

# Port of Houston Authority Pension Plan

First Quarter 2013 Report



# March 2013 - Market Performance Update

Stocks Close the First Quarter on a High Note

## Equity Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
Dow Jones Industrial Average	3.9	13.4	13.3	6.5
NASDAQ (prc chg only)	3.4	5.7	10.9	7.5
S&P 500 cap weighted	3.8	14.0	12.7	5.8
S&P 500 equal weighted	4.4	17.5	14.3	9.2
S&P Mid Cap	4.8	17.8	15.1	9.9
S&P Small Cap	4.2	16.1	15.2	9.2
S&P REIT	2.9	15.2	17.3	6.7
Russell 1000 Growth	3.8	10.1	13.1	7.3
Russell 1000 Value	4.0	18.8	12.7	4.9
Russell Mid Cap Growth	4.0	12.8	14.2	8.0
Russell Mid Cap Value	4.5	21.5	15.0	8.5
Russell 2000 Growth	5.1	14.5	14.8	9.0
Russell 2000 Value	4.2	18.1	12.1	7.3
Russell Top 200	3.7	13.2	12.2	5.3
Russell 1000	3.9	14.4	12.9	6.2
Russell Mid Cap	4.3	17.3	14.6	8.4
Russell 2500	4.4	17.7	14.6	9.0
Russell 2000	4.6	16.3	13.5	8.2
MSCI World Ex US	0.8	10.4	4.8	-0.8
MSCI World Ex US Growth	1.5	10.4	5.9	-0.4
MSCI World Ex US Value	0.1	10.4	3.6	-1.2
MSCI EAFE	0.8	11.3	5.0	-0.9
MSCI Emerging Markets	-1.7	2.0	3.3	1.1

Risky assets outperformed less-risky assets by large margins during early 2013, despite economic uncertainty. International equities underperformed domestic equities during the month. Developed markets moved modestly higher while emerging markets moved lower.

Domestic equity performance was highly correlated. Value stocks outperformed growth stocks among large and mid caps. Small cap growth outperformed value during March. Small caps posted the highest returns during the month. Trailing year performance dispersion between domestic equity market expanded during March.

Trailing one and three year returns for domestic equity remained high. Since year end, five year returns have **improved dramatically**.

Fixed income returns were modest during March. Core bonds posted a modestly positive return while long duration Treasuries suffered a minor loss. Money market funds produced virtually no income.

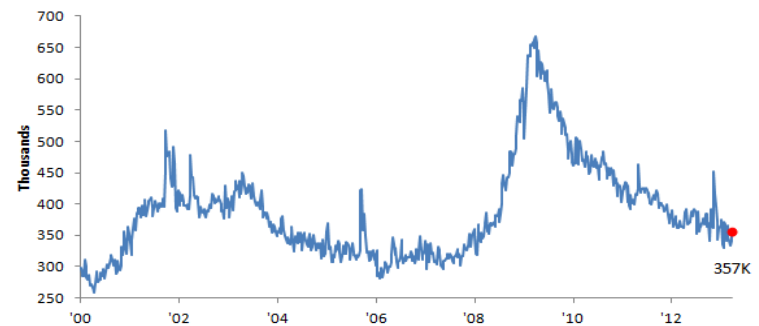
## Bond Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
BC T-Bills	0.0	0.1	0.1	0.3
BC Long Treasury	-0.1	7.3	12.5	8.3
BC US Agg	0.1	3.8	5.5	5.5

## Year to Date Equity Market Sector Returns



## Initial Jobless Claims (Seasonally Adjusted): 2000 - 2013



## US % of World Market Cap



# Portfolio Trailing Year Performance

+11.78%

# Retirement Program Plan Summary

## As of March 31, 2013

	Last Quarter	% Rank	Last Year	% Rank	Three Years	% Rank	Five Years	% Rank	Allocation % of Total
<b>Smith Affiliated</b>	<b>-0.03%</b>		<b>4.50%</b>		<b>6.50%</b>		<b>5.60%</b>		<b>\$22,678,047</b>
<i>Barclays Capital Aggregate</i>	-0.12%		3.77%		5.52%		5.47%		15.4%
<b>Smith Graham</b>	<b>-0.20%</b>		<b>4.53%</b>		<b>6.46%</b>		<b>6.21%</b>		<b>\$22,586,794</b>
<i>Barclays Capital Aggregate</i>	-0.12%		3.77%		5.52%		5.47%		15.4%
<b>Loomis Sayles High Income</b>	<b>5.39%</b>		<b>15.29%</b>		-		-		<b>\$7,300,842</b>
<i>ML High Yield</i>	2.85%		13.06%		10.89%		11.32%		5.0%
<b>FAMCO</b>	<b>19.06%</b>		<b>24.59%</b>		-		-		<b>\$8,063,553</b>
<i>Alerian MLP</i>	19.74%		23.06%		21.50%		18.45%		5.5%
<b>Fiduciary Management</b>	<b>11.88%</b>		<b>16.60%</b>		<b>11.67%</b>		<b>8.39%</b>		<b>\$13,062,553</b>
<i>Russell 1000 Value</i>	12.31%		18.77%		12.74%		4.85%		8.9%
<i>S&amp;P 500</i>	10.61%		13.96%		12.67%		5.81%		
<b>Stacey Braun</b>	<b>10.24%</b>		<b>9.76%</b>		<b>13.18%</b>		-		<b>\$10,316,905</b>
<i>Russell 1000 Growth</i>	9.54%		10.09%		13.06%		7.30%		7.0%
<i>S&amp;P 500</i>	10.61%		13.96%		12.67%		5.81%		
<b>Stephens</b>	<b>11.78%</b>		-		-		-		<b>\$19,247,075</b>
<i>Russell Midcap Growth</i>	11.51%		12.76%		14.23%		7.98%		13.1%
<b>Barrow Hanley Small Cap</b>	<b>17.02%</b>		<b>19.99%</b>		<b>15.57%</b>		<b>13.85%</b>		<b>\$17,860,672</b>
<i>Russell 2000 Value</i>	11.63%		18.09%		12.12%		7.98%		12.2%
<b>Eagle Global</b>	<b>3.29%</b>		<b>10.45%</b>		<b>3.36%</b>		<b>-3.00%</b>		<b>\$18,063,238</b>
<i>MSCI EAFE</i>	5.13%		11.26%		5.00%		-0.89%		12.3%
<b>Cohen &amp; Steers Real Estate</b>	<b>7.86%</b>		<b>13.65%</b>		-		-		<b>\$7,659,703</b>
<i>FTSE NAREIT All REITS</i>	8.10%		17.11%		17.68%		7.10%		5.2%
<b>Cash</b>									<b>\$126,320</b>
									0.1%
<b>Total Plan</b>	<b>7.00%</b>		<b>11.78%</b>		<b>10.44%</b>		<b>7.01%</b>		<b>\$146,906,528</b>
<i>Benchmark</i>	6.63%		11.47%		9.84%		5.83%		
<i>Actuarial Assumption</i>	1.77%		7.25%		7.25%		7.25%		100.0%

Benchmark was updated on 12/1/12 to reflect new long-term asset allocation. Current benchmark reflects IPS that was formally approved on January 22, 2013.

The Total Plan Benchmark is composed as follows; S&P 500 (15%), Russell Mid Cap (12.5%), Russell 2000 (10%), MSCI EAFE (12.5%), Barclays US Aggregate (35%), Merrill Lynch US High Yield Master II (5%), NAREIT ALL REITS (5%), and the Alerian MLP (5%)

All performance shown net of fees.

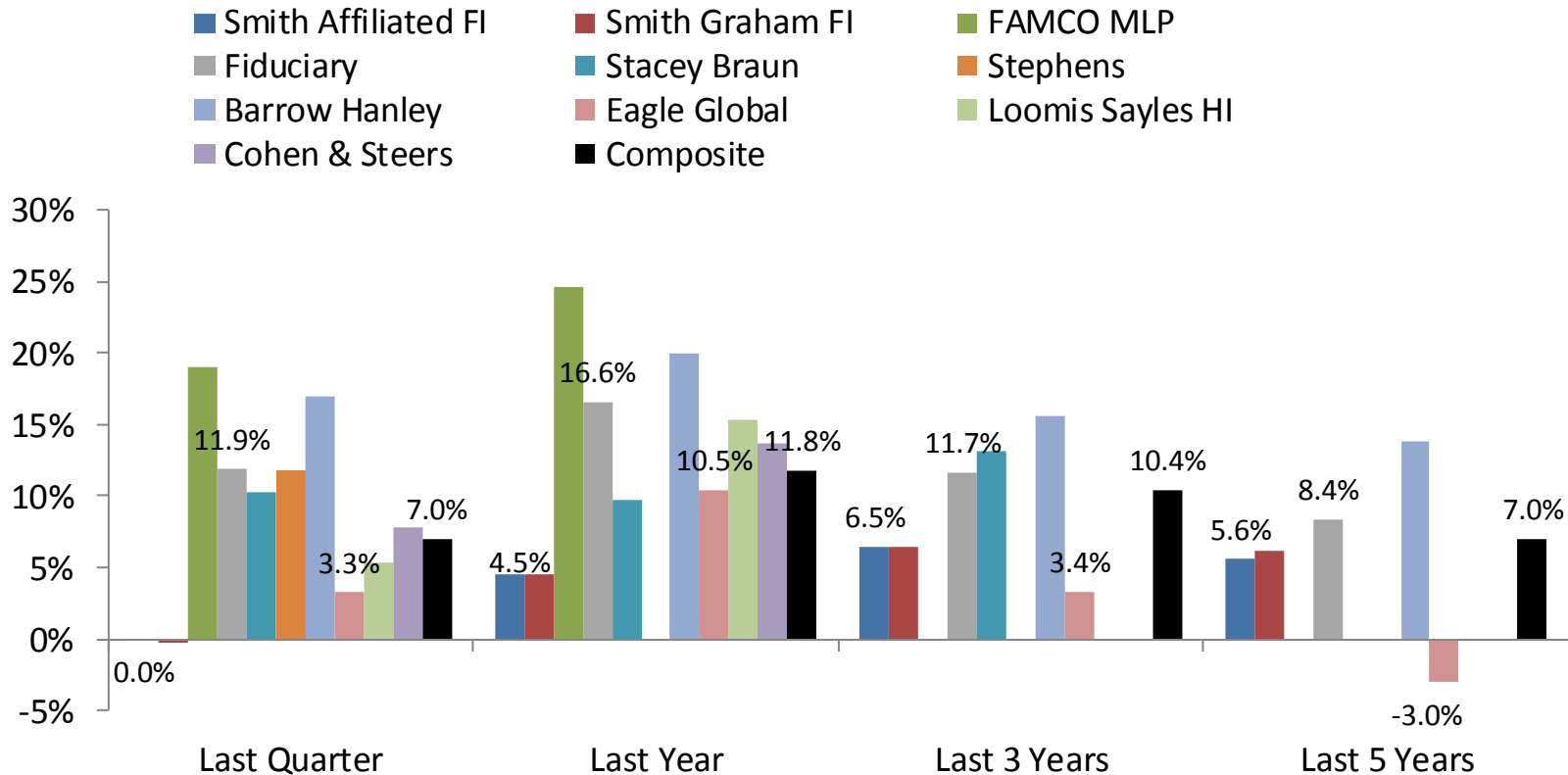
Sources: BBVA Trust Company and Morningstar

Data believed to be accurate, but cannot be guaranteed.

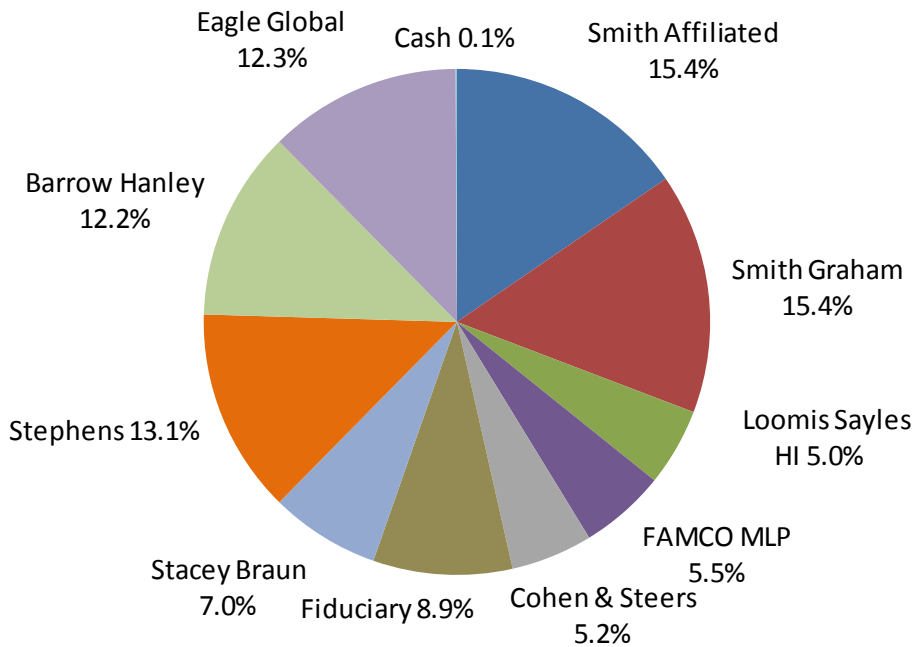


# Performance Summary

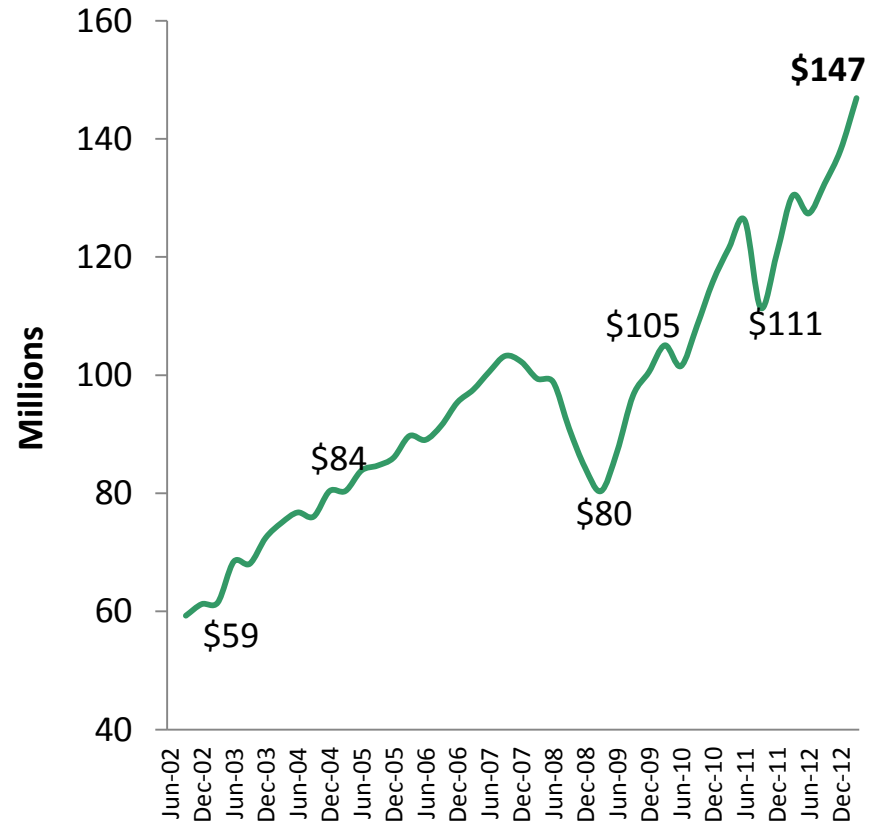
Periods ended March 31, 2013



# Portfolio Review



## Market Value History



# Discussion Items

- The International Equity portion of the Plan suffered a performance setback during the quarter.
- We recommend a full review of International Equity.



**Smith Affiliated** **Fixed Income**

Smith Affiliated seeks to provide a stable income stream, principal protection, and to outperform market-weighted inflation on a risk-adjusted total return basis versus the relevant benchmark. The strategy provides a high degree of liquidity with an asset allocation heavily weighted in high quality fixed income securities. The fund's asset allocation is driven by a two-tier approach: a 'top-down' view of global markets followed by Smith Affiliated's qualitative and quantitative 'bottom-up' approach.

**Performance**

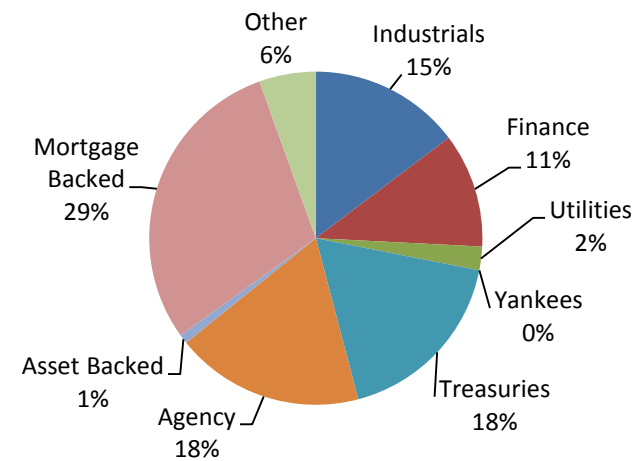
	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Smith Affiliated	-0.03%	4.50%	6.50%	5.60%
Barclays Capital Aggregate Bond	-0.12%	3.77%	5.52%	5.47%

**Key Characteristics**

	Portfolio	BC Agg
Effective Duration	5.6	5.3
Maturity	7.6	7.3
Trailing 12 Month Yield	2.0	3.2
Yield to Maturity	1.9	-
Average Credit Quality	AA	AA
Total Number of Holdings	48	8286
Expense Ratio	0.25%	-

**Holding Summary**

Market Value	\$22,678,047
Percentage of Plan	15.44%



\*Other includes preferred stocks, convertible bonds, convertible preferreds, warrants and options.



**Smith Graham** **Fixed Income**

Smith Graham uses a bottom-up methodology with independent examination of each investment opportunity, rather than being process driven by an economic view. The fund focuses on opportunities where they believe the reward is at least two times greater than the visible risk. The investment team focuses on five key factors; security selection, sector rotation, yield curve positioning, volatility management, and duration management.

**Performance**

	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Smith Graham	-0.20%	4.53%	6.46%	5.60%
Barclays Capital Aggregate Bond	-0.12%	3.77%	5.52%	5.47%

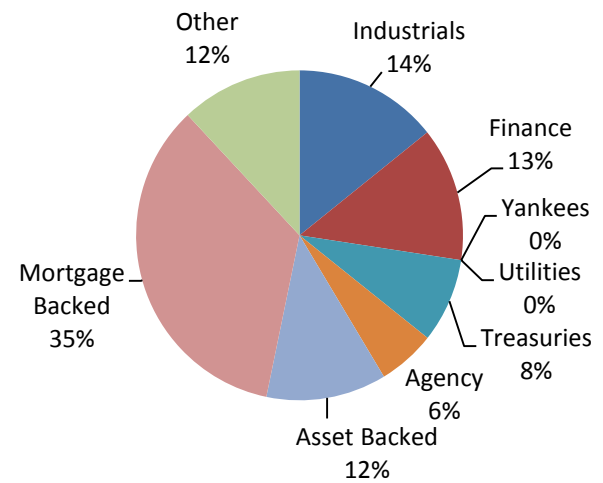
**Key Characteristics**

	Portfolio	BC Agg
Effective Duration	4.80	5.3
Maturity	6.26	7.3
Trailing 12 Month Yield	3.94	3.2
Yield to Maturity	2.04	-
Average Credit Quality	AA	AA
Total Number of Holdings	102	8286
Expense Ratio	0.40%	-

**Holding Summary**

Market Value	\$22,586,794
Percentage of Plan	15.37%

\*Other includes preferred stocks, convertible bonds, convertible preferreds, warrants and options.



**Loomis Sayles**

**High Yield Fixed Income**

The Loomis Sayles High Income Fund invests primarily in lower-rated fixed income securities and may invest up to 50% of assets in foreign securities, including emerging markets securities. An emphasis on issue selection is a key driver of returns. The fund also uses sector rotation within and outside of the benchmark to add alpha. The Loomis Sayles Fixed Income team responsible for the management of the fund was named the Fixed Income Team of the Year for 2009 by Morningstar.

**Performance**

	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Loomis Sayles	5.39%	15.29%	-	-
Merill Lynch High Yield Master II	2.85%	13.06%	10.89%	11.32%

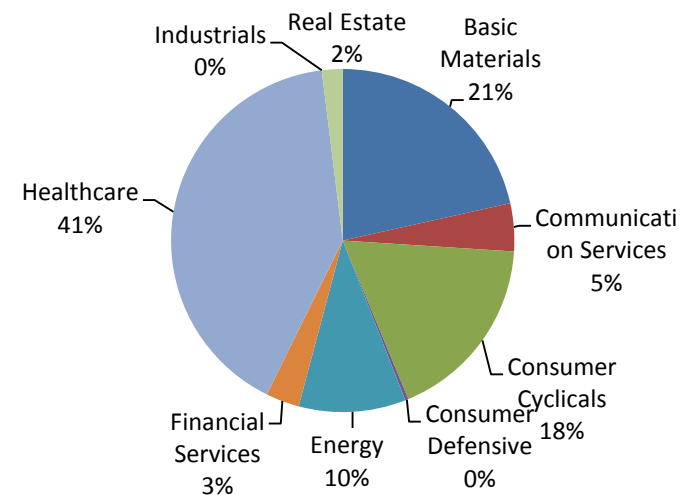
**Key Characteristics**

	Portfolio	ML HY II
Effective Duration	4.50	4.1
Maturity	7.70	6.4
Trailing 12 Month Yield	6.38	5.8
Yield to Maturity	5.10	-
Beta - 3yr.	-0.77	-0.2
Average Credit Quality	B	B-
Total Number of Holdings	344	2138
Expense Ratio	0.69%	-

**Holding Summary**

Market Value	\$7,300,842
Percentage of Plan	4.97%

\*Other includes preferred stocks, convertible bonds, convertible preferreds, warrants and options.



**FAMCO** **MLP**

The FAMCO 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. The three largest holdings as of quarter end were **Plains All American Pipeline** (6.7% of the total fund), **Western Gas Partners** (5.9%), and **Energy Transfer Equity** (5.8%).

**Performance**

	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
FAMCO	19.06%	24.59%	-	-
Alerian MLP	19.74%	23.06%	21.50%	18.45%

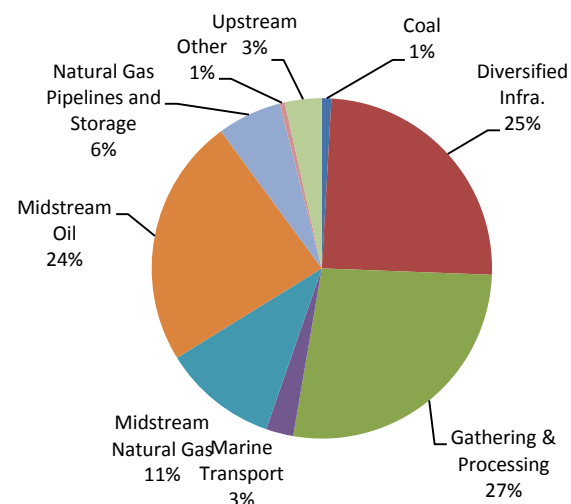
**Key Characteristics**

	Portfolio	Alerian MLP
P/E Ratio	26.2	24.2
P/B Ratio	3.6	2.7
Beta - 5 Year	0.95	1.00
R2 - 5 Year	96	100
Wt. Avg Market Cap. \$MM	8597	10895
Earnings Growth - 5 Year	10.0	-
Total Number of Holdings	31	50
Prospective Dividend Yield	5.0%	-
Expense Ratio	0.75%	-

**Holding Summary**

Market Value	\$8,063,553
Percentage of Plan	5.49%

\*Other includes preferred stocks, convertible bonds, convertible preferreds, warrants and options.



**Fiduciary Management**

**Large Cap Value**

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. The three largest holdings as of quarter end were **3M** (5.5% of the total fund), **Bank of NY Mellon** (5.5%), and **Berkshire Hathaway** (5.4%)

**Performance**

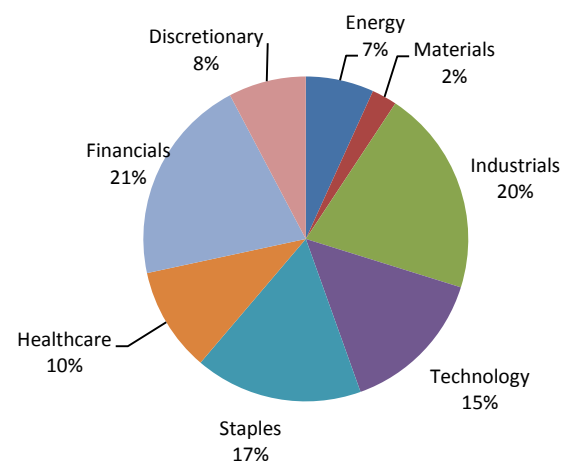
	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Fiduciary Management	11.88%	16.60%	11.67%	8.39%
Russell 1000 Value	12.31%	18.77%	12.74%	4.85%
S&P 500 Index	10.61%	13.96%	12.67%	5.81%

**Key Characteristics**

	Portfolio	R 1000 V
P/E Ratio	16.4	14.7
P/B Ratio	3.4	1.6
Beta - 5 Year	0.81	-
R2 - 5 Year	96	-
Wt. Avg Market Cap. \$MM	64469	40450
Earnings Growth - 5 Year	11.1%	-
Total Number of Holdings	28	690
Prospective Dividend Yield	2.0%	2.5%
Expense Ratio	0.55%	-

**Holding Summary**

Market Value	\$13,062,553
Percentage of Plan	8.89%



\*Other includes preferred stocks, convertible bonds, convertible

Stacey Braun

Large Cap Growth

Stacey Braun utilizes a sector neutral, bottom up equity strategy which closely aligns their sector weightings to those of the S&P 500 Index. The firm employs an active flexible investment approach. Cash equivalents are used as a defensive measure in times of declining equity markets. Their equity portfolios consist of a diverse group of stocks selected through fundamental and technical analysis. Securities are chosen through their analysis are compared to their peers before purchase. This process results in an emphasis on growth at a reasonable price. The three largest holdings as of quarter end were **Apple** (2.8% of the total fund), **Exxon Mobil** (1.8%), and **Mastercard** (1.7%).

Performance

	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Stacey Braun	10.24%	9.76%	13.18%	-
Russell 1000 Growth	9.54%	10.09%	13.06%	7.30%
S&P 500 Index	10.61%	13.96%	12.67%	5.81%

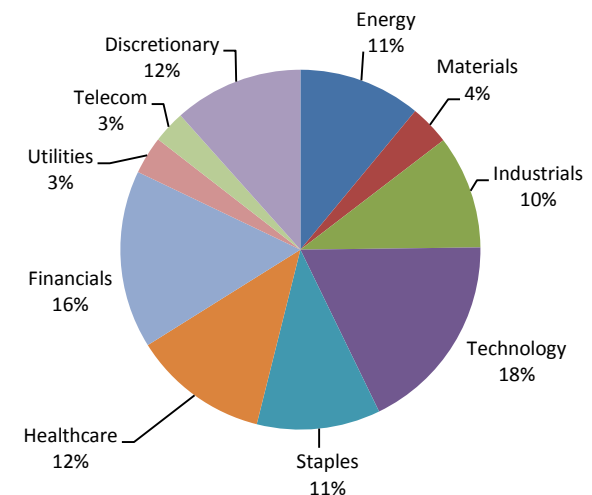
Key Characteristics

	Portfolio	R 1000 G
P/E Ratio	16.2	18.5
P/B Ratio	2.5	4.1
Sharpe Ratio - 3 Year	-	0.9
Sharpe Ratio - 5 Year	-	-
Beta - 5 Year	1.00	-
R2 - 5 Year	99	-
Wt. Avg Market Cap. \$MM	78100	45326
Earnings Growth - 5 Year	12.3%	-
Standard Deviation - 5 Year, monthly	-	-
Total Number of Holdings	100	567
Prospective Dividend Yield	1.5%	1.8%
Expense Ratio	0.45%	0.45%

Holding Summary

Market Value	\$10,316,905
Percentage of Plan	7.02%

\*Other includes preferred stocks, convertible bonds, convertible



Stephens

Mid Cap Growth

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. The three largest holdings as of quarter end were **Cerner** (2.0% of the total fund), **Stericycle** (1.8%), and **Discovery Communications** (1.7%).

Performance

	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Stephens	11.78%	-	-	-
Russell Mid Cap Growth	11.51%	12.76%	14.23%	7.98%

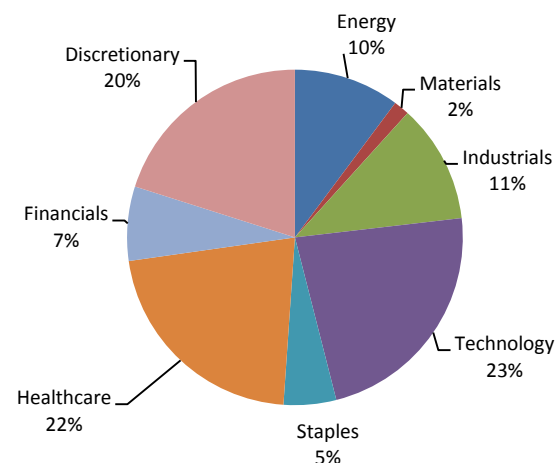
Key Characteristics

	Portfolio	R MCG
P/E Ratio	20.2	20.9
P/B Ratio	4.3	4.3
Beta - 5 Year	0.91	1.00
R2 - 5 Year	95	100
Wt. Avg Market Cap. \$MM	7737	8579
Earnings Growth - 5 Year	17.0%	-
Total Number of Holdings	105	454
Prospective Dividend Yield	0.5%	1.2%
Expense Ratio	0.75%	-

Holding Summary

Market Value	\$19,247,075
Percentage of Plan	13.10%

\*Other includes preferred stocks, convertible bonds, convertible preferreds, warrants and options.



**Barrow Hanley MeWhinney & Strauss**

**Small Cap Value**

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. The three largest holdings as of quarter end were **Oshkosh Corp** (4.9% of the total fund), **Mobile Mini** (4.6%), and **Tex Co.** (2.7%).

**Performance**

	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Barrow Hanley MeWhinney & Strauss	17.02%	19.99%	15.57%	13.85%
Russell 2000 Value	11.63%	18.09%	12.12%	7.98%

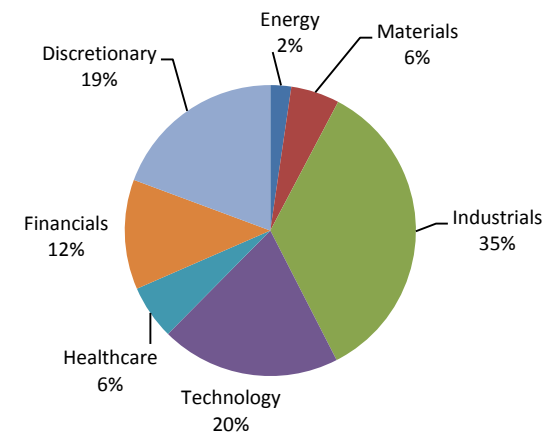
**Key Characteristics**

	Portfolio	R 2000 V
P/E Ratio	16.6	15.2
P/B Ratio	1.9	1.3
Beta - 5 Year	1.33	1.00
R2 - 5 Year	89	100
Wt. Avg Market Cap. \$MM	2375	990
Earnings Growth - 5 Year	13.2%	-
Total Number of Holdings	40	1406
Prospective Dividend Yield	0.8%	2.3%
Expense Ratio	0.78%	-

**Holding Summary**

Market Value	\$17,860,672
Percentage of Plan	12.16%

\*Other includes preferred stocks, convertible bonds, convertible preferreds, warrants and options.



Eagle Global

International Equity

Eagle invests in companies that generate consistent earnings, cash flows and returns on equity with strong management teams that reward patient investors with above market returns while limiting risk over the long-term. The strategy focuses on companies with a global scale that they believe possess a sustainable competitive advantage. Their actions are driven primarily by stock selection, with the fund typically holding 45 to 60 holdings. Their disciplined process incorporates both top-down and bottom-up elements and is designed to identify companies with improving growth prospects that have not been incorporated into current valuations. Eagle Global uses ADRs to build international equity portfolios. The three largest holdings as of quarter end were **Nestle** (5.3% of the total fund), **Sanofi Aventis** (3.8%), and **BASF** (3.3%).

Performance

	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Eagle Global	3.29%	10.45%	3.36%	-3.00%
MSCI EAFE	5.13%	11.26%	5.00%	-0.89%

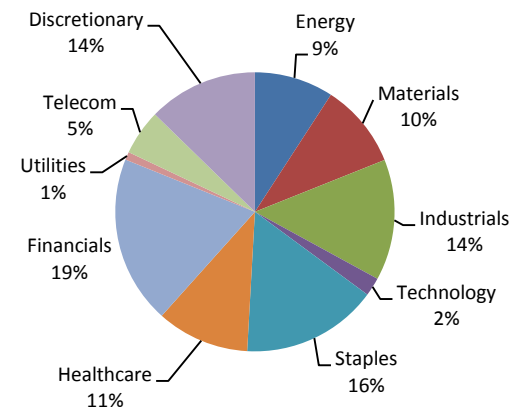
Key Characteristics

	Portfolio	MSCI EAFE
P/E Ratio	15.9	13.0
P/B Ratio	1.9	1.5
Beta - 5 Year	1.05	-
Wt. Avg Market Cap. \$MM	72000	32870
Earnings Growth - 5 Year	10.1%	-
Total Number of Holdings	60	920
Prospective Dividend Yield	0.9%	3.1%
Expense Ratio	0.88%	-

Holding Summary

Market Value	\$18,063,238
Percentage of Plan	12.30%

\*Other includes preferred stocks, convertible bonds, convertible preferreds, warrants and options.





Cohen & Steers

Real Estate & Investment Trusts

The investment objective of the Fund is total return through investment in real estate securities. In pursuing total return, the Fund seeks both capital appreciation and current income with approximately equal emphasis. Under normal market conditions, the Fund invests at least 80%, and normally substantially all, of its total assets in common stocks and other equity securities issued by real estate companies. The Fund may invest up to 20% of its total assets in securities of foreign issuers which meet the same criteria for investment as domestic companies. The three largest holdings as of March 31st, 2013 were **Simon Property Group** (11.4%, of the total fund), **Ventas** (5.1%) and **ProLogis** (4.8%).

Performance

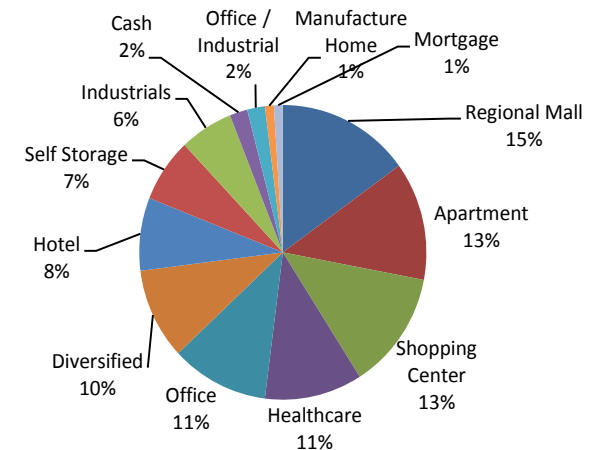
	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Cohen & Steers	7.86%	13.65%	-	-
FTSE NAREIT All REITS	8.10%	17.11%	17.68%	7.10%

Key Characteristics

	Portfolio	FTSE NAREIT
P/E Ratio	41.7	42.7
P/B Ratio	2.3	2.4
Beta - 5 Year	0.85	-
R2 - 5 Year	68	-
Wt. Avg Market Cap. \$MM	8951	8288
Total Number of Holdings	59	131
Prospective Dividend Yield	3.1%	3.7%
Expense Ratio	0.75%	-

Holding Summary

Market Value	\$7,659,703
Percentage of Plan	5.21%



\*Other includes preferred stocks, convertible bonds, convertible preferreds, warrants and options.

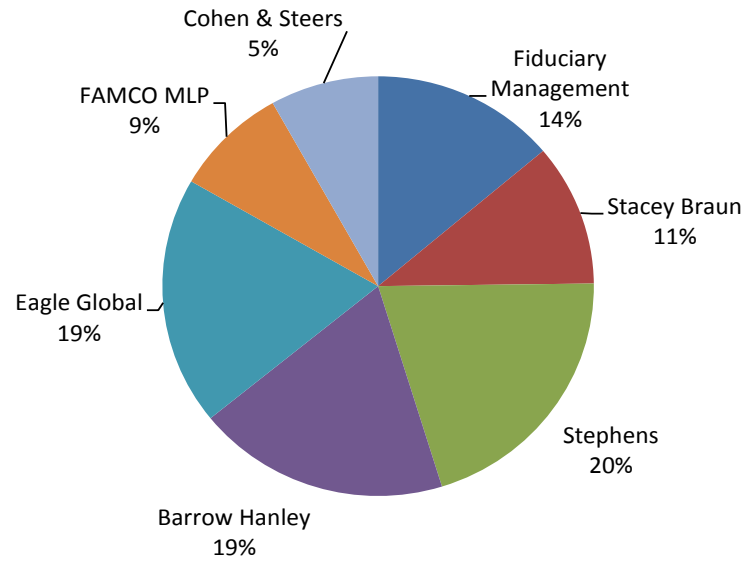
TOTAL EQUITY SNAPSHOT  
AS OF MARCH 31, 2013

*Portfolio Statistics*

	Portfolio	S&P 500
P/E Ratio	20.0	16.6
P/B Ratio	2.8	2.3
Beta - 5yr.	1.01	1.00
R2 - 5yr.	92	100

*Holding Summary*

Total Market Value	\$94,273,699
Percentage of Total Trust	64.17%



\*Statistics calculated using weighted average of current fund lineup.

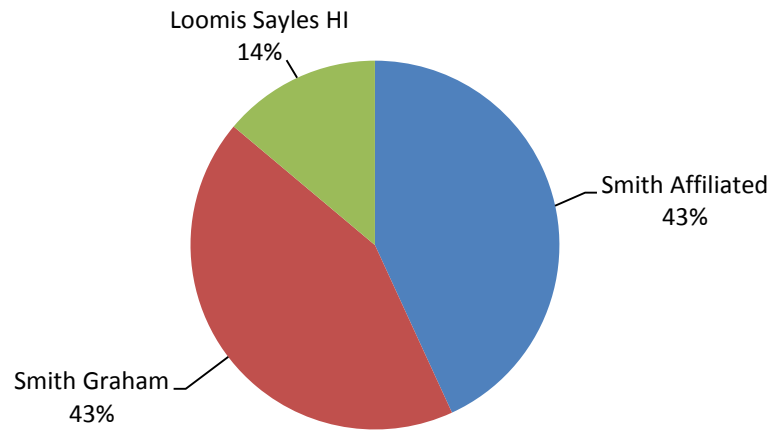
TOTAL FIXED INCOME SNAPSHOT  
AS OF MARCH 31, 2013

*Portfolio Statistics*

	Portfolio	BC Agg
Total # of Issues	494	8286
Average Credit Quality	AA	AA
Average YTM	2.4	-
Average Modified Duration	5.1	5.3
Time to Maturity	7.0	7.3
Average Coupon	3.4	3.2

*Holding Summary*

Total Market Value	\$52,565,683
Percentage of Total Trust	35.8%



\*Statistics calculated using weighted average of current fund lineup.

# RETIREMENT PROGRAM - MANAGER STATUS SUMMARY

## AS OF MARCH 31, 2013

Manager	Mandate	Status	Note
<b>Fixed Income</b>			
Smith Affiliated	Core Fixed Income	In Compliance	
Smith Graham	Core Fixed Income	In Compliance	
<b>High Yield</b>			
Loomis Sayles	High Yield Fixed Income	In Compliance	
<b>MLP</b>			
FAMCO	MLPs	In Compliance	
<b>Real Estate</b>			
Cohen & Steers	Real Estate	In Compliance	
<b>Domestic Equity</b>			
Fiduciary	Large Cap Equity	In Compliance	
Stacey Braun	Large Cap Equity	In Compliance	
Stephens	Mid Cap Equity	In Compliance	
Barrow Hanley	Small Cap Equity	In Compliance	
<b>International Equity</b>			
Eagle Global	International Equity	On Alert	On Alert – Performance (3Q2011)

**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 Committee’s satisfaction, a replacement will be selected and hired.

RETIREMENT PROGRAM - MANAGER EXPENSE REVIEW  
AS OF MARCH 31, 2013

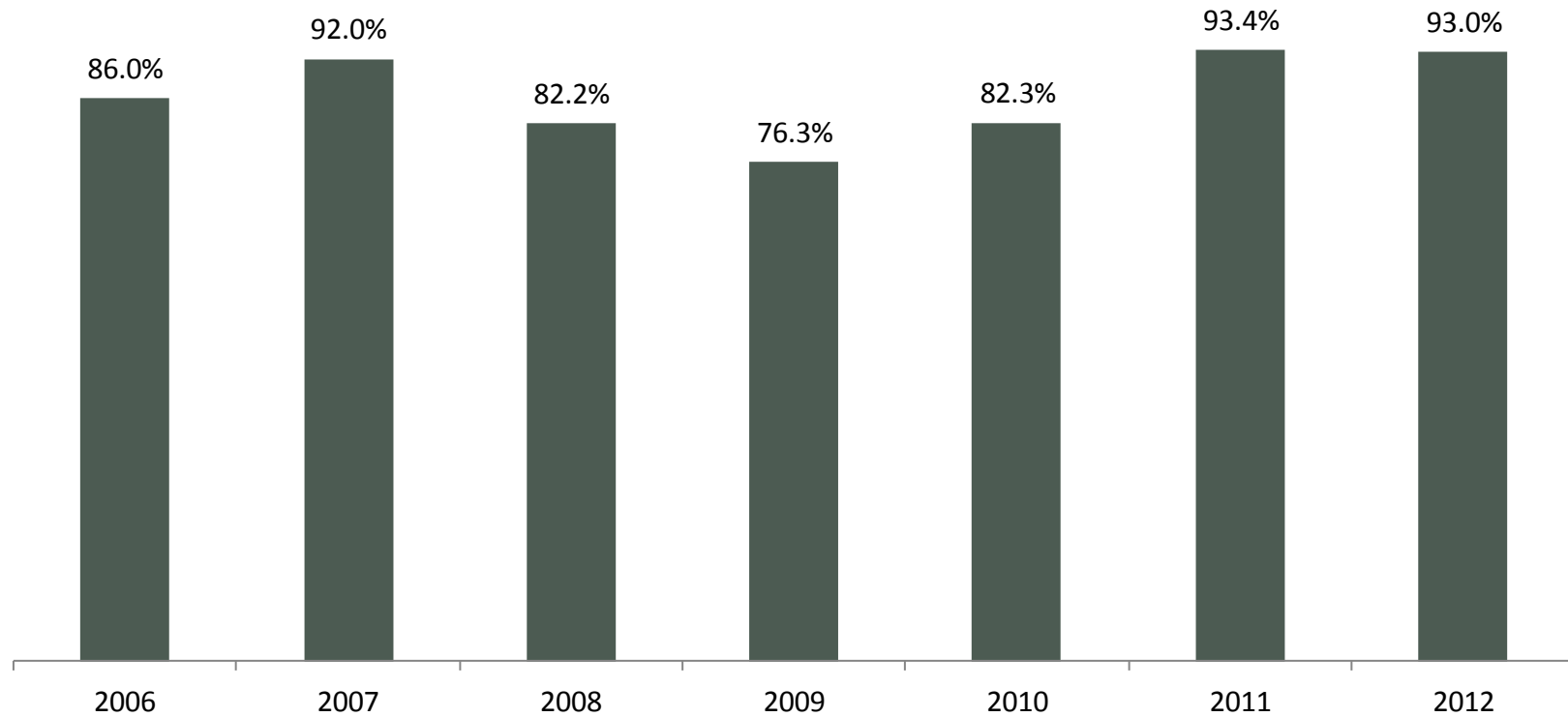
Manager	Mandate	Expense Ratio	Category Average	Difference
<b>Domestic Equity</b>				
Fiduciary Management	Large Cap Equity	0.55%	1.31%	0.76%
Stacey Braun	Large Cap Equity	0.45%	1.31%	0.86%
Stephens	Mid Cap Growth Equity	0.75%	1.40%	0.65%
Barrow Hanley	Small Cap Value Equity	0.78%	1.48%	0.70%
<b>International Equity</b>				
Eagle Global	International Value Equity	0.88%	1.45%	0.56%
<b>Fixed Income</b>				
Smith Affiliated	Fixed Income	0.25%	0.97%	0.72%
Smith Graham	Fixed Income	0.40%	0.97%	0.57%
Loomis Sayles	High Yield Fixed Income	0.69%	1.18%	0.49%
<b>MLP</b>				
FAMCO	Master Limited Partnership	0.75%	1.00%	0.25%
<b>Real Estate</b>				
Cohen & Steers	Real Estate	0.75%	1.39%	0.64%
<b>Total Plan</b>		<b>0.60%</b>	<b>1.23%</b>	<b>0.64%</b>

Source: Morningstar

RETIREMENT PROGRAM – ASSET ALLOCATION ANALYSIS  
AS OF MARCH 31, 2013

Manager	Actual Portfolio <sup>1</sup>	Investment Policy Target	Difference	Minimum	Maximum
Large Cap Domestic Equity	15.9%	<b>15.0%</b>	0.9%	10.0%	20.0%
Mid Cap Domestic Equity	13.1%	<b>12.5%</b>	0.6%	7.5%	17.5%
Small Cap Domestic Equity	12.2%	<b>10.0%</b>	2.2%	5.0%	15.0%
International Equity	12.3%	<b>12.5%</b>	-0.2%	7.5%	17.5%
Core Fixed Income	30.8%	<b>35.0%</b>	-4.2%	30.0%	40.0%
High Yield Fixed Income	5.0%	<b>5.0%</b>	0.0%	0.0%	10.0%
Real Estate	5.2%	<b>5.0%</b>	0.2%	0.0%	10.0%
Master Limited Partnerships	5.5%	<b>5.0%</b>	0.5%	0.0%	10.0%
Cash	0.0%	<b>0.0%</b>	0.0%	-	-
<b>Total</b>	100.0%	<b>100.0%</b>		100.0%	100.0%

FUNDED STATUS MONITOR



Source: Port of Houston Authority Restated Retirement Plan Actuarial Valuation Report as of August 1, 2012. The funded ratio is calculated by dividing the actuarial value of assets by the actuarial accrued liability.