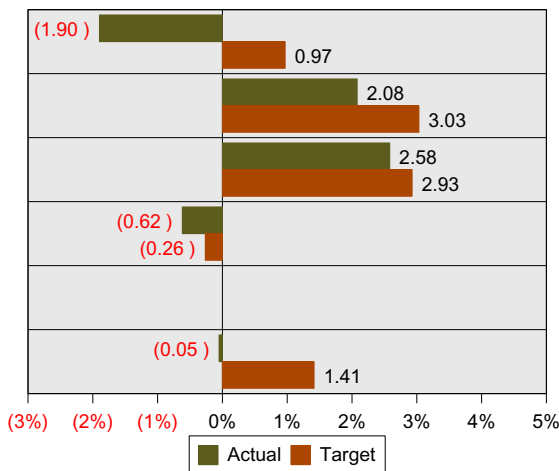
## Quarterly Total Fund Relative Attribution - March 31, 2016

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

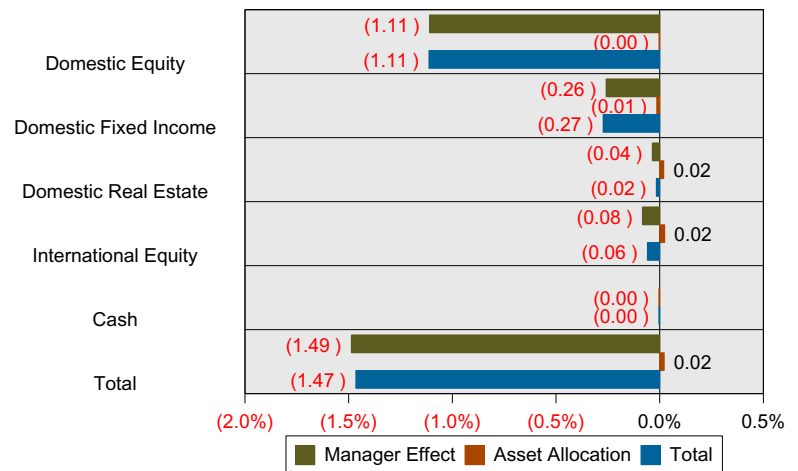
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Quarter ended March 31, 2016

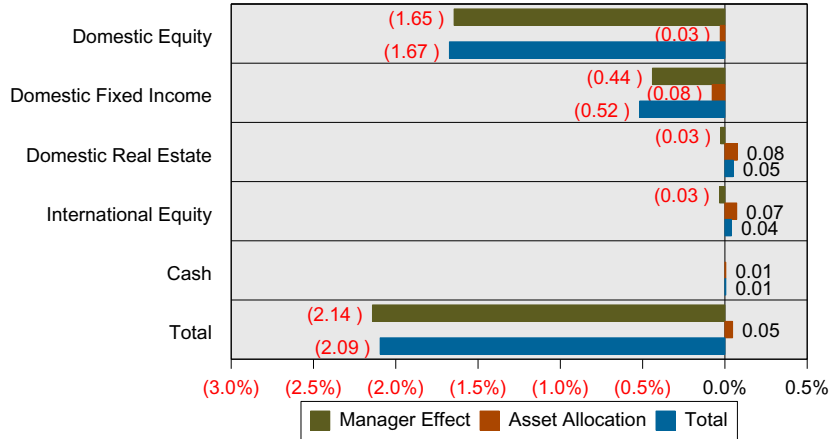
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	39%	38%	(1.90%)	0.97%	(1.11%)	(0.00%)	(1.11%)
Domestic Fixed Income	27%	28%	2.08%	3.03%	(0.26%)	(0.01%)	(0.27%)
Domestic Real Estate	10%	9%	2.58%	2.93%	(0.04%)	0.02%	(0.02%)
International Equity	24%	25%	(0.62%)	(0.26%)	(0.08%)	0.02%	(0.06%)
Cash	0%	0%	0.00%	0.00%	0.00%	(0.00%)	(0.00%)
<b>Total</b>			<b>(0.05%)</b>	<b>1.41%</b>	<b>(1.49%)</b>	<b>0.02%</b>	<b>(1.47%)</b>

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWixUS Gross, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

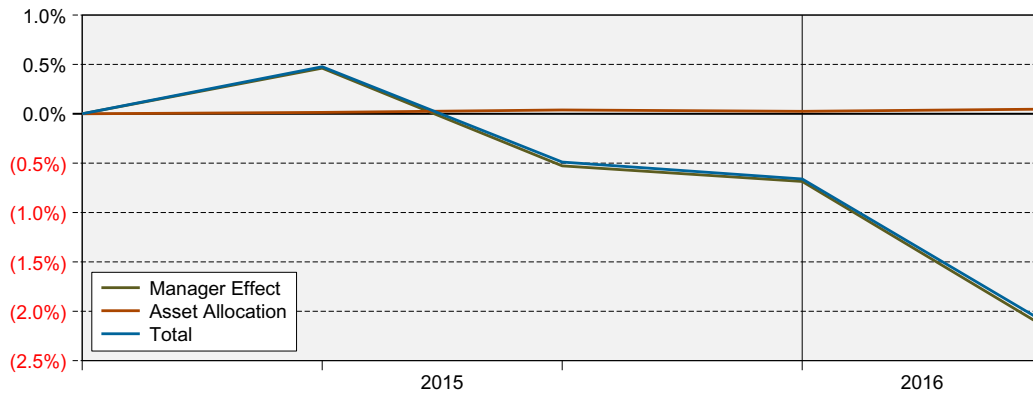
## Cumulative Total Fund Relative Attribution - March 31, 2016

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

### One Year Relative Attribution Effects



### Cumulative Relative Attribution Effects



### One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return	
Domestic Equity	39%	38%	(4.61%)	(0.34%)	(1.65%)	(0.03%)	(1.67%)	
Domestic Fixed Income	27%	28%	0.39%	1.96%	(0.44%)	(0.08%)	(0.52%)	
Domestic Real Estate	10%	9%	11.03%	11.39%	(0.03%)	0.08%	0.05%	
International Equity	24%	25%	(8.96%)	(8.78%)	(0.03%)	0.07%	0.04%	
Cash	0%	0%	0.00%	0.00%	0.00%	0.01%	0.01%	
<b>Total</b>			<b>(2.79%)</b>		<b>(0.69%)</b>	<b>+ (2.14%)</b>	<b>+ 0.05%</b>	<b>(2.09%)</b>

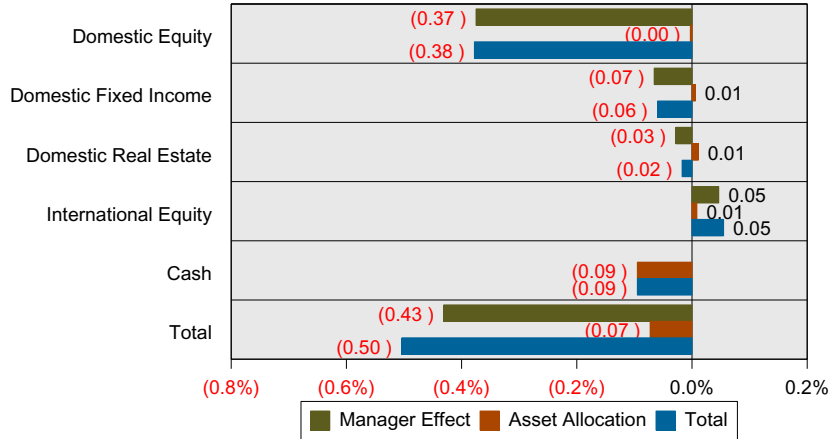
\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWIxUS Gross, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.



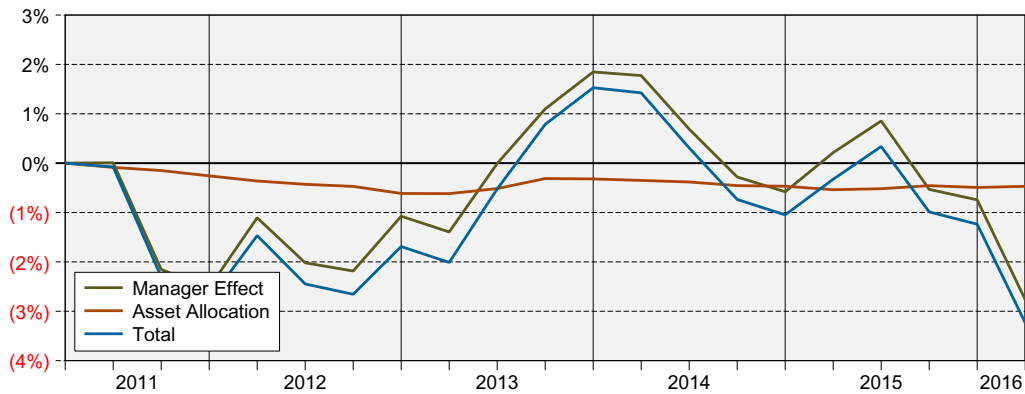
## Cumulative Total Fund Relative Attribution - March 31, 2016

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

### Five Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



### Five Year Annualized Relative Attribution Effects

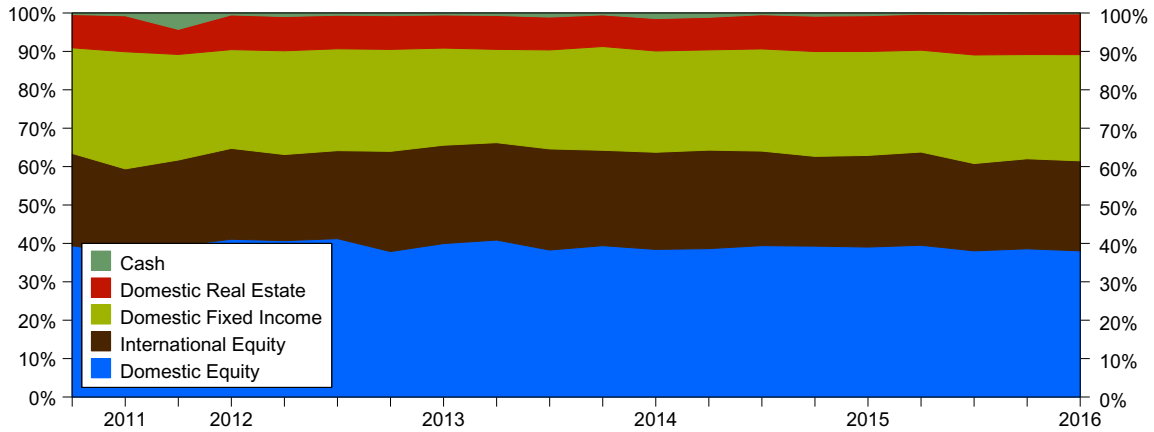
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	39%	38%	9.93%	11.01%	(0.37%)	(0.00%)	(0.38%)
Domestic Fixed Income	27%	28%	3.74%	3.78%	(0.07%)	0.01%	(0.06%)
Domestic Real Estate	9%	9%	11.16%	11.54%	(0.03%)	0.01%	(0.02%)
International Equity	24%	25%	0.87%	0.76%	0.05%	0.01%	0.05%
Cash	1%	0%	0.06%	0.06%	0.00%	(0.09%)	(0.09%)
<b>Total</b>			<b>6.19%</b>	<b>6.70%</b>	<b>+ (0.43%)</b>	<b>+ (0.07%)</b>	<b>(0.50%)</b>

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWIxUS Gross, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

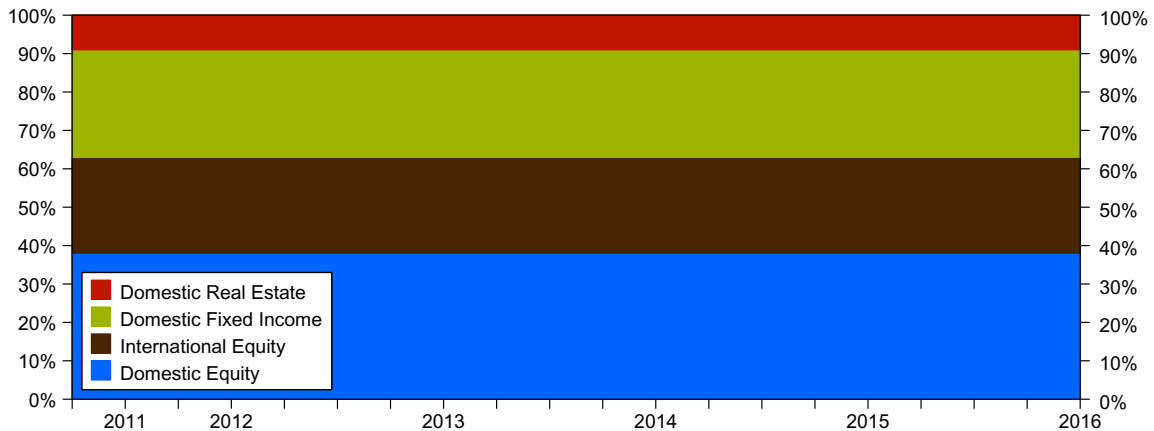
## Actual vs Target Historical Asset Allocation

The Historical asset allocation for a fund is by far the largest factor explaining its performance. The charts below show the fund's historical actual asset allocation, the fund's historical target asset allocation, and the historical asset allocation of the average fund in the Public Fund Sponsor Database.

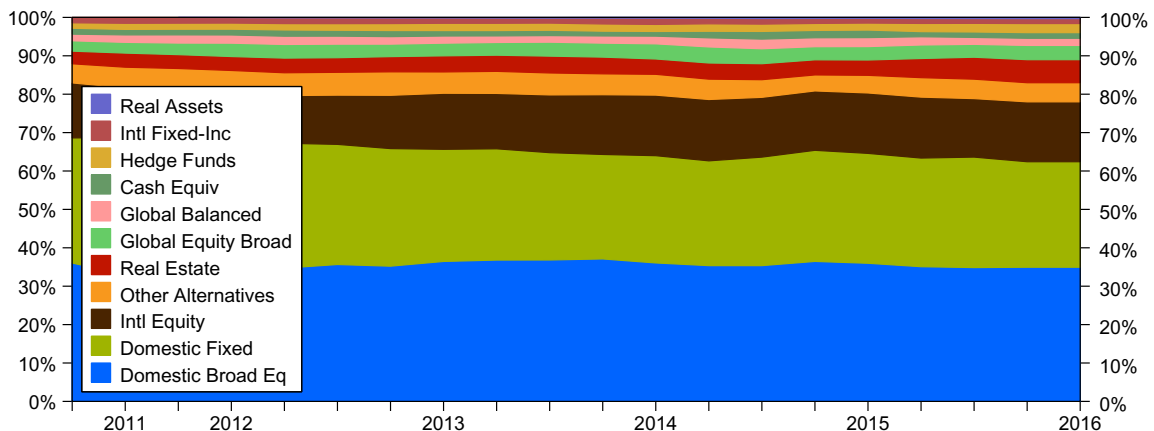
### Actual Historical Asset Allocation



### Target Historical Asset Allocation



### Average Public Fund Sponsor Database Historical Asset Allocation

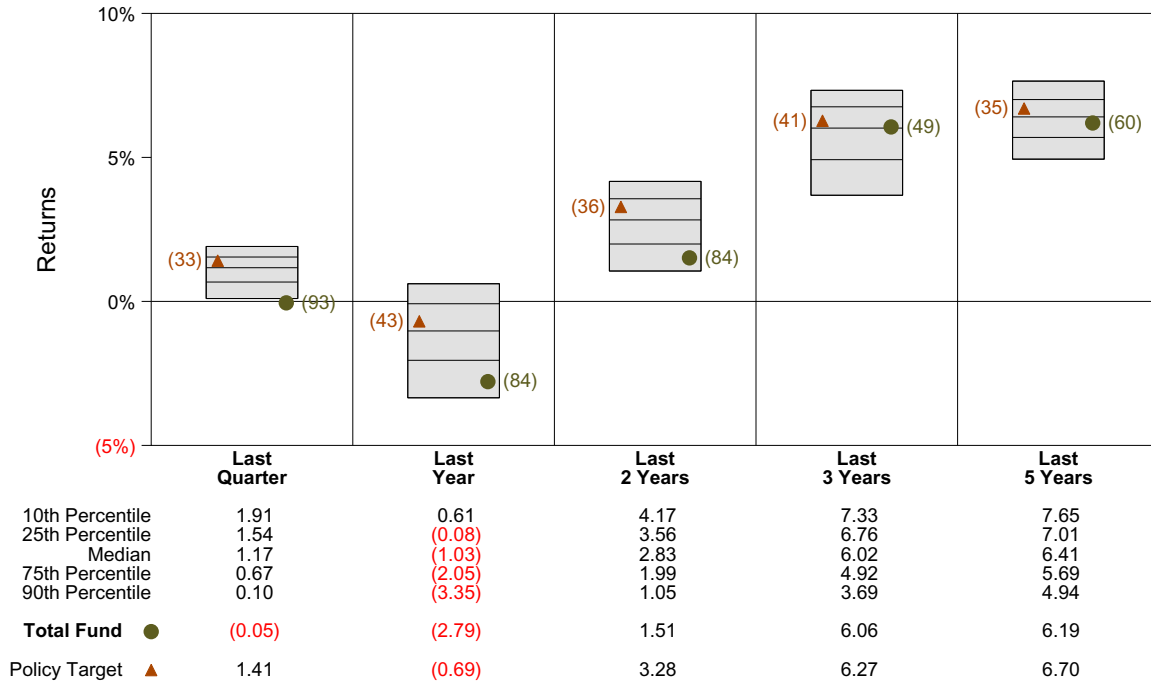


\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWIxUS Gross, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

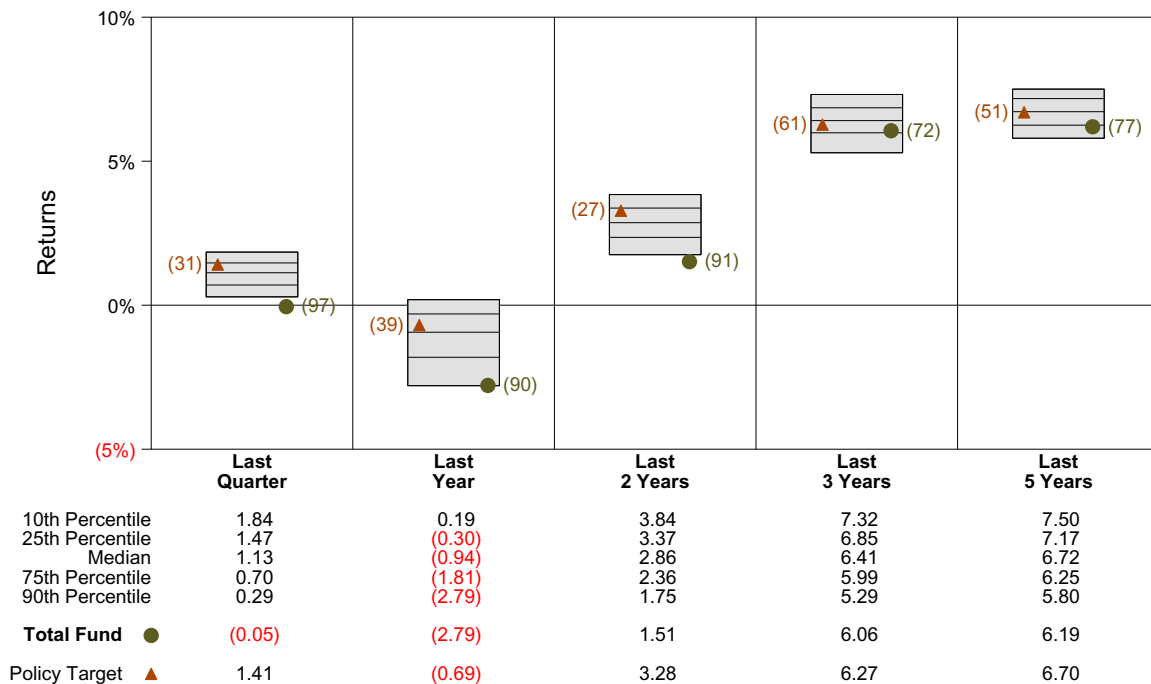
## Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the Public Fund Sponsor Database for periods ended March 31, 2016. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

### Public Fund Sponsor Database



### Asset Allocation Adjusted Ranking



\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWixUS Gross, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

# Total Fund Period Ended March 31, 2016

## Investment Philosophy

The Public Fund Sponsor Database consists of public employee pension total funds including both Callan Associates client and surveyed non-client funds.

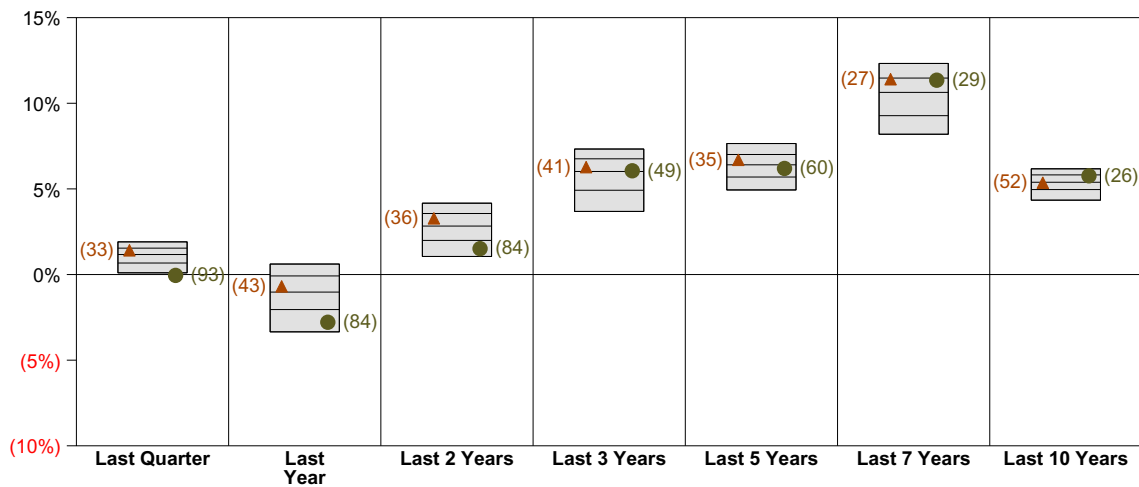
## Quarterly Summary and Highlights

- Total Fund's portfolio posted a (0.05)% return for the quarter placing it in the 93 percentile of the Public Fund Sponsor Database group for the quarter and in the 84 percentile for the last year.
- Total Fund's portfolio underperformed the Total Fund Benchmark by 1.47% for the quarter and underperformed the Total Fund Benchmark for the year by 2.09%.

## Quarterly Asset Growth

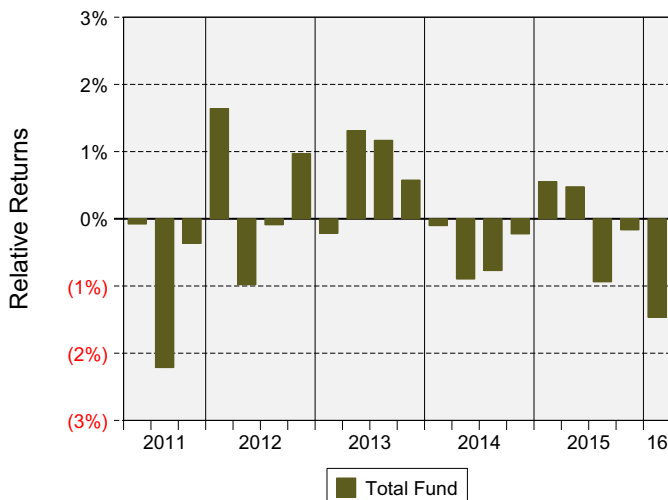
Beginning Market Value	\$426,101,033
Net New Investment	\$-2,397,495
Investment Gains/(Losses)	\$-217,736
Ending Market Value	\$423,485,802

## Performance vs Public Fund Sponsor Database (Gross)

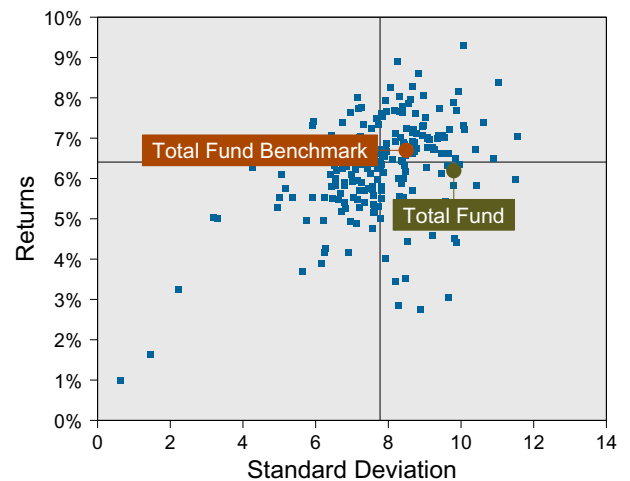


Period	10th Percentile	25th Percentile	Median	75th Percentile	90th Percentile	Total Fund	Total Fund Benchmark
Last Quarter	1.91	1.54	1.17	0.67	0.10	(0.05)	1.41
Last Year	0.61	(0.08)	(1.03)	(2.05)	(3.35)	(2.79)	(0.69)
Last 2 Years	4.17	3.56	2.83	1.99	1.05	1.51	3.28
Last 3 Years	7.33	6.76	6.02	4.92	3.69	6.06	6.27
Last 5 Years	7.65	7.01	6.41	5.69	4.94	6.19	6.70
Last 7 Years	12.32	11.47	10.63	9.28	8.19	11.35	11.40
Last 10 Years	6.17	5.82	5.39	4.96	4.34	5.76	5.36

## Relative Return vs Total Fund Benchmark



## Public Fund Sponsor Database (Gross) Annualized Five Year Risk vs Return

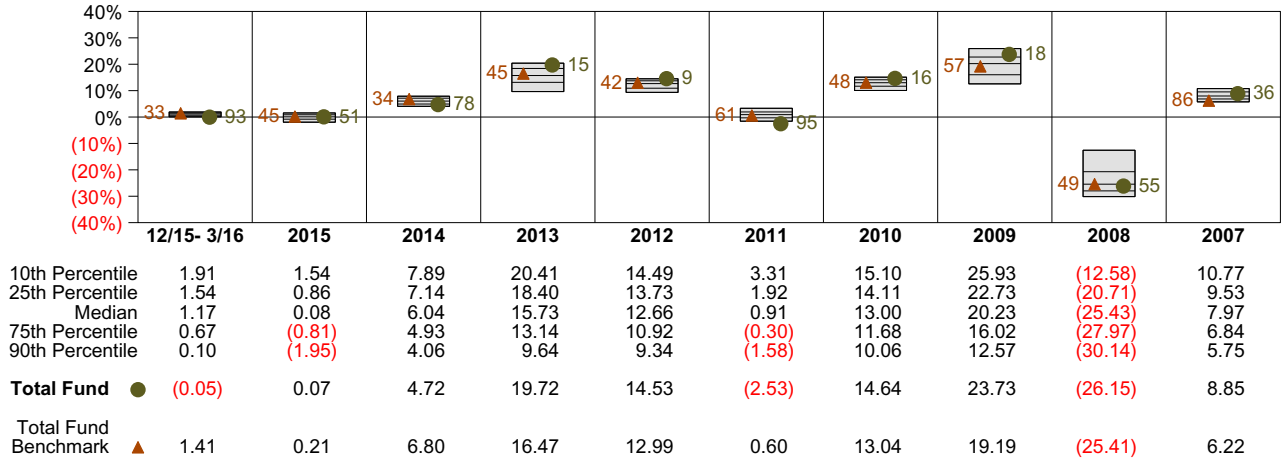


# Total Fund Return Analysis Summary

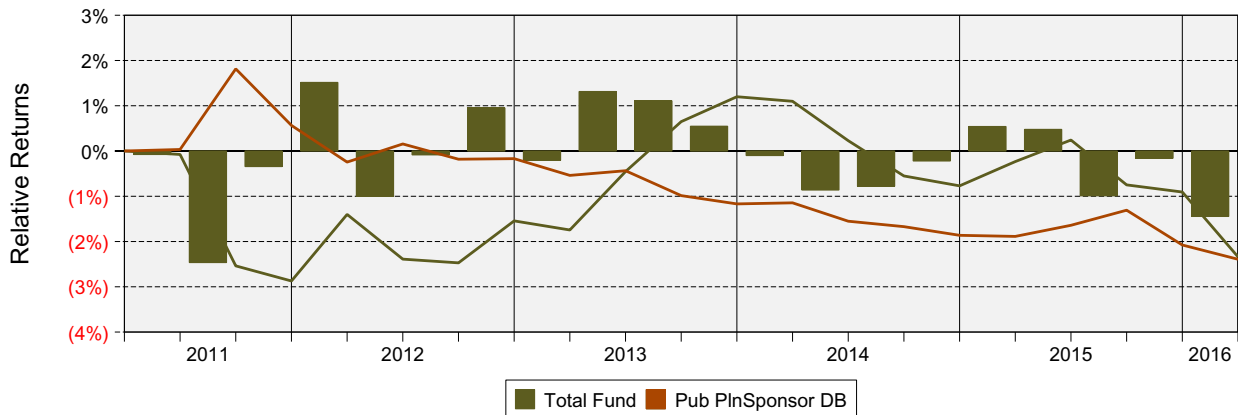
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

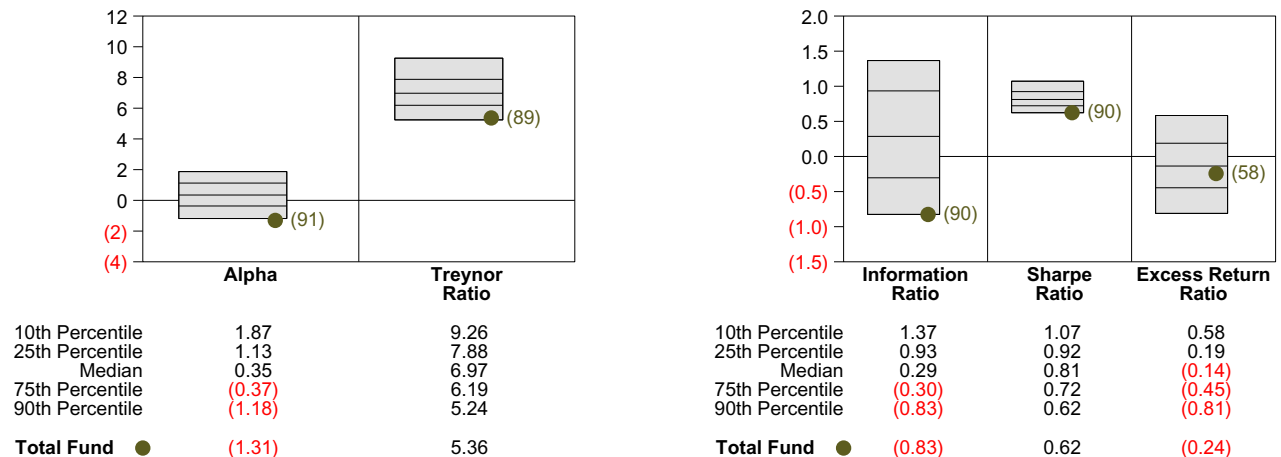
### Performance vs Public Fund Sponsor Database (Gross)



### Cumulative and Quarterly Relative Return vs Total Fund Benchmark



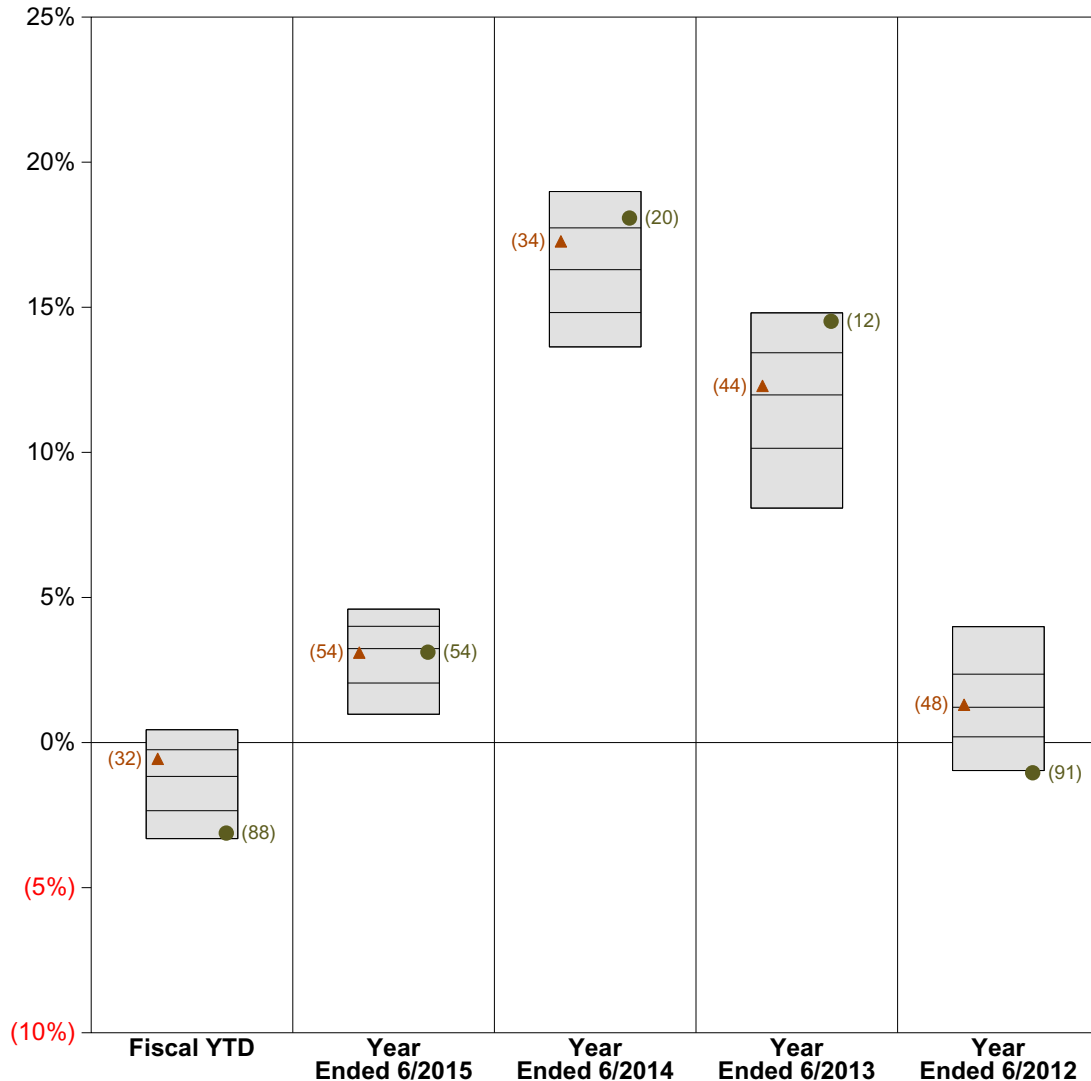
### Risk Adjusted Return Measures vs Total Fund Benchmark Rankings Against Public Fund Sponsor Database (Gross) Five Years Ended March 31, 2016



# Mendocino County Employees' Retirement Association Performance vs Public Fund Sponsor Database Periods Ended March 31, 2016

## Return Ranking

The chart below illustrates fund rankings over various periods versus the Public Fund Sponsor Database. The bars represent the range of returns from the 10th percentile to the 90th percentile for each period for all funds in the Public Fund Sponsor Database. The numbers to the right of the bar represent the percentile rankings of the fund being analyzed. The table below the chart details the rates of return plotted in the graph above.



	Fiscal YTD	Year Ended 6/2015	Year Ended 6/2014	Year Ended 6/2013	Year Ended 6/2012
10th Percentile	0.44	4.60	18.99	14.81	3.99
25th Percentile	(0.25)	4.01	17.74	13.43	2.36
Median	(1.17)	3.24	16.30	11.98	1.22
75th Percentile	(2.35)	2.05	14.82	10.14	0.20
90th Percentile	(3.31)	0.98	13.63	8.08	(0.96)
<b>Total Fund</b> ●	(3.12)	3.11	18.08	14.52	(1.04)
<b>Total Fund Benchmark</b> ▲	(0.56)	3.10	17.27	12.29	1.30

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWIxUS Gross, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.



# Domestic Equity Composite Period Ended March 31, 2016

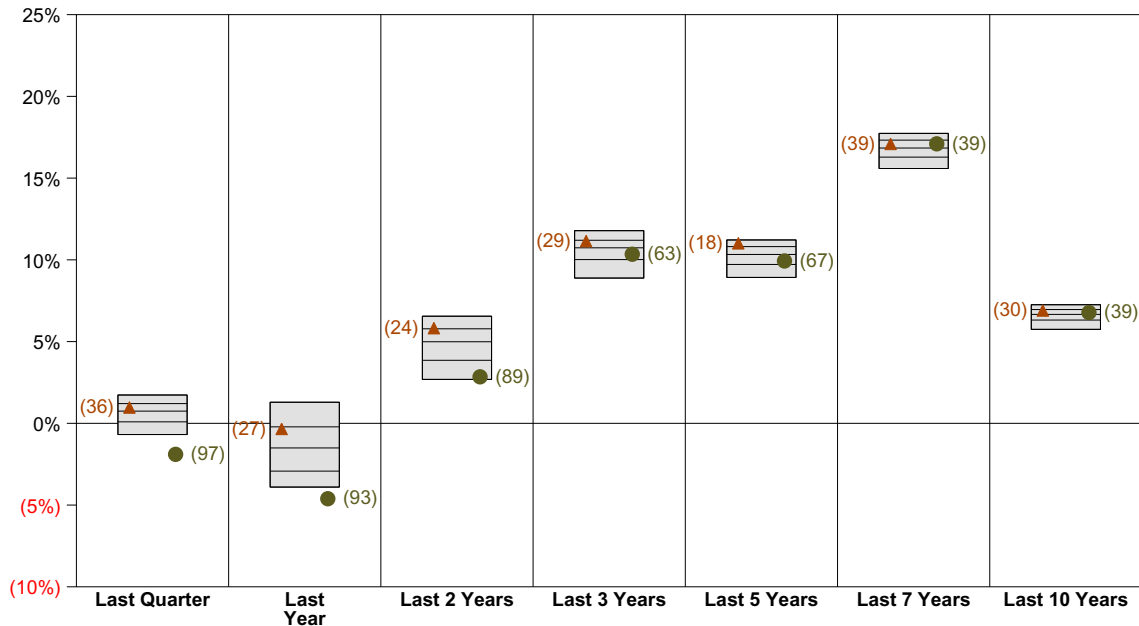
## Quarterly Summary and Highlights

- Domestic Equity Composite's portfolio posted a (1.90)% return for the quarter placing it in the 97 percentile of the Pub Pln- Domestic Equity group for the quarter and in the 93 percentile for the last year.
- Domestic Equity Composite's portfolio underperformed the Russell 3000 Index by 2.87% for the quarter and underperformed the Russell 3000 Index for the year by 4.27%.

## Quarterly Asset Growth

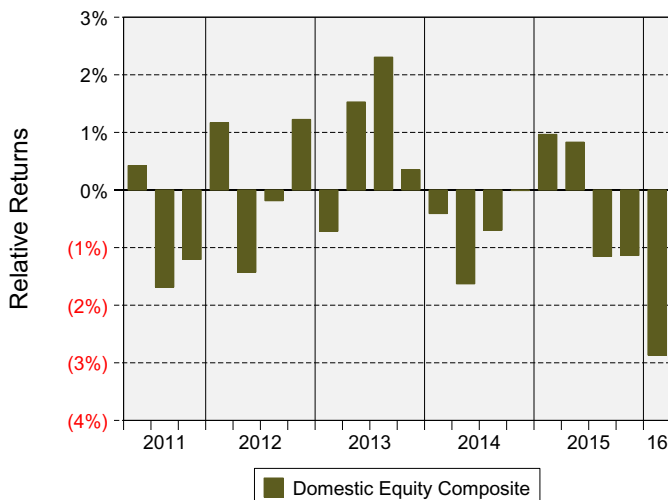
Beginning Market Value	\$164,469,926
Net New Investment	\$-175,389
Investment Gains/(Losses)	\$-3,123,247
Ending Market Value	\$161,171,290

## Performance vs Pub Pln- Domestic Equity (Gross)

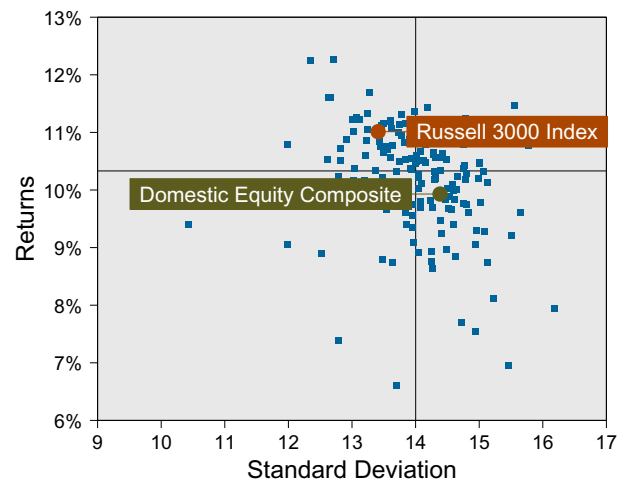


10th Percentile	1.73	1.29	6.55	11.79	11.22	17.74	7.25
25th Percentile	1.21	(0.22)	5.78	11.20	10.81	17.32	6.96
Median	0.75	(1.51)	4.99	10.74	10.33	16.84	6.66
75th Percentile	0.09	(2.92)	3.86	10.02	9.72	16.28	6.32
90th Percentile	(0.69)	(3.90)	2.69	8.89	8.92	15.59	5.75
<b>Domestic Equity Composite</b>	● (1.90)	(4.61)	2.84	10.34	9.93	17.10	6.78
<b>Russell 3000 Index</b>	▲ 0.97	(0.34)	5.82	11.15	11.01	17.09	6.90

## Relative Return vs Russell 3000 Index



## Pub Pln- Domestic Equity (Gross) Annualized Five Year Risk vs Return



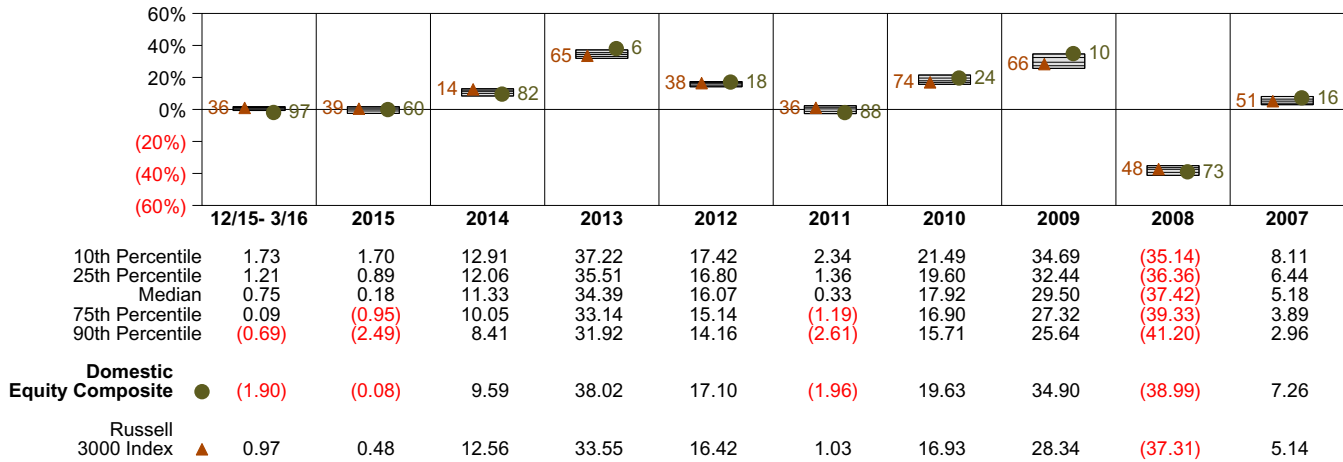


# Domestic Equity Composite Return Analysis Summary

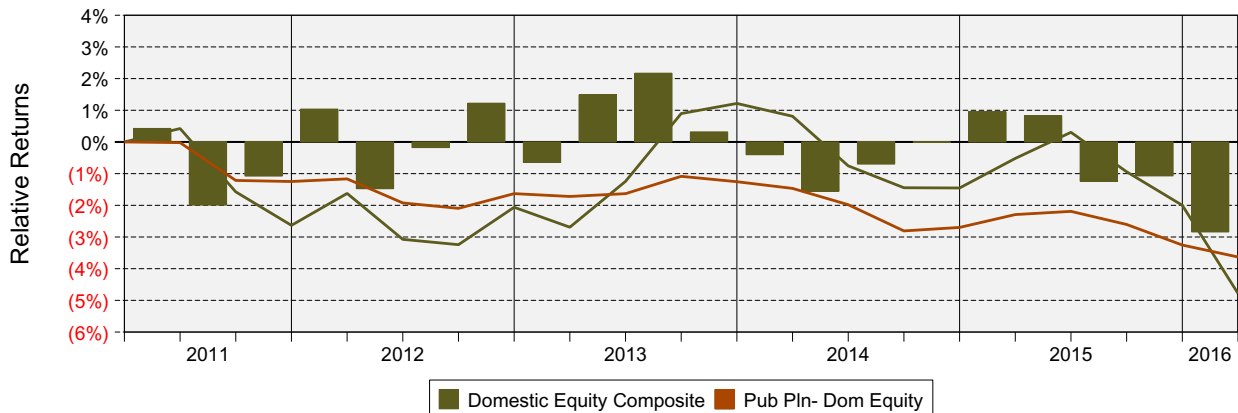
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

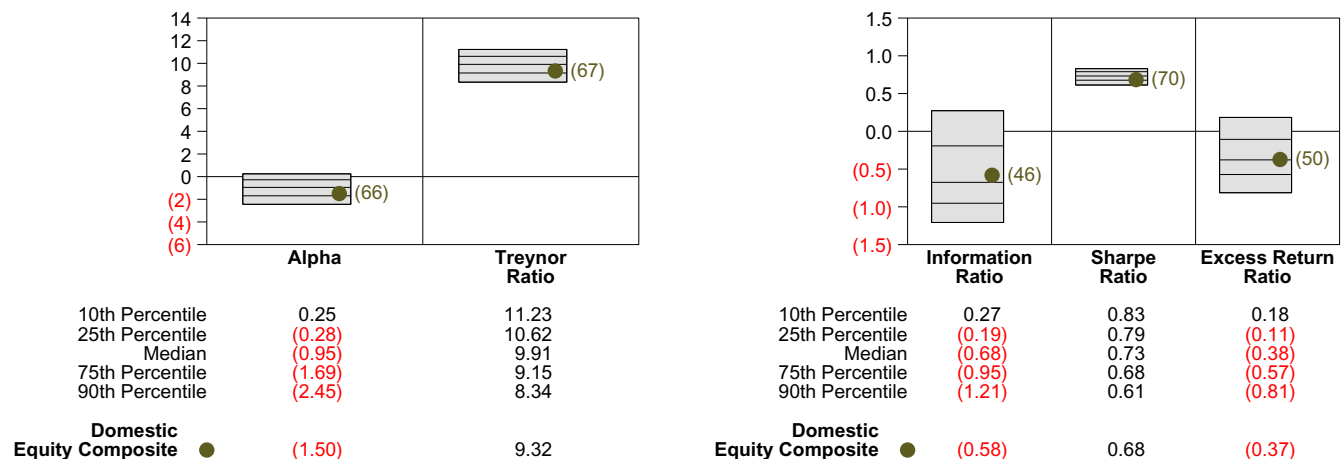
### Performance vs Pub Pln- Domestic Equity (Gross)



### Cumulative and Quarterly Relative Return vs Russell 3000 Index



### Risk Adjusted Return Measures vs Russell 3000 Index Rankings Against Pub Pln- Domestic Equity (Gross) Five Years Ended March 31, 2016

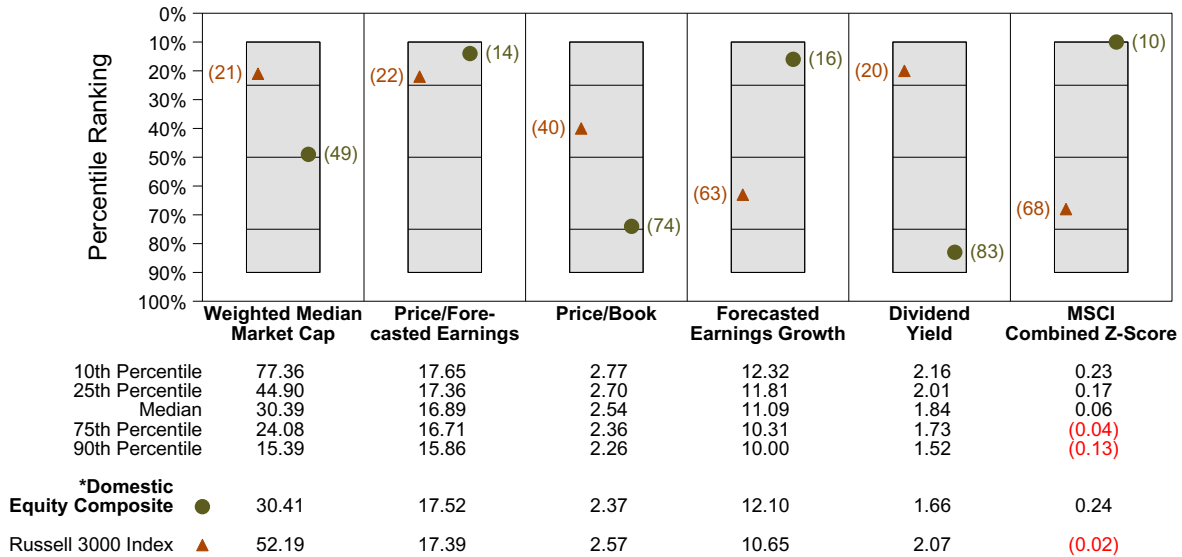


# Domestic Equity Composite Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

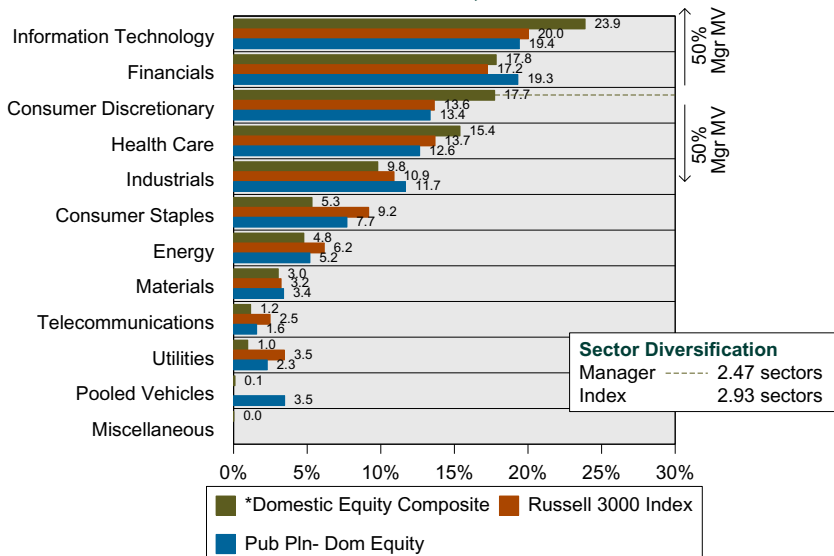
## Portfolio Characteristics Percentile Rankings Rankings Against Pub Pln- Domestic Equity as of March 31, 2016



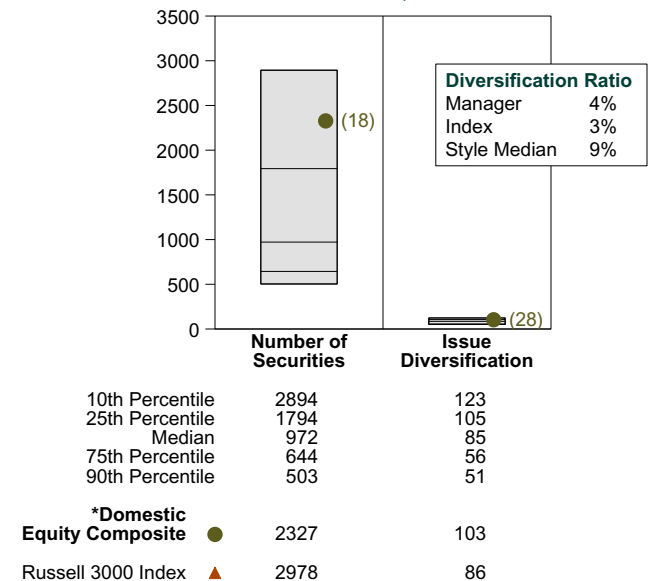
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

### Sector Allocation March 31, 2016



### Diversification March 31, 2016

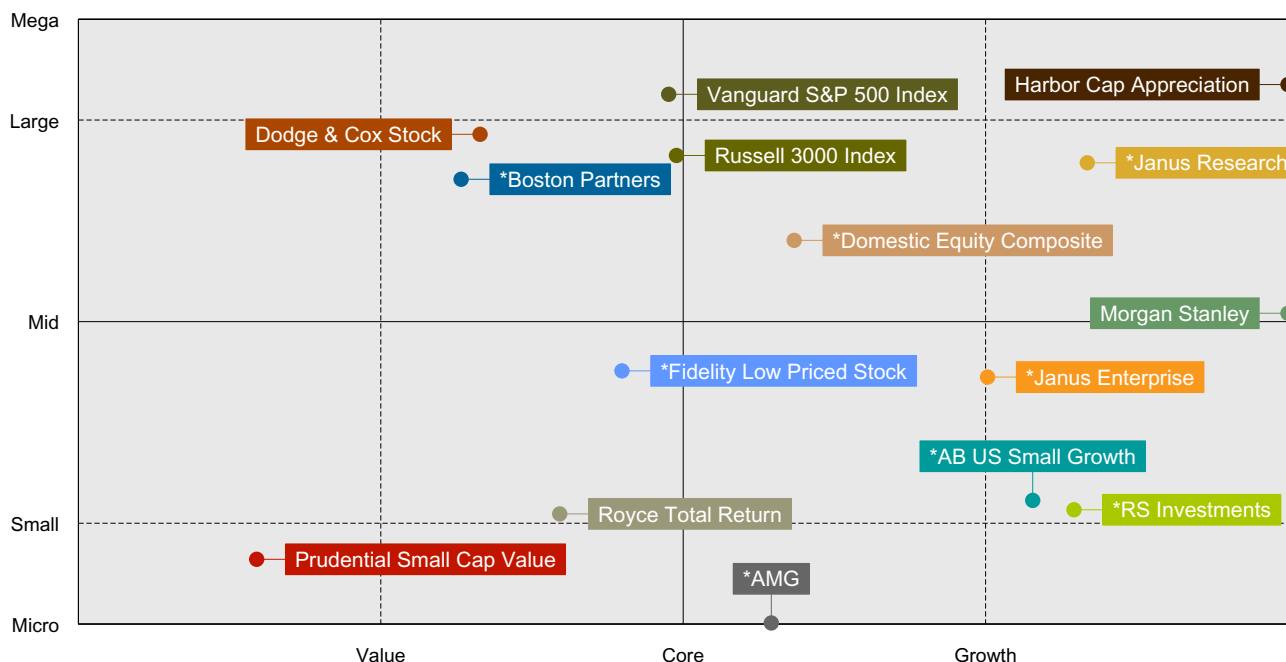


\*3/31/16 portfolio characteristics generated using most recently available holdings (12/31/15) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

## Holdings Based Style Analysis For One Quarter Ended March 31, 2016

This page analyzes and compares the investment styles of multiple portfolios using a detailed holdings-based style analysis methodology. The size component of style is measured by the weighted median market capitalization of the holdings. The value/core/growth style dimension is captured by the "Combined Z-Score" of the portfolio. This score is based on eight fundamental factors used in the MSCI stock style scoring system. The table below gives a more detailed breakdown of several relevant style metrics on the portfolios.

### Style Map Holdings for One Quarter Ended March 31, 2016



	Weight %	Wtd Median Mkt Cap	Combined Z-Score	Growth Z-Score	Value Z-Score	Number of Securities	Security Diversification
Vanguard S&P 500 Index	13.82%	76.95	(0.04)	(0.01)	0.03	505	54.51
Dodge & Cox Stock	13.38%	57.62	(0.45)	(0.17)	0.28	63	16.57
*Boston Partners	14.12%	46.08	(0.49)	(0.14)	0.34	88	19.64
Harbor Cap Appreciation	13.96%	82.90	1.55	0.73	(0.82)	56	15.72
*Janus Research	14.22%	50.31	0.90	0.45	(0.45)	105	26.04
*Fidelity Low Priced Stock	3.13%	7.63	(0.14)	0.05	0.19	874	30.65
Royce Total Return	2.89%	2.05	(0.27)	(0.10)	0.18	286	58.09
Morgan Stanley	2.56%	11.70	1.58	0.63	(0.95)	47	11.50
*Janus Enterprise	3.35%	7.39	0.67	0.27	(0.40)	82	24.25
Prudential Small Cap Value	7.51%	1.27	(0.93)	(0.18)	0.75	358	65.95
*AB US Small Growth	3.71%	2.58	0.77	0.25	(0.52)	101	33.63
*RS Investments	2.86%	2.22	0.87	0.27	(0.60)	78	20.57
*AMG	4.49%	0.51	0.19	(0.01)	(0.20)	348	71.19
*Domestic Equity Composite	100.00%	30.41	0.24	0.14	(0.10)	2327	103.23
Russell 3000 Index	-	52.19	(0.02)	(0.00)	0.02	2978	85.79

\*3/31/16 portfolio characteristics generated using most recently available holdings (12/31/15) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

# Vanguard S&P 500 Index Period Ended March 31, 2016

## Investment Philosophy

Vanguard's Institutional Index Fund is passively administered using a "full replication" approach. Under this method, the fund holds all of the 500 underlying securities in proportion to their weighting in the index. The fund remains fully invested in equities at all times and does not make judgement calls on the direction of the S&P 500 Index.

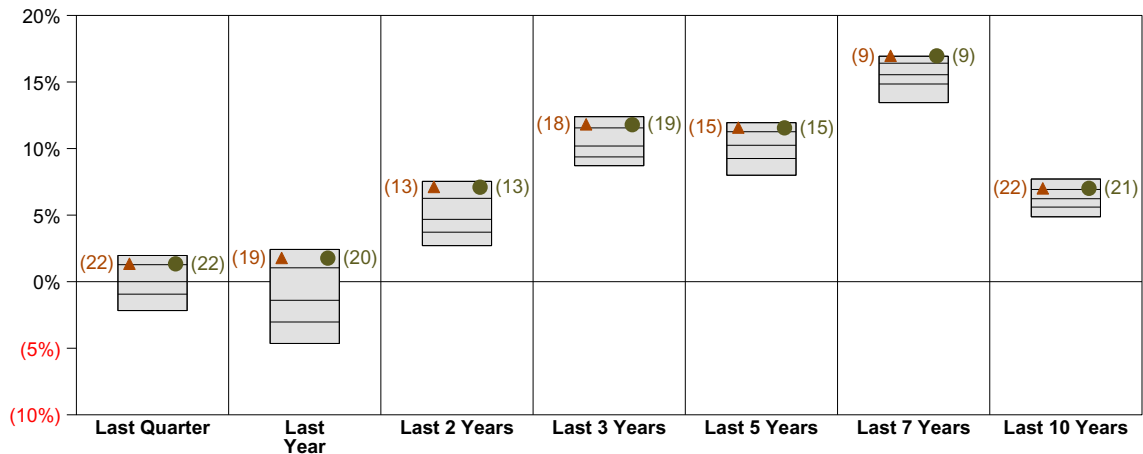
## Quarterly Summary and Highlights

- Vanguard S&P 500 Index's portfolio posted a 1.34% return for the quarter placing it in the 22 percentile of the CAI MF - Core Equity Style group for the quarter and in the 20 percentile for the last year.
- Vanguard S&P 500 Index's portfolio underperformed the S&P 500 Index by 0.01% for the quarter and underperformed the S&P 500 Index for the year by 0.01%.

## Quarterly Asset Growth

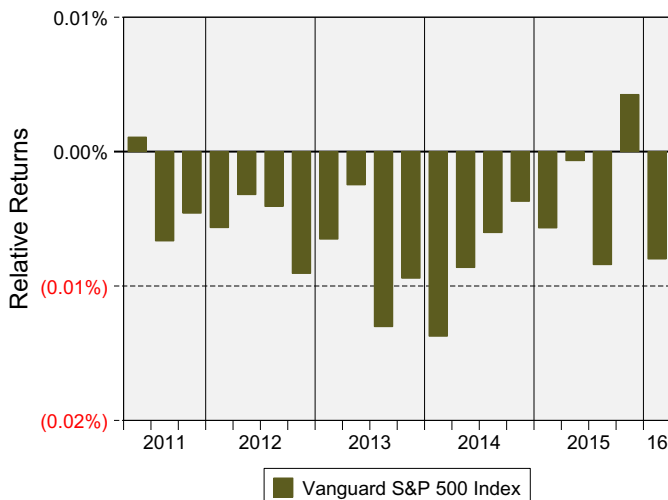
Beginning Market Value	\$21,972,316
Net New Investment	\$0
Investment Gains/(Losses)	\$294,398
Ending Market Value	\$22,266,714

## Performance vs CAI MF - Core Equity Style (Net)

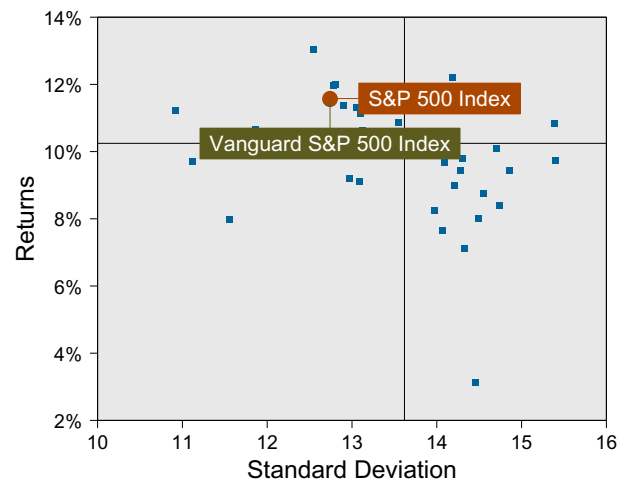


10th Percentile	1.97	2.42	7.54	12.39	11.95	16.94	7.71
25th Percentile	1.28	1.04	6.26	11.55	11.26	16.41	6.93
Median	0.00	(1.40)	4.68	10.19	10.25	15.55	6.23
75th Percentile	(0.94)	(3.03)	3.72	9.37	9.25	14.85	5.60
90th Percentile	(2.17)	(4.64)	2.71	8.71	7.99	13.45	4.87
<b>Vanguard S&amp;P 500 Index</b> ●	1.34	1.77	7.10	11.79	11.55	16.96	7.01
S&P 500 Index ▲	1.35	1.78	7.12	11.82	11.58	16.97	7.01

## Relative Return vs S&P 500 Index



## CAI MF - Core Equity Style (Net) Annualized Five Year Risk vs Return

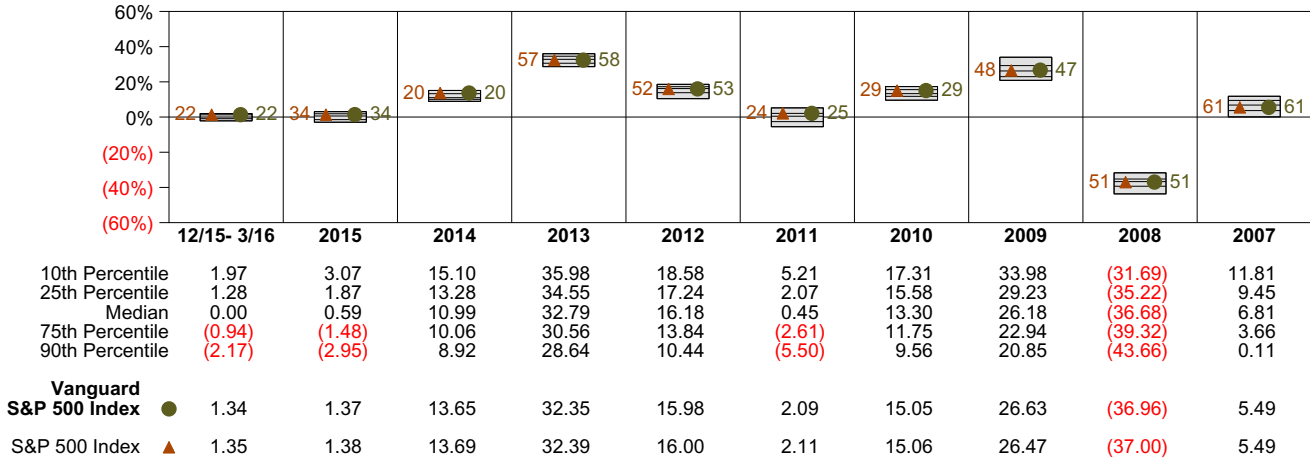


# Vanguard S&P 500 Index Return Analysis Summary

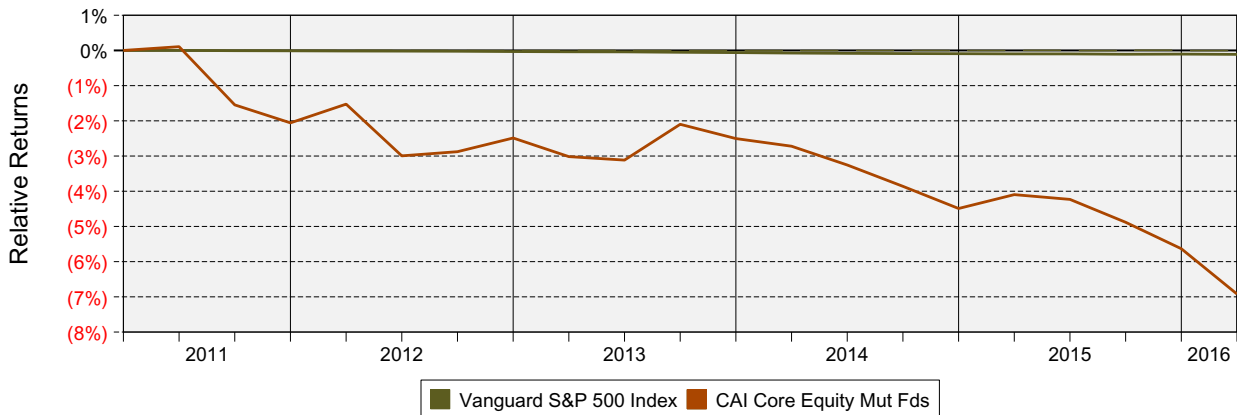
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

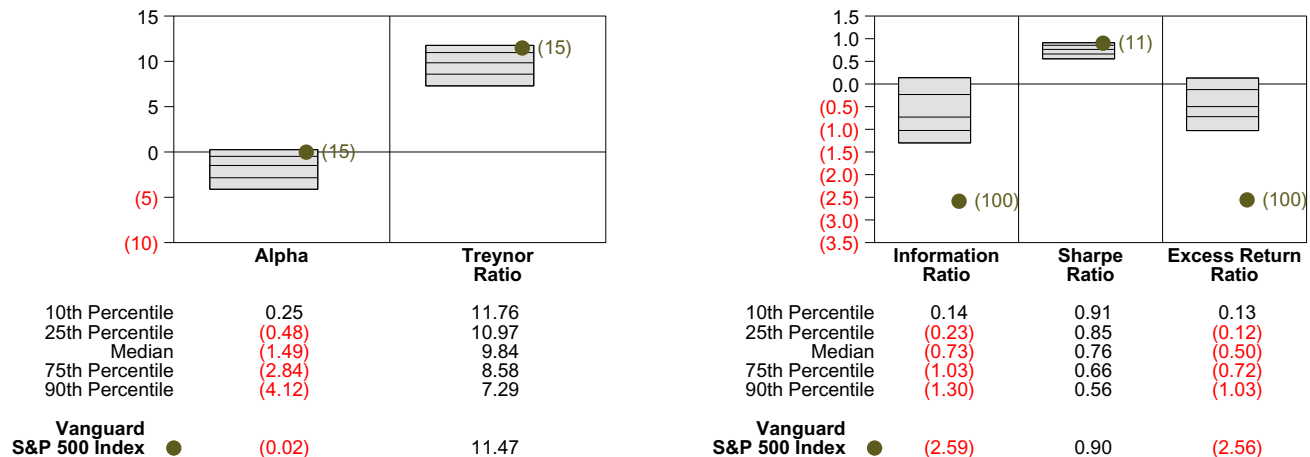
### Performance vs CAI MF - Core Equity Style (Net)



### Cumulative and Quarterly Relative Return vs S&P 500 Index



### Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI MF - Core Equity Style (Net) Five Years Ended March 31, 2016

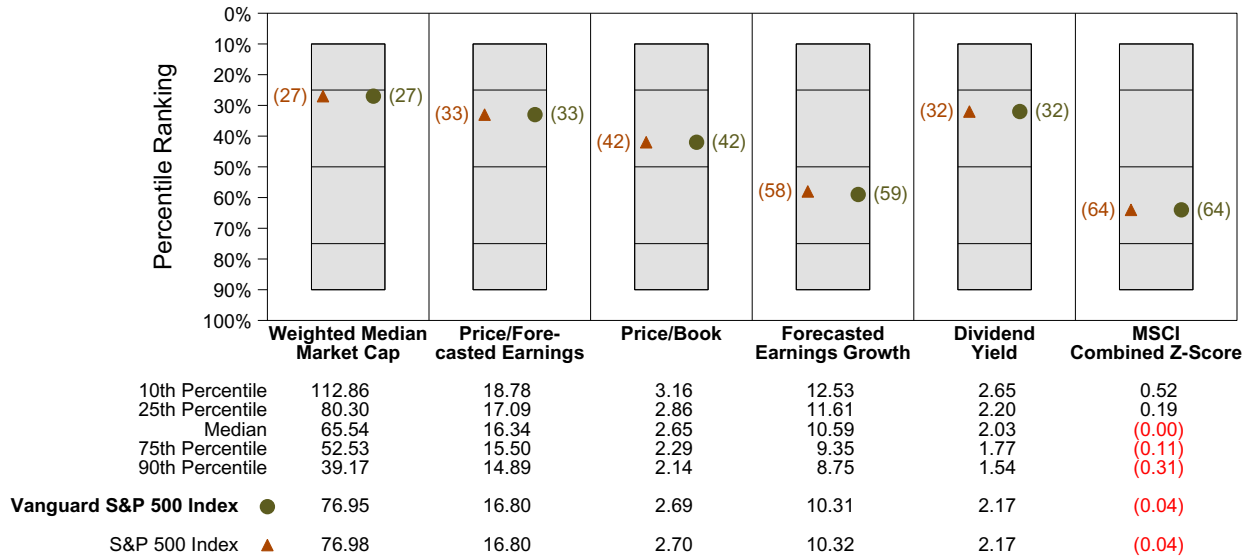


# Vanguard S&P 500 Index Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

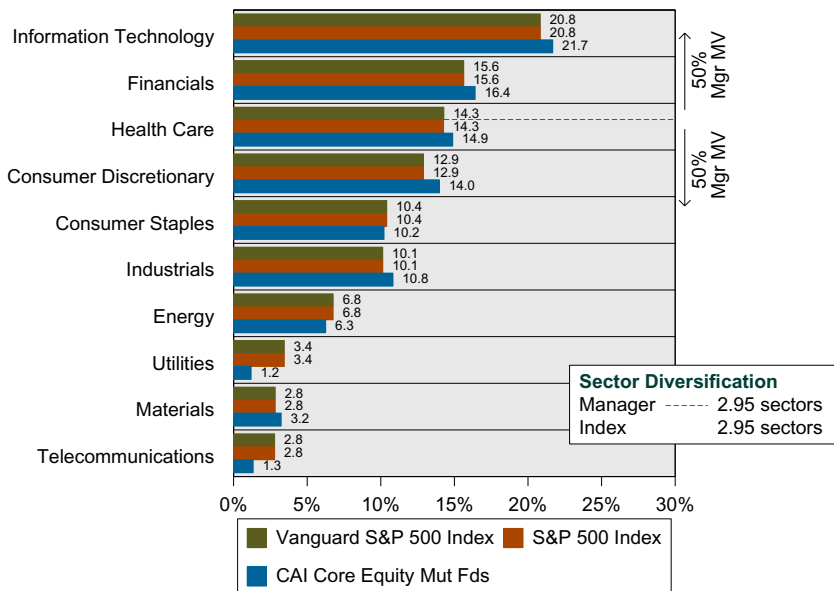
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Core Equity Style as of March 31, 2016



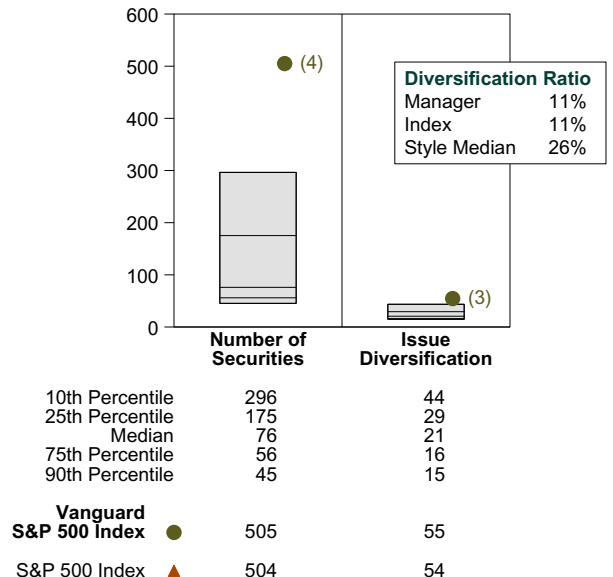
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

### Sector Allocation March 31, 2016



### Diversification March 31, 2016



# Dodge & Cox Stock Period Ended March 31, 2016

## Investment Philosophy

Dodge & Cox seeks to build a portfolio of individual companies where the current market valuation does not adequately reflect the company's long-term profit opportunities. The firm maintains a long-term focus, conducts their own research, and employs a rigorous price discipline.

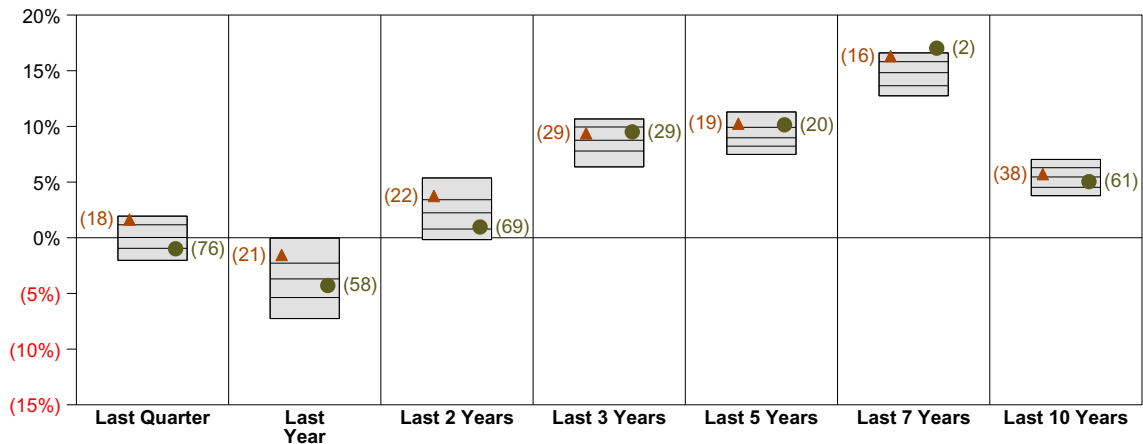
## Quarterly Summary and Highlights

- Dodge & Cox Stock's portfolio posted a (0.99)% return for the quarter placing it in the 76 percentile of the CAI MF - Large Cap Value Style group for the quarter and in the 58 percentile for the last year.
- Dodge & Cox Stock's portfolio underperformed the Russell 1000 Value Index by 2.63% for the quarter and underperformed the Russell 1000 Value Index for the year by 2.75%.

## Quarterly Asset Growth

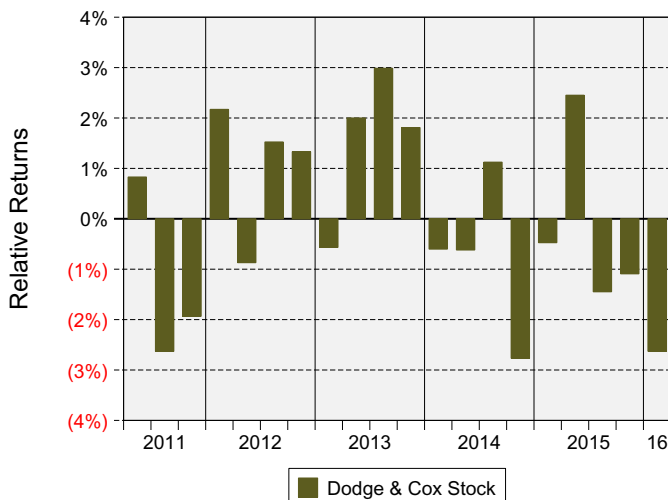
Beginning Market Value	\$21,960,085
Net New Investment	\$-175,389
Investment Gains/(Losses)	\$-218,278
Ending Market Value	\$21,566,417

## Performance vs CAI MF - Large Cap Value Style (Net)

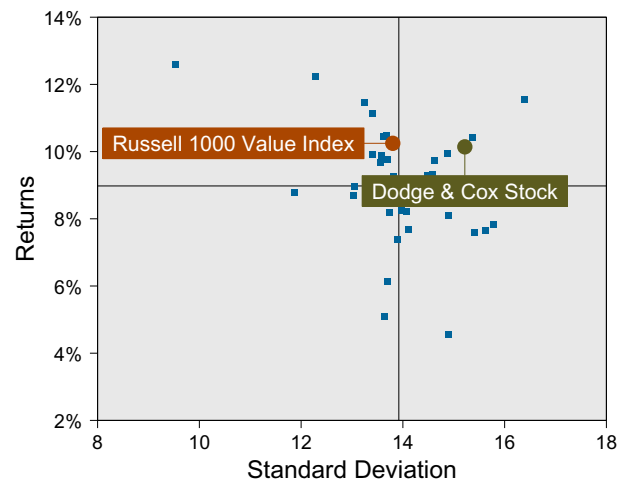


10th Percentile	1.94	(0.03)	5.37	10.67	11.30	16.60	7.03
25th Percentile	1.16	(2.28)	3.41	9.95	9.92	15.81	6.29
Median	0.02	(3.69)	2.24	8.76	8.98	14.83	5.46
75th Percentile	(0.95)	(5.37)	0.78	7.79	8.23	13.65	4.53
90th Percentile	(2.03)	(7.26)	(0.17)	6.37	7.48	12.75	3.78
<b>Dodge &amp; Cox Stock</b>	● (0.99)	(4.29)	0.96	9.51	10.14	17.02	5.04
Russell 1000 Value Index	▲ 1.64	(1.54)	3.75	9.38	10.25	16.31	5.72

## Relative Return vs Russell 1000 Value Index



## CAI MF - Large Cap Value Style (Net) Annualized Five Year Risk vs Return

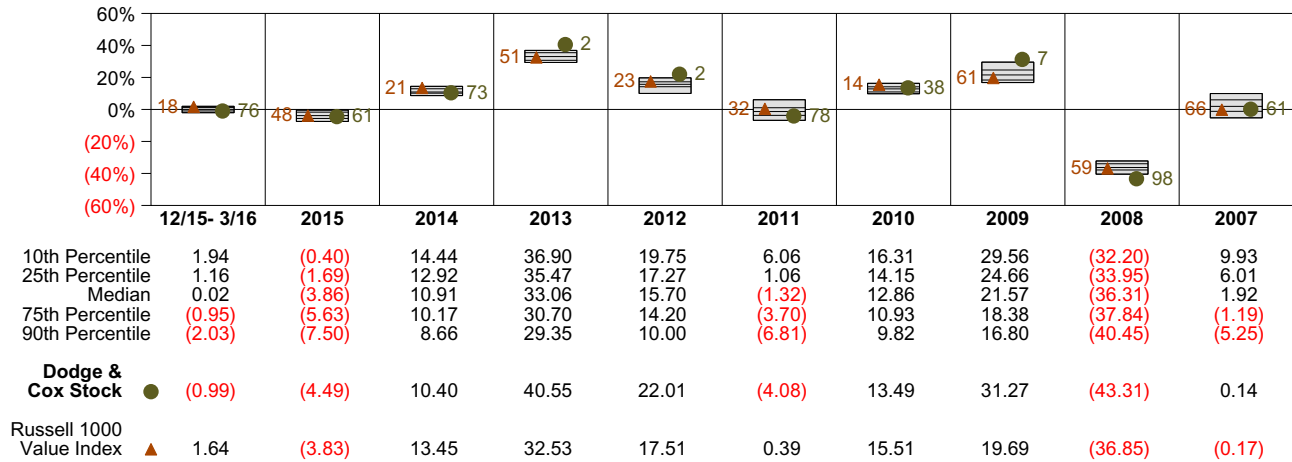


# Dodge & Cox Stock Return Analysis Summary

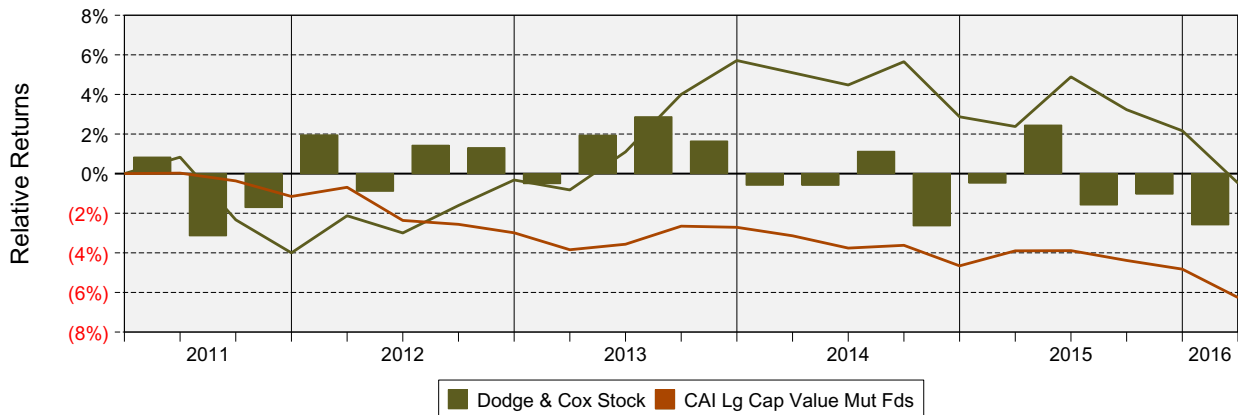
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

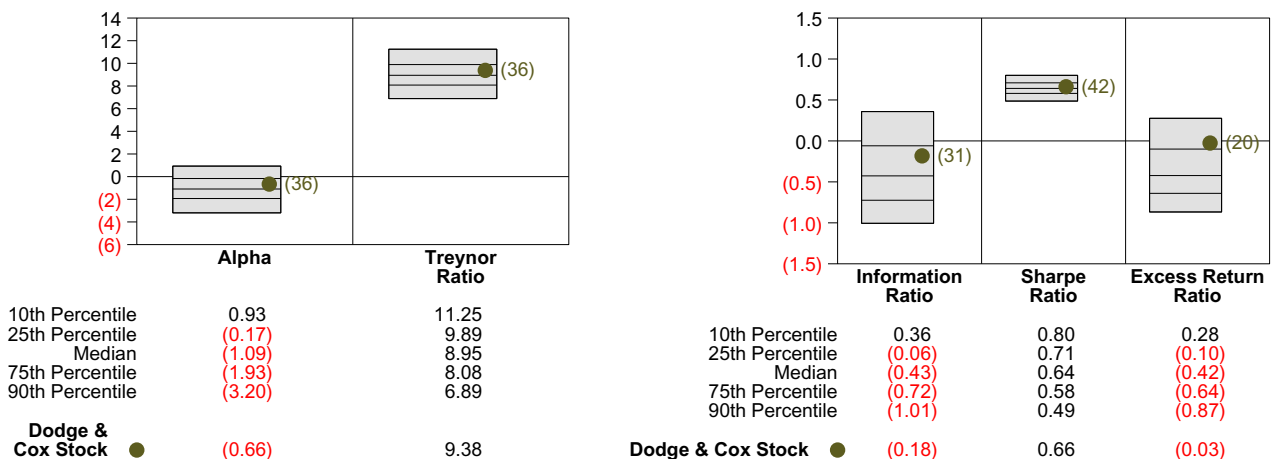
### Performance vs CAI MF - Large Cap Value Style (Net)



### Cumulative and Quarterly Relative Return vs Russell 1000 Value Index



### Risk Adjusted Return Measures vs Russell 1000 Value Index Rankings Against CAI MF - Large Cap Value Style (Net) Five Years Ended March 31, 2016



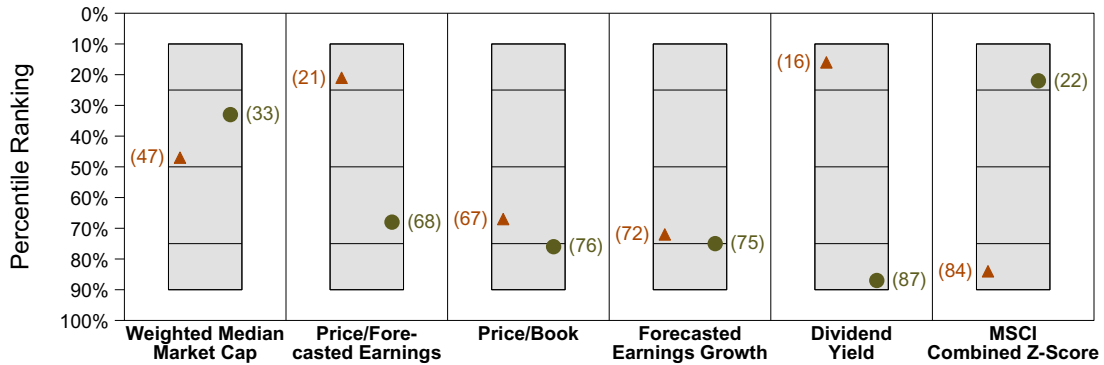


# Dodge & Cox Stock Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Large Cap Value Style as of March 31, 2016

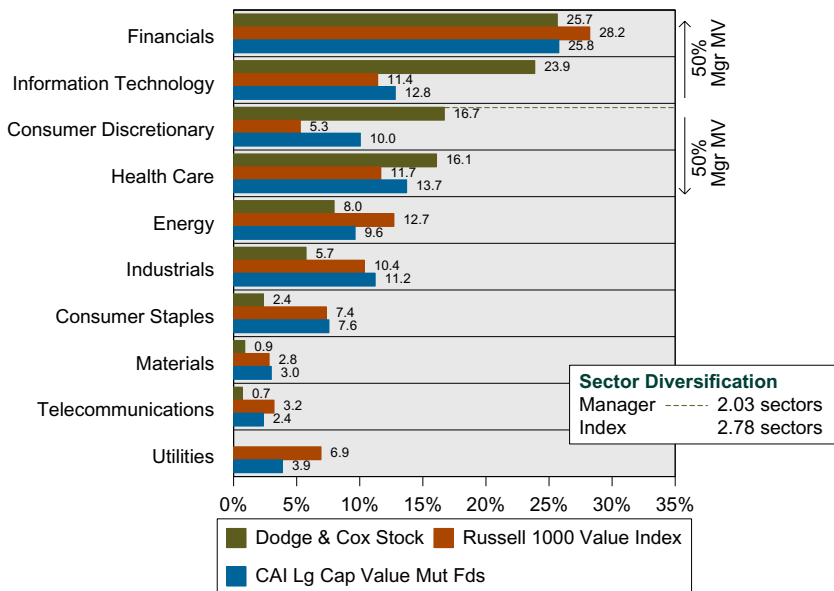


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	80.52	16.75	2.29	10.31	2.74	(0.32)
25th Percentile	61.89	15.69	2.07	9.37	2.56	(0.47)
Median	51.16	14.07	1.82	8.15	2.49	(0.58)
75th Percentile	39.54	13.16	1.68	7.18	2.36	(0.71)
90th Percentile	31.97	12.62	1.54	6.62	2.09	(0.84)
<b>Dodge &amp; Cox Stock</b>	● 57.62	13.82	1.67	7.18	2.12	(0.45)
Russell 1000 Value Index	▲ 53.25	16.07	1.74	7.43	2.63	(0.78)

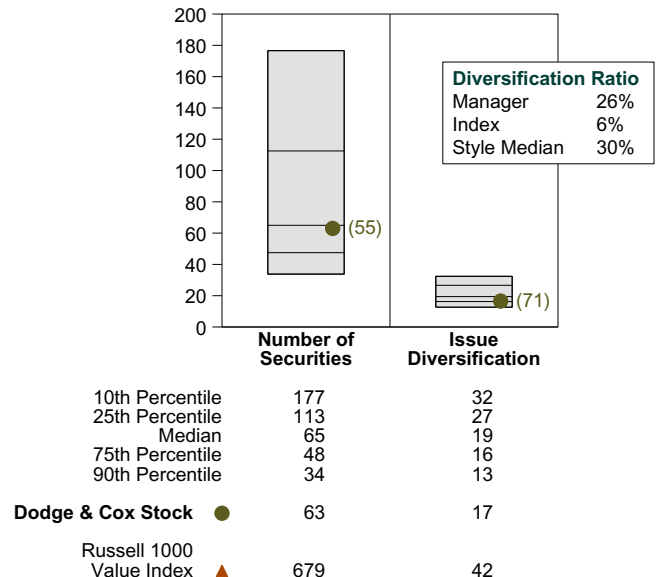
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

### Sector Allocation March 31, 2016



### Diversification March 31, 2016



# Boston Partners

## Period Ended March 31, 2016

### Investment Philosophy

Boston Partners' investment philosophy is grounded in certain "fundamental truths" to investing, namely that low valuation stocks outperform high valuation stocks, companies with strong fundamentals, e.g. high and sustainable returns on invested capital, outperform companies with weak fundamentals, and stocks with positive business momentum, e.g. rising earnings estimates, outperform stocks with negative business momentum. The firm seeks to construct well-diversified portfolios that consistently possess these three characteristics, attempting to limit downside risk, preserve capital, and maximize the power of compounding. Boston Partner's management fee is 50 bps on all assets.

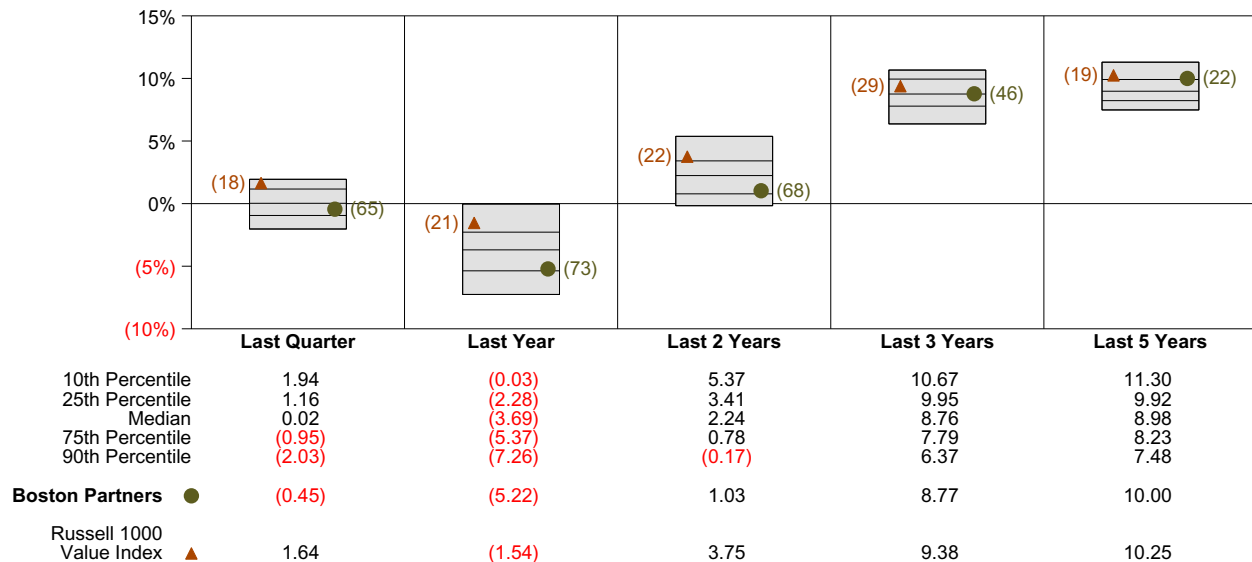
### Quarterly Summary and Highlights

- Boston Partners's portfolio posted a (0.45)% return for the quarter placing it in the 65 percentile of the CAI MF - Large Cap Value Style group for the quarter and in the 73 percentile for the last year.
- Boston Partners's portfolio underperformed the Russell 1000 Value Index by 2.08% for the quarter and underperformed the Russell 1000 Value Index for the year by 3.68%.

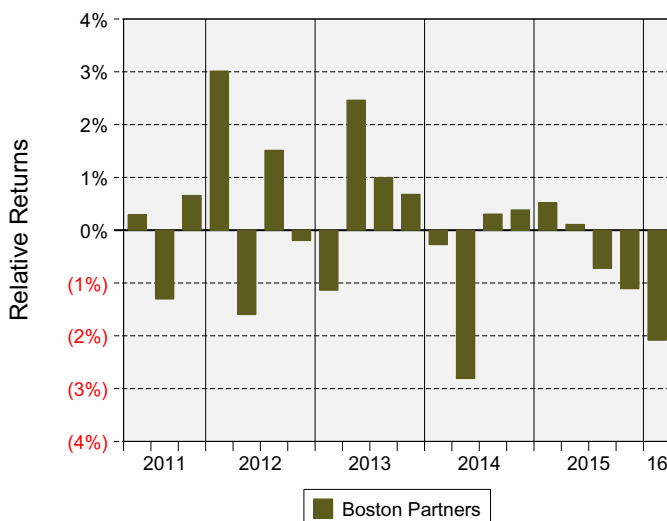
### Quarterly Asset Growth

Beginning Market Value	\$22,829,065
Net New Investment	\$0
Investment Gains/(Losses)	\$-73,221
Ending Market Value	\$22,755,844

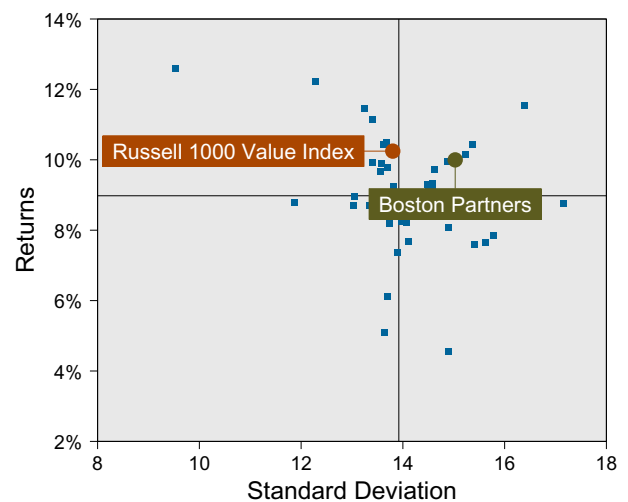
### Performance vs CAI MF - Large Cap Value Style (Net)



### Relative Return vs Russell 1000 Value Index



### CAI MF - Large Cap Value Style (Net) Annualized Five Year Risk vs Return

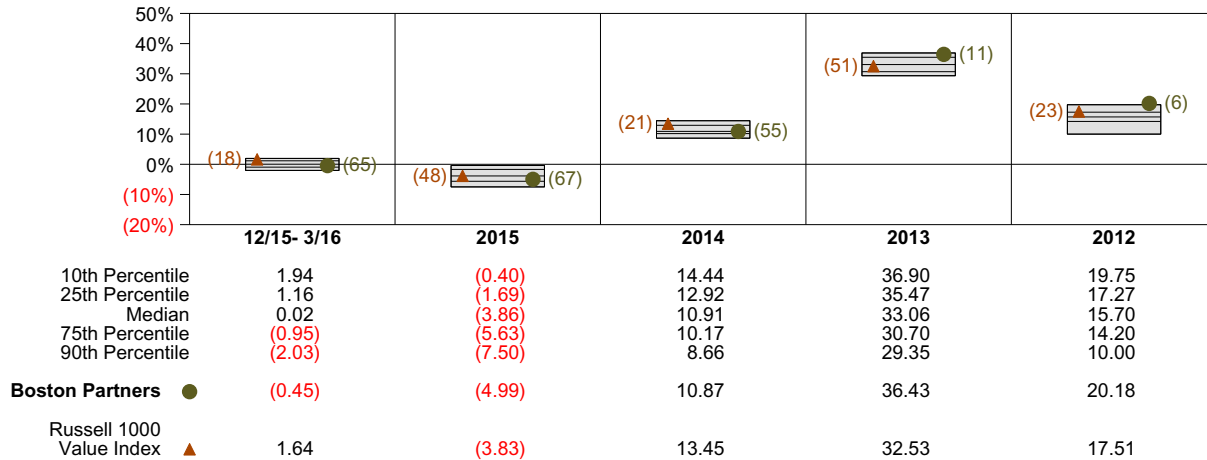


# Boston Partners Return Analysis Summary

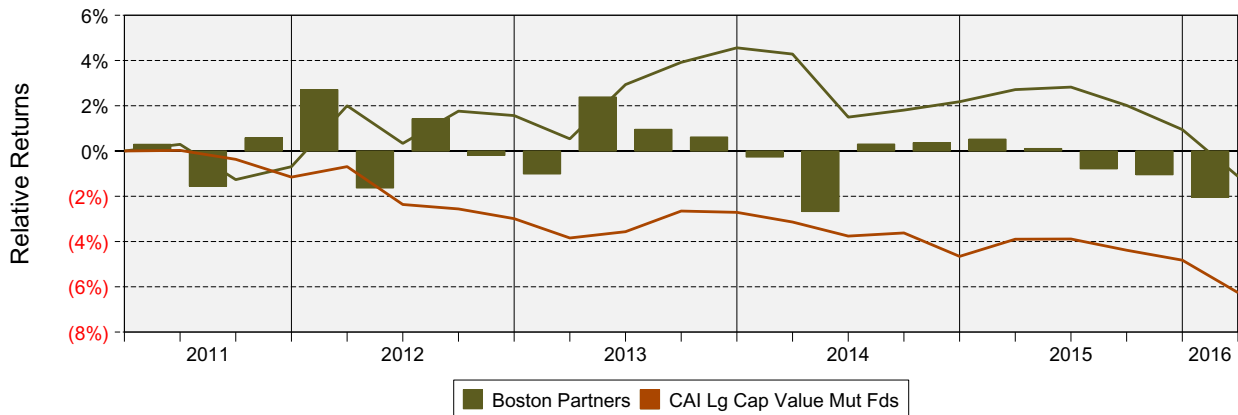
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

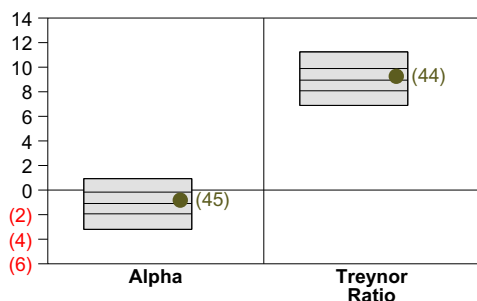
### Performance vs CAI MF - Large Cap Value Style (Net)



### Cumulative and Quarterly Relative Return vs Russell 1000 Value Index

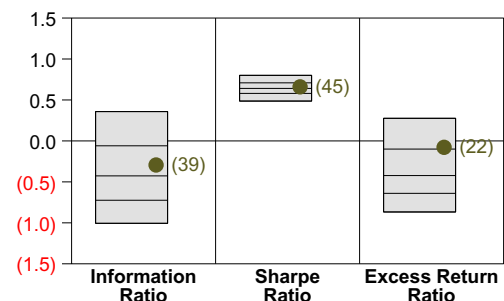


### Risk Adjusted Return Measures vs Russell 1000 Value Index Rankings Against CAI MF - Large Cap Value Style (Net) Five Years Ended March 31, 2016



	Alpha	Treynor Ratio
10th Percentile	0.93	11.25
25th Percentile	(0.17)	9.89
Median	(1.09)	8.95
75th Percentile	(1.93)	8.08
90th Percentile	(3.20)	6.89

**Boston Partners** ● (0.82)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.36	0.80	0.28
25th Percentile	(0.06)	0.71	(0.10)
Median	(0.43)	0.64	(0.42)
75th Percentile	(0.72)	0.58	(0.64)
90th Percentile	(1.01)	0.49	(0.87)

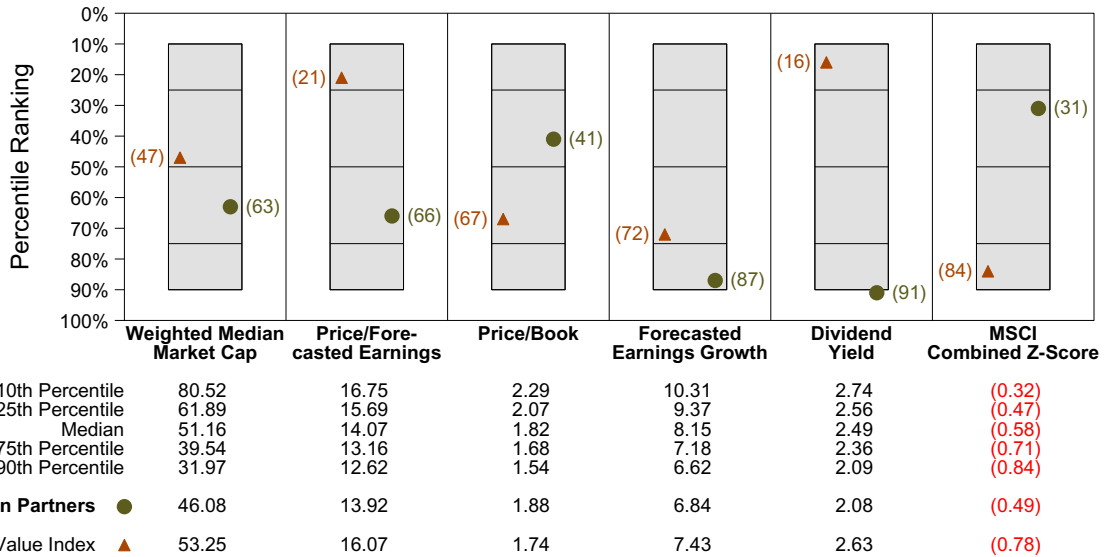
**Boston Partners** ● (0.29) 0.66 (0.08)

# Boston Partners Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

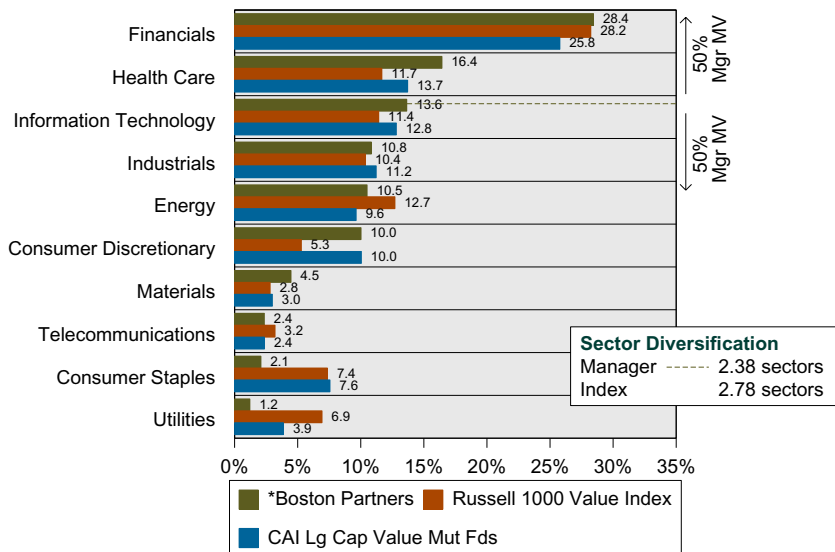
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Large Cap Value Style as of March 31, 2016



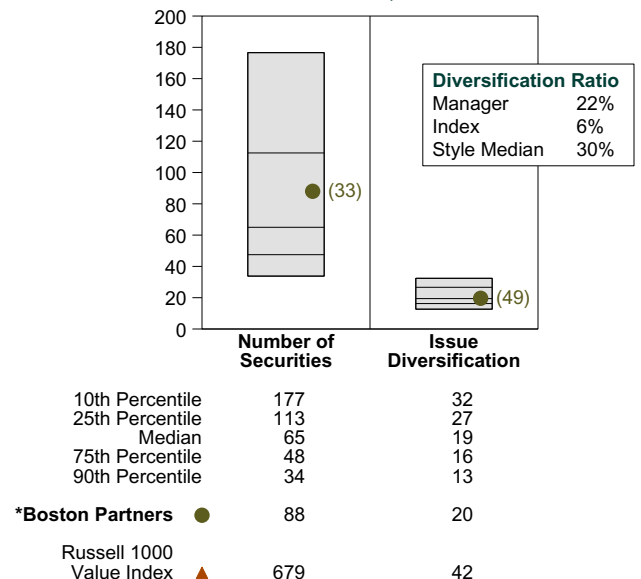
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

### Sector Allocation March 31, 2016



### Diversification March 31, 2016



\*3/31/16 portfolio characteristics generated using most recently available holdings (12/31/15) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

# Harbor Cap Appreciation Period Ended March 31, 2016

## Investment Philosophy

The Jennison Large Cap Growth team believes that a stock's value over time is driven by above-average growth in units, revenues, earnings, and cash flow. The strategy seeks to capture the inflection point in a company's growth rate before it is fully appreciated by the market or reflected in the stock price.

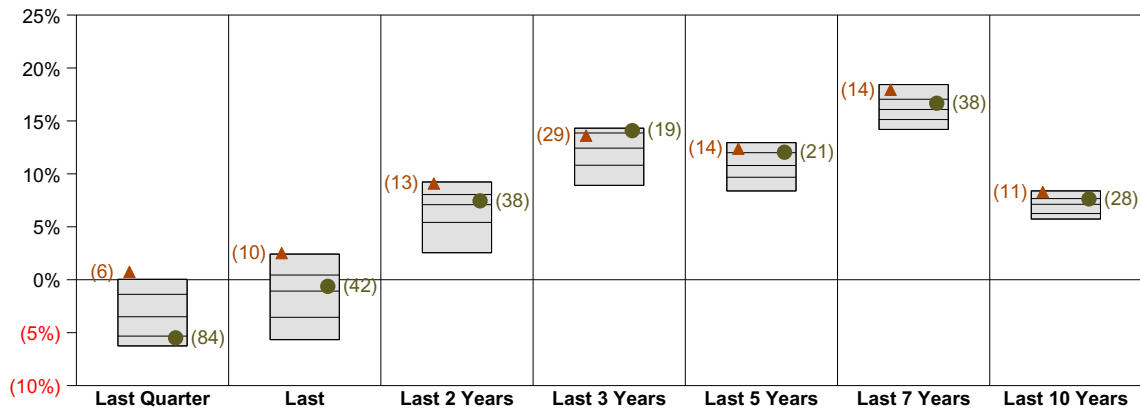
## Quarterly Summary and Highlights

- Harbor Cap Appreciation's portfolio posted a (5.49)% return for the quarter placing it in the 84 percentile of the CAI MF - Large Cap Growth Style group for the quarter and in the 42 percentile for the last year.
- Harbor Cap Appreciation's portfolio underperformed the Russell 1000 Growth Index by 6.23% for the quarter and underperformed the Russell 1000 Growth Index for the year by 3.14%.

## Quarterly Asset Growth

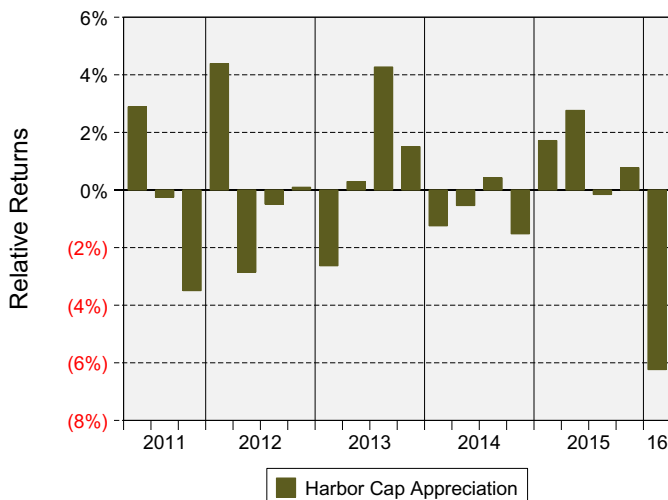
Beginning Market Value	\$23,808,865
Net New Investment	\$0
Investment Gains/(Losses)	\$-1,307,706
Ending Market Value	\$22,501,159

## Performance vs CAI MF - Large Cap Growth Style (Net)

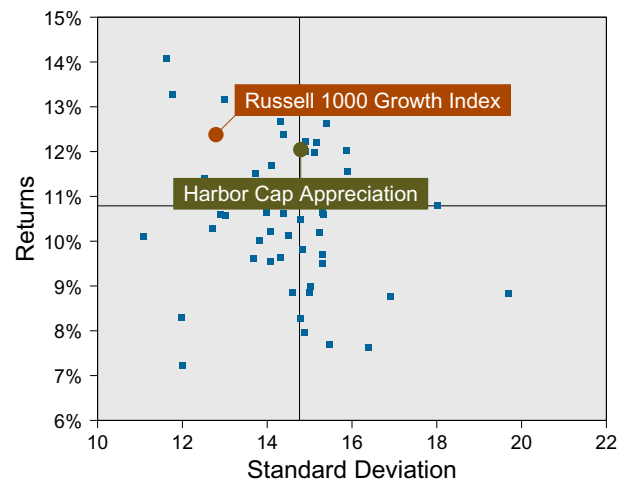


10th Percentile	0.04	2.42	9.23	14.31	12.95	18.43	8.39
25th Percentile	(1.38)	0.44	8.04	13.86	12.00	17.05	7.66
Median	(3.50)	(1.07)	7.09	12.43	10.79	16.08	7.12
75th Percentile	(5.33)	(3.55)	5.42	10.81	9.68	15.13	6.25
90th Percentile	(6.25)	(5.66)	2.55	8.91	8.38	14.20	5.73
<b>Harbor Cap Appreciation</b>	● (5.49)	(0.63)	7.45	14.08	12.04	16.67	7.63
Russell 1000 Growth Index	▲ 0.74	2.52	9.09	13.61	12.38	17.94	8.28

## Relative Return vs Russell 1000 Growth Index



## CAI MF - Large Cap Growth Style (Net) Annualized Five Year Risk vs Return

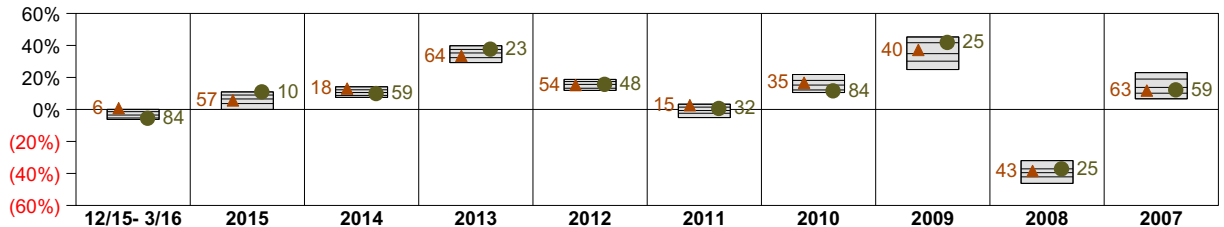


# Harbor Cap Appreciation Return Analysis Summary

## Return Analysis

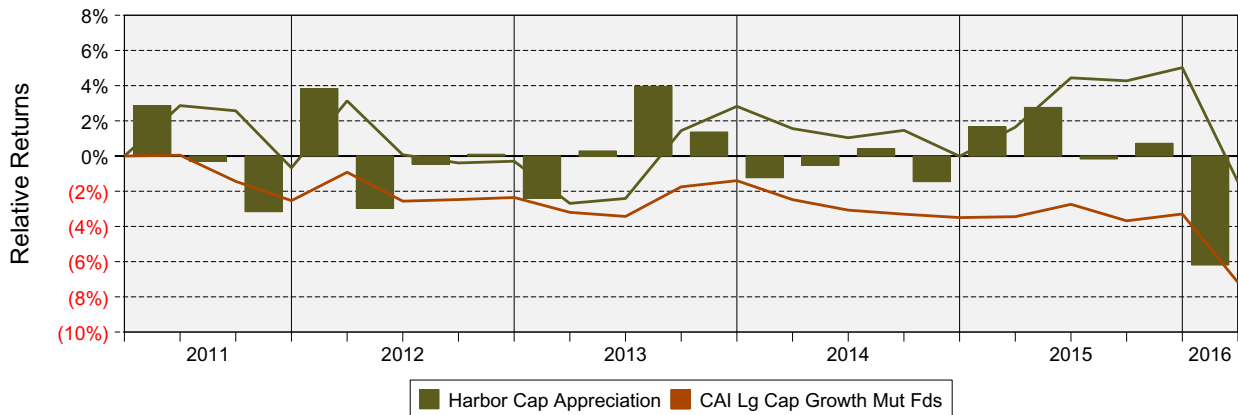
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

### Performance vs CAI MF - Large Cap Growth Style (Net)

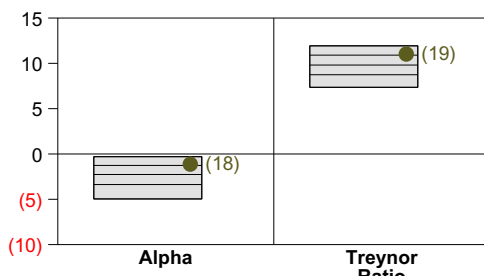


	12/15- 3/16	2015	2014	2013	2012	2011	2010	2009	2008	2007
10th Percentile	0.04	10.96	14.16	39.82	18.77	3.29	21.84	45.31	(31.99)	23.02
25th Percentile	(1.38)	9.01	12.29	37.50	17.44	1.44	18.15	41.70	(37.13)	18.98
Median	(3.50)	6.54	10.56	35.29	15.66	(0.68)	15.24	34.87	(39.51)	13.77
75th Percentile	(5.33)	3.66	8.77	32.37	13.25	(2.39)	12.19	30.16	(42.13)	10.14
90th Percentile	(6.25)	0.01	7.54	29.29	11.88	(5.08)	10.57	24.94	(46.22)	6.65
<b>Harbor Cap Appreciation</b>	● (5.49)	10.99	9.93	37.66	15.69	0.61	11.61	41.88	(37.13)	12.25
Russell 1000 Growth Index	▲ 0.74	5.67	13.05	33.48	15.26	2.64	16.71	37.21	(38.44)	11.81

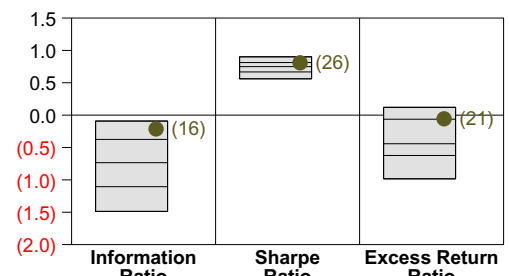
### Cumulative and Quarterly Relative Return vs Russell 1000 Growth Index



### Risk Adjusted Return Measures vs Russell 1000 Growth Index Rankings Against CAI MF - Large Cap Growth Style (Net) Five Years Ended March 31, 2016



	Alpha	Treynor Ratio
10th Percentile	(0.30)	11.93
25th Percentile	(1.26)	10.91
Median	(2.26)	9.81
75th Percentile	(3.37)	8.74
90th Percentile	(4.96)	7.35
<b>Harbor Cap Appreciation</b>	● (1.12)	11.03



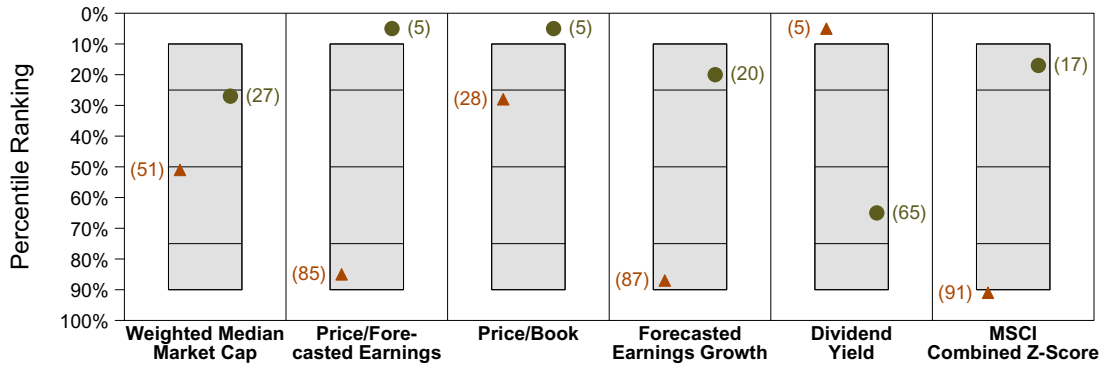
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	(0.09)	0.90	0.12
25th Percentile	(0.37)	0.81	(0.06)
Median	(0.73)	0.75	(0.44)
75th Percentile	(1.11)	0.67	(0.62)
90th Percentile	(1.49)	0.56	(0.98)
<b>Harbor Cap Appreciation</b>	● (0.21)	0.81	(0.06)

# Harbor Cap Appreciation Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

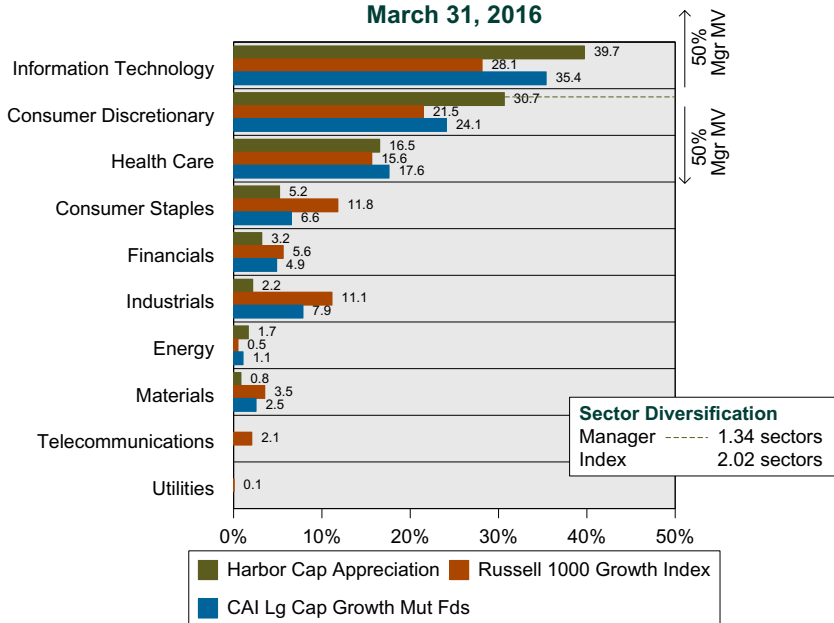
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Large Cap Growth Style as of March 31, 2016



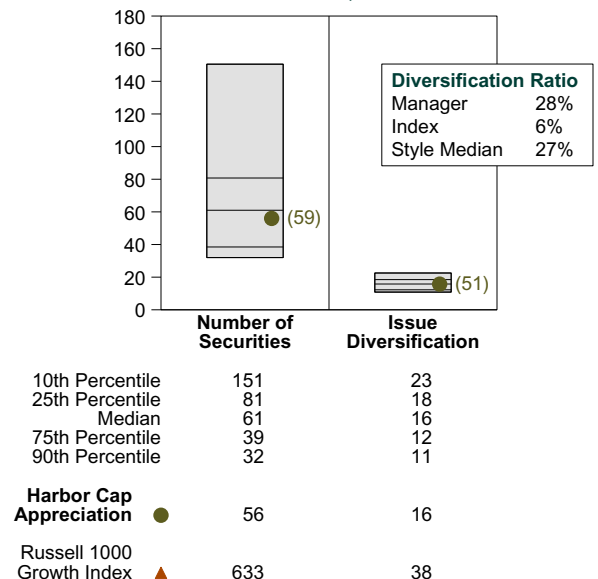
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

### Sector Allocation March 31, 2016



### Diversification March 31, 2016



# Janus Research Period Ended March 31, 2016

## Investment Philosophy

Growth Equity Style mutual funds invest mainly in large companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in stock selection. Switched from Class T Shares to Class I Shares in December 2009.

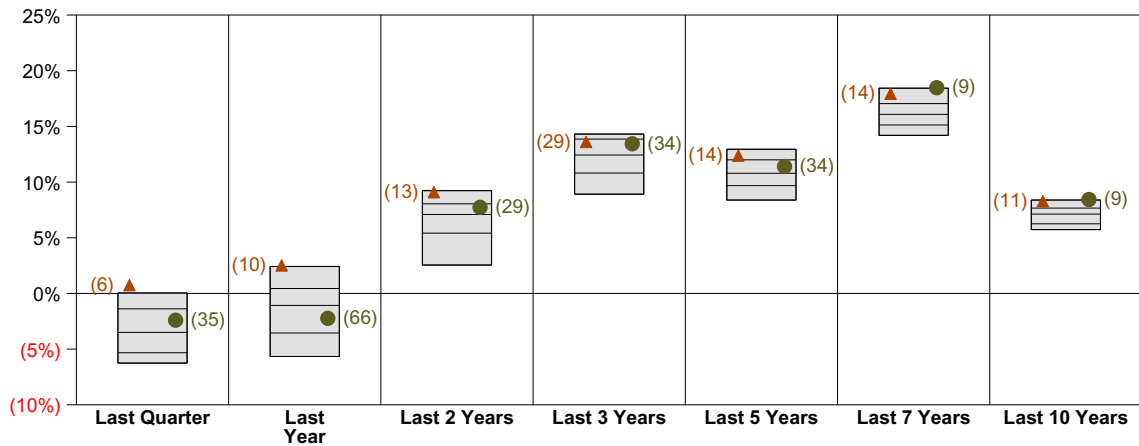
## Quarterly Summary and Highlights

- Janus Research's portfolio posted a (2.40)% return for the quarter placing it in the 35 percentile of the CAI MF - Large Cap Growth Style group for the quarter and in the 66 percentile for the last year.
- Janus Research's portfolio underperformed the Russell 1000 Growth Index by 3.15% for the quarter and underperformed the Russell 1000 Growth Index for the year by 4.75%.

## Quarterly Asset Growth

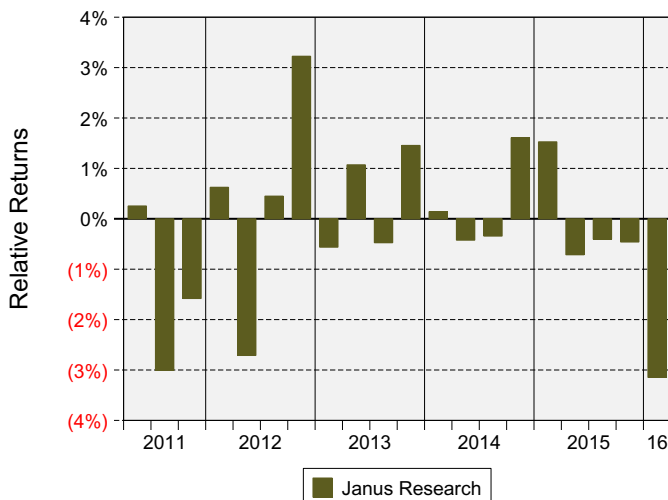
Beginning Market Value	\$23,488,423
Net New Investment	\$0
Investment Gains/(Losses)	\$-564,761
Ending Market Value	\$22,923,661

## Performance vs CAI MF - Large Cap Growth Style (Net)

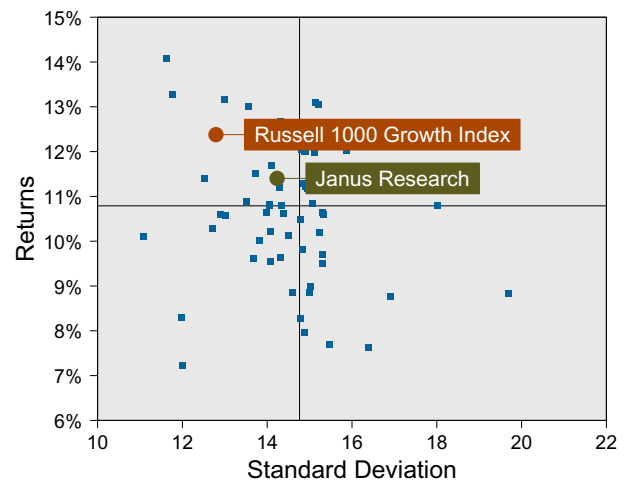


10th Percentile	0.04	2.42	9.23	14.31	12.95	18.43	8.39
25th Percentile	(1.38)	0.44	8.04	13.86	12.00	17.05	7.66
Median	(3.50)	(1.07)	7.09	12.43	10.79	16.08	7.12
75th Percentile	(5.33)	(3.55)	5.42	10.81	9.68	15.13	6.25
90th Percentile	(6.25)	(5.66)	2.55	8.91	8.38	14.20	5.73
<b>Janus Research</b> ●	<b>(2.40)</b>	<b>(2.23)</b>	7.73	13.44	11.40	18.48	8.43
Russell 1000 Growth Index ▲	0.74	2.52	9.09	13.61	12.38	17.94	8.28

## Relative Return vs Russell 1000 Growth Index



## CAI MF - Large Cap Growth Style (Net) Annualized Five Year Risk vs Return



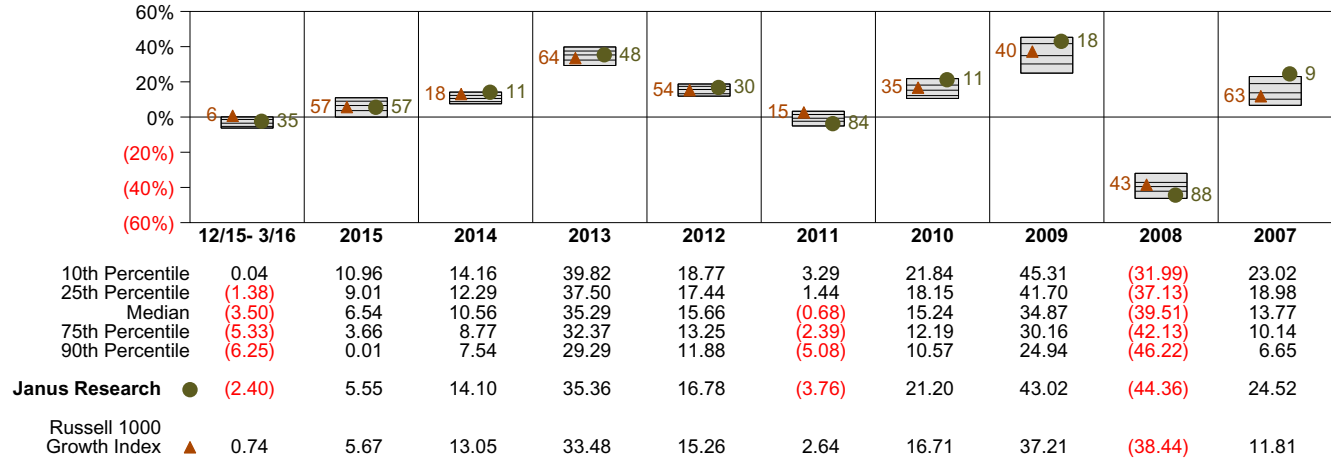


# Janus Research Return Analysis Summary

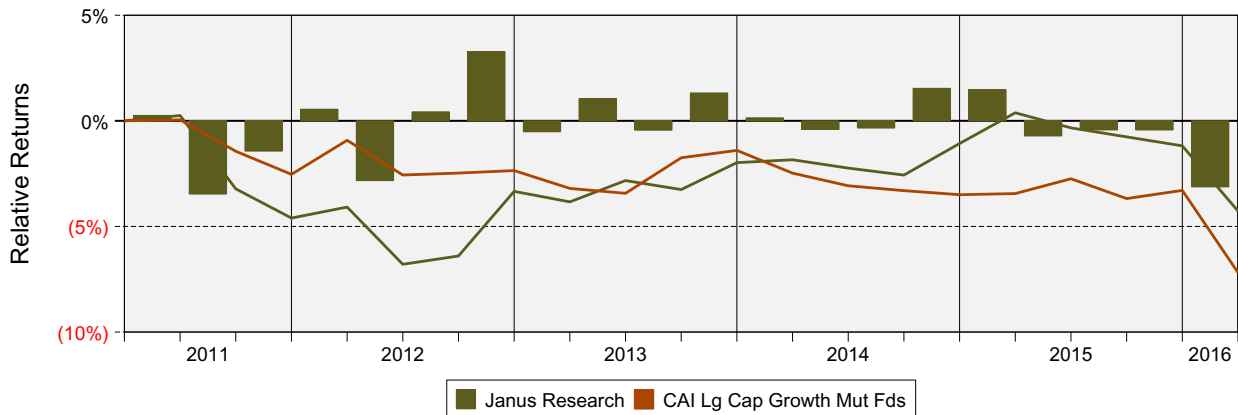
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

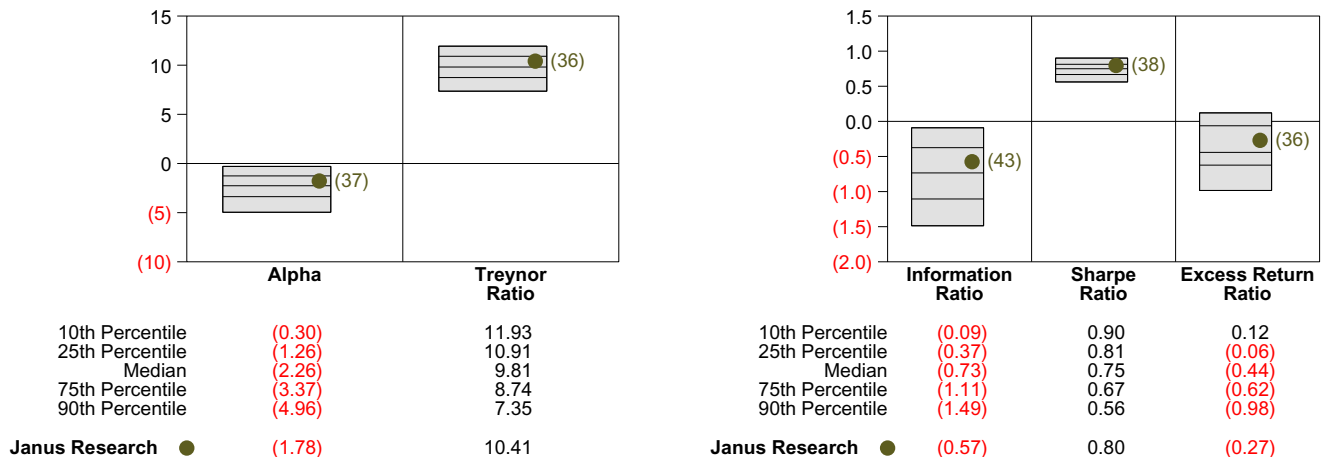
### Performance vs CAI MF - Large Cap Growth Style (Net)



### Cumulative and Quarterly Relative Return vs Russell 1000 Growth Index



### Risk Adjusted Return Measures vs Russell 1000 Growth Index Rankings Against CAI MF - Large Cap Growth Style (Net) Five Years Ended March 31, 2016



# Janus Research Equity Characteristics Analysis Summary

## Portfolio Characteristics

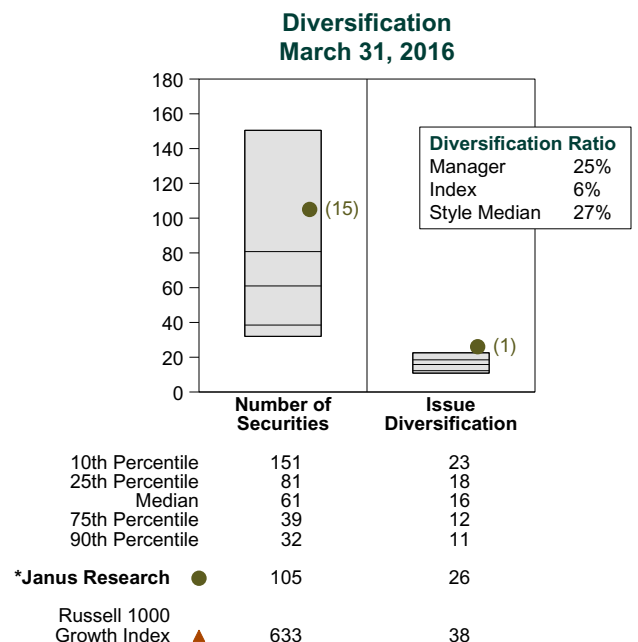
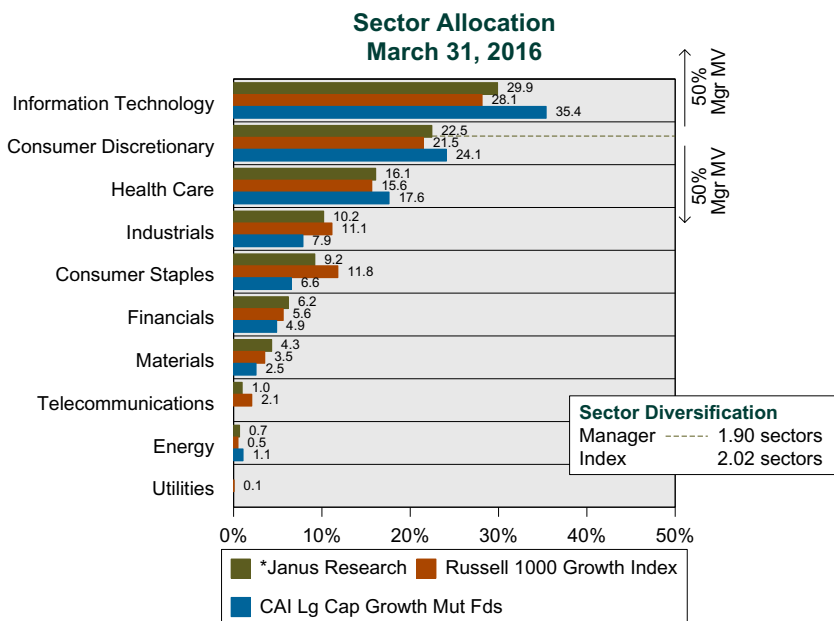
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Large Cap Growth Style as of March 31, 2016



## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



\*3/31/16 portfolio characteristics generated using most recently available holdings (12/31/15) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

# Fidelity Low Priced Stock Period Ended March 31, 2016

## Investment Philosophy

The Low Priced Stock team believes that many low priced, non-glamour, small companies are mispriced, providing opportunities, and seeks capital appreciation by investing mostly in common and preferred domestic stocks, but also international equities, convertible securities, and other fixed income securities.

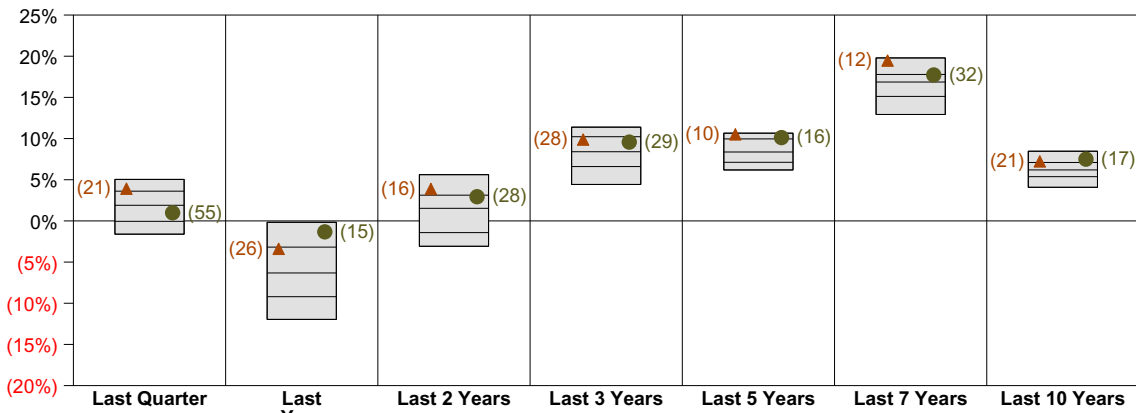
## Quarterly Summary and Highlights

- Fidelity Low Priced Stock's portfolio posted a 0.98% return for the quarter placing it in the 55 percentile of the CAI MF - Mid Cap Value Style group for the quarter and in the 15 percentile for the last year.
- Fidelity Low Priced Stock's portfolio underperformed the Russell MidCap Value Idx by 2.93% for the quarter and outperformed the Russell MidCap Value Idx for the year by 2.06%.

## Quarterly Asset Growth

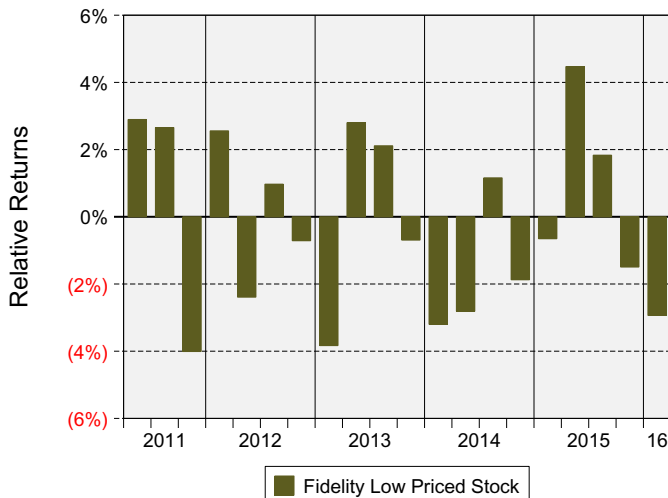
Beginning Market Value	\$4,994,785
Net New Investment	\$0
Investment Gains/(Losses)	\$49,163
Ending Market Value	\$5,043,948

## Performance vs CAI MF - Mid Cap Value Style (Net)

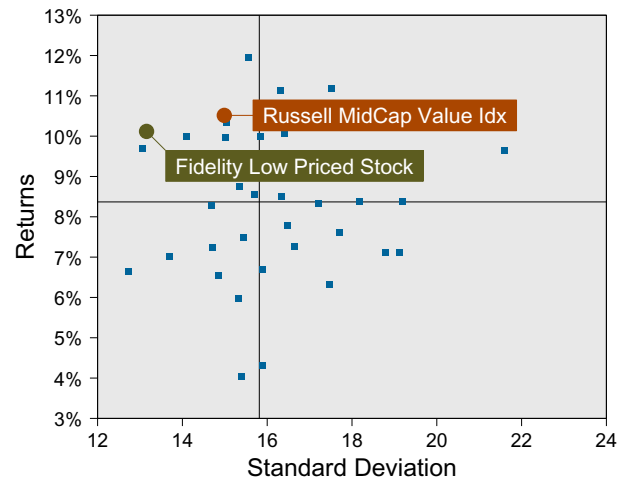


10th Percentile	5.04	(0.17)	5.61	11.38	10.65	19.79	8.46
25th Percentile	3.61	(3.18)	3.12	10.22	9.96	17.79	7.10
Median	1.90	(6.32)	1.53	8.40	8.37	16.87	6.19
75th Percentile	(0.05)	(9.20)	(1.42)	6.60	7.12	15.12	5.37
90th Percentile	(1.61)	(11.96)	(3.08)	4.43	6.18	12.92	4.08
<b>Fidelity Low Priced Stock</b>	● 0.98	(1.33)	2.94	9.57	10.12	17.72	7.50
<b>Russell MidCap Value Idx</b>	▲ 3.92	(3.39)	3.88	9.88	10.52	19.48	7.23

## Relative Return vs Russell MidCap Value Idx



## CAI MF - Mid Cap Value Style (Net) Annualized Five Year Risk vs Return

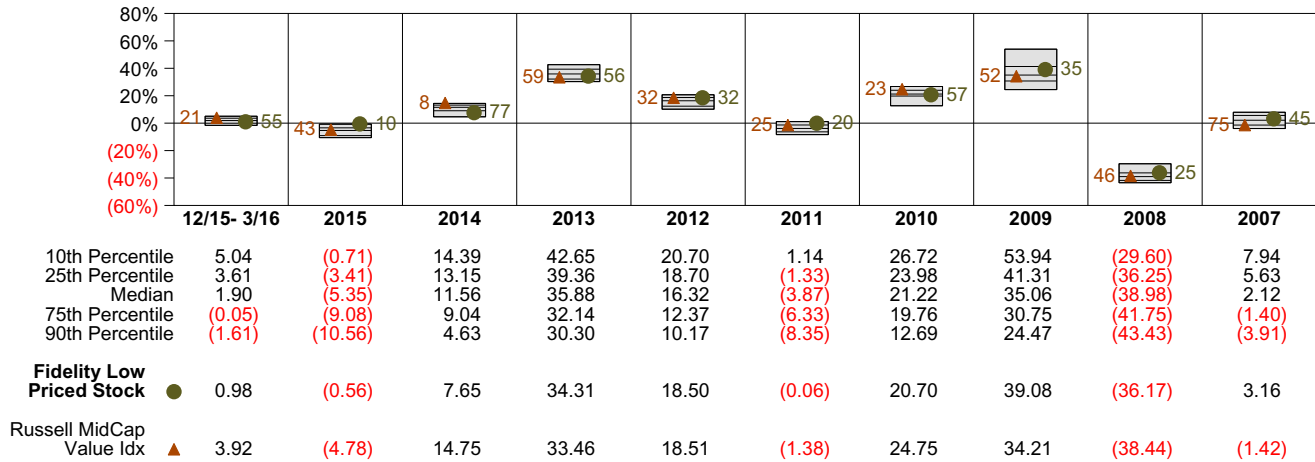


# Fidelity Low Priced Stock Return Analysis Summary

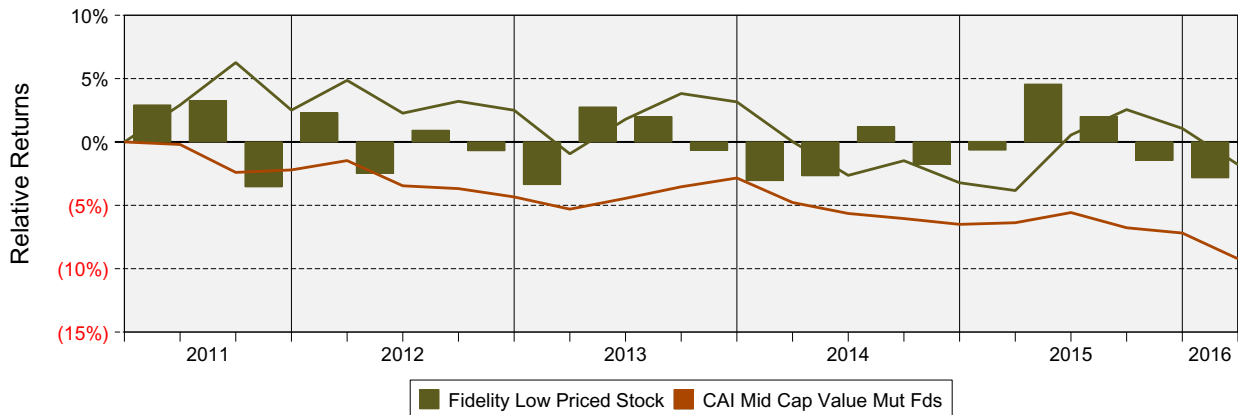
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

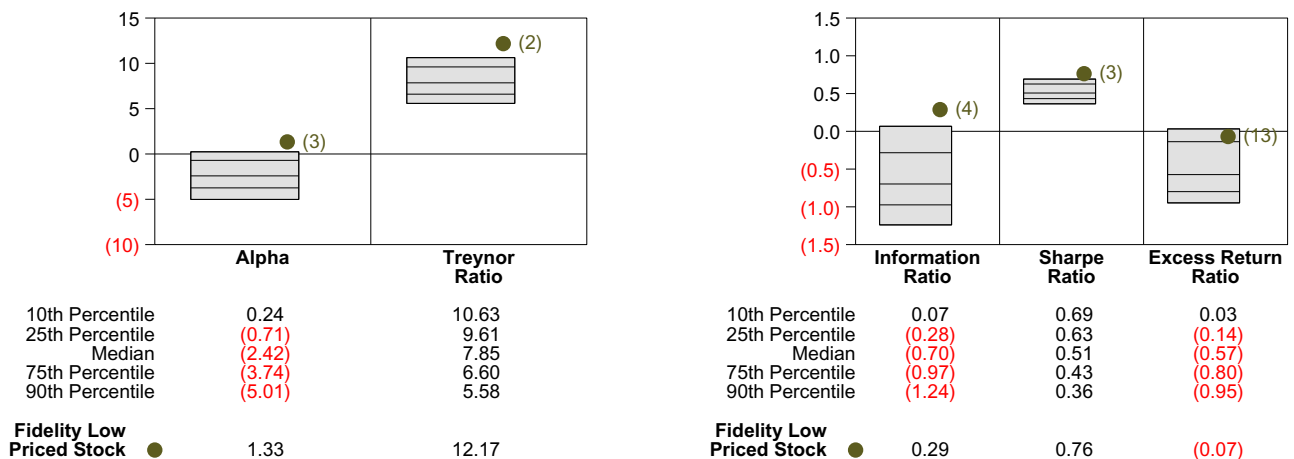
### Performance vs CAI MF - Mid Cap Value Style (Net)



### Cumulative and Quarterly Relative Return vs Russell MidCap Value Idx



### Risk Adjusted Return Measures vs Russell MidCap Value Idx Rankings Against CAI MF - Mid Cap Value Style (Net) Five Years Ended March 31, 2016

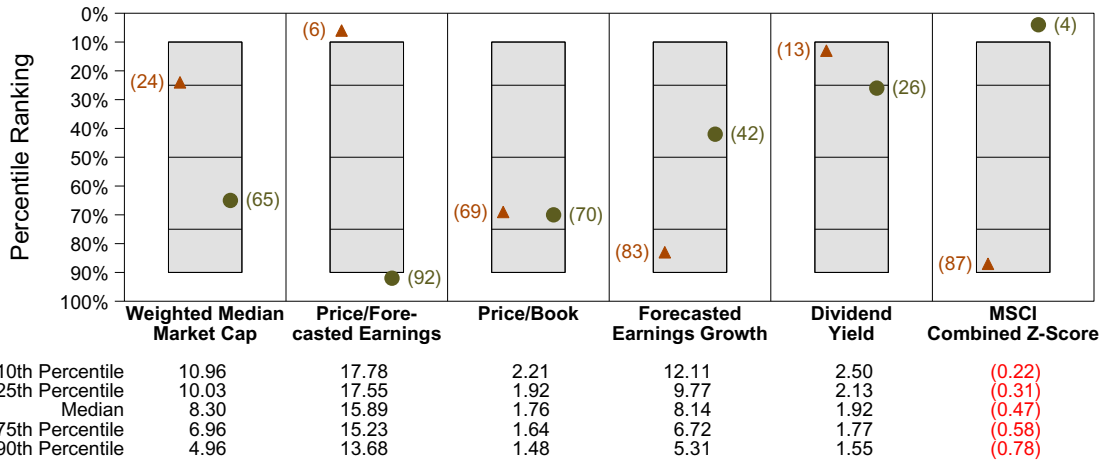


# Fidelity Low Priced Stock Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Mid Cap Value Style as of March 31, 2016

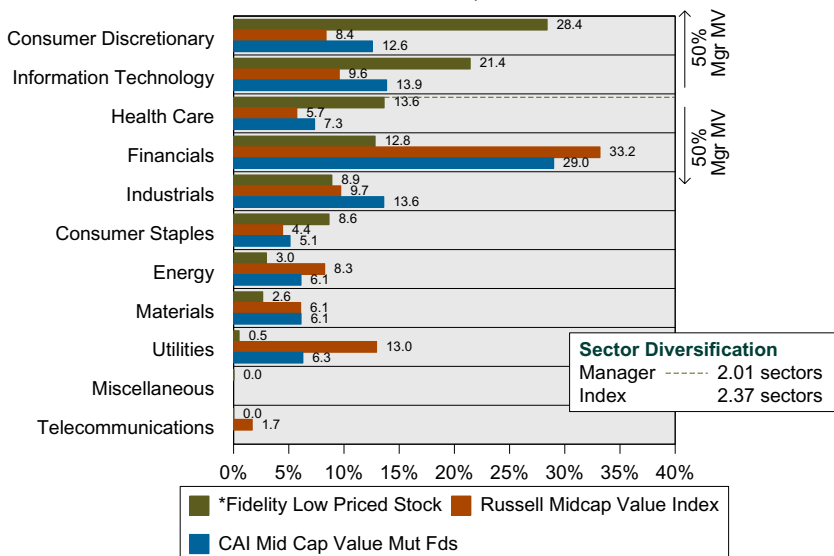


<b>*Fidelity Low Priced Stock</b>	●	7.63	13.35	1.67	8.42	2.12	(0.14)
Russell Midcap Value Index	▲	10.06	18.70	1.69	5.92	2.39	(0.66)

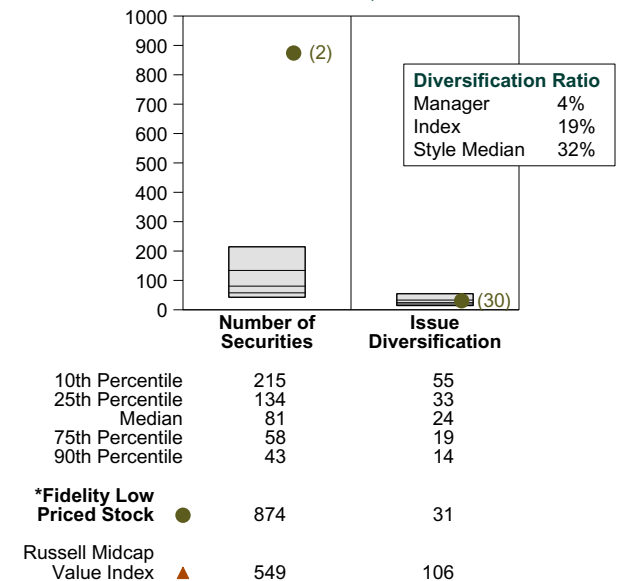
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

### Sector Allocation March 31, 2016



### Diversification March 31, 2016



\*3/31/16 portfolio characteristics generated using most recently available holdings (12/31/15) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

# Royce Total Return Period Ended March 31, 2016

## Investment Philosophy

The Royce Total Return Fund is managed with a disciplined value approach. The Fund's investment objectives are long-term growth and current income. Royce invests the Fund's assets primarily in dividend-paying small- and micro-cap companies. Switched from Investment Class Shares to Institutional Class Shares in December 2009.

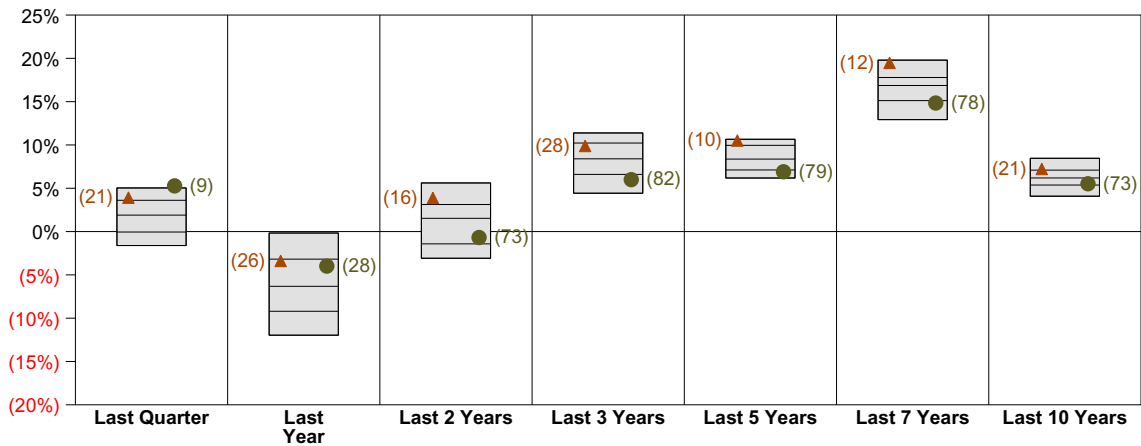
## Quarterly Summary and Highlights

- Royce Total Return's portfolio posted a 5.28% return for the quarter placing it in the 9 percentile of the CAI MF - Mid Cap Value Style group for the quarter and in the 28 percentile for the last year.
- Royce Total Return's portfolio outperformed the Russell MidCap Value Idx by 1.36% for the quarter and underperformed the Russell MidCap Value Idx for the year by 0.60%.

## Quarterly Asset Growth

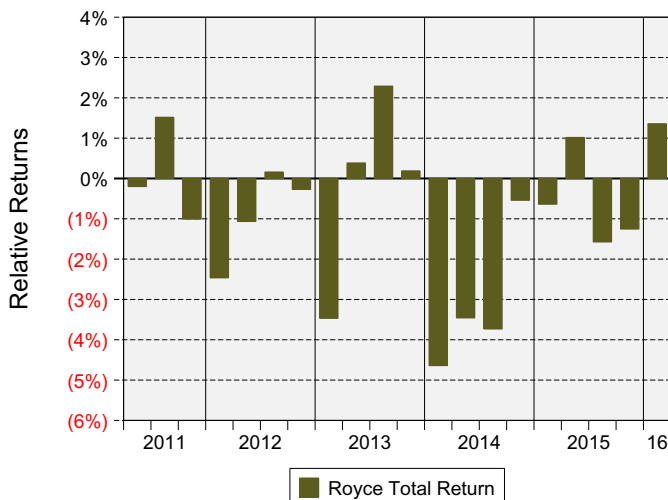
Beginning Market Value	\$4,418,167
Net New Investment	\$0
Investment Gains/(Losses)	\$233,079
Ending Market Value	\$4,651,245

## Performance vs CAI MF - Mid Cap Value Style (Net)

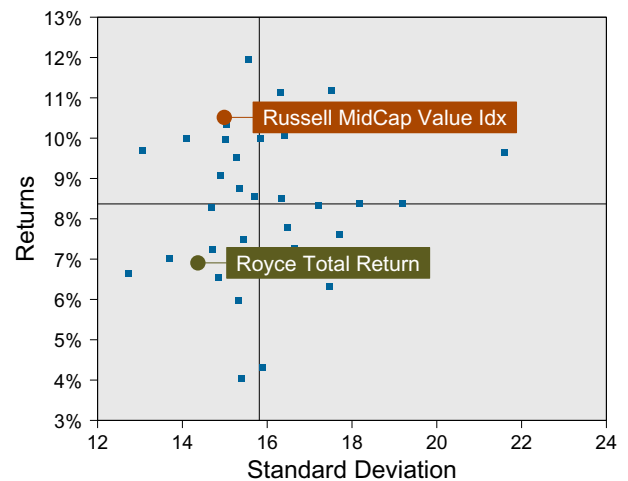


10th Percentile	5.04	(0.17)	5.61	11.38	10.65	19.79	8.46
25th Percentile	3.61	(3.18)	3.12	10.22	9.96	17.79	7.10
Median	1.90	(6.32)	1.53	8.40	8.37	16.87	6.19
75th Percentile	(0.05)	(9.20)	(1.42)	6.60	7.12	15.12	5.37
90th Percentile	(1.61)	(11.96)	(3.08)	4.43	6.18	12.92	4.08
<b>Royce Total Return</b>	● 5.28	(3.99)	(0.69)	5.99	6.91	14.84	5.52
Russell MidCap Value Idx	▲ 3.92	(3.39)	3.88	9.88	10.52	19.48	7.23

## Relative Return vs Russell MidCap Value Idx



## CAI MF - Mid Cap Value Style (Net) Annualized Five Year Risk vs Return

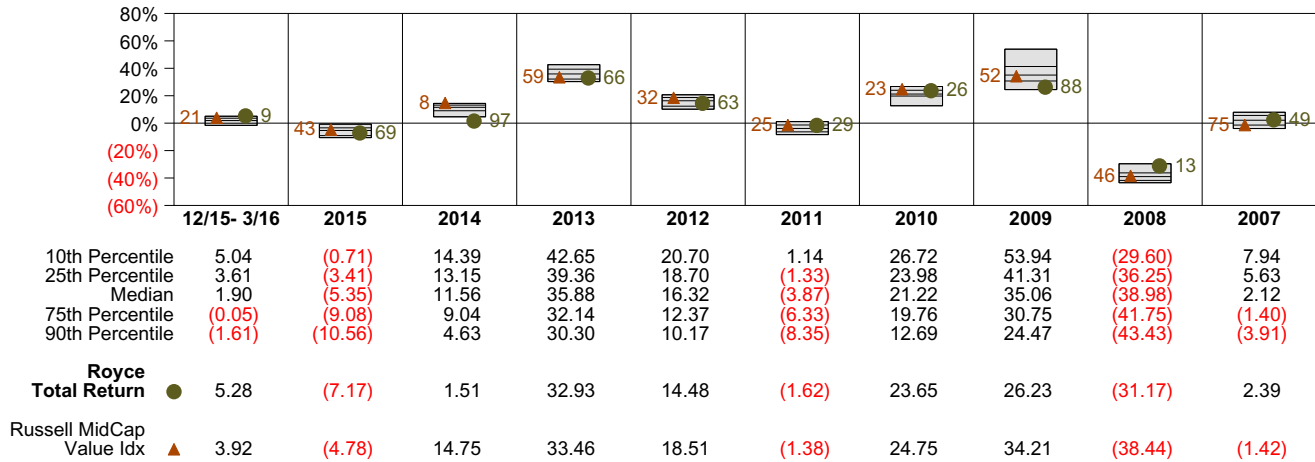


# Royce Total Return Return Analysis Summary

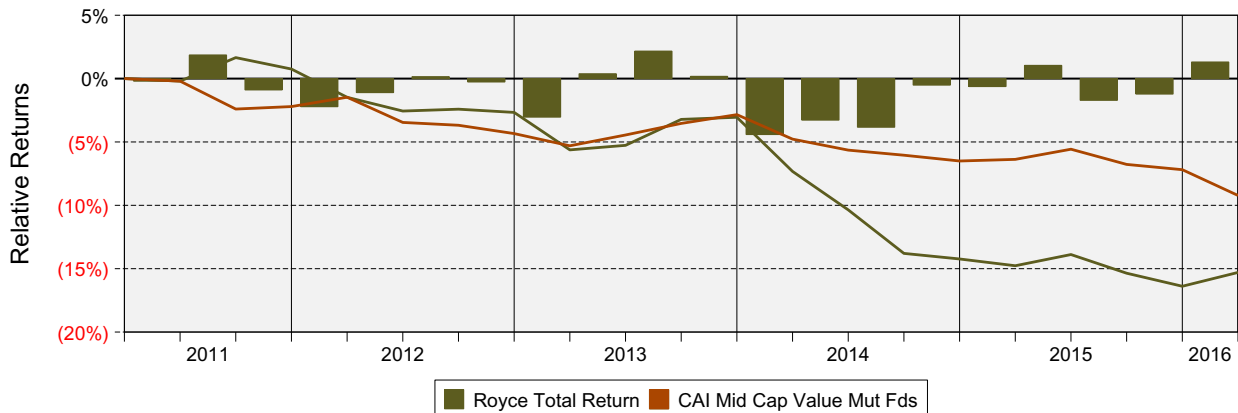
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

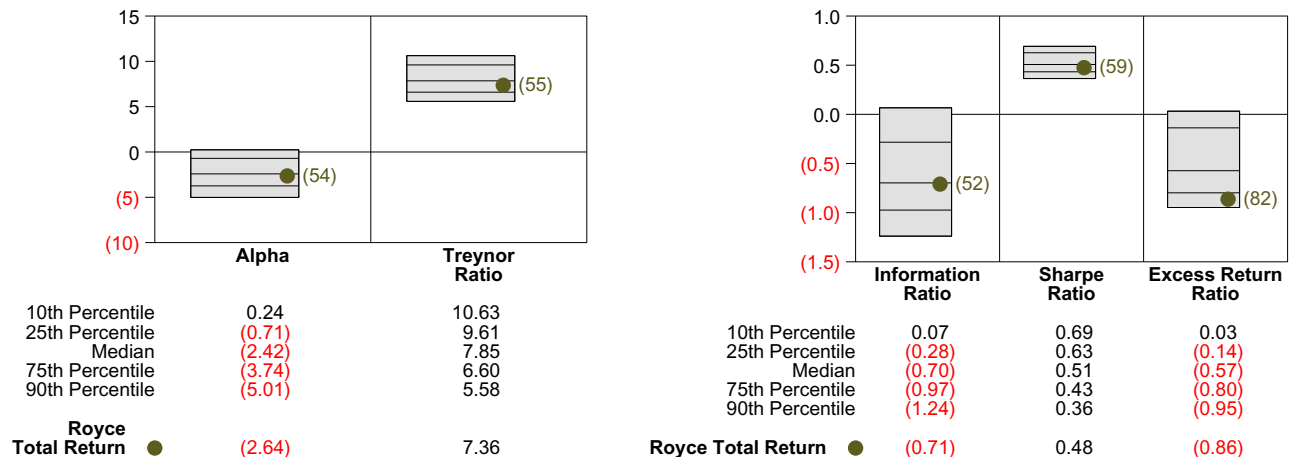
### Performance vs CAI MF - Mid Cap Value Style (Net)



### Cumulative and Quarterly Relative Return vs Russell MidCap Value Idx



### Risk Adjusted Return Measures vs Russell MidCap Value Idx Rankings Against CAI MF - Mid Cap Value Style (Net) Five Years Ended March 31, 2016

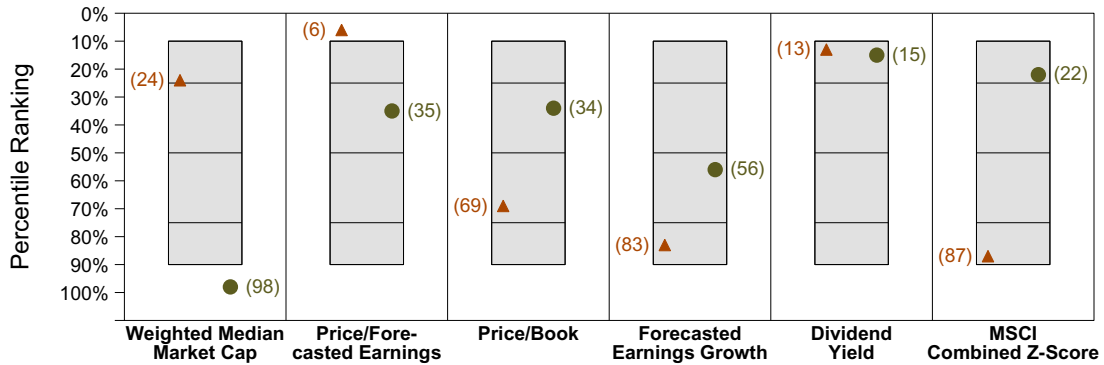


# Royce Total Return Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

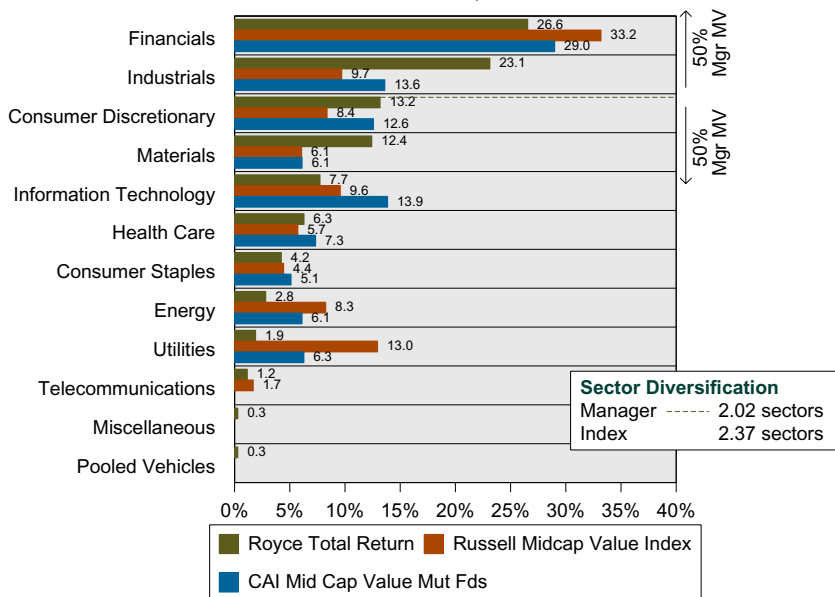
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Mid Cap Value Style as of March 31, 2016



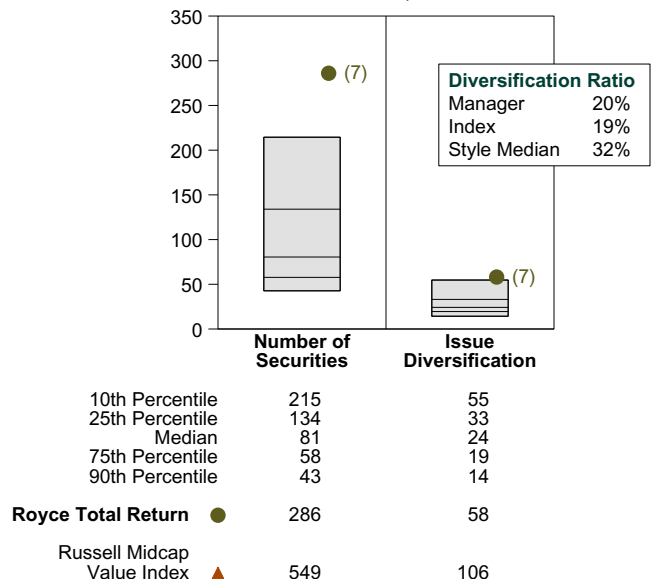
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

### Sector Allocation March 31, 2016



### Diversification March 31, 2016





# Morgan Stanley Period Ended March 31, 2016

## Investment Philosophy

Morgan Stanley believes that sustainable growth that exceeds market expectations will produce superior investment results. Switched from Class I shares to Class IS shares in February 2014.

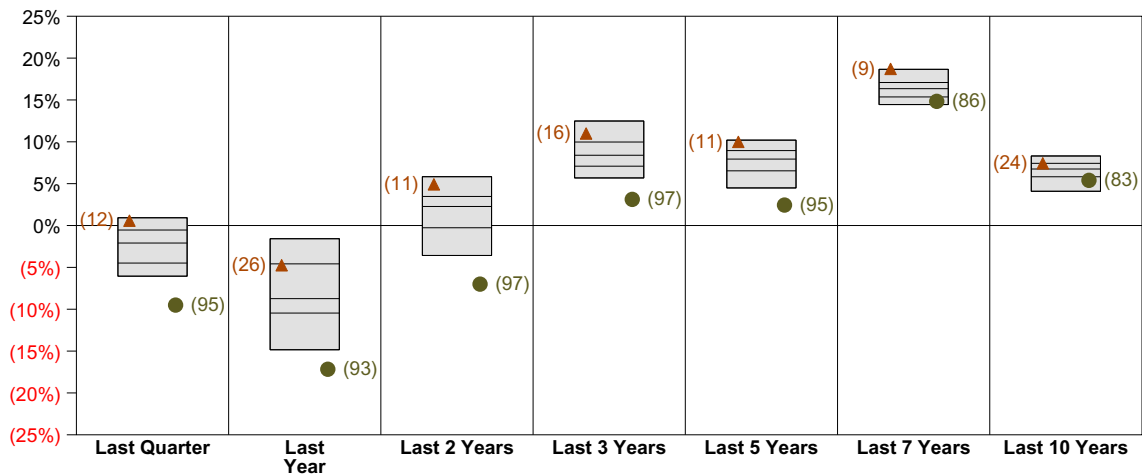
## Quarterly Summary and Highlights

- Morgan Stanley's portfolio posted a (9.51)% return for the quarter placing it in the 95 percentile of the CAI MF - Mid Cap Growth Style group for the quarter and in the 93 percentile for the last year.
- Morgan Stanley's portfolio underperformed the Russell MidCap Growth Idx by 10.09% for the quarter and underperformed the Russell MidCap Growth Idx for the year by 12.43%.

## Quarterly Asset Growth

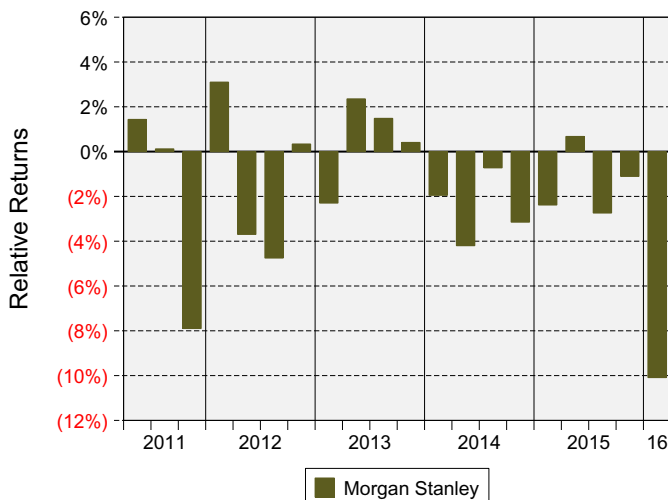
Beginning Market Value	\$4,558,033
Net New Investment	\$0
Investment Gains/(Losses)	\$-433,305
Ending Market Value	\$4,124,728

## Performance vs CAI MF - Mid Cap Growth Style (Net)

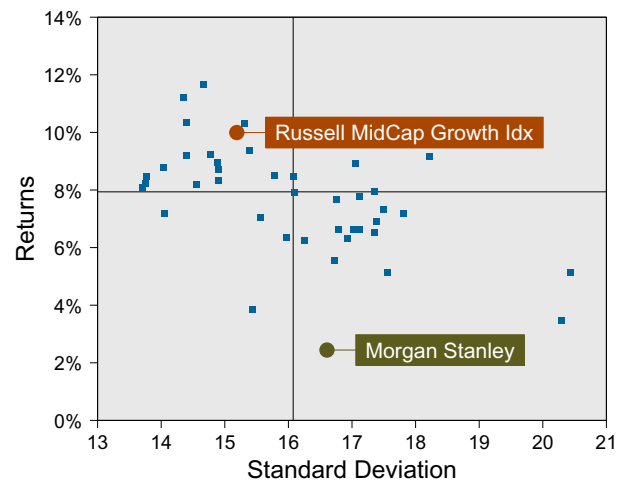


10th Percentile	0.93	(1.58)	5.83	12.48	10.20	18.66	8.31
25th Percentile	(0.54)	(4.58)	3.47	9.97	8.95	17.08	7.43
Median	(2.09)	(8.74)	2.28	8.40	7.94	16.35	6.75
75th Percentile	(4.49)	(10.46)	(0.27)	7.09	6.53	15.36	5.82
90th Percentile	(6.05)	(14.84)	(3.58)	5.68	4.49	14.45	4.09
<b>Morgan Stanley</b> ●	<b>(9.51)</b>	<b>(17.17)</b>	<b>(7.00)</b>	<b>3.12</b>	<b>2.44</b>	<b>14.83</b>	<b>5.40</b>
Russell MidCap Growth Idx ▲	0.58	(4.75)	4.92	10.99	9.99	18.71	7.43

## Relative Return vs Russell MidCap Growth Idx



## CAI MF - Mid Cap Growth Style (Net) Annualized Five Year Risk vs Return

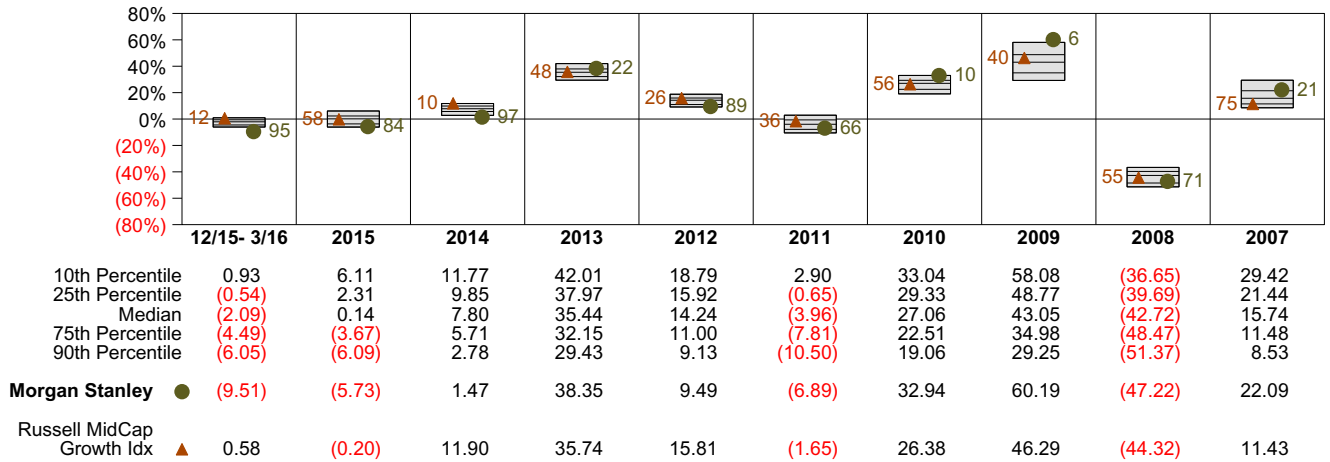


# Morgan Stanley Return Analysis Summary

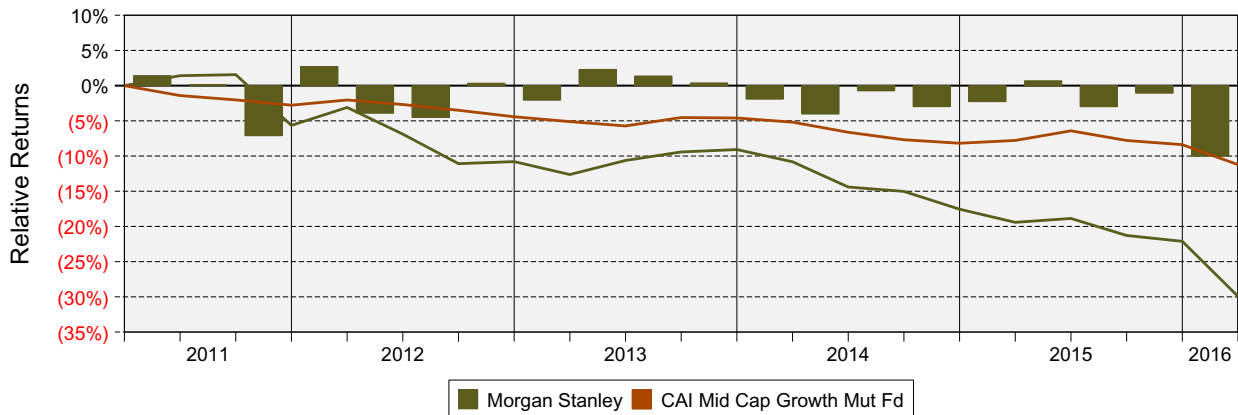
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

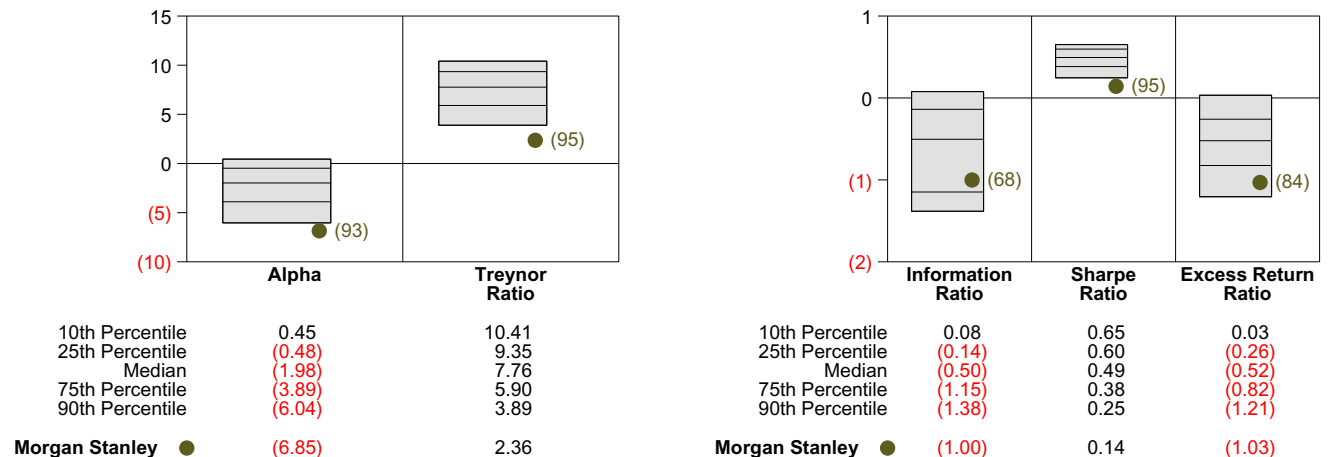
### Performance vs CAI MF - Mid Cap Growth Style (Net)



### Cumulative and Quarterly Relative Return vs Russell MidCap Growth Idx



### Risk Adjusted Return Measures vs Russell MidCap Growth Idx Rankings Against CAI MF - Mid Cap Growth Style (Net) Five Years Ended March 31, 2016

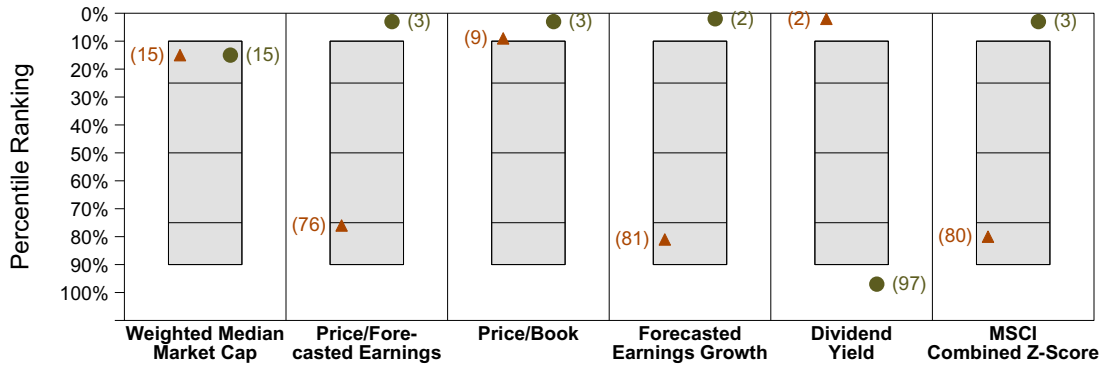


# Morgan Stanley Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

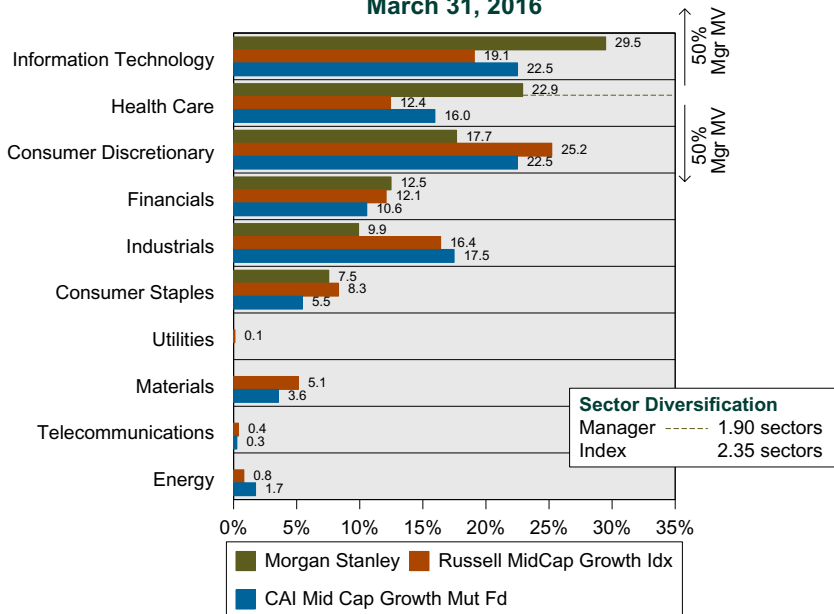
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Mid Cap Growth Style as of March 31, 2016



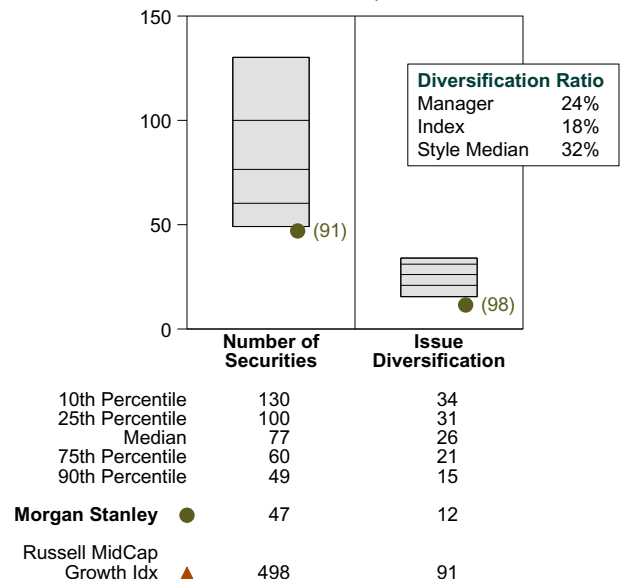
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

### Sector Allocation March 31, 2016



### Diversification March 31, 2016



# Janus Enterprise Period Ended March 31, 2016

## Investment Philosophy

Janus believes that investing in companies with sustainable growth and high return on invested capital can drive consistent returns with moderate risk. The team seeks to identify mid cap companies with high quality management teams that wisely allocate capital to drive growth over time. Switched from Class T Shares to Class I Shares in December 2009.

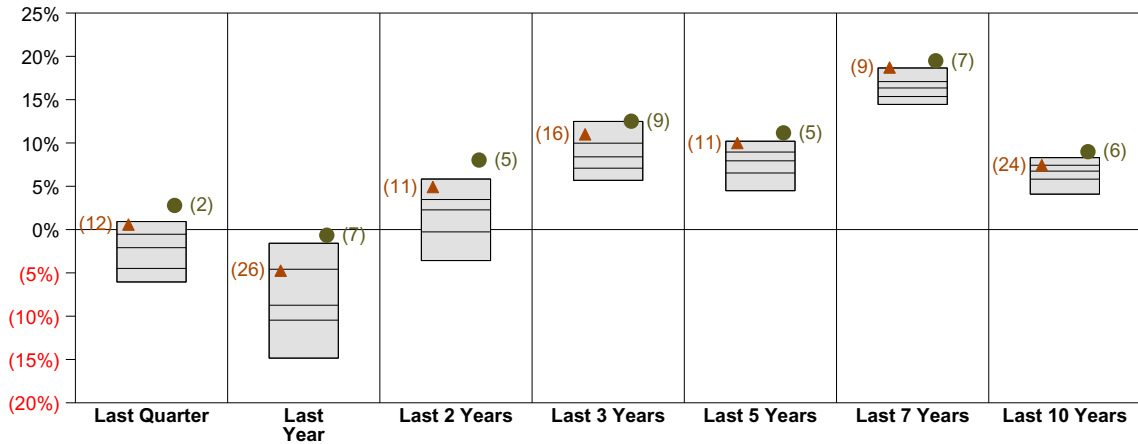
## Quarterly Summary and Highlights

- Janus Enterprise's portfolio posted a 2.79% return for the quarter placing it in the 2 percentile of the CAI MF - Mid Cap Growth Style group for the quarter and in the 7 percentile for the last year.
- Janus Enterprise's portfolio outperformed the Russell MidCap Growth Idx by 2.21% for the quarter and outperformed the Russell MidCap Growth Idx for the year by 4.09%.

## Quarterly Asset Growth

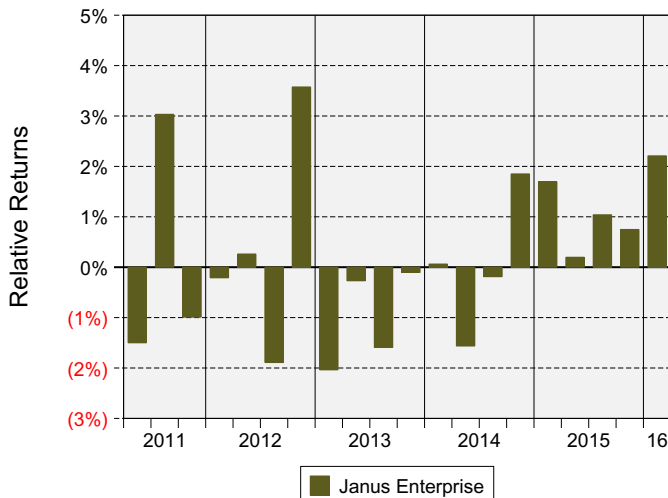
Beginning Market Value	\$5,254,406
Net New Investment	\$0
Investment Gains/(Losses)	\$146,445
Ending Market Value	\$5,400,851

## Performance vs CAI MF - Mid Cap Growth Style (Net)

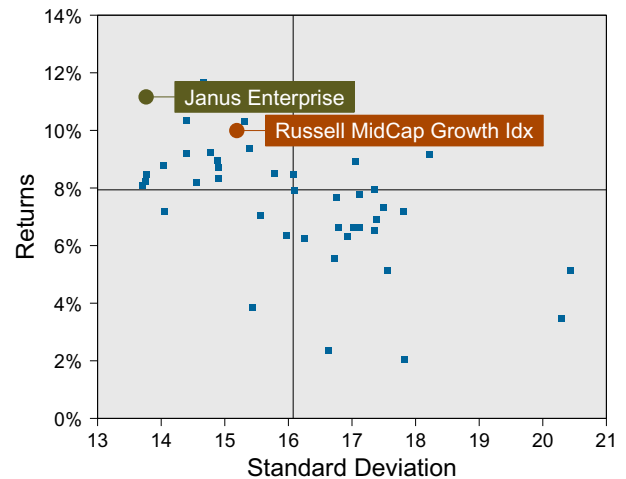


10th Percentile	0.93	(1.58)	5.83	12.48	10.20	18.66	8.31
25th Percentile	(0.54)	(4.58)	3.47	9.97	8.95	17.08	7.43
Median	(2.09)	(8.74)	2.28	8.40	7.94	16.35	6.75
75th Percentile	(4.49)	(10.46)	(0.27)	7.09	6.53	15.36	5.82
90th Percentile	(6.05)	(14.84)	(3.58)	5.68	4.49	14.45	4.09
<b>Janus Enterprise</b> ●	2.79	(0.65)	8.03	12.51	11.16	19.49	8.99
Russell MidCap Growth Idx ▲	0.58	(4.75)	4.92	10.99	9.99	18.71	7.43

## Relative Return vs Russell MidCap Growth Idx



## CAI MF - Mid Cap Growth Style (Net) Annualized Five Year Risk vs Return

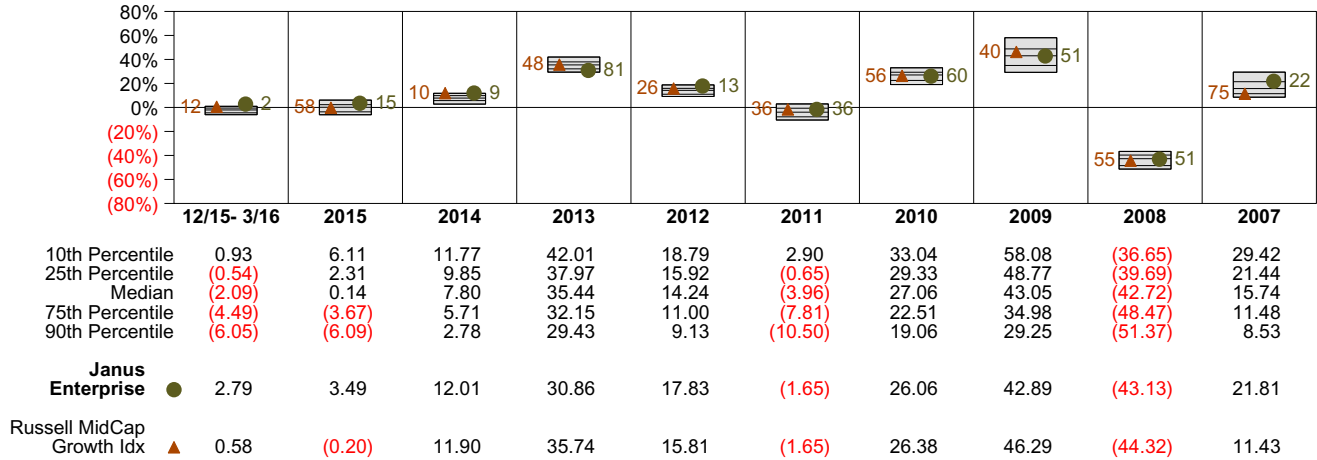


# Janus Enterprise Return Analysis Summary

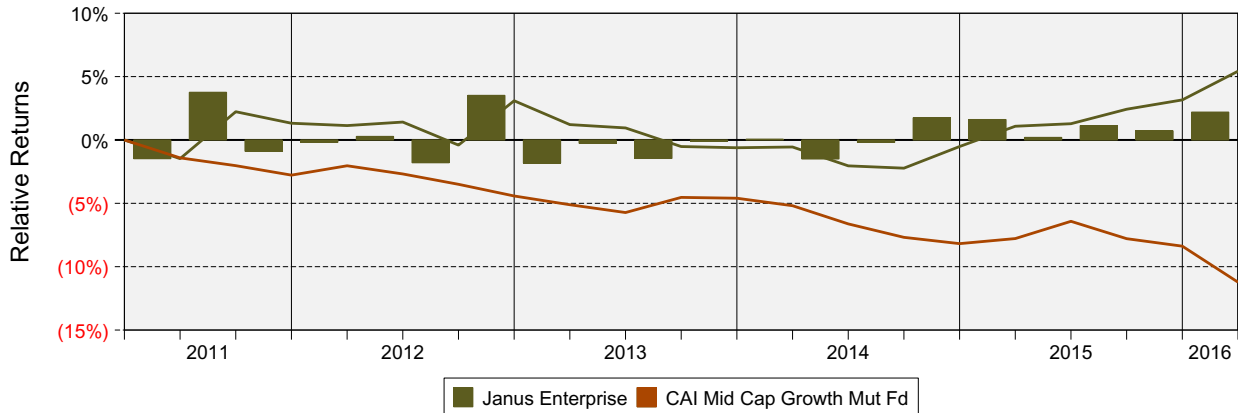
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

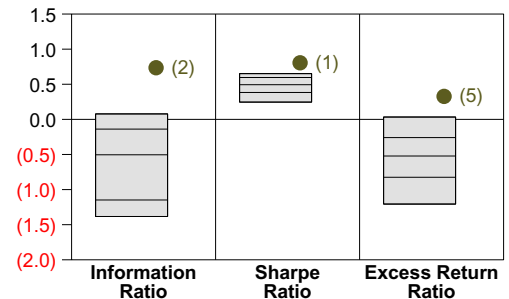
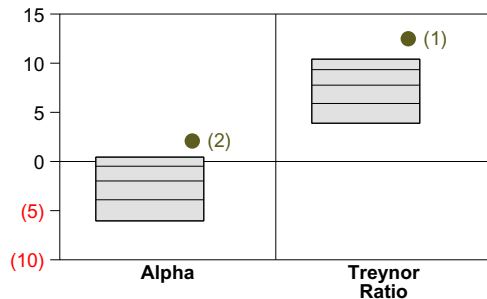
### Performance vs CAI MF - Mid Cap Growth Style (Net)



### Cumulative and Quarterly Relative Return vs Russell MidCap Growth Idx



### Risk Adjusted Return Measures vs Russell MidCap Growth Idx Rankings Against CAI MF - Mid Cap Growth Style (Net) Five Years Ended March 31, 2016

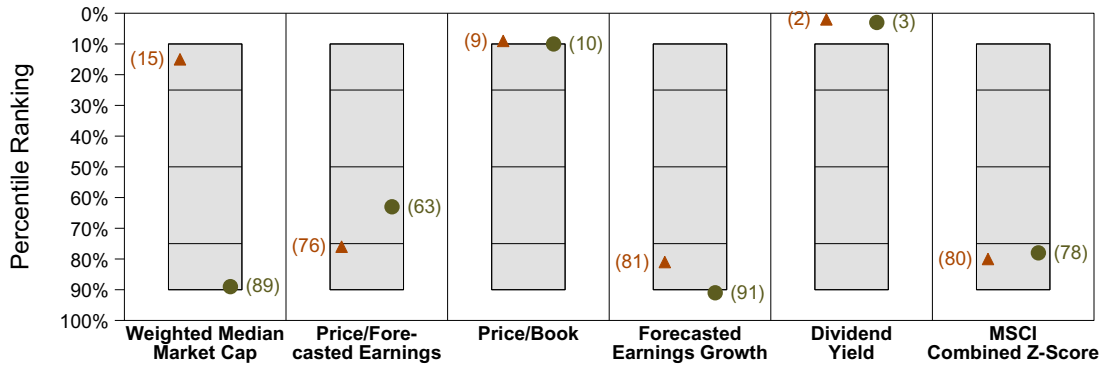


# Janus Enterprise Equity Characteristics Analysis Summary

## Portfolio Characteristics

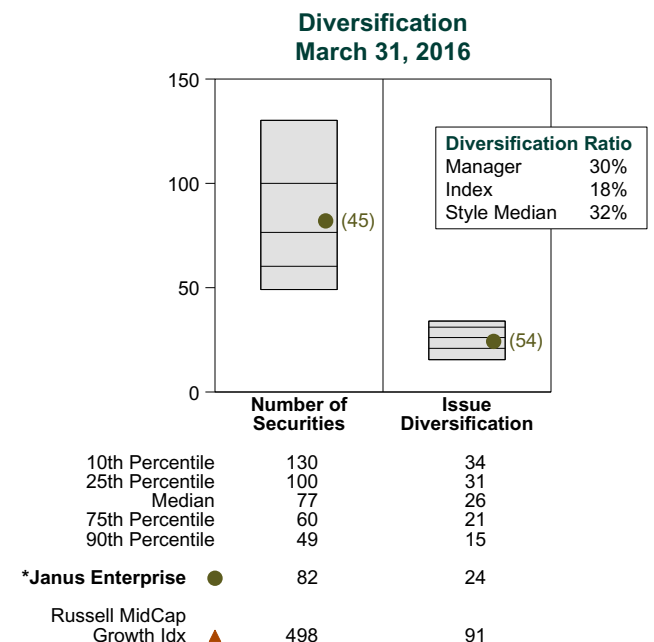
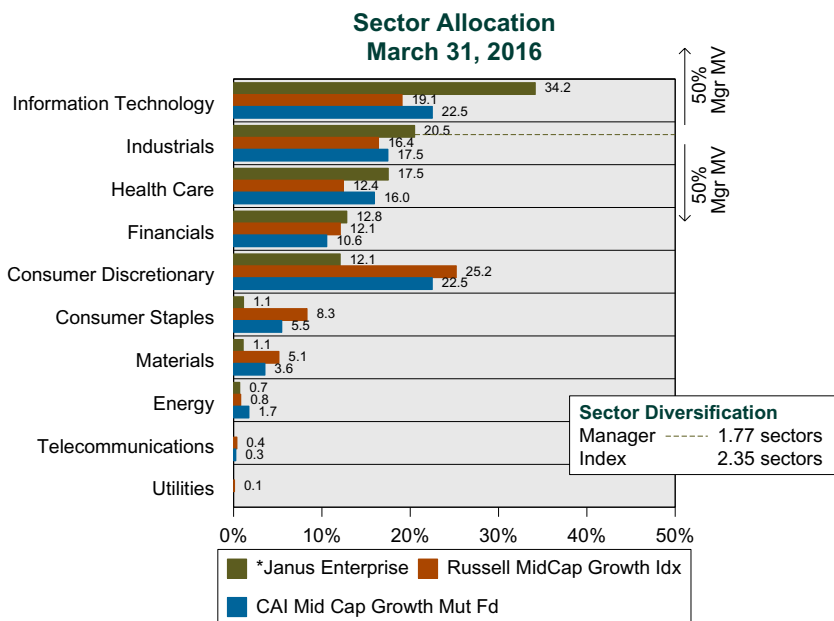
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Mid Cap Growth Style as of March 31, 2016



## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



\*3/31/16 portfolio characteristics generated using most recently available holdings (12/31/15) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

# Prudential Small Cap Value Period Ended March 31, 2016

## Investment Philosophy

QMA believes a systematic approach that focuses on stocks with low valuations and confirming signals of attractiveness can outperform a small cap value benchmark. Its research shows that adapting to changing market conditions by dynamically shifting the weight on specific factors, while simultaneously maintaining a focus on value stocks, leads to better performance than using static factor exposures. Switched share class in September 2015.

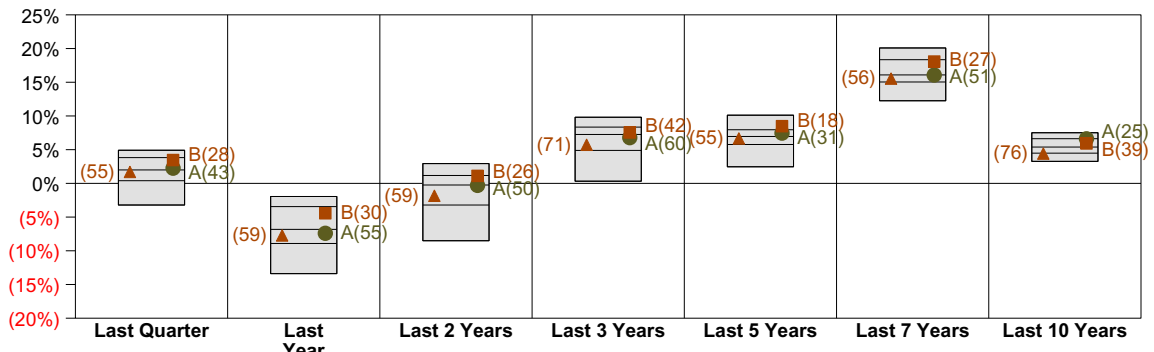
## Quarterly Summary and Highlights

- Prudential Small Cap Value's portfolio posted a 2.25% return for the quarter placing it in the 43 percentile of the CAI MF - Small Cap Value Style group for the quarter and in the 55 percentile for the last year.
- Prudential Small Cap Value's portfolio outperformed the Russell 2000 Value Index by 0.55% for the quarter and outperformed the Russell 2000 Value Index for the year by 0.32%.

## Quarterly Asset Growth

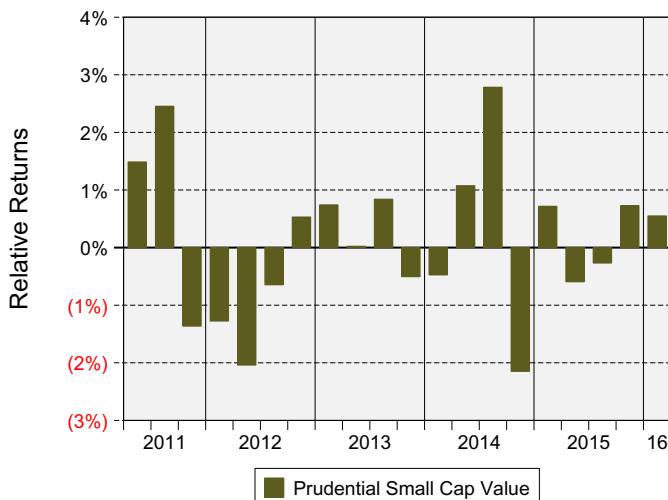
Beginning Market Value	\$11,838,238
Net New Investment	\$0
Investment Gains/(Losses)	\$266,594
Ending Market Value	\$12,104,831

## Performance vs CAI MF - Small Cap Value Style (Net)

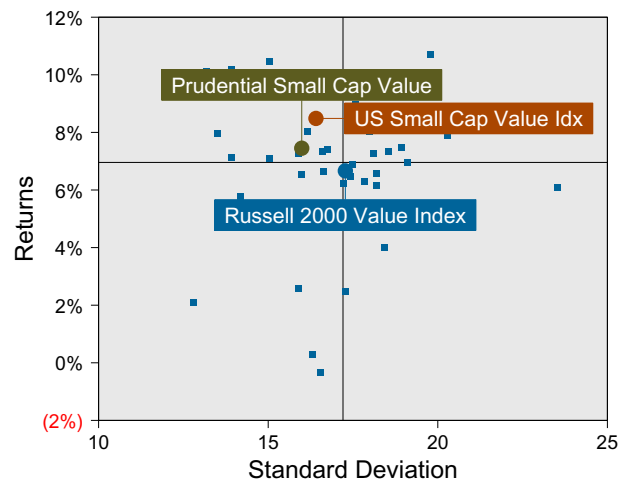


10th Percentile	4.91	(1.95)	2.94	9.81	10.12	20.09	7.51	
25th Percentile	3.82	(3.44)	1.17	8.35	7.96	18.35	6.63	
Median	1.99	(6.82)	(0.24)	7.25	6.96	16.09	5.39	
75th Percentile	0.40	(8.91)	(3.21)	4.89	5.77	15.04	4.48	
90th Percentile	(3.21)	(13.39)	(8.51)	0.32	2.46	12.25	3.26	
Prudential Small Cap Value	● A	2.25	(7.40)	(0.30)	6.78	7.45	16.07	6.61
US Small Cap Value Idx	■ B	3.46	(4.44)	1.11	7.55	8.49	18.07	5.92
Russell 2000 Value Index	▲	1.70	(7.72)	(1.84)	5.73	6.67	15.54	4.42

## Relative Return vs Russell 2000 Value Index



## CAI MF - Small Cap Value Style (Net) Annualized Five Year Risk vs Return

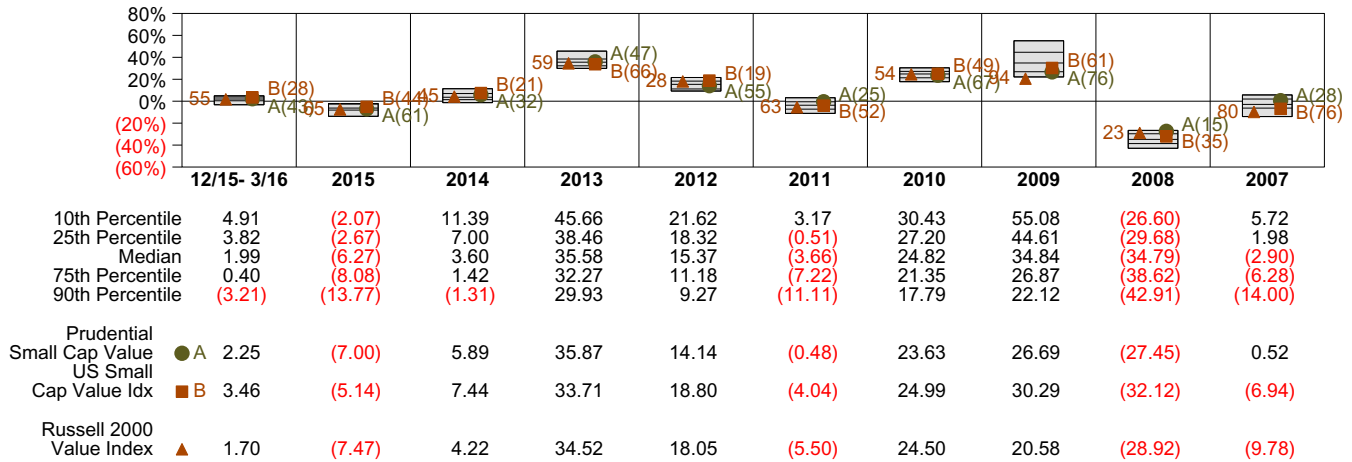


# Prudential Small Cap Value Return Analysis Summary

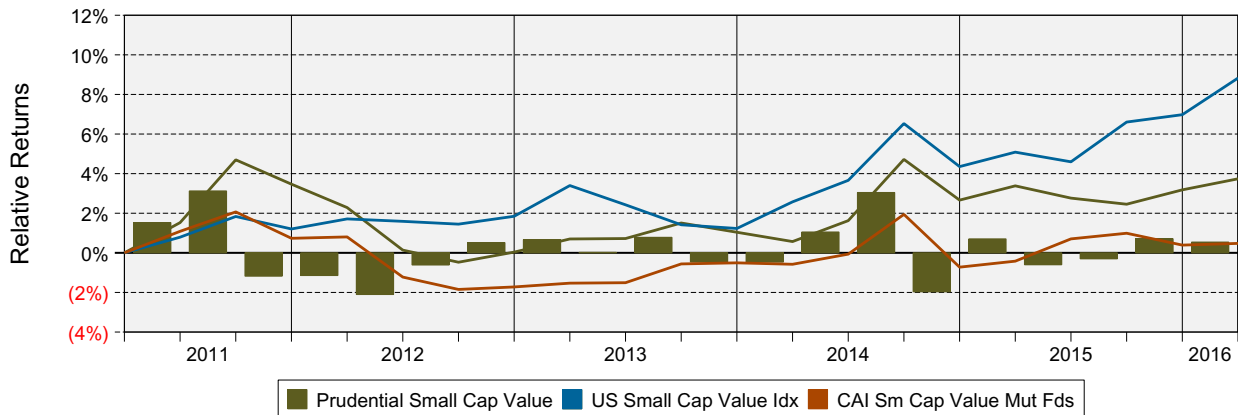
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

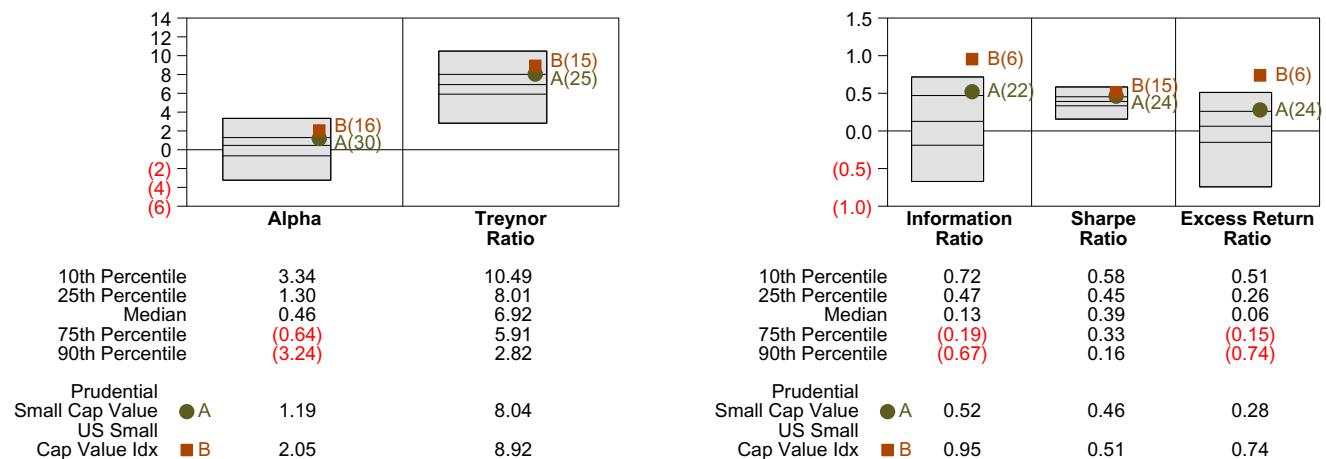
### Performance vs CAI MF - Small Cap Value Style (Net)



### Cumulative and Quarterly Relative Return vs Russell 2000 Value Index



### Risk Adjusted Return Measures vs Russell 2000 Value Index Rankings Against CAI MF - Small Cap Value Style (Net) Five Years Ended March 31, 2016



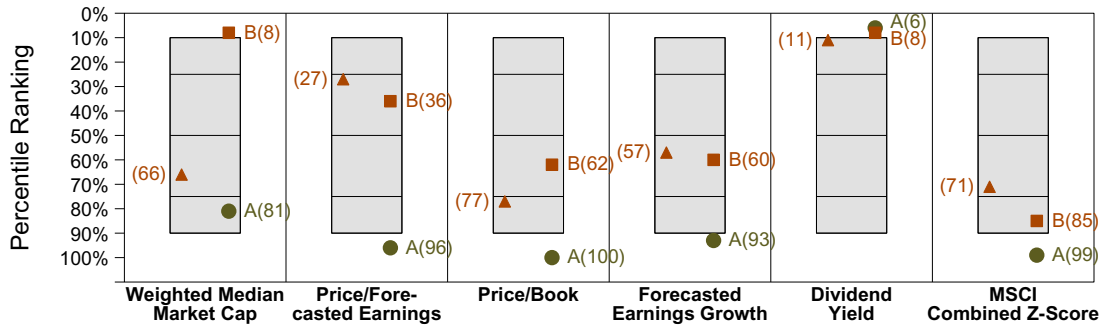


# Prudential Small Cap Value Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Small Cap Value Style as of March 31, 2016

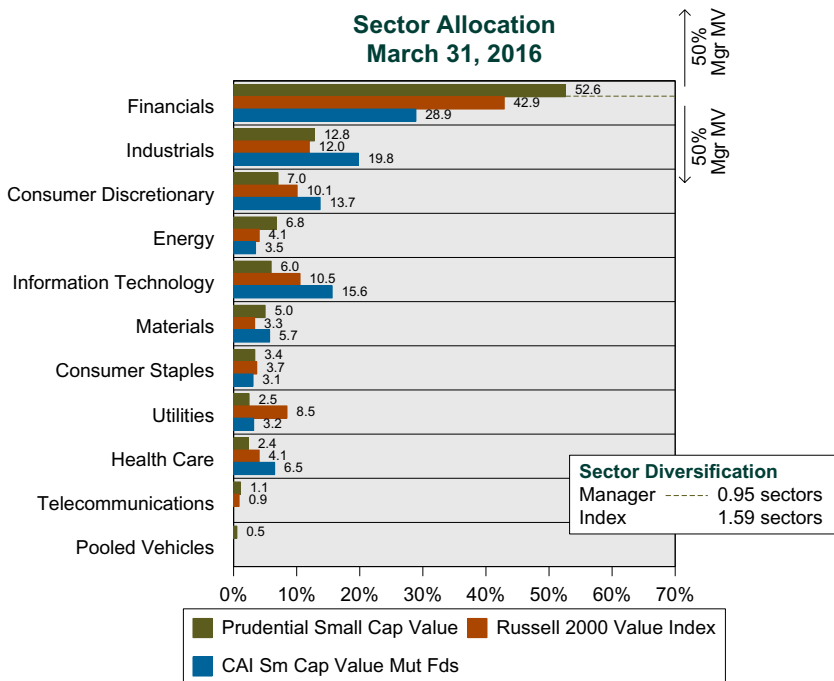


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	2.53	20.39	1.96	11.93	2.60	(0.11)
25th Percentile	2.02	19.07	1.75	11.26	2.10	(0.16)
Median	1.65	16.73	1.62	10.28	1.68	(0.29)
75th Percentile	1.34	15.31	1.37	8.44	1.54	(0.50)
90th Percentile	0.76	13.81	1.21	6.83	1.36	(0.64)
Prudential Small Cap Value	● A	1.27	12.74	6.35	3.14	(0.93)
US Small Cap Value Idx	■ B	2.54	17.85	9.03	2.86	(0.60)
Russell 2000 Value Index	▲	1.55	18.85	9.54	2.39	(0.47)

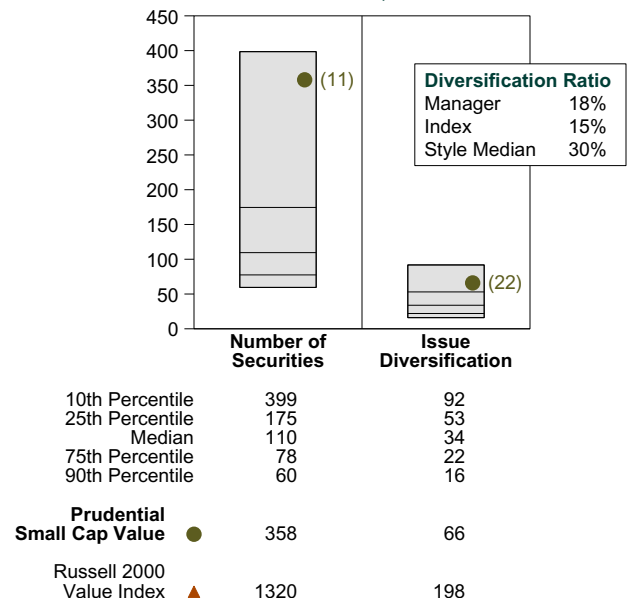
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

### Sector Allocation March 31, 2016



### Diversification March 31, 2016



# AB US Small Growth Period Ended March 31, 2016

## Investment Philosophy

AB's small cap growth investment process emphasizes in-house fundamental research and direct management contact in order to identify rapidly growing companies with accelerating earnings power and reasonable valuations.

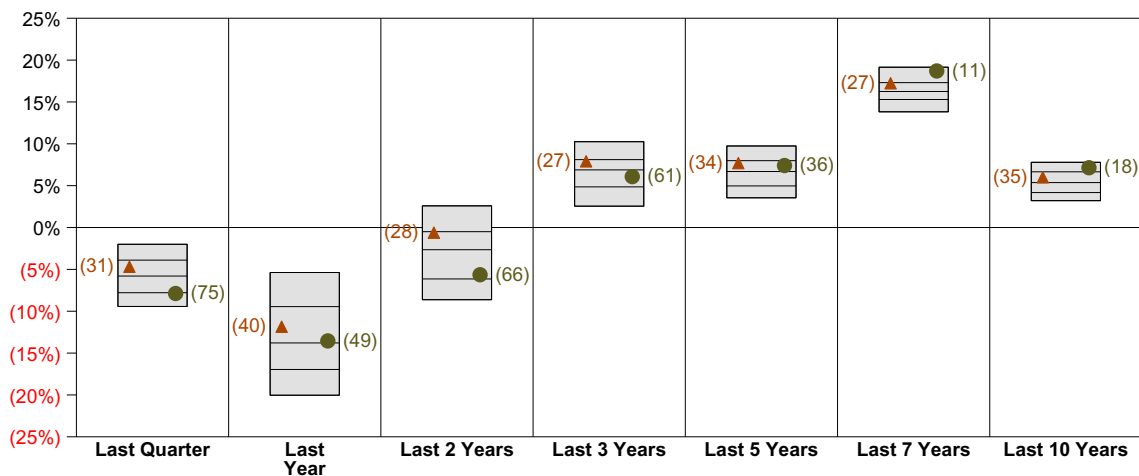
## Quarterly Summary and Highlights

- AB US Small Growth's portfolio posted a (7.88)% return for the quarter placing it in the 75 percentile of the CAI MF-Small Cap Growth Style group for the quarter and in the 49 percentile for the last year.
- AB US Small Growth's portfolio underperformed the Russell 2000 Growth Index by 3.20% for the quarter and underperformed the Russell 2000 Growth Index for the year by 1.70%.

## Quarterly Asset Growth

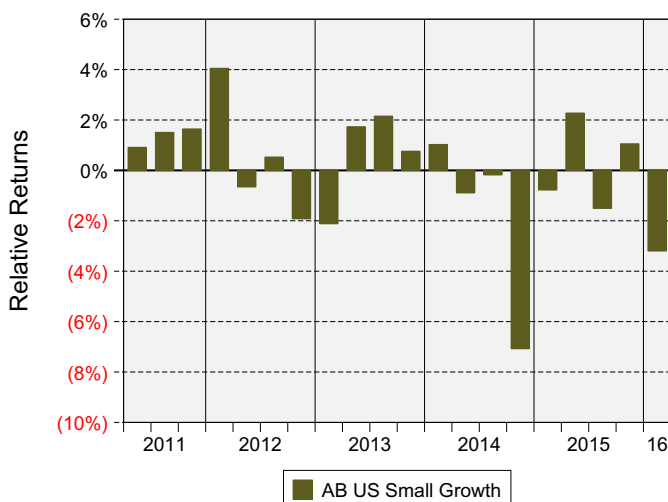
Beginning Market Value	\$6,492,575
Net New Investment	\$0
Investment Gains/(Losses)	\$-511,618
Ending Market Value	\$5,980,957

## Performance vs CAI MF- Small Cap Growth Style (Net)

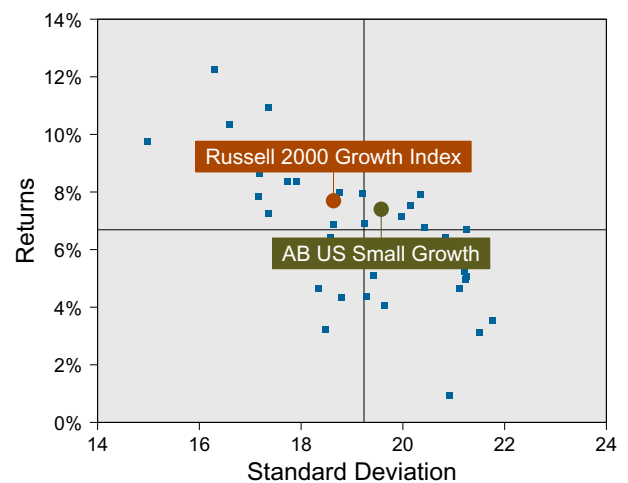


10th Percentile	(2.00)	(5.37)	2.59	10.25	9.74	19.15	7.79
25th Percentile	(3.90)	(9.45)	(0.50)	8.11	7.99	17.31	6.65
Median	(5.80)	(13.79)	(2.65)	6.88	6.69	16.25	5.37
75th Percentile	(7.79)	(16.96)	(6.14)	4.85	4.97	15.29	4.18
90th Percentile	(9.43)	(20.03)	(8.62)	2.55	3.55	13.82	3.21
<b>AB US Small Growth</b>	<b>(7.88)</b>	<b>(13.55)</b>	<b>(5.64)</b>	<b>6.08</b>	<b>7.40</b>	<b>18.70</b>	<b>7.14</b>
Russell 2000 Growth Index	(4.68)	(11.84)	(0.61)	7.91	7.70	17.23	6.00

## Relative Return vs Russell 2000 Growth Index



## CAI MF- Small Cap Growth Style (Net) Annualized Five Year Risk vs Return

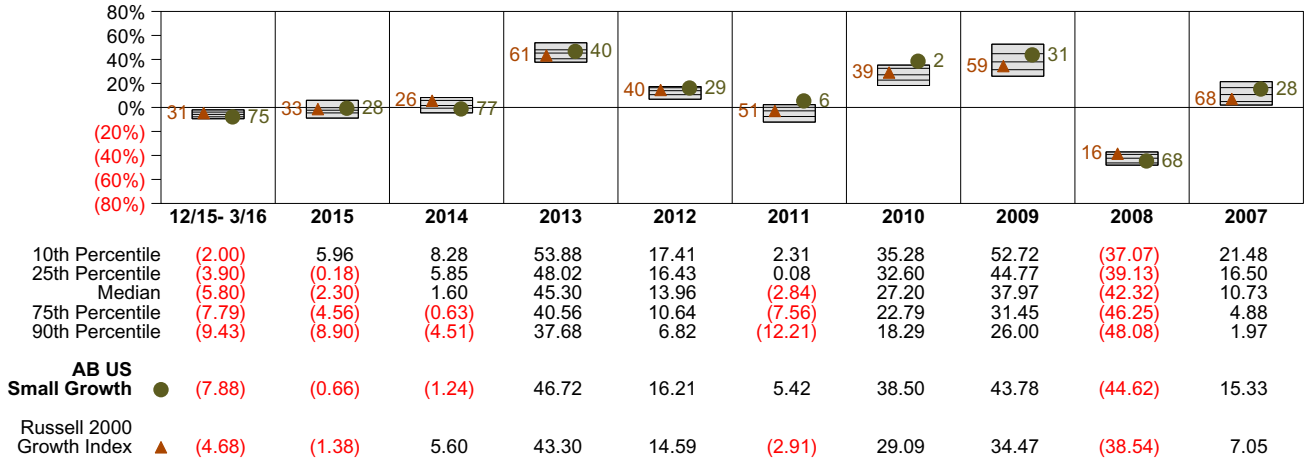


# AB US Small Growth Return Analysis Summary

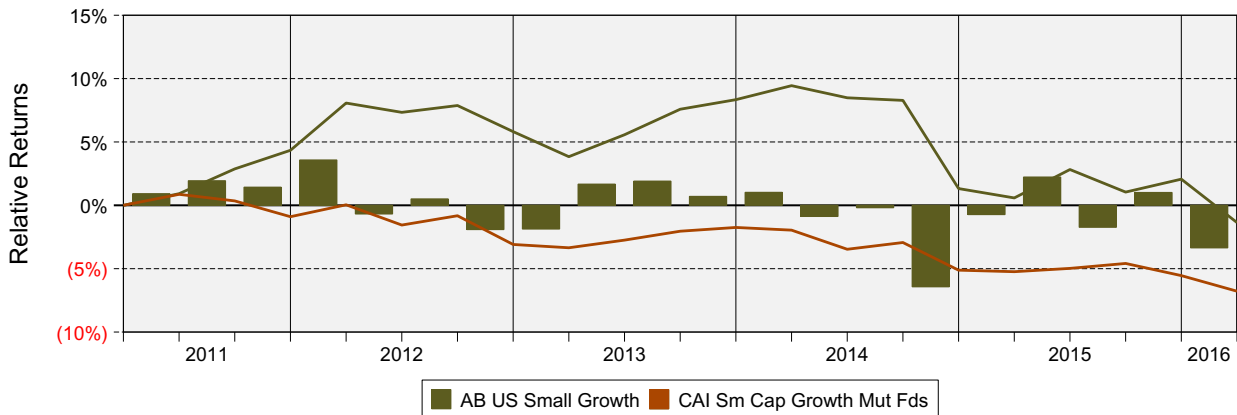
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

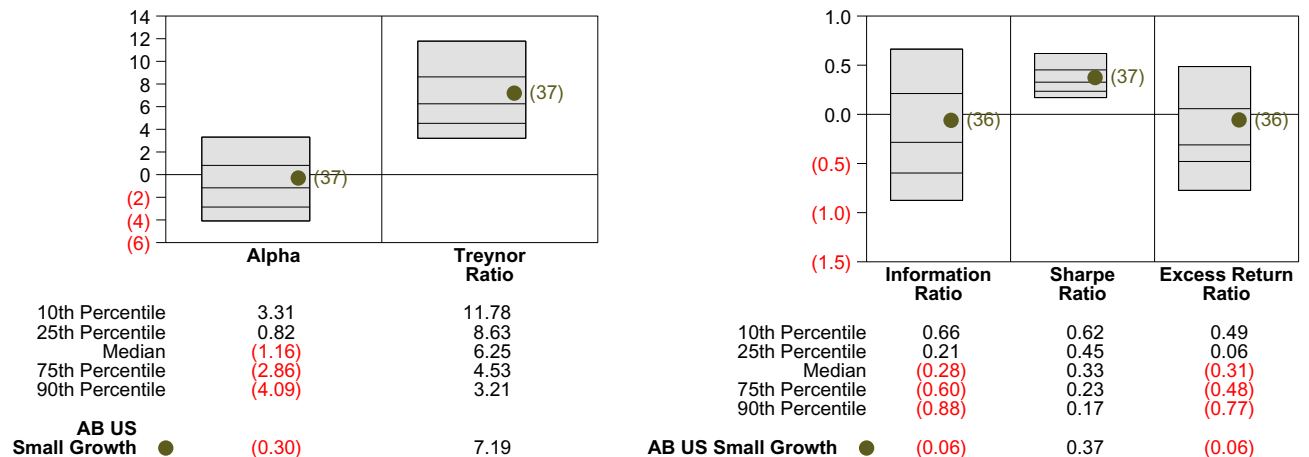
### Performance vs CAI MF- Small Cap Growth Style (Net)



### Cumulative and Quarterly Relative Return vs Russell 2000 Growth Index



### Risk Adjusted Return Measures vs Russell 2000 Growth Index Rankings Against CAI MF- Small Cap Growth Style (Net) Five Years Ended March 31, 2016

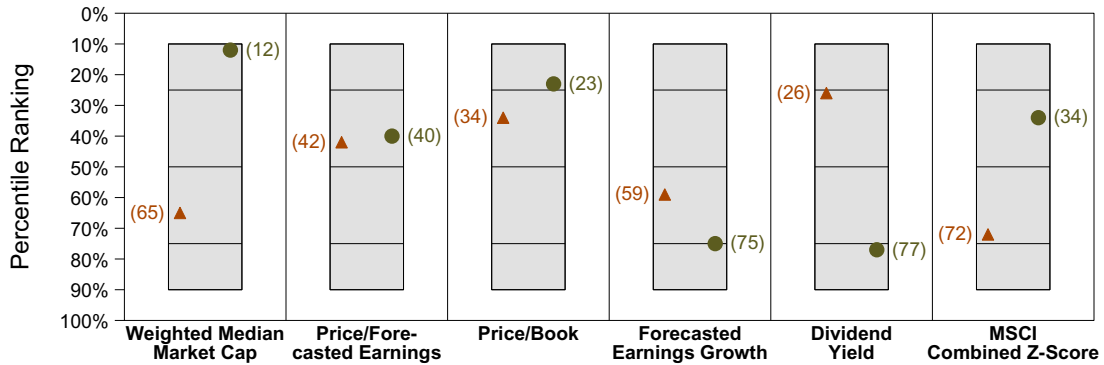


# AB US Small Growth Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF- Small Cap Growth Style as of March 31, 2016

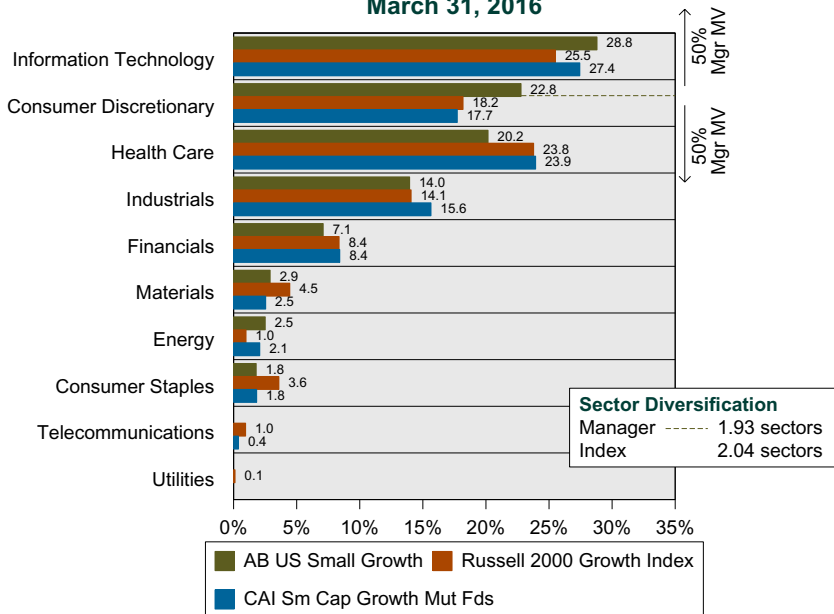


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	2.68	47.92	4.13	21.83	1.01	1.07
25th Percentile	2.30	33.58	3.55	19.66	0.82	0.89
Median	2.03	26.91	3.28	17.81	0.59	0.67
75th Percentile	1.62	23.73	2.78	15.92	0.50	0.58
90th Percentile	1.45	21.55	2.65	15.07	0.21	0.44
<b>AB US Small Growth</b> ●	2.67	29.78	3.60	15.93	0.40	0.79
Russell 2000 Growth Index ▲	1.84	29.28	3.42	16.97	0.82	0.59

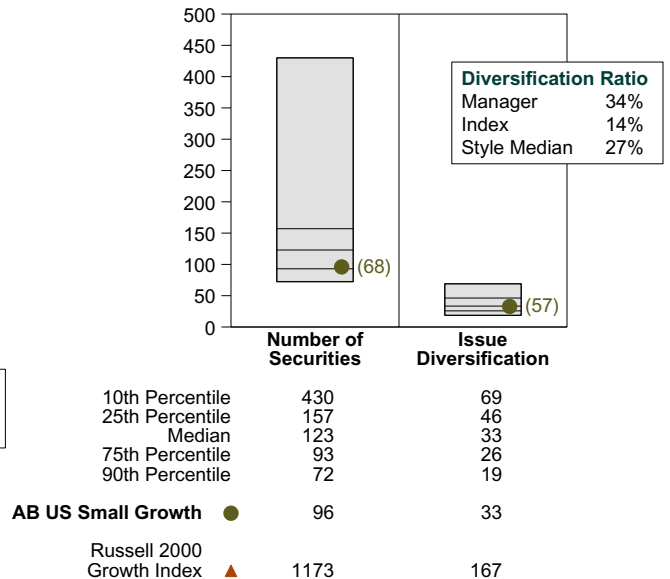
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

### Sector Allocation March 31, 2016



### Diversification March 31, 2016



# RS Investments

## Period Ended March 31, 2016

### Investment Philosophy

RS Growth Team's investment philosophy is based upon the belief that long term capital appreciation can be achieved by exploiting opportunities where an information gap exists. They believe that companies with developing or proven competitive advantages and strong fundamentals can be identified early in their growth cycle, through insightful fundamental research performed by experienced analysts and proprietary quantitative tools. Switched from Class A Shares to Class Y Shares in December 2009.

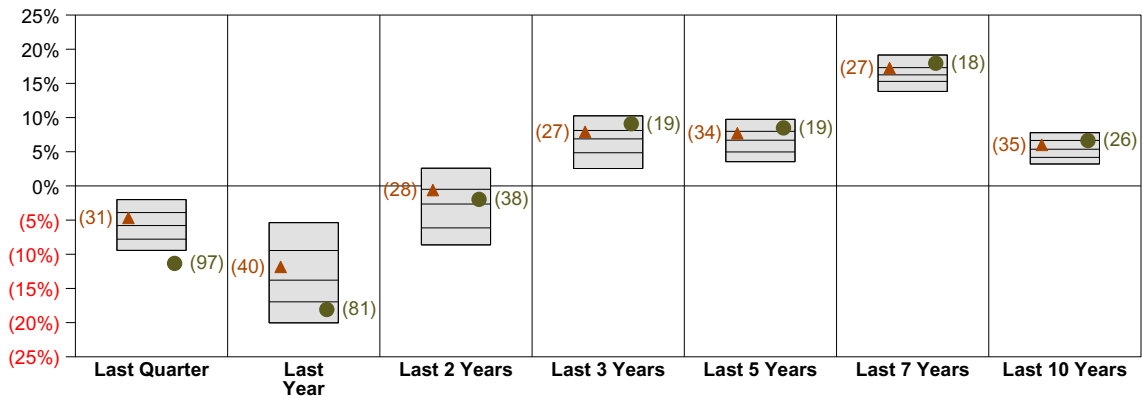
### Quarterly Summary and Highlights

- RS Investments's portfolio posted a (11.34)% return for the quarter placing it in the 97 percentile of the CAI MF- Small Cap Growth Style group for the quarter and in the 81 percentile for the last year.
- RS Investments's portfolio underperformed the Russell 2000 Growth Index by 6.66% for the quarter and underperformed the Russell 2000 Growth Index for the year by 6.24%.

### Quarterly Asset Growth

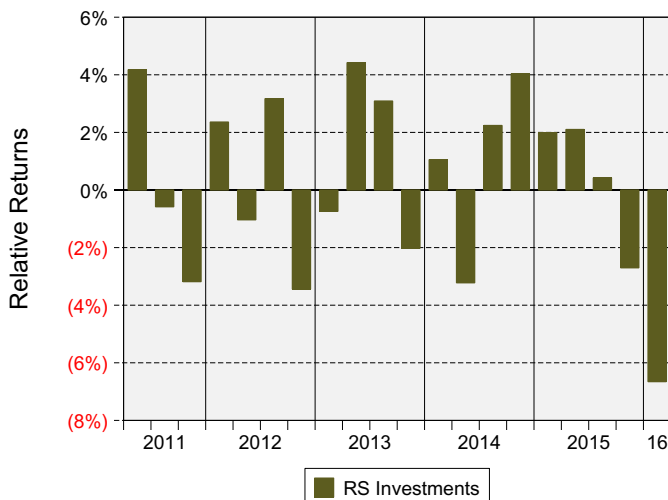
Beginning Market Value	\$5,207,573
Net New Investment	\$0
Investment Gains/(Losses)	\$-590,485
Ending Market Value	\$4,617,088

### Performance vs CAI MF- Small Cap Growth Style (Net)

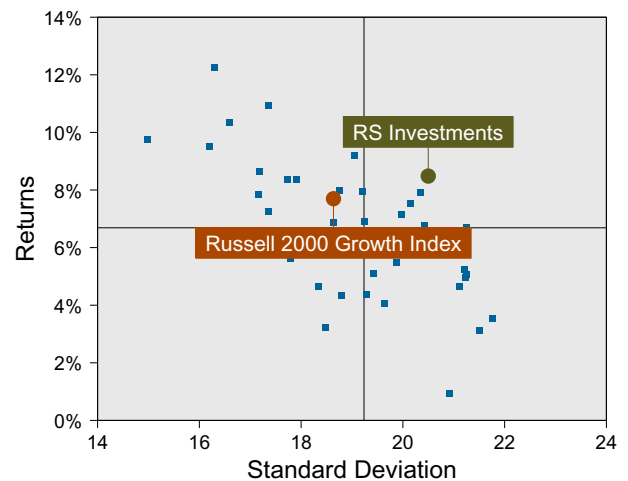


10th Percentile	(2.00)	(5.37)	2.59	10.25	9.74	19.15	7.79
25th Percentile	(3.90)	(9.45)	(0.50)	8.11	7.99	17.31	6.65
Median	(5.80)	(13.79)	(2.65)	6.88	6.69	16.25	5.37
75th Percentile	(7.79)	(16.96)	(6.14)	4.85	4.97	15.29	4.18
90th Percentile	(9.43)	(20.03)	(8.62)	2.55	3.55	13.82	3.21
<b>RS Investments</b>	<b>(11.34)</b>	<b>(18.08)</b>	<b>(1.97)</b>	<b>9.09</b>	<b>8.48</b>	<b>17.95</b>	<b>6.64</b>
Russell 2000 Growth Index	(4.68)	(11.84)	(0.61)	7.91	7.70	17.23	6.00

### Relative Return vs Russell 2000 Growth Index



### CAI MF- Small Cap Growth Style (Net) Annualized Five Year Risk vs Return

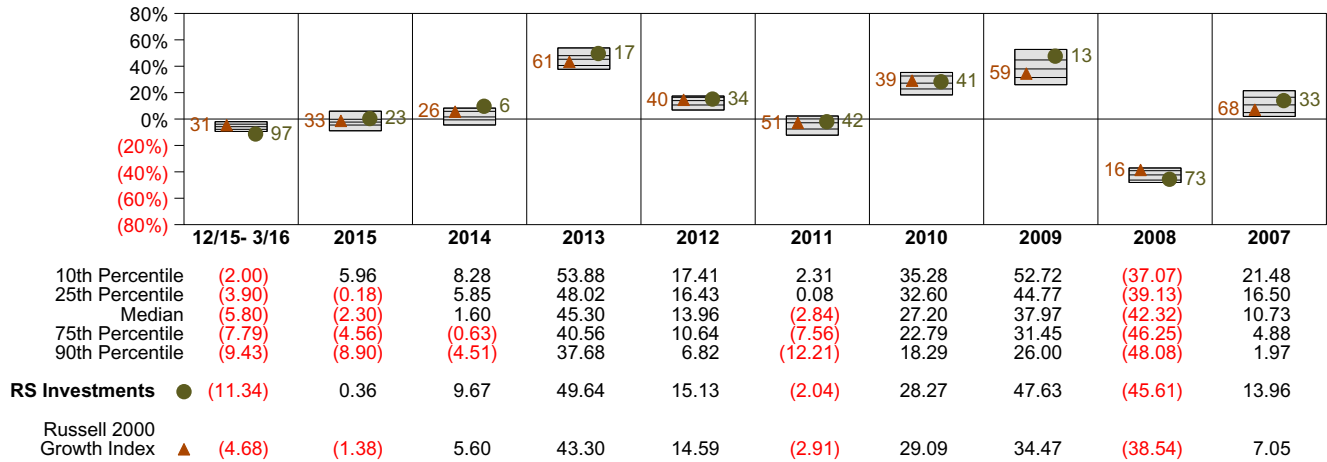


# RS Investments Return Analysis Summary

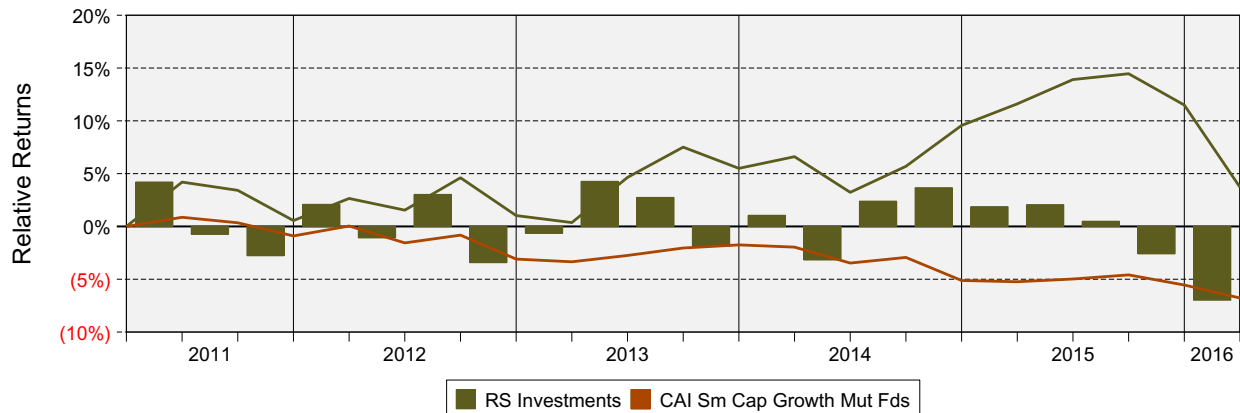
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

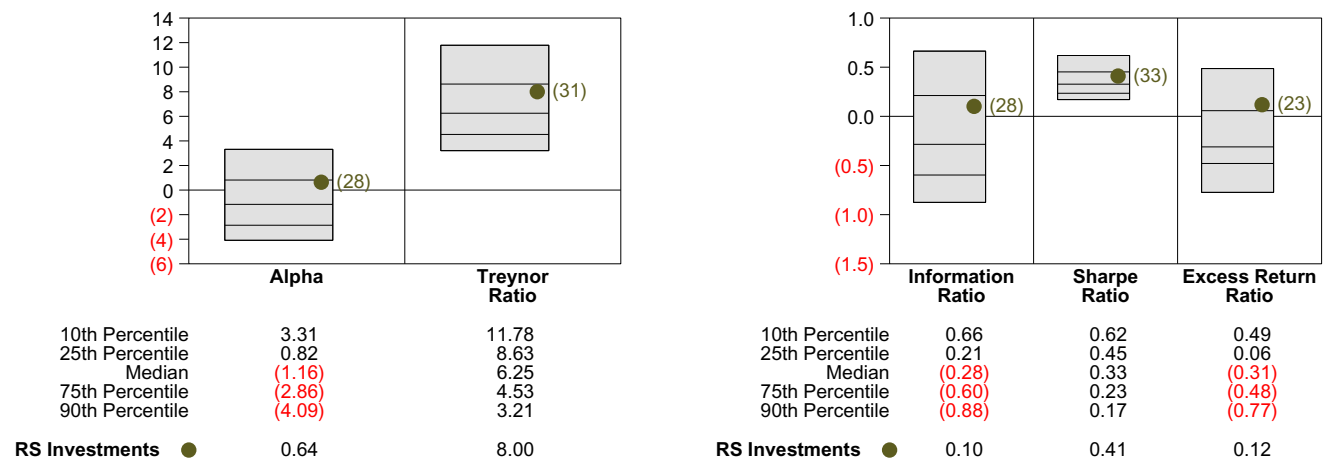
### Performance vs CAI MF- Small Cap Growth Style (Net)



### Cumulative and Quarterly Relative Return vs Russell 2000 Growth Index



### Risk Adjusted Return Measures vs Russell 2000 Growth Index Rankings Against CAI MF- Small Cap Growth Style (Net) Five Years Ended March 31, 2016

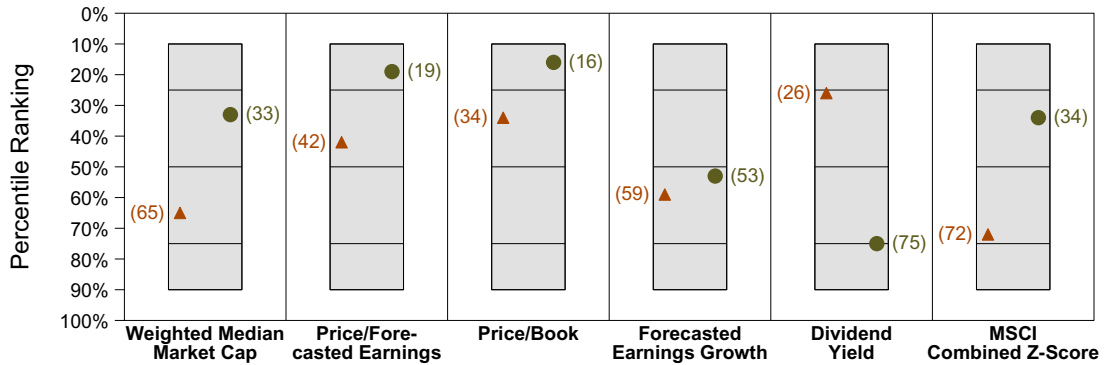


# RS Investments Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF- Small Cap Growth Style as of March 31, 2016

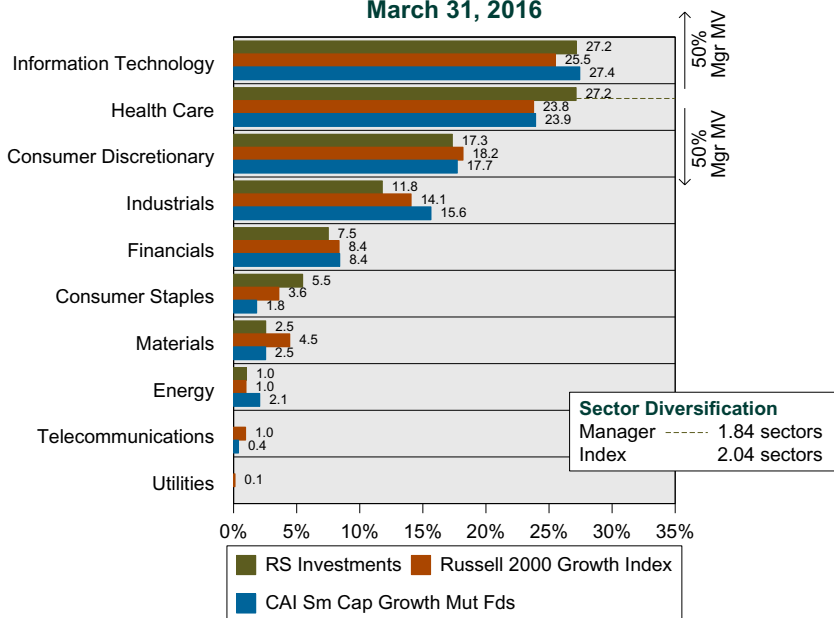


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	2.68	47.92	4.13	21.83	1.01	1.07
25th Percentile	2.30	33.58	3.55	19.66	0.82	0.89
Median	2.03	26.91	3.28	17.81	0.59	0.67
75th Percentile	1.62	23.73	2.78	15.92	0.50	0.58
90th Percentile	1.45	21.55	2.65	15.07	0.21	0.44
<b>RS Investments</b> ●	2.22	39.88	3.77	17.62	0.48	0.79
Russell 2000 Growth Index ▲	1.84	29.28	3.42	16.97	0.82	0.59

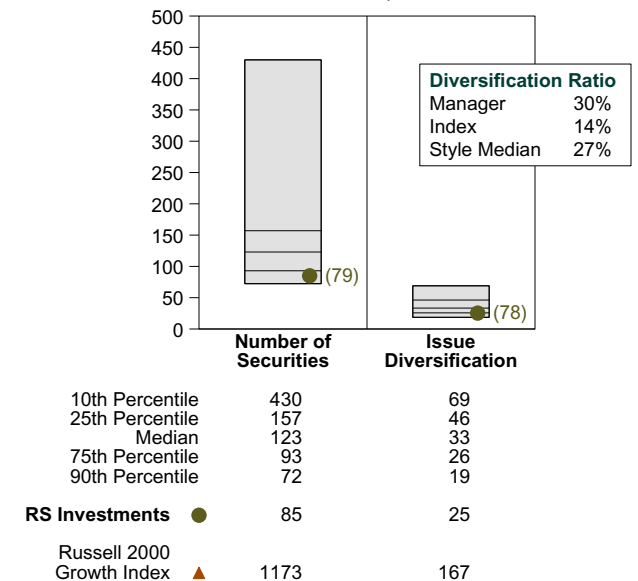
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

### Sector Allocation March 31, 2016



### Diversification March 31, 2016



# AMG Managers Emerging Opportunities Fund Period Ended March 31, 2016

## Investment Philosophy

The Fund's objective is to achieve long term capital appreciation, through the investment of U.S. companies, which at the time of initial purchase have a market capitalization amongst the smallest 5% of companies listed on the U.S. stock markets

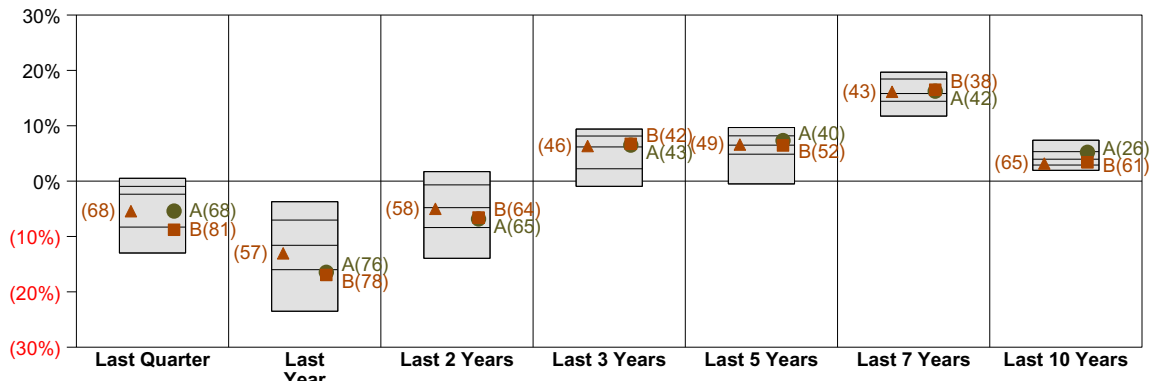
## Quarterly Summary and Highlights

- AMG Managers Emerging Opportunities Fund's portfolio posted a (5.41)% return for the quarter placing it in the 68 percentile of the MF - Micro Cap Obj group for the quarter and in the 76 percentile for the last year.
- AMG Managers Emerging Opportunities Fund's portfolio outperformed the Russell Microcap Index by 0.02% for the quarter and underperformed the Russell Microcap Index for the year by 3.42%.

## Quarterly Asset Growth

Beginning Market Value	\$7,647,392
Net New Investment	\$0
Investment Gains/(Losses)	\$-413,546
Ending Market Value	\$7,233,846

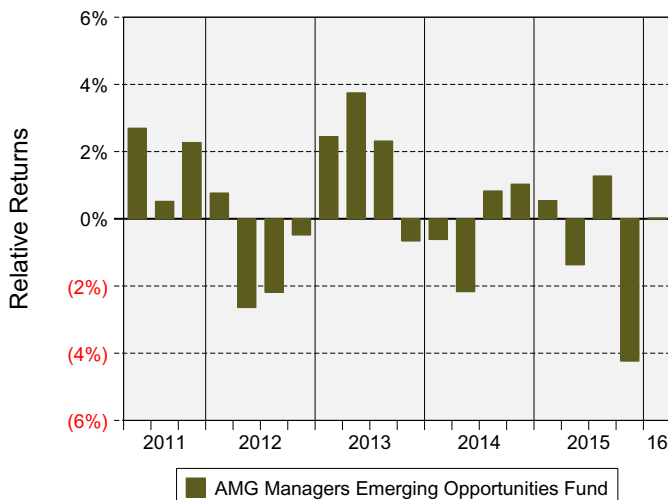
## Performance vs MF - Micro Cap Obj (Net)



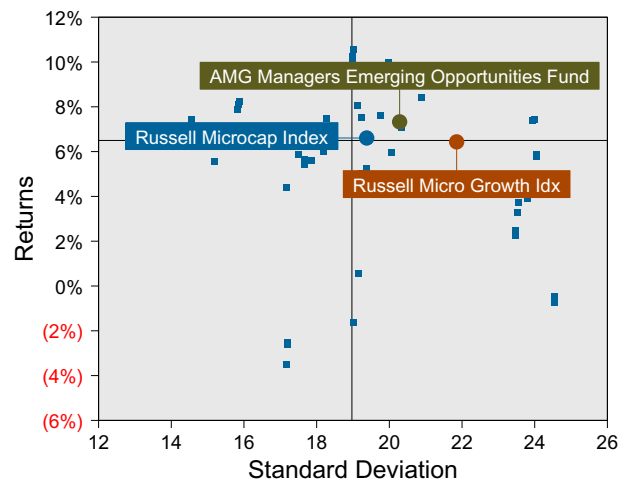
10th Percentile	0.51	(3.72)	1.71	9.40	9.68	19.68	7.39
25th Percentile	(0.95)	(7.04)	(0.68)	8.15	8.18	18.44	5.32
Median	(2.36)	(11.59)	(4.79)	6.17	6.50	15.82	3.96
75th Percentile	(8.30)	(16.00)	(8.39)	2.23	4.87	14.42	2.90
90th Percentile	(12.99)	(23.51)	(13.95)	(0.94)	(0.51)	11.74	1.95

AMG Managers Emerging Opportunities Fund	● A	(5.41)	(16.47)	(6.83)	6.50	7.33	16.25	5.21
Russell Micro Growth Idx	■ B	(8.79)	(16.95)	(6.58)	6.74	6.43	16.51	3.38
Russell Microcap Index	▲	(5.43)	(13.05)	(5.00)	6.34	6.61	16.14	3.18

## Relative Return vs Russell Microcap Index



## MF - Micro Cap Obj (Net) Annualized Five Year Risk vs Return



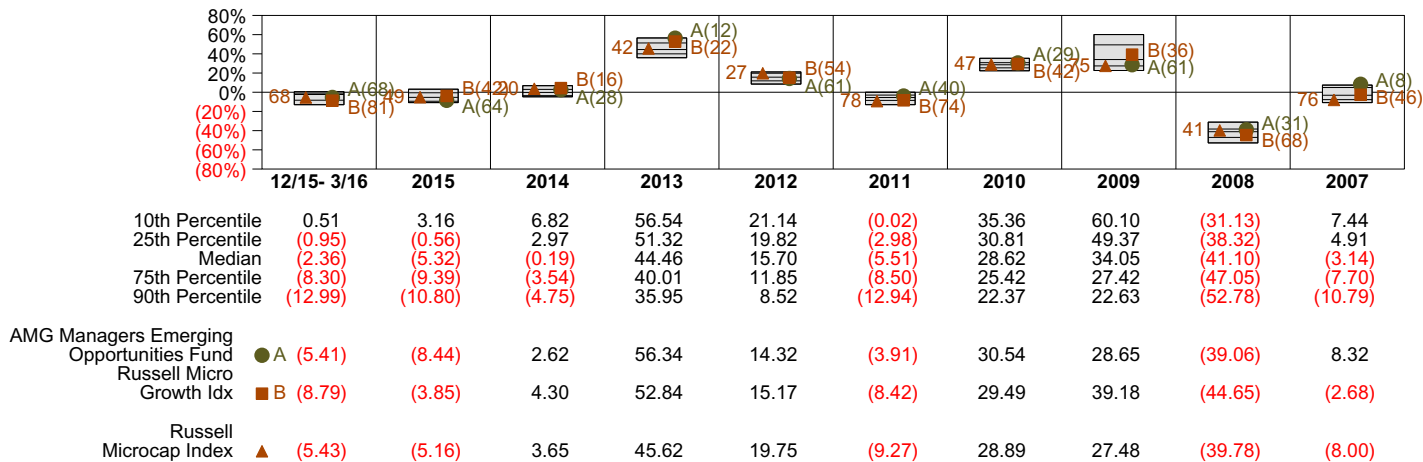


# AMG Managers Emerging Opportunities Fund Return Analysis Summary

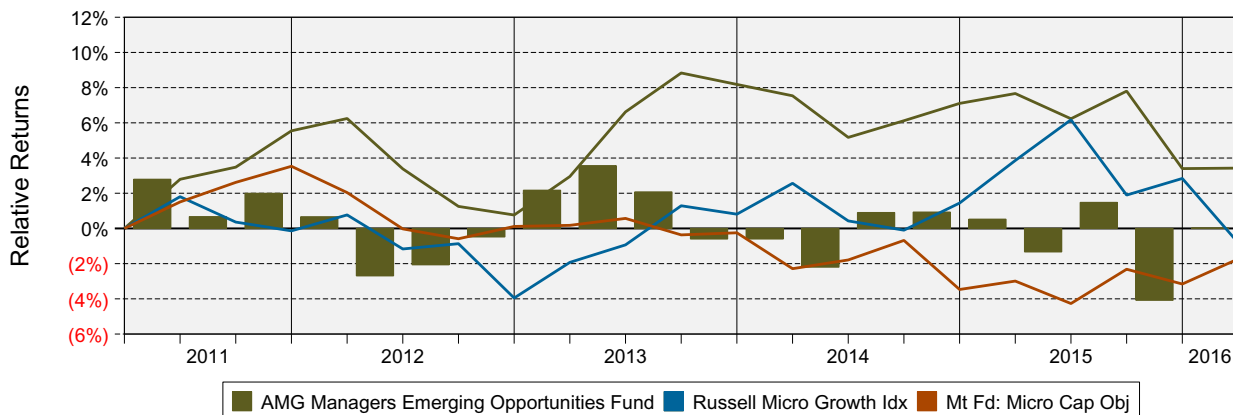
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

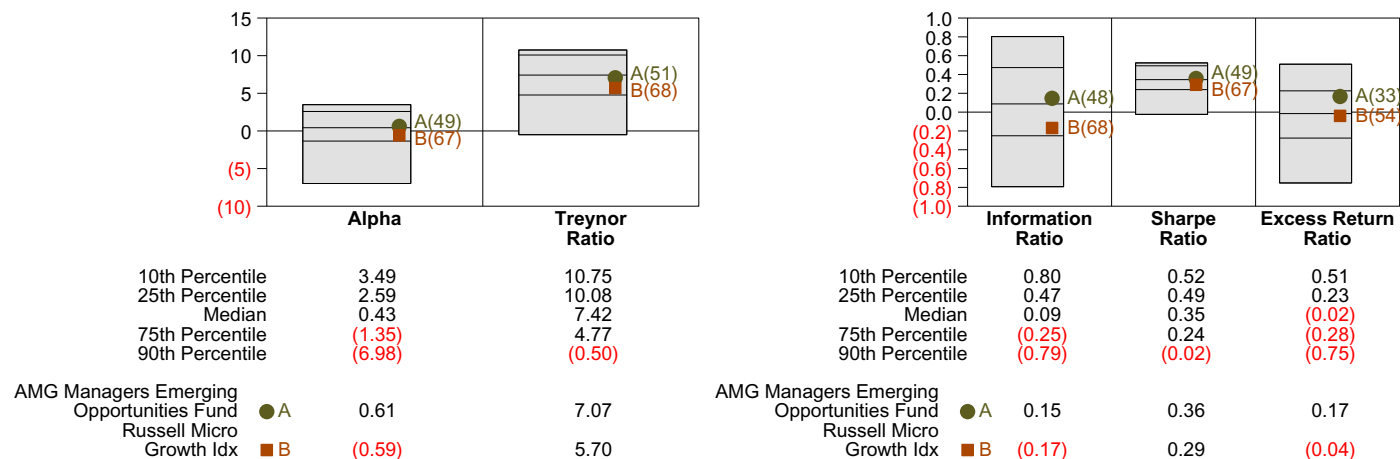
### Performance vs MF - Micro Cap Obj (Net)



### Cumulative and Quarterly Relative Return vs Russell Microcap Index



### Risk Adjusted Return Measures vs Russell Microcap Index Rankings Against MF - Micro Cap Obj (Net) Five Years Ended March 31, 2016

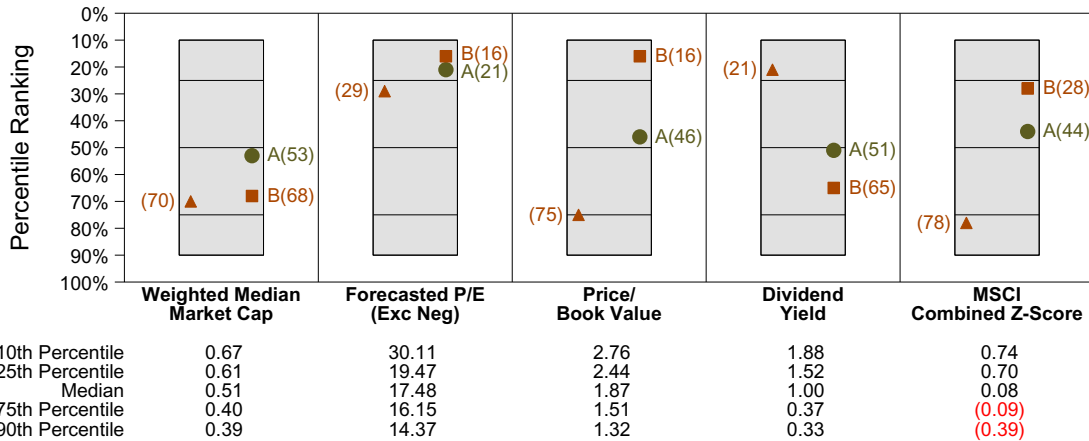


# AMG Managers Emerging Opportunities Fund Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against MF - Micro Cap Obj as of March 31, 2016



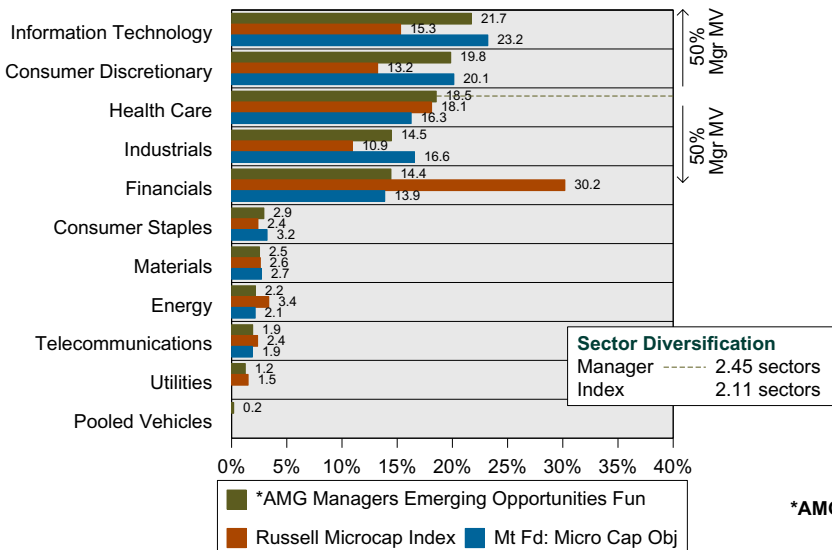
\*AMG Managers Emerging Opportunities Fun

Russell Micro Growth Idx	● A	0.51	20.39	1.91	1.00	0.19
Russell Microcap Index	■ B	0.43	25.20	2.71	0.55	0.57
	▲	0.41	19.25	1.51	1.57	(0.14)

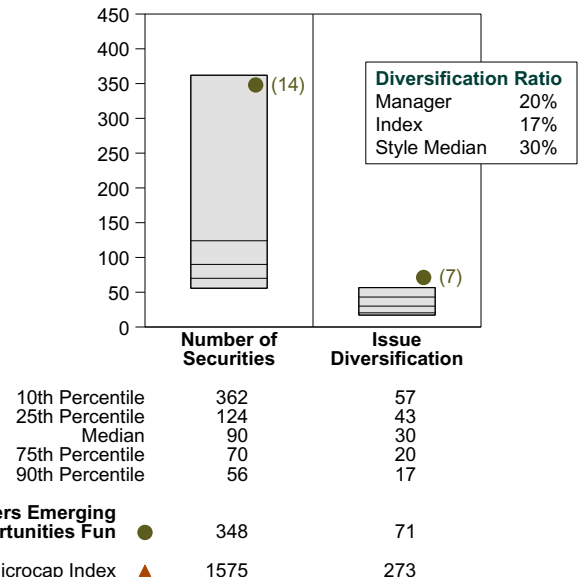
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

### Sector Allocation March 31, 2016



### Diversification March 31, 2016



\*3/31/16 portfolio characteristics generated using most recently available holdings (12/31/15) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.



# International Equity Composite Period Ended March 31, 2016

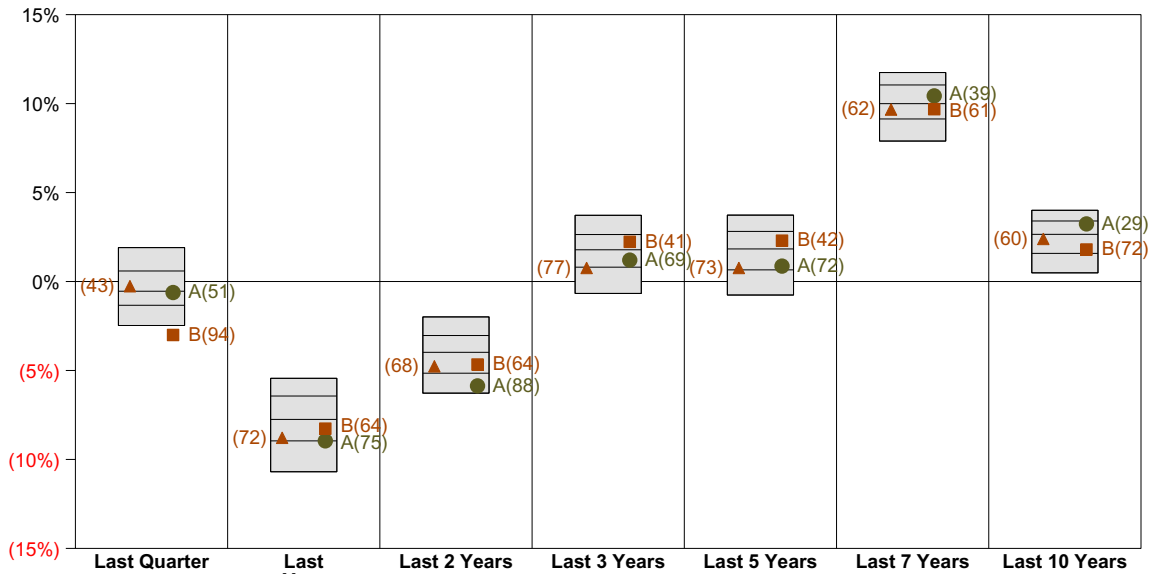
## Quarterly Summary and Highlights

- International Equity Composite's portfolio posted a (0.62)% return for the quarter placing it in the 51 percentile of the Pub Pln- International Equity group for the quarter and in the 75 percentile for the last year.
- International Equity Composite's portfolio underperformed the MSCI ACWixUS Gross by 0.35% for the quarter and underperformed the MSCI ACWixUS Gross for the year by 0.17%.

## Quarterly Asset Growth

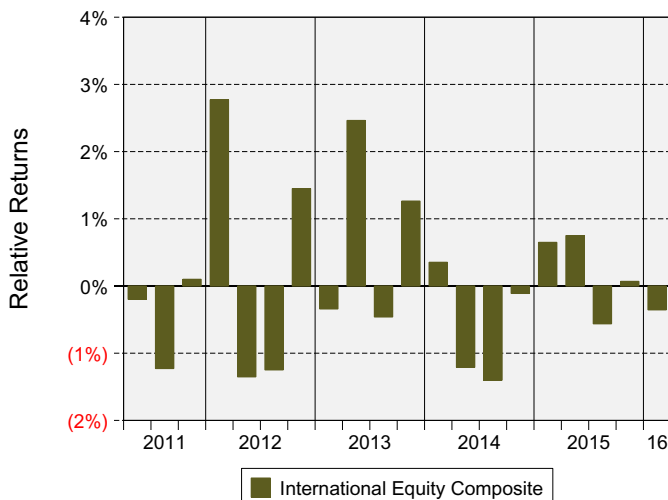
Beginning Market Value	\$99,884,213
Net New Investment	\$0
Investment Gains/(Losses)	\$-618,199
Ending Market Value	\$99,266,014

## Performance vs Pub Pln- International Equity (Gross)

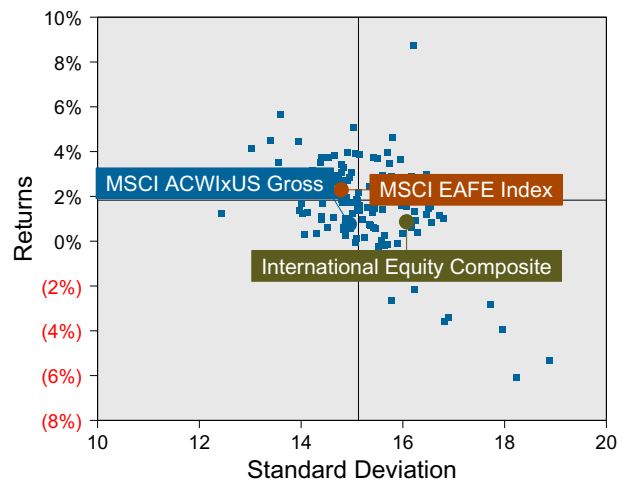


10th Percentile	1.91	(5.44)	(1.99)	3.72	3.73	11.75	4.00
25th Percentile	0.59	(6.44)	(3.04)	2.64	2.82	11.05	3.40
Median	(0.55)	(7.75)	(3.98)	1.78	1.83	10.00	2.65
75th Percentile	(1.34)	(8.96)	(5.15)	0.81	0.66	9.14	1.58
90th Percentile	(2.47)	(10.69)	(6.27)	(0.67)	(0.76)	7.89	0.49
International Equity Composite	● A (0.62)	(8.96)	(5.87)	1.20	0.87	10.43	3.24
MSCI EAFE Index	■ B (3.01)	(8.27)	(4.67)	2.23	2.29	9.69	1.80
MSCI ACWixUS Gross	▲ (0.26)	(8.78)	(4.77)	0.76	0.76	9.67	2.39

## Relative Return vs MSCI ACWixUS Gross



## Pub Pln- International Equity (Gross) Annualized Five Year Risk vs Return

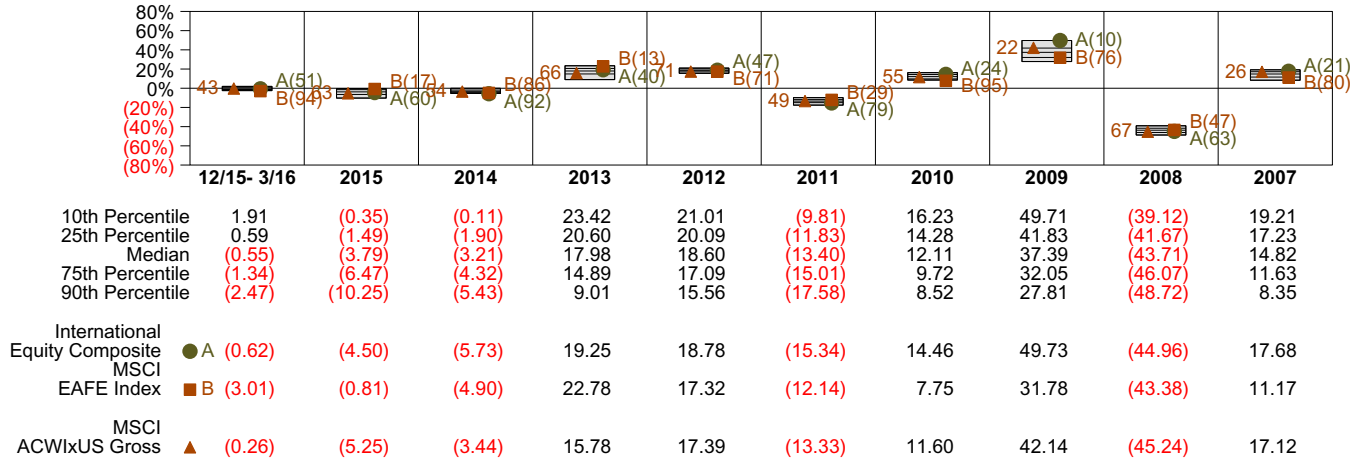


# International Equity Composite Return Analysis Summary

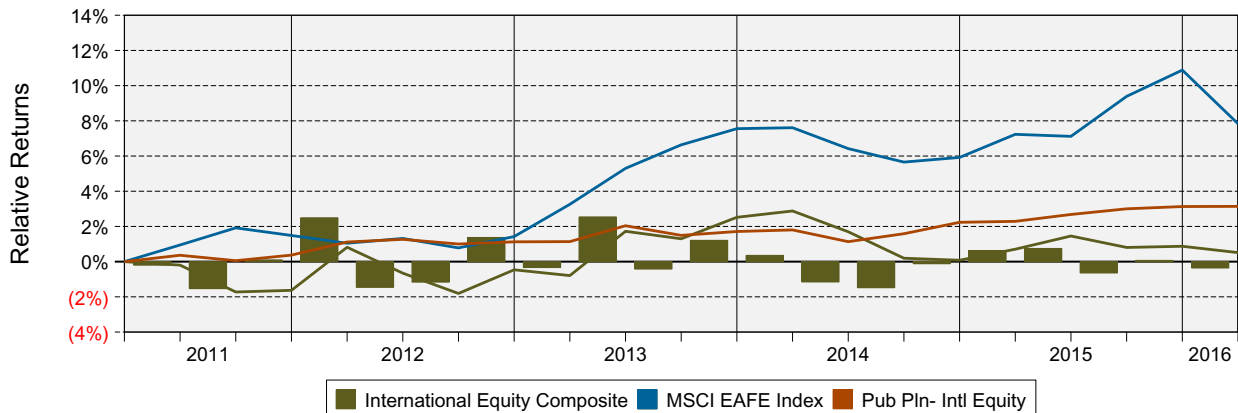
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

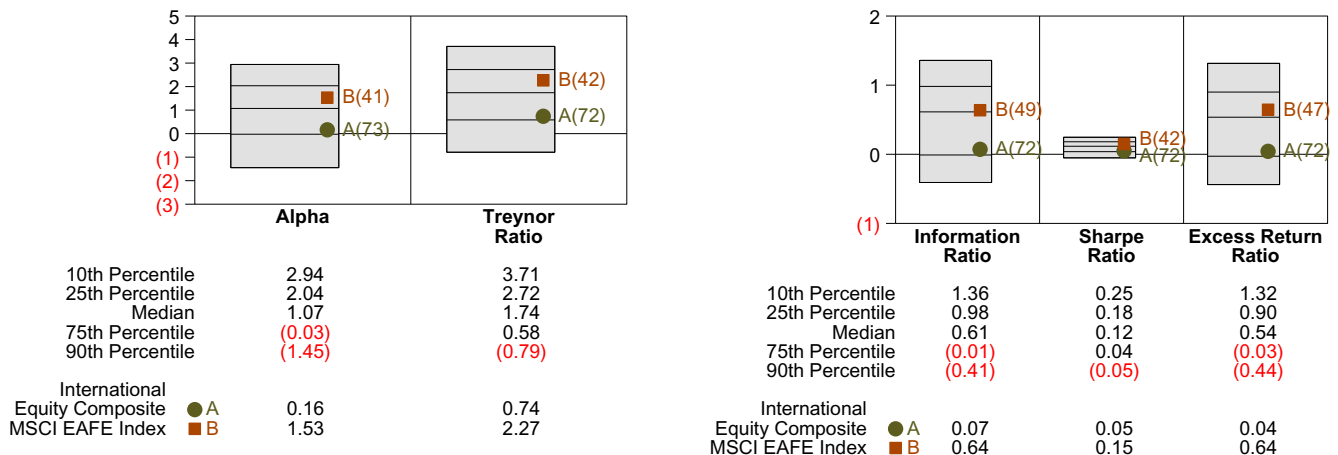
### Performance vs Pub Pln- International Equity (Gross)



### Cumulative and Quarterly Relative Return vs MSCI ACWIxUS Gross



### Risk Adjusted Return Measures vs MSCI ACWIxUS Gross Rankings Against Pub Pln- International Equity (Gross) Five Years Ended March 31, 2016

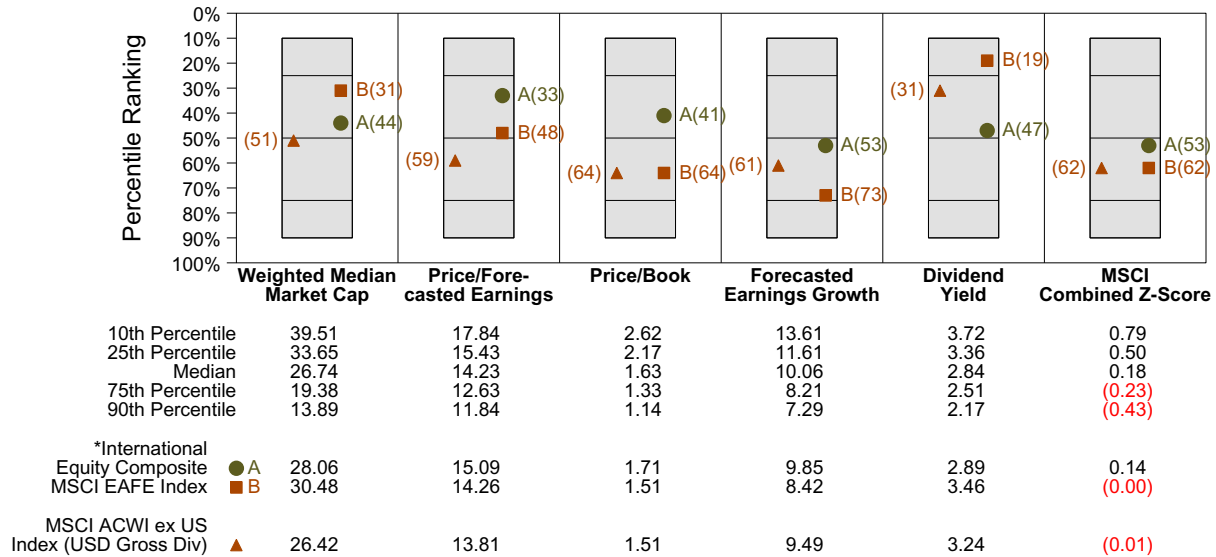


# International Equity Composite Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

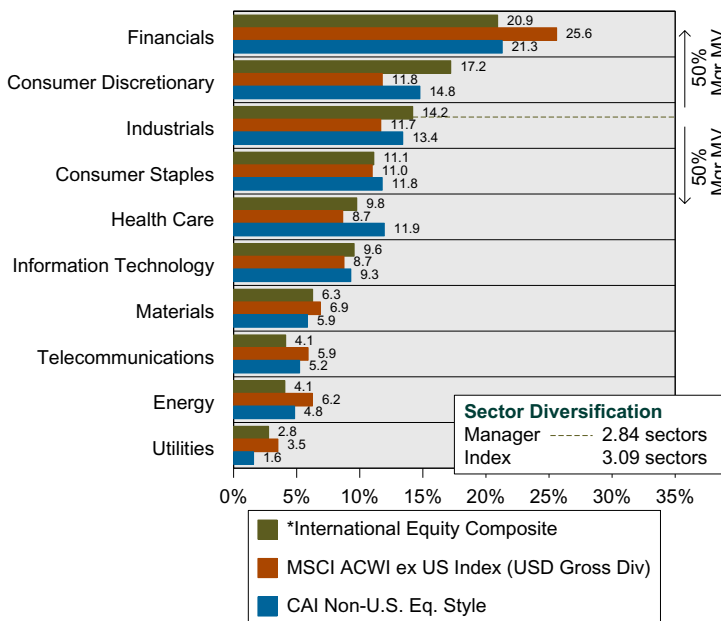
## Portfolio Characteristics Percentile Rankings Rankings Against CAI Non-U.S. Equity Style as of March 31, 2016



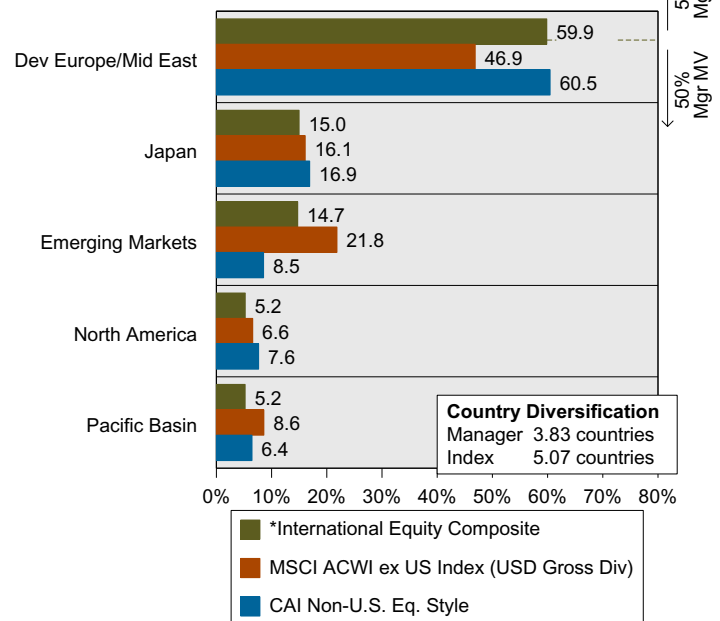
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. The regional allocation chart compares the manager's geographical region weights with those of the benchmark as well as the median region weights of the peer group.

### Sector Allocation March 31, 2016



### Regional Allocation March 31, 2016



\*3/31/16 portfolio characteristics generated using most recently available holdings (12/31/15) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

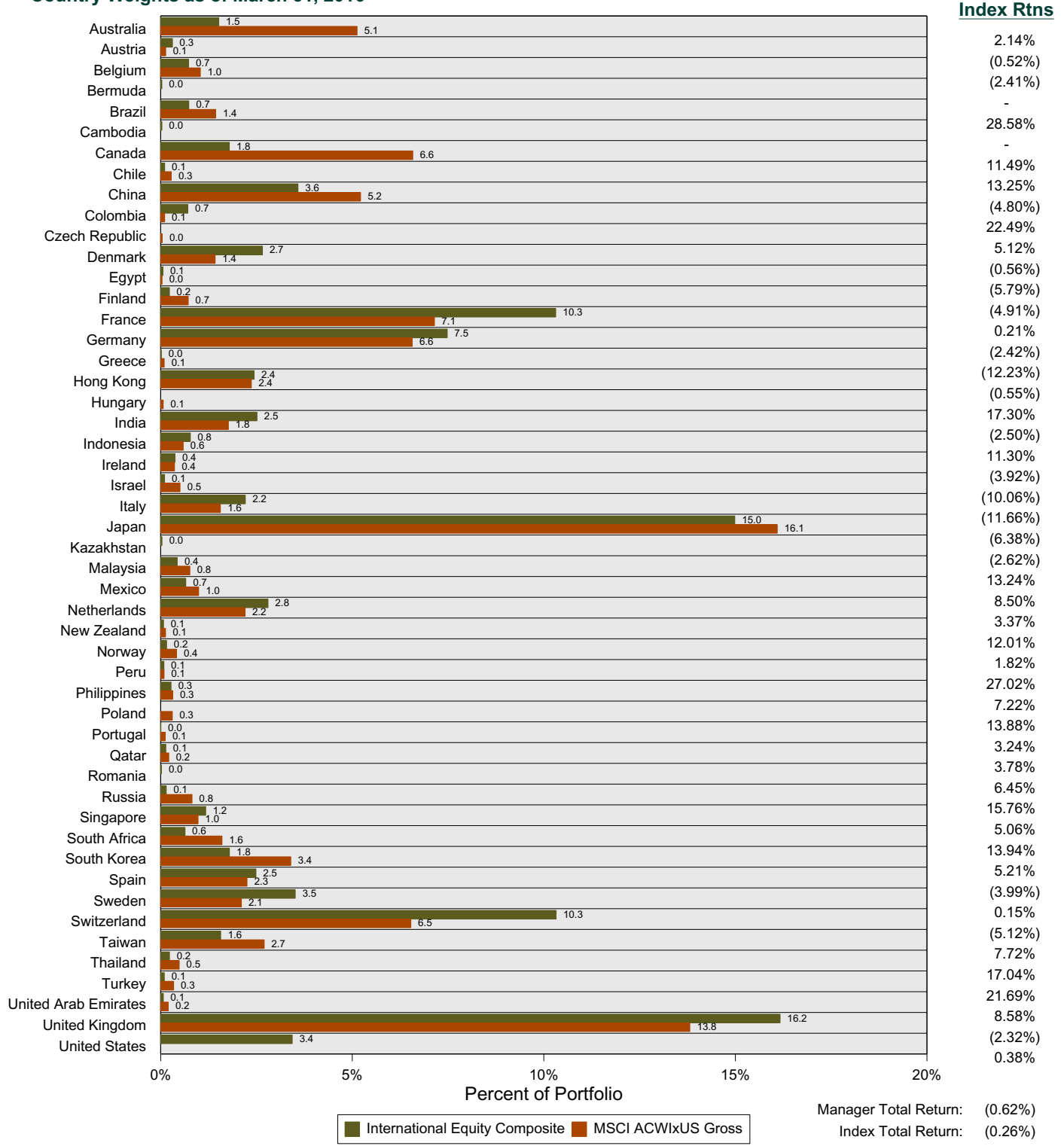
# Country Allocation

## International Equity Composite VS MSCI ACWI ex US Index (USD Gross Div)

### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2016. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

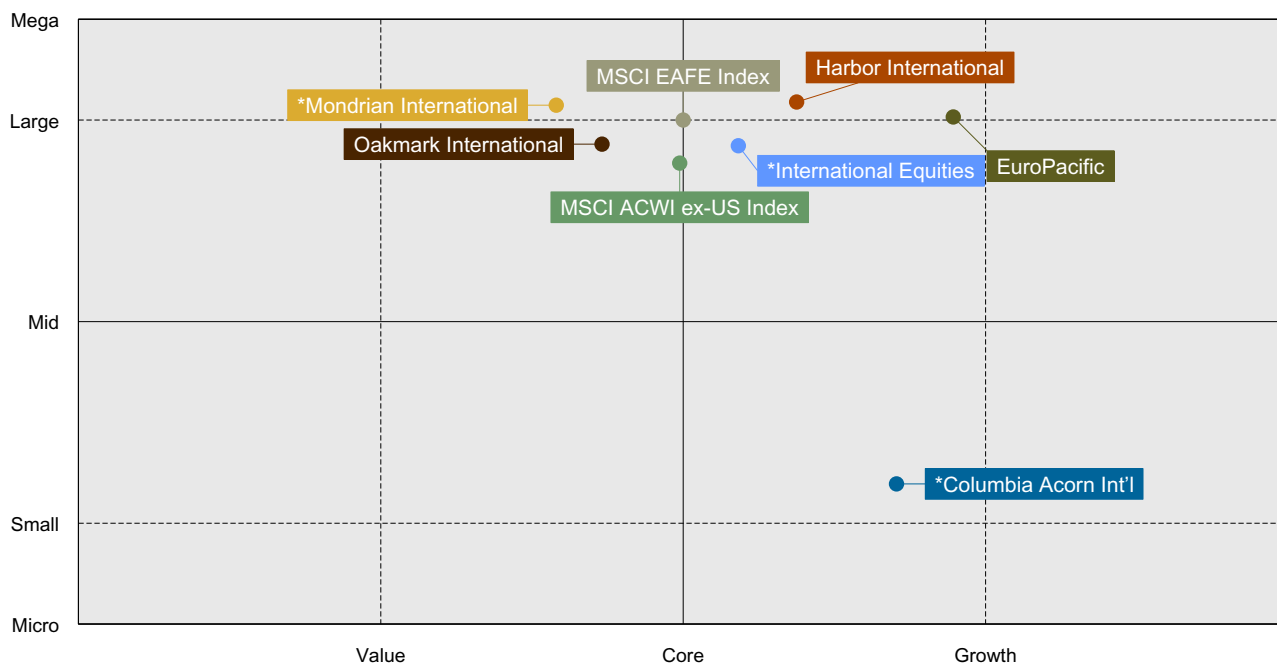
Country Weights as of March 31, 2016



## International Holdings Based Style Analysis For One Quarter Ended March 31, 2016

This page analyzes and compares the investment styles of multiple portfolios using a detailed holdings-based style analysis methodology. The size component of style is measured by the weighted median market capitalization of the holdings. The value/core/growth style dimension is captured by the "Combined Z-Score" of the portfolio. This score is based on eight fundamental factors used in the MSCI stock style scoring system. The table below gives a more detailed breakdown of several relevant style metrics on the portfolios.

### Style Map Holdings for One Quarter Ended March 31, 2016



	Weight %	Wtd Median Mkt Cap	Combined Z-Score	Growth Z-Score	Value Z-Score	Number of Securities	Security Diversification
EuroPacific	21.91%	31.90	0.72	0.35	(0.37)	267	35.75
Harbor International	22.17%	38.80	0.30	0.02	(0.28)	70	18.64
*Columbia Acorn Int'l	11.14%	3.77	0.57	0.14	(0.42)	181	52.85
Oakmark International	21.85%	28.21	(0.24)	0.03	0.27	55	16.50
*Mondrian International	22.93%	37.34	(0.37)	(0.22)	0.14	129	21.48
*International Equities	100.00%	28.06	0.14	0.05	(0.09)	587	67.96
MSCI EAFE Index	-	30.48	(0.00)	(0.00)	(0.00)	928	110.32
MSCI ACWI ex-US Index	-	26.42	(0.01)	(0.01)	0.00	1848	184.72

\*3/31/16 portfolio characteristics generated using most recently available holdings (12/31/15) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.



# EuroPacific

## Period Ended March 31, 2016

### Investment Philosophy

Capital Group has a research-driven approach to non-U.S. investing. Their bottom-up fundamental approach is blended with macroeconomic and political judgments on the outlook of economies, industries, currencies and markets. The fund uses a "multiple manager" approach where individual portfolio managers, each with different styles, manage separate sleeves of the strategy independently. Sleeves are combined to form the fund. Individual managers are selected so that the aggregate fund adheres to its stated objective of capital appreciation. Switched from Class R-5 Shares to Class R-6 Shares in December 2009.

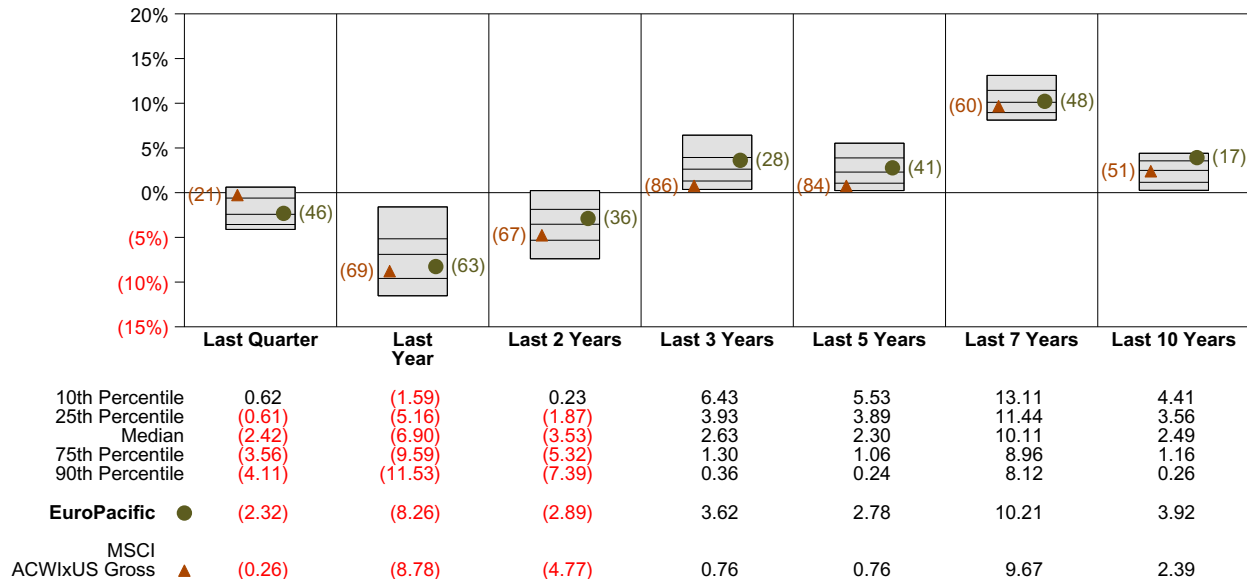
### Quarterly Summary and Highlights

- EuroPacific's portfolio posted a (2.32)% return for the quarter placing it in the 46 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 63 percentile for the last year.
- EuroPacific's portfolio underperformed the MSCI ACWixUS Gross by 2.05% for the quarter and outperformed the MSCI ACWixUS Gross for the year by 0.52%.

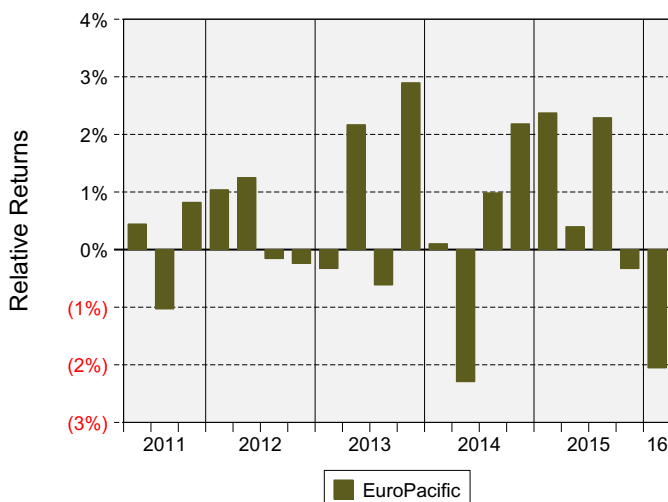
### Quarterly Asset Growth

Beginning Market Value	\$22,268,969
Net New Investment	\$0
Investment Gains/(Losses)	\$-515,940
Ending Market Value	\$21,753,029

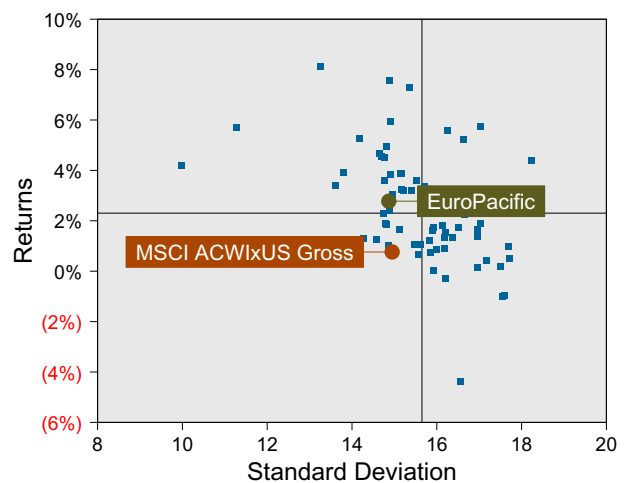
### Performance vs CAI MF - Non-US Equity Style (Net)



### Relative Return vs MSCI ACWixUS Gross



### CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return

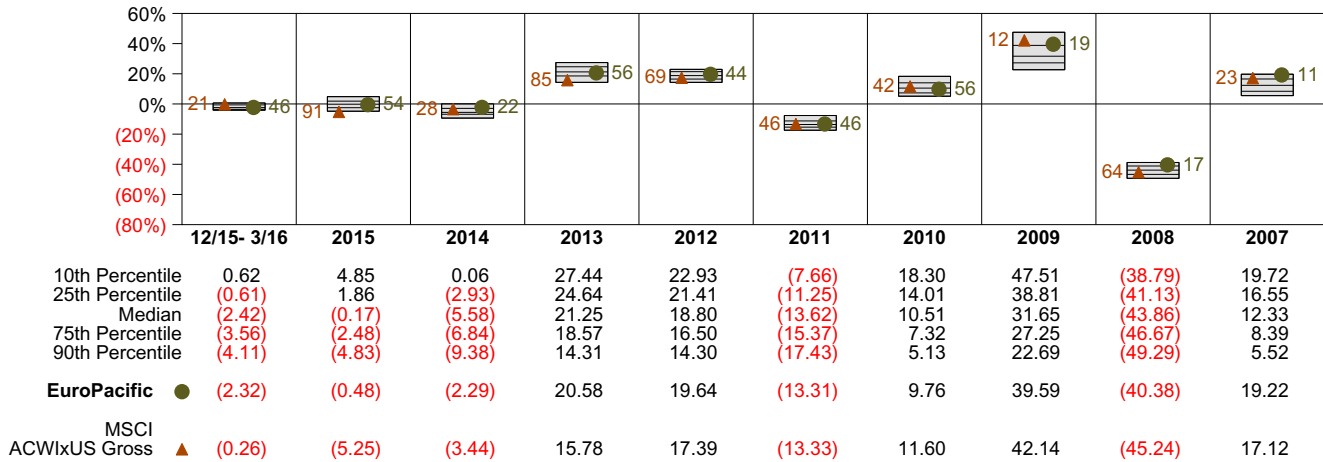


# EuroPacific Return Analysis Summary

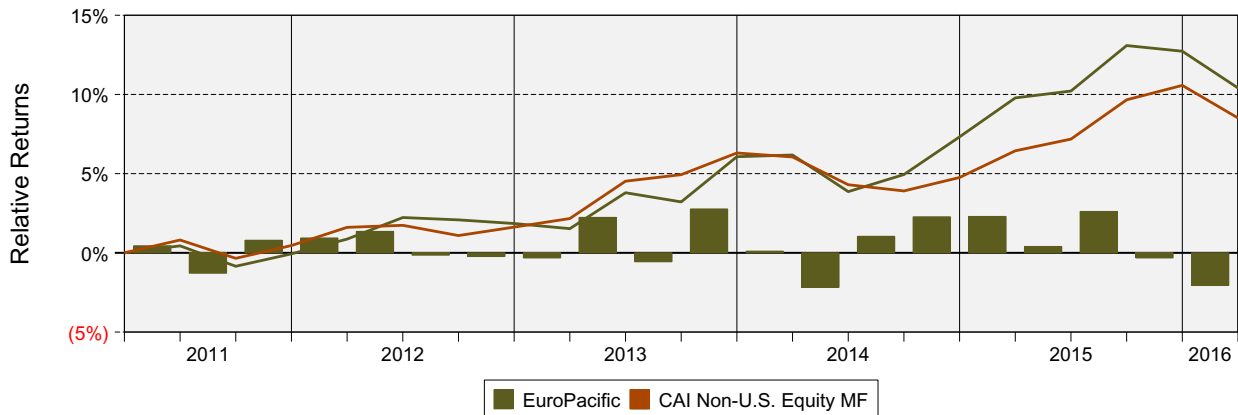
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

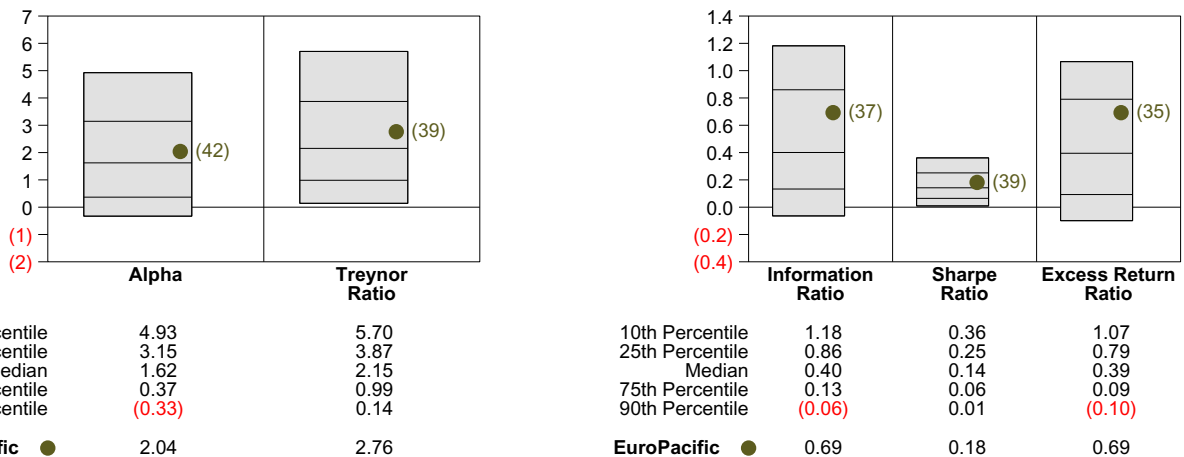
### Performance vs CAI MF - Non-US Equity Style (Net)



### Cumulative and Quarterly Relative Return vs MSCI ACWixUS Gross



### Risk Adjusted Return Measures vs MSCI ACWixUS Gross Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended March 31, 2016

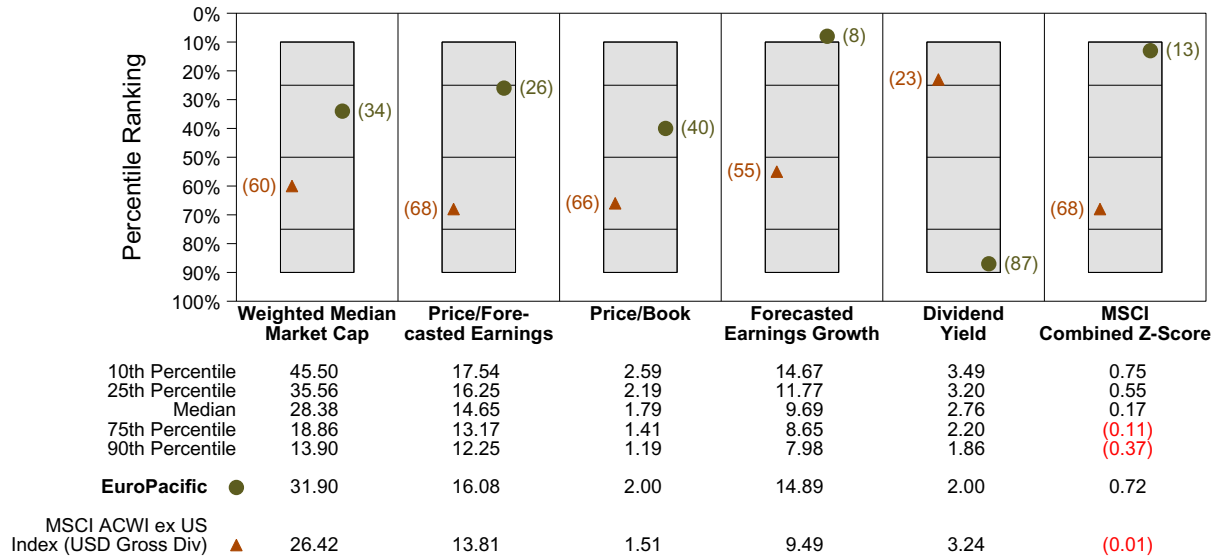


# EuroPacific Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

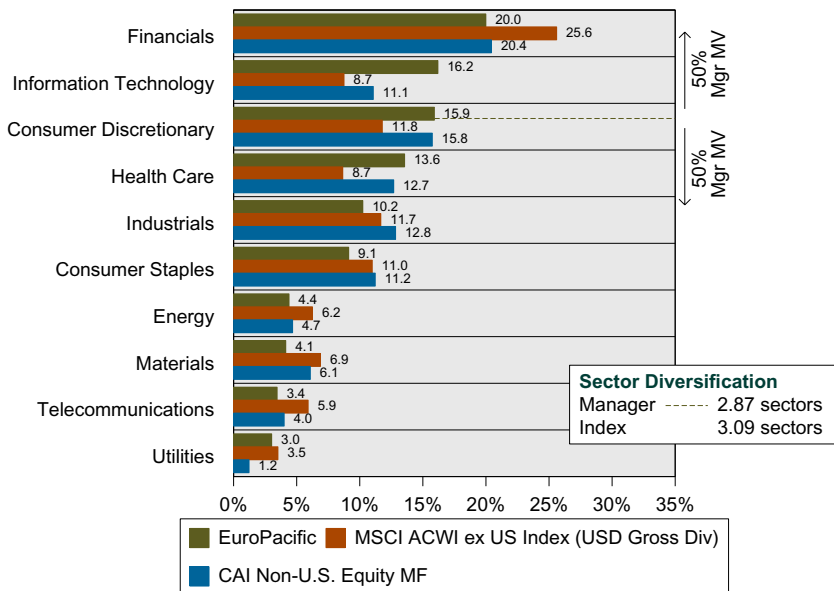
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Non-US Equity Style as of March 31, 2016



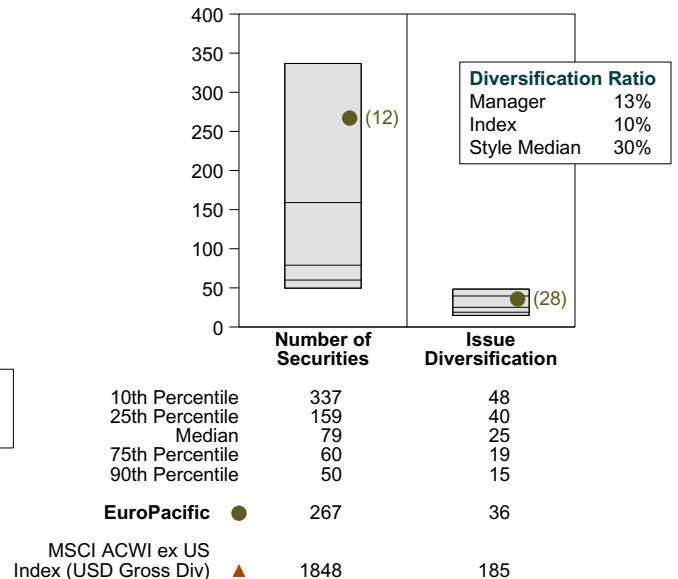
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

### Sector Allocation March 31, 2016



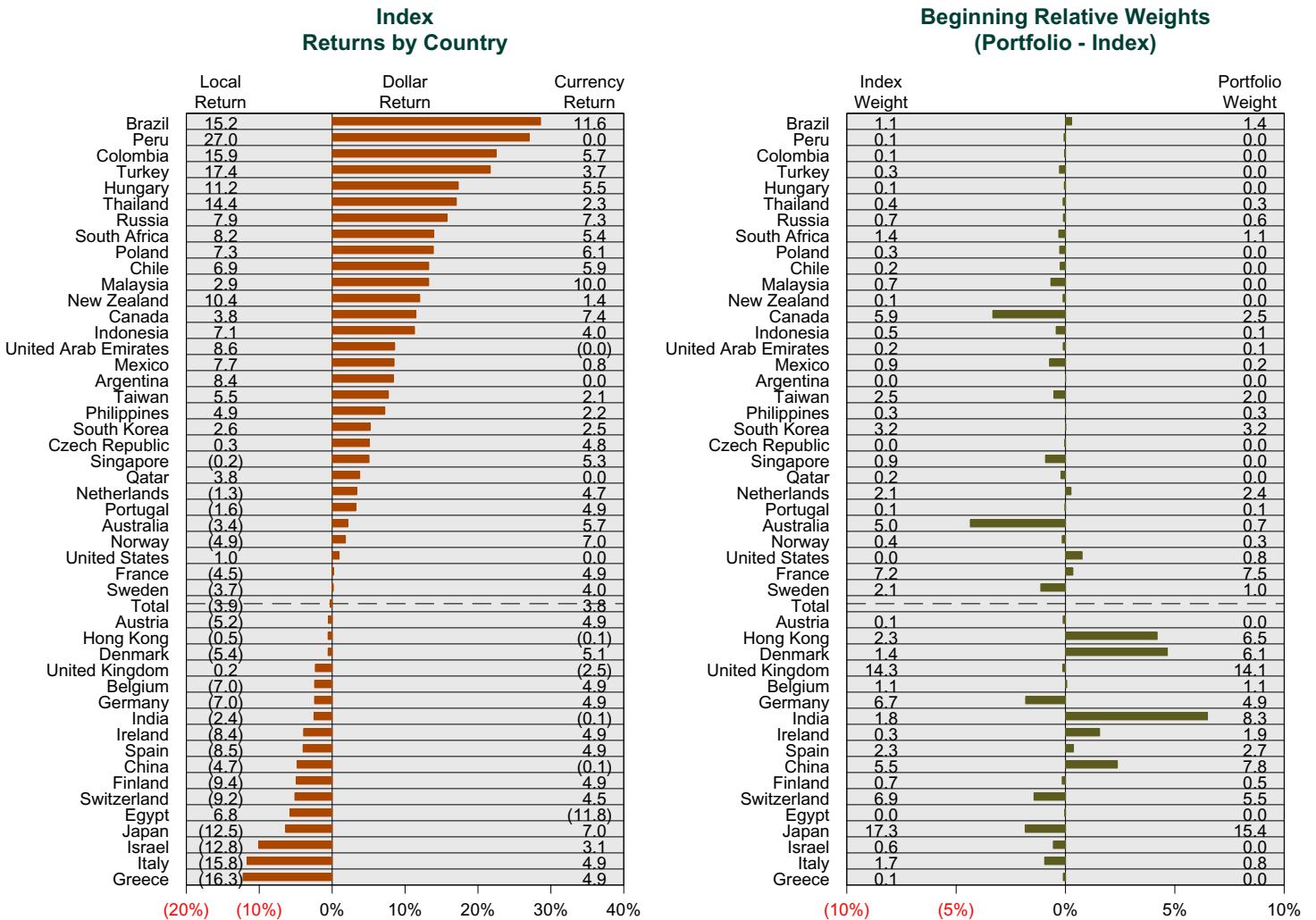
### Diversification March 31, 2016



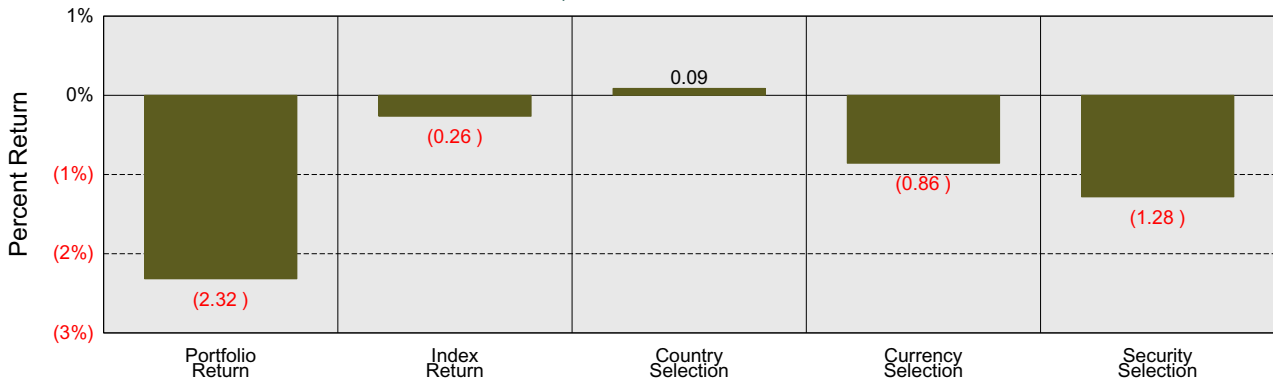
# EuroPacific vs MSCI ACWixUS Gross Attribution for Quarter Ended March 31, 2016

## International Attribution

The first chart below illustrates the return for each country in the index sorted from high to low. The total return for the index is highlighted with a dotted line. The second chart (countries presented in the same order) illustrates the manager's country allocation decisions relative to the index. To the extent that the manager over-weighted a country that had a higher return than the total return for the index (above the dotted line) it contributes positively to the manager's country (or currency) selection effect. The last chart details the manager return, the index return, and the attribution factors for the quarter.



## Attribution Factors for Quarter Ended March 31, 2016



# Harbor International Period Ended March 31, 2016

## Investment Philosophy

The Harbor International Fund is sub-advised by Northern Cross, LLC. The investment philosophy focuses on companies with prospects of margin expansion and those that have strong franchise value or asset value. The fund takes a long-term view, expecting to hold a security for 7-10 years. Patient due diligence of companies, countries, and regions are of the utmost importance to the investment process. The team believes this due diligence, in combination with a top down investment theme, provides the best opportunity to invest in truly undervalued companies. The strategy has remained consistent in this philosophy over the past decades of international investment.

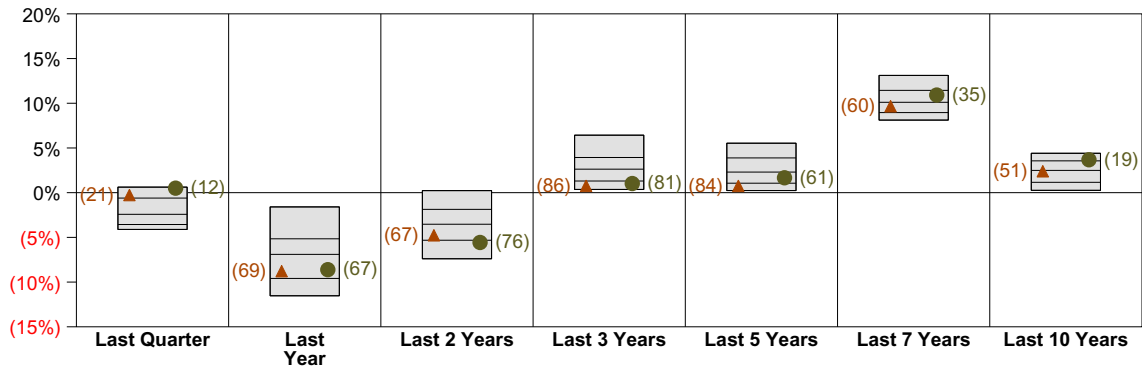
## Quarterly Summary and Highlights

- Harbor International's portfolio posted a 0.50% return for the quarter placing it in the 12 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 67 percentile for the last year.
- Harbor International's portfolio outperformed the MSCI ACWixUS Gross by 0.77% for the quarter and outperformed the MSCI ACWixUS Gross for the year by 0.17%.

## Quarterly Asset Growth

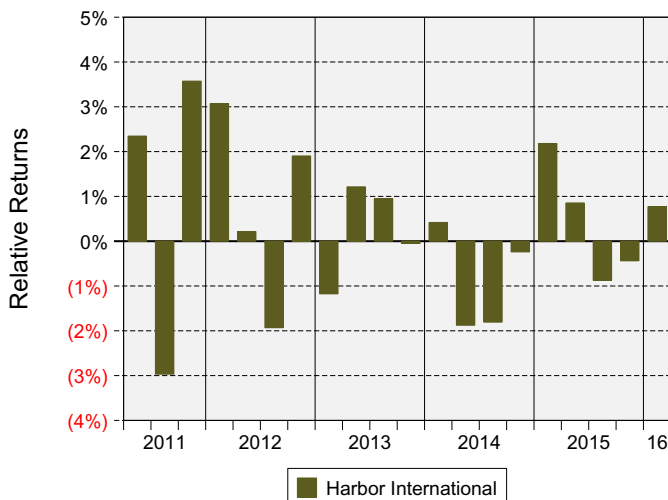
Beginning Market Value	\$21,897,879
Net New Investment	\$0
Investment Gains/(Losses)	\$110,539
Ending Market Value	\$22,008,418

## Performance vs CAI MF - Non-US Equity Style (Net)

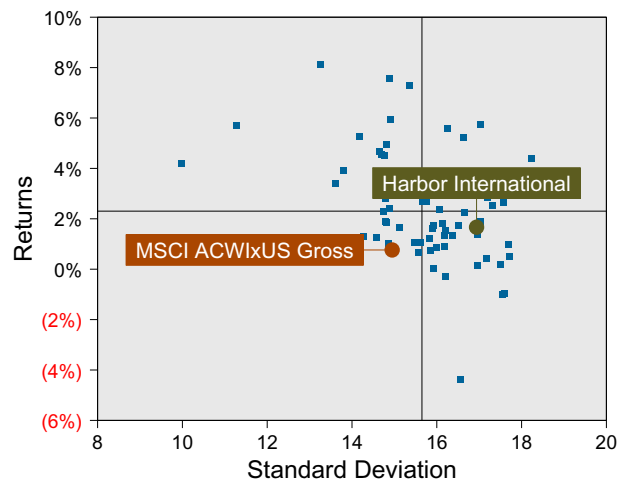


10th Percentile	0.62	(1.59)	0.23	6.43	5.53	13.11	4.41
25th Percentile	(0.61)	(5.16)	(1.87)	3.93	3.89	11.44	3.56
Median	(2.42)	(6.90)	(3.53)	2.63	2.30	10.11	2.49
75th Percentile	(3.56)	(9.59)	(5.32)	1.30	1.06	8.96	1.16
90th Percentile	(4.11)	(11.53)	(7.39)	0.36	0.24	8.12	0.26
<b>Harbor International</b>	● 0.50	(8.61)	(5.57)	1.02	1.67	10.92	3.68
<b>MSCI ACWixUS Gross</b>	▲ (0.26)	(8.78)	(4.77)	0.76	0.76	9.67	2.39

## Relative Return vs MSCI ACWixUS Gross



## CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return

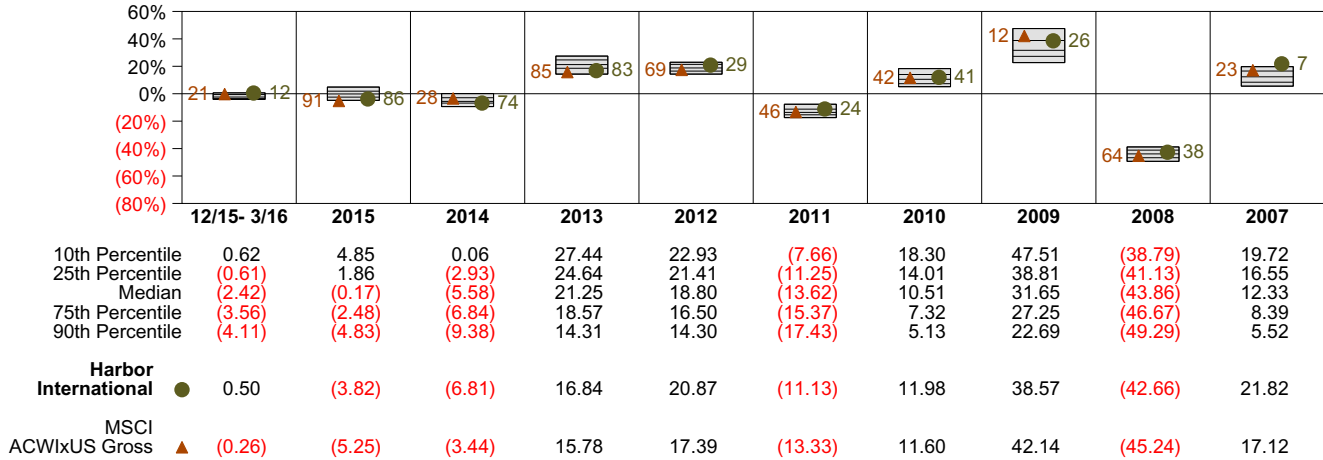


# Harbor International Return Analysis Summary

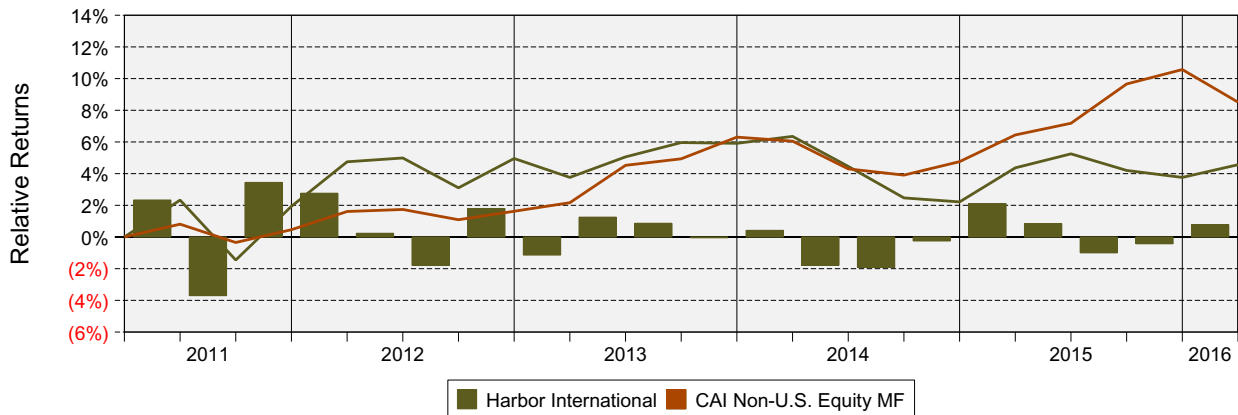
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

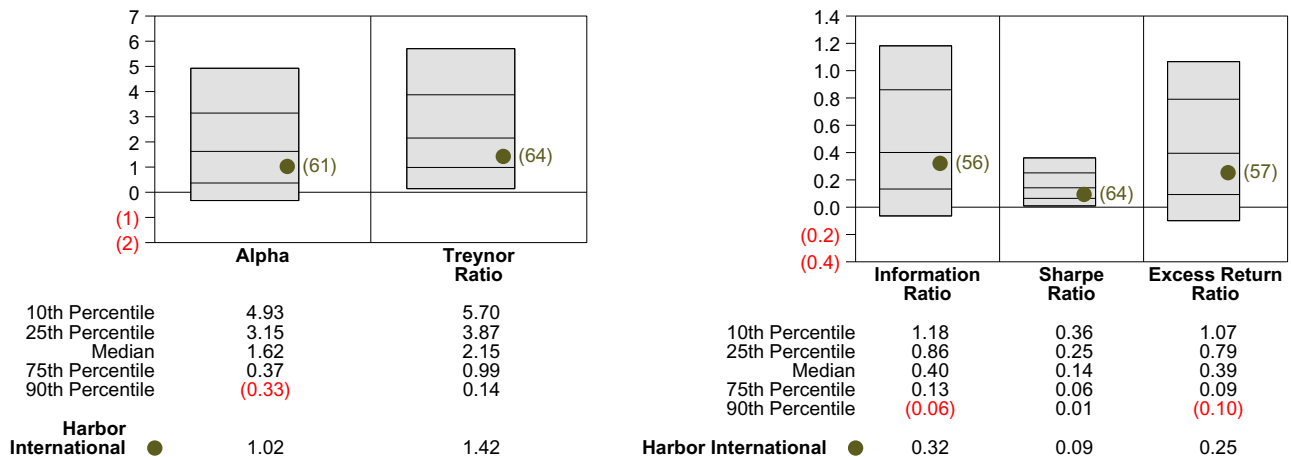
### Performance vs CAI MF - Non-US Equity Style (Net)



### Cumulative and Quarterly Relative Return vs MSCI ACWixUS Gross



### Risk Adjusted Return Measures vs MSCI ACWixUS Gross Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended March 31, 2016

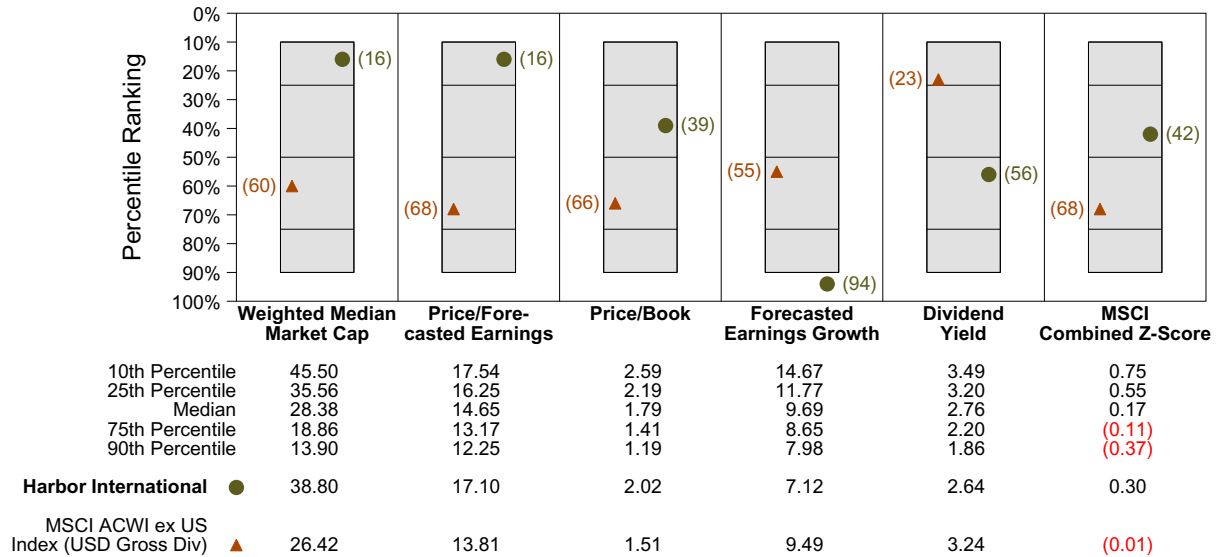


# Harbor International Equity Characteristics Analysis Summary

## Portfolio Characteristics

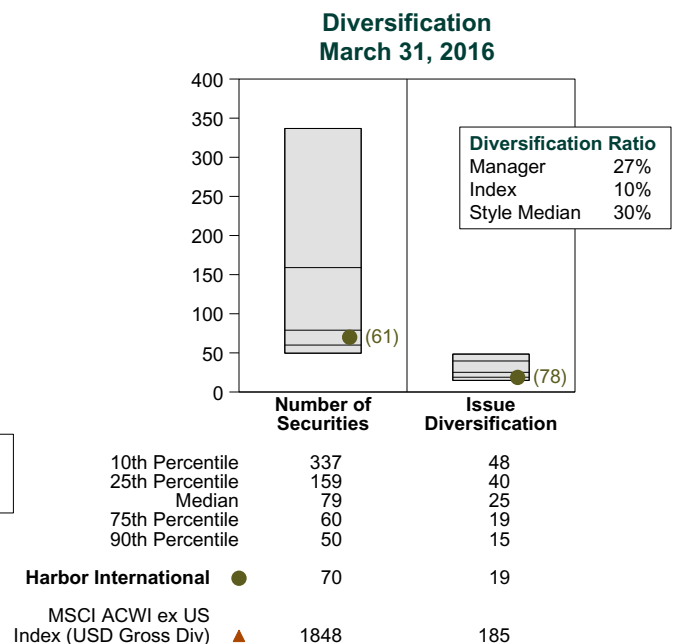
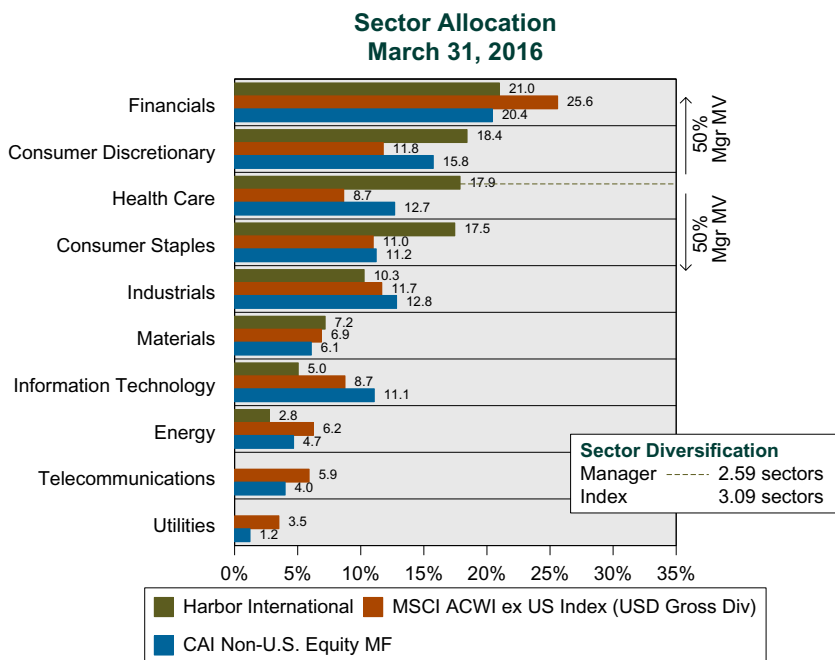
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Non-US Equity Style as of March 31, 2016



## Sector Weights

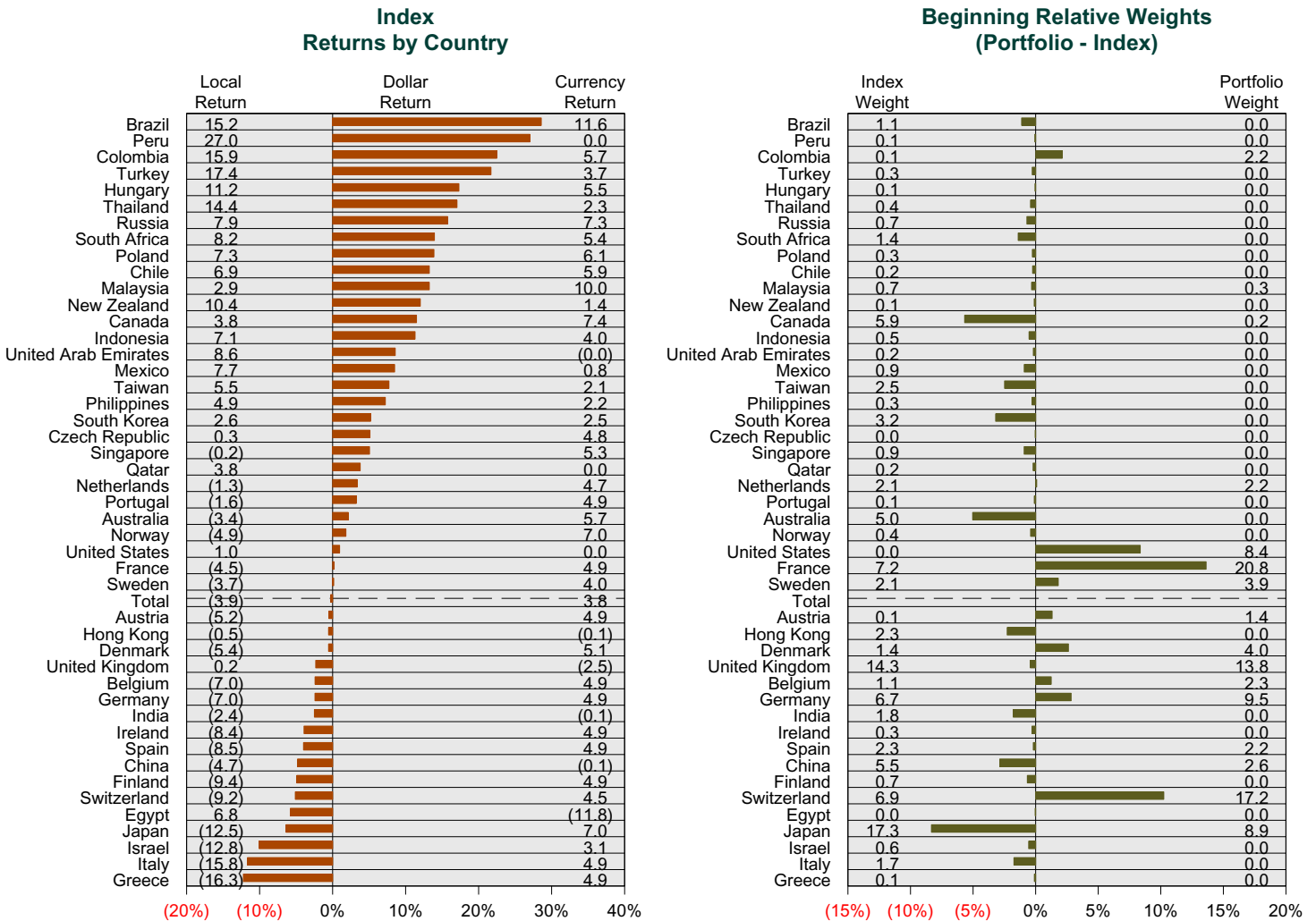
The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



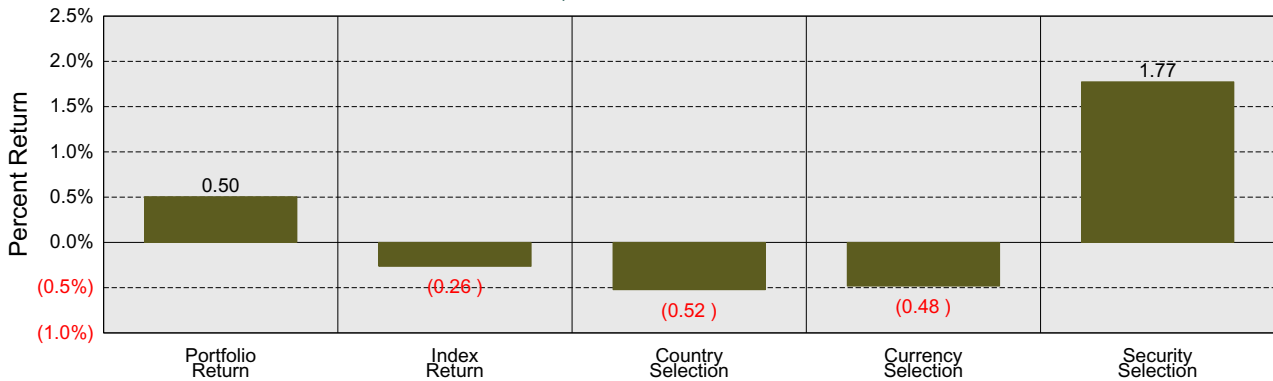
# Harbor International vs MSCI ACWIxUS Gross Attribution for Quarter Ended March 31, 2016

## International Attribution

The first chart below illustrates the return for each country in the index sorted from high to low. The total return for the index is highlighted with a dotted line. The second chart (countries presented in the same order) illustrates the manager's country allocation decisions relative to the index. To the extent that the manager over-weighted a country that had a higher return than the total return for the index (above the dotted line) it contributes positively to the manager's country (or currency) selection effect. The last chart details the manager return, the index return, and the attribution factors for the quarter.



## Attribution Factors for Quarter Ended March 31, 2016





# Columbia Acorn International Period Ended March 31, 2016

## Investment Philosophy

Non-U.S. Equity Style mutual funds invest in only non-U.S. equity securities. This style group excludes regional and index funds. Switched from Class Z shares to Class Y shares in February 2014.

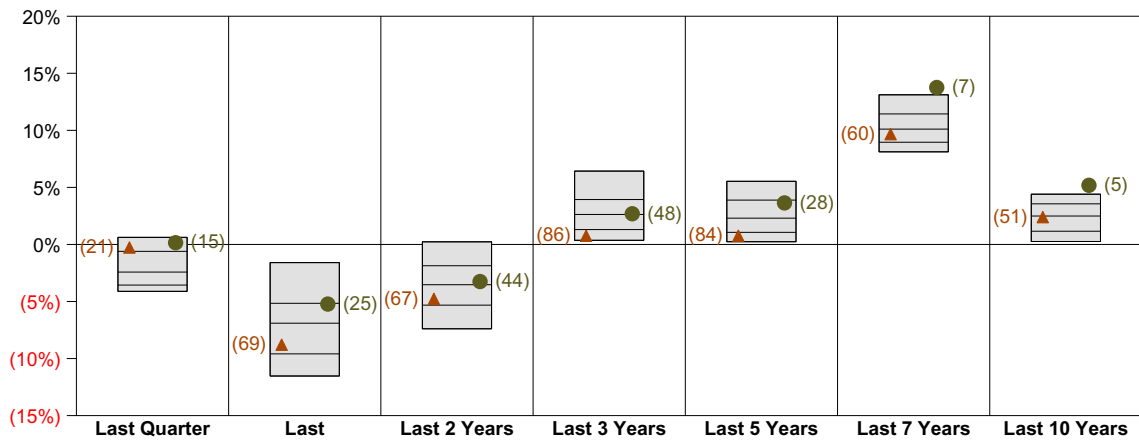
## Quarterly Summary and Highlights

- Columbia Acorn International's portfolio posted a 0.15% return for the quarter placing it in the 15 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 25 percentile for the last year.
- Columbia Acorn International's portfolio outperformed the MSCI ACWixUS Gross by 0.42% for the quarter and outperformed the MSCI ACWixUS Gross for the year by 3.56%.

## Quarterly Asset Growth

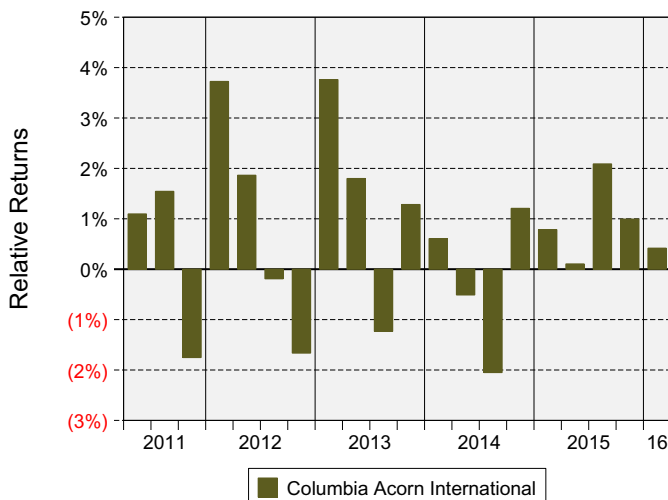
Beginning Market Value	\$11,037,318
Net New Investment	\$0
Investment Gains/(Losses)	\$16,804
Ending Market Value	\$11,054,122

## Performance vs CAI MF - Non-US Equity Style (Net)

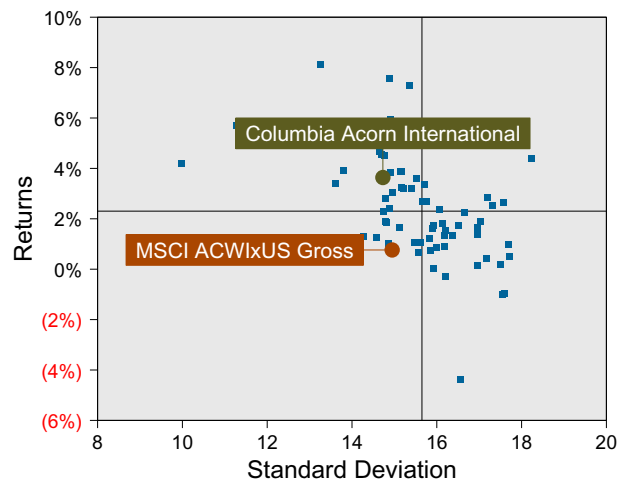


10th Percentile	0.62	(1.59)	0.23	6.43	5.53	13.11	4.41
25th Percentile	(0.61)	(5.16)	(1.87)	3.93	3.89	11.44	3.56
Median	(2.42)	(6.90)	(3.53)	2.63	2.30	10.11	2.49
75th Percentile	(3.56)	(9.59)	(5.32)	1.30	1.06	8.96	1.16
90th Percentile	(4.11)	(11.53)	(7.39)	0.36	0.24	8.12	0.26
<b>Columbia Acorn International</b>	● 0.15	(5.23)	(3.25)	2.69	3.64	13.76	5.18
MSCI ACWixUS Gross	▲ (0.26)	(8.78)	(4.77)	0.76	0.76	9.67	2.39

## Relative Return vs MSCI ACWixUS Gross



## CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return

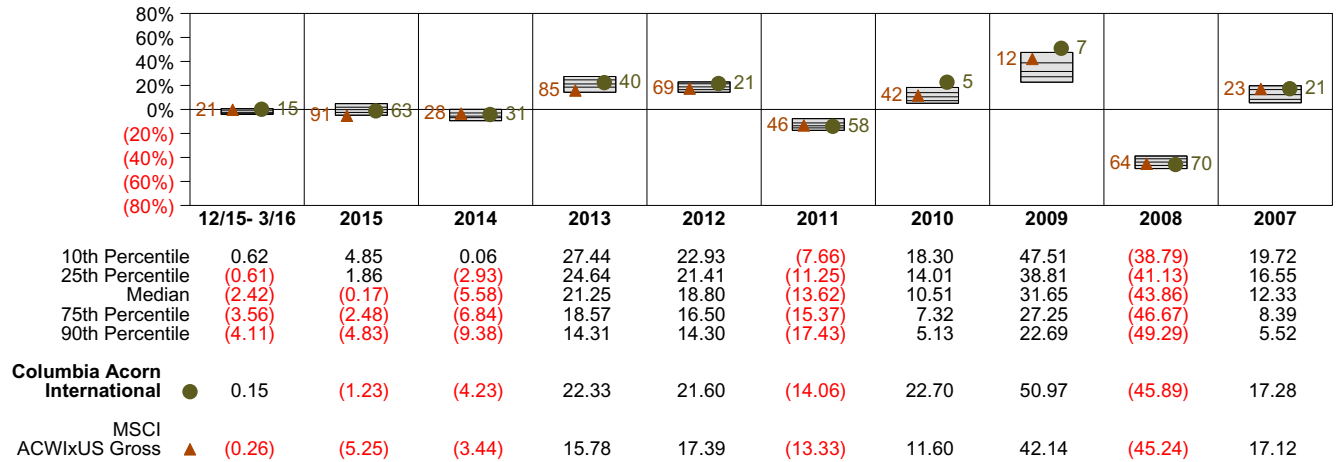


# Columbia Acorn International Return Analysis Summary

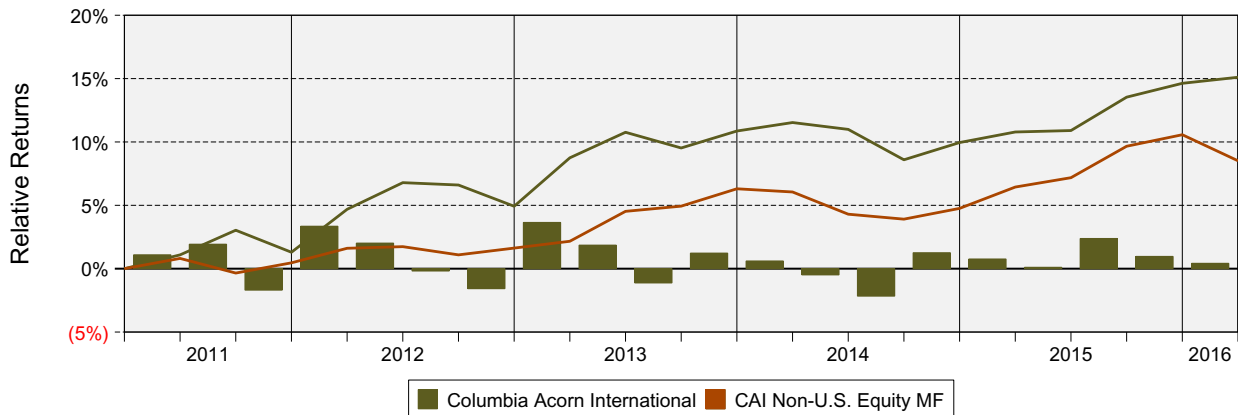
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

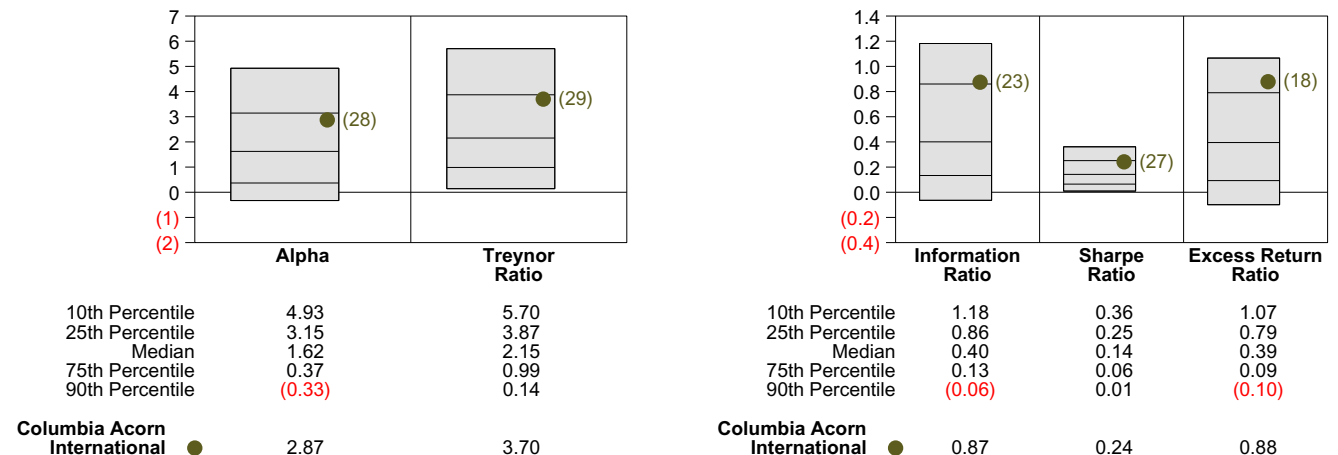
### Performance vs CAI MF - Non-US Equity Style (Net)



### Cumulative and Quarterly Relative Return vs MSCI ACWIxUS Gross



### Risk Adjusted Return Measures vs MSCI ACWIxUS Gross Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended March 31, 2016

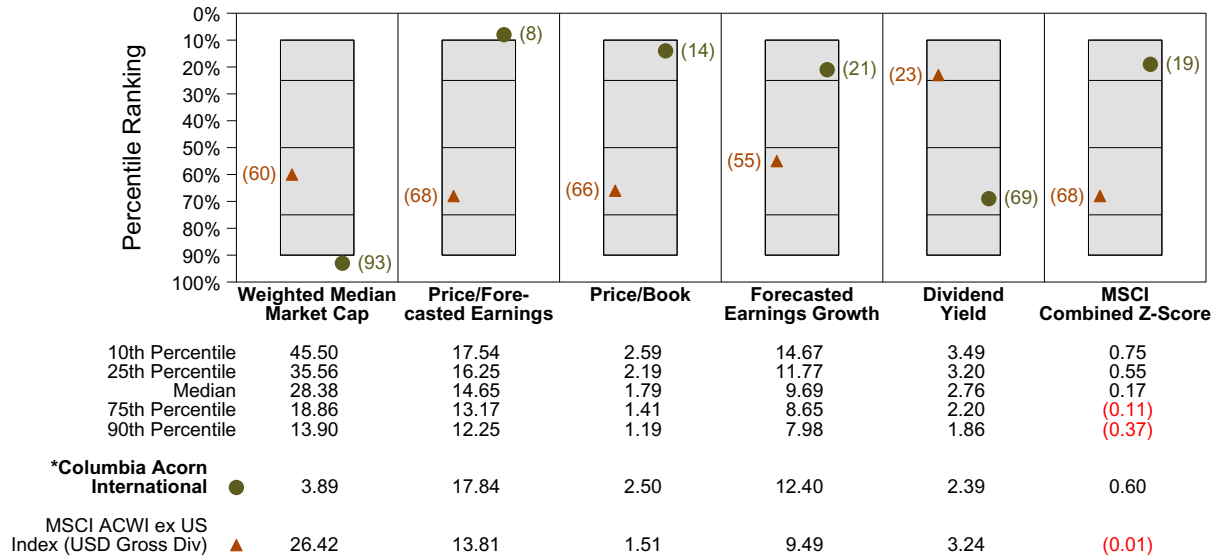


# Columbia Acorn International Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

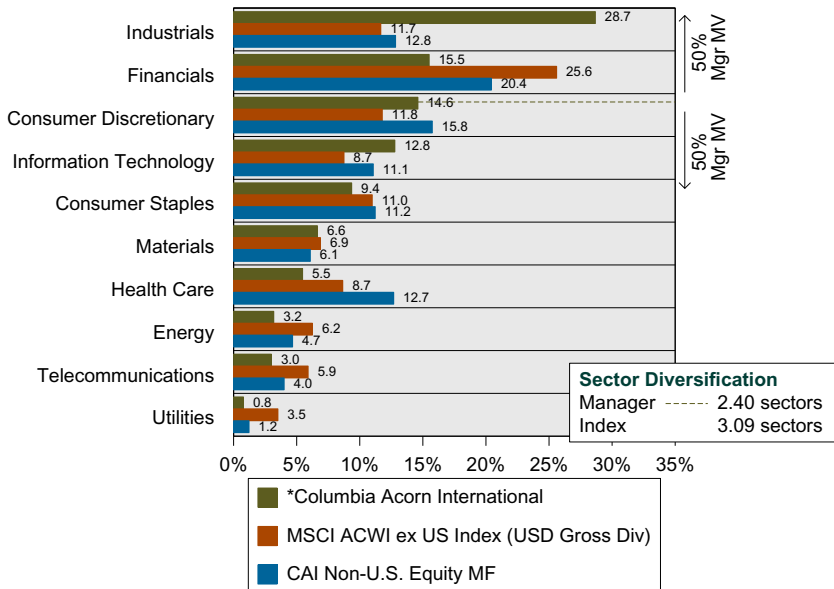
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Non-US Equity Style as of March 31, 2016



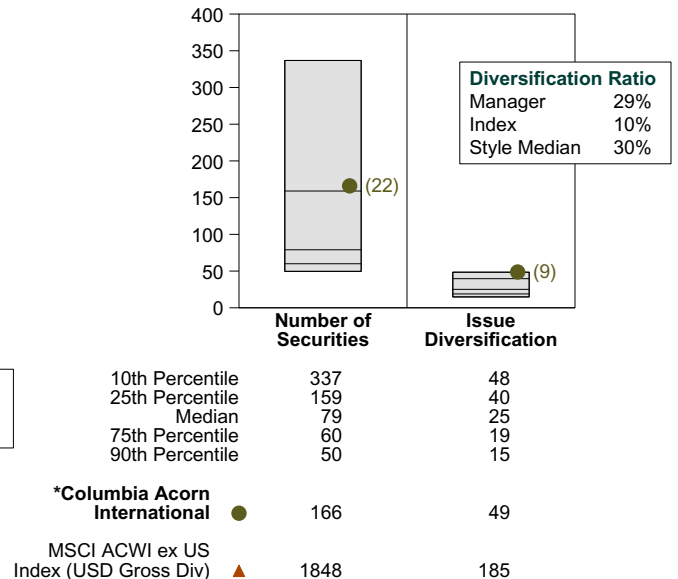
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

### Sector Allocation March 31, 2016



### Diversification March 31, 2016

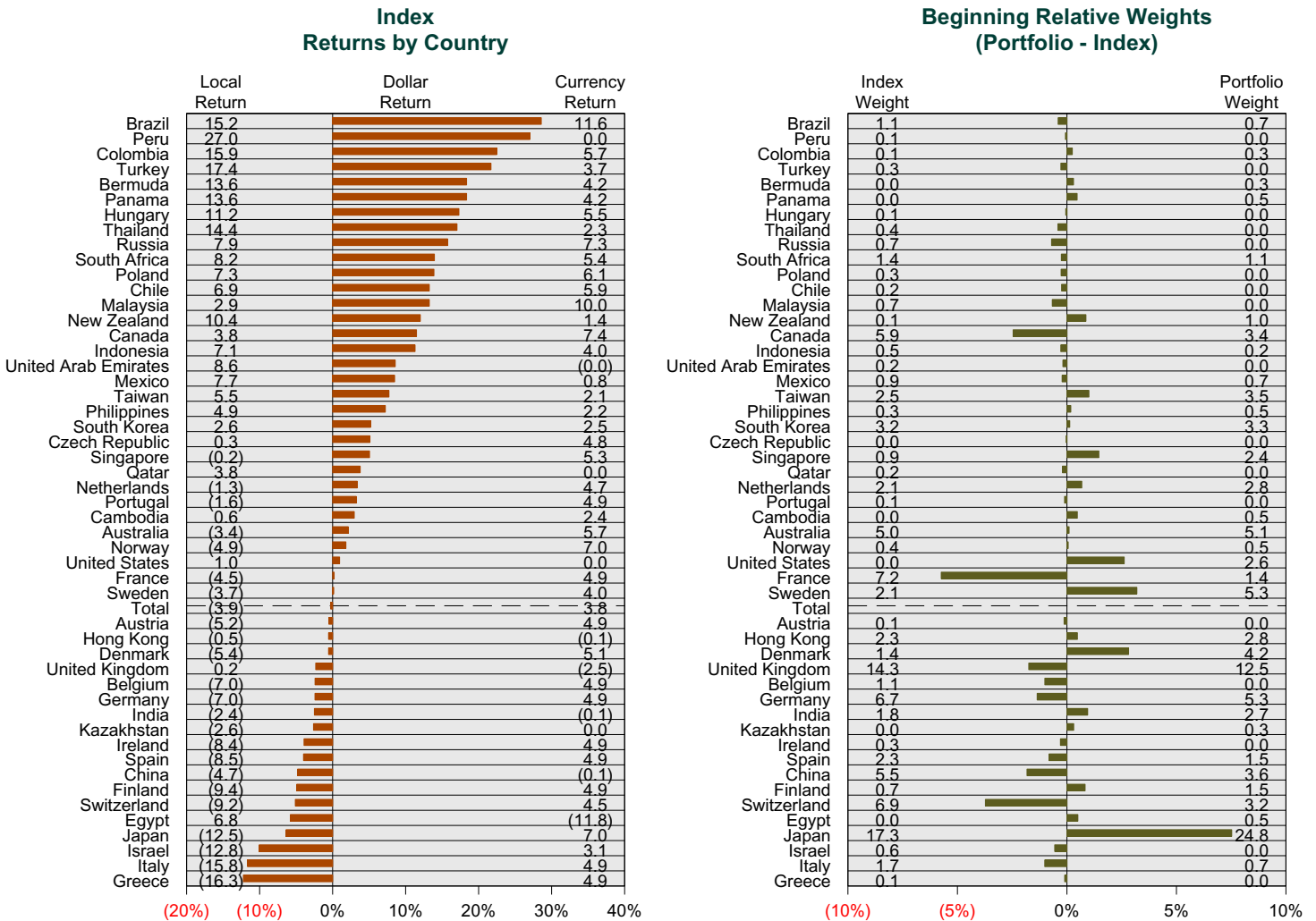


\*3/31/16 portfolio characteristics generated using most recently available holdings (12/31/15) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

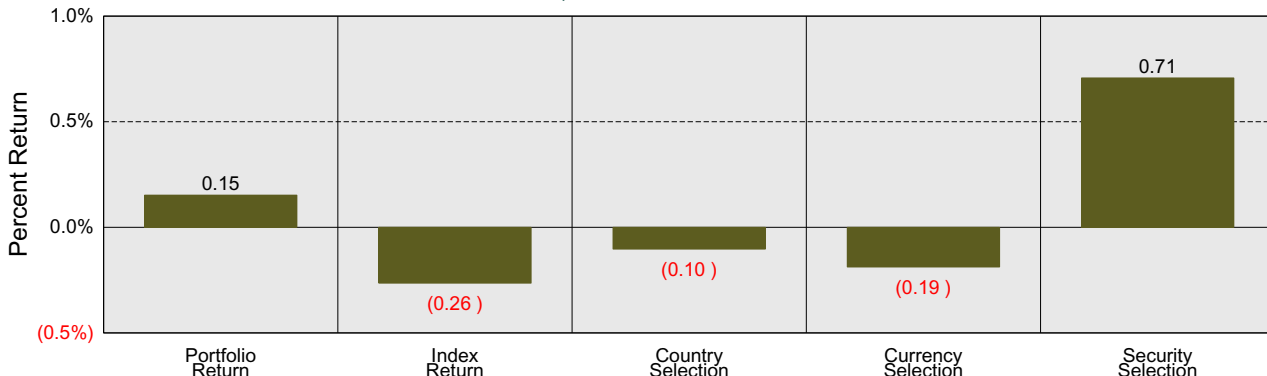
# Columbia Acorn International vs MSCI ACWixUS Gross Attribution for Quarter Ended March 31, 2016

## International Attribution

The first chart below illustrates the return for each country in the index sorted from high to low. The total return for the index is highlighted with a dotted line. The second chart (countries presented in the same order) illustrates the manager's country allocation decisions relative to the index. To the extent that the manager over-weighted a country that had a higher return than the total return for the index (above the dotted line) it contributes positively to the manager's country (or currency) selection effect. The last chart details the manager return, the index return, and the attribution factors for the quarter.



## Attribution Factors for Quarter Ended March 31, 2016



# Oakmark International

## Period Ended March 31, 2016

### Investment Philosophy

Harris Associates are value investors. They seek to invest in companies that trade at a substantial discount to their underlying business values and run by managers who think and act as owners. They believe that purchasing a quality business at a discount to its underlying value minimizes risk while providing substantial profit potential. Over time, they believe the price of a stock will rise to reflect the company's underlying business value; in practice, their investment time horizon is generally three to five years. They are concentrated investors, building focused portfolios that provide diversification but are concentrated enough so that their best ideas can make a meaningful impact on investment performance. They believe they can add value through their stock selection capabilities and low correlation to international indices and peers. Harris believes their greatest competitive advantage is their long-term investment horizon, exploiting the mispricing of securities caused by what they believe is the short-term focus of many market participants. \*This fund was converted into a CIT in November 2015.

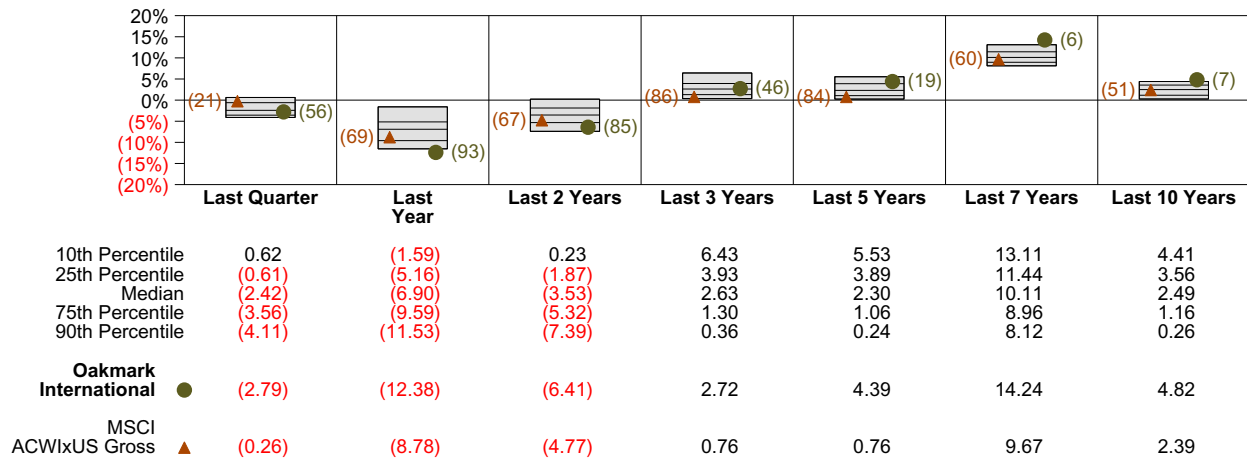
### Quarterly Summary and Highlights

- Oakmark International's portfolio posted a (2.79)% return for the quarter placing it in the 56 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 93 percentile for the last year.
- Oakmark International's portfolio underperformed the MSCI ACWixUS Gross by 2.53% for the quarter and underperformed the MSCI ACWixUS Gross for the year by 3.59%.

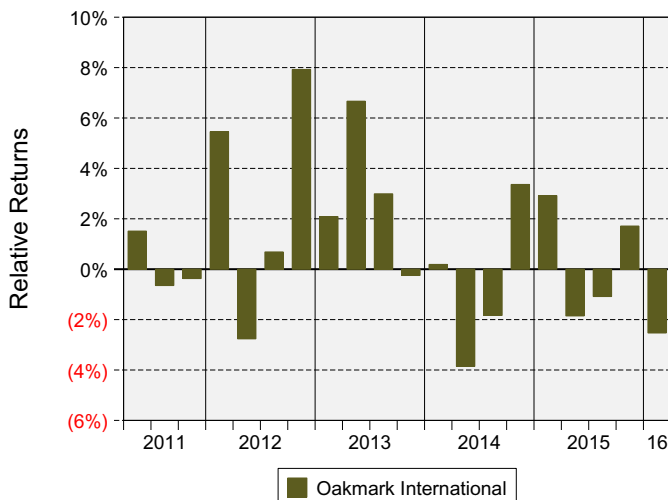
### Quarterly Asset Growth

Beginning Market Value	\$22,313,944
Net New Investment	\$0
Investment Gains/(Losses)	\$-623,182
Ending Market Value	\$21,690,761

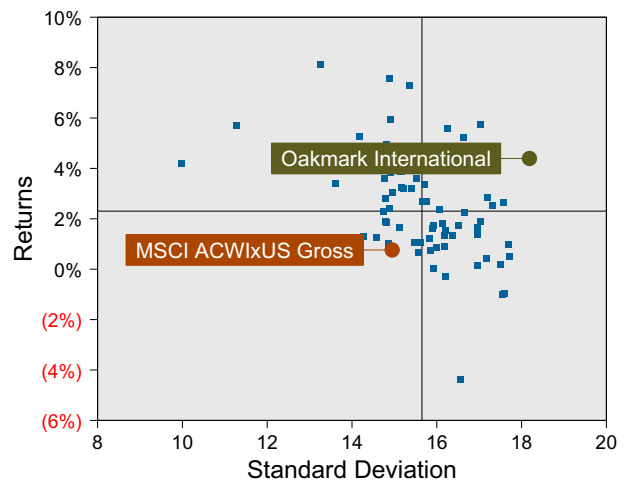
### Performance vs CAI MF - Non-US Equity Style (Net)



### Relative Return vs MSCI ACWixUS Gross



### CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return

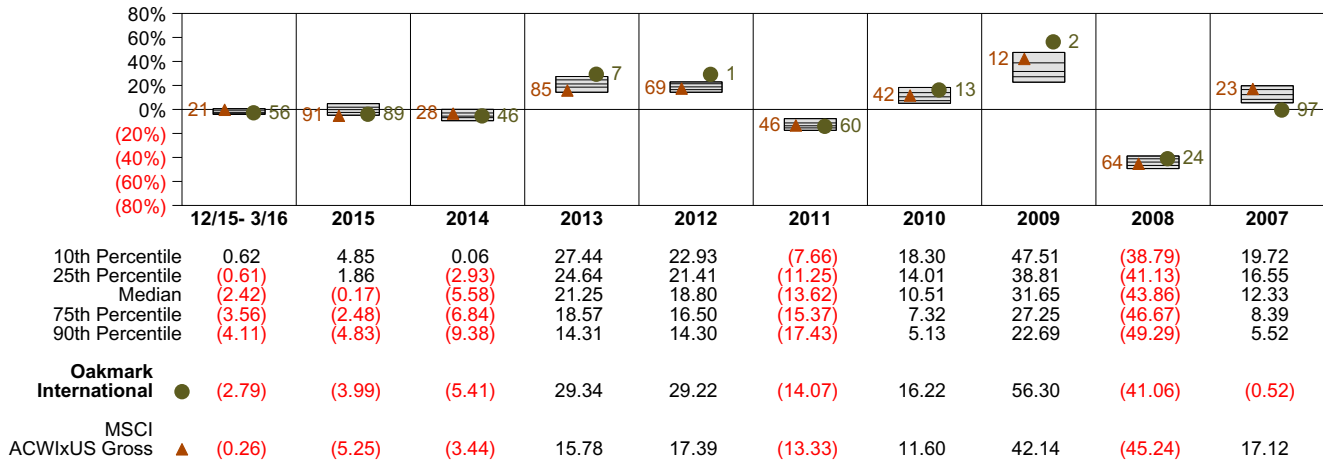


# Oakmark International Return Analysis Summary

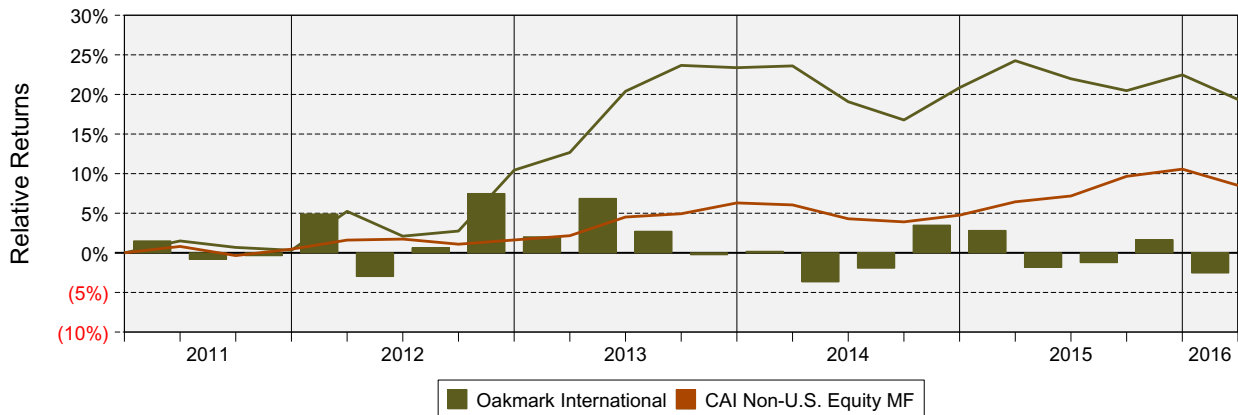
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

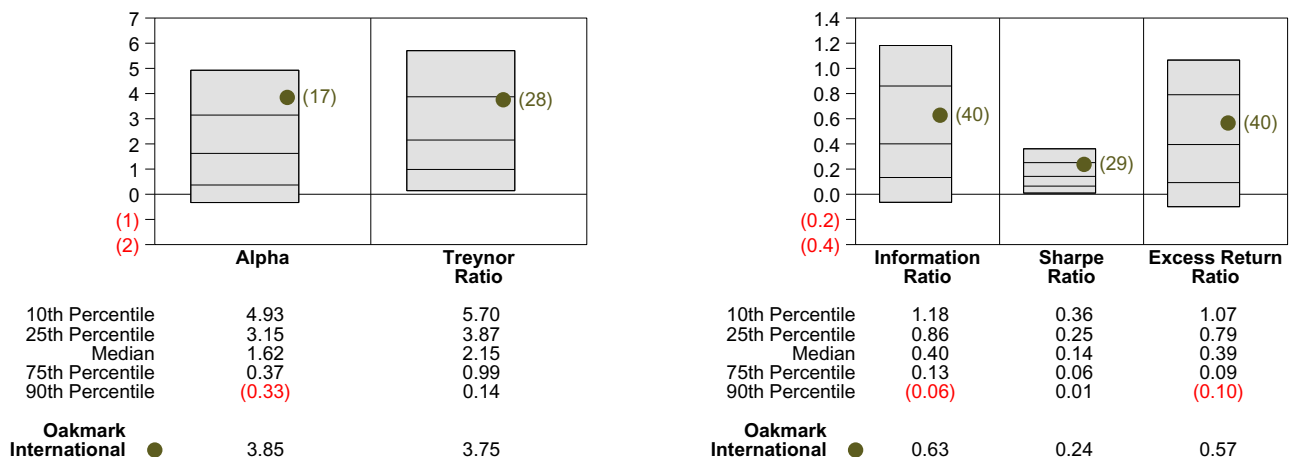
### Performance vs CAI MF - Non-US Equity Style (Net)



### Cumulative and Quarterly Relative Return vs MSCI ACWixUS Gross



### Risk Adjusted Return Measures vs MSCI ACWixUS Gross Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended March 31, 2016

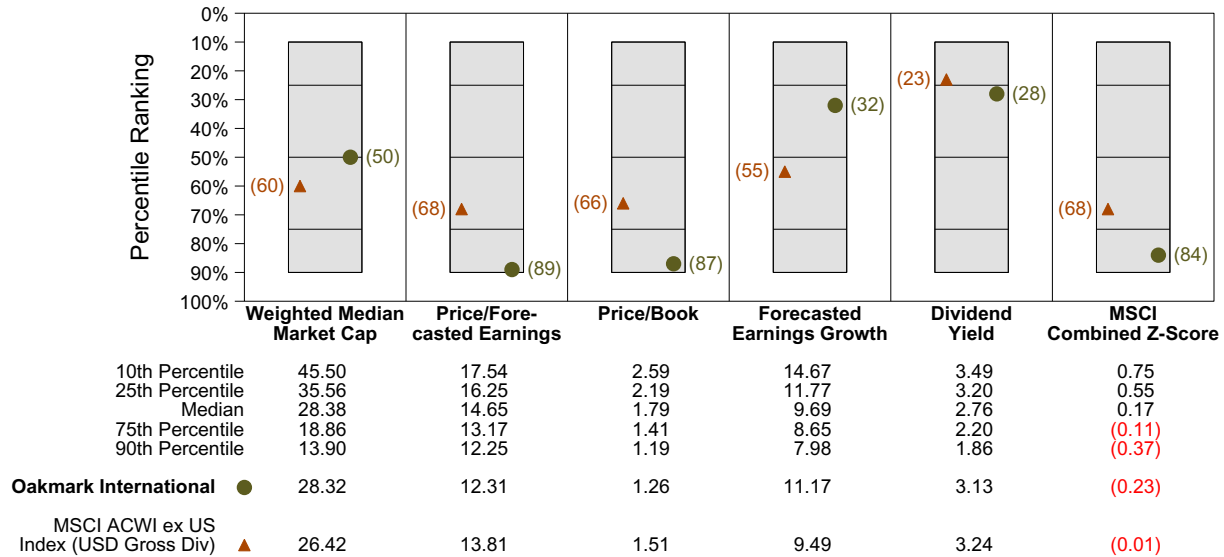


# Oakmark International Equity Characteristics Analysis Summary

## Portfolio Characteristics

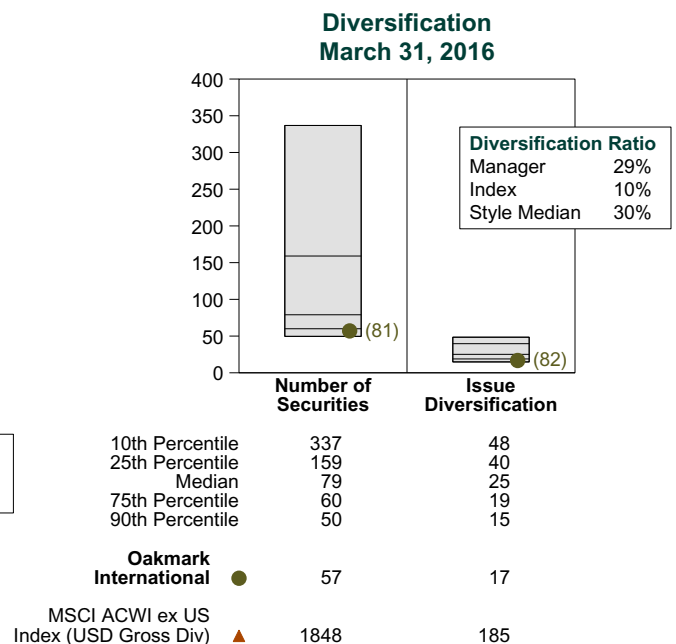
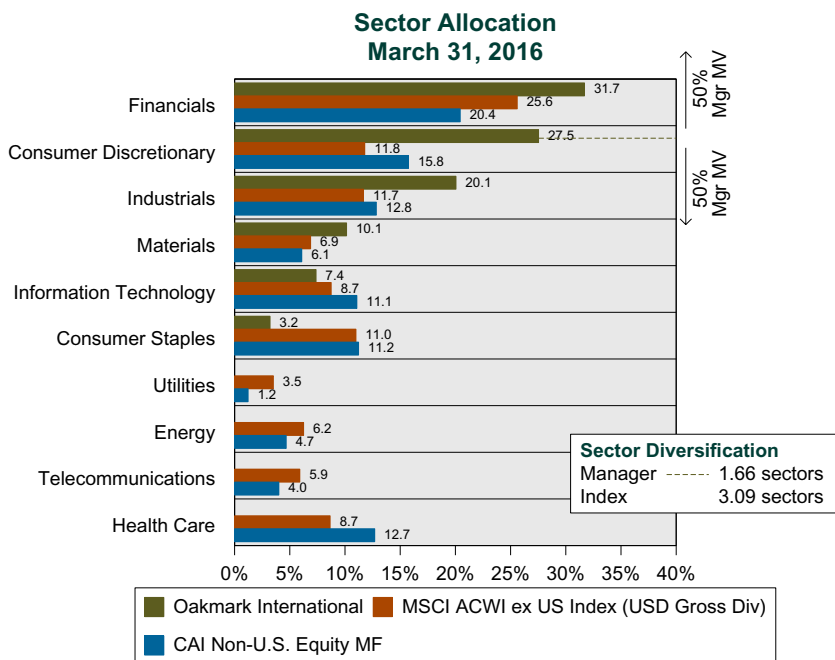
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Non-US Equity Style as of March 31, 2016



## Sector Weights

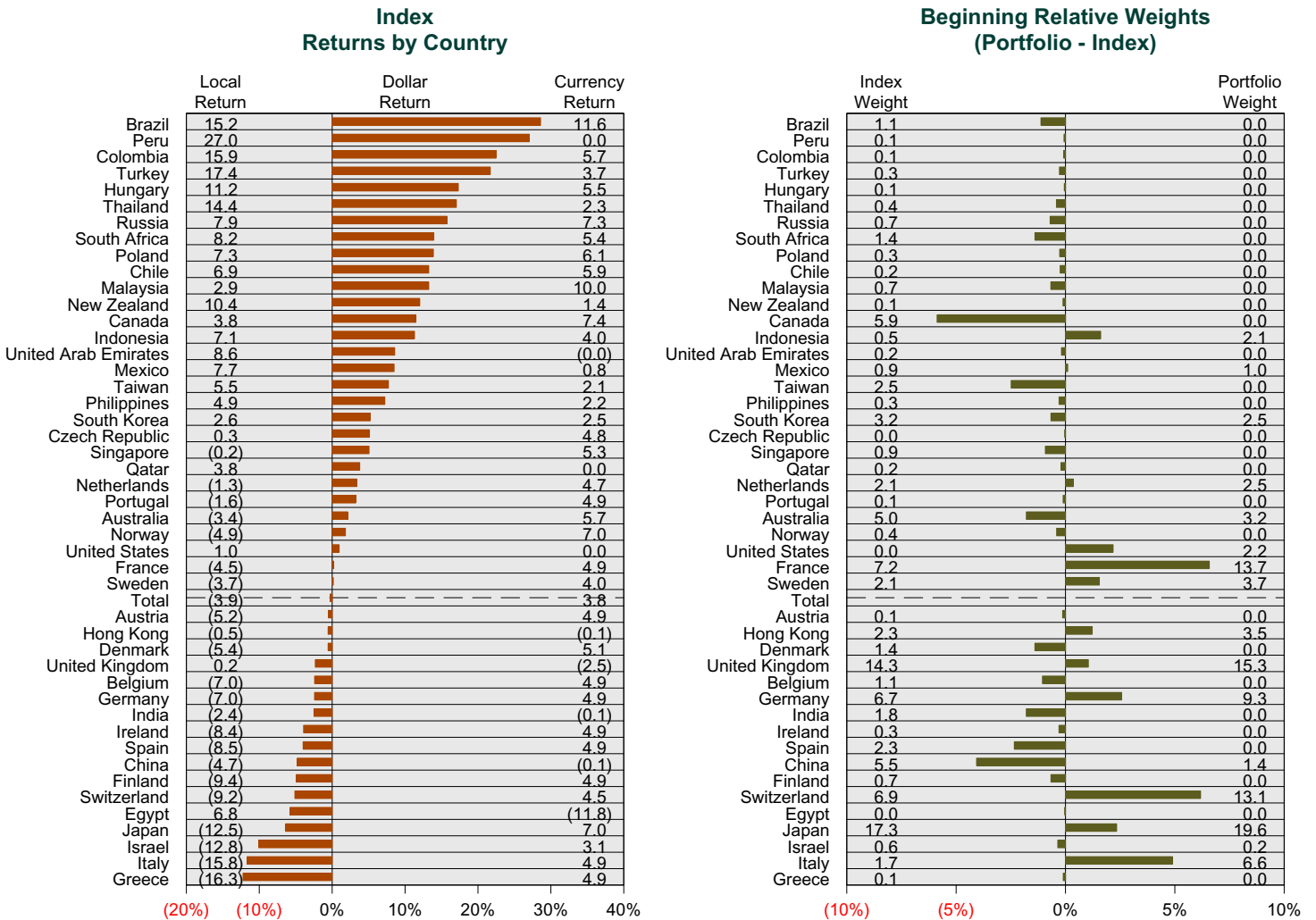
The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



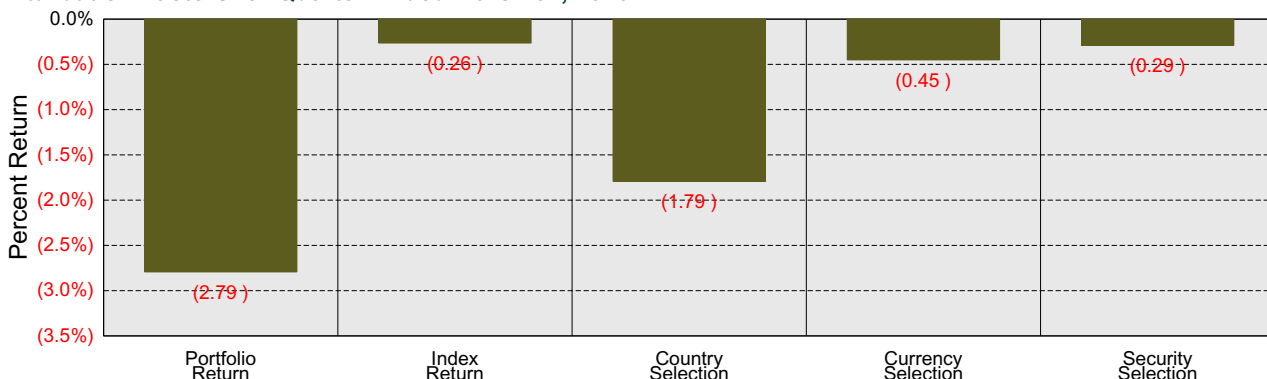
# Oakmark International vs MSCI ACWIxUS Gross Attribution for Quarter Ended March 31, 2016

## International Attribution

The first chart below illustrates the return for each country in the index sorted from high to low. The total return for the index is highlighted with a dotted line. The second chart (countries presented in the same order) illustrates the manager's country allocation decisions relative to the index. To the extent that the manager over-weighted a country that had a higher return than the total return for the index (above the dotted line) it contributes positively to the manager's country (or currency) selection effect. The last chart details the manager return, the index return, and the attribution factors for the quarter.



## Attribution Factors for Quarter Ended March 31, 2016





# Mondrian International Period Ended March 31, 2016

## Investment Philosophy

Mondrian's value driven investment philosophy is based on the belief that investments need to be evaluated in terms of their fundamental long-term value. In the management of international equity assets, they invest in securities where rigorous dividend discount analysis identifies value in terms of the long term flow of income. Mondrian's management fee is 77 bps on all assets.

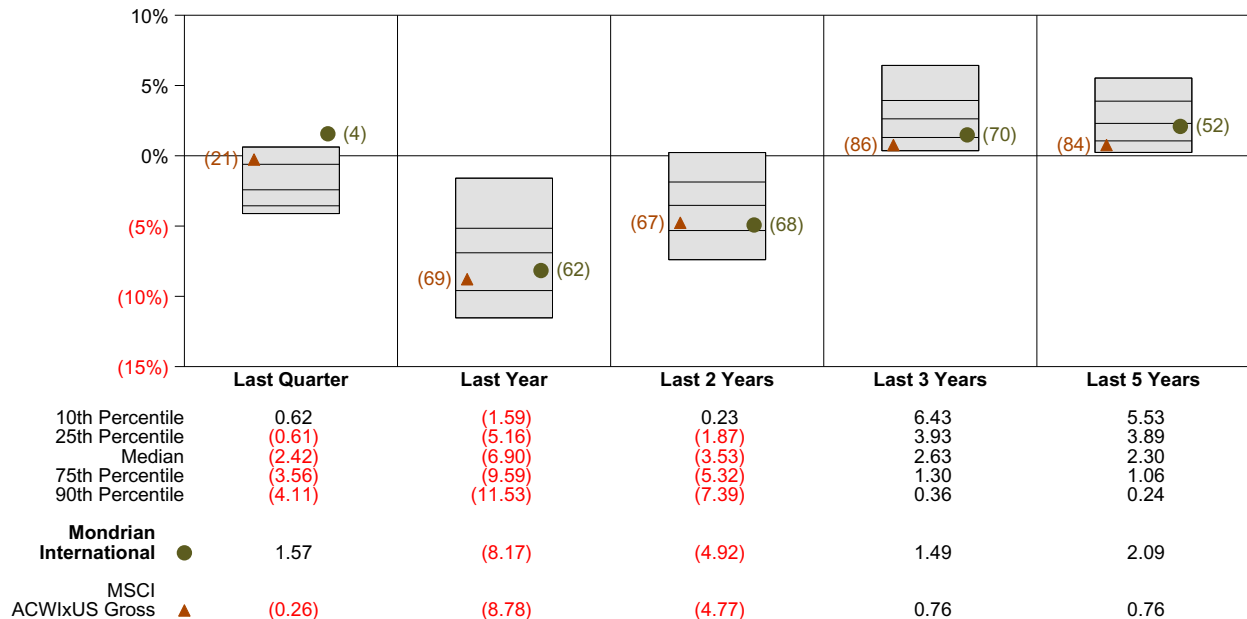
## Quarterly Summary and Highlights

- Mondrian International's portfolio posted a 1.57% return for the quarter placing it in the 4 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 62 percentile for the last year.
- Mondrian International's portfolio outperformed the MSCI ACWixUS Gross by 1.83% for the quarter and outperformed the MSCI ACWixUS Gross for the year by 0.62%.

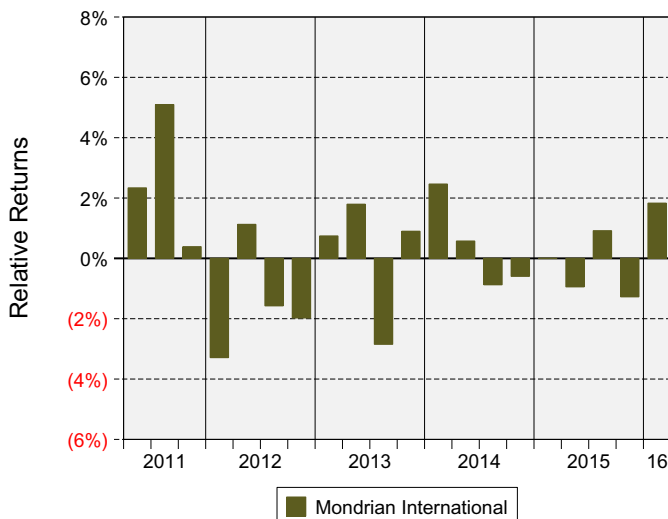
## Quarterly Asset Growth

Beginning Market Value	\$22,366,103
Net New Investment	\$0
Investment Gains/(Losses)	\$393,579
Ending Market Value	\$22,759,682

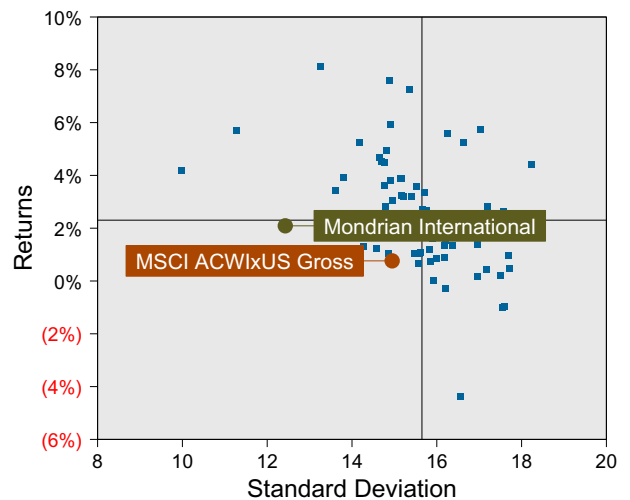
## Performance vs CAI MF - Non-US Equity Style (Net)



## Relative Return vs MSCI ACWixUS Gross



## CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return

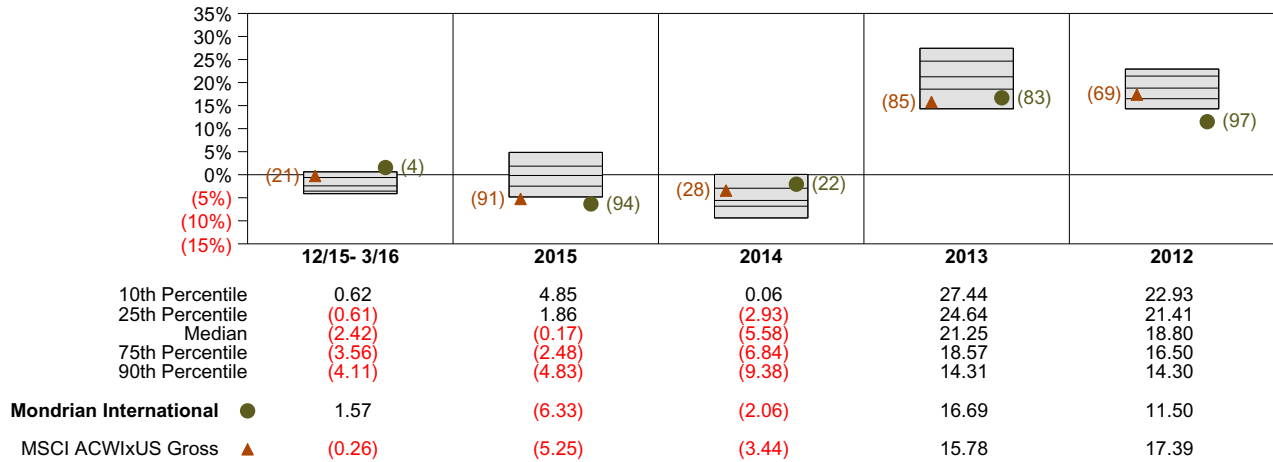


# Mondrian International Return Analysis Summary

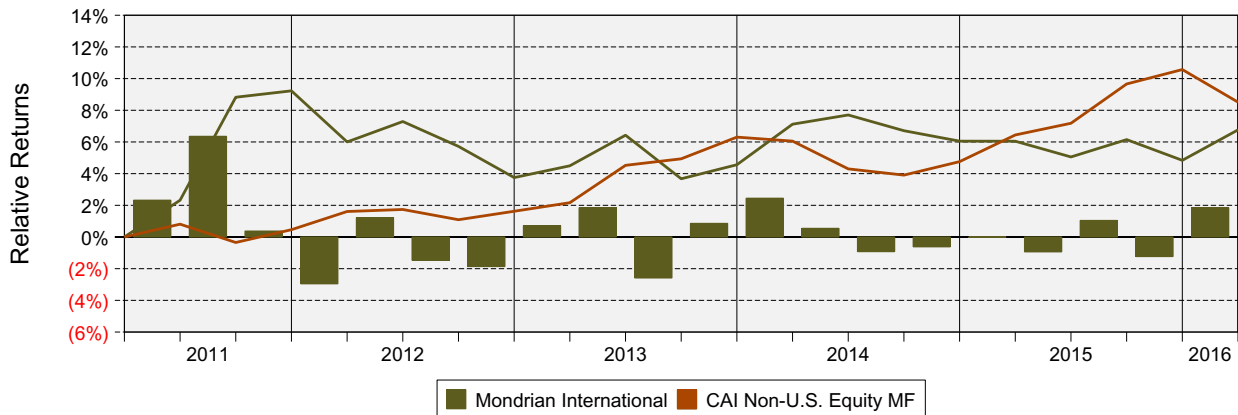
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

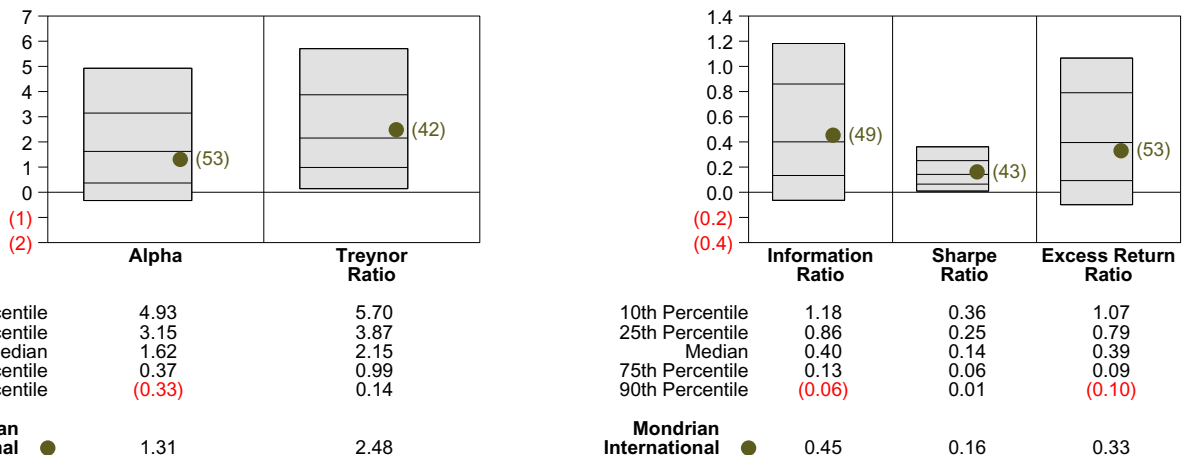
### Performance vs CAI MF - Non-US Equity Style (Net)



### Cumulative and Quarterly Relative Return vs MSCI ACWixUS Gross



### Risk Adjusted Return Measures vs MSCI ACWixUS Gross Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended March 31, 2016

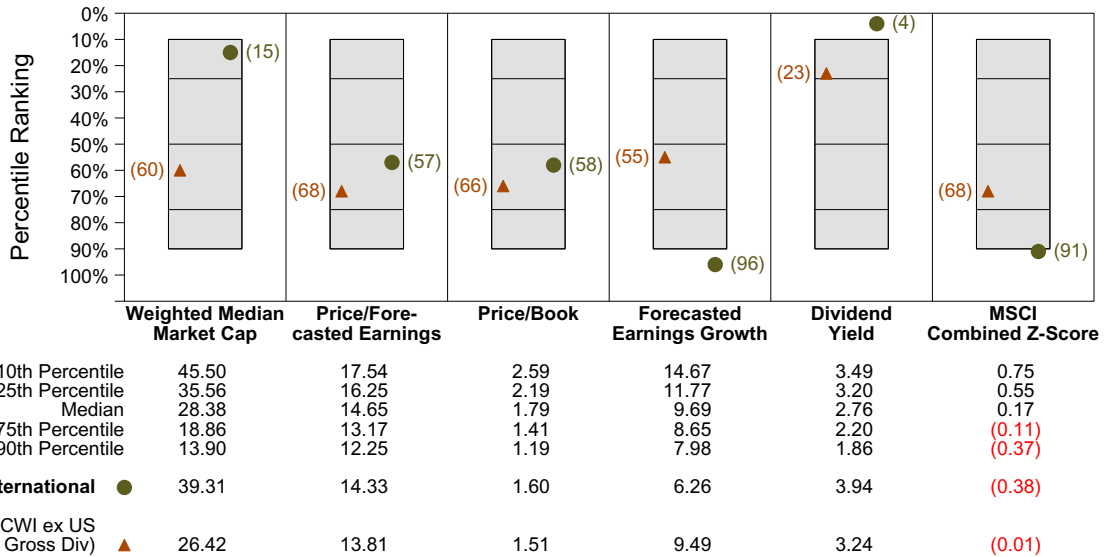


# Mondrian International Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

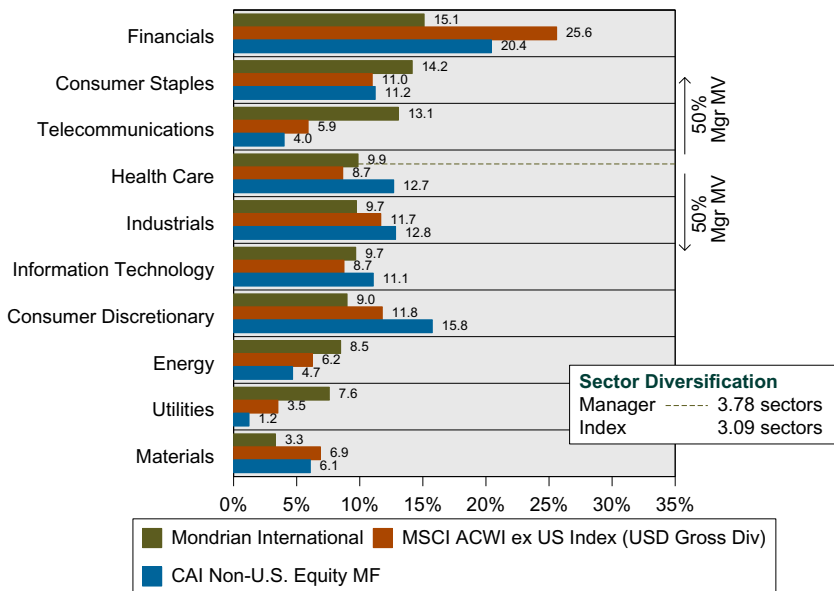
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Non-US Equity Style as of March 31, 2016



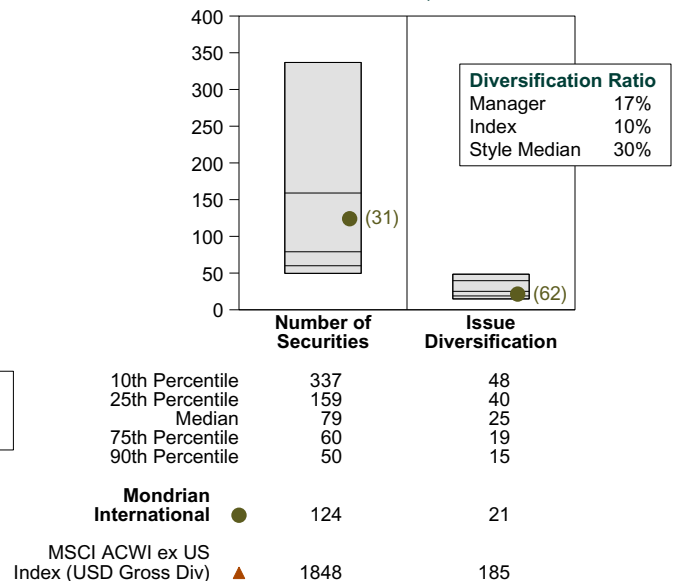
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

### Sector Allocation March 31, 2016



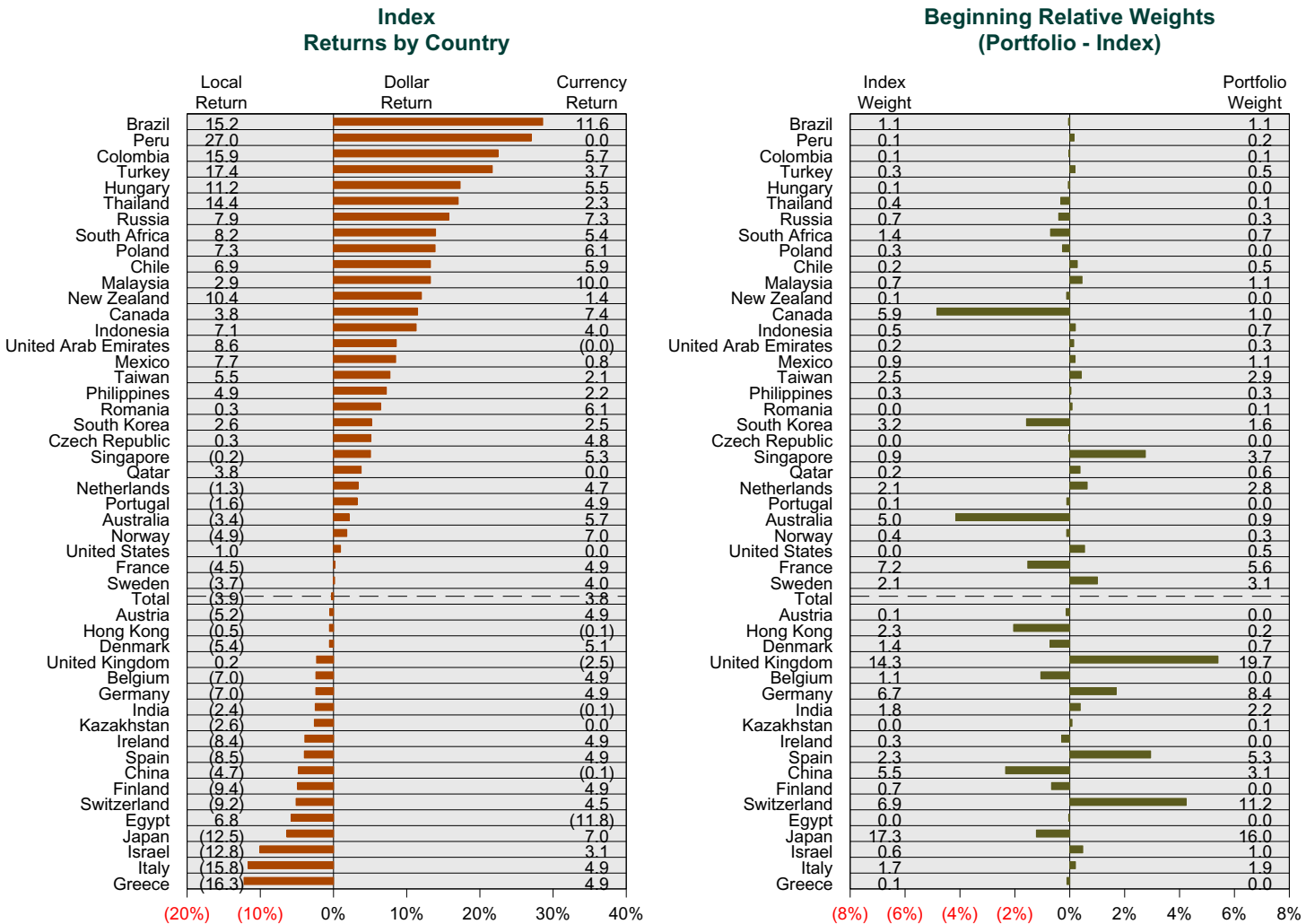
### Diversification March 31, 2016



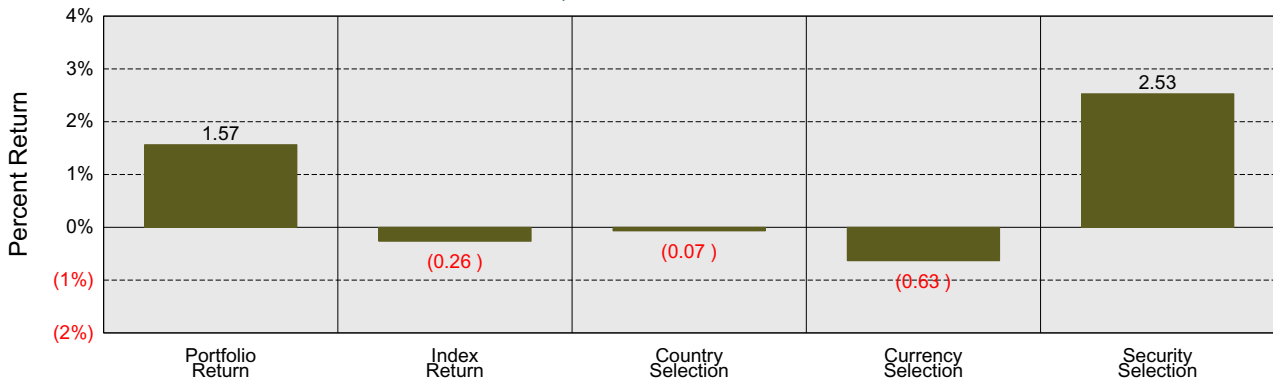
# Mondrian International vs MSCI ACWixUS Gross Attribution for Quarter Ended March 31, 2016

## International Attribution

The first chart below illustrates the return for each country in the index sorted from high to low. The total return for the index is highlighted with a dotted line. The second chart (countries presented in the same order) illustrates the manager's country allocation decisions relative to the index. To the extent that the manager over-weighted a country that had a higher return than the total return for the index (above the dotted line) it contributes positively to the manager's country (or currency) selection effect. The last chart details the manager return, the index return, and the attribution factors for the quarter.



## Attribution Factors for Quarter Ended March 31, 2016





# Domestic Fixed Income Composite Period Ended March 31, 2016

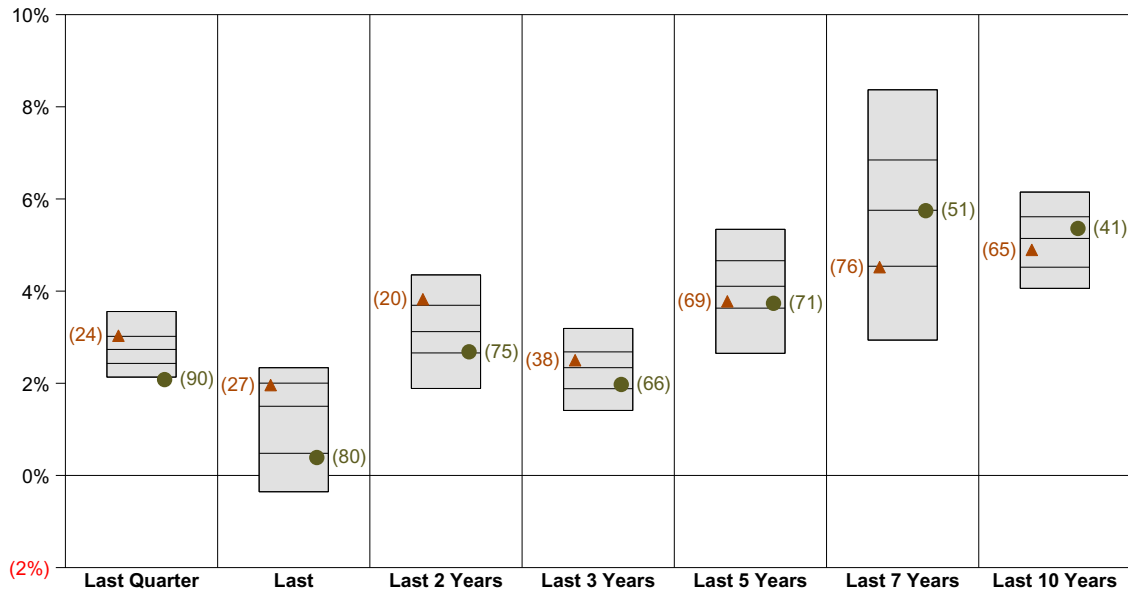
## Quarterly Summary and Highlights

- Domestic Fixed Income Composite's portfolio posted a 2.08% return for the quarter placing it in the 90 percentile of the Pub Pln- Domestic Fixed group for the quarter and in the 80 percentile for the last year.
- Domestic Fixed Income Composite's portfolio underperformed the Barclays Aggregate Index by 0.95% for the quarter and underperformed the Barclays Aggregate Index for the year by 1.57%.

## Quarterly Asset Growth

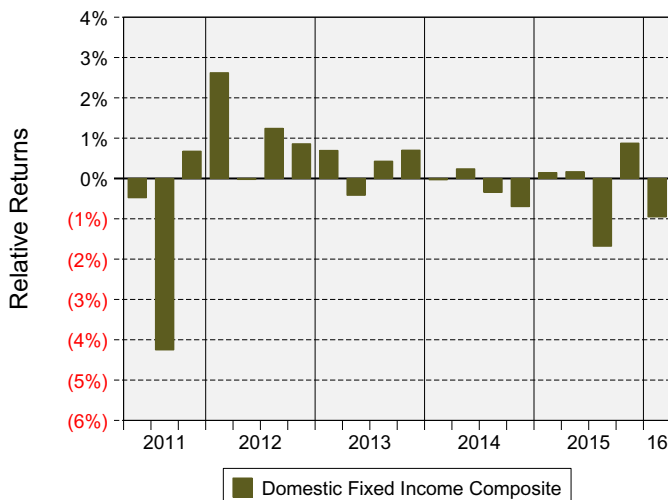
Beginning Market Value	\$115,625,754
Net New Investment	\$-900,793
Investment Gains/(Losses)	\$2,398,237
Ending Market Value	\$117,123,198

## Performance vs Pub Pln- Domestic Fixed (Gross)

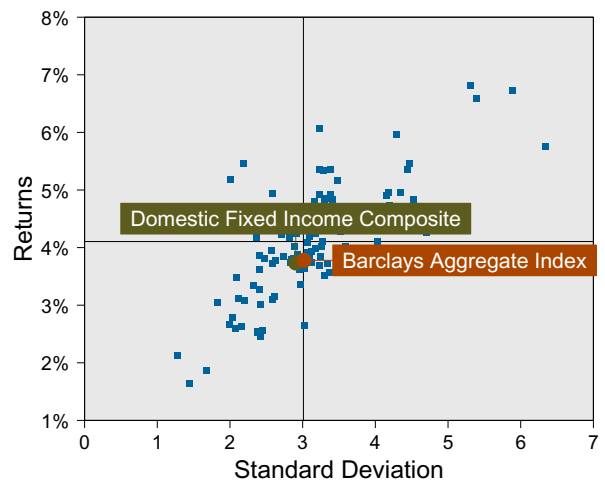


10th Percentile	3.56	2.34	4.35	3.19	5.34	8.37	6.15
25th Percentile	3.02	2.00	3.69	2.68	4.66	6.85	5.61
Median	2.73	1.50	3.12	2.34	4.11	5.75	5.14
75th Percentile	2.43	0.48	2.66	1.88	3.63	4.54	4.52
90th Percentile	2.13	(0.35)	1.89	1.41	2.65	2.94	4.06
<b>Domestic Fixed Income Composite</b>	● 2.08	0.39	2.68	1.97	3.74	5.75	5.36
Barclays Aggregate Index	▲ 3.03	1.96	3.82	2.50	3.78	4.52	4.90

## Relative Return vs Barclays Aggregate Index



## Pub Pln- Domestic Fixed (Gross) Annualized Five Year Risk vs Return

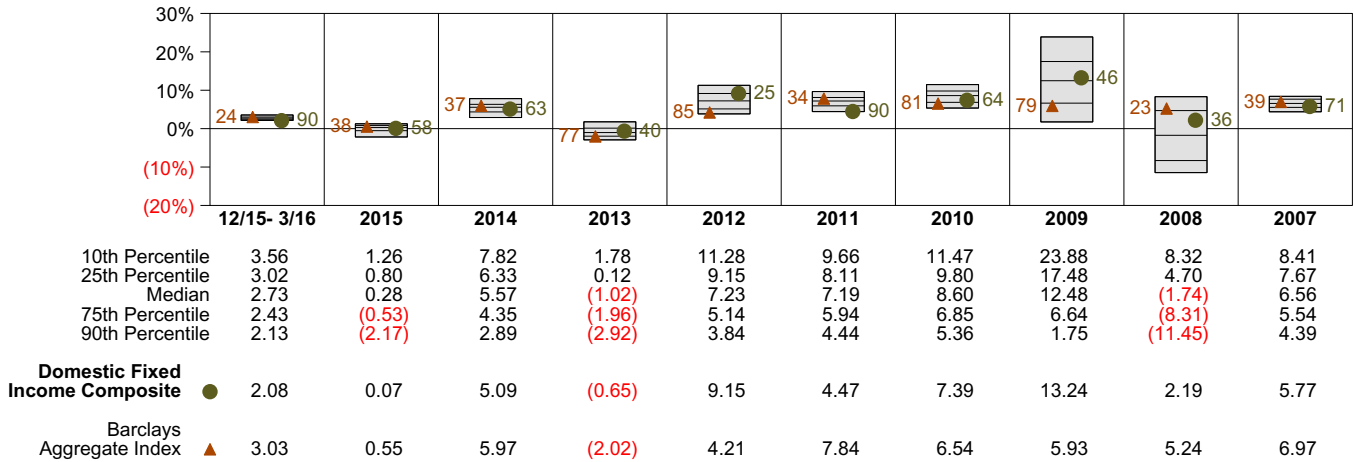


# Domestic Fixed Income Composite Return Analysis Summary

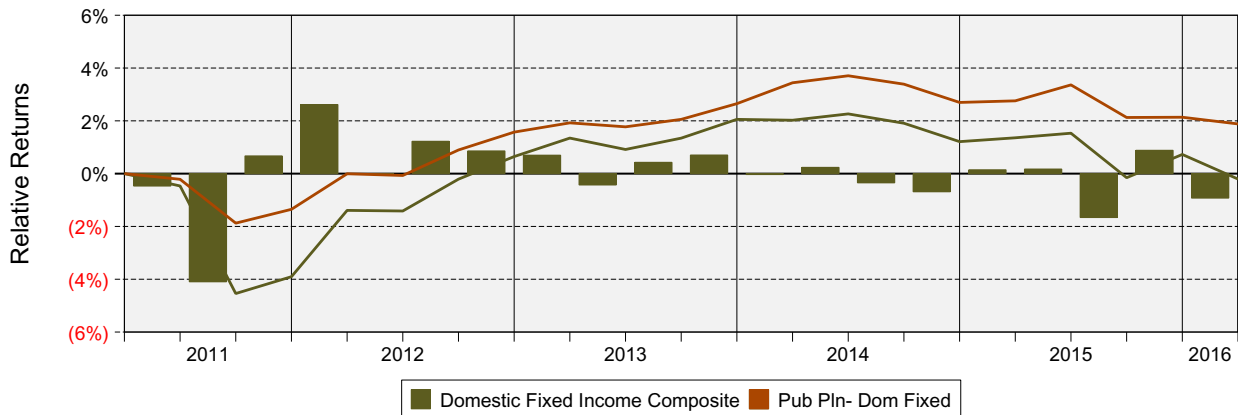
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

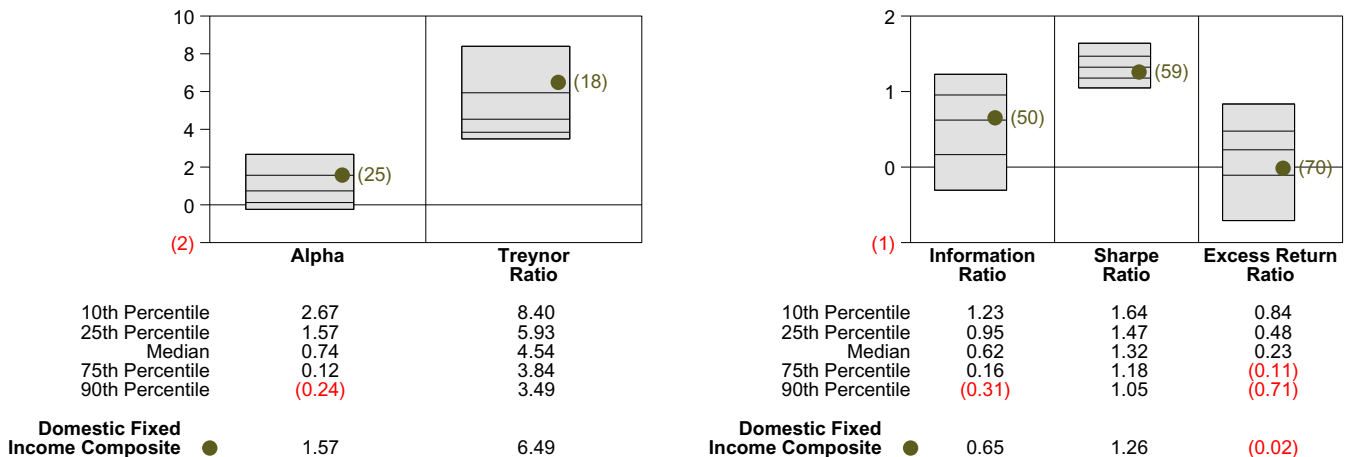
### Performance vs Pub Pln- Domestic Fixed (Gross)



### Cumulative and Quarterly Relative Return vs Barclays Aggregate Index



### Risk Adjusted Return Measures vs Barclays Aggregate Index Rankings Against Pub Pln- Domestic Fixed (Gross) Five Years Ended March 31, 2016

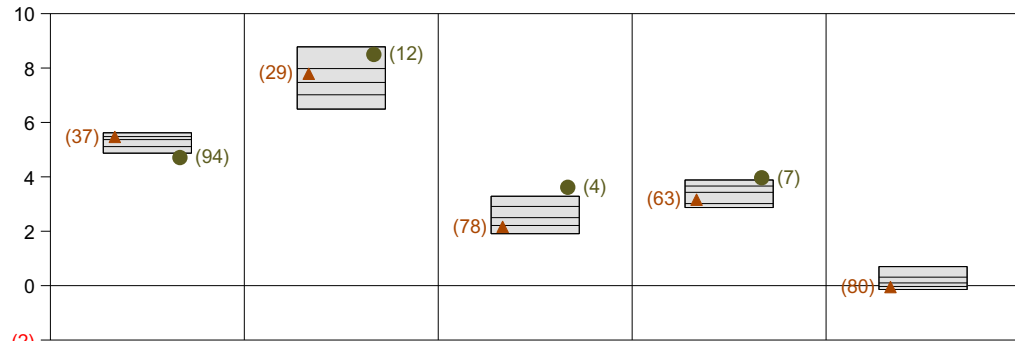


# Domestic Fixed Income Bond Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Fixed Income Portfolio Characteristics Rankings Against CAI Core Bond Fixed-Inc Style as of March 31, 2016

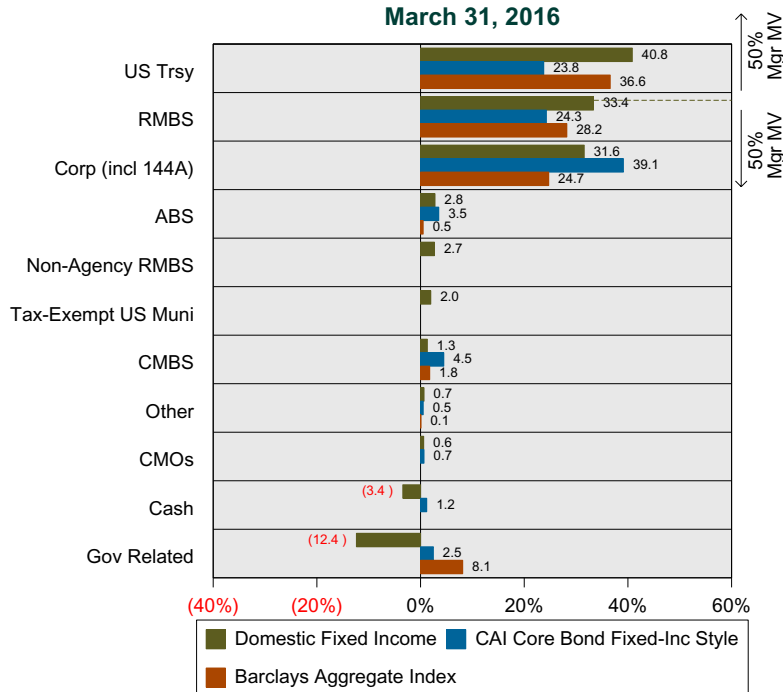


	Duration	Average Life	Effective Yield	Coupon Rate	OA Convexity
10th Percentile	5.62	8.78	3.29	3.88	0.70
25th Percentile	5.48	7.98	2.91	3.66	0.31
Median	5.37	7.47	2.50	3.43	0.10
75th Percentile	5.11	7.02	2.21	3.02	(0.03)
90th Percentile	4.87	6.49	1.91	2.87	(0.14)
<b>Domestic Fixed Income</b> ●	4.71	8.50	3.62	3.97	-
<b>Barclays Aggregate Index</b> ▲	5.47	7.79	2.16	3.16	(0.05)

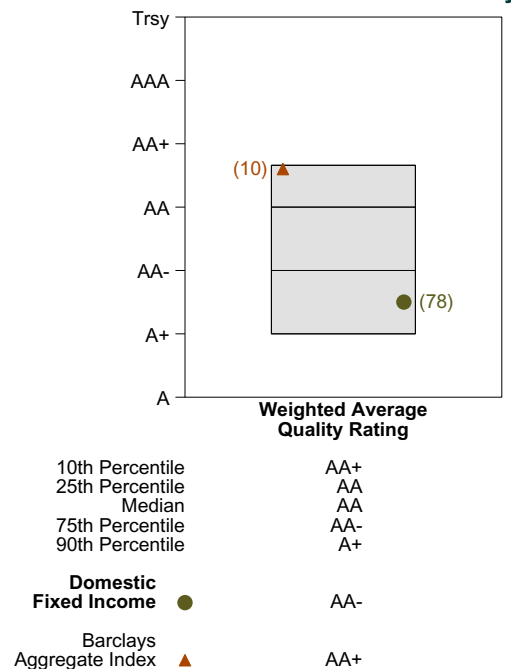
## Sector Allocation and Quality Ratings

The first graph compares the manager's sector allocation with the average allocation across all the members of the manager's style. The second graph compares the manager's weighted average quality rating with the range of quality ratings for the style.

### Sector Allocation March 31, 2016



### Quality Ratings vs CAI Core Bond Fixed-Inc Style





# Dodge & Cox Income Period Ended March 31, 2016

## Investment Philosophy

Dodge & Cox's Fixed Income Philosophy is to construct and manage a high-quality and diversified portfolio of securities that is selected through bottom-up, fundamental analysis. They believe that by combining fundamental research with a long-term investment horizon, it is possible to uncover and act upon inefficiencies in the valuation of market sectors and individual securities. In their efforts to seek attractive returns, the team: 1) emphasizes market sector and individual security selection; 2) strives to build portfolios which have a higher yield than the composite yield of the broad bond market; and 3) analyzes portfolio and individual security risk. Their credit research focuses on analysis of the fundamental factors that impact an individual issuer's or market sector's credit risk. They also consider economic trends and special circumstances which may affect an industry or a specific issue or issuer.

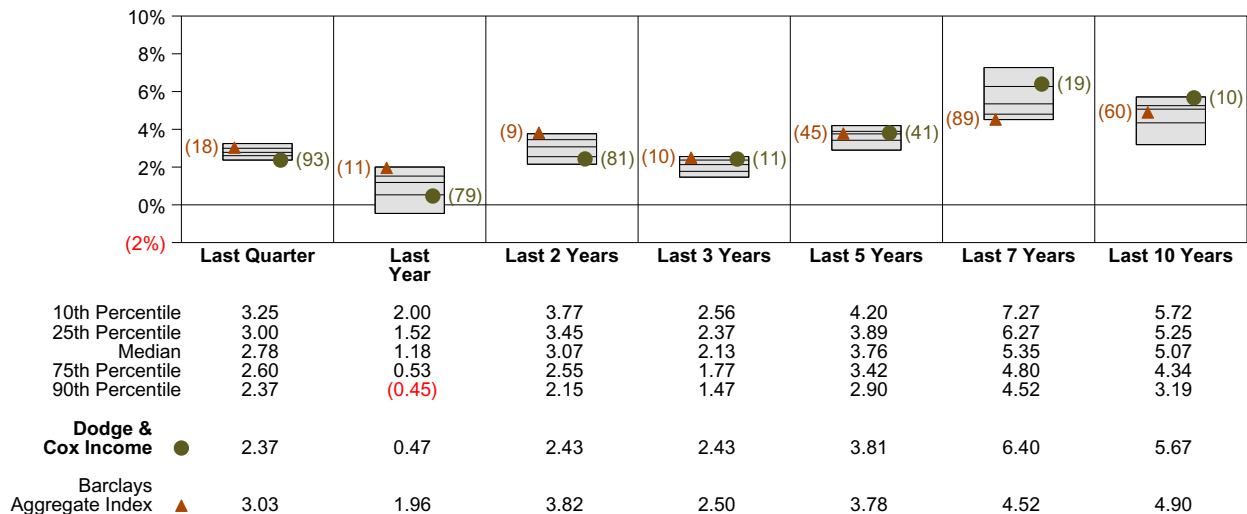
## Quarterly Summary and Highlights

- Dodge & Cox Income's portfolio posted a 2.37% return for the quarter placing it in the 93 percentile of the CAI MF - Core Bond Style group for the quarter and in the 79 percentile for the last year.
- Dodge & Cox Income's portfolio underperformed the Barclays Aggregate Index by 0.66% for the quarter and underperformed the Barclays Aggregate Index for the year by 1.49%.

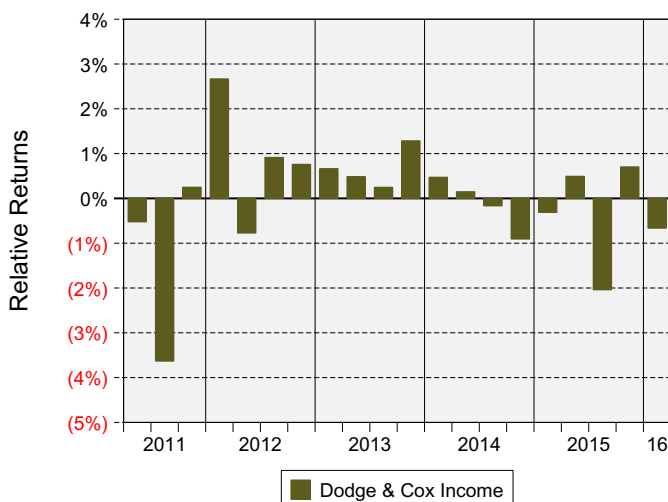
## Quarterly Asset Growth

Beginning Market Value	\$57,768,446
Net New Investment	\$-499,878
Investment Gains/(Losses)	\$1,365,316
Ending Market Value	\$58,633,883

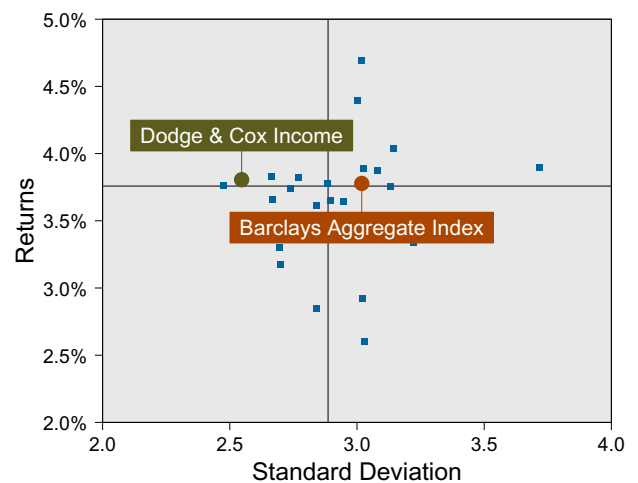
## Performance vs CAI MF - Core Bond Style (Net)



## Relative Return vs Barclays Aggregate Index



## CAI MF - Core Bond Style (Net) Annualized Five Year Risk vs Return

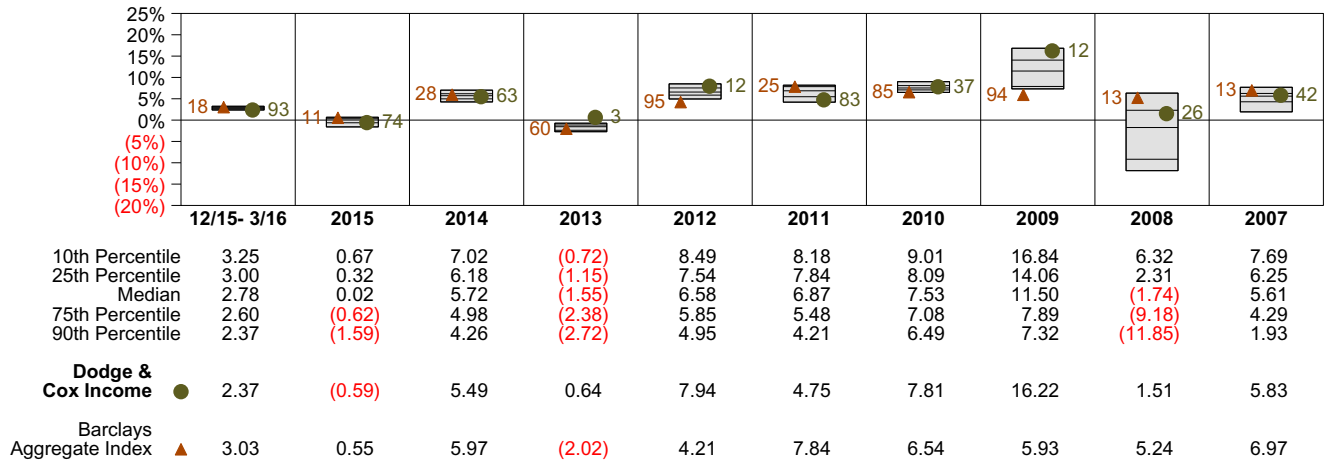


# Dodge & Cox Income Return Analysis Summary

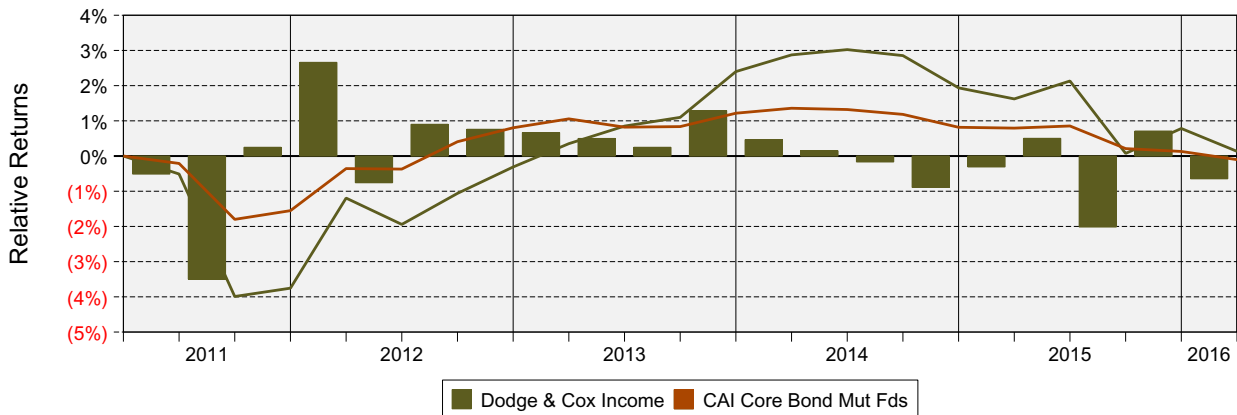
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

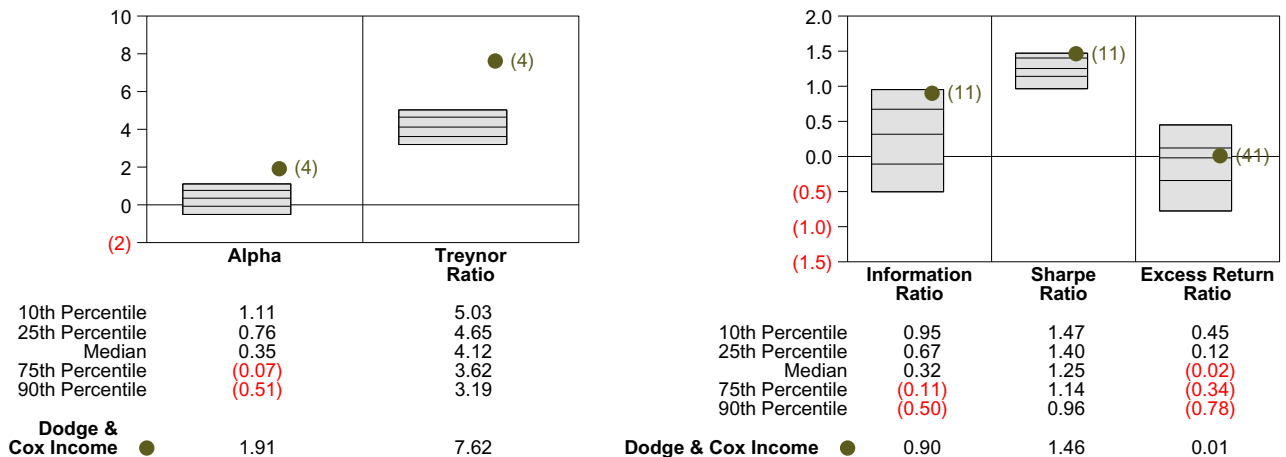
### Performance vs CAI MF - Core Bond Style (Net)



### Cumulative and Quarterly Relative Return vs Barclays Aggregate Index



### Risk Adjusted Return Measures vs Barclays Aggregate Index Rankings Against CAI MF - Core Bond Style (Net) Five Years Ended March 31, 2016

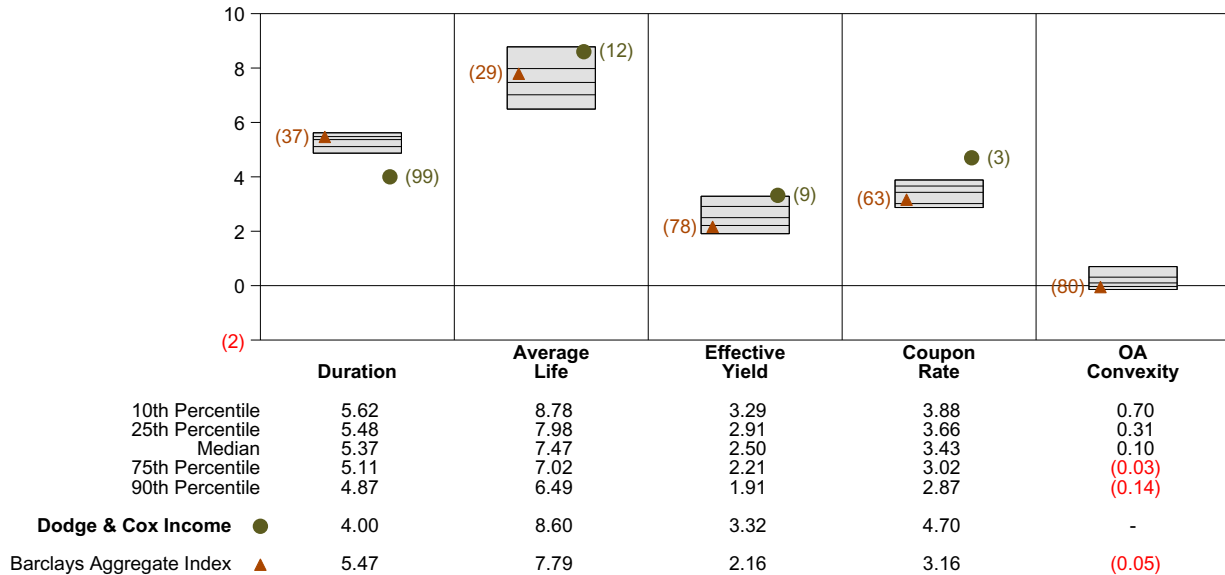


# Dodge & Cox Income Bond Characteristics Analysis Summary

## Portfolio Characteristics

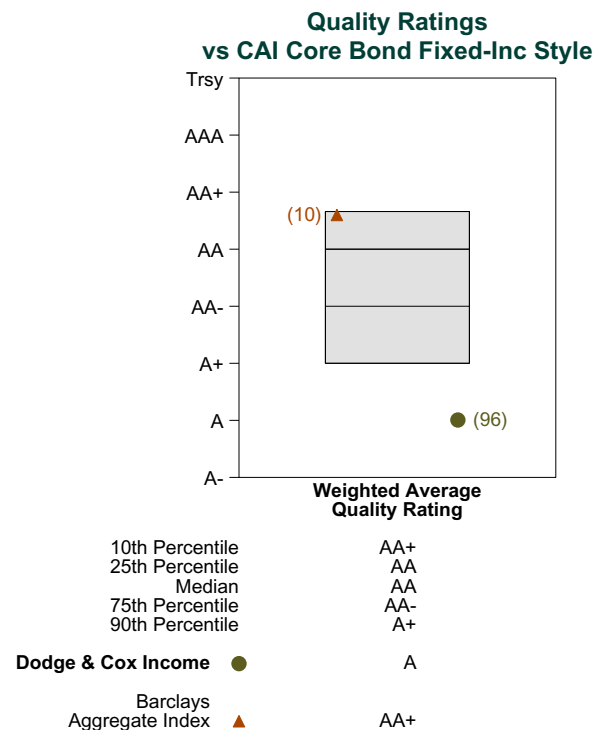
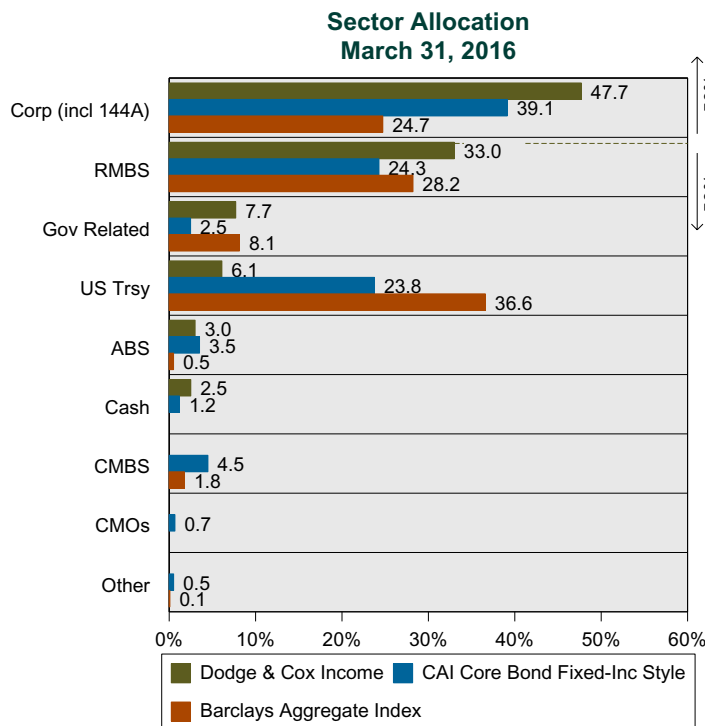
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Fixed Income Portfolio Characteristics Rankings Against CAI Core Bond Fixed-Inc Style as of March 31, 2016



## Sector Allocation and Quality Ratings

The first graph compares the manager's sector allocation with the average allocation across all the members of the manager's style. The second graph compares the manager's weighted average quality rating with the range of quality ratings for the style.



# PIMCO

## Period Ended March 31, 2016

### Investment Philosophy

PIMCO emphasizes adding value by rotating through the major sectors of the domestic and international bond markets. They also seek to enhance returns through duration management.

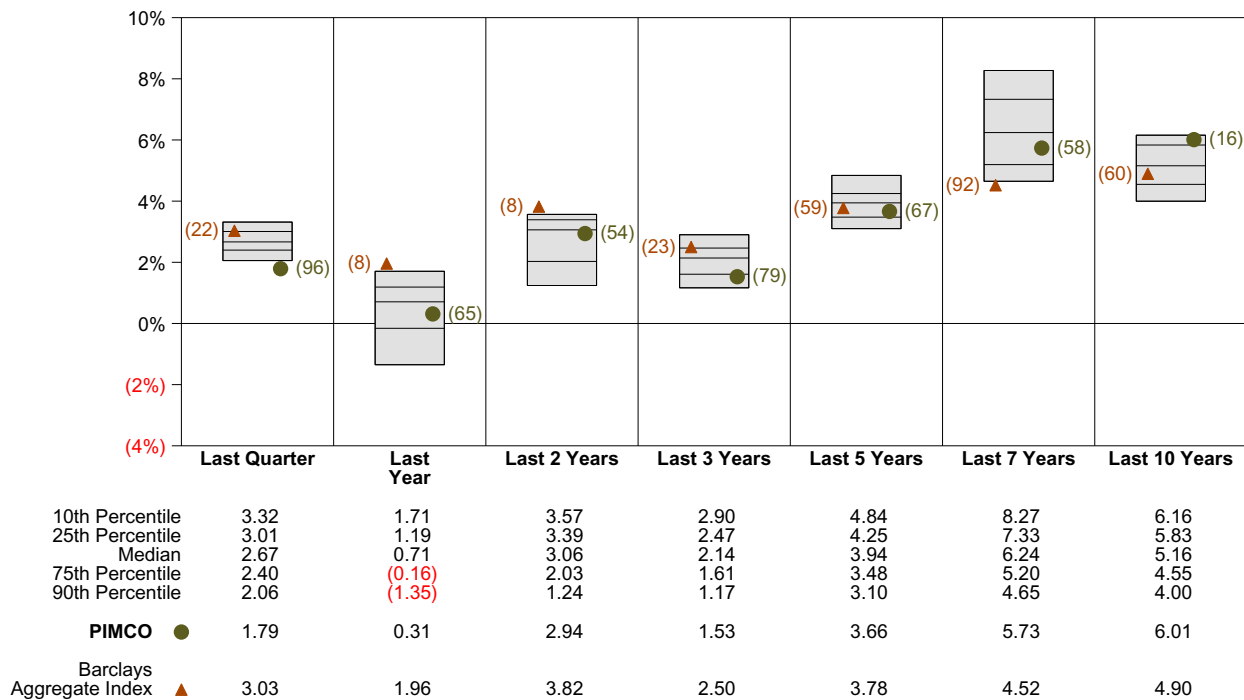
### Quarterly Summary and Highlights

- PIMCO's portfolio posted a 1.79% return for the quarter placing it in the 96 percentile of the CAI MF - Core Plus Style group for the quarter and in the 65 percentile for the last year.
- PIMCO's portfolio underperformed the Barclays Aggregate Index by 1.24% for the quarter and underperformed the Barclays Aggregate Index for the year by 1.65%.

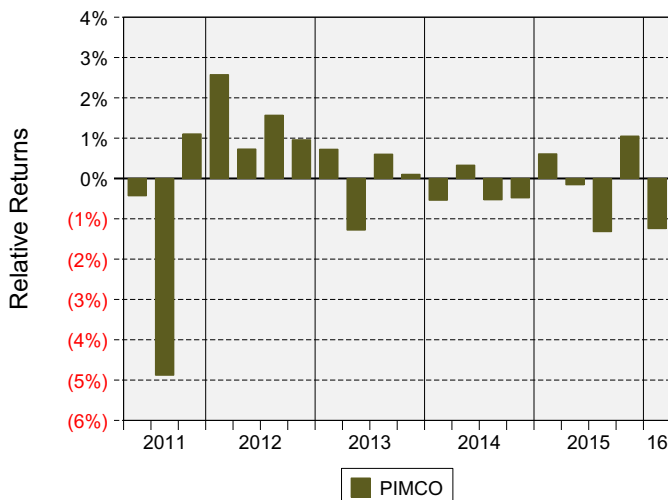
### Quarterly Asset Growth

Beginning Market Value	\$57,857,308
Net New Investment	\$-400,915
Investment Gains/(Losses)	\$1,032,921
Ending Market Value	\$58,489,314

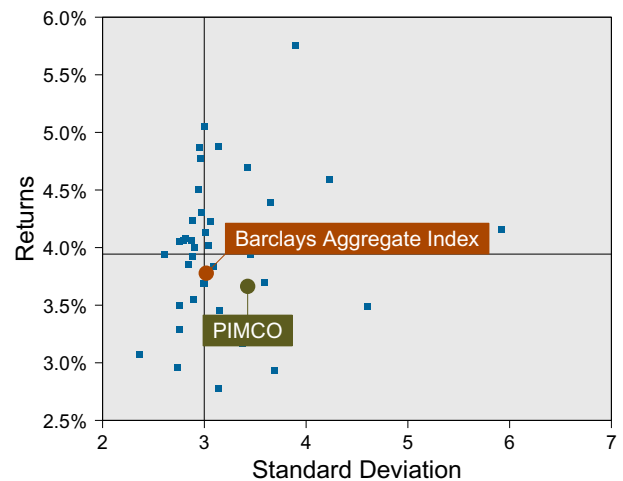
### Performance vs CAI MF - Core Plus Style (Net)



### Relative Return vs Barclays Aggregate Index



### CAI MF - Core Plus Style (Net) Annualized Five Year Risk vs Return

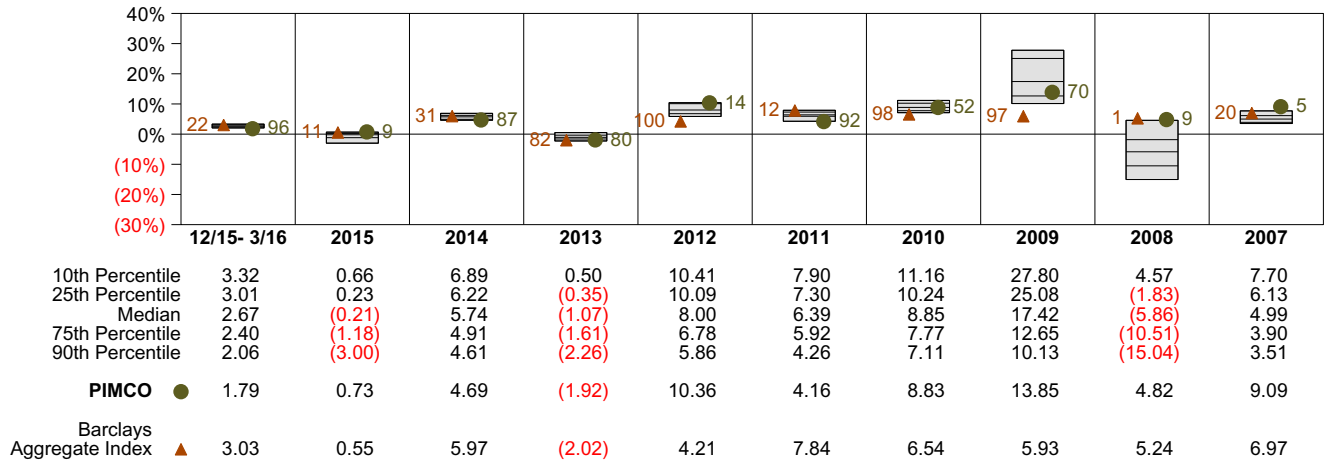


# PIMCO Return Analysis Summary

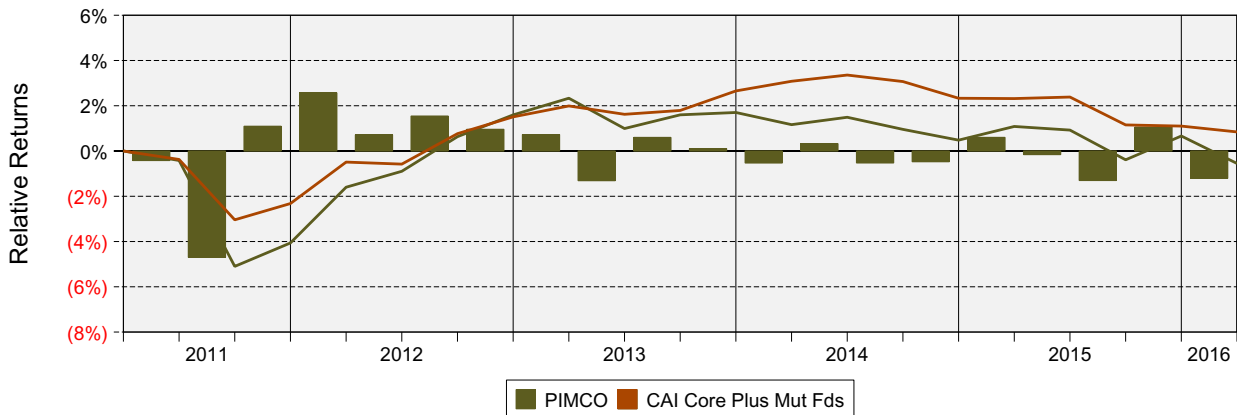
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

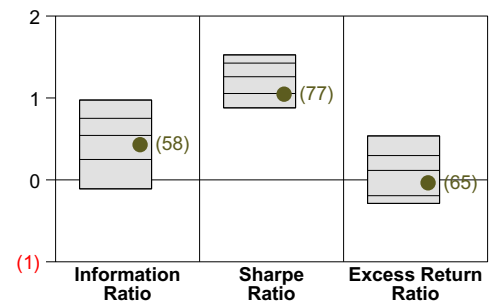
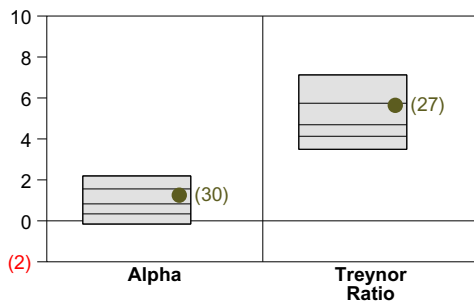
### Performance vs CAI MF - Core Plus Style (Net)



### Cumulative and Quarterly Relative Return vs Barclays Aggregate Index



### Risk Adjusted Return Measures vs Barclays Aggregate Index Rankings Against CAI MF - Core Plus Style (Net) Five Years Ended March 31, 2016

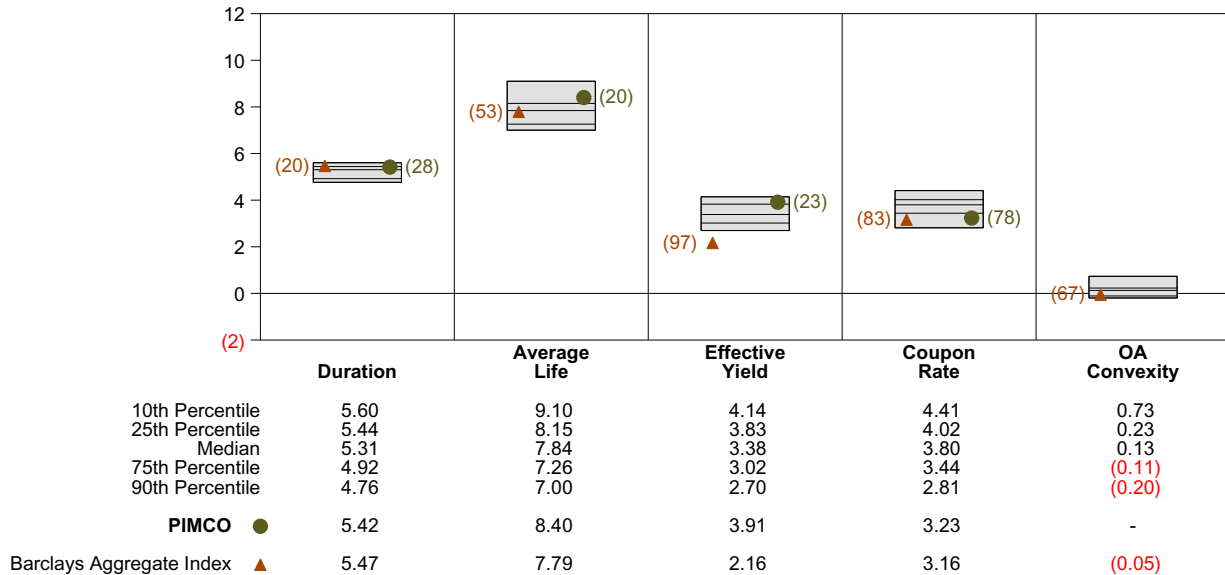


# PIMCO Bond Characteristics Analysis Summary

## Portfolio Characteristics

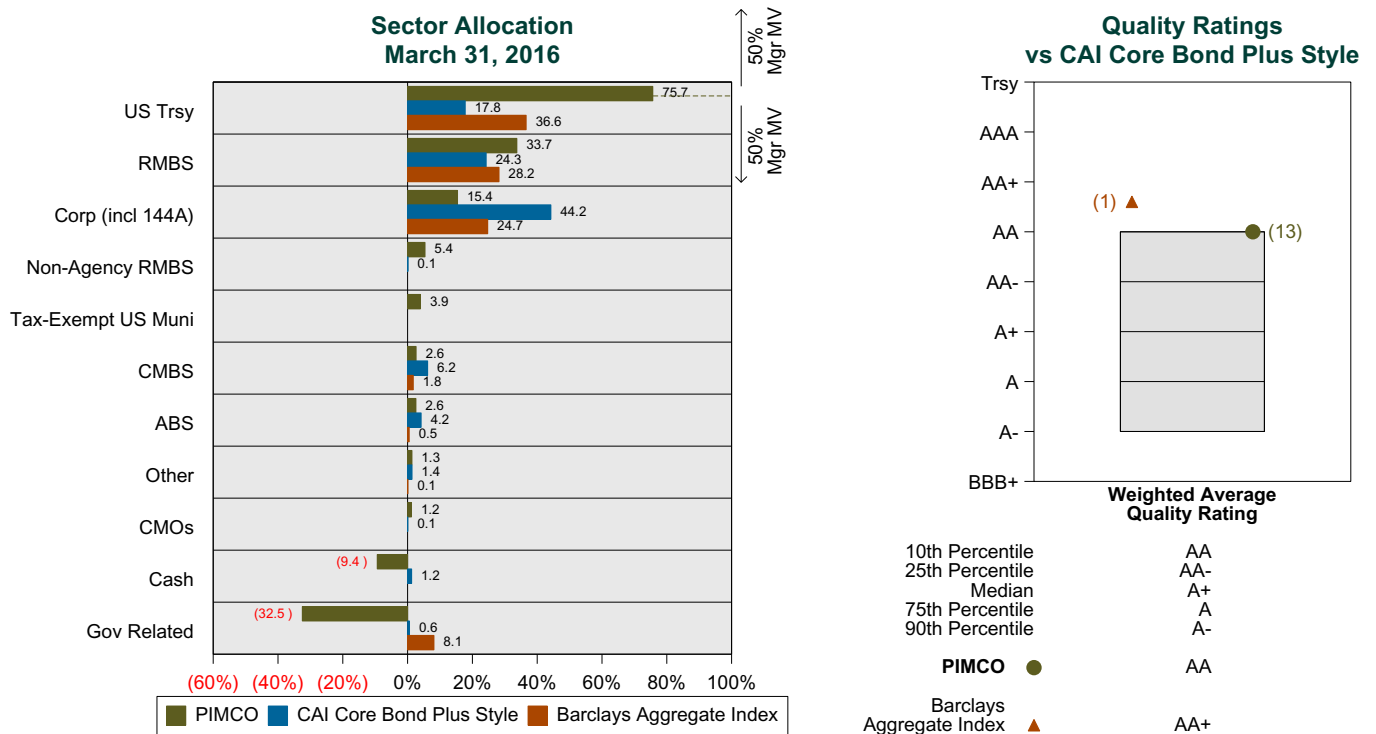
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Fixed Income Portfolio Characteristics Rankings Against CAI Core Bond Plus Style as of March 31, 2016



## Sector Allocation and Quality Ratings

The first graph compares the manager's sector allocation with the average allocation across all the members of the manager's style. The second graph compares the manager's weighted average quality rating with the range of quality ratings for the style.





# RREEF Public Period Ended March 31, 2016

## Investment Philosophy

RREEF Public Fund invests in Real Estate Investment Trusts (REITs) and Real Estate Operating Companies (REOCs) using an active top down component accompanied with detailed bottom up analysis. RREEF believes underlying real estate fundamentals drive real estate securities returns and that proprietary research and deep resources can capitalize on market inefficiencies.

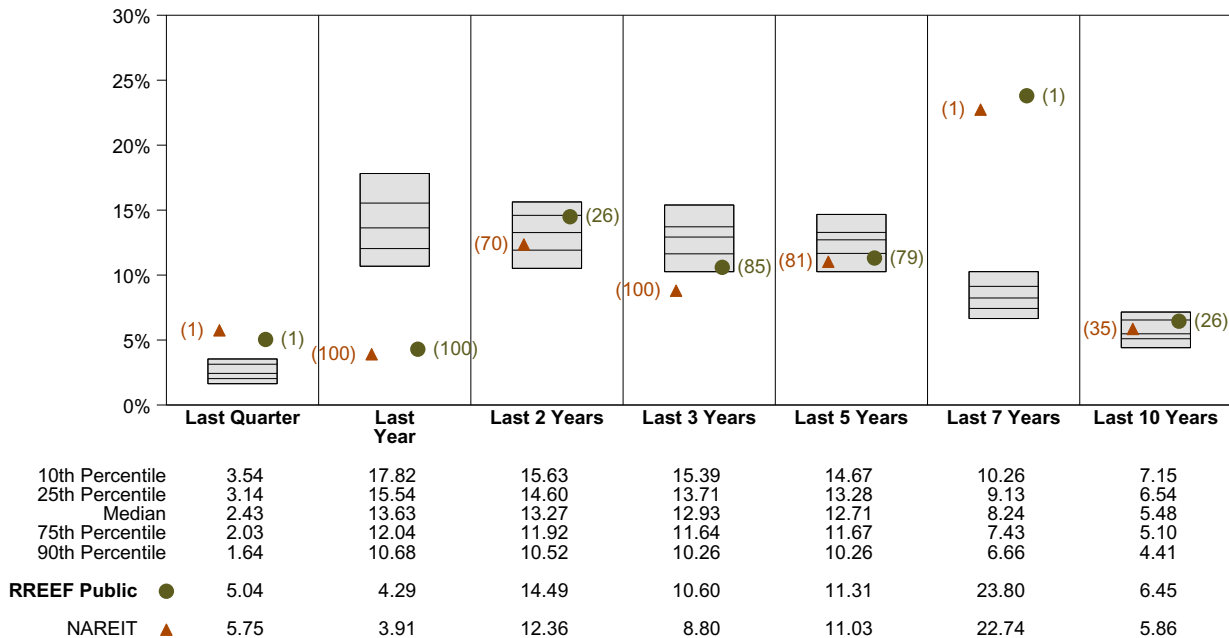
## Quarterly Summary and Highlights

- RREEF Public's portfolio posted a 5.04% return for the quarter placing it in the 1 percentile of the CAI Open-End Real Estate Funds group for the quarter and in the 100 percentile for the last year.
- RREEF Public's portfolio underperformed the NAREIT by 0.71% for the quarter and outperformed the NAREIT for the year by 0.39%.

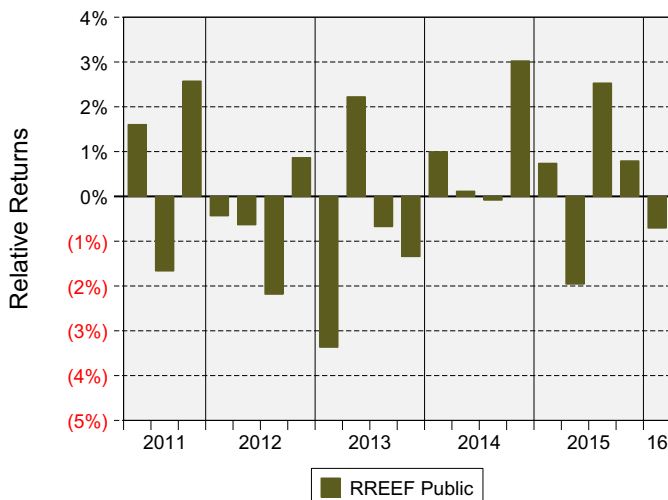
## Quarterly Asset Growth

Beginning Market Value	\$8,879,587
Net New Investment	\$-1,000,000
Investment Gains/(Losses)	\$354,081
Ending Market Value	\$8,233,668

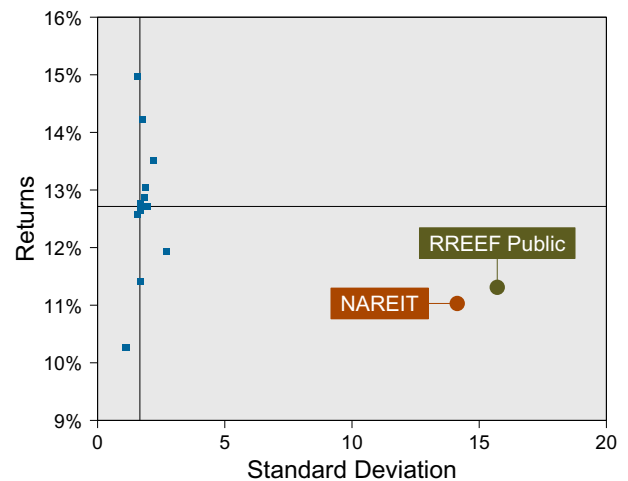
## Performance vs CAI Open-End Real Estate Funds (Net)



## Relative Return vs NAREIT



## CAI Open-End Real Estate Funds (Net) Annualized Five Year Risk vs Return





# RREEF Private

## Period Ended March 31, 2016

### Investment Philosophy

RREEF America II acquires 100 percent equity interests in small- to medium-sized (\$10 million to \$70 million) apartment, industrial, retail and office properties in targeted metropolitan areas within the continental United States. The fund capitalizes on RREEF's national research capabilities and market presence to identify superior investment opportunities in major metropolitan areas across the United States.

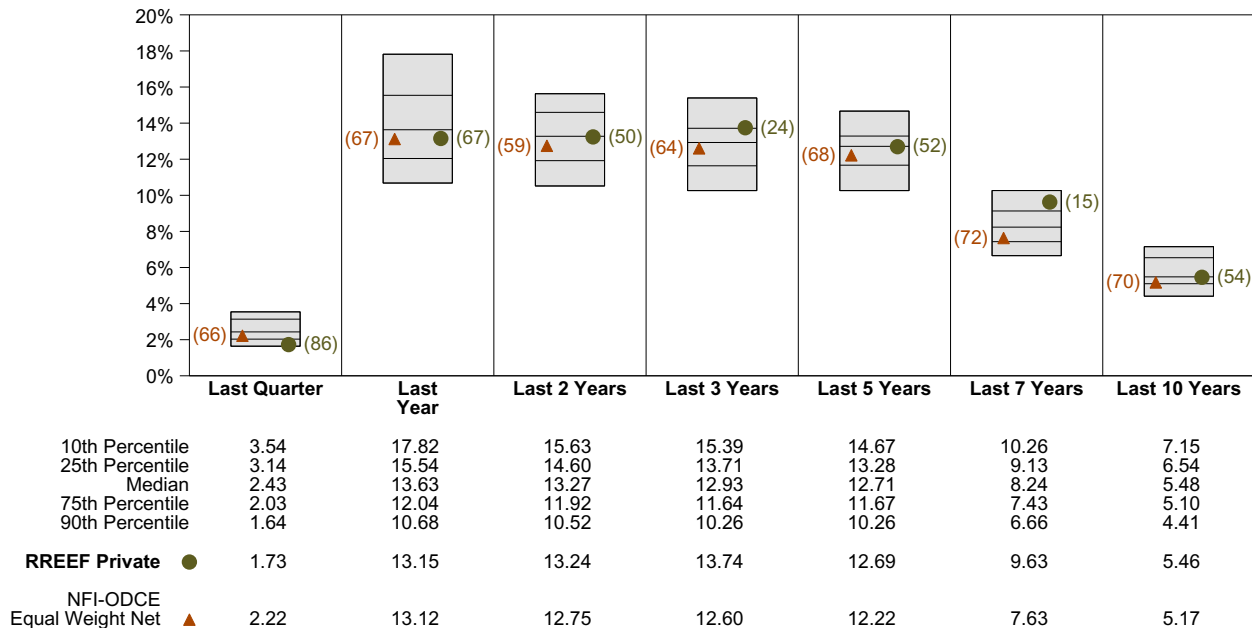
### Quarterly Summary and Highlights

- RREEF Private's portfolio posted a 1.73% return for the quarter placing it in the 86 percentile of the CAI Open-End Real Estate Funds group for the quarter and in the 67 percentile for the last year.
- RREEF Private's portfolio underperformed the NFI-ODCE Equal Weight Net by 0.49% for the quarter and outperformed the NFI-ODCE Equal Weight Net for the year by 0.03%.

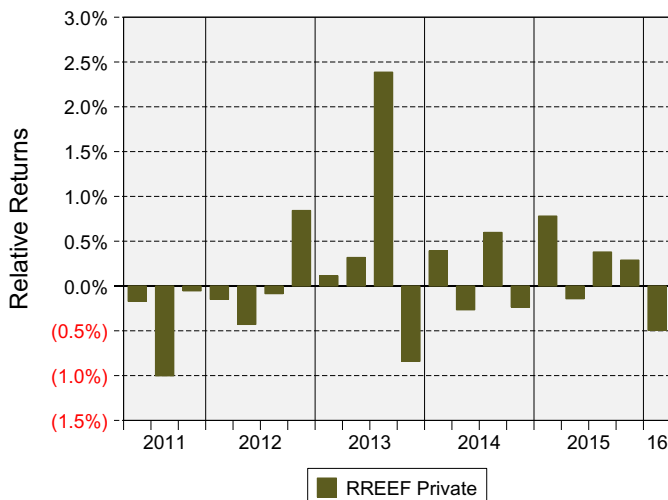
### Quarterly Asset Growth

Beginning Market Value	\$20,316,074
Net New Investment	\$0
Investment Gains/(Losses)	\$351,296
Ending Market Value	\$20,667,370

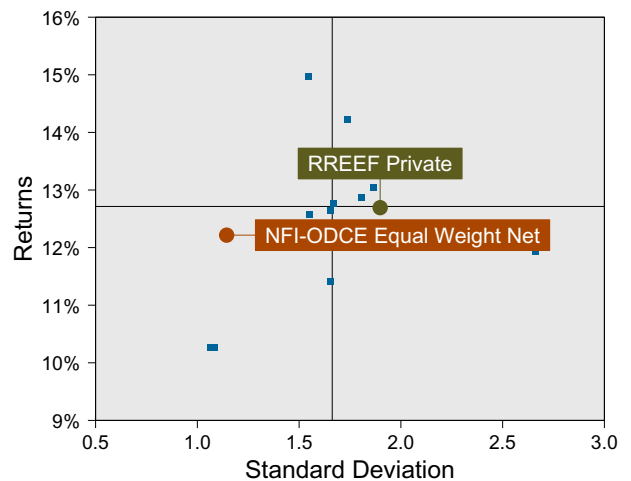
### Performance vs CAI Open-End Real Estate Funds (Net)



### Relative Returns vs NFI-ODCE Equal Weight Net



### CAI Open-End Real Estate Funds (Net) Annualized Five Year Risk vs Return



# Cornerstone Patriot Fund Period Ended March 31, 2016

## Investment Philosophy

Cornerstone believes that the investment strategy for the Patriot Fund is unique with the goal of achieving returns in excess of the benchmark index, the NFI-ODCE Index, with a level of risk associated with a core fund. The construct of the Fund relies heavily on input from Cornerstone Research, which provided the fundamentals for the investment strategy. Strategic targets and fund exposure which differentiate the Fund from its competitors with respect to both its geographic and property type weightings, and we believe will result in performance in excess of industry benchmarks over the long-term.

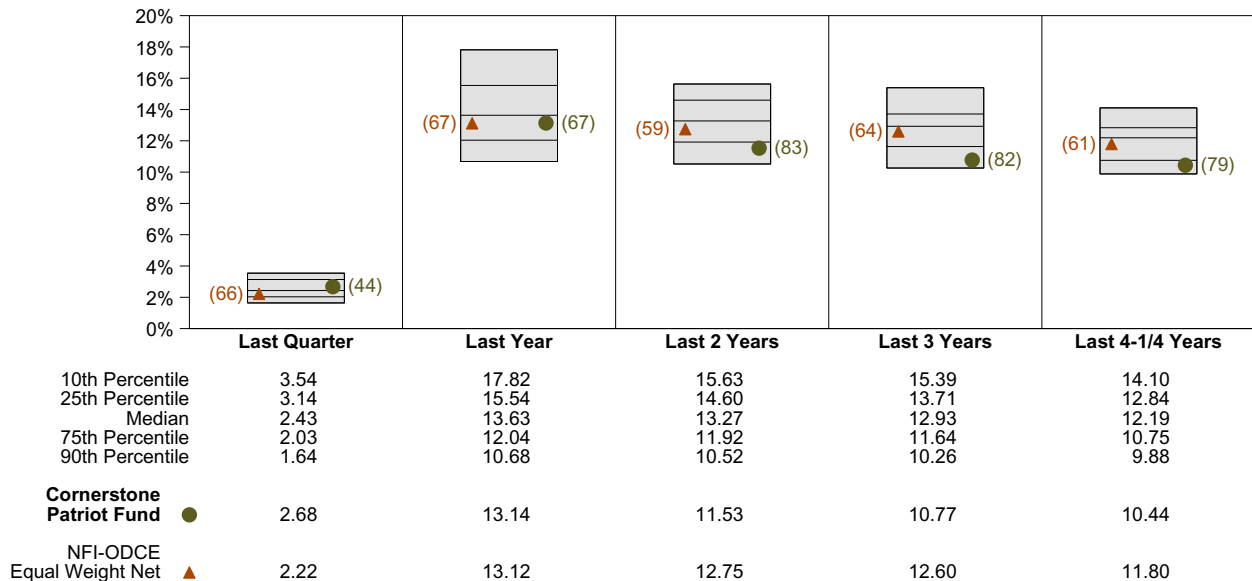
## Quarterly Summary and Highlights

- Cornerstone Patriot Fund's portfolio posted a 2.68% return for the quarter placing it in the 44 percentile of the CAI Open-End Real Estate Funds group for the quarter and in the 67 percentile for the last year.
- Cornerstone Patriot Fund's portfolio outperformed the NFI-ODCE Equal Weight Net by 0.45% for the quarter and outperformed the NFI-ODCE Equal Weight Net for the year by 0.02%.

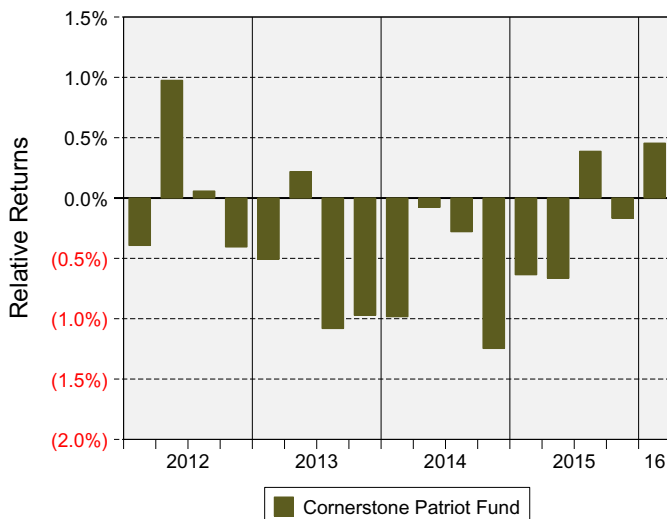
## Quarterly Asset Growth

Beginning Market Value	\$14,852,398
Net New Investment	\$0
Investment Gains/(Losses)	\$397,560
Ending Market Value	\$15,249,958

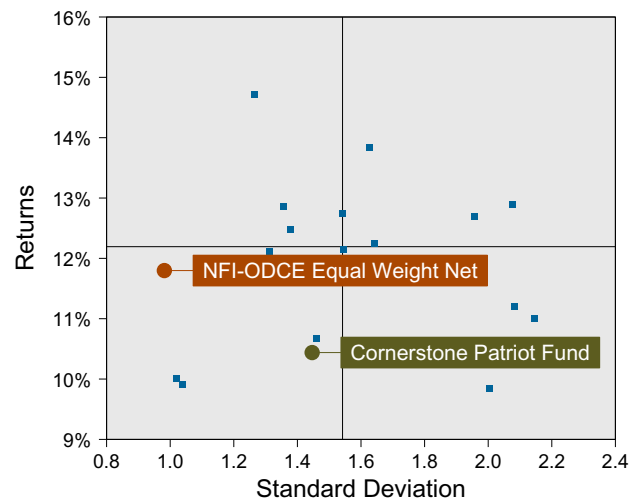
## Performance vs CAI Open-End Real Estate Funds (Net)



## Relative Returns vs NFI-ODCE Equal Weight Net



## CAI Open-End Real Estate Funds (Net) Annualized Four and One-Quarter Year Risk vs Return





## Research and Educational Programs

The Callan Investments Institute provides research that updates clients on the latest industry trends while helping them learn through carefully structured educational programs. Visit [www.callan.com/research](http://www.callan.com/research) to see all of our publications, or for more information contact Anna West at 415.974.5060 / [institute@callan.com](mailto:institute@callan.com).

### Recent Research



**2016 DC Survey & Key Findings** Callan's 2016 DC Trends Survey highlights plan sponsors' key themes from 2015 and expectations for 2016; the Key Findings summarize the Survey.

**Periodic Table & Periodic Table Collection** Depicts annual investment returns for 10 major asset classes, ranked from best to worst. The Collection includes 10 additional variations.

**Spotlight: Six Key Themes** Callan reflects on some of the ongoing trends within institutional investing and considers how they may develop in the coming year.

**Inside Callan's Database, 4th Quarter 2015** This report graphs performance and risk data from Callan's proprietary database alongside relevant market indices.

**Capital Market Review, 4th Quarter 2015** Insights on the economy and recent performance in equities, fixed income, alternatives, real estate, and more.

**Market Pulse Flipbook, 4th Quarter 2015** A quarterly reference guide covering investment and fund sponsor trends in the U.S. economy, the capital markets, and defined contribution.

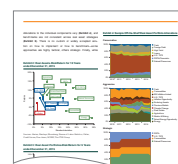
**October Regional Workshop Summary** We reviewed real assets and the implementation implications of building out a robust real assets allocation in portfolios.

**Capital Market Projections** This charticle summarizes key figures from Callan's 2016 capital market projections.

**Global Equity Benchmark Review** This annual report examines FTSE, MSCI, Russell, and S&P indices alongside Callan Active Manager Style Groups.

**Hedge Fund Monitor, 4th Quarter 2015** Our cover story, "David versus Goliath: Sizing Up the Odds," compares the respective advantages and challenges of smaller and larger hedge funds.

**The Renaissance of Stable Value** In this paper, we seek to answer questions about stable value funds, and how they have evolved since the financial crisis.



**Real Assets Reporter, Winter/Spring 2016** In this issue, we look at implementing diversified real asset portfolios, focusing on a process that helps evaluate financial and operational risks.

**U.S. Equity Benchmark Review** This annual report compares CRSP, Russell, and S&P index metrics alongside Callan Active Manager Style Groups.

**DC Observer, 4th Quarter 2015** Cover story: In-Plan Annuities: The Stuff That Dreams Are Made Of?

**The Costs of Closing: Nuclear Decommissioning Trusts** In this video, Julia Moriarty discusses hedging costs, the impact of license extension, and more.

**Private Markets Trends, Winter 2016** Gary Robertson summarizes the market environment, recent events, performance, and other issues involving private equity.

## Events

Miss out on a Callan conference or workshop? Event summaries and speakers' presentations are available on our website: <https://www.callan.com/education/CII/>

Our next **Regional Workshop**, June 28 in Atlanta and June 29 in San Francisco, will consist of two separate one-hour presentations given by our specialists. This year, we look at the impact the Pension Protection Act has had on defined benefit and defined contribution retirement plans a decade after its enactment, and look ahead to the next 10 years.

Save the date for our fall **Regional Workshop**, October 25 in New York and October 26 in Chicago, and our **National Conference**, January 23–25, 2017, at the Palace Hotel in San Francisco.

For more information about events, please contact Barb Geraty: 415.974.5060 / [institute@callan.com](mailto:institute@callan.com)

## The Center for Investment Training Educational Sessions

The Center for Investment Training, better known as the “Callan College,” provides a foundation of knowledge for industry professionals who are involved in the investment decision-making process. It was founded in 1994 to provide clients and non-clients alike with basic- to intermediate-level instruction. Our next session is:

### Introduction to Investments

San Francisco, CA, July 19–20, 2016

Chicago, IL, October 18–19, 2016

This session familiarizes fund sponsor trustees, staff, and asset management advisors with basic investment theory, terminology, and practices. It lasts one-and-a-half days and is designed for individuals who have less than two years of experience with asset-management oversight and/or support responsibilities. Tuition for the Introductory “Callan College” session is \$2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

### Customized Sessions

The “Callan College” is equipped to customize a curriculum to meet the training and educational needs of a specific organization. These tailored sessions range from basic to advanced and can take place anywhere—even at your office.

Learn more at <https://www.callan.com/education/college/> or contact Kathleen Cunnie: 415.274.3029 / [cunnie@callan.com](mailto:cunnie@callan.com)

## Education: By the Numbers

500

Attendees (on average) of the Institute's annual National Conference

50+

Unique pieces of research the Institute generates each year

3,300

Total attendees of the “Callan College” since 1994

1980

Year the Callan Investments Institute was founded



“We think the best way to learn something is to teach it. Entrusting client education to our consultants and specialists ensures that they have a total command of their subject matter. This is one reason why education and research have been cornerstones of our firm for more than 40 years.”

Ron Peyton, Chairman and CEO



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## Equity Market Indicators

The market indicators included in this report are regarded as measures of equity or fixed income performance results. The returns shown reflect both income and capital appreciation.

**Russell 1000 Growth** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000 Value** measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell 2000 Growth** contains those Russell 2000 securities with a greater than average growth orientation. Securities in this index tend to exhibit higher price-to-book and price-earning ratios, lower dividend yields and higher forecasted growth values than the Value universe.

**Russell 2000 Value** contains those Russell 2000 securities with a less than average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earning ratios, higher dividend yields and lower forecasted growth values than the Growth universe.

**Russell 3000 Index** is a composite of 3,000 of the largest U.S. companies by market capitalization. The smallest company's market capitalization is roughly \$20 million and the largest is \$72.5 billion. The index is capitalization-weighted.

**Russell Mid Cap Growth** measures the performance of those Russell Mid Cap Companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth Index.

**Russell MidCap Value Index** The Russell MidCap Value index contains those Russell MidCap securities with a less than average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earnings ratio, higher dividend yields and lower forecasted growth values than the Growth universe.

**Standard & Poor's 500 Index** is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index is capitalization-weighted, with each stock weighted by its proportion of the total market value of all 500 issues. Thus, larger companies have a greater effect on the index.

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## Fixed Income Market Indicators

**Barclays Aggregate Bond Index** is a combination of the Mortgage Backed Securities Index and the intermediate and long-term components of the Government/Credit Bond Index.

**The NAREIT Composite Index** is a REIT index that includes all REITs currently trading on the NYSE, NASDAQ, or American Stock Exchange.



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## International Equity Market Indicators

**MSCI ACWI ex US Index** The MSCI ACWI ex US(All Country World Index) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the US. As of May 27, 2010 the MSCI ACWI consisted of 45 country indices comprising 24 developed and 21 emerging market country indices. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

**Morgan Stanley Capital International (MSCI) EAFE Index** is composed of approximately 1000 equity securities representing the stock exchanges of Europe, Australia, New Zealand and the Far East. The index is capitalization-weighted and is expressed in terms of U.S. dollars.

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## Real Estate Market Indicators

**NCREIF Open Ended Diversified Core Equity** The NFI-ODCE is an equally-weighted, net of fee, time-weighted return index with an inception date of December 31, 1977. Equally-weighting the funds shows what the results would be if all funds were treated equally, regardless of size. Open-end Funds are generally defined as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests, thereby providing a degree of potential investment liquidity. The term Diversified Core Equity style typically reflects lower risk investment strategies utilizing low leverage and generally represented by equity ownership positions in stable U.S. operating properties.

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## Callan Associates Databases

In order to provide comparative investment results for use in evaluating a fund's performance, Callan Associates gathers rate of return data from investment managers. These data are then grouped by type of assets managed and by the type of investment manager. Except for mutual funds, the results are for tax-exempt fund assets. The databases, excluding mutual funds, represent investment managers who handle over 80% of all tax-exempt fund assets.

### Equity Funds

Equity funds concentrate their investments in common stocks and convertible securities. The funds included maintain well-diversified portfolios.

**Core Equity** - Mutual funds whose portfolio holdings and characteristics are similar to that of the broader market as represented by the Standard & Poor's 500 Index, with the objective of adding value over and above the index, typically from sector or issue selection. The core portfolio exhibits similar risk characteristics to the broad market as measured by low residual risk with Beta and R-Squared close to 1.00.

**Large Cap Growth** - Mutual Funds that invest mainly in large companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in the stock selection process. Invests in companies with P/E ratios, Price-to-Book values, Return-on-Assets values, Growth-in-Earnings values above the broader market. The companies typically have zero dividends or dividend yields below the broader market. Invests in securities which exhibit greater volatility than the broader market as measured by the securities' Beta and Standard Deviation.

**Large Cap Value** - Mutual funds that invest in predominantly large capitalization companies believed to be currently undervalued in the general market. The companies are expected to have a near-term earnings rebound and eventual realization of expected value. Valuation issues take precedence over near-term earnings prospects in the stock selection process. Invests in companies with P/E ratios and Price-to-Book values below the broader market. Usually exhibits lower risk than the broader market as measured by the Beta and Standard Deviation.

**Non-U.S. Equity** A broad array of active managers who employ various strategies to invest assets in a well-diversified portfolio of non-U.S. equity securities. This group consists of all Core, Core Plus, Growth, and Value international products, as well as products using various mixtures of these strategies. Region-specific, index, emerging market, or small cap products are excluded.

**Non-U.S. Equity Style Mutual Funds** - Mutual funds that invest their assets only in non-U.S. equity securities but exclude regional and index funds.

**Small Capitalization (Growth)** - Mutual funds that invest in small capitalization companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in the stock selection process. Invests in companies with P/E ratios, Price-to-Book values, and Growth-in-Earnings values above the broader market as well as the small capitalization market segment. The companies typically have zero dividends or dividend yields below the broader market. The securities exhibit greater volatility than the broader market as well as the small capitalization market segment as measured by the risk statistics beta and standard deviation.

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## Callan Associates Databases

**Small Capitalization (Value)** - Mutual funds that invest in small capitalization companies that are believed to be currently undervalued in the general market. Valuation issues take precedence over near-term earnings prospects in the stock selection process. The companies are expected to have a near-term earnings rebound and eventual realization of expected value. Invests in companies with P/E ratios, Return-on-Equity values, and Price-to-Book values below the broader market as well as the small capitalization market segment. The companies typically have dividend yields in the high range for the small capitalization market. Invests in securities with risk/reward profiles in the lower risk range of the small capitalization market.

### Fixed Income Funds

Fixed Income funds concentrate their investments in bonds, preferred stocks, and money market securities. The funds included maintain well-diversified portfolios.

**Core Bond** - Mutual Funds that construct portfolios to approximate the investment results of the Barclays Capital Government/Credit Bond Index or the Barclays Capital Aggregate Bond Index with a modest amount of variability in duration around the index. The objective is to achieve value added from sector and/or issue selection.

**Core Bond** - Managers who construct portfolios to approximate the investment results of the Barclays Capital Government/Credit Bond Index or the Barclays Capital Aggregate Bond Index with a modest amount of variability in duration around the index. The objective is to achieve value added from sector and/or issue selection.

**Core Plus Bond** - Active managers whose objective is to add value by tactically allocating significant portions of their portfolios among non-benchmark sectors (e.g. high yield corporate, non-US\$ bonds, etc.) while maintaining majority exposure similar to the broad market.

### Real Estate Funds

Real estate funds consist of open or closed-end commingled funds. The returns are net of fees and represent the overall performance of commingled institutional capital invested in real estate properties.

**Real Estate Open-End Commingled Funds** - The Open-End Funds Database consists of all open-end commingled real estate funds.

### Other Funds

**Public - Total** - consists of return and asset allocation information for public pension funds at the city, county and state level. The database is made up of Callan clients and non-clients.



## List of Callan's Investment Manager Clients

Confidential – For Callan Client Use Only

Callan takes its fiduciary and disclosure responsibilities to clients very seriously. We recognize that there are numerous potential conflicts of interest encountered in the investment consulting industry and that it is our responsibility to manage those conflicts effectively and in the best interest of our clients. At Callan, we employ a robust process to identify, manage, monitor and disclose potential conflicts on an on-going basis.

The list below is an important component of our conflicts management and disclosure process. It identifies those investment managers that pay Callan fees for educational, consulting, software, database or reporting products and services. We update the list quarterly because we believe that our fund sponsor clients should know the investment managers that do business with Callan, particularly those investment manager clients that the fund sponsor clients may be using or considering using. Please refer to Callan's ADV Part 2A for a more detailed description of the services and products that Callan makes available to investment manager clients through our Institutional Consulting Group, Independent Adviser Group and Fund Sponsor Consulting Group. Due to the complex corporate and organizational ownership structures of many investment management firms, parent and affiliate firm relationships are not indicated on our list.

Fund sponsor clients may request a copy of the most currently available list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by particular fund manager clients. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance Department.

Manager Name
13D Management
1607 Capital Partners, LLC
Aberdeen Asset Management PLC
Acadian Asset Management LLC
AEGON USA Investment Management
Affiliated Managers Group, Inc.
AllianceBernstein
Allianz Global Investors
Allianz Life Insurance Company of North America
AlphaOne Investment Services
American Century Investment Management
Amundi Smith Breeden LLC
Analytic Investors
Angelo, Gordon & Co.
Apollo Global Management
AQR Capital Management
Ares Management LLC
Ariel Investments, LLC
Aristotle Capital Management, LLC
Artisan Holdings
Atlanta Capital Management Co., LLC
Aviva Investors Americas
AXA Investment Managers
Babson Capital Management
Baillie Gifford Overseas Limited
Baird Advisors
Bank of America
Baring Asset Management
Baron Capital Management, Inc.
Barrow, Hanley, Mewhinney & Strauss, LLC
BlackRock
BMO Asset Management, Corp.
BNP Paribas Investment Partners
BNY Mellon Asset Management
Boston Partners
Brandes Investment Partners, L.P.
Brandywine Global Investment Management, LLC

Manager Name
Brown Brothers Harriman & Company
Cambiar Investors, LLC
Capital Group
CastleArk Management, LLC
Causeway Capital Management
Charles Schwab Investment Management
Chartwell Investment Partners
ClearBridge Investments, LLC
Cohen & Steers Capital Management, Inc.
Columbia Management Investment Advisers, LLC
Columbus Circle Investors
Corbin Capital Partners, L.P.
Cornerstone Capital Management
Cramer Rosenthal McGlynn, LLC
Crawford Investment Counsel, Inc.
Credit Suisse Asset Management
Crestline Investors, Inc.
DE Shaw Investment Management, LLC
Delaware Investments
DePrince, Race & Zollo, Inc.
Deutsche Asset Management
Diamond Hill Investments
Duff & Phelps Investment Mgmt. Co.
Eagle Asset Management, Inc.
EARNEST Partners, LLC
Eaton Vance Management
Epoch Investment Partners, Inc.
Fayez Sarofim & Company
Federated Investors
Fidelity Institutional Asset Management
Fiera Capital Global Asset Management
First Eagle Investment Management, LLC
First Hawaiian Bank
Fisher Investments
Fort Washington Investment Advisors, Inc.
Franklin Templeton Institutional
Fred Alger Management, Inc.

Manager Name
Fuller & Thaler Asset Management, Inc.
GAM (USA) Inc.
GE Asset Management
GMO
Goldman Sachs Asset Management
Grand-Jean Capital Management
Guggenheim Investments
Guggenheim Real Estate LLC
GW&K Investment Management
Harbor Capital Group Trust
Hartford Funds
Hartford Investment Management Co.
Henderson Global Investors
Hotchkis & Wiley Capital Management, LLC
HSBC Global Asset Management
Income Research + Management, Inc.
Insight Investment Management Limited
Institutional Capital LLC
INTECH Investment Management, LLC
Invesco
Investec Asset Management
Janus Capital Management, LLC
Jensen Investment Management
J.P. Morgan Asset Management
KeyCorp
Lazard Asset Management
Legal & General Investment Management America
Lincoln National Corporation
LMCG Investments, LLC
Longview Partners
Loomis, Sayles & Company, L.P.
Lord Abbett & Company
Los Angeles Capital Management
LSV Asset Management
MacKay Shields LLC
Man Investments Inc.
Manulife Asset Management
Martin Currie Inc.
Mellon Capital Management
MFS Investment Management
MidFirst Bank
Mondrian Investment Partners Limited
Montag & Caldwell, LLC
Morgan Stanley Investment Management
Mountain Lake Investment Management LLC
MUFG Union Bank, N.A.
Neuberger Berman
Newton Capital Management
Nicholas Investment Partners
Nikko Asset Management Co., Ltd.
Northern Trust Asset Management
Nuveen Investments, Inc.
OFI Global Asset Management
Old Mutual Asset Management

Manager Name
Opus Capital Management Inc.
Pacific Investment Management Company
Parametric Portfolio Associates
Peregrine Capital Management, Inc.
PGIM
PineBridge Investments
Pinnacle Asset Management L.P.
Pioneer Investments
PNC Capital Advisors, LLC
Polen Capital Management
Principal Global Investors
Private Advisors, LLC
Putnam Investments, LLC
QMA (Quantitative Management Associates)
RBC Global Asset Management
Regions Financial Corporation
RidgeWorth Capital Management, Inc.
Rockefeller & Co., Inc.
Rothschild Asset Management, Inc.
Russell Investments
Santander Global Facilities
Schroder Investment Management North America Inc.
Scout Investments
SEI Investments
Seminole Advisory Services, LLC
Smith, Graham & Co. Investment Advisors, L.P.
Smith Group Asset Management
Standard Life Investments Limited
Standish
State Street Global Advisors
Stone Harbor Investment Partners, L.P.
Systematic Financial Management
T. Rowe Price Associates, Inc.
Taplin, Canida & Habacht
The Boston Company Asset Management, LLC
The Hartford
The London Company
The TCW Group, Inc.
Tri-Star Trust Bank
UBS Asset Management
Van Eck Global
Versus Capital Group
Victory Capital Management Inc.
Vontobel Asset Management, Inc.
Voya Investment Management (fka ING)
Waddell & Reed Asset Management Group
WCM Investment Management
WEDGE Capital Management
Wellington Management Company, LLP
Wells Capital Management
Western Asset Management Company
William Blair & Company