

# FUND EVALUATION REPORT

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## **New Mexico Public Employees Retirement Association Smart Save Deferred Compensation Plan**

Third Quarter 2019



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M E K E T A   I N V E S T M E N T   G R O U P

BOSTON  
MASSACHUSETTS

CHICAGO  
ILLINOIS

MIAMI  
FLORIDA

NEW YORK  
NEW YORK

PORTLAND  
OREGON

SAN DIEGO  
CALIFORNIA

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UNITED KINGDOM

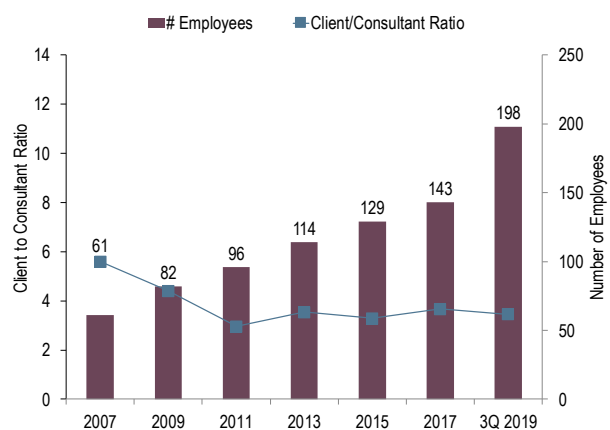
[www.meketagroup.com](http://www.meketagroup.com)

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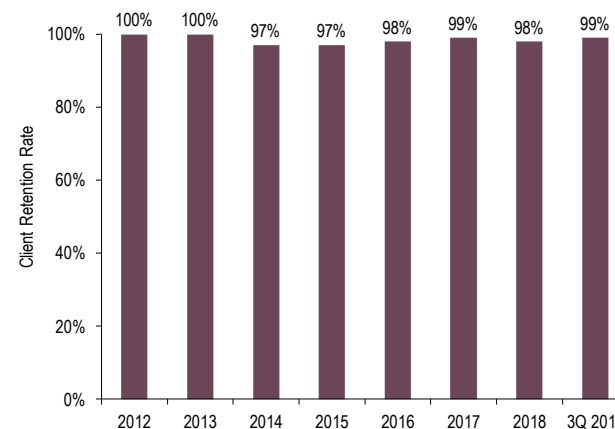
## **Meketa Investment Group Corporate Update**

- Staff of 198, including 133 investment professionals and 41 CFA Charterholders
- 214 clients, with over 300 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston, Chicago, Miami, New York, Portland (OR), San Diego, and London
- We advise on \$1.4 trillion in client assets
  - Over \$100 billion in assets committed to alternative investments
    - Private Equity      ▪ Infrastructure      ▪ Natural Resources
    - Real Estate      ▪ Hedge Funds      ▪ Commodities

### Client to Consultant Ratio<sup>1</sup>



### Client Retention Rate<sup>2</sup>



**Meketa Investment Group is proud to work for over 5 million American families everyday.**

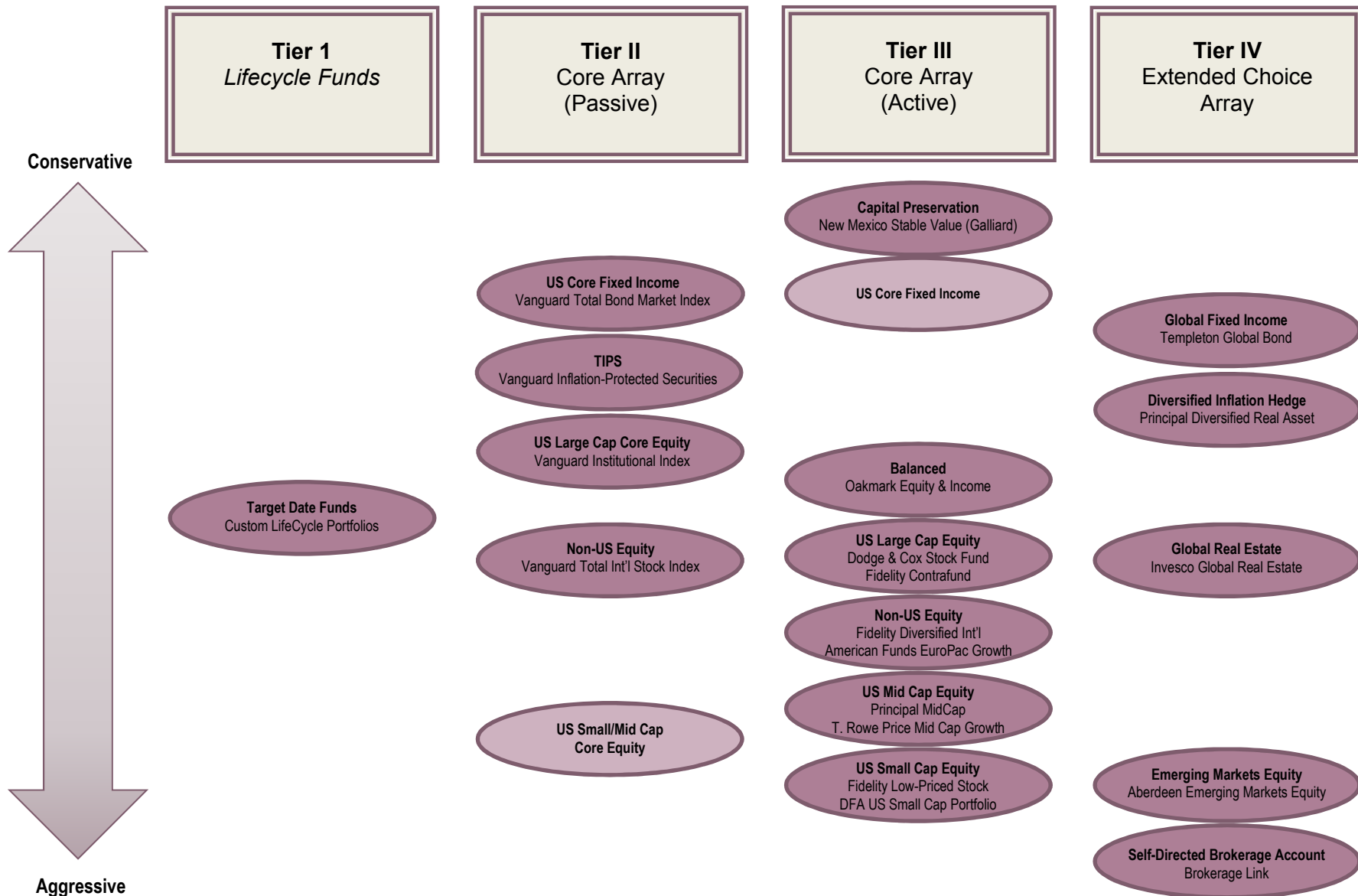
<sup>1</sup> On March 15, 2019, 31 employees joined the firm as part of the merger of Meketa Investment Group and Pension Consulting Alliance.

<sup>2</sup> Client Retention Rate is one minus the number of clients lost divided by the number of clients at prior year-end.

## Asset Classes Followed Intensively by Meketa Investment Group

Domestic Equities	International Equities	Private Equity	Real Assets	Fixed Income	Hedge Funds
<ul style="list-style-type: none"> <li>- Passive</li> <li>- Enhanced Index</li> <li>- Large Cap</li> <li>- Midcap</li> <li>- Small Cap</li> <li>- Microcap</li> <li>- 130/30</li> </ul>	<ul style="list-style-type: none"> <li>- Large Cap Developed</li> <li>- Small Cap Developed</li> <li>- Emerging Markets</li> <li>- Frontier Markets</li> </ul>	<ul style="list-style-type: none"> <li>- Buyouts</li> <li>- Venture Capital</li> <li>- Private Debt</li> <li>- Special Situations</li> <li>- Secondaries</li> <li>- Fund of Funds</li> </ul>	<ul style="list-style-type: none"> <li>- Public REITs</li> <li>- Core Real Estate</li> <li>- Value Added Real Estate</li> <li>- Opportunistic Real Estate</li> <li>- Infrastructure</li> <li>- Timber</li> <li>- Natural Resources</li> <li>- Commodities</li> </ul>	<ul style="list-style-type: none"> <li>- Short-Term</li> <li>- Core</li> <li>- Core Plus</li> <li>- TIPS</li> <li>- High Yield</li> <li>- Bank Loans</li> <li>- Distressed</li> <li>- Global</li> <li>- Emerging Markets</li> </ul>	<ul style="list-style-type: none"> <li>- Long/Short Equity</li> <li>- Event Driven</li> <li>- Relative Value</li> <li>- Fixed Income Arbitrage</li> <li>- Multi Strategy</li> <li>- Market Neutral</li> <li>- Global Macro</li> <li>- Fund of Funds</li> <li>- Portable Alpha</li> </ul>

## Executive Summary



### Plan Assets

- As of September 30, 2019, Plan assets were \$642.0 million, down from \$642.7 million at the end of the prior quarter. The Plan experienced net cash outflows of \$2,821,562 during the third quarter.
- There were 23,132 participants with a balance at quarter-end. The average account balance was \$27,869; contributions totaled \$11.8 million, compared to \$14.6 million in withdrawals.
- The largest Plan investment options by assets were:

	9/30/19 Balance (\$ mm)	Percentage of Plan Assets (%)
New Mexico LifeCycle Portfolios	175.3	27.3
New Mexico Stable Value	135.1	21.0
Vanguard Inst. Index Fund	88.2	13.7
Fidelity Contrafund	49.3	7.7
T. Rowe Price MidCap Growth	34.1	5.3



### Plan Observations

- Five of the Plan's sixteen actively managed portfolios (Principal U.S. MidCap Equity, Fidelity Diversified International, American Funds EuroPacific Growth, Columbia Institutional High Yield, Prudential Retirement Real Estate Fund II) matched or outperformed their respective benchmarks and universe medians during the quarter. Four of the Plan's actively managed portfolios (T.Rowe Price MidCap Growth, Dimensional US Small Cap Core, Fidelity Low-Priced Stock, Aberdeen Emerging Markets Equity) matched or outperformed one measure, but underperformed the other. Seven of the Plan's actively managed portfolios (Fidelity Contrafund, Dodge & Cox U.S. Equity, New Mexico Stable Value Fund, Franklin Templeton Global Bond, Invesco Global REITs, Principal Diversified Real Asset, Oakmark Equity & Income) underperformed both measures.

### Investment Menu Observations

- Five LifeCycle Portfolio (2035 Portfolio, 2040 Portfolio, 2045 Portfolio, 2050 Portfolio, 2055 Portfolio) outperformed their benchmark, but underperformed their respective peer group medians in the third quarter. Four LifeCycle Portfolio (Conservative Portfolio, 2020 Portfolio, 2025 Portfolio, 2030 Portfolio) underperformed both measures.
- Fidelity Contrafund underperformed both the Russell 1000 Growth benchmark and the peer median. Underperformance was driven by security selection, especially within the information technology and communication services sectors, which represented about 48% of fund assets, on average, this quarter.
- Dodge & Cox U.S. Equity underperformed the Russell 1000 Value benchmark and the peer median. Underperformance stemmed from an overweight exposure to the Energy sector. Concho Resources (down 34%), Halliburton (down 16%), and Occidental Petroleum (down 10%) were key detractors.
- T. Rowe Price MidCap Growth outperformed the Russell MidCap Growth benchmark, but underperformed the peer median. The financials sector contributed the most to relative returns due to stock selection. However, the energy sector detracted from relative returns due to unfavorable stock selection and an overweight allocation.
- Dimensional U.S. Small Cap Core outperformed the Russell 2000 benchmark, but underperformed the peer group. The portfolio's greater emphasis on micro caps and consequent lesser allocation to larger small caps detracted from relative performance, as micro caps underperformed.
- Principal U.S. MidCap Equity outperformed the Russell MidCap Index and the peer group median. The fund's allocation to TransDigm (a supplier of an extensive collection of airplane components) and Brookfield Asset Management (an owner and operator of real asset-based businesses around the world) contributed to the fund's outperformance.

**Investment Menu Observations (continued)**

- Fidelity Low-Priced Stock underperformed the benchmark, but outperformed the peer median. The fund's underperformance was due to unfavorable sector and industry positioning, which is largely a function of the bottom-up, company-by-company stock-selection process, particularly in the health care sector.
- Fidelity Diversified International outperformed the MSCI EAFE benchmark and the peer median. Active stock selection was the primary driver of outperformance, as holdings in nine of eleven sectors beat in the index. Notable outperformance in information technology and industrials drove positive returns in the third quarter.
- American Funds EuroPacific Growth outperformed the MSCI ACWI ex USA and the peer median. The selection of information technology companies lifted results due primarily to strong returns from semiconductor companies, ASML Holding and SK Hynix, which rebounded after a disappointing second quarter.
- Aberdeen Emerging Markets Equity narrowly outperformed the MSCI Emerging Markets Index, but underperformed the peer median. Strategy performance was hampered by holdings in Latin America, as political uncertainty caused investors to question the expected economic recovery in Brazil.
- Franklin Templeton Global Bond underperformed the FTSE WGBI benchmark and the peer group median. Negative duration exposure to U.S. Treasuries detracted from absolute fund performance as the yield on the 10-year U.S. Treasury note declined 34 basis points during the quarter to finish at 1.67%.
- Columbia Institutional High Yield exposure is only available via the LifeCycle portfolios. The strategy outperformed both the Barclays High Yield benchmark and the peer median. Higher quality positioning within the energy sector was the most notable contributor to relative performance given the material underperformance of lower quality credits.
- Invesco Global REITs underperformed both the FTSE EPRA/NAREIT Global REIT index benchmark and the peer median. In North America, weak stock selection in the US detracted as the market shifted from rewarding favorable growth conditions to rewarding companies with deeper value characteristics.

### Investment Menu Observations (continued)

- Principal Diversified Real Asset underperformed the Real Asset Custom Benchmark<sup>1</sup>; the peer group median was unavailable. Manager performance and style selection of Tortoise master limited partnership (MLPs) detracted as Tortoise underperformed its specific index and MLPs underperformed broader global infrastructure.
- Prudential Retirement Real Estate Fund II exposure is only available via the LifeCycle portfolios. The strategy outperformed the PRREF II Custom Benchmark<sup>2</sup>. Drivers of performance in underlying funds, PRISA and PRISA II can be attributed to the industrial, apartment and office sectors. Industrial property type fundamentals remain strong, especially in Washington D.C. and New York. Healthy office demand led to outperformance in markets like San Francisco and Boston, as well as sizable gains in the apartment sector from development assets and lease-up activity.
- Oakmark Equity & Income underperformed both the 60% S&P 500/40% Barclays Aggregate benchmark and the peer group median. The largest detractors were Lear, BorgWarner, UnitedHealth Group, American Airlines and Diamondback Energy.

<sup>1</sup> The Real Asset Custom Benchmark is composed of 40% Barclays U.S. TIPS, 40% MSCI ACWI, and 20% Bloomberg Commodity Index.

<sup>2</sup> PRREF II Custom Benchmark is composed of 85% NCREIF Open-End Diversified Core Equity Fund Index and 15% MSCI US REIT Index.

## **Third Quarter of 2019 Performance Report**

## Plan Summary

As of September 30, 2019

Allocation to Tiers				
	Current Balance	Current Allocation	3Q Cash Flows	Balance as of 6/30/2019
Tier I - LifeCycle Funds	\$175,333,548	27%	\$2,445,158	\$172,686,872
Tier II - Core Array (passive)	\$115,983,167	18%	-\$115,859	\$114,242,317
Tier III - Core Array (active)	\$325,066,338	51%	-\$4,402,318	\$330,075,896
Tier IV - Extended Choice Array	\$12,499,760	2%	-\$354,694	\$12,903,670
Loan Account	\$13,084,846	2%	-\$393,850	\$12,813,595
<b>Total</b>	<b>\$641,967,659</b>	<b>100%</b>	<b>-2,821,562</b>	<b>\$642,722,350</b>

# New Mexico Public Employees Retirement Association Smart Save Deferred Compensation Plan

Total Fund

As of September 30, 2019

## Trailing Net Performance

	Market Value (\$)	% of Portfolio	3 Mo Net Cash Flows (\$)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
<b>Total Fund</b>	<b>641,967,659</b>	<b>100.0</b>	<b>-2,821,562</b>						
<b>Domestic Equity</b>	<b>237,393,988</b>	<b>37.0</b>	<b>-6,245,494</b>						
Vanguard Institutional Index (S&P 500)	88,176,387	13.7	-2,103,836	1.7	20.6	4.2	13.4	10.8	13.2
<i>S&amp;P 500</i>				1.7	20.6	4.3	13.4	10.8	13.2
<i>eV US Large Cap Core Equity Net Median</i>				1.7	19.6	3.3	12.1	9.7	12.5
<i>eV US Large Cap Core Equity Net Rank</i>				51	39	41	28	21	21
Fidelity Contrafund	49,268,064	7.7	-2,338,234	-2.4	18.0	-1.1	15.0	11.7	13.8
<i>Russell 1000 Growth</i>				1.5	23.3	3.7	16.9	13.4	14.9
<i>eV US Large Cap Growth Equity Net Median</i>				0.2	21.7	2.9	15.7	12.1	13.7
<i>eV US Large Cap Growth Equity Net Rank</i>				89	87	84	61	59	49
Dodge & Cox U.S. Equity	31,647,082	4.9	-563,269	0.2	13.4	-2.0	11.3	8.1	12.0
<i>Russell 1000 Value</i>				1.4	17.8	4.0	9.4	7.8	11.5
<i>eV US Large Cap Value Equity Net Median</i>				1.5	17.1	1.7	9.8	7.5	11.2
<i>eV US Large Cap Value Equity Net Rank</i>				84	90	80	23	36	24
T. Rowe Price MidCap Growth	34,136,390	5.3	-193,850	-0.7	24.5	7.4	15.5	13.8	15.5
<i>Russell MidCap Growth</i>				-0.7	25.2	5.2	14.5	11.1	14.1
<i>eV US Mid Cap Growth Equity Net Median</i>				-0.9	26.0	5.1	14.2	10.8	13.5
<i>eV US Mid Cap Growth Equity Net Rank</i>				43	58	31	35	11	7
Dimensional U.S. Small Cap Core	11,141,286	1.7	-455,991	-2.0	12.3	-10.4	6.6	7.2	11.6
<i>Russell 2000</i>				-2.4	14.2	-8.9	8.2	8.2	11.2
<i>eV US Small Cap Core Equity Net Median</i>				-1.4	15.0	-8.0	8.1	8.3	11.6
<i>eV US Small Cap Core Equity Net Rank</i>				61	70	71	74	70	51





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As of September 30, 2019

	Market Value (\$)	% of Portfolio	3 Mo Net Cash Flows (\$)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Principal U.S. MidCap Equity	14,976,482	2.3	-344,637	3.2	34.6	16.7	16.7	13.5	16.2
<i>Russell MidCap</i>				0.5	21.9	3.2	10.7	9.1	13.1
<i>eV US Mid Cap Core Equity Net Median</i>				1.0	19.6	0.5	9.8	8.2	12.2
<i>eV US Mid Cap Core Equity Net Rank</i>				11	1	4	9	3	1
Fidelity Low-Priced Stock	8,048,297	1.3	-245,678	-0.2	11.8	-3.3	7.6	6.7	11.2
<i>Russell 2500 Value</i>				0.1	15.4	-4.4	6.9	7.0	11.0
<i>eV US Small Cap Value Equity Net Median</i>				-0.3	14.9	-6.8	6.2	6.4	10.7
<i>eV US Small Cap Value Equity Net Rank</i>				48	80	24	30	47	28
<b>International Equity</b>	<b>26,115,367</b>	<b>4.1</b>	<b>-682,102</b>						
Fidelity Diversified International	10,907,382	1.7	-226,353	0.2	18.0	1.3	6.6	4.6	6.1
<i>MSCI EAFE</i>				-1.1	12.8	-1.3	6.5	3.3	4.9
<i>eV EAFE Core Equity Net Median</i>				-1.4	12.0	-4.5	5.7	3.9	6.5
<i>eV EAFE Core Equity Net Rank</i>				11	4	6	34	41	57
American Funds EuroPacific Growth	9,629,884	1.5	-300,844	-1.6	15.7	1.1	7.4	5.0	6.1
<i>MSCI ACWI ex USA</i>				-1.8	11.6	-1.2	6.3	2.9	4.5
<i>eV ACWI ex-US All Cap Core Eq Net Median</i>				-1.9	12.7	-1.9	6.0	3.6	6.2
<i>eV ACWI ex-US All Cap Core Eq Net Rank</i>				22	23	14	23	19	61
Vanguard Total International Stock Index	3,465,222	0.5	93,011	-1.6	11.5	-1.5	6.1	3.2	--
<i>Spliced Total International Stock Index</i>				-1.7	11.5	-1.7	6.2	3.2	4.6
<i>eV ACWI ex-US Core Equity Net Median</i>				-2.0	12.3	-2.4	5.8	3.5	5.8
<i>eV ACWI ex-US Core Equity Net Rank</i>				29	63	40	42	64	--
Aberdeen Emerging Markets Equity	2,112,879	0.3	-247,916	-4.2	10.0	6.3	4.8	2.2	5.0
<i>MSCI Emerging Markets</i>				-4.2	5.9	-2.0	6.0	2.3	3.4
<i>eV Emg Mkts Equity Net Median</i>				-3.8	7.7	-0.6	5.7	2.5	4.0
<i>eV Emg Mkts Equity Net Rank</i>				59	31	8	62	56	27

<sup>1</sup> The Spliced Total International Stock Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex USA IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter.



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Total Fund

As of September 30, 2019

	Market Value (\$)	% of Portfolio	3 Mo Net Cash Flows (\$)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
<b>Fixed Income</b>	<b>162,267,507</b>	<b>25.3</b>	<b>2,434,607</b>						
New Mexico Stable Value Fund	135,080,317	21.0	693,739	0.6	1.8	2.4	2.1	1.8	--
<i>Citigroup 3-month Treasury Bill + 1%</i>				0.8	2.5	3.4	2.5	2.0	1.5
<i>eV US Stable Value Fixed Inc Net Median</i>				0.7	2.0	3.6	2.2	2.0	1.9
<i>eV US Stable Value Fixed Inc Net Rank</i>				69	62	71	63	65	--
Vanguard Total Bond Market Index	19,530,874	3.0	1,576,958	2.4	8.7	10.5	2.9	3.4	3.7
<i>BBgBarc US Aggregate TR</i>				2.3	8.5	10.3	2.9	3.4	3.7
<i>eV US Core Fixed Inc Net Median</i>				2.3	8.9	10.3	3.1	3.5	4.0
<i>eV US Core Fixed Inc Net Rank</i>				20	64	40	67	64	78
Vanguard Inflation-Protected Securities	4,810,685	0.7	318,008	1.4	7.6	7.1	2.1	2.4	3.4
<i>BBgBarc US TIPS TR</i>				1.3	7.6	7.1	2.2	2.4	3.5
<i>eV US TIPS / Inflation Fixed Inc Net Median</i>				1.2	7.5	6.5	2.2	2.3	3.3
<i>eV US TIPS / Inflation Fixed Inc Net Rank</i>				20	43	34	68	32	42
Franklin Templeton Global Bond	2,845,631	0.4	-154,098	-3.3	-0.6	1.2	4.0	0.9	3.8
<i>JP Morgan EMBI Global Diversified</i>				1.5	13.0	11.6	4.6	5.7	6.9
<i>eV Global Agg Fixed Inc Net Median</i>				1.0	7.7	8.4	1.9	2.1	2.8
<i>eV Global Agg Fixed Inc Net Rank</i>				99	99	99	7	92	24
Columbia Institutional High Yield	--	--	0	2.3	14.0	8.1	5.5	5.3	--
<i>ICE BofAML US High Yield Cash Pay Constrained TR</i>				1.3	11.5	6.4	6.1	5.4	7.8
<i>eV US High Yield Fixed Inc Net Median</i>				1.3	11.0	6.0	5.6	4.7	7.4
<i>eV US High Yield Fixed Inc Net Rank</i>				4	3	13	55	22	--

<sup>1</sup> Columbia Institutional High Yield is a component of the LifeCycle Funds only and is not available as a participant directed investment option.



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	Market Value (\$)	% of Portfolio	3 Mo Net Cash Flows (\$)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
<b>Real Assets</b>	<b>2,319,849</b>	<b>0.4</b>	<b>47,320</b>						
Invesco Global REITs	1,928,906	0.3	39,192	2.9	19.0	13.1	5.9	6.4	8.3
<i>FTSE EPRA/NAREIT Global Real Estate Index</i>				4.9	20.0	13.5	6.4	7.7	9.4
<i>eV Global REIT Net Median</i>				4.5	22.0	14.4	6.6	7.2	9.6
<i>eV Global REIT Net Rank</i>				86	84	69	59	69	77
Principal Diversified Real Asset	390,944	0.1	8,127	-0.3	9.9	0.5	3.4	0.1	--
<i>Real Asset Custom Benchmark</i>				0.2	10.2	2.3	4.5	2.3	4.1
Prudential Retirement Real Estate Fund II	--	--		2.3	7.6	8.2	--	--	--
<i>PRREF II Custom Benchmark</i>				2.2	6.9	7.4	--	--	--
<b>Balanced</b>	<b>195,564,702</b>	<b>30.5</b>	<b>2,017,957</b>						
New Mexico Conservative Portfolio	41,890,494	6.5	277,304	0.9	8.5	5.4	4.7	3.9	4.7
<i>New Mexico Conservative Index</i>				1.0	8.6	5.5	4.6	3.9	4.5
<i>Allocation - 30% to 50% Equity Mstar MF Median</i>				1.1	11.6	4.8	5.6	4.7	6.5
<i>Allocation - 30% to 50% Equity Mstar MF Rank</i>				66	95	39	83	83	99
New Mexico LifeCycle 2020 Portfolio	3,768,139	0.6	-37,082	0.1	9.4	5.1	5.5	--	--
<i>New Mexico 2020 Benchmark</i>				0.9	9.2	4.8	5.4	--	--
<i>Target Date 2020 Mstar MF Median</i>				1.1	12.3	5.2	6.6	5.5	7.4
<i>Target Date 2020 Mstar MF Rank</i>				99	98	59	93	--	--
New Mexico LifeCycle 2025 Portfolio	53,210,102	8.3	-189,125	0.6	11.1	4.8	6.6	5.4	7.2
<i>New Mexico 2025 Benchmark</i>				0.6	10.7	4.2	6.4	5.2	7.1
<i>Target Date 2025 Mstar MF Median</i>				1.1	13.3	4.8	7.3	5.9	8.0
<i>Target Date 2025 Mstar MF Rank</i>				93	96	52	87	88	88

<sup>1</sup> The Real Asset Custom Benchmark is composed of 40% Barclays U.S. TIPS, 40% MSCI ACWI, and 20% Bloomberg Commodity Index.

<sup>2</sup> Prudential Retirement Real Estate Fund II is a component of the LifeCycle Funds only and is not available as a participant directed investment option

<sup>3</sup> PRREF II Custom Benchmark is composed of 85% NCREIF Open-End Diversified Core Equity Fund Index, and 15% MSCI US REIT Index.



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Total Fund

As of September 30, 2019

	Market Value (\$)	% of Portfolio	3 Mo Net Cash Flows (\$)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
New Mexico LifeCycle 2030 Portfolio	5,348,555	0.8	3,092	0.4	12.3	4.6	7.3	--	--
<i>New Mexico 2030 Benchmark</i>				0.4	11.7	3.7	7.1	--	--
<i>Target Date 2030 Mstar MF Median</i>				0.9	14.4	4.2	8.0	6.4	8.5
<i>Target Date 2030 Mstar MF Rank</i>				94	92	34	86	--	--
New Mexico LifeCycle 2035 Portfolio	33,243,241	5.2	786,921	0.2	13.0	4.2	7.7	6.1	7.9
<i>New Mexico 2035 Benchmark</i>				0.1	12.2	3.0	7.5	5.8	7.8
<i>Target Date 2035 Mstar MF Median</i>				0.7	15.2	3.4	8.6	6.6	8.8
<i>Target Date 2035 Mstar MF Rank</i>				87	96	24	91	85	98
New Mexico LifeCycle 2040 Portfolio	4,776,082	0.7	271,433	0.0	13.5	3.9	8.0	--	--
<i>New Mexico 2040 Benchmark</i>				0.0	12.5	2.6	7.8	--	--
<i>Target Date 2040 Mstar MF Median</i>				0.5	15.8	2.7	8.9	6.9	8.9
<i>Target Date 2040 Mstar MF Rank</i>				87	96	21	95	--	--
New Mexico LifeCycle 2045 Portfolio	19,054,762	3.0	381,749	-0.1	13.8	3.7	8.2	6.4	8.7
<i>New Mexico 2045 Benchmark</i>				-0.1	12.8	2.3	7.9	6.0	8.0
<i>Target Date 2045 Mstar MF Median</i>				0.4	16.0	2.2	9.3	7.0	9.1
<i>Target Date 2045 Mstar MF Rank</i>				83	99	13	99	94	95
New Mexico LifeCycle 2050 Portfolio	3,358,109	0.5	384,155	-0.1	14.0	3.6	8.3	--	--
<i>New Mexico 2050 Benchmark</i>				-0.2	13.0	2.2	8.1	--	--
<i>Target Date 2050 Mstar MF Median</i>				0.3	16.1	2.1	9.3	7.1	9.2
<i>Target Date 2050 Mstar MF Rank</i>				85	99	14	96	--	--
New Mexico LifeCycle 2055 Portfolio	10,684,064	1.7	566,713	-0.1	14.1	3.5	8.4	6.5	8.8
<i>New Mexico 2055 Benchmark</i>				-0.2	13.1	2.0	8.2	6.1	8.2
<i>Target Date 2055 Mstar MF Median</i>				0.3	16.1	2.1	9.4	7.1	9.1
<i>Target Date 2055 Mstar MF Rank</i>				80	98	13	98	95	90



## New Mexico Public Employees Retirement Association Smart Save Deferred Compensation Plan

Total Fund

As of September 30, 2019

	Market Value (\$)	% of Portfolio	3 Mo Net Cash Flows (\$)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Oakmark Equity & Income	20,231,154	3.2	-427,201	0.2	12.7	2.3	7.5	5.4	7.6
60% S&P 500 & 40% Barclays Aggregate				2.0	15.9	7.1	9.3	8.0	9.6
Balanced MStar MF Median				0.9	13.1	3.9	6.9	5.4	7.9
Balanced MStar MF Rank				85	58	70	40	52	56
<b>Other</b>	<b>18,306,246</b>	<b>2.9</b>	<b>-393,850</b>						
Self Directed Brokerage Options	5,221,400	0.8	0						
Loan Account	13,084,846	2.0	-393,850						

# New Mexico Public Employees Retirement Association Smart Save Deferred Compensation Plan

Total Fund

As of September 30, 2019

	Calendar Year Performance									
	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)
<b>Domestic Equity</b>										
Vanguard Institutional Index (S&P 500)	-4.4	21.8	11.9	1.4	13.6	32.4	16.0	2.1	15.0	26.6
<i>S&amp;P 500</i>	-4.4	21.8	12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5
Fidelity Contrafund	-2.1	32.3	3.5	6.6	9.7	34.3	16.4	0.0	17.1	29.4
<i>Russell 1000 Growth</i>	-1.5	30.2	7.1	5.7	13.0	33.5	15.3	2.6	16.7	37.2
Dodge & Cox U.S. Equity	-7.1	18.3	21.3	-4.5	10.4	40.5	22.0	-4.1	13.5	31.3
<i>Russell 1000 Value</i>	-8.3	13.7	17.3	-3.8	13.5	32.5	17.5	0.4	15.5	19.7
T. Rowe Price MidCap Growth	-2.2	26.0	6.9	6.9	13.8	37.9	14.5	-1.3	29.3	46.8
<i>Russell MidCap Growth</i>	-4.8	25.3	7.3	-0.2	11.9	35.7	15.8	-1.7	26.4	46.3
Dimensional U.S. Small Cap Core	-13.1	11.5	23.5	-3.3	4.4	42.2	18.4	-3.2	30.7	36.3
<i>Russell 2000</i>	-11.0	14.6	21.3	-4.4	4.9	38.8	16.3	-4.2	26.9	27.2
Principal U.S. MidCap Equity	-6.7	25.3	10.2	1.5	12.7	33.6	19.2	8.0	23.8	33.1
<i>Russell MidCap</i>	-9.1	18.5	13.8	-2.4	13.2	34.8	17.3	-1.5	25.5	40.5
Fidelity Low-Priced Stock	-10.7	20.8	8.9	0.9	7.7	34.4	18.7	0.0	20.9	39.3
<i>Russell 2500 Value</i>	-12.4	10.4	25.2	-5.5	7.1	33.3	19.2	-3.4	24.8	27.7
<b>International Equity</b>										
Fidelity Diversified International	-15.1	26.8	-3.6	3.2	-3.0	25.3	19.6	-13.6	9.9	32.1
<i>MSCI EAFE</i>	-13.8	25.0	1.0	-0.8	-4.9	22.8	17.3	-12.1	7.8	31.8
American Funds EuroPacific Growth	-14.9	31.2	1.0	-0.5	-2.3	20.6	19.6	-13.3	9.8	39.4
<i>MSCI ACWI ex USA</i>	-14.2	27.2	4.5	-5.7	-3.9	15.3	16.8	-13.7	11.2	41.4
Vanguard Total International Stock Index	-14.4	27.6	4.7	-4.2	-4.1	15.1	18.3	-14.5	--	--
<i>Spliced Total International Stock Index</i>	-14.6	27.4	4.7	-4.3	-3.4	15.8	17.0	-14.3	10.7	40.4
Aberdeen Emerging Markets Equity	-14.6	30.2	12.0	-13.7	-2.5	-7.5	26.2	-11.0	27.6	76.5
<i>MSCI Emerging Markets</i>	-14.6	37.3	11.2	-14.9	-2.2	-2.6	18.2	-18.4	18.9	78.5

<sup>1</sup> The Spliced Total International Stock Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex USA IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter.



# New Mexico Public Employees Retirement Association Smart Save Deferred Compensation Plan

Total Fund

As of September 30, 2019

	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)
<b>Fixed Income</b>										
New Mexico Stable Value Fund	2.1	1.8	1.7	1.5	1.2	1.4	--	--	--	--
<i>Citigroup 3-month Treasury Bill + 1%</i>	2.9	1.8	1.3	1.0	1.0	1.1	1.1	1.1	1.1	1.2
Vanguard Total Bond Market Index	0.0	3.6	2.6	0.4	5.9	-2.1	4.2	7.7	6.6	6.1
<i>BBgBarc US Aggregate TR</i>	0.0	3.5	2.6	0.5	6.0	-2.0	4.2	7.8	6.5	5.9
Vanguard Inflation-Protected Securities	-1.4	3.0	4.6	-1.7	4.1	-8.8	6.9	13.4	6.3	11.0
<i>BBgBarc US TIPS TR</i>	-1.3	3.0	4.7	-1.4	3.6	-8.6	7.0	13.6	6.3	11.4
Franklin Templeton Global Bond	1.6	2.8	6.8	-3.9	2.0	2.4	15.8	-2.4	12.7	18.9
<i>JP Morgan EMBI Global Diversified</i>	-4.3	10.3	10.2	1.2	7.4	-5.3	17.4	7.3	12.2	29.8
Columbia Institutional High Yield	-4.1	6.6	11.6	-1.1	4.1	6.3	--	--	--	--
<i>ICE BofAML US High Yield Cash Pay Constrained TR</i>	-2.2	7.5	17.3	-4.5	2.5	7.4	15.4	4.5	15.1	56.8
<b>Real Assets</b>										
Invesco Global REITs	-5.9	13.1	2.1	-1.1	14.8	3.0	28.4	-6.5	17.7	31.3
<i>FTSE EPRA/NAREIT Global Real Estate Index</i>	-4.7	11.4	5.0	0.1	15.9	4.4	28.7	-5.8	20.4	38.3
Principal Diversified Real Asset	-7.9	10.2	5.9	-12.4	2.5	5.4	7.7	0.8	--	--
<i>Real Asset Custom Benchmark</i>	-6.4	10.7	7.6	-6.6	-0.5	2.9	9.2	-0.4	11.5	22.5
Prudential Retirement Real Estate Fund II	6.1	--	--	--	--	--	--	--	--	--
<i>PRREF II Custom Benchmark</i>	6.3	--	--	--	--	--	--	--	--	--

<sup>1</sup> Columbia Institutional High Yield is a component of the LifeCycle Funds only, and is not available as a participant directed investment option.

<sup>2</sup> The Real Asset Custom Benchmark is composed of 40% Barclays U.S. TIPS, 40% MSCI ACWI, and 20% Bloomberg Commodity Index.

<sup>3</sup> Prudential Retirement Real Estate Fund II is a component of the LifeCycle Funds only and is not available as a participant directed investment option.

<sup>3</sup> PRREF II Custom Benchmark is composed of 85% NCREIF Open-End Diversified Core Equity Fund Index, and 15% MSCI US REIT Index.



# New Mexico Public Employees Retirement Association Smart Save Deferred Compensation Plan

Total Fund

As of September 30, 2019

	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)
<b>Balanced</b>										
New Mexico Conservative Portfolio	-1.8	8.6	4.9	-1.3	4.4	4.2	9.3	2.9	6.7	10.5
<i>New Mexico Conservative Index</i>	-1.6	8.8	4.1	-1.1	4.0	4.0	8.5	3.1	6.0	10.8
New Mexico LifeCycle 2020 Portfolio	-2.8	11.2	--	--	--	--	--	--	--	--
<i>New Mexico 2020 Benchmark</i>	-2.5	11.3	--	--	--	--	--	--	--	--
New Mexico LifeCycle 2025 Portfolio	-4.1	14.3	6.7	-1.6	6.0	13.5	16.5	-2.6	10.6	28.3
<i>New Mexico 2025 Benchmark</i>	-4.0	14.4	6.2	-1.7	5.3	14.2	14.6	-1.9	10.8	26.2
New Mexico LifeCycle 2030 Portfolio	-5.1	16.4	--	--	--	--	--	--	--	--
<i>New Mexico 2030 Benchmark</i>	-5.1	16.4	--	--	--	--	--	--	--	--
New Mexico LifeCycle 2035 Portfolio	-5.9	18.1	7.4	-1.9	5.7	16.3	18.4	-4.4	11.8	29.7
<i>New Mexico 2035 Benchmark</i>	-5.9	18.2	7.1	-2.2	4.9	17.1	16.2	-3.5	12.5	27.2
New Mexico LifeCycle 2040 Portfolio	-6.4	19.1	--	--	--	--	--	--	--	--
<i>New Mexico 2040 Benchmark</i>	-6.4	19.2	--	--	--	--	--	--	--	--
New Mexico LifeCycle 2045 Portfolio	-6.8	20.0	7.5	-2.0	5.6	17.6	19.5	-5.3	17.0	32.3
<i>New Mexico 2045 Benchmark</i>	-6.8	19.9	7.3	-2.4	4.8	18.6	17.0	-4.3	12.9	28.9
New Mexico LifeCycle 2050 Portfolio	-7.0	20.4	--	--	--	--	--	--	--	--
<i>New Mexico 2050 Benchmark</i>	-7.1	20.4	--	--	--	--	--	--	--	--
New Mexico LifeCycle 2055 Portfolio	-7.2	20.8	7.6	-2.0	5.6	18.2	19.7	-5.2	15.8	34.0
<i>New Mexico 2055 Benchmark</i>	-7.2	20.8	7.4	-2.5	4.7	19.2	17.4	-4.5	12.9	30.0
Oakmark Equity & Income	-8.3	14.5	11.0	-4.6	6.9	24.2	9.1	0.7	9.5	19.8
<i>60% S&amp;P 500 &amp; 40% Barclays Aggregate</i>	-2.3	14.2	8.3	1.3	10.6	17.6	11.3	4.7	12.1	18.4
<b>Other</b>										
Self Directed Brokerage Options										
Loan Account										





# New Mexico Public Employees Retirement Association Smart Save Deferred Compensation Plan

Total Fund

As of September 30, 2019

Investment Expense Analysis								
Fund	Style	Assets as of 9/30/19 (\$)	Estimated Fund Expense (\$)	Net Expense Ratio (%)	Median Expense Ratio <sup>1</sup> (%)	Net Expense Difference	Revenue Sharing (\$)	Revenue Sharing (%)
New Mexico Conservative Portfolio	Target Date	41,890,494	148,774	0.36	0.42	-0.06	-	0.00
New Mexico LifeCycle 2020 Portfolio	Target Date	3,768,139	13,531	0.36	0.63	-0.27	-	0.00
New Mexico LifeCycle 2025 Portfolio	Target Date	53,210,102	194,065	0.36	0.65	-0.28	-	0.00
New Mexico LifeCycle 2030 Portfolio	Target Date	5,348,555	20,206	0.38	0.67	-0.29	-	0.00
New Mexico LifeCycle 2035 Portfolio	Target Date	33,243,241	136,658	0.41	0.68	-0.27	-	0.00
New Mexico LifeCycle 2040 Portfolio	Target Date	4,776,082	20,513	0.43	0.70	-0.27	-	0.00
New Mexico LifeCycle 2045 Portfolio	Target Date	19,054,762	81,409	0.43	0.71	-0.28	-	0.00
New Mexico LifeCycle 2050 Portfolio	Target Date	3,358,109	14,313	0.43	0.72	-0.29	-	0.00
New Mexico LifeCycle 2055 Portfolio	Target Date	10,684,064	45,626	0.43	0.75	-0.32	-	0.00
Oakmark Equity and Income Fund (The) - Class I	Balanced	20,231,154	157,803	0.78	0.90	-0.12	60,693	0.30
Principal Diversified Real Asset Fund - Institutional	Real Assets	390,944	3,323	0.85	0.90	-0.05	391	0.10
Columbia Institutional High Yield	Bonds	-	-	0.66	0.72	-0.06	-	0.00
Templeton Global Bond Fund - Class R6	International Bonds	2,845,631	16,220	0.57	0.67	-0.10	-	0.00
Vanguard Inflation-Protected Securities	Bonds	4,810,685	3,367	0.07	0.45	-0.38	-	0.00
Vanguard Total Bond Market Index Fund - Institutional Shares	Bonds	19,530,874	6,836	0.04	0.49	-0.46	-	0.00
New Mexico Stable Value Fund	Bonds (Stable Value)	135,080,317	486,289	0.36	0.50	-0.14	-	0.00
Aberdeen Emerging Markets Equity Fund Institutional Class	International Equity	2,112,879	23,242	1.10	1.15	-0.05	-	0.00
EuroPacific Growth Fund(R) - Class R6	International Equity	9,629,884	47,186	0.49	0.80	-0.31	-	0.00
Fidelity Diversified International K <sup>2</sup>	International Equity	10,907,382	75,261	0.69	0.80	-0.11	-	0.00
Vanguard Total International Stock Index Fund - Inst	International Equity	3,465,222	2,772	0.08	0.86	-0.78	-	0.00
Dodge & Cox Stock Fund	US Large Cap	31,647,082	164,565	0.52	0.87	-0.35	31,647	0.10
Fidelity Contrafund K	US Large Cap	49,268,064	359,657	0.73	0.62	0.11	-	0.00
Vanguard Institutional Index Fund - Inst	US Large Cap	88,176,387	17,635	0.02	0.73	-0.71	-	0.00
Fidelity Low-Priced Stock K <sup>3</sup>	US Mid Cap	8,048,297	42,656	0.53	0.81	-0.28	-	0.00
Principal MidCap Blend Fund - Institutional Class	US Mid Cap	14,976,482	103,338	0.69	0.88	-0.19	14,976	0.10
T. Rowe Price Institutional Mid-Cap Equity Growth Fund	US Mid Cap	34,136,390	208,232	0.61	0.88	-0.27	-	0.00
DFA U.S. Small Cap Portfolio	US Small Cap	11,141,286	41,223	0.37	0.97	-0.60	-	0.00
Invesco Global Real Estate Fund - Class R5	REITs	1,928,906	17,746	0.92	0.90	0.02	6,751	0.35
Prudential Retirement Real Estate Fund II	Private Real Estate	-	-	0.90	NA	NA	-	NA
Self Directed Brokerage Option	Brokerage Window	5,221,400	-	-	-	-	-	-
Loan	Other	13,084,846	-	-	-	-	-	-
<b>Total</b>		<b>641,967,659</b>	<b>2,452,446</b>	<b>0.38</b>			<b>114,459</b>	<b>0.02</b>

<sup>1</sup> Median net expense ratios as defined by the Morningstar Fee Level-Distribution universe, which includes mutual funds by category with similar distribution channels and expense structures.

<sup>2</sup> Fund carries a 1.0% redemption fee for shares held less than 30 days.

<sup>3</sup> Fund carries a 1.5% redemption fee for shares held less than 90 days.

<sup>4</sup> Total net expense ratio and revenue sharing is calculated net of loan and brokerage accounts.



As of September 30, 2019

### Benchmark History

As of September 30, 2019

#### New Mexico Conservative Portfolio

1/1/2019	Present	22% Citigroup 3-month Treasury Bill + 1% / 19% BBgBarc US Aggregate TR / 12% BBgBarc US TIPS TR / 5% FTSE WGBI TR / 8% BBgBarc US High Yield TR / 8% S&P 500 / 3% Russell 2500 / 7% MSCI ACWI ex USA / 3% MSCI Emerging Markets / 8% PRREF II Custom Benchmark / 5% Real Asset Custom Benchmark
1/1/2018	12/31/2018	22% Citigroup 3-month Treasury Bill + 1% / 19% BBgBarc US Aggregate TR / 12% BBgBarc US TIPS TR / 5% FTSE WGBI TR / 8% BBgBarc US High Yield TR / 8% S&P 500 / 3% Russell 2500 / 7% MSCI ACWI ex USA / 3% MSCI Emerging Markets / 8% PRREF II Custom Benchmark / 5% Real Asset Custom Benchmark
1/1/2017	12/31/2017	22% Citigroup 3-month Treasury Bill + 1% / 19% BBgBarc US Aggregate TR / 12% BBgBarc US TIPS TR / 5% FTSE WGBI TR / 8% BBgBarc US High Yield TR / 8% S&P 500 / 3% Russell 2500 / 7% MSCI ACWI ex USA / 3% MSCI Emerging Markets / 8% FTSE EPRA/NAREIT Global Real Estate Index / 5% Real Asset Custom Benchmark
5/1/2016	12/31/2016	FTSE T-Bill 3 Months TR / 12% BBgBarc US TIPS TR / 22% BBgBarc US Aggregate TR / 10% S&P 500 / 3% Russell 2500 / 8% MSCI EAFE / 6% FTSE WGBI TR / 8% FTSE EPRA/NAREIT Global Real Estate Index / 4% MSCI Emerging Markets / 5% Real Asset Custom Benchmark 22%

#### New Mexico LifeCycle 2020 Portfolio

1/1/2019	Present	18.6% Citigroup 3-month Treasury Bill + 1% / 18.4% BBgBarc US Aggregate TR / 10.6% BBgBarc US TIPS TR / 5% FTSE WGBI TR / 7.6% BBgBarc US High Yield TR / 10% S&P 500 / 4% Russell 2500 / 8.8% MSCI ACWI ex USA / 3.8% MSCI Emerging Markets / 8.2% PRREF II Custom Benchmark / 5% Real Asset Custom Benchmark
1/1/2018	12/31/2018	16.9% Citigroup 3-month Treasury Bill + 1% / 18.1% BBgBarc US Aggregate TR / 9.9% BBgBarc US TIPS TR / 5% FTSE WGBI TR / 7.4% BBgBarc US High Yield TR / 11% S&P 500 / 4.5% Russell 2500 / 9.7% MSCI ACWI ex USA / 4.2% MSCI Emerging Markets / 8.3% PRREF II Custom Benchmark / 5% Real Asset Custom Benchmark
1/1/2017	12/31/2017	15.2% Citigroup 3-month Treasury Bill + 1% / 17.8% BBgBarc US Aggregate TR / 9.2% BBgBarc US TIPS TR / 5% FTSE WGBI TR / 7.2% BBgBarc US High Yield TR / 12% S&P 500 / 5% Russell 2500 / 10.6% MSCI ACWI ex USA / 4.6% MSCI Emerging Markets / 8.4% FTSE EPRA/NAREIT Global Real Estate Index / 5% Real Asset Custom Benchmark
6/30/2016	12/31/2016	13.5% FTSE T-Bill 3 Months TR / 8.5% BBgBarc US TIPS TR / 20.5% BBgBarc US Aggregate TR / 14.3% S&P 500 / 5.8% Russell 2500 / 12.5% MSCI EAFE / 6% FTSE WGBI TR / 8.5% FTSE EPRA/NAREIT Global Real Estate Index / 5.5% MSCI Emerging Markets / 5% Real Asset Custom Benchmark

#### New Mexico LifeCycle 2025 Portfolio

1/1/2019	Present	10.1% Citigroup 3-month Treasury Bill + 1% / 16.9% BBgBarc US Aggregate TR / 7.1% BBgBarc US TIPS TR / 5% FTSE WGBI TR / 6.6% BBgBarc US High Yield TR / 15.2% S&P 500 / 6.3% Russell 2500 / 13.7% MSCI ACWI ex USA / 5.4% MSCI Emerging Markets / 8.7% PRREF II Custom Benchmark / 5% Real Asset Custom Benchmark
1/1/2018	12/31/2018	8.4% Citigroup 3-month Treasury Bill + 1% / 16.6% BBgBarc US Aggregate TR / 6.4% BBgBarc US TIPS TR / 5% FTSE WGBI TR / 6.4% BBgBarc US High Yield TR / 16.3% S&P 500 / 6.7% Russell 2500 / 14.8% MSCI ACWI ex USA / 5.6% MSCI Emerging Markets / 8.8% PRREF II Custom Benchmark / 5% Real Asset Custom Benchmark
1/1/2017	12/31/2017	6.7% Citigroup 3-month Treasury Bill + 1% / 16.3% BBgBarc US Aggregate TR / 5.7% BBgBarc US TIPS TR / 5% FTSE WGBI TR / 6.2% BBgBarc US High Yield TR / 17.4% S&P 500 / 7.1% Russell 2500 / 15.9% MSCI ACWI ex USA / 5.8% MSCI Emerging Markets / 8.9% FTSE EPRA/NAREIT Global Real Estate Index / 5% Real Asset Custom Benchmark
5/1/2016	12/31/2016	5% FTSE T-Bill 3 Months TR / 5% BBgBarc US TIPS TR / 19% BBgBarc US Aggregate TR / 18.5% S&P 500 / 8.5% Russell 2500 / 17% MSCI EAFE / 6% FTSE WGBI TR / 9% FTSE EPRA/NAREIT Global Real Estate Index / 7% MSCI Emerging Markets / 5% Real Asset Custom Benchmark

As of September 30, 2019

## New Mexico LifeCycle 2030 Portfolio

1/1/2019	Present	4.4% Citigroup 3-month Treasury Bill + 1% / 13.8% BBgBarc US Aggregate TR / 4.6% BBgBarc US TIPS TR / 4.8% FTSE WGBI TR / 5.8% BBgBarc US High Yield TR / 19.3% S&P 500 / 7.9% Russell 2500 / 17.8% MSCI ACWI ex USA / 6.8% MSCI Emerging Markets / 9.4% PRREF II Custom Benchmark / 5.4% Real Asset Custom Benchmark
1/1/2018	12/31/2018	4.1% Citigroup 3-month Treasury Bill + 1% / 12.7% BBgBarc US Aggregate TR / 4.4% BBgBarc US TIPS TR / 4.7% FTSE WGBI TR / 5.7% BBgBarc US High Yield TR / 19.7% S&P 500 / 8.1% Russell 2500 / 18.2% MSCI ACWI ex USA / 7.2% MSCI Emerging Markets / 9.6% PRREF II Custom Benchmark / 5.6% Real Asset Custom Benchmark
1/1/2017	12/31/2017	3.8% Citigroup 3-month Treasury Bill + 1% / 11.6% BBgBarc US Aggregate TR / 4.2% BBgBarc US TIPS TR / 4.6% FTSE WGBI TR / 5.6% BBgBarc US High Yield TR / 20.1% S&P 500 / 8.3% Russell 2500 / 18.6% MSCI ACWI ex USA / 7.6% MSCI Emerging Markets / 9.8% FTSE EPRA/NAREIT Global Real Estate Index / 5.8% Real Asset Custom Benchmark
6/30/2016	12/31/2016	3.5% FTSE T-Bill 3 Months TR / 4% BBgBarc US TIPS TR / 13% BBgBarc US Aggregate TR / 20.8% S&P 500 / 9.3% Russell 2500 / 19.5% MSCI EAFE / 5.5% FTSE WGBI TR / 10% FTSE EPRA/NAREIT Global Real Estate Index / 8.5% MSCI Emerging Markets / 6% Real Asset Custom Benchmark

## New Mexico LifeCycle 2035 Portfolio

1/1/2019	Present	2.9% Citigroup 3-month Treasury Bill + 1% / 8.3% BBgBarc US Aggregate TR / 3.6% BBgBarc US TIPS TR / 4.3% FTSE WGBI TR / 5.3% BBgBarc US High Yield TR / 21.1% S&P 500 / 9.1% Russell 2500 / 20% MSCI ACWI ex USA / 8.6% MSCI Emerging Markets / 10.4% PRREF II Custom Benchmark / 6.4% Real Asset Custom Benchmark
1/1/2018	12/31/2018	2.6% Citigroup 3-month Treasury Bill + 1% / 7.2% BBgBarc US Aggregate TR / 3.4% BBgBarc US TIPS TR / 4.2% FTSE WGBI TR / 5.2% BBgBarc US High Yield TR / 21.4% S&P 500 / 9.4% Russell 2500 / 20.5% MSCI ACWI ex USA / 8.9% MSCI Emerging Markets / 10.6% PRREF II Custom Benchmark / 6.6% Real Asset Custom Benchmark
1/1/2017	12/31/2017	2.3% Citigroup 3-month Treasury Bill + 1% / 6.1% BBgBarc US Aggregate TR / 3.2% BBgBarc US TIPS TR / 4.1% FTSE WGBI TR / 5.1% BBgBarc US High Yield TR / 21.7% S&P 500 / 9.7% Russell 2500 / 21% MSCI ACWI ex USA / 9.2% MSCI Emerging Markets / 10.8% FTSE EPRA/NAREIT Global Real Estate Index / 6.8% Real Asset Custom Benchmark
5/1/2016	12/31/2016	2% FTSE T-Bill 3 Months TR / 3% BBgBarc US TIPS TR / 7% BBgBarc US Aggregate TR / 23% S&P 500 / 10% Russell 2500 / 22% MSCI EAFE / 5% FTSE WGBI TR / 11% FTSE EPRA/NAREIT Global Real Estate Index / 10% MSCI Emerging Markets / 7% Real Asset Custom Benchmark

## New Mexico LifeCycle 2040 Portfolio

1/1/2019	Present	1.6% Citigroup 3-month Treasury Bill + 1% / 4.8% BBgBarc US Aggregate TR / 2.8% BBgBarc US TIPS TR / 3.8% FTSE WGBI TR / 4.6% BBgBarc US High Yield TR / 22.4% S&P 500 / 10.2% Russell 2500 / 22.1% MSCI ACWI ex USA / 9.7% MSCI Emerging Markets / 11% PRREF II Custom Benchmark / 7% Real Asset Custom Benchmark
1/1/2018	12/31/2018	1.4% Citigroup 3-month Treasury Bill + 1% / 4.7% BBgBarc US Aggregate TR / 2.7% BBgBarc US TIPS TR / 3.7% FTSE WGBI TR / 4.4% BBgBarc US High Yield TR / 22.60% S&P 500 / 10.3% Russell 2500 / 22.4% MSCI ACWI ex USA / 9.8% MSCI Emerging Markets / 11% PRREF II Custom Benchmark / 7% Real Asset Custom Benchmark
1/1/2017	12/31/2017	1.2% Citigroup 3-month Treasury Bill + 1% / 4.6% BBgBarc US Aggregate TR / 2.6% BBgBarc US TIPS TR / 3.6% FTSE WGBI TR / 4.2% BBgBarc US High Yield TR / 22.8% S&P 500 / 10.4% Russell 2500 / 22.7% MSCI ACWI ex USA / 9.9% MSCI Emerging Markets / 11% FTSE EPRA/NAREIT Global Real Estate Index / 7% Real Asset Custom Benchmark
6/30/2016	12/31/2016	1% FTSE T-Bill 3 Months TR / 2.5% BBgBarc US TIPS TR / 6.5% BBgBarc US Aggregate TR / 23.8% S&P 500 / 10.3% Russell 2500 / 23.5% MSCI EAFE / 4.5% FTSE WGBI TR / 11% FTSE EPRA/NAREIT Global Real Estate Index / 10% MSCI Emerging Markets / 7% Real Asset Custom Benchmark

As of September 30, 2019

## New Mexico LifeCycle 2045 Portfolio

1/1/2019	Present	0.6% Citigroup 3-month Treasury Bill + 1% / 4.3% BBgBarc US Aggregate TR / 2.1% BBgBarc US TIPS TR / 3.3% FTSE WGBI TR / 3.8% BBgBarc US High Yield TR / 23.4% S&P 500 / 10.7% Russell 2500 / 23.8% MSCI ACWI ex USA / 10% MSCI Emerging Markets / 11% PRREF II Custom Benchmark / 7% Real Asset Custom Benchmark
1/1/2018	12/31/2018	0.4% Citigroup 3-month Treasury Bill + 1% / 4.2% BBgBarc US Aggregate TR / 1.9% BBgBarc US TIPS TR / 3.2% FTSE WGBI TR / 3.7% BBgBarc US High Yield TR / 23.6% S&P 500 / 10.8% Russell 2500 / 24.2% MSCI ACWI ex USA / 10% MSCI Emerging Markets / 11% PRREF II Custom Benchmark / 7% Real Asset Custom Benchmark
1/1/2017	12/31/2017	.2% Citigroup 3-month Treasury Bill + 1% / 4.1% BBgBarc US Aggregate TR / 1.7% BBgBarc US TIPS TR / 3.1% FTSE WGBI TR / 3.6% BBgBarc US High Yield TR / 23.8% S&P 500 / 10.9% Russell 2500 / 24.6% MSCI ACWI ex USA / 10% MSCI Emerging Markets / 11% FTSE EPRA/NAREIT Global Real Estate Index / 7% Real Asset Custom Benchmark
5/1/2016	12/31/2016	2% BBgBarc US TIPS TR / 6% BBgBarc US Aggregate TR / 24.5% S&P 500 / 10.5% Russell 2500 / 25% MSCI EAFE / 4% FTSE WGBI TR / 11% FTSE EPRA/NAREIT Global Real Estate Index / 10% MSCI Emerging Markets / 7% Real Asset Custom Benchmark

## New Mexico LifeCycle 2050 Portfolio

1/1/2019	Present	3.6% BBgBarc US Aggregate TR / 1.3% BBgBarc US TIPS TR / 2.8% FTSE WGBI TR / 3.3% BBgBarc US High Yield TR / 24.4% S&P 500 / 10.8% Russell 2500 / 25.4% MSCI ACWI ex USA / 10% MSCI Emerging Markets / 11.2% PRREF II Custom Benchmark / 7.2% Real Asset Custom Benchmark
1/1/2018	12/31/2018	3.4% BBgBarc US Aggregate TR / 1.2% BBgBarc US TIPS TR / 2.7% FTSE WGBI TR / 3.2% BBgBarc US High Yield TR / 24.6% S&P 500 / 10.7% Russell 2500 / 25.6% MSCI ACWI ex USA / 10% MSCI Emerging Markets / 11.3% PRREF II Custom Benchmark / 7.3% Real Asset Custom Benchmark
1/1/2017	12/31/2017	3.2% BBgBarc US Aggregate TR / 1.1% BBgBarc US TIPS TR / 2.6% FTSE WGBI TR / 3.1% BBgBarc US High Yield TR / 24.8% S&P 500 / 10.6% Russell 2500 / 25.8% MSCI ACWI ex USA / 10% MSCI Emerging Markets / 11.4% FTSE EPRA/NAREIT Global Real Estate Index / 7.4% Real Asset Custom Benchmark
6/30/2016	12/31/2016	5% BBgBarc US Aggregate TR / 25% S&P 500 / 10.5% Russell 2500 / 26% MSCI EAFE / 3.5% FTSE WGBI TR / 11.5% FTSE EPRA/NAREIT Global Real Estate Index / 10% MSCI Emerging Markets / 7.5% Real Asset Custom Benchmark

## New Mexico LifeCycle 2055 Portfolio

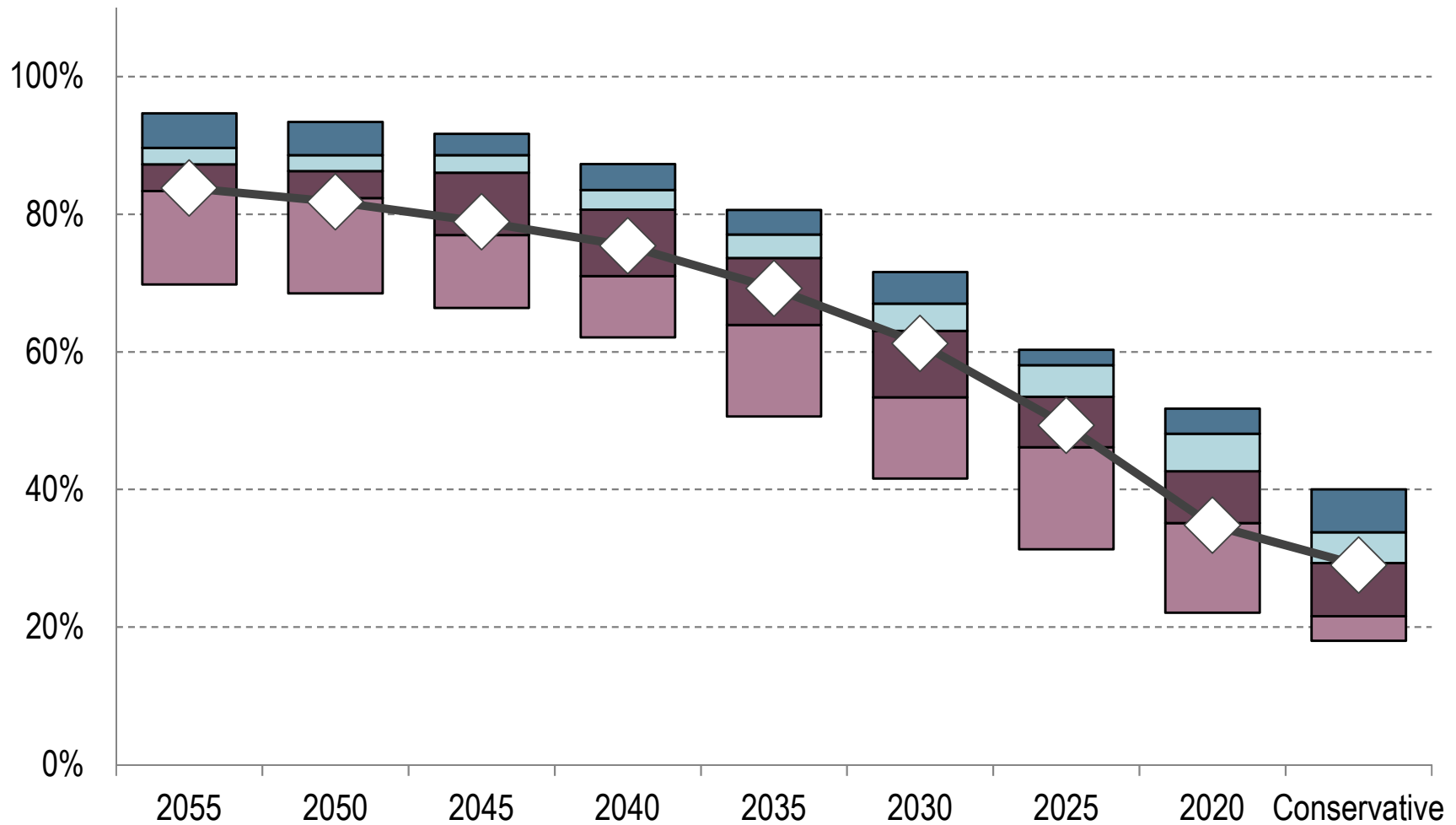
1/1/2019	Present	2.8% BBgBarc US Aggregate TR / 0.6% BBgBarc US TIPS TR / 2.3% FTSE WGBI TR / 2.8% BBgBarc US High Yield TR / 25.2% S&P 500 / 10.5% Russell 2500 / 26.4% MSCI ACWI ex USA / 10% MSCI Emerging Markets / 11.7% PRREF II Custom Benchmark / 7.7% Real Asset Custom Benchmark
1/1/2018	12/31/2018	2.7% BBgBarc US Aggregate TR / 0.4% BBgBarc US TIPS TR / 2.2% FTSE WGBI TR / 2.7% BBgBarc US High Yield TR / 25.3% S&P 500 / 10.5% Russell 2500 / 26.6% MSCI ACWI ex USA / 10% MSCI Emerging Markets / 11.8% PRREF II Custom Benchmark / 7.8% Real Asset Custom Benchmark
1/1/2017	12/31/2017	2.6% BBgBarc US Aggregate TR / 0.2% BBgBarc US TIPS TR / 2.1% FTSE WGBI TR / 2.6% BBgBarc US High Yield TR / 25.4% S&P 500 / 10.5% Russell 2500 / 26.8% MSCI ACWI ex USA / 10% MSCI Emerging Markets / 11.9% FTSE EPRA/NAREIT Global Real Estate Index / 7.9% Real Asset Custom Benchmark
5/1/2016	12/31/2016	4% BBgBarc US Aggregate TR / 25.5% S&P 500 / 10.5% Russell 2500 / 27% MSCI EAFE / 3% FTSE WGBI TR / 12% FTSE EPRA/NAREIT Global Real Estate Index / 10% MSCI Emerging Markets / 8% Real Asset Custom Benchmark

## Oakmark Equity &amp; Income

11/1/1995	Present	60% S&P 500 / 40% BBgBarc US Aggregate TR
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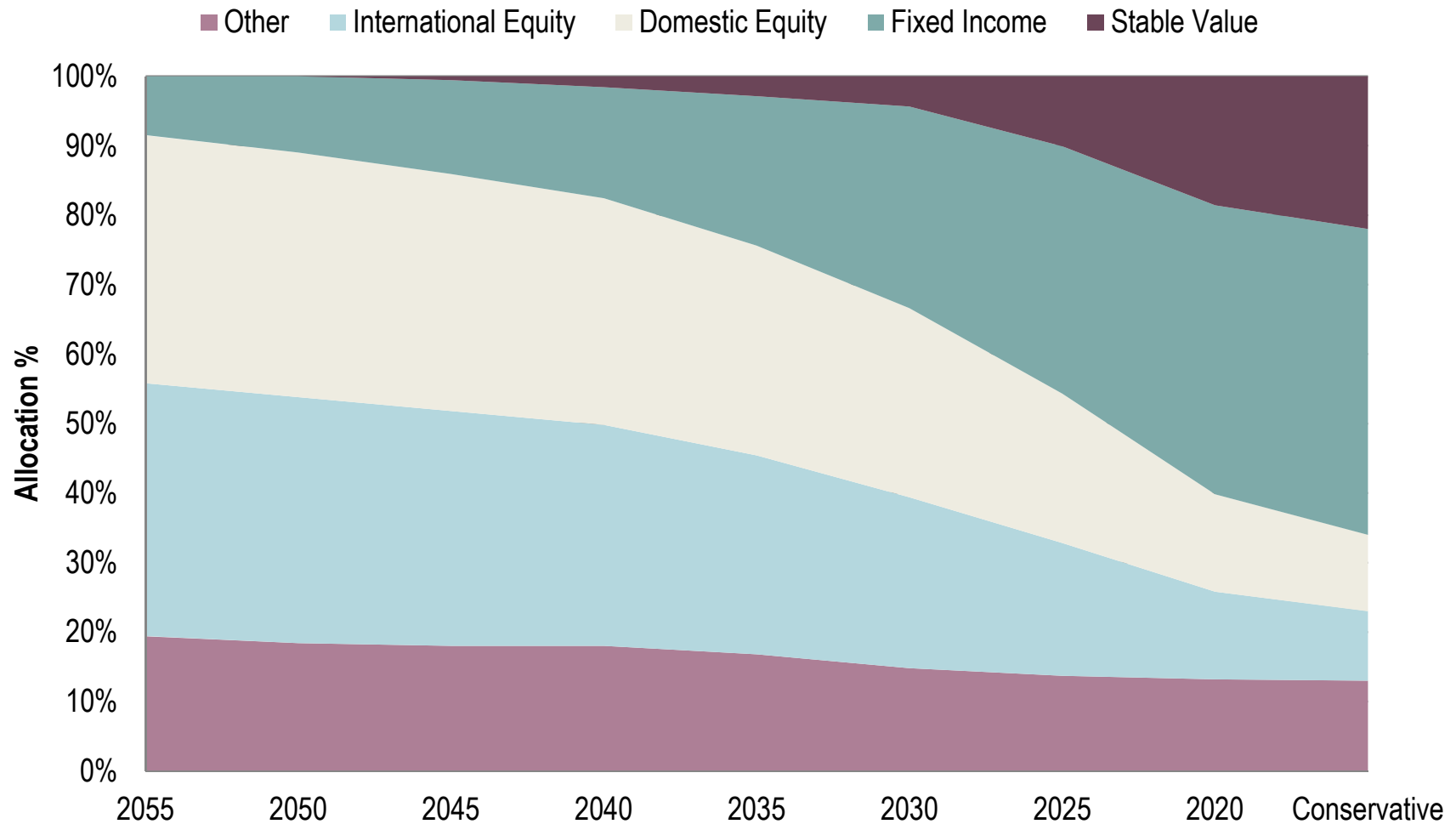
**LifeCycle Funds Detail  
As of September 30, 2019**

### Glide Path Universe Comparison<sup>1</sup> % Allocation to Equity



<sup>1</sup> Peer universe data is provided by MorningStar Mutual Fund Target Date universe. Each color of the bar represents a quartile with the top and bottom representing the maximum and minimum observation. The Core Private Real Estate allocation is included within equity.

### Asset Allocation by Target Date



## LifeCycle Funds Detail

	2055 Portfolio (%)	2050 Portfolio (%)	2045 Portfolio (%)	2040 Portfolio (%)	2035 Portfolio (%)	2030 Portfolio (%)	2025 Portfolio (%)	2020 Portfolio (%)	Conservative Portfolio (%)
<b>Total Fixed Income</b>	<b>8.5</b>	<b>11.0</b>	<b>14.1</b>	<b>17.6</b>	<b>24.4</b>	<b>33.4</b>	<b>45.7</b>	<b>60.2</b>	<b>66.0</b>
<b>Total Stable Value</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>	<b>1.6</b>	<b>2.9</b>	<b>4.4</b>	<b>10.1</b>	<b>18.6</b>	<b>22.0</b>
New Mexico Stable Value Fund (Galliard)	0.0	0.0	0.6	1.6	2.9	4.4	10.1	18.6	22.0
<b>Total Investment Grade Bonds</b>	<b>3.4</b>	<b>4.9</b>	<b>6.4</b>	<b>7.6</b>	<b>11.9</b>	<b>18.4</b>	<b>24.0</b>	<b>29.0</b>	<b>31.0</b>
Vanguard Inflation-Protected Securities	0.6	1.3	2.1	2.8	3.6	4.6	7.1	10.6	12.0
Vanguard Total Bond Market Index	2.8	3.6	4.3	4.8	8.3	13.8	16.9	18.4	19.0
<b>Total Global Bonds</b>	<b>5.1</b>	<b>6.1</b>	<b>7.1</b>	<b>8.4</b>	<b>9.6</b>	<b>10.6</b>	<b>11.6</b>	<b>12.6</b>	<b>13.0</b>
Templeton Global Bond Fund	2.3	2.8	3.3	3.8	4.3	4.8	5.0	5.0	5.0
Columbia High Yield Bonds	2.8	3.3	3.8	4.6	5.3	5.8	6.6	7.6	8.0
<b>Total Equity</b>	<b>72.1</b>	<b>70.6</b>	<b>67.9</b>	<b>64.4</b>	<b>58.8</b>	<b>51.8</b>	<b>40.6</b>	<b>26.6</b>	<b>21.0</b>
<b>Total Domestic Equity</b>	<b>35.7</b>	<b>35.2</b>	<b>34.1</b>	<b>32.6</b>	<b>30.2</b>	<b>27.2</b>	<b>21.5</b>	<b>14.0</b>	<b>11.0</b>
Vanguard Institutional Index Fund	25.2	24.4	23.4	22.4	21.1	19.3	15.2	10.0	8.0
Principal Mid Cap Equity	3.5	3.7	3.6	3.5	3.2	2.7	2.2	1.4	1.0
T. Rowe Price Mid Cap Growth	3.5	3.7	3.6	3.5	3.2	2.7	2.2	1.4	1.0
DFA US Small Cap Portfolio	3.5	3.5	3.5	3.2	2.7	2.5	1.9	1.2	1.0
<b>Total International Equity</b>	<b>36.4</b>	<b>35.4</b>	<b>33.8</b>	<b>31.8</b>	<b>28.6</b>	<b>24.6</b>	<b>19.1</b>	<b>12.6</b>	<b>10.0</b>
Vanguard Total International Stock Index	19.4	18.4	17.4	16.4	14.8	12.8	9.9	6.4	5.0
American Fund EuroPacific Growth	7.0	7.0	6.4	5.7	5.2	5.0	3.8	2.4	2.0
Aberdeen Emerging Markets	10.0	10.0	10.0	9.7	8.6	6.8	5.4	3.8	3.0
<b>Total Other</b>	<b>19.4</b>	<b>18.4</b>	<b>18.0</b>	<b>18.0</b>	<b>16.8</b>	<b>14.8</b>	<b>13.7</b>	<b>13.2</b>	<b>13.0</b>
<b>Total Core Private Real Estate</b>	<b>11.7</b>	<b>11.2</b>	<b>11.0</b>	<b>11.0</b>	<b>10.4</b>	<b>9.4</b>	<b>8.7</b>	<b>8.2</b>	<b>8.0</b>
Prudential Retirement Real Estate Fund II	11.7	11.2	11.0	11.0	10.4	9.4	8.7	8.2	8.0
<b>Total Diversified Inflation Hedge</b>	<b>7.7</b>	<b>7.2</b>	<b>7.0</b>	<b>7.0</b>	<b>6.4</b>	<b>5.4</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
Principal Diversified Real Asset Fund	7.7	7.2	7.0	7.0	6.4	5.4	5.0	5.0	5.0



## Portfolio Reviews

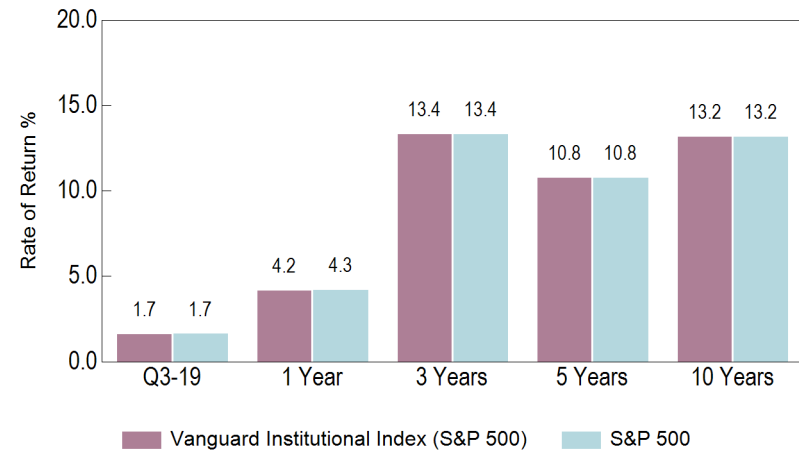
Vanguard Institutional Index (S&P 500)

As of September 30, 2019

Portfolio Fund Information as of September 30, 2019

Ticker	VIIIIX
Morningstar Category	Large Blend
Average Market Cap (\$mm)	111,224.45
Net Assets (\$mm)	115,425.95
% Assets in Top 10 Holdings	21.54
Total Number of Holdings	509
Manager Name	Donald M. Butler
Manager Tenure	19
Expense Ratio	0.02%
Closed to New Investors	No

Return Summary  
Ending September 30, 2019



Equity Characteristics Within Mutual Funds as of September 30, 2019

Versus S&P 500

	Portfolio	S&P 500
Average Market Cap (Billions)	111.22	230.50
Price To Earnings	18.18	20.51
Price To Book	3.14	3.65
Return On Equity	26.31	26.53
Dividend Yield	2.00%	1.96%
Beta (3 Year)	1.00	1.00
R-Squared (3 Year)	1.00	1.00

Top Holdings as of September 30, 2019

MICROSOFT CORP	4.3%
APPLE INC	3.8%
AMAZON.COM INC	2.9%
FACEBOOK INC A	1.7%
BERKSHIRE HATHAWAY INC B	1.7%
JPMORGAN CHASE & CO	1.5%
ALPHABET INC CLASS C	1.5%
ALPHABET INC A	1.5%
JOHNSON & JOHNSON	1.4%
PROCTER & GAMBLE CO	1.3%

Sector Allocation as of September 30, 2019

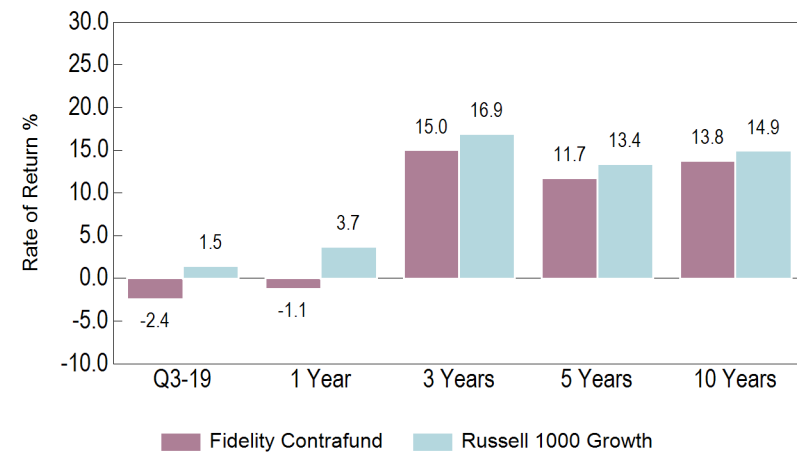
BASIC MATERIALS	2.4%
COMMUNICATION SERVICES	3.4%
CONSUMER CYCLICAL	11.8%
CONSUMER DEFENSIVE	8.1%
ENERGY	4.5%
FINANCIAL SERVICES	15.7%
HEALTHCARE	13.6%
INDUSTRIALS	10.4%
REAL ESTATE	3.2%
TECHNOLOGY	23.3%
UTILITIES	3.6%

<sup>1</sup> The portfolio's equity characteristics are calculated by Morningstar. Index characteristics are calculated by InvestorForce using a different methodology, which accounts for the differences between the portfolio and the index.

**Portfolio Fund Information as of September 30, 2019**

Ticker	FCNKX
Morningstar Category	Large Growth
Average Market Cap (\$mm)	154,040.32
Net Assets (\$mm)	23,788.12
% Assets in Top 10 Holdings	42.11
Total Number of Holdings	311
Manager Name	William Danoff
Manager Tenure	29
Expense Ratio	0.73%
Closed to New Investors	No

**Return Summary  
Ending September 30, 2019**



**Equity Characteristics Within Mutual Funds as of September 30, 2019**

Versus Russell 1000 Growth

	Portfolio	Russell 1000 Growth
Average Market Cap (Billions)	154.04	300.55
Price To Earnings	25.77	26.74
Price To Book	4.21	8.05
Return On Equity	23.84	35.42
Dividend Yield	0.80%	1.21%
Beta (3 Year)	1.01	1.00
R-Squared (3 Year)	0.95	1.00

**Top Holdings as of September 30, 2019**

FACEBOOK INC A	6.9%
AMAZON.COM INC	6.7%
BERKSHIRE HATHAWAY INC A	5.4%
MICROSOFT CORP	5.2%
VISA INC CLASS A	3.8%
SALESFORCE.COM INC	3.7%
ALPHABET INC A	2.7%
ADOBE INC	2.7%
MASTERCARD INC A	2.5%
ALPHABET INC CLASS C	2.5%

**Sector Allocation as of September 30, 2019**

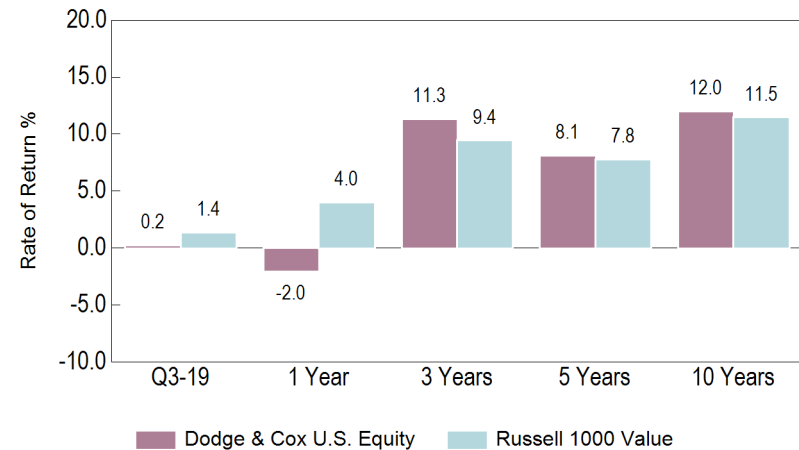
BASIC MATERIALS	2.0%
COMMUNICATION SERVICES	0.6%
CONSUMER CYCLICAL	15.8%
CONSUMER DEFENSIVE	4.7%
ENERGY	1.2%
FINANCIAL SERVICES	21.8%
HEALTHCARE	12.4%
INDUSTRIALS	2.8%
REAL ESTATE	0.9%
TECHNOLOGY	37.4%
UTILITIES	0.3%

As of September 30, 2019

**Portfolio Fund Information as of September 30, 2019**

Ticker	DODGX
Morningstar Category	Large Value
Average Market Cap (\$mm)	64,488.60
Net Assets (\$mm)	69,398.18
% Assets in Top 10 Holdings	32.46
Total Number of Holdings	69
Manager Name	Bryan Cameron
Manager Tenure	28
Expense Ratio	0.52%
Closed to New Investors	Yes

**Return Summary  
Ending September 30, 2019**



**Equity Characteristics Within Mutual Funds as of September 30, 2019**

Versus Russell 1000 Value

	Portfolio	Russell 1000 Value
Average Market Cap (Billions)	64.49	114.23
Price To Earnings	13.48	16.68
Price To Book	1.69	2.24
Return On Equity	18.43	14.92
Dividend Yield	2.55%	2.62%
Beta (3 Year)	1.10	1.00
R-Squared (3 Year)	0.93	1.00

**Top Holdings as of September 30, 2019**

WELLS FARGO & CO	3.8%
CHARLES SCHWAB CORP	3.5%
CAPITAL ONE FINANCIAL CORP	3.4%
OCCIDENTAL PETROLEUM CORP	3.4%
COMCAST CORP CLASS A	3.3%
ALPHABET INC CLASS C	3.2%
MICROSOFT CORP	3.1%
CHARTER COMMUNICATIONS INC A	3.1%
BANK OF AMERICA CORPORATION	2.9%
FEDEX CORP	2.9%

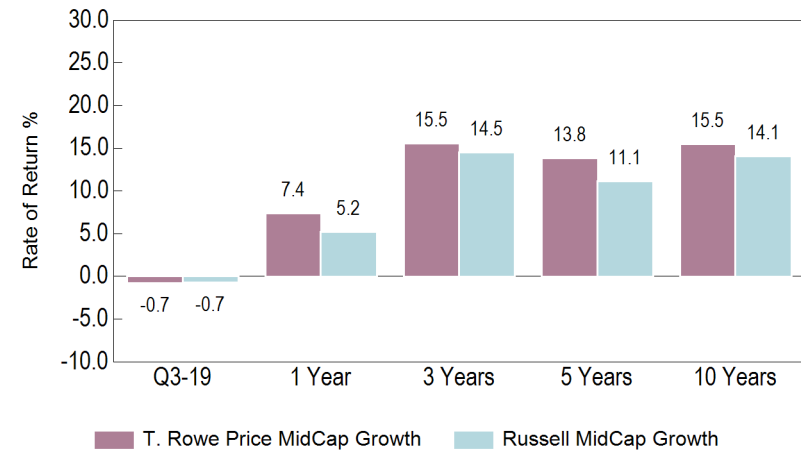
**Sector Allocation as of September 30, 2019**

BASIC MATERIALS	1.1%
COMMUNICATION SERVICES	7.9%
CONSUMER CYCLICAL	4.9%
CONSUMER DEFENSIVE	0.9%
ENERGY	10.1%
FINANCIAL SERVICES	26.1%
HEALTHCARE	21.7%
INDUSTRIALS	7.9%
REAL ESTATE	0.0%
TECHNOLOGY	19.4%
UTILITIES	0.0%

**Portfolio Fund Information as of September 30, 2019**

Ticker	PMEGX
Morningstar Category	Mid-Cap Growth
Average Market Cap (\$mm)	14,848.55
Net Assets (\$mm)	7,514.75
% Assets in Top 10 Holdings	18.84
Total Number of Holdings	134
Manager Name	Brian W.H. Berghuis
Manager Tenure	23
Expense Ratio	0.61%
Closed to New Investors	Yes

**Return Summary  
Ending September 30, 2019**



**Equity Characteristics Within Mutual Funds as of September 30, 2019**

Versus Russell MidCap Growth

	Portfolio	Russell MidCap Growth
Average Market Cap (Billions)	14.85	17.82
Price To Earnings	20.85	27.68
Price To Book	3.30	6.72
Return On Equity	13.88	25.10
Dividend Yield	0.88%	0.78%
Beta (3 Year)	0.91	1.00
R-Squared (3 Year)	0.95	1.00

**Top Holdings as of September 30, 2019**

TELEFLEX INC	2.5%
BALL CORP	2.1%
THE COOPER COMPANIES INC	2.1%
HOLOGIC INC	2.0%
L3HARRIS TECHNOLOGIES INC	1.8%
MICROCHIP TECHNOLOGY INC	1.7%
TEXTRON INC	1.7%
AGILENT TECHNOLOGIES INC	1.7%
DOLLAR GENERAL CORP	1.6%
IAC/INTERACTIVECORP	1.6%

**Sector Allocation as of September 30, 2019**

BASIC MATERIALS	3.4%
COMMUNICATION SERVICES	0.0%
CONSUMER CYCLICAL	14.2%
CONSUMER DEFENSIVE	6.6%
ENERGY	2.6%
FINANCIAL SERVICES	8.8%
HEALTHCARE	18.7%
INDUSTRIALS	20.4%
REAL ESTATE	1.0%
TECHNOLOGY	22.0%
UTILITIES	2.3%

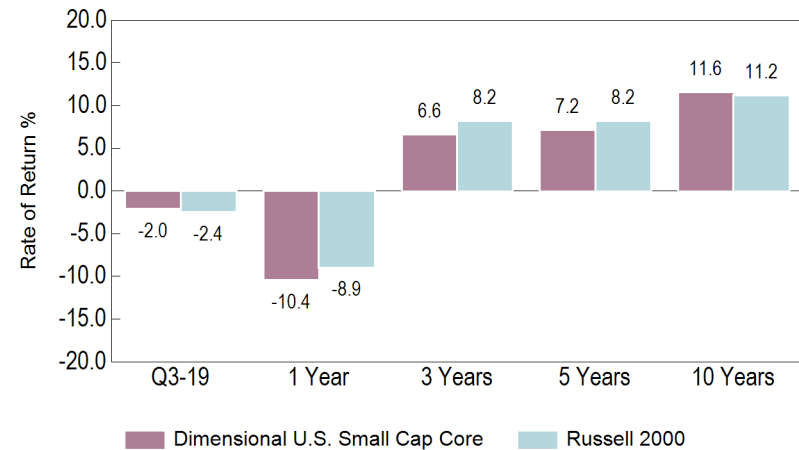
Dimensional U.S. Small Cap Core

As of September 30, 2019

Portfolio Fund Information as of September 30, 2019

Ticker	DFSTX
Morningstar Category	Small Blend
Average Market Cap (\$mm)	1,820.76
Net Assets (\$mm)	16,975.29
% Assets in Top 10 Holdings	3.77
Total Number of Holdings	2,090
Manager Name	Jed S. Fogdall
Manager Tenure	8
Expense Ratio	0.37%
Closed to New Investors	No

Return Summary  
Ending September 30, 2019



Equity Characteristics Within Mutual Funds as of September 30, 2019

Versus Russell 2000

	Portfolio	Russell 2000
Average Market Cap (Billions)	1.82	2.20
Price To Earnings	15.13	18.47
Price To Book	1.62	2.39
Return On Equity	11.64	1.29
Dividend Yield	1.43%	1.49%
Beta (3 Year)	1.02	1.00
R-Squared (3 Year)	0.98	1.00

Top Holdings as of September 30, 2019

S+P500 EMINI FUT DEC19 XCME 20191220	0.9%
HORIZON THERAPEUTICS PLC	0.4%
TCF FINANCIAL CORP	0.4%
TETRA TECH INC	0.3%
SELECTIVE INSURANCE GROUP INC	0.3%
FIRSTCASH INC	0.3%
ARMSTRONG WORLD INDUSTRIES INC	0.3%
DECKERS OUTDOOR CORP	0.3%
HELEN OF TROY LTD	0.3%
TREX CO INC	0.3%

Sector Allocation as of September 30, 2019

BASIC MATERIALS	6.9%
COMMUNICATION SERVICES	1.4%
CONSUMER CYCLICAL	16.2%
CONSUMER DEFENSIVE	5.2%
ENERGY	4.3%
FINANCIAL SERVICES	20.1%
HEALTHCARE	8.2%
INDUSTRIALS	18.8%
REAL ESTATE	0.5%
TECHNOLOGY	14.6%
UTILITIES	3.8%

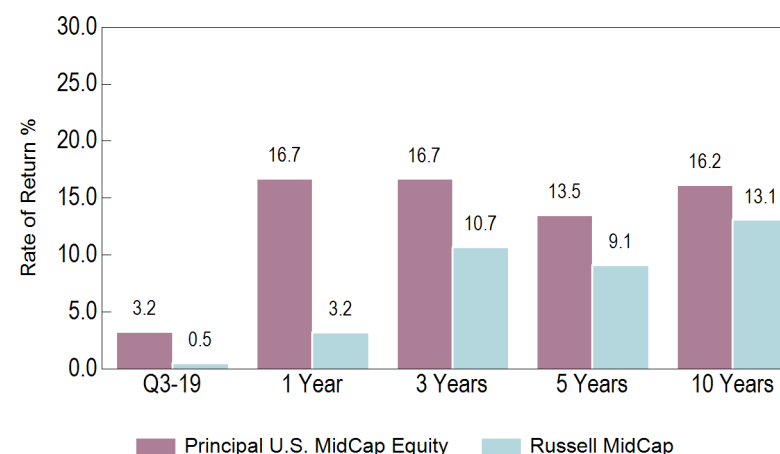


## Principal U.S. MidCap Equity

As of September 30, 2019

## Portfolio Fund Information as of September 30, 2019

Ticker	PCBIX
Morningstar Category	Mid-Cap Growth
Average Market Cap (\$mm)	17,779.21
Net Assets (\$mm)	11,840.13
% Assets in Top 10 Holdings	29.93
Total Number of Holdings	84
Manager Name	K. William Nolin
Manager Tenure	19
Expense Ratio	0.69%
Closed to New Investors	No

Return Summary  
Ending September 30, 2019

## Equity Characteristics Within Mutual Funds as of September 30, 2019

Versus Russell MidCap

	Portfolio	Russell MidCap
Average Market Cap (Billions)	17.78	16.09
Price To Earnings	25.96	20.65
Price To Book	3.06	3.05
Return On Equity	21.16	16.69
Dividend Yield	0.81%	1.76%
Beta (3 Year)	0.89	1.00
R-Squared (3 Year)	0.88	1.00

## Top Holdings as of September 30, 2019

BROOKFIELD ASSET MANAGEMENT INC CLASS A	4.2%
TRANSDIGM GROUP INC	4.1%
MARKEL CORP	3.2%
SBA COMMUNICATIONS CORP	3.0%
CARMAX INC	2.9%
RESTAURANT BRANDS INTERNATIONAL INC	2.8%
O'REILLY AUTOMOTIVE INC	2.7%
VULCAN MATERIALS CO	2.4%
HILTON WORLDWIDE HOLDINGS INC	2.4%
COPART INC	2.3%

## Sector Allocation as of September 30, 2019

BASIC MATERIALS	5.7%
COMMUNICATION SERVICES	3.0%
CONSUMER CYCLICAL	23.2%
CONSUMER DEFENSIVE	1.7%
ENERGY	0.0%
FINANCIAL SERVICES	22.1%
HEALTHCARE	2.5%
INDUSTRIALS	14.4%
REAL ESTATE	8.5%
TECHNOLOGY	16.9%
UTILITIES	2.1%

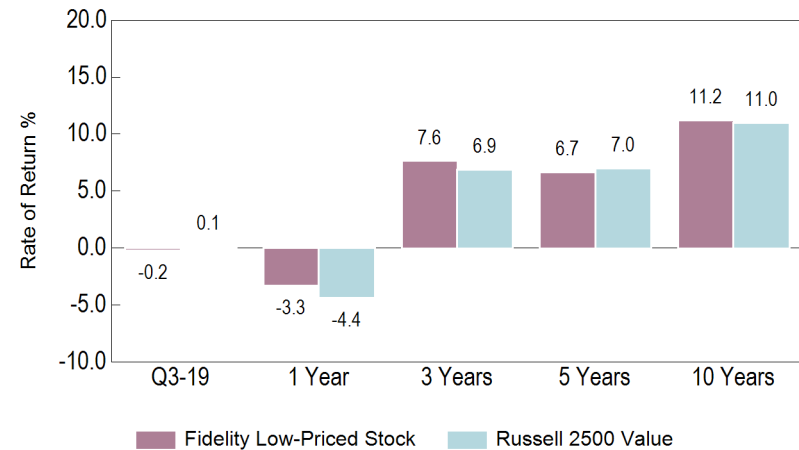
Fidelity Low-Priced Stock

As of September 30, 2019

Portfolio Fund Information as of July 31, 2019

Ticker	FLPKX
Morningstar Category	Mid-Cap Value
Average Market Cap (\$mm)	8,481.27
Net Assets (\$mm)	5,775.62
% Assets in Top 10 Holdings	30.34
Total Number of Holdings	795
Manager Name	Joel C. Tillinghast
Manager Tenure	30
Expense Ratio	0.53%
Closed to New Investors	No

Return Summary  
Ending September 30, 2019



Equity Characteristics Within Mutual Funds as of July 31, 2019  
Versus Russell 2500 Value

	Portfolio	Russell 2500 Value
Average Market Cap (Billions)	8.48	5.68
Price To Earnings	11.57	16.70
Price To Book	1.49	1.88
Return On Equity	21.60	9.30
Dividend Yield	2.68%	2.35%
Beta (3 Year)	0.67	1.00
R-Squared (3 Year)	0.83	1.00

Top Holdings as of July 31, 2019

UNITEDHEALTH GROUP INC	6.0%
ROSS STORES INC	3.6%
METRO INC	3.2%
BEST BUY CO INC	3.1%
NEXT PLC	3.0%
SEAGATE TECHNOLOGY PLC	2.8%
AUTOZONE INC	2.6%
METLIFE INC	2.3%
BARRATT DEVELOPMENTS PLC	1.9%
ANSYS INC	1.8%

Sector Allocation as of July 31, 2019

BASIC MATERIALS	4.8%
COMMUNICATION SERVICES	0.5%
CONSUMER CYCLICAL	25.4%
CONSUMER DEFENSIVE	10.9%
ENERGY	5.5%
FINANCIAL SERVICES	14.9%
HEALTHCARE	13.3%
INDUSTRIALS	7.9%
REAL ESTATE	1.0%
TECHNOLOGY	14.1%
UTILITIES	1.7%



As of September 30, 2019

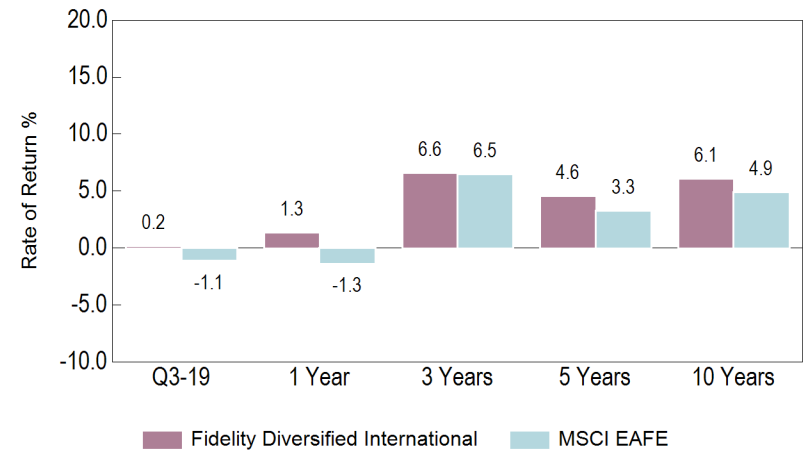
**Portfolio Fund Information as of September 30, 2019**

Ticker	FDIKX
Morningstar Category	Foreign Large Growth
Average Market Cap (\$mm)	38,286.46
Net Assets (\$mm)	4,216.70
% Assets in Top 10 Holdings	16.72
Total Number of Holdings	187
Manager Name	William Bower
Manager Tenure	19
Expense Ratio	0.69%
Closed to New Investors	No

**Top Regions as of September 30, 2019**

EUROZONE	27.04%
JAPAN	17.47%
UNITED KINGDOM	13.36%
EUROPE EXEURO	11.44%
UNITED STATES	10.79%

**Return Summary  
Ending September 30, 2019**



**Equity Characteristics Within Mutual Funds as of September 30, 2019**

Versus MSCI EAFE

	Portfolio	MSCI EAFE
Average Market Cap (Billions)	38.29	59.69
Price To Earnings	19.70	15.81
Price To Book	2.87	2.31
Return On Equity	20.02	14.33
Dividend Yield	1.88%	3.35%
Beta (3 Year)	1.01	1.00
R-Squared (3 Year)	0.92	1.00

**Top Holdings as of September 30, 2019**

ROCHE HOLDING AG DIVIDEND RIGHT CERT.	2.2%
SAP SE	2.1%
ASML HOLDING NV ADR	1.9%
HOYA CORP	1.7%
AIA GROUP LTD	1.7%
ASTRAZENECA PLC	1.6%
UNILEVER NV	1.6%
KEYENCE CORP	1.5%
LVMH MOET HENNESSY LOUIS VUITTON SE	1.3%
HDFC BANK LTD	1.2%

**Sector Allocation as of September 30, 2019**

BASIC MATERIALS	6.7%
COMMUNICATION SERVICES	0.8%
CONSUMER CYCLICAL	9.7%
CONSUMER DEFENSIVE	9.9%
ENERGY	3.0%
FINANCIAL SERVICES	22.8%
HEALTHCARE	15.2%
INDUSTRIALS	11.5%
REAL ESTATE	0.7%
TECHNOLOGY	17.8%
UTILITIES	2.1%

American Funds EuroPacific Growth

As of September 30, 2019

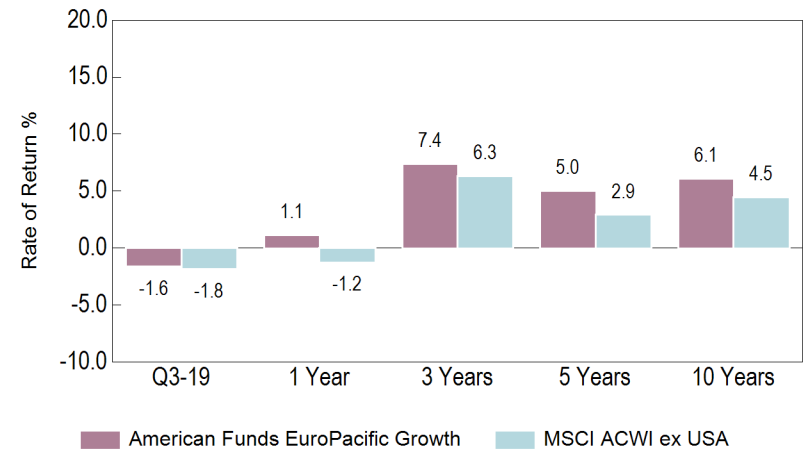
Portfolio Fund Information as of September 30, 2019

Ticker	RERGX
Morningstar Category	Foreign Large Growth
Average Market Cap (\$mm)	44,148.14
Net Assets (\$mm)	70,315.73
% Assets in Top 10 Holdings	20.92
Total Number of Holdings	322
Manager Name	Carl M. Kawaja
Manager Tenure	18
Expense Ratio	0.49%
Closed to New Investors	No

Top Regions as of September 30, 2019

EUROZONE	21.74%
ASIA EMERGING	20.60%
JAPAN	15.35%
ASIA DEVELOPED	11.37%
UNITED KINGDOM	9.02%

Return Summary  
Ending September 30, 2019



Equity Characteristics Within Mutual Funds as of September 30, 2019

Versus MSCI ACWI ex USA

	Portfolio	MSCI ACWI ex USA
Average Market Cap (Billions)	44.15	64.02
Price To Earnings	17.35	14.97
Price To Book	2.14	2.31
Return On Equity	17.63	15.03
Dividend Yield	2.14%	3.26%
Beta (3 Year)	1.04	1.00
R-Squared (3 Year)	0.94	1.00

Top Holdings as of September 30, 2019

AIRBUS SE	2.6%
AIA GROUP LTD	2.6%
NINTENDO CO LTD	2.4%
RELIANCE INDUSTRIES LTD	2.4%
HDFC BANK LTD	2.3%
ALIBABA GROUP HOLDING LTD ADR	2.1%
ASML HOLDING NV	2.0%
SAMSUNG ELECTRONICS CO LTD	1.6%
DAIICHI SANKYO CO LTD	1.6%
KOTAK MAHINDRA BANK LTD	1.4%

Sector Allocation as of September 30, 2019

BASIC MATERIALS	8.1%
COMMUNICATION SERVICES	1.5%
CONSUMER CYCLICAL	12.8%
CONSUMER DEFENSIVE	6.1%
ENERGY	6.2%
FINANCIAL SERVICES	17.8%
HEALTHCARE	10.9%
INDUSTRIALS	11.8%
REAL ESTATE	1.3%
TECHNOLOGY	20.2%
UTILITIES	3.3%

## Vanguard Total International Stock Index

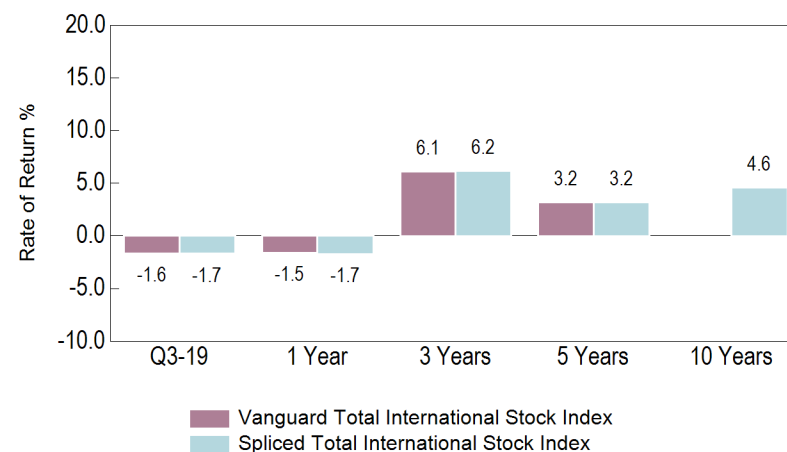
As of September 30, 2019

## Portfolio Fund Information as of September 30, 2019

Ticker	VTSNX
Morningstar Category	Foreign Large Blend
Average Market Cap (\$mm)	22,636.54
Net Assets (\$mm)	32,567.62
% Assets in Top 10 Holdings	8.36
Total Number of Holdings	7,452
Manager Name	Michael Perre
Manager Tenure	11
Expense Ratio	0.08%
Closed to New Investors	No

## Top Regions as of September 30, 2019

EUROZONE	19.82%
JAPAN	17.20%
ASIA EMERGING	12.87%
UNITED KINGDOM	10.72%
EUROPE EXEURO	9.56%

Return Summary  
Ending September 30, 2019

## Equity Characteristics Within Mutual Funds as of September 30, 2019

Versus FTSE All World ex US

	Portfolio	FTSE All World ex US
Average Market Cap (Billions)	22.64	61.27
Price To Earnings	13.73	14.85
Price To Book	1.42	2.28
Return On Equity	15.53	14.83
Dividend Yield	3.52%	3.26%
Beta (3 Year)	1.01	1.00
R-Squared (3 Year)	0.99	1.00

## Top Holdings as of September 30, 2019

NESTLE SA	1.3%
ALIBABA GROUP HOLDING LTD ADR	1.0%
TENCENT HOLDINGS LTD	1.0%
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	0.9%
ROCHE HOLDING AG DIVIDEND RIGHT CERT.	0.8%
SAMSUNG ELECTRONICS CO LTD	0.8%
NOVARTIS AG	0.8%
TOYOTA MOTOR CORP	0.7%
HSBC HOLDINGS PLC	0.6%
ROYAL DUTCH SHELL PLC CLASS A	0.5%

## Sector Allocation as of September 30, 2019

BASIC MATERIALS	8.2%
COMMUNICATION SERVICES	3.7%
CONSUMER CYCLICAL	11.6%
CONSUMER DEFENSIVE	9.7%
ENERGY	6.5%
FINANCIAL SERVICES	20.2%
HEALTHCARE	8.5%
INDUSTRIALS	12.2%
REAL ESTATE	4.1%
TECHNOLOGY	12.1%
UTILITIES	3.4%

<sup>1</sup> The portfolio's equity characteristics are calculated by Morningstar. Index characteristics are calculated by InvestorForce using a different methodology, which accounts for the differences between the portfolio and the index.

<sup>2</sup> The Spliced Total International Stock Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex USA IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter.

## Aberdeen Emerging Markets Equity

As of September 30, 2019

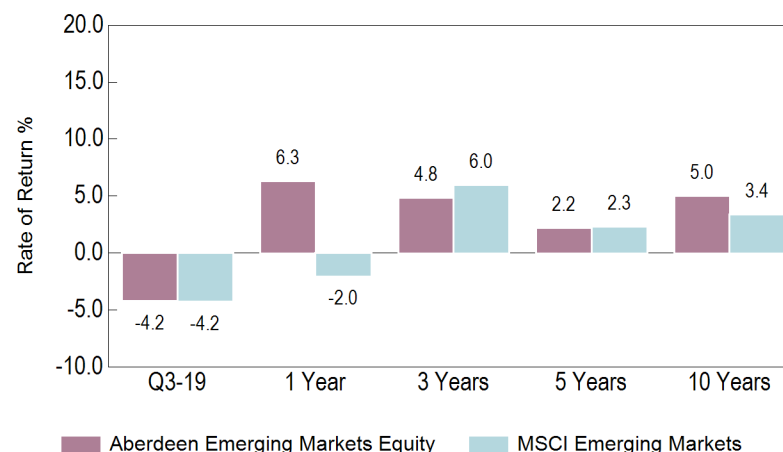
### Portfolio Fund Information as of September 30, 2019

Ticker	ABEMX
Morningstar Category	Diversified Emerging Mkts
Average Market Cap (\$mm)	45,679.44
Net Assets (\$mm)	4,437.28
% Assets in Top 10 Holdings	38.62
Total Number of Holdings	63
Manager Name	Mark Gordon-James
Manager Tenure	12
Expense Ratio	1.10%
Closed to New Investors	No

### Top Regions as of September 30, 2019

ASIA EMERGING	50.43%
ASIA DEVELOPED	20.55%
LATIN AMERICA	18.18%
EUROPE EMERGING	4.10%
AFRICA	3.19%

### Return Summary Ending September 30, 2019



### Equity Characteristics Within Mutual Funds as of September 30, 2019

Versus MSCI Emerging Markets

	Portfolio	MSCI Emerging Markets
Average Market Cap (Billions)	45.68	80.18
Price To Earnings	16.47	13.55
Price To Book	2.27	2.42
Return On Equity	19.43	16.77
Dividend Yield	2.50%	3.10%
Beta (3 Year)	0.96	1.00
R-Squared (3 Year)	0.91	1.00

### Top Holdings as of September 30, 2019

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	6.1%
TENCENT HOLDINGS LTD	6.1%
SAMSUNG ELECTRONICS CO LTD PARTICIPATING PREFERRED	5.7%
HOUSING DEVELOPMENT FINANCE CORP LTD	4.1%
PING AN INSURANCE (GROUP) CO. OF CHINA LTD CLASS H	3.9%
BANK BRADESCO SA ADR	3.4%
AIA GROUP LTD	2.7%
CHINA RESOURCES LAND LTD	2.3%
KOTAK MAHINDRA BANK LTD	2.3%
FOMENTO ECONOMICO MEXICANO SAB DE CV ADR	2.1%

### Sector Allocation as of September 30, 2019

BASIC MATERIALS	8.0%
COMMUNICATION SERVICES	2.3%
CONSUMER CYCLICAL	9.1%
CONSUMER DEFENSIVE	11.3%
ENERGY	4.4%
FINANCIAL SERVICES	27.2%
HEALTHCARE	0.9%
INDUSTRIALS	2.4%
REAL ESTATE	5.7%
TECHNOLOGY	28.8%
UTILITIES	0.0%



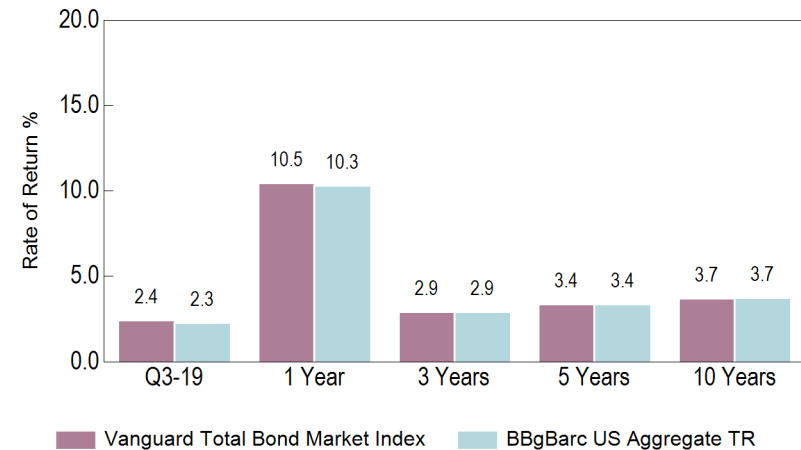
## Vanguard Total Bond Market Index

As of September 30, 2019

### Fund Information as of September 30, 2019

Fund Name	VANGUARD TOTAL BOND MARKET INDEX I
Ticker	VBPIX
Morningstar Category	Intermediate Core Bond
Benchmark	BBgBarc US Aggregate TR
Expense Ratio	0.04%
Fund Assets (\$mm)	47,174.79
Share Class Inception Date	9/18/1995
Manager Tenure	7

### Return Summary Ending September 30, 2019



### Fund Characteristics as of September 30, 2019

Versus BBgBarc US Aggregate TR

Sharpe Ratio (3 Year)	0.40
Average Duration	6.20
Average Coupon	3.23%
Average Effective Maturity	8.30
R-Squared (3 Year)	0.99
Alpha (3 Year)	-0.01%
Beta (3 Year)	1.03

### Credit Quality as of September 30, 2019

AAA	67.4%
AA	3.5%
A	11.2%
BBB	18.0%
BB	0.0%
B	0.0%
Below B	0.0%
Not Rated	0.0%

### Fixed Income Sectors as of September 30, 2019

GOVERNMENT	46.8%
MUNICIPAL	0.6%
CORPORATE	26.4%
SECURITIZED	23.9%
CASH & EQUIVALENTS	2.2%
DERIVATIVE	0.0%

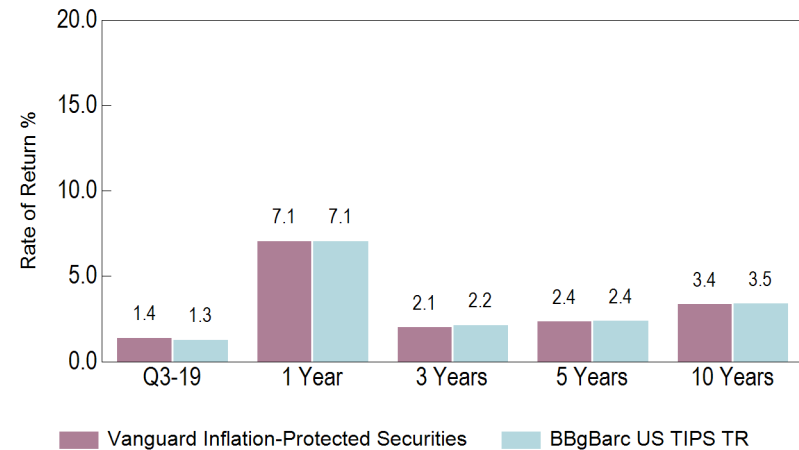
## Vanguard Inflation-Protected Securities

As of September 30, 2019

### Fund Information as of September 30, 2019

Fund Name	VANGUARD INFLATION-PROTECTED SECS I
Ticker	VIPIX
Morningstar Category	Inflation-Protected Bond
Benchmark	BBgBarc US TIPS TR
Expense Ratio	0.07%
Fund Assets (\$mm)	10,584.60
Share Class Inception Date	12/12/2003
Manager Tenure	8

### Return Summary Ending September 30, 2019



### Fund Characteristics as of September 30, 2019

Versus BBgBarc US TIPS TR

Sharpe Ratio (3 Year)	0.16
Average Duration	7.77
Average Coupon	0.83%
Average Effective Maturity	8.60
R-Squared (3 Year)	0.99
Alpha (3 Year)	-0.01%
Beta (3 Year)	0.99

### Credit Quality as of September 30, 2019

AAA	100.0%
AA	0.0%
A	0.0%
BBB	0.0%
BB	0.0%
B	0.0%
Below B	0.0%
Not Rated	0.0%

### Fixed Income Sectors as of September 30, 2019

GOVERNMENT	98.7%
MUNICIPAL	0.0%
CORPORATE	0.0%
SECURITIZED	0.0%
CASH & EQUIVALENTS	1.4%
DERIVATIVE	0.0%

Franklin Templeton Global Bond

As of September 30, 2019

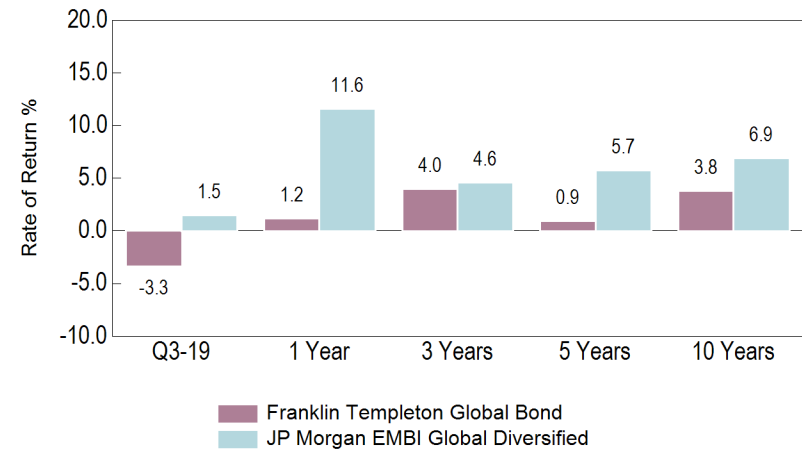
Fund Information as of September 30, 2019

Fund Name	TEMPLETON GLOBAL BOND R6
Ticker	FBNRX
Morningstar Category	Nontraditional Bond
Benchmark	JP Morgan EMBI Global Diversified
Expense Ratio	0.57%
Fund Assets (\$mm)	4,671.19
Share Class Inception Date	5/1/2013
Manager Tenure	18

Top Regions as of September 30, 2019

ASIA EMERGING	50.43%
ASIA DEVELOPED	20.55%
LATIN AMERICA	18.18%
EUROPE EMERGING	4.10%
AFRICA	3.19%

Return Summary  
Ending September 30, 2019



Fund Characteristics as of September 30, 2019  
Versus JP Morgan EMBI Global Diversified

Sharpe Ratio (3 Year)	0.36
Average Duration	-1.39
Average Coupon	8.19%
Average Effective Maturity	0.93
R-Squared (3 Year)	0.03
Alpha (3 Year)	0.26%
Beta (3 Year)	0.22

Credit Quality as of September 30, 2019

AAA	25.4%
AA	4.7%
A	24.5%
BBB	25.6%
BB	17.0%
B	2.3%
Below B	2.2%
Not Rated	-1.7%

Fixed Income Sectors as of September 30, 2019

GOVERNMENT	56.0%
MUNICIPAL	0.0%
CORPORATE	0.1%
SECURITIZED	0.0%
CASH & EQUIVALENTS	44.0%
DERIVATIVE	0.0%



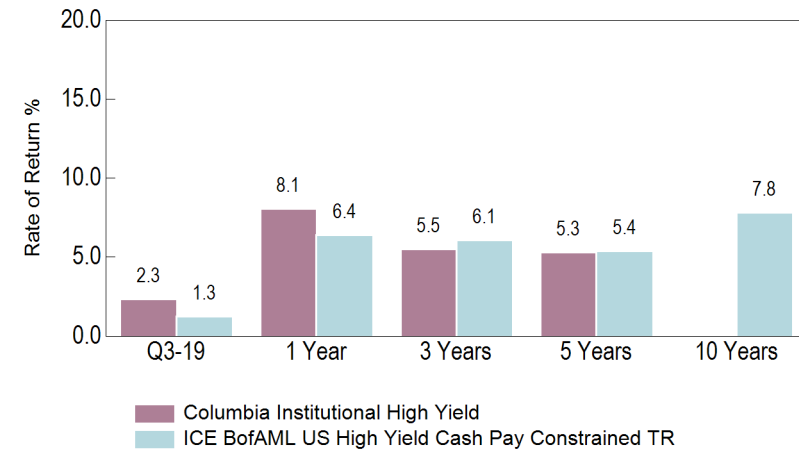
Columbia Institutional High Yield

As of September 30, 2019

Fund Information as of September 30, 2019

Fund Name	COLUMBIA HIGH YIELD BOND INST3
Ticker	CHYYX
Morningstar Category	High Yield Bond
Benchmark	ICE BofAML US High Yield Cash Pay Constrained TR
Expense Ratio	0.66%
Fund Assets (\$mm)	379.06
Share Class Inception Date	11/8/2012
Manager Tenure	9

Return Summary  
Ending September 30, 2019



Fund Characteristics as of September 30, 2019

Versus ICE BofAML US High Yield Cash Pay Constrained TR

Sharpe Ratio (3 Year)	0.82
Average Duration	3.06
Average Coupon	6.20%
Average Effective Maturity	4.04
R-Squared (3 Year)	0.96
Alpha (3 Year)	-0.11%
Beta (3 Year)	1.13

Credit Quality as of September 30, 2019

AAA	3.8%
AA	0.0%
A	0.0%
BBB	0.7%
BB	32.8%
B	49.9%
Below B	12.8%
Not Rated	0.0%

Fixed Income Sectors as of September 30, 2019

GOVERNMENT	0.0%
MUNICIPAL	0.0%
CORPORATE	94.2%
SECURITIZED	0.0%
CASH & EQUIVALENTS	5.2%
DERIVATIVE	0.6%

<sup>1</sup> Columbia Institutional High Yield is a component of the LifeCycle Funds only and is not available as a participant directed investment option. Total fund assets are approximately \$2 billion.



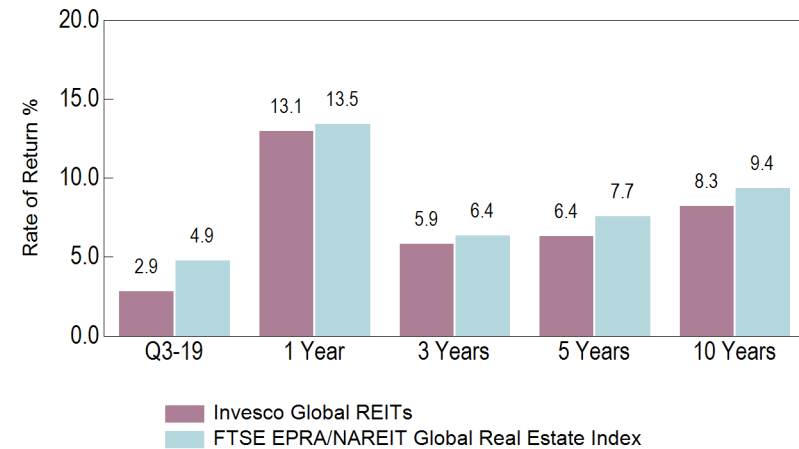


As of September 30, 2019

**Portfolio Fund Information as of September 30, 2019**

Ticker	IGREX
Morningstar Category	Global Real Estate
Average Market Cap (\$mm)	10,562.74
Net Assets (\$mm)	194.06
% Assets in Top 10 Holdings	22.87
Total Number of Holdings	206
Manager Name	Mark D. Blackburn
Manager Tenure	15
Expense Ratio	0.92%
Closed to New Investors	No

**Return Summary  
Ending September 30, 2019**



**Fund Characteristics as of September 30, 2019**

Versus FTSE EPRA/NAREIT Global Real Estate Index

Sharpe Ratio (3 Year)	0.40
Average Market Cap (\$mm)	10,562.74
Price/Earnings	20.14
Price/Book	1.43
Price/Sales	3.92
Price/Cash Flow	6.50
Dividend Yield	3.82
Number of Equity Holdings	182
R-Squared (3 Year)	0.96
Alpha (3 Year)	-0.04%

**Top Holdings as of September 30, 2019**

VENTAS INC	3.1%
BOSTON PROPERTIES INC	3.1%
AVALONBAY COMMUNITIES INC	3.0%
PROLOGIS INC	3.0%
SIMON PROPERTY GROUP INC	2.0%
VONOVIA SE	1.9%
ESSEX PROPERTY TRUST INC	1.9%
HEALTHPEAK PROPERTIES INC	1.8%
MITSUI FUDOSAN CO LTD	1.6%
LINK REAL ESTATE INVESTMENT TRUST	1.6%

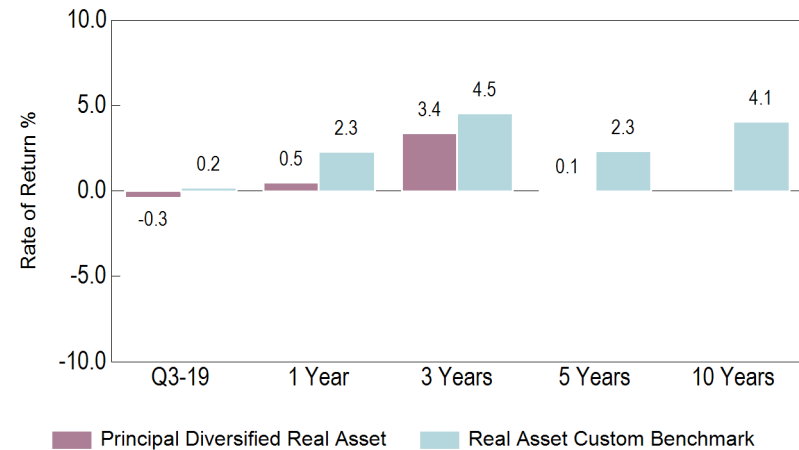
Principal Diversified Real Asset

As of September 30, 2019

Portfolio Fund Information as of September 30, 2019

Ticker	PDRDX
Morningstar Category	World Allocation
Average Market Cap (\$mm)	14,121.08
Net Assets (\$mm)	2,469.68
% Assets in Top 10 Holdings	19.80
Total Number of Holdings	1,058
Manager Name	Kelly A. Grossman
Manager Tenure	10
Expense Ratio	0.85%
Closed to New Investors	No

Return Summary  
Ending September 30, 2019



Fund Characteristics as of September 30, 2019

Versus Real Asset Custom Benchmark

Sharpe Ratio (3 Year)	0.26
Average Market Cap (\$mm)	14,121.08
Price/Earnings	16.99
Price/Book	1.60
Price/Sales	1.27
Price/Cash Flow	6.98
Dividend Yield	4.16
Number of Equity Holdings	344
R-Squared (3 Year)	0.91
Alpha (3 Year)	-0.15%

Top Holdings as of September 30, 2019

DRACAY CREDIT SUISSE - 30	9.8%
US 2YR NOTE (CBT) DEC19	2.3%
RECV CME INTEREST RATE SW_RECEIVE	1.5%
UNITED STATES TREASURY BILLS 1.83%	1.0%
UNITED STATES TREASURY BILLS 1.87%	1.0%
US 10 YEAR ULTRA FUTURE DEC19	1.0%
ENBRIDGE INC	0.9%
WILLIAMS COMPANIES INC	0.8%
UNITED STATES TREASURY NOTES 0.88%	0.8%
TRANSURBAN GROUP	0.7%

<sup>1</sup> The Real Asset Custom Benchmark is comprised of 40% Barclays U.S. TIPS, 40% MSCI ACWI, and 20% Bloomberg Commodity Index..



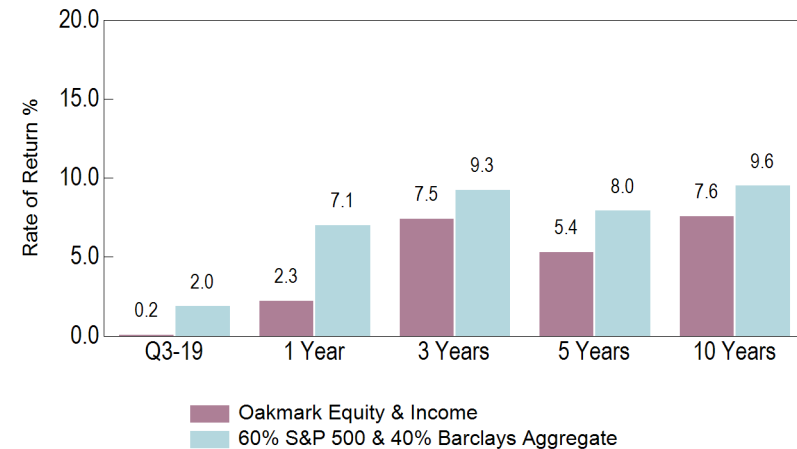
## Oakmark Equity & Income

As of September 30, 2019

### Portfolio Fund Information as of September 30, 2019

Ticker	OAKBX
Morningstar Category	Allocation--50% to 70% Equity
Average Market Cap (\$mm)	49,422.69
Net Assets (\$mm)	9,095.41
% Assets in Top 10 Holdings	35.02
Total Number of Holdings	309
Manager Name	Clyde S. McGregor
Manager Tenure	24
Expense Ratio	0.78%
Closed to New Investors	No

### Return Summary Ending September 30, 2019



### Fund Characteristics as of September 30, 2019

Versus 60% S&P 500 & 40% Barclays Aggregate

Sharpe Ratio (3 Year)	0.61
Average Market Cap (\$mm)	49,422.69
Price/Earnings	12.46
Price/Book	1.79
Price/Sales	1.02
Price/Cash Flow	3.42
Dividend Yield	2.47
Number of Equity Holdings	43
R-Squared (3 Year)	0.84
Alpha (3 Year)	-0.31%

### Top Holdings as of September 30, 2019

BANK OF AMERICA CORPORATION	5.0%
GENERAL MOTORS CO	4.9%
TE CONNECTIVITY LTD	4.4%
UNITED STATES TREASURY NOTES 1.25%	4.2%
MASTERCARD INC A	3.3%
NESTLE SA ADR	2.9%
ALPHABET INC CLASS C	2.8%
CVS HEALTH CORP	2.6%
CITIGROUP INC	2.5%
PHILIP MORRIS INTERNATIONAL INC	2.3%



Prudential Retirement Real Estate Fund II

As of September 30, 2019

Account Information

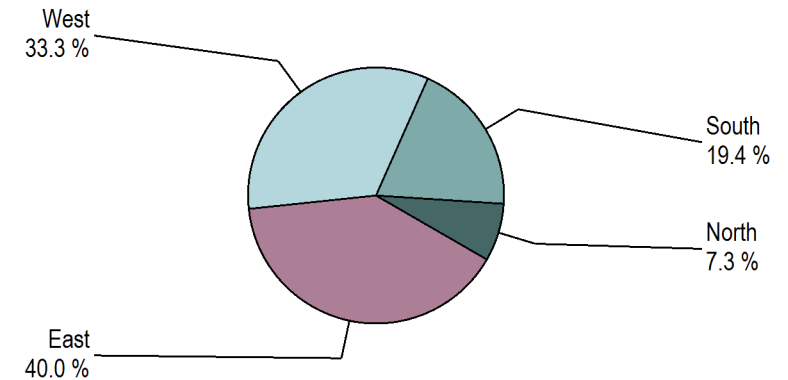
Account Name	Prudential Retirement Real Estate Fund II
Account Structure	Other
Investment Style	Active
Inception Date	1/01/18
Account Type	Real Estate
Benchmark	PRREF II Custom Benchmark
Expense Ratio	0.90%

Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Inception (%)	Inception Date
Prudential Retirement Real Estate Fund II	2.3	7.6	8.2	--	--	7.9	Jan-18
PRREF II Custom Benchmark	2.2	6.9	7.4	--	--	7.6	Jan-18

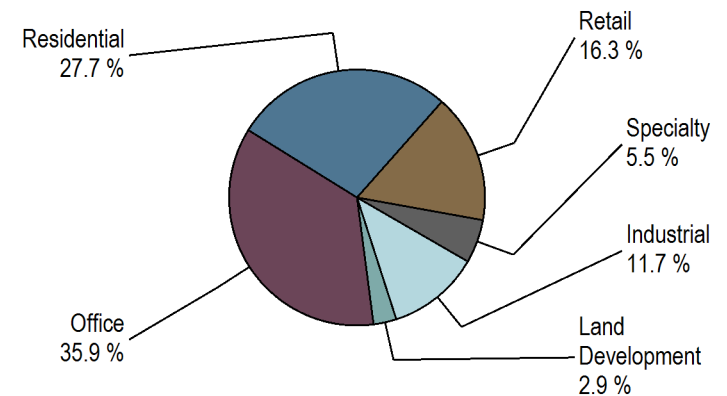
Geographic Diversification

Allocation as of September 30, 2019



Property Type Allocation

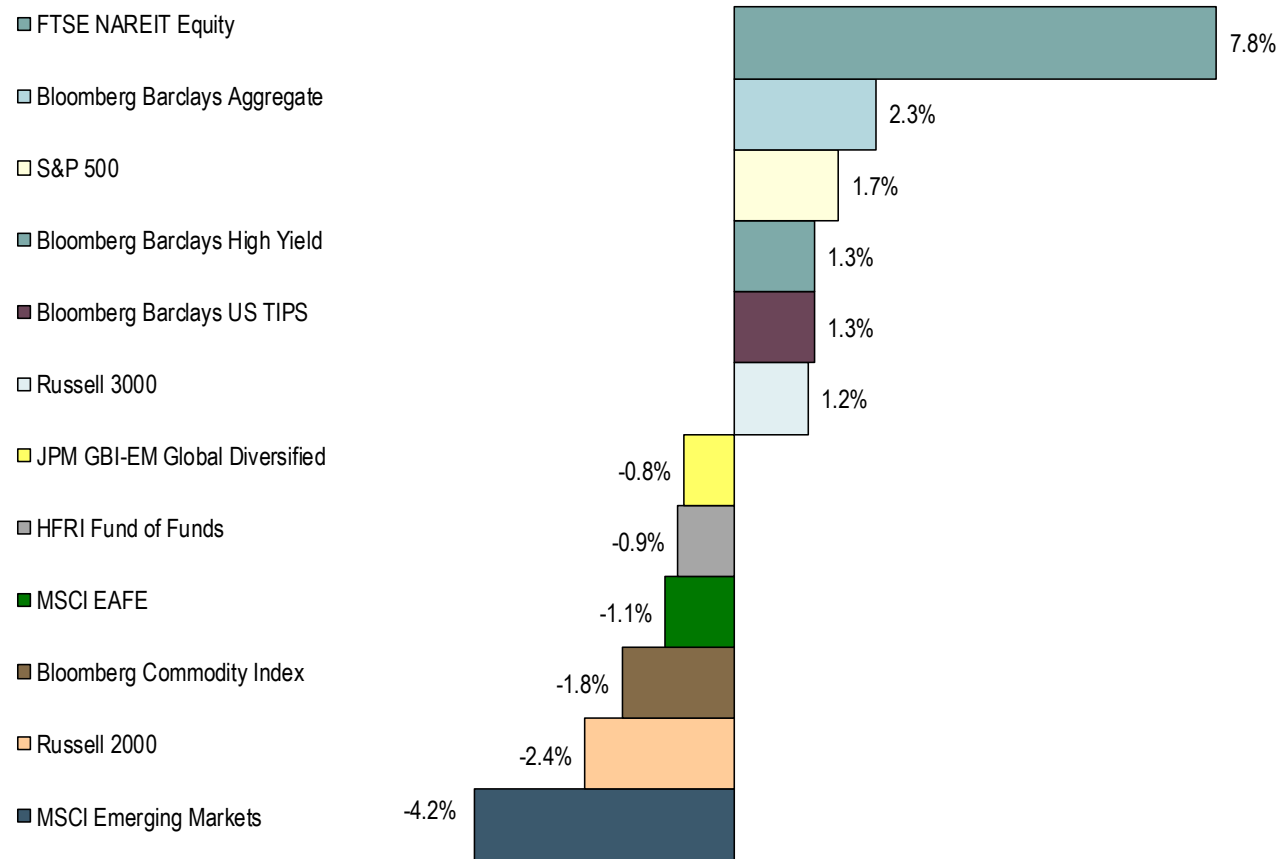
Allocation as of September 30, 2019



## Appendices

## **The World Markets Third Quarter of 2019**

## The World Markets<sup>1</sup> Third Quarter of 2019



<sup>1</sup> Source: InvestorForce.

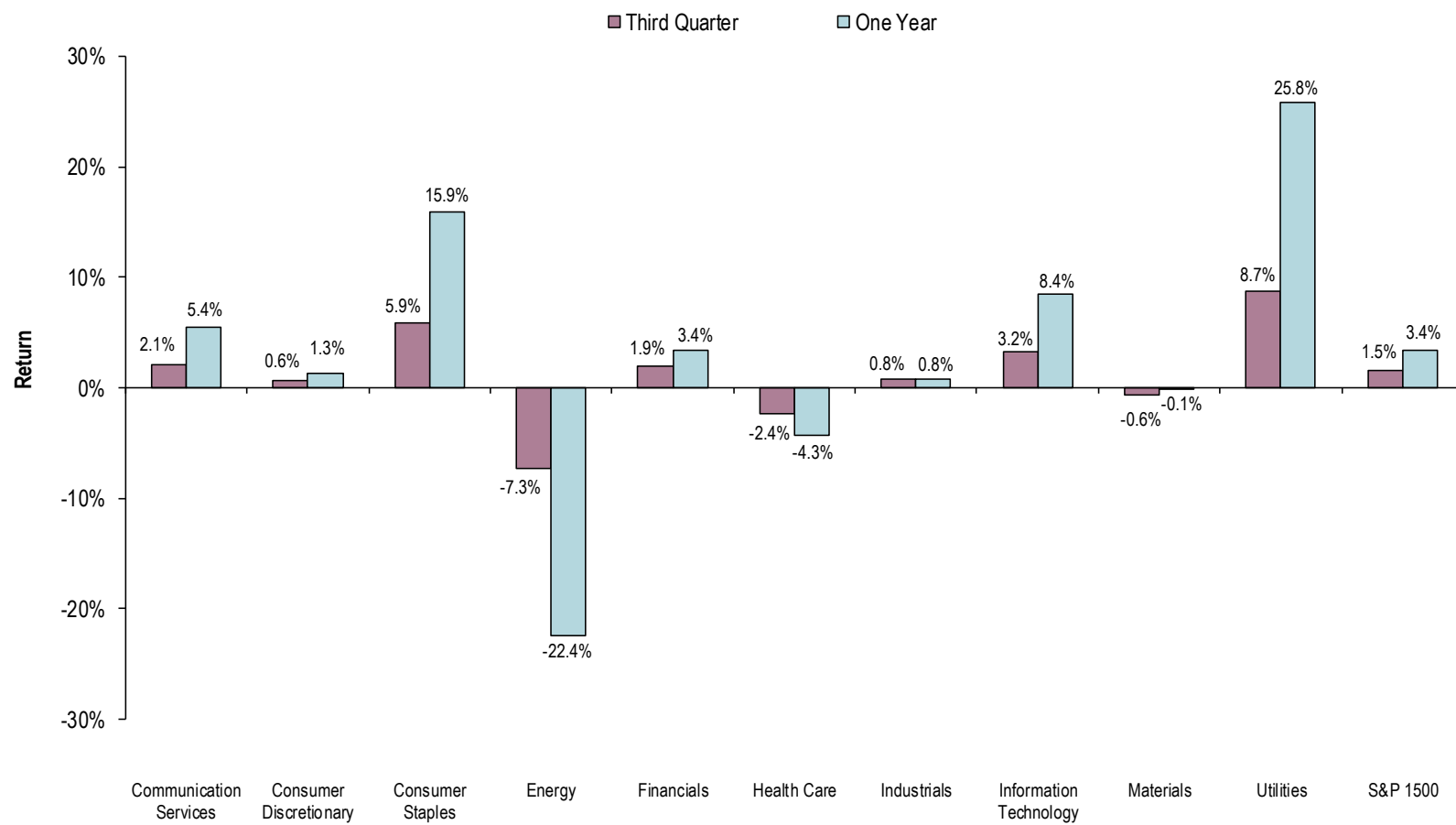
Index Returns<sup>1</sup>

	3Q19 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
<b>Domestic Equity</b>						
S&P 500	1.7	20.6	4.3	13.4	10.8	13.2
Russell 3000	1.2	20.1	2.9	12.8	10.4	13.1
Russell 1000	1.4	20.5	3.9	13.2	10.6	13.2
Russell 1000 Growth	1.5	23.3	3.7	16.9	13.4	14.9
Russell 1000 Value	1.4	17.8	4.0	9.4	7.8	11.5
Russell MidCap	0.5	21.9	3.2	10.7	9.1	13.1
Russell MidCap Growth	-0.7	25.2	5.2	14.5	11.1	14.1
Russell MidCap Value	1.2	19.5	1.6	7.8	7.6	12.3
Russell 2000	-2.4	14.2	-8.9	8.2	8.2	11.2
Russell 2000 Growth	-4.2	15.3	-9.6	9.8	9.1	12.2
Russell 2000 Value	-0.6	12.8	-8.2	6.5	7.2	10.1
<b>Foreign Equity</b>						
MSCI ACWI (ex. US)	-1.8	11.6	-1.2	6.3	2.9	4.5
MSCI EAFE	-1.1	12.8	-1.3	6.5	3.3	4.9
MSCI EAFE (Local Currency)	1.8	15.7	1.6	8.3	6.0	7.0
MSCI EAFE Small Cap	-0.4	12.1	-5.9	5.9	6.0	7.5
MSCI Emerging Markets	-4.2	5.9	-2.0	6.0	2.3	3.4
MSCI Emerging Markets (Local Currency)	-2.1	7.8	-0.2	7.6	5.5	5.9
<b>Fixed Income</b>						
Bloomberg Barclays Universal	2.1	8.8	10.1	3.2	3.6	4.1
Bloomberg Barclays Aggregate	2.3	8.5	10.3	2.9	3.4	3.7
Bloomberg Barclays US TIPS	1.3	7.6	7.1	2.2	2.4	3.5
Bloomberg Barclays High Yield	1.3	11.4	6.4	6.1	5.4	7.9
JPM GBI-EM Global Diversified	-0.8	7.9	10.1	3.1	0.6	2.4
<b>Other</b>						
FTSE NAREIT Equity	7.8	27.0	18.4	7.4	10.3	13.0
Bloomberg Commodity Index	-1.8	3.1	-6.6	-1.5	-7.2	-4.3
HFRI Fund of Funds	-0.9	5.2	0.0	3.2	2.0	2.7

<sup>1</sup> Source: InvestorForce.

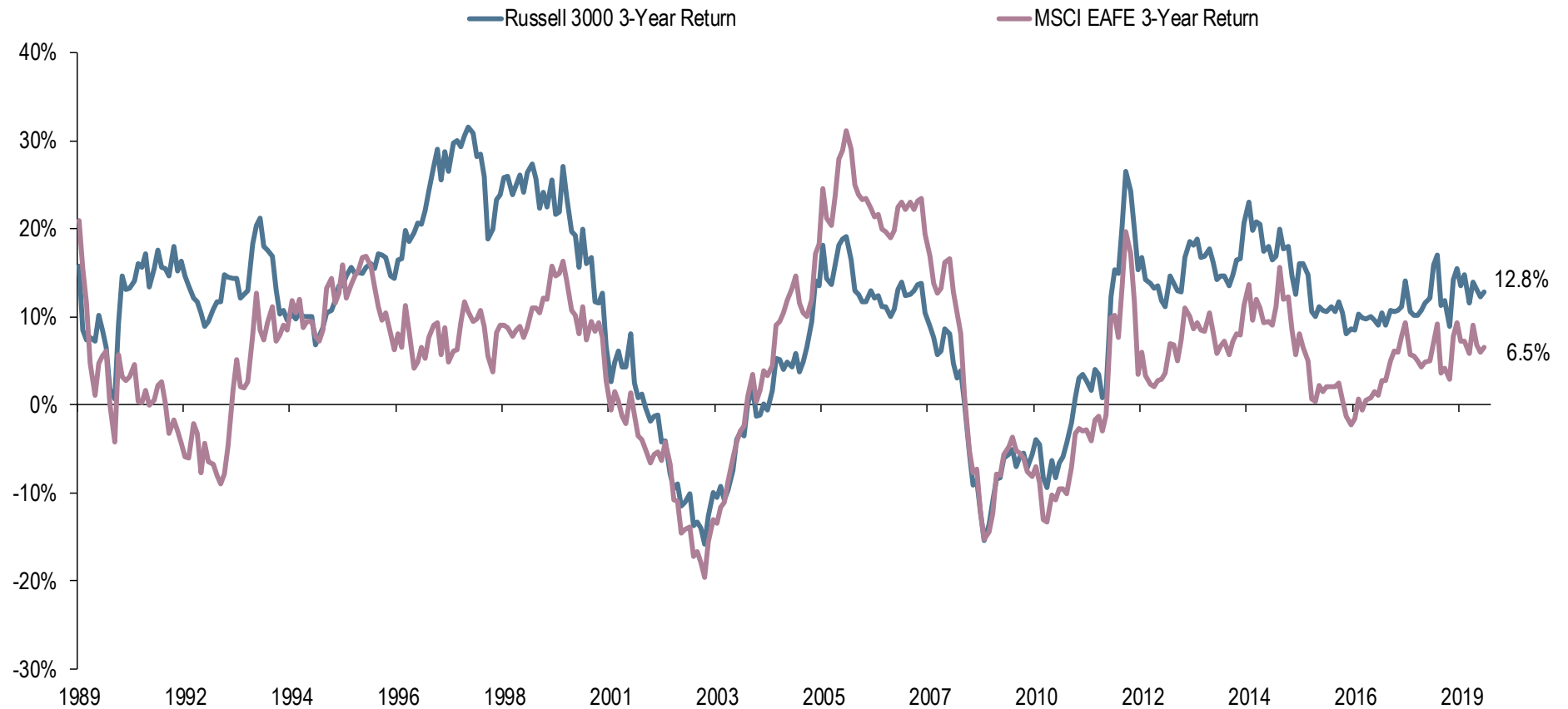


## S&P Sector Returns<sup>1</sup>



<sup>1</sup> Source: InvestorForce. Represents S&P 1500 (All Cap) data.

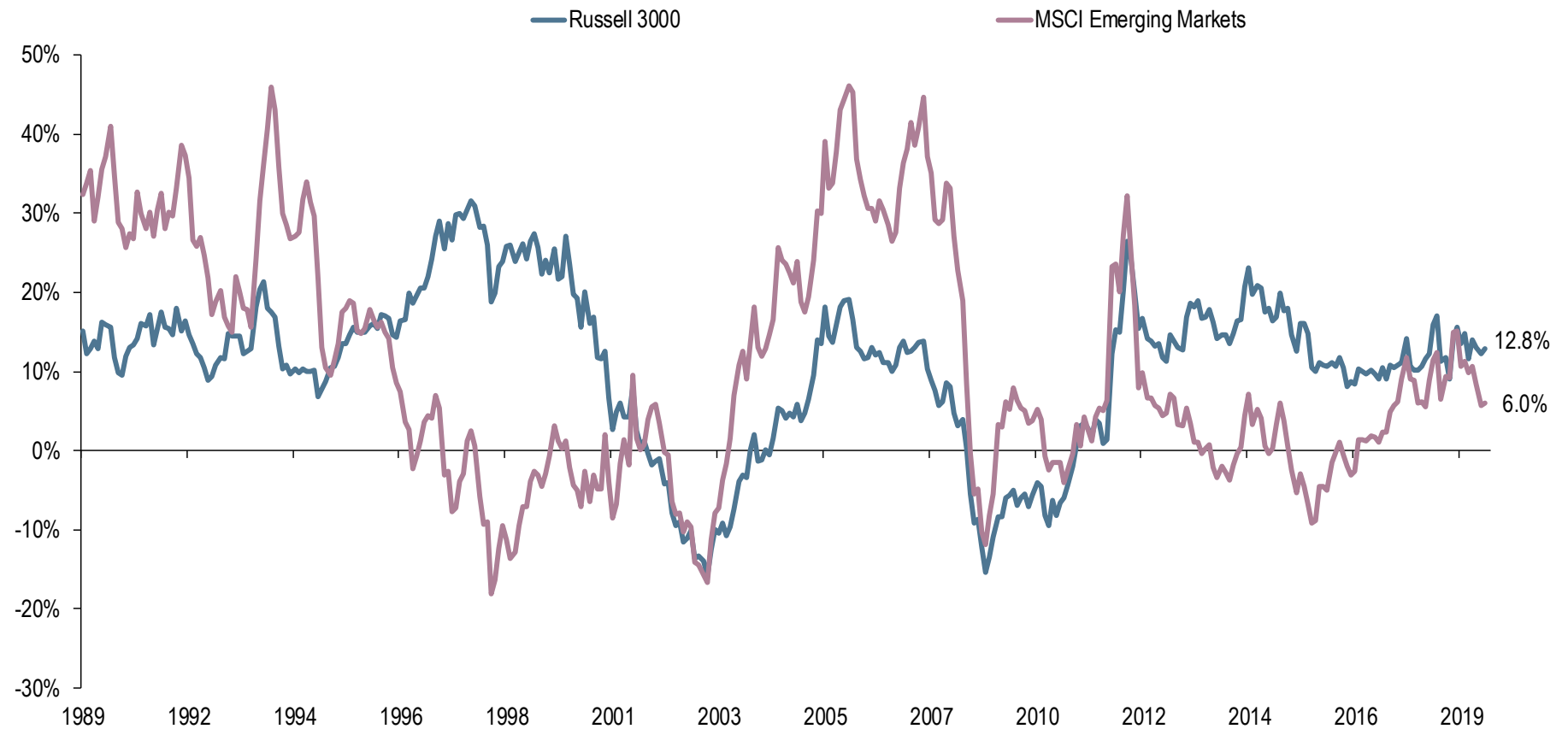
## US and Developed Market Foreign Equity Rolling Three-Year Returns<sup>1</sup>



<sup>1</sup> Source: InvestorForce.



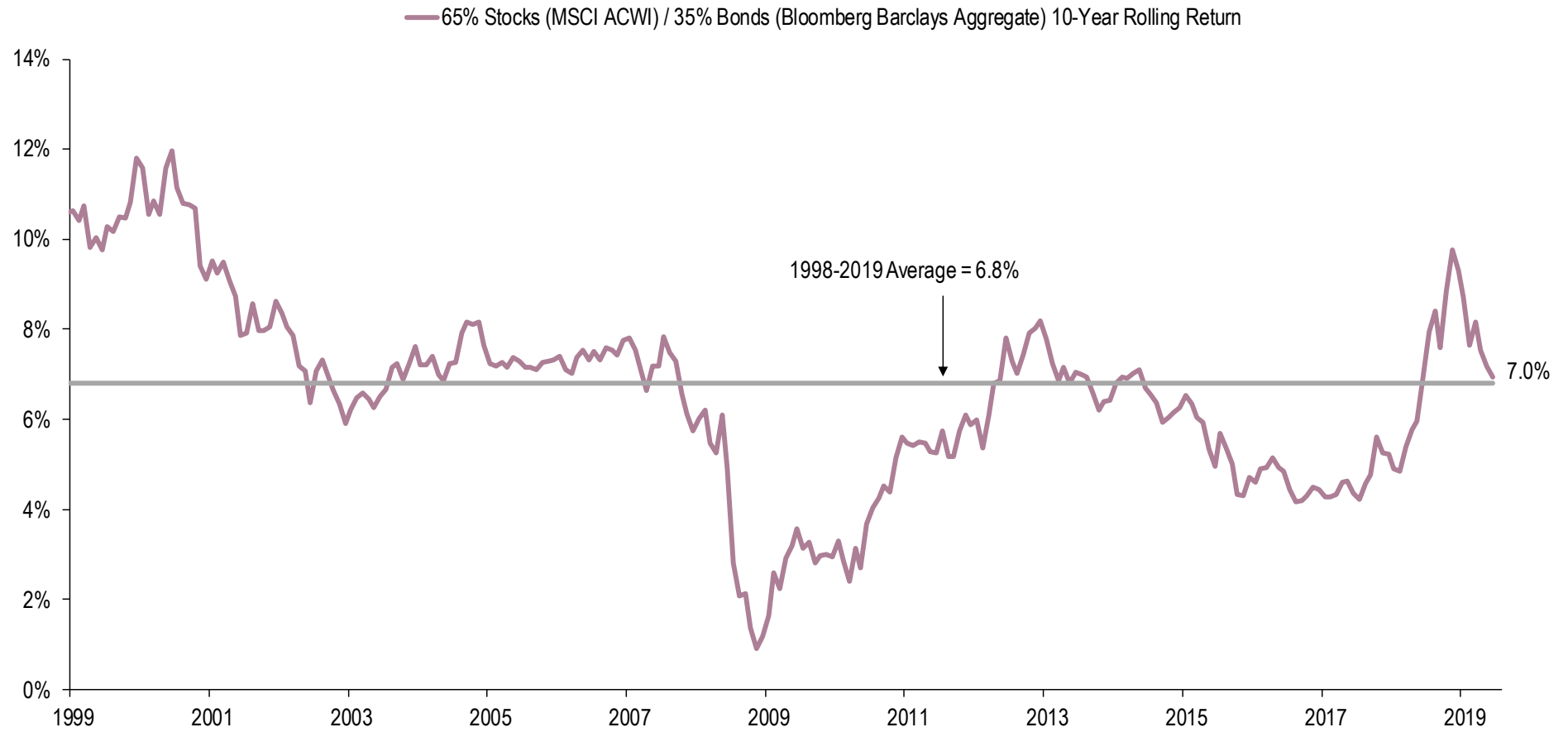
## US and Emerging Market Equity Rolling Three-Year Returns<sup>1</sup>



<sup>1</sup> Source: InvestorForce.



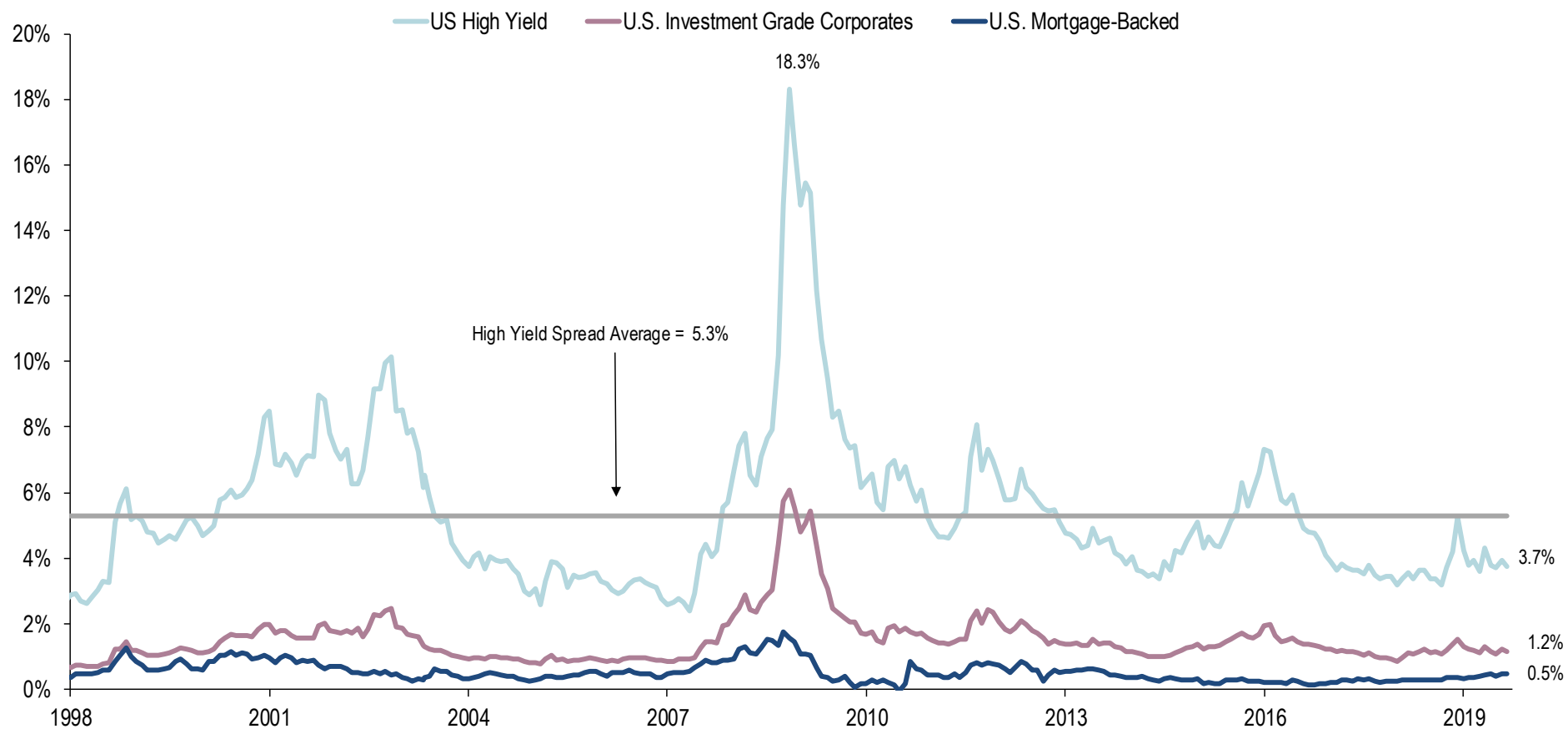
## Rolling Ten-Year Returns: 65% Stocks and 35% Bonds<sup>1</sup>



<sup>1</sup> Source: InvestorForce.



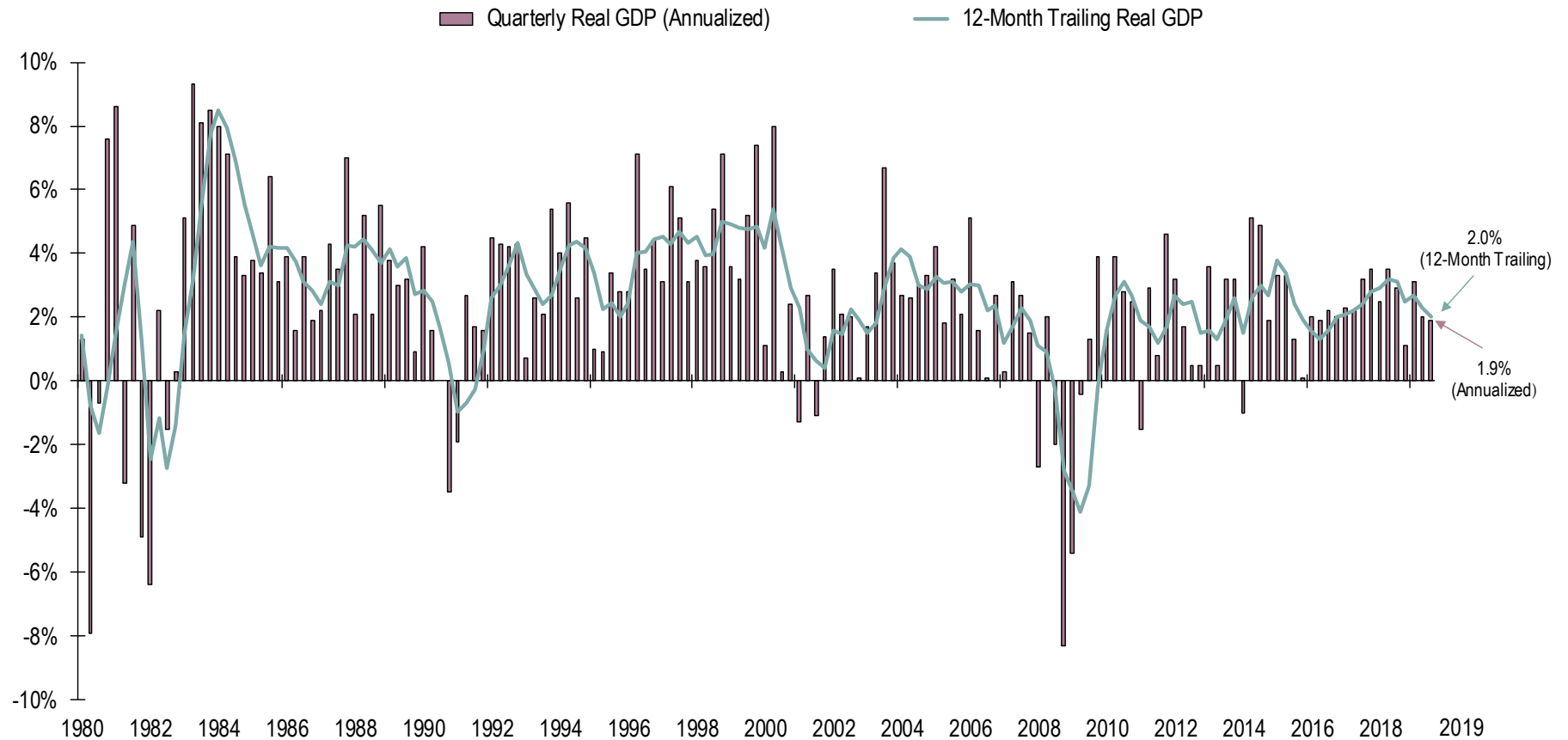
## Credit Spreads vs. US Treasury Bonds<sup>1,2</sup>



<sup>1</sup> Source: Barclays Live.

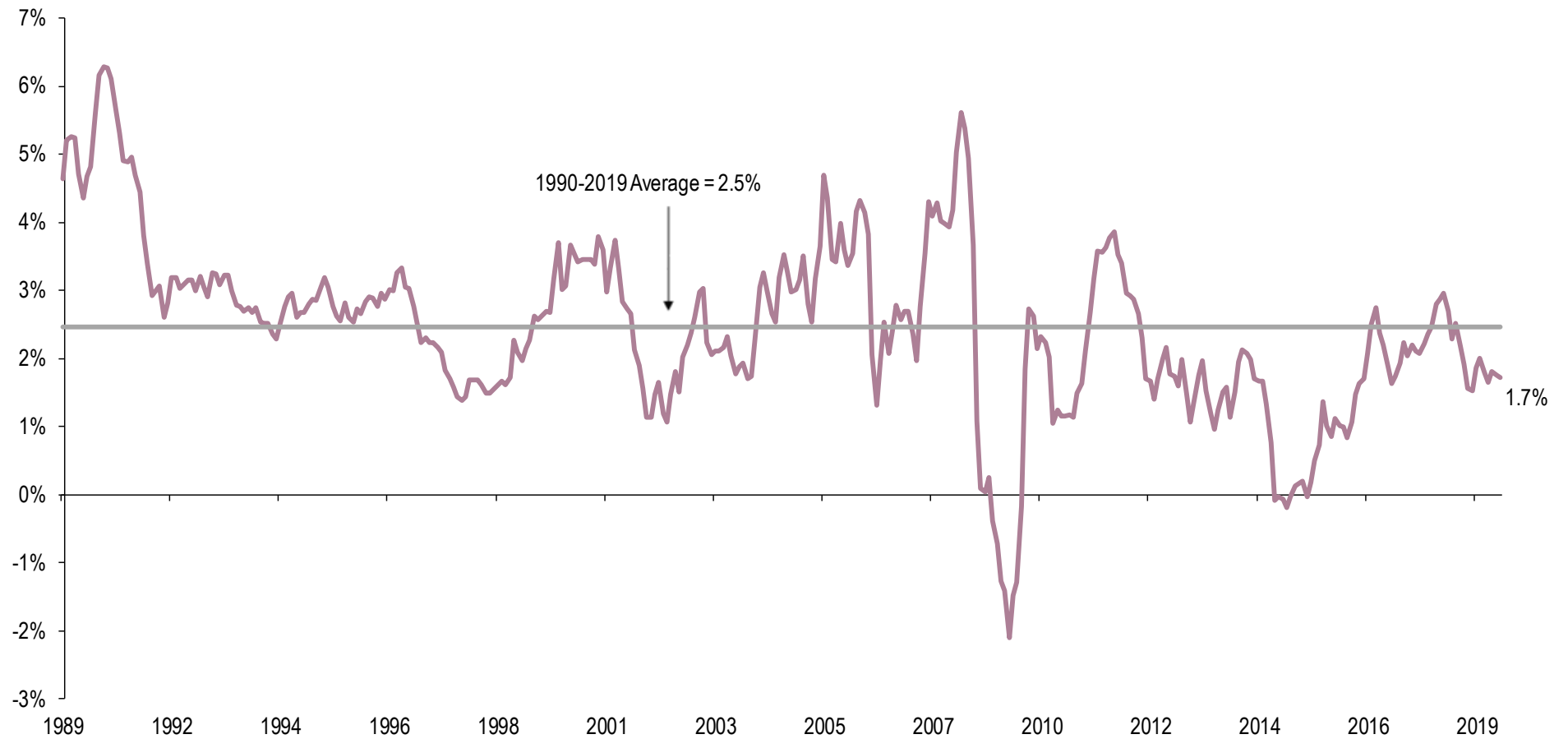
<sup>2</sup> The median high yield spread was 4.8% from 1997-2019.

## US Real Gross Domestic Product (GDP) Growth<sup>1</sup>



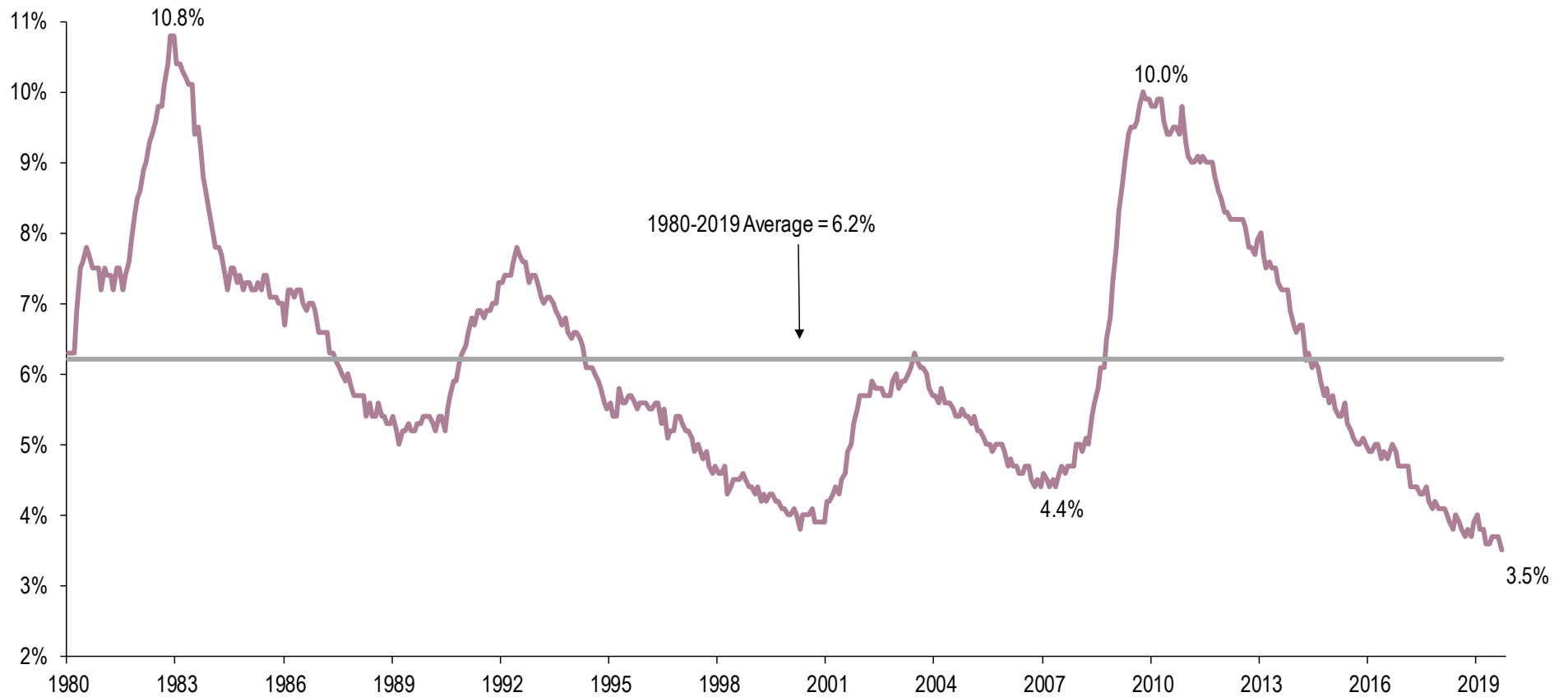
<sup>1</sup> Source: Bureau of Economic Analysis. Data is as of Q3 2019 and represents the first estimate.

## US Inflation (CPI) Trailing Twelve Months<sup>1</sup>



<sup>1</sup> Source: Bureau of Labor Statistics. Data is non-seasonally adjusted CPI, which may be volatile in the short-term. Data is as of September 30, 2019.

## US Unemployment<sup>1</sup>



<sup>1</sup> Source: Bureau of Labor Statistics. Data is as of September 30, 2019.



# **Capital Markets Outlook & Risk Metrics**

## As of October 31, 2019

## Capital Markets Outlook

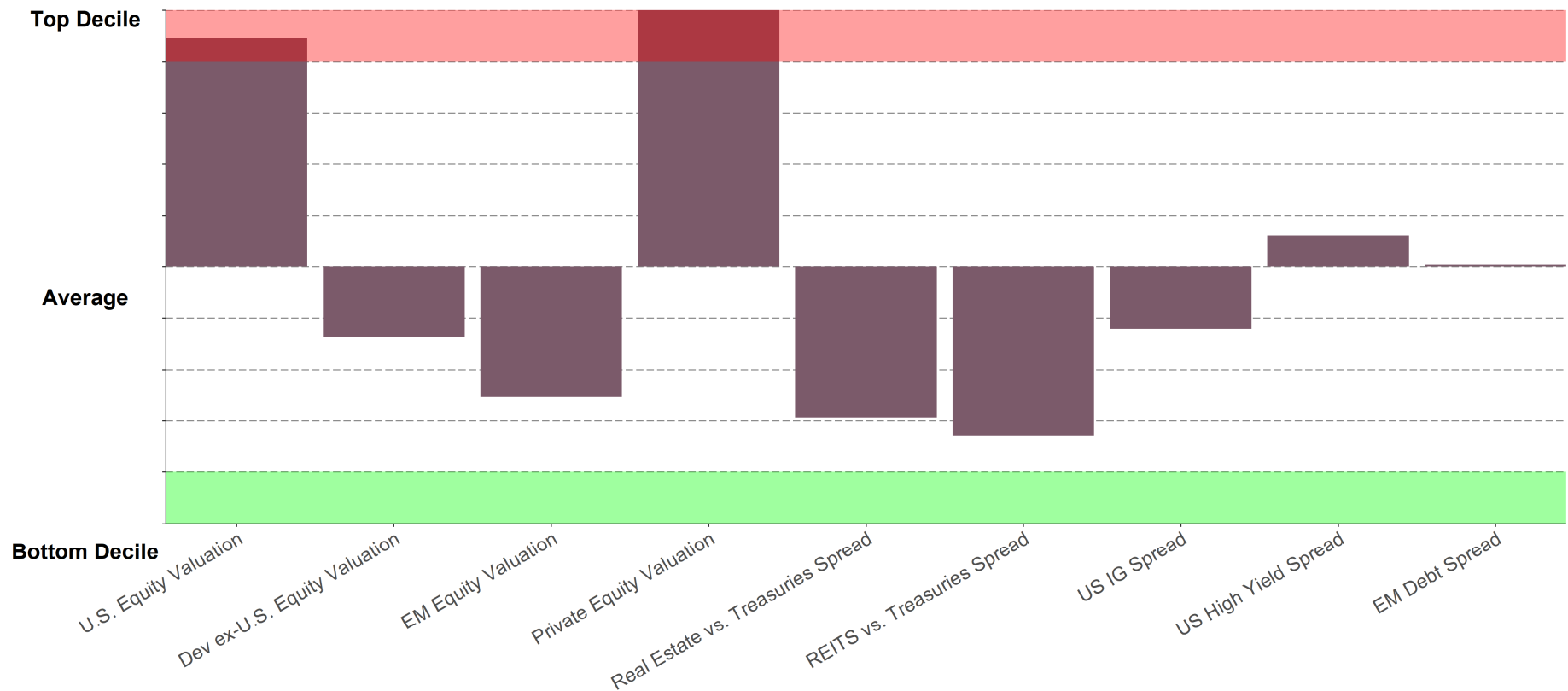
### Takeaways

- From a market performance perspective, October saw most Global Equity markets produce positive returns whereas most Investment Grade Fixed Income markets produced flat-to-negative returns. In a reverse from recent history, Non-US Equity markets outperformed US Equity markets over the month (due in part to currency effects and a “cease fire” in trade negotiations), led by Emerging Markets. On a year-to-date basis, most indices across Global Equity and Global Fixed Income markets have produced unusually high returns, the former helped by a rebound after a sharp decline during Q4 2018.
- One of the most significant events in October was the Federal Reserve’s decision to lower interest rates for a third time in 2019. The Federal Funds Rate began the year with a target of 2.25-2.50% but now stands at 1.50-1.75%. After the latest move, the Fed has indicated a pause to any further lowering.
- Due to the global growth environment and recent interest rates cuts from central banks across the globe, the hurdle for interest rate hikes is likely much higher than when the Federal Reserve first increased rates (post-GFC) in 2015. The complexity of the current environment has increased what is always an immense challenge for forecasting interest rate movements.
- US Equity markets remain expensive whereas Non-US Equity markets remain reasonably valued relative to their history.
- Implied equity market volatility<sup>1</sup> declined throughout October to  $\approx 13$  after beginning the month at a level that was in-line with its historical average ( $\approx 19$ ).
- The Market Sentiment Indicator<sup>2</sup> turned **green** at month end.
- Market uncertainty, as measured by Systemic Risk, moderately increased during October. Recent economic data suggests that the global economy is in a slowing, but not yet recessionary, phase.

<sup>1</sup> As measured by VIX Index.

<sup>2</sup> See Appendix for the rationale for selection and calculation methodology used for the risk metrics.

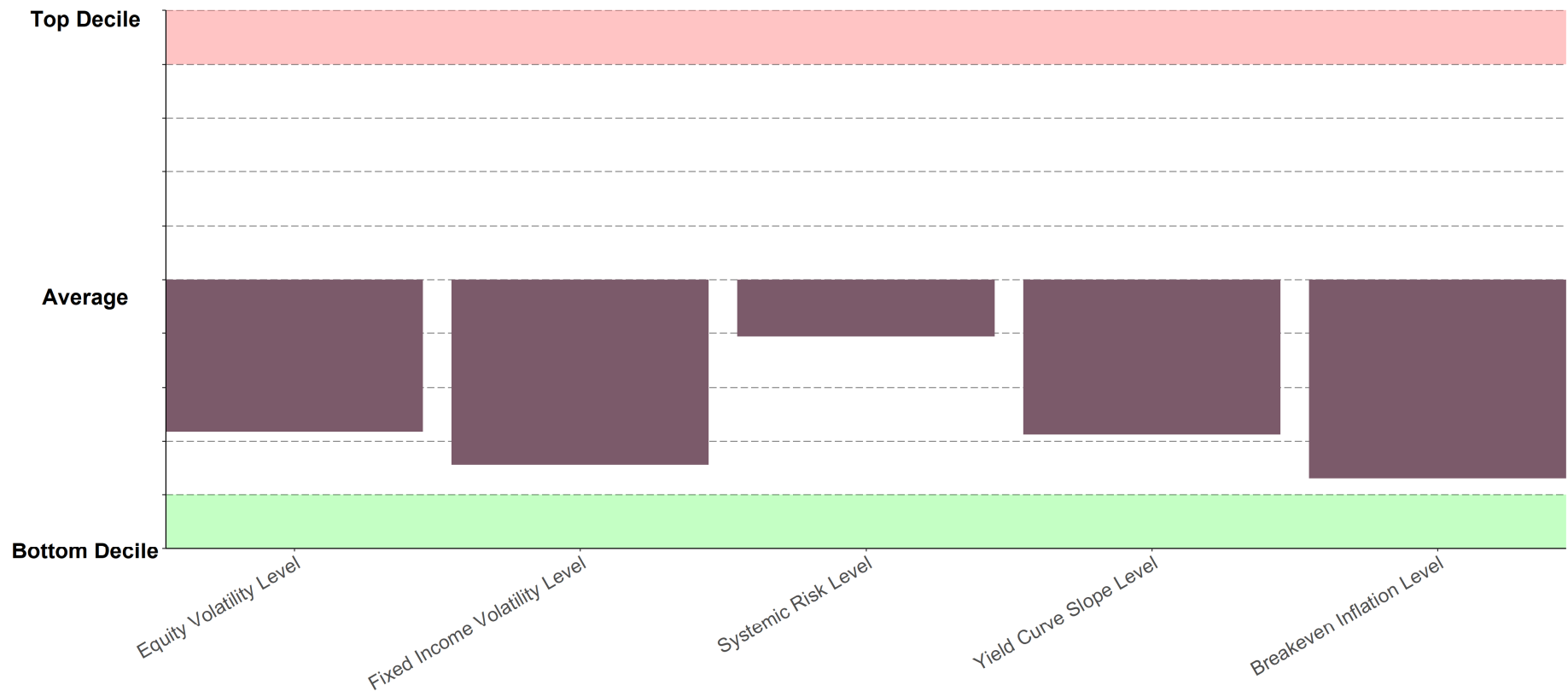
### Risk Overview/Dashboard (1) (As of October 31, 2019)<sup>1</sup>



- Dashboard (1) summarizes the current state of the different valuation metrics per asset class relative to their own history.

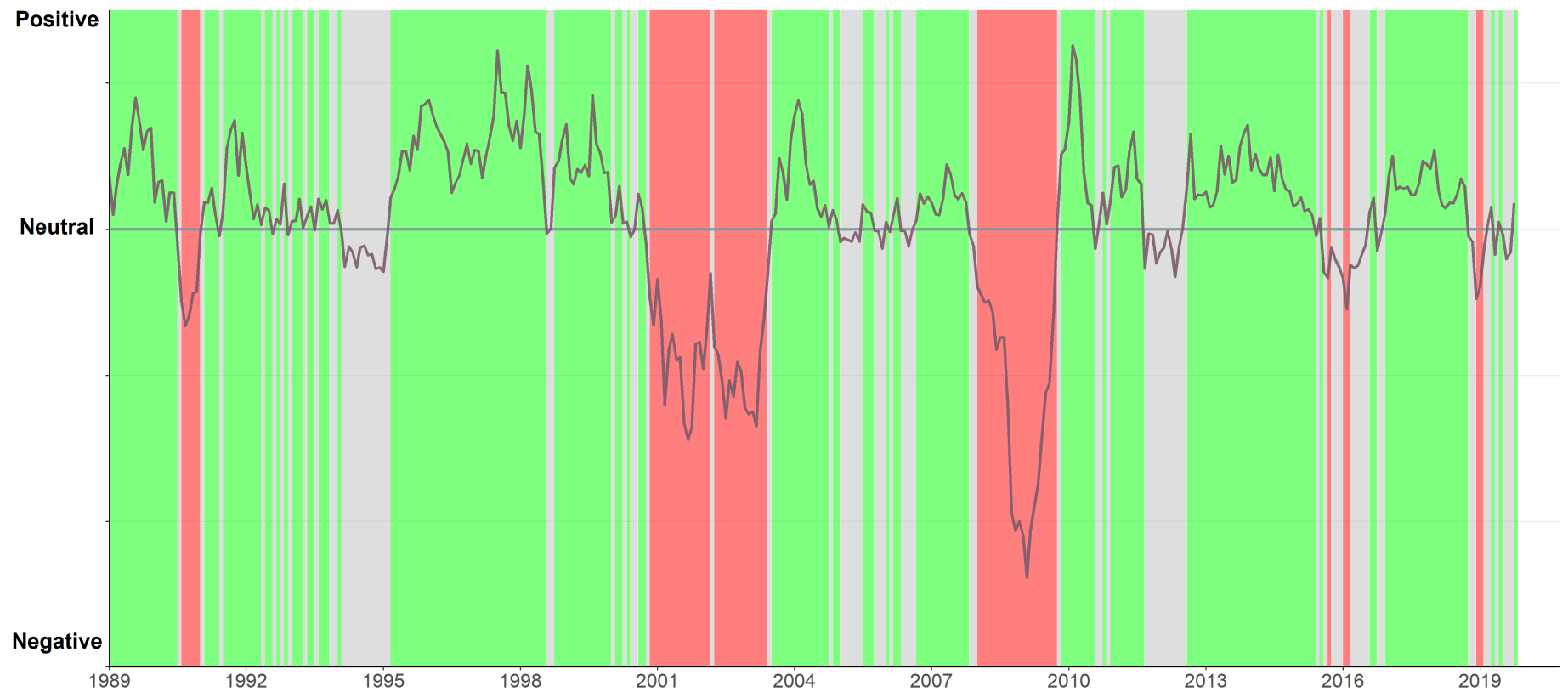
<sup>1</sup> With the exception of Private Equity Valuation that are available annually and data is as of December 31, 2018.

### Risk Overview/Dashboard (2) (As of October 31, 2019)

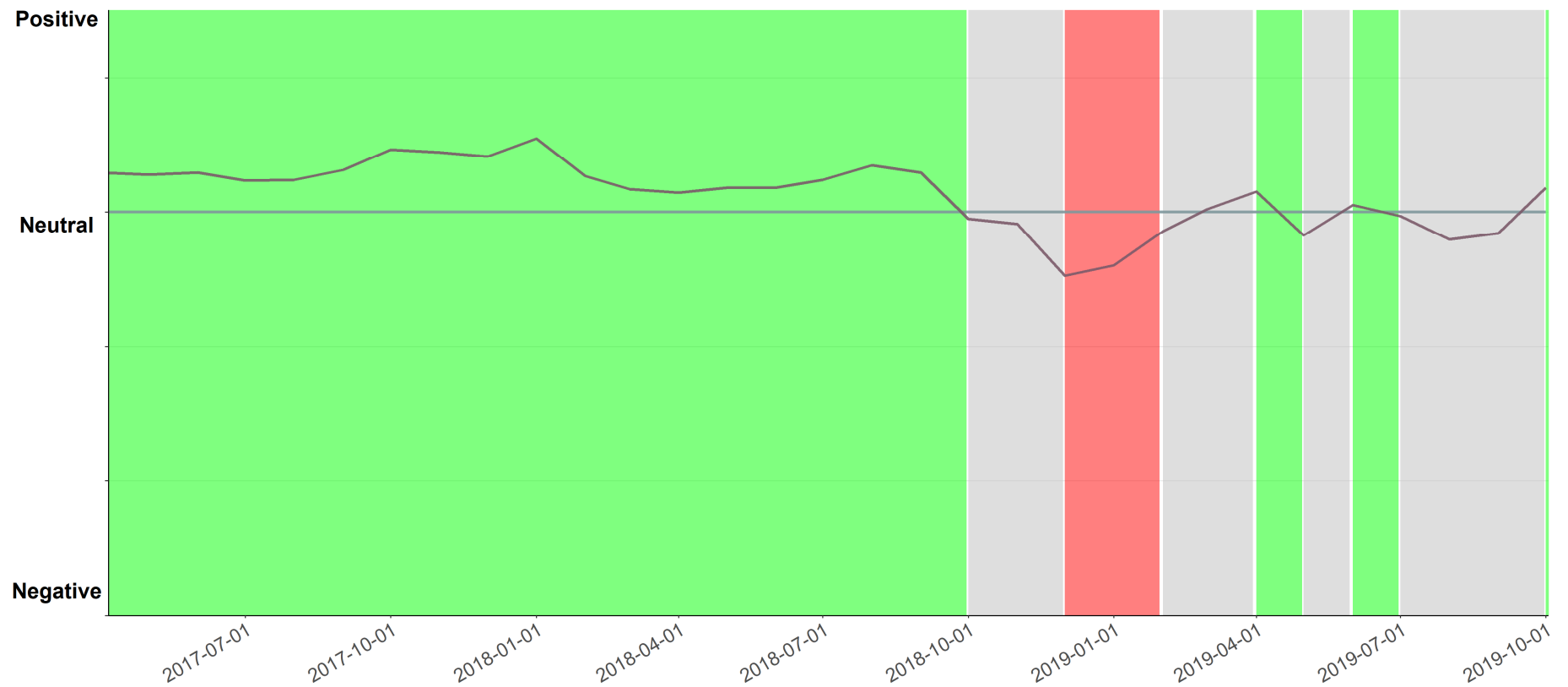


- Dashboard (2) shows how the current level of each indicator compares to its respective history.

### Market Sentiment Indicator (All History) (As of October 31, 2019)



### Market Sentiment Indicator (Last Three Years) (As of October 31, 2019)



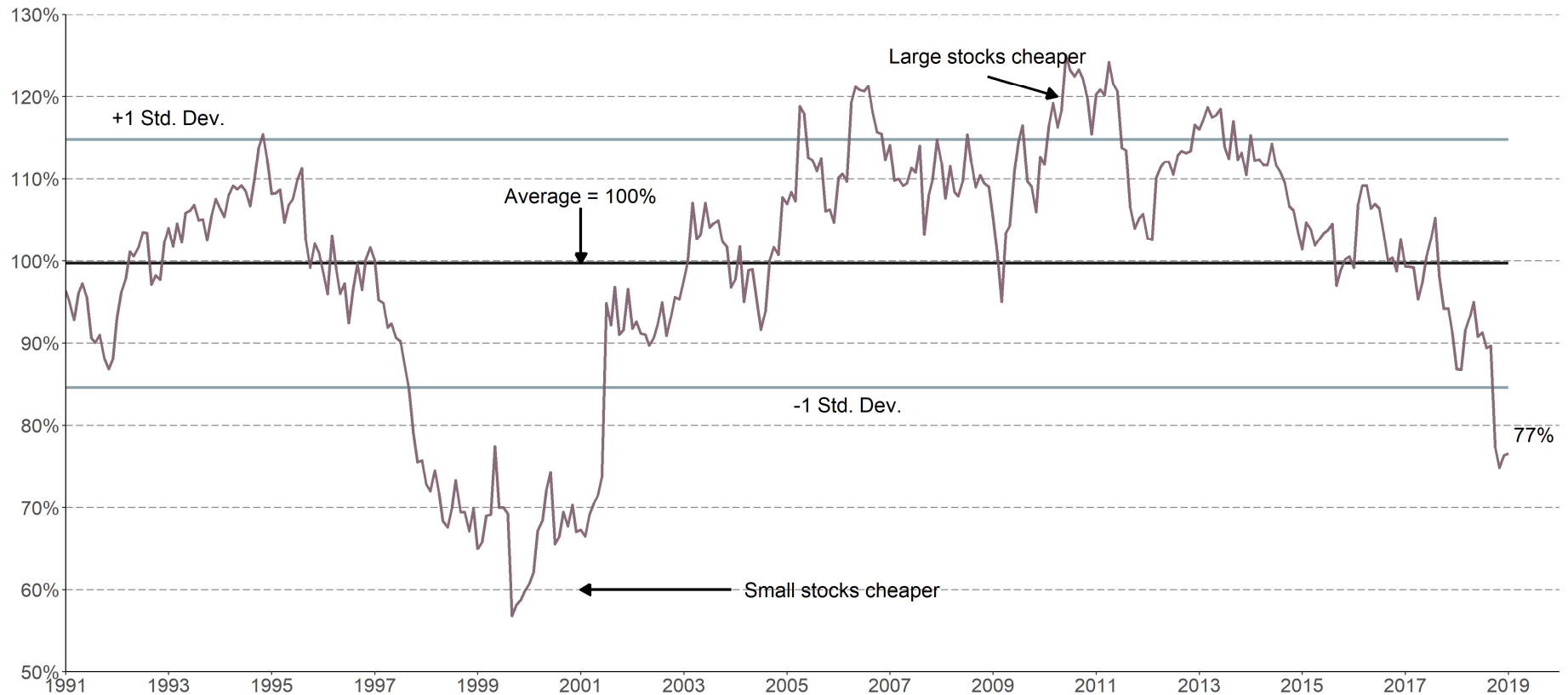
## US Equity Cyclically Adjusted P/E<sup>1</sup> (As of October 31, 2019)



- This chart details one valuation metric for US equities. A higher (lower) figure indicates more expensive (cheaper) valuation relative to history.

<sup>1</sup> US Equity Cyclically Adjusted P/E on S&P 500 Index – Source: Robert Shiller, Yale University and Meketa Investment Group.

### Small Cap P/E vs. Large Cap P/E<sup>1</sup> (As of October 31, 2019)



- This chart compares the relative attractiveness of small cap US equities vs. large cap US equities on a valuation basis. A higher (lower) figure indicates that large cap (small cap) is more attractive.

<sup>1</sup> Small Cap P/E (Russell 2000 Index) vs. Large Cap P/E (Russell 1000 Index) - Source: Russell Investments. Earnings figures represent 12-month "as reported" earnings.



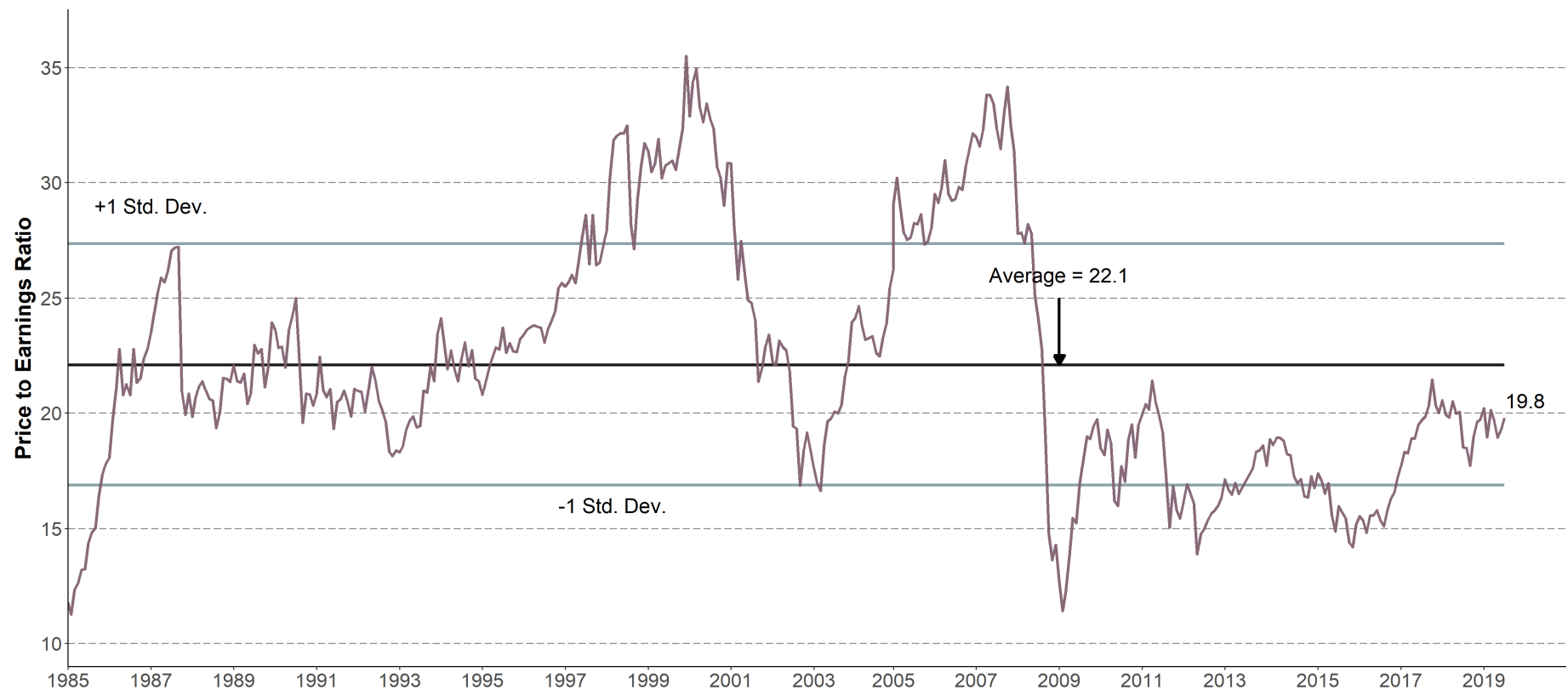
### Growth P/E vs. Value P/E<sup>1</sup> (As of October 31, 2019)



- This chart compares the relative attractiveness of US growth equities vs. US value equities on a valuation basis. A higher (lower) figure indicates that value (growth) is more attractive.

<sup>1</sup> Growth P/E (Russell 3000 Growth Index) vs. Value (Russell 3000 Value Index) P/E - Source: Bloomberg, MSCI, and Meketa Investment Group. Earnings figures represent 12-month "as reported" earnings.

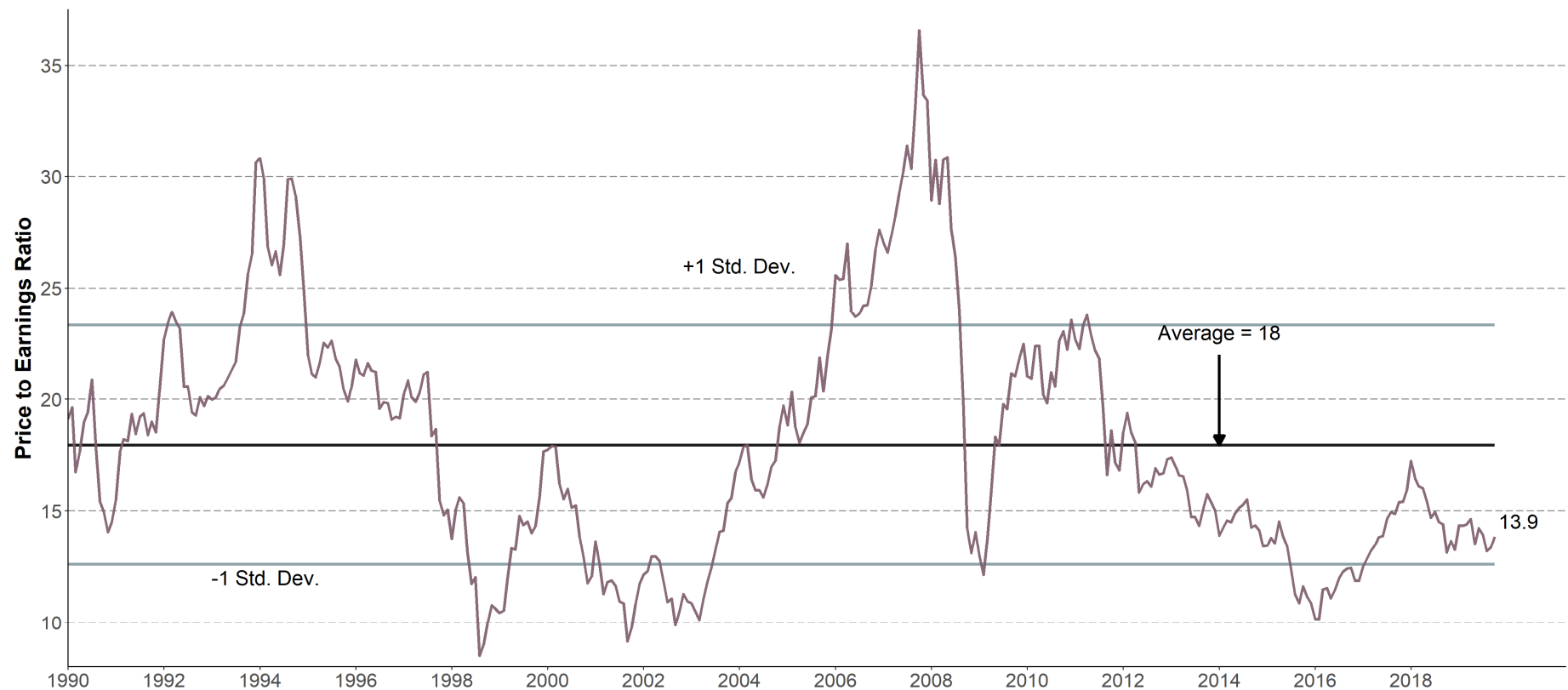
## Developed International Equity Cyclically Adjusted P/E<sup>1</sup> (As of October 31, 2019)



- This chart details one valuation metric for developed international equities. A higher (lower) figure indicates more expensive (cheaper) valuation relative to history.

<sup>1</sup> Developed International Equity (MSCI EAFE ex Japan Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years.

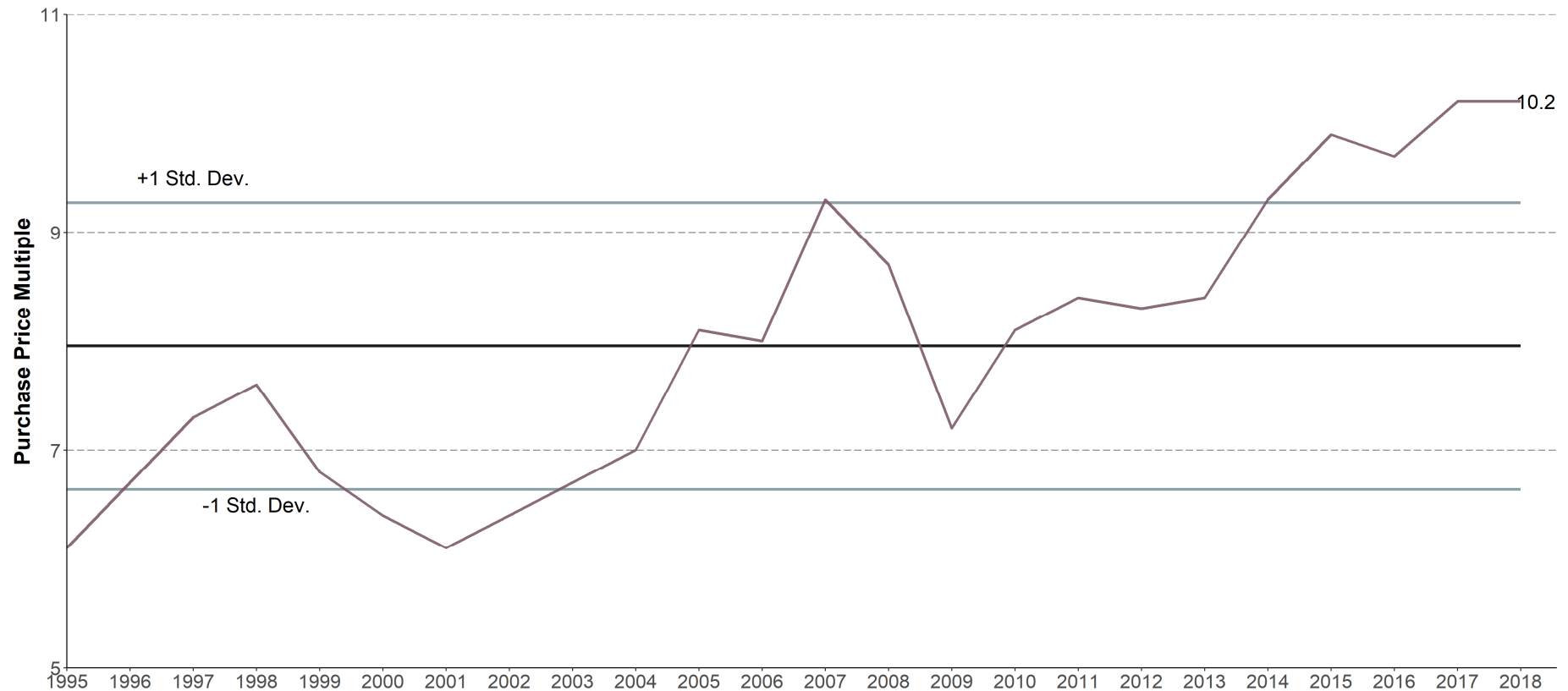
## Emerging Market Equity Cyclically Adjusted P/E<sup>1</sup> (As of October 31, 2019)



- This chart details one valuation metric for emerging markets equities. A higher (lower) figure indicates more expensive (cheaper) valuation relative to history.

<sup>1</sup> Emerging Market Equity (MSCI Emerging Markets Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years.

### Private Equity Multiples<sup>1</sup> (As of December 31, 2018)<sup>2</sup>

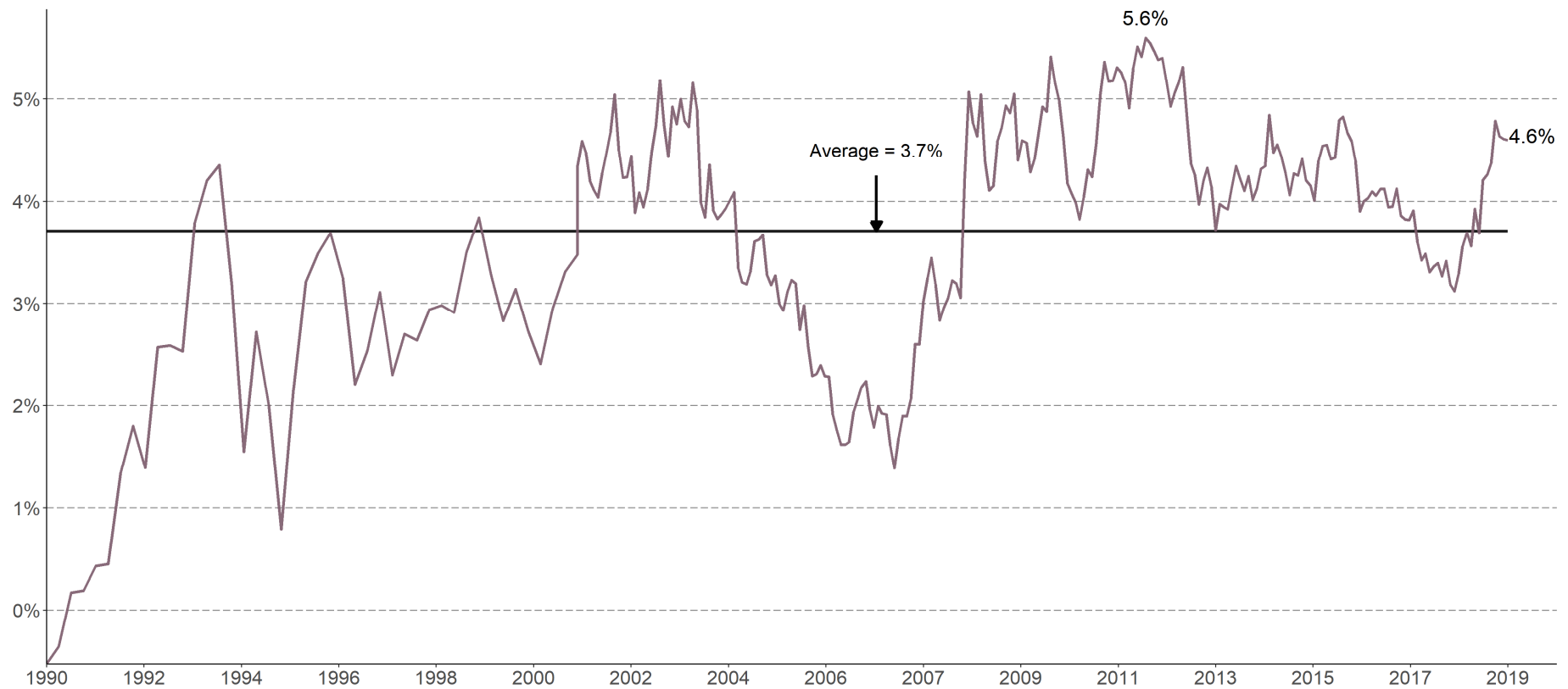


- This chart details one valuation metric for the private equity market. A higher (lower) figure indicates more expensive (cheaper) valuation relative to history.

<sup>1</sup> Private Equity Multiples – Source: S&P LCD Average EBITDA Multiples Paid in All LBOs.

<sup>2</sup> Only annual figures available.

### Core Real Estate Spread vs. Ten-Year Treasury<sup>1</sup> (As of October 31, 2019)



- This chart details one valuation metric for the private core real estate market. A higher (lower) figure indicates cheaper (more expensive) valuation.

<sup>1</sup> Core Real Estate Spread vs. Ten-Year Treasury – Source: Real Capital Analytics, US Treasury, Bloomberg, and Meketa Investment Group. Core Real Estate is proxied by weighted sector transaction based indices from Real Capital Analytics and Meketa Investment Group.

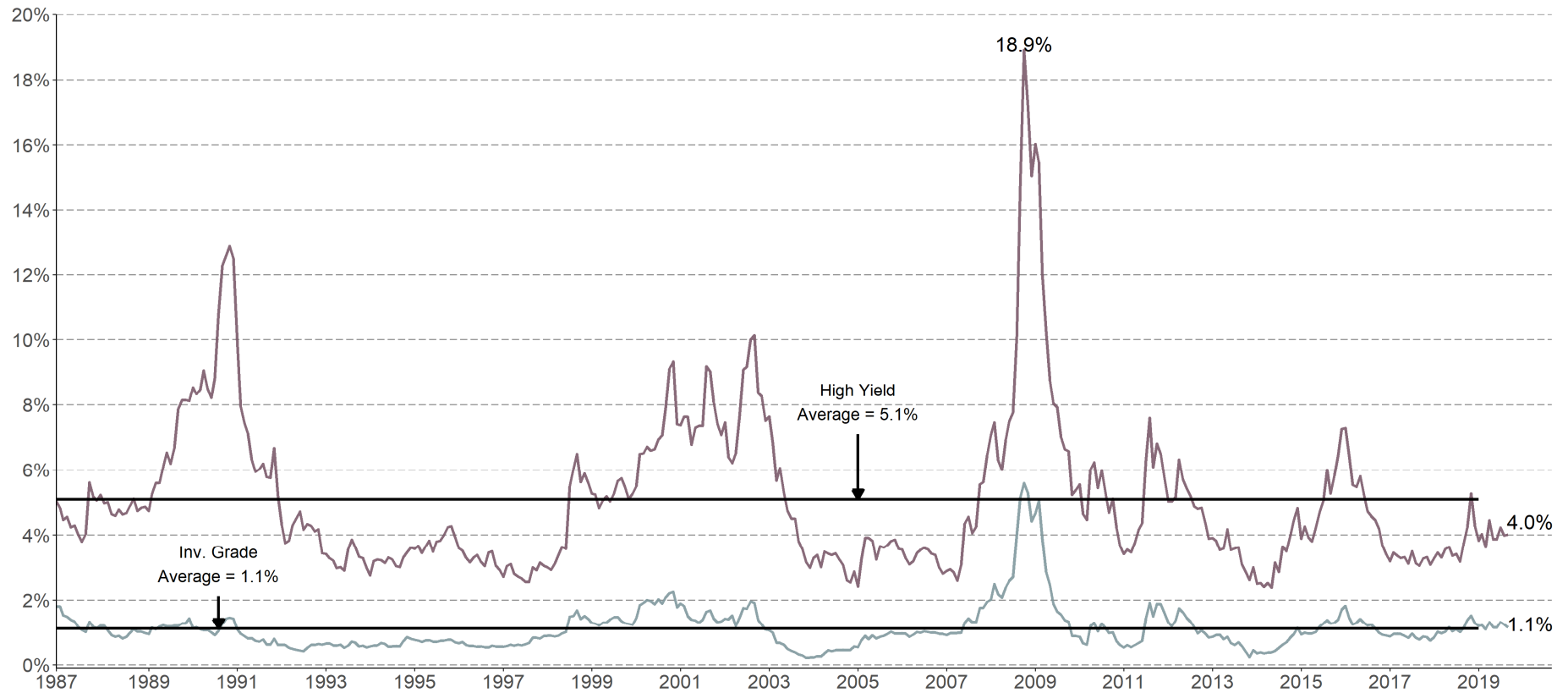
### REITs Dividend Yield Spread vs. Ten-Year Treasury<sup>1</sup> (As of October 31, 2019)



- This chart details one valuation metric for the public REITs market. A higher (lower) figure indicates cheaper (more expensive) valuation.

<sup>1</sup> REITs Dividend Yield Spread vs. Ten-Year Treasury – Source: NAREIT, US Treasury. REITs are proxied by the yield for the NAREIT Equity index.

## Credit Spreads<sup>1</sup> (As of October 31, 2019)



- This chart details one valuation metric for the US credit markets. A higher (lower) figure indicates cheaper (more expensive) valuation relative to history.

<sup>1</sup> Credit Spreads – Source: Barclays Capital. High Yield is proxied by the Barclays High Yield index and Investment Grade Corporates are proxied by the Barclays US Corporate Investment Grade index.

## Emerging Market Debt Spreads<sup>1</sup> (As of October 31, 2019)

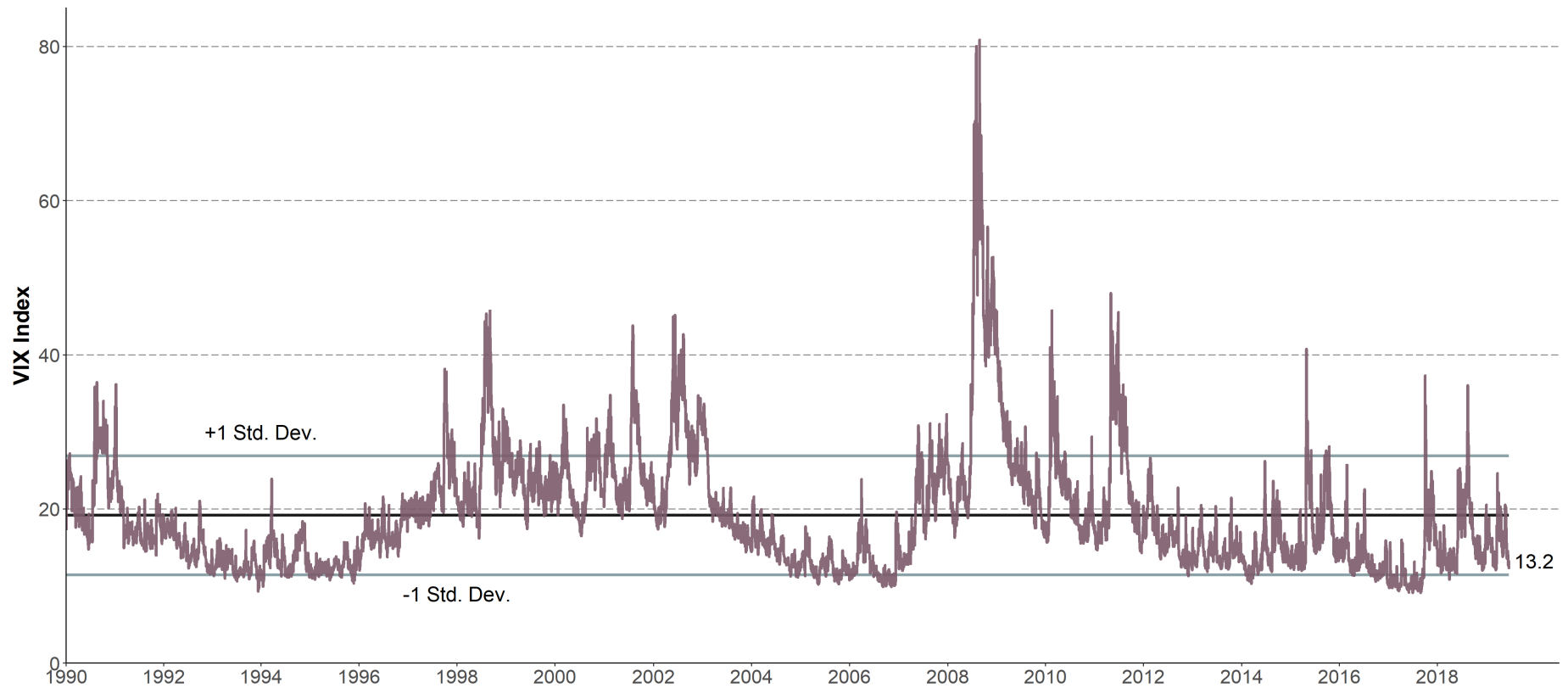


- This chart details one valuation metric for the EM debt markets. A higher (lower) figure indicates cheaper (more expensive) valuation relative to history.

<sup>1</sup> EM Spreads – Source: Bloomberg. Option Adjusted Spread (OAS) for the Bloomberg Barclays EM USD Aggregate Index.



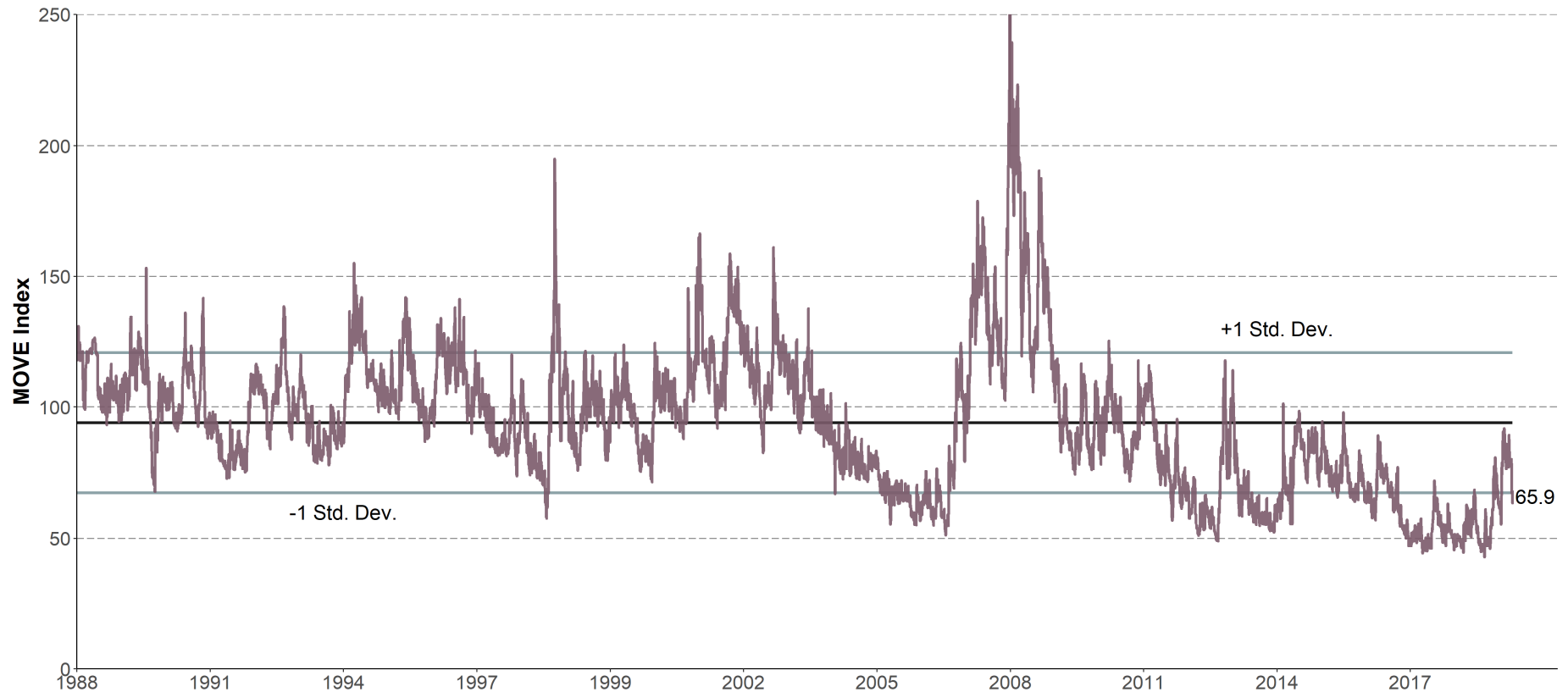
## Equity Volatility <sup>1</sup> (As of October 31, 2019)



- This chart details historical implied equity market volatility. This metric tends to increase during times of stress/fear and while declining during more benign periods.

<sup>1</sup> Equity Volatility – Source: Bloomberg, and Meketa Investment Group. Equity Volatility proxied by VIX Index, a Measure of implied option volatility for US equity markets.

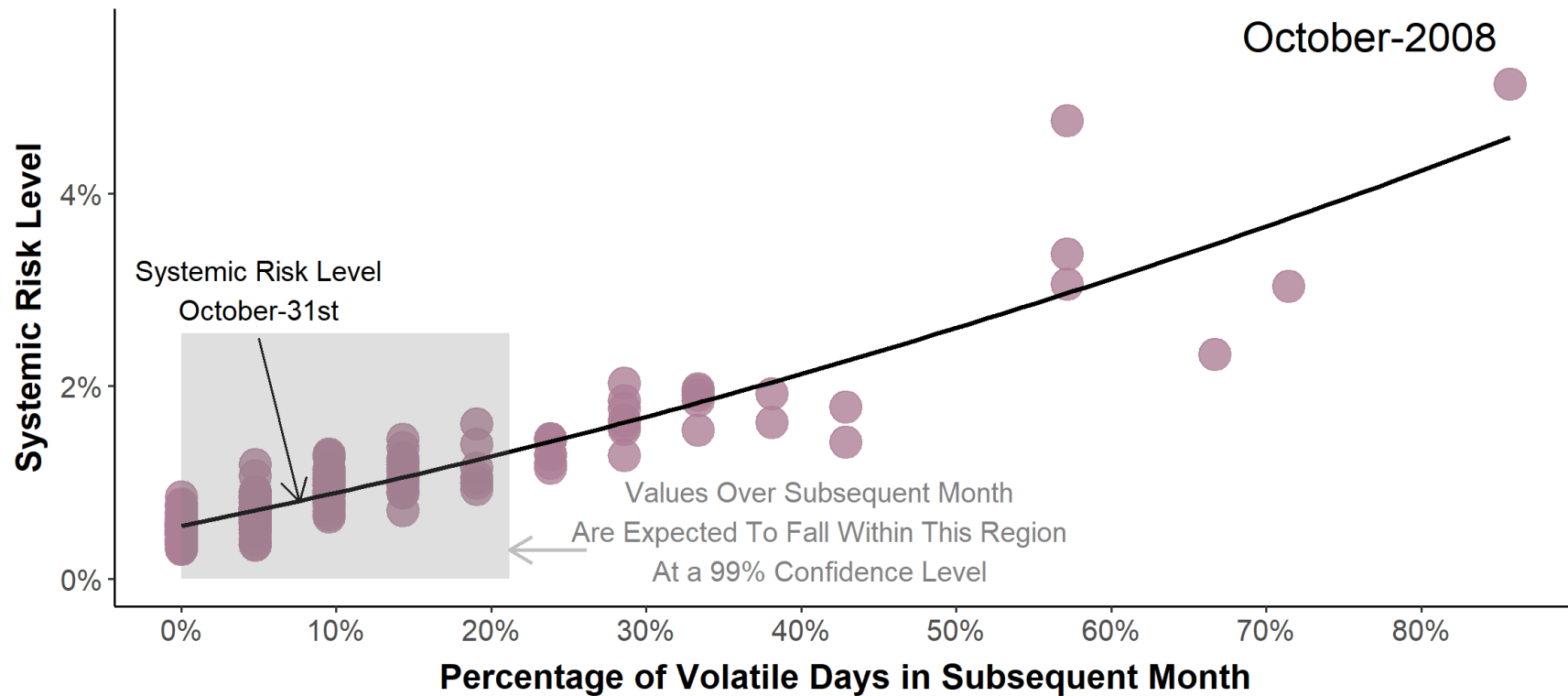
### Fixed Income Volatility <sup>1</sup> (As of October 31, 2019)



- This chart details historical implied fixed income market volatility. This metric tends to increase during times of stress/fear and while declining during more benign periods.

<sup>1</sup> Fixed Income Volatility – Source: Bloomberg, and Meketa Investment Group. Fixed Income Volatility proxied by MOVE Index, a Measure of implied option volatility for US Treasury markets.

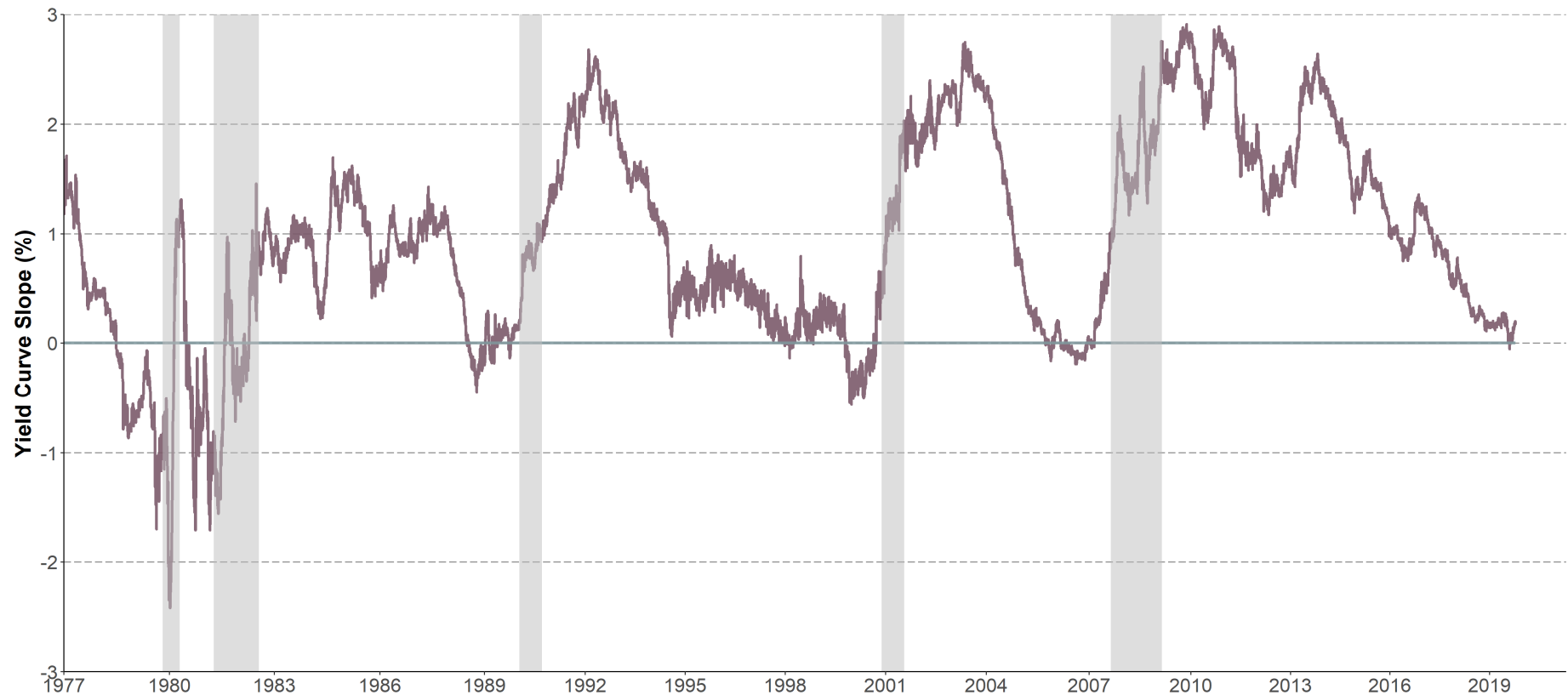
### Systemic Risk and Volatile Market Days<sup>1</sup> (As of October 31, 2019)



- Systemic Risk is a measure of 'System-wide' risk, which indicates herding type behavior. This measure declined materially during September.

<sup>1</sup> Source: Meketa Investment Group, as of October 31, 2019. Volatile days are defined as the top 10 percent of realized turbulence, which is a multivariate distance between asset returns.

### Yield Curve Slope (Ten Minus Two)<sup>1</sup> (As of October 31, 2019)



- This chart details the historical difference in yields between ten-year and two-year US Treasury bonds/notes. A higher (lower) figure indicates a steeper (flatter) yield curve slope.

<sup>1</sup> Yield Curve Slope (Ten Minus Two) – Source: Bloomberg, and Meketa Investment Group. Yield curve slope is calculated as the difference between the 10-Year US Treasury Yield and 2-Year US Treasury Yield.

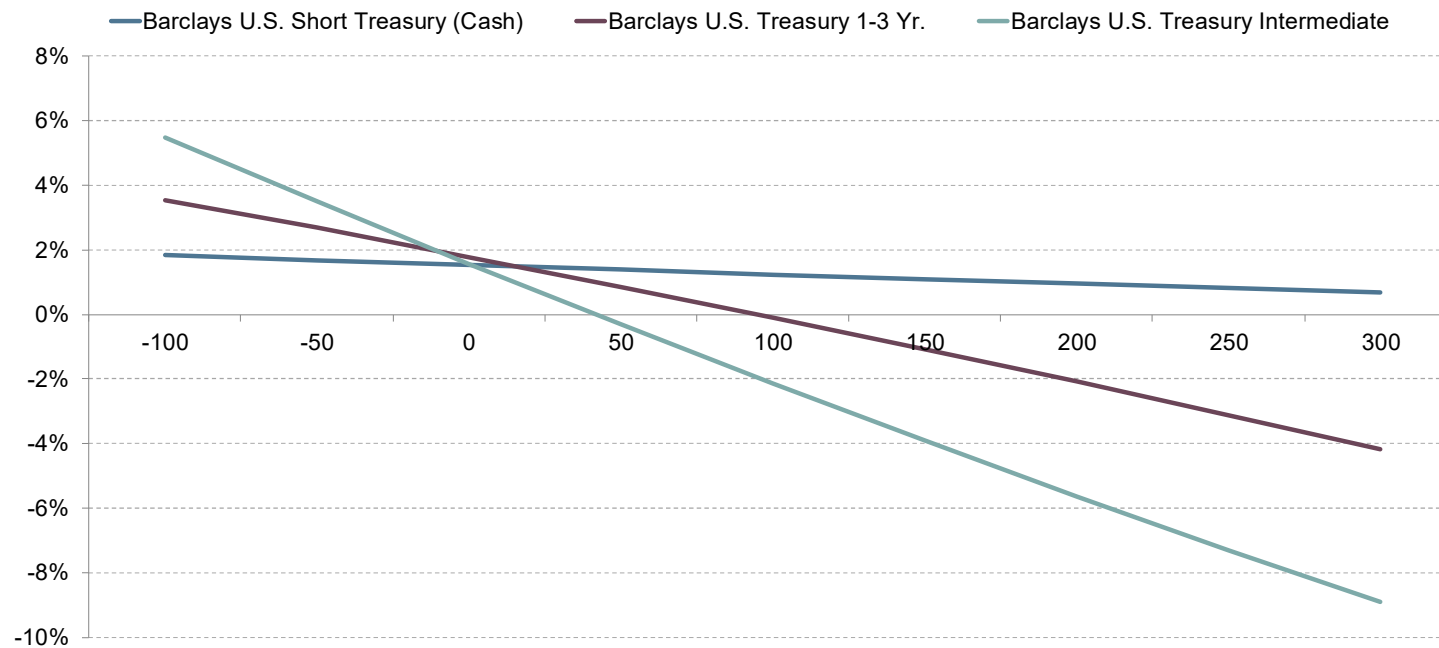
### Ten-Year Breakeven Inflation<sup>1</sup> (As of October 31, 2019)



- This chart details the difference between nominal and inflation-adjusted US Treasury bonds. A higher (lower) figure indicates higher (lower) inflation expectations.

<sup>1</sup> Ten-Year Breakeven Inflation – Source: US Treasury and Federal Reserve. Data is as of October 31, 2019 for TIPS and Treasuries. Inflation is measured by the Consumer Price Index (CPI-U NSA).

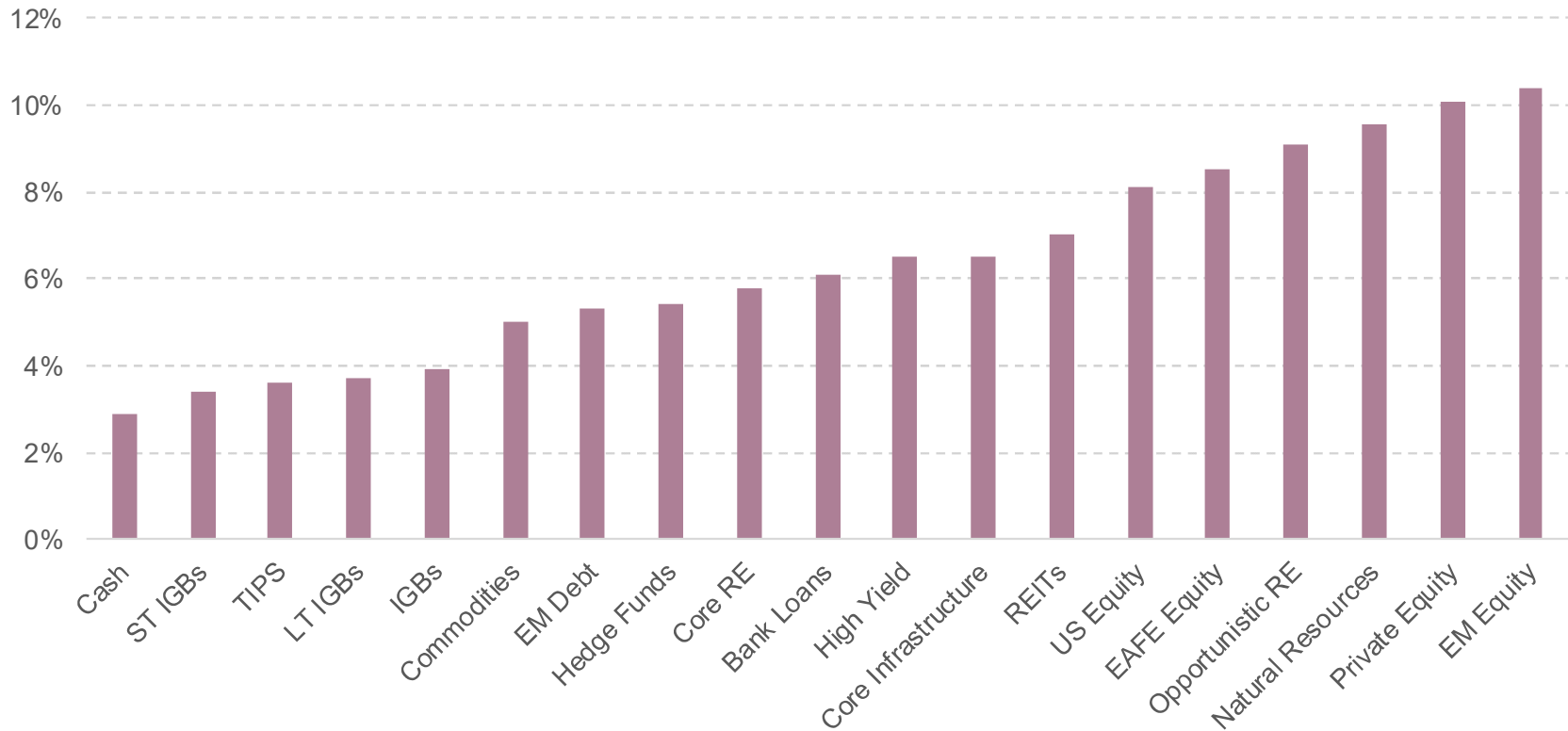
### Total Return Given Changes in Interest Rates (bps)<sup>1</sup> (As of October 31, 2019)



	Total Return for Given Changes in Interest Rates (bps)									Statistics	
	-100	-50	0	50	100	150	200	250	300	Duration	YTW
Barclays US Short Treasury (Cash)	1.8%	1.7%	1.5%	1.4%	1.2%	1.1%	1.0%	0.8%	0.7%	0.29	1.53%
Barclays US Treasury 1-3 Yr.	3.6%	2.7%	1.8%	0.8%	-0.1%	-1.1%	-2.1%	-3.1%	-4.2%	1.83	1.77%
Barclays US Treasury Intermediate	5.5%	3.5%	1.6%	-0.3%	-2.1%	-3.9%	-5.6%	-7.3%	-8.9%	3.81	1.56%
Barclays US Treasury Long	22.5%	11.8%	2.1%	-6.5%	-14.0%	-20.5%	-25.9%	-30.3%	-33.6%	18.23	2.13%

<sup>1</sup> Data represents the expected total return from a given change in interest rates (shown in basis points) over a 12-month period assuming a parallel shift in rates. Data is as of October 31, 2019 via Barclays, Bloomberg, and Meketa Investment Group.

### Long-Term Outlook – 20-Year Annualized Expected Returns<sup>1</sup>



- This chart details Meketa's long-term forward-looking expectations for total returns across asset classes.

<sup>1</sup> Source: Meketa Investment Group's 2019 Annual Asset Study.

## Appendix

### Data Sources and Explanations<sup>1</sup>

- US Equity Cyclically Adjusted P/E on S&P 500 Index – Source: Robert Shiller and Yale University.
- Small Cap P/E (Russell 2000 Index) vs. Large Cap P/E (Russell 1000 Index) - Source: Russell Investments. Earnings figures represent 12-month “as reported” earnings.
- Growth P/E (Russell 3000 Growth Index) vs. Value (Russell 3000 Value Index) P/E - Source: Bloomberg, MSCI, and Meketa Investment Group. Earnings figures represent 12-month “as reported” earnings.
- Developed International Equity (MSCI EAFE ex Japan Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years.
- Emerging Market Equity (MSCI Emerging Markets Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years
- Private Equity Multiples – Source: S&P LCD Average EBITDA Multiples Paid in All LBOs
- Core Real Estate Spread vs. Ten-Year Treasury – Source: Real Capital Analytics, US Treasury, Bloomberg, and Meketa Investment Group. Core Real Estate is proxied by weighted sector transaction based indices from Real Capital Analytics and Meketa Investment Group.
- REITs Dividend Yield Spread vs. Ten-Year Treasury – Source: NAREIT, US Treasury. REITs are proxied by the yield for the NAREIT Equity index.
- Credit Spreads – Source: Barclays Capital. High Yield is proxied by the Barclays High Yield index and Investment Grade Corporates are proxied by the Barclays US Corporate Investment Grade index.

<sup>1</sup> All Data as of October 31, 2019 unless otherwise noted.



## Appendix

### Data Sources and Explanations<sup>1</sup>

- EM Debt Spreads – Source: Bloomberg, and Meketa Investment Group. Option Adjusted Spread (OAS) for the Bloomberg Barclays EM USD Aggregate Index.
- Equity Volatility – Source: Bloomberg, and Meketa Investment Group. Equity Volatility proxied by VIX Index, a Measure of implied option volatility for US equity markets.
- Fixed Income Volatility – Source: Bloomberg, and Meketa Investment Group. Equity Volatility proxied by MOVE Index, a Measure of implied option volatility for US Treasury markets.
- Systemic Risk and Volatile Market Days – Source: Meketa Investment Group. Volatile days are defined as the top 10 percent of realized turbulence, which is a multivariate distance between asset returns.
  - Systemic Risk, which measures risk across markets, is important because the more contagion of risk that exists between assets, the more likely it is that markets will experience volatile periods.
- Yield Curve Slope (Ten Minus Two) – Source: Bloomberg, and Meketa Investment Group. Yield curve slope is calculated as the difference between the 10-Year US Treasury Yield and 2-Year US Treasury Yield.
- Ten-Year Breakeven Inflation – Source: US Treasury and Federal Reserve. Inflation is measured by the Consumer Price Index (CPI-U NSA).

<sup>1</sup> All Data as of October 31, 2019 unless otherwise noted.

# **Meketa Market Sentiment Indicator**

## Explanation, Construction and Q&A

Meketa has created the MIG Market Sentiment Indicator (MIG-MSI) to complement our valuation-focused Risk Metrics. This measure of sentiment is meant to capture significant and persistent shifts in long-lived market trends of economic growth risk, either towards a risk-seeking trend or a risk-aversion trend.

This appendix explores:

- What is the Meketa Market Sentiment Indicator?
- How do I read the indicator graph?
- How is the Meketa Market Sentiment Indicator constructed?
- What do changes in the indicator mean?

**Meketa has created a market sentiment indicator for monthly publication (the MIG-MSI – see below) to complement Meketa’s Risk Metrics.**

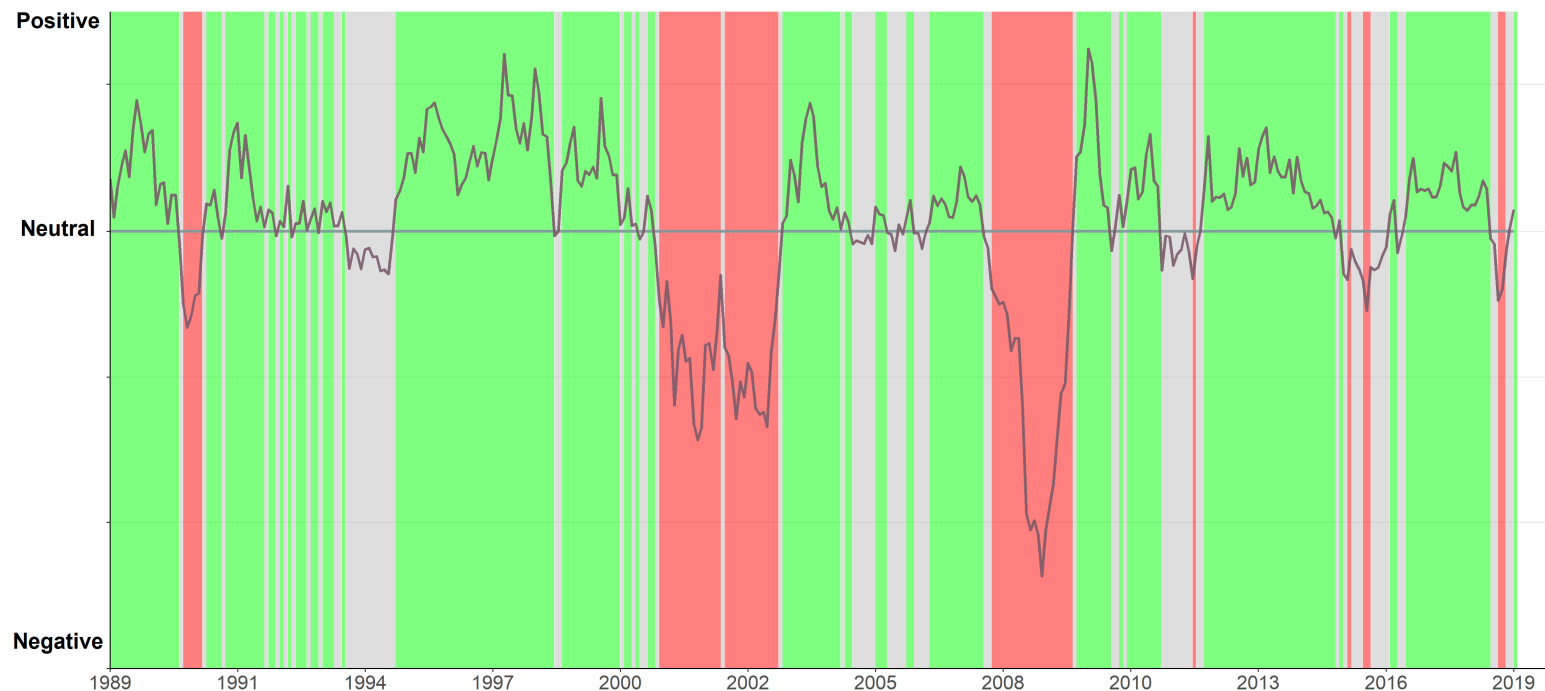
- Meketa’s Risk Metrics, which rely significantly on standard market measures of relative valuation, often provide valid early signals of increasing long-term risk levels in the global investment markets. However, as is the case with numerous valuation measures, the Risk Metrics may convey such risk concerns long before a market corrections take place. The MIG-MSI helps to address this early-warning bias by measuring whether the markets are beginning to acknowledge key Risk Metrics trends, and / or indicating non-valuation based concerns. Once the MIG-MSI indicates that the market sentiment has shifted, it is our belief that investors should consider significant action, particularly if confirmed by the Risk Metrics. Importantly, Meketa believes the Risk Metrics and MIG-MSI should always be used in conjunction with one another and never in isolation. The questions and answers below highlight and discuss the basic underpinnings of the Meketa MIG-MSI:

#### **What is the Meketa Market Sentiment Indicator (MIG-MSI)?**

- The MIG-MSI is a measure meant to gauge the market’s sentiment regarding economic growth risk. Growth risk cuts across most financial assets, and is the largest risk exposure that most portfolios bear. The MIG-MSI takes into account the momentum (trend over time, positive or negative) of the economic growth risk exposure of publicly traded stocks and bonds, as a signal of the future direction of growth risk returns; either positive (risk seeking market sentiment), or negative (risk averse market sentiment).

## How do I read the Meketa Market Sentiment Indicator graph?

- Simply put, the MIG-MSI is a color-coded indicator that signals the market's sentiment regarding economic growth risk. It is read left to right chronologically. A green indicator on the MIG-MSI indicates that the market's sentiment towards growth risk is positive. A gray indicator indicates that the market's sentiment towards growth risk is neutral or inconclusive. A red indicator indicates that the market's sentiment towards growth risk is negative. The black line on the graph is the level of the MIG-MSI. The degree of the signal above or below the neutral reading is an indication the signal's current strength.
- Momentum as we are defining it is the use of the past behavior of a series as a predictor of its future behavior.



## How is the Meketa Market Sentiment Indicator (MIG-MSI) Constructed?

- The MIG-MSI is constructed from two sub-elements representing investor sentiment in stocks and bonds:
  - Stock return momentum: Return momentum for the S&P 500 Equity Index (trailing 12-months)
  - Bond yield spread momentum: Momentum of bond yield spreads (excess of the measured bond yield over the identical duration US Treasury bond yield) for corporate bonds (trailing 12-months) for both investment grade bonds (75% weight) and high yield bonds (25% weight).
  - Both measures are converted to Z-scores and then combined to get an “apples to apples” comparison without the need of re-scaling.
- The black line reading on the graph is calculated as the average of the stock return momentum measure and the bonds spread momentum measure.<sup>1</sup> The color reading on the graph is determined as follows:
  - If both stock return momentum and bond spread momentum are positive = GREEN (positive)
  - If one of the momentum indicators is positive, and the other negative = GRAY (inconclusive)
  - If both stock return momentum and bond spread momentum are negative = RED (negative)

<sup>1</sup> Momentum as we are defining it is the use of the past behavior of a series as a predictor of its future behavior.

“Time Series Momentum” Moskowitz, Ooi, Pedersen, August 2010. <http://pages.stern.nyu.edu/~lpederse/papers/TimeSeriesMomentum.pdf>

**What does the Meketa Market Sentiment Indicator (MIG-MSI) mean? Why might it be useful?**

- There is strong evidence that time series momentum is significant and persistent. In particular, across an extensive array of asset classes, the sign of the trailing 12-month return (positive or negative) is indicative of future returns (positive or negative) over the next 12-month period. The MIG-MSI is constructed to measure this momentum in stocks and corporate bond spreads. A reading of green or red is agreement of both the equity and bond measures, indicating that it is likely that this trend (positive or negative) will continue over the next 12 months. When the measures disagree, the indicator turns gray. A gray reading does not necessarily mean a new trend is occurring, as the indicator may move back to green, or into the red from there. The level of the reading (black line) and the number of months at the red or green reading, gives the user additional information on which to form an opinion, and potentially take action.

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

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

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

**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. Portfolio Return- [Risk Free Rate+Beta\*(market return-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.