

Investment Performance Review
Period Ending September 30, 2017

Port of Houston Authority Pension Plan

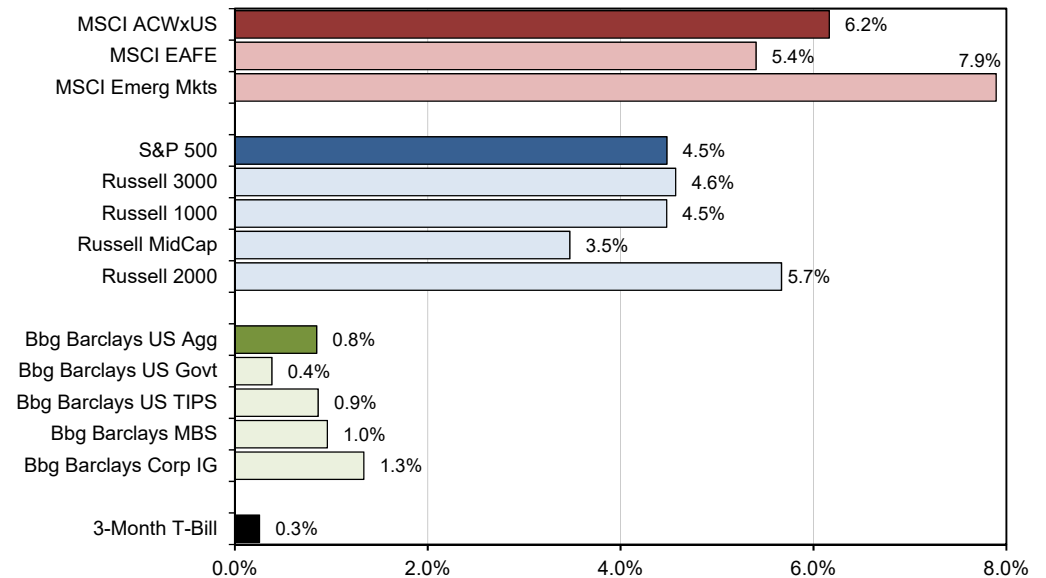


3rd Quarter 2017 Market Environment

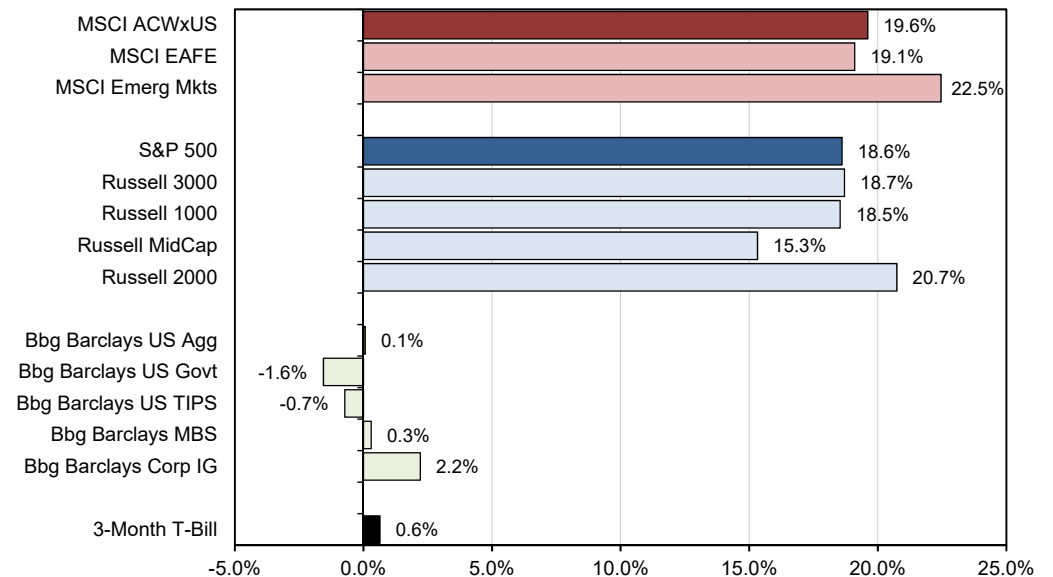


- Returns were positive for major equity and fixed income indices for the 3rd quarter of 2017. Broad domestic and international equity market performance was largely fueled by continued improvement in corporate earnings and macroeconomic data worldwide. Domestic equities trailed international indices during the quarter. While U.S. economic fundamentals and corporate earnings growth were viewed positively, market participants faced headwinds from increasing tension between the U.S. and North Korea, several major weather events and ongoing political concerns surrounding the pace of implementation of Trump administration expansive fiscal policy reforms. Despite these concerns, investor optimism remained high and many major domestic equity indices hit record levels during the quarter. Small cap equities outperformed large cap stocks for the quarter with the Russell 2000 Index returning 5.7% versus a 4.5% return for the S&P 500 Index. Small cap companies have also been the best performers domestically over the last 12 months, returning over 20%. While small cap equities lead the charge, all U.S. core market capitalization indices returned over 15% over the last year.
- International equity market benchmarks continued to outpace U.S. markets through the 3rd quarter of 2017 as both developed and emerging market international equities saw benefits from continued strength in global macroeconomic data, a weakening U.S. Dollar (USD) and ongoing accommodative global central bank policies. The improving economic fundamentals worldwide have led many international central banks to begin telegraphing an eventual reduction in stimulus going forward, with both the European Central Bank and the Bank of England expected to announce plans to reduce stimulus before year end. Emerging markets, which benefitted from a weakening USD and rising commodity prices during the period, continued their trend of outperformance relative to developed markets. The MSCI Emerging Market Index returned 7.9% for the quarter and a solid 22.5% for the 1-year period. While weaker by comparison, the developed market MSCI EAFE Index also posted robust performance, returning 5.4% for the quarter and 19.1% for the year.
- The yield curve continued to flatten through the 3rd quarter of 2017 as interest rates rose slightly from the prior quarter, but with greater magnitude in short-term maturities. The Federal Reserve announced that its plan to systematically shrink the size of its balance sheet would begin in October. Broad fixed income indices posted positive results with the bellwether Bloomberg Barclays U.S. Aggregate Index returning 0.8% for the quarter. Benefitting from tightening credit spreads, corporate credit has been the best performer among the investment grade sectors with the Bloomberg Barclays U.S. Corporate Investment Grade Index returning 1.3% and 2.2% over the quarter and 1-year period respectively.

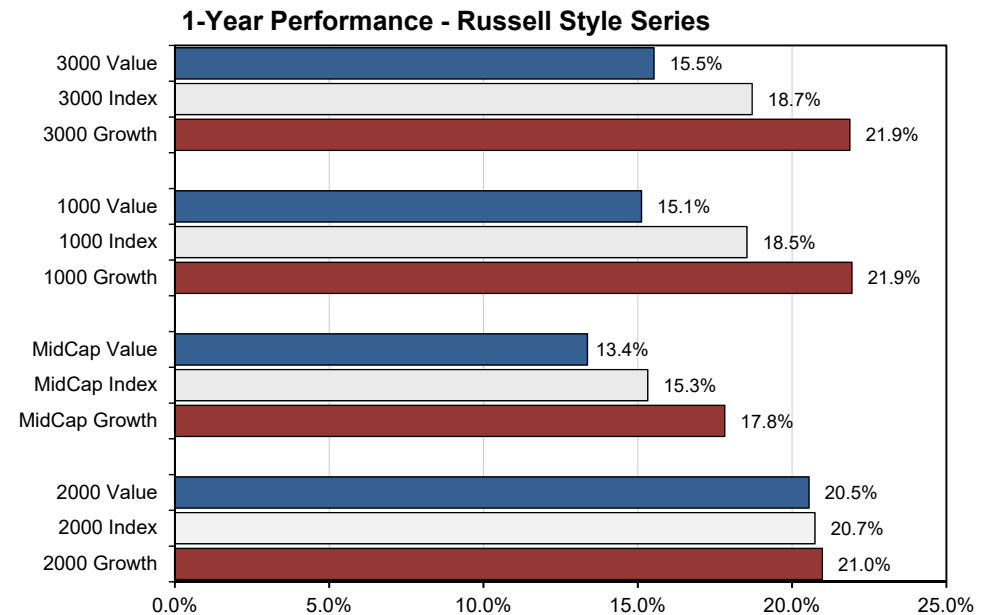
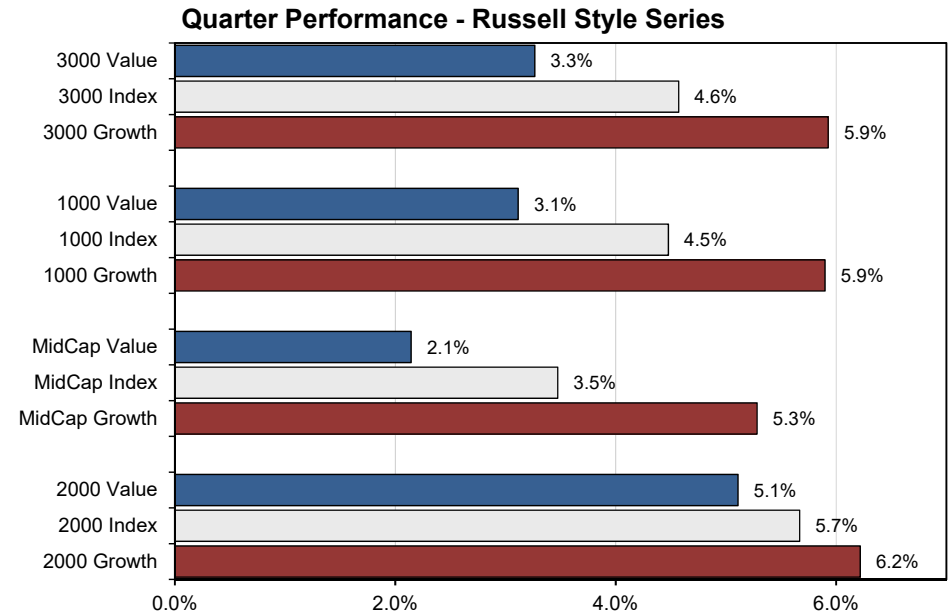
Quarter Performance



1-Year Performance



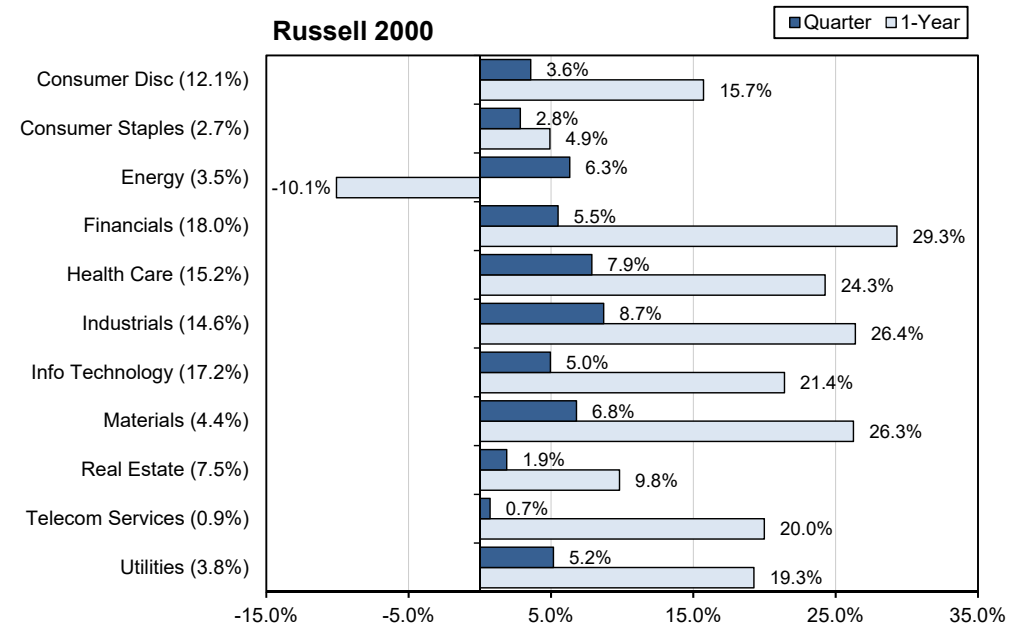
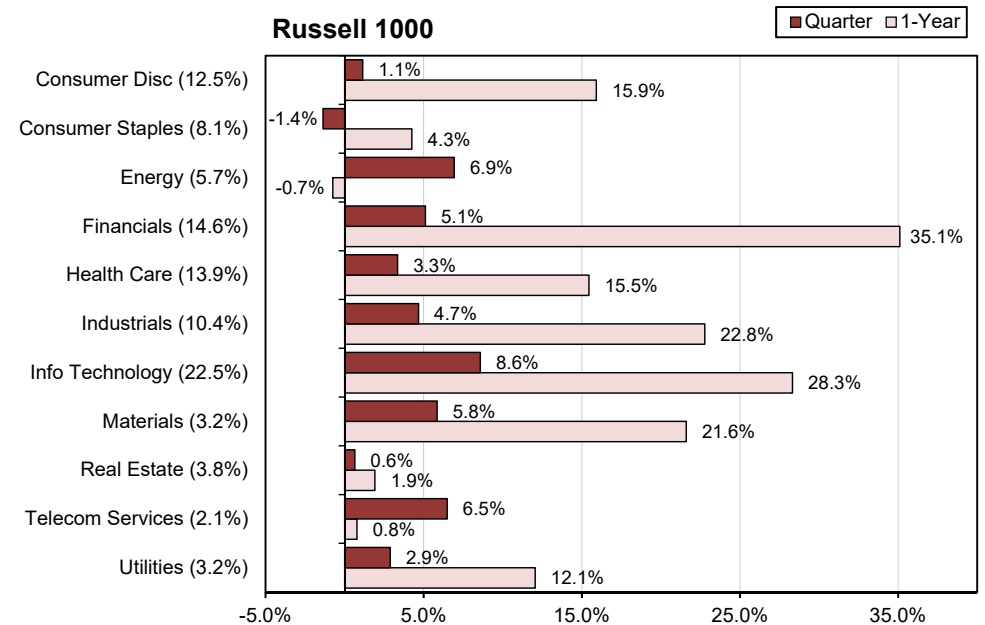
- Despite political gridlock in Washington, increased aggression between the U.S. and North Korea and several major weather events, including three hurricanes that caused catastrophic damage to Texas, Florida and Puerto Rico, domestic equity prices pushed higher during the 3rd quarter. U.S. equity index returns were positive across the style and capitalization spectrum for the 3rd quarter and trailing 1-year period. Encouraging economic data continued to facilitate gains in U.S. equity markets as positive trends in GDP, consumer and business sentiment, corporate earnings and employment continued throughout the period. Over the past twelve months, there has only been one instance of a negative quarterly return being posted by the Russell market cap and style indices, which was a -0.13% return by the Russell 2000 Value Index during 1Q 2017.
- Small cap stocks were the best performing capitalization segment across the spectrum for the 3rd quarter, bucking a year-to-date trend of large cap outperformance. The small cap Russell 2000 Index posted a 5.7% return for the period. While small cap stocks were the best performers, large and mid cap indices also posted solid returns. Interestingly, the returns for the large cap Russell 1000 Index outperformed the Russell MidCap Index, which is somewhat unusual during a period of small cap outperformance. Small cap stocks also outperform larger companies over the 1-year period, with the Russell 2000 returning 20.7% versus a return of 18.5% for the Russell 1000.
- The 3rd quarter built on year-to-date trends as growth style indices outperformed their value counterparts. Growth indices benefitted from significant overweight's to the information technology sector, which was the best performing sector during the 3rd quarter. Growth benchmarks also benefitted from their exposures to more cyclical names within the information technology, health care and industrials sectors. The Russell Midcap Value Index's return of 2.1% was the worst performing style index for the period. Over the 1-year period, growth indices outperform value indices across the market cap spectrum with the Russell 1000 Growth Index returning an impressive 21.9%. However, all market cap and style indices have returns in the double digits with most returning greater than 15% for the year.
- Domestic equity valuations appear stretched relative to historical levels based on Forward Price/Earnings ratios (P/E), with even the most reasonably valued indices trading well above their historical P/E valuations. Index P/E valuations range from 115% to 138% of their respective 15-year P/E averages. The mid cap core and small cap value indices appear the most inexpensive and the small cap growth and small cap core segments look the most overvalued.



- Sector performance within the Russell 1000 Index was largely positive for the 3rd quarter. Six of eleven economic sectors outpaced the Russell 1000 Index return, and ten of eleven sectors posted gains during the period. Technology stocks were the best performers, returning 8.6% for the quarter on the back of another strong earnings season. Energy and materials stocks also performed well relative to other sectors, rising 6.9% and 5.8% respectively, benefitting from increased commodity prices. Brent crude prices rose over 20% through the quarter as U.S. inventories fell faster than expected, there were concerns of potential supply disruptions in U.S. oil refining operations in Texas due to flooding caused by Hurricane Harvey, OPEC remained committed to limiting production overseas and the USD weakened. Industrial metal prices also rose on positive economic news out of China. Other cyclical sectors such as industrials and financials also posted strong results. Telecommunication services returned a notable 6.5% due to strong performance of the sector's largest weighted companies, Verizon and AT&T. Over the trailing 1-year period, financials and technology were the best performing sectors in the Russell 1000, returning 35.1% and 28.3% respectively. Ten of eleven large cap economic sectors posted positive returns for the year with seven posting double digit returns. Energy was the only large cap sector to post a negative return over the last year, returning -0.7%.

- Small cap sector results generally outperformed their large capitalization counterparts for the quarter. Four of eleven economic sectors outpaced the Russell 2000 Index return for the quarter, and all eleven sectors posted positive results for the period. Most of the sector trends observable in large cap index sector performance also impacted small cap sectors. However, small cap telecom services underperformed large cap telecom stocks meaningfully. Over the 1-year period, six of eleven sectors have returns greater than 20% and eight have posted double digit returns. Energy was the only Russell 2000 sector to post a negative return over last year, falling -10.1%.

- Using S&P 500 sector valuations as a proxy for the market, Forward P/E ratios for eight of the GICS sectors were higher than their long-term averages at quarter-end. Using these historical P/E measures, the energy, materials and utilities sectors appear the most extended. In contrast the technology, health care and telecommunications sectors were trading at a discount to their long-term average P/E ratios.



The Market Environment
Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000
As of September 30, 2017

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Apple Inc	3.35%	7.4%	38.8%	Information Technology
Microsoft Corp	2.33%	8.6%	32.4%	Information Technology
Facebook Inc A	1.66%	13.2%	33.2%	Information Technology
Amazon.com Inc	1.59%	-0.7%	14.8%	Consumer Discretionary
Berkshire Hathaway Inc B	1.47%	8.2%	26.9%	Financials
Johnson & Johnson	1.46%	-1.1%	13.0%	Health Care
Exxon Mobil Corp	1.45%	2.5%	-2.5%	Energy
JPMorgan Chase & Co	1.41%	5.1%	46.9%	Financials
Alphabet Inc C	1.21%	5.5%	23.4%	Information Technology
Alphabet Inc A	1.21%	4.7%	21.1%	Information Technology

Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Kite Pharma Inc	0.43%	73.4%	221.9%	Health Care
bluebird bio Inc	0.31%	30.7%	102.6%	Health Care
Exact Sciences Corp	0.27%	33.2%	153.7%	Health Care
Knight-Swift Transportation Hldgs A	0.25%	12.3%	45.8%	Industrials
MKS Instruments Inc	0.25%	40.6%	91.8%	Information Technology
Catalent Inc	0.24%	13.7%	54.5%	Health Care
Aspen Technology Inc	0.23%	13.7%	34.2%	Information Technology
Starwood Waypoint Homes	0.23%	6.7%	30.2%	Real Estate
MGIC Investment Corp	0.23%	11.9%	56.6%	Financials
Curtiss-Wright Corp	0.23%	13.9%	15.4%	Industrials

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Juno Therapeutics Inc	0.01%	50.1%	49.5%	Health Care
NRG Energy Inc	0.03%	48.8%	130.0%	Utilities
Alnylam Pharmaceuticals Inc	0.04%	47.3%	73.3%	Health Care
Alcoa Corp	0.04%	42.8%	N/A	Materials
Take-Two Interactive Software Inc	0.04%	39.3%	126.8%	Information Technology
Orbital ATK Inc	0.03%	35.8%	77.0%	Industrials
International Game Technology PLC	0.01%	35.5%	4.5%	Consumer Discretionary
ACADIA Pharmaceuticals Inc	0.02%	35.1%	18.4%	Health Care
Spirit AeroSystems Holdings Inc	0.04%	34.3%	75.6%	Industrials
Gap Inc	0.03%	34.3%	38.3%	Consumer Discretionary

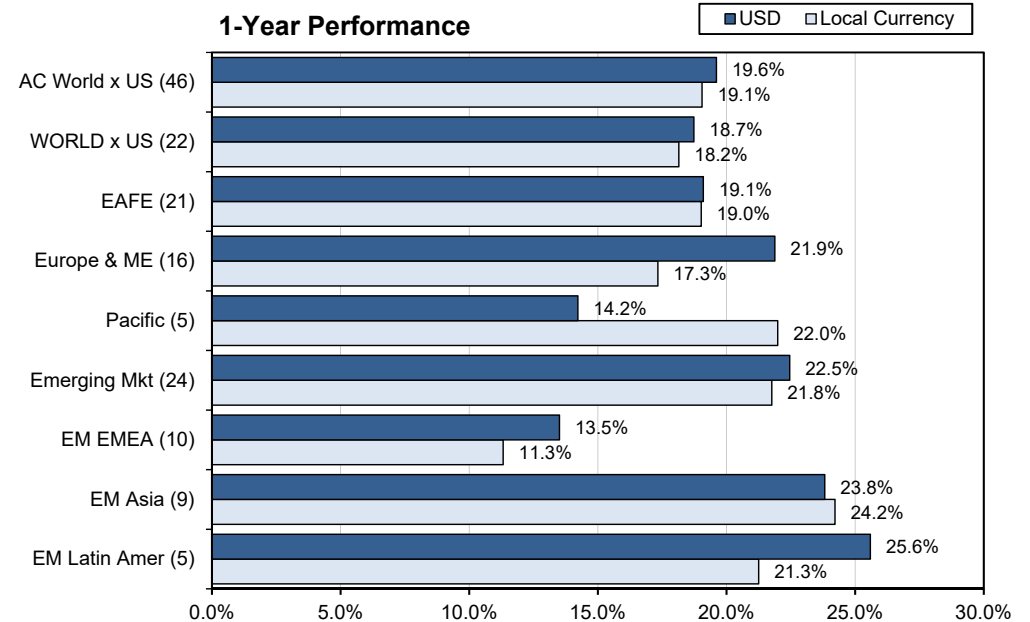
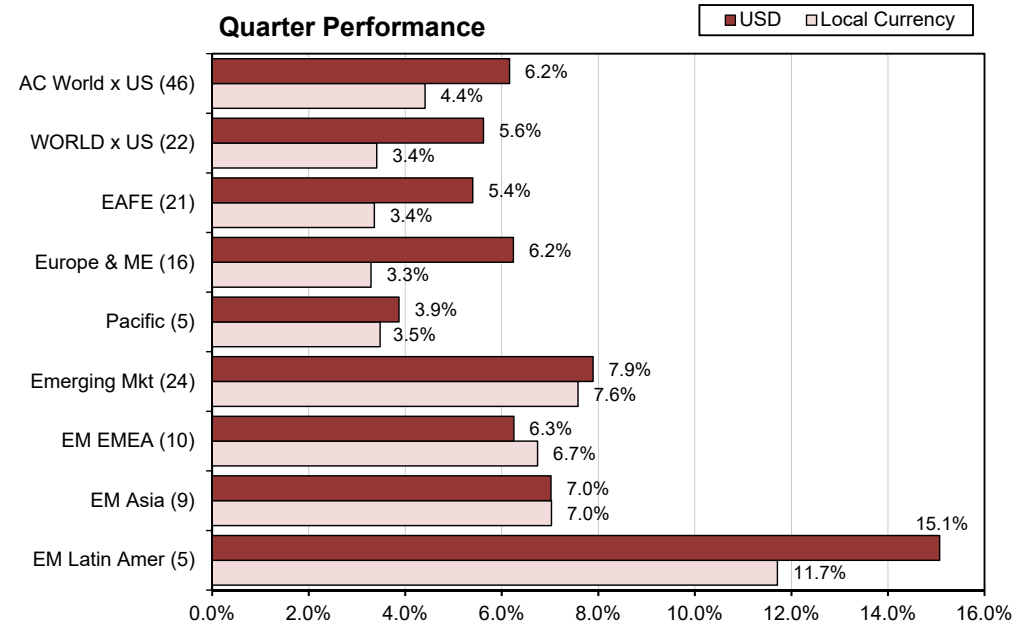
Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Veritone Inc	0.01%	288.1%	N/A	Information Technology
MyoKardia Inc	0.04%	227.1%	162.2%	Health Care
Madriral Pharmaceuticals Inc	0.01%	176.6%	254.7%	Health Care
Abeona Therapeutics Inc	0.02%	166.4%	184.2%	Health Care
Zogenix Inc	0.04%	141.7%	206.6%	Health Care
Voyager Therapeutics Inc	0.01%	129.8%	71.4%	Health Care
Dynavax Technologies Corp	0.06%	122.8%	105.0%	Health Care
Hertz Global Holdings Inc	0.06%	94.4%	-44.3%	Industrials
Intrepid Potash Inc	0.02%	92.9%	285.8%	Materials
Spectrum Pharmaceuticals Inc	0.05%	88.9%	201.3%	Health Care

Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Intercept Pharmaceuticals Inc	0.00%	-52.1%	-64.7%	Health Care
Uniti Group Inc	0.01%	-39.3%	-47.9%	Real Estate
Tahoe Resources Inc	0.01%	-38.8%	-58.1%	Materials
Spirit Airlines Inc	0.01%	-35.3%	-21.4%	Industrials
Rite Aid Corp	0.01%	-33.6%	-74.5%	Consumer Staples
DexCom Inc	0.02%	-33.1%	-44.2%	Health Care
Dick's Sporting Goods Inc	0.01%	-31.8%	-51.6%	Consumer Discretionary
Mednax Inc	0.02%	-28.6%	-34.9%	Health Care
Envision Healthcare Corp	0.02%	-28.3%	-33.0%	Health Care
Foot Locker Inc	0.02%	-28.1%	-47.0%	Consumer Discretionary

Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Versartis Inc	0.00%	-86.0%	-80.0%	Health Care
Otonomy Inc	0.00%	-82.8%	-82.1%	Health Care
Genocea Biosciences Inc	0.00%	-72.0%	-71.5%	Health Care
Babcock & Wilcox Enterprises Inc	0.01%	-71.7%	-79.8%	Industrials
Ominto Inc	0.00%	-70.5%	38.0%	Information Technology
Axovant Sciences Ltd	0.01%	-70.3%	-50.9%	Health Care
RAIT Financial Trust	0.00%	-64.9%	-75.1%	Real Estate
Radisys Corp	0.00%	-63.6%	-74.4%	Information Technology
CPI Card Group Inc	0.00%	-58.6%	-79.7%	Information Technology
Tintrix Inc	0.00%	-56.8%	N/A	Information Technology



- International equity returns for the 3rd quarter were largely driven by ongoing improvement in the global economy and continued weakness in the USD. These trends, in tandem with rising commodity prices, helped emerging markets continue their 2017 outperformance relative to developed market equities. While USD strength remains on the high side of its 10-year range, the USD continued its year-to-date decline against most major currencies through the period. This provided additional tailwinds to international index returns denominated in USD. The recent weakness in USD is also visible in the 1-year performance for broad international indices, with most indices showing stronger returns in terms of USD. However, Asian-Pacific markets stand out as an exception.
- Returns for broad developed market international indices were broadly positive for the 3rd quarter in both USD and local currency terms with the MSCI EAFE Index returning 5.4% and 3.4% respectively. Eurozone, U.K. and Japanese markets advanced on the back of positive macroeconomic data and improvement in corporate earnings. As economic data has continued to stabilize, many developed market central banks have started to take a less accommodative stance toward monetary policy and economic stimulus. In Europe, European Central Bank (ECB) President Mario Draghi acknowledged that the ECB has been discussing plans to begin the wind down of their quantitative easing program. Investors are expecting a formal announcement in October. In the U.K., the Bank of England telegraphed that an interest rate hike was likely before the end of the year, and in Canada, the Bank of Canada raised interest rates twice this quarter. Despite increased tensions with North Korea and the early dissolution of the lower house of parliament by Prime Minister Abe leading to snap elections in October, Japanese equities rose over the quarter. Performance for the past year has been strong on an absolute basis with the MSCI EAFE Index returning 19.1% and 19.0% in USD and local currency terms respectively.
- A supportive global economic environment, increasing commodity prices and a weakening USD led to continued growth in emerging market equity prices. The MSCI Emerging Market Index outperformed developed markets during the 3rd quarter, returning 7.9% and 7.6% in USD and local currency terms respectively. Returns in China, Brazil and Russia were particularly strong as China advanced on an improving growth outlook, Brazil on improving political stability and progress on social and economic reform initiatives, and Russia largely on improvement in oil prices. One year returns on the MSCI Emerging Market Index are an impressive 22.5% in USD terms and 21.8% in terms of local currency.



Source: MSCI Global Index Monitor (Returns are Net)



The Market Environment
U.S. Dollar International Index Attribution & Country Detail
As of September 30, 2017

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	12.2%	7.4%	20.3%
Consumer Staples	11.2%	0.8%	6.2%
Energy	5.1%	13.4%	22.1%
Financials	21.5%	5.2%	32.5%
Health Care	10.6%	0.7%	7.8%
Industrials	14.4%	6.3%	21.8%
Information Technology	6.3%	8.6%	28.5%
Materials	7.9%	11.0%	27.6%
Real Estate	3.5%	3.2%	5.9%
Telecommunication Services	4.1%	1.7%	4.4%
Utilities	3.4%	4.3%	11.6%
Total	100.0%	5.4%	19.1%

MSCI - ACWxUS	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	11.3%	7.0%	19.7%
Consumer Staples	9.6%	1.1%	5.7%
Energy	6.6%	12.7%	17.5%
Financials	23.3%	6.1%	28.8%
Health Care	7.9%	0.8%	7.2%
Industrials	11.8%	5.6%	20.7%
Information Technology	11.2%	10.0%	35.1%
Materials	7.9%	10.7%	25.0%
Real Estate	3.2%	6.1%	10.3%
Telecommunication Services	4.2%	2.4%	5.4%
Utilities	3.1%	4.6%	10.5%
Total	100.0%	6.2%	19.6%

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	10.3%	5.0%	16.3%
Consumer Staples	6.5%	2.5%	3.8%
Energy	6.8%	12.9%	21.2%
Financials	23.4%	7.2%	21.7%
Health Care	2.3%	3.3%	2.9%
Industrials	5.4%	1.7%	12.6%
Information Technology	27.6%	11.0%	40.5%
Materials	7.2%	10.1%	28.0%
Real Estate	2.9%	17.9%	29.9%
Telecommunication Services	5.1%	3.3%	6.3%
Utilities	2.6%	6.4%	7.2%
Total	100.0%	7.9%	22.5%

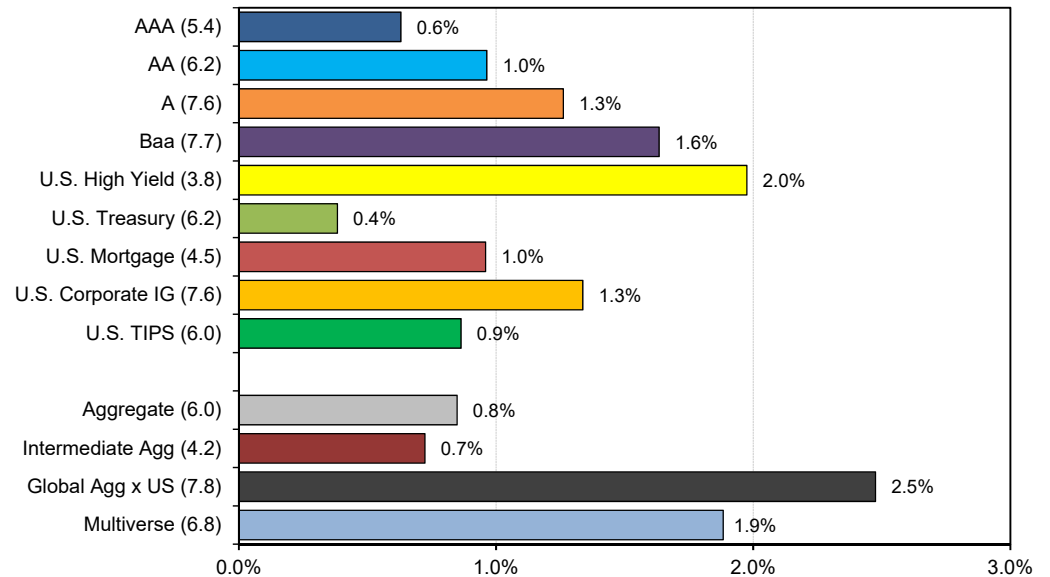
Country	MSCI-EAFE Weight	MSCI-ACWxUS Weight	Quarter Return	1-Year Return
Japan	23.0%	15.9%	4.0%	14.1%
United Kingdom	17.8%	12.3%	5.2%	14.6%
France	10.8%	7.5%	8.4%	30.6%
Germany	9.8%	6.8%	7.7%	26.1%
Switzerland	8.2%	5.7%	2.0%	15.7%
Australia	6.8%	4.7%	3.1%	13.1%
Netherlands	3.7%	2.6%	9.3%	28.4%
Spain	3.5%	2.4%	4.3%	32.0%
Hong Kong	3.5%	2.4%	5.1%	16.3%
Sweden	2.9%	2.0%	5.5%	24.3%
Italy	2.5%	1.7%	13.7%	45.6%
Denmark	1.9%	1.3%	7.7%	20.3%
Singapore	1.3%	0.9%	3.1%	18.7%
Belgium	1.2%	0.8%	9.2%	6.2%
Finland	1.0%	0.7%	3.3%	20.2%
Norway	0.7%	0.5%	19.2%	28.9%
Israel	0.5%	0.3%	-12.7%	-13.0%
Ireland	0.5%	0.3%	6.1%	14.4%
Austria	0.3%	0.2%	12.7%	59.3%
Portugal	0.2%	0.1%	13.2%	22.6%
New Zealand	0.2%	0.1%	-0.1%	-2.0%
Total EAFE Countries	100.0%	69.2%	5.4%	19.1%
Canada		6.7%	7.9%	15.0%
Total Developed Countries		75.9%	5.6%	18.7%
China		7.1%	14.7%	33.0%
Korea		3.6%	2.7%	24.8%
Taiwan		2.8%	0.8%	19.9%
India		2.0%	3.0%	14.2%
Brazil		1.8%	23.0%	29.2%
South Africa		1.5%	3.8%	7.6%
Mexico		0.8%	1.5%	16.2%
Russia		0.8%	17.6%	19.6%
Indonesia		0.6%	-1.1%	5.9%
Malaysia		0.6%	1.8%	6.2%
Thailand		0.5%	10.5%	20.7%
Poland		0.3%	9.3%	51.2%
Chile		0.3%	16.9%	35.6%
Philippines		0.3%	3.0%	2.1%
Turkey		0.3%	0.3%	14.5%
United Arab Emirates		0.2%	4.1%	6.4%
Qatar		0.1%	-6.9%	-14.9%
Colombia		0.1%	6.5%	12.7%
Peru		0.1%	14.1%	32.3%
Greece		0.1%	-12.2%	30.9%
Hungary		0.1%	9.6%	42.8%
Czech Republic		0.0%	10.0%	21.5%
Egypt		0.0%	2.2%	-17.7%
Pakistan		0.0%	-16.5%	-7.1%
Total Emerging Countries		24.1%	7.9%	22.5%
Total ACWxUS Countries		100.0%	6.2%	19.6%

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

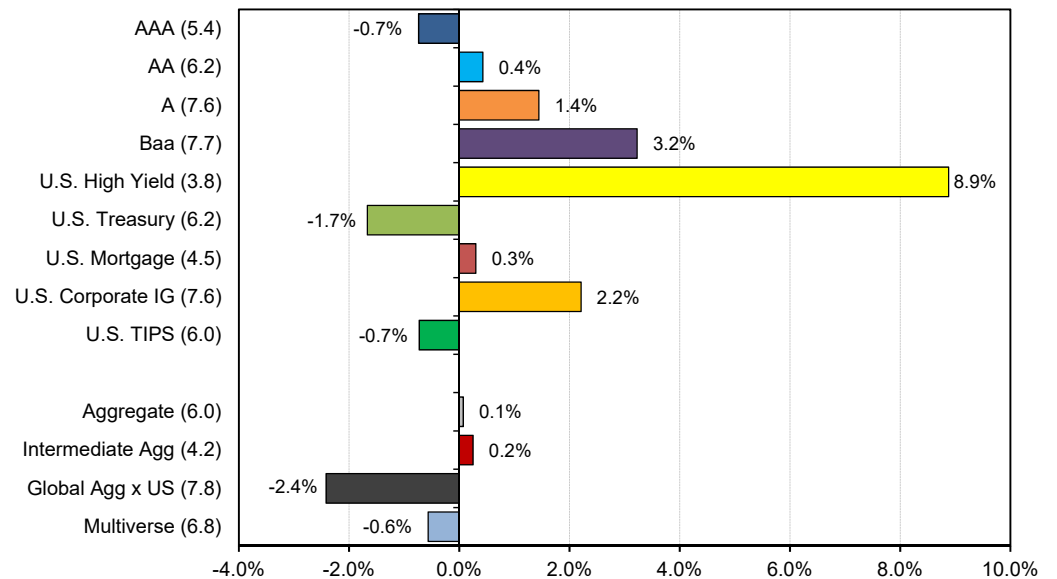


- Broad fixed income benchmarks gained ground during the 3rd quarter. The Bloomberg Barclays U.S. Aggregate Index ended the quarter with a 0.8% gain despite modestly rising interest rates. Interest rates fell during the first half of the quarter when investors looked to safe-haven assets as international relations between the U.S. and North Korea began to deteriorate and extreme weather created anxiety in markets. However, rates reversed course in the beginning of September, ending slightly higher than where they began the period. The Federal Open Market Committee (FOMC) voted not to increase short-term interest rates during the third quarter, but market expectations are for one additional increase prior to year end. While inflation remains subdued, the Fed feels the economy is tracking to be healthy enough to warrant continued tightening. This caused a flattening of the yield curve as short-term market yields rose more aggressively than rates on long-term maturities. The Fed also announced that its plan to gradually reduce its balance sheet by slowing the rate of reinvestment of the Treasury and mortgage backed securities (MBS) it holds on its books as the securities mature would begin in October. The amount reinvested each month will fall systematically, reducing the size of the Fed's balance sheet over time. This can be viewed as further tightening of monetary policy. This put additional upward pressure on interest rates as the quarter came to a close. The Bloomberg Barclays U.S. Aggregate Index stayed slightly positive over the 1-year period returning 0.1%, with the various investment grade sectors posting mixed results.
- Lower quality bonds outperformed higher quality issues for both the quarter and 1-year period as contracting credit spreads from improvements in economic fundamentals acted as a tailwind to these issues. During the 3rd quarter, credit spreads for high yield debt decreased by 17 bps versus only 8 bps for investment grade (IG) corporate issues. BAA issues more than doubled the return of AAA securities for the second straight quarter, returning 1.6% versus a 0.6% return for AAA debt. High yield debt continues to be the largest beneficiary of the strengthening economy, returning 2.0% for the quarter and 8.9% for the 1-year period.
- A review of sector performance shows that IG credit has continued its 2017 trend of outperformance versus Treasuries and MBS securities. As previously mentioned, corporate issues benefited from tightening credit spreads throughout the period. Treasuries were the worst performer due to their higher duration and expectations for additional tightening of monetary policy. MBS also benefitted from some spread compression through the quarter, but enthusiasm for these securities was dimmed by the Fed's planned balance sheet reduction strategy. Treasury securities posted the worst returns for the quarter, appreciating 0.4%. U.S. IG corporate bonds were the best performing IG sector over the 1-year period, returning 2.2%.

Quarter Performance

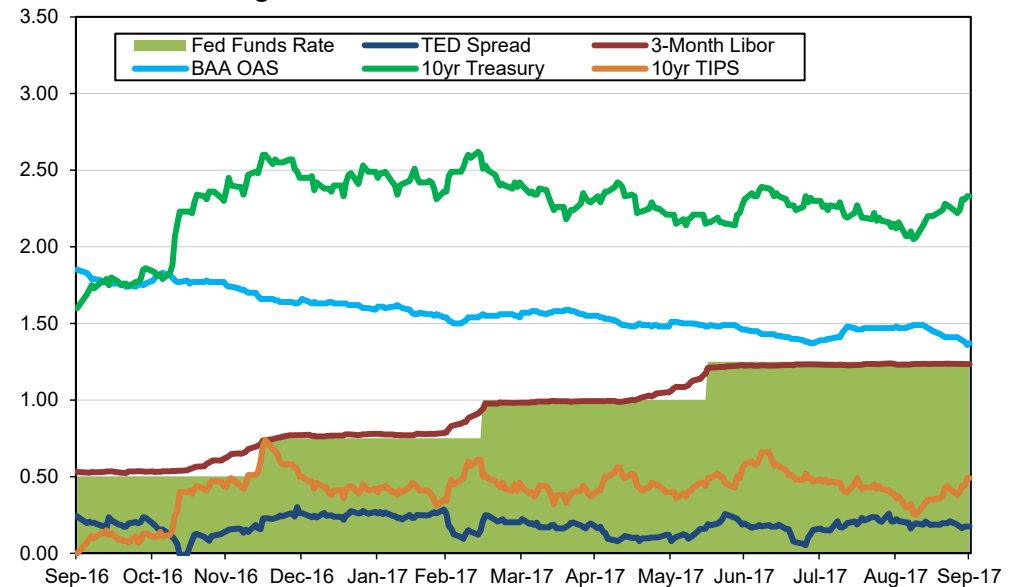


1-Year Performance

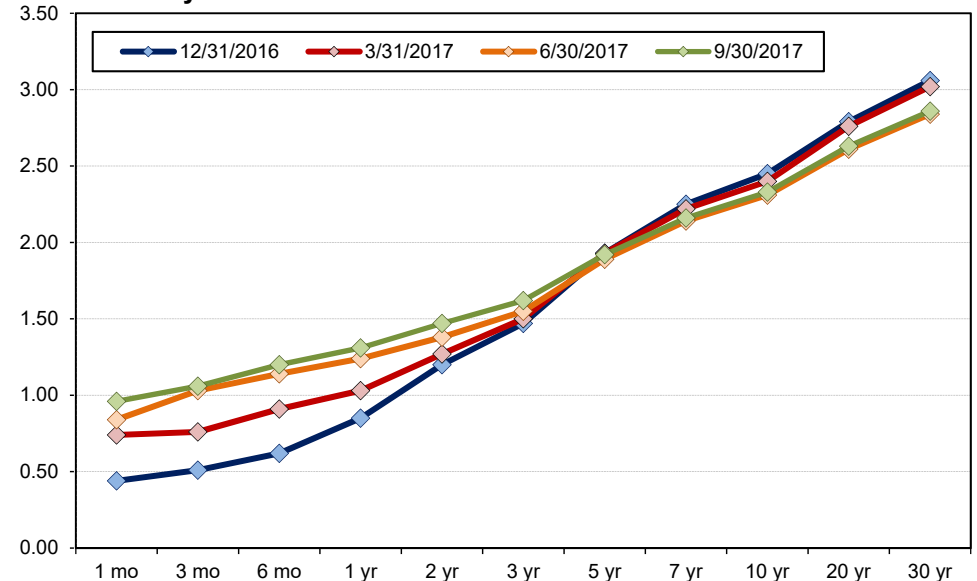


- Global fixed income indices also posted strong results for the quarter. Global benchmarks are impacted by the same local yield and duration factors as domestic benchmarks. While these indices have relatively high durations, the returns of these indices are also significantly influenced by fluctuations in their currency denomination relative to the USD. This currency effect can either be an offsetting benefit to negative yield and duration factors in a rising rate environment as it has been year-to-date, or it can further exacerbate negative performance as it did in 2016. Led by a weakening USD, global bond indices outperformed domestic issues for the for the quarter. However, hawkish comments from several global central banks muted returns during the final month of the period. Global bonds have had a currency effect tailwind so far in 2017, but global bond returns still trail domestic indices over the 1-year period, primarily due to their relative underperformance in the 4th quarter of 2016. The Bloomberg Barclays Aggregate ex U.S. posted a -2.4% return for the period.
- 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 the 10-year Treasury yield (green line) rose dramatically in the 4th quarter of 2016, held largely steady during the 1st quarter of 2017 and then gradually fell through most of 2nd quarter before spiking at the end of June. As described on the last page, rates then fell through the first half of quarter before rising to the levels where they began the quarter. The yield on the 10-year Treasury has fallen to 2.33% from 2.45% at the start of the year. The blue line illustrates changes in the BAA OAS (Option Adjusted Spread). This measure quantifies the additional yield premium that investors require to purchase and hold non-Treasury issues. This line illustrates a steady decline in credit spreads throughout 2016 and 2017. This decline is equivalent to an interest rate decrease on corporate bonds, which produces a tailwind for corporate bond index returns. These credit spreads have tightened by about 48 bps over the last 12-months. The green shading at the bottom of the graph illustrates the gradual increase in the Federal Funds Rate due to a less accommodative Fed monetary policy.
- The lower graph provides a snapshot of the U.S. Treasury yield curve at each of the last four calendar quarters. As mentioned, the yield curve continues to flatten as yields on shorter-term maturities have risen, while interest rates on the long end of the curve (5-years and beyond) have generally declined. Interest rate movement during the quarter was relatively muted, especially at the long end of the curve. However, the significant upward shift in short-term interest rates and decline of long-term interest rates since the end of 2016 is clearly visible.

1-Year Trailing Market Rates

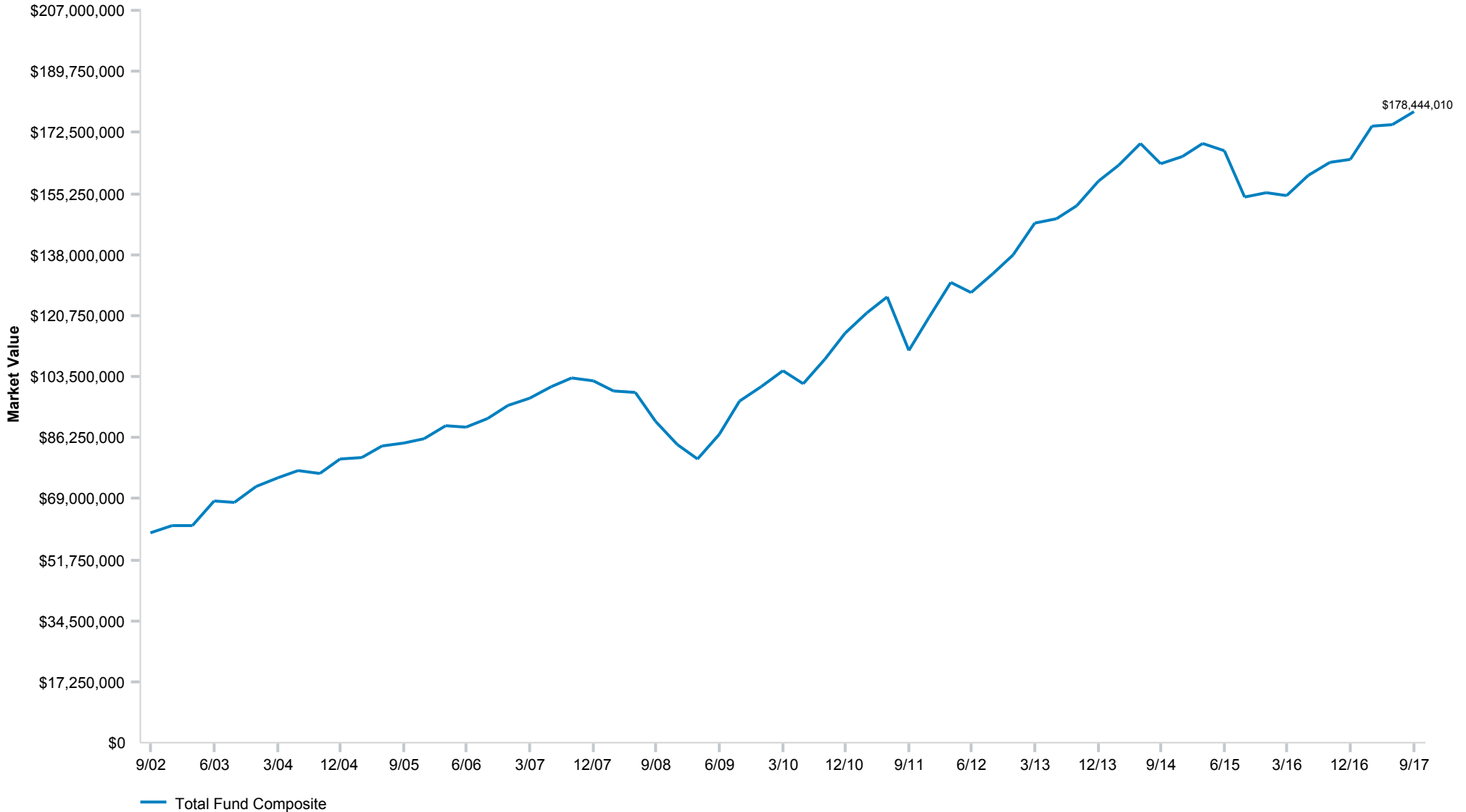


Treasury Yield Curve



9.7%

Schedule of Investable Assets



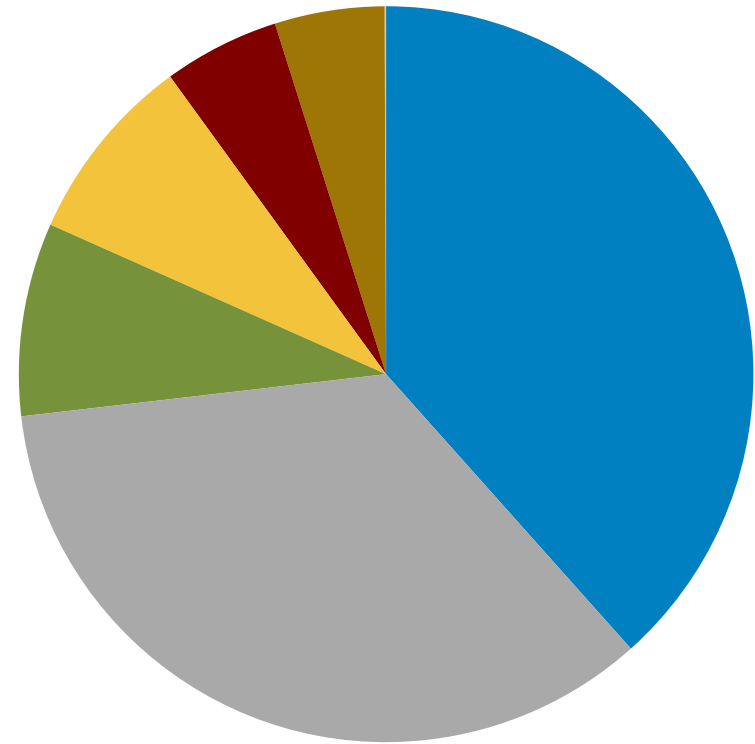
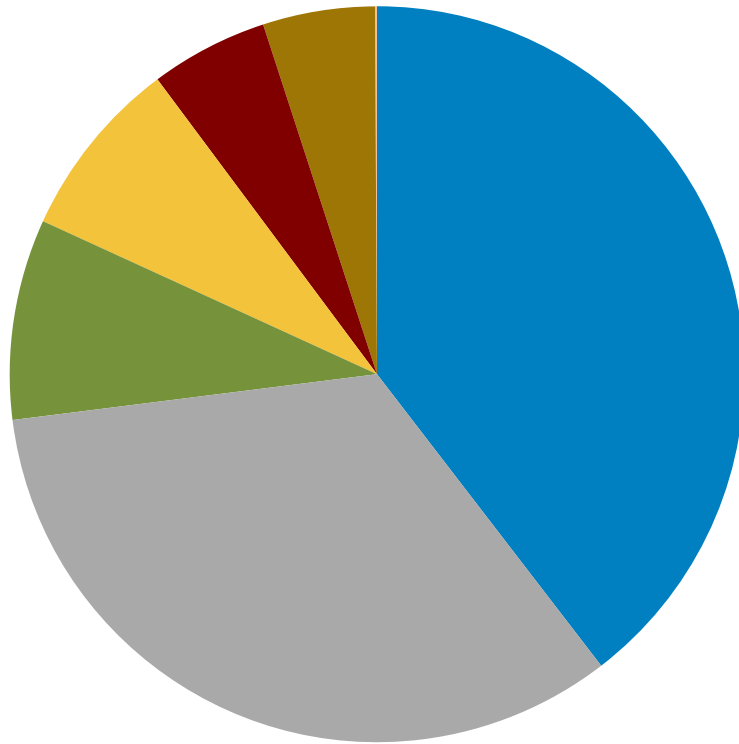
Schedule of Investable Assets

Periods Ending	Beginning Market Value \$	Net Cash Flow \$	Gain/Loss \$	Ending Market Value \$	%Return
Oct-2002 To Sep-2017	59,280,518	2,332,999	116,830,493	178,444,010	7.49



June 30, 2017 : \$174,560,404

September 30, 2017 : \$178,444,010

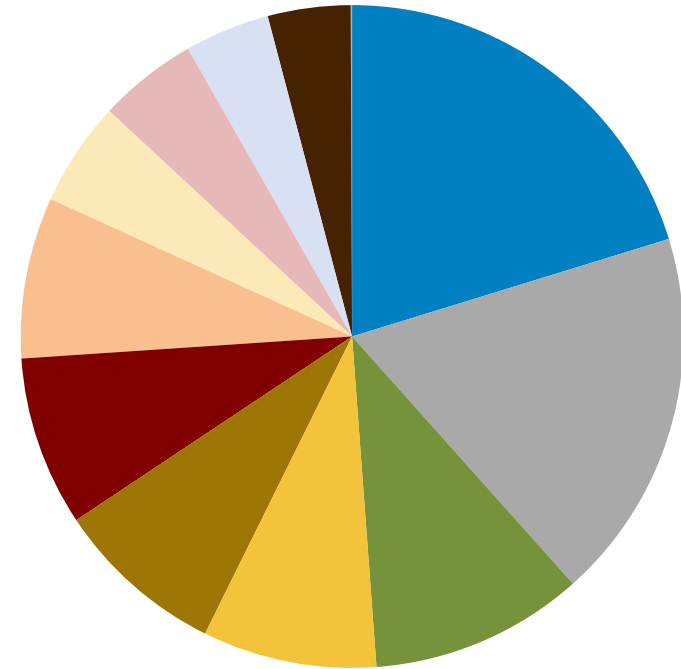
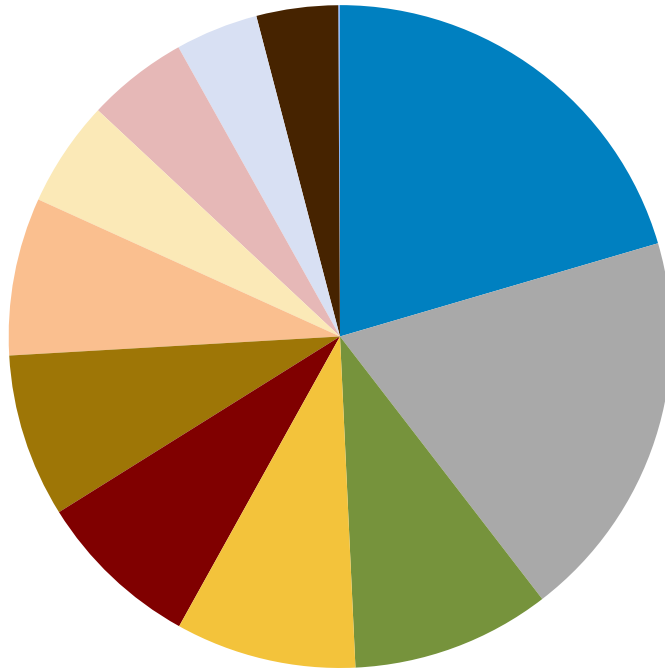


Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
■ Fixed Income	69,042,535	39.6	■ Fixed Income	68,510,248	38.4
■ Domestic Equity	58,411,213	33.5	■ Domestic Equity	62,058,755	34.8
■ MLPs	15,383,314	8.8	■ MLPs	15,145,449	8.5
■ International Equity	13,919,935	8.0	■ International Equity	14,875,329	8.3
■ High Yield Fixed Income	9,035,748	5.2	■ High Yield Fixed Income	9,112,414	5.1
■ Real Estate	8,611,760	4.9	■ Real Estate	8,619,634	4.8
■ Cash	155,898	0.1	■ Cash	122,180	0.1



June 30, 2017 : \$174,560,404

September 30, 2017 : \$178,444,010



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
■ MacKay Shields Core Plus	35,717,073	20.5	■ MacKay Shields Core Plus	36,117,987	20.2
■ Smith Graham Core Plus	33,325,462	19.1	■ Smith Graham Core Plus	32,392,262	18.2
■ Barrow Hanley MeWhinney & Strauss	16,941,305	9.7	■ Barrow Hanley MeWhinney & Strauss	18,619,809	10.4
■ ARI MLP	15,383,314	8.8	■ ARI MLP	15,145,449	8.5
■ Stephens Mid Cap Growth	14,039,334	8.0	■ Causeway International (CIVIX)	14,875,329	8.3
■ Causeway International (CIVIX)	13,919,935	8.0	■ Stephens Mid Cap Growth	14,795,431	8.3
■ Vanguard Index Fund Institutional (VINIX)	13,434,005	7.7	■ Vanguard Index Fund Institutional (VINIX)	14,033,256	7.9
■ Loomis Sayles High Yield (LSHIX)	9,035,748	5.2	■ Loomis Sayles High Yield (LSHIX)	9,112,414	5.1
■ Cohen & Steers (CSRIX)	8,611,760	4.9	■ Cohen & Steers (CSRIX)	8,619,634	4.8
■ Stacey Braun	7,047,210	4.0	■ Stacey Braun	7,411,429	4.2
■ Fiduciary Management	6,949,359	4.0	■ Fiduciary Management	7,198,830	4.0
■ Cash	155,898	0.1	■ Cash	122,180	0.1



Asset Allocation & Performance	Allocation		Performance(%)					
	Market Value \$	%	QTR	1 YR	3 YR	5 YR	Inception	Inception Date
Total Fund Composite (Gross of Fees)	178,444,010	100.0	3.05	9.65	5.91	8.27	7.49	10/01/2002
Policy Index			2.11	7.55	5.35	7.53	7.62	
Pension Actuarial Assumption			1.65	6.81	6.94	7.01	7.30	
Total Fund Composite (Net of Fees)	178,444,010	100.0	2.95	9.21	5.46	7.74	6.82	10/01/2002
Fiduciary Management	7,198,830	4.0	3.74	18.49	10.41	14.07	9.83	01/01/2006
Russell 1000 Value Index			3.11	15.12	8.53	13.20	7.35	
S&P 500 Index			4.48	18.61	10.81	14.22	8.43	
Vanguard Index Fund Institutional (VINIX)	14,033,256	7.9	4.48	N/A	N/A	N/A	6.60	05/01/2017
S&P 500 Index			4.48	18.61	10.81	14.22	6.61	
Stacey Braun	7,411,429	4.2	5.30	19.54	10.16	13.50	10.05	07/01/2008
Russell 1000 Growth Index			5.90	21.94	12.69	15.26	11.08	
S&P 500 Index			4.48	18.61	10.81	14.22	9.96	
Stephens Mid Cap Growth	14,795,431	8.3	5.60	22.41	10.69	N/A	14.09	01/01/2013
Russell Midcap Growth Index			5.28	17.82	9.96	14.18	14.57	
Barrow Hanley MeWhinney & Strauss	18,619,809	10.4	10.12	28.04	14.37	17.22	12.19	04/01/2005
Russell 2000 Value Index			5.11	20.55	12.12	13.27	7.98	
Causeway International (CIVIX)	14,875,329	8.3	6.88	21.49	3.85	N/A	4.14	10/01/2013
MSCI EAFE Index			5.47	19.65	5.53	8.87	5.32	
Cohen & Steers (CSRIX)	8,619,634	4.8	0.11	0.62	10.05	9.85	10.93	01/01/2012
FTSE NAREIT All Equity REITs			1.11	2.57	10.18	9.97	11.47	
ARI MLP	15,145,449	8.5	-1.35	-4.11	-11.35	1.42	3.84	07/01/2011
Alerian MLP Index			-3.05	-3.70	-12.93	-0.57	2.14	
MacKay Shields Core Plus	36,117,987	20.2	1.23	1.88	3.23	N/A	2.91	07/01/2014
Bloomberg Barclays U.S. Aggregate Index			0.85	0.07	2.71	2.06	2.55	
Smith Graham Core Plus	32,392,262	18.2	0.90	0.33	3.01	2.22	4.23	10/01/2002
Bloomberg Barclays U.S. Aggregate Index			0.85	0.07	2.71	2.06	4.23	
Loomis Sayles High Yield (LSHIX)	9,112,414	5.1	0.86	9.20	4.02	7.39	8.84	01/01/2012
BofA Merrill Lynch High Yield Master II			2.03	9.06	5.87	6.38	7.63	
Cash	122,180	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 0.15% higher on an annual basis if these fees were included.



Asset Allocation & Performance	Allocation		Performance(%)				
	Market Value	%	2016	2015	2014	2013	2012
	\$						
Total Fund Composite (Gross of Fees)	178,444,010	100.0	10.18	-3.17	6.74	18.15	12.64
Policy Index			9.47	-2.53	7.49	16.29	12.11
Pension Actuarial Assumption			7.00	7.00	7.00	7.19	7.25
Total Fund Composite (Net of Fees)	178,444,010	100.0	9.73	-3.61	6.07	17.53	12.10
Fiduciary Management	7,198,830	4.0	14.90	-1.86	13.56	32.43	16.10
Russell 1000 Value Index			17.34	-3.83	13.45	32.53	17.51
S&P 500 Index			11.96	1.38	13.69	32.39	16.00
Vanguard Index Fund Institutional (VINIX)	14,033,256	7.9	N/A	N/A	N/A	N/A	N/A
S&P 500 Index			11.96	1.38	13.69	32.39	16.00
Stacey Braun	7,411,429	4.2	5.58	3.02	10.97	33.88	13.53
Russell 1000 Growth Index			7.08	5.67	13.05	33.48	15.26
S&P 500 Index			11.96	1.38	13.69	32.39	16.00
Stephens Mid Cap Growth	14,795,431	8.3	8.02	-0.15	4.27	36.37	N/A
Russell Midcap Growth Index			7.33	-0.20	11.90	35.74	15.81
Barrow Hanley MeWhinney & Strauss	18,619,809	10.4	27.69	-6.17	3.14	48.60	23.31
Russell 2000 Value Index			31.74	-7.47	4.22	34.52	18.05
Causeway International (CIVIX)	14,875,329	8.3	0.38	-3.00	-6.22	N/A	N/A
MSCI EAFE Index			1.51	-0.39	-4.48	23.29	17.90
Cohen & Steers (CSRIX)	8,619,634	4.8	5.99	5.22	30.18	3.46	15.91
FTSE NAREIT All Equity REITs			8.63	2.83	28.03	2.86	19.70
ARI MLP	15,145,449	8.5	21.52	-32.48	12.08	28.34	5.96
Alerian MLP Index			18.31	-32.59	4.80	27.58	4.80
MacKay Shields Core Plus	36,117,987	20.2	4.29	0.15	N/A	N/A	N/A
Bloomberg Barclays U.S. Aggregate Index			2.65	0.55	5.97	-2.02	4.21
Smith Graham Core Plus	32,392,262	18.2	2.90	1.04	5.49	-1.83	6.42
Bloomberg Barclays U.S. Aggregate Index			2.65	0.55	5.97	-2.02	4.21
Loomis Sayles High Yield (LSHIX)	9,112,414	5.1	18.94	-10.29	5.17	15.07	17.98
BofA Merrill Lynch High Yield Master II			17.49	-4.64	2.50	7.42	15.58
Cash	122,180	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 0.15% 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 a single portfolio manager. As of September 30, 2017, Fiduciary had a market value of \$7,198,830.

Fiduciary Management		Russell 1000 Value Index	
	Weight %		Weight %
Berkshire Hathaway Inc	5.0	Berkshire Hathaway Inc	2.9
Comcast Corp	4.7	Exxon Mobil Corp	2.9
Unitedhealth Group Inc	4.6	JPMorgan Chase & Co	2.8
Honeywell International Inc	4.5	Johnson & Johnson	2.5
Dollar General Corp	4.2	Bank of America Corp	2.1
Accenture PLC	4.1	Wells Fargo & Co	2.1
eBay Inc.	3.9	AT&T Inc	2.0
JPMorgan Chase & Co	3.8	Chevron Corp	1.8
Cerner Corp	3.8	Procter & Gamble Co (The)	1.8
TE Connectivity Ltd	3.7	Pfizer Inc	1.7

Equity Assets Exposures by Sector

	Fiduciary Management	Russell 1000 Value Index
Cash	9.51	N/A
Consumer Discretionary	17.18	6.76
Consumer Staples	4.98	8.69
Energy	4.09	10.89
Financials	15.65	26.00
Health Care	11.68	13.89
Industrials	14.77	8.54
Information Technology	15.92	8.19
Materials	3.09	2.87
Real Estate	N/A	4.84
Telecommunication Services	3.12	3.17
Utilities	N/A	6.15

Equity Characteristics

	Fiduciary Management	Russell 1000 Value Index
Wtd. Avg. Mkt. Cap (\$)	104,116,614,181	120,128,703,275
Price/Earnings ratio	19.1	19.4
Price/Book ratio	3.1	2.2
Current Yield	1.6	2.5
Number of Stocks	30	716



Fund Information

Fund Name : Vanguard Institutional Index Fund: Vanguard Institutional Index Fund; Institutional Shares
 Fund Family : Vanguard Group Inc
 Ticker : VINIX
 Inception Date : 07/31/1990
 Fund Assets : \$135,818 Million
 Portfolio Turnover : 5%

Portfolio Assets : \$230,763 Million
 Portfolio Manager : Donald M. Butler
 PM Tenure : 2000
 Fund Style : IM S&P 500 Index (MF)
 Style Benchmark : S&P 500 Index

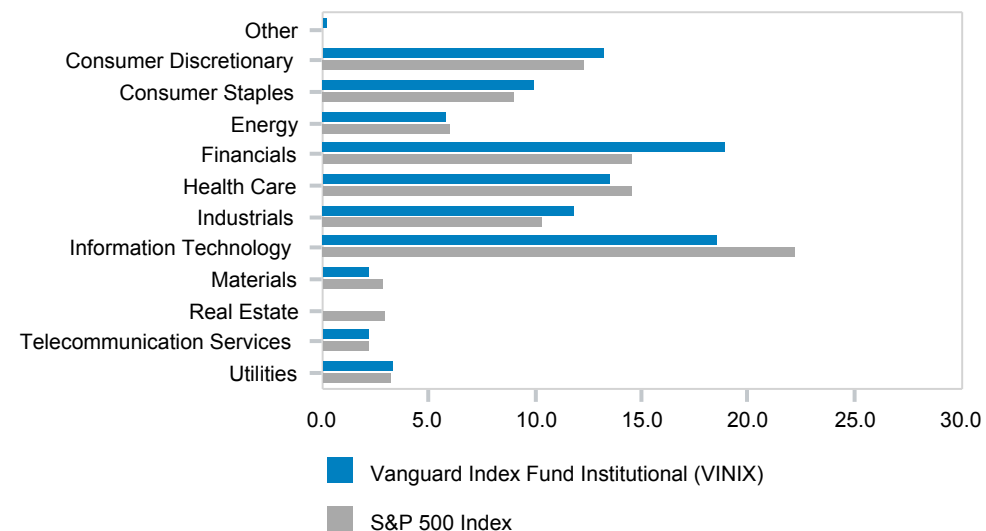
Portfolio Characteristics As of 06/30/2017

	Portfolio	Benchmark
Total Securities	509	505
Avg. Market Cap (\$)	158,830,735,614	20,641,192,680
Price/Earnings (P/E)	26.74	21.58
Price/Book (P/B)	5.95	3.32
Dividend Yield	2.38	2.01
Annual EPS	14.09	N/A
5 Yr EPS	10.79	11.34
3 Yr EPS Growth	11.76	N/A
Beta	N/A	1.00

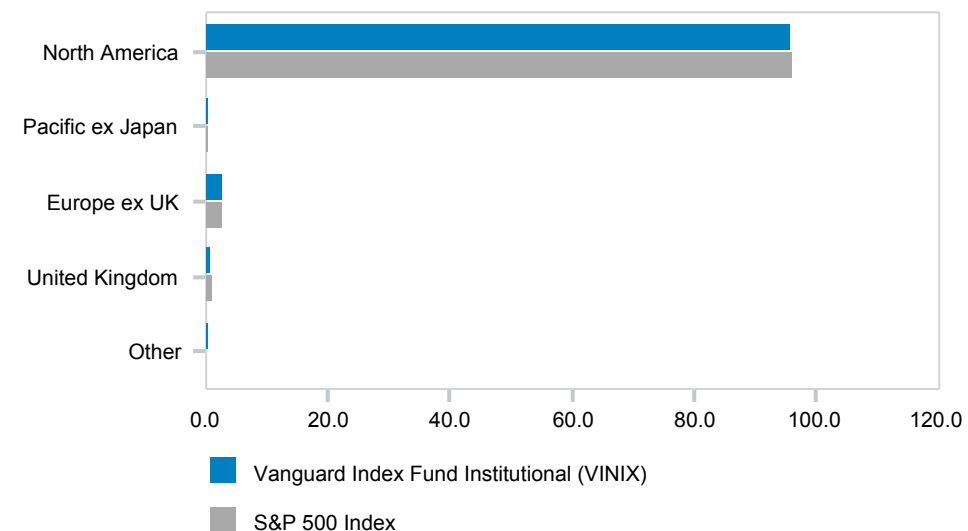
Top Ten Securities As of 06/30/2017

Apple Inc ORD	3.6 %
Microsoft Corp ORD	2.6 %
Amazon.com Inc ORD	1.8 %
Facebook Inc ORD	1.7 %
Johnson & Johnson ORD	1.7 %
Exxon Mobil Corp ORD	1.6 %
JPMorgan Chase & Co ORD	1.6 %
Berkshire Hathaway Inc ORD	1.5 %
Alphabet Inc ORD 1	1.3 %
Alphabet Inc ORD 2	1.3 %

Sector Weights As of 06/30/2017



Region Weights As of 06/30/2017



Statistics provided by Lipper. Most recent available data shown.



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. As of September 30, 2017, Stacey Braun had a market value of \$7,411,429.

Stacey Braun		Russell 1000 Growth Index	
	Weight %		Weight %
Apple Inc	4.4	Apple Inc	6.7
KB Home	2.2	Microsoft Corp	4.7
Microsoft Corp	2.1	Facebook Inc	3.3
JPMorgan Chase & Co	1.8	Amazon.com Inc	3.2
Bank of America Corp	1.7	Alphabet Inc	2.4
Micron Technology Inc.	1.7	Alphabet Inc	2.4
Exxon Mobil Corp	1.5	Home Depot Inc. (The)	1.6
Anthem Inc	1.4	Visa Inc	1.6
Facebook Inc	1.4	Unitedhealth Group Inc	1.6
Cummins Inc.	1.4	Comcast Corp	1.4

Equity Assets Exposures by Sector

	Stacey Braun	Russell 1000 Growth Index
Cash	0.42	N/A
Consumer Discretionary	11.30	17.74
Consumer Staples	8.69	6.74
Energy	6.01	0.90
Financials	15.16	3.42
Health Care	13.88	13.76
Industrials	10.40	12.49
Information Technology	24.27	37.56
Materials	3.11	3.82
Real Estate	1.48	2.56
Telecommunication Services	2.42	0.99
Utilities	2.87	0.01

Equity Characteristics

	Stacey Braun	Russell 1000 Growth Index
Wtd. Avg. Mkt. Cap (\$)	156,934,210,655	197,750,924,655
Price/Earnings ratio	21.9	26.3
Price/Book ratio	3.2	6.3
Current Yield	1.6	1.4
Number of Stocks	99	550



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, 2017 Stephens had a market value of \$14,795,431.

Stephens Mid Cap Growth		Russell Midcap Growth Index	
	Weight %		Weight %
Microchip Technology Inc	1.9	Analog Devices Inc.	1.1
Orbital ATK Inc	1.9	Zoetis Inc	1.1
Cognex Corp	1.9	Lam Research Corp	1.0
MercadoLibre Inc	1.8	Illumina Inc	1.0
IDEXX Laboratories Inc	1.7	Progressive Corp (The)	1.0
SVB Financial Group	1.6	Fiserv Inc.	0.9
Monster Beverage Corp	1.6	Delphi Automotive PLC	0.9
CoStar Group Inc	1.6	Amphenol Corp	0.9
IPG Photonics Corp	1.6	Ross Stores Inc	0.8
Electronic Arts Inc.	1.5	DXC Technology Company	0.8

Equity Assets Exposures by Sector

	Stephens Mid Cap Growth	Russell Midcap Growth Index
Cash	3.40	N/A
Consumer Discretionary	15.30	17.43
Consumer Staples	2.65	4.14
Energy	3.59	2.60
Financials	5.57	7.08
Health Care	20.51	14.21
Industrials	11.64	16.74
Information Technology	37.33	27.76
Materials	N/A	6.46
Real Estate	N/A	3.32
Telecommunication Services	N/A	0.22
Utilities	N/A	0.05

Equity Characteristics

	Stephens Mid Cap Growth	Russell Midcap Growth Index
Wtd. Avg. Mkt. Cap (\$)	15,120,742,945	14,636,835,869
Price/Earnings ratio	35.8	27.8
Price/Book ratio	5.4	5.5
Current Yield	0.4	1.0
Number of Stocks	94	420

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, 2017, Barrow, Hanley, MeWhinney & Strauss had a market value of \$18,619,809.

Barrow Hanley MeWhinney & Strauss		Russell 2000 Value Index	
	Weight %		Weight %
Brooks Automation Inc	5.3	Starwood Waypoint Homes	0.5
II VI Inc	4.9	MGIC Investment Corp	0.5
Terex Corp	4.2	IDACORP Inc.	0.4
Texas Capital Bancshares Inc	4.2	Wintrust Financial Corp.	0.4
Vishay Intertechnology Inc.	4.1	Umpqua Holdings Corp	0.4
Allegheny Technologies Inc	3.9	WGL Holdings Inc.	0.4
Barnes Group Inc	3.7	IBERIABANK Corp	0.4
Ferroglobe PLC	3.4	Hancock Holding Co	0.4
Trex Co Inc	3.3	Portland Gen. Elec. Co.	0.4
Plexus Corp	3.1	Radian Group Inc.	0.4

Equity Assets Exposures by Sector

	Barrow Hanley MeWhinney & Strauss	Russell 2000 Value Index
Cash	3.01	N/A
Consumer Discretionary	4.62	10.30
Consumer Staples	N/A	2.70
Energy	3.41	6.31
Financials	12.87	30.64
Health Care	2.37	6.22
Industrials	31.80	12.01
Information Technology	27.80	9.14
Materials	14.12	4.22
Real Estate	N/A	11.27
Telecommunication Services	N/A	0.56
Utilities	N/A	6.63

Equity Characteristics

	Barrow Hanley MeWhinney & Strauss	Russell 2000 Value Index
Wtd. Avg. Mkt. Cap (\$)	2,864,570,288	1,996,045,196
Price/Earnings ratio	23.5	18.9
Price/Book ratio	2.3	1.7
Current Yield	0.7	1.9
Number of Stocks	40	1,396



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 : \$7,468 Million
 Portfolio Turnover : 41%

Portfolio Assets : \$8,258 Million
 Portfolio Manager : Team Managed
 PM Tenure :
 Fund Style : IM International Large Cap Value Equity (MF)
 Style Benchmark : MSCI EAFE Index

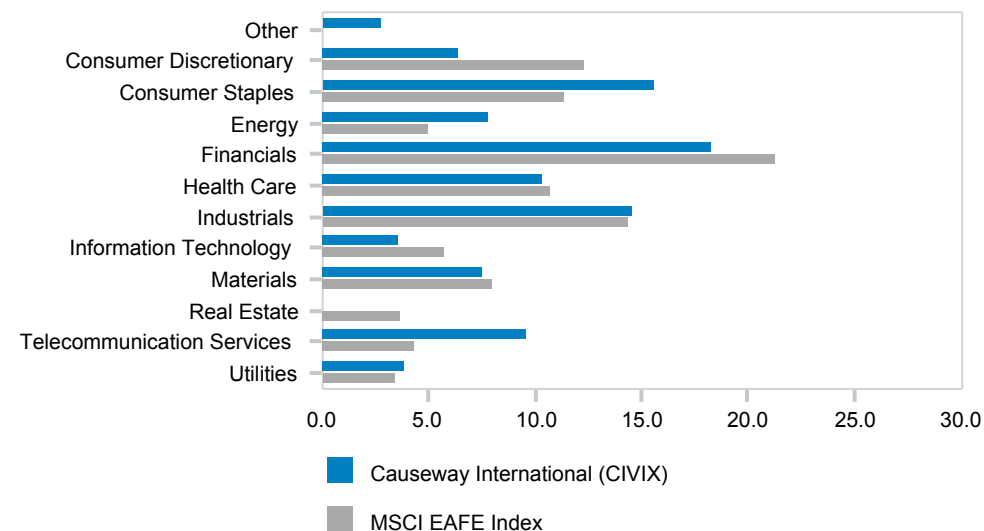
Portfolio Characteristics As of 03/31/2017

	Portfolio	Benchmark
Total Securities	60	929
Avg. Market Cap (\$)	66,801,788,352	9,745,319,925
Price/Earnings (P/E)	22.07	18.26
Price/Book (P/B)	2.89	2.12
Dividend Yield	2.95	3.17
Annual EPS	17.40	N/A
5 Yr EPS	-0.37	3.93
3 Yr EPS Growth	1.86	N/A
Beta (3 Years, Monthly)	0.91	1.00

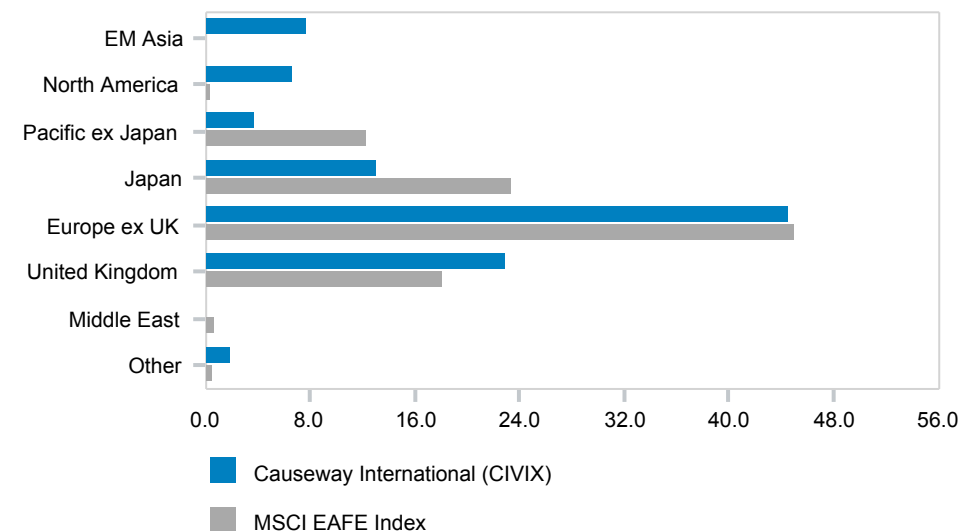
Top Ten Securities As of 03/31/2017

Volkswagen AG PFD	4.2 %
Akzo Nobel NV ORD	3.6 %
Royal Dutch Shell Plc B ORD	3.2 %
British American Tobacco PLC ORD	3.1 %
ABB Ltd ORD	2.9 %
Schneider Electric SE ORD	2.9 %
China Mobile Ltd ORD	2.8 %
Engie SA ORD	2.7 %
Novartis AG ORD	2.6 %
KDDI Corp ORD	2.5 %

Sector Weights As of 03/31/2017



Region Weights As of 03/31/2017



Statistics provided by Lipper. Most recent available data shown.



Fund Information

Fund Name : Cohen & Steers Institutional Realty Shares, Inc
 Fund Family : Cohen & Steers Capital Management Inc
 Ticker : CSRIX
 Inception Date : 02/14/2000
 Fund Assets : \$2,734 Million
 Portfolio Turnover : 79%

Portfolio Assets : \$2,734 Million
 Portfolio Manager : Team Managed
 PM Tenure :
 Fund Style : IM Real Estate Sector (MF)
 Style Benchmark : FTSE NAREIT All Equity REITs

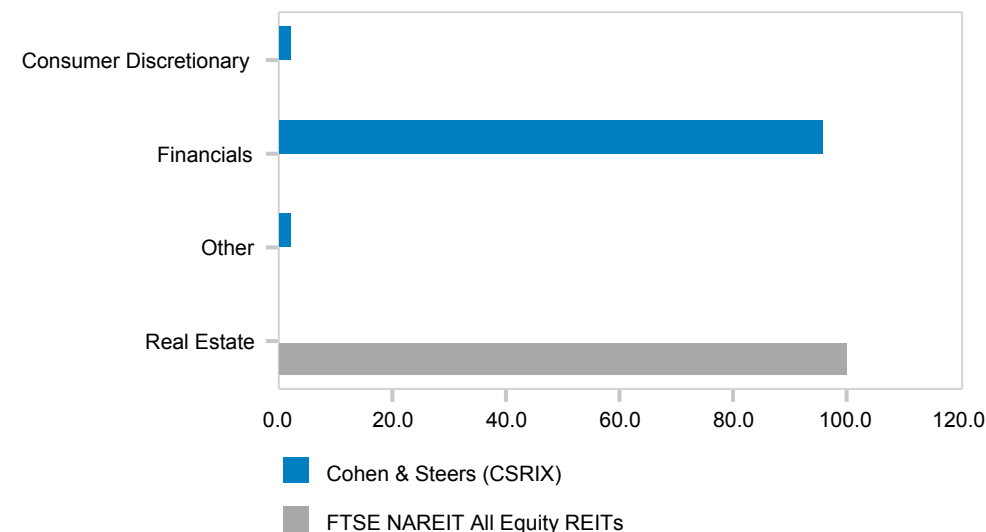
Portfolio Characteristics As of 06/30/2017

	Portfolio	Benchmark
Total Securities	50	171
Avg. Market Cap (\$)	14,874,231,176	3,258,577,000
Price/Earnings (P/E)	43.02	31.49
Price/Book (P/B)	3.61	2.59
Dividend Yield	3.38	3.85
Annual EPS	17.22	N/A
5 Yr EPS	22.98	19.45
3 Yr EPS Growth	28.37	N/A
Beta (5 Years, Monthly)	1.02	1.00

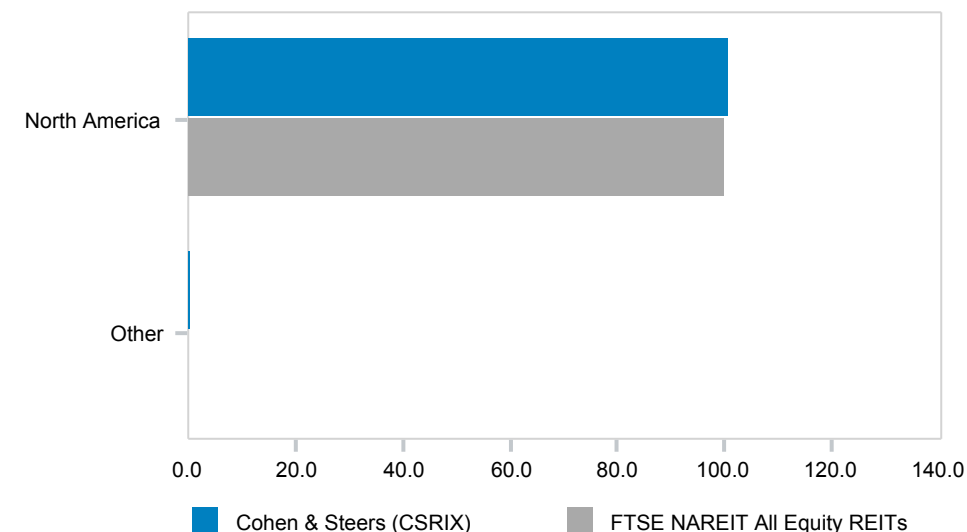
Top Ten Securities As of 06/30/2017

Equinix Inc ORD	5.5 %
UDR Inc ORD	5.1 %
Prologis Inc ORD	4.6 %
Essex Property Trust Inc ORD	4.4 %
AvalonBay Communities Inc ORD	3.8 %
Simon Property Group Inc ORD	3.7 %
Boston Properties Inc ORD	3.2 %
Healthcare Trust Of America Inc	3.0 %
HCP Inc ORD	2.8 %
DuPont Fabros Technology Inc ORD	2.7 %

Sector Weights As of 06/30/2017



Region Weights As of 06/30/2017



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, 2017, the ARI MLP had a market value of \$15,145,449.

ARI MLP		Alerian MLP Index	
	Weight %		Weight %
Magellan Midstream Partners LP	8.1	Magellan Midstream Partners LP	10.0
Energy Transfer Partners LP	7.8	Enterprise Products Partners LP	9.9
DCP Midstream LP	7.8	Energy Transfer Partners LP	9.8
MPLX LP	7.5	MPLX LP	6.7
Phillips 66 Partners LP	7.3	Williams Partners LP	6.5
Andeavor Logistics LP	6.7	Plains All American Pipeline LP	5.9
Antero Resources Midstream Management LLC	5.5	Buckeye Partners LP	5.3
Buckeye Partners LP	4.9	Western Gas Partners Lp	3.4
Plains All American Pipeline LP	4.8	Andeavor Logistics LP	3.0
Williams Partners LP	4.7	EQT Midstream Partners LP	2.9

Equity Assets Exposures by Sector

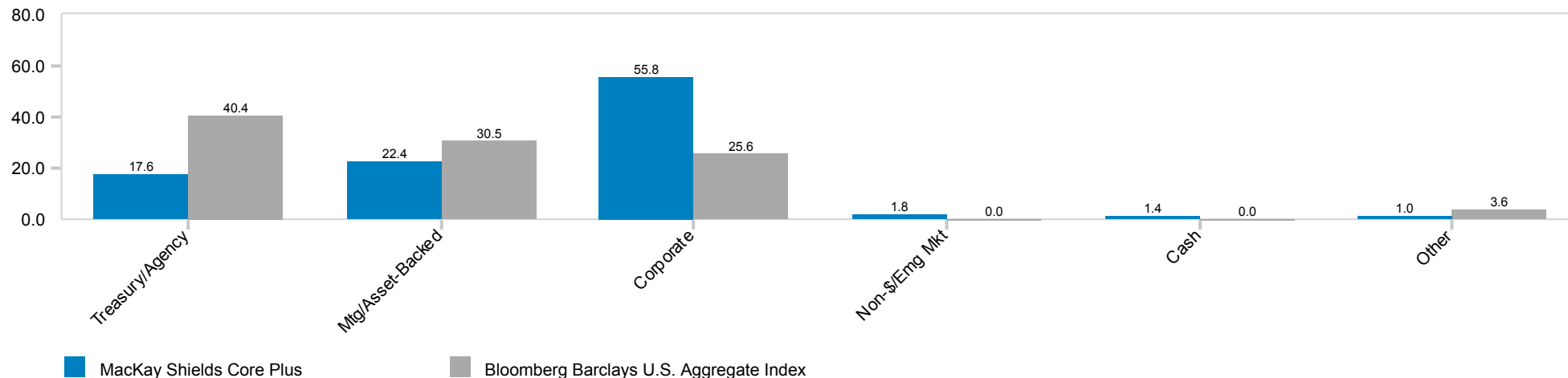
	ARI MLP	Alerian MLP Index
Cash	1.11	N/A
Energy	98.89	96.89
Utilities	N/A	3.11

Equity Characteristics

	ARI MLP	Alerian MLP Index
Wtd. Avg. Mkt. Cap (\$)	10,309,981,381	16,122,863,166
Price/Earnings ratio	18.9	20.2
Price/Book ratio	2.7	2.3
Current Yield	7.2	7.7
Number of Stocks	27	39

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 first quarter of 2014. As of September 30, 2017, MacKay Shields had a market value of \$36,117,987.

Sector Distribution (%)



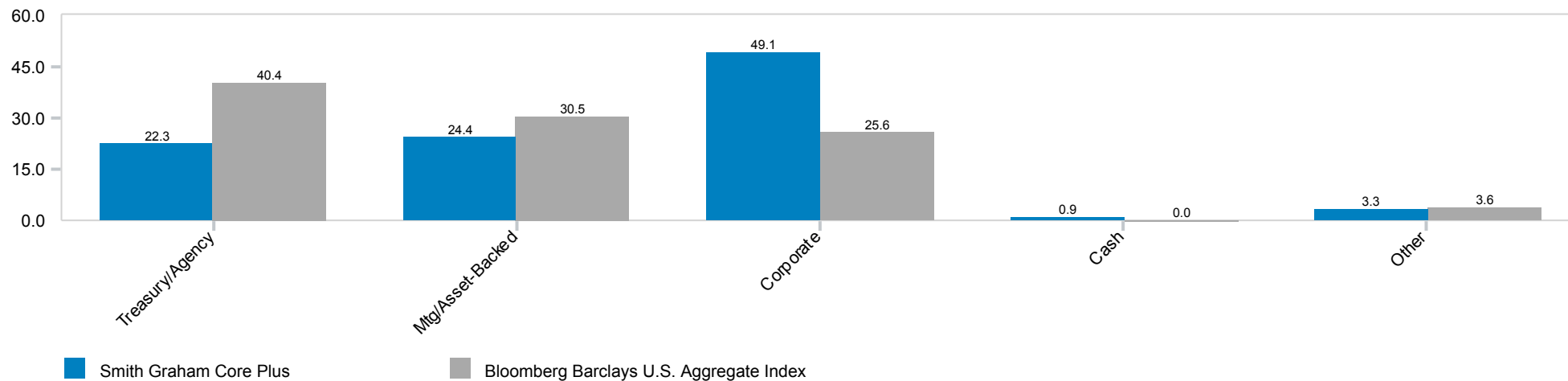
Portfolio Characteristics

	Portfolio	Benchmark
Avg. Maturity	8.10	7.90
Avg. Quality	A+	AA
Coupon Rate (%)	3.73	3.10
Modified Duration	5.81	5.90
Yield To Maturity (%)	2.91	2.50
Holdings Count	235	9,355



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. As of September 30, 2017, Smith Graham had a market value of \$32,392,262.

Sector Distribution (%)



Portfolio Characteristics

	Portfolio	Benchmark
Avg. Maturity	8.34	7.90
Avg. Quality	AA-	AA
Coupon Rate (%)	3.34	3.10
Modified Duration	5.98	5.90
Yield To Maturity (%)	2.82	2.50
Holdings Count	127	9,355



Fund Information

Fund Name :	Loomis Sayles Funds I: Loomis Sayles Institutional High Income Fund; Institutional Class	Portfolio Assets :	\$731 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 :	\$731 Million	Style Benchmark :	Citigroup High Yield Market Index
Portfolio Turnover :	17%		

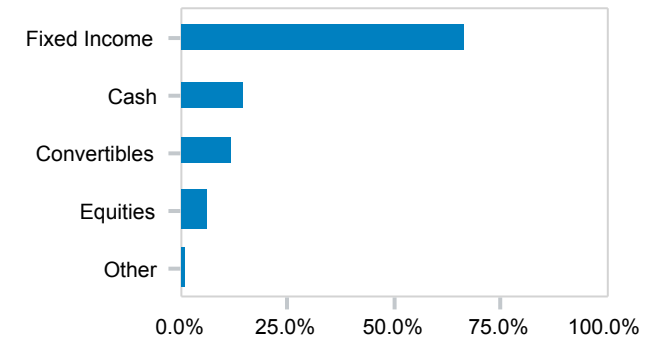
Fund Characteristics As of 06/30/2017

Avg. Coupon	4.73 %
Nominal Maturity	N/A
Effective Maturity	5.44 Years
Duration	3.45 Years
SEC 30 Day Yield	5.5
Avg. Credit Quality	BBB

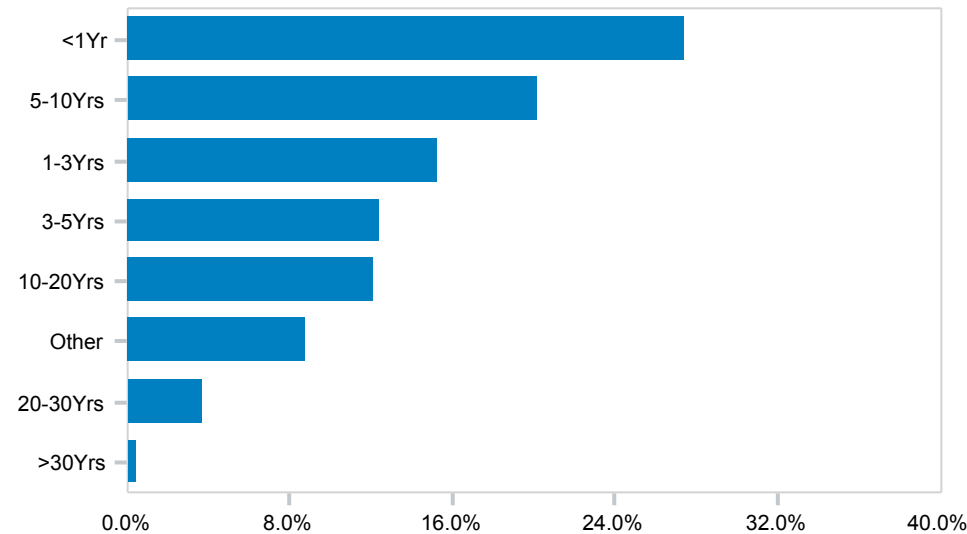
Top Ten Securities As of 06/30/2017

Corporate Notes/Bonds	56.8 %
Convertible Securities	11.6 %
Common Stock	6.2 %
Fgn. Currency Denominated Bonds	6.2 %
Treasury Notes/Bonds	4.3 %
Asset Backed Securities	0.3 %
Preferred Stock-Non Convertible	0.2 %

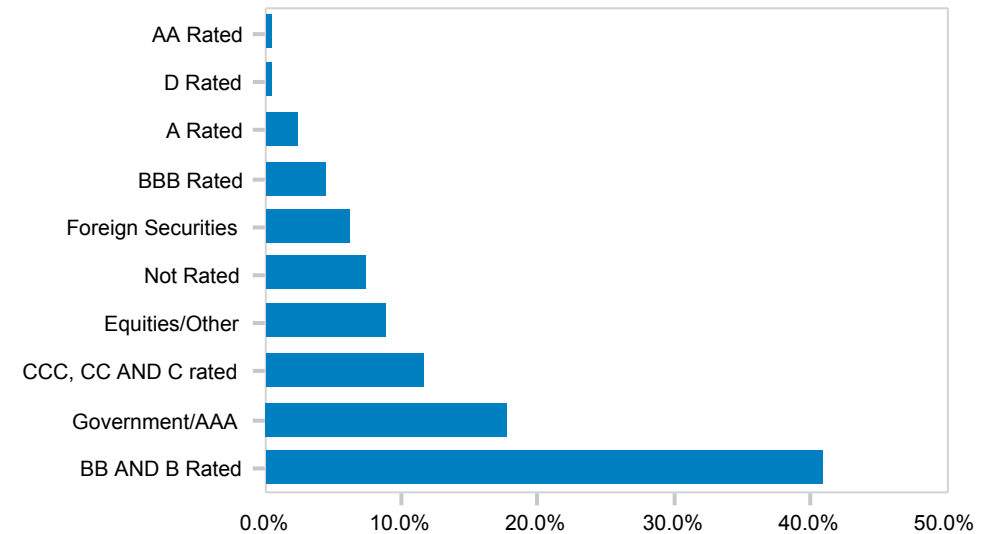
Asset Allocation As of 06/30/2017



Maturity Distribution As of 06/30/2017



Sector/Quality Allocation As of 06/30/2017



Statistics provided by Lipper. Most recent available data shown.



**Port of Houston Pension
Manager Status Summary
As of September 30, 2017**

Manager	Mandate	Status	Notes
Fiduciary Management	Large Cap Value Equity	In Compliance	
Vanguard Index Institutional (VINIX)	Large Cap Core Equity	In Compliance	
Stacey Braun	Large Cap Growth 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	
Smith Graham Core Plus	Core Plus Fixed Income	In Compliance	
Loomis Sayles High Yield (LSHIX)	High Yield Fixed Income	In Compliance	

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

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

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



Port of Houston Authority
Fee Analysis

As of September 30, 2017

	Estimated Annual Fee (%)	Market Value (\$)	Estimated Annual Fee (\$)	Fee Schedule
Total Fund Composite	0.52	178,444,010	934,740	
Equity Composite	0.81	38,640,412	313,604	
Domestic Equity	0.54	62,058,755	335,582	
Fiduciary Management	0.55	7,198,830	39,594	0.55 % of Assets
Vanguard Index Fund Institutional (VINIX)	0.04	14,033,256	5,613	0.04 % of Assets
Stacey Braun	0.45	7,411,429	33,351	0.45 % of First \$10 M 0.40 % Thereafter
Stephens Mid Cap Growth	0.77	14,795,431	113,925	0.77 % of Assets
Barrow Hanley MeWhinney & Strauss	0.77	18,619,809	143,099	1.00 % of First \$10 M 0.50 % of Next \$190 M 0.40 % of Next \$200 M 0.30 % Thereafter
International Equity	0.91	14,875,329	135,365	
Causeway International (CIVIX)	0.91	14,875,329	135,365	0.91 % of Assets
Real Estate	0.75	8,619,634	64,647	
Cohen & Steers (CSRIX)	0.75	8,619,634	64,647	0.75 % of Assets
MLPs	0.75	15,145,449	113,591	
ARI MLP	0.75	15,145,449	113,591	0.75 % of Assets
Fixed Income Composite	0.37	77,622,663	285,554	
Core Fixed Income	0.33	68,510,248	223,590	
Mackay Shields Core Plus	0.35	36,117,987	126,413	0.35 % of Assets
Smith Graham Core Plus	0.30	32,392,262	97,177	0.30 % of Assets
High Yield Fixed Income	0.68	9,112,414	61,964	
Loomis Sayles High Yield (LSHIX)	0.68	9,112,414	61,964	0.68 % of Assets



**Port of Houston Pension
Fee Summary
As of September 30, 2017**

Structure	Mandate	Expense Ratio	Category Average	Difference	Annual Savings
Fiduciary Management	Large Cap Value Equity	0.55%	1.21%	0.66%	\$47,512
Vanguard Index Institutional (VINIX)	Large Cap Core Equity	0.04%	1.21%	1.17%	\$164,189
Stacey Braun	Large Cap Growth Equity	0.45%	1.21%	0.76%	\$56,327
Stephens Mid Cap Growth	Mid Cap Growth Equity	0.77%	1.35%	0.58%	\$85,813
Barrow Hanley MeWhinney & Strauss	Small Cap Value Equity	0.77%	1.40%	0.63%	\$117,305
Causeway International (CIVIX)	International Equity	0.91%	1.16%	0.25%	\$37,188
Cohen & Steers (CSRIX)	Real Estate and Investment Trust	0.75%	1.31%	0.56%	\$48,270
ARI MLP	Master Limited Partnership	0.75%	1.00%	0.25%	\$37,864
Mackay Shields Core Plus	Core Plus Fixed Income	0.35%	0.84%	0.49%	\$176,978
Smith Graham Core Plus	Core Plus Fixed Income	0.30%	0.84%	0.54%	\$174,918
Loomis Sayles High Yield (LSHIX)	High Yield Fixed Income	0.68%	1.08%	0.40%	\$36,450
Total Management Fees		0.52%	1.07%	0.55%	\$982,814

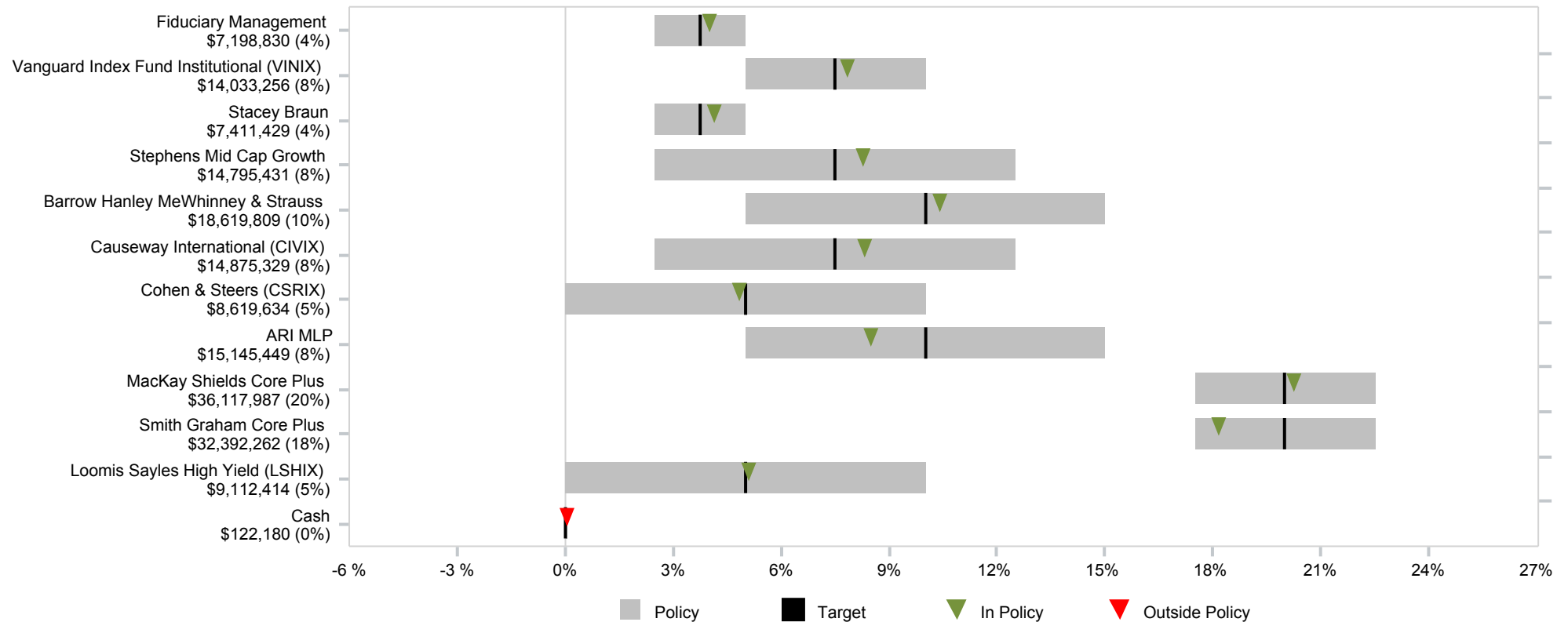
Source: Morningstar and Investment Managers

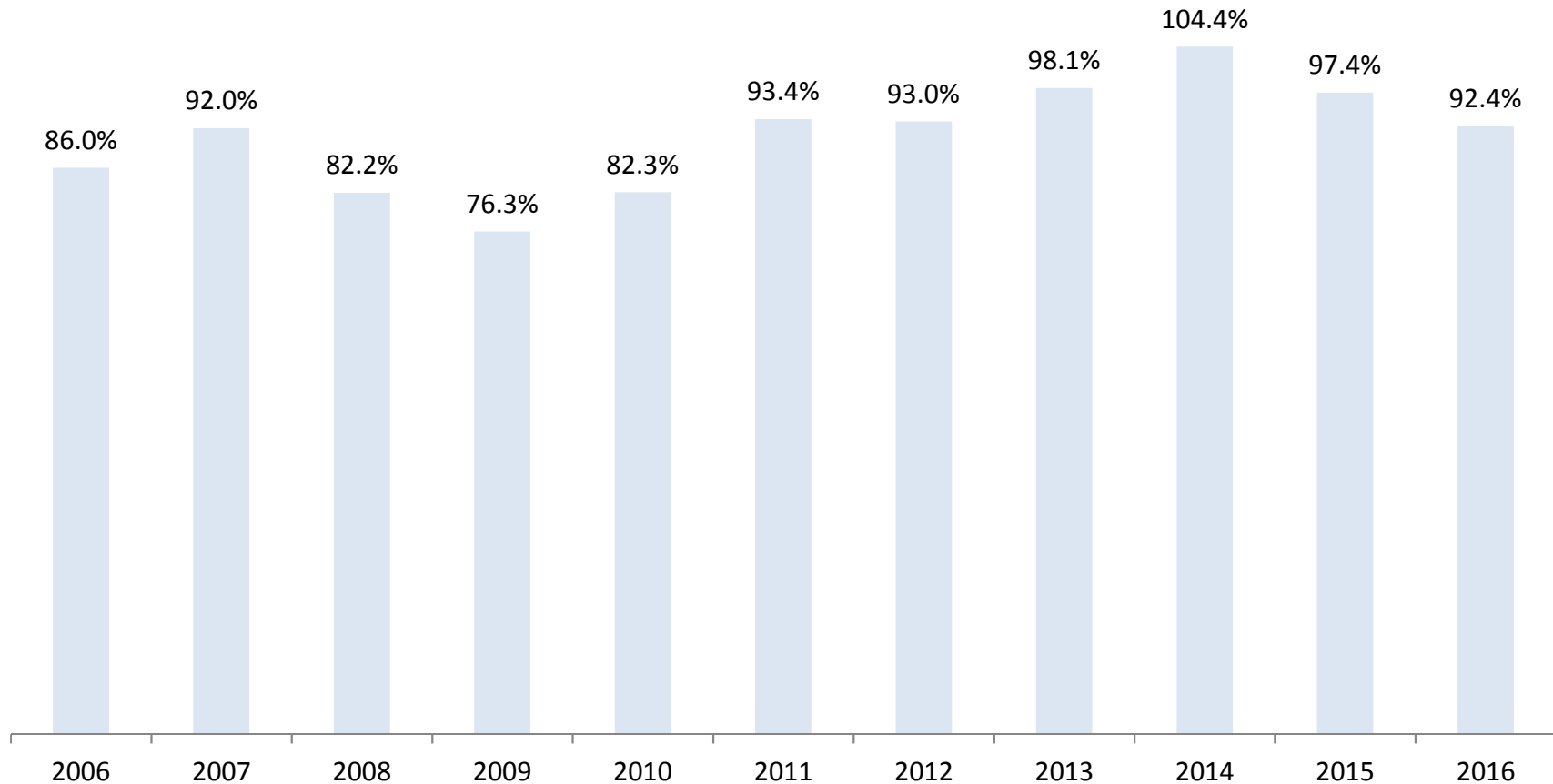


Asset Allocation Compliance

	Asset Allocation \$	Current Allocation (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund Composite	178,444,010	100.0	100.0	0.0		
Fiduciary Management	7,198,830	4.0	3.8	0.3	2.5	5.0
Vanguard Index Fund Institutional (VINIX)	14,033,256	7.9	7.5	0.4	5.0	10.0
Stacey Braun	7,411,429	4.2	3.8	0.4	2.5	5.0
Stephens Mid Cap Growth	14,795,431	8.3	7.5	0.8	2.5	12.5
Barrow Hanley MeWhinney & Strauss	18,619,809	10.4	10.0	0.4	5.0	15.0
Causeway International (CIVIX)	14,875,329	8.3	7.5	0.8	2.5	12.5
Cohen & Steers (CSRIX)	8,619,634	4.8	5.0	-0.2	0.0	10.0
ARI MLP	15,145,449	8.5	10.0	-1.5	5.0	15.0
MacKay Shields Core Plus	36,117,987	20.2	20.0	0.2	17.5	22.5
Smith Graham Core Plus	32,392,262	18.2	20.0	-1.8	17.5	22.5
Loomis Sayles High Yield (LSHIX)	9,112,414	5.1	5.0	0.1	0.0	10.0
Cash	122,180	0.1	0.0	0.1	0.0	0.0

Executive Summary





Source: Port of Houston Authority Restated Retirement Plan Actuarial Valuation Report as of August 1, 2016. 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%. The actuarial assumption was reduced from 7.00% to 6.75% by the Port Commission on December 13, 2016. The effective date of the change is January 1, 2017 for reporting purposes.



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.



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