

FUND EVALUATION REPORT

Plymouth County Retirement Association

Investment Review
September 26, 2018

DRAFT



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- 1. Interim Update as of August 31, 2018**
- 2. Disclaimer, Glossary, and Notes**

Interim Update

As of August 31, 2018

Asset Class Net Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	15 Yrs (%)	Inception (%)	Inception Date
Total Retirement Association	1,049,584,733	100.0	0.6	1.9	2.6	8.2	8.5	7.8	6.2	7.1	8.0	Nov-89
<i>Custom Benchmark - Policy Benchmark</i>			0.5	2.2	3.7	10.0	9.8	8.9	7.6	--	--	Nov-89
Domestic Equity Assets	276,963,703	26.4	4.5	6.6	13.6	23.9	--	--	--	--	18.4	Jan-16
<i>Russell 3000</i>			3.5	6.9	10.4	20.2	15.9	14.3	10.9	9.8	16.6	Jan-16
International Developed Market Equity Assets	160,684,383	15.3	-2.5	-0.7	-4.0	2.1	--	--	--	--	8.6	Jan-16
<i>MSCI EAFE</i>			-1.9	0.5	-2.3	4.4	7.0	5.7	3.7	7.0	8.2	Jan-16
International Emerging Market Equity Assets	93,014,055	8.9	-1.7	-0.9	-6.9	-0.9	--	--	--	--	12.6	Jan-16
<i>MSCI Emerging Markets</i>			-2.7	-0.6	-7.2	-0.7	11.4	5.0	3.4	9.7	14.0	Jan-16
Global Equity Assets	97,857,068	9.3	-0.4	1.6	--	--	--	--	--	--	-3.3	Feb-18
<i>MSCI ACWI</i>			0.8	3.8	3.4	11.4	11.8	9.7	6.7	8.1	-2.1	Feb-18
Domestic Fixed Income	101,302,799	9.7	0.7	0.5	-0.7	-0.6	--	--	--	--	2.5	Jan-16
<i>75% Bbg Barclays Aggregate/25% Bbg Barclays US TIPs 1-10 year</i>			0.7	0.6	-0.6	-0.7	1.8	2.2	--	--	2.1	Jan-16
Value Added Fixed Income	73,476,424	7.0	0.6	1.5	2.2	3.2	--	--	--	--	7.2	Jan-16
<i>50% BBgBarc US High Yield/ 50% Credit Suisse Leveraged Loans</i>			0.6	1.5	2.8	4.3	6.0	5.0	6.9	6.4	8.2	Jan-16
International Fixed Income	35,746,659	3.4	-2.8	-0.6	-3.0	-1.4	--	--	--	--	5.5	Jan-16
<i>Custom Benchmark - Global Fixed Income</i>			-1.7	0.8	-4.5	-3.7	4.0	3.6	--	--	4.6	Jan-16
Hedge Fund	44,756,994	4.3	0.2	2.2	2.4	5.1	4.8	5.6	--	--	5.1	Feb-10
<i>HFRI Fund of Funds Composite Index</i>			0.3	0.6	1.3	3.8	2.7	3.5	1.9	3.4	3.0	Feb-10
Real Estate	90,855,923	8.7	0.4	0.5	2.8	4.5	--	--	--	--	4.4	Jan-16
<i>NCREIF ODCE</i>			0.0	0.0	4.3	8.4	9.4	11.0	5.3	8.3	7.8	Jan-16
Private Equity	39,162,761	3.7	0.0	0.0	11.2	22.5	--	--	--	--	8.1	Jan-16
<i>Cambridge Associates Fund of Funds Composite 1-Quarter Lag</i>			0.0	0.0	7.8	16.2	10.4	12.0	8.0	11.7	9.5	Jan-16
Real Assets	23,448,010	2.2	0.0	0.0	-0.6	0.1	--	--	--	--	-3.0	Jan-16
<i>CPI+3%</i>			0.5	0.9	3.6	5.7	4.9	4.5	4.4	5.1	5.2	Jan-16
Cash and Cash Equivalent	12,315,955	1.2										

As of August 31, 2018

Trailing Net Performance

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Retirement Association	1,049,584,733	100.0	--	0.6	1.9	2.6	8.2	8.5	7.8	6.2	8.0	Nov-89
<i>Custom Benchmark - Policy Benchmark</i>				0.5	2.2	3.7	10.0	9.8	8.9	7.6	--	Nov-89
Domestic Equity Assets	276,963,703	26.4	26.4	4.5	6.6	13.6	23.9	--	--	--	18.4	Jan-16
<i>Russell 3000</i>				3.5	6.9	10.4	20.2	15.9	14.3	10.9	16.6	Jan-16
Rhumblin Russell 1000 Value	34,672,681	3.3	12.5	1.5	5.5	3.7	12.3	12.1	11.1	--	11.0	Apr-13
<i>Russell 1000 Value</i>				1.5	5.5	3.7	12.5	12.3	11.2	8.9	11.1	Apr-13
Rhumblin Russell 1000 Growth	61,563,476	5.9	22.2	5.5	8.6	16.4	27.0	19.2	17.3	--	16.7	Jul-09
<i>Russell 1000 Growth</i>				5.5	8.6	16.4	27.2	19.3	17.5	12.8	16.8	Jul-09
Fisher Midcap Value	47,093,608	4.5	17.0	2.6	5.7	6.7	16.2	15.0	12.4	9.9	8.3	Apr-07
<i>Russell MidCap Value</i>				1.4	4.1	4.0	12.7	12.1	11.8	10.3	7.5	Apr-07
Boston Company Small Cap Growth	55,529,238	5.3	20.0	10.2	9.2	27.5	40.0	19.6	16.6	--	16.9	Aug-09
<i>Russell 2000 Growth</i>				6.2	8.1	18.5	30.7	16.4	14.2	11.6	16.1	Aug-09
LMCG Small Cap Value	78,089,815	7.4	28.2	2.5	4.3	7.4	16.7	13.7	11.6	--	10.1	Mar-11
<i>Russell 2000 Value</i>				2.4	4.2	9.9	20.0	15.7	11.7	9.3	10.7	Mar-11
International Developed Market Equity Assets	160,684,383	15.3	15.3	-2.5	-0.7	-4.0	2.1	--	--	--	8.6	Jan-16
<i>MSCI EAFE</i>				-1.9	0.5	-2.3	4.4	7.0	5.7	3.7	8.2	Jan-16
KBI Master Account	75,396,685	7.2	46.9	-3.1	-0.4	-4.9	0.4	5.0	4.3	2.8	3.9	Jul-05
<i>MSCI EAFE</i>				-1.9	0.5	-2.3	4.4	7.0	5.7	3.7	4.8	Jul-05
HGK TS International Equity	47,312,088	4.5	29.4	-3.1	-0.9	-2.1	3.9	8.7	7.4	--	7.0	Feb-11
<i>MSCI EAFE</i>				-1.9	0.5	-2.3	4.4	7.0	5.7	3.7	4.5	Feb-11
Copper Rock International Small Cap	37,975,610	3.6	23.6	-0.7	-1.2	-4.4	--	--	--	--	-2.8	Nov-17
<i>MSCI EAFE Small Cap</i>				-0.8	-0.2	-1.5	7.5	11.4	10.0	7.7	1.1	Nov-17

Total Retirement Association

As of August 31, 2018

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
International Emerging Market Equity Assets	93,014,055	8.9	8.9	-1.7	-0.9	-6.9	-0.9	--	--	--	12.6	Jan-16
<i>MSCI Emerging Markets</i>				-2.7	-0.6	-7.2	-0.7	11.4	5.0	3.4	14.0	Jan-16
LMCG Emerging Markets	93,014,055	8.9	100.0	-1.7	-0.9	-6.9	-0.9	9.9	--	--	2.5	Sep-13
<i>MSCI Emerging Markets</i>				-2.7	-0.6	-7.2	-0.7	11.4	5.0	3.4	3.8	Sep-13
Global Equity Assets	97,857,068	9.3	9.3	-0.4	1.6	--	--	--	--	--	-3.3	Feb-18
<i>MSCI ACWI</i>				0.8	3.8	3.4	11.4	11.8	9.7	6.7	-2.1	Feb-18
First Eagle Global Value Fund	19,222,928	1.8	19.6	-0.6	0.9	--	--	--	--	--	-3.9	Feb-18
<i>MSCI ACWI</i>				0.8	3.8	3.4	11.4	11.8	9.7	6.7	-2.1	Feb-18
Kopernik Global All Cap Fund	17,154,758	1.6	17.5	-6.3	-8.5	--	--	--	--	--	-14.2	Feb-18
<i>MSCI ACWI</i>				0.8	3.8	3.4	11.4	11.8	9.7	6.7	-2.1	Feb-18
Lee Munder Global Multi-Cap Strategy	29,387,261	2.8	30.0	1.0	4.0	--	--	--	--	--	3.1	Mar-18
<i>MSCI ACWI</i>				0.8	3.8	3.4	11.4	11.8	9.7	6.7	2.1	Mar-18
Wellington Durable Enterprises, L.P.	32,092,120	3.1	32.8	1.9	6.0	--	--	--	--	--	7.0	Mar-18
<i>MSCI ACWI</i>				0.8	3.8	3.4	11.4	11.8	9.7	6.7	2.1	Mar-18
Domestic Fixed Income	101,302,799	9.7	9.7	0.7	0.5	-0.7	-0.6	--	--	--	2.5	Jan-16
75% Bbg Barclays Aggregate/25% Bbg Barclays US TIPs 1-10 year				0.7	0.6	-0.6	-0.7	1.8	2.2	--	2.1	Jan-16
IR&M Core Bonds	101,302,799	9.7	100.0	0.7	0.5	-0.7	-0.7	1.9	2.4	3.4	4.0	Nov-04
75% Bbg Barclays Aggregate/25% Bbg Barclays US TIPs 1-10 year				0.7	0.6	-0.6	-0.7	1.8	2.2	--	--	Nov-04
Value Added Fixed Income	73,476,424	7.0	7.0	0.6	1.5	2.2	3.2	--	--	--	7.2	Jan-16
50% BBgBarc US High Yield/ 50% Credit Suisse Leveraged Loans				0.6	1.5	2.8	4.3	6.0	5.0	6.9	8.2	Jan-16
Eaton Vance High Yield	38,113,675	3.6	51.9	0.7	1.7	1.5	2.5	5.8	5.4	7.9	7.0	Apr-06
<i>ICE BofAML US High Yield TR</i>				0.7	1.8	1.9	3.3	7.0	5.6	8.4	7.4	Apr-06

Total Retirement Association

As of August 31, 2018

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
THL Bank Loan Select Fund	35,362,749	3.4	48.1	0.4	1.2	3.1	4.1	5.2	4.7	--	5.6	Sep-10
<i>Credit Suisse Leveraged Loans</i>				0.4	1.2	3.6	5.3	5.0	4.3	5.2	5.0	Sep-10
International Fixed Income	35,746,659	3.4	3.4	-2.8	-0.6	-3.0	-1.4	--	--	--	5.5	Jan-16
<i>Custom Benchmark - Global Fixed Income</i>				-1.7	0.8	-4.5	-3.7	4.0	3.6	--	4.6	Jan-16
Franklin Templeton Emerging Market Bonds	35,746,659	3.4	100.0	-2.8	-0.6	-3.0	-0.3	6.2	4.2	5.9	6.7	May-06
<i>JP Morgan EMBI Global Diversified</i>				-1.7	0.8	-4.5	-3.4	5.1	5.6	6.6	6.9	May-06
Hedge Fund	44,756,994	4.3	4.3	0.2	2.2	2.4	5.1	4.8	5.6	--	5.1	Feb-10
<i>HFRI Fund of Funds Composite Index</i>				0.3	0.6	1.3	3.8	2.7	3.5	1.9	3.0	Feb-10
ABS Offshore SPC - Global Segregated Portfolio	21,853,711	2.1	48.8	0.0	1.5	2.6	5.2	3.4	5.8	--	5.8	Aug-10
<i>HFRI Fund of Funds Composite Index</i>				0.3	0.6	1.3	3.8	2.7	3.5	1.9	3.2	Aug-10
Entrust Special Opportunities Fund III, Ltd.	22,903,283	2.2	51.2	0.3	3.0	1.8	5.1	--	--	--	19.5	Oct-16
<i>HFRI Fund of Funds Composite Index</i>				0.3	0.6	1.3	3.8	2.7	3.5	1.9	5.1	Oct-16
Real Estate	90,855,923	8.7	8.7	0.4	0.5	2.8	4.5	--	--	--	4.4	Jan-16
<i>NCREIF ODCE</i>				0.0	0.0	4.3	8.4	9.4	11.0	5.3	7.8	Jan-16
Core Real Estate	70,170,215	6.7	77.2	0.6	0.6	3.8	6.8	9.1	10.4	2.8	--	
PRISA I	39,075,175	3.7	55.7	0.0	0.0	3.9	7.4	9.4	10.8	3.7	6.7	Sep-04
Invesco REIT	16,755,423	1.6	23.9	2.4	2.7	3.7	6.0	9.3	10.2	7.8	11.3	Dec-02
<i>Wilshire REIT</i>				3.0	3.6	5.1	6.8	9.3	10.6	7.6	10.7	Dec-02
TA Realty Core Property Fund, L.P.	14,339,616	1.4	20.4	0.0	0.0	--	--	--	--	--	6.0	Mar-18
Non-Core Real Estate	20,685,708	2.0	22.8	0.0	0.0	-0.1	-3.4	--	--	--	-4.2	Jan-16
Mesirow Financial International Real Estate Fund I	3,980,727	0.4	19.2									
DSF Multi-Family Real Estate Fund III	8,590,224	0.8	41.5									

Hedge Fund managers: The market value and performance data is based on an estimate.

Invesco REIT: Market value as of August 31, 2018.



Total Retirement Association

As of August 31, 2018

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
AEW Partners Real Estate VIII	4,364,192	0.4	21.1									
DSF Capital Partners IV	2,110,813	0.2	10.2									
Hunt Redevelopment & Renovation	170,431	0.0	0.8									
1921 Realty, Inc	931,632	0.1	4.5									
New Boston Institutional Fund, LP VII	332,860	0.0	1.6									
Berkshire Multifamily Value Fund II	97,917	0.0	0.5									
Carlyle Realty Partners VIII	106,912	0.0	0.5									
Private Equity	39,162,761	3.7	3.7	0.0	0.0	11.2	22.5	--	--	--	8.1	Jan-16
<i>Cambridge Associates Fund of Funds Composite 1-Quarter Lag</i>				<i>0.0</i>	<i>0.0</i>	<i>7.8</i>	<i>16.2</i>	<i>10.4</i>	<i>12.0</i>	<i>8.0</i>	<i>9.5</i>	<i>Jan-16</i>
Private Equity General	27,657,171	2.6	70.6									
Euro Choice V Programme	5,516,552	0.5	19.9									
Lexington Capital Partners VII	3,257,063	0.3	11.8									
TRG Growth Partnership II	2,490,492	0.2	9.0									
Landmark Equity Partners XIV	1,410,882	0.1	5.1									
Summit Partners Growth Equity Fund IX	4,887,715	0.5	17.7									
Leeds Equity Partners V	1,794,955	0.2	6.5									
Audax Mezzaine Debt IV	1,994,439	0.2	7.2									
Siguler Guff Distressed Opportunities Fund III, LP	998,285	0.1	3.6									
Mesirow Financial Capital Partners IX, LP	314,144	0.0	1.1									
Leeds Equity Partners IV	1,006,398	0.1	3.6									
DN Partners II, LP	910,497	0.1	3.3									
Euro Choice II	170,561	0.0	0.6									

Total Retirement Association

As of August 31, 2018

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
RIMCO Royalty Partners, LP	1	0.0	0.0									
Charles River Partnership XI	92,929	0.0	0.3									
LLR Equity Partners V, LP.	882,085	0.1	3.2									
Wellspring Capital Partners VI	430,173	0.0	1.6									
Trilantic Capital Partners, L.P.	1,500,000	0.1	5.4									
Venture Capital	11,505,590	1.1	29.4									
Ascent Ventures V	7,455,064	0.7	64.8									
Globespan Capital V	3,795,906	0.4	33.0									
Ascend Ventures II	72,247	0.0	0.6									
Ascent Ventures IV	182,373	0.0	1.6									
Real Assets	23,448,010	2.2	2.2	0.0	0.0	-0.6	0.1	--	--	--	-3.0	Jan-16
<i>CPI+3%</i>				<i>0.5</i>	<i>0.9</i>	<i>3.6</i>	<i>5.7</i>	<i>4.9</i>	<i>4.5</i>	<i>4.4</i>	<i>5.2</i>	<i>Jan-16</i>
JP Morgan Global Maritime Investment	6,609,213	0.6	28.2									
Timbervest Partners III, LP	5,140,568	0.5	21.9									
BTG Pactual Global Timberland Resources	3,612,220	0.3	15.4									
Global Infrastructure Partners III	6,783,673	0.6	28.9									
Basalt Infrastructure Partners II	1,302,336	0.1	5.6									
Cash and Cash Equivalent	12,315,955	1.2	1.2									
Cash	12,315,955	1.2	100.0									

Ascend II: Market value as of June 30, 2018.



As of August 31, 2018

Allocation vs. Target

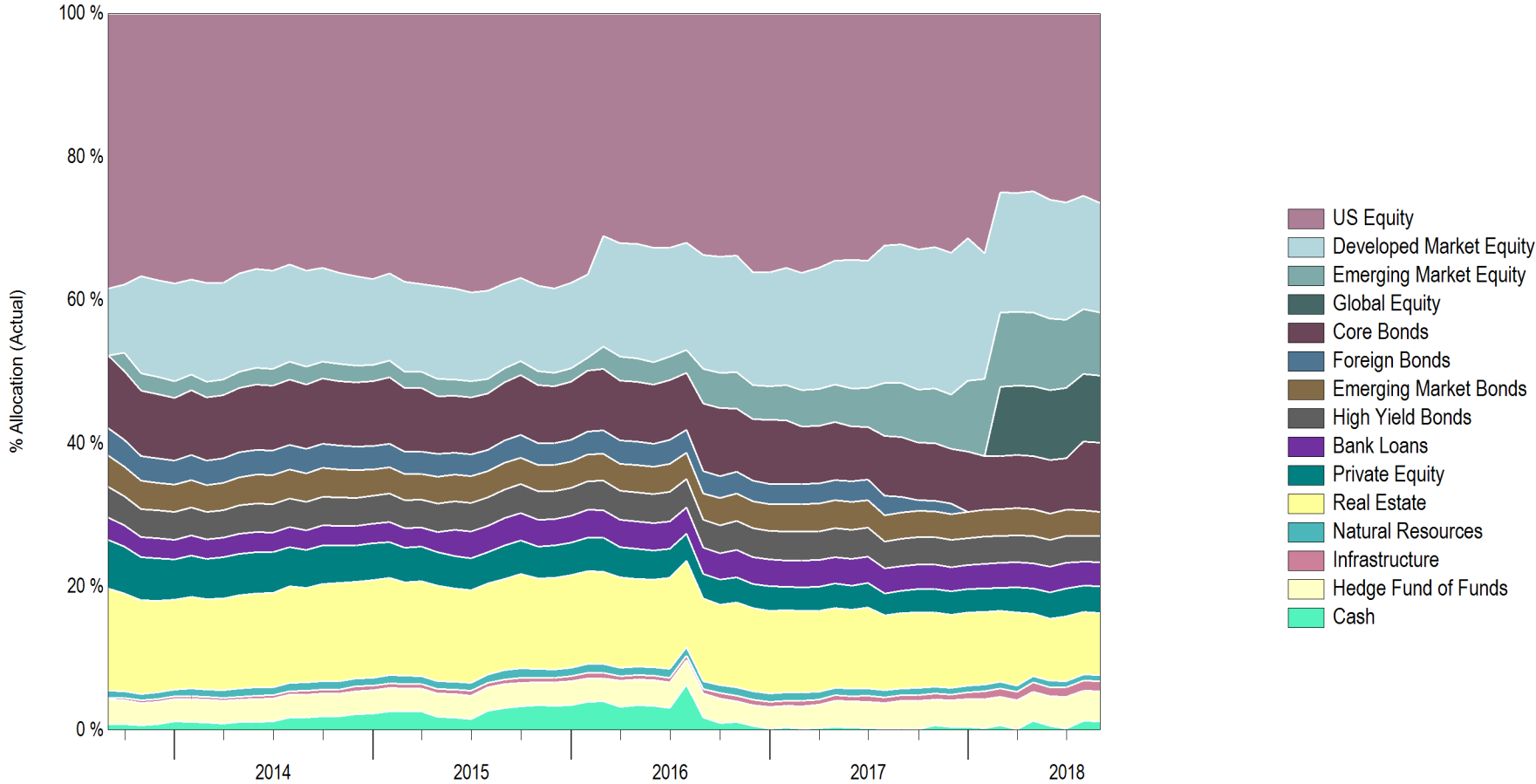
	Current Balance	Current Allocation	Policy	Policy Range	Within IPS Range?
US Equity	\$276,963,690	26%	26%	21% - 36%	Yes
Developed Market Equity	\$160,684,383	15%	6%	1% - 16%	Yes
Emerging Market Equity	\$93,014,055	9%	10%	5% - 20%	Yes
Global Equity	\$97,857,068	9%	10%	5% - 20%	Yes
Core Bonds	\$101,302,799	10%	9%	4% - 14%	Yes
Emerging Market Bonds	\$35,746,659	3%	2%	0% - 7%	Yes
High Yield Bonds	\$38,113,675	4%	2%	0% - 7%	Yes
Bank Loans	\$35,362,749	3%	2%	0% - 7%	Yes
Private Equity	\$39,162,761	4%	13%	8% - 18%	No
Real Estate	\$90,855,923	9%	10%	5% - 15%	Yes
Natural Resources	\$8,752,788	1%	2%	0% - 4%	Yes
Infrastructure	\$14,695,222	1%	4%	2% - 6%	No
Hedge Fund of Funds	\$44,756,994	4%	4%	2% - 6%	Yes
Cash	\$12,315,955	1%	0%	0% - 3%	Yes
Total	\$1,049,584,720	100%	100%		

	Current Balance	Current Allocation	Policy	Policy Range	Within IPS Range?
Total Equity	\$712,438,951	68%	69%	60% - 80%	Yes
Total Fixed Income	\$210,525,882	20%	15%	5% - 25%	Yes
Total Real Assets	\$114,303,933	11%	16%	13% - 19%	No
Cash	\$12,315,955	1%	0%	0% - 3%	Yes

Plymouth County Retirement Association adopted a new asset allocation as of May 2017.



Asset Allocation History
5 Years Ending August 31, 2018



As of August 31, 2018

Annual Investment Expense Analysis

As Of August 31, 2018

Name	Fee Schedule	Market Value	Estimated Fee Value	Estimated Fee
Domestic Equity Assets		\$276,963,703		
Rhumbline Russell 1000 Value	0.05% of First 25.0 Mil, 0.04% of Next 25.0 Mil, 0.03% Thereafter	\$34,672,681	\$16,369	0.05%
Rhumbline Russell 1000 Growth	0.05% of First 25.0 Mil, 0.04% of Next 25.0 Mil, 0.03% Thereafter	\$61,563,476	\$25,969	0.04%
Fisher Midcap Value	0.80% of First 25.0 Mil, 0.75% of Next 25.0 Mil, 0.67% Thereafter	\$47,093,608	\$365,702	0.78%
Boston Company Small Cap Growth	0.45% of Assets	\$55,529,238	\$249,882	0.45%
LMCG Small Cap Value	0.90% of Assets	\$78,089,815	\$702,808	0.90%
International Developed Market Equity Assets		\$160,684,383		
KBI Master Account	0.65% of Assets	\$75,396,685	\$490,078	0.65%
HGK TS International Equity	1.00% of Assets	\$47,312,088	\$473,121	1.00%
Copper Rock International Small Cap	0.85% of Assets	\$37,975,610	\$322,793	0.85%
International Emerging Market Equity Assets		\$93,014,055		
LMCG Emerging Markets	0.75% of Assets	\$93,014,055	\$697,605	0.75%
Global Equity Assets		\$97,857,068		
First Eagle Global Value Fund	0.75% of Assets	\$19,222,928	\$144,172	0.75%
Kopernik Global All Cap Fund	0.80% of First 50.0 Mil, 0.75% of Next 150.0 Mil, 0.70% of Next 250.0 Mil, 0.65% of Next 350.0 Mil	\$17,154,758	\$137,238	0.80%
Lee Munder Global Multi-Cap Strategy	0.45% of Assets	\$29,387,261	\$132,243	0.45%
Wellington Durable Enterprises, L.P.	0.60% of Assets	\$32,092,120	\$192,553	0.60%
Domestic Fixed Income		\$101,302,799		
IR&M Core Bonds	0.25% of First 50.0 Mil, 0.20% of Next 50.0 Mil, 0.15% Thereafter	\$101,302,799	\$226,954	0.22%
Value Added Fixed Income		\$73,476,424		
Eaton Vance High Yield	0.50% of Assets	\$38,113,675	\$190,568	0.50%
THL Bank Loan Select Fund	0.40% of Assets	\$35,362,749	\$141,451	0.40%
International Fixed Income		\$35,746,659		
Franklin Templeton Emerging Market Bonds	0.99% of Assets	\$35,746,659	\$353,892	0.99%

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

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

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

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

Jensen's Alpha: A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk. $\text{Portfolio Return} - [\text{Risk Free Rate} + \text{Beta} * (\text{market return} - \text{Risk Free Rate})]$.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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