

Investment Performance Review
Period Ending March 31, 2019

**Port of Houston Authority
OPEB Trust**

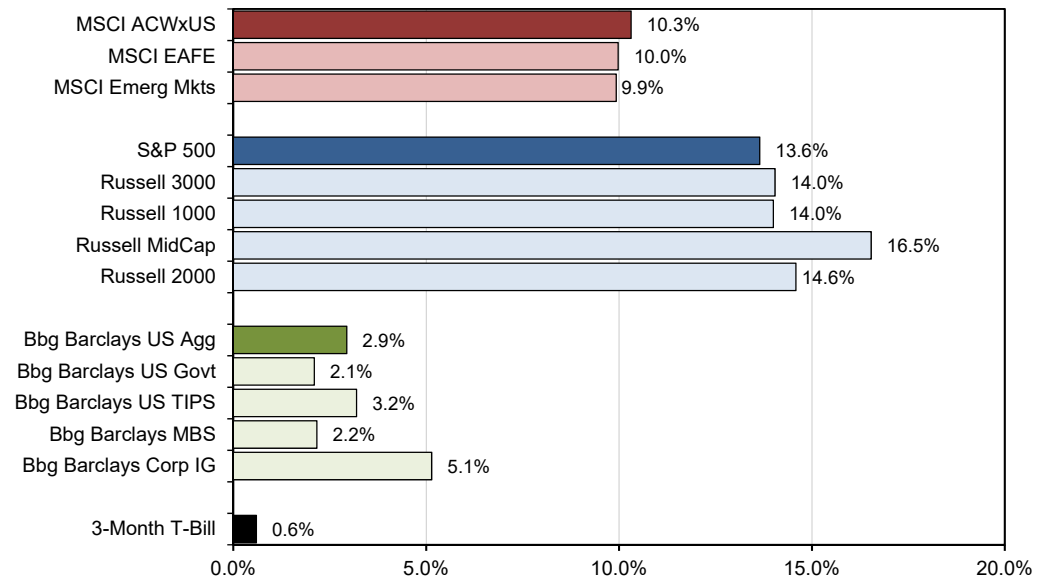


1st Quarter 2019 Market Environment

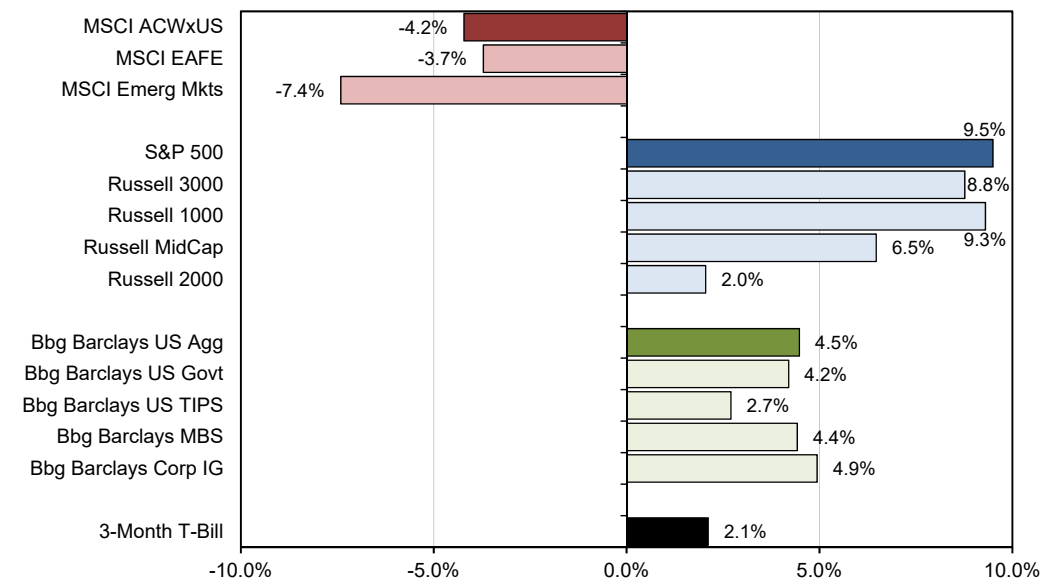


- After a difficult end to 2018, markets rebounded strongly during the 1st quarter of 2019 with higher risk assets posting the greatest returns. Broad international and domestic equity markets had double-digit gains during the period as investors overlooked signs of weakening global growth in favor of increased accommodation in global monetary policy and progress in global trade negotiations. While muted relative to equities, fixed income returns were also positive during the quarter. Within equities, domestic stocks outperformed international markets. US markets pushed higher as the US Federal Reserve (Fed) shifted their stance on monetary policy toward a more accommodative posture, the US and China moved closer to a resolution of their ongoing trade dispute and the partial government shutdown that began in December came to an end. The large cap S&P 500 Index returned 13.6% during the quarter while the small cap Russell 2000 Index gained 14.6% for the period. US equity returns over the 1-year period are positive with the S&P 500 appreciating 9.5% while the Russell 2000 posted a more modest gain of 2.0%.
- Similar to US markets, international equity investors were encouraged by a general easing in central bank monetary policy, including new stimulus measures in Europe and China, as well as the de-escalation of trade tensions with the US. Despite the continued softening in global macroeconomic data and the lack of certainty around Brexit, international equity index returns finished the quarter in positive territory with the MSCI ACWI ex US Index returning 10.3%. The developed market MSCI EAFE Index and the MSCI Emerging Markets Index had similar performance during the 1st quarter returning 10.0% and 9.9% respectively. Despite the strong quarter, returns over the 1-year period remain negative with developed markets falling -3.7%, outperforming emerging markets which fell -7.4%.
- Fixed income securities underperformed equities to start 2019 with the broad market Bloomberg Barclays Aggregate Index returning 2.9%. Interest rates fell for all maturities across the US Treasury Yield Curve as Fed guidance signaled a pause in monetary policy tightening through 2019. Interest rates in the middle of the curve saw the greatest declines causing the curve to invert with shorter-term maturities paying higher interest rates than those in the middle of the curve. This has historically preceded a recession by 6-24 months. Investment grade corporate issues were the best performing securities this quarter, outperforming Treasury and securitized issues. The Bloomberg Barclays Corporate IG Index returned 5.1% for the period, as corporate credit had tailwinds due to its greater interest rate sensitivity, higher yields and tightening credit spreads. Corporate issues also outperformed the other major fixed income sectors over the 1-year period, returning 4.9% versus a 4.5% return for the Bloomberg Barclays Aggregate Index.

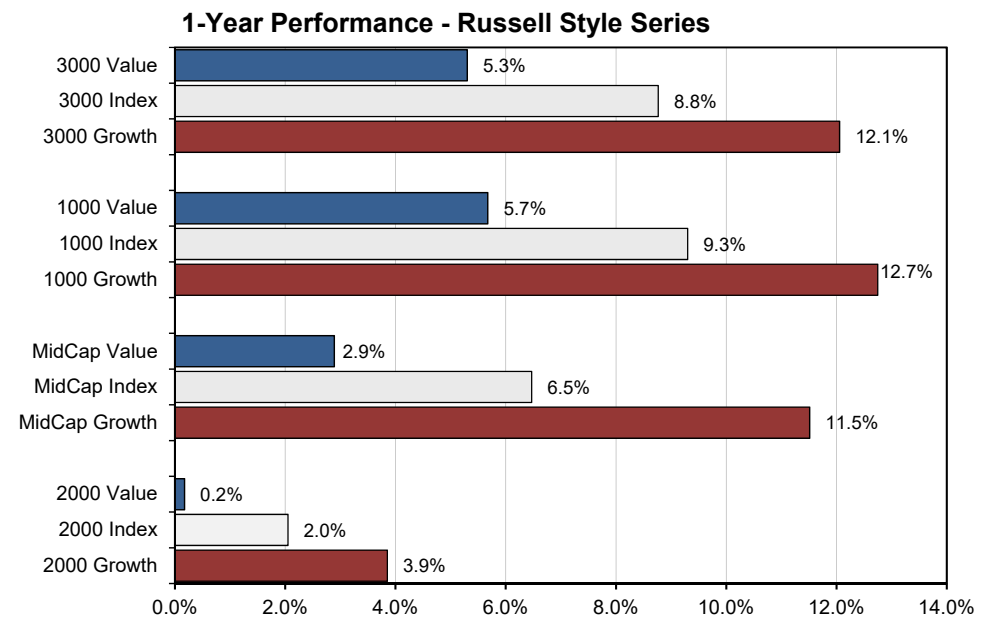
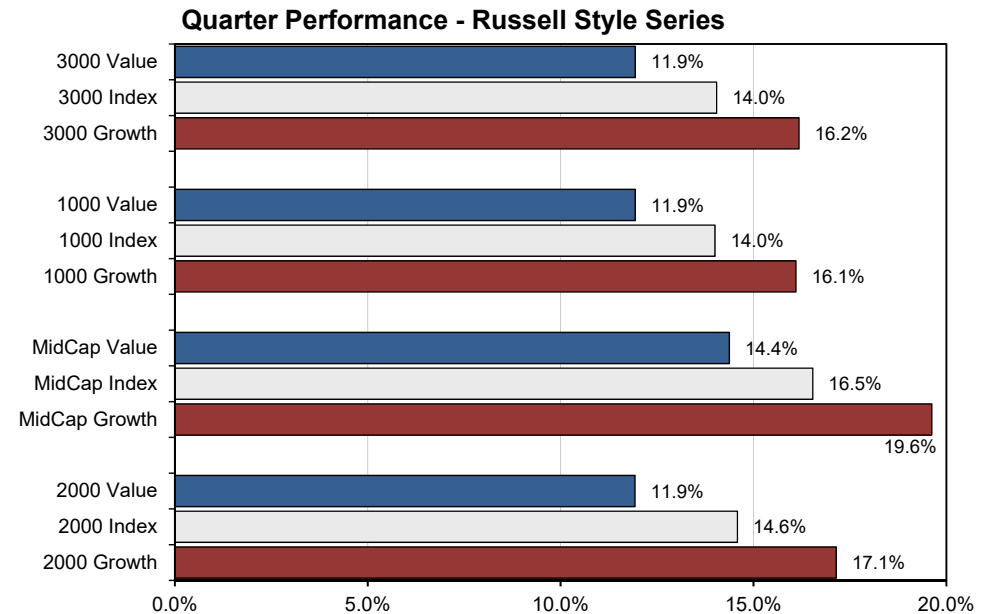
Quarter Performance



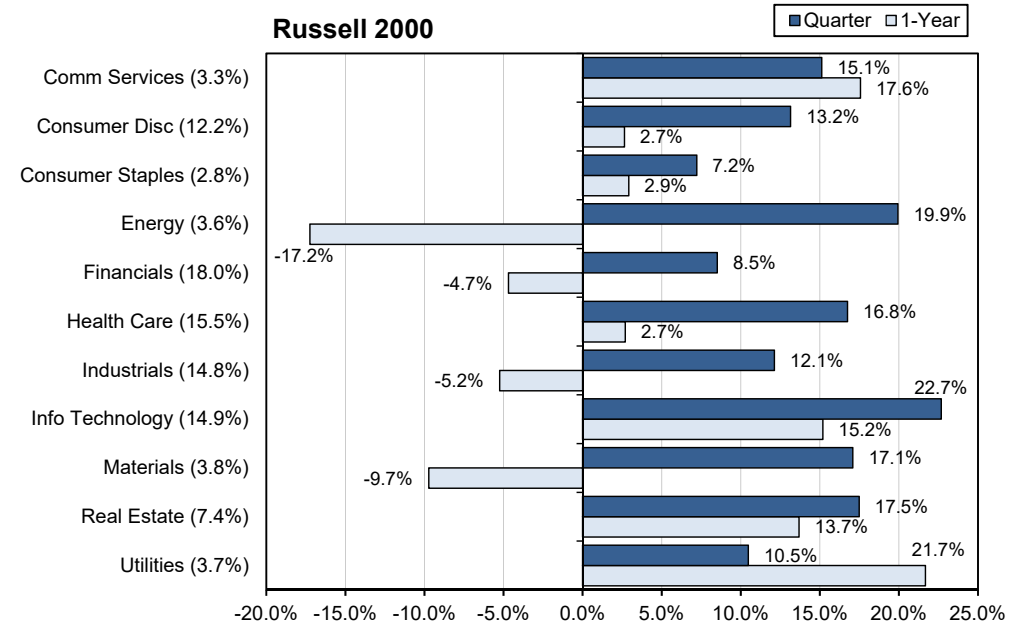
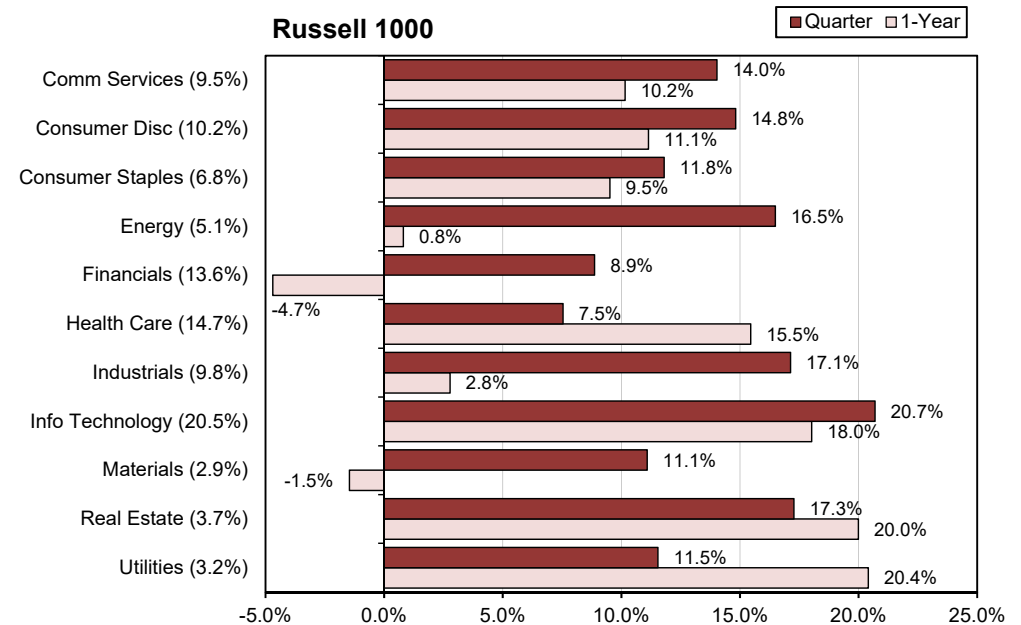
1-Year Performance



- US equity index returns were strongly positive across the style and capitalization spectrum to start the year with all indices posting double digit returns. Macroeconomic data released during the quarter was mixed with disappointing data released late in the quarter for GDP and employment being particularly notable. Even though earnings reported during the period were viewed favorably, many companies provided negative forward earnings guidance due to slowing global growth, trade concerns and the fading effects of US tax reform. However, investor concerns over the economy were overshadowed by positive developments in trade negotiations with China and an accommodative shift in Fed monetary policy. With regards to trade, President Trump delayed the implementation of new Chinese tariffs scheduled for March 1st citing substantial progress in ongoing discussions. Stocks also rallied on Fed guidance to put further monetary policy tightening on hold as they lowered projections for growth and inflation. Lastly, we saw the end of the partial government shutdown that began in December due to a partisan disagreement over funds for the construction of a border wall with Mexico. While the spending bill that passed did not budget for the wall, President Trump declared a national state of emergency later in the quarter in order to secure the needed funding.
- During the quarter, mid cap stocks were the best performers while small cap stocks outperformed large cap equities across growth, value and core indices. The Russell MidCap Index gained 16.5% during the period versus a 14.6% return for the small cap Russell 2000 Index and a 14.0% gain on the large cap Russell 1000 Index. Part of the reason for strength in small cap names is the projected hold on interest rate increases that occurred over 2018 as small and mid-cap companies typically maintain higher percentages of debt than their large cap peers. Small and mid-cap companies are usually more domestically focused which will serve as a tailwind in periods where the US economy is on stronger footing than international markets. It is also not unusual for smaller market cap stocks to outperform in risk-on market environments. When viewed over the most recent 1-year period, large cap stocks outperformed relative to small cap stocks. The Russell 1000 returned 9.3% for the year while the Russell 2000 gained only 2.0%.
- Growth indices outperformed value indices across the market cap spectrum during the 1st quarter. Growth stocks have outperformed value in all but one quarter over the last two years. The Russell MidCap Growth Index was the best performing style index for the period, returning 19.6% for the quarter. The large cap and small cap value indices had the lowest relative returns, both gaining 11.9%. The trend of growth outperformance is also visible over the 1-year period as growth indices have benefitted from larger exposures to technology which has been a large driver of index performance over the last year, as well as a meaningful underweight to financials which has been a relative detractor.



- Sector performance was broadly positive across large cap sectors for the 1st quarter. There were strong gains for all sectors within the Russell 1000 Index during for the period with five sectors outpacing the return of the index. While the rally was broad with nine of eleven sectors posting double digit returns, cyclical sectors such as technology, industrials and energy were some of the best performers through the quarter returning 20.7%, 17.1% and 16.5% respectively. Technology stocks rose on strong earnings and attractive valuations following their 4th quarter 2018 sell off. Energy companies benefitted from a large rebound in oil prices which increased by over 30% during the quarter following an OPEC led supply cut and US sanctions against Iran and Venezuela. Industrial stocks, among others, gained on hopes that trade tensions between the US and China would continue to abate. REITs also had a particularly strong quarter, returning 17.3% as the prospect of lower interest rates acted as a tailwind. Financials and health care stocks were the worst performers during the period returning 8.9% and 7.5% respectively. Health care stocks faced uncertainty around the potential for future regulation following congressional hearings on drug pricing while the prospect of lower earnings due to a muted interest rate environment weighed on financial stocks. Returns over the 1-year period were positive with nine out of eleven sectors posting gains, six of which were over 10%. Utilities, REITs and information technology were the best performers returning 20.4%, 20.0% and 18.0% respectively. Financials and materials posted negative results at -4.7% and -1.5% while energy was only slightly positive at 0.8%.
- Quarterly results for small cap sectors were mixed relative to their large capitalization counterparts with six of eleven sectors outperforming their corresponding large cap equivalents. Like large caps, all eleven sectors produced gains during the period with six of eleven economic sectors outpacing the Russell 2000 Index return for the quarter and nine returning over 10.0%. Similar to large caps, cyclical sectors performed well with technology, energy and materials returning 22.7%, 19.9% and 17.1% respectively. Real estate also did well returning 17.5%. The largest detractors over the period were consumer staples, financials and utilities which still produced gains of 7.2%, 8.5% and 10.5%. Over the trailing 1-year period, returns varied significantly with four sectors posting double digit gains and four losing value. Despite a very strong quarter, energy stocks were the worst performers over the 1-year period, falling a considerable -17.2%, while the defensive utilities sector produced the greatest gains, appreciating 21.7%.



Source: Morningstar Direct

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



The Market Environment
Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000
As of March 31, 2019

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Apple Inc	3.42%	20.9%	14.9%	Information Technology
Microsoft Corp	3.39%	16.6%	30.8%	Information Technology
Amazon.com Inc	2.78%	18.6%	23.0%	Consumer Discretionary
Facebook Inc A	1.50%	27.2%	4.3%	Communication Services
Berkshire Hathaway Inc B	1.48%	-1.6%	0.7%	Financials
Johnson & Johnson	1.42%	9.0%	12.1%	Health Care
Alphabet Inc C	1.36%	13.3%	13.7%	Communication Services
Alphabet Inc A	1.33%	12.6%	13.5%	Communication Services
Exxon Mobil Corp	1.30%	19.8%	12.9%	Energy
JPMorgan Chase & Co	1.27%	4.6%	-5.6%	Financials

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Versum Materials Inc	0.02%	81.9%	34.7%	Information Technology
Coty Inc Class A	0.02%	77.3%	-34.3%	Consumer Staples
Nabors Industries Ltd	0.00%	72.5%	-48.7%	Energy
Sage Therapeutics Inc	0.03%	66.0%	-1.3%	Health Care
Wayfair Inc Class A	0.03%	64.8%	119.8%	Consumer Discretionary
Chipotle Mexican Grill Inc Class A	0.07%	64.5%	119.8%	Consumer Discretionary
Universal Display Corp	0.02%	63.5%	51.7%	Information Technology
Xerox Corp	0.02%	63.1%	15.7%	Information Technology
Floor & Decor Holdings Inc	0.01%	59.2%	-20.9%	Consumer Discretionary
bluebird bio Inc	0.03%	58.6%	-7.9%	Health Care

Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Uniti Group Inc	0.01%	-27.8%	-23.8%	Real Estate
PG&E Corp	0.03%	-25.1%	-59.5%	Utilities
The Kraft Heinz Co	0.07%	-23.2%	-45.1%	Consumer Staples
Realogy Holdings Corp	0.01%	-21.8%	-57.3%	Real Estate
Nu Skin Enterprises Inc Class A	0.01%	-21.5%	-33.7%	Consumer Staples
Biogen Inc	0.18%	-21.4%	-13.7%	Health Care
Centennial Resource Development A	0.01%	-20.2%	-52.1%	Energy
CenturyLink Inc	0.04%	-19.3%	-19.0%	Communication Services
Qurate Retail Inc Class A	0.03%	-18.1%	-36.5%	Consumer Discretionary
Macy's Inc	0.03%	-18.0%	-15.2%	Consumer Discretionary

Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Etsy Inc	0.40%	41.3%	139.6%	Consumer Discretionary
Five Below Inc	0.33%	21.4%	69.4%	Consumer Discretionary
The Trade Desk Inc A	0.32%	70.6%	298.9%	Information Technology
Integrated Device Technology Inc	0.31%	1.2%	60.3%	Information Technology
HubSpot Inc	0.30%	32.2%	53.5%	Information Technology
Planet Fitness Inc A	0.30%	28.2%	81.9%	Consumer Discretionary
Cree Inc	0.29%	33.8%	41.9%	Information Technology
Ciena Corp	0.26%	10.1%	44.2%	Information Technology
Primerica Inc	0.26%	25.4%	27.7%	Financials
Array BioPharma Inc	0.25%	71.1%	49.4%	Health Care

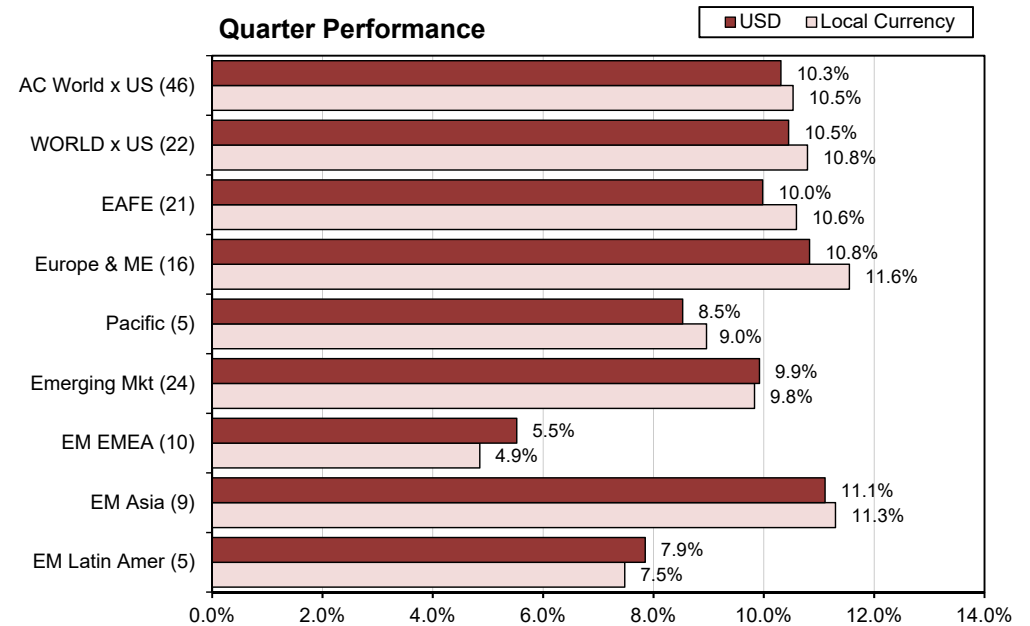
Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Immune Design Corp	0.01%	350.0%	77.3%	Health Care
Diebold Nixdorf Inc	0.04%	344.6%	-28.1%	Information Technology
Constellation Pharmaceuticals Inc	0.01%	237.9%	N/A	Health Care
Flotek Industries Inc	0.01%	197.2%	-46.9%	Materials
Spark Therapeutics Inc	0.18%	191.0%	71.0%	Health Care
Magenta Therapeutics Inc	0.01%	188.9%	N/A	Health Care
ION Geophysical Corp	0.01%	178.8%	-46.7%	Energy
Catalyst Pharmaceuticals Inc	0.02%	165.6%	113.4%	Health Care
VirnetX Holding Corp	0.02%	163.8%	60.3%	Information Technology
Rockwell Medical Inc	0.01%	151.8%	9.2%	Health Care

Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Zomedica Pharmaceuticals Corp	0.00%	-77.0%	-84.2%	Health Care
Aptinyx Inc	0.00%	-75.5%	N/A	Health Care
Alta Mesa Resources Inc Class A	0.00%	-73.5%	-96.7%	Energy
Novavax Inc	0.01%	-70.1%	-73.8%	Health Care
Maxar Technologies Inc	0.01%	-66.3%	-91.0%	Industrials
Solid Biosciences Inc	0.01%	-65.7%	22.7%	Health Care
Achaogen Inc	0.00%	-62.9%	-96.5%	Health Care
EP Energy Corp A	0.00%	-62.9%	-80.6%	Energy
Proteostasis Therapeutics Inc	0.00%	-61.1%	-73.5%	Health Care
Approach Resources Inc	0.00%	-59.4%	-86.4%	Energy

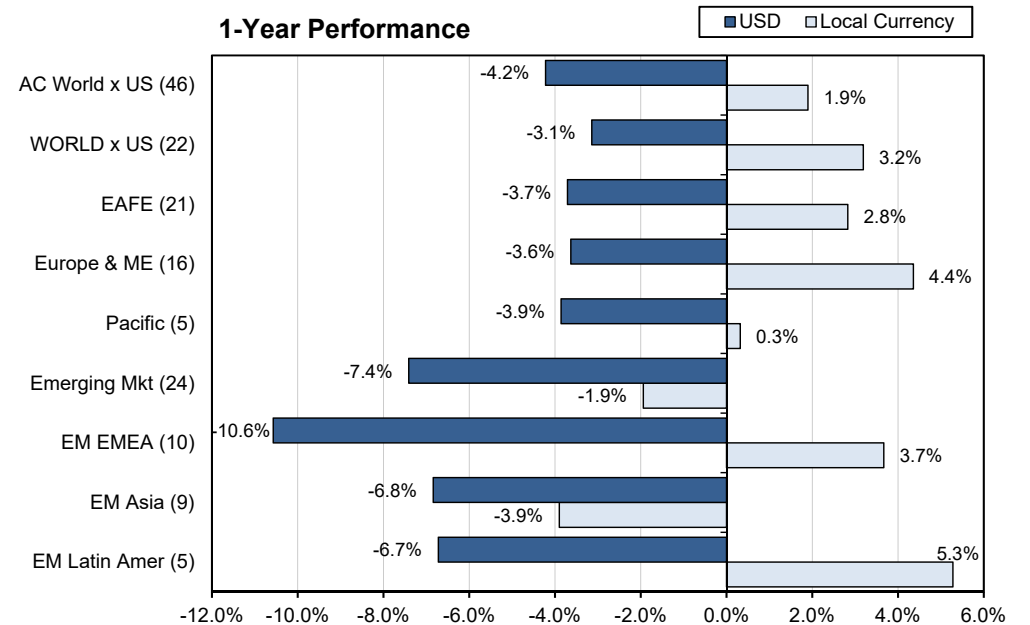


- Broad international equity returns were positive for the quarter in both local currency and USD terms. The MSCI ACWI ex US Index gained 10.5% in local currency terms and 10.3% in USD terms during the 1st quarter. Similar to US markets, international equity investors were encouraged by central bank responses to slowing global growth as they shifted towards more accommodative policies and the improvement in dialogue around global trade. Returns in local currency typically outperformed USD returns in the developed markets, as the USD continued to strengthen against most major developed currencies. While the currency effect was detrimental in developed markets, it acted as a slight tailwind in emerging markets. The USD strength is particularly noticeable over the 1-year period where local currency returns on the MSCI ACWI ex US Index were 1.9%, but after accounting for foreign exchange, translated to a loss of -4.2% for a USD investor.
- Fourth quarter results for developed market international indices were positive in both local currency and USD terms with the MSCI EAFE Index returning 10.6% and 10.0% respectively. Ongoing weakness in global economic reporting pushed major central banks to move toward less restrictive postures around monetary policy. In Europe, the European Central Bank (ECB) announced plans for additional stimulus while putting any future interest rate increases on hold until 2020. The Bank of England (BoE) left policy unchanged as uncertainties around Brexit coincided with a slowing economy. Prime Minister Theresa May held two votes on her withdrawal plan, both of which failed, forcing her to request an extension to the March 29th withdrawal deadline. Data from Japan drew concerns that the country's economy is contracting as corporate earnings, exports, manufacturing, retail sales and inflation all hinted at an economic slowdown. The MSCI EAFE Index returned 2.8% and -3.7% for the last twelve months in local currency and USD terms respectively.
- Emerging markets slightly underperformed relative to developed markets for the 1st quarter, but still appreciated in both local currency and USD terms with the MSCI Emerging Markets Index returning 9.8% and 9.9% respectively. A major tailwind for equity markets was the improvement in trade relations between the US and China. As Chinese economic data appeared to be slowing, the Chinese government also announced continued stimulus in the form of tax cuts, infrastructure investment and lowered the reserve requirement for banks in order to encourage lending. We also saw commodity prices rise over the quarter which is generally beneficial to emerging market countries with rising oil prices helping Russian and Colombian equity returns. In Brazil, President Jair Bolsonaro officially took office. Bolsonaro announced his plan to reform the country's debt laden pension system and promised market friendly economic reforms. One year returns for the MSCI Emerging Market Index were -1.9% in local currency terms and -7.4% in USD terms.

Quarter Performance



1-Year Performance



The Market Environment
US Dollar International Index Attribution & Country Detail
As of March 31, 2019

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Communication Services	5.4%	4.3%	-4.5%
Consumer Discretionary	11.0%	7.5%	-10.4%
Consumer Staples	11.8%	12.4%	3.3%
Energy	5.9%	10.4%	4.6%
Financials	18.9%	6.9%	-12.7%
Health Care	11.3%	11.2%	7.4%
Industrials	14.4%	10.6%	-5.4%
Information Technology	6.3%	15.3%	-3.8%
Materials	7.5%	13.2%	-3.0%
Real Estate	3.9%	14.0%	4.2%
Utilities	3.7%	9.0%	8.7%
Total	100.0%	10.0%	-3.7%

MSCI - ACWxUS	Sector Weight	Quarter Return	1-Year Return
Communication Services	7.1%	6.9%	-1.8%
Consumer Discretionary	11.1%	11.2%	-10.3%
Consumer Staples	9.9%	11.2%	1.6%
Energy	7.4%	12.4%	5.2%
Financials	21.6%	7.7%	-9.4%
Health Care	8.4%	11.0%	4.4%
Industrials	11.7%	10.2%	-4.9%
Information Technology	8.4%	14.7%	-7.3%
Materials	7.6%	11.3%	-3.6%
Real Estate	3.5%	14.4%	2.8%
Utilities	3.3%	8.2%	6.1%
Total	100.0%	10.3%	-4.2%

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Communication Services	12.3%	9.5%	-3.3%
Consumer Discretionary	13.4%	20.8%	-13.2%
Consumer Staples	6.4%	5.3%	-8.4%
Energy	8.1%	12.2%	9.4%
Financials	24.2%	7.2%	-6.0%
Health Care	2.6%	3.6%	-23.4%
Industrials	5.4%	4.8%	-7.6%
Information Technology	14.6%	12.8%	-10.8%
Materials	7.4%	6.9%	-6.2%
Real Estate	3.2%	15.6%	-2.1%
Utilities	2.5%	4.2%	-2.7%
Total	100.0%	9.9%	-7.4%

Country	MSCI-EAFE Weight	MSCI-ACWxUS Weight	Quarter Return	1-Year Return
Japan	24.0%	16.1%	6.7%	-7.8%
United Kingdom	17.1%	11.5%	11.9%	-0.1%
France	11.3%	7.6%	10.7%	-3.7%
Switzerland	8.9%	6.0%	13.1%	7.5%
Germany	8.6%	5.8%	6.9%	-13.7%
Australia	6.9%	4.7%	11.4%	4.5%
Hong Kong	4.1%	2.8%	15.6%	8.0%
Netherlands	3.6%	2.4%	13.6%	-2.3%
Spain	3.0%	2.0%	7.0%	-8.8%
Sweden	2.6%	1.8%	7.4%	-5.1%
Italy	2.4%	1.6%	14.6%	-10.6%
Denmark	1.8%	1.2%	12.8%	-3.2%
Singapore	1.3%	0.9%	6.2%	-6.4%
Finland	1.0%	0.7%	8.0%	-3.6%
Belgium	1.0%	0.7%	16.2%	-15.5%
Norway	0.7%	0.5%	7.0%	-4.4%
Ireland	0.5%	0.4%	11.4%	-11.6%
Israel	0.5%	0.4%	10.1%	9.9%
Austria	0.2%	0.2%	8.4%	-23.0%
New Zealand	0.2%	0.2%	16.7%	18.1%
Portugal	0.2%	0.1%	10.2%	-4.9%
Total EAFE Countries	100.0%	67.1%	10.0%	-3.7%
Canada		6.8%	15.4%	3.1%
Total Developed Countries		73.9%	10.5%	-3.1%
China		8.6%	17.7%	-6.2%
Korea		3.4%	4.9%	-16.7%
Taiwan		3.0%	9.0%	-6.1%
India		2.4%	7.2%	6.8%
Brazil		1.9%	8.1%	-4.2%
South Africa		1.5%	4.4%	-18.0%
Russia		1.0%	12.2%	2.2%
Mexico		0.7%	5.5%	-11.7%
Thailand		0.6%	7.4%	-6.9%
Indonesia		0.6%	4.3%	2.0%
Malaysia		0.6%	0.3%	-13.1%
Poland		0.3%	-0.6%	-5.7%
Philippines		0.3%	7.9%	1.8%
Chile		0.3%	4.1%	-17.5%
Qatar		0.2%	-3.5%	22.2%
United Arab Emirates		0.2%	8.7%	1.3%
Turkey		0.1%	-3.2%	-40.3%
Colombia		0.1%	24.8%	5.3%
Peru		0.1%	11.0%	2.2%
Hungary		0.1%	6.0%	0.5%
Greece		0.1%	12.8%	-23.6%
Czech Republic		0.0%	3.8%	-6.8%
Egypt		0.0%	15.8%	-10.2%
Pakistan		0.0%	8.3%	-36.6%
Total Emerging Countries		26.1%	9.9%	-7.4%
Total ACWxUS Countries		100.0%	10.3%	-4.2%

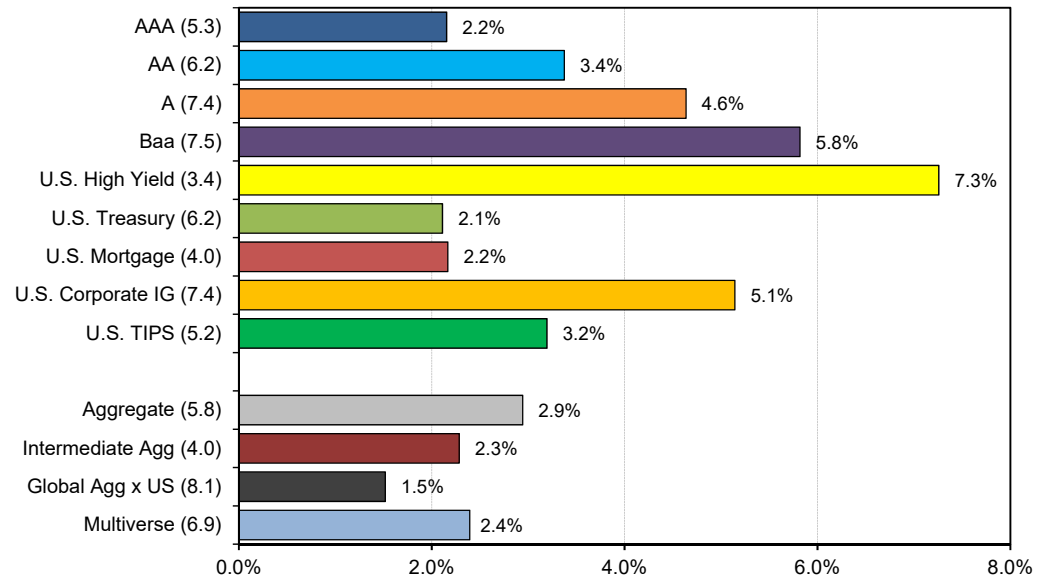
Source: Morningstar Direct, MSCI Global Index Monitor (Returns are Net in USD)

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

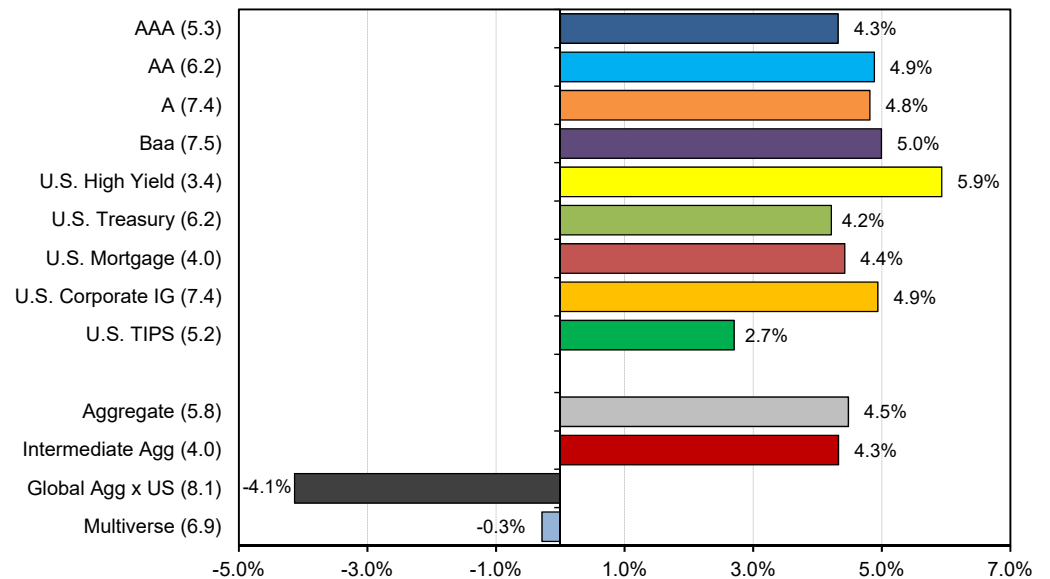


- Broad fixed income benchmarks were positive to start 2019. Following the late 2018 market volatility, the Federal Open Market Committee (FOMC) issued dovish guidance after their January meeting stating that they would be patient in determining future interest rate adjustments. The FOMC also commented on the ongoing balance sheet reduction program, stating that they would be open to changes to the program if market conditions warranted them. Later in March, Fed Chair Jerome Powell communicated that the FOMC is no longer projecting any further interest rate increases through 2019. He also stated that they would begin tapering the roll off from the balance sheet reduction program in May with a plan to halt the program entirely in September. The stoppage of the balance sheet reduction program represents an easing of monetary policy. Interest rates fell across all maturities on the US Treasury Yield Curve with the greatest declines occurring in the mid- and long-term issues. This caused continued inversion in the yield curve with short-term maturities paying higher interest rates than issues in the mid- to long-end of the curve. The difference in yields between the 2-year and 10-year Treasury now sits at just 0.14% with the 30-day T-Bill yielding more than the 10-year bond by 0.02%. Historically, an inverted yield curve has been a leading indicator of a recession in the next 6-24 months. The bellwether Bloomberg Barclays US Aggregate Index posted positive returns for both the 1st quarter and the 1-year period, returning 2.9% and 4.5% respectively.
- Within investment grade credit, lower quality issues outperformed higher quality issues as investors gravitated toward higher risk securities during the quarter. Lower quality issues also benefitted from their higher durations. On an absolute basis, without negating the duration differences in the sub-indices, Baa rated credit was the best performing investment grade credit quality segment returning 5.8% for the quarter, while AAA was the worst performing, returning 2.2%. Despite their relatively low durations, high yield securities posted very strong returns for the quarter, gaining 7.3%, as spreads tightened by 135 basis points on these issues. When viewed over the 1-year period, returns for the various quality segments generally show lower quality securities outperforming higher quality issues by a small margin.
- During the 1st quarter, investment grade corporates outperformed the more defensive Treasury and mortgage backed sectors of the Bloomberg Barclays US Aggregate Index's three broad sectors. Investment grade corporate credit returned 5.1%, as the drop in interest rates benefitted these securities to a greater degree and credit spreads tightened considerably since the end of 2018. This quarter's performance carried through to the 1-year period as corporate credit outperformed both Treasuries and mortgage backed securities. Corporate issues returned 4.9% versus a 4.4% return for mortgages and 4.2% gain on Treasury securities.

Quarter Performance

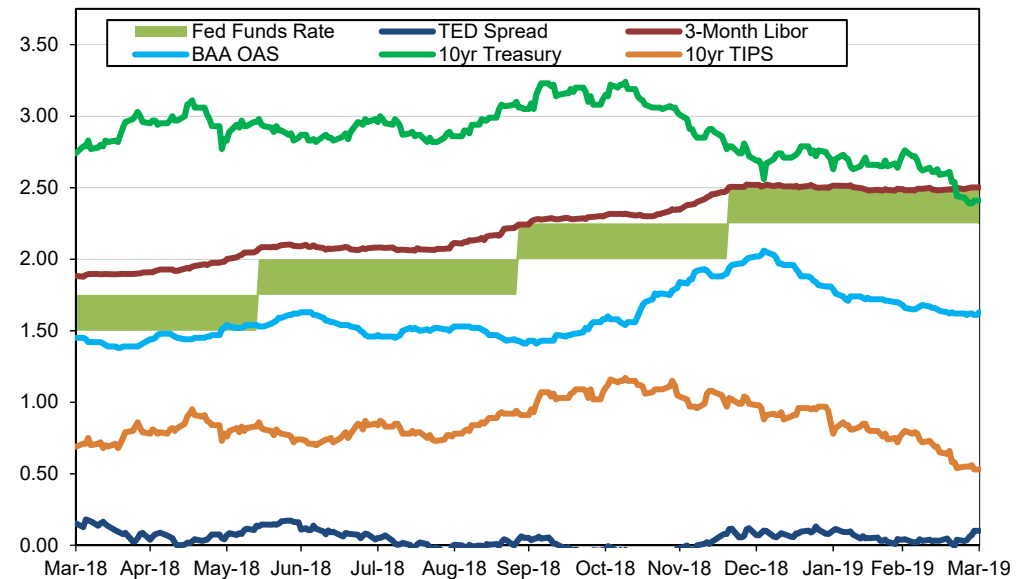


1-Year Performance

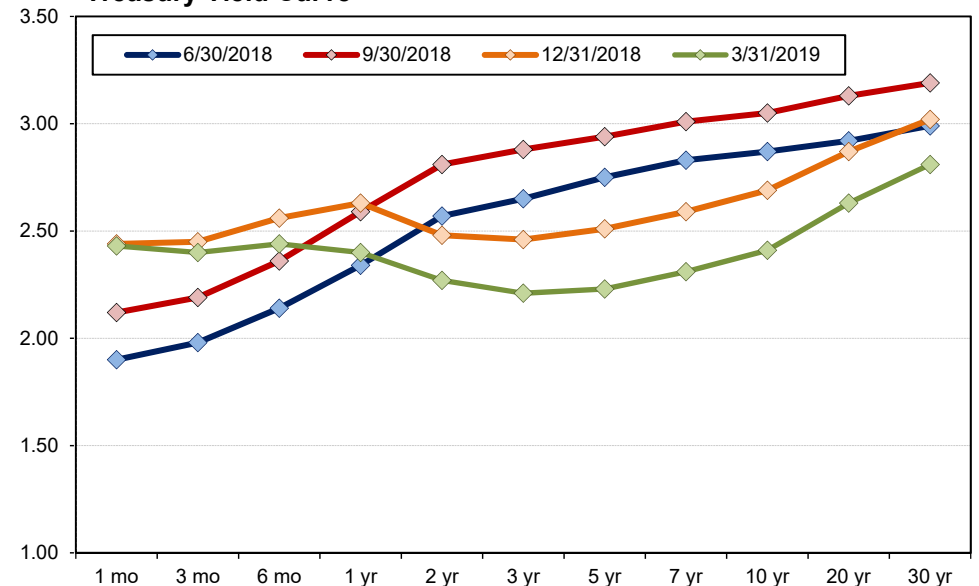


- Global fixed income indices continue to struggle relative to their domestic counterparts, underperforming during the 1st quarter. These indices have lower, or in some cases (Germany, Japan), negative yields and the returns of these indices are also significantly influenced by fluctuations in their currency denomination relative to the USD. The USD has appreciated against most other developed currencies, negatively impacting the returns on global bond indices. The return on global bonds, as represented by the Bloomberg Barclays Global Aggregate ex US Index, was 1.5% and -4.1% for the quarter and 1-year period respectively. As global growth has shown signs of stalling, several international central banks have started to step back from more restrictive postures. Notably, the ECB announced a program to extend loans to European banks in an effort to increase lending and pledged to keep interest rates steady through the end of 2019. China also announced new stimulus to help spur its economy. The Bank of England and the Bank of Japan made no major policy changes during the quarter as they continue to review macroeconomic data within their respective countries.
- Much of the index performance detailed in the bar graphs on the previous page is visible on a time series basis by reviewing the line graphs to the right. The '1-Year Trailing Market Rates' chart illustrates that the 10-year Treasury yield (green line) fell from recent high's greater than 3.0%, to yields below 2.5% to end the first quarter. 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 relatively tight range in credit spreads throughout most of 2018, but highlights an abrupt increase during the 4th quarter of 2018 as investors moved to higher quality assets during the quarter's risk-off environment. Subsequently, spreads dropped steadily over the 1st quarter of 2019. This spread tightening is equivalent to an interest rate decrease on corporate bonds, which produces an additional tailwind for corporate bond index returns. These credit spreads have tightened by about 34 basis points over the last three months. The green band across the graph illustrates the gradual increase in the Federal Funds Rate due to the tightening of US monetary policy during 2018. As mentioned, the Fed's current guidance is for zero rate increases in 2019.
- The lower graph provides a snapshot of the US Treasury yield curve at the end of each of the last four calendar quarters. The downward shift of interest rates as well as a general flattening of the yield curve are clearly visible over the last quarter. As mentioned, the yield curve continues to invert as yields on shorter-term maturities fell less than interest rates in the middle- to long-end of the curve.

1-Year Trailing Market Rates



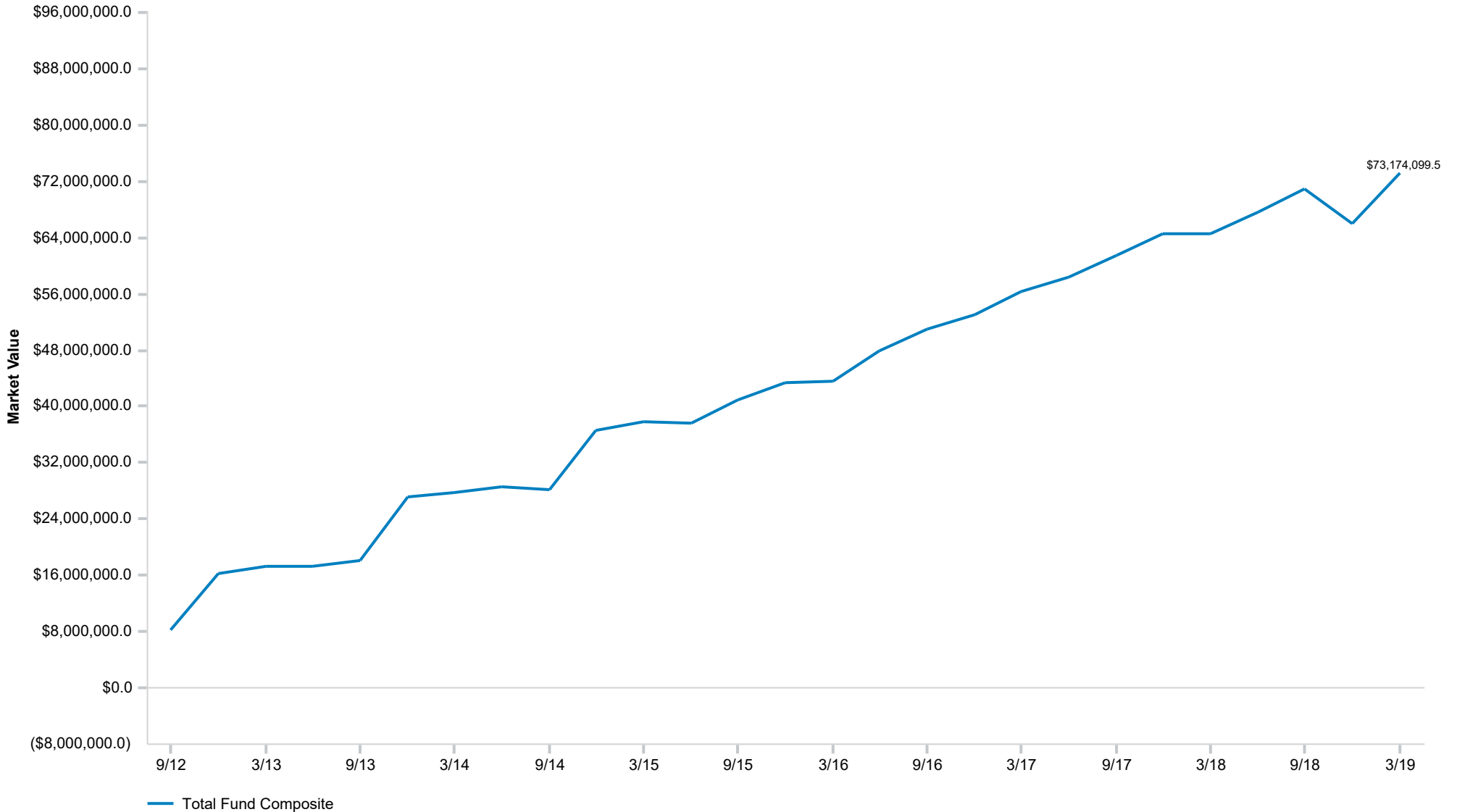
Treasury Yield Curve



5.5%



Schedule of Investable Assets



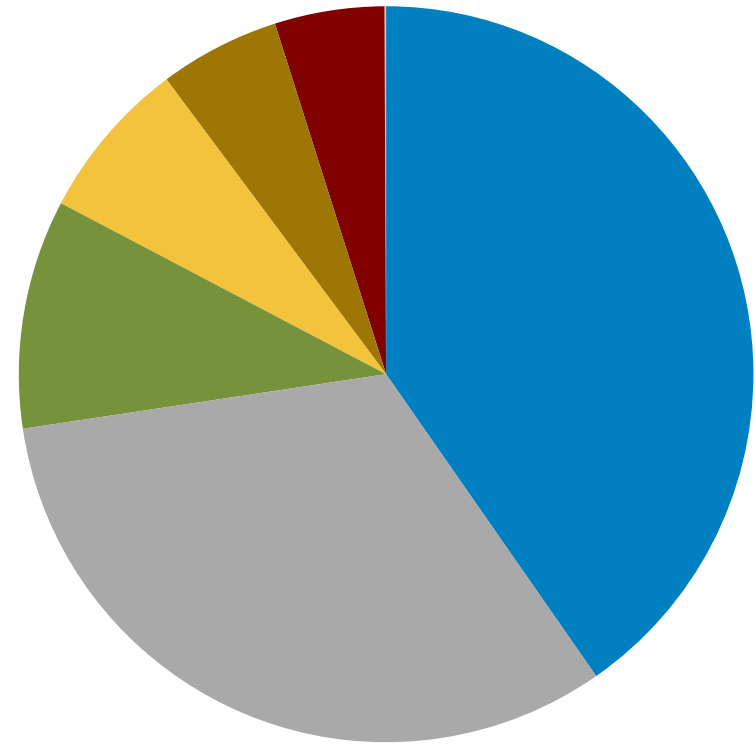
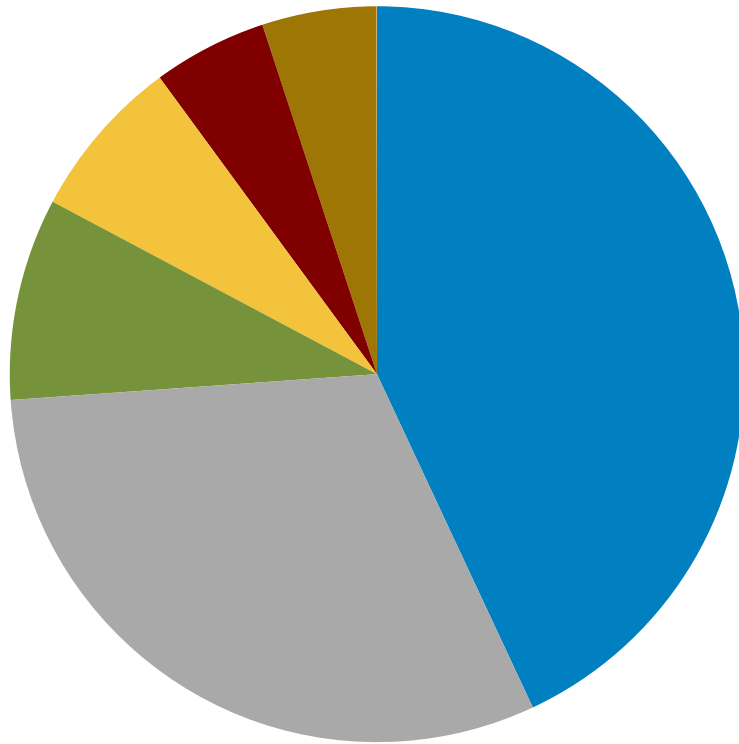
Schedule of Investable Assets

Periods Ending	Beginning Market Value \$	Net Cash Flow \$	Gain/Loss \$	Ending Market Value \$	%Return
Oct-2012 To Mar-2019	8,192,495	48,566,542	16,415,063	73,174,100	6.87



December 31, 2018 : \$65,964,493

March 31, 2019 : \$73,174,100

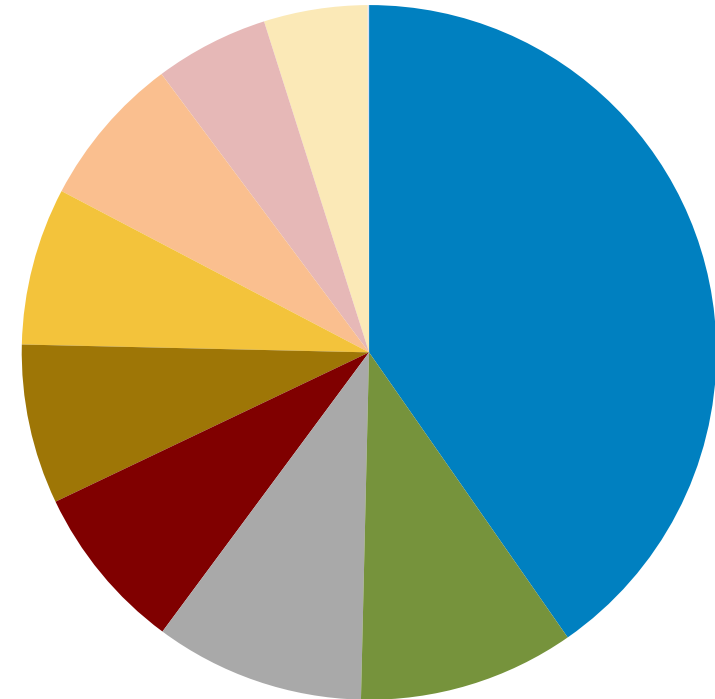
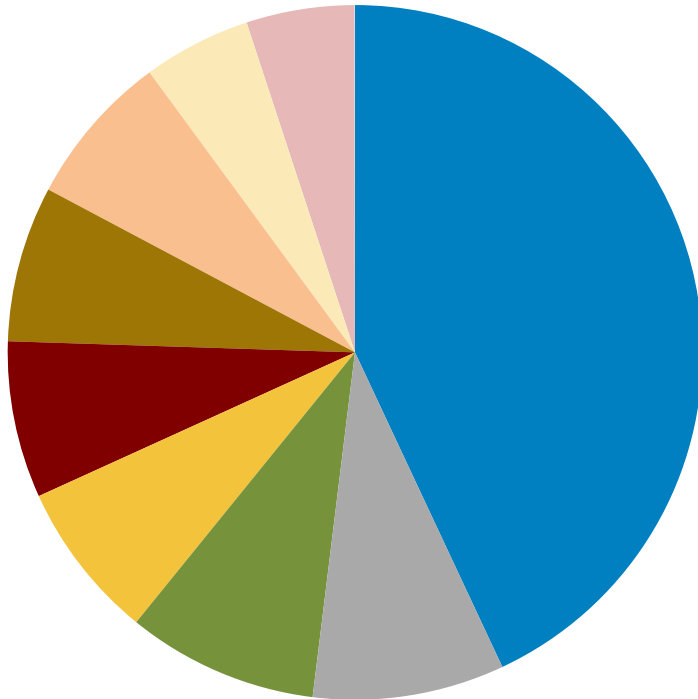


Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Core Plus Fixed Income	28,383,880	43.0	Core Plus Fixed Income	29,499,647	40.3
Domestic Equity	20,351,222	30.9	Domestic Equity	23,646,271	32.3
MLPs	5,862,781	8.9	MLPs	7,362,691	10.1
International Equity	4,717,256	7.2	International Equity	5,201,514	7.1
High Yield Fixed Income	3,316,288	5.0	Real Estate	3,881,817	5.3
Real Estate	3,314,196	5.0	High Yield Fixed Income	3,530,092	4.8
Cash	18,870	0.0	Cash	52,066	0.1



December 31, 2018 : \$65,964,493

March 31, 2019 : \$73,174,100



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
■ MacKay Shields Core Plus	28,383,880	43.0	■ MacKay Shields Core Plus	29,499,647	40.3
■ Barrow Hanley MeWhinney & Strauss	5,887,380	8.9	■ ARI MLP	7,362,691	10.1
■ ARI MLP	5,862,781	8.9	■ Barrow Hanley MeWhinney & Strauss	7,145,346	9.8
■ Fiduciary Management	4,861,639	7.4	■ Stephens Mid Cap Growth	5,700,729	7.8
■ Stephens Mid Cap Growth	4,815,584	7.3	■ Vanguard Index Fund Institutional (VINIX)	5,439,177	7.4
■ Vanguard Index Fund Institutional (VINIX)	4,786,619	7.3	■ Fiduciary Management	5,361,019	7.3
■ Causeway International (CIVIX)	4,717,256	7.2	■ Causeway International (CIVIX)	5,201,514	7.1
■ Loomis Sayles High Yield (LSHIX)	3,316,288	5.0	■ Cohen & Steers (CSRIX)	3,881,817	5.3
■ Cohen & Steers (CSRIX)	3,314,196	5.0	■ Loomis Sayles High Yield (LSHIX)	3,530,092	4.8
■ Cash	18,870	0.0	■ Cash	52,066	0.1



Asset Allocation & Performance
Total Fund Composite (Gross of Fees)
As of March 31, 2019

Asset Allocation & Performance	Allocation		Performance(%)					
	Market Value \$	%	QTR	1 YR	3 YR	5 YR	Inception	Inception Date
Total Fund Composite (Gross of Fees)	73,174,100	100.0	9.18	5.50	7.92	5.00	6.87	10/01/2012
Policy Index			9.57	6.87	7.23	5.07	6.82	
OPEB Actuarial Assumption			1.65	6.75	6.81	6.89	6.95	
Total Fund Composite (Net of Fees)			9.08	5.10	7.51	4.52	6.34	
Fiduciary Management	5,361,019	7.3	10.43	8.19	12.26	9.68	12.44	10/01/2012
Russell 1000 Value Index			11.93	5.67	10.45	7.72	11.34	
S&P 500 Index			13.65	9.50	13.51	10.91	13.31	
Vanguard Index Fund Institutional (VINIX)	5,439,177	7.4	13.65	9.46	N/A	N/A	11.64	05/01/2017
S&P 500 Index			13.65	9.50	13.51	10.91	11.66	
Stephens Mid Cap Growth	5,700,729	7.8	18.61	15.58	20.87	12.14	15.25	01/01/2013
Russell Midcap Growth Index			19.62	11.51	15.06	10.89	14.43	
Barrow Hanley MeWhinney & Strauss	7,145,346	9.8	13.13	-5.50	11.15	6.24	12.41	10/01/2012
Russell 2000 Value Index			11.93	0.17	10.86	5.59	9.98	
Causeway International (CIVIX)	5,201,514	7.1	10.29	-6.68	6.36	0.81	1.90	10/01/2013
MSCI EAFE (Net) Index			9.98	-3.71	7.27	2.33	3.27	
MSCI EAFE Value Index (Net)			7.92	-6.13	6.90	0.67	1.95	
Cohen & Steers (CSRIX)	3,881,817	5.3	17.15	20.37	7.20	9.83	9.99	01/01/2013
FTSE NAREIT All Equity REITs			17.17	20.46	7.84	10.00	9.83	
ARI MLP	7,362,691	10.1	18.10	10.56	7.10	-3.69	2.15	10/01/2012
Alerian MLP Index			16.82	15.11	5.69	-4.73	-0.23	
Mackay Shields Core Plus	29,499,647	40.3	3.16	4.45	2.86	N/A	2.61	07/01/2014
Blmbg. Barc. U.S. Aggregate Index			2.94	4.48	2.03	2.74	2.45	
Loomis Sayles High Yield (LSHIX)	3,530,092	4.8	6.47	3.96	8.89	3.62	5.98	01/01/2013
ICE BofAML High Yield Master II			7.40	5.93	8.69	4.70	5.43	
Cash	52,066	0.1						

Total Fund Composite (Gross of Fees) includes net performance for mutual funds within the portfolio: Vanguard Index Institutional (VINIX), Causeway International (CIVIX), Cohen & Steers (CSRIX), and Loomis Sayles High Yield (LSHIX).
Gross of fees performance would be approximately 0.14% higher on an annual basis if these fees were included.



Asset Allocation & Performance
Total Fund Composite (Gross of Fees)
As of March 31, 2019

Asset Allocation & Performance	Allocation		Performance(%)				
	Market Value \$	%	2018	2017	2016	2015	2014
Total Fund Composite (Gross of Fees)	73,174,100	100.0	-5.28	10.92	10.54	-2.43	5.42
Policy Index			-4.68	9.35	9.47	-2.53	7.49
OPEB Actuarial Assumption			6.75	6.75	7.00	7.00	7.00
Fiduciary Management	5,361,019	7.3	-2.89	18.86	14.92	-1.93	13.46
Russell 1000 Value Index			-8.27	13.66	17.34	-3.83	13.45
S&P 500 Index			-4.38	21.83	11.96	1.38	13.69
Vanguard Index Fund Institutional (VINIX)	5,439,177	7.4	-4.42	N/A	N/A	N/A	N/A
S&P 500 Index			-4.38	21.83	11.96	1.38	13.69
Stephens Mid Cap Growth	5,700,729	7.8	3.31	29.36	7.86	-0.28	4.61
Russell Midcap Growth Index			-4.75	25.27	7.33	-0.20	11.90
Barrow Hanley MeWhinney & Strauss	7,145,346	9.8	-17.80	18.51	27.59	-6.22	3.03
Russell 2000 Value Index			-12.86	7.84	31.74	-7.47	4.22
Causeway International (CIVIX)	5,201,514	7.1	-18.62	27.18	0.48	-3.12	-6.22
MSCI EAFE (Net) Index			-13.79	25.03	1.00	-0.81	-4.90
MSCI EAFE Value Index (Net)			-14.78	21.44	5.02	-5.68	-5.39
Cohen & Steers (CSRIX)	3,881,817	5.3	-3.99	7.43	5.89	5.23	30.18
FTSE NAREIT All Equity REITs			-4.04	8.67	8.63	2.83	28.03
ARI MLP	7,362,691	10.1	-15.76	-6.15	21.44	-32.54	14.43
Alerian MLP Index			-12.42	-6.52	18.31	-32.59	4.80
MacKay Shields Core Plus	29,499,647	40.3	-0.32	4.75	3.99	-0.08	N/A
Blmbg. Barc. U.S. Aggregate Index			0.01	3.54	2.65	0.55	5.97
Loomis Sayles High Yield (LSHIX)	3,530,092	4.8	-3.54	8.42	18.92	-10.27	5.17
ICE BofAML High Yield Master II			-2.27	7.48	17.49	-4.64	2.50
Cash	52,066	0.1					

Total Fund Composite (Gross of Fees) includes net performance for mutual funds within the portfolio: Vanguard Index Institutional (VINIX), Causeway International (CIVIX), Cohen & Steers (CSRIX), and Loomis Sayles High Yield (LSHIX).
Gross of fees performance would be approximately 0.14% higher on an annual basis if these fees were included.



Fiduciary's objective is to buy durable business at value prices in order to achieve top in class investment results over a three to five year time horizon. Fiduciary considers themselves long-term investors, not traders. They will typically hold between 20-30 companies in their portfolio with an average turnover of 35%. The research process is geared toward finding six new investment ideas for the portfolio in a given year. All investment ideas are generated by a research team consisting of six individuals, rather than relying on the portfolio manager. As of March 31, 2019, Fiduciary had a market value of \$5,361,019.

Fiduciary Management		Russell 1000 Value Index	
	Weight %		Weight %
Berkshire Hathaway Inc	4.8	Exxon Mobil Corp	2.6
Honeywell International Inc	4.4	Berkshire Hathaway Inc	2.6
Unitedhealth Group Inc	4.3	JPMorgan Chase & Co	2.6
Dollar General Corp	3.9	Johnson & Johnson	2.4
Masco Corp	3.9	Procter & Gamble Co (The)	2.0
Dollar Tree Inc	3.7	Bank of America Corp	1.9
Accenture PLC	3.6	Cisco Systems Inc	1.9
eBay Inc.	3.6	Verizon Communications Inc	1.9
JPMorgan Chase & Co	3.6	Pfizer Inc	1.9
Nestle SA	3.4	Intel Corp	1.9

Equity Assets Exposures by Sector

	Fiduciary Management	Russell 1000 Value Index
Cash	9.87	0.00
Communication Services	6.38	6.92
Consumer Discretionary	14.24	5.30
Consumer Staples	9.96	7.90
Energy	2.50	9.71
Financials	15.06	21.68
Health Care	12.85	15.27
Industrials	16.05	7.79
Information Technology	8.10	9.82
Materials	5.00	3.98
Real Estate	0.00	5.19
Utilities	0.00	6.45

Equity Characteristics

	Fiduciary Management	Russell 1000 Value Index
Wtd. Avg. Mkt. Cap (\$)	94,875,916,154	126,580,444,413
Price/Earnings ratio	18.2	17.2
Price/Book ratio	3.0	2.2
Current Yield	2.0	2.6
Number of Stocks	32	722



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 : \$114,380 Million
 Portfolio Turnover : 6%

Portfolio Assets : \$224,719 Million
 Portfolio Manager : Butler/Louie
 PM Tenure : 2000--2017
 Fund Style : IM S&P 500 Index (MF)
 Style Benchmark : S&P 500 Index

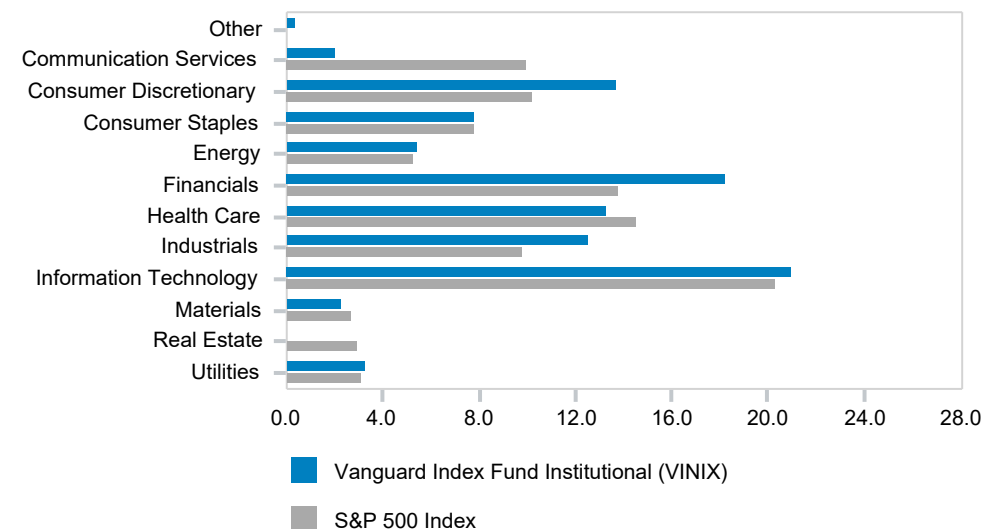
Portfolio Characteristics As of 02/28/2019

	Portfolio	Benchmark
Total Securities	511	505
Avg. Market Cap (\$)	203,273,835,106	21,314,058,600
Price/Earnings (P/E)	25.24	19.65
Price/Book (P/B)	6.77	3.40
Dividend Yield	2.53	2.02
Annual EPS	31.60	7.34
5 Yr EPS	15.71	14.67
3 Yr EPS Growth	19.27	N/A
Beta	N/A	1.00

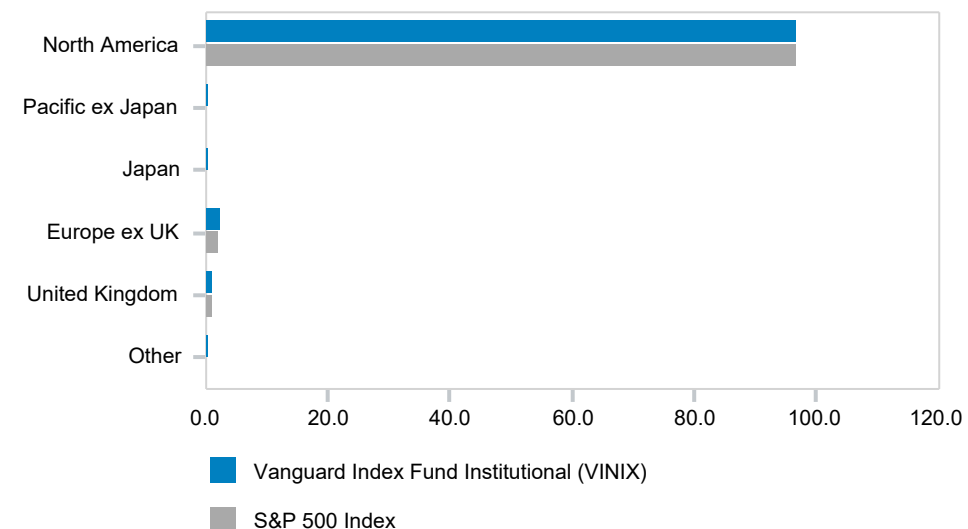
Top Ten Securities As of 02/28/2019

Microsoft Corp ORD	3.7 %
Apple Inc ORD	3.3 %
Amazon.com Inc ORD	2.9 %
Facebook Inc ORD	1.7 %
Berkshire Hathaway Inc ORD	1.6 %
Johnson & Johnson ORD	1.6 %
JPMorgan Chase & Co ORD	1.5 %
Alphabet Inc ORD 1	1.5 %
Alphabet Inc ORD 2	1.4 %
Exxon Mobil Corp ORD	1.4 %

Sector Weights As of 02/28/2019



Region Weights As of 02/28/2019



Statistics provided by Lipper. Most recent available data shown.



The Stephens Mid Cap Growth portfolio is a diversified portfolio that seeks long term growth of capital by investing primarily in common stock of U.S. companies with market capitalizations of between \$1.5 billion to \$12.5 billion. They select mid cap growth companies that are established growth companies that have achieved above average growth. The combination of core growth and catalyst growth stocks positions the portfolio for varying market conditions. As of March 31, 2019, Stephens had a market value of \$5,700,729.

Stephens Mid Cap Growth		Russell Midcap Growth Index	
	Weight %		Weight %
IDEXX Laboratories Inc	1.9	ServiceNow Inc	1.4
Verisk Analytics Inc	1.9	Edwards Lifesciences Corp	1.3
Ulta Salon Cosmetics	1.9	Fiserv Inc.	1.1
Xilinx Inc.	1.8	Ross Stores Inc	1.1
CoStar Group Inc	1.8	Red Hat Inc	1.0
Live Nation Entertainment Inc	1.8	Xilinx Inc.	1.0
Cadence Design Systems Inc	1.8	Dollar General Corp	1.0
lululemon athletica inc	1.8	Moody's Corp.	1.0
Aspen Technology Inc	1.8	O'Reilly Automotive Inc	1.0
MarketAxess Holdings Inc	1.7	Autodesk Inc.	0.9

Equity Assets Exposures by Sector

	Stephens Mid Cap Growth	Russell Midcap Growth Index
Cash	3.36	0.00
Communication Services	6.12	3.76
Consumer Discretionary	13.36	16.12
Consumer Staples	2.13	3.03
Energy	2.53	1.47
Financials	3.66	6.44
Health Care	21.01	14.42
Industrials	14.69	15.72
Information Technology	32.96	33.20
Materials	0.18	3.55
Real Estate	0.00	2.28

Equity Characteristics

	Stephens Mid Cap Growth	Russell Midcap Growth Index
Wtd. Avg. Mkt. Cap (\$)	16,286,129,340	17,109,552,161
Price/Earnings ratio	33.3	24.2
Price/Book ratio	6.4	5.8
Current Yield	0.4	0.9
Number of Stocks	94	417

The strategy is designed to exploit inefficiencies in the small cap sector of the market by carefully employing high value-added proprietary research in a universe of small capitalization, low-expectation stocks. This process is directed toward the discovery of companies in which the value of the underlying business is significantly greater than the market price. The portfolio's goal is to consistently generate superior returns while assuming below average levels of risk. As of March 31, 2019, Barrow, Hanley, MeWhinney & Strauss had a market value of \$7,145,346.

Barrow Hanley MeWhinney & Strauss		Russell 2000 Value Index	
	Weight %		Weight %
American Axle & Manufact	3.7	Cree Inc.	0.6
Federal Signal Corp.	3.6	Ciena Corp	0.6
Brooks Automation Inc	3.4	IDACORP Inc.	0.5
Diodes Inc	3.4	MGIC Investment Corp	0.5
Whirlpool Corp	3.4	ONE Gas Inc	0.5
MGIC Investment Corp	3.4	Portland Gen. Elec. Co.	0.5
Darling Ingredients Inc	3.3	Radian Group Inc.	0.5
II VI Inc	3.2	CACI International Inc.	0.5
Simpson Manufacturing Co. Inc.	3.1	Southwest Gas Holdings Inc	0.4
Allegheny Technologies Inc	3.1	ViaSat Inc.	0.4

Equity Assets Exposures by Sector

	Barrow Hanley MeWhinney & Strauss	Russell 2000 Value Index
Cash	11.04	0.00
Communication Services	0.00	3.19
Consumer Discretionary	7.11	9.16
Consumer Staples	4.36	2.61
Energy	2.42	5.74
Financials	13.34	28.25
Health Care	2.84	4.29
Industrials	29.20	11.27
Information Technology	22.25	11.51
Materials	7.44	4.30
Real Estate	0.00	12.38
Utilities	0.00	7.31

Equity Characteristics

	Barrow Hanley MeWhinney & Strauss	Russell 2000 Value Index
Wtd. Avg. Mkt. Cap (\$)	2,300,272,565	2,096,541,205
Price/Earnings ratio	16.0	15.1
Price/Book ratio	1.9	1.6
Current Yield	1.1	2.2
Number of Stocks	38	1,366



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 : \$6,726 Million
 Portfolio Turnover : 30%

Portfolio Assets : \$7,405 Million
 Portfolio Manager : Team Managed
 PM Tenure :
 Fund Style : IM International Large Cap Core Equity (MF)
 Style Benchmark : MSCI EAFE (Net) Index

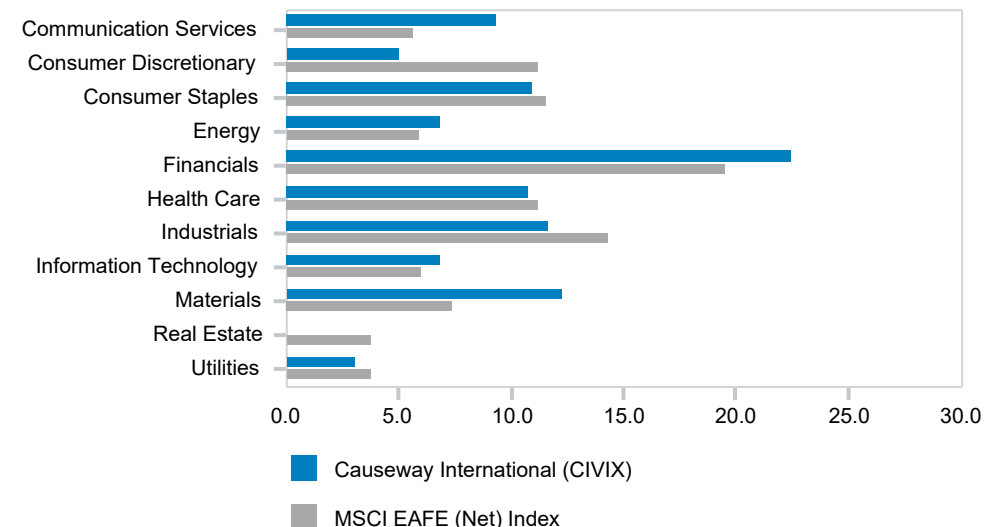
Portfolio Characteristics As of 12/31/2018

	Portfolio	Benchmark
Total Securities	60	920
Avg. Market Cap (\$)	59,140,106,496	9,371,617,180
Price/Earnings (P/E)	16.06	12.27
Price/Book (P/B)	2.80	2.12
Dividend Yield	3.84	3.73
Annual EPS	36.62	135.93
5 Yr EPS	5.05	9.78
3 Yr EPS Growth	7.94	N/A
Beta (5 Years, Monthly)	0.96	1.00

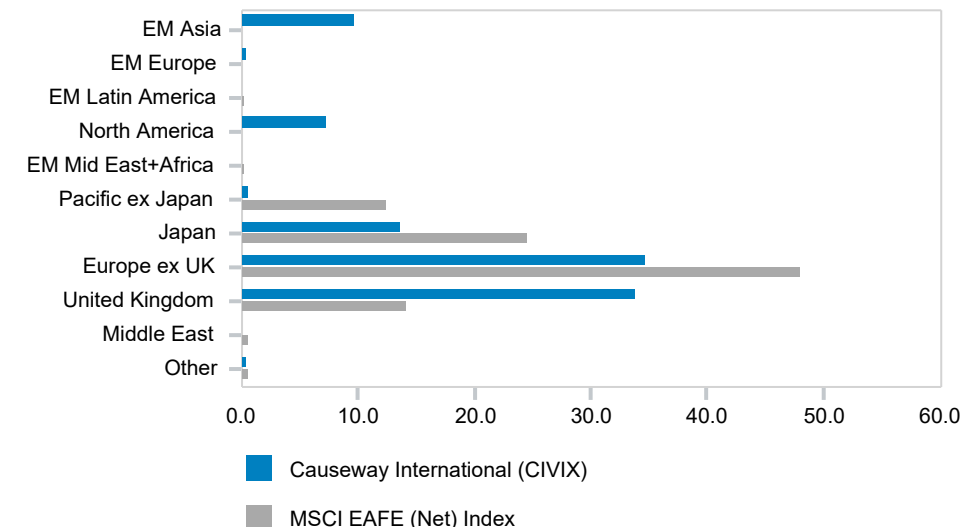
Top Ten Securities As of 12/31/2018

Volkswagen AG PFD	4.1 %
Linde PLC ORD	3.8 %
Takeda Pharmaceutical Co Ltd ORD	3.5 %
Prudential PLC ORD	3.3 %
UniCredit SpA ORD	3.2 %
BASF SE ORD	3.1 %
Abb Ltd ORD	3.1 %
China Mobile Ltd ORD	3.0 %
Akzo Nobel NV ORD	2.8 %
British American Tobacco PLC ORD	2.7 %

Sector Weights As of 12/31/2018



Region Weights As of 12/31/2018



Statistics provided by Lipper. Most recent available data shown.



Fund Information

Fund Name : Cohen & Steers Institutional Realty Shares, Inc
 Fund Family : Cohen & Steers Capital Management Inc
 Ticker : CSRIX
 Inception Date : 02/14/2000
 Fund Assets : \$3,114 Million
 Portfolio Turnover : 68%

Portfolio Assets : \$3,114 Million
 Portfolio Manager : Team Managed
 PM Tenure :
 Fund Style : IM Real Estate Sector (MF)
 Style Benchmark : FTSE NAREIT All Equity REITs

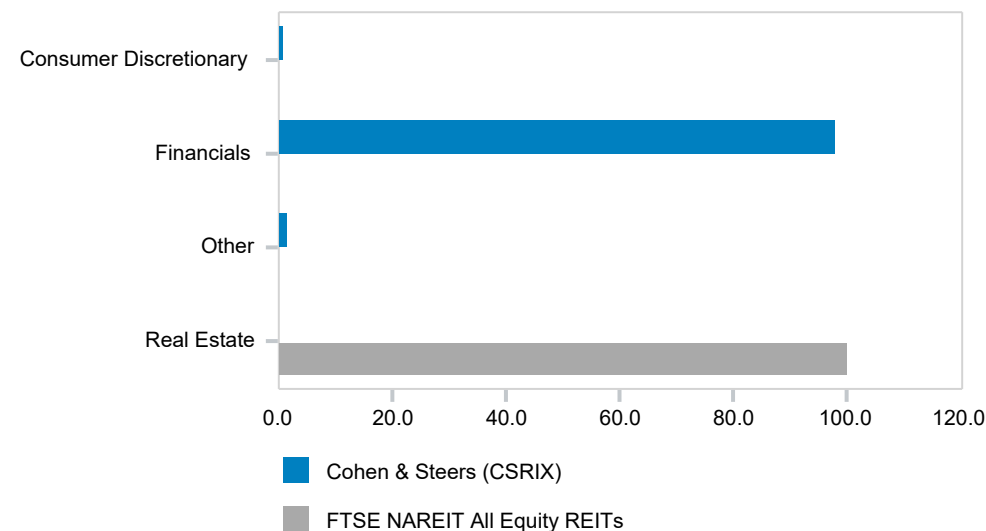
Portfolio Characteristics As of 12/31/2018

	Portfolio	Benchmark
Total Securities	46	1
Avg. Market Cap (\$)	13,956,768,467	-
Price/Earnings (P/E)	42.31	N/A
Price/Book (P/B)	3.04	N/A
Dividend Yield	4.33	N/A
Annual EPS	4.48	N/A
5 Yr EPS	11.73	N/A
3 Yr EPS Growth	19.27	N/A
Beta (5 Years, Monthly)	1.00	1.00

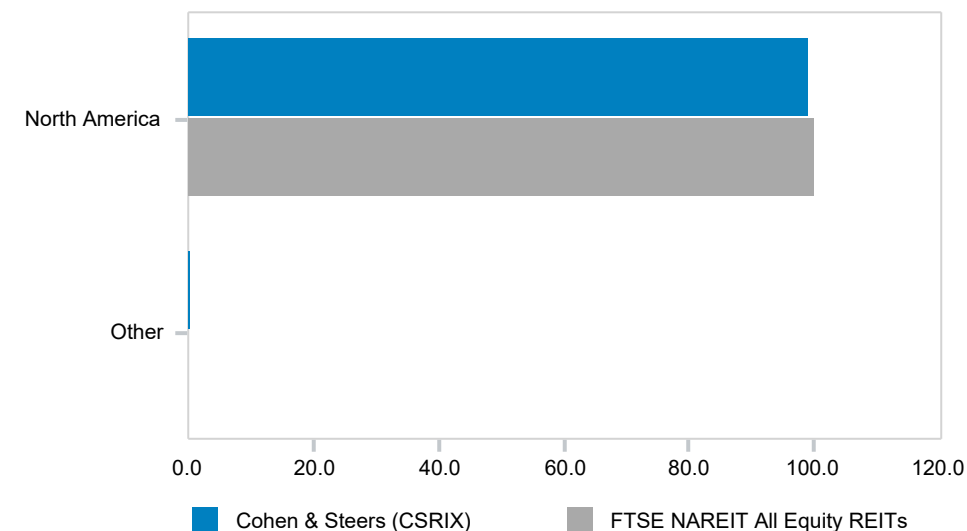
Top Ten Securities As of 12/31/2018

Welltower Inc ORD	6.7 %
UDR Inc ORD	6.3 %
Essex Property Trust Inc ORD	4.9 %
Prologis Inc ORD	4.5 %
Equinix Inc ORD	4.5 %
Apartment Investment and Management	4.4 %
Digital Realty Trust Inc ORD	4.4 %
Extra Space Storage Inc ORD	3.8 %
Boston Properties Inc ORD	3.3 %
Sun Communities Inc ORD	3.2 %

Sector Weights As of 12/31/2018



Region Weights As of 12/31/2018



Statistics provided by Lipper. Most recent available data shown.



The ARI Master Limited Partnerships (MLPs) strategy is a diversified portfolio consisting primarily of publicly traded partnerships focused in the natural resources and energy infrastructure industries. The objective is to provide high levels of total returns and a growing cash yield. It offers low correlation to the broader equity market over the long-term. As of March 31, 2019, ARI had a market value of \$7,362,691.

ARI MLP		Alerian MLP	
	Weight %		Weight %
Energy Transfer LP	10.1	Enterprise Products Partners LP	10.1
Enterprise Products Partners LP	9.4	Plains All American Pipeline LP	10.1
Magellan Midstream Partners LP	8.9	Energy Transfer LP	10.0
MPLX LP	8.4	Magellan Midstream Partners LP	9.6
Plains All American Pipeline LP	8.4	MPLX LP	9.0
Western Midstream Partners LP	5.4	Western Midstream Partners LP	6.0
Tallgrass Energy GP LP	5.3	Buckeye Partners LP	5.0
Phillips 66 Partners LP	5.0	EQT Midstream Partners LP	3.7
Williams Cos Inc. (The)	4.9	Tallgrass Energy GP LP	3.6
DCP Midstream LP	4.2	Enlink Midstream LLC	3.1

Equity Assets Exposures by Sector

	ARI MLP	Alerian MLP
Cash	8.85	0.00
Energy	91.15	100.00

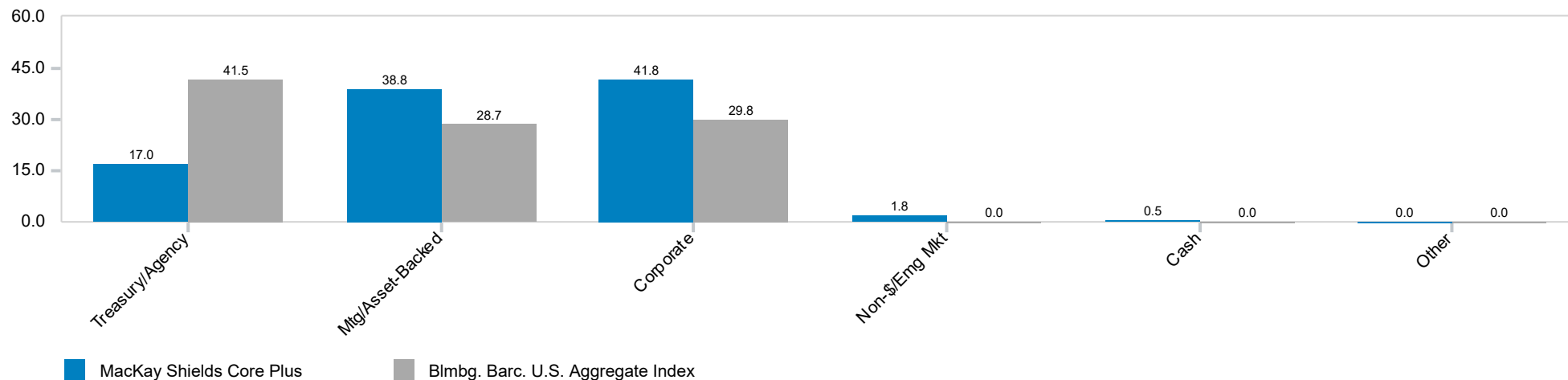
Equity Characteristics

	ARI MLP	Alerian MLP
Wtd. Avg. Mkt. Cap (\$)	20,357,162,722	18,985,376,894
Price/Earnings ratio	14.1	13.1
Price/Book ratio	2.7	2.5
Current Yield	7.2	7.7
Number of Stocks	18	35

MacKay Shields Core Plus seeks to outperform the benchmark by eliminating or reducing uncompensated risk while opportunistically allocating investments across a range of core and off-benchmark sectors. The fund typically invests in the same sectors represented by the Barclays U.S. Aggregate Bond Index, as well as high yield, emerging market debt, and non-US Dollar exposure. Their philosophy is centered on their pursuit of consistent, superior rates of return with low volatility. Their goal for the product is to provide enhanced returns over a full market cycle with lower-than market risk. This portfolio replaced Smith

Affiliated during the second quarter of 2014. As of March 31, 2019, MacKay Shields had a market value of \$29,499,647.

Sector Distribution (%)



Portfolio Characteristics

	Portfolio	Benchmark
Avg. Maturity	7.98	8.07
Avg. Quality	A	AA1/AA2
Coupon Rate (%)	3.78	3.23
Modified Duration	5.72	N/A
Yield To Maturity (%)	3.26	2.94
Holdings Count	235	N/A



Fund Information

Fund Name :	Loomis Sayles Funds I: Loomis Sayles Institutional High Income Fund; Institutional Class	Portfolio Assets :	\$676 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 :	\$676 Million	Style Benchmark :	FTSE High Yield Market Index
Portfolio Turnover :	14%		

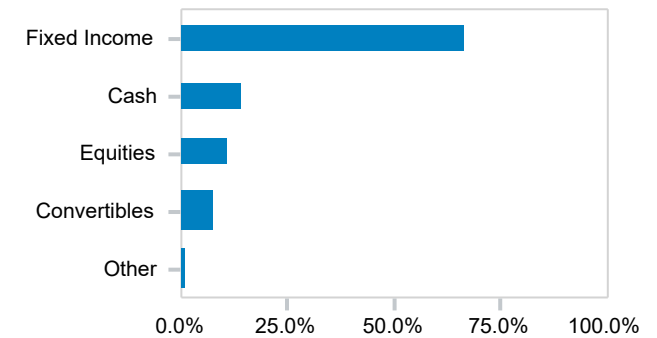
Fund Characteristics As of 12/31/2018

Avg. Coupon	4.82 %
Nominal Maturity	N/A
Effective Maturity	5.42 Years
Duration	3.63 Years
SEC 30 Day Yield	5.5
Avg. Credit Quality	BB

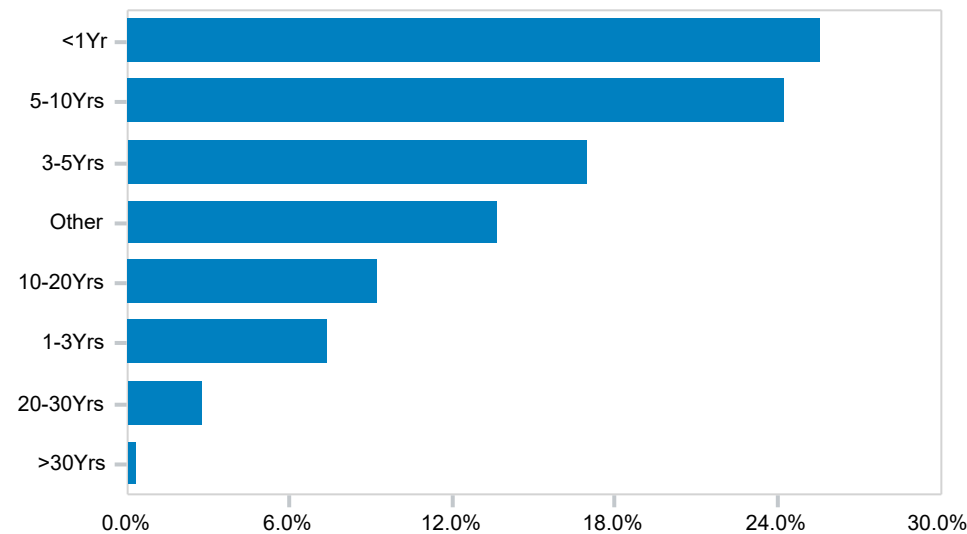
Top Ten Securities As of 12/31/2018

Corporate Notes/Bonds	60.7 %
Common Stock	11.0 %
Convertible Securities	7.5 %
Fgn. Currency Denominated Bonds	5.2 %
Treasury Notes/Bonds	1.7 %
Government Agency Securities	0.8 %
Preferred Stock-Non Convertible	0.1 %
Asset Backed Securities	0.1 %

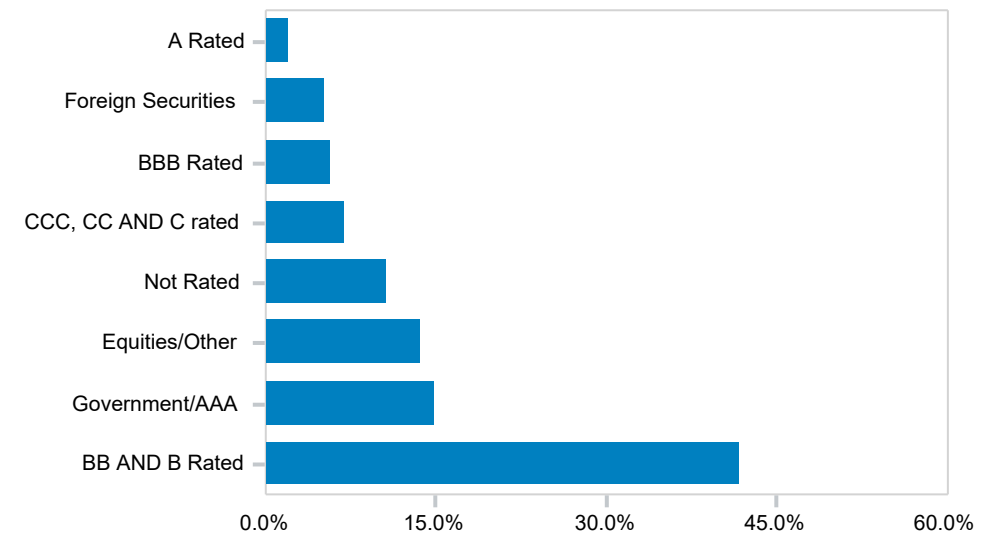
Asset Allocation As of 12/31/2018



Maturity Distribution As of 12/31/2018



Sector/Quality Allocation As of 12/31/2018



Statistics provided by Lipper. Most recent available data shown.



**Port of Houston OPEB
Manager Status Summary
As of March 31, 2019**

Manager	Mandate	Status	Notes
Fiduciary Management	Large Cap Value Equity	In Compliance	
Vanguard Index Fund (VINIX)	Large Cap Core Equity	In Compliance	
Stephens Mid Cap Growth	Mid Cap Growth Equity	In Compliance	
Barrow Hanley MeWhinney & Strauss	Small Cap Value Equity	In Compliance	
Causeway International (CIVIX)	International Equity	In Compliance	
Cohen & Steers (CSRIX)	Real Estate and Investment Trust	In Compliance	
ARI MLP	Master Limited Partnership	In Compliance	
Mackay Shields Core Plus	Core Plus Fixed Income	In Compliance	
Loomis Sayles High Yield (LSHIX)	High Yield Fixed Income	In Compliance	

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

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

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



Port of Houston Authority
OPEB Fee Analysis
As of March 31, 2019

	Estimated Annual Fee (%)	Market Value (\$)	Estimated Annual Fee (\$)	Fee Schedule
Total Fund Composite	0.51	73,174,100	370,725	
Equity Composite	0.61	40,092,294	243,471	
Domestic Equity	0.47	23,646,271	111,284	
Fiduciary Management	0.55	5,361,019	29,486	0.55 % of Assets
Vanguard Index Fund Institutional (VINIX)	0.04	5,439,177	2,176	0.04 % of Assets
Stephens Mid Cap Growth	0.77	5,700,729	43,896	0.77 % of Assets
Barrow Hanley MeWhinney & Strauss	0.50	7,145,346	35,727	0.50 % of Assets
International Equity	0.92	5,201,514	47,854	
Causeway International (CIVIX)	0.92	5,201,514	47,854	0.92 % of Assets
Real Estate	0.75	3,881,817	29,114	
Cohen & Steers (CSRIX)	0.75	3,881,817	29,114	0.75 % of Assets
MLPs	0.75	7,362,691	55,220	
ARI MLP	0.75	7,362,691	55,220	0.75 % of Assets
Fixed Income Composite	0.38	33,081,806	127,253	
Core Plus Fixed Income	0.35	29,499,647	103,249	
Mackay Shields Core Plus	0.35	29,499,647	103,249	0.35 % of Assets
High Yield Fixed Income	0.68	3,530,092	24,005	
Loomis Sayles High Yield (LSHIX)	0.68	3,530,092	24,005	0.68 % of Assets



**Port of Houston OPEB
Fee Summary
As of March 31, 2019**

Structure	Mandate	Expense Ratio	Category Average	Difference	Annual Savings
Fiduciary Management	Large Cap Value Equity	0.55%	0.99%	0.44%	\$23,588
Vanguard Index Fund (VINIX)	Large Cap Core Equity	0.04%	0.99%	0.95%	\$51,672
Stephens Mid Cap Growth	Mid Cap Growth Equity	0.77%	1.26%	0.49%	\$27,934
Barrow Hanley MeWhinney & Strauss	Small Cap Value Equity	0.50%	1.27%	0.77%	\$55,019
Causeway International (CIVIX)	International Equity	0.92%	1.21%	0.29%	\$15,084
Cohen & Steers (CSRIX)	Real Estate and Investment Trust	0.75%	1.24%	0.49%	\$19,021
ARI MLP	Master Limited Partnership	0.75%	1.00%	0.25%	\$18,407
Mackay Shields Core Plus	Core Plus Fixed Income	0.35%	0.84%	0.49%	\$144,548
Loomis Sayles High Yield (LSHIX)	High Yield Fixed Income	0.68%	1.04%	0.36%	\$12,708
Total Management Fees		0.51%	1.01%	0.50%	\$367,982

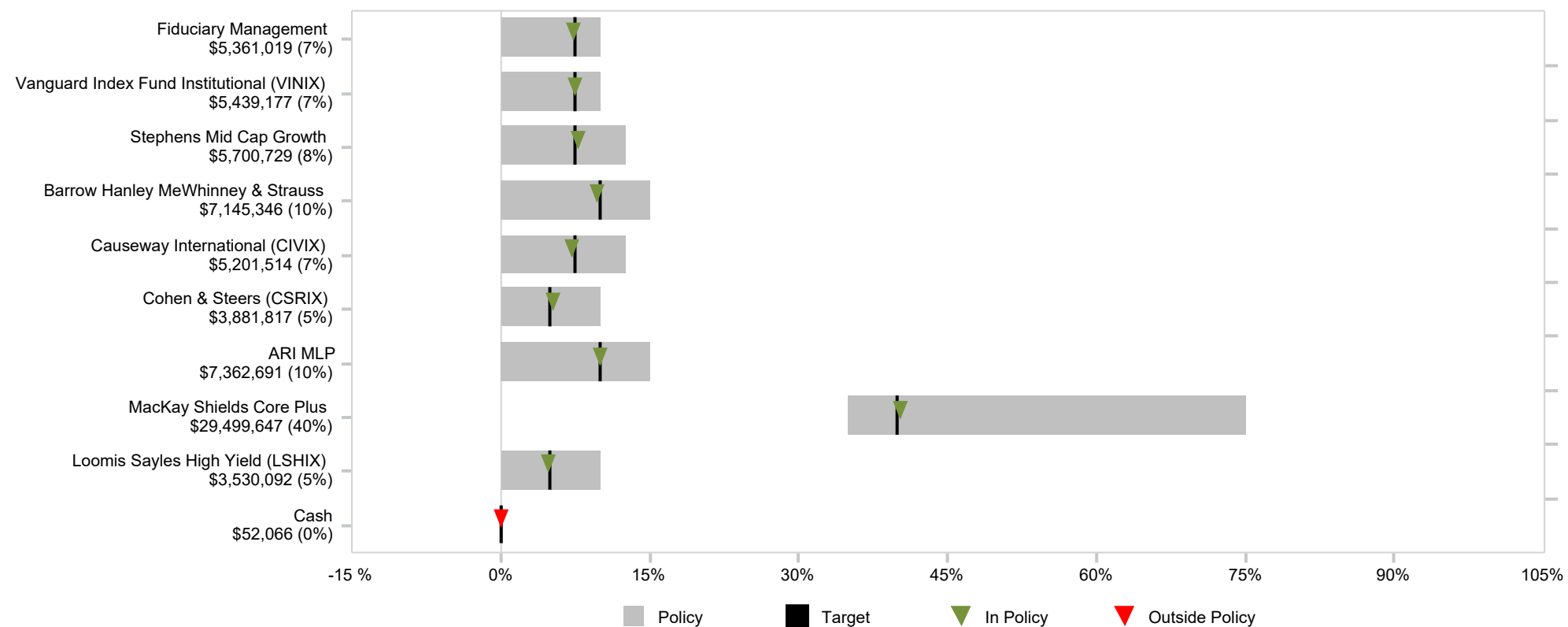
Source: Morningstar and Investment Managers



Asset Allocation Compliance

	Asset Allocation \$	Current Allocation (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund Composite	73,174,100	100.0	100.0	0.0		
Fiduciary Management	5,361,019	7.3	7.5	-0.2	0.0	10.0
Vanguard Index Fund Institutional (VINIX)	5,439,177	7.4	7.5	-0.1	0.0	10.0
Stephens Mid Cap Growth	5,700,729	7.8	7.5	0.3	0.0	12.5
Barrow Hanley MeWhinney & Strauss	7,145,346	9.8	10.0	-0.2	0.0	15.0
Causeway International (CIVIX)	5,201,514	7.1	7.5	-0.4	0.0	12.5
Cohen & Steers (CSRIX)	3,881,817	5.3	5.0	0.3	0.0	10.0
ARI MLP	7,362,691	10.1	10.0	0.1	0.0	15.0
MacKay Shields Core Plus	29,499,647	40.3	40.0	0.3	35.0	75.0
Loomis Sayles High Yield (LSHIX)	3,530,092	4.8	5.0	-0.2	0.0	10.0
Cash	52,066	0.1	0.0	0.1	0.0	0.0

Executive Summary



Active Return	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
Alpha	- A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.
Beta	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
Consistency	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.
Distributed to Paid In (DPI)	- The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against.
Down Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
Downside Risk	- A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.
Excess Return	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
Excess Risk	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
Information Ratio	- This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.
Public Market Equivalent (PME)	- Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.
R-Squared	- The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.
Return	- Compounded rate of return for the period.
Sharpe Ratio	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.
Standard Deviation	- A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.
Total Value to Paid In (TVPI)	- The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life
Tracking Error	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
Treynor Ratio	- Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.
Up Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.



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AndCo uses time-weighted calculations which are founded on standards recommended by the CFA Institute. The calculations and values shown are based on information that is received from custodians. AndCo analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides AndCo with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides AndCo with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause AndCo to believe that the information presented is significantly misstated.

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