

Investment Performance Review
Period Ending September 30, 2019

**Port of Houston Authority
OPEB Trust**

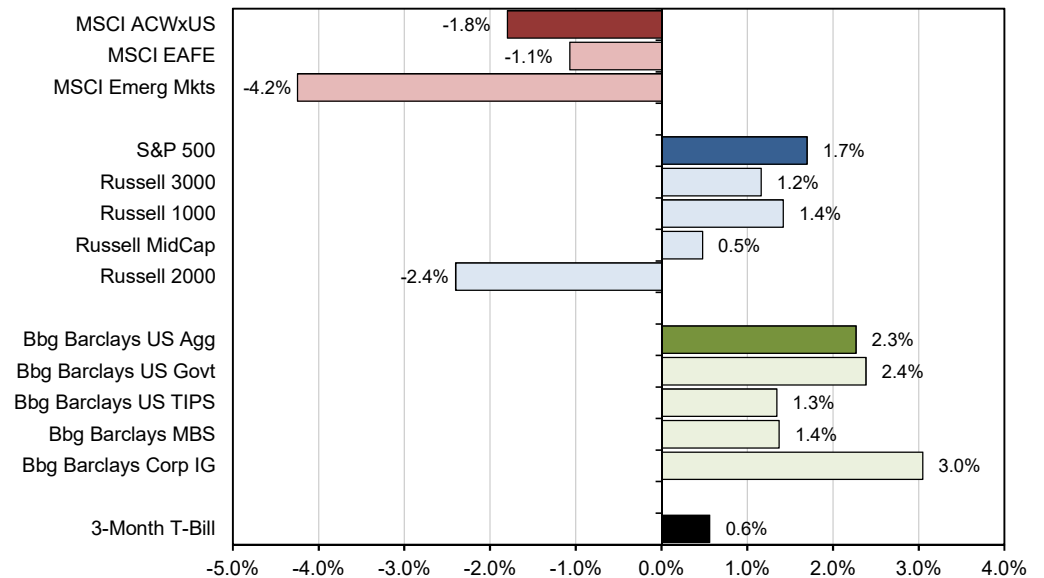


3rd Quarter 2019 Market Environment

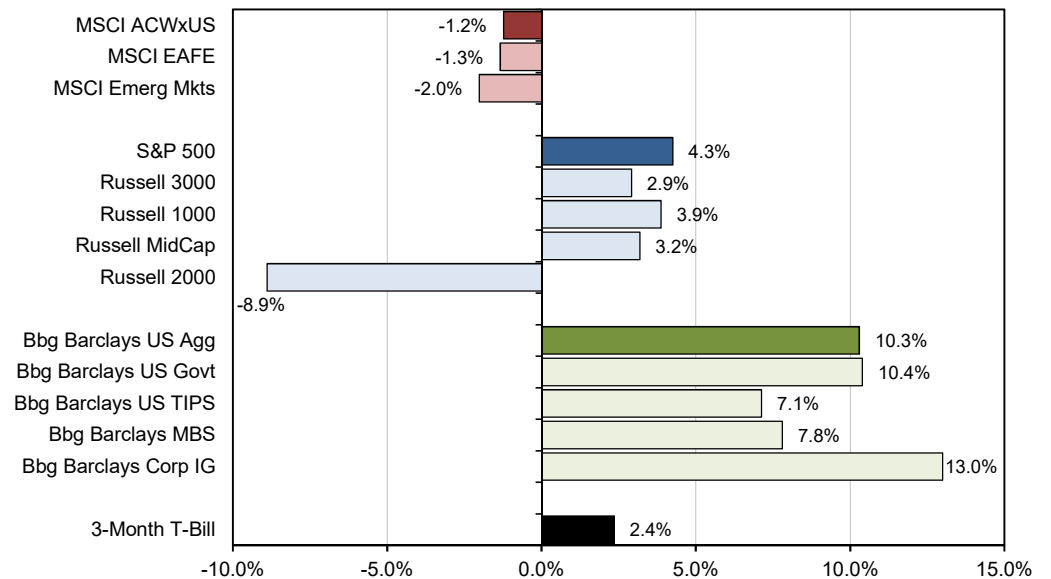


- Broad asset class returns were mixed during the 3rd quarter of 2019 with both US large cap equity and fixed income indices extending their year-to-date gains while US small cap and international indices declined. Volatility was high during the period as investors weighed the effects of ongoing trade disruption and slowing global economic data against the announcement of several new central bank stimulus measures. US stocks continued their year-to-date outperformance relative to international stocks during the period. US markets faced headwinds from continued escalation in the ongoing trade dispute with China, slowing economic data, particularly with regards to manufacturing, and political uncertainty following a late quarter impeachment inquiry against President Donald Trump. However, markets were supported by easing monetary policy from the Federal Reserve (Fed) which cut interest rates twice during the period. In general, lower risk assets performed better through the period as investors weighed the increased risk of a recession. Within domestic equity markets, large cap stocks outperformed small cap equities during the quarter with the S&P 500 Index returning 1.7% versus a -2.4% return on the small cap Russell 2000 Index. US equity returns over the 1-year period were positive for large and mid-cap stocks, returning 4.3% and 3.2% respectively, but small cap stocks posted a loss, falling -8.9%.
- International markets posted negative returns for the 3rd quarter. Similar to US markets, international returns were impacted by continued weakness in economic data, heightened geopolitical uncertainty around global trade and Brexit and newly announced stimulus measures from global central banks including the European Central Bank (ECB) and Peoples Bank of China (PBoC). International returns also faced headwinds from a strengthening US dollar (USD) which appreciated against most major currencies during the period. Developed markets continued their outperformance relative to emerging markets during the period with the MSCI EAFE Index falling -1.1% versus a -4.2% decline for the MSCI Emerging Markets Index. Both developing and emerging markets posted slight losses over the 1-year period, returning -1.3% and -2.0% respectively.
- Fixed income returns outperformed equities during the 3rd quarter as investors looked for relative safety amid the equity market volatility. The broad market Bloomberg Barclays Aggregate Index gained 2.3% as interest rates fell following central bank stimulus from the Fed and other global central banks. The US Treasury Yield Curve also inverted in August, contributing to growing concern around the potential for an upcoming recession. Investment grade corporate issues were the best performing securities for the third quarter in a row, returning 3.0%, outperforming Treasury and securitized issues. Corporate issues benefitted from their relatively high duration and yield. The bond market has meaningfully outperformed the equity market over the trailing 1-year period with the Bloomberg Barclays Aggregate posting a solid 10.3% return.

Quarter Performance

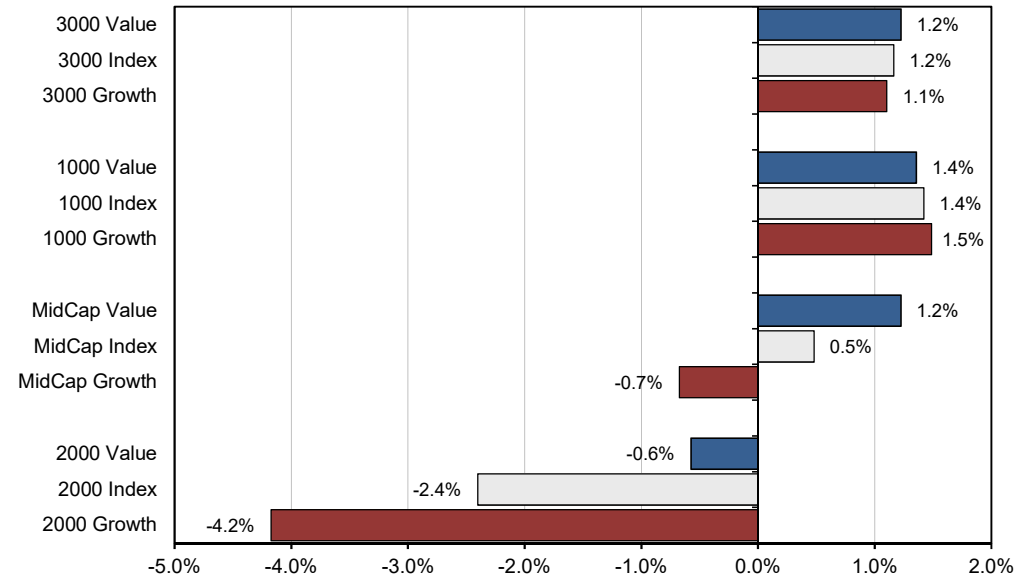


1-Year Performance

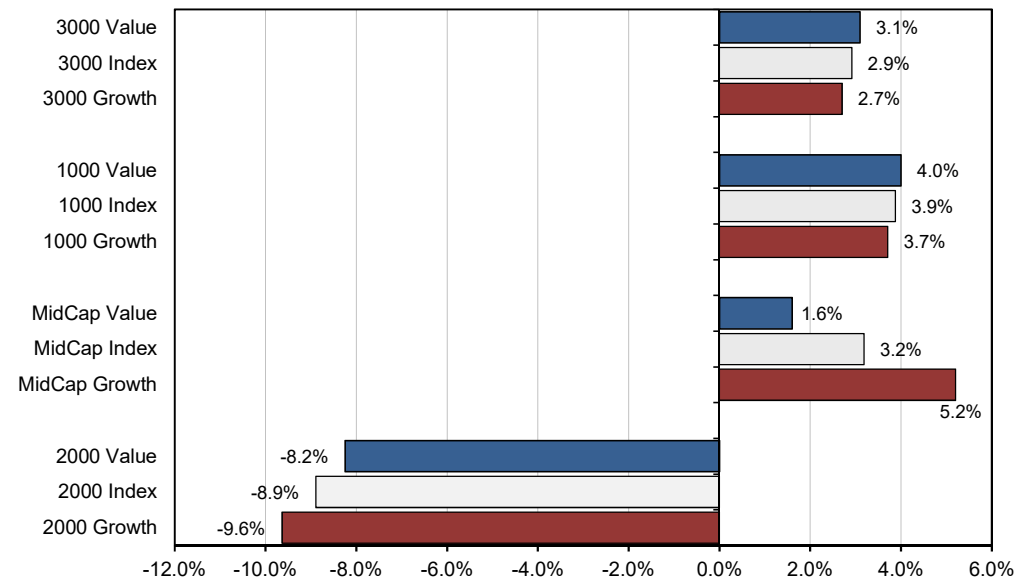


- US equity returns were modestly positive during the 3rd quarter, but results varied considerably across the style and capitalization spectrum. Data released during the quarter showed signs that the US economy could be slowing down. Weakening metrics around manufacturing and sentiment were particularly concerning and employment, typically a bright spot for the US economy, missed expectations for the pace of new jobs and hours worked. A likely contributor to the softening economic data is the ongoing trade war between the US and China. Despite last quarter's agreement to cease escalations following a meeting between President Trump and President Jinping at the G20 summit, the 3rd quarter saw the announcement and implementation of a series of new tariffs from both the US and China. Additionally, in response to new tariffs, the PBoC allowed the yuan to depreciate to its lowest level since 2008 leading US Treasury officials to accuse China of currency manipulation. Even with the apparent breakdown in relations between the two sides, both China and the US agreed to continue negotiations set to take place in October. Markets also reacted to the late quarter announcement of a formal impeachment inquiry against President Trump following a whistleblower report alleging that President Trump pressured the government of Ukraine to investigate the son of political opponent Joe Biden. Despite these substantial headwinds, the US equity market found support from Fed easing of monetary policy in the form of two separate interest rate cuts and ended the period with a gain. The Russell 3000 Index returned 1.2% and 2.9% for the quarter and 1-year period respectively.
- During the quarter, higher market cap stocks outperformed lower market cap stocks across the style spectrum. The large cap Russell 1000 Index gained 1.4% during the period versus a -2.4% return for the small cap Russell 2000 Index. Investors may have been attracted to large cap names as a result of the quarter's volatility as large cap stocks are typically viewed as less risky than their small cap counterparts. When viewed over the most recent 1-year period, large cap stocks significantly outperformed small cap stocks with the Russell 1000 posting a 3.9% gain while the Russell 2000 had considerable losses, declining -8.9%.
- In general, value stocks outperformed growth stocks during the 3rd quarter as investors gravitated toward the relative safety these securities typically provide. However, large cap growth stocks slightly outperformed large cap value stocks due to favorable holdings in the technology and industrials sectors as well as a large underweight to the underperforming energy sector. The Russell 1000 Growth Index was the best performing style index for the period, returning 1.5%, with the small cap growth index posting the lowest relative return, a loss of -4.2%. Results over the 1-year period are mixed with value stocks outperforming in large and small cap and growth stocks outperforming in mid-cap.

Quarter Performance - Russell Style Series

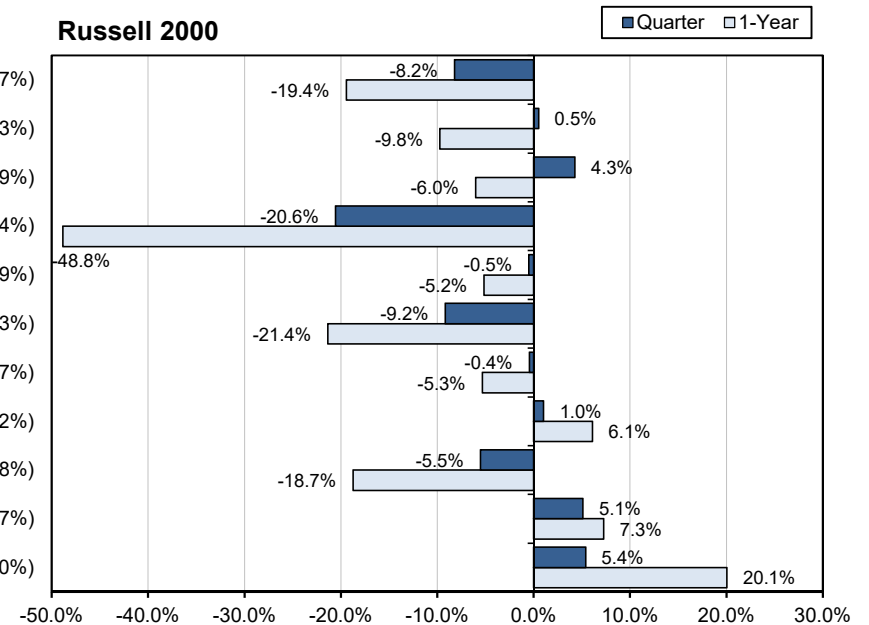
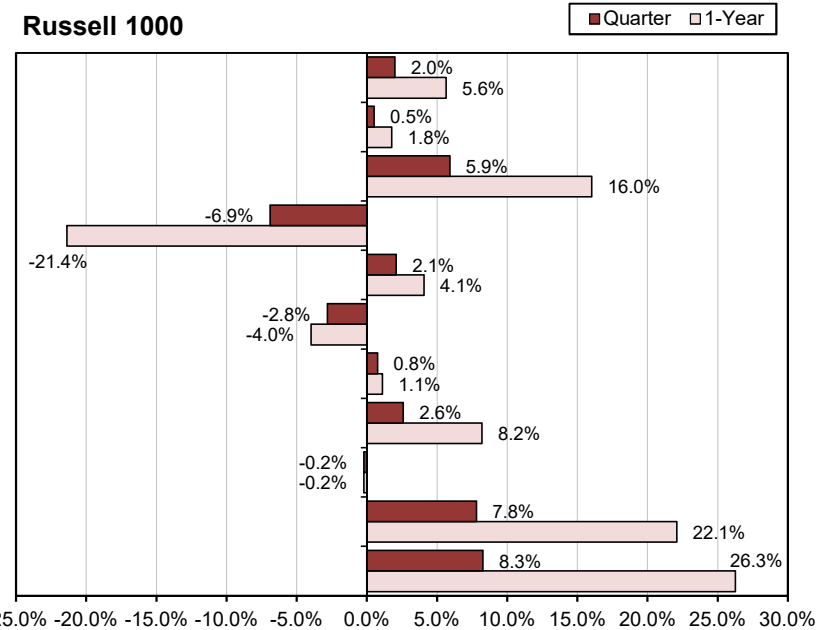


1-Year Performance - Russell Style Series



- Sector performance was mixed across large cap sectors for the 3rd quarter. There were gains for eight out of eleven sectors within the Russell 1000 Index during the period with six sectors outpacing the return of the index. Defensive sectors such as utilities, real estate and consumer staples were the best performers through the quarter returning 8.3%, 7.8% and 16.0% respectively as investors looked toward these sectors for their higher yields and lower historical volatility. Energy, health care and materials stocks were the worst performers during the period. Energy stocks fell -6.9% as crude oil prices fell during the period despite a sharp upward spike in September following a terrorist attack in Saudi Arabia that temporarily reduced the country's oil production, causing a large disruption in supply. Health care stocks also lagged, declining -2.8%, as discussions in Washington around the potential for increased regulation on drug pricing acted as a headwind. Health care reform has also been a major topic of discussion among candidates for the 2020 US Presidential election, creating additional uncertainty within the sector. Materials returned -0.2% as demand concerns weighed on the economically sensitive sector. Returns over the 1-year period were also generally positive with eight out of eleven sectors posting gains. Similar to the quarter's results, defensive sectors outperformed by a considerable margin. Utilities, real estate and consumer staples performed well returning 26.3%, 22.1% and 16.0% respectively. Technology returns were also strong gaining 8.2%. Energy, health care and materials were the only sectors to post negative results over the 1-year period with energy falling -21.4%, health care dropping -4.0% and materials returning -0.2%.

- Quarterly results for small cap sectors were worse than their large capitalization counterparts with all eleven sectors trailing their corresponding large cap equivalents. Five of eleven economic sectors produced gains during the period with seven of eleven sectors outpacing the Russell 2000 Index return for the quarter. Similar to large caps, defensive sectors performed well as investors gravitated toward their relative safety and higher yields. Utilities were the best performers, returning 5.4% followed closely by REITs and consumer staples which returned 5.1% and 4.3% respectively. The cyclically oriented energy sector was the largest detractor for the period, posting a loss of -20.6%. Health care and communication services stocks also experienced notable declines, falling -9.2% and -8.2% respectively. Over the trailing 1-year period, returns were broadly negative. Utilities, real estate and technology were the only sectors to post gains returning 20.1%, 7.3% and 6.1%. The energy sector was an outlier in terms of negative returns dropping -48.8% during the period. There were also notable losses in health care, communication services and materials which declined -21.4%, -19.4% and -18.7% respectively.



The Market Environment
Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000
As of September 30, 2019

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Microsoft Corp	3.82%	4.1%	22.9%	Information Technology
Apple Inc	3.68%	13.6%	0.8%	Information Technology
Amazon.com Inc	2.61%	-8.3%	-13.3%	Consumer Discretionary
Facebook Inc A	1.55%	-7.7%	8.3%	Communication Services
Berkshire Hathaway Inc B	1.48%	-2.4%	-2.8%	Financials
JPMorgan Chase & Co	1.36%	6.0%	7.4%	Financials
Alphabet Inc Class C	1.35%	12.8%	2.1%	Communication Services
Alphabet Inc A	1.33%	12.8%	1.2%	Communication Services
Johnson & Johnson	1.25%	-6.4%	-3.8%	Health Care
Procter & Gamble Co	1.12%	14.2%	54.0%	Consumer Staples

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Insulet Corp	0.04%	38.2%	55.7%	Health Care
CyrusOne Inc	0.03%	37.9%	28.8%	Real Estate
KLA Corp	0.09%	35.7%	61.1%	Information Technology
New York Community Bancorp Inc	0.02%	27.6%	28.7%	Financials
Entegris Inc	0.02%	26.3%	63.9%	Information Technology
Pilgrims Pride Corp	0.01%	26.2%	77.1%	Consumer Staples
Western Digital Corp	0.06%	25.4%	5.6%	Information Technology
DocuSign Inc	0.03%	24.6%	17.8%	Information Technology
Target Corp	0.19%	24.4%	24.3%	Consumer Discretionary
XPO Logistics Inc	0.02%	23.8%	-37.3%	Industrials

Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
2U Inc	0.00%	-56.7%	-78.3%	Information Technology
PG&E Corp	0.02%	-56.4%	-78.3%	Utilities
Covetrus Inc	0.00%	-51.4%	N/A	Health Care
Sarepta Therapeutics Inc	0.02%	-50.4%	-53.4%	Health Care
Nektar Therapeutics Inc	0.01%	-48.8%	-70.1%	Health Care
DXC Technology Co	0.03%	-46.2%	-67.9%	Information Technology
Antero Resources Corp	0.00%	-45.4%	-82.9%	Energy
Range Resources Corp	0.00%	-45.0%	-77.3%	Energy
Pluralsight Inc Class A	0.00%	-44.6%	-47.5%	Information Technology
Fluor Corp	0.01%	-42.5%	-66.1%	Industrials

Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
NovoCure Ltd	0.34%	18.3%	42.7%	Health Care
Haemonetics Corp	0.33%	4.8%	10.1%	Health Care
Trex Co Inc	0.28%	26.8%	18.1%	Industrials
Science Applications International	0.27%	1.3%	10.4%	Information Technology
Portland General Electric Co	0.26%	4.8%	27.2%	Utilities
ONE Gas Inc	0.26%	7.0%	19.5%	Utilities
First Industrial Realty Trust Inc	0.26%	8.3%	29.3%	Real Estate
Southwest Gas Holdings Inc	0.26%	2.2%	18.2%	Utilities
Maximus Inc	0.25%	6.9%	20.4%	Information Technology
Teladoc Health Inc	0.25%	2.0%	-21.6%	Health Care

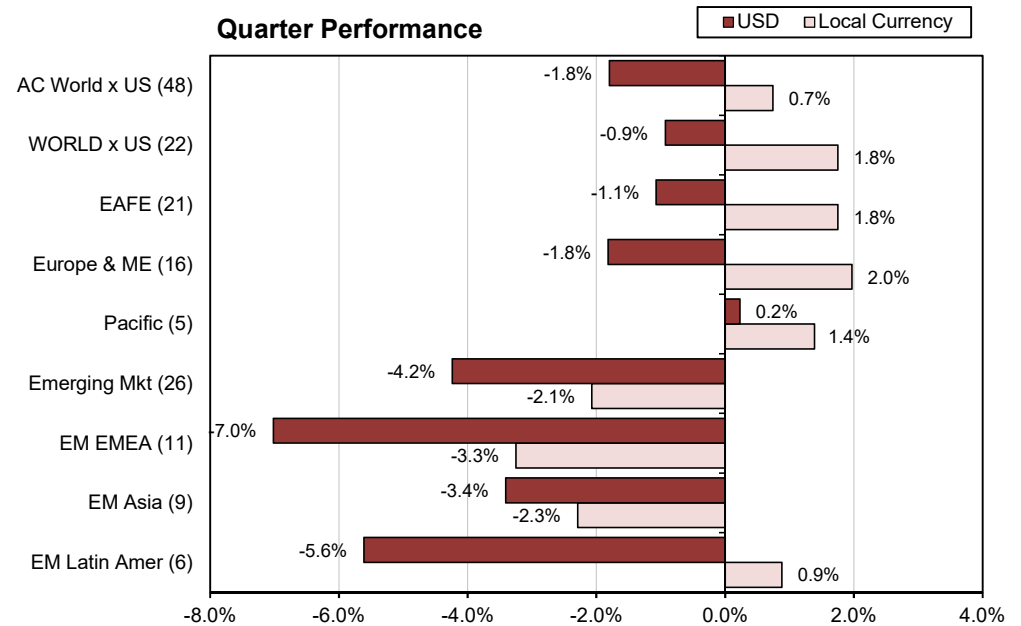
Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
NextCure Inc	0.00%	105.9%	N/A	Health Care
Dova Pharmaceuticals Inc	0.01%	98.2%	33.3%	Health Care
WW International Inc	0.09%	98.0%	-47.5%	Consumer Discretionary
R.R.Donnelley & Sons Co	0.01%	94.7%	-27.6%	Industrials
Infinera Corp	0.05%	87.3%	-25.3%	Information Technology
Lannett Co Inc	0.02%	84.8%	135.8%	Health Care
Owens & Minor Inc	0.02%	81.6%	-64.4%	Health Care
Allakos Inc	0.08%	81.5%	74.8%	Health Care
Solid Biosciences Inc	0.01%	79.8%	-78.1%	Health Care
Ardelyx Inc	0.01%	74.7%	8.0%	Health Care

Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Tocagen Inc	0.00%	-90.1%	-95.8%	Health Care
Waitr Holdings Inc Class A	0.00%	-79.6%	-88.1%	Consumer Discretionary
McDermott International Inc	0.02%	-79.1%	-89.0%	Energy
Sonim Technologies Inc	0.00%	-77.0%	N/A	Information Technology
Synlogic Inc	0.00%	-74.8%	-83.9%	Health Care
Mallinckrodt PLC	0.01%	-73.7%	-91.8%	Health Care
Clovis Oncology Inc	0.01%	-73.6%	-86.6%	Health Care
Bloom Energy Corp Class A	0.01%	-73.5%	-90.5%	Industrials
Chaparral Energy Inc Class A	0.00%	-71.5%	-92.4%	Energy
Pacific Drilling SA	0.01%	-69.3%	-99.7%	Energy

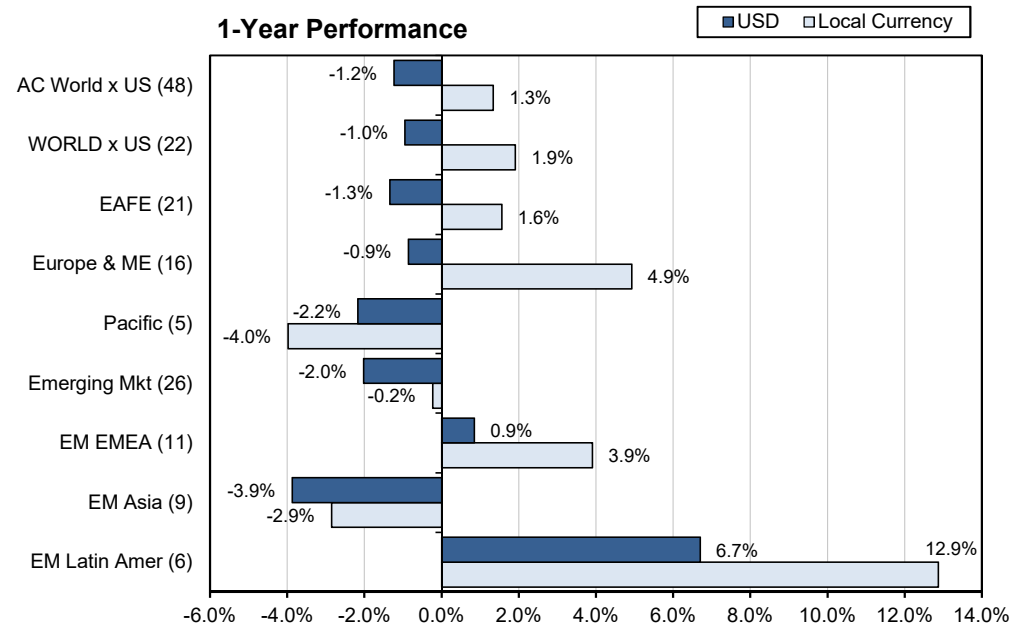


- Broad international equity returns were negative in USD terms for the 3rd quarter as US investors in international markets faced a meaningful headwind from a USD that strengthened against most major currencies. In local currency terms, developed markets were generally positive while emerging markets posted losses. The MSCI ACWI ex US Index gained 0.7% in local currency terms, but a USD investor experienced a loss of -1.8% due to the currency effect. Similar to US markets, international equity markets balanced headwinds from slowing economic data and concerns around global trade with tailwinds from central bank shifts toward more accommodative policies. Among others, the ECB and PBoC announced new stimulus measures during the quarter. The ECB cut its policy rate and committed to a new quantitative easing program and the PBoC announced new stimulus measures designed to encourage bank lending and reduce borrowing costs as it tries to counteract a cooling economy and the effects of its ongoing trade war with the US. The recent USD strength can also be seen over the 1-year period with USD returns trailing most local currency returns. Returns for the MSCI ACWI ex US Index were 1.3% in local currency terms and -1.2% in USD terms for the trailing year.
- Results for developed market international indices were generally positive in local currency terms, but negative in USD terms for the 3rd quarter, with the MSCI EAFE Index returning 1.8% and -0.9% respectively. Outside of central bank policy and trade, there were notable developments within the political sphere. In Europe, Christine Lagarde was nominated to succeed Mario Draghi as the head of the ECB. Japanese stocks rose as election results appeared to support continuity for Prime Minister Abe's ongoing policy efforts. In the UK, pro-Brexit Boris Johnson was appointed to prime minister, replacing Theresa May. The UK continues to face uncertainty around Brexit as its late October deadline to agree to a withdrawal agreement with the European Union (EU) quickly approaches. Stocks in Hong Kong fell as the government dealt with major pro-democracy protests throughout the quarter. The MSCI EAFE Index returned 1.6% and -1.3% for the last twelve months in local currency and USD terms respectively.
- Emerging markets continued their trend of 2019 underperformance relative to developed markets during the 3rd quarter, posting negative returns in both local currency and USD terms. The MSCI Emerging Markets Index fell -2.1% and -4.2% respectively. As expected, geopolitical tensions around trade continued to put pressure on emerging market stocks. Countries with greater sensitivities to commodity prices or a strong USD tended to underperform during the period. Argentina's stock market fell -46.8% as primary elections in the country saw the defeat of the country's current market friendly president. One year returns for the MSCI Emerging Market Index were -0.2% in local currency terms and -2.0% in USD terms.

Quarter Performance



1-Year Performance



The Market Environment
US Dollar International Index Attribution & Country Detail
As of September 30, 2019

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Communication Services	5.4%	-0.9%	-0.7%
Consumer Discretionary	11.5%	0.3%	-2.0%
Consumer Staples	12.0%	1.9%	6.9%
Energy	5.1%	-6.5%	-14.5%
Financials	18.6%	-2.6%	-6.3%
Health Care	11.6%	2.4%	4.3%
Industrials	14.7%	-2.0%	-2.1%
Information Technology	6.7%	-0.5%	1.8%
Materials	7.0%	-5.4%	-5.7%
Real Estate	3.6%	-1.3%	4.3%
Utilities	3.8%	2.4%	13.2%
Total	100.0%	-1.1%	-1.3%

MSCI - ACWIxUS	Sector Weight	Quarter Return	1-Year Return
Communication Services	6.8%	-2.9%	-1.0%
Consumer Discretionary	11.4%	-0.7%	-1.6%
Consumer Staples	10.2%	1.5%	6.8%
Energy	6.7%	-4.6%	-9.8%
Financials	21.6%	-3.6%	-3.2%
Health Care	8.5%	1.1%	0.9%
Industrials	11.9%	-2.5%	-2.4%
Information Technology	8.9%	2.2%	4.1%
Materials	7.3%	-6.5%	-7.2%
Real Estate	3.2%	-3.1%	5.0%
Utilities	3.5%	1.3%	12.6%
Total	100.0%	-1.8%	-1.2%

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Communication Services	11.6%	-5.2%	-2.5%
Consumer Discretionary	13.1%	-3.1%	0.1%
Consumer Staples	6.9%	-0.8%	3.0%
Energy	7.7%	-4.0%	-2.3%
Financials	24.7%	-8.0%	1.6%
Health Care	2.6%	-6.6%	-24.2%
Industrials	5.4%	-5.2%	-4.4%
Information Technology	15.1%	5.6%	3.9%
Materials	7.3%	-10.7%	-15.9%
Real Estate	2.9%	-8.8%	6.8%
Utilities	2.8%	-3.6%	7.2%
Total	100.0%	-4.2%	-2.0%

Country	MSCI-EAFE Weight	MSCI-ACWIxUS Weight	Quarter Return	1-Year Return
Japan	24.6%	16.5%	3.1%	-4.7%
United Kingdom	16.4%	11.0%	-2.5%	-2.9%
France	11.4%	7.6%	-1.7%	-1.6%
Switzerland	9.4%	6.3%	0.3%	12.0%
Germany	8.5%	5.7%	-4.0%	-7.1%
Australia	7.0%	4.7%	-1.4%	6.1%
Netherlands	4.0%	2.7%	2.4%	9.5%
Hong Kong	3.5%	2.4%	-11.9%	-1.8%
Spain	2.9%	2.0%	-3.8%	-3.5%
Sweden	2.6%	1.7%	-4.8%	-8.0%
Italy	2.3%	1.6%	-0.1%	3.9%
Denmark	1.8%	1.2%	-1.0%	2.3%
Singapore	1.3%	0.9%	-5.8%	-0.2%
Belgium	1.0%	0.7%	3.4%	-0.8%
Finland	1.0%	0.7%	-1.8%	-9.3%
Norway	0.7%	0.4%	-3.4%	-13.4%
Israel	0.6%	0.4%	-3.7%	-12.5%
Ireland	0.5%	0.4%	-0.6%	-4.6%
New Zealand	0.2%	0.2%	-2.9%	10.0%
Austria	0.2%	0.2%	-3.1%	-16.0%
Portugal	0.2%	0.1%	1.6%	-2.5%
Total EAFE Countries	100.0%	67.0%	-1.1%	-1.3%
Canada		7.0%	0.5%	3.0%
Total Developed Countries		74.0%	-0.9%	-1.0%
China		8.3%	-4.7%	-3.9%
Korea		3.2%	-4.5%	-13.8%
Taiwan		3.0%	5.2%	-0.2%
India		2.3%	-5.2%	4.7%
Brazil		2.0%	-4.6%	25.4%
South Africa		1.2%	-12.6%	-6.4%
Russia		1.0%	-1.4%	18.0%
Thailand		0.8%	-6.0%	-0.9%
Saudi Arabia		0.7%	-9.5%	4.0%
Mexico		0.7%	-1.7%	-14.8%
Indonesia		0.5%	-5.2%	11.9%
Malaysia		0.5%	-6.3%	-10.4%
Philippines		0.3%	-4.6%	13.1%
Poland		0.3%	-12.1%	-12.2%
Qatar		0.3%	-0.2%	5.0%
Chile		0.3%	-7.3%	-16.8%
United Arab Emirates		0.2%	-0.2%	-0.3%
Turkey		0.2%	11.7%	16.5%
Colombia		0.1%	-6.1%	-7.3%
Peru		0.1%	-9.3%	-4.0%
Greece		0.1%	-3.1%	6.8%
Hungary		0.1%	-3.9%	3.4%
Argentina		0.1%	-46.8%	-32.3%
Czech Republic		0.0%	-10.1%	-12.6%
Egypt		0.0%	7.4%	21.5%
Pakistan		0.0%	1.1%	-32.7%
Total Emerging Countries		26.0%	-4.2%	-2.0%
Total ACWIxUS Countries		100.0%	-1.8%	-1.2%

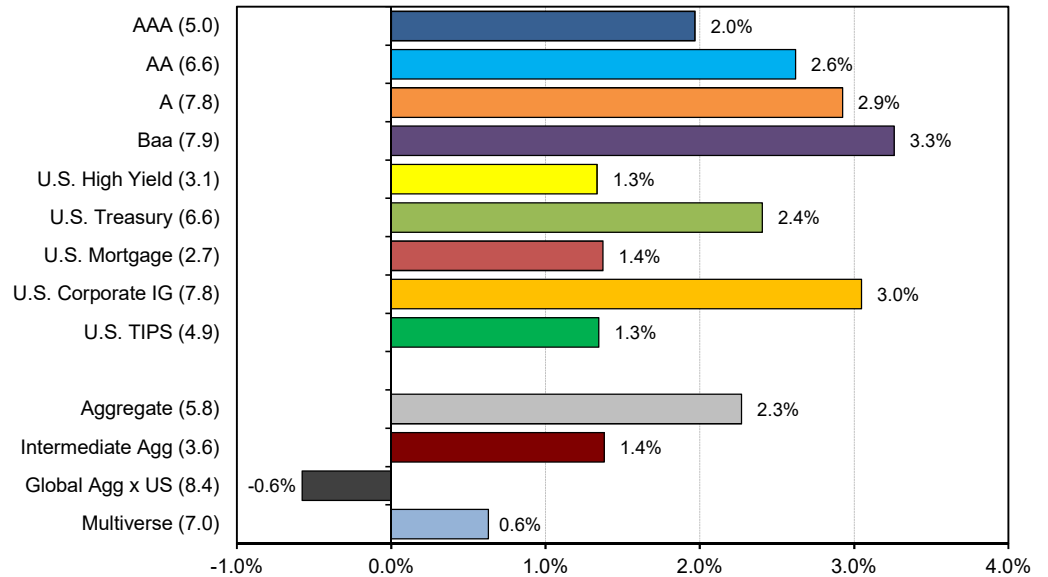
Source: Morningstar Direct, MSCI Global Index Monitor (Returns are Net in USD)

As a result of the GICS classification changes on 9/28/2018 and certain associated reporting limitations, sector performance represents backward looking performance for the prior year of each sector's current constituency, post creation of the Communication Services sector.

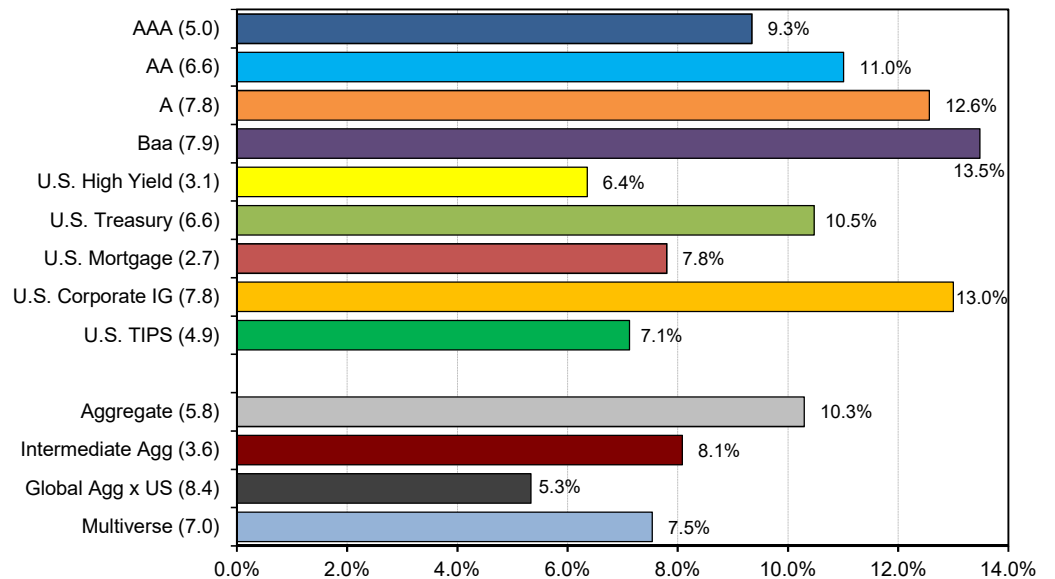


- Broad fixed income benchmarks continued their trend of 2019 gains during the 3rd quarter. Interest rates fell across the US Treasury Yield Curve through the quarter as the Fed continued to shift toward an easing of monetary policy in an attempt to combat slowing economic data. The Fed cut short-term interest rates twice during the period following their July and September meetings. In addition, it ended its balance sheet reduction plan in September which represents a further easing of monetary policy. After its September meeting, the Fed issued a statement commenting that future changes to monetary policy are not on a preset course and will be evaluated as the Fed receives new information on the state of the economy, but that Fed officials “will continue to monitor the implications of incoming information for the economic outlook and will act as appropriate to sustain the expansion.” The Fed response provided market support in a quarter where we saw the formal inversion of the yield curve. Treasury yields on 2-year issues briefly surpassed the yield on 10-year issues in August. This inversion of the yield curve has historically preceded a recession within the next 6-24 months. However, the magnitude of the inversion was mild and short in duration with rates on the 10-year Treasury rising above the yield of the 2-year by early September. The bellwether Bloomberg Barclays US Aggregate Index posted positive returns for both the 3rd quarter and the 1-year period, returning 2.3% and 10.3% respectively.
- Within investment grade credit, lower quality issues outperformed higher quality issues during the quarter. Lower quality issues benefitted from their higher durations as interest rates fell during the quarter. On an absolute basis, without negating the duration differences in the sub-indices, Baa rated credit was the best performing investment grade credit quality segment returning 3.3% for the quarter, while AAA was the worst performing, returning 2.0%. High yield issues returned 1.3% for the quarter as these issues did not commensurately benefit from the drop in interest rates due to their relatively low durations. Returns over the 1-year period show lower quality securities outperforming higher quality issues with Baa rated issues returning 13.5% versus a 9.3% return for AAA securities.
- Investment grade corporates outperformed the more defensive Treasury and mortgage backed sectors of the Bloomberg Barclays US Aggregate Index’s three broad sectors during the 3rd quarter. Investment grade corporate credit returned 3.0%, as they benefitted from their higher sensitivity to interest rates, low credit spreads and high investor demand for yield. When viewed over the 1-year period, corporate credit outperformed both Treasuries and mortgage backed securities. Corporate issues returned 13.0% versus a 7.8% return for mortgages and 10.5% gain on Treasury securities.

Quarter Performance

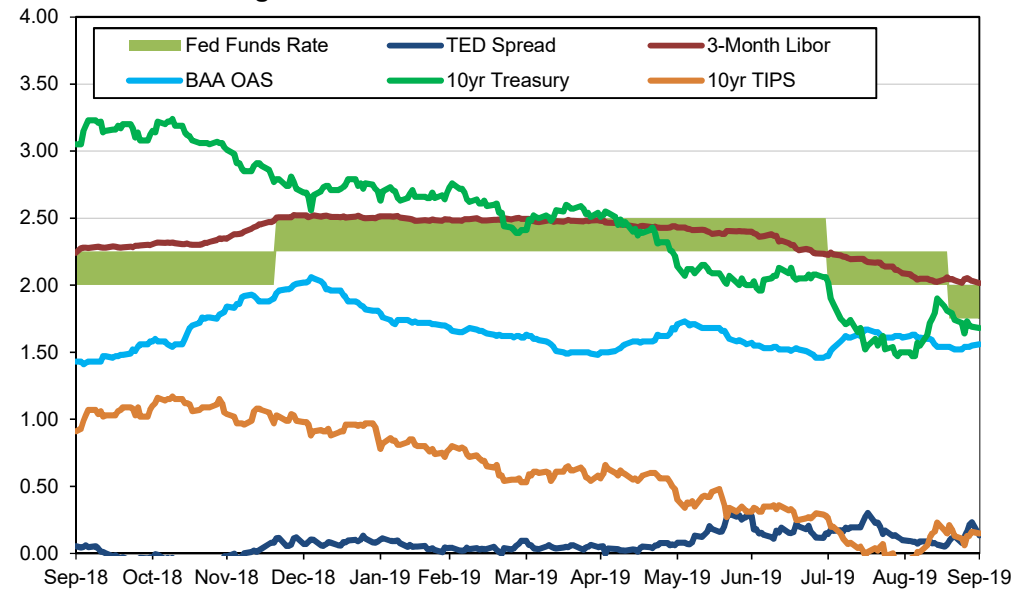


1-Year Performance

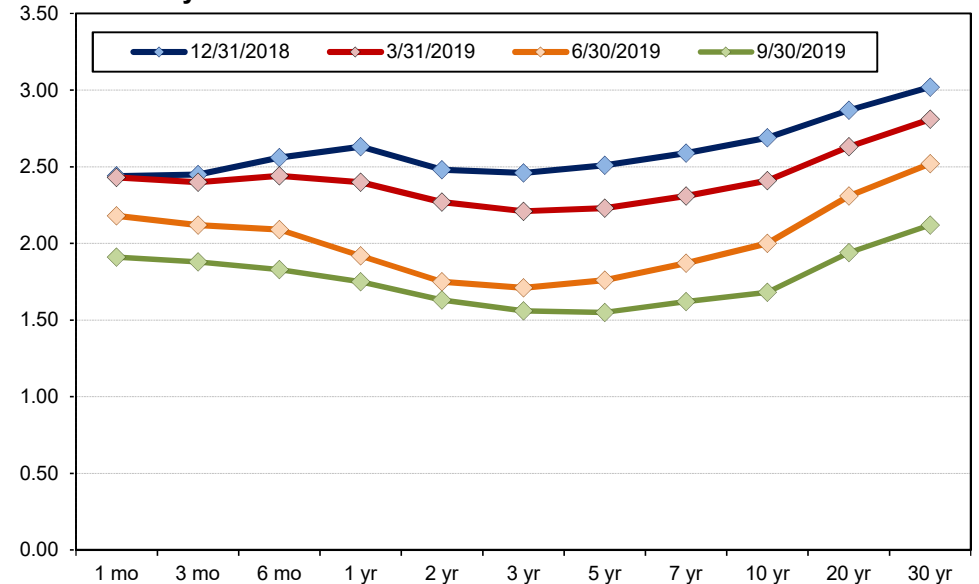


- Global fixed income returns underperformed their domestic counterparts during the 3rd quarter. These indices have lower, or in some cases (Germany, Japan), negative yields, but have higher durations. Given their higher durations, these issues would be expected to perform relatively well during periods of falling rates, however, the returns of these indices are also significantly influenced by fluctuations in their currency denomination relative to the USD. As mentioned, the USD appreciated against most other developed currencies during the quarter, acting as a headwind to global bond indices. The return on global bonds, as represented by the Bloomberg Barclays Global Aggregate ex US Index, was -0.6%. Global bonds also trailed over the 1-year period with the Global Aggregate ex US Index returning 5.3% versus a 10.3% return on the domestically focused Bloomberg Barclays Aggregate Index. As global growth has shown signs of stalling, several international central banks have started to step back from more restrictive postures. The ECB and the PBoC have moved toward an easing of monetary policy and implemented various stimulus programs designed to support their respective economies. The Bank of England and the Bank of Japan made no major policy changes during the quarter as they continue to review macroeconomic data within their respective countries.
- 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 over the last year, the 10-year Treasury yield (green line) fell from high's greater than 3.0%, to yields below 1.5% before ending the quarter at 1.68%. 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 an abrupt increase in credit spreads during the 4th quarter of 2018 as investors moved to higher quality assets during the quarter's risk-off environment. Subsequently, spreads declined steadily, remaining somewhat range bound with increases in May and August. There was little change through the quarter with spreads tightening by about 1 basis point. Spread tightening is equivalent to an interest rate decrease on corporate bonds, which produces an additional tailwind for corporate bond index returns. The green band across the graph illustrates the decrease in the Federal Funds Rate due to the recent easing in US monetary policy. The rate cuts in July and September have pushed the Fed Funds Rate to 1-year lows.
- The lower graph provides a snapshot of the US Treasury yield curve at the end of each of the last four calendar quarters. The downward shift in interest rates as well as a general flattening of the yield curve are clearly visible over the last quarter. As mentioned, the yield curve continues to invert as yields on shorter- and middle-term maturities fell less than interest rates at the long-end of the curve.

1-Year Trailing Market Rates



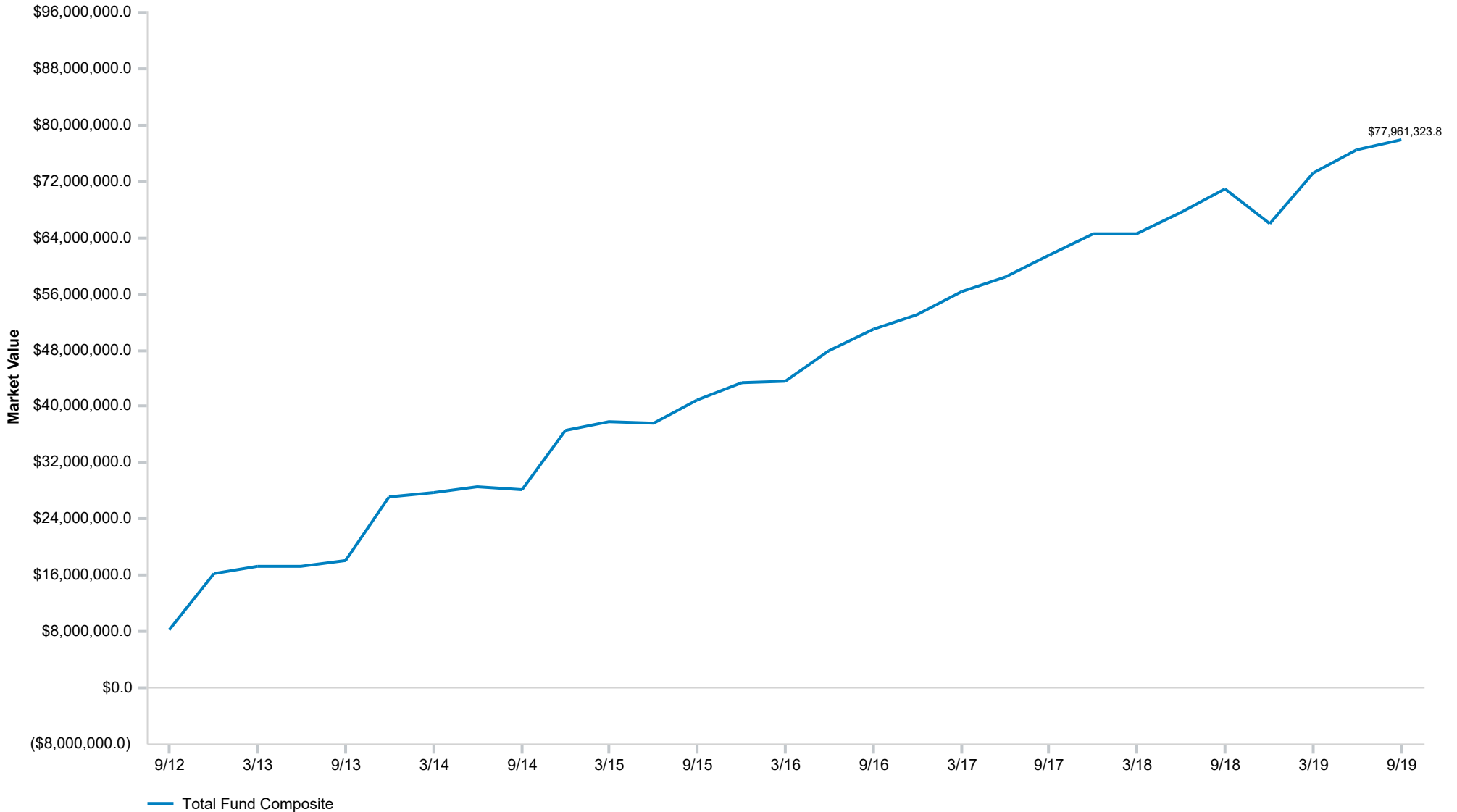
Treasury Yield Curve



3.1%



Schedule of Investable Assets



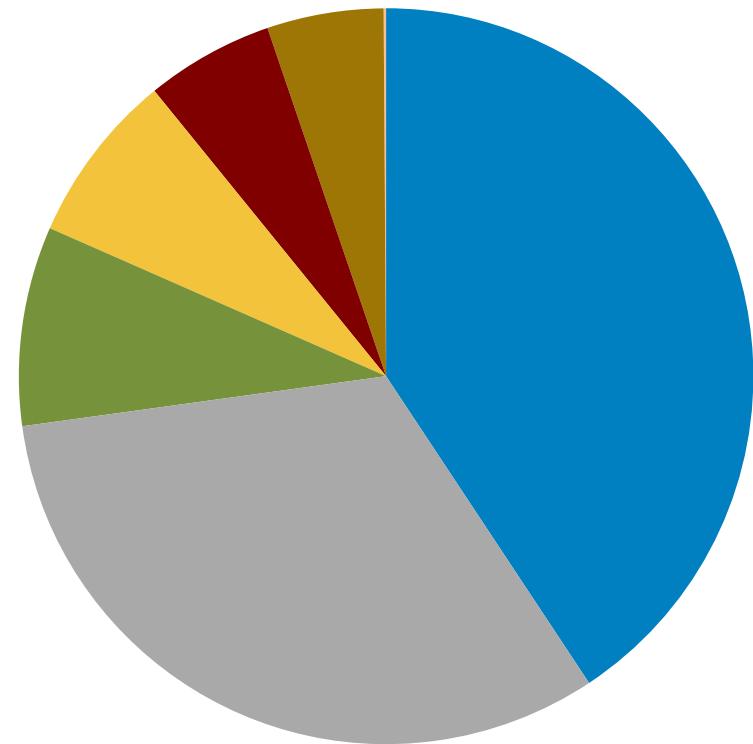
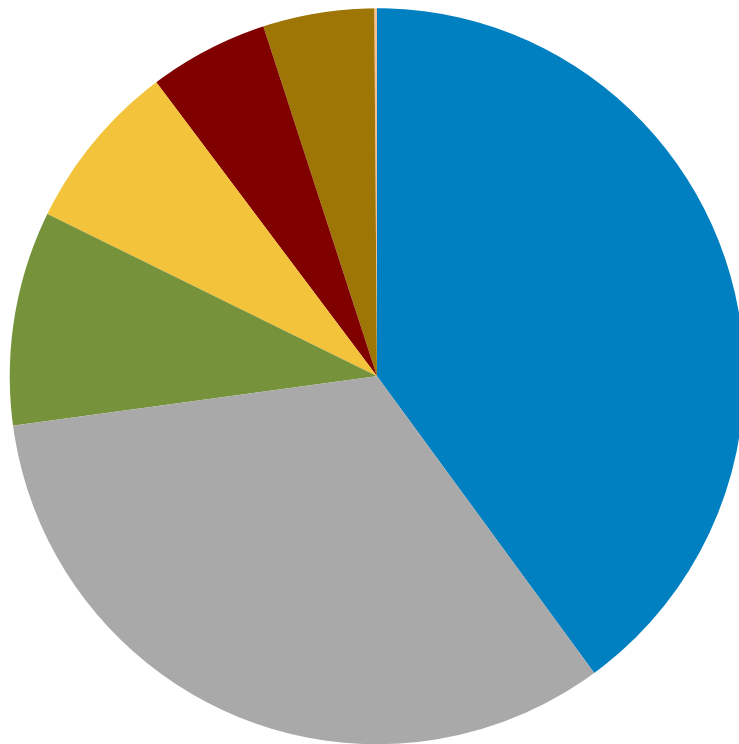
Schedule of Investable Assets

Periods Ending	Beginning Market Value \$	Net Cash Flow \$	Gain/Loss \$	Ending Market Value \$	%Return
Oct-2012 To Sep-2019	8,192,495	50,876,464	18,892,365	77,961,324	6.86



June 30, 2019 : \$76,420,214

September 30, 2019 : \$77,961,324

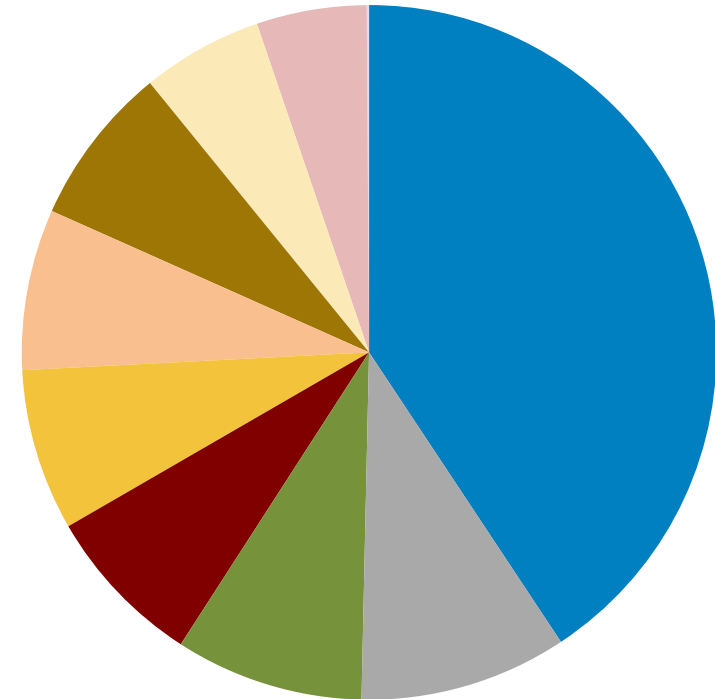
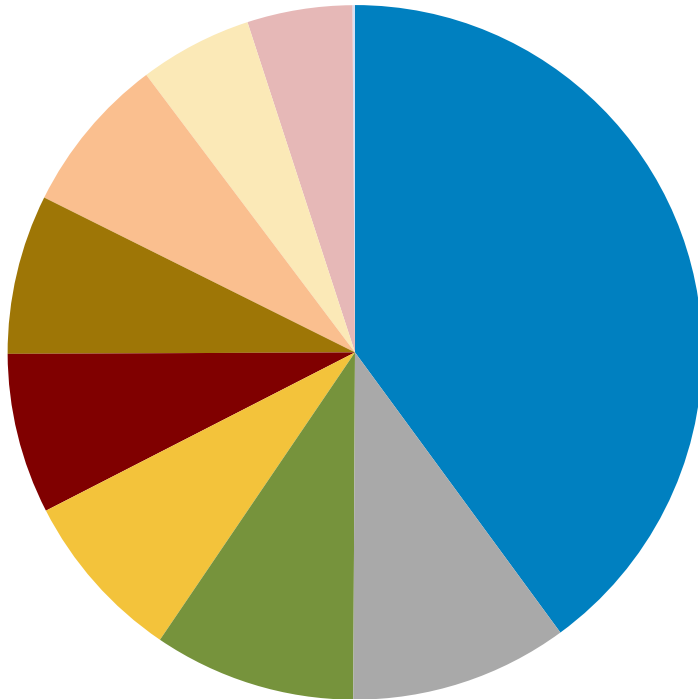


Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Core Plus Fixed Income	30,516,359	39.9	Core Plus Fixed Income	31,718,917	40.7
Domestic Equity	25,160,675	32.9	Domestic Equity	25,058,078	32.1
MLPs	7,193,265	9.4	MLPs	6,833,918	8.8
International Equity	5,705,681	7.5	International Equity	5,877,271	7.5
Real Estate	4,015,379	5.3	Real Estate	4,389,504	5.6
High Yield Fixed Income	3,734,389	4.9	High Yield Fixed Income	3,998,834	5.1
Cash	94,466	0.1	Cash	84,802	0.1



June 30, 2019 : \$76,420,214

September 30, 2019 : \$77,961,324



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
■ MacKay Shields Core Plus	30,516,359	39.9	■ MacKay Shields Core Plus	31,718,917	40.7
■ Barrow Hanley MeWhinney & Strauss	7,755,094	10.1	■ Barrow Hanley MeWhinney & Strauss	7,537,245	9.7
■ ARI MLP	7,193,265	9.4	■ ARI MLP	6,833,918	8.8
■ Stephens Mid Cap Growth	6,094,006	8.0	■ Causeway International (CIVIX)	5,877,271	7.5
■ Causeway International (CIVIX)	5,705,681	7.5	■ Stephens Mid Cap Growth	5,866,740	7.5
■ Vanguard Index Fund Institutional (VINIX)	5,671,821	7.4	■ Fiduciary Management	5,837,490	7.5
■ Fiduciary Management	5,639,754	7.4	■ Vanguard Index Fund Institutional (VINIX)	5,816,603	7.5
■ Cohen & Steers (CSRIX)	4,015,379	5.3	■ Cohen & Steers (CSRIX)	4,389,504	5.6
■ Loomis Sayles High Yield (LSHIX)	3,734,389	4.9	■ Loomis Sayles High Yield (LSHIX)	3,998,834	5.1
■ Cash	94,466	0.1	■ Cash	84,802	0.1



Asset Allocation & Performance
Total Fund Composite (Gross of Fees)
As of September 30, 2019

Asset Allocation & Performance	Allocation		Performance(%)					
	Market Value \$	%	QTR	1 YR	3 YR	5 YR	Inception	Inception Date
Total Fund Composite (Gross of Fees)	77,961,324	100.0	0.51	3.11	6.36	5.37	6.86	10/01/2012
Policy Index			0.85	4.86	6.10	5.36	6.91	
OPEB Actuarial Assumption			1.65	6.75	6.77	6.86	6.94	
Total Fund Composite (Net of Fees)			0.41	2.73	5.95	4.93	6.34	
Fiduciary Management	5,837,490	7.5	1.00	6.81	12.54	10.10	12.50	10/01/2012
Russell 1000 Value Index			1.36	4.00	9.43	7.79	11.30	
S&P 500 Index			1.70	4.25	13.39	10.84	13.26	
Vanguard Index Fund Institutional (VINIX)	5,816,603	7.5	1.69	4.23	N/A	N/A	11.81	05/01/2017
S&P 500 Index			1.70	4.25	13.39	10.84	11.84	
Stephens Mid Cap Growth	5,866,740	7.5	-3.53	1.95	18.01	12.75	14.60	01/01/2013
Russell Midcap Growth Index			-0.67	5.20	14.50	11.12	14.07	
Barrow Hanley MeWhinney & Strauss	7,537,245	9.7	-2.62	-14.37	7.31	7.60	11.40	10/01/2012
Russell 2000 Value Index			-0.57	-8.24	6.54	7.17	9.35	
Causeway International (CIVIX)	5,877,271	7.5	-2.26	-8.01	3.89	0.66	1.37	10/01/2013
MSCI EAFE (Net) Index			-1.07	-1.34	6.48	3.27	3.43	
MSCI EAFE Value Index (Net)			-1.74	-4.92	5.10	0.99	1.75	
Cohen & Steers (CSRIX)	4,389,504	5.6	9.34	23.73	9.66	11.78	11.23	01/01/2013
FTSE NAREIT All Equity REITs			7.73	20.70	9.03	11.07	10.57	
ARI MLP	6,833,918	8.8	-4.80	-10.32	-3.47	-8.00	0.98	10/01/2012
Alerian MLP Index			-5.02	-8.13	-2.46	-8.65	-0.93	
MacKay Shields Core Plus	31,718,917	40.7	2.57	10.39	3.67	3.66	3.48	07/01/2014
Blmbg. Barc. U.S. Aggregate Index			2.27	10.30	2.92	3.38	3.25	
Loomis Sayles High Yield (LSHIX)	3,998,834	5.1	-0.94	0.50	4.61	3.36	5.62	01/01/2013
ICE BofAML High Yield Master II			1.22	6.30	6.07	5.36	5.60	
Cash	84,802	0.1						

Total Fund Composite (Gross of Fees) includes net performance for mutual funds within the portfolio: Vanguard Index Institutional (VINIX), 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 \$	%	2018	2017	2016	2015	2014
Total Fund Composite (Gross of Fees)	77,961,324	100.0	-5.28	10.92	10.54	-2.43	5.42
Policy Index			-4.68	9.35	9.47	-2.53	7.49
OPEB Actuarial Assumption			6.75	6.75	7.00	7.00	7.00
Fiduciary Management	5,837,490	7.5	-2.89	18.86	14.92	-1.93	13.46
Russell 1000 Value Index			-8.27	13.66	17.34	-3.83	13.45
S&P 500 Index			-4.38	21.83	11.96	1.38	13.69
Vanguard Index Fund Institutional (VINIX)	5,816,603	7.5	-4.42	N/A	N/A	N/A	N/A
S&P 500 Index			-4.38	21.83	11.96	1.38	13.69
Stephens Mid Cap Growth	5,866,740	7.5	3.31	29.36	7.86	-0.28	4.61
Russell Midcap Growth Index			-4.75	25.27	7.33	-0.20	11.90
Barrow Hanley MeWhinney & Strauss	7,537,245	9.7	-17.80	18.51	27.59	-6.22	3.03
Russell 2000 Value Index			-12.86	7.84	31.74	-7.47	4.22
Causeway International (CIVIX)	5,877,271	7.5	-18.62	27.18	0.48	-3.12	-6.22
MSCI EAFE (Net) Index			-13.79	25.03	1.00	-0.81	-4.90
MSCI EAFE Value Index (Net)			-14.78	21.44	5.02	-5.68	-5.39
Cohen & Steers (CSRIX)	4,389,504	5.6	-3.99	7.43	5.89	5.23	30.18
FTSE NAREIT All Equity REITs			-4.04	8.67	8.63	2.83	28.03
ARI MLP	6,833,918	8.8	-15.76	-6.15	21.44	-32.54	14.43
Alerian MLP Index			-12.42	-6.52	18.31	-32.59	4.80
MacKay Shields Core Plus	31,718,917	40.7	-0.32	4.75	3.99	-0.08	N/A
Blmbg. Barc. U.S. Aggregate Index			0.01	3.54	2.65	0.55	5.97
Loomis Sayles High Yield (LSHIX)	3,998,834	5.1	-3.54	8.42	18.92	-10.27	5.17
ICE BofAML High Yield Master II			-2.27	7.48	17.49	-4.64	2.50
Cash	84,802	0.1					

Total Fund Composite (Gross of Fees) includes net performance for mutual funds within the portfolio: Vanguard Index Institutional (VINIX), 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 September 30, 2019, Fiduciary had a market value of \$5,837,490.

Fiduciary Management		Russell 1000 Value Index	
	Weight %		Weight %
Berkshire Hathaway Inc	4.9	Berkshire Hathaway Inc	3.0
Dollar General Corporation	4.8	JPMorgan Chase & Co	2.8
JPMorgan Chase & Co	4.3	Exxon Mobil Corp	2.2
Honeywell International Inc	4.2	Johnson & Johnson	2.2
Unitedhealth Group Inc	4.1	Procter & Gamble Co (The)	2.1
Quest Diagnostics Inc	4.0	AT&T Inc	2.0
Masco Corp	3.9	Verizon Communications Inc	1.8
Dollar Tree Inc	3.7	Bank of America Corp	1.8
Chubb Ltd	3.7	Intel Corp	1.7
Omnicom Group Inc.	3.4	Walt Disney Co (The)	1.7

Equity Assets Exposures by Sector

	Fiduciary Management	Russell 1000 Value Index
Cash	9.77	0.00
Communication Services	5.34	8.19
Consumer Discretionary	15.76	6.09
Consumer Staples	9.71	9.17
Energy	2.42	8.37
Financials	15.98	23.56
Health Care	13.58	12.40
Industrials	17.54	9.41
Information Technology	5.55	6.02
Materials	4.35	4.29
Real Estate	0.00	5.51
Utilities	0.00	7.01

Equity Characteristics

	Fiduciary Management	Russell 1000 Value Index
Wtd. Avg. Mkt. Cap (\$)	97,574,037,024	122,160,989,755
Price/Earnings ratio	18.2	16.7
Price/Book ratio	3.1	2.2
Current Yield	1.9	2.6
Number of Stocks	33	766



Fund Information

Fund Name :	Vanguard Institutional Index Fund: Vanguard Institutional Index Fund; Institutional Shares	Portfolio Assets :	\$231,429 Million
Fund Family :	Vanguard Group Inc	Portfolio Manager :	Butler/Louie
Ticker :	VINIX	PM Tenure :	2000--2017
Inception Date :	07/31/1990	Fund Style :	IM S&P 500 Index (MF)
Fund Assets :	\$114,406 Million	Style Benchmark :	S&P 500 Index
Portfolio Turnover :	6%		

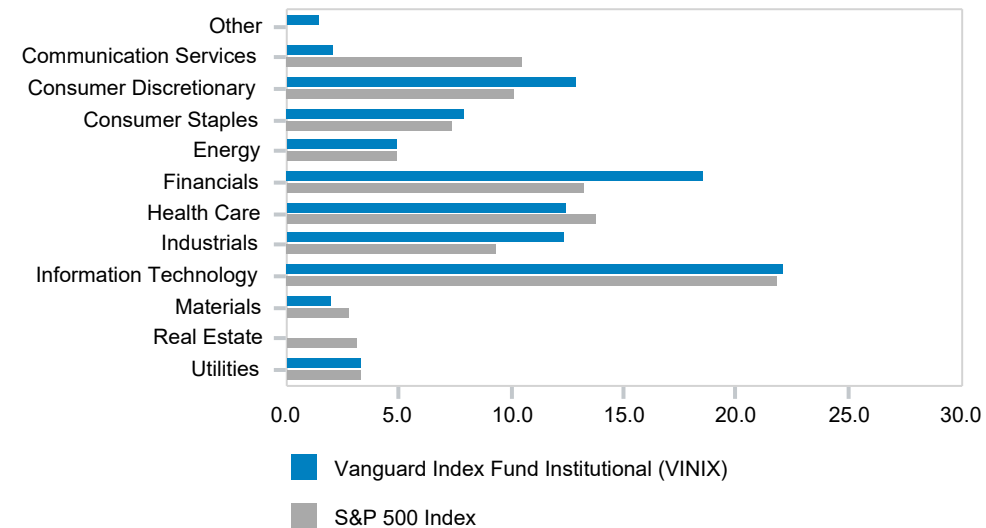
Portfolio Characteristics As of 07/31/2019

	Portfolio	Benchmark
Total Securities	510	505
Avg. Market Cap (\$)	237,719,652,616	23,126,052,120
Price/Earnings (P/E)	26.62	20.40
Price/Book (P/B)	7.10	3.44
Dividend Yield	2.39	1.96
Annual EPS	31.24	7.47
5 Yr EPS	17.14	16.37
3 Yr EPS Growth	20.29	N/A
Beta	N/A	1.00

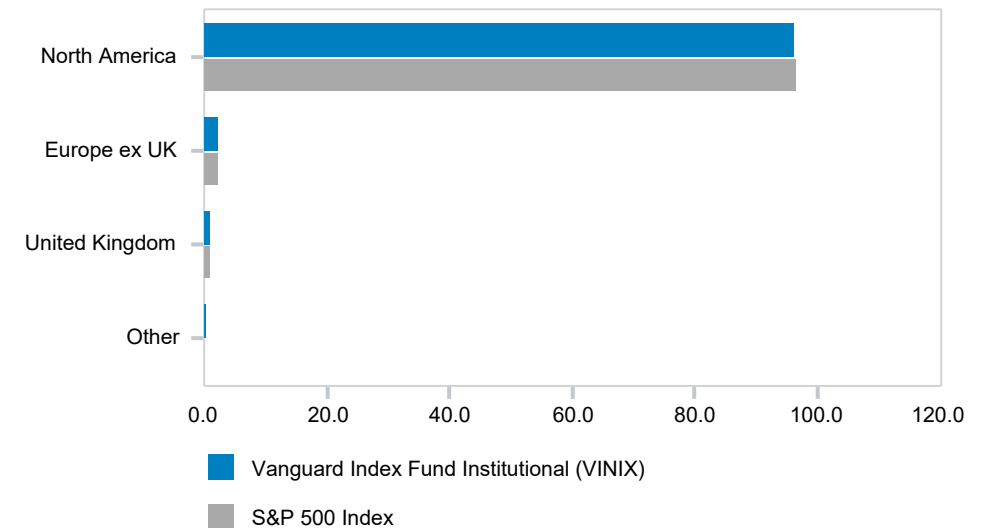
Top Ten Securities As of 07/31/2019

Microsoft Corp ORD	4.2 %
Apple Inc ORD	3.7 %
Amazon.com Inc ORD	3.1 %
Facebook Inc ORD	1.9 %
Berkshire Hathaway Inc ORD	1.6 %
JPMorgan Chase & Co ORD	1.5 %
Alphabet Inc ORD 1	1.5 %
Alphabet Inc ORD 2	1.5 %
Johnson & Johnson ORD	1.4 %
Exxon Mobil Corp ORD	1.3 %

Sector Weights As of 07/31/2019



Region Weights As of 07/31/2019



Statistics provided by Lipper. Most recent available data shown.



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 September 30, 2019, Stephens had a market value of \$5,866,740.

Stephens Mid Cap Growth		Russell Midcap Growth Index	
	Weight %		Weight %
Verisk Analytics Inc	2.2	Fiserv Inc.	2.0
CoStar Group Inc	2.1	Global Payments Inc.	1.6
Aspen Technology Inc	2.1	Dollar General Corporation	1.3
Copart Inc	2.0	Twitter Inc	1.1
Burlington Stores Inc	2.0	O'Reilly Automotive Inc	1.0
IDEXX Laboratories Inc	2.0	Lam Research Corp	1.0
Live Nation Entertainment Inc	1.9	Advanced Micro Devices Inc	1.0
Cadence Design Systems Inc	1.9	Amphenol Corp	1.0
Global Payments Inc.	1.8	Ingersoll-Rand PLC	0.9
MarketAxess Holdings Inc	1.8	SBA Communications Corp	0.9

Equity Assets Exposures by Sector

	Stephens Mid Cap Growth	Russell Midcap Growth Index
Cash	0.50	0.00
Communication Services	6.19	4.88
Consumer Discretionary	14.52	15.49
Consumer Staples	2.36	3.36
Energy	2.07	1.27
Financials	5.13	4.43
Health Care	19.99	14.58
Industrials	15.87	17.32
Information Technology	33.37	32.72
Materials	0.00	3.00
Real Estate	0.00	2.94

Equity Characteristics

	Stephens Mid Cap Growth	Russell Midcap Growth Index
Wtd. Avg. Mkt. Cap (\$)	18,136,419,034	18,176,340,811
Price/Earnings ratio	33.9	27.3
Price/Book ratio	6.2	6.3
Current Yield	0.4	0.8
Number of Stocks	93	403

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 September 30, 2019, Barrow, Hanley, MeWhinney & Strauss had a market value of \$7,537,245.

Barrow Hanley MeWhinney & Strauss		Russell 2000 Value Index	
	Weight %		Weight %
Federal Signal Corp.	4.8	Portland Gen. Elec. Co.	0.5
Brooks Automation Inc	4.7	ONE Gas Inc	0.5
Whirlpool Corp	4.4	Rexford Industrial Realty Inc	0.5
Diodes Inc	4.3	Black Hills Corp	0.5
Simpson Manufacturing Co. Inc.	3.9	Radian Group Inc.	0.5
MGIC Investment Corp	3.5	ALLETE Inc.	0.5
Gibraltar Industries Inc	3.5	Blackstone Mortgage Trust Inc	0.5
PRA Group Inc	3.4	Southwest Gas Holdings Inc	0.5
Texas Capital Bancshares Inc	3.3	Sabra Health Care REIT Inc	0.4
II VI Inc	3.3	Spire Inc	0.4

Equity Assets Exposures by Sector

	Barrow Hanley MeWhinney & Strauss	Russell 2000 Value Index
Cash	2.68	0.00
Communication Services	0.00	2.43
Consumer Discretionary	9.60	9.90
Consumer Staples	3.74	2.57
Energy	2.85	5.96
Financials	13.27	30.49
Health Care	3.25	4.90
Industrials	33.01	12.63
Information Technology	26.17	8.63
Materials	5.43	4.48
Real Estate	0.00	11.54
Utilities	0.00	6.48

Equity Characteristics

	Barrow Hanley MeWhinney & Strauss	Russell 2000 Value Index
Wtd. Avg. Mkt. Cap (\$)	2,655,493,186	2,010,348,244
Price/Earnings ratio	14.8	14.0
Price/Book ratio	1.9	1.6
Current Yield	1.1	2.2
Number of Stocks	38	1,402

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 : \$5,628 Million
 Portfolio Turnover : 30%

Portfolio Assets : \$6,226 Million
 Portfolio Manager : Team Managed
 PM Tenure :
 Fund Style : IM International Large Cap Core Equity (MF)
 Style Benchmark : MSCI EAFE (Net) Index

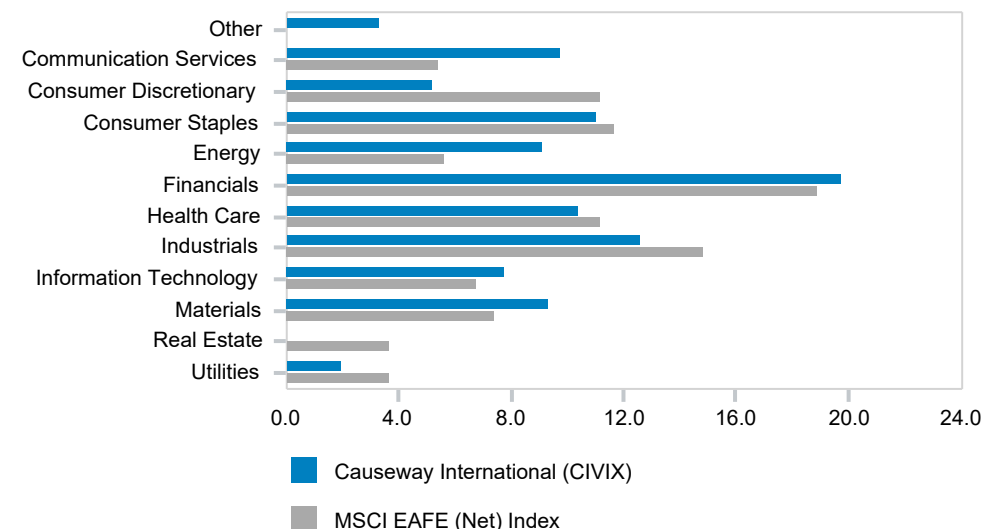
Portfolio Characteristics As of 06/30/2019

	Portfolio	Benchmark
Total Securities	62	923
Avg. Market Cap (\$)	74,261,969,694	10,228,173,176
Price/Earnings (P/E)	16.83	14.84
Price/Book (P/B)	2.61	2.26
Dividend Yield	3.62	3.58
Annual EPS	8.67	123.10
5 Yr EPS	6.54	8.06
3 Yr EPS Growth	13.39	N/A
Beta (5 Years, Monthly)	1.00	1.00

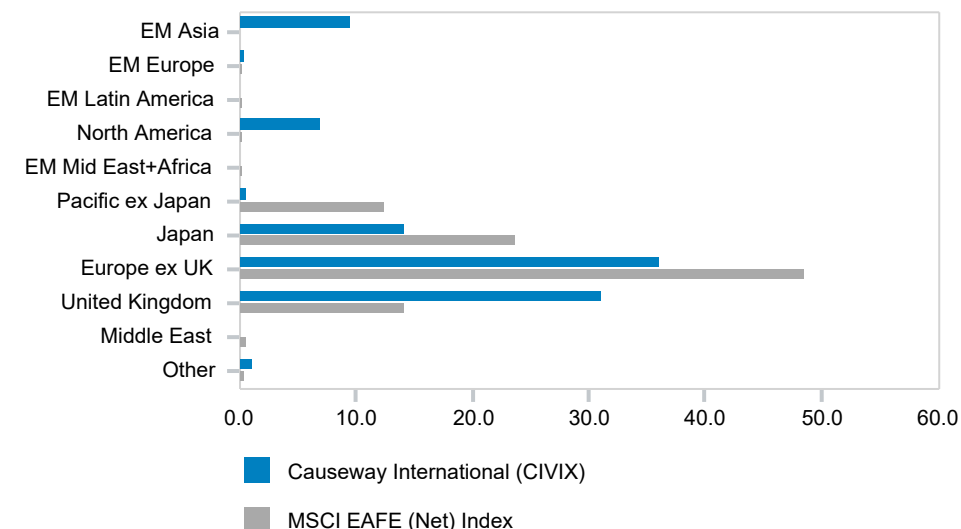
Top Ten Securities As of 06/30/2019

Volkswagen AG PFD	4.7 %
Takeda Pharmaceutical Co Ltd ORD	3.7 %
Linde PLC ORD	3.2 %
UniCredit SpA ORD	3.1 %
Abb Ltd ORD	3.1 %
BASF SE ORD	3.1 %
Prudential PLC ORD	3.1 %
China Mobile Ltd ORD	3.0 %
KDDI Corp ORD	2.8 %
British American Tobacco PLC ORD	2.8 %

Sector Weights As of 06/30/2019



Region Weights As of 06/30/2019



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 : \$3,368 Million
 Portfolio Turnover : 68%

Portfolio Assets : \$3,368 Million
 Portfolio Manager : Cheigh/Bohjalian/Yablom
 PM Tenure : 2007--2012--2013
 Fund Style : IM Real Estate Sector (MF)
 Style Benchmark : FTSE NAREIT All Equity REITs

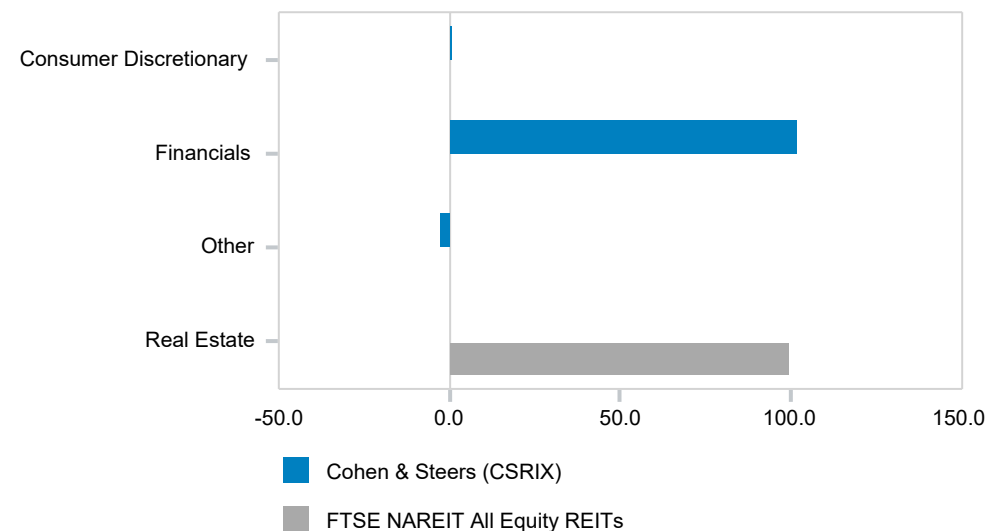
Portfolio Characteristics As of 06/30/2019

	Portfolio	Benchmark
Total Securities	43	1
Avg. Market Cap (\$)	25,372,497,363	-
Price/Earnings (P/E)	45.25	N/A
Price/Book (P/B)	4.43	N/A
Dividend Yield	3.62	N/A
Annual EPS	36.45	N/A
5 Yr EPS	25.16	N/A
3 Yr EPS Growth	13.59	N/A
Beta (5 Years, Monthly)	1.01	1.00

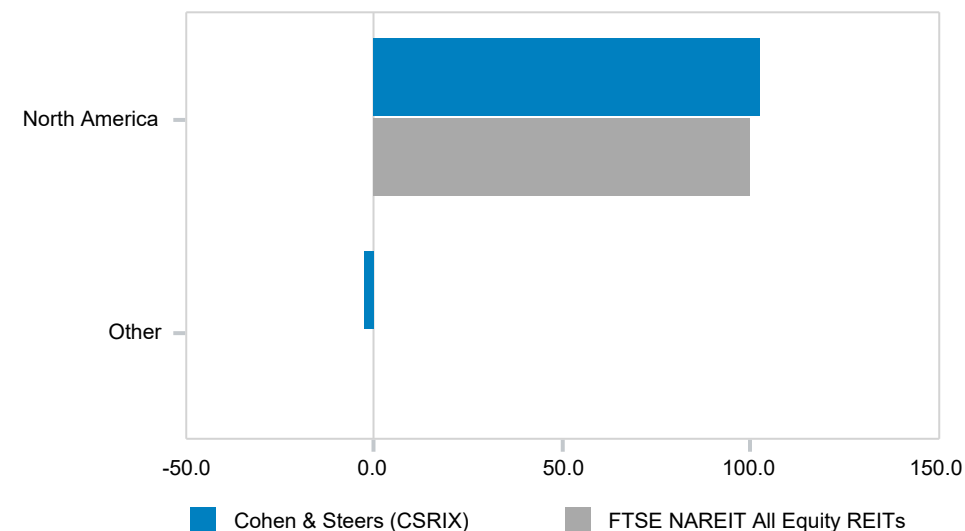
Top Ten Securities As of 06/30/2019

American Tower Corp ORD	7.9 %
Equinix Inc ORD	7.5 %
Welltower Inc ORD	6.6 %
UDR Inc ORD	6.0 %
SBA Communications Corp ORD	5.8 %
Prologis Inc ORD	5.5 %
Public Storage ORD	5.4 %
Essex Property Trust Inc ORD	4.9 %
Extra Space Storage Inc ORD	4.6 %
VICI Properties Inc ORD	4.0 %

Sector Weights As of 06/30/2019



Region Weights As of 06/30/2019



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 September 30, 2019, ARI had a market value of \$6,833,918.

ARI MLP		Alerian MLP	
	Weight %		Weight %
MPLX LP	12.4	Magellan Midstream Partners LP	11.8
Magellan Midstream Partners LP	11.6	Enterprise Products Partners LP	11.2
Enterprise Products Partners LP	10.6	Plains All American Pipeline LP	9.6
Energy Transfer LP	9.6	Energy Transfer LP	9.6
Phillips 66 Partners LP	9.2	MPLX LP	8.7
Plains All American Pipeline LP	9.2	Buckeye Partners LP	6.7
ONEOK Inc.	6.7	Western Midstream Partners LP	5.4
Shell Midstream Partners LP	5.2	Phillips 66 Partners LP	3.3
Williams Cos Inc. (The)	5.0	Tallgrass Energy GP LP	3.2
Tallgrass Energy GP LP	4.9	NuStar Energy LP	3.0

Equity Assets Exposures by Sector

	ARI MLP	Alerian MLP
Cash	1.27	0.00
Energy	98.73	100.00

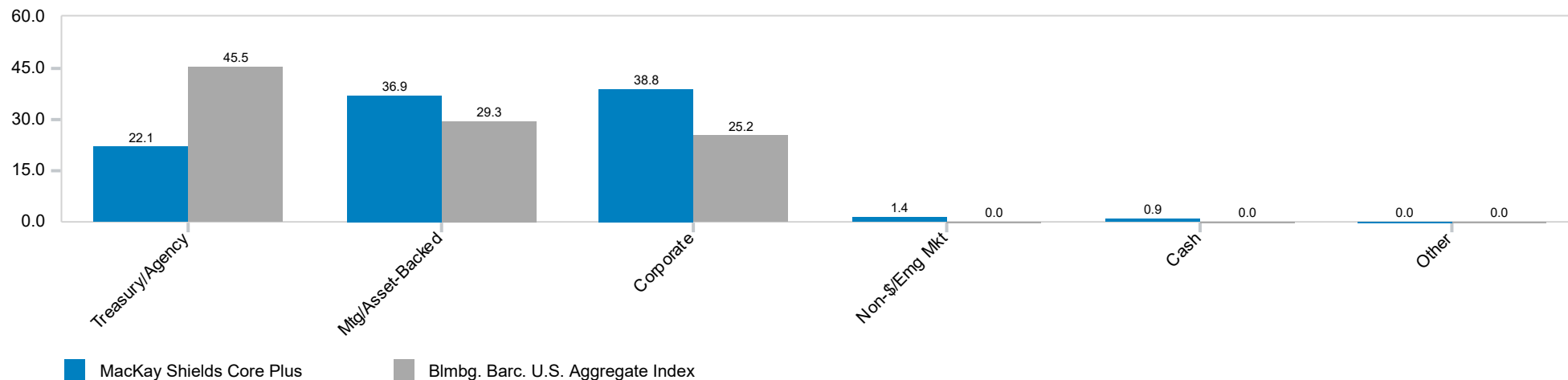
Equity Characteristics

	ARI MLP	Alerian MLP
Wtd. Avg. Mkt. Cap (\$)	22,639,548,319	18,988,410,195
Price/Earnings ratio	11.5	10.3
Price/Book ratio	2.4	2.3
Current Yield	7.8	8.4
Number of Stocks	16	35

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 September 30, 2019, MacKay Shields had a market value of \$31,718,917.

Sector Distribution (%)



Portfolio Characteristics

	Portfolio	Benchmark
Avg. Maturity	8.13	7.92
Avg. Quality	AA-	AA
Coupon Rate (%)	3.49	3.20
Modified Duration	5.63	5.69
Yield To Maturity (%)	2.51	2.27
Holdings Count	235	N/A



Fund Information

Fund Name :	Loomis Sayles Funds I: Loomis Sayles Institutional High Income Fund; Institutional Class	Portfolio Assets :	\$586 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 :	\$586 Million	Style Benchmark :	FTSE High Yield Market Index
Portfolio Turnover :	14%		

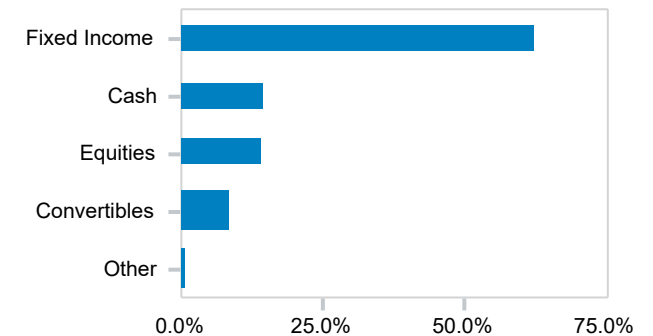
Fund Characteristics As of 06/30/2019

Avg. Coupon	4.38 %
Nominal Maturity	N/A
Effective Maturity	4.79 Years
Duration	3.34 Years
SEC 30 Day Yield	5.5
Avg. Credit Quality	BBB

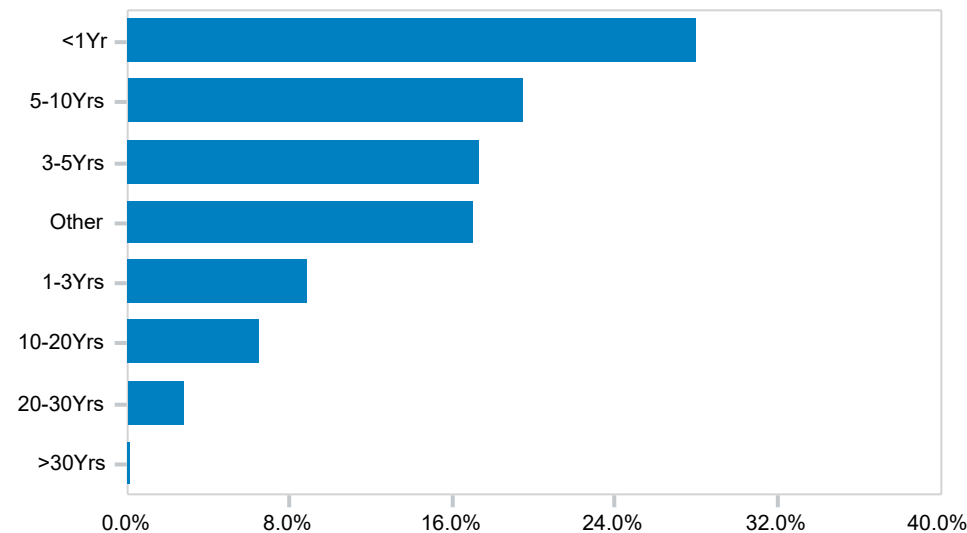
Top Ten Securities As of 06/30/2019

Corporate Notes/Bonds	57.2 %
Common Stock	13.9 %
Convertible Securities	8.6 %
Fgn. Currency Denominated Bonds	3.5 %
Treasury Notes/Bonds	2.0 %
Preferred Stock-Non Convertible	0.1 %

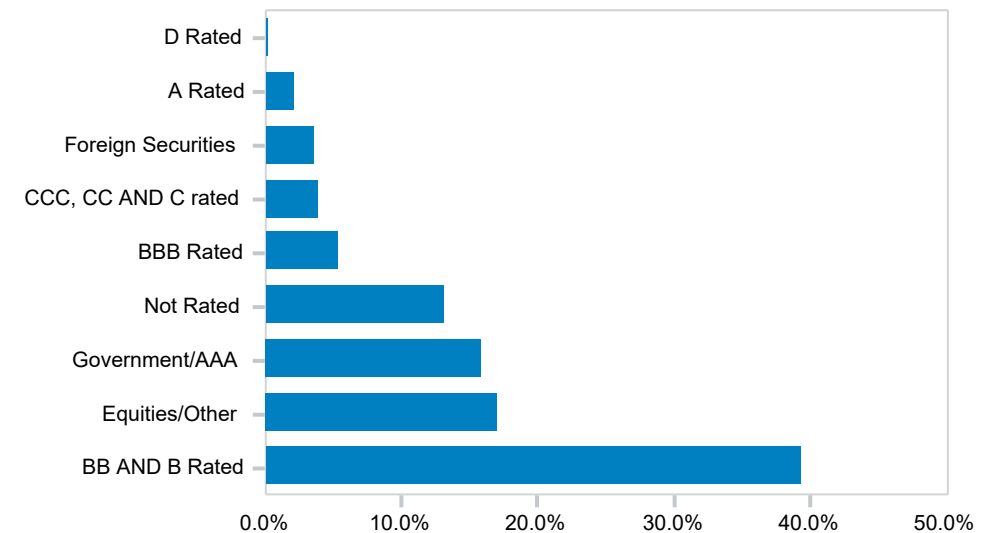
Asset Allocation As of 06/30/2019



Maturity Distribution As of 06/30/2019



Sector/Quality Allocation As of 06/30/2019



Statistics provided by Lipper. Most recent available data shown.



**Port of Houston OPEB
Manager Status Summary
As of September 30, 2019**

Manager	Mandate	Status	Notes
Fiduciary Management	Large Cap Value Equity	In Compliance	
Vanguard Index Fund (VINIX)	Large Cap Core Equity	In Compliance	
Stephens Mid Cap Growth	Mid Cap Growth Equity	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.



	Estimated Annual Fee (%)	Market Value (\$)	Estimated Annual Fee (\$)	Fee Schedule
Total Fund Composite	0.51	77,961,324	393,748	
Equity Composite	0.61	42,158,771	255,540	
Domestic Equity	0.47	25,058,078	117,293	
Fiduciary Management	0.55	5,837,490	32,106	0.55 % of Assets
Vanguard Index Fund Institutional (VINIX)	0.04	5,816,603	2,327	0.04 % of Assets
Stephens Mid Cap Growth	0.77	5,866,740	45,174	0.77 % of Assets
Barrow Hanley MeWhinney & Strauss	0.50	7,537,245	37,686	0.50 % of Assets
International Equity	0.92	5,877,271	54,071	
Causeway International (CIVIX)	0.92	5,877,271	54,071	0.92 % of Assets
Real Estate	0.75	4,389,504	32,921	
Cohen & Steers (CSRIX)	0.75	4,389,504	32,921	0.75 % of Assets
MLPs	0.75	6,833,918	51,254	
ARI MLP	0.75	6,833,918	51,254	0.75 % of Assets
Fixed Income Composite	0.39	35,802,553	138,208	
Core Plus Fixed Income	0.35	31,718,917	111,016	
Mackay Shields Core Plus	0.35	31,718,917	111,016	0.35 % of Assets
High Yield Fixed Income	0.68	3,998,834	27,192	
Loomis Sayles High Yield (LSHIX)	0.68	3,998,834	27,192	0.68 % of Assets



**Port of Houston OPEB
Fee Summary
As of September 30, 2019**

Structure	Mandate	Expense Ratio	Category Average	Difference	Annual Savings
Fiduciary Management	Large Cap Value Equity	0.55%	0.99%	0.44%	\$25,685
Vanguard Index Fund (VINIX)	Large Cap Core Equity	0.04%	0.99%	0.95%	\$55,258
Stephens Mid Cap Growth	Mid Cap Growth Equity	0.77%	1.26%	0.49%	\$28,747
Barrow Hanley MeWhinney & Strauss	Small Cap Value Equity	0.50%	1.27%	0.77%	\$58,037
Causeway International (CIVIX)	International Equity	0.92%	1.21%	0.29%	\$17,044
Cohen & Steers (CSRIX)	Real Estate and Investment Trust	0.75%	1.24%	0.49%	\$21,509
ARI MLP	Master Limited Partnership	0.75%	1.00%	0.25%	\$17,085
Mackay Shields Core Plus	Core Plus Fixed Income	0.35%	0.84%	0.49%	\$155,423
Loomis Sayles High Yield (LSHIX)	High Yield Fixed Income	0.68%	1.04%	0.36%	\$14,396
Total Management Fees		0.51%	1.01%	0.50%	\$393,182

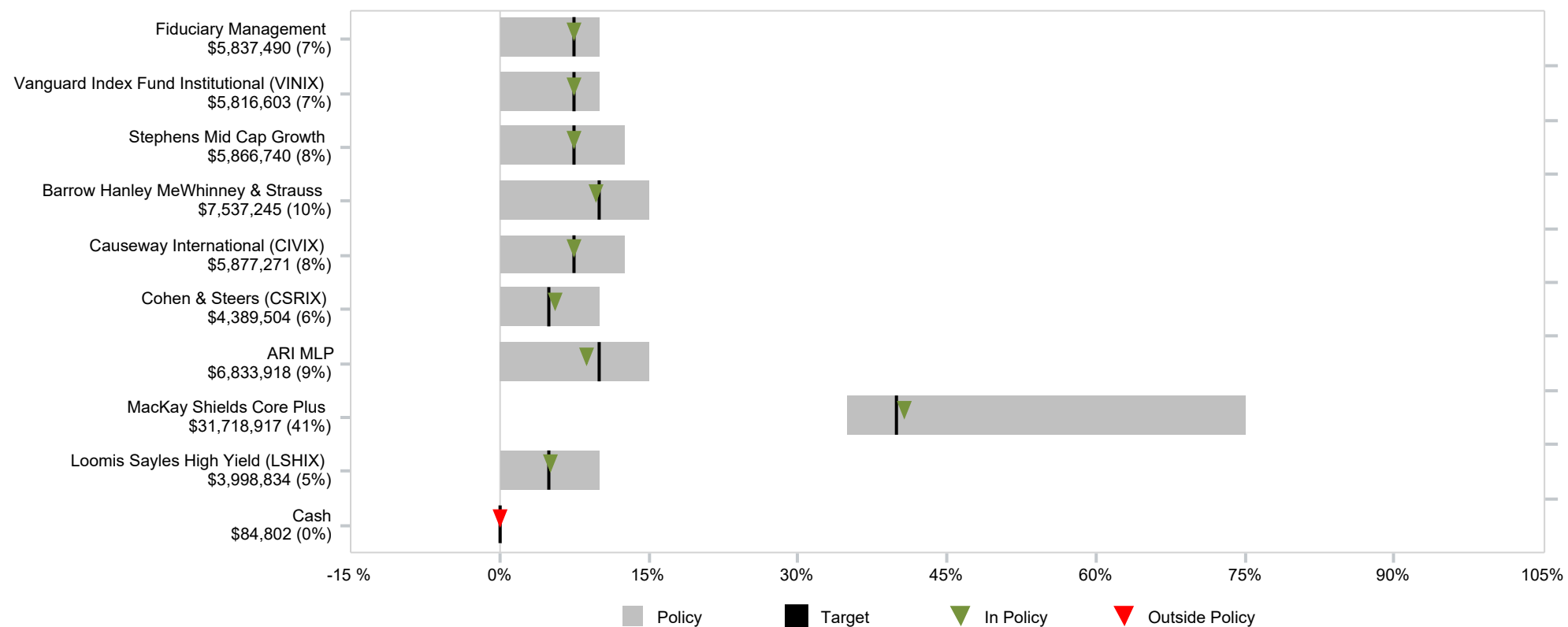
Source: Morningstar and Investment Managers



Asset Allocation Compliance

	Asset Allocation \$	Current Allocation (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund Composite	77,961,324	100.0	100.0	0.0		
Fiduciary Management	5,837,490	7.5	7.5	0.0	0.0	10.0
Vanguard Index Fund Institutional (VINIX)	5,816,603	7.5	7.5	0.0	0.0	10.0
Stephens Mid Cap Growth	5,866,740	7.5	7.5	0.0	0.0	12.5
Barrow Hanley MeWhinney & Strauss	7,537,245	9.7	10.0	-0.3	0.0	15.0
Causeway International (CIVIX)	5,877,271	7.5	7.5	0.0	0.0	12.5
Cohen & Steers (CSRIX)	4,389,504	5.6	5.0	0.6	0.0	10.0
ARI MLP	6,833,918	8.8	10.0	-1.2	0.0	15.0
MacKay Shields Core Plus	31,718,917	40.7	40.0	0.7	35.0	75.0
Loomis Sayles High Yield (LSHIX)	3,998,834	5.1	5.0	0.1	0.0	10.0
Cash	84,802	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.

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