

# BOARD OF TRUSTEES OF THE FIREFIGHTERS' PENSION FUND

901 W DEVON AVENUE • PARK RIDGE, ILLINOIS 60068 • 847.318.5283

Posted: May 10, 2016

## NOTICE OF THE QUARTERLY MEETING

The Board of Trustees of the Park Ridge Firefighters' Pension Fund will conduct a quarterly meeting on Tuesday, May 17, 2016 at 09:00 AM at Park Ridge Fire Station 36, 1000 N. Greenwood Ave., Park Ridge, IL 60068.

## AGENDA FOR THE QUARTERLY MEETING

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

### APPROVAL OF MINUTES

09 February 2016

Discussion / Action Review of the Closed Meeting Minutes

### TREASURER'S REPORT

#### A.J. Weber – Board Accountant

Discussion / Action Monthly Accounting Statements – Lauterbach & Amen

January 2016 -\$259,763.33

February 2016 -\$264,428.65

March 2016 - \$258,404.55

Payment of bills (including DOI Compliance Fee)

Status of DOI Annual Statement preparation

#### Mike Pietrowski – Board Financial Advisor

Discussion/Action - Marquette Associates 1Q16 report

Discussion / Action Investment Strategies

Discussion / Action Investment Policy

#### City Finance Director

Pension Fund Budget

Preparations for annual audit/actuarial study/funding policy/GASB coordination

### COMMUNICATIONS OR REPORTS

#### Carolyn Clifford- Board Attorney

Status of Zermeno Disability Hearing

### OLD BUSINESS

Statement of Economic Interests – All trustees completed for 2016

### NEW BUSINESS

Discussion / Action New Hire Applications

Discussion / Action Potential Retirement Applications

Discussion / Action on Disability Application

Discussion / Action Repayment of Refund

Discussion / Action on DOI Siren and new Security Administrator Authorization form

### CLOSED SESSION -- If needed

### BENEFIT OF THE BOARD

Affirmation of Active Member to the Pension Board

Election of Board Officers

### PENSION TRUSTEE TRAINING

IPPFA Spring Conference – East Peoria May 3-6, 2016

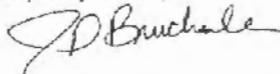
JD Bruchsaler

Updates on state/national pension issues

PUBLIC COMMENT

ADJOURNMENT

Respectfully submitted,



JD Bruchsaler  
Board Secretary

Park Ridge Firefighters' Pension Fund

Monthly Financial Report

For the Month Ended  
April 30, 2016

Prepared by:

Lauterbach & Amen, LLP

# Park Ridge Firefighters' Pension Fund

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## Accountants' Compilation Report



May 10, 2016

Members of the Pension Board of Trustees  
Park Ridge Firefighters' Pension Fund  
Park Ridge, IL 60068

Management is responsible for the accompanying modified cash basis statement of net position of the Park Ridge Firefighters' Pension Fund as of April 30, 2016 and the related modified cash basis statement of changes in net position for the twelve months then ended, as referred to in the table of contents. We have performed the compilation engagement in accordance with Statements for Standards and Review Services issued by the American Institute of Certified Public Accountants. We have not audited or reviewed the accompanying financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements.

Other Matter

The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement. We have not audited or reviewed the other supplementary information nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the other supplementary information.

Management has elected to omit substantially all of the disclosures, Management Discussion and Analysis (MD&A), and Required Supplementary Information (RSI) required by the modified cash basis of accounting. If the omitted disclosures were included in the financial statements and other supplementary information, they might influence the user's conclusions about the Pension Fund's assets, liabilities, fund balance, revenues and expenses. Accordingly, these financial statements and other supplementary information are not designed for those who are not informed about such matters.

We are not independent with respect to the Park Ridge Firefighters' Pension Fund.

Cordially,

*Lauterbach & Amen, LLP*

Lauterbach & Amen, LLP

## Financial Statements

**Park Ridge Firefighters' Pension Fund**  
**Statement of Net Position - Modified Cash Basis**  
**As of April 30, 2016**

**Assets**

Cash and Cash Equivalents	\$	8,510.00
Investments, at Fair Value		
Money Market Mutual Funds		1,140,295.16
Fixed Income		16,212,034.16
Mutual Funds		23,293,065.50
Total Cash and Investments		<u>40,653,904.82</u>
Accrued Interest		160,374.05
Prepays		<u>13,209.49</u>
Total Assets		<u>40,827,488.36</u>

**Liabilities**

Expenses Due/Unpaid		<u>10,489.48</u>
Total Liabilities		<u>10,489.48</u>
<b>Net Position Held in Trust for Pension Benefits</b>		<u><u>40,816,998.88</u></u>

See Accountants' Compilation Report

**Park Ridge Firefighters' Pension Fund**  
**Statement of Changes in Net Position - Modified Cash Basis**  
**For the Twelve Months Ended April 30, 2016**

**Additions**

Contributions - Employer	\$ 1,846,200.47
Contributions - Employee	439,597.17
Total Contributions	<u>2,285,797.64</u>
Investment Income	
Interest and Dividends Earned	1,137,019.24
Net Change in Fair Value	<u>(949,631.41)</u>
Total Investment Income	187,387.83
Less: Investment Expense	<u>(68,001.42)</u>
Net Investment Income	<u>119,386.41</u>
Total Additions	<u>2,405,184.05</u>

**Deductions**

Administration	68,377.20
Benefits and Refunds	
Benefits	2,979,010.95
Refunds	<u>0.00</u>
Total Deductions	<u>3,047,388.15</u>

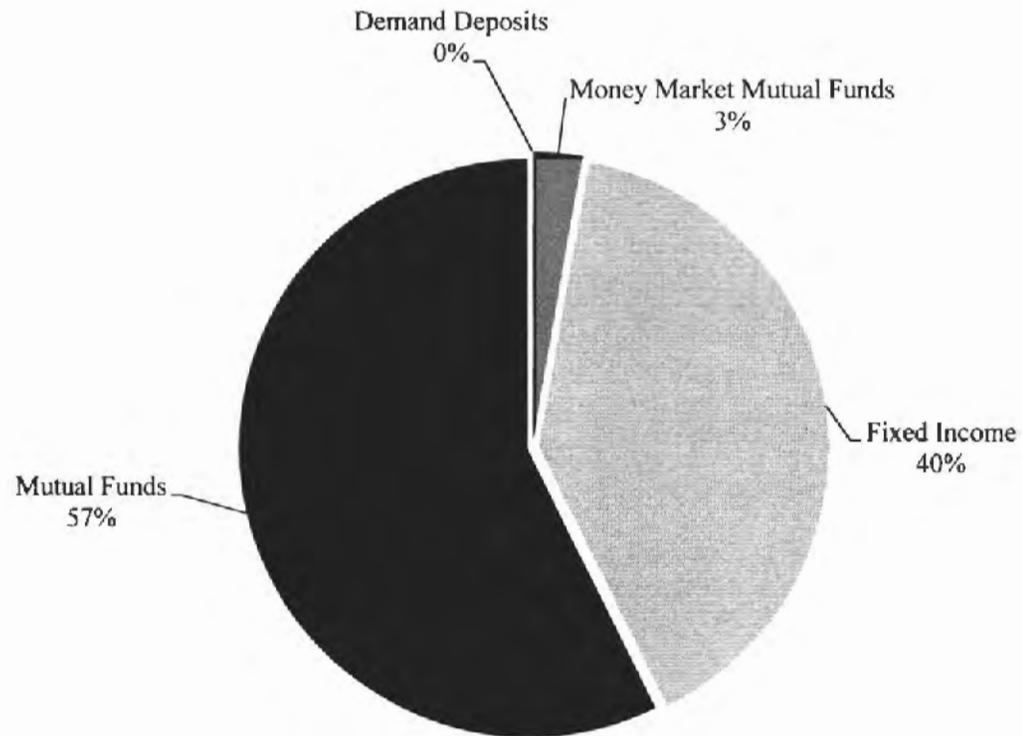
**Change in Position** (642,204.10)

**Net Position Held in Trust for Pension Benefits**

Beginning of Year	<u>41,459,202.98</u>
End of Period	<u><u>40,816,998.88</u></u>

## Other Supplementary Information

## Park Ridge Firefighters' Pension Fund Cash and Investments



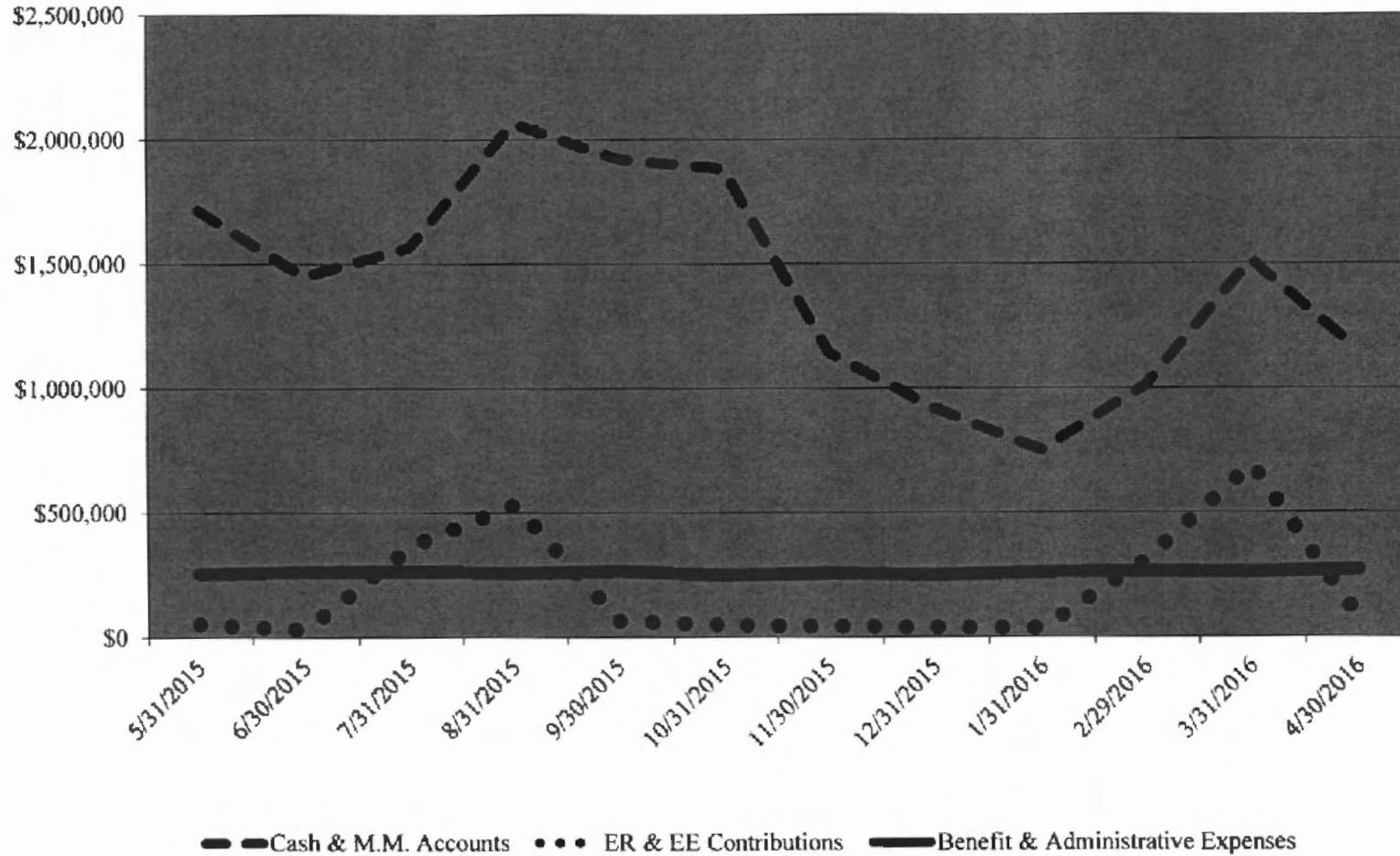
See Accountants' Compilation Report  
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**Park Ridge Firefighters' Pension Fund  
Cash Analysis Report  
For the Twelve Periods Ending April 30, 2016**

		5/31/15	6/30/15	7/31/15	8/31/15	9/30/15	10/31/15	11/30/15	12/31/15	1/31/16	2/29/16	3/31/16	4/30/16
	<u>Financial Institutions</u>	<u>Balance</u>											
CK - Harris Bank	#317-540-	2,073	9,310	9,310	1,768	10,000	4,821	7,570	7,280	10,000	9,850	8,985	8,510
		<u>2,073</u>	<u>9,310</u>	<u>9,310</u>	<u>1,768</u>	<u>10,000</u>	<u>4,821</u>	<u>7,570</u>	<u>7,280</u>	<u>10,000</u>	<u>9,850</u>	<u>8,985</u>	<u>8,510</u>
SB - Pension	#918712	45,295	70,579	37,635	39,319	69,069	581	-	-	-	-	-	-
SB - Madison	#918720	138,634	140,783	114,371	133,673	105,938	83,640	-	327	-	-	-	-
SB - RBC	#918751	69,643	57,180	41,603	53,711	66,814	-	-	-	-	-	-	-
SB - Atalanta	#918750	68,944	51,233	124,671	111,864	153,467	144,196	-	-	-	-	-	-
SB - Cambiar	#918749	129,329	78,625	75,525	62,608	53,137	1,560	-	-	-	-	-	-
SB - Wells	#918748	37,159	70,424	45,243	44,990	27,008	123	-	-	-	-	-	-
SB - Advisor	#918783	112	112	112	112	112	-	-	-	-	-	-	-
SB - Wire Acct	#253-90510-17	188,648	33,031	247,346	531,070	340,175	140,564	26,324	24,162	1	1	8,991	1,418
SB - Fixed Income	#918794	992,252	927,261	828,268	1,034,563	1,034,572	6	-	-	-	-	-	-
SB - Fixed Income	#017455	43,694	11,415	40,630	50,054	60,873	2,522	-	-	-	-	-	-
US Bank	#001050992434	-	-	-	-	-	308,168	6,843	10,963	11,290	11,020	-	-
US Bank	#001050992433	-	-	-	-	-	17	-	17	17	-	-	-
US Bank	#001050992431	-	-	-	-	-	1,034,477	872,538	623,494	423,504	229,607	347,358	53,712
US Bank	#001050992432	-	-	-	-	-	160,293	71,115	52,549	107,940	118,295	69,240	189,401
US Bank	#001050992430	-	-	-	-	-	-	157,733	199,384	197,394	642,606	1,079,693	895,764
		<u>1,713,710</u>	<u>1,440,642</u>	<u>1,555,405</u>	<u>2,061,964</u>	<u>1,911,167</u>	<u>1,876,148</u>	<u>1,134,553</u>	<u>910,897</u>	<u>740,147</u>	<u>1,001,529</u>	<u>1,505,282</u>	<u>1,140,295</u>
Totals		<u>1,715,783</u>	<u>1,449,952</u>	<u>1,564,715</u>	<u>2,063,732</u>	<u>1,921,167</u>	<u>1,880,969</u>	<u>1,142,123</u>	<u>918,177</u>	<u>750,147</u>	<u>1,011,379</u>	<u>1,514,267</u>	<u>1,148,805</u>
<u>Contributions</u>													
Current Tax		7,420	1,083	333,431	501,960	35,650	3,122	12,933	9,197	4,130	277,607	634,960	4,028
Personal Property Replacement Tax		-	-	-	-	-	-	-	-	-	-	-	20,680
Contributions - Current Year		45,530	30,192	30,177	29,767	29,749	46,167	30,654	30,292	32,180	31,329	50,252	47,309
Contributions - Prior Year		-	-	-	-	-	-	-	-	-	-	2,958	-
Interest Received from Members		-	-	-	-	-	-	-	-	-	-	3,042	-
		<u>52,950</u>	<u>31,274</u>	<u>363,608</u>	<u>531,727</u>	<u>65,400</u>	<u>49,289</u>	<u>43,587</u>	<u>39,489</u>	<u>36,310</u>	<u>308,936</u>	<u>691,212</u>	<u>72,017</u>
<u>Expenses</u>													
Benefits		240,486	243,966	246,627	246,627	246,627	246,627	246,627	246,627	252,958	255,360	253,239	253,239
Administration		15,104	19,410	18,409	11,209	19,150	2,271	9,211	2,720	6,805	9,068	5,166	17,856
		<u>255,589</u>	<u>263,376</u>	<u>265,036</u>	<u>257,836</u>	<u>265,777</u>	<u>248,898</u>	<u>255,838</u>	<u>249,347</u>	<u>259,763</u>	<u>264,429</u>	<u>258,405</u>	<u>271,095</u>
Total Contributions less Expenses		<u>(202,640)</u>	<u>(232,102)</u>	<u>98,572</u>	<u>273,890</u>	<u>(200,377)</u>	<u>(199,609)</u>	<u>(212,251)</u>	<u>(209,858)</u>	<u>(223,453)</u>	<u>44,507</u>	<u>432,807</u>	<u>(199,078)</u>

See Accountants' Compilation Report

## Park Ridge Firefighters' Pension Fund Cash Analysis Summary



See Accountants' Compilation Report

## Park Ridge Firefighters' Pension Fund Revenue Report as of April 30, 2016

	<u>Received this Month</u>	<u>Received this Year</u>
<b><u>Revenues</u></b>		
<b><u>Municipal and Member Contributions</u></b>		
<b><u>Municipal Contributions</u></b>		
41-210-00 - Current Tax	4,027.99	1,825,520.47
41-230-00 - Personal Property Replacement Tax	20,680.00	20,680.00
	24,707.99	1,846,200.47
<b><u>Member Contributions</u></b>		
41-410-00 - Contributions - Current Year	47,308.60	433,597.17
41-420-00 - Contributions - Prior Year	0.00	2,958.34
41-440-00 - Interest Received from Members	0.00	3,041.66
	47,308.60	439,597.17
<b>Total Municipal and Member Contributions</b>	72,016.59	2,285,797.64
<b><u>Investment Income</u></b>		
<b><u>Interest and Dividends</u></b>		
43-105-10 - SB - Wire Acct #253-90510-17	0.00	16.67
43-105-13 - US Bank #001050992434	0.37	3.34
43-105-17 - US Bank #001050992430	44.98	55.99
43-252-11 - SB - Fixed Income #918794	0.00	302,783.76
43-252-12 - SB - Fixed Income #017455	0.00	75,881.04
43-252-15 - US Bank - Fixed Income #001050992431	5,206.06	313,274.06
43-252-16 - US Bank - Fixed Income #001050992432	10,493.81	89,544.71
43-450-01 - SB - Stock Equities #918712	0.00	21,483.14
43-450-02 - SB - Stock Equities #918720	0.00	10,669.05
43-450-03 - SB - Stock Equities #918751	0.00	3,594.93
43-450-04 - SB - Stock Equities #918750	0.00	15,253.11
43-450-05 - SB - Stock Equities #918749	0.00	25,798.55
43-450-06 - SB - Stock Equities #918748	0.00	5,349.10
43-450-13 - US Bank #001050992434	0.00	7,086.22
43-550-08 - SB - Mutual Funds #918783	0.00	80,033.71
43-550-14 - US Bank - Mutual Funds #001050992433	0.00	234,039.54
	15,745.22	1,184,866.92
<b><u>Gains and Losses</u></b>		
44-252-11 - SB - Fixed Income #918794	0.00	(245,417.10)
44-252-12 - SB - Fixed Income #017455	0.00	(44,260.40)
44-252-15 - US Bank - Fixed Income #001050992431	(11,807.53)	73,904.86
44-252-16 - US Bank - Fixed Income #001050992432	13,222.56	14,255.50
44-450-01 - SB - Stock Equities #918712	0.00	(50,320.13)
44-450-02 - SB - Stock Equities #918720	0.00	17,738.05
44-450-03 - SB - Stock Equities #918751	0.00	(31,689.36)
44-450-04 - SB - Stock Equities #918750	0.00	31,710.86
44-450-05 - SB - Stock Equities #918749	0.00	(66,008.97)
44-450-06 - SB - Stock Equities #918748	0.00	(23,770.47)
44-450-13 - US Bank - Stock Equities #001050992434	0.00	88,865.65
44-550-08 - SB - Mutual Funds #918783	0.00	(411,122.17)
44-550-14 - US Bank - Mutual Funds #001050992433	289,172.25	(303,517.73)
	290,587.28	(949,631.41)

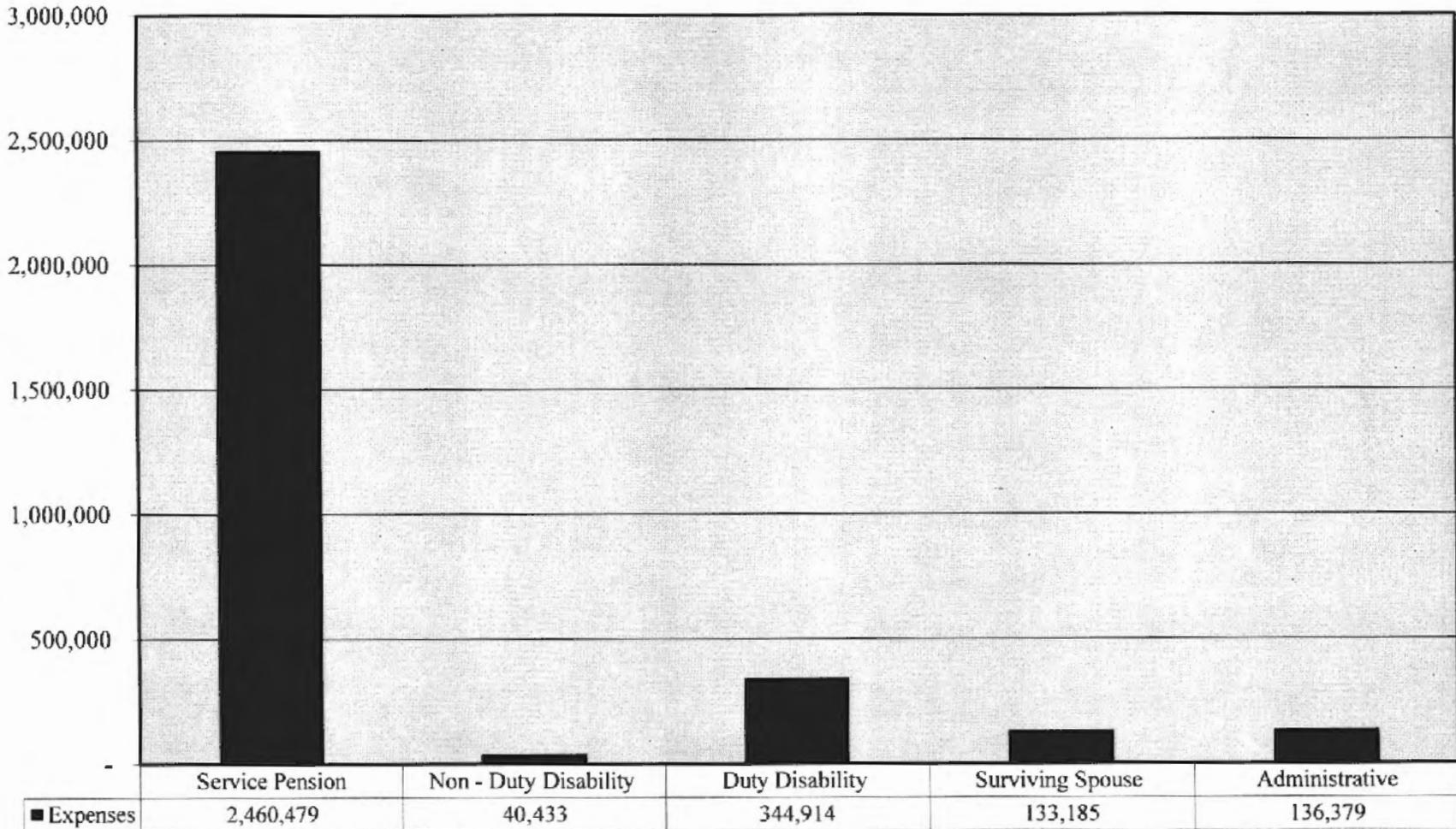
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**Park Ridge Firefighters' Pension Fund  
Revenue Report as of April 30, 2016**

	<u>Received this Month</u>	<u>Received this Year</u>
<b><u>Other Income</u></b>		
45-200-00 - Accrued Interest	31,633.89	(47,952.68)
49-000-01 - Other Income	0.00	105.00
	<u>31,633.89</u>	<u>(47,847.68)</u>
<b>Total Investment Income</b>	<u>337,966.39</u>	<u>187,282.83</u>
<b>Total Revenues</b>	<u>409,982.98</u>	<u>2,473,185.47</u>

See Accountants' Compilation Report

## Park Ridge Firefighters' Pension Fund Expenses



## Park Ridge Firefighters' Pension Fund Expense Report as of April 30, 2016

	<u>Expended this Month</u>	<u>Expended this Year</u>
<b><u>Expenses</u></b>		
<b><u>Pensions and Benefits</u></b>		
51-020-00 - Service Pensions	209,755.16	2,460,478.59
51-030-00 - Non-Duty Disability Pensions	3,369.38	40,432.56
51-040-00 - Duty Disability Pensions	29,015.39	344,914.44
51-050-00 - Occupational Disease Pensions	0.00	0.00
51-060-00 - Surviving Spouse Pensions	11,098.78	133,185.36
51-070-00 - Children's Pensions	0.00	0.00
51-080-00 - Parent's Pensions	0.00	0.00
51-090-00 - Handicapped Annuitant Pensions	0.00	0.00
51-100-00 - Refund of Contributions	0.00	0.00
51-110-00 - Transfers to Other Pensions	0.00	0.00
	<u>253,238.71</u>	<u>2,979,010.95</u>
<b><u>Administrative</u></b>		
<b><u>Insurance</u></b>		
52-150-01 - Fiduciary Insurance	3,551.00	3,551.00
	<u>3,551.00</u>	<u>3,551.00</u>
<b><u>Professional Services</u></b>		
52-170-01 - Actuarial Services	0.00	2,000.00
52-170-03 - Accounting & Bookkeeping Services	690.00	12,290.00
52-170-04 - Medical Services	800.00	6,125.00
52-170-05 - Legal Services	1,416.54	28,069.15
	<u>2,906.54</u>	<u>48,484.15</u>
<b><u>Investment</u></b>		
52-190-01 - Investment Manager/Advisor Fees	10,556.11	62,386.05
52-190-02 - Custodial Fees	842.64	4,665.37
52-190-04 - Safe Deposit and Bank Fees	0.00	950.00
	<u>11,398.75</u>	<u>68,001.42</u>
<b><u>Other Expense</u></b>		
52-290-25 - Conference/Seminar Fees	0.00	2,550.00
52-290-26 - Association Dues	0.00	945.00
52-290-27 - Travel Expense	0.00	2,823.89
52-290-29 - Printing Expense	0.00	466.83
52-290-31 - Telecommunications Expense	0.00	500.00
52-290-34 - IDOI Filing Fee Expense	0.00	7,927.29
52-290-35 - Other Expense	0.00	61.04
	<u>0.00</u>	<u>15,274.05</u>
<b>Total Administrative</b>	<u>17,856.29</u>	<u>136,378.62</u>
<b>Total Expenses</b>	<u>271,095.00</u>	<u>3,115,389.57</u>

See Accountants' Compilation Report

**Park Ridge Firefighters' Pension Fund**  
**Member Contribution Report**  
**As of Month Ended April 30, 2016**

Name	Thru Prior Fiscal Year	Current Fiscal Year	Service Purchase	Refunds	Total Contributions
Arzer, Nicholas	\$ 0.00	3,566.70	0.00	0.00	3,566.70
Ascione, Joseph A.	76,815.16	8,893.59	0.00	0.00	85,708.75
Bieniek, John C.	152,431.88	8,814.47	0.00	0.00	161,246.35
Blane, Aaron M.	97,495.55	8,910.46	0.00	0.00	106,406.01
Boeringa, John I. III	166,337.10	10,613.47	0.00	0.00	176,950.57
Bruchsaler, John D.	123,487.04	9,118.44	0.00	0.00	132,605.48
Buckley, Christopher P.	115,389.84	8,935.84	0.00	0.00	124,325.68
Cleary, Christopher T.	47,696.25	8,747.86	0.00	0.00	56,444.11
Debs, Timothy C.	160,729.88	10,317.62	0.00	0.00	171,047.50
Decker, Derek R.	104,413.79	9,995.07	0.00	0.00	114,408.86
Falco, Nicholas	116,664.36	8,468.37	0.00	0.00	125,132.73
Finn, Jeffrey M. Jr.	14,318.63	6,997.10	0.00	0.00	21,315.73
Garland, Gregory	80,640.99	8,893.79	0.00	0.00	89,534.78
Hanson, John M.	137,995.47	10,916.20	0.00	0.00	148,911.67
Harris, Paul D.	84,551.00	9,141.95	0.00	0.00	93,692.95
Herling, Christopher D.	53,681.90	8,748.22	0.00	0.00	62,430.12
Hohmeier, David P.	156,913.07	8,965.31	0.00	0.00	165,878.38
Isom, Michael A.	111,864.65	9,005.09	0.00	0.00	120,869.74
Jarka, Matthew	108,202.07	9,154.34	0.00	0.00	117,356.41
Knautz, Jeremy	45,370.81	8,748.22	0.00	0.00	54,119.03
Kuester, Aaron K.	4,665.27	6,460.27	0.00	0.00	11,125.54
Kuzmanovich, Zivko	111,831.27	8,645.99	0.00	0.00	120,477.26
Laube, Jeffrey J.	68,358.18	9,141.84	0.00	0.00	77,500.02
Lazenby, Wedge C.	116,435.85	9,910.06	0.00	0.00	126,345.91
Malcomson, David L. II	76,965.77	8,895.42	0.00	0.00	85,861.19
McFarlin, Jesse T.	14,136.95	6,950.13	0.00	0.00	21,087.08
Micko, Geoffrey S.	95,642.32	8,765.43	0.00	0.00	104,407.75
Naffziger, Joel F.	123,288.03	8,963.89	0.00	0.00	132,251.92
Norton, Timothy J.	177,362.89	10,678.30	0.00	0.00	188,041.19
Ortlund, John L.	131,339.56	9,839.69	0.00	0.00	141,179.25
Pavone, Brian M.	97,190.22	8,934.62	0.00	0.00	106,124.84
Perkins, Matthew	0.00	3,566.70	0.00	0.00	3,566.70
Piltaver, John M.	56,334.09	8,747.86	0.00	0.00	65,081.95
Plach, Kevin S.	136,075.16	10,370.57	0.00	0.00	146,445.73
Portell, Alvin T.	167,738.61	10,529.99	0.00	0.00	178,268.60
Sankey, Scott E.	108,910.35	10,597.66	0.00	0.00	119,508.01
Schneider, Timothy A.	55,375.33	8,748.41	0.00	0.00	64,123.74
Scott, John F.	103,040.03	8,446.60	0.00	0.00	111,486.63

See Accountants' Compilation Report

**Park Ridge Firefighters' Pension Fund  
Member Contribution Report  
As of Month Ended April 30, 2016**

Name	Thru Prior Fiscal Year	Current Fiscal Year	Service Purchase	Refunds	Total Contributions
Sempoch, Robert J.	68,880.94	8,866.24	0.00	0.00	77,747.18
Skinner, Kurt F.	110,504.63	9,143.37	0.00	0.00	119,648.00
Smaha, William C.	55,367.54	8,951.52	0.00	0.00	64,319.06
Sorensen, Jeffrey T.	153,250.47	14,114.25	0.00	0.00	167,364.72
Vaci, Daniel	7,787.84	6,710.39	0.00	0.00	14,498.23
Villari, Frank J.	115,586.62	8,936.26	0.00	0.00	124,522.88
Weingart, Kenneth I.	92,333.06	9,835.37	0.00	0.00	102,168.43
Wilson, Aaron A.	10,671.57	6,830.63	0.00	0.00	17,502.20
Wolff, Raymond	48,300.67	8,753.78	0.00	0.00	57,054.45
Woodford, Gregory A.	94,705.46	8,927.60	0.00	0.00	103,633.06
	4,357,078.12	426,214.95	0.00	0.00	4,783,293.07

**Terminated/Removed Members**

Krause, Ronald W.	172,463.28	1,789.08	0.00	0.00	174,252.36
Puccini, Fabio	8,712.90	0.00	2,958.34	0.00	11,671.24
Zermeno, Anthony J.	108,040.47	5,593.14	0.00	0.00	113,633.61
<b>Total</b>	<b>4,646,294.77</b>	<b>433,597.17</b>	<b>2,958.34</b>	<b>0.00</b>	<b>5,082,850.28</b>

**Service Purchases**

Name - Type of Purchase	41-420-00 Prior Year Contributions	41-440-00 Interest from Members	41-450-00 Other Member Revenue	Total
Puccini, Fabio - Reciprocity Repayment - Principal	2,958.34	0.00	0.00	2,958.34
Puccini, Fabio - Reciprocity Repayment - Interest	0.00	3,041.66	0.00	3,041.66
<b>Total</b>	<b>2,958.34</b>	<b>3,041.66</b>	<b>0.00</b>	<b>6,000.00</b>

**Park Ridge Firefighters' Pension Fund  
Vendor Checks Report**

Vendor Name	Chk. No.	Check Date	Amount	
JOHN D BRUCHSALER *	30330	02/25/16	50.00	
IPPFA	30331	02/26/16	795.00	Electronic
LAUTERBACH & AMEN, LLP	30332	02/26/16	690.00	Electronic
NORTHWESTERN MED GROUP CORP HEA	30333	02/26/16	2,550.00	Electronic
OTTOSEN BRITZ KELLY COOPER, LTD	30334	02/26/16	4,282.03	Electronic
		Subtotal	<u>8,317.03</u>	
CITY OF PARK RIDGE	30329	02/29/16	9,316.27	Electronic
IPPFA	30335	02/29/16	150.00	Electronic
US BANK	50361	02/29/16	192.70	
US BANK	50362	02/29/16	70.91	
US BANK	50360	02/29/16	167.82	
US BANK	50359	02/29/16	119.93	
		Subtotal	<u>10,017.63</u>	
JOHN D BRUCHSALER *	30338	03/15/16	158.44	
DIGITAL PAPER SOLUTIONS INC	30336	03/16/16	267.00	Electronic
OTTOSEN BRITZ KELLY COOPER, LTD	30337	03/16/16	467.55	Electronic
		Subtotal	<u>734.55</u>	
LAUTERBACH & AMEN, LLP	30340	03/30/16	1,015.00	Electronic
CITY OF PARK RIDGE	30339	03/31/16	9,316.27	Electronic
US BANK	50363	03/31/16	1,878.96	
US BANK	50364	03/31/16	995.20	
US BANK	50365	03/31/16	382.85	
US BANK	50366	03/31/16	0.84	
		Subtotal	<u>12,574.12</u>	
MCDONNELL INVESTMENT MGMT, LLC	30341	04/06/16	1,535.58	
MCDONNELL INVESTMENT MGMT, LLC	30342	04/19/16	2,306.36	
ARTHUR J. GALLAGHER RMS, INC.	30344	04/21/16	3,551.00	
OTTOSEN BRITZ KELLY COOPER, LTD	30343	04/22/16	1,416.54	Electronic
NORTHWESTERN MEDICINE	30346	04/26/16	800.00	
SEGALL BRYANT & HAMILL LLC	50367	04/27/16	6,714.17	
LAUTERBACH & AMEN, LLP	30347	04/28/16	690.00	Electronic
CITY OF PARK RIDGE	30345	04/29/16	8,843.43	Electronic
US BANK	50370	04/30/16	500.04	
US BANK	50368	04/30/16	176.68	
US BANK	50369	04/30/16	165.92	
		Subtotal	<u>842.64</u>	
		TOTAL	<u>59,566.49</u>	

APPROVED BY BOARD OF TRUSTEES

\_\_\_\_\_  
President Date

\_\_\_\_\_  
Secretary Date

Illinois Association of Fire Protection Districts  
IAFPD Fire Call Magazine – Pension Trustee Column – Spring 2016

Actuarial Services and Agreements: Best Practices

by Carolyn Welch Clifford  
Ottosen Britz Kelly Cooper Gilbert & DiNolfo, Ltd.

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For the past several decades, Illinois municipalities and their firefighter and police pension funds have relied on a short list of actuaries to provide actuarial valuations to either complement or replace the Illinois Department of Insurance's tax levy report. In those relationships, rarely was there a formal contract or engagement letter that set forth terms or expectations of the parties. Furthermore, the relationship amongst the parties has been unclear, as well as the party – or parties -- to whom the actuary owed a duty.

With the departure and retirement of several actuaries who formerly handled this work for Article 3 and 4 pension funds, the opportunity to formalize an agreement among the decision-makers and stakeholders has arisen. It also opens the door to raising the expectations the decision-makers and stakeholders should have of their actuary to provide services in the highest professional manner. Indeed, the president of the American Academy of Actuaries wrote in a recent message to the membership:

"[The heart of professionalism] is the recognition that we have a moral and ethical responsibility to everyone who may be affected by the work we do. We have a *professional* obligation to the public."<sup>1</sup>

**What should pension funds and municipalities expect from their actuaries?**

Actuarial work might as well be Harry Potter magic: muggles (non-actuaries) are never going to completely understand the methodology by which actuaries determine the required annual contributions to the pension fund. For this reason, actuaries can be intimidating, and those who question actuarial reports may never be satisfied they have been provided straight answers. Add a dose of ulterior motives, and the result is actuarial reports that are confusing, untrustworthy and potentially devastating to the financial health of the pension fund and its municipality. Knowing what we now know about the impact of poor funding on our pension systems, all stakeholders must insist upon some basic expectations from their actuary:

***Actuaries must be truth tellers*** -- Above all else, actuaries must tell their clients -- and all the affected stakeholders -- the truth. One of the hardest things for a professional to do is to tell clients what they *need* to hear, as opposed to what they *want* to hear. Actuaries should conscientiously communicate and explain -- in person -- their actuarial analysis in a straightforward, non-technical and transparent manner. Actuaries should provide decision-makers and stakeholders with all the information needed to make informed decisions. This includes meaningful disclosures that allow decision-makers and stakeholders to better evaluate the status of their pension funds.

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<sup>1</sup> Tom Wildsmith, "What Does It Mean to Be a 'Professional'?" *Contingencies* (January/February 2016), p. 8.

**Actuaries must be professionals who are morally and ethically committed to doing the right thing** – In Illinois we have a long, sordid history of public officials and politicians making poor choices regarding our public pension systems, sometimes with the assistance of actuaries who either consciously aided these decisions or stood by in silence, for fear of losing a client. Actuaries should never allow themselves to be "used" by clients who wish to manipulate actuarial outcomes to serve a politically motivated course. In fact, in a survey last year of actuaries who are members of the American Academy of Actuaries, the area of greatest ethical concern was pressure from management to select inappropriate assumptions.<sup>2</sup> Instead, actuaries must act responsibly in every client relationship, making sure that they are abiding by the applicable codes of their profession in preparing their actuarial studies. This includes acting with honesty, integrity and competence.

**Actuaries should be constantly and consistently reviewing and updating their assumptions, as well as actuarial practices** – Because actuaries are being relied upon to predict important financial outcomes for our pension systems, it is imperative that they are constantly monitoring the data upon which they are relying to build the assumptions that go into the creation of their actuarial valuations. In holding actuaries accountable for their assumptions, clients should ask their actuaries to explain what their data sources are and how they are assuring that their assumptions are sound. Clients should also feel assured their actuaries are engaged in ongoing monitoring and evaluation of their profession's practices, such that they are aware of insights into how legal concerns and public policy commitments affect their work. Only when actuaries are scrutinizing their assumptions can the stakeholders and decision-makers be assured that these assumptions can be reliably used as a basis for predicting outcomes.

#### **What should an actuarial agreement include?**

When entering into agreements for actuarial services, several recommendations should be considered:

- **The agreement should be a three-way agreement among the municipality, the pension fund and the actuarial provider.** Both the municipality and its pension fund have a major stake in the actuarial services that are provided. Having all stakeholders represented in the agreement as parties assures that all interests are being considered.
- **The agreement should not be open-ended.** The agreement should provide for a specific termination date, as well as a method to terminate early, if deemed necessary by any one of the parties. At the time of renewal, all interested parties should consider issuing another joint RFP. Just as some local governments have taken the position that changing auditors every few years is important, the same principle may be appropriate for actuarial work, to allow for a fresh set of professional eyes to review and provide an actuarial valuation.
- **There should be a straight-forward "Ownership of Documents" paragraph as follows:** "All documents, data and records produced by the actuary in carrying out the actuary's obligations and services hereunder, without limitation and whether

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<sup>2</sup> "The Start of a Meaningful Ethics Discussion," *Contingencies* (July/August 2015), p.12

preliminary or final, shall become and remain the property of the municipality and its firefighter [or police] pension fund. The actuary retains ownership of any proprietary software and processes utilized in providing services under this Agreement."

- **There should be a reference to fiduciary duties.** From the pension fund's perspective it should be a best practice that the actuary acknowledge that he or she is a fiduciary, subject to the fiduciary standards set forth in Section 1-109 of the Illinois Pension Code (40 ILCS 5/1-109) (at least to the extent that the actuary performs one of the defined fiduciary functions set forth in Section 1-101.2 of the Code (40 ILCS 5/1-101.2)). The best method for including this acknowledgment would be for the RFP to request that the selected firm agree to such an acknowledgment. The Agreement could then contain language like this:

"Actuary shall be deemed to have a fiduciary relationship with the \_\_\_\_\_ Firefighters' [Police] Pension Fund, as set forth in Sections 1-101.2 and 1-109 of the Illinois Pension Code (40 ILCS 5/1-101.2 and 1-109)."

\* \* \*

The relationship with an actuary should be one of mutual trust and confidence. That trust and confidence is built when the actuary is transparent and forthcoming in providing advice to all decision-makers and stakeholders in your pension fund. Professionalism should not be an empty promise but one fulfilled by actuarial work built on shared fiduciary duties and goals to insure that the mistakes of the past in funding public pension systems does not continue in the future.

**Park Ridge Firefighters Pension Fund**

**~~–Statement of~~**

**Investment Policy**

**~~Objectives and Guidelines~~ Investment Policy Statement**

**May 2016 (Replacing May 2011)**

### Scope of This Investment Policy

This ~~statement of investment policy~~ investment policy statement reflects the investment policy, objectives, and constraints of the Park Ridge Firefighters Pension Fund.

### Purpose of This Investment Policy Statement

This ~~statement of investment policy~~ investment policy statement is set forth by the Board of Trustees of the Park Ridge Firefighters Pension Fund in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the investment goals and objectives for Fund assets.
3. Offer guidance and limitations to all Investment Manager(s) regarding the investment of Fund assets.
4. Establish a basis for evaluating investment results
5. Ensure that the Fund is managed in accordance with the Illinois Pension Code and regulations pertaining thereto.
6. Establish the relevant investment horizon for which Fund assets will be managed.

In general, the purpose of this statement is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

### DELEGATION OF AUTHORITY

The Board of Trustees of the Park Ridge Firefighters Pension Fund is responsible for directing and monitoring the investment management of investment assets. The Board may delegate certain authority to professional experts in various fields. This includes but is not limited to:

1. **Investment Management Consultant.** The Consultant may assist the Trustees in: Establishing investment policy, objectives, and guidelines; selecting investment manager(s); reviewing such manager(s) over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
2. **Custodian.** The Custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Fund, collect securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Fund's accounts.

3. **Investment Manager(s).** The investment manager(s) ~~has~~ have discretion to purchase, sell, or hold the specific securities that will be used to meet the Fund's investment objectives.
4. Additional specialists such as attorneys, auditors, and others may be retained by the Fund to assist in meeting its responsibilities and obligations to administer the assets prudently.

#### **DEFINITIONS**

1. "The Fund" shall mean the Park Ridge Firefighters Pension Fund.
2. "Board" shall refer to the Board of Trustees of the Fund.
3. "Securities" shall refer to the marketable investment securities which are defined as acceptable in this statement.
4. "Investment Horizon" shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon is five to ten years.
5. "Fiduciary" shall mean any individual or group of individuals that exercise discretionary authority or control over Fund management or any authority or control over management, disposition, or administration of the Fund assets as defined in Sections 1-101.2 and 1-109 of the Illinois Pension Code (40 ILCS 5/1-101.2 and 1-109).
6. "Investment Manager" shall mean any individual, or group of individuals, retained to manage the investments of all or part of the Fund assets as defined by Sections 1-101.4 and 1-113.5 of the Illinois Pension Code (40 ILCS 5/1-101.1 and 1-113.5).
7. "Investment Management Consultant" shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring as defined in Section 1-113.5 of the Illinois Pension Code (40 ILCS 5/1-113.5).

#### **GENERAL INVESTMENT PRINCIPLES**

1. Investments shall be made solely in the interest of the beneficiaries of the Fund.
2. The assets shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.

3. Assets shall be invested in proportion to the fair market value of the Fund's assets.
4. Investments shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
5. The Fund may retain one or more investment manager(s) of varying styles and philosophies to attain the Fund's objectives. The selection of investment manager(s) shall be in conformity with Section 1-113.5 of the Illinois Pension Code (40 ILCS 5/1-113.5).
6. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.

#### **INTERNAL CONTROLS**

The Board of Trustees shall establish a written document detailing a system of internal controls. The internal controls shall be reviewed by the Fund's accountants and with the independent auditor. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, or misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by the employees and officers of the Fund. The Treasurer of the Board of Trustees shall be authorized to act in accordance with the Illinois Pension Code (30 ILCS 235-2.5(a)6).

#### **RESPONSIBILITY OF THE INVESTMENT MANAGER(S)**

Each Investment Manager must acknowledge in writing its acceptance of responsibility as a fiduciary. Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
2. Reporting on a timely basis, quarterly investment performance results.
3. Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objective progress of the Fund's investment management.
4. Informing the Trustees regarding any qualitative changes to investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.

5. Voting proxies on behalf of the Fund and communicating such voting records to the Trustees on a timely basis.

### INVESTMENT OBJECTIVES

In order to meet its needs, the investment strategy of the Fund is to emphasize total return; that is, the aggregated return from capital appreciation and dividend and interest income.

The Fund seeks long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated to the extent it is consistent with the volatility of a comparable market index.

Over the investment horizon established in this statement for the Fund, it is the goal of the Fund to meet or exceed both a customized blended benchmark as well as the actuarial assumed rate of return of the Fund on a net of fees basis.

### SPECIFIC INVESTMENT GOALS

~~Over the investment horizon established in this statement for the equity portion of the Fund, it is the goal to meet or exceed the Standard & Poors 500 Market Index:~~

~~The investment goals above are the objectives of the equity portion of the Fund, and are not meant to be imposed on each investment account. The goal of each investment manager, over the investment horizon, shall be to:~~

- ~~1. Meet or exceed the market index, or blended market index, selected and agreed upon by the Trustees that most closely corresponds to the style of investment management.~~
- ~~2. Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of quarterly returns.~~

### INVESTMENT GUIDELINES

#### Investment Instruments

The Board of Trustees may invest the Fund only in investments authorized by 40 ILCS 5/1-113.2 to 1-113.10, and 40 ILCS 5/1-110.5 of the Illinois Pension Code, as it may be amended from time to time, and as authorized by other applicable law.

#### Fixed Income Investment Manager(s) Guidelines

1. As stated in the Illinois Pension Code relating to Article 4 Pension Funds, specifically Sections 1-113.1, 1-113.2, 1-113.3, 1-113.4, and 1-113.4a relating to

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Permissible Investments (40 ILCS 5/1-113.1 et. Seg.) the investment manager may invest in the following fixed income securities:

- a) Interest bearing direct obligations of the United States of America.
  - b) Interest bearing obligations to the extent that they are fully guaranteed or insured as to payment of principal and interest by the United States of America.
  - c) Interest bearing bonds, notes, debentures, or other similar obligations of agencies of the United States of America. For the purposes of this Section, "agencies of the United States of America" includes: (i) the Federal National Mortgage Association and the Student Loan Marketing Association; (ii) federal land banks, federal intermediate credit banks, federal farm credit banks, and any other entity authorized to issue direct debt obligations of the United States of America under the Farm Credit Act of 1971 or amendments to that Act; (iii) federal home loan banks and the Federal Home Loan Mortgage Corporation; and (iv) any agency created by Act of Congress that is authorized to issue direct debt obligations of the United States of America.
  - d) Interest bearing savings accounts or certificates of deposit, issued by federally chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.
  - e) Investments in credit unions, to the extent that the investments are insured by agencies or instrumentalities of the federal government.
  - f) Interest bearing bonds of the State of Illinois.
  - g) Pooled interest bearing accounts managed by the Illinois Public Treasurer's Investment Pool in accordance with the Deposit of State Moneys Act, interest bearing funds or pooled accounts of the Illinois Metropolitan Investment Funds, and interest bearing funds or pooled accounts managed, operated, and administered by banks, subsidiaries of banks, or subsidiaries of bank holding companies in accordance with the laws of the State of Illinois.
  - h) Interest bearing bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois.
  - i) Direct obligations of the State of Israel, subject to the conditions and limitations of item (5.1) of Section 1-113.
  - j) Money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies. (See Section 1-113.2(11) for restrictions)
  - k) Corporate bonds managed through an investment advisor must meet all of the following requirements: (i) the bonds must be rated as investment grade by one of the 2 largest rating services at the time of purchase; and (ii) if subsequently downgraded below investment grade, the bonds must be liquidated from the portfolio within 90 days after being downgraded by the manager.
2. No single security should comprise more than 10% of the portfolio's overall allocation after accounting for price appreciation.

3. The average duration of the portfolio is not to vary more than +/-20% of the duration of the index (see Addendum A).
4. The manager may invest up to 10% of its portfolio in cash or cash equivalents.

#### **COLLATERALIZATION**

~~Funds deposited~~Cash deposits in excess of FDIC limits must be secured by some form of collateral. The Fund will accept any of the following assets as collateral:

- Government Securities;
- Obligations of Federal Agencies;
- Obligations of Federal Instrumentalities; and,
- Obligations of the State of Illinois.

The Fund reserves the right to accept/reject any form of the above named securities. The amount of collateral provided will not be less than 110% of the fair market value of the net amount of public funds secured. The ratio of fair market value of collateral to the amount of funds secured will be reviewed quarterly, and additional collateral will be required when the ratio declines below the level required and collateral will be released if the fair market value exceeds the required level. Pledged collateral will be held in safekeeping, by an independent third party depository designated by the Fund, or the Federal Reserve Bank of Chicago, and evidenced by a safekeeping agreement. Collateral agreements will preclude the release of the pledged assets without an authorized signature from the Fund.

#### **INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION**

Performance reports generated by the Investment Management Consultant shall be compiled at least quarterly and communicated to the Trustees for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Trustees intend to evaluate the portfolio(s) over at least a five to ten year period, but reserve the right to terminate a manager for any reason including, but not limited to, the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

#### **ETHICS AND CONFLICTS OF INTEREST**

The members of the Board of Trustees, and all other employees, agents, officials, or representatives of the Fund involved with the investment process, shall avoid any transactions prohibited by federal, state, or local law, particularly as set forth in 40 ILCS 5/1-110 and 30 ILCS 235/2. All such persons shall avoid any personal business activity that, directly or indirectly, may cause personal financial benefit as a result of the Fund's investment program, that may cause financial loss or insecurity to the Fund's program, or that would cause an appearance of impropriety among reasonable people if generally known to the public.

Furthermore, such person shall promptly advise the President of the Board of Trustees in writing if any investment activity planned by the Board would conflict with existing personal business, and shall abstain from any activity connecting such an investment by the Board.

#### **FILING OF POLICY; PUBLIC AVAILABILITY**

The Board shall file this Policy with the Illinois Department of Insurance within thirty (30) days of its adoption. Pursuant to 30 ILCS 235/2.5(c), the Board shall make a copy of this Policy available to the public at the main administrative office of the Fund.

#### **INVESTMENT POLICY REVIEW**

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Trustees plan to review investment policy at least annually.

This statement of investment policy is adopted on May 17, 2016 by the Board of Trustees of the Park Ridge Firefighters Pension Fund whose signatures appear below.

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\_\_\_\_\_  
\_\_\_\_\_



**Park Ridge Firefighters' Pension Fund**

Park Ridge Firefighters

Pension Fund

Flash Report

April 30, 2016

# Total Fund Composite

Market Value: \$40.8 Million and 100.0% of Fund

Ending April 30, 2016

	Asset Class	Market Value (\$)	1 Mo Net Cash Flows (\$)	% of Portfolio	Policy %	Policy Difference (\$)
<b>Total Fund Composite</b>		<b>40,789,753</b>	<b>-133,038</b>	<b>100.0</b>	<b>100.0</b>	<b>0</b>
<b>Fixed Income Composite</b>		<b>16,615,465</b>	<b>-7,057</b>	<b>40.7</b>	<b>42.5</b>	<b>-720,181</b>
Mesirow	Int. Fixed Income	8,045,066	-166	19.7	21.3	-622,756
Segall Bryant & Hamill	Int. Fixed Income	8,570,398	-6,891	21.0	21.3	-97,424
<b>U.S. Equity Composite</b>		<b>16,308,612</b>	<b>0</b>	<b>40.0</b>	<b>40.0</b>	<b>-7,289</b>
Vanguard 500 Index Fund	Large-Cap Core	5,921,577	0	14.5	15.0	-196,886
Vanguard Value Index Fund	Large-Cap Value	4,221,765	0	10.4	10.0	142,789
Vanguard Mid Cap Index Fund	Mid-Cap Core	3,109,643	0	7.6	7.5	50,411
Vanguard Small Cap Index Fund	Small-Cap Core	1,574,362	0	3.9	3.8	44,746
Virtus Small Cap Core Fund	Small-Cap Core	1,481,285	0	3.6	3.8	-48,350
<b>Non-U.S. Equity Composite</b>		<b>6,984,454</b>	<b>0</b>	<b>17.1</b>	<b>17.5</b>	<b>-153,753</b>
Vanguard Developed Markets Index Fund	Non-U.S. Large-Cap Core	3,957,883	0	9.7	10.0	-121,112
Vanguard Int'l Small Cap Index Fund	Non-U.S. Small-Cap Core	777,694	0	1.9	1.9	10,846
Brandes Int'l Small Cap Fund	Non-U.S. Small-Cap Value	747,744	0	1.8	1.9	-19,103
Vanguard Emerging Markets Index Fund	Emerging Markets	1,501,153	0	3.7	3.8	-28,463
<b>Cash Composite</b>		<b>881,223</b>	<b>-125,981</b>	<b>2.2</b>	<b>0.0</b>	<b>881,223</b>
US Bank Cash	Cash & Equivalents	881,223	-125,981	2.2	0.0	881,223

## Investment Manager

## Annualized Performance (Net of Fees)

Market Value: \$40.8 Million and 100.0% of Fund

Ending April 30, 2016

	1 Mo	3 Mo	YTD	Fiscal YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
<b>Total Fund Composite</b>	<b>0.8</b>	<b>5.3</b>	<b>2.5</b>	<b>0.4</b>	<b>0.4</b>	<b>3.7</b>	<b>4.6</b>	<b>5.4</b>	<b>6.2</b>	<b>7.9</b>	<b>6.2</b>
Policy Benchmark	0.6	4.6	2.1	1.1	1.1	4.6	5.6	6.4	6.5	7.8	6.1
Actuarial Rate	0.5	1.6	2.2	6.8	6.8	6.8	6.7	6.6	6.6	6.6	6.5
<b>Fixed Income Composite</b>	<b>0.3</b>	<b>1.5</b>	<b>3.3</b>	<b>3.1</b>	<b>3.1</b>	<b>3.8</b>	<b>1.8</b>	<b>2.2</b>	<b>4.6</b>	<b>4.6</b>	<b>5.8</b>
Barclays Int Govt/Credit	0.3	1.5	2.7	2.4	2.4	2.7	1.7	2.1	2.8	3.8	4.4
Mesirow	0.4	--	--	--	--	--	--	--	--	--	--
Barclays Int Govt/Credit	0.3	1.5	2.7	2.4	2.4	2.7	1.7	2.1	2.8	3.8	4.4
Segall Bryant & Hamill	0.2	--	--	--	--	--	--	--	--	--	--
Barclays Int Govt/Credit	0.3	1.5	2.7	2.4	2.4	2.7	1.7	2.1	2.8	3.8	4.4
<b>U.S. Equity Composite</b>	<b>1.0</b>	<b>8.4</b>	<b>2.0</b>	<b>-0.1</b>	<b>-0.1</b>	<b>5.1</b>	<b>8.7</b>	<b>10.0</b>	<b>8.7</b>	<b>13.5</b>	<b>6.8</b>
Wilshire 5000 Total Market	0.6	7.7	1.8	0.3	0.3	6.3	10.9	12.4	10.5	15.5	6.9
Vanguard 500 Index Fund	0.4	7.0	1.7	--	--	--	--	--	--	--	--
S&P 500	0.4	7.1	1.7	1.2	1.2	6.9	11.3	12.6	11.0	15.5	6.9
Vanguard Value Index Fund	1.5	8.3	3.2	--	--	--	--	--	--	--	--
Vanguard Value Benchmark	1.5	8.3	3.2	1.3	1.3	5.7	10.4	12.9	10.3	15.1	6.0
Vanguard Mid Cap Index Fund	0.5	9.9	1.7	--	--	--	--	--	--	--	--
CRSP US Mid Cap TR USD	0.5	9.9	1.7	-3.4	-3.4	5.6	10.4	12.4	9.8	16.8	7.3
Vanguard Small Cap Index Fund	1.7	11.3	2.8	--	--	--	--	--	--	--	--
CRSP US Small Cap TR USD	1.7	11.3	2.8	-3.9	-3.9	3.0	9.1	11.7	8.8	16.7	7.5
Virtus Small Cap Core Fund	2.0	--	--	--	--	--	--	--	--	--	--
Russell 2000	1.6	9.7	0.0	-5.9	-5.9	1.6	7.5	10.0	7.0	14.3	5.4
<b>Non-U.S. Equity Composite</b>	<b>1.9</b>	<b>9.2</b>	<b>2.7</b>	<b>-11.2</b>	<b>-11.2</b>	<b>-3.6</b>	<b>0.4</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
MSCI ACWI ex USA	2.6	9.7	2.2	-11.3	-11.3	-4.6	0.0	3.3	-0.1	7.6	1.7
Vanguard Developed Markets Index Fund	2.4	6.5	0.4	--	--	--	--	--	--	--	--
FTSE Developed ex North America	2.9	8.0	0.2	-8.6	-8.6	-3.2	2.0	6.0	2.0	8.9	2.4
Vanguard Int'l Small Cap Index Fund	2.7	10.6	3.6	--	--	--	--	--	--	--	--
FTSE Global Small-Cap ex. USA	3.0	12.2	3.9	-5.2	-5.2	-2.4	3.0	5.6	1.2	11.4	3.4
Brandes Int'l Small Cap Fund	0.5	--	--	--	--	--	--	--	--	--	--
MSCI EAFE Small Cap	2.3	10.4	1.7	0.9	0.9	1.6	6.8	9.5	5.0	13.1	3.2
Vanguard Emerging Markets Index Fund	0.8	13.0	6.2	--	--	--	--	--	--	--	--
FTSE Emerging Markets	0.9	14.6	7.1	-17.5	-17.5	-4.1	-3.8	-1.6	-3.8	6.5	3.1



Pension Fund

Park Ridge Firefighters

Pension Fund

Executive Summary

March 31, 2016

## Total Fund Composite

## Manager Status

Market Value: \$40.6 Million and 100.0% of Fund

Investment Manager	Asset Class	Status	Reason
Mesirow	Int. Fixed Income	In Compliance	---
Segall Bryant & Hamill	Int. Fixed Income	In Compliance	---
Vanguard 500 Index Fund	Large-Cap Core	In Compliance	---
Vanguard Value Index Fund	Large-Cap Value	In Compliance	---
Vanguard Mid Cap Index Fund	Mid-Cap Core	In Compliance	---
Vanguard Small Cap Index Fund	Small-Cap Core	In Compliance	---
Virtus Small Cap Core Fund	Small-Cap Core	In Compliance	---
Vanguard Developed Markets Index Fund	Non-U.S. Large-Cap Core	In Compliance	---
Vanguard Int'l Small Cap Index Fund	Non-U.S. Small-Cap Core	In Compliance	---
Brandes Int'l Small Cap Fund	Non-U.S. Small-Cap Value	In Compliance	---
Vanguard Emerging Markets Index Fund	Emerging Markets	In Compliance	---

### Open-End Investment Manager Evaluation Terminology

The following terminology has been developed by Marquette Associates to facilitate efficient communication among the Investment Manager, Investment Consultant, and the Plan Sponsor. Each term signifies a particular status with the Fund and any conditions that may require improvement. In each case, communication is made only after consultation with the Trustees and/or the Investment Committee of the Plan.

**In Compliance** – The investment manager states it is acting in accordance with the Investment Policy Guidelines.

**Alert** – The investment manager is notified of a problem in performance (usually related to a benchmark or volatility measure), a change in investment characteristics, an alteration in management style or key investment professionals, and/or any other irregularities.

**On Notice** – The investment manager is notified of continued concern with one or more Alert issues. Failure to improve upon stated issues within a specific time frame justifies termination.

**Termination** – The Trustees have decided to terminate the investment manager. The investment manager is notified and transition plans are in place.

## Total Fund Composite

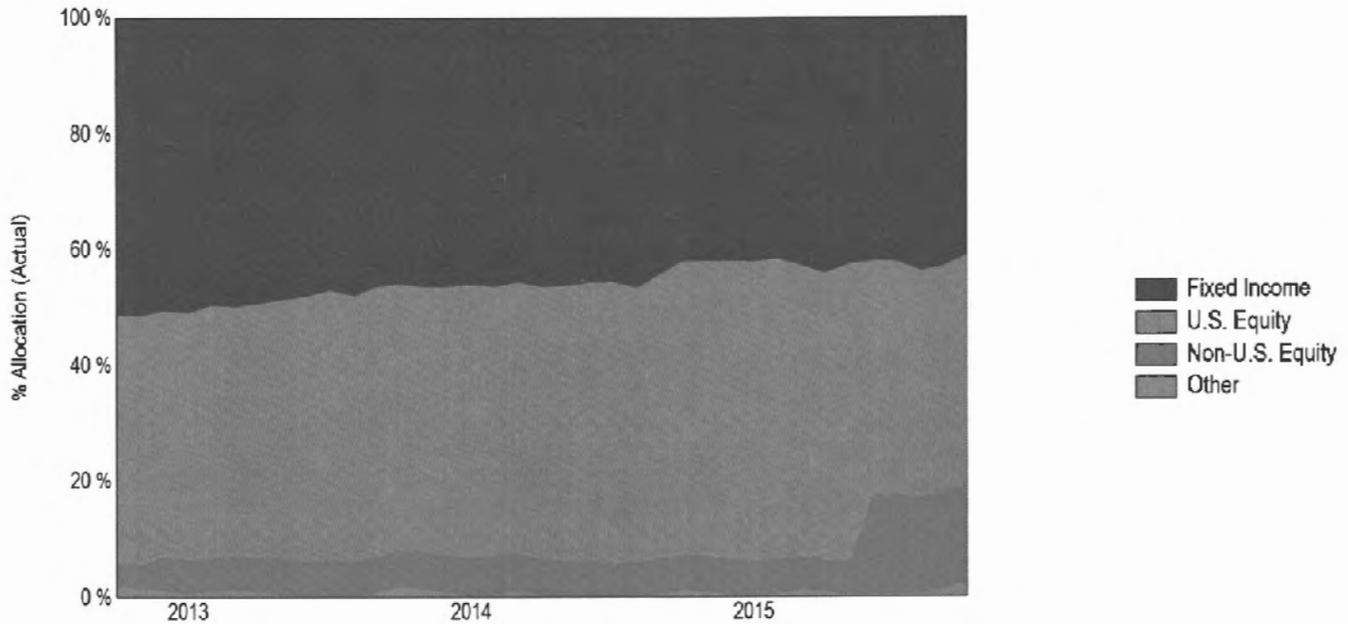
Market Value: \$40.6 Million and 100.0% of Fund

Ending March 31, 2016

	Asset Class	Market Value (\$)	3 Mo Net Cash Flows (\$)	% of Portfolio	Policy %	Policy Difference (\$)
<b>Total Fund Composite</b>		<b>40,584,825</b>	<b>196,081</b>	<b>100.0</b>	<b>100.0</b>	<b>0</b>
<b>Fixed Income Composite</b>		<b>16,573,784</b>	<b>-600,646</b>	<b>40.8</b>	<b>42.5</b>	<b>-674,767</b>
Mesirow	Int. Fixed Income	8,013,893	7,840,332	19.7	21.3	-610,382
Segall Bryant & Hamill	Int. Fixed Income	8,559,890	8,431,785	21.1	21.3	-64,385
<b>U.S. Equity Composite</b>		<b>16,149,294</b>	<b>-10,964</b>	<b>39.8</b>	<b>40.0</b>	<b>-84,636</b>
Vanguard 500 Index Fund	Large-Cap Core	5,898,601	0	14.5	15.0	-189,122
Vanguard Value Index Fund	Large-Cap Value	4,158,348	0	10.2	10.0	99,865
Vanguard Mid Cap Index Fund	Mid-Cap Core	3,092,952	0	7.6	7.5	49,090
Vanguard Small Cap Index Fund	Small-Cap Core	1,547,427	-1,325,000	3.8	3.8	25,496
Virtus Small Cap Core Fund	Small-Cap Core	1,451,966	1,325,000	3.6	3.8	-69,965
<b>Non-U.S. Equity Composite</b>		<b>6,854,589</b>	<b>0</b>	<b>16.9</b>	<b>17.5</b>	<b>-247,745</b>
Vanguard Developed Markets Index Fund	Non-U.S. Large-Cap Core	3,864,027	0	9.5	10.0	-194,455
Vanguard Int'l Small Cap Index Fund	Non-U.S. Small-Cap Core	757,541	-675,000	1.9	1.9	-5,454
Brandes Int'l Small Cap Fund	Non-U.S. Small-Cap Value	743,797	675,000	1.8	1.9	-19,198
Vanguard Emerging Markets Index Fund	Emerging Markets	1,489,235	0	3.7	3.8	-32,696
<b>Cash Composite</b>		<b>1,007,148</b>	<b>807,691</b>	<b>2.5</b>	<b>0.0</b>	<b>1,007,148</b>
US Bank Cash	Cash & Equivalents	1,007,148	807,691	2.5	0.0	1,007,148

Market Value: \$40.6 Million and 100.0% of Fund

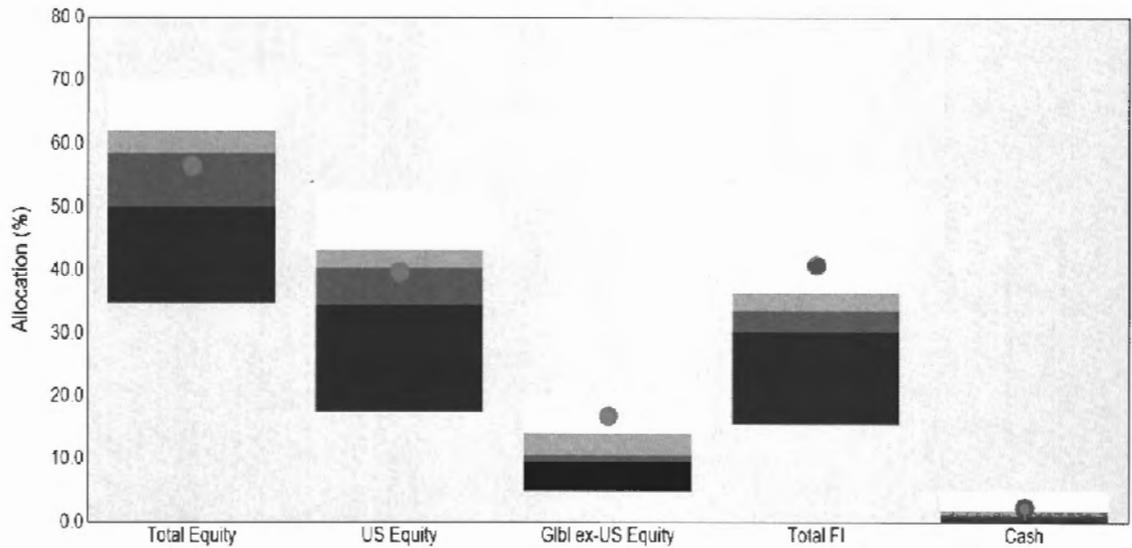
Historic Asset Allocation



	Current	Policy	Difference	%
Fixed Income	\$16,573,784	\$17,248,660	-\$674,767	-1.7%
U.S. Equity	\$16,149,294	\$16,233,930	-\$84,636	-0.2%
Non-U.S. Equity	\$6,854,599	\$7,102,344	-\$247,745	-0.6%
Other	\$1,007,148	\$0	\$1,007,148	2.5%
<b>Total</b>	<b>\$40,584,825</b>	<b>\$40,584,825</b>		

Market Value: \$40.6 Million and 100.0% of Fund

Total Plan Allocation vs. InvestorForce Public DB < \$50mm Net



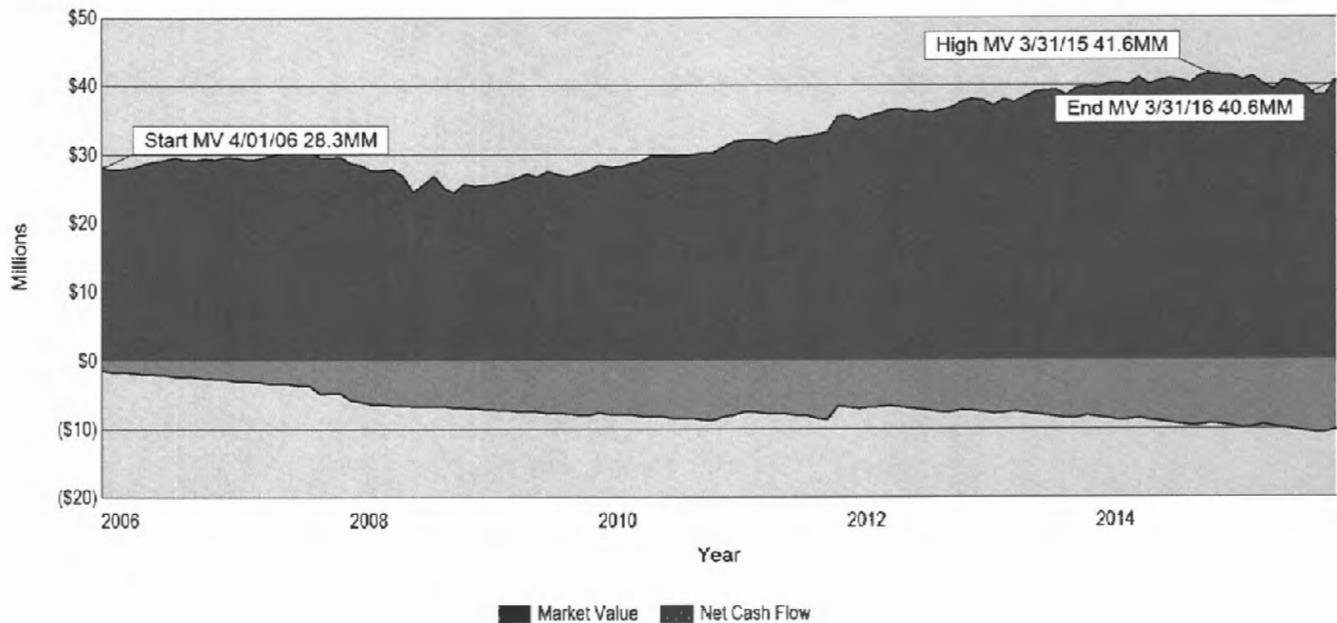
Allocation (Rank)

5th Percentile	69.8	52.2	19.6	54.1	4.7					
25th Percentile	62.1	43.1	14.2	36.4	1.8					
Median	58.5	40.4	10.5	33.7	0.9					
75th Percentile	50.0	34.6	9.5	30.2	0.2					
95th Percentile	34.7	17.5	5.0	15.5	0.0					
# of Portfolios	78	68	62	76	68					
● Total Fund Composite	56.7	(55)	39.8	(53)	16.9	(14)	40.8	(17)	2.5	(19)

# Total Fund Composite

# Market Value History

Market Value: \$40.6 Million and 100.0% of Fund



## Summary of Cash Flows

Sources of Portfolio Growth	First Quarter	One Year	Three Years	Five Years
Beginning Market Value	\$39,723,465.11	\$41,620,470.73	\$37,603,463.50	\$30,205,632.45
Net Additions/Withdrawals	\$196,080.53	-\$914,251.07	-\$2,861,495.05	-\$1,425,229.08
Investment Earnings	\$665,279.25	-\$121,394.77	\$5,842,856.44	\$11,804,421.52
<b>Ending Market Value</b>	<b>\$40,584,824.89</b>	<b>\$40,584,824.89</b>	<b>\$40,584,824.89</b>	<b>\$40,584,824.89</b>

## Total Fund Composite

## Annualized Performance (Gross of Fees)

Market Value: \$40.6 Million and 100.0% of Fund

Ending March 31, 2016

	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
<b>Total Fund Composite</b>	1.7	1.7	-0.3	3.6	5.1	5.7	6.6	7.9	6.4
<i>Policy Benchmark</i>	1.5	1.5	1.0	4.6	5.9	6.4	6.8	8.0	6.0
<i>Actuarial Rate</i>	1.6	1.6	6.8	6.7	6.7	6.6	6.6	6.6	6.5
<b>Fixed Income Composite</b>	3.0	3.0	2.5	4.0	2.1	2.6	4.5	3.8	5.6
<i>Barclays Int Govt/Credit</i>	2.4	2.4	2.1	2.8	1.8	2.3	3.0	3.8	4.3
<b>U.S. Equity Composite</b>	1.0	1.0	-1.0	4.6	9.5	10.3	9.8	15.3	7.3
<i>Wilshire 5000 Total Market</i>	1.2	1.2	0.2	6.1	11.3	12.1	11.1	17.2	7.0
<b>Non-U.S. Equity Composite</b>	0.8	0.8	-8.9	-3.9	0.4	--	--	--	--
<i>MSCI ACWI ex USA</i>	-0.4	-0.4	-9.2	-5.2	0.3	2.3	0.3	9.2	1.9

## Total Fund Composite

## Calendar Performance (Gross of Fees)

Market Value: \$40.6 Million and 100.0% of Fund

### Calendar Year

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Total Fund Composite</b>	0.0	6.5	11.5	8.2	7.8	11.2	4.8	-3.6	9.8	5.9	--
<i>Policy Benchmark</i>	1.1	8.4	11.5	7.4	6.4	9.3	6.1	-4.7	8.0	6.5	3.3
<i>Actuarial Rate</i>	6.8	6.7	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
<b>Fixed Income Composite</b>	1.2	5.6	-3.4	4.0	12.5	8.7	-5.5	16.1	10.6	3.0	--
<i>Barclays Int Govt/Credit</i>	1.1	3.1	-0.9	3.9	5.8	5.9	5.2	5.1	7.4	4.1	1.6
<b>U.S. Equity Composite</b>	0.2	8.4	31.8	14.4	2.9	15.3	27.4	-32.0	8.5	14.3	--
<i>Wilshire 5000 Total Market</i>	0.7	12.7	33.5	16.4	1.2	17.2	28.3	-37.2	5.6	15.8	6.4
<b>Non-U.S. Equity Composite</b>	-7.1	-0.6	10.7	--	--	--	--	--	--	--	--
<i>MSCI ACWI ex USA</i>	-5.7	-3.9	15.3	16.8	-13.7	11.2	41.4	-45.5	16.7	26.6	16.6

# Total Fund Composite

# Calendar Performance (Gross of Fees)

Market Value: \$40.6 Million and 100.0% of Fund

## Fiscal Year (May 1)

	Fiscal YTD	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
<b>Total Fund Composite</b>	-0.3	7.6	6.9	8.2	9.9	11.2	13.7	-8.2	7.2	10.3	0.5	--
<i>Policy Benchmark</i>	0.5	8.2	7.7	8.7	6.9	9.6	12.4	-7.0	5.5	8.9	3.9	5.3
<i>Actuarial Rate</i>	6.2	6.8	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
<b>Fixed Income Composite</b>	2.9	4.5	-2.0	3.3	14.6	6.5	3.1	5.8	11.1	8.8	-2.5	--
<i>Barclays Int Govt/Credit</i>	2.1	3.0	-0.2	3.2	5.9	4.9	7.4	3.2	7.6	6.6	1.0	3.3
<b>U.S. Equity Composite</b>	-0.8	11.2	17.4	14.8	4.2	18.9	35.8	-28.3	-1.6	14.0	10.4	--
<i>Wilshire 5000 Total Market</i>	-0.3	12.7	20.5	17.0	3.5	18.2	40.5	-34.7	-4.9	14.5	18.6	7.1
<b>Non-U.S. Equity Composite</b>	-12.9	4.7	8.8	--	--	--	--	--	--	--	--	--
<i>MSCI ACWI ex USA</i>	-13.6	2.6	9.8	14.1	-12.9	19.7	40.4	-42.6	3.6	19.2	37.6	16.4

## Investment Manager

## Annualized Performance (Gross of Fees)

Market Value: \$40.6 Million and 100.0% of Fund

Ending March 31, 2016

	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
<b>Total Fund Composite</b>	1.7	1.7	-0.3	3.6	5.1	5.7	6.6	7.9	6.4
<i>Policy Benchmark</i>	1.5	1.5	1.0	4.6	5.9	6.4	6.8	8.0	6.0
<i>Actuarial Rate</i>	1.6	1.6	6.8	6.7	6.7	6.6	6.6	6.6	6.5
<b>Fixed Income Composite</b>	3.0	3.0	2.5	4.0	2.1	2.6	4.5	3.8	5.6
<i>Barclays Int Govt/Credit</i>	2.4	2.4	2.1	2.8	1.8	2.3	3.0	3.8	4.3
Mesirow	--	--	--	--	--	--	--	--	--
<i>Barclays Int Govt/Credit</i>	2.4	2.4	2.1	2.8	1.8	2.3	3.0	3.8	4.3
Segall Bryant & Hamill	--	--	--	--	--	--	--	--	--
<i>Barclays Int Govt/Credit</i>	2.4	2.4	2.1	2.8	1.8	2.3	3.0	3.8	4.3
<b>U.S. Equity Composite</b>	1.0	1.0	-1.0	4.6	9.5	10.3	9.8	15.3	7.3
<i>Wilshire 5000 Total Market</i>	1.2	1.2	0.2	6.1	11.3	12.1	11.1	17.2	7.0
Vanguard 500 Index Fund	1.3	1.3	--	--	--	--	--	--	--
<i>S&amp;P 500</i>	1.3	1.3	1.8	7.1	11.8	12.4	11.6	17.0	7.0
Vanguard Value Index Fund	1.6	1.6	--	--	--	--	--	--	--
<i>Vanguard Value Benchmark</i>	1.7	1.7	1.3	5.4	10.7	12.2	10.7	16.5	6.1
Vanguard Mid Cap Index Fund	1.2	1.2	--	--	--	--	--	--	--
<i>CRSP US Mid Cap TR USD</i>	1.2	1.2	-4.3	4.9	10.8	12.1	10.4	18.9	7.4
Vanguard Small Cap Index Fund	1.0	1.0	--	--	--	--	--	--	--
<i>CRSP US Small Cap TR USD</i>	1.0	1.0	-7.2	1.0	8.5	11.0	9.0	19.3	7.3
Virtus Small Cap Core Fund	--	--	--	--	--	--	--	--	--
<i>Russell 2000</i>	-1.5	-1.5	-9.8	-1.2	6.8	9.1	7.2	16.4	5.3
<b>Non-U.S. Equity Composite</b>	0.8	0.8	-8.9	-3.9	0.4	--	--	--	--
<i>MSCI ACWI ex USA</i>	-0.4	-0.4	-9.2	-5.2	0.3	2.3	0.3	9.2	1.9
Vanguard Developed Markets Index Fund	-2.0	-2.0	--	--	--	--	--	--	--
<i>FTSE Developed ex North America</i>	-2.6	-2.6	-7.4	-3.9	2.7	4.8	2.6	10.4	2.6
Vanguard Int'l Small Cap Index Fund	0.9	0.9	--	--	--	--	--	--	--
<i>FTSE Global Small-Cap ex. USA</i>	0.8	0.8	-2.5	-3.9	2.9	4.5	1.6	13.4	3.7
Brandes Int'l Small Cap Fund	--	--	--	--	--	--	--	--	--
<i>MSCI EAFE Small Cap</i>	-0.6	-0.6	3.2	0.1	7.3	8.8	5.6	15.1	3.4
Vanguard Emerging Markets Index Fund	5.3	5.3	--	--	--	--	--	--	--
<i>FTSE Emerging Markets</i>	6.1	6.1	-11.7	-4.4	-3.6	-2.2	-3.6	8.9	3.7

## Investment Manager

## Calendar Performance (Gross of Fees)

Market Value: \$40.6 Million and 100.0% of Fund

	Calendar Year								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Total Fund Composite</b>	<b>0.0</b>	<b>6.5</b>	<b>11.5</b>	<b>8.2</b>	<b>7.8</b>	<b>11.2</b>	<b>4.8</b>	<b>-3.6</b>	<b>9.8</b>
<i>Policy Benchmark</i>	1.1	8.4	11.5	7.4	6.4	9.3	6.1	-4.7	8.0
<i>Actuarial Rate</i>	6.8	6.7	6.5	6.5	6.5	6.5	6.5	6.5	6.5
<b>Fixed Income Composite</b>	<b>1.2</b>	<b>5.6</b>	<b>-3.4</b>	<b>4.0</b>	<b>12.5</b>	<b>8.7</b>	<b>-5.5</b>	<b>16.1</b>	<b>10.6</b>
<i>Barclays Int Govt/Credit</i>	1.1	3.1	-0.9	3.9	5.8	5.9	5.2	5.1	7.4
<i>Mesirow</i>	--	--	--	--	--	--	--	--	--
<i>Barclays Int Govt/Credit</i>	1.1	3.1	-0.9	3.9	5.8	5.9	5.2	5.1	7.4
<i>Segall Bryant &amp; Hamill</i>	--	--	--	--	--	--	--	--	--
<i>Barclays Int Govt/Credit</i>	1.1	3.1	-0.9	3.9	5.8	5.9	5.2	5.1	7.4
<b>U.S. Equity Composite</b>	<b>0.2</b>	<b>8.4</b>	<b>31.8</b>	<b>14.4</b>	<b>2.9</b>	<b>15.3</b>	<b>27.4</b>	<b>-32.0</b>	<b>8.5</b>
<i>Wilshire 5000 Total Market</i>	0.7	12.7	33.5	16.4	1.2	17.2	28.3	-37.2	5.6
<i>Vanguard 500 Index Fund</i>	--	--	--	--	--	--	--	--	--
<i>S&amp;P 500</i>	1.4	13.7	32.4	16.0	2.1	15.1	26.5	-37.0	5.5
<i>Vanguard Value Index Fund</i>	--	--	--	--	--	--	--	--	--
<i>Vanguard Value Benchmark</i>	-0.9	13.3	33.4	15.2	1.3	14.5	19.6	-36.0	0.2
<i>Vanguard Mid Cap Index Fund</i>	--	--	--	--	--	--	--	--	--
<i>CRSP US Mid Cap TR USD</i>	-1.3	13.8	35.3	16.7	-1.8	26.2	36.9	-41.8	7.0
<i>Vanguard Small Cap Index Fund</i>	--	--	--	--	--	--	--	--	--
<i>CRSP US Small Cap TR USD</i>	-3.7	7.5	38.5	18.6	-1.9	28.0	40.1	-36.8	2.0
<i>Virtus Small Cap Core Fund</i>	--	--	--	--	--	--	--	--	--
<i>Russell 2000</i>	-4.4	4.9	38.8	16.3	-4.2	26.9	27.2	-33.8	-1.6
<b>Non-U.S. Equity Composite</b>	<b>-7.1</b>	<b>-0.6</b>	<b>10.7</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<i>MSCI ACWI ex USA</i>	-5.7	-3.9	15.3	16.8	-13.7	11.2	41.4	-45.5	16.7
<i>Vanguard Developed Markets Index Fund</i>	--	--	--	--	--	--	--	--	--
<i>FTSE Developed ex North America</i>	0.0	-4.6	22.0	18.6	-12.1	9.1	34.0	-43.2	12.8
<i>Vanguard Int'l Small Cap Index Fund</i>	--	--	--	--	--	--	--	--	--
<i>FTSE Global Small-Cap ex. USA</i>	-0.2	-4.0	18.4	18.9	-18.2	25.2	61.2	-52.0	13.6
<i>Brandes Int'l Small Cap Fund</i>	--	--	--	--	--	--	--	--	--
<i>MSCI EAFE Small Cap</i>	9.6	-4.9	29.3	20.0	-15.9	22.0	46.8	-47.0	1.4
<i>Vanguard Emerging Markets Index Fund</i>	--	--	--	--	--	--	--	--	--
<i>FTSE Emerging Markets</i>	-15.2	1.6	-3.5	17.9	-19.0	19.8	82.6	-52.9	39.7

# Total Fund Composite

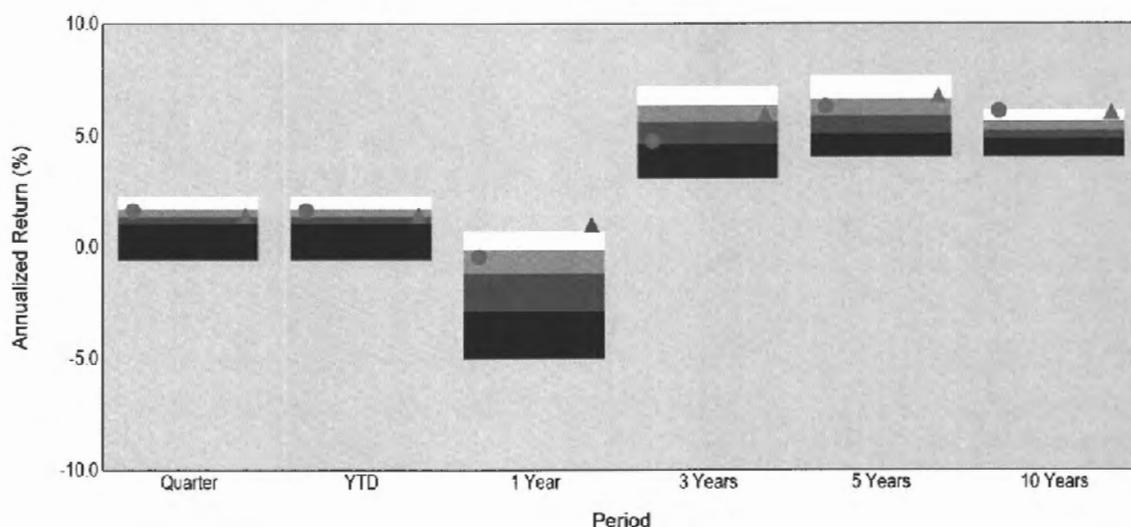
# Annualized Performance (Net of Fees)

Market Value: \$40.6 Million and 100.0% of Fund

Ending March 31, 2016

	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
<b>Total Fund Composite</b>	1.6	1.6	-0.5	3.3	4.8	5.4	6.3	7.5	6.1
Policy Benchmark	1.5	1.5	1.0	4.6	5.9	6.4	6.8	8.0	6.0
Actuarial Rate	1.6	1.6	6.8	6.7	6.7	6.6	6.6	6.6	6.5
InvestorForce Public DB < \$50mm Net Rank	28	28	29	31	70	74	40	96	6
<b>Fixed Income Composite</b>	3.0	3.0	2.4	3.9	2.1	2.6	4.5	3.8	5.6
Barclays Int Govt/Credit	2.4	2.4	2.1	2.8	1.8	2.3	3.0	3.8	4.3
InvestorForce Public DB US Fix Inc Net Rank	18	18	7	8	42	56	18	63	20
<b>U.S. Equity Composite</b>	1.0	1.0	-1.2	4.2	8.8	9.6	9.2	14.7	6.8
Wilshire 5000 Total Market	1.2	1.2	0.2	6.1	11.3	12.1	11.1	17.2	7.0
InvestorForce Public DB US Eq Net Rank	40	40	38	57	81	86	73	92	18
<b>Non-U.S. Equity Composite</b>	0.8	0.8	-8.9	-3.9	0.4	--	--	--	--
MSCI ACWI ex USA	-0.4	-0.4	-9.2	-5.2	0.3	2.3	0.3	9.2	1.9
InvestorForce Public DB ex-US Eq Net Rank	26	26	71	42	70	--	--	--	--

InvestorForce Public DB < \$50mm Net Accounts



	Return	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
5th Percentile	2.3	2.3	0.7	7.1	7.6	6.1				
25th Percentile	1.7	1.7	-0.2	6.3	6.6	5.6				
Median	1.3	1.3	-1.2	5.6	5.9	5.2				
75th Percentile	1.0	1.0	-2.9	4.6	5.0	4.8				
95th Percentile	-0.6	-0.6	-5.0	3.1	4.0	4.0				
# of Portfolios	86	86	85	66	49	38				
● Total Fund Composite	1.6	1.6	-0.5	4.8	6.3	6.1				
▲ Policy Benchmark	1.5	1.5	1.0	5.9	6.8	6.0				

## Total Fund Composite

## Calendar Performance (Net of Fees)

Market Value: \$40.6 Million and 100.0% of Fund

	Calendar Year										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Total Fund Composite</b>	-0.2	6.1	11.1	7.8	7.5	10.9	4.5	-3.9	9.5	5.7	--
<i>Policy Benchmark</i>	1.1	8.4	11.5	7.4	6.4	9.3	6.1	-4.7	8.0	6.5	3.3
<i>Actuarial Rate</i>	6.8	6.7	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
<i>InvestorForce Public DB &lt; \$50mm Net Rank</i>	42	32	89	96	1	62	99	1	28	98	--
<b>Fixed Income Composite</b>	1.1	5.6	-3.4	4.0	12.5	8.7	-5.5	16.1	10.6	3.0	--
<i>Barclays Int Govt/Credit</i>	1.1	3.1	-0.9	3.9	5.8	5.9	5.2	5.1	7.4	4.1	1.6
<i>InvestorForce Public DB US Fix Inc Net Rank</i>	12	30	95	75	3	35	99	1	1	95	--
<b>U.S. Equity Composite</b>	-0.2	7.6	30.7	13.6	2.6	14.9	26.8	-32.4	8.0	13.9	--
<i>Wilshire 5000 Total Market</i>	0.7	12.7	33.5	16.4	1.2	17.2	28.3	-37.2	5.6	15.8	6.4
<i>InvestorForce Public DB US Eq Net Rank</i>	51	90	99	89	11	92	75	6	8	56	--
<b>Non-U.S. Equity Composite</b>	-7.1	-0.6	10.7	--	--	--	--	--	--	--	--
<i>MSCI ACWI ex USA</i>	-5.7	-3.9	15.3	16.8	-13.7	11.2	41.4	-45.5	16.7	26.6	16.6
<i>InvestorForce Public DB ex-US Eq Net Rank</i>	87	9	90	--	--	--	--	--	--	--	--

# Total Fund Composite

# Calendar Performance (Net of Fees)

Market Value: \$40.6 Million and 100.0% of Fund

## Fiscal Year (May 1)

	Fiscal YTD	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
<b>Total Fund Composite</b>	-0.5	7.2	6.5	7.8	9.5	10.8	13.4	-8.4	6.9	10.1	0.3	--
<i>Policy Benchmark</i>	0.5	8.2	7.7	8.7	6.9	9.6	12.4	-7.0	5.5	8.9	3.9	5.3
<i>Actuarial Rate</i>	6.2	6.8	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
<i>InvestorForce Public DB &lt; \$50mm Net Rank</i>	18	--	--	--	--	--	--	--	--	--	--	--
<b>Fixed Income Composite</b>	2.8	4.4	-2.0	3.3	14.6	6.5	3.1	5.8	11.1	8.8	-2.5	--
<i>Barclays Int Govt/Credit</i>	2.1	3.0	-0.2	3.2	5.9	4.9	7.4	3.2	7.6	6.6	1.0	3.3
<i>InvestorForce Public DB US Fix Inc Net Rank</i>	3	--	--	--	--	--	--	--	--	--	--	--
<b>U.S. Equity Composite</b>	-1.0	10.5	16.4	13.8	3.8	18.5	35.1	-28.6	-2.0	13.6	10.1	--
<i>Wilshire 5000 Total Market</i>	-0.3	12.7	20.5	17.0	3.5	18.2	40.5	-34.7	-4.9	14.5	18.6	7.1
<i>InvestorForce Public DB US Eq Net Rank</i>	34	--	--	--	--	--	--	--	--	--	--	--
<b>Non-U.S. Equity Composite</b>	-12.9	4.7	8.8	--	--	--	--	--	--	--	--	--
<i>MSCI ACWI ex USA</i>	-13.6	2.6	9.8	14.1	-12.9	19.7	40.4	-42.6	3.6	19.2	37.6	16.4
<i>InvestorForce Public DB ex-US Eq Net Rank</i>	68	--	--	--	--	--	--	--	--	--	--	--

## Investment Manager

## Annualized Performance (Net of Fees)

Market Value: \$40.6 Million and 100.0% of Fund

Ending March 31, 2016

	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
<b>Total Fund Composite</b>	<b>1.6</b>	<b>1.6</b>	<b>-0.5</b>	<b>3.3</b>	<b>4.8</b>	<b>5.4</b>	<b>6.3</b>	<b>7.5</b>	<b>6.1</b>
Policy Benchmark	1.5	1.5	1.0	4.6	5.9	6.4	6.8	8.0	6.0
Actuarial Rate	1.6	1.6	6.8	6.7	6.7	6.6	6.6	6.6	6.5
InvestorForce Public DB < \$50mm Net Rank	28	28	29	31	70	74	40	96	6
<b>Fixed Income Composite</b>	<b>3.0</b>	<b>3.0</b>	<b>2.4</b>	<b>3.9</b>	<b>2.1</b>	<b>2.6</b>	<b>4.5</b>	<b>3.8</b>	<b>5.6</b>
Barclays Int Govt/Credit	2.4	2.4	2.1	2.8	1.8	2.3	3.0	3.8	4.3
InvestorForce Public DB US Fix Inc Net Rank	18	18	7	8	42	56	18	63	20
Mesirow	--	--	--	--	--	--	--	--	--
Barclays Int Govt/Credit	2.4	2.4	2.1	2.8	1.8	2.3	3.0	3.8	4.3
eA US Interm Duration Fixed Inc Net Rank	--	--	--	--	--	--	--	--	--
Segall Bryant & Hamill	--	--	--	--	--	--	--	--	--
Barclays Int Govt/Credit	2.4	2.4	2.1	2.8	1.8	2.3	3.0	3.8	4.3
eA US Interm Duration Fixed Inc Net Rank	--	--	--	--	--	--	--	--	--
<b>U.S. Equity Composite</b>	<b>1.0</b>	<b>1.0</b>	<b>-1.2</b>	<b>4.2</b>	<b>8.8</b>	<b>9.6</b>	<b>9.2</b>	<b>14.7</b>	<b>6.8</b>
Wilshire 5000 Total Market	1.2	1.2	0.2	6.1	11.3	12.1	11.1	17.2	7.0
InvestorForce Public DB US Eq Net Rank	40	40	38	57	81	86	73	92	18
Vanguard 500 Index Fund	1.3	1.3	--	--	--	--	--	--	--
S&P 500	1.3	1.3	1.8	7.1	11.8	12.4	11.6	17.0	7.0
Large Cap MStar MF Rank	26	26	--	--	--	--	--	--	--
Vanguard Value Index Fund	1.6	1.6	--	--	--	--	--	--	--
Vanguard Value Benchmark	1.7	1.7	1.3	5.4	10.7	12.2	10.7	16.5	6.1
Large Value MStar MF Rank	40	40	--	--	--	--	--	--	--
Vanguard Mid Cap Index Fund	1.2	1.2	--	--	--	--	--	--	--
CRSP US Mid Cap TR USD	1.2	1.2	-4.3	4.9	10.8	12.1	10.4	18.9	7.4
Mid-Cap Blend MStar MF Rank	64	64	--	--	--	--	--	--	--
Vanguard Small Cap Index Fund	1.0	1.0	--	--	--	--	--	--	--
CRSP US Small Cap TR USD	1.0	1.0	-7.2	1.0	8.5	11.0	9.0	19.3	7.3
Small Cap MStar MF Rank	34	34	--	--	--	--	--	--	--
Virtus Small Cap Core Fund	--	--	--	--	--	--	--	--	--
Russell 2000	-1.5	-1.5	-9.8	-1.2	6.8	9.1	7.2	16.4	5.3
Small Cap MStar MF Rank	--	--	--	--	--	--	--	--	--

## Investment Manager

## Annualized Performance (Net of Fees)

Market Value: \$40.6 Million and 100.0% of Fund

Ending March 31, 2016

	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
<b>Non-U.S. Equity Composite</b>	<b>0.8</b>	<b>0.8</b>	<b>-8.9</b>	<b>-3.9</b>	<b>0.4</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
MSCI ACWI ex USA	-0.4	-0.4	-9.2	-5.2	0.3	2.3	0.3	9.2	1.9
InvestorForce Public DB ex-US Eq Net Rank	26	26	71	42	70	--	--	--	--
Vanguard Developed Markets Index Fund	-2.0	-2.0	--	--	--	--	--	--	--
FTSE Developed ex North America	-2.6	-2.6	-7.4	-3.9	2.7	4.8	2.6	10.4	2.6
Foreign Large Blend MStar MF Rank	48	48	--	--	--	--	--	--	--
Vanguard Int'l Small Cap Index Fund	0.9	0.9	--	--	--	--	--	--	--
FTSE Global Small-Cap ex. USA	0.8	0.8	-2.5	-3.9	2.9	4.5	1.6	13.4	3.7
Foreign Small/Mid Value MStar MF Rank	19	19	--	--	--	--	--	--	--
Brandes Int'l Small Cap Fund	--	--	--	--	--	--	--	--	--
MSCI EAFE Small Cap	-0.6	-0.6	3.2	0.1	7.3	8.8	5.6	15.1	3.4
Foreign Small/Mid Value MStar MF Rank	--	--	--	--	--	--	--	--	--
Vanguard Emerging Markets Index Fund	5.3	5.3	--	--	--	--	--	--	--
FTSE Emerging Markets	6.1	6.1	-11.7	-4.4	-3.6	-2.2	-3.6	8.9	3.7
Diversified Emerging Mkts MStar MF Rank	36	36	--	--	--	--	--	--	--

## Investment Manager

## Calendar Performance (Net of Fees)

Market Value: \$40.6 Million and 100.0% of Fund

	Calendar Year										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Total Fund Composite</b>	-0.2	6.1	11.1	7.8	7.5	10.9	4.5	-3.9	9.5	5.7	--
Policy Benchmark	1.1	8.4	11.5	7.4	6.4	9.3	6.1	-4.7	8.0	6.5	3.3
Actuarial Rate	6.8	6.7	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
InvestorForce Public DB < \$50mm Net Rank	42	32	89	96	1	62	99	1	28	98	--
<b>Fixed Income Composite</b>	1.1	5.6	-3.4	4.0	12.5	8.7	-5.5	16.1	10.6	3.0	--
Barclays Int Govt/Credit	1.1	3.1	-0.9	3.9	5.8	5.9	5.2	5.1	7.4	4.1	1.6
InvestorForce Public DB US Fix Inc Net Rank	12	30	95	75	3	35	99	1	1	95	--
Mesirow	--	--	--	--	--	--	--	--	--	--	--
Barclays Int Govt/Credit	1.1	3.1	-0.9	3.9	5.8	5.9	5.2	5.1	7.4	4.1	1.6
eA US Interm Duration Fixed Inc Net Rank	--	--	--	--	--	--	--	--	--	--	--
Segall Bryant & Hamill	--	--	--	--	--	--	--	--	--	--	--
Barclays Int Govt/Credit	1.1	3.1	-0.9	3.9	5.8	5.9	5.2	5.1	7.4	4.1	1.6
eA US Interm Duration Fixed Inc Net Rank	--	--	--	--	--	--	--	--	--	--	--
<b>U.S. Equity Composite</b>	-0.2	7.6	30.7	13.6	2.6	14.9	26.8	-32.4	8.0	13.9	--
Wilshire 5000 Total Market	0.7	12.7	33.5	16.4	1.2	17.2	28.3	-37.2	5.6	15.8	6.4
InvestorForce Public DB US Eq Net Rank	51	90	99	89	11	92	75	6	8	56	--
Vanguard 500 Index Fund	--	--	--	--	--	--	--	--	--	--	--
S&P 500	1.4	13.7	32.4	16.0	2.1	15.1	26.5	-37.0	5.5	15.8	4.9
Large Cap MStar MF Rank	--	--	--	--	--	--	--	--	--	--	--
Vanguard Value Index Fund	--	--	--	--	--	--	--	--	--	--	--
Vanguard Value Benchmark	-0.9	13.3	33.4	15.2	1.3	14.5	19.6	-36.0	0.2	22.4	7.3
Large Value MStar MF Rank	--	--	--	--	--	--	--	--	--	--	--
Vanguard Mid Cap Index Fund	--	--	--	--	--	--	--	--	--	--	--
CRSP US Mid Cap TR USD	-1.3	13.8	35.3	16.7	-1.8	26.2	36.9	-41.8	7.0	15.3	13.3
Mid-Cap Blend MStar MF Rank	--	--	--	--	--	--	--	--	--	--	--
Vanguard Small Cap Index Fund	--	--	--	--	--	--	--	--	--	--	--
CRSP US Small Cap TR USD	-3.7	7.5	38.5	18.6	-1.9	28.0	40.1	-36.8	2.0	16.0	8.7
Small Cap MStar MF Rank	--	--	--	--	--	--	--	--	--	--	--
Virtus Small Cap Core Fund	--	--	--	--	--	--	--	--	--	--	--
Russell 2000	-4.4	4.9	38.8	16.3	-4.2	26.9	27.2	-33.8	-1.6	18.4	4.6
Small Cap MStar MF Rank	--	--	--	--	--	--	--	--	--	--	--

## Investment Manager

## Calendar Performance (Net of Fees)

Market Value: \$40.6 Million and 100.0% of Fund

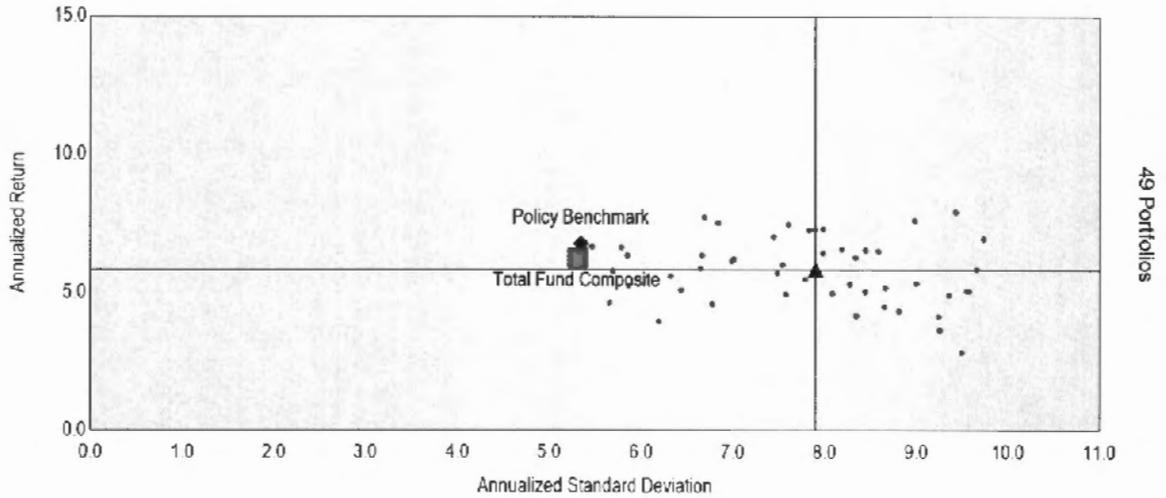
## Calendar Year

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Non-U.S. Equity Composite</b>	<b>-7.1</b>	<b>-0.6</b>	<b>10.7</b>	<b>--</b>							
MSCI ACWI ex USA	-5.7	-3.9	15.3	16.8	-13.7	11.2	41.4	-45.5	16.7	26.6	16.6
InvestorForce Public DB ex-US Eq Net Rank	87	9	90	--	--	--	--	--	--	--	--
Vanguard Developed Markets Index Fund	--	--	--	--	--	--	--	--	--	--	--
FTSE Developed ex North America	0.0	-4.6	22.0	18.6	-12.1	9.1	34.0	-43.2	12.8	27.6	13.9
Foreign Large Blend MStar MF Rank	--	--	--	--	--	--	--	--	--	--	--
Vanguard Int'l Small Cap Index Fund	--	--	--	--	--	--	--	--	--	--	--
FTSE Global Small-Cap ex. USA	-0.2	-4.0	18.4	18.9	-18.2	25.2	61.2	-52.0	13.6	32.6	22.5
Foreign Small/Mid Value MStar MF Rank	--	--	--	--	--	--	--	--	--	--	--
Brandes Int'l Small Cap Fund	--	--	--	--	--	--	--	--	--	--	--
MSCI EAFE Small Cap	9.6	-4.9	29.3	20.0	-15.9	22.0	46.8	-47.0	1.4	19.3	26.2
Foreign Small/Mid Value MStar MF Rank	--	--	--	--	--	--	--	--	--	--	--
Vanguard Emerging Markets Index Fund	--	--	--	--	--	--	--	--	--	--	--
FTSE Emerging Markets	-15.2	1.6	-3.5	17.9	-19.0	19.8	82.6	-52.9	39.7	33.1	35.1
Diversified Emerging Mkts MStar MF Rank	--	--	--	--	--	--	--	--	--	--	--

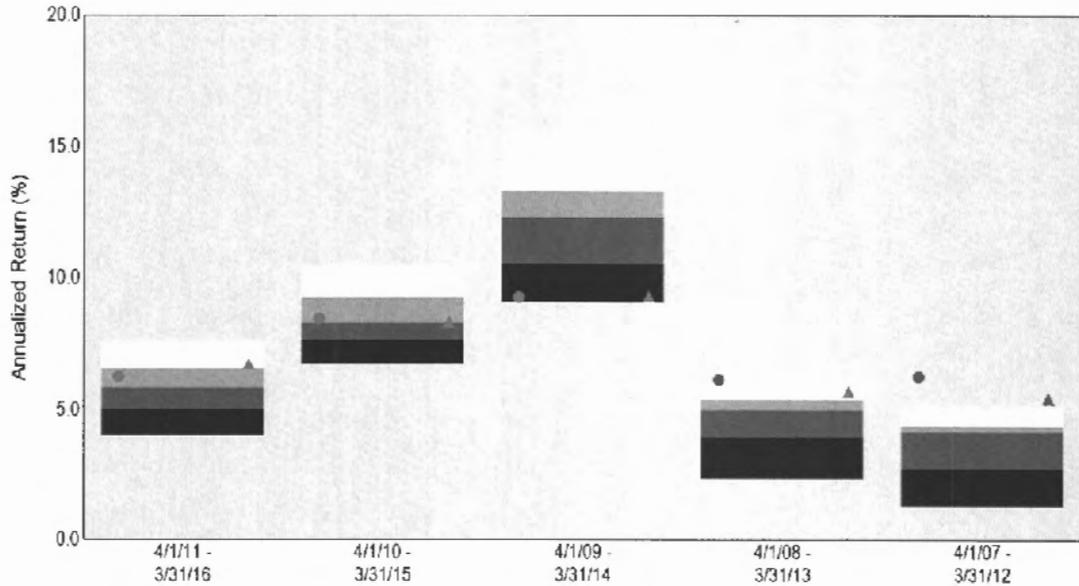
# Total Fund vs. Peer Universe

Market Value: \$40.6 Million and 100.0% of Fund

Annualized Return vs. Annualized Standard Deviation  
5 Years Ending March 31, 2016



Rolling 5 Year Returns



	Return (Rank)				
5th Percentile	7.6	10.4	15.5	6.2	5.1
25th Percentile	6.6	9.3	13.3	5.4	4.4
Median	5.9	8.3	12.3	5.0	4.1
75th Percentile	5.0	7.7	10.5	4.0	2.8
95th Percentile	4.0	6.8	9.1	2.4	1.3
# of Portfolios	49	38	33	29	33
• Total Fund Composite	6.3 (40)	8.5 (47)	9.3 (95)	6.2 (7)	6.3 (1)
▲ Policy Benchmark	6.8 (21)	8.4 (49)	9.3 (95)	5.7 (20)	5.5 (2)

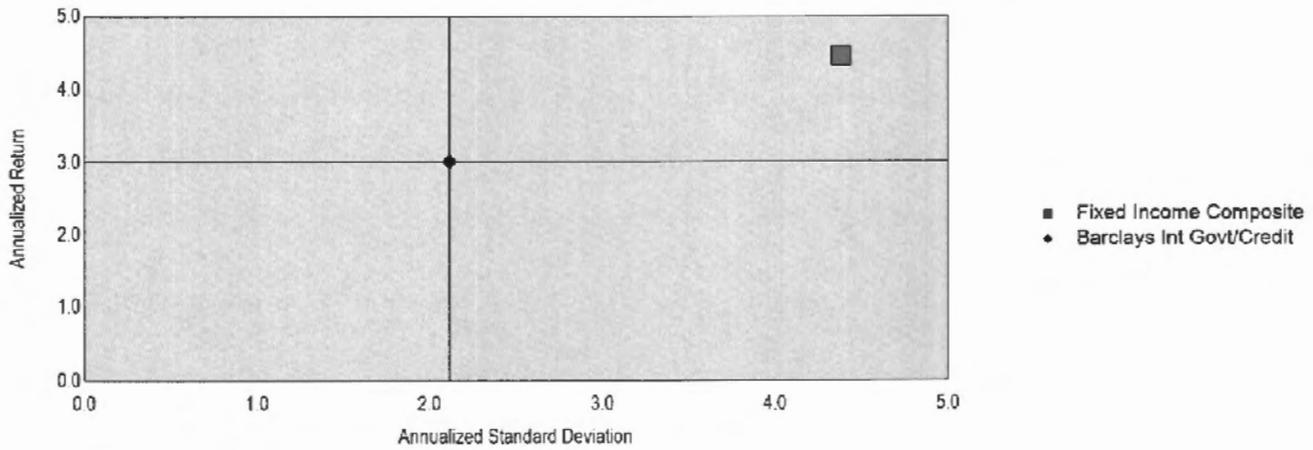
# Fixed Income Composite

As of March 31, 2016

# Characteristics

Market Value: \$16.6 Million and 40.8% of Fund

Risk / Return - 5 Years



## Characteristics

	Portfolio	Index
	Q1-16	Q1-16
Yield to Maturity	1.6%	1.6%
Avg. Eff. Maturity	4.8 yrs.	4.4 yrs.
Avg. Duration	4.2 yrs.	4.0 yrs.
Avg. Quality	A	--
Region		Number Of Assets
United States		120
Other		1
<b>Total</b>		<b>121</b>

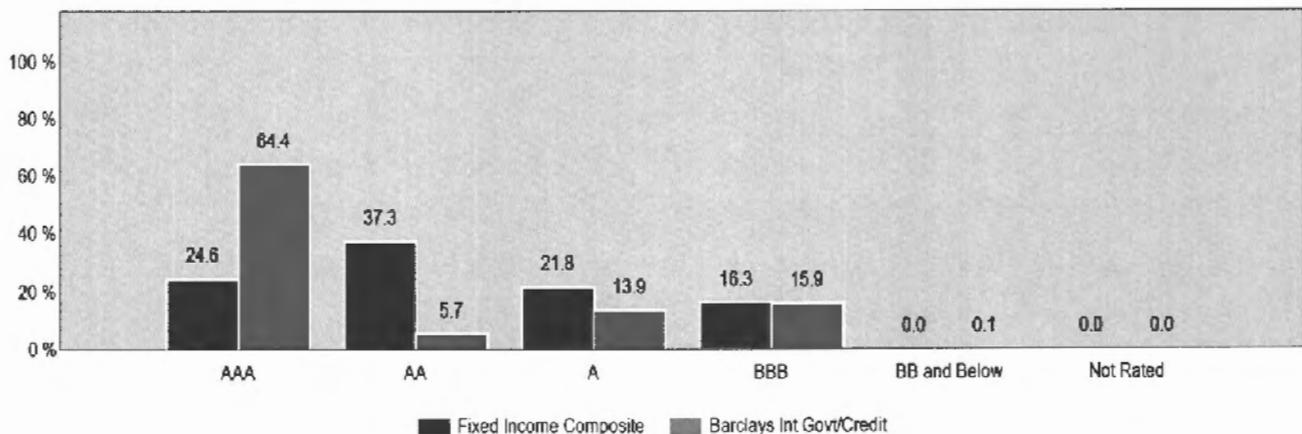
## Sector

	Portfolio	Index
	Q1-16	Q1-16
UST/Agency	49.7%	68.5%
Corporate	46.1%	31.5%
MBS	4.2%	--
ABS	--	--
Foreign	--	--
Muni	0.3%	--
Other	-0.3%	--

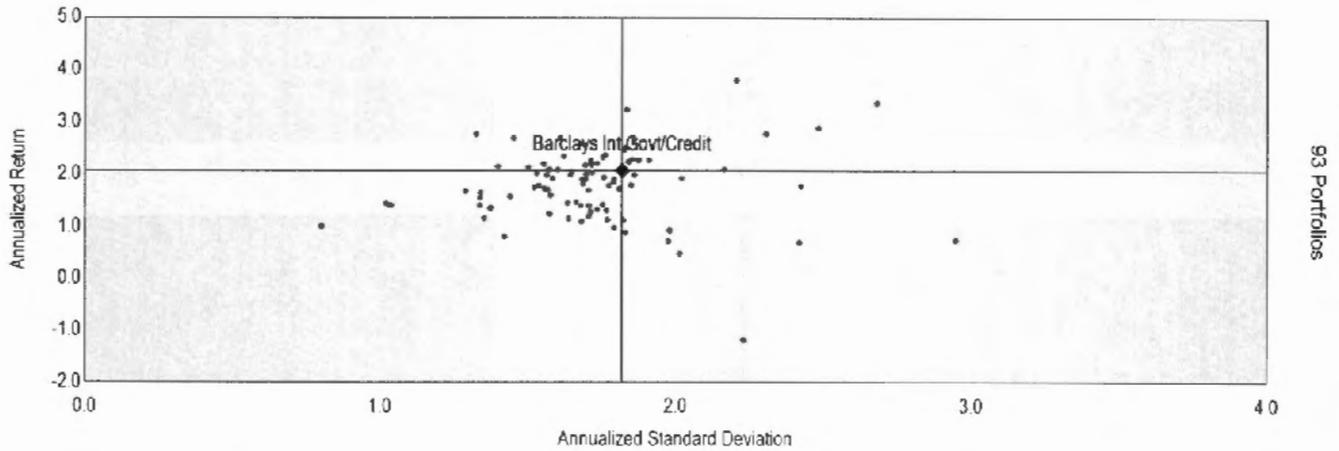
## Maturity

	Q1-16
<1 Year	17.4%
1-3 Years	18.7%
3-5 Years	19.3%
5-7 Years	17.6%
7-10 Years	22.3%
10-15 Years	4.8%
15-20 Years	0.0%
>20 Years	0.0%
Not Rated/Cash	0.0%

Quality Distribution

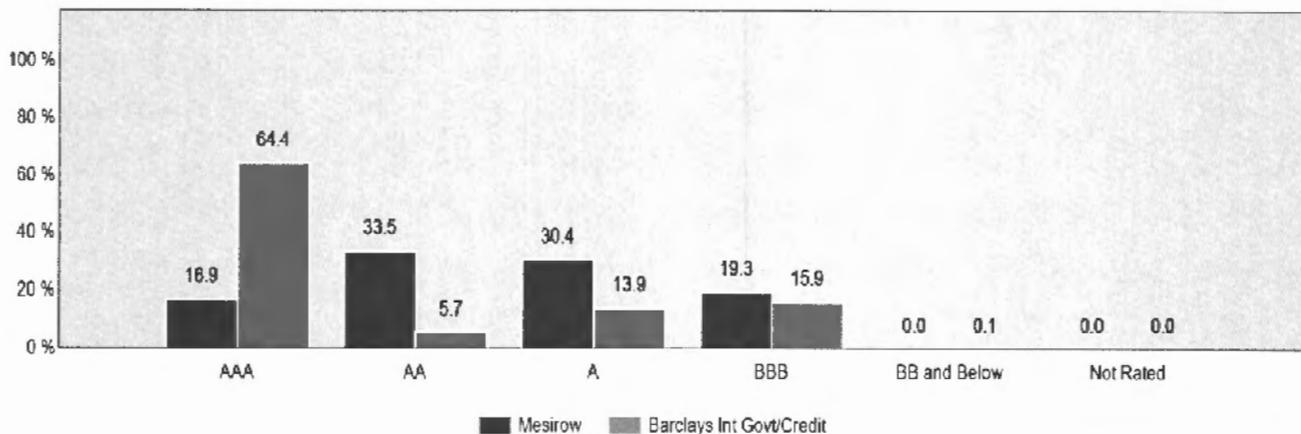


Risk / Return - 1 Year

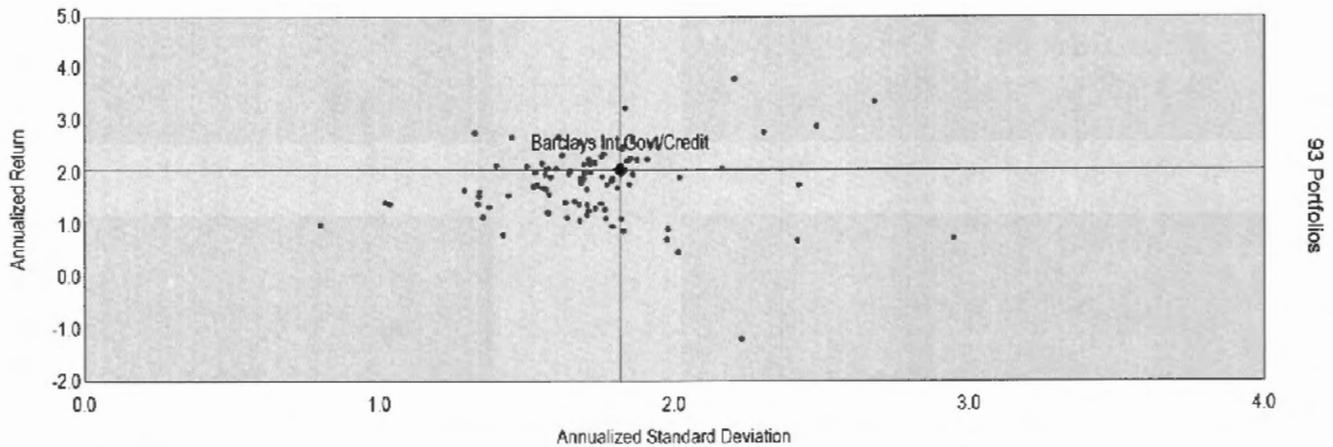


	Characteristics		Sector		Maturity		
	Portfolio	Index	Portfolio	Index		Q1-16	
	Q1-16	Q1-16	Q1-16	Q1-16	<1 Year	19.9%	
Yield to Maturity	1.7%	1.6%	UST/Agency	42.3%	68.5%	1-3 Years	24.9%
Avg. Eff. Maturity	4.8 yrs.	4.4 yrs.	Corporate	57.5%	31.5%	3-5 Years	14.2%
Avg. Duration	4.1 yrs.	4.0 yrs.	MBS	--	--	5-7 Years	13.1%
Avg. Quality	A	--	ABS	--	--	7-10 Years	18.7%
			Foreign	--	--	10-15 Years	9.3%
			Muni	0.2%	--	15-20 Years	0.0%
Region		Number Of Assets	Other	--	--	>20 Years	0.0%
United States		60				Not Rated/Cash	0.0%
Other		0					
<b>Total</b>		<b>60</b>					

Quality Distribution



Risk / Return - 1 Year



Characteristics

	Portfolio	Index
	Q1-16	Q1-16
Yield to Maturity	1.6%	1.6%
Avg. Eff. Maturity	4.8 yrs.	4.4 yrs.
Avg. Duration	4.2 yrs.	4.0 yrs.
Avg. Quality	AA	--
Region		Number Of Assets
United States		62
Other		1
<b>Total</b>		<b>63</b>

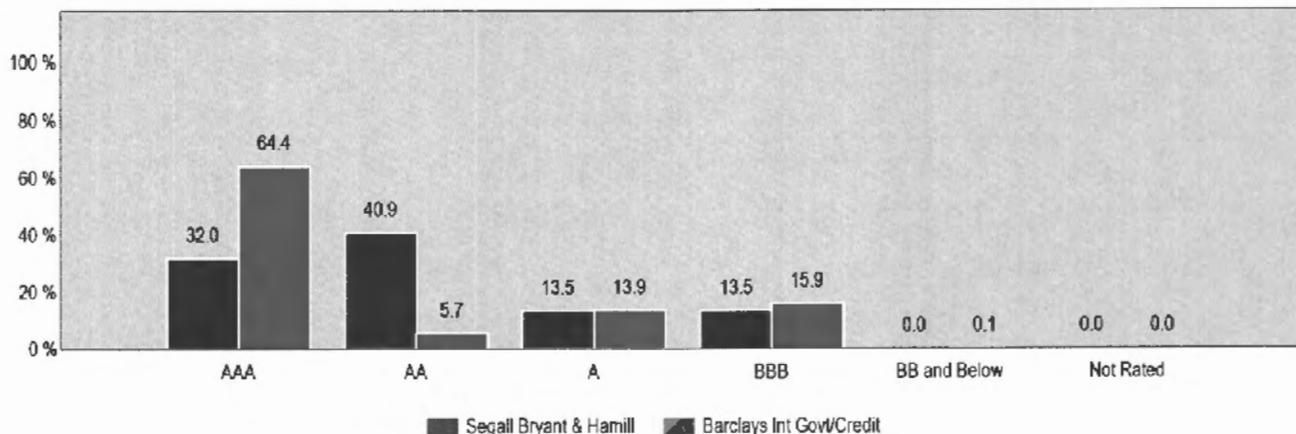
Sector

	Portfolio	Index
	Q1-16	Q1-16
UST/Agency	56.8%	68.5%
Corporate	35.3%	31.5%
MBS	8.2%	--
ABS	--	--
Foreign	--	--
Muni	0.3%	--
Other	-0.6%	--

Maturity

	Q1-16
<1 Year	14.9%
1-3 Years	12.7%
3-5 Years	24.2%
5-7 Years	22.0%
7-10 Years	25.7%
10-15 Years	0.6%
15-20 Years	0.0%
>20 Years	0.0%
Not Rated/Cash	0.0%

Quality Distribution



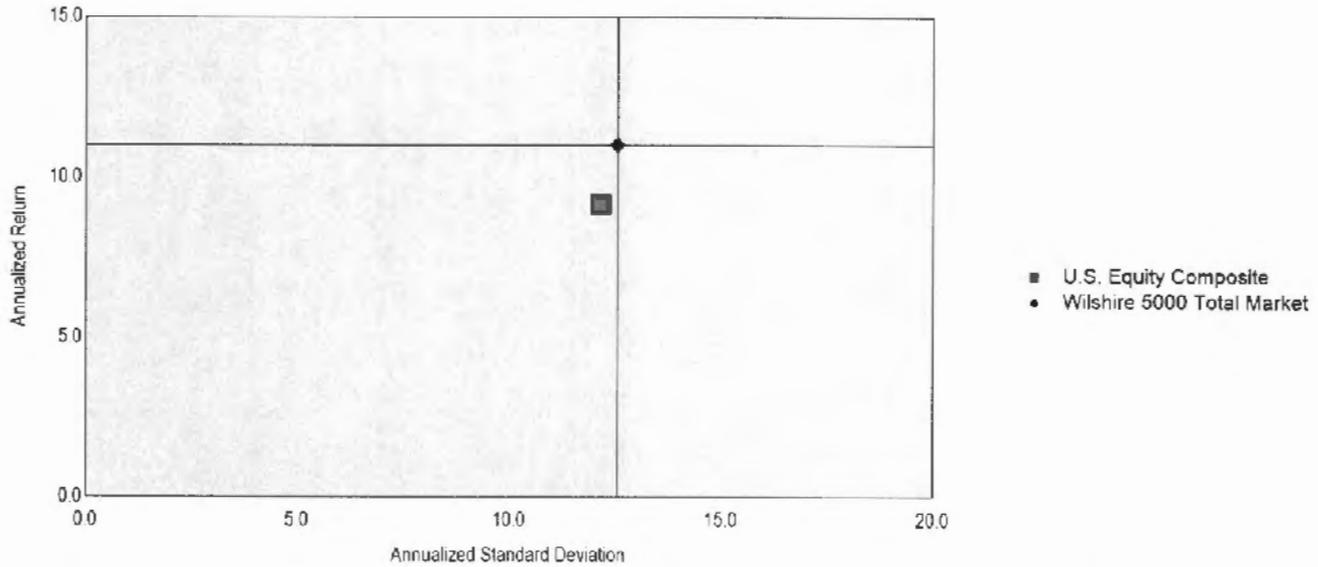
# U.S. Equity Composite

As of March 31, 2016

# Characteristics

Market Value: \$16.1 Million and 39.8% of Fund

## Risk / Return - 5 Years



### Characteristics

	Portfolio	Dow Jones U.S. Total Stock Market
Number of Holdings	2,110	3,900
Weighted Avg. Market Cap. (\$B)	82.8	106.7
Median Market Cap. (\$B)	3.9	0.7
Price To Earnings	23.8	24.1
Price To Book	4.3	3.5
Price To Sales	3.1	3.1
Return on Equity (%)	17.2	16.0
Yield (%)	2.1	2.0
Beta	1.0	1.0
R-Squared	1.0	1.0

### Largest Holdings

	End Weight	Return
MICROSOFT	2.0	0.3
EXXON MOBIL	1.6	8.2
JOHNSON & JOHNSON	1.4	6.1
GENERAL ELECTRIC	1.4	2.9
APPLE	1.2	4.1

### Top Contributors

	Beg Wgt	Return	Contribution
VERIZON COMMUNICATIONS	0.9	18.5	0.2
AT&T	1.0	15.4	0.2
EXXON MOBIL	1.5	8.2	0.1
BERKSHIRE HATHAWAY 'B'	1.1	7.5	0.1
JOHNSON & JOHNSON	1.3	6.1	0.1

### Characteristics

	Portfolio	Dow Jones U.S. Total Stock Market
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	7.1	6.2
Materials	3.8	3.2
Industrials	13.0	10.7
Consumer Discretionary	11.6	13.6
Consumer Staples	8.5	9.2
Health Care	12.1	13.7
Financials	19.1	17.3
Information Technology	17.6	20.1
Telecommunications	2.6	2.5
Utilities	4.4	3.5
Unclassified	0.3	0.0

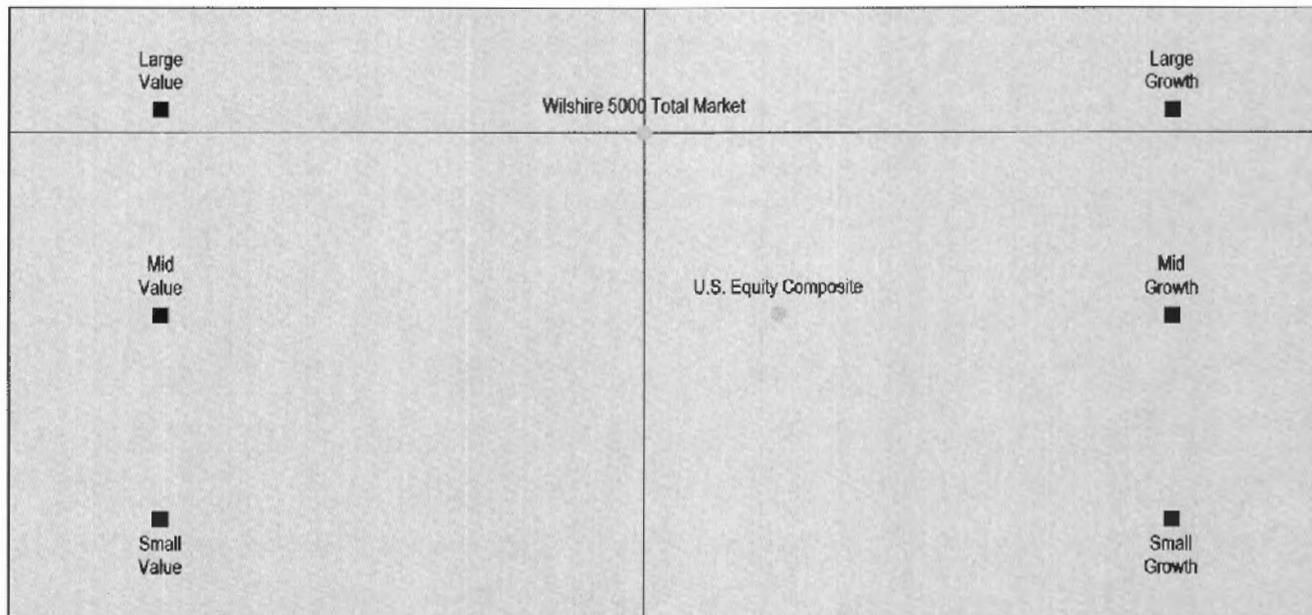
### Bottom Contributors

	Beg Wgt	Return	Contribution
BANK OF AMERICA	0.8	-19.4	-0.2
CITIGROUP	0.7	-19.2	-0.1
WELLS FARGO & CO	1.2	-10.3	-0.1
JP MORGAN CHASE & CO.	1.1	-9.7	-0.1
ENDO INTERNATIONAL	0.1	-54.0	-0.1

### Market Capitalization

	Small Cap	Small/ Mid	Mid Cap	Mid/ Large	Large Cap
U.S. Equity Composite	5.8%	16.3%	25.2%	21.4%	30.3%
Dow Jones U.S. Total Stock Market	6.0%	10.1%	16.3%	28.2%	39.4%
<i>Weight Over/Under</i>	<i>0.8%</i>	<i>6.2%</i>	<i>8.9%</i>	<i>-6.8%</i>	<i>-9.1%</i>

U.S. Equity Style Map



Common Holdings Matrix

	<i>Vanguard 500 Index Fund</i>		<i>Vanguard Value Index Fund</i>		<i>Vanguard Mid Cap Index Fund</i>		<i>Vanguard Small Cap Index Fund</i>		<i>Virtus Small Cap Core Fund</i>	
	#	%	#	%	#	%	#	%	#	%
Vanguard 500 Index Fund	--	--	265	97	230	74	32	4	0	0
Vanguard Value Index Fund	265	55	--	--	164	43	17	1	0	0
Vanguard Mid Cap Index Fund	230	14	164	14	--	--	37	3	3	9
Vanguard Small Cap Index Fund	32	1	17	0	37	2	--	--	23	83
Virtus Small Cap Core Fund	0	0	0	0	3	1	23	2	--	--

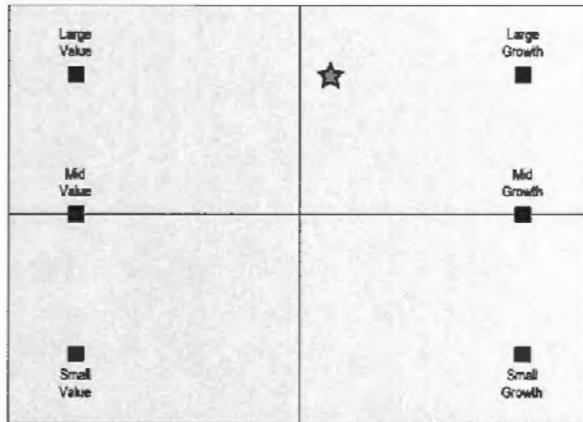
# Vanguard 500 Index Fund

As of March 31, 2016

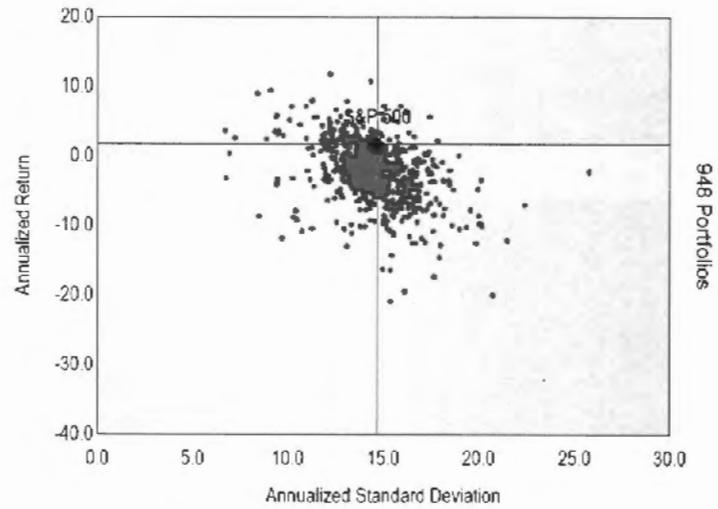
## Characteristics

Market Value: \$5.9 Million and 14.5% of Fund

Style Drift - 1 Year



Risk / Return - 1 Year



### Characteristics

	Portfolio	S&P 500
Number of Holdings	510	504
Weighted Avg. Market Cap. (\$B)	128.9	128.9
Median Market Cap. (\$B)	18.3	18.3
Price To Earnings	24.2	22.7
Price To Book	4.9	4.2
Price To Sales	3.5	3.0
Return on Equity (%)	18.8	17.8
Yield (%)	2.2	2.2
Beta		1.0
R-Squared		1.0

### Largest Holdings

	End Weight	Return
APPLE	3.4	4.1
MICROSOFT	2.4	0.3
EXXON MOBIL	1.9	8.2
JOHNSON & JOHNSON	1.7	6.1
GENERAL ELECTRIC	1.6	2.9

### Top Contributors

	Beg Wgt	Return	Contribution
VERIZON COMMUNICATIONS	1.0	18.5	0.2
AT&T	1.2	15.4	0.2
EXXON MOBIL	1.8	8.2	0.1
APPLE	3.3	4.1	0.1
FACEBOOK CLASS A	1.3	9.0	0.1

### Characteristics

	Portfolio	S&P 500
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	6.8	6.8
Materials	2.8	2.8
Industrials	10.1	10.1
Consumer Discretionary	12.9	12.9
Consumer Staples	10.4	10.4
Health Care	14.3	14.3
Financials	15.6	15.6
Information Technology	20.8	20.8
Telecommunications	2.8	2.8
Utilities	3.4	3.4
Unclassified	0.2	0.0

### Bottom Contributors

	Beg Wgt	Return	Contribution
BANK OF AMERICA	1.0	-19.4	-0.2
AMAZON.COM	1.4	-12.2	-0.2
CITIGROUP	0.9	-19.2	-0.2
WELLS FARGO & CO	1.4	-10.3	-0.1
JP MORGAN CHASE & CO.	1.4	-9.7	-0.1

### Market Capitalization

	Small Cap	Small/Mid	Mid Cap	Mid/Large	Large Cap
Vanguard 500 Index Fund	0.0%	1.9%	16.1%	34.0%	48.0%
S&P 500	0.0%	1.9%	16.1%	34.0%	48.0%
<i>Weight Over/Under</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>

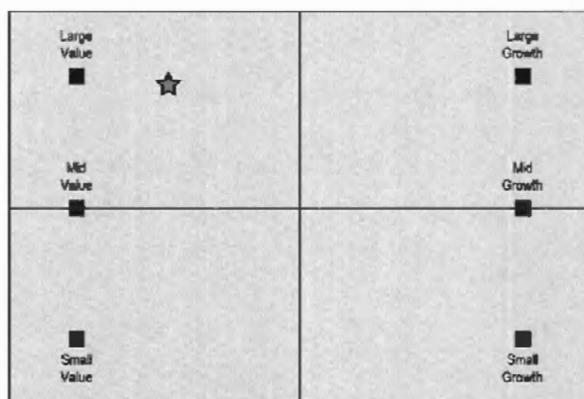
# Vanguard Value Index Fund

As of March 31, 2016

## Characteristics

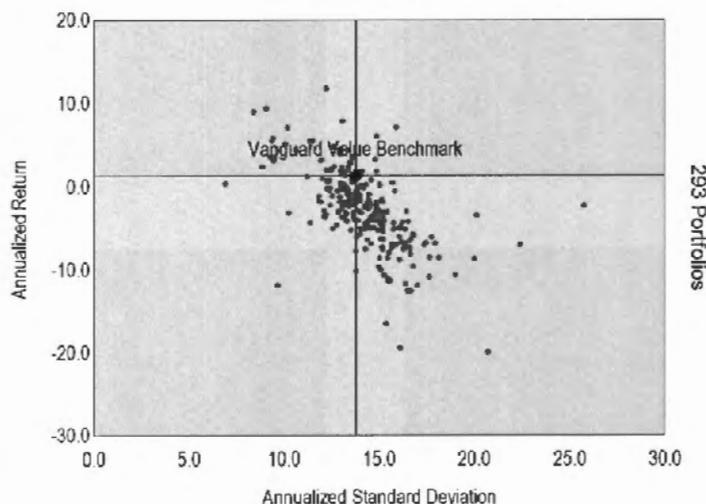
Market Value: \$4.2 Million and 10.2% of Fund

Style Drift - 1 Year



● Vanguard Value Index Fund  
★ Vanguard Value Benchmark

Risk / Return - 1 Year



### Characteristics

	Portfolio	MSCI US Prime Market Value
Number of Holdings	321	399
Weighted Avg. Market Cap. (\$B)	126.7	124.5
Median Market Cap. (\$B)	15.0	11.5
Price To Earnings	20.1	21.0
Price To Book	3.3	2.7
Price To Sales	2.2	2.6
Return on Equity (%)	14.3	13.5
Yield (%)	2.7	2.9
Beta		1.0
R-Squared		1.0

### Largest Holdings

	End Weight	Return
MICROSOFT	4.3	0.3
EXXON MOBIL	3.6	8.2
GENERAL ELECTRIC	3.1	2.9
JOHNSON & JOHNSON	3.1	6.1
BERKSHIRE HATHAWAY 'B'	2.8	7.5

### Top Contributors

	Beg Wgt	Return	Contribution
VERIZON COMMUNICATIONS	1.9	18.5	0.4
AT&T	2.1	15.4	0.3
EXXON MOBIL	3.3	8.2	0.3
BERKSHIRE HATHAWAY 'B'	2.5	7.5	0.2
JOHNSON & JOHNSON	2.9	6.1	0.2

### Characteristics

	Portfolio	MSCI US Prime Market Value
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	10.2	11.3
Materials	3.7	3.2
Industrials	12.0	9.5
Consumer Discretionary	4.8	5.9
Consumer Staples	11.0	11.1
Health Care	13.6	10.3
Financials	21.7	22.2
Information Technology	11.5	14.8
Telecommunications	5.1	5.0
Utilities	6.3	6.8
Unclassified	0.0	0.0

### Bottom Contributors

	Beg Wgt	Return	Contribution
BANK OF AMERICA	1.8	-19.4	-0.3
CITIGROUP	1.5	-19.2	-0.3
WELLS FARGO & CO	2.5	-10.3	-0.3
JP MORGAN CHASE & CO.	2.5	-9.7	-0.2
PFIZER	2.0	-7.2	-0.1

### Market Capitalization

	Small Cap	Small/Mid	Mid Cap	Mid/Large	Large Cap
Vanguard Value Index Fund	0.0%	3.0%	16.6%	31.3%	49.2%
MSCI US Prime Market Value	0.1%	1.0%	7.2%	9.1%	82.7%
<i>Weight Over/Under</i>	-0.1%	2.0%	9.4%	22.2%	-33.6%

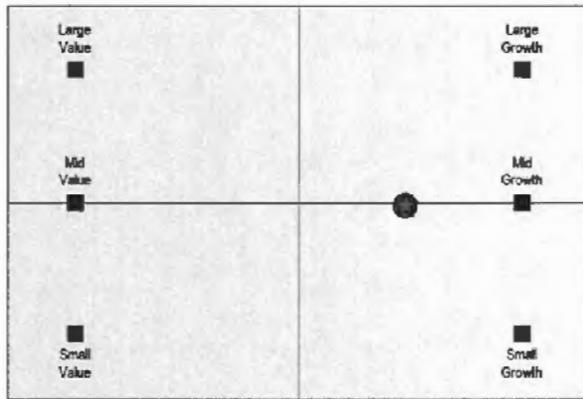
# Vanguard Mid Cap Index Fund

As of March 31, 2016

# Characteristics

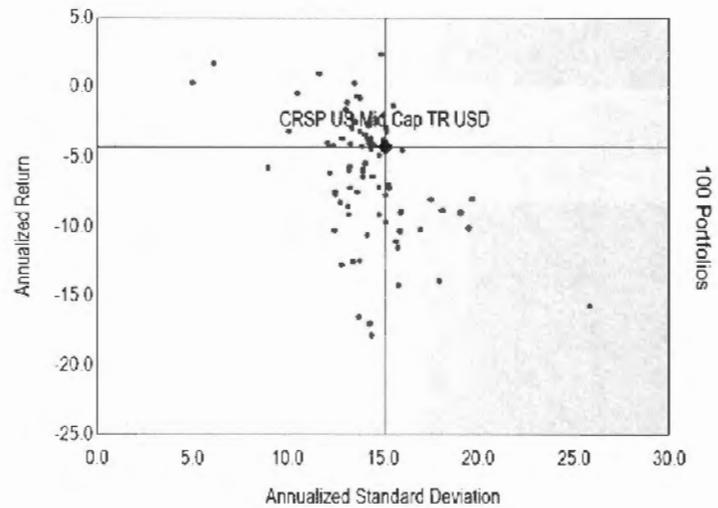
Market Value: \$3.1 Million and 7.6% of Fund

Style Drift - 1 Year



● Vanguard Mid Cap Index Fund  
★ CRSP US Mid Cap TR USD

Risk / Return - 1 Year



## Characteristics

	Portfolio	Russell MidCap
Number of Holdings	368	821
Weighted Avg. Market Cap. (\$B)	11.8	12.4
Median Market Cap. (\$B)	9.1	5.9
Price To Earnings	26.8	24.7
Price To Book	3.9	3.7
Price To Sales	3.3	3.0
Return on Equity (%)	16.1	15.6
Yield (%)	1.6	1.7
Beta		1.0
R-Squared		1.0

## Largest Holdings

	End Weight	Return
ROSS STORES	0.8	7.9
FISERV	0.7	12.2
EQUINIX	0.7	10.0
TYSON FOODS 'A'	0.6	25.3
ELECTRONIC ARTS	0.6	-3.8

## Top Contributors

	Beg Wgt	Return	Contribution
NEWMONT MINING	0.3	47.9	0.1
FREEMONT-MCMORAN	0.3	52.7	0.1
TYSON FOODS 'A'	0.5	25.3	0.1
MICHAEL KORS HOLDINGS	0.2	42.2	0.1
WEC ENERGY GROUP	0.5	18.1	0.1

## Characteristics

	Portfolio	Russell MidCap
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	5.1	4.6
Materials	6.3	5.6
Industrials	12.4	13.0
Consumer Discretionary	19.7	16.7
Consumer Staples	5.9	6.3
Health Care	9.5	9.0
Financials	18.3	22.6
Information Technology	16.2	14.3
Telecommunications	1.2	1.0
Utilities	5.2	6.8
Unclassified	0.2	0.0

## Bottom Contributors

	Beg Wgt	Return	Contribution
ENDO INTERNATIONAL	0.5	-54.0	-0.2
ALKERMES	0.4	-56.9	-0.2
INCYTE	0.6	-33.2	-0.2
SERVICENOW	0.4	-29.3	-0.1
BIOMARIN PHARM.	0.5	-21.3	-0.1

## Market Capitalization

	Small Cap	Small/Mid	Mid Cap	Mid/Large	Large Cap
Vanguard Mid Cap Index Fund	0.2%	18.3%	76.9%	4.6%	0.0%
Russell MidCap	2.3%	28.9%	54.5%	14.3%	0.0%
Weight Over/Under	-2.1%	-10.6%	22.4%	-9.7%	0.0%

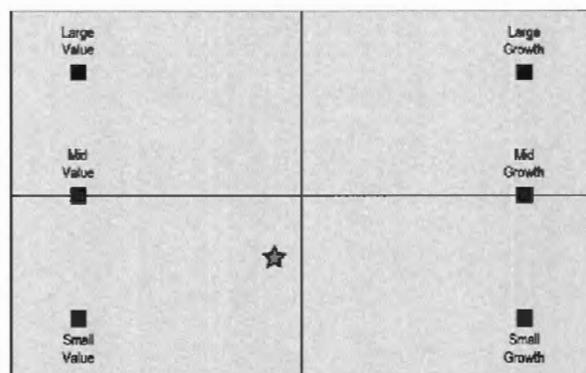
# Vanguard Small Cap Index Fund

As of March 31, 2016

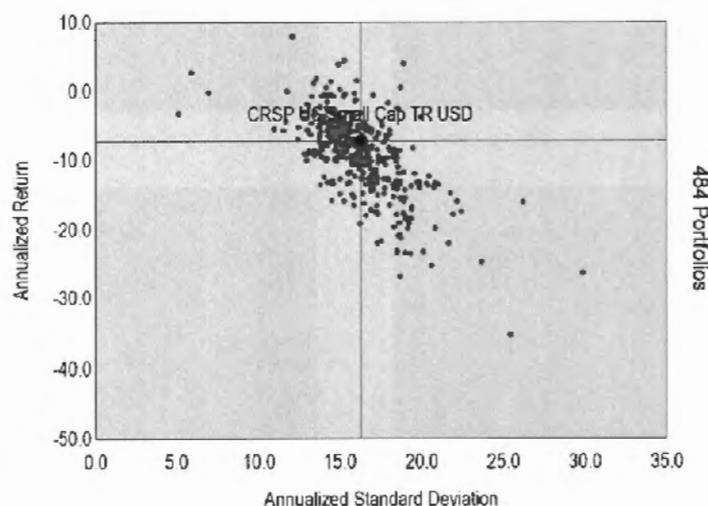
## Characteristics

Market Value: \$1.5 Million and 3.8% of Fund

Style Drift - 1 Year



Risk / Return - 1 Year



### Characteristics

	Portfolio	Russell 2000
Number of Holdings	1,503	1,959
Weighted Avg. Market Cap. (\$B)	3.4	1.9
Median Market Cap. (\$B)	1.7	0.6
Price To Earnings	23.5	24.1
Price To Book	3.4	2.7
Price To Sales	3.1	2.8
Return on Equity (%)	13.1	10.6
Yield (%)	1.8	1.4
Beta		1.0
R-Squared		1.0

### Largest Holdings

	End Weight	Return
WASTE CONNECTIONS	0.3	14.9
ARTHUR J GALLAGHER	0.3	9.7
AGL RESOURCES	0.3	2.9
DUKE REALTY	0.3	8.3
MID-AMER.APT COMMUNITIES	0.3	13.6

### Top Contributors

	Beg Wgt	Return	Contribution
VALSPAR	0.2	29.5	0.1
PENNEY JC	0.1	66.1	0.0
UNITED STATES STEEL	0.0	102.5	0.0
ATMOS ENERGY	0.2	18.5	0.0
UGI	0.2	20.0	0.0

### Characteristics

	Portfolio	Russell 2000
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	3.7	2.6
Materials	5.1	3.9
Industrials	14.9	13.0
Consumer Discretionary	13.9	14.1
Consumer Staples	3.6	3.6
Health Care	10.2	13.7
Financials	25.6	26.1
Information Technology	16.6	17.9
Telecommunications	0.4	0.9
Utilities	5.2	4.2
Unclassified	0.6	0.0

### Bottom Contributors

	Beg Wgt	Return	Contribution
ISIS PHARMACEUTICALS	0.3	-34.6	-0.1
ANACOR PHARMACEUTICALS	0.2	-52.7	-0.1
UNITED THERAPEUTICS	0.3	-28.8	-0.1
ULTRAGENYX PHARM.	0.1	-43.6	-0.1
SOLARCITY	0.1	-51.8	-0.1

### Market Capitalization

	Small Cap	Small/Mid	Mid Cap	Mid/Large	Large Cap
Vanguard Small Cap Index Fund	36.2%	60.6%	3.1%	0.0%	0.0%
Russell 2000	70.2%	29.8%	0.0%	0.0%	0.0%
Weight Over/Under	-34.0%	30.9%	3.1%	0.0%	0.0%

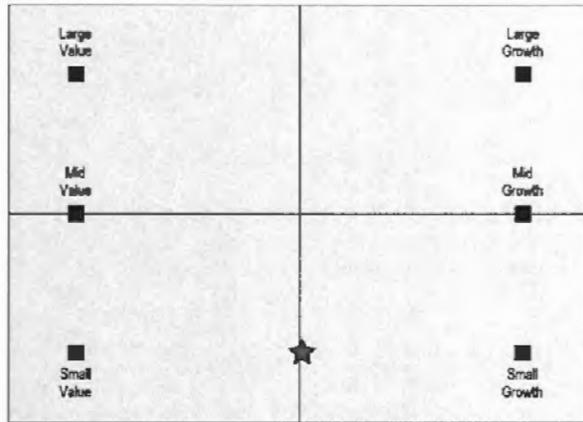
# Virtus Small Cap Core Fund

As of March 31, 2016

# Characteristics

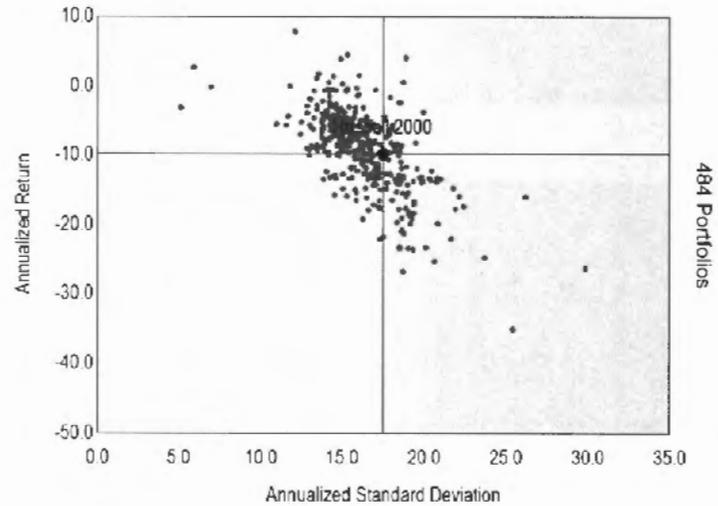
Market Value: \$1.5 Million and 3.6% of Fund

Style Drift - 1 Year



● Virtus Small Cap Core Fund    ★ Russell 2000

Risk / Return - 1 Year



## Characteristics

	Portfolio	Russell 2000
Number of Holdings	29	1,959
Weighted Avg. Market Cap. (\$B)	3.4	1.9
Median Market Cap. (\$B)	2.9	0.6
Price To Earnings	26.7	24.1
Price To Book	6.4	2.7
Price To Sales	3.8	2.8
Return on Equity (%)	26.2	10.6
Yield (%)	1.2	1.4
Beta		1.0
R-Squared		1.0

## Largest Holdings

	End Weight	Return
CDW	5.9	-1.0
MARKETAXESS HOLDINGS	5.3	12.1
JACK HENRY & ASSOCS.	5.2	8.7
PRIMERICA	4.8	-5.3
AUTOHOME CLA ADR 1:1	4.7	-20.0

## Market Capitalization

	Small Cap	Small/Mid	Mid Cap	Mid/Large	Large Cap
Virtus Small Cap Core Fund	37.3%	62.7%	0.0%	0.0%	0.0%
Russell 2000	70.2%	29.8%	0.0%	0.0%	0.0%
<i>Weight Over/Under</i>	<i>-32.9%</i>	<i>32.9%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>

## Characteristics

	Portfolio	Russell 2000
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	7.0	2.6
Materials	1.3	3.9
Industrials	27.0	13.0
Consumer Discretionary	5.9	14.1
Consumer Staples	4.8	3.6
Health Care	6.4	13.7
Financials	20.0	26.1
Information Technology	25.8	17.9
Telecommunications	0.0	0.9
Utilities	0.0	4.2
Unclassified	1.7	0.0

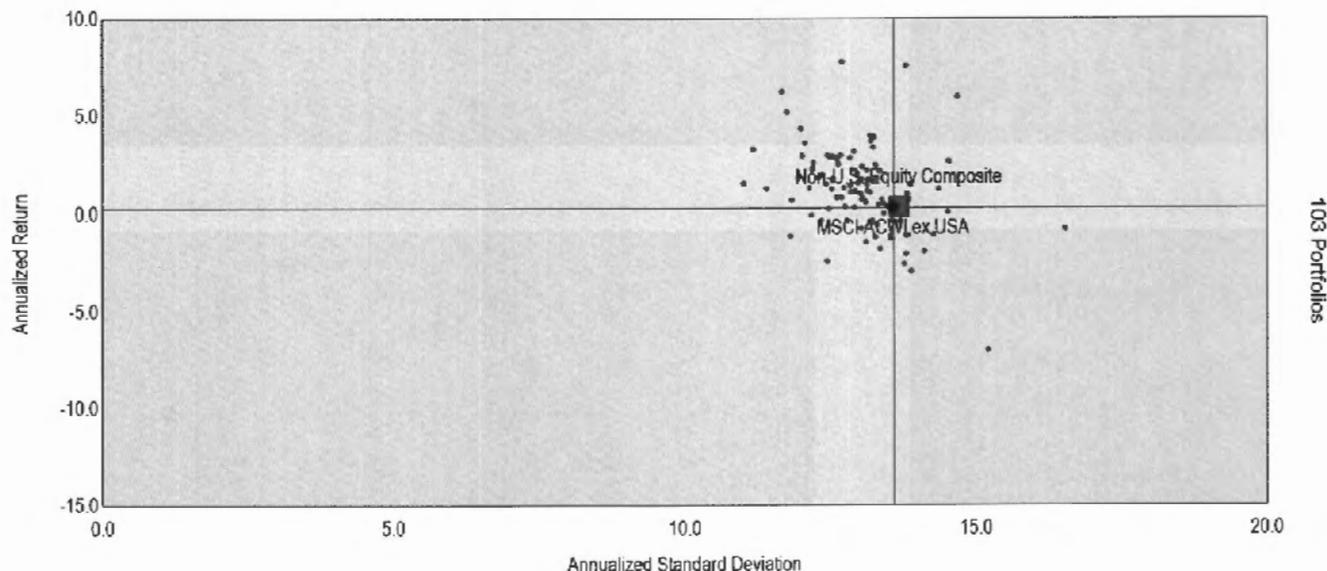
# Non- U.S. Equity Composite

As of March 31, 2016

## Characteristics

Market Value: \$6.9 Million and 16.9% of Fund

### Risk / Return - 3 Years



### Characteristics

	Portfolio	MSCI ACWI ex USA
Number of Holdings	7,475	1,856
Weighted Avg. Market Cap. (\$B)	32.5	46.7
Median Market Cap. (\$B)	1.1	6.6
Price To Earnings	19.1	17.6
Price To Book	2.7	2.4
Price To Sales	2.5	2.3
Return on Equity (%)	14.3	14.5
Yield (%)	3.1	3.2
Beta	1.1	1.0
R-Squared	0.9	1.0

Region	% of Total	% of Bench
North America ex U.S.	5.2%	6.6%
United States	0.3%	0.0%
Europe Ex U.K.	27.9%	32.8%
United Kingdom	13.0%	13.9%
Pacific Basin Ex Japan	10.4%	8.6%
Japan	16.6%	16.1%
Emerging Markets	26.1%	21.3%
Other	0.6%	0.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

### Characteristics

	Portfolio	MSCI ACWI ex USA
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	5.1	6.4
Materials	7.6	7.0
Industrials	13.4	11.5
Consumer Discretionary	13.1	12.0
Consumer Staples	10.6	11.3
Health Care	7.6	8.8
Financials	23.0	25.7
Information Technology	8.9	8.4
Telecommunications	4.5	5.3
Utilities	4.0	3.6
Unclassified	2.1	0.0

### Market Capitalization

	Small Cap	Mid Cap	Large Cap
Non-U.S. Equity Composite	35.0%	18.4%	46.6%
MSCI World ex USA	5.6%	21.4%	73.0%
<b>Weight Over/Under</b>	<b>29.5%</b>	<b>-3.0%</b>	<b>-26.4%</b>

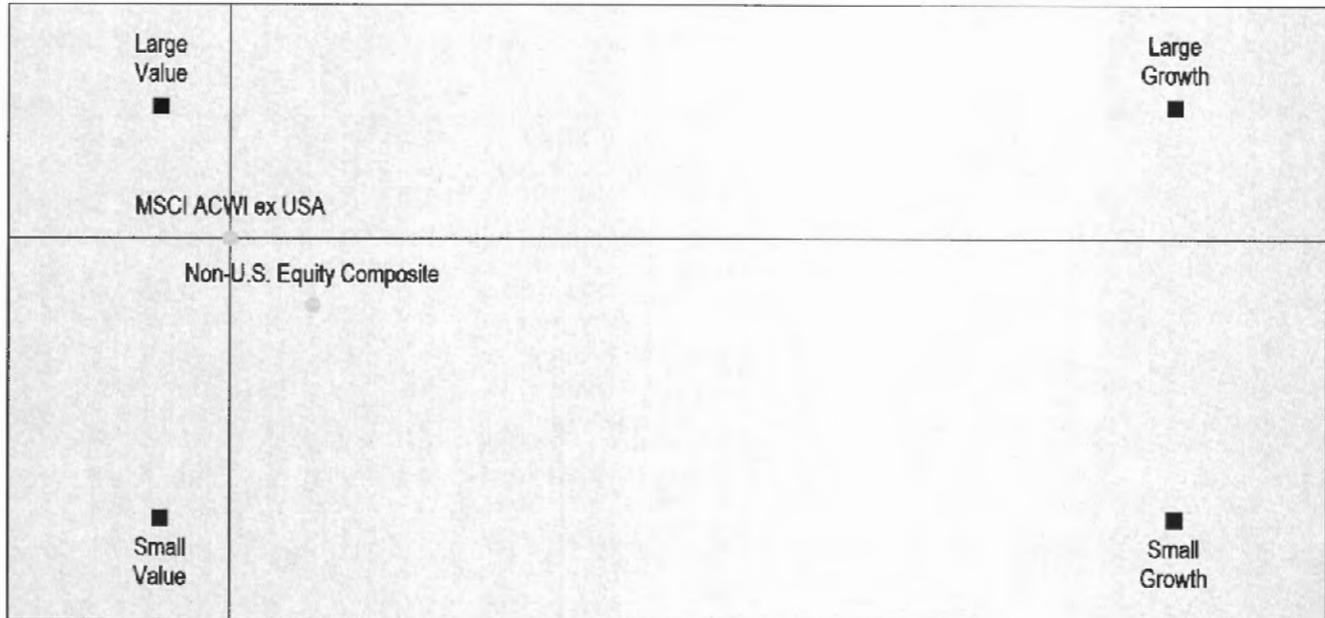
# Non- U.S. Equity Composite

As of March 31, 2016

Style

Market Value: \$6.9 Million and 16.9% of Fund

Equity Style Map



Common Holdings Matrix

	<i>Vanguard Developed Markets Index Fund</i>		<i>Vanguard Int'l Small Cap Index Fund</i>		<i>Brandes Int'l Small Cap Fund</i>		<i>Vanguard Emerging Markets Index Fund</i>	
	#	%	#	%	#	%	#	%
Vanguard Developed Markets Index Fund	--	--	2,250	81	47	59	0	0
Vanguard Int'l Small Cap Index Fund	2,250	7	--	--	49	56	1,022	4
Brandes Int'l Small Cap Fund	47	0	49	2	--	--	13	0
Vanguard Emerging Markets Index Fund	0	0	1,022	17	13	17	--	--

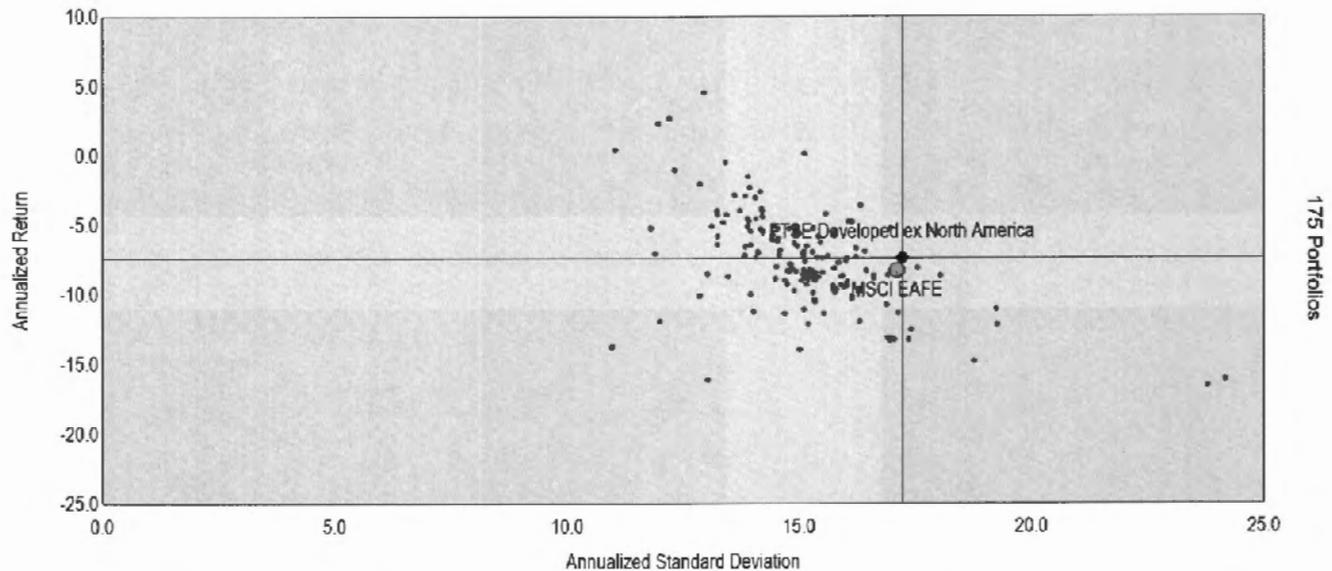
# Vanguard Developed Markets Index Fund

As of March 31, 2016

## Characteristics

Market Value: \$3.9 Million and 9.5% of Fund

Risk / Return - 1 Year



### Characteristics

	Portfolio	MSCI EAFE	Region	% of Total	% of Bench
Number of Holdings	3,767	928	North America ex U.S.	5.4%	0.0%
Weighted Avg. Market Cap. (\$B)	44.0	50.3	United States	0.1%	0.0%
Median Market Cap. (\$B)	1.5	8.7	Europe Ex U.K.	39.9%	45.6%
Price To Earnings	19.1	17.6	United Kingdom	16.7%	19.4%
Price To Book	2.8	2.3	Pacific Basin Ex Japan	11.3%	11.9%
Price To Sales	2.4	2.2	Japan	21.5%	22.4%
Return on Equity (%)	14.5	13.4	Emerging Markets	4.3%	0.0%
Yield (%)	3.3	3.4	Other	0.7%	0.7%
Beta		1.0	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
R-Squared		1.0			

### Characteristics

	Portfolio	MSCI EAFE
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	5.1	4.7
Materials	7.3	6.7
Industrials	14.0	13.3
Consumer Discretionary	13.3	13.2
Consumer Staples	11.6	12.7
Health Care	10.3	11.4
Financials	23.7	23.7
Information Technology	6.4	5.2
Telecommunications	4.3	5.1
Utilities	3.5	3.9
Unclassified	0.7	0.0

### Market Capitalization

	Small Cap	Mid Cap	Large Cap
Vanguard Developed Markets Index Fund	15.2%	20.1%	64.6%
MSCI EAFE	5.4%	21.0%	73.6%
<b>Weight Over/Under</b>	<b>9.8%</b>	<b>-0.9%</b>	<b>-9.0%</b>

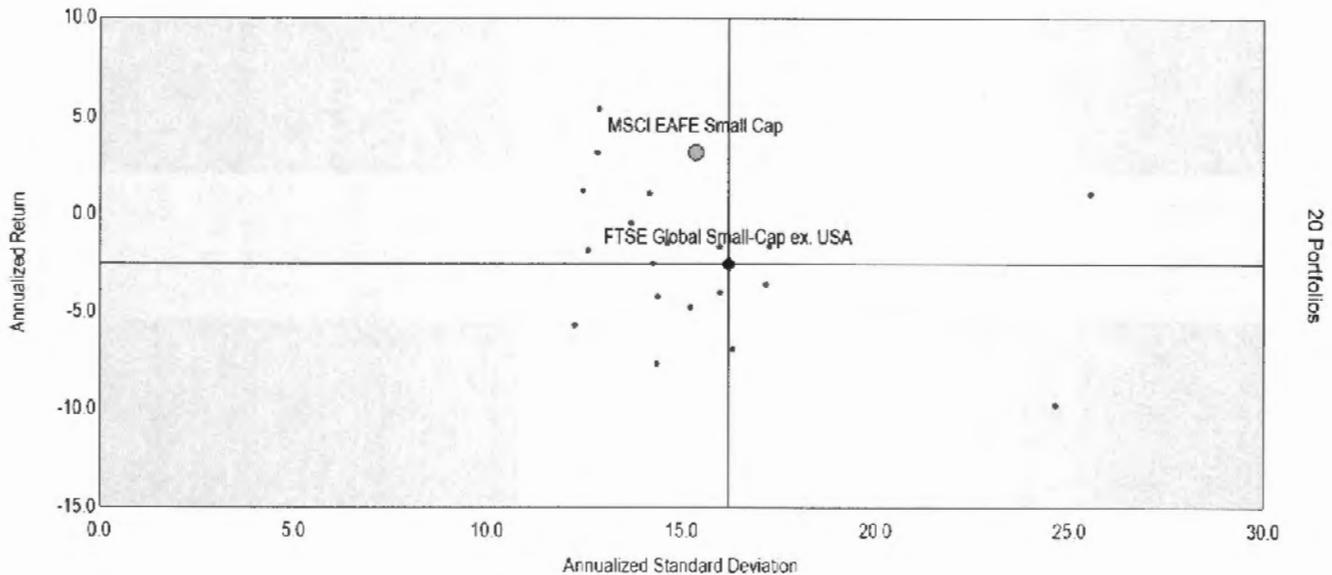
# Vanguard Int'l Small Cap Index Fund

As of March 31, 2016

## Characteristics

Market Value: \$0.8 Million and 1.9% of Fund

### Risk / Return - 1 Year



### Characteristics

	Portfolio	MSCI EAFE Small Cap	Region	% of Total	% of Bench
Number of Holdings	3,423	2,170	North America ex U.S.	12.8%	0.0%
Weighted Avg. Market Cap. (\$B)	1.8	2.3	United States	0.2%	0.0%
Median Market Cap. (\$B)	0.7	0.9	Europe Ex U.K.	26.9%	37.7%
Price To Earnings	19.4	19.4	United Kingdom	12.8%	19.2%
Price To Book	2.7	2.4	Pacific Basin Ex Japan	10.7%	11.5%
Price To Sales	2.7	1.9	Japan	15.5%	30.4%
Return on Equity (%)	13.8	13.0	Emerging Markets	20.4%	0.0%
Yield (%)	2.5	2.3	Other	0.6%	1.2%
Beta		1.0	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
R-Squared		1.0			

### Characteristics

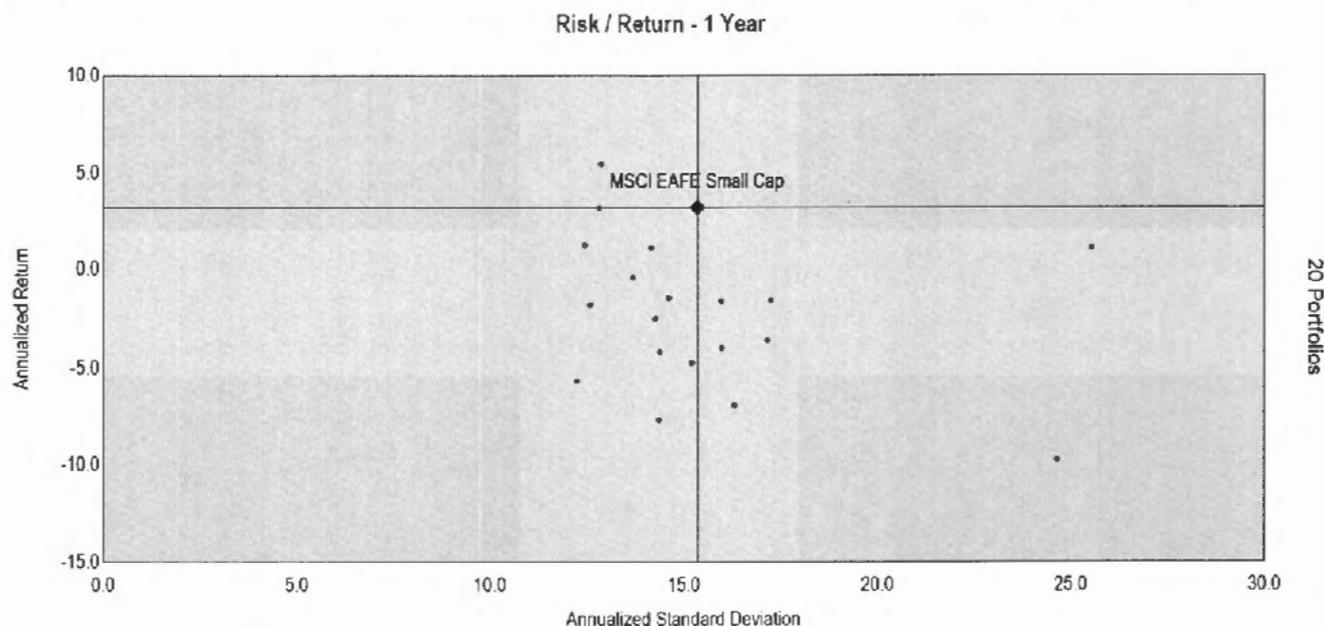
	Portfolio	MSCI EAFE Small Cap	Market Capitalization			
			Small Cap	Mid Cap	Large Cap	
INDUSTRY SECTOR DISTRIBUTION (% Equity)						
Energy	4.5	2.5	Vanguard Int'l Small Cap Index Fund	97.2%	2.8%	0.0%
Materials	10.1	8.2	MSCI EAFE Small Cap	93.8%	6.1%	0.0%
Industrials	20.1	22.8	<b>Weight Over/Under</b>	<b>3.4%</b>	<b>-3.3%</b>	<b>0.0%</b>
Consumer Discretionary	16.7	16.7				
Consumer Staples	6.1	7.6				
Health Care	6.8	7.5				
Financials	20.7	22.2				
Information Technology	11.2	9.4				
Telecommunications	1.3	1.4				
Utilities	2.4	1.6				
Unclassified	0.2	0.0				

# Brandes Int'l Small Cap Fund

As of March 31, 2016

## Characteristics

Market Value: \$0.7 Million and 1.8% of Fund



### Characteristics

	Portfolio	MSCI EAFE Small Cap	Region	% of Total	% of Bench
Number of Holdings	80	2,170	North America ex U.S.	6.7%	0.0%
Weighted Avg. Market Cap. (\$B)	1.5	2.3	United States	1.0%	0.0%
Median Market Cap. (\$B)	0.7	0.9	Europe Ex U.K.	19.8%	37.7%
Price To Earnings	18.4	19.4	United Kingdom	20.0%	19.2%
Price To Book	1.2	2.4	Pacific Basin Ex Japan	2.0%	11.5%
Price To Sales	1.3	1.9	Japan	26.2%	30.4%
Return on Equity (%)	5.9	13.0	Emerging Markets	23.0%	0.0%
Yield (%)	2.7	2.3	Other	1.3%	1.2%
Beta		1.0	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
R-Squared		1.0			

### Characteristics

	Portfolio	MSCI EAFE Small Cap
<b>INDUSTRY SECTOR DISTRIBUTION (% Equity)</b>		
Energy	0.0	2.5
Materials	7.3	8.2
Industrials	14.5	22.8
Consumer Discretionary	16.9	16.7
Consumer Staples	14.4	7.6
Health Care	3.9	7.5
Financials	9.8	22.2
Information Technology	6.7	9.4
Telecommunications	3.8	1.4
Utilities	8.7	1.6
Unclassified	14.0	0.0

### Market Capitalization

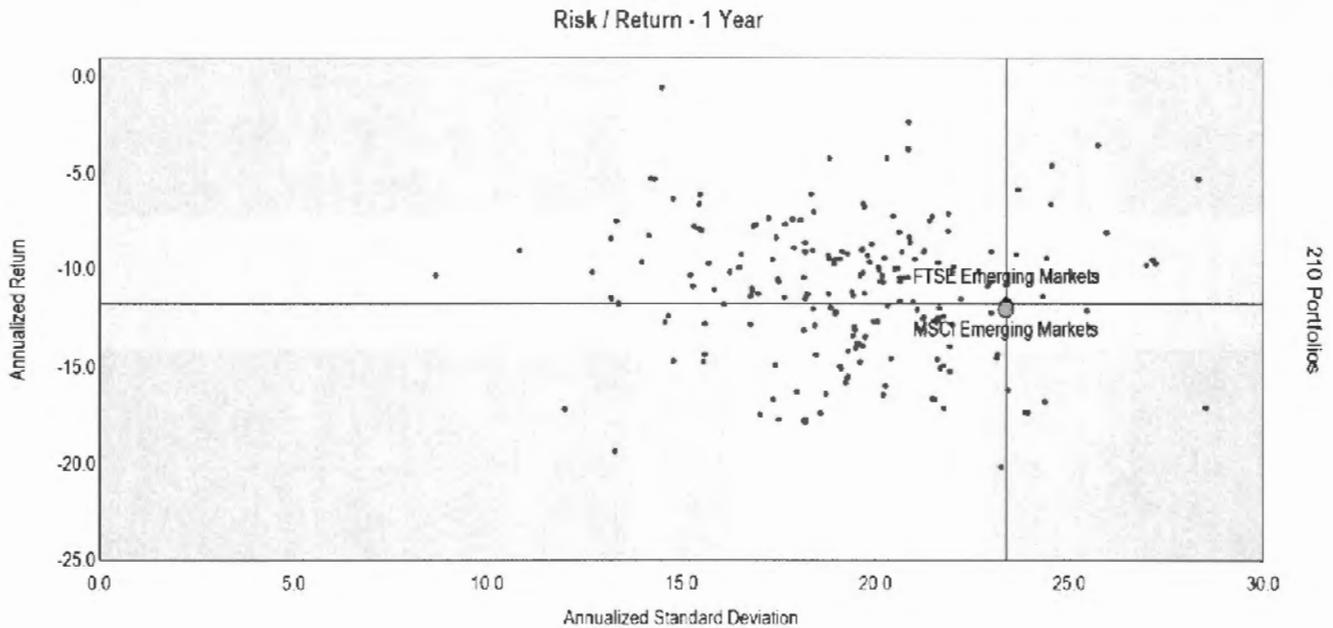
	Small Cap	Mid Cap	Large Cap
Brandes Int'l Small Cap Fund	95.6%	4.4%	0.0%
MSCI EAFE Small Cap	93.8%	6.1%	0.0%
<b>Weight Over/Under</b>	<b>1.8%</b>	<b>-1.7%</b>	<b>0.0%</b>

# Vanguard Emerging Markets Index Fund

# Characteristics

As of March 31, 2016

Market Value: \$1.5 Million and 3.7% of Fund



### Characteristics

	Portfolio	FTSE Emerging Markets	Region	% of Total	% of Bench
Number of Holdings	3,546	971	EM Asia	56.1%	69.6%
Weighted Avg. Market Cap. (\$B)	31.9	33.5	EM Latin America	15.2%	13.4%
Median Market Cap. (\$B)	1.4	3.3	EM Europe & Middle East	7.0%	7.2%
Price To Earnings	19.3	17.4	EM Africa	8.7%	7.5%
Price To Book	3.2	2.4	Other	13.1%	2.3%
Price To Sales	3.1	2.4	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
Return on Equity (%)	17.2	17.1			
Yield (%)	3.0	3.0			
Beta		1.0			
R-Squared		1.0			

### Characteristics

INDUSTRY SECTOR DISTRIBUTION (% Equity)	Portfolio	MSCI Emerging Markets	Market Capitalization			
			Small Cap	Mid Cap	Large Cap	
Energy	8.0	7.7	Vanguard Emerging Markets Index Fund	14.4%	9.8%	75.8%
Materials	7.6	6.8	FTSE Emerging Markets	9.9%	10.6%	79.5%
Industrials	7.7	6.5	<b>Weight Over/Under</b>	<b>4.5%</b>	<b>-0.9%</b>	<b>-3.6%</b>
Consumer Discretionary	9.0	9.8				
Consumer Staples	8.2	8.3				
Health Care	3.1	2.6				
Financials	29.2	27.5				
Information Technology	15.6	20.8				
Telecommunications	7.0	6.9				
Utilities	3.9	3.2				
Unclassified	0.7	0.0				

# Total Fund Composite

# Fee Schedule

Market Value: \$40.6 Million and 100.0% of Fund

Asset Class	Investment Manager	Fee Schedule	Expense Ratio & Estimated Annual Fee <sup>1</sup>	Industry Average <sup>2</sup>
Int. Fixed Income	Mesirow	0.20% on the Balance	0.20% \$16,028	0.30%
Int. Fixed Income	Segall Bryant & Hamill	0.25% on the Balance	0.25% \$21,400	0.30%
Large-Cap Core	Vanguard 500 Index Fund	0.05% on the Balance	0.05% \$2,949	0.12%
Large-Cap Value	Vanguard Value Index Fund	0.09% on the Balance	0.09% \$3,743	0.12%
Mid-Cap Core	Vanguard Mid Cap Index Fund	0.09% on the Balance	0.09% \$2,784	0.12%
Small-Cap Core	Vanguard Small Cap Index Fund	0.09% on the Balance	0.09% \$1,393	0.12%
Small-Cap Core	Virtus Small Cap Core Fund	1.08% on the Balance	1.08% \$15,681	0.96%
Non-U.S. Large-Cap Core	Vanguard Developed Markets Index Fund	0.09% on the Balance	0.09% \$3,478	0.18%
Non-U.S. Small-Cap Core	Vanguard Int'l Small Cap Index Fund	0.31% on the Balance	0.31% \$2,348	0.21%
Non-U.S. Small-Cap Value	Brandes Int'l Small Cap Fund	1.15% on the Balance	1.15% \$8,554	1.08%
Emerging Markets	Vanguard Emerging Markets Index Fund	0.15% on the Balance	0.15% \$2,234	0.21%
<b>Total Investment Management Fees</b>			<b>0.20%</b> <b>\$80,380</b>	<b>0.25%</b>
Investment Consultant	Marquette Associates	0.15% on the Balance	0.15% \$60,877	
Custodian	US Bank	0.025% on the Balance	0.025% \$10,146	
<b>Total Fund</b>			<b>0.37%</b> <b>\$131,814</b>	

<sup>1</sup> Expense Ratio & Estimated Annual Fee are Based on Market Value at Quarter End.

<sup>2</sup> Source: Marquette Associates Investment Management Fee Study.

REACH | RESEARCH | RESULTS

# PRINCIPAL U.S. PROPERTY ACCOUNT

MARQUETTE ASSOCIATES • MAY 2016

MEIGHAN PHILLIPS  
Portfolio Manager

MICHELLE FANG  
Senior Director



**Principal**  
*Real Estate  
Investors*

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REACH | RESEARCH | RESULTS



# PRINCIPAL REAL ESTATE INVESTORS

- \$66.2 billion<sup>1</sup> in real estate assets under management
- Draw from six decades of real estate investment experience<sup>2</sup>
- In-depth coverage of over 45 U.S. metropolitan real estate markets
- Over 300 unaffiliated institutional clients
- Top 10 manager of real estate<sup>3</sup>

## FOUR QUADRANT REAL ESTATE PLATFORM



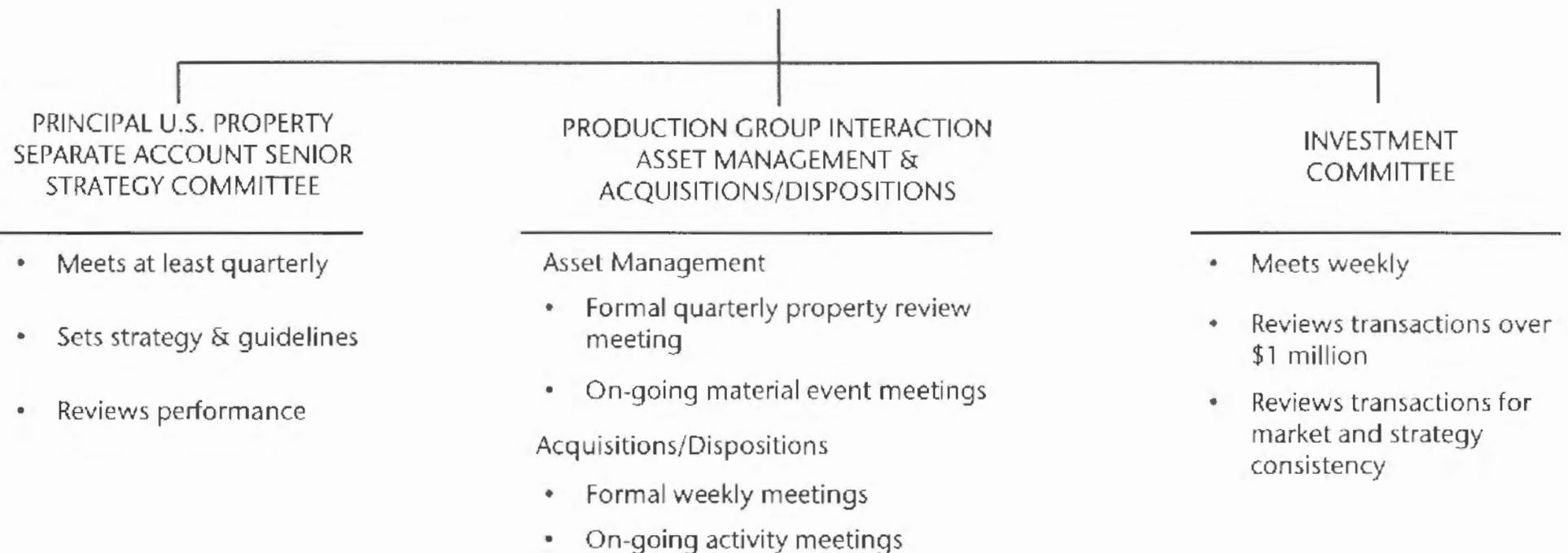
As of 31 March 2016. See Important Information page for AUM description.

<sup>1</sup>Due to real estate assets managed by another affiliate, figures shown may not add to the total real estate AUM for Principal Global Investors. Includes assets managed by Principal Enterprise Capital, LLC. <sup>2</sup>Experience includes investment activities beginning in the real estate investment area of Principal Life Insurance Company and continuing through the firm to present. <sup>3</sup>Managers ranked by U.S. Institutional tax-exempt real estate assets (net of leverage), as of 30 June 2015. "Largest Money Managers", PENSIONS & INVESTMENTS, 19 October 2015.

# PORTFOLIO MANAGEMENT – A TEAM APPROACH

## PRINCIPAL U.S. PROPERTY SEPARATE ACCOUNT PORTFOLIO MANAGEMENT TEAM

JOHN BERG	Managing Director, Portfolio Management
DARREN KLEIS	Managing Director, Portfolio Management
MEIGHAN PHILLIPS	Portfolio Manager
BRIDGET LECHTENBERG	Portfolio Analyst



As of 31 March 2016

# ACCOUNT OVERVIEW

KEY STATISTICS	31 March 2016
• Inception	Jan. 1982
• Gross Asset Value	\$8.84 billion
• Net Asset Value	\$6.72 billion
• Investments	147
• Institutional Investors > \$5 million	162
• Leverage Ratio <sup>1</sup>	21.8%
• Size	36.6 million sf
• Portfolio Occupancy <sup>2</sup>	93.9%
• One Year Net Absorption	1,130,649 sf



500 West Second Street  
Austin, TX

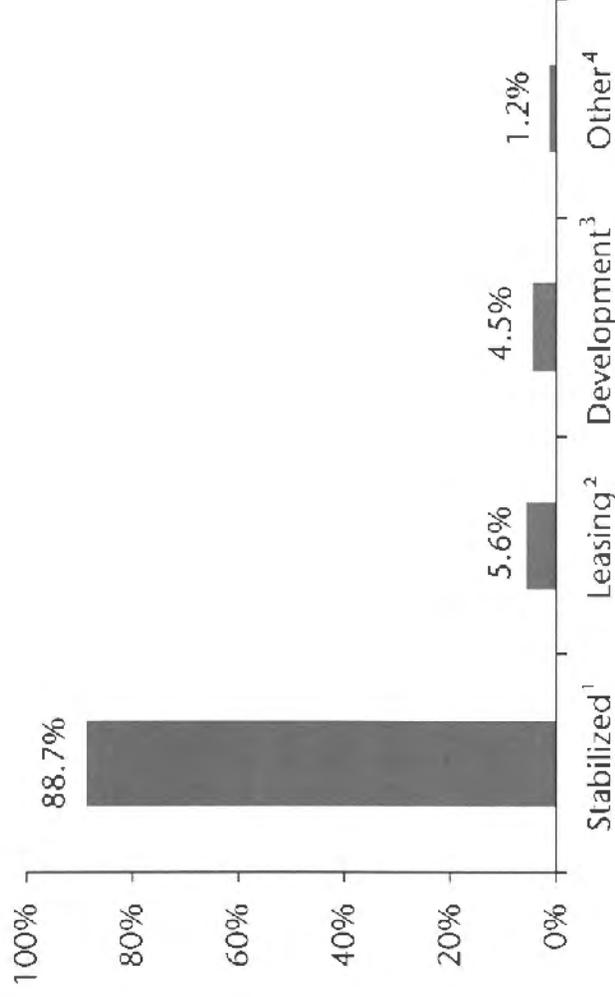
<sup>1</sup>USPA share of total debt (both property and portfolio) divided by USPA share of total gross assets

<sup>2</sup>Occupancy excludes value-added assets which are acquired at less than 85% occupancy or are under development. Occupancy for the total portfolio is 91%. Properties shown are representative of the Account's current holdings.

# 2016 STRATEGIC THEMES

- High-quality infill portfolio
- Increase “same-store” NOI
- Effectively execute development and leasing within the non-core allocation
- Selective portfolio pruning of non-strategic assets

## LIFECYCLE DIVERSIFICATION



As of 31 March 2016. Percentages reflect the Gross Asset Value of properties within each category.

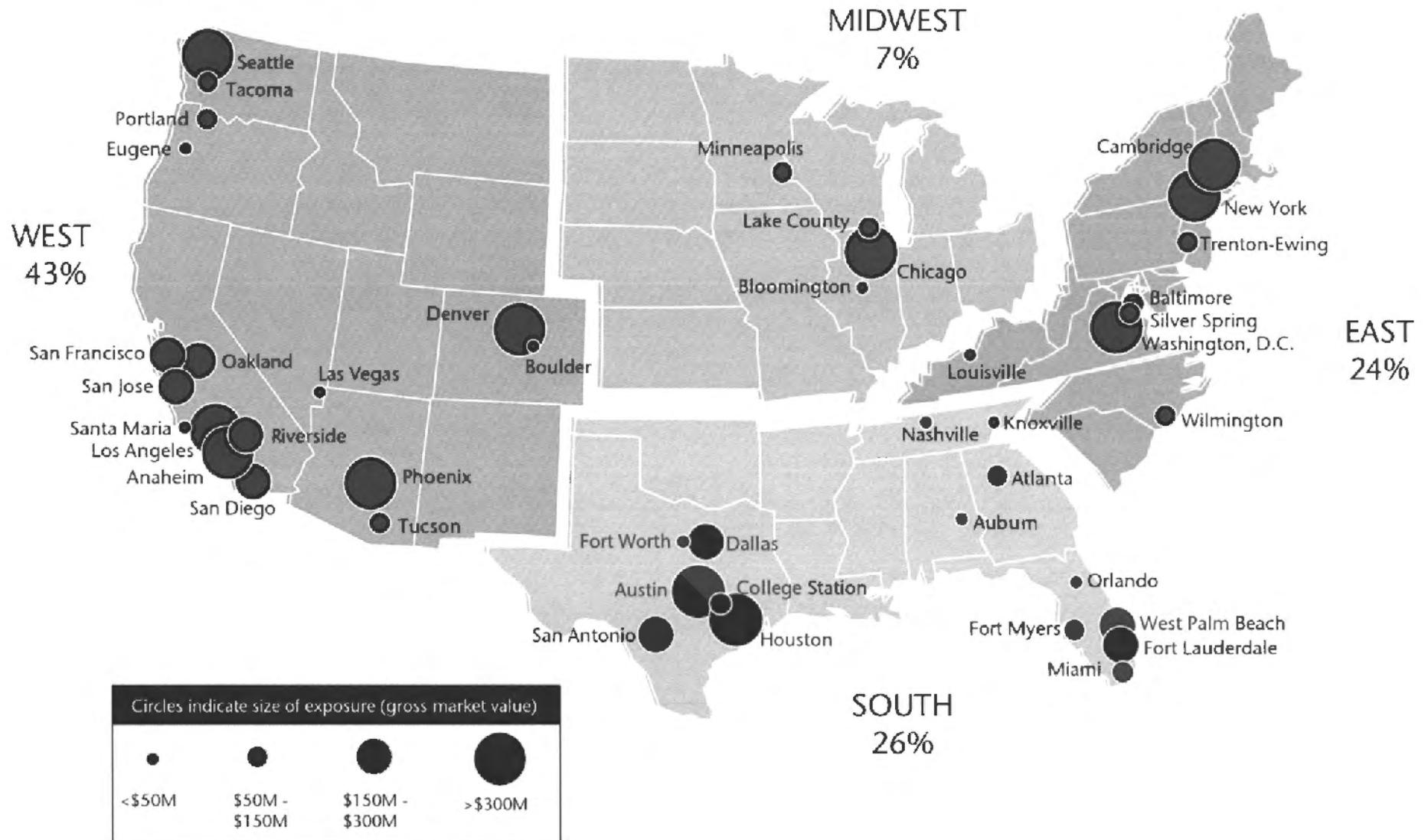
<sup>1</sup>Portfolio minimum requirement of 85% in stabilized properties

<sup>2</sup>Properties acquired at less than 85% occupancy

<sup>3</sup>Portfolio maximum limit of 7.5% in development

<sup>4</sup>Land holdings and redevelopment

# DIVERSIFICATION



All assets represented on a consolidated basis.  
As of 31 March 2016

# OFFICE

## CURRENT POSITION

- Portfolio Weight – 42%
- NFI-ODCE Equal Weight – 39%<sup>1</sup>

## SECTOR STRATEGY

- Strategic Range – 35%-45%
- Reduce overweight position
- Major market, urban locations
- Execute build-to-core and lease-to-core



1370 Avenue of the Americas  
New York, NY

As of 31 March 2016

<sup>1</sup>As of 31 December 2015

Properties shown are representative of the Account's current holdings.

# RETAIL

## CURRENT POSITION

- Portfolio Weight – 16%
- NFI-ODCE Equal Weight – 20%<sup>1</sup>

## SECTOR STRATEGY

- Strategic Range – 15%-25%
- Monitor weighting to bond-like retail
- Own primarily necessity-based formats
- Seek value-add opportunities



SHOPPES AT WOOLBRIGHT  
West Palm Beach, FL

As of 31 March 2016

<sup>1</sup>As of 31 December 2015

Properties shown are representative of the Account's current holdings.

# MULTIFAMILY

## CURRENT POSITION

- Portfolio Weight – 21%
- NFI-ODCE Equal Weight – 25%<sup>1</sup>

## SECTOR STRATEGY

- Strategic Range – 15%-25%
- Own non-commodity properties
- Own purpose-built, campus-proximate student housing
- Execute build-to-core and lease-to-core



Landmark  
Washington, D.C.

As of 31 March 2016

<sup>1</sup>As of 31 December 2015

Properties shown are representative of the Account's current holdings.

# INDUSTRIAL

## CURRENT POSITION

- Portfolio Weight – 18%
- NFI-ODCE Equal Weight – 12%<sup>1</sup>

## SECTOR STRATEGY

- Strategic Range – 15%-20%
- Maintain overweight position
- Remain primarily in warehouse sub-sector
- Overweight in major distribution hubs



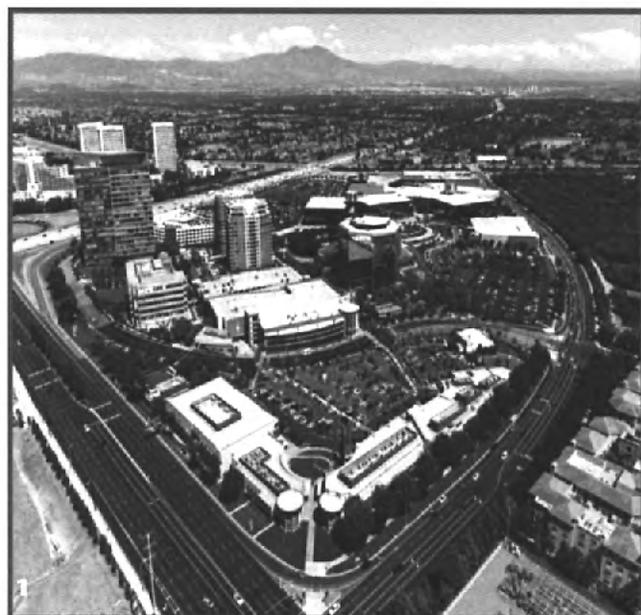
FIFE COMMERCE CENTER  
Tacoma, WA

As of 31 March 2016

<sup>1</sup>As of 31 December 2015

Properties shown are representative of the Account's current holdings.

# TOP 10 ASSETS



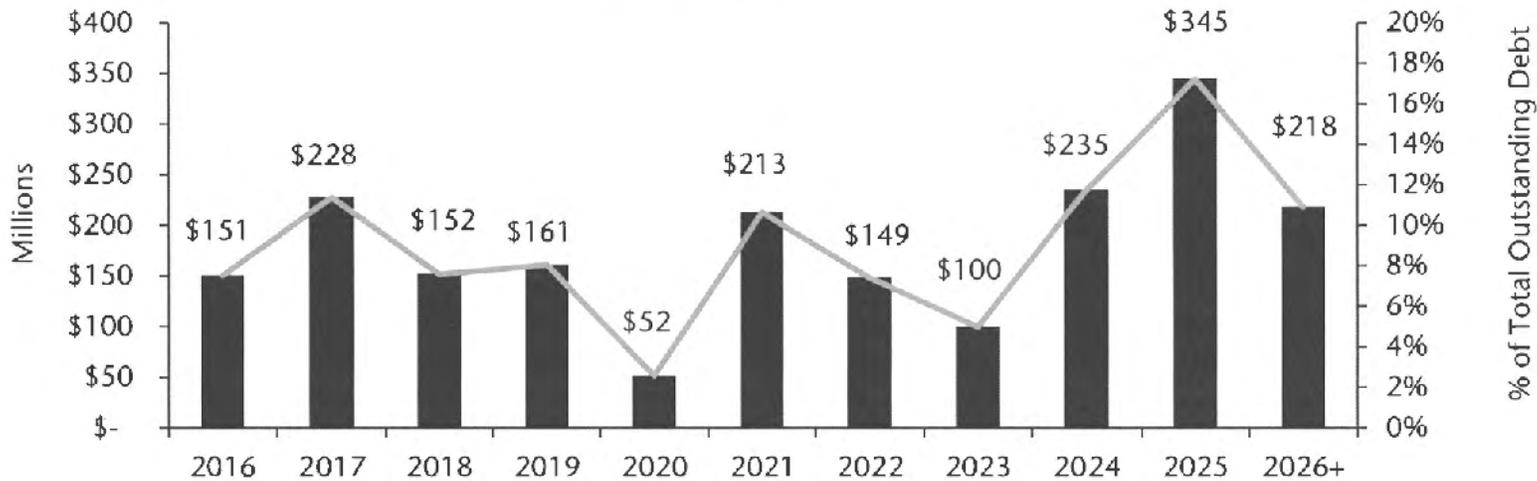
PROPERTY	MSA	SECTOR	% OF GROSS REAL ESTATE ASSETS	OCCUPANCY	YEAR ONE ROLLOVER
1 Park Place	Santa Ana	Office/Retail/Land	4.2%	96.4%	1.4%
2 1370 Avenue of the Americas	New York	Office	3.9%	91.0%	3.5%
3 Energy Center	Houston	Office	3.7%	100.0% <sup>1</sup>	0.0%
4 Watermark Kendall East & West	Cambridge	Multifamily/Retail	3.2%	91.2%	N/A
5 Charles Park	Cambridge	Office	2.7%	97.1%	5.7%
6 Burbank Empire Center	Los Angeles	Retail	2.6%	100.0%	20.3%
7 112 at 12th Street	Seattle	Office	2.3%	70.6%	0.5%
8 J.W. Marriott Resort and Spa	San Antonio	Hotel	2.1%	69.7%	N/A
9 West Campus	Austin	Multifamily/Retail	2.0%	97.7%	N/A
10 150 Spear Street	San Francisco	Office	2.0%	100.0%	21.4%

As of 31 March 2016

<sup>1</sup>Energy Center IV is 100% leased and is included in the Account's occupancy statistics. Energy Center V is under construction and is not included in the Account's occupancy statistics. Properties shown are representative of the Account's current holdings.

# LEVERAGE HIGHLIGHTS

## DEBT MATURITIES



## COST OF DEBT

	Interest Rate	% of Total Debt
Fixed Interest Rate Obligations	3.77%	74%
Floating Interest Rate Obligations	2.61%	26%
<b>Total Obligations</b>	<b>3.47%</b>	<b>100%</b>

## LINE OF CREDIT

Year	2016
Size (\$M)	\$400
Outstanding (\$M)	\$0

As of 31 March 2016

# PERFORMANCE SUMMARY

## PRINCIPAL U.S. PROPERTY ACCOUNT

RETURNS	1Q 2016	ONE YEAR	THREE YEARS	FIVE YEARS	TEN YEARS	SINCE INCEPTION <sup>4</sup>
Gross Property Level <sup>1</sup>	1.99%	11.71%	12.35%	12.71%	6.87%	8.32%
Gross Portfolio Level <sup>2</sup>	2.09%	13.46%	14.01%	14.26%	6.35%	7.93%
Net Portfolio Level <sup>3</sup>	1.80%	12.16%	12.70%	12.96%	5.14%	6.76%

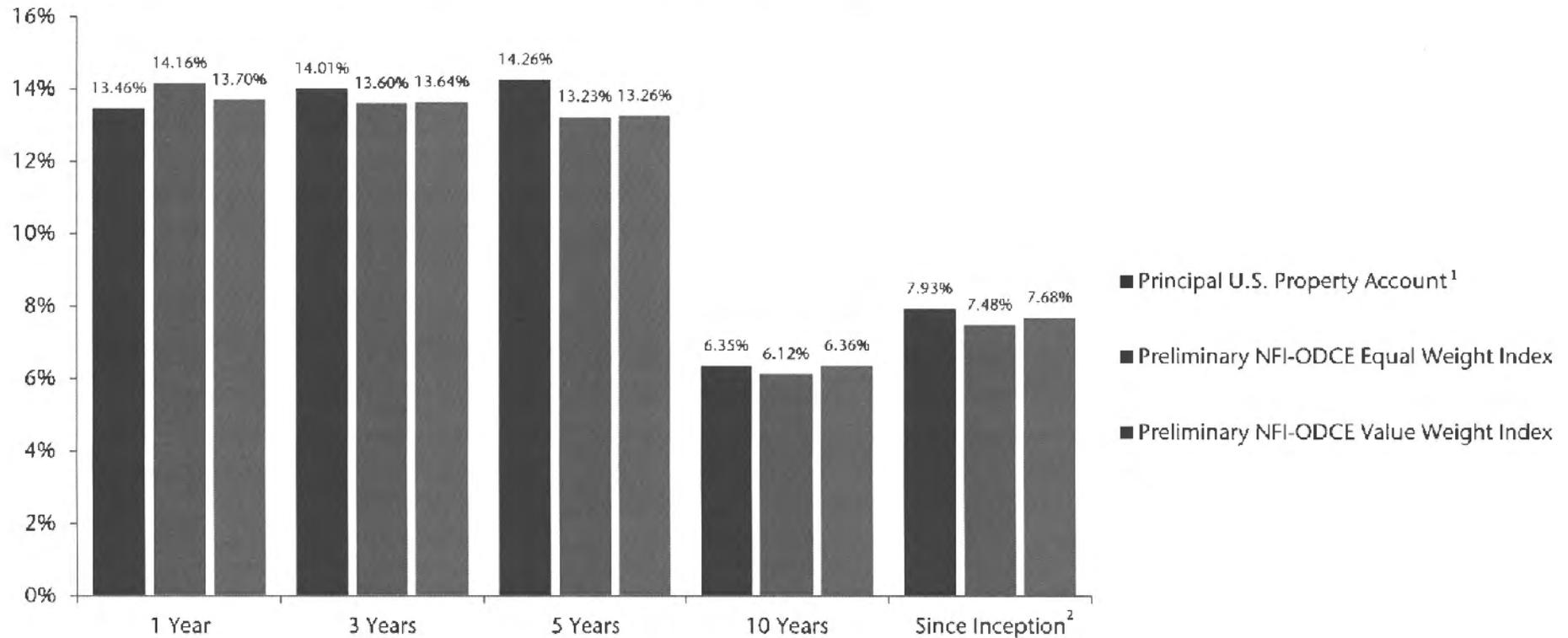
As of 31 March 2016 <sup>1</sup>Property returns are unlevered, exclude cash, are before fees, and are calculated in accordance with NCREIF Property Return Methodology. <sup>2</sup>Gross portfolio returns include leverage. Actual client returns will be reduced by investment management fees and other expenses that may be incurred in the management of the Fund. The highest standard institutional investment management fee (annualized) for The Principal U.S. Property Account is 1.15% on account values. Actual investment management fees incurred by clients may vary and are collected daily which produces a compounding effect on the total rate of return net of management fees and other expenses. Investment management fees are subject to change. <sup>3</sup>Net portfolio level returns are shown after deduction for portfolio expenses including the investment management fee, which is 1.15% annually from 1 July 2002 through the present. Net portfolio level returns prior to 1 July 2002 are calculated to reflect deduction of blended annualized investment management fees of 1.15% and 1.05% in the periods in which those amounts were charged. <sup>4</sup>Principal U.S. Property Account Inception Date: 30 January 1982.

Past performance is not a reliable indicator of future performance and should not be relied upon to make investment decisions.



For One-On-One Use Only

# PERFORMANCE SUMMARY



	One Year	Three Years	Five Years	Ten Years
<b>INCOME RETURN</b>				
Principal U.S. Property Account Portfolio Level (Gross) <sup>1</sup>	5.15%	5.31%	5.52%	5.52%
Preliminary NCREIF Fund Index – ODCE Equal Weight (Gross)	4.77%	5.01%	5.17%	5.39%
Preliminary NCREIF Fund Index – ODCE Value Weight (Gross)	4.70%	4.96%	5.13%	5.41%

As of 31 March 2016. <sup>1</sup>Gross portfolio returns include leverage. Actual client returns will be reduced by investment management fees and other expenses that may be incurred in the management of the Account. The highest standard institutional investment management fee (annualized) for The Principal U.S. Property Account is 1.15% on account values. Actual investment management fees incurred by clients may vary and are collected daily which produces a compounding effect on the total rate of return net of management fees and other expenses. Investment management fees are subject to change. <sup>2</sup>Principal U.S. Property Account Inception Date: 30 January 1982. Net Total Returns are 12.16%, 12.70%, 12.96%, 5.14% and 6.76%, respectively. Net portfolio level returns are shown after deduction for fund expenses including the investment management fee, which is 1.15% annually from 1 July 2002 through the present. Net portfolio level returns prior to 1 July 2002 are calculated to reflect deduction of blended annualized investment management fees of 1.15% and 1.05% in the periods in which those amounts were charged. Past performance is not a reliable indicator of future performance and should not be relied upon to make investment decisions. The NFI-ODCE Equal Weight presented to show what the results would be if all funds were treated equally, regardless of size. This presentation is typically used for statistical purposes and peer-to-peer comparisons.



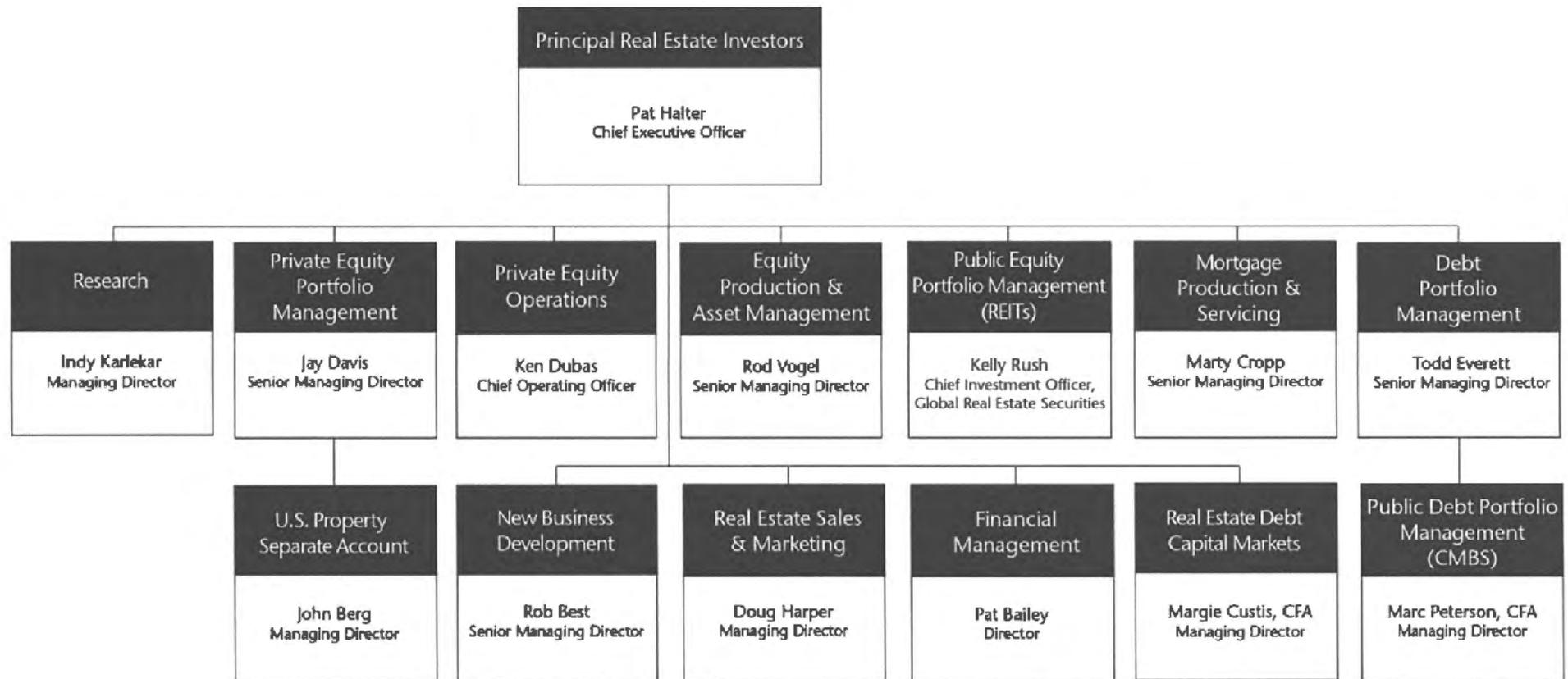
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# PRINCIPAL REAL ESTATE INVESTORS



AVERAGE OF 28 YEARS EXPERIENCE IN THE INDUSTRY  
AVERAGE OF 23 YEARS EXPERIENCE WITH THE FIRM

# INVESTMENT PROCESS

TIMELY AND DISCIPLINED EXECUTION



\*Total private real estate equity and debt transaction volume of Principal Real Estate Investors for the calendar year ending 31 December 2015

# RESEARCH CAPABILITIES

RESEARCH IS FUNDAMENTAL TO OUR INVESTMENT STRATEGY AND PROCESS

- Macroeconomic and microeconomic research, including economic, political, technological, property trend and capital market analyses
- Supply and demand analyses of major property types in over 45 markets equip our investment professionals with the insight they need to successfully execute strategies for our clients
- Research products
  - Comprehensive quarterly research and Capital Market reports
  - Real Estate Insights quarterly space markets update
  - Economic Base Analysis (EBA) reports at the market level, focusing on supply/demand relationships
  - Proprietary quantitative models and market specific research



# REAL ESTATE EQUITY

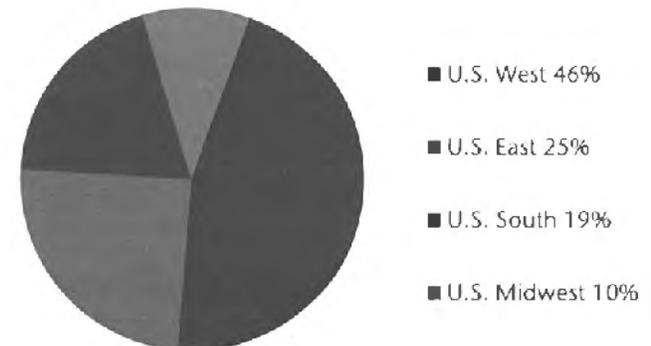
- \$31.2 billion in private equity real estate assets and \$11.9 billion in public REITs
- 172 million square feet of commercial property
- 26,072 multifamily units
- More than 118 million square feet of developed real estate

## REAL ESTATE EQUITY ASSETS

BY PROPERTY TYPE<sup>1</sup>



BY GEOGRAPHIC REGION<sup>2</sup>



As of 31 March 2016

<sup>1</sup>Excludes Cash

<sup>2</sup>Excludes REITs & Cash

Due to rounding, totals may not equal 100%

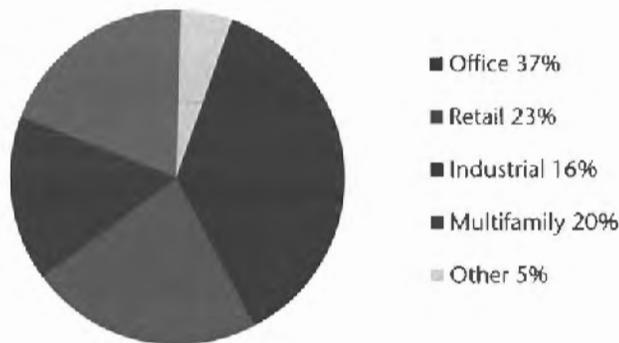
See Important Information page for AUM description.

# REAL ESTATE DEBT

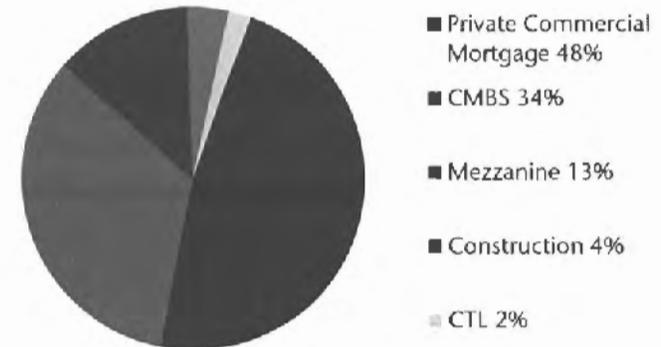
- \$22.8 billion in public and private debt assets
- Manage \$7.6 billion of CMBS investments ranging across the risk spectrum
- Specialized bridge, mezzanine and opportunistic capabilities
- Extensive relationship network enhances transaction access in debt and equity markets

## REAL ESTATE DEBT ASSETS

BY PROPERTY TYPE<sup>1</sup>



BY DEBT TYPE



As of 31 March 2016

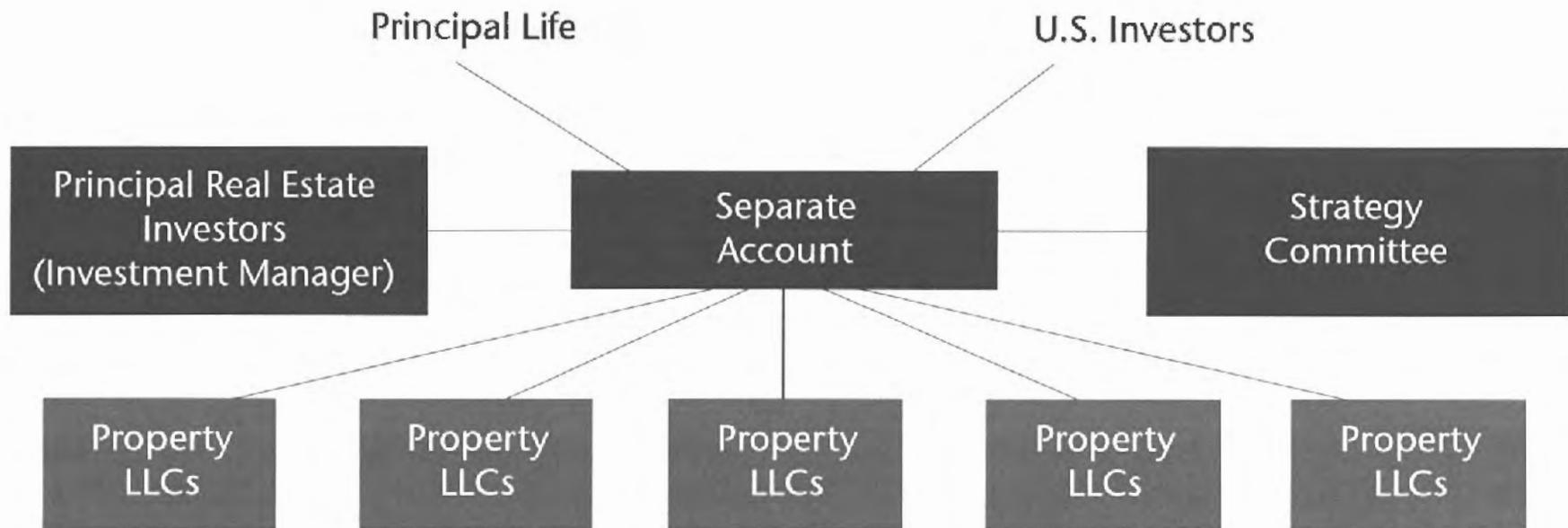
<sup>1</sup>Property type breakdown does not include CMBS assets. Debt type and property type does not include advisory only.

Due to rounding, totals may not equal 100%

See Important Information page for AUM description.

# ACCOUNT STRUCTURE

- The Principal U.S. Property Account is an open-end commingled insurance company separate account sponsored by Principal Life Insurance Company and managed by Principal Real Estate Investors
- It is available through group annuity contracts of Principal Life Insurance Company



# SUMMARY OF ACCOUNT TERMS

- |                    |  |
|--------------------|--|
| INCEPTION DATE     | <ul style="list-style-type: none"><li>• January, 1982</li></ul>  |
| LEGAL STRUCTURE    | <ul style="list-style-type: none"><li>• Insurance company separate account sponsored by Principal Life Insurance Company and managed by Principal Real Estate Investors</li></ul>  |
| INVESTORS          | <ul style="list-style-type: none"><li>• Qualified retirement plans and 457 plans<sup>1</sup></li></ul>   |
| MINIMUM INVESTMENT | <ul style="list-style-type: none"><li>• \$1.0 million</li></ul>  |
| CONTRIBUTIONS      | <ul style="list-style-type: none"><li>• Daily, in the absence of a contribution queue</li></ul>  |
| DISTRIBUTIONS      | <ul style="list-style-type: none"><li>• All cash is automatically reinvested in the Account unless otherwise directed by each individual client</li></ul>  |
| REDEMPTIONS        | <ul style="list-style-type: none"><li>• Daily, in the absence of a withdrawal limitation; large clients whose first year investment is greater than \$50 million may be subject to additional restrictions<sup>2</sup></li></ul> |

<sup>1</sup>The Principal U.S. Property Separate Account is an open-end, commingled real estate account available to retirement plans meeting the requirements for qualification under Section 401(a) of the Internal Revenue Code of 1986 ("Code"), as amended, and governmental plans meeting the requirements of Section 457 of the Code, as amended, since 1982. U.S. investors only.

<sup>2</sup>For large clients whose investment is greater than \$50 million, a mutually agreeable withdrawal schedule may be considered.

# FEE STRUCTURE

- ASSET MANAGEMENT FEE
- Deducted daily based upon the net asset value of each investor's account balance

Total Equity Invested	Annual Fee
Up to \$10 million	110 bp
\$10 million up to \$25 million	100 bp
\$25 million up to \$100 million	95 bp
\$100 million and greater	80 bp

- EXPENSES
- Account pays operating and management costs

When a client increases the amount of its investment, the entire balance is charged the lower fee level.

# INVESTMENT GUIDELINES

## PROPERTY TYPE

- Office, Retail, Multifamily, Industrial and Hotels
- 50% - 150% of NCREIF Property Index

## LOCATION

- Broad geographic diversification
- Focus on approximately 40 U.S. markets.

## LEVERAGE

- Account-level maximum leverage is 33%
- Property-level maximum leverage is 80% (initial leverage)

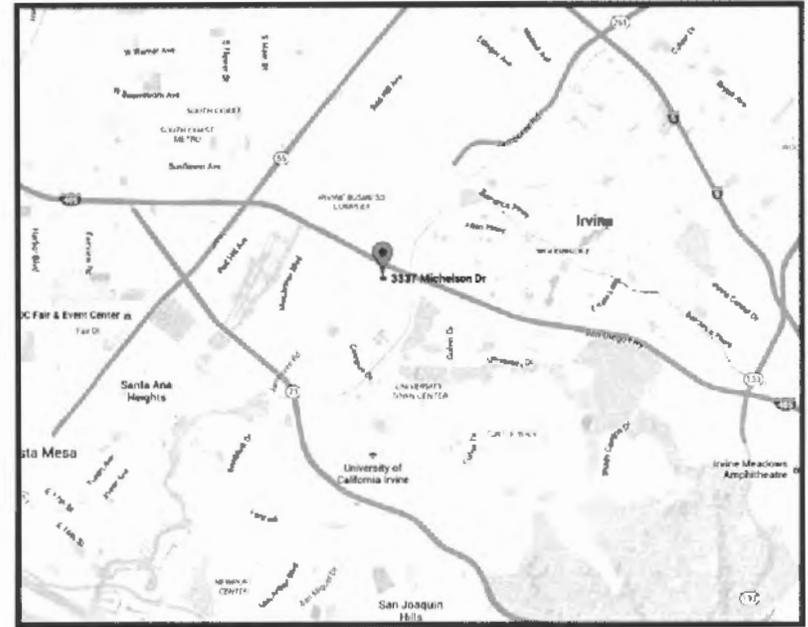
## HOLD/SELL STRATEGY

- Hold most assets for 2 to 10 years
- Continuously monitor market conditions to dictate sale timing

Investment guidelines are subject to change

# PARK PLACE

SANTA ANA, CA



- Includes eight office buildings, two retail buildings (2.2 million sf total) and a 3 acre developable land parcel
- Frontage along the 405 Freeway at Jamboree
- Onsite amenities include an array of restaurants and retail stores, on site state-of-the-art LA Fitness and a full service café
- Occupancy is 96%

# 1370 AVENUE OF THE AMERICAS

NEW YORK, NY

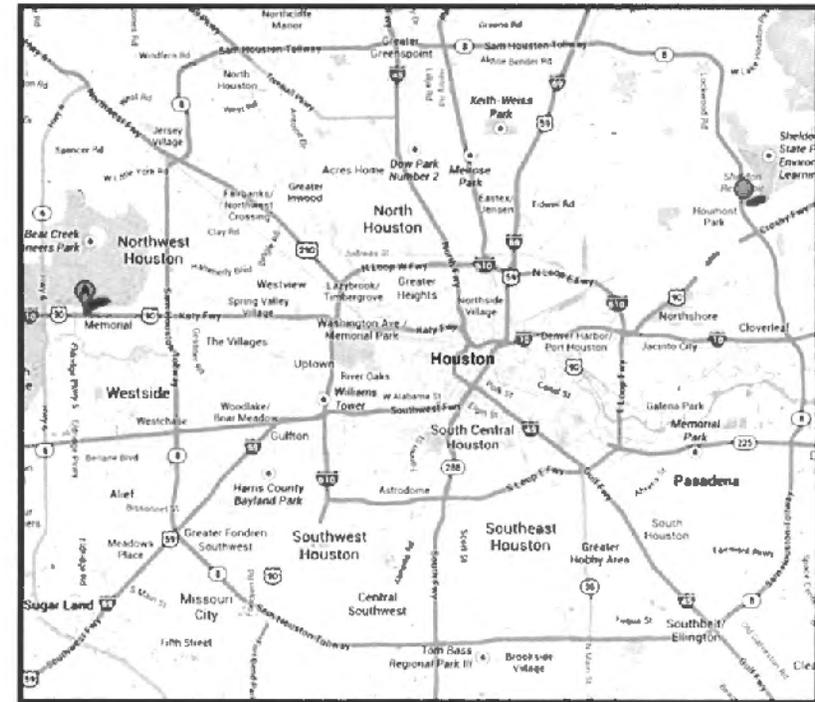


- Upper floors enjoy excellent views of Central Park and city views
- Lower floors with less desirable views leased to “shoe tenants”
- Historically high occupancy

Properties shown are representative of the Account's current holdings.

# ENERGY CENTER

HOUSTON, TX



- Located in Houston's Energy Corridor and situated on the southwest corner of Eldridge Parkway and Interstate 10
- Energy Center IV is a 597,628 sf, 22-story office tower 100% leased to Conoco Phillips
- Construction commenced on Energy Center V, a 524,397 sf 18-story office tower in third quarter 2014 with completion anticipated second quarter 2016
- Energy Center III was sold fourth quarter 2015

# WATERMARK

CAMBRIDGE, MA

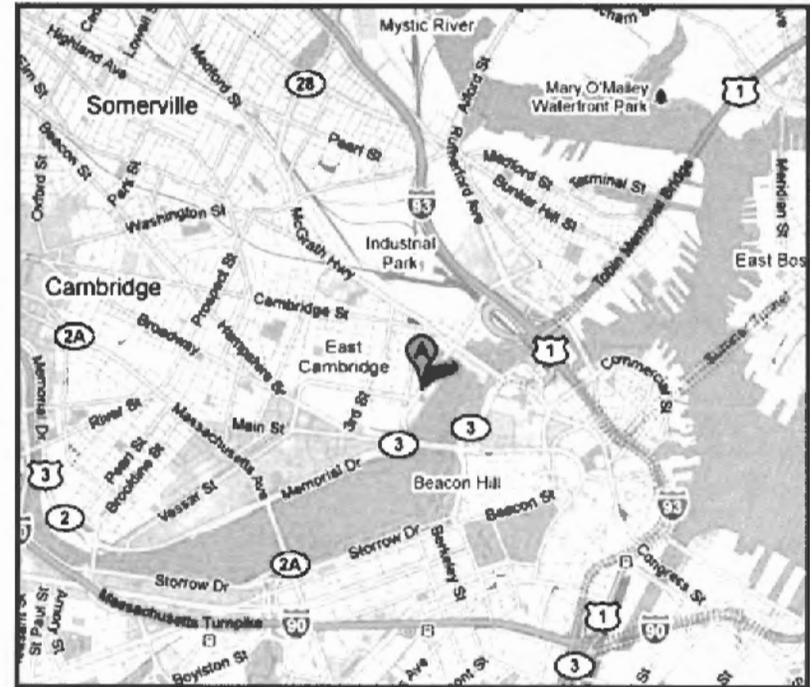


- Amenities include Zen Garden, Cambridge Landing park, boat launch and fitness center
- Views of Charles River and Boston skyline
- Transportation options include short walk to MIT/Kendall Square Red Line T stop and ZipCar
- Watermark Kendall West is LEED Gold Certified and Watermark Kendall East is LEED Silver Certified

Properties shown are representative of the Account's current holdings.

# CHARLES PARK

CAMBRIDGE, MA

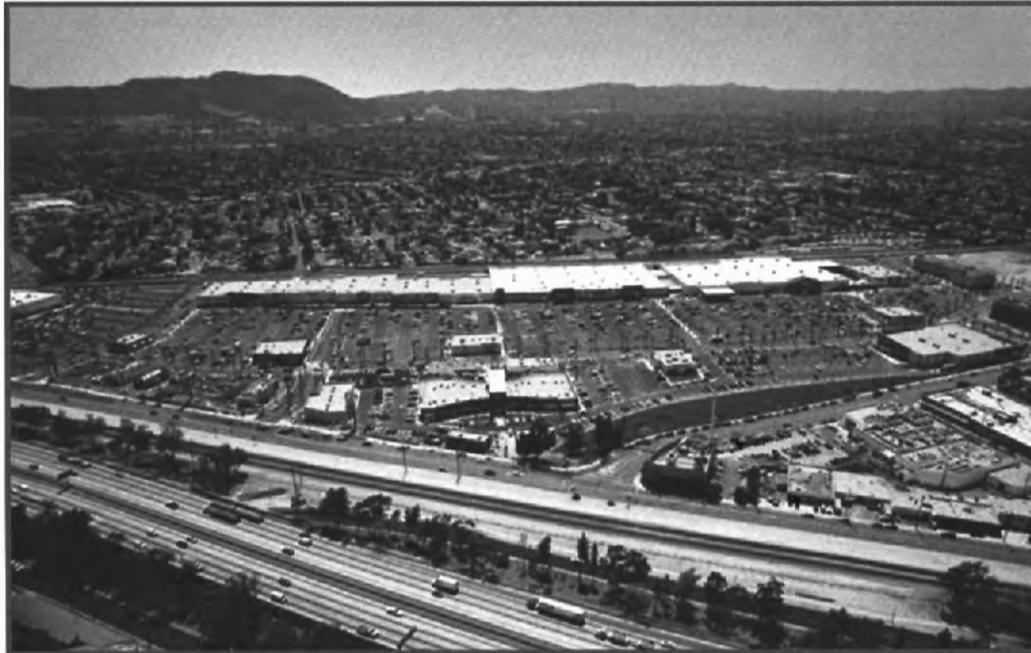


- Adjacent to CambridgeSide Galleria Mall
- Originally headquarters for Lotus prior to IBM acquisition
- LEED Gold Certification
- Occupancy is 97%

Properties shown are representative of the Account's current holdings.

# BURBANK EMPIRE CENTER

LOS ANGELES, CA



- 100% leased
- Anchors include:
  - Lowes
  - Target
  - Best Buy
  - Sports Authority
  - Nordstrom Rack

Properties shown are representative of the Account's current holdings.

# 112<sup>TH</sup> AT 12<sup>TH</sup> STREET

SEATTLE, WA

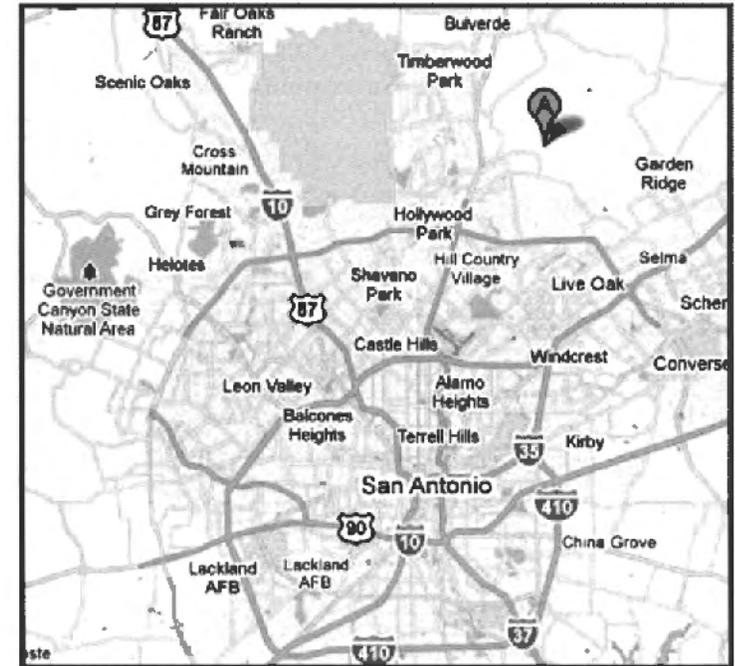


- Bellevue CBD location with I-405 frontage and close to Transit Center
- Among the largest floorplates in Bellevue CBD
- 3.25/1,000 sf parking ratio (all covered) is one of the best in Bellevue CBD
- Seven new leases signed in 2015 totaling 120,000 sf
- Current vacancy concentrated in two contiguous blocks of space: 42,000 sf and 98,523 sf

Properties shown are representative of the Account's current holdings.

# J.W. MARRIOTT RESORT

SAN ANTONIO, TX

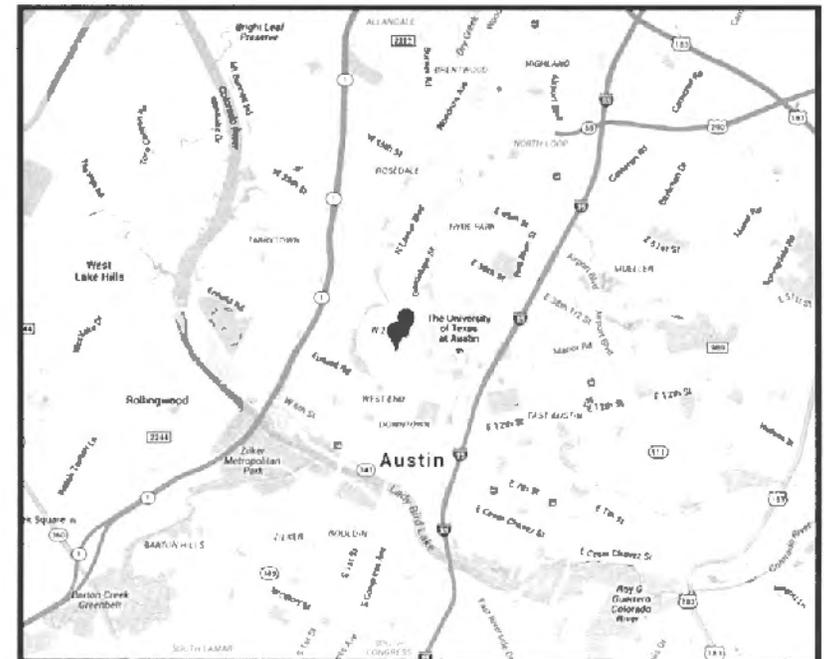


- Opened in 2010
- 1,002 rooms - 2 golf courses – waterpark
- Property hosts Valero Texas Open - PGA Tour event in April
- Highest house profit margin for all J.W. Resorts in the U.S. and #2 within all of Marriott in 2014

Properties shown are representative of the Account's current holdings.

# WEST CAMPUS

AUSTIN, TX



- Includes 480-bed West Campus Phase I and 970-bed West Campus Phase II
- Located two blocks from the University of Texas campus and primarily utilized as student housing
- Amenities include a fitness center, pool, in-unit washer/dryer and granite countertops as well as over 57,000 sf of retail space between the two projects
- 98% occupied

Properties shown are representative of the Account's current holdings.

# 150 SPEAR STREET

SAN FRANCISCO, CA



- 18 story office tower with Bay views
- Located two blocks from Trans Bay Terminal redevelopment
- Project is 100% occupied

# PROPERTY LIST

Property	MSA	NCREIF Region	Sector	SF/Units/Acres	Occupancy (03/31/2016)	GAV (03/31/2016)	Debt at Market (03/31/2016)
J.W. Marriott Resort and Spa	San Antonio, TX	South	Hotel	1,002 rooms	70%	\$189,882,000	\$97,498,981
Dorsey Run Road	Baltimore-Towson, MD	East	Industrial	156,045	0%	\$15,800,000	\$0
Patuxent Range Road	Baltimore-Towson, MD	East	Industrial	241,457	80%	\$30,600,000	\$0
26 Englehard Drive	Edison, NJ	East	Industrial	324,540	0%	\$23,600,000	\$0
1500 Rahway	Edison, NJ	East	Industrial	326,741	96%	\$40,100,000	\$0
1980 U.S. Highway 1	Edison, NJ	East	Industrial	261,715	49%	\$12,700,000	\$0
1000 Corporate Road	Edison, NJ	East	Industrial	156,097	100%	\$10,400,000	\$0
571 Jersey Avenue	Edison, NJ	East	Industrial	301,626	100%	\$20,900,000	\$0
Airspace I, II, III	Louisville, KY-IN	East	Industrial	779,426	100%	\$43,400,000	\$0
Secaucus	New York-Wayne-White Plains, NY-NJ	East	Industrial	68,439	100%	\$8,200,000	\$0
West Manor Way	Trenton-Ewing, NJ	East	Industrial	905,000	100%	\$66,700,000	\$0
Woodridge Centre	Chicago-Naperville-Joliet, IL	Midwest	Industrial	100,972	100%	\$9,500,000	\$0
Vapor Industrial	Chicago-Naperville-Joliet, IL	Midwest	Industrial	414,747	86%	\$38,500,000	\$0
University Crossing	Chicago-Naperville-Joliet, IL	Midwest	Industrial	455,870	100%	\$23,200,000	\$0
Bedford Park	Chicago-Naperville-Joliet, IL	Midwest	Industrial	341,245	100%	\$20,400,000	\$0
Melrose Park	Chicago-Naperville-Joliet, IL	Midwest	Industrial	139,331	100%	\$9,800,000	\$0
Cicero	Chicago-Naperville-Joliet, IL	Midwest	Industrial	113,948	100%	\$8,900,000	\$0
Airport Distribution Center	Atlanta-Sandy Springs-Marietta, GA	South	Industrial	406,989	100%	\$27,200,000	\$0
Northpark 75	Atlanta-Sandy Springs-Marietta, GA	South	Industrial	422,780	88%	\$25,200,000	\$0
Stone Lake 6	Austin-Round Rock, TX	South	Industrial	108,000	100%	\$19,500,000	\$0
Grand Lakes Distribution Center	Dallas-Plano-Irving, TX	South	Industrial	636,248	100%	\$33,900,000	\$13,756,146
Bethel Business Center	Dallas-Plano-Irving, TX	South	Industrial	162,810	81%	\$16,300,000	\$6,806,625
Trinity Overlook Distribution	Dallas-Plano-Irving, TX	South	Industrial	305,000	100%	\$18,500,000	\$7,006,679
Pointe West Commerce Center	Fort Lauderdale-Pompano Beach-Deerfield Beach, FL	South	Industrial	169,033	100%	\$22,900,000	\$0
Port 95 Business Plaza	Fort Lauderdale-Pompano Beach-Deerfield Beach, FL	South	Industrial	99,753	100%	\$15,100,000	\$0
Lyons Technology Center	Fort Lauderdale-Pompano Beach-Deerfield Beach, FL	South	Industrial	232,887	96%	\$30,300,000	\$0
Midway IDC Building	Houston-Baytown-Sugar Land, TX	South	Industrial	127,257	100%	\$10,300,000	\$0
NW Distribution Center	Houston-Baytown-Sugar Land, TX	South	Industrial	389,966	90%	\$28,500,000	\$0

As of 31 March 2016

# PROPERTY LIST (CONT.)

Property	MSA	NCREIF Region	Sector	SF/Units/Acres	Occupancy (03/31/2016)	GAV (03/31/2016)	Debt at Market (03/31/2016)
Medley Logistics Center	Miami-Miami Beach-Kendall, FL	South	Industrial	300,000	100%	\$30,700,000	\$0
400 New Sanford	Nashville-Davidson--Murfreesboro, TN	South	Industrial	518,667	100%	\$22,500,000	\$0
Boynnton Commerce Center	West Palm Beach-Boca Raton-Boynton Beach, FL	South	Industrial	295,576	94%	\$29,300,000	\$0
Denver Business Center	Denver-Aurora, CO	West	Industrial	152,841	100%	\$12,500,000	\$0
Smithway Commerce Center	Los Angeles-Long Beach-Glendale, CA	West	Industrial	329,267	100%	\$49,300,000	\$0
Magellan Gateway	Los Angeles-Long Beach-Glendale, CA	West	Industrial	N/A	N/A	\$61,150,000	\$22,363,699
Elmhurst Business Park	Oakland-Fremont-Hayward, CA	West	Industrial	294,954	100%	\$38,300,000	\$5,575,882
West Winton Industrial Ctr.	Oakland-Fremont-Hayward, CA	West	Industrial	220,213	100%	\$26,700,000	\$0
Carver and Kyrene	Phoenix-Mesa-Scottsdale, AZ	West	Industrial	272,460	100%	\$26,700,000	\$0
Park Ladera	Phoenix-Mesa-Scottsdale, AZ	West	Industrial	220,823	36%	\$21,600,000	\$11,156,701
Corridors Industrial Park	Phoenix-Mesa-Scottsdale, AZ	West	Industrial	N/A	N/A	\$13,250,000	\$5,110,943
Ontario Distribution Ctr.	Riverside-San Bernardino-Ontario, CA	West	Industrial	317,070	100%	\$29,600,000	\$0
3351 Philadelphia	Riverside-San Bernardino-Ontario, CA	West	Industrial	203,408	100%	\$19,100,000	\$0
Jurupa Business Park	Riverside-San Bernardino-Ontario, CA	West	Industrial	1,077,990	100%	\$104,800,000	\$0
O'Brien Drive	San Francisco-San Mateo-Redwood City, CA	West	Industrial	216,793	81%	\$80,300,000	\$0
Fullerton Business Center	Santa Ana-Anaheim-Irvine, CA	West	Industrial	180,918	100%	\$24,100,000	\$0
Valley Centre Corporate Park	Seattle-Bellevue-Everett, WA	West	Industrial	1,084,409	100%	\$109,000,000	\$0
Fife Commerce Center	Tacoma, WA	West	Industrial	798,950	100%	\$73,500,000	\$0
Fife 70 East	Tacoma, WA	West	Industrial	111,147	11%	\$9,325,000	\$0
Midpoint @ 237	San Jose-Sunnyvale-Santa Clara, CA	West	Industrial/Land	N/A	N/A	\$44,500,000	\$0
Amber Glen	Portland-Vancouver-Beaverton, OR-WA	West	Industrial/Office/Land	580,115	82%	\$99,900,000	\$0
Hacienda Business Park	Oakland-Fremont-Hayward, CA	West	Industrial/Office/Retail	380,459	75%	\$75,200,000	\$30,180,010
Riverside Station	Washington-Arlington-Alexandria, DC-VA-MD-WV	East	Land	N/A	N/A	\$8,200,000	\$0
Lindenhurst Village Green	Lake County-Kenosha County, IL-WI	Midwest	Land	N/A	N/A	\$1,300,000	\$0
Quarry Oaks Land	Austin-Round Rock, TX	South	Land	N/A	N/A	\$1,345,000	\$0
Discovery Tower II	Houston-Baytown-Sugar Land, TX	South	Land	N/A	N/A	\$5,700,000	\$0
Oak Grove Shoppes	Orlando, FL	South	Land	N/A	N/A	\$53,000	\$0
Crews Commerce Center	Orlando, FL	South	Land	N/A	N/A	\$12,740,000	\$6,138,142
INOVA Dry Creek	Denver-Aurora, CO	West	Land	N/A	N/A	\$3,010,000	\$0
Henderson Lofts	Las Vegas-Paradise, NV	West	Land	N/A	N/A	\$5,810,000	\$0
Guasti	Riverside-San Bernardino-Ontario, CA	West	Land	N/A	N/A	\$27,700,000	\$0
Park Place Surf Lots E&F Land	Santa Ana-Anaheim-Irvine, CA	West	Land	N/A	N/A	\$6,750,000	\$0
Camden Courts	Baltimore-Towson, MD	East	Multifamily	221 units	92%	\$43,000,000	\$20,840,814
Watermark Kendall West	Cambridge-Newton-Framingham, MA	East	Multifamily	321 units	93%	\$198,100,000	\$89,978,409

As of 31 March 2016

# PROPERTY LIST (CONT.)

Property	MSA	NCREIF Region	Sector	SF/Units/ Acres	Occupancy (03/31/2016)	GAV (03/31/2016)	Debt at Market (03/31/2016)
Watermark Kendall East	Cambridge-Newton-Framingham, MA	East	Multifamily	144 units	87%	\$80,700,000	\$0
420 West 42nd Street	New York-Wayne-White Plains, NY-NJ	East	Multifamily	264 units	99%	\$149,400,000	\$65,818,279
Watermark Court Square	New York-Wayne-White Plains, NY-NJ	East	Multifamily	N/A	N/A	\$15,000,000	\$0
The Swift	Washington-Arlington-Alexandria, DC-VA-MD-WV	East	Multifamily	218 units	90%	\$79,700,000	\$0
The Phoenix Apartments	Dallas-Plano-Irving, TX	South	Multifamily	449 units	97%	\$66,900,000	\$0
Ravello Apartments	Dallas-Plano-Irving, TX	South	Multifamily	290 units	94%	\$70,100,000	\$38,174,293
Routh Street Flats	Dallas-Plano-Irving, TX	South	Multifamily	208 units	65%	\$48,775,000	\$25,658,649
Aqua Isles	Fort Lauderdale-Pompano Beach-Deerfield Beach, FL	South	Multifamily	127 units	95%	\$33,000,000	\$0
The Trestles Apartments	Houston-Baytown-Sugar Land, TX	South	Multifamily	188 units	92%	\$24,400,000	\$0
Can Plant	San Antonio, TX	South	Multifamily	293 units	91%	\$63,000,000	\$0
Stonebridge at Twin Peaks	Boulder, CO	West	Multifamily	172 units	96%	\$34,500,000	\$24,868,035
The Grove Littleton	Denver-Aurora, CO	West	Multifamily	N/A	N/A	\$7,040,000	\$0
Premier Lofts	Denver-Aurora, CO	West	Multifamily	250 units	89%	\$66,200,000	\$29,271,469
Eagles Landing	Denver-Aurora, CO	West	Multifamily	176 units	95%	\$36,100,000	\$24,800,000
Channel Point Apartments	Los Angeles-Long Beach-Glendale, CA	West	Multifamily	212 units	94%	\$73,500,000	\$31,712,993
EpiCenter	Seattle-Bellevue-Everett, WA	West	Multifamily/Retail	124 units / 32,457 sf	98%	\$50,400,000	\$0
The Flats	Bloomington-Normal, IL	Midwest	Multifamily	447 beds	95%	\$46,800,000	\$27,404,008
Evolve @ Auburn	Auburn-Opelika, AL	South	Multifamily	N/A	N/A	\$13,000,000	\$0
West Campus Phase I	Austin-Round Rock, TX	South	Multifamily	704 beds	98%	\$66,500,000	\$0
West Campus Phase II	Austin-Round Rock, TX	South	Multifamily	970 beds	97%	\$114,200,000	\$52,560,643
Hardin House	Austin-Round Rock, TX	South	Multifamily	229 beds	100%	\$28,500,000	\$8,519,266
Evolve	Knoxville, TN	South	Multifamily	225 beds	90%	\$24,900,000	\$11,942,607
Uncommon	Eugene-Springfield, OR	West	Multifamily	380 beds	97%	\$45,900,000	\$23,497,532
Icon & Icon Gardens	Santa Barbara-Santa Maria-Goleta, CA	West	Multifamily	207 beds	93%	\$39,300,000	\$18,425,174
Identity	Seattle-Bellevue-Everett, WA	West	Multifamily	206 beds	98%	\$44,800,000	\$23,402,102
LIV	Seattle-Bellevue-Everett, WA	West	Multifamily	199 beds	94%	\$36,450,000	\$21,004,852
Luna	Tucson, AZ	West	Multifamily	588 beds	96%	\$81,100,000	\$49,197,055
Sol	Tucson, AZ	West	Multifamily	389 beds	94%	\$65,200,000	\$39,771,013
Landmark	Washington-Arlington-Alexandria, DC-VA-MD-WV	East	Multifamily/Retail	829 beds / 14,617 sf	99%	\$143,200,000	\$84,370,709
The Rise	College Station-Bryan, TX	South	Multifamily/Retail	471 beds / 16,749 sf	96%	\$56,300,000	\$34,847,914
Summit at Washingtonian	Bethesda-Frederick-Gaithersburg, MD	East	Office	193,199	94%	\$66,200,000	\$40,781,370
Charles Park	Cambridge-Newton-Framingham, MA	East	Office	370,972	97%	\$238,000,000	\$0
1370 Avenue of the Americas	New York-Wayne-White Plains, NY-NJ	East	Office	347,038	91%	\$346,300,000	\$150,597,939
77 Water Street	New York-Wayne-White Plains, NY-NJ	East	Office	546,803	100%	\$154,350,000	\$23,635,390
Spring Mall Office Building	Washington-Arlington-Alexandria, DC-VA-MD-WV	East	Office	113,714	57%	\$16,100,000	\$0

As of 31 March 2016

# PROPERTY LIST (CONT.)

Property	MSA	NCREIF Region	Sector	SF/Units/ Acres	Occupancy (03/31/2016)	GAV (03/31/2016)	Debt at Market (03/31/2016)
Capitol Plaza	Washington-Arlington-Alexandria, DC-VA-MD-WV	East	Office	291,838	99%	\$175,300,000	\$82,712,616
Dulles Metro Center	Washington-Arlington-Alexandria, DC-VA-MD-WV	East	Office	219,235	58%	\$48,400,000	\$25,408,568
Union Tower	Chicago-Naperville-Joliet, IL	Midwest	Office	332,608	98%	\$86,000,000	\$0
Campbell Mithun Tower	Minneapolis-St. Paul-Bloomington, MN-WI	Midwest	Office	727,170	71%	\$91,300,000	\$0
Quarry Oaks	Austin-Round Rock, TX	South	Office	292,417	99%	\$95,100,000	\$0
500 West Second Street	Austin-Round Rock, TX	South	Office	N/A	N/A	\$124,950,000	\$1,424,127
Freeport Parkway	Dallas-Plano-Irving, TX	South	Office	151,656	73%	\$20,900,000	\$0
20 Greenway Plaza	Houston-Baytown-Sugar Land, TX	South	Office	433,640	96%	\$94,800,000	\$0
Energy Center	Houston-Baytown-Sugar Land, TX	South	Office	597,628	100%	\$322,300,000	\$105,994,298
One DTC	Denver-Aurora, CO	West	Office	240,842	94%	\$59,900,000	\$0
Crescent V	Denver-Aurora, CO	West	Office	90,197	82%	\$16,200,000	\$0
Crescent VI	Denver-Aurora, CO	West	Office	135,481	92%	\$28,300,000	\$0
INOVA Office I	Denver-Aurora, CO	West	Office	N/A	N/A	\$14,130,000	\$0
505 North Brand	Los Angeles-Long Beach-Glendale, CA	West	Office	319,967	83%	\$85,800,000	\$0
The Signature Center	Oakland-Fremont-Hayward, CA	West	Office	257,671	93%	\$68,400,000	\$0
Papago Buttes	Phoenix-Mesa-Scottsdale, AZ	West	Office	511,524	97%	\$119,100,000	\$0
Portales Corporate Center	Phoenix-Mesa-Scottsdale, AZ	West	Office	453,511	96%	\$147,100,000	\$0
150 Spear Street	San Francisco-San Mateo-Redwood City, CA	West	Office	265,406	100%	\$176,800,000	\$0
225 West Santa Clara	San Jose-Sunnyvale-Santa Clara, CA	West	Office	348,673	92%	\$160,300,000	\$0
Park Place Concourse & Atrium	Santa Ana-Anaheim-Irvine, CA	West	Office	1,633,464	96%	\$248,850,000	\$132,005,261
Park Place Tower 3333 Michelson	Santa Ana-Anaheim-Irvine, CA	West	Office	239,099	95%	\$37,485,000	\$19,683,321
3121 Michelson	Santa Ana-Anaheim-Irvine, CA	West	Office	149,112	100%	\$27,765,000	\$14,496,725
Lincoln Plaza	Seattle-Bellevue-Everett, WA	West	Office	148,704	93%	\$53,000,000	\$0
112th at 12th Street	Seattle-Bellevue-Everett, WA	West	Office	480,267	71%	\$205,000,000	\$0
Nine Two Nine	Seattle-Bellevue-Everett, WA	West	Office	462,000	16%	\$174,100,000	\$76,191,901
North Avenue Collection	Chicago-Naperville-Joliet, IL	Midwest	Office/Retail	199,683	93%	\$82,000,000	\$0
Hazard Center	San Diego-Carlsbad-San Marcos, CA	West	Office/Retail	405,707	94%	\$143,800,000	\$0
Sacramento Shopping Center	Washington-Arlington-Alexandria, DC-VA-MD-WV	East	Retail	84,492	88%	\$15,200,000	\$0
West Springfield Shopping Center	Washington-Arlington-Alexandria, DC-VA-MD-WV	East	Retail	83,700	92%	\$43,100,000	\$0
Mayfaire Community Center	Wilmington, NC	East	Retail	210,010	96%	\$56,950,000	\$28,714,218

# PROPERTY LIST (CONT.)

Property	MSA	NCREIF Region	Sector	SF/Units/ Acres	Occupancy (03/31/2016)	GAV (03/31/2016)	Debt at Market (03/31/2016)
Old Town Square	Chicago-Naperville-Joliet, IL	Midwest	Retail	87,123	97%	\$34,900,000	\$0
Stony Island	Chicago-Naperville-Joliet, IL	Midwest	Retail	159,785	83%	\$22,500,000	\$0
Grand Hunt Center	Lake County-Kenosha County, IL-WI	Midwest	Retail	133,360	100%	\$23,700,000	\$0
The Marketplace at Vernon Hills	Lake County-Kenosha County, IL-WI	Midwest	Retail	191,418	90%	\$27,600,000	\$0
Fischer Market Place	Minneapolis-St. Paul-Bloomington, MN-WI	Midwest	Retail	233,308	100%	\$47,100,000	\$0
Fischer Market Place Outlot	Minneapolis-St. Paul-Bloomington, MN-WI	Midwest	Retail	20,388	100%	\$5,000,000	\$0
Bell Tower Shops	Cape Coral-Fort Myers, FL	South	Retail	325,697	93%	\$80,700,000	\$0
Southport Shopping Center	Fort Lauderdale-Pompano Beach-Deerfield Beach, FL	South	Retail	146,833	98%	\$58,600,000	\$0
Lake Worth Marketplace	Fort Worth-Arlington, TX	South	Retail	197,332	96%	\$33,400,000	\$0
Meadows Marketplace	Houston-Baytown-Sugar Land, TX	South	Retail	251,944	100%	\$60,100,000	\$22,890,318
South Dade	Miami-Miami Beach-Kendall, FL	South	Retail	208,721	98%	\$52,700,000	\$0
530 Lincoln Road	Miami-Miami Beach-Kendall, FL	South	Retail	11,000	0%	\$47,500,000	\$0
Shoppes at Woolbright	West Palm Beach-Boca Raton-Boynton Beach, FL	South	Retail	133,771	99%	\$64,900,000	\$0
Pinewood Square Shopping Center	West Palm Beach-Boca Raton-Boynton Beach, FL	South	Retail	182,248	96%	\$62,600,000	\$0
Lantana Square	West Palm Beach-Boca Raton-Boynton Beach, FL	South	Retail	105,550	96%	\$33,800,000	\$0
Cherry Hills Marketplace	Denver-Aurora, CO	West	Retail	203,491	94%	\$62,500,000	\$0
Burbank Empire Center	Los Angeles-Long Beach-Glendale, CA	West	Retail	618,562	100%	\$228,200,000	\$111,033,173
Plaza Paseo	San Diego-Carlsbad-San Marcos, CA	West	Retail	148,590	95%	\$84,000,000	\$0
Park Place Health Club	Santa Ana-Anaheim-Irvine, CA	West	Retail	46,762	100%	\$10,800,000	\$6,009,322
Park Place Retail	Santa Ana-Anaheim-Irvine, CA	West	Retail	116,623	93%	\$41,940,000	\$21,335,075
Green Firs Towne Center	Tacoma, WA	West	Retail	148,731	97%	\$36,750,000	\$0
						<b>\$8,802,750,000</b>	<b>\$1,814,573,244</b>

As of 31 March 2016

# JOINT VENTURE INVESTMENTS

Property Name	Property Type	Joint Venture Partner	USPA Joint Venture Ownership	GAV (03/31/2016)
Routh Street Flats	Multifamily	Alamo Manhattan Carlisle	90.00%	\$ 48,775,000
Icon & Icon Gardens	Multifamily	CA Student Living	87.50%	\$ 39,300,000
Uncommon	Multifamily	CA Student Living	87.50%	\$ 45,900,000
Evolve	Multifamily	CA Student Living	87.50%	\$ 24,900,000
Identity	Multifamily	CA Student Living	87.50%	\$ 44,800,000
The Flats	Multifamily	CA Student Living	87.50%	\$ 46,800,000
Evolve @ Auburn	Multifamily	CA Student Living	90.00%	\$ 13,000,000
LIV	Multifamily	CA Student Living	78.00%	\$ 36,450,000
Landmark	Multifamily/Retail	CA Student Living	78.00%	\$ 143,200,000
Hacienda Business Park	Industrial/Office/Retail	Ellis Partners	90.00%	\$ 75,200,000
Meadows Marketplace	Retail	Fidelis Realty Partners	95.00%	\$ 60,100,000
Crews Commerce Center	Land	Foundry	90.00%	\$ 12,740,000
Sol	Multifamily	GMH Capital Partners	90.00%	\$ 65,200,000
Luna	Multifamily	GMH Capital Partners	90.00%	\$ 81,100,000
The Rise at Northgate	Multifamily/Retail	GMH Capital Partners	90.00%	\$ 56,300,000
Stonebridge at Twin Peaks	Multifamily	Holland	95.00%	\$ 34,500,000
Eagles Landing	Multifamily	Holland	95.00%	\$ 36,100,000
Riverside Station Land	Land	Kettler	90.00%	\$ 8,200,000
Park Place*	Office/Retail/Land	LBA Realty	45.00%	\$ 180,060,295
Plaza Paseo Real	Retail	Madison Marquette	95.00%	\$ 84,000,000
Bell Tower Shops	Retail	Madison Marquette	90.00%	\$ 80,700,000
J.W. Marriott Resort and Spa*	Hotel	Marriott/PGA/Miller Global	33.00%	\$ 92,383,019
Spring Mall Office Building	Office	McCaffrey Interests	97.16%	\$ 16,100,000
Sacramento Shopping Center	Retail	McCaffrey Interests	97.16%	\$ 15,200,000
W. Springfield Shopping Center	Retail	McCaffrey Interests	97.16%	\$ 43,100,000
Fife Commerce Center	Industrial	Northwest Building	70.00%	\$ 73,500,000
Camden Court Apartments	Multifamily	Quadrangle	90.00%	\$ 43,000,000
Can Plant	Multifamily	Silver Ventures	90.00%	\$ 63,000,000
Hardin House	Multifamily	Simmons Vedder	81.28%	\$ 28,500,000
O'Brien Drive	Industrial	Tarlton	95.00%	\$ 80,300,000
Magellan Gateway	Industrial	The Magellan Group	90.00%	\$ 61,150,000
Dulles Metro Center	Office	The Pinkard Group	85.00%	\$ 48,400,000
Park Ladera	Industrial	Trammell Crow	90.00%	\$ 21,600,000
Discovery Tower II	Land	Trammell Crow	60.00%	\$ 5,700,000
Midpoint @ 237	Land	Trammell Crow	90.00%	\$ 44,500,000
Corridors Industrial Park	Land	Trammell Crow	90.00%	\$ 13,250,000
Energy Center	Office	Trammell Crow	90.00%	\$ 322,300,000
Nine Two Nine	Office	Trammell Crow	90.00%	\$ 174,100,000
500 West Second Street	Office	Trammell Crow	90.00%	\$ 124,950,000
77 Water Street*	Office	Travelers/William Kaufman Organization	49.00%	\$ 130,714,610
530 Lincoln Road	Retail	Tristar Capital	91.50%	\$ 47,500,000
Watermark Court Square	Multifamily	Twining Properties	75.00%	\$ 15,000,000
Watermark Kendall West	Multifamily/Retail	Twining Properties	94.20%/80.00%	\$ 198,100,000
INOVA Dry Creek*	Land	United Properties	50.00%	\$ 3,010,000
INOVA Office I	Office	United Properties	70.00%	\$ 14,130,000
Oak Groves Shoppes	Land	Woolbright	90.00%	\$ 53,000
The Grove Littleton	Land	Zocalo Community Development	90.00%	\$ 7,040,000
<b>TOTAL JOINT VENTURES</b>				<b>\$ 2,903,905,925</b>
<b>% of Account GAV</b>				<b>32.83%</b>

As of 31 March 2016

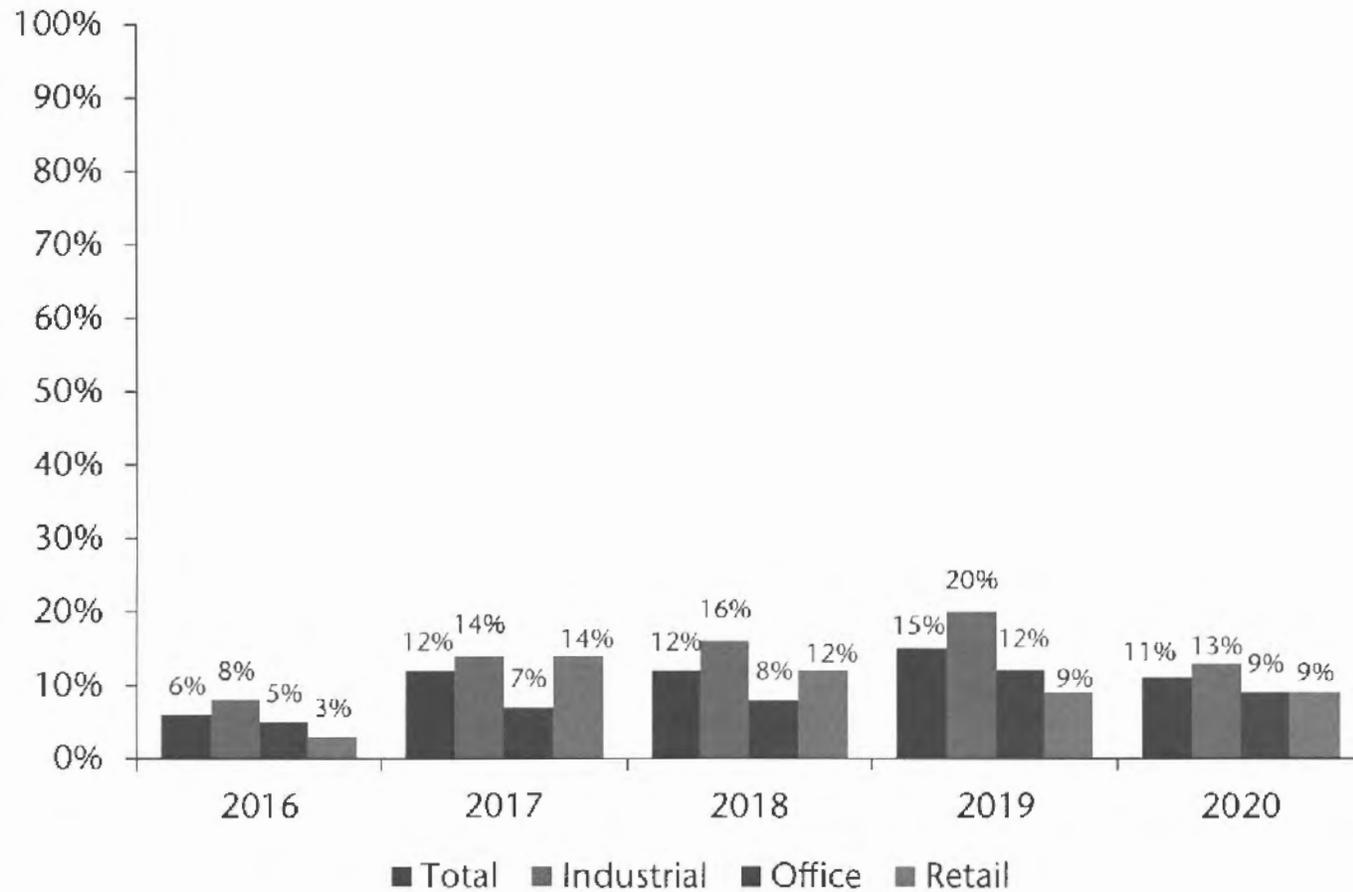
41 \*Non-majority joint ventures are shown at net investment in real estate partnership.

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# LEASE ROLLOVER



As of 31 March 2016

Rollover is based on percentage of square footage expiring within each property sector within a given calendar year.

# PROPERTY PRIORITIES

## 2016 PRIORITY PROPERTIES

---

### DEVELOPMENT

- Energy Center V** - Execute build-to-core strategy and lease-up of Houston office development
- 500 West Second Street** - Complete construction and lease-up of Austin office development
- INOVA Office I** - Complete construction and lease-up of Denver area office building
- Midpoint @ 237** - Execute build-to-core strategy of San Jose industrial development
- Magellan** - Execute build-to-core strategy of Los Angeles industrial development
- Corridors** - Complete construction and lease-up of Phoenix industrial development
- The Grove** - Execute build-to-core strategy of Denver age-restricted multifamily development
- Evolve @ Auburn** - Execute build-to-core strategy of Auburn, AL student housing development
- Watermark Court Square** - Execute build-to-core strategy of New York multifamily development

### LEASING

- Nine Two Nine** - Execute lease-up of recently completed Seattle/Bellevue office tower
- 530 Lincoln Road** - Execute lease-up of recently redeveloped Miami retail asset
- Dulles Metro Center** - Complete lease-up of lease-to-core office building in Washington, D.C.
- 505 North Brand** - Complete lease-up of lease-to-core office building in Los Angeles
- BWI Industrial** - Complete initial lease-up of Baltimore industrial
- Routh Street** - Complete lease-up of newly constructed Dallas multifamily asset

## RECENT ACCOMPLISHMENTS

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### DEVELOPMENT

- 500 West Second Street** - Signed a 207,000 SF lease with Google and a 47,000 SF lease with Deloitte resulting in 51% preleasing at Austin office development

### LEASING

- Nine Two Nine** - Completed construction fourth quarter 2015. Occupancy on 72,000 SF of the total 85,000 SF Salesforce.com lease commenced during first quarter 2016
- 250 Bowery** - Completed sale of New York retail asset
- ARC Building** - Completed sale of Miami retail asset

# PROPERTY PRIORITIES (CONT.)

## 2016 PROPERTY PRIORITIES

---

### CORE

**112<sup>th</sup> at 12<sup>th</sup>** - Stabilize occupancy at Seattle area office property

**Freeport III** - Stabilize occupancy at Dallas area office building

**Student Housing** - Successfully grow net operating income at recently acquired student housing properties

**Hacienda** - Lease-up newly renovated vacancy at Oakland area office property

## RECENT ACCOMPLISHMENTS

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### CORE

**Energy Center III** - Successfully completed the sale of 100% leased Houston office development in fourth quarter 2015

**Energy Center IV** - Final certificate of occupancy received fourth quarter 2015 at fully leased Houston office building

**112<sup>th</sup> at 12<sup>th</sup>** - Signed multiple leases totaling nearly 120,000 sf to mitigate rollover at Seattle office property

**Cherry Hills** - Leasing with national tenants including Trader Joe's and Sierra Trading Post repositioned Denver retail center

**Fischer Marketplace** - Signed lease with organic grocer to replace bookstore tenant and expand this Minneapolis retail center

**The Swift** - Executed initial lease-up of this newly constructed Washington, D.C. multifamily property

**O'Brien Drive** - Executed an 18,000 sf expansion with existing tenant, increasing occupancy to 100% at San Francisco industrial building

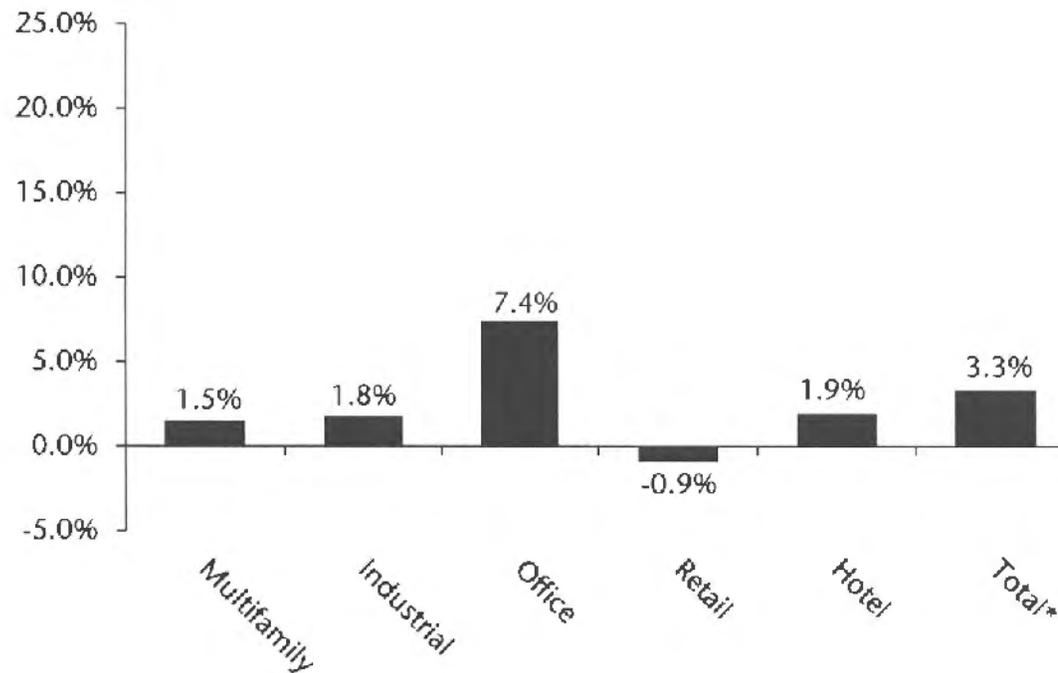
**Oakmead Tower** - Completed the business plan by signing a full building lease and selling this San Jose office asset fourth quarter 2015

**Summit at Washington** - Executed a new full floor lease increasing occupancy to 93% at Bethesda office asset

**Fife Commerce Center** - Executed three leases totaling 453,000 sf to back fill space from an anticipated first quarter 2015 move out at Tacoma industrial asset

# SAME-PROPERTY NET OPERATING INCOME (NOI) GROWTH

YEAR-OVER-YEAR  
THROUGH 31 MARCH 2016



As of 31 March 2016

\*Total includes land NOI growth.

NOI growth is based on current same-property portfolio and does not include disposition activity.

NOI is net operating income at the property level and is before fees. Past performance is not a reliable indicator of future performance and should not be relied upon to make investment decisions. Targeted growth reflects the current views and opinions of Principal Real Estate Investors and is not intended to be, nor should it be relied upon in any way as a forecast or guarantee of future events regarding particular investments or the markets in general.



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# 2016 ACQUISITION ACTIVITY

PROPERTY	RISK PROFILE	SECTOR	SIZE	LOCATION	TRANSACTION AMOUNT
985 O'Brien Drive	Core	Industrial	20,600 sf	San Francisco, CA	\$3.2
Fife 70 East	Large Leasing	Industrial	111,147 sf	Tacoma, WA	\$9.3
Eagles Landing	Core	Multifamily	176 units	Denver, CO	\$36.0
Stonebridge at Twin Peaks	Core	Multifamily	172 units	Boulder, CO	\$34.5
<b>TOTAL</b>					<b>\$83.0 M</b>



O'Brien Drive  
San Francisco, CA



Stonebridge at Twin Peaks  
Boulder, CO

As of 31 March 2016

Due to rounding, figures shown may not add to totals

# 2016 DISPOSITION ACTIVITY

PROPERTY	RISK PROFILE	SECTOR	SIZE	LOCATION	TRANSACTION AMOUNT
ARC Building	Large Leasing	Retail	12,148 sf	Miami, FL	\$17.8
Midpoint @ 237 Land*	Land	Land	21.5 acres	San Jose, CA	\$26.2
<b>TOTAL</b>					<b>\$44.0 M</b>

As of 31 March 2016

\*Partial sale

Due to rounding, figures shown may not add to totals

# LEVERAGE SUMMARY

Fixed Rate Loans	Lender	GAV	Loan Amount	LTV	Maturity Date	Note Rate
Capitol Plaza	Mass Mutual	\$175,300,000	\$82,500,000	47.1%	08/01/2016	4.0%
Elmhurst Business Park	Prudential	\$38,300,000	\$5,254,626	13.7%	08/15/2017	8.0%
Camden Court (Consolidated LTV = 49.2%)	Fannie Mae	\$43,000,000	\$20,021,187	46.6%	04/01/2019	3.5%
Burbank Empire Center	Mass Mutual	\$228,200,000	\$110,131,339	48.3%	04/01/2019	3.8%
Meadows Marketplace	Mass Mutual	\$60,100,000	\$21,397,049	35.6%	10/01/2020	5.0%
Channel Pointe	Fannie Mae	\$73,500,000	\$30,160,000	41.0%	12/01/2020	4.6%
Ravello	Northwestern Mutual	\$70,100,000	\$38,500,000	54.9%	01/01/2021	2.8%
Premier Lofts	Fannie Mae	\$66,200,000	\$27,820,000	42.0%	01/01/2021	4.6%
Dallas Core Industrial Portfolio	Allianz	\$68,700,000	\$24,857,478	36.2%	04/10/2021	5.9%
77 Water Street <sup>1</sup>	AXA Equitable	\$154,350,000	\$22,050,000	14.3%	11/01/2021	4.7%
Watermark	Fannie Mae	\$198,100,000	\$88,000,000	44.4%	01/01/2022	3.9%
Hardin House	John Hancock	\$28,500,000	\$8,250,000	29.0%	05/01/2022	4.2%
West Campus Phase II	Fannie Mae	\$114,200,000	\$52,320,000	45.8%	08/01/2022	3.6%
Landmark	Northwestern Mutual	\$143,200,000	\$85,000,000	59.4%	01/10/2024	3.4%
1370 Avenue of the Americas	Mass Mutual	\$346,300,000	\$150,000,000	43.3%	10/01/2024	3.9%
Stonebridge at Twin Peaks (Consolidated LTV = 71.9%)	Freddie Mac	\$34,500,000	\$22,350,000	64.8%	01/01/2025	3.9%
Icon & Icon Gardens	Fannie Mae	\$39,300,000	\$18,854,000	48.0%	04/01/2025	3.4%
Uncommon	Fannie Mae	\$45,900,000	\$23,638,000	51.5%	04/01/2025	3.4%
Evolve	Fannie Mae	\$24,900,000	\$12,014,000	48.3%	04/01/2025	3.4%
Identity	Fannie Mae	\$44,800,000	\$23,542,000	52.6%	04/01/2025	3.4%
The Flats	Fannie Mae	\$46,800,000	\$27,846,000	59.5%	04/01/2025	3.4%
LIV	PNC Bank	\$36,450,000	\$21,000,000	57.6%	04/01/2025	3.6%
Park Place <sup>1</sup>	Prudential/MetLife	\$366,840,000	\$193,500,000	52.8%	04/05/2025	3.7%
The Rise	Mass Mutual	\$56,300,000	\$34,255,000	60.8%	12/01/2026	3.6%
Luna	Mass Mutual	\$81,100,000	\$48,360,000	59.6%	12/01/2026	3.6%
Sol	Mass Mutual	\$65,200,000	\$40,145,000	61.6%	12/01/2026	3.6%
Mayfaire Community Center	Met Life	\$56,950,000	\$28,150,000	49.4%	01/01/2028	4.0%
Camden Court (Consolidated LTV = 49.2%)	City of Baltimore	\$43,000,000	\$1,141,847	2.7%	03/01/2034	2.0%
<b>Total Fixed Rate Debt</b>		<b>\$2,707,090,000</b>	<b>\$1,261,057,525</b>	<b>46.6%</b>		<b>3.8%</b>

As of 31 March 2016

<sup>1</sup>The property is a non-consolidated joint venture and as such, gross asset value and loan amounts are shown at USPA share.

# LEVERAGE SUMMARY (CONT.)

<b>Floating Rate Loans</b>	<b>Lender</b>	<b>GAV</b>	<b>Loan Amount</b>	<b>LTV</b>	<b>Maturity Date</b>	<b>Note Rate</b>
Energy Center IV	US Bank/Wells Fargo	\$218,400,000	\$68,016,506	31.1%	11/30/2016	LIBOR + 180
Routh Street Flats	Texas Capital Bank	\$48,775,000	\$25,601,154	52.5%	05/22/2017	LIBOR + 245
Nine Two Nine	US Bank	\$174,100,000	\$76,191,901	43.8%	06/02/2017	LIBOR + 250
Hacienda Business Park	Wells Fargo	\$75,200,000	\$30,268,218	40.3%	06/26/2017	LIBOR + 325
Energy Center V	US Bank/Wells Fargo	\$103,900,000	\$38,296,141	36.9%	07/09/2017	LIBOR + 200
Summit at Washingtonian	Compass Bank	\$66,200,000	\$41,000,000	61.9%	08/10/2017	LIBOR + 210
Park Ladera	US Bank	\$21,600,000	\$11,173,962	51.7%	10/31/2017	LIBOR + 225
Magellan Gateway	US Bank	\$61,150,000	\$22,503,551	36.8%	05/31/2018	LIBOR + 195
J.W. Marriott Resort and Spa <sup>1</sup>	HSBC Syndicate	\$189,882,000	\$97,498,981	51.4%	06/01/2018	LIBOR + 265
Dulles Metro Center	Santander Bank	\$48,400,000	\$25,462,783	52.6%	06/23/2018	LIBOR + 250
Corridors Industrial Park	Bank of America	\$13,250,000	\$5,172,646	39.0%	07/24/2018	LIBOR + 170
500 West Second Street	JP Morgan/Wells Fargo	\$124,950,000	\$1,420,294	1.1%	12/09/2018	LIBOR + 220
Eagles Landing	PNC Bank	\$36,100,000	\$24,800,000	68.7%	01/29/2019	LIBOR + 190
Crews Commerce Center	Regions Bank	\$12,740,000	\$6,180,851	48.5%	12/18/2019	LIBOR + 200
Stonebridge at Twin Peaks (Consolidated LTV = 71.9%)	Freddie Mac	\$34,500,000	\$2,470,000	7.16%	01/01/2025	LIBOR + 373
420 West 42nd Street	NY State Housing Finance Agency	\$149,400,000	\$66,376,989	44.4%	11/01/2032	Bond Rate + 116
<b>Total Floating Rate Debt</b>		<b>\$1,344,047,000</b>	<b>\$542,433,976</b>	<b>40.4%</b>		<b>2.61%</b>
<b>Lines of Credit</b>	<b>Lender</b>	<b>GAV</b>	<b>Loan Amount</b>	<b>LTV</b>	<b>Maturity Date</b>	<b>Note Rate</b>
Line of Credit - \$400m	Wells Fargo/JP Morgan Syndicate		\$0	-	10/04/2016	LIBOR + 100
<b>Total Line of Credit Debt</b>			<b>\$0</b>			<b>0.00%</b>
<b>Private Placement</b>	<b>Lender</b>	<b>GAV</b>	<b>Loan Amount</b>	<b>LTV</b>	<b>Maturity Date</b>	<b>Note Rate</b>
Private Placement 7 Year	Prudential		\$100,000,000	-	06/25/2021	3.49%
Private Placement 8 Year	Prudential		\$100,000,000	-	06/25/2023	3.30%
<b>Total Private Placement Debt</b>			<b>\$200,000,000</b>			<b>3.40%</b>
<b>Total Fixed, Variable and LOC</b>			<b>\$2,003,491,501</b>		<b>6.00 Years</b>	<b>3.47%</b>

As of 31 March 2016

<sup>1</sup>The property is a non-consolidated joint venture and as such, gross asset value and loan amounts are shown at USPA share.

# BIOGRAPHIES

## **Patrick Halter - Chief Executive Officer, Real Estate**

Pat is the Chief Executive Officer for Principal Real Estate Investors, the dedicated real estate unit of Principal Global Investors. As head of real estate, he is responsible for overall global real estate strategy, new business development, and business management, including oversight of staff professionals located in the United States, Europe, Asia, and Australia. As a veteran in commercial real estate, Pat's expertise includes product and fund design, new business development, portfolio strategy and investment management. He also has substantial transaction experience originating and approving investments for Principal and its clients. Pat chairs the board of Principal Real Estate Investors. He is also a Senior Executive Director of Principal Global Investors. He also serves as the chair of numerous other Principal Real Estate Investors subsidiaries. Pat joined the firm in 1984. He has held various positions within the real estate group. He received an MBA in finance and a bachelor's degree in finance and marketing from the University of Wisconsin. Pat is past Chairman of the Board of the National Association of Real Estate Investment Managers (NAREIM). He is a member of the Real Estate Roundtable and serves on the REPAC Steering Committee. Pat is also a member of the Pension and Real Estate Association (PREA), the Association of Foreign Investors in Real Estate (AFIRE), and serves on the Board of the Graaskamp Center for Real Estate at the University of Wisconsin.

## **Jay B. Davis - Senior Managing Director, Head of Private Equity Portfolio Management**

Jay is senior managing director at Principal Real Estate Investors and oversees the firm's private equity portfolio management group. Since 1982, Jay has been involved in real estate investment management on behalf of institutional investors, both non-U.S. and domestic. Jay joined the firm in early 2000 and has been active in portfolio management and new business development. Previously, he was vice president and co-head of asset management with J.P. Morgan Investment Management in New York. Jay was also senior vice president and director of portfolio management with The O'Connor Group. He received a bachelor's degree in real estate and finance from Missouri State University. Jay is on the board of directors of the Association of Foreign Investors in Real Estate (AFIRE), and is a member of the Pension Real Estate Association (PREA) and the International Council of Shopping Centers (ICSC). He also serves on Principal Real Estate Investors' Investment Committee.

## **Indy Karlekar, Ph.D. - Managing Director, Global Research & Strategy**

Indy is managing director, global head of research & strategy at Principal Real Estate Investors, the dedicated real estate unit of Principal Global Investors. His responsibilities include helping with allocation of capital via the creation of real estate portfolio strategies across the four quadrants of commercial real estate. He also helps disseminate our economic and real estate views to external clients and is a member of Principal Global Investors Economic Committee. Indy joined the industry in 2003 and Principal Real Estate Investors in 2013. Prior to his current role he has served as an executive vice president and chief investment strategist at Cole Real Estate Investments and head of global research and strategy at ING Clarion. At ING Clarion, he worked on creating global top-down asset allocation strategies by analyzing macroeconomic and real estate variables and was also responsible for investment research, white papers, and new product development. Prior to ING, Indy was a member of the global research team at AIG Global Real Estate. Indy started his career as an Economic Analyst at The Economist Intelligence Unit. He received a Ph.D. in economics from University of Cambridge and is a member of PREA and NCREIF.

# BIOGRAPHIES

## **John T. Berg - Managing Director, Portfolio Management**

John is managing director, portfolio management for Principal Real Estate Investors. He is the portfolio manager of the Principal U.S. Property Account, a core open-end real estate strategy. John joined the firm in 1994 and has spent his entire tenure with the firm in the real estate equity area. In addition to portfolio management, John has significant experience in asset management and product development. John received an MBA from the University of Iowa and a bachelor's degree in economics and psychology from Georgetown University. He is a member of the National Council of Real Estate Investment Fiduciaries (NCREIF), the National Association of Real Estate Investment Managers (NAREIM), and the Pension Real Estate Association (PREA).

## **Darren Kleis - Managing Director, Portfolio Management**

Darren is a managing director, portfolio management at Principal Real Estate Investors. Darren joined the management team of the Principal U.S. Property Account in 2007, and is responsible for portfolio management activities of the Principal U.S. Property Account including market research, asset management oversight, leasing and capital expenditures, financing, annual business plans, and hold/sell analysis. Prior to his current role, Darren was an investment director of asset management for 12 years for Principal Real Estate Investors. Darren joined Principal Financial Group in 1992 as an investment accountant at Principal Financial Group. He received an MBA from Drake University and a bachelor's degree in accounting from Northwestern College.

## **Meighan E. Phillips - Portfolio Manager**

Meighan is a portfolio manager for Principal Real Estate Investors. She is a member of the portfolio team for the Principal U.S. Property Account, the firm's core open-end fund. This team is responsible for the strategic and tactical operations of the portfolio. Meighan is responsible for portfolio analytics and performance measures, quarterly reporting, performance attribution and client and consultant communication and marketing efforts. She joined the firm in 2005. Previously, Meighan was an acquisition analyst for Principal Real Estate Investors. She received an MBA from the University of Iowa and a bachelor's degree in finance with a concentration in investments from Drake University.

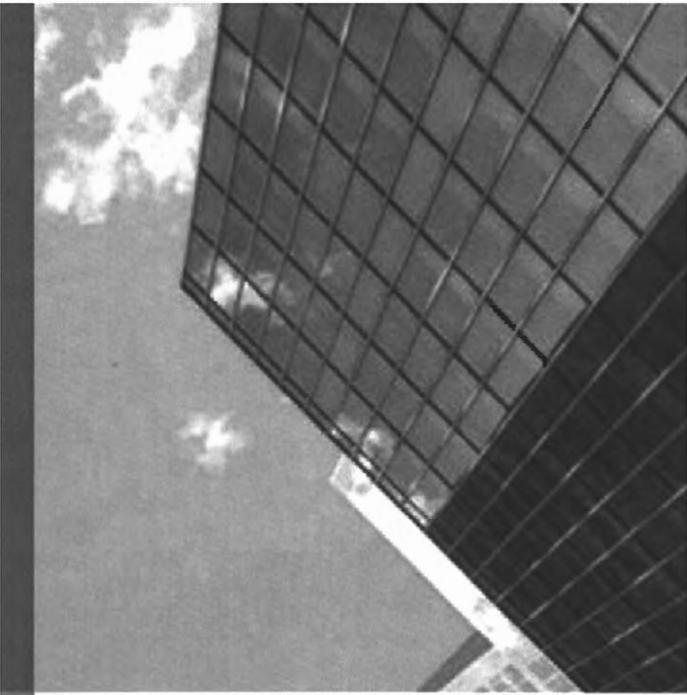
## **Bridget Lechtenberg - Portfolio Analyst**

Bridget is a portfolio analyst for Principal Real Estate Investors. She is a member of the portfolio team for the Principal U.S. Property Account, the firm's core open-end fund. Bridget is responsible for portfolio statistics and analysis, annual business plans and quarterly reporting. Bridget joined the firm in 2006 and spent six years in the asset management/development and acquisition/dispositions area before joining the Principal U.S. Property Account team in 2013. She received her bachelor's degree in finance and real estate from the University of Northern Iowa.

## **Michelle B. Fang - Senior Director**

Michelle is a senior director at Principal Real Estate Investors, the dedicated real estate unit of Principal Global Investors. She works closely with both the real estate portfolio management teams and generalist sales and consultant relations staff to raise capital for the firm's U.S. real estate and global property securities products. Michelle joined the firm in 2012. Prior to her current role, Michelle led the investor relations and portfolio analysis team at Metropolitan Real Estate Equity Management and worked as a real estate product specialist at GE Asset Management. She received a bachelor's degree in communications from University of Pennsylvania. She is a member of the Defined Contribution Real Estate Council.

# ENDNOTES



# ENDNOTES

## **Performance Disclosures**

Performance shown is time-weighted and returns for periods over one year are annualized. Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values fluctuate with changes in interest rates and other market conditions so that value, when redeemed, may be worth more or less than original costs. Currently performance may be lower or higher than the performance data shown. This investment is subject to investment and liquidity risk and other risks inherent in real estate such as those associated with general local economic condition.

## **Principal U.S. Property Account Background**

The Principal U.S. Property Separate Account is a commingled separate account managed by Principal Real Estate Investors, LLC, and maintained by Principal Life Insurance Company. It is available, through group annuity contracts issued by Principal Life Insurance Company, to plans meeting the requirements for qualification under Section 401(a) of the Internal Revenue Code of 1986 ("Code"), as amended, and governmental plans meeting the requirements of Section 457 of the Code, as amended.

Separate Accounts are available through a group annuity contract with Principal Life Insurance Company. Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company, a member of the Principal Financial Group, Des Moines, IA 50392. Certain investment options may not be available in all states or U.S. commonwealths. Principal Life Insurance Company reserves the right to defer payments or transfers from Principal Life Separate Accounts as described in the group annuity contracts providing access to the Separate Accounts or as required by applicable law. Such deferment will be based on factors that may include situations such as: unstable or disorderly financial markets; investment conditions which do not allow for orderly investment transactions; or investment, liquidity, and other risks inherent in real estate (such as those associated with general and local economic conditions). If you elect to allocate funds to a Separate Account, you may not be able to immediately withdraw them.

**NFI-ODCE** is a capitalization-weighted, gross of fee, time-weighted return index with an inception date of 31 December 1977. Supplemental data is also provided, such as equal-weight and net of fee returns, for informational purposes and additional analysis. 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. The NFI-ODCE, like the NCREIF Property Index and other stock and bond indices, is a capitalization-weighted index based on each fund's Net Invested Capital, which is defined as Beginning Market Value Net Assets (BMV), adjusted for Weighted Cash Flows (WCF) during the period. To the extent WCF are not available; which may be the case for older liquidated funds, BMV is used. Indices are typically capitalization-weighted, as they better represent the universe and the performance of the overall marketplace. Total Return of any capitalization-weighted Index is, therefore, more influenced by the larger funds (based on Net Invested Capital) included in the Index. Additional information, such as the equally-weighted NFI-ODCE, is also presented to show what the results would be if all funds were treated equally, regardless of size. This presentation is typically used for statistical purposes and peer-to-peer comparisons.

# IMPORTANT INFORMATION

The information in this document has been derived from sources believed to be accurate as of May 2016. Information derived from sources other than Principal Global Investors or its affiliates is believed to be reliable; however, we do not independently verify or guarantee its accuracy or validity. Past performance is not a reliable indicator of future performance and should not be relied upon as a significant basis for an investment decision.

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All figures shown in this document are in U.S. dollars unless otherwise noted. All assets under management figures shown in this document are gross figures, before fees, transaction costs and other expenses and may include leverage, unless otherwise noted. Assets under management may include model-only assets managed by the firm, where the firm has no control as to whether investment recommendations are accepted or the firm does not have trading authority over the assets.

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As of December 31, 2015, Principal Global Investors is the asset management arm of the Principal Financial Group\* (The Principal\*)<sup>1</sup> and includes the asset management operations of the following subsidiaries of The Principal: Principal Global Investors, LLC; Principal Real Estate Investors, LLC; Principal Enterprise Capital, LLC; Spectrum Asset Management, Inc.; Post Advisory Group, LLC; Columbus Circle Investors; Edge Asset Management, Inc.; Morley Financial Services Inc.; Finisterre Capital, LLP; Origin Asset Management, LLP; Principal Global Investors (Europe) Limited; Principal Global Investors (Singapore) Ltd.; Principal Global Investors (Australia) Ltd.; Principal Global Investors (Japan) Ltd.; Principal Global Investors (Hong Kong) Ltd. Marketing assets under management may include assets that are managed by Principal International for which Principal Global Investors provides, or may provide access to proprietary investment research, recommendations, model portfolios or other advisory related services or systems. Assets under management includes assets managed by investment professionals of Principal Global Investors under dual employee arrangements with other subsidiaries of The Principal and assets managed in accordance with investment advice provided by Principal Global Investors through the delivery of a model.

<sup>1</sup>"The Principal Financial Group" and "The Principal" are registered trademarks of Principal Financial Services, Inc., a member of the Principal Financial Group.

Principal Real Estate Investors is committed to operating practices that are environmentally responsible.



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## Firm Updates

- Tim Fallon celebrates 20 years with Marquette in April
- Mike Spsychalski celebrates 10 years with Marquette in June
- Kelli Schrade moderating Emerging Manager panel at Pension Bridge Conference 4/6
- Ben Mohr speaking at Institutional Investor Annual Forum 5/18
- Glenn Ross speaking at Endowments & Foundations CIO Roundtable 6/9
- Hosted two manager roundtables in January
- Hosting defined contribution manager luncheon 4/20

## About Marquette

An independent investment consulting firm, Marquette Associates guides institutional investment programs with a focused three-point approach & careful research.

Marquette has served a single mission since 1986 – enable institutions to become more effective investment stewards.

276 clients

\$115 billion AUA

68 employees

Data as of December 31, 2015

## New Clients this Quarter

- American Medical Association Foundation
- YMCA Employee Benefits
- Mother Theresa Care and Mission Trust

## 1Q 2016 Market Briefing Webinar

**Register today for our upcoming webinar on Thursday, April 21<sup>st</sup> 1:00 - 1:45 pm CT**

A briefing on our 1Q 2016 Market Environment report, covering the overall U.S. economy, fixed income, U.S./non-U.S. equity, hedge funds, private equity, real estate and infrastructure.



**Kelli Schrade,**  
CAIA

Director of Manager Research, Managing Partner



**Greg Leonberger,**  
FSA, EA, MAAA

Director of Research, Managing Partner

## Charts of the Week

- Dividends and Buybacks are Flat... Just Like the Market
- Do Election Results Predict Equity Market Performance?
- The Implications of a Stronger Dollar on Emerging Market Investments

## Newsletters

- Money Market Reform and Implications for Institutional Investors
- Is Now the Time to Buy Emerging Market Equities?
- Secure Choice: The Next Chapter in the U.S. Defined Contribution Story
- 2016 Market Preview

## Webinars & Videos

- 1Q 2016 Market Briefing (April)
- Secure Choice/ ABLE (June)
- 2016 Market Preview Briefing

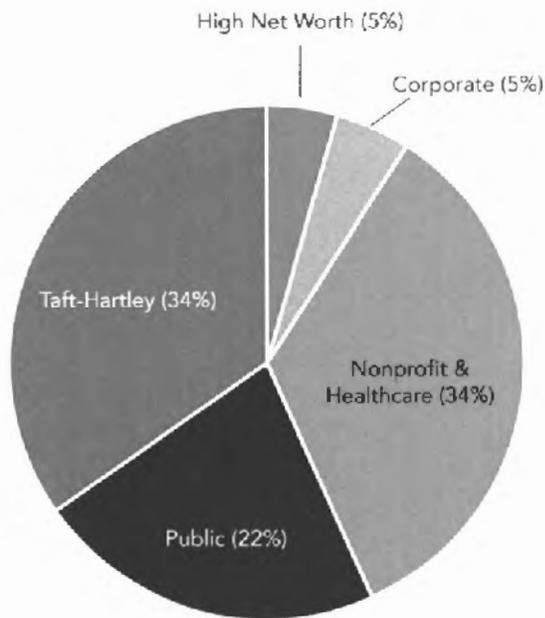
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## Investment Consulting Service Lines

Traditional Investment Consulting	Discretionary Consulting Services	Real Estate Advisory	Wealth Advisement
Partner with clients to be effective stewards for investment decision making.	Assume full responsibility for clients to outsource investment decision making.	Become the delegated decision maker for oversight of specific real estate projects and assets.	Assume full responsibility for clients regarding investment decision making.

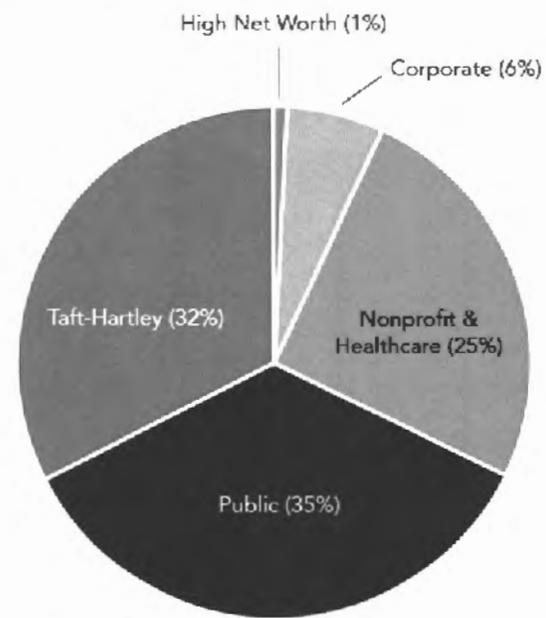
## Our Clients

### Client Breakdown by Quantity



Data as of 12/31/15

### Client Breakdown by Assets



Data as of 12/31/15

## 2016 Anniversaries Over 10 Years

Brian Wrubel	27 Years	Tim Burdick	16 Years	Mike Piotrowski	11 Years
Tim Fallon	20 Years	Tim Hamann	13 Years	Paul Marchese	10 Years
Nichole Roman-Bhatty	18 Years	Doug Oest	13 Years	Mike Spsychalski	10 Years
Rita Cirullo	18 Years	Dave Wernecke	13 Years	Kelli Schrade	10 Years
Brett Christenson	16 Years				

Subscribe to Email Alerts at [MarquetteAssociates.com](http://MarquetteAssociates.com) ▶

**Brian Wrubel**

President and CEO  
Marquette Associates, Inc.  
180 North LaSalle Street  
Chicago, IL 60601

March 31, 2016

**RE: 2016 Marquette Firm Update**

Dear Client,

As Marquette marks its 30th year of independent investment consulting, we'd like to thank our loyal clients and provide a brief update on all that we are doing to serve you well in 2016. Thank you for putting your confidence in Marquette. We take this responsibility very seriously and have grown our firm around a culture of trust. We're grateful to have steadily evolved with our clients to become the 23rd largest investment consulting firm in the United States. Our goal — to be the best in client service and risk-adjusted performance — has not changed over the past 30 years. And this shows in our 99% client retention rate, among the highest in the industry.

We've grown from a small firm serving corporate, healthcare and public funds with \$300 million in assets to a much wider ranging client base of over 276 clients with more than \$115 billion in assets. Today we serve Taft-Hartley, endowment/foundation, religious and high net worth clients as well. As the infographic at the end of this letter helps illustrate — the more things change, the more they stay the same.

To maintain our excellent client service levels, we continue to invest in the areas which will help us best serve you:

- **Expanded equity ownership.** We grew equity ownership in the firm with the addition of Nat Kellogg and Mike Piotrowski at the beginning of this year. This longstanding Marquette tradition shows commitment to our employees and continuity in our client relationships. Completely independent and 100% employee owned, the firm now has 17 equity partners.
- **Added seven investment professionals.** Marquette adds key staff each year to maintain a high level of client service. We added seven investment professionals in the past year — including several analysts to help serve clients — for a diverse staff that now totals 70 strong.

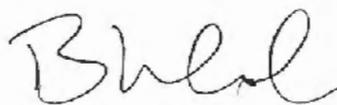
- **Topical, timely research for decision making.** In today's uncertain global economic environment, one thing you can be certain of is Marquette's diligent guidance. In 2015, research publications covered many of the most pressing topics our clients care about — from the Fed rate hike and how to position fixed income to updates on high yield, Greek debt, U.S. equities, impact investing and the state of real estate.
- **Annual investment symposium.** We're glad so many of you were able to attend our 2015 investment symposium. Videos are available for viewing on demand for those who missed our flash talks and the popular Frank Abagnale keynote on fraud prevention. Please save the date September 30th for our 5th annual symposium at the Union League Club in downtown Chicago. We're happy to announce that our keynote presenters will be *Freakonomics* author Steven Levitt and Bianco Research president James A. Bianco. Both are great speakers that you will be sure to enjoy.
- **Regional investment events.** For Marquette clients who aren't able to make it to our annual symposium in Chicago, our regional investment events have been increasingly popular. Marquette's office in Baltimore continued our breakfast speaker series in December with a focus on the intersection of capitalism and social good. Past breakfast speakers have included Hewson Baltzell, head of product development for ESG Research at MSCI and Ambassador Daniel V. Speckhard (Ret.), president and CEO of Lutheran World Relief and senior fellow at The Brookings Institution. Our 2016 market preview breakfasts in January brought clients in the St. Louis and Milwaukee areas an updated briefing on our symposium.

#### 2016 client service survey

The ongoing trust of Marquette clients is very much appreciated. Please keep your eye out for our 2016 client service survey in your inbox next week and take a moment to provide your valuable feedback.

Thank you again for placing your trust in Marquette. It is an honor to work for our clients, and we come to work every day trying to make each client better.

Sincerely,



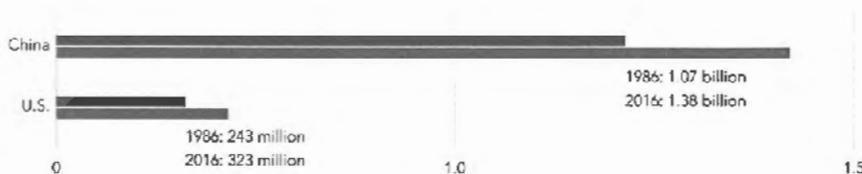
Brian Wrubel  
President and CEO

The more things change, the more they stay the same. Marquette has served a single mission for 30 years: enable institutions to become more effective investment stewards.

CELEBRATING **30** YEARS

World Population

4.9 billion  7.4 billion  
1986 2016



Fed Funds Rate

6.0%  0.37%  
1986 2016\*

Inflation Rate

3.97%  1.00%  
1986 2016\*

U.S. Nominal GDP

\$4.52 trillion  \$18.16 trillion  
1986 2016

10-Year Treasury Rate

9.19%  1.82%  
1986 2016\*

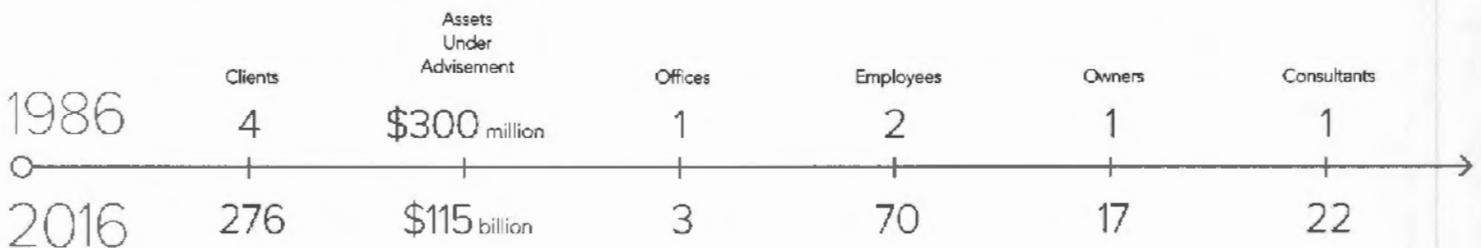
Super Bowl Champion

Chicago Bears  Denver Broncos  
1986 2016

S&P 500

242  2,055  
1986 2016\*

To maintain excellent client service as we've grown, we've always steadily expanded our firm internally as well.



Our guidance is based on employees' direct industry experience, such as work at investment firms and plan sponsors, not just consulting experience and analysis. This helps to provide client service grounded in the day-to-day realities of institutional investing.

Client needs are placed first and foremost through complete independence and 100% employee ownership. This long-standing Marquette tradition of expanding equity ownership shows commitment to our employees and helps provide continuity for clients.

We provide diligently researched advice known for its practical engagement of the most important issues institutional investors face.

How can we better serve you in the year ahead? Please respond to our 30th anniversary client survey next week and let us know.



**Marquette**Associates

SAVE THE DATE

## 2016 INVESTMENT SYMPOSIUM

FRIDAY, SEPTEMBER 30, 8:00 AM–12:00 PM

## UNION LEAGUE CLUB

65 West Jackson Boulevard – Chicago  
*Discounted guest rooms  
available through 8/28*



### CONFIRMED KEYNOTE SPEAKERS



**James A. Bianco**  
President, Bianco Research



**Steven Levitt**  
Bestselling Author, *Freakonomics* Series  
Renowned Economist

# Market Environment

1Q 2016

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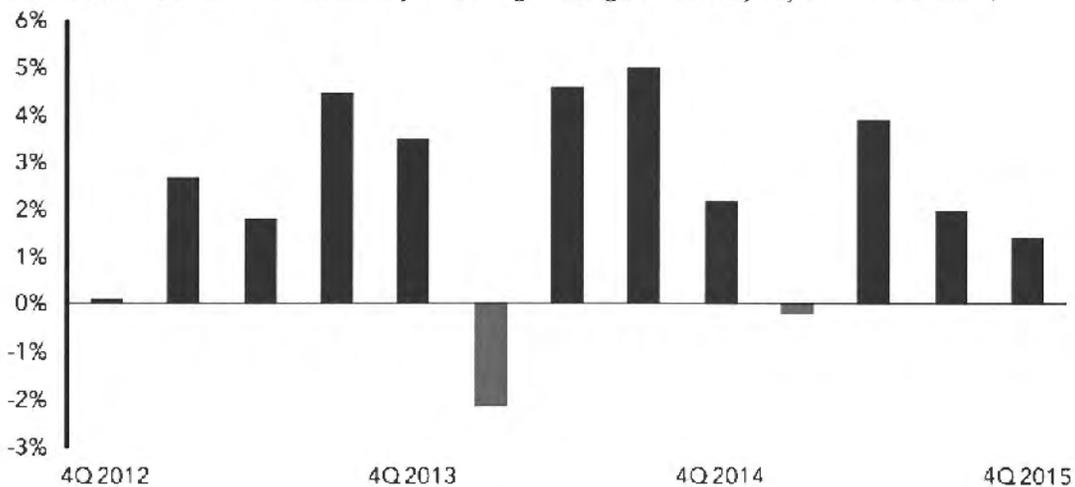
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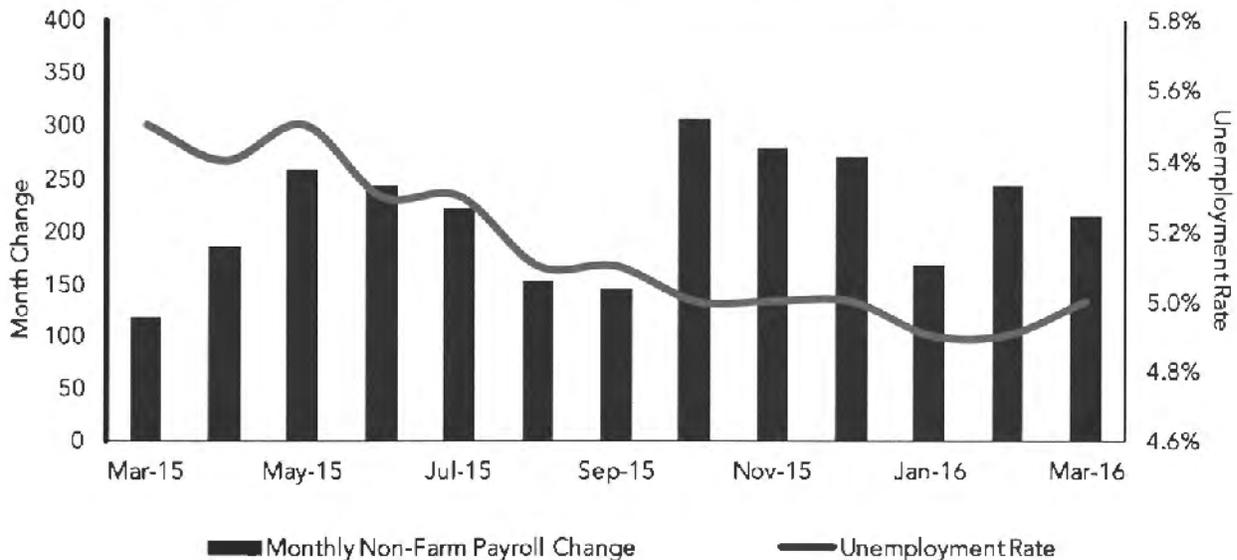
## U.S. Economy

The third estimate for fourth quarter GDP was released showing an increase of 1.4%, an improvement from the previous fourth quarter estimate of 1.0%. Compared to the prior estimate, personal consumption expenditures rose by a greater amount. Personal consumption expenditures were the largest contributor to fourth quarter GDP as all other areas were mostly flat. In March, the unemployment rate increased to 5.0%. At the end of the first quarter 2.2 million people were classified as long-term unemployed, or jobless for 27 months or more, constituting 27.6% of the unemployed. During March, the labor force participation rate increased to 63.0% and the employment-population ratio rose to 59.9%. The average duration of unemployment in March lasted 28.4 weeks and broad unemployment (U6) rose slightly to 9.8%. Non-farm payroll gained 215K jobs in March and averaged 225K per month over the last twelve months. Non-farm payrolls were revised for January and February for a minor net decrease of 1K jobs.

**Gross Domestic Product: Real GDP Quarterly Percentage Change (seasonally adjusted annual rates)**



**Unemployment Data: Unemployment Rate % & Non-Farm Payroll (000's) Net Jobs Created**

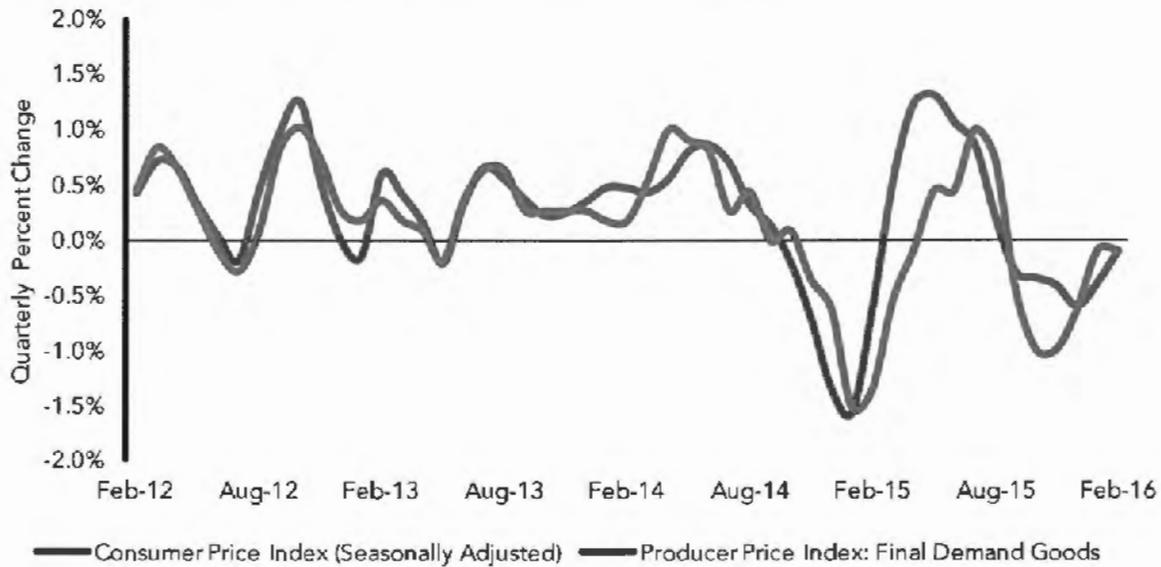


Sources: Bureau of Economic Analysis, Bureau of Labor Statistics

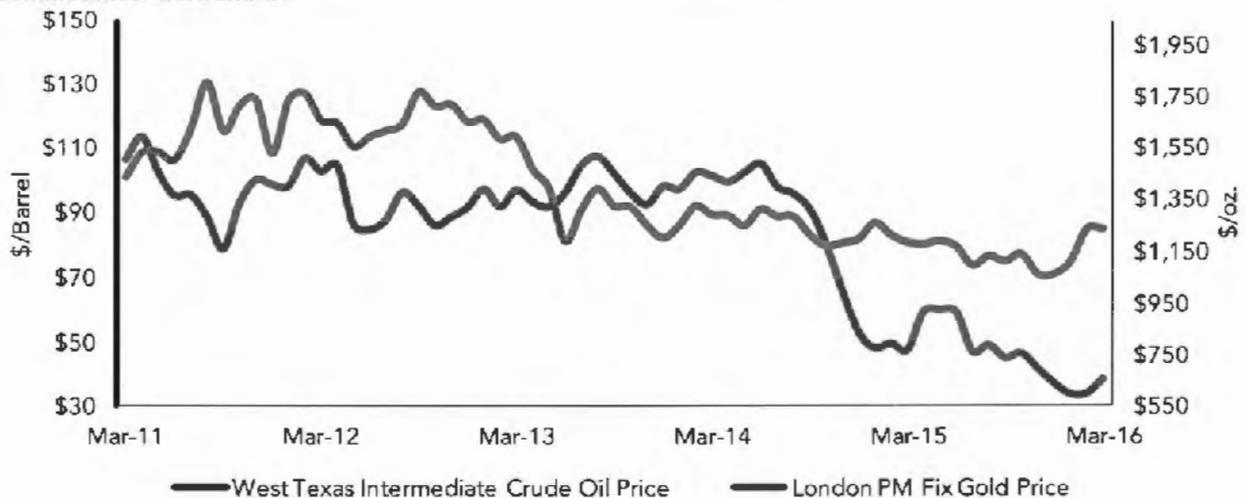
## U.S. Economy

The Consumer Price Index (CPI-U) fell .2% in February. Within CPI-U, energy decreased by 6.0% while food increased .2%. In the last twelve months, the CPI-U has risen 1.0%, with food increasing .9% and energy declining by 12.5%. Core CPI rose by .3% in February and increased by 2.3% over the last twelve months. The Producer Price Index for final demand declined .2% in February but was unchanged over the last twelve months. Within total final demand, final demand goods declined .6% while final demand services remained the same. WTI crude oil prices finished the quarter at \$38.34 per barrel, a monthly increase of 13.6%. Gold ended the year at \$1237/oz, a slight increase for the month. Year-over-year crude oil declined by 19.5% while gold increased by 4.2%.

**U.S. Inflation Data: Consumer Price Index & Producer Price Index (Year over Year)**



**Commodities: Gold and Oil**



Sources: St. Louis Federal Reserve, Union Pacific, Kitco

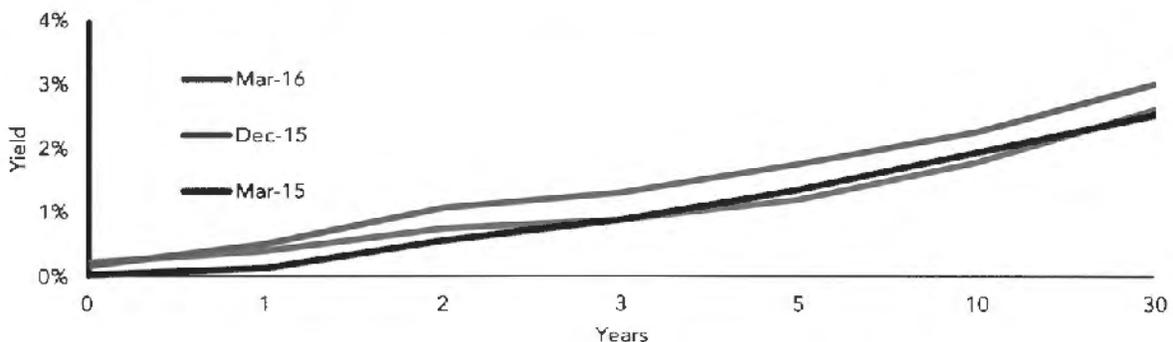
## Fixed Income

The first quarter featured heightened volatility in the credit markets beginning with a massive spread-widening trend until February 11th, followed by an equally significant spread-tightening trend for the rest of the quarter. The BarCap Agg returned 3% for the quarter with long-duration strategies producing total return as high as 8%. High yield gained 3.4% year-to-date, with a 4.4% gain just in the month of March. Bank loans are also back in the black, with a year-to-date gain of 1.3%, and 2.6% for the month. The securitized asset classes had muted positive returns, as the snap-back was concentrated in lower quality securities from commodities issuers. In a similar vein, emerging markets debt posted strong results—5% for the quarter, while the global Agg returned a strong 5.9% based on international safe haven purchasing during the first half of the quarter, despite low and negative yields from developed Europe and Asia. The yield curve fell back to year-ago levels as a result of the flight-to-quality effect in the first half of the quarter, with the 10-year yield ending the quarter at 1.78%.

### Benchmark Performance: Select Fixed Income Indices

	Month	Qtr	YTD	1 Yr	3 Yr Ann	5 Yr Ann	10 Yr Ann
<b>Broad Market Indices</b>							
BarCap Aggregate	0.9%	3.0%	3.0%	2.0%	2.5%	3.8%	4.9%
BarCap Gov./Credit	1.2%	3.5%	3.5%	1.8%	2.4%	4.0%	4.9%
<b>Intermediate Indices</b>							
BarCap Int. Gov./Credit	0.7%	2.5%	2.5%	2.1%	1.8%	3.0%	4.3%
<b>Government Bond Indices</b>							
BarCap Gov.	0.2%	3.1%	3.1%	2.4%	2.1%	3.4%	4.5%
BarCap Long Gov.	0.0%	8.1%	8.1%	2.8%	6.0%	9.5%	7.9%
BarCap Int. Gov.	0.2%	2.3%	2.3%	2.2%	1.5%	2.5%	4.0%
BarCap 1-3 Year Gov.	0.2%	0.9%	0.9%	0.9%	0.8%	0.9%	2.6%
BarCap U.S. TIPS	1.8%	4.5%	4.5%	1.5%	-0.7%	3.0%	4.6%
<b>Corporate Bond Indices</b>							
BarCap U.S. Credit	2.5%	3.9%	3.9%	0.9%	2.9%	5.0%	5.7%
BarCap U.S. Long Credit	4.8%	6.8%	6.8%	-1.1%	4.1%	7.8%	7.3%
BarCap High Yield	4.4%	3.4%	3.4%	-3.7%	1.8%	4.9%	7.0%
CS Leveraged Loan Index	2.6%	1.3%	1.3%	-1.1%	2.2%	3.5%	4.0%
<b>Securitized Bond Indices</b>							
BarCap MBS	0.3%	2.0%	2.0%	2.4%	2.7%	3.2%	4.8%
BarCap ABS	0.1%	1.4%	1.4%	1.7%	1.4%	2.5%	3.4%
BarCap CMBS	1.2%	3.6%	3.6%	2.8%	2.8%	4.5%	5.6%
<b>Non-U.S. Indices</b>							
BarCap Global Aggregate	2.7%	5.9%	5.9%	4.6%	0.9%	1.8%	4.4%
JPM EMBI Global Diversified	3.3%	5.0%	5.0%	4.2%	3.4%	6.2%	7.2%

### Yield Curve: Change Over Time



Source: Barclays

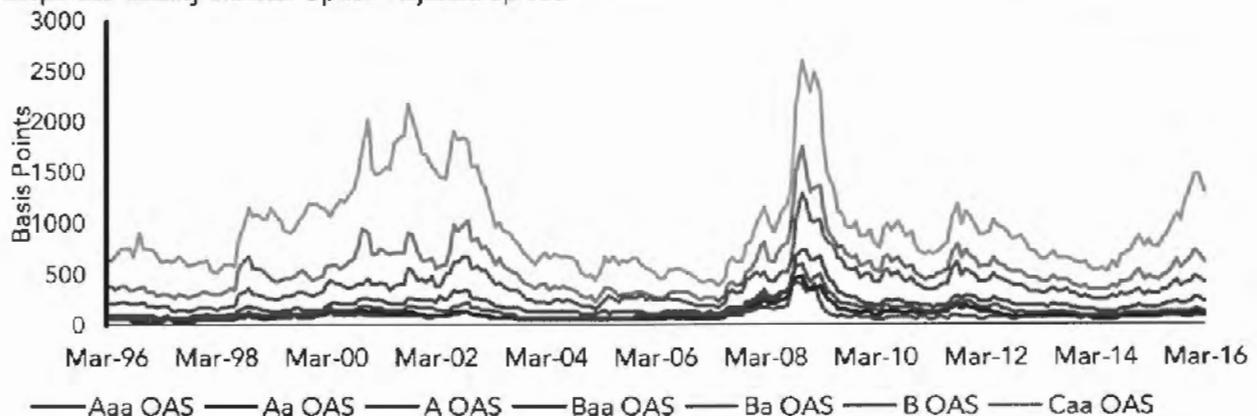
## Fixed Income

In a reversal of the last few months' trend, March saw lower quality credit generally outperform higher quality credit, with CCC-rated bonds returning 9.3%, while AAA-rated bonds returned only 1.7%. However, the results for the quarter were mixed as the spread-tightening trend in the second half of the quarter balanced the spread-widening trend in the first half of the quarter, with more volatility for lower quality issues. Ultimately, most quality levels experienced roughly a 4% gain for all-in quarterly performance. Price appreciation return for the Agg also snapped back as the quarter experienced a 2.3% price return with a 0.7% income return.

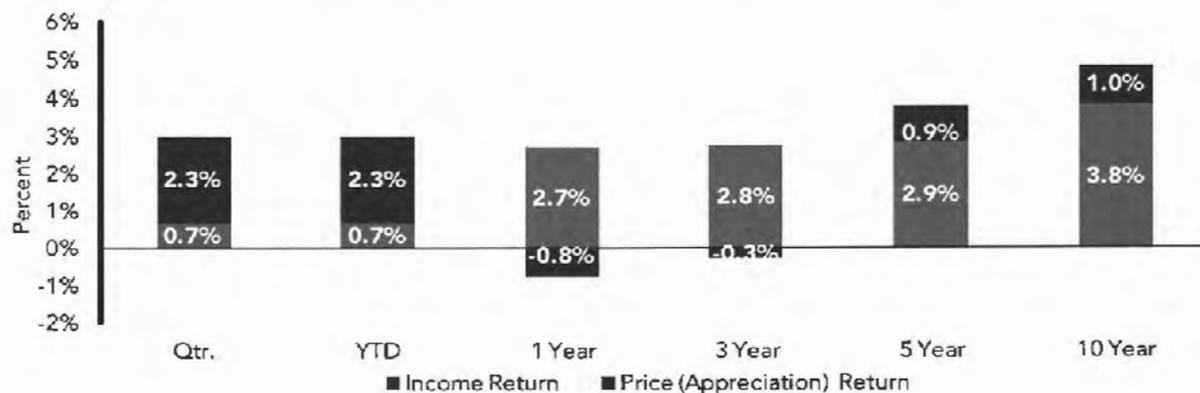
### Corporate Quality Indices: Performance

	Month	Qtr.	YTD	1 Year	3 Year	5 Year	10 Year
BarCap Corporate AAA	1.7%	4.7%	4.7%	2.9%	3.5%	5.1%	4.8%
BarCap Corporate AA	1.8%	3.6%	3.6%	2.5%	2.8%	4.3%	5.0%
BarCap Corporate A	2.1%	3.9%	3.9%	2.2%	3.3%	5.2%	5.4%
BarCap Corporate BBB	3.6%	4.1%	4.1%	-0.7%	2.8%	5.4%	6.4%
BarCap Corporate BB	3.5%	3.9%	3.9%	0.1%	3.7%	6.1%	7.8%
BarCap Corporate B	3.6%	2.5%	2.5%	-4.9%	1.1%	4.5%	5.7%
BarCap Corporate CCC	9.3%	3.8%	3.8%	-10.6%	-1.0%	3.3%	5.5%

### Corporate Quality Indices: Option-Adjusted Spread



### BarCap Aggregate: Components of Total Return

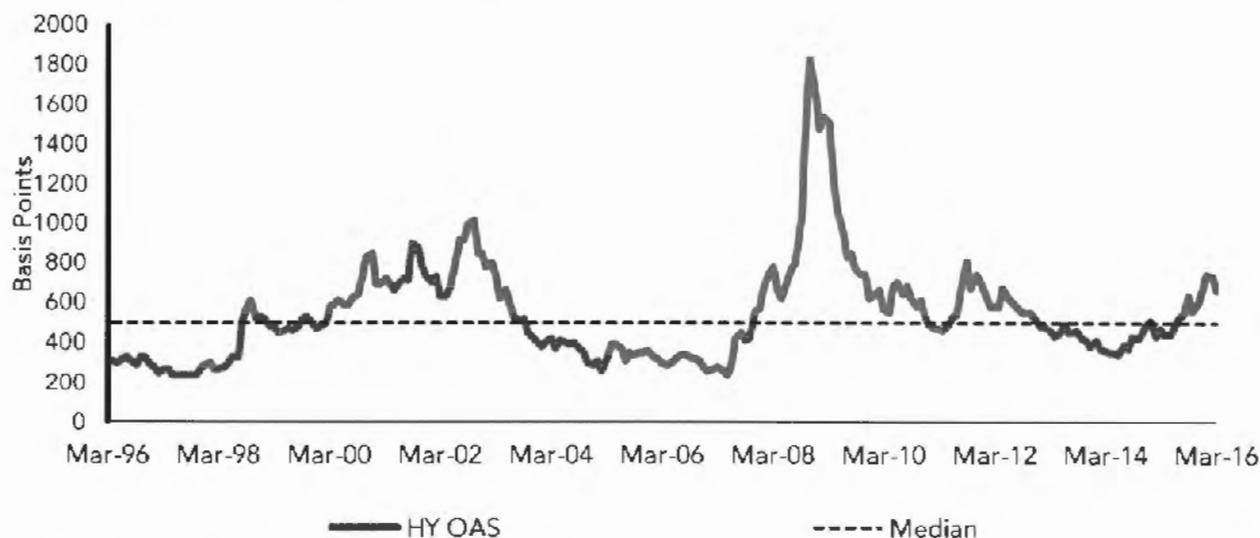


Source: Barclays

## Below Investment Grade

Spread tightening began in earnest for both high yield and bank loans on February 11th. The Barclays high yield index option-adjusted spread reached as wide as 730 basis points, and tightened to 656 basis points by the end of March. The Credit Suisse leveraged loan index three-year life discount margin reached as wide as 690 basis points, and tightened to 621 basis points as of the end of March.

OAS: High Yield OAS and Long-Term Median



Three-Year Discount Margin: Credit Suisse Leveraged Loan Index and Long-Term Median



Sources: Barclays, Credit Suisse

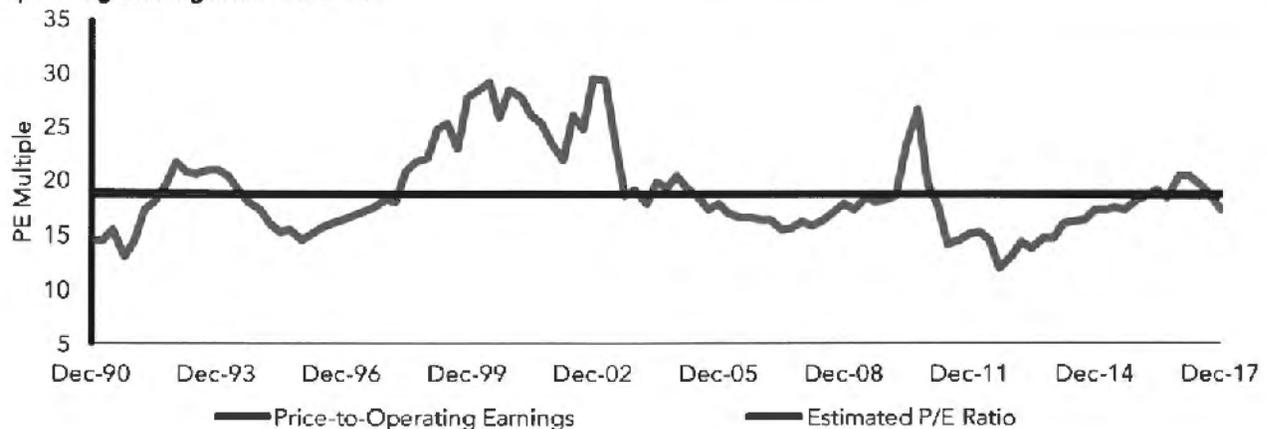
## U.S. Equity

U.S. equities rebounded in March following poor performance during the first two months of the year as recessionary fears subsided and crude oil prices advanced. Market volatility fell during the month with the VIX decreasing by 21.2%. Gains from March pulled both large and mid-cap indices into positive territory for the year. Small-cap, on the other hand, remains in negative territory year-to-date with the exception of the Russell 2000 Value index. Mid-cap is the best performing size segment within U.S. equities year-to-date. The Russell Mid-Cap Value posted the strongest return among U.S. equity indices for both the month and quarter with a return of 9.2% and 3.9%, respectively. Value continues to outperform growth this year across all market cap segments with the widest performance differential occurring in small-cap.

### Equity Returns: Select Index Performance

	Month	Qtr.	YTD	1 Year	3 Year	5 Year	10 Year
<b>Broad Market Indices</b>							
Dow Jones (17,685.09)	7.2%	2.2%	2.2%	2.1%	9.3%	10.3%	7.5%
Wilshire 5000	7.1%	1.2%	1.2%	0.2%	11.3%	11.0%	7.0%
Russell 3000	7.0%	1.0%	1.0%	-0.3%	11.2%	11.0%	6.9%
<b>Large-Cap Market Indices</b>							
S&P 500 (2,059.74)	6.8%	1.4%	1.4%	1.8%	11.8%	11.6%	7.0%
Russell 1000	7.0%	1.2%	1.2%	0.5%	11.5%	11.4%	7.1%
Russell 1000 Value	7.2%	1.6%	1.6%	-1.5%	9.4%	10.3%	5.7%
Russell 1000 Growth	6.7%	0.7%	0.7%	2.5%	13.6%	12.4%	8.3%
<b>Mid-Cap Market Indices</b>							
Russell MidCap	8.2%	2.2%	2.2%	-4.0%	10.5%	10.3%	7.5%
Russell MidCap Value	9.2%	3.9%	3.9%	-3.4%	9.9%	10.5%	7.2%
Russell MidCap Growth	7.1%	0.6%	0.6%	-4.8%	11.0%	10.0%	7.4%
<b>Small-Cap Market Indices</b>							
Russell 2000	8.0%	-1.5%	-1.5%	-9.8%	6.8%	7.2%	5.3%
Russell 2000 Value	8.3%	1.7%	1.7%	-7.7%	5.7%	6.7%	4.4%
Russell 2000 Growth	7.7%	-4.7%	-4.7%	-11.8%	7.9%	7.7%	6.0%

### Operating Earnings Ratio: S&P 500



Sources: Bloomberg, Standard & Poors

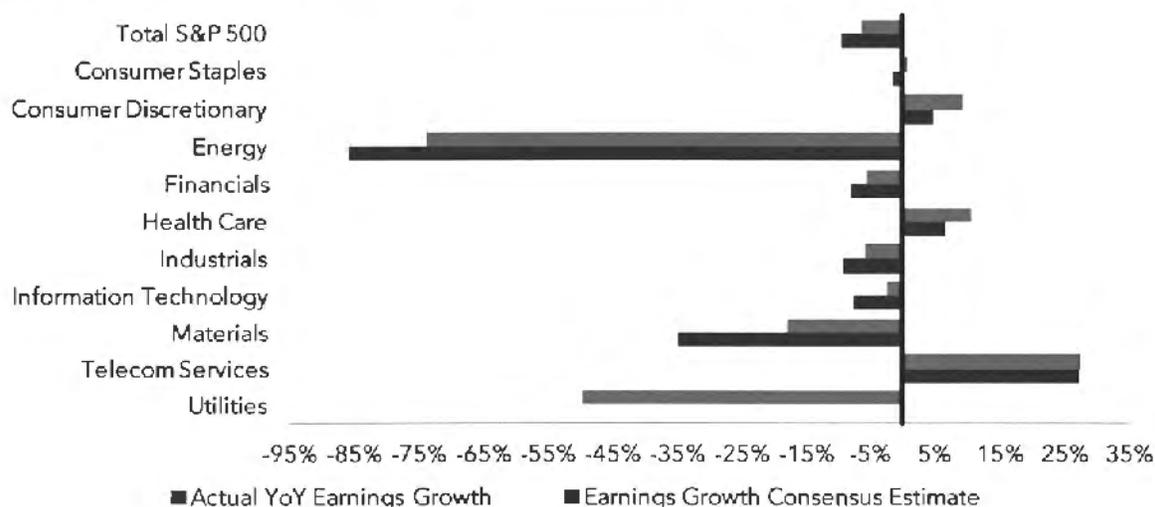
## U.S. Equity

Eight out of ten S&P 500 sectors posted positive returns in March led by Energy (+9.3%) and Information Technology (+9.2%). Energy advanced amid rising crude oil prices and hopes of a deal among oil producers to freeze output. The defensive sectors of Telecommunications (+16.6%) and Utilities (+15.6%) are the best performing areas of the market year-to-date, while Health Care (-5.5%) and Financials (-5.1%) lag by the greatest amount. First quarter S&P 500 EPS growth estimates are expected to have declined by 7.5% year-over-year with the fall largely driven by a 104.8% decline in the energy sector representing an operating EPS loss. Excluding the decline in energy, first quarter year-over-year EPS growth is estimated to have declined by 3.1%. For the first time since 2009, the S&P 500 posted year-over-year declines in EPS growth for three consecutive quarters.

### S&P 500 Sector Performance: Historic Returns

	Month	Qtr.	YTD	1 Year	3 Year	5 Year	10 Year
Consumer Staples	4.8%	5.6%	5.6%	11.4%	12.8%	15.2%	11.5%
Consumer Discretionary	6.7%	1.6%	1.6%	6.8%	16.1%	17.1%	10.7%
Energy	9.3%	4.0%	4.0%	-15.5%	-4.9%	-2.4%	3.6%
Financials	7.3%	-5.1%	-5.1%	-4.6%	9.5%	8.7%	-1.5%
Health Care	2.8%	-5.5%	-5.5%	-5.2%	15.6%	17.6%	9.9%
Industrials	7.1%	5.0%	5.0%	3.2%	12.6%	10.8%	7.1%
Information Technology	9.2%	2.6%	2.6%	8.1%	17.0%	13.8%	9.2%
Materials	7.7%	3.6%	3.6%	-6.0%	6.8%	4.8%	5.9%
Telecommunications	6.4%	16.6%	16.6%	18.7%	8.1%	10.7%	7.7%
Utilities	8.0%	15.6%	15.6%	16.0%	12.4%	13.7%	9.1%

### Quarterly Earnings: Analyst Expectations vs. Actual, Breakdown by Sector

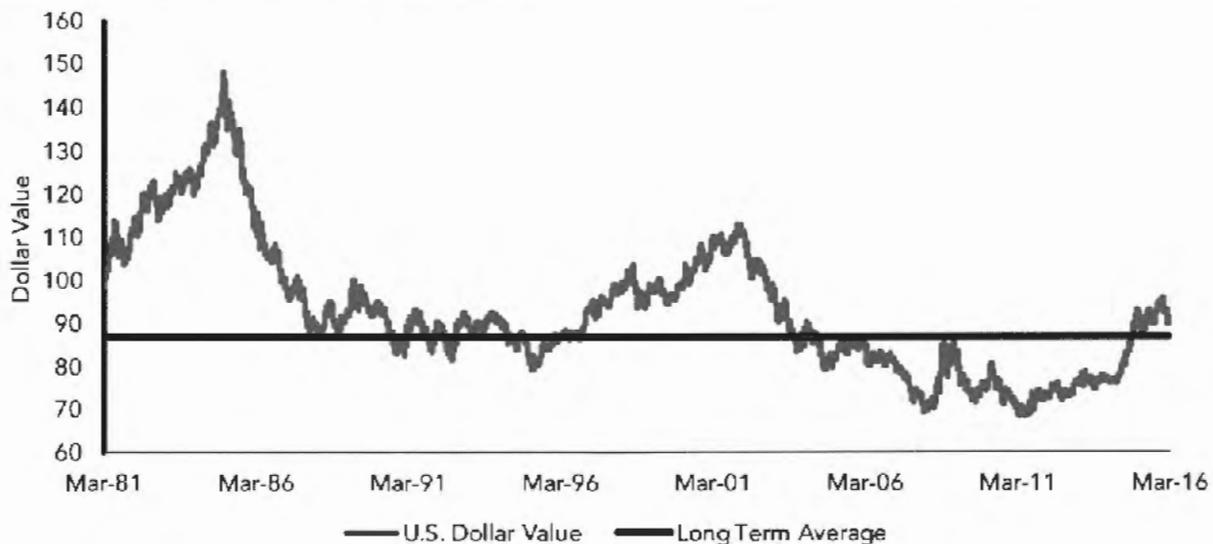


Sources: Bloomberg, Standard & Poors

## Global Economy

The Federal Reserve tracks a trade-weighted exchange index between the U.S. dollar and other major widely circulated currencies. The index decreased 3.8% in March and has fallen 2.4% in the last twelve months. The index is currently 3.6% above its long-term average. The International Monetary Fund (IMF) in its most recent World Economic Outlook is projecting global growth of 3.2% in 2016 and 3.5% in 2017. Advanced economies are projected to expand 1.9% in 2016 and 2.0% in 2017. Emerging market and developing economies are expected to grow 4.1% and 4.6% in 2016 and 2017, respectively.

Currency: Weighted U.S. Dollar vs. Major Currencies



Economic Indicators: For Select Countries

Consumer Prices (Inflation)	as of	GDP	as of	Unemployment Rate	as of			
Britain	0.3%	Feb-16	Britain	2.4%	4Q	Britain	5.1%	Dec-15
Canada	1.4%	Feb-16	Canada	0.8%	4Q	Canada	7.3%	Feb-16
China	2.3%	Feb-16	China	6.6%	4Q	China	4.1%	4Q
France	-0.2%	Mar-16	France	1.3%	4Q	France	10.2%	Feb-16
Germany	0.4%	Mar-16	Germany	1.1%	4Q	Germany	6.2%	Mar-16
India	5.2%	Feb-16	India	4.4%	4Q	Italy	11.7%	Feb-16
Italy	-0.2%	Mar-16	Italy	0.4%	4Q	Japan	3.3%	Feb-16
Japan	0.3%	Feb-16	Japan	-1.1%	4Q	United States	5.0%	Mar-16
United States	1.0%	Feb-16	United States	1.4%	4Q			

Sources: St. Louis Federal Reserve, Economist, Bloomberg

## Non-U.S. Equity

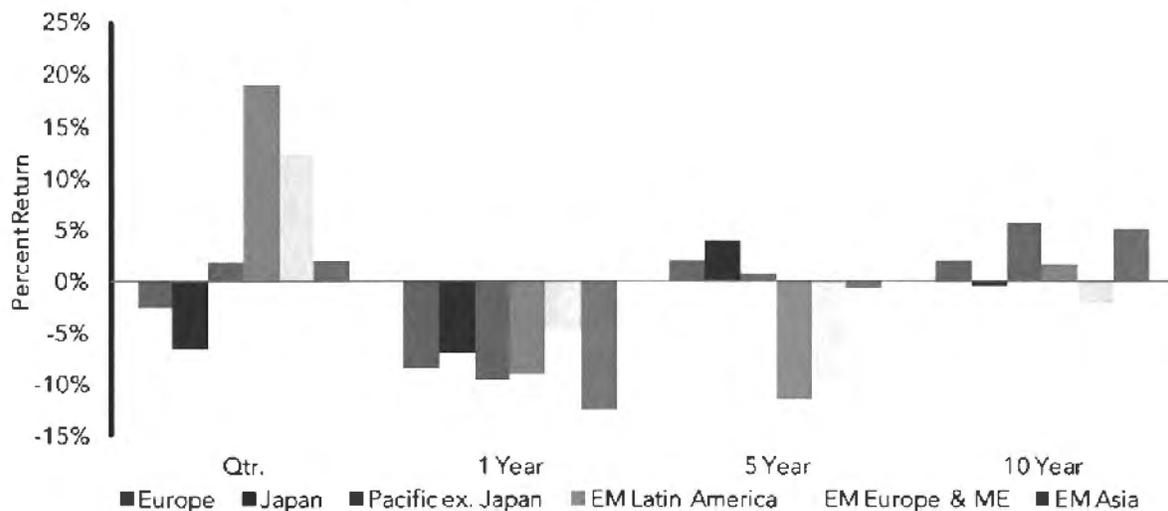
Markets started the year facing concerns about global growth, a hard landing in China, and falling oil prices. Investor sentiment was largely negative leading to double digit losses in the first couple weeks of 2016. In March, central banks stepped in to help ease investors' fears. The Fed left rates unchanged and took a more cautious view on future rate hikes. In Europe, the ECB announced its latest stimulus measure, including: further rate cuts, an increase in monthly bond purchases, and new loan programs aimed at encouraging bank lending. Investors also saw oil prices stabilize in February and increase in March.

These events contributed to a V-like return pattern for the quarter. Developed equities, at one point down 12.9%, ended the quarter with a 3.0% loss. Emerging markets (EM) rebounded strongly, producing a 13.2% return in March and a 5.7% gain year-to-date. Brazil, one of the worst performing countries in 2015 (-41.2%), led the way in EM with a 30.5% rally to close the quarter. Value stocks (7.8%) in emerging markets outperformed growth stocks (3.6%), a phenomenon that has rarely occurred during the last two years.

### Non U.S. Equity Performance: Select Indices

	Month	Qtr.	YTD	1 Year	3 Year	5 Year	10 Year
MSCI ACWI ex U.S. IMI	8.2%	-0.2%	-0.2%	-8.1%	0.8%	0.6%	2.2%
MSCI ACWI ex U.S.	8.1%	-0.4%	-0.4%	-9.2%	0.3%	0.3%	1.9%
MSCI EAFE (U.S. dollar)	6.5%	-3.0%	-3.0%	-8.3%	2.2%	2.3%	1.8%
MSCI EAFE (Local)	2.9%	-6.5%	-6.5%	-11.2%	6.5%	6.2%	1.7%
MSCI EAFE Value	6.6%	-4.0%	-4.0%	-12.8%	0.6%	0.8%	0.6%
MSCI EAFE Growth	6.4%	-2.1%	-2.1%	-3.7%	3.8%	3.7%	2.9%
MSCI EAFE Small Cap	8.0%	-0.6%	-0.6%	3.2%	7.3%	5.6%	3.4%
MSCI Emerging Markets	13.2%	5.7%	5.7%	-12.0%	-4.5%	-4.1%	3.0%
MSCI Emerging Markets Small Cap	10.0%	1.0%	1.0%	-9.2%	-2.7%	-2.6%	5.1%
MSCI Frontier Markets	2.7%	-0.9%	-0.9%	-12.5%	1.8%	1.3%	-0.9%

### Regional Performance: Equity Market Performance by Region

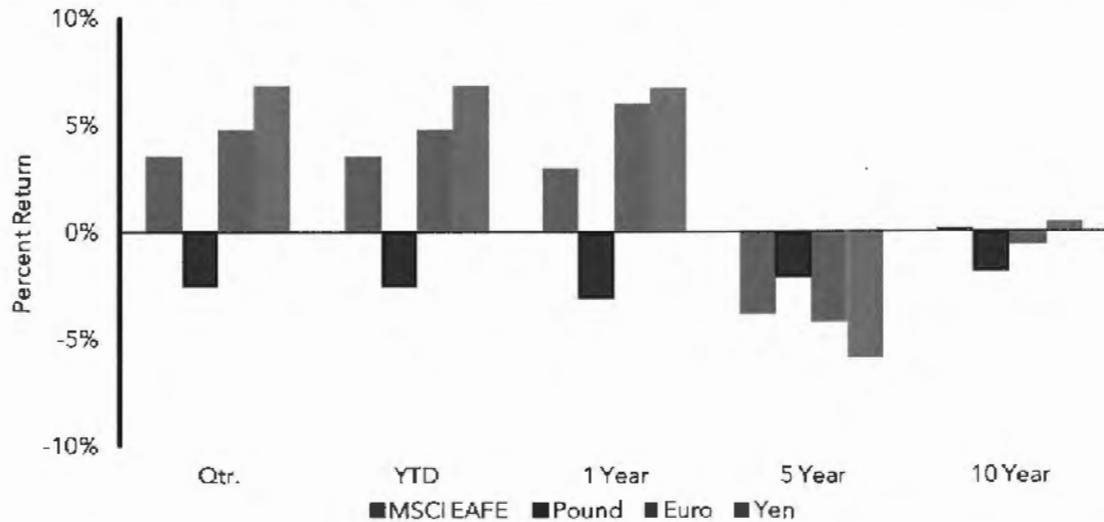


Source: Evestment

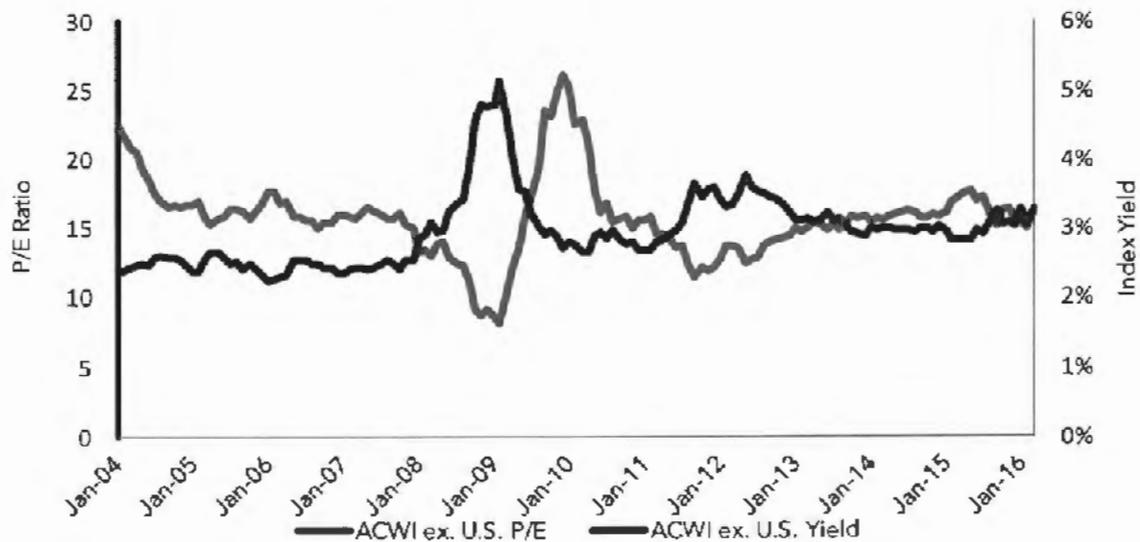
## Non-U.S. Equity

During the first quarter, equity dividend yields rose, while P/E ratios increased. As of 3/31/2016, the MSCI ACWI ex. U.S. had a dividend yield and P/E ratio of 3.3% and 16.2, respectively. The MSCI EAFE currency return in the first quarter was positive (3.5%). The euro (4.8%) and yen (6.8%) appreciated versus the dollar as the Fed announced a slower pace for future rate hikes. The pound lost 2.6% versus the dollar as investors contemplated the likelihood of a "Brexit". On June 23<sup>rd</sup> the United Kingdom will vote on whether to remain in the EU. While it's hard to predict the exact consequences, investors should expect a weaker currency and economy if the UK votes to exit.

### Currency Returns: Select Major Currencies



### Valuation: Trailing PE and Dividend Yield



Source: Evestment, Bloomberg

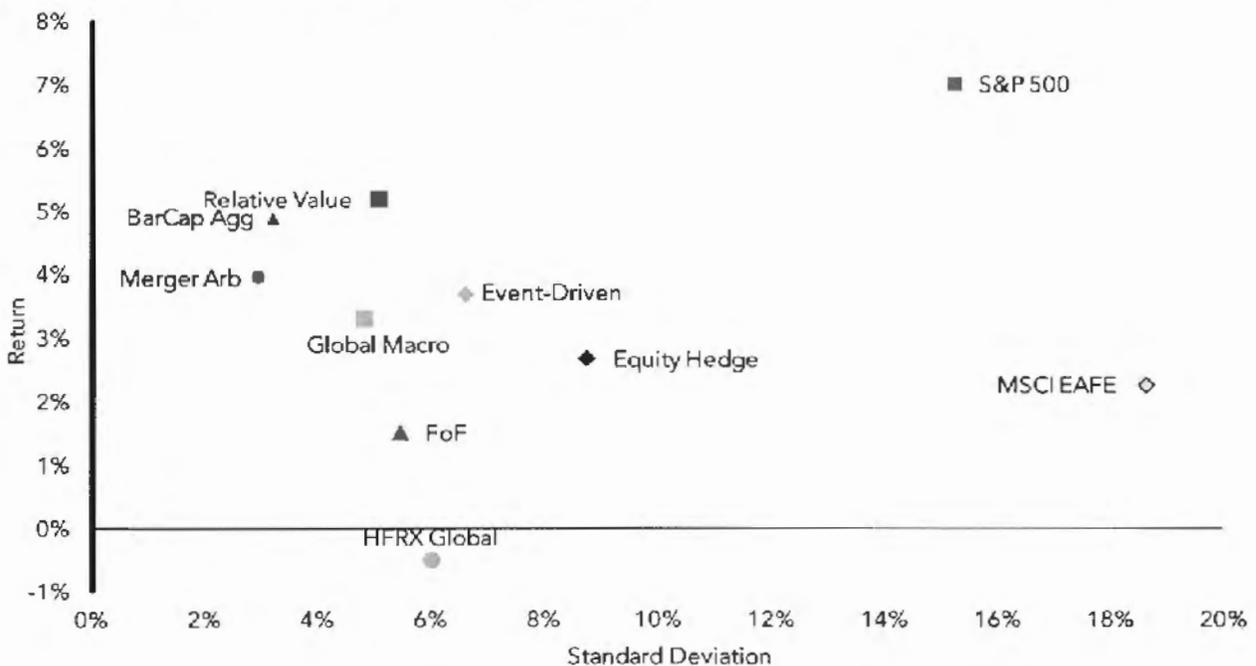
## Hedge Fund

Hedge funds rebounded in March, along with other risk assets, as global equity markets staged a strong rally during the month. Not surprisingly, given strong equity market performance, hedged equity was the best performing hedge fund strategy during the month. However, most managers underperformed their net exposure as shorts rallied more than the broader market in March. Valeant Pharmaceuticals, a widely held long for many hedge funds, continued to detract from performance as the stock dropped 51.4% on March 15<sup>th</sup> after reporting disappointing earnings and announcing it would have to delay the filing of audited financials. Relative value strategies also did well as credit markets rallied along with equity markets, and structured credit markets saw some improvements after a challenging start to the year. Macro was the only strategy to generate negative returns during the month, and that was largely due to systematic and trend following strategies that were hurt by the sharp equity market reversal that began in late February and continued into March.

### Hedge Fund Performance: HFR Strategy Index Returns

	Month	Qtr.	YTD	1 Year	3 Year	5 Year	10 Year
HFRX Global	1.2%	-1.9%	-1.9%	-7.4%	-0.9%	-1.2%	-0.5%
HFRX Hedged Equity	2.8%	-2.9%	-2.9%	-7.2%	0.5%	-1.3%	-1.1%
HFRI Composite	1.8%	-0.8%	-0.8%	-4.1%	2.1%	1.8%	3.4%
HFRI Fund of Funds	1.1%	-2.5%	-2.5%	-5.1%	2.0%	1.4%	1.5%
HFRI Convertible Arbitrage	1.4%	-0.6%	-0.6%	-0.7%	2.6%	2.2%	4.5%
HFRI Equity Hedge	3.4%	-1.7%	-1.7%	-4.5%	2.6%	1.8%	2.7%
HFRI Event-Driven	2.7%	-1.0%	-1.0%	-6.3%	1.5%	2.0%	3.7%
HFRI Macro	-1.4%	1.2%	1.2%	-3.3%	1.2%	0.2%	3.3%
HFRI Merger Arbitrage	1.0%	1.1%	1.1%	2.3%	3.3%	2.7%	4.0%
HFRI Relative Value	2.3%	0.0%	0.0%	-2.0%	2.5%	3.7%	5.2%

### Ten Year Risk Return: Hedge Fund Returns vs. Public Markets



Source: HFR, Bloomberg

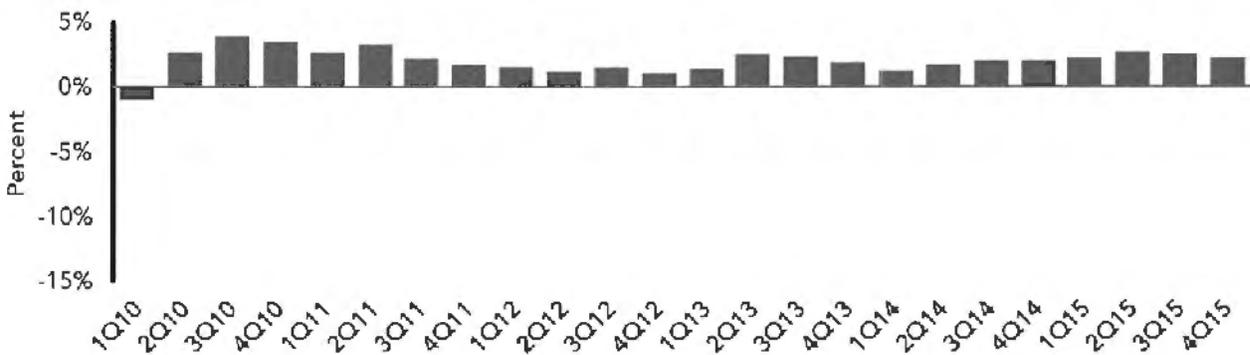
## Commercial Real Estate

The NPI achieved a total return of 2.9% in the fourth quarter of 2015. Income contributed 1.2% to total return, and appreciation contributed 1.7%. For the year, the NPI posted a gain of 13.3%, comprised of approximately 5.0% income and approximately 8.0% appreciation. 2015 saw the strongest returns in the NPI since 2011. The NFI-ODCE gained 3.3% in the fourth quarter of 2015, comprised of 1.1% income and 2.2% appreciation. For the year, the NFI-ODCE achieved a 15.0% return, surpassing 2014's gain of 12.5%. NFI leverage ticked up slightly to 21.7% in the fourth quarter. From a sector standpoint, Retail took the lead in the fourth quarter with a return of 3.5%, and Industrial came in second with a return of 3.2%. Retail and Industrial also led for the year with gains of 15.3% and 14.9%, respectively. Properties in the Western and Southern regions of the country continued to lead in the fourth quarter with gains of 3.6% and 3.0%, respectively. For 2015, the Western region delivered a 15.3% return while the Southern region advanced 14.0%. NFI-ODCE funds attracted \$1.1 billion of net capital flows in the fourth quarter, amounting to a 2015 total net inflow of \$6.6 billion, the largest calendar year net inflow since 2011.

### Real Estate Performance: Select Indices

Indices	4Q15	YTD	1 Year	3 Year	5 Year	10 Year	10 Yr Risk
<b>NPI</b>	<b>2.9%</b>	<b>13.3%</b>	<b>13.3%</b>	<b>12.0%</b>	<b>12.2%</b>	<b>7.8%</b>	<b>6.1%</b>
Income	1.2%	5.0%	5.0%	5.3%	5.5%	5.7%	0.3%
Appreciation	1.7%	8.0%	8.0%	6.5%	6.4%	1.9%	6.1%
<b>NFI-ODCE</b>	<b>3.3%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>13.8%</b>	<b>13.7%</b>	<b>6.5%</b>	<b>8.8%</b>
Income	1.1%	4.8%	4.8%	5.0%	5.2%	5.5%	0.3%
Appreciation	2.2%	9.9%	9.9%	8.5%	8.1%	1.0%	8.8%
<b>FTSE NAREIT All Eq. REITs</b>	<b>7.7%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>10.6%</b>	<b>11.9%</b>	<b>7.4%</b>	<b>25.8%</b>
NPI Apartment	2.7%	12.0%	12.0%	10.9%	11.9%	7.3%	6.4%
NPI Office	2.6%	12.5%	12.5%	11.3%	11.4%	7.5%	6.7%
NPI Industrial	3.2%	14.9%	14.9%	13.5%	13.2%	7.8%	6.1%
NPI Retail	3.5%	15.3%	15.3%	13.8%	13.3%	8.7%	4.9%
NPI Hotel	3.0%	13.2%	13.2%	10.6%	10.4%	6.5%	7.3%
NPI East	2.3%	11.3%	11.3%	10.0%	10.6%	7.1%	6.5%
NPI Midwest	2.4%	12.2%	12.2%	11.4%	11.2%	6.9%	4.9%
NPI South	3.0%	14.0%	14.0%	13.2%	12.7%	8.1%	5.3%
NPI West	3.6%	15.3%	15.3%	13.5%	13.7%	8.5%	6.6%

### Commercial Real Estate Market: NFI-ODCE Property Appreciation

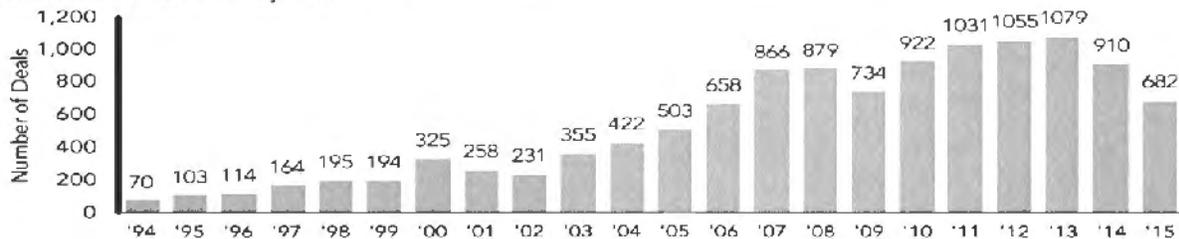


Sources: Encorr, NCREIF

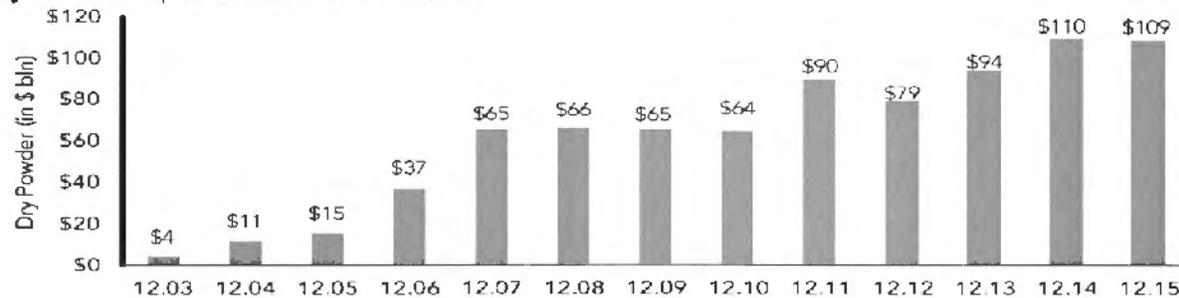
## Infrastructure

2015 saw the completion of 682 infrastructure deals. The pace of deal activity not only declined from that of 2013 and 2014, but also represented the lowest volume since 2006. In conjunction with a lower volume of deal flow, the average price of the deals completed in 2015 rose to \$524M from \$486M in 2014 and represented the largest average deal value since 2006. The energy and transportation sectors contained the majority of deal activity in 2015, accounting for 57% and 22% of deals, respectively. Utilities came in third place and accounted for 8% of deals in 2015. Over time, energy has represented 46% of infrastructure deal activity, followed by utilities with 20% and transportation with 16%. Dry powder levels surprisingly decreased at the end of December 2015 to \$109B, which is \$2B lower than November 2015 levels and \$1B lower than December 2014 levels. As of early February, however, dry powder ticked back up to \$113B. 2015 transactions of note include: IFM's acquisition of the Indiana Toll Road for over \$5.5B; the \$4B investment in LaGuardia Airport Central Terminal Building by a consortium of investors; Macquarie's acquisition of Galloper Offshore Wind Farm for £1.6B; and Brookfield Asset Management's \$912M acquisition of Niska Gas Storage.

Number of Deals: Deals by Year

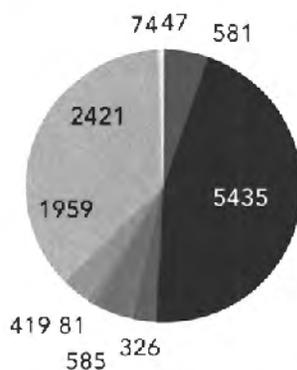


Dry Powder: Capital Available for Investment



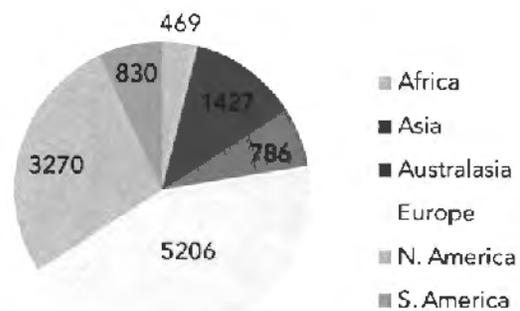
Deal Breakdown: By Industry (left) and by Region (right)

Deals by Industry



- Defense
- Education
- Energy
- Govt. Bldgs.
- Healthcare
- Logistics
- Telecomm.
- Transport
- Utilities
- Waste Mgmt.

Deals by Region



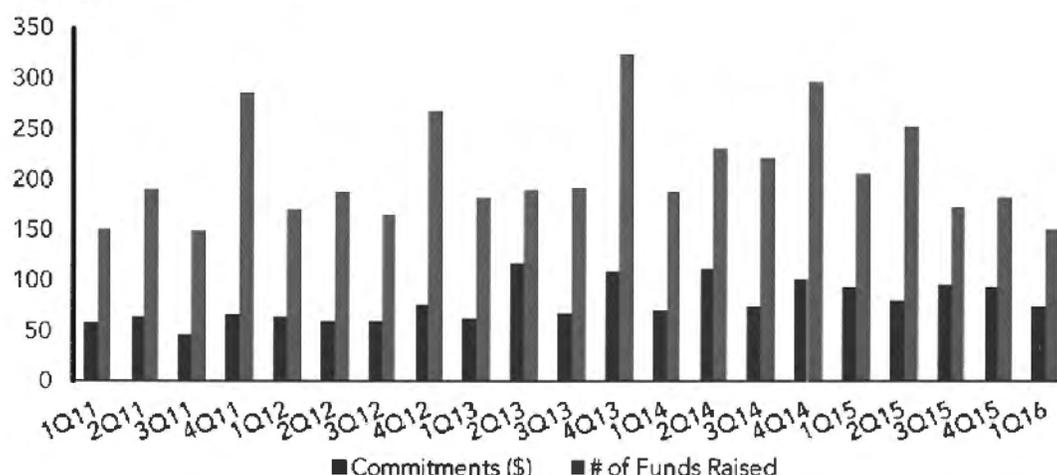
Source: Preqin Infrastructure as of 2/5/2016

Note: Information for prior time periods may change due to daily updates by Preqin

## Private Equity

Private equity activity slowed noticeably in the first quarter due to widening credit spreads, volatile public equity markets, and a general increase in risk aversion. Global private equity fundraising dropped 22% year-on-year in the first quarter to \$73.9 billion. Investment activity also slowed as both buyout deals and exits dropped materially from a year ago. New buyout deals totaled just \$44 billion in the first quarter, down 56% from a year ago, and buyout exits came in at \$62 billion, down 39.8% year-on-year. Somewhat surprisingly average purchase price multiples actually crept up again in the first quarter, hitting another all time high at 10.5x EV/EBITDA. This is a little misleading, however, as the significant drop in deal activity and increased risk aversion meant that only the highest quality companies were able to get the financing needed for a transaction. The one bright spot was venture where new deals increased 13% from a year ago to \$34 billion, and exit activity remained fairly steady at \$17 billion, essentially flat year-over-year.

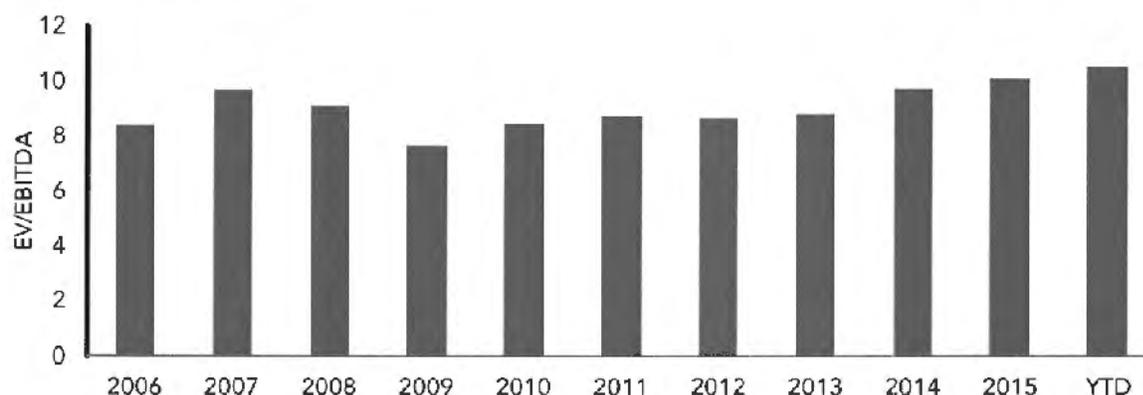
### Fundraising: Buyout and Venture



### Annualized Performance: Select Benchmarks as of September 30, 2015

	Qtr	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
Cambridge Private Equity Index	-1.5%	5.4%	7.8%	13.5%	13.3%	11.9%	8.2%
Dow Jones Total Stock Market	-7.3%	-5.5%	1.2%	12.4%	13.3%	7.1%	4.5%
Russell 2000 Index	-11.9%	-7.7%	1.2%	11.0%	11.7%	6.5%	6.5%

### Purchase Price Multiples: EV/EBITDA



Sources: Venture Economics, Preqin Ltd., Standard & Poors, Bloomberg

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