

Port of Houston Authority Pension Plan

First Quarter 2014 Report



March 2014 - Market Performance Update

Mixed Month for Investors

Equity Total Returns				
Index	Last Month	Last Year	Last 3 Years	Last 5 Years
Dow Jones Industrial Average	0.9	15.7	13.1	19.9
NASDAQ (prc chg only)	-2.5	28.5	14.7	22.4
S&P 500 cap weighted	0.8	21.9	14.7	21.2
S&P 500 equal weighted	0.7	24.6	15.4	26.6
S&P Mid Cap	0.4	21.2	13.4	24.9
S&P Small Cap	0.7	27.8	16.0	26.2
S&P REIT	0.5	4.2	10.6	28.7
Alerian MLP	1.5	8.5	13.5	27.3
Russell 1000 Growth	-1.0	23.2	14.6	21.7
Russell 1000 Value	2.4	21.6	14.8	21.8
Russell Mid Cap Growth	-1.9	24.2	13.5	24.7
Russell Mid Cap Value	1.5	23.0	15.2	26.4
Russell 2000 Growth	-2.5	27.2	13.6	25.2
Russell 2000 Value	1.2	22.7	12.7	23.3
Russell Top 200	1.1	21.9	14.9	20.3
Russell 1000	0.6	22.4	14.8	21.7
Russell Mid Cap	-0.3	23.5	14.4	25.6
Russell 2500	-0.4	24.0	14.0	25.3
Russell 2000	-0.7	24.9	13.2	24.3
MSCI World Ex US	-0.5	16.5	6.3	15.9
MSCI World Ex US Growth	-0.5	13.9	5.9	15.3
MSCI World Ex US Value	-0.5	19.1	6.6	16.4
MSCI EAFE	-0.6	17.6	7.2	16.0
MSCI Emerging Markets	3.1	-1.4	-2.9	14.5

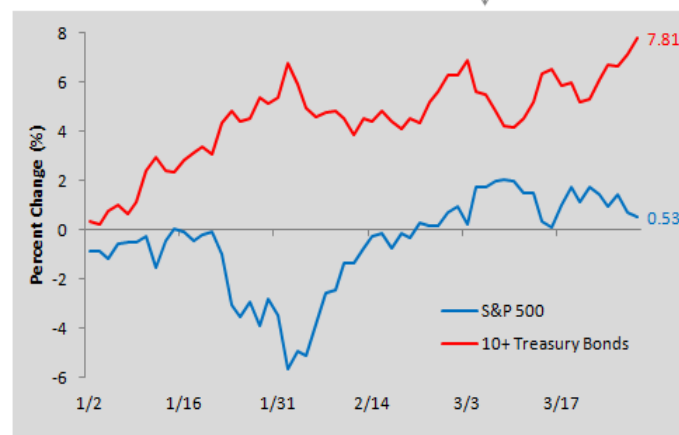
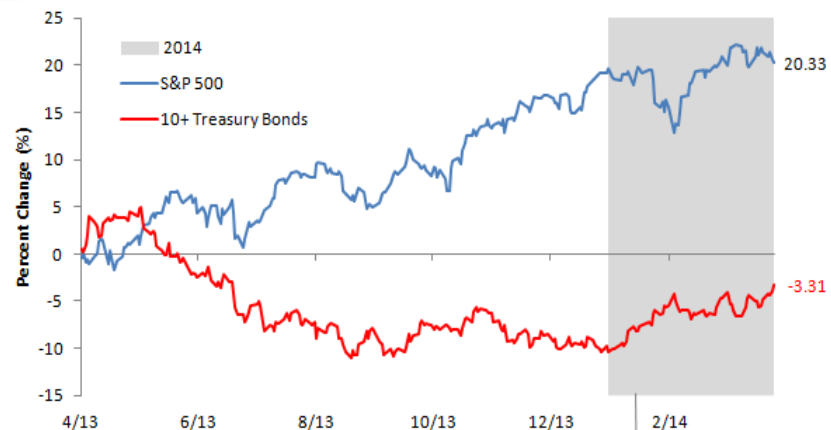
Tension in eastern Europe and Fed Chair Janet Yellen's first press conference were performance drivers during March. Share price volatility rose during the month from reasonably placid levels. Some segments of the domestic equity market suffered losses on the month. International shares were down in U.S. Dollar terms while Emerging Markets rebounded.

Domestic stock index returns were modest for the month. Large cap stocks outperformed mid caps and small caps during March as investors sought stability. Value outperformed growth across the market during the month but trailed over the past year.

Long dated Treasuries outperformed the core bond market during March. Investor interest in long-term Treasury bonds was steady increased due to heightened equity market volatility and international tensions. Short term interest rates stayed near zero.

Bond Total Returns				
Index	Last Month	Last Year	Last 3 Years	Last 5 Years
BC T-Bills	0.0	0.0	0.1	0.1
BC Long Treasury	0.7	-4.2	8.3	4.8
BC US Agg	-0.2	-0.1	3.8	4.8

Total Return of Stocks vs Treasuries: Last 12 Months



Portfolio Trailing Year Performance

+12.55%

Retirement Program Plan Summary

As of March 31, 2014

	Last Quarter	% Rank	Last Year	% Rank	Three Years	% Rank	Five Years	% Rank	Since Inception ¹	Allocation % of Total	Inception Date
Mackay Shields	-		-		-		-		-	\$25,591,806	3/27/2014
<i>Barclays Capital Aggregate</i>	1.84%		-0.10%		3.75%		4.80%		-	15.7%	
Smith Graham	1.68%	79	0.02%	61	4.15%	52	6.44%	45	4.58%	\$27,571,427	8/15/2002
<i>Barclays Capital Aggregate</i>	1.84%		-0.10%		3.75%		4.80%		4.73%	16.9%	
Loomis Sayles High Income	4.75%	4	15.14%	2	-		-		17.63%	\$8,344,417	11/4/2011
<i>ML High Yield</i>	3.00%		7.57%		8.71%		18.19%		11.55%	5.1%	
Advisory Research MLP	4.56%	-	12.71%	-	-		-		17.30%	\$8,363,041	5/3/2011
<i>Alerian MLP</i>	1.87%		8.54%		13.53%		27.30%		15.16%	5.1%	
Fiduciary Management	2.79%	48	21.67%	64	15.12%	50	20.96%	75	9.68%	\$13,034,194	10/13/2005
<i>Russell 1000 Value</i>	3.02%		21.57%		14.80%		21.75%		6.76%	8.0%	
<i>S&P 500</i>	1.81%		21.86%		14.66%		21.16%		7.30%		
Stacey Braun	1.46%	24	23.22%	53	14.03%	55	20.50%	69	9.98%	\$12,268,100	4/15/2008
<i>Russell 1000 Growth</i>	1.12%		23.22%		14.63%		21.68%		10.01%	7.5%	
<i>S&P 500</i>	1.81%		21.86%		14.66%		21.16%		9.23%		
Stephens	0.60%	74	22.73%	70	-		-		28.78%	\$20,336,900	12/28/2012
<i>Russell Midcap Growth</i>	3.53%		23.52%		14.39%		25.55%		29.78%	12.4%	
Barrow Hanley Small Cap	0.51%	91	27.63%	33	15.06%	48	34.21%	12	13.03%	\$16,678,062	12/1/2004
<i>Russell 2000 Value</i>	1.78%		22.65%		12.74%		25.55%		7.88%	10.2%	
Causeway	0.31%	90	-		-		-		7.03%	\$20,658,069	9/16/2013
<i>MSCI EAFE</i>	0.66%		17.56%		7.22%		16.02%		6.41%	12.6%	
Cohen & Steers Real Estate	9.84%	7	6.14%	71	-		-		12.92%	\$8,633,865	11/2/2011
<i>FTSE NAREIT All REITS</i>	8.52%		3.25%		10.41%		28.31%		14.13%	5.3%	
Cash										\$1,888,488	-
											1.2%
Total Plan - Gross of Fees	1.95%	28	12.55%	34	10.05%	17	13.95%	41	8.08%	\$163,368,369	8/1/2002
Total Plan - Net of Fees	1.78%		11.89%		9.48%		13.26%		7.35%		
<i>Benchmark</i>	2.22%		11.50%		9.88%		14.37%		8.15%		
<i>Actuarial Assumption</i>	1.71%		7.13%		7.20%		7.29%		7.41%	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%)

Sources: BBVA Trust Company, Investment Managers, and Morningstar.

Data believed to be accurate, but cannot be guaranteed.

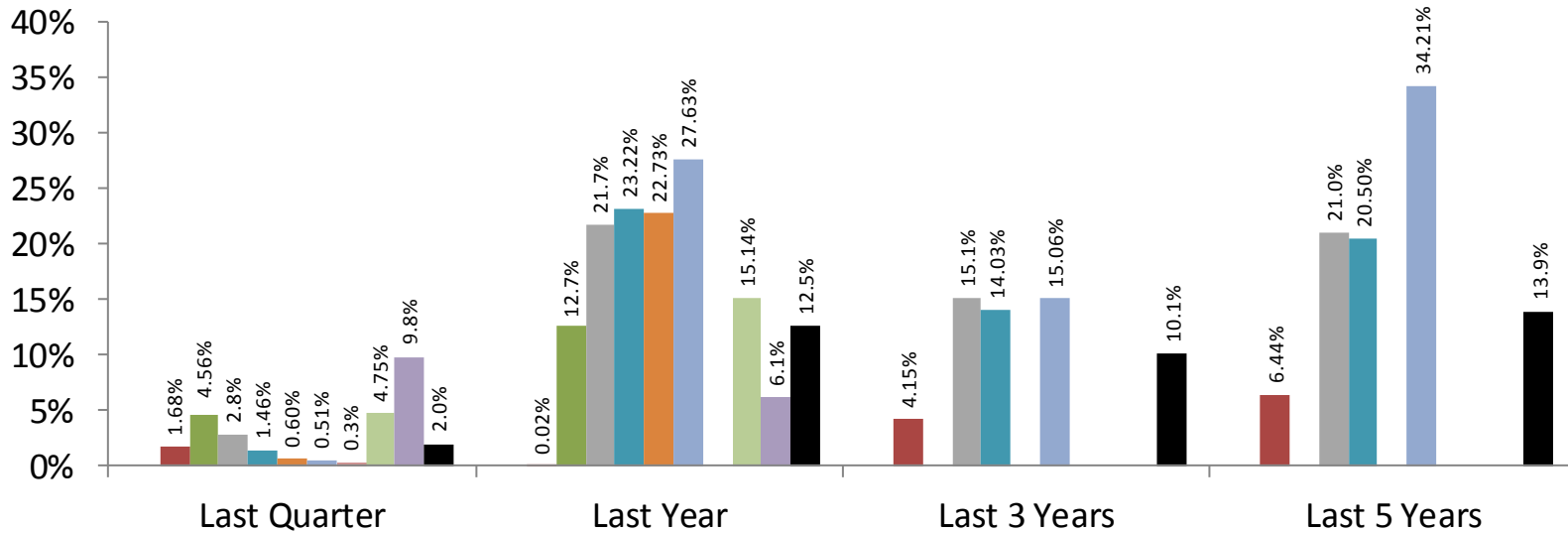
¹Since inception performance calculated using the first whole quarter as the inception date.



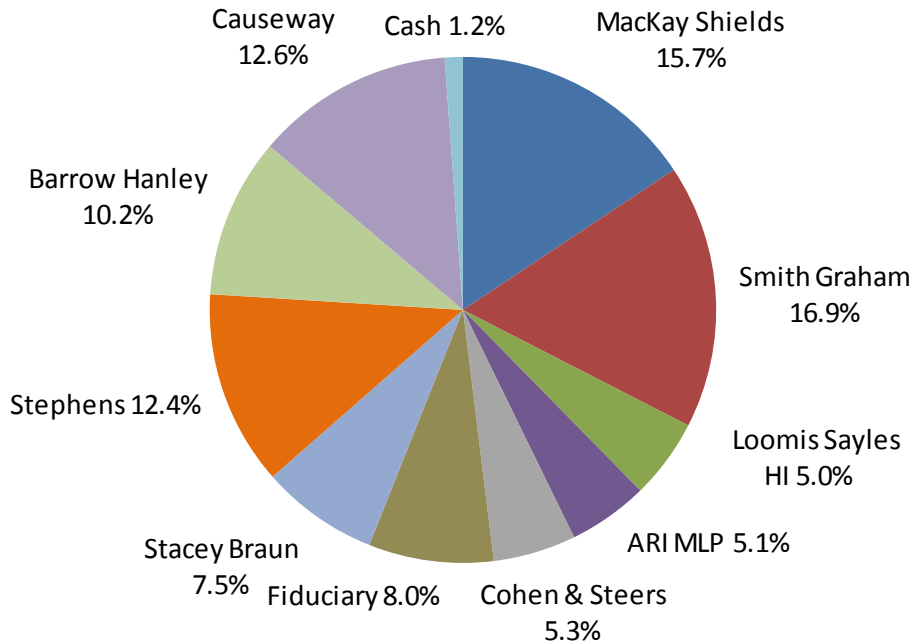
Performance Summary

Periods ended March 31, 2014

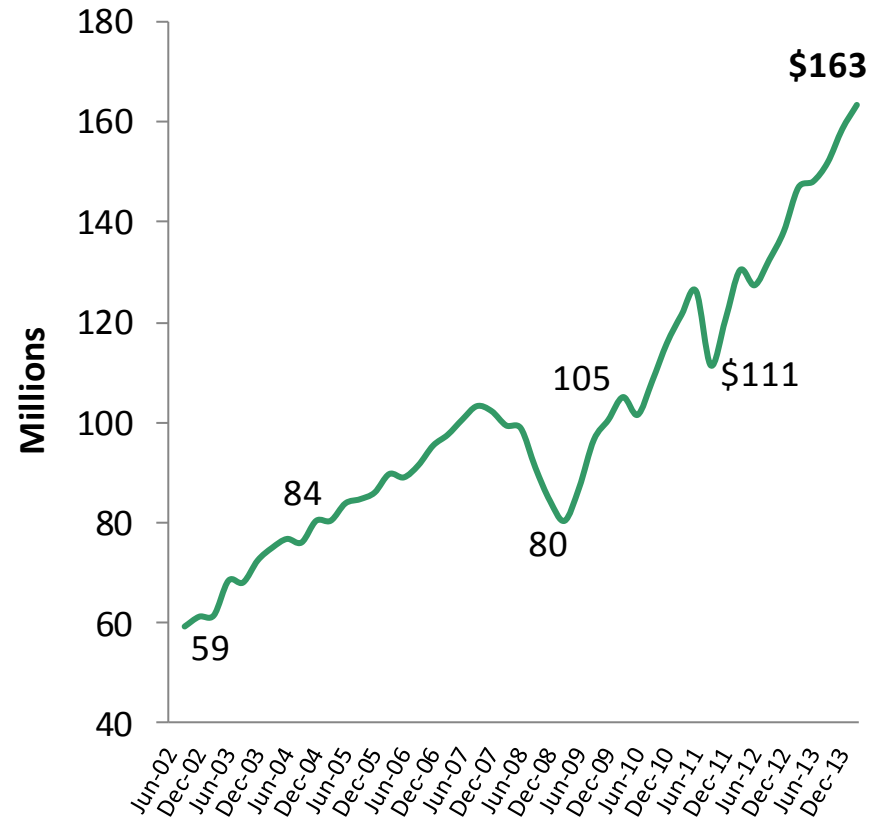
- Mackay Shields FI
 - Fiduciary
 - Barrow Hanley
 - Cohen & Steers
- Smith Graham FI
 - Stacey Braun
 - Causeway
 - Composite
- ARI MLP
 - Stephens
 - Loomis Sayles HY



Portfolio Review



Market Value History



Discussion Items

- On September 16th, 2013 Eagle Global was replaced with Causeway Capital as the portfolio's international equity manager. Causeway returned 0.31% during the quarter. Over the last two quarters the fund returned 7.03% versus 6.41% for the MSCI EAFE.
- The fixed income portfolio managed by Smith Affiliated was replaced by Mackay Shields on March 27th, 2014.



MacKay Shields

Fixed Income

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 strategy strives to achieve an information ratio of greater than 1. The fund typically invests in the same sectors represented by the Barclays U.S. Aggregate Bond Index, as well as high yield (20%), emerging market debt (10%) and non-US Dollar exposure (10%). **This portfolio replace Smith Affiliated during the first quarter of 2014.**

Performance

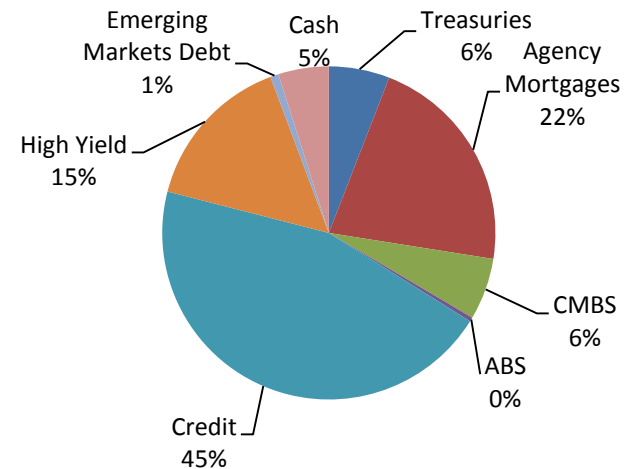
	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
MacKay Shields	-	-	-	-
Barclays Capital Aggregate Bond	1.84%	-0.10%	3.75%	4.80%

Key Characteristics

	Portfolio	BC Agg
Effective Duration	4.2	5.7
Maturity	8.3	7.7
Trailing 12 Month Yield	5.2	3.2
Yield to Maturity	2.9	2.4
Average Credit Quality	A+	AA
Average Number of Issues	355	8441
Expense Ratio	0.35%	-

Holding Summary

Market Value	\$25,591,806
Percentage of Plan	15.67%



*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 portfolio 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

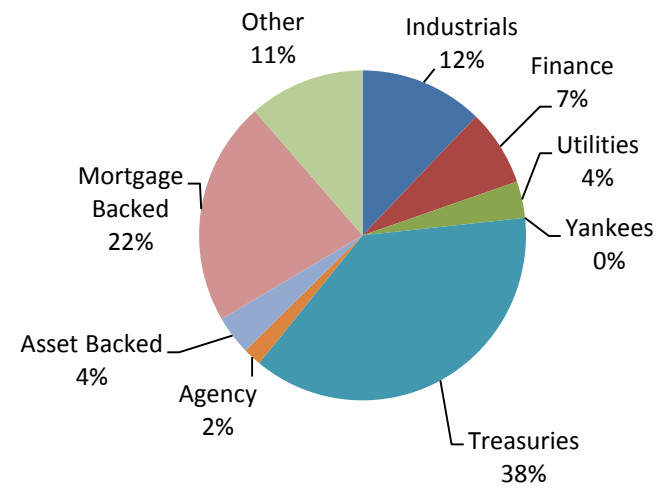
	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Smith Graham	1.68%	0.02%	4.15%	6.44%
Barclays Capital Aggregate Bond	1.84%	-0.10%	3.75%	4.80%

Key Characteristics

	Portfolio	BC Agg
Effective Duration	5.0	5.7
Maturity	6.4	7.7
Trailing 12 Month Yield	3.3	3.2
Yield to Maturity	2.1	2.4
Average Credit Quality	AA	AA
Average Number of Issues	106	8441
Expense Ratio	0.40%	-

Holding Summary

Market Value	\$27,571,427
Percentage of Plan	16.88%



*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. The portfolio double the return of its benchmark over the last year.

Performance

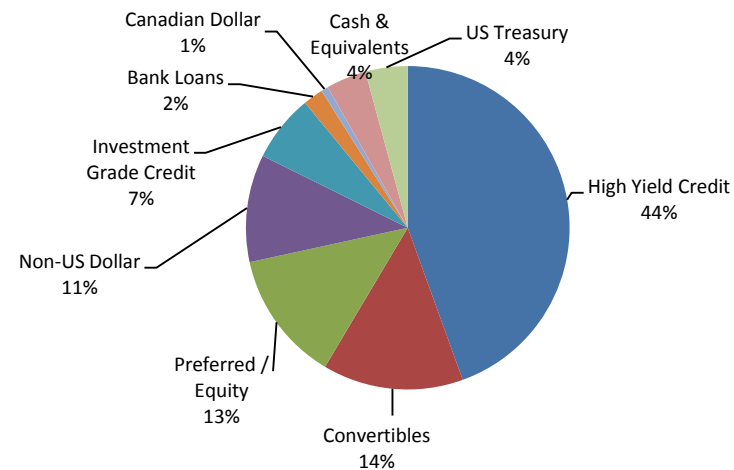
	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Loomis Sayles	4.75%	15.14%	-	-
Merill Lynch High Yield Master II	3.00%	7.57%	8.71%	18.19%

Key Characteristics

	Portfolio	ML HY II
Effective Duration	5.0	4.0
Maturity	8.0	6.5
Trailing 12 Month Yield	5.6	5.9
Yield to Maturity	5.1	6.3
Average Credit Quality	B	B+
Number of Issues	296	2235
Expense Ratio	0.68%	-

Holding Summary

Market Value	\$8,344,417
Percentage of Plan	5.11%



Advisory Research (ARI) MLP

The ARI Asset Management 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 **Energy Transfer Equity** (7.6% of the total fund), **Enterprise Products Partners** (5.7%), and **Plains GP Holdings** (5.7%).

Performance

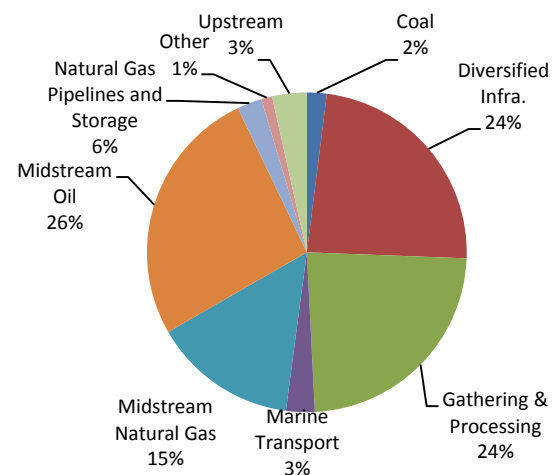
	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Advisory Research (ARI)	4.56%	12.71%	-	-
Alerian MLP	1.87%	8.54%	13.53%	27.30%

Key Characteristics

	Portfolio	Alerian MLP
P/E Ratio	26.4	25.3
P/B Ratio	6.2	2.5
Beta - 5 Year	0.95	1.00
R2 - 5 Year	95	100
Wt. Avg Market Cap. \$MM	1355	12684
Total Number of Holdings	30	50
Prospective Dividend Yield	4.7%	-
Expense Ratio	0.75%	-

Holding Summary

Market Value	\$8,363,041
Percentage of Plan	5.12%



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 a single portfolio manager. The three largest holdings as of quarter end were **Potash** (6.1% of the total fund), **United Health Group** (5.0%), and **Berkshire Hathaway B** (4.8%)

Performance

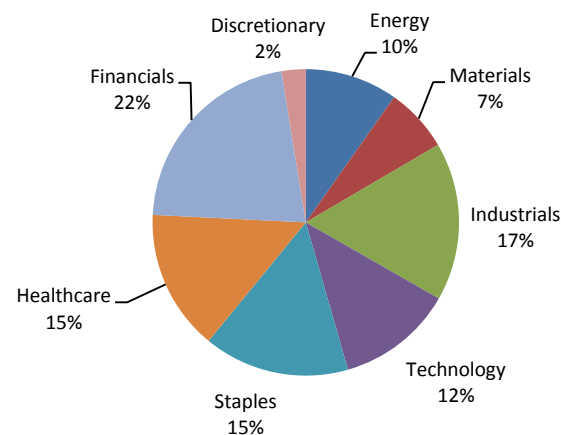
	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Fiduciary Management	2.79%	21.67%	15.12%	20.96%
Russell 1000 Value	3.02%	21.57%	14.80%	21.75%
S&P 500 Index	1.81%	21.86%	14.66%	21.16%

Key Characteristics

	Portfolio	R 1000 V
P/E Ratio	18.1	16.1
P/B Ratio	3.2	1.8
Beta - 5 Year	0.86	1.00
R2 - 5 Year	97	100
Wt. Avg Market Cap. \$MM	82229	51203
Total Number of Holdings	25	690
Prospective Dividend Yield	1.8%	2.6%
Expense Ratio	0.55%	-

Holding Summary

Market Value	\$13,034,194
Percentage of Plan	7.98%



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 **Kate Spade & Co.** (2.1% of the total fund), **Apple** (1.9%), and **Jazz Pharmaceuticals** (1.8%).

Performance

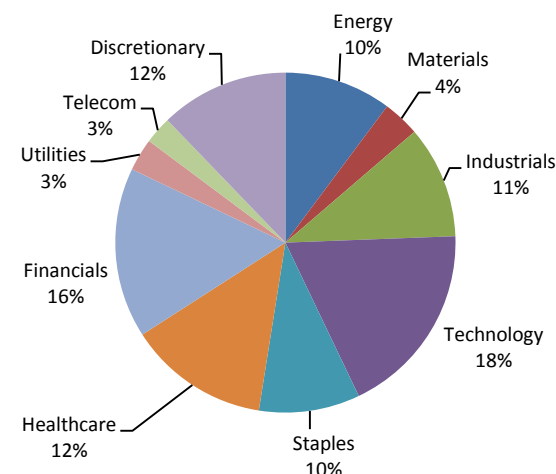
	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Stacey Braun	1.46%	23.22%	14.03%	20.50%
Russell 1000 Growth	1.12%	23.22%	14.63%	21.68%
S&P 500 Index	1.81%	21.86%	14.66%	21.16%

Key Characteristics

	Portfolio	R 1000 G
P/E Ratio	19.8	20.7
P/B Ratio	2.7	4.6
Sharpe Ratio - 3 Year	1.1	1.1
Sharpe Ratio - 5 Year	1.54	-
Beta - 5 Year	0.97	1.00
R2 - 5 Year	95	100
Wt. Avg Market Cap. \$MM	79700	49966
Earnings Growth - 5 Year	2.8%	-
Total Number of Holdings	99	567
Prospective Dividend Yield	1.5%	2.0%
Expense Ratio	0.45%	-

Holding Summary

Market Value	\$12,268,100
Percentage of Plan	7.51%



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 **Illumina, Inc.** (2.1% of the total fund), **Cerner** (1.7%), and **Core Laboratories NV** (1.6%).

Performance

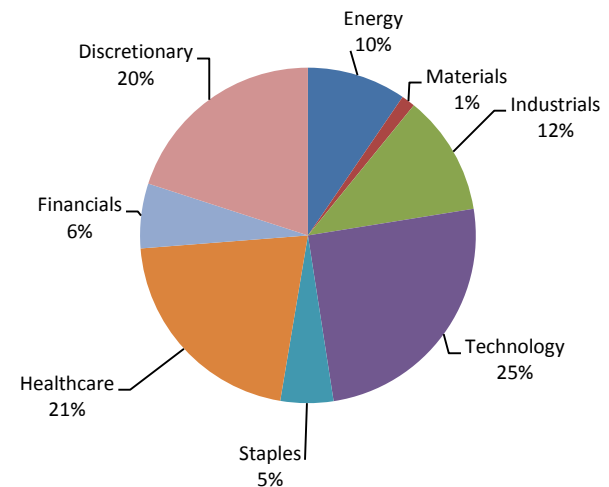
	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Stephens	0.60%	22.73%	-	-
Russell Mid Cap Growth	3.53%	23.52%	14.39%	25.55%

Key Characteristics

	Portfolio	R MCG
P/E Ratio	26.3	19.8
P/B Ratio	4.2	2.6
Beta - 5 Year	0.88	1.00
R2 - 5 Year	95	100
Wt. Avg Market Cap. \$MM	9397	10010
Earnings Growth - 5 Year	18.3%	-
Total Number of Holdings	108	795
Prospective Dividend Yield	0.3%	1.7%
Expense Ratio	0.75%	-

Holding Summary

Market Value	\$20,336,900
Percentage of Plan	12.45%



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 **HealthSouth Corporation** (3.8% of the total fund), **City National** (3.7%), and **Mobile Mini, Inc** (3.7%).

Performance

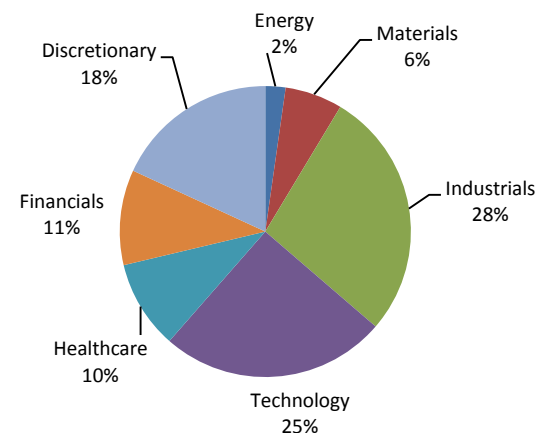
	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Barrow Hanley MeWhinney & Strauss	0.51%	27.63%	15.06%	34.21%
Russell 2000 Value	1.78%	22.65%	12.74%	25.55%

Key Characteristics

	Portfolio	R 2000 V
P/E Ratio	19.7	18.5
P/B Ratio	2.2	1.6
Beta - 5 Year	1.54	1.00
R2 - 5 Year	97	100
Wt. Avg Market Cap. \$MM	2820	1284
Earnings Growth - 5 Year	13.1%	-
Total Number of Holdings	42	1406
Prospective Dividend Yield	1.0%	2.1%
Expense Ratio	0.80%	-

Holding Summary

Market Value	\$16,678,062
Percentage of Plan	10.21%



Causeway

International Equity

The goal of the Causeway International Value fund is to construct a portfolio that provides consistent long-term, risk-adjusted returns. Causeway International Value Fund is a fully invested, 50-80 stock portfolio, typically with a value bias. Sector and regional weights are by-products of their bottom-up approach to stock selection. Their international investment philosophy is value-driven with a fundamentally based, bottom-up approach to stock selection. They believe that companies derive their value from the contribution of yield and profitable re-investment back into the company. The three largest country allocations as of quarter end were to **Japan** (12.9% of the fund), **France** (12.7%), and **Germany** (10.6%). The three largest holdings as of quarter end were **Azko Nobel** (3.5% of the total fund, Netherlands), **Novartis AG** (3.1%, Switzerland), and **UBS AG** (3.0%, Switzerland). **This fund replaced Eagle Global during the third quarter of 2013.**

Performance

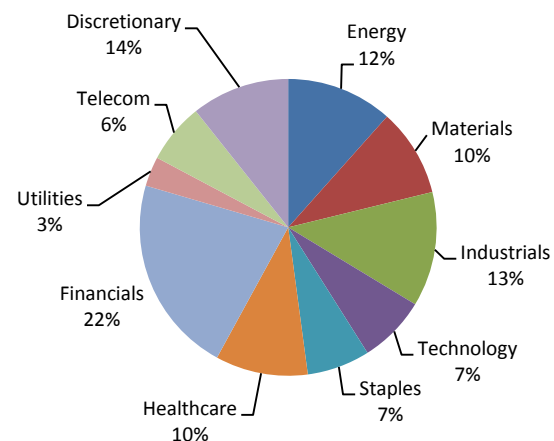
	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Causeway	0.31%	-	-	-
MSCI EAFE	0.66%	17.56%	7.22%	16.02%

Key Characteristics

	Portfolio	MSCI EAFE
P/E Ratio	14.3	15.4
P/B Ratio	1.6	1.6
Sharpe Ratio - 3 Year	0.58	0.55
Sharpe Ratio - 5 Year	0.87	0.39
Beta - 5 Year	1.29	1.00
Wt. Avg Market Cap. \$MM	43704	37580
Total Number of Holdings	67	920
Prospective Dividend Yield	3.0%	2.7%
Expense Ratio	0.99%	-

Holding Summary

Market Value	\$20,658,069
Percentage of Plan	12.65%



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 31, 2014 were **Simon Property Group** (11.0%, of the total fund), **Equity Residential** (5.5%) and **Prologis** (5.2%).

Performance

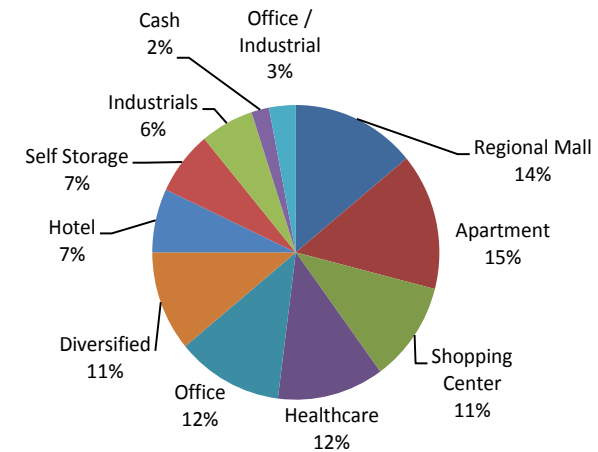
	Last Quarter	Last 12 Months	Last 3 Years	Last 5 Years
Cohen & Steers	9.84%	6.14%	-	-
FTSE NAREIT All REITS	8.52%	3.25%	10.41%	28.31%

Key Characteristics

	Portfolio	FTSE NAREIT
P/E Ratio	42.0	39.4
P/B Ratio	2.5	2.2
Beta - 5 Year	0.85	1.00
R2 - 5 Year	99	100
Wt. Avg Market Cap. \$MM	9525	8324
Total Number of Holdings	51	131
Prospective Dividend Yield	3.8%	3.7%
Expense Ratio	0.75%	-

Holding Summary

Market Value	\$8,633,865
Percentage of Plan	5.28%



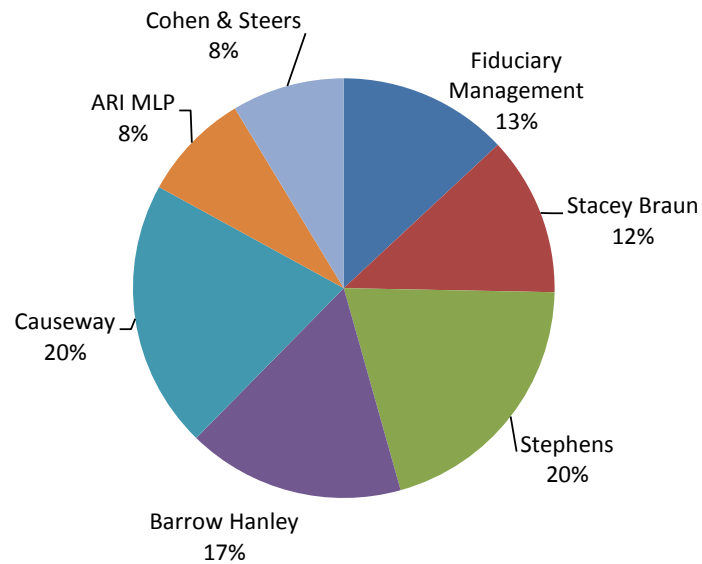
TOTAL EQUITY SNAPSHOT
AS OF MARCH 31, 2014

Portfolio Statistics

	Portfolio	S&P 500
P/E Ratio	22.2	18.0
P/B Ratio	3.0	2.6
Beta - 5yr.	1.09	1.00
R2 - 5yr.	96	100

Holding Summary

Total Market Value	\$99,972,231
Percentage of Total Portfolio	61.2%



*Statistics calculated using weighted average of current fund lineup.

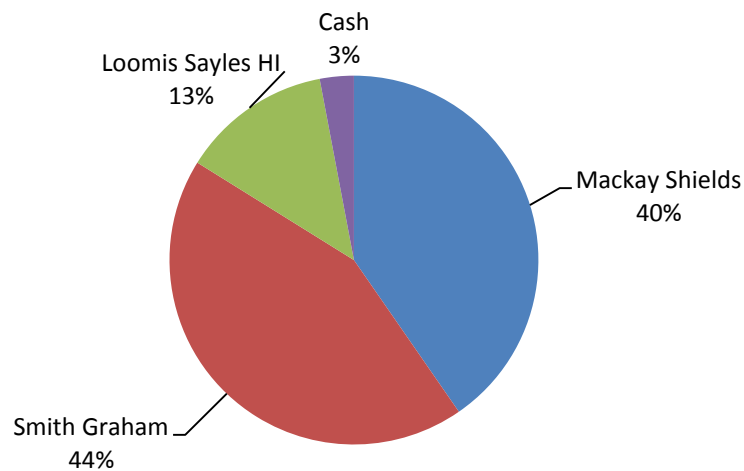
TOTAL FIXED INCOME SNAPSHOT
AS OF MARCH 31, 2014

Portfolio Statistics

	Portfolio	BC Agg
Total # of Issues	757	8441
Average Credit Quality	AA	AA
Average YTM	2.8	2.4
Average Modified Duration	4.6	5.7
Time to Maturity	7.4	7.7
Average Coupon	4.4	3.2

Holding Summary

Total Market Value	\$63,396,138
Percentage of Total Trust	38.8%



*Statistics calculated using weighted average of current fund lineup.

RETIREMENT PROGRAM - MANAGER STATUS SUMMARY

AS OF MARCH 31, 2014

Manager	Mandate	Status	Note
Fixed Income			
MacKay Shields	Core Fixed Income	In Compliance	
Smith Graham	Core Fixed Income	In Compliance	
High Yield			
Loomis Sayles	High Yield Fixed Income	In Compliance	
MLP			
Advisory Research	MLPs	In Compliance	
Real Estate			
Cohen & Steers	Real Estate	In Compliance	
Domestic Equity			
Fiduciary	Large Cap Equity	In Compliance	
Stacey Braun	Large Cap Equity	In Compliance	
Stephens	Mid Cap Equity	In Compliance	
Barrow Hanley	Small Cap Equity	Non Compliance	Beta 1.54 vs. Investment Policy Statement of 1.20
International Equity			
Causeway	International Equity	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 Committee’s satisfaction, a replacement will be selected and hired.

RETIREMENT PROGRAM - MANAGER EXPENSE REVIEW

AS OF MARCH 31, 2014

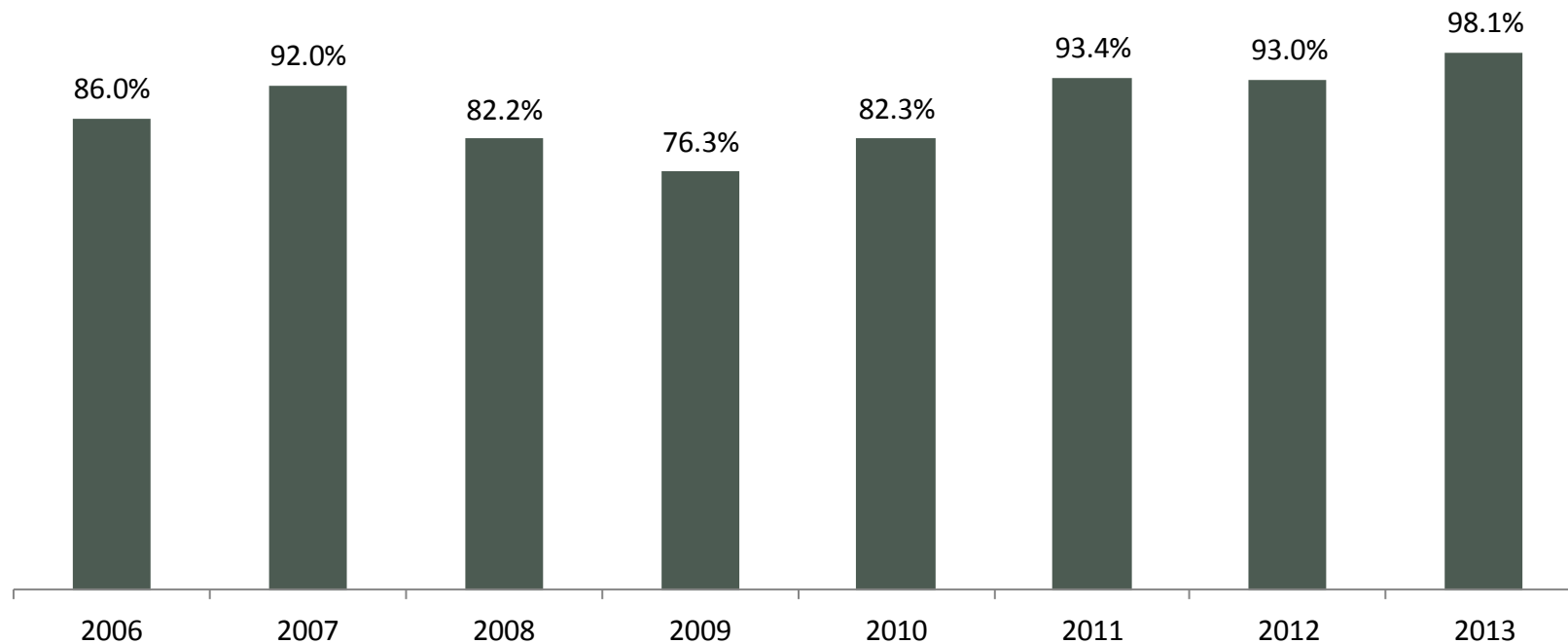
Manager	Mandate	Expense Ratio	Category Average	Difference	Estimated Annual Savings
Domestic Equity					
Fiduciary Management	Large Cap Equity	0.55%	1.21%	0.66%	\$86,026
Stacey Braun	Large Cap Equity	0.45%	1.21%	0.76%	\$93,238
Stephens	Mid Cap Growth Equity	0.75%	1.35%	0.60%	\$122,190
Barrow Hanley	Small Cap Value Equity	0.80%	1.40%	0.60%	\$100,103
International Equity					
Causeway	International Value Equity	0.99%	1.37%	0.38%	\$78,501
Fixed Income					
Mackay Shields	Fixed Income	0.35%	0.89%	0.54%	\$138,196
Smith Graham	Fixed Income	0.40%	0.89%	0.49%	\$135,100
Loomis Sayles	High Yield Fixed Income	0.68%	1.13%	0.45%	\$37,550
MLP					
Advisory Research	Master Limited Partnership	0.75%	1.00%	0.25%	\$20,908
Real Estate					
Cohen & Steers	Real Estate	0.75%	1.39%	0.64%	\$55,257
Total Plan		0.61%	1.14%	0.53%	\$867,066

Source: Morningstar and Investment Managers

RETIREMENT PROGRAM – ASSET ALLOCATION ANALYSIS
AS OF MARCH 31, 2014

Manager	Actual Portfolio	Investment Policy Target	Difference	Minimum	Maximum
Large Cap Domestic Equity	15.5%	15.0%	0.5%	10.0%	20.0%
Mid Cap Domestic Equity	12.4%	12.5%	-0.1%	7.5%	17.5%
Small Cap Domestic Equity	10.2%	10.0%	0.2%	5.0%	15.0%
International Equity	12.6%	12.5%	0.1%	7.5%	17.5%
Core Fixed Income	32.5%	35.0%	-2.5%	30.0%	40.0%
High Yield Fixed Income	5.1%	5.0%	0.1%	0.0%	10.0%
Real Estate	5.3%	5.0%	0.3%	0.0%	10.0%
Master Limited Partnerships	5.1%	5.0%	0.1%	0.0%	10.0%
Cash	1.2%	0.0%	1.2%	-	-
Total	100.0%	100.0%		100.0%	100.0%

FUNDED STATUS MONITOR



Source: Port of Houston Authority Restated Retirement Plan Actuarial Valuation Report as of August 1, 2013. The funded ratio is calculated by dividing the actuarial value of assets by the actuarial accrued liability.

The 2013 funded status was calculated as 100.7%, prior to reduction of the actuarial assumption from 7.25% to 7.00%.