

AGENDA
IRVINE RANCH WATER DISTRICT
POST-EMPLOYMENT BENEFITS TRUST RETIREMENT BOARD
QUARTERLY MEETING
TUESDAY, FEBRUARY 4, 2020

CALL TO ORDER 12:00 p.m., IRWD Headquarters, Committee Room (second floor)
15600 Sand Canyon Avenue, Irvine, California

ATTENDANCE Board Member: Peer Swan ____ Board Member: Mary Aileen Matheis ____
Board Member: Paul Cook ____

ALSO PRESENT Cheryl Clary ____
Rob Jacobson ____
Tanja Fournier ____

NOTICE: If you wish to address the Committee on any item, please file your name with the Committee. Forms are provided at the meeting. Remarks are limited to three minutes per speaker on each subject.

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.

ACTION

5. MINUTES OF THE MEETING OF THE IRVINE RANCH WATER DISTRICT
RETIREMENT BOARD – FOURNIER / JACOBSON / CLARY

Recommendation: That the minutes of the November 5, 2019 Board Meeting of the Irvine Ranch Water District Retirement Board be approved as presented.

6. IRWD POST-RETIREMENT BENEFITS TRUST INVESTMENT REVIEW AS
OF DECEMBER 31, 2019 – FOURNIER / JACOBSON / CLARY


Recommendation: Based on discussions and direction from the Board, staff will implement agreed-upon changes to the investment portfolio, if any.

OTHER BUSINESS

7. Directors' Comments
8. Adjourn

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the above-named Retirement Board in connection with a matter subject to discussion or consideration at an open meeting of the Retirement Board are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Retirement Board less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Retirement Board Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available at the entrance of the meeting room at the District Office. The Irvine Ranch Water District Committee Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in an alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

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February 4, 2020
Prepared by: T. Fournier
Submitted by: R. Jacobson / C. Clary
Approved by: Paul A. Cook 

RETIREMENT BOARD

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

SUMMARY:

Provided are the minutes of the November 5, 2019 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 5, 2019 BOARD MEETING OF THE IRVINE RANCH WATER DISTRICT RETIREMENT BOARD BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – November 5, 2019 Minutes

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EXHIBIT "A"

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

November 5, 2019

The meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) Retirement Board was called to order by Chairman Swan at 1:15 p.m. on November 5, 2019 in the District office, 15600 Sand Canyon Avenue, Irvine, California.

Directors Present: Steve LaMar, Peer Swan, and Paul Cook

Also Present: Treasurer Robert Jacobson, Executive Director of Finance and Administrative Services Cheryl Clary, Assistant Treasurer Tanja Fournier, and Mallory Armijo 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 6, 2019 meeting.

On MOTION by LaMar, seconded by Cook, the minutes of the August 6, 2019 meeting were approved as presented.

Trust Investment Review

- A capital markets and legislative update was provided by SageView.
- All trust investment options were reviewed as of 09/30/2019. All options are performing in line with benchmarks or above 50th percentile peer group rankings at this time.
- The Portfolio return and expense ratio, style analysis, and asset allocation by fund were reviewed. Of note was the following:
 - As of September 30, 2019, the IRWD Post-Retirement Benefits Trust market value was \$79,184,938, up from \$78,372,929, at June 30, 2019.
 - For the quarter, the net total return was 1.04%. This slightly beat the custom benchmark return of 1.01%, with outperformance from Vanguard High Yield Corporate bond and Baird Core Plus contributing to the positive performance.

For the past 12 months, the net total return was 4.31%, in line with the index-based custom benchmark return of 4.31%. The return for the portfolio also beat the peer-group custom benchmark return of 3.18%.

- The portfolio is primarily allocated to index funds, leading to a low overall expense ratio of 0.13%.
- Vanguard High Yield Corporate and Baird Core Plus score in the top decile of the SageView peer group quantitative rankings, while Metropolitan West Total Return scores in the second quartile. All index funds receive a pass rating.
- The Board expressed concern related to the equity markets at all-time highs, and several geopolitical risks that could affect both the U.S. and international markets. The consensus was to reduce equity as a whole by 3%, and to hold a lower weighting in international equities versus U.S. equities. Within bonds, the consensus was to lower the exposure to High Yield bonds due to their correlation with equities during a market downturn, and to redistribute those funds to aggregate bonds. The summary of the investment reallocation is as follows:

Fund	9/30/2019 Allocation	11/5/2019 Reallocation	Change
Fidelity Government Cash Reserves	0.0%	0.0%	0.0%
Vanguard Short Term Corporate Bond Index	2.8%	4.0%	1.2%
Baird Core Plus Institutional	15.1%	19.0%	3.9%
Metropolitan West Total Return I	9.0%	10.5%	1.5%
Vanguard High Yield Corporate Bond Fund	6.0%	2.5%	-3.5%
Total Fixed Income	33.0%	36.0%	3.0%
Vanguard Institutional Index	43.5%	45.0%	1.5%
Vanguard Extended Market Index	6.9%	7.5%	0.6%
Vanguard Developed Markets Index Inst	13.3%	10.0%	-3.3%
Vanguard Emerging Markets Index	3.3%	1.5%	-1.8%
Total Equity	67.0%	64.0%	-3.0%


ADJOURNMENT

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

APPROVED and SIGNED this 4th day of February 2020.

Board Member, IRVINE RANCH WATER DISTRICT
RETIREMENT BOARD

Secretary, IRVINE RANCH WATER DISTRICT
RETIREMENT BOARD

February 4, 2020
Prepared by: T. Fournier
Submitted by: R. Jacobson / C. Clary
Approved by: Paul A. Cook 

RETIREMENT BOARD

IRWD POST-RETIREMENT BENEFITS TRUST INVESTMENT REVIEW AS OF DECEMBER 31, 2019

SUMMARY:

Staff and a representative from the District's pension investment advisor, SageView Investment Advisors, will present the Portfolio Investment Review for the quarter ended December 31, 2019, and provide an update on current market conditions and any recommended portfolio changes.

BACKGROUND:

Quarterly Investment Review:

As of December 31, 2019, the IRWD Post-Retirement Benefits Trust market value was \$84,062,384, a net increase of \$4,879,803 from the prior quarter end. The change was primarily due to an increase in market value of \$3,987,256 and dividends and capital gains distributions of \$906,360. Trust expenses for the quarter were \$13,813 paid to SageView Advisory Group. The closing balances and fund returns as of December 31, 2019 were as follows:

Investment	Quarterly Return	Quarter Ended September 30, 2019	Quarter Ended December 31, 2019	Incr/(Decr)	Percent of Portfolio
EQUITIES					
Vanguard Institutional Index Fund.	9.06%	\$34,423,601	\$38,523,634	\$4,100,034	45.8%
Vanguard Extended Mkt (small/mid) Index Fund	8.90%	5,502,350	6,398,058	\$895,708	7.6%
Vanguard Developed Market Index	8.35%	10,543,977	8,415,442	(\$2,128,534)	10.0%
Vanguard Emerging Markets Index	11.32%	2,580,089	1,268,656	(\$1,311,433)	1.5%
FIXED INCOME					
Metropolitan Total Return Bond Fund	0.19%	7,144,941	8,553,445	\$1,408,504	10.2%
Baird Core Plus Bond Fund	0.53%	11,968,284	15,551,374	\$3,583,090	18.5%
Vanguard High-Yield Corporate Fund	2.53%	4,775,143	2,059,239	(\$2,715,904)	2.4%
Vanguard Short Term Bond Index Admiral	0.86%	2,224,985	3,252,944	\$1,027,958	3.9%
CASH-SHORT TERM					
Fidelity Government Cash Reserves	0.36%	19,213	39,593	\$20,380	0.0%
Closing Balance		\$79,182,581	\$84,062,384	\$4,879,803	100.0%

For the quarter ended December 31, 2019, the portfolio return was 6.14%, which slightly outperformed the custom benchmark return of 5.98%. For the one-year period ended December 31, 2019 the return was 22.08%, which was in line with the custom benchmark return of 21.69%, and outperformed the peer-group custom benchmark return of 20.04%. The Portfolio Investment Review, as of December 31, 2019, is attached as Exhibit "A".

A representative from SageView will present the Portfolio Investment Review for the quarter ended December 31, 2019 and an update on the portfolio and current market conditions, as well as any recommended portfolio changes for the Board's consideration.

FISCAL IMPACTS:

As of December 31, 2019, the IRWD Post-Retirement Benefits Trust market value was \$84,062,384, a net increase of \$4,879,803 from the prior quarter end. The change was primarily due to an increase in market value of \$3,987,256 and dividends and capital gains distributions of \$906,360. Trust expenses for the quarter were \$13,813 paid to SageView Advisory Group.

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:

BASED ON DISCUSSIONS AND DIRECTION FROM THE BOARD, STAFF WILL IMPLEMENT AGREED-UPON CHANGES TO THE INVESTMENT PORTFOLIO, IF ANY.

LIST OF EXHIBITS:

Exhibit "A" – The Portfolio Investment Review as of December 31, 2019



Plan Investment Review

Irvine Ranch Water District Post-Employment Benefits Trust

For period ending December 31, 2019

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



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Section I

Market Overview

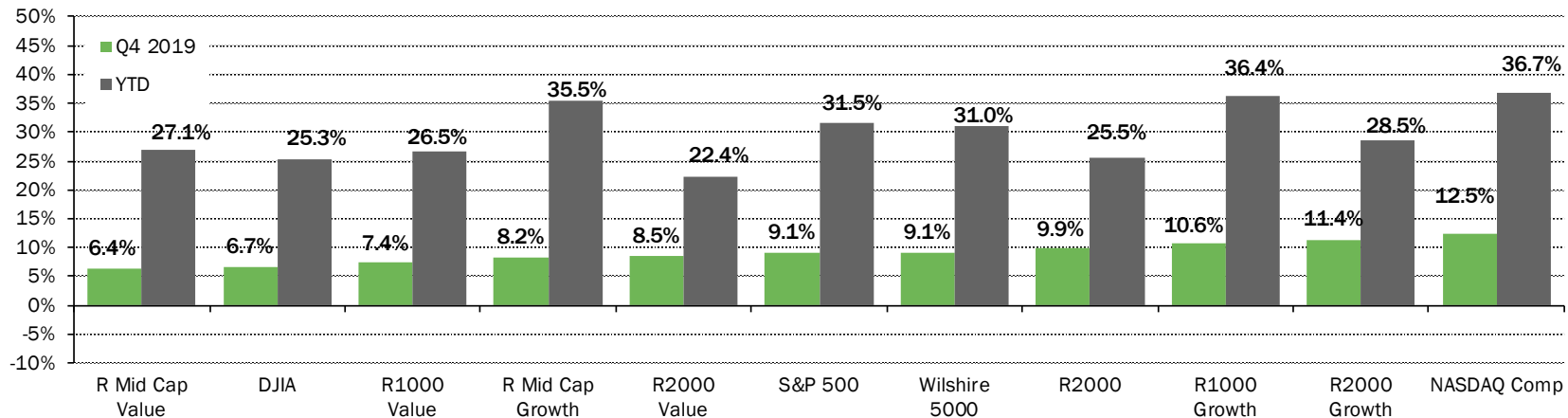
The views are those of SageView Advisory Group and should not be construed as investment advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. All economic and performance information is historical and not indicative of 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.

U.S. Equities

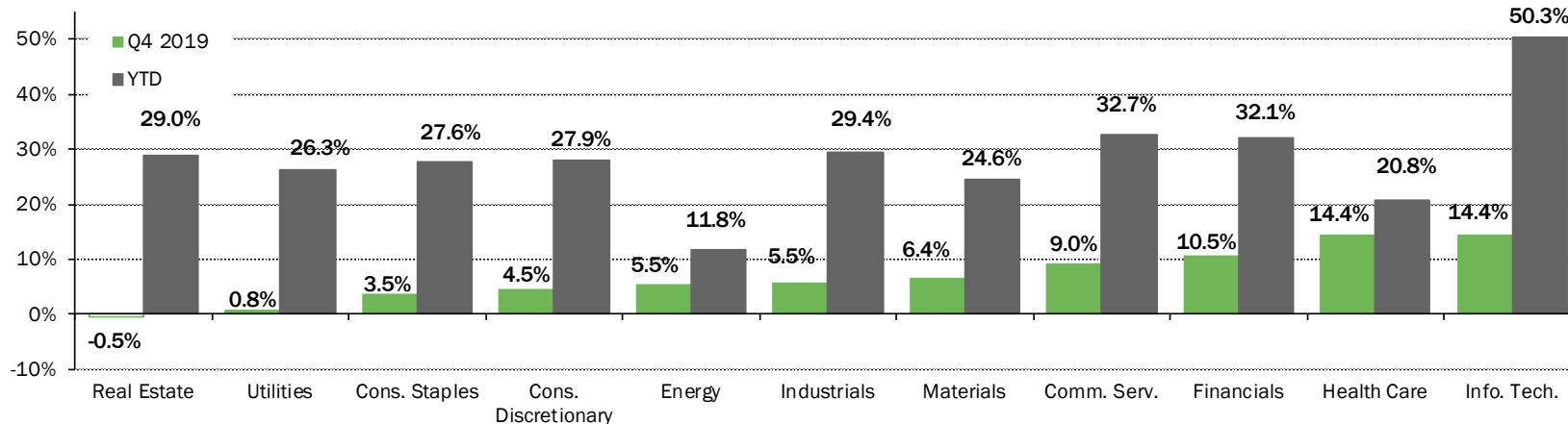
All major U.S. Equity indices posted positive returns in excess of 20% in what was a banner year for capital markets. In Q4, both large and small cap growth stocks were the best performing asset classes. With the exception of Real Estate, all sectors ended positive for the quarter, a stark contrast to the end of year 2018.

PERFORMANCE OF MAJOR U.S. EQUITY INDEXES - Q4 2019 AND YTD



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

S&P 500 SECTOR RETURNS - Q4 2019 AND YTD



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

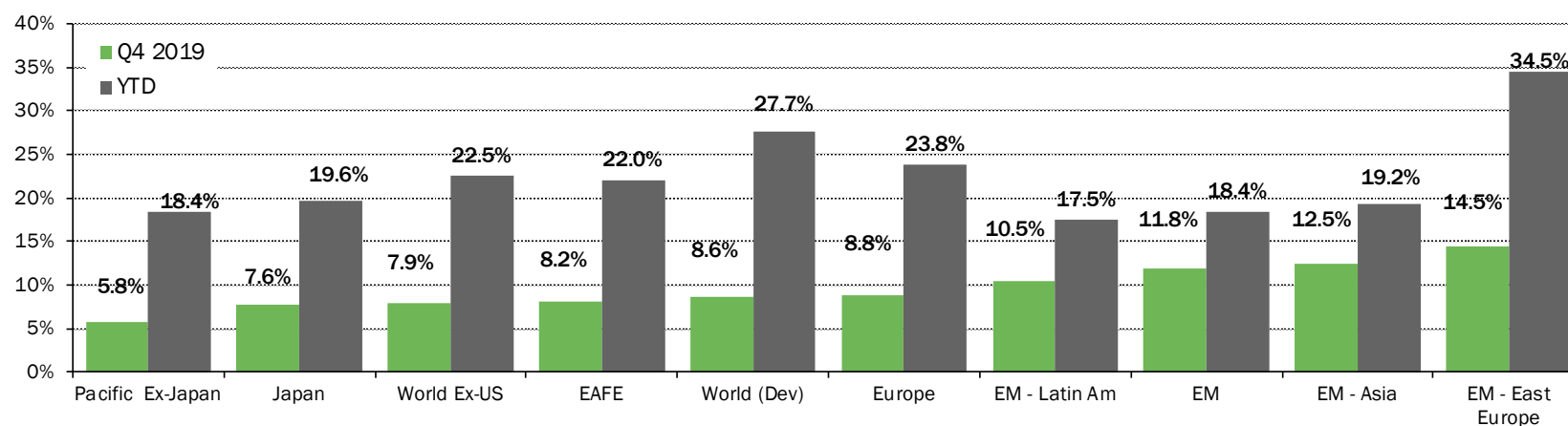
No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in 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

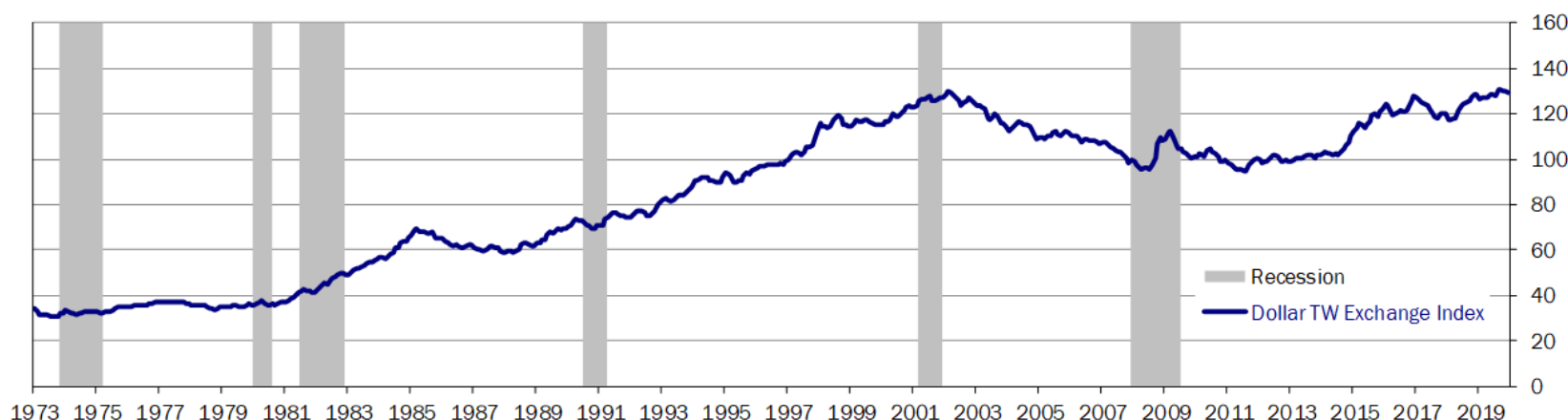
Positive trade developments between the U.S. and China, the conclusive results of U.K.'s election and its meaning for Brexit, and the acceleration of China's industrial output were major tailwinds for international equity investors in Q4. Within the Eurozone, ECB President Christine Lagarde pointed to "some initial signs of stabilization", and gave no indication that policymakers were considering another round of stimulus measures.

INTERNATIONAL EQUITY MARKET RETURNS - Q4 2019 AND YTD



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

DOLLAR TRADE WEIGHTED EXCHANGED INDEX FOR BROAD CURRENCIES: 1973 - 2019



Source: Bloomberg. Data as of December 31, 2019.

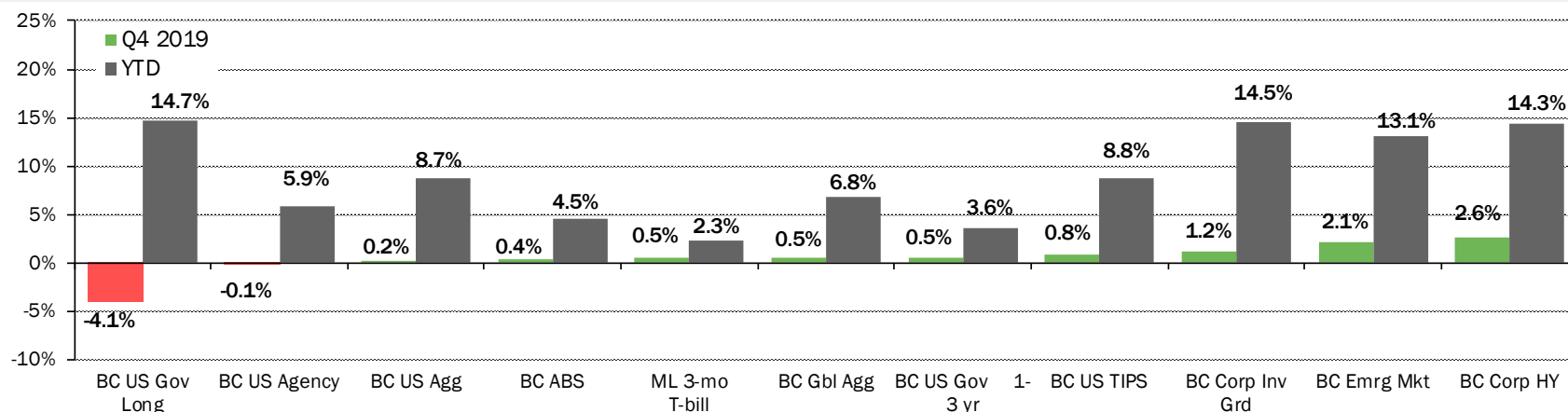
No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in 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

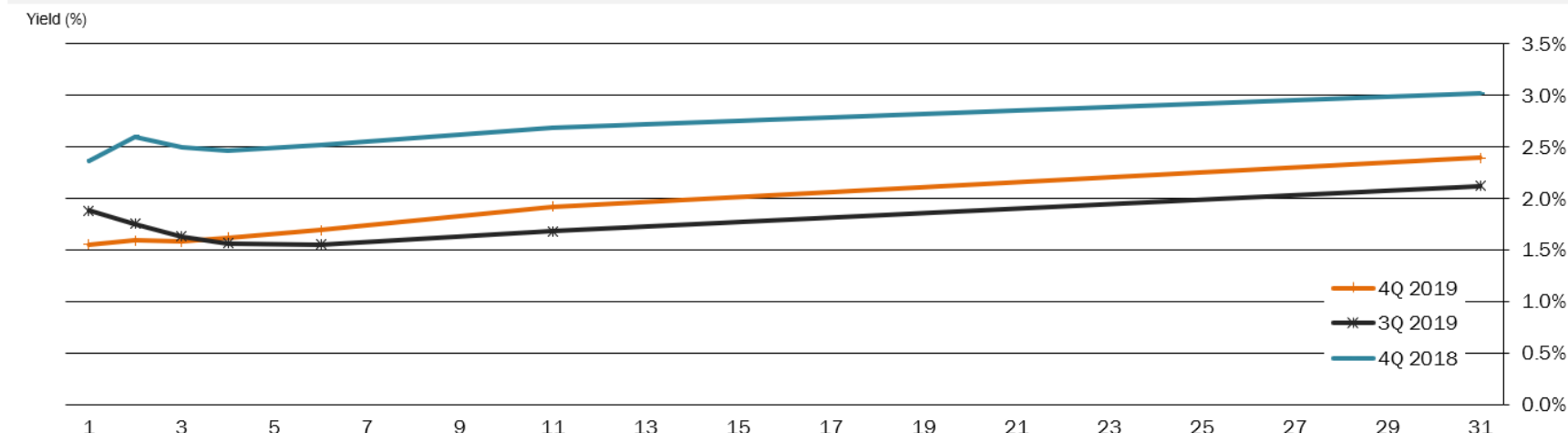
The global search for yield continues, as roughly 25% of the global bond market exhibit negative yields. Domestically, spreads have compressed and the spread between BBB and BB rated corporates has tightened, even amid elevated corporate debt levels and abundant supply. The shape of the yield curve has normalized from the brief inversion in August between the 10-2 year treasury yield spread.

FIXED INCOME RETURNS Q4 2019 AND YTD



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

U.S. TREASURY YIELD CURVE



Source: Bloomberg. Data as of respective quarter end.

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Asset Class Returns

															2005 - 2019	
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Ann.	Vol.
EM Equity 34.5%	REITs 35.1%	EM Equity 39.8%	Fixed Income 5.2%	EM Equity 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	Large Cap 31.5%	Large Cap 9.0%	REITs 22.2%
Comdty. 21.4%	EM Equity 32.6%	Comdty. 16.2%	Cash 1.8%	High Yield 59.4%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Fixed Income 0.0%	REITs 28.7%	REITs 8.3%	EM Equity 22.1%
DM Equity 14.0%	DM Equity 26.9%	DM Equity 11.6%	Asset Alloc. 25.4%	DM Equity 32.5%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs -4.0%	Small Cap 25.5%	Small Cap 7.9%	Comdty. 18.6%
REITs 12.2%	Small Cap 18.4%	Asset Alloc. 7.1%	High Yield -26.9%	REITs 28.0%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	High Yield -4.1%	DM Equity 22.7%	EM Equity 7.8%	Small Cap 17.7%
Asset Alloc. 8.1%	Large Cap 15.8%	Fixed Income 7.0%	Small Cap -33.8%	Small Cap 27.2%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Large Cap -4.4%	Asset Alloc. 19.5%	High Yield 7.2%	DM Equity 17.3%
Large Cap 4.9%	Asset Alloc. 15.3%	Large Cap 5.5%	Comdty. -35.6%	Large Cap 26.5%	High Yield 14.8%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	Asset Alloc. -5.8%	EM Equity 18.9%	Asset Alloc. 6.6%	Large Cap 14.0%
Small Cap 4.6%	High Yield 13.7%	Cash 4.8%	Large Cap -37.0%	Asset Alloc. 25.0%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Small Cap -11.0%	High Yield 12.6%	DM Equity 5.3%	High Yield 10.9%
High Yield 3.6%	Cash 4.8%	High Yield 3.2%	REITs -37.7%	Comdty. 18.9%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Comdty. -11.2%	Fixed Income 8.7%	Fixed Income 4.1%	Asset Alloc. 10.0%
Cash 3.0%	Fixed Income 4.3%	Small Cap -1.6%	DM Equity -43.1%	Fixed Income 5.9%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	DM Equity -13.4%	Comdty. 7.7%	Cash 1.3%	Fixed Income 3.4%
Fixed Income 2.4%	Comdty. 2.1%	REITs -15.7%	EM Equity -53.2%	Cash 0.1%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Cash 2.2%	Comdty. -2.6%	Cash 1.0%

Source: Barclays, Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, 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: Bloomberg Barclays Global HY Index, Fixed Income: Bloomberg Barclays US Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg Barclays 1-3m Treasury. 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 Bloomberg Barclays US Aggregate, 5% in the Bloomberg Barclays 1-3m Treasury, 5% in the Bloomberg Barclays Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period of 12/31/03 - 12/31/18. Please see disclosure page at end for index definitions. All data represents total return for stated period. The "Asset Allocation" portfolio is for illustrative purposes only. Past performance is not indicative of future returns.

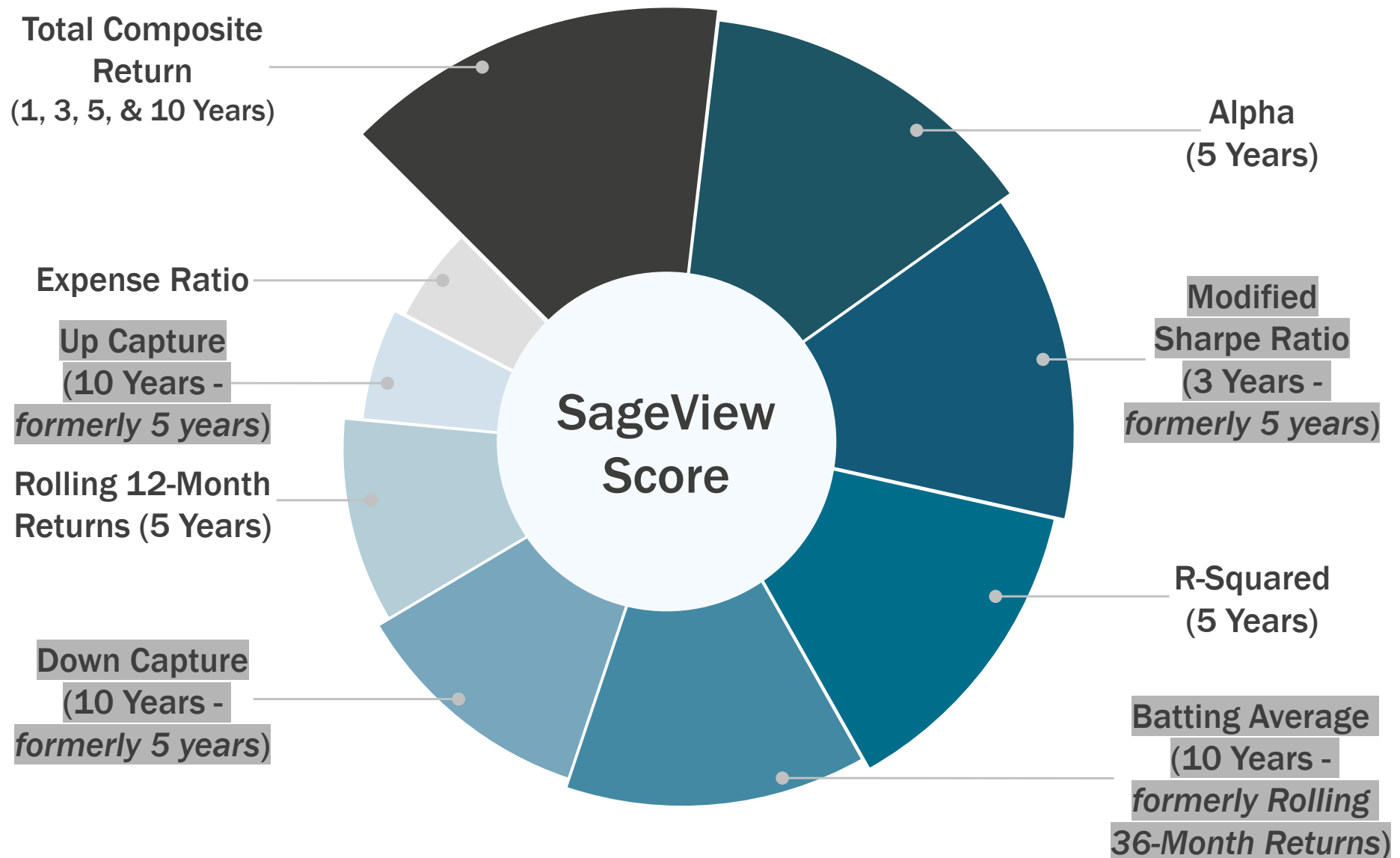
Guide to the Markets - U.S. Data are as of December 31, 2019.

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.





New Quantitative Scoring for Actively Managed Funds (4/1/20)



Graphic is for illustrative purposes only, and is not intended to indicate relative weights of component elements in overall SageView score.



Rolling Returns vs. Batting Average

- **Purpose:** To convey the average return that a fund has delivered within a given measurement window
- **Details:**
 - Displays returns in overlapping cycles of 12 or 36 months inside a longer observation window (5 years and 10 years, respectively).
 - One goal is to reduce the end-date sensitivity that is prevalent in trailing returns.
 - Assigns an overweight to the returns in the middle of the rolling sequence versus the beginning and end of the sequence. Each monthly return in the middle of a data set is counted up to 12 or 36 times under the current scoring approach

Rolling Returns



- **Purpose:** To measure the consistency with which a manager has outperformed a peer group average
- **Details:**
 - Displays the ratio of monthly outperformance observations to monthly underperformance observations in a given measurement window
 - The higher the ratio, the more consistent the outperformance
 - Compares many short periods distinctly, unlike rolling returns, which compares many longer periods that overlap
 - Unlike rolling returns, batting average does not account for the degree of outperformance or underperformance

Batting Average





Active Fund Scoring Research – Measurement Period Changes

PRACTICAL CONSIDERATIONS: The IC also considered the implications of directly comparing fund statistics across disparate time periods. This can happen when some peer group funds have insufficient history to generate the desired statistic but have at least the minimum history to receive a composite score (3 years). For these funds, the inception-to-date statistic is substituted.

Modified Sharpe Ratio

Measurement period changing from 5 years to 3 years

Statistics that measure performance or risk in absolute terms (like Sharpe Ratio) are very market environment dependent.

Measuring Sharpe Ratios over 3 years will address the occasional issue of measurement period mismatches.

Upside & Downside Capture

Measurement period changing from 5 years to 10 years

Measurement period mismatches are less problematic for scoring metrics that are designed to characterize a fund (like Up and Down Capture).

To adequately characterize a fund and to exhibit statistically significant results, it is best to measure Up and Down Capture over 10 years, which should capture a full market cycle.



Section II

Investment Summary

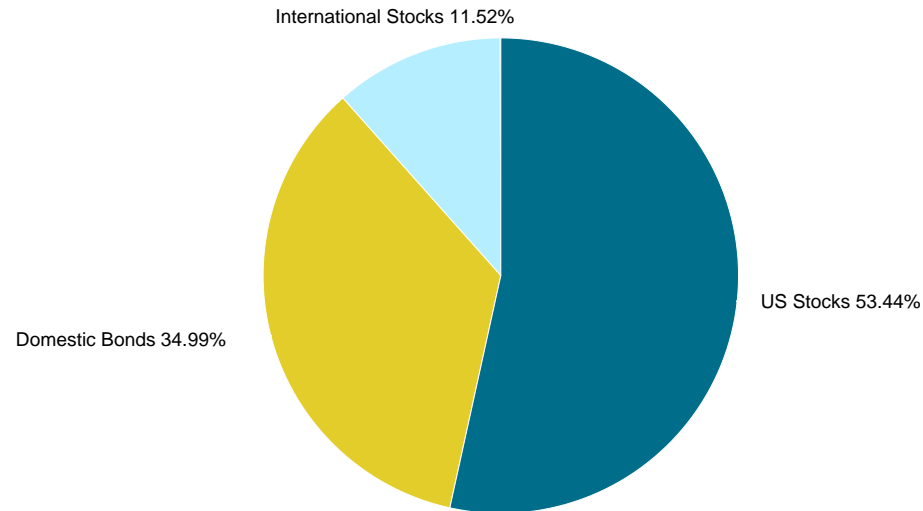
Executive Summary and Observations

- Assets total \$84,062,384 at December 31, 2019, up from \$79,184,938 at September 30, 2019.
- Trade activity during the quarter:
 - Increased Vanguard Short Term Corporate Bond target from 3.0% to 4.0%
 - Increased Baird Core Plus target from 15% to 19%
 - Increased Metropolitan West Total Return target from 9.0% to 10.5%
 - Increased Vanguard Institutional from 43.0% to 45.0%
 - Increased Vanguard Extended Market from 7.0% to 7.5%
 - Decreased Vanguard Developed Markets from 14.0% to 10.0%
 - Decreased Vanguard Emerging Markets from 3.0% to 1.5%
- For the quarter, the net total return was 6.14%, compared to the index based custom benchmark of 5.98% and the peer group custom benchmark of 5.45%. Relative to the custom index benchmark, out-performance resulted from Baird Core Plus and Vanguard High Yield Corporate.
- For the past 12 months, the net total return was 22.08%, in line with the index-based custom benchmark return of 21.69%, with out-performance coming from Baird Core Plus, Metropolitan West Total Return, and Vanguard High Yield. Dividend tax impacts on international holdings have caused an approximate 0.10% annual drag on overall portfolio performance. The return for the portfolio also beat the peer-group custom benchmark return of 20.04%.
- The portfolio is heavily allocated to index funds, leading to a low overall expense ratio of 0.13%.
- Baird Core Plus scores in the top decile of SageView's peer group quantitative rankings, while Vanguard High Yield Corporate scores in the top quartile and Metropolitan West Total Return scores in the second quartile. All index funds receive a pass rating.

Asset Allocation by Fund

As of 12/31/2019

Fund	% of Plan Assets	Total Assets
Vanguard Institutional Index I	45.83%	\$38,523,634.35
Baird Core Plus Bond Inst	18.50%	\$15,551,373.72
Metropolitan West Total Return Bd I	10.18%	\$8,553,444.62
Vanguard Developed Markets Index Instl	10.01%	\$8,415,442.27
Vanguard Extended Market Index Admiral	7.61%	\$6,398,058.08
Vanguard Short-Term Corp Bd Idx Admiral	3.87%	\$3,252,943.58
Vanguard High-Yield Corporate Adm	2.45%	\$2,059,239.09
Vanguard Emerging Mkts Stock Idx Adm	1.51%	\$1,268,655.71
Fidelity® Government Cash Reserves	0.05%	\$39,592.88
Total Market Value:	100.00%	\$84,062,384.30



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Portfolio Allocation versus Target

As of 12/31/2019

Ticker	Fund	Amount	Actual	Current Target	Previous Target
FDRXX	Fidelity Government Cash Reserves	\$39,593	0.05%	0.00%	0.00%
VSCSX	Vanguard Short Term Corporate Bond Index Admiral	\$3,252,944	3.87%	4.00%	3.00%
BCOIX	Baird Core Plus Institutional	\$15,551,374	18.50%	19.00%	15.00%
MWTIX	Metropolitan West Total Return I	\$8,553,445	10.18%	10.50%	9.00%
VWEAX	Vanguard High Yield Corporate Admiral	\$2,059,239	2.45%	2.50%	6.00%
	Total Fixed Income	\$29,456,594	35.04%	36.00%	33.00%
VINIX	Vanguard Institutional Index	\$38,523,634	45.83%	45.00%	43.00%
VEXAX	Vanguard Extended Market Index Admiral	\$6,398,058	7.61%	7.50%	7.00%
VTMNX	Vanguard Developed Markets Index Institutional	\$8,415,442	10.01%	10.00%	14.00%
VEMAX	Vanguard Emerging Markets Index Admiral	\$1,268,656	1.51%	1.50%	3.00%
	Total Equity	\$54,605,790	64.96%	64.00%	67.00%
	Total Portfolio	\$84,062,384	100.00%	100.00%	100.00%

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Fund Performance Summary

As of 12/31/2019

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	0.05%	0.36	1.90	1.90	1.32	0.81	0.42	0.38	NA
ICE BofAML US 3M Trsy Bill TR USD*			0.46	2.28	2.28	1.67	1.07	0.58		
Cat: Morningstar Money Market - Taxable			0.34	1.78	1.78	1.23	0.75	0.38	0.46	
Vanguard Short-Term Corp Bd Idx Admiral	Short-Term Bond	3.87%	0.86	6.84	6.84	3.36	2.79	3.14	0.07	Pass
BBgBarc Credit 1-5 Yr TR USD*			0.84	6.58	6.58	3.31	2.71	3.07		
Cat: Morningstar Short-Term Bond			0.61	4.72	4.72	2.46	2.00	2.18	0.71	
Baird Core Plus Bond Inst	Intermediate Core-Plus Bond	18.50%	0.53	10.11	10.11	4.66	3.75	4.92	0.30	TOP DEC
BBgBarc US Agg Bond TR USD*			0.18	8.72	8.72	4.03	3.05	3.75		
Cat: Morningstar Intermediate Core-Plus Bond			0.38	8.94	8.94	4.12	3.14	4.27	0.78	
Metropolitan West Total Return Bd I	Intermediate Core-Plus Bond	10.18%	0.19	9.09	9.09	4.16	3.03	4.98	0.44	2ND QUAR
BBgBarc US Agg Bond TR USD*			0.18	8.72	8.72	4.03	3.05	3.75		
Cat: Morningstar Intermediate Core-Plus Bond			0.38	8.94	8.94	4.12	3.14	4.27	0.78	
Vanguard High-Yield Corporate Adm	High Yield Bond	2.45%	2.53	15.91	15.91	6.45	5.79	7.20	0.13	TOP QUAR
ICE BofAML US High Yield TR USD*			2.61	14.41	14.41	6.32	6.13	7.50		
Cat: Morningstar High Yield Bond			2.31	12.64	12.64	5.32	4.91	6.44	0.98	
Vanguard Institutional Index I	Large Blend	45.83%	9.06	31.46	31.46	15.24	11.67	13.53	0.04	Pass
S&P 500 TR USD*			9.07	31.49	31.49	15.27	11.70	13.56		
Cat: Morningstar Large Blend			8.15	28.79	28.79	13.25	9.76	12.03	0.88	
Vanguard Extended Market Index Admiral	Mid-Cap Blend	7.61%	8.90	28.03	28.03	11.08	9.01	12.81	0.07	Pass
S&P Completion TR USD*			8.86	27.95	27.95	10.97	8.90	12.71		
Cat: Morningstar Mid-Cap Blend			7.07	26.21	26.21	9.15	7.15	11.09	0.99	
Vanguard Developed Markets Index Instl	Foreign Large Blend	10.01%	8.35	22.14	22.14	9.72	6.20	5.77	0.05	Pass
FTSE Dv Ex US TR USD*			8.30	22.64	22.64	9.99	6.17	5.92		
Cat: Morningstar Foreign Large Blend			8.39	21.59	21.59	9.09	5.37	5.19	0.95	
Vanguard Emerging Mkts Stock Idx Adm	Diversified Emerging Mkts	1.51%	11.32	20.31	20.31	10.53	5.01	3.45	0.14	Pass
FTSE EMs AC China A Incl (US RIC) NR USD*			11.38	20.41	20.41	10.39	5.11	3.74		
Cat: Morningstar Diversified Emerging Mkts			10.34	19.25	19.25	10.49	4.84	3.74	1.26	

*Investment Policy Benchmark

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Investment Discussion Summary - Current Investments

Fund Name % of Plan Assets Category	Comment Date	Comments
Baird Core Plus Bond Inst 18.50 Intermediate Core-Plus Bond	12/31/2019	<p>Performance Update (12/31/2019): The fund outperformed the Bloomberg Barclays U.S. Universal Bond Index in Q4. An overweight to investment grade credit, particularly an overweight in the Financial sector contributed to performance over the quarter. Positioning in securitized sectors with an underweight to Agency RMBS was positive as spreads widened due to concerns over heightened prepayment risk. The underweight to high yield and emerging market debt relative to the benchmark, which performed well over the quarter on an absolute basis were a drag on returns. Over the trailing 1 year, the fund outperformed the benchmark. Positive performance was driven by the investment grade credit overweight and yield curve positioning throughout the year.</p> <p>Strategy Summary: 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 US dollar denominated securities are utilized in this fund with no use of derivative securities. The prospectus benchmark for the strategy is the BBGBarclays US Universal Index. The standard category benchmark is the BBGBarclays US Aggregate Bond Index. Fund comments are relative to the prospectus benchmark.</p>
Metropolitan West Total Return Bd 10.18 Intermediate Core-Plus Bond	12/31/2019	<p>Performance Update (12/31/2019): The fund outperformed the return of the Bloomberg Barclays US Aggregate Bond Index in Q4. Positive performance was driven primarily by security selection within corporate credit and RMBS. Within corporate credit an overweight to financials and non cyclicals posted strong absolute and relative returns. Duration positioning over the period was neutral while an allocation to agency CMBS was slightly negative. Over the trailing 1 year, the fund beat the benchmark. Positive performance in security selection within corporate credit, RMBS, and duration positioning were all additive over the trailing 12 months.</p> <p>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. The prospectus benchmark for the strategy is the BBGBarc US Agg Bond Index.</p>

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Investment Discussion Summary - Current Investments

Fund Name % of Plan Assets Category	Comment Date	Comments
Vanguard High-Yield Corporate Adm 2.45 High Yield Bond	12/31/2019	<p>Performance Update (12/31/2019): The fund underperformed the benchmark for the quarter but significantly outperformed for the year. U.S. high yield has returned over 2% for the quarter. Despite the strong overall market rally indicating a sentiment reversal for high yield, returns have not been driven by a relative rally in lower quality bonds, but by the BB-rated bonds. Positive security selection drove the fund's outperformance of its primary benchmark. Selection was strongest among financial institutions and energy issuers. For the trailing one year, as in the quarter, selection was strongest among financial institutions and energy issuers. Positive selection in the wireless, retail, and cable/satellite sectors also helped. Conversely, poor selection in pharmaceuticals weighed on performance.</p> <p>Strategy Summary: The Fund invests primarily in a diversified group of high yielding, higher risk corporate bonds with medium and lower range credit quality ratings. The Fund invests at least 80% of its assets in corporate bonds that are rated below Baa by Moody's. The Fund may not invest more than 20% of its assets in any of the following, in the aggregate: bonds with credit ratings lower than B or the equivalent, convertible securities, preferred stocks, and fixed and floating rate loans of medium to lower range credit quality. The standard category benchmark is the BB Barclays US Corporate High Yield Bond Index. Fund comments are relative to the prospectus benchmark.</p>

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IPS Historical Ranking

Fund Name	03/2017	06/2017	09/2017	12/2017	03/2018	06/2018	09/2018	12/2018	03/2019	06/2019	09/2019	12/2019
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	Pass	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 QUAR	TOP QUAR	TOP DEC	2 ND QUAR	2 ND QUAR	2 ND QUAR
Vanguard High-Yield Corporate Adm	TOP QUAR	TOP QUAR	TOP QUAR	TOP QUAR	TOP QUAR	TOP QUAR	TOP QUAR	TOP QUAR	TOP DEC	TOP DEC	TOP DEC	TOP QUAR
Vanguard Institutional Index I	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
Vanguard Extended Market Index Admiral	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
Vanguard Developed Markets Index Instl	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
Vanguard Emerging Mkts Stock Idx Adm	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass

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Baird Core Plus Bond Inst

BCOIX

Ranking Vs. Peers - Intermediate Core-Plus Bond

December 31, 2019

Intermediate Core-Plus Bond Universe: 743 Funds

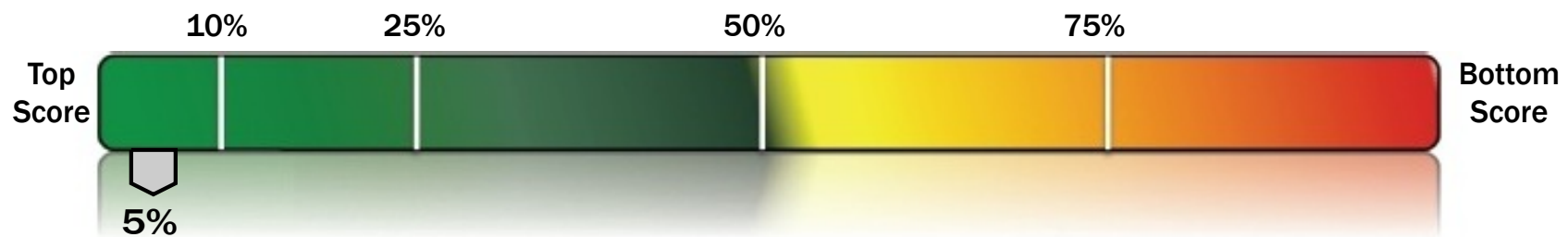
Performance Ranking			Ranking
Total Return Composite Ranking			17.35%
	10 Year	16.00%	
	5 Year	15.00%	
	3 Year	19.00%	
	1 Year	23.00%	
Rolling 12 Month - 5 Years			26.97%
Rolling 36 Month - 10 Years			25.00%

Ratio Statistics		Ranking
Sharpe Ratio - 60 Months		19.00%
Alpha - 60 Months		25.00%
Up Capture Ratio - 5 years		9.00%
Down Capture Ratio - 5 years		48.00%

Fund Expense		Ranking
Expense Ratio	0.3	5.00%

Style Consistency			Ranking
Style Consistency to Benchmark			
BBgBarc US Agg Bond TR USD	R2		11.00%

SageView Normalized Ranking	
SageView Normalized Ranking	5.00%
STATUS	TOP DECILE



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Metropolitan West Total Return Bd I

MWTIX

Ranking Vs. Peers - Intermediate Core-Plus Bond

December 31, 2019

Intermediate Core-Plus Bond Universe: 743 Funds

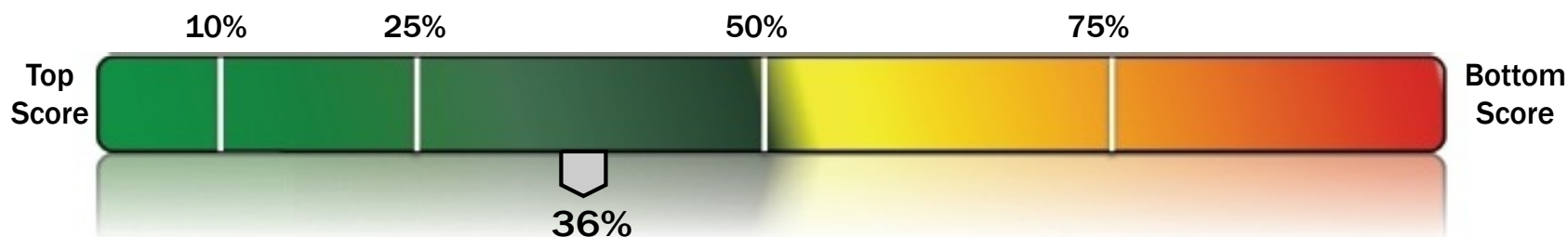
Performance Ranking			Ranking
Total Return Composite Ranking			46.55%
	10 Year	14.00%	
	5 Year	57.00%	
	3 Year	44.00%	
	1 Year	52.00%	
Rolling 12 Month - 5 Years			46.68%
Rolling 36 Month - 10 Years			28.93%

Ratio Statistics		Ranking
Sharpe Ratio - 60 Months		55.00%
Alpha - 60 Months		64.00%
Up Capture Ratio - 5 years		52.00%
Down Capture Ratio - 5 years		49.00%

Fund Expense		Ranking
Expense Ratio	0.44	16.00%

Style Consistency			Ranking
Style Consistency to Benchmark			
BBgBarc US Agg Bond TR USD	R2		2.00%

SageView Normalized Ranking	
SageView Normalized Ranking	36.00%
STATUS	2nd QUARTILE



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Vanguard High-Yield Corporate Adm

VWEAX

Ranking Vs. Peers - High Yield Bond

December 31, 2019

High Yield Bond Universe: 757 Funds

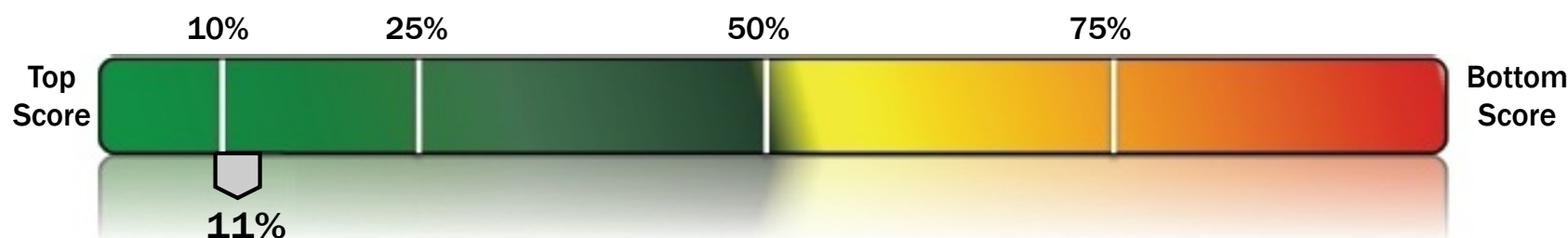
Performance Ranking			Ranking
Total Return Composite Ranking			13.75%
	10 Year	17.00%	
	5 Year	17.00%	
	3 Year	10.00%	
	1 Year	7.00%	
Rolling 12 Month - 5 Years			34.83%
Rolling 36 Month - 10 Years			39.61%

Ratio Statistics		Ranking
Sharpe Ratio - 60 Months		15.00%
Alpha - 60 Months		16.00%
Up Capture Ratio - 5 years		53.00%
Down Capture Ratio - 5 years		23.00%

Fund Expense		Ranking
Expense Ratio	0.13	3.00%

Style Consistency			Ranking
Style Consistency to Benchmark			
BBgBarc US HY 2% Issuer Cap TR USD	R2		51.00%

SageView Normalized Ranking	
SageView Normalized Ranking	11.00%
STATUS	TOP QUARTILE



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Vanguard Long-Term Treasury Admiral

Ranking Vs. Peers - Long Government

VUSUX

Addition

December 31, 2019

Long Government Universe: 32 Funds

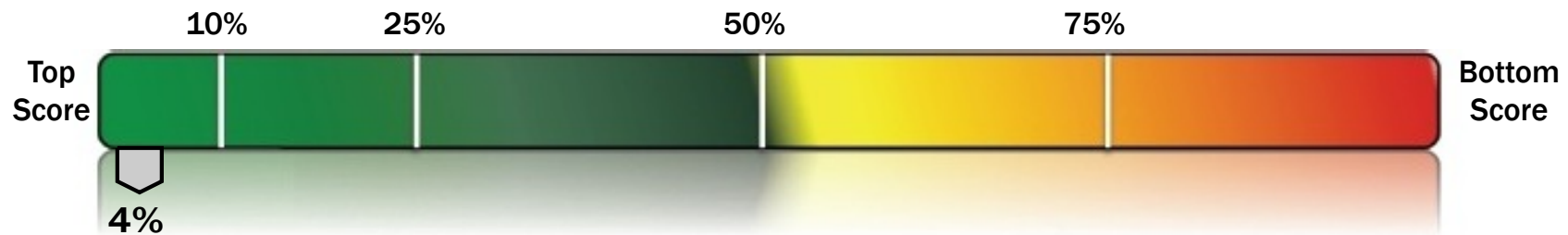
Performance Ranking			Ranking
Total Return Composite Ranking			22.85%
	10 Year	32.00%	
	5 Year	19.00%	
	3 Year	23.00%	
	1 Year	25.00%	
Rolling 12 Month - 5 Years			29.65%
Rolling 36 Month - 10 Years			39.82%

Ratio Statistics		Ranking
Sharpe Ratio - 60 Months		26.00%
Alpha - 60 Months		30.00%
Up Capture Ratio - 5 years		23.00%
Down Capture Ratio - 5 years		52.00%

Fund Expense		Ranking
Expense Ratio	0.1	4.00%


Style Consistency			Ranking
Style Consistency to Benchmark			
BBgBarc US Government Long TR USD	R2		23.00%

SageView Normalized Ranking	
SageView Normalized Ranking	4.00%
STATUS	TOP DECILE



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Section III

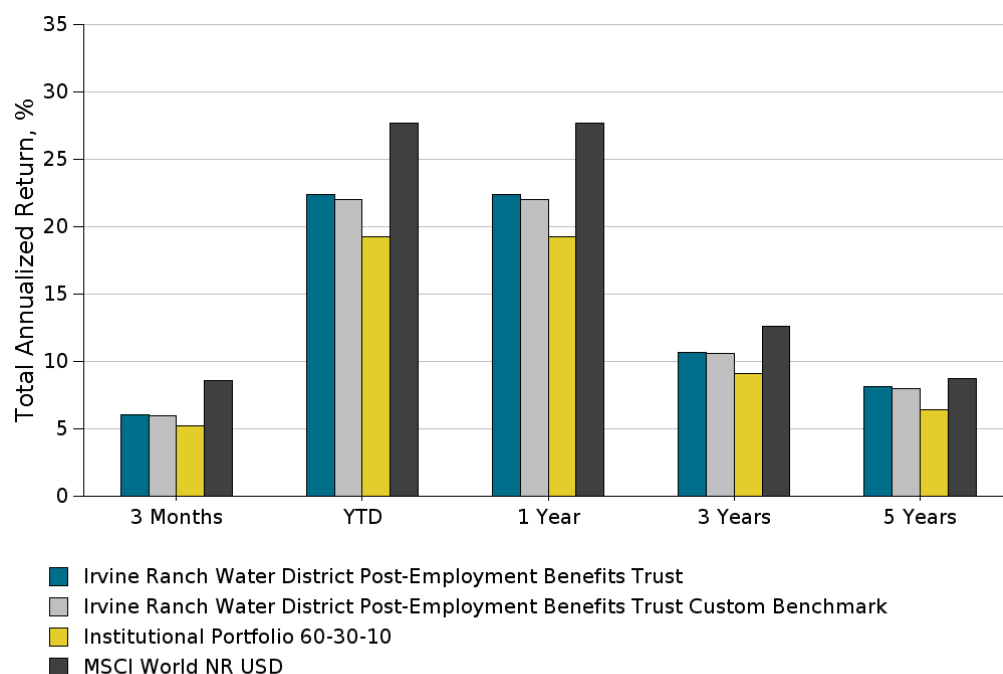
Portfolio Summary

Portfolio Return vs. Custom Benchmark

As of 12/31/2019

Performance As Of December 31, 2019	3 Month	YTD	1 Year	3 Year	5 Year	Std Dev 5 Yr	Prospectus Exp Ratio
Irvine Ranch Water District Post-Employment Benefits Trust	6.14	22.08	22.08	9.83	NA	NA	0.13
Irvine Ranch Water District Post-Employment Benefits Trust Custom Benchmark	5.98	21.69	21.69	9.80	8.00	7.73	NA
Irvine Ranch Water District Post-Employment Benefits Trust Custom Category Averages Benchmark	5.46	20.04	20.04	8.54	6.73	9.09	0.87
Institutional Portfolio 60-30-10	5.24	19.22	19.22	9.05	6.40	6.92	NA
MSCI World NR USD	8.56	27.67	27.67	12.57	8.74	11.68	NA

¹Industry Average Exp Ratio 0.89%. Based on plan assets \$50Mil+



Benchmark	Weight
S&P 500 TR USD	45.83%
BBgBarc US Agg Bond TR USD	28.67%
FTSE Dv Ex US TR USD	10.01%
S&P Completion TR USD	7.61%
BBgBarc Credit 1-5 Yr TR USD	3.87%
ICE BofAML US High Yield TR USD	2.45%
FTSE EMs AC China A Incl (US RIC) NR USD	1.51%
ICE BofAML US 3M Trsy Bill TR USD	0.05%

¹Industry Average Expense Ratio Source: 401(k) Averages Book, 18th 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% ICE BofAML US 3M Trsy Bill TR USD

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Management Style Analysis

As of 12/31/2019

Domestic Equity Style Box

	VALUE	BLEND	GROWTH
LARGE CAP		<ul style="list-style-type: none"> Vanguard Institutional Index I(\$119.87 bn) 	
MID CAP		<ul style="list-style-type: none"> Vanguard Extended Market Index Admiral (\$4.74 bn) 	
SMALL CAP			

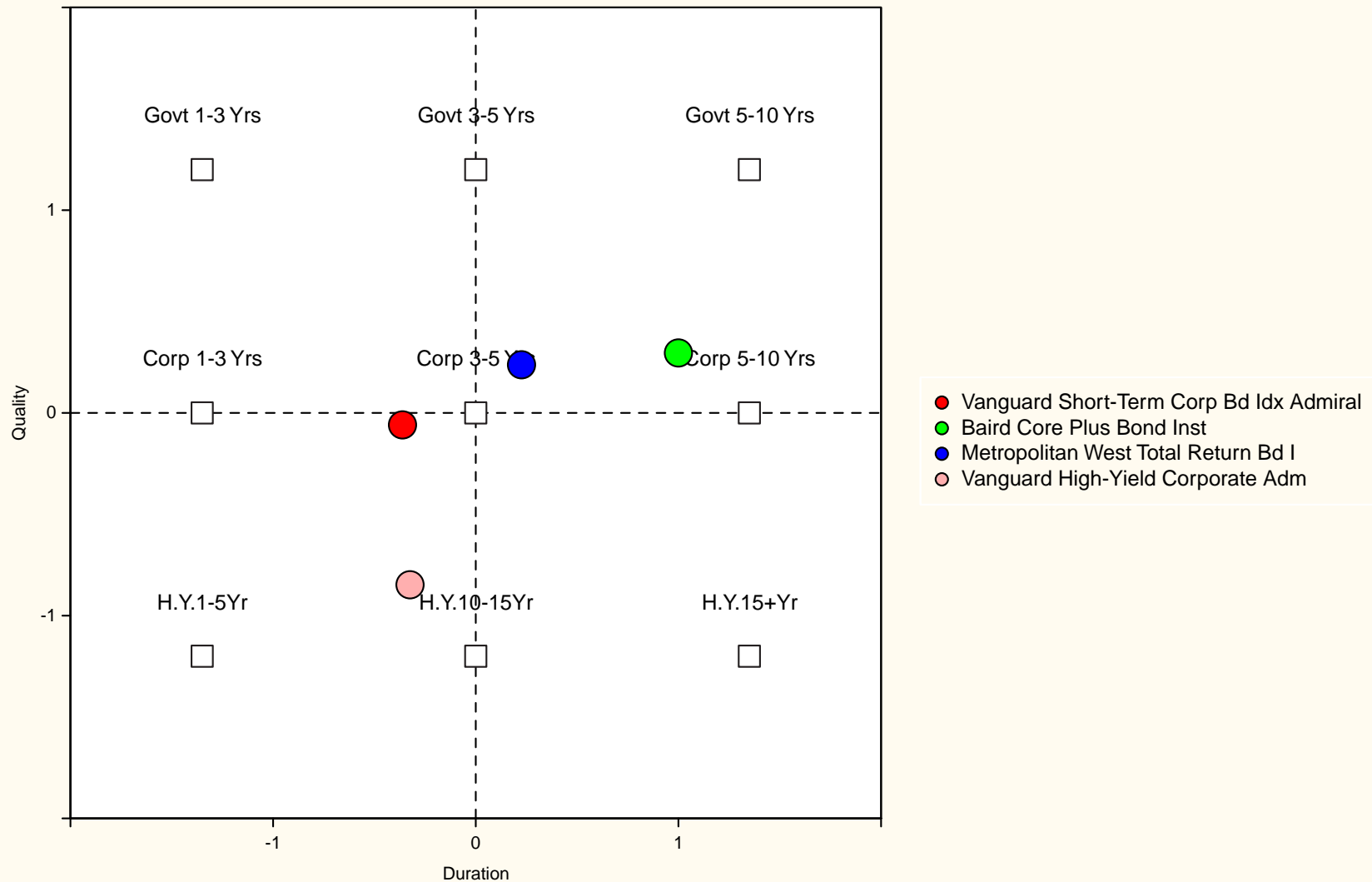
Average Market Cap. listed in parentheses

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Manager Style Box

Fixed Income - Single Computation
January 2010 - December 2019

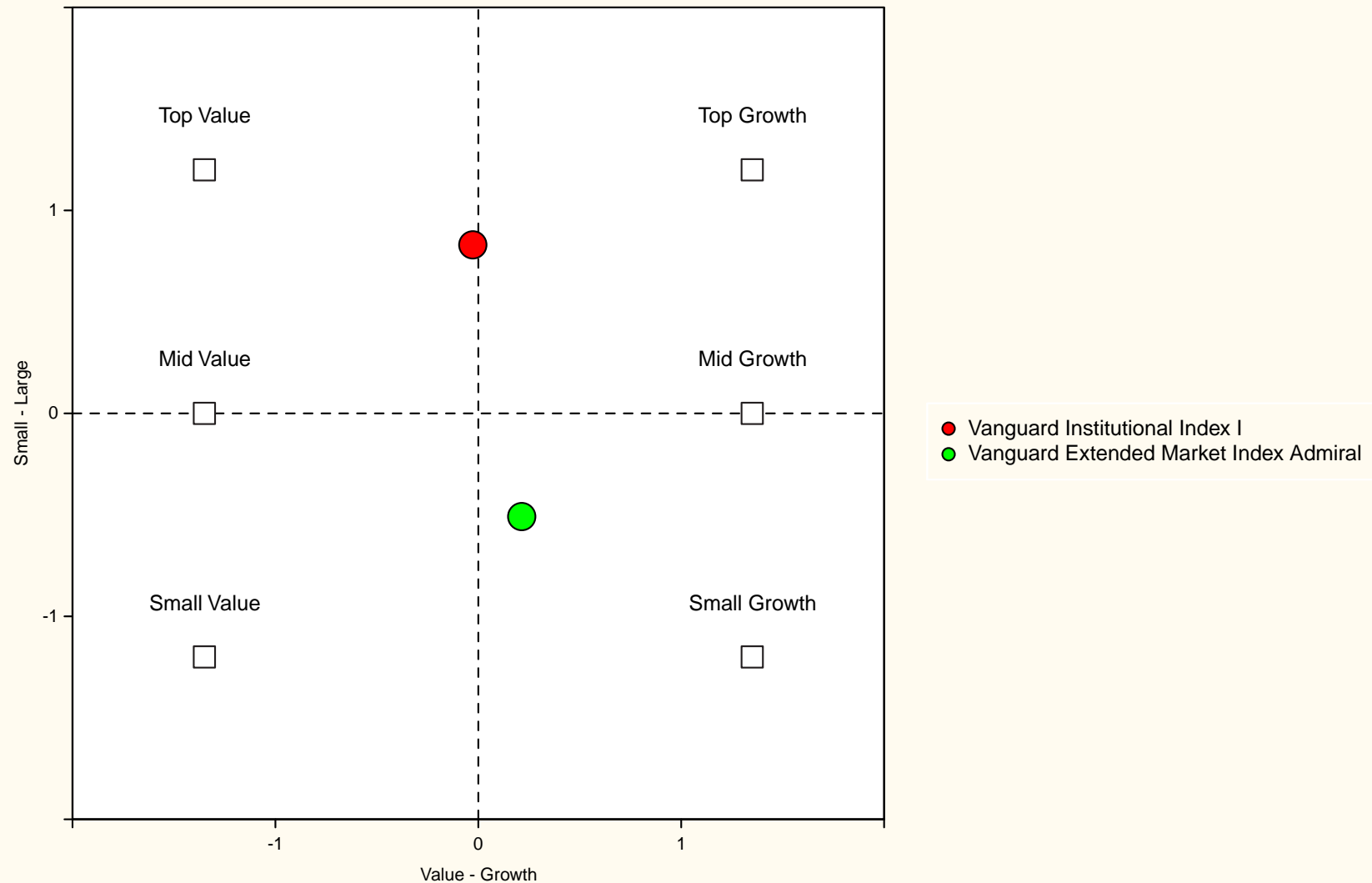


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Manager Style Box

Equity - Single Computation
January 2010 - December 2019

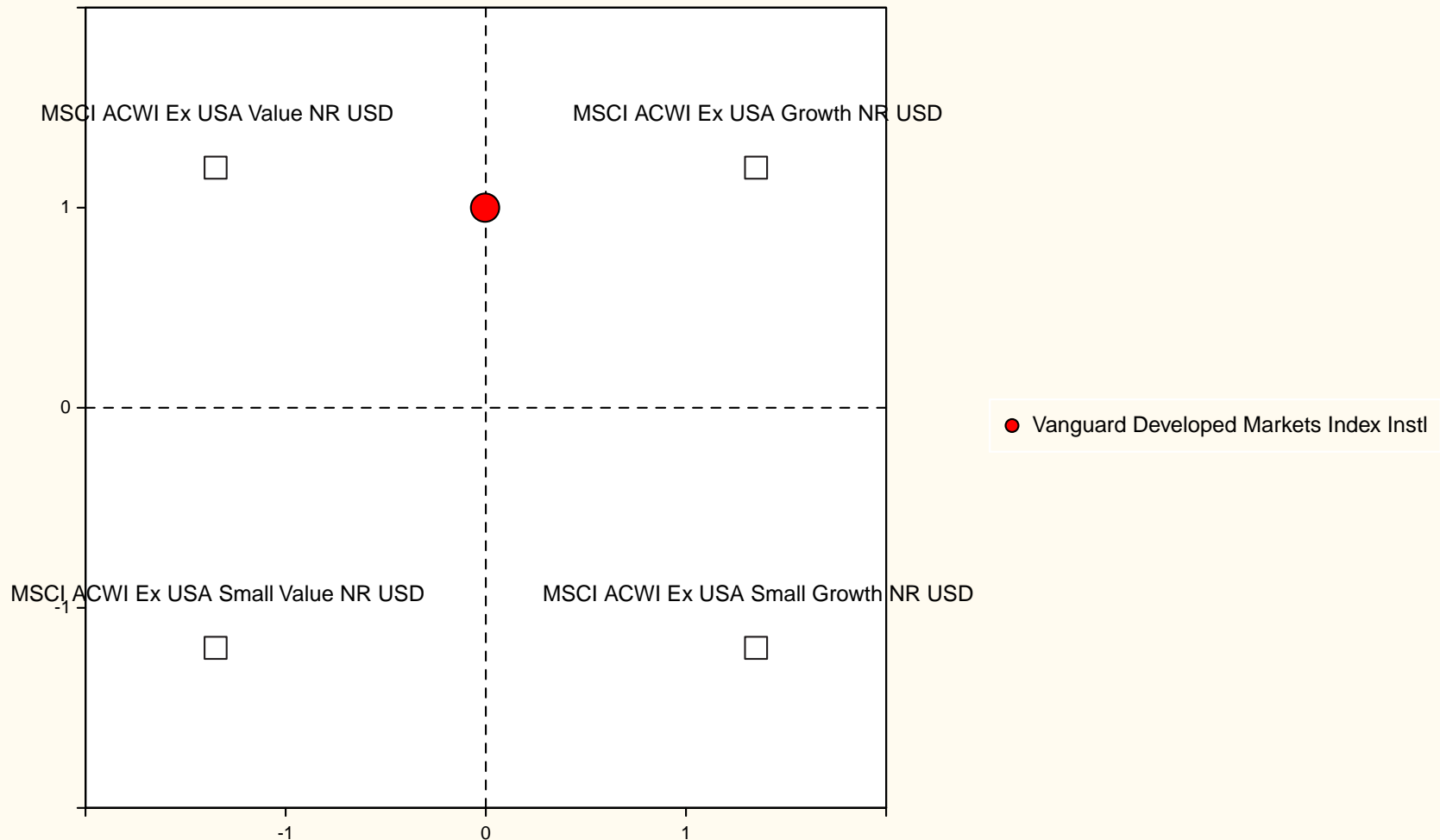


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Manager Style Box

International Equity - Single Computation
January 2010 - December 2019

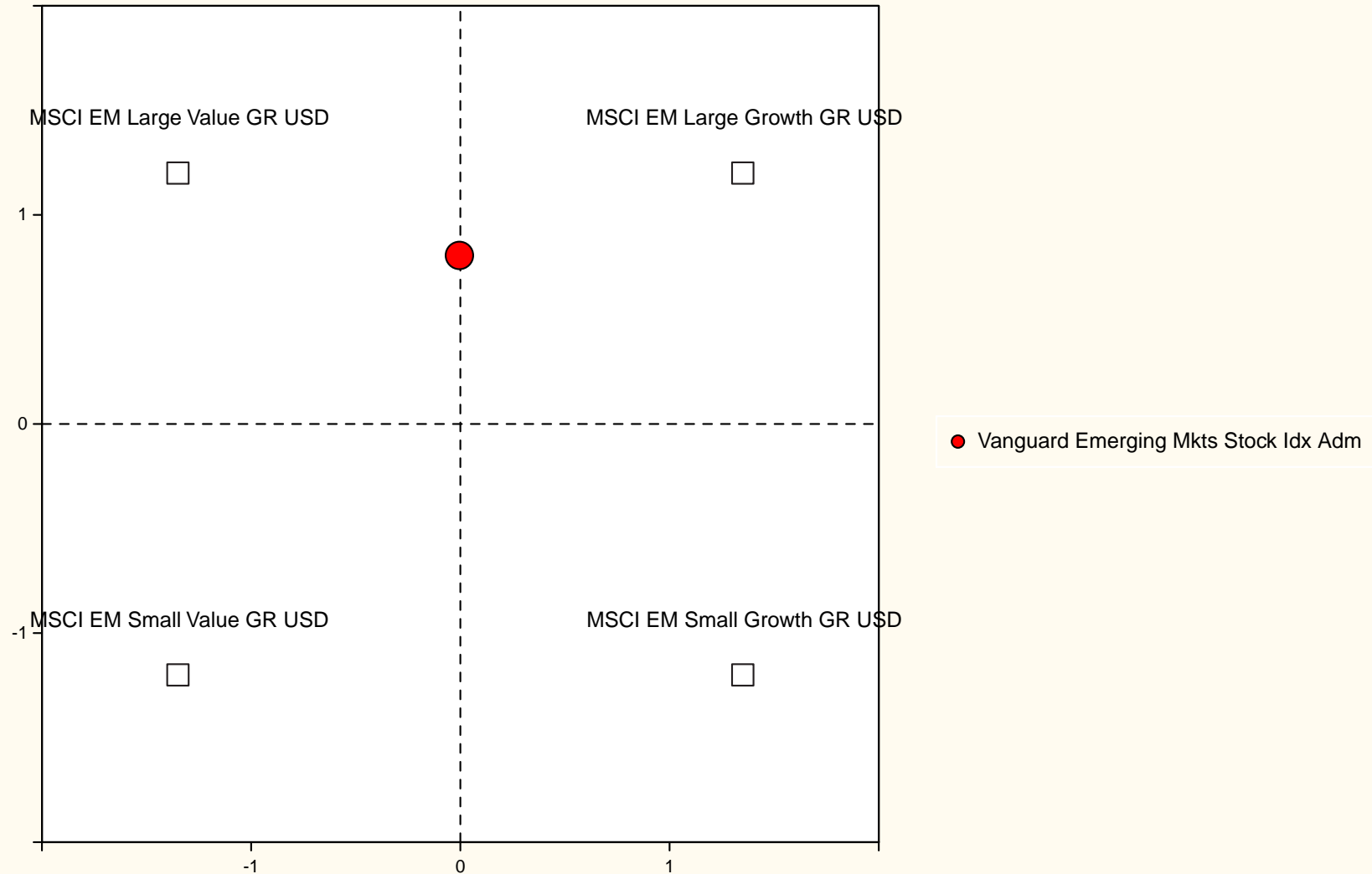


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Manager Style Box

Emerging Market - Single Computation
January 2010 - December 2019



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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 4th Quartile based upon the overall score compared to all other funds within that particular asset category.



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.

