CONTACTS

Mitch Barker
Executive Vice President
(800) 540-6369 x116
mbarker@pars.org

Rachael Sanders, CEBS
Senior Manager, Consulting
(800) 540-6369 x121
rsanders@pars.org

Andrew Brown, CFA
Director, Senior Portfolio Manager
(415) 705-7605
andrew.brown@highmarkcapital.com
# PARS TRUST TEAM

## Trust Administrator & Consultant

<table>
<thead>
<tr>
<th>Years of Experience (1984-2018)</th>
<th>Plans under Administration</th>
<th>Public Agency Clients</th>
<th>Plan Participants</th>
<th>Assets under Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>34</td>
<td>1,400+</td>
<td>900+</td>
<td>500K+</td>
<td>$4.0B</td>
</tr>
</tbody>
</table>

- Recordkeeping
- Sub-trust accounting
- Monitors plan compliance
- Processes contributions/disbursements
- Hands-on, dedicated support teams
- Coordinates all agency services

## Trustee

- 5th largest commercial bank and one of the nation’s largest trustees for Section 115 trusts.
- Safeguard plan assets,
- Oversight protection as plan fiduciary
- Custodian of assets

<table>
<thead>
<tr>
<th>Years of Experience (1863-2018)</th>
<th>Assets under Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>155</td>
<td>$5.0T</td>
</tr>
</tbody>
</table>

- 5th largest commercial bank and one of the nation’s largest trustees for Section 115 trusts.
- Safeguard plan assets,
- Oversight protection as plan fiduciary
- Custodian of assets

## Investment Manager

- Investment sub-advisor to trustee U.S. Bank
- Investment policy assistance
- Uses open architecture
- Active and passive platform options
- Customized portfolios (with minimum asset level)

<table>
<thead>
<tr>
<th>Years of Experience (1919-2018)</th>
<th>Assets under Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>99</td>
<td>$16.4B</td>
</tr>
</tbody>
</table>
OPEB (GASB 75)
Retiree Medical Benefits

Subaccounts
OPEB and pension assets are individually sub-accounted, and can be divided by dept., bargaining group, or cost center.

Anytime Access
Trust funds are available anytime; OPEB for OPEB and pension for pension.

Financial Stability
Assets in the PARS Section 115 Combination Trust can be used to address unfunded liabilities.

Economies-of-Scale
OPEB and pension assets aggregate and reach lower fees on tiered schedule sooner - saving money!

Flexible
Allows separate investment strategies for OPEB and pension subaccounts.

PRSP (GASB 68)
Pension Rate Stabilization Program

Reimburse agency or Pay provider

No Set Up Cost or Minimums
No set-up costs, no minimum annual contribution amounts, and no fees until assets are added.
### SUMMARY OF AGENCY’S OPEB PLAN

<table>
<thead>
<tr>
<th><strong>Plan Type:</strong></th>
<th>IRC Section 115 Irrevocable Exclusive Benefit Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trustee Approach:</strong></td>
<td>Discretionary</td>
</tr>
<tr>
<td><strong>Plan Effective Date:</strong></td>
<td>January 1, 2011</td>
</tr>
<tr>
<td><strong>Plan Administrator:</strong></td>
<td>County Treasurer/Tax Collector</td>
</tr>
<tr>
<td><strong>Current Investment Strategy:</strong></td>
<td>Custom Strategy; Individual Account</td>
</tr>
</tbody>
</table>

**AS OF JANUARY 31, 2018:**

<table>
<thead>
<tr>
<th><strong>Initial Contribution:</strong></th>
<th>January 2011: $51,070,366</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Additional Contributions:</strong></td>
<td>$141,959,372</td>
</tr>
<tr>
<td><strong>Total Contributions:</strong></td>
<td>$193,029,738</td>
</tr>
<tr>
<td><strong>Disbursements:</strong></td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Investment Earnings:</strong></td>
<td>$74,666,103</td>
</tr>
<tr>
<td><strong>Account Balance:</strong></td>
<td>$265,584,258</td>
</tr>
</tbody>
</table>
SUMMARY OF AGENCY’S OPEB PLAN

CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF JANUARY 31, 2018:

<table>
<thead>
<tr>
<th>Year</th>
<th>Contributions</th>
<th>Disbursements</th>
<th>Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-11*</td>
<td>$61,698,777</td>
<td>$0</td>
<td>$62,297,373</td>
</tr>
<tr>
<td>Jun-12</td>
<td>$20,606,199</td>
<td>$0</td>
<td>$85,491,338</td>
</tr>
<tr>
<td>Jun-13</td>
<td>$20,596,635</td>
<td>$0</td>
<td>$114,599,118</td>
</tr>
<tr>
<td>Jun-14</td>
<td>$19,373,129</td>
<td>$0</td>
<td>$149,031,810</td>
</tr>
<tr>
<td>Jun-15</td>
<td>$20,039,999</td>
<td>$0</td>
<td>$173,307,950</td>
</tr>
<tr>
<td>Jun-16</td>
<td>$20,139,999</td>
<td>$0</td>
<td>$195,976,424</td>
</tr>
<tr>
<td>Jun-17</td>
<td>$20,535,000</td>
<td>$0</td>
<td>$235,215,781</td>
</tr>
<tr>
<td>Jun-18**</td>
<td>$10,040,000</td>
<td>$0</td>
<td>$265,584,258</td>
</tr>
</tbody>
</table>

*Plan Year Ending June 2011 is based on 6 months of activity.
**Plan Year Ending June 2018 is based on 7 months of activity.
OPEB ACTUARIAL RESULTS

- We have received the actuarial report by Milliman, Inc. dated October 18, 2016 with a valuation date as of January 1, 2016. In the table below, we have summarized the results.

<table>
<thead>
<tr>
<th>Demographic Study</th>
<th>Valuation Date: January 1, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actives</td>
<td>8,645</td>
</tr>
<tr>
<td>Retirees</td>
<td>6,396</td>
</tr>
<tr>
<td>Total</td>
<td>15,041</td>
</tr>
<tr>
<td>Average Active Age</td>
<td>45.25</td>
</tr>
<tr>
<td>Average Active Agency Service</td>
<td>10.04</td>
</tr>
</tbody>
</table>
# OPEB ACTUARIAL RESULTS

<table>
<thead>
<tr>
<th></th>
<th>Valuation Date: January 1, 2016 Discount Rate: 5.70%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Accrued Liability (AAL)</td>
<td>$939,053,000</td>
</tr>
<tr>
<td>Actuarial Value of Assets</td>
<td>$174,724,000</td>
</tr>
<tr>
<td>Unfunded AAL</td>
<td>$764,329,000</td>
</tr>
<tr>
<td>Funded Ratio (%)</td>
<td>18.6%</td>
</tr>
<tr>
<td>Normal Cost</td>
<td>$29,032,000</td>
</tr>
<tr>
<td>Annual Benefit Payments (Pay-as-you-Go)</td>
<td>$56,044,000</td>
</tr>
</tbody>
</table>

**Rule of thumb:** For every one percent increase in the discount rate, the unfunded liability is lowered by 10-12%.
<table>
<thead>
<tr>
<th></th>
<th>Administrative Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Future contributions</td>
</tr>
<tr>
<td>2</td>
<td>Future disbursement requests/options</td>
</tr>
</tbody>
</table>
| 3 | Agency’s future actuarial valuation for GASB 45/75 compliance  
   Next valuation due: January 2018 |
| 4 | GASB 75 updates – effective for fiscal years beginning after June 15, 2017 |
| 5 | Investment Guidelines Document – Signed |
| 6 | Client funding policy |
| 7 | Pension Rate Stabilization Program (PRSP) |
| 8 | Client Feedback |
| 9 | GASB 74/75 Compliance |
| 10 | Employer Website – Now Available |
GASB 74/75 REPORTING

• To assist our public agency clients with GASB 74/75, PARS will be providing the following:
  
  — An individual trust statement of each agency’s plan assets that shows a reconciliation of assets held at the beginning of the fiscal year through the end of the fiscal year, breaking out the appropriate plan contributions, benefit payments, expenses, and investment earnings
  
  — Year-end audited financial statements of the Trust as a whole including Schedule of Changes in Fiduciary Net Position by Employer completed by White Nelson Diehl Evans that is intended to be compliant with GASB 74/75 requirements.
  
  — Supporting SOC 1-Type 2 report on the controls over the calculation and allocation of additions and deductions to employer accounts within the Trust
  
  — Investment allocation data and information on investment policies including target asset allocations and allowable asset class allocation ranges

• PARS Auditors have determined that participating plans should be considered an agent multiple-employer defined benefit OPEB plan (agent OPEB plan) as defined under GASB
WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution
HighMark® Capital Management, Inc.’s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence
Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark’s active asset allocation approach.

Risk Management
The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE
To provide a consistent level of inflation-protected income over the long-term. The major portion of the assets will be fixed income related. Equity securities are utilized to provide inflation protection.

ASSET ALLOCATION — CONSERVATIVE PORTFOLIO

<table>
<thead>
<tr>
<th>Strategic Range</th>
<th>Policy</th>
<th>Tactical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>5 – 20%</td>
<td>15%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>60 – 95%</td>
<td>80%</td>
</tr>
<tr>
<td>Cash</td>
<td>0 – 20%</td>
<td>5%</td>
</tr>
</tbody>
</table>

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

<table>
<thead>
<tr>
<th>Year</th>
<th>HighMark Plus (Active)</th>
<th>Index Plus (Passive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>-9.04%</td>
<td>-6.70%</td>
</tr>
<tr>
<td>2009</td>
<td>15.59%</td>
<td>10.49%</td>
</tr>
<tr>
<td>2010</td>
<td>8.68%</td>
<td>7.67%</td>
</tr>
<tr>
<td>2011</td>
<td>2.19%</td>
<td>3.70%</td>
</tr>
<tr>
<td>2012</td>
<td>8.45%</td>
<td>6.22%</td>
</tr>
<tr>
<td>2013</td>
<td>3.69%</td>
<td>3.40%</td>
</tr>
<tr>
<td>2014</td>
<td>3.88%</td>
<td>4.32%</td>
</tr>
<tr>
<td>2015</td>
<td>0.29%</td>
<td>0.06%</td>
</tr>
<tr>
<td>2016</td>
<td>4.18%</td>
<td>3.75%</td>
</tr>
<tr>
<td>2017</td>
<td>6.73%</td>
<td>5.52%</td>
</tr>
</tbody>
</table>

PORTFOLIO FACTS

<table>
<thead>
<tr>
<th>HighMark Plus (Active)</th>
<th>Index Plus (Passive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inception Data</td>
<td>07/2004</td>
</tr>
<tr>
<td>No of Funds in Portfolio</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>07/2004</td>
</tr>
<tr>
<td>No of Funds in Portfolio</td>
<td>13</td>
</tr>
</tbody>
</table>
The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of December 31, 2017, stock security. PARS Conservative active and passive objectives and do not have equity concentration of 25% or more in one common stock. The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% Blend benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced account. Fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

**ABOUT THE PORTFOLIO MANAGEMENT TEAM**

- **Andrew Brown, CFA®**
  - Senior Portfolio Manager
  - Investment Experience: since 1994
  - HighMark Tenure: since 1997
  - Education: MBA, University of Southern California; BA, University of Southern California

- **Salvatore “Tory” Milazzo III, CFA®**
  - Senior Portfolio Manager
  - Investment Experience: since 2004
  - HighMark Tenure: since 2014
  - Education: BA, Colgate University

- **J. Keith Stribling, CFA®**
  - Senior Portfolio Manager
  - Investment Experience: since 1987
  - HighMark Tenure: since 1985
  - Education: BA, International Christian University, Tokyo

- **Anne Wimmer, CFA®**
  - Senior Portfolio Manager
  - Investment Experience: since 1987
  - HighMark Tenure: since 2010
  - Education: BA, International Christian University, Tokyo

- **Christiane Tsuda**
  - Senior Portfolio Manager
  - Investment Experience: since 1985
  - HighMark Tenure: since 1995
  - Education: BA, University of California, Santa Barbara

- **Randy Yurchak, CFA®**
  - Senior Portfolio Manager
  - Investment Experience: since 1987
  - HighMark Tenure: since 2007
  - Education: BA, University of California, Santa Barbara

- **Manager Review Group**
  - Number of Members: 7
  - Average Years of Experience: 26
  - Average Tenure (Years): 7
INVESTMENT OBJECTIVE
To provide current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.

ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO

WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution
HighMark® Capital Management, Inc.’s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

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In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark’s active asset allocation approach.

Risk Management
The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

Efficient Frontier

Capital Appreciation

Conservative

Moderate

Balanced

Moderately Conservative

Risk (Standard Deviation)

Reward (Rate of Return)

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

ANNUAL RETURNS

PORTFOLIO FACTS

HighMark Plus (Active) 08/2004

Index Plus (Passive) 05/2005

08/2004

11.92%

2009 11.92%

2010 9.72%

2011 3.24%

2012 8.24%

2013 6.78%

2014 5.40%

2015 -0.18%

2016 5.42%

2017 8.08%

Index Plus (Passive)

2008 -12.40%

2009 11.92%

2010 9.72%

2011 3.24%

2012 8.24%

2013 6.78%

2014 5.40%

2015 -0.18%

2016 5.42%

2017 8.08%

PORTFOLIO FACTS

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2016 5.42%

2017 8.08%
The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of December 31, 2017, PARS Moderately Conservative active and passive objectives and do not have equity concentration of 25% or more in one Composites are managed by HighMark’s HighMark Capital Advisors (HCA) with full investment authority according to the

The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria:
- A $10 million initial value would grow to $12.54 million after fees (Net-of-Fees) and $12.76 million before fees (Gross-of-Fees).
- Annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year,
- Additional information regarding the firm’s policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from $750,000 minimum to no minimum.
- Past performance does not guarantee future results. Individual account management and construction will vary depending on each client’s investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

HOLDINGS

HighMark Plus (Active)
- Columbia Contrarian Core Z
- Vanguard Growth & Income Adm
- Dodge & Cox Stock Fund
- Harbor Capital Appreciation
- T. Rowe Price Growth Stock
- iShares Russell Mid-Cap ETF
- Vanguard REIT ETF
- Undiscovered Managers Behavioral Value
- T. Rowe Price New Horizons
- Nationwide Bailard International Equities
- Dodge & Cox International Stock
- MFS International Growth I
- Hartford Schroders Emerging Markets Eq
- Vanguard Short-Term Invest-Grade Adm
- PIMCO Total Return
- Prudential Total Return
- Nationwide Loomis Bond
- Eaton Vance Floating Rate & High Income
- First American Government Obligations Z

Index Plus (Passive)
- iShares Core S&P 500 ETF
- iShares S&P 500/Value
- iShares S&P 500/Growth
- iShares Russell Mid-Cap ETF
- Vanguard FTSE Emerging Markets ETF
- Vanguard Short-Term Invest-Grade Adm
- iShares Core U.S. Aggregate
- PowerShares Senior Loan
- First American Government Obligations Z

Holdings are subject to change at the discretion of the investment manager.

STYLE

The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria:
- Composites are managed by HighMark’s HighMark Capital Advisors (HCA) with full investment authority according to the
- The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios.
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ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than $14.0 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California;
BA, University of Southern California

Salvatore “Tory” Milazzo III, CFA®
Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA®
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 1985
Education: BA, Stetson University

Christiane Teuda
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Randy Yurchak, CFA®
Senior Portfolio Manager
Investment Experience: since 2002
HighMark Tenure: since 2017
Education: MBA, Arizona State University;
BS, University of Washington

Asset Allocation Committee
Number of Members: 16
Average Years of Experience: 26
Average Tenure (Years): 13

Manager Review Group
Number of Members: 7
Average Years of Experience: 20
Average Tenure (Years): 7
**INVESTMENT OBJECTIVE**
To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.

**ASSET ALLOCATION — MODERATE PORTFOLIO**

<table>
<thead>
<tr>
<th>Strategic Range</th>
<th>Policy</th>
<th>Tactical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>40 - 60%</td>
<td>50%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>40 - 60%</td>
<td>45%</td>
</tr>
<tr>
<td>Cash</td>
<td>0 - 20%</td>
<td>5%</td>
</tr>
</tbody>
</table>

**ANNUALIZED TOTAL RETURNS** (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

<table>
<thead>
<tr>
<th>Year To Date</th>
<th>Blended Benchmark**</th>
</tr>
</thead>
<tbody>
<tr>
<td>HighMark Plus (Active)</td>
<td>Current Quarter* 2.97%</td>
</tr>
<tr>
<td></td>
<td>Blended Benchmark** 2.95%</td>
</tr>
<tr>
<td></td>
<td>Year To Date 13.19%</td>
</tr>
<tr>
<td></td>
<td>Blended Benchmark 11.65%</td>
</tr>
<tr>
<td></td>
<td>1 Year 13.19%</td>
</tr>
<tr>
<td></td>
<td>Blended Benchmark 11.65%</td>
</tr>
<tr>
<td></td>
<td>3 Year 6.46%</td>
</tr>
<tr>
<td></td>
<td>Blended Benchmark 6.20%</td>
</tr>
<tr>
<td></td>
<td>5 Year 7.42%</td>
</tr>
<tr>
<td></td>
<td>Blended Benchmark 7.69%</td>
</tr>
<tr>
<td></td>
<td>10 Year 5.45%</td>
</tr>
<tr>
<td></td>
<td>Blended Benchmark 5.56%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year To Date</th>
<th>Blended Benchmark**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index Plus (Passive)</td>
<td>Current Quarter* 2.86%</td>
</tr>
<tr>
<td></td>
<td>Blended Benchmark** 2.95%</td>
</tr>
<tr>
<td></td>
<td>Year To Date 11.59%</td>
</tr>
<tr>
<td></td>
<td>Blended Benchmark 11.65%</td>
</tr>
<tr>
<td></td>
<td>1 Year 11.59%</td>
</tr>
<tr>
<td></td>
<td>Blended Benchmark 11.65%</td>
</tr>
<tr>
<td></td>
<td>3 Year 5.98%</td>
</tr>
<tr>
<td></td>
<td>Blended Benchmark 6.20%</td>
</tr>
<tr>
<td></td>
<td>5 Year 7.26%</td>
</tr>
<tr>
<td></td>
<td>Blended Benchmark 7.69%</td>
</tr>
<tr>
<td></td>
<td>10 Year 5.51%</td>
</tr>
<tr>
<td></td>
<td>Blended Benchmark 5.56%</td>
</tr>
</tbody>
</table>

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM FREE, 6% MSCI EAFE, 33.50% BC US Agg, 10% ML 1-3 Yr US Corp/Gov, 1.50% US High Yield Master II, 1.75% Wilshire REIT, and 5% Cit 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 43% S&P 500, 2% Russell 2000, 5% MSCI EAFE, 19% ML 1-3 Yr Corp/Indv, 30% BC Agg, 5% Cit 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 50% S&P 500, 15% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Cit 1 Mth T-Bill.

**PORTFOLIO FACTS**

<table>
<thead>
<tr>
<th>HighMark Plus (Active)</th>
<th>Index Plus (Passive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inception Data</td>
<td>2004</td>
</tr>
<tr>
<td>No of Funds in Portfolio</td>
<td>19</td>
</tr>
<tr>
<td>Inception Data</td>
<td>2006</td>
</tr>
<tr>
<td>No of Funds in Portfolio</td>
<td>13</td>
</tr>
</tbody>
</table>
US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of December 31, 2017, security.

PARS Moderate active and passive objectives and do not have equity concentration of 25% or more in one common stock

Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the

a 10 million initial value would grow to $12.54 million after fees (Net -of-Fees) and $12.76 million before fees (Gross-of-Fees).

be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5%

the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub- advised by HighMark

the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small -cap

measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of

Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to

adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and

is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-

monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced

The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark’s HighMark Capital Advisors (HCA) with full investment authority according to the

HOLDINGS

Index Plus (Passive)

HighMark Plus (Active)

Columbia Contrarian Core Z
Vanguard Growth & Income Adm
Dodge & Cox Stock Fund
Harbor Capital Appreciation
T. Rowe Price Growth Stock
iShares Russell Mid-Cap ETF
Vanguard REIT ETF
Undiscovered Managers Behavioral Value
T. Rowe Price New Horizons
Nationwide Ballard International Equities
Dodge & Cox International Stock
MFS International Growth I
Hartford Schroders Emerging Markets Eq
Vanguard Short-Term Invest-Grade Adm
PIMCO Total Return
Prudential Total Return
Nationwide Loomis Bond
Eaton Vance Floating Rate & High Income
First American Government Obligations Z

STYLE

The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark’s HighMark Capital Advisors (HCA) with full investment authority according to the

PARS Moderate active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-advisor to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of December 31, 2017, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return assuming an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a $10 million initial value would grow to $12.54 million after fees (Net-of-Fees) and $12.76 million before fees (Gross-of-Fees).

Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from $750,000 minimum to no minimum.

Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark’s strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit large companies, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-advisor for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client’s investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than $14.0 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Salvatore “Tory” Milazzo III, CFA®
Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA®
Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®
Senior Portfolio Manager
Investment Experience: since 2002
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Randy Yurchak, CFA®
Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2017
Education: MBA, Arizona State University; BS, University of Washington

Asset Allocation Committee
Number of Members: 16
Average Years of Experience: 26
Average Tenure (Years): 13

Manager Review Group
Number of Members: 7
Average Years of Experience: 20
Average Tenure (Years): 7
WHY THE PARS DIVERSIFIED BALANCED PORTFOLIO?

Comprehensive Investment Solution
HighMark® Capital Management, Inc.’s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence
Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark’s active asset allocation approach.

Risk Management
The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE
To provide growth of principal and income. While dividend and interest income are an important component of the objective’s total return, it is expected that capital appreciation will comprise a larger portion of the total return.

ASSET ALLOCATION — BALANCED PORTFOLIO

<table>
<thead>
<tr>
<th>Strategic Range</th>
<th>Policy</th>
<th>Tactical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>50 – 70%</td>
<td>60%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>30 – 50%</td>
<td>35%</td>
</tr>
<tr>
<td>Cash</td>
<td>0 – 20%</td>
<td>5%</td>
</tr>
</tbody>
</table>

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

<table>
<thead>
<tr>
<th></th>
<th>HighMark Plus (Active)</th>
<th>Index Plus (Passive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Quarter*</td>
<td>3.49%</td>
<td>3.37%</td>
</tr>
<tr>
<td>Blended Benchmark**</td>
<td>3.51%</td>
<td>3.51%</td>
</tr>
<tr>
<td>Year To Date</td>
<td>15.46%</td>
<td>13.39%</td>
</tr>
<tr>
<td>Blended Benchmark</td>
<td>13.54%</td>
<td>13.54%</td>
</tr>
<tr>
<td>1 Year</td>
<td>15.46%</td>
<td>13.39%</td>
</tr>
<tr>
<td>Blended Benchmark</td>
<td>13.54%</td>
<td>13.54%</td>
</tr>
<tr>
<td>3 Year</td>
<td>7.25%</td>
<td>6.78%</td>
</tr>
<tr>
<td>Blended Benchmark</td>
<td>7.06%</td>
<td>7.06%</td>
</tr>
<tr>
<td>5 Year</td>
<td>8.54%</td>
<td>8.35%</td>
</tr>
<tr>
<td>Blended Benchmark</td>
<td>8.89%</td>
<td>8.89%</td>
</tr>
<tr>
<td>10 Year</td>
<td>5.74%</td>
<td>5.63%</td>
</tr>
<tr>
<td>Blended Benchmark</td>
<td>6.06%</td>
<td>6.06%</td>
</tr>
</tbody>
</table>

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 32% S&P500, 6% Russell Mid Cap, 5% Russell 2000, 4% MSCI EM FREE, 7% MSCI EAFE, 27% BC US Agg, 6.75% ML 1-3 Yr US Corp/Govt, 1.25% ML High Yield Master II, 2% Wilshire REIT, and 5% Cit 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 51% S&P 500, 5% ML 1-3Yr Corp/Govt, 3% Russell 2000, 6% MSCI EAFE, 5% ML 1-3 Year Corp/Govt, 30% BC Agg, 5% Cit 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 60% S&P 500, 5% ML 1-3Yr Corp/Govt, 30% BC Agg, and 5% Cit 1 Mth T-Bill.

ANNUAL RETURNS

<table>
<thead>
<tr>
<th></th>
<th>HighMark Plus (Active)</th>
<th>Index Plus (Passive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>-25.72%</td>
<td>-23.22%</td>
</tr>
<tr>
<td>2009</td>
<td>21.36%</td>
<td>17.62%</td>
</tr>
<tr>
<td>2010</td>
<td>14.11%</td>
<td>12.76%</td>
</tr>
<tr>
<td>2011</td>
<td>-0.46%</td>
<td>1.60%</td>
</tr>
<tr>
<td>2012</td>
<td>13.25%</td>
<td>11.93%</td>
</tr>
<tr>
<td>2013</td>
<td>16.61%</td>
<td>15.63%</td>
</tr>
<tr>
<td>2014</td>
<td>4.70%</td>
<td>6.08%</td>
</tr>
<tr>
<td>2015</td>
<td>0.04%</td>
<td>-0.81%</td>
</tr>
<tr>
<td>2016</td>
<td>6.82%</td>
<td>8.26%</td>
</tr>
<tr>
<td>2017</td>
<td>15.46%</td>
<td>13.39%</td>
</tr>
</tbody>
</table>

PORTFOLIO FACTS

<table>
<thead>
<tr>
<th></th>
<th>HighMark Plus (Active)</th>
<th>Index Plus (Passive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of Funds in Portfolio</td>
<td>19</td>
<td>13</td>
</tr>
</tbody>
</table>
The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The security.

The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria:

- Blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a $10 million initial value would grow to $12.54 million after fees (Net -of-Fees) and $12.76 million before fees (Gross-of-Fees).

- Additional information regarding the firm’s policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PAR5 Composite definition was changed from $750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

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INVESTMENT OBJECTIVE
The primary goal of the Capital Appreciation objective is growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.

ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO

<table>
<thead>
<tr>
<th>Strategic Range</th>
<th>Policy</th>
<th>Tactical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>65 - 85%</td>
<td>75%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>10 - 30%</td>
<td>20%</td>
</tr>
<tr>
<td>Cash</td>
<td>0 - 20%</td>
<td>5%</td>
</tr>
</tbody>
</table>

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Current Quarter*</th>
<th>Blended Benchmark**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>4.16%</td>
<td>4.34%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year To Date</td>
<td>16.72%</td>
<td>16.55%</td>
</tr>
<tr>
<td>1 Year</td>
<td>16.72%</td>
<td>16.55%</td>
</tr>
<tr>
<td>3 Year</td>
<td>8.20%</td>
<td>8.27%</td>
</tr>
<tr>
<td>5 Year</td>
<td>10.08%</td>
<td>10.56%</td>
</tr>
<tr>
<td>Inception to Date (108-Mos.)</td>
<td>10.90%</td>
<td>11.64%</td>
</tr>
<tr>
<td>Blended Benchmark</td>
<td>8.16%</td>
<td>11.64%</td>
</tr>
</tbody>
</table>

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 39.5% S&P500, 7.5% Russell Mid Cap, 10.5% Russell 2000, 5.25% MSCI EM FREE, 10.20% MSCI EAFE, 16% BC US Agg, 3% ML 1-3 Yr US Corp/Gov’t, 1% US High Yield Master II, 2% Wilshire REIT, and 5% Citib 1 Mth T-Bill.

ANNUAL RETURNS

<table>
<thead>
<tr>
<th>Year</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>N/A%</td>
</tr>
<tr>
<td>2009</td>
<td>23.77%</td>
</tr>
<tr>
<td>2010</td>
<td>12.95%</td>
</tr>
<tr>
<td>2011</td>
<td>-1.35%</td>
</tr>
<tr>
<td>2012</td>
<td>13.87%</td>
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<tr>
<td>2013</td>
<td>20.33%</td>
</tr>
<tr>
<td>2014</td>
<td>6.05%</td>
</tr>
<tr>
<td>2015</td>
<td>-0.27%</td>
</tr>
<tr>
<td>2016</td>
<td>8.81%</td>
</tr>
<tr>
<td>2017</td>
<td>16.72%</td>
</tr>
</tbody>
</table>

PORTFOLIO FACTS

<table>
<thead>
<tr>
<th>Portfolio Type</th>
<th>Inception Data</th>
<th>No of Funds in Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>HighMark Plus (Active)</td>
<td>01/2009</td>
<td>19</td>
</tr>
<tr>
<td>Index Plus (Passive)</td>
<td>N/A</td>
<td>13</td>
</tr>
</tbody>
</table>
The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. PARS Capital Appreciation active and passive objectives and do not have equity concentration of 25% or more in one asset class. Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the investment objective. The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: the initial account value of $1 million would grow to $1.254 million after fees (Net -of-Fees) and $1.276 million before fees (Gross-of-Fees). Annualized total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, which can be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark in consideration of the services rendered. HighMark's reported performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

Investment Manager Risk Management

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ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California;
BA, University of Southern California

Salvatore “Tory” Milazzo III, CFA®
Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA®
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 1995
Education: BA, Stetson University

Anne Wimmer, CFA®
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Randy Yurchak, CFA®
Senior Portfolio Manager
Investment Experience: since 2002
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

ABOUT THE ADVISER

HighMark Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than $14.0 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

Holdings are subject to change at the discretion of the investment manager.

The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark’s HighMark Capital Advisors (HCA) with full investment authority according to the investment objective. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custodial fees, or taxes. All reported performance results are net of fee and tax at market (excluding non-recurring realized capital gains or losses). Blended benchmarks represent HighMark’s strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell MidCap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The S&P 500 Index tracks the performance of large-cap U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.