

AGENDA  
IRVINE RANCH WATER DISTRICT  
POST-EMPLOYMENT BENEFITS TRUST RETIREMENT BOARD  
QUARTERLY MEETING  
TUESDAY, FEBRUARY 7, 2017

CALL TO ORDER    **12:00 p.m.**, Committee Room, Second Floor, District Office  
15600 Sand Canyon Avenue, Irvine, California

ATTENDANCE    Board Member: Peer Swan \_\_\_\_\_ Board Member: Doug Reinhart \_\_\_\_\_  
Board Member: Paul Cook \_\_\_\_\_

ALSO PRESENT    Cheryl Clary \_\_\_\_\_  
Rob Jacobson \_\_\_\_\_  
Tanja Fournier \_\_\_\_\_

---

**COMMUNICATIONS**

---

1. Meeting Minutes: Tanja Fournier
2. Public Comments
3. Determine the need to discuss and/or take action on item(s) introduced, which came to the attention of the District subsequent to the agenda being posted.
4. Determine which items may be approved without discussion.

---

**INFORMATION**

---

- |                                                                                                |  |
|------------------------------------------------------------------------------------------------|--|
| <p>5.    <u>IRWD POST RETIREMENT TRUST INVESTMENT REVIEW –<br/>FOURNIER/JACOBSON/CLARY</u></p> |  |
|------------------------------------------------------------------------------------------------|--|

Recommendation: Receive and file.

---

**ACTION**

---

- |                                                                                                     |  |
|-----------------------------------------------------------------------------------------------------|--|
| <p>6.    <u>MINUTES OF THE SPECIAL MEETING OF IRWD RETIREMENT BOARD –<br/>FOURNIER/JACOBSON</u></p> |  |
|-----------------------------------------------------------------------------------------------------|--|

Recommendation: That the minutes of the special meeting of the IRWD Retirement Board held November 1, 2016 be approved as presented.

---

**OTHER BUSINESS**

---

7. Directors' Comments
8. Adjourn

February 7, 2017

Prepared by: Tanja Fournier

Submitted by: Rob Jacobson/Cheryl Clary

Approved by: Paul Cook

## RETIREMENT BOARD

### IRWD POST RETIREMENT BENEFITS TRUST INVESTMENT REVIEW

#### SUMMARY:

Staff and the District's plan advisor, SageView Advisors (SageView), will present the Portfolio Investment Review for the quarter ended December 31, 2016 and an update on the current market condition.

#### BACKGROUND:

##### Quarterly Investment Review:

As of December 31, 2016, the IRWD Post-Retirement Benefits Trust market value was \$51,010,899, which is a net increase of \$598,512 from the quarter ended September 30, 2016. The change is due to dividends and capital gains distributions in the amount of \$530,753 and change in market value of \$86,520. Trust expenses for the quarter were \$18,761, representing final expenses due to former custody provider Bank of New York Mellon, quarterly investment management fees to SageView and legal expenses related to guidance for potential GASB financial reporting changes.

##### Trading Activity and Closing Balances for the Quarter Ended December 31, 2016:

- Purchased \$0.5 million of Vanguard Institutional Index fund
- Purchased \$1.0 million of Baird Core Plus Bond Fund
- Sold \$1.0 million of Metropolitan Total Return Fund

Investment	Quarterly Return	Benchmark Index	Morningstar Peer Category	Quarter Ended September 30, 2016	Quarter Ended December 31, 2016	Incr/(Decr)	Percent of Portfolio
<b>EQUITIES</b>							
Vanguard Institutional Index Fund.	3.82%	3.82%	3.86%	\$22,334,649	\$23,705,427	\$1,370,778	46.5%
Vanguard Extended Mkt (small/mid) Index Fund	5.61%	5.55%	5.31%	3,178,798	3,357,172	\$178,374	6.6%
Vanguard Developed Market Index	-1.44%	-0.86%	-2.22%	6,741,912	6,644,971	(\$96,941)	13.0%
<b>FIXED INCOME</b>							
Metropolitan Total Return Bond Fund	-2.54%	-2.98%	-2.54%	10,074,139	8,816,384	(\$1,257,755)	17.3%
Baird Core Plus Bond Fund	-2.37%	-2.98%	-2.54%	3,038,358	3,960,373	\$922,015	7.8%
Vanguard High-Yield Corporate Fund	0.77%	1.88%	1.69%	2,061,570	2,076,718	\$15,148	4.1%
Vanguard Short Term Bond Index Admiral	-0.92%	-0.90%	-0.49%	1,997,993	1,983,067	(\$14,926)	3.9%
<b>CASH-SHORT TERM</b>							
Fidelity Government Cash Reserves	0.04%	0.09%	0.03%	984,968	466,787	(\$518,181)	0.9%
Closing Balance				\$50,412,386	\$51,010,899	\$598,512	100.0%

For the quarter ended December 31, 2016, the portfolio return was 1.20%, which tracked with the custom benchmark return of 1.20%. For the one-year period ended December 31, 2016 the return was 6.21%, which underperformed the custom benchmark return of 6.84%. The underperformance of the portfolio is primarily due to the expense of the hedge put position that expired in June 2016.

The District's plan advisor, SageView Advisors, will present the Portfolio Investment Review as of December 31, 2016, as outlined in Exhibit "A".

FISCAL IMPACTS:

As of December 31, 2016, the IRWD Post-Retirement Benefits Trust market value was \$51,010,899, which is a net increase of \$598,512 from the quarter ended September 30, 2016. The change is due to dividends and capital gains distributions in the amount of \$530,753 and change in market value of \$86,520. Trust expenses for the quarter were \$18,761.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3 Section 15378.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – The Portfolio Investment Review as of December 31, 2016



## Plan Investment Review

### Irvine Ranch Water District Post-Employment Benefits Trust

For period ending December 31, 2016

SEE  
WHERE  
YOU'RE  
GOING

Jonathan Upham Registered Representative with and securities offered through Cetera Advisor Networks LLC, member FINRA/SIPC  
1920 Main Street, Suite 800, Irvine, CA 92614 | T 949.955.1395 | SageView is not affiliated with Cetera



# Table of Contents



<b>Section - I</b>	<b>Market Overview.....</b>	<b>4</b>
	Industry Analysis	
<b>Section - II</b>	<b>Investment Summary.....</b>	<b>10</b>
	Asset Allocation by Fund	
	Portfolio Composition and Sector Weightings	
	Fund Performance Summary	
	Addition/Replacement	
	Investment Discussion Summary	
	Historical IPS Ranking	
	Historical IPS Ranking for Additions	
	Fund Score Summary	
	IPS Performance Analysis	
<b>Section - III</b>	<b>Portfolio Summary.....</b>	<b>22</b>
	Portfolio Return vs. Custom Benchmark	
	Management Style Analysis	
	Style Map	
<b>Section - IV</b>	<b>Appendix.....</b>	<b>24</b>
	Quarterly Investment Analysis Criteria	
	Glossary of Terms	





# Section I

## Market Overview

The views are those of SageView Advisory Group and should not be construed as investment advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. All economic and performance information is historical and not indicative of future results. The market indices discussed are unmanaged. Investors cannot directly invest in unmanaged indices. Additional risks are associated with international investing, such as currency fluctuations, political and economic stability, and differences in accounting standards. Please consult your financial advisor for more information.

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made.



# Major Headlines From the Quarter

## STRONG POST-ELECTION RALLY

- With an unexpected win in the U.S. Presidential election, Donald Trump was elected as the 45<sup>th</sup> President.
- Congressional races also swung to the Republican Party, which will control both chambers of Congress.
- The populist movement that swept through many developed economies was evident in the U.S. Presidential elections as voters voiced their desire for change.

## STRONG POST-ELECTION RALLY FOR U.S. EQUITIES

- The Presidential election results had a dramatic impact on financial markets.
- U.S. stocks led global equities as investors anticipated a pro-growth agenda and stronger prospects for corporate tax reform from the newly elected administration.
- The 10-year U.S. Treasury yield spiked nearly 1% and the majority of bond indexes suffered significant losses.
- The price of oil rose in Q4 on prospects of higher growth and potentially tighter supplies.
- U.S. dollar jumped nearly 5% in Q4 against a basket of broad currencies due to tightening action by the Federal Reserve (Fed) and a more protectionist view on trade by the new administration.

## FEDERAL RESERVE RAISED RATES

- As was widely expected, the Federal Reserve increased interest rates for the second time in a year in December 2016, a much slower pace than was expected at the start of the year.
- Other major central banks around the globe are continuing their easy monetary policies, in an effort to support growth and increase inflationary pressures.

## ECONOMIC OUTLOOK BRIGHTENS UP

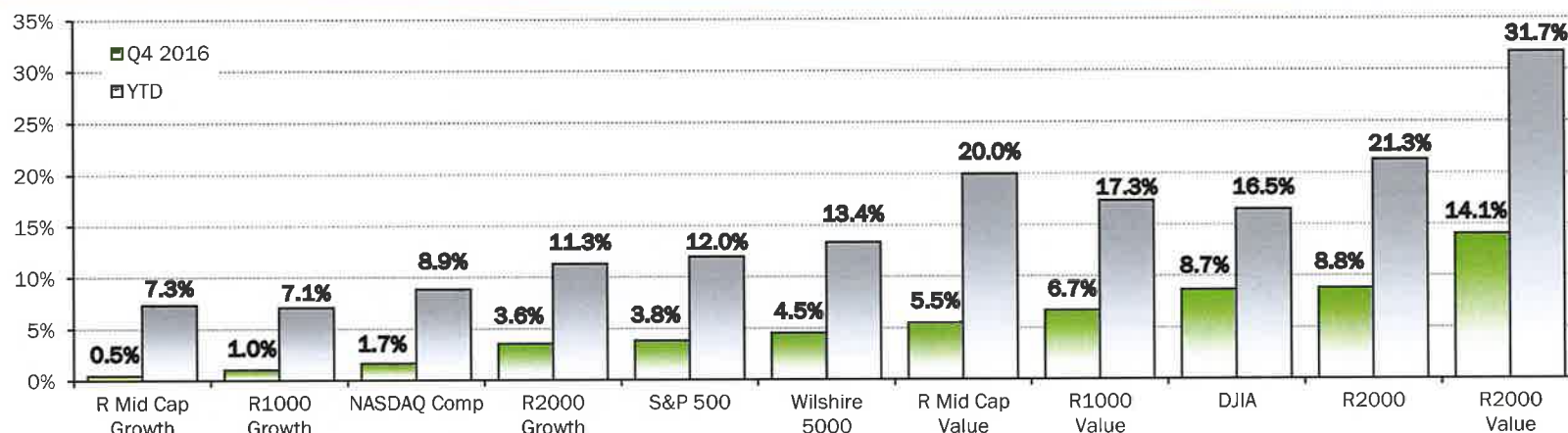
- U.S. real GDP grew at a 3.5% annualized rate, the fastest pace in two years. Increased consumer spending was the biggest contributor.
- Consumer prices rose at a quicker pace during the second half in the U.S., and wages also rose faster than expected.
- The pro-growth stance by the new administration is a welcome sign, but a lot of uncertainty remains.



# U.S. Equities

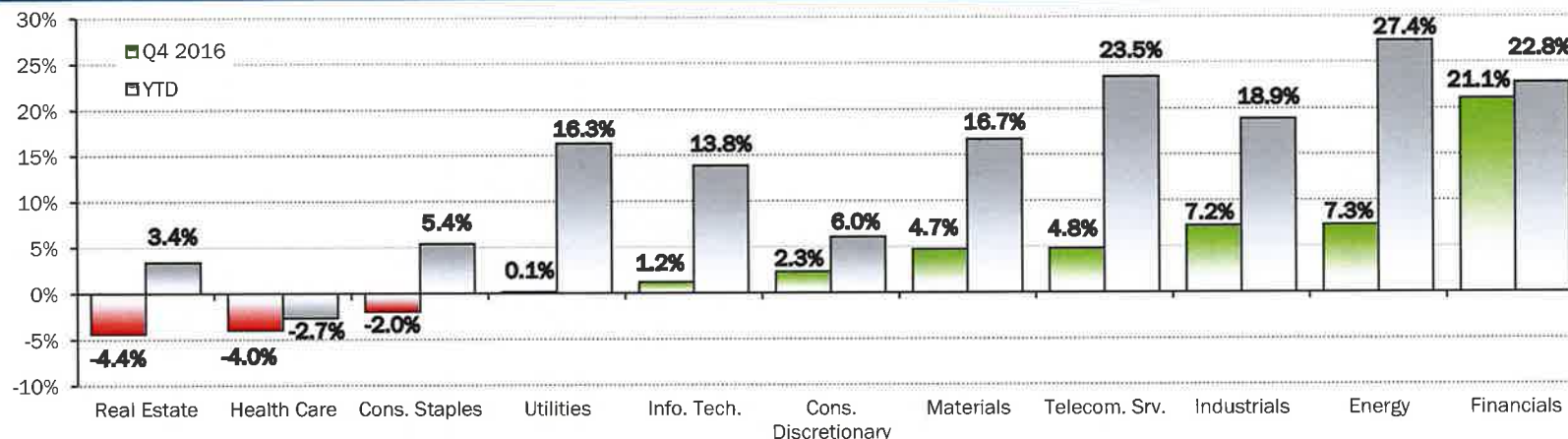
The major U.S. equity benchmarks rallied sharply following the U.S. election results and rose to new all-time highs during the quarter. Investor expectations were buoyed by a positive outlook for potential corporate tax reform and infrastructure spending. The S&P 500 Index posted its eighth consecutive year of gains.

Performance of Major U.S. Equity Indexes, Q4 2016 and YTD



Source: Morningstar. Returns represent total return, including dividends.

S&P 500 Sector Returns, Q4 2016 and YTD



Source: Morningstar. Returns represent cumulative total return, including dividends.

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. Securities offered through Cetera Advisor Networks LLC, member SIPC. SageView is not affiliated with Cetera Advisor Networks LLC. Fund returns shown are net of fund expenses and sales charges.

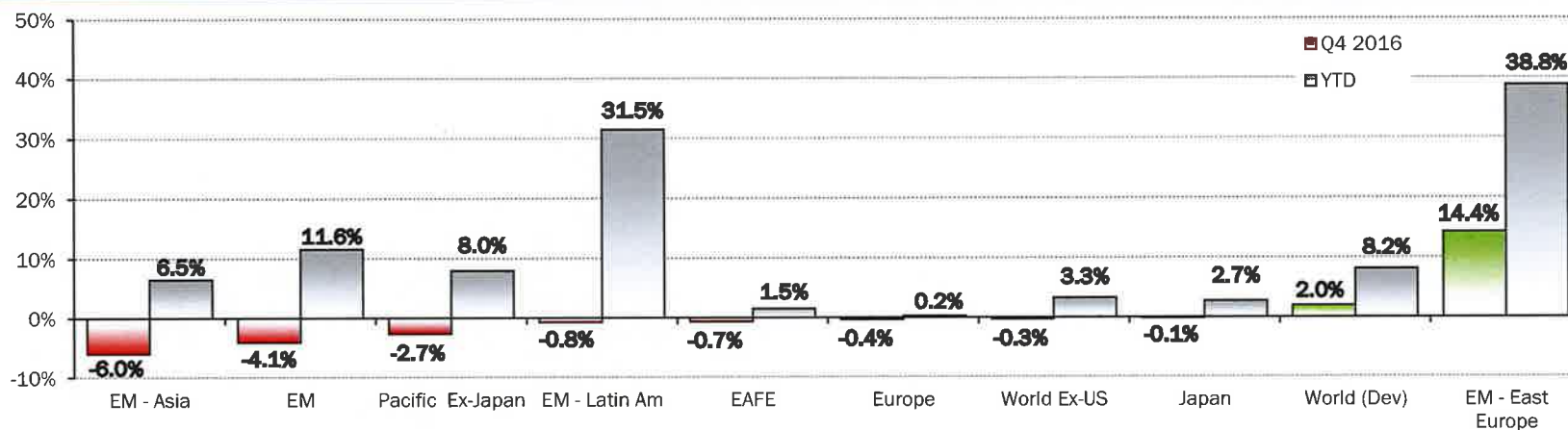




# International Equities

Performance of international stocks was mixed during the quarter. Returns for U.S. investors were negatively impacted by a rising dollar. Emerging market equities led the way as several EM currencies strengthened during the first part of the year and key commodities, particularly oil, recovered from a selloff during the first half.

International Equity Market Returns, Q4 2016 and YTD



Source: Morningstar. Returns represent cumulative total return, including dividends.

Dollar Trade Weighted Exchange Index for Broad Currencies: 1973 - 2016



Source: Federal Reserve, FRED. Data as of December 31, 2016.

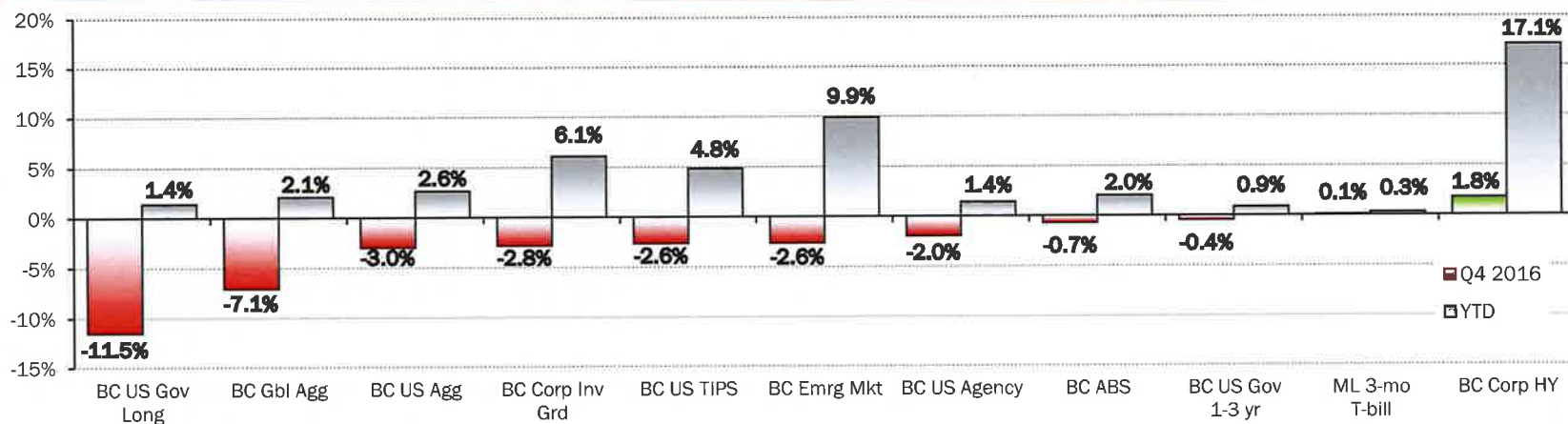
No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. Securities offered through Cetera Advisor Networks LLC, member SIPC. SageView is not affiliated with Cetera Advisor Networks LLC. Fund returns shown are net of fund expenses and sales charges.



# Fixed Income

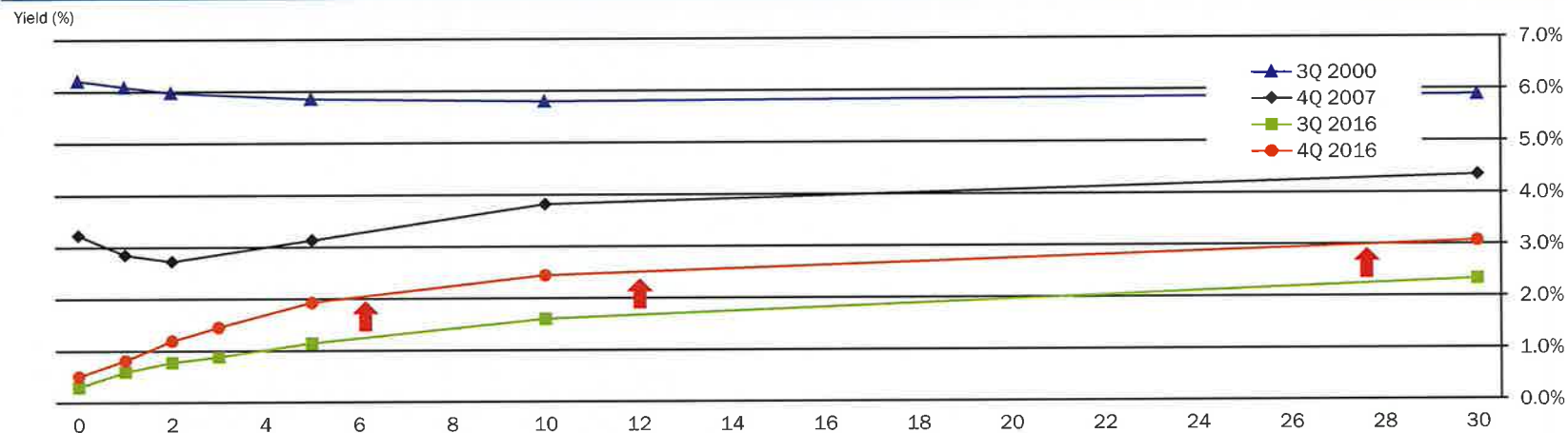
Bond benchmarks, with the exception of high yield corporate bonds and cash, posted negative returns in Q4 as interest rates spiked. The 10-year U.S. Treasury yield rose nearly 1% as investors anticipated a pro-growth agenda and increased borrowing from the new administration. Additionally, the Fed increased interest rates 0.25% as was widely expected.

Fixed Income Returns, Q4 2016 and YTD



Source: Morningstar. Returns represent total return, including dividends.

U.S. Treasury Yield Curve



Source: Bloomberg. Data as of respective quarter end.

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. Securities offered through Cetera Advisor Networks LLC, member SIPC. SageView is not affiliated with Cetera Advisor Networks LLC. Fund returns shown are net of fund expenses and sales charges.





# Asset Class Returns

																2002 - 2016	
2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Ann.	Vol.	
Comdty.	EM Equity	REITs	EM Equity	REITs	EM Equity	Fixed Income	EM Equity	REITs	REITs	REITs	Small Cap	REITs	REITs	Small Cap	REITs	EM Equity	
25.9%	56.3%	31.6%	34.5%	35.1%	39.8%	5.2%	79.0%	27.9%	8.3%	19.7%	38.8%	28.0%	2.8%	21.3%	10.8%	23.8%	
Fixed Income	Small Cap	EM Equity	Comdty.	EM Equity	Comdty.	Cash	High Yield	Small Cap	Fixed Income	High Yield	Large Cap	Large Cap	Large Cap	High Yield	EM Equity	REITs	
10.3%	47.3%	26.0%	21.4%	32.6%	16.2%	1.8%	59.4%	26.9%	7.8%	19.6%	32.4%	13.7%	1.4%	14.3%	9.8%	22.6%	
High Yield	DM Equity	DM Equity	DM Equity	DM Equity	DM Equity	Asset Alloc.	DM Equity	EM Equity	High Yield	EM Equity	DM Equity	Fixed Income	Fixed Income	Large Cap	High Yield	Small Cap	
4.1%	39.2%	20.7%	14.0%	26.9%	11.6%	-25.4%	32.5%	19.2%	3.1%	18.6%	23.3%	6.0%	0.5%	12.0%	9.2%	20.1%	
REITs	REITs	Small Cap	REITs	Small Cap	Asset Alloc.	High Yield	REITs	Comdty.	Large Cap	DM Equity	Asset Alloc.	Asset Alloc.	Cash	Comdty.	Small Cap	DM Equity	
3.8%	37.1%	18.3%	12.2%	18.4%	7.1%	-26.9%	28.0%	16.8%	2.1%	17.9%	14.9%	5.2%	0.0%	11.8%	8.5%	19.2%	
Cash	High Yield	High Yield	Asset Alloc.	Large Cap	Fixed Income	Small Cap	Small Cap	Large Cap	Cash	Small Cap	High Yield	Small Cap	DM Equity	EM Equity	Asset Alloc.	Comdty.	
1.7%	32.4%	13.2%	8.1%	15.8%	7.0%	-33.8%	27.2%	15.1%	0.1%	16.3%	7.3%	4.9%	-0.4%	11.6%	6.9%	19.0%	
Asset Alloc.	Large Cap	Asset Alloc.	Large Cap	Asset Alloc.	Large Cap	Comdty.	Large Cap	High Yield	Asset Alloc.	Large Cap	REITs	Cash	Asset Alloc.	REITs	Large Cap	Large Cap	
-5.9%	28.7%	12.8%	4.9%	15.3%	5.5%	-35.6%	26.5%	14.8%	-0.7%	16.0%	2.9%	0.0%	-2.0%	8.6%	6.7%	15.9%	
EM Equity	Asset Alloc.	Large Cap	Small Cap	High Yield	Cash	Large Cap	Asset Alloc.	Asset Alloc.	Small Cap	Asset Alloc.	Cash	High Yield	High Yield	Asset Alloc.	DM Equity	High Yield	
-6.0%	26.3%	10.9%	4.6%	13.7%	4.8%	-37.0%	25.0%	13.3%	-4.2%	12.2%	0.0%	0.0%	-2.7%	8.3%	5.8%	11.7%	
DM Equity	Comdty.	Comdty.	High Yield	Cash	High Yield	REITs	Comdty.	DM Equity	DM Equity	Fixed Income	Fixed Income	EM Equity	Small Cap	Fixed Income	Fixed Income	Asset Alloc.	
-15.7%	23.9%	9.1%	3.6%	4.8%	3.2%	-37.7%	18.9%	8.2%	-11.7%	4.2%	-2.0%	-1.8%	-4.4%	2.6%	4.6%	11.0%	
Small Cap	Fixed Income	Fixed Income	Cash	Fixed Income	Small Cap	DM Equity	Fixed Income	Fixed Income	Comdty.	Cash	EM Equity	DM Equity	EM Equity	DM Equity	Cash	Fixed Income	
-20.5%	4.1%	4.3%	3.0%	4.3%	-1.6%	-43.1%	5.9%	6.5%	-13.3%	0.1%	-2.3%	-4.5%	-14.6%	1.5%	1.3%	3.5%	
Large Cap	Cash	Cash	Fixed Income	Comdty.	REITs	EM Equity	Cash	Cash	EM Equity	Comdty.	Comdty.	Comdty.	Comdty.	Cash	Comdty.	Cash	
-22.1%	1.0%	1.2%	2.4%	2.1%	-15.7%	-53.2%	0.1%	0.1%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.3%	1.2%	0.8%	

Source: Russell, MSCI, Bloomberg, Standard & Poor's, Barclays Capital, NAREIT, FactSet, J.P. Morgan Asset Management. Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Barclays HY Index, Fixed Income: Barclays Capital Aggregate, REITs: NAREIT Equity REIT Index. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Barclays Capital Aggregate, 5% in the Barclays 1-3m Treasury, 5% in the Barclays High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) returns and volatility (Vol.) represent period of 12/31/99 - 12/31/16. All data represents total return for stated period. Past performance is not indicative of future returns. Investors cannot invest directly in an index. Please see disclosure page at end for index definitions.

Source: JPMorgan Asset Management. Data as of 12/31/2016.

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. Securities offered through Cetera Advisor Networks LLC, member SIPC. SageView is not affiliated with Cetera Advisor Networks LLC. Fund returns shown are net of fund expenses and sales charges.



# Legislative Update

## DOL FIDUCIARY RULE UPDATE

- The Trump administration has been signaling that it may postpone, and possibly repeal, the Department of Labor Conflict of Interest Rule (aka “The Fiduciary Rule”) that is set to take effect on April 10, 2017.

## STABLE VALUE FUNDS LAWSUIT UPDATE

- A Cedars-Sinai Medical Center 403(b) participant sued Voya, claiming that it set the fixed account crediting rate well below the rate of return earned by Voya on the underlying investments in order to make a higher profit (excess spread). Several similar lawsuits were filed against other insurance companies in 2016.
- In a similar case filed against New York Life (NYL), the judge asked the participant for an amended complaint because NYL provided documentation showing that there was no spread between the crediting rate and NYL’s return on underlying investments.

## STOCK DROP LAWSUITS UPDATE

- In a classic stock price drop lawsuit, a participant in the Exxon Mobil Savings Plan filed a lawsuit against Exxon Mobil Corporation for breaching their fiduciary duties under ERISA by continuing to offer the company’s stock in the retirement plan when it was no longer prudent to do so.
- In *Whitely v. BP* stock drop lawsuit, the Fifth Circuit dismissed the case, ruling that a fiduciary breach wasn’t successfully presented under the standard established by the U.S. Supreme Court in the *Fifth Third Bancorp v. Dudenhoeffer* case (plaintiffs must “plausibly allege” an alternative approach fiduciaries could have taken to avoid or minimize losses).
- Sanofi-Aventis U.S. LLC dodged its stock drop lawsuit because the employee who filed the lawsuit, didn’t actually purchase Sanofi stock during the alleged period when the price was supposedly inflated.

Sources: Bloomberg, Thomson Reuters, NAPA Net, PLANADVISER, Department of Labor.

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. Securities offered through Cetera Advisor Networks LLC, member SIPC. SageView is not affiliated with Cetera Advisor Networks LLC. Fund returns shown are net of fund expenses and sales charges.







## **Section II**

### **Investment Summary**



---

## Executive Summary and Observations

- Assets total \$51,010,899 million at December 31, up from \$50,412,386 at September 30, 2016.
- Trading activity made during the quarter:
  - Sell \$1 million of Metropolitan West Total Return and buy \$1 million of Baird Core Plus
  - Add \$0.5 million to the Vanguard Institutional Index
- Current asset allocation of approximately 66% equities, 33% fixed income, and 1% cash
- Transfer of assets from BNY Mellon to Fidelity successfully occurred on November 8.
- For the quarter, the total return was 1.20%. This closely tracked the custom benchmark return of 1.20%, with outperformance from Baird Core Plus and Metropolitan West Total Return offsetting slight underperformance from Vanguard High Yield.
- For the past year, the total return was 6.21%, trailing the benchmark return of 6.84%, due primarily to the cost of the hedge put position earlier in the year.
- The portfolio is dominated by index funds, leading to a low overall expense ratio of 0.14%, down from 0.15% the previous quarter.
- The three actively scored funds by SageView all score in the top quartile of rankings, while all index funds receive a pass rating.

No representatives or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



# Asset Allocation by Fund

As of 12/31/2016

Fund	% of Plan Assets	Total Assets
Vanguard Institutional Index I	46.47%	\$23,705,427.16
Metropolitan West Total Return Bd I	17.28%	\$8,816,383.61
Vanguard Developed Markets Idx Instl	13.03%	\$6,644,970.82
Baird Core Plus Bond Inst	7.76%	\$3,960,372.94
Vanguard Extended Market Idx Adm	6.58%	\$3,357,172.46
Vanguard High-Yield Corporate Adm	4.07%	\$2,076,717.77
Vanguard Short-Term Corp Bd Idx Admiral	3.89%	\$1,983,066.57
Fidelity® Government Cash Reserves	0.92%	\$466,787.23
<b>Total Market Value:</b>	<b>100.00%</b>	<b>\$51,010,898.56</b>

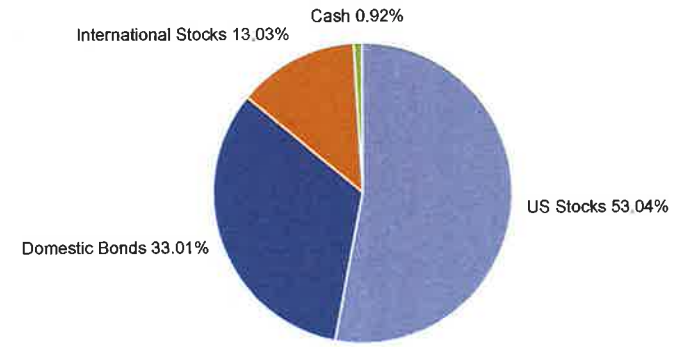
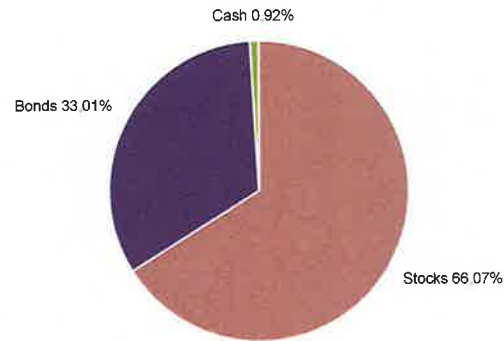
No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



# Portfolio Composition - Sector Weightings

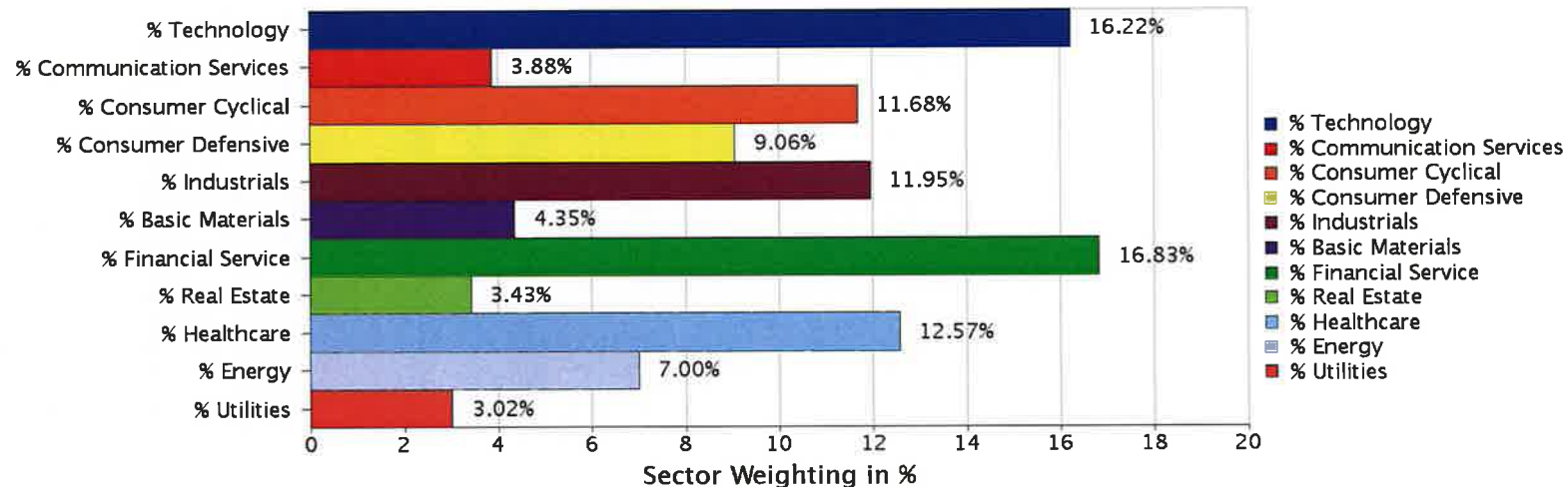
As of 12/31/2016

## Portfolio Composition



■ Cash     
 ■ Bonds     
 ■ Stocks     
 ■ Cash     
 ■ International Stocks     
 ■ Domestic Bonds     
 ■ US Stocks

## Sector Weightings



No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



# Fund Performance Summary

As of 12/31/2016

Fund Benchmark Category	Asset Class	(%) of Plan	3 Month	YTD	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized	Expense Ratio	SageView Ranking
Fidelity® Government Cash Reserves	Money Market-Taxable	0.92%	0.04	0.09	0.09	0.04	0.03	0.86	0.37	NA
BofAML US Treasury Bill 3 Mon TR USD*			0.09	0.33	0.33	0.14	0.12	0.80		
Cat: Morningstar Money Market - Taxable			0.03	0.09	0.09	0.04	0.03	0.66	0.52	
Vanguard Short-Term Corp Bd Idx Admiral	Short-Term Bond	3.89%	-0.92	2.63	2.63	1.95	2.58	NA	0.07	Pass
BBGBarc Credit 1-5 Yr TR USD*			-0.90	2.58	2.58	1.86	2.46	3.86		
Cat: Morningstar Short-Term Bond			-0.49	2.08	2.08	1.06	1.49	2.53	0.79	
Baird Core Plus Bond Inst	Intermediate-Term Bond	7.76%	-2.37	4.73	4.73	3.78	3.55	5.41	0.30	TOP DEC
BBGBarc US Agg Bond TR USD*			-2.98	2.65	2.65	3.03	2.23	4.34		
Cat: Morningstar Intermediate-Term Bond			-2.54	3.23	3.23	2.74	2.62	4.10	0.79	
Metropolitan West Total Return Bd I	Intermediate-Term Bond	17.28%	-2.54	2.57	2.57	2.92	4.09	5.91	0.44	TOP DEC
BBGBarc US Agg Bond TR USD*			-2.98	2.65	2.65	3.03	2.23	4.34		
Cat: Morningstar Intermediate-Term Bond			-2.54	3.23	3.23	2.74	2.62	4.10	0.79	
Vanguard High-Yield Corporate Adm	High Yield Bond	4.07%	0.77	11.30	11.30	4.77	6.62	6.43	0.13	TOP QUAR
BofAML US HY Master II TR USD*			1.88	17.49	17.49	4.72	7.35	7.34		
Cat: Morningstar High Yield Bond			1.69	13.30	13.30	3.24	6.17	5.92	1.07	
Vanguard Institutional Index I	Large Blend	46.47%	3.82	11.93	11.93	8.85	14.63	6.95	0.04	Pass
S&P 500 TR USD*			3.82	11.96	11.96	8.87	14.66	6.95		
Cat: Morningstar Large Blend			3.86	10.38	10.38	6.81	13.17	6.06	0.97	
Vanguard Extended Market Idx Adm	Mid-Cap Blend	6.58%	5.61	16.13	16.13	6.51	14.65	7.95	0.09	Pass
S&P Completion TR USD*			5.55	15.95	15.95	6.41	14.55	7.84		
Cat: Morningstar Mid-Cap Blend			5.31	14.14	14.14	5.89	13.31	6.75	1.08	
Vanguard Developed Markets Idx Instl	Foreign Large Blend	13.03%	-1.44	2.46	2.46	-1.20	6.93	1.08	0.07	Pass
FTSE Dv Ex US TR USD*			-0.86	2.29	2.29	-0.99	6.92	0.93		
Cat: Morningstar Foreign Large Blend			-2.22	0.78	0.78	-2.11	5.75	0.55	1.10	

\*Investment Policy Benchmark

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



## For Consideration

Fund PeerGroup Idx	% of Assets	3 Month	YTD	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized	Expense Ratio	Ticker	SageView Rank
<b>Addition</b>										
Vanguard Emerging Mkts Stock Idx Adm	-	-3.85	11.73	11.73	-1.64	1.44	1.87	0.15	VEMAX	Pass
Cat. Avg. : Morningstar Diversified Emerging Mkts		-5.30	8.47	8.47	-3.18	1.62	1.35	1.43		
Idx : MSCI EM GR USD		-4.08	11.60	11.60	-2.19	1.64	2.17			

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.





# Investment Discussion Summary

Fund Name % of Plan Assets Category	Comment Date	Comments
Baird Core Plus Bond Inst 7.76 Intermediate-Term Bond	12/31/2016	Performance Update (9/30/2016): The fund outperformed the benchmark in Q4. It maintained a neutral duration relative to the benchmark as has been typically the case. Overweight to investment grade bonds, particularly the commodity sensitive Industrial sector was generally additive to performance. An overweight to high yield bonds had a positive impact as that sector outperformed. Over the last 12 months the fund has outpaced the index. The portfolio has benefited from an overweight to investment grade bonds and exposure to non-agency residential mortgage backed securities. Underweight to high yield corporates and dollar-denominated emerging markets had a detrimental impact. Strategy Summary: This portfolio is managed by a team of 5 co-managers, each of whom contribute to research in their respective sectors. The fund utilizes a duration-neutral approach relative to the benchmark. Typically, portfolio managers hope to generate the most excess return (about 40% of alpha) through security selection, then sector allocation (30% of alpha), yield curve positioning (25% of alpha), and lastly trade execution (5% of alpha). Credit analysts first determine which issuers appear to offer the best value within each sector. Only U.S. dollar denominated securities are utilized in this fund with no use of derivative securities.
Metropolitan West Total Return Bd I 17.28 Intermediate-Term Bond	12/31/2016	Performance Update (12/31/2016): The fund outperformed its benchmark in Q4. A substantial position in non agency MBS backed by subprime and alt A loans was a significant contributor to relative performance. Emphasis on non traditional ABS such as student loans and AAA CLOs was also a positive. Underweight exposure to investment grade corporates detracted from performance. Over the past year, the most significant detractor was the shorter duration positioning than the benchmark by 0.6 to 0.8 years. In addition, the relative underweight to corporate and non corporate credits detracted from returns, particularly the underweight to non U.S. sovereigns, foreign agencies, and industrial credits. Another detractor has been exposure to government student loans as they have been pressured by potential downgrade. Strategy Summary: The MetWest Total Return fund applies a long-term value discipline while emphasizing fundamental bottom-up research, which represents the most important facet of portfolio construction process. The core of the investment process is a long-term economic outlook, which is determined by the generalist investment team on a quarterly basis and reviewed constantly. The portfolio construction process is made up of five strategies that include: 1) duration management, 2) yield curve positioning, 3) sector allocation, 4) security selection, and 5) opportunistic ideas.
Vanguard High Yield Corporate Adm 4.07 High Yield Bond	12/31/2016	Performance Update (12/31/2016): The fund underperformed its benchmark in Q4, but still generated positive returns in a tough environment for most bonds. This is an actively managed fund, which has been sub-advised by Boston based Wellington since 1978. The fund emphasizes higher credit quality, purchases securities paying cash coupons, and avoids zero coupon or pay-in-kind bonds.

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



# IPS Historical Ranking

Fund Name	03/2014	06/2014	09/2014	12/2014	03/2015	06/2015	09/2015	12/2015	03/2016	06/2016	09/2016	12/2016
Fidelity® Government Cash Reserves	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vanguard Short-Term Corp Bd Idx Admiral	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Pass	Pass
Baird Core Plus Bond Inst	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC
Metropolitan West Total Return Bd I	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC
Vanguard High-Yield Corporate Adm	2 <sup>ND</sup> QUAR	2 <sup>ND</sup> QUAR	2 <sup>ND</sup> QUAR	TOP QUAR	TOP QUAR	TOP QUAR	TOP QUAR	TOP DEC	TOP DEC	TOP DEC	TOP QUAR	TOP QUAR
Vanguard Institutional Index I	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Pass	Pass
Vanguard Extended Market Idx Adm	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Pass	Pass
Vanguard Developed Markets Idx Instl	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Pass	Pass

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



# Baird Core Plus Bond Inst

BCOIX

Ranking Vs. Peers - Intermediate-Term Bond

December 31, 2016

Intermediate-Term Bond Universe: 1294 Funds

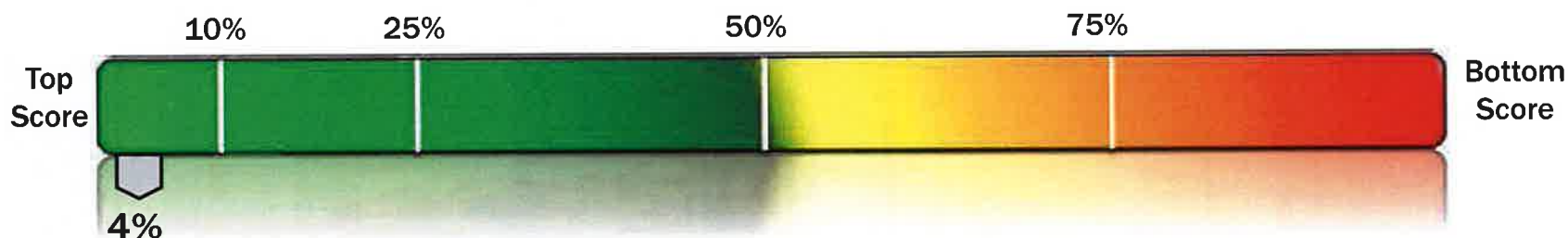
Performance Ranking			Ranking
Total Return Composite Ranking			10.75%
	10 Year	6.00%	
	5 Year	14.00%	
	3 Year	7.00%	
	1 Year	12.00%	
Rolling 12 Month - 5 Years			19.77%
Rolling 36 Month - 10 Years			17.39%

Ratio Statistics		Ranking
Sharpe Ratio - 60 Months		14.00%
Alpha - 60 Months		18.00%
Up Capture Ratio - 5 years		10.00%
Down Capture Ratio - 5 years		42.00%

Fund Expense		Ranking
Expense Ratio	0.3	2.00%

Style Consistency			Ranking
Style Consistency to Benchmark			
BBgBarc US Agg Bond TR USD	R2		45.00%

SageView Normalized Ranking	
SageView Normalized Ranking	4.00%
STATUS	TOP DECILE



No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



# Metropolitan West Total Return Bd I

MWTIX

Ranking Vs. Peers - Intermediate-Term Bond

December 31, 2016

Intermediate-Term Bond Universe: 1294 Funds

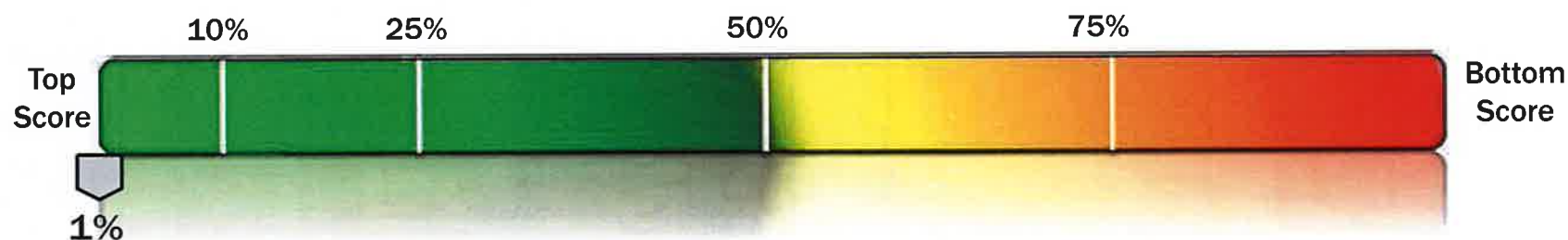
Performance Ranking			Ranking
Total Return Composite Ranking			19.30%
	10 Year	2.00%	
	5 Year	6.00%	
	3 Year	34.00%	
	1 Year	52.00%	
Rolling 12 Month - 5 Years			22.65%
Rolling 36 Month - 10 Years			10.44%

Ratio Statistics		Ranking
Sharpe Ratio - 60 Months		4.00%
Alpha - 60 Months		6.00%
Up Capture Ratio - 5 years		15.00%
Down Capture Ratio - 5 years		11.00%

Fund Expense		Ranking
Expense Ratio	0.44	9.00%

Style Consistency			Ranking
Style Consistency to Benchmark			
BBgBarc US Agg Bond TR USD	R2		14.00%

SageView Normalized Ranking	
SageView Normalized Ranking	1.00%
STATUS	TOP DECILE



No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



# Vanguard High-Yield Corporate Adm

VWEAX

Ranking Vs. Peers - High Yield Bond

December 31, 2016

High Yield Bond Universe: 686 Funds

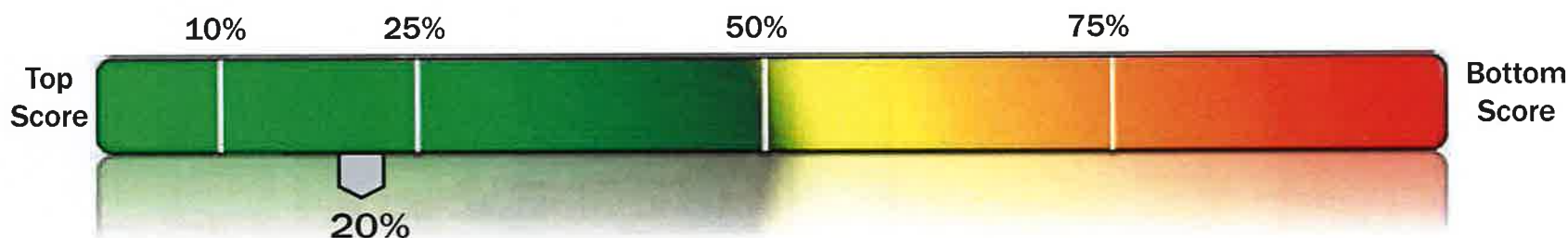
Performance Ranking			Ranking
Total Return Composite Ranking			36.70%
	10 Year	37.00%	
	5 Year	37.00%	
	3 Year	10.00%	
	1 Year	80.00%	
Rolling 12 Month - 5 Years			37.47%
Rolling 36 Month - 10 Years			47.23%

Ratio Statistics		Ranking
Sharpe Ratio - 60 Months		17.00%
Alpha - 60 Months		19.00%
Up Capture Ratio - 5 years		77.00%
Down Capture Ratio - 5 years		14.00%

Fund Expense		Ranking
Expense Ratio	0.13	1.00%

Style Consistency			Ranking
Style Consistency to Benchmark			
BBgBarc US HY 2% Issuer Cap TR USD	R2		60.00%

SageView Normalized Ranking	
SageView Normalized Ranking	20.00%
STATUS	TOP QUARTILE



No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.





The background of the slide is an abstract composition of various geometric shapes, including triangles and rectangles, in shades of gray and black. A prominent teal-colored rectangle is centered on the page, serving as a backdrop for the title text.

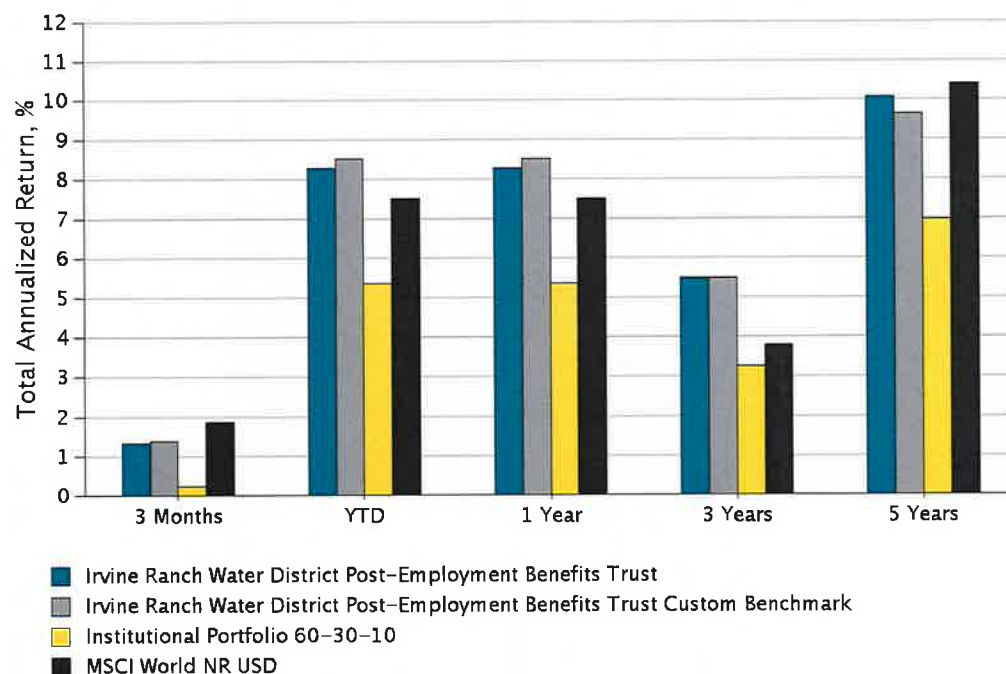
## **Section III**

### **Portfolio Summary**

# Portfolio Return vs. Custom Benchmark

As of 12/31/2016

Performance As Of December 31, 2016	3 Month	YTD	1 Year	3 Year	5 Year	Alpha 5 Yr	Sharpe 5Yr	Std Dev 5 Yr	Prospectus Exp Ratio
Irvine Ranch Water District Post-Employment Benefits Trust	1.20	6.21	6.21	NA	NA	NA	1.34	7.31	0.14
Irvine Ranch Water District Post-Employment Benefits Trust Custom Benchmark	1.20	6.82	6.82	5.51	9.64	NA	1.30	7.22	NA
Irvine Ranch Water District Post-Employment Benefits Trust Custom Category Averages Benchmark	1.144	6.06	6.06	4.14	8.71	-0.93	0.97	8.54	0.94
Institutional Portfolio 60-30-10 <sup>2</sup>	0.23	5.36	5.36	3.28	6.99	NA	1.02	6.72	NA
MSCI World NR USD	1.86	7.51	7.51	3.80	10.41	0.00	0.93	11.21	NA



Benchmark	Weight
BofAML US Treasury Bill 3 Mon TR USD	1.95%
BBgBarc Credit 1-5 Yr TR USD	3.96%
BBgBarc US Agg Bond TR USD	26.01%
BofAML US HY Master II TR USD	4.09%
S&P 500 TR USD	44.30%
S&P Completion TR USD	6.31%
FTSE Dv Ex US TR USD	13.37%

<sup>1</sup>Industry Average Expense Ratio Source: 401(k) Averages Book, 15th Edition, published by HR Investment Consultants

The Institutional Portfolio 60-30-10 consists of 60% MSCI World NR USD, 30% BBgBarc US Agg Bond TR USD and 10% BofAML US Treasury Bill 3 Mon TR USD

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



# Management Style Analysis

As of 12/31/2016

Domestic Equity Style Box

	VALUE	BLEND	GROWTH
LARGE CAP		<ul style="list-style-type: none"> <li>Vanguard Institutional Index I(\$78.28 bn)</li> </ul>	
MID CAP		<ul style="list-style-type: none"> <li>Vanguard Extended Market Idx Adm(\$3.54 bn)</li> </ul>	
SMALL CAP			

Average Market Cap. listed in parentheses

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



The background of the slide is a photograph of a building's exterior, showing architectural details like windows and structural lines. A large, semi-transparent teal rectangle is overlaid on the left and center of the image. The text 'Section IV' and 'Appendix' is written in white, bold, sans-serif font within this teal area.

## **Section IV**

### **Appendix**

# Quarterly Investment Analysis Criteria

All active plan investment options are reviewed quarterly against their peer group and index benchmark to determine the performance and quality of each offering. Each are evaluated using the following criteria:

1. Trailing 1, 3, 5 and 10 year returns – Total return is a basic measure of a fund's performance. Investors tend to focus more on total return than any other measure of a fund's success or failure. Fund returns over each period are factored into a weighted average, based on the life of a fund. Recent returns receive a slightly higher weighting, while older returns, which may have been produced under different conditions, are weighted less.
2. Rolling 12-month returns (5 years) – The use of 12-month rolling returns minimizes the problem of end-point sensitivity. To score high, a manager must consistently outperform peers across a variety of market cycles, not just the current cycle.
3. Rolling 36 month returns (10 years) – Using 36-month rolling returns allows us to assess fund returns over longer time segments, thus putting more emphasis on performance across different market cycles.
4. Style Consistency to the appropriate index – We utilize R-squared to assess whether the funds selected for the plan continue to operate and perform as expected within their appropriate asset class. R-squared measures the closeness between a fund's returns and movements in the benchmark. All active funds have some deviation from their benchmark, but excessive deviation could indicate that a fund is drifting away from its stated category mandate.
5. Sharpe Ratio – This is a measure of a fund's risk-adjusted performance. How much additional risk did an investor have to assume to achieve a greater return? The Sharpe Ratio is calculated by dividing the annualized return in excess of the risk free Treasury bill rate by the standard deviation of returns earned over that same time frame. This ratio is an excellent measure for determining whether an investor is being rewarded for taking on additional risk.
6. Alpha – The use of Alpha allows us to gauge the effectiveness of the manager. Alpha is the difference between the portfolio's actual return and its expected return given the funds level of risk as calculated by beta.
7. Up Capture Ratio (5 years) – The up capture ratio calculates the percentage of return of an index that a fund has captured during up market cycles. It tracks the fund's relative performance versus the appropriate index when the index is going up.
8. Down Capture Ratio (5 year) – The down capture ratio calculates the percentage of return of an index a fund has captured during down market cycles. Funds that perform well in this category tend to reduce the downside loss for investors during bear markets.
9. Expense Ratio – All else equal, a lower expense ratio is preferred. The expense ratio is compared as a percentage of the appropriate category average and then given a score based upon that percentage. This rewards low-cost funds and penalizes high-cost funds. Some may (correctly) argue that expense ratios are "double weighted" in our scoring methodology, because performance returns are net of expenses, but fiduciaries are encouraged to carefully manage expenses.

Each fund is benchmarked to a specific market index, and fund performance is evaluated and compared to a relevant peer group using Morningstar category classifications. A fund is given a peer group ranking for each criterion, shown as a percentage. A ranking of 10% indicates a fund is in the top 10% of its peer group for that criterion. The percentage rankings for all criteria are then averaged to give a fund its average ranking score.

The lower the average ranking score the better. For example, a fund with an average ranking score of 25% would in general be a better overall fund than a comparable fund with a ranking score of 50%.

All funds with at least a three year track record are scored in the above manner. A fund is then classified as Top Decile, top Quartile, 2nd Quartile, 3rd Quartile or 4<sup>th</sup> Quartile based upon the overall score compared to all other funds within that particular asset category.

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. Securities offered through Cetera Advisor Networks, LLC, member SIPC. SageView is not affiliated with Cetera Advisor Networks, LLC. Fund returns shown are net of fund expenses and sales charges.





# Passive Investment Options Analysis Criteria

All passive investment options are reviewed quarterly against their peer group and index benchmark to determine the performance and quality of each offering. Each are evaluated using the following criteria:

1. **Expense Ratio** – The percentage of fund assets, net of reimbursements, used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund's NAV. Sales charges are not included in the expense ratio. The Prospectus Net Expense Ratio is collected annually from a fund's prospectus.
2. **Tracking Error** – A measure of the difference in returns between an investment and a benchmark. Tracking error is reported as a standard deviation of the difference between the returns of an investment and its benchmark.
3. **R-Squared** – A statistical metric that ranges from zero to 100 and measures the percentage of portfolio's performance that is explained by the movement of its benchmark index. R-Squared is helpful in assessing the reliability of alpha and beta in explaining a portfolio risk and return characteristics. An r-squared of 100 would mean that the portfolio's performance movements are perfectly correlated with those of the benchmark over time, and would suggest that alpha and beta may be relied upon with a high degree of confidence.
4. **Beta** – A measure of the volatility, or systematic risk, of an investment in comparison to a market index as a whole. Beta is calculated using regression analysis. Beta represents the tendency of an investment's returns to respond to moves in the market or index that it's calculated against. A beta of 1 indicates that the investment's price moves with the market. A beta of less than 1 means that the investment is theoretically less volatile than the market. A beta of greater than 1 indicates that the investment's price is theoretically more volatile than the market. The reliability of an investment's beta is a function of the investment's r-squared value in relation to the benchmark. A high r-squared value signifies that the beta measure is reliable, while a low r-squared signifies that it is potentially inaccurate.

Each of the criteria above carries a proprietary weight. An index fund is evaluated and ranked in each of the above criteria relative to their peer group. A fund is given a peer group ranking for each criterion. The percentage rankings for all criteria are then weighted to give a fund its average ranking score.

The raw score is then normalized on a scale of 1 to 100, with 1 being the best and 100 the worst. The top 75% of the funds in a category receive a passing score, while the bottom 25% fail.



# Glossary of Terms

Term	Definition
<b>Alpha</b>	A risk-adjusted measure of performance that is equal to the difference between a portfolio's actual return and its expected performance given its level of risk as measured by beta. A positive alpha value indicates the portfolio has performed better than its beta would predict. In contrast, a negative alpha indicates the portfolio has underperformed given the expectations established by beta. Alpha can also be viewed as an abnormal level of return in excess of what might be predicted by an equilibrium pricing model like the Capital Asset Pricing Model (CAPM).
<b>Annualized Return</b>	Returns for periods longer than one year are expressed as "annualized returns." They represent an average amount of money earned by an investment each year during the specified time frame. When compounded over a certain period of time, they would produce a fund's total return over that period.
<b>Asset Class</b>	A group of investments that has similar attributes. These attributes can be defined by their level of risk or return, or how they behave in the market. The three main asset classes are equities (stocks), fixed-income (bonds), and cash equivalents (money market instruments).
<b>Beta</b>	A measure of the volatility, or systematic risk, of an investment in comparison to a market index as a whole. Beta is calculated using regression analysis. Beta represents the tendency of an investment's returns to respond to moves in the market or index that it's calculated against. A beta of 1 indicates that the investment's price moves with the market. A beta of less than 1 means that the investment is theoretically less volatile than the market. A beta of greater than 1 indicates that the investment's price is theoretically more volatile than the market. The reliability of an investment's beta is a function of the investment's r-squared value in relation to the benchmark. A high r-squared value signifies that the beta measure is reliable, while a low r-squared signifies that it is potentially inaccurate.
<b>Benchmark</b>	A standard against which the performance of a security, mutual fund or investment manager can be measured. Typically a benchmark is a broad market index that groups many securities together in some systematic way.
<b>Collective Investment Trust</b>	A fund that is operated by a trust company or a bank and handles a pooled group of trust accounts. Collective investment funds (CITs) combine the assets of various individuals and organizations to create a larger, well-diversified portfolio. CITs are not regulated by the Investment Company Act of 1940 but are regulated by the Office of the Comptroller of the Currency ("OCC") and subject to oversight by the Internal Revenue Service ("IRS") and the Department of Labor ("DOL").
<b>Down Capture Ratio</b>	A ratio that measures the overall performance of a portfolio during falling markets. This measure analyzes how well a portfolio (or an investment manager) performed relative to its benchmark/index during periods when the benchmark fell. For example, a down-capture ratio of 95% (for a given period of time) means that the portfolio lost 5% less than its benchmark during the specified time period.
<b>Expense Ratio</b>	The percentage of fund assets used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund's NAV. Sales charges are not included in the expense ratio.
<b>Growth Stock</b>	Investors employing a growth investment strategy buy stocks of companies with a recent history of above average increases in earnings in anticipation that earnings growth will continue. Growth stocks are often characterized by high valuation ratios (e.g., high price-to-earnings ratios).
<b>Large Cap</b>	Companies with a market capitalization value of more than \$10 billion.
<b>Market Capitalization</b>	Calculated by multiplying the number of a company's shares outstanding by its stock price per share.
<b>Mid Cap</b>	Companies with market capitalization value between \$2.5 (typically) and \$10 billion.
<b>Morningstar Category</b>	A proprietary Morningstar data point that groups investment managers into categories based on the investment approach or strategy utilized by the investment manager. Categories help investors and investment professionals make comparisons between funds.

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. **Note:** Sector Weighting and/or Credit Analysis data reflect most current information available. Securities offered through Cetera Advisor Networks, LLC, member SIPC. SageView is not affiliated with Cetera Advisor Networks, LLC. Fund returns shown are net of fund expenses and sales charges.



# Glossary of Terms

Term	Definition
<b>Moving Average</b>	Measures the average price of a security over some specified period of time (e.g., 1 month, or 12 months). Then the subset of returns is modified by “shifting the time period forward”; that is, excluding the first number of the series and including the next number following the original subset in the series. This creates a new subset of numbers, which is averaged. This process is repeated over the entire data series or a specified time frame.
<b>Mutual Fund</b>	An investment company that continuously offers new equity shares in an actively managed portfolio of securities by pooling money from many investors. All owners in the fund share in the gains or losses of the fund. Shares of a mutual fund are redeemable on demand at fund’s current Net Asset Value (NAV). Each mutual fund is managed to a particular objective that is stated in the fund’s prospectus.
<b>Net Asset Value (NAV)</b>	A mutual fund share’s value, calculated once per day, based on the closing market price of each security in the fund’s portfolio. It is calculated by deducting the fund’s liabilities from the total assets and dividing this net asset amount by the number of share’s outstanding.
<b>Rolling Return</b>	Measures the return of an investment over some specified period of time (e.g., 1 year, or 3 years) and repeats the calculation over a stated time frame. A rolling period return divides a longer time frame into smaller time periods. For example, a rolling 12-month return over 3 years starts by calculating a single period return over the first twelve months. Then, the subset of returns is modified by rolling the data forward by excluding the first number (first month in this case) and including the next number (month 13) in the data series. This process continues over a stated time frame (3 years in this example).
<b>R-Squared</b>	A statistical metric that measures the fraction of variation in the movement of one variable in relation to another variable. In the case of a mutual fund, R-squared measures the percentage of the mutual fund’s performance that is explained by the movement of its benchmark. The metric ranges from 0 to 100. An R-squared of 100 means that all of the portfolio’s performance is completely explained by the movements of a benchmark over a calculated time period. A high R-squared (between 85 and 100) indicates the fund’s performance patterns have been in line with the index. A lower number would mean that the fund behaves much differently from the index.
<b>Sharpe Ratio</b>	A risk-adjusted measure of performance that is calculated by subtracting the risk-free rate of return (typically the 3-mo T-Bill rate) from the portfolio return, and dividing the result by the portfolio’s standard deviation (a measure of risk). A higher Sharpe ratio indicates that the portfolio was able to generate a higher return per unit of risk. Sharpe ratio measures the efficiency in the amount of risk taken compared to the reward received for taking such risk.
<b>Standard Deviation</b>	A statistical measure of dispersion or variation from the average. A high standard deviation for an investment means the historical range of performance was wide, implying greater volatility.
<b>Total Return</b>	Measures the performance of an investment over a given period, including income from dividends and interest, plus any appreciation or depreciation in the market value (or price) of an investment.
<b>Tracking Error</b>	A measure of the difference in returns between an investment and a benchmark. Tracking error is reported as a standard deviation of the difference between the returns of an investment and its benchmark.
<b>Turnover Ratio</b>	Measures the percentage of a mutual fund’s holdings that have been “turned over” or replaced with other holdings in a given year. This ratio includes all trading activity even if a holding wasn’t fully replaced by another holding.
<b>Value Stocks</b>	Investors employing a value investment strategy buy stocks of companies they believe are underpriced based on some fundamental valuation metrics, in anticipation that the price performance of the stock will reverse. Value stocks are often characterized by low valuation ratios (e.g., low price-to-earnings ratios).
<b>Up Capture Ratio</b>	A ratio that measures the overall performance of a portfolio during rising markets. This measure analyzes how well a portfolio (or an investment manager) performed relative to its benchmark/index during periods when the benchmark rose. For example, an up-capture ratio of 108% (for a given period of time) means that the portfolio gained 8% more than its benchmark during the specified time period.

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. Securities offered through Cetera Advisor Networks, LLC, member SIPC. SageView is not affiliated with Cetera Advisor Networks, LLC. Fund returns shown are net of fund expenses and sales charges.





# Glossary of Benchmarks

Investment Option Category	Benchmark	Benchmark/Index Definition
<b>CAPITAL PRESERVATION</b>		
Money Market	3-Month Treasury Bill	Three-month T-bills are government-backed, short-term investments considered to be representative of a risk-free investment.
Stable Value / Guaranteed Account	Hueler Pooled Fund Universe	A custom and proprietary database for collective trust funds that invest in stable value assets and similar instruments.
<b>BOND</b>		
Ultrashort Bond / Short-Term Bond	Bloomberg Barclays US Gov't/Credit 1-3 Year TR Index	Unmanaged index which is a component of the U.S. Government/Credit Bond Index, which includes Treasury and agency securities (U.S. Government Bond Index) and publicly issued U.S. corporate and foreign debentures and secured notes (U.S. Credit Bond Index). The bonds in the index are investment grade with a maturity between one and three years.
Short Government Bond	Bloomberg Barclays Government 1-5 Year TR Index	This index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities of between 1 and 5 years and are publicly issued.
Intermediate Government Bond	Bloomberg Barclays US Gov't/Mortgage TR Index	The index measures the performance of U.S. government bonds and mortgage-related securities.
Intermediate-Term Bond	Bloomberg Barclays US Aggregate Bond TR Index	Represents securities that are SEC-registered, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. All returns are market value weighted inclusive of accrued interest.
Long Government Bond	Bloomberg Barclays US Government Long TR Index	Unmanaged index that includes all publicly issued U.S. Treasury securities that have a remaining maturity of 10 or more years, are rated investment grade, and have \$250 million or more of outstanding face value/
Long Term Bond	Bloomberg Barclays US Long Government/Credit TR Index	This index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities of greater than 10 years and are publicly issued.
Inflation-Protected Bond	Bloomberg Barclays US Treasury Inflation Protected Securities (TIPS) TR Index	Consists of U.S. Treasury Inflation-Protection Securities that have at least a year left to maturity and are non-convertible, rated investment grade of at least BBB by S&P or Baa3 by Moody's, fixed rate, and have more than \$250 million par value outstanding.



# Glossary of Benchmarks

Investment Option Category	Benchmark	Benchmark/Index Definition
<b>BOND</b>		
Corporate Bond	Bloomberg Barclays US Credit TR Index	This index represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered. The index includes both corporate and non-corporate sectors. The corporate sectors are Industrial, Utility, and Finance, which include both US and non-US corporations. The non-corporate sectors are Sovereign, Supranational, Foreign Agency, and Foreign Local Government.
Multi-sector Bond	Bloomberg Barclays US Aggregate Bond TR Index	Represents securities that are SEC-registered, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. All returns are market value weighted inclusive of accrued interest.
High Yield Bond	Bloomberg Barclays US HY 2% Issuer Cap TR Index	The index measures the performance of high yield corporate bonds, with a maximum allocation of 2% to any one issuer.
Bank Loan	Credit Suisse Leveraged Loan TR Index	The index represents tradable, senior-secured, U.S.-dollar-denominated non-investment-grade loans.
World Bond	Bloomberg Barclays Global Aggregate Bond TR Index	Provides a broad-based measure of global investment grade debt markets; it includes the U.S. Aggregate Index, Pan-European Aggregate Index and Asian-Pacific Aggregate Index. It also contains a wide variety of customized sub-indices.
Emerging Markets Bond	JPM EMBI Global TR Index	The J.P. Morgan Emerging Markets Bond Index Global (EMBI Global) currently covers 27 emerging market countries. Included in the EMBI Global are U.S.-dollar-denominated Brady bonds, Eurobonds, traded loans, and local market debt instruments issued by sovereign and quasi-sovereign entities.
Nontraditional Bond	Wilshire Liquid Alternative Index	Designed to provide a broad measure of the liquid alternative market by combining the performance of the Wilshire Liquid Alternative Equity Hedge Index, Wilshire Liquid Alternative Global Macro Index, Wilshire Liquid Alternative Relative Value Index, Wilshire Liquid Alternative Multi-Strategy Index, and Wilshire Liquid Alternative Event Driven Index.





# Glossary of Benchmarks

Investment Option Category	Benchmark	Benchmark/Index Definition
U.S. LARGE CAP EQUITIES		
Large Cap Value	Russell 1000 Value Index	Measures the performance of the large-cap value segment of the U.S. equity universe. It is a market-capitalization weighted index of those firms in the Russell 1,000 with lower price-to-book ratios and lower forecasted growth values.
Large Cap Blend	Russell 1000 Index	Measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.
Large Cap Blend	Russell 3000 Index	Measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.
Large Cap Blend	S&P 500 Index	Measures the performance of 500 leading large-capitalization companies in the U.S. and captures approximately 80% of the available U.S. market capitalization. Companies must have a market cap of \$5.3 billion and have positive earnings over the most recent quarter and trailing four quarters. The index does not overlap holdings with the S&P MidCap 400 or S&P 600 SmallCap Indexes.
Large Cap Blend	CRSP US Total Market Index	Comprised of 4,000 constituents from mega, large, small and micro capitalizations, representing nearly 100% of the investable U.S. equity market. CRSP stands for Center for Research in Security Prices and was founded in 1960 to help develop a definitive measurement of long-run market returns.
Large Cap Growth	Russell 1000 Growth Index	Measures the performance of the large-cap growth segment of the U.S. equity universe. It is a market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values.
U.S. MID CAP EQUITIES		
Mid-Cap Value	Russell Mid Cap Value Index	Measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values.
Mid-Cap Blend	Russell Midcap Index	Measures the performance of the mid-cap segment of the U.S. equity universe. It is a subset of the Russell 1000 Index and includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.
Mid-Cap Blend	S&P 400 MidCap Index	Measures the performance of 400 mid-sized companies of the U.S. equity market based on their market capitalization. Companies must have an unadjusted market cap of \$1.4 billion to \$5.9 billion and have positive earnings over the most recent quarter and trailing four quarters. The index does not overlap holdings with the S&P 500 or S&P SmallCap 600 Indexes.



# Glossary of Benchmarks

Investment Option Category	Benchmark	Benchmark/Index Definition
Mid-Cap Blend	MSCI US Mid Cap 450 Index	Consists of the next largest 450 companies of the U.S. equity market and measures the performance of the mid cap segment.
Mid Cap Blend	CRSP US Mid Cap Index	Includes U.S. companies that fall between the top 70% to 85% of investable market capitalization.
Mid-Cap Growth	Russell Midcap Growth Index	Measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap Index companies with higher price-to-book ratios and higher forecasted growth values.
US SMALL CAP EQUITIES		
Small Cap Value	Russell 2000 Value Index	Measures the performance of the small-cap value segment of the U.S. equity universe. It is a market-weighted total return index that measures the performance of companies within the Russell 2000 having lower price-to-book ratios and lower forecasted growth values.
Small Cap Blend	Russell 2000 Index	Measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.
Small Cap Blend	S&P SmallCap 600 Index	Measures the performance of 600 small-cap companies of the U.S. equity market based on their market capitalization. Companies must have an unadjusted market cap of \$400 million to \$1.8 billion and have positive earnings over the most recent quarter and trailing four quarters. The index does not overlap holdings with the S&P 500 or S&P MidCap 400 Indexes.
Small Cap Blend	MSCI US Small Cap 1750 Index	Consists of the smallest 1,750 companies in the U.S. Investable Market 2500 Index of the US equity market. It measures the performances of the small cap segment.
Small Cap Blend	CRSP US Small Cap Index	Includes U.S. companies that fall between the bottom 2% - 15% of the investable market capitalization.
Small Cap Growth	Russell 2000 Growth Index	Measures the performance of the small-cap growth segment of the U.S. equity universe. It is a market-weighted total return index that measures the performance of companies within the Russell 2000 having higher price-to-book ratios and higher forecasted growth values.

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. **Note: Sector Weighting and/or Credit Analysis data reflect most current information available.** Securities offered through Cetera Advisor Networks, LLC, member SIPC. SageView is not affiliated with Cetera Advisor Networks, LLC. Fund returns shown are net of fund expenses and sales charges.



# Glossary of Benchmarks

Investment Option Category	Benchmark	Benchmark/Index Definition
WORLD STOCK		
World Stock	MSCI ACWI NR	A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes.
INTERNATIONAL EQUITIES		
Foreign Large Value	MSCI ACWI ex US Value NR Index	Consists of large and mid cap securities that display overall value style characteristics across 22 Developed and 23 Emerging Markets countries. Value style characteristics are defined by book value to price, 12-month forward earnings to price and dividend yield. This index targets 50% of the coverage of the free float-adjusted market cap of the MSCI ACWI ex USA Index.
Foreign Large Blend	MSCI ACWI ex US NR Index	Consists of large, mid and small cap securities across 22 of 23 Developed Markets (DM) countries (excluding the US) and 23 Emerging Markets (EM) countries. With over 6,000 constituents, the index covers approximately 99% of the global equity opportunity set outside the U.S.
Foreign Large Growth	MSCI ACWI ex US Growth NR Index	Consists of large and mid cap securities that have overall growth style characteristics across 22 Developed Markets countries and 23 Emerging Market countries. The growth investment style characteristics are defined by long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical growth trend and long-term historical sales per share growth trend.
Foreign Small/Mid Value	MSCI ACWI ex US SMID Value NR	The index captures mid and small cap representation across 22 of 23 Developed Market (DM) countries (excluding the U.S.) and 23 Emerging Markets countries. With 5,293 constituents, the index covers approximately 28% of the free float-adjusted market capitalization in each country.
Foreign Small/Mid Blend	MSCI ACWI ex US SMID NR	The index captures mid and small cap representation across 22 of 23 Developed Market (DM) countries (excluding the U.S.) and 23 Emerging Markets countries. With 5,293 constituents, the index covers approximately 28% of the free float-adjusted market capitalization in each country.
Foreign Small/Mid Growth	MSCI ACWI ex US SMID Growth NR	Consists of small cap securities across 22 of 23 Developed Markets countries (excluding the U.S.) and 23 Emerging Markets countries. It covers approximately 14% of global equity opportunity set outside of the U.S.
Diversified Emerging Markets	MSCI Emerging Markets NR Index	Consists of large, mid and small cap securities across 23 Emerging Markets countries. The index covers approximately 99% of the free float-adjusted market capitalization in each country.

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. Securities offered through Cetera Advisor Networks, LLC, member SIPC. SageView is not affiliated with Cetera Advisor Networks, LLC. Fund returns shown are net of fund expenses and sales charges.





# Glossary of Benchmarks

Investment Option Category	Benchmark	Benchmark/Index Definition
<b>TARGET DATE</b>		
Target Date	S&P Target Date Indexes	Consist of eleven multi-asset class indices, each corresponding to a specific target retirement date. Each target date index is designed to represent a broadly derived consensus of asset class exposure for each target date year, as well as an overall glide path. Each index corresponds to a particular target retirement date, providing varying levels of exposure to equities, bonds and other asset classes. The asset allocation for each index is based on market observations through an annual survey of target date fund managers. Each index is created and retired as determined by the target date fund survey.
<b>RISK-BASED / HYBRID</b>		
Allocation—15% to 30% Equity	23% Russell 3000 / 77% Bloomberg Barclays US Agg Bond	See above referenced indexes
Allocation—30% to 50% Equity	40% Russell 3000 TR USD / 60% Bloomberg Barclays US Agg Bond	See above referenced indexes
Allocation 50% to 70% Equity	60% Russell 3000 TR USD / 40% Bloomberg Barclays US Agg Bond	See above referenced indexes
Allocation—70% to 85% Equity	78% Russell 3000 TR USD / 22% Bloomberg Barclays US Agg Bond	See above referenced indexes
Allocation—85%+ Equity	93% Russell 3000 TR USD / 7% Bloomberg Barclays US Agg Bond	See above referenced indexes
World Allocation	60% MSCI ACWI NR / 40% Bloomberg Barclays Global Agg	See above referenced indexes



# Glossary of Benchmarks

Investment Option Category	Benchmark	Benchmark/Index Definition
SPECIALTY		
Real Estate	FTSE NAREIT Equity REITs	The FTSE NAREIT Equity REITs index contains all Equity REITs not designated as Timber REITs or Infrastructure REITs.
Global Real Estate	FTSE EPRA/NAREIT Developed	The FTSE EPRA/NAREIT Developed Index is designed to track the performance of listed real estate companies and REITs worldwide.
Commodities Broad Basket	Bloomberg Commodity	The index is made up of 22 exchange-traded futures on physical commodities. The index currently represents 20 commodities, which are weighted to account for economic significance and market liquidity. Weighting restrictions on individual commodities and commodity groups promote diversification.
Long-Short Equity	Barclay Hedge Fund Index	The Barclay Hedge Fund Index is a measure of the average return of all hedge funds (except Funds of Funds) in the Barclay database. The index is simply the arithmetic average of the net returns of all the funds that have reported that month.
Market Neutral	BofAML US Treasury Bill 3 Mon	Three-month T-bills are government-backed, short-term investments considered to be representative of a risk-free investment.
Multialternative	Barclay Hedge Fund Index	The Barclay Hedge Fund Index is a measure of the average return of all hedge funds (except Funds of Funds) in the Barclay database. The index is simply the arithmetic average of the net returns of all the funds that have reported that month.
Natural Resources	S&P North American Natural Resources	The S&P North American Natural Resources Index provides investors with a benchmark that represents U.S. traded securities that are classified under the GICS® energy and materials sector, excluding the chemicals industry and steel sub-industry.
Tactical Allocation	50% MSCI ACWI NR / 50% Bloomberg Barclays US Agg Bond TR USD	See above referenced indexes





February 7, 2017

Prepared by: Tanja Fournier

Submitted by: Rob Jacobson/Cheryl Clary *cc*

Approved by: Paul Cook *[Signature]*

## RETIREMENT BOARD

### MINUTES OF THE MEETING OF THE IRVINE RANCH WATER DISTRICT RETIREMENT BOARD

#### SUMMARY:

Provided are the minutes of the November 1, 2016 meeting of the Irvine Ranch Water District Retirement Board for approval.

#### FISCAL IMPACTS:

None.

#### ENVIRONMENTAL COMPLIANCE:

Not applicable.

#### RECOMMENDATION:

THAT THE MINUTES OF THE NOVEMBER 1, 2016 SPECIAL BOARD MEETING OF THE IRVINE RANCH WATER DISTRICT RETIREMENT BOARD BE APPROVED AS PRESENTED.

#### LIST OF EXHIBITS:

Exhibit "A" – November 1, 2016 Minutes

## EXHIBIT "A"

### MINUTES OF SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE IRVINE RANCH WATER DISTRICT RETIREMENT BOARD

November 1, 2016

The meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) Retirement Board was called to order by Chairman Swan at 10:30 a.m. on November 1, 2016 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Chairman Peer Swan, Vice Chairman Mary Aileen Matheis, and Paul Cook

Also Present: Treasurer Robert Jacobson, Executive Director of Finance and Administrative Services Cheryl Clary, Assistant Treasurer Tanja Fournier and Dan Quirk of SageView Advisory Group.

COMMUNICATION: None.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED - None.

#### ACTION CALENDAR

#### MINUTES OF BOARD MEETING

Tanja Fournier presented the minutes from the August 2, 2016 meeting.

One MOTION by Swan, seconded by Matheis, and unanimously carried, the minutes of the August 2, 2016 meeting were approved as presented.

#### Trust Investment Review

---

- A capital markets and legislative update were provided by SageView.
- The Portfolio return and expense ratio, style analysis, and asset allocation by fund were reviewed. Of note was the following;
  - Assets total \$50,412,386 at September 30, 2016 which was an increase of \$3,281,093 from \$47,131,293 at March 31, 2016. This included a contribution to the trust of \$1,781,000 on August 4, 2016.
  - Due to the large allocation to index funds, the portfolio has a low overall expense ratio of 0.15%, down from 0.16% in the previous quarter.
  - For the quarter, the total return was 3.18%. This beat the custom benchmark return of 3.09%, with outperformance from Baird Core Plus and Metropolitan West Total Return offsetting slight underperformance from Vanguard High-Yield Corporate.
  - For the past year, the total return was 8.43%. This trailed the custom asset-weighted index benchmark return of 9.58%, due primarily to the cost of the hedge put position.

- All trust investment options were reviewed as of 9/30/2016. All options are performing in line with benchmarks or above 50th percentile peer group rankings at this time. Below are specifics on the trust presented for consideration by SageView:
  - The portfolio includes eight core positions. The portfolio is primarily made up of low cost index funds, although there are now three actively managed funds—Metropolitan West Total Return, Baird Core Plus, Vanguard High Yield—which all score in the top decile or top quartile of SageView’s quantitative scoring metrics.
- After discussion, the Board provided staff with the following investment direction:
  - Sell \$1 million of Metropolitan West Total Return and buy \$1 million of Baird Core Plus Institutional.
  - Buy \$500,000 of Vanguard Institutional (VINIX)
  - Transfer money market assets from Federated Government Obligations Institutional to Vanguard Federal Money Market Investor (VMFXX), upon completion of the asset transfer to the Fidelity platform.

The Board discussed adding an emerging markets equity fund, but declined to make any allocation at the current time given the high volatility of the asset class.

#### Administrative Items

---

None

#### Follow-Up

---

SageView and staff will monitor the asset transfer to Fidelity, expected to occur in late November.

#### ADJOURNMENT

There being no further business, Chairman Swan adjourned the meeting.

APPROVED and SIGNED this 7th day of February 2017.

\_\_\_\_\_  
Board Member, IRVINE RANCH WATER DISTRICT  
RETIREMENT BOARD

\_\_\_\_\_  
Secretary, IRVINE RANCH WATER DISTRICT  
RETIREMENT BOARD