WILSHIRE ASSOCIATES

Wilshire Consulting

Employees' Retirement Fund of the City of Dallas

Executive Summary of Performance

First Quarter 2018

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Capital Market Overview

U.S. Equity Market

The U.S. stock market, represented by the Wilshire 5000 Total Market Index, was down -0.76% for the first quarter of 2018. This marks only the second negative quarter in nearly six years. Volatility returned after a tranquil 2017. While the market never experienced a daily loss of 2% or more last year, there were five such down days during the first quarter, including a 4% loss in early February. Ironically, it was mostly good news on the economic front that caused much of the volatility. Strong jobs reports and wage growth had investors rethinking their inflation expectations and led to concerns that the Federal Reserve might accelerate increase in their short-term rate.

Large capitalization stocks performed in line with small caps as the Wilshire Large-Cap Index was down -0.76% versus a loss of -0.73% for the Wilshire US Small-Cap Index. The large-cap segment of the market outpaced small-caps, however, for the past twelve months. The Wilshire US Micro-Cap Index was down -0.29% for the quarter but up 13.16% for the one-year. Growth stocks led value during the first quarter in both large- and small-cap spaces and lead for the past twelve months. Most of the eleven major sectors were down during the quarter. The best performing sectors were IT (+4.1%) and Consumer Discretionary (+2.1%) while Telecoms (-7.3%) and Consumer Staples (-6.8%) were the main detractors from total return.

Consumer spending, the main driver of economic growth, will be a key issue to watch in 2018. Consumers are highly interest rate sensitive but the increases in short-term rates that the Federal Reserve has been applying have so far had a muted affect. In fact, a survey conducted by the University of Michigan, as part of their consumer sentiment survey, indicates that families feel better about their personal finances today than they have in the past 20 years. There are other signs of consumer strength, as well. The unemployment rate is very low, wages are starting to rise and households continue to increase borrowing after a long recovery

Fixed Income Market

The U.S. Treasury yield curve rose in a parallel fashion during the quarter with most maturities up 35 basis points, on average. The bellwether 10-year Treasury yield ended the quarter at 2.74%, up 34 basis points from year-end 2017. The Federal Open Market Committee decided to increase its overnight rate by 25 basis points in March to a range of 1.50% to 1.75%. While their forecast for year-end rates was unchanged, they increased their expectation for next year, suggesting a quickened pace in 2019. Credit spreads widened during the quarter, most noticeably with investment grade credit. High yield spreads, which have averaged 6% during the past decade, are still relatively low at 3.5% at quarter-end.

Non-U.S. Markets

Equity markets outside of the U.S. produced mixed results during the first quarter of 2018 with emerging markets up but developed markets in negative territory. The U.S. dollar continued to weaken, providing a return boost for U.S. investors holding foreign currencies. Concerns about global trade conflicts dominated headlines during the quarter. However, it is yet to be seen whether the future holds a series of escalating tariffs or trade deals like the one announced between the U.S. and South Korea. Emerging Markets continue to lead all global equities and produced the only positive return for the quarter among the major equity segments. On the trade front, both the U.S. and China have imposed tariffs on one another while there are reports of negotiations between the two major trading partners.

Real Assets Markets

Real estate securities were down in the U.S. during the first quarter although March brought a strong rebound from previous losses. Commodity performance was mixed for the quarter as crude oil rose 7.5% to $64.94 per barrel. Natural gas prices were down, however, with a loss of -7.5%, ending the quarter at $2.73 per million BTUs. MLP returns were negative for the quarter (-11.12%) and for the past twelve months (-20.07%). Finally, gold prices were up and finished at approximately $1,327 per troy ounce, up 1.4% from last quarter.

Summary of Index Returns

For Periods Ended March 31, 2018

	Quarter	One Year	Three Years	Five Years	Ten Years
Domestic Equity					
Standard & Poor's 500	-0.76%	13.99%	10.78%	13.31%	9.49%
Wilshire 5000	-0.76	13.69	10.48	13.13	9.65
Wilshire 4500	-0.13	13.01	8.86	12.43	10.57
Wilshire Large Cap	-0.76	14.06	10.80	13.32	9.51
Wilshire Small Cap	-0.73	10.13	7.86	11.48	10.90
Wilshire Micro Cap	-0.29	13.16	7.64	11.59	9.69
Domestic Equity					
Wilshire Large Value	-2.95%	8.58%	9.29%	11.17%	7.93%
Wilshire Large Growth	1.30	19.64	12.04	15.52	11.03
Wilshire Mid Value	-2.70	6.23	7.94	10.91	10.19
Wilshire Mid Growth	1.40	18.00	8.21	12.79	11.23
Wilshire Small Value	-2.92	3.44	7.16	10.48	10.22
Wilshire Small Growth	1.41	16.96	8.31	12.36	11.46
International Equity					
MSCI All World ex U.S. (USD)	-1.18%	16.53%	6.18%	5.89%	2.70%
MSCI All World ex U.S. (local currency)	-2.82	9.91	5.58	9.10	5.24
MSCI EAFE	-1.53	14.80	5.55	6.50	2.74
MSCI Europe	-1.98	14.49	4.79	6.37	2.06
MSCI Pacific	-0.68	15.77	7.25	6.84	4.32
MSCI Emerging Markets Index	1.42	24.93	8.81	4.98	3.02
Domestic Fixed Income					
Barclays Aggregate Bond	-1.46%	1.20%	1.20%	1.82%	3.63%
Barclays Credit	-2.13	2.59	2.16	2.83	5.15
Barclays Mortgage	-1.19	0.77	1.12	1.80	3.46
Barclays Treasury	-1.18	0.43	0.45	1.07	2.74
Citigroup High Yield Cash Pay	-0.80	3.67	4.87	4.61	7.79
Barclays US TIPS	-0.79	0.92	1.30	0.05	2.93
91-Day Treasury Bill	0.35	1.10	0.53	0.34	0.34
International Fixed Income					
Citigroup Non-U.S. Gov. Bond	4.42%	12.93%	5.02%	1.36%	1.82%
Citigroup World Gov. Bond	2.50	8.49	3.45	1.18	1.97
Citigroup Hedged Non-U.S. Gov.	1.50	3.95	2.65	3.98	4.14
Currency*					
Euro vs. $	2.42%	14.99%	4.62%	-0.86%	-2.50%
Yen vs. $	5.92	4.78	4.09	-2.43	-0.66
Pound vs. $	3.70	12.18	-1.87	-1.57	-3.42
Real Estate					
Wilshire REIT Index	-7.48%	-3.64%	0.97%	6.13%	6.22%
Wilshire RESI	-7.42	-3.43	1.49	6.49	6.32

Total Fund Overview

Asset Class Performance

	Assets		Performance (%)					
	($Mil)	(%)	QTR	YTD	1-year	3-year	5-year	10-year
U.S. Equity	535.7	15.2	-0.56	-0.56	14.58	10.39	13.08	9.57
International Equity	547.0	15.5	-0.49	-0.49	18.86	8.51	7.75	4.55
Global Equity	181.1	5.1	0.71	0.71	16.67	8.01	8.84	-.-
Global Low Volatility	372.1	10.6	-0.87	-0.87	11.23	-.-	-.-	-.-
Real Estate	386.4	11.0	-2.28	-2.28	3.14	4.85	8.28	6.12
Global Fixed Income	476.8	13.5	-1.12	-1.12	2.01	1.88	2.38	4.02
High Yield	441.3	12.5	-0.99	-0.99	3.24	4.57	4.44	7.11
Credit Opportunities	91.8	2.6	-0.60	-0.60	5.89	-.-	-.-	-.-
MLPs	243.1	6.9	-9.23	-9.23	-18.21	-10.18	-1.05	-.-
Private Equity	221.2	6.3	3.05	3.05	16.13	10.91	12.19	-.-
Cash Equivalents	28.0	0.8	0.35	0.35	1.10	0.52	0.33	0.34
Total Fund	**3,524.0**	**100.0**	**-1.14**	**-1.14**	**7.54**	**5.49**	**7.17**	**6.69**
Asset Allocation Policy			**-1.93**	**-1.93**	**5.86**	**4.80**	**6.54**	**6.37**
Value Added vs Policy			*0.79*	*0.79*	*1.68*	*0.69*	*0.63*	*0.32*
Actuarial Rate			1.94	1.94	8.00	8.00	8.09	8.17
Wilshire 5000 Index			-0.76	-0.76	13.69	10.48	13.13	9.65
S&P 500 Index			-0.76	-0.76	13.99	10.78	13.31	9.49
MSCI ACWI x-U.S. IMI Index			-1.06	-1.06	17.10	6.75	6.24	3.06
MSCI EAFE Index			-1.53	-1.53	14.80	5.55	6.50	2.74
Bloomberg Aggregate Bond Index			0.39	3.54	3.54	2.24	2.10	3.63
Citigroup High Yield Cash Pay			0.51	7.01	7.01	5.97	5.35	7.58
Wilshire RE Securities Index			-7.42	-7.42	-3.43	1.49	6.49	6.32
91-Day Treasury Bill			0.28	0.85	0.85	0.41	0.27	0.39

Total Fund Asset Growth

($Millions)	Beg. Mkt Value	Net Contrib.	Net Distrib.	Investment Fees	Investment Gain/Loss	End Mkt Value	Total Return
1Q15	3,402.5	36.1	73.5	3.5	85.2	3,446.8	2.40%
2Q15	3,446.8	44.4	83.3	3.7	6.5	3,410.6	0.08%
3Q15	3,410.6	29.6	69.6	3.4	(202.7)	3,164.5	-6.08%
4Q15	3,164.5	49.4	82.5	3.2	71.0	3,199.2	2.12%
1Q16	3,199.2	89.0	127.7	3.0	40.9	3,198.3	1.28%
2Q16	3,198.3	70.8	105.2	2.8	116.2	3,277.3	3.54%
3Q16	3,277.3	32.9	67.4	2.9	117.3	3,357.2	3.48%
4Q16	3,357.2	28.1	66.0	3.0	21.4	3,337.8	0.62%
1Q17	3,337.8	36.2	74.6	2.6	140.0	3,436.7	4.15%
2Q17	3,436.7	24.9	68.7	3.2	86.6	3,476.4	2.46%
3Q17	3,476.4	47.8	84.0	3.5	110.0	3,546.6	3.10%
4Q17	3,546.6	31.1	74.1	3.3	107.5	3,607.8	2.97%
1Q18	3,607.8	31.9	74.7	3.1	(37.8)	3,524.0	-1.14%

- At the end of the first quarter of 2018, the Fund's market value was $3,524.0 million, which represented a decrease of $83.8 million in total net asset value over the previous quarter. The change in the Fund's value was driven by $74.7 million in net distributions and a $37.8 million loss on investments. Meanwhile, $31.9 million in net contributions entered the fund and $3.1 million in investment management fees flowed out of the Fund.

Quarterly Total Fund Attribution vs. Policy

Asset Class	Assets (%)		Policy (%)		Difference (%)		Total Fund Return Contribution (%)			
	Weight	Return	Weight	Return	Weight	Return	Actual Allocation	Interaction	Active Management	Total
U.S. Equity	15.2	-0.56	15.0	-0.76	0.24	0.20	0.00	0.00	0.03	0.03
International Equity	15.9	-0.49	15.0	-1.06	0.88	0.57	0.00	0.01	0.09	0.09
Global Equity	5.2	0.71	5.0	-0.96	0.17	1.67	0.00	0.00	0.08	0.09
Global Low Volatility	10.5	-0.87	10.0	-0.74	0.48	-0.14	0.00	0.00	-0.01	-0.01
Public REITs	4.4	-7.02	5.0	-7.42	-0.56	0.40	0.01	0.00	0.02	0.02
Direct Core Real Estate	6.3	1.23	5.0	1.27	1.28	-0.04	0.04	0.00	0.00	0.04
Global Fixed Income	13.2	-1.12	15.0	-1.46	-1.77	0.34	-0.02	-0.01	0.05	0.02
High Yield	12.3	-0.99	12.5	-0.80	-0.16	-0.20	-0.01	0.00	-0.02	-0.03
Credit Opportunities	2.5	-0.60	2.5	-0.50	0.03	-0.10	0.00	0.00	0.00	0.00
Public Real Assets	7.4	-9.23	10.0	-11.12	-2.56	1.89	0.23	-0.05	0.20	0.38
Private Equity	6.0	3.05	5.0	3.45	1.00	-0.40	0.05	0.00	-0.01	0.04
Cash Equivalents	1.0	0.35	0.0	0.35	0.97	0.00	0.02	0.00	0.00	0.02
Monthly Linked Return	**100.0**	**-1.24**	**100.0**	**-1.93**		**0.69**	**0.34**	**-0.05**	**0.41**	**0.69**
Trading/Hedging		*0.10*		*0.00*		*0.10*				***0.10***
Total		**-1.14**		**-1.93**		**0.79**				**0.79**

-1.93	**Asset Allocation Policy**
0.34	Actual/Tactical Asset Allocation
0.41	Active Management
-0.05	Interaction
0.10	Trading
-1.14	**Total Fund Return**

**Note: factors may not sum exactly to total return due to rounding.*

The Total Fund attribution table, shown above, displays the return contribution of each asset class to the Total Fund's overall return. The attribution provides some insights as to whether tactical allocation and active management within asset classes helped or hurt performance during the quarter.

- ***Strategic Policy:*** The contribution to total return from each asset class, calculated as the percentage allocated to each asset class multiplied by the benchmark for that asset class.
- ***Actual Allocation:*** The return contribution during the quarter due to differences in the actual allocation from the policy allocation (i.e.: the actual allocation to U.S. equity was higher than the policy allocation). A positive number would indicate an overweight allocation benefited performance, and vice versa.
- ***Active Management:*** The return contribution from active management. This number would be positive if the asset class outperformed the designated policy index and vice versa (i.e.: the U.S. equity segment outperformed the policy index, the Wilshire 5000 Index, during the quarter and contributed positively to active management).
- ***Interaction:*** Captures the interaction of managers' performance and asset class weighting differences.
- ***Actual Return:*** The actual return of the asset classes if allocations to them were static during the quarter. These returns will not match exactly with the actual segment returns since asset class allocations change during the quarter due to market movement, cash flows, etc.

One-Year Total Fund Attribution vs. Policy

Asset Class	Assets (%)		Policy (%)		Difference (%)		Total Fund Return Contribution (%)			
	Weight	Return	Weight	Return	Weight	Return	Actual Allocation	Interaction	Active Management	Total
U.S. Equity	14.62	14.58	15.00	13.69	-0.4	0.89	-0.02	0.00	0.13	0.10
International Equity	15.68	18.86	15.00	17.10	0.7	1.77	0.04	0.01	0.24	0.30
Global Equity	5.18	16.67	5.00	14.84	0.2	1.83	0.02	0.00	0.08	0.10
Global Low Volatility	10.26	11.23	10.00	10.65	0.3	0.59	0.00	0.00	0.05	0.06
Public REITs	4.63	-2.35	5.00	-3.43	-0.4	1.08	0.01	0.00	0.06	0.07
Direct Core Real Estate	6.30	7.23	5.00	7.10	1.3	0.13	0.02	0.00	0.01	0.02
Global Fixed Income	13.52	2.01	15.00	1.20	-1.5	0.80	0.05	-0.01	0.12	0.16
High Yield	12.50	3.24	12.50	3.67	0.0	-0.44	-0.01	0.00	-0.06	-0.07
Credit Opportunities	2.55	5.89	2.50	4.05	0.0	1.85	0.00	0.00	0.05	0.04
Public Real Assets	7.74	-18.21	10.00	-20.07	-2.3	1.86	0.61	-0.08	0.24	0.78
Private Equity	5.74	16.13	5.00	18.28	0.7	-2.15	0.09	-0.01	-0.09	-0.01
Cash	1.30	1.10	0.00	1.10	1.3	0.00	-0.08	0.00	0.00	-0.08
Monthly Linked Return	**100.00**	**7.34**	**100.00**	**5.86**		**1.47**	**0.72**	**-0.09**	**0.84**	**1.48**
Trading		0.20		0.00		0.20				**0.20**
Total		***7.54***		***5.86***		***1.67***				***1.67***

5.86	**Strategic Policy Allocation**
0.72	Actual/Tactical Asset Allocation
0.84	Active Management
-0.09	Interaction
0.20	Trading
7.54	Total Return

**Note: factors may not sum exactly to total return due to rounding.*

The Total Fund attribution table, shown above, displays the return contribution of each asset class to the Total Fund's overall return. The attribution provides some insights as to whether tactical allocation and active management within asset classes helped or hurt performance during the quarter.

- ***Strategic Policy:*** The contribution to total return from each asset class, calculated as the percentage allocated to each asset class multiplied by the benchmark for that asset class.
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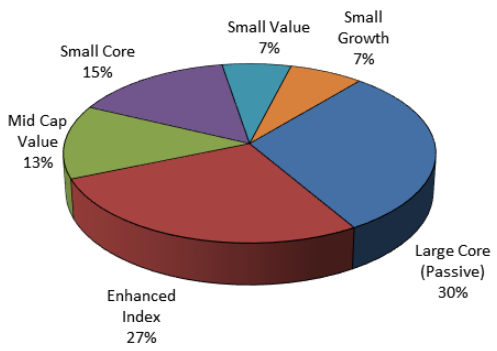
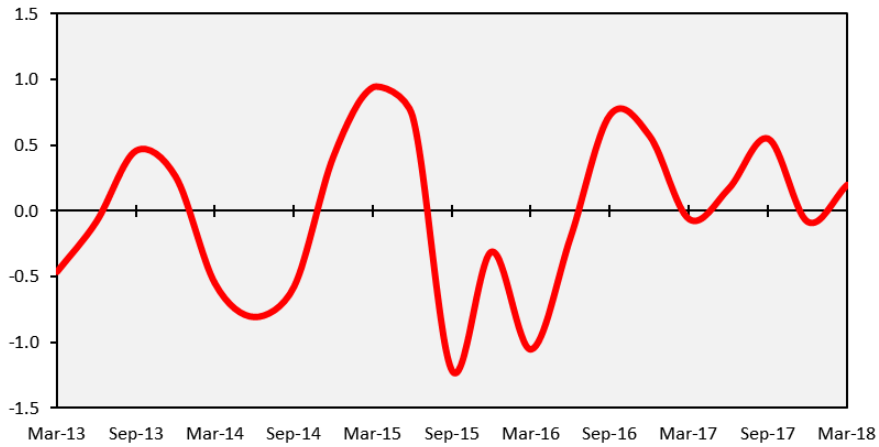
- ***Interaction:*** Captures the interaction of managers' performance and asset class weighting differences.
- ***Actual Return:*** The actual return of the asset classes if allocations to them were static during the quarter. These returns will not match exactly with the actual segment returns since asset class allocations change during the quarter due to market movement, cash flows, etc.

Domestic Equity Overview

Domestic Equity Structure



U.S. Equity Composite Quarterly Excess Return



Composite

	Assets (Millions)	QTR	YTD	1-year	3-year	5-year	10-year
		Performance					
Total U.S. Equity (Gross)	**$ 535.7**	**-0.47**	**-0.47**	**14.95**	**10.75**	**13.47**	**9.94**
Total U.S. Equity (Net)		**-0.56**	**-0.56**	**14.58**	**10.39**	**13.08**	**9.57**
Custom Benchmark [1]		-0.76	-0.76	13.69	10.48	13.13	9.65
Net of Fee Value Added vs Benchmark		*0.20*	*0.20*	*0.89*	*-0.09*	*-0.05*	*-0.08*
Small Cap Composite	**$ 155.7**	-1.29	-1.29	12.83	9.67	12.92	10.03
Wilshire 5000 Index		-0.76	-0.76	13.69	10.48	13.13	9.65
S&P 500 Index		-0.76	-0.76	13.99	10.78	13.31	9.49
Russell 2000 Index		-0.08	-0.08	11.79	8.39	11.47	9.84

Domestic Equity Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Large Core - Passive								
Northern Trust S&P 500 (Gross)	**$ 162.5**	**-0.76**	**-0.76**	**13.98**	**10.82**	**13.35**	**9.97**	**Dec-94**
Northern Trust S&P 500 (Net)		**-0.76**	**-0.76**	**13.98**	**10.82**	**13.34**	**9.95**	**Dec-94**
S&P 500 Index		-0.76	-0.76	13.99	10.78	13.31	9.90	Dec-94
Net of Fee Value Added vs Benchmark		*0.00*	*0.00*	*-0.01*	*0.04*	*0.03*	*0.05*	
Enhanced Index								
T. Rowe Price (Gross)	**$ 146.0**	**-0.04**	**-0.04**	**16.36**	**12.09**	**14.29**	**9.31**	**Mar-06**
T. Rowe Price (Net)		**-0.11**	**-0.11**	**16.02**	**11.72**	**13.93**	**8.99**	**Mar-06**
S&P 500 Index + 1%		-0.51	-0.51	14.99	11.78	14.31	9.39	Mar-06
Net of Fee Value Added vs Objective		*0.40*	*0.40*	*1.03*	*-0.06*	*-0.38*	*-0.40*	
S&P 500 Index		-0.76	-0.76	13.99	10.78	13.31	8.39	Mar-06
Net of Fee Value Added vs Benchmark		*0.65*	*0.65*	*2.03*	*0.94*	*0.62*	*0.60*	
Information Ratio				**1.53**	**0.68**	**0.49**		
Sharpe Ratio				**1.71**	**1.06**	**1.35**		

[1] Domestic Equity Custom Benchmark: Wilshire 5000 Index (3q99 – Present); S&P 500 Index (1q90 – 2q99).

Domestic Equity Overview (Continued)

Domestic Equity Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Small Core - Active								
Systematic Financial (Gross)	**$ 82.1**	**-0.26**	**-0.26**	**19.26**	**14.72**	**16.27**	**12.62**	**Jun-03**
Systematic Financial (Net)		**-0.45**	**-0.45**	**18.30**	**13.76**	**15.29**	**11.82**	**Jun-03**
Russell 2000 Index + 1.25%		0.23	0.23	13.04	9.64	12.72	10.98	Jun-03
Net of Fee Value Added vs Objective		*-0.68*	*-0.68*	*5.26*	*4.12*	*2.57*	*0.84*	
Russell 2000 Index		-0.08	-0.08	11.79	8.39	11.47	9.73	Jun-03
Net of Fee Value Added vs Benchmark		*-0.37*	*-0.37*	*6.51*	*5.37*	*3.82*	*2.09*	
Information Ratio				**1.43**	**1.38**	**0.95**		
Sharpe Ratio				**1.67**	**1.01**	**1.14**		
Small Value - Active								
Channing Capital Management (Gross) *	**$ 35.5**	**-1.32**	**-1.32**	**5.92**	**7.55**	**-.-**	**8.34**	**Oct-13**
Channing Capital Management (Net) *		**-1.55**	**-1.55**	**4.91**	**6.54**	**-.-**	**7.36**	**Oct-13**
Russell 2000 Value Index + 1.25%		-2.33	-2.33	6.38	9.12	-.-	8.58	Oct-13
Net of Fee Value Added vs Objective		*0.78*	*0.78*	*-1.47*	*-2.58*		*-1.22*	
Russell 2000 Value Index		-2.64	-2.64	5.13	7.87	-.-	7.33	Oct-13
Net of Fee Value Added vs Benchmark		*1.09*	*1.09*	*-0.22*	*-1.33*		*0.03*	
Information Ratio				**-0.05**	**-0.30**	**-.-**		
Sharpe Ratio				**0.42**	**0.40**	**-.-**		
Small Growth - Active								
Redwood Investments (Gross) *	**$ 38.1**	**-2.65**	**-2.65**	**10.37**	**-.-**	**-.-**	**10.86**	**Sep-16**
Redwood Investments (Net) *		**-2.82**	**-2.82**	**9.63**	**-.-**	**-.-**	**10.36**	**Sep-16**
Russell 2000 Growth Index + 1.50%		2.67	2.67	20.13	-.-	-.-	20.27	Sep-16
Net of Fee Value Added vs Objective		*-5.49*	*-5.49*	*-10.50*			*-9.91*	
Russell 2000 Growth Index		2.30	2.30	18.63	-.-	-.-	18.77	
Net of Fee Value Added vs Benchmark		*-5.12*	*-5.12*	*-9.00*			*-8.41*	
Information Ratio				**-1.43**	**-.-**	**-.-**		
Sharpe Ratio				**0.79**	**-.-**	**-.-**		
Mid Cap Value - Active								
Smith Graham Mid Cap Value (Gross) *	**$ 71.2**	**0.38**	**0.38**	**-.-**	**-.-**	**-.-**	**0.38**	**Dec-17**
Smith Graham Mid Cap Value (Net) *		**0.33**	**0.33**	**-.-**	**-.-**	**-.-**	**0.33**	**Dec-17**
Russell Midcap Index + 2%		0.04	0.04	-.-	-.-	-.-	0.04	**Dec-17**
Net of Fee Value Added vs Objective		*0.29*	*0.29*				*0.29*	
Russell Midcap Index		-0.46	-0.46	-.-	-.-	-.-	-0.46	
Net of Fee Value Added vs Benchmark		*0.79*	*0.79*				*0.79*	
Information Ratio				**-.-**	**-.-**	**-.-**		
Sharpe Ratio				**-.-**	**-.-**	**-.-**		

- The Fund's domestic equity composite generated a return of -0.56% (net of fees) during the first quarter of 2018, leading the Wilshire 5000 Total Market Index which returned -0.76%. Overall, outperformance for the quarter was led by the newly added Smith Graham mid-cap portfolio with similar contributions from T. Rowe Price and Channing. The domestic equity composite is currently outperforming against its benchmark over the one-year period but continues to trail its custom benchmark over the three-, five- and ten-year periods.

Domestic Equity Overview (Continued)

Northern Trust (Passive)

- Northern Trust manages a passive large-cap core equity portfolio for the Fund, which is designed to track the S&P 500 Index and replicate the performance of overall market. To date, the passive large-cap core portfolio is performing in line with expectations, mirroring the risk and return profile of the benchmark index and exhibiting very low tracking error over all time periods.

T. Rowe Price (Enhanced)

- T. Rowe Price manages the Fund's enhanced equity index portfolio. The T. Rowe Price portfolio returned -0.11% (net of fees) during the first quarter, outperforming its benchmark index (S&P 500) which returned -0.76%. The portfolio led its benchmark as a result on favorable stock picking decisions concentrated within a few specific sectors. Stock selection was strongest within the consumer discretionary, industrials and consumer staples sectors. Here, the portfolio's holdings delivered performance above that of the respective benchmark holdings, which ultimately led to this period's outperformance versus the benchmark. Sector positioning modestly added to the portfolio's performance during the period. The portfolio's tactical overweight allocation to the technology sector which led the market over the period served as the largest driver of outperformance from a sector positioning standpoint. Historically, the portfolio's overall sector allocation does not deviate too broadly from the Standard & Poor's 500 (approximately +/- 1%) which means the bulk of the value-added will come from stock selection. The T. Rowe portfolio remains highly concentrated in large-capitalization stocks (with an average market cap of $187,958 million). The portfolio is currently outperforming against its benchmark over the one-, three-, and five-year periods as well as since inception (3/06).

Systematic Financial (Small-Cap Core)

- Systematic Financial manages the Fund's small-cap core portfolio. The Systematic portfolio returned -0.45% (net of fees) during the first quarter, underperforming its benchmark (Russell 2000) which returned -0.08%. During the period small cap stocks as represented by the Russell 2000 Index posted a negative return but outpaced their larger capitalization counterparts. Against this backdrop the Systematic portfolio modestly trailed its benchmark as a result of portfolio positioning relative to its benchmark. A significant underweight to the health care sector (5% portfolio weight vs. 15% benchmark weight) was the largest detractor during the period. Health care was the best performing segment in the space for the first quarter. Meanwhile, individual stock selection decisions also had a modestly negative impact on performance. The Systematic portfolio continues to hold relatively cheaper (or undervalued) stocks when compared to benchmark, with a current average P/E ratio of 24.50 (Russell 2000 P/E ratio is 51.90). The portfolio also continues to exhibit a large historical overweight allocation to financials, albeit smaller in the most recent period, which accounts for around 24% of the portfolio's total net asset value compared to approximately 18% for the benchmark. Despite this quarter's relative performance, the Systematic portfolio is outperforming against its benchmark over the one-, three- and five-year periods as well as since inception (6/03).

Channing Capital Management (Small-Cap Value)

- Channing Capital manages the Fund's small-cap value portfolio. The Channing portfolio returned -1.32% (net of fees) during the first quarter, outperforming its benchmark (Russell 2000 Value) which returned -2.64%. Favorable stock selection contributed to this period's outperformance relative to the benchmark. Particularly large gains were incurred within the industrials and technology sectors. Here, the portfolio's holdings returned 0.83% and 0.86% versus 0.10% and -0.01% for the respective benchmark holdings. Several positions within the portfolio (very concentrated), posted positive returns in what was a muted period in the small cap value space. Most notably, "Rexnord Corporation", which returned 14.07% for the

Domestic Equity Overview (Continued)

period, was the single best performer in the portfolio. Several other positions followed suit posting modest gains in the current period. Sector weighting decisions were also additive for the period providing an additional boost to the portfolio's return relative to the benchmark. To date, the Channing portfolio is consistently positioned with an underweight allocation to consumer discretionary (3% portfolio weight vs. 11% benchmark weight) with significant overweight allocation to industrials (23% portfolio weight vs 12% benchmark weight). The Channing portfolio is currently outperforming against its benchmark since inception (12/13).

Redwood Investments (Small-Cap Growth)

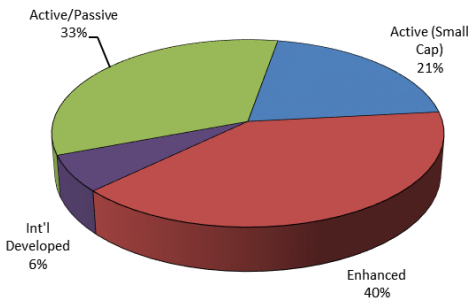
- Redwood Investments manages the Fund's small-cap growth portfolio which was funded in September of 2016. The Redwood portfolio returned -2.82% (net of fees) during the first quarter, underperforming its benchmark (Russell 2000 Growth) which returned 2.30%. The portfolio currently holds 52 securities which is considerably more concentrated than the benchmark, as such, individual stock selection typically emerges as the predominant driver of relative performance in any given period. During the quarter, stock selection decisions were detractive as a whole led by the health care and consumer discretionary segments of the market. Within health care, the portfolio's holdings returned -1.71% vs. +6.40% for the respective benchmark holdings. Several health care holdings suffered substantial losses during the quarter leading to underperformance relative to the benchmark. Similarly, the portfolio's industrial and materials stocks delivered performance well below that of the respective benchmark holdings. Sector positioning was also detractive during the quarter driven by overweights to energy and consumer discretionary while holding an underweight to health care, which was among the best performing sectors in the space in Q1. The Redwood portfolio is currently underperforming against its benchmark since inception (09/16).

Smith, Graham & Co. (Mid-Cap Value)

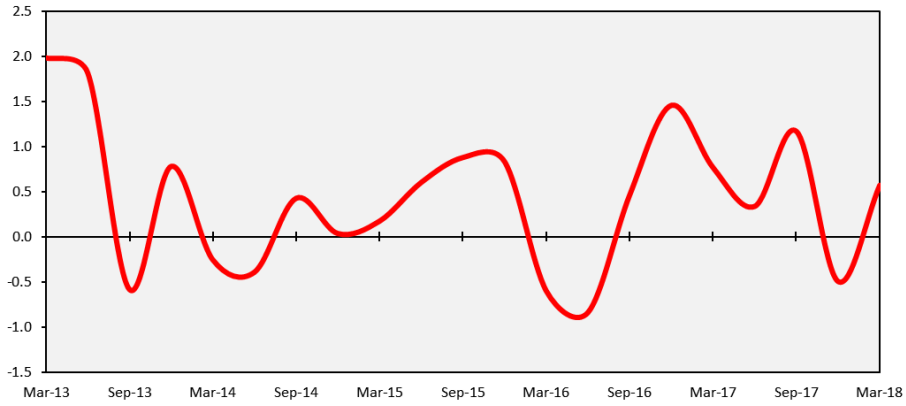
- Smith, Graham & Co. manages the Fund's mid-cap value portfolio, which was funded in December of 2017. The mid-cap portfolio returned 0.33% (net of fees) during the first quarter, outperforming its benchmark (Russell 2000 Growth) which returned -0.46%. During the quarter, the portfolio's strongest sector performance relative to the Russell Midcap Index sectors was in consumer discretionary, materials & processing and financial services. The portfolio sectors with the weakest performance compared to the Russell Midcap Index sectors were: Technology, Producer Durables and Health Care. The stocks that contributed the most to absolute performance during the quarter were: Abercrombie & Fitch (Consumer Discretionary), Dick's Sporting Goods (Consumer Discretionary), Western Digital (Technology), Macy's (Consumer Discretionary) and Guess? Inc. (Consumer Discretionary). The stocks that detracted the most from absolute performance were: Cigna (Health Care), Southwest Airlines (Producer Durables), Goodyear Tire & Rubber (Consumer Discretionary), Stericycle (Producer Durables) and Juniper Networks (Technology). During the quarter, one new position was established in United States Steel Corporation and no positions were eliminated. After completing its first quarter of performance within the Fund the Smith Graham portfolio leads its benchmark since inception (12/17).

International Equity Overview

International Equity Structure



International Equity Composite Quarterly Excess Return



International Equity Composite

	Assets (Millions)	Performance QTR	YTD	1-year	3-year	5-year	10-year
Total International Equity (Gross)	**$ 547.0**	**-0.37**	**-0.37**	**19.43**	**8.99**	**8.20**	**5.02**
Total International Equity (Net)		**-0.49**	**-0.49**	**18.86**	**8.51**	**7.75**	**4.55**
Custom Benchmark [1]		-1.06	-1.06	17.10	6.75	6.24	2.96
Net of Fee Value Added vs Benchmark		*0.57*	*0.57*	*1.76*	*1.76*	*1.51*	*1.59*
MSCI ACWI x-US IMI (Net)		-1.06	-1.06	17.10	6.75	6.24	3.06
MSCI ACWI x-US (Net)		-1.18	-1.18	16.53	6.18	5.89	2.70
MSCI EAFE (Net)		-1.53	-1.53	14.80	5.55	6.50	2.74
MSCI Emerging Markets		1.42	1.42	24.93	8.81	4.98	3.02

International Equity Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Int'l Small Cap - Active								
Acadian International (Gross)	**$ 112.5**	**0.77**	**0.77**	**25.71**	**14.89**	**10.82**	**10.90**	**Mar-89**
Acadian International (Net)		**0.63**	**0.63**	**25.02**	**14.29**	**10.25**	**10.49**	**Mar-89**
Custom Benchmark + 2%		0.14	0.14	22.59	12.40	10.57	8.80	Mar-89
Net of Fee Value Added vs Objective		*0.49*	*0.49*	*2.43*	*1.89*	*-0.32*	*1.69*	
Custom Benchmark		-0.35	-0.35	20.59	10.40	8.57	6.80	Mar-89
Net of Fee Value Added vs Benchmark		*0.98*	*0.98*	*4.43*	*3.89*	*1.68*	*3.69*	
Information Ratio				**1.12**	**1.09**	**0.47**		
Sharpe Ratio				**2.47**	**1.10**	**0.81**		

[2] International Equity Custom Benchmark: MSCI ACWI x-US IMI (2q10 – Present); MSCI ACWI x-US (1q99 – 1q10); Wilshire Non-US/Non-SA (2q96 – 4q98); MSCI EAFE (4q89 – 1q96)

[3] Acadian Custom Benchmark: MSCI ACWI x-US Small Cap (3q09 – Present); MSCI EAFE Small Cap (4q99 – 2q09); S&P/Citigroup Eur/Pac EMI Index (2q96 – 3q99); MSCI EAFE (2q89 – 1q96). Performance Objective: Custom Benchmark +2% (1q05 – Present); +1% (2q89 – 4q04).

International Equity Overview (Continued)

International Equity Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Int'l Enhanced Index								
AQR Capital Management (Gross)	**$ 216.5**	**0.17**	**0.17**	**19.20**	**9.25**	**8.83**	**4.72**	**Mar-06**
AQR Capital Management (Net)		**0.02**	**0.02**	**18.53**	**8.62**	**8.19**	**4.20**	**Mar-06**
Custom Benchmark + 1.5%		-0.81	-0.81	18.03	7.68	7.39	4.73	Mar-06
Net of Fee Value Added vs Objective		*0.83*	*0.83*	*0.50*	*0.94*	*0.80*	*-0.53*	
Custom Benchmark		-1.18	-1.18	16.53	6.18	5.89	3.23	Mar-06
Net of Fee Value Added vs Benchmark		*1.20*	*1.20*	*2.00*	*2.44*	*2.30*	*0.97*	
Information Ratio				**1.18**	**1.12**	**0.98**		
Sharpe Ratio				**1.85**	**0.69**	**0.69**		
Int'l Active/Passive								
Baring International (Gross)	**$ 183.2**	**-1.36**	**-1.36**	**16.69**	**5.88**	**6.36**	**7.02**	**Mar-88**
Baring International (Net)		**-1.45**	**-1.45**	**16.27**	**5.62**	**6.11**	**6.85**	**Mar-88**
Custom Benchmark + 1.25%		-0.87	-0.87	17.78	7.43	7.14	6.64	Mar-88
Net of Fee Value Added vs Objective		*-0.58*	*-0.58*	*-1.51*	*-1.81*	*-1.03*	*0.21*	
Custom Benchmark		-1.18	-1.18	16.53	6.18	5.89	5.39	Mar-88
Net of Fee Value Added vs Benchmark		*-0.27*	*-0.27*	*-0.26*	*-0.56*	*0.22*	*1.46*	
Information Ratio				**-0.44**	**-0.39**	**0.14**		
Sharpe Ratio				**1.66**	**0.40**	**0.49**		
Int'l Developed								
Ativo International Developed (Gross) *	**$ 34.8**	**-1.72**	**-1.72**	**-.-**	**-.-**	**-.-**	**-1.72**	**Dec-17**
Ativo International Developed (Net) *		**-1.76**	**-1.76**	**-.-**	**-.-**	**-.-**	**-1.76**	**Dec-17**
MSCI EAFE Index + 2%		-1.04	-1.04	-.-	-.-	-.-	-1.04	
Net of Fee Value Added vs Objective		*-0.72*	*-0.72*				*-0.72*	
MSCI EAFE Index		-1.53	-1.53	-.-	-.-	-.-	-1.53	
Net of Fee Value Added vs Benchmark		*-0.23*	*-0.23*				*-0.23*	
Information Ratio				**-.-**	**-.-**	**-.-**		
Sharpe Ratio				**-.-**	**-.-**	**-.-**		

- The Fund's international equity composite returned -0.49% (net of fees) during the first quarter of 2018, outperforming the MSCI ACWI x-US Investable Market Index (IMI) which returned -1.06%. During the period the Acadian and AQR strategies posted positive results in what was a challenging period for international stocks. The Fund's international small cap equity manager, Acadian International provided the highest return in absolute terms during the period. Meanwhile, AQR posted the strongest relative results for the period. During December of 2017 the composite added an international developed exposure managed by Ativo. Performance tracking for the newly added fund begun during the quarter and will be included going forward. The international equity composite is outperforming against its benchmark for the one-, three-, five- and ten-periods periods, as well as since inception (12/89).

[4] Baring Custom Benchmark: MSCI ACWI x-US (2q02 – Present); PMSCI ACWI x-US (G) (3q01 – 1q02); MSCI ACWI x-US (2q99 – 2q01); Wilshire Non-US/Non-SA (2q96 – 1q99); MSCI EAFE (2q88 – 1q96) . Performance objective: Custom Benchmark + 2%.

[5] AQR Custom Benchmark: MSCI ACWI x-US (2q10 – Present); MSCI EAFE (1q06 – 1q10); Performance Objective: Custom Benchmark + 1.5%.

Acadian (International Small-Cap)

Acadian International manages the Fund's active small-cap international equity portfolio. During the first quarter the Acadian portfolio returned 0.63% (net of fees), outperforming against its benchmark (MSCI ACWI x-US Small Cap) which returned -0.35% for the period. For the first quarter, the portfolio outperformed its benchmark as gains realized from stock selection were joined with value added from country allocations. Key sources of positive active return included a combination of stock selection and an underweight position in the U.K., a market underweight in India, and a combination of stock selection and an overweight position in Japan. Less successful investments included stock selection in Korea, Malaysia, and Norway. Key contributors included shares of Dart Group, which jumped after the U.K. tour operator upgraded its profit outlook for 2018. Similarly, Koshidaka Holdings rallied after the Japanese entertainment service provider announced plans to acquire U.S. women's fitness franchise Curves. As of quarter-end, the Acadian portfolio is outperforming against its benchmark for the one-, three- and five-year periods as well as since inception (3/89).

AQR Capital Management (International Enhanced)

- AQR Capital manages the Fund's enhanced international equity portfolio. The AQR portfolio returned 0.02% (net of fees) during the first quarter, outperforming its benchmark (MSCI ACWI x-US) which returned -1.18%. Individual stock selection coupled with favorable country and sector weighting decisions proved to be the main driver of this period's outperformance relative to the benchmark. Underweight allocations to India and the U.K. benefitted performance as both markets delivered sluggish returns to start the year. Overall, individual stock selection was strongest within the markets of Canada and Switzerland. Here the portfolio's holdings delivered performance in excess of the respective benchmark holdings providing a notable measure of value added. Sector weighting decisions added an additional layer of value added relative to the benchmark, pushing the portfolio's performance higher in Q1. The AQR portfolio is outperforming against its benchmark for one-, three- and five-year periods, as well as since inception (03/06).

Baring (International Active/Passive)

- Baring International, the Fund's international equity large-cap manager, manages an active/passive portfolio. The objective is to actively manage the broad-based country and sector allocations, while passively managing security selection by investing in market indexes. During the first quarter, the Baring portfolio returned -1.45% (net of fees), underperforming its benchmark (MSCI ACWI x-US) which returned -1.18%. Overall, the Baring portfolio underperformed its benchmark in several markets. The portfolio's holdings in Australia, Hong Kong and the United Kingdom trailed their respective benchmark holdings. Similar underperformance albeit on a smaller scale was realized in the markets of France, Korea and Japan. As of quarter end the portfolio was positioned with overweight allocations to Japan, China and Germany while holding underweight exposures to the markets of Canada, Hong Kong and Italy. From a sector-positioning standpoint the portfolio held an overweight to Technology and underweights to Financials, Consumer Staples and Industrials. The Baring portfolio is scheduled to be terminated from the Fund in the coming months.

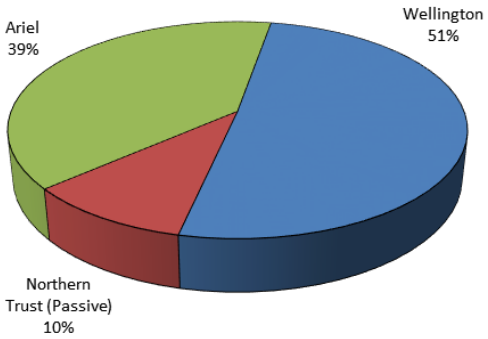
Ativo (International Developed)

- Ativo manages the Fund's enhanced international developed equity portfolio. During the first quarter the Ativo portfolio returned -1.76% underperforming the MSCI EAFE Index, which returned -1.53%. The largest detractors to relative performance during the period included weak stock selection amongst the portfolio's Japanese holdings. From an individual sector standpoint, stock selection within the consumer discretionary and health care segments trailed the benchmark as well. During the quarter, the most substantial changes to portfolio positioning were increasing exposure to EMU and the energy sector and decreasing exposure to Europe ex EMU and technology. The largest overweights at quarter-end were in EMU and the industrials and consumer discretionary sectors. The largest underweights were in Europe ex EMU, health care, and

materials. After completing its first quarter of performance within the Fund the Ativo portfolio modestly trails its benchmark since inception (12/17).

Global Equity Overview

Global Equity Structure



Global Equity Composite

	Assets (Millions)	Performance QTR	YTD	1-year	3-year	5-year	10-year
Total Global Equity (Gross)	**$ 181.1**	**0.80**	**0.80**	**17.07**	**8.48**	**9.39**	**-.-**
Total Global Equity (Net)		**0.71**	**0.71**	**16.67**	**8.01**	**8.84**	**-.-**
MSCI ACWI (Net)		-0.96	-0.96	14.84	8.12	9.20	-.-
Net of Fee Value Added vs Index		*1.67*	*1.67*	*1.83*	*-0.11*	*-0.36*	
MSCI ACWI IMI (Net)		-0.89	-0.89	15.03	8.27	9.33	5.90
MSCI ACWI (Net)		-0.96	-0.96	14.84	8.12	9.20	5.57
MSCI World (Net)		-1.28	-1.28	13.58	7.97	9.70	5.90

Global Equity Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Global Equity - Active								
Wellington (Gross)	**$ 91.8**	**1.19**	**1.19**	**17.35**	**9.18**	**12.65**	**14.40**	**Aug-12**
Wellington (Net)		**1.04**	**1.04**	**16.65**	**8.51**	**12.01**	**13.77**	**Aug-12**
MSCI ACWI (Net) + 2%		-0.47	-0.47	16.84	10.12	11.20	12.60	Aug-12
Net of Fee Value Added vs Objective		*1.51*	*1.51*	*-0.19*	*-1.61*	*0.81*	*1.17*	
MSCI ACWI (Net)		-0.96	-0.96	14.84	8.12	9.20	10.60	Aug-12
Net of Fee Value Added vs Benchmark		*2.00*	*2.00*	*1.81*	*0.39*	*2.81*	*3.17*	
Information Ratio				**0.58**	**0.12**	**0.77**		
Sharpe Ratio				**1.71**	**0.68**	**1.05**		
Global Equity - Active								
Ariel (Gross) *	**$ 70.9**	**0.68**	**0.68**	**-.-**	**-.-**	**-.-**	**0.68**	**Dec-17**
Ariel (Net) *		**0.64**	**0.64**	**-.-**	**-.-**	**-.-**	**0.64**	**Dec-17**
MSCI ACWI (Net) + 1.5%		-0.59	-0.59	-.-	-.-	-.-	-0.59	
Net of Fee Value Added vs Objective		*1.23*	*1.23*				*1.23*	
MSCI ACWI (Net)		-0.96	-0.96	-.-	-.-	-.-	-0.96	
Net of Fee Value Added vs Benchmark		*1.60*	*1.60*				*1.60*	
Global Equity - Passive								
Northern Trust (Gross)	**$ 18.3**	**-0.55**	**-0.55**	**15.76**	**-.-**	**-.-**	**14.90**	**Oct-15**
Northern Trust (Net)		**-0.55**	**-0.55**	**15.70**	**-.-**	**-.-**	**14.84**	**Oct-15**
MSCI ACWI IMI (Net)		-0.89	-0.89	15.03	-.-	-.-	14.29	Oct-15
Net of Fee Value Added vs Benchmark		*0.34*	*0.34*	*0.67*			*0.55*	

Global Equity Overview (Continued)

The global equity composite is comprised of an actively-managed strategy (with a U.S. bias relative to the benchmark) managed by Wellington. This strategy is complemented by a passively-managed strategy provided by Northern Trust. The composite also recently added an exposure to the Ariel Global Product strategy which has recently completed its first full quarter of performance. The new structure favors active management (currently 90% active/10% passive) versus the previous 50%/50% allocation between active and passively managed funds within the composite. Both actively managed strategies posted solid gains during the period leading to significant outperformance relative to the benchmark. The global equity composite is currently outperforming over the one-year period but continues to trail its benchmark since inception (9/12).

Wellington (Active)

- Wellington manages the Fund's active global equity portfolio. During the first quarter, the Wellington portfolio returned 1.04% (net of fees), outperforming its benchmark (MSCI ACWI Index) which returned -0.96%. The Global Opportunities portfolio outperformed the benchmark during the first quarter supported by strong stock selection in the information technology, consumer discretionary, and industrials sectors. Sector allocations were additive to relative performance as well, mostly driven by the portfolio's overweight to information technology and underweight to consumer staples. During the quarter, the portfolio's overweight position in consumer discretionary increased. Within the sector, management initiated a position in Sony, a Japan-based manufacturer of electronic equipment, instruments, and game consoles. Management also initiated a position in MGM Resorts, a US-based global hospitality and entertainment company. These positions were funded in part by selling some positions in the financial sector that had done well and show less upside to their target price. Lastly, Wellington continues to find opportunities in China, believing the property market slowdown has bottomed, which will be supportive for base materials stocks including current holdings in Glencore and ArcelorMittal. The Wellington portfolio is outperforming for the one-, three- and five-year periods as well as since inception (09/12).

Ariel (Active)

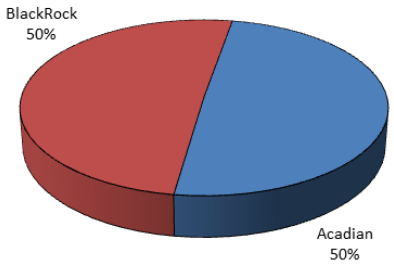
- Ariel manages the Fund's other active global equity portfolio. During the period the Ariel portfolio returned 0.64% (net of fees), outperforming its benchmark (MSCI ACWI Index) which returned -0.96%. The strategy is much more concentrated than the benchmark. As a result, many of its position sizes are relatively much larger and have a greater impact on the overall return. Therefore, the portfolio's performance during any given period is primarily as a result of its individual stock selection decisions and positioning. During the quarter, stock selection proved to be the main driver of outperformance relative to the benchmark. Large contributors during the period included: Microsoft (10% weight, 7.2% return), Deutsche Boerse Ag (4.3% weight, 17% return) and Glaxosmithkline (7% weight, 11.2% return). As of March 31st the portfolio currently held large overweight allocations to Japan, Germany, and the U.K. From a positioning standpoint, although the telecom sector has underperformed in recent months, it remains overweighted in the portfolio and management has been selectively adding to positions within the sector. In addition, Ariel continues to find compelling investment opportunities within Information Technology and Health Care, remaining overweight these industries. After completing its first quarter of performance within the Fund the Ariel portfolio leads its benchmark since inception (12/17).

Northern Trust (Passive)

- In the fall of 2015 the Fund added a new global equity manager to the segment. Managed by Northern Trust, this strategy gives the Fund broadly diversified exposure to global stocks via a passively managed investment vehicle, which will result in lower turnover and costs incurred. At quarter-end the strategy represented approximately 13.5% of the segment's total value. After its second full year of performance, the Northern Trust portfolio continues to closely track the risk profile while modestly outperforming its benchmark index MSCI ACWI (+55) basis points since inception.

Global Low Volatility Equity Overview

Global Low Volatility Structure



Global Low Volatility Composite

	Assets (Millions)	Performance QTR	YTD	1-year	3-year	5-year	10-year
Total Global Low Volatility (Gross)	**$ 372.1**	**-0.87**	**-0.87**	**11.39**	**-.-**	**-.-**	**-.-**
Total Global Low Volatility (Net)		**-0.87**	**-0.87**	**11.23**	**-.-**	**-.-**	**-.-**
MSCI ACWI Minimum Volatility (Net)		-0.74	-0.74	10.65	-.-	-.-	-.-
Net of Fee Value Added vs Index		*-0.13*	*-0.13*	*0.58*			
MSCI ACWI Minimum Volatility (Net)		-0.74	-0.74	10.65	7.52	8.45	7.44
MSCI World x-US Minimum Volatility (Net)		-0.40	-0.40	13.13	6.89	6.70	5.46
MSCI ACWI (Net)		-0.96	-0.96	14.84	8.12	9.20	5.57

Global Equity Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Global Low Volatility - Active								
Acadian Global Low Vol (Gross)	**$ 186.6**	**-1.00**	**-1.00**	**11.72**	**-.-**	**-.-**	**10.00**	**Jun-15**
Acadian Global Low Vol (Net)		**-1.00**	**-1.00**	**11.43**	**-.-**	**-.-**	**9.69**	**Jun-15**
MSCI ACWI (Net) + 2%		-0.47	-0.47	16.84	-.-	-.-	10.75	Jun-15
Net of Fee Value Added vs Objective		*-0.53*	*-0.53*	*-5.41*			*-1.06*	
MSCI ACWI (Net)		-0.96	-0.96	14.84	-.-	-.-	8.75	Jun-15
Net of Fee Value Added vs MSCI ACWI		*-0.04*	*-0.04*	*-3.41*			*0.94*	
MSCI ACWI Min Vol (Net)		-0.74	-0.74	10.65	-.-	-.-	8.90	Jun-15
Net of Fee Value Added vs MSCI ACWI Min Vol		*-0.26*	*-0.26*	*0.78*			*0.79*	
Information Ratio				**0.25**	**-.-**	**-.-**		
Sharpe Ratio				**1.42**	**-.-**	**-.-**		
Global Low Volatility - Passive								
BlackRock Global Low Vol (Gross)	**$ 185.5**	**-0.74**	**-0.74**	**11.05**	**-.-**	**-.-**	**9.43**	**Jun-15**
BlackRock Global Low Vol (Net)		**-0.75**	**-0.75**	**11.03**	**-.-**	**-.-**	**9.41**	**Jun-15**
MSCI ACWI Min Vol (Net)		-0.74	-0.74	10.65	-.-	-.-	8.90	Jun-15
Net of Fee Value Added vs Benchmark		*-0.01*	*-0.01*	*0.38*			*0.51*	

Acadian Info Ratio/Sharpe Ratio statistics based on MSCI ACWI Min Vol benchmark.

Global Low Volatility Equity Overview (Continued)

- In mid-2015, the Board elected to transfer assets from existing strategies elsewhere in the Fund into two new global low volatility equity portfolios. The first portfolio is actively-managed and run by Acadian. Its primary mandate is to provide the Fund with a better risk/return profile relative to the broad MSCI ACWI, its primary benchmark (the Acadian portfolio's performance is also measured against the MSCI ACWI Minimum Volatility as a secondary benchmark). The second portfolio is a passively-managed index fund provided through BlackRock. Taken together, both funds will add diversification benefits to the existing suite of public equity managers. Since its inception within the Fund, the global low volatility equity composite is outperforming the MSCI ACWI Minimum Volatility Index.

Acadian (Global Low Volatility – Active)

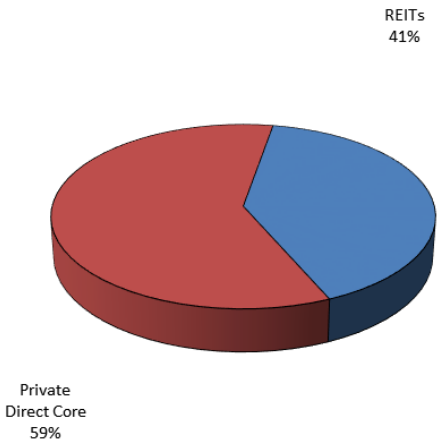
- Acadian manages the Fund's active global low volatility equity portfolio. The strategy was funded during June of 2015 and has recently completed its second year of performance within the Fund. During the first quarter, the Acadian portfolio returned -1.00% (net of fees). The portfolio's primary benchmark is the traditional cap-weighted MSCI All-Country World Index (ACWI). In addition, the portfolio is viewed in comparison to its secondary benchmark, the MSCI ACWI Minimum Volatility. The Acadian portfolio has wide dispersion in its economic sector allocations as compared to the cap-weighted index, potentially leading to a higher degree of tracking error (this difference is reduced when comparing against the secondary minimum volatility benchmark). During the quarter, the Acadian portfolio was unable to outperform each of its respective benchmarks. Relative to the primary cap-weighted benchmark, the portfolio had much greater exposure to the lowest-volatility securities from within the opportunity set, which had a positive impact on the overall portfolio's performance. From a sector perspective, the portfolio benefitted from stock selection in utilities, health care, and real estate. This was offset however, by value lost from a relatively smaller exposure to information technology and stock selection in consumer discretionary. The end result was a flat return relative to the benchmark. From a country perspective, gains realized from stock selection in the U.K., Sweden, and Switzerland were offset by value lost from stock selection in the U.S. and Korea. The end result was a return in-line with the benchmark. The Acadian portfolio is currently outperforming its primary benchmark since inception (+94 bps) (07/15). The portfolio has also outpaced its secondary minimum volatility benchmark since inception (+79 bps).

BlackRock (Global Low Volatility – Passive)

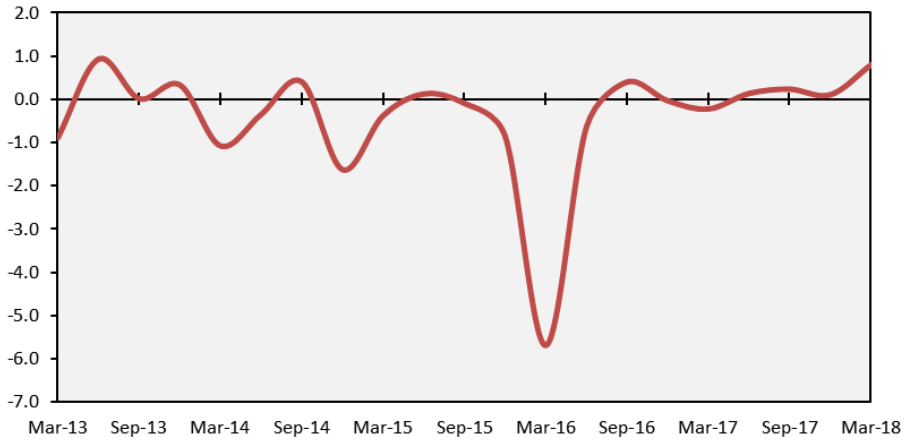
- BlackRock manages the Fund's passive global volatility equity strategy. Like Acadian above, this strategy is relatively new within the Fund having been funded at the end of June 2015. The BlackRock portfolio is intended to provide a low-cost, highly diversified global equity investment strategy focused on minimizing volatility. The BlackRock portfolio is benchmark against the MSCI ACWI Minimum Volatility. To date, the portfolio continues to perform in line with expectations, closely tracking the risk profile of the benchmark index while outperforming the benchmark (+51 bps) since inception.

Real Estate Overview

Real Estate Structure



Total Real Estate Composite
Quarterly Excess Return



Real Estate Composite

	Assets (Millions)	Performance QTR	YTD	1-year	3-year	5-year	10-year
Total Real Estate (Gross)	**$ 386.4**	**-2.15**	**-2.15**	**3.76**	**5.53**	**9.04**	**6.85**
Total Real Estate (Net)		**-2.28**	**-2.28**	**3.14**	**4.85**	**8.28**	**6.12**
Custom Benchmark [1]		-3.07	-3.07	1.83	4.44	7.68	6.70
Net of Fee Value Added vs Benchmark		*0.79*	*0.79*	*1.31*	*0.41*	*0.60*	*-0.58*
REIT Strategies	$ 156.9	-7.02	-7.02	-2.35	0.45	6.37	5.43
Private Core Real Estate	$ 229.6	1.23	1.23	7.23	7.87	9.67	-.-
Wilshire Real Estate Securities Index		-7.42	-7.42	-3.43	1.49	6.49	6.32
NCREIF Open Diversified Core Equity (Net)		1.97	1.97	7.11	9.00	10.41	-.-

Real Estate Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Real Estate Securities - Public								
Adelante Capital Management (Gross)	**$ 80.4**	**-6.49**	**-6.49**	**0.03**	**1.29**	**7.66**	**10.19**	**Sep-01**
Adelante Capital Management (Net)		**-6.63**	**-6.63**	**-0.53**	**0.70**	**7.05**	**9.61**	**Sep-01**
Wilshire Real Estate Securities + 1%		-7.17	-7.17	-2.43	2.49	7.49	10.96	Sep-01
Net of Fee Value Added vs Objective		*0.54*	*0.54*	*1.90*	*-1.79*	*-0.44*	*-1.35*	
Wilshire Real Estate Securities		-7.42	-7.42	-3.43	1.49	6.49	9.96	Sep-01
Net of Fee Value Added vs Index		*0.79*	*0.79*	*2.90*	*-0.79*	*0.56*	*-0.35*	
Information Ratio				**2.15**	**-0.44**	**0.30**		
Sharpe Ratio				**-0.16**	**0.01**	**0.50**		
BlackRock REIT	**$ 76.5**	**-7.40**	**-7.40**	**-.-**	**-.-**	**-.-**	**-4.53**	**Oct-17**
BlackRock REIT		**-7.42**	**-7.42**	**-.-**	**-.-**	**-.-**	**-4.56**	**Oct-17**
Wilshire Real Estate Securities		-7.42	-7.42	-.-	-.-	-.-	-4.99	Oct-17
Net of Fee Value Added vs Index		*0.00*	*0.00*				*0.43*	

[6] Real Estate Custom Benchmark: 50% Wilshire RESI / 39% NCREIF ODCE NOF/11% Invesco Custom Benchmark (4q13 – Present); Wilshire RESI (4q89 – 4q10).

Real Estate Overview (Continued)

Real Estate Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Direct Core Real Estate - Private								
Heitman America Real Estate Trust (Gross)	**$ 91.4**	**2.19**	**2.19**	**7.85**	**10.45**	**11.72**	**13.07**	**Aug-10**
Heitman America Real Estate Trust (Net)		**1.96**	**1.96**	**6.89**	**9.48**	**10.74**	**12.01**	**Aug-10**
NCREIF Open-End Diversified Core (Net)		1.97	1.97	7.11	9.00	10.41	11.50	Aug-10
Net of Fee Value Added vs Index		*-0.01*	*-0.01*	*-0.22*	*0.48*	*0.33*	*0.51*	
Invesco Core Real Estate USA (Gross)	**$ 74.6**	**2.69**	**2.69**	**9.26**	**11.41**	**12.31**	**12.86**	**Aug-10**
Invesco Core Real Estate USA (Net)		**2.47**	**2.47**	**8.32**	**10.45**	**11.33**	**11.87**	**Aug-10**
NCREIF Open-End Diversified Core (Net)		1.97	1.97	7.11	9.00	10.41	11.50	Aug-10
Net of Fee Value Added vs Index		*0.50*	*0.50*	*1.21*	*1.45*	*0.92*	*0.37*	
Invesco II	**$ 63.6**	**-1.21**	**-1.21**	**6.73**	**-0.01**	**-.-**	**-0.52**	**Oct-13**

- The Fund's total real estate composite is comprised of both public market real estate securities (REITs) and private investment in direct core real estate. The total segment returned 2.28% (net of fees) during the first quarter, outperforming its benchmark (split 50% Wilshire Real Estate Securities Index, 39% NCREIF Open-End Diversified Core Index and 11% Invesco II Custom Benchmark) which returned -3.07%. On the public side, the Adelante portfolio outperformed the Wilshire Real Estate Securities Index mostly as a result of favorable stock selection decisions. Meanwhile the BlackRock REIT index fund performed in-line with its benchmark providing passive exposure to the real estate market. On the private side, the Invesco portfolio managed to outperform relative to the NCREIF Open-End Diversified Core Index while the Heitman exposure performed in-line with the benchmark. Currently, the Fund's total real estate composite is outperforming its benchmark over the one-, three- and five-year periods but continues to trail the benchmark since inception (12/89).

Adelante Capital Management (REITs)

- Adelante Capital manages one of the Fund's real estate securities (REIT) portfolios. During the first quarter, the Adelante portfolio returned -6.63% (net of fees), outperforming its benchmark index (Wilshire Real Estate Securities) which returned -7.42%. For the fifth consecutive quarter, security selection served as the predominant driver of quarterly outperformance. Security selection was most additive within the apartment, industrial mixed and hotel segments of the REIT market. Here the portfolio holdings delivered returns significantly higher than the respective benchmark holdings. Similarly, albeit on a lesser scale the portfolio's industrial, storage and single family housing holdings posted returns in excess of their respective benchmark holdings. From a sector positioning standpoint, the portfolio was aided by an overweight allocation to the industrial sector and an elevated cash position. The Fund also benefited from an underweight exposure to the health care segment of the market which was amongst the weakest performing segments of the real estate market during the quarter. The portfolio has delivered five consecutive quarters of favorable performance relative to the benchmark but continues to underperform its benchmark over the three-year period as well as since inception (09/01).

Heitman (Direct Core Real Estate)

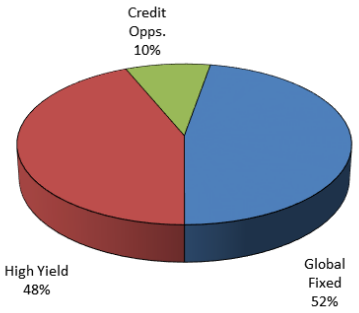
- Heitman manages one of the Fund's three direct core real estate portfolios. The Heitman portfolio returned 1.96% (net of fees) during the first quarter, performing in-line with its benchmark (NCREIF Open End Diversified Core Index) which returned 1.97%. The appreciation return for the period was comprised of 67 basis points related to property valuation and approximated 43 basis points related to the valuation of the Fund's debt. The portfolio continues to remain well leased with an overall leasing level of 94% at quarter end. Year over year same-property net operating income through the first quarter was flat. The Fund anticipates paying a dividend in April of around $11.27 per share, providing investors with additional yield. At quarter end the portfolio's allocation is well diversified across the apartment (22% allocation), office (25%), retail (22%), self-storage (19%) and industrial (12%) segments of the market. The portfolio is also well diversified across the U.S. geographical landscape allocating 38% of the portfolio to the Western region of the U.S., 21% to the Southern region, 18% to the Midwest region and 23% to the Eastern region of the country. During the period a portfolio of medical office assets were acquired at a total equity cost of $525.3 million. The portfolio includes assets in Texas, New Jersey, North Carolina, Virginia, Missouri, Indiana and Illinois. The Heitman portfolio is currently outperforming its benchmark over all measured periods greater than one-year including since inception (08/10).

Invesco Core Real Estate-USA (Direct Core Real Estate)

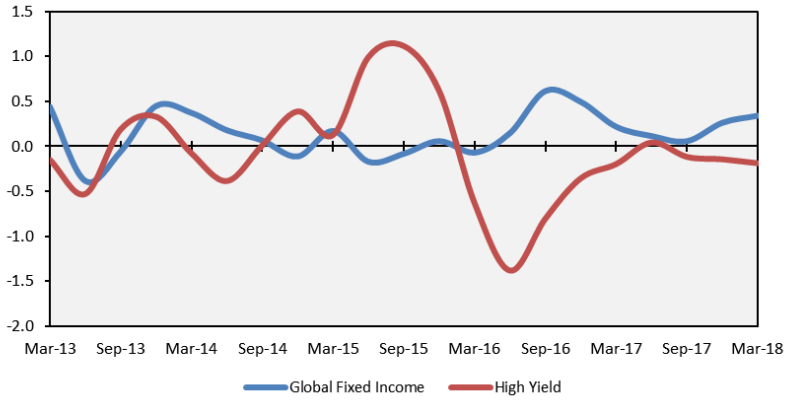
- Invesco manages two of the Fund's three direct core real estate portfolios. The Invesco Core Real Estate-USA portfolio returned 2.47% (net of fees) during the first quarter, outperforming its benchmark (NCREIF Open End Diversified Core Index) which returned 1.97%. The total return of 2.47% comprised of 0.91% income and 1.55% appreciation. Appreciation in the Core Portfolio was primarily driven by the office and industrial sectors, while the Manage-to-Core Portfolio generated approximately $25 million, or 20 bps, of gross appreciation. As a result of an increase in U.S. Treasury rates, debt mark-to-market had a positive 38 bps and 23 bps impact to the current quarter and one year returns, respectively. Invesco's emphasis on long duration, fixed rate debt (weighted average remaining term of 8.4 years) makes it relatively more sensitive to changes in interest rates. Management expects continued, meaningful, value creation from these Manage-to-Core assets as they mature over the near- and medium-term. The Fund ended the quarter at 91.9% leased, which is down 160 bps from the prior quarter and 130 bps from the prior year due to the addition of specific manage-to-core assets. The Core Portfolio percentage leased increased 70 bps from the prior quarter and 80 bps from the prior year to a strong 95.5%. During the quarter, the Fund closed on three acquisitions for a total gross purchase price of $259.4 million: an industrial property located in Fairfield, CA (SF Bay Area), a partnership interest in an office/retail redevelopment property located in Santa Monica, CA (Los Angeles Area) and a partnership interest in a self-storage portfolio located in Austin, Portland and Raleigh MSAs. The Invesco portfolio is currently outperforming its benchmark over all measured periods including since inception (08/10).

Fixed Income Overview

Fixed Income Structure



Global Fixed Income and High Yield Quarterly Excess Return



Fixed Income Composites

	Assets (Millions)	QTR	YTD	1-year	3-year	5-year	10-year
		Performance					
Global Fixed Income (Gross)	**$ 476.8**	**-1.07**	**-1.07**	**2.22**	**2.09**	**2.56**	**4.22**
Global Fixed Income (Net)		**-1.12**	**-1.12**	**2.01**	**1.88**	**2.38**	**4.02**
Barclays Aggregate Bond Index		-1.46	-1.46	1.20	1.20	1.82	3.63
Net of Fee Value Added vs Benchmark		*0.34*	*0.34*	*0.81*	*0.68*	*0.56*	*0.39*
High Yield (Gross)	**$ 441.3**	**-0.88**	**-0.88**	**3.77**	**5.05**	**4.93**	**7.61**
High Yield (Net)		**-0.99**	**-0.99**	**3.24**	**4.57**	**4.44**	**7.11**
Custom Benchmark [1]		-0.80	-0.80	3.67	4.87	4.61	7.79
Net of Fee Value Added vs Benchmark		*-0.19*	*-0.19*	*-0.43*	*-0.30*	*-0.17*	*-0.68*
Bloomberg Aggregate		0.39	3.54	3.54	2.24	2.10	3.63
Citigroup High Yield Cash Pay		0.51	7.01	7.01	5.97	5.35	7.58
BofA ML High Yield Master II		0.41	7.47	7.47	6.38	5.80	7.88

Global Fixed Income Managers

	Assets (Millions)	QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
		Performance (%)						
Global Fixed Income								
Advantus Capital Mgmt. (Gross)	**$ 203.8**	**-1.15**	**-1.15**	**2.45**	**2.48**	**2.98**	**4.75**	**May-07**
Advantus Capital Mgmt. (Net)		**-1.19**	**-1.19**	**2.28**	**2.30**	**2.80**	**4.58**	**May-07**
Bloomberg Aggregate + 0.5%		-1.34	-1.34	1.70	1.70	2.32	4.64	**May-07**
Net of Fee Value Added vs Objective		*0.15*	*0.15*	*0.58*	*0.60*	*0.48*	*-0.06*	
Bloomberg Aggregate		-1.46	-1.46	1.20	1.20	1.82	4.14	**May-07**
Net of Fee Value Added vs Benchmark		*0.27*	*0.27*	*1.08*	*1.10*	*0.98*	*0.44*	
Information Ratio				**2.09**	**2.01**	**1.93**		
Sharpe Ratio				**0.57**	**0.71**	**0.86**		
Aberdeen (Gross)	**$ 204.8**	**-1.13**	**-1.13**	**2.02**	**1.81**	**2.08**	**4.87**	**Apr-07**
Aberdeen (Net)		**-1.19**	**-1.19**	**1.78**	**1.61**	**1.91**	**4.66**	**Apr-07**
Bloomberg Aggregate + 0.5%		-1.34	-1.34	1.70	1.70	2.32	4.47	Apr-07
Net of Fee Value Added vs Objective		*0.15*	*0.15*	*0.08*	*-0.09*	*-0.41*	*0.19*	
Bloomberg Aggregate		-1.46	-1.46	1.20	1.20	1.82	3.97	Apr-07
Net of Fee Value Added vs Benchmark		*0.27*	*0.27*	*0.58*	*0.41*	*0.09*	*0.69*	
Information Ratio				**1.36**	**0.51**	**0.11**		
Sharpe Ratio				**0.32**	**0.40**	**0.51**		

[7] High Yield Custom Benchmark: Citigroup High Yield Cash Pay (4q99 – Present); Citigroup High Yield Composite Index (1q97 – 3q99).

Fixed Income Overview (Continued)

Global Fixed Income Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Global Fixed Income								
Garcia Hamilton (Gross)	**$ 68.1**	-0.62	-0.62	**2.19**	**1.74**	-.-	**3.36**	**Oct-13**
Garcia Hamilton (Net)		-0.69	-0.69	**1.93**	**1.48**	-.-	**3.11**	**Oct-13**
Bloomberg Aggregate + 0.5%		-1.34	-1.34	1.70	1.70	-.-	2.80	Oct-13
Net of Fee Value Added vs Objective		*0.65*	*0.65*	*0.23*	*-0.22*		*0.31*	
Bloomberg Aggregate		-1.46	-1.46	1.20	1.20	-.-	2.30	Oct-13
Net of Fee Value Added vs Benchmark		*0.77*	*0.77*	*0.73*	*0.28*		*0.81*	
Information Ratio				**0.74**	**0.26**	-.-		
Sharpe Ratio				**0.47**	**0.36**	-.-		

- The Fund's global fixed income segment returned -1.12% (net of fees) during the first quarter of 2018, outperforming the Bloomberg Aggregate Bond Index, which returned -1.46%. The segment is comprised of three actively managed strategies: (1) Advantus Capital Management, (2) Aberdeen Asset Management, and (3) Garcia Hamilton. During the period, all three of the portfolios managed to outperform the Bloomberg Aggregate Index. Advantus and Aberdeen (both with early 2007 inception dates) manage roughly the same level of assets for the Fund, the newer Garcia Hamilton portfolio (late 2013 inception) has a smaller mandate. Therefore, quarter to quarter performance is largely driven by the results of the Advantus and Aberdeen accounts while the Garcia Hamilton account does not have the ability to move the needle as much, so to speak, on account of its smaller size. The global fixed income composite is outperforming against the Bloomberg Aggregate over the one-, three- and five- and ten-year periods.

Advantus Capital Management (Core Fixed Income)

- Advantus Capital manages one of the Fund's three global fixed income portfolios. During the first quarter, the Advantus portfolio returned -1.19% (net of fees), outperforming its benchmark (Bloomberg Aggregate) which returned -1.46% for the quarter. The portfolio's performance relative to its benchmark during the quarter was driven primarily from positive security selection results across the corporate and structured securities sectors. The portfolio's return was negatively impacted by adverse security selection results in the local authority sector. The portfolio also benefitted from its underweight position in Agency MBS, while the portfolio's performance was adversely impacted by its overweight positions in all corporate sectors, particularly in utilities and financials. The portfolio's yield curve positioning had a positive impact on performance relative to the benchmark during the quarter. The portfolio's duration positioning remains slightly short that of its benchmark. During the quarter management reduced overall exposure to corporate bonds, most notably in utilities and industrials; the portfolio remains overweight financials, industrials and utilities. In the industrials sector, management reduced positions in a number of sectors, most notably in consumer cyclicals, communications and technology. The Advantus portfolio is currently outperforming against its benchmark over the one-, three- and five-year periods as well as since inception (06/07).

Fixed Income Overview (Continued)

Aberdeen (Core Fixed Income)

- Aberdeen manages another of the Fund's global fixed income portfolios. During the first quarter the Aberdeen portfolio returned -1.19% (net of fees), outperforming its benchmark the Bloomberg Aggregate Index which returned -1.46% during the period. During the period the portfolio lowered its exposure to U.S. treasuries and credit while increasing exposure to single family mortgage backed securities and asset backed securities. At quarter end the portfolio also held out of benchmark allocations to non-U.S. developed issues as well as emerging market issues. In the current period the portfolio's exposure commercial mortgage backed securities as well as asset backed securities proved beneficial as both segments outperformed credit broadly speaking. Security selection also accrued positively to the portfolio's return during the first quarter. Relative to the benchmark, the portfolio had a greater proportion of its debt characterized by long maturities: bonds maturing in ten years or more comprised over 22% of the portfolio's total asset value, compared to just over 16% for the benchmark. The credit quality of the portfolio (AA) closely matched that of the Barclays Aggregate (also AA), such that this was not a meaningful source of added or detracted value. The Aberdeen portfolio is outperforming against its benchmark over the one-, three- and five-year periods, as well as since inception (06/07).

Garcia Hamilton (Core Fixed Income)

- Garcia Hamilton is the Fund's third global fixed income manager. During the first quarter, the portfolio returned -0.69% (net of fees), outperforming its benchmark index (Bloomberg Aggregate Index) which returned -1.46%. Unlike the two other strategies in the Fund's global fixed income segment (Advantus and Aberdeen), the Garcia Hamilton portfolio has typically maintained exposure to government and agency bonds (predominantly Treasuries) at a level that is greater than or equal to the benchmark. As of quarter end, the account held approximately 34% in the corporate sector versus the index weighting of 25%. In the agency and agency MBS sectors, the account held approximately 13% and 12% versus the benchmark weightings of 7% and 28%, respectively. Duration positioning was the primary contributor to relative performance as the portfolio maintained a shorter duration than the benchmark in a period of rising interest rates. The portfolio also benefitted from an underweight to fixed rate corporate bonds as credit spreads widened this quarter. The average yield of the portfolio was marginally lower than the benchmark due to a shorter duration and high quality profile. Despite the rise in interest rates this year, Garcia Hamilton believes the market is still underestimating the pace of future Fed rate hikes and the impact of the reduction of its balance sheet. Therefore, management is maintaining a shorter duration than the benchmark index in anticipation of higher interest rates. Additionally, management has reduced an overweight to the long end as the yield curve has flattened significantly since they initiated a "barbell" positioning. The Garcia Hamilton portfolio is currently outperforming against its benchmark over the one-year and three-year periods as well as since inception (12/13).

Fixed Income Overview (Continued) [8]

High Yield/Credit Opportunities Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
High Yield								
Oaktree Capital Management (Gross)	**$ 219.4**	**-1.13**	**-1.13**	**3.25**	**4.51**	**4.40**	**7.32**	**Dec-96**
Oaktree Capital Management (Net)		**-1.25**	**-1.25**	**2.76**	**3.99**	**3.88**	**6.81**	**Dec-96**
Performance Objective		-0.55	-0.55	4.67	5.87	5.61	7.94	Dec-96
Net of Fee Value Added vs Objective		*-0.70*	*-0.70*	*-1.91*	*-1.88*	*-1.73*	*-1.13*	
Custom Benchmark		-0.80	-0.80	3.67	4.87	4.61	6.94	Dec-96
Net of Fee Value Added vs Benchmark		*-0.45*	*-0.45*	*-0.91*	*-0.88*	*-0.73*	*-0.13*	
Information Ratio				**-1.10**	**-1.04**	**-0.94**		
Sharpe Ratio				**0.63**	**0.63**	**0.66**		
BlackRock High Yield (Gross)	**$ 221.9**	**-0.63**	**-0.63**	**4.29**	**4.83**	**5.00**	**6.92**	**Sep-06**
BlackRock High Yield (Net)		**-0.74**	**-0.74**	**3.72**	**4.36**	**4.51**	**6.44**	**Sep-06**
Citigroup High Yield Cash Pay + 1%		-0.55	-0.55	4.67	5.87	5.61	8.05	Sep-06
Net of Fee Value Added vs Objective		*-0.19*	*-0.19*	*-0.95*	*-1.51*	*-1.10*	*-1.61*	
Citigroup High Yield Cash Pay		-0.80	-0.80	3.67	4.87	4.61	7.05	Sep-06
Net of Fee Value Added vs Benchmark		*0.06*	*0.06*	*0.05*	*-0.51*	*-0.10*	*-0.61*	
Information Ratio				**0.11**	**-0.23**	**-0.06**		
Sharpe Ratio				**1.16**	**0.79**	**0.87**		
Credit Opportunities								
Neuberger Berman (Gross)	**$ 91.8**	**-0.50**	**-0.50**	**6.21**	**-.-**	**-.-**	**9.25**	**Jan-16**
Neuberger Berman (Net)		**-0.60**	**-0.60**	**5.89**	**-.-**	**-.-**	**9.01**	**Jan-16**
Custom Benchmark + 1%		-0.25	-0.25	5.05	-.-	-.-	10.26	Jan-16
Net of Fee Value Added vs Objective		*-0.35*	*-0.35*	*0.84*			*-1.25*	
Custom Benchmark		-0.50	-0.50	4.05	-.-	-.-	9.26	Jan-16
Net of Fee Value Added vs Benchmark		*-0.10*	*-0.10*	*1.84*			*-0.25*	
Information Ratio				**1.52**	**-.-**	**-.-**		
Sharpe Ratio				**1.86**	**-.-**	**-.-**		

- The high yield composite returned -0.99% (net of fees) during the first quarter, underperforming against the Citigroup High Yield Cash Pay Index, which returned -0.80%. The composite is currently split equally between the two actively-managed strategies. During the period, the Fund's BlackRock exposure managed to outpace the benchmark while the Oaktree portfolio trailed the benchmark modestly. The high yield composite is currently underperforming its benchmark over extended time periods greater than one year including since inception (03/97).

Oaktree Capital Management (High Yield Fixed Income)

- Oaktree Capital manages one of the Fund's two high yield fixed income portfolios. The Oaktree portfolio returned -1.25% (net of fees) during the first quarter, underperforming its benchmark (Citigroup High Yield Cash Pay) which returned -0.80%. Overall, the net management effect from individual issue selection was negative for the period leading to underperformance relative to the benchmark. Sector positioning also contributed to underperformance during the period. While perhaps surprising given the downturn, it was aggressive investing that earned the best returns, illustrated by the outperformance of CCCs. Hence, while

[8] Oaktree Capital Management Performance Objective: Citigroup High Yield Cash Pay + 1% (4q99 – Present); Citigroup High Yield Composite Index + 1% (2q97 – Present).

Fixed Income Overview (Continued)

Oaktree lagged the broader benchmark, which includes CCC-rated bonds, the results were generally in line with the core BB/B segment of the market. In particular, relative performance was penalized when two large distressed issuers with broken balance sheets (Frontier Communications and iHeartRadio) rebounded, earning outsized returns. The portfolio is currently positioned with a slightly lower current yield, suggesting that the price performance of its bond holdings has been mildly more resilient to downwards pressures that the benchmark. Additionally, the portfolio maintains a slightly higher effective duration of its portfolio relative to the benchmark, as it has over the last couple of years; this indicates that the portfolio has greater price sensitivity to changes in interest rates. The Oaktree portfolio is currently underperforming over the one-, three- and five-year periods, as well as since inception (03/97).

BlackRock (High Yield Fixed Income)

- BlackRock manages the Fund's other high yield fixed income portfolio. During the first quarter, the BlackRock portfolio returned -0.74%, outperforming its benchmark (Citigroup High Yield Cash Pay) which returned -0.80%. The portfolio outperformed the benchmark during the period as a result of favorable individual sector/issue selection. A lower weighted-average credit quality (B) relative to the benchmark index (BB) also had a marginally positive impact on performance during the period as lower rated high yield issues performed much better than their higher rated counterparts (the CCC-rated component of the Citigroup High Yield index returned 0.33% while the BB-rated component returned -1.60%). The portfolio is exhibiting a slightly lower current yield relative to the benchmark while the effective duration of the portfolio sits moderately above that of the benchmark, pointing to increase price sensitivity to sudden changes in the prevailing interest rates. The BlackRock portfolio is currently outperforming over the one-year period but continues to trail its benchmark over the three- and five-year periods as well as since inception period (-61 bps) (09/06).

Neuberger Berman (Credit Opportunities)

- Neuberger Berman manages the Fund's credit opportunities portfolio. During January of 2016 the Neuberger Berman Credit Opportunities portfolio was funded to further diversify the plan's fixed income basket. Now in its second year of performance the portfolio returned -0.60% for the period, underperforming its custom benchmark (*33% ML High Yield Master II Index/33% S&P LSTA Leveraged Loan Index/33% JPM EMBI Global Diversified Index*) which returned -0.50%. Performance during the period was led by the portfolios CLO and non-agency securities which continued to outperform other sectors to start the year. The most notable detractors during the period included the portfolio's high yield and loan issues. As of quarter end, the portfolio maintains a notable overweight to Latin America with underweight positions in Asia and the Middle East. Meanwhile, the credit quality of the portfolio (B) closely matched that of its custom benchmark (also B), such that this was not a meaningful source of added or detracted value. The Neuberger Berman portfolio is currently underperforming its custom benchmark since its inception (-25 bps) (01/16).

Private Equity Overview

Private Equity Composite

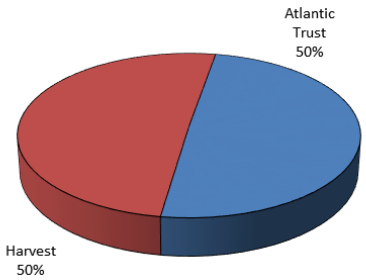
	Total Commitment	Cumulative Capital Called		Cumulative Distributions	Capital Balance	Multiple	Calculated IRR
Hamilton Lane Fund VII LP (Series A)	30,000,000	25,297,247	84.3%	18,391,835	19,084,577	1.48	10.6%
Hamilton Lane Fund VII LP (Series B)	20,000,000	17,695,467	88.5%	6,792,033	12,773,740	1.11	2.7%
Hamilton Lane Fund VII LP (Total)	*50,000,000*	*42,992,714*	86.0%	*25,183,868*	*31,858,317*	1.33	7.5%
Hamilton Lane Secondary Fund II LP	25,000,000	22,820,158	91.3%	25,931,924	2,411,031	1.24	8.9%
Hamilton Lane Secondary Fund III LP	30,000,000	17,762,479	59.2%	14,106,878	14,986,844	1.64	24.5%
Hamilton Lane Secondary Fund IV LP	30,000,000	4,247,418	14.2%	204,691	7,592,945	1.84	-
Hamilton Lane Fund VIII LP (Global)	30,000,000	16,078,923	53.6%	2,568,375	20,357,991	1.43	13.1%
GCM Grosvenor - Partnership, L.P.	75,000,000	75,469,138	100.6%	61,062,608	51,176,189	1.49	14.9%
GCM Grosvenor - Partnership II, L.P. (2014)	60,000,000	48,285,686	80.5%	11,558,965	39,059,681	1.05	5.2%
GCM Grosvenor - Partnership II, L.P. (2015)	20,000,000	15,528,783	77.6%	167,191	15,606,734	1.02	2.7%
GCM Grosvenor - Partnership II, L.P. (2017)	30,000,000	702,174	2.3%	-	702,174	1.00	-
Fairview Capital III *	40,000,000	14,423,819	36.1%	902,008	13,601,714	1.01	4.8%
Total Private Equity Program	**390,000,000**	**258,311,292**	**66.2%**	**141,686,508**	**221,216,957**	**1.40**	**12.4%**

- Multiple calculation = (market value + distributions) / capital called
- Internal Rate of Return shown here is calculated by Wilshire based on cumulative cash flows and annualized since inception.

** Total Private Equity capital balance includes cash reserves*

MLP Overview

MLP Structure



MLP Composite

	Assets (Millions)	Performance QTR	YTD	1-year	3-year	5-year	10-year
Total MLPs (Gross)	**$ 243.1**	**-9.09**	**-9.09**	**-17.68**	**-9.60**	**-0.41**	**-.-**
Total MLPs (Net)		**-9.23**	**-9.23**	**-18.21**	**-10.18**	**-1.05**	**-.-**
Alerian MLP Index		-11.12	-11.12	-20.07	-11.24	-5.85	-.-
Net of Fee Value Added vs Index		*1.89*	*1.89*	*1.86*	*1.06*	*4.80*	
Alerian MLP Index		-11.12	-11.12	-20.07	-11.24	-5.85	5.60
S&P MLP Index		-10.73	-10.73	-18.72	-11.68	-4.92	5.83
Bloomberg Commodities Index		-0.40	-0.40	3.71	-3.21	-8.32	-7.71

Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
MLPs								
Harvest Fund Advisors (Gross)	**$ 121.6**	**-8.46**	**-8.46**	**-16.76**	**-9.58**	**-0.74**	**4.36**	
Harvest Fund Advisors (Net)		**-8.62**	**-8.62**	**-17.37**	**-10.25**	**-1.43**	**3.65**	**Dec-11**
Alerian MLP Index + 1.5%		-10.75	-10.75	-18.57	-9.74	-4.35	0.32	Dec-11
Net of Fee Value Added vs Objective		*2.13*	*2.13*	*1.20*	*-0.51*	*2.92*	*3.33*	
Alerian MLP Index		-11.12	-11.12	-20.07	-11.24	-5.85	-1.18	Dec-11
Net of Fee Value Added vs Benchmark		*2.50*	*2.50*	*2.70*	*0.99*	*4.42*	*4.83*	
Information Ratio				**1.28**	**0.30**	**1.10**		
Sharpe Ratio				**-1.16**	**-0.52**	**-0.10**		
Atlantic Trust CIBC (Gross)	**$ 121.5**	**-9.70**	**-9.70**	**-18.58**	**-9.62**	**-0.79**	**5.20**	
Atlantic Trust CIBC (Net)		**-9.82**	**-9.82**	**-19.03**	**-10.12**	**-1.33**	**4.63**	**Dec-11**
Alerian MLP Index + 1.5%		-10.75	-10.75	-18.57	-9.74	-4.35	0.32	Dec-11
Net of Fee Value Added vs Objective		*0.93*	*0.93*	*-0.46*	*-0.38*	*3.02*	*4.31*	
Alerian MLP Index		-11.12	-11.12	-20.07	-11.24	-5.85	-1.18	Dec-11
Net of Fee Value Added vs Benchmark		*1.30*	*1.30*	*1.04*	*1.12*	*4.52*	*5.81*	
Information Ratio				**0.49**	**0.31**	**1.14**		
Sharpe Ratio				**-1.25**	**-0.49**	**-0.09**		

MLP Overview (Continued)

- The Fund's Master Limited Partnership (MLP) program is comprised of two individual managers, Harvest Fund Advisors and Atlantic Trust (formerly Invesco), with the mandates essentially split evenly between the two. Investor angst continued in the first quarter of 2018, as the performance of the midstream energy sector experienced yet another quarter of elevated volatility and negative total returns. The market cap-weighted Alerian MLP Index produced a -11.52% total return in the first quarter. In all, it has been a period of material underperformance across the energy sector as compared to the -0.76% total return of the S&P 500 Index over the same time period. Amidst the continued volatility in the space, both of the MLP strategies were able to outpace the benchmark in the during the quarter. The MLP composite is currently outperforming over the one-, three- and five-year periods as well as since inception (09/12).

Harvest Fund Advisors (MLPs)

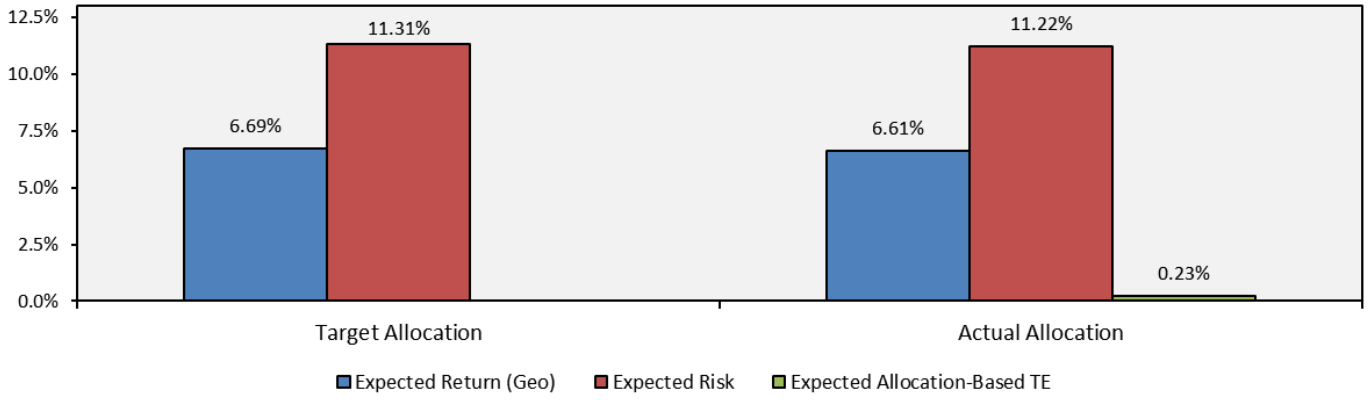
- Harvest Fund Advisors manages one of the Fund's two MLP portfolios. During the first quarter the Harvest portfolio returned -8.62% (net of fees), outperforming its benchmark (Alerian MLP Index) which returned –11.12%. Since the Harvest portfolio typically has approximately anywhere from 96% to 100% of its value invested in energy sector MLPs, sector weighting has not historically been a meaningful source of added or detracted value. However, given the continued unpredictability in the energy market over the past few years coupled with high degrees of performance dispersion across different segments of the market, sector weighting is playing an increasingly important role. As of quarter end the portfolio maintained a small out-of-benchmark position in the materials (less than 1% weight) segment of the market. The ongoing wide dispersion in performance among different midstream companies is at least partially driven by balance sheet strength – those carrying lest debt burden have been able to maintain dividend growth investors expect, which in turn helps to somewhat buoy the market price of the stock. During the period the portfolio's energy holdings delivered performance in excess of the benchmark leading to outperformance relative to the benchmark in Q1. The portfolio has a lower current yield along with the expectation of lower dividend growth over the five-year period relative to the benchmark. The Harvest Fund Advisors MLP portfolio continues to outperform against its benchmark for the one-, three- and five-year periods, as well as since inception (12/11)

Atlantic Trust (MLPs)

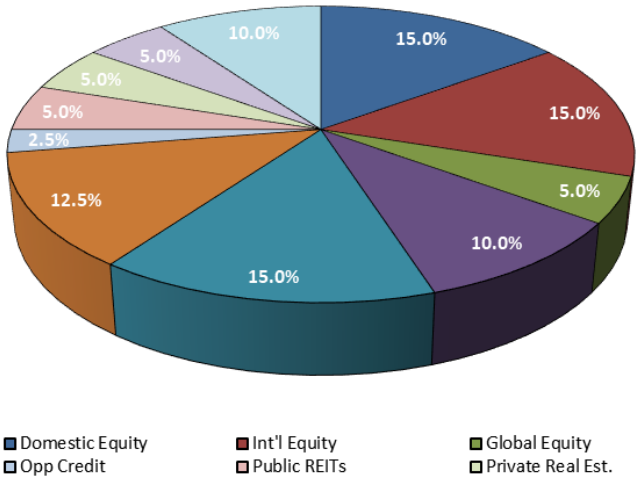
- Atlantic Trust CIBC (formerly Invesco) manages the Fund's other MLP portfolio. During the first quarter, the Atlantic Trust portfolio returned -9.82% (net of fees), outpacing its benchmark (Alerian MLP Index) which returned -11.12%. It is important to note that the Atlantic Trust portfolio (containing 32 stocks) is more concentrated than the Harvest portfolio (43 stocks) as well as the benchmark (63 stocks). As a result, many of its position sizes are relatively much larger and have a greater impact on the overall return. The portfolio's outperformance during the period was primarily as a result of favorable stock selection, which was confined to the energy segment (this is of course the dominant segment in the market space, comprising over 96% of the benchmark's total asset value). The portfolio's energy-focused MLP stocks generated a -10.01% loss for the period outperforming the respective benchmark holdings which returned -11.15%. This was driven at least in part by the fact that a few of the portfolio's larger holdings were among its best performers during the period. Most notably, Plains All American Pipeline, the portfolio's fifth largest single holding, delivered strong positive returns in what was a challenging period for MLP stocks in general. The portfolio continues to succeed in retaining a mix of higher quality names from within this segment which has allowed it to recoup some of the losses it experienced elsewhere in the portfolio. The portfolio has lower current yield with the expectation of slightly higher dividend growth over the five-year period relative to the benchmark. The Atlantic Trust MLP portfolio is outperforming against its benchmark for the one-, three- and five-year periods as well as since inception (12/11)

Appendix: Risk Analysis

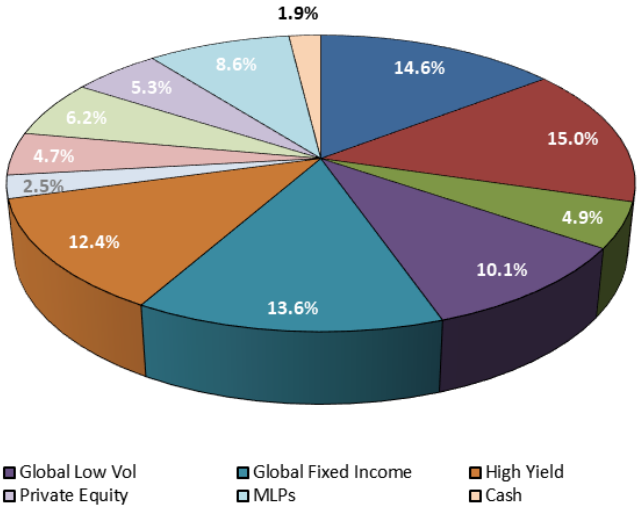
Expected Return and Risk



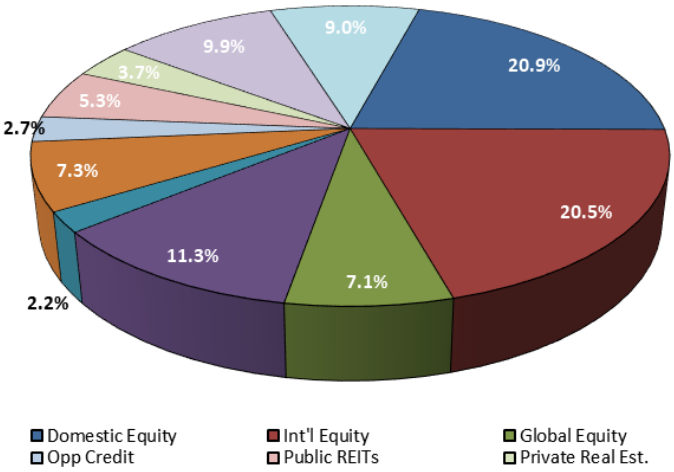
Target Asset Allocation



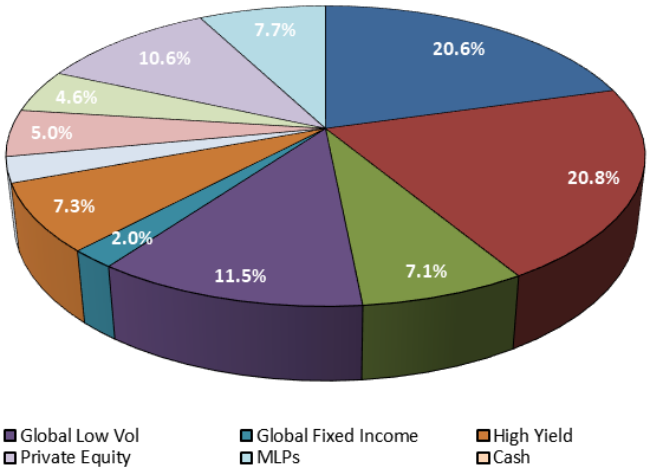
Actual Asset Allocation



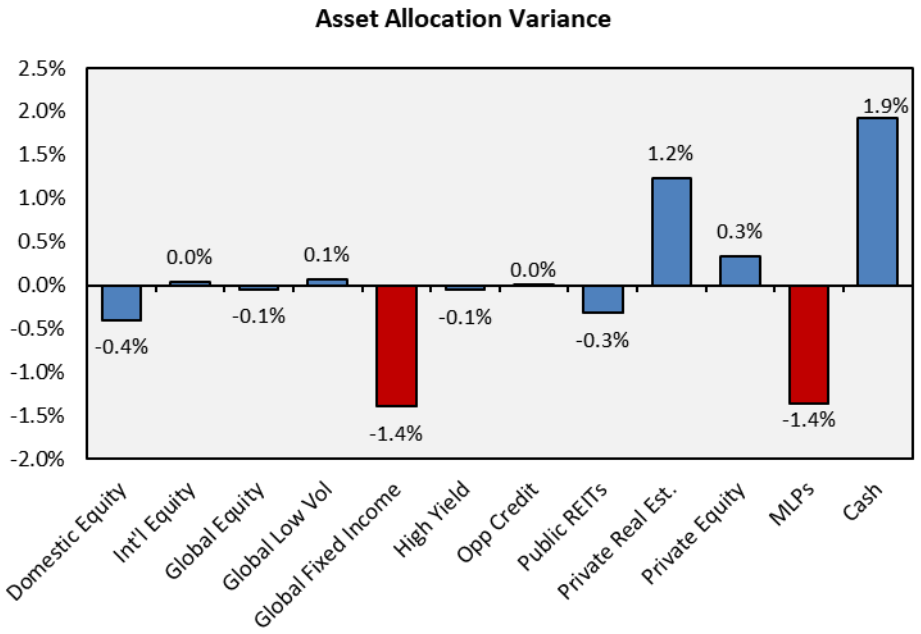
Contribution to Total Risk - Target Allocation

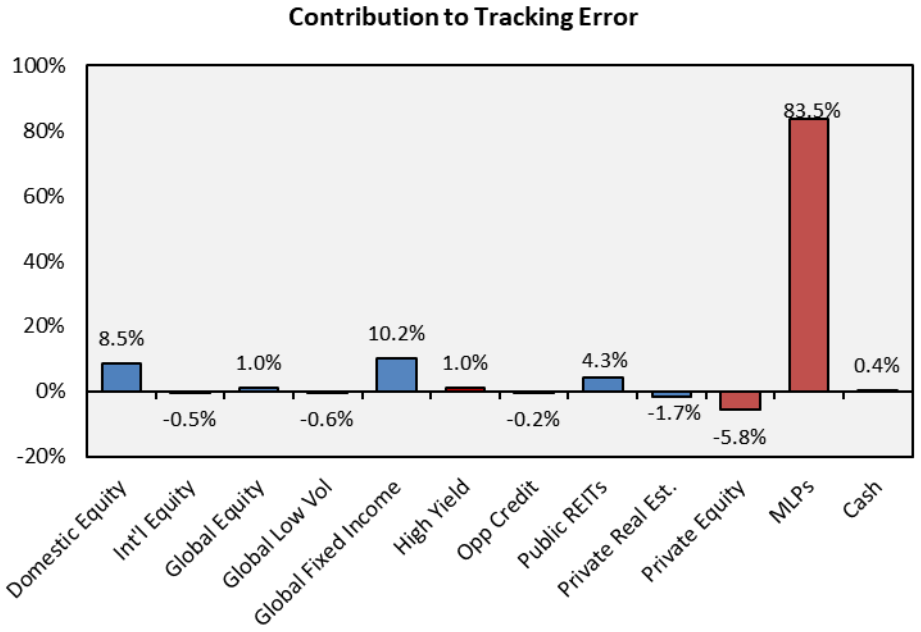


Contribution to Total Risk - Actual Allocation



Expected Return and Tracking Error based on Wilshire's Asset Assumptions





- The variance between the Fund's actual asset allocation and the target allocation is a source of tracking error for the Fund. This "asset allocation tracking error" is currently forecasted to be 0.23% (for the one-year period) at quarter-end. The Fund's MLP segment was the largest contributor to the overall tracking error. This is largely attributable to the fact that the public real assets composite currently sits around 1.4% underweight to its target allocation. The U.S. equity and global fixed income segments also contributed towards tracking error albeit on a lesser scale.

Manager Risk Statistics

U.S. Equity				
T. Rowe Price (Enhanced Index)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	8.62	10.47	10.00	15.12
Standard Deviation (Index)	8.47	10.26	9.87	15.05
Sharpe Ratio	1.71	1.06	1.35	0.64
Sharpe Ratio (Index)	1.51	0.99	1.31	0.61
Excess Risk	1.16	1.25	1.12	1.15
Information Ratio	1.53	0.68	0.49	0.43

Systematic (Small Core)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	10.19	13.03	13.04	20.22
Standard Deviation (Index)	9.34	13.89	13.82	19.76
Sharpe Ratio	1.67	1.01	1.14	0.60
Sharpe Ratio (Index)	1.13	0.56	0.80	0.48
Excess Risk	4.07	3.59	3.59	3.89
Information Ratio	1.43	1.38	0.95	0.62

Channing Capital (Small Value)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	9.01	*15.09*	*n/a*	*n/a*
Standard Deviation (Index)	11.12	*14.10*	*n/a*	*n/a*
Sharpe Ratio	0.42	*0.40*	*n/a*	*n/a*
Sharpe Ratio (Index)	0.36	*0.52*	*n/a*	*n/a*
Excess Risk	4.58	*4.04*	*n/a*	*n/a*
Information Ratio	-0.05	*-0.30*	*n/a*	*n/a*

Non-U.S. Equity				
Acadian (Int'l Small Cap)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	9.56	12.41	12.23	20.25
Standard Deviation (Index)	8.10	11.95	11.63	19.32
Sharpe Ratio	2.47	1.10	0.81	0.42
Sharpe Ratio (Index)	2.38	0.82	0.71	0.25
Excess Risk	3.29	3.23	3.32	3.53
Information Ratio	1.12	1.09	0.47	0.98

AQR (Int'l Enhanced Index)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	9.32	11.70	11.35	19.09
Standard Deviation (Index)	9.18	12.47	11.88	18.27
Sharpe Ratio	1.85	0.69	0.69	0.18
Sharpe Ratio (Index)	1.66	0.45	0.47	0.11
Excess Risk	1.46	2.04	2.21	2.51
Information Ratio	1.18	1.12	0.98	0.57

Baring (Int'l Enhanced Index)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	9.05	12.56	11.79	18.76
Standard Deviation (Index)	9.18	12.47	11.88	18.79
Sharpe Ratio	1.66	0.40	0.49	0.13
Sharpe Ratio (Index)	1.66	0.45	0.47	0.13
Excess Risk	0.51	1.35	1.50	1.61
Information Ratio	-0.44	-0.39	0.14	0.11

Global Equity				
Wellington (Global Equity)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	8.99	11.60	*11.11*	*n/a*
Standard Deviation (Index)	8.55	10.87	*10.34*	*n/a*
Sharpe Ratio	1.71	0.68	*1.05*	*n/a*
Sharpe Ratio (Index)	1.59	0.69	*0.85*	*n/a*
Excess Risk	2.71	3.05	*3.33*	*n/a*
Information Ratio	0.58	0.12	*0.77*	*n/a*

Acadian (Global Low Volatility)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	7.20	*n/a*	*n/a*	*n/a*
Standard Deviation (Index)	6.62	*n/a*	*n/a*	*n/a*
Sharpe Ratio	1.42	*n/a*	*n/a*	*n/a*
Sharpe Ratio (Index)	1.43	*n/a*	*n/a*	*n/a*
Excess Risk	2.85	*n/a*	*n/a*	*n/a*
Information Ratio	0.25	*n/a*	*n/a*	*n/a*

Redwood Investments (Small Growth)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	10.72	*n/a*	*n/a*	*n/a*
Standard Deviation (Index)	7.87	*n/a*	*n/a*	*n/a*
Sharpe Ratio	0.79	*n/a*	*n/a*	*n/a*
Sharpe Ratio (Index)	3.54	*n/a*	*n/a*	*n/a*
Excess Risk	5.29	*n/a*	*n/a*	*n/a*
Information Ratio	-1.43	*n/a*	*n/a*	*n/a*

Fixed Income (Core)				
Advantus Capital (Core Fixed Income)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	2.04	2.48	2.85	*3.27*
Standard Deviation (Index)	2.37	2.69	2.93	*3.27*
Sharpe Ratio	0.57	0.71	0.86	*1.29*
Sharpe Ratio (Index)	0.04	0.25	0.51	*1.00*
Excess Risk	0.5	0.54	0.50	*1.67*
Information Ratio	2.09	2.01	1.93	*0.54*

Aberdeen (Core Fixed Income)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	2.05	2.71	3.08	3.76
Standard Deviation (Index)	2.37	2.69	2.93	3.27
Sharpe Ratio	0.32	0.40	0.51	1.03
Sharpe Ratio (Index)	0.04	0.25	0.51	1.00
Excess Risk	0.41	0.80	0.81	1.42
Information Ratio	1.36	0.51	0.11	0.41

Garcia Hamilton (Core Fixed Income)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	1.74	*2.65*	*n/a*	*n/a*
Standard Deviation (Index)	2.37	*2.69*	*n/a*	*n/a*
Sharpe Ratio	0.47	*0.36*	*n/a*	*n/a*
Sharpe Ratio (Index)	0.04	*0.25*	*n/a*	*n/a*
Excess Risk	0.97	*1.07*	*n/a*	*n/a*
Information Ratio	0.74	*0.26*	*n/a*	*n/a*

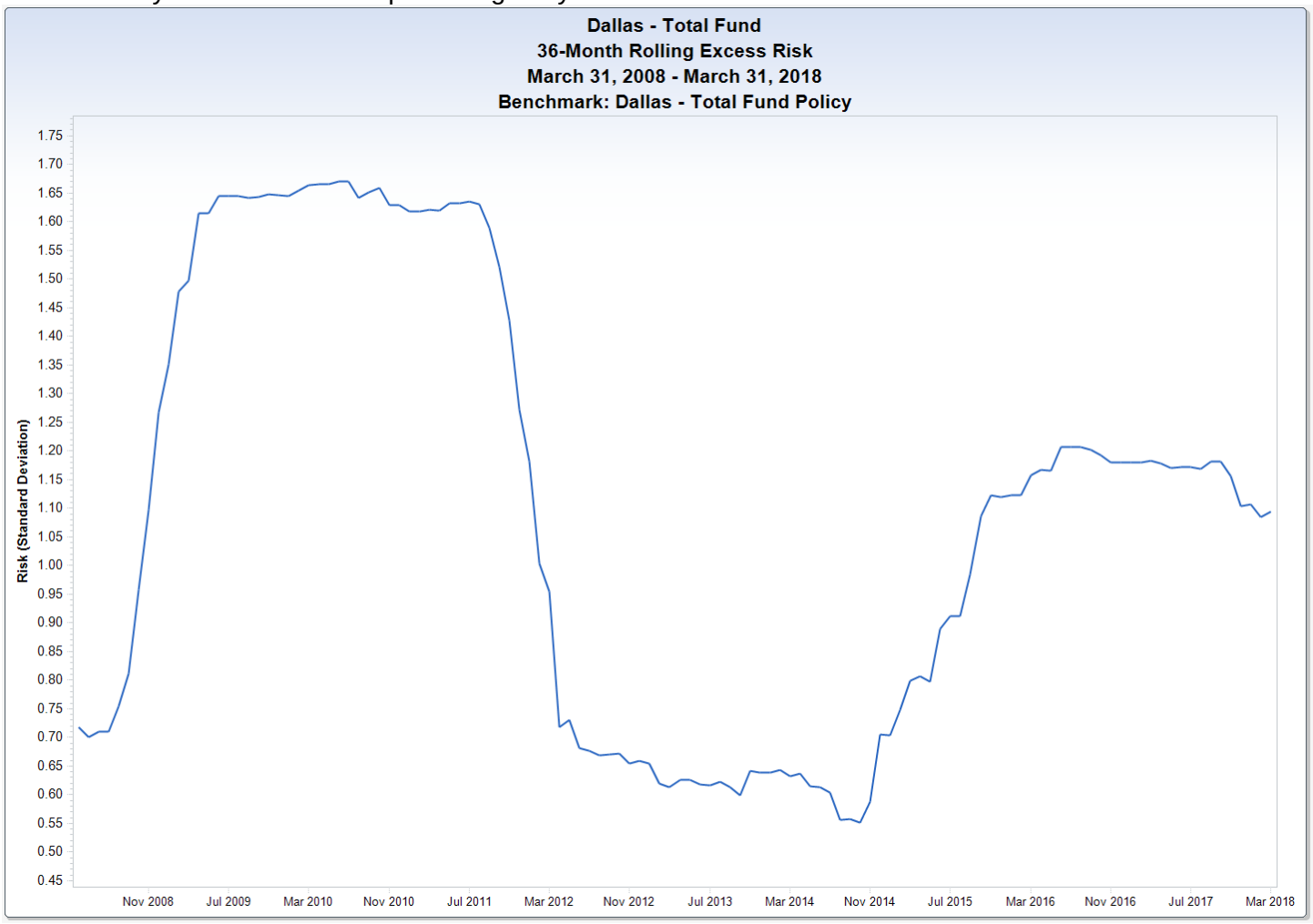
High Yield Fixed Income				
BlackRock (High Yield)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	2.23	4.82	4.79	8.53
Standard Deviation (Index)	2.37	5.88	5.47	10.39
Sharpe Ratio	1.16	0.79	0.87	0.78
Sharpe Ratio (Index)	1.07	0.73	0.78	0.71
Excess Risk	0.34	2.12	1.68	2.86
Information Ratio	0.11	-0.23	-0.06	-0.26

Oaktree (High Yield)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	2.61	5.50	5.32	8.85
Standard Deviation (Index)	2.37	5.88	5.47	10.39
Sharpe Ratio	0.63	0.63	0.66	0.76
Sharpe Ratio (Index)	1.07	0.73	0.78	0.71
Excess Risk	0.81	0.81	0.74	2.71
Information Ratio	-1.10	-1.04	-0.94	-0.25

Master Limited Partnerships				
Harvest (MLP)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	15.79	20.65	*17.71*	*n/a*
Standard Deviation (Index)	15.81	20.50	*17.58*	*n/a*
Sharpe Ratio	-1.16	-0.52	*-0.10*	*n/a*
Sharpe Ratio (Index)	-1.33	-0.57	*-0.35*	*n/a*
Excess Risk	2.63	3.72	*4.26*	*n/a*
Information Ratio	1.28	0.3	*1.10*	*n/a*

Atlantic Trust CIBC (MLP)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	15.97	21.74	18.39	*n/a*
Standard Deviation (Index)	15.81	20.50	*17.58*	*n/a*
Sharpe Ratio	-1.25	-0.49	-0.09	*n/a*
Sharpe Ratio (Index)	-1.33	-0.57	-0.35	*n/a*
Excess Risk	2.67	4.14	4.22	*n/a*
Information Ratio	0.49	0.31	1.14	*n/a*

Real Estate Investment Trusts				
Adelante (REIT)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	9.81	13.15	13.44	24.40
Standard Deviation (Index)	10.56	13.75	14.21	25.89
Sharpe Ratio	-0.16	0.01	0.50	0.21
Sharpe Ratio (Index)	-0.42	0.07	0.43	0.23
Excess Risk	1.40	1.76	1.76	3.09
Information Ratio	2.15	-0.44	0.30	-0.24

Neuberger Berman (Credit Opps)	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	2.55	*n/a*	*n/a*	*n/a*
Standard Deviation (Index)	1.83	*n/a*	*n/a*	*n/a*
Sharpe Ratio	1.86	*n/a*	*n/a*	*n/a*
Sharpe Ratio (Index)	1.59	*n/a*	*n/a*	*n/a*
Excess Risk	1.17	*n/a*	*n/a*	*n/a*
Information Ratio	1.52	*n/a*	*n/a*	*n/a*

- Below is a historical visualization of realized tracking error ("ex-post") for the Employees' Retirement Fund of the City of Dallas over the preceding ten years: