

Investment Performance Review  
Period Ending June 30, 2017

## Village of Winnetka Police Pension Fund

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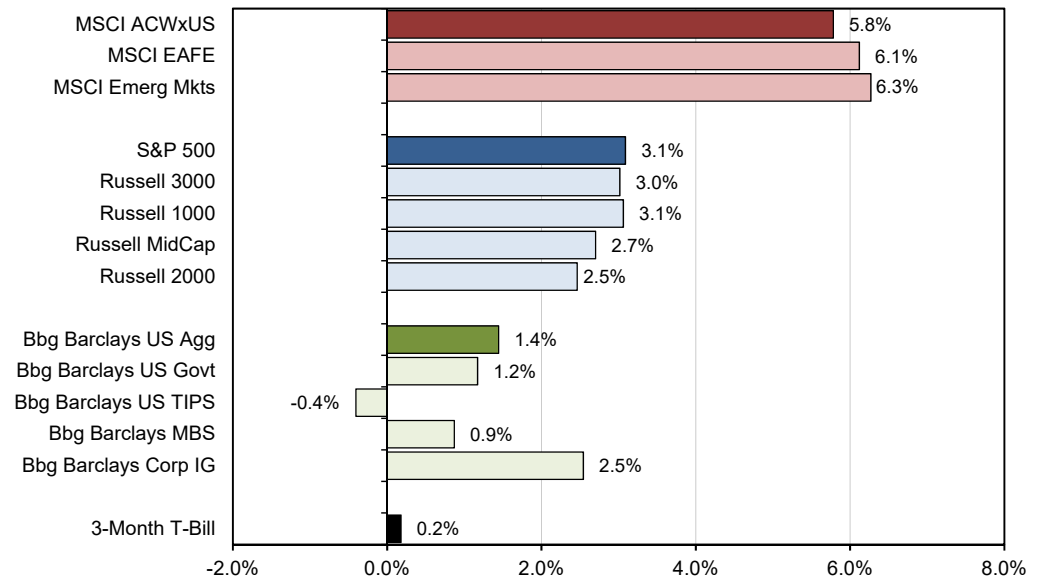


## **2nd Quarter 2017 Market Environment**

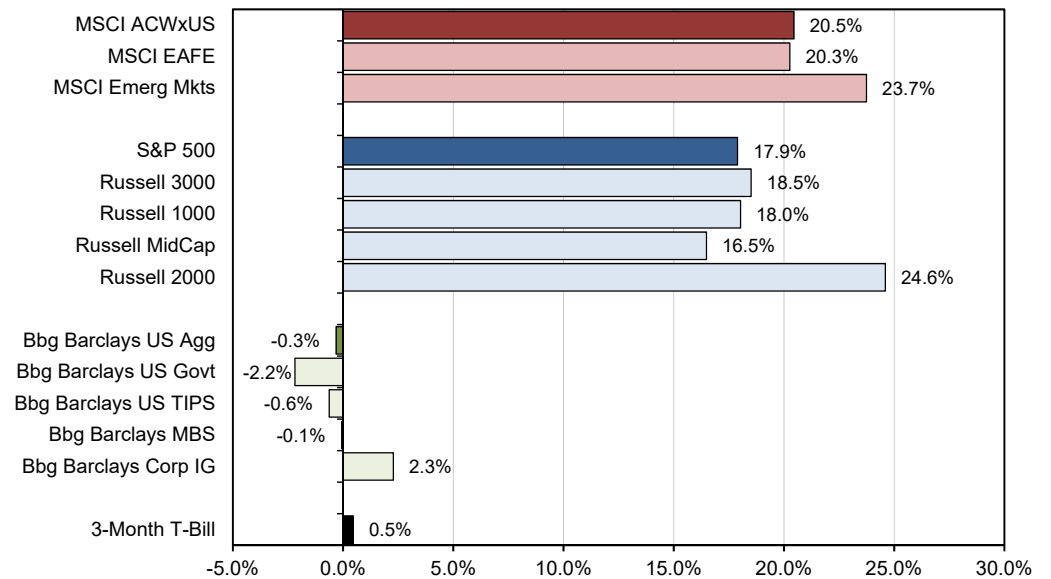


- Returns for the 2<sup>nd</sup> quarter of 2017 were positive for most major equity and fixed income indices. Broad domestic and international equity market performance was largely fueled by continued improvement in economic data worldwide. Domestic equities trailed international indices during the quarter. While U.S. economic fundamentals and corporate earnings growth were viewed positively, political concerns surrounding the pace of implementation of Trump administration expansive fiscal policy reforms and the fallout associated with the dismissal of FBI Director James Comey dampened investor enthusiasm. Despite these concerns, investor optimism remained high and many major domestic equity indices hit record levels during the quarter. Large cap stocks continued a year-to-date trend of outperformance relative to small cap equities with the S&P 500 Index returning 3.1% versus a 2.5% return for the Russell 2000 Index. However, small cap stock returns still show substantial outperformance relative to large cap indices over the one-year period due to their remarkable performance in the second half of 2016.
- International equity market benchmarks continued to outpace U.S. markets through the 2<sup>nd</sup> quarter of 2017 as both developed and emerging market international equities saw benefits from continued strength in global macroeconomic data, a weakening U.S. Dollar (USD) and ongoing accommodative global central bank policies. While the ongoing improvement in the global economy pushed international index returns higher, gains were tempered toward the end of the quarter as central banks began to signal an increased probability of a future reduction in stimulus. Emerging markets narrowly outperformed developed markets for the quarter. The MSCI Emerging Market Index returned 6.3% for the quarter and a solid 23.7% for the 1-year period. While weaker by comparison, the developed market MSCI EAFE Index also posted robust performance returning 6.1% for the quarter and 20.3% for the year.
- The yield curve flattened through the 2<sup>nd</sup> quarter of 2017 as interest rates in the U.S. declined through the majority of the second quarter before rising moderately in June. The rise in interest rates coincided with the Federal Open Market Committee's (FOMC) June meeting and their decision to further tighten monetary policy by raising short-term interest rates by 0.25%. The Fed also announced a plan to systematically shrink the size of its balance sheet, gradually reducing its securities holdings by tapering the amount they reinvest as securities mature. This can be viewed similarly to a tightening of monetary policy. Broad fixed income indices were generally positive through the quarter with the bellwether Bloomberg Barclays U.S. Aggregate Index returning 1.4% for the quarter. Benefitting from falling credit spreads, corporate credit was the only investment grade sector to post gains over the 1-year period returning 2.3% versus a -0.3% return for the Bloomberg Barclays U.S. Aggregate Index.

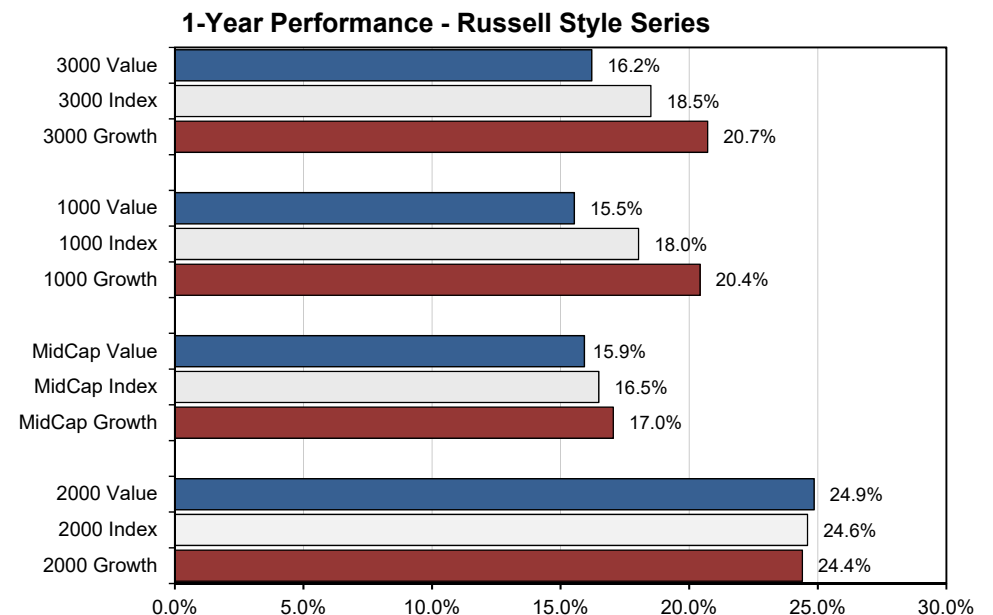
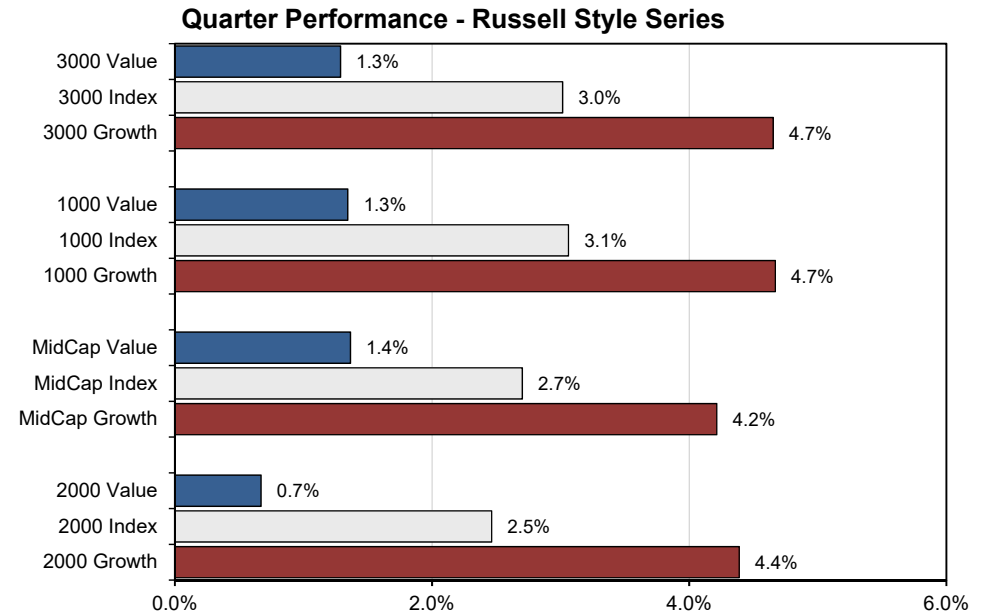
### Quarter Performance



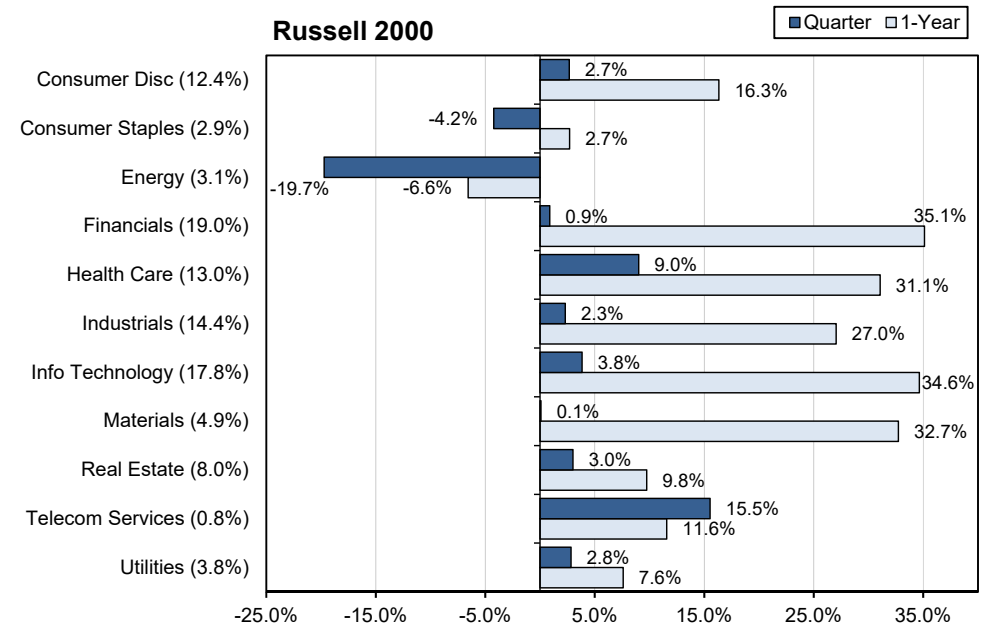
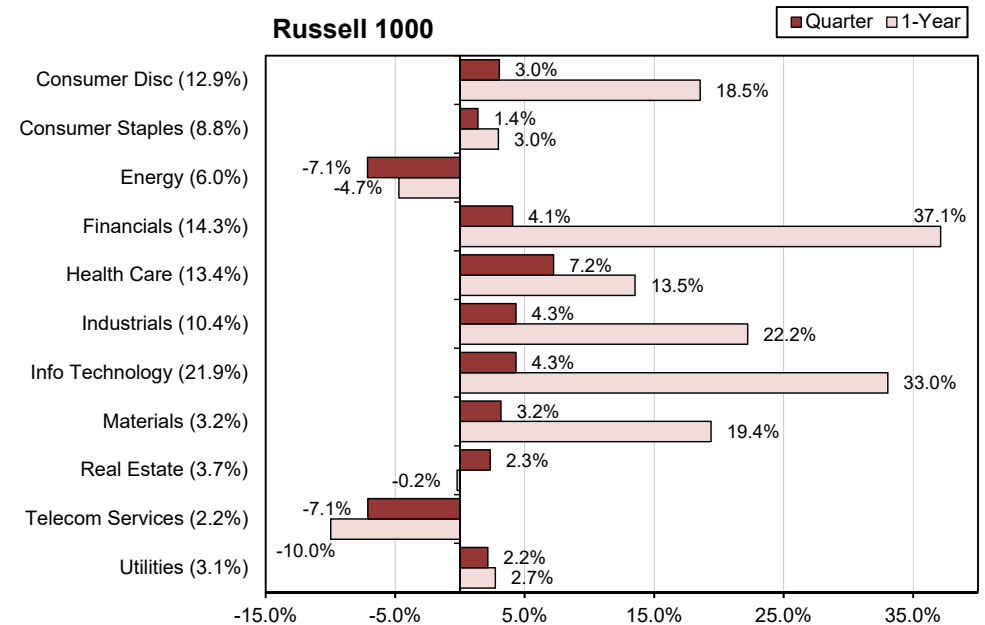
### 1-Year Performance



- U.S. equity index returns were positive across the style and capitalization spectrum for the 2<sup>nd</sup> quarter and the trailing 1-year period. Domestic equity index returns were driven by positive trends in economic data reported throughout the period including improvements in GDP, consumer and business sentiment, and employment. In addition, corporate earnings grew at a double digit pace for 1Q 2017 with most sectors showing improvement. U.S. equity returns were somewhat subdued by ongoing political concerns. Media attention surrounding the dismissal of FBI Director James Comey and the ongoing gridlock associated with the repeal and replacement of the Affordable Care Act has cast doubt on the current administration's ability to implement promised expansionary fiscal policy measures.
- Large cap stocks were the best performing capitalization segment for the quarter for both core and growth issues while mid cap equities posted a slight premium relative to other capitalizations within the value spectrum. While large cap stocks were the best performers, returns for the quarter fell in a narrow range for the period. Large-cap stocks represented by the Russell 1000 Index returned 3.1% for the quarter while the small cap Russell 2000 Index returned 2.5%. This return spread was partially due to the effects of rising interest rates and a falling USD. Conversely, over the 1-year period, small cap issues still maintain a considerable performance advantage, with the Russell 2000 returning 24.6% versus a return of 18.0% for the Russell 1000.
- Building on trends from the 1<sup>st</sup> quarter, index sector allocations were a substantial contributor to growth index outperformance during the 2<sup>nd</sup> quarter. Growth indices benefitted from significant underweights to the energy and telecommunications sectors, both of which lagged the broad index return. Growth benchmarks also benefitted from greater exposure to the information technology and health care sectors which posted strong sector returns. The Russell 2000 Value Index's return of 0.7% was the worst performing style index for the period. Over the 1-year period, growth indices outperformed value indices in the large and mid cap market capitalizations, but underperformed value equities within the small cap space.
- Domestic equity valuations appear stretched relative to historical levels based on Forward Price/Earnings ratios (P/E), with even the most reasonably valued indices trading above their historical P/E valuations. Index P/E valuations range from 112% to 134% of their respective 15-year P/E averages. The mid cap core and small cap value indices appear the most inexpensive and the large cap growth and small cap growth segments look the most overvalued.



- Sector performance within the Russell 1000 Index was largely positive for the 2<sup>nd</sup> quarter. Five of eleven economic sectors outpaced the Russell 1000 Index return, and nine of eleven sectors posted gains during the period. Energy trailed for the second consecutive quarter as crude prices continued to fall. While OPEC continues to take measures to limit production, accelerating output from shale producers in the U.S. fueled concerns of oversupply, putting downward pressure on prices. Telecommunication services was the only other large cap sector to post negative performance for the quarter, also returning -7.1%. Despite continued uncertainty surrounding potential reform, health care was the best performing sector in the large cap index, returning 7.2%. Technology and industrials also performed well as increasing business and consumer confidence and strong earnings pushed stock prices 4.3% higher in both sectors through the quarter. Over the trailing 1-year period, financials and technology were the best performing sectors in the Russell 1000, each returning greater than 30%. Eight of eleven large cap economic sectors posted positive returns for the 1-year period with six posting double digit returns.
- Small cap sector results generally lagged their large capitalization counterparts for the 2<sup>nd</sup> straight quarter. Six of eleven economic sectors outpaced the Russell 2000 Index return for the quarter, and nine of eleven sectors posted positive results for the period. Most of the sector trends observable in large cap index sector performance also impacted small cap sectors. However, small cap telecom services outperformed large cap telecom stocks by over 20%, returning 15.5%. Similar to large cap issues, energy was the biggest detractor, falling -19.7% for the quarter. Returns for health care were also solid through the quarter posting a 9.0% gain. Over the 1-year period, the materials, financials, health care and technology sectors each posted returns in excess of 30% and seven sectors had gains greater than 10%. Energy was the only Russell 2000 sector to post a negative return over last year, falling -6.6%.
- Using S&P 500 sector valuations as a proxy for the market, Forward P/E ratios for eight of the GICS sectors were higher than their long-term averages at quarter-end. Using these historical P/E measures, the energy, materials and utilities sectors appear the most extended. In contrast the technology, health care and telecommunications sectors were trading at a discount to their long-term average P/E ratios.



**The Market Environment**  
**Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000**  
As of June 30, 2017

| Top 10 Weighted Stocks   |        |              |               |                        |
|--------------------------|--------|--------------|---------------|------------------------|
| Russell 1000             | Weight | 1-Qtr Return | 1-Year Return | Sector                 |
| Apple Inc                | 3.24%  | 0.7%         | 53.5%         | Information Technology |
| Microsoft Corp           | 2.23%  | 5.2%         | 38.0%         | Information Technology |
| Amazon.com Inc           | 1.66%  | 9.2%         | 35.3%         | Consumer Discretionary |
| Johnson & Johnson        | 1.54%  | 6.9%         | 12.0%         | Health Care            |
| Facebook Inc A           | 1.52%  | 6.3%         | 32.1%         | Information Technology |
| Exxon Mobil Corp         | 1.48%  | -0.6%        | -10.7%        | Energy                 |
| Berkshire Hathaway Inc B | 1.40%  | 1.6%         | 17.0%         | Financials             |
| JPMorgan Chase & Co      | 1.39%  | 4.6%         | 51.0%         | Financials             |
| Alphabet Inc A           | 1.19%  | 9.7%         | 32.1%         | Information Technology |
| Alphabet Inc C           | 1.18%  | 9.5%         | 31.3%         | Information Technology |

| Top 10 Weighted Stocks     |        |              |               |                        |
|----------------------------|--------|--------------|---------------|------------------------|
| Russell 2000               | Weight | 1-Qtr Return | 1-Year Return | Sector                 |
| Kite Pharma Inc            | 0.26%  | 32.1%        | 107.3%        | Health Care            |
| Gramercy Property Trust    | 0.23%  | 13.0%        | 11.8%         | Real Estate            |
| Catalent Inc               | 0.23%  | 23.9%        | 52.7%         | Health Care            |
| Medidata Solutions Inc     | 0.23%  | 35.6%        | 66.8%         | Health Care            |
| Parexel International Corp | 0.23%  | 37.7%        | 38.2%         | Health Care            |
| Healthsouth Corp           | 0.22%  | 13.6%        | 27.5%         | Health Care            |
| Idacorp Inc                | 0.22%  | 3.6%         | 7.8%          | Utilities              |
| bluebird bio Inc           | 0.22%  | 15.6%        | 142.7%        | Health Care            |
| Fair Isaac Corp            | 0.22%  | 8.1%         | 23.4%         | Information Technology |
| WGL Holdings Inc           | 0.22%  | 1.7%         | 21.1%         | Utilities              |

| Top 10 Performing Stocks (by Quarter) |        |              |               |                        |
|---------------------------------------|--------|--------------|---------------|------------------------|
| Russell 1000                          | Weight | 1-Qtr Return | 1-Year Return | Sector                 |
| Wayfair Inc Class A                   | 0.01%  | 89.9%        | 97.1%         | Consumer Discretionary |
| Alnylam Pharmaceuticals Inc           | 0.03%  | 55.6%        | 43.7%         | Health Care            |
| SunPower Corp                         | 0.00%  | 53.1%        | -39.7%        | Information Technology |
| First Solar Inc                       | 0.01%  | 47.2%        | -17.7%        | Information Technology |
| Zillow Group Inc C                    | 0.02%  | 45.6%        | 35.1%         | Information Technology |
| Yum China Holdings Inc                | 0.06%  | 45.0%        | N/A           | Consumer Discretionary |
| Zillow Group Inc A                    | 0.01%  | 44.5%        | 33.3%         | Information Technology |
| Whole Foods Market Inc                | 0.06%  | 43.0%        | 33.9%         | Consumer Staples       |
| IAC/InterActiveCorp                   | 0.03%  | 40.0%        | 83.4%         | Information Technology |
| Akorn Inc                             | 0.01%  | 39.3%        | 17.7%         | Health Care            |

| Top 10 Performing Stocks (by Quarter) |        |              |               |                            |
|---------------------------------------|--------|--------------|---------------|----------------------------|
| Russell 2000                          | Weight | 1-Qtr Return | 1-Year Return | Sector                     |
| Straight Path Communications Inc      | 0.08%  | 399.4%       | 549.3%        | Telecommunication Services |
| Altimmune Inc                         | 0.00%  | 294.3%       | 146.8%        | Health Care                |
| Global Sources Ltd                    | 0.01%  | 142.4%       | 118.1%        | Information Technology     |
| Puma Biotechnology Inc                | 0.13%  | 134.9%       | 193.4%        | Health Care                |
| Angie's List Inc                      | 0.03%  | 124.4%       | 96.5%         | Information Technology     |
| Conn's Inc                            | 0.02%  | 118.3%       | 154.0%        | Consumer Discretionary     |
| Weight Watchers International Inc     | 0.05%  | 114.6%       | 187.4%        | Consumer Discretionary     |
| NantKwest Inc                         | 0.01%  | 113.8%       | 22.0%         | Health Care                |
| NovoCure Ltd                          | 0.05%  | 113.6%       | 48.2%         | Health Care                |
| Vivint Solar Inc                      | 0.01%  | 108.9%       | 90.6%         | Industrials                |

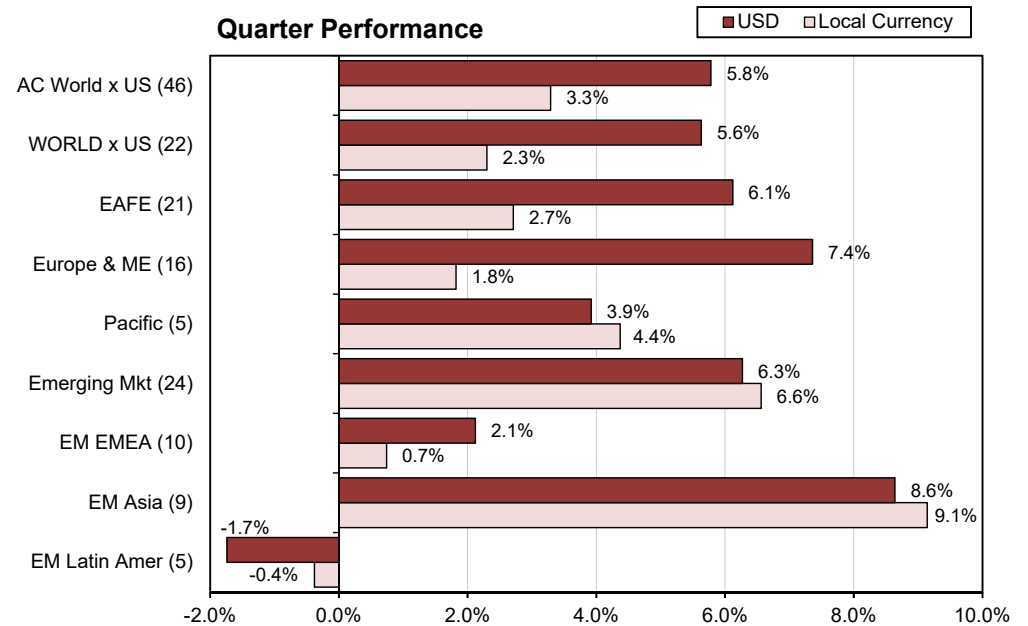
| Bottom 10 Performing Stocks (by Quarter) |        |              |               |                            |
|--|--------|--------------|---------------|----------------------------|
| Russell 1000                             | Weight | 1-Qtr Return | 1-Year Return | Sector                     |
| Frontier Communications Corp Class B     | 0.00%  | -44.2%       | -73.4%        | Telecommunication Services |
| Enesco PLC Class A                       | 0.00%  | -42.3%       | -46.6%        | Energy                     |
| Weatherford International PLC            | 0.01%  | -41.8%       | -30.3%        | Energy                     |
| Whiting Petroleum Corp                   | 0.01%  | -41.8%       | -40.5%        | Energy                     |
| Noble Corp PLC                           | 0.00%  | -41.5%       | -55.9%        | Energy                     |
| Nabors Industries Ltd                    | 0.01%  | -37.3%       | -17.3%        | Energy                     |
| Chicago Bridge & Iron Co NV              | 0.00%  | -35.5%       | -42.3%        | Industrials                |
| Diamond Offshore Drilling Inc            | 0.00%  | -35.2%       | -55.5%        | Energy                     |
| Hertz Global Holdings Inc                | 0.00%  | -34.4%       | -73.8%        | Industrials                |
| United States Steel Corp                 | 0.02%  | -34.4%       | 32.4%         | Materials                  |

| Bottom 10 Performing Stocks (by Quarter) |        |              |               |                        |
|--|--------|--------------|---------------|------------------------|
| Russell 2000                             | Weight | 1-Qtr Return | 1-Year Return | Sector                 |
| First NBC Bank Holding Co                | 0.00%  | -99.3%       | -99.8%        | Financials             |
| Seadrill Ltd                             | 0.00%  | -76.8%       | -88.6%        | Energy                 |
| Avinger Inc                              | 0.00%  | -76.4%       | -96.2%        | Health Care            |
| Bonanza Creek Energy Inc                 | 0.03%  | -75.5%       | -85.9%        | Energy                 |
| EXCO Resources Inc                       | 0.00%  | -71.5%       | -86.4%        | Energy                 |
| XBiotech Inc                             | 0.00%  | -71.5%       | -77.5%        | Health Care            |
| Vince Holding Corp                       | 0.00%  | -69.6%       | -91.4%        | Consumer Discretionary |
| NewLink Genetics Corp                    | 0.01%  | -69.5%       | -34.7%        | Health Care            |
| Cobalt International Energy Inc          | 0.00%  | -69.1%       | -87.7%        | Energy                 |
| Terravia Holdings Inc                    | 0.00%  | -67.8%       | -91.1%        | Materials              |

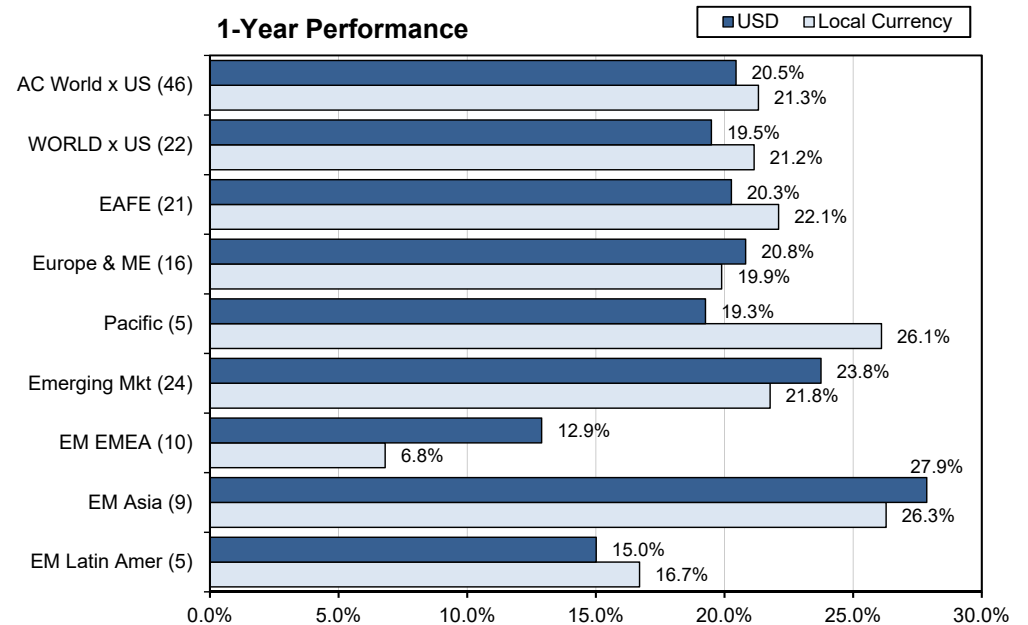


- International equity returns for the 2<sup>nd</sup> quarter were largely driven by ongoing improvement in the global economy, a weakening USD and political news in Europe and the U.K. Emerging markets were the greatest beneficiaries of these trends, outperforming developed economies for the second straight quarter. While USD strength remains on the high side of its 10-year range, the USD continued its year-to-date decline, providing further tailwinds to international index returns denominated in USD. However, the 1-year performance for broad international indices still show a modest negative currency impact due to USD strength.
- Broad developed market international index performance was positive for the 2<sup>nd</sup> quarter in both USD and local currency terms with the MSCI EAFE Index returning 6.1% and 2.7% respectively. Eurozone, U.K. and Japanese markets advanced on the back of positive macroeconomic data and strong corporate earnings. Similar to U.S. markets, ongoing political developments also had an effect on international markets with elections in France and the U.K. making headline news. In France, the presidential election of centrist candidate Emmanuel Macron calmed market fears of further break-up within the European Union. Macron's party also won parliamentary majority giving rise to optimism on the possibility of new economic reforms. In the U.K., Prime Minister Theresa May's decision to call special elections in an attempt to strengthen her party's parliamentary position prior to the start of Brexit negotiations had the opposite effect and resulted in a hung parliament, increasing the odds of a "hard Brexit" scenario. Markets gave back some gains towards the end of the quarter as central bank commentary indicated the increased possibility of tightened monetary policy in the future. When viewed over the last 12 months, developed market index performance is robust in both USD and local currency terms, with the MSCI EAFE returning 20.3% and 22.1% respectively.
- A supportive global economic environment and a weakening USD allowed emerging markets to build on their strong start to the year, outperforming developed markets, and returning 6.3% and 6.6% in USD and local currency terms respectively. Greece had a particularly good quarter, returning 33.8% in USD terms, after it was able to reach an agreement to obtain additional bailout funds needed to pay creditors. Russia, Qatar and Brazil were the worst performing countries in the index. Russia and Qatar both suffered from falling oil prices. Qatar was also subject to a blockade by several neighboring countries alleging that Qatar is responsible for supporting instability within the region. Brazilian equities fell as corruption allegations against its President, Michel Temer, increased political risk within the country, putting downward pressure on equity markets. One year returns on the MSCI Emerging Market Index are an impressive 23.8% in USD terms.

**Quarter Performance**



**1-Year Performance**



Source: MSCI Global Index Monitor (Returns are Net)



**The Market Environment**  
**U.S. Dollar International Index Attribution & Country Detail**  
As of June 30, 2017

| MSCI - EAFE                | Sector Weight | Quarter Return | 1-Year Return |
|----------------------------|---------------|----------------|---------------|
| Consumer Discretionary     | 12.1%         | 4.7%           | 24.2%         |
| Consumer Staples           | 11.5%         | 7.6%           | 7.3%          |
| Energy                     | 4.7%          | -0.7%          | 6.1%          |
| Financials                 | 21.5%         | 7.2%           | 39.8%         |
| Health Care                | 10.8%         | 7.2%           | 4.6%          |
| Industrials                | 14.5%         | 7.0%           | 24.5%         |
| Information Technology     | 6.1%          | 9.5%           | 35.8%         |
| Materials                  | 7.5%          | 3.3%           | 33.1%         |
| Real Estate                | 3.6%          | 4.6%           | 7.7%          |
| Telecommunication Services | 4.3%          | 4.8%           | 2.2%          |
| Utilities                  | 3.4%          | 7.2%           | 7.1%          |
| <b>Total</b>               | <b>100.0%</b> | <b>6.1%</b>    | <b>20.3%</b>  |

| MSCI - ACWIXUS             | Sector Weight | Quarter Return | 1-Year Return |
|----------------------------|---------------|----------------|---------------|
| Consumer Discretionary     | 11.3%         | 5.6%           | 23.7%         |
| Consumer Staples           | 9.9%          | 7.1%           | 6.5%          |
| Energy                     | 6.3%          | -2.9%          | 6.5%          |
| Financials                 | 23.3%         | 5.7%           | 33.6%         |
| Health Care                | 8.1%          | 7.2%           | 4.3%          |
| Industrials                | 12.0%         | 6.8%           | 23.8%         |
| Information Technology     | 10.8%         | 12.9%          | 41.9%         |
| Materials                  | 7.6%          | 1.7%           | 27.2%         |
| Real Estate                | 3.2%          | 5.8%           | 9.1%          |
| Telecommunication Services | 4.4%          | 4.0%           | 3.3%          |
| Utilities                  | 3.1%          | 5.2%           | 5.9%          |
| <b>Total</b>               | <b>100.0%</b> | <b>5.8%</b>    | <b>20.5%</b>  |

| MSCI - Emerging Mkt        | Sector Weight | Quarter Return | 1-Year Return |
|----------------------------|---------------|----------------|---------------|
| Consumer Discretionary     | 10.6%         | 8.4%           | 21.4%         |
| Consumer Staples           | 6.8%          | 5.1%           | 2.5%          |
| Energy                     | 6.6%          | -4.9%          | 15.9%         |
| Financials                 | 23.6%         | 3.9%           | 26.6%         |
| Health Care                | 2.4%          | 4.4%           | 1.9%          |
| Industrials                | 5.7%          | 3.9%           | 16.1%         |
| Information Technology     | 26.6%         | 15.5%          | 46.9%         |
| Materials                  | 7.1%          | -0.5%          | 28.1%         |
| Real Estate                | 2.7%          | 11.4%          | 18.6%         |
| Telecommunication Services | 5.4%          | 2.0%           | 5.1%          |
| Utilities                  | 2.6%          | -1.8%          | 1.6%          |
| <b>Total</b>               | <b>100.0%</b> | <b>6.3%</b>    | <b>23.8%</b>  |

| Country                          | MSCI-EAFE Weight | MSCI-ACWIXUS Weight | Quarter Return | 1-Year Return |
|----------------------------------|------------------|---------------------|----------------|---------------|
| Japan                            | 23.5%            | 16.3%               | 5.2%           | 19.2%         |
| United Kingdom                   | 17.7%            | 12.3%               | 4.7%           | 13.4%         |
| France                           | 10.5%            | 7.3%                | 9.1%           | 28.1%         |
| Germany                          | 9.5%             | 6.6%                | 6.4%           | 28.7%         |
| Switzerland                      | 8.5%             | 5.9%                | 9.0%           | 16.5%         |
| Australia                        | 7.1%             | 4.9%                | -1.9%          | 18.3%         |
| Netherlands                      | 3.5%             | 2.5%                | 7.8%           | 28.2%         |
| Hong Kong                        | 3.5%             | 2.4%                | 7.2%           | 23.8%         |
| Spain                            | 3.5%             | 2.4%                | 7.9%           | 38.4%         |
| Sweden                           | 2.9%             | 2.0%                | 8.6%           | 26.7%         |
| Italy                            | 2.3%             | 1.6%                | 9.0%           | 30.9%         |
| Denmark                          | 1.8%             | 1.3%                | 15.3%          | 4.7%          |
| Singapore                        | 1.3%             | 0.9%                | 5.3%           | 14.9%         |
| Belgium                          | 1.1%             | 0.8%                | 4.8%           | 2.1%          |
| Finland                          | 1.0%             | 0.7%                | 13.4%          | 25.0%         |
| Israel                           | 0.7%             | 0.5%                | 6.5%           | -2.3%         |
| Norway                           | 0.6%             | 0.4%                | 4.1%           | 14.9%         |
| Ireland                          | 0.5%             | 0.3%                | 3.8%           | 15.8%         |
| Austria                          | 0.2%             | 0.2%                | 21.8%          | 65.0%         |
| New Zealand                      | 0.2%             | 0.1%                | 8.1%           | 10.4%         |
| Portugal                         | 0.2%             | 0.1%                | 3.1%           | 15.2%         |
| <b>Total EAFE Countries</b>      | <b>100.0%</b>    | <b>69.6%</b>        | <b>6.1%</b>    | <b>20.3%</b>  |
| Canada                           |                  | 6.6%                | 0.6%           | 11.7%         |
| <b>Total Developed Countries</b> |                  | <b>76.2%</b>        | <b>5.6%</b>    | <b>19.5%</b>  |
| China                            |                  | 6.6%                | 10.6%          | 32.2%         |
| Korea                            |                  | 3.7%                | 10.2%          | 34.9%         |
| Taiwan                           |                  | 3.0%                | 8.8%           | 32.9%         |
| India                            |                  | 2.1%                | 2.9%           | 17.5%         |
| Brazil                           |                  | 1.6%                | -6.7%          | 17.0%         |
| South Africa                     |                  | 1.6%                | 3.5%           | 10.2%         |
| Mexico                           |                  | 0.9%                | 7.2%           | 12.0%         |
| Russia                           |                  | 0.8%                | -10.0%         | 10.3%         |
| Indonesia                        |                  | 0.6%                | 8.5%           | 17.2%         |
| Malaysia                         |                  | 0.6%                | 5.1%           | 2.7%          |
| Thailand                         |                  | 0.5%                | 2.4%           | 17.1%         |
| Poland                           |                  | 0.3%                | 13.6%          | 42.6%         |
| Philippines                      |                  | 0.3%                | 7.1%           | -6.2%         |
| Turkey                           |                  | 0.3%                | 19.3%          | 8.1%          |
| Chile                            |                  | 0.3%                | -2.1%          | 14.0%         |
| United Arab Emirates             |                  | 0.2%                | 1.3%           | 8.4%          |
| Qatar                            |                  | 0.2%                | -10.9%         | -2.3%         |
| Colombia                         |                  | 0.1%                | 2.5%           | 8.8%          |
| Peru                             |                  | 0.1%                | 7.2%           | 17.2%         |
| Greece                           |                  | 0.1%                | 33.8%          | 50.4%         |
| Hungary                          |                  | 0.1%                | 19.4%          | 44.4%         |
| Czech Republic                   |                  | 0.0%                | 8.1%           | 10.0%         |
| Pakistan                         |                  | 0.0%                | -2.3%          | 18.3%         |
| Egypt                            |                  | 0.0%                | 3.2%           | -2.1%         |
| <b>Total Emerging Countries</b>  |                  | <b>23.8%</b>        | <b>6.3%</b>    | <b>23.8%</b>  |
| <b>Total ACWIXUS Countries</b>   |                  | <b>100.0%</b>       | <b>5.8%</b>    | <b>20.5%</b>  |

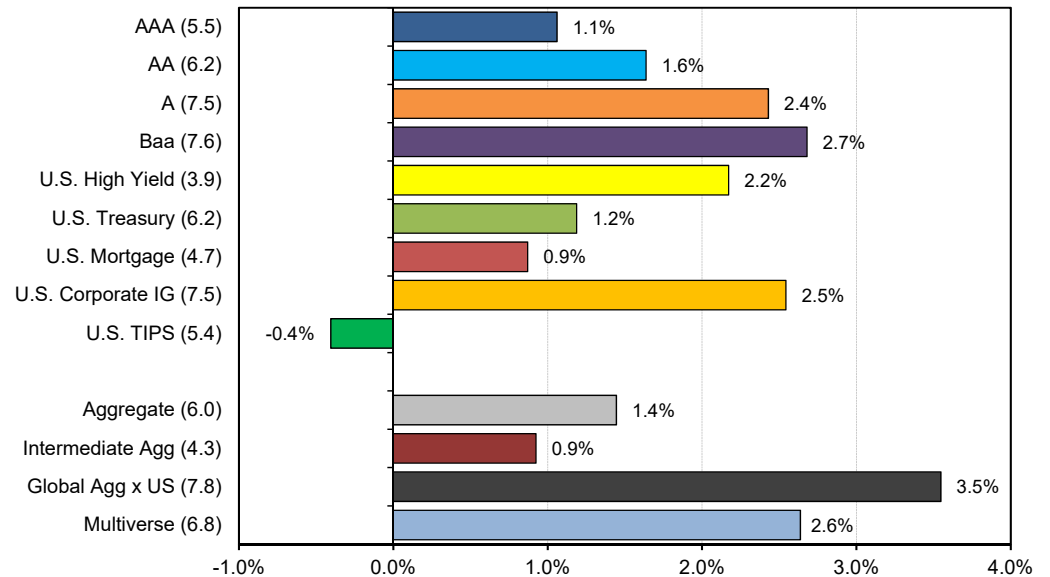
Source: MSCI Global Index Monitor (Returns are Net in USD)



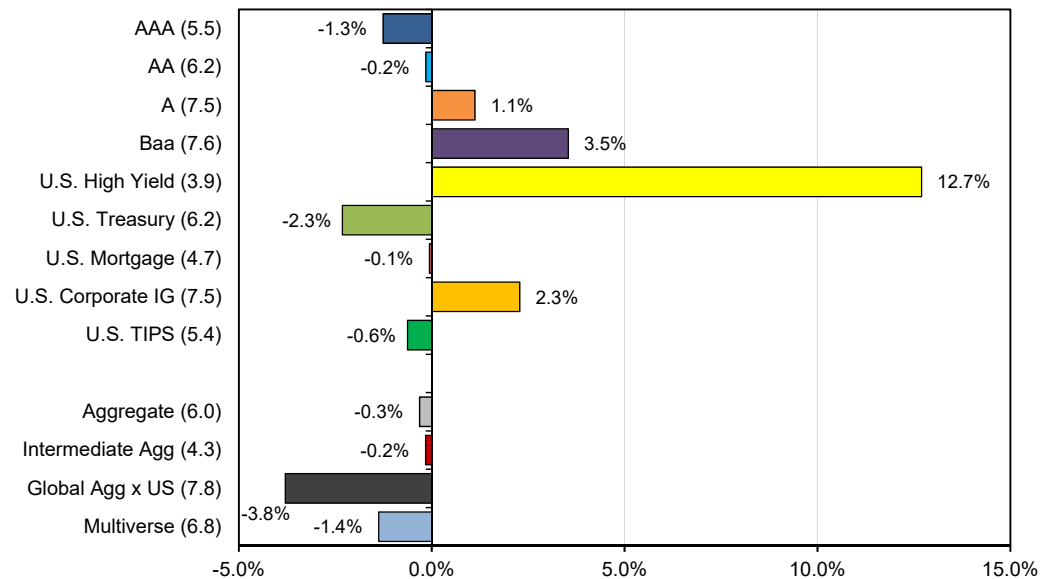


- Most broad fixed income benchmarks finished the 2<sup>nd</sup> quarter with modest gains. The Bloomberg Barclays U.S. Aggregate Index ended the quarter with a 1.4% increase. Interest rates fell through most of the period before rising near the end of the quarter. The Federal Open Market Committee (FOMC) voted to increase short-term interest rates by 25 basis points (bps) during their June meeting. This represented the third consecutive interest rate increase in the last 3 quarters. While inflation remains below target, the Fed viewed the economy as healthy enough to warrant continued tightening. This caused a flattening of the yield curve as short-term market yields rose through the quarter, but long term interest rates fell. The Fed also outlined plans to gradually reduce its balance sheet by slowing the rate of reinvestment of the Treasury and mortgage backed securities (MBS) it holds on its books as the securities mature. The amount reinvested each month will fall systematically, reducing the size of the Fed's balance sheet over time. Implementation of this plan could begin before the end of the year and would be viewed as further tightening of monetary policy. This news from the Fed put upward pressure on interest rates as the quarter came to a close. Most investment grade indices posting slightly negative returns over the last year. The Bloomberg Barclays U.S. Aggregate index returned -0.3% for the 1-year period.
- Lower quality bonds outperformed higher quality issues for both the quarter and 1-year period as contracting credit spreads from improvements in economic fundamentals acted as a tailwind to these issues. During the 2<sup>nd</sup> quarter credit spreads for high yield debt decreased by 19 bps versus only 9 bps for investment grade corporate issues. BAA issues more than doubled the return of AAA securities, returning 2.7% versus a more modest 1.1% for AAA debt. High yield debt has been the largest beneficiary of the strengthening economy, returning 2.2% for the quarter and 12.7% for the 1-year period.
- A review of sector performance shows investment grade credit outpacing other Treasuries, and MBS indices. As previously mentioned, corporate issues benefited from tightening credit spreads. MBS trailed Treasuries and investment grade corporates for the quarter as the Fed's plan to taper their ongoing reinvestment in agency MBS pushed spreads on MBS 5 bps higher while spreads tightened across all other fixed income sectors. TIPS posted the worst returns for the quarter, falling -0.4%, as lower inflation expectations drove prices lower. Led by a weakening USD, global bond indices posted solid results for the quarter. However, hawkish comments from several global central banks pared some gains at the end of the period. Fixed income returns over the 1-year period were broadly negative with only corporate issues posting gains. Despite a strong start to 2017, global bond returns trail domestic indices over the 1-year period with the Bloomberg Barclays Aggregate ex U.S. returning -3.8% for the period.

**Quarter Performance**

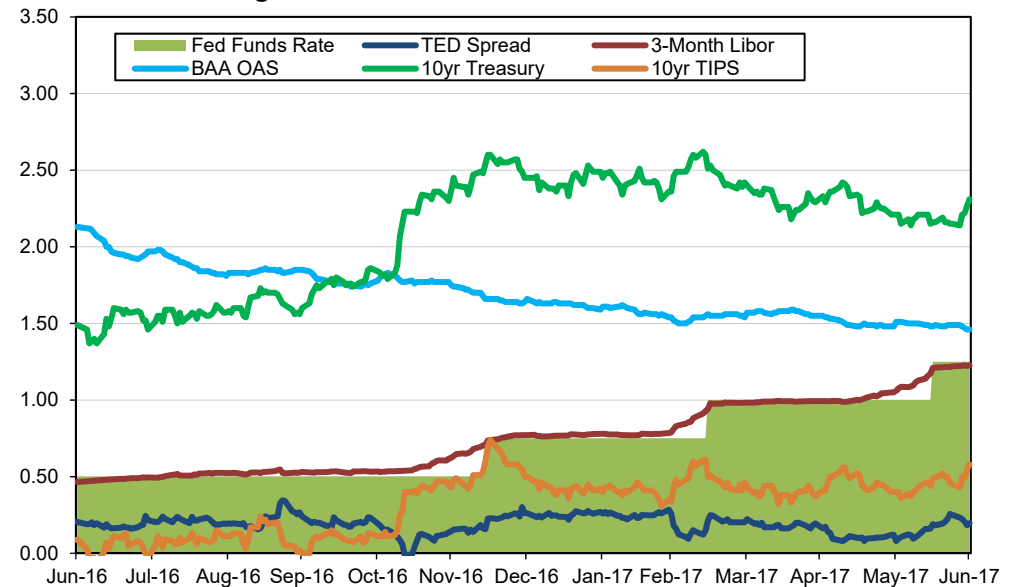


**1-Year Performance**

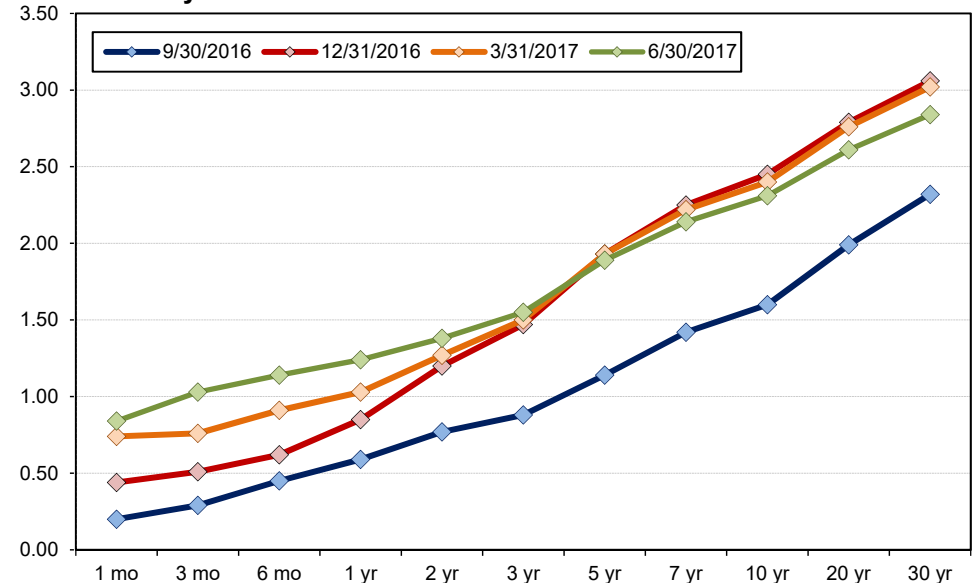


- Much of the index performance detailed in the bar graphs on the previous page is visible on a time series basis by reviewing the line graphs to the right. The '1-Year Trailing Market Rates' chart illustrates that the 10-year Treasury yield (green line) rose dramatically in the 4<sup>th</sup> quarter of 2016, held largely steady during the 1<sup>st</sup> quarter of 2017 and then gradually fell through most of 2<sup>nd</sup> quarter before spiking at the end of June. The yield on the 10-year Treasury has fallen to 2.31% from 2.45% at the start of the year. The blue line illustrates changes in the BAA OAS (Option Adjusted Spread). This measure quantifies the additional yield premium that investors require to purchase and hold non-Treasury issues. This line illustrates a steady decline in credit spreads throughout 2016 and into 2017. This decline is equivalent to an interest rate decrease on corporate bonds, which produces a tailwind for corporate bond index returns. These credit spreads have tightened by about 65 bps over the last 12-months. The green shading at the bottom of the graph illustrates the continued increase in the Federal Funds Rate due to a less accommodative Fed monetary policy.
- The lower graph provides a snapshot of the U.S. Treasury yield curve at each of the last four calendar quarters. Similar to the 1<sup>st</sup> quarter, the yield curve flattened further throughout the 2<sup>nd</sup> quarter as yields on shorter-term maturities rose, while interest rates on the long end of the curve (5-years and beyond) continued to decline. Interest rate movement during the period was relatively muted, the significant upward shift in interest rates since the end of 2016 is clearly visible. Yields on the 3-month Treasury Bill have jumped by almost 75 bps since September 30, 2016. Yields on the 30-year Treasury Bond have increased by more than 50 bps over the same period.
- Despite the rise in short-term interest rates, most fixed income indices finished the 2<sup>nd</sup> quarter in positive territory. In a rising rate environment, it is generally expected that longer-duration market indices will fall more than equivalent lower-duration benchmarks. However, the magnitude of interest rate shifts across the term structure and spread movements can lead to atypical short-term results. Finally, while global benchmarks are impacted by the same local yield and duration factors as domestic benchmarks, the returns of these indices are also significantly influenced by fluctuations in their currency denomination relative to the USD. This currency effect can either be an offsetting benefit to negative yield and duration factors in a rising rate environment as it has been year-to-date, or it can further exacerbate negative performance as it did in 2016.

1-Year Trailing Market Rates



Treasury Yield Curve



| <b>1 Quarter</b>                   |                                    |                  |                                 |                                    |
|------------------------------------|------------------------------------|------------------|---------------------------------|------------------------------------|
|                                    | <b>Market Value<br/>04/01/2017</b> | <b>Net Flows</b> | <b>Return On<br/>Investment</b> | <b>Market Value<br/>06/30/2017</b> |
| <b>Police Total Fund</b>           | <b>29,057,525</b>                  | <b>-750,603</b>  | <b>712,663</b>                  | <b>29,019,585</b>                  |
| <b>Total Domestic Equity</b>       | <b>13,072,572</b>                  | <b>-236,916</b>  | <b>335,316</b>                  | <b>13,170,973</b>                  |
| Seizert Capital                    | 4,994,016                          | -156,867         | 103,771                         | 4,940,920                          |
| Holland Capital Management         | 4,699,949                          | -80,049          | 251,371                         | 4,871,270                          |
| T. Rowe Price (TRMCX)              | 1,345,851                          | -                | -1,794                          | 1,344,057                          |
| Prudential (TASVX)                 | 2,032,756                          | -                | -18,031                         | 2,014,725                          |
| <b>Total International Equity</b>  | <b>3,770,605</b>                   | <b>-100,000</b>  | <b>252,026</b>                  | <b>3,922,630</b>                   |
| Harbor International (HAINX)       | 3,770,605                          | -100,000         | 252,026                         | 3,922,630                          |
| <b>Total Domestic Fixed Income</b> | <b>9,612,722</b>                   | <b>-7,295</b>    | <b>88,114</b>                   | <b>9,693,541</b>                   |
| C.S. McKee                         | 4,728,624                          | -3,545           | 40,225                          | 4,765,303                          |
| Great Lakes Advisors               | 4,884,099                          | -3,750           | 47,889                          | 4,928,238                          |
| <b>Total Real Estate</b>           | <b>1,815,076</b>                   | <b>-</b>         | <b>36,942</b>                   | <b>1,852,018</b>                   |
| Principal Real Estate              | 1,815,076                          | -                | 36,942                          | 1,852,018                          |
| Cash                               | 786,549                            | -406,391         | 265                             | 380,423                            |



| <b>Fiscal Year To Date</b>         | <b>Market Value<br/>01/01/2017</b> | <b>Net Flows</b> | <b>Return On<br/>Investment</b> | <b>Market Value<br/>06/30/2017</b> |
|------------------------------------|------------------------------------|------------------|---------------------------------|------------------------------------|
| <b>Police Total Fund</b>           | <b>28,118,329</b>                  | <b>-819,726</b>  | <b>1,720,981</b>                | <b>29,019,585</b>                  |
| <b>Total Domestic Equity</b>       | <b>13,025,268</b>                  | <b>-798,404</b>  | <b>944,109</b>                  | <b>13,170,973</b>                  |
| Seizert Capital                    | 4,871,328                          | -238,462         | 308,055                         | 4,940,920                          |
| Holland Capital Management         | 4,411,465                          | -162,680         | 622,486                         | 4,871,270                          |
| T. Rowe Price (TRMCX)              | 1,458,513                          | -160,000         | 45,544                          | 1,344,057                          |
| Prudential (TASVX)                 | 2,283,962                          | -237,262         | -31,975                         | 2,014,725                          |
| <b>Total International Equity</b>  | <b>3,468,362</b>                   | <b>-100,000</b>  | <b>554,268</b>                  | <b>3,922,630</b>                   |
| Harbor International (HAINX)       | 3,468,362                          | -100,000         | 554,268                         | 3,922,630                          |
| <b>Total Domestic Fixed Income</b> | <b>9,555,324</b>                   | <b>-14,570</b>   | <b>152,787</b>                  | <b>9,693,541</b>                   |
| C.S. McKee                         | 4,701,224                          | -7,070           | 71,149                          | 4,765,303                          |
| Great Lakes Advisors               | 4,854,100                          | -7,500           | 81,638                          | 4,928,238                          |
| <b>Total Real Estate</b>           | <b>1,782,643</b>                   | <b>-</b>         | <b>69,374</b>                   | <b>1,852,018</b>                   |
| Principal Real Estate              | 1,782,643                          | -                | 69,374                          | 1,852,018                          |
| Cash                               | 286,731                            | 93,249           | 443                             | 380,423                            |



| <b>1 Year</b>                      |                                    |                   |                                 |                                    |
|------------------------------------|------------------------------------|-------------------|---------------------------------|------------------------------------|
|                                    | <b>Market Value<br/>07/01/2016</b> | <b>Net Flows</b>  | <b>Return On<br/>Investment</b> | <b>Market Value<br/>06/30/2017</b> |
| <b>Police Total Fund</b>           | <b>27,281,079</b>                  | <b>-1,513,530</b> | <b>3,252,035</b>                | <b>29,019,585</b>                  |
| <b>Total Domestic Equity</b>       | <b>12,353,440</b>                  | <b>-1,669,074</b> | <b>2,486,607</b>                | <b>13,170,973</b>                  |
| Seizert Capital                    | 4,464,057                          | -530,842          | 1,007,706                       | 4,940,920                          |
| Holland Capital Management         | 4,546,864                          | -458,637          | 783,043                         | 4,871,270                          |
| T. Rowe Price (TRMCX)              | 1,549,681                          | -438,667          | 233,043                         | 1,344,057                          |
| Prudential (TASVX)                 | 1,792,838                          | -240,929          | 462,816                         | 2,014,725                          |
| <b>Total International Equity</b>  | <b>3,854,422</b>                   | <b>-543,667</b>   | <b>611,875</b>                  | <b>3,922,630</b>                   |
| Harbor International (HAINX)       | 3,854,422                          | -543,667          | 611,875                         | 3,922,630                          |
| <b>Total Domestic Fixed Income</b> | <b>9,712,081</b>                   | <b>-29,237</b>    | <b>10,697</b>                   | <b>9,693,541</b>                   |
| C.S. McKee                         | 4,771,224                          | -14,237           | 8,317                           | 4,765,303                          |
| Great Lakes Advisors               | 4,940,858                          | -15,000           | 2,380                           | 4,928,238                          |
| <b>Total Real Estate</b>           | <b>1,209,694</b>                   | <b>500,000</b>    | <b>142,324</b>                  | <b>1,852,018</b>                   |
| Principal Real Estate              | 1,209,694                          | 500,000           | 142,324                         | 1,852,018                          |
| Cash                               | 151,442                            | 228,449           | 533                             | 380,423                            |

| Comparative Performance                            |             |             |              |             |              |             |              |             |              |             |              |             |             |             |
|--|-------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|-------------|-------------|
|  | QTR         |             | FYTD         |             | 1 YR         |             | 3 YR         |             | 5 YR         |             | 7 YR         |             | 10 YR       |             |
| <b>Police Total Fund</b>                           | <b>2.49</b> | <b>(74)</b> | <b>6.19</b>  | <b>(82)</b> | <b>12.16</b> | <b>(45)</b> | <b>5.59</b>  | <b>(30)</b> | <b>8.61</b>  | <b>(54)</b> | <b>8.93</b>  | <b>(61)</b> | <b>6.72</b> | <b>(6)</b>  |
| Police - Total Fund Policy                         | 2.23        | (84)        | 5.81         | (86)        | 11.47        | (62)        | 5.64         | (29)        | 8.57         | (56)        | 8.79         | (64)        | 6.12        | (19)        |
| All Master Trust - Total Fund Median               | 2.89        |             | 7.50         |             | 12.01        |             | 5.02         |             | 8.72         |             | 9.27         |             | 5.48        |             |
| <b>Police Total Fund</b>                           | <b>2.49</b> | <b>(84)</b> | <b>6.19</b>  | <b>(93)</b> | <b>12.16</b> | <b>(43)</b> | <b>5.59</b>  | <b>(29)</b> | <b>8.61</b>  | <b>(53)</b> | <b>8.93</b>  | <b>(65)</b> | <b>6.72</b> | <b>(3)</b>  |
| Police - Total Fund Policy                         | 2.23        | (95)        | 5.81         | (98)        | 11.47        | (64)        | 5.64         | (28)        | 8.57         | (56)        | 8.79         | (69)        | 6.12        | (19)        |
| Master Trust >=45% and <65% Equity Median          | 2.96        |             | 7.55         |             | 11.89        |             | 5.08         |             | 8.71         |             | 9.29         |             | 5.52        |             |
| <b>Total Domestic Equity</b>                       | <b>2.59</b> | <b>(50)</b> | <b>7.47</b>  | <b>(50)</b> | <b>21.30</b> | <b>(30)</b> | <b>9.30</b>  | <b>(22)</b> | <b>15.14</b> | <b>(20)</b> | <b>15.71</b> | <b>(19)</b> | <b>8.40</b> | <b>(19)</b> |
| Russell 3000 Index                                 | 3.02        | (41)        | 8.93         | (39)        | 18.51        | (48)        | 9.10         | (24)        | 14.58        | (28)        | 15.34        | (25)        | 7.26        | (38)        |
| IM U.S. Equity (SA+CF+MF) Median                   | 2.57        |             | 7.33         |             | 18.24        |             | 7.14         |             | 13.39        |             | 14.03        |             | 6.68        |             |
| Seizert  | 2.14        | (48)        | 6.49         | (47)        | 23.88        | (18)        | 9.05         | (20)        | 16.17        | (14)        | 15.51        | (26)        | N/A         |             |
| Russell 1000 Value Index                           | 1.34        | (73)        | 4.66         | (73)        | 15.53        | (73)        | 7.36         | (55)        | 13.94        | (56)        | 14.31        | (59)        | 5.57        | (84)        |
| IM U.S. Large Cap Value Equity (SA+CF) Median      | 2.03        |             | 6.29         |             | 18.06        |             | 7.53         |             | 14.19        |             | 14.60        |             | 6.55        |             |
| Holland  | 5.40        | (42)        | 14.38        | (46)        | 18.42        | (69)        | 10.43        | (50)        | 14.19        | (73)        | N/A          |             | N/A         |             |
| Russell 1000 Growth Index                          | 4.67        | (55)        | 13.99        | (51)        | 20.42        | (49)        | 11.11        | (35)        | 15.30        | (43)        | 16.48        | (35)        | 8.91        | (49)        |
| IM U.S. Large Cap Growth Equity (SA+CF) Median     | 4.92        |             | 14.08        |             | 20.26        |             | 10.41        |             | 14.95        |             | 15.82        |             | 8.84        |             |
| T. Rowe Price (TRMCX)                              | -0.13       | (78)        | 3.10         | (79)        | 15.45        | (73)        | 7.68         | (18)        | 15.12        | (16)        | 14.43        | (40)        | 8.20        | (11)        |
| Russell Midcap Value Index                         | 1.37        | (55)        | 5.18         | (39)        | 15.93        | (66)        | 7.46         | (22)        | 15.14        | (16)        | 15.29        | (10)        | 7.23        | (28)        |
| IM U.S. Mid Cap Value Equity (MF) Median           | 1.42        |             | 4.29         |             | 17.12        |             | 6.28         |             | 14.01        |             | 14.04        |             | 6.34        |             |
| Prudential (TASVX)                                 | -0.89       | (73)        | -1.71        | (66)        | 25.45        | (30)        | 7.33         | (24)        | N/A          |             | N/A          |             | N/A         |             |
| Russell 2000 Value Index                           | 0.67        | (47)        | 0.54         | (41)        | 24.86        | (33)        | 7.02         | (30)        | 13.39        | (35)        | 13.50        | (29)        | 5.92        | (42)        |
| IM U.S. Small Cap Value Equity (MF) Median         | 0.58        |             | -0.43        |             | 21.70        |             | 5.33         |             | 12.69        |             | 12.66        |             | 5.66        |             |
| <b>Total International Equity</b>                  | <b>6.78</b> | <b>(41)</b> | <b>16.08</b> | <b>(37)</b> | <b>17.74</b> | <b>(60)</b> | <b>-0.04</b> | <b>(72)</b> | <b>7.01</b>  | <b>(70)</b> | <b>8.18</b>  | <b>(25)</b> | <b>1.23</b> | <b>(55)</b> |
| MSCI AC World ex USA Index (Net)                   | 5.78        | (72)        | 14.10        | (62)        | 20.45        | (40)        | 0.80         | (55)        | 7.22         | (65)        | 6.66         | (77)        | 1.13        | (56)        |
| IM International Large Cap Equity (MF) Median      | 6.55        |             | 15.21        |             | 18.79        |             | 0.99         |             | 7.69         |             | 7.41         |             | 1.53        |             |
| Harbor (HAINX)                                     | 6.78        | (29)        | 16.08        | (22)        | 17.74        | (66)        | -0.04        | (66)        | 7.01         | (64)        | N/A          |             | N/A         |             |
| MSCI AC World ex USA Index (Net)                   | 5.78        | (60)        | 14.10        | (52)        | 20.45        | (46)        | 0.80         | (47)        | 7.22         | (56)        | 6.66         | (60)        | 1.13        | (33)        |
| IM International Large Cap Core Equity (MF) Median | 6.04        |             | 14.23        |             | 19.83        |             | 0.68         |             | 7.37         |             | 6.89         |             | 0.65        |             |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.



Comparative Performance

Total Fund

As of June 30, 2017

|   | QTR         |             | FYTD        |             | 1 YR        |             | 3 YR        |             | 5 YR        |             | 7 YR        |             | 10 YR       |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Total Domestic Fixed Income</b>                  | <b>0.92</b> | <b>(75)</b> | <b>1.60</b> | <b>(77)</b> | <b>0.11</b> | <b>(79)</b> | <b>2.23</b> | <b>(70)</b> | <b>2.11</b> | <b>(75)</b> | <b>2.83</b> | <b>(76)</b> | <b>4.38</b> | <b>(66)</b> |
| Police - Total Domestic Fixed Policy                | 0.92        | (75)        | 1.61        | (77)        | -0.16       | (86)        | 2.01        | (76)        | 1.87        | (80)        | 2.52        | (81)        | 4.11        | (74)        |
| IM U.S. Fixed Income (SA+CF) Median                 | 1.48        |             | 2.60        |             | 1.20        |             | 2.85        |             | 3.08        |             | 4.02        |             | 4.95        |             |
| C.S. McKee  | 0.85        | (90)        | 1.51        | (87)        | 0.18        | (68)        | 2.33        | (39)        | 2.09        | (64)        | N/A         |             | N/A         |             |
| Bloomberg Barclays US Interm Agg Index              | 0.92        | (78)        | 1.61        | (80)        | -0.16       | (85)        | 2.01        | (72)        | 1.87        | (81)        | 2.66        | (80)        | 4.04        | (85)        |
| IM U.S. Intermediate Duration (SA+CF) Median        | 1.03        |             | 1.87        |             | 0.39        |             | 2.25        |             | 2.21        |             | 3.00        |             | 4.38        |             |
| Great Lakes   | 0.98        | (68)        | 1.68        | (74)        | 0.05        | (71)        | 2.13        | (62)        | 2.13        | (62)        | N/A         |             | N/A         |             |
| Bloomberg Barclays US Interm Agg Index              | 0.92        | (78)        | 1.61        | (80)        | -0.16       | (85)        | 2.01        | (72)        | 1.87        | (81)        | 2.66        | (80)        | 4.04        | (85)        |
| IM U.S. Intermediate Duration (SA+CF) Median        | 1.03        |             | 1.87        |             | 0.39        |             | 2.25        |             | 2.21        |             | 3.00        |             | 4.38        |             |
| <b>Real Estate</b>                                  |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Principal Real Estate                               | 2.04        | (N/A)       | 3.89        | (N/A)       | 8.60        | (N/A)       | N/A         |             | N/A         |             | N/A         |             | N/A         |             |
| NCREIF Fund Index-ODCE (EW) (Net)                   | 1.59        | (N/A)       | 3.24        | (N/A)       | 7.32        | (N/A)       | 10.70       | (N/A)       | 10.86       | (N/A)       | 12.11       | (N/A)       | 4.17        | (N/A)       |
| IM U.S. Open End Private Real Estate (SA+CF) Median | N/A         |             | N/A         |             | N/A         |             | N/A         |             | N/A         |             | N/A         |             | N/A         |             |
| Cash  | 0.05        |             | 0.09        |             | 0.12        |             | 0.07        |             | 0.07        |             | 0.08        |             | 0.48        |             |
| 90 Day U.S. Treasury Bill                           | 0.20        |             | 0.30        |             | 0.44        |             | 0.20        |             | 0.15        |             | 0.13        |             | 0.55        |             |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.



**Comparative Performance**  
**Total Fund**  
**1 Year Ending**

| <b>Comparative Performance</b>                     |                 |             |                 |             |                 |             |                 |             |                 |             |                 |             |                 |             |                 |             |                 |             |
|--|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|
|  | <b>Jun-2017</b> |             | <b>Jun-2016</b> |             | <b>Jun-2015</b> |             | <b>Jun-2014</b> |             | <b>Jun-2013</b> |             | <b>Jun-2012</b> |             | <b>Jun-2011</b> |             | <b>Jun-2010</b> |             | <b>Jun-2009</b> |             |
| <b>Police Total Fund</b>                           | <b>12.16</b>    | <b>(45)</b> | <b>1.27</b>     | <b>(38)</b> | <b>3.65</b>     | <b>(32)</b> | <b>15.20</b>    | <b>(69)</b> | <b>11.44</b>    | <b>(54)</b> | <b>2.82</b>     | <b>(27)</b> | <b>17.06</b>    | <b>(77)</b> | <b>9.61</b>     | <b>(86)</b> | <b>-3.11</b>    | <b>(7)</b>  |
| Police - Total Fund Policy                         | 11.47           | (62)        | 2.08            | (25)        | 3.61            | (33)        | 15.33           | (67)        | 10.95           | (62)        | 4.08            | (16)        | 14.85           | (85)        | 10.38           | (81)        | -8.67           | (14)        |
| All Master Trust - Total Fund Median               | 11.99           |             | 0.50            |             | 2.74            |             | 16.33           |             | 11.65           |             | 1.19            |             | 20.31           |             | 12.57           |             | -15.64          |             |
| <b>Police Total Fund</b>                           | <b>12.16</b>    | <b>(43)</b> | <b>1.27</b>     | <b>(30)</b> | <b>3.65</b>     | <b>(36)</b> | <b>15.20</b>    | <b>(82)</b> | <b>11.44</b>    | <b>(63)</b> | <b>2.82</b>     | <b>(22)</b> | <b>17.06</b>    | <b>(92)</b> | <b>9.61</b>     | <b>(95)</b> | <b>-3.11</b>    | <b>(1)</b>  |
| Police - Total Fund Policy                         | 11.47           | (64)        | 2.08            | (17)        | 3.61            | (37)        | 15.33           | (79)        | 10.95           | (73)        | 4.08            | (11)        | 14.85           | (98)        | 10.38           | (89)        | -8.67           | (2)         |
| Master Trust >=45% and <65% Equity Median          | 11.89           |             | 0.22            |             | 2.98            |             | 16.50           |             | 12.12           |             | 0.93            |             | 20.78           |             | 12.71           |             | -16.31          |             |
| <b>Total Domestic Equity</b>                       | <b>21.30</b>    | <b>(30)</b> | <b>1.69</b>     | <b>(26)</b> | <b>5.85</b>     | <b>(52)</b> | <b>24.90</b>    | <b>(44)</b> | <b>24.08</b>    | <b>(33)</b> | <b>1.22</b>     | <b>(39)</b> | <b>35.63</b>    | <b>(36)</b> | <b>14.70</b>    | <b>(57)</b> | <b>-20.59</b>   | <b>(19)</b> |
| Russell 3000 Index                                 | 18.51           | (48)        | 2.14            | (23)        | 7.29            | (39)        | 25.22           | (41)        | 21.46           | (50)        | 3.84            | (23)        | 32.37           | (53)        | 15.72           | (51)        | -26.56          | (51)        |
| IM U.S. Equity (SA+CF+MF) Median                   | 18.24           |             | -2.20           |             | 6.05            |             | 24.26           |             | 21.43           |             | -0.54           |             | 32.77           |             | 15.79           |             | -26.47          |             |
| Seizert  | 23.88           | (18)        | 0.36            | (44)        | 4.30            | (60)        | 25.61           | (38)        | 29.89           | (16)        | -2.08           | (78)        | 32.40           | (26)        | 15.65           | (45)        | N/A             |             |
| Russell 1000 Value Index                           | 15.53           | (73)        | 2.86            | (30)        | 4.13            | (62)        | 23.81           | (57)        | 25.32           | (43)        | 3.01            | (37)        | 28.94           | (63)        | 16.92           | (35)        | -29.03          | (100)       |
| IM U.S. Large Cap Value Equity (SA+CF) Median      | 18.06           |             | -0.45           |             | 5.22            |             | 24.45           |             | 24.66           |             | 1.86            |             | 30.02           |             | 15.27           |             | 30.61           |             |
| Holland  | 18.42           | (69)        | 3.93            | (17)        | 9.43            | (69)        | 22.46           | (89)        | 17.73           | (47)        | 6.27            | (20)        | N/A             |             | N/A             |             | N/A             |             |
| Russell 1000 Growth Index                          | 20.42           | (49)        | 3.02            | (20)        | 10.56           | (59)        | 26.92           | (52)        | 17.07           | (55)        | 5.76            | (24)        | 35.01           | (40)        | 13.62           | (44)        | -24.50          | (47)        |
| IM U.S. Large Cap Growth Equity (SA+CF) Median     | 20.26           |             | -0.59           |             | 11.23           |             | 27.15           |             | 17.40           |             | 3.16            |             | 33.45           |             | 12.99           |             | -25.00          |             |
| T. Rowe Price (TRMCX)                              | 15.45           | (73)        | 4.04            | (8)         | 3.96            | (54)        | 27.74           | (26)        | 26.76           | (66)        | -2.12           | (21)        | 29.84           | (89)        | 24.02           | (46)        | -18.16          | (5)         |
| Russell Midcap Value Index                         | 15.93           | (66)        | 3.25            | (10)        | 3.67            | (59)        | 27.76           | (26)        | 27.65           | (54)        | -0.37           | (12)        | 34.28           | (53)        | 28.91           | (17)        | -30.52          | (71)        |
| IM U.S. Mid Cap Value Equity (MF) Median           | 17.12           |             | -2.74           |             | 4.04            |             | 26.03           |             | 27.87           |             | -4.31           |             | 34.52           |             | 22.97           |             | -27.51          |             |
| Prudential (TASVX)                                 | 25.45           | (30)        | -3.29           | (38)        | 1.91            | (26)        | N/A             |             | N/A             |             | N/A             |             | N/A             |             | N/A             |             | N/A             |             |
| Russell 2000 Value Index                           | 24.86           | (33)        | -2.58           | (33)        | 0.78            | (36)        | 22.54           | (61)        | 24.77           | (45)        | -1.44           | (28)        | 31.35           | (55)        | 25.07           | (38)        | -25.24          | (46)        |
| IM U.S. Small Cap Value Equity (MF) Median         | 21.70           |             | -4.58           |             | -0.20           |             | 23.32           |             | 24.07           |             | -3.31           |             | 31.78           |             | 23.38           |             | -25.76          |             |
| <b>Total International Equity</b>                  | <b>17.74</b>    | <b>(60)</b> | <b>-11.51</b>   | <b>(63)</b> | <b>-4.14</b>    | <b>(67)</b> | <b>22.05</b>    | <b>(24)</b> | <b>15.11</b>    | <b>(59)</b> | <b>-11.22</b>   | <b>(23)</b> | <b>39.20</b>    | <b>(1)</b>  | <b>8.72</b>     | <b>(26)</b> | <b>-30.94</b>   | <b>(44)</b> |
| MSCI AC World ex USA Index (Net)                   | 20.45           | (40)        | -10.24          | (43)        | -5.26           | (78)        | 21.75           | (27)        | 13.63           | (75)        | -14.56          | (59)        | 29.73           | (62)        | 10.43           | (16)        | -30.92          | (44)        |
| IM International Large Cap Equity (MF) Median      | 18.79           |             | -10.59          |             | -3.04           |             | 20.29           |             | 15.48           |             | -13.81          |             | 30.72           |             | 6.01            |             | -31.77          |             |
| Harbor (HAINX)                                     | 17.74           | (66)        | -11.51          | (54)        | -4.14           | (62)        | 22.05           | (23)        | 15.11           | (66)        | -11.22          | (16)        | N/A             |             | N/A             |             | N/A             |             |
| MSCI AC World ex USA Index (Net)                   | 20.45           | (46)        | -10.24          | (35)        | -5.26           | (80)        | 21.75           | (26)        | 13.63           | (75)        | -14.56          | (57)        | 29.73           | (70)        | 10.43           | (10)        | -30.92          | (45)        |
| IM International Large Cap Core Equity (MF) Median | 19.83           |             | -11.33          |             | -3.60           |             | 20.15           |             | 17.10           |             | -13.94          |             | 30.91           |             | 4.88            |             | -31.37          |             |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.





**Comparative Performance**  
**Total Fund**  
**1 Year Ending**

|   | Jun-2017         | Jun-2016         | Jun-2015         | Jun-2014         | Jun-2013         | Jun-2012         | Jun-2011         | Jun-2010         | Jun-2009        |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|
| <b>Total Domestic Fixed Income</b>                  | <b>0.11 (79)</b> | <b>4.60 (46)</b> | <b>2.03 (34)</b> | <b>3.44 (78)</b> | <b>0.46 (65)</b> | <b>6.04 (62)</b> | <b>3.29 (82)</b> | <b>7.11 (81)</b> | <b>8.67 (9)</b> |
| Police - Total Domestic Fixed Policy                | -0.16 (86)       | 4.36 (51)        | 1.89 (40)        | 3.48 (77)        | -0.12 (79)       | 5.28 (70)        | 3.02 (86)        | 6.97 (81)        | 8.02 (13)       |
| IM U.S. Fixed Income (SA+CF) Median                 | 1.20             | 4.37             | 1.64             | 5.46             | 1.04             | 6.99             | 5.04             | 11.51            | 4.54            |
| <b>C.S. McKee</b>                                   | <b>0.18 (68)</b> | <b>4.74 (30)</b> | <b>2.13 (21)</b> | <b>3.12 (75)</b> | <b>0.37 (71)</b> | <b>N/A</b>       | <b>N/A</b>       | <b>N/A</b>       | <b>N/A</b>      |
| Bloomberg Barclays US Interm Agg Index              | -0.16 (85)       | 4.36 (58)        | 1.89 (37)        | 3.48 (58)        | -0.12 (91)       | 5.28 (76)        | 3.99 (62)        | 8.72 (60)        | 6.14 (55)       |
| IM U.S. Intermediate Duration (SA+CF) Median        | 0.39             | 4.45             | 1.78             | 3.63             | 0.77             | 5.84             | 4.22             | 9.21             | 6.38            |
| <b>Great Lakes</b>                                  | <b>0.05 (71)</b> | <b>4.46 (50)</b> | <b>1.93 (33)</b> | <b>3.76 (42)</b> | <b>0.52 (62)</b> | <b>N/A</b>       | <b>N/A</b>       | <b>N/A</b>       | <b>N/A</b>      |
| Bloomberg Barclays US Interm Agg Index              | -0.16 (85)       | 4.36 (58)        | 1.89 (37)        | 3.48 (58)        | -0.12 (91)       | 5.28 (76)        | 3.99 (62)        | 8.72 (60)        | 6.14 (55)       |
| IM U.S. Intermediate Duration (SA+CF) Median        | 0.39             | 4.45             | 1.78             | 3.63             | 0.77             | 5.84             | 4.22             | 9.21             | 6.38            |
| <b>Real Estate</b>                                  |                  |                  |                  |                  |                  |                  |                  |                  |                 |
| Principal Real Estate                               | 8.60 (N/A)       | 11.19 (85)       | N/A              | N/A              | N/A              | N/A              | N/A              | N/A              | N/A             |
| NCREIF Fund Index-ODCE (EW) (Net)                   | 7.32 (N/A)       | 11.24 (84)       | 13.64 (74)       | 11.37 (82)       | 10.80 (77)       | 11.46 (73)       | 19.33 (60)       | -8.47 (57)       | -31.36 (51)     |
| IM U.S. Open End Private Real Estate (SA+CF) Median | N/A              | 12.63            | 15.09            | 13.80            | 13.05            | 12.99            | 21.00            | -8.06            | -31.11          |
| <b>Cash</b>   | <b>0.12</b>      | <b>0.04</b>      | <b>0.05</b>      | <b>0.06</b>      | <b>0.06</b>      | <b>0.10</b>      | <b>0.11</b>      | <b>0.10</b>      | <b>0.88</b>     |
| 90 Day U.S. Treasury Bill                           | 0.44             | 0.13             | 0.03             | 0.04             | 0.09             | 0.04             | 0.15             | 0.13             | 0.94            |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.



|                                       |   |
|---------------------------------------|---|
| <b>Active Return</b>                  | - Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.   |
| <b>Alpha</b>                          | - A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.   |
| <b>Beta</b>                           | - A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.   |
| <b>Consistency</b>                    | - The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.  |
| <b>Distributed to Paid In (DPI)</b>   | - The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against. |
| <b>Down Market Capture</b>            | - The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance   |
| <b>Downside Risk</b>                  | - A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.   |
| <b>Excess Return</b>                  | - Arithmetic difference between the manager's performance and the risk-free return over a specified time period.  |
| <b>Excess Risk</b>                    | - A measure of the standard deviation of a portfolio's performance relative to the risk free return.  |
| <b>Information Ratio</b>              | - This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.   |
| <b>Public Market Equivalent (PME)</b> | - Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.   |
| <b>R-Squared</b>                      | - The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.   |
| <b>Return</b>                         | - Compounded rate of return for the period.   |
| <b>Sharpe Ratio</b>                   | - Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.  |
| <b>Standard Deviation</b>             | - A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.   |
| <b>Total Value to Paid In (TVPI)</b>  | - The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life   |
| <b>Tracking Error</b>                 | - This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.   |
| <b>Treynor Ratio</b>                  | - Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance. |
| <b>Up Market Capture</b>              | - The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.   |



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