PARS: County of Contra Costa

Second Quarter 2018

Presented by
Andrew Brown, CFA

HighMark® Capital Management

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DISCUSSION HIGHLIGHTS

U.S. Economic and Market Overview

After a tumultuous first quarter, investors found themselves adjusting to the shifting cross currents in global financial markets as the second quarter unfolded. Trade tensions took center stage, while worries about another wave of populism in Europe clouded investor optimism over domestic tax reform. Meanwhile, the Fed pressed on with its campaign to raise short-term interest rates and even suggested it might pick up its pace, albeit modestly. The shining bright spot of the second quarter was a robust corporate earnings season that handily beat analyst expectations. For the first quarter, earnings per share for the S&P 500 Index had increased nearly 25% year-over-year– the best performance since the third quarter of 2010, according to Factset. Investors took comfort in the expectation that domestic firms would use the windfall to fund equity-market friendly activity including share buybacks, increased capital expenditures, and mergers and acquisitions.

Positive corporate earnings news and generally strong domestic economic data helped U.S. stock prices to recover lost ground from the first quarter. Looking to avoid exposure to the most trade-sensitive companies globally, investors favored shares of smaller companies with secular growth characteristics while shunning emerging market names.

Within fixed income markets, yields moved higher as the bellwether 10-year Treasury Note crossed the 3% mark in April for the first time since 2013. As the quarter closed out, long-term yields fell and the yield curve flattened, fueling fears of dimming economic growth. Most notably, investment-grade credit spreads widened from historically tight levels on concerns of growing leverage in the corporate sector. Indicative of the thirst for corporate debt, AT&T became the world's most indebted company with $180 billion in total debt after completing its acquisition of Time Warner.

Overseas, China remains an area to watch closely, both given its influence on the global economy and the ongoing structural challenges it faces. A growing rift with the U.S. on trade complicates the developing nation's cyclical picture, causing investors to flee the local equity market; which, until recently, had been tracking the U.S. stock market closely.

Trade War/Trade Skirmish

As the cloud of a looming trade war continued to hang ominously over global financial markets during the second quarter, investor sentiment swung with every headline. Escalating threats of tariffs and other protectionist measures between the U.S. and its major trading partners were unwelcome offsets to a domestic fiscal stimulus package that was only starting to work its way through the economy. A brewing element of uncertainty sent investors into the areas of the market most immune from global trade strife.

To be sure, the timing of the Trump administration's all-encompassing trade offensive was no coincidence. With tax reform blowing a strengthening wind at the back of the American economy, the President felt he would now be in a better bargaining position to reset what his administration views as unbalanced trading terms and practices.

America's largest trading partners -- China, the EU, Mexico and Canada -- now find themselves simultaneously confronted by an unhappy customer. China, in particular, finds itself in President Trump's crosshairs not only for its substantially large trade surplus with the U.S., but also for a pattern of trade abuses that includes systematic intellectual property theft.

In addition to the steel and aluminum import tariffs announced during the first quarter, President Trump included $50 billion worth of products from China to be subject to a 25% tariff, most of which are scheduled to take effect early in the third quarter. In response to a Chinese announcement of retaliatory tariffs, President Trump has asked the United States Trade Representative, Robert Lighthizer, to identify an additional $200 billion of Chinese imports for a 10% tariff. As the retaliation intensified, further salvos included a proposal for restrictions on Chinese investment in U.S. companies. There seemed almost no end in sight to the exchanges. Such aggressive tactics on multiple fronts comes with the potential for both high risk and uncertain reward. Protectionist policies are often lose–lose propositions. History has proven that the intention of protecting domestic industries is typically not achieved and the result causes significant, unintended harm to the economy. Could this time be different? To answer this question, it is important to first understand the administration's end game.

A key distinction in comparing current trade tensions and past periods of protectionism is the motivation behind such actions. Typically, governments have used tariffs as direct mechanisms to protect domestic industries from international competition. In this instance, however, tariffs and other measures are intended as leverage to remove existing barriers between America and its trading partners.

Peter Navarro, the administration's Director of Trade and Industrial Policy, framed the President's perspective succinctly by saying, "We're already in a trade war with China. The problem is we've not been fighting back. Trump, through tariffs, wants to call a truce."

In other words, from the administration's perspective, President Trump's trade strategy is a means to an end to level the playing field. For example, during a tense G7 summit in early June, President Trump unexpectedly offered a full free trade agreement to the leaders of the other six major countries. "No tariffs, no barriers, that's the way it should be," he said. Of course, such a resolution is much easier said than done, so it was no surprise that the President didn't find any willing takers on the spot. Perhaps the President was bluffing, but the offer did serve to reinforce his intentions.

The good news is that all indications point to the desire for negotiated settlements. Offers have been made, but no agreement has been reached with any country and negotiations remain ongoing. What then will each side be willing to settle for, and, perhaps more importantly, how far will this go? Both questions have no clear answer at this point. What is clear is that President Trump's conviction on this issue runs deep and he is unlikely to settle for symbolic concessions to win a political victory as many have anticipated. That's the bad news. We shouldn't expect any side to capitulate without a fight.

Such a proposition is clearly unsettling to global financial markets that crave certainty. There is no way to accurately predict the timing of an outcome that boils down to a test of political wills. On a positive note, some trading partners have already offered concessions. However, nothing yet has met the threshold of acceptability for the Trump administration. Until this happens, we expect elevated levels of volatility to persist across all asset classes and currencies.

Signs of progress will continue to be "risk-on" catalysts for investors, while further deterioration of the possibility for compromise will jeopardize the underpinnings of the global economic expansion and possibly cause a full blown global recession. Ultimately, markets will not care about the motivation behind the tariffs if they are implemented for a protracted period of time. Even if a compromise is eventually reached significant economic damage can be done to all parties. While we acknowledge that no side wants to feel the pain of a trade war, the risks that all sides are digging in appear to be rising -- most recently with President Trump's call for increased tariffs on European auto imports, a step quickly countered with reciprocal threats by the EU.

There is no denying that the investment implications of the standoff are significant. Sorting through the game theory, our base case assumption is that rational thought will prevail and agreements are reached before irreversible damage is done. However, we cannot rule out the worst- case scenario, as those odds appear to be rising.

Market Overview/Performance Discussion

Total Plan

The County of Contra Costa OPEB Plan returned 0.67% net of investment fees in the second quarter, which lagged the County's Plan benchmark target of 1.62%. Domestic equity markets lagged slightly benchmark targets due to the Plan's overweight to value oriented managers. The divergence between value and growth continued to widen during the quarter within large cap equity. Fixed income returns were in-line with benchmark targets. Our underweight to REITs, which was the best performing market in the second quarter, was a negative for Plan returns. The Plan's investment in alternatives was the second biggest negative to the Plan, with two managers, AQR Managed futures (-2.5%) and AQR Market Neutral Fund (-8.5%), posting very disappointing results. However, from an attribution standpoint the Plan was most negatively impacted by an overweight to, and manager underperformance in, the international equity segment. Two managers (Dodge & Cox and Bailard International) posted returns that ranked in the bottom 10th percentile of their respective Morningstar universes. Our manager within the emerging market segment, while placing in the 36th percentile, generated an -8.38% return in the second quarter. The combination of issues surrounding international trade, and the negative impact of a strong dollar, weighed on international equities.

Domestic Equity

After a volatile first quarter, the domestic equity market calmed down and posted modest gains. Although uncertainty remained as the trade conflict escalated, the expectation for the stimulus from tax reform and fiscal policy continued to dramatically dwarf any trade-related growth headwinds. It was the sixth quarter in a row that large cap growth (defined by the Russell 1000 Growth Index) beat large cap value (defined by Russell 1000 Value Index). For context, that consecutive quarterly outperformance was not even experienced in the late 1990's. Using the end of the quarter values, the only other time in history in which growth was as expensive to value was in fact late 1999 to late 2000. The Plan's overweight to value is in a large part due to the wide valuation disparity, while both value and growth have similar expected earnings growth profiles. A significant factor for the variance is due to the continued outperformance of mega-cap growth stocks discussed further below.

Energy led the way returning 13.5% for the quarter as oil prices rose throughout the quarter. Strong earnings, attractive fundamentals, and the dominance of large capitalization stocks led to gains in Information Technology (+7.1%) and Consumer Discretionary (+8.1%). These two sectors have not had a down quarter since June of 2016. In regards to the mega-cap growth companies, the S&P500's first half of 2018 return of 3.4% would instead be down about -0.7% if not for Facebook, Amazon, Apple, Netflix, and Google. Over the last two years, these stocks have comprised nearly a quarter of the total return of the S&P 500. A dramatic flattening of the yield curve impacted Financials, as the sector declined -3.2%. Industrials also fell -3.2% as the trade conflict disproportionately impacted companies with greater overseas exposure. The more domestic-focused small caps (Russell 2000 Index) outperformed the more internationally exposed large caps (Russell 1000 index) by over four percent as tax reform and fiscal policy influenced investor positioning.

The economy, company fundamentals, and investor sentiment, all remained healthy for the quarter with the trend expected to continue. The Fed has indicated it remains committed to raising rates and reducing the size of its balance sheet. With the trade conflict continuing, however, Fed Chairman Powell has noted that trade could complicate the Fed's forecasts. While the Fed remains on its current path, Powell's comments suggest that should trade issues persist, a pause in tightening could occur. Given the favorable outlook for the US, we increased the allocation to domestic equities in July.

- **The Plan's large cap equity segment returned 3.37% in the quarter, which slightly trailed the Russell 1000 Index return of 3.57%.**
  - The iShares Russell 1000 ETF 3.57% in the quarter.
  - The Columbia Contrarian Core Fund returned 1.74% in the quarter, which underperformed the benchmark. The Fund ranked in the 78th percentile of the Morningstar Large Cap Blend Universe.
  - The Harbor Capital Appreciation Fund returned 6.36% in the quarter, which exceeded the Russell 1000 Growth Index's return of 5.76%. The Fund ranked in the 27th percentile of the Morningstar Large Cap Growth Universe.
  - The T. Rowe Price Growth Stock Fund returned 5.91% in the quarter, which outperformed the Russell 1000 Growth Index. The Fund ranked in the 34th percentile of the Morningstar Large Cap Growth Universe.
  - The Dodge and Cox Stock Fund returned 2.76% in the quarter, and outperformed the Russell 1000 Value Index's return of 1.18%. The Fund ranked in the 16th percentile of the Morningstar Large Cap Value Universe.
  - The Vanguard Growth and Income Fund registered a 3.60% return in the quarter, and matched the Russell 1000 Index. The Fund ranked in the 21st percentile of the Morningstar Large Cap Blend Universe.

- **The mid cap equity segment returned 2.73% in the quarter, which was in-line with the Russell Mid Cap Index return of 2.82%.**
  - The iShares Russell Mid Cap ETF returned 2.78% in the second quarter.

- **The small cap equity segment returned 7.60% in the quarter, which slightly trailed the Russell 2000 Index return of 7.75%.**
  - The iShares Russell 2000 ETF returned 7.74% in the second quarter.
  - The T. Rowe Price New Horizons Fund returned 8.28% in the quarter, and outperformed the Russell 2000 Growth Index return of 7.23%. The Fund ranked in the 50th percentile of Morningstar's Small Cap Growth Universe.
  - The Undiscovered Managers Behavioral Value Fund returned 7.02% in the quarter, and underperformed the Russell 2000 Value Index's return of 8.30%. The Fund ranked in the 43rd percentile of Morningstar's Small Cap Value Universe.

Real Estate

For seven consecutive quarters, REITs were the worst performing sector within the OPEB Plan. That streak was broken in the second quarter, with REITs being the leading domestic equity segment, returning 9.73% (Wilshire REIT Index). In a quarter marked with issues related to global trade tensions, investors were drawn to the primarily domestic oriented REIT market. Providing additional support to REITs were continued positive readings in the economy, spanning from GDP, unemployment statistics, and consumer confidence readings. Given that the sector has been a laggard for almost the past two years, some investors feel that REITs trade at reasonable valuations. All sectors within the REIT Index registered positive returns. Healthcare (+14.9%), lodging and leisure (+12.7%), shopping centers (+12.4%), Industrials (+9.5%), and regional malls (+9.3%) were the leading sectors.

The Vanguard REIT ETF returned 8.83% which ranked in the 30th percentile.

International/Global Equity

In both U.S. dollar and local currency terms, international markets were lower for the quarter. Trade concerns, European populism, and a moderation in economic activity across all international markets impacted returns. A reduced level of quantitative easing in the European Union (EU) also affected equity prices. The U.S. dollar strength was an additional source of lower prices as the Euro weakened over 5% for the quarter. There was a flight to quality as more established larger countries performed well against the more volatile smaller economies: United Kingdom (+9.5%), Australia (+8.8%), India (+7.9%), Turkey (-14.1%), Argentina (-16.3%), and Brazil (-14.8%). Turkey had its own problems with turnover in government and a policy of pursuing short-term growth at the expense of financial stability.

Tariffs and trade actions were not limited to China, with Europe being affected as well. Furthermore, EU growth is also moderating due to the reduction in quantitative easing instituted at the beginning of the year. With the EU's plan to eliminate quantitative easing at the end of the year, investors may be taking a cautious approach and de-risking in anticipation of the event. Using the U.S. as a model for Europe, the end of quantitative easing in the U.S. was met with volatility and temporary lower equity prices. After digesting the tightening, markets resumed their uptrend. Economic indicators in Europe were mixed for the quarter but were supportive of growth. The European Purchasing Manager Index declined modestly, but inflation rose and the unemployment rate declined. For the EU in aggregate, earnings growth expectations declined slightly, but is still projected to grow over 8% for the year. The combined effects of tariff and trade concerns along with quantitative tightening led to lower equity prices since the highs in January of this year. Assuming trade issues get resolved at some point, and the end of quantitative easing passes, we expect Europe to recover.

Japan GDP actually contracted in the first quarter of the year (-.6%) as reduced consumption and lower housing affected growth. Other contributing factors were trade concerns as well as the secondary affects of quantitative tightening in the U.S.. Japan's Nikkei equity index was higher for the quarter, but was nearly flat in dollar terms after factoring the Yen depreciation for the quarter. China was down both in local currency (-12.4%) and in dollars (-16.9%). The Renminbi declined about 5% for the quarter as the government likely intervened to offset the tariffs. To that end, both manufacturing and services PMI in China held firm for the quarter. Retail sales and fixed investment continued to decline. While China's economy had already been moderating, the trade conflict could cause additional deceleration in growth.

- **The Plan's international/global equity segment returned -2.09% in the quarter. This return underperformed both MSCI EAFE Index -1.24% and the MSCI ACWI Index return of 0.53%.**
    - The iShares MSCI EAFE Index ETF returned -1.01% in the quarter.
    - The Nationwide Bailard International Equity Fund returned -5.95% in the quarter, which underperformed the MSCI EAFE Index. The Fund ranked in the 99th percentile of the Morningstar Foreign Large Blend Universe.
    - The Dodge & Cox International Stock Fund returned -5.12% in the quarter and underperformed the MSCI EAFE Index. The Fund ranked in the 96th percentile of the Foreign Large Blend Universe as measured by Morningstar.
    - The MFS International Fund returned 2.37% in the quarter and outperformed the MSCI EAFE Index. The Fund ranked in the 8th percentile for foreign large cap growth managers as measured by Morningstar.
    - The iShares MSCI ACWI Index ETF returned 0.73% in the quarter.
    - The American Funds New Perspective Fund recorded a 2.38% return in the second quarter, which outperformed the MSCI ACWI Index and ranked in the 14^{th} percentile within the Morningstar World Stock Universe
    - The MFS Global Equity R6 Fund returned 0.05%, which underperformed the benchmark and ranked in the 64^{th} percentile of the Morningstar World Stock Universe.
    - The Hartford Schroders Emerging Market Equity Fund returned -8.38% during the quarter and underperformed the MSCI Emerging Market benchmark return of -7.96%. The Fund ranked in the 36th percentile of the Morningstar Emerging Market Universe.

Fixed Income

As expected, the Federal Reserve raised the fed funds rate another 25 basis points during the second quarter, to a range of 1.75% to 2.0%, the seventh increase since the first rate hike in December 2015. Since this increase was widely anticipated, the bond market reaction was fairly muted as short-term Treasury yields also increased by about 25 basis points, while ten-year and thirty-year yields were little changed. The Bloomberg Barclays U.S. Aggregate Index returned –0.16% for the quarter and –1.6% for the year-to-date, while the Treasury sector as a whole returned a positive 0.1% in the second quarter and –1.1% year-to-date. For the second consecutive quarter, investment-grade corporate bonds underperformed comparable duration Treasuries as spreads continued to widen. After outperforming continually from the fourth quarter of 2015 through the fourth quarter of 2017, investment-grade corporates have now underperformed similar duration Treasuries by 176 basis points over the last six months. Furthermore, not only have investment-grade corporate bonds underperformed higher quality Treasury bonds, but also have underperformed lower quality, non-investment grade issues this year as the High Yield sector outperformed Treasuries by 79 basis points. Other sectors, including Mortgage-Backed and Commercial Mortgage-Backed securities also underperformed Treasuries, although by only 24 basis points and 6 basis points respectively, while auto and utility Asset-Backed securities managed to slightly outperform.

Fixed Income (Cont.)

Investors were nearly euphoric in the first quarter as remarkably strong leading economic indicators, Federal income tax cuts, and increased federal spending combined to generate very lofty expectations for growth. The ten-year Treasury yield ran up approximately 50 basis points during January and February in response to those high expectations, but since then has not moved much at all. In contrast, the two-year Treasury yield has continued to move steadily higher, 70 basis points so far this year, propelled by expectations of further rate hikes by the Federal Reserve. The combination of continually rising short rates and stable long term rates results in a flatter yield curve, raising concerns about a possible recession. However, given the Federal Reserve's ownership of 50% or more of many longer term Treasury issues, the curve is being artificially held flatter than it otherwise would be. This is being alleviated somewhat by the Fed's program of slowly shrinking their balance sheet by letting $24 Billion of U.S. Treasury principal and interest payments from their $2.2 Trillion portfolio roll off each month, increasing to $30 Billion per month in October. The curve is likely to continue to flatten as long as the Fed continues to tighten and inflation remains around 2% or so. The next Fed rate hike is almost certain to come at the September 26th Fed meeting, and it's possible that there will be another hike on December 19th, the last meeting of the year.

The Federal Reserve is determined to continue to normalize interest rates and move farther away from the emergency levels that prevailed during the financial crisis. As such, they are likely to continue slowly raising short term rates until reaching approximately 3.25%, barring another crisis of some sort. Therefore, we will continue to position portfolios with less interest rate risk, or a duration shorter than that of the benchmark. Sector allocation will continue to favor a modest overweight to high quality corporate bonds where yield premiums are currently around 1.25% versus a long-term average of approximately 1.5%. Although on a market value weighted basis the portfolio holds approximately 45% in credit, the duration of the corporate holdings is shorter than the benchmark, resulting in less sensitivity to changes in spread. When adjusted for duration, the corporate exposure is approximately 25% more than the benchmark, compared to an overweight of 100% when spreads were much wider.

- **The Plan's fixed income segment returned -0.19% in the quarter, which was in-line with the Bloomberg Barclays Aggregate Index return of -0.16%.**
  - The separately managed fixed income portfolio returned -0.10% which slightly exceeded the benchmark. The portfolio would have ranked approximately in the 27th percentile of the Morningstar Intermediate Term Bond Universe.
  - The PIMCO Total Return Bond Fund posted a -0.44% return in the quarter, which placed it in the 76thpercentile of Morningstar's Intermediate-Term Bond Universe. The Fund underperformed the Index.
  - The Prudential Total Return Bond Fund returned -0.53% in the quarter. This ranked in the 84th percentile of Morningstar's Intermediate-Term Bond Universe and outperformed the benchmark.

Alternative Investments

The Alternatives portion of the Plan underperformed its benchmark, the Wilshire Liquid Alternative Index, by -3.98% in the second quarter 2018. In accordance with its objective, the Alternatives portion is comprised of diversifying strategies with minimal correlation to equities and interest rates. Uncorrelated returns provide the benefit of diversification, but may result in negative performance during positive equity market environments. Although we are not pleased with returns over the previous twelve months, history shows the funds have demonstrated significant upside performance, thus compensating investors for the risk of investing in Alternatives. We continue to view Alternatives as a better source of returns in a rising interest rate environment relative to Fixed Income, with particular attractiveness given its profile of uncorrelated returns versus both equities and interest rates.

The second quarter witnessed many events that added to volatility in global markets. Issues surrounding immigration policy in Germany threatened Merkel's position in running the Country. Italy faced challenges in formulating a new government. Elections in Turkey and turnover with a new Prime Minister in Spain were additional issues that global markets, and more specifically global macro investors had to cope with during the quarter. Add to this mix, tariff and trade issues that have been previously highlighted on earlier pages in this report, and you have a backdrop for volatility within currency and global debt markets. The Eaton Vance Global Macro Fund returned -1.79% in the quarter. With respect to geography, Latin America was the biggest detractor, with returns negatively impacted by long positions in the Argentinian Peso, and Argentinian fixed income. Long interest rate exposure in Mexico was also a negative. Long positions in the Russian Ruble also suffered declines. Positive contribution came from short positions in the Euro and the New Zealand dollar, but these positions were not strong enough to overcome Latin American weakness. The main weakness for the Alternatives segment during the quarter came from the two AQR Funds held by the Plan. AQR is a leading quantitative alternative asset manager headquartered in Greenwich, Connecticut. The firm employees over 900 individuals, and manages approximately $225 billion. The OPEB Plan invests in two specific strategies: The AQR Managed Futures Fund and the AQR Market Neutral Fund. The AQR Market Neutral Fund (-8.50%) seeks to deliver positive absolute returns by taking long and short positions in equity and equity-like investments. The Fund is designed to be market neutral, targeting a portfolio beta to equity markets of 0, over a normal market cycle. They construct their portfolios based on quantitative research focusing on the following indicators: Value, Momentum, and quality. The -8.5% return was the worst quarter experienced by the Fund, and the managers described the quarter as a "2-standard deviation" event. Value oriented equity investments were the primary driver of losses in the quarter, detracting -6%. The underperformance was mostly focused within the U.S. domestic equity market. The largest detractor came from the technology sector, where the manager was "short" overvalued growth oriented investments. And in the quarter, growth investments continued to appreciate in value. The other AQR Fund that the Plan invests in, is the AQR Managed Futures Fund (-2.57%). The Fund invests in over 100 liquid futures and forwards contracts, both long and short, across global equities, fixed income, currencies, and commodities. Trades are executed based on trend-following signals that aim to go long rising markets and short falling markets. In the quarter, currency investments represented the largest detractor to returns, declining -3.1%. While the AQR Market Neutral Fund had the more difficult second quarter, it was the AQR Managed Futures Fund that we decided to eliminate from the portfolio. While there are numerous studies available that show the positive diversification benefits by adding managed futures into a diversified 60% stock – 40% bond portfolio, our experience in investing in this manager over the last five years has yielded a +0.26% return. This return is below our expectation for any investment within the alternative segment, and for that reason, we sold out of the investment this quarter.

•**The alternative investment segment returned -4.54% in the second quarter, which significantly trailed the Wilshire Liquid Alternatives Index return of -0.56%.**

- The AQR Managed Futures Fund returned -2.57%, and ranked in the 72nd percentile of the Morningstar Managed Futures Universe.
- The Eaton Vance Global Macro Absolute Return Fund posted a -1.79% return, which placed in the 84th percentile of the Morningstar Non-Traditional Bond Universe.
- The AQR Equity Market Neutral Fund return of -8.50% ranked in the 100th percentile of Morningstar's Market Neutral Universe.

Asset Allocation/Portfolio Transitions

During the quarter we eliminated the AQR Managed Futures Fund due to performance issues.

With the elimination of the AQR Fund, our alternatives allocation was reduced by -2.25%. The proceeds are momentarily being kept in cash/money market.

We reduced the developed international equity allocation by -2.0%, and we also reduced the emerging market equity allocation by -0.75%. Proceeds of this reduction were reinvested within domestic equity investments: REITs +.25%, large cap equity +.25%, mid-cap equity +1.0%, and small cap equity +1.25%.

Manager Watch List

Name of Fund	Date on watch list	Date exiting watch list	Recommendation	Rationale
AQR Managed Futures Fund	2Q 2017	2Q 2018	Eliminated from the portfolio	Manager performance
Columbia Contrarian Core Fund	3Q 2018		Move to Watch List	Annualized return trails the benchmark or median return on a 3-year basis for more than three consecutive quarters
Dodge & Cox International	3Q 2018		Move to Watch List	Annualized return trails the benchmark or median return on a 3-year basis for more than three consecutive quarters
Nationwide Bailard International	3Q 2018		Move to Watch List	Annualized return trails the benchmark or median return on a 3-year basis for more than three consecutive quarters
AQR Equity Market Neutral I	3Q 2018		Move to Watch List	Unusual tracking error to the benchmark

Asset Allocation
Period Ending June 30, 2018

Asset Allocation		3/31/2018 Market Value	3/31/2018 % of Total		6/30/2018 Market Value	6/30/2018 % of Total	Target Allocation
Large Cap Equities							
Columbia Contrarian Core Z		7,619,403	3.0%		7,993,584	3.0%	--
iShares Russell 1000 ETF		15,823,284	6.2%		17,080,272	6.3%	--
Vanguard Growth & Income Adm		7,824,285	3.1%		8,105,654	3.0%	--
Dodge & Cox Stock Fund		7,778,394	3.0%		7,992,999	3.0%	--
Harbor Capital Appreciation Retirement		2,503,579	1.0%		2,662,925	1.0%	--
T. Rowe Price Growth Stock Fund		2,519,604	1.0%		2,668,567	1.0%	--
Total Large Cap Equities	**$**	**44,068,548**	**17.2%**	**$**	**46,504,002**	**17.3%**	**17.0%**
			Range			*Range*	*13-32%*
Mid Cap Equities							
iShares Russell Mid-Cap ETF		11,529,055	4.5%		14,416,610	5.4%	--
Total Mid Cap Equities	**$**	**11,529,055**	**4.5%**	**$**	**14,416,610**	**5.4%**	**6.0%**
			Range			*Range*	*2-10%*
Small Cap Equities							
iShares Russell 2000 ETF		10,852,201	4.2%		14,280,908	5.3%	--
Undiscovered Mgrs Behavioral Value Inst		7,716,596	3.0%		7,855,858	2.9%	
T. Rowe Price New Horizons Fund		3,809,796	1.5%		3,952,095	1.5%	--
Total Small Cap Equities	**$**	**22,378,593**	**8.7%**	**$**	**26,088,860**	**9.7%**	**8.0%**
			Range			*Range*	*4-12%*
International Equities							
Nationwide Bailard Intl Equities I		7,060,408	2.8%		3,961,396	1.5%	--
iShares MSCI EAFE Index Fund		13,532,832	5.3%		11,852,351	4.4%	--
Dodge & Cox International Stock Fund		3,848,252	1.5%		3,974,759	1.5%	--
MFS® International Growth R6		3,863,738	1.5%		3,988,460	1.5%	--
Hartford Schroders Emerging Mkts Eq Y		5,702,970	2.2%		3,977,006	1.5%	--
Total International Equities		**34,008,200**	**13.3%**	**$**	**27,753,971**	**10.3%**	**9.0%**
			Range			*Range*	*4-16%*
Global Equities							
MSCI iShares ACWI Index ETF		11,527,711	4.5%		11,844,965	4.4%	
American Funds New Perspective R6		3,811,378	1.5%		3,980,266	1.5%	
MFS Global Equity FD CL R5 #4818		3,858,680	1.5%		3,965,652	1.5%	
Total Global Equities	**$**	**19,197,769**	**7.5%**	**$**	**19,790,883**	**7.4%**	**7.0%**
			Range			*Range*	*4-12%*

Asset Allocation
Period Ending June 30, 2018

Asset Allocation		3/31/2018 Market Value	3/31/2018 % of Total		6/30/2018 Market Value	6/30/2018 % of Total	Target Allocation
Real Estate							
Vanguard REIT ETF		6,548,909	2.6%		7,289,612	2.7%	
	$	**6,548,909**	**2.6%**	**$**	**7,289,612**	**2.7%**	**4.0%**
			Range			*Range*	*0-8%*
Fixed Income							
Core Fixed Income Holdings		68,897,199	26.9%		70,047,425	26.0%	--
PIMCO Total Return Instl Fund		10,589,201	4.1%		11,246,641	4.2%	--
Prudential Total Return Bond Q		10,630,746	4.1%		11,268,669	4.2%	--
Total Fixed Income	**$**	**90,117,145**	**35.1%**	**$**	**92,562,735**	**34.4%**	**38.0%**
			Range			*Range*	*30-50%*
Alternatives							
AQR Managed Futures I		7,566,979	3.0%		--	--	--
Eaton Vance Glbl Macro Abs Ret I		9,011,895	3.5%		9,227,873	3.4%	--
AQR Equity Market Neutral I		8,961,974	3.5%		8,589,204	3.2%	--
Total Alternatives	**$**	**25,540,847**	**10.0%**	**$**	**17,817,077**	**6.6%**	**10.0%**
			Range			*Range*	*5-20%*
Cash							
Money Market		3,048,340	1.2%		16,856,500	6.3%	--
Total Cash	**$**	**3,048,340**	**1.2%**	**$**	**16,856,500**	**6.3%**	**1.0%**
			Range			*Range*	*0-5%*
TOTAL	**$**	**256,437,406**	**100.0%**	**$**	**269,080,251**	**100.0%**	**100.0%**

Previously Submitted

Investment Summary

Period Ending March 31, 2018

Investment Summary	First Quarter 2018	Year to Date 2018
Beginning Value	**254,664,786.12**	**$ 254,664,786.12**
Net Contributions/Withdrawals	4,937,285.25	4,937,285.25
Fees Deducted	-48,303.65	-48,303.65
Income Received	1,039,762.11	1,039,762.11
Market Appreciation	-3,601,344.87	-3,601,344.87
Net Change in Accrued Income	-76,501.69	-76,501.69
Ending Market Value*	**$ 256,915,683.27**	**$ 256,915,683.27**

Investment Summary	First Quarter 2017	Year to Date 2017
Beginning Value	**$ 206,343,794.94**	**$ 206,343,794.94**
Net Contributions/Withdrawals	4,940,125.09	4,940,125.09
Fees Deducted	-46,099.38	-46,099.38
Income Received	912,983.05	912,983.05
Market Appreciation	6,598,356.87	6,598,356.87
Net Change in Accrued Income	-42,252.12	-42,252.12
Ending Market Value*	**$ 218,706,908.45**	**$ 218,706,908.45**

*Ending Market Value differs from total market value on the previous page due to differences in reporting methodology. The above ending market value is reported as of trade date and includes accruals. The Asset Allocation total market value is reported as of settlement date.

Amended

Investment Summary

Period Ending March 31, 2018

Investment Summary	First Quarter 2018	Year to Date 2018
Beginning Value	**$ 254,664,786.12**	**$ 254,664,786.12**
Net Contributions/Withdrawals	4,937,285.25	4,937,285.25
Fees Deducted	-48,303.65	-48,303.65
Income Received	1,039,797.63	1,039,797.63
Market Appreciation	-3,601,380.39	-3,601,380.39
Net Change in Accrued Income	-76,466.17	-76,466.17
Ending Market Value*	**$ 256,915,718.79**	**$ 256,915,718.79**

The ending portfolio value for the period ending March 31, 2018 has been revised up $35.52, from $256,915,683.27, to $256,915,718.79. The amendment relates to CUSIP 34530YAD5, FORDO 2015-C A3 1.41% 2/15/20. There was an incorrect accrual attributed to the asset in March, yet we sold the asset backed bond in February. The resulting correction led to an increase of $35.52 to the revised portfolio value for the Plan as measured by our performance measurement system.

*Ending Market Value differs from total market value on the previous page due to differences in reporting methodology. The above ending market value is reported as of trade date and includes accruals. The Asset Allocation total market value is reported as of settlement date.

Investment Summary

Period Ending June 30, 2018

Investment Summary		Second Quarter 2018		Year to Date 2018	
Beginning Value		**256,915,718.79**	**$**	**254,664,786.12**	
Net Contributions/Withdrawals		11,012,853.22		15,950,138.47	
Fees Deducted		-48,309.73		-96,613.38	
Income Received		1,364,901.65		2,404,699.28	
Market Appreciation		313,399.95		-3,287,980.44	
Net Change in Accrued Income		111,693.78		35,227.61	
Ending Market Value*	**$**	**269,670,257.66**	**$**	**269,670,257.66**	*

Investment Summary		Second Quarter 2017		Year to Date 2017
Beginning Value	**$**	**218,706,908.45**	**$**	**206,343,794.94**
Net Contributions/Withdrawals		10,449,396.88		15,389,521.97
Fees Deducted		-46,657.65		-92,757.03
Income Received		1,200,789.88		2,071,520.81
Market Appreciation		4,830,438.63		11,471,047.62
Net Change in Accrued Income		81,463.95		39,211.83
Ending Market Value*	**$**	**235,222,340.14**	**$**	**235,222,340.14**

*Ending Market Value differs from total market value on the previous page due to differences in reporting methodology. The above ending market value is reported as of trade date and includes accruals. The Asset Allocation total market value is reported as of settlement date.

Investment Strategy
As of June 30, 2018

Tactical Asset Allocation

Asset Class	% Portfolio Weighting: Target	% Portfolio Weighting: Current Portfolio	% Portfolio Weighting: Over/Under Weighting	Rationale
Cash	1.0%	3.5%	+2.5%	▪ Cash position was increased while a review of alternatives are completed.
Fixed Income	38.0%	35%	-3.0%	▪ We forecast the Federal Reserve will raise the Fed Funds rate two to three times in calendar year 2018. We expect tightening labor markets, increasing aggregate demand and dwindling excess capacity to produce inflationary pressure that will prompt the Fed to stay on a path of normalization. Our year-end 10-year Treasury forecast calls for a range between 2.75% - 3.25%. In the quarter, we slightly increased our underweight to fixed income.
Alternatives	10.0%	7.75%	-2.25%	▪ Alternatives were reduced to an underweight in the quarter, with the elimination of one of the managers in the segment.
Real Estate (REITS)	4.0%	2.75%	-1.25%	▪ Rising vacancy rates for regional malls and shopping centers, rising interest rate pressures on the sector and declining sales trends for a variety of sectors create a negative backdrop for REITs.
Global Equity	7.0%	7.5%	+0.5%	▪ The U.S. economy is on solid footing with low unemployment and modest, yet improving growth. Economic activity outside of the U.S. is firming after being out of sync with the U.S. for most of the current cycle. Geopolitical risks, protectionist related policies, and trade war related rhetoric will be closely monitored and may lead to a reversal of this slight overweight position.
International (Developed)	9.0%	9.0%	-	▪ We reduced our allocation to international equities in the quarter, moving to a neutral allocation. The reduction in the position is due to elevated geopolitical risks, in which lingering and unresolved trade conflicts could harm international equities more than domestic equity markets. Supporting our neutral position is central bank's quantitative easing programs will likely be in place for several more quarters, and as well, international stocks have potentially higher EPS growth recovery relative to the US.
International (Emerging)	0.0%	1.5%	+1.5%	▪ We reduced our emerging market equity allocation in the quarter. The on-going issues related to China, geopolitical and economic events in Turkey and Argentina have negatively impacted sentiment. The recent strength in the dollar has, and will likely continue, to weigh on the prospects of emerging market equities.
Total Domestic Equity	31.0%	33.0%	+2.0%	
Large Cap	17.0%	17.5%	+0.5%	▪ We have upwardly increased our earnings estimates for the S&P500 for the second time this year, now forecasting a range of between $157-$160/share. Signs of building economic momentum both from the consumer and corporate sector, should warrant continued positive prospects for large cap equities.
Mid Cap	6.0%	5.5%	-0.50%	▪ We increased our mid cap equity allocation by 1% in the quarter. Similar to small cap equities, the mid-cap equity market also has benefited from tax reform. While mid-caps are more exposed to potential negative outcomes of a possible trade war, valuations are looking more attractive than before tax reform was enacted.
Small Cap	8.0%	10%	+2.0%	▪ Tax reform has led to increased earnings growth for small cap stocks, while tariffs and trade war rhetoric has not impacted the small cap equity segment year to date.

Selected Period Performance

PARS/COUNTY OF CONTRA COSTA PRHCP

Account 6746038001

Period Ending: 06/30/2018

Sector	3 Months	Year to Date (6 Months)	1 Year	3 Years	5 Years	Inception to Date (89 Months)
Cash Equivalents	.42	.74	1.20	.60	.37	.25
Citigroup 3 Month T-Bill Index	*.44*	*.79*	*1.32*	*.64*	*.40*	*.29*
Fixed Income ex Funds	-.10	-1.41	-.28	1.94	2.40	3.14
Total Fixed Income	-.19	-1.43	-.09	2.06	2.50	3.24
BC US Aggregate Bd Index	*-.16*	*-1.62*	*-.40*	*1.72*	*2.27*	*2.78*
Total Equities	2.26	1.42	11.79	9.24	10.55	9.65
Large Cap Funds	3.37	2.70	14.61	11.39	13.29	12.10
Russell 1000 Index	*3.57*	*2.85*	*14.54*	*11.64*	*13.37*	*12.92*
Mid Cap Funds	2.73	2.23	12.16	8.68	10.93	10.32
Russell Midcap Index	*2.82*	*2.35*	*12.33*	*9.58*	*12.22*	*12.04*
Small Cap Funds	7.60	7.77	18.82	12.12	13.90	13.24
Russell 2000 Index	*7.75*	*7.66*	*17.57*	*10.96*	*12.46*	*12.08*
International Equities	-2.09	-2.37	7.76	6.53	7.28	5.58
MSCI AC World Index	*.53*	*-.43*	*10.73*	*8.19*	*9.41*	*7.93*
MSCI EAFE Index	*-1.24*	*-2.75*	*6.84*	*4.90*	*6.44*	*4.96*
MSCI EM Free Index	*-7.96*	*-6.66*	*8.20*	*5.60*	*5.01*	*1.84*
REIT Funds	8.90	-.45	1.80	7.67	8.01	8.79
Wilshire REIT Index	*9.73*	*1.52*	*3.88*	*7.84*	*8.42*	*9.57*
Alternatives	-4.54	-5.55	-2.10	-1.08	.70	
Dynamic Alternatives Index	*-.56*	*-1.55*	*1.33*	*.75*	*1.48*	*-.12*
Total Managed Portfolio	.69	-.32	5.82	5.46	6.34	6.17
Total Account Net of Fees	.67	-.35	5.74	5.37	6.23	6.06
County of Contra Costa	*1.62*	*.38*	*6.16*	*5.71*	*6.69*	*6.65*

Inception Date: 02/01/2011

* Benchmark from February 1, 2011 to June 30, 2013: 18% Russell 1000 Index, 6% Russell Midcap Index, 8% Russell 2000 Index, 8% MSCI ACWI Index, 10% MSCI EAFE Index, 45% Barclays Aggregate Index, 4% DJ Wilshire REIT Index, 1% Citigroup 3 Month T-Bill Index. From July 1, 2013 to June 30, 2015: 17% Russell 1000 Index, 6% Russell Midcap Index, 8% Russell 2000 Index, 7% MSCI AC World US Index, 9% MSCI EAFE Index, 38% Barclays Aggregate Index, 4% DJ Wilshire REIT Index, 10% HFRI FOF Market Defensive Index, 1% Citigroup 3 Month T-Bill Index. From July 1, 2015: 17% Russell 1000 Index, 6% Russell Midcap Index, 8% Russell 2000 Index, 7% MSCI AC World Index, 9% MSCI EAFE Index, 38% Barclays Aggregate Index, 4% DJ Wilshire REIT Index, 10% Wilshire Liquid Alternative Index, 1% Citigroup 3 Month T-Bill Index

** Dynamic Alternatives Index represents the HFRI FOF Market Defensive Index from 07/01/2013 until 06/30/2015, and then the Wilshire Liquid Alternatives Index from 07/01/2015 forwards.

COUNTY OF CONTRA COSTA

For Period Ending June 30, 2018

Fund Name	Inception	3-Month Return	Rank	YTD Return	Rank	1-Year Return	Rank	3-Year Return	Rank	5-Year Return	Rank
LARGE CAP EQUITY FUNDS											
Columbia Contrarian Core Inst	(7/13)	1.74	78	-0.73	88	8.94	88	9.49	66	12.48	42
T. Rowe Price Growth Stock I		5.91	34	10.00	28	23.10	34	15.70	13	17.73	11
Harbor Capital Appreciation Retirement		6.36	27	10.99	21	29.31	7	15.34	17	18.17	7
Dodge & Cox Stock	(10/14)	2.76	16	0.96	14	11.85	19	10.95	9	12.81	2
Vanguard Growth & Income Adm	(12/16)	3.60	21	2.88	21	15.15	16	11.88	13	13.57	8
iShares Russell 1000 ETF	(3/15)	--	--	--	--	--	--	--	--	--	--
Russell 1000 TR USD		**3.57**	**--**	**2.85**	**--**	**14.54**	**--**	**11.64**	**--**	**13.37**	**--**
MID CAP EQUITY FUNDS											
iShares Russell Mid-Cap ETF	(3/15)	2.78	50	2.26	44	12.15	46	9.39	38	12.03	29
Russell Mid Cap TR USD		**2.82**	**--**	**2.35**	**--**	**12.33**	**--**	**9.58**	**--**	**12.22**	**--**
SMALL CAP EQUITY FUNDS											
Undiscovered Managers Behavioral Val L	(9/16)	7.02	43	3.60	51	14.31	27	11.43	19	12.88	8
Russell 2000 Value TR USD		**8.30**	**--**	**5.44**	**--**	**13.10**	**--**	**11.22**	**--**	**11.18**	**--**
T. Rowe Price New Horizons I		8.28	50	15.07	20	28.51	20	16.63	7	17.65	4
Russell 2000 Growth TR USD		**7.23**	**--**	**9.70**	**--**	**21.86**	**--**	**10.60**	**--**	**13.65**	**--**
iShares Russell 2000 ETF	(3/15)	7.74	28	7.65	22	17.56	24	11.00	26	12.50	24
INTERNATIONAL EQUITY FUNDS											
Dodge & Cox International Stock		-5.12	96	-7.15	99	0.50	98	2.06	93	5.78	62
Nationwide Bailard Intl Eqs R6		-5.95	99	-5.95	95	3.24	89	2.91	85	6.33	40
MFS® International Growth R6		2.37	8	1.15	23	12.33	30	9.43	12	8.27	30
MFS® Global Equity R6	(3/15)	0.05	64	-1.95	75	5.19	84	7.81	49	9.44	47
iShares MSCI EAFE ETF	(3/15)	-1.01	20	-2.71	41	6.77	41	4.85	45	6.34	40
iShares MSCI ACWI ETF	(3/15)	0.73	45	-0.27	48	11.15	40	8.51	37	9.69	43
American Funds New Perspective R6	(3/15)	2.38	14	4.63	12	15.53	14	11.39	12	12.23	10
MSCI EAFE NR USD		**-1.24**	**--**	**-2.75**	**--**	**6.84**	**--**	**4.90**	**--**	**6.44**	**--**
MSCI ACWI NR USD		**0.53**	**--**	**-0.43**	**--**	**10.73**	**--**	**8.19**	**--**	**9.41**	**--**
Hartford Schroders Emerging Mkts Eq Y	(11/12)	-8.38	36	-6.07	30	9.85	20	7.51	13	5.91	18
MSCI EM Free		**-7.96**	**--**	**-6.66**	**--**	**8.20**	**--**	**5.60**	**--**	**5.01**	**--**

Data Source: Morningstar, SEI Investments

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COUNTY OF CONTRA COSTA

For Period Ending June 30, 2018

Fund Name	Inception	3-Month Return	Rank	YTD Return	Rank	1-Year Return	Rank	3-Year Return	Rank	5-Year Return	Rank
REIT EQUITY FUNDS											
Vanguard Real Estate ETF	(6/17)	8.83	30	-0.01	71	2.29	72	7.53	42	7.91	49
Wilshire REIT Index		**9.73**	**--**	**1.52**	**--**	**3.88**	**--**	**7.84**	**--**	**8.42**	**--**
BOND FUNDS											
Core Fixed Income Portfolio		-0.10	27	-1.41	30	-0.28	38	1.94	32	2.40	39
PIMCO Total Return Instl		-0.44	76	-1.71	54	-0.12	32	2.10	28	2.49	34
PGIM Total Return Bond R6	(5/16)	-0.53	84	-1.88	69	0.59	10	3.15	3	3.75	2
BBgBarc US Agg Bond TR USD		**-0.16**	**--**	**-1.62**	**--**	**-0.40**	**--**	**1.72**	**--**	**2.27**	**--**
ALTERNATIVE FUNDS											
AQR Equity Market Neutral I	(2/16)	-8.50	100	-8.57	98	-4.27	94	4.89	3	--	--
AQR Managed Futures Strategy I		-2.57	72	-5.63	60	-1.02	75	-4.28	79	0.26	64
Eaton Vance Glbl Macr Absolute Return I	(7/13)	-1.79	84	-1.38	79	0.21	71	2.49	51	2.40	43
Idx: Dynamic Alternatives		**-0.56**	**--**	**-1.55**	**--**	**1.33**	**--**	**0.75**	**--**	**1.48**	**--**

Data Source: Morningstar, SEI Investments

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COUNTY OF CONTRA COSTA

For Period Ending December 31, 2017

Fund Name	Inception	2017 Return	Rank	2016 Return	Rank	2015 Return	Rank	2014 Return	Rank	2013 Return	Rank	2012 Return	Rank
LARGE CAP EQUITY FUNDS													
Columbia Contrarian Core Inst	(7/13)	21.70	32	8.64	74	3.02	9	12.92	31	35.73	17	18.67	10
T. Rowe Price Growth Stock I (PRUFX)		33.84	15	1.58	63	10.93	--	8.83	--	39.20	--	18.92	--
Harbor Capital Appreciation Retirement (HNACX)		36.68	5	-1.04	--	10.99	--	9.93	--	37.66	--	15.69	--
Dodge & Cox Stock	(10/14)	18.33	24	21.28	6	-4.49	62	10.40	54	40.55	2	22.01	2
Vanguard Growth & Income Adm	(12/16)	20.80	54	12.12	24	2.03	16	14.16	13	32.74	37	17.05	19
iShares Russell 1000 ETF	(3/15)	21.53	37	11.91	27	0.82	30	13.08	28	32.93	35	16.27	29
Russell 1000 TR USD		**21.69**	**--**	**12.05**	**--**	**0.92**	**--**	**13.24**	**--**	**33.11**	**--**	**16.42**	**--**
MID CAP EQUITY FUNDS													
iShares Russell Mid-Cap ETF	(3/15)	18.32	27	13.58	61	-2.57	30	13.03	8	34.50	46	17.13	43
Russell Mid Cap TR USD		18.52	--	13.80	--	-2.44	--	13.22	--	34.76	--	17.28	--
SMALL CAP EQUITY FUNDS													
Undiscovered Managers Behavioral Val L	(9/16)	13.43	11	20.84	81	3.43	1	5.70	26	37.64	38	23.55	4
Russell 2000 Value TR USD		**7.84**	**--**	**31.74**	**--**	**-7.47**	**--**	**4.22**	**--**	**34.52**	**--**	**18.05**	**--**
T. Rowe Price New Horizons I (PRJIX)		31.67	9	7.95	69	4.54	--	6.10	--	49.11	--	16.20	--
Russell 2000 Growth TR USD		**22.17**	**--**	**11.32**	**--**	**-1.38**	**--**	**5.60**	**--**	**43.30**	**--**	**14.59**	**--**
iShares Russell 2000 ETF	(3/15)	14.66	24	21.36	43	-4.33	44	4.94	44	38.85	35	16.39	34
INTERNATIONAL EQUITY FUNDS													
Dodge & Cox International Stock		23.94	72	8.26	2	-11.35	98	0.08	9	26.31	8	21.03	16
Nationwide Bailard Intl Eqs R6 (NWHMX)		24.68	62	-2.13	83	0.93	23	-1.90	15	21.84	--	21.07	--
MFS® International Growth R6 (MGRDX)		32.58	31	2.79	6	0.40	52	-5.01	57	13.94	78	19.77	29
MFS® Global Equity R6	(3/15)	24.04	41	7.43	27	-1.34	48	4.08	33	27.93	34	23.14	--
iShares MSCI EAFE ETF	(3/15)	24.94	58	0.96	47	-0.90	46	-5.04	46	22.62	18	17.22	66
iShares MSCI ACWI ETF	(3/15)	**24.35**	**39**	**8.22**	**21**	**-2.39**	**62**	**4.64**	**28**	**22.91**	**63**	**15.99**	**51**
American Funds New Perspective Fund® Class R-6	(3/15)	29.30	16	2.19	77	5.63	6	3.56	40	27.23	38	21.19	14
MSCI EAFE NR USD		**25.03**	**--**	**1.00**	**--**	**-0.81**	**--**	**-4.90**	**--**	**22.78**	**--**	**17.32**	**--**
MSCI ACWI NR USD		**23.97**	**--**	**7.86**	**--**	**-2.36**	**--**	**4.16**	**--**	**22.80**	**--**	**16.13**	**--**
Hartford Schroders Emerging Mkts Eq Y (HHHYX)	(11/12)	41.10	18	10.53	--	-12.68	--	-4.61	--	-2.28	--	21.73	--
MSCI EM Free Index		**37.28**	**--**	**11.19**	**--**	**-14.92**	**--**	**-2.19**	**--**	**-2.60**	**--**	**18.22**	**--**

Data Source: Morningstar, SEI Investments

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COUNTY OF CONTRA COSTA

For Period Ending December 31, 2017

		2017		2016		2015		2014		2013		2012	
Fund Name	**Inception**	**Return**	**Rank**	**Return**	**Rank**	**Return**	**Rank**	**Return**	**Rank**	**Return**	**Rank**	**Return**	**Rank**
REIT EQUITY FUNDS													
Vanguard REIT ETF	(6/17)	4.95	57	8.53	17	2.37	65	30.29	33	2.42	27	17.67	30
Wilshire REIT Index		**4.18**	**--**	**7.24**	**--**	**4.23**	**--**	**31.78**	**--**	**1.86**	**--**	**17.59**	**--**
BOND FUNDS													
Core Fixed Income Portfolio		3.49	59	3.63	37	0.78	14	4.74	70	-1.40	41	5.42	69
PIMCO Total Return Instl		5.13	10	2.60	63	0.73	15	4.69	71	-1.92	60	10.36	12
Prudential Total Return Bond Q	(5/16)	6.71	2	4.83	13	0.09	44	7.25	5	-0.91	28	9.96	14
BBgBarc US Agg Bond TR USD		**3.54**	**--**	**2.65**	**--**	**0.55**	**--**	**5.97**	**--**	**-2.02**	**--**	**4.21**	**--**
Eaton Vance Floating-Rate & Hi Inc Inst	(12/16)	4.63	9	11.55	15	-1.50	57	0.90	33	5.23	50	9.51	38
ALTERNATIVE FUNDS													
AQR Managed Futures Strategy I	(7/13)	-0.97	74	-8.43	81	2.00	31	9.69	40	9.40	6	2.99	5
AQR Equity Market Neutral I	(2/16)	5.84	24	5.85	18	17.60	1	--	--	--	--	--	--
Eaton Vance Glbl Macr Absolute Return I	(7/13)	4.29	47	4.00	61	2.63	7	3.03	18	-0.24	58	4.11	79
Dynamic Alternatives Index		**5.07**	**--**	**2.29**	**--**	**-5.19**	**--**	**6.39**	**--**	**0.54**	**--**	**-1.67**	**--**

Data Source: Morningstar, SEI Investments

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