

Port of Houston Authority  
OPEB Trust

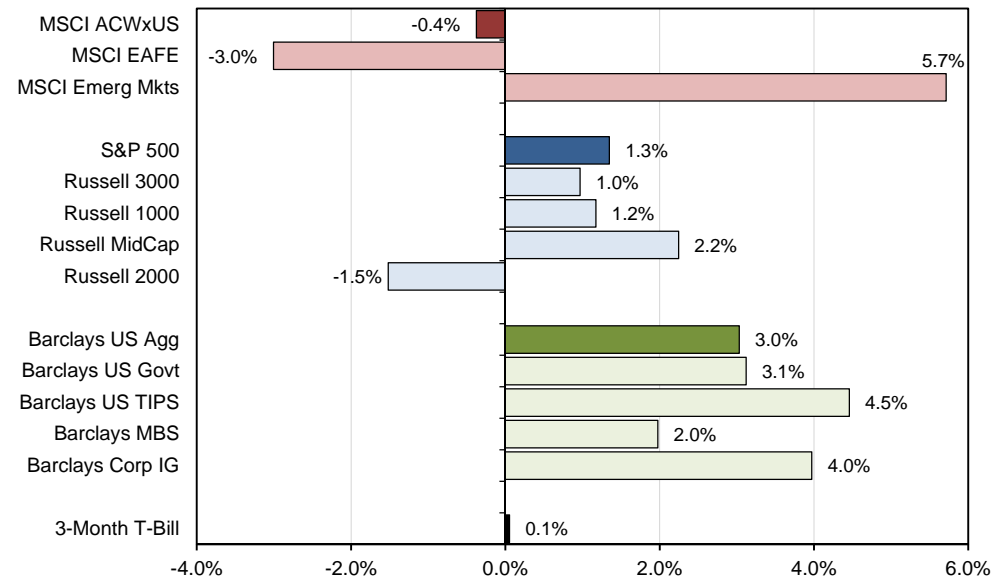
Investment Performance Review  
Period Ended March 31, 2016



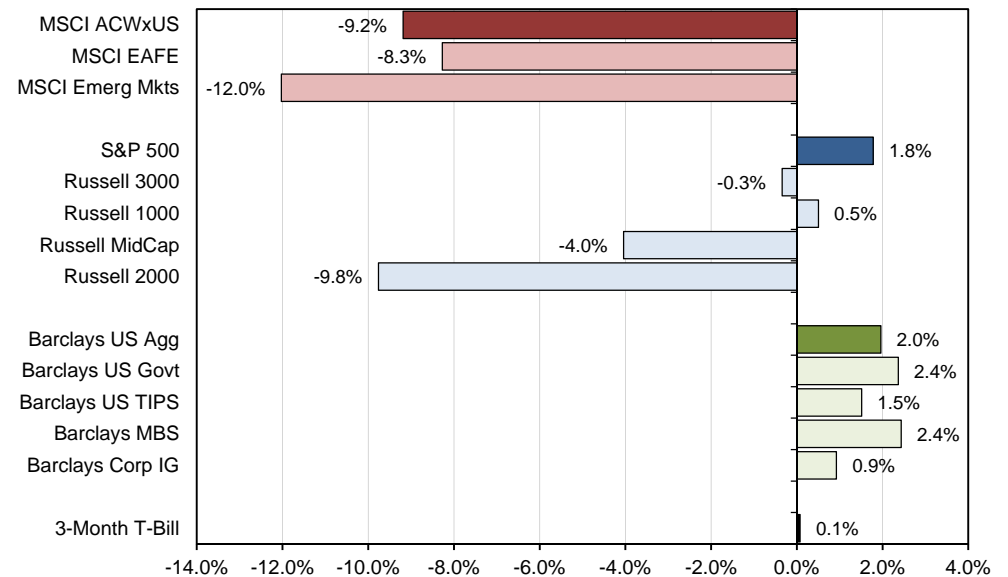
# 1st Quarter 2016 Market Environment

- The 1st quarter of 2016 proved volatile as broad equity markets declined significantly through the first half of the period due to global economic growth concerns, low and falling energy prices, and the prospect of rising interest rates in the U.S. At its lowest point on February 11, 2016, the S&P 500 had fallen by -10.3%. However, equity prices recovered through the second half of the quarter as investors reacted to improving economic data, a recovery in commodity prices, and various central bank announcements of continued monetary policy easing. As a result, the S&P 500 appreciated 13.0% through the end of March and finished the quarter with a return of 1.3%.
- Each of the U.S. stock market indices we track followed a similar pattern to the S&P 500 and were modestly positive through the 1st quarter with the exception of the Russell 2000, which returned -1.5% for the period. For the 1-year period, domestic large cap stock indices were the best performers, with the S&P 500 and Russell 1000 returning 1.8% and 0.5%, respectively, while domestic small- (-9.8%) and mid-capitalization (-4.0%) indices posted negative results for the period. In U.S. dollar (USD) terms, the MSCI Emerging Market (EM) Index (net) surged in the back half of the period, returning a solid 5.7% for the quarter. Developed international markets did not fare as well with the MSCI EAFE Index (net) finishing the quarter with a return of -3.0%. Both international benchmarks were weak over the 1-year period with the MSCI EAFE Index returning -8.3% and the MSCI EM Index returning -12.0%.
- The U.S. Treasury yield curve flattened throughout the 1st quarter. The drop in yields was primarily caused by U.S. Federal Reserve (Fed) indications they would likely be slowing their expected pace of future interest rate increases, as well as an increased demand for safe haven assets, as the volatility in the equity markets pushed investors away from risk assets. As a result, U.S. fixed income markets were positive across maturities and qualities for the period. The broad market Barclays U.S. Aggregate Index returned a solid 3.0% during the quarter. This broad market performance was led by investment grade corporates which benefitted from their higher duration as well as interest rate spreads that declined significantly in the second half of the quarter. U.S. Treasury Inflation Protected Securities (TIPS) returned 4.5% for the quarter and were aided by higher inflation expectations (lower TIPS yields) and increased commodity prices. Global fixed income indices outperformed their U.S. counterparts in USD terms with a tailwind from both falling interest rates and a weakening USD.

### Quarter Performance

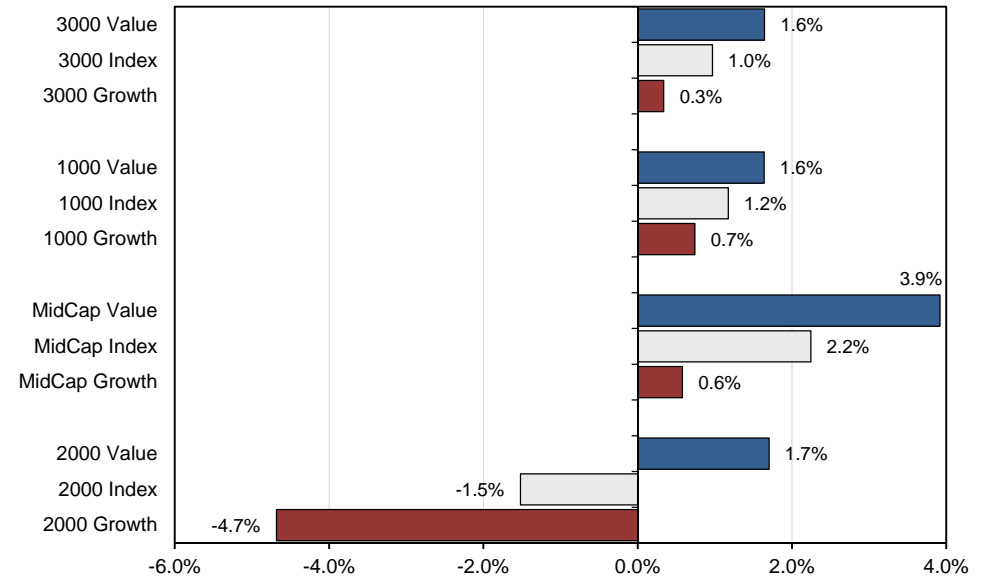


### 1-Year Performance

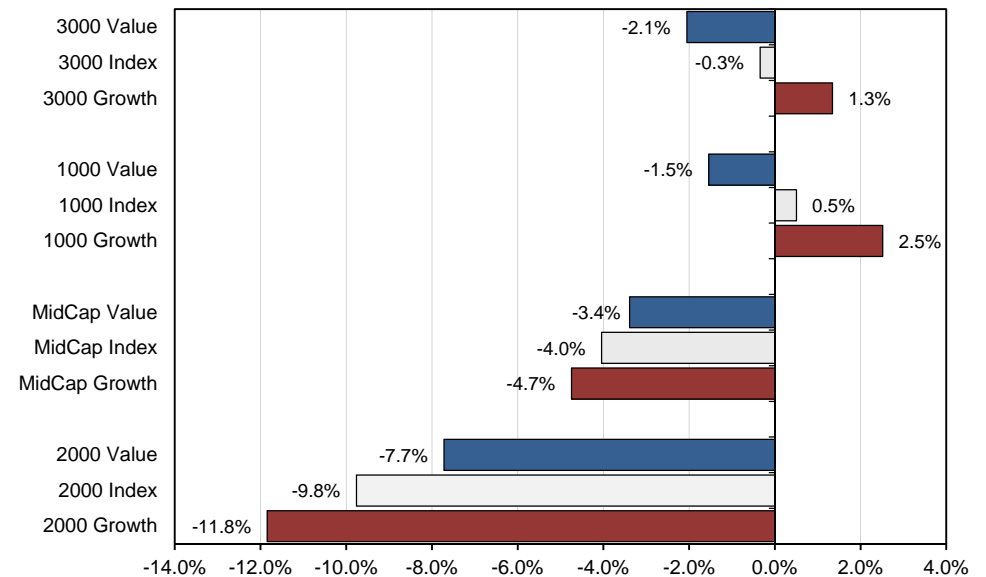


- U.S. macroeconomic data fueled domestic equity returns for the 1st quarter. Early on, concerns about U.S. GDP growth, growing initial jobless claims, weakness in U.S. manufacturing, low oil prices, and the potential for a steady pattern of interest rate hikes resulted in considerable downside momentum for U.S. equity indices. However, as the quarter progressed, employment and income data appeared stronger, moving to a post-recession low, and regional manufacturing surveys showed signs of improvement. In addition, oil prices rebounded from a low of \$26/barrel in February to \$38/barrel at the end of March, and, despite signs of rising inflation, the Fed lowered its median projection for the number of interest rate increases in 2016 from four to only two.
- Domestic equity index performance was largely positive during the 1st quarter. Value stocks outperformed growth stocks across the capitalization spectrum reversing a persistent trend of growth style outperformance. This shift was likely due to investors seeking the relative safety and stability of value stocks given the turbulent start to the year. Mid cap value stocks were the best performers across the value spectrum, returning 3.9% during the period. Small cap value (1.7%) and large cap value (1.6%) benchmarks posted similar results but were up less than half of the MidCap Index's performance. Within the growth spectrum, large cap stocks were the best performers (0.7%), followed by mid cap stocks (0.6%). The Russell 2000 Growth Index was the largest underperformer, returning -4.7% for the quarter, substantially trailing other indices.
- Large cap stocks, as represented by the Russell 1000's return of 0.5%, posted the only positive core index performance over the 1-year period. However, style bias was mixed. The Russell 1000 Growth Index was the best performer, returning 2.5% for the year. In contrast, the growth indices for both mid (-4.7%) and small (-11.8%) cap stocks posted negative results and underperformed their respective value benchmarks.
- Despite their underperformance over the 1-year period, from a valuation perspective, current Price/Earnings ratios (P/E) for value indices appear stretched relative to their long-term (20-year) averages. The mid cap value index appears most expensive at 122% of its long-term average. In contrast, current P/E valuations for the growth indices fall between 90% and 95% of their historical long-term averages.

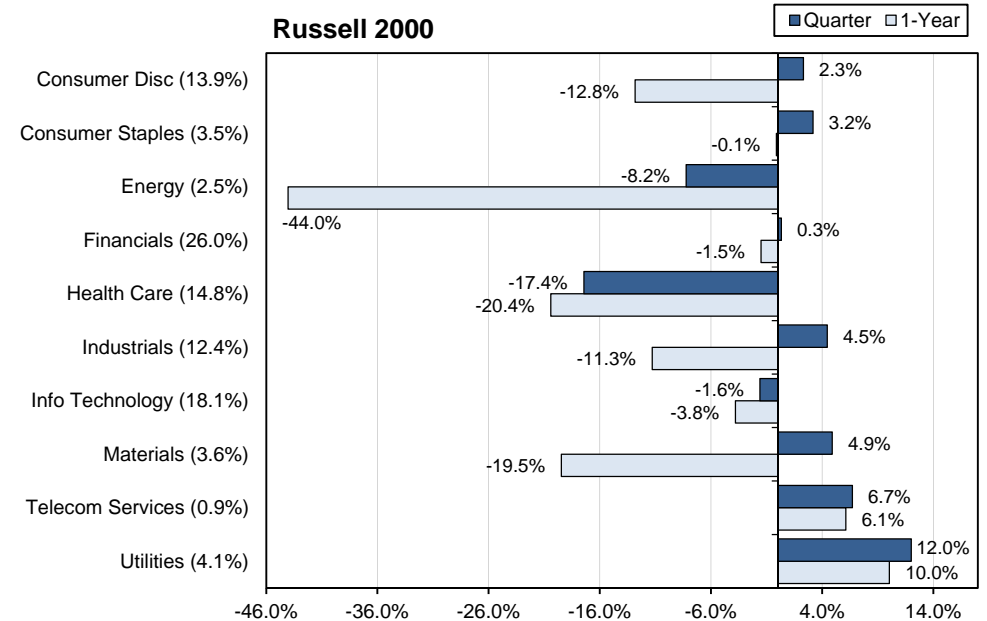
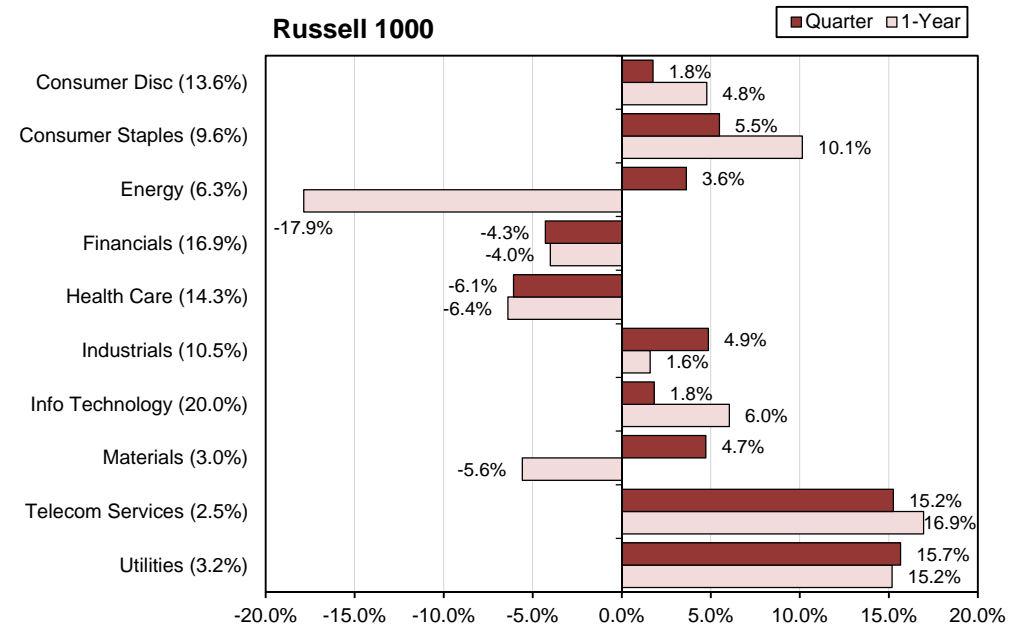
Quarter Performance - Russell Style Series



1-Year Performance - Russell Style Series



- Large cap sector performance was generally positive for the 1st quarter with eight of the ten economic sectors within the Russell 1000 Index posting gains. The Health Care and Financials sectors were the only laggards returning -6.1% and -4.3% respectively. Health Care losses were led by the struggling biotech industry as stock prices reacted to increased political discussion surrounding drug price reform. An increased likelihood of low interest rates in the near-term hurt the earnings outlook for Financials. The strongest performing sectors for the quarter were the relatively defensive Utilities (15.7%), Telecom Services (15.2%) and Consumer Staples (5.5%) sectors. These sectors benefitted from their lower perceived risk and higher dividend yields as investors sought shelter from the quarter's early volatility. Over the 1-year period, six of ten economic sectors in the large cap index had positive performance, with the defensive sectors, largely due to performance in the 1st quarter, posting the strongest returns. On the negative side, the oil price driven Energy sector was the worst performer by a sizable margin returning -17.9% for the period. Health Care (-6.4%), Financials (-4.0%), and Materials (-5.6%) were also negative for the 1-year period.
- Small cap sector returns were, by and large, worse than corresponding large cap sector returns. Similar to large cap sectors, small cap sector performance was largely positive for the quarter. However, in contrast to the large cap benchmark's balanced sector results, only the small cap index's two most defensive sectors, Utilities (10.0%) and Telecom Services (6.1%), managed to post positive returns over the 1-year period. Much like the Russell 1000, the Energy sector posted the Russell 2000's weakest 1-year sector performance, returning -44.0%. Health Care (-20.4%), Materials (-19.5%), Consumer Discretionary (-12.8%), and Industrials (-11.3%) also posted double-digit losses for the period.
- Using the S&P 500 as a proxy, trailing P/E ratios for six GICS sectors were below their 20-year averages at quarter-end. The Telecom Services and Financials sectors were trading at the largest discount to their long-term average P/E ratios. Conversely, Energy and Utilities sector valuations were the most extended relative to their historical P/E ratios.



**The Market Environment**  
**Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000**  
As of March 31, 2016

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Apple Inc	3.08%	4.1%	-10.8%	Information Technology
Microsoft Corp	2.19%	0.3%	39.5%	Information Technology
Exxon Mobil Corporation	1.71%	8.2%	1.9%	Energy
Johnson & Johnson	1.47%	6.1%	10.8%	Health Care
General Electric Co	1.47%	2.9%	32.4%	Industrials
Berkshire Hathaway Inc B	1.29%	7.5%	-1.7%	Financials
Facebook Inc A	1.21%	9.0%	38.8%	Information Technology
AT&T Inc	1.17%	15.4%	26.9%	Telecommunication Services
Amazon.com Inc	1.11%	-12.2%	59.5%	Consumer Discretionary
Wells Fargo & Co	1.10%	-10.3%	-8.6%	Financials

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
United States Steel Corp	0.01%	102.5%	-33.2%	Materials
Cliffs Natural Resources Inc	0.00%	89.9%	-37.6%	Materials
3D Systems Corp	0.01%	78.0%	-43.6%	Information Technology
JC Penney Co Inc	0.02%	66.1%	31.5%	Consumer Discretionary
SPX Corp	0.00%	61.0%	-28.3%	Industrials
Freeport-McMoRan Inc	0.06%	52.7%	-44.5%	Materials
Newmont Mining Corp	0.07%	47.9%	23.0%	Materials
Allegheny Technologies Inc	0.01%	45.6%	-44.2%	Materials
Urban Outfitters Inc	0.01%	45.5%	-27.5%	Consumer Discretionary
Kate Spade & Co	0.02%	43.6%	-23.6%	Consumer Discretionary

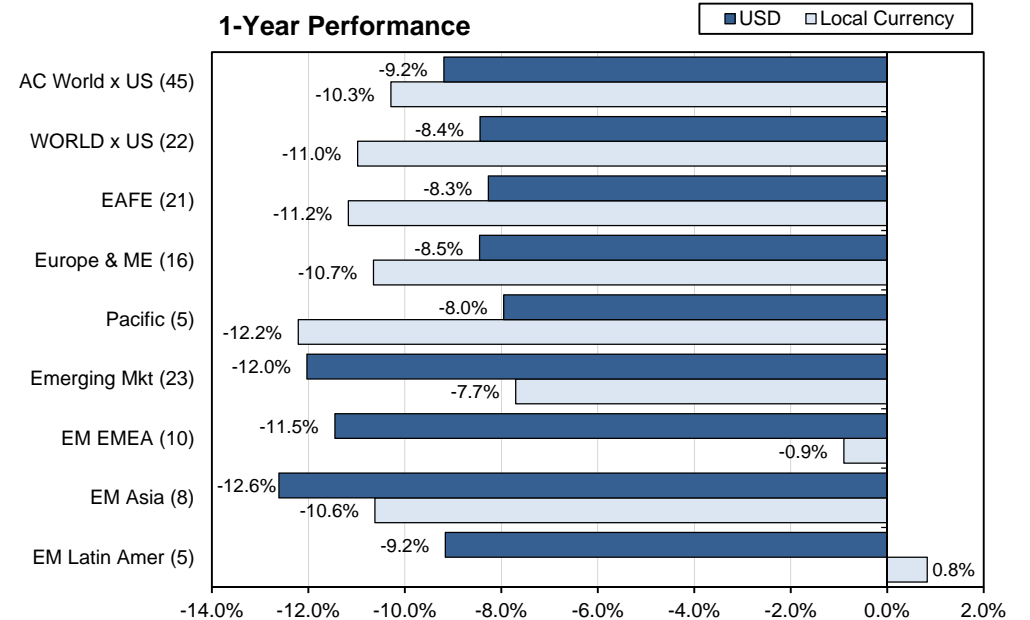
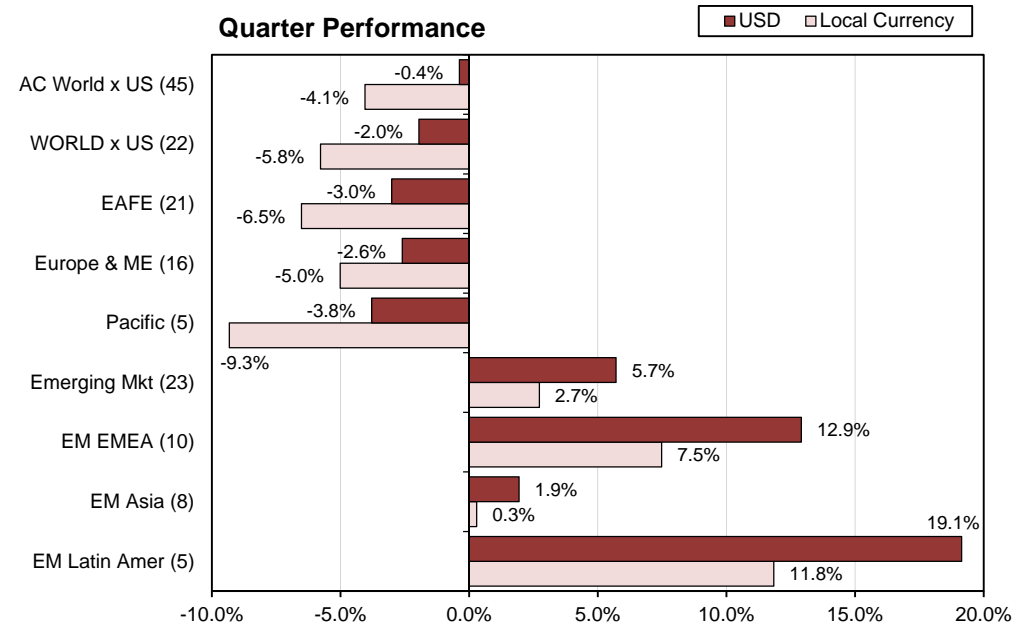
Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
SunEdison Inc	0.00%	-89.4%	-97.7%	Information Technology
Ultra Petroleum Corp	0.00%	-80.1%	-96.8%	Energy
SandRidge Energy Inc	0.00%	-71.9%	-96.8%	Energy
Peabody Energy Corp	0.00%	-69.8%	-96.9%	Energy
Ocwen Financial Corp	0.00%	-64.6%	-70.1%	Financials
Puma Biotechnology Inc	0.00%	-62.5%	-87.6%	Health Care
Alkermes PLC	0.02%	-56.9%	-43.9%	Health Care
California Resources Corp	0.00%	-55.8%	-86.4%	Energy
Endo International PLC	0.03%	-54.0%	-68.6%	Health Care
SolarCity Corp	0.01%	-51.8%	-52.1%	Industrials

Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
STERIS PLC	0.37%	-5.3%	2.6%	Health Care
CubeSmart	0.34%	9.4%	41.5%	Financials
West Pharmaceutical Services Inc	0.31%	15.4%	16.1%	Health Care
Treehouse Foods Inc	0.30%	10.6%	2.0%	Consumer Staples
Vail Resorts Inc	0.30%	5.1%	32.3%	Consumer Discretionary
Piedmont Natural Gas Co Inc	0.29%	5.5%	66.9%	Utilities
MarketAxess Holdings Inc	0.29%	12.1%	51.9%	Financials
Sovran Self Storage Inc	0.28%	10.8%	29.9%	Financials
Highwoods Properties Inc	0.28%	10.8%	8.7%	Financials
Casey's General Stores Inc	0.27%	-5.7%	26.9%	Consumer Staples

Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Vantage Drilling Co	0.00%	551.4%	-94.7%	Energy
American Eagle Energy Corp	0.00%	345.5%	-97.3%	Energy
Walter Energy Inc	0.00%	177.7%	-95.0%	Materials
Ultrapetrol Bahamas Ltd	0.00%	157.1%	-81.4%	Industrials
Coeur Mining Inc	0.05%	126.6%	19.3%	Materials
Bio-Path Holdings Inc	0.00%	107.2%	43.9%	Health Care
EnerNOC Inc	0.01%	94.3%	-34.4%	Information Technology
Cliffs Natural Resources Inc	0.03%	89.9%	-37.6%	Materials
SunCoke Energy Inc	0.03%	87.3%	-54.1%	Materials
Nanoviricides Inc	0.00%	85.6%	-2.7%	Health Care

Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
RCS Capital Corp Class A	0.00%	-96.5%	-99.9%	Financials
Horsehead Holding Corp	0.00%	-92.7%	-98.8%	Materials
Eagle Bulk Shipping Inc	0.00%	-89.8%	-95.1%	Industrials
6D Global Technologies Inc	0.00%	-89.7%	-96.2%	Information Technology
Eleven Biotherapeutics Inc	0.00%	-89.4%	-96.4%	Health Care
Speed Commerce Inc	0.00%	-88.9%	-98.9%	Information Technology
CHC Group Ltd	0.00%	-85.0%	-97.6%	Energy
Noranda Aluminum Holding Corp	0.00%	-82.8%	-99.7%	Materials
Midstates Petroleum Co Inc	0.00%	-82.4%	-95.8%	Energy
Carbylan Therapeutics Inc	0.00%	-82.2%	N/A	Health Care

- Like their domestic counterparts, the 1st quarter of the year was very volatile for international stocks. The beginning of the quarter was difficult across markets as investors struggled with uncertainty surrounding central bank policies, global economic growth, and commodity prices. As is usual, this uncertainty caused investors to flee risk assets, putting downward pressure on equity prices. Markets began to recover in the latter half of the quarter as the Bank of Japan (BoJ), People's Bank of China (PBoC), and European Central Bank (ECB) were just a few of those announcing new measures aimed at stimulating their economies. Developed markets struggled throughout the quarter while emerging markets managed to reverse their persistent trend of underperformance as commodity prices rebounded and the USD weakened. The weaker USD provided a boost to local currency returns across major international indices. For the 1-year period, USD performance for each of the international indices we track was negative. Developed markets returned a weak -8.3% for the 1-year period, but emerging markets fared even worse with a return of -12.0%.
- Despite relief from the ECB's announcement of additional monetary policy easing, developed markets in Europe were negative for the quarter. Weak GDP growth, below target inflation, and security concerns stemming from the March terrorist attacks in Brussels all impacted returns. Stress was compounded when the U.K. called for a referendum to review the country's continued membership in the European economic bloc. Within the emerging and developed market indices, Greece and Italy were the worst performers posting USD returns of -12.2% and -11.7%, respectively, for the quarter.
- Japanese equities, the developed market index's largest component, struggled for the quarter posting a return of -6.5% in USD and -12.5% in local currency. Investors weighed ongoing global macroeconomic uncertainty and began to lose faith in the ability of "Abenomics" to lift the country out of its growth malaise. Japanese market returns were also affected by the BoJ's unexpected move to a negative interest rate policy at the end of January, making it the sixth central bank to do so, in an attempt to stimulate economic growth and place upward pressure on inflation. Investors in Chinese markets had an exceptionally difficult start to the year as a new circuit breaking mechanism forced an early market close twice in January. The recent round of market turbulence stemmed from fears of the impending expiration of selling restrictions on major shareholders, which were later extended, and a weakening Chinese yuan.





**The Market Environment**  
**U.S. Dollar International Index Attribution & Country Detail**  
As of March 31, 2016

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	13.2%	-4.3%	-10.0%
Consumer Staples	12.7%	3.3%	7.3%
Energy	4.7%	4.7%	-10.4%
Financials	23.8%	-9.6%	-16.3%
Health Care	11.5%	-6.5%	-8.0%
Industrials	13.3%	1.7%	-3.7%
Information Technology	5.3%	-4.1%	-6.5%
Materials	6.7%	2.6%	-17.4%
Telecommunication Services	5.1%	0.3%	1.3%
Utilities	3.9%	0.4%	-0.1%
<b>Total</b>	<b>100.0%</b>	<b>-3.0%</b>	<b>-8.3%</b>

MSCI - ACWixUS	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	12.0%	-2.6%	-10.1%
Consumer Staples	11.2%	4.1%	5.2%
Energy	6.4%	9.8%	-10.6%
Financials	25.8%	-5.0%	-14.7%
Health Care	8.8%	-7.5%	-11.3%
Industrials	11.5%	2.3%	-5.7%
Information Technology	8.5%	0.7%	-8.0%
Materials	6.9%	7.2%	-15.4%
Telecommunication Services	5.3%	2.5%	-3.6%
Utilities	3.6%	2.4%	-2.6%
<b>Total</b>	<b>100.0%</b>	<b>-0.4%</b>	<b>-9.2%</b>

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	9.8%	3.1%	-12.1%
Consumer Staples	8.3%	6.3%	-5.3%
Energy	7.7%	14.9%	-7.0%
Financials	27.4%	3.4%	-15.7%
Health Care	2.7%	-0.4%	-11.6%
Industrials	6.8%	3.1%	-15.3%
Information Technology	20.7%	4.9%	-10.0%
Materials	6.6%	15.4%	-7.6%
Telecommunication Services	6.9%	6.6%	-15.4%
Utilities	3.2%	9.2%	-10.7%
<b>Total</b>	<b>100.0%</b>	<b>5.7%</b>	<b>-12.0%</b>

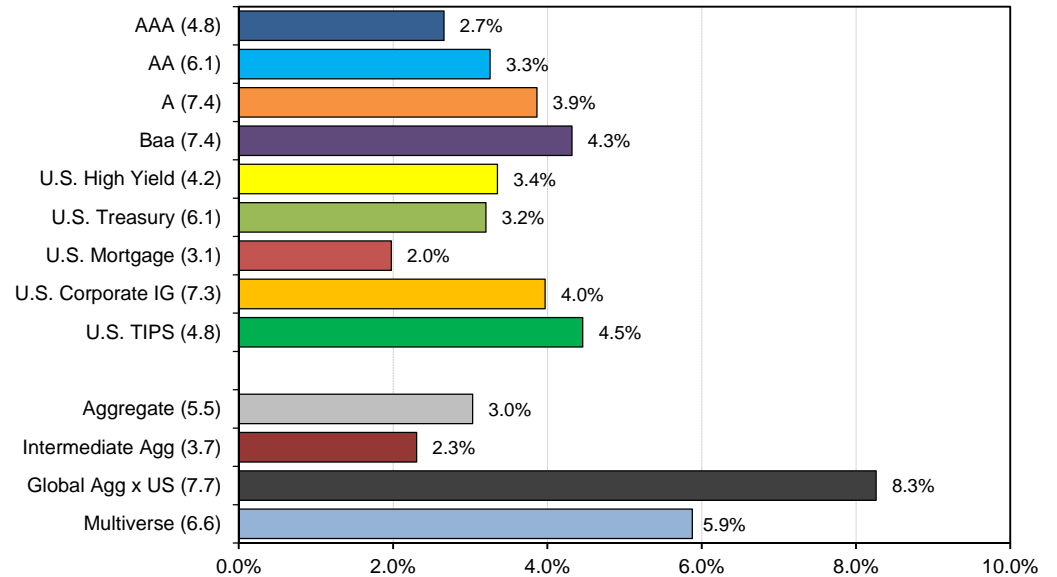
Country	MSCI-EAFE Weight	MSCI-ACWixUS Weight	Quarter Return	1-Year Return
Japan	22.5%	16.1%	-6.5%	-7.1%
United Kingdom	19.3%	13.8%	-2.3%	-8.9%
France	10.0%	7.2%	0.1%	-4.5%
Germany	9.2%	6.6%	-2.5%	-11.7%
Switzerland	9.1%	6.5%	-5.5%	-9.4%
Australia	7.2%	5.1%	2.1%	-10.8%
Hong Kong	3.3%	2.4%	-0.6%	-6.7%
Spain	3.2%	2.3%	-4.1%	-18.6%
Netherlands	3.1%	2.2%	3.4%	-0.2%
Sweden	2.9%	2.1%	-0.2%	-9.9%
Italy	2.2%	1.6%	-11.7%	-15.4%
Denmark	2.0%	1.4%	-1.0%	5.5%
Belgium	1.5%	1.0%	-2.4%	3.2%
Singapore	1.4%	1.0%	5.1%	-11.9%
Finland	1.0%	0.7%	-5.2%	-5.6%
Israel	0.7%	0.5%	-10.2%	-9.0%
Norway	0.6%	0.4%	1.7%	-15.5%
Ireland	0.5%	0.4%	-4.2%	7.8%
Austria	0.2%	0.1%	-0.5%	-0.2%
New Zealand	0.2%	0.1%	11.6%	6.5%
Portugal	0.2%	0.1%	3.2%	-2.9%
<b>Total EAFE Countries</b>	<b>100.0%</b>	<b>71.6%</b>	<b>-3.0%</b>	<b>-8.3%</b>
Canada		6.6%	11.3%	-10.2%
<b>Total Developed Countries</b>		<b>78.2%</b>	<b>-2.0%</b>	<b>-8.4%</b>
China		5.2%	-4.8%	-18.8%
Korea		3.4%	5.1%	-5.9%
Taiwan		2.7%	7.7%	-8.5%
India		1.8%	-2.5%	-13.2%
South Africa		1.6%	13.8%	-17.8%
Brazil		1.4%	28.5%	-11.8%
Mexico		1.0%	8.5%	-5.3%
Russia		0.8%	15.8%	1.7%
Malaysia		0.8%	13.2%	-8.0%
Indonesia		0.6%	11.2%	-12.5%
Thailand		0.5%	16.9%	-12.7%
Turkey		0.3%	21.6%	-1.6%
Philippines		0.3%	7.0%	-9.3%
Poland		0.3%	13.9%	-12.4%
Chile		0.3%	12.9%	-6.9%
Qatar		0.2%	3.8%	-13.7%
United Arab Emirates		0.2%	8.6%	-5.9%
Colombia		0.1%	22.5%	-11.9%
Peru		0.1%	27.0%	-7.7%
Greece		0.1%	-12.2%	-52.0%
Hungary		0.1%	17.3%	40.2%
Czech Republic		0.0%	5.1%	-11.5%
Egypt		0.0%	-5.9%	-29.1%
<b>Total Emerging Countries</b>		<b>21.9%</b>	<b>5.7%</b>	<b>-12.0%</b>
<b>Total ACWixUS Countries</b>		<b>100.0%</b>	<b>-0.4%</b>	<b>-9.2%</b>

Source: MSCI Global Index Monitor (Returns are Net in USD)

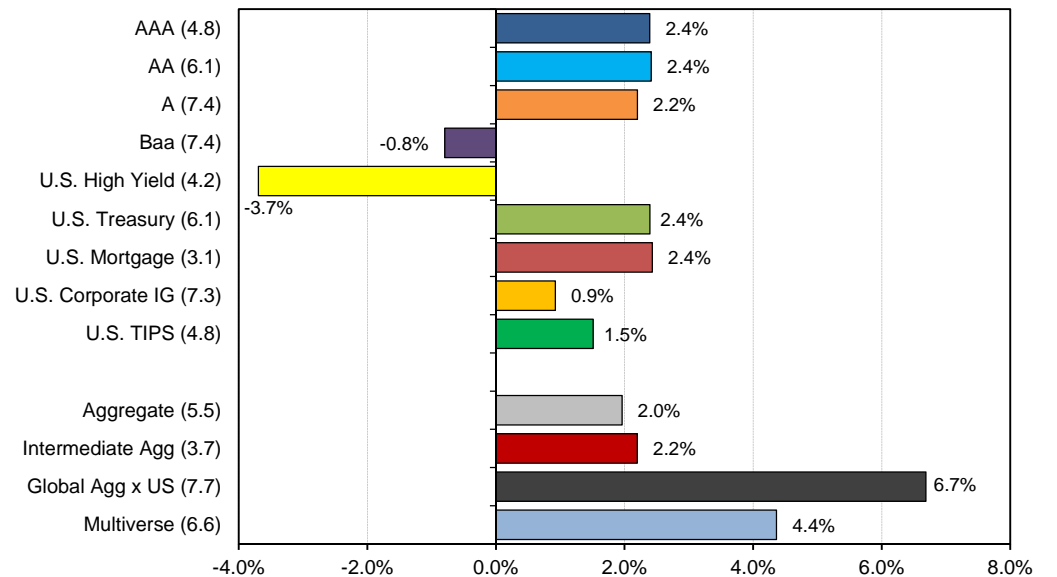


- Due to a steady downward move in interest rates during the 1st quarter, fixed income index performance was positive for the period. Fixed income indices benefitted from Federal Reserve Chair Janet Yellen's dovish comments in February and March, which implied uncertainty underlying the U.S. economic outlook would likely mitigate the pace of future interest rate hikes. This information resulted in a consensus expectation for two rate increases this year versus the prior expectation of four. This rate news, coupled with early quarter volatility in risk assets, fueled investor demand for defensive investments such as U.S. Treasuries. This series of events resulted in yields falling throughout the period, especially at the longer-end of the yield curve. This curve flattening benefited longer duration indices with the 7.3 year duration Barclays U.S. Corporate Investment Grade Index returning a solid 4.0% for the quarter. Over the 1-year period, lower quality issues struggled, with Baa and high yield indices registering losses of -0.8% and -3.7%, respectively, as investors preferred the relative safety of high credit quality issues.
- The Barclays Aggregate benchmark, which is a broad representation of U.S. fixed income markets, posted a return of 3.0% for the quarter. As detailed above, higher duration sectors within the broad Aggregate index outperformed lower duration sectors with investment grade corporates (4.0%) and Treasury securities (3.2%) posting the largest gains. Hurt by its relatively low duration, the Barclays U.S. Mortgage Index returned a lower 2.0% for the quarter. While the sector components of the Aggregate benchmark also posted positive returns for the 1-year period, Treasury and mortgage-backed issues were the strongest performing; each returning 2.4%. The Barclays U.S. Corporate Investment Grade Index returned 0.9%, negatively impacted by widening credit spreads throughout most of the period.
- Due to higher average durations and credit spreads that declined in the second half of the quarter, lower credit quality investment grade securities outperformed higher quality issues during the 1st quarter. A and Baa rated securities returned 3.9% and 4.3%, respectively, versus a 2.7% return for AAA issues. High yield bonds also had a strong quarter with the Barclays U.S. High Yield Index returning 3.4%. As noted, high yield spreads rose dramatically in the first half of the quarter causing the index to trade down by as much as 5.0% through early February but quickly changed course as the quarter progressed to end the period lower than where they began 2016. Despite the strong quarter, the Barclays U.S. High Yield Index returned -3.7% over the 1-year period.

**Quarter Performance**

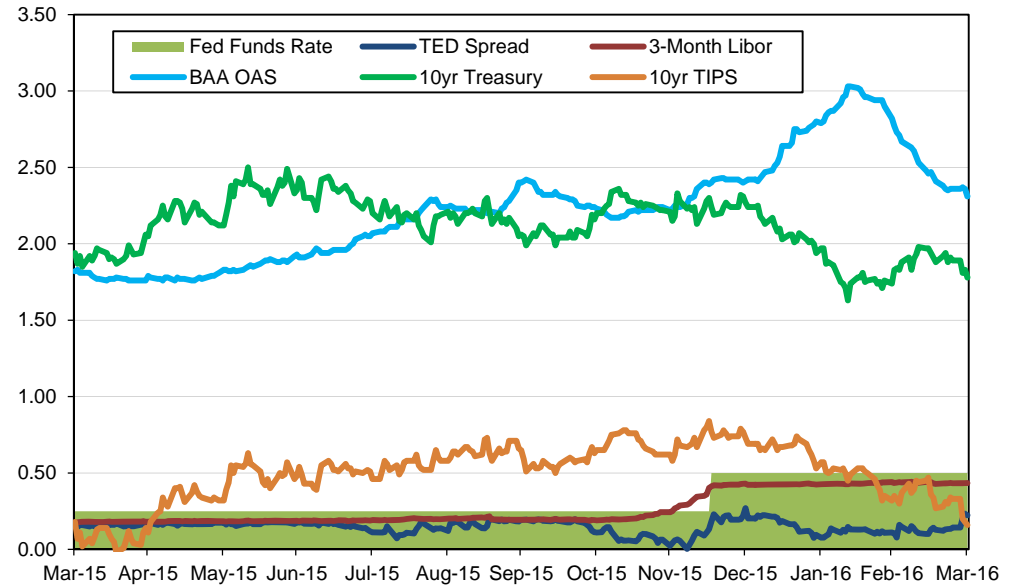


**1-Year Performance**

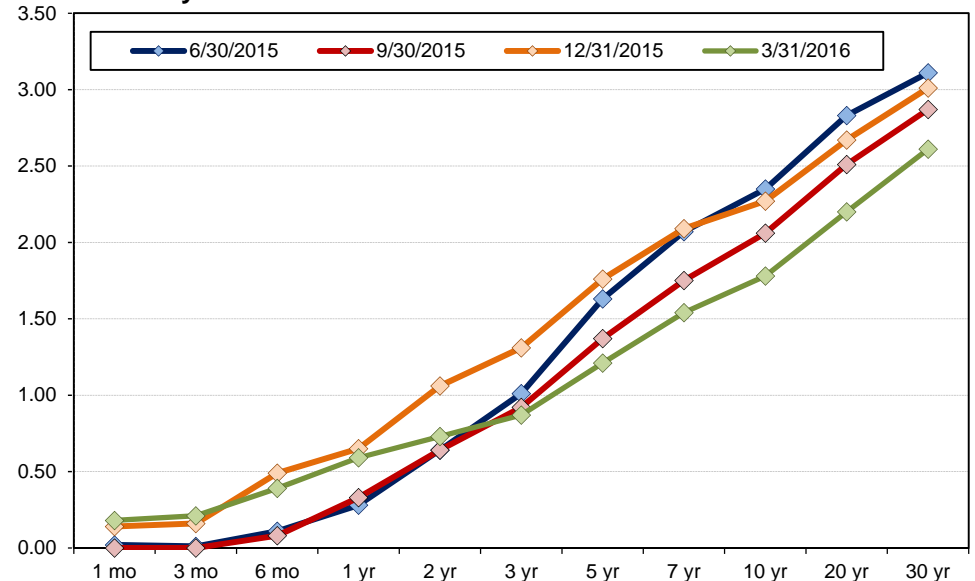


- U.S. TIPS finished the 1st quarter with a solid 4.5% return as inflation expectations rose as the USD weakened and commodity prices started to rebound. TIPS returns for the 1-year period, while positive, were a more modest 1.5%.
- In USD terms, international fixed income indices posted the largest gains for the quarter and 1-year period. Despite the relatively low interest rates in international markets, the Barclays Global Aggregate ex U.S. benchmark returned 8.3% for the quarter. The index benefitted from its higher duration, additional monetary policy easing and the weakening USD. Global bonds were also strong over the 1-year period, posting a return of 6.7%.
- Many of the drivers of the index performance detailed in the bar graphs on the previous page is visible on a time series basis in the line graphs to the right. The '1-Year Trailing Market Rates' graph illustrates that the 10-year Treasury (green line) fell over the quarter, providing a boost to bond performance. The blue line illustrates changes in the BAA OAS (Option Adjusted Spread), which quantifies the additional yield premium that investors demand to purchase and hold non-Treasury issues. When spreads widen (tighten), it is equivalent to an interest rate increase (decrease) on corporate bonds. After falling below 2.0% early in 2015, this spread rose throughout the remainder of the calendar year. There was considerable movement in this spread from the start of 2016, as it widened to near term highs, before falling through the second half of the quarter, ending the period only slightly lower than it began. The interest rate paid on 10-year TIPS (orange line) has fallen since late last year as higher inflation expectations have increased demand for these securities. The bottom graph provides a snapshot of the U.S. Treasury yield curve at each of the last four calendar quarters. While rates stayed relatively flat at the short-end of the curve, maturities beyond 3-years saw yields fall to their lowest quarter-end levels in a year.
- The Fed has stated future rate increases would be implemented at a measured pace and with ongoing assessment of current economic data. Geopolitical events and stimulus programs in other countries should keep demand for U.S. Treasury issues elevated and put downward pressure on how high domestic rates will rise in the short-term.

1-Year Trailing Market Rates

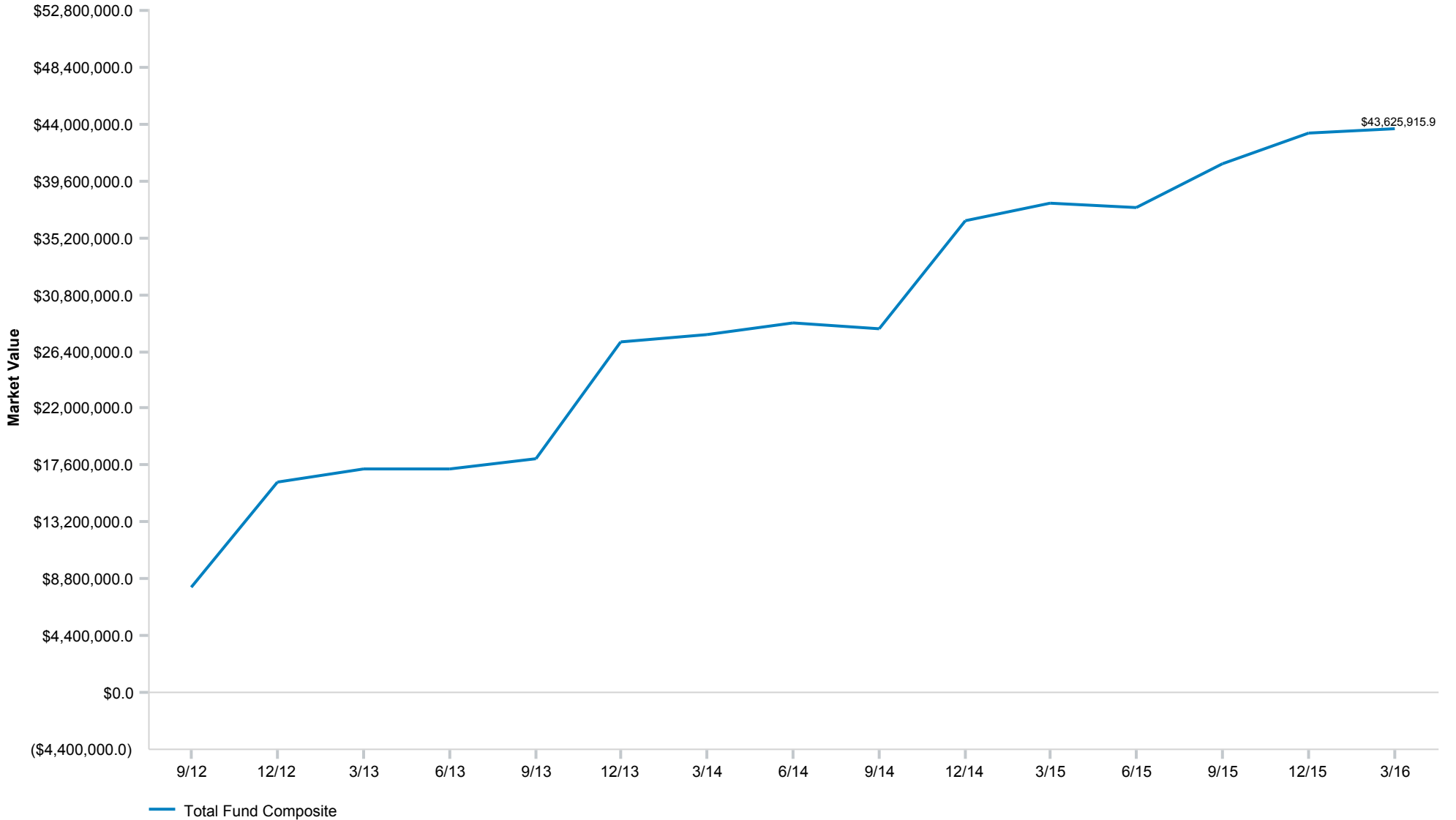


Treasury Yield Curve



**-5.0%**

Schedule of Investable Assets

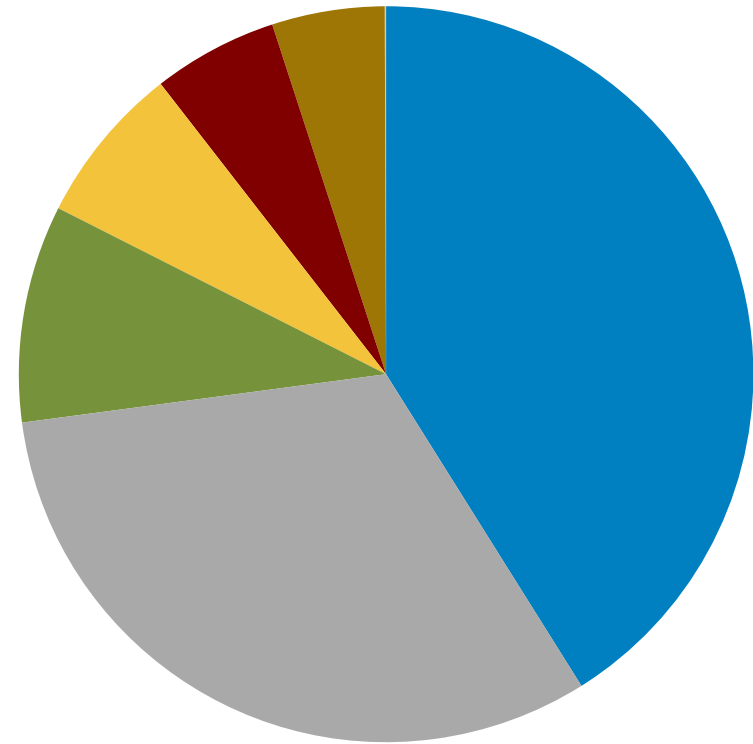
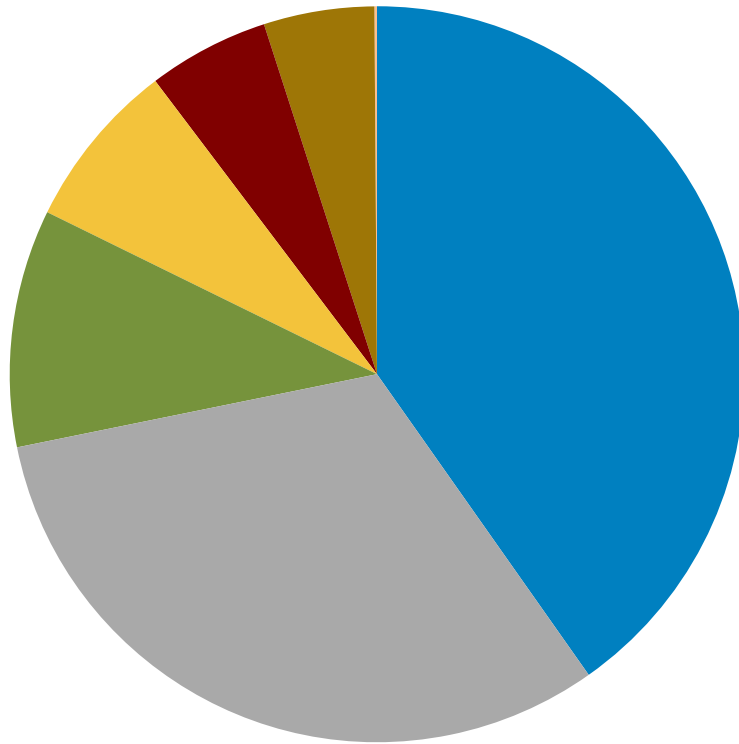


Schedule of Investable Assets

Periods Ending	Beginning Market Value \$	Net Cash Flow \$	Gain/Loss \$	Ending Market Value \$	%Return
Oct-2012 To Mar-2016	8,192,495	31,770,115	3,663,306	43,625,916	5.97

December 31, 2015 : \$43,328,646

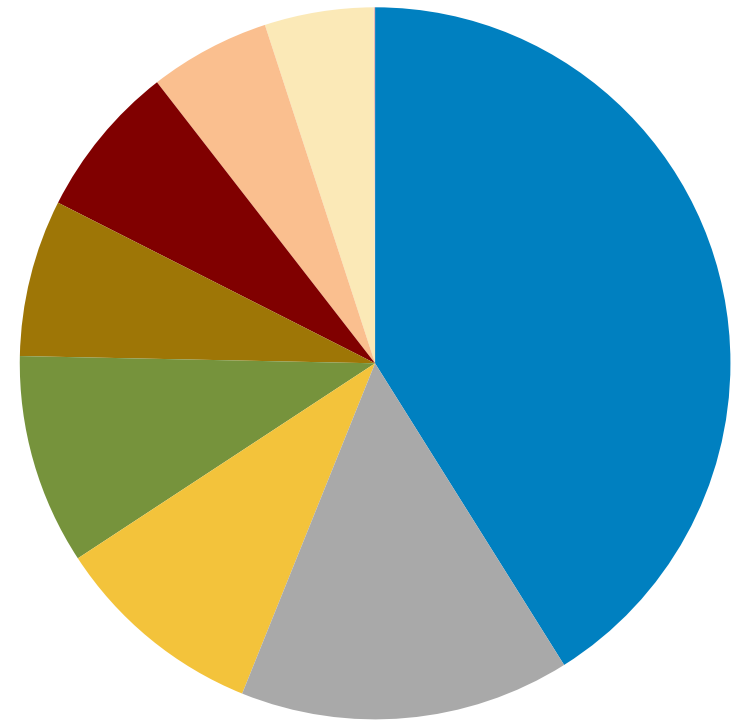
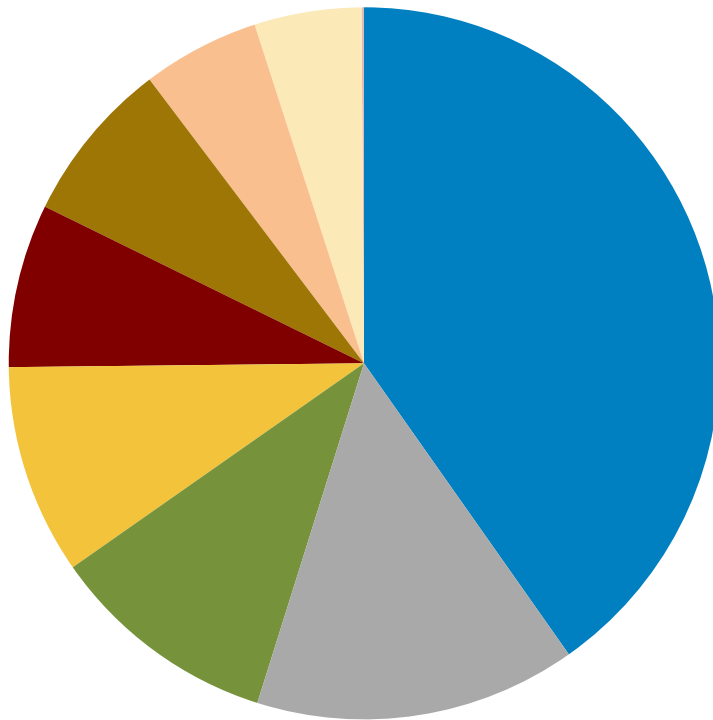
March 31, 2016 : \$43,625,916



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Core Plus Fixed Income	17,428,266	40.2	Core Plus Fixed Income	17,920,724	41.1
Domestic Equity	13,688,202	31.6	Domestic Equity	13,882,770	31.8
MLPs	4,523,490	10.4	MLPs	4,166,245	9.5
International Equity	3,218,120	7.4	International Equity	3,066,585	7.0
Real Estate	2,311,079	5.3	Real Estate	2,399,827	5.5
High Yield Fixed Income	2,108,992	4.9	High Yield Fixed Income	2,162,612	5.0
Cash	50,497	0.1	Cash	27,152	0.1

December 31, 2015 : \$43,328,646

March 31, 2016 : \$43,625,916



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
MacKay Shields Core Plus	17,428,266	40.2	MacKay Shields Core Plus	17,920,724	41.1
Fiduciary Management	6,338,926	14.6	Fiduciary Management	6,553,595	15.0
ARI MLP	4,523,490	10.4	Barrow Hanley MeWhinney & Strauss	4,220,949	9.7
Barrow Hanley MeWhinney & Strauss	4,131,276	9.5	ARI MLP	4,166,245	9.5
Causeway International (CIVIX)	3,218,120	7.4	Stephens Mid Cap Growth	3,108,226	7.1
Stephens Mid Cap Growth	3,218,000	7.4	Causeway International (CIVIX)	3,066,585	7.0
Cohen & Steers (CSRIX)	2,311,079	5.3	Cohen & Steers (CSRIX)	2,399,827	5.5
Loomis Sayles High Yield (LSHIX)	2,108,992	4.9	Loomis Sayles High Yield (LSHIX)	2,162,612	5.0
Cash	50,497	0.1	Cash	27,152	0.1

Asset Allocation & Performance	Allocation		Performance(%)					
	Market Value \$	%	QTR	1 YR	3 YR	5 YR	Inception	Inception Date
<b>Total Fund Composite (Gross of Fees)</b>	<b>43,625,916</b>	<b>100.0</b>	<b>0.87</b>	<b>-5.03</b>	<b>4.43</b>	<b>N/A</b>	<b>5.97</b>	<b>10/01/2012</b>
Policy Index			1.38	-3.50	5.06	6.80	6.47	
OPEB Actuarial Assumption			1.71	7.00	7.05	N/A	7.08	
<b>Total Fund Composite (Net of Fees)</b>			<b>0.76</b>	<b>-5.44</b>	<b>3.82</b>	<b>N/A</b>	<b>5.34</b>	
Fiduciary Management	6,553,595	15.0	3.55	-0.34	10.99	N/A	12.60	10/01/2012
Russell 1000 Value Index			1.64	-1.54	9.38	10.25	12.11	
S&P 500 Index			1.35	1.78	11.82	11.58	13.14	
Stephens Mid Cap Growth	3,108,226	7.1	-3.19	-7.40	7.35	N/A	10.42	01/01/2013
Russell Midcap Growth Index			0.58	-4.75	10.99	9.99	13.86	
Barrow Hanley MeWhinney & Strauss	4,220,949	9.7	2.40	-8.97	7.89	N/A	13.50	10/01/2012
Russell 2000 Value Index			1.70	-7.72	5.73	6.67	9.22	
Causeway International (CIVIX)	3,066,585	7.0	-4.69	-11.49	N/A	N/A	-3.20	10/01/2013
MSCI EAFE (net) Index			-3.01	-8.27	2.23	2.29	-1.33	
Cohen & Steers (CSRIX)	2,399,827	5.5	3.86	3.93	10.99	N/A	12.63	01/01/2013
FTSE NAREIT All Equity REITs			5.84	4.66	9.85	11.56	11.71	
ARI MLP	4,166,245	9.5	-7.72	-37.35	-7.50	N/A	-1.90	10/01/2012
Alerian MLP Index			-4.17	-31.83	-10.31	-0.55	-5.04	
MacKay Shields Core Plus	17,920,724	41.1	2.94	1.12	N/A	N/A	2.19	07/01/2014
Barclays Aggregate Index			3.03	1.96	2.50	3.78	3.18	
Loomis Sayles High Yield (LSHIX)	2,162,612	5.0	2.56	-8.73	1.91	N/A	3.37	01/01/2013
BofA Merrill Lynch High Yield Master II			3.25	-3.99	1.75	4.71	2.51	
Cash	27,152	0.1						

Total Fund Composite (Gross of Fees) includes net performance for mutual funds within the portfolio: Causeway International (CIVIX), Cohen & Steers (CSRIX), and Loomis Sayles High Yield (LSHIX).  
Gross of fees performance would be approximately 0.14% higher on an annual basis if these fees were included.



Asset Allocation & Performance	Allocation		Performance(%)				
	Market Value \$	%	2015	2014	2013	2012	2011
<b>Total Fund Composite (Gross of Fees)</b>	<b>43,625,916</b>	<b>100.0</b>	<b>-2.43</b>	<b>5.42</b>	<b>17.12</b>	<b>N/A</b>	<b>N/A</b>
Policy Index			-2.53	7.49	16.29	12.11	4.25
OPEB Actuarial Assumption			7.00	7.00	7.19	N/A	N/A
Fiduciary Management	6,553,595	15.0	-1.93	13.46	30.21	N/A	N/A
Russell 1000 Value Index			-3.83	13.45	32.53	17.51	0.39
S&P 500 Index			1.38	13.69	32.39	16.00	2.11
Stephens Mid Cap Growth	3,108,226	7.1	0.09	4.61	36.16	N/A	N/A
Russell Midcap Growth Index			-0.20	11.90	35.74	15.81	-1.65
Barrow Hanley MeWhinney & Strauss	4,220,949	9.7	-6.22	3.03	48.35	N/A	N/A
Russell 2000 Value Index			-7.47	4.22	34.52	18.05	-5.50
Causeway International (CIVIX)	3,066,585	7.0	-3.12	-6.22	N/A	N/A	N/A
MSCI EAFE (net) Index			-0.81	-4.90	22.78	17.32	-12.14
Cohen & Steers (CSRIX)	2,399,827	5.5	5.23	30.18	3.46	N/A	N/A
FTSE NAREIT All Equity REITs			2.83	28.03	2.86	19.70	8.28
ARI MLP	4,166,245	9.5	-32.54	14.43	32.52	N/A	N/A
Alerian MLP Index			-32.59	4.80	27.58	4.80	13.88
MacKay Shields Core Plus	17,920,724	41.1	-0.08	N/A	N/A	N/A	N/A
Barclays Aggregate Index			0.55	5.97	-2.02	4.21	7.84
Loomis Sayles High Yield (LSHIX)	2,162,612	5.0	-10.27	5.17	15.07	N/A	N/A
BofA Merrill Lynch High Yield Master II			-4.64	2.50	7.42	15.58	4.38

Total Fund Composite (Gross of Fees) includes net performance for mutual funds within the portfolio: Causeway International (CIVIX), Cohen & Steers (CSRIX), and Loomis Sayles High Yield (LSHIX).  
Gross of fees performance would be approximately 0.14% higher on an annual basis if these fees were included.

Fiduciary's objective is to buy durable business at value prices in order to achieve top in class investment results over a three to five year time horizon. Fiduciary considers themselves long-term investors, not traders. They will typically hold between 20-30 companies in their portfolio with an average turnover of 35%. The research process is geared toward finding six new investment ideas for the portfolio in a given year. All investment ideas are generated by a research team consisting of six individuals, rather than relying on the portfolio manager. As of March 31, 2016, Fiduciary had a market value of \$6,553,595.

Fiduciary Management		Weight %
Berkshire Hathaway Inc		4.9
Unitedhealth Group Inc		4.9
Dollar General Corp		4.8
Comcast Corp		4.7
Accenture PLC		4.3
Omnicom Group Inc.		4.2
Microsoft Corp		4.1
Progressive Corp (The)		4.1
Danone		3.9
Schlumberger Ltd		3.8

Equity Assets Exposures by Sector	Fiduciary Management	Russell 1000 Value Index
Cash	8.59	N/A
Consumer Discretionary	19.15	5.31
Consumer Staples	9.44	7.36
Energy	5.74	12.74
Financials	17.47	28.23
Health Care	6.36	11.66
Industrials	15.11	10.39
Information Technology	14.77	11.60
Materials	3.37	2.83
Telecommunication Services	N/A	2.85
Utilities	N/A	7.03

Equity Characteristics	Fiduciary Management	Russell 1000 Value Index
Wtd. Avg. Mkt. Cap (\$)	81,531,647,600	110,515,603,108
Price/Earnings ratio	18.7	17.3
Price/Book ratio	3.1	2.1
Current Yield	2.1	2.6
Number of Stocks	30	684

The Stephens Mid Cap Growth portfolio is a diversified portfolio that seeks long term growth of capital by investing primarily in common stock of U.S. companies with market capitalizations of between \$1.5 billion to \$12.5 billion. They select mid cap growth companies that are established growth companies that have achieved above average growth. The combination of core growth and catalyst growth stocks positions the portfolio for varying market conditions. As of March 31, 2016, Stephens had a market value of \$3,107,836.

Stephens Mid Cap Growth		Russell Midcap Growth Index	
	Weight %		Weight %
Towers Watson & Co	11.2	Southwest Airlines Co.	1.0
Monster Beverage Corp	2.0	Aon PLC	1.0
Ulta Salon Cosmetics	1.9	Crown Castle International Corp	1.0
Illumina Inc	1.8	Intuit Inc.	1.0
Fortinet Inc	1.7	O'Reilly Automotive Inc	0.9
Airgas Inc.	1.6	S&P Global Inc	0.9
Verisk Analytics Inc	1.6	Dollar General Corp	0.9
Palo Alto Networks Inc	1.5	AutoZone Inc	0.8
Stericycle Inc	1.5	Constellation Brands Inc	0.8
Acuity Brands Inc.	1.5	Fiserv Inc.	0.8

## Equity Assets Exposures by Sector

	Stephens Mid Cap Growth	Russell Midcap Growth Index
Cash	3.17	N/A
Consumer Discretionary	16.63	25.15
Consumer Staples	4.20	8.31
Energy	3.76	0.81
Financials	3.71	12.17
Health Care	19.02	12.50
Industrials	22.03	16.41
Information Technology	25.86	19.07
Materials	1.64	5.10
Telecommunication Services	N/A	0.38
Utilities	N/A	0.11

## Equity Characteristics

	Stephens Mid Cap Growth	Russell Midcap Growth Index
Wtd. Avg. Mkt. Cap (\$)	8,287,373,540	13,398,666,400
Price/Earnings ratio	28.6	22.3
Price/Book ratio	4.3	4.7
Current Yield	0.5	1.2
Number of Stocks	102	498

The strategy is designed to exploit inefficiencies in the small cap sector of the market by carefully employing high value-added proprietary research in a universe of small capitalization, low-expectation stocks. This process is directed toward the discovery of companies in which the value of the underlying business is significantly greater than the market price. The portfolio's goal is to consistently generate superior returns while assuming below average levels of risk. As of March 31, 2016, Barrow, Hanley, MeWhinney & Strauss had a market value of \$4,220,949.

Barrow Hanley MeWhinney & Strauss		Russell 2000 Value Index	
	Weight %		Weight %
Fairchild Semiconductor International Inc.	4.5	TreeHouse Foods Inc	0.6
II VI Inc	4.1	Piedmont Natural Gas Co Inc.	0.6
Whirlpool Corp	3.9	Highwoods Properties Inc.	0.5
Vishay Intertechnology Inc.	3.8	Post Holdings Inc	0.5
Tempur Sealy International Inc	3.8	First American Financial Corp	0.5
Simpson Manufacturing Co. Inc.	3.6	Investors Bancorp Inc	0.5
Primoris Services Corp	3.5	EPR Properties	0.5
Terex Corp	3.4	IDACORP Inc.	0.5
Barnes Group Inc	3.4	WGL Holdings Inc.	0.4
Comfort Systems USA Inc.	3.3	Gramercy Property Trust	0.4

## Equity Assets Exposures by Sector

	Barrow Hanley MeWhinney & Strauss	Russell 2000 Value Index
Cash	1.75	N/A
Consumer Discretionary	13.29	9.98
Consumer Staples	N/A	3.60
Energy	4.53	4.07
Financials	7.88	43.01
Health Care	2.76	4.18
Industrials	31.75	11.85
Information Technology	31.62	10.80
Materials	6.43	3.43
Telecommunication Services	N/A	0.88
Utilities	N/A	8.22

## Equity Characteristics

	Barrow Hanley MeWhinney & Strauss	Russell 2000 Value Index
Wtd. Avg. Mkt. Cap (\$)	2,248,135,200	1,770,773,643
Price/Earnings ratio	20.3	17.7
Price/Book ratio	1.9	1.7
Current Yield	1.0	2.3
Number of Stocks	39	1,325

**Fund Information**

Fund Name : Causeway Capital Management Trust: Causeway International Value Fund; Institutional Class Shares  
 Fund Family : Causeway Capital Management LLC  
 Ticker : CIVIX  
 Inception Date : 10/26/2001  
 Fund Assets : \$4,751 Million  
 Portfolio Turnover : 28%

Portfolio Assets : \$5,480 Million  
 Portfolio Manager : Team Managed  
 PM Tenure :  
 Fund Style : IM International Large Cap Core Equity (MF)  
 Style Benchmark : MSCI EAFE (net) Index

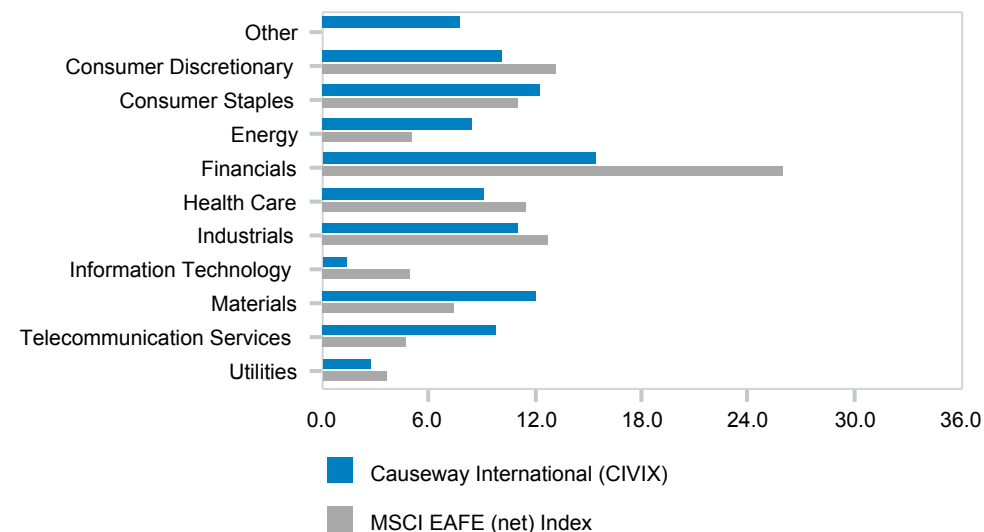
**Portfolio Characteristics As of 03/31/2015**

	Portfolio	Benchmark
Total Securities	67	910
Avg. Market Cap (\$)	70,168,266,073	9,305,416,232
Price/Earnings (P/E)	22.61	17.50
Price/Book (P/B)	3.21	2.22
Dividend Yield	2.96	2.89
Annual EPS	11.47	N/A
5 Yr EPS	6.52	11.06
3 Yr EPS Growth	1.84	N/A
Beta	N/A	1.00

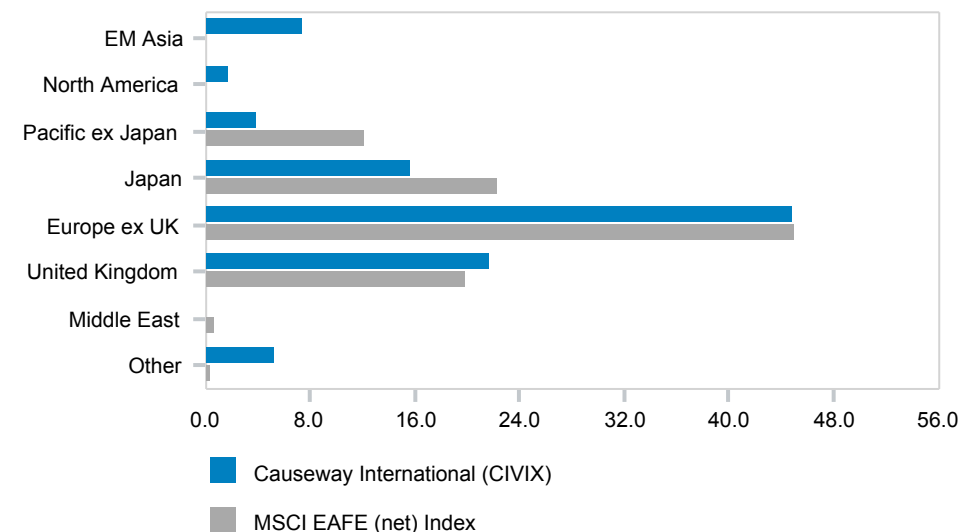
**Top Ten Securities As of 03/31/2015**

Dreyfus Cash Management;Institutional	5.2 %
Akzo Nobel NV ORD	3.5 %
Relx NV ORD	3.4 %
KDDI Corp ORD	3.2 %
China Mobile Ltd ORD	2.7 %
Sanofi SA ORD	2.7 %
UBS Group AG ORD	2.7 %
British American Tobacco PLC ORD	2.6 %
SK Telecom Co Ltd ORD	2.4 %
Novartis AG ORD	2.3 %

**Sector Weights As of 03/31/2015**



**Region Weights As of 03/31/2015**



Statistics provided by Lipper. Most recent available data shown.

**Fund Information**

Fund Name : Cohen & Steers Institutional Realty Shares, Inc  
 Fund Family : Cohen & Steers Capital Management Inc  
 Ticker : CSRIX  
 Inception Date : 02/14/2000  
 Fund Assets : \$2,732 Million  
 Portfolio Turnover : 60%

Portfolio Assets : \$2,732 Million  
 Portfolio Manager : Joseph M. Harvey  
 PM Tenure : 2005  
 Fund Style : IM Real Estate Sector (MF)  
 Style Benchmark : FTSE NAREIT All Equity REITs

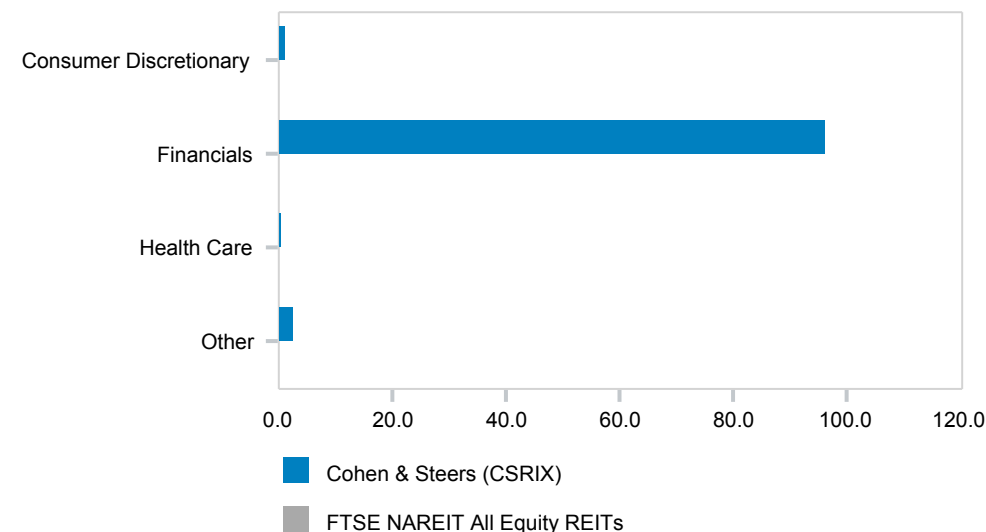
**Portfolio Characteristics As of 12/31/2015**

	Portfolio	Benchmark
Total Securities	40	N/A
Avg. Market Cap (\$)	18,757,085,606	-
Price/Earnings (P/E)	43.72	N/A
Price/Book (P/B)	4.62	N/A
Dividend Yield	3.50	N/A
Annual EPS	47.78	N/A
5 Yr EPS	21.99	N/A
3 Yr EPS Growth	21.90	N/A
Beta (3 Years, Monthly)	1.03	1.00

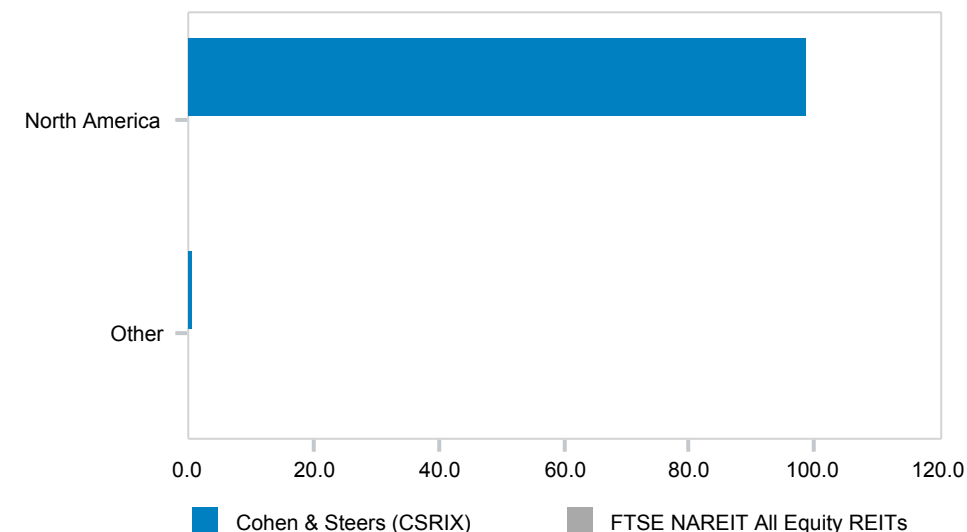
**Top Ten Securities As of 12/31/2015**

Simon Property Group Inc ORD	10.4 %
Public Storage ORD	7.2 %
UDR Inc	6.3 %
Vornado Realty Trust ORD	5.9 %
Equinix Inc ORD	4.5 %
SL Green Realty Corp	4.3 %
DDR Corp	3.8 %
Equity Residential ORD	3.7 %
Essex Property Trust Inc	3.7 %
Apartment Investment and Management Co	3.4 %

**Sector Weights As of 12/31/2015**



**Region Weights As of 12/31/2015**



Statistics provided by Lipper. Most recent available data shown.

The ARI Master Limited Partnerships (MLPs) strategy is a diversified portfolio consisting primarily of publicly traded partnerships focused in the natural resources and energy infrastructure industries. The objective is to provide high levels of total returns and a growing cash yield. It offers low correlation to the broader equity market over the long-term. As of March 31, 2016, ARI had a market value of \$4,166,245.

ARI MLP		Alerian MLP Index	
	Weight %		Weight %
DCP Midstream Partners LP	9.3	Enterprise Products Partners LP	19.9
Enterprise Products Partners LP	9.1	Magellan Midstream Partners LP	6.3
MPLX LP	7.4	Energy Transfer Partners LP	6.2
Buckeye Partners LP	7.2	Spectra Energy Partners LP	5.5
Western Gas Equity Partners LP	6.6	Williams Partners LP	5.0
Tesoro Logistics LP	6.2	Cheniere Energy Partners LP	3.9
Plains GP Holdings LP	6.0	Plains All American Pipeline LP	3.9
EQT Midstream Partners LP	5.9	MPLX LP	3.6
TC PipeLines LP	4.6	ONEOK Partners LP	3.6
Enbridge Energy Partners LP	4.5	Buckeye Partners LP	3.5

## Equity Assets Exposures by Sector

	ARI MLP	Alerian MLP Index
Cash	0.52	N/A
Energy	99.48	96.97
Utilities	N/A	3.03

## Equity Characteristics

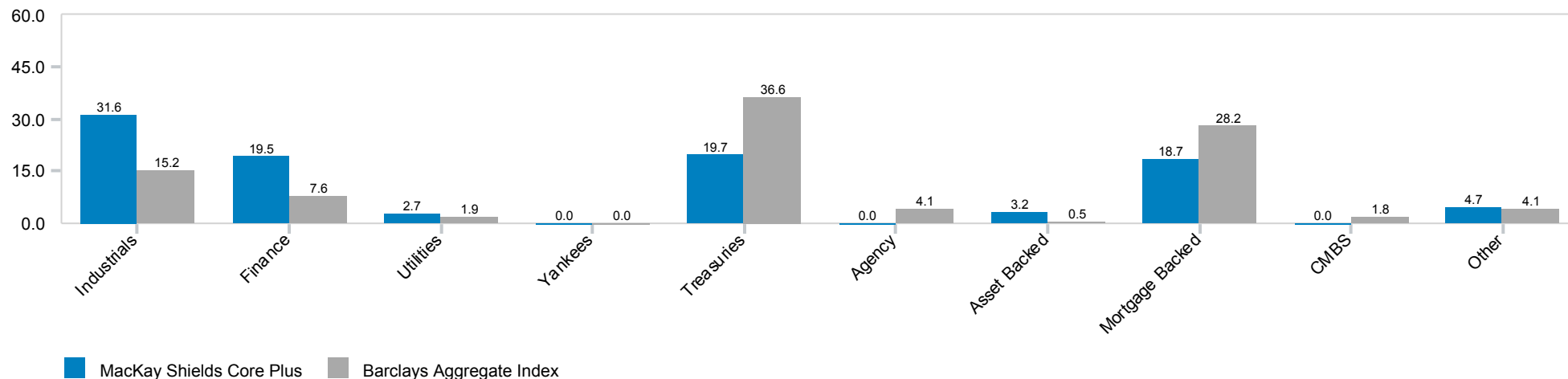
	ARI MLP	Alerian MLP Index
Wtd. Avg. Mkt. Cap (\$)	8,984,044,962	15,946,303,977
Price/Earnings ratio	17.8	19.6
Price/Book ratio	2.2	2.3
Current Yield	8.3	8.3
Number of Stocks	27	43



MacKay Shields Core Plus seeks to outperform the benchmark by eliminating or reducing uncompensated risk while opportunistically allocating investments across a range of core and off-benchmark sectors. The fund typically invests in the same sectors represented by the Barclays U.S. Aggregate Bond Index, as well as high yield, emerging market debt, and non-US Dollar exposure. Their philosophy is centered on their pursuit of consistent, superior rates of return with low volatility. Their goal for the product is to provide enhanced returns over a full market cycle with lower-than market risk. This portfolio replaced Smith

Affiliated during the second quarter of 2014. As of March 31, 2016, MacKay Shields had a market value of \$17,920,724.

Sector Distribution (%)



Portfolio Characteristics

	Portfolio	Benchmark
Avg. Maturity	6.85	7.40
Avg. Quality	A	AA
Coupon Rate (%)	3.99	3.15
Modified Duration	5.01	5.47
Yield To Maturity (%)	2.84	2.06
Holdings Count	184	9,725

**Fund Information**

Fund Name :	Loomis Sayles Funds I: Loomis Sayles Institutional High Income Fund; Institutional Class	Portfolio Assets :	\$643 Million
Fund Family :	Loomis Sayles & Company LP	Portfolio Manager :	Fuss/Eagan/Stokes
Ticker :	LSHIX	PM Tenure :	1996--2007--2007
Inception Date :	06/05/1996	Fund Style :	IM U.S. High Yield Bonds (MF)
Fund Assets :	\$643 Million	Style Benchmark :	Citigroup High Yield Market Index
Portfolio Turnover :	19%		

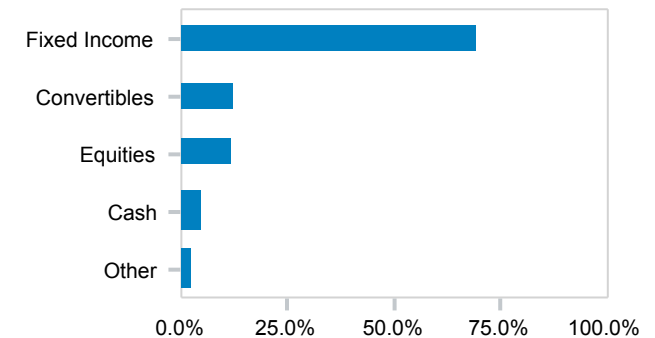
**Fund Characteristics As of 12/31/2015**

Avg. Coupon	5.13 %
Nominal Maturity	N/A
Effective Maturity	7.10 Years
Duration	4.29 Years
SEC 30 Day Yield	5.5
Avg. Credit Quality	BB

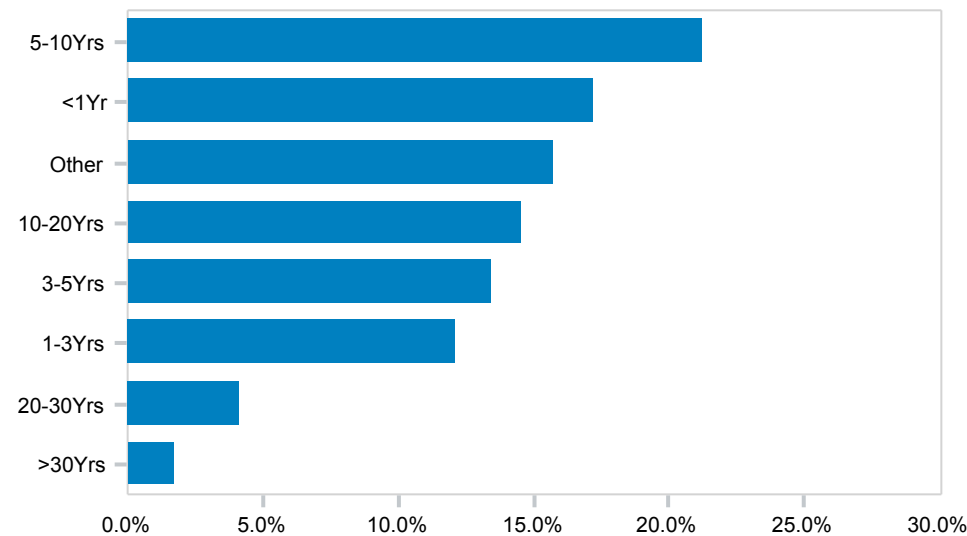
**Top Ten Securities As of 12/31/2015**

Corporate Notes/Bonds	56.4 %
Convertible Securities	12.1 %
Common Stock	11.6 %
Fgn. Currency Denominated Bonds	10.9 %
Treasury Notes/Bonds	2.6 %
Asset Backed Securities	0.4 %
Preferred Stock-Non Convertible	0.3 %

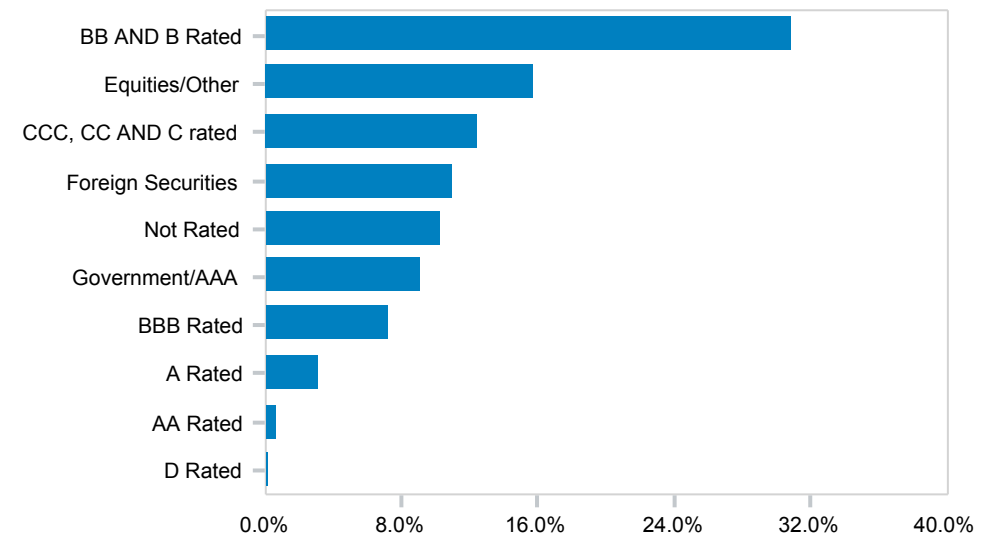
**Asset Allocation As of 12/31/2015**



**Maturity Distribution As of 12/31/2015**



**Sector/Quality Allocation As of 12/31/2015**



Statistics provided by Lipper. Most recent available data shown.

**Port of Houston OPEB  
Manager Status Summary  
As of March 31, 2016**

Manager	Mandate	Status	Notes
Fiduciary Management	Large Cap Value Equity	In Compliance	
Stephens Mid Cap Growth	Mid Cap Growth Equity	On Alert	4q2014 - Performance
Barrow Hanley MeWhinney & Strauss	Small Cap Value Equity	Non-Compliance	Beta 1.40 vs. Investment Policy Statement of 1.20
Causeway International (CIVIX)	International Equity	In Compliance	
Cohen & Steers (CSRIX)	Real Estate and Investment Trust	In Compliance	
ARI MLP	Master Limited Partnership	In Compliance	
Mackay Shields Core Plus	Core Plus Fixed Income	In Compliance	
Loomis Sayles High Yield (LSHIX)	High Yield Fixed Income	In Compliance	

**In Compliance-** The portfolio is acting in full compliance with its guidelines and it is performing according to expectations.

**On Alert-** Concerns exist with the portfolio's performance, a change in investment characteristics, management style, ownership structure, staff or other related events.

**On Notice-** A continued and serious problem with any of the issues mentioned above. If the situation is not resolved to the Trustee's satisfaction, a replacement will be replaced and hired.

**Port of Houston OPEB  
Fee Summary  
As of March 31, 2016**

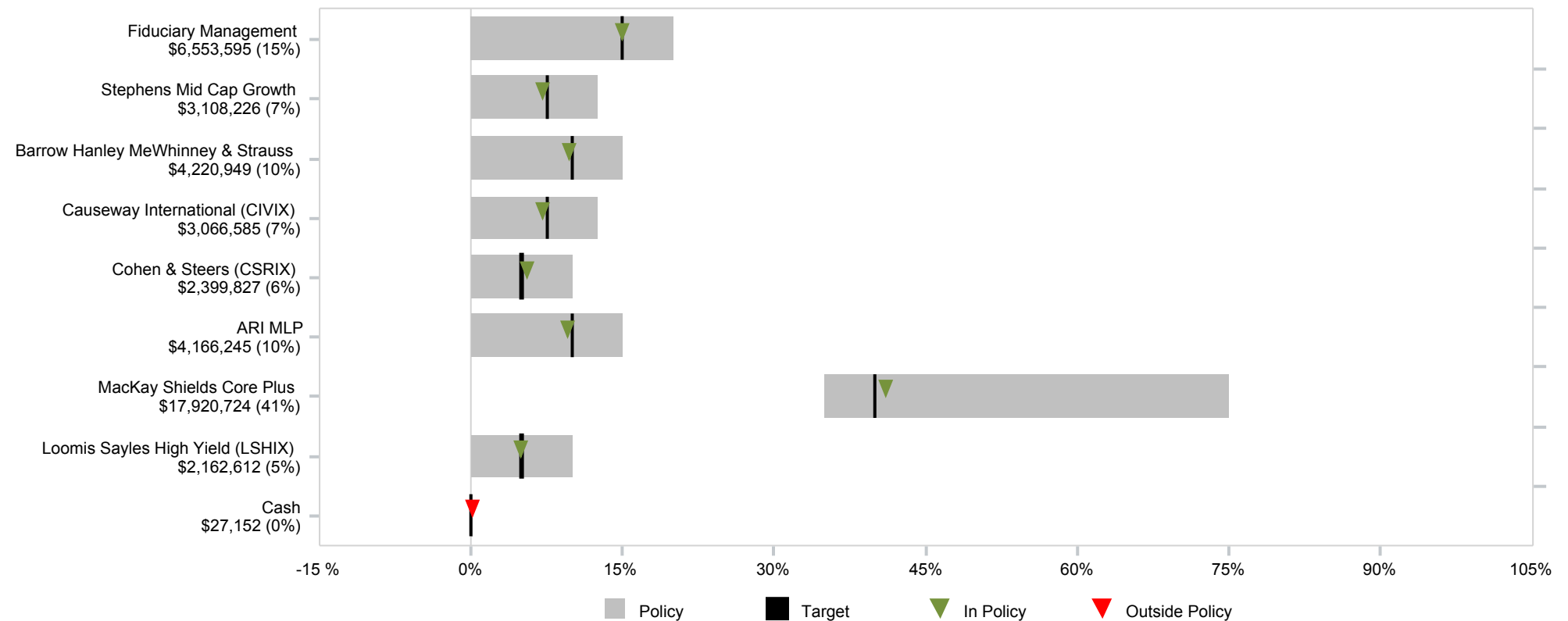
Structure	Mandate	Expense Ratio	Category Average	Difference	Annual Savings
Fiduciary Management	Large Cap Value Equity	0.55%	1.21%	0.66%	\$43,254
Stephens Mid Cap Growth	Mid Cap Growth Equity	0.77%	1.35%	0.58%	\$18,025
Barrow Hanley MeWhinney & Strauss	Small Cap Value Equity	0.71%	1.40%	0.69%	\$29,125
Causeway International (CIVIX)	International Equity	0.90%	1.20%	0.30%	\$9,200
Cohen & Steers (CSRIX)	Real Estate and Investment Trust	0.75%	1.32%	0.57%	\$13,679
ARI MLP	Master Limited Partnership	0.75%	1.00%	0.25%	\$10,416
Mackay Shields Core Plus	Core Plus Fixed Income	0.35%	0.84%	0.49%	\$87,812
Loomis Sayles High Yield (LSHIX)	High Yield Fixed Income	0.68%	1.08%	0.40%	\$8,650
<b>Total Management Fees</b>		<b>0.56%</b>	<b>1.06%</b>	<b>0.50%</b>	<b>\$220,160</b>

Source: Morningstar and Investment Managers

Asset Allocation Compliance

	Asset Allocation \$	Current Allocation (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund Composite	43,625,916	100.0	100.0	0.0		
Fiduciary Management	6,553,595	15.0	15.0	0.0	0.0	20.0
Stephens Mid Cap Growth	3,108,226	7.1	7.5	-0.4	0.0	12.5
Barrow Hanley MeWhinney & Strauss	4,220,949	9.7	10.0	-0.3	0.0	15.0
Causeway International (CIVIX)	3,066,585	7.0	7.5	-0.5	0.0	12.5
Cohen & Steers (CSRIX)	2,399,827	5.5	5.0	0.5	0.0	10.0
ARI MLP	4,166,245	9.5	10.0	-0.5	0.0	15.0
MacKay Shields Core Plus	17,920,724	41.1	40.0	1.1	35.0	75.0
Loomis Sayles High Yield (LSHIX)	2,162,612	5.0	5.0	0.0	0.0	10.0
Cash	27,152	0.1	0.0	0.1	0.0	0.0

Executive Summary



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<b>Active Return</b>	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
<b>Alpha</b>	- A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.
<b>Beta</b>	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
<b>Consistency</b>	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.
<b>Down Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
<b>Downside Risk</b>	- A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.
<b>Excess Return</b>	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
<b>Excess Risk</b>	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
<b>Information Ratio</b>	- This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.
<b>R-Squared</b>	- The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.
<b>Return</b>	- Compounded rate of return for the period.
<b>Sharpe Ratio</b>	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.
<b>Standard Deviation</b>	- A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.
<b>Tracking Error</b>	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
<b>Treynor Ratio</b>	- Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.
<b>Up Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.

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The Bogdahn Group compiled this report for the sole use of the client for which it was prepared. The Bogdahn Group is responsible for evaluating the performance results of the Total Fund along with the investment advisors by comparing their performance with indices and other related peer universe data that is deemed appropriate. The Bogdahn group uses the results from this evaluation to make observations and recommendations to the client.

The Bogdahn Group uses time-weighted calculations which are founded on standards recommended by the CFA Institute. The calculations and values shown are based on information that is received from custodians. The Bogdahn Group analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides The Bogdahn Group with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides The Bogdahn Group with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause The Bogdahn Group to believe that the information presented is significantly misstated.

This performance report is based on data obtained by the client's custodian(s), investment fund administrator, or other sources believed to be reliable. While these sources are believed to be reliable, the data providers are responsible for the accuracy and completeness of their statements. Clients are encouraged to compare the records of their custodian(s) to ensure this report fairly and accurately reflects their various asset positions.

The strategies listed may not be suitable for all investors. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. Past performance is not an indication of future performance. Any information contained in this report is for informational purposes only and should not be construed to be an offer to buy or sell any securities, investment consulting, or investment management services.

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