

Investment Performance Review
Period Ending March 31, 2017

Port of Houston Authority OPEB Trust

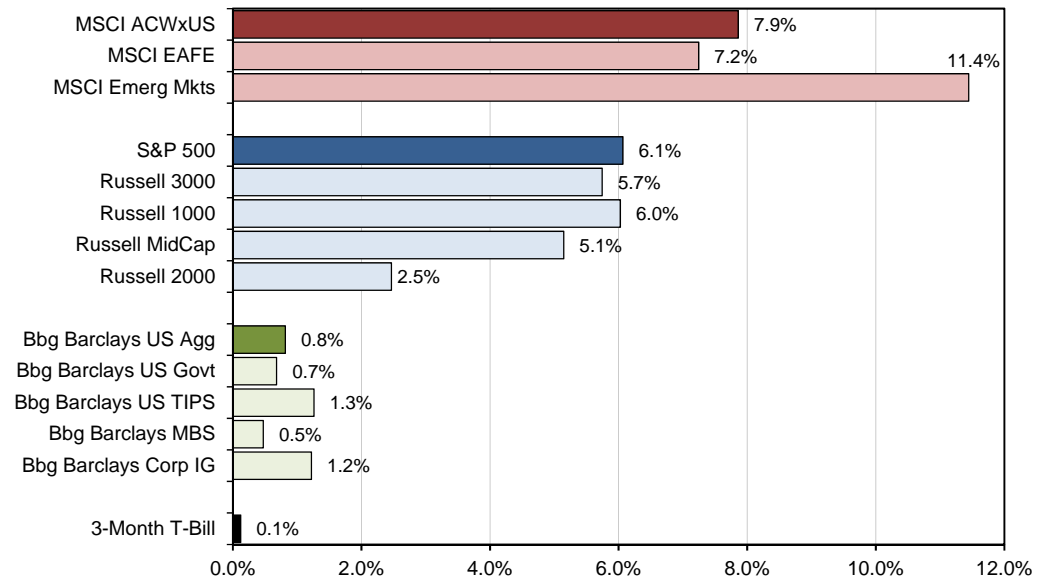


1st Quarter 2017 Market Environment

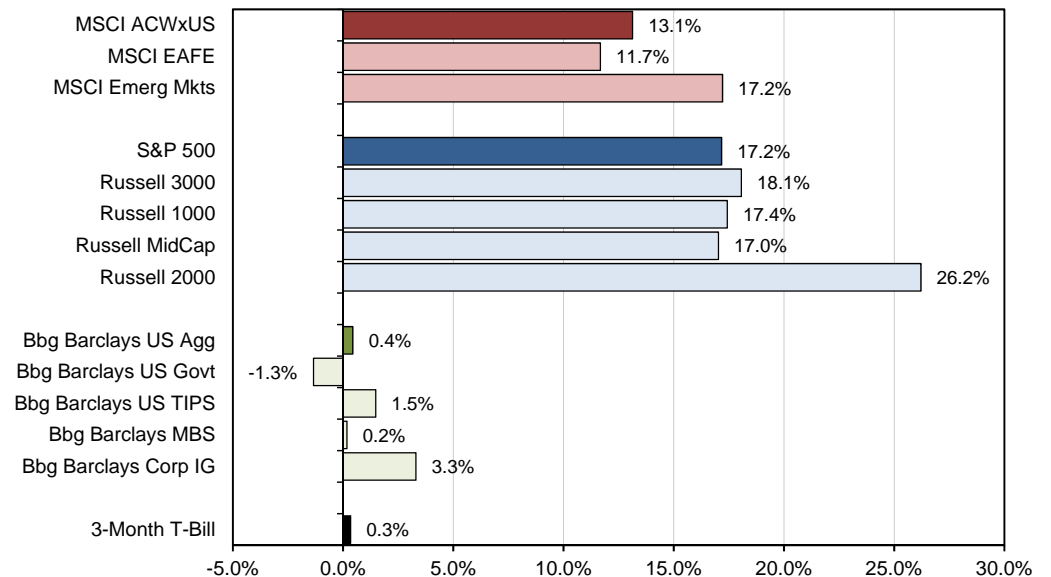


- Returns for the 1st quarter of 2017 were positive across equity and fixed income indices. Broad domestic and international equity market performance was fueled by largely improving global economic data. While domestic equity indices trailed international equity indices due to U.S. Dollar (USD) weakness, performance was solid on the back of Trump administration campaign promises for pro-business policy initiatives, government regulation rollbacks, tax reform, and domestic infrastructure investment. Despite concerns over the duration of the equity market's current run, this policy optimism caused many major domestic indices to reach all-time highs at various points during the quarter. Large cap stocks reversed a recent trend of small cap equity outperformance during the quarter with the S&P 500 Index returning 6.1% versus a weaker 2.5% return for the Russell 2000 Index. Despite their relatively muted quarterly performance, small cap stocks still handily outperformed large cap issues over the 1-year period with the Russell 2000 returning 26.2% versus a 17.2% return for the S&P 500.
- International equity market benchmarks had an excellent start to calendar 2017, outpacing U.S. markets and posting substantial returns for the 1st quarter. Both developed and emerging market international equities experienced tailwinds from increasingly positive global macroeconomic data, a weakening USD and ongoing accommodative global central bank policies. Emerging market stocks were the greatest beneficiaries of these positive trends, outperforming their developed market counterparts by more than 5% for the quarter. The MSCI Emerging Market Index returned a solid 11.4% for the quarter and 17.2% for 1-year period. While weaker by comparison, the developed market MSCI EAFE Index also posted robust performance returning 7.2% for the quarter and 11.7% over the 1-year period.
- In March, the continued pickup in inflation measures coupled with other positive economic data pushed the Federal Open Market Committee (FOMC) to maintain its commitment to remove policy accommodation from the financial system. During the quarter, the FOMC increased the Fed Funds rate by 0.25% for the second time in six months. Since the increase was largely telegraphed by Fed Chair Janet Yellen, financial markets had already priced in a high likelihood of a rate hike, and thus, market's reaction to the news was subdued. Outside of an unforeseen pickup in economic growth or downside shock, markets are currently pricing in two additional rate increase for 2017. All investment grade bond benchmarks were modestly positive for the quarter. Corporate and Treasury Inflation Protected Securities (TIPS) benefitted the most from the current economic backdrop and outperformed other major bond sectors. The broad market Bloomberg Barclays U.S. Aggregate Index returned 0.8% for the quarter and 0.4% over the 1-year period.

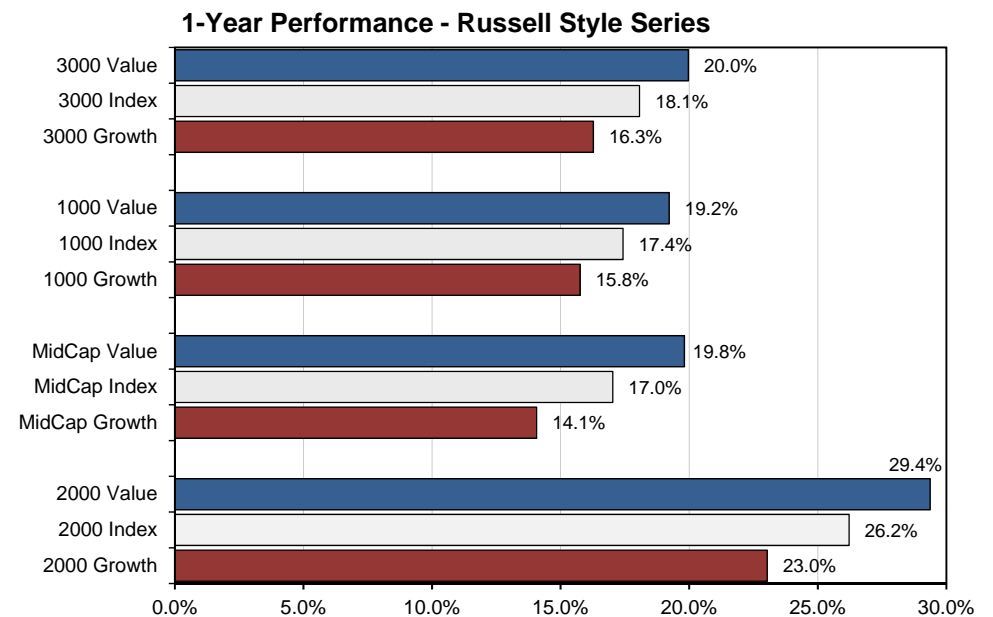
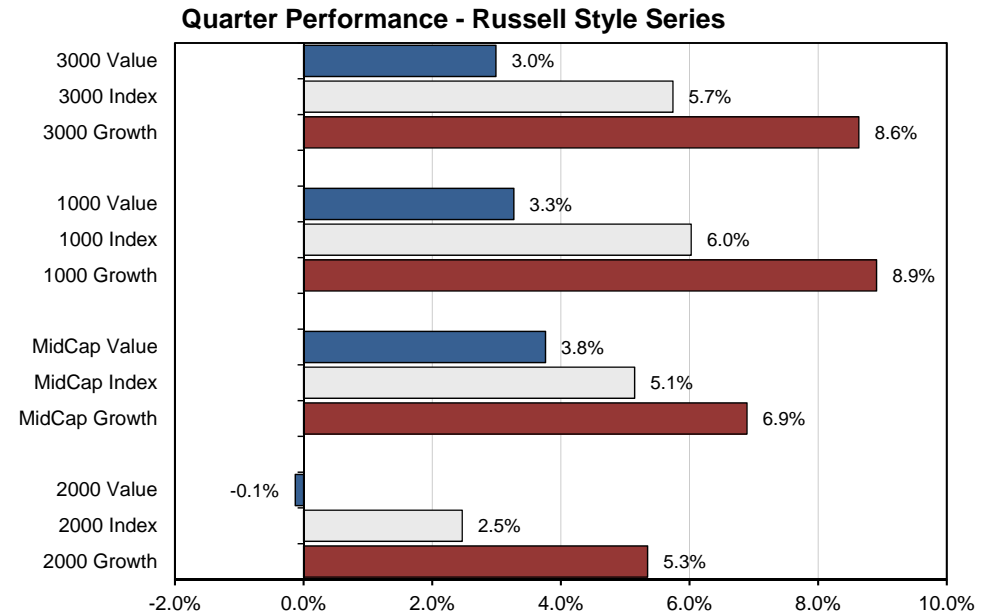
Quarter Performance



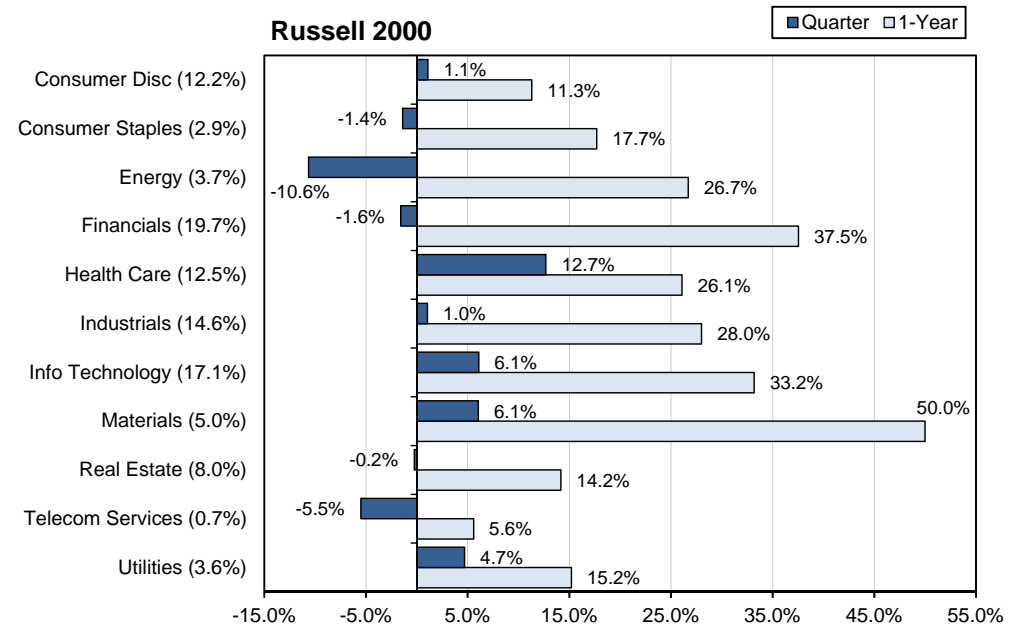
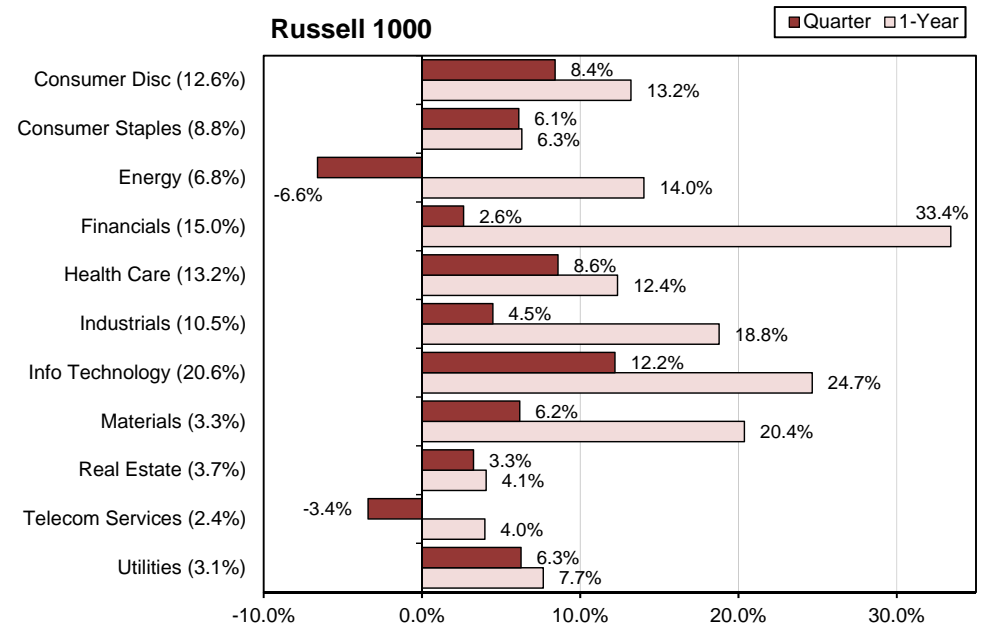
1-Year Performance



- U.S. equity index returns were largely positive across the style and capitalization spectrum for the 1st quarter and the trailing 1-year period. Domestic equity index returns were driven by optimism surrounding the Trump administration's previously referenced pro-growth agenda. Markets were also driven higher by positive trends in economic data reported throughout the period including improvements in consumer and business sentiment, corporate earnings, and employment. The only major setback to the 1st quarter's optimism was the GOP's failure to repeal the Affordable Care Act in late March. This event raised market concerns surrounding the expediency and impact of future promised policy changes.
- Large cap stocks were the best performing capitalization segment for the quarter for both core and growth issues while mid cap equities posted a slight premium relative to other capitalizations within the value spectrum. The large-cap Russell 1000 Index returned a solid 6.0% for the quarter while the small cap Russell 2000 Index returned a more modest 2.5%. This return spread was partially due to market speculation that potential foreign trade restrictions expected to disproportionately impact larger companies may not be fully realized. Conversely, over the 1-year period, small cap issues still maintain a considerable performance advantage, with the small cap Russell 2000 returning 26.2% versus a return of 17.4% for the large cap Russell 1000.
- Index sector allocations were a substantial contributor to growth index outperformance during the 1st quarter as growth indices benefitted from significant underweights to the energy and financials sectors, both of which lagged the broad index return. Growth benchmarks also benefitted from greater exposure to the information technology and health care sectors which posted strong sector returns. The Russell 2000 Value Index's return of -0.1% was the worst performing style index for the period as well as the only index to post a negative return. Like capitalization performance differentials, the 1st quarter's style performance trend reverses when viewed over the 1-year period with value indices outperforming growth benchmarks across all market capitalization levels.
- Domestic equity valuations appear stretched relative to historical levels based on Forward Price/Earnings ratios (P/E), with even the most reasonably valued indices trading above their historical P/E valuations. Index P/E valuations range from 112% and 127% of their respective 15-year P/E averages. The mid cap growth and small cap value indices appear the most inexpensive and the large cap value and small cap growth look the most overvalued.



- Sector performance within the Russell 1000 Index was largely positive for the 1st quarter. Six of eleven economic sectors outpaced the Russell 1000 Index return, and nine of eleven sectors posted gains during the period. Energy (-6.6%) was the worst performing sector as crude prices fell throughout the quarter on fears of oversupply as accelerating production in the U.S. undermined the effects of an agreement between OPEC and Russia to limit global supply. Telecommunication services was the only other large cap sector to post negative performance for the quarter with a return of -3.4%. Technology was the best performing sector in the large cap index as increasing business and consumer confidence drove demand and pushed technology stock prices 12.2% higher through the quarter. Health care also outperformed, rising 8.6% for the quarter as uncertainty surrounding health care reform dissipated after the GOP's failure to repeal the Affordable Care Act, which indefinitely postponed changes to current legislation. Over the trailing 1-year period, financials, technology and materials were the best performing sectors, each returning greater than 20%. All eleven economic sectors of the Russell 1000 index posted positive returns for the 1-year period.
- Small cap sector results lagged their large capitalization counterparts for the 4th quarter, with only four of eleven economic sectors outpacing the Russell 2000 Index return for the quarter, and only six of eleven sectors posting positive results for the period. Most of the sector trends observable in large cap index sector performance also impacted small cap sectors. Similar to large cap issues, energy was the biggest detractor, falling -10.6% for the quarter. Returns for health care (12.7%) and technology (6.1%) drove positive index performance. Over the last year the materials, financials, and technology sectors each posted returns in excess of 30% and all eleven sectors posted positive performance over the trailing 1-year period.
- Using S&P 500 sector valuations as a proxy for the market, Forward P/E ratios for eight of the GICS sectors were higher than their long-term averages at quarter-end. Using these historical P/E measures, the energy, materials and utilities sectors appear the most extended. In contrast the technology, health care and telecommunications sectors were trading at a discount to their long-term average P/E ratios.



The Market Environment
Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000
As of March 31, 2017

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Apple Inc	3.48%	24.6%	34.6%	Information Technology
Microsoft Corp	2.20%	6.6%	22.4%	Information Technology
Amazon.com Inc	1.52%	18.2%	49.3%	Consumer Discretionary
Johnson & Johnson	1.51%	8.8%	18.3%	Health Care
Exxon Mobil Corp	1.51%	-8.3%	1.6%	Energy
JPMorgan Chase & Co	1.41%	2.4%	52.5%	Financials
Facebook Inc A	1.41%	23.5%	24.5%	Information Technology
Berkshire Hathaway Inc B	1.39%	2.3%	17.5%	Financials
General Electric Co	1.21%	-4.9%	-3.3%	Industrials
AT&T Inc	1.13%	-1.1%	11.2%	Telecommunication Services

Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Advanced Micro Devices Inc	0.58%	28.3%	410.5%	Information Technology
The Chemours Co	0.37%	74.4%	454.3%	Materials
Microsemi Corp	0.31%	-4.5%	34.5%	Information Technology
Olin Corp	0.29%	29.2%	95.8%	Materials
LogMeIn Inc	0.27%	1.5%	96.4%	Information Technology
New Residential Investment Corp	0.27%	11.1%	65.4%	Financials
Coherent Inc	0.26%	49.7%	123.8%	Information Technology
Take-Two Interactive Software Inc	0.26%	20.2%	57.3%	Information Technology
Exelixis Inc	0.26%	45.3%	441.8%	Health Care
F N B Corp	0.25%	-6.5%	18.3%	Financials

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Community Health Systems Inc	0.00%	58.7%	-41.9%	Health Care
NRG Energy Inc	0.03%	52.8%	45.0%	Utilities
Vertex Pharmaceuticals Inc	0.12%	48.4%	37.6%	Health Care
bluebird bio Inc	0.00%	47.3%	113.9%	Health Care
Arconic Inc	0.05%	42.4%	N/A	Industrials
DexCom Inc	0.03%	41.9%	24.8%	Health Care
Agios Pharmaceuticals Inc	0.01%	39.9%	43.8%	Health Care
Activision Blizzard Inc	0.12%	38.9%	48.2%	Information Technology
Lumentum Holdings Inc	0.00%	38.0%	97.8%	Information Technology
Alnylam Pharmaceuticals Inc	0.02%	36.9%	-18.4%	Health Care

Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Calithera Biosciences Inc	0.00%	255.4%	103.3%	Health Care
Rocket Fuel Inc	0.00%	213.5%	70.2%	Information Technology
Esperion Therapeutics Inc	0.03%	182.0%	108.8%	Health Care
ViewRay Inc	0.00%	171.9%	97.9%	Health Care
Global Blood Therapeutics Inc	0.03%	155.0%	132.3%	Health Care
TG Therapeutics Inc	0.02%	150.6%	36.7%	Health Care
Internap Corp	0.00%	141.6%	36.3%	Information Technology
Applied Optoelectronics Inc	0.05%	139.5%	276.6%	Information Technology
Infinity Pharmaceuticals Inc	0.01%	139.3%	-38.7%	Health Care
NewLink Genetics Corp	0.03%	134.4%	32.4%	Health Care

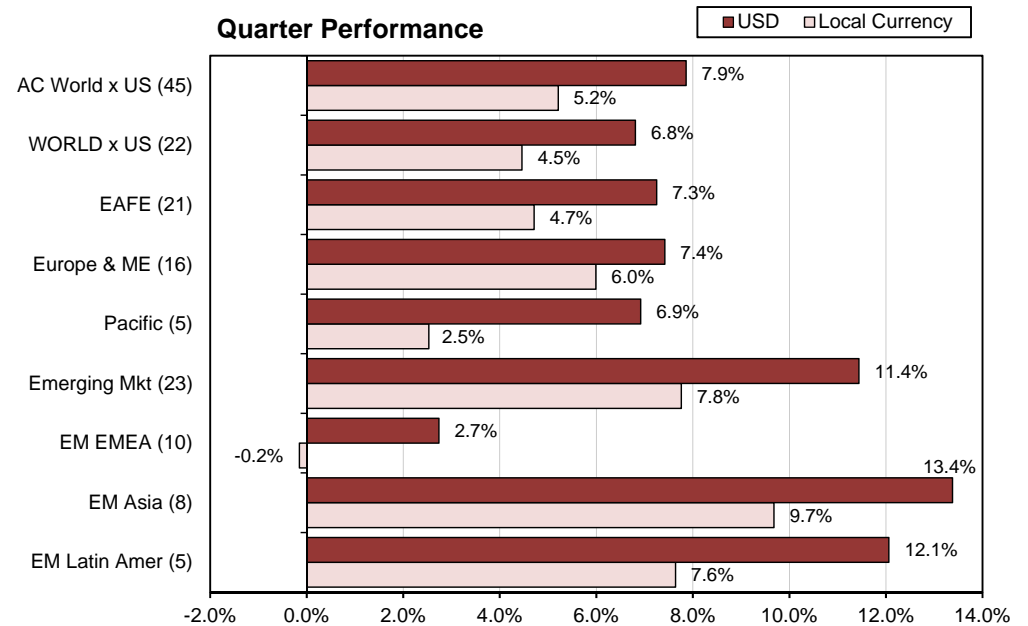
Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Cobalt International Energy Inc	0.00%	-56.3%	-82.0%	Energy
Seadrill Ltd	0.00%	-54.6%	-51.5%	Energy
Rite Aid Corp	0.02%	-48.4%	-47.9%	Consumer Staples
Vista Outdoor Inc	0.01%	-44.2%	-60.3%	Consumer Discretionary
Babcock & Wilcox Enterprises Inc	0.00%	-43.7%	-56.4%	Industrials
Colony NorthStar Inc A	0.03%	-36.1%	-17.5%	Real Estate
Frontier Communications Corp Class B	0.01%	-34.1%	-57.0%	Telecommunication Services
GNC Holdings Inc	0.00%	-33.3%	-76.1%	Consumer Discretionary
Fossil Group Inc	0.00%	-32.5%	-60.7%	Consumer Discretionary
Endo International PLC	0.01%	-32.2%	-60.4%	Health Care

Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Argos Therapeutics Inc	0.00%	-90.8%	-92.9%	Health Care
Peabody Energy Corp	0.00%	-86.4%	-70.7%	Energy
Ultrapetrol Bahamas Ltd	0.00%	-83.2%	-93.8%	Industrials
GulfMark Offshore Inc	0.00%	-80.0%	-94.3%	Energy
Rentech Inc	0.00%	-79.8%	-77.5%	Materials
Walter Investment Management Corp	0.00%	-77.3%	-85.9%	Financials
Adeptus Health Inc Class A	0.00%	-76.4%	-96.8%	Health Care
Novan Inc	0.00%	-76.4%	N/A	Health Care
Galena Biopharma Inc	0.00%	-68.6%	-97.8%	Health Care
Cumulus Media Inc Class A	0.00%	-68.5%	-91.4%	Consumer Discretionary

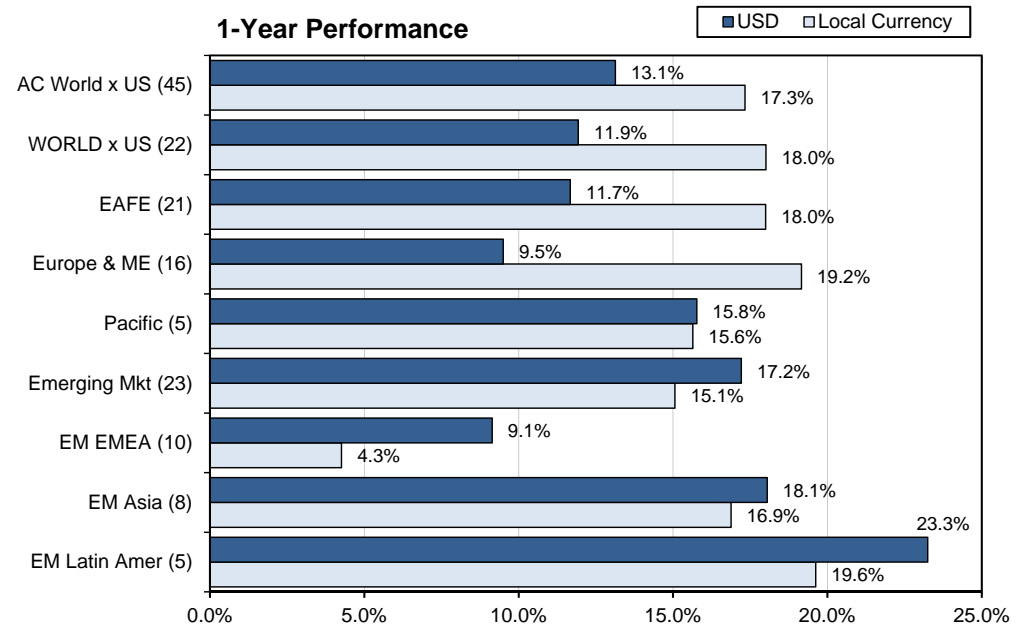


- While USD strength is on the high side of its 10-year range, the USD weakened through the quarter providing a tailwind to international index returns denominated in USD. However, the 1-year performance for the broad international indices still show a large negative currency impact from USD strength. The primary factors contributing to USD strength are an increasing divergence in U.S. monetary policy (tightening) relative to other developed countries (further accommodation) as well as the Trump administration's pro-growth policy agenda. However, improvement in growth prospects outside of the U.S. and the measured implementation of a more restrictive U.S. monetary policy has led to a pause in the USD's upward trajectory.
- International index performance for the 1st quarter was broadly positive for both developed and emerging markets in both USD and local currency terms. In USD terms, the developed market MSCI EAFE Index returned 7.3% as continued monetary stimulus and improving macroeconomic data in the U.K., Europe and Asia increased investor optimism, fueling demand for stocks. Returns in Europe and Japan were supplemented by perceived stabilization within their respective political systems. Also, noteworthy was the U.K. decision to invoke Article 50, signaling the start of their two-year separation process with the European Union. Returns for Eurozone stocks were up over 8% while stocks in Japan and the U.K. gained 4.5% and 5.0% in USD respectively. Developed market index performance is also robust when viewed over the 1-year period with the EAFE index returning 11.7% in USD terms.
- Emerging market equities had an impressive start to 2017 with the MSCI Emerging Market Index posting an 11.4% USD return for the 1st quarter. A weakening USD, continued improvement in global growth, and a lack of Trump administration attention toward protectionist trade policies provided an attractive backdrop for emerging market returns. India (17.1%), Poland (17.8%) and South Korea (16.9%) had the strongest returns in USD terms, while Russia (-4.6%) was the index's worst performing constituent. In USD terms, emerging markets have returned a substantial 17.2% over the past 12 months. Stocks in Latin America outperformed, led by Brazil's 42.8% return, pushing the MSCI Emerging Market Latin America Index 23.3% higher for the 1-year period.

Quarter Performance



1-Year Performance



The Market Environment
U.S. Dollar International Index Attribution & Country Detail
As of March 31, 2017

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	12.2%	5.3%	8.7%
Consumer Staples	11.4%	9.1%	2.6%
Energy	5.0%	-1.8%	18.8%
Financials	21.3%	7.3%	19.9%
Health Care	10.7%	8.3%	2.1%
Industrials	14.3%	9.1%	14.5%
Information Technology	5.7%	11.7%	20.7%
Materials	7.9%	7.6%	30.4%
Real Estate	3.7%	6.0%	3.9%
Telecommunication Services	4.4%	5.1%	-2.8%
Utilities	3.4%	7.7%	1.5%
Total	100.0%	7.3%	11.7%

MSCI - ACWIXUS	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	11.3%	6.9%	9.1%
Consumer Staples	9.9%	8.6%	2.3%
Energy	6.8%	-0.9%	18.4%
Financials	23.3%	7.5%	18.9%
Health Care	8.0%	8.0%	1.5%
Industrials	11.9%	9.5%	13.9%
Information Technology	9.9%	14.6%	25.9%
Materials	8.0%	8.4%	29.0%
Real Estate	3.2%	6.7%	4.0%
Telecommunication Services	4.5%	6.0%	-0.9%
Utilities	3.2%	8.2%	2.2%
Total	100.0%	7.9%	13.1%

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	10.4%	12.9%	10.4%
Consumer Staples	6.9%	7.6%	1.6%
Energy	7.3%	4.4%	24.1%
Financials	24.1%	10.0%	22.1%
Health Care	2.4%	5.5%	-2.0%
Industrials	5.9%	13.6%	8.1%
Information Technology	24.5%	17.0%	30.4%
Materials	7.5%	12.1%	27.7%
Real Estate	2.6%	10.5%	7.5%
Telecommunication Services	5.6%	7.6%	3.0%
Utilities	2.8%	10.0%	4.0%
Total	100.0%	11.4%	17.2%

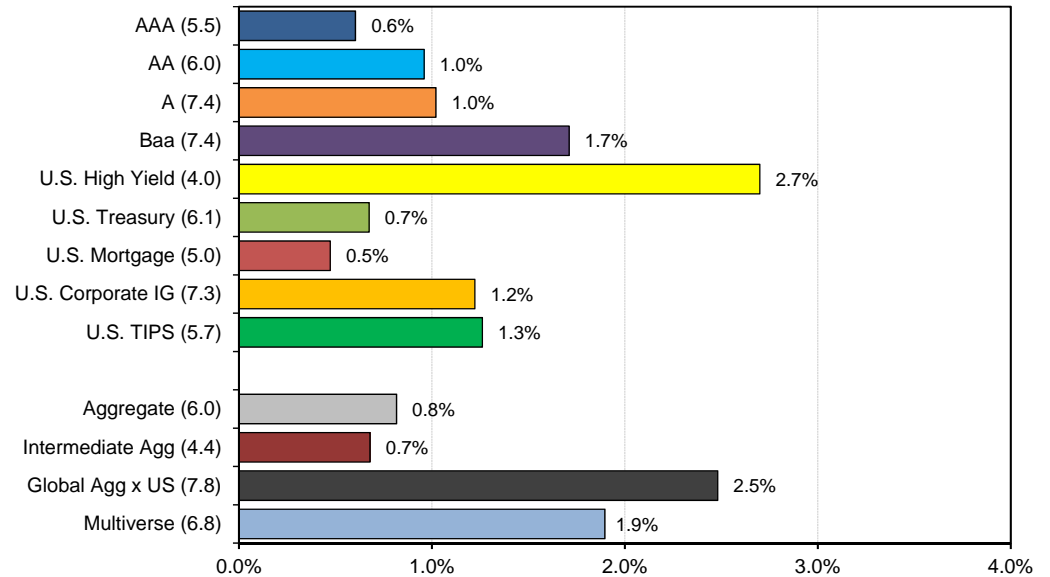
Country	MSCI-EAFE Weight	MSCI-ACWIXUS Weight	Quarter Return	1-Year Return
Japan	23.4%	16.3%	4.5%	14.4%
United Kingdom	17.9%	12.4%	5.0%	7.4%
France	10.2%	7.1%	7.3%	12.4%
Germany	9.5%	6.6%	8.4%	14.2%
Switzerland	8.7%	6.1%	8.3%	9.1%
Australia	7.6%	5.3%	11.0%	21.1%
Hong Kong	3.5%	2.4%	13.4%	16.6%
Netherlands	3.5%	2.4%	11.3%	12.9%
Spain	3.4%	2.3%	14.8%	18.4%
Sweden	2.9%	2.0%	9.5%	10.4%
Italy	2.2%	1.5%	6.2%	7.6%
Denmark	1.6%	1.1%	6.1%	-9.8%
Singapore	1.3%	0.9%	13.5%	9.5%
Belgium	1.2%	0.8%	5.1%	-0.4%
Finland	1.0%	0.7%	7.3%	7.9%
Israel	0.7%	0.5%	5.5%	-11.8%
Norway	0.6%	0.4%	1.4%	13.0%
Ireland	0.5%	0.3%	3.8%	0.6%
Austria	0.2%	0.1%	9.0%	21.9%
New Zealand	0.2%	0.1%	2.0%	8.1%
Portugal	0.2%	0.1%	8.3%	8.6%
Total EAFE Countries	100.0%	69.7%	7.3%	11.7%
Canada		6.9%	2.5%	14.8%
Total Developed Countries		76.5%	6.8%	11.9%
China		6.3%	12.9%	19.7%
Korea		3.5%	16.9%	20.9%
Taiwan		2.9%	11.8%	23.0%
India		2.1%	17.1%	18.4%
Brazil		1.8%	10.4%	42.8%
South Africa		1.6%	4.4%	8.1%
Russia		0.9%	-4.6%	27.6%
Mexico		0.9%	16.0%	-2.8%
Indonesia		0.6%	7.0%	12.5%
Malaysia		0.6%	8.3%	-8.1%
Thailand		0.5%	8.6%	17.6%
Chile		0.3%	15.9%	18.6%
Poland		0.3%	17.8%	3.5%
Philippines		0.3%	6.1%	-7.3%
Turkey		0.2%	10.8%	-16.6%
Qatar		0.2%	1.9%	4.3%
United Arab Emirates		0.2%	2.3%	7.0%
Colombia		0.1%	5.7%	9.2%
Peru		0.1%	5.5%	29.3%
Greece		0.1%	-3.5%	-3.4%
Hungary		0.1%	-0.1%	15.3%
Czech Republic		0.0%	5.7%	-4.5%
Egypt		0.0%	1.8%	-4.2%
Total Emerging Countries		23.5%	11.4%	17.2%
Total ACWIXUS Countries		100.0%	7.9%	13.1%

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

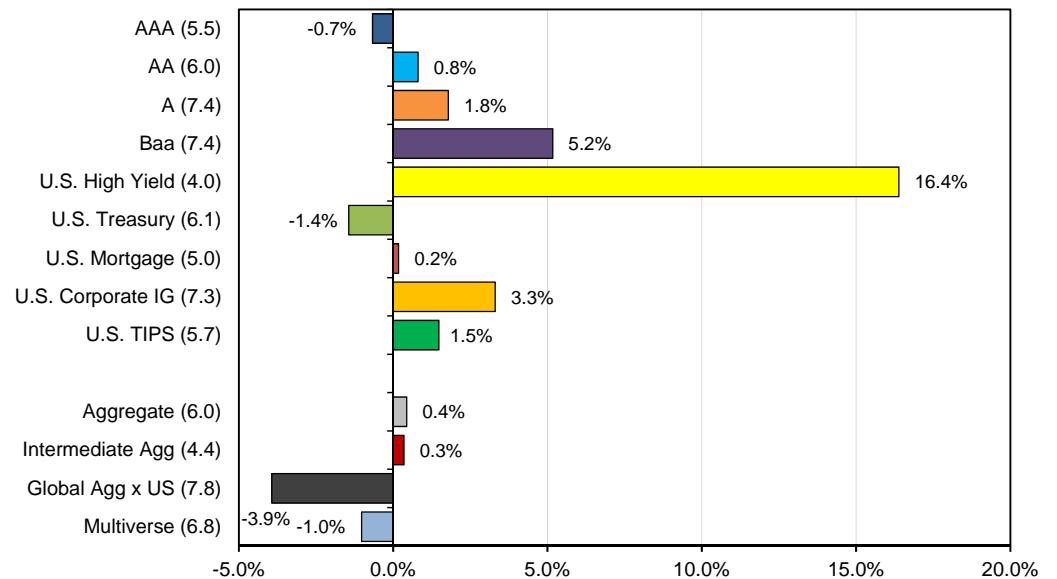


- Each of the fixed income benchmarks we track posted gains for the 1st quarter with the broad market Bloomberg Barclays Aggregate Index returning 0.8% for the period. Short-term market yields rose through the quarter as investors prepared for a widely anticipated 25 basis point (bps) interest rate increase by the Fed. The Fed's second rate hike in six-months was supported by growing inflation and continued improvement in U.S. macroeconomic data. The effect of the interest rate increase was largely "priced in" by the market as participants viewed the move as a sign of continued Fed confidence in the U.S. economic recovery. Fixed income index performance was mixed over the 1-year period with the Bloomberg Barclays Aggregate index returning a muted 0.4% for the period.
- Lower quality bonds outperformed higher quality issues for both the quarter and 1-year period as contracting credit spreads from improvements in economic fundamentals acted as a tailwind to these issues. During the 1st quarter credit spreads for high yield debt decreased by 26 bps versus only 5 bps for investment grade corporate issues. AAA issues returned a muted 0.6% over the quarter compared to a solid 1.7% return for Baa issues. High yield debt was the largest beneficiary of these economic trends, returning 2.7% for the quarter and a significant 16.4% for the 1-year period.
- A review of sector performance shows credit and U.S. TIPS outpaced U.S. Treasury and mortgage backed security (MBS) indices. Credit issues benefited from tightening spreads and TIPS strength coincided with higher future inflation expectations. MBS was the worst performing sector for the quarter as the Fed signaled an eventual end to their ongoing reinvestment in agency MBS (shrinking their balance sheet), which caused spreads on MBS to rise 12 bps. Led by a weakening USD, global bond indices posted solid results for the quarter. Fixed income returns over the 1-year period are mixed with the corporate and TIPS segments outpacing Treasury and MBS issues. Despite a strong quarter, global bond returns trail domestic indices over the 1-year period with the Bloomberg Barclays Aggregate ex U.S. returning -3.9% for the period.
- The Fed indicated future rate increases will be implemented at a measured pace based on an ongoing assessment of current economic data. However, future policy action by the Trump administration and global economic developments will also likely impact the pace of future interest rate increases. Current market expectations are for two additional interest rate increases in 2017.

Quarter Performance

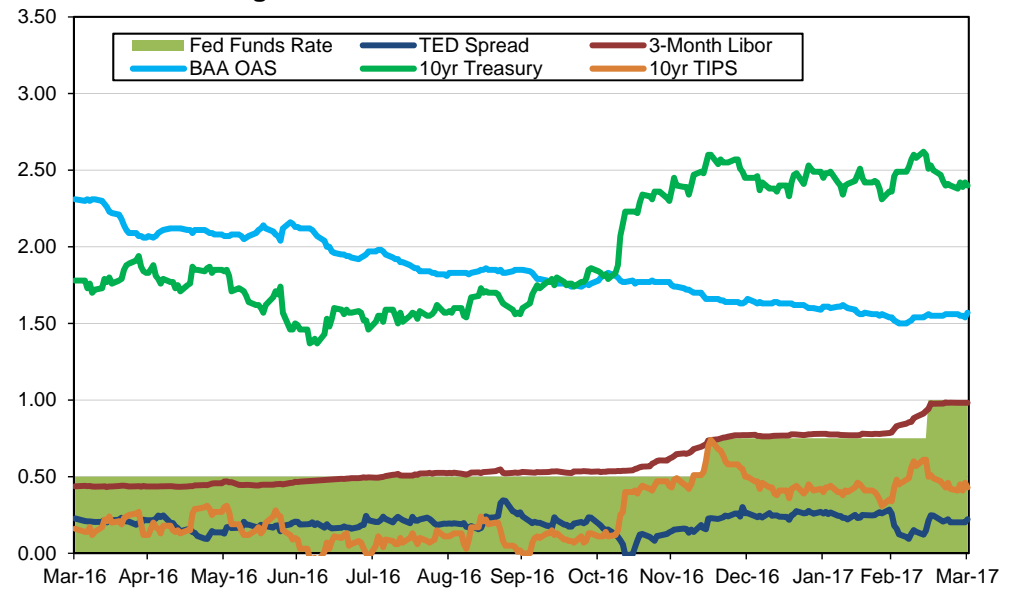


1-Year Performance

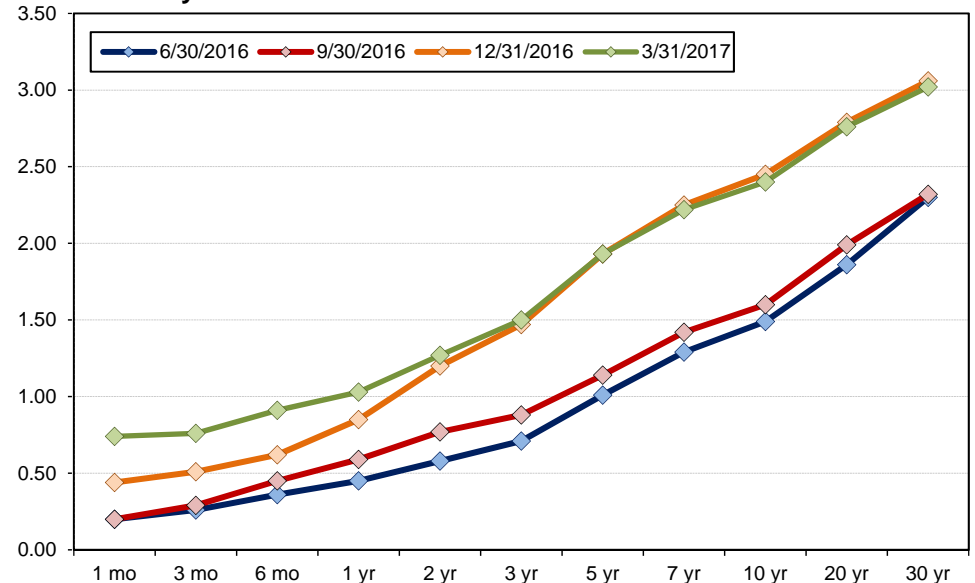


- Much of the index performance detailed in the bar graphs on the previous page is visible on a time series basis by reviewing the line graphs to the right. The '1-Year Trailing Market Rates' chart illustrates that after trading in a tight range for most of 2016, the 10-year Treasury yield (green line) rose dramatically in the 4th quarter of 2016 but held largely steady during the 1st quarter of 2017. After closing 2016 with a 2.45% yield, the 10-year Treasury finished the 1st quarter at a slightly lower 2.40%. The blue line illustrates changes in the BAA OAS (Option Adjusted Spread). This measure quantifies the additional yield premium that investors require to purchase and hold non-Treasury issues. This line illustrates a steady decline in credit spreads throughout 2016 and into 2017. This decline is equivalent to an interest rate decrease on corporate bonds, which produces a tailwind for corporate bond index returns. These credit spreads have tightened by about 75 bps over the last 12-months. The green shading at the bottom of the graph illustrates the continued increase in the Federal Funds Rate due to a less accommodative Fed monetary policy.
- The lower graph provides a snapshot of the U.S. Treasury yield curve at each of the last four calendar quarters. The yield curve flattened throughout the 1st quarter as yields on shorter-term maturities rose during the period, while interest rates on the long end of the curve (beyond 5-years) exhibited marginal declines. While interest rate movement during the during 1st quarter were relative small, the significant upward shift in interest rates since June of 2016 is clearly visible. Yields on the 3-month Treasury Bill have increased by 50 bps since June 30, 2016 and yields on the 30-year Treasury Bond have jumped by more than 70 bps over the same period.
- Despite the rise in short-term interest rates, most fixed income indices finished the 1st quarter in positive territory. In a rising rate environment, it is generally expected that longer-duration market indices will fall more than equivalent lower-duration benchmarks. However, the magnitude of interest rate shifts across the term structure and spread movements can lead to atypical short-term results. Finally, while global benchmarks are impacted by the same local yield and duration factors as domestic benchmarks, the returns of these indices are also significantly influenced by fluctuations in their currency denomination relative to the USD. This currency effect can either be an offsetting benefit to negative yield and duration factors in a rising rate environment as it was during the 1st quarter, or it can further exacerbate negative performance as it did in 2016.

1-Year Trailing Market Rates



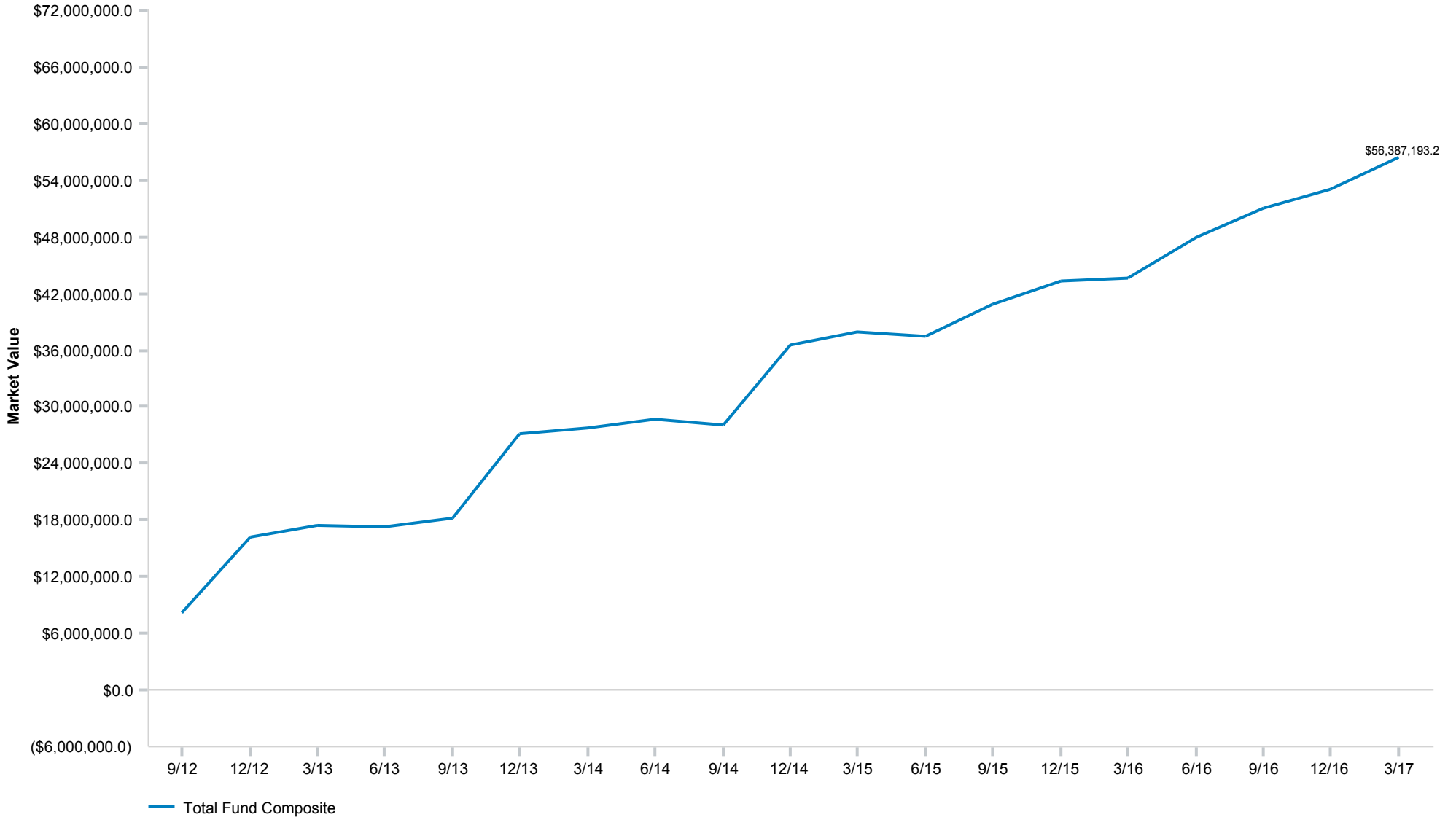
Treasury Yield Curve



13.6%



Schedule of Investable Assets



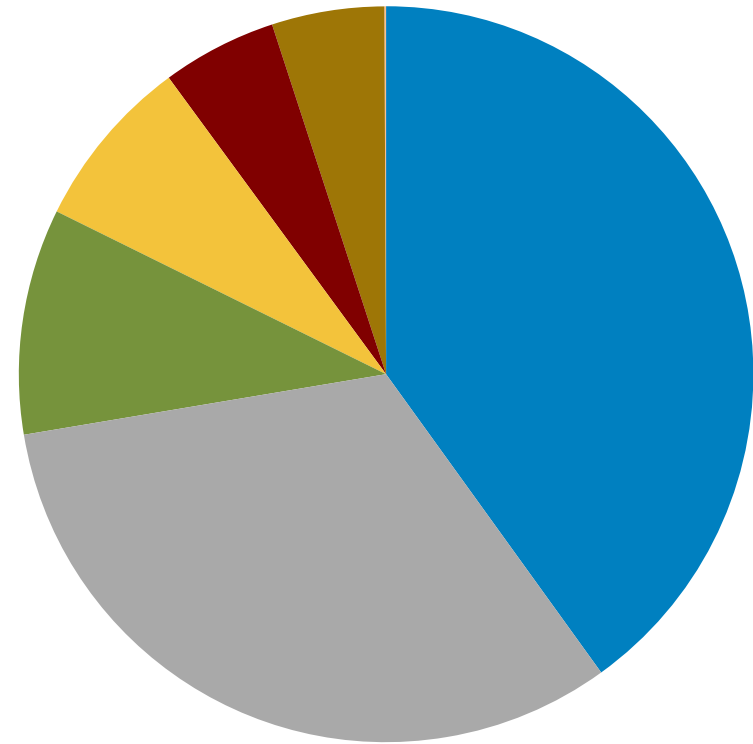
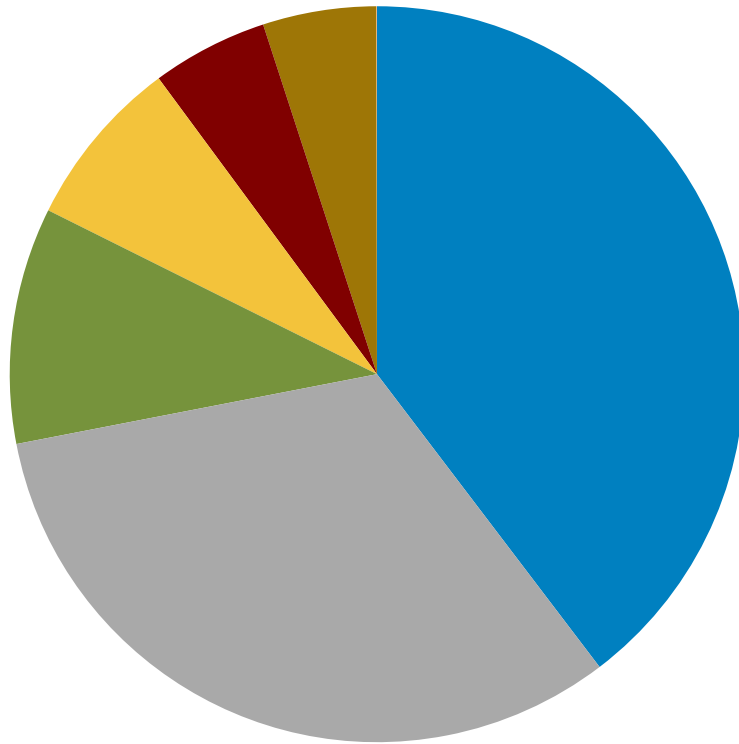
Schedule of Investable Assets

Periods Ending	Beginning Market Value \$	Net Cash Flow \$	Gain/Loss \$	Ending Market Value \$	%Return
Oct-2012 To Mar-2017	8,192,495	38,240,495	9,954,203	56,387,193	7.62



December 31, 2016 : \$53,065,814

March 31, 2017 : \$56,387,193

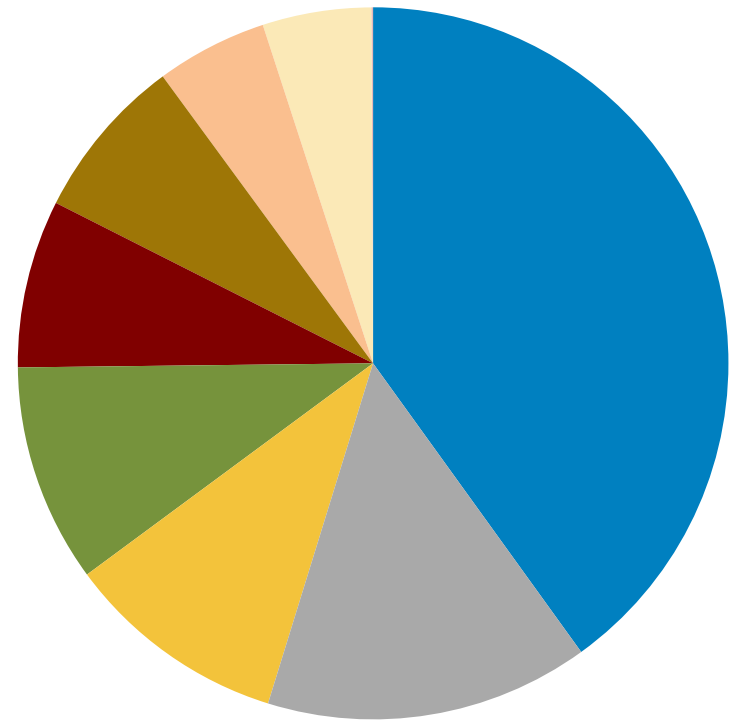
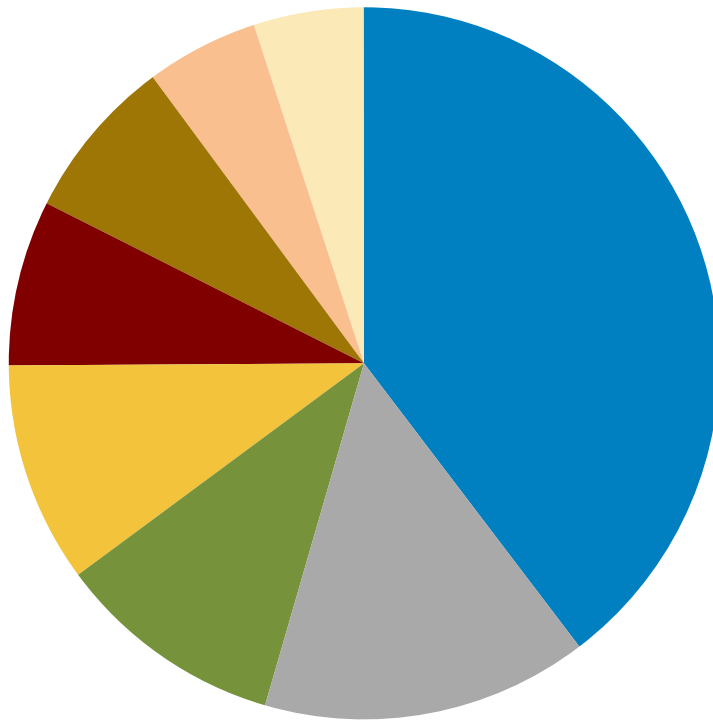


Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Core Plus Fixed Income	21,037,126	39.6	Core Plus Fixed Income	22,580,218	40.0
Domestic Equity	17,150,217	32.3	Domestic Equity	18,226,415	32.3
MLPs	5,510,660	10.4	MLPs	5,595,060	9.9
International Equity	3,989,794	7.5	International Equity	4,299,630	7.6
Real Estate	2,713,002	5.1	Real Estate	2,852,706	5.1
High Yield Fixed Income	2,645,246	5.0	High Yield Fixed Income	2,787,900	4.9
Cash	19,769	0.0	Cash	45,264	0.1



December 31, 2016 : \$53,065,814

March 31, 2017 : \$56,387,193



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
■ MacKay Shields Core Plus	21,037,126	39.6	■ MacKay Shields Core Plus	22,580,218	40.0
■ Fiduciary Management	7,880,338	14.9	■ Fiduciary Management	8,309,641	14.7
■ ARI MLP	5,510,660	10.4	■ Barrow Hanley MeWhinney & Strauss	5,702,782	10.1
■ Barrow Hanley MeWhinney & Strauss	5,321,125	10.0	■ ARI MLP	5,595,060	9.9
■ Causeway International (CIVIX)	3,989,794	7.5	■ Causeway International (CIVIX)	4,299,630	7.6
■ Stephens Mid Cap Growth	3,948,754	7.4	■ Stephens Mid Cap Growth	4,213,992	7.5
■ Cohen & Steers (CSRIX)	2,713,002	5.1	■ Cohen & Steers (CSRIX)	2,852,706	5.1
■ Loomis Sayles High Yield (LSHIX)	2,645,246	5.0	■ Loomis Sayles High Yield (LSHIX)	2,787,900	4.9
■ Cash	19,769	0.0	■ Cash	45,264	0.1



Asset Allocation & Performance
Total Fund Composite (Gross of Fees)
As of March 31, 2017

Asset Allocation & Performance	Allocation		Performance(%)					
	Market Value \$	%	QTR	1 YR	3 YR	5 YR	Inception	Inception Date
Total Fund Composite (Gross of Fees)	56,387,193	100.0	3.67	13.61	4.87	N/A	7.62	10/01/2012
Policy Index			3.08	11.30	4.95	7.45	7.53	
OPEB Actuarial Assumption			1.71	7.00	7.00	N/A	7.06	
Total Fund Composite (Net of Fees)			3.56	13.16	4.35	N/A	7.03	
Fiduciary Management	8,309,641	14.7	5.61	17.20	9.55	N/A	13.61	10/01/2012
Russell 1000 Value Index			3.27	19.22	8.67	13.13	13.65	
S&P 500 Index			6.07	17.17	10.37	13.30	14.03	
Stephens Mid Cap Growth	4,213,992	7.5	9.78	22.30	7.09	N/A	13.01	01/01/2013
Russell Midcap Growth Index			6.89	14.07	7.88	11.95	13.91	
Barrow Hanley MeWhinney & Strauss	5,702,782	10.1	5.15	31.02	8.89	N/A	17.18	10/01/2012
Russell 2000 Value Index			-0.13	29.37	7.62	12.54	13.41	
Causeway International (CIVIX)	4,299,630	7.6	7.79	13.63	-0.56	N/A	1.33	10/01/2013
MSCI EAFE (Net) Index			7.25	11.67	0.50	5.83	2.22	
Cohen & Steers (CSRIX)	2,852,706	5.1	1.53	3.51	10.33	N/A	10.42	01/01/2013
FTSE NAREIT All Equity REITs			2.55	5.25	10.56	10.32	10.15	
ARI MLP	5,595,060	9.9	3.34	35.99	-2.84	N/A	5.48	10/01/2012
Alerian MLP Index			3.95	28.32	-5.17	2.64	1.53	
MacKay Shields Core Plus	22,580,218	40.0	1.03	2.06	N/A	N/A	2.15	07/01/2014
Bloomberg Barclays U.S. Aggregate Index			0.82	0.44	2.68	2.34	2.18	
Loomis Sayles High Yield (LSHIX)	2,787,900	4.9	3.52	20.03	3.57	N/A	7.07	01/01/2013
BofA Merrill Lynch High Yield Master II			2.71	16.88	4.62	6.85	5.73	
Cash	45,264	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	%	2016	2015	2014	2013	2012
	\$						
Total Fund Composite (Gross of Fees)	56,387,193	100.0	10.54	-2.43	5.42	17.12	N/A
Policy Index			9.47	-2.53	7.49	16.29	12.11
OPEB Actuarial Assumption			7.00	7.00	7.00	7.19	N/A
Fiduciary Management	8,309,641	14.7	14.92	-1.93	13.46	30.21	N/A
Russell 1000 Value Index			17.34	-3.83	13.45	32.53	17.51
S&P 500 Index			11.96	1.38	13.69	32.39	16.00
Stephens Mid Cap Growth	4,213,992	7.5	7.86	-0.28	4.61	36.16	N/A
Russell Midcap Growth Index			7.33	-0.20	11.90	35.74	15.81
Barrow Hanley MeWhinney & Strauss	5,702,782	10.1	27.59	-6.22	3.03	48.35	N/A
Russell 2000 Value Index			31.74	-7.47	4.22	34.52	18.05
Causeway International (CIVIX)	4,299,630	7.6	0.48	-3.12	-6.22	N/A	N/A
MSCI EAFE (Net) Index			1.00	-0.81	-4.90	22.78	17.32
Cohen & Steers (CSRIX)	2,852,706	5.1	5.89	5.23	30.18	3.46	N/A
FTSE NAREIT All Equity REITs			8.63	2.83	28.03	2.86	19.70
ARI MLP	5,595,060	9.9	21.44	-32.54	14.43	32.52	N/A
Alerian MLP Index			18.31	-32.59	4.80	27.58	4.80
MacKay Shields Core Plus	22,580,218	40.0	3.99	-0.08	N/A	N/A	N/A
Bloomberg Barclays U.S. Aggregate Index			2.65	0.55	5.97	-2.02	4.21
Loomis Sayles High Yield (LSHIX)	2,787,900	4.9	18.92	-10.27	5.17	15.07	N/A
BofA Merrill Lynch High Yield Master II			17.49	-4.64	2.50	7.42	15.58
Cash	45,264	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.



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, 2017, Fiduciary had a market value of \$8,309,641.

Fiduciary Management		Weight %
Comcast Corp		4.9
Berkshire Hathaway Inc		4.8
Honeywell International Inc		4.2
Unitedhealth Group Inc		4.2
Accenture PLC		3.9
Dollar General Corp		3.8
AmerisourceBergen Corp		3.8
JPMorgan Chase & Co		3.7
Unilever PLC		3.6
eBay Inc.		3.6

Equity Assets Exposures by Sector	Fiduciary Management	Russell 1000 Value Index
Cash	9.05	N/A
Consumer Discretionary	18.35	4.49
Consumer Staples	6.49	8.46
Energy	4.91	12.17
Financials	14.71	26.51
Health Care	11.23	10.83
Industrials	14.30	10.15
Information Technology	15.06	10.01
Materials	2.92	2.92
Real Estate	N/A	4.64
Telecommunication Services	2.99	3.59
Utilities	N/A	6.23

Equity Characteristics	Fiduciary Management	Russell 1000 Value Index
Wtd. Avg. Mkt. Cap (\$)	94,836,909,476	122,165,996,416
Price/Earnings ratio	18.4	19.0
Price/Book ratio	3.2	2.2
Current Yield	1.6	2.5
Number of Stocks	29	692



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, 2017, Stephens had a market value of \$4,213,992.

Stephens Mid Cap Growth		Russell Midcap Growth Index	
	Weight %		Weight %
Cognex Corp	2.1	NVIDIA Corp	1.9
SVB Financial Group	2.0	Intuitive Surgical Inc	1.0
MercadoLibre Inc	2.0	Equinix Inc	1.0
IDEXX Laboratories Inc	2.0	Electronic Arts Inc.	0.9
Microchip Technology Inc	1.8	Ross Stores Inc	0.9
MarketAxess Holdings Inc	1.7	Fiserv Inc.	0.9
Ulta Salon Cosmetics	1.7	O'Reilly Automotive Inc	0.9
NVIDIA Corp	1.7	Illumina Inc	0.9
CoStar Group Inc	1.6	Zoetis Inc	0.8
Ross Stores Inc	1.5	Marriott International Inc.	0.8

Equity Assets Exposures by Sector

	Stephens Mid Cap Growth	Russell Midcap Growth Index
Cash	2.06	N/A
Consumer Discretionary	16.21	23.05
Consumer Staples	3.20	7.06
Energy	6.08	1.30
Financials	6.22	5.32
Health Care	22.01	15.55
Industrials	10.89	14.83
Information Technology	33.34	22.34
Materials	N/A	5.15
Real Estate	N/A	5.22
Telecommunication Services	N/A	0.19

Equity Characteristics

	Stephens Mid Cap Growth	Russell Midcap Growth Index
Wtd. Avg. Mkt. Cap (\$)	13,051,556,465	14,283,927,475
Price/Earnings ratio	36.0	26.6
Price/Book ratio	4.9	5.1
Current Yield	0.5	1.1
Number of Stocks	93	470

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, 2017, Barrow, Hanley, MeWhinney & Strauss had a market value of \$5,702,782.

Barrow Hanley MeWhinney & Strauss		Russell 2000 Value Index	
	Weight %		Weight %
II VI Inc	4.5	Advanced Micro Devices Inc	0.6
Texas Capital Bancshares Inc	4.5	Olin Corp	0.6
Brooks Automation Inc	4.2	New Residential Investment Corp	0.5
Vishay Intertechnology Inc.	3.9	F.N.B. Corp	0.5
Plexus Corp	3.5	XPO Logistics Inc	0.5
Terex Corp	3.3	Prosperity Bancshares Inc	0.5
RH	3.3	PrivateBancorp Inc	0.5
UMB Financial Corp	3.2	Webster Financial Corp	0.5
Prosperity Bancshares Inc	3.2	Investors Bancorp Inc	0.4
Barnes Group Inc	3.1	IDACORP Inc.	0.4

Equity Assets Exposures by Sector

	Barrow Hanley MeWhinney & Strauss	Russell 2000 Value Index
Cash	4.44	N/A
Consumer Discretionary	9.57	9.81
Consumer Staples	N/A	2.77
Energy	4.35	5.43
Financials	10.87	32.28
Health Care	2.39	4.73
Industrials	30.00	12.85
Information Technology	27.00	10.34
Materials	11.37	4.85
Real Estate	N/A	9.99
Telecommunication Services	N/A	0.62
Utilities	N/A	6.34

Equity Characteristics

	Barrow Hanley MeWhinney & Strauss	Russell 2000 Value Index
Wtd. Avg. Mkt. Cap (\$)	2,561,806,136	2,144,059,994
Price/Earnings ratio	25.0	19.9
Price/Book ratio	2.1	1.8
Current Yield	0.9	1.9
Number of Stocks	39	1,352

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 : \$5,914 Million
 Portfolio Turnover : 41%

Portfolio Assets : \$6,650 Million
 Portfolio Manager : Team Managed
 PM Tenure :
 Fund Style : IM International Large Cap Value Equity (MF)
 Style Benchmark : MSCI EAFE (Net) Index

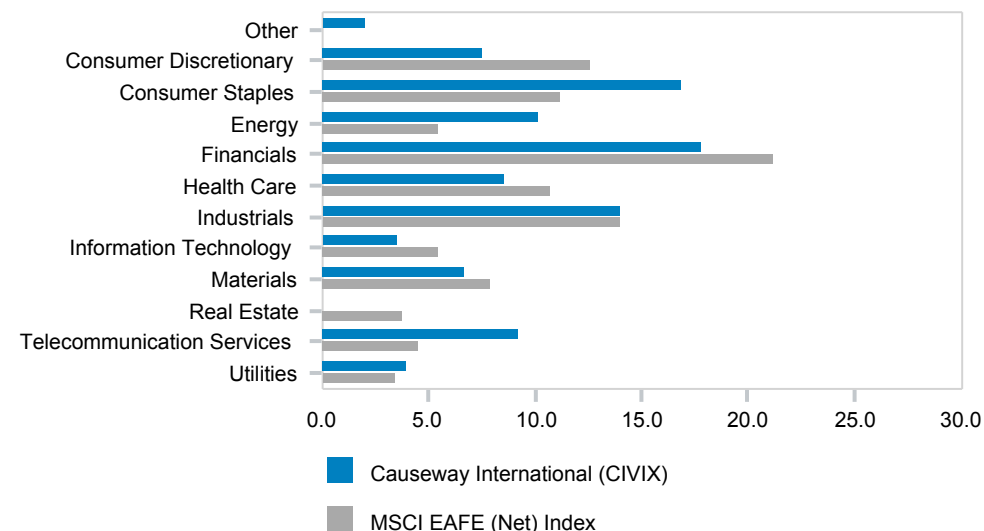
Portfolio Characteristics As of 12/31/2016

	Portfolio	Benchmark
Total Securities	62	930
Avg. Market Cap (\$)	66,888,212,265	8,882,222,266
Price/Earnings (P/E)	23.77	18.05
Price/Book (P/B)	2.79	2.15
Dividend Yield	3.07	3.21
Annual EPS	2.06	N/A
5 Yr EPS	1.44	4.01
3 Yr EPS Growth	-0.02	N/A
Beta (3 Years, Monthly)	0.89	1.00

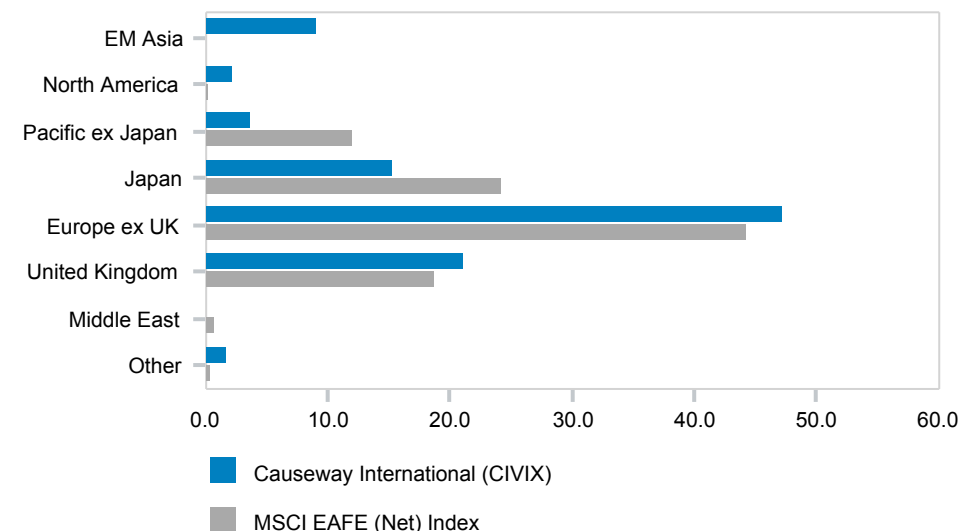
Top Ten Securities As of 12/31/2016

Volkswagen AG PFD	4.2 %
Royal Dutch Shell Plc B ORD	3.8 %
Total SA ORD	3.3 %
British American Tobacco PLC ORD	3.1 %
Akzo Nobel NV ORD	3.0 %
Schneider Electric SE ORD	3.0 %
China Mobile Ltd ORD	2.9 %
East Japan Railway Co ORD	2.9 %
ABB Ltd ORD	2.8 %
Samsung Electronics Co Ltd ORD	2.8 %

Sector Weights As of 12/31/2016



Region Weights As of 12/31/2016



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 : \$2,860 Million
 Portfolio Turnover : 79%

Portfolio Assets : \$2,860 Million
 Portfolio Manager : Team Managed
 PM Tenure :
 Fund Style : IM Real Estate Sector (MF)
 Style Benchmark : FTSE NAREIT All Equity REITs

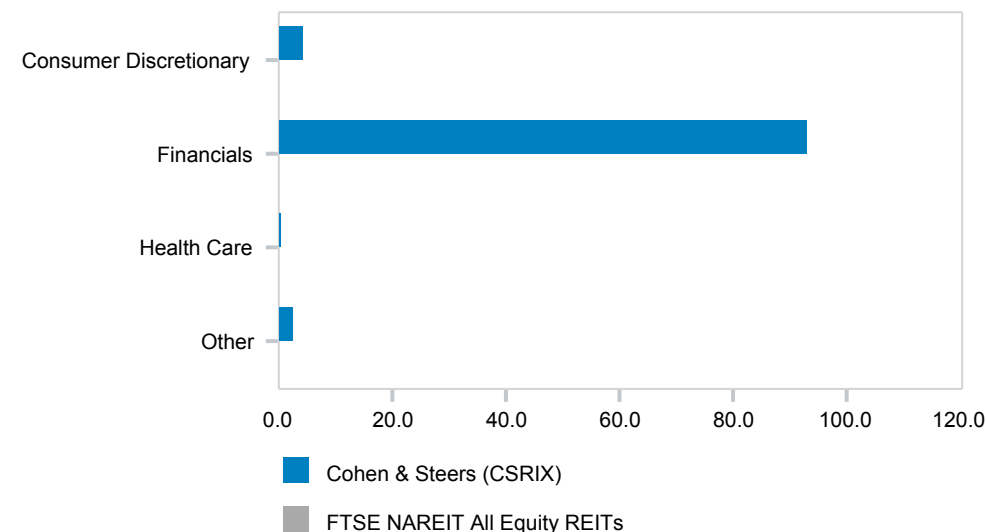
Portfolio Characteristics As of 12/31/2016

	Portfolio	Benchmark
Total Securities	53	N/A
Avg. Market Cap (\$)	16,028,687,234	-
Price/Earnings (P/E)	43.12	N/A
Price/Book (P/B)	3.73	N/A
Dividend Yield	3.57	N/A
Annual EPS	39.99	N/A
5 Yr EPS	21.74	N/A
3 Yr EPS Growth	27.00	N/A
Beta (3 Years, Monthly)	1.02	1.00

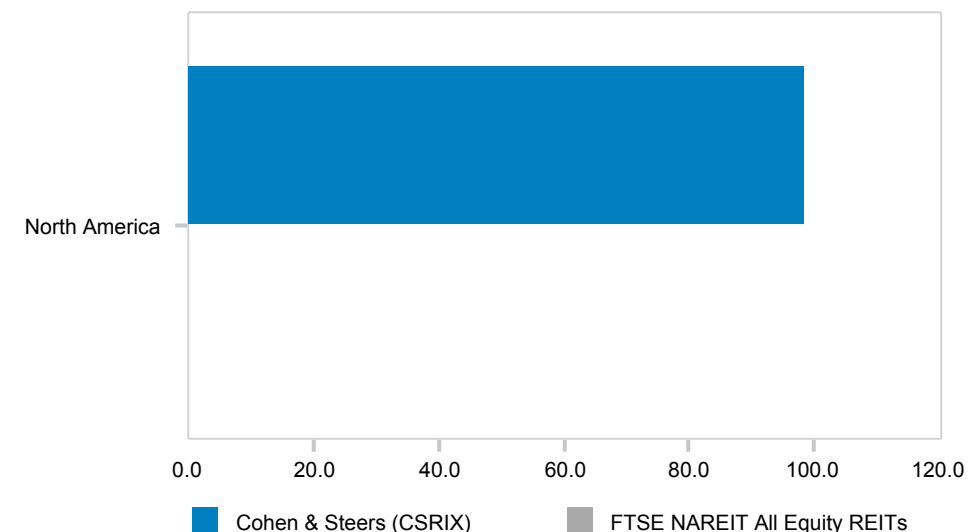
Top Ten Securities As of 12/31/2016

Simon Property Group Inc ORD	8.9 %
Prologis Inc ORD	5.8 %
UDR Inc	5.6 %
Apartment Investment and Management	3.7 %
Digital Realty Trust Inc ORD	3.5 %
SL Green Realty Corp	3.5 %
AvalonBay Communities Inc ORD	3.2 %
Alexandria Real Estate Equities	3.1 %
Brixmor Property Group Inc	3.0 %
Ventas Inc ORD	2.8 %

Sector Weights As of 12/31/2016



Region Weights As of 12/31/2016



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, 2017, ARI had a market value of \$5,595,060.

ARI MLP		Alerian MLP Index	
	Weight %		Weight %
Energy Transfer Partners LP	9.3	Enterprise Products Partners LP	18.2
Magellan Midstream Partners LP	8.5	Energy Transfer Partners LP	9.4
DCP Midstream LP	7.9	Magellan Midstream Partners LP	8.4
MPLX LP	6.9	Plains All American Pipeline LP	6.3
Plains All American Pipeline LP	6.6	Williams Partners LP	5.0
Tesoro Logistics LP	6.5	MPLX LP	4.7
Buckeye Partners LP	5.2	Buckeye Partners LP	4.6
Williams Partners LP	5.0	ONEOK Partners LP	4.1
Western Gas Equity Partners LP	4.5	Sunoco Logistics Partners LP	3.0
EQT Midstream Partners LP	4.0	Western Gas Partners Lp	2.6

Equity Assets Exposures by Sector

	ARI MLP	Alerian MLP Index
Cash	0.46	N/A
Energy	99.54	97.43
Materials	N/A	0.22
Utilities	N/A	2.35

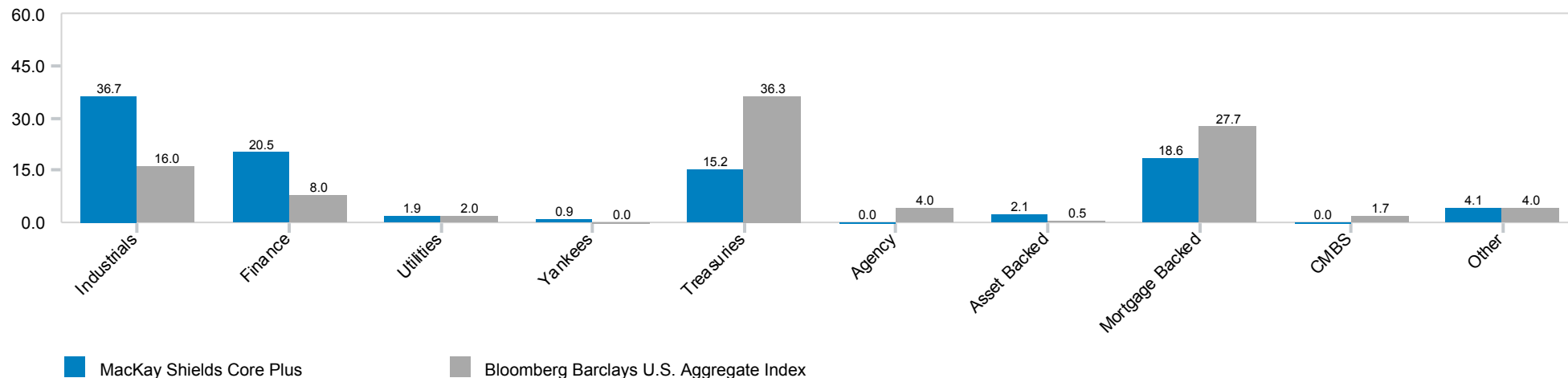
Equity Characteristics

	ARI MLP	Alerian MLP Index
Wtd. Avg. Mkt. Cap (\$)	11,442,613,421	20,822,610,270
Price/Earnings ratio	22.3	22.8
Price/Book ratio	2.2	2.1
Current Yield	7.1	7.0
Number of Stocks	28	44

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, 2017, MacKay Shields had a market value of \$22,580,218.

Sector Distribution (%)



Portfolio Characteristics

	Portfolio	Benchmark
Avg. Maturity	7.62	7.68
Avg. Quality	A+	AA1/AA2
Coupon Rate (%)	3.66	3.06
Modified Duration	5.60	5.84
Yield To Maturity (%)	N/A	2.56
Holdings Count	232	N/A



Fund Information

Fund Name : Loomis Sayles Funds I: Loomis Sayles Institutional High Income Fund; Institutional Class	Portfolio Assets : \$756 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 : \$756 Million	Style Benchmark : Citigroup High Yield Market Index
Portfolio Turnover : 17%	

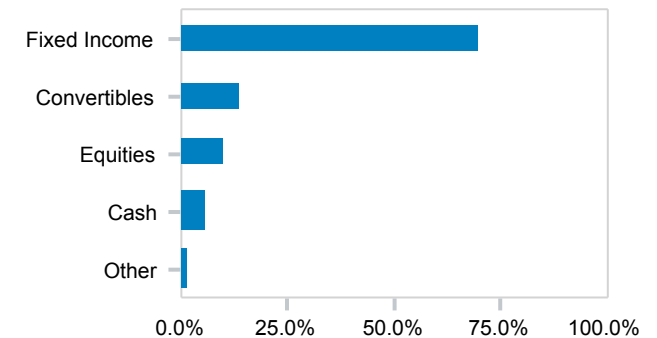
Fund Characteristics As of 12/31/2016

Avg. Coupon	5.06 %
Nominal Maturity	N/A
Effective Maturity	5.99 Years
Duration	3.73 Years
SEC 30 Day Yield	5.5
Avg. Credit Quality	BB

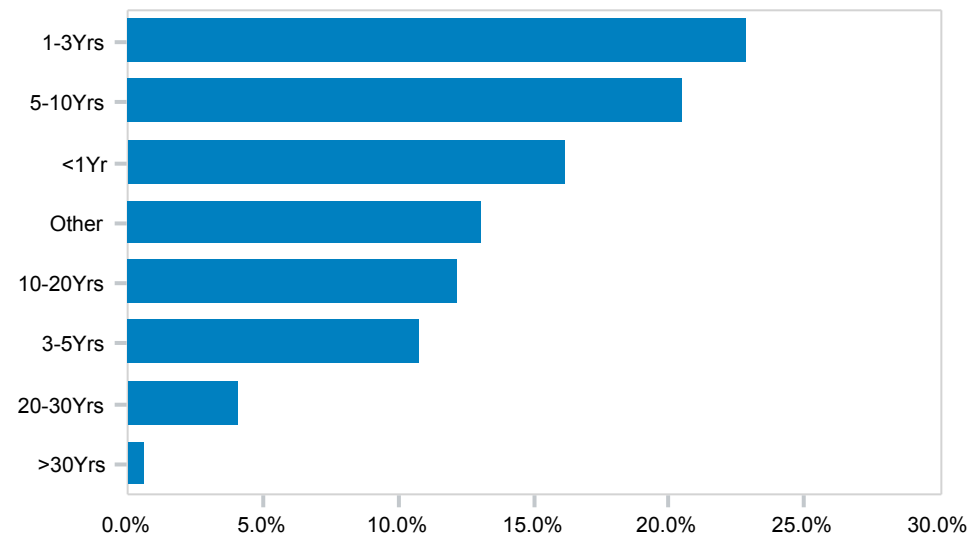
Top Ten Securities As of 12/31/2016

Corporate Notes/Bonds	59.5 %
Convertible Securities	13.5 %
Common Stock	9.7 %
Fgn. Currency Denominated Bonds	6.7 %
Treasury Notes/Bonds	4.5 %
Asset Backed Securities	0.3 %
Preferred Stock-Non Convertible	0.3 %

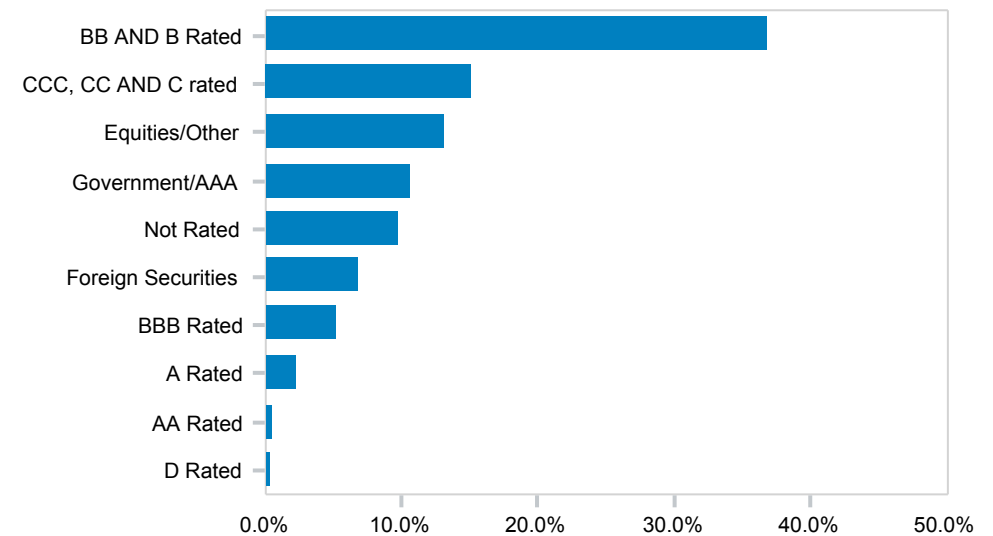
Asset Allocation As of 12/31/2016



Maturity Distribution As of 12/31/2016



Sector/Quality Allocation As of 12/31/2016



Statistics provided by Lipper. Most recent available data shown.



**Port of Houston OPEB
 Manager Status Summary
 As of March 31, 2017**

Manager	Mandate	Status	Notes
Fiduciary Management	Large Cap Value Equity	In Compliance	
Stephens Mid Cap Growth	Mid Cap Growth Equity	On Alert	4q2014 - Performance. Recommend upgrading to In Compliance
Barrow Hanley MeWhinney & Strauss	Small Cap Value Equity	In Compliance	
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 Authority
OPEB Fee Analysis
As of March 31, 2017

	Estimated Annual Fee (%)	Market Value (\$)	Estimated Annual Fee (\$)	Fee Schedule
Total Fund Composite	0.60	56,387,193	336,082	
Equity Composite	0.77	30,973,811	238,093	
Domestic Equity	0.74	18,226,415	135,179	
Fiduciary Management	0.55	8,309,641	45,703	0.55 % of Assets
Stephens Mid Cap Growth	0.77	4,213,992	32,448	0.77 % of Assets
Barrow Hanley MeWhinney & Strauss	1.00	5,702,782	57,028	1.00 % of First \$10 M 0.50 % of Next \$190 M 0.40 % of Next \$200 M 0.30 % Thereafter
International Equity	0.92	4,299,630	39,557	
Causeway International (CIVIX)	0.92	4,299,630	39,557	0.92 % of Assets
Real Estate	0.75	2,852,706	21,395	
Cohen & Steers (CSRIX)	0.75	2,852,706	21,395	0.75 % of Assets
MLPs	0.75	5,595,060	41,963	
ARI MLP	0.75	5,595,060	41,963	0.75 % of Assets
Fixed Income Composite	0.39	25,413,382	97,988	
Core Plus Fixed Income	0.35	22,580,218	79,031	
MackKay Shields Core Plus	0.35	22,580,218	79,031	0.35 % of Assets
High Yield Fixed Income	0.68	2,787,900	18,958	
Loomis Sayles High Yield (LSHIX)	0.68	2,787,900	18,958	0.68 % of Assets



**Port of Houston OPEB
Fee Summary
As of March 31, 2017**

Structure	Mandate	Expense Ratio	Category Average	Difference	Annual Savings
Fiduciary Management	Large Cap Value Equity	0.55%	1.21%	0.66%	\$54,844
Stephens Mid Cap Growth	Mid Cap Growth Equity	0.77%	1.35%	0.58%	\$24,441
Barrow Hanley MeWhinney & Strauss	Small Cap Value Equity	1.00%	1.40%	0.40%	\$22,811
Causeway International (CIVIX)	International Equity	0.92%	1.16%	0.24%	\$10,319
Cohen & Steers (CSRIX)	Real Estate and Investment Trust	0.75%	1.31%	0.56%	\$15,975
ARI MLP	Master Limited Partnership	0.75%	1.00%	0.25%	\$13,988
Mackay Shields Core Plus	Core Plus Fixed Income	0.35%	0.84%	0.49%	\$110,643
Loomis Sayles High Yield (LSHIX)	High Yield Fixed Income	0.68%	1.08%	0.40%	\$11,152
Total Management Fees		0.60%	1.06%	0.47%	\$264,172

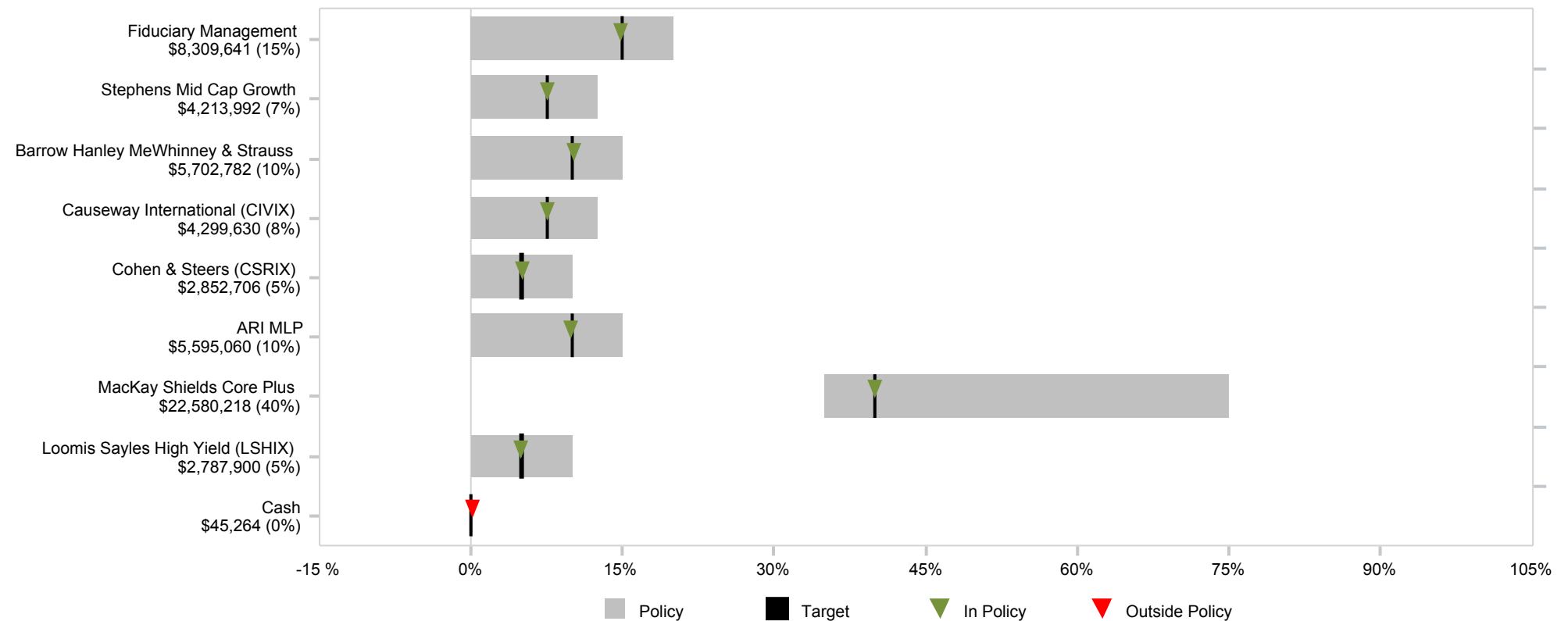
Source: Morningstar and Investment Managers



Asset Allocation Compliance

	Asset Allocation \$	Current Allocation (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund Composite	56,387,193	100.0	100.0	0.0		
Fiduciary Management	8,309,641	14.7	15.0	-0.3	0.0	20.0
Stephens Mid Cap Growth	4,213,992	7.5	7.5	0.0	0.0	12.5
Barrow Hanley MeWhinney & Strauss	5,702,782	10.1	10.0	0.1	0.0	15.0
Causeway International (CIVIX)	4,299,630	7.6	7.5	0.1	0.0	12.5
Cohen & Steers (CSRIX)	2,852,706	5.1	5.0	0.1	0.0	10.0
ARI MLP	5,595,060	9.9	10.0	-0.1	0.0	15.0
MacKay Shields Core Plus	22,580,218	40.0	40.0	0.0	35.0	75.0
Loomis Sayles High Yield (LSHIX)	2,787,900	4.9	5.0	-0.1	0.0	10.0
Cash	45,264	0.1	0.0	0.1	0.0	0.0

Executive Summary



Active Return	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
Alpha	- 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.
Beta	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
Consistency	- 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.
Distributed to Paid In (DPI)	- The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against.
Down Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
Downside Risk	- 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.
Excess Return	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
Excess Risk	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
Information Ratio	- 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.
Public Market Equivalent (PME)	- Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.
R-Squared	- 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.
Return	- Compounded rate of return for the period.
Sharpe Ratio	- 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.
Standard Deviation	- 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.
Total Value to Paid In (TVPI)	- The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life
Tracking Error	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
Treynor Ratio	- 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.
Up Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.



AndCo compiled this report for the sole use of the client for which it was prepared. AndCo 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. AndCo uses the results from this evaluation to make observations and recommendations to the client.

AndCo 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. AndCo analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides AndCo with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides AndCo with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause AndCo 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.

Additional information included in this document may contain data provided by from index databases, public economic sources and the managers themselves.

This document may contain data provided by Bloomberg Barclays. Bloomberg Barclays Index data provided by way of Barclays Live.

This document may contain data provided by Standard and Poor's. Nothing contained within any document, advertisement or presentation from S&P Indices constitutes an offer of services in jurisdictions where S&P Indices does not have the necessary licenses. All information provided by S&P Indices is impersonal and is not tailored to the needs of any person, entity or group of persons. Any returns or performance provided within any document is provided for illustrative purposes only and does not demonstrate actual performance. Past performance is not a guarantee of future investment results.

This document may contain data provided by MSCI, Inc. Copyright MSCI, 2017. Unpublished. All Rights Reserved. This information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used to create any financial instruments or products or any indices. This information is provided on an "as is" basis and the user of this information assumes the entire risk of any use it may make or permit to be made of this information. Neither MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information makes any express or implied warranties or representations with respect to such information or the results to be obtained by the use thereof, and MSCI, its affiliates and each such other person hereby expressly disclaim all warranties (including, without limitation, all warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information have any liability for any direct, indirect, special, incidental, punitive, consequential or any other damages (including, without limitation, lost profits) even if notified of, or if it might otherwise have anticipated, the possibility of such damages.

This document may contain data provided by Russell Investment Group. Russell Investment Group is the source owner of the data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a user presentation of the data. Russell Investment Group is not responsible for the formatting or configuration of this material or for any inaccuracy in presentation thereof.

This document may contain data provided by Morningstar. All rights reserved. Use of this content requires expert knowledge. It is to be used by specialist institutions only. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied, adapted or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction. Past financial performance is not guarantee of future results.



Putting clients first.



CHICAGO | CLEVELAND | DETROIT | ORLANDO | PITTSBURGH | RENO | TULSA

AndCo Consulting | (844) 44-ANDCO | AndCoConsulting.com

Formerly The Bogdahn Group