

September 30, 2016



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

**Investment Measurement Service  
Quarterly Review**

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Third Quarter 2016

This “Preview” contains excerpts from the upcoming *Capital Market Review* (CMR) newsletter, which will be published in several weeks.

## Sell in May? No Way!

**U.S. EQUITY** | [Mark Wood, CFA](#)

The **S&P 500 Index** rose every month of the third quarter, ending up 3.85%. Small-capitalization companies trounced large cap (**Russell 2000 Index**: +9.05% vs. **Russell 1000 Index**: +4.03%), while growth outpaced value in all capitalizations (**Russell 1000 Growth Index**: +4.58% vs. **Russell 1000 Value Index**: +3.48%; **Russell 2000 Growth Index**: +9.22% vs. **Russell 2000 Value Index**: +8.87%).

The S&P 500 climbed to its all-time high of 2,193 on August 15, ending in positive territory for the fourth quarter in a row.

[Continued on pg. 2](#)

## Calm After the Storm

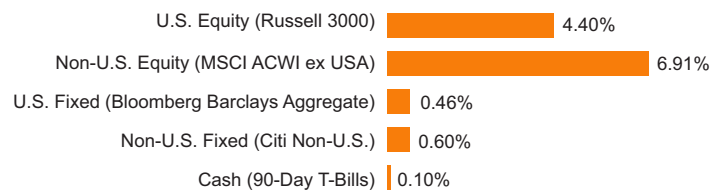
**NON-U.S. EQUITY** | [Irina Sushch](#)

Following two highly volatile quarters, the third quarter of 2016 bucked the trend—volatility was exceptionally low as investors appeared complacent about continued accommodative central bank policies and steady, albeit slow, economic growth. A risk-on rally led to stock market highs as anxieties about the U.K.’s vote to exit the European Union (“Brexit”) dwindled.

In this environment, the **MSCI ACWI ex USA Index** rose 6.91%. In contrast to the previous quarter, economically sensitive sectors fared best, particularly Information Technology (+15.50%) and Materials (+12.56%). Health Care was the only sector in

[Continued on pg. 3](#)

## Broad Market Quarterly Returns



Sources: Bloomberg Barclays, Citigroup, Merrill Lynch, MSCI, Russell Investment Group

## Quantity, not Quality

**U.S. FIXED INCOME** | [Rufash Lama](#)

During the third quarter, bond investors shook off concerns about the economy and developed a strong appetite for risk in their pursuit of yield. Companies took advantage of low rates and issued record supplies of new bonds. The Fed continued to push off a rate hike, citing a desire for further evidence of continued economic recovery.

[Continued on pg. 4](#)

## Short End of the Stick

**NON-U.S. FIXED INCOME** | [Kyle Fekete](#)

Sovereign bond markets strengthened during the third quarter, with emerging market bonds outmuscling the developed markets as investors sought yield. Major currencies were mixed as the British pound suffered following the Brexit.

In an extraordinary effort to stimulate economic growth and inflation, the Bank of Japan introduced a 0% yield-target for 10-year bonds, aiming to exceed its 2% inflation objective. The central bank also intends to maintain its negative short rate stance in an

[Continued on pg. 5](#)

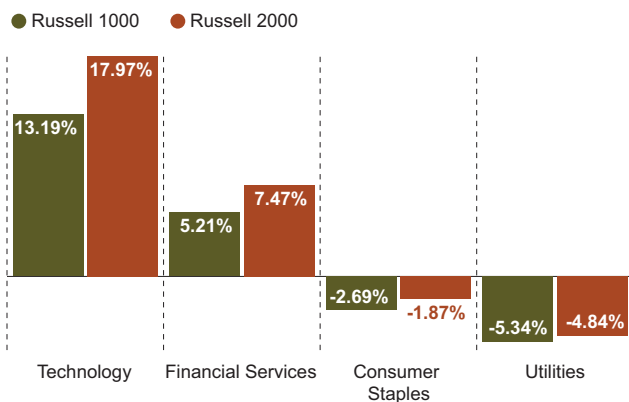
## U.S. Equity: Sell in May? No Way!

Continued from pg. 1

The early days of the quarter were characterized by a strong rebound in equity markets following the late June vote in the U.K. to leave the European Union (“Brexit”). Market volatility (as measured by VIX) spiked in the immediate aftermath but retreated just as quickly as investors absorbed the shock. The swift pivot, coupled with optimism over U.S. economic prospects and easing fears on China, led to a risk-on environment. July produced the strongest returns of the quarter across market capitalizations; August and September traded in a narrow (but ultimately positive) range as markets anticipated the Fed’s interest rate decision in mid-September, which was to forego a rate hike. Foreign developed market indices outperformed the S&P 500 and, consistent with the quarter’s risk-on theme, emerging markets were the top performers.

Size was the single biggest determinant of performance. Smaller companies did better—micro, small, and mid-capitalization companies outpaced large-cap stocks (**Russell Microcap Index**: +11.25%, **Russell 2000 Index**: +9.05%, **Russell Midcap Index**: +4.52%, and **Russell 1000 Index**: +4.03%). Additionally, after two strong quarters value underperformed growth in all capitalizations (**Russell 2000 Value Index**: +8.87% and **Russell 2000 Growth Index**: +9.22%). The dispersion in style returns was narrow across market capitalizations, with the widest (110 bps) in large cap (Russell

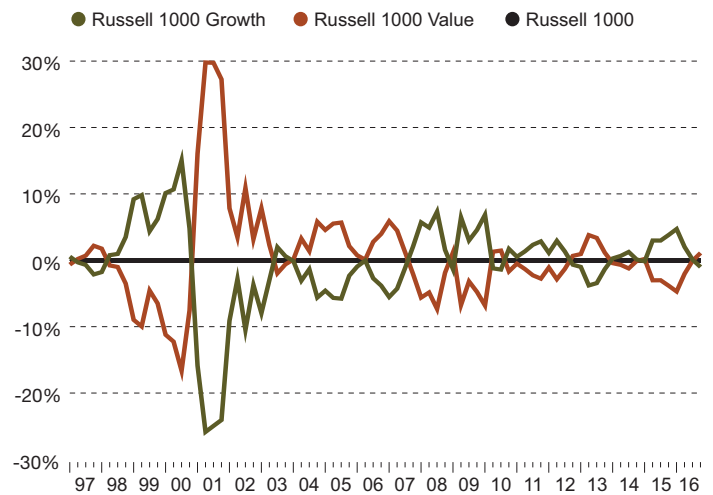
### Quarterly Performance of Select Sectors



Source: Russell Investment Group

### Rolling One-Year Relative Returns

(vs. Russell 1000)



Source: Russell Investment Group

1000 Growth minus Russell 1000 Value). Defensive and high-dividend yield exposures sold off during the third quarter but have performed well year-to-date due to the increased global economic uncertainty earlier in 2016.

Sector performance reflected the shift in risk attitudes. Among the worst-performing sectors in the S&P 500 during the quarter were Utilities (-0.7%), Consumer Staples (-0.7%), and Telecom (+1.0)—all sectors associated with lower volatility and higher dividend yields. After a strong performance in the second quarter, Energy retreated, posting a 1.9% loss for the quarter. The more growth-oriented, risk-on sectors, Technology (+7.9%) and Health Care (+4.9%), were the top performers. In a new development, REITs and other listed real estate companies were extracted from the Financials sector and elevated to a new Real Estate sector in the Global Industry Classification Standard (GICS). The new sector, representing 3.1% of the S&P 500, had a tough start, finishing down 2.1%.

The U.S. equity market continued to rise, even as investor sentiment wavered between positive and negative over the course of the quarter. Active managers continue to find it a difficult environment to outperform as macro factors dominated price activity and performance in equity markets.

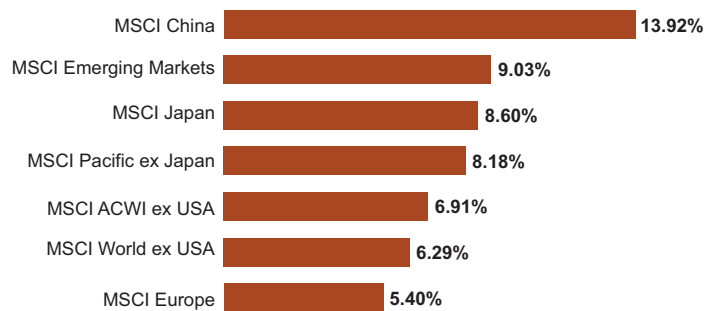
## Non-U.S. Equity: Calm After the Storm

Continued from pg. 1

the red (-1.96%), although its defensive counterparts, Utilities (+0.20%) and Telecommunications (+0.43%), faltered as well. Consistent with the quarter's risk-on theme, emerging markets (**MSCI Emerging Markets Index**: +9.03%) outpaced their developed peers (**MSCI World ex USA Index**: +6.29%), even excluding Canada (**MSCI EAFE Index**: +6.43%). The **MSCI ACWI ex USA Value Index** (+7.79%) overcame the **MSCI ACWI ex USA Growth Index** (+6.06%) for the first time since the second quarter of 2014. Small-cap stocks shot up into the black (**MSCI ACWI ex USA Small Cap Index**: +7.91%), finishing near the top among major non-U.S. indices.

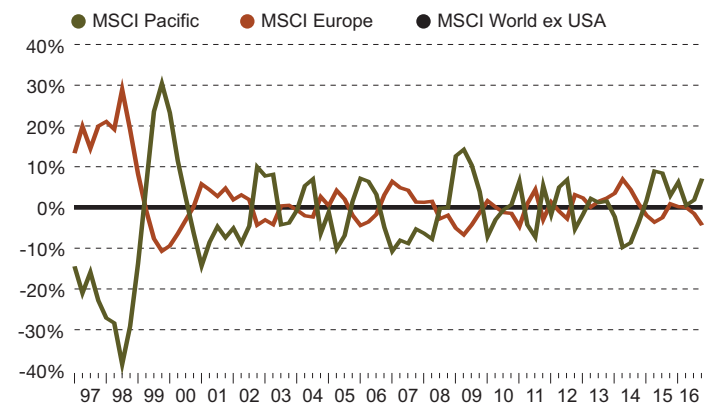
Equity markets across Europe crashed following the unexpected vote for Brexit but regained ground quickly as it became clear the aftermath of the referendum was not immediately catastrophic. British Prime Minister David Cameron resigned and was replaced by Theresa May, who pledged that the U.K. would go through with exiting the European Union, but not hastily. The Bank of England sprang into action to support the economy, and the European Central Bank offered reassurance that it too would work to bolster growth. The **MSCI Europe Index** climbed 5.40%, with the strong performers including Austria (+16.66%), Germany (+10.01%), Spain (+9.32%), the Netherlands (+9.11%), and even the U.K. (+3.98%). Their vigor was attributed to better-than-expected earnings from Information Technology giants, improving commodity prices, rallying financial stocks, and a swell of M&A activity. European Health Care stocks stumbled (-3.09%) due to intensified global scrutiny during the U.S. election; Denmark, where a large

### Regional Quarterly Performance (U.S. Dollar)



Source: MSCI

### Rolling One-Year Relative Returns (vs. MSCI World ex USA, USD hedged)



Source: MSCI

health care company makes up approximately 20% of the country's index, was particularly hard hit, dropping 6.27%.

Southeast Asia and the Pacific enjoyed a buoyant quarter as well; the **MSCI Pacific Index** was up 8.46%. Japanese equities rallied during the quarter, ascending 8.60% due to new central bank policies and a fresh stimulus package. Additionally, Consumer Discretionary, IT, and Materials stocks surged due to strong earnings growth in several gaming and automobile companies. Australia (+7.91%) and New Zealand (+12.44%) also performed well as megabanks and commodities gained ground.

Emerging markets shot up in the accommodative macroeconomic environment (**MSCI Emerging Markets Index**: +9.03%). The top sector was IT, surging 16.08%. The stocks of smartphone manufacturers and technology component suppliers soared, boosting the Asian markets, including Taiwan (+11.70%) and South Korea (+10.98%). China was one of the biggest beneficiaries (+13.92%), thanks to its burgeoning internet giants. Latin America was relatively sluggish this quarter (+5.37%) but was propped up by Brazil, which shot up another 11.31%, skyrocketing 62.90% year-to-date. Hopes for economic change run high under Michel Temer, who replaced the impeached Dilma Rousseff as president. Russia did not miss out on the rally, up 8.43%. However, Turkey, the Philippines, and Malaysia were all in the red as political turmoil continued to afflict the countries (-5.26%, -5.33%, and -1.52%, respectively). Mexico also dwindled -2.24% as the peso fell 5% against the dollar.

## U.S. Fixed Income: Quantity, not Quality

Continued from pg. 1

For the quarter, the **Bloomberg Barclays High Yield Index** returned 5.55% while the **Bloomberg Barclays U.S. Aggregate Index** managed to rise a mere 0.46%.

Driven by Brexit-induced concerns, the yield on the benchmark 10-year Treasury note hit a record low of 1.37% in July; however, it rose for the remainder of the quarter and closed at 1.60%. While the Fed left the federal funds rate unchanged (between 0.25% and 0.50%), its announcement was noteworthy because of the high level of disagreement; the three dissenting votes were the most since December 2014. Based on federal funds futures contracts, traders are betting there is a 17% chance of a rate hike at the next meeting in November but a 67% chance at the meeting after that, in December.

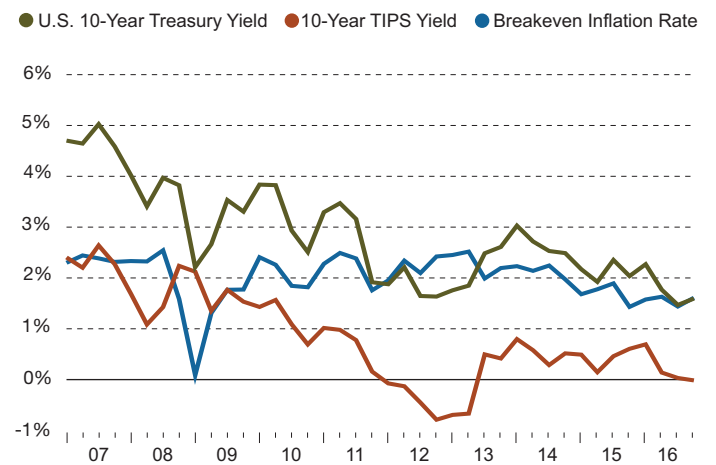
Yields varied across the maturity spectrum during the quarter: While Treasury rates rose along the entire yield curve in August, the curve steepened in September as the 2-year fell by 4 basis points to 0.76% and the 30-year rose by 8 basis points to end at 2.32%. Intermediate Treasuries (-0.26%) outperformed long Treasuries (-0.36%) during the quarter.

Credit spreads tightened during the quarter and yields inched toward historic lows. High-yield corporates were the strongest performer with a 5.55% jump. Despite record issuances in August, the credit sector gained 1.23% for the quarter and

outperformed MBS (+0.60%) and CMBS (+0.59%). Industrials beat Utilities and Financials on a duration-adjusted basis. Treasuries ended the quarter in the red (-0.28%).

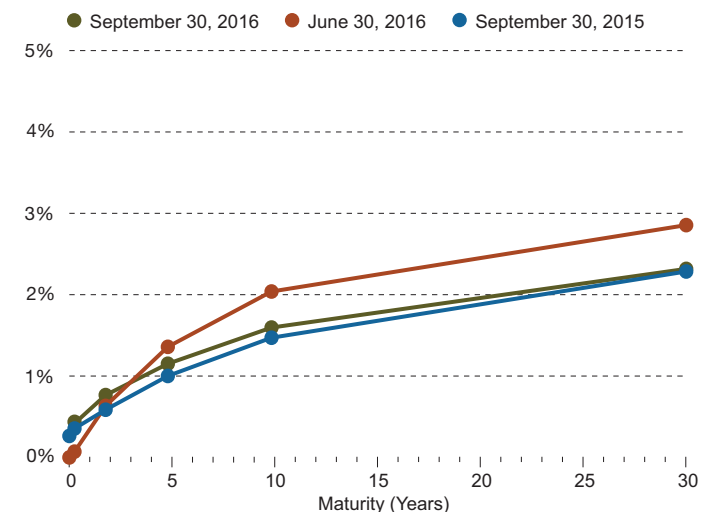
Investment-grade corporate issuance totaled \$340 billion for the quarter, setting a record. CMBS and municipal markets also demonstrated robust supply. By the end of September, year-to-date corporate investment-grade bond issuance was 8% ahead of last year's pace. And the record supplies in issuances were met with strong demand as investors snapped up bonds.

### Historical 10-Year Yields



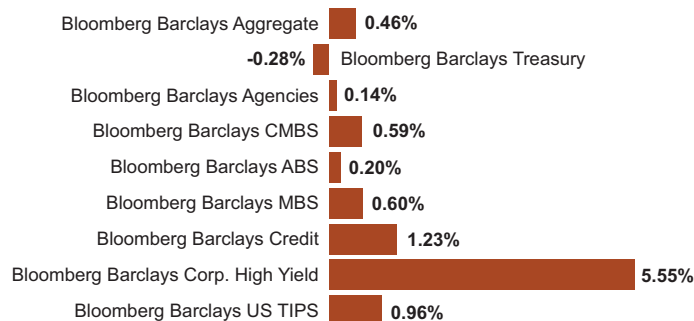
Source: Bloomberg

### U.S. Treasury Yield Curves



Source: Bloomberg

### Fixed Income Index Quarterly Returns



Source: Bloomberg Barclays



## Non-U.S. Fixed Income: Short End of the Stick

Continued from pg. 1

effort to steepen the yield curve and thus help increase profitability for banks. The bank's governor termed the new policy a "reinforcement" of its quantitative easing (QE) program. Central banks have typically targeted short-term rates in QE programs, focusing on maturities of less than a year. Yield on the 10-year government bond settled at -0.09% at the end of the quarter.

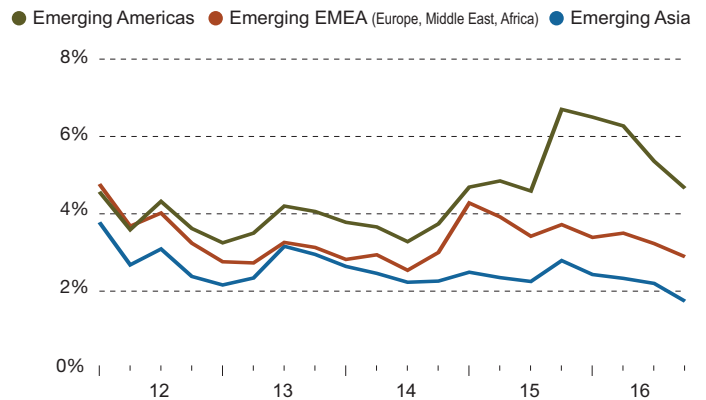
Overall, the European sovereign bond market was flat as the European Central Bank left interest rates unchanged. The **Bloomberg Barclays Global Aggregate Index** rose 0.82% (+0.53% hedged). The ECB committed to a monthly QE program of buying €80 billion in government bonds, asset-backed securities, and corporate debt through March 2017; however, President Mario Draghi announced a review of the program to ensure investable assets would not dry up. Yield on the German 10-year bund notched up a basis point to -0.12%. There is now over \$12 trillion of negative-yielding debt globally, with Japan accounting for nearly half and Western Europe—namely France, Germany, and the Netherlands—the other half. Investors' sustained hunt for yield was evident in European bond pricing as periphery government Treasuries tended to decline more than their core euro zone counterparts. The Spanish and Italian 10-year yields declined 28 bps and 7 bps to 0.88% and 1.91%, respectively. The euro increased 1.16% against the U.S. dollar.

The Brexit vote loomed over the market—the British pound plummeted 2.83%—but despite the economic and political uncertainty the "leave" vote left in its wake, data released showed no immediate negative effect on confidence or productivity. Yield on the 10-year gilt fell 12 bps to 0.75%.

The developing markets advanced for the fourth straight quarter in spite of multiple political headwinds. The hard currency **J.P. Morgan EMBI Global Index** climbed 4.04%. In Brazil, Michel Temer took the office of president after the impeachment and removal of his predecessor, Dilma Rousseff, for budgetary indiscretions. Turkey endured a failed coup attempt as well as

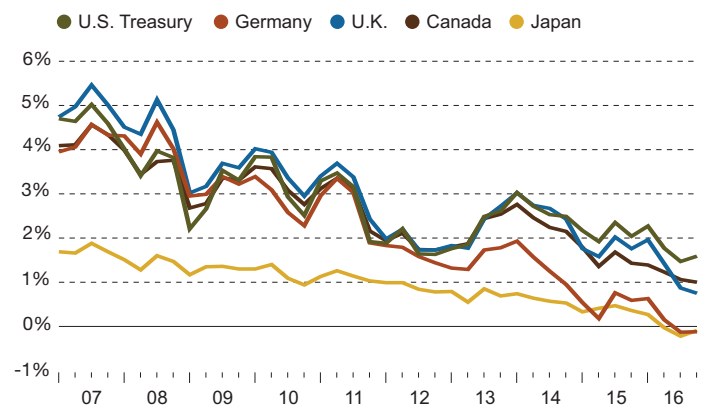
## Emerging Spreads Over Developed

(By Region)

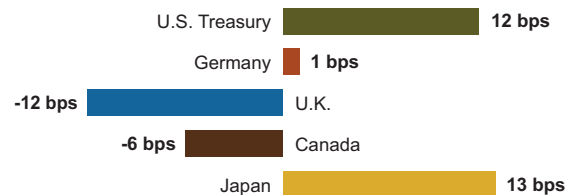


Source: Bloomberg

## 10-Year Global Government Bond Yields



## Change in 10-Year Yields from 2Q16 to 3Q16



Source: Bloomberg

a downgrade by Moody's to junk status, which cited Turkey's heavy reliance on external financing. Local currency debt, as measured by the **J.P. Morgan GBI-EM Global Diversified Index**, ticked up 2.68%.



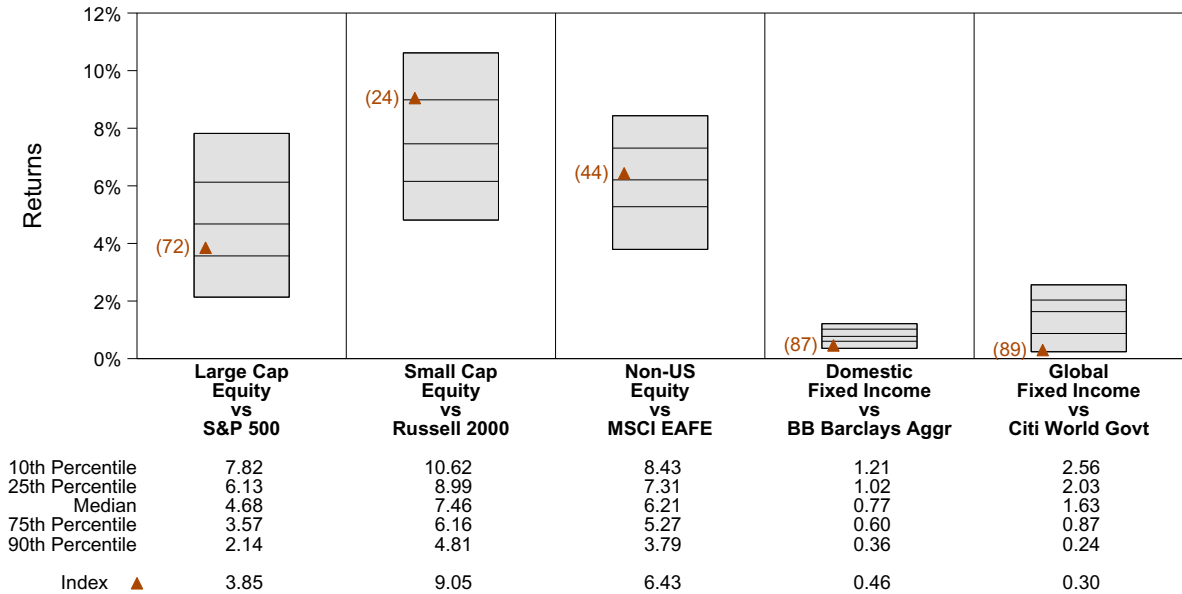
## Market Overview

### Active Management vs Index Returns

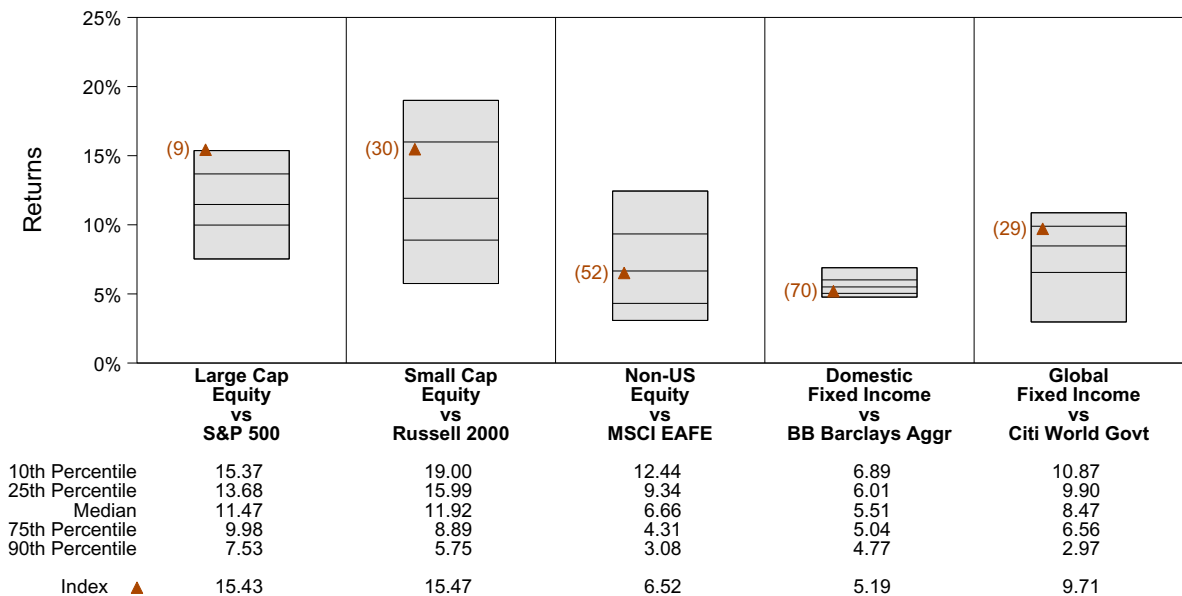
#### Market Overview

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 September 30, 2016



#### Range of Mutual Fund Returns by Asset Class One Year Ended September 30, 2016

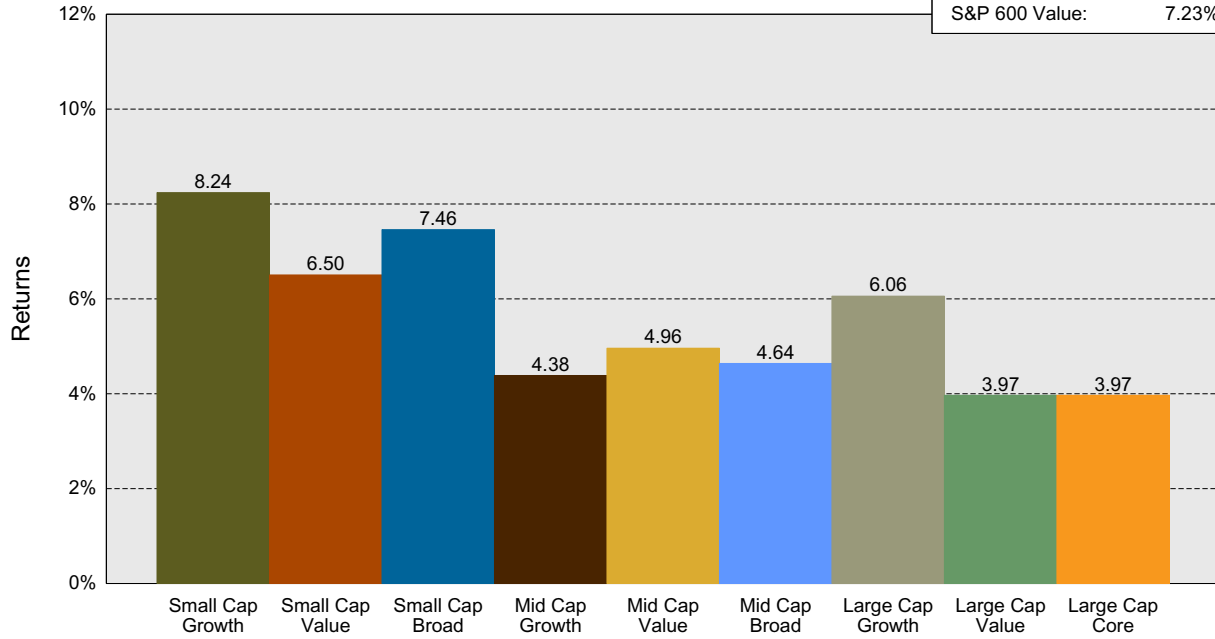


## Domestic Equity Active Management Overview

Investor angst over the unexpected vote on Brexit was short-lived with a "risk-on" theme returning to the markets in July and leading to stock market highs for the Dow, NASDAQ and S&P 500 in August. The S&P 500 climbed to its all-time high of 2,193 on August 15th and closed up 3.9% for the quarter. Growth outperformed Value in the large cap space, and small cap stocks outperformed large cap by a wide margin as investors' risk appetite increased during the quarter. Across the board, active managers outperformed their respective indices with the exception of active small cap value which modestly trailed the benchmark.

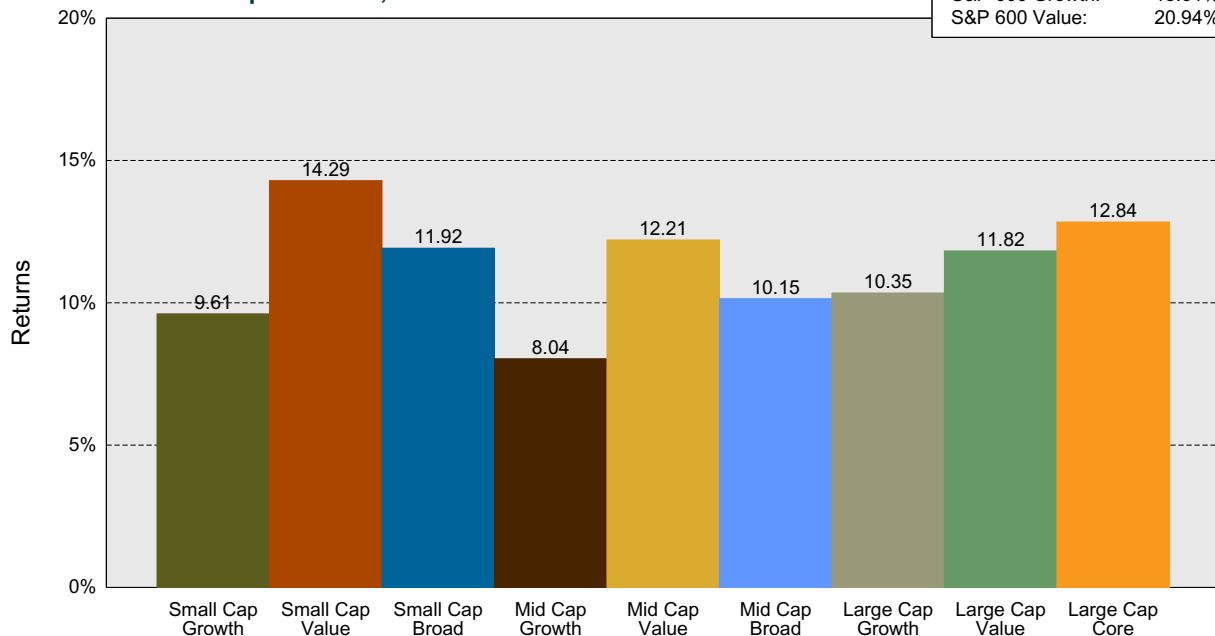
S&P 500:	3.85%
S&P 500 Growth:	4.76%
S&P 500 Value:	2.94%
S&P Mid Cap:	4.14%
S&P 600:	7.20%
S&P 600 Growth:	7.17%
S&P 600 Value:	7.23%

### Mutual Fund Style Group Median Returns for Quarter Ended September 30, 2016



S&P 500:	15.43%
S&P 500 Growth:	14.74%
S&P 500 Value:	15.98%
S&P Mid Cap:	15.33%
S&P 600:	18.12%
S&P 600 Growth:	15.61%
S&P 600 Value:	20.94%

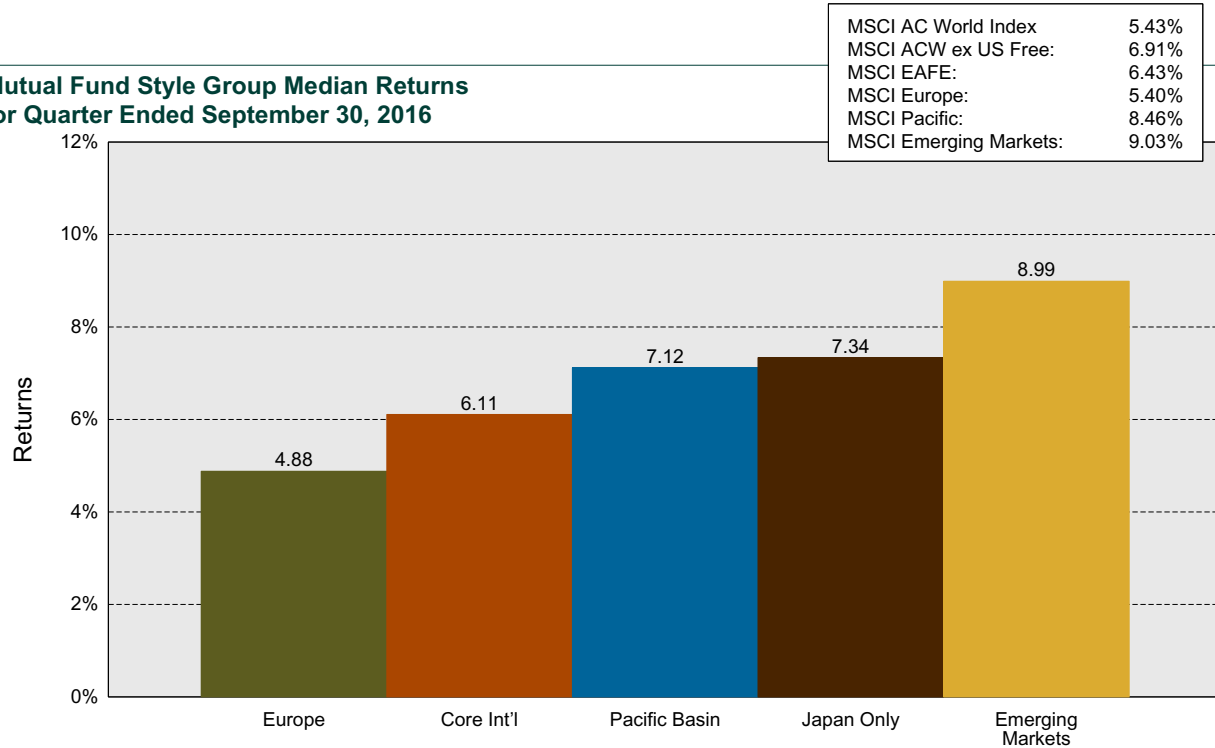
### Mutual Fund Style Group Median Returns for One Year Ended September 30, 2016



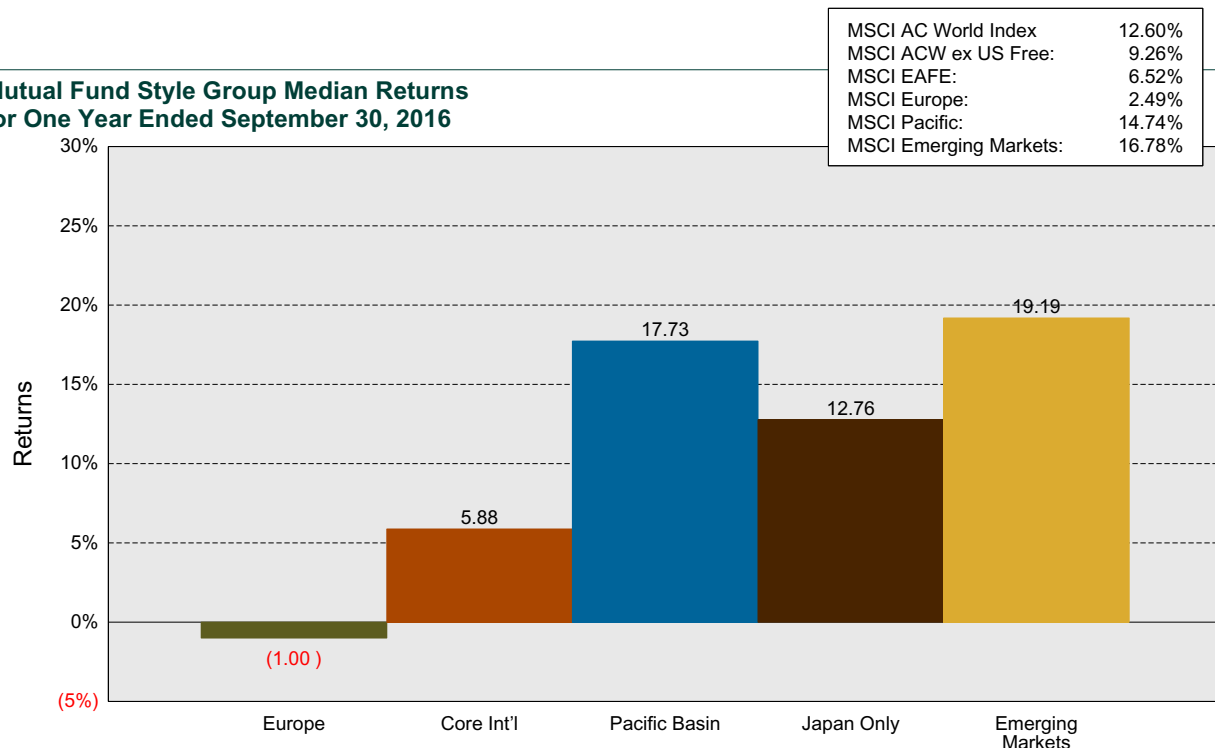
## International Equity Active Management Overview

Foreign developed market indices outperformed the S&P 500 with emerging markets as the top performer. The MSCI ACWI ex-US posted a 6.9% return, topping MSCI EAFE's 6.4% result. Currency fluctuations were modest and thus had a relatively muted impact on results. In developed markets, Germany (+10%) and Austria (+17%) were top performers while Denmark (-6%) was the laggard. The MSCI EM Index surged 9.0% for the quarter. Among emerging markets, Brazil continued to post lofty results (+11%) and the country is up nearly 63% year-to-date. Russia (+8%) and China (+14%) were also top performers while Turkey (-5%) and Mexico (-2%) were laggards. Both Core International and Emerging Markets managers modestly trailed their respective indices.

### Mutual Fund Style Group Median Returns for Quarter Ended September 30, 2016



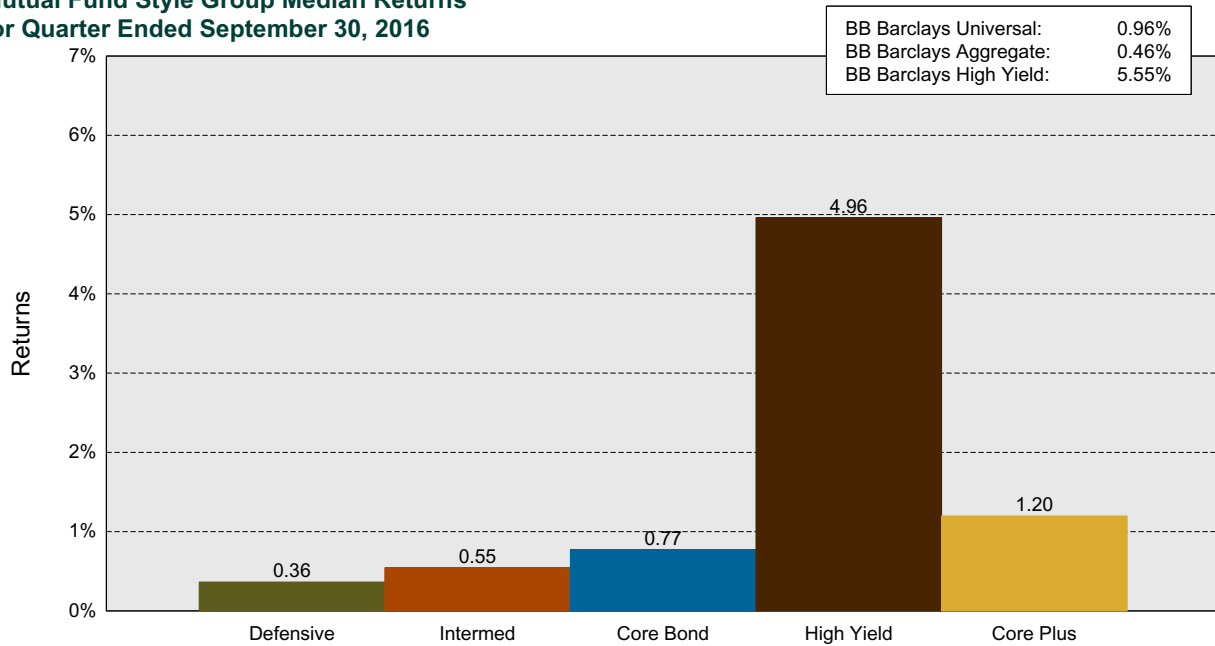
### Mutual Fund Style Group Median Returns for One Year Ended September 30, 2016



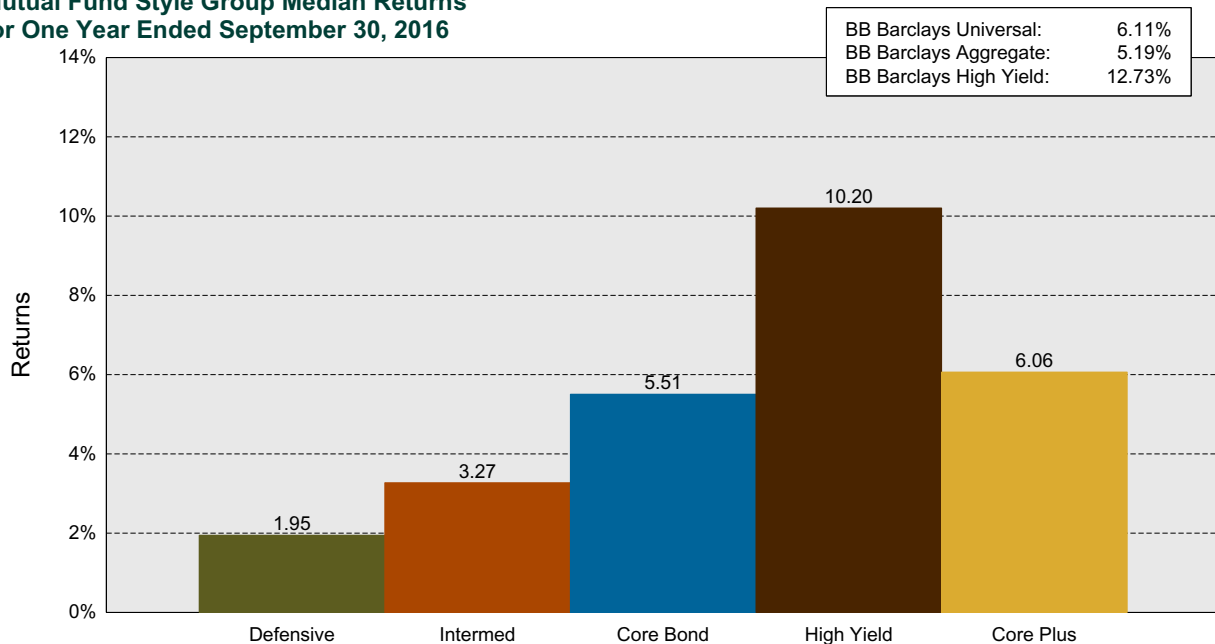
## Domestic Fixed Income Active Management Overview

Yields in the US moved modestly higher during the 3rd quarter with the 10-year US Treasury yield rising 11 bps to close at 1.60%. However, the Treasury note did hit a record low of 1.37% on July 8th at the height of the Brexit-induced worries before trending higher through the remainder of the quarter. The yield curve continued its flattening trend in anticipation of eventual Fed rate hikes. Spread sectors outperformed US Treasuries with corporates, and especially high yield, being the strongest. The Bloomberg Barclays US Aggregate returned +0.5% for the quarter and is up 5.8% year-to-date. The BB Barclays High Yield Index gained 5.6% and is up over 15% year-to-date. Both Core and Core Plus Fixed Income managers outperformed the Bloomberg Barclays Aggregate Index.

**Mutual Fund Style Group Median Returns  
for Quarter Ended September 30, 2016**



**Mutual Fund Style Group Median Returns  
for One Year Ended September 30, 2016**





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## ASSET ALLOCATION AND PERFORMANCE

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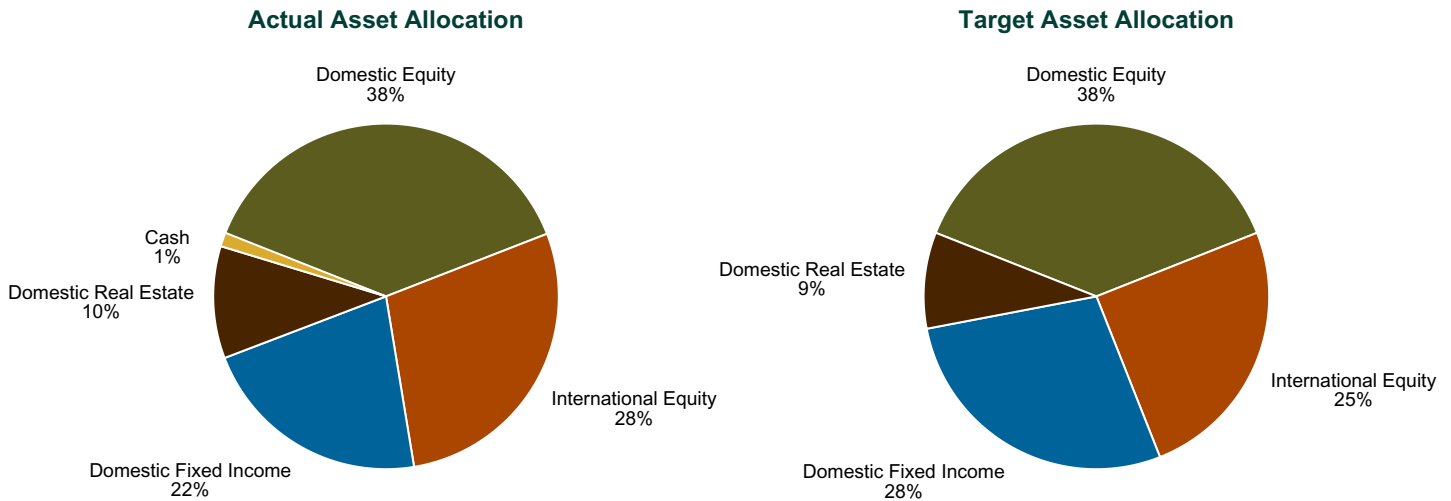
### **Asset Allocation and Performance**

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.



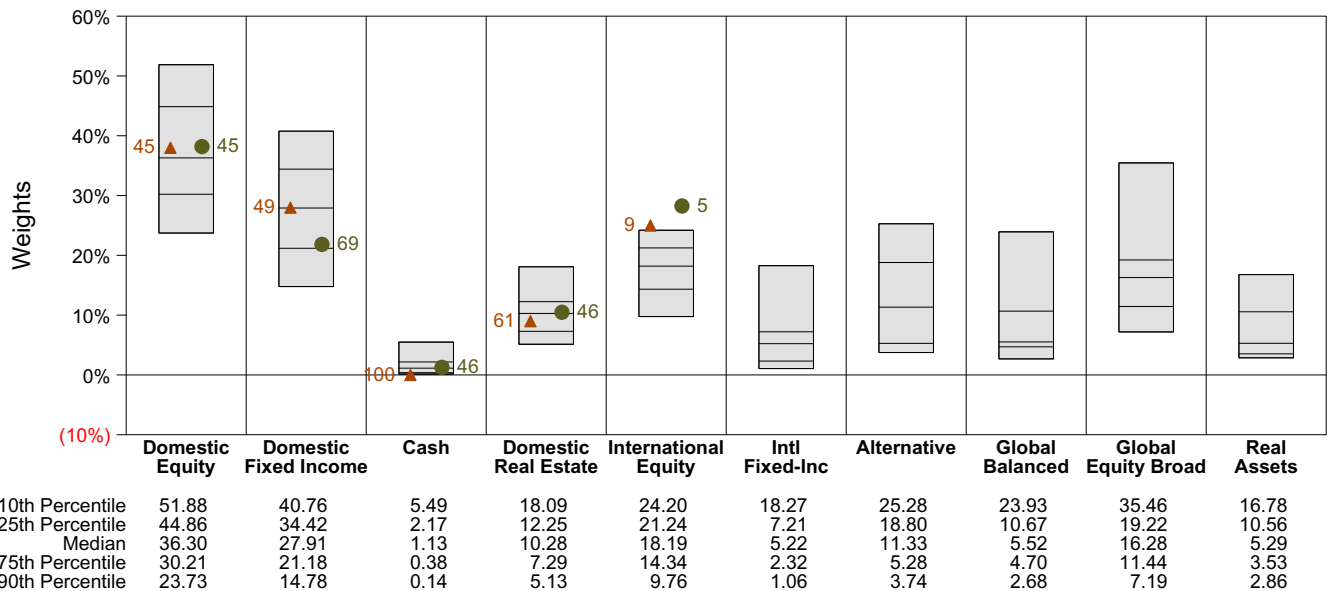
## Actual vs Target Asset Allocation As of September 30, 2016

The top left chart shows the Fund's asset allocation as of September 30, 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 CAI Public Fund Sponsor Database.



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	169,671	38.2%	38.0%	0.2%	788
International Equity	125,564	28.3%	25.0%	3.3%	14,456
Domestic Fixed Income	97,020	21.8%	28.0%	(6.2%)	(27,420)
Domestic Real Estate	46,554	10.5%	9.0%	1.5%	6,555
Cash	5,620	1.3%	0.0%	1.3%	5,620
<b>Total</b>	<b>444,429</b>	<b>100.0%</b>	<b>100.0%</b>		

### Asset Class Weights vs CAI 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	51.88	40.76	5.49	18.09	24.20	18.27	25.28	23.93	35.46	16.78
25th Percentile	44.86	34.42	2.17	12.25	21.24	7.21	18.80	10.67	19.22	10.56
Median	36.30	27.91	1.13	10.28	18.19	5.22	11.33	5.52	16.28	5.29
75th Percentile	30.21	21.18	0.38	7.29	14.34	2.32	5.28	4.70	11.44	3.53
90th Percentile	23.73	14.78	0.14	5.13	9.76	1.06	3.74	2.68	7.19	2.86
<b>Fund</b> ●	<b>38.18</b>	<b>21.83</b>	<b>1.26</b>	<b>10.47</b>	<b>28.25</b>	-	-	-	-	-
<b>Target</b> ▲	<b>38.00</b>	<b>28.00</b>	<b>0.00</b>	<b>9.00</b>	<b>25.00</b>	-	-	-	-	-
% Group Invested	98.90%	97.25%	69.78%	60.99%	97.25%	14.29%	49.73%	18.68%	24.18%	6.04%

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% BB Barclays Aggregate Idx, 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 September 30, 2016, with the distribution as of June 30, 2016. 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

	September 30, 2016		Net New Inv.	Inv. Return	June 30, 2016	
	Market Value	Weight			Market Value	Weight
<b>Domestic Equities</b>	<b>\$169,671,208</b>	<b>38.18%</b>	<b>\$(4,600,000)</b>	<b>\$10,560,598</b>	<b>\$163,710,610</b>	<b>38.41%</b>
<b>Large Cap Equities</b>	<b>\$116,881,040</b>	<b>26.30%</b>	<b>\$(2,900,000)</b>	<b>\$6,615,168</b>	<b>\$113,165,872</b>	<b>26.55%</b>
Vanguard S&P 500 Index	21,492,319	4.84%	(2,200,000)	880,305	22,812,014	5.35%
Dodge & Cox Stock	23,861,271	5.37%	0	1,927,929	21,933,343	5.15%
Boston Partners	24,113,793	5.43%	0	1,009,089	23,104,704	5.42%
Harbor Cap Appreciation	24,024,206	5.41%	0	1,812,779	22,211,427	5.21%
Janus Research	23,389,451	5.26%	(700,000)	985,066	23,104,385	5.42%
<b>Mid Cap Equities</b>	<b>\$20,654,325</b>	<b>4.65%</b>	<b>\$0</b>	<b>\$1,068,695</b>	<b>\$19,585,630</b>	<b>4.60%</b>
Fidelity Low Priced Stock	5,259,444	1.18%	0	246,877	5,012,567	1.18%
Royce Total Return	5,088,219	1.14%	0	282,833	4,805,386	1.13%
Morgan Stanley	4,435,819	1.00%	0	216,653	4,219,166	0.99%
Janus Enterprise	5,870,844	1.32%	0	322,333	5,548,511	1.30%
<b>Small Cap Equities</b>	<b>\$23,654,929</b>	<b>5.32%</b>	<b>\$(1,700,000)</b>	<b>\$2,011,073</b>	<b>\$23,343,856</b>	<b>5.48%</b>
Prudential Small Cap Value	11,757,598	2.65%	(1,700,000)	1,035,735	12,421,863	2.91%
AB US Small Growth	6,761,212	1.52%	0	481,434	6,279,778	1.47%
RS Investments	5,136,118	1.16%	0	493,903	4,642,215	1.09%
<b>Micro Cap Equities</b>	<b>\$8,480,914</b>	<b>1.91%</b>	<b>\$0</b>	<b>\$865,662</b>	<b>\$7,615,252</b>	<b>1.79%</b>
AMG Managers Emerging Opportunities Fund	8,480,914	1.91%	0	865,662	7,615,252	1.79%
<b>International Equities</b>	<b>\$125,563,767</b>	<b>28.25%</b>	<b>\$21,000,000</b>	<b>\$7,587,082</b>	<b>\$96,976,684</b>	<b>22.75%</b>
EuroPacific	28,437,739	6.40%	5,000,000	1,753,501	21,684,238	5.09%
Harbor International	28,537,578	6.42%	5,650,000	1,240,255	21,647,323	5.08%
Columbia Acorn Int'l	15,682,357	3.53%	3,900,000	880,548	10,901,809	2.56%
Oakmark International	29,128,800	6.55%	6,450,000	2,777,175	19,901,625	4.67%
Mondrian International	23,777,293	5.35%	0	935,603	22,841,690	5.36%
<b>Domestic Fixed Income</b>	<b>\$97,019,848</b>	<b>21.83%</b>	<b>\$(24,500,000)</b>	<b>\$1,780,405</b>	<b>\$119,739,443</b>	<b>28.09%</b>
Dodge & Cox Income	48,744,394	10.97%	(12,500,000)	1,063,551	60,180,844	14.12%
PIMCO	48,275,453	10.86%	(12,000,000)	716,854	59,558,599	13.97%
<b>Real Estate</b>	<b>\$46,553,893</b>	<b>10.47%</b>	<b>\$(20,597)</b>	<b>\$530,307</b>	<b>\$46,044,183</b>	<b>10.80%</b>
RREEF Public Fund	8,431,360	1.90%	0	(198,621)	8,629,981	2.02%
RREEF Private Fund	21,444,002	4.83%	0	370,092	21,073,910	4.94%
Barings Core Property Fund	15,814,531	3.56%	0	338,239	15,476,292	3.63%
625 Kings Court	864,000	0.19%	(20,597)	20,597	864,000	0.20%
<b>Cash</b>	<b>\$5,620,436</b>	<b>1.26%</b>	<b>\$5,868,918</b>	<b>\$(0)</b>	<b>-\$248,482</b>	<b>(0.06%)</b>
<b>Total Fund</b>	<b>\$444,429,152</b>	<b>100.0%</b>	<b>\$(2,251,679)</b>	<b>\$20,458,392</b>	<b>\$426,222,439</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 September 30, 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 September 30, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Domestic Equities</b>	<b>6.45%</b>	<b>11.53%</b>	<b>8.66%</b>	<b>15.80%</b>	<b>12.83%</b>
Russell 3000 Index	4.40%	14.96%	10.44%	16.36%	13.18%
<b>Large Cap Equities</b>					
Vanguard S&P 500 Index	3.85%	15.41%	11.13%	-	-
S&P 500 Index	3.85%	15.43%	11.16%	16.37%	13.17%
Dodge & Cox Stock	8.79%	14.53%	8.91%	17.10%	12.30%
Boston Partners	4.24%	10.00%	7.06%	15.64%	-
S&P 500 Index	3.85%	15.43%	11.16%	16.37%	13.17%
Russell 1000 Value Index	3.48%	16.20%	9.70%	16.15%	12.34%
Harbor Cap Appreciation (5)	8.16%	9.07%	11.28%	16.00%	13.31%
Janus Research (6)	4.25%	9.58%	11.38%	16.31%	13.37%
S&P 500 Index	3.85%	15.43%	11.16%	16.37%	13.17%
Russell 1000 Growth Index	4.58%	13.76%	11.83%	16.60%	14.11%
<b>Mid Cap Equities</b>					
Fidelity Low Priced Stock	4.93%	7.01%	6.73%	14.43%	12.47%
Royce Total Return (1)	5.89%	17.31%	5.68%	13.16%	11.15%
Russell MidCap Value Idx	4.45%	17.26%	10.49%	17.38%	14.27%
Morgan Stanley (2)	5.13%	0.25%	0.38%	7.82%	8.97%
Janus Enterprise (6)	5.81%	17.17%	11.88%	17.10%	14.91%
Russell MidCap Growth Idx	4.59%	11.24%	8.90%	15.85%	13.90%
<b>Small Cap Equities</b>					
Prudential Small Cap Value (3)	8.35%	17.79%	6.80%	14.75%	-
US Small Cap Value Idx	6.36%	17.54%	8.18%	16.26%	12.60%
Russell 2000 Value Index	8.87%	18.81%	6.77%	15.45%	11.60%
AB US Small Growth (4)	7.67%	9.73%	3.63%	15.23%	15.15%
RS Investments (1)	10.64%	0.22%	4.84%	15.90%	14.47%
Russell 2000 Growth Index	9.22%	12.12%	6.58%	16.15%	13.32%
<b>Micro Cap Equities</b>					
AMG Managers Emerging Opp	11.37%	10.35%	4.53%	16.67%	13.08%
Russell Microcap Index	11.25%	13.47%	5.84%	16.37%	11.79%
Russell Micro Growth Idx	11.92%	10.27%	5.04%	16.06%	11.83%

(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.

(5) Switched share class in June 2016.

(6) Switched share class in July 2016.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 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 September 30, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>International Equities</b>	<b>7.87%</b>	<b>8.25%</b>	<b>0.00%</b>	<b>6.76%</b>	<b>4.37%</b>
MSCI ACWI ex-US Index	7.00%	9.80%	0.64%	6.52%	4.12%
EuroPacific (1)	8.23%	8.52%	3.34%	9.11%	5.51%
Harbor International (5)	5.97%	7.76%	(0.55%)	7.32%	4.86%
Columbia Acorn Int'l (2)	8.25%	11.51%	2.38%	8.95%	7.46%
Oakmark International (4)	13.94%	6.71%	(1.18%)	9.79%	7.02%
Mondrian International	3.90%	7.84%	0.83%	5.61%	-
MSCI EAFE Index	6.43%	6.52%	0.48%	7.39%	4.24%
MSCI ACWI ex-US Index	7.00%	9.80%	0.64%	6.52%	4.12%
<b>Domestic Fixed Income</b>	<b>1.50%</b>	<b>6.38%</b>	<b>3.90%</b>	<b>4.25%</b>	<b>4.60%</b>
BB Barclays Aggregate Index	0.46%	5.19%	4.03%	3.08%	4.10%
Dodge & Cox Income	1.79%	7.09%	4.29%	4.31%	4.94%
PIMCO	1.23%	5.68%	3.50%	4.18%	4.65%
BB Barclays Aggregate Index	0.46%	5.19%	4.03%	3.08%	4.10%
<b>Real Estate</b>	<b>1.15%</b>	<b>10.61%</b>	<b>11.40%</b>	<b>12.46%</b>	<b>12.56%</b>
Real Estate Custom Benchmark (3)	1.40%	11.88%	12.13%	13.04%	13.03%
RREEF Public	(2.30%)	16.09%	13.23%	14.85%	14.89%
NAREIT	(0.88%)	20.76%	13.49%	15.39%	15.01%
RREEF Private	1.76%	9.24%	11.72%	12.09%	12.18%
Barings Core Property Fund	2.19%	9.71%	10.03%	-	-
NFI-ODCE Equal Weight Net	1.97%	9.70%	11.64%	11.41%	11.29%
625 Kings Court	2.42%	10.28%	11.29%	12.98%	7.71%
<b>Total Fund</b>	<b>4.80%</b>	<b>9.18%</b>	<b>5.44%</b>	<b>10.06%</b>	<b>8.36%</b>
Total Fund Benchmark*	3.68%	10.68%	6.42%	9.95%	8.46%

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% BB Barclays Aggregate Idx, 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.

(5) Switched share class in June 2016.

## 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- 9/2016	2015	2014	2013	2012
<b>Domestic Equities</b>	<b>6.08%</b>	<b>(0.08%)</b>	<b>9.59%</b>	<b>38.02%</b>	<b>17.10%</b>
Russell 3000 Index	8.18%	0.48%	12.56%	33.55%	16.42%
<b>Large Cap Equities</b>					
Vanguard S&P 500 Index	7.81%	1.37%	13.65%	-	-
S&P 500 Index	7.84%	1.38%	13.69%	32.39%	16.00%
Dodge & Cox Stock	9.55%	(4.49%)	10.40%	40.55%	22.01%
Boston Partners	5.23%	(4.99%)	10.87%	36.43%	20.18%
S&P 500 Index	7.84%	1.38%	13.69%	32.39%	16.00%
Russell 1000 Value Index	10.00%	(3.83%)	13.45%	32.53%	17.51%
Harbor Cap Appreciation (5)	0.90%	10.99%	9.93%	37.66%	15.69%
Janus Research (6)	2.55%	5.55%	14.10%	35.36%	16.78%
S&P 500 Index	7.84%	1.38%	13.69%	32.39%	16.00%
Russell 1000 Growth Index	6.00%	5.67%	13.05%	33.48%	15.26%
<b>Mid Cap Equities</b>					
Fidelity Low Priced Stock	5.30%	(0.56%)	7.65%	34.31%	18.50%
Royce Total Return (1)	15.17%	(7.17%)	1.51%	32.93%	14.48%
Russell MidCap Value Idx	13.72%	(4.78%)	14.75%	33.46%	18.51%
Morgan Stanley (2)	(2.68%)	(5.73%)	1.47%	38.35%	9.49%
Janus Enterprise (6)	11.73%	3.49%	12.01%	30.86%	17.83%
Russell MidCap Growth Idx	6.84%	(0.20%)	11.90%	35.74%	15.81%
<b>Small Cap Equities</b>					
Prudential Small Cap Value (3)	13.69%	(7.00%)	5.89%	35.87%	14.14%
US Small Cap Value Idx	13.86%	(5.14%)	7.44%	33.71%	18.80%
Russell 2000 Value Index	15.49%	(7.47%)	4.22%	34.52%	18.05%
AB US Small Growth (4)	4.14%	(0.66%)	(1.24%)	46.72%	16.21%
RS Investments (1)	(1.37%)	0.36%	9.67%	49.64%	15.13%
Russell 2000 Growth Index	7.48%	(1.38%)	5.60%	43.30%	14.59%
<b>Micro Cap Equities</b>					
AMG Managers Emerging Opp	10.90%	(8.44%)	2.62%	56.34%	14.32%
Russell Microcap Index	9.38%	(5.16%)	3.65%	45.62%	19.75%
Russell Micro Growth Idx	5.32%	(3.85%)	4.30%	52.84%	15.17%

(1) Switched share class December 2009.

(2) Switched share class in February 2014.

(3) Switched share class in September 2015.

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## 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- 9/2016	2015	2014	2013	2012
<b>International Equities</b>	<b>4.73%</b>	<b>(4.50%)</b>	<b>(5.73%)</b>	<b>19.25%</b>	<b>18.78%</b>
MSCI ACWI ex-US Index	6.29%	(5.25%)	(3.44%)	15.78%	17.39%
EuroPacific (1)	5.38%	(0.48%)	(2.29%)	20.58%	19.64%
Harbor International (5)	4.76%	(3.82%)	(6.81%)	16.84%	20.87%
Columbia Acorn Int'l (2)	6.92%	(1.23%)	(4.23%)	22.33%	21.60%
Oakmark International (4)	1.62%	(3.99%)	(5.41%)	29.34%	29.22%
Mondrian International	5.70%	(6.33%)	(2.06%)	16.69%	11.50%
MSCI EAFE Index	1.73%	(0.81%)	(4.90%)	22.78%	17.32%
MSCI ACWI ex-US Index	6.29%	(5.25%)	(3.44%)	15.78%	17.39%
<b>Domestic Fixed Income</b>	<b>6.05%</b>	<b>0.07%</b>	<b>5.09%</b>	<b>(0.65%)</b>	<b>9.15%</b>
BB Barclays Aggregate Index	5.80%	0.55%	5.97%	(2.02%)	4.21%
Dodge & Cox Income	6.95%	(0.59%)	5.49%	0.64%	7.94%
PIMCO	5.17%	0.73%	4.69%	(1.92%)	10.36%
BB Barclays Aggregate Index	5.80%	0.55%	5.97%	(2.02%)	4.21%
<b>Real Estate</b>	<b>6.18%</b>	<b>12.14%</b>	<b>14.50%</b>	<b>10.21%</b>	<b>10.73%</b>
Real Estate Custom Benchmark (3)	7.59%	11.81%	14.57%	10.40%	11.88%
RREEF Public	7.56%	3.86%	31.88%	(0.59%)	16.97%
NAREIT	12.73%	2.05%	27.23%	2.34%	19.73%
RREEF Private	5.55%	15.63%	11.95%	14.50%	10.12%
Barings Core Property Fund	6.48%	12.99%	8.64%	9.82%	10.18%
NFI-ODCE Equal Weight Net	6.29%	14.18%	11.42%	12.36%	9.93%
625 Kings Court	7.39%	9.85%	12.15%	33.50%	3.64%
<b>Total Fund</b>	<b>5.75%</b>	<b>0.07%</b>	<b>4.72%</b>	<b>19.72%</b>	<b>14.53%</b>
Total Fund Benchmark*	7.03%	0.21%	6.80%	16.47%	12.99%

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% BB Barclays Aggregate Idx, 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.

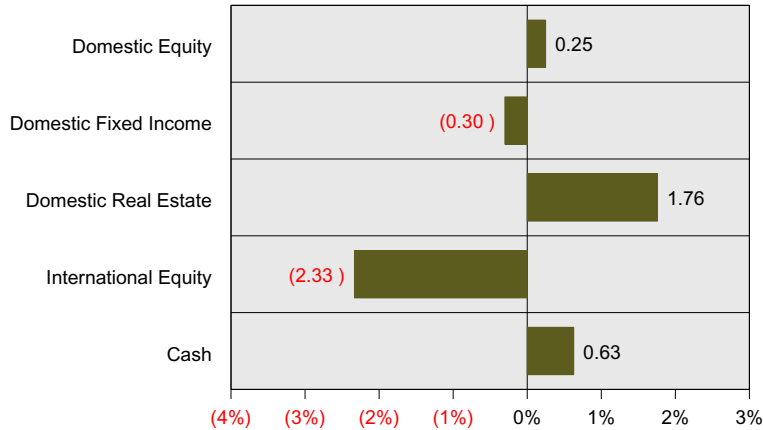
(4) Switched to CIT in November 2015.

(5) Switched share class in June 2016.

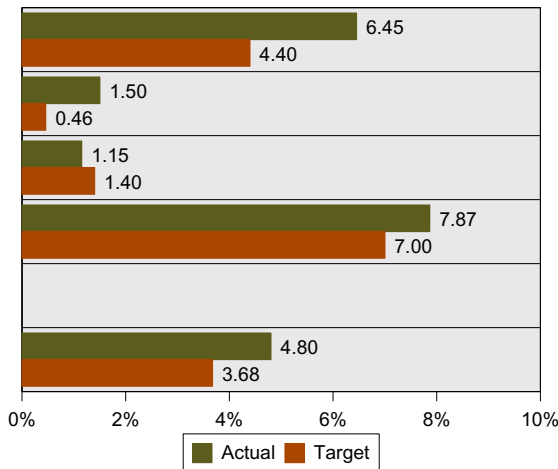
## Quarterly Total Fund Relative Attribution - September 30, 2016

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.

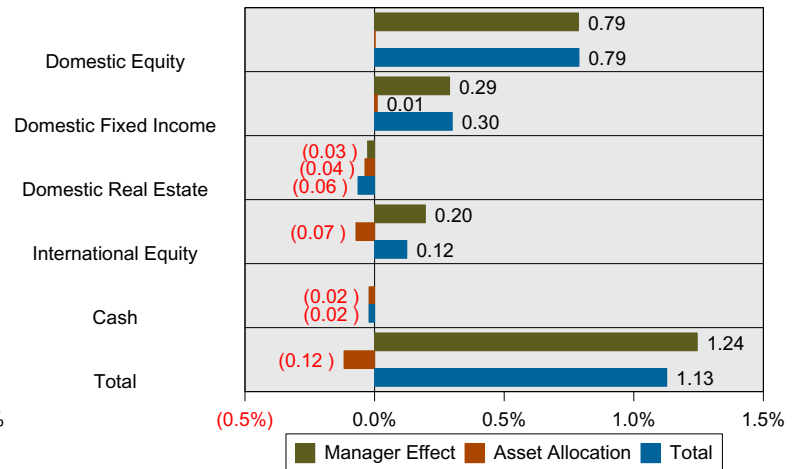
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Quarter ended September 30, 2016

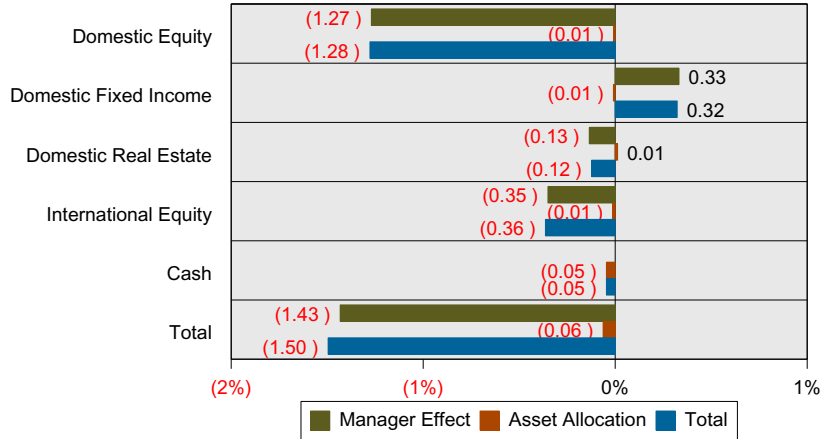
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	38%	38%	6.45%	4.40%	0.79%	0.00%	0.79%
Domestic Fixed Income	28%	28%	1.50%	0.46%	0.29%	0.01%	0.30%
Domestic Real Estate	11%	9%	1.15%	1.40%	(0.03%)	(0.04%)	(0.06%)
International Equity	23%	25%	7.87%	7.00%	0.20%	(0.07%)	0.12%
Cash	1%	0%	0.00%	0.00%	0.00%	(0.02%)	(0.02%)
<b>Total</b>			<b>4.80%</b>	<b>3.68%</b>	<b>1.24%</b>	<b>(0.12%)</b>	<b>1.13%</b>

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

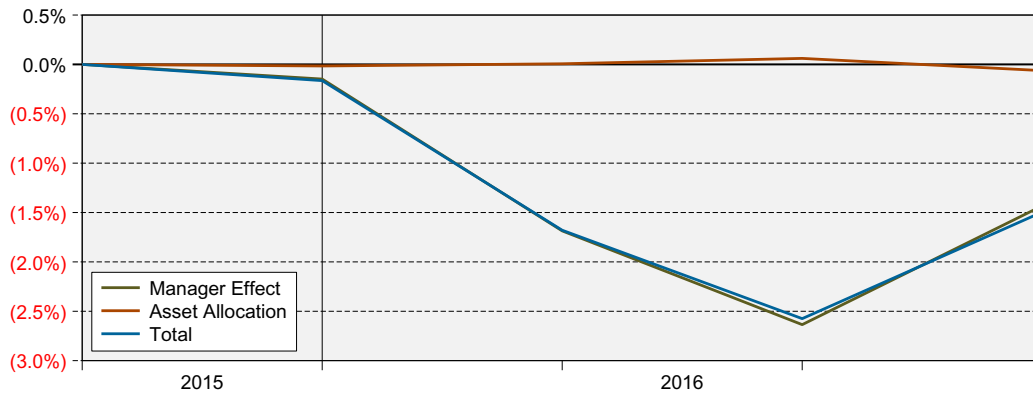
## Cumulative Total Fund Relative Attribution - September 30, 2016

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	38%	38%	11.53%	14.96%	(1.27%)	(0.01%)	(1.28%)
Domestic Fixed Income	28%	28%	6.38%	5.19%	0.33%	(0.01%)	0.32%
Domestic Real Estate	11%	9%	10.61%	11.89%	(0.13%)	0.01%	(0.12%)
International Equity	23%	25%	8.25%	9.80%	(0.35%)	(0.01%)	(0.36%)
Cash	0%	0%	0.00%	0.00%	0.00%	(0.05%)	(0.05%)
<b>Total</b>			<b>9.18%</b>	<b>10.68%</b>	<b>+ (1.43%)</b>	<b>+ (0.06%)</b>	<b>(1.50%)</b>

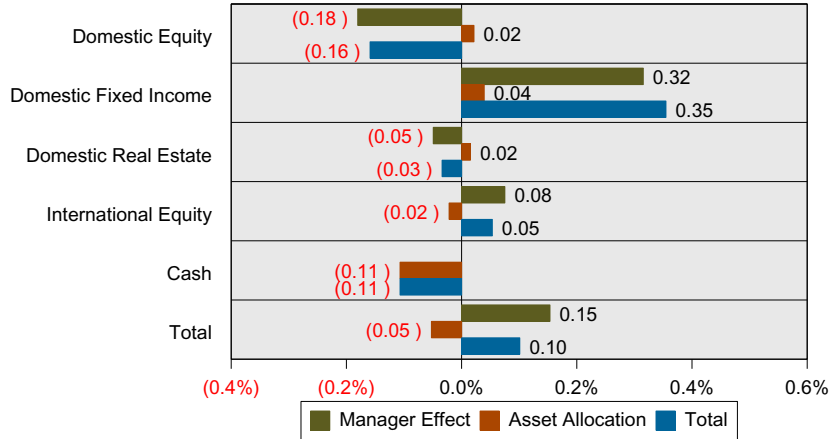
\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% BB Barclays Aggregate Idx, 25.0% MSCI ACWIxUS Gross, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.



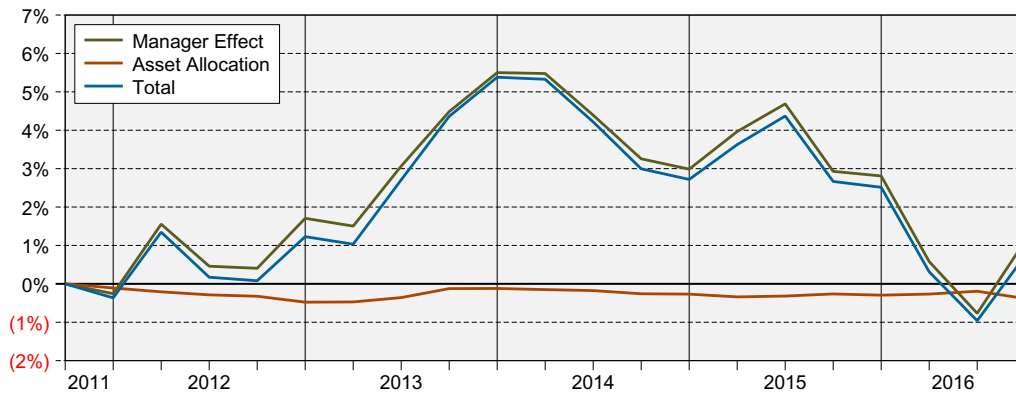
## Cumulative Total Fund Relative Attribution - September 30, 2016

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

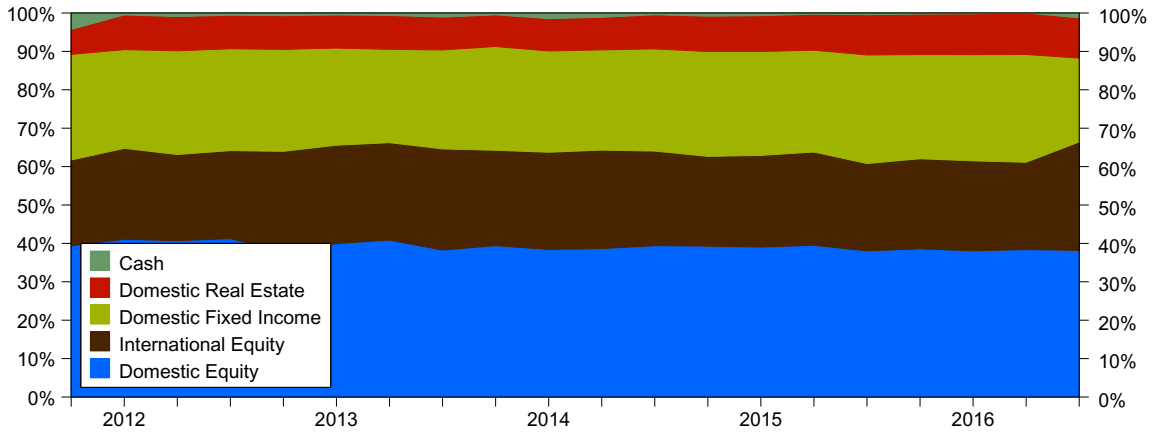
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	39%	38%	15.80%	16.36%	(0.18%)	0.02%	(0.16%)
Domestic Fixed Income	27%	28%	4.25%	3.08%	0.32%	0.04%	0.35%
Domestic Real Estate	9%	9%	12.46%	13.04%	(0.05%)	0.02%	(0.03%)
International Equity	24%	25%	6.76%	6.52%	0.08%	(0.02%)	0.05%
Cash	1%	0%	0.04%	0.04%	0.00%	(0.11%)	(0.11%)
<b>Total</b>			<b>10.06%</b>	<b>9.95%</b>	<b>+ 0.15%</b>	<b>+ (0.05%)</b>	<b>0.10%</b>

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

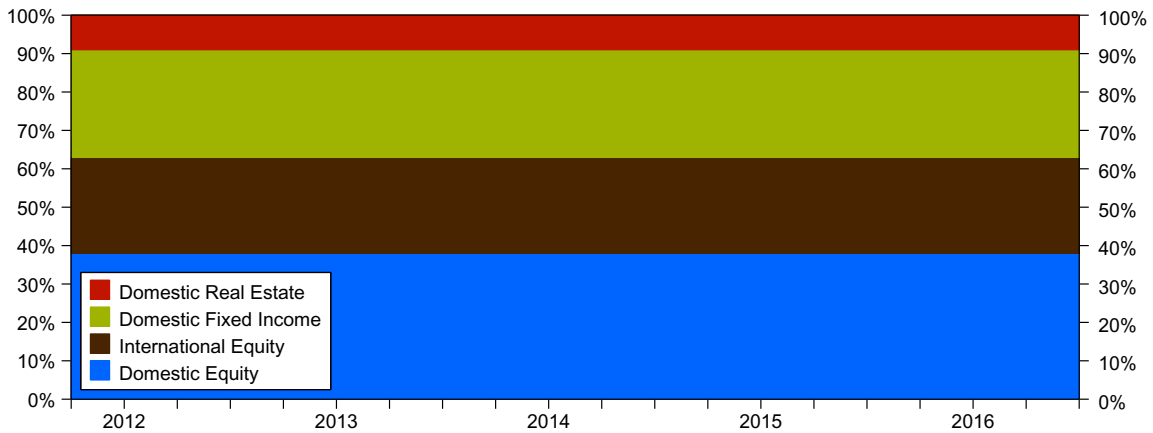
## Actual vs Target Historical Asset Allocation

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 CAI Public Fund Sponsor Database.

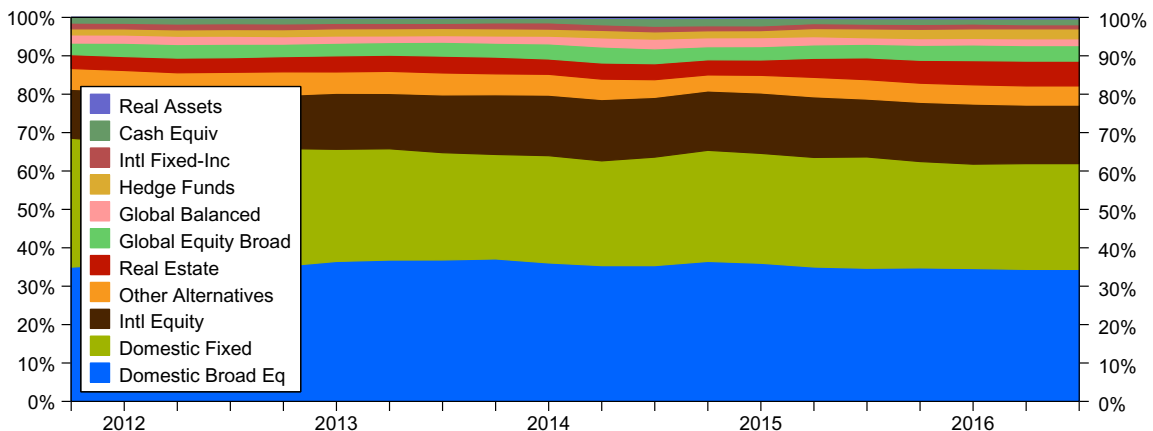
### Actual Historical Asset Allocation



### Target Historical Asset Allocation



### Average CAI Public Fund Sponsor Database Historical Asset Allocation

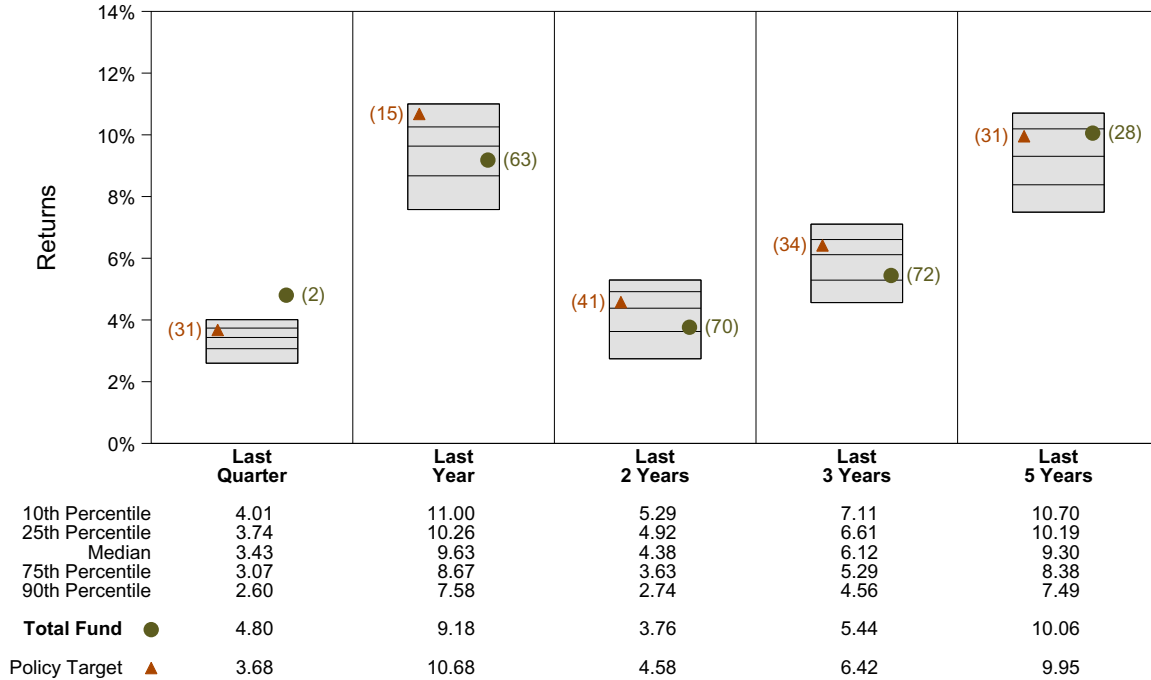


\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% BB Barclays Aggregate Idx, 25.0% MSCI ACWIxUS Gross, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

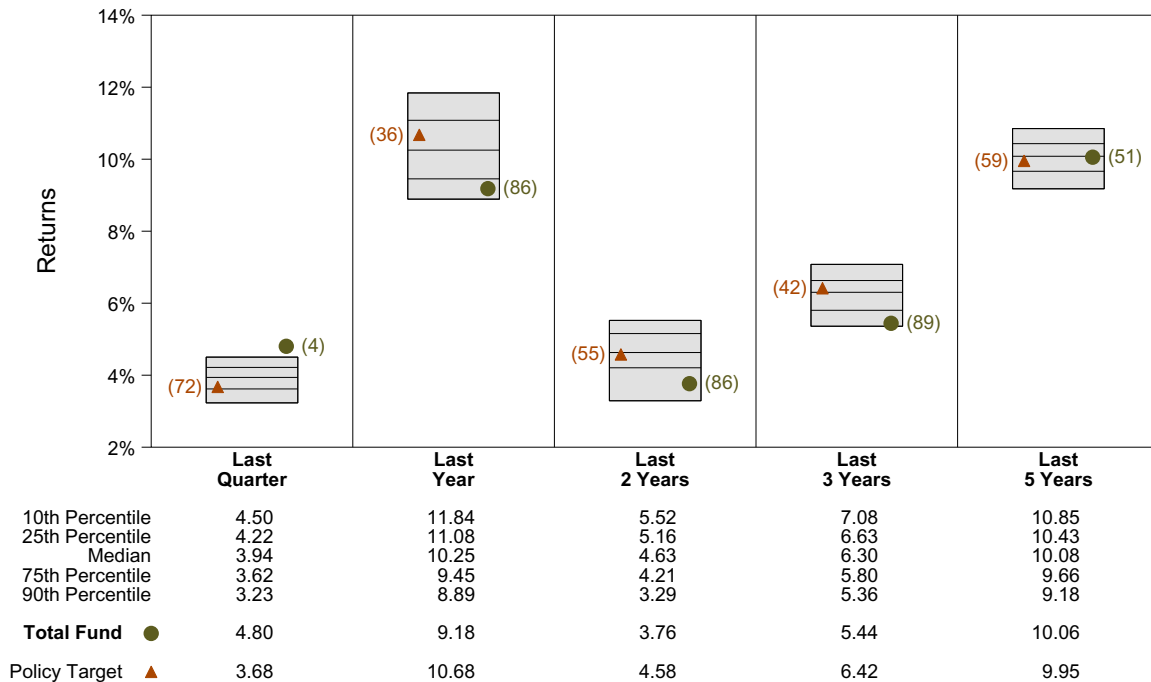
## Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the CAI Public Fund Sponsor Database for periods ended September 30, 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.

### CAI Public Fund Sponsor Database



### Asset Allocation Adjusted Ranking



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

# Total Fund

## Period Ended September 30, 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.

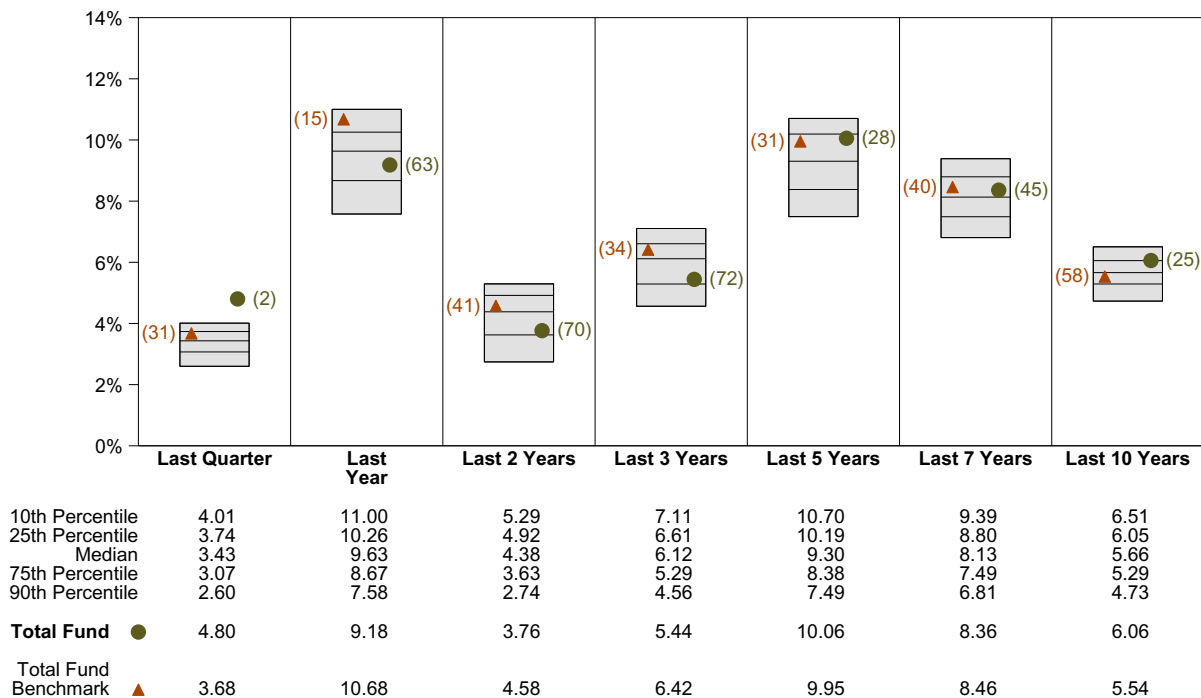
### Quarterly Summary and Highlights

- Total Fund's portfolio posted a 4.80% return for the quarter placing it in the 2 percentile of the CAI Public Fund Sponsor Database group for the quarter and in the 63 percentile for the last year.
- Total Fund's portfolio outperformed the Total Fund Benchmark by 1.13% for the quarter and underperformed the Total Fund Benchmark for the year by 1.50%.

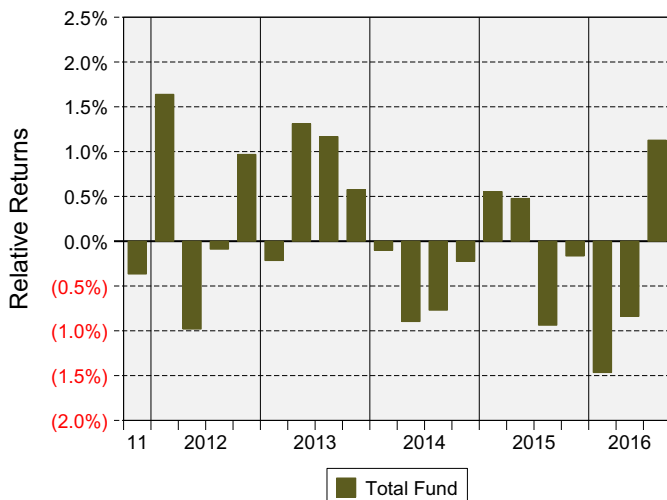
### Quarterly Asset Growth

Beginning Market Value	\$426,222,439
Net New Investment	\$-2,251,679
Investment Gains/(Losses)	\$20,458,392
Ending Market Value	\$444,429,152

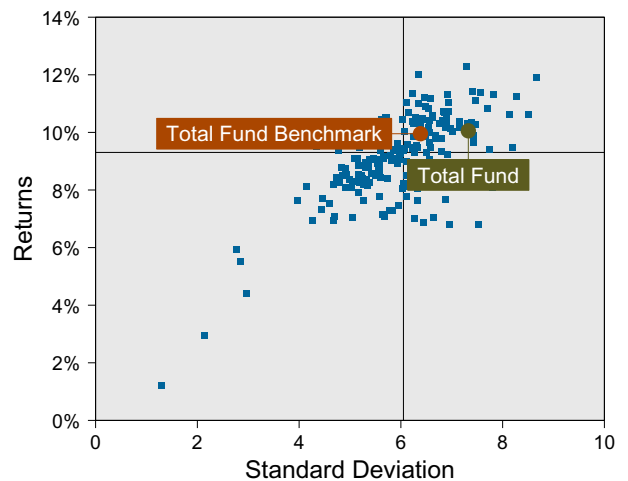
### Performance vs CAI Public Fund Sponsor Database (Gross)



### Relative Return vs Total Fund Benchmark



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

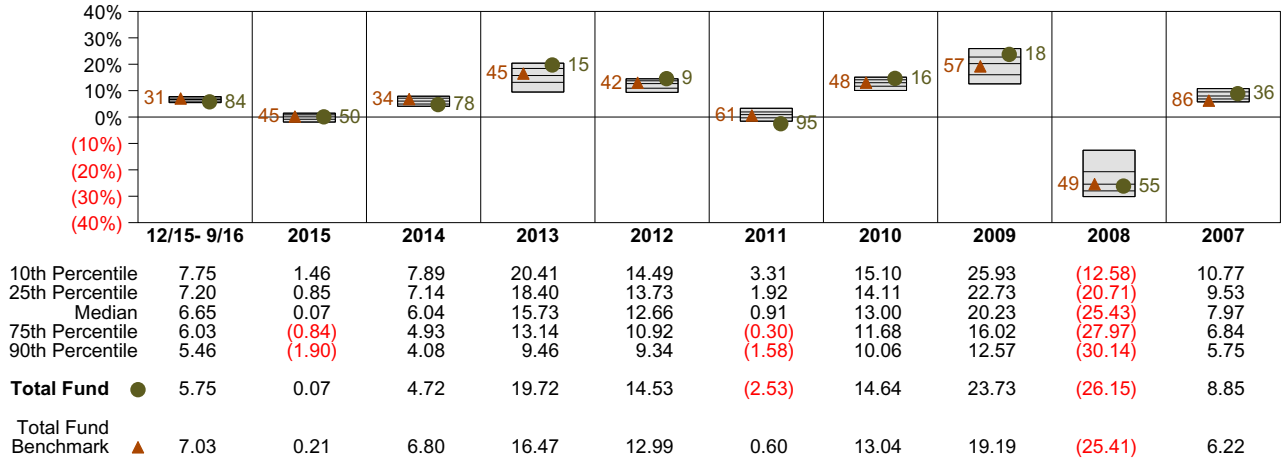


# Total Fund Return Analysis Summary

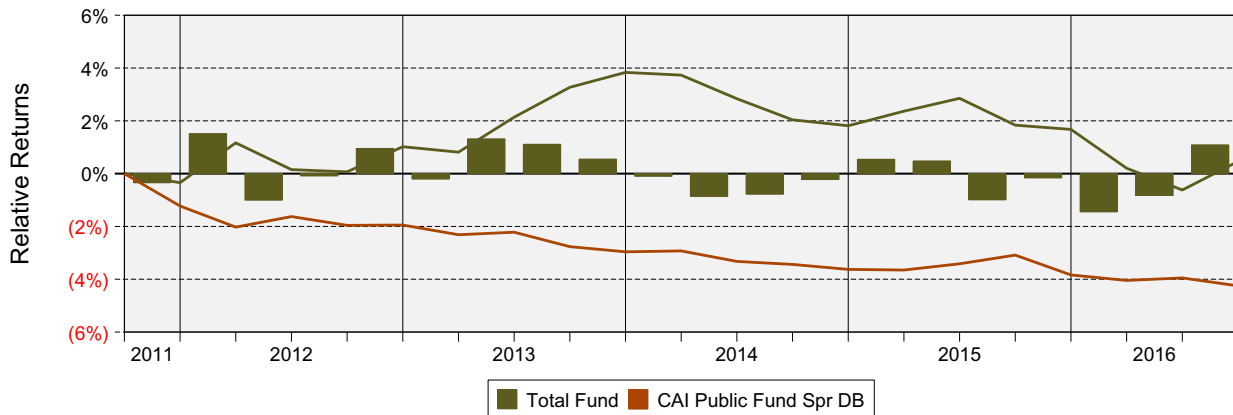
## Return Analysis

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.

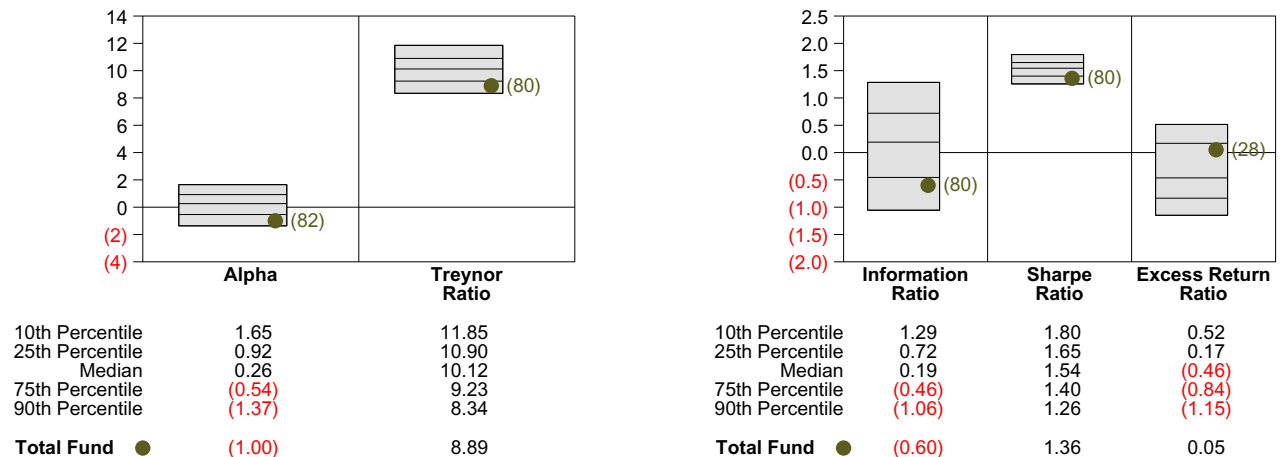
### Performance vs CAI Public Fund Sponsor Database (Gross)



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



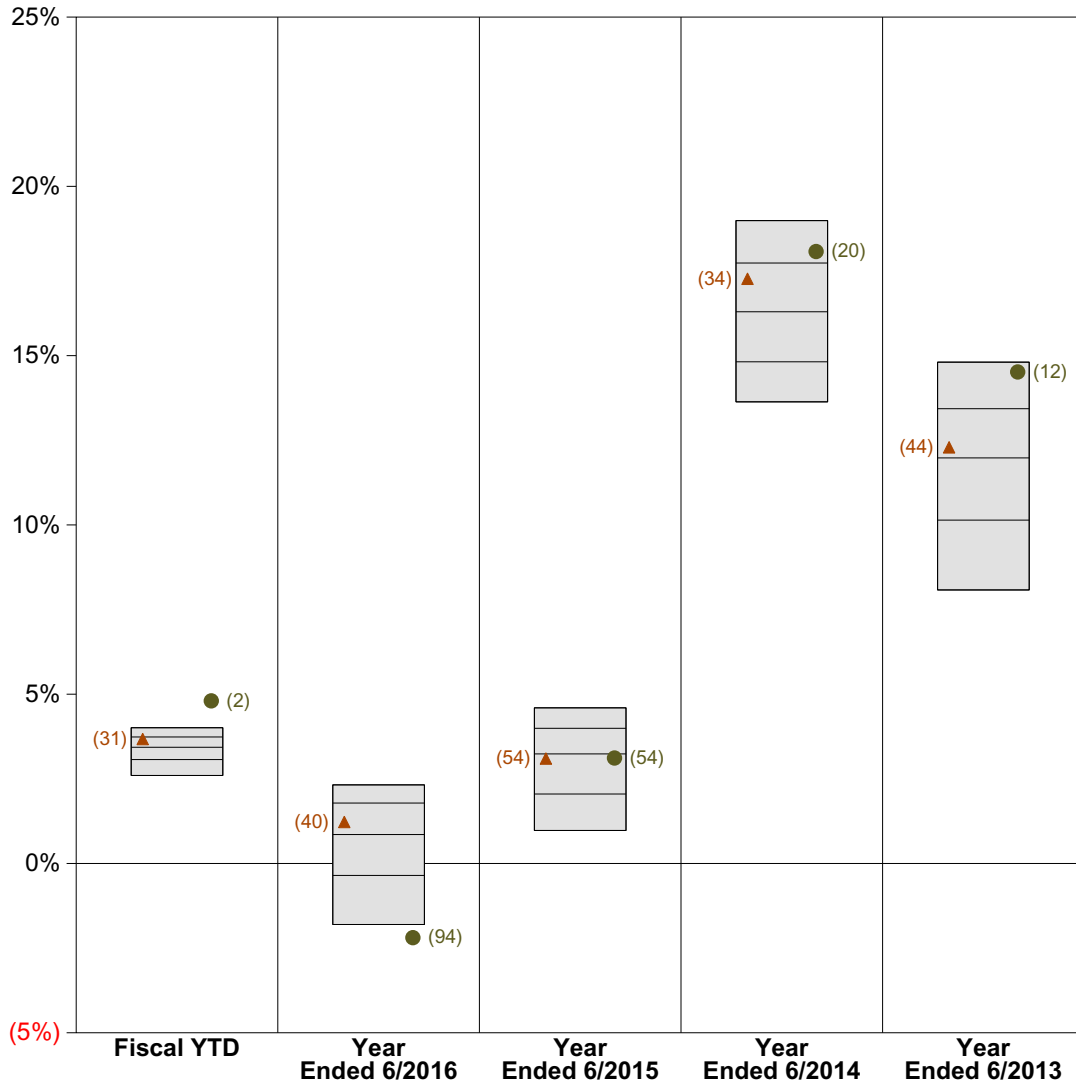
### Risk Adjusted Return Measures vs Total Fund Benchmark Rankings Against CAI Public Fund Sponsor Database (Gross) Five Years Ended September 30, 2016



# Mendocino County Employees' Retirement Association Performance vs CAI Public Fund Sponsor Database Periods Ended September 30, 2016

## Return Ranking

The chart below illustrates fund rankings over various periods versus the CAI 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 CAI 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 6/2016	Year Ended 6/2015	Year Ended 6/2014	Year Ended 6/2013
10th Percentile	4.01	2.32	4.60	18.99	14.81
25th Percentile	3.74	1.78	3.99	17.74	13.43
Median	3.43	0.85	3.24	16.30	11.98
75th Percentile	3.07	(0.35)	2.05	14.82	10.14
90th Percentile	2.60	(1.80)	0.98	13.63	8.08
<b>Total Fund</b> ●	4.80	(2.19)	3.11	18.08	14.52
Total Fund Benchmark ▲	3.68	1.23	3.10	17.27	12.29

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



# Domestic Equity Composite Period Ended September 30, 2016

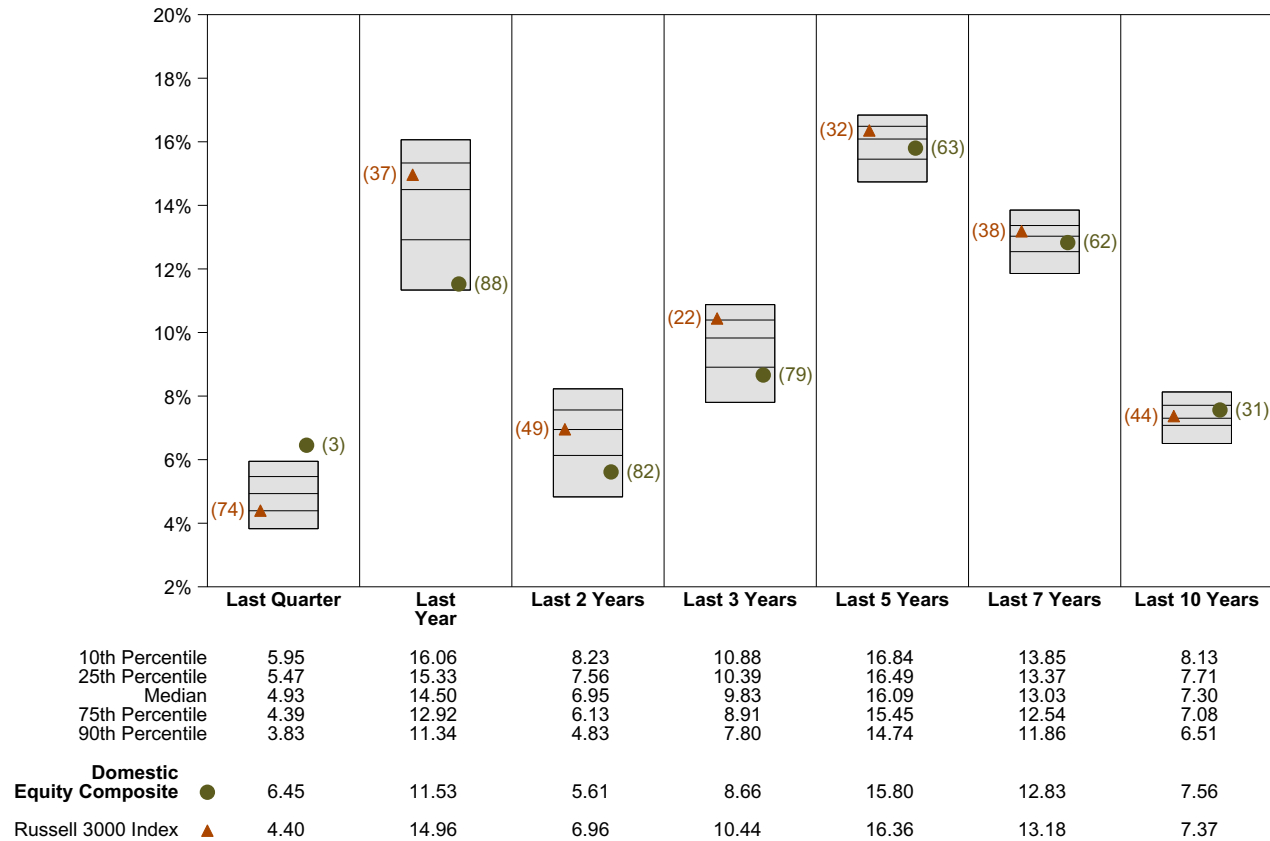
## Quarterly Summary and Highlights

- Domestic Equity Composite's portfolio posted a 6.45% return for the quarter placing it in the 3 percentile of the Pub Pln- Domestic Equity group for the quarter and in the 88 percentile for the last year.
- Domestic Equity Composite's portfolio outperformed the Russell 3000 Index by 2.06% for the quarter and underperformed the Russell 3000 Index for the year by 3.44%.

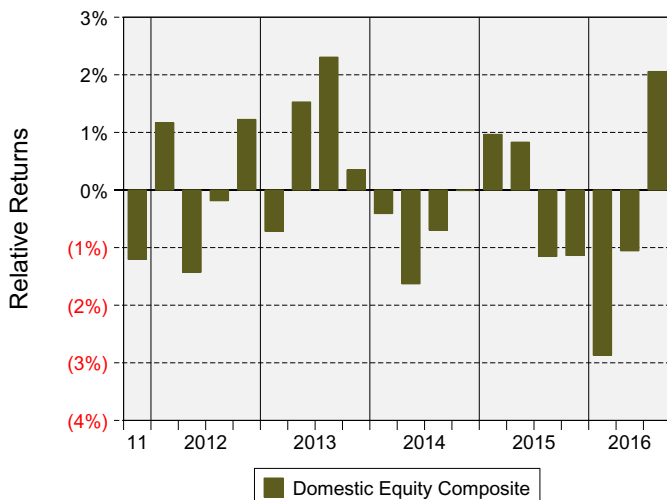
## Quarterly Asset Growth

Beginning Market Value	\$163,710,610
Net New Investment	\$-4,600,000
Investment Gains/(Losses)	\$10,560,598
Ending Market Value	\$169,671,208

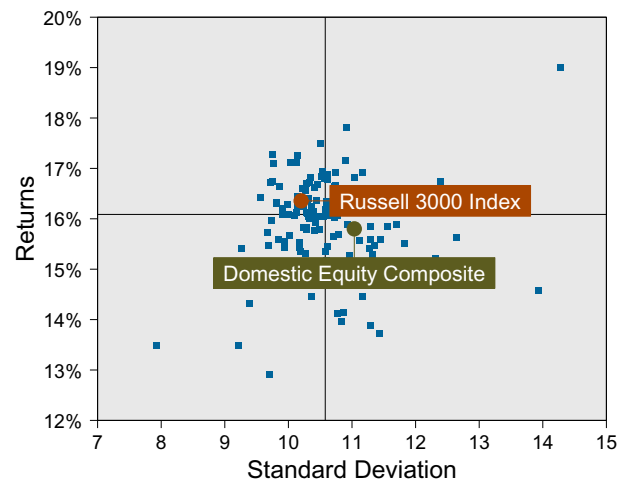
## Performance vs Pub Pln- Domestic Equity (Gross)



## Relative Return vs Russell 3000 Index



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



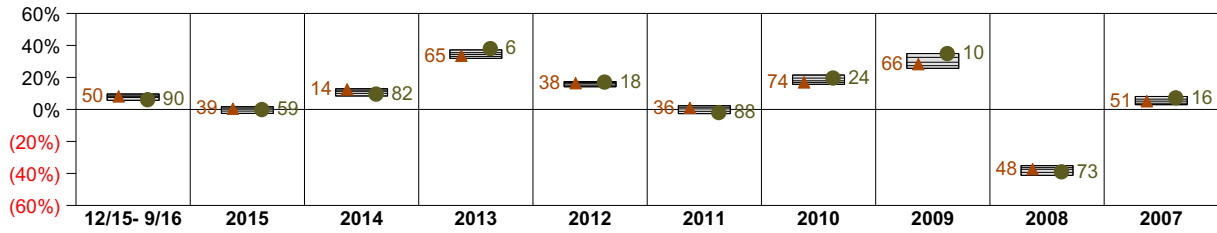


# Domestic Equity Composite Return Analysis Summary

## Return Analysis

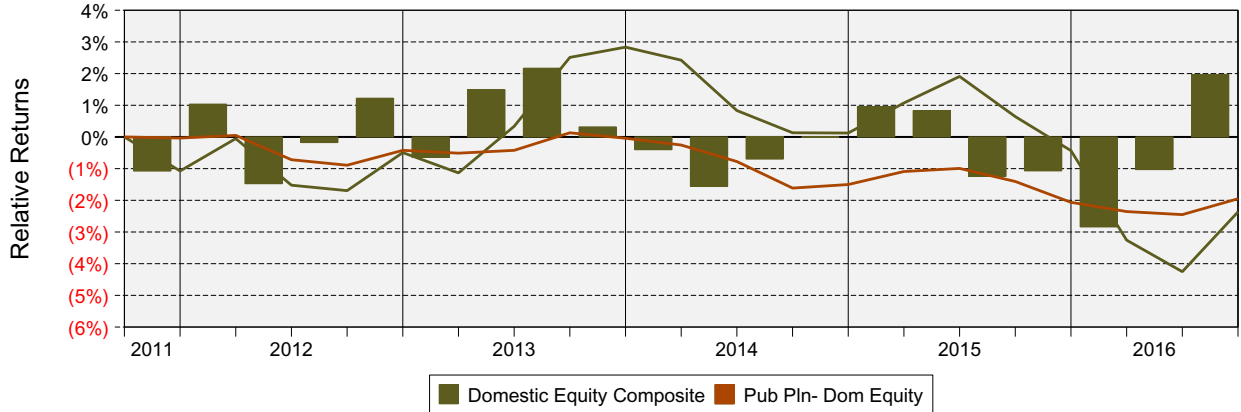
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate 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)

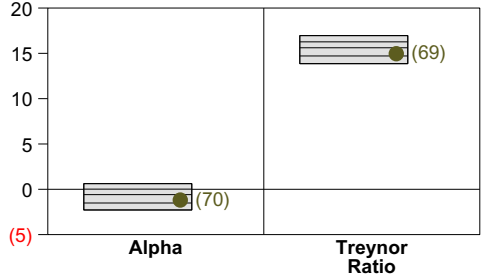


	12/15- 9/16	2015	2014	2013	2012	2011	2010	2009	2008	2007
10th Percentile	9.67	1.70	12.91	37.22	17.42	2.34	21.49	34.93	(35.14)	8.11
25th Percentile	8.96	0.89	12.06	35.51	16.80	1.36	19.60	32.55	(36.36)	6.44
Median	8.19	0.17	11.33	34.39	16.07	0.33	17.92	29.51	(37.42)	5.18
75th Percentile	7.43	(1.03)	10.05	33.14	15.14	(1.19)	16.90	27.35	(39.33)	3.89
90th Percentile	5.68	(2.49)	8.41	31.92	14.16	(2.61)	15.71	25.69	(41.20)	2.96
<b>Domestic Equity Composite</b>	<b>6.08</b>	<b>(0.08)</b>	<b>9.59</b>	<b>38.02</b>	<b>17.10</b>	<b>(1.96)</b>	<b>19.63</b>	<b>34.90</b>	<b>(38.99)</b>	<b>7.26</b>
<b>Russell 3000 Index</b>	<b>8.18</b>	<b>0.48</b>	<b>12.56</b>	<b>33.55</b>	<b>16.42</b>	<b>1.03</b>	<b>16.93</b>	<b>28.34</b>	<b>(37.31)</b>	<b>5.14</b>

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

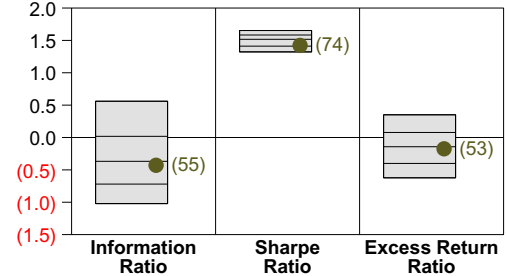


### Risk Adjusted Return Measures vs Russell 3000 Index Rankings Against Pub Pln- Domestic Equity (Gross) Five Years Ended September 30, 2016



	Alpha	Treynor Ratio
10th Percentile	0.62	16.96
25th Percentile	0.02	16.27
Median	(0.59)	15.62
75th Percentile	(1.51)	14.71
90th Percentile	(2.28)	13.86

**Domestic Equity Composite** ● (1.19) 14.96



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.56	1.65	0.35
25th Percentile	0.02	1.58	0.08
Median	(0.37)	1.52	(0.14)
75th Percentile	(0.72)	1.41	(0.40)
90th Percentile	(1.02)	1.32	(0.62)

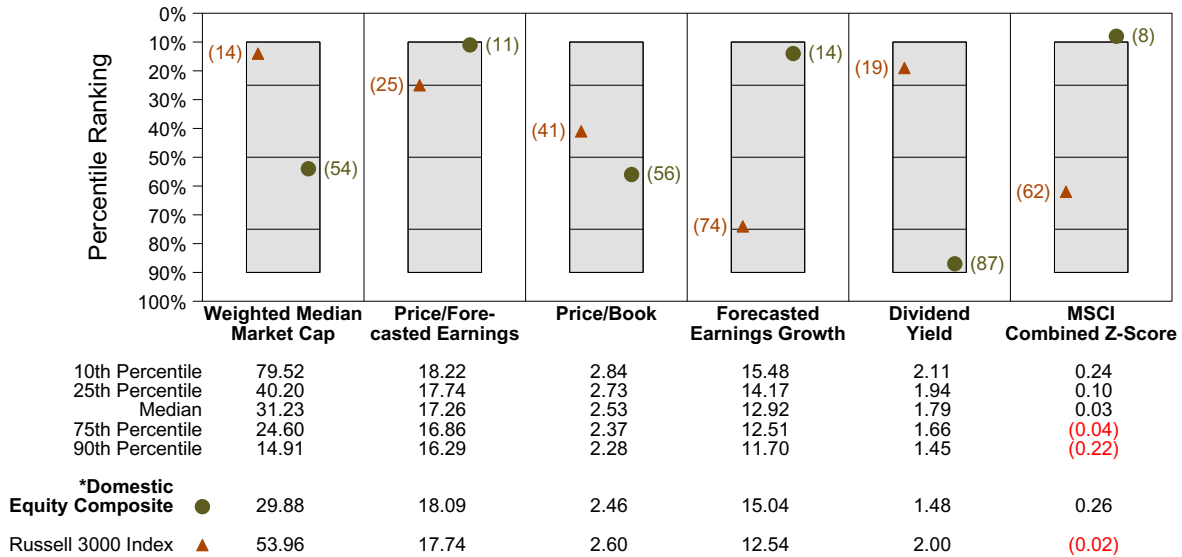
**Domestic Equity Composite** ● (0.43) 1.42 (0.17)

# Domestic Equity Composite Equity Characteristics Analysis Summary

## Portfolio Characteristics

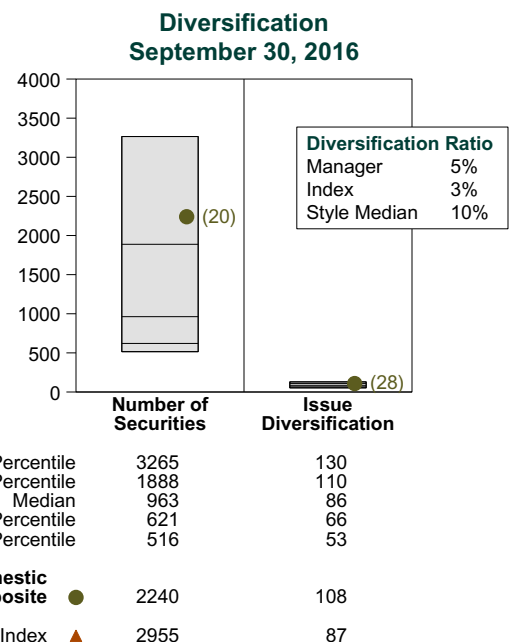
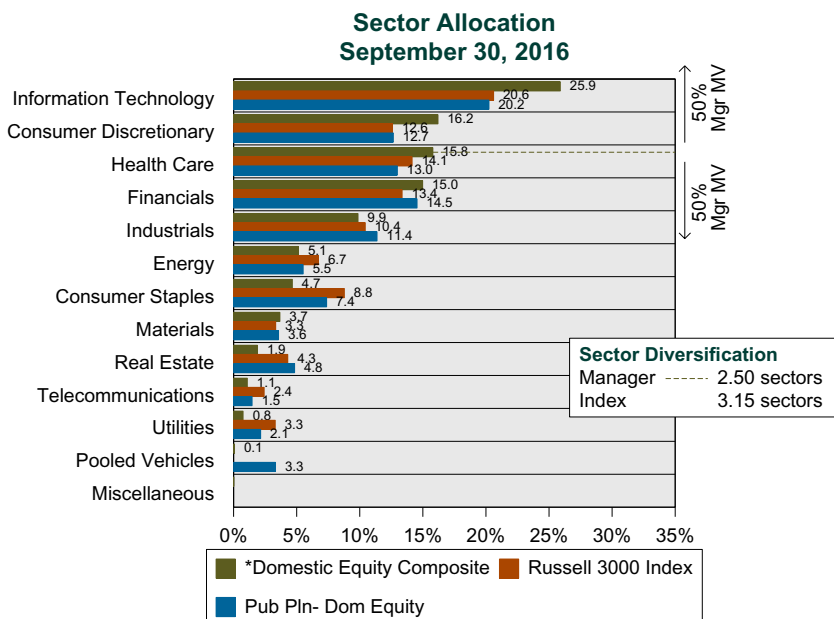
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against Pub Pln- Domestic Equity as of September 30, 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.

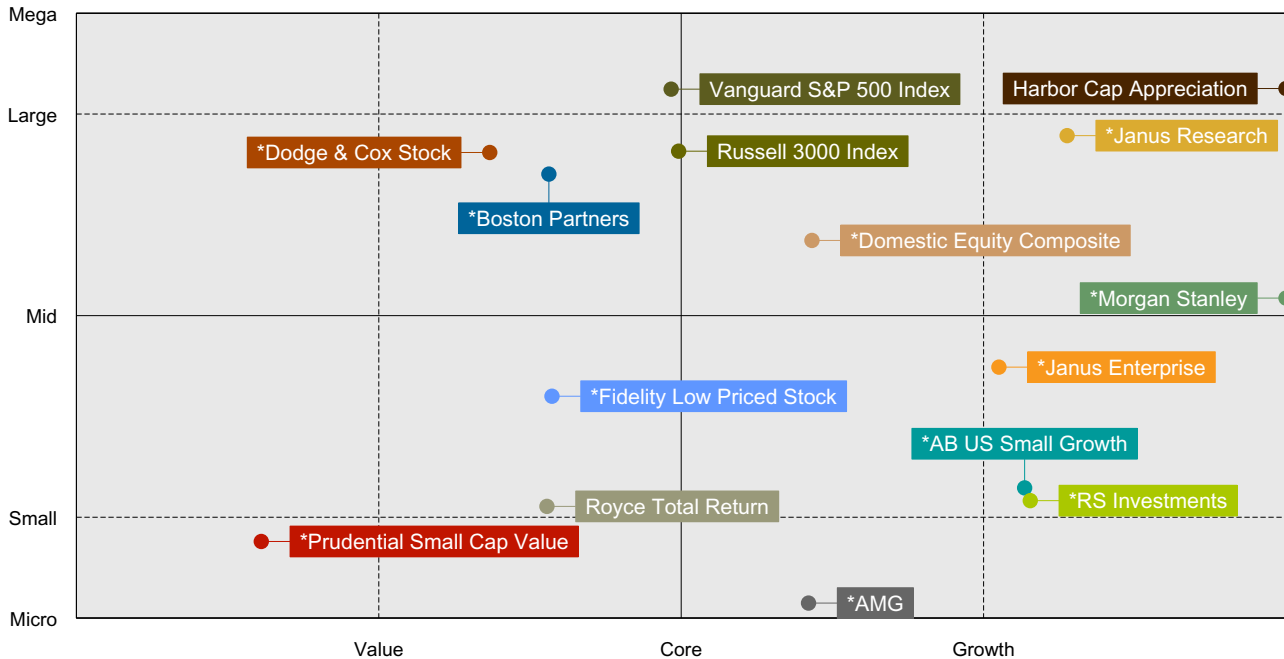


\*9/30/16 portfolio characteristics generated using most recently available holdings (6/30/16) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

## Holdings Based Style Analysis For One Quarter Ended September 30, 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 September 30, 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	12.67%	79.08	(0.04)	(0.01)	0.03	505	54.90
*Dodge & Cox Stock	14.06%	53.60	(0.42)	(0.17)	0.24	64	17.52
*Boston Partners	14.21%	47.77	(0.29)	(0.04)	0.25	88	22.54
Harbor Cap Appreciation	14.16%	79.47	1.52	0.72	(0.80)	58	15.40
*Janus Research	13.79%	58.15	0.80	0.35	(0.45)	103	25.07
*Fidelity Low Priced Stock	3.10%	6.46	(0.29)	(0.03)	0.25	806	32.11
Royce Total Return	3.00%	2.17	(0.30)	(0.12)	0.18	276	53.41
*Morgan Stanley	2.61%	14.33	1.60	0.51	(1.09)	48	10.29
*Janus Enterprise	3.46%	7.59	0.66	0.22	(0.44)	83	26.37
*Prudential Small Cap Value	6.93%	1.45	(0.90)	(0.11)	0.79	379	67.15
*AB US Small Growth	3.98%	2.89	0.71	0.16	(0.55)	97	35.20
*RS Investments	3.03%	2.40	0.72	0.14	(0.58)	92	24.68
*AMG	5.00%	0.69	0.25	0.08	(0.17)	338	74.47
*Domestic Equity Composite	100.00%	29.88	0.26	0.14	(0.12)	2240	107.56
Russell 3000 Index	-	53.96	(0.02)	(0.00)	0.02	2955	86.53

\*9/30/16 portfolio characteristics generated using most recently available holdings (6/30/16) 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 September 30, 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.

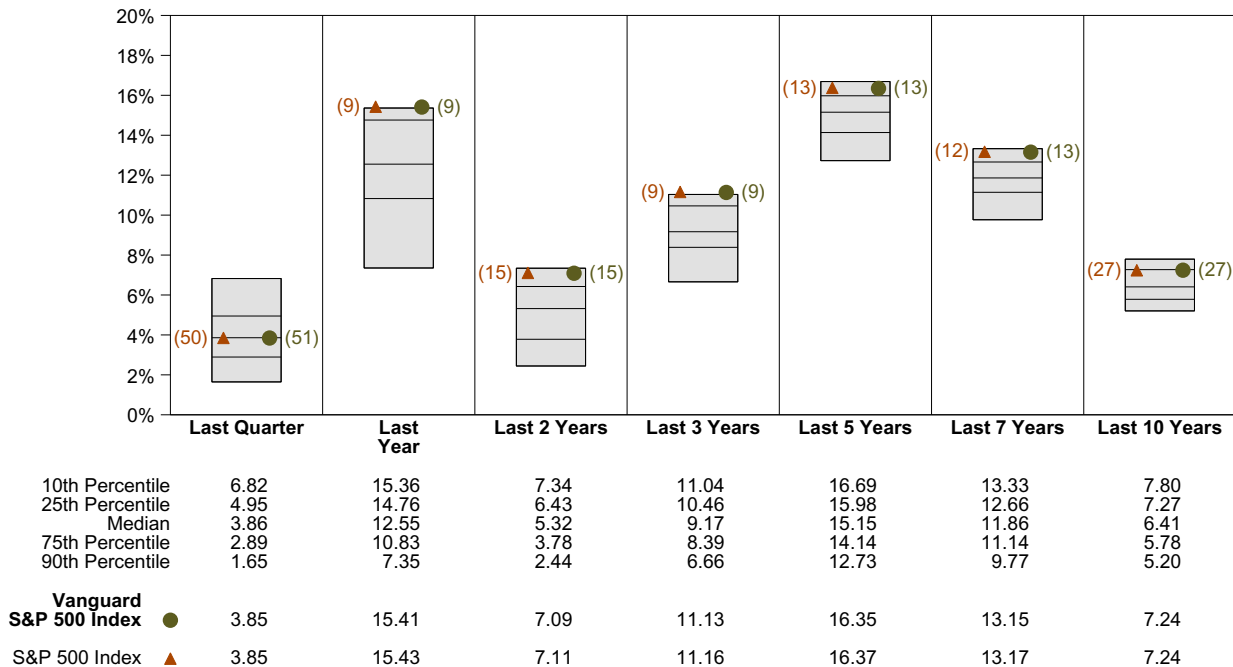
## Quarterly Summary and Highlights

- Vanguard S&P 500 Index's portfolio posted a 3.85% return for the quarter placing it in the 51 percentile of the CAI Large Cap Core Mutual Funds group for the quarter and in the 9 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 0.02%.

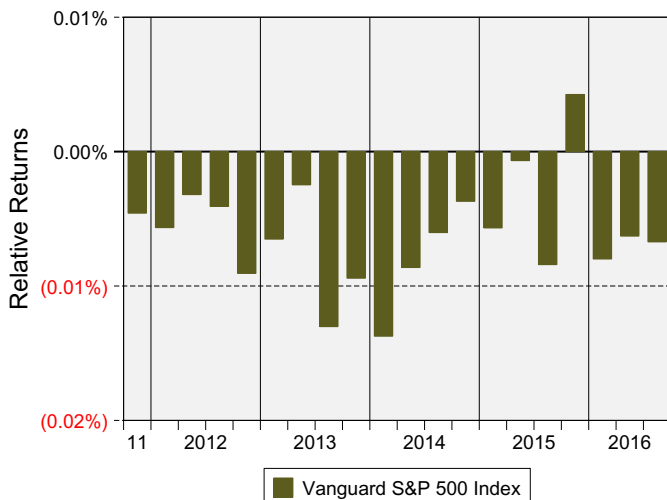
## Quarterly Asset Growth

Beginning Market Value	\$22,812,014
Net New Investment	\$-2,200,000
Investment Gains/(Losses)	\$880,305
Ending Market Value	\$21,492,319

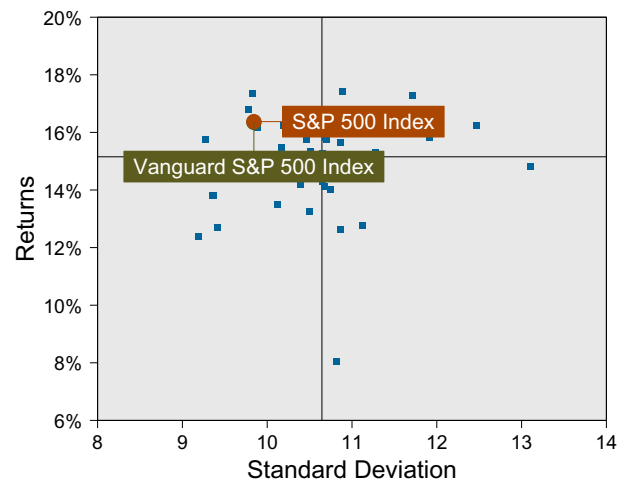
## Performance vs CAI Large Cap Core Mutual Funds (Net)



## Relative Return vs S&P 500 Index



## CAI Large Cap Core Mutual Funds (Net) Annualized Five Year Risk vs Return

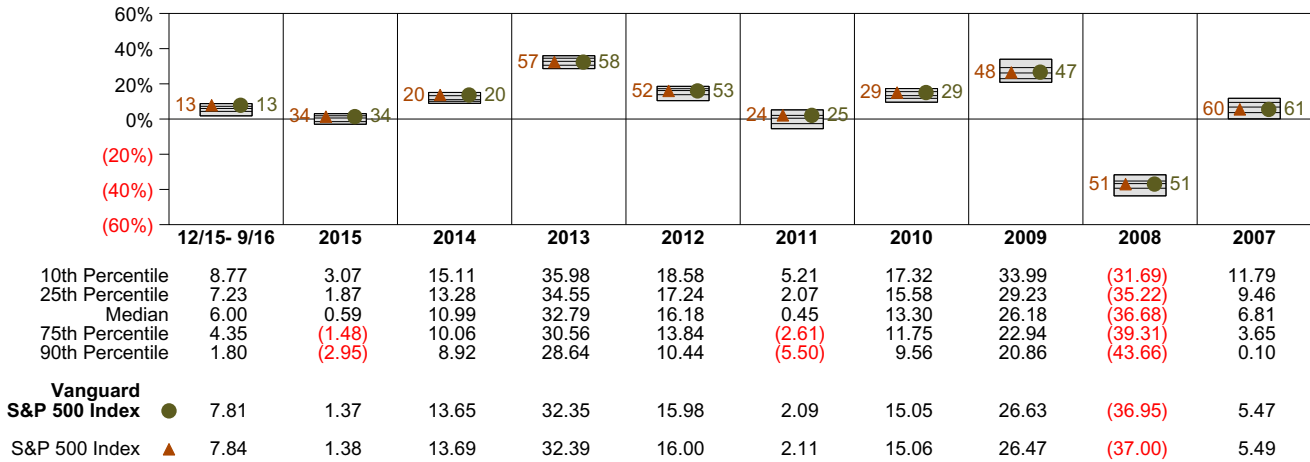


# Vanguard S&P 500 Index Return Analysis Summary

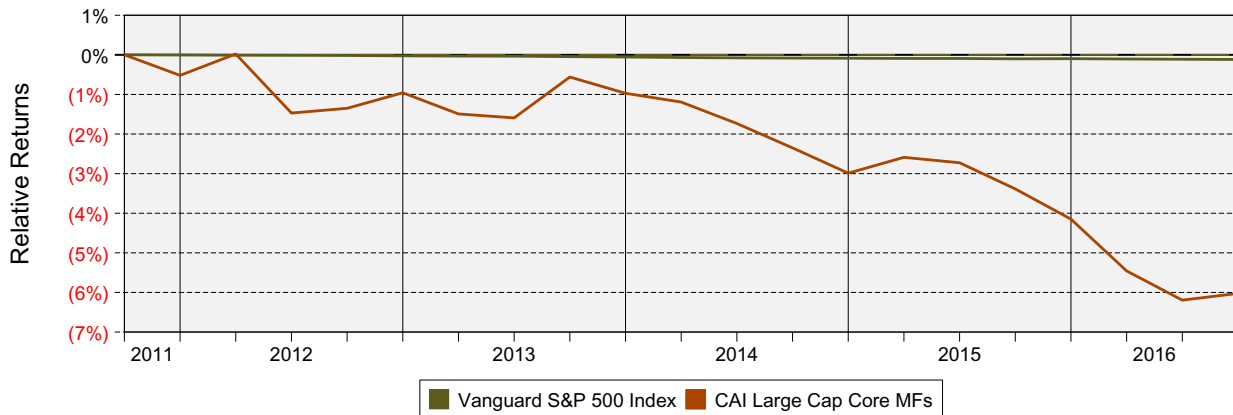
## Return Analysis

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.

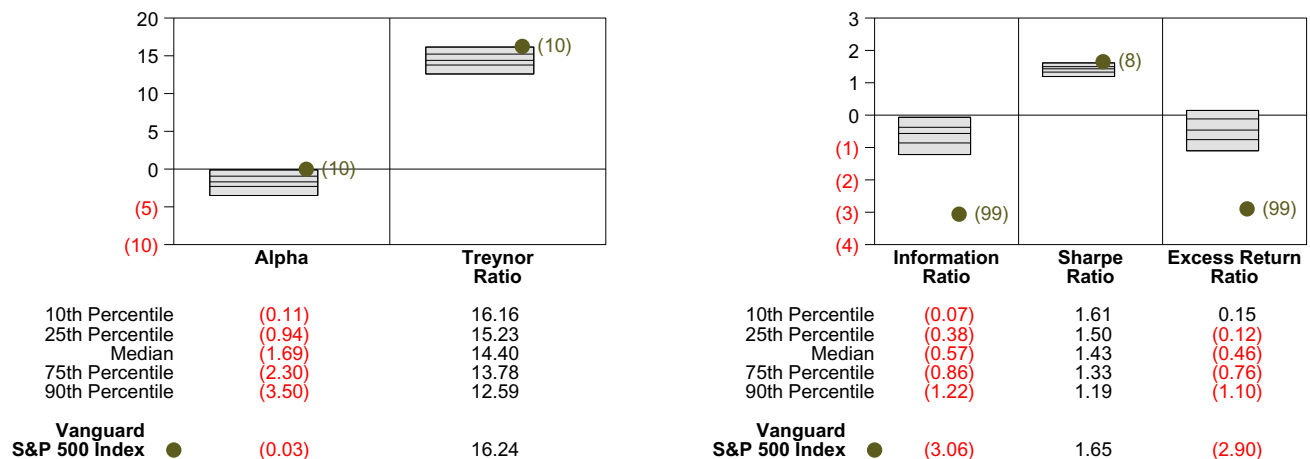
### Performance vs CAI Large Cap Core Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI Large Cap Core Mutual Funds (Net) Five Years Ended September 30, 2016

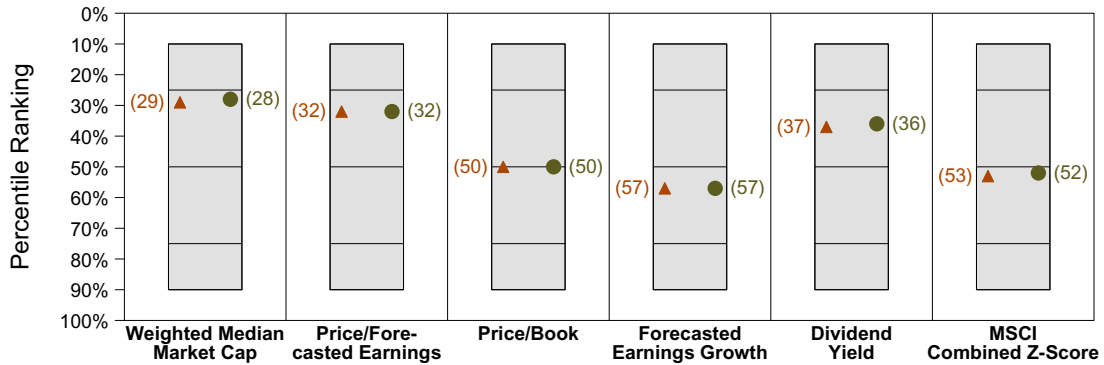


# Vanguard S&P 500 Index Equity Characteristics Analysis Summary

## 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 Large Cap Core Mutual Funds as of September 30, 2016

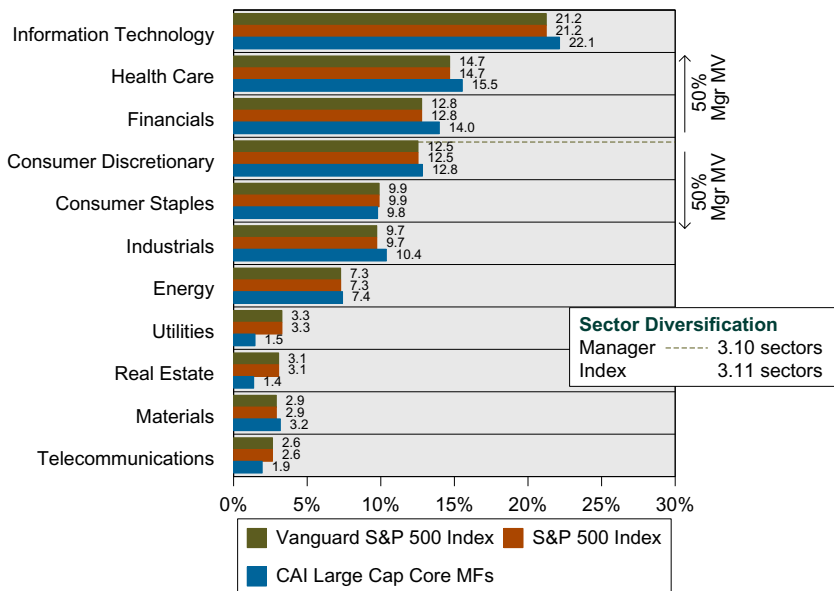


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	97.42	19.55	3.32	21.43	2.46	0.49
25th Percentile	80.72	17.41	3.13	16.34	2.23	0.12
Median	66.95	16.68	2.72	12.99	2.00	(0.03)
75th Percentile	51.95	15.50	2.39	11.23	1.79	(0.16)
90th Percentile	36.36	14.87	2.10	8.28	1.40	(0.40)
<b>Vanguard S&amp;P 500 Index</b> ●	79.08	16.98	2.73	12.54	2.12	(0.04)
S&P 500 Index ▲	78.83	16.98	2.72	12.52	2.11	(0.04)

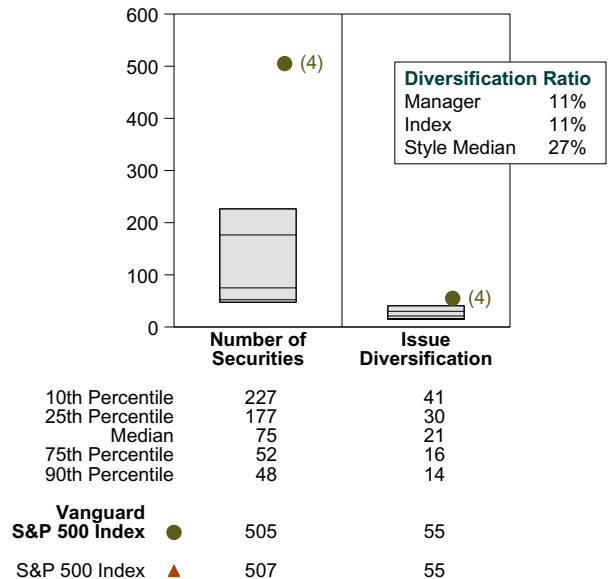
## Sector Weights

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 September 30, 2016



### Diversification September 30, 2016



# Dodge & Cox Stock Period Ended September 30, 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.

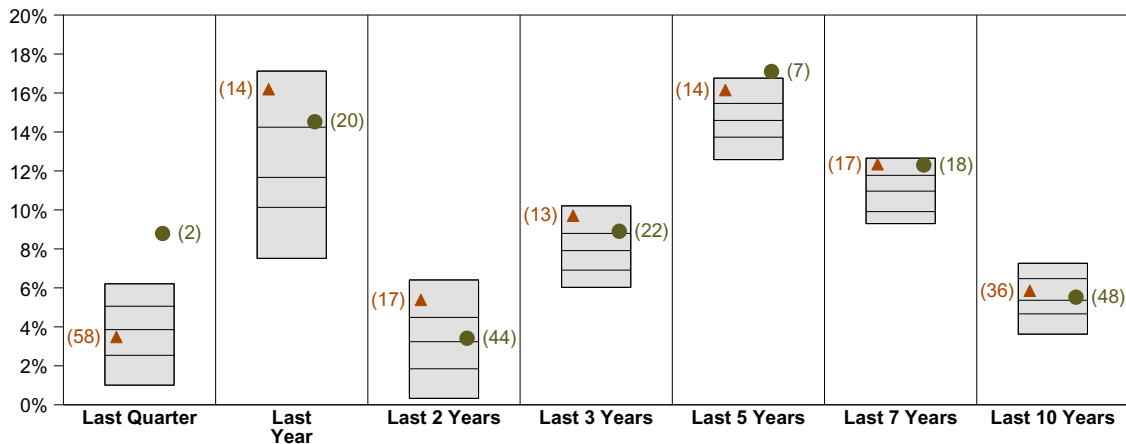
## Quarterly Summary and Highlights

- Dodge & Cox Stock's portfolio posted a 8.79% return for the quarter placing it in the 2 percentile of the CAI Large Cap Value Mutual Funds group for the quarter and in the 20 percentile for the last year.
- Dodge & Cox Stock's portfolio outperformed the Russell 1000 Value Index by 5.31% for the quarter and underperformed the Russell 1000 Value Index for the year by 1.67%.

## Quarterly Asset Growth

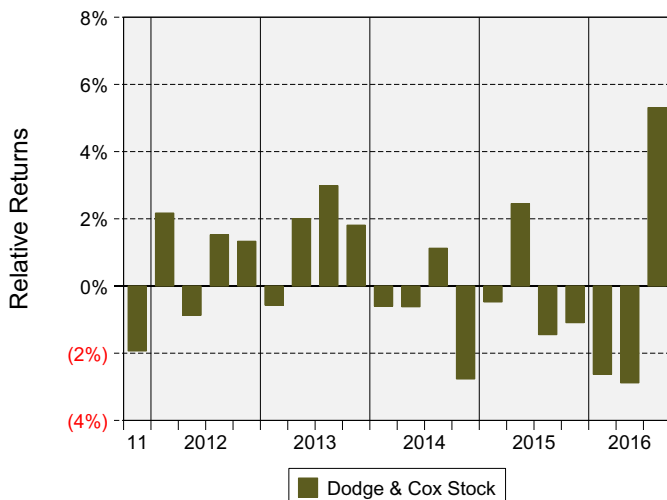
Beginning Market Value	\$21,933,343
Net New Investment	\$0
Investment Gains/(Losses)	\$1,927,929
Ending Market Value	\$23,861,271

## Performance vs CAI Large Cap Value Mutual Funds (Net)

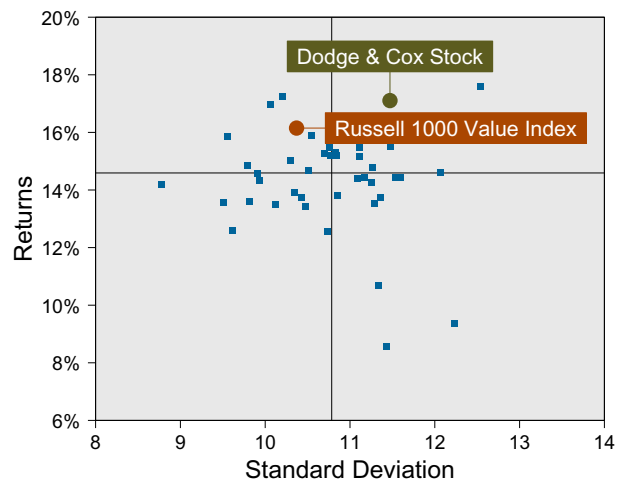


10th Percentile	6.21	17.12	6.41	10.21	16.76	12.66	7.26
25th Percentile	5.06	14.24	4.48	8.79	15.47	11.77	6.47
Median	3.86	11.67	3.24	7.91	14.59	10.96	5.36
75th Percentile	2.54	10.13	1.85	6.91	13.73	9.91	4.67
90th Percentile	1.01	7.51	0.33	6.03	12.58	9.30	3.63
<b>Dodge &amp; Cox Stock</b> ●	8.79	14.53	3.42	8.91	17.10	12.30	5.52
Russell 1000 Value Index ▲	3.48	16.20	5.38	9.70	16.15	12.34	5.85

## Relative Return vs Russell 1000 Value Index



## CAI Large Cap Value Mutual Funds (Net) Annualized Five Year Risk vs Return

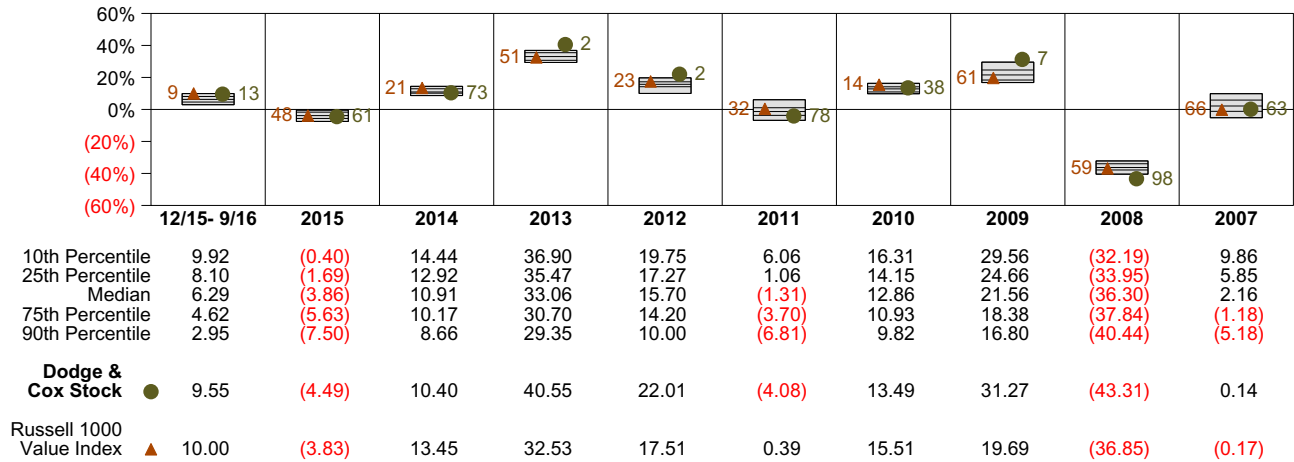


# Dodge & Cox Stock Return Analysis Summary

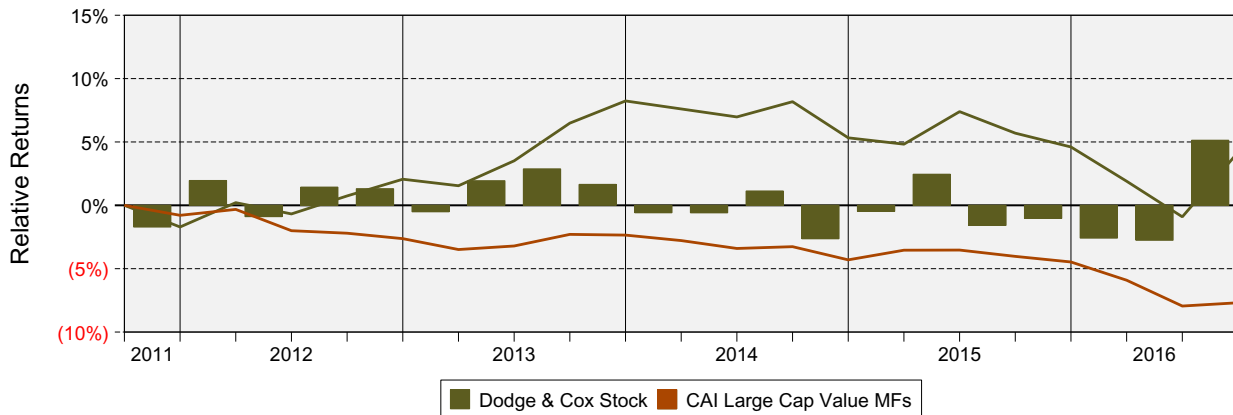
## Return Analysis

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.

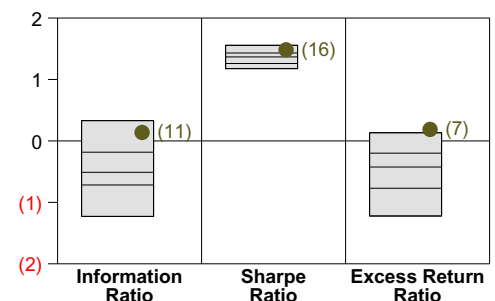
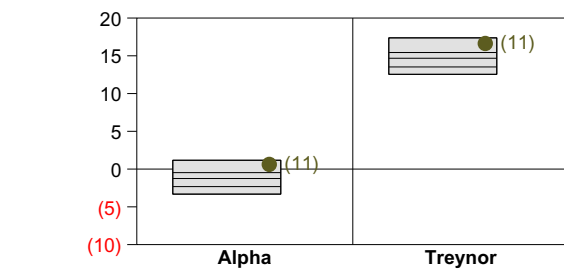
### Performance vs CAI Large Cap Value Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs Russell 1000 Value Index Rankings Against CAI Large Cap Value Mutual Funds (Net) Five Years Ended September 30, 2016



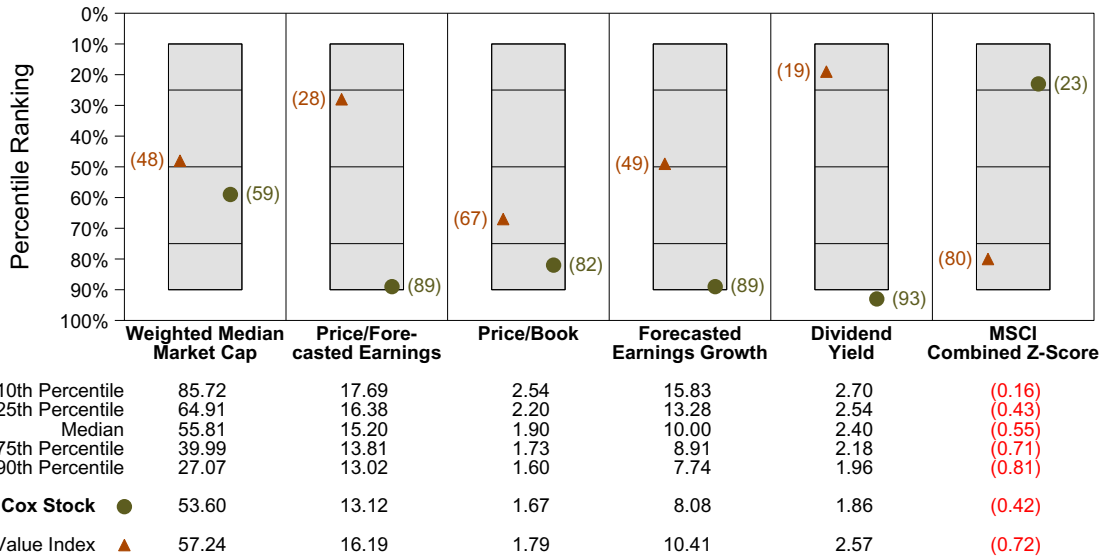


# Dodge & Cox Stock Equity Characteristics Analysis Summary

## Portfolio Characteristics

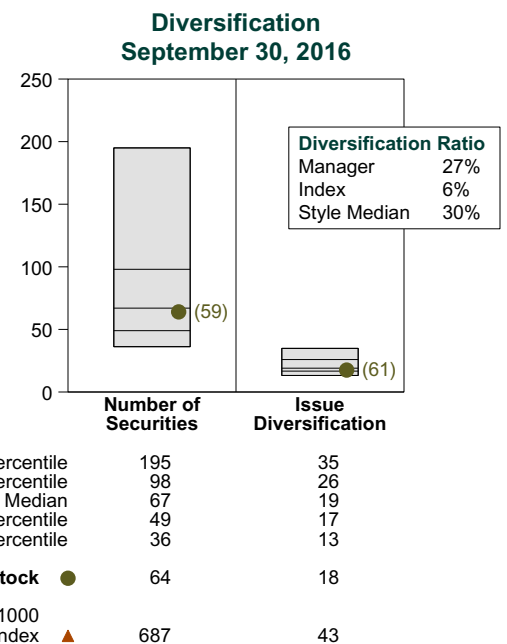
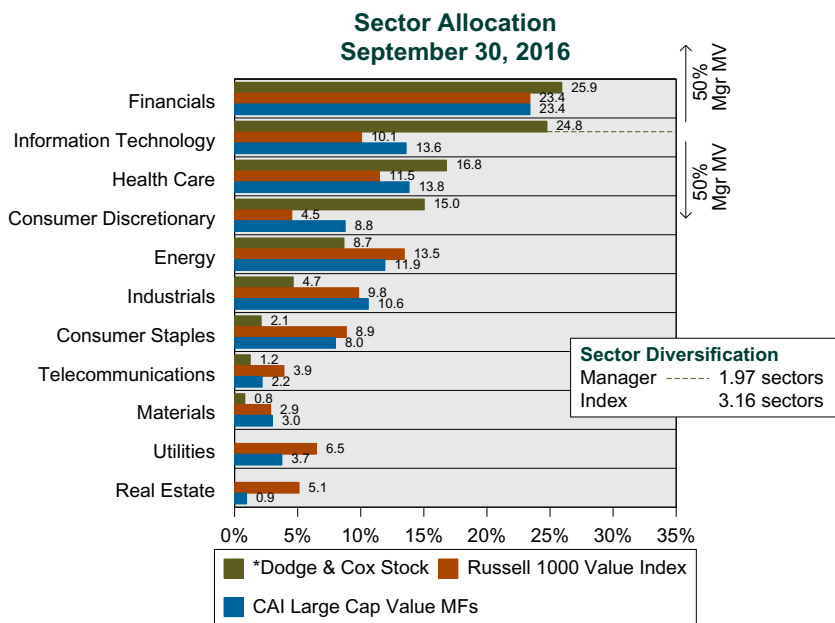
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Value Mutual Funds as of September 30, 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.



\*9/30/16 portfolio characteristics generated using most recently available holdings (6/30/16) 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.

# Boston Partners

## Period Ended September 30, 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.

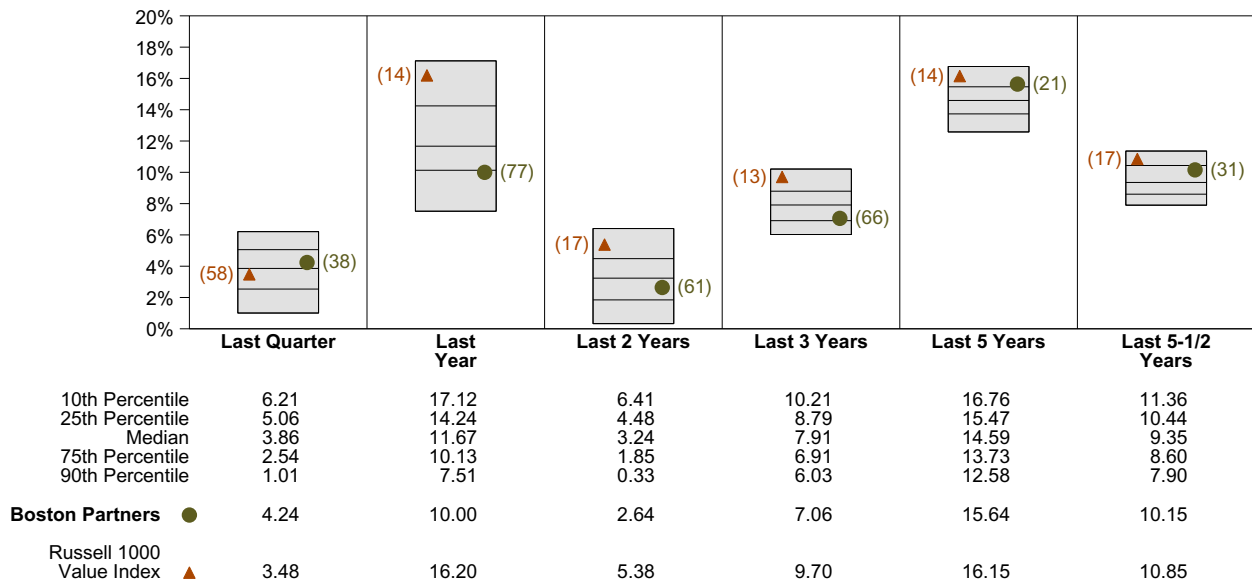
### Quarterly Summary and Highlights

- Boston Partners's portfolio posted a 4.24% return for the quarter placing it in the 38 percentile of the CAI Large Cap Value Mutual Funds group for the quarter and in the 77 percentile for the last year.
- Boston Partners's portfolio outperformed the Russell 1000 Value Index by 0.76% for the quarter and underperformed the Russell 1000 Value Index for the year by 6.20%.

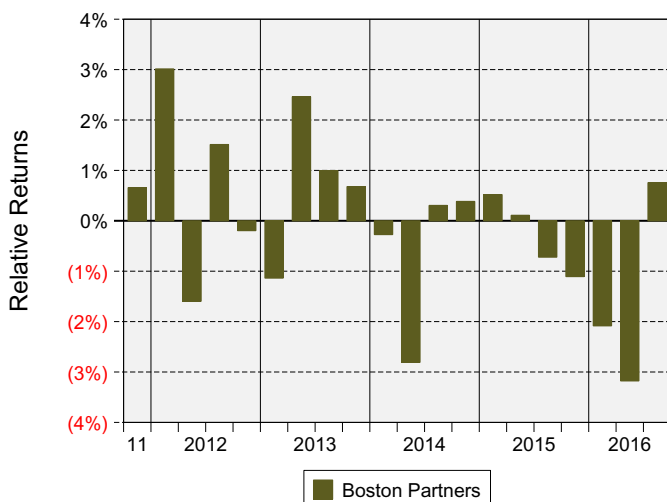
### Quarterly Asset Growth

Beginning Market Value	\$23,104,704
Net New Investment	\$0
Investment Gains/(Losses)	\$1,009,089
Ending Market Value	\$24,113,793

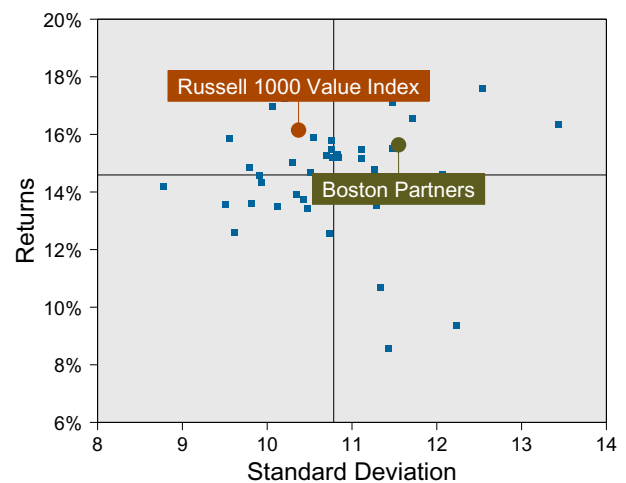
### Performance vs CAI Large Cap Value Mutual Funds (Net)



### Relative Return vs Russell 1000 Value Index



### CAI Large Cap Value Mutual Funds (Net) Annualized Five Year Risk vs Return

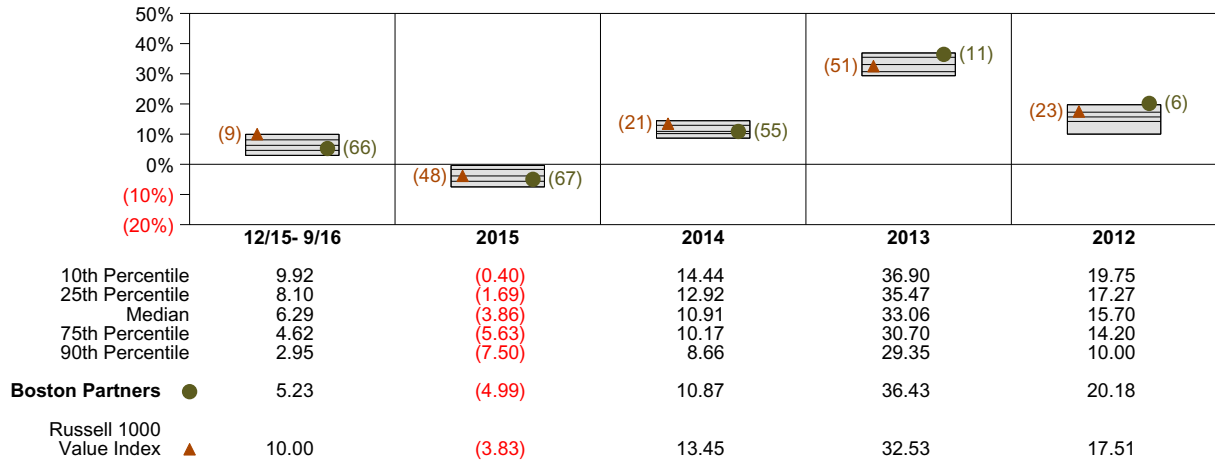


# Boston Partners Return Analysis Summary

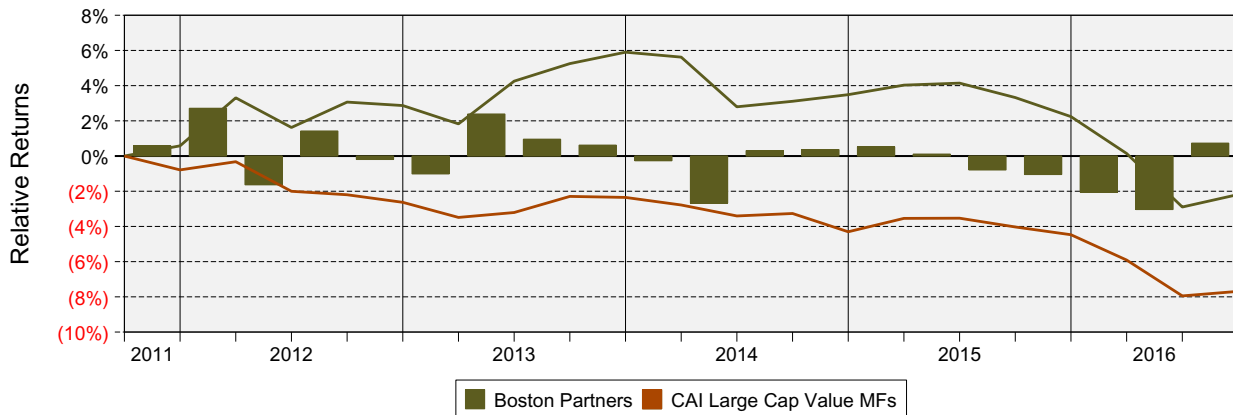
## Return Analysis

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.

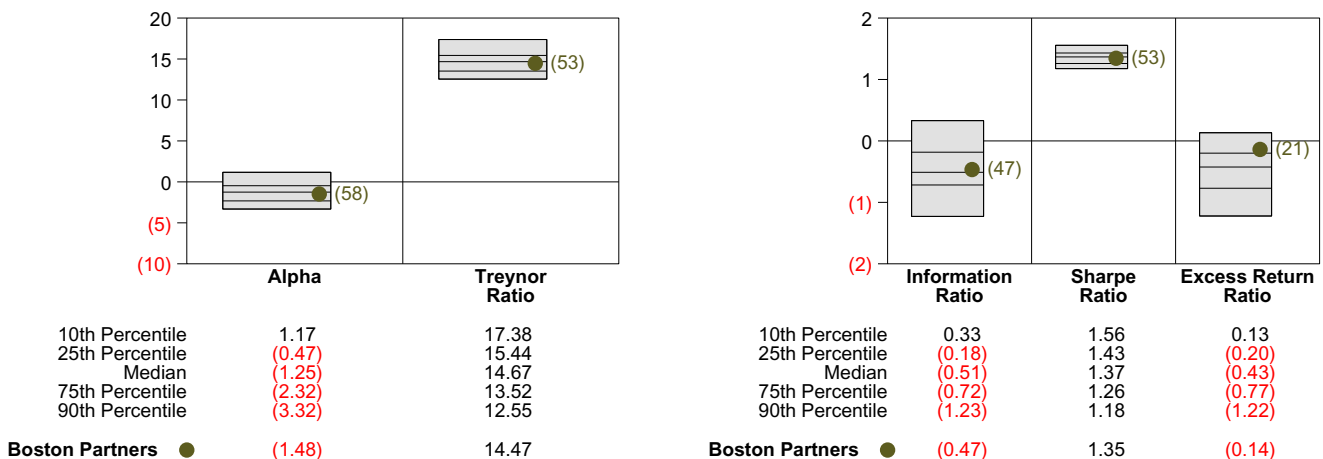
### Performance vs CAI Large Cap Value Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs Russell 1000 Value Index Rankings Against CAI Large Cap Value Mutual Funds (Net) Five Years Ended September 30, 2016

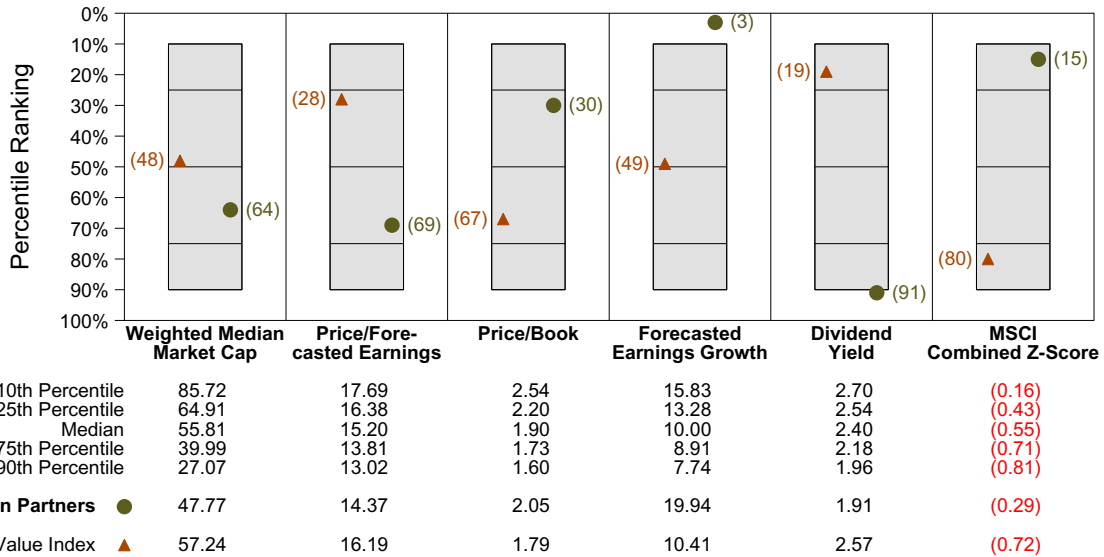


# Boston Partners Equity Characteristics Analysis Summary

## 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.

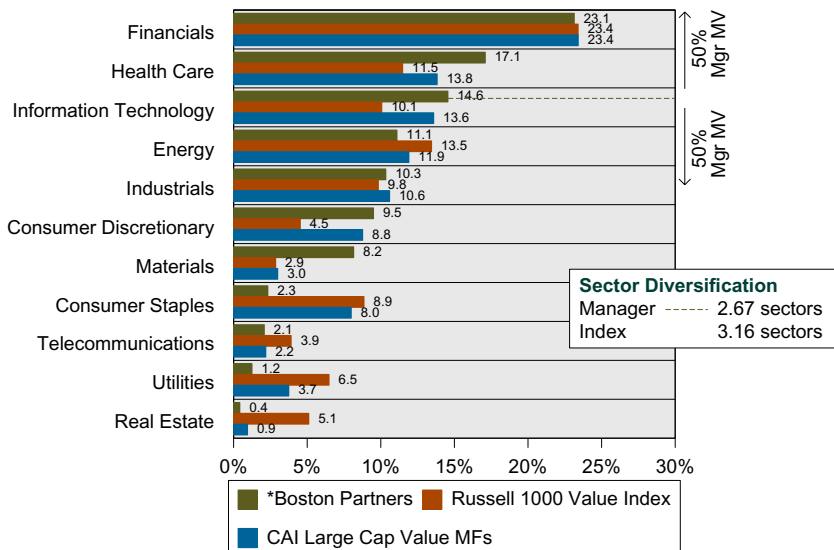
## Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Value Mutual Funds as of September 30, 2016



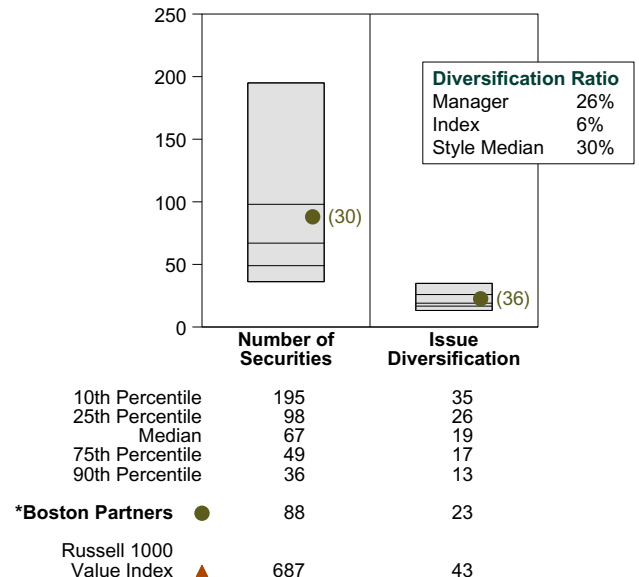
## Sector Weights

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 September 30, 2016



### Diversification September 30, 2016



\*9/30/16 portfolio characteristics generated using most recently available holdings (6/30/16) 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 September 30, 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.

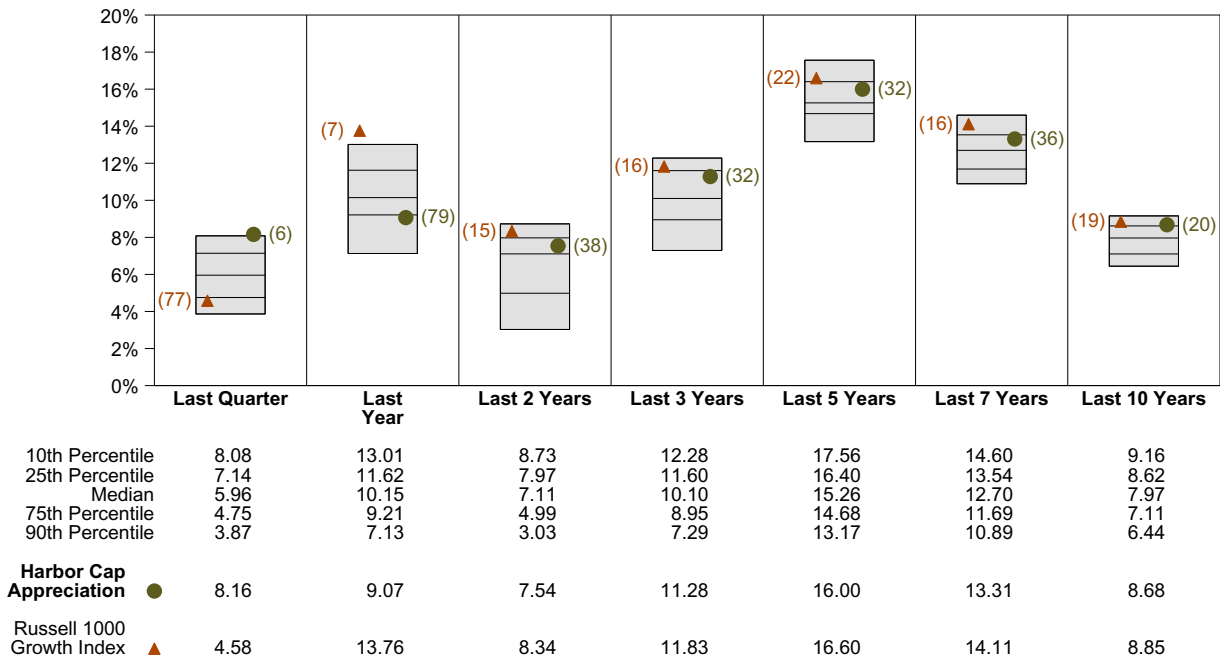
## Quarterly Summary and Highlights

- Harbor Cap Appreciation's portfolio posted a 8.16% return for the quarter placing it in the 6 percentile of the CAI Large Cap Growth Mutual Funds group for the quarter and in the 79 percentile for the last year.
- Harbor Cap Appreciation's portfolio outperformed the Russell 1000 Growth Index by 3.58% for the quarter and underperformed the Russell 1000 Growth Index for the year by 4.69%.

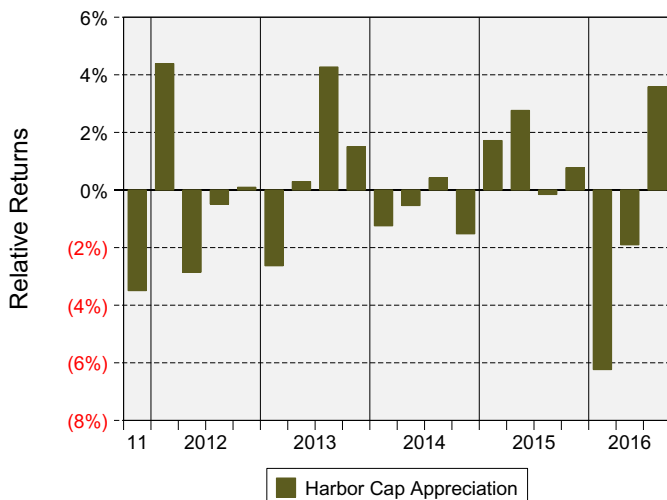
## Quarterly Asset Growth

Beginning Market Value	\$22,211,427
Net New Investment	\$0
Investment Gains/(Losses)	\$1,812,779
Ending Market Value	\$24,024,206

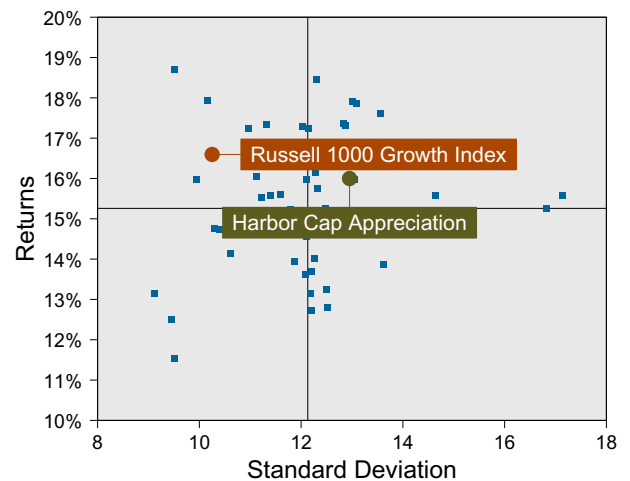
## Performance vs CAI Large Cap Growth Mutual Funds (Net)



## Relative Return vs Russell 1000 Growth Index



## CAI Large Cap Growth Mutual Funds (Net) Annualized Five Year Risk vs Return

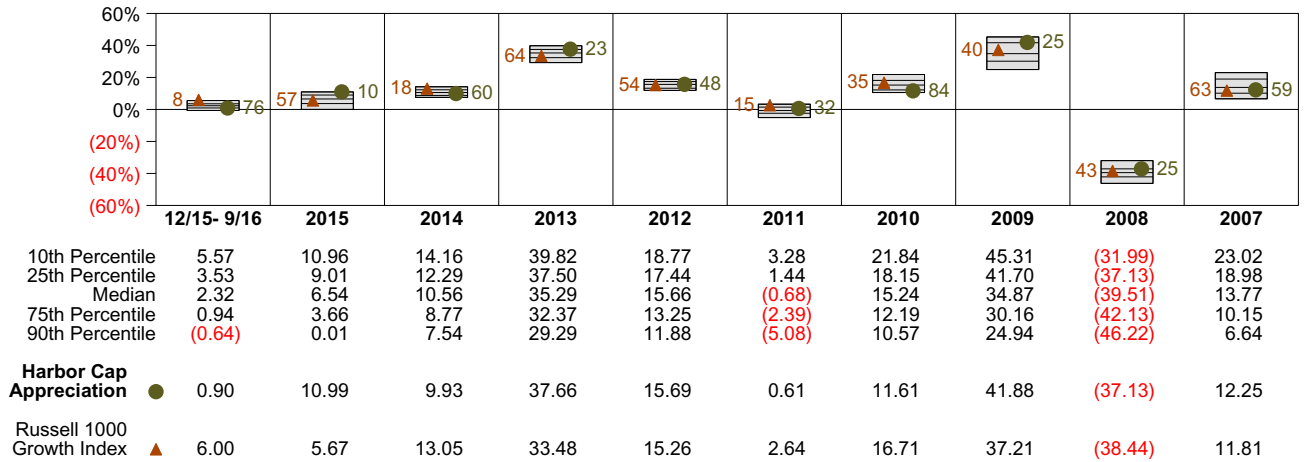


# Harbor Cap Appreciation Return Analysis Summary

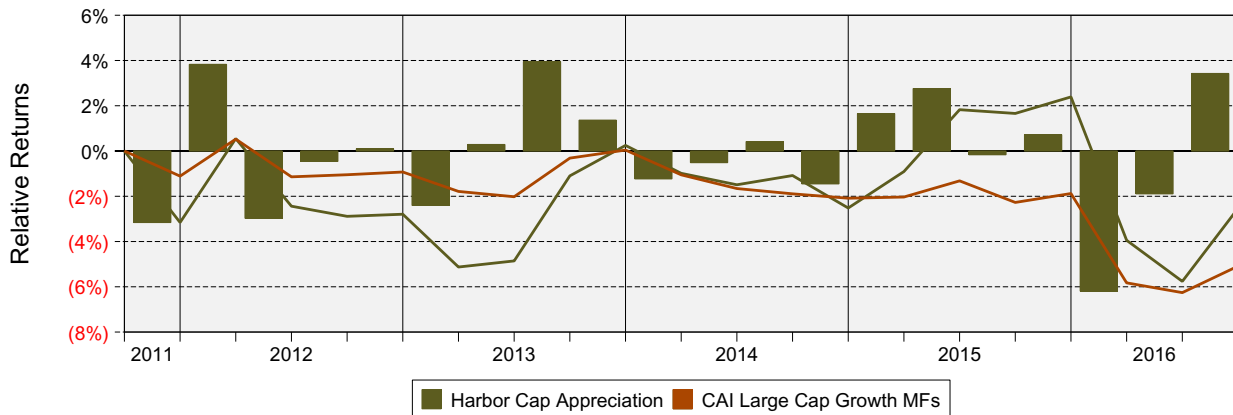
## Return Analysis

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.

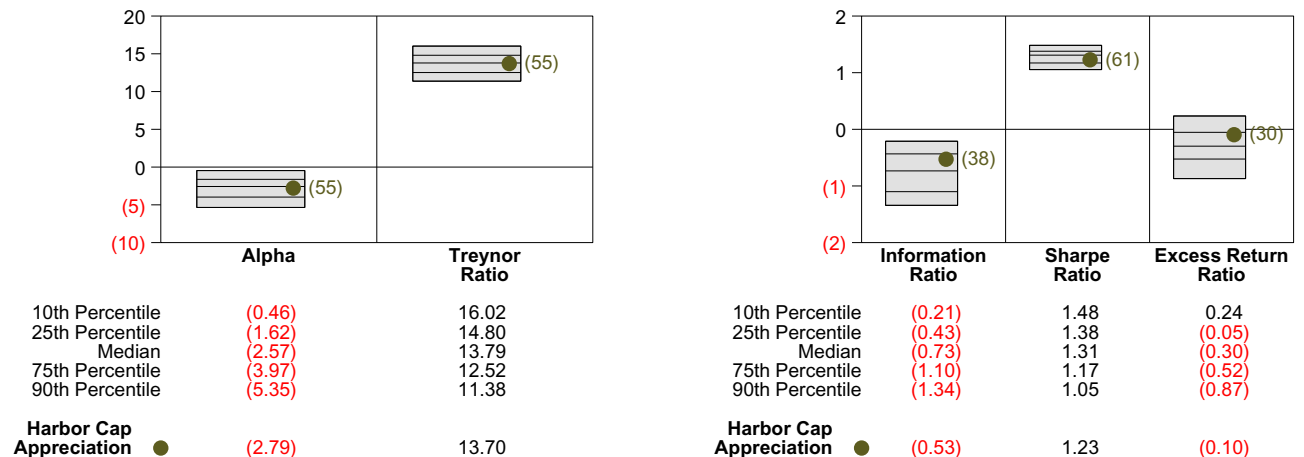
### Performance vs CAI Large Cap Growth Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs Russell 1000 Growth Index Rankings Against CAI Large Cap Growth Mutual Funds (Net) Five Years Ended September 30, 2016

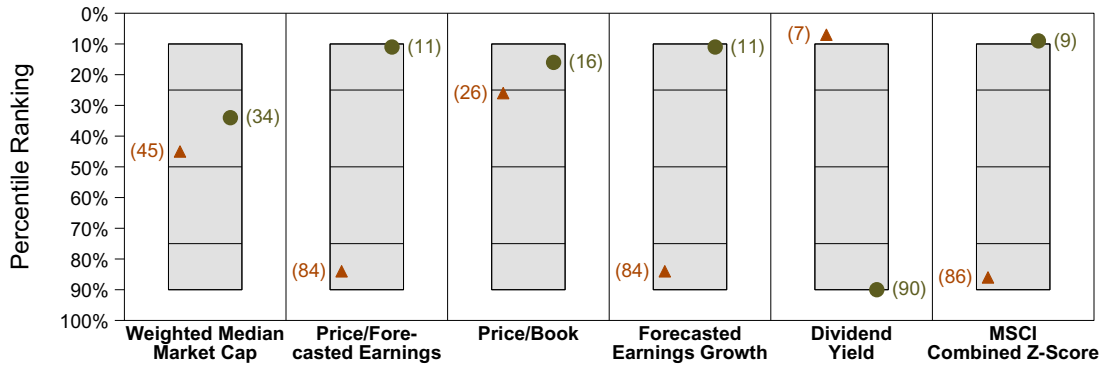


# Harbor Cap Appreciation Equity Characteristics Analysis Summary

## Portfolio Characteristics

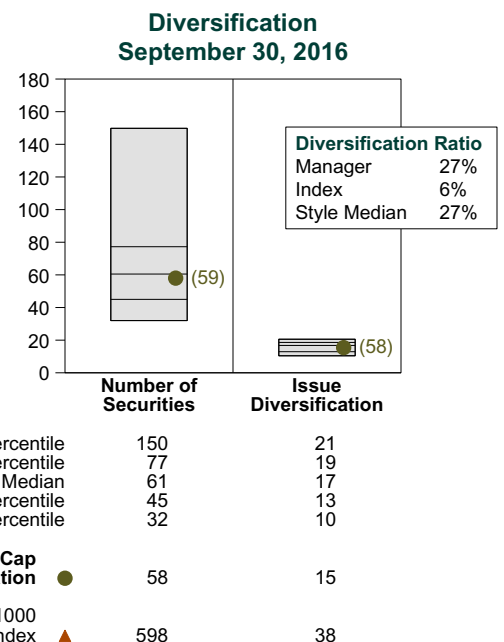
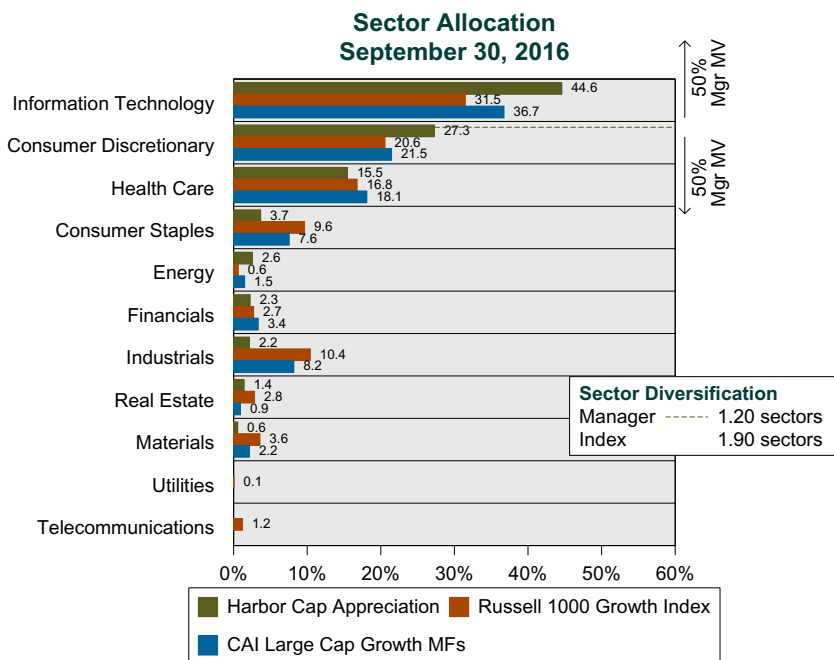
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Growth Mutual Funds as of September 30, 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.



# Janus Research Period Ended September 30, 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 and to Class N Shares in July 2016.

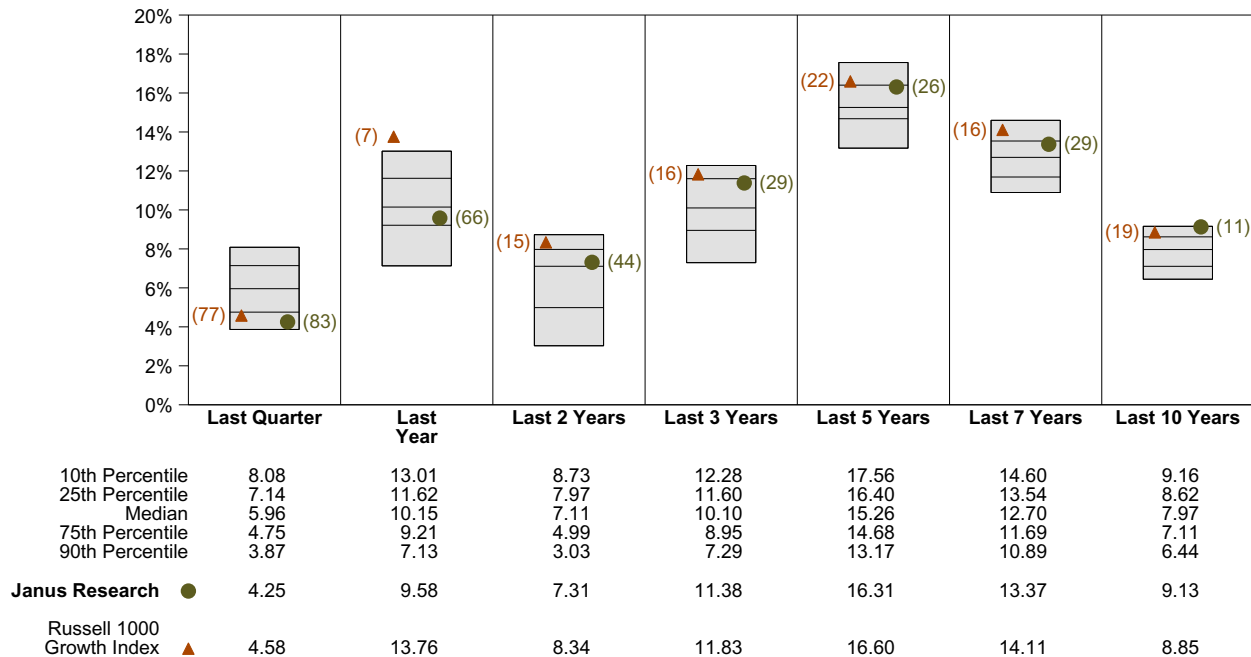
## Quarterly Summary and Highlights

- Janus Research's portfolio posted a 4.25% return for the quarter placing it in the 83 percentile of the CAI Large Cap Growth Mutual Funds group for the quarter and in the 66 percentile for the last year.
- Janus Research's portfolio underperformed the Russell 1000 Growth Index by 0.33% for the quarter and underperformed the Russell 1000 Growth Index for the year by 4.18%.

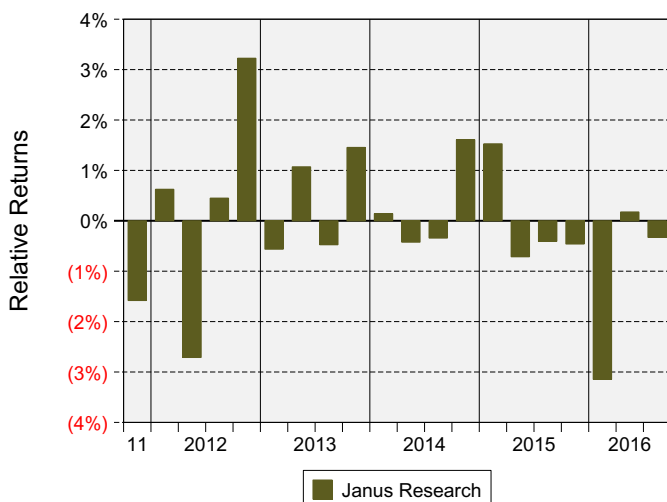
## Quarterly Asset Growth

Beginning Market Value	\$23,104,385
Net New Investment	\$-700,000
Investment Gains/(Losses)	\$985,066
Ending Market Value	\$23,389,451

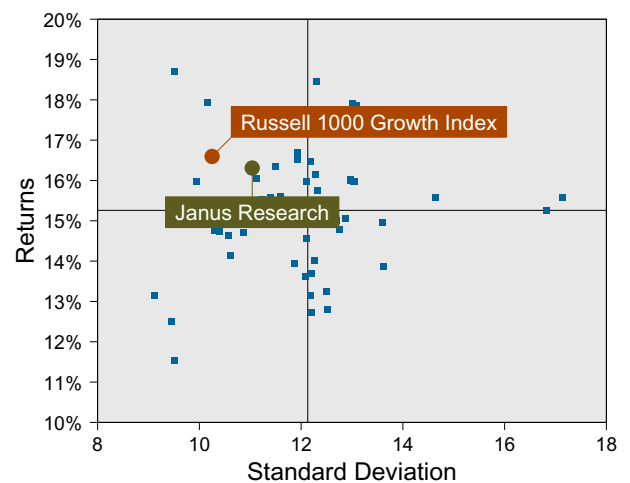
## Performance vs CAI Large Cap Growth Mutual Funds (Net)



## Relative Return vs Russell 1000 Growth Index



## CAI Large Cap Growth Mutual Funds (Net) Annualized Five Year Risk vs Return



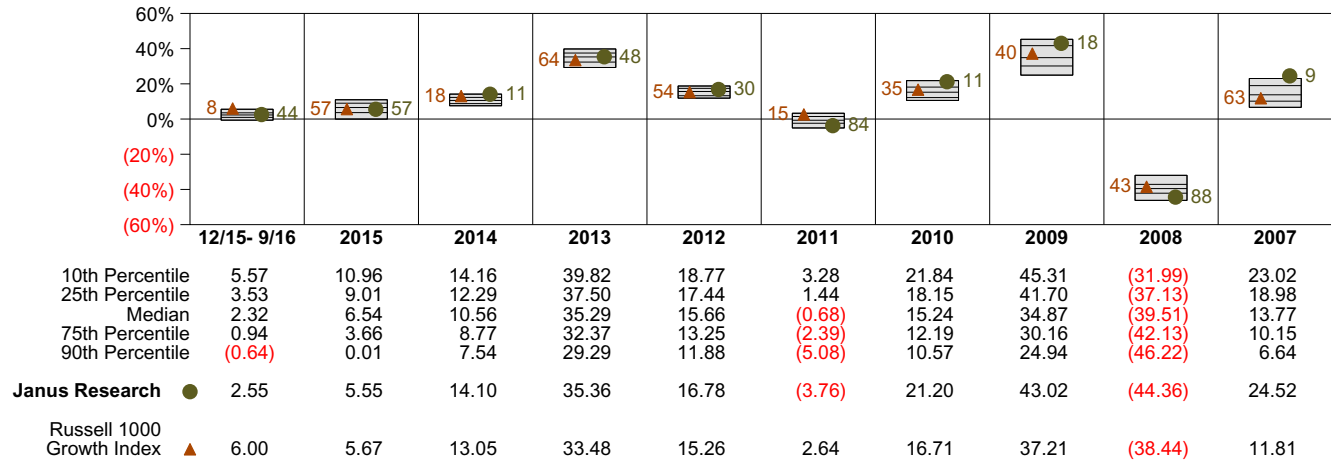


# Janus Research Return Analysis Summary

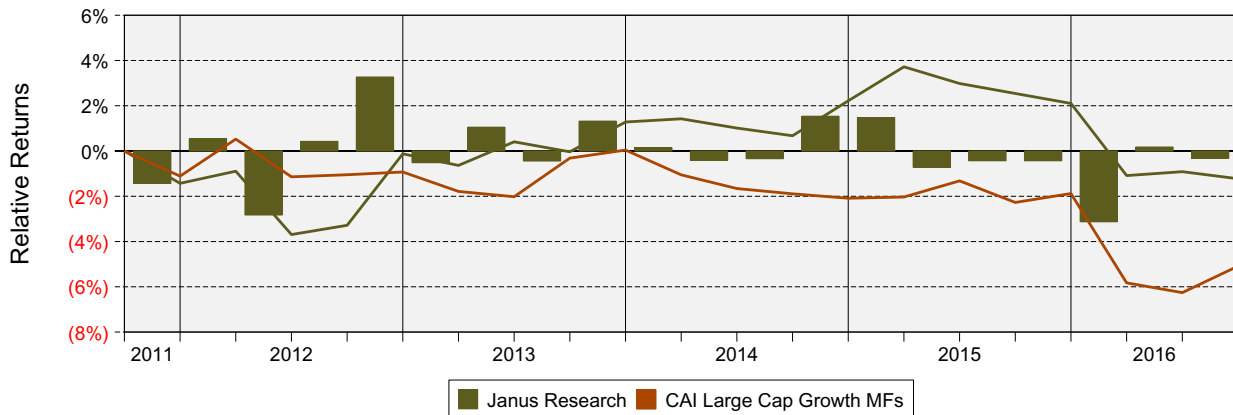
## Return Analysis

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.

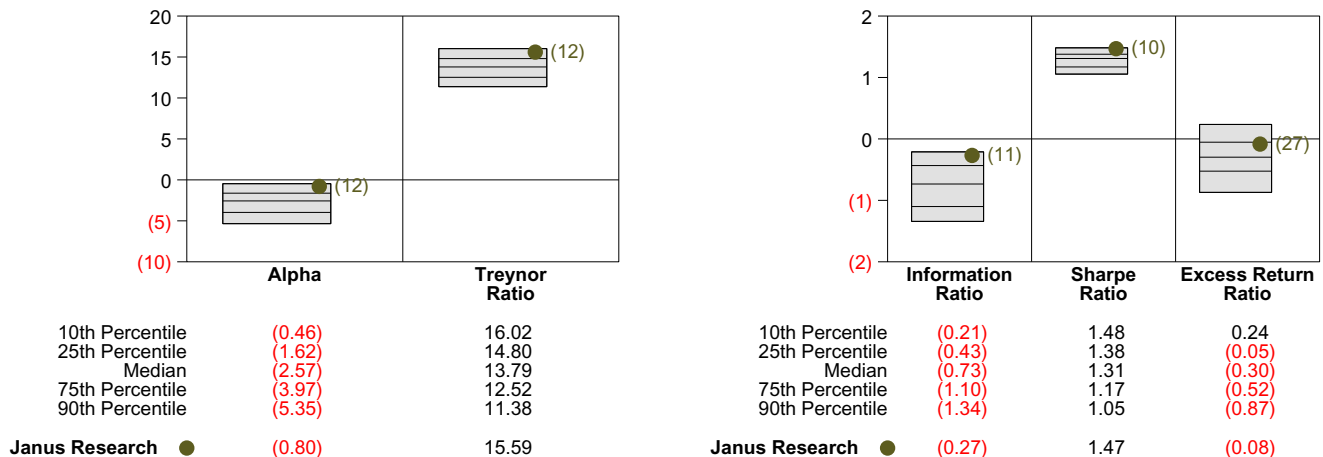
### Performance vs CAI Large Cap Growth Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs Russell 1000 Growth Index Rankings Against CAI Large Cap Growth Mutual Funds (Net) Five Years Ended September 30, 2016

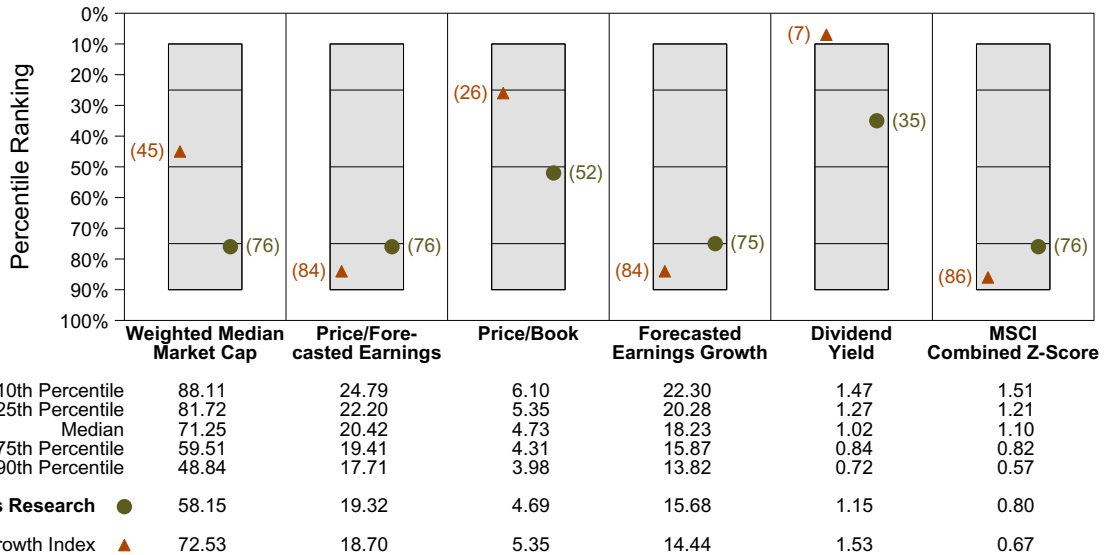


# Janus Research Equity Characteristics Analysis Summary

## Portfolio Characteristics

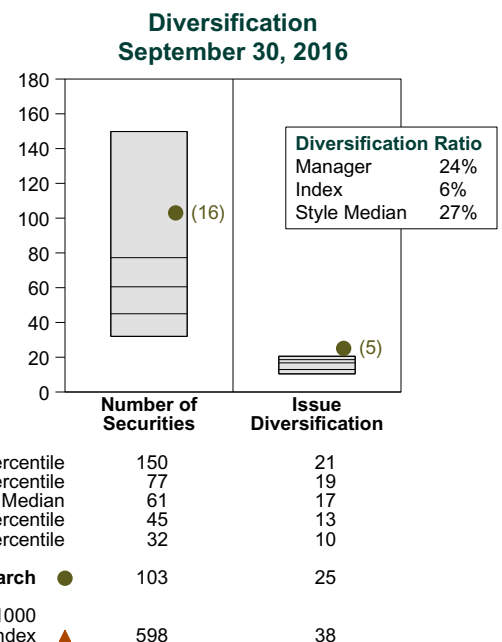
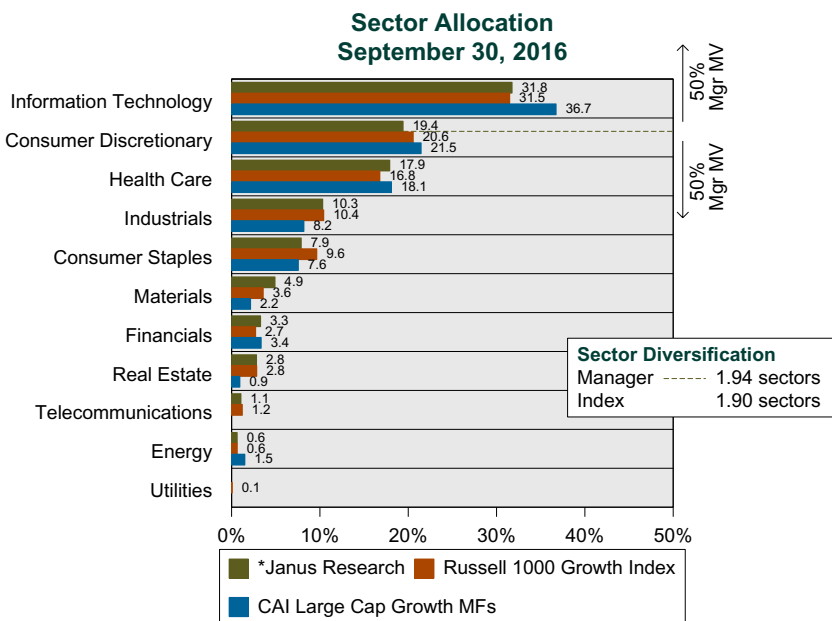
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Growth Mutual Funds as of September 30, 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.



\*9/30/16 portfolio characteristics generated using most recently available holdings (6/30/16) 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 September 30, 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.

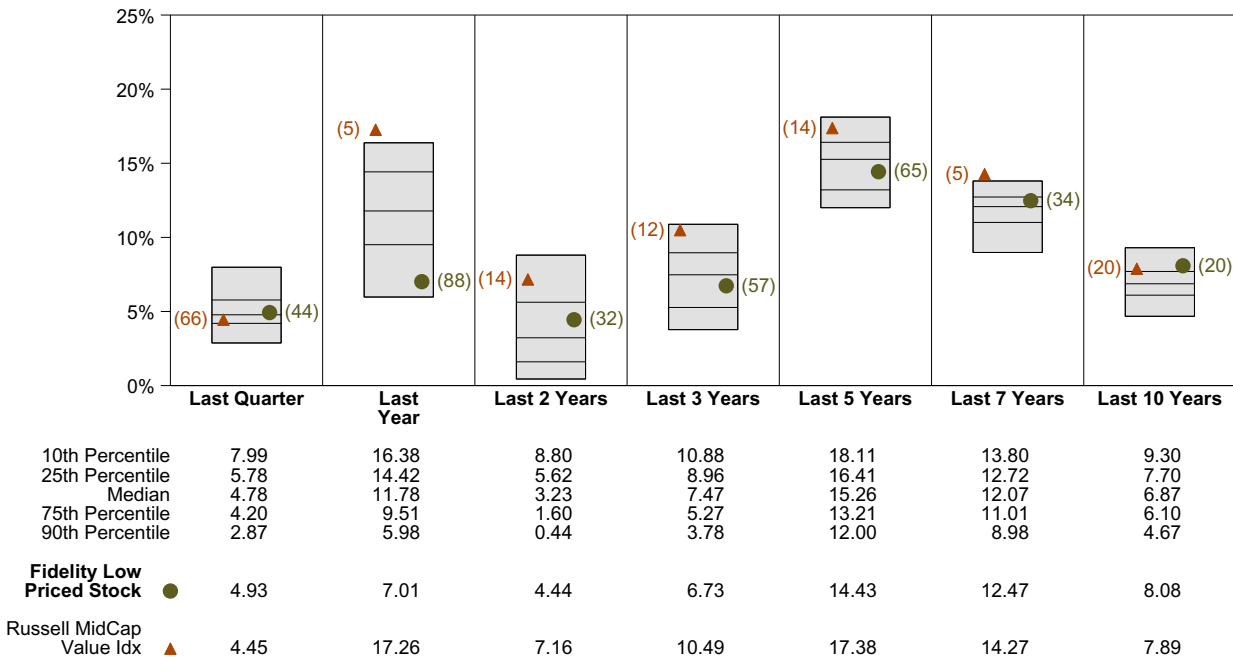
## Quarterly Summary and Highlights

- Fidelity Low Priced Stock's portfolio posted a 4.93% return for the quarter placing it in the 44 percentile of the CAI Mid Cap Value Mutual Funds group for the quarter and in the 88 percentile for the last year.
- Fidelity Low Priced Stock's portfolio outperformed the Russell MidCap Value Idx by 0.48% for the quarter and underperformed the Russell MidCap Value Idx for the year by 10.25%.

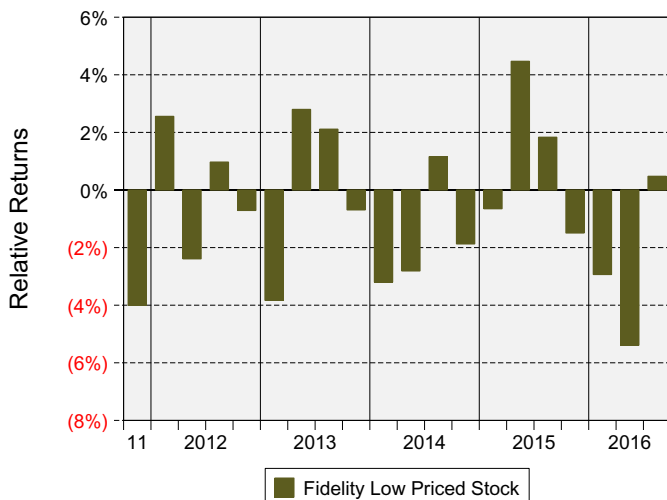
## Quarterly Asset Growth

Beginning Market Value	\$5,012,567
Net New Investment	\$0
Investment Gains/(Losses)	\$246,877
Ending Market Value	\$5,259,444

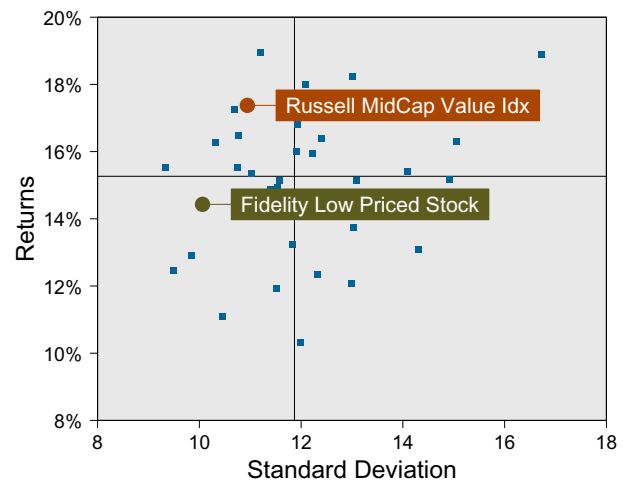
## Performance vs CAI Mid Cap Value Mutual Funds (Net)



## Relative Return vs Russell MidCap Value Idx



## CAI Mid Cap Value Mutual Funds (Net) Annualized Five Year Risk vs Return

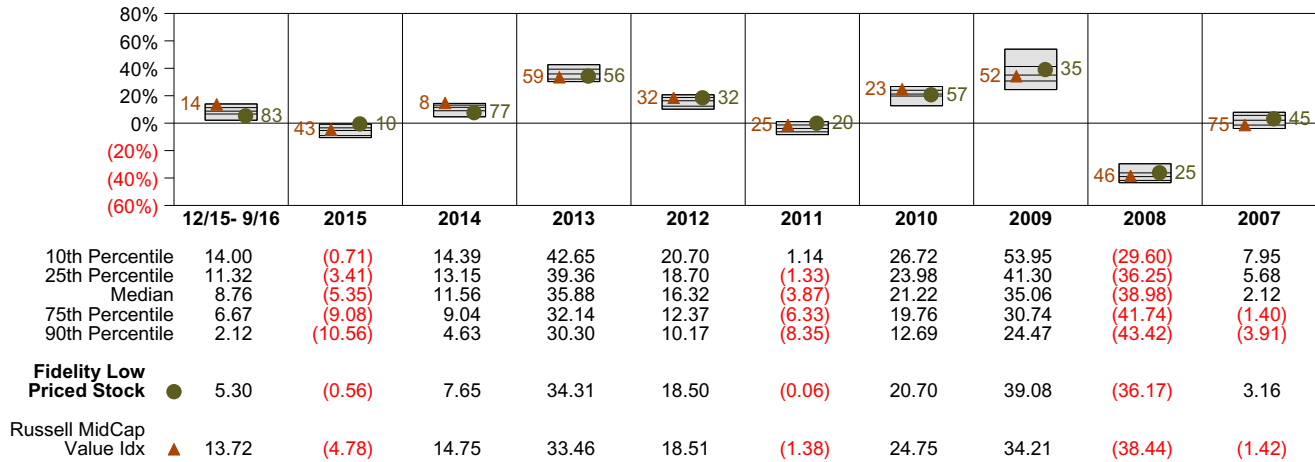


# Fidelity Low Priced Stock Return Analysis Summary

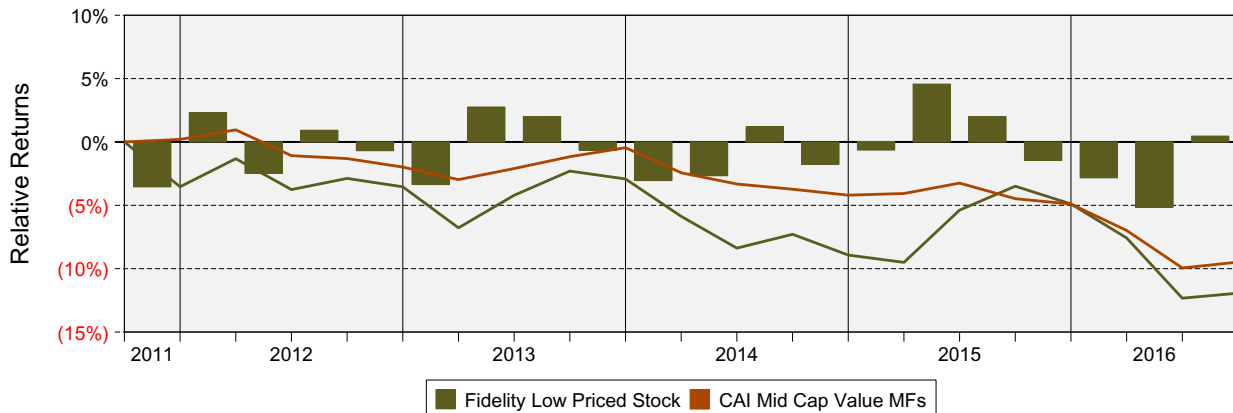
## Return Analysis

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.

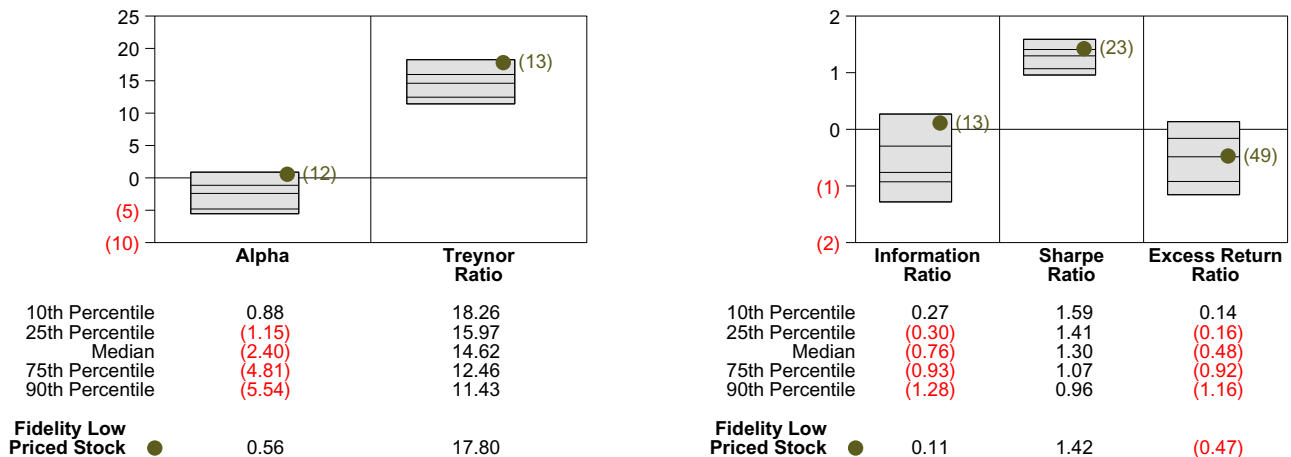
### Performance vs CAI Mid Cap Value Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs Russell MidCap Value Idx Rankings Against CAI Mid Cap Value Mutual Funds (Net) Five Years Ended September 30, 2016

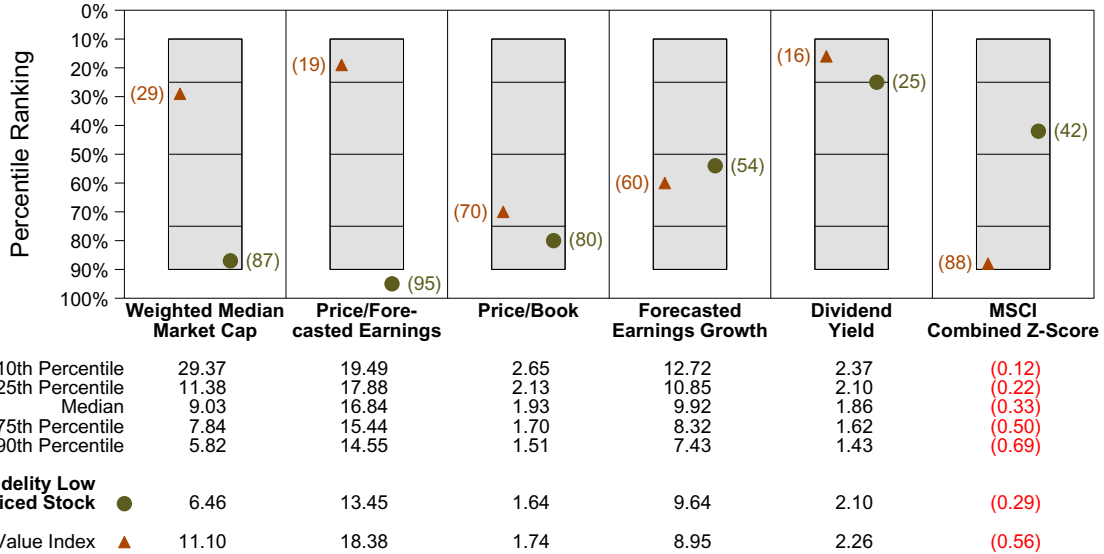


# Fidelity Low Priced Stock Equity Characteristics Analysis Summary

## 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.

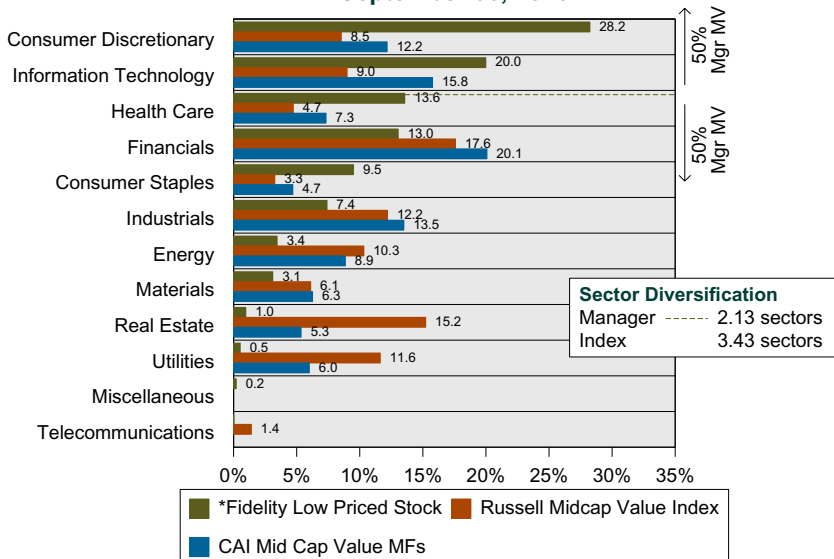
## Portfolio Characteristics Percentile Rankings Rankings Against CAI Mid Cap Value Mutual Funds as of September 30, 2016



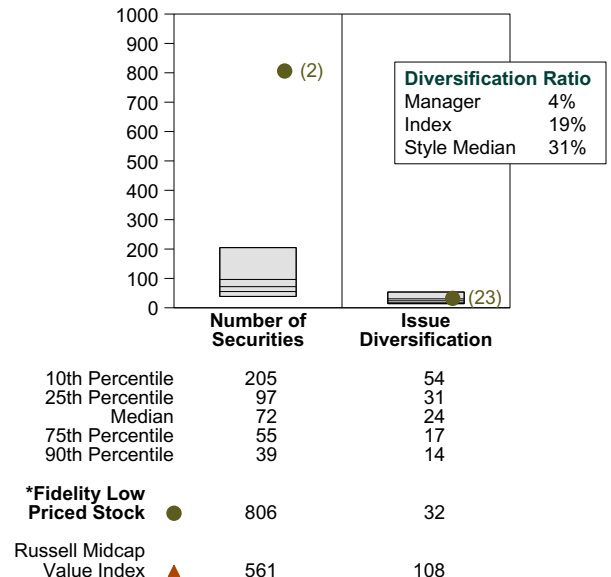
## Sector Weights

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 September 30, 2016



### Diversification September 30, 2016



\*9/30/16 portfolio characteristics generated using most recently available holdings (7/31/16) 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 September 30, 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 5.89% return for the quarter placing it in the 23 percentile of the CAI Mid Cap Value Mutual Funds group for the quarter and in the 5 percentile for the last year.
- Royce Total Return's portfolio outperformed the Russell MidCap Value Idx by 1.44% for the quarter and outperformed the Russell MidCap Value Idx for the year by 0.05%.

## Quarterly Asset Growth

Beginning Market Value	\$4,805,386
Net New Investment	\$0
Investment Gains/(Losses)	\$282,833
Ending Market Value	\$5,088,219

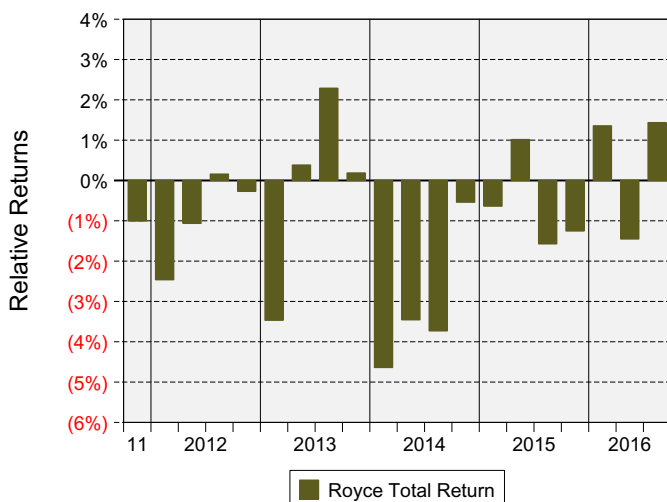
## Performance vs CAI Mid Cap Value Mutual Funds (Net)



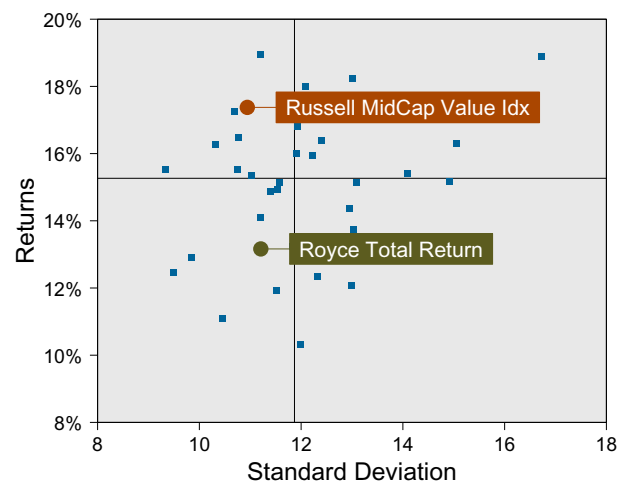
10th Percentile	7.99	16.38	8.80	10.88	18.11	13.80	9.30
25th Percentile	5.78	14.42	5.62	8.96	16.41	12.72	7.70
Median	4.78	11.78	3.23	7.47	15.26	12.07	6.87
75th Percentile	4.20	9.51	1.60	5.27	13.21	11.01	6.10
90th Percentile	2.87	5.98	0.44	3.78	12.00	8.98	4.67

<b>Royce Total Return</b> ●	5.89	17.31	6.21	5.68	13.16	11.15	6.72
Russell MidCap Value Idx ▲	4.45	17.26	7.16	10.49	17.38	14.27	7.89

## Relative Return vs Russell MidCap Value Idx



## CAI Mid Cap Value Mutual Funds (Net) Annualized Five Year Risk vs Return

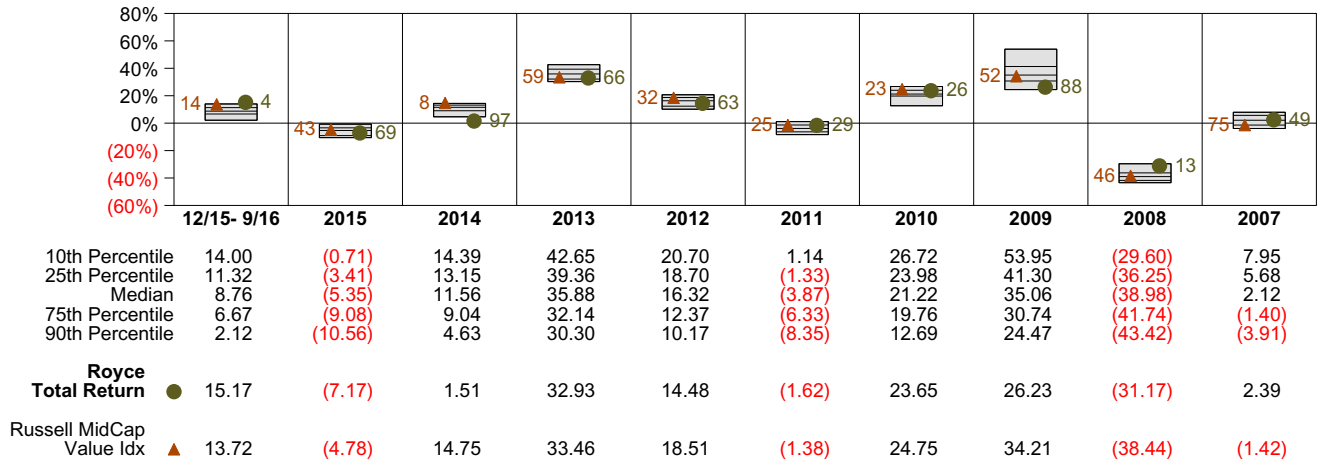


# Royce Total Return Return Analysis Summary

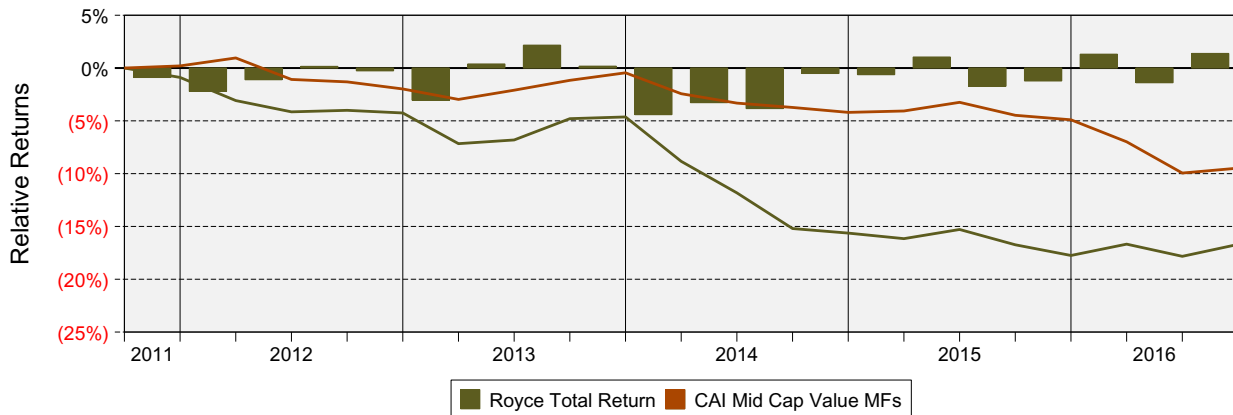
## Return Analysis

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.

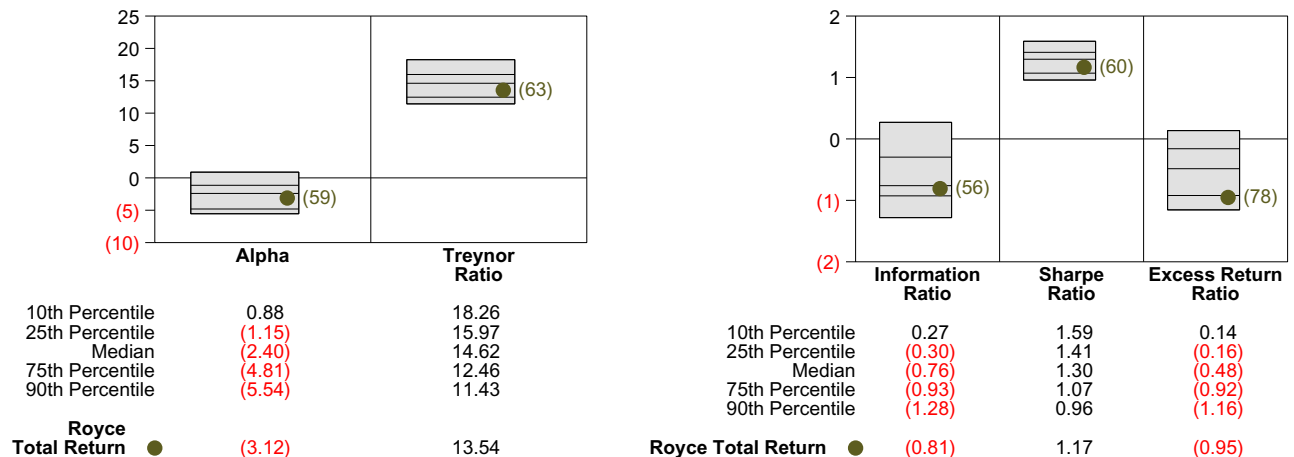
### Performance vs CAI Mid Cap Value Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs Russell MidCap Value Idx Rankings Against CAI Mid Cap Value Mutual Funds (Net) Five Years Ended September 30, 2016

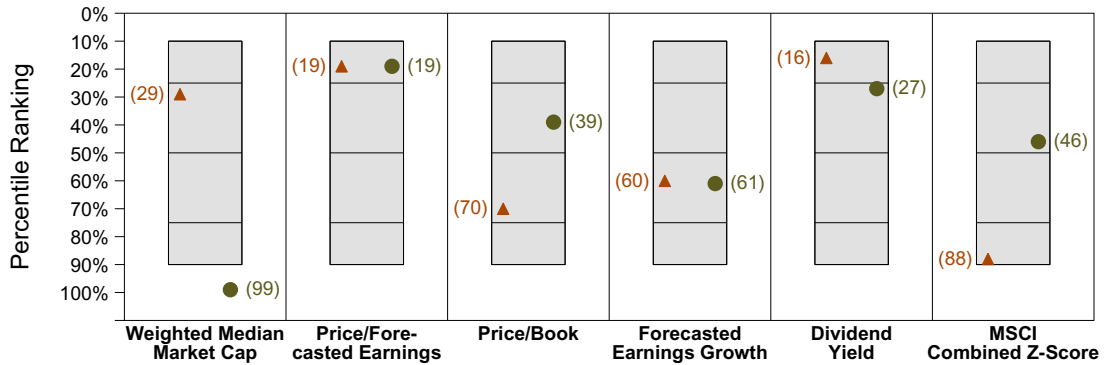


# Royce Total Return Equity Characteristics Analysis Summary

## 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.

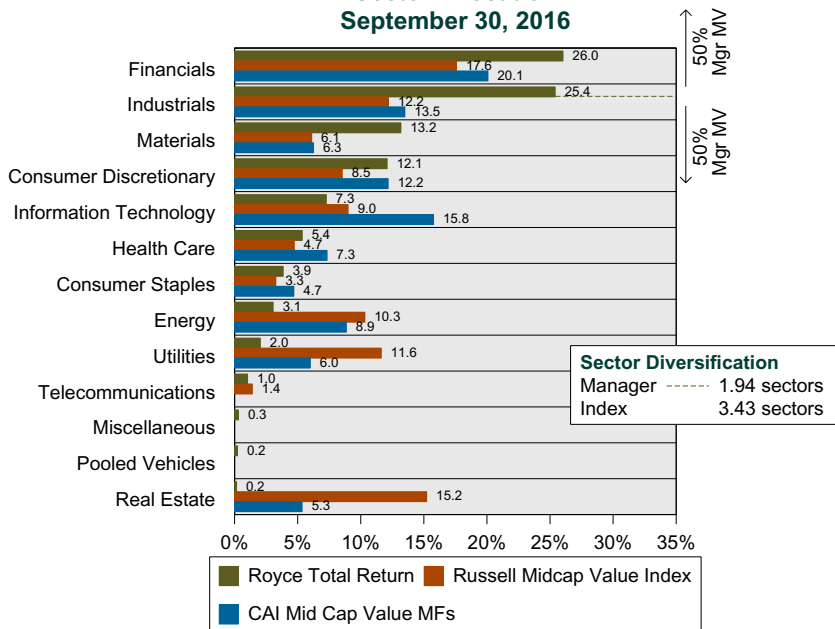
## Portfolio Characteristics Percentile Rankings Rankings Against CAI Mid Cap Value Mutual Funds as of September 30, 2016



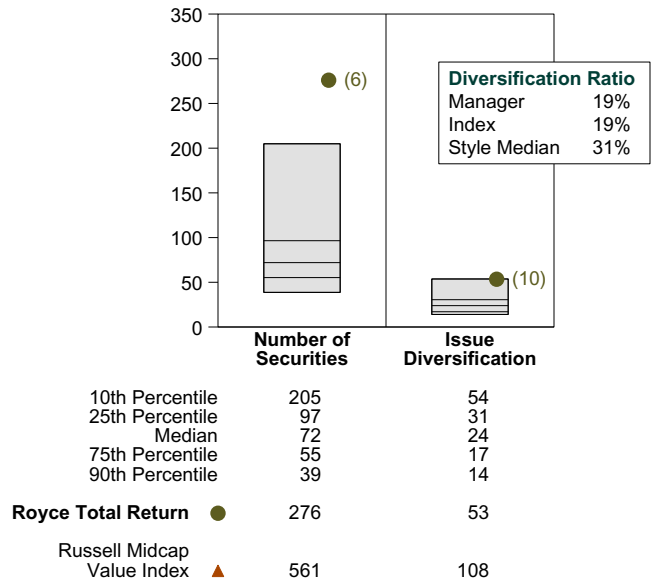
## Sector Weights

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 September 30, 2016



### Diversification September 30, 2016





# Morgan Stanley Period Ended September 30, 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.

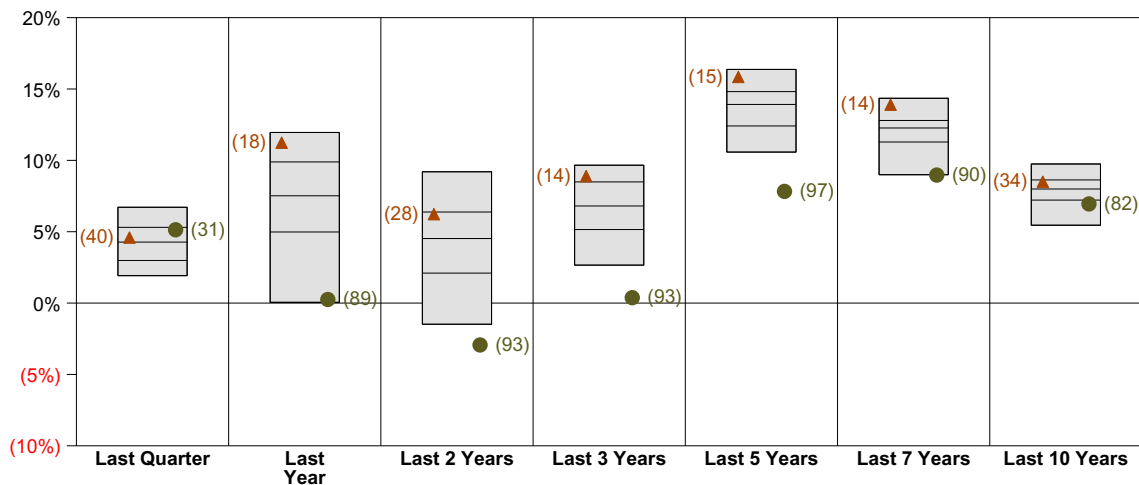
## Quarterly Summary and Highlights

- Morgan Stanley's portfolio posted a 5.13% return for the quarter placing it in the 31st percentile of the CAI Mid Cap Growth Mutual Funds group for the quarter and in the 89th percentile for the last year.
- Morgan Stanley's portfolio outperformed the Russell MidCap Growth Idx by 0.54% for the quarter and underperformed the Russell MidCap Growth Idx for the year by 10.99%.

## Quarterly Asset Growth

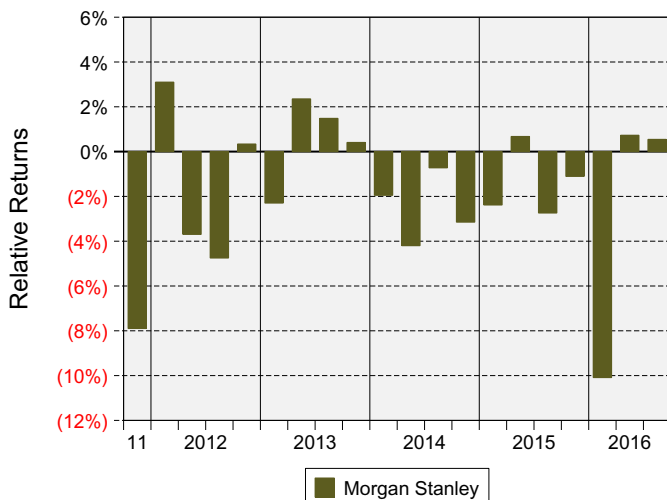
Beginning Market Value	\$4,219,166
Net New Investment	\$0
Investment Gains/(Losses)	\$216,653
Ending Market Value	\$4,435,819

## Performance vs CAI Mid Cap Growth Mutual Funds (Net)

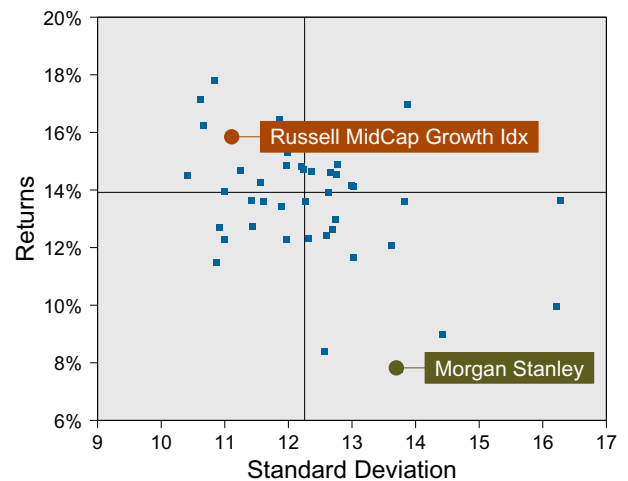


10th Percentile	6.71	11.95	9.20	9.66	16.37	14.35	9.75
25th Percentile	5.31	9.89	6.38	8.49	14.82	12.80	8.63
Median	4.27	7.52	4.52	6.80	13.92	12.27	7.99
75th Percentile	2.99	4.98	2.10	5.15	12.41	11.29	7.22
90th Percentile	1.92	0.05	(1.48)	2.66	10.58	8.99	5.46
<b>Morgan Stanley</b> ●	5.13	0.25	(2.94)	0.38	7.82	8.97	6.95
Russell MidCap Growth Idx ▲	4.59	11.24	6.23	8.90	15.85	13.90	8.51

## Relative Return vs Russell MidCap Growth Idx



## CAI Mid Cap Growth Mutual Funds (Net) Annualized Five Year Risk vs Return

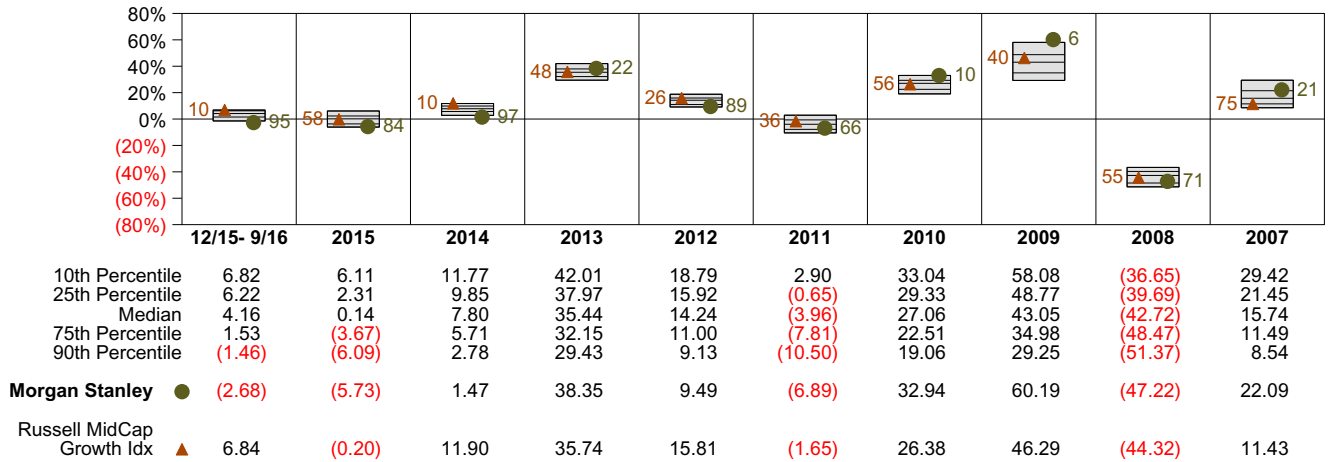


# Morgan Stanley Return Analysis Summary

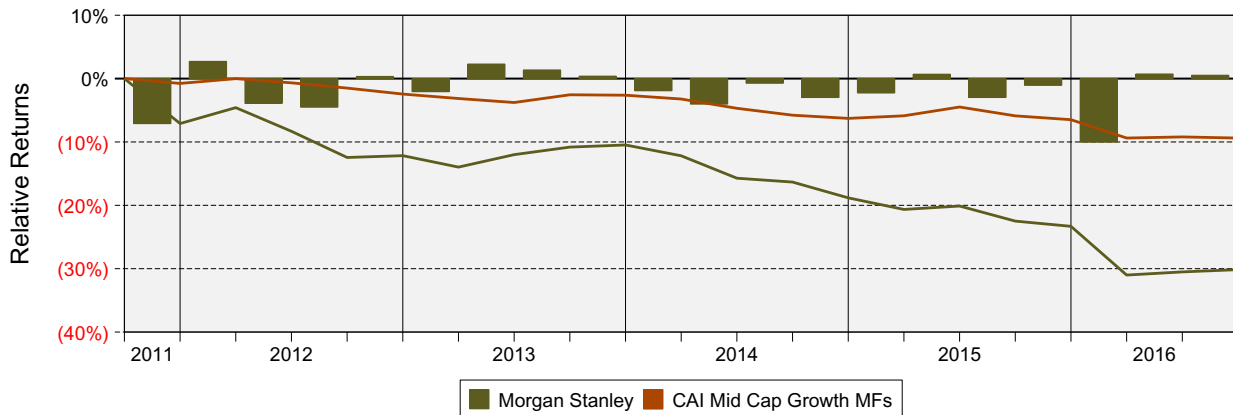
## Return Analysis

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.

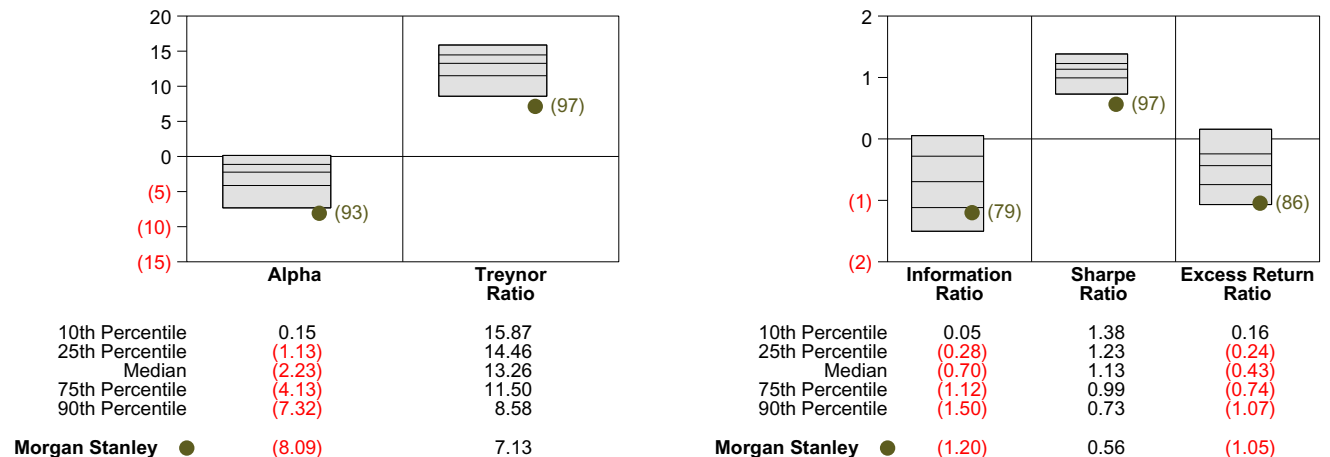
### Performance vs CAI Mid Cap Growth Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs Russell MidCap Growth Idx Rankings Against CAI Mid Cap Growth Mutual Funds (Net) Five Years Ended September 30, 2016

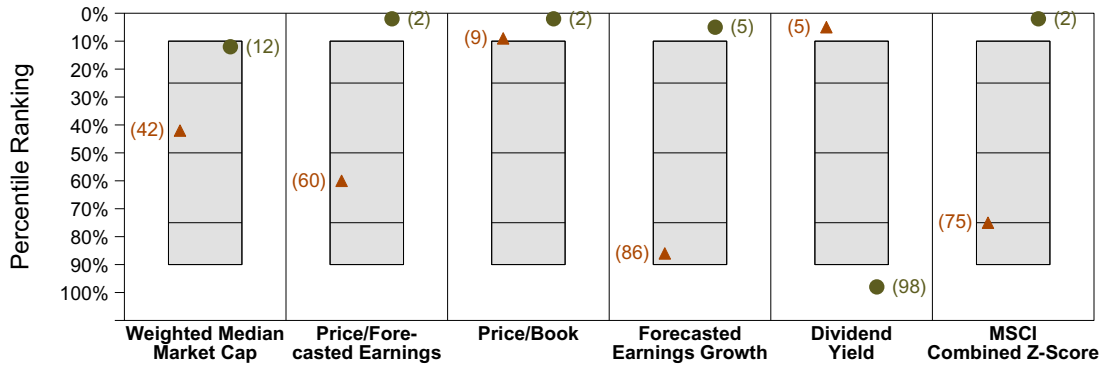


# Morgan Stanley Equity Characteristics Analysis Summary

## Portfolio Characteristics

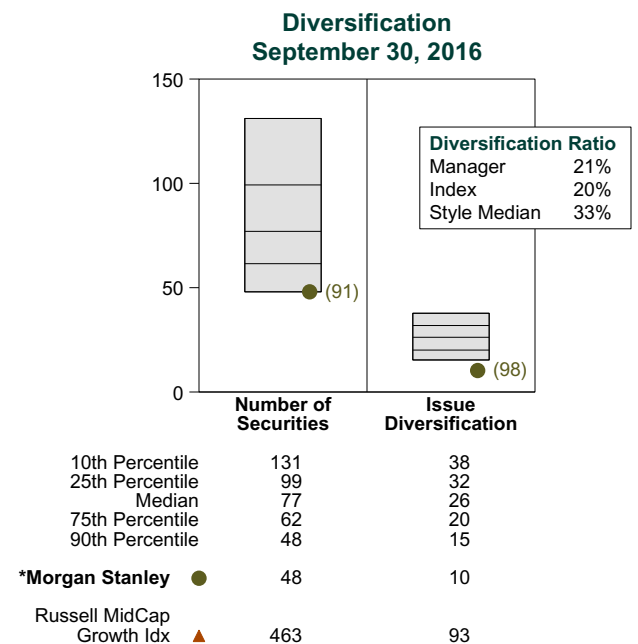
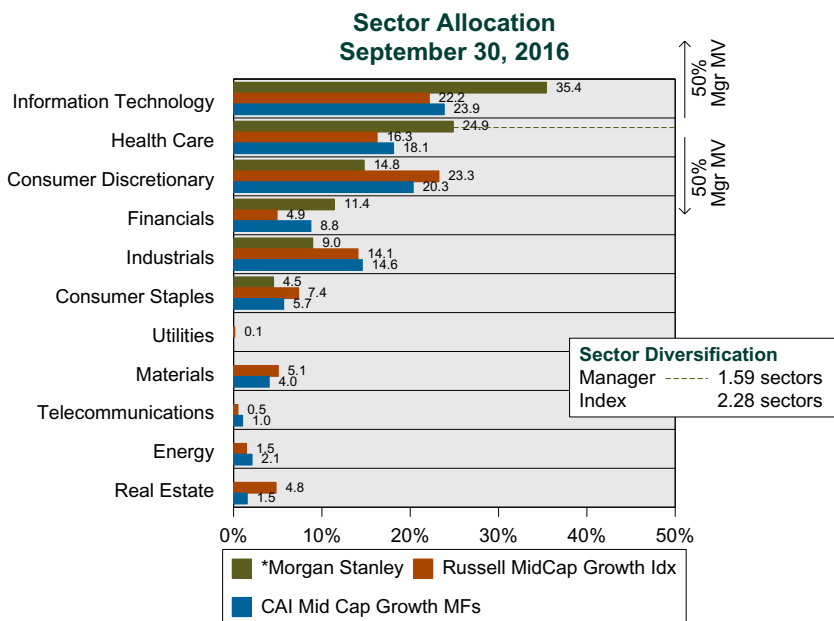
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI Mid Cap Growth Mutual Funds as of September 30, 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.



\*9/30/16 portfolio characteristics generated using most recently available holdings (6/30/16) 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.

# Janus Enterprise

## Period Ended September 30, 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 and Class N Shares in July 2016.

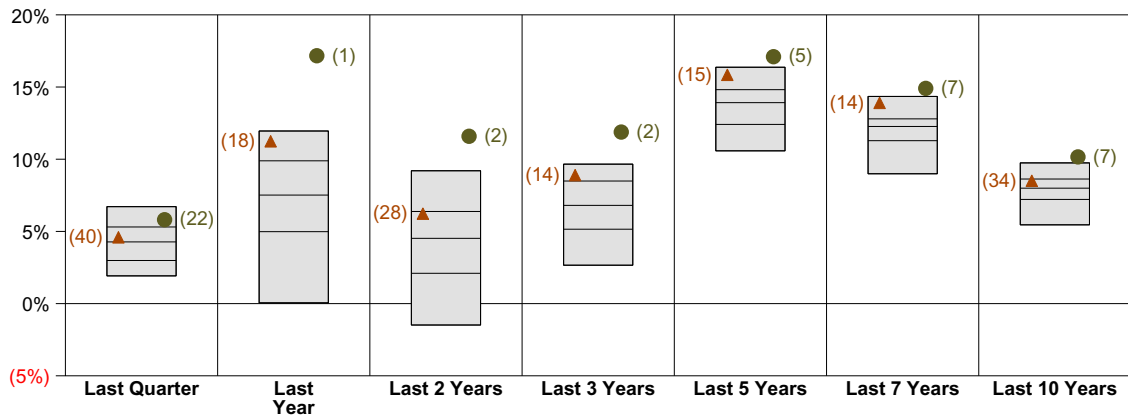
### Quarterly Summary and Highlights

- Janus Enterprise's portfolio posted a 5.81% return for the quarter placing it in the 22 percentile of the CAI Mid Cap Growth Mutual Funds group for the quarter and in the 1 percentile for the last year.
- Janus Enterprise's portfolio outperformed the Russell MidCap Growth Idx by 1.22% for the quarter and outperformed the Russell MidCap Growth Idx for the year by 5.93%.

### Quarterly Asset Growth

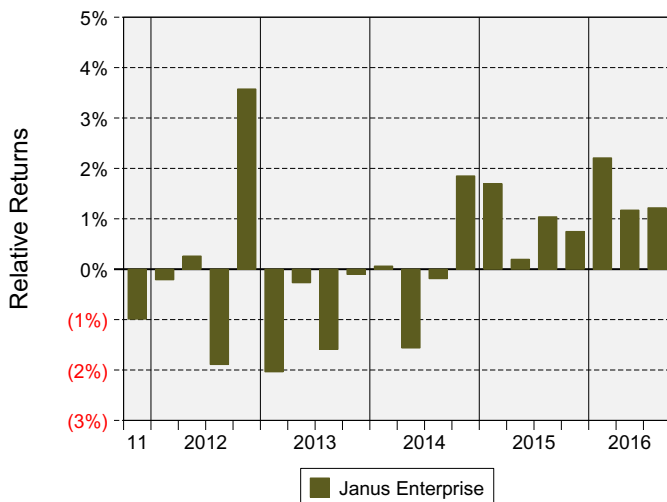
Beginning Market Value	\$5,548,511
Net New Investment	\$0
Investment Gains/(Losses)	\$322,333
Ending Market Value	\$5,870,844

### Performance vs CAI Mid Cap Growth Mutual Funds (Net)

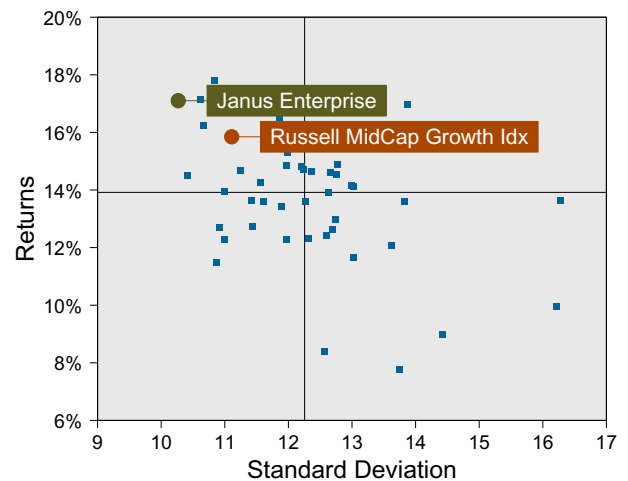


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	6.71	11.95	9.20	9.66	16.37	14.35	9.75
25th Percentile	5.31	9.89	6.38	8.49	14.82	12.80	8.63
Median	4.27	7.52	4.52	6.80	13.92	12.27	7.99
75th Percentile	2.99	4.98	2.10	5.15	12.41	11.29	7.22
90th Percentile	1.92	0.05	(1.48)	2.66	10.58	8.99	5.46
<b>Janus Enterprise</b> ●	5.81	17.17	11.59	11.88	17.10	14.91	10.16
Russell MidCap Growth Idx ▲	4.59	11.24	6.23	8.90	15.85	13.90	8.51

### Relative Return vs Russell MidCap Growth Idx



### CAI Mid Cap Growth Mutual Funds (Net) Annualized Five Year Risk vs Return

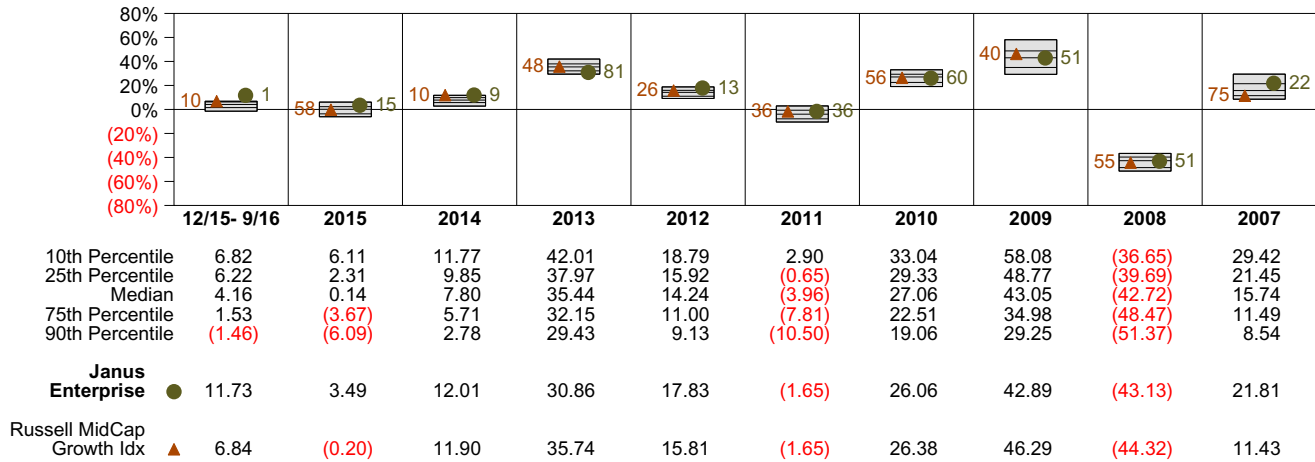


# Janus Enterprise Return Analysis Summary

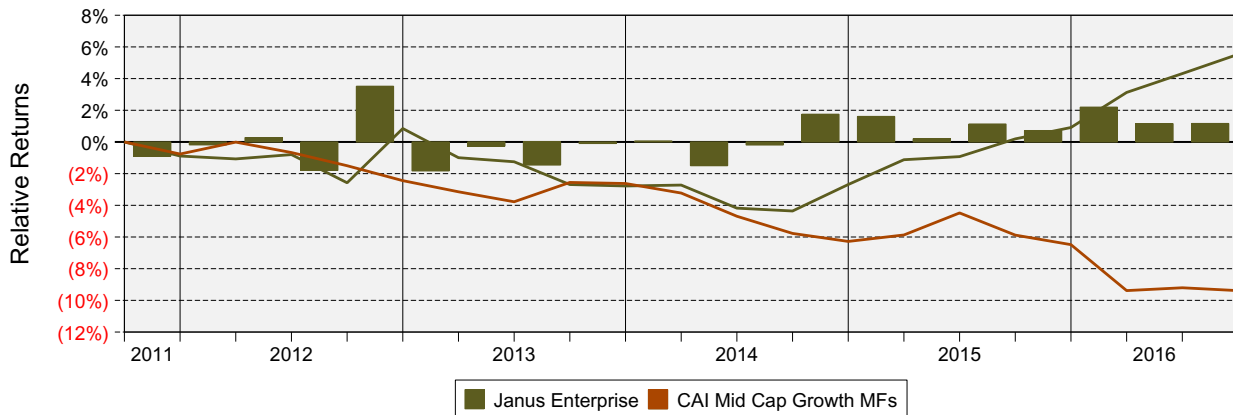
## Return Analysis

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.

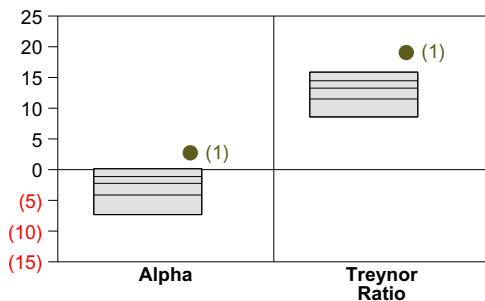
### Performance vs CAI Mid Cap Growth Mutual Funds (Net)



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



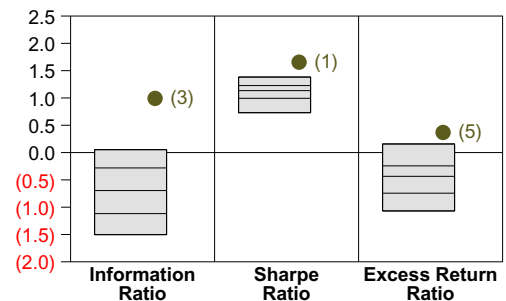
### Risk Adjusted Return Measures vs Russell MidCap Growth Idx Rankings Against CAI Mid Cap Growth Mutual Funds (Net) Five Years Ended September 30, 2016



	Alpha	Treynor Ratio
10th Percentile	0.15	15.87
25th Percentile	(1.13)	14.46
Median	(2.23)	13.26
75th Percentile	(4.13)	11.50
90th Percentile	(7.32)	8.58

Janus Enterprise ● 2.73

19.06



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.05	1.38	0.16
25th Percentile	(0.28)	1.23	(0.24)
Median	(0.70)	1.13	(0.43)
75th Percentile	(1.12)	0.99	(0.74)
90th Percentile	(1.50)	0.73	(1.07)

Janus Enterprise ● 0.99

1.66

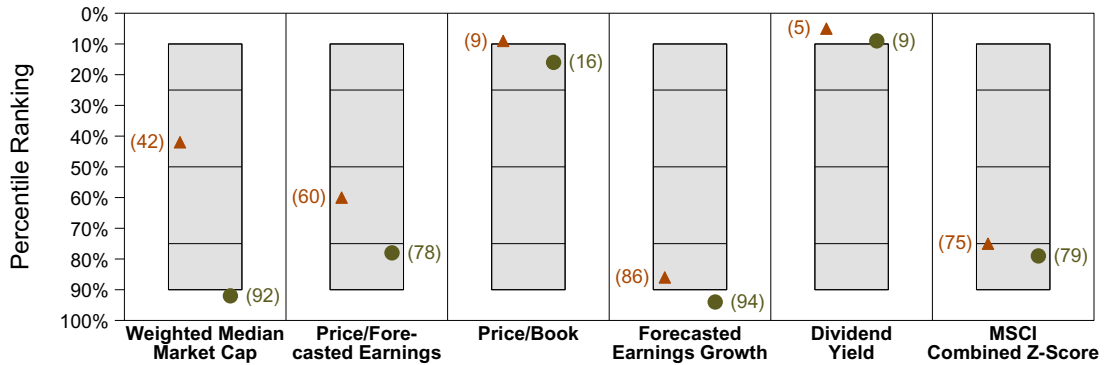
0.37

# 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 Mid Cap Growth Mutual Funds as of September 30, 2016



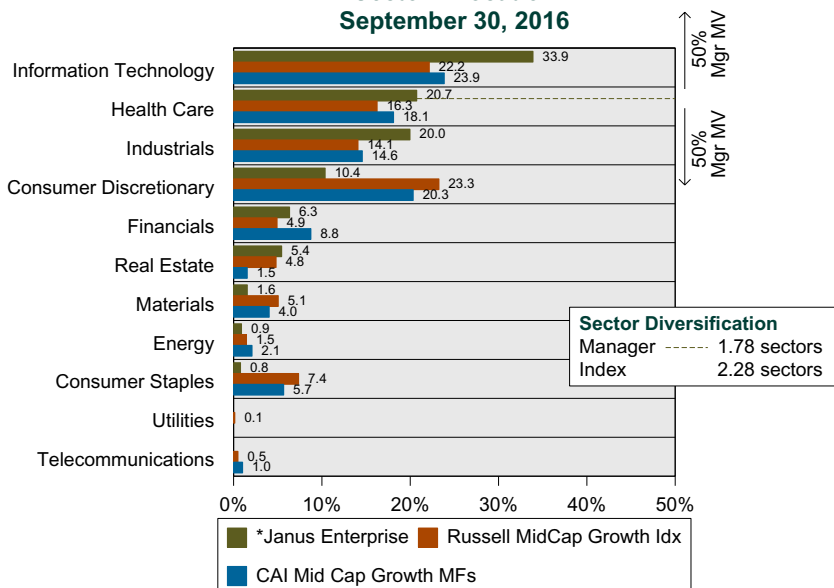
10th Percentile	14.70	24.60	4.81	20.13	1.06	1.06
25th Percentile	11.64	22.46	4.36	16.99	0.83	1.00
Median	10.32	21.49	3.93	15.76	0.71	0.84
75th Percentile	9.26	19.90	3.58	14.64	0.61	0.70
90th Percentile	7.80	18.70	3.00	13.40	0.47	0.57

<b>*Janus Enterprise</b> ●	7.59	19.70	4.57	12.45	1.06	0.66
Russell MidCap Growth Idx ▲	11.19	20.70	4.82	13.82	1.09	0.70

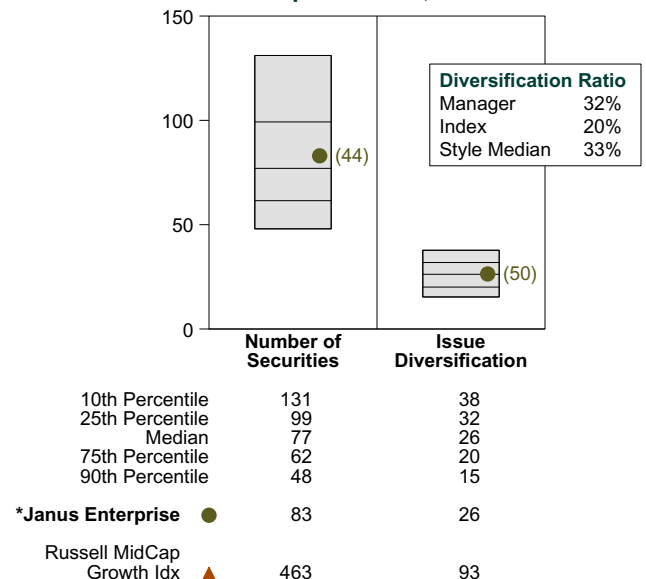
## Sector Weights

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 September 30, 2016



### Diversification September 30, 2016



\*9/30/16 portfolio characteristics generated using most recently available holdings (6/30/16) 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 September 30, 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.

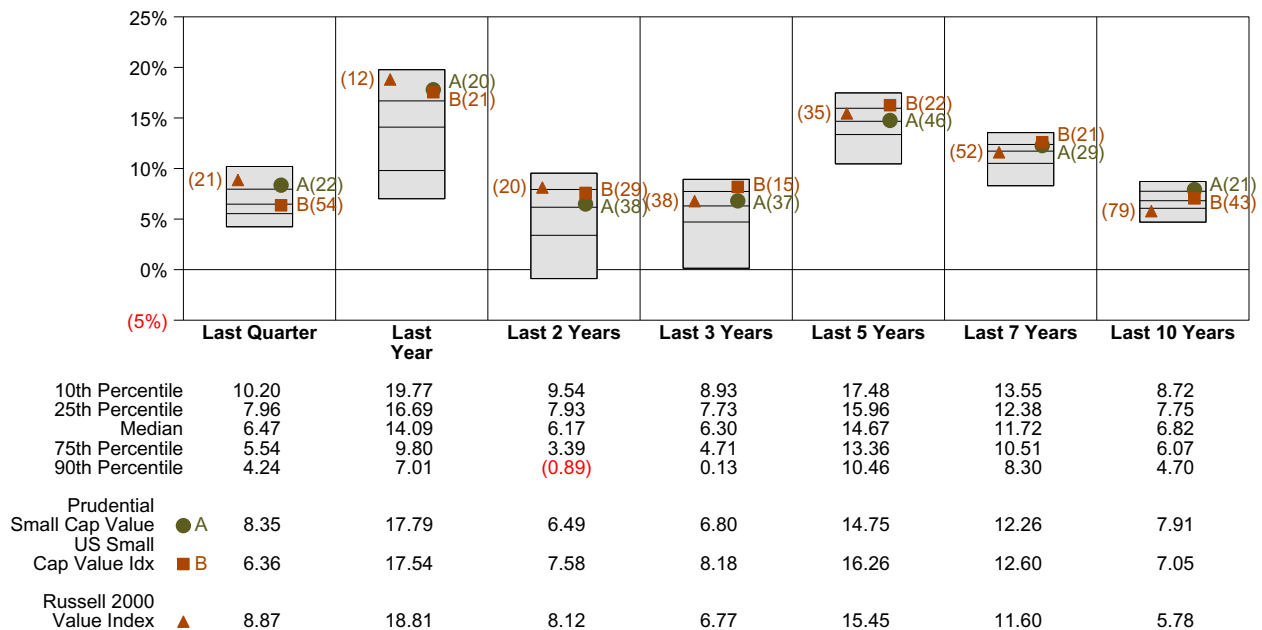
## Quarterly Summary and Highlights

- Prudential Small Cap Value's portfolio posted a 8.35% return for the quarter placing it in the 22 percentile of the CAI Small Cap Value Mutual Funds group for the quarter and in the 20 percentile for the last year.
- Prudential Small Cap Value's portfolio underperformed the Russell 2000 Value Index by 0.51% for the quarter and underperformed the Russell 2000 Value Index for the year by 1.02%.

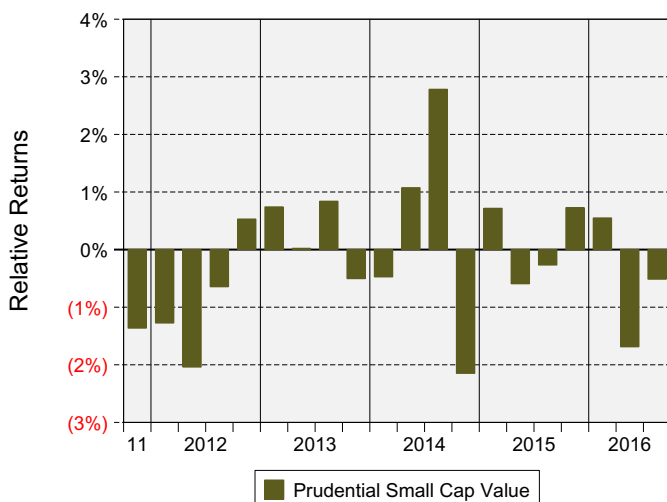
## Quarterly Asset Growth

Beginning Market Value	\$12,421,863
Net New Investment	\$-1,700,000
Investment Gains/(Losses)	\$1,035,735
Ending Market Value	\$11,757,598

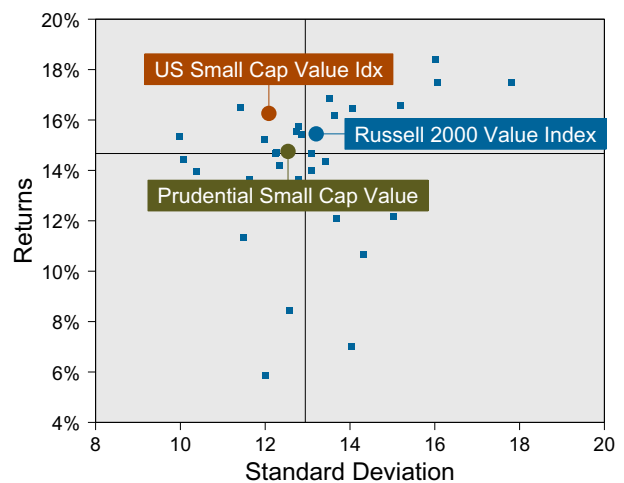
## Performance vs CAI Small Cap Value Mutual Funds (Net)



## Relative Return vs Russell 2000 Value Index



## CAI Small Cap Value Mutual Funds (Net) Annualized Five Year Risk vs Return

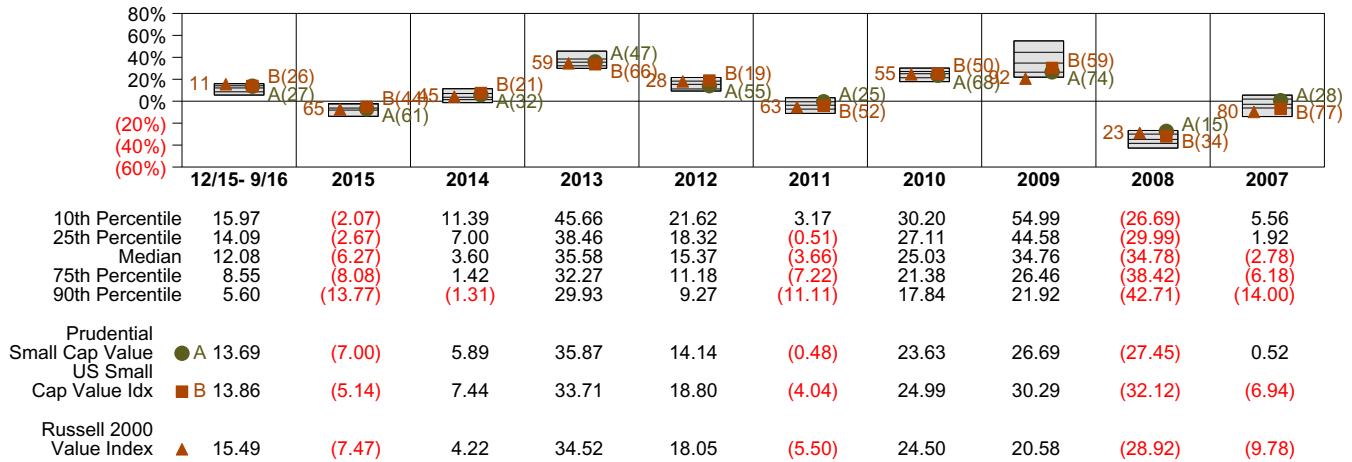


# Prudential Small Cap Value Return Analysis Summary

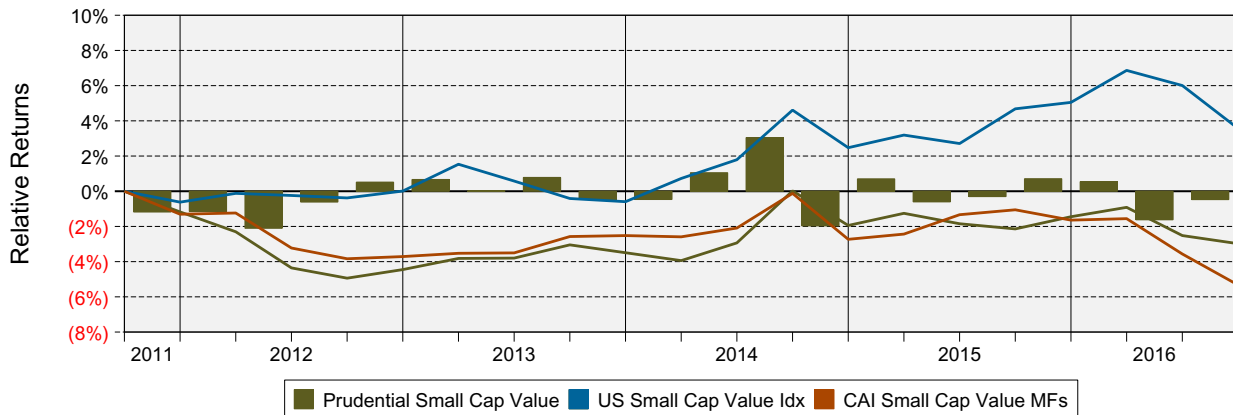
## Return Analysis

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.

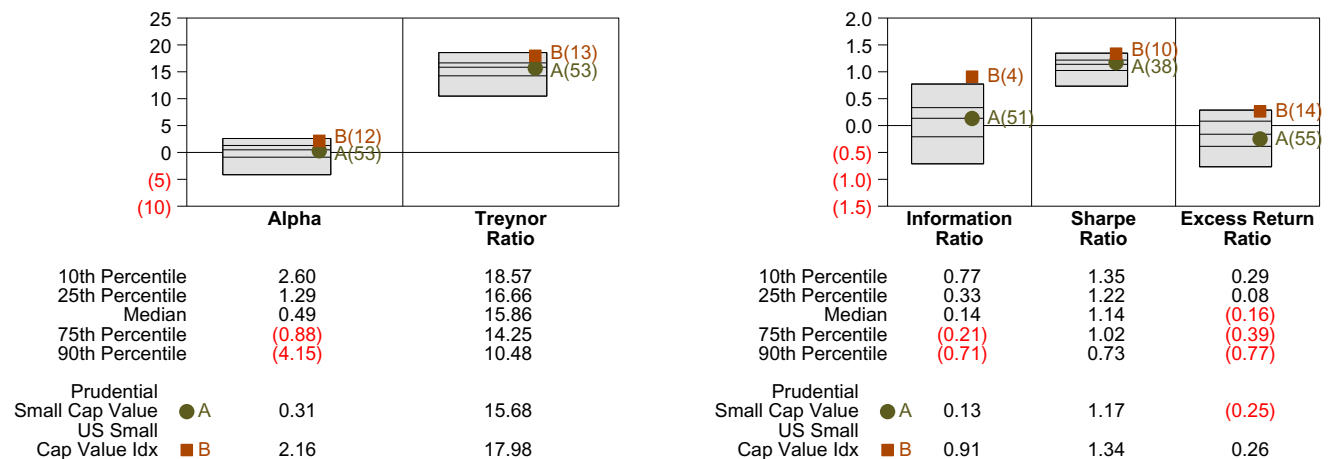
### Performance vs CAI Small Cap Value Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs Russell 2000 Value Index Rankings Against CAI Small Cap Value Mutual Funds (Net) Five Years Ended September 30, 2016



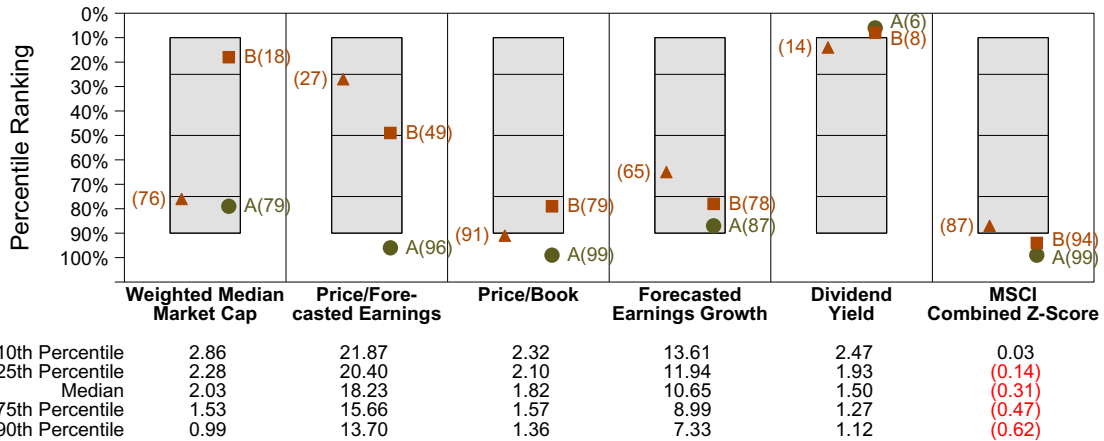


# Prudential Small Cap Value Equity Characteristics Analysis Summary

## 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.

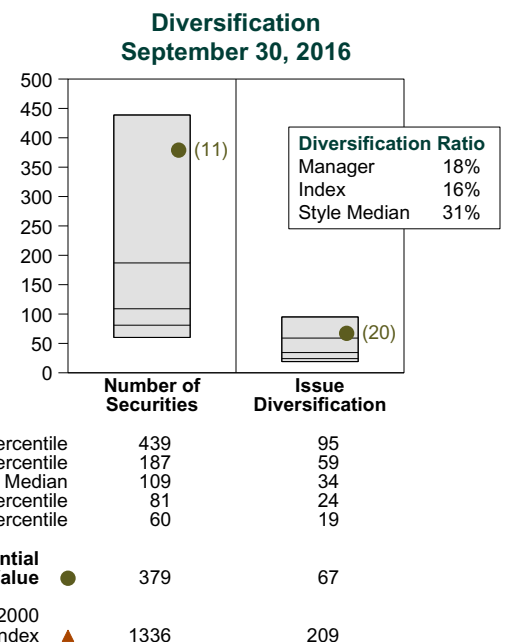
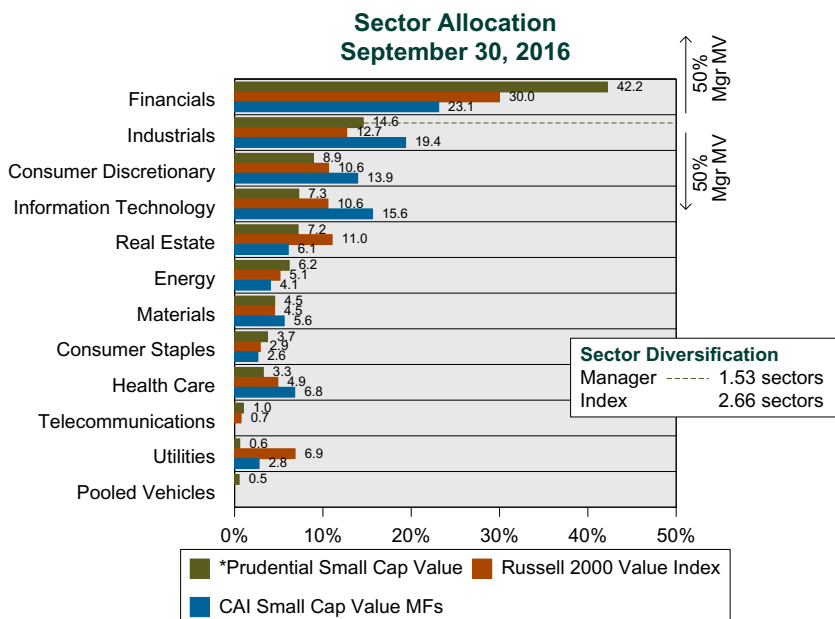
## Portfolio Characteristics Percentile Rankings Rankings Against CAI Small Cap Value Mutual Funds as of September 30, 2016



	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
*Prudential Small Cap Value US Small Cap Value Idx	● A 1.45	13.27	1.09	7.50	2.63	(0.90)
Russell 2000 Value Index	▲ B 2.48	18.25	1.48	8.54	2.56	(0.66)
Russell 2000 Value Index	▲ 1.52	19.76	1.35	10.12	2.14	(0.58)

## 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.



\*9/30/16 portfolio characteristics generated using most recently available holdings (8/31/16) 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.

# AB US Small Growth Period Ended September 30, 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.

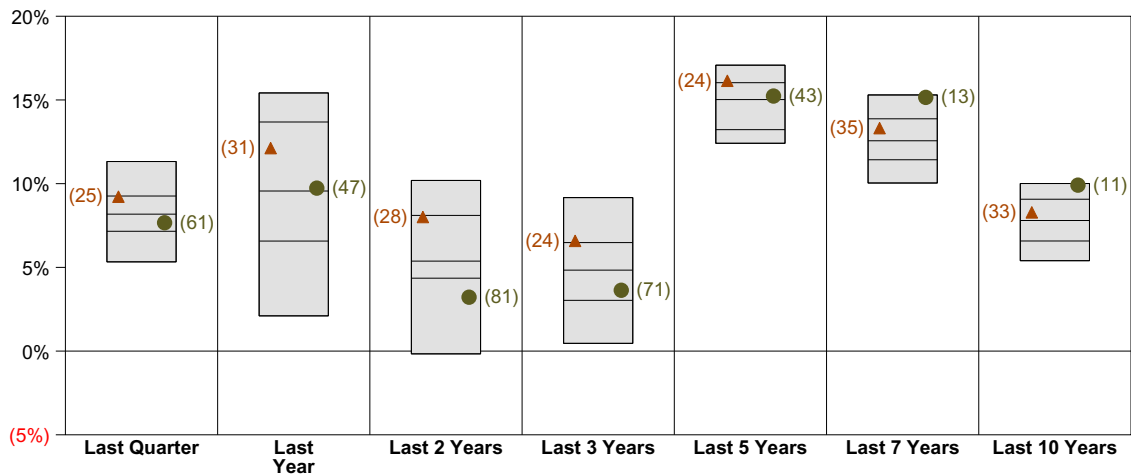
## Quarterly Summary and Highlights

- AB US Small Growth's portfolio posted a 7.67% return for the quarter placing it in the 61 percentile of the CAI Small Cap Growth Mutual Funds group for the quarter and in the 47 percentile for the last year.
- AB US Small Growth's portfolio underperformed the Russell 2000 Growth Index by 1.56% for the quarter and underperformed the Russell 2000 Growth Index for the year by 2.39%.

## Quarterly Asset Growth

Beginning Market Value	\$6,279,778
Net New Investment	\$0
Investment Gains/(Losses)	\$481,434
Ending Market Value	\$6,761,212

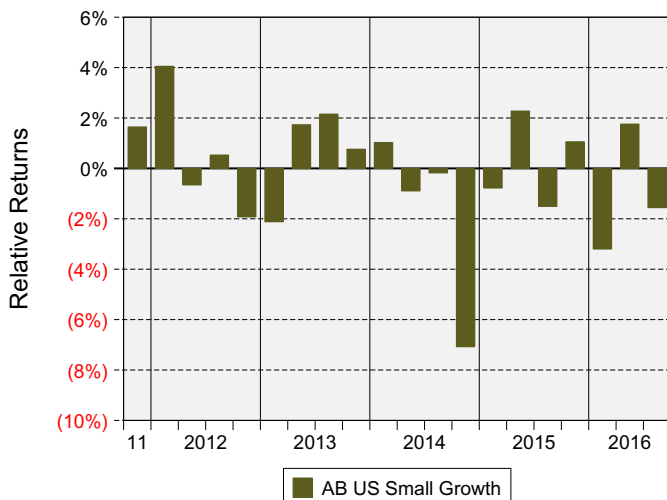
## Performance vs CAI Small Cap Growth Mutual Funds (Net)



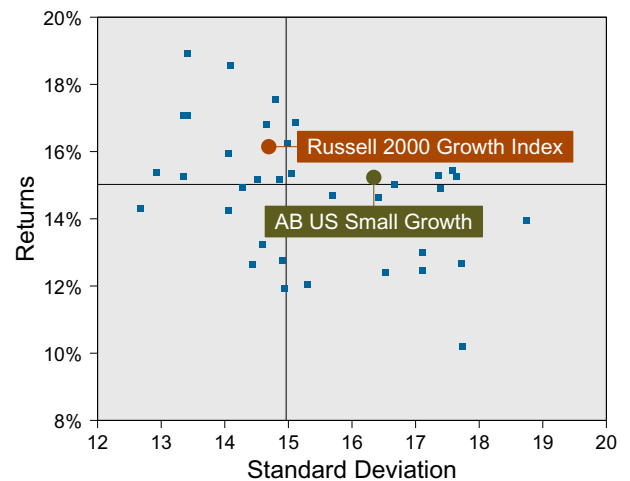
10th Percentile	11.32	15.42	10.19	9.17	17.08	15.30	10.01
25th Percentile	9.26	13.68	8.10	6.48	16.03	13.87	9.07
Median	8.18	9.56	5.37	4.83	15.02	12.56	7.80
75th Percentile	7.16	6.57	4.35	3.03	13.23	11.43	6.58
90th Percentile	5.33	2.10	(0.17)	0.46	12.41	10.04	5.40

<b>AB US Small Growth</b>	●	7.67	9.73	3.22	3.63	15.23	15.15	9.91
Russell 2000 Growth Index	▲	9.22	12.12	8.01	6.58	16.15	13.32	8.29

## Relative Return vs Russell 2000 Growth Index



## CAI Small Cap Growth Mutual Funds (Net) Annualized Five Year Risk vs Return

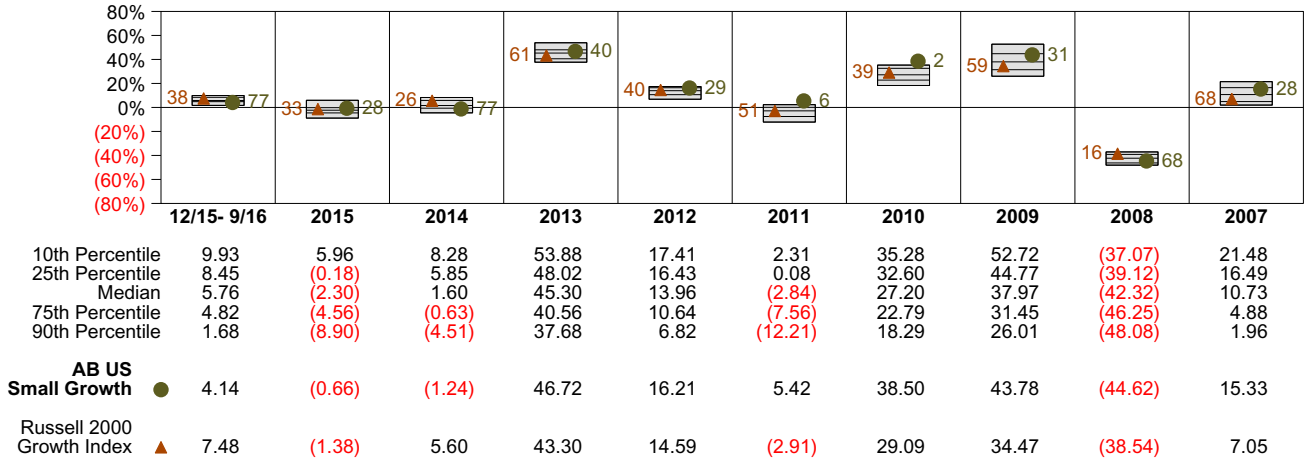


# AB US Small Growth Return Analysis Summary

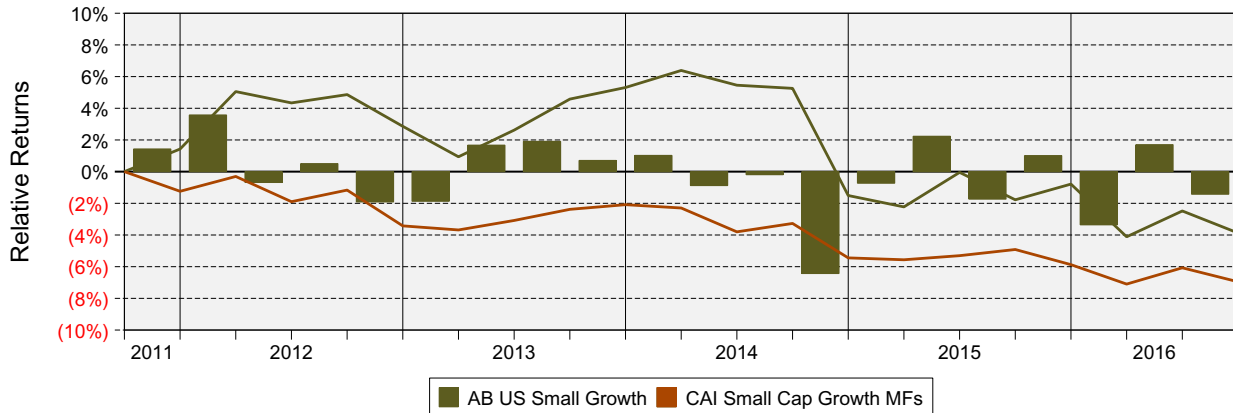
## Return Analysis

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.

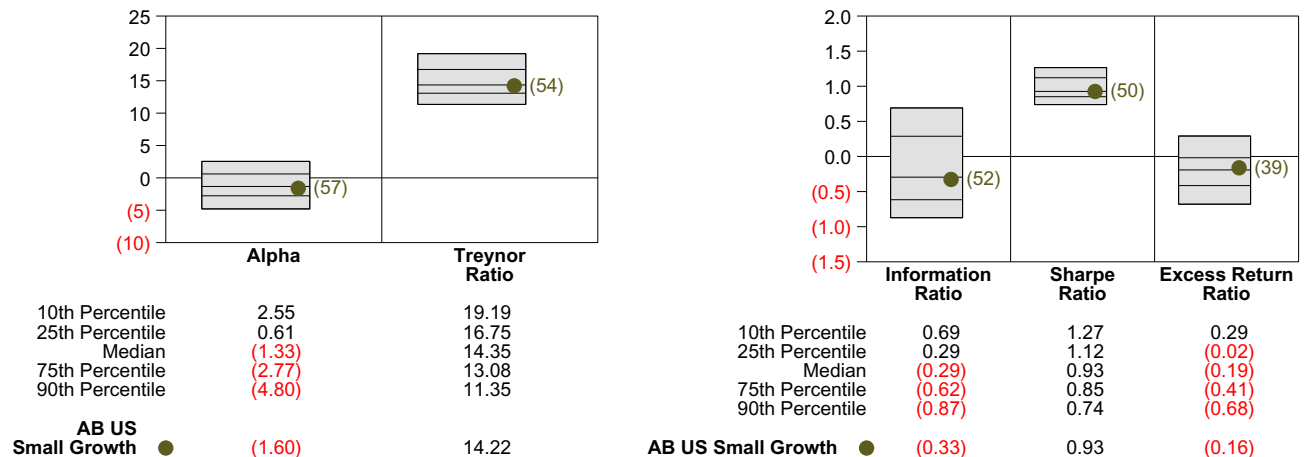
### Performance vs CAI Small Cap Growth Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs Russell 2000 Growth Index Rankings Against CAI Small Cap Growth Mutual Funds (Net) Five Years Ended September 30, 2016

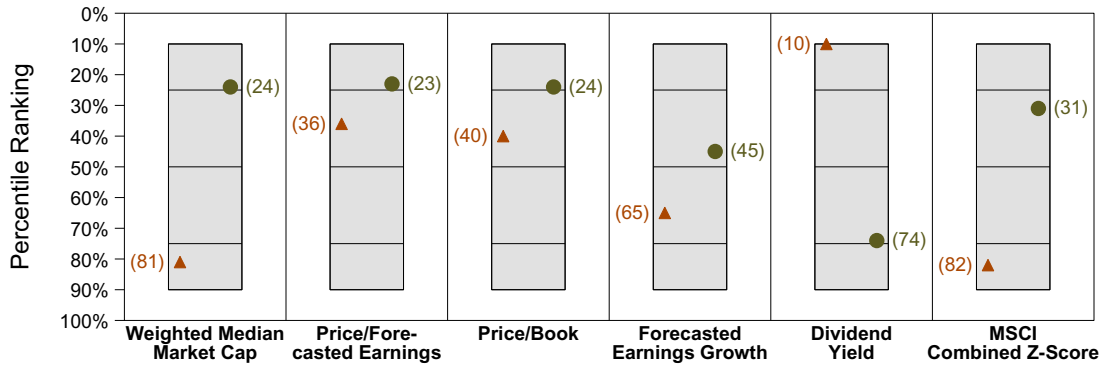


# AB US Small Growth Equity Characteristics Analysis Summary

## 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 Small Cap Growth Mutual Funds as of September 30, 2016

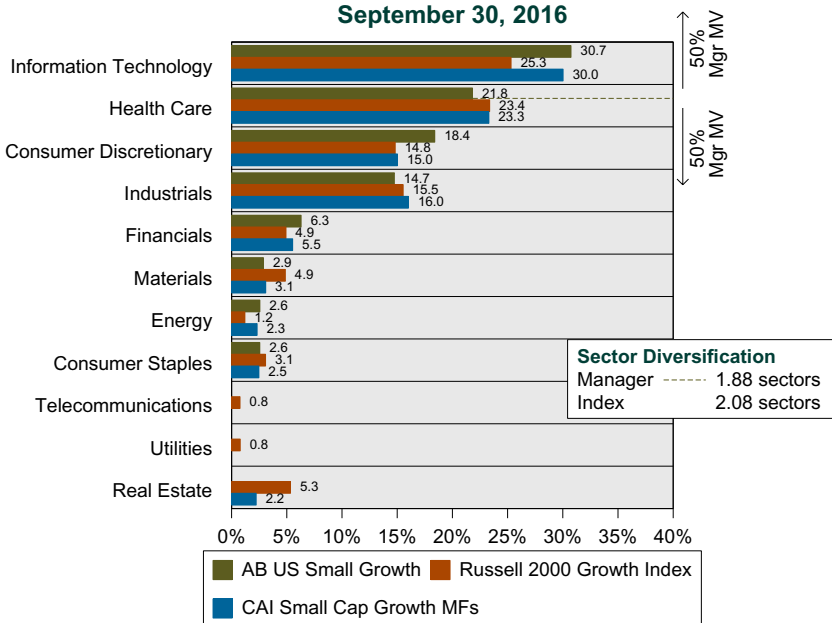


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	3.23	45.32	4.51	21.82	0.81	0.86
25th Percentile	2.81	35.54	3.90	20.45	0.66	0.76
Median	2.26	29.48	3.53	18.23	0.49	0.58
75th Percentile	1.97	25.23	3.24	16.24	0.38	0.48
90th Percentile	1.84	22.47	2.89	15.08	0.30	0.37
<b>AB US Small Growth</b> ●	2.84	36.11	3.95	18.49	0.38	0.71
Russell 2000 Growth Index ▲	1.90	31.43	3.66	16.91	0.81	0.44

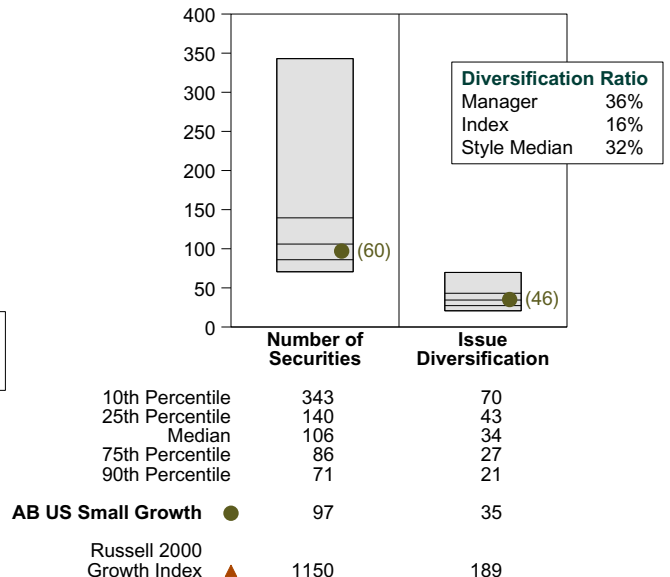
## Sector Weights

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 September 30, 2016



### Diversification September 30, 2016



# RS Investments

## Period Ended September 30, 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.

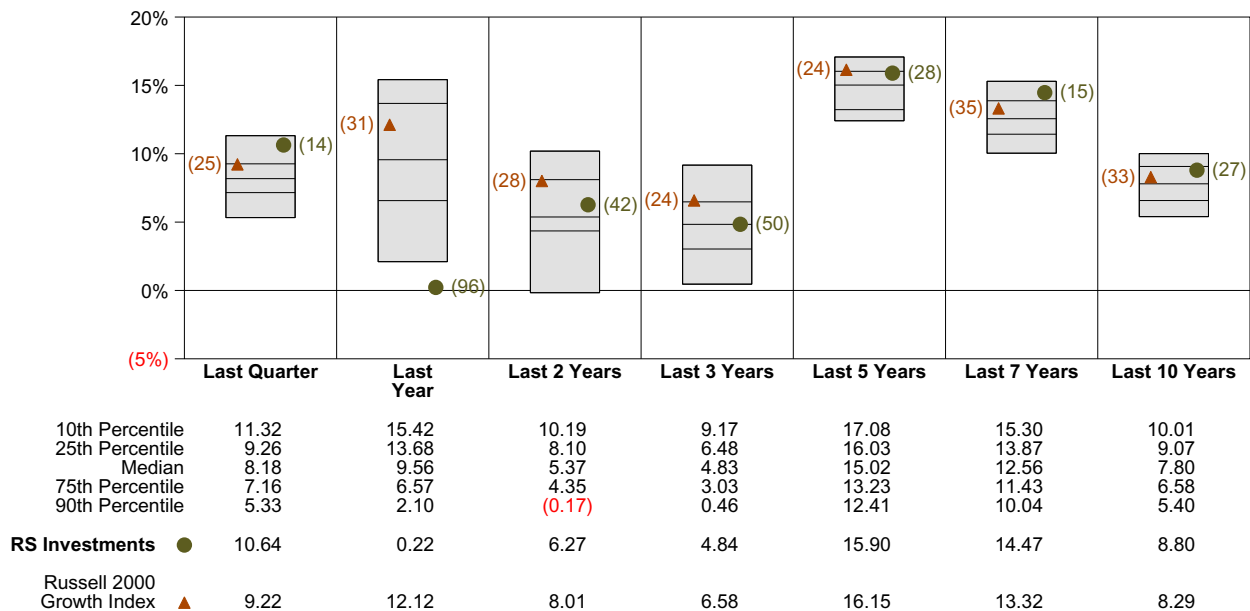
### Quarterly Summary and Highlights

- RS Investments's portfolio posted a 10.64% return for the quarter placing it in the 14 percentile of the CAI Small Cap Growth Mutual Funds group for the quarter and in the 96 percentile for the last year.
- RS Investments's portfolio outperformed the Russell 2000 Growth Index by 1.42% for the quarter and underperformed the Russell 2000 Growth Index for the year by 11.90%.

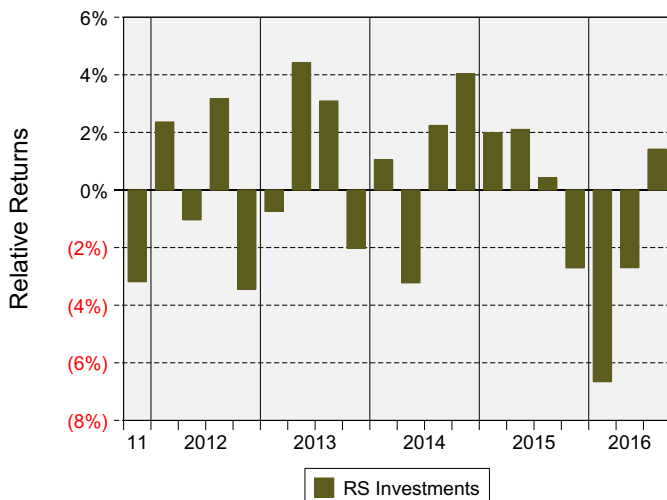
### Quarterly Asset Growth

Beginning Market Value	\$4,642,215
Net New Investment	\$0
Investment Gains/(Losses)	\$493,903
Ending Market Value	\$5,136,118

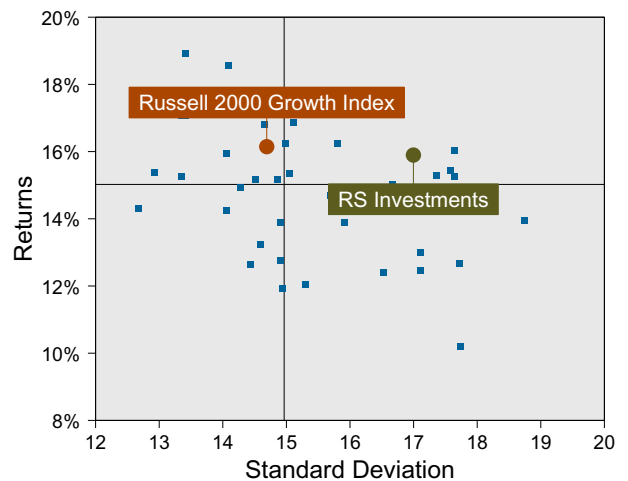
### Performance vs CAI Small Cap Growth Mutual Funds (Net)



### Relative Return vs Russell 2000 Growth Index



### CAI Small Cap Growth Mutual Funds (Net) Annualized Five Year Risk vs Return

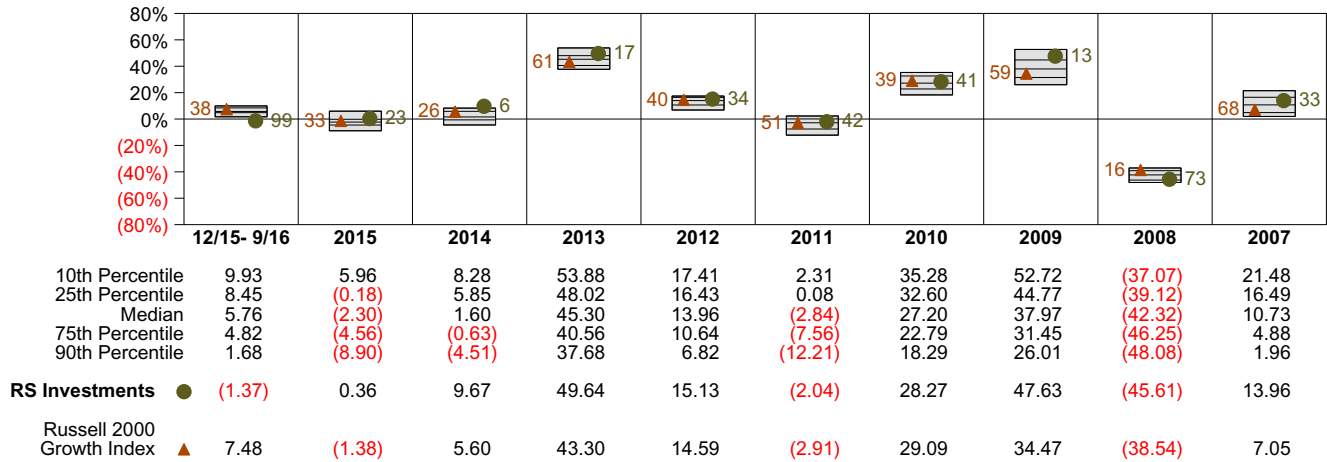


# RS Investments Return Analysis Summary

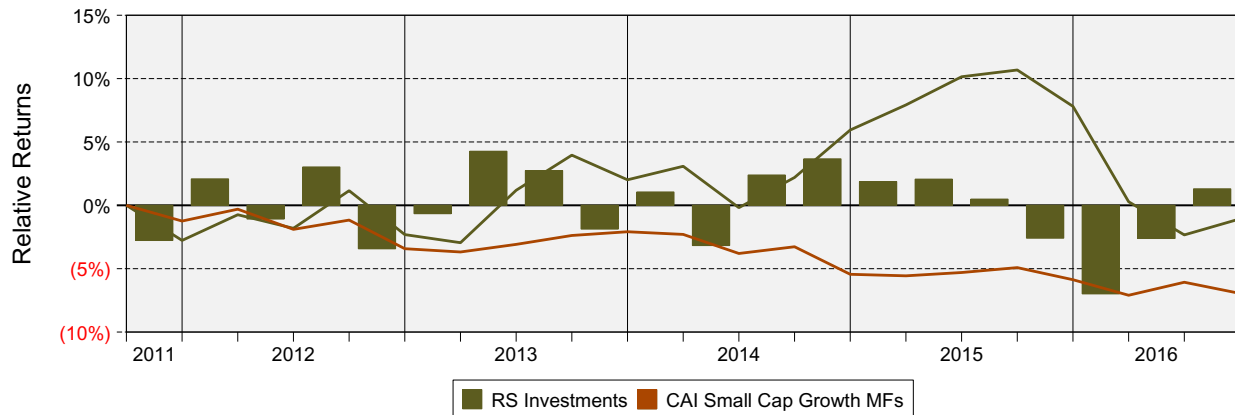
## Return Analysis

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.

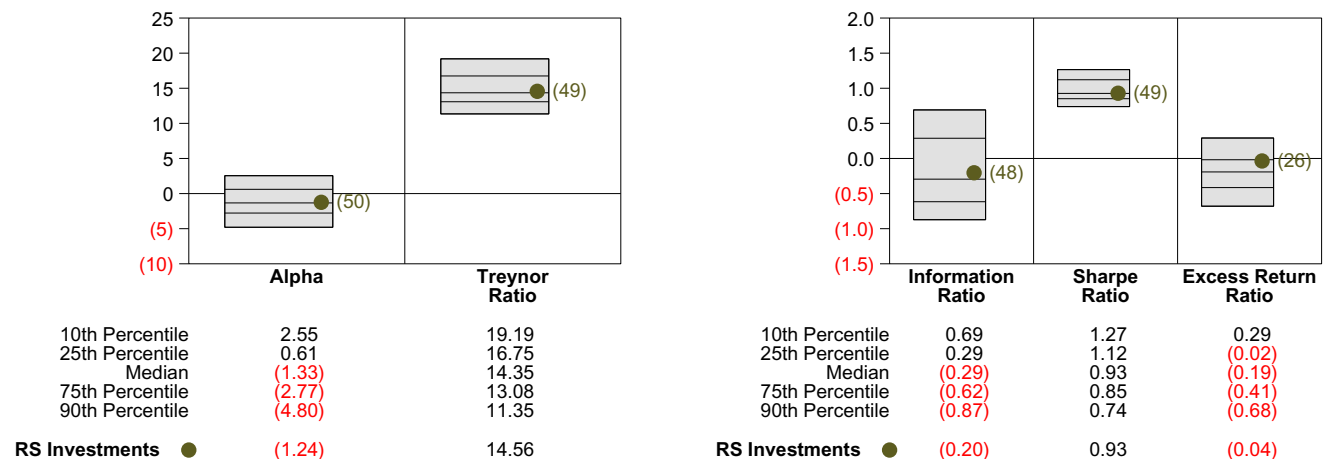
### Performance vs CAI Small Cap Growth Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs Russell 2000 Growth Index Rankings Against CAI Small Cap Growth Mutual Funds (Net) Five Years Ended September 30, 2016

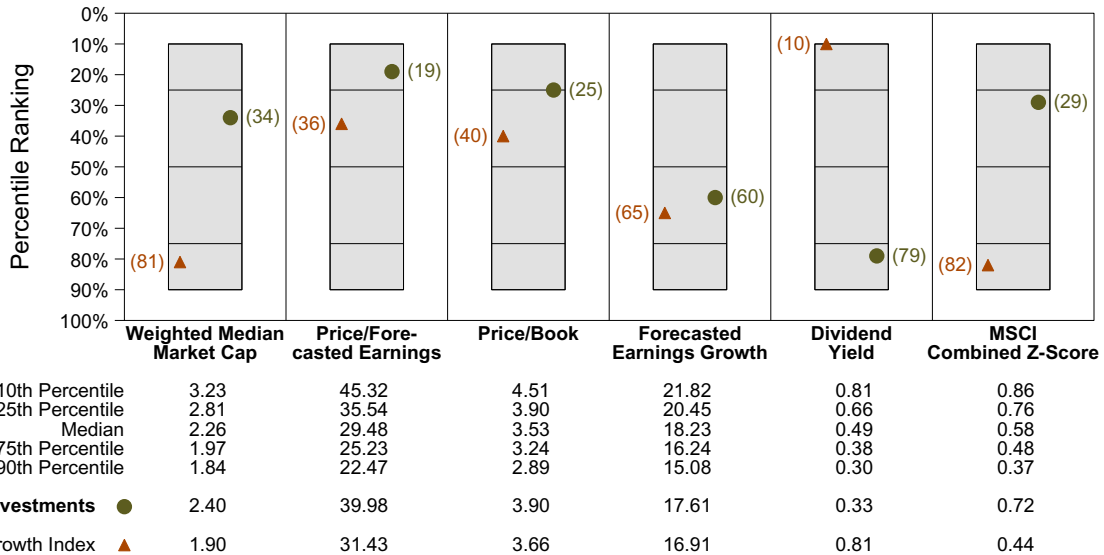


# RS Investments Equity Characteristics Analysis Summary

## Portfolio Characteristics

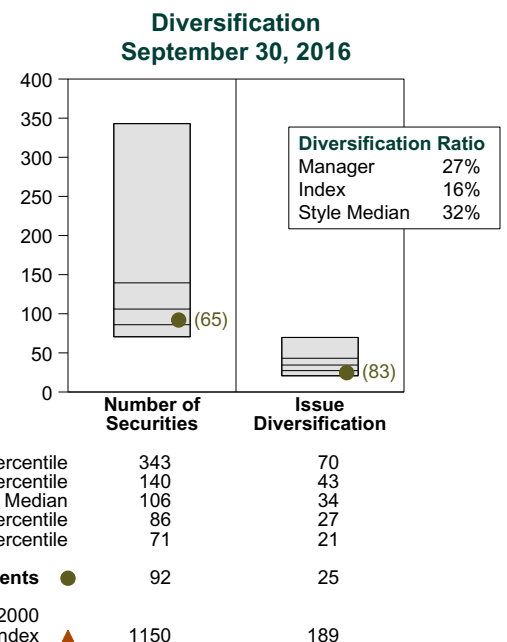
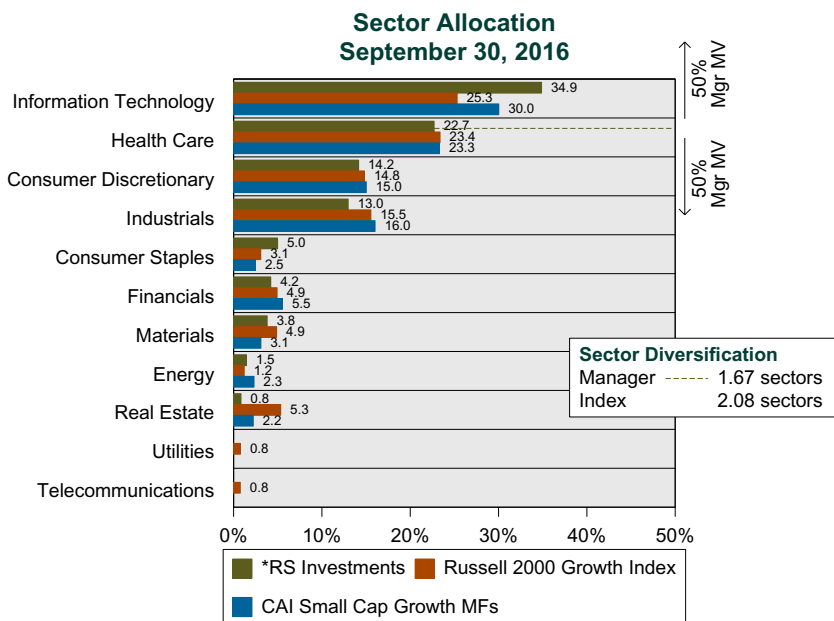
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI Small Cap Growth Mutual Funds as of September 30, 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.



\*9/30/16 portfolio characteristics generated using most recently available holdings (6/30/16) 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.

# AMG Managers Emerging Opportunities Fund Period Ended September 30, 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

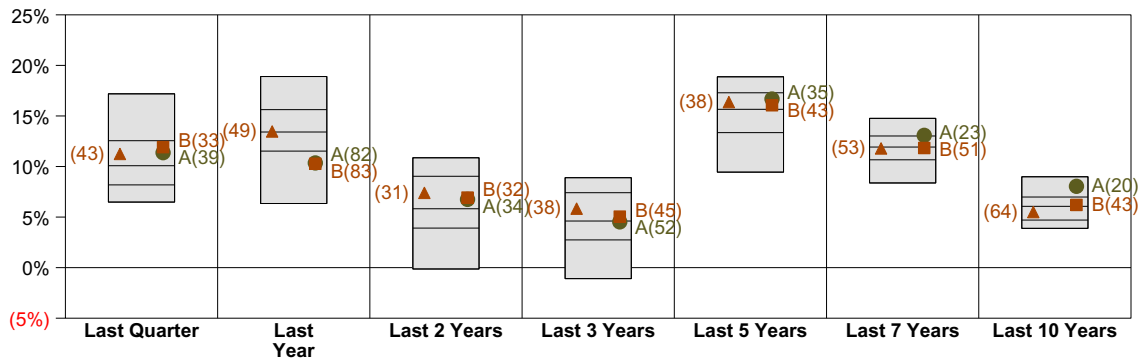
## Quarterly Summary and Highlights

- AMG Managers Emerging Opportunities Fund's portfolio posted a 11.37% return for the quarter placing it in the 39 percentile of the Lipper Micro Cap Objective Mutual Funds group for the quarter and in the 82 percentile for the last year.
- AMG Managers Emerging Opportunities Fund's portfolio outperformed the Russell Microcap Index by 0.12% for the quarter and underperformed the Russell Microcap Index for the year by 3.12%.

## Quarterly Asset Growth

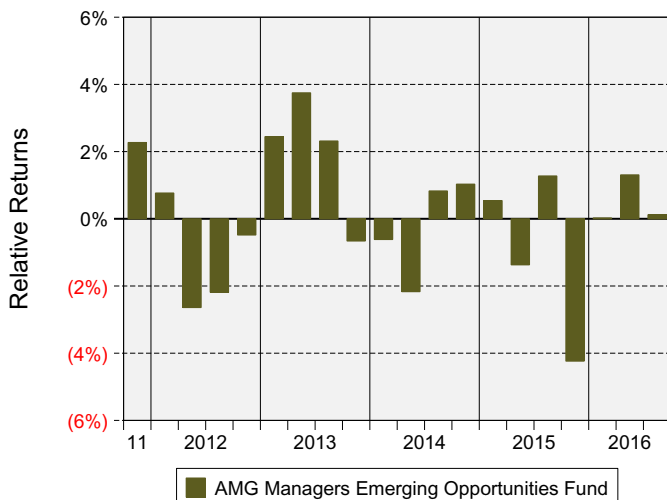
Beginning Market Value	\$7,615,252
Net New Investment	\$0
Investment Gains/(Losses)	\$865,662
Ending Market Value	\$8,480,914

## Performance vs Lipper Micro Cap Objective Mutual Funds (Net)

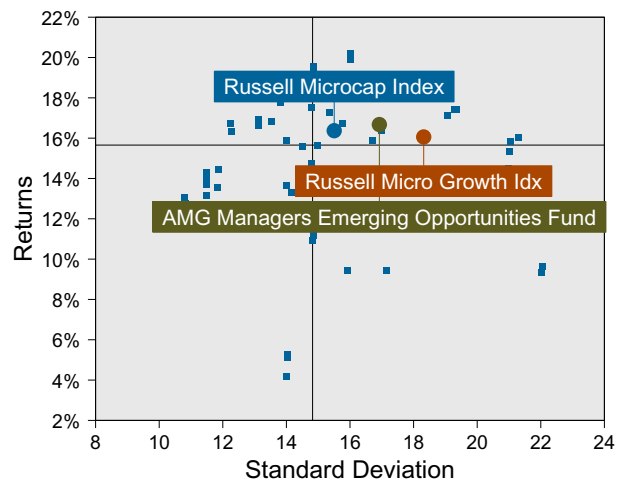


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	17.19	18.90	10.86	8.90	18.87	14.76	8.99
25th Percentile	12.55	15.63	9.03	7.41	17.29	13.02	6.98
Median	10.08	13.41	5.82	4.61	15.66	11.92	6.06
75th Percentile	8.18	11.52	3.91	2.74	13.35	10.67	4.70
90th Percentile	6.48	6.34	(0.14)	(1.09)	9.44	8.37	3.89
AMG Managers Emerging Opportunities Fund	● A 11.37	10.35	6.75	4.53	16.67	13.08	8.04
Russell Micro Growth Idx	■ B 11.92	10.27	6.93	5.04	16.06	11.83	6.20
Russell Microcap Index	▲ 11.25	13.47	7.40	5.84	16.37	11.79	5.50

## Relative Return vs Russell Microcap Index



## Lipper Micro Cap Objective Mutual Funds (Net) Annualized Five Year Risk vs Return



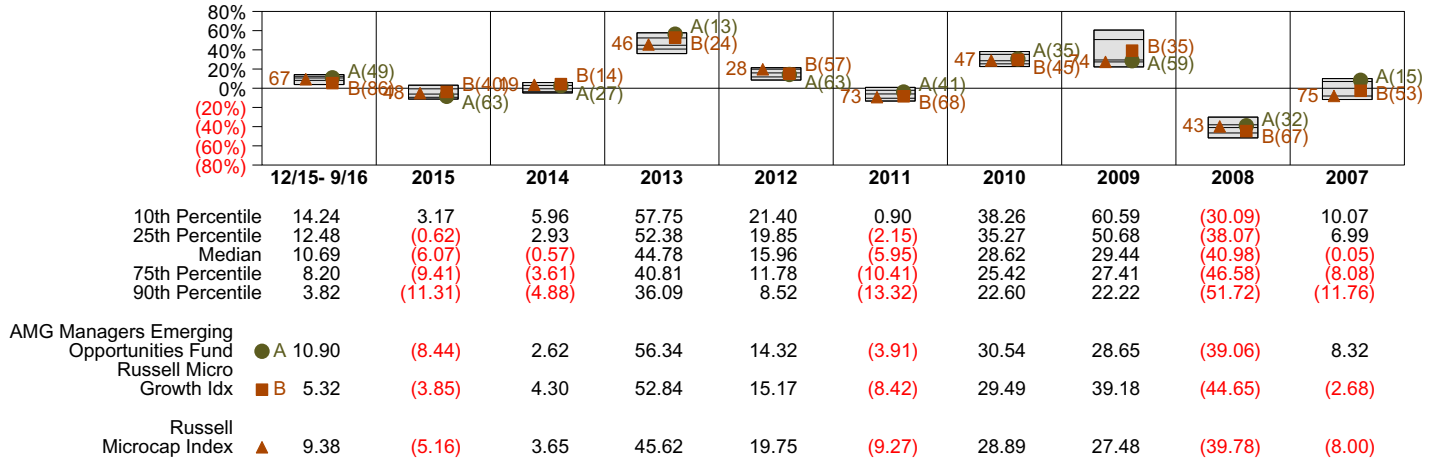


# AMG Managers Emerging Opportunities Fund Return Analysis Summary

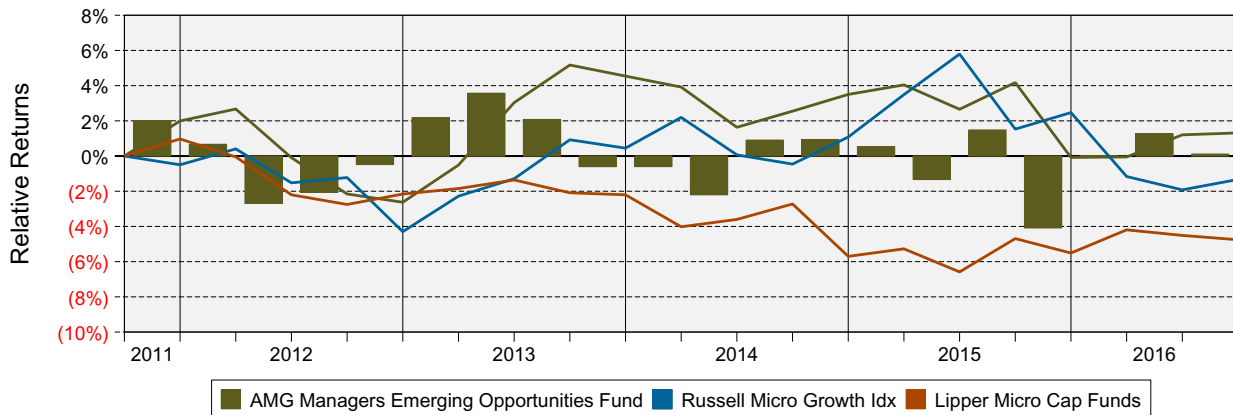
## Return Analysis

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.

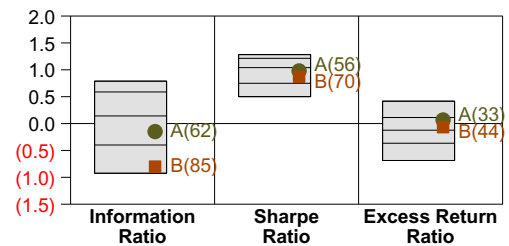
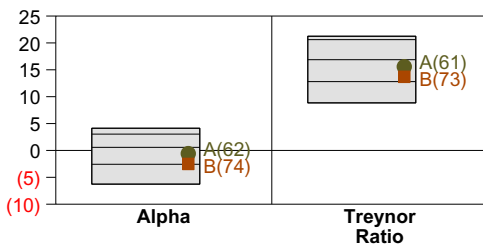
### Performance vs Lipper Micro Cap Objective Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs Russell Microcap Index Rankings Against Lipper Micro Cap Objective Mutual Funds (Net) Five Years Ended September 30, 2016

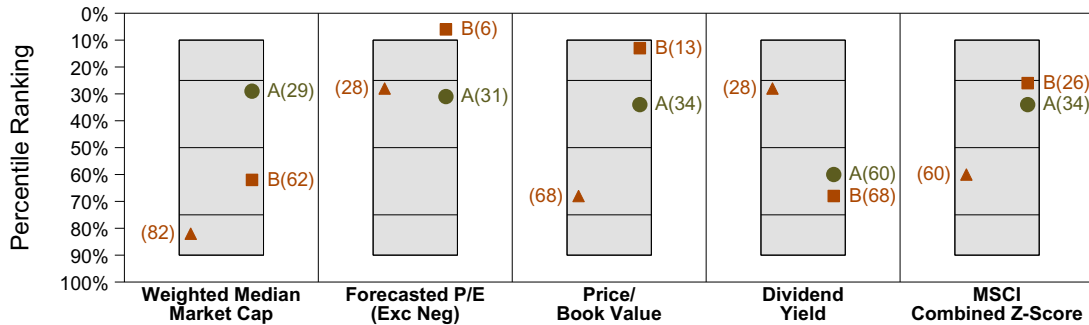


# AMG Managers Emerging Opportunities Fund Equity Characteristics Analysis Summary

## 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 Lipper Micro Cap Objective Mutual Funds as of September 30, 2016



	Weighted Median Market Cap	Forecasted P/E (Exc Neg)	Price/Book Value	Dividend Yield	MSCI Combined Z-Score
10th Percentile	0.98	28.57	3.28	1.71	0.81
25th Percentile	0.72	22.98	2.53	1.37	0.44
Median	0.56	18.97	1.94	1.03	(0.06)
75th Percentile	0.44	16.54	1.51	0.42	(0.41)
90th Percentile	0.27	14.71	1.23	0.25	(0.77)

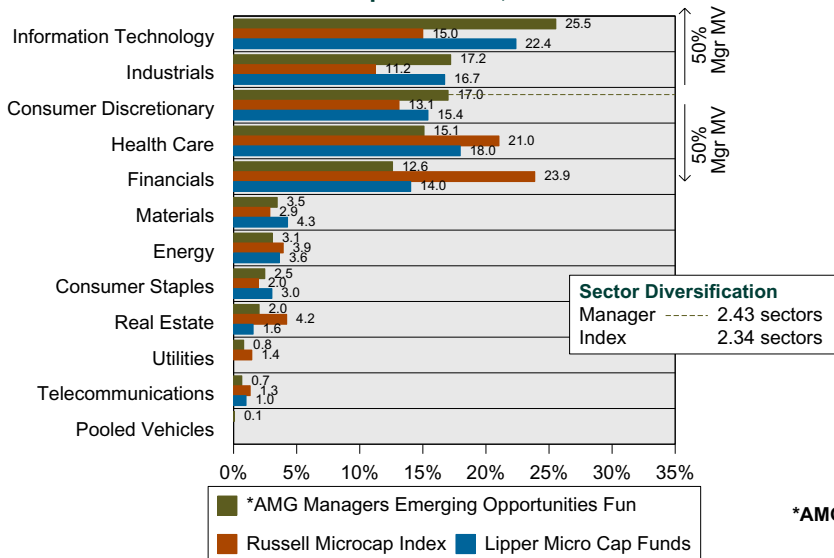
\*AMG Managers Emerging Opportunities Fun  
Russell Micro Growth Idx

AMG Managers Emerging Opportunities Fun (A)	0.69	21.87	2.37	0.77	0.25
Russell Micro Growth Idx (B)	0.47	31.54	3.21	0.58	0.43
Russell Microcap Index (▲)	0.44	22.56	1.65	1.28	(0.25)

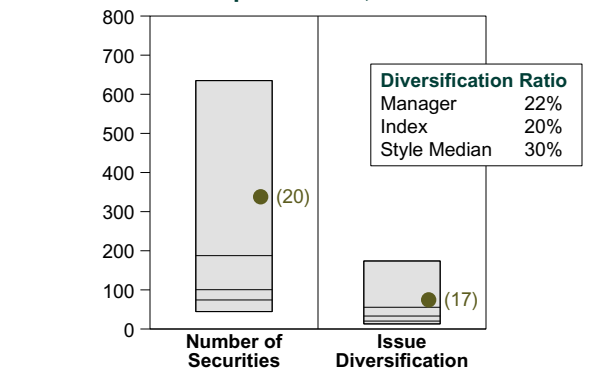
## Sector Weights

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 September 30, 2016



### Diversification September 30, 2016



10th Percentile	635	174
25th Percentile	187	56
Median	101	33
75th Percentile	74	20
90th Percentile	45	13

*AMG Managers Emerging Opportunities Fun	338	74
Russell Microcap Index	1509	301

\*9/30/16 portfolio characteristics generated using most recently available holdings (6/30/16) 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 September 30, 2016

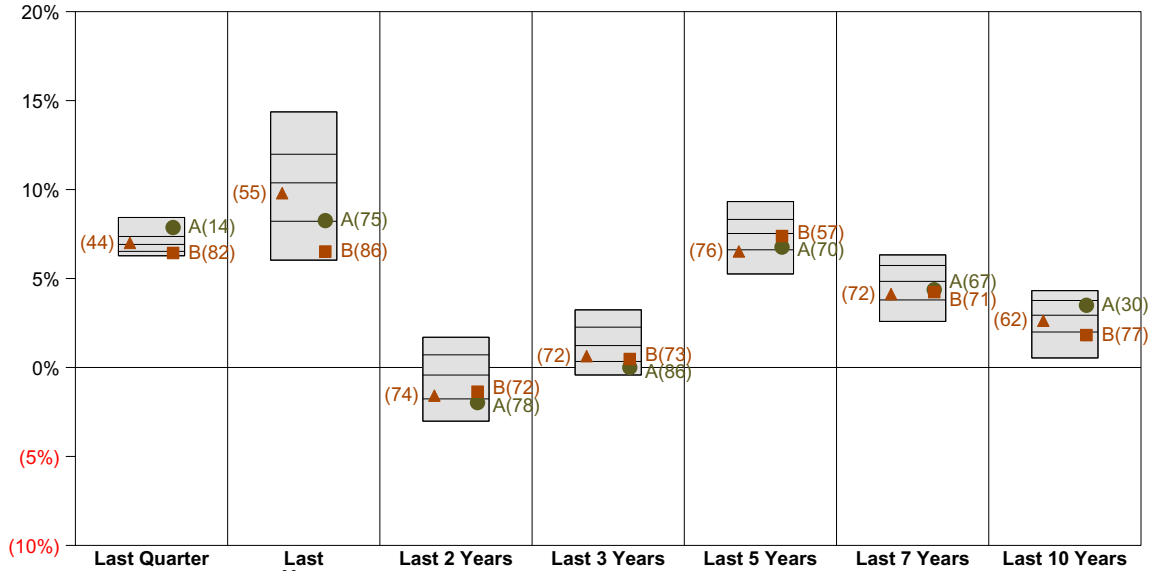
## Quarterly Summary and Highlights

- International Equity Composite's portfolio posted a 7.87% return for the quarter placing it in the 14 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 outperformed the MSCI ACWixUS Gross by 0.86% for the quarter and underperformed the MSCI ACWixUS Gross for the year by 1.54%.

## Quarterly Asset Growth

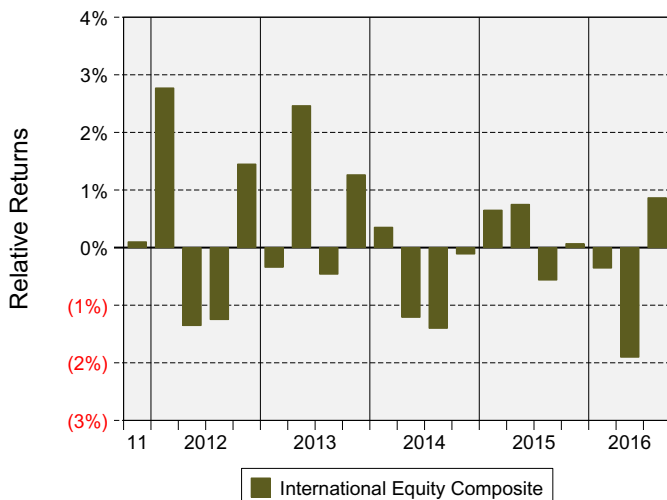
Beginning Market Value	\$96,976,684
Net New Investment	\$21,000,000
Investment Gains/(Losses)	\$7,587,082
Ending Market Value	\$125,563,767

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

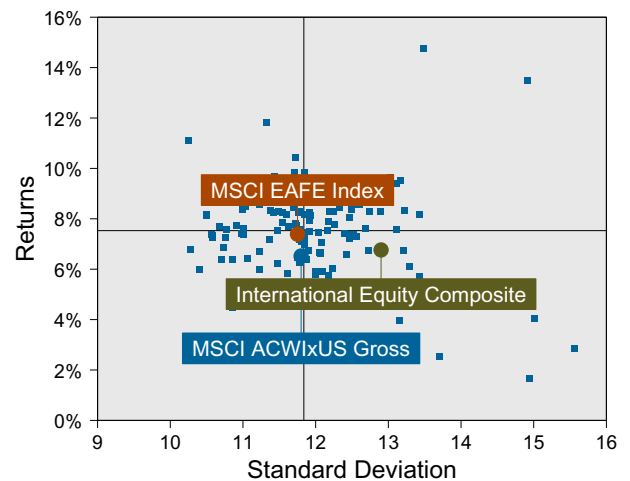


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	8.43	14.37	1.70	3.24	9.33	6.33	4.32
25th Percentile	7.36	11.98	0.71	2.27	8.32	5.73	3.77
Median	6.92	10.38	(0.43)	1.23	7.53	4.84	2.94
75th Percentile	6.53	8.22	(1.77)	0.34	6.61	3.80	1.99
90th Percentile	6.28	6.03	(3.02)	(0.42)	5.26	2.59	0.53
International Equity Composite	A 7.87	8.25	(1.98)	0.00	6.76	4.37	3.50
MSCI EAFE Index	B 6.43	6.52	(1.36)	0.48	7.39	4.24	1.82
MSCI ACWixUS Gross	▲ 7.00	9.80	(1.58)	0.64	6.52	4.12	2.63

## Relative Return vs MSCI ACWixUS Gross



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

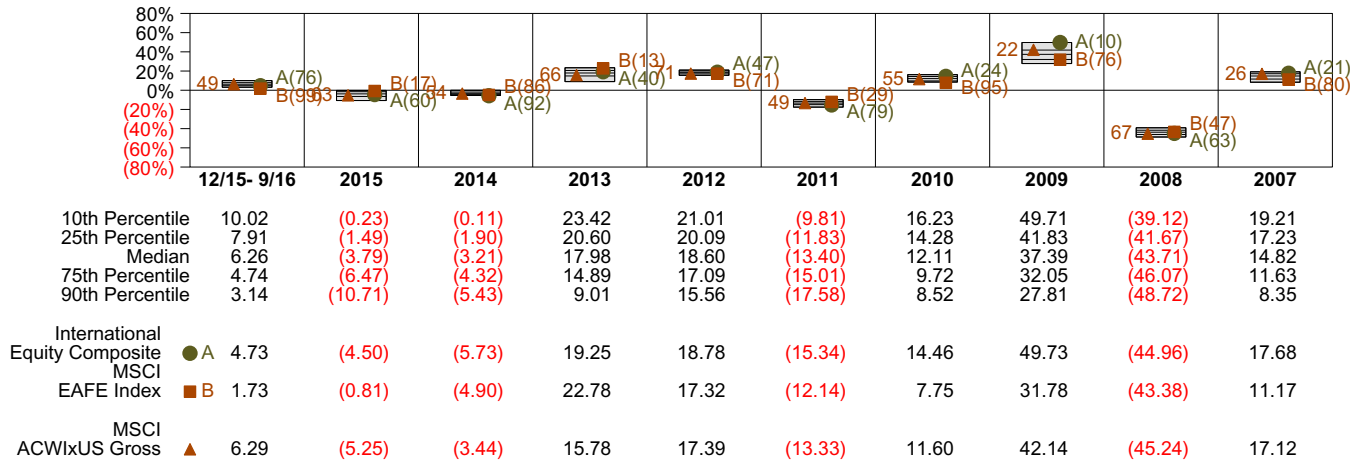


# International Equity Composite Return Analysis Summary

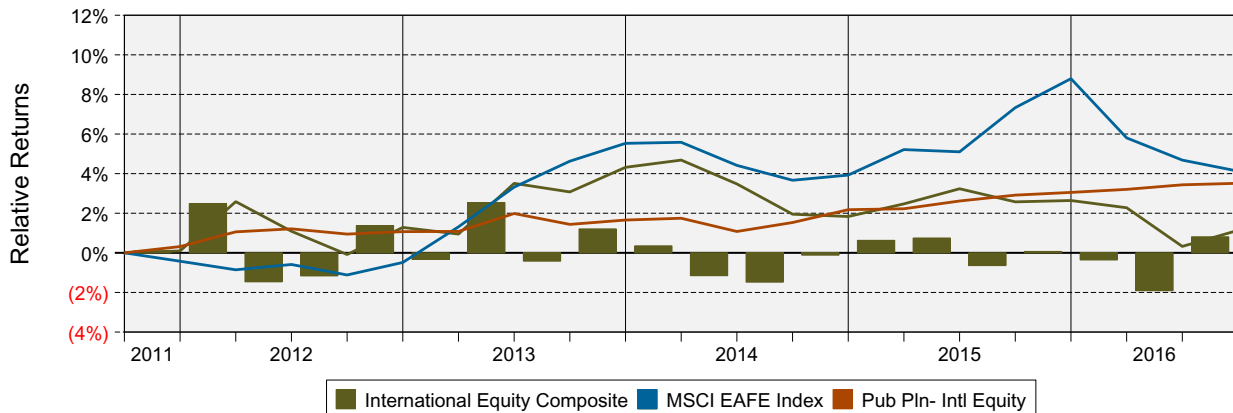
## Return Analysis

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.

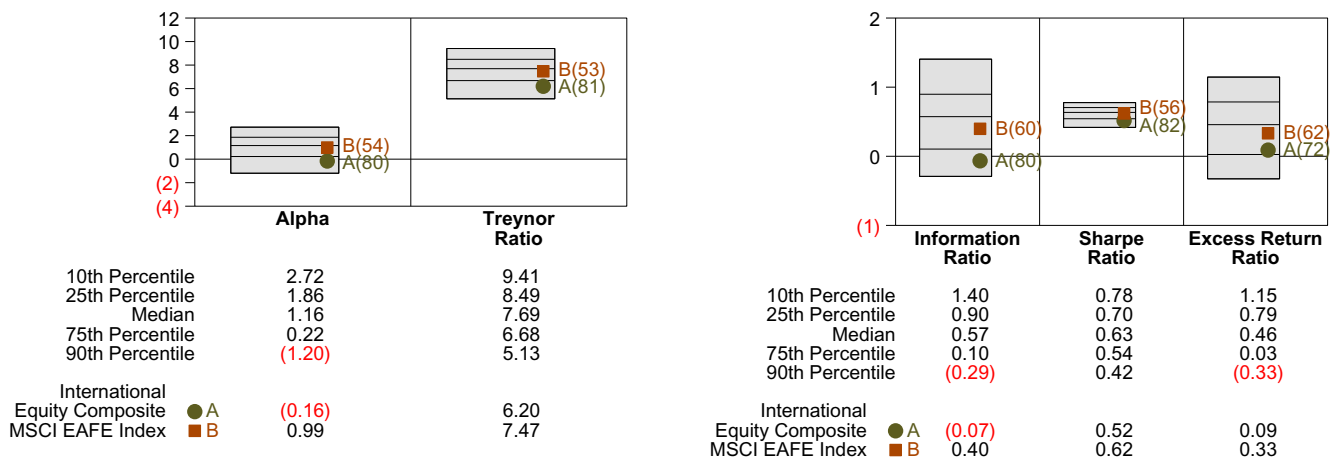
### Performance vs Pub Pln- International Equity (Gross)



### 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 September 30, 2016

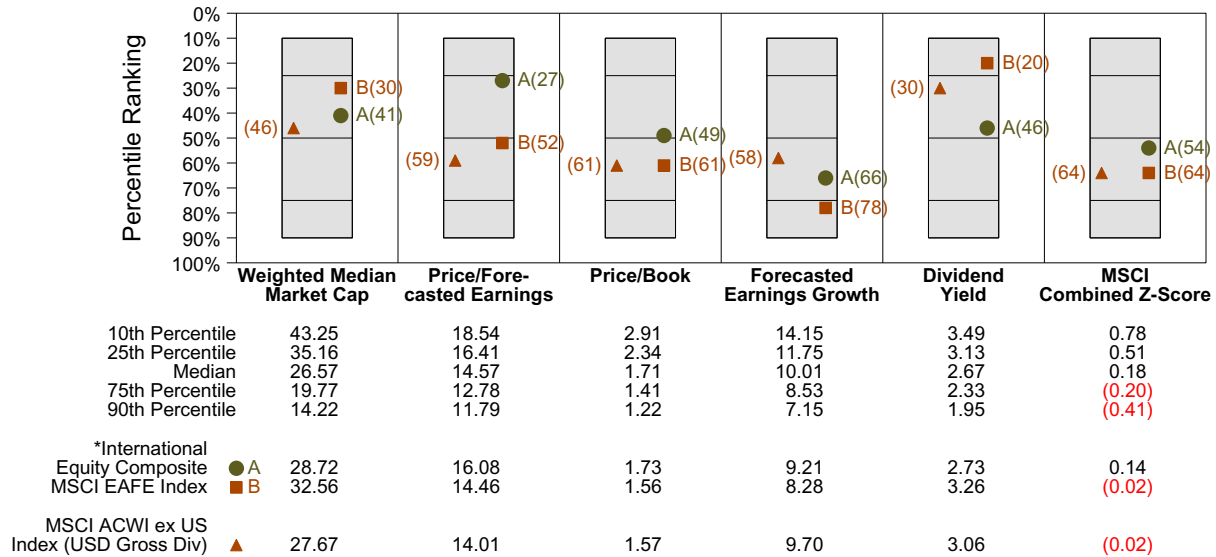


# International Equity Composite Equity Characteristics Analysis Summary

## Portfolio Characteristics

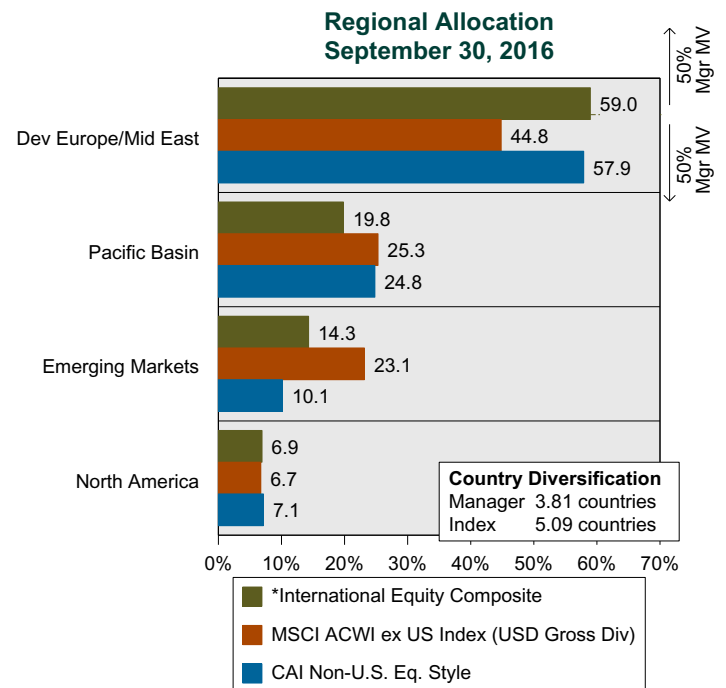
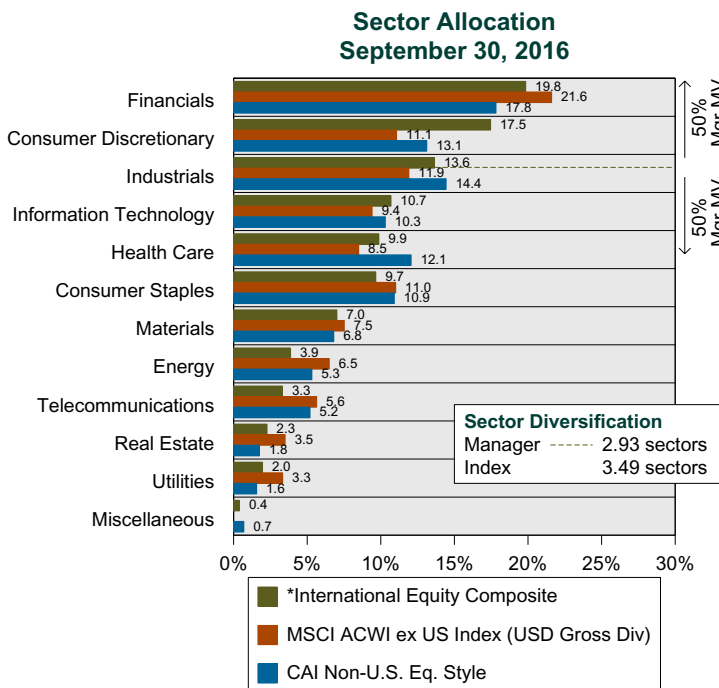
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI Non-U.S. Equity Style as of September 30, 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.



\*9/30/16 portfolio characteristics generated using most recently available holdings (6/30/16) 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.

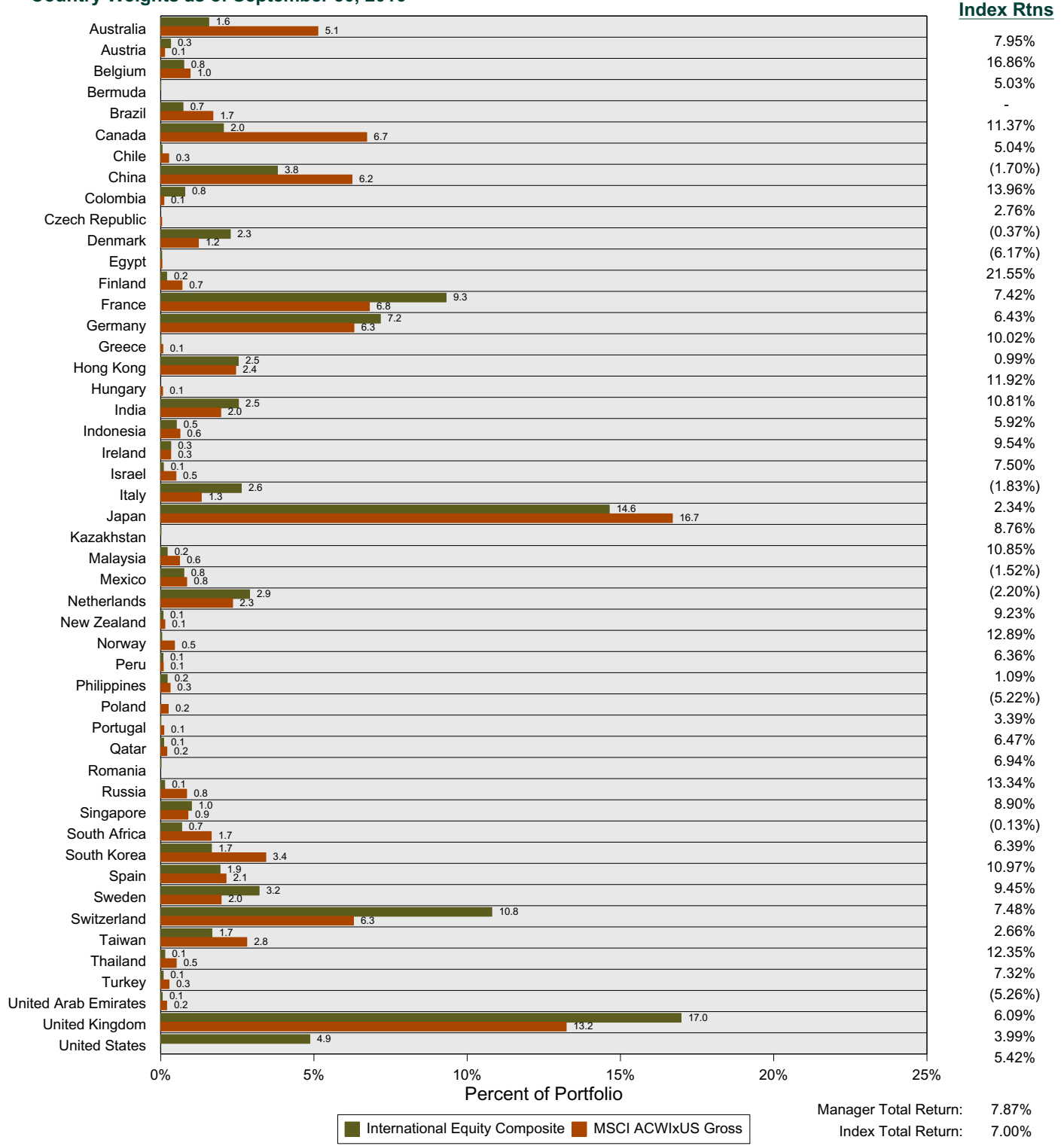
# Country Allocation

## 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 September 30, 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.

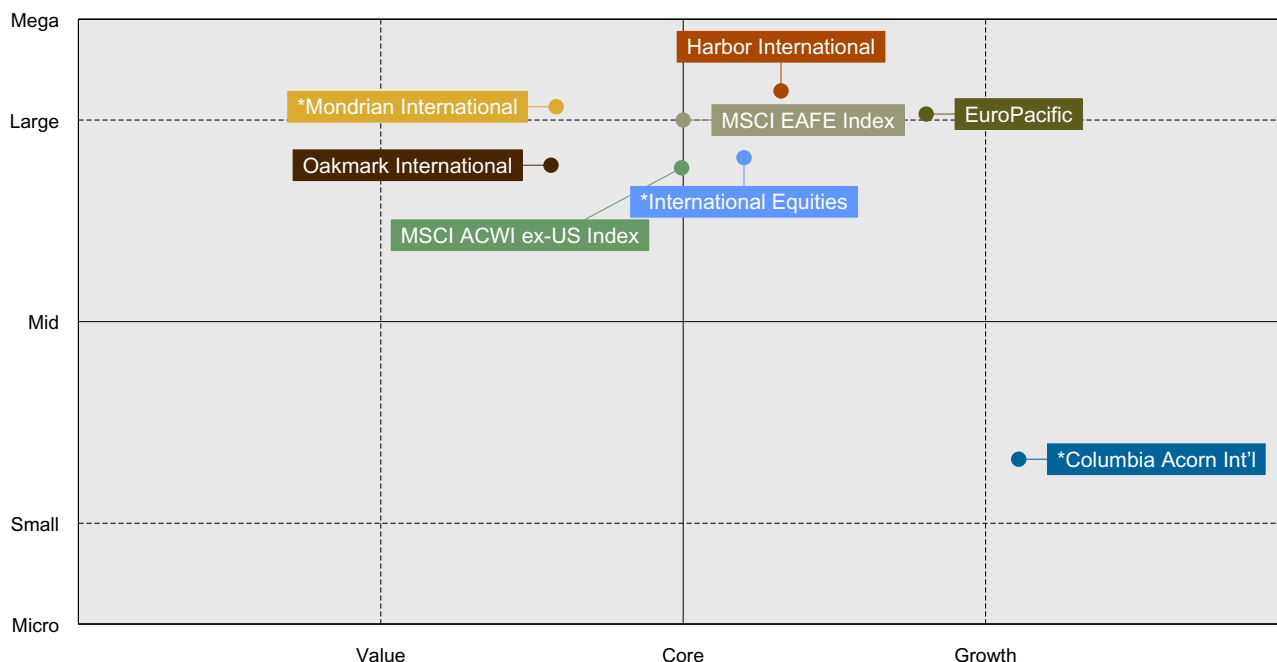
Country Weights as of September 30, 2016



## International Holdings Based Style Analysis For One Quarter Ended September 30, 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 September 30, 2016



	Weight %	Wtd Median Mkt Cap	Combined Z-Score	Growth Z-Score	Value Z-Score	Number of Securities	Security Diversification
EuroPacific	22.65%	35.32	0.64	0.30	(0.34)	251	36.63
Harbor International	22.73%	45.92	0.24	(0.01)	(0.25)	67	17.87
*Columbia Acorn Int'l	12.49%	5.15	0.88	0.27	(0.61)	117	34.10
Oakmark International	23.20%	27.94	(0.38)	(0.11)	0.27	56	15.56
*Mondrian International	18.94%	38.67	(0.37)	(0.18)	0.19	121	21.90
*International Equities	100.00%	28.72	0.14	0.03	(0.11)	527	68.94
MSCI EAFE Index	-	32.56	(0.02)	(0.01)	0.01	927	109.92
MSCI ACWI ex-US Index	-	27.67	(0.02)	(0.02)	0.01	1847	182.13

\* 9/30/16 portfolio characteristics generated using most recently available holdings (6/30/16) 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 September 30, 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.

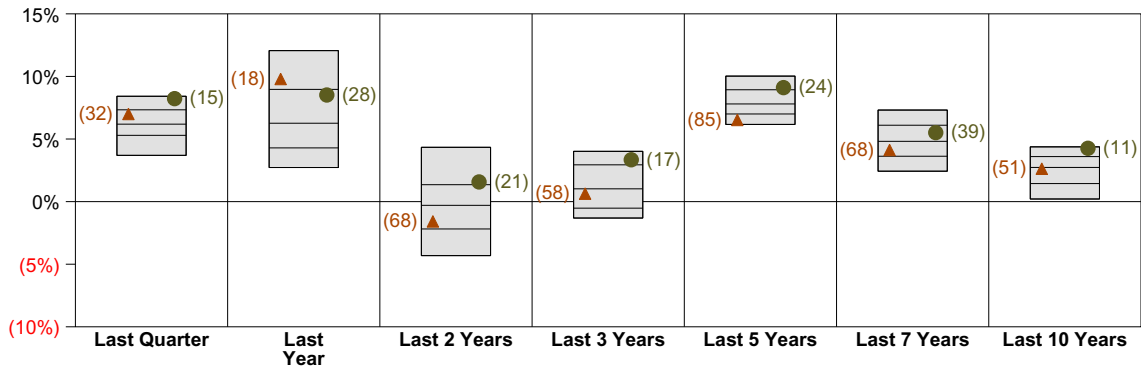
### Quarterly Summary and Highlights

- EuroPacific's portfolio posted a 8.23% return for the quarter placing it in the 15 percentile of the CAI Non US Equity Mutual Funds group for the quarter and in the 28 percentile for the last year.
- EuroPacific's portfolio outperformed the MSCI ACWixUS Gross by 1.22% for the quarter and underperformed the MSCI ACWixUS Gross for the year by 1.28%.

### Quarterly Asset Growth

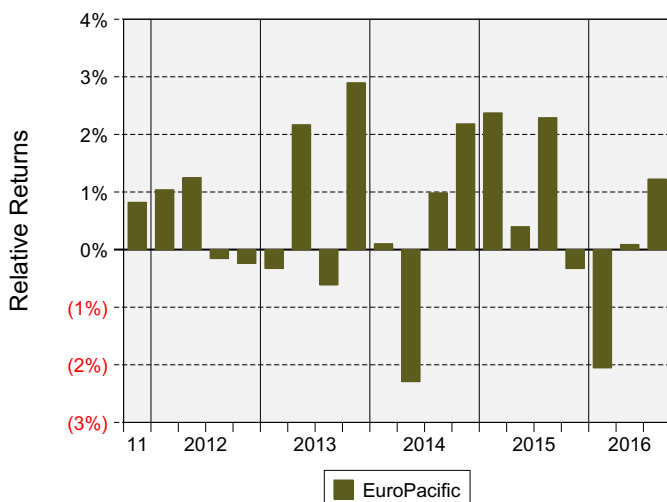
Beginning Market Value	\$21,684,238
Net New Investment	\$5,000,000
Investment Gains/(Losses)	\$1,753,501
Ending Market Value	\$28,437,739

### Performance vs CAI Non US Equity Mutual Funds (Net)

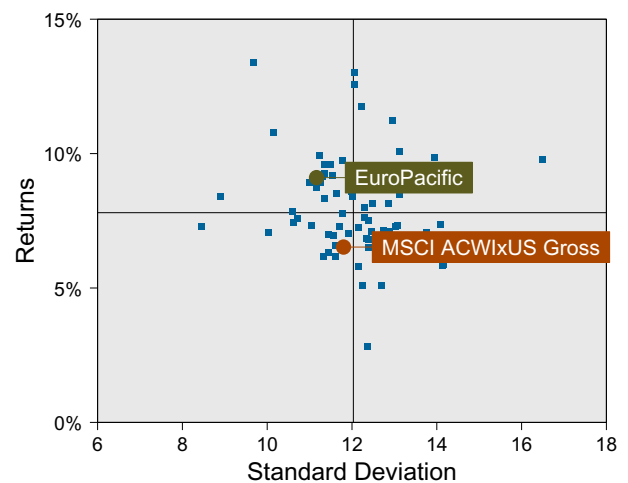


10th Percentile	8.42	12.06	4.34	4.02	10.03	7.31	4.37
25th Percentile	7.33	8.97	1.35	2.94	8.94	6.10	3.60
Median	6.19	6.26	(0.30)	1.02	7.80	4.82	2.73
75th Percentile	5.30	4.29	(2.18)	(0.52)	7.00	3.62	1.44
90th Percentile	3.70	2.72	(4.31)	(1.31)	6.17	2.43	0.21
<b>EuroPacific</b> ●	8.23	8.52	1.57	3.34	9.11	5.51	4.26
MSCI ACWixUS Gross ▲	7.00	9.80	(1.58)	0.64	6.52	4.12	2.63

### Relative Return vs MSCI ACWixUS Gross



### CAI Non US Equity Mutual Funds (Net) Annualized Five Year Risk vs Return

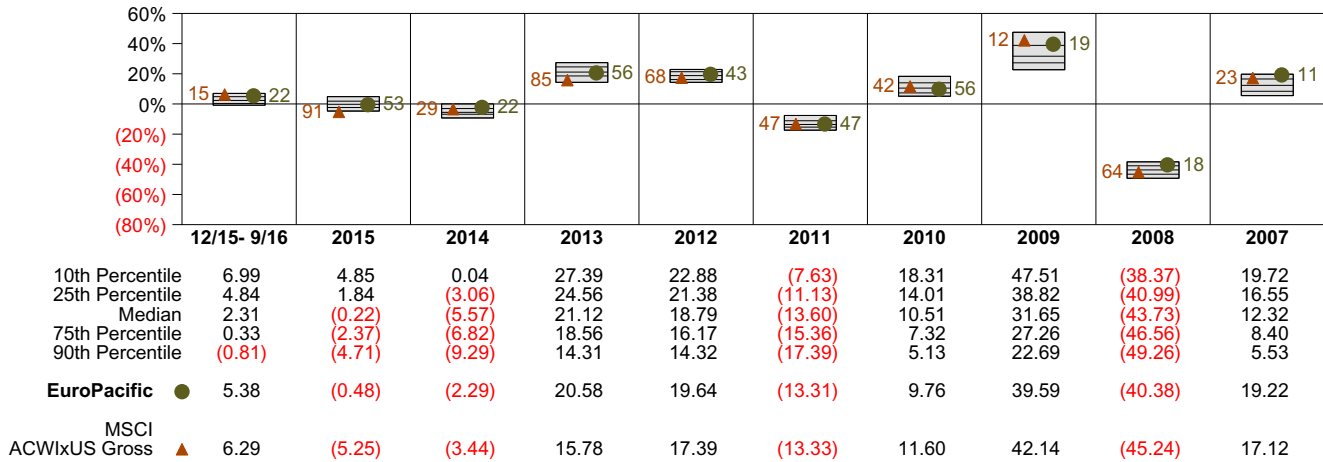


# EuroPacific Return Analysis Summary

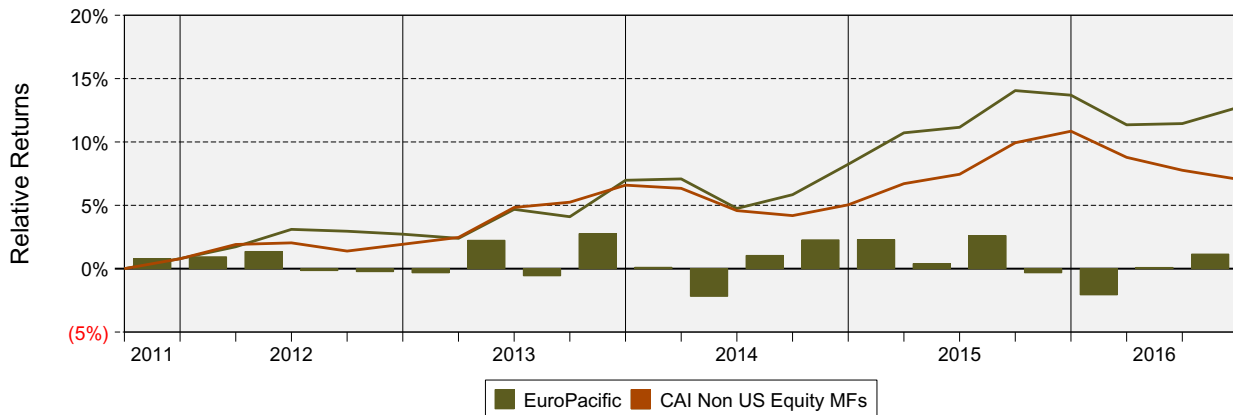
## Return Analysis

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.

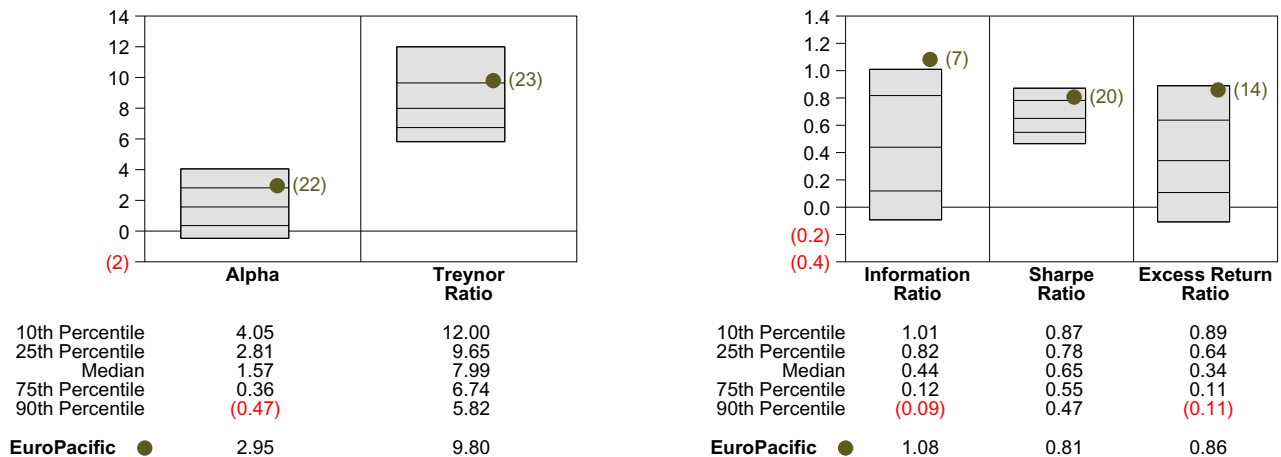
### Performance vs CAI Non US Equity Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs MSCI ACWixUS Gross Rankings Against CAI Non US Equity Mutual Funds (Net) Five Years Ended September 30, 2016

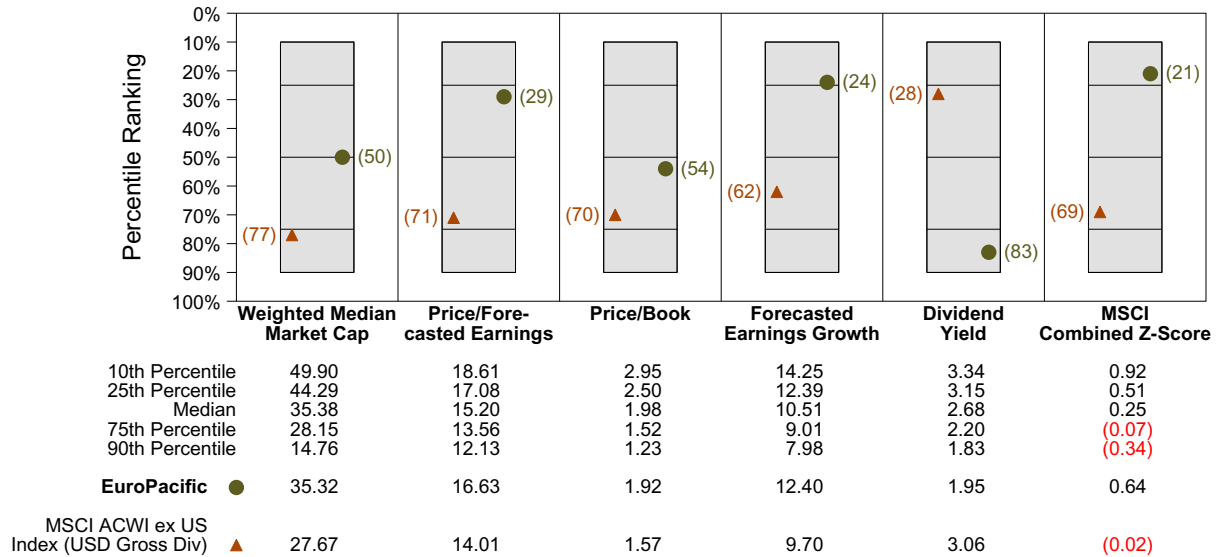


# EuroPacific Equity Characteristics Analysis Summary

## 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.

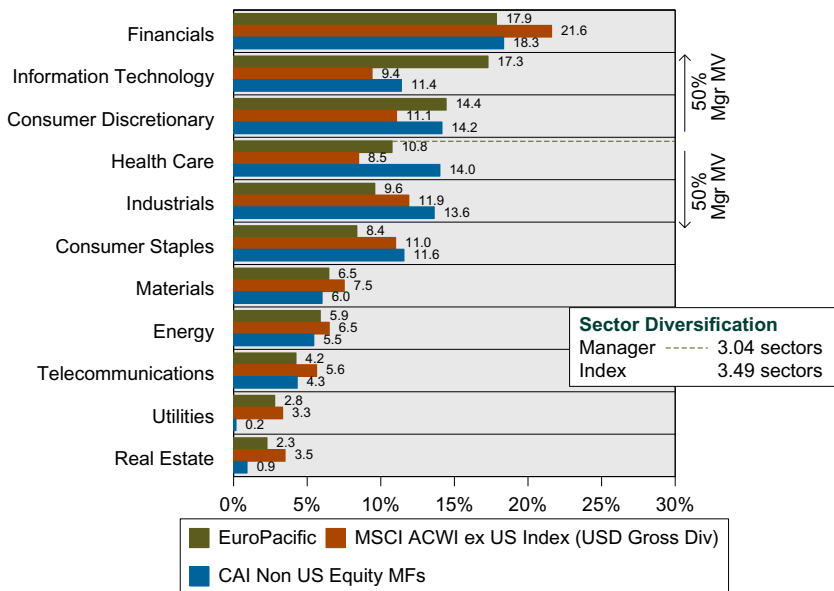
## Portfolio Characteristics Percentile Rankings Rankings Against CAI Non US Equity Mutual Funds as of September 30, 2016



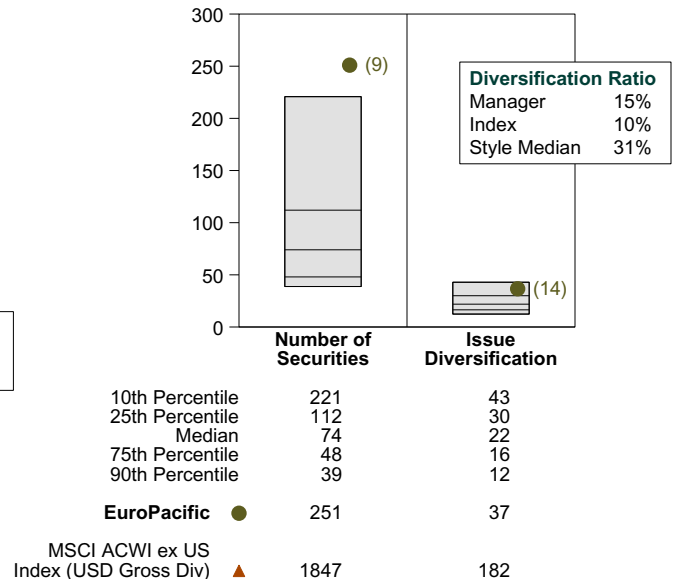
## Sector Weights

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 September 30, 2016



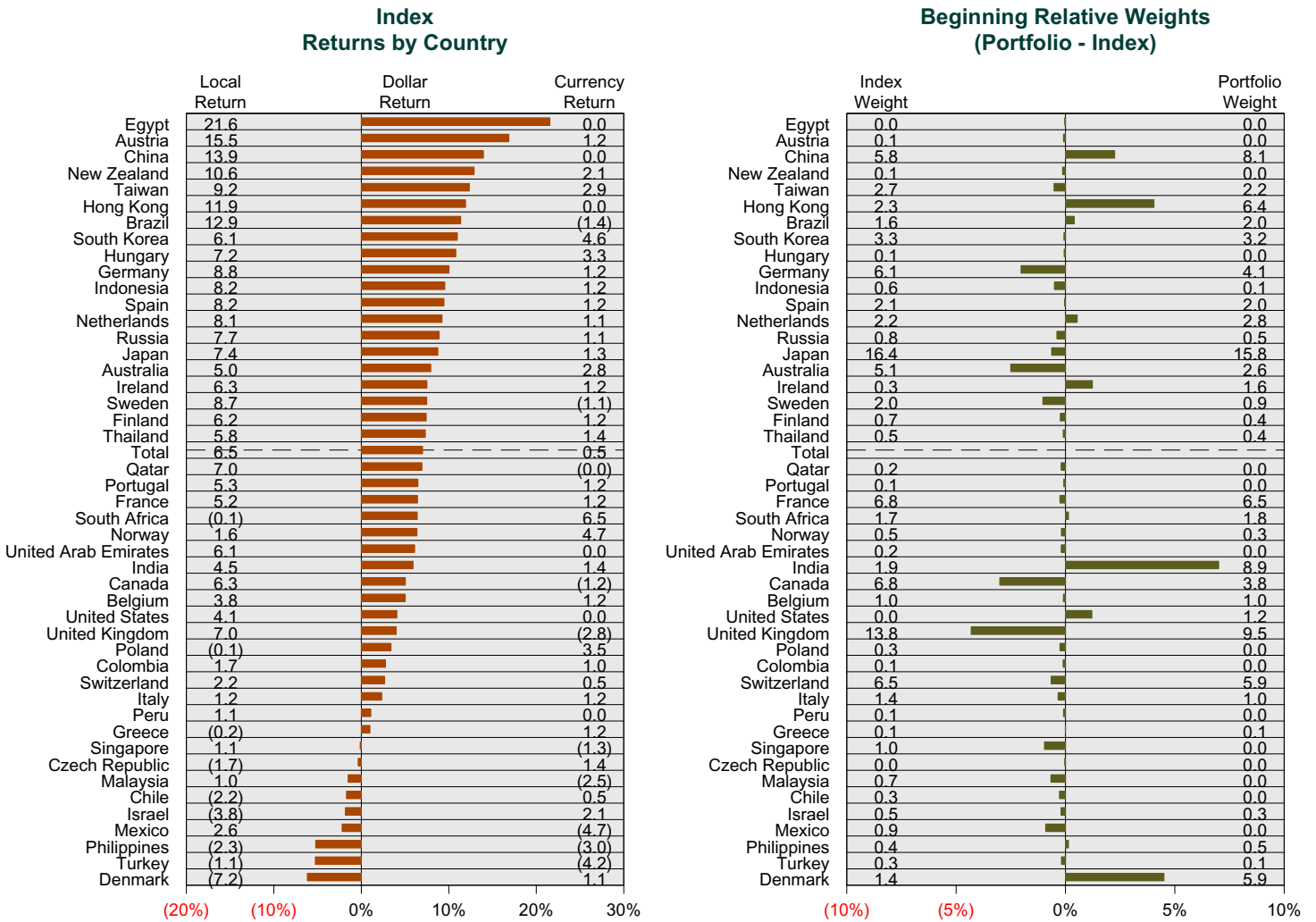
### Diversification September 30, 2016



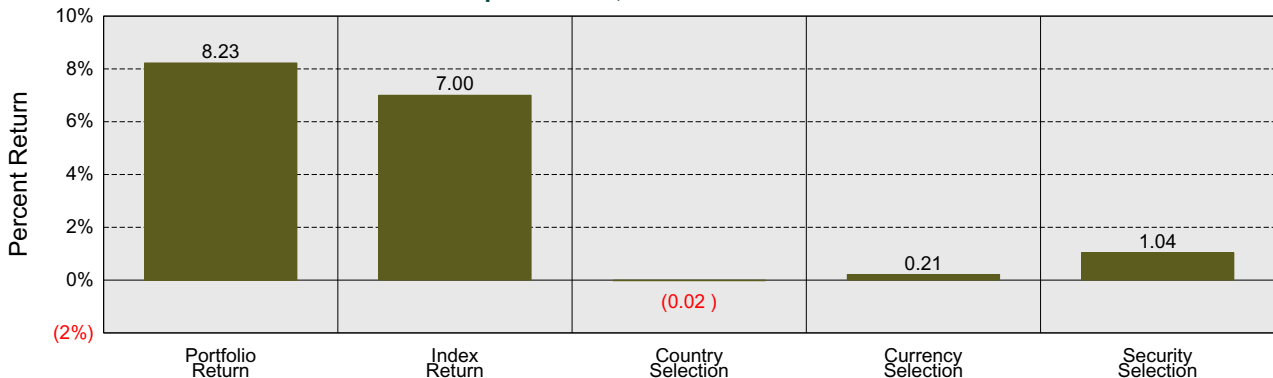
# EuroPacific vs MSCI ACWixUS Gross Attribution for Quarter Ended September 30, 2016

## 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 September 30, 2016



# Harbor International Period Ended September 30, 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.

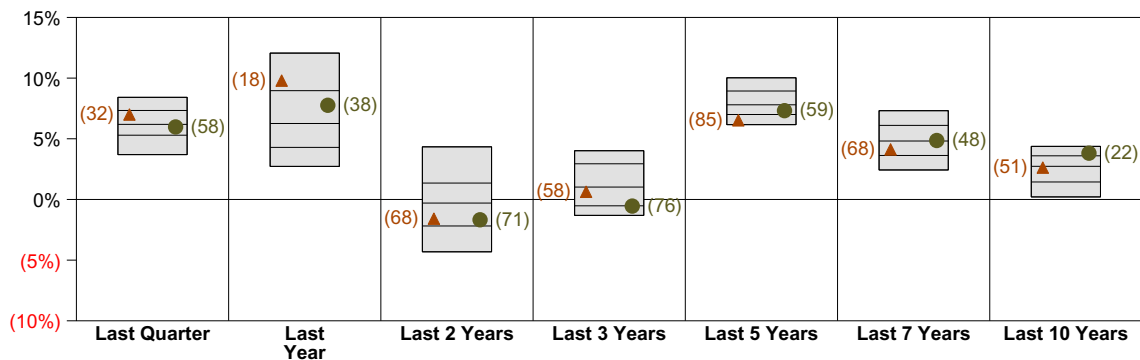
## Quarterly Summary and Highlights

- Harbor International's portfolio posted a 5.97% return for the quarter placing it in the 58 percentile of the CAI Non US Equity Mutual Funds group for the quarter and in the 38 percentile for the last year.
- Harbor International's portfolio underperformed the MSCI ACWIxUS Gross by 1.03% for the quarter and underperformed the MSCI ACWIxUS Gross for the year by 2.03%.

## Quarterly Asset Growth

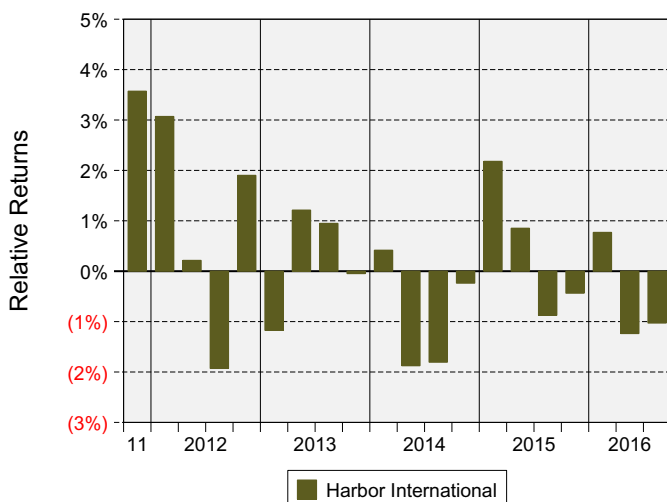
Beginning Market Value	\$21,647,323
Net New Investment	\$5,650,000
Investment Gains/(Losses)	\$1,240,255
Ending Market Value	\$28,537,578

## Performance vs CAI Non US Equity Mutual Funds (Net)

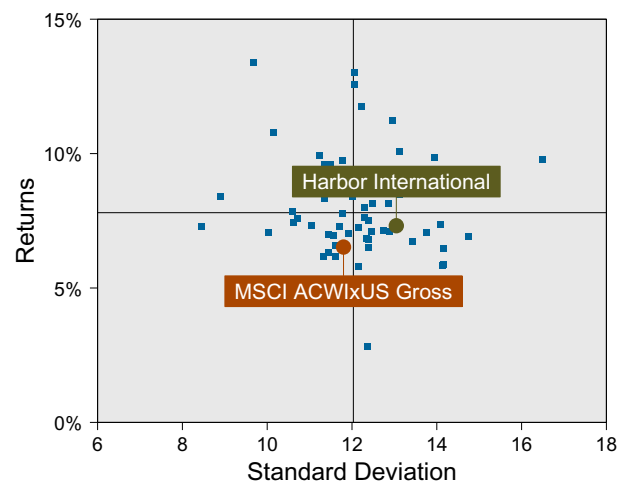


10th Percentile	8.42	12.06	4.34	4.02	10.03	7.31	4.37
25th Percentile	7.33	8.97	1.35	2.94	8.94	6.10	3.60
Median	6.19	6.26	(0.30)	1.02	7.80	4.82	2.73
75th Percentile	5.30	4.29	(2.18)	(0.52)	7.00	3.62	1.44
90th Percentile	3.70	2.72	(4.31)	(1.31)	6.17	2.43	0.21
<b>Harbor International</b> ●	5.97	7.76	(1.68)	(0.55)	7.32	4.86	3.81
MSCI ACWIxUS Gross ▲	7.00	9.80	(1.58)	0.64	6.52	4.12	2.63

## Relative Return vs MSCI ACWIxUS Gross



## CAI Non US Equity Mutual Funds (Net) Annualized Five Year Risk vs Return

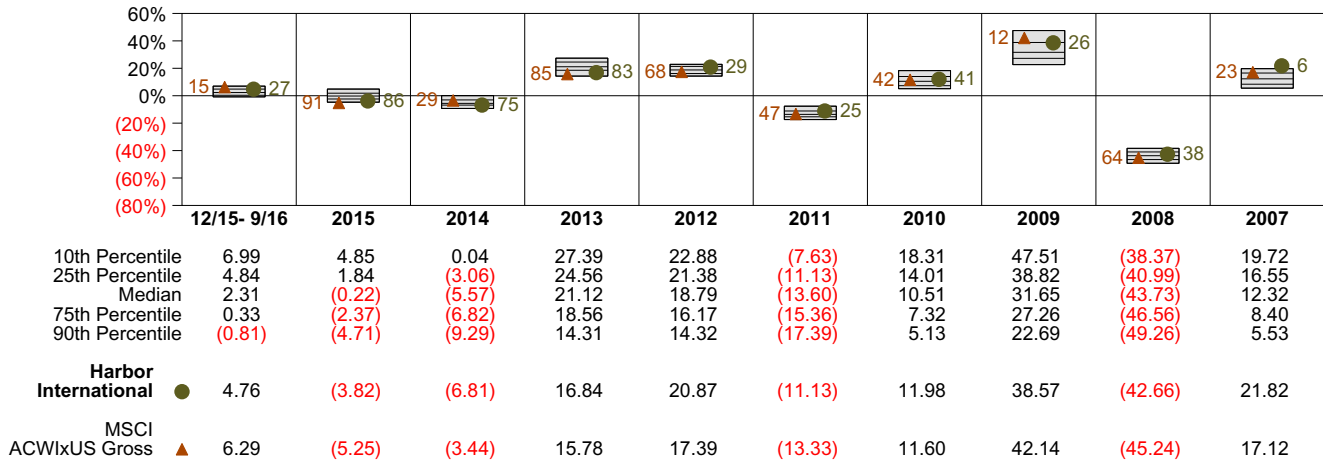


# Harbor International Return Analysis Summary

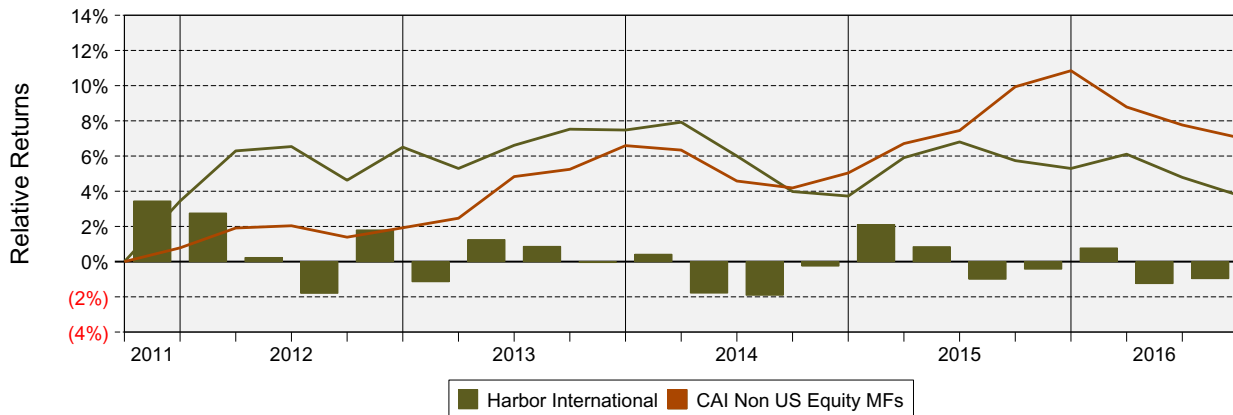
## Return Analysis

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.

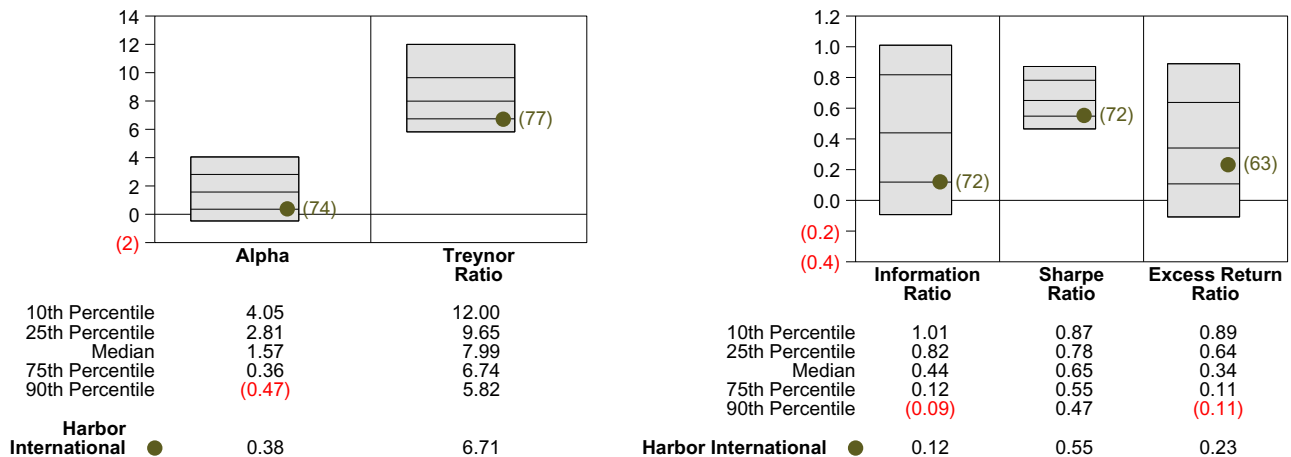
### Performance vs CAI Non US Equity Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs MSCI ACWIxUS Gross Rankings Against CAI Non US Equity Mutual Funds (Net) Five Years Ended September 30, 2016

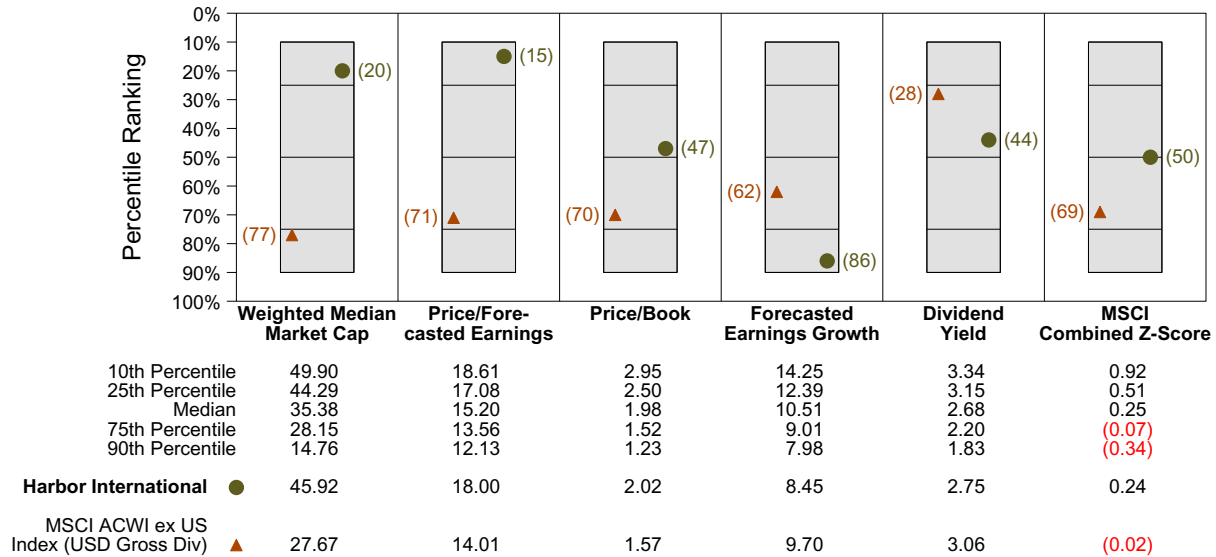


# Harbor International Equity Characteristics Analysis Summary

## Portfolio Characteristics

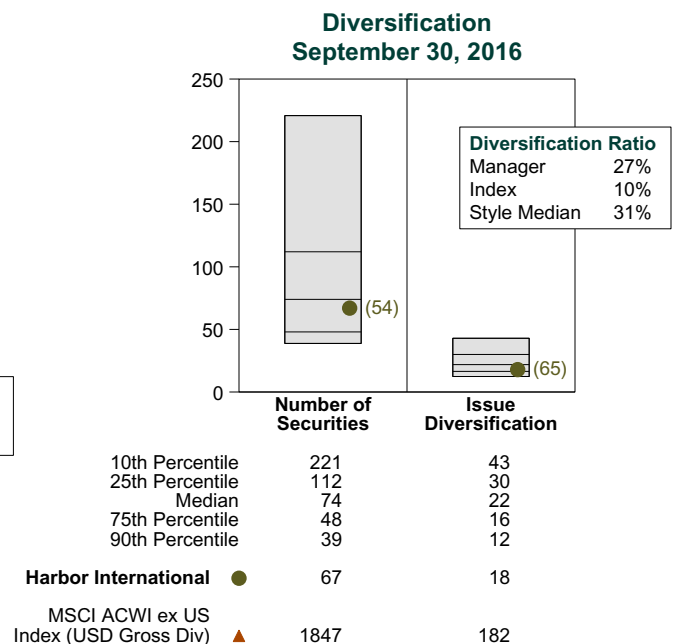
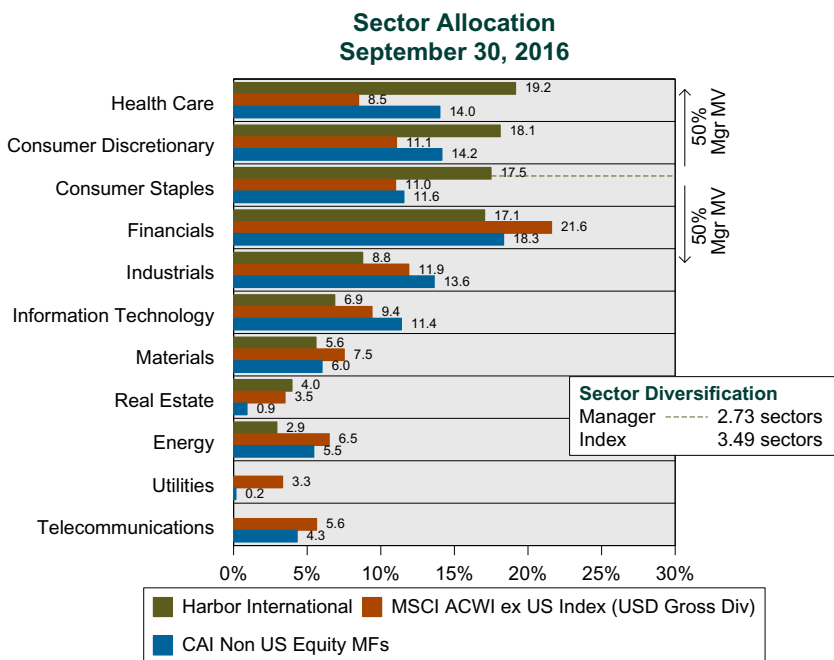
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI Non US Equity Mutual Funds as of September 30, 2016



## Sector Weights

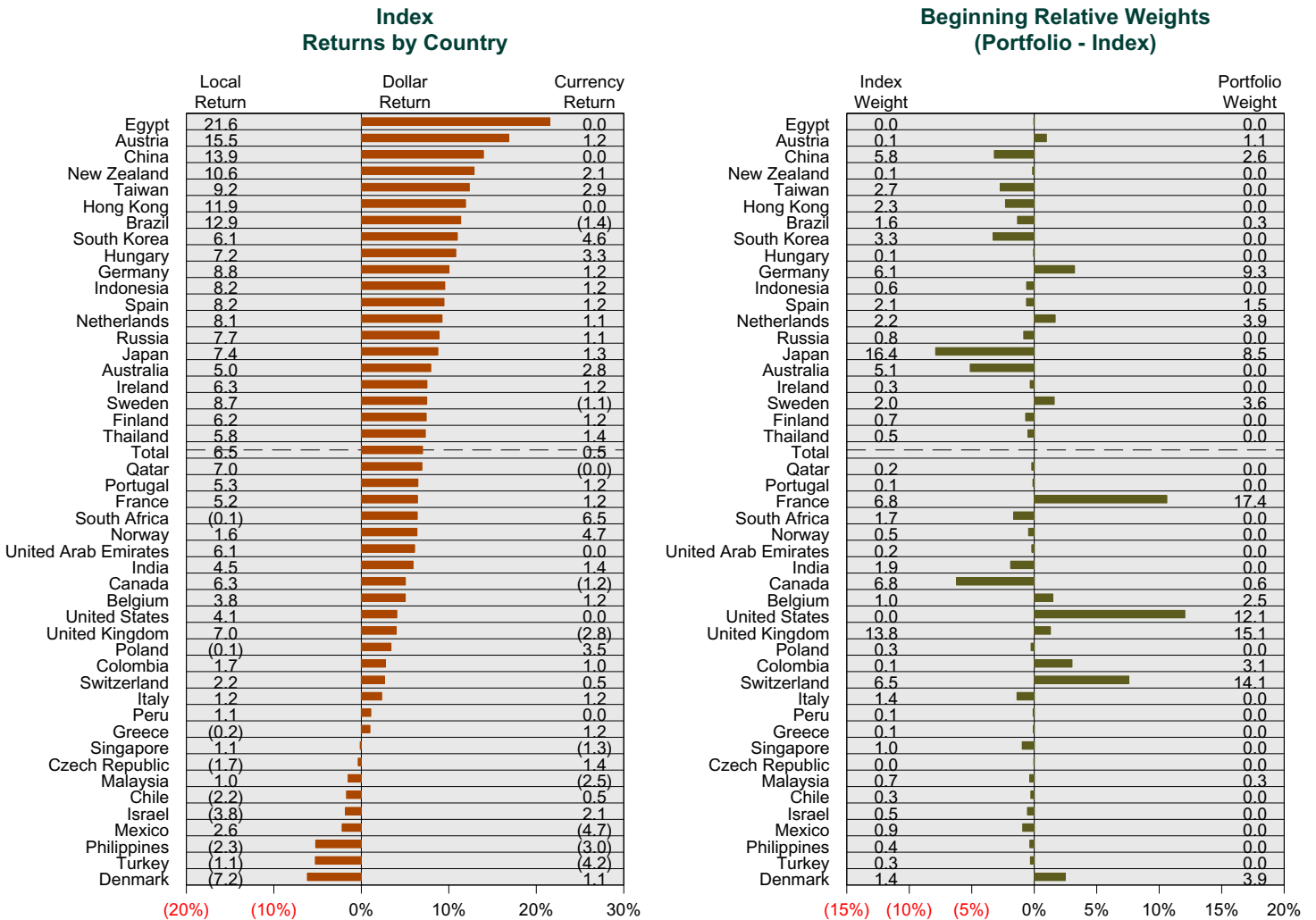
The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration 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.



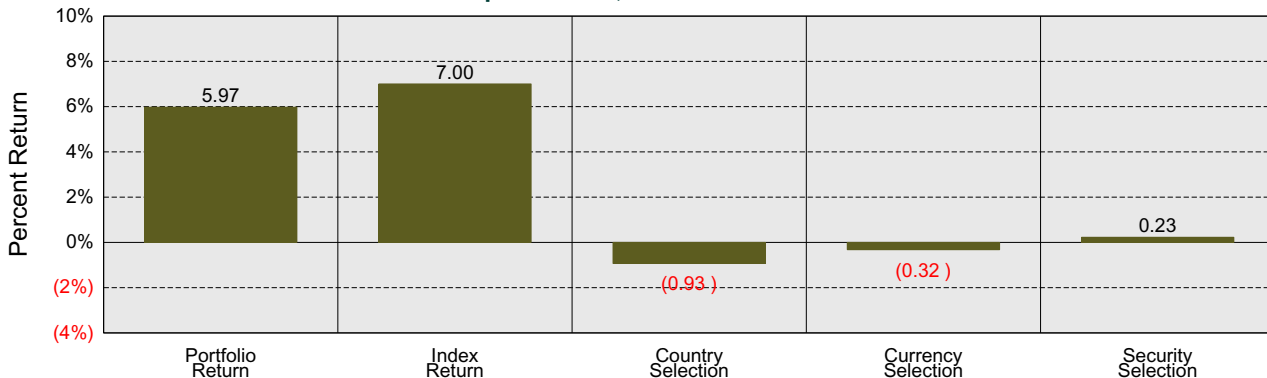
# Harbor International vs MSCI ACWIxUS Gross Attribution for Quarter Ended September 30, 2016

## 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 September 30, 2016





# Columbia Acorn International Period Ended September 30, 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.

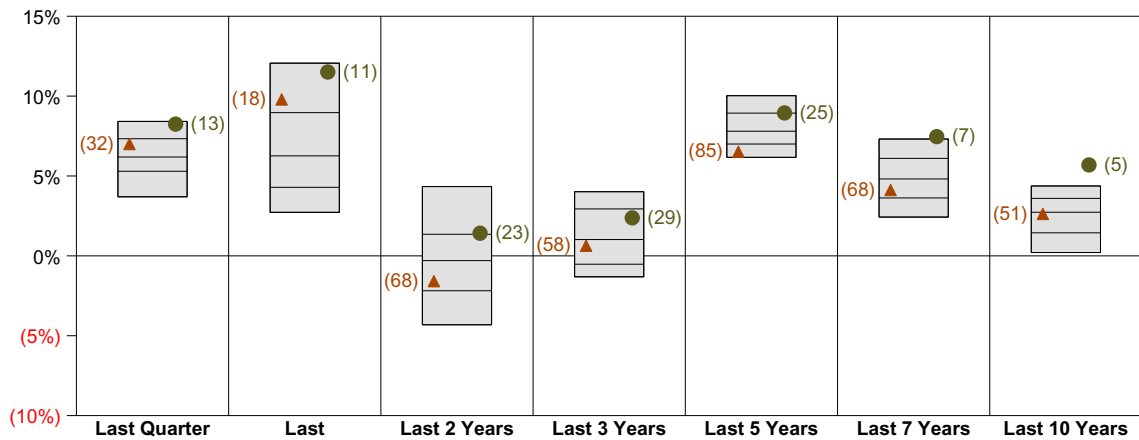
## Quarterly Summary and Highlights

- Columbia Acorn International's portfolio posted a 8.25% return for the quarter placing it in the 13 percentile of the CAI Non US Equity Mutual Funds group for the quarter and in the 11 percentile for the last year.
- Columbia Acorn International's portfolio outperformed the MSCI ACWixUS Gross by 1.25% for the quarter and outperformed the MSCI ACWixUS Gross for the year by 1.71%.

## Quarterly Asset Growth

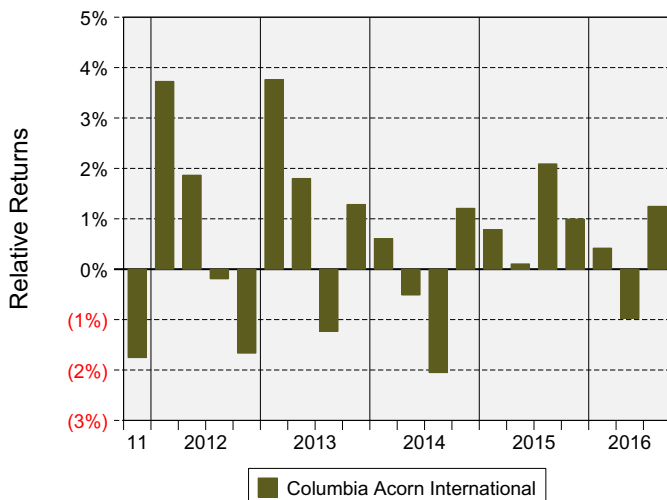
Beginning Market Value	\$10,901,809
Net New Investment	\$3,900,000
Investment Gains/(Losses)	\$880,548
Ending Market Value	\$15,682,357

## Performance vs CAI Non US Equity Mutual Funds (Net)

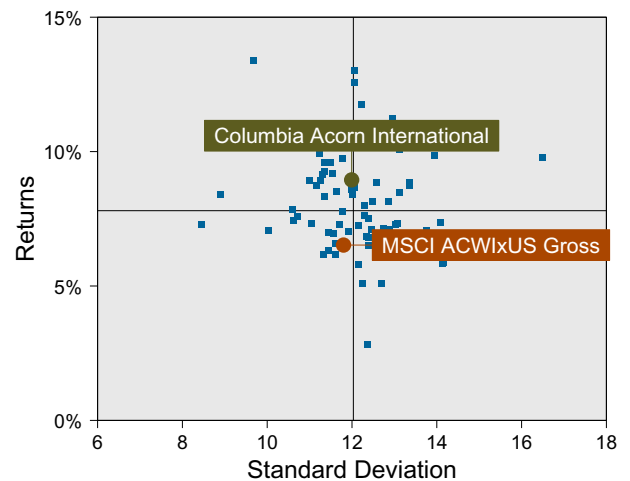


10th Percentile	8.42	12.06	4.34	4.02	10.03	7.31	4.37
25th Percentile	7.33	8.97	1.35	2.94	8.94	6.10	3.60
Median	6.19	6.26	(0.30)	1.02	7.80	4.82	2.73
75th Percentile	5.30	4.29	(2.18)	(0.52)	7.00	3.62	1.44
90th Percentile	3.70	2.72	(4.31)	(1.31)	6.17	2.43	0.21
<b>Columbia Acorn International</b>	● 8.25	11.51	1.42	2.38	8.95	7.46	5.69
MSCI ACWixUS Gross	▲ 7.00	9.80	(1.58)	0.64	6.52	4.12	2.63

## Relative Return vs MSCI ACWixUS Gross



## CAI Non US Equity Mutual Funds (Net) Annualized Five Year Risk vs Return

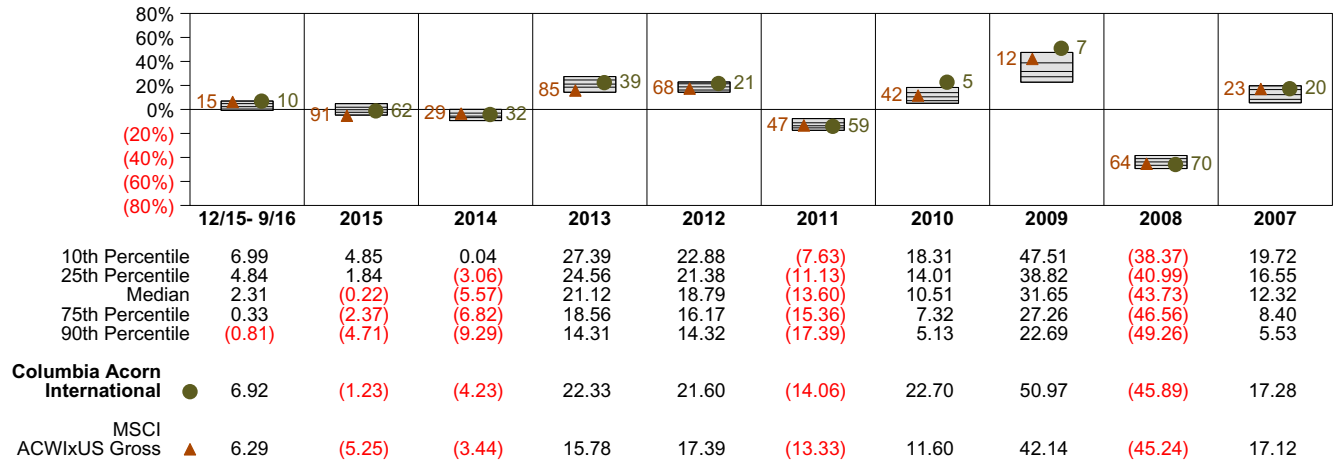


# Columbia Acorn International Return Analysis Summary

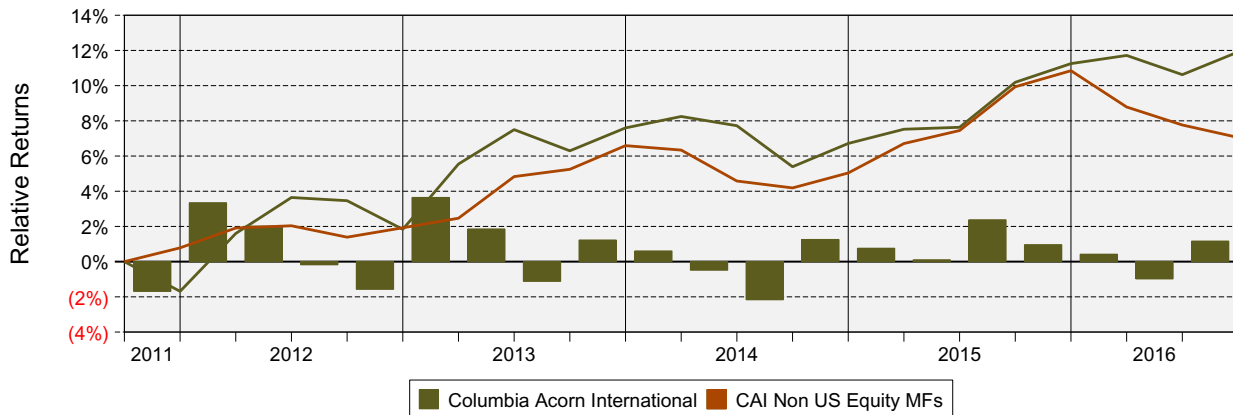
## Return Analysis

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.

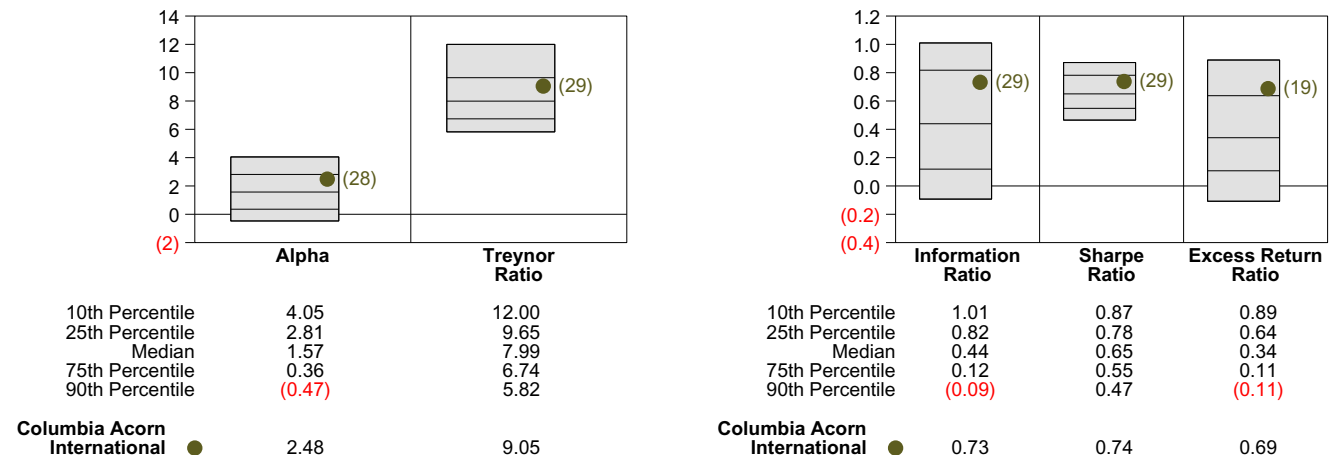
### Performance vs CAI Non US Equity Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs MSCI ACWixUS Gross Rankings Against CAI Non US Equity Mutual Funds (Net) Five Years Ended September 30, 2016

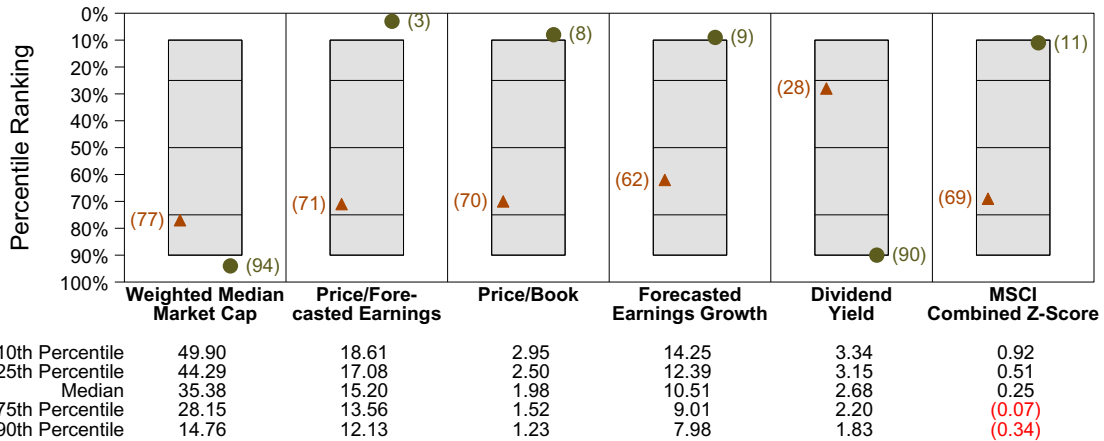


# Columbia Acorn International Equity Characteristics Analysis Summary

## 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.

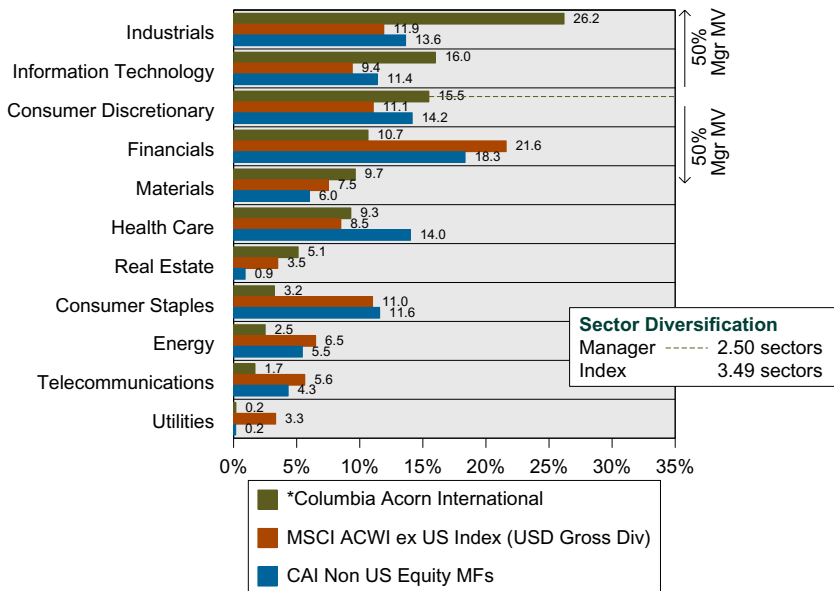
## Portfolio Characteristics Percentile Rankings Rankings Against CAI Non US Equity Mutual Funds as of September 30, 2016



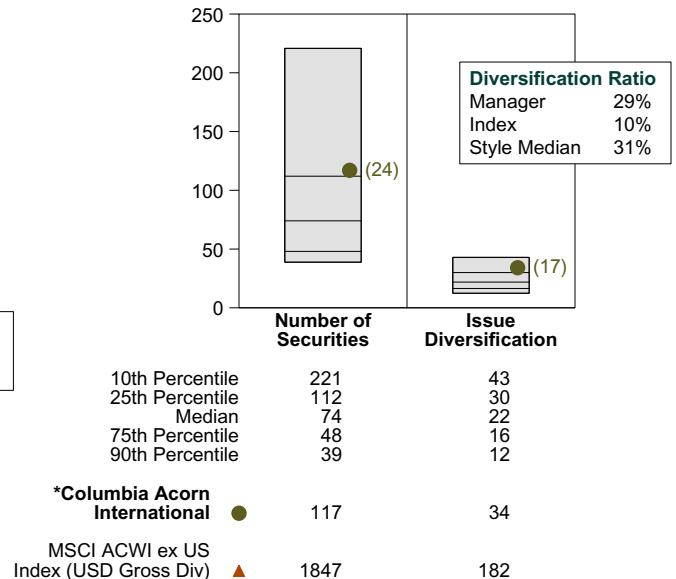
## Sector Weights

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 September 30, 2016



### Diversification September 30, 2016

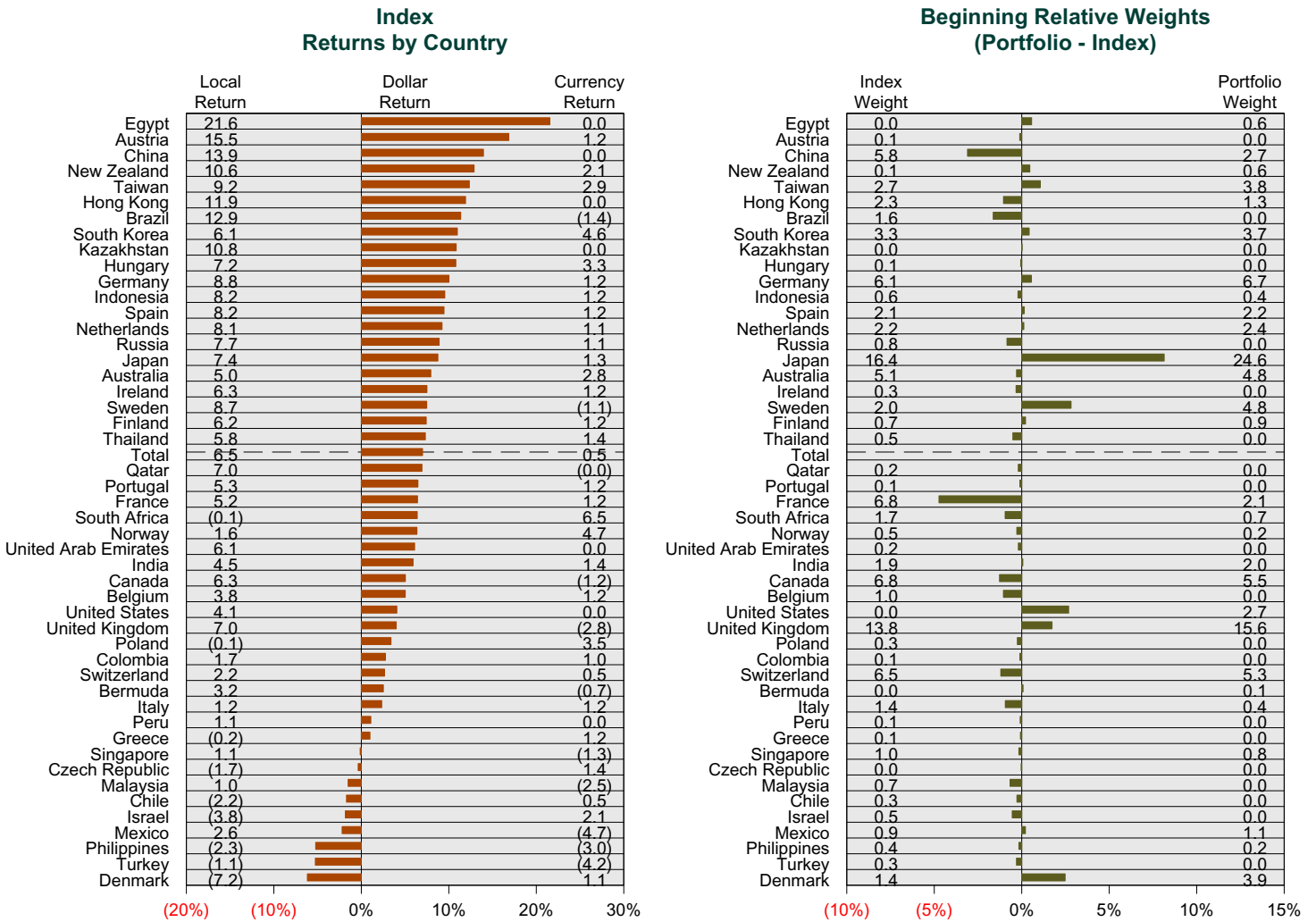


\*9/30/16 portfolio characteristics generated using most recently available holdings (8/31/16) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

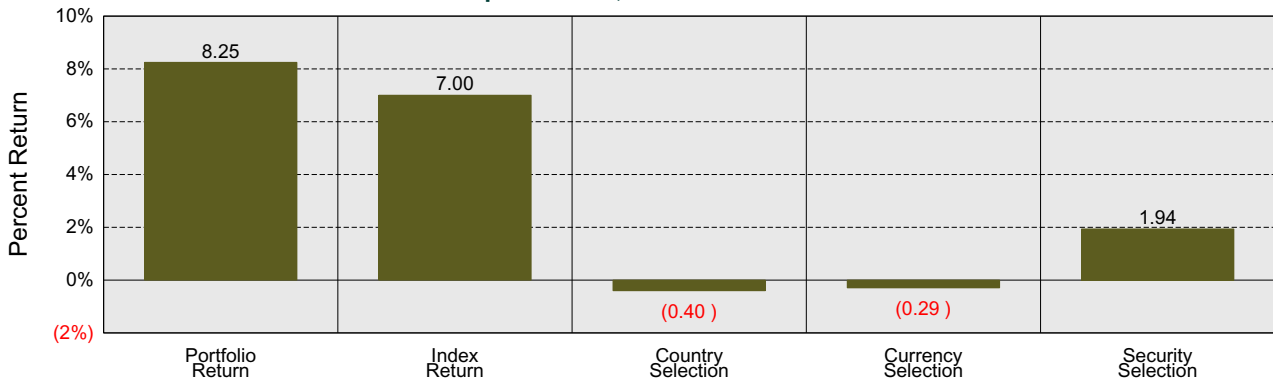
# Columbia Acorn International vs MSCI ACWixUS Gross Attribution for Quarter Ended September 30, 2016

## 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 September 30, 2016



# Oakmark International

## Period Ended September 30, 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.

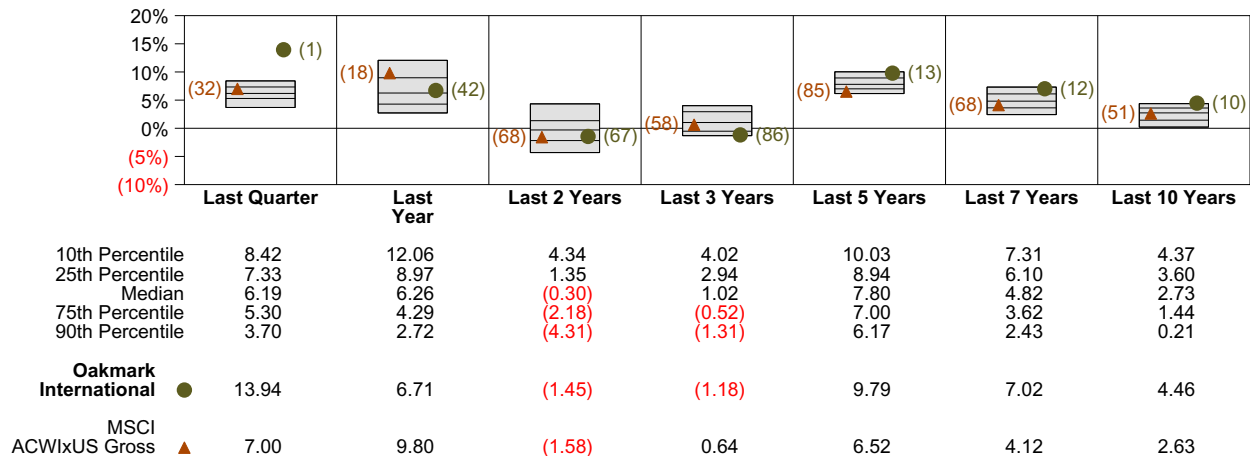
### Quarterly Summary and Highlights

- Oakmark International's portfolio posted a 13.94% return for the quarter placing it in the 1 percentile of the CAI Non US Equity Mutual Funds group for the quarter and in the 42 percentile for the last year.
- Oakmark International's portfolio outperformed the MSCI ACWixUS Gross by 6.94% for the quarter and underperformed the MSCI ACWixUS Gross for the year by 3.08%.

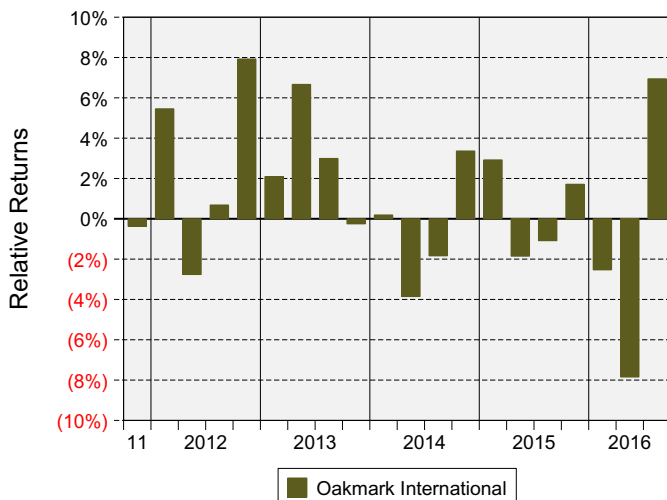
### Quarterly Asset Growth

Beginning Market Value	\$19,901,625
Net New Investment	\$6,450,000
Investment Gains/(Losses)	\$2,777,175
Ending Market Value	\$29,128,800

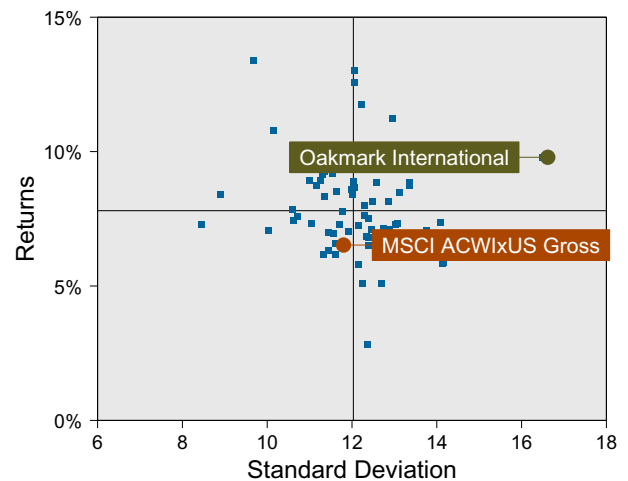
### Performance vs CAI Non US Equity Mutual Funds (Net)



### Relative Return vs MSCI ACWixUS Gross



### CAI Non US Equity Mutual Funds (Net) Annualized Five Year Risk vs Return

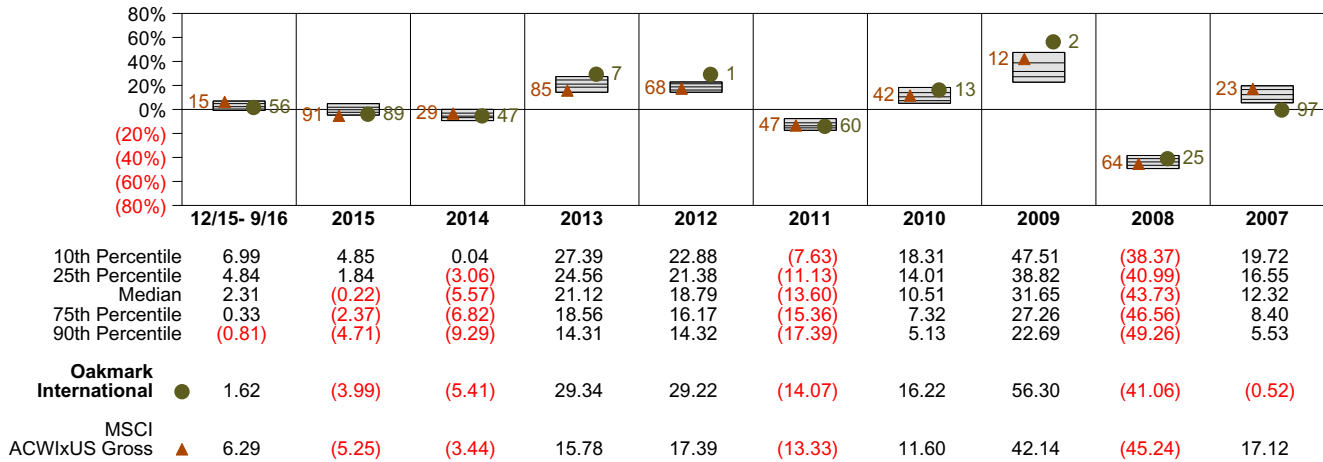


# Oakmark International Return Analysis Summary

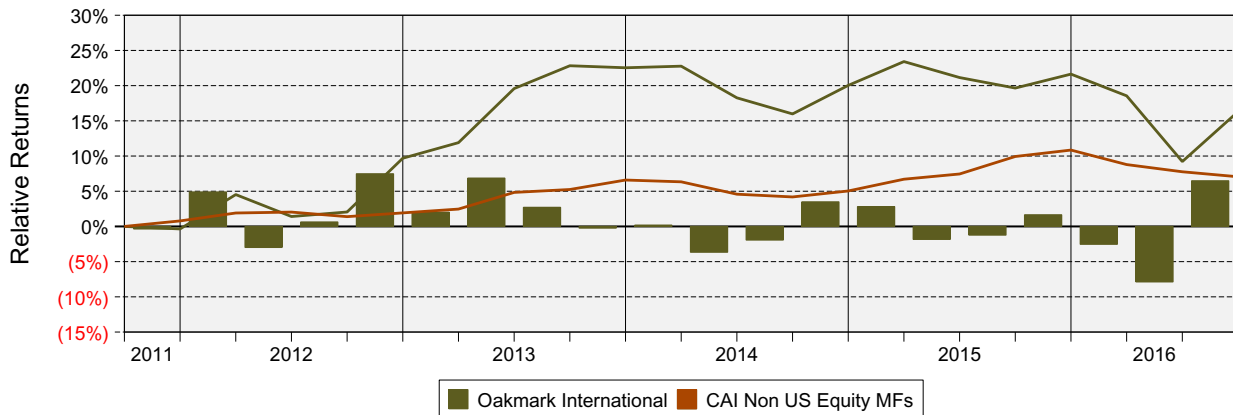
## Return Analysis

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.

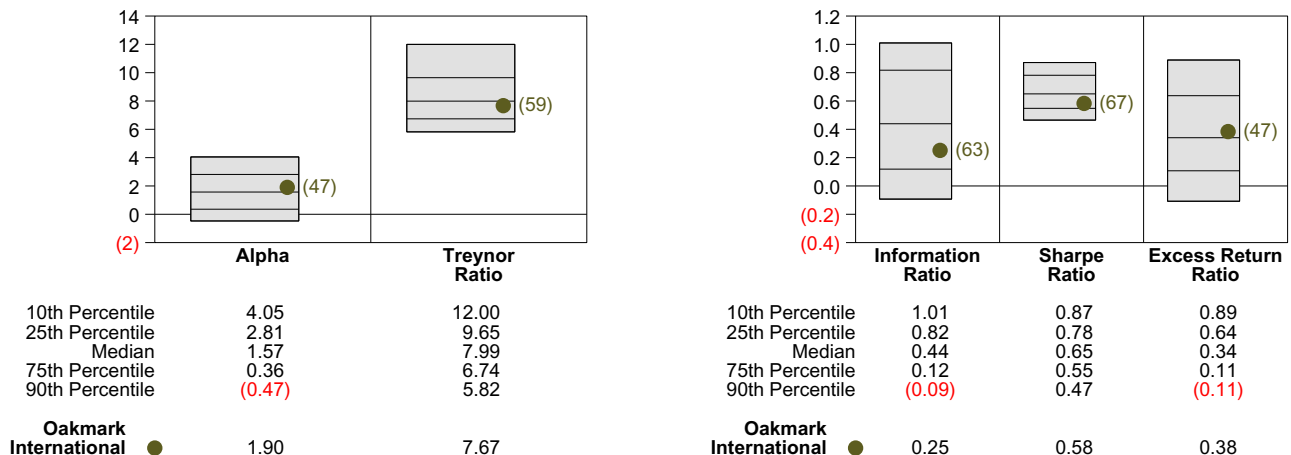
### Performance vs CAI Non US Equity Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs MSCI ACWixUS Gross Rankings Against CAI Non US Equity Mutual Funds (Net) Five Years Ended September 30, 2016

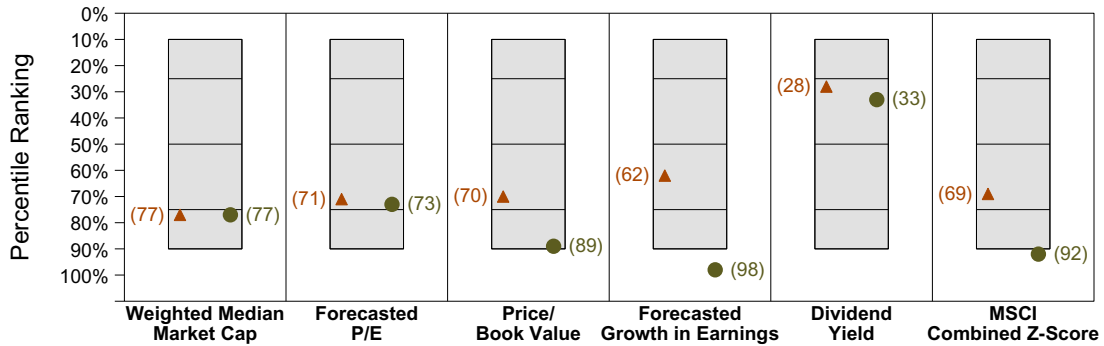


# Oakmark International Equity Characteristics Analysis Summary

## 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.

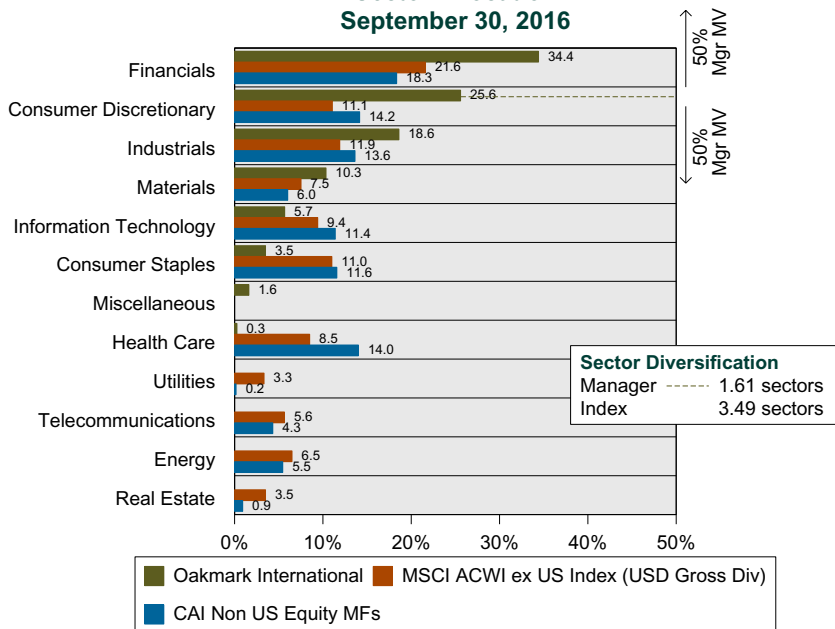
## Portfolio Characteristics Percentile Rankings Rankings Against CAI Non US Equity Mutual Funds as of September 30, 2016



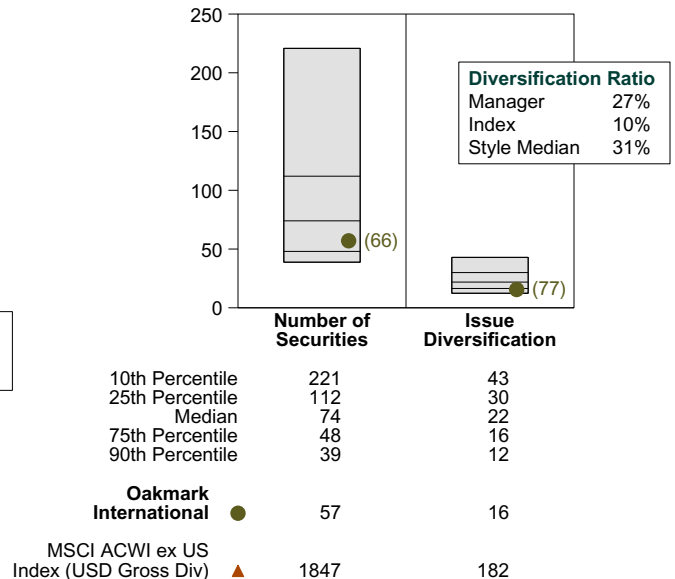
## Sector Weights

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 September 30, 2016



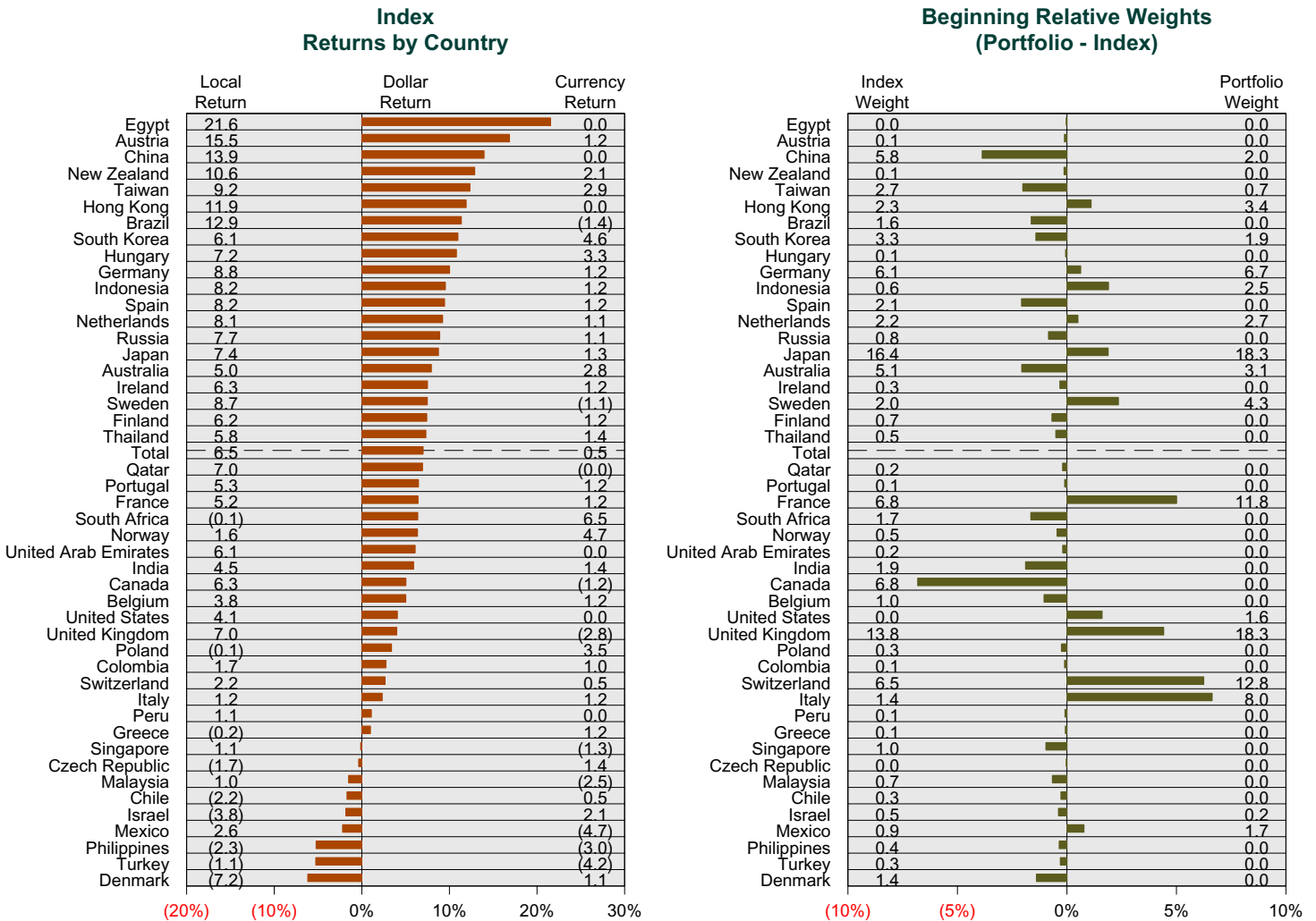
### Diversification September 30, 2016



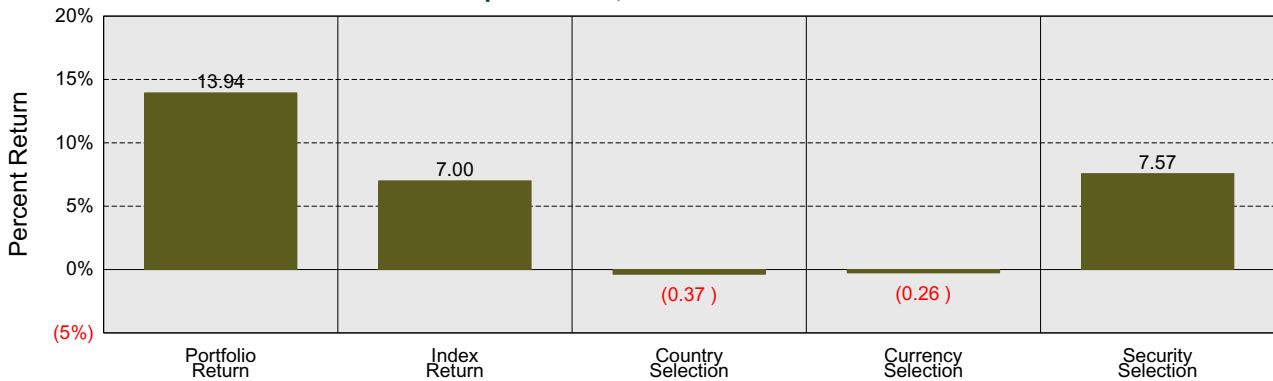
# Oakmark International vs MSCI ACWIxUS Gross Attribution for Quarter Ended September 30, 2016

## 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 September 30, 2016





# Mondrian International Period Ended September 30, 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 3.90% return for the quarter placing it in the 87 percentile of the CAI Non US Equity Mutual Funds group for the quarter and in the 37 percentile for the last year.
- Mondrian International's portfolio underperformed the MSCI ACWixUS Gross by 3.11% for the quarter and underperformed the MSCI ACWixUS Gross for the year by 1.95%.

## Quarterly Asset Growth

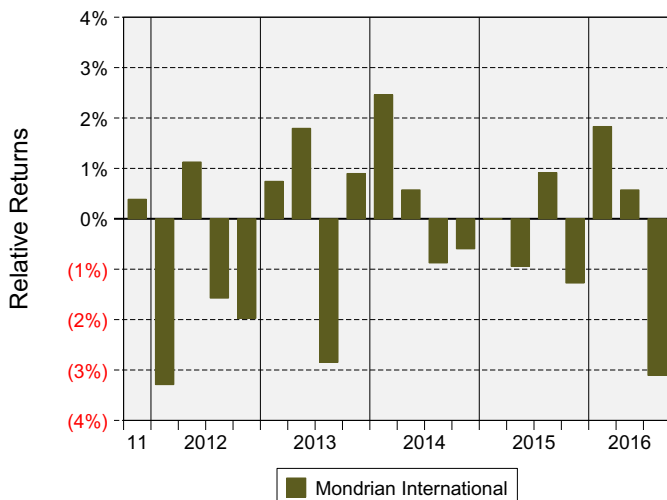
Beginning Market Value	\$22,841,690
Net New Investment	\$0
Investment Gains/(Losses)	\$935,603
Ending Market Value	\$23,777,293

## Performance vs CAI Non US Equity Mutual Funds (Net)

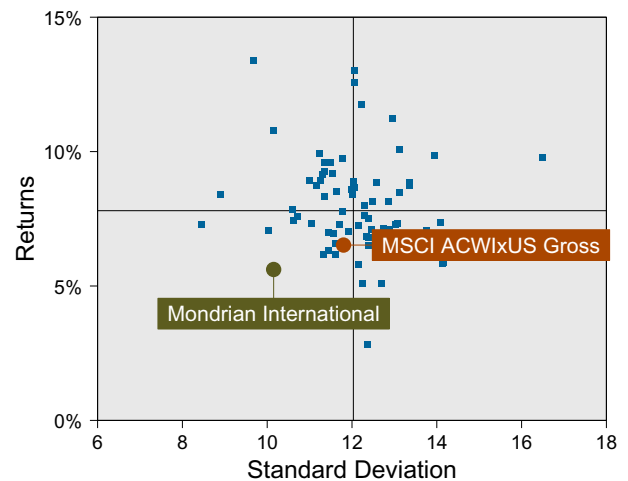


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/2 Years
10th Percentile	8.42	12.06	4.34	4.02	10.03	5.46
25th Percentile	7.33	8.97	1.35	2.94	8.94	4.31
Median	6.19	6.26	(0.30)	1.02	7.80	2.98
75th Percentile	5.30	4.29	(2.18)	(0.52)	7.00	1.86
90th Percentile	3.70	2.72	(4.31)	(1.31)	6.17	0.96
<b>Mondrian International</b> ●	3.90	7.84	(2.72)	0.83	5.61	2.64
MSCI ACWixUS Gross ▲	7.00	9.80	(1.58)	0.64	6.52	1.86

## Relative Return vs MSCI ACWixUS Gross



## CAI Non US Equity Mutual Funds (Net) Annualized Five Year Risk vs Return

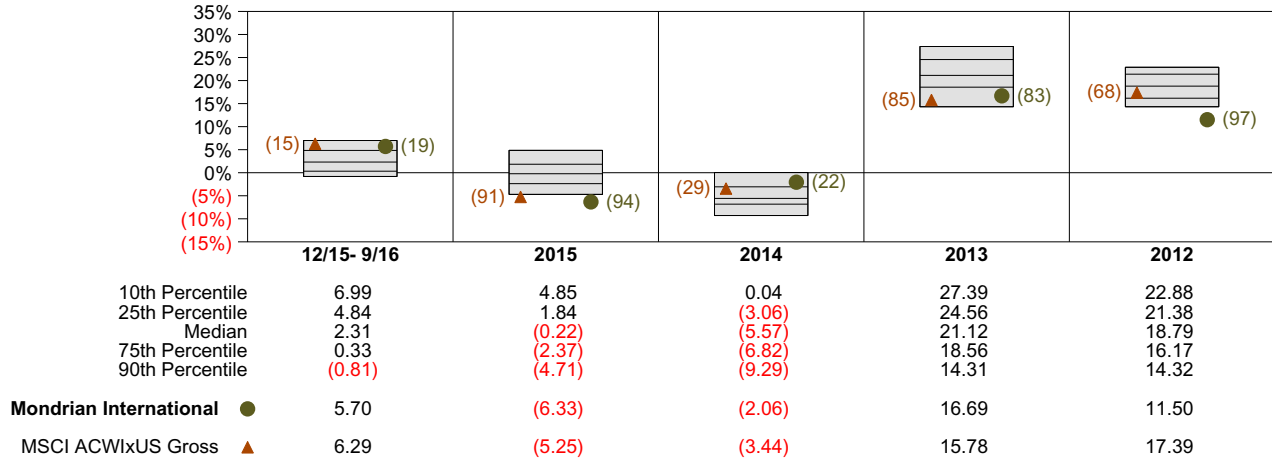


# Mondrian International Return Analysis Summary

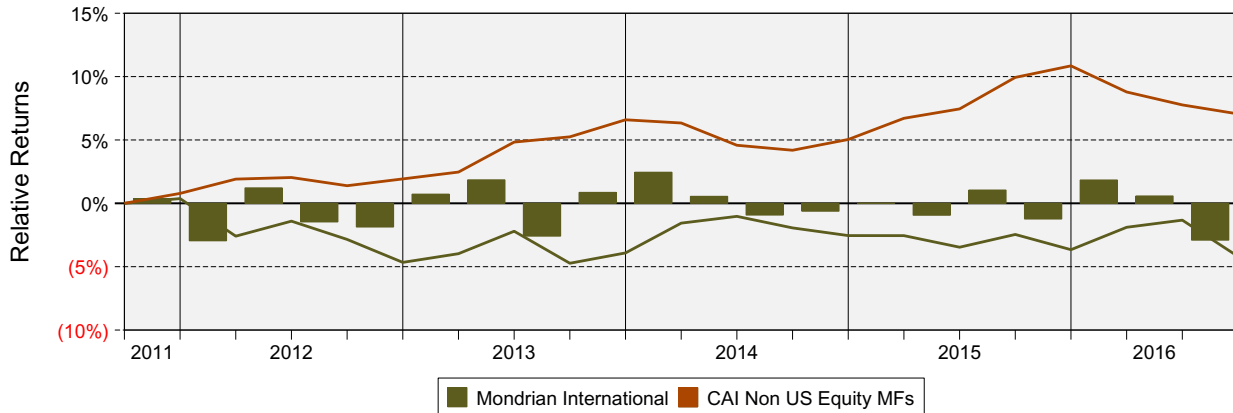
## Return Analysis

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.

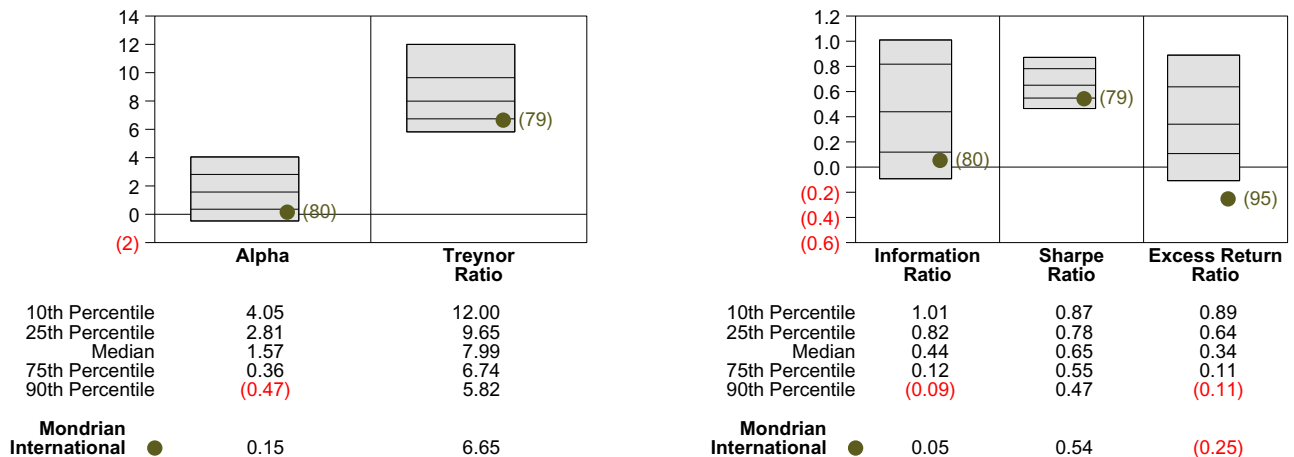
### Performance vs CAI Non US Equity Mutual Funds (Net)



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



### Risk Adjusted Return Measures vs MSCI ACWixUS Gross Rankings Against CAI Non US Equity Mutual Funds (Net) Five Years Ended September 30, 2016

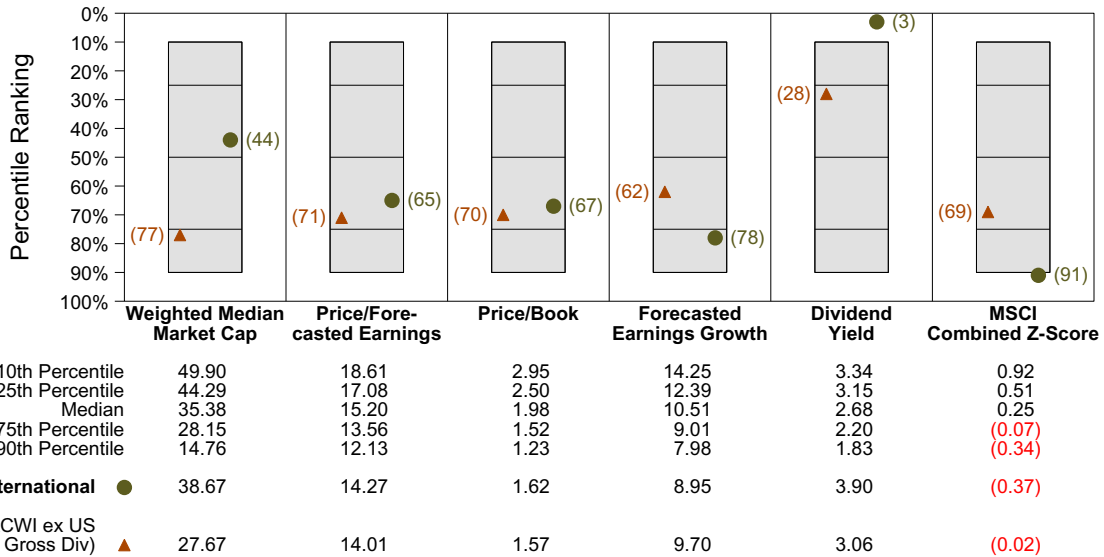


# Mondrian International Equity Characteristics Analysis Summary

## Portfolio Characteristics

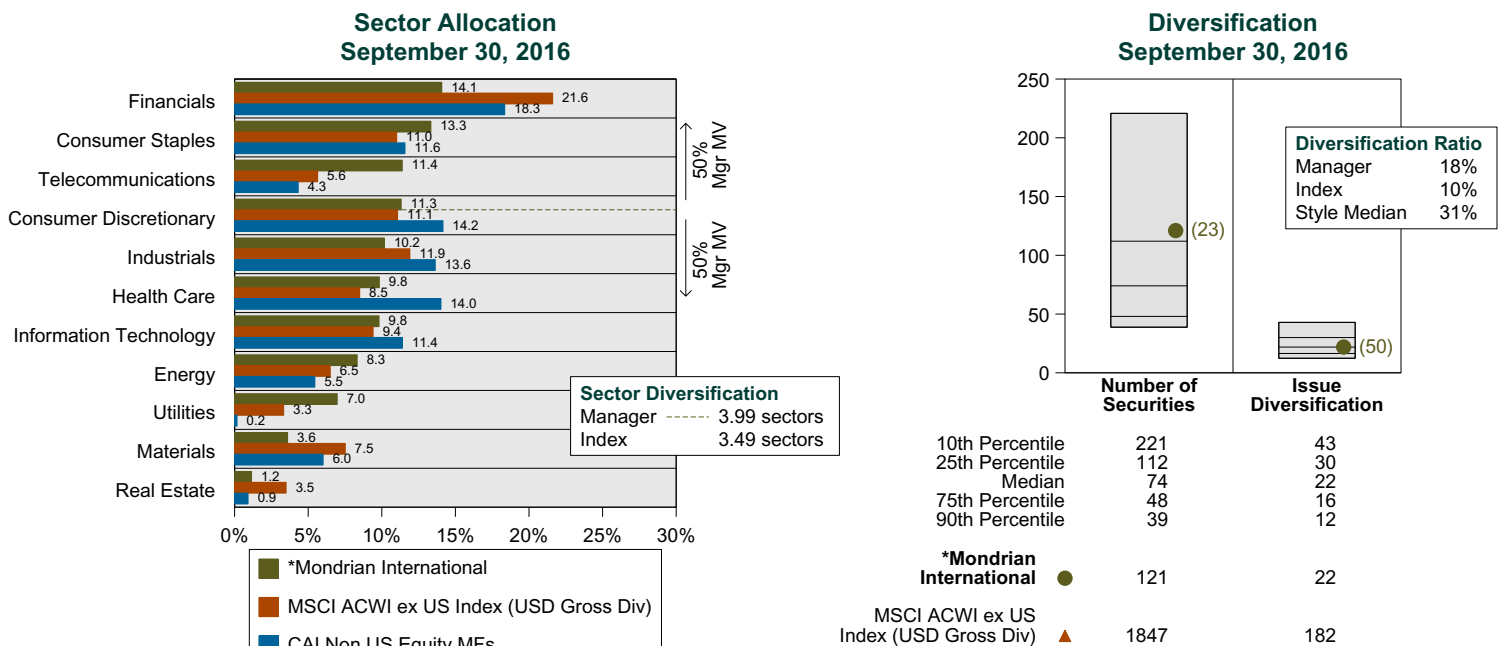
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against CAI Non US Equity Mutual Funds as of September 30, 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.

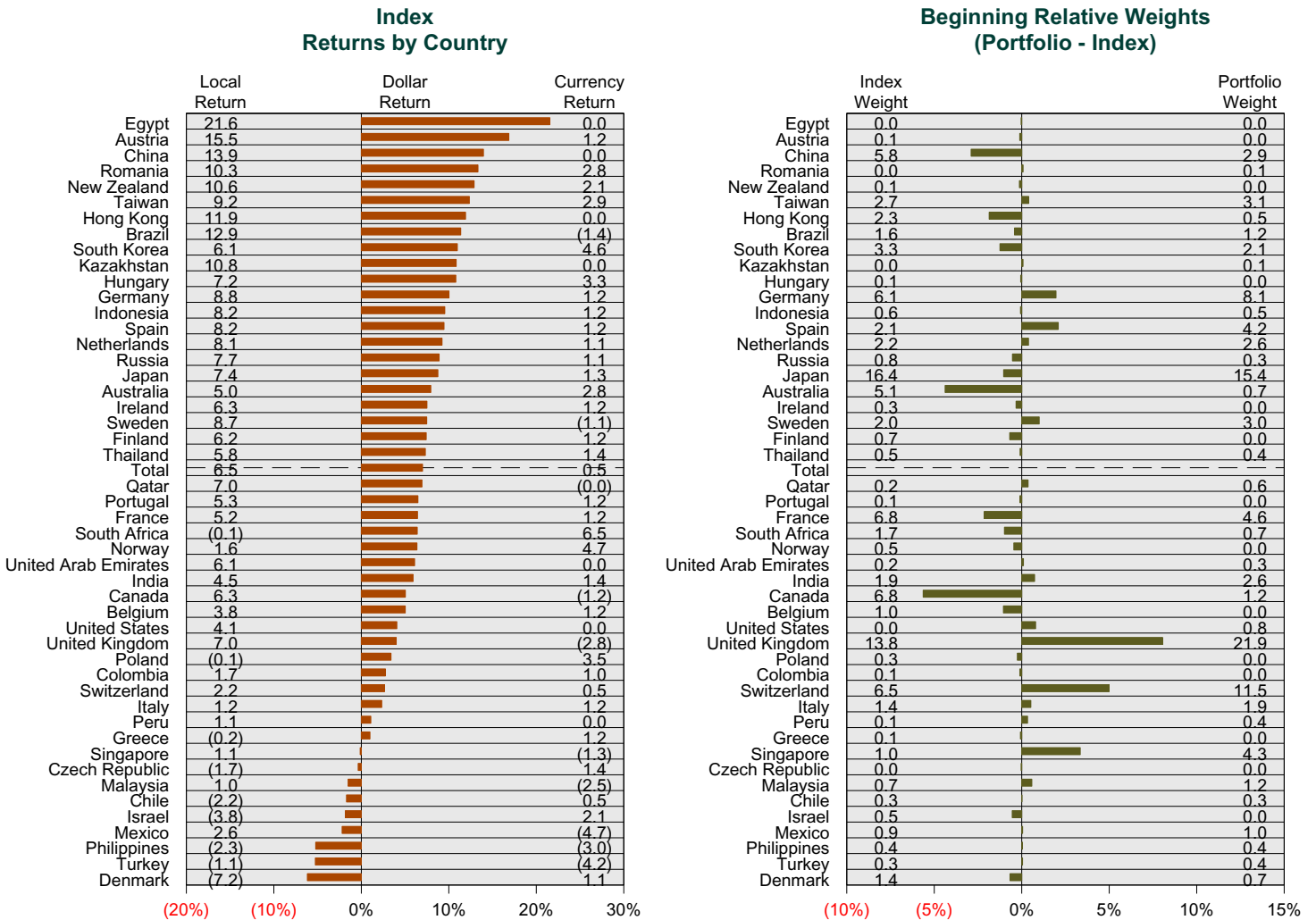


\*9/30/16 portfolio characteristics generated using most recently available holdings (6/30/16) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

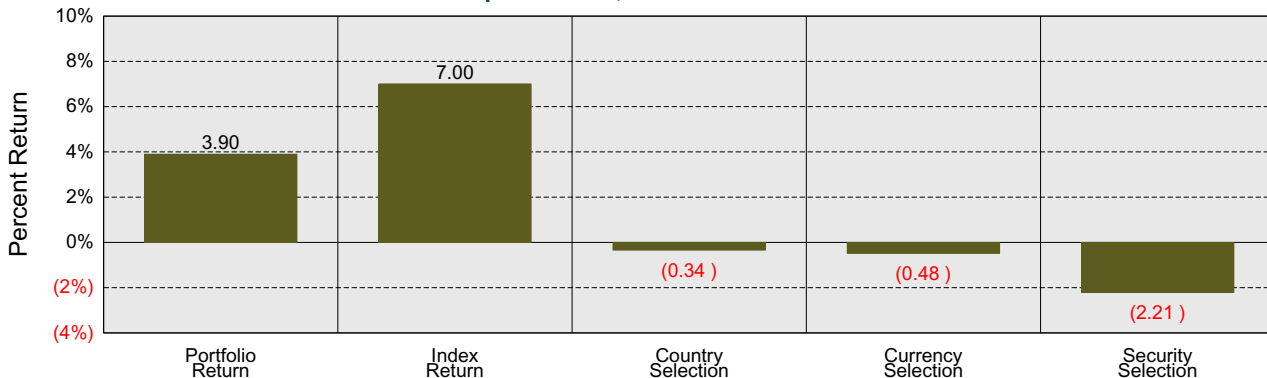
# Mondrian International vs MSCI ACWixUS Gross Attribution for Quarter Ended September 30, 2016

## 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 September 30, 2016





# Domestic Fixed Income Composite Period Ended September 30, 2016

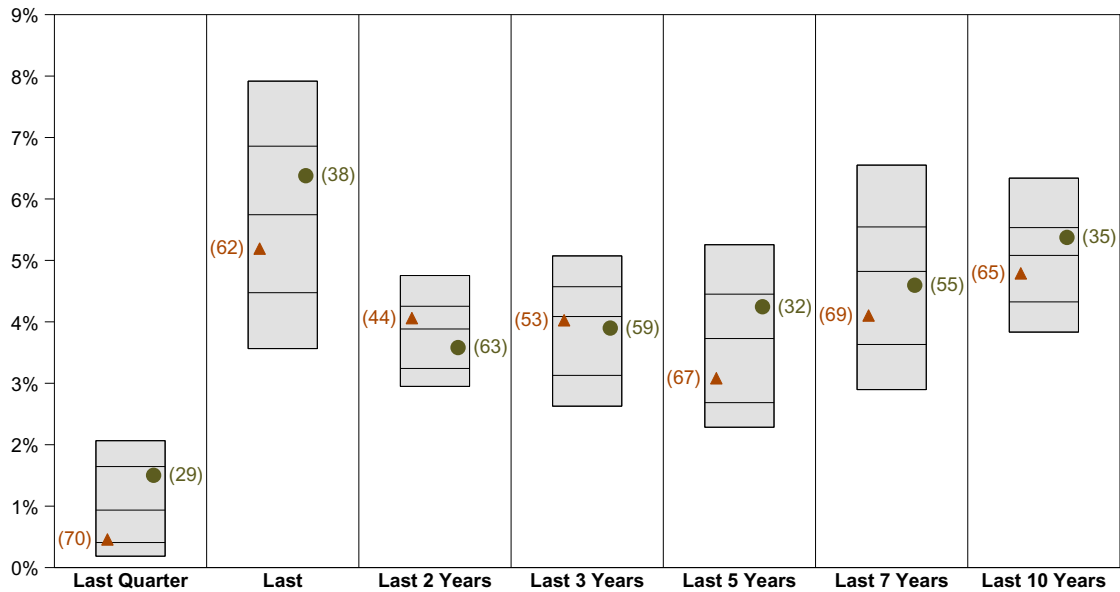
## Quarterly Summary and Highlights

- Domestic Fixed Income Composite's portfolio posted a 1.50% return for the quarter placing it in the 29 percentile of the Pub Pln- Domestic Fixed group for the quarter and in the 38 percentile for the last year.
- Domestic Fixed Income Composite's portfolio outperformed the BB Barclays Aggregate Idx by 1.04% for the quarter and outperformed the BB Barclays Aggregate Idx for the year by 1.19%.

## Quarterly Asset Growth

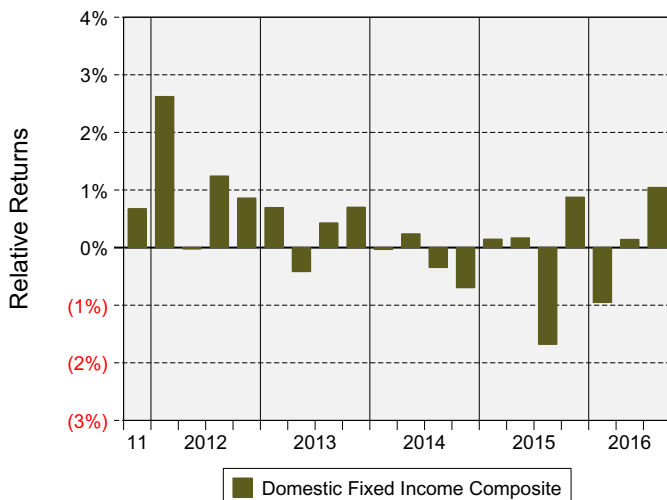
Beginning Market Value	\$119,739,443
Net New Investment	\$-24,500,000
Investment Gains/(Losses)	\$1,780,405
Ending Market Value	\$97,019,848

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

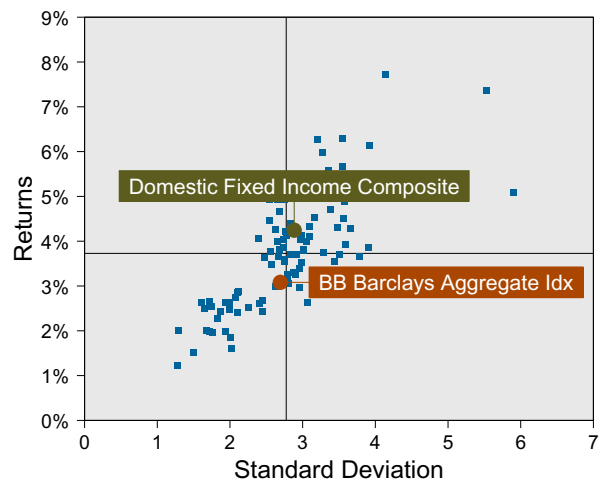


10th Percentile	2.07	7.92	4.75	5.07	5.26	6.55	6.34
25th Percentile	1.64	6.86	4.25	4.57	4.45	5.54	5.53
Median	0.94	5.74	3.88	4.09	3.73	4.82	5.08
75th Percentile	0.41	4.47	3.24	3.13	2.69	3.63	4.32
90th Percentile	0.19	3.56	2.95	2.63	2.28	2.90	3.83
<b>Domestic Fixed Income Composite</b>	<b>1.50</b>	<b>6.38</b>	<b>3.58</b>	<b>3.90</b>	<b>4.25</b>	<b>4.60</b>	<b>5.37</b>
<b>BB Barclays Aggregate Idx</b>	<b>0.46</b>	<b>5.19</b>	<b>4.06</b>	<b>4.03</b>	<b>3.08</b>	<b>4.10</b>	<b>4.79</b>

## Relative Return vs BB Barclays Aggregate Idx



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

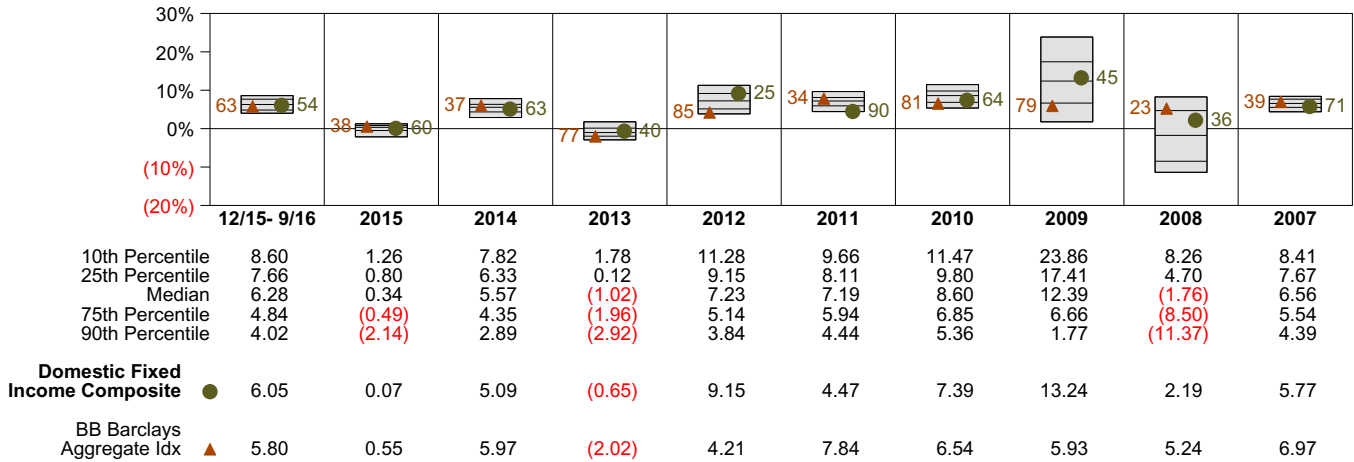


# Domestic Fixed Income Composite Return Analysis Summary

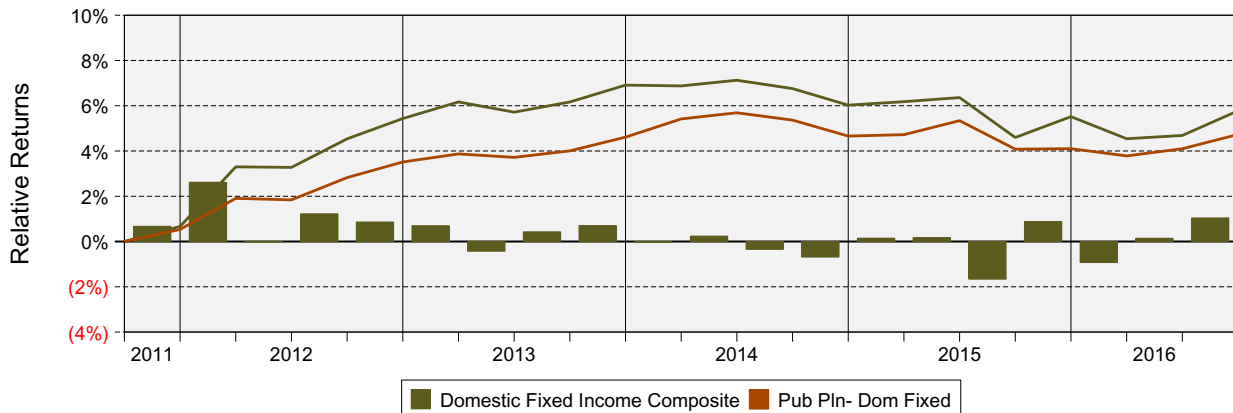
## Return Analysis

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.

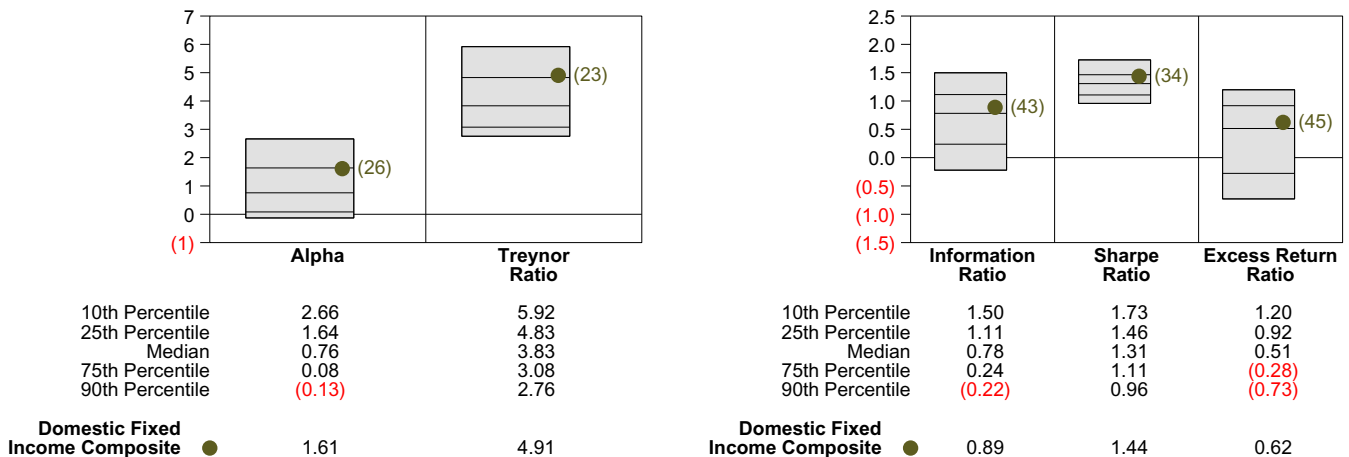
### Performance vs Pub Pln- Domestic Fixed (Gross)



### Cumulative and Quarterly Relative Return vs BB Barclays Aggregate Idx



### Risk Adjusted Return Measures vs BB Barclays Aggregate Idx Rankings Against Pub Pln- Domestic Fixed (Gross) Five Years Ended September 30, 2016

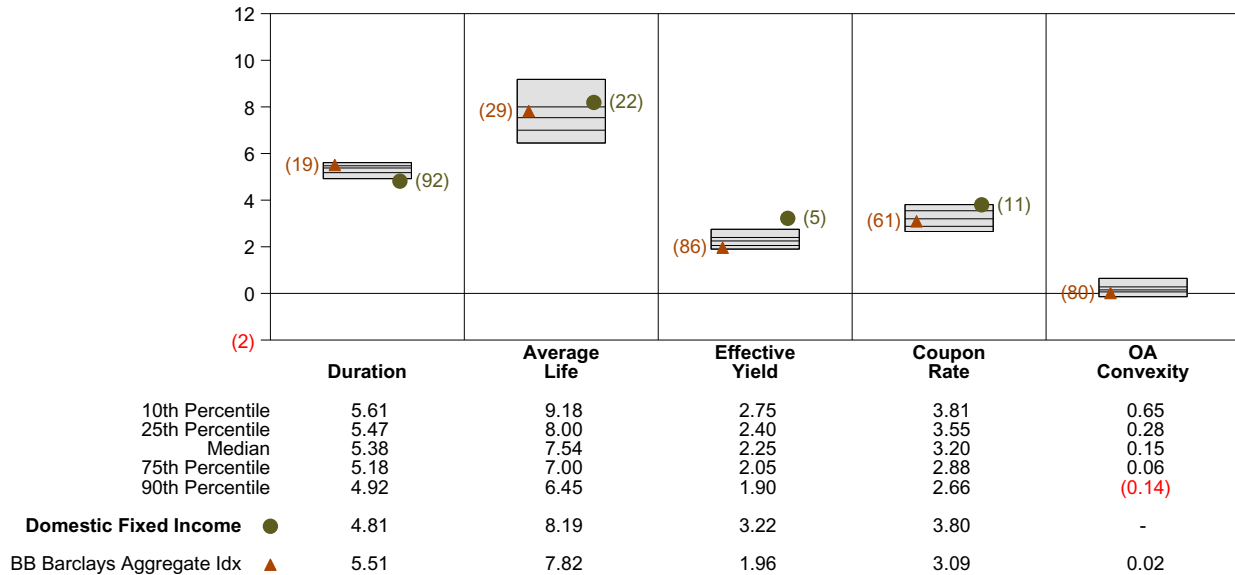


# Domestic Fixed Income Bond Characteristics Analysis Summary

## Portfolio Characteristics

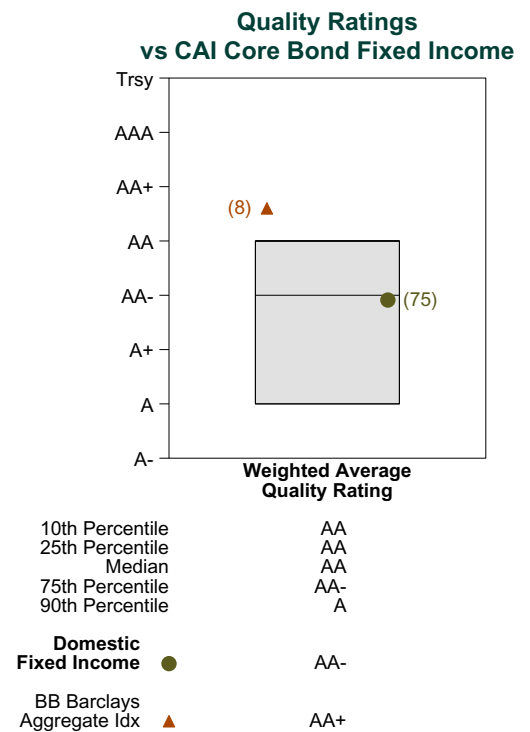
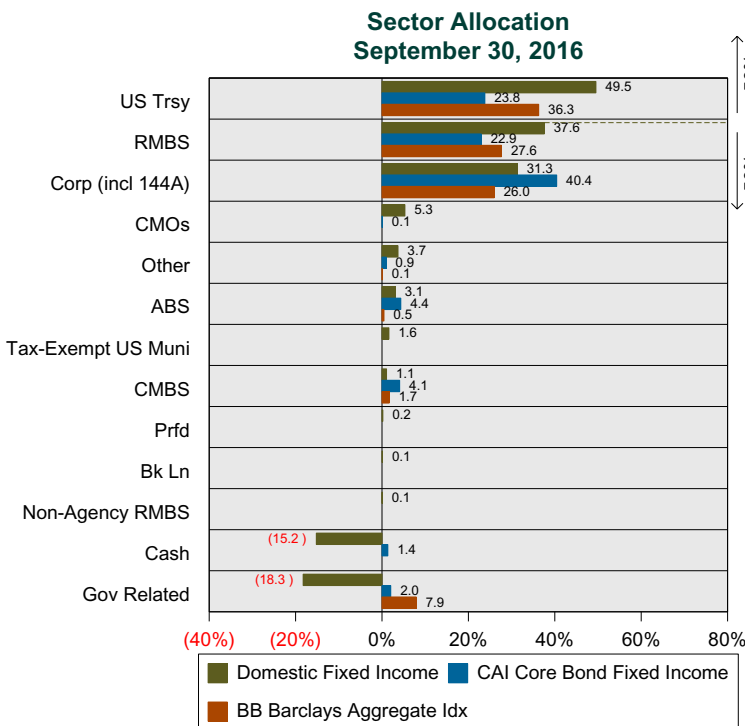
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Fixed Income Portfolio Characteristics Rankings Against CAI Core Bond Fixed Income as of September 30, 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.





# Dodge & Cox Income Period Ended September 30, 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.

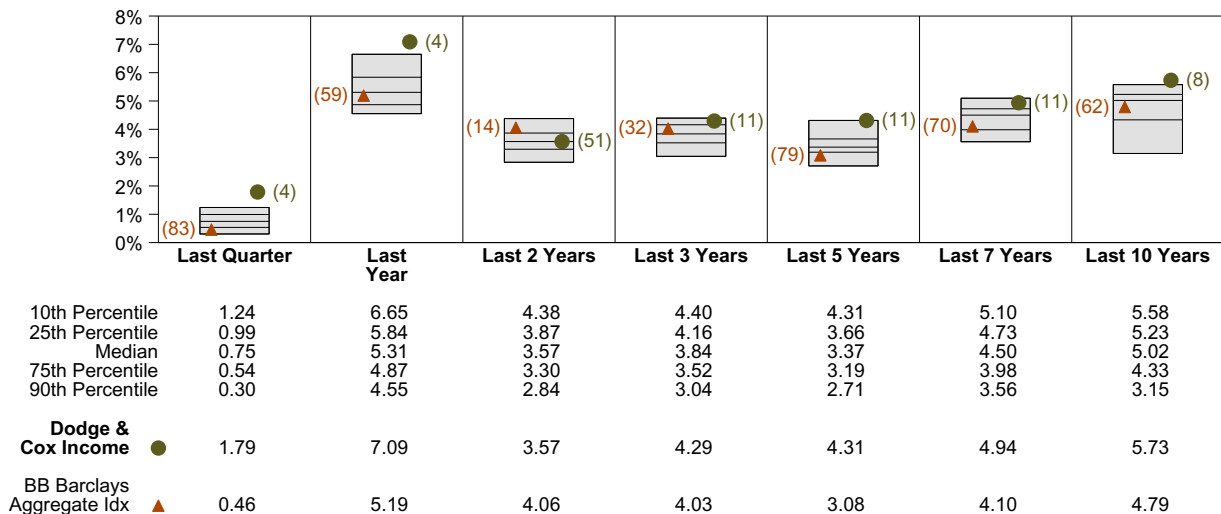
## Quarterly Summary and Highlights

- Dodge & Cox Income's portfolio posted a 1.79% return for the quarter placing it in the 4 percentile of the CAI Core Bond Mutual Funds group for the quarter and in the 4 percentile for the last year.
- Dodge & Cox Income's portfolio outperformed the BB Barclays Aggregate Idx by 1.33% for the quarter and outperformed the BB Barclays Aggregate Idx for the year by 1.90%.

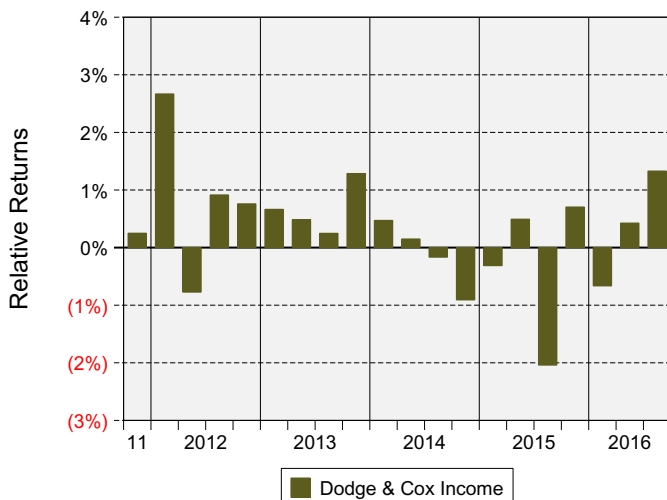
## Quarterly Asset Growth

Beginning Market Value	\$60,180,844
Net New Investment	\$-12,500,000
Investment Gains/(Losses)	\$1,063,551
Ending Market Value	\$48,744,394

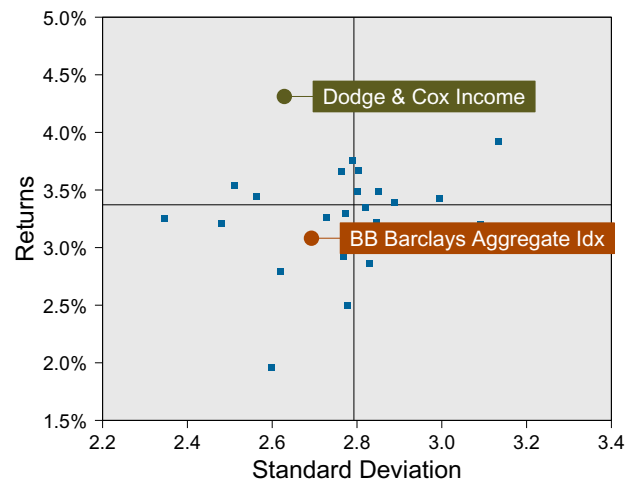
## Performance vs CAI Core Bond Mutual Funds (Net)



## Relative Return vs BB Barclays Aggregate Idx



## CAI Core Bond Mutual Funds (Net) Annualized Five Year Risk vs Return

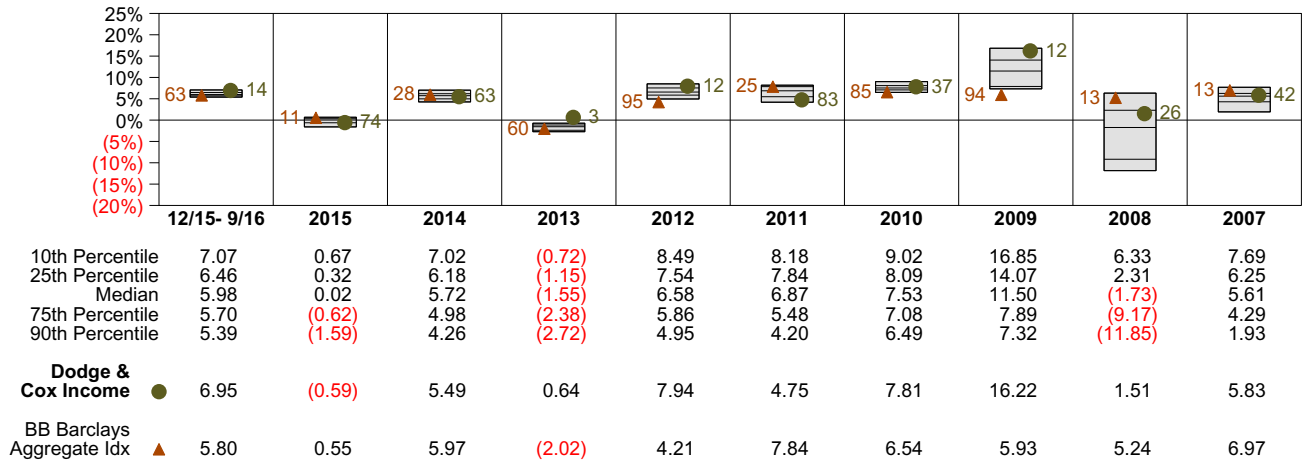


# Dodge & Cox Income Return Analysis Summary

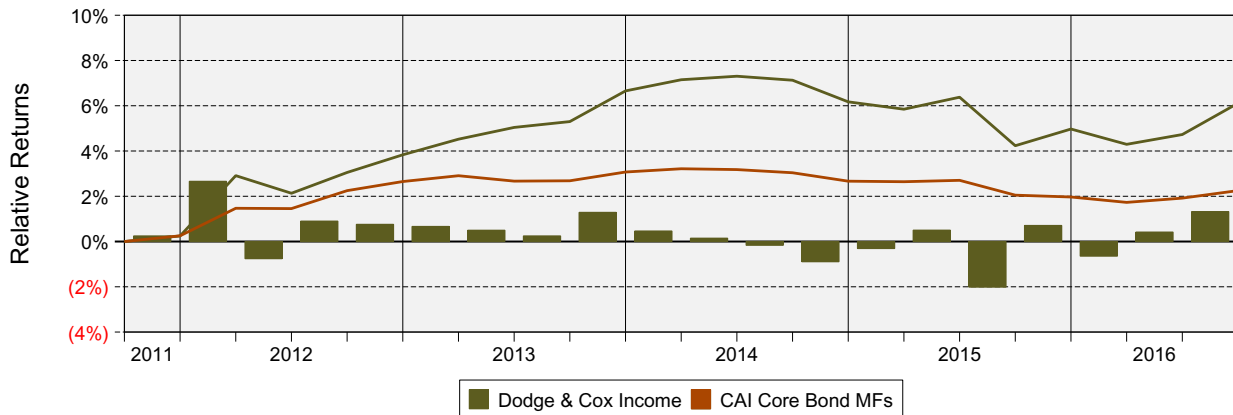
## Return Analysis

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.

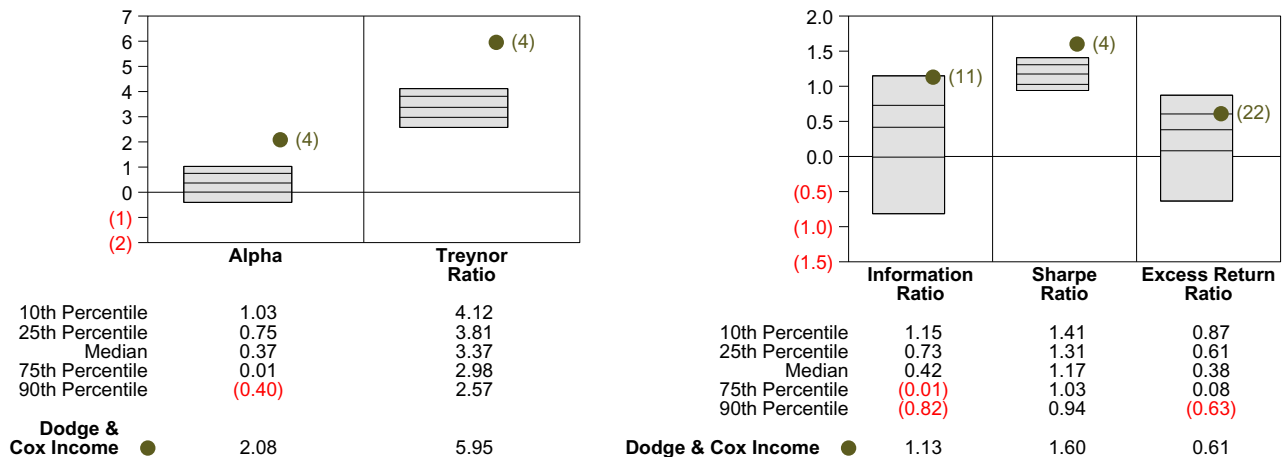
### Performance vs CAI Core Bond Mutual Funds (Net)



### Cumulative and Quarterly Relative Return vs BB Barclays Aggregate Idx



### Risk Adjusted Return Measures vs BB Barclays Aggregate Idx Rankings Against CAI Core Bond Mutual Funds (Net) Five Years Ended September 30, 2016

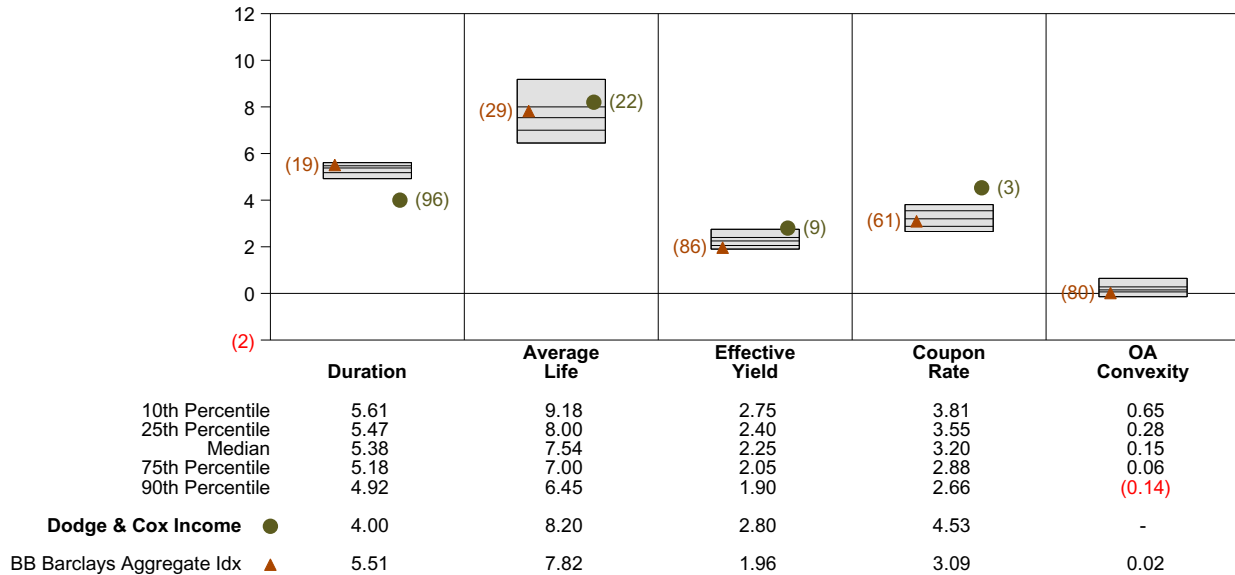


# Dodge & Cox Income Bond Characteristics Analysis Summary

## Portfolio Characteristics

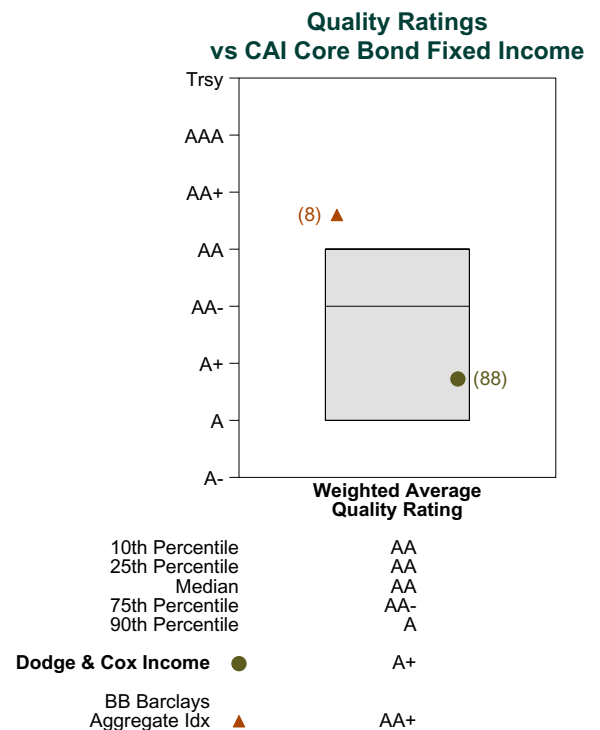
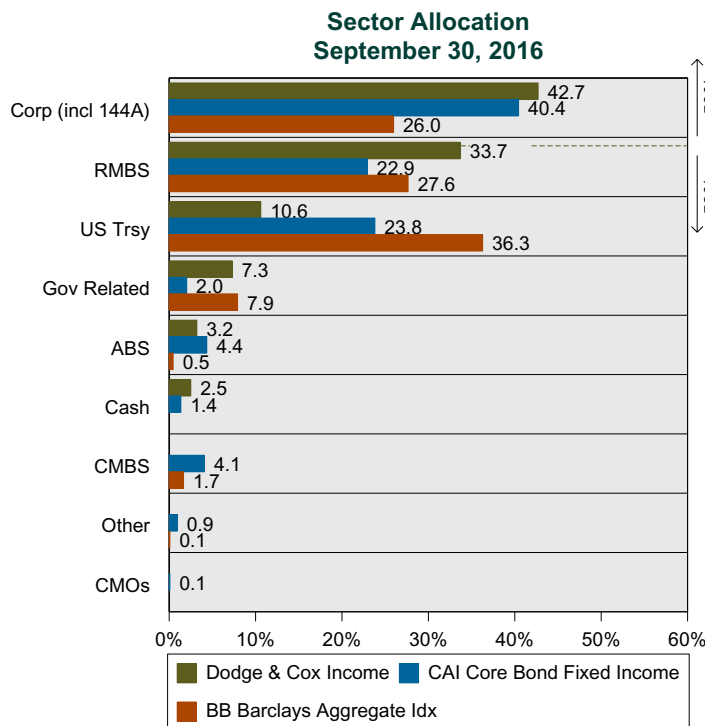
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Fixed Income Portfolio Characteristics Rankings Against CAI Core Bond Fixed Income as of September 30, 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 September 30, 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.

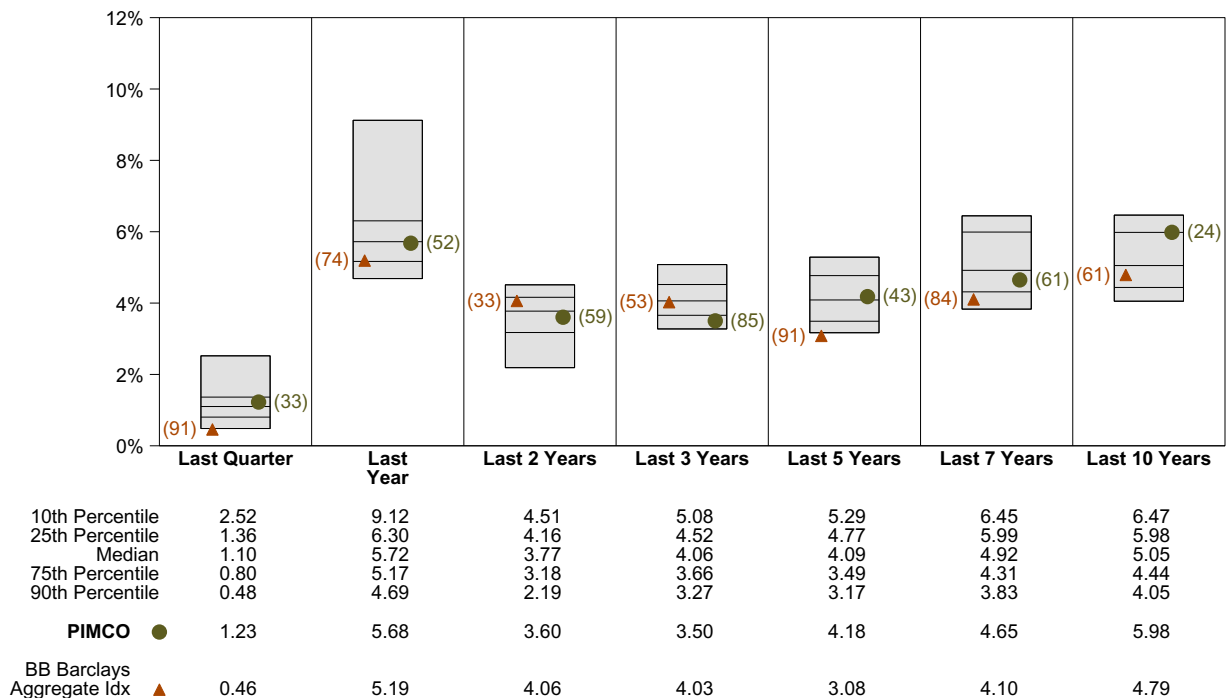
### Quarterly Summary and Highlights

- PIMCO's portfolio posted a 1.23% return for the quarter placing it in the 33 percentile of the CAI Core Plus Mutual Funds group for the quarter and in the 52 percentile for the last year.
- PIMCO's portfolio outperformed the BB Barclays Aggregate Idx by 0.77% for the quarter and outperformed the BB Barclays Aggregate Idx for the year by 0.49%.

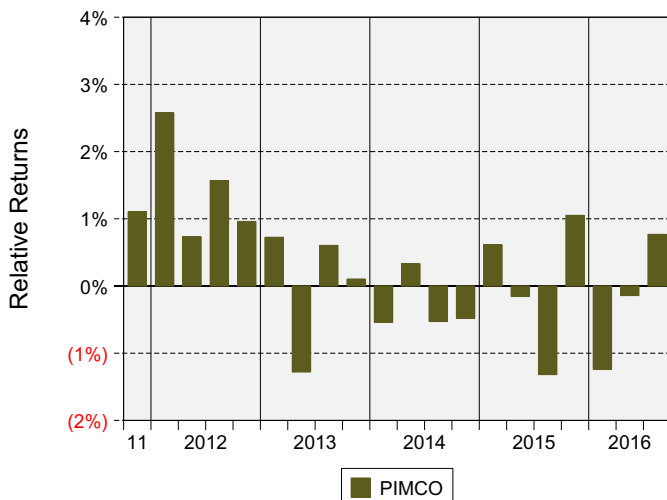
### Quarterly Asset Growth

Beginning Market Value	\$59,558,599
Net New Investment	\$-12,000,000
Investment Gains/(Losses)	\$716,854
Ending Market Value	\$48,275,453

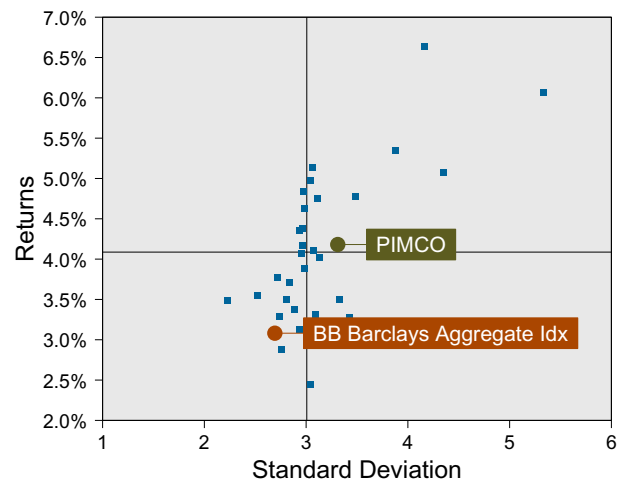
### Performance vs CAI Core Plus Mutual Funds (Net)



### Relative Return vs BB Barclays Aggregate Idx



### CAI Core Plus Mutual Funds (Net) Annualized Five Year Risk vs Return

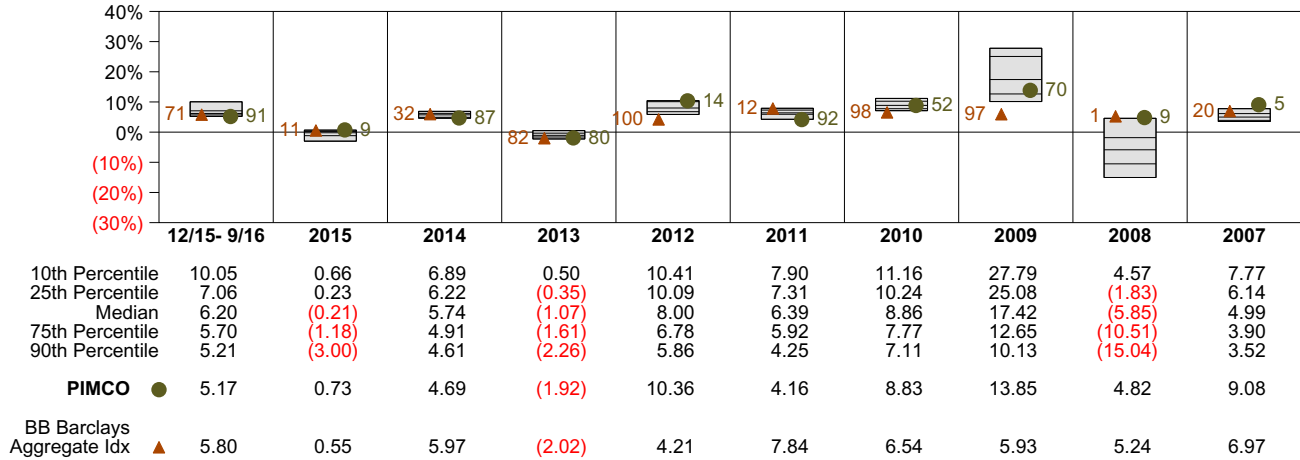


# PIMCO Return Analysis Summary

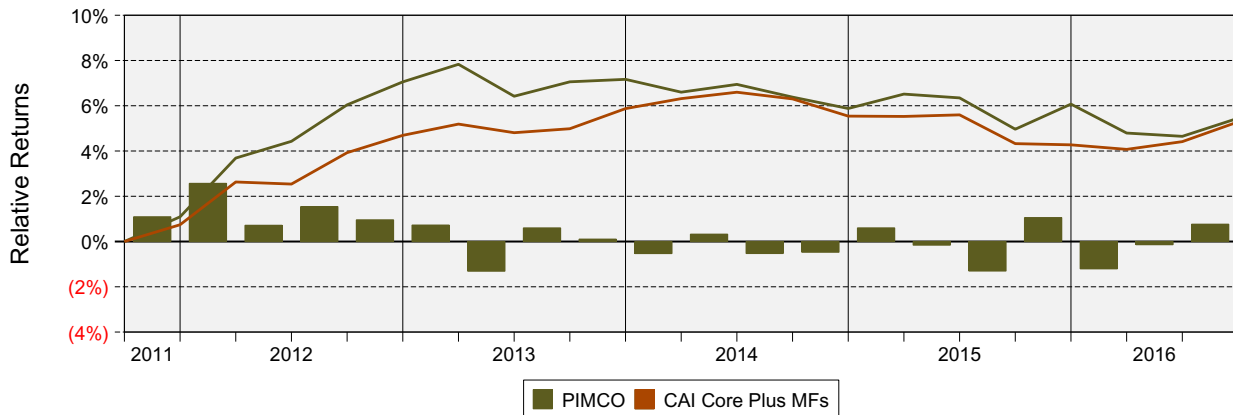
## Return Analysis

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.

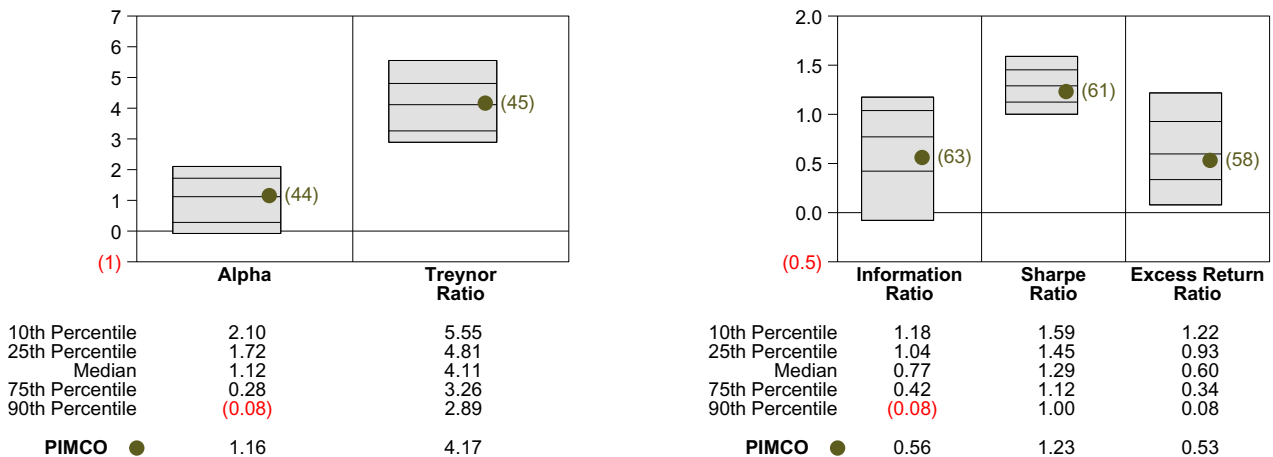
### Performance vs CAI Core Plus Mutual Funds (Net)



### Cumulative and Quarterly Relative Return vs BB Barclays Aggregate Idx



### Risk Adjusted Return Measures vs BB Barclays Aggregate Idx Rankings Against CAI Core Plus Mutual Funds (Net) Five Years Ended September 30, 2016

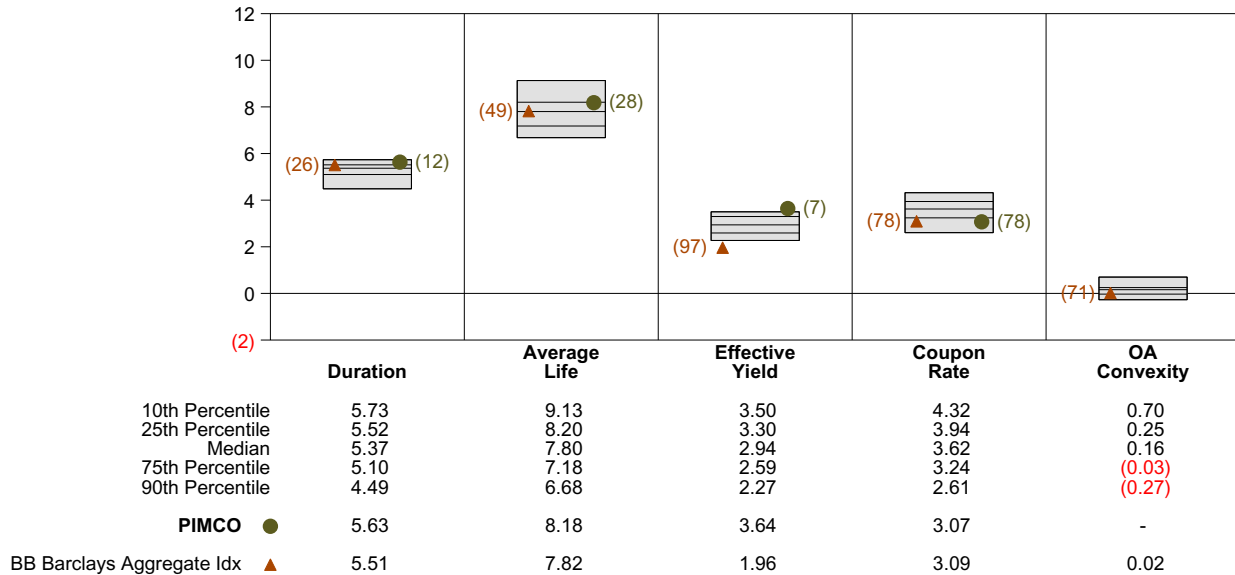


# PIMCO Bond Characteristics Analysis Summary

## Portfolio Characteristics

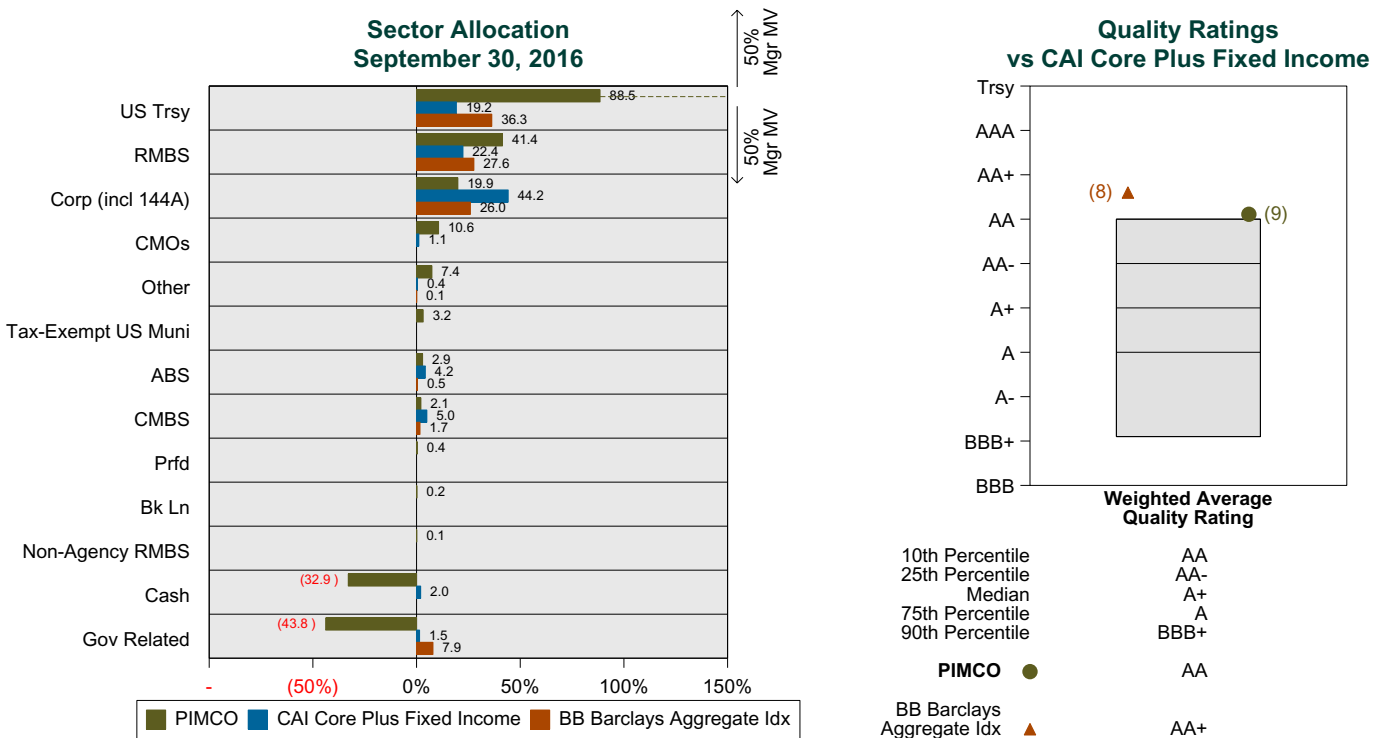
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Fixed Income Portfolio Characteristics Rankings Against CAI Core Plus Fixed Income as of September 30, 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 September 30, 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.

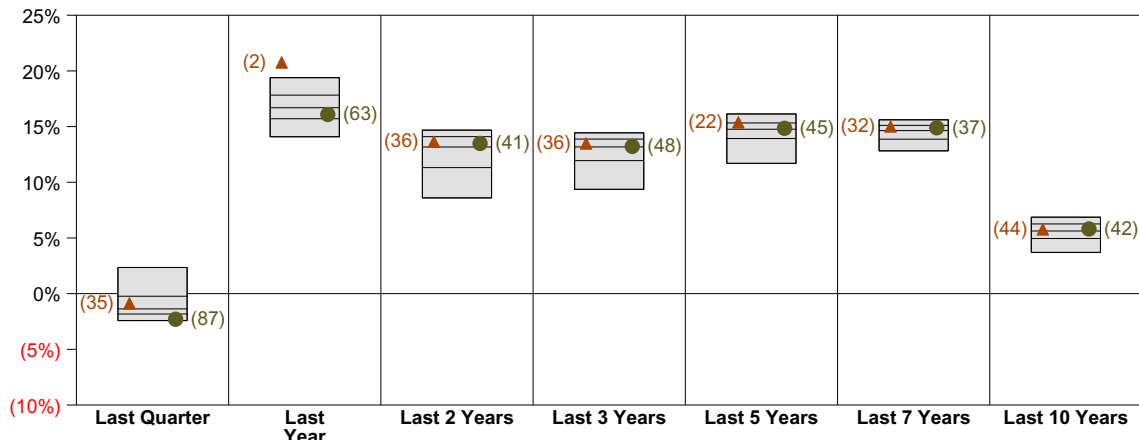
### Quarterly Summary and Highlights

- RREEF Public's portfolio posted a (2.30)% return for the quarter placing it in the 87 percentile of the CAI Real Estate Mutual Funds group for the quarter and in the 63 percentile for the last year.
- RREEF Public's portfolio underperformed the NAREIT by 1.42% for the quarter and underperformed the NAREIT for the year by 4.68%.

### Quarterly Asset Growth

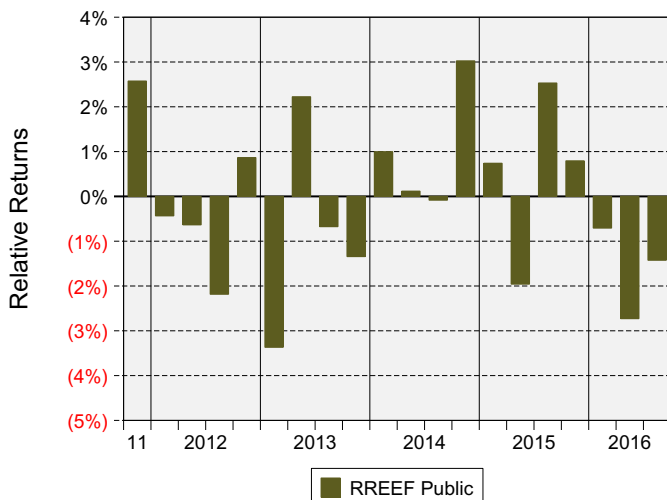
Beginning Market Value	\$8,629,981
Net New Investment	\$0
Investment Gains/(Losses)	\$-198,621
Ending Market Value	\$8,431,360

### Performance vs CAI Real Estate Mutual Funds (Net)

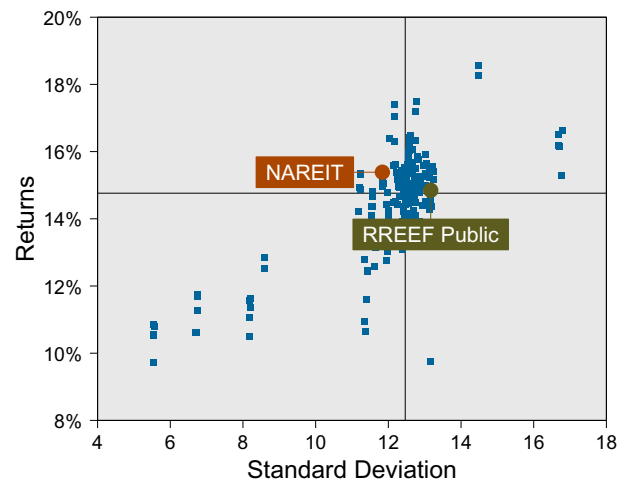


10th Percentile	2.35	19.39	14.68	14.44	16.14	15.61	6.87
25th Percentile	(0.23)	17.82	14.10	13.88	15.33	15.11	6.26
Median	(1.37)	16.69	13.17	13.18	14.76	14.64	5.62
75th Percentile	(1.83)	15.71	11.32	11.95	13.93	13.87	4.95
90th Percentile	(2.42)	14.09	8.60	9.36	11.70	12.82	3.70
<b>RREEF Public</b>	● (2.30)	16.09	13.49	13.23	14.85	14.89	5.81
<b>NAREIT</b>	▲ (0.88)	20.76	13.64	13.49	15.39	15.01	5.77

### Relative Return vs NAREIT



### CAI Real Estate Mutual Funds (Net) Annualized Five Year Risk vs Return





# RREEF Private

## Period Ended September 30, 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.

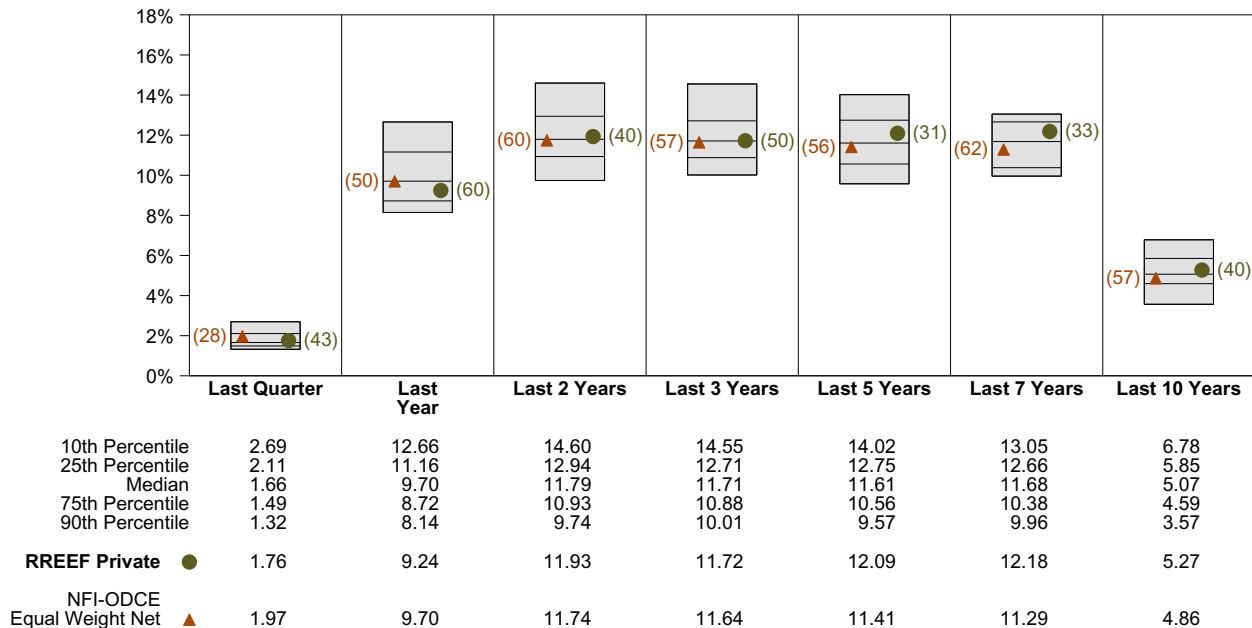
### Quarterly Summary and Highlights

- RREEF Private's portfolio posted a 1.76% return for the quarter placing it in the 43 percentile of the CAI Open End Core Commingled Real Estate group for the quarter and in the 60 percentile for the last year.
- RREEF Private's portfolio underperformed the NFI-ODCE Equal Weight Net by 0.21% for the quarter and underperformed the NFI-ODCE Equal Weight Net for the year by 0.46%.

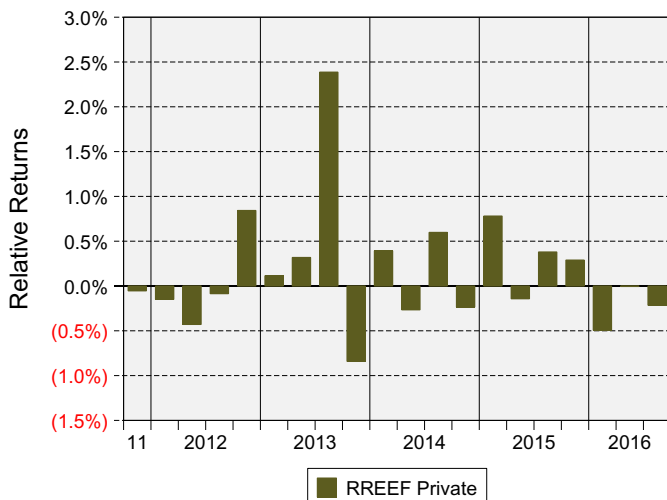
### Quarterly Asset Growth

Beginning Market Value	\$21,073,910
Net New Investment	\$0
Investment Gains/(Losses)	\$370,092
Ending Market Value	\$21,444,002

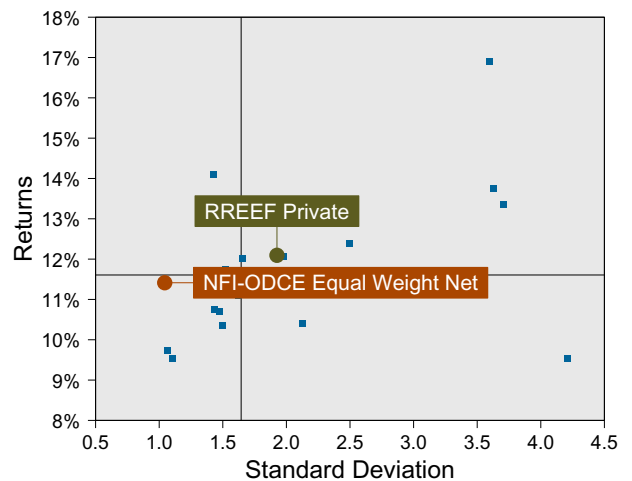
### Performance vs CAI Open End Core Commingled Real Estate (Net)



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



### CAI Open End Core Commingled Real Estate (Net) Annualized Five Year Risk vs Return



# Barings Core Property Fund Period Ended September 30, 2016

## Investment Philosophy

Barings believes that the investment strategy for the Core Property 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.

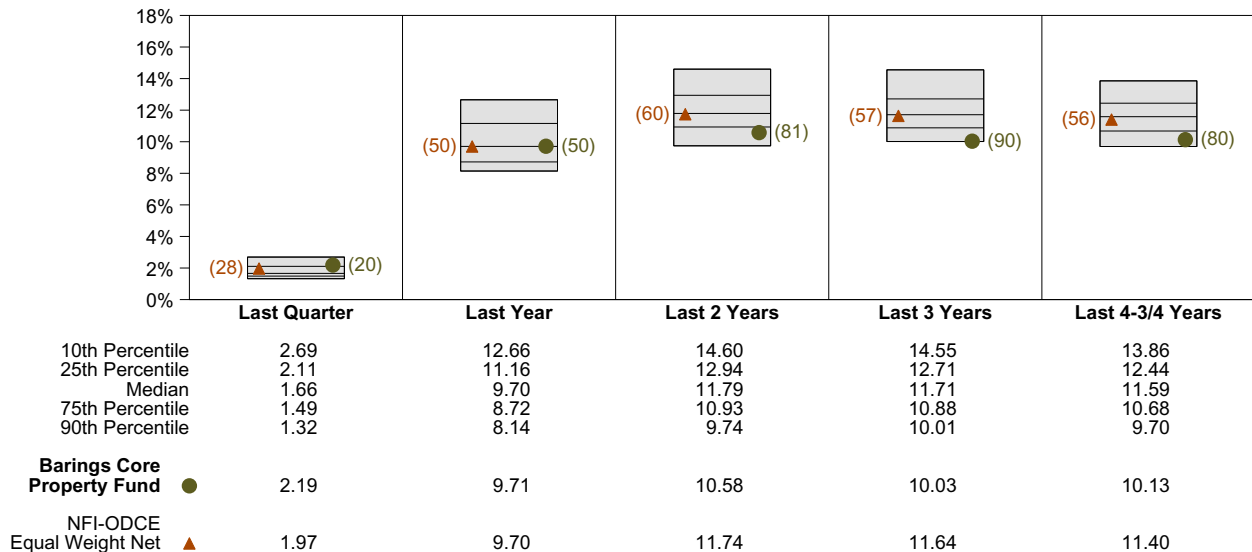
## Quarterly Summary and Highlights

- Barings Core Property Fund's portfolio posted a 2.19% return for the quarter placing it in the 20 percentile of the CAI Open End Core Commingled Real Estate group for the quarter and in the 50 percentile for the last year.
- Barings Core Property Fund's portfolio outperformed the NFI-ODCE Equal Weight Net by 0.22% for the quarter and outperformed the NFI-ODCE Equal Weight Net for the year by 0.01%.

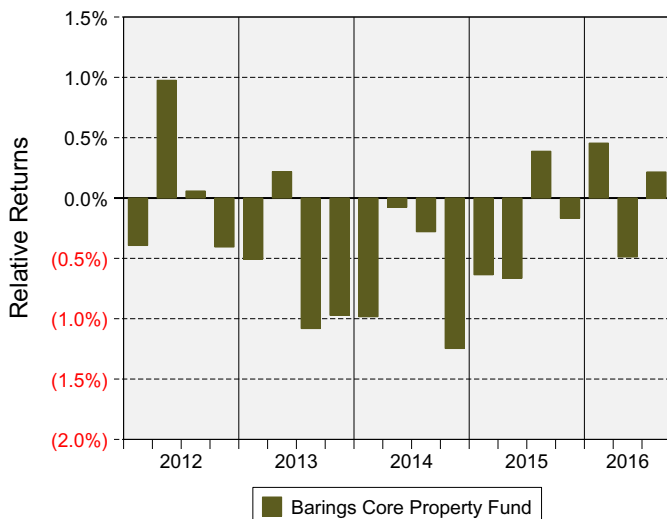
## Quarterly Asset Growth

Beginning Market Value	\$15,476,292
Net New Investment	\$0
Investment Gains/(Losses)	\$338,239
Ending Market Value	\$15,814,531

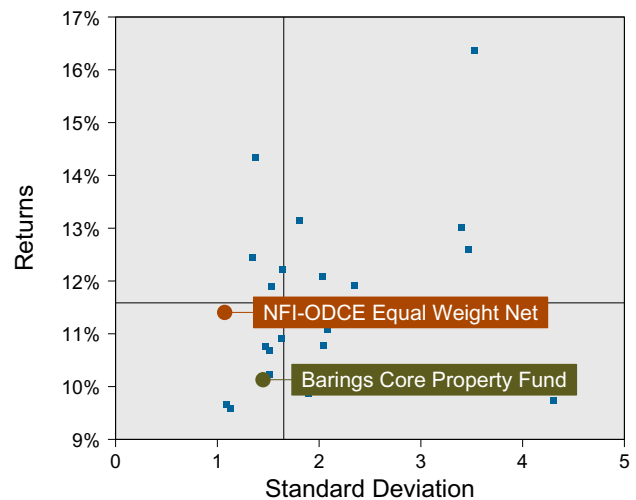
## Performance vs CAI Open End Core Commingled Real Estate (Net)



## Relative Returns vs NFI-ODCE Equal Weight Net



## CAI Open End Core Commingled Real Estate (Net) Annualized Four and Three-Quarter Year Risk vs Return





## Research and Educational Programs

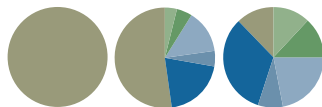
The Callan Institute provides research that updates clients on the latest industry trends while helping them learn through carefully structured educational programs. Visit [www.callan.com/research](http://www.callan.com/research) to see all of our publications, or for more information contact Anna West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

### New Research from Callan's Experts

**Built to Last: Strategic Guidance for Effective Investment Committees** | Callan offers our high-level strategic advice for investment committees, touching on membership, investment policy statements, review processes, and fiduciary training and ongoing education.

**10 Tips From Successful Investment Committees** | Callan Chairman and CEO Ron Peyton and Consultant Brady O'Connell, CFA, CAIA, offer 10 tips based on their work with successful investment committees.

**Risky Business** | Callan research that found investors over the last 20 years have



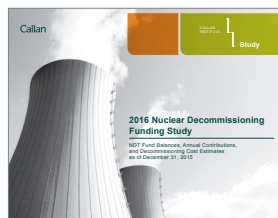
had to take on three times as much risk to earn the same return electrified the institutional investing community. We interviewed Jay Kloepfer and Julia Moriarty, CFA, about how the research was done and its implications.

#### **Managing DC Plan Investments: A Fiduciary Handbook**

Lori Lucas, CFA, covers responsibilities for DC plan fiduciaries, including investment structure, investment policy statements, QDIA oversight, and manager performance.

**Ethics 101 for Investment Professionals** | Callan Chairman and CEO Ron Peyton outlines his thoughts on how to create, instill, and maintain ethical standards for investment professionals. His advice: the right culture creates the best environment to maintain these standards. Firms should develop ethical guidelines that are based on principles, not rules, since the former offer better guidance for employees across the organization.

#### **2016 Nuclear Decommissioning Funding Study** | A report



by Julia Moriarty, CFA, covers 27 investor-owned and 27 public power utilities with an ownership interest in the 99 operating nuclear reactors (and 10 of the non-operating reactors) in the U.S.

**How Green Is Your Bond?** | Callan Analyst Rufash Lama tackles the area of green bonds, which are fixed income instruments issued specifically to support or finance environmental initiatives.

### Periodicals

**Real Assets Reporter, Summer/Fall 2016** | This edition explores if the boom in commercial real estate may be ending.

**Private Markets Trends, Summer 2016** | Author Gary Robertson discusses the recent surge in private equity fundraising, an indication that some investors are establishing a defensive hedge as the five-year bull market pulls in its horns.

**DC Observer, 2nd Quarter 2016** | Callan's Defined Contribution Practice Team outlines a framework to evaluate DC transaction fees. We explain how common they are, what they typically cost, and how they are generally paid.

**Hedge Fund Monitor, 2nd Quarter 2016** | Jim McKee, director of Callan's Hedge Fund Research group, discusses the appeal of momentum-based investing strategies in the current climate of considerable economic uncertainty.

## 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/>

Mark your calendars 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 Gerraty: 415.274.3093 / [gerraty@callan.com](mailto:gerraty@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, April 18-19, 2017*

*San Francisco, July 25-26, 2017*

*Chicago, October 24-25, 2017*

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

**3,500** Total attendees of the “Callan College” since 1994

**1980** Year the Callan 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 Bloomberg 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 Bloomberg Capital Government/Credit Bond Index or the Barclays Bloomberg 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 Bloomberg Capital Government/Credit Bond Index or the Barclays Bloomberg 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
1607 Capital Partners, LLC
Aberdeen Asset Management PLC
Acadian Asset Management LLC
ACR – Alpine Capital Research
AEGON USA Investment Management
AEW Capital Management
Affiliated Managers Group, Inc.
AllianceBernstein
Allianz Global Investors
Allianz Life Insurance Company of North America
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
ASB Capital Management Inc.
Ativo Capital Management
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

Manager Name
Brandes Investment Partners, L.P.
Brandywine Global Investment Management, LLC
Brown Brothers Harriman & Company
Brown Investment Advisory & Trust Company
Cambiar Investors, LLC
Capital Group
CastleArk Management, LLC
Causeway Capital Management
Chartwell Investment Partners
ClearBridge Investments, LLC
Cohen & Steers Capital Management, Inc.
Columbia Threadneedle Investments
Columbia Wanger Asset Management
Columbus Circle Investors
Conestoga Capital Advisors
Corbin Capital Partners, L.P.
Cornerstone Capital Management
Cramer Rosenthal McGlynn, LLC
Credit Suisse Asset Management
Crestline Investors, Inc.
D.E. 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 Wealth Management Division
Fisher Investments

Manager Name
Fort Washington Investment Advisors, Inc.
Franklin Templeton Institutional
Fred Alger Management, Inc.
Fuller & Thaler Asset Management, Inc.
GAM (USA) Inc.
GE Asset Management
GMO
Goldman Sachs Asset Management
Grand-Jean Capital Management
Guggenheim Investments
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
Impax Asset Management Limited
Income Research + Management, Inc.
Insight Investment Management Limited
Institutional Capital LLC
INTECH Investment Management, LLC
Invesco
Investec Asset Management
Investment Counselors of Maryland, LLC
Janus Capital Management, LLC
Jarislowsky Fraser Global Investment Management
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.
McDonnell Investment Management, LLC
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 Investment Management (fka Newton Capital Management)
Nikko Asset Management Co., Ltd.
Northern Trust Asset Management
Nuveen Investments, Inc.
OFI Global Asset Management
Old Mutual Asset Management
Opus Capital Management Inc.

Manager Name
O'Shaughnessy Asset Management, LLC
Pacific Alternative Asset Management Co.
Pacific Current Group
Pacific Investment Management Company
Parametric Portfolio Associates
P/E Investments
Peregrine Capital Management, Inc.
PGIM
PineBridge Investments
Pinnacle Asset Management L.P.
Pioneer Investments
PNC Capital Advisors, LLC
Principal Global Investors
Private Advisors, LLC
Putnam Investments, LLC
QMA (Quantitative Management Associates)
RBC Global Asset Management
Regions Financial Corporation
RidgeWorth Capital Management, Inc.
Riverbridge Partners LLC
Rockefeller & Co., Inc.
Rothschild Asset Management, Inc.
Russell Investments
Santander Global Facilities
Schroder Investment Management North America Inc.
Scout Investments
SEI Investments
Shenkman Capital Management, Inc.
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 Financial
Voya Investment Management (fka ING)
Waddell & Reed Asset Management Group
WCM Investment Management
Wasatch Advisors, Inc.
WEDGE Capital Management
Wellington Management Company, LLP
Wells Capital Management
Western Asset Management Company
William Blair & Company