FUND EVALUATION REPORT

San Francisco Retiree Health Care Trust Fund

Quarterly Review
September 30, 2016

MEKETA INVESTMENT GROUP

BOSTON MASSACHUSETTS | CHICAGO ILLINOIS | MIAMI FLORIDA | PORTLAND OREGON | SAN DIEGO CALIFORNIA | LONDON UNITED KINGDOM

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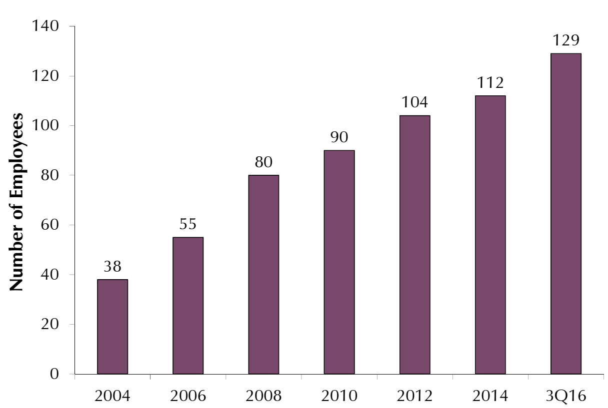
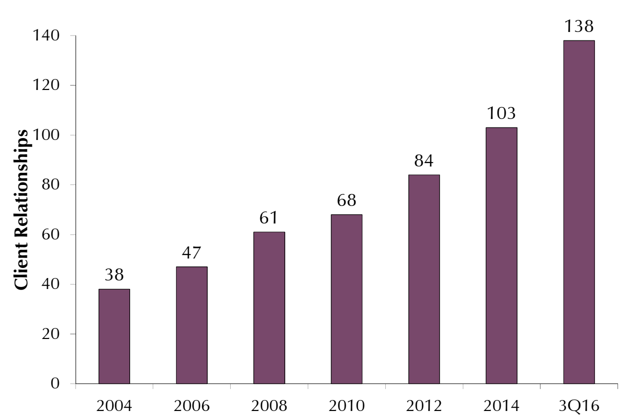
Meketa Investment Group
Corporate Update

- Staff of 129, including 81 investment professionals and 26 CFA Charterholders
- 138 clients, with over 235 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston, Chicago, Miami, Portland (OR), San Diego, and London
- Clients have aggregate assets of over $870 billion
  - Over $50 billion in assets committed to alternative investments
    - Private Equity
    - Infrastructure
    - Natural Resources
    - Real Estate
    - Hedge Funds
    - Commodities

Employee Growth



Client Growth



Meketa Investment Group is proud to work for 4.9 million American families everyday

Asset Classes Followed Intensively by Meketa Investment Group

Domestic Equities

- Passive
- Enhanced Index
- Large Cap
- Midcap
- Small Cap
- Microcap
- 130/30

International Equities

- Large Cap Developed
- Small Cap Developed
- Emerging Markets
- Frontier Markets

Private Equity

- Buyouts
- Venture Capital
- Private Debt
- Special Situations
- Secondaries
- Fund of Funds

Real Assets

- Public REITs
- Core Real Estate
- Value Added Real Estate
- Opportunistic Real Estate
- Infrastructure
- Timber
- Natural Resources
- Commodities

Fixed Income

- Short-Term
- Core
- Core Plus
- TIPS
- High Yield
- Bank Loans
- Distressed
- Global
- Emerging Markets

Hedge Funds

- Long/Short Equity
- Event Driven
- Relative Value
- Fixed Income Arbitrage
- Multi Strategy
- Market Neutral
- Global Macro
- Fund of Funds
- Portable Alpha

Executive Summary
As of September 30, 2016

San Francisco Retiree Health Care Trust Fund

- The market value of the San Francisco Retiree Health Care Trust Fund increased from $110.3 million to $122.4 million during the quarter due to net cash inflows of $8.8 million and positive performance. The Fund returned 3.6% during the quarter.
- As of quarter end, the San Francisco Retiree Health Care Trust Fund's cash position was 3%. We anticipate there were always be a nominal cash position due to contributions.

San Francisco Community College District Retiree Health Care Trust Fund

- The market value of the San Francisco Retiree Health Care Trust Fund increased from $7.88 million to $7.94 million during the quarter primarily due to positive performance. The Fund returned 3.3% during the quarter.
- As of quarter end, the San Francisco Community College District Retiree Health Care Trust Fund's cash position was negative $2,185. Per staff, the Community College District's cash balance in the Treasurer's investment portfolio was insufficient to cover operating expenses incurred during FY 2015-16.

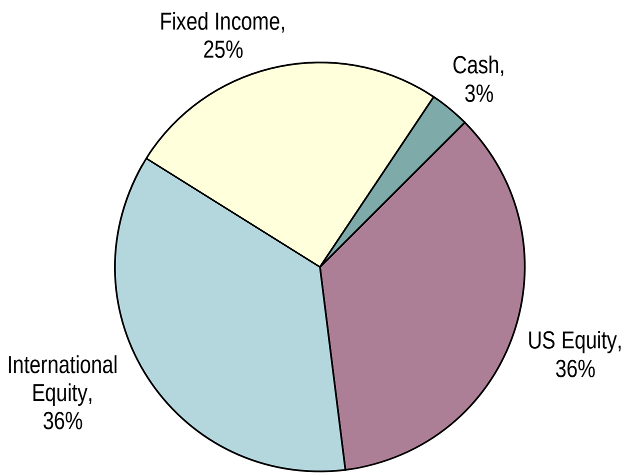
Third Quarter Performance Report

Total Fund Market Value

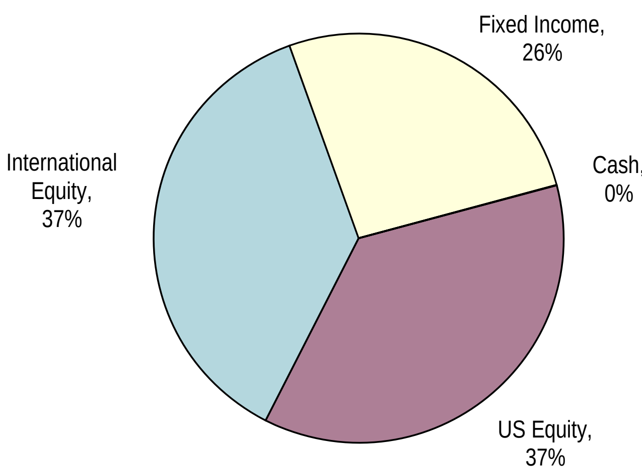
Market Value	US Equity	International Equity	Fixed Income	Cash	Total
San Francisco Retiree Health Care Trust Fund	43,478,787	43,924,102	31,169,016	3,824,724	122,396,629
San Francisco Community College District Retiree Health Care Trust Fund	2,911,950	2,941,774	2,087,515	-2,185	7,939,054
Total	46,390,737	46,865,876	33,256,531	3,822,539	130,335,683

% Allocation by Asset Class	US Equity (%)	International Equity (%)	Fixed Income (%)	Cash (%)	Total (%)
San Francisco Retiree Health Care Trust Fund	36	36	25	3	100
San Francisco Community College District Retiree Health Care Trust Fund	37	37	26	0	100
Total	36	36	26	3	100

San Francisco Retiree Health Care Trust Fund



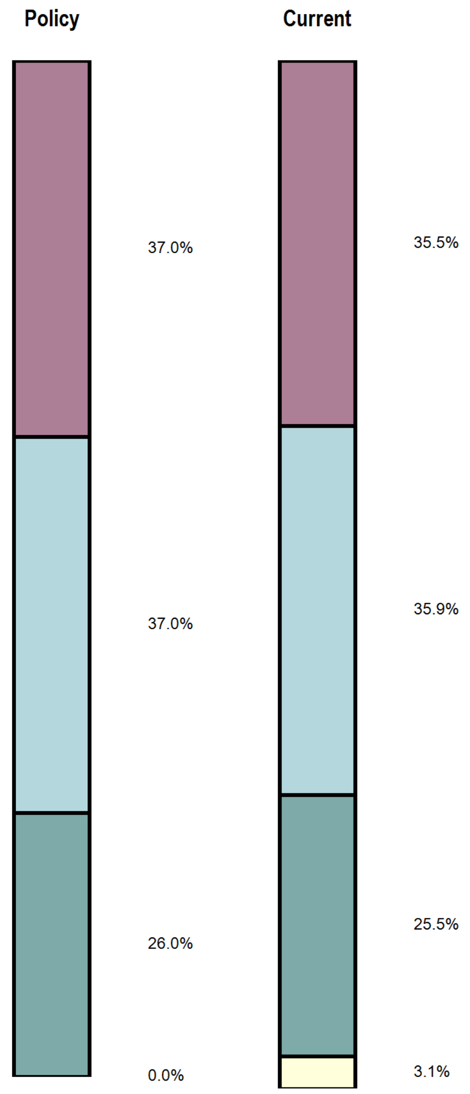
San Francisco Community College District Retiree Health Care Trust Fund



San Francisco Retiree Health Care Trust Fund
As of September 30, 2016

Total Fund

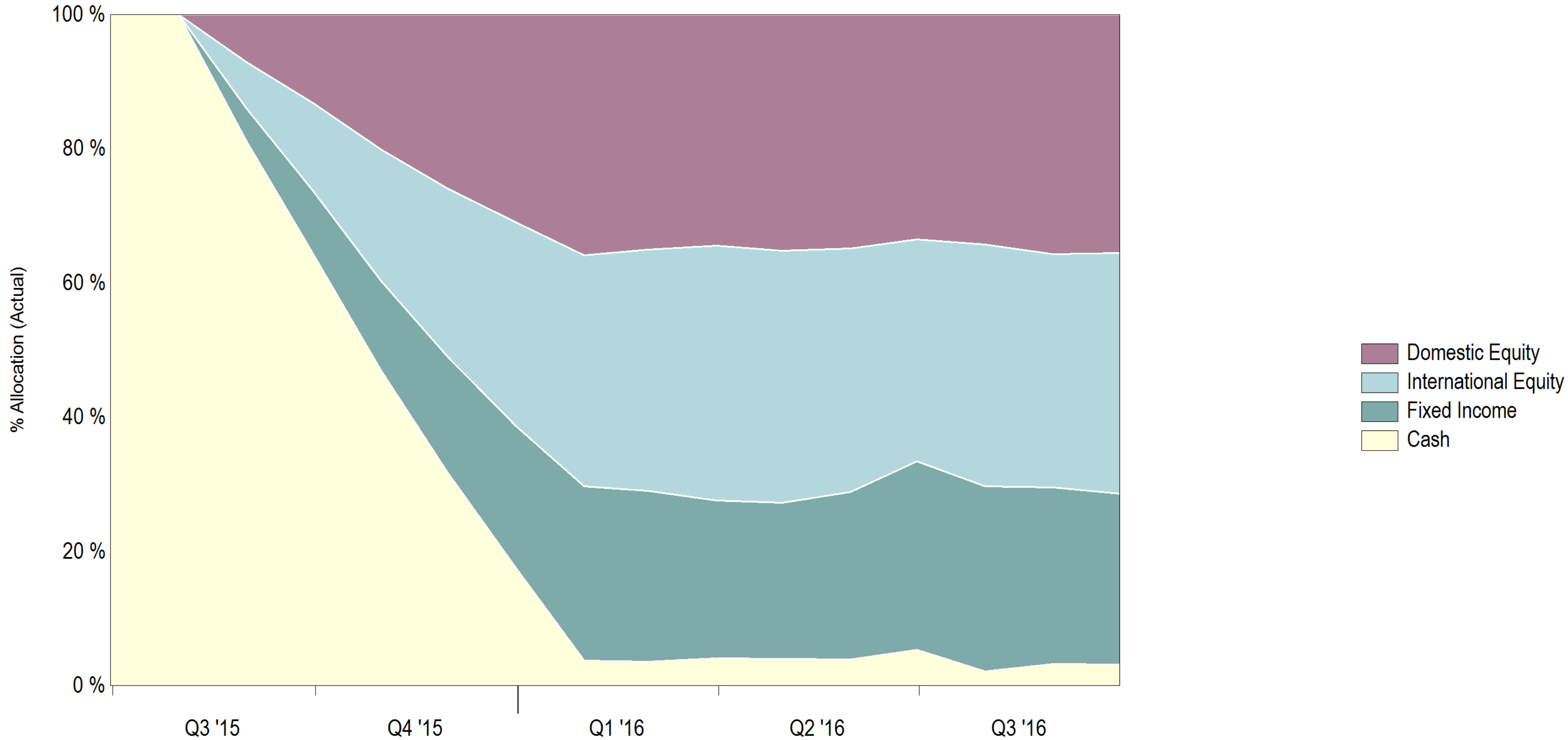
As of September 30, 2016



Allocation vs. Targets and Policy

	Current Balance	Current Allocation	Policy	Difference	Policy Range	Within IPS Range?
US Equity	$43,478,787	36%	37%	-1%	27% - 47%	Yes
International Equity	$43,924,102	36%	37%	-1%	27% - 47%	Yes
Fixed Income	$31,169,016	25%	26%	-1%	16% - 36%	Yes
Cash	$3,824,724	3%	0%	3%	0% - 0%	No
Total	**$122,396,629**	**100%**	**100%**			

Asset Allocation History
1 Year 3 Months Ending September 30, 2016



Total Fund

As of September 30, 2016

Asset Class Performance Summary

	Market Value ($)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Return (%)	Since
Total Fund	**122,396,629**	**100.0**	**3.6**	**5.1**	**6.5**	**--**	**--**	**5.4**	**Sep-15**
CPI - Medical Care			*1.5*	*4.0*	*4.9*	*3.1*	*3.2*	*4.7*	*Sep-15*
Domestic Equity	**43,478,787**	**35.5**	**3.9**	**7.8**	**15.4**	**--**	**--**	**11.6**	**Sep-15**
S&P 500			*3.9*	*7.8*	*15.4*	*11.2*	*16.4*	*11.6*	*Sep-15*
International Equity	**43,924,102**	**35.9**	**6.5**	**1.9**	**6.7**	**--**	**--**	**1.2**	**Sep-15**
MSCI EAFE			*6.4*	*1.7*	*6.5*	*0.5*	*7.4*	*1.0*	*Sep-15*
Fixed Income	**31,169,016**	**25.5**	**0.5**	**5.9**	**5.2**	**--**	**--**	**5.5**	**Sep-15**
Barclays Aggregate			*0.5*	*5.8*	*5.2*	*4.0*	*3.1*	*5.4*	*Sep-15*
Cash	**3,824,724**	**3.1**	**0.2**	**0.5**	**0.7**	**--**	**--**	**0.7**	**Sep-15**
91 Day T-Bills			*0.1*	*0.2*	*0.2*	*0.1*	*0.1*	*0.2*	*Sep-15*

Total Fund

As of September 30, 2016

Trailing Performance

	Market Value ($)	% of Portfolio	3 Mo Net Cash Flows ($)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Return (%)	Since
Total Fund	**122,396,629**	**100.0**	**8,806,223**	**3.6**	**5.1**	**6.5**	**--**	**--**	**5.4**	**Sep-15**
CPI - Medical Care				*1.5*	*4.0*	*4.9*	*3.1*	*3.2*	*4.7*	*Sep-15*
Domestic Equity	**43,478,787**	**35.5**	**5,151,550**	**3.9**	**7.8**	**15.4**	**--**	**--**	**11.6**	**Sep-15**
S&P 500				*3.9*	*7.8*	*15.4*	*11.2*	*16.4*	*11.6*	*Sep-15*
Northern Trust S&P 500 Index	43,478,787	35.5	5,151,550	3.9	7.8	15.4	--	--	11.6	Sep-15
S&P 500				*3.9*	*7.8*	*15.4*	*11.2*	*16.4*	*11.6*	*Sep-15*
International Equity	**43,924,102**	**35.9**	**4,962,086**	**6.5**	**1.9**	**6.7**	**--**	**--**	**1.2**	**Sep-15**
MSCI EAFE				*6.4*	*1.7*	*6.5*	*0.5*	*7.4*	*1.0*	*Sep-15*
Northern Trust EAFE Index	43,924,102	35.9	4,962,086	6.5	1.9	6.7	--	--	1.2	Sep-15
MSCI EAFE				*6.4*	*1.7*	*6.5*	*0.5*	*7.4*	*1.0*	*Sep-15*
Fixed Income	**31,169,016**	**25.5**		**0.5**	**5.9**	**5.2**	**--**	**--**	**5.5**	**Sep-15**
Barclays Aggregate				*0.5*	*5.8*	*5.2*	*4.0*	*3.1*	*5.4*	*Sep-15*
BlackRock U.S. Debt Index	31,169,016	25.5		0.5	5.9	5.2	--	--	5.5	Sep-15
Barclays Aggregate				*0.5*	*5.8*	*5.2*	*4.0*	*3.1*	*5.4*	*Sep-15*
Cash	**3,824,724**	**3.1**	**-1,307,413**	**0.2**	**0.5**	**0.7**	**--**	**--**	**0.7**	**Sep-15**
91 Day T-Bills				*0.1*	*0.2*	*0.2*	*0.1*	*0.1*	*0.2*	*Sep-15*

Northern Trust S&P 500 Index

As of September 30, 2016

Account Information

Account Name	**Northern Trust S&P 500 Index**
Account Structure	**Commingled Fund**
Investment Style	**Passive**
Inception Date	**9/01/15**
Account Type	**US Equity**
Benchmark	**S&P 500**
Universe	

Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Northern Trust S&P 500 Index	3.9	7.8	15.4	--	--	--	11.6	Sep-15
S&P 500	*3.9*	*7.8*	*15.4*	*11.2*	*16.4*	*7.2*	*11.6*	*Sep-15*

Top 10 Holdings

APPLE	3.3%
MICROSOFT	2.4%
EXXON MOBIL	1.9%
AMAZON.COM	1.8%
JOHNSON & JOHNSON	1.7%
FACEBOOK CLASS A	1.6%
BERKSHIRE HATHAWAY 'B'	1.5%
GENERAL ELECTRIC	1.4%
AT&T	1.3%
JP MORGAN CHASE & CO.	1.3%
Total	**18.2%**

Northern Trust S&P 500 Index-NL Characteristics

	Portfolio Q3-16	Index Q3-16	Portfolio Q2-16
Market Value			
Market Value (Mil)	43.5	--	37.0
Number Of Holdings	505	505	505
Characteristics			
Wtg. Avg. Market Cap. (Bil)	134.9	134.7	127.9
Median Market Cap (Bil)	18.9	18.9	18.1
P/E Ratio	23.1	22.7	23.8
Yield	2.1	2.1	2.2
EPS Growth - 5 Yrs.	9.2	9.0	8.0
Price to Book	4.7	4.5	4.9
Beta (holdings; domestic)	1.0	1.0	1.0
Sector Distribution			
Energy	7.2	7.3	7.4
Materials	2.9	2.9	2.8
Industrials	9.8	10.0	10.1
Consumer Discretionary	12.5	12.5	12.4
Consumer Staples	9.9	9.9	10.6
Health Care	14.6	14.4	14.7
Financials	12.8	15.8	15.7
Information Technology	21.3	21.2	19.8
Telecommunication Services	2.6	2.6	2.9
Utilities	3.3	3.3	3.6
Real Estate	3.0	0.0	0.0

Northern Trust EAFE Index

As of September 30, 2016

Account Information

Account Name	**Northern Trust EAFE Index**
Account Structure	**Commingled Fund**
Investment Style	**Passive**
Inception Date	**9/01/15**
Account Type	**Non-US Stock All**
Benchmark	**MSCI EAFE**
Universe	

Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Northern Trust EAFE Index	6.5	1.9	6.7	--	--	--	1.2	Sep-15
MSCI EAFE	*6.4*	*1.7*	*6.5*	*0.5*	*7.4*	*1.8*	*1.0*	*Sep-15*

Performance Summary Report

As of 9/30/2016

Region	Number Of Assets	% of Total	% of Bench	% Diff
North America ex U.S.	0	0%	0%	0%
United States	6	0%	0%	0%
Europe Ex U.K.	343	45%	44%	1%
United Kingdom	113	18%	19%	-1%
Pacific Basin Ex Japan	158	12%	12%	0%
Japan	329	24%	24%	0%
Emerging Markets	0	0%	0%	0%
Other	9	1%	1%	0%
Total	**958**	**100%**	**100%**	**0%**

Northern Trust EAFE Index Characteristics

	Portfolio Q3-16	Index Q3-16	Portfolio Q2-16
Market Value			
Market Value (Mil)	43.9	--	36.5
Number Of Holdings	958	927	961
Characteristics			
Wtg. Avg. Market Cap. (Bil)	52.5	52.2	51.6
Median Market Cap (Bil)	8.7	8.9	8.3
P/E Ratio	21.0	20.5	19.7
Yield	3.3	3.2	3.4
EPS Growth - 5 Yrs.	6.0	5.8	6.6
Price to Book	3.2	2.4	3.3
Beta (holdings; domestic)	1.0	1.0	1.0
Sector Distribution			
Energy	4.8	4.8	5.2
Materials	7.5	7.5	6.8
Industrials	14.0	14.0	13.4
Consumer Discretionary	12.2	12.2	12.1
Consumer Staples	12.8	12.8	13.3
Health Care	11.5	11.4	12.4
Financials	19.2	19.2	22.0
Information Technology	5.5	5.5	5.4
Telecommunication Services	4.8	4.8	5.1
Utilities	3.7	3.7	3.9
Real Estate	4.0	4.0	0.0

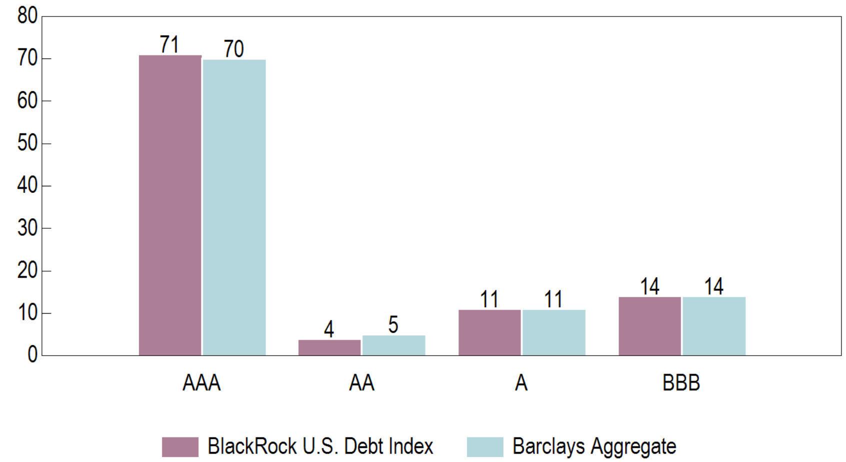
BlackRock U.S. Debt Index

As of September 30, 2016

Account Information

Account Name	**BlackRock U.S. Debt Index**
Account Structure	**Commingled Fund**
Investment Style	**Passive**
Inception Date	**9/01/15**
Account Type	**US Fixed Income**
Benchmark	**Barclays Aggregate**
Universe	

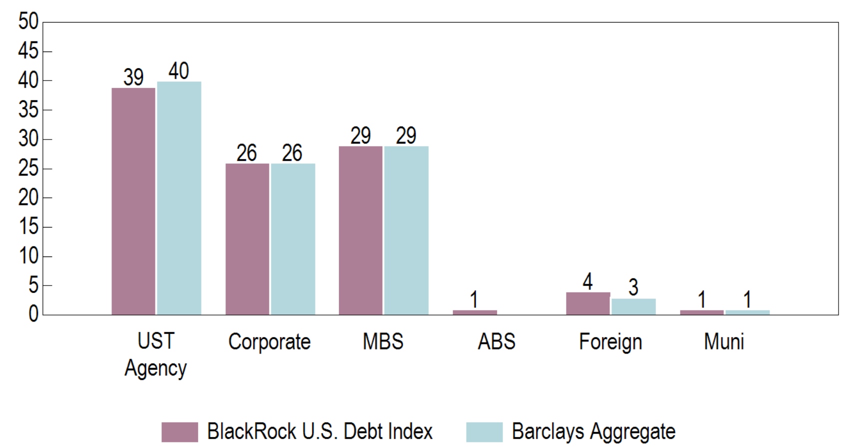
Credit Quality Allocation



Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
BlackRock U.S. Debt Index	0.5	5.9	5.2	--	--	--	5.5	Sep-15
Barclays Aggregate	*0.5*	*5.8*	*5.2*	*4.0*	*3.1*	*4.8*	*5.4*	*Sep-15*

Sector Allocation



BlackRock U.S. Debt Index-Non Lending Characteristics vs. Barclays Aggregate

	Portfolio Q3-16	Index Q3-16	Portfolio Q2-16
Fixed Income Characteristics			
Yield to Maturity	1.9	1.9	1.9
Average Duration	5.3	5.5	5.2
Average Quality	AA	AA	AA

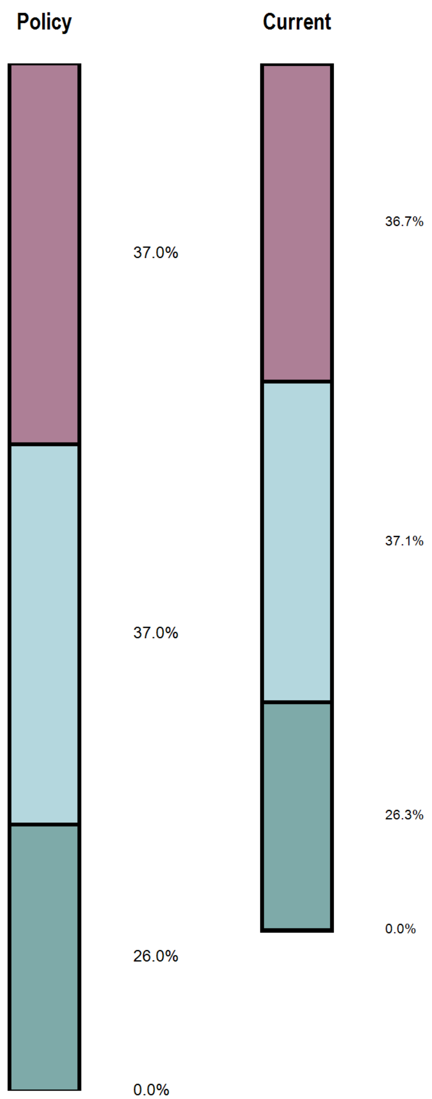
Investment Expense Analysis
As Of September 30, 2016

Name	Fee Schedule	Market Value	Estimated Fee Value	Estimated Fee
Domestic Equity		**$43,478,787**		
Northern Trust S&P 500 Index	0.035% of First $50.0 Mil, 0.030% of Next $50.0 Mil, 0.025% Thereafter	$43,478,787	$15,218	0.035%
International Equity		**$43,924,102**		
Northern Trust EAFE Index	0.050% of Assets	$43,924,102	$21,962	0.050%
Fixed Income		**$31,169,016**		
BlackRock U.S. Debt Index	0.050% of Assets	$31,169,016	$15,585	0.050%

San Francisco Community College District
Health Care Trust Fund
As of September 30, 2016

Total Fund

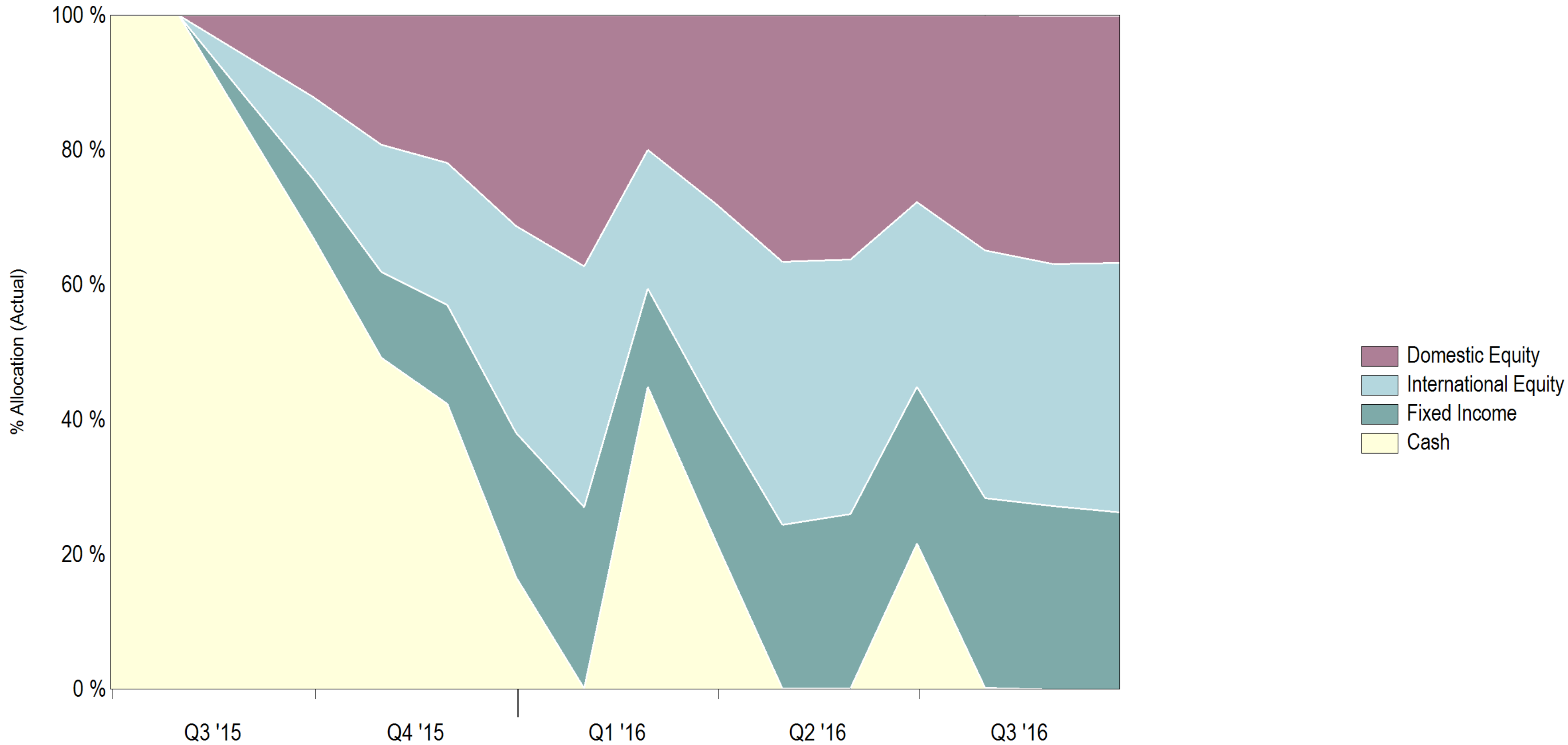
As of September 30, 2016



Allocation vs. Targets and Policy

	Current Balance	Current Allocation	Policy	Difference	Policy Range	Within IPS Range?
US Equity	$2,911,950	37%	37%	0%	27% - 47%	Yes
International Equity	$2,941,774	37%	37%	0%	27% - 47%	Yes
Fixed Income	$2,087,515	26%	26%	0%	16% - 36%	Yes
Cash	-$2,185	0%	0%	0%	0% - 0%	No
Total	**$7,939,054**	**100%**	**100%**			

Asset Allocation History
1 Year 3 Months Ending September 30, 2016



Total Fund

As of September 30, 2016

Asset Class Performance Summary

	Market Value ($)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Return (%)	Since
Total Fund	**7,939,054**	**100.0**	**3.3**	**3.5**	**4.9**	**--**	**--**	**4.0**	**Sep-15**
CPI - Medical Care			*1.5*	*4.0*	*4.9*	*3.1*	*3.2*	*4.7*	*Sep-15*
Domestic Equity	**2,911,950**	**36.7**	**3.9**	**7.8**	**15.4**	**--**	**--**	**11.6**	**Sep-15**
S&P 500			*3.9*	*7.8*	*15.4*	*11.2*	*16.4*	*11.6*	*Sep-15*
International Equity	**2,941,774**	**37.1**	**6.5**	**1.9**	**6.7**	**--**	**--**	**1.2**	**Sep-15**
MSCI EAFE			*6.4*	*1.7*	*6.5*	*0.5*	*7.4*	*1.0*	*Sep-15*
Fixed Income	**2,087,515**	**26.3**	**0.5**	**5.9**	**5.2**	**--**	**--**	**5.5**	**Sep-15**
Barclays Aggregate			*0.5*	*5.8*	*5.2*	*4.0*	*3.1*	*5.4*	*Sep-15*
Cash	**-2,185**	**0.0**	**0.2**	**0.5**	**0.6**	**--**	**--**	**0.6**	**Sep-15**
91 Day T-Bills			*0.1*	*0.2*	*0.2*	*0.1*	*0.1*	*0.2*	*Sep-15*

Trailing Net Performance

	Market Value ($)	% of Portfolio	3 Mo Net Cash Flows ($)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Return (%)	Since
Total Fund	**7,939,054**	**100.0**	**500**	**3.3**	**3.5**	**4.9**	**--**	**--**	**4.0**	**Sep-15**
CPI - Medical Care				*1.5*	*4.0*	*4.9*	*3.1*	*3.2*	*4.7*	*Sep-15*
Domestic Equity	**2,911,950**	**36.7**	**564,024**	**3.9**	**7.8**	**15.4**	**--**	**--**	**11.6**	**Sep-15**
S&P 500				*3.9*	*7.8*	*15.4*	*11.2*	*16.4*	*11.6*	*Sep-15*
Northern Trust S&P 500 Index	2,911,950	36.7	564,024	3.9	7.8	15.4	--	--	11.6	Sep-15
S&P 500				*3.9*	*7.8*	*15.4*	*11.2*	*16.4*	*11.6*	*Sep-15*
International Equity	**2,941,774**	**37.1**	**641,796**	**6.5**	**1.9**	**6.7**	**--**	**--**	**1.2**	**Sep-15**
MSCI EAFE				*6.4*	*1.7*	*6.5*	*0.5*	*7.4*	*1.0*	*Sep-15*
Northern Trust EAFE Index	2,941,774	37.1	641,796	6.5	1.9	6.7	--	--	1.2	Sep-15
MSCI EAFE				*6.4*	*1.7*	*6.5*	*0.5*	*7.4*	*1.0*	*Sep-15*
Fixed Income	**2,087,515**	**26.3**	**692,569**	**0.5**	**5.9**	**5.2**	**--**	**--**	**5.5**	**Sep-15**
Barclays Aggregate				*0.5*	*5.8*	*5.2*	*4.0*	*3.1*	*5.4*	*Sep-15*
BlackRock U.S. Debt Index	2,087,515	26.3	692,569	0.5	5.9	5.2	--	--	5.5	Sep-15
Barclays Aggregate				*0.5*	*5.8*	*5.2*	*4.0*	*3.1*	*5.4*	*Sep-15*
Cash	**-2,185**	**0.0**	**-1,897,889**	**0.2**	**0.5**	**0.6**	**--**	**--**	**0.6**	**Sep-15**
91 Day T-Bills				*0.1*	*0.2*	*0.2*	*0.1*	*0.1*	*0.2*	*Sep-15*

Northern Trust S&P 500 Index

As of September 30, 2016

Account Information

Account Name	**Northern Trust S&P 500 Index**
Account Structure	**Commingled Fund**
Investment Style	**Passive**
Inception Date	**9/01/15**
Account Type	**US Equity**
Benchmark	**S&P 500**
Universe	

Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Northern Trust S&P 500 Index	3.9	7.8	15.4	--	--	--	11.6	Sep-15
S&P 500	*3.9*	*7.8*	*15.4*	*11.2*	*16.4*	*7.2*	*11.6*	*Sep-15*

Top 10 Holdings

APPLE	3.3%
MICROSOFT	2.4%
EXXON MOBIL	1.9%
AMAZON.COM	1.8%
JOHNSON & JOHNSON	1.7%
FACEBOOK CLASS A	1.6%
BERKSHIRE HATHAWAY 'B'	1.5%
GENERAL ELECTRIC	1.4%
AT&T	1.3%
JP MORGAN CHASE & CO.	1.3%
Total	**18.2%**

Northern Trust S&P 500 Index-NL Characteristics

	Portfolio Q3-16	Index Q3-16	Portfolio Q2-16
Market Value			
Market Value (Mil)	2.9	--	2.2
Number Of Holdings	505	505	505
Characteristics			
Wtg. Avg. Market Cap. (Bil)	134.9	134.7	127.9
Median Market Cap (Bil)	18.9	18.9	18.1
P/E Ratio	23.1	22.7	23.8
Yield	2.1	2.1	2.2
EPS Growth - 5 Yrs.	9.2	9.0	8.0
Price to Book	4.7	4.5	4.9
Beta (holdings; domestic)	1.0	1.0	1.0
Sector Distribution			
Energy	7.2	7.3	7.4
Materials	2.9	2.9	2.8
Industrials	9.8	10.0	10.1
Consumer Discretionary	12.5	12.5	12.4
Consumer Staples	9.9	9.9	10.6
Health Care	14.6	14.4	14.7
Financials	12.8	15.8	15.7
Information Technology	21.3	21.2	19.8
Telecommunication Services	2.6	2.6	2.9
Utilities	3.3	3.3	3.6
Real Estate	3.0	0.0	0.0

Northern Trust EAFE Index

As of September 30, 2016

Account Information

Account Name	**Northern Trust EAFE Index**
Account Structure	**Commingled Fund**
Investment Style	**Passive**
Inception Date	**9/01/15**
Account Type	**Non-US Stock All**
Benchmark	**MSCI EAFE**
Universe	

Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Northern Trust EAFE Index	6.5	1.9	6.7	--	--	--	1.2	Sep-15
MSCI EAFE	*6.4*	*1.7*	*6.5*	*0.5*	*7.4*	*1.8*	*1.0*	*Sep-15*

Performance Summary Report

As of 9/30/2016

Region	Number Of Assets	% of Total	% of Bench	% Diff
North America ex U.S.	0	0%	0%	0%
United States	6	0%	0%	0%
Europe Ex U.K.	343	45%	44%	1%
United Kingdom	113	18%	19%	-1%
Pacific Basin Ex Japan	158	12%	12%	0%
Japan	329	24%	24%	0%
Emerging Markets	0	0%	0%	0%
Other	9	1%	1%	0%
Total	**958**	**100%**	**100%**	**0%**

Northern Trust EAFE Index Characteristics

	Portfolio Q3-16	Index Q3-16	Portfolio Q2-16
Market Value			
Market Value (Mil)	2.9	--	2.2
Number Of Holdings	958	927	961
Characteristics			
Wtg. Avg. Market Cap. (Bil)	52.5	52.2	51.6
Median Market Cap (Bil)	8.7	8.9	8.3
P/E Ratio	21.0	20.5	19.7
Yield	3.3	3.2	3.4
EPS Growth - 5 Yrs.	6.0	5.8	6.6
Price to Book	3.2	2.4	3.3
Beta (holdings; domestic)	1.0	1.0	1.0
Sector Distribution			
Energy	4.8	4.8	5.2
Materials	7.5	7.5	6.8
Industrials	14.0	14.0	13.4
Consumer Discretionary	12.2	12.2	12.1
Consumer Staples	12.8	12.8	13.3
Health Care	11.5	11.4	12.4
Financials	19.2	19.2	22.0
Information Technology	5.5	5.5	5.4
Telecommunication Services	4.8	4.8	5.1
Utilities	3.7	3.7	3.9
Real Estate	4.0	4.0	0.0

BlackRock U.S. Debt Index

As of September 30, 2016

Account Information

Account Name	**BlackRock U.S. Debt Index**
Account Structure	**Other**
Investment Style	**Active**
Inception Date	**9/01/15**
Account Type	**US Fixed Income**
Benchmark	**Barclays Aggregate**
Universe	

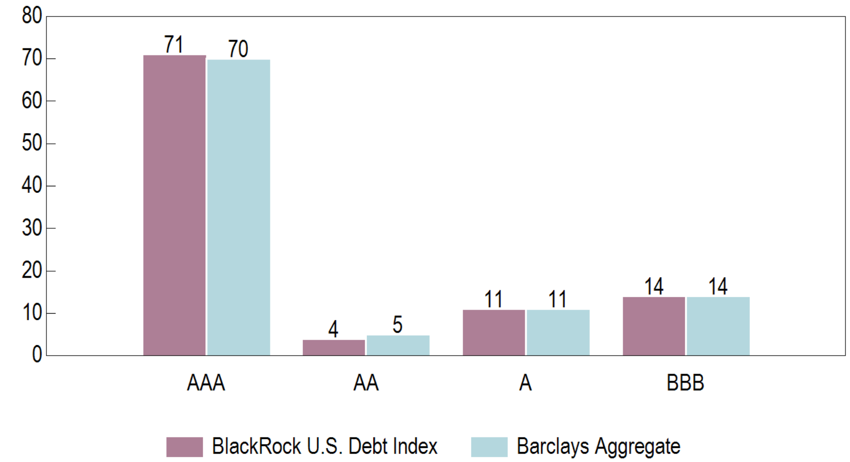
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
BlackRock U.S. Debt Index	0.5	5.9	5.2	--	--	--	5.5	Sep-15
Barclays Aggregate	*0.5*	*5.8*	*5.2*	*4.0*	*3.1*	*4.8*	*5.4*	*Sep-15*

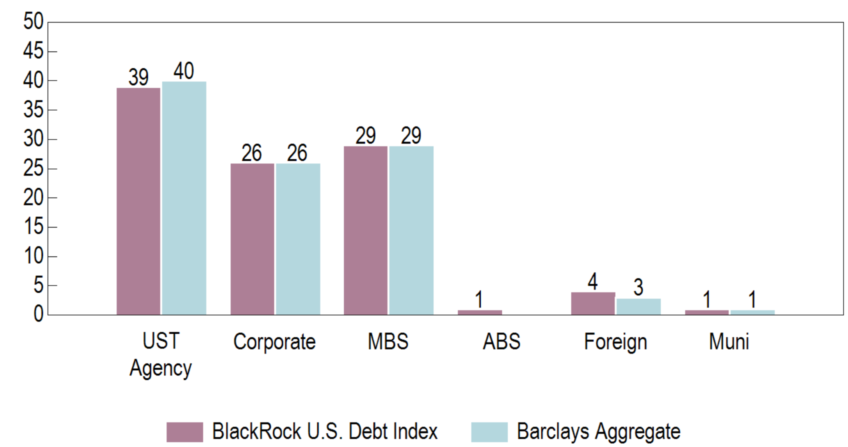
BlackRock US Debt Index Fund "B" Characteristics vs. Barclays Aggregate

	Portfolio Q3-16	Index Q3-16	Portfolio Q2-16
Fixed Income Characteristics			
Yield to Maturity	1.9	1.9	1.9
Average Duration	5.3	5.5	5.2
Average Quality	AA	AA	AA

Credit Quality Allocation



Sector Allocation



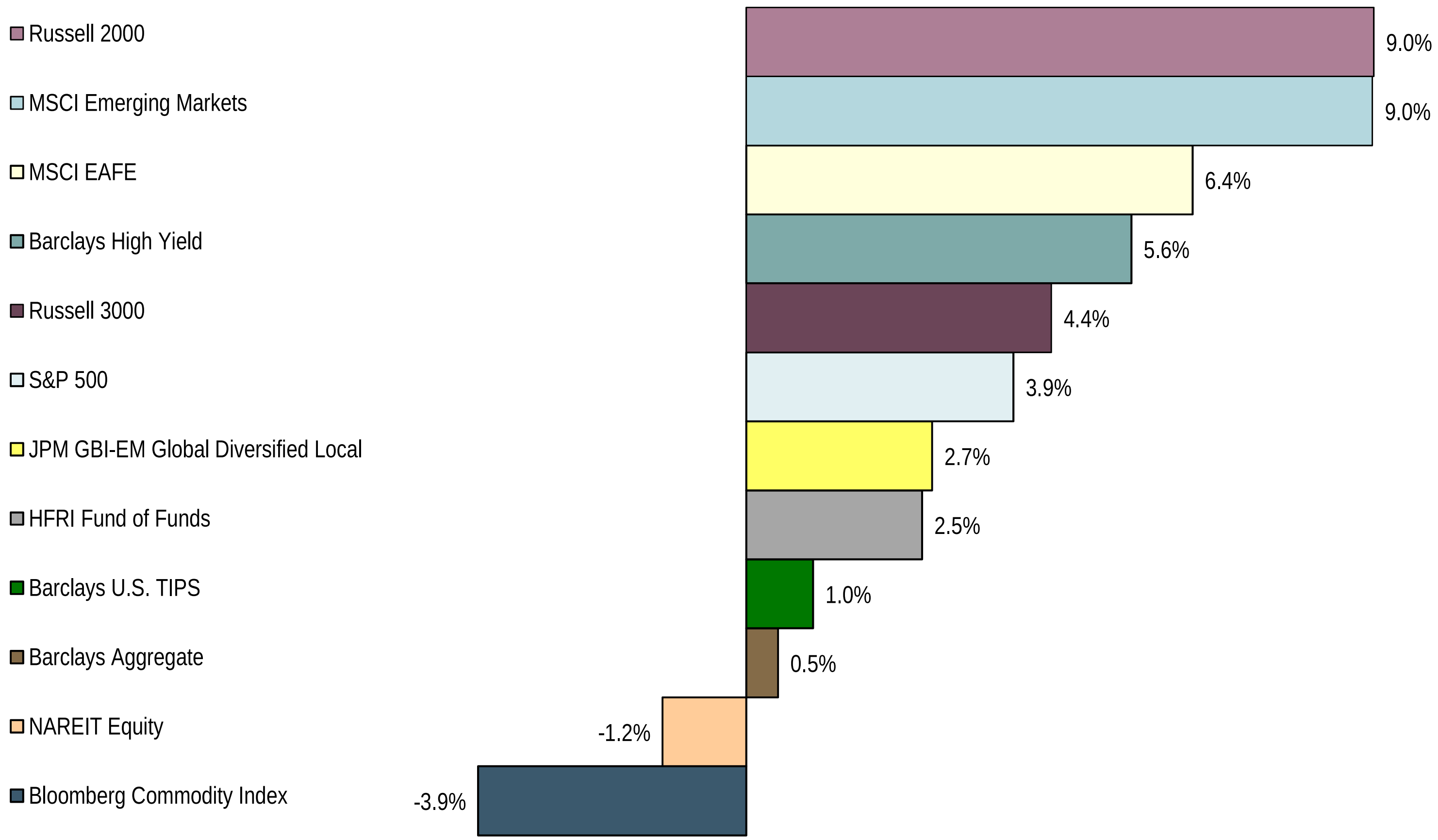
Investment Expense Analysis
As Of September 30, 2016

Name	Fee Schedule	Market Value	Estimated Fee Value	Estimated Fee
Domestic Equity		**$2,911,950**		
Northern Trust S&P 500 Index	0.035% of First $50.0 Mil, 0.030% of Next $50.0 Mil, 0.025% Thereafter	$2,911,950	$1,019	0.035%
International Equity		**$2,941,774**		
Northern Trust EAFE Index	0.050% of Assets	$2,941,774	$1,471	0.050%
Fixed Income		**$2,087,515**		
BlackRock U.S. Debt Index	0.050% of Assets	$2,087,515	$1,044	0.050%

Appendices

The World Markets
Third Quarter of 2016

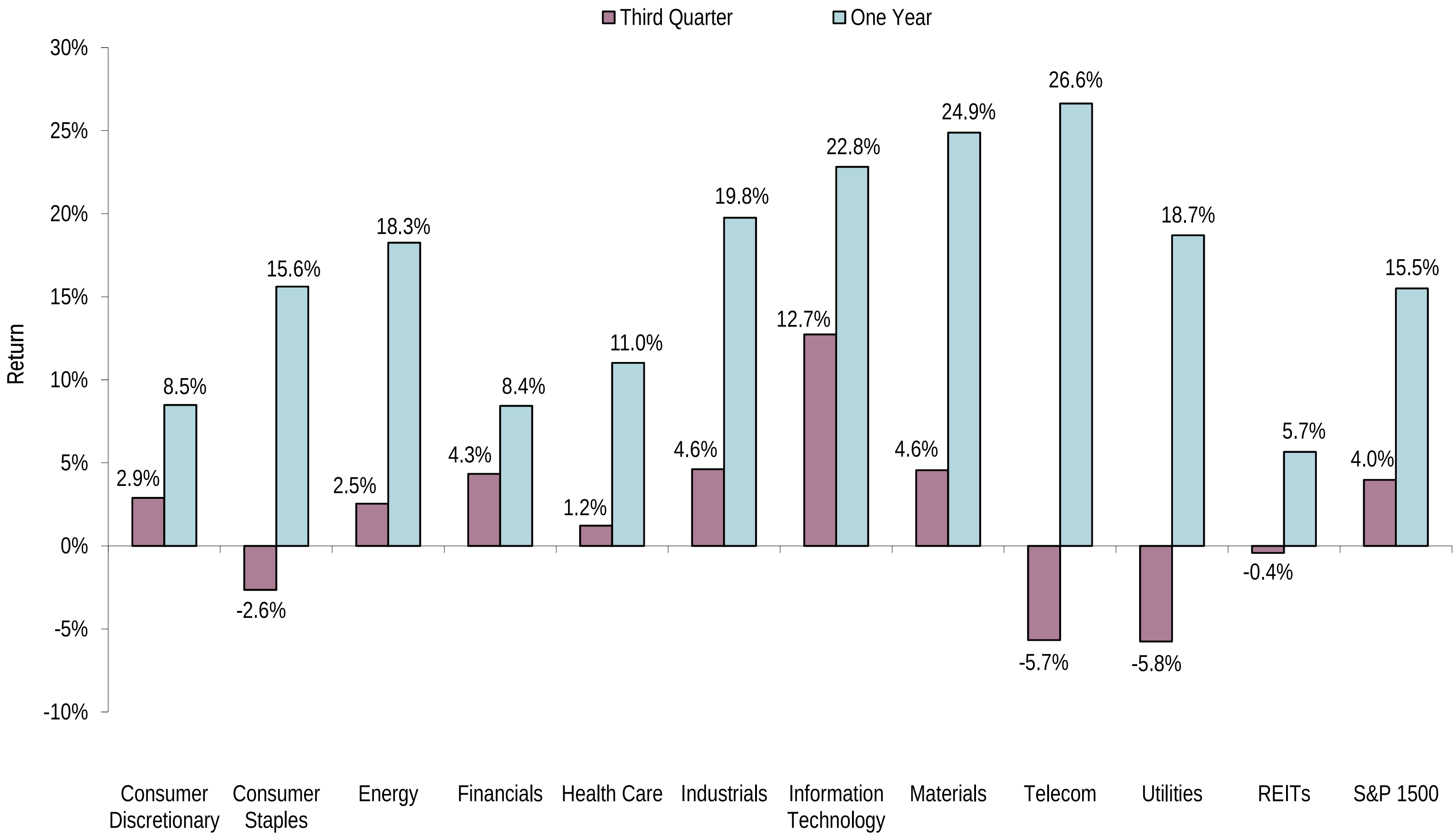
The World Markets
Third Quarter of 2016



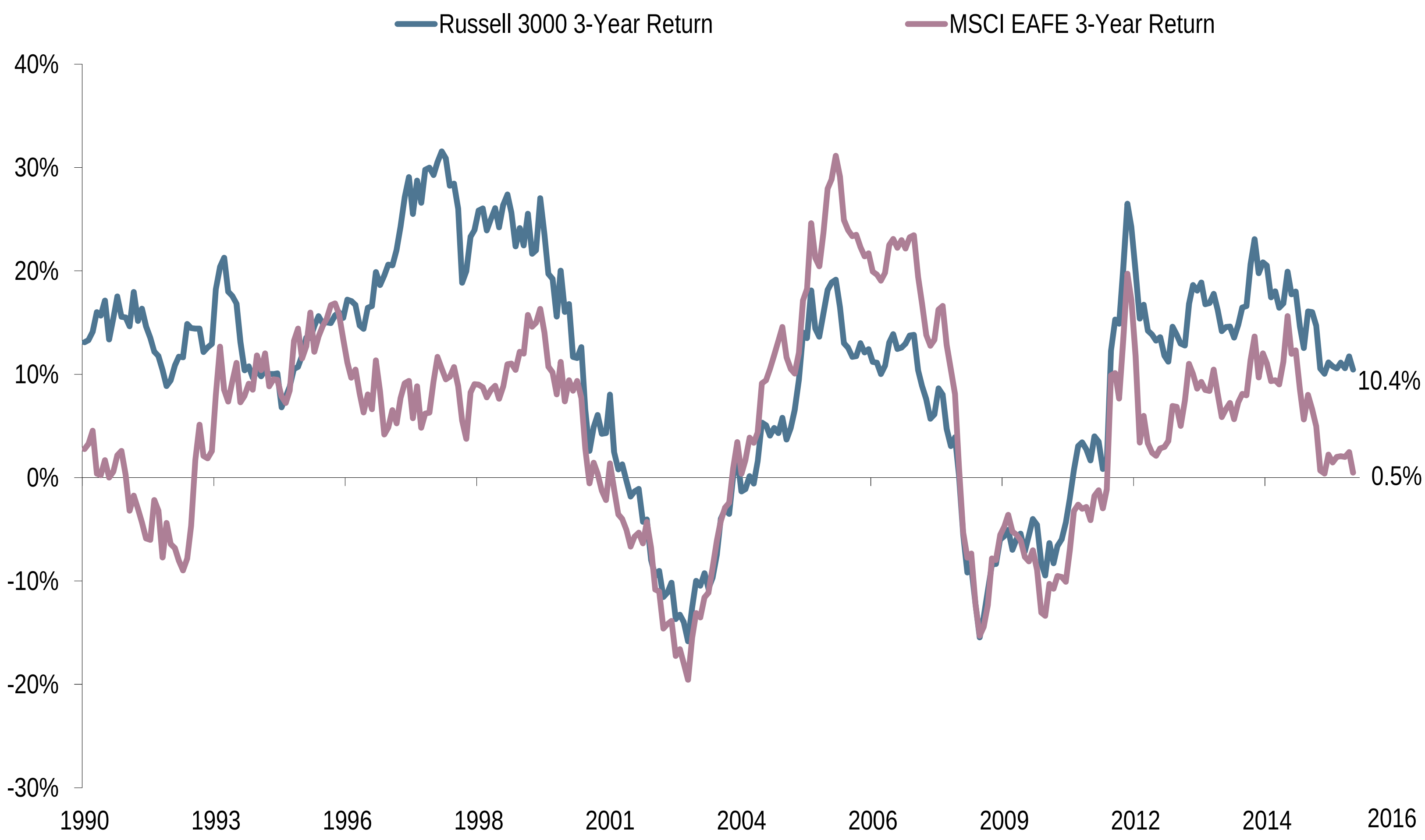
Index Returns

	3Q16 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Domestic Equity						
Russell 3000	4.4	8.2	15.0	10.4	16.4	7.4
Russell 1000	4.0	7.9	14.9	10.8	16.4	7.4
Russell 1000 Growth	4.6	6.0	13.8	11.8	16.6	8.8
Russell 1000 Value	3.5	10.0	16.2	9.7	16.2	5.9
Russell MidCap	4.5	10.3	14.2	9.7	16.7	8.3
Russell MidCap Growth	4.6	6.8	11.2	8.9	15.8	8.5
Russell MidCap Value	4.4	13.7	17.3	10.5	17.4	7.9
Russell 2000	9.0	11.5	15.5	6.7	15.8	7.1
Russell 2000 Growth	9.2	7.5	12.1	6.6	16.1	8.3
Russell 2000 Value	8.9	15.5	18.8	6.8	15.4	5.8
Foreign Equity						
MSCI ACWI (ex. U.S.)	6.9	5.8	9.3	0.2	6.0	2.2
MSCI EAFE	6.4	1.7	6.5	0.5	7.4	1.8
MSCI EAFE (local currency)	6.0	-1.6	4.6	5.3	11.2	2.2
MSCI EAFE Small Cap	8.6	5.2	12.3	5.1	11.1	4.4
MSCI Emerging Markets	9.0	16.0	16.8	-0.6	3.0	3.9
MSCI Emerging Markets (local currency)	7.6	11.3	13.0	4.3	7.0	5.9
Fixed Income						
Barclays Universal	1.0	6.7	6.1	4.3	3.6	5.0
Barclays Aggregate	0.5	5.8	5.2	4.0	3.1	4.8
Barclays U.S. TIPS	1.0	7.3	6.6	2.4	1.9	4.5
Barclays High Yield	5.6	15.1	12.7	5.3	8.3	7.7
JPMorgan GBI-EM Global Diversified (Local Currency)	2.7	17.1	17.1	-2.6	0.1	5.5
Other						
NAREIT Equity	-1.2	12.3	20.9	13.9	16.0	6.4
Bloomberg Commodity Index	-3.9	8.9	-2.6	-12.3	-9.4	-5.3
HFRI Fund of Funds	2.5	-0.1	0.6	2.2	3.2	1.8

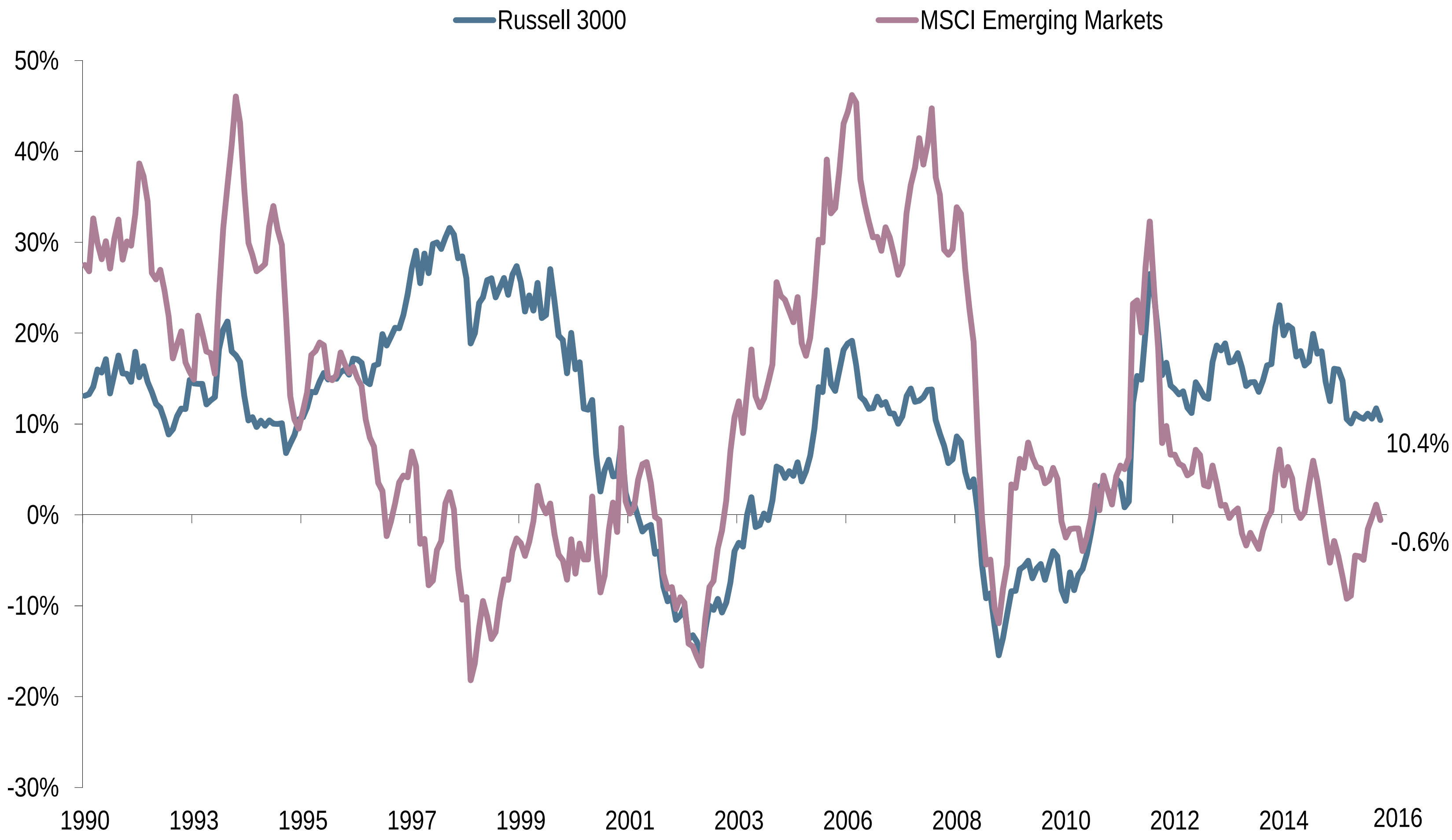
S&P Sector Returns



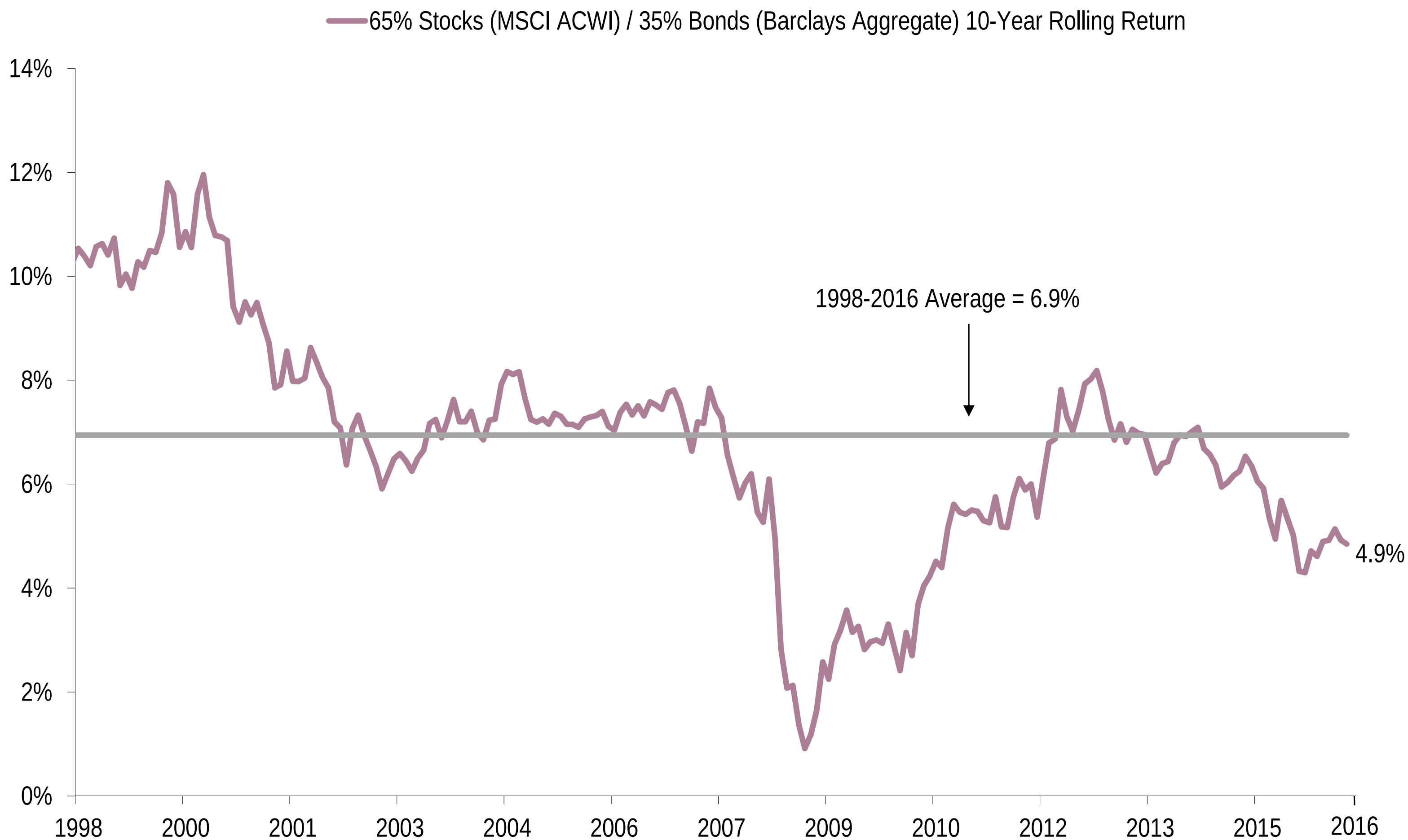
U.S. and Developed Market Foreign Equity Rolling Three-Year Returns



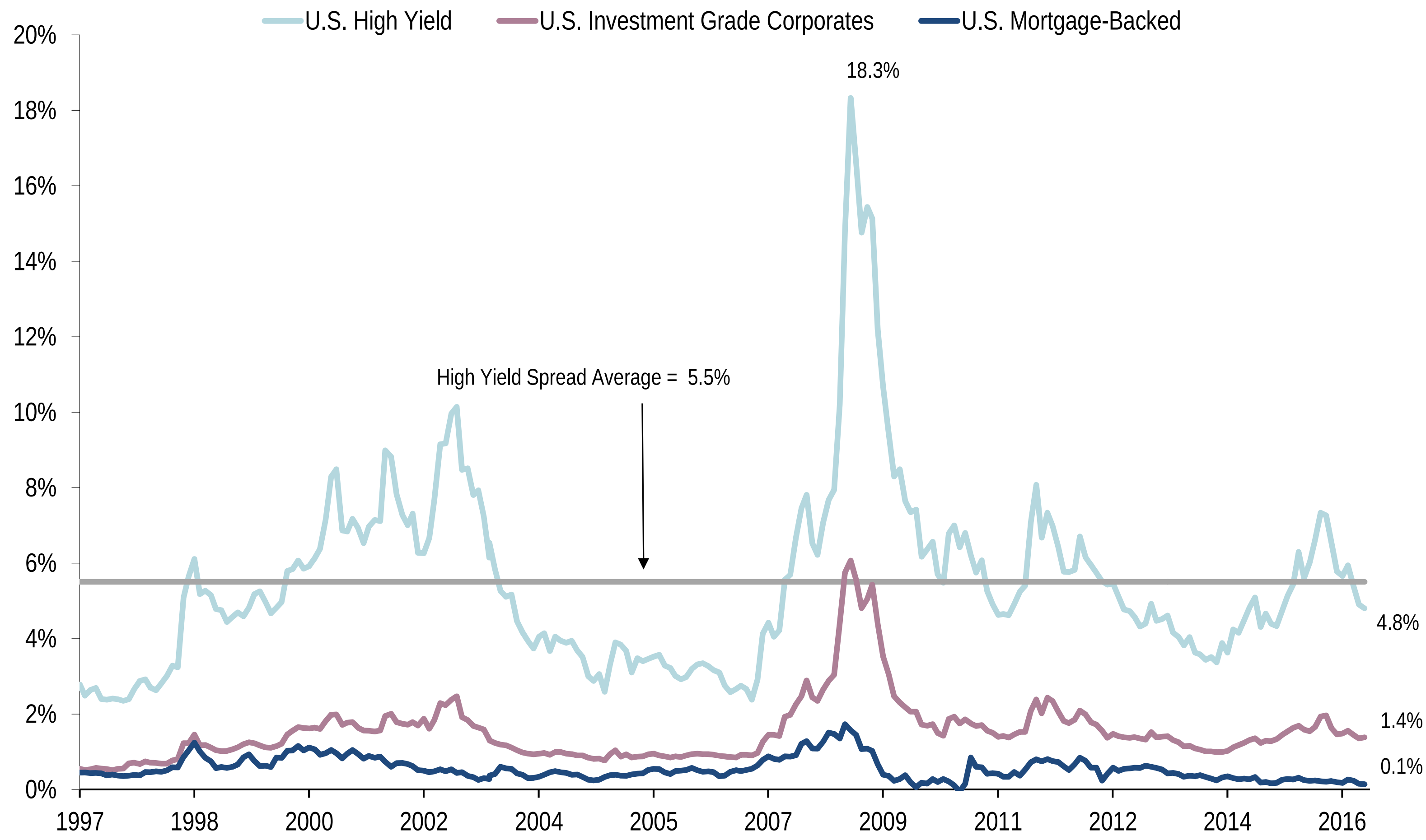
U.S. and Emerging Market Equity Rolling Three-Year Returns



Rolling Ten-Year Returns: 65% Stocks and 35% Bonds

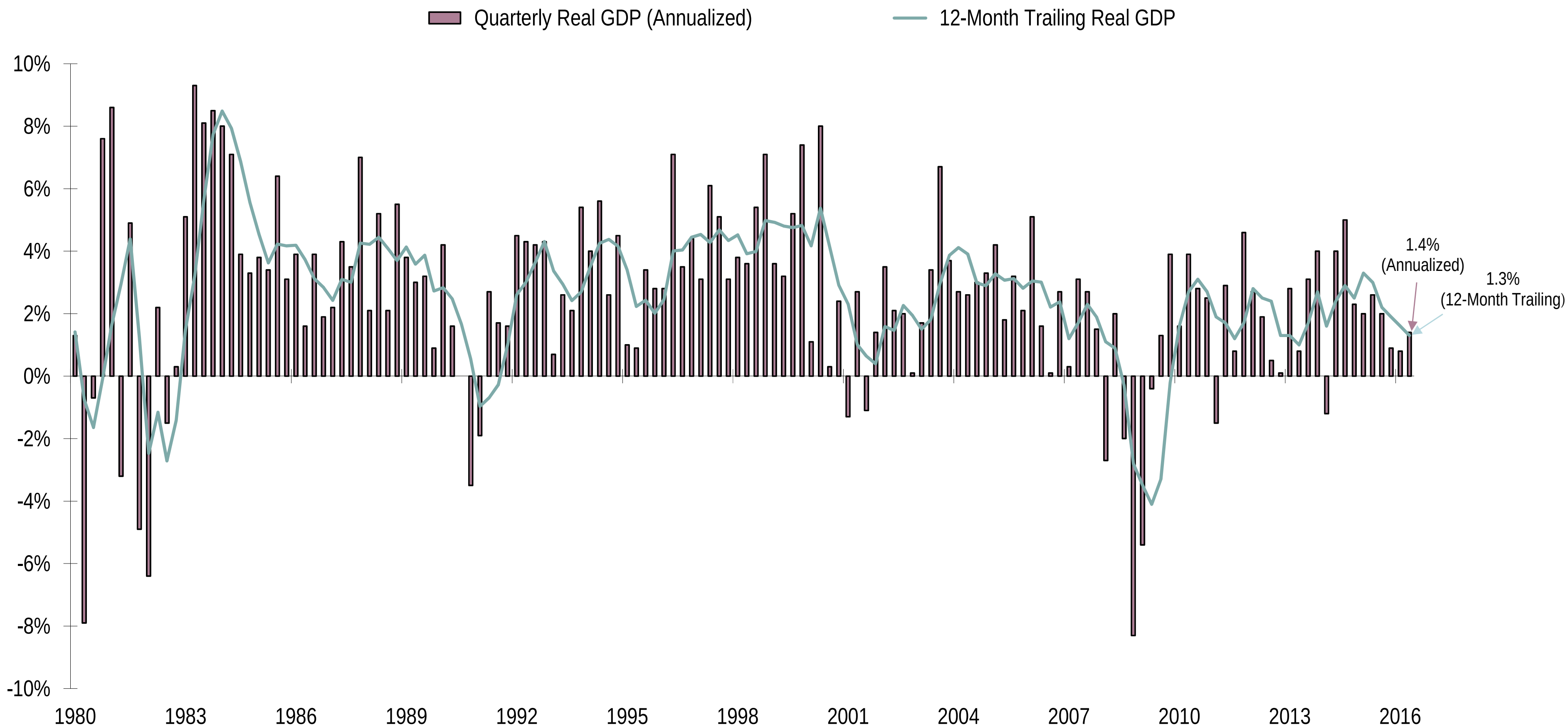


Credit Spreads vs. U.S. Treasury Bonds



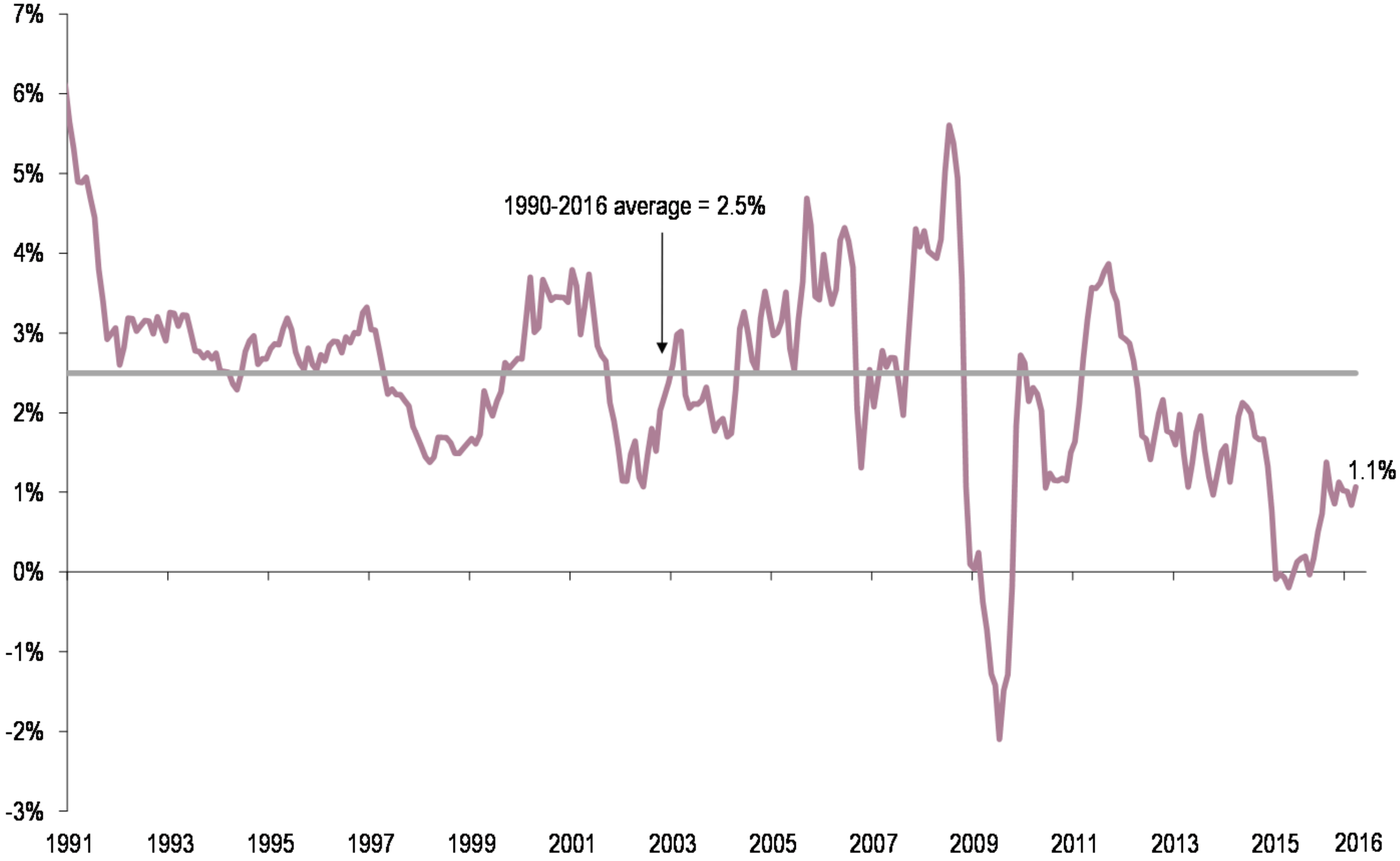
[1] The median high yield spread was 5.1% from 1997-2016.

U.S. Real Gross Domestic Product (GDP) Growth[1]



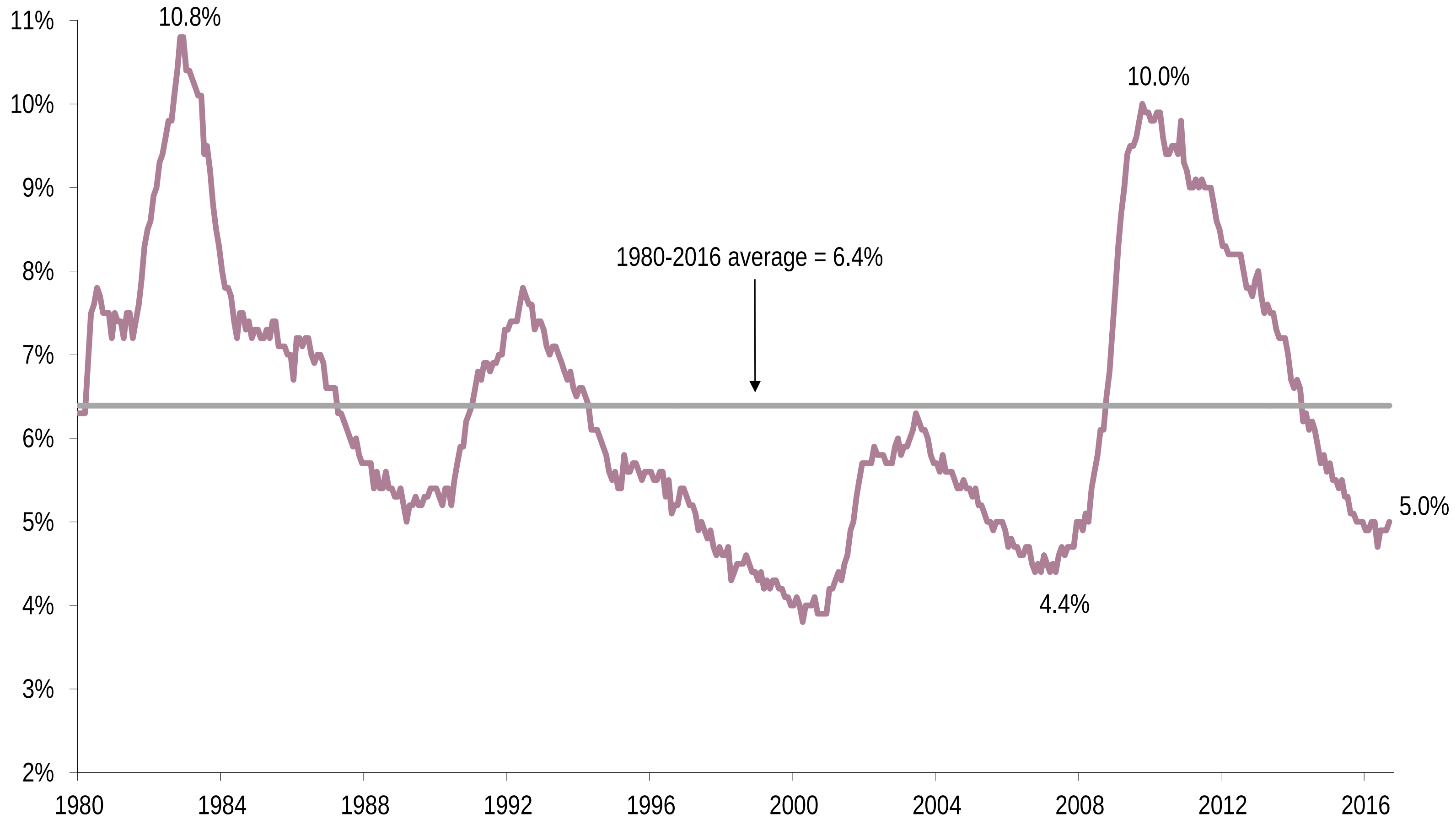
1 Third quarter GDP data is not yet available. Data represents second quarter GDP.

U.S. Inflation (CPI)
Trailing Twelve Months[1]



1 Data is non-seasonally adjusted CPI, which may be volatile in the short-term. Data is as of August 31, 2016.

U.S. Unemployment[1]



1 Data is as of September 30, 2016.

Global Macroeconomic Outlook
September 2016

Global Economic Outlook[1]

The IMF continues to downgrade growth expectations due to weaker growth in the U.S. and uncertainties related to the recent vote by the U.K. to leave the European Union.

- Compared to their April report, the IMF reduced their 2016 global growth forecast by 0.1%, to 3.1%, and lowered its 2017 forecast by the same amount, to 3.4%.
- In advanced economies, the IMF outlook for 2016 fell from 1.9% to 1.6% and from 2.0% to 1.8% for 2017. Despite the subdued market reaction to the “Brexit” vote, risks to growth and investment remain, particularly for the U.K. Also weighing on advanced economy growth in 2016 is lower than expected economic activity in the U.S. during the first half of the year.
- Growth projections for emerging economies increased slightly in 2016 (4.2% versus 4.1%) and remained the same for 2017 (4.6%). Economic environments within emerging market countries remain uneven. Expectations for continued low interest rates have recently helped emerging markets, while low commodity prices, a slowdown in China, and low demand from developed economies remain headwinds.
- Inflation expectations have generally trended up, but remain below long-term averages.

	Real GDP (%)			Inflation (%)		
	IMF 2016 Forecast	IMF 2017 Forecast	Actual 10 Year Average	IMF 2016 Forecast	IMF 2017 Forecast	Actual 10 Year Average
World	3.1	3.4	3.7	2.9	3.3	4.0
U.S.	1.6	2.2	1.4	1.2	2.3	2.0
European Union	1.9	1.7	1.1	0.3	1.3	1.9
Japan	0.5	0.6	0.5	-0.2	0.5	0.5
China	6.6	6.2	9.6	2.1	2.3	2.9
Emerging Markets (ex. China)	2.7	3.6	4.5	6.0	5.8	7.4

1 Source: IMF. World Economic Outlook. October 2016 edition. ”Actual 10 Year Average” represents data from 2006 to 2015. Data after 2015 is an estimate.

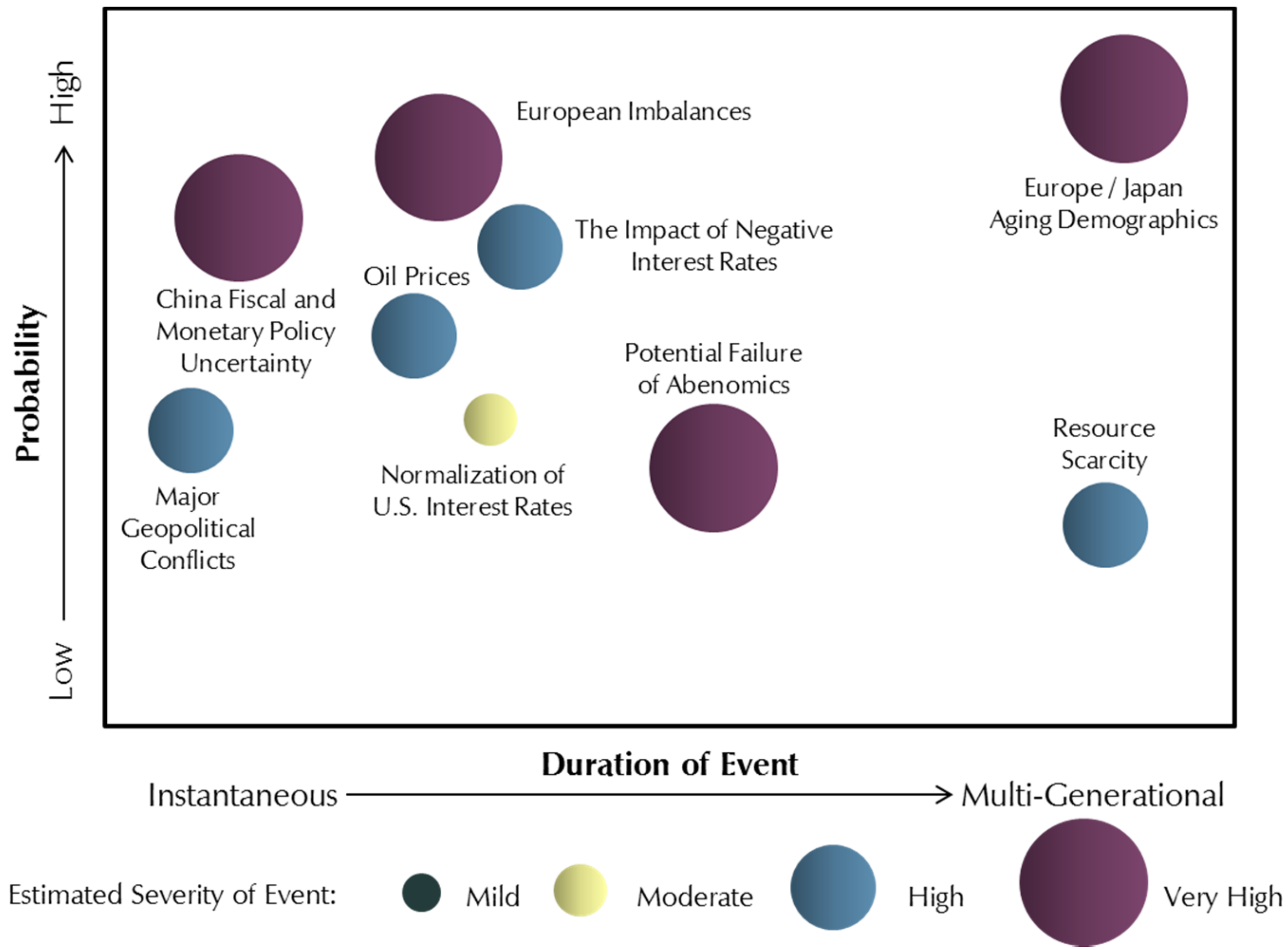
Global Economic Outlook, Continued

Given the length and breadth of historic monetary stimulus from major central banks, questions remain on how much longer they will continue these polices. There is the potential for increased fiscal stimulus globally.

- Expectations for a rate increase by the Federal Reserve have varied widely this year. Going into the year expectations were for up to four increases in 2016 with none materializing thus far. After expectations for a rate increase fell post “Brexit” they have since increased in light of declining unemployment and signs of increased prices.
- The European Central Bank (ECB) continues to keep interest rates at record lows with the bank deposit rate at -0.4% and its key interest rate at close to 0%. The ECB’s bond-buying program is scheduled to start winding down next year. In recent comments, Mario Draghi, the ECB president, said that they would provide more clarity later this year on whether they would extend the program.
- The Bank of Japan (BOJ) recently shifted the focus of its stimulative efforts to influencing interest rates while keeping its asset purchases at the same level. To date, the impact of the BOJ’s policies has hurt banks as the spread between short- and long-term rates have narrowed. Their focus now will be on steepening the yield curve.
- Driven by government spending and a hot property market, China’s economy grew by 6.7% in the third quarter matching the prior quarter. Given that the economy appears to be on stable footing, it is likely that the government will turn to addressing the growing debt issues.

Several issues are of primary concern: 1) declining growth in China, along with uncertain fiscal and monetary policies; 2) continued economic sluggishness in Europe, and risks related to the U.K.’s exit from the European Union; 3) weakening economic activity in the U.S.; 4) divergent growth in emerging economies; 5) uncertainties related to global elections and referendums.

Macroeconomic Risk Matrix



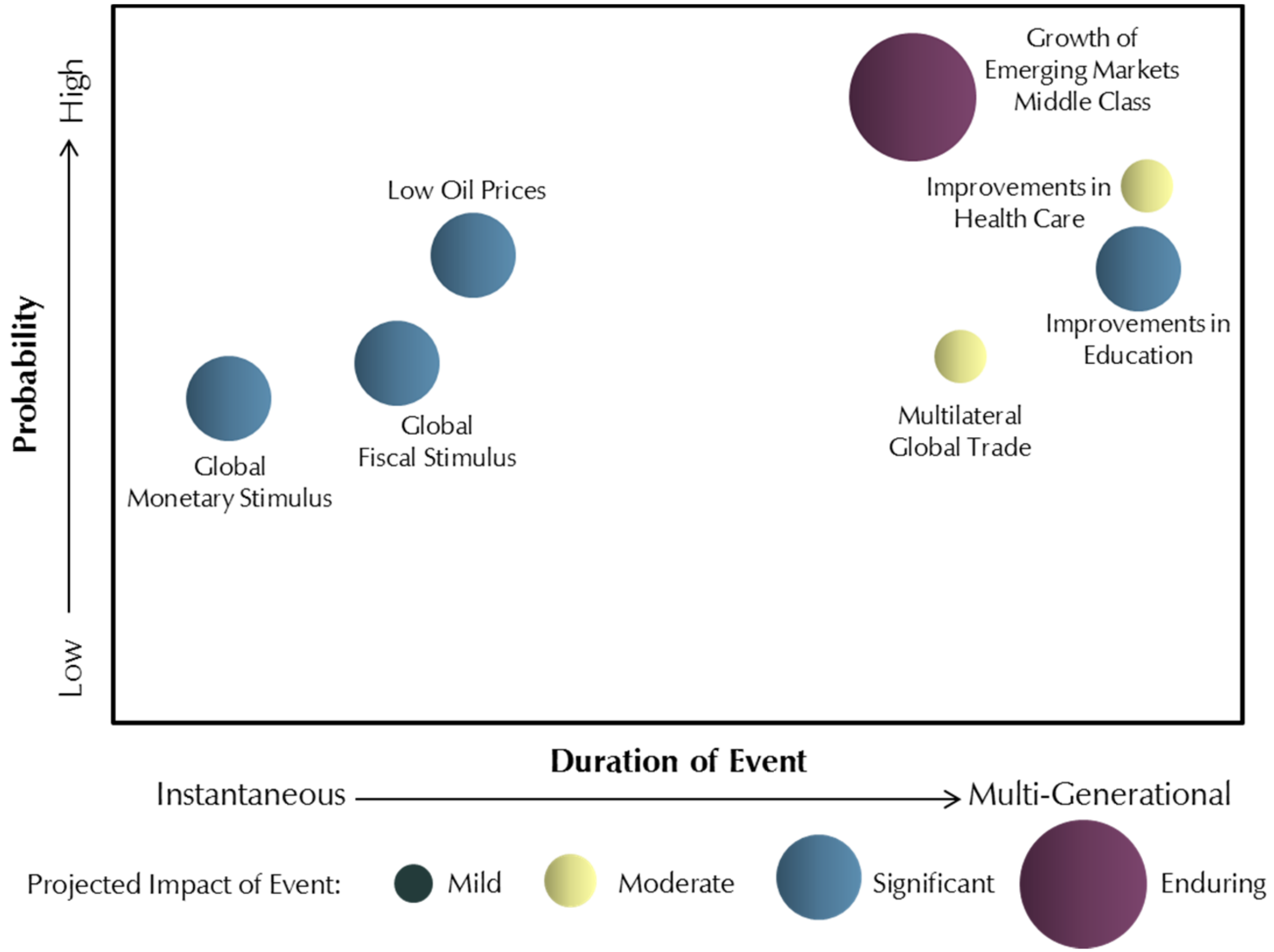
Macroeconomic Risk Overviews

Low Oil Prices	Although oil prices recently increased, they remain historically low. An extended period of low oil prices will hurt countries such as Iran, Russia, and Venezuela that depend heavily on oil export revenues. Low prices will continue to hurt oil exploration and production (E&P) companies, and companies that support the oil industry. Recently, the stress of low oil prices has particularly affected E&P companies, with bond defaults ticking up. The risk of increased geopolitical tensions also exists with depressed oil prices.
European Imbalances	The crisis is rooted in structural issues in the Eurozone related to the combination of a single currency combined with 17 fiscal authorities. In the broader European Union, tensions exist, as highlighted in the recent U.K. referendum, related to policies on immigration, laws, and budgetary contributions. Additional countries leaving either group, particularly the Eurozone, could set a dangerous precedent, especially if they ultimately experience growth. The massive influx of refugees into Europe from the Middle East and North Africa exacerbates economic stress.
Potential Failure of Abenomics	Japan is engaged in a historic stimulus program, referred to as “Abenomics” to fight its decades of deflation. The plan includes monetary, fiscal, and structural components. If Japan overshoots with its policies, or dramatically changes them unexpectedly, it could prove disruptive to markets and growth.
Europe/Japan Aging Demographics	In Japan and Europe, birth rates have declined for decades, resulting in populations becoming older and smaller relative to the rest of the world. These demographic trends will have a negative long-term impact on GDP growth and fiscal budgets, amplifying debt problems.
Major Geopolitical Conflicts	Recently Iraqi forces began to move into Mosul, the largest second city in the country, in an effort to retake it from ISIS control. It is likely that the battle will be hard fought with many causalities. The recent attacks in the U.S., Europe, and Turkey further highlight the continued threat of terrorism. Within Europe, this complicates the refugee crisis, as countries try to balance maintaining open borders with preventing terrorists from entering their countries. Other unresolved geopolitical issues remain, including the civil war in Syria and North Korea’s nuclear aspirations.

Macroeconomic Risk Overviews, Continued

China Fiscal and Monetary Policy Uncertainty	China's recent policies, first to support its equity markets and then to devalue its currency, created heightened volatility in global markets. The process of transitioning from a growth model based on fixed asset investment by the government, to a model of consumption-based growth will be difficult. Similar measures responding to slowing growth or to support stock prices could prove disruptive and decrease confidence in China's government. China's abandonment of its support of the yuan, and a resulting major devaluation of the currency, could prove particularly disruptive to global markets and trade. The growing mountain of debt, particularly in the corporate sector, remains another key risk.
Normalization of U.S. Interest Rates	After the Global Financial Crisis, the U.S. injected massive amounts of liquidity into the financial system in an effort to prevent depression-like declines in economic activity. Additionally, the central bank reduced short-term interest rates to record lows. Expectations have recently increased for the Fed to resume interest rate hikes later this year. Once they resume tightening, this could weigh on growth globally, particularly in emerging economies.
Resource Scarcity	The growing world population, urbanization, and a growing middle class, particularly in emerging economies, could all lead to a scarcity of resources, including food, water, land, energy, and minerals. As demand continues to grow and supply declines, certain commodity prices may skyrocket, hurting the living standards of many and increasing the risk of geopolitical conflicts.
The Impact of Negative Interest Rates	Recently monetary policies amongst major central banks have diverged. The U.S. stopped its bond-buying program and increased interest rates last year, while in Europe and Japan, rates are expected to remain low, with deposit rates in negative territory. The hope of negative interest rates is to stimulate economic activity, but they could have unintended consequences. If banks absorb the impact of negative interest rates, that could weigh on profit margins and lending, while charging customers to hold their cash may lead to funds being withdrawn from banks. Both results could lead to less lending, not more, and ultimately a decline in economic activity.

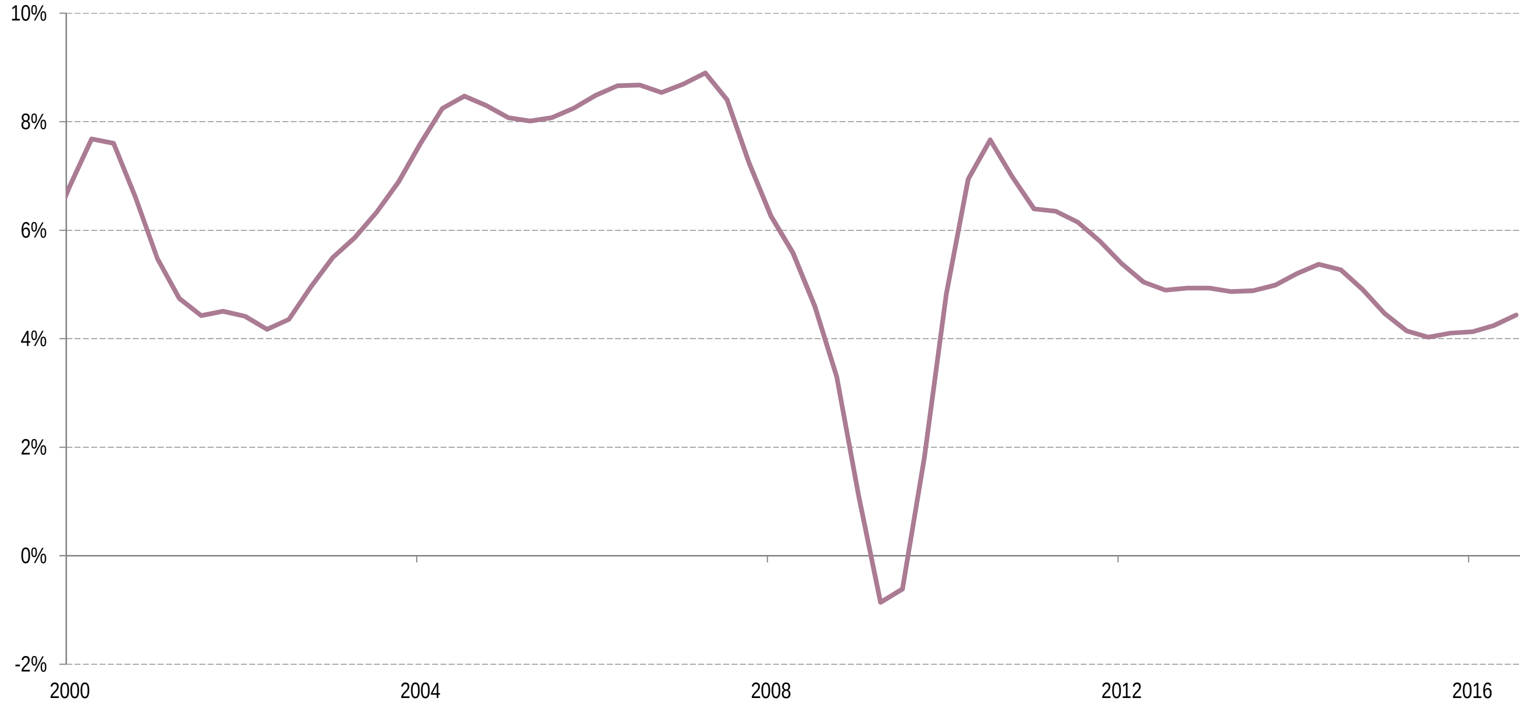
Positive Macroeconomic Trends Matrix



Positive Macroeconomic Trends Overviews

Low Oil Prices	Although oil prices have recently increased, they remain low from a historical perspective. Low oil prices will likely have a positive impact on global growth, particularly for energy importers like China, Japan, and India. Consumers should benefit from falling oil prices, in the form of lower prices for gasoline and heating oil.
Growth of Emerging Markets Middle Class	In emerging economies, the size of the middle class is projected to grow significantly over the next twenty years. This growing middle class should increase consumption globally, which in turn will drive GDP growth and create jobs.
Multilateral Global Trade	Increased trade and investment, and access to foreign capital and export markets for corporations, should lead to greater global growth. The recent U.K. vote to leave the European Union, along with anti-trade sentiment in the U.S. and elsewhere, could weigh on trade going forward.
Improvements in Education/Healthcare	Literacy rates and average life spans have increased globally, particularly in the emerging economies. Higher literacy rates will drive future growth, helping people learn new skills and improve existing skills. When people live longer, it increases incentives for long-term investments in education and training, resulting in a more productive work force and ultimately more growth.
Global Monetary Stimulus	Developed market central banks embarked on a massive monetary stimulus campaign in the aftermath of the Global Financial Crisis. The U.S., European, and Japanese central banks continue to maintain interest rates at record lows. Japan and Europe continue asset purchase programs, while the U.S. ended its program and increased interest rates once in December of 2015. Additionally, many emerging market central banks have reduced interest rates to stimulate growth. Given continued slow growth and low prices globally it is likely central banks will continue to maintain loose monetary policy. If central banks continue to provide liquidity and keep interest rates low, this should stimulate growth.
Global Fiscal Stimulus	Given the slow growth globally, and the limited room for additional monetary stimulus, there could be a shift to fiscal stimulus. With interest rates so low, borrowing for infrastructure investments is affordable. If productive investment options are not available, reducing taxes is an option. Increased fiscal stimulus could help growth while reducing the reliance on monetary policy.

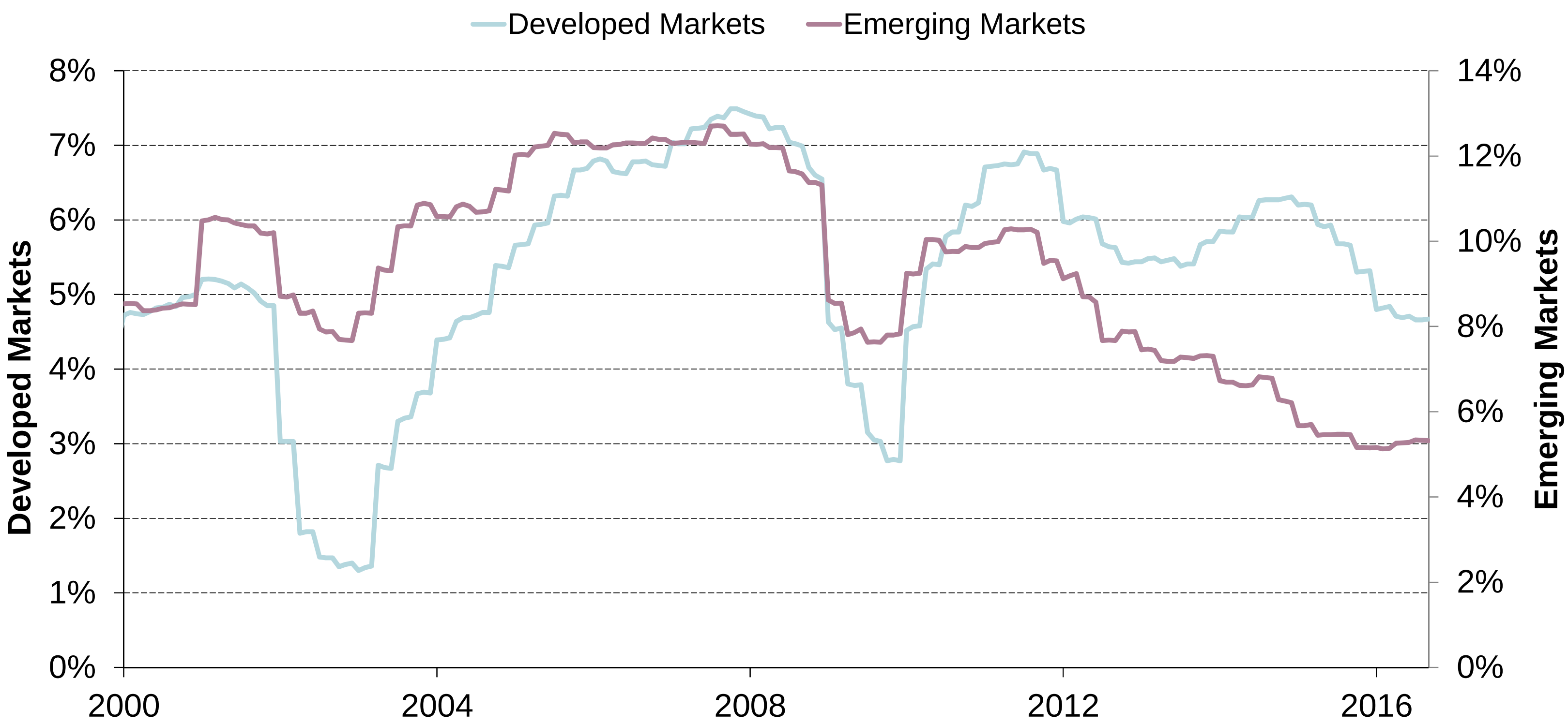
Global Nominal Gross Domestic Product (GDP) Growth[1]



- Global growth prior to the Global Financial Crisis, and in the period immediately following it, was much higher than current levels.
- A sustained downward trend in growth will weigh on incomes and corporate profits and lead to continued low levels of inflation and interest rates.

1 Source: Oxford Economics. Updated October 2016. GDP data after 2015 are estimates.

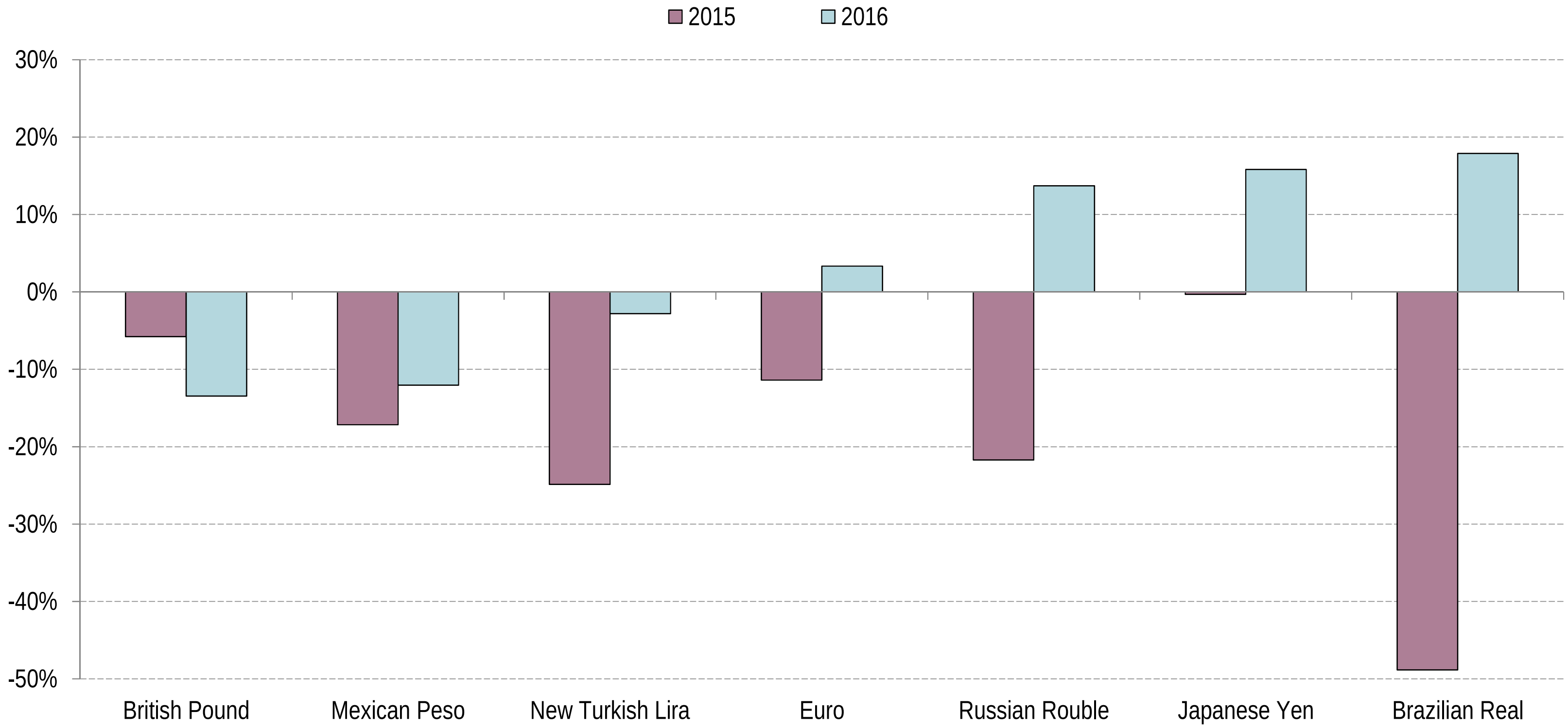
Corporate Profits[1]



- Corporate profits rose from their lows in 2009 largely driven by cost cutting, but have recently started to decline.
- Continued weakness in corporate profits could result in lower investment by companies ultimately leading to lower employment, wages, and overall economic growth.

[1] Source: Oxford Economics.

Major Currency Values versus the U.S. Dollar[1]



- The U.S. dollar remained overall weaker in 2016 through the end of the third quarter with varied results across currencies. If the Federal Reserve begins to increase interest rates, or there is increased demand for safe haven assets, the dollar could experience renewed strength.
- The British pound declined further recently to historic lows given fears of a so-called "hard exit" from the European Union.

1 Source: Thomson Reuters. Data is as of September 30, 2016.

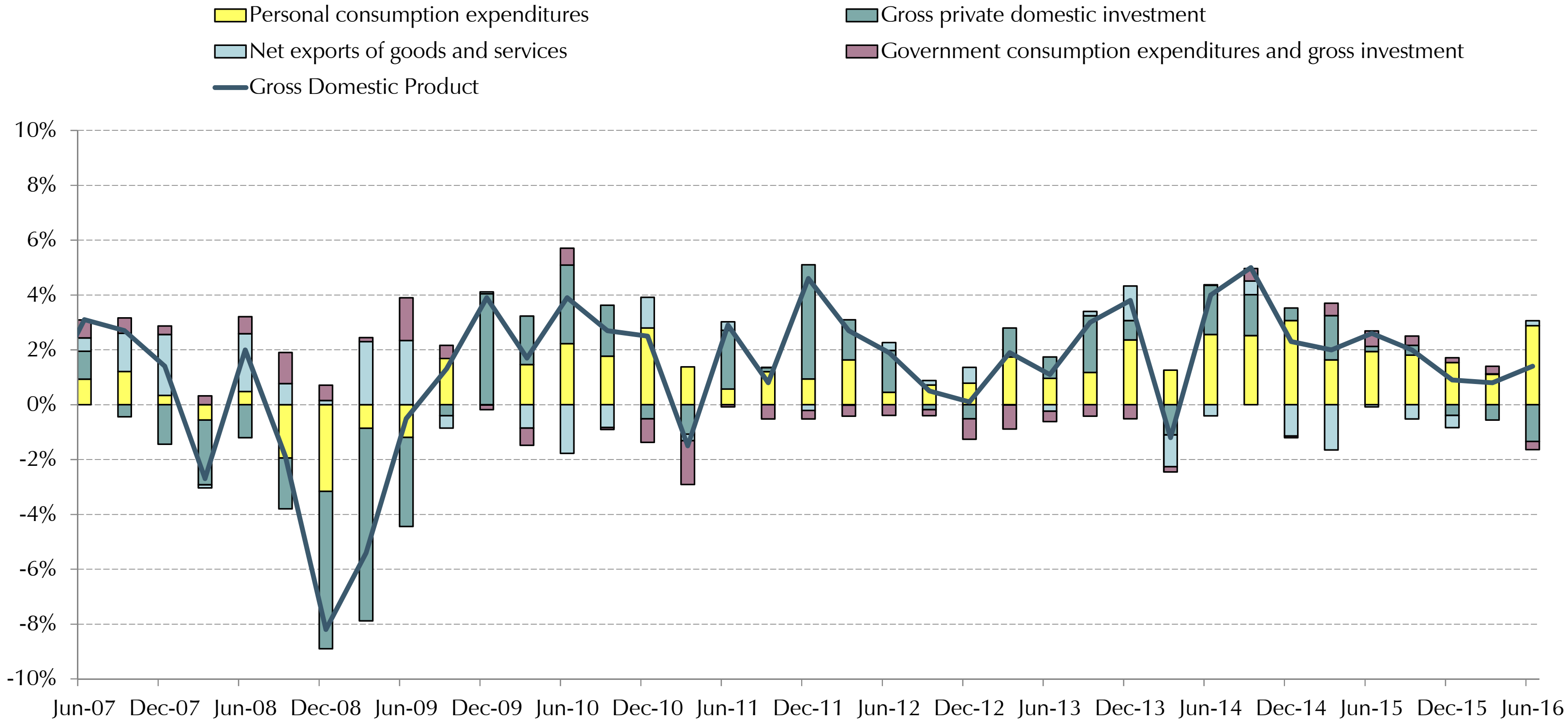
Probability of Federal Funds Rate Increase[1]

Federal Reserve Meeting Date	Probability of Rate Increase As of 12/31/2015 (%)	Federal Reserve Meeting Date	Probability of Rate Increase As of 6/30/2016 (%)	Federal Reserve Meeting Date	Probability of Rate Increase As of 9/30/2016 (%)
1/27/2016	0	7/29/2016	0	11/2/2016	17
3/16/2016	51	9/21/2016	0	12/14/2016	59
4/27/2016	56	11/2/2016	0	2/1/2017	61
6/15/2016	75	12/14/2016	9	5/3/2017	66
7/29/2016	79	2/1/2017	9	3/15/2017	68
9/21/2016	87	5/3/2017	13	6/14/2017	72
11/2/2016	90	3/15/2017	14	7/26/2017	72
12/14/2016	93	6/14/2017	23	9/20/2017	75
2/1/2017	95	7/26/2017	22	11/1/2017	76
		9/20/2017	31	12/13/2017	79
		11/1/2017	32		
		12/13/2017	40		

- Market expectations for rate increases by the Federal Reserve have varied widely since the end of 2015.
- After the probability of a rate increase declined post “Brexit,” expectations have since increased with markets predicting an above 50% chance of an increase later this year.
- Once the Fed resumes its tightening it is likely they will take a gradual approach with a lower end trajectory than in prior cycles.

1 Source: Bloomberg.

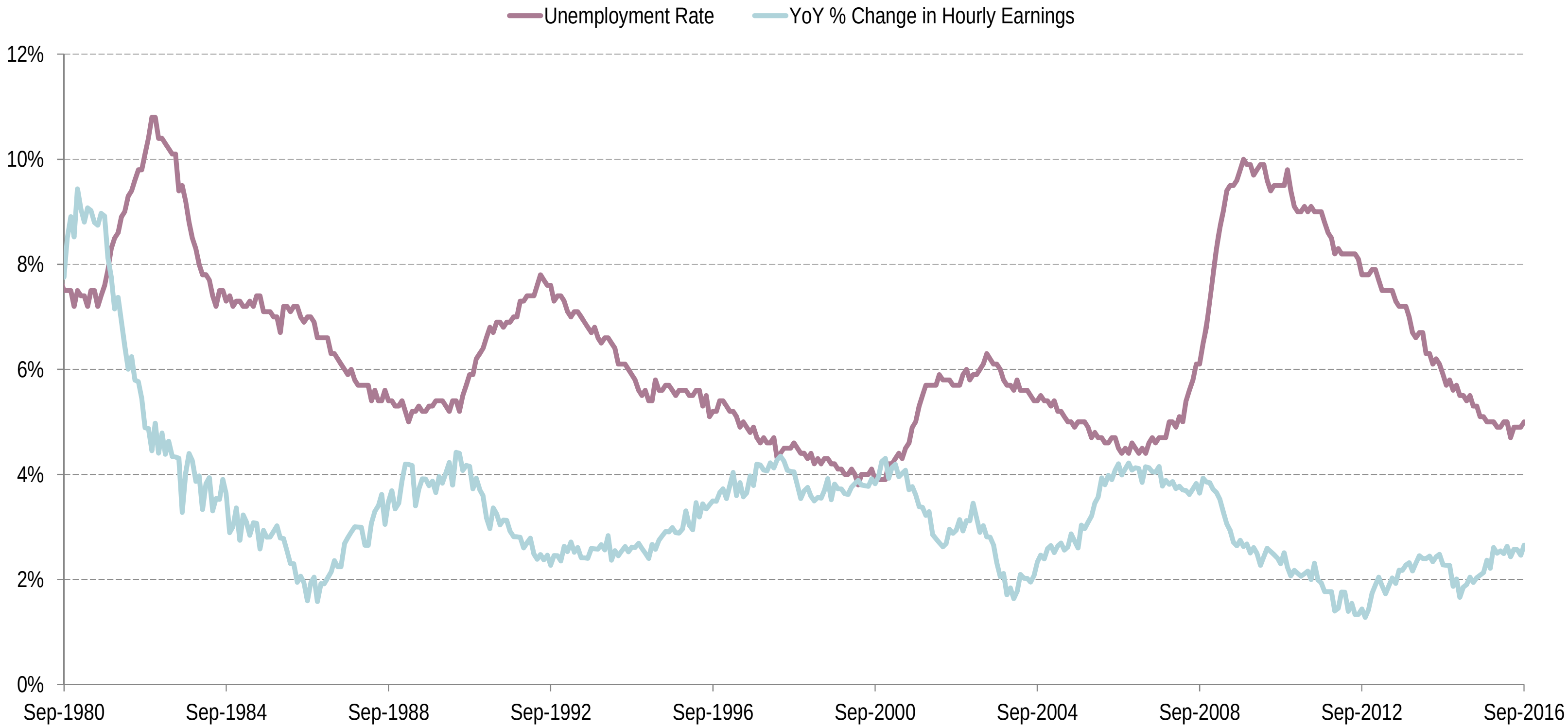
U.S. Real Gross Domestic Product (GDP) Growth[1]



- U.S. GDP grew at an annual rate of 1.4% in the second quarter, less than half the expected level. Revisions were also made to prior quarters, including a downward revision (0.8% versus 1.1%) for the first quarter of 2016.
- Over the quarter, an increase in consumer spending was offset in part by a decline in inventory spending by businesses.

1 Source: U.S. Bureau of Economic Analysis. Data is as of the second quarter of 2016 and represents the third estimate.

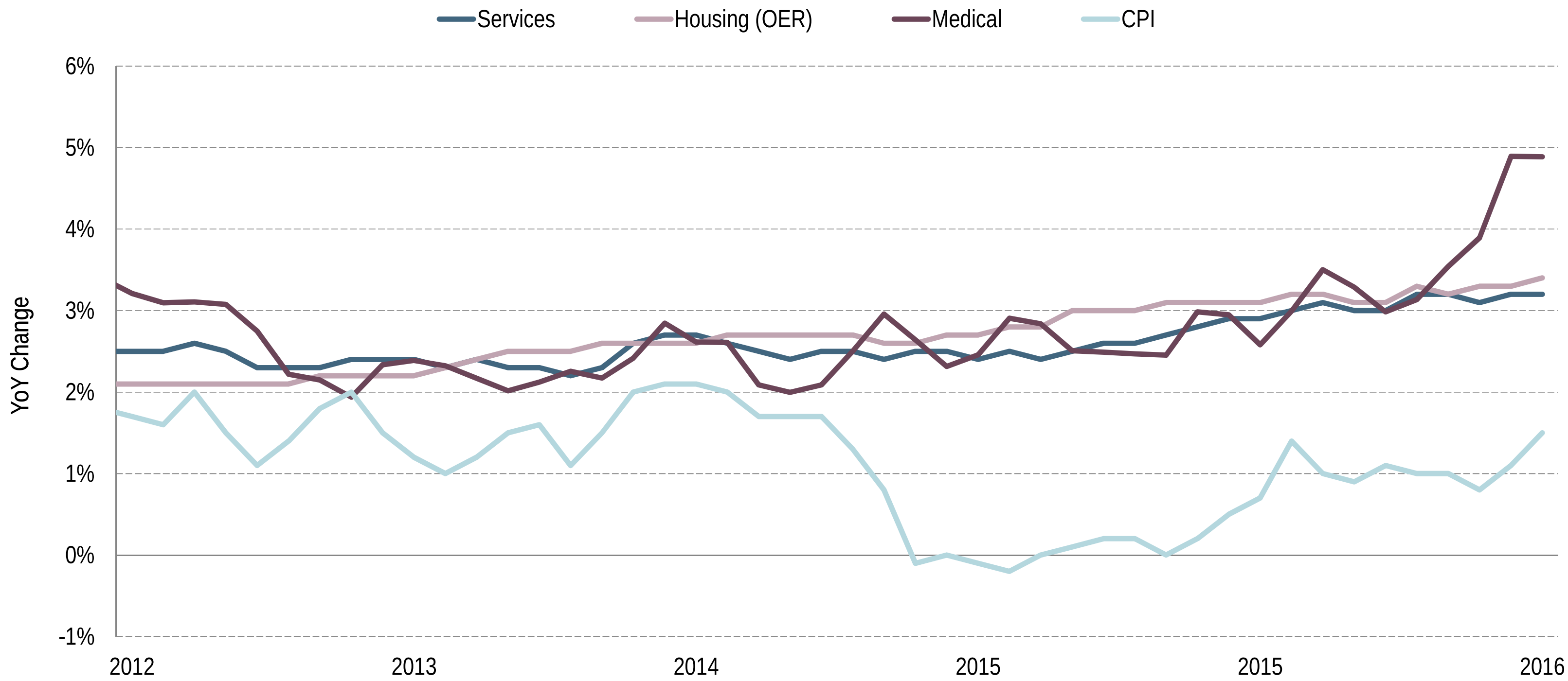
U.S. Employment & Wages[1]



- Unemployment is now half the level of its 10% peak in 2009 and wages have recently increased.
- Despite the recent rise in wages, the increase is more subdued than in prior recoveries.
- Weak wage growth could continue to weigh on prices and growth.

1 Source: Bureau of Labor Statistics. Data is as of September 30, 2016.

U.S. Inflation Components[1]

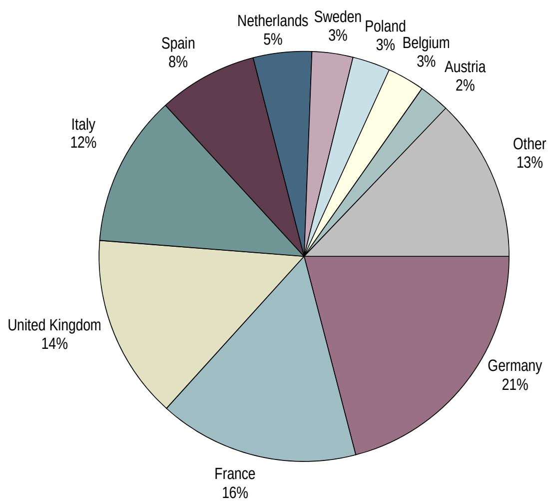


- Inflation in the U.S. increased recently, but remains low.
- The main driver of depressed prices has been the fall in oil, a trend that could reverse as the impact of oil's decline falls out of the inflation calculation and the recent rise is captured.
- Other components of inflation, including housing, medical, and services, are already tracking much higher.

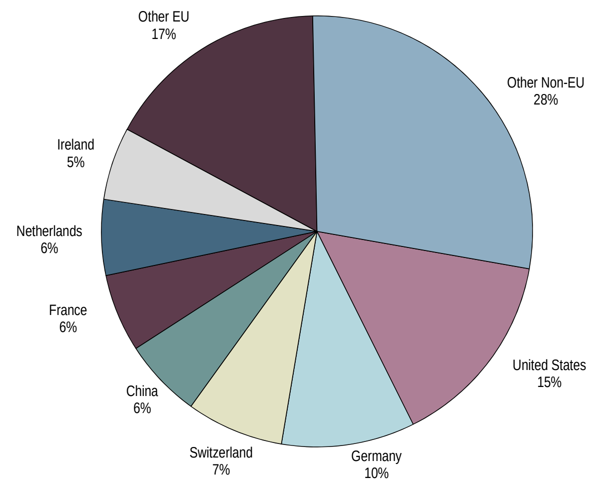
1 Source: Bloomberg: Bureau of Labor Statistics. Data is as of September 30, 2016.

European Union Overview

Aggregate European Union GDP[1]



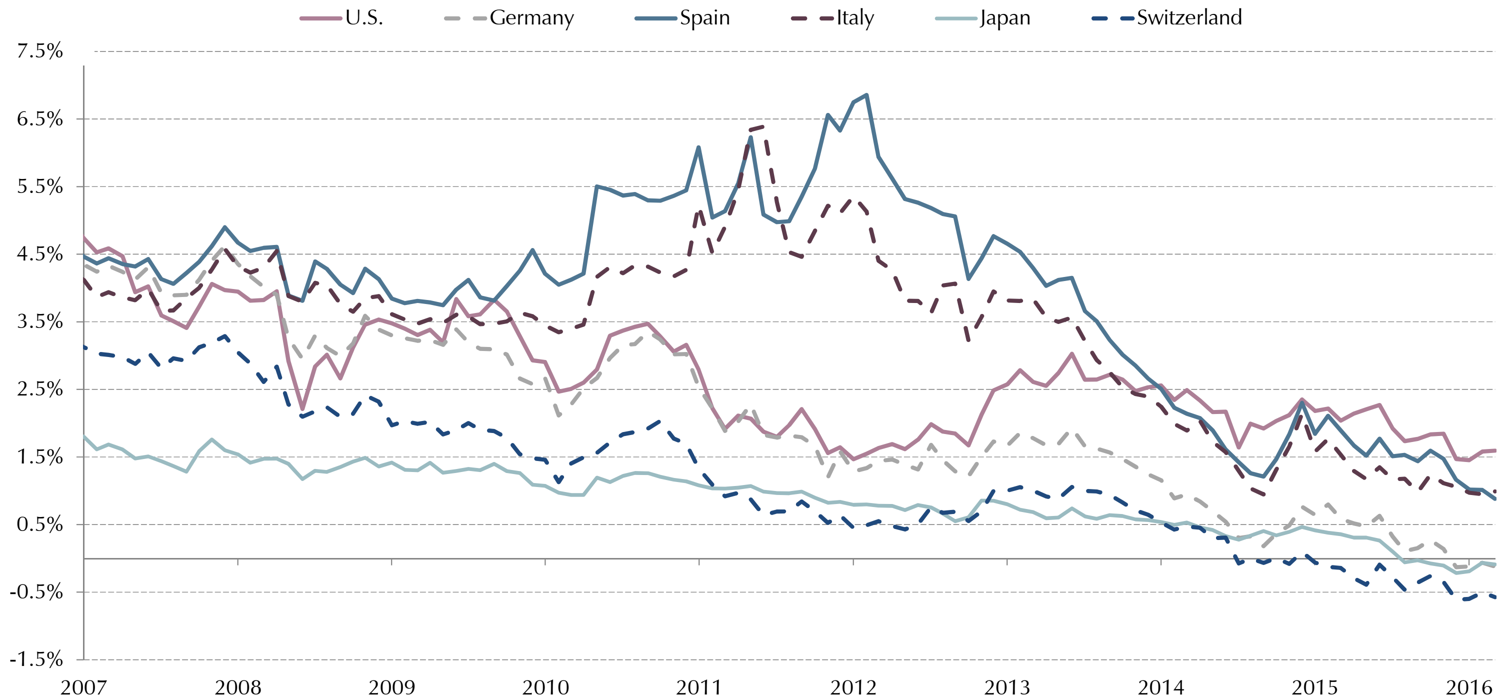
United Kingdom Export Destinations[2]



- The European Union is made up of 28 countries and is an economic/political union. The U.K. makes up approximately 14% of its GDP and exports a majority of its goods to other member countries.
- In late June, the U.K. held a referendum on whether or not to stay in the European Union. The result was a vote in favor of leaving.
- Recently, the new Prime Minister, Theresa May, stated that she plans to trigger the exit clause (Article 50 of the Lisbon Treaty) in March of next year, beginning the two years of formal exit negotiations.
- Concerns over a potentially “hard exit” from the European Union recently led to the pound declining further to historic lows. Persistent weakness in the currency could weigh on consumption and imports.

1 Source: Eurostat. Represents 2013 data.
2 HM Revenue and Customs, National Statistics. Represents 2015 data.

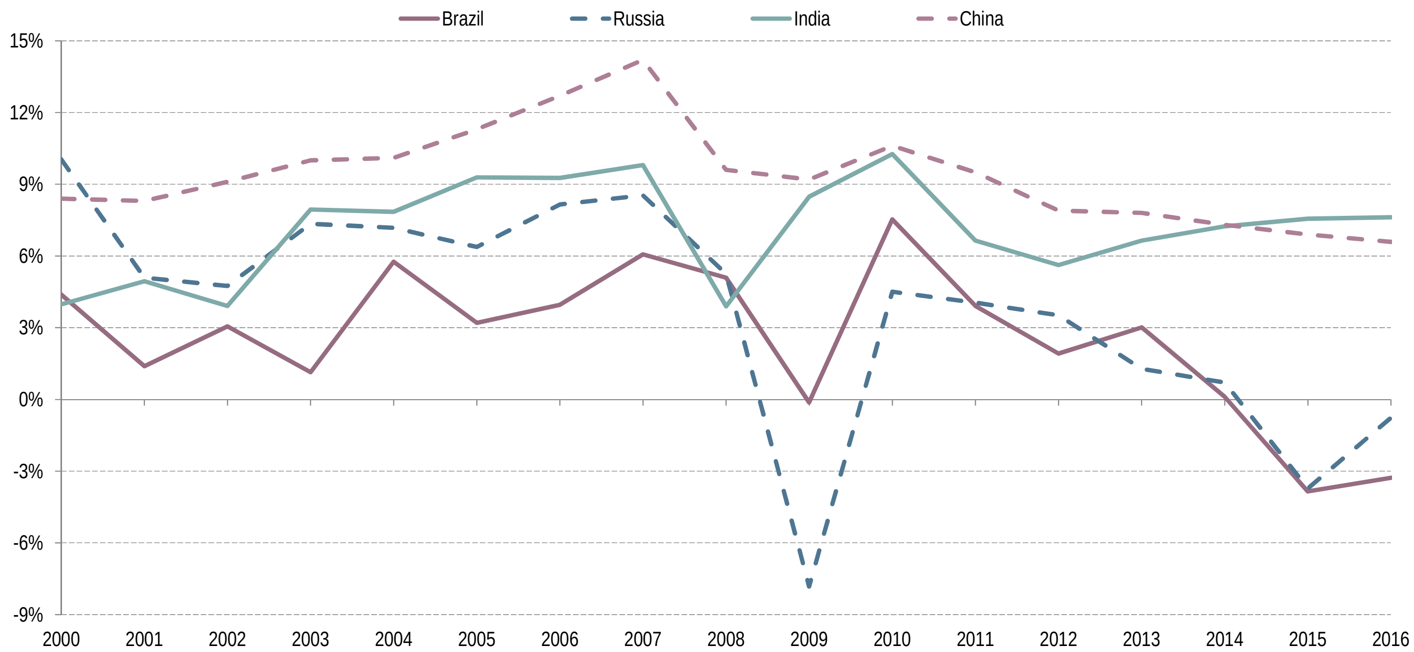
10-Year Government Bond Yields[1]



- In light of central banks' stimulative efforts, yields remain low, or negative, forcing investors into riskier, higher yielding, asset classes.
- Recently, the amount of negative yielding debt has declined as investors question how long central banks will continue with loose monetary policy.
- During the quarter, the entire U.S. yield curve increased as expectations grow for a Fed rate increase later this year.

1 Source: Bloomberg. Data is as of September 30, 2016.

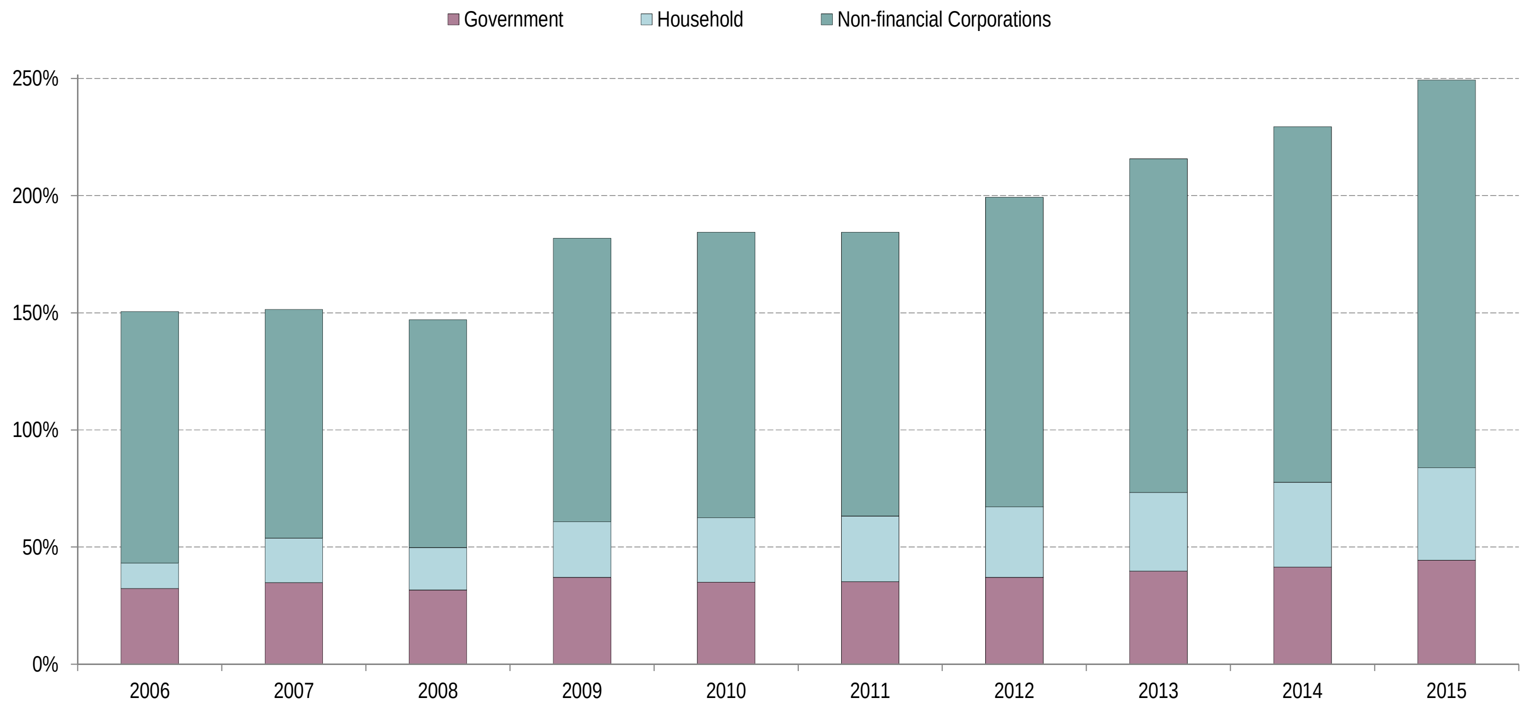
Emerging Market GDP[1]



- Growth in emerging economies remains uneven and has trended downward since 2010.
- China's economy has slowed as they transition from a growth model based on investment, to one of consumption, while India remains a bright spot.
- Brazil and Russia remain in recession as the decline in commodity prices has weighed heavily on their economies.

1 Source: IMF. World Economic Outlook. October 2016. GDP data estimates start after 2014.

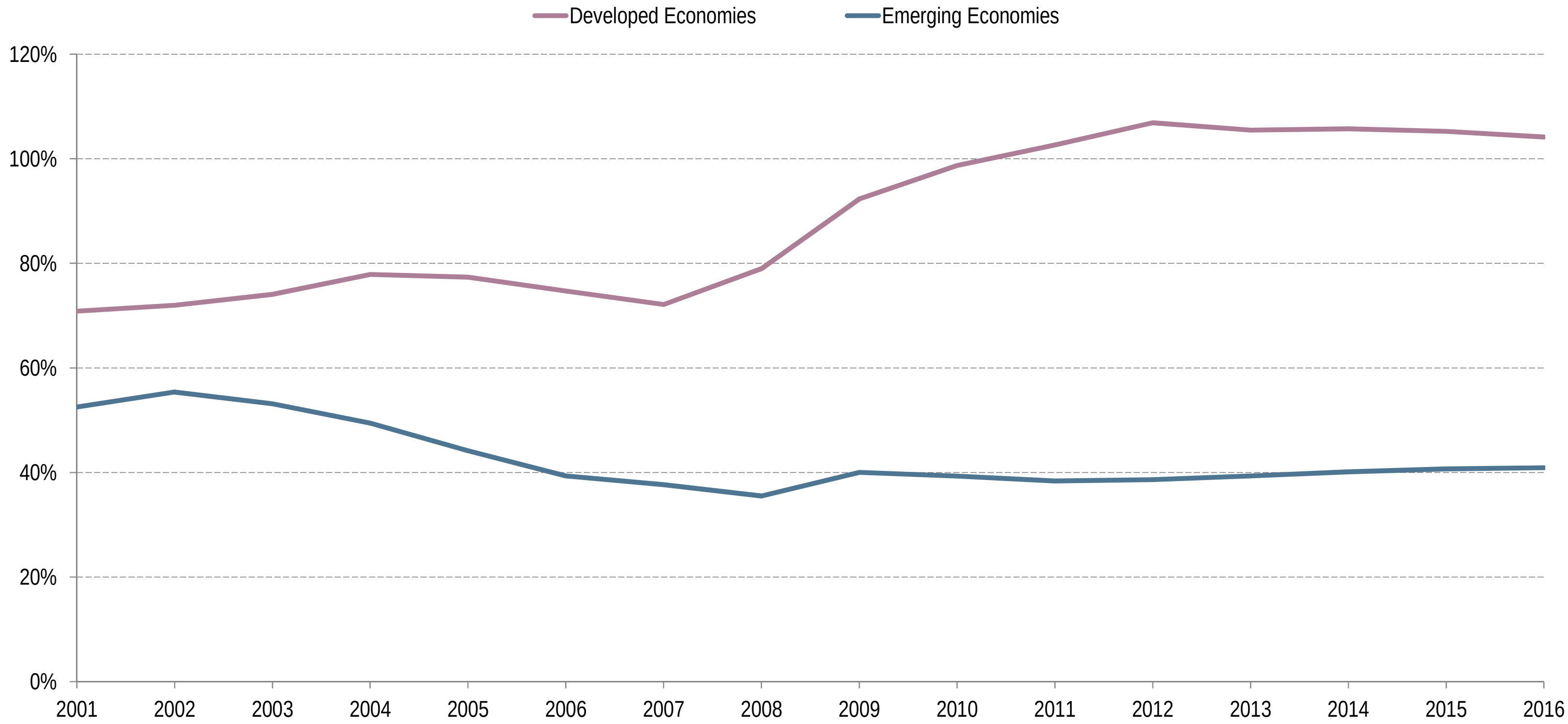
China Debt to GDP[1]



- Debt in China has surged since the stimulus plan started in 2008 and reached 250% of GDP by the end of last year. This level is similar to developed market economies, but is much higher than other emerging economies.
- The dramatic rise in corporate debt has been the main driver of the increase.
- China's elevated debt levels could lead to slower growth, increased defaults, and in a worst-case scenario, a financial crisis.

[1] Source: Bank of International Settlements.

Government Debt as a % of GDP[1]



- Emerging market equities have lagged U.S. equities, a trend that has shown signs of reversing as emerging markets have led returns in 2016.
- The long-term growth thesis remains in place for emerging markets. Lower debt levels, improving demographics, and opportunities for improving productivity should help bolster emerging economies' growth.

[1] Source: IMF, World Economic Outlook, October 2016.

Summary

Five primary concerns face the global economy: 1) declining growth in China, along with uncertain fiscal and monetary policies; 2) continued economic sluggishness in Europe, and risks related to the U.K.'s exit from the European Union; 3) weakening economic activity in the U.S.; 4) divergent growth in emerging economies; 5) uncertainties related to global elections and referendums.

- Given China's size and contribution to global growth, a slowing of its economy could have a meaningful impact, particularly on countries that depend on its trade. The growing mountain of debt, particularly in the corporate sector, remains a key concern. Another unexpected devaluation of the yuan could prove disruptive to capital markets, weigh on domestic demand, and hurt countries with competing exports.
- The recent decision of the U.K. to leave the European Union further weighs on the fragile recovery in Europe. Going forward, the U.K.'s negotiation of trade deals will be a key issue with a wide range of potential outcomes. Uncertainty related to the outcome of negotiations should weigh on foreign investment and consumption. Any additional moves to leave the European Union or the Eurozone could be disruptive to markets and growth.
- Slowing growth globally and the eventual increase of interest rates could weigh on economic activity in the U.S. Corporate profits remain vulnerable as revenues have declined and wages have increased. This pressure on margins could lead to lower investment and ultimately hurt wages, employment, and growth. Renewed dollar strength should weigh particularly on multinational companies and domestic exporters.
- Growth in emerging market economies will likely remain uneven, with commodity export-dependent economies particularly hurt by a sustained slowdown in global growth and prices. Capital could also be attracted away from emerging markets when the U.S. Federal Reserve further increases interest rates.
- There are a variety of elections and referendums scheduled in the near-term. Uncertainties related to the outcomes have weighed on investment. Economic growth would be hurt by antitrade policies and likely lead to volatility in financial markets and lower business investment.

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Credit Risk: Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security.)

Duration: Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

Information Ratio: This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

Market Capitalization: For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

Market Weighted: Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

Maturity: The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

Prepayment Risk: The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

Price-Book Value (P/B) Ratio: The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.

Price-Earnings (P/E) Ratio: A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about is future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

Quality Rating: The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

Sharpe Ratio: A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

Standard Deviation: A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

STIF Account: Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

Style: The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

Yield to Maturity: The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a "basis book." For example, a 5% bond pays $5 a year interest on each $100 par value. To figure its current yield, divide $5 by $95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay $100 for the bond that can be bought now for $95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\%\text{ (discount)}}{5\text{ (yrs. to maturity)}} = \begin{array}{c}1\%\text{ pro rata, plus}\\ 5.26\%\text{ (current yield)}\end{array} = 6.26\%\text{ (yield to maturity)}$$

Sources: Investment Terminology, International Foundation of Employee Benefit Plans, 1999.
The Handbook of Fixed Income Securities, Fabozzi, Frank J., 1991.

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.